

**ARLINGTON HGTS SD 25 REGULAR
GASB STATEMENT NO. 68 EMPLOYER REPORTING
ACCOUNTING SCHEDULES
DECEMBER 31, 2016**

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
	Schedule of Contributions.....	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



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April 17, 2017

Arlington Hgts SD 25
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.

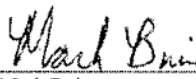
Our calculation of the liability associated with the benefits described in this report was performed for the purpose of satisfying the requirements of GASB Statement No. 68. The Net Pension Liability is not an appropriate measure for measuring the sufficiency of plan assets to cover the estimated cost 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 Arlington Hgts SD 25 only in its entirety and only with the permission of Arlington Hgts SD 25.

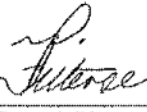
This report is based upon information, furnished to us by IMRF, concerning retirement and ancillary benefits, active members, deferred vested members, retirees and beneficiaries, and financial data. If your understanding of this information is different than ours, please let us know and do not use or 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 Arlington Hgts SD 25. 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	June 30, 2017

Membership

Number of	
- Retirees and Beneficiaries	261
- Inactive, Non-Retired Members	257
- Active Members	269
- Total	787
Covered Valuation Payroll ⁽¹⁾	\$ 7,734,843

Net Pension Liability

Total Pension Liability/(Asset)	\$ 44,091,823
Plan Fiduciary Net Position	38,283,368
Net Pension Liability/(Asset)	\$ 5,808,455
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	86.83%
Net Pension Liability as a Percentage of Covered Valuation Payroll	75.09%

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 2016 projection period for which projected benefit payments are fully funded	2.11%
Resulting Single Discount Rate based on the above development	7.50%

Single Discount Rate calculated using December 31, 2015 Measurement Date 7.46%

Total Pension Expense/(Income) \$ 1,942,226

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	\$ 102,479	\$ 23,945
Changes in assumptions	82,632	130,828
Net difference between projected and actual earnings on pension plan investments	1,890,133	0
Total	\$ 2,075,244	\$ 154,773

⁽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	\$	866,048
2. Interest on the Total Pension Liability		3,120,202
3. Current-Period Benefit Changes		0
4. Employee Contributions (made negative for addition here)		(348,069)
5. Projected Earnings on Plan Investments (made negative for addition here)		(2,701,019)
6. Other Changes in Plan Fiduciary Net Position		(384,179)
7. Recognition of Outflow (Inflow) of Resources due to Liabilities		740,395
8. Recognition of Outflow (Inflow) of Resources due to Assets		648,848
9. Total Pension Expense/(Income)	\$	1,942,226

**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	\$ (35,527)
2. Assumption Changes (gains) or losses	\$ (194,112)
3. Recognition period for Liabilities: Average of the expected remaining service lives of all employees {in years}	3.0673
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	\$ (11,582)
5. Outflow (Inflow) of Resources to be recognized in the current pension expense for Assumption Changes	\$ (63,284)
6. Outflow (Inflow) of Resources to be recognized in the current pension expense due to Liabilities	\$ (74,866)
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	\$ (23,945)
8. Deferred Outflow (Inflow) of Resources to be recognized in future pension expenses for Assumption Changes	\$ (130,828)
9. Deferred Outflow (Inflow) of Resources to be recognized in future pension expenses due to Liabilities	\$ (154,773)

B. Outflows (Inflows) of Resources due to Assets

1. Net difference between projected and actual earnings on pension plan investments (gains) or losses	\$ 211,489
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	\$ 42,298
4. Deferred Outflow (Inflow) of Resources to be recognized in future pension expenses due to Assets	\$ 169,191

* 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

	Outflows of Resources	Inflows of Resources	Net Outflows of Resources
1. Due to Liabilities	\$ 815,261	\$ 74,866	\$ 740,395
2. Due to Assets	648,848	0	648,848
3. Total	\$ 1,464,109	\$ 74,866	\$ 1,389,243

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	\$ 198,932	\$ 11,582	\$ 187,350
2. Assumption changes	616,329	63,284	553,045
3. Net difference between projected and actual earnings on pension plan investments	648,848	0	648,848
4. Total	\$ 1,464,109	\$ 74,866	\$ 1,389,243

