



Cavanaugh Macdonald
CONSULTING, LLC

The experience and dedication you deserve



EMPLOYEES'
RETIREMENT SYSTEM
OF GEORGIA

GASB STATEMENT NO. 68 REPORT

FOR THE

GEORGIA PUBLIC SCHOOLS EMPLOYEES RETIREMENT SYSTEM

PREPARED AS OF JUNE 30, 2017





Cavanaugh Macdonald

CONSULTING, LLC

The experience and dedication you deserve

March 9, 2018

Board of Trustees
Georgia Public Schools Employees Retirement System
Two Northside 75, Suite 300
Atlanta, GA 30318-7701

Ladies and Gentlemen:

Presented in this report is information to assist the Georgia Public School Employees Retirement System (PSERS) in meeting the requirements of the Governmental Accounting Standards Board (GASB) Statement No. 68 and to identify the information to be provided by the actuary, Cavanaugh Macdonald Consulting (CMC). The information is presented for the period ending June 30, 2017 (the Measurement Date).

GASB Statement Number 68 established accounting and financial reporting requirements for governmental employers that provide pension benefits to their employees through a trust.

The annual actuarial valuation used as a basis for much of the information presented in this report, including the Net Pension Liability, was performed as of June 30, 2016. The valuation was based upon data, furnished by the Retirement System staff, for active, inactive and retired members along with pertinent financial information.

The actuarial calculations were performed by qualified actuaries according to generally accepted actuarial procedures and methods. The calculations are based on the current provisions of the System, and on actuarial assumptions that are internally consistent and individually reasonable based on the actual experience of the System. In addition, the calculations were completed in compliance with the laws governing the System and, in our opinion, meet the requirements of GASB 68. The undersigned are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.



Board of Trustees
March 9, 2018
Page 2

These results are only for financial reporting and may not be appropriate for funding purposes or other types of analysis. Calculations for purposes other than satisfying the requirements of GASB 67 and GASB 68 may produce significantly different results. Future actuarial results may differ significantly from the current results presented in this report due to such factors as changes in plan experience or changes in economic or demographic assumptions.

Sincerely yours,

A handwritten signature in blue ink that reads "Edward J. Koebel". The signature is written in a cursive style with a large initial 'E'.

Edward J. Koebel, EA, FCA, MAAA
Principal and Consulting Actuary

A handwritten signature in blue ink that reads "Cathy Turcot". The signature is written in a cursive style with a large initial 'C'.

Cathy Turcot
Principal and Managing Director

A handwritten signature in blue ink that reads "Ben Mobley". The signature is written in a cursive style with a large initial 'B'.

Ben Mobley, ASA, FCA, MAAA
Senior Actuary



TABLE OF CONTENTS

<u>Section</u>	<u>Item</u>	<u>Page No.</u>
I	Introduction	1
II	Summary of Collective Amounts	3
III	Notes to Financial Statements	4
IV	Collective Pension Expense	12
V	Required Supplementary Information	14
<u>Schedule</u>		
A	Schedule of Employer Allocations	15
B	Schedule of Pension Amounts by Employer	20
C	Summary of Main Plan Provisions	25
D	Statement of Actuarial Assumptions and Methods	27
E	Funding Policy of the PSERS Board of Trustees	29



**REPORT OF THE ANNUAL GASB STATEMENT NO. 68
REQUIRED INFORMATION FOR THE
EMPLOYERS PARTICIPATING IN THE
GEORGIA PUBLIC SCHOOLS EMPLOYEES RETIREMENT SYSTEM**

PREPARED AS OF JUNE 30, 2017

SECTION I – INTRODUCTION

The Governmental Accounting Standards Board issued Statement No. 68 (GASB 68), *“Accounting and Financial Reporting For Pensions”* in June 2012. The Georgia Public Schools Employees Retirement System (PSERS) is a cost-sharing multiple employer defined benefit pension plan.

This report, prepared as of June 30, 2017 (the Measurement Date), presents information to assist the employers participating in PSERS in meeting the requirements of GASB 68 for the fiscal year ending June 30, 2018 (Reporting Date). Much of the material provided in this report is based on the data, assumptions and results of the annual actuarial valuation of PSERS as of June 30, 2016. The results of that valuation were detailed in a report dated April 20, 2017.

The NPL shown in the GASB Statement No. 67 Report for the Georgia Public Schools Employees Retirement System prepared as of June 30, 2017 and submitted August 22, 2017 is the collective NPL used for purposes of GASB 68. Please refer to that report for the derivation of the collective NPL.

