

ARLINGTON HEIGHTS PARK DIST REGULAR
GASB STATEMENT NO. 68 EMPLOYER REPORTING
ACCOUNTING SCHEDULES
DECEMBER 31, 2015

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April 15, 2016

Arlington Heights Park Dist
Illinois Municipal Retirement System

Ladies and Gentlemen:

The accounting schedules submitted in this report are required under the Governmental Accounting Standards Board (GASB) Statement No. 68 "Accounting and Financial Reporting for Pensions."

Our calculations for this report were prepared for the purpose of complying with the requirements of GASB Statement No. 68. These calculations have been made on a basis that is consistent with our understanding of these accounting standards. These results are subject to review by the system's auditor and may be revised.

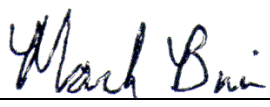
Our calculation of the liability associated with the benefits described in this report was performed for the purpose of satisfying the requirements of GASB Statement No. 68. The Net Pension Liability is not an appropriate measure for measuring the sufficiency of plan assets to cover the estimated cost of settling the employer's benefit obligation. The Net Pension Liability is not an appropriate measure for assessing the need for or amount of future employer contributions. A calculation of the plan's liability for purposes other than satisfying the requirements of GASB Statement Nos. 67 and 68 may produce significantly different results. This report may be provided to parties other than the Arlington Heights Park Dist only in its entirety and only with the permission of Arlington Heights Park Dist.

This report is based upon information, furnished to us by IMRF, concerning retirement and ancillary benefits, active members, deferred vested members, retirees and beneficiaries, and financial data. If your understanding of this information is different than ours, please let us know and do not use or distribute this report until those differences have been resolved to your satisfaction. This information was checked for internal consistency, but it was not otherwise audited.

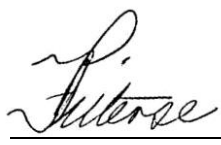
Please see the actuarial valuation report for the Illinois Municipal Retirement Fund as of December 31, 2015 for additional discussions of the nature of actuarial calculations and more information related to participant data, economic and demographic assumptions, and benefit provisions.

To the best of our knowledge, the information contained in this report is accurate, and fairly represents the GASB 68 information relates to Arlington Heights Park Dist. All calculations have been made in conformity with generally accepted actuarial principles and practices as well as with the Actuarial Standards of Practice issued by the Actuarial Standards Board. Mark Buis and Francois Pieterse are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the Academy of Actuaries to render the actuarial opinions herein. The signing actuaries are independent of the plan sponsor.

Respectfully submitted,

By 

Mark Buis
FSA, EA, MAAA

By 

Francois Pieterse
ASA, MAAA

SECTION A

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

AS OF DECEMBER 31, 2015

Actuarial Valuation Date	December 31, 2015
Measurement Date of the Net Pension Liability	December 31, 2015
Fiscal Year End	April 30, 2016

Membership

Number of	
- Retirees and Beneficiaries	145
- Inactive, Non-Retired Members	154
- Active Members	137
- Total	436
Covered Valuation Payroll	\$ 7,574,305

Net Pension Liability

Total Pension Liability/(Asset)	\$ 48,987,124
Plan Fiduciary Net Position	40,281,777
Net Pension Liability/(Asset)	\$ 8,705,347
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	82.23%
Net Pension Liability as a Percentage of Covered Valuation Payroll	114.93%

Development of the Single Discount Rate as of December 31, 2015

Long-Term Expected Rate of Investment Return	7.50%
Long-Term Municipal Bond Rate*	3.57%
Last year ending December 31 in the 2016 to 2115 projection period for which projected benefit payments are fully funded	2084
Resulting Single Discount Rate based on the above development	7.47%

Single Discount Rate calculated using December 31, 2014 Measurement Date 7.48%

Total Pension Expense/(Income) \$ 1,038,440

Deferred Outflows and Deferred Inflows of Resources by Source to be recognized in Future Pension Expenses

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 197,058	\$ 0
Changes in assumptions	41,222	0
Net difference between projected and actual earnings on pension plan investments	2,248,390	0
Total	\$ 2,486,670	\$ 0

*Source: "State & local bonds" rate from Federal Reserve statistical release (H.15) as of December 31, 2015. The statistical release describes this rate as "Bond Buyer Index, general obligation, 20 years to maturity, mixed quality." In describing this index, the Bond Buyer notes that the bonds' average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA.

DISCUSSION

Accounting Standard

For state and local government employers (as well as certain non-employers) that contribute to a Defined Benefit (DB) pension plan administered through a trust or equivalent arrangement, Governmental Accounting Standards Board (GASB) Statement No. 68 establishes standards for pension accounting and financial reporting. Under GASB Statement No. 68, the employer must account for and disclose the net pension liability, pension expense, and other information associated with providing retirement benefits to their employees (and former employees) on their basic financial statements.

The following discussion provides a summary of the information that is required to be disclosed under these accounting standards. A number of these disclosure items are provided in this report. However, certain information is not included in this report if it is not actuarial in nature, such as the notes to the financial statements regarding accounting policies and investments. As a result, the retirement system and/or plan sponsor is responsible for preparing and disclosing the non-actuarial information needed to comply with these accounting standards.

Financial Statements

GASB Statement No. 68 requires state and local government employers that contribute to DB pension plans to recognize the net pension liability and the pension expense on their financial statements, along with the related deferred outflows of resources and deferred inflows of resources. The net pension liability is the difference between the total pension liability and the plan's fiduciary net position. In traditional actuarial terms, this is analogous to the accrued liability less the market value of assets (not the smoothed actuarial value of assets that is often encountered in actuarial valuations performed to determine the employer's contribution requirement).

Paragraph 57 of GASB Statement No. 68 says, "Contributions to the pension plan from the employer subsequent to the measurement date of the collective net pension liability and before the end of the employer's reporting period should be reported as a deferred outflow of resources related to pensions." The information contained in this report does not incorporate any contributions made to IMRF subsequent to the measurement date of December 31, 2015.

The pension expense recognized each fiscal year is equal to the change in the net pension liability from the beginning of the year to the end of the year, adjusted for deferred recognition of the certain changes in the liability and investment experience.

Notes to Financial Statements

GASB Statement No. 68 requires the notes of the employer's financial statements to disclose the total pension expense, the pension plan's liabilities and assets, and deferred outflows of resources and inflows of resources related to pensions.