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	\$ 102,479	\$ 23,945	\$ 78,534
2. Assumption changes	82,632	130,828	\$ (48,196)
3. Net difference between projected and actual earnings on pension plan investments	1,890,133	0	1,890,133
4. Total	\$ 2,075,244	\$ 154,773	\$ 1,920,471

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
2017	\$ 750,208
2018	582,867
2019	545,099
2020	42,297
2021	0
Thereafter	0
Total	\$ 1,920,471

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	\$ 866,048
2. Interest on the Total Pension Liability	3,120,202
3. Changes of benefit terms	0
4. Difference between expected and actual experience of the Total Pension Liability	(35,527)
5. Changes of assumptions	(194,112)
6. Benefit payments, including refunds of employee contributions	(2,115,056)
7. Net change in total pension liability	\$ 1,641,555
8. Total pension liability – beginning	42,450,268
9. Total pension liability – ending	<u>\$ 44,091,823</u>
B. Plan fiduciary net position	
1. Contributions – employer	\$ 943,309
2. Contributions – employee	348,069
3. Net investment income	2,489,530
4. Benefit payments, including refunds of employee contributions	(2,115,056)
5. Other (Net Transfer)	384,179
6. Net change in plan fiduciary net position	\$ 2,050,031
7. Plan fiduciary net position – beginning	36,233,337
8. Plan fiduciary net position – ending	<u>\$ 38,283,368</u>
C. Net pension liability/(asset)	<u>\$ 5,808,455</u>
D. Plan fiduciary net position as a percentage of the total pension liability	
	86.83%
E. Covered Valuation payroll	\$ 7,734,843
F. Net pension liability as a percentage of covered valuation payroll	
	75.09%

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

	Current Single Discount		
	1% Decrease 6.50%	Rate Assumption 7.50%	1% Increase 8.50%
Total Pension Liability	\$ 49,309,182	\$ 44,091,823	\$ 39,764,348
Plan Fiduciary Net Position	38,283,368	38,283,368	38,283,368
Net Pension Liability/(Asset)	\$ 11,025,814	\$ 5,808,455	\$ 1,480,980

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	\$ 866,048	\$ 869,595	\$ 915,435							
Interest on the Total Pension Liability	3,120,202	2,969,300	2,690,242							
Benefit Changes	0	0	0							
Difference between Expected and Actual Experience	(35,527)	265,732	347,151							
Assumption Changes	(194,112)	94,426	1,806,494							
Benefit Payments and Refunds	(2,115,056)	(2,021,132)	(1,798,506)							
Net Change in Total Pension Liability	1,641,555	2,178,021	3,960,816							
Total Pension Liability - Beginning	42,450,268	40,272,247	36,311,431							
Total Pension Liability - Ending (a)	\$ 44,091,823	\$ 42,450,268	\$ 40,272,247							
Plan Fiduciary Net Position										
Employer Contributions	\$ 943,309	\$ 896,167	\$ 916,975							
Employee Contributions	348,069	348,858	346,070							
Pension Plan Net Investment Income	2,489,530	180,413	2,091,460							
Benefit Payments and Refunds	(2,115,056)	(2,021,132)	(1,798,506)							
Other	384,179	358,469	360,607							
Net Change in Plan Fiduciary Net Position	2,050,031	(237,225)	1,916,606							
Plan Fiduciary Net Position - Beginning	36,233,337	36,470,562	34,553,956							
Plan Fiduciary Net Position - Ending (b)	\$ 38,283,368	\$ 36,233,337	\$ 36,470,562							
Net Pension Liability/(Asset) - Ending (a) - (b)	5,808,455	6,216,931	3,801,685							
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	86.83%	85.35 %	90.56 %							
Covered Valuation Payroll	\$ 7,734,843	\$ 7,633,456	\$ 7,545,460							
Net Pension Liability as a Percentage of Covered Valuation Payroll	75.09%	81.44 %	50.38 %							

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
2014	\$ 909,982	\$ 916,975	\$ (6,993)	\$ 7,545,460	12.15%
2015	896,168	896,167	1	7,633,456	11.74%
2016	931,275 *	943,309	(12,034)	7,734,843	12.20%

* Estimated based on contribution rate of 12.04% and covered valuation payroll of \$7,734,843.
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)	\$	6,904,170
2. Employer Contribution Reserve (EAF assets from IMRF)		8,973,080
3. Annuitant Reserve		22,327,515
4. Miscellaneous Adjustment*		78,603
5. Net Market Value	\$	38,283,368

* 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	\$	931,275
b.) Accelerated payments and Reserve Payments		12,034
	\$	943,309

2. Member

a.) Wage Reporting	\$	348,069
b.) Member Payments (i.e. ERI, Pension Payments)		-
Sub-total (Amount used for valuation on Schedule of Changes Page 10)	\$	348,069

c.) Voluntary Additional Plan	\$	38,561
Total Member Contributions (a+b+c)	\$	386,630

Total Employer and Member Contributions (1+2)	\$	1,329,939
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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	7.50%
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.

