

ALSIP PARK DIST REGULAR

GASB STATEMENT NO. 68 EMPLOYER REPORTING
ACCOUNTING SCHEDULES
DECEMBER 31, 2015

TABLE OF CONTENTS

		<u>Page</u>
Certification Letter		
Section A	Executive Summary	
	Executive Summary	1
	Discussion	2 - 4
	Other Observations	5 - 6
Section B	Financial Statements	
	Pension Expense/(Income) under GASB Statement No. 68	7
	Statement of Outflows and Inflows Arising from Current Period	8
	Statement of Outflows and Inflows Arising from Current and Prior Periods	9
	Schedule of Changes in Net Pension Liability and Related Ratios Current Period	10
	Sensitivity of Net Pension Liability/(Asset) to the Single Discount Rate Assumption	10
	Multiyear Schedule of Changes in Net Pension Liability and Related Ratios	11
	Multiyear Schedule of Contributions	12
	Notes to Schedule of Contributions	13
	Development of Market Value of Assets	14
	Summary of Actuarial Methods and Assumptions used in the Calculation of the Total Pension Liability	15
Section C	Calculation of the Single Discount Rate	
	Calculation of the Single Discount Rate	16
	Projection of Contributions	17 - 18
	Projection of Plan Fiduciary Net Position	19 - 20
	Present Values of Projected Benefits	21 - 22
	Projection of Plan Net Position and Benefit Payments	23
Section D	Glossary of Terms	24 - 27

April 15, 2016

Alsip 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 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 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 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, 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	18
- Inactive, Non-Retired Members	32
- Active Members	25
- Total	75
Covered Valuation Payroll	\$ 1,042,824

Net Pension Liability

Total Pension Liability/(Asset)	\$ 5,522,311
Plan Fiduciary Net Position	4,583,371
Net Pension Liability/(Asset)	\$ 938,940
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	83.00%
Net Pension Liability as a Percentage of Covered Valuation Payroll	90.04%

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	2082
Resulting Single Discount Rate based on the above development	7.47%

Single Discount Rate calculated using December 31, 2014 Measurement Date 7.49%

Total Pension Expense/(Income) \$ 284,576

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	\$ 55,441	\$ 0
Changes in assumptions	11,338	0
Net difference between projected and actual earnings on pension plan investments	256,660	0
Total	\$ 323,439	\$ 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 2082 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	\$ 113,280
2. Interest on the Total Pension Liability	378,708
3. Current-Period Benefit Changes	0
4. Employee Contributions (made negative for addition here)	(46,927)
5. Projected Earnings on Plan Investments (made negative for addition here)	(344,001)
6. Other Changes in Plan Fiduciary Net Position	96,914
7. Recognition of Outflow (Inflow) of Resources due to Liabilities	22,437
8. Recognition of Outflow (Inflow) of Resources due to Assets	64,165
9. Total Pension Expense/(Income)	\$ 284,576

**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	\$ 74,069
2. Assumption Changes (gains) or losses	\$ 15,147
3. Recognition period for Liabilities: Average of the expected remaining service lives of all employees {in years}	3.9763
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	\$ 18,628
5. Outflow (Inflow) of Resources to be recognized in the current pension expense for Assumption Changes	\$ 3,809
6. Outflow (Inflow) of Resources to be recognized in the current pension expense due to Liabilities	<u>\$ 22,437</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	\$ 55,441
8. Deferred Outflow (Inflow) of Resources to be recognized in future pension expenses for Assumption Changes	\$ 11,338
9. Deferred Outflow (Inflow) of Resources to be recognized in future pension expenses due to Liabilities	<u>\$ 66,779</u>

B. Outflows (Inflows) of Resources due to Assets

1. Net difference between projected and actual earnings on pension plan investments (gains) or losses	\$ 320,825
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	\$ 64,165
4. Deferred Outflow (Inflow) of Resources to be recognized in future pension expenses due to Assets	\$ 256,660

* 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

	Outflows of Resources	Inflows of Resources	Net Outflows of Resources
1. Due to Liabilities	\$ 22,437	\$ 0	\$ 22,437
2. Due to Assets	64,165	0	64,165
3. Total	\$ 86,602	\$ 0	\$ 86,602