In addition, GASB Statement No. 68 requires the notes of the financial statements for the employers to include certain additional information, including (page numbers refer to page numbers from this report unless specified otherwise):

- a description of the types of benefits provided by the plan, as well as automatic or ad hoc COLAs (please see pages B-1 - B-5 of the December 31, 2015 Annual Actuarial Valuation report dated April 1, 2016);
- the number and classes of employees covered by the benefit terms (page 1);
- for the current year, sources of changes in the net pension liability (page 10);
- significant assumptions and methods used to calculate the total pension liability (page 15);
- inputs to the single discount rate (page 16);
- certain information about mortality assumptions and the dates of experience studies (page 13 and page 15);
- the date of the valuation used to determine the total pension liability (page 1);
- information about changes of assumptions or other inputs and benefit terms (pages 13 and 15);
- the basis for determining contributions to the plan, including a description of the plan's funding policy, as well as member and employer contribution requirements (please see page A-3, B-5 and Section D of the December 31, 2015 Annual Actuarial Valuation report dated April 1, 2016, as well as page 13);
- the total pension liability, fiduciary net position, net pension liability, and the pension plan's fiduciary net position as a percentage of the total pension liability (page 10);
- the net pension liability using a discount rate that is 1% higher and 1% lower than used to calculate the total pension liability and net pension liability for financial reporting purposes (page 10); and
- a description of the system that administers the pension plan (to be provided by IMRF).

Required Supplementary Information

The financial statements of employers also include required supplementary information showing the 10-year fiscal history of:

- sources of changes in the net pension liability (page 11);
- information about the components of the net pension liability and related ratios, including the pension plan's fiduciary net position as a percentage of the total pension liability, and the net pension liability as a percent of covered-employee payroll (page 11); and
- comparison of actual employer contributions to the actuarially determined contributions based on the plan's funding policy (page 12).

These tables may be built prospectively as the information becomes available.

Timing of the Valuation

An actuarial valuation to determine the total pension liability is required to be performed at least every two years. For the employer's financial reporting purposes, the net pension liability and pension expense should be measured as of the employer's "measurement date" which may not be earlier than the employer's prior fiscal year-end date. If the actuarial valuation used to determine the total pension liability is not calculated as of the measurement date, the total pension liability is required to be rolled forward from the actuarial valuation date to the measurement date.

The total pension liability shown in this report is based on an actuarial valuation performed as of December 31, 2015 and a measurement date of December 31, 2015.

Single Discount Rate

Projected benefit payments are required to be discounted to their actuarial present values using a single discount rate that reflects: (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.57% (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting single discount rate is 7.47%.

OTHER OBSERVATIONS

General Implications of Contribution Allocation Procedure or Funding Policy on Future Expected Plan Contributions and Funded Status

Given the plan's contribution allocation procedure, if all actuarial assumptions are met (including the assumption of the plan earning 7.50% on the actuarial value of assets), it is expected that:

- (1) The employer normal cost as a percentage of pay will decrease to the level of Tier 2 normal cost as time passes as the majority of the active population will consist of Tier 2 members.
- (2) The unfunded liability will increase in dollar amount for several years before it begins to decrease.
- (3) The funded status of the plan will increase gradually towards a 100% funded ratio.

This funding policy results in a crossover date in 2084 and a discount rate of 7.47%. The projections in this report are strictly for the purposes of determining the GASB discount rate and are different from a funding projection for the ongoing plan.

Limitations of Assets as a Percent of Total Pension Liability Measurements

This report includes a measure of the plan fiduciary net position as a percent of total pension liability. Unless otherwise indicated, with regard to any such measurements presented in this report:

- (1) The measurement is inappropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the plan's benefit obligations.
- (2) The measurement is inappropriate for assessing the need for or amount of future employer contributions.

Limitations of Funded Status Measurements

Unless otherwise indicated, a funded ratio measurement presented in this report is based upon the actuarial accrued liability and the market value of assets. Unless otherwise indicated, with regard to any funded status measurements presented in this report:

- (1) The measurement is inappropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the plan's benefit obligations, in other words of transferring the obligations to a unrelated third party in an arm's length market value type transaction.
- (2) The measurement is dependent upon the actuarial cost method which, in combination with the plan's amortization policy, affects the timing and amounts of future contributions. The amount of future contributions will most certainly differ from those assumed in this report due to future actual experience differing from assumed experience based upon actuarial assumptions. A funded ratio measurement in this report of 100% is not synonymous with no required future contributions. If the funded ratio were 100%, the plan would still require future normal cost contributions (i.e., contributions to cover the cost of the active membership accruing an additional year of service credit).

Limitation of Project Scope

Actuarial standards do not require the actuary to evaluate the ability of the plan sponsor or other contributing entity to make required contributions to the plan when due. Such an evaluation was not within the scope of this project and is not within the actuary's domain of expertise. Consequently, the actuary performed no such evaluation.

SECTION B

FINANCIAL STATEMENTS

PENSION EXPENSE/(INCOME) UNDER GASB STATEMENT NO. 68
CALENDAR YEAR ENDED DECEMBER 31, 2015

A. Expense/(Income)

1. Service Cost	\$	789,221
2. Interest on the Total Pension Liability		3,429,032
3. Current-Period Benefit Changes		0
4. Employee Contributions (made negative for addition here)		(350,591)
5. Projected Earnings on Plan Investments (made negative for addition here)		(3,009,941)
6. Other Changes in Plan Fiduciary Net Position		(483,935)
7. Recognition of Outflow (Inflow) of Resources due to Liabilities		102,556
8. Recognition of Outflow (Inflow) of Resources due to Assets		562,098
9. Total Pension Expense/(Income)	\$	1,038,440

**STATEMENT OF OUTFLOWS AND INFLOWS ARISING FROM CURRENT REPORTING
PERIOD
CALENDAR YEAR ENDED DECEMBER 31, 2015**

A. Outflows (Inflows) of Resources due to Liabilities

1. Difference between expected and actual experience of the Total Pension Liability (gains) or losses	\$	281,872
2. Assumption Changes (gains) or losses	\$	58,964
3. Recognition period for Liabilities: Average of the expected remaining service lives of all employees {in years}		3.3234
4. Outflow (Inflow) of Resources to be recognized in the current pension expense for the Difference between expected and actual experience of the Total Pension Liability	\$	84,814
5. Outflow (Inflow) of Resources to be recognized in the current pension expense for Assumption Changes	\$	17,742
6. Outflow (Inflow) of Resources to be recognized in the current pension expense due to Liabilities	\$	102,556
7. Deferred Outflow (Inflow) of Resources to be recognized in future pension expenses for the Difference between expected and actual experience of the Total Pension Liability	\$	197,058
8. Deferred Outflow (Inflow) of Resources to be recognized in future pension expenses for Assumption Changes	\$	41,222
9. Deferred Outflow (Inflow) of Resources to be recognized in future pension expenses due to Liabilities	\$	238,280

B. Outflows (Inflows) of Resources due to Assets

1. Net difference between projected and actual earnings on pension plan investments (gains) or losses	\$	2,810,488
2. Recognition period for Assets {in years}		5.0000
3. Outflow (Inflow) of Resources to be recognized in the current pension expense due to Assets	\$	562,098
4. Deferred Outflow (Inflow) of Resources to be recognized in future pension expenses due to Assets	\$	2,248,390

* Please note that employer contributions made after the measurement date have not been reported as deferred outflows of resources. These employer contributions must be separately accounted for by the employer.