A detailed description of the actuarial assumptions and methods can be found in the December 31, 2016 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 3.78%; 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	\$ 7,734,843				
1	7,576,326	\$ 340,935	\$ 513,215	\$ 337,909	\$ 1,192,058
2	7,057,747	317,599	464,054	348,128	1,129,780
3	6,595,946	296,818	430,411	367,022	1,094,251
4	6,177,024	277,966	403,075	387,274	1,068,315
5	5,798,658	260,940	377,232	409,017	1,047,188
6	5,446,466	245,091	353,237	423,076	1,021,404
7	5,129,455	230,826	331,147	437,884	999,856
8	4,833,884	217,525	310,143	453,210	980,878
9	4,552,339	204,855	289,817	469,072	963,744
10	4,284,139	192,787	271,040	485,489	949,316
11	4,026,046	181,172	253,509	502,481	937,163
12	3,784,897	170,320	236,820	520,968	927,208
13	3,561,302	160,259	221,413	538,271	919,942
14	3,350,253	150,761	206,959	557,110	914,831
15	3,147,783	141,650	193,200	576,609	911,460
16	2,949,270	132,717	179,843	596,790	909,351
17	2,755,757	124,009	166,947	617,678	908,634
18	2,571,482	115,717	154,761	639,297	909,775
19	2,373,283	106,798	141,889	661,672	910,359
20	2,161,044	97,247	128,126	684,831	910,204
21	1,959,640	88,184	115,405	708,800	912,389
22	1,769,711	79,637	103,341	733,608	916,585
23	1,601,669	72,075	92,573	759,284	923,932
24	1,446,132	65,076	82,864	785,859	933,799
25	1,294,719	58,262	73,416	813,364	945,042
26	1,155,676	52,005	65,072	841,832	958,909
27	1,033,079	46,399	57,441	0	103,840
28	917,628	41,293	50,482	0	91,776
29	823,197	37,044	44,714	(0)	81,758
30	742,092	33,394	39,571	(0)	72,965
31	664,525	29,904	34,774	0	64,678
32	600,723	27,033	30,838	0	57,871
33	535,599	24,102	27,016	0	51,118
34	433,114	19,490	21,545	0	41,035
35	316,016	14,221	15,752	(0)	29,972
36	223,224	10,045	11,215	(0)	21,260
37	148,319	6,674	7,540	0	14,215
38	97,234	4,375	5,069	0	9,444
39	78,503	3,533	4,217	0	7,750
40	51,324	2,310	2,716	0	5,026
41	22,536	1,014	1,215	(0)	2,229
42	12,683	571	781	(0)	1,352
43	8,082	364	545	0	909
44	5,251	236	368	0	604
45	3,308	149	239	0	388
46	1,851	74	118	0	192
47	968	44	68	(0)	112
48	793	36	58	(0)	94
49	649	29	46	0	76
50	439	20	31	0	51