Pension Expense (PE) includes amounts for service cost (the normal cost under the Entry Age Normal actuarial cost method for the year), interest on the Total Pension Liability (TPL), changes in benefit structure, amortization of increases/decreases in liability due to actuarial experience and actuarial assumption changes, and amortization of investment gains/losses. The actuarial experience and assumption change impacts are amortized over the average expected remaining service life of the Plan membership as of the Measurement Date, and investment gains/losses are amortized over five years. The development of the collective PE is shown in Section IV.

The unamortized portions of each year’s experience, assumption changes and investment gains/losses are used to develop deferred inflows and outflows, which also must be included in the employer’s and non-employer contributing entities’ financial statements. The development of the collective deferred inflows and outflows is shown in Section III.

These collective amounts have been allocated based on employer contributions made to PSERS during the measurement period to determine the proportionate share associated with each participating employer. The State makes all contributions to PSERS on behalf of employees of the participating districts. Therefore, these employers are considered to be in a special funding situation as defined by GASB 68 and the State is treated as a non-employer contributing entity in PSERS. Since the districts do not contribute directly to the PSERS, there is no NPL or deferred inflows or outflows to report in the financial statements of the districts, However, the notes to the financial statements must disclose the portion of the non-employer contributing entities’ total proportionate share of the collective NPL that is associated with the employer, In addition, each district must recognize the total PE associated with the district as well as revenue in an amount equal to the non-employer contributing entities’ total proportionate share of the collective PE associated with the district.



Schedule A of this report shows the total amount of employer contributions from the State as support provided to the districts for the year ending June 30, 2017. Schedule A also shows the proportionate share percentages that have been determined based on these contributions.

Based on these percentages we have determined the proportionate share amounts of the NPL associated with each participating employer and the employer PE and revenue for State support for each participating employer. These amounts are shown in Schedule B.

Section II of this report is a summary of the principal results of the collective amounts under GASB 68. Section III provides the results of all the necessary calculations, presented in the order laid out in GASB 68 for note disclosure and Section V shows the Required Supplementary Information (RSI).



SECTION II - SUMMARY OF COLLECTIVE AMOUNTS
(\$ IN THOUSANDS)

	2017
Valuation Date (VD):	June 30, 2016
Measurement Date (MD):	June 30, 2017
Reporting Date (RD):	June 30, 2018
Single Equivalent Interest Rate (SEIR):	
Long-Term Expected Rate of Return	7.50%
Municipal Bond Index Rate at Measurement Date	3.56%
Fiscal Year in which Plan's Fiduciary Net Position is projected to be depleted from future benefit payments for current members	N/A
Single Equivalent Interest Rate	7.50%
Net Pension Liability:	
Total Pension Liability (TPL)	\$ 1,013,163
Fiduciary Net Position (FNP)	<u>868,134</u>
Net Pension Liability (NPL = TPL – FNP)	\$ 145,029
FNP as a percentage of TPL	85.69%
Collective Pension Expense (PE):	\$29,229
Deferred Outflows of Resources:	\$0
Deferred Inflows of Resources:	\$4,420



SECTION III –NOTES TO FINANCIAL STATEMENTS

The material presented herein will follow the order presented in GASB 68. Paragraph numbers are provided for ease of reference. Amounts are shown in aggregate. Please refer to Schedule B of this report for the proportionate share of certain pension amounts as required by GASB 68.

Paragraphs 77 and 78(a)-(f): These paragraphs require information to be disclosed regarding the actuarial assumptions used to measure the TPL. The complete set of actuarial assumptions utilized in developing the TPL are outlined in Schedule D. The TPL was determined by an actuarial valuation as of June 30, 2016, using the following key actuarial assumptions:

Inflation	2.75 percent
Salary increases, including inflation	N/A
Investment Rate of Return	7.50 percent, net of pension plan investment expense, including inflation

Post-retirement mortality rates were based on the RP-2000 Blue-Collar Mortality Table projected to 2025 with projection scale BB (set forward 3 years for males and 2 years for females) for the period after service retirements and for dependent beneficiaries. The RP-2000 Disabled Mortality projected to 2025 with projection scale BB (set forward 5 years for both males and females) was used for death after disability retirement. There is a margin for future mortality improvement in the tables used by the System. Based on the results of the most recent experience study adopted by the Board on December 17, 2015, the numbers of expected future deaths are 9-11% less than the actual number of deaths that occurred during the study period for healthy retirees and 9-11% less than expected under the selected table for disabled retirees. Rates of mortality in active service were based on the RP-2000 Employee Mortality Table projected to 2025 with projection scale BB.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.



The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class based on the most recent experience study are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Fixed Income	30.00%	-0.50%
Domestic Stocks - Large Cap	37.20%	9.00%
Domestic Stocks - Mid Cap	3.40%	12.00%
Domestic Stocks - Small Cap	1.40%	13.50%
Int'l Stocks - Developed Mkt	17.80%	8.00%
Int'l Stocks - Emerging Mkt	5.20%	12.00%
Alternatives	5.00%	10.50%
Total	100.00%	

*Net of inflation.