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

	Outflows of Resources	Inflows of Resources	Net Outflows of Resources
1. Differences between expected and actual experience	\$ 18,628	\$ 0	\$ 18,628
2. Assumption changes	3,809	0	3,809
3. Net difference between projected and actual earnings on pension plan investments	64,165	0	64,165
4. Total	\$ 86,602	\$ 0	\$ 86,602

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

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows of Resources
1. Differences between expected and actual experience	\$ 55,441	\$ 0	\$ 55,441
2. Assumption changes	11,338	0	11,338
3. Net difference between projected and actual earnings on pension plan investments	256,660	0	256,660
4. Total	\$ 323,439	\$ 0	\$ 323,439

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

Year Ending December 31	Net Deferred Outflows of Resources
2016	\$ 86,602
2017	86,602
2018	86,070
2019	64,165
2020	0
Thereafter	0
Total	\$ 323,439

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	\$	113,280
2. Interest on the Total Pension Liability		378,708
3. Changes of benefit terms		0
4. Difference between expected and actual experience of the Total Pension Liability		74,069
5. Changes of assumptions		15,147
6. Benefit payments, including refunds of employee contributions		(116,864)
7. Net change in total pension liability	\$	464,340
8. Total pension liability – beginning		A 5,057,971
9. Total pension liability – ending	A-B = 444,802	\$ C 5,522,311

B. Plan fiduciary net position

1. Contributions – employer	C-D = 938,940	\$	113,877
2. Contributions – employee			46,927
3. Net investment income	Change in NPL = 494,138		23,176
4. Benefit payments, including refunds of employee contributions			(116,864)
5. Other (Net Transfer)			(96,914)
6. Net change in plan fiduciary net position		\$	(29,798)
7. Plan fiduciary net position – beginning			B 4,613,169
8. Plan fiduciary net position – ending		\$	D 4,583,371

C. Net pension liability/(asset)

\$ 938,940

D. Plan fiduciary net position as a percentage of the total pension liability

83.00%

E. Covered Valuation payroll

\$ 1,042,824

F. Net pension liability as a percentage of covered valuation payroll

90.04%

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

	1% Decrease 6.47%	Current Single Discount Rate Assumption 7.47%	1% Increase 8.47%
Total Pension Liability	\$ 6,351,212	\$ 5,522,311	\$ 4,857,199
Plan Fiduciary Net Position	4,583,371	4,583,371	4,583,371
Net Pension Liability/(Asset)	\$ 1,767,841	\$ 938,940	\$ 273,828

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	\$ 113,280									
Interest on the Total Pension Liability	378,708									
Benefit Changes	0									
Difference between Expected and Actual Experience	74,069									
Assumption Changes	15,147									
Benefit Payments and Refunds	(116,864)									
Net Change in Total Pension Liability	464,340									
Total Pension Liability - Beginning	5,057,971									
Total Pension Liability - Ending (a)	\$ 5,522,311									
Plan Fiduciary Net Position										
Employer Contributions	\$ 113,877									
Employee Contributions	46,927									
Pension Plan Net Investment Income	23,176									
Benefit Payments and Refunds	(116,864)									
Other	(96,914)									
Net Change in Plan Fiduciary Net Position	(29,798)									
Plan Fiduciary Net Position - Beginning	4,613,169									
Plan Fiduciary Net Position - Ending (b)	\$ 4,583,371									
Net Pension Liability/(Asset) - Ending (a) - (b)	938,940									
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	83.00%									
Covered Valuation Payroll	\$ 1,042,824									
Net Pension Liability as a Percentage of Covered Valuation Payroll	90.04%									

MULTIYEAR SCHEDULE OF CONTRIBUTIONS

Last 10 Calendar Years

Calendar Year Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2015	\$ 113,876 *	\$ 113,877	\$ (1)	\$ 1,042,824	10.92%

* Estimated based on contribution rate of 10.92% and covered valuation payroll of \$1,042,824.

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)	\$	1,407,028
2. Employer Contribution Reserve (EAF assets from IMRF)		1,813,373
3. Annuitant Reserve		1,362,220
4. Miscellaneous Adjustment*		<u>750</u>
5. Net Market Value	\$	4,583,371

* 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.

SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED IN THE CALCULATION OF THE TOTAL PENSION LIABILITY

Methods and Assumptions Used to Determine Total Pension Liability:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Price Inflation	2.75%
Salary Increases	3.75% to 14.50%
Investment Rate of Return	7.47%
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 2014). 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 2014). 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 2014). 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.
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A detailed description of the actuarial assumptions and methods can be found in the December 31, 2015 Illinois Municipal Retirement Fund annual actuarial valuation report.

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	\$ 1,042,824				
1	970,304	\$ 43,664	\$ 68,868	\$ 43,190	\$ 155,722
2	934,791	42,066	66,628	50,369	159,062
3	900,726	40,533	63,660	53,070	157,263
4	867,420	39,034	61,306	55,962	156,302
5	840,267	37,812	59,387	59,062	156,262
6	812,369	36,557	57,415	62,392	156,364
7	771,346	34,711	54,516	64,576	153,802
8	723,241	32,546	50,972	66,836	150,354
9	682,471	30,711	47,894	69,175	147,780
10	645,637	29,054	45,180	71,596	145,830
11	615,726	27,708	43,026	74,102	144,836
12	592,617	26,668	41,352	76,696	144,715
13	572,899	25,780	39,919	79,380	145,079
14	549,244	24,716	38,270	78,014	141,000
15	520,218	23,410	36,196	76,671	136,277
16	492,124	22,146	34,192	75,352	131,689
17	466,196	20,979	32,391	74,055	127,424
18	433,339	19,500	30,065	72,780	122,345
19	393,629	17,713	27,192	71,528	116,433
20	355,151	15,982	24,427	70,296	110,706
21	322,028	14,491	22,021	69,087	105,598
22	293,092	13,189	19,896	67,898	100,982
23	261,214	11,755	17,601	66,729	96,085
24	230,703	10,382	15,361	65,581	91,324
25	203,571	9,161	13,372	64,452	86,984
26	178,140	8,016	11,506	63,343	82,865
27	156,519	7,043	9,906	62,252	79,202
28	140,785	6,335	8,700	61,181	76,216
29	129,204	5,814	7,829	60,128	73,772
30	119,432	5,374	7,118	59,093	71,586
31	110,741	4,983	6,489	58,076	69,549
32	101,931	4,587	5,861	57,077	67,525
33	93,808	4,221	5,272	56,094	65,588
34	85,826	3,862	4,695	55,129	63,686
35	77,667	3,495	4,171	54,180	61,847
36	52,033	2,341	2,748	53,248	58,337
37	22,223	1,000	1,205	52,331	54,536
38	12,862	579	800	51,431	52,809
39	8,830	397	604	50,545	51,547
40	5,893	265	418	49,676	50,359
41	3,169	143	228	48,821	49,191
42	1,817	82	132	47,980	48,194
43	1,484	67	109	47,155	47,330
44	1,214	55	88	46,343	46,486
45	992	45	73	45,545	45,664
46	811	36	60	44,762	44,858
47	661	30	48	43,991	44,069
48	538	24	38	43,234	43,297
49	438	20	32	42,490	42,542
50	203	9	14	41,759	41,782

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	\$ 41,040	\$ 41,040
52	0	0	0	40,334	40,334
53	0	0	0	39,639	39,639
54	0	0	0	38,957	38,957
55	0	0	0	38,287	38,287
56	0	0	0	37,628	37,628
57	0	0	0	36,980	36,980
58	0	0	0	36,344	36,344
59	0	0	0	35,718	35,718
60	0	0	0	35,103	35,103
61	0	0	0	34,499	34,499
62	0	0	0	33,905	33,905
63	0	0	0	33,322	33,322
64	0	0	0	32,748	32,748
65	0	0	0	32,185	32,185
66	0	0	0	31,631	31,631
67	0	0	0	31,086	31,086
68	0	0	0	30,552	30,552
69	0	0	0	30,026	30,026
70	0	0	0	29,509	29,509
71	0	0	0	29,001	29,001
72	0	0	0	28,502	28,502
73	0	0	0	28,011	28,011
74	0	0	0	27,529	27,529
75	0	0	0	27,055	27,055
76	0	0	0	26,590	26,590
77	0	0	0	26,132	26,132
78	0	0	0	25,682	25,682
79	0	0	0	25,240	25,240
80	0	0	0	24,806	24,806
81	0	0	0	24,379	24,379
82	0	0	0	23,960	23,960
83	0	0	0	23,547	23,547
84	0	0	0	23,142	23,142
85	0	0	0	22,744	22,744
86	0	0	0	22,352	22,352
87	0	0	0	21,967	21,967
88	0	0	0	21,589	21,589
89	0	0	0	21,218	21,218
90	0	0	0	20,853	20,853
91	0	0	0	20,494	20,494
92	0	0	0	20,141	20,141
93	0	0	0	19,794	19,794
94	0	0	0	19,454	19,454
95	0	0	0	19,119	19,119
96	0	0	0	18,790	18,790
97	0	0	0	18,466	18,466
98	0	0	0	18,149	18,149
99	0	0	0	17,836	17,836
100	0	0	0	17,529	17,529