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	\$ 260	\$ 12	\$ 18	\$ 0	\$ 30
52	211	10	16	0	25
53	98	4	7	(0)	11
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	\$ 38,283,368	\$ 1,192,058	\$ 2,343,790	\$ 2,828,843	\$ 39,960,480
2	39,960,480	1,129,780	2,505,465	2,946,380	41,531,176
3	41,531,176	1,094,251	2,710,029	3,055,342	42,970,741
4	42,970,741	1,068,313	2,882,006	3,156,022	44,313,071
5	44,313,071	1,047,188	3,046,807	3,249,850	45,563,303
6	45,563,303	1,021,404	3,211,781	3,336,594	46,709,520
7	46,709,520	999,856	3,372,279	3,415,836	47,752,954
8	47,752,954	980,878	3,516,740	3,488,096	48,705,187
9	48,705,187	963,744	3,682,770	3,552,769	49,538,939
10	49,538,939	949,316	3,825,077	3,609,528	50,272,697
11	50,272,697	937,163	3,965,852	3,658,930	50,902,937
12	50,902,937	927,208	4,091,563	3,701,202	51,439,784
13	51,439,784	919,942	4,211,764	3,736,772	51,884,734
14	51,884,734	914,831	4,325,907	3,765,752	52,239,411
15	52,239,411	911,460	4,430,275	3,788,386	52,508,981
16	52,508,981	909,351	4,523,687	3,805,086	52,699,731
17	52,699,731	908,634	4,610,726	3,816,161	52,813,801
18	52,813,801	909,775	4,689,002	3,821,876	52,856,450
19	52,856,450	910,359	4,788,437	3,821,435	52,799,806
20	52,799,806	910,204	4,881,820	3,813,742	52,641,932
21	52,641,932	912,389	4,952,372	3,799,384	52,401,333
22	52,401,333	916,585	5,004,066	3,779,590	52,093,443
23	52,093,443	923,932	5,031,861	3,755,746	51,741,260
24	51,741,260	933,799	5,045,485	3,729,194	51,358,768
25	51,358,768	945,042	5,050,738	3,700,727	50,953,799
26	50,953,799	958,909	5,039,241	3,671,289	50,544,756
27	50,544,756	103,840	5,026,680	3,609,588	49,231,504
28	49,231,504	91,776	4,993,057	3,511,887	47,842,109
29	47,842,109	81,758	4,929,765	3,409,645	46,403,747
30	46,403,747	72,985	4,854,811	3,304,204	44,926,106
31	44,926,106	64,678	4,771,353	3,196,148	43,415,579
32	43,415,579	57,871	4,672,330	3,086,235	41,887,375
33	41,887,375	51,118	4,584,862	2,974,611	40,328,242
34	40,328,242	41,035	4,517,444	2,859,788	38,711,621
35	38,711,621	29,972	4,445,676	2,740,776	37,036,694
36	37,036,694	21,260	4,346,122	2,618,502	35,330,333
37	35,330,333	14,215	4,243,652	2,494,038	33,594,934
38	33,594,934	9,444	4,110,086	2,368,626	31,862,919
39	31,862,919	7,730	3,948,911	2,244,597	30,166,355
40	30,166,355	5,026	3,808,752	2,122,416	28,485,045
41	28,485,045	2,229	3,662,583	2,001,597	26,826,287
42	26,826,287	1,352	3,497,135	1,883,250	25,213,753
43	25,213,753	909	3,331,784	1,768,382	23,651,260
44	23,651,260	604	3,167,466	1,657,234	22,141,633
45	22,141,633	388	3,006,596	1,549,928	20,685,352
46	20,685,352	192	2,849,230	1,446,494	19,282,809
47	19,282,809	112	2,694,420	1,347,001	17,935,502
48	17,935,502	94	2,543,186	1,251,521	16,643,930
49	16,643,930	76	2,396,025	1,160,071	15,408,052
50	15,408,052	51	2,253,168	1,072,639	14,227,575

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	\$ 14,227,575	\$ 30	\$ 2,114,274	\$ 989,217	\$ 13,102,549
52	13,102,549	25	1,979,398	909,807	12,032,983
53	12,032,983	11	1,848,691	834,401	11,018,705
54	11,018,705	0	1,721,972	762,996	10,059,729
55	10,059,729	0	1,599,360	695,588	9,155,957
56	9,155,957	0	1,481,063	632,161	8,307,055
57	8,307,055	0	1,367,289	572,683	7,512,449
58	7,512,449	0	1,258,297	517,101	6,771,252
59	6,771,252	0	1,154,268	465,338	6,082,222
60	6,082,222	0	1,055,737	417,292	5,443,777
61	5,443,777	0	962,522	372,841	4,854,096
62	4,854,096	0	874,760	331,847	4,311,183
63	4,311,183	0	792,439	294,160	3,812,904
64	3,812,904	0	715,490	259,022	3,357,036
65	3,357,036	0	643,768	228,073	2,941,342
66	2,941,342	0	577,093	199,351	2,563,599
67	2,563,599	0	515,278	173,296	2,221,618
68	2,221,618	0	458,113	149,753	1,913,257
69	1,913,257	0	405,372	128,568	1,636,453
70	1,636,453	0	356,822	109,595	1,389,226
71	1,389,226	0	312,253	92,094	1,169,667
72	1,169,667	0	271,457	77,729	975,939
73	975,939	0	234,237	64,570	806,273
74	806,273	0	200,420	53,091	658,943
75	658,943	0	169,836	43,166	532,254
76	532,254	0	142,433	34,674	424,495
77	424,495	0	118,642	27,491	333,944
78	333,944	0	96,568	21,490	258,866
79	258,866	0	77,894	16,547	197,519
80	197,519	0	61,876	12,535	148,178
81	148,178	0	48,339	9,333	109,173
82	109,173	0	37,090	6,822	78,904
83	78,904	0	27,918	4,890	55,876
84	55,876	0	20,587	3,433	38,722
85	38,722	0	14,853	2,357	26,227
86	26,227	0	10,471	1,581	17,337
87	17,337	0	7,203	1,035	11,169
88	11,169	0	4,825	660	7,004
89	7,004	0	3,143	410	4,271
90	4,271	0	1,988	247	2,530
91	2,530	0	1,221	145	1,454
92	1,454	0	728	82	808
93	808	0	421	45	432
94	432	0	235	24	220
95	220	0	125	12	107
96	107	0	63	6	50
97	50	0	31	3	22
98	22	0	14	1	9
99	9	0	6	0	3
100	3	0	3	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

