

ALSIP PARK DIST REGULAR
GASB STATEMENT NO. 68 EMPLOYER REPORTING
ACCOUNTING SCHEDULES
DECEMBER 31, 2016

P-3.1

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April 17, 2017

Alsip Park Dist
Illinois Municipal Retirement Fund

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 fund's auditor and may be revised.

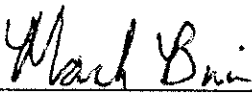
Our calculation of the liability associated with the benefits described in this report was performed for the purpose of satisfying the requirements of GASB Statement No. 68. The Net Pension Liability is not an appropriate measure for measuring the sufficiency of plan assets to cover the estimated cost 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 Alsip Park Dist only in its entirety and only with the permission of Alsip 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 audited.

Please see the actuarial valuation report for the Illinois Municipal Retirement Fund as of December 31, 2016 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 related to Alsip 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, 2016

Actuarial Valuation Date	December 31, 2016
Measurement Date of the Net Pension Liability	December 31, 2016
Fiscal Year End	April 30, 2017

Membership

Number of	
- Retirees and Beneficiaries	22
- Inactive, Non-Retired Members	34
- Active Members	23
- Total	<u>79</u>
Covered Valuation Payroll ⁽¹⁾	\$ 952,673

Net Pension Liability

Total Pension Liability/(Asset)	\$ 5,691,351
Plan Fiduciary Net Position	<u>4,950,327</u>
Net Pension Liability/(Asset)	\$ 741,024
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	86.98%
Net Pension Liability as a Percentage of Covered Valuation Payroll	77.78%

Development of the Single Discount Rate as of December 31, 2016

Long-Term Expected Rate of Investment Return	7.50%
Long-Term Municipal Bond Rate ⁽²⁾	3.78%
Last year ending December 31 in the 2017 to 2116 projection period for which projected benefit payments are fully funded	2116
Resulting Single Discount Rate based on the above development	7.50%

Single Discount Rate calculated using December 31, 2015 Measurement Date 7.47%

Total Pension Expense/(Income) \$ 122,730

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>
Difference between expected and actual experience	\$ 36,813	\$ 131,962
Changes in assumptions	7,529	16,658
Net difference between projected and actual earnings on pension plan investments	<u>218,916</u>	<u>0</u>
Total	<u>\$ 263,258</u>	<u>\$ 148,620</u>

⁽¹⁾ Does not necessarily represent Covered Employee Payroll as defined in GASB Statement Nos. 67-68.

⁽²⁾ Source: "20-Bond GO Index" is the 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. The rate shown is as of December 29, 2016, the most recent date available on or before the measurement date.

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 fund 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, 2016.

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, 2016 Annual Actuarial Valuation report dated March 22, 2017);
- 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, 2016 Annual Actuarial Valuation report dated March 22, 2017, 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 fund 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, 2016 and a measurement date of December 31, 2016.

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 3.78% (based on the weekly rate closest to but not later than the measurement date of the "20-Bond Go Index" described on page 1 and the resulting Single Discount Rate is 7.50%.

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 2116 and a discount rate of 7.5%. 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, 2016

A. Expense/(Income)

1. Service Cost	\$	109,139
2. Interest on the Total Pension Liability		411,317
3. Current-Period Benefit Changes		0
4. Employee Contributions (made negative for addition here)		(42,870)
5. Projected Earnings on Plan Investments (made negative for addition here)		(345,785)
6. Other Changes in Plan Fiduciary Net Position		(40,740)
7. Recognition of Outflow (Inflow) of Resources due to Liabilities		(39,101)
8. Recognition of Outflow (Inflow) of Resources due to Assets		70,770
9. Total Pension Expense/(Income)	\$	122,730

**STATEMENT OF OUTFLOWS AND INFLOWS ARISING FROM CURRENT REPORTING
PERIOD
CALENDAR YEAR ENDED DECEMBER 31, 2016**

A. Outflows (Inflows) of Resources due to Liabilities

1. Difference between expected and actual experience of the Total Pension Liability (gains) or losses	\$ (186,602)
2. Assumption Changes (gains) or losses	\$ (23,556)
3. Recognition period for Liabilities: Average of the expected remaining service lives of all employees {in years}	3,4151
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	\$ (54,640)
5. Outflow (Inflow) of Resources to be recognized in the current pension expense for Assumption Changes	\$ (6,898)
6. Outflow (Inflow) of Resources to be recognized in the current pension expense due to Liabilities	<u>\$ (61,538)</u>
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	\$ (131,962)
8. Deferred Outflow (Inflow) of Resources to be recognized in future pension expenses for Assumption Changes	\$ (16,658)
9. Deferred Outflow (Inflow) of Resources to be recognized in future pension expenses due to Liabilities	<u>\$ (148,620)</u>