Discount rate. The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Paragraph 78 (g): This paragraph requires disclosure of the sensitivity of the NPL to changes in the discount rate. The following presents the NPL of the System, calculated using the discount rate of 7.50 percent, as well as what the System's NPL would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate (\$ thousands):

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
System's Net Pension Liability	\$256,593	\$145,029	\$51,139

Paragraph 80(a): This paragraph requires disclosure of the employer's proportionate share of the collective NPL and if an employer has a special funding situation the portion of the non-employer contributing entities' proportional share of the collective NPL that is associated with the employer. These amounts are shown in Schedule B.



Paragraph 80(b): This paragraph requires disclosure of the employer’s proportion (percentage) of the collective NPL and the changes in proportion since the prior measurement date. 100% of the collective NPL is allocated to the State.

Paragraph 80(c): June 30, 2016 is the actuarial valuation date upon which the TPL is based. An expected TPL is determined as of June 30, 2017 using standard roll forward techniques. The procedure used to determine the TPL as of June 30, 2017 is shown on page 6 of the GASB 67 report for PSERS submitted on August 22, 2017.

Paragraph 80(d) and (e): There were no changes in assumptions or benefits that affected the measurement of the TPL since the prior measurement date.

Paragraph 80(f): Not applicable.

Paragraph 80(g): Please see Section IV of this report for the development of the collective pension expense. The PE for each employer is shown in Schedule B.

Paragraph 80(h): Since certain expense items are amortized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts serve to reduce collective pension expense they are labeled deferred inflows. If they will increase collective pension expense they are labeled deferred outflows. The amortization of these amounts is accomplished on a level dollar basis, with no interest included in the deferred amounts. Experience gains/losses and the impact of changes in actuarial assumptions, if any, are amortized over the average expected remaining service life of the active and inactive Plan members at the beginning of the fiscal year. Investment gains and losses are amortized over a fixed five year period.

The table below provides a summary of the collective deferred inflows and outflows as of the Measurement Date. 100% of these amounts are allocated to the State.

	Collective Deferred Outflows of Resources (\$ thousands)	Collective Deferred Inflows of Resources (\$ thousands)
Differences between expected and actual experience	\$0	\$2,072
Changes of actuarial assumptions	0	0
Net difference between projected and actual earnings on plan investments	<u>0</u>	<u>2,348</u>
Total	<u>\$0</u>	<u>\$4,420</u>

The following tables show the components of the collective deferred outflows of resources and the collective deferred inflows of resources by year.



Collective Deferred Outflows and Inflows for Differences between Expected and Actual Experience

Year	Initial Balance of Losses / Deferred Outflow	Initial Balance of Gains / Deferred Inflow	Amortization Period	Beginning Balance Deferred Outflows (a)	Beginning Balance Deferred Inflows (b)	Losses / Deferred Outflows (c)	Gains / Deferred Inflows (d)	Amounts Recognized in Pension Expense / Deferred Outflow (e)	Amounts Recognized in Pension Expense / Deferred Inflow (f)	Ending Balance Deferred Outflows (a) + (c) - (e)	Ending Balance Deferred Inflows (b) + (d) - (f)
2017	\$0	\$3,665	2.3	\$0	\$0	\$0	\$3,665	\$0	\$1,593	\$0	\$2,072
2016	0	9,483	1.9	0	4,492	0	0	0	4,492	0	0
2015	0	6,858	1.9	0	0	0	0	0	0	0	0
2014	0	0	2.0	0	0	0	0	0	0	0	0
Total				<u>\$0</u>	<u>\$4,492</u>	<u>\$0</u>	<u>\$3,665</u>			<u>\$0</u>	<u>\$2,072</u>



Collective Deferred Outflows and Inflows for Differences from Assumption Changes											
Year	Initial Balance of Losses / Deferred Outflow	Initial Balance of Gains / Deferred Inflow	Amortization Period	Beginning Balance Deferred Outflows (a)	Beginning Balance Deferred Inflows (b)	Losses / Deferred Outflows (c)	Gains / Deferred Inflows (d)	Amounts Recognized in Pension Expense / Deferred Outflow (e)	Amounts Recognized in Pension Expense / Deferred Inflow (f)	Ending Balance Deferred Outflows (a) + (c) - (e)	Ending Balance Deferred Inflows (b) + (d) - (f)
2017	\$0	\$0	2.3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2016	33,215	0	1.9	15,733	0	0	0	15,733	0	0	0
2015	0	0	1.9	0	0	0	0	0	0	0	0
2014	0	0	2.0	0	0	0	0	0	0	0	0
Total				<u>\$15,733</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>			<u>\$0</u>	<u>\$0</u>