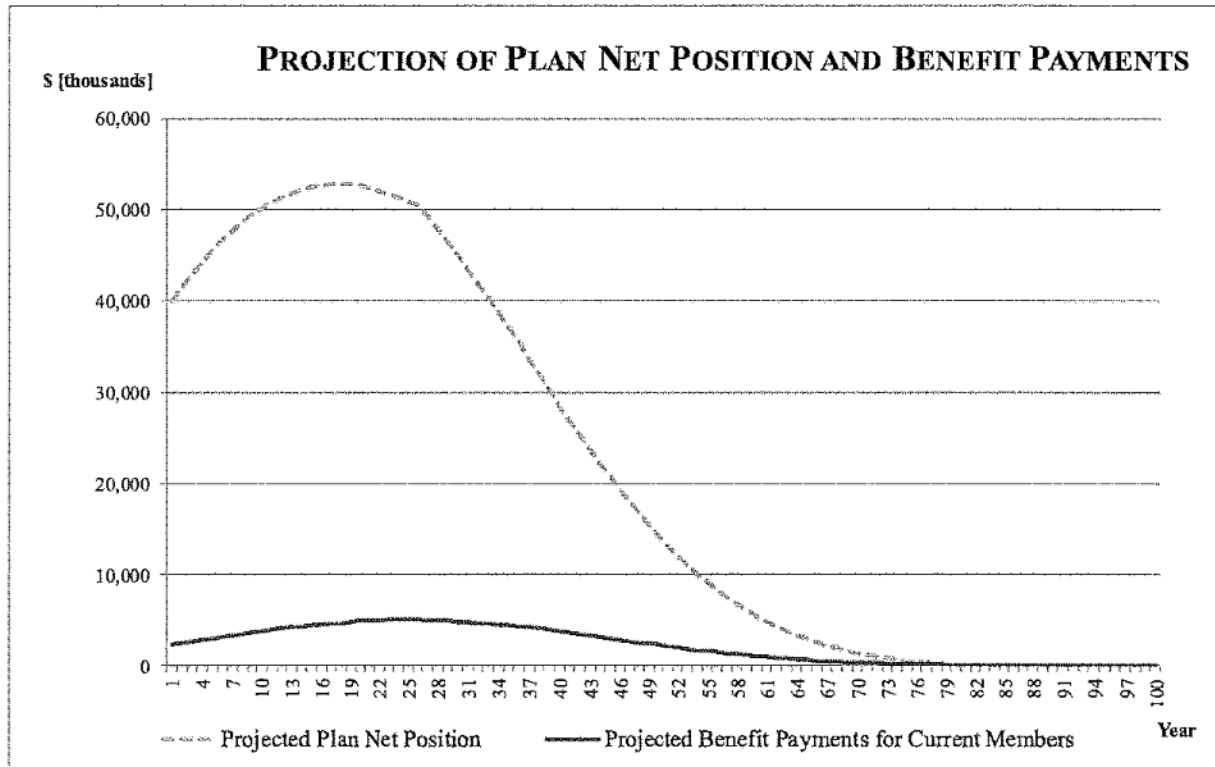
Year	Projected Beginning Plan Net Position	Projected Benefit Payments	Funded Portion of Benefit Payments	Unfunded Portion of Benefit Payments	Present Value of Funded Benefit Payments using Expected Return Rate (r)	Present Value of Unfunded Benefit Payments using Municipal Bond Rate (r)	Present Value of Benefit Payments using Single Discount Rate (sdr)
(a)	(b)	(c)	(d)	(e)	$(f) = (d) \times r^{(a)-5}$	$(g) = (e) \times r^{(a)-5}$	$(h) = ((b) \times (1 + sdr)^{(a)-5})$
1	\$ 38,283,268	\$ 2,343,790	\$ 2,343,790	\$ 0	\$ 2,260,551	\$ 0	\$ 2,260,551
2	39,960,480	2,505,465	2,505,465	0	2,247,893	0	2,247,893
3	41,531,176	2,710,029	2,710,029	0	2,261,792	0	2,261,792
4	42,970,741	2,882,006	2,882,006	0	2,237,511	0	2,237,511
5	44,313,071	3,046,807	3,046,807	0	2,200,426	0	2,200,426
6	45,563,303	3,211,781	3,211,781	0	2,157,741	0	2,157,741
7	46,709,520	3,372,279	3,372,279	0	2,107,504	0	2,107,504
8	47,752,954	3,516,740	3,516,740	0	2,044,451	0	2,044,451
9	48,705,187	3,682,770	3,682,770	0	1,991,603	0	1,991,603
10	49,538,920	3,825,077	3,825,077	0	1,924,242	0	1,924,242
11	50,272,697	3,965,852	3,965,852	0	1,855,870	0	1,855,870
12	50,902,927	4,091,563	4,091,563	0	1,781,115	0	1,781,115
13	51,439,764	4,211,764	4,211,764	0	1,705,526	0	1,705,526
14	51,884,724	4,325,907	4,325,907	0	1,629,532	0	1,629,532
15	52,239,411	4,430,275	4,430,275	0	1,552,415	0	1,552,415
16	52,508,981	4,523,687	4,523,687	0	1,474,556	0	1,474,556
17	52,699,731	4,610,726	4,610,726	0	1,398,072	0	1,398,072
18	52,813,801	4,689,002	4,689,002	0	1,322,612	0	1,322,612
19	52,856,450	4,788,437	4,788,437	0	1,256,427	0	1,256,427