B. Outflows (Inflows) of Resources due to Assets

1. Net difference between projected and actual earnings on pension plan investments (gains) or losses	\$ 33,026
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	\$ 6,605
4. Deferred Outflow (Inflow) of Resources to be recognized in future pension expenses due to Assets	\$ 26,421

* 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, 2016**

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	\$ 22,437	\$ 61,538	\$ (39,101)
2. Due to Assets	70,770	0	70,770
3. Total	<u>\$ 93,207</u>	<u>\$ 61,538</u>	<u>\$ 31,669</u>

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	\$ 18,628	\$ 54,640	\$ (36,012)
2. Assumption changes	3,809	6,898	\$ (3,089)
3. Net difference between projected and actual earnings on pension plan investments	70,770	0	70,770
4. Total	<u>\$ 93,207</u>	<u>\$ 61,538</u>	<u>\$ 31,669</u>

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	\$ 36,813	\$ 131,962	\$ (95,149)
2. Assumption changes	7,529	16,658	\$ (9,129)
3. Net difference between projected and actual earnings on pension plan investments	218,916	0	218,916
4. Total	<u>\$ 263,258</u>	<u>\$ 148,620</u>	<u>\$ 114,638</u>

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>
2017	\$ 31,669
2018	31,137
2019	45,226
2020	6,606
2021	0
Thereafter	0
Total	<u>\$ 114,638</u>

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
CURRENT PERIOD
CALENDAR YEAR ENDED DECEMBER 31, 2016**

A. Total pension liability	
1. Service Cost	\$ 109,139
2. Interest on the Total Pension Liability	411,317
3. Changes of benefit terms	0
4. Difference between expected and actual experience of the Total Pension Liability	(186,602)
5. Changes of assumptions	(23,556)
6. Benefit payments, including refunds of employee contributions	(141,258)
7. Net change in total pension liability	\$ 169,040
8. Total pension liability – beginning	5,522,311
9. Total pension liability – ending	<u><u>\$ 5,691,351</u></u>
B. Plan fiduciary net position	
1. Contributions – employer	\$ 111,845
2. Contributions – employee	42,870
3. Net investment income	312,759
4. Benefit payments, including refunds of employee contributions	(141,258)
5. Other (Net Transfer)	40,740
6. Net change in plan fiduciary net position	\$ 366,956
7. Plan fiduciary net position – beginning	4,583,371
8. Plan fiduciary net position – ending	<u><u>\$ 4,950,327</u></u>
C. Net pension liability/(asset)	<u><u>\$ 741,024</u></u>
D. Plan fiduciary net position as a percentage of the total pension liability	86.98%
E. Covered Valuation payroll	\$ 952,673
F. Net pension liability as a percentage of covered valuation payroll	77.78%

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

	Current Single Discount		
	1% Decrease	Rate Assumption	1% Increase
	6.50%	7.50%	8.50%
Total Pension Liability	\$ 6,543,866	\$ 5,691,351	\$ 5,006,702
Plan Fiduciary Net Position	4,950,327	4,950,327	4,950,327
Net Pension Liability/(Asset)	\$ 1,593,539	\$ 741,024	\$ 56,375