Collective Deferred Outflows and Inflows for Differences in Investment Experience											
Year	Initial Balance of Losses / Deferred Outflow	Initial Balance of Gains / Deferred Inflow	Amortization Period	Beginning Balance Deferred Outflows (a)	Beginning Balance Deferred Inflows (b)	Losses / Deferred Outflows (c)	Gains / Deferred Inflows (d)	Amounts Recognized in Pension Expense / Deferred Outflow (e)	Amounts Recognized in Pension Expense / Deferred Inflow (f)	Ending Balance Deferred Outflows (a) + (c) - (e)	Ending Balance Deferred Inflows (b) + (d) - (f)
2017	\$0	\$38,683	5.0	\$0	\$0	\$0	\$38,683	\$0	\$7,737	\$0	\$30,946
2016	50,833	0	5.0	40,666	0	0	0	10,167	0	30,499	0
2015	30,424	0	5.0	18,254	0	0	0	6,085	0	12,169	0
2014	0	70,354	5.0	0	28,141	0	0	0	14,071	0	14,070
Total				<u>\$58,920</u>	<u>\$28,141</u>	<u>\$0</u>	<u>\$38,683</u>			<u>\$42,668</u>	<u>\$45,016</u>
Net difference between projected and actual earnings on investments											\$2,348



Summary of Collective Deferred Outflows and Inflows

Year	Amortization Period	Beginning Balance	Additions	Deductions	Ending Balance
Deferred Outflows of Resources:					
Difference between expected and actual experience					
2017	2.3	\$0	\$0	\$0	\$0
2016	1.9	0	0	0	0
2015	1.9	0	0	0	0
2014	2.0	0	0	0	0
Difference between expected and actual assumptions					
2017	2.3	\$0	\$0	\$0	\$0
2016	1.9	15,733	0	15,733	0
2015	1.9	0	0	0	0
2014	2.0	0	0	0	0
Difference between projected and actual earnings					
2017	5.0	\$0	\$0	\$0	\$0
2016	5.0	40,666	0	40,666	0
2015	5.0	18,254	0	18,254	0
2014	5.0	(28,141)	28,141	0	0
Subtotal					\$0
Total Deferred Outflows of Resources		<u>\$46,512</u>	<u>\$28,141</u>	<u>\$74,653</u>	<u>\$0</u>
Deferred Inflows of Resources:					
Difference between expected and actual experience					
2017	2.3	\$0	\$3,665	\$1,593	\$2,072
2016	1.9	4,492	0	4,492	0
2015	1.9	0	0	0	0
2014	2.0	0	0	0	0
Difference between expected and actual assumptions					
2017	2.3	\$0	\$0	\$0	\$0
2016	1.9	0	0	0	0
2015	1.9	0	0	0	0
2014	2.0	0	0	0	0
Difference between projected and actual earnings					
2017	5.0	\$0	\$38,683	\$7,737	\$30,946
2016	5.0	0	(40,666)	(10,167)	(30,499)
2015	5.0	0	(18,254)	(6,085)	(12,169)
2014	5.0	0	28,141	14,071	14,070
Difference between projected and actual earnings					\$2,348
Total Deferred Inflows of Resources		<u>\$4,492</u>	<u>\$11,569</u>	<u>\$11,641</u>	<u>\$4,420</u>



Paragraph 80(i): Collective amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the collective pension expense as follows. 100% of these amounts are allocated to the State.

Deferred Amounts to be Recognized in Fiscal Years Following the Reporting Date:	
Year 1	\$(7,148)
Year 2	8,035
Year 3	2,428
Year 4	(7,735)
Year 5	0
Thereafter	0

Paragraph 80(j): The amount of revenue recognized for the support provided by non-employer contributing entities for the participating employers is provided in Schedule B.



SECTION IV – COLLECTIVE PENSION EXPENSE

As noted earlier, the collective Pension Expense (PE) consists of a number of different items. GASB 68 refers to the first as Service Cost which is the Normal Cost using the Entry Age Normal actuarial funding method. The second item is interest on the beginning Total Pension Liability (TPL) and the cash flow during the year at the 7.50% rate of return in effect as of the previous measurement date.

The next three items refer to any changes that occurred in the TPL due to:

- benefit changes, or
- actual versus expected experience, or
- changes in actuarial assumptions.

Benefit changes, which are reflected immediately in PE, can be positive, if there is a benefit improvement for existing Plan members, or negative if there is a benefit reduction. For the year ended June 30, 2017, there were no benefit changes to be recognized.

The next item to be recognized is the portion of current year changes in TPL due to actual versus expected Plan experience for the year. The portion to recognize in the current year is determined by spreading the total change over the average expected remaining service life of the entire Plan membership determined at the beginning of the year. The average expected remaining service life of active members is the average number of years the active members are expected to remain active. For the year ended June 30, 2017 this number of years for the active members is 6.8. The average expected remaining service life of the inactive members is zero. Therefore, the number of years to use for the amortization is the weighted average for all active and inactive members, or 2.3 years.