20	52,799,806	4,881,820	4,881,820	0	1,191,562	0	1,191,562
21	52,641,932	4,952,372	4,952,372	0	1,124,449	0	1,124,449
22	52,401,333	5,004,066	5,004,066	0	1,056,917	0	1,056,917
23	52,083,443	5,031,861	5,031,861	0	988,640	0	988,640
24	51,741,260	5,045,485	5,045,485	0	922,155	0	922,155
25	51,358,768	5,050,738	5,050,738	0	858,712	0	858,712
26	50,933,799	5,039,241	5,039,241	0	796,983	0	796,983
27	50,544,756	5,026,680	5,026,680	0	739,532	0	739,532
28	49,231,504	4,993,057	4,993,057	0	683,335	0	683,335
29	47,842,109	4,929,765	4,929,765	0	627,603	0	627,603
30	46,403,747	4,854,811	4,854,811	0	574,940	0	574,940
31	44,926,106	4,771,353	4,771,353	0	525,634	0	525,634
32	43,415,579	4,672,330	4,672,330	0	478,814	0	478,814
33	41,887,375	4,564,862	4,564,862	0	437,070	0	437,070
34	40,328,242	4,517,444	4,517,444	0	400,598	0	400,598
35	38,711,621	4,445,676	4,445,676	0	366,729	0	366,729
36	37,036,694	4,346,122	4,346,122	0	333,504	0	333,504
37	35,350,333	4,243,652	4,243,652	0	302,922	0	302,922
38	33,594,934	4,110,086	4,110,086	0	272,919	0	272,919
39	31,862,919	3,948,911	3,948,911	0	243,922	0	243,922
40	30,166,355	3,808,752	3,808,752	0	218,851	0	218,851
41	28,485,045	3,662,583	3,662,583	0	195,769	0	195,769
42	26,826,287	3,497,135	3,497,135	0	173,885	0	173,885
43	25,213,753	3,331,784	3,331,784	0	154,105	0	154,105
44	23,651,260	3,167,466	3,167,466	0	136,284	0	136,284
45	22,141,633	3,006,596	3,006,596	0	120,337	0	120,337
46	20,685,352	2,849,230	2,849,230	0	106,082	0	106,082
47	19,282,809	2,694,420	2,694,420	0	93,319	0	93,319
48	17,925,502	2,543,186	2,543,186	0	81,936	0	81,936
49	16,643,930	2,396,025	2,396,025	0	71,809	0	71,809
50	15,408,052	2,253,168	2,253,168	0	62,817	0	62,817