**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,	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Total Pension Liability										
Service Cost	\$ 109,139	\$ 113,280								
Interest on the Total Pension Liability	411,317	378,708								
Benefit Changes	0	0								
Difference between Expected and Actual Experience	(186,602)	74,069								
Assumption Changes	(23,556)	15,147								
Benefit Payments and Refunds	(141,258)	(116,864)								
Net Change in Total Pension Liability	169,040	464,340								
Total Pension Liability - Beginning	5,522,311	5,057,971								
Total Pension Liability - Ending (a)	\$ 5,691,351	\$ 5,522,311								
Plan Fiduciary Net Position										
Employer Contributions	\$ 111,845	\$ 113,877								
Employee Contributions	42,870	46,927								
Pension Plan Net Investment Income	312,759	23,176								
Benefit Payments and Refunds	(141,258)	(116,864)								
Other	40,740	(96,914)								
Net Change in Plan Fiduciary Net Position	366,956	(29,798)								
Plan Fiduciary Net Position - Beginning	4,583,371	4,613,169								
Plan Fiduciary Net Position - Ending (b)	\$ 4,950,327	\$ 4,583,371								
Net Pension Liability/(Asset) - Ending (a) - (b)	741,024	938,940								
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	86.98%	83.00 %								
Covered Valuation Payroll	\$ 952,673	\$ 1,042,824								
Net Pension Liability as a Percentage of Covered Valuation Payroll	77.78%	90.04 %								

MULTIYEAR SCHEDULE OF CONTRIBUTIONS

Last 10 Calendar Years

<u>Calendar Year Ending December 31,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Valuation Payroll</u>	<u>Actual Contribution as a % of Covered Valuation Payroll</u>
2015	\$ 113,876	\$ 113,877	\$ (1)	\$ 1,042,824	10.92%
2016	111,844 *	111,845	(1)	952,673	11.74%

* Estimated based on contribution rate of 11.74% and covered valuation payroll of \$952,673.
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 2016 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 2016 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): 27-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 22 years for most employers (two employers were financed over 31 years).
Asset Valuation Method	5-Year smoothed market; 20% corridor
Wage growth	3.50%
Price Inflation	2.75% -- approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases	3.75% to 14.50% 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 2014 valuation pursuant to an experience study of the period 2011-2013.
Mortality	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information:

Notes There were no benefit changes during the year.

* Based on Valuation Assumptions used in the December 31, 2014 actuarial valuation

DEVELOPMENT OF MARKET VALUE OF ASSETS

Market Value of Assets as of December 31, 2016

1. Employee Contribution Reserve (MDF Assets from IMRF)	\$	1,396,248
2. Employer Contribution Reserve (EAF assets from IMRF)		1,724,176
3. Annuitant Reserve		1,819,739
4. Miscellaneous Adjustment*		10,164
5. Net Market Value	\$	4,950,327

* Includes an adjustment factor of .002057409 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.

SCHEDULE OF CONTRIBUTIONS

Total Contributions

1. Employer

a.) Wage Reporting	\$	111,845
b.) Accelerated payments and Reserve Payments		-
	\$	111,845

2. Member

a.) Wage Reporting	\$	42,870
b.) Member Payments (i.e. ERI, Pension Payments)		-
Sub-total (Amount used for valuation on Schedule of Changes Page 10)	\$	42,870
c.) Voluntary Additional Plan	\$	11,888
Total Member Contributions (a+b+c)	\$	54,758

Total Employer and Member Contributions (1+2)	\$	166,603
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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 3.78%; and the resulting single discount rate is 7.50%.

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	\$ 952,673				
1	864,882	\$ 38,920	\$ 61,699	\$ 48,128	\$ 148,747
2	835,954	37,618	59,802	41,007	138,427
3	808,598	36,387	57,522	43,310	137,219
4	788,515	35,483	56,093	45,783	137,360
5	768,457	34,581	54,666	48,445	137,692
6	736,080	33,124	52,363	50,107	135,594
7	695,276	31,287	49,391	51,861	132,539
8	661,566	29,770	46,864	53,676	130,311
9	632,206	28,449	44,658	55,555	128,662
10	608,746	27,394	43,001	57,499	127,894
11	589,575	26,531	41,588	59,512	127,630
12	572,123	25,746	40,357	61,594	127,697
13	550,278	24,762	38,761	63,750	127,274
14	524,149	23,587	36,920	65,981	126,489
15	498,959	22,453	35,146	68,291	125,890
16	473,840	21,323	33,329	70,681	125,333
17	440,885	19,840	30,967	73,155	123,962
18	400,376	18,017	28,042	75,715	121,774
19	360,472	16,221	25,175	78,365	119,762
20	325,851	14,663	22,660	81,108	118,431
21	295,417	13,294	20,425	83,947	117,666
22	261,876	11,784	18,002	86,885	116,671
23	230,046	10,352	15,676	89,926	115,954
24	201,556	9,070	13,594	93,073	115,737
25	174,398	7,848	11,605	96,331	115,784
26	151,337	6,810	9,889	99,703	116,403
27	134,272	6,042	8,613	0	14,656
28	121,867	5,484	7,671	0	13,155
29	111,802	5,031	6,915	(0)	11,946
30	103,059	4,638	6,251	(0)	10,888
31	94,477	4,251	5,617	0	9,868
32	86,579	3,896	5,018	0	8,914
33	81,045	3,647	4,568	0	8,215
34	76,329	3,435	4,195	0	7,630
35	52,756	2,374	2,820	(0)	5,194
36	23,301	1,049	1,278	(0)	2,327
37	13,598	612	851	0	1,462
38	9,416	424	643	0	1,066
39	6,414	289	456	0	744
40	3,655	164	265	0	429
41	2,230	100	162	(0)	262
42	1,699	76	123	(0)	200
43	1,257	57	93	0	150
44	1,028	46	75	0	121
45	840	38	61	0	99
46	685	31	50	0	81
47	558	25	40	(0)	65
48	453	20	33	(0)	54
49	210	9	16	0	25
50	0	0	0	0	0