The last item under changes in TPL are changes in actuarial assumptions. The portion to recognize in the current year is determined by spreading the total change over the average expected remaining service life of the entire Plan membership, or 2.3 years.

Member contributions for the year and projected earnings on the Fiduciary Net Position (FNP), again at the discount rate used to calculate the liabilities, are subtracted from the amount determined thus far. One-fifth of current period differences between projected and actual investment earnings on the FNP are recognized in the pension expense.

The current year portions of previously determined experience, assumption and earnings amounts, recognized as deferred outflows and inflows (see Section III) are included also. Deferred outflows are added to the PE while deferred inflows are subtracted from the PE. Finally, administrative expenses and other miscellaneous items are included.

The calculation of the Collective Pension Expense determined as of the measurement date is shown in the following table:



Collective Pension Expense Determined as of the Measurement Date (\$ thousands)	
Service Cost at end of year	\$12,788
Interest on the TPL and net cash flow	72,157
Current-period benefit changes	0
Expensed portion of current-period difference between expected and actual experience in the total pension liability	(1,593)
Expensed portion of current-period changes of assumptions	0
Member contributions	(2,084)
Projected earnings on plan investments	(59,032)
Expensed portion of current-period differences between projected and actual earnings on plan investments	(7,737)
Administrative expense	1,308
Other	0
Recognition of beginning deferred outflows of resources as pension expense	17,914
Recognition of beginning deferred inflows of resources as pension expense	<u>(4,492)</u>
Collective Pension Expense	<u>\$29,229</u>



SECTION V – REQUIRED SUPPLEMENTARY INFORMATION

Paragraph 82:

Changes of assumptions. In 2010 and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Tables rather than the 1994 Group Annuity Mortality Table, which was used prior to 2010. In 2010, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience.

On December 17, 2015, the Board adopted recommended changes to the economic and demographic assumptions utilized by the System. Primary among the changes were the updates to rates of mortality, retirement and withdrawal. The expectation of retired life mortality was changed to the RP-2000 Blue Collar Mortality Table projected to 2025 with projection scale BB (set forward 3 years for males and 2 years for females).

Method and assumptions used in calculations of actuarially determined contributions. The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, three years prior to the end of the fiscal year in which contributions are reported (June 30, 2017 employer contributions are based on June 30, 2014 valuation). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Remaining amortization period	23.9 years
Asset valuation method	5-year smoothed market
Inflation	3.00 percent
Salary increase	N/A
Investment rate of return	7.50 percent, net of pension plan investment expense, including inflation
Post-Retirement Benefit Increases	1.50% semi-annually



SCHEDULE A

GEORGIA PUBLIC SCHOOLS EMPLOYEES RETIREMENT SYSTEM
Schedule of Employer Allocations as of June 30, 2017

Employers	2017 State Pension Support Provided To The Districts	Employer Allocation Percentage
Atlanta Metropolitan College	\$ 740	0.002816%
Appling County Schools	50,321	0.191501%
Atkinson County Schools	26,640	0.101383%
Bacon County Schools	27,380	0.104199%
Baker County Schools	11,100	0.042243%
Baldwin County Schools	83,621	0.318229%
Banks County Schools	68,821	0.261905%
Barrow County Schools	172,422	0.656172%
Bartow County Schools	210,163	0.799797%
Ben Hill County Schools	49,581	0.188685%
Berrien County Schools	48,101	0.183052%
Bibb County Schools	472,866	1.799544%
Bleckley County Schools	55,501	0.211214%
Brantley County Schools	78,441	0.298516%
Brooks County Schools	48,841	0.185868%
Bryan County Schools	136,162	0.518178%
Bulloch County Schools	227,183	0.864570%
Burke County Schools	108,041	0.411163%
Butts County Schools	71,041	0.270354%
Calhoun County Schools	17,760	0.067588%
Camden County Schools	156,882	0.597032%
Candler County Schools	37,000	0.140809%
Carroll County Schools	194,622	0.740657%
Catoosa County Board of Education	214,603	0.816694%
Charlton County Schools	29,600	0.112647%
Chatham County Schools	708,929	2.697908%
Chattahoochee County Schools	22,940	0.087302%
Chattooga County Schools	39,221	0.149258%
Cherokee County Schools	516,527	1.965699%
Clarke County Schools	337,444	1.284181%
Clay County Schools	8,880	0.033794%
Clayton County Schools	974,594	3.708921%
Clinch County Schools	19,980	0.076037%
Cobb County Schools	1,685,004	6.412461%
Coffee County Schools	102,121	0.388634%
Colquitt County Schools	176,122	0.670253%
Columbia County Schools	461,026	1.754485%
Cook County Schools	60,681	0.230927%