**STATEMENT OF OUTFLOWS AND INFLOWS ARISING FROM CURRENT AND PRIOR
REPORTING PERIODS
CALENDAR YEAR ENDED DECEMBER 31, 2015**

A. Outflows and Inflows of Resources due to Liabilities and Assets to be recognized in Current Pension Expense

	<u>Outflows of Resources</u>	<u>Inflows of Resources</u>	<u>Net Outflows of Resources</u>
1. Due to Liabilities	\$ 102,556	\$ 0	\$ 102,556
2. Due to Assets	562,098	0	562,098
3. Total	\$ 664,654	\$ 0	\$ 664,654

B. Outflows and Inflows of Resources by Source to be recognized in Current Pension Expense

	<u>Outflows of Resources</u>	<u>Inflows of Resources</u>	<u>Net Outflows of Resources</u>
1. Differences between expected and actual experience	\$ 84,814	\$ 0	\$ 84,814
2. Assumption changes	17,742	0	17,742
3. Net difference between projected and actual earnings on pension plan investments	562,098	0	562,098
4. Total	\$ 664,654	\$ 0	\$ 664,654

C. Deferred Outflows and Deferred Inflows of Resources by Source to be recognized in Future Pension Expenses

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net Deferred Outflows of Resources</u>
1. Differences between expected and actual experience	\$ 197,058	\$ 0	\$ 197,058
2. Assumption changes	41,222	0	41,222
3. Net difference between projected and actual earnings on pension plan investments	2,248,390	0	2,248,390
4. Total	\$ 2,486,670	\$ 0	\$ 2,486,670

D. Deferred Outflows and Deferred Inflows of Resources by Year to be recognized in Future Pension Expenses

<u>Year Ending December 31</u>	<u>Net Deferred Outflows of Resources</u>
2016	\$ 664,654
2017	664,654
2018	595,266
2019	562,096
2020	0
Thereafter	0
Total	\$ 2,486,670

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
CURRENT PERIOD
CALENDAR YEAR ENDED DECEMBER 31, 2015**

A. Total pension liability	
1. Service Cost	\$ 789,221
2. Interest on the Total Pension Liability	3,429,032
3. Changes of benefit terms	0
4. Difference between expected and actual experience of the Total Pension Liability	281,872
5. Changes of assumptions	58,964
6. Benefit payments, including refunds of employee contributions	(2,040,059)
7. Net change in total pension liability	\$ 2,519,030
8. Total pension liability – beginning	46,468,094
9. Total pension liability – ending	<u><u>\$ 48,987,124</u></u>
B. Plan fiduciary net position	
1. Contributions – employer	\$ 1,105,091
2. Contributions – employee	350,591
3. Net investment income	199,453
4. Benefit payments, including refunds of employee contributions	(2,040,059)
5. Other (Net Transfer)	483,935
6. Net change in plan fiduciary net position	\$ 99,011
7. Plan fiduciary net position – beginning	40,182,766
8. Plan fiduciary net position – ending	<u><u>\$ 40,281,777</u></u>
C. Net pension liability/(asset)	<u><u>\$ 8,705,347</u></u>
D. Plan fiduciary net position as a percentage of the total pension liability	82.23%
E. Covered Valuation payroll	\$ 7,574,305
F. Net pension liability as a percentage of covered valuation payroll	114.93%

SENSITIVITY OF NET PENSION LIABILITY/(ASSET) TO THE SINGLE DISCOUNT RATE ASSUMPTION

	1% Decrease	Current Single Discount Rate Assumption	1% Increase
	<u>6.47%</u>	<u>7.47%</u>	<u>8.47%</u>
Total Pension Liability	\$ 55,392,787	\$ 48,987,124	\$ 43,721,117
Plan Fiduciary Net Position	40,281,777	40,281,777	40,281,777
Net Pension Liability/(Asset)	\$ 15,111,010	\$ 8,705,347	\$ 3,439,340

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
MULTIYEAR SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Calendar Years

(schedule to be built prospectively from 2014)

Calendar year ending December 31,	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Total Pension Liability										
Service Cost	\$ 789,221									
Interest on the Total Pension Liability	3,429,032									
Benefit Changes	0									
Difference between Expected and Actual Experience	281,872									
Assumption Changes	58,964									
Benefit Payments and Refunds	(2,040,059)									
Net Change in Total Pension Liability	2,519,030									
Total Pension Liability - Beginning	46,468,094									
Total Pension Liability - Ending (a)	\$ 48,987,124									
Plan Fiduciary Net Position										
Employer Contributions	\$ 1,105,091									
Employee Contributions	350,591									
Pension Plan Net Investment Income	199,453									
Benefit Payments and Refunds	(2,040,059)									
Other	483,935									
Net Change in Plan Fiduciary Net Position	99,011									
Plan Fiduciary Net Position - Beginning	40,182,766									
Plan Fiduciary Net Position - Ending (b)	\$ 40,281,777									
Net Pension Liability/(Asset) - Ending (a) - (b)	8,705,347									
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	82.23%									
Covered Valuation Payroll	\$ 7,574,305									
Net Pension Liability as a Percentage of Covered Valuation Payroll	114.93%									

MULTIYEAR SCHEDULE OF CONTRIBUTIONS

Last 10 Calendar Years

<u>Calendar Year</u> <u>Ending</u> <u>December 31,</u>	<u>Actuarially</u> <u>Determined</u> <u>Contribution</u>	<u>Actual</u> <u>Contribution</u>	<u>Contribution</u> <u>Deficiency</u> <u>(Excess)</u>	<u>Covered</u> <u>Valuation</u> <u>Payroll</u>	<u>Actual Contribution</u> <u>as a % of</u> <u>Covered Valuation Payroll</u>
2015	\$ 1,105,091 *	\$ 1,105,091	\$ 0	\$ 7,574,305	14.59%

* Estimated based on contribution rate of 14.59% and covered valuation payroll of \$7,574,305.
This number should be verified by the auditor.

NOTES TO SCHEDULE OF CONTRIBUTIONS

SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED IN THE CALCULATION OF THE 2015 CONTRIBUTION RATE*

Valuation Date:

Notes Actuarially determined contribution rates are calculated as of December 31 each year, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine 2015 Contribution Rates:

Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	Non-Taxing bodies: 10-year rolling period. Taxing bodies (Regular, SLEP and ECO groups): 28-year closed period until remaining period reaches 15 years (then 15-year rolling period). Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI. SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 23 years for most employers (two employers were financed over 32 years).
Asset Valuation Method	5-Year smoothed market; 20% corridor
Wage growth	4.00%
Price Inflation	3.0% -- approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases	4.40% to 16.00% including inflation
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2011 valuation pursuant to an experience study of the period 2008 - 2010.
Mortality	RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men 120% of the table rates were used. For women 92% of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years.

Other Information:

Notes There were no benefit changes during the year.