The projections in this report are strictly for the purpose of determining the GASB single discount rate and are different from a funding projection for the ongoing plan.

**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	\$ 0	\$ 0	\$ 0	\$ 0	0
52	0	0	0	0	0
53	0	0	0	0	0
54	0	0	0	0	0
55	0	0	0	0	0
56	0	0	0	0	0
57	0	0	0	0	0
58	0	0	0	0	0
59	0	0	0	0	0
60	0	0	0	0	0
61	0	0	0	0	0
62	0	0	0	0	0
63	0	0	0	0	0
64	0	0	0	0	0
65	0	0	0	0	0
66	0	0	0	0	0
67	0	0	0	0	0
68	0	0	0	0	0
69	0	0	0	0	0
70	0	0	0	0	0
71	0	0	0	0	0
72	0	0	0	0	0
73	0	0	0	0	0
74	0	0	0	0	0
75	0	0	0	0	0
76	0	0	0	0	0
77	0	0	0	0	0
78	0	0	0	0	0
79	0	0	0	0	0
80	0	0	0	0	0
81	0	0	0	0	0
82	0	0	0	0	0
83	0	0	0	0	0
84	0	0	0	0	0
85	0	0	0	0	0
86	0	0	0	0	0
87	0	0	0	0	0
88	0	0	0	0	0
89	0	0	0	0	0
90	0	0	0	0	0
91	0	0	0	0	0
92	0	0	0	0	0
93	0	0	0	0	0
94	0	0	0	0	0
95	0	0	0	0	0
96	0	0	0	0	0
97	0	0	0	0	0
98	0	0	0	0	0
99	0	0	0	0	0
100	0	0	0	0	0

The projections in this report are strictly for the purpose of determining the GASB single discount rate and are different from a funding projection for the ongoing plan.