Employers	2017 State Pension Support Provided To The Districts	Employer Allocation Percentage
Coweta County Schools	\$ 463,986	1.765750%
Crawford County Schools	43,661	0.166155%
Crisp County Schools	97,681	0.371737%
Dade County Schools	35,520	0.135177%
Dawson County Schools	64,381	0.245008%
Decatur County Schools	124,321	0.473119%
Dekalb County Schools	1,625,804	6.187166%
Dodge County Schools	59,941	0.228111%
Dooly County Schools	44,401	0.168971%
Dougherty County Schools	305,624	1.163085%
Douglas County Schools	342,624	1.303895%
Early County Schools	39,221	0.149258%
Echols County Schools	10,360	0.039427%
Effingham County Schools	187,222	0.712495%
Elbert County Schools	54,021	0.205582%
Emanuel County Schools	84,361	0.321045%
Evans County Schools	34,780	0.132361%
Fannin County Schools	67,341	0.256273%
Fayette County Schools	301,924	1.149004%
Floyd County Schools	129,502	0.492833%
Forsyth County Schools	660,828	2.514855%
Franklin County Schools	68,081	0.259089%
Gilmer County Schools	66,601	0.253457%
Glascocock County Schools	14,060	0.053508%
Glynn County Schools	269,363	1.025092%
Gordon County Schools	76,961	0.292883%
Grady County Schools	78,441	0.298516%
Greene County Schools	47,361	0.180236%
Gwinnett County Schools	2,573,017	9.791887%
Habersham County Schools	151,702	0.577318%
Hall County Schools	407,745	1.551719%
Hancock County Schools	36,260	0.137993%
Haralson County Schools	42,181	0.160523%
Harris County Schools	102,861	0.391450%
Hart County Schools	76,961	0.292883%
Heard County Schools	27,380	0.104199%
Henry County Schools	432,165	1.644653%
Houston County Schools	583,128	2.219156%
Irwin County Schools	20,720	0.078853%
Jackson County Schools	147,262	0.560421%
Jasper County Schools	55,501	0.211214%
Jeff Davis County Schools	49,581	0.188685%



Employers	2017 State Pension Support Provided To The Districts	Employer Allocation Percentage
Jefferson County Schools	\$ 62,901	0.239376%
Jenkins County Schools	25,900	0.098567%
Johnson County Schools	24,420	0.092934%
Jones County Schools	108,782	0.413980%
Lamar County Schools	47,361	0.180236%
Lanier County Schools	26,640	0.101383%
Laurens County Schools	132,462	0.504098%
Lee County Schools	130,242	0.495649%
Liberty County Schools	207,203	0.788532%
Lincoln County Schools	34,780	0.132361%
Long County Schools	66,601	0.253457%
Lowndes County Schools	209,423	0.796981%
Lumpkin County Schools	82,881	0.315413%
Macon County Schools	38,481	0.146442%
Madison County Schools	67,341	0.256273%
Marion County Schools	25,900	0.098567%
Mcduffie County Schools	84,361	0.321045%
Mcintosh County Schools	37,000	0.140809%
Meriwether County Schools	82,141	0.312597%
Miller County Schools	24,420	0.092934%
Mitchell County Schools	40,700	0.154890%
Monroe County Schools	119,141	0.453406%
Montgomery County Schools	17,020	0.064772%
Morgan County Schools	52,541	0.199949%
Murray County Schools	91,021	0.346391%
Muscogee County Schools	548,347	2.086795%
Newton County Schools	370,745	1.410910%
Oconee County Schools	119,881	0.456222%
Oglethorpe County Schools	49,581	0.188685%
Paulding County Schools	359,645	1.368667%
Peach County Schools	39,960	0.152074%
Pickens County Schools	68,081	0.259089%
Pierce County Schools	52,541	0.199949%
Pike County Schools	55,501	0.211214%
Polk County Schools	99,901	0.380185%
Pulaski County Schools	27,380	0.104199%
Putnam County Schools	71,781	0.273170%
Quitman County Schools	8,880	0.033794%
Rabun County Schools	56,981	0.216846%
Randolph County Schools	24,420	0.092934%
Richmond County Schools	646,028	2.458532%
Rockdale County Schools	276,764	1.053254%