* Based on Valuation Assumptions used in the December 31, 2013 actuarial valuation

DEVELOPMENT OF MARKET VALUE OF ASSETS**Market Value of Assets as of December 31, 2015**

1. Employee Contribution Reserve (MDF Assets from IMRF)	\$	8,333,616
2. Employer Contribution Reserve (EAF assets from IMRF)		9,505,385
3. Annuitant Reserve		22,436,188
4. Miscellaneous Adjustment*		<u>6,588</u>
5. Net Market Value	\$	40,281,777

* Includes an adjustment factor of .000163582 on Items 1 through 4 to ensure that Market Value of Assets for all employers balances to the total Market Value of IMRF. Miscellaneous adjustments are due to various items such as suspended annuity reserve, disability benefit reserve, death benefit reserve, supplemental benefit reserve, employers with no assets, etc.

SECTION C

CALCULATION OF THE SINGLE DISCOUNT RATE

CALCULATION OF THE SINGLE DISCOUNT RATE

GASB Statement No. 68 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total Pension Liability. This rate considers the ability of the fund to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. As long as assets are projected to be on hand in a future year, the assumed valuation discount rate is used. In years where assets are not projected to be sufficient to meet benefit payments, the use of a “risk-free” rate is required, as described in the following paragraph.

The *Single Discount Rate* (SDR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR reflects (1) the long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.57%; and the resulting single discount rate is 7.47%.

The tables in this section provide background for the development of the single discount rate.

The **Projection of Contributions** table shows the development of expected contributions in future years. Normal Cost contributions for future hires are not included (nor are their liabilities).

Expected Contributions are developed based on the following:

- Member Contributions for current members
- Normal Cost contributions for current members
- Unfunded Liability contributions for current and future members.

The **Projection of Plan Fiduciary Net Position** table shows the development of expected asset levels in future years.

The **Present Values of Projected Benefit Payments** table shows the development of the Single Discount Rate (SDR). It breaks down the benefit payments into present values for funded and unfunded portions and shows the equivalent total at the SDR.

**SINGLE DISCOUNT RATE DEVELOPMENT
PROJECTION OF CONTRIBUTIONS**

Year	Payroll for Current Employees	Contributions from Current Employees	Normal Cost Contributions	UAL Contributions	Total Contributions
0	\$ 7,574,305				
1	7,293,287	\$ 328,198	\$ 524,523	\$ 512,892	\$ 1,365,612
2	6,814,452	306,650	485,335	467,573	1,259,559
3	6,396,323	287,834	449,185	492,188	1,229,208
4	6,010,476	270,471	422,089	518,506	1,211,066
5	5,660,083	254,704	396,919	546,688	1,198,310
6	5,360,305	241,214	375,363	576,916	1,193,493
7	5,096,622	229,348	356,390	597,108	1,182,847
8	4,860,000	218,700	338,876	618,007	1,175,583
9	4,648,702	209,192	323,217	639,637	1,172,046
10	4,440,085	199,804	307,828	662,025	1,169,656
11	4,248,924	191,202	293,728	685,196	1,170,125
12	4,085,484	183,847	282,023	709,177	1,175,047
13	3,912,812	176,076	269,324	733,999	1,179,399
14	3,726,467	167,691	255,384	721,366	1,144,441
15	3,552,812	159,877	242,775	708,951	1,111,603
16	3,375,335	151,890	229,639	696,749	1,078,279
17	3,187,663	143,445	215,919	684,757	1,044,121
18	3,008,178	135,368	202,563	672,972	1,010,903
19	2,833,820	127,522	189,693	661,390	978,605
20	2,657,799	119,601	177,117	650,007	946,724
21	2,492,639	112,169	164,869	638,820	915,858
22	2,344,438	105,500	154,133	627,825	887,458
23	2,209,538	99,429	144,164	617,020	860,613
24	2,077,456	93,486	134,718	606,401	834,604
25	1,950,794	87,786	125,533	595,964	809,283
26	1,836,482	82,642	117,080	585,707	785,429
27	1,714,462	77,151	108,447	575,627	761,224
28	1,576,655	70,949	98,788	565,720	735,457
29	1,426,246	64,181	88,370	555,983	708,534
30	1,266,301	56,984	77,324	546,414	680,722
31	1,118,936	50,352	67,323	537,010	654,685
32	970,781	43,685	57,345	527,768	628,798
33	802,966	36,133	46,793	518,685	601,611
34	631,241	28,406	36,660	509,758	574,823
35	478,650	21,539	28,036	500,984	550,560
36	369,213	16,615	21,994	492,362	530,970
37	276,153	12,427	16,615	483,888	512,930
38	196,014	8,821	11,969	475,560	496,350
39	144,600	6,507	9,060	467,375	482,943
40	105,789	4,761	6,744	459,331	470,836
41	74,825	3,367	4,889	451,426	459,683
42	52,341	2,355	3,545	443,657	449,557
43	40,841	1,838	2,901	436,021	440,760
44	32,344	1,455	2,336	428,517	432,308
45	25,241	1,136	1,835	421,142	424,113
46	18,552	835	1,347	413,894	416,076
47	12,909	581	940	406,770	408,291
48	9,905	446	719	399,769	400,934
49	7,720	347	561	392,889	393,797
50	5,166	232	374	386,127	386,733

**SINGLE DISCOUNT RATE DEVELOPMENT
PROJECTION OF CONTRIBUTIONS (CONCLUDED)**

Year	Payroll for Current Employees	Contributions from Current Employees	Normal Cost Contributions	UAL Contributions	Total Contributions
51	\$ 2,541	\$ 114	\$ 182	\$ 379,482	\$ 379,778
52	1,196	54	85	372,950	373,089
53	731	33	52	366,532	366,616
54	190	9	14	360,223	360,246
55	0	0	0	354,024	354,024
56	0	0	0	347,931	347,931
57	0	0	0	341,943	341,943
58	0	0	0	336,058	336,058
59	0	0	0	330,274	330,274
60	0	0	0	324,590	324,590
61	0	0	0	319,003	319,003
62	0	0	0	313,513	313,513
63	0	0	0	308,117	308,117
64	0	0	0	302,814	302,814
65	0	0	0	297,603	297,603
66	0	0	0	292,481	292,481
67	0	0	0	287,447	287,447
68	0	0	0	282,500	282,500
69	0	0	0	277,638	277,638
70	0	0	0	272,859	272,859
71	0	0	0	268,163	268,163
72	0	0	0	263,548	263,548
73	0	0	0	259,012	259,012
74	0	0	0	254,554	254,554
75	0	0	0	250,173	250,173
76	0	0	0	245,868	245,868
77	0	0	0	241,636	241,636
78	0	0	0	237,477	237,477
79	0	0	0	233,390	233,390
80	0	0	0	229,373	229,373
81	0	0	0	225,426	225,426
82	0	0	0	221,546	221,546
83	0	0	0	217,733	217,733
84	0	0	0	213,986	213,986
85	0	0	0	210,303	210,303
86	0	0	0	206,683	206,683
87	0	0	0	203,126	203,126
88	0	0	0	199,630	199,630
89	0	0	0	196,194	196,194
90	0	0	0	192,818	192,818
91	0	0	0	189,499	189,499
92	0	0	0	186,238	186,238
93	0	0	0	183,032	183,032
94	0	0	0	179,882	179,882
95	0	0	0	176,786	176,786
96	0	0	0	173,744	173,744
97	0	0	0	170,754	170,754
98	0	0	0	167,815	167,815
99	0	0	0	164,927	164,927
100	0	0	0	162,088	162,088