**SINGLE DISCOUNT RATE DEVELOPMENT
PROJECTION OF PLAN FIDUCIARY NET POSITION**

Year	Projected Beginning Plan Net Position	Projected Total Contributions	Projected Benefit Payments	Projected Investment Earnings at 7.50%	Projected Ending Plan Net Position
	(a)	(b)	(c)	(d)	(e)=(a)+(b)-(c)+(d)
1	\$ 4,950,327	\$ 148,747	\$ 174,673	\$ 370,320	\$ 5,294,721
2	5,294,721	138,427	200,856	394,805	5,627,097
3	5,627,097	137,219	225,510	418,781	5,957,586
4	5,957,586	137,360	248,934	442,711	6,288,723
5	6,288,723	137,692	274,130	466,630	6,618,915
6	6,618,915	135,594	309,710	490,007	6,934,806
7	6,934,806	132,539	346,305	512,239	7,233,279
8	7,233,279	130,311	376,028	533,448	7,521,010
9	7,521,010	128,662	410,383	553,702	7,792,991
10	7,792,991	127,894	441,828	572,915	8,051,971
11	8,051,971	127,630	464,606	591,490	8,306,485
12	8,306,485	127,697	491,850	609,577	8,551,909
13	8,551,909	127,274	525,123	626,744	8,780,803
14	8,780,803	126,489	555,350	642,769	8,994,710
15	8,994,710	125,890	592,141	657,435	9,185,894
16	9,185,894	125,333	624,160	670,574	9,357,641
17	9,357,641	123,962	653,935	682,308	9,509,976
18	9,509,976	121,774	688,183	692,392	9,635,960
19	9,635,960	119,762	720,745	700,568	9,735,545
20	9,735,545	118,431	745,431	707,078	9,815,623
21	9,815,623	117,666	770,512	712,133	9,874,910
22	9,874,910	116,671	796,781	715,575	9,910,376
23	9,910,376	115,954	819,701	717,365	9,923,993
24	9,923,993	115,737	840,938	717,596	9,916,388
25	9,916,388	115,784	860,448	716,309	9,888,033
26	9,888,033	116,403	873,630	713,720	9,844,526
27	9,844,526	14,656	881,029	706,438	9,684,590
28	9,684,590	13,155	883,778	694,286	9,508,254
29	9,508,254	11,946	883,793	681,016	9,317,423
30	9,317,423	10,888	881,482	666,750	9,113,579
31	9,113,579	9,868	878,555	651,532	8,896,423
32	8,896,423	8,914	872,569	635,430	8,668,199
33	8,668,199	8,215	863,394	618,625	8,431,645
34	8,431,645	7,630	852,347	601,269	8,188,197
35	8,188,197	5,194	864,944	582,457	7,910,904
36	7,910,904	2,327	871,393	561,317	7,603,154
37	7,603,154	1,462	857,941	538,699	7,285,375
38	7,285,375	1,066	840,336	515,499	6,961,604
39	6,961,604	744	821,628	491,894	6,632,614
40	6,632,614	429	801,998	467,931	6,298,976
41	6,298,976	262	779,507	443,730	5,963,460
42	5,963,460	200	755,147	419,461	5,627,974
43	5,627,974	150	729,717	395,234	5,293,640
44	5,293,640	121	703,162	371,136	4,961,735
45	4,961,735	99	675,634	347,256	4,633,456
46	4,633,456	81	647,269	323,678	4,309,947
47	4,309,947	65	618,106	300,488	3,992,394
48	3,992,394	54	588,159	277,774	3,682,063
49	3,682,063	25	557,722	255,619	3,379,985
50	3,379,985	0	526,460	234,114	3,087,639

The projections in this report are strictly for the purpose of determining the GASB single discount rate and are different from a funding projection for the ongoing plan.

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

Year	Projected Beginning Plan Net Position	Projected Total Contributions	Projected Benefit Payments	Projected Investment Earnings at 7.50%	Projected Ending Plan Net Position
	(a)	(b)	(c)	(d)	(e)=(a)+(b)-(c)+(d)
51	\$ 3,087,639	\$ 0	\$ 494,547	\$ 213,363	\$ 2,806,454
52	2,806,454	0	462,295	193,461	2,537,621
53	2,537,621	0	429,888	174,492	2,282,224
54	2,282,224	0	397,545	156,528	2,041,208
55	2,041,208	0	365,496	139,632	1,815,345
56	1,815,345	0	333,935	123,855	1,605,265
57	1,605,265	0	303,053	109,236	1,411,448
58	1,411,448	0	273,082	95,803	1,234,169
59	1,234,169	0	244,264	83,568	1,073,473
60	1,073,473	0	216,865	72,525	929,134
61	929,134	0	191,143	62,647	800,638
62	800,638	0	167,319	53,887	687,205
63	687,205	0	145,562	46,180	587,823
64	587,823	0	125,980	39,448	501,291
65	501,291	0	108,586	33,598	426,304
66	426,304	0	93,306	28,537	361,535
67	361,535	0	80,019	24,169	305,684
68	305,684	0	68,563	20,402	257,523
69	257,523	0	58,725	17,152	215,950
70	215,950	0	50,266	14,345	180,030
71	180,030	0	42,961	11,920	148,989
72	148,989	0	36,613	9,826	122,202
73	122,202	0	31,060	8,021	99,163
74	99,163	0	26,170	6,474	79,467
75	79,467	0	21,842	5,156	62,781
76	62,781	0	18,012	4,045	48,815
77	48,815	0	14,646	3,122	37,290
78	37,290	0	11,717	2,365	27,938
79	27,938	0	9,198	1,757	20,497
80	20,497	0	7,070	1,277	14,704
81	14,704	0	5,316	907	10,295
82	10,295	0	3,905	628	7,018
83	7,018	0	2,791	424	4,651
84	4,651	0	1,938	277	2,990
85	2,990	0	1,306	176	1,861
86	1,861	0	851	108	1,118
87	1,118	0	535	64	646
88	646	0	324	37	359
89	359	0	188	20	191
90	191	0	104	11	98
91	98	0	55	5	48
92	48	0	28	3	23
93	23	0	14	1	10
94	10	0	7	1	4
95	4	0	3	0	1
96	1	0	1	0	0
97	0	0	0	0	0
98	0	0	0	0	0
99	0	0	0	0	0
100	0	0	0	0	0