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	\$ 4,583,371	\$ 155,722	\$ 155,978	\$ 343,743	\$ 4,926,858
2	4,926,858	159,062	180,110	368,739	5,274,549
3	5,274,549	157,263	206,968	393,761	5,618,605
4	5,618,605	156,302	232,320	418,596	5,961,184
5	5,961,184	156,262	256,366	443,403	6,304,483
6	6,304,483	156,364	281,046	468,245	6,648,047
7	6,648,047	153,802	318,881	492,525	6,975,493
8	6,975,493	150,354	358,166	515,510	7,283,190
9	7,283,190	147,780	390,520	537,301	7,577,752
10	7,577,752	145,830	427,305	557,967	7,854,244
11	7,854,244	144,836	460,784	577,434	8,115,730
12	8,115,730	144,715	485,327	596,138	8,371,255
13	8,371,255	145,079	514,294	614,249	8,616,290
14	8,616,290	141,000	545,788	631,317	8,842,818
15	8,842,818	136,277	578,392	646,932	9,047,635
16	9,047,635	131,689	617,541	660,683	9,222,466
17	9,222,466	127,424	650,672	672,418	9,371,636
18	9,371,636	122,345	680,279	682,328	9,496,031
19	9,496,031	116,433	714,029	690,198	9,588,632
20	9,588,632	110,706	746,169	695,748	9,648,918
21	9,648,918	105,598	770,417	699,189	9,683,287
22	9,683,287	100,982	794,712	700,702	9,690,260
23	9,690,260	96,085	819,830	700,120	9,666,634
24	9,666,634	91,324	841,648	697,369	9,613,679
25	9,613,679	86,984	861,550	692,505	9,531,618
26	9,531,618	82,865	879,635	685,533	9,420,381
27	9,420,381	79,202	891,452	676,620	9,284,750
28	9,284,750	76,216	897,435	666,117	9,129,648
29	9,129,648	73,772	900,105	654,296	8,957,611
30	8,957,611	71,586	899,987	641,317	8,770,527
31	8,770,527	69,549	896,475	627,340	8,570,942
32	8,570,942	67,525	892,400	612,447	8,358,513
33	8,358,513	65,588	885,313	596,705	8,135,493
34	8,135,493	63,686	877,050	580,212	7,902,342
35	7,902,342	61,847	865,886	563,069	7,661,372
36	7,661,372	58,337	878,125	544,417	7,386,001
37	7,386,001	54,536	883,726	523,418	7,080,228
38	7,080,228	52,809	868,933	500,966	6,765,070
39	6,765,070	51,547	850,003	477,979	6,444,593
40	6,444,593	50,359	830,031	454,635	6,119,556
41	6,119,556	49,191	809,197	430,982	5,790,532
42	5,790,532	48,194	785,579	407,138	5,460,285
43	5,460,285	47,330	760,015	383,279	5,130,879
44	5,130,879	46,486	733,593	359,515	4,803,286
45	4,803,286	45,664	706,212	335,924	4,478,661
46	4,478,661	44,858	677,964	312,587	4,158,144
47	4,158,144	44,069	648,991	289,586	3,842,808
48	3,842,808	43,297	619,340	267,000	3,533,764
49	3,533,764	42,542	589,022	244,910	3,232,194
50	3,232,194	41,782	558,321	223,394	2,939,049