SINGLE DISCOUNT RATE DEVELOPMENT
PROJECTION OF PLAN FIDUCIARY NET POSITION

Year	Projected Beginning		Projected Total		Projected Benefit		Projected Investment		Projected Ending Plan	
	Plan Net Position		Contributions		Payments		Earnings at 7.50%		Net Position	
	(a)		(b)		(c)		(d)		(e)=(a)+(b)-(c)+(d)	
1	\$	40,281,777	\$	1,365,612	\$	2,118,726	\$	2,993,402	\$	42,522,065
2		42,522,065		1,259,559		2,301,638		3,150,783		44,630,769
3		44,630,769		1,229,208		2,478,116		3,301,320		46,683,181
4		46,683,181		1,211,066		2,693,071		3,446,668		48,647,844
5		48,647,844		1,198,310		2,912,162		3,585,481		50,519,473
6		50,519,473		1,193,493		3,125,876		3,717,806		52,304,895
7		52,304,895		1,182,847		3,332,784		3,843,702		53,998,660
8		53,998,660		1,175,583		3,539,513		3,962,855		55,597,585
9		55,597,585		1,172,046		3,754,744		4,074,719		57,089,605
10		57,089,605		1,169,656		3,965,515		4,178,771		58,472,518
11		58,472,518		1,170,125		4,151,819		4,275,647		59,766,471
12		59,766,471		1,175,047		4,312,185		4,366,969		60,996,303
13		60,996,303		1,179,399		4,481,035		4,453,150		62,147,816
14		62,147,816		1,144,441		4,654,058		4,531,855		63,170,054
15		63,170,054		1,111,603		4,830,656		4,600,811		64,051,812
16		64,051,812		1,078,279		5,025,287		4,658,549		64,763,352
17		64,763,352		1,044,121		5,204,362		4,704,063		65,307,173
18		65,307,173		1,010,903		5,350,326		4,738,251		65,706,002
19		65,706,002		978,605		5,479,582		4,762,215		65,967,240
20		65,967,240		946,724		5,625,187		4,775,272		66,064,049
21		66,064,049		915,858		5,745,717		4,776,958		66,011,148
22		66,011,148		887,458		5,851,907		4,768,035		65,814,734
23		65,814,734		860,613		5,929,336		4,749,464		65,495,474
24		65,495,474		834,604		6,003,463		4,721,832		65,048,448
25		65,048,448		809,283		6,073,051		4,684,811		64,469,491
26		64,469,491		785,429		6,120,821		4,638,752		63,772,850
27		63,772,850		761,224		6,154,031		4,584,389		62,964,432
28		62,964,432		735,457		6,198,074		4,521,188		62,023,003
29		62,023,003		708,534		6,234,473		4,448,249		60,945,312
30		60,945,312		680,722		6,252,625		4,365,729		59,739,138
31		59,739,138		654,685		6,239,697		4,274,784		58,428,910
32		58,428,910		628,798		6,216,895		4,176,403		57,017,216
33		57,017,216		601,611		6,203,853		4,070,005		55,484,980
34		55,484,980		574,823		6,200,718		3,954,216		53,813,301
35		53,813,301		550,560		6,178,274		3,828,774		52,014,361
36		52,014,361		530,970		6,100,875		3,695,982		50,140,438
37		50,140,438		512,930		6,018,987		3,557,788		48,192,169
38		48,192,169		496,350		5,913,743		3,414,933		46,189,709
39		46,189,709		482,943		5,777,405		3,269,275		44,164,522
40		44,164,522		470,836		5,629,114		3,122,401		42,128,645
41		42,128,645		459,683		5,474,574		2,974,990		40,088,743
42		40,088,743		449,557		5,308,263		2,827,748		38,057,785
43		38,057,785		440,760		5,132,009		2,681,592		36,048,128
44		36,048,128		432,308		4,954,566		2,537,091		34,062,961
45		34,062,961		424,113		4,776,327		2,394,465		32,105,212
46		32,105,212		416,076		4,599,612		2,253,844		30,175,520
47		30,175,520		408,291		4,421,372		2,115,394		28,277,833
48		28,277,833		400,934		4,241,158		1,979,433		26,417,042
49		26,417,042		393,797		4,061,188		1,846,237		24,595,888
50		24,595,888		386,733		3,882,863		1,715,957		22,815,714

SINGLE DISCOUNT RATE DEVELOPMENT
PROJECTION OF PLAN FIDUCIARY NET POSITION (CONCLUDED)