Employers	2017 State Pension Support Provided To The Districts	Employer Allocation Percentage
Schley County Schools	\$ 14,060	0.053508%
Screven County Schools	47,361	0.180236%
Seminole County Schools	31,080	0.118280%
Spalding County Schools	227,923	0.867386%
Stephens County Schools	85,101	0.323862%
Stewart County Schools	14,800	0.056324%
Sumter County Schools	104,341	0.397082%
Talbot County Schools	14,060	0.053508%
Taliaferro County Schools	7,400	0.028162%
Tattnall County Schools	61,421	0.233744%
Taylor County Schools	29,600	0.112647%
Telfair County Schools	32,560	0.123912%
Terrell County Schools	33,300	0.126728%
Thomas County Schools	102,861	0.391450%
Tift County Schools	85,841	0.326678%
Toombs County Schools	47,361	0.180236%
Towns County Schools	28,860	0.109831%
Treutlen County Schools	13,320	0.050691%
Troup County Schools	306,364	1.165902%
Turner County Schools	24,420	0.092934%
Twiggs County Schools	18,500	0.070405%
Union County Schools	56,241	0.214030%
Upson County Schools	110,261	0.419612%
Walker County Schools	213,863	0.813878%
Walton County Schools	248,643	0.946239%
Ware County Schools	127,282	0.484384%
Warren County Schools	14,800	0.056324%
Washington County Board of Education	48,841	0.185868%
Wayne County Schools	114,701	0.436509%
Webster County Schools	2,960	0.011265%
Wheeler County Schools	20,720	0.078853%
White County Board of Education	60,681	0.230927%
Whitfield County Schools	167,242	0.636458%
Wilcox County Schools	24,420	0.092934%
Wilkes County Schools	45,140	0.171787%
Wilkinson County Schools	34,041	0.129545%
Worth County Schools	58,461	0.222479%
City of Bremen Schools (Haralson)	13,320	0.050691%
City of Buford Schools (Gwinnett)	54,021	0.205582%
City of Calhoun Schools (Gordon)	28,860	0.109831%
City of Carrollton Schools (Carroll)	62,161	0.236560%
City of Cartersville Schools (Bartow)	39,960	0.152074%



Employers	2017 State Pension Support Provided To The Districts	Employer Allocation Percentage
City of Chickamauga Schools (West)	\$ 17,760	0.067588%
City of Commerce Schools (Jackson)	17,020	0.064772%
City of Dalton Schools (Whitfield)	88,801	0.337942%
City of Decatur Schools (DeKalb)	72,521	0.275986%
City of Dublin Schools (Laurens)	38,481	0.146442%
City of Gainesville Schools (Hall)	91,021	0.346391%
City of Jefferson Schools (Jackson)	33,300	0.126728%
City of Marietta Schools (Cobb)	90,281	0.343575%
City of Pelham Schools (Mitchell)	19,980	0.076037%
City of Rome Schools (Floyd)	62,901	0.239376%
City of Social Circle Schools (Walton)	19,240	0.073221%
City of Thomasville Schools (Thomas)	19,980	0.076037%
City of Trion Schools (Chattooga)	17,020	0.064772%
City of Valdosta Schools (Lowndes)	162,802	0.619561%
City of Vidalia Schools (Toomb)	29,600	0.112647%
Savannah Classical Academy Charter School	1,480	0.005632%
Furlow Charter School	1,480	0.005632%
Georgia Magnet Charter School	2,960	0.011265%
Georgia Military College	54,761	0.208398%
Kipp Metro Atlanta Collaborative Inc	<u>26,640</u>	<u>0.101383%</u>
Total State of Georgia	\$ <u>26,277,000</u>	<u>100.000000%</u>



SCHEDULE B

GEORGIA PUBLIC SCHOOLS EMPLOYEES RETIREMENT SYSTEM
Schedule of Pension Amounts by Employer as of June 30, 2017

Employers	State's Proportionate Share Of the Net Pension Liability Associated with the District		Employer Pension Expense and Revenue for State Support
Atlanta Metropolitan College	\$	4,084	\$ 823
Appling County Schools		277,732	55,974
Atkinson County Schools		147,035	29,633
Bacon County Schools		151,119	30,456
Baker County Schools		61,265	12,347
Baldwin County Schools		461,524	93,015
Banks County Schools		379,838	76,552
Barrow County Schools		951,640	191,793
Bartow County Schools		1,159,938	233,773
Ben Hill County Schools		273,648	55,151
Berrien County Schools		265,478	53,504
Bibb County Schools		2,609,861	525,989
Bleckley County Schools		306,322	61,736
Brantley County Schools		432,935	87,253
Brooks County Schools		269,563	54,327
Bryan County Schools		751,508	151,458
Bulloch County Schools		1,253,877	252,705
Burke County Schools		596,306	120,179
Butts County Schools		392,092	79,022
Calhoun County Schools		98,022	19,755
Camden County Schools		865,870	174,506
Candler County Schools		204,214	41,157
Carroll County Schools		1,074,167	216,487
Catoosa County Board of Education		1,184,443	238,711
Charlton County Schools		163,371	32,926
Chatham County Schools		3,912,749	788,572
Chattahoochee County Schools		126,613	25,518
Chattooga County Schools		216,467	43,627
Cherokee County Schools		2,850,834	574,554
Clarke County Schools		1,862,435	375,353
Clay County Schools		49,011	9,878
Clayton County Schools		5,379,011	1,084,081
Clinch County Schools		110,276	22,225
Cobb County Schools		9,299,926	1,874,297
Coffee County Schools		563,632	113,594
Colquitt County Schools		972,061	195,908
Columbia County Schools		2,544,512	512,818
Cook County Schools		334,911	67,498