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	\$ 2,939,049	\$ 41,040	\$ 526,914	\$ 202,538	\$ 2,655,712
52	2,655,712	40,334	494,962	182,438	2,383,522
53	2,383,522	39,639	462,759	163,184	2,123,586
54	2,123,586	38,957	430,478	144,852	1,876,917
55	1,876,917	38,287	398,322	127,512	1,644,394
56	1,644,394	37,628	366,504	111,220	1,426,737
57	1,426,737	36,980	335,197	96,024	1,224,544
58	1,224,544	36,344	304,567	81,964	1,038,285
59	1,038,285	35,718	274,828	69,067	868,242
60	868,242	35,103	246,215	57,345	714,475
61	714,475	34,499	218,983	46,793	576,784
62	576,784	33,905	193,388	37,386	454,687
63	454,687	33,322	169,644	29,082	347,447
64	347,447	32,748	147,915	21,818	254,099
65	254,099	32,185	128,307	15,518	173,494
66	173,494	31,631	110,838	10,095	104,382
67	104,382	31,086	95,440	5,459	45,487
68	45,487	30,552	82,000	1,517	0
69	0	30,026	70,367	0	0
70	0	29,509	60,337	0	0
71	0	29,001	51,680	0	0
72	0	28,502	44,180	0	0
73	0	28,011	37,649	0	0
74	0	27,529	31,927	0	0
75	0	27,055	26,885	0	0
76	0	26,590	22,425	0	0
77	0	26,132	18,483	0	0
78	0	25,682	15,022	0	0
79	0	25,240	12,013	0	0
80	0	24,806	9,429	0	0
81	0	24,379	7,247	0	0
82	0	23,960	5,451	0	0
83	0	23,547	4,005	0	0
84	0	23,142	2,865	0	0
85	0	22,744	1,991	0	0
86	0	22,352	1,342	0	0
87	0	21,967	875	0	0
88	0	21,589	551	0	0
89	0	21,218	333	0	0
90	0	20,853	193	0	0
91	0	20,494	107	0	0
92	0	20,141	57	0	0
93	0	19,794	29	0	0
94	0	19,454	14	0	0
95	0	19,119	7	0	0
96	0	18,790	3	0	0
97	0	18,466	1	0	0
98	0	18,149	0	0	0
99	0	17,836	0	0	0
100	0	17,529	0	0	0