The projections in this report are strictly for the purpose of determining the GASB single discount rate and are different from a funding projection for the ongoing plan.

SINGLE DISCOUNT RATE DEVELOPMENT PRESENT VALUES OF PROJECTED BENEFITS

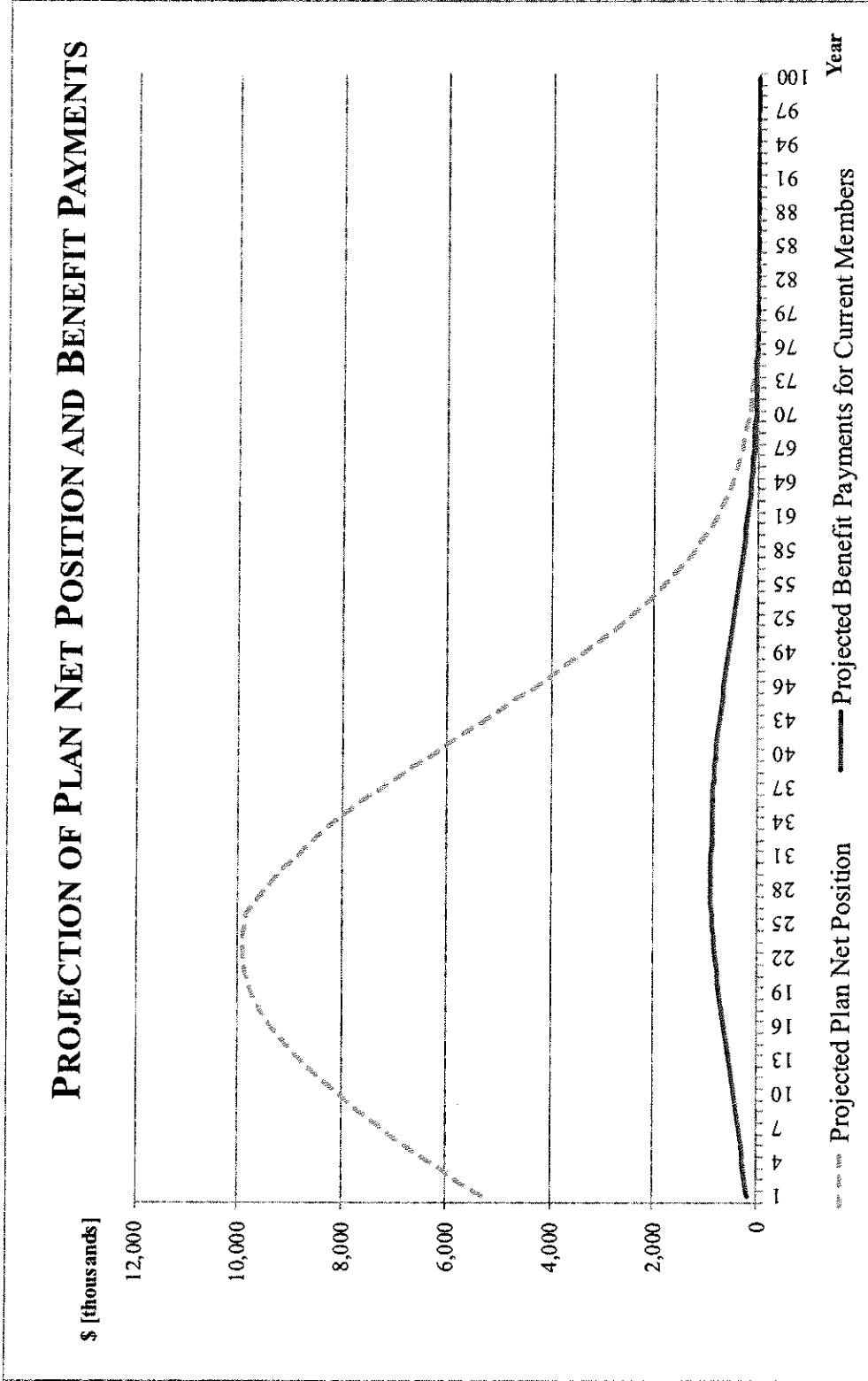
Year	Projected Beginning Plan Net Position	Projected Benefit Payments	Funded Portion of Benefit Payments	Unfunded Portion of Benefit Payments	Present Value of Funded Benefit Payments using Expected Return Rate (v)	Present Value of Unfunded Benefit Payments using Municipal Bond Rate (w)	Present Value of Benefit Payments using Single Discount Rate (sdr)
(a)	(b)	(c)	(d)	(e)	(f)=(d)*v ^t ((a)-.5)	(g)=(e)*w ^t ((a)-.5)	(h)=(c)/(1+sdr) ^t (a-.5)
1	\$ 4,950,327	\$ 174,673	\$ 174,673	\$ 0	\$ 168,470	\$ 0	\$ 168,470
2	5,294,721	200,856	200,856	0	180,208	0	180,208
3	5,627,097	225,510	225,510	0	188,211	0	188,211
4	5,957,586	248,934	248,934	0	193,265	0	193,265
5	6,288,723	274,130	274,130	0	197,979	0	197,979
6	6,618,915	309,710	309,710	0	208,070	0	208,070
7	6,934,806	346,305	346,305	0	216,423	0	216,423
8	7,233,279	376,028	376,028	0	218,603	0	218,603
9	7,521,010	410,383	410,383	0	221,931	0	221,931
10	7,792,991	441,828	441,828	0	222,266	0	222,266
11	8,051,971	464,606	464,606	0	217,418	0	217,418
12	8,306,485	491,850	491,850	0	214,109	0	214,109
13	8,551,909	525,123	525,123	0	212,645	0	212,645
14	8,780,803	555,350	555,350	0	209,196	0	209,196
15	8,994,710	592,141	592,141	0	207,493	0	207,493
16	9,185,894	624,160	624,160	0	203,453	0	203,453
17	9,357,641	653,935	653,935	0	198,287	0	198,287