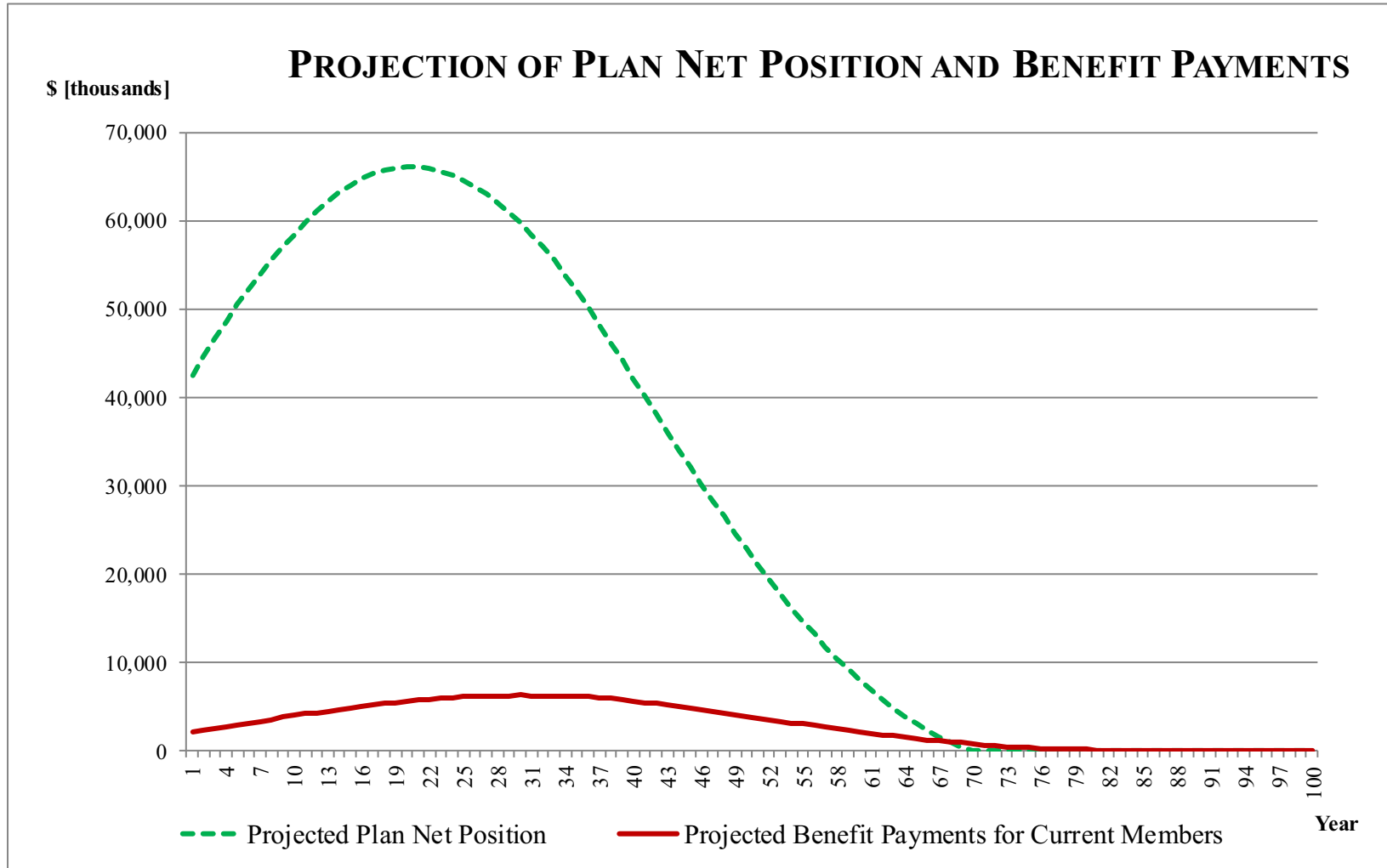
Year	Projected Beginning		Projected Total		Projected Benefit		Projected		Projected Ending Plan	
	Plan Net Position		Contributions		Payments		Investment Earnings at 7.50%		Net Position	
	(a)		(b)		(c)		(d)		(e)=(a)+(b)-(c)+(d)	
51	\$	22,815,714	\$	379,778	\$	3,704,890	\$	1,588,741	\$	21,079,344
52		21,079,344		373,089		3,525,904		1,464,858		19,391,386
53		19,391,386		366,616		3,347,542		1,344,590		17,755,051
54		17,755,051		360,246		3,170,298		1,228,157		16,173,156
55		16,173,156		354,024		2,993,934		1,115,780		14,649,025
56		14,649,025		347,931		2,819,049		1,007,685		13,185,592
57		13,185,592		341,943		2,646,117		904,075		11,785,492
58		11,785,492		336,058		2,475,530		805,132		10,451,152
59		10,451,152		330,274		2,307,715		711,023		9,184,734
60		9,184,734		324,590		2,143,127		621,893		7,988,089
61		7,988,089		319,003		1,982,294		537,861		6,862,659
62		6,862,659		313,513		1,825,725		459,017		5,809,464
63		5,809,464		308,117		1,673,799		385,423		4,829,204
64		4,829,204		302,814		1,526,878		317,118		3,922,258
65		3,922,258		297,603		1,385,388		254,115		3,088,588
66		3,088,588		292,481		1,249,730		196,396		2,327,735
67		2,327,735		287,447		1,120,208		143,916		1,638,890
68		1,638,890		282,500		997,085		96,604		1,020,909
69		1,020,909		277,638		880,654		54,364		472,257
70		472,257		272,859		771,251		17,067		0
71		0		268,163		669,194		0		0
72		0		263,548		574,764		0		0
73		0		259,012		488,219		0		0
74		0		254,554		409,779		0		0
75		0		250,173		339,571		0		0
76		0		245,868		277,569		0		0
77		0		241,636		223,605		0		0
78		0		237,477		177,390		0		0
79		0		233,390		138,486		0		0
80		0		229,373		106,307		0		0
81		0		225,426		80,173		0		0
82		0		221,546		59,366		0		0
83		0		217,733		43,133		0		0
84		0		213,986		30,725		0		0
85		0		210,303		21,443		0		0
86		0		206,683		14,654		0		0
87		0		203,126		9,800		0		0
88		0		199,630		6,410		0		0
89		0		196,194		4,093		0		0
90		0		192,818		2,548		0		0
91		0		189,499		1,545		0		0
92		0		186,238		914		0		0
93		0		183,032		526		0		0
94		0		179,882		293		0		0
95		0		176,786		157		0		0
96		0		173,744		80		0		0
97		0		170,754		39		0		0
98		0		167,815		18		0		0
99		0		164,927		9		0		0
100		0		162,088		4		0		0

**SINGLE DISCOUNT RATE DEVELOPMENT
PRESENT VALUES OF PROJECTED BENEFITS**

Year	Projected Beginning Plan Net Position	Projected Benefit Payments	Funded Portion of Benefit Payments	Unfunded Portion of Benefit Payments	Present Value of Funded Benefit Payments using Expected Return Rate (v)	Present Value of Unfunded Benefit Payments using Municipal Bond Rate (vf)	Present Value of Benefit Payments using Single Discount Rate (sdr)
(a)	(b)	(c)	(d)	(e)	(f)=(d)*v ^{(a)-.5}	(g)=(e)*vf ^{(a)-.5}	(h)=(c)/(1+sdr) ^{(a)-.5}
1	\$ 40,281,777	\$ 2,118,726	\$ 2,118,726	\$ 0	\$ 2,043,481	\$ 0	\$ 2,043,801
2	42,522,065	2,301,638	2,301,638	0	2,065,021	0	2,065,993
3	44,630,769	2,478,116	2,478,116	0	2,068,238	0	2,069,862
4	46,683,181	2,693,071	2,693,071	0	2,090,828	0	2,093,126
5	48,647,844	2,912,162	2,912,162	0	2,103,185	0	2,106,158
6	50,519,473	3,125,876	3,125,876	0	2,100,029	0	2,103,658
7	52,304,895	3,332,784	3,332,784	0	2,082,822	0	2,087,076
8	53,998,660	3,539,513	3,539,513	0	2,057,691	0	2,062,541
9	55,597,585	3,754,744	3,754,744	0	2,030,525	0	2,035,950
10	57,089,605	3,965,515	3,965,515	0	1,994,891	0	2,000,849
11	58,472,518	4,151,819	4,151,819	0	1,942,896	0	1,949,310
12	59,766,471	4,312,185	4,312,185	0	1,877,154	0	1,883,943
13	60,996,303	4,481,035	4,481,035	0	1,814,565	0	1,821,699
14	62,147,816	4,654,058	4,654,058	0	1,753,144	0	1,760,589
15	63,170,054	4,830,656	4,830,656	0	1,692,713	0	1,700,436
16	64,051,812	5,025,287	5,025,287	0	1,638,060	0	1,646,049
17	64,763,352	5,204,362	5,204,362	0	1,578,076	0	1,586,271
18	65,307,173	5,350,326	5,350,326	0	1,509,149	0	1,517,463
19	65,706,002	5,479,582	5,479,582	0	1,437,775	0	1,446,149
20	65,967,240	5,625,187	5,625,187	0	1,373,004	0	1,381,435
21	66,064,049	5,745,717	5,745,717	0	1,304,580	0	1,313,003
22	66,011,148	5,851,907	5,851,907	0	1,235,991	0	1,244,362
23	65,814,734	5,929,336	5,929,336	0	1,164,972	0	1,173,230
24	65,495,474	6,003,463	6,003,463	0	1,097,243	0	1,105,368
25	65,048,448	6,073,051	6,073,051	0	1,032,523	0	1,040,494
26	64,469,491	6,120,821	6,120,821	0	968,041	0	975,821
27	63,772,850	6,154,031	6,154,031	0	905,389	0	912,953
28	62,964,432	6,198,074	6,198,074	0	848,250	0	855,605
29	62,023,003	6,234,473	6,234,473	0	793,704	0	800,837
30	60,945,312	6,252,625	6,252,625	0	740,479	0	747,368
31	59,739,138	6,239,697	6,239,697	0	687,393	0	694,006
32	58,428,910	6,216,895	6,216,895	0	637,099	0	643,430
33	57,017,216	6,203,853	6,203,853	0	591,407	0	597,472
34	55,484,980	6,200,718	6,200,718	0	549,868	0	555,681
35	53,813,301	6,178,274	6,178,274	0	509,654	0	515,203
36	52,014,361	6,100,875	6,100,875	0	468,157	0	473,403
37	50,140,438	6,018,987	6,018,987	0	429,650	0	434,601
38	48,192,169	5,913,743	5,913,743	0	392,686	0	397,336
39	46,189,709	5,777,405	5,777,405	0	356,867	0	361,207
40	44,164,522	5,629,114	5,629,114	0	323,449	0	327,485
41	42,128,645	5,474,574	5,474,574	0	292,622	0	296,366
42	40,088,743	5,308,263	5,308,263	0	263,938	0	267,399
43	38,057,785	5,132,009	5,132,009	0	237,371	0	240,559
44	36,048,128	4,954,566	4,954,566	0	213,176	0	216,107
45	34,062,961	4,776,327	4,776,327	0	191,169	0	193,858
46	32,105,212	4,599,612	4,599,612	0	171,252	0	173,716
47	30,175,520	4,421,372	4,421,372	0	153,131	0	155,383
48	28,277,833	4,241,158	4,241,158	0	136,641	0	138,694
49	26,417,042	4,061,188	4,061,188	0	121,715	0	123,582
50	24,595,888	3,882,863	3,882,863	0	108,251	0	109,947