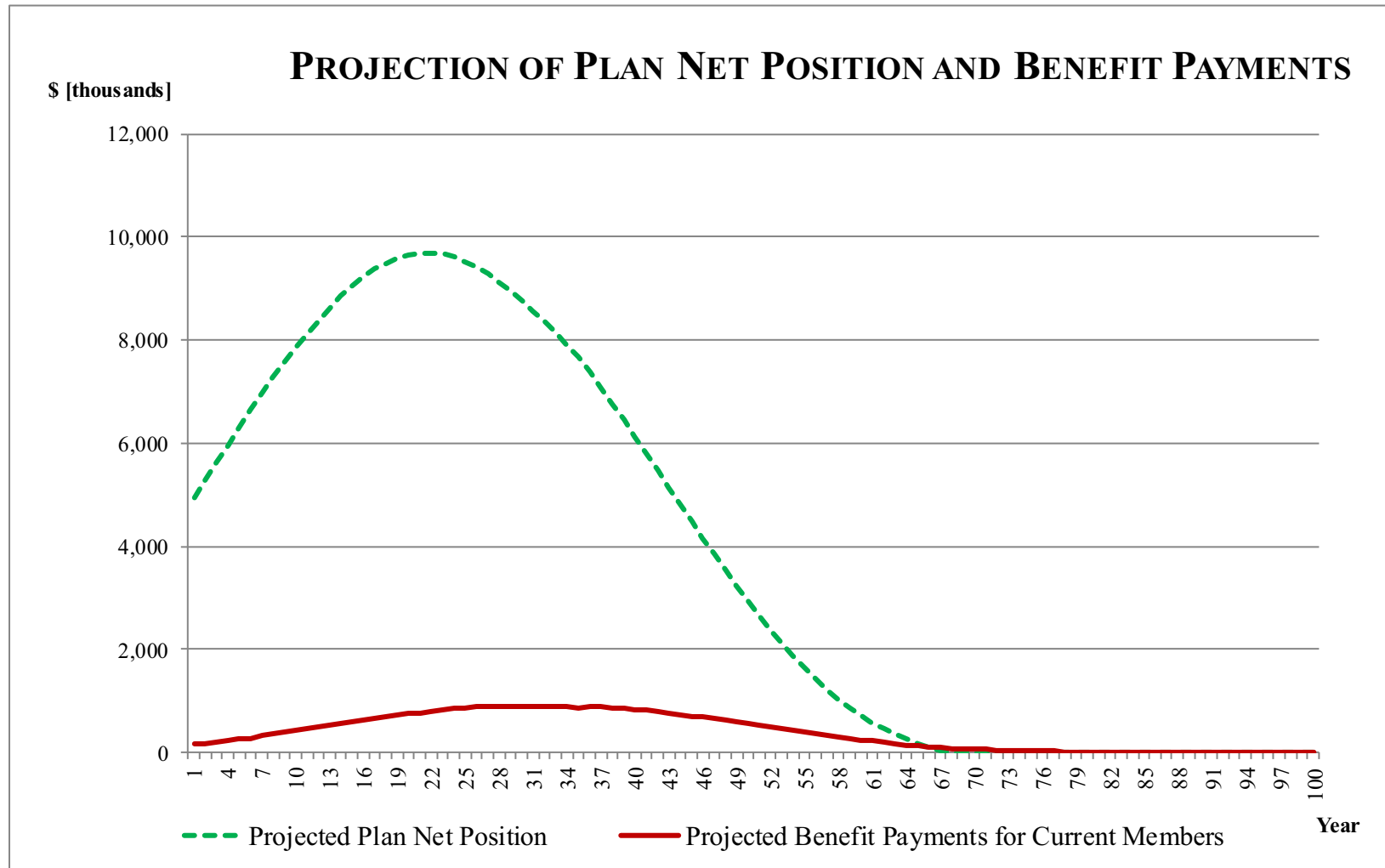
SINGLE DISCOUNT RATE DEVELOPMENT

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	\$ 4,583,371	\$ 155,978	\$ 155,978	\$ 0	\$ 150,438	\$ 0	\$ 150,460
2	4,926,858	180,110	180,110	0	161,594	0	161,665
3	5,274,549	206,968	206,968	0	172,736	0	172,863
4	5,618,605	232,320	232,320	0	180,367	0	180,552
5	5,961,184	256,366	256,366	0	185,149	0	185,394
6	6,304,483	281,046	281,046	0	188,812	0	189,117
7	6,648,047	318,881	318,881	0	199,284	0	199,664
8	6,975,493	358,166	358,166	0	208,219	0	208,677
9	7,283,190	390,520	390,520	0	211,189	0	211,716
10	7,577,752	427,305	427,305	0	214,960	0	215,559
11	7,854,244	460,784	460,784	0	215,630	0	216,294
12	8,115,730	485,327	485,327	0	211,270	0	211,983
13	8,371,255	514,294	514,294	0	208,260	0	209,024
14	8,616,290	545,788	545,788	0	205,594	0	206,409
15	8,842,818	578,392	578,392	0	202,675	0	203,538
16	9,047,635	617,541	617,541	0	201,296	0	202,212
17	9,222,466	650,672	650,672	0	197,298	0	198,254
18	9,371,636	680,279	680,279	0	191,884	0	192,871
19	9,496,031	714,029	714,029	0	187,352	0	188,371
20	9,588,632	746,169	746,169	0	182,126	0	183,170
21	9,648,918	770,417	770,417	0	174,925	0	175,979
22	9,683,287	794,712	794,712	0	167,853	0	168,913
23	9,690,260	819,830	819,830	0	161,077	0	162,142
24	9,666,634	841,648	841,648	0	153,827	0	154,890
25	9,613,679	861,550	861,550	0	146,478	0	147,534
26	9,531,618	879,635	879,635	0	139,119	0	140,162
27	9,420,381	891,452	891,452	0	131,152	0	132,174
28	9,284,750	897,435	897,435	0	122,820	0	123,814
29	9,129,648	900,105	900,105	0	114,591	0	115,552
30	8,957,611	899,987	899,987	0	106,583	0	107,508
31	8,770,527	896,475	896,475	0	98,760	0	99,646
32	8,570,942	892,400	892,400	0	91,452	0	92,300
33	8,358,513	885,313	885,313	0	84,396	0	85,204
34	8,135,493	877,050	877,050	0	77,775	0	78,542
35	7,902,342	865,886	865,886	0	71,428	0	72,154
36	7,661,372	878,125	878,125	0	67,384	0	68,088
37	7,386,001	883,726	883,726	0	63,082	0	63,761
38	7,080,228	868,933	868,933	0	57,699	0	58,337
39	6,765,070	850,003	850,003	0	52,504	0	53,100
40	6,444,593	830,031	830,031	0	47,694	0	48,249
41	6,119,556	809,197	809,197	0	43,253	0	43,769
42	5,790,532	785,579	785,579	0	39,061	0	39,538
43	5,460,285	760,015	760,015	0	35,153	0	35,594
44	5,130,879	733,593	733,593	0	31,564	0	31,969
45	4,803,286	706,212	706,212	0	28,266	0	28,637
46	4,478,661	677,964	677,964	0	25,242	0	25,581
47	4,158,144	648,991	648,991	0	22,477	0	22,786
48	3,842,808	619,340	619,340	0	19,954	0	20,234
49	3,533,764	589,022	589,022	0	17,653	0	17,906
50	3,232,194	558,321	558,321	0	15,566	0	15,793