18	9,509,976	688,183	688,183	0	194,113	0	194,113
19	9,635,960	720,745	720,745	0	189,114	0	189,114
20	9,735,545	745,431	745,431	0	181,946	0	181,946
21	9,815,623	770,512	770,512	0	174,947	0	174,947
22	9,874,910	796,781	796,781	0	168,289	0	168,289
23	9,910,376	819,701	819,701	0	161,052	0	161,052
24	9,923,993	840,938	840,938	0	153,697	0	153,697
25	9,916,388	860,448	860,448	0	146,291	0	146,291
26	9,888,033	873,630	873,630	0	138,169	0	138,169
27	9,844,526	881,029	881,029	0	129,618	0	129,618
28	9,684,590	883,778	883,778	0	120,951	0	120,951
29	9,508,254	883,793	883,793	0	112,515	0	112,515
30	9,317,423	881,482	881,482	0	104,391	0	104,391
31	9,113,579	878,555	878,555	0	96,786	0	96,786
32	8,896,423	872,569	872,569	0	89,420	0	89,420
33	8,668,199	863,394	863,394	0	82,306	0	82,306
34	8,431,645	852,347	852,347	0	75,585	0	75,585
35	8,188,197	864,944	864,944	0	71,350	0	71,350
36	7,910,904	871,393	871,393	0	66,867	0	66,867
37	7,603,154	857,941	857,941	0	61,242	0	61,242
38	7,285,375	840,336	840,336	0	55,800	0	55,800
39	6,961,604	821,628	821,628	0	50,752	0	50,752
40	6,632,614	801,998	801,998	0	46,083	0	46,083
41	6,298,976	779,507	779,507	0	41,666	0	41,666
42	5,963,460	755,147	755,147	0	37,547	0	37,547
43	5,627,974	729,717	729,717	0	33,752	0	33,752
44	5,293,640	703,162	703,162	0	30,254	0	30,254
45	4,961,735	675,634	675,634	0	27,042	0	27,042
46	4,633,456	647,269	647,269	0	24,099	0	24,099
47	4,309,947	618,106	618,106	0	21,408	0	21,408
48	3,992,394	588,159	588,159	0	18,949	0	18,949
49	3,682,063	557,722	557,722	0	16,715	0	16,715
50	3,379,985	526,460	526,460	0	14,677	0	14,677