**SINGLE DISCOUNT RATE DEVELOPMENT
PRESENT VALUES OF PROJECTED BENEFITS (CONCLUDED)**

Year	Projected Beginning Plan Net Position	Projected Benefit Payments	Funded Portion of Benefit Payments	Unfunded Portion of Benefit Payments	Present Value of Funded Benefit Payments using Expected Return Rate (v)	Present Value of Unfunded Benefit Payments using Municipal Bond Rate (vf)	Present Value of Benefit Payments using Single Discount Rate (sdr)
(a)	(b)	(c)	(d)	(e)	(f)=(d)*v ^{-(a)-.5}	(g)=(e)*vf ^{-(a)-.5}	(h)=((c)/(1+sdr) ^{-(a)-.5})
51	\$ 22,815,714	\$ 3,704,890	\$ 3,704,890	\$ 0	\$ 96,083	\$ 0	\$ 97,619
52	21,079,344	3,525,904	3,525,904	0	85,062	0	86,448
53	19,391,386	3,347,542	3,347,542	0	75,125	0	76,373
54	17,755,051	3,170,298	3,170,298	0	66,183	0	67,304
55	16,173,156	2,993,934	2,993,934	0	58,141	0	59,144
56	14,649,025	2,819,049	2,819,049	0	50,925	0	51,820
57	13,185,592	2,646,117	2,646,117	0	44,466	0	45,262
58	11,785,492	2,475,530	2,475,530	0	38,697	0	39,402
59	10,451,152	2,307,715	2,307,715	0	33,557	0	34,179
60	9,184,734	2,143,127	2,143,127	0	28,990	0	29,536
61	7,988,089	1,982,294	1,982,294	0	24,943	0	25,422
62	6,862,659	1,825,725	1,825,725	0	21,371	0	21,787
63	5,809,464	1,673,799	1,673,799	0	18,225	0	18,586
64	4,829,204	1,526,878	1,526,878	0	15,466	0	15,777
65	3,922,258	1,385,388	1,385,388	0	13,053	0	13,320
66	3,088,588	1,249,730	1,249,730	0	10,954	0	11,181
67	2,327,735	1,120,208	1,120,208	0	9,133	0	9,326
68	1,638,890	997,085	997,085	0	7,562	0	7,724
69	1,020,909	880,654	880,654	0	6,213	0	6,348
70	472,257	771,251	489,647	281,605	3,214	24,597	5,173
71	0	669,194	0	669,194	0	56,436	4,177
72	0	574,764	0	574,764	0	46,802	3,338
73	0	488,219	0	488,219	0	38,384	2,639
74	0	409,779	0	409,779	0	31,107	2,061
75	0	339,571	0	339,571	0	24,889	1,589
76	0	277,569	0	277,569	0	19,643	1,209
77	0	223,605	0	223,605	0	15,279	906
78	0	177,390	0	177,390	0	11,703	669
79	0	138,486	0	138,486	0	8,821	486
80	0	106,307	0	106,307	0	6,538	347
81	0	80,173	0	80,173	0	4,761	244
82	0	59,366	0	59,366	0	3,404	168
83	0	43,133	0	43,133	0	2,388	113
84	0	30,725	0	30,725	0	1,642	75
85	0	21,443	0	21,443	0	1,107	49
86	0	14,654	0	14,654	0	730	31
87	0	9,800	0	9,800	0	472	19
88	0	6,410	0	6,410	0	298	12
89	0	4,093	0	4,093	0	184	7
90	0	2,548	0	2,548	0	110	4
91	0	1,545	0	1,545	0	65	2
92	0	914	0	914	0	37	1
93	0	526	0	526	0	21	1
94	0	293	0	293	0	11	0
95	0	157	0	157	0	6	0
96	0	80	0	80	0	3	0
97	0	39	0	39	0	1	0
98	0	18	0	18	0	1	0
99	0	9	0	9	0	0	0
100	0	4	0	4	0	0	0
Totals	\$	54,887,278	\$	299,437	\$	55,186,715	