Employers	State's Proportionate Share Of the Net Pension Liability Associated with the District		Employer Pension Expense and Revenue for State Support	
Coweta County Schools	\$	2,560,850	\$	516,111
Crawford County Schools		240,973		48,565
Crisp County Schools		539,126		108,655
Dade County Schools		196,046		39,511
Dawson County Schools		355,333		71,613
Decatur County Schools		686,160		138,288
Dekalb County Schools		8,973,183		1,808,446
Dodge County Schools		330,827		66,675
Dooly County Schools		245,057		49,389
Dougherty County Schools		1,686,811		339,958
Douglas County Schools		1,891,026		381,115
Early County Schools		216,467		43,627
Echols County Schools		57,181		11,524
Effingham County Schools		1,033,324		208,255
Elbert County Schools		298,154		60,090
Emanuel County Schools		465,608		93,838
Evans County Schools		191,962		38,688
Fannin County Schools		371,670		74,906
Fayette County Schools		1,666,389		335,842
Floyd County Schools		714,751		144,050
Forsyth County Schools		3,647,269		735,067
Franklin County Schools		375,754		75,729
Gilmer County Schools		367,586		74,083
Glascocock County Schools		77,602		15,640
Glynn County Schools		1,486,681		299,624
Gordon County Schools		424,765		85,607
Grady County Schools		432,935		87,253
Greene County Schools		261,394		52,681
Gwinnett County Schools		14,201,074		2,862,070
Habersham County Schools		837,279		168,744
Hall County Schools		2,250,443		453,552
Hancock County Schools		200,130		40,334
Haralson County Schools		232,805		46,919
Harris County Schools		567,716		114,417
Hart County Schools		424,765		85,607
Heard County Schools		151,119		30,456
Henry County Schools		2,385,224		480,716
Houston County Schools		3,218,420		648,637
Irwin County Schools		114,360		23,048
Jackson County Schools		812,773		163,805
Jasper County Schools		306,322		61,736
Jeff Davis County Schools		273,648		55,151



Employers	State's Proportionate Share Of the Net Pension Liability Associated with the District		Employer Pension Expense and Revenue for State Support
Jefferson County Schools	\$	347,165	\$ 69,967
Jenkins County Schools		142,951	28,810
Johnson County Schools		134,781	27,164
Jones County Schools		600,391	121,002
Lamar County Schools		261,394	52,681
Lanier County Schools		147,035	29,633
Laurens County Schools		731,088	147,343
Lee County Schools		718,835	144,873
Liberty County Schools		1,143,600	230,480
Lincoln County Schools		191,962	38,688
Long County Schools		367,586	74,083
Lowndes County Schools		1,155,854	232,950
Lumpkin County Schools		457,440	92,192
Macon County Schools		212,383	42,804
Madison County Schools		371,670	74,906
Marion County Schools		142,951	28,810
Mcduffie County Schools		465,608	93,838
Mcintosh County Schools		204,214	41,157
Meriwether County Schools		453,356	91,369
Miller County Schools		134,781	27,164
Mitchell County Schools		224,635	45,273
Monroe County Schools		657,570	132,526
Montgomery County Schools		93,938	18,932
Morgan County Schools		289,984	58,443
Murray County Schools		502,367	101,247
Muscogee County Schools		3,026,458	609,949
Newton County Schools		2,046,229	412,395
Oconee County Schools		661,654	133,349
Oglethorpe County Schools		273,648	55,151
Paulding County Schools		1,984,964	400,048
Peach County Schools		220,551	44,450
Pickens County Schools		375,754	75,729
Pierce County Schools		289,984	58,443
Pike County Schools		306,322	61,736
Polk County Schools		551,379	111,124
Pulaski County Schools		151,119	30,456
Putnam County Schools		396,176	79,845
Quitman County Schools		49,011	9,878
Rabun County Schools		314,490	63,382
Randolph County Schools		134,781	27,164
Richmond County Schools		3,565,584	718,604
Rockdale County Schools		1,527,524	307,856



Employers	State's Proportionate Share Of the Net Pension Liability Associated with the District		Employer Pension Expense and Revenue for State Support	
Schley County Schools	\$	77,602	\$	15,640
Screven County