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 (r)	Present Value of Unfunded Benefit Payments using Municipal Bond Rate (r)	Present Value of Benefit Payments using Single Discount Rate (sdr)
(a)	(b)	(c)	(d)	(e)	$(b)-(d) \times (1+r)^{(a-5)}$	$(c)-(e) \times (1+r)^{(a-5)}$	$(b)-(c) \times (1+sdr)^{(a-5)}$
51	\$ 14,227,575	\$ 2,114,274	\$ 2,114,274	\$ 0	\$ 54,832	\$ 0	\$ 54,832
52	13,102,549	1,979,398	1,979,398	0	47,753	0	47,753
53	12,032,983	1,848,691	1,848,691	0	41,488	0	41,488
54	11,018,705	1,721,972	1,721,972	0	35,948	0	35,948
55	10,059,729	1,599,360	1,599,360	0	31,059	0	31,059
56	9,155,957	1,481,063	1,481,063	0	26,755	0	26,755
57	8,307,055	1,367,289	1,367,289	0	22,976	0	22,976
58	7,512,449	1,258,297	1,258,297	0	19,670	0	19,670
59	6,771,252	1,154,368	1,154,368	0	16,786	0	16,786
60	6,082,222	1,055,737	1,055,737	0	14,281	0	14,281
61	5,443,777	962,522	962,522	0	12,112	0	12,112
62	4,854,096	874,760	874,760	0	10,239	0	10,239
63	4,311,183	792,439	792,439	0	8,629	0	8,629
64	3,812,904	715,490	715,490	0	7,247	0	7,247
65	3,357,036	643,768	643,768	0	6,066	0	6,066
66	2,941,342	577,093	577,093	0	5,058	0	5,058
67	2,563,599	515,278	515,278	0	4,201	0	4,201
68	2,221,618	458,113	458,113	0	3,475	0	3,475
69	1,913,257	405,372	405,372	0	2,860	0	2,860
70	1,636,453	356,822	356,822	0	2,342	0	2,342
71	1,389,226	312,253	312,253	0	1,906	0	1,906
72	1,169,667	271,457	271,457	0	1,542	0	1,542
73	975,939	234,237	234,237	0	1,237	0	1,237
74	806,273	200,420	200,420	0	985	0	985
75	658,943	169,856	169,856	0	777	0	777
76	532,254	142,433	142,433	0	606	0	606
77	424,495	118,042	118,042	0	467	0	467
78	333,944	96,568	96,568	0	355	0	355
79	258,666	77,804	77,804	0	267	0	267
80	197,519	61,876	61,876	0	197	0	197
81	148,178	48,339	48,339	0	143	0	143
82	109,173	37,090	37,090	0	102	0	102
83	78,904	27,918	27,918	0	72	0	72
84	55,876	20,587	20,587	0	49	0	49
85	38,722	14,853	14,853	0	33	0	33
86	26,227	10,471	10,471	0	22	0	22
87	17,337	7,203	7,203	0	14	0	14
88	11,169	4,825	4,825	0	9	0	9
89	7,004	3,143	3,143	0	5	0	5
90	4,271	1,988	1,988	0	3	0	3
91	2,530	1,221	1,221	0	2	0	2
92	1,454	728	728	0	1	0	1
93	806	421	421	0	1	0	1
94	432	235	235	0	0	0	0
95	220	125	125	0	0	0	0
96	107	63	63	0	0	0	0
97	50	31	31	0	0	0	0
98	22	14	14	0	0	0	0
99	9	6	6	0	0	0	0
100	3	3	3	0	0	0	0
Totals	\$ 50,134,547	\$ 50,134,547	\$ 50,134,547	\$ 0	\$ 50,134,547	\$ 0	\$ 50,134,547

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.