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 ((a)-.5)	(g)=(e)*vf ^a ((a)-.5)	(h)=((c)/(1+sdr) ^a)-(a)-.5)
51	\$ 2,939,049	\$ 526,914	\$ 526,914	\$ 0	\$ 13,665	\$ 0	\$ 13,869
52	2,655,712	494,962	494,962	0	11,941	0	12,122
53	2,383,522	462,759	462,759	0	10,385	0	10,546
54	2,123,586	430,478	430,478	0	8,987	0	9,129
55	1,876,917	398,322	398,322	0	7,735	0	7,860
56	1,644,394	366,504	366,504	0	6,621	0	6,729
57	1,426,737	335,197	335,197	0	5,633	0	5,727
58	1,224,544	304,567	304,567	0	4,761	0	4,842
59	1,038,285	274,828	274,828	0	3,996	0	4,065
60	868,242	246,215	246,215	0	3,331	0	3,389
61	714,475	218,983	218,983	0	2,755	0	2,805
62	576,784	193,388	193,388	0	2,264	0	2,305
63	454,687	169,644	169,644	0	1,847	0	1,881
64	347,447	147,915	147,915	0	1,498	0	1,526
65	254,099	128,307	128,307	0	1,209	0	1,232
66	173,494	110,838	110,838	0	971	0	990
67	104,382	95,440	95,440	0	778	0	793
68	45,487	82,000	47,162	34,838	358	3,264	634
69	0	70,367	0	70,367	0	6,366	507
70	0	60,337	0	60,337	0	5,270	404
71	0	51,680	0	51,680	0	4,358	322
72	0	44,180	0	44,180	0	3,597	256
73	0	37,649	0	37,649	0	2,960	203
74	0	31,927	0	31,927	0	2,424	160
75	0	26,885	0	26,885	0	1,971	126
76	0	22,425	0	22,425	0	1,587	98
77	0	18,483	0	18,483	0	1,263	75
78	0	15,022	0	15,022	0	991	57
79	0	12,013	0	12,013	0	765	42
80	0	9,429	0	9,429	0	580	31
81	0	7,247	0	7,247	0	430	22
82	0	5,451	0	5,451	0	313	15
83	0	4,005	0	4,005	0	222	11
84	0	2,865	0	2,865	0	153	7
85	0	1,991	0	1,991	0	103	5
86	0	1,342	0	1,342	0	67	3
87	0	875	0	875	0	42	2
88	0	551	0	551	0	26	1
89	0	333	0	333	0	15	1
90	0	193	0	193	0	8	0
91	0	107	0	107	0	4	0
92	0	57	0	57	0	2	0
93	0	29	0	29	0	1	0
94	0	14	0	14	0	1	0
95	0	7	0	7	0	0	0
96	0	3	0	3	0	0	0
97	0	1	0	1	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					\$ 6,373,655	\$ 36,783	\$ 6,410,438



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>