The projections in this report are strictly for the purpose of determining the GASB single discount rate and are different from a funding projection for the ongoing plan.

**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	\$ 3,087,639	\$ 494,547	\$ 494,547	\$ 0	\$ 12,826	\$ 0	\$ 12,826
52	2,806,454	462,295	462,295	0	11,153	0	11,153
53	2,537,621	429,888	429,888	0	9,647	0	9,647
54	2,282,224	397,545	397,545	0	8,299	0	8,299
55	2,041,208	365,496	365,496	0	7,098	0	7,098
56	1,815,345	333,935	333,935	0	6,032	0	6,032
57	1,605,265	303,053	303,053	0	5,093	0	5,093
58	1,411,448	273,082	273,082	0	4,269	0	4,269
59	1,234,169	244,264	244,264	0	3,552	0	3,552
60	1,073,473	216,865	216,865	0	2,933	0	2,933
61	929,134	191,143	191,143	0	2,405	0	2,405
62	800,638	167,319	167,319	0	1,959	0	1,959
63	687,205	145,562	145,562	0	1,585	0	1,585
64	587,823	125,980	125,980	0	1,276	0	1,276
65	501,291	108,586	108,586	0	1,023	0	1,023
66	426,304	93,306	93,306	0	818	0	818
67	361,535	80,019	80,019	0	652	0	652
68	305,684	68,563	68,563	0	520	0	520
69	257,523	58,725	58,725	0	414	0	414
70	215,950	50,266	50,266	0	330	0	330
71	180,030	42,961	42,961	0	262	0	262
72	148,989	36,613	36,613	0	208	0	208
73	122,202	31,060	31,060	0	164	0	164
74	99,163	26,170	26,170	0	129	0	129
75	79,467	21,842	21,842	0	100	0	100
76	62,781	18,012	18,012	0	77	0	77
77	48,815	14,646	14,646	0	58	0	58
78	37,290	11,717	11,717	0	43	0	43
79	27,938	9,198	9,198	0	31	0	31
80	20,497	7,070	7,070	0	23	0	23
81	14,704	5,316	5,316	0	16	0	16
82	10,295	3,905	3,905	0	11	0	11
83	7,018	2,791	2,791	0	7	0	7
84	4,651	1,938	1,938	0	5	0	5
85	2,990	1,306	1,306	0	3	0	3
86	1,861	851	851	0	2	0	2
87	1,118	535	535	0	1	0	1
88	646	324	324	0	1	0	1
89	359	188	188	0	0	0	0
90	191	104	104	0	0	0	0
91	98	55	55	0	0	0	0
92	48	28	28	0	0	0	0
93	23	14	14	0	0	0	0
94	10	7	7	0	0	0	0
95	4	3	3	0	0	0	0
96	1	1	1	0	0	0	0
97	0	0	0	0	0	0	0
98	0	0	0	0	0	0	0
99	0	0	0	0	0	0	0
100	0	0	0	0	0	0	0
Totals					\$ 6,498,445	\$ -	\$ 6,498,445

The projections in this report are strictly for the purpose of determining the GASB single discount rate and are different from a funding projection for the ongoing plan.



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 fund 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>	The total pension expense is the sum of the following items that are recognized at the end of the employer's fiscal year: <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>	The TPL is the portion of the actuarial present value of projected benefit payments that is attributed to past periods of member service.
<i>Unfunded Actuarial Accrued Liability (UAAL)</i>	The UAAL is the difference between actuarial accrued liability and valuation assets.
<i>Valuation Assets</i>	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.