SECTION D

GLOSSARY OF TERMS

GLOSSARY OF TERMS

<i>Actuarial Accrued Liability (AAL)</i>	The AAL is the difference between the actuarial present value of all benefits and the actuarial value of future normal costs. The definition comes from the fundamental equation of funding which states that the present value of all benefits is the sum of the Actuarial Accrued Liability and the present value of future normal costs. The AAL may also be referred to as "accrued liability" or "actuarial liability."
<i>Actuarial Assumptions</i>	These assumptions are estimates of future experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and compensation increases. Actuarial assumptions are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (compensation increases, payroll growth, inflation and investment return) consist of an underlying real rate of return plus an assumption for a long-term average rate of inflation.
<i>Accrued Service</i>	Service credited under the system which was rendered before the date of the actuarial valuation.
<i>Actuarial Equivalent</i>	A single amount or series of amounts of equal actuarial value to another single amount or series of amounts, computed on the basis of appropriate actuarial assumptions.
<i>Actuarial Cost Method</i>	A mathematical budgeting procedure for allocating the dollar amount of the actuarial present value of the pension trust benefits between future normal cost and actuarial accrued liability. The actuarial cost method may also be referred to as the actuarial funding method.
<i>Actuarial Gain (Loss)</i>	The difference in liabilities between actual experience and expected experience during the period between two actuarial valuations is the gain (loss) on the accrued liabilities.
<i>Actuarial Present Value (APV)</i>	The amount of funds currently required to provide a payment or series of payments in the future. The present value is determined by discounting future payments at predetermined rates of interest and probabilities of payment.
<i>Actuarial Valuation</i>	The actuarial valuation report determines, as of the actuarial valuation date, the service cost, total pension liability, and related actuarial present value of projected benefit payments for pensions.
<i>Actuarial Valuation Date</i>	The date as of which an actuarial valuation is performed.
<i>Actuarially Determined Contribution (ADC) or Annual Required Contribution (ARC)</i>	A calculated contribution into a defined benefit pension plan for the reporting period, most often determined based on the funding policy of the plan. Typically the Actuarially Determined Contribution has a normal cost payment and an amortization payment.

GLOSSARY OF TERMS (CONTINUED)

<i>Amortization Payment</i>	The amortization payment is the periodic payment required to pay off an interest-discounted amount with payments of interest and principal.
<i>Amortization Method</i>	The method used to determine the periodic amortization payment may be a level dollar amount, or a level percent of pay amount. The period will typically be expressed in years, and the method will either be “open” (meaning, reset each year) or “closed” (the number of years remaining will decline each year).
<i>Cost-of-Living Adjustments</i>	Postemployment benefit changes intended to adjust benefit payments for the effects of inflation.
<i>Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (cost-sharing pension plan)</i>	A multiple-employer defined benefit pension plan in which the pension obligations to the employees of more than one employer are pooled and pension plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.
<i>Covered Valuation Payroll</i>	The earnings of covered employees for the year ended on the valuation date, which is typically only the pensionable pay and does not include pay above any pay cap. It is not necessarily the same as payroll actually paid because it excludes all pay for people who exited during the year.
<i>Deferred Inflows and Outflows</i>	The deferred inflows and outflows of pension resources are amounts used under GASB Statement No. 68 in developing the annual pension expense. Deferred inflows and outflows arise with differences between expected and actual experiences; changes of assumptions. The portion of these amounts not included in pension expense should be included in the deferred inflows or outflows of resources.
<i>Discount Rate</i>	For GASB purposes, the discount rate is the single rate of return that results in the present value of all projected benefit payments to be equal to the sum of the funded and unfunded projected benefit payments, specifically: <ol style="list-style-type: none"> 1. The benefit payments to be made while the pension plans’ fiduciary net position is projected to be greater than the benefit payments that are projected to be made in the period; and 2. The present value of the benefit payments not in (1) above, discounted using the municipal bond rate.
<i>Entry Age Actuarial Cost Method (EAN)</i>	The EAN is a funding method for allocating the costs of the plan between the normal cost and the accrued liability. The actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis (either level dollar or level percent of pay) over the earnings or service of the individual between entry age and assumed exit ages(s). The portion of the actuarial present value allocated to a valuation year is the normal cost. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future normal costs is the actuarial accrued liability. The sum of the accrued liability plus the present value of all future normal costs is the present value of all benefits.

GLOSSARY OF TERMS (CONTINUED)

<i>GASB</i>	The Governmental Accounting Standards Board is an organization that exists in order to promulgate accounting standards for governmental entities.
<i>Fiduciary Net Position</i>	The fiduciary net position is the value of the assets of the trust.
<i>Long-Term Expected Rate of Return</i>	The long-term rate of return is the expected return to be earned over the entire trust portfolio based on the asset allocation of the portfolio.
<i>Money-Weighted Rate of Return</i>	The money-weighted rate of return is a method of calculating the returns that adjusts for the changing amounts actually invested. For purposes of GASB Statement No. 68, money-weighted rate of return is calculated as the internal rate of return on pension plan investments, net of pension plan investment expense.
<i>Multiple-Employer Defined Benefit Pension Plan</i>	A multiple-employer plan is a defined benefit pension plan that is used to provide pensions to the employees of more than one employer.
<i>Municipal Bond Rate</i>	The Municipal Bond Rate is the discount rate to be used for those benefit payments that occur after the assets of the trust have been depleted.
<i>Net Pension Liability (NPL)</i>	The NPL is the liability of employers and non-employer contribution entities to plan members for benefits provided through a defined benefit pension plan.
<i>Non-Employer Contribution Entities</i>	Non-employer contribution entities are entities that make contributions to a pension plan that is used to provide pensions to the employees of other entities. For purposes of the GASB Accounting statement plan members are not considered non-employer contribution entities.
<i>Normal Cost</i>	The actuarial present value of the pension trust benefits allocated to the current year by the actuarial cost method.
<i>Other Postemployment Benefits (OPEB)</i>	All postemployment benefits other than retirement income (such as death benefits, life insurance, disability, and long-term care) that are provided separately from a pension plan, as well as postemployment healthcare benefits regardless of the manner in which they are provided. Other post-employment benefits do not include termination benefits.
<i>Real Rate of Return</i>	The real rate of return is the rate of return on an investment after adjustment to eliminate inflation.
<i>Service Cost</i>	The service cost is the portion of the actuarial present value of projected benefit payments that is attributed to a valuation year.

GLOSSARY OF TERMS (CONCLUDED)

<i>Total Pension Expense</i>	<p>The total pension expense is the sum of the following items that are recognized at the end of the employer's fiscal year:</p> <ol style="list-style-type: none">1. Service Cost;2. Interest on the Total Pension Liability;3. Current-Period Benefit Changes;4. Employee Contributions (made negative for addition here);5. Projected Earnings on Plan Investments (made negative for addition here);6. Pension Plan Administrative Expense;7. Other Changes in Plan Fiduciary Net Position;8. Recognition of Outflow (Inflow) of Resources due to Liabilities; and9. Recognition of Outflow (Inflow) of Resources due to Assets.
<i>Total Pension Liability (TPL)</i>	<p>The TPL is the portion of the actuarial present value of projected benefit payments that is attributed to past periods of member service.</p>
<i>Unfunded Actuarial Accrued Liability (UAAL)</i>	<p>The UAAL is the difference between actuarial accrued liability and valuation assets.</p>
<i>Valuation Assets</i>	<p>The valuation assets are the assets used in determining the unfunded liability of the plan. For purposes of the GASB Statement No. 68, the valuation asset is equal to the market value of assets.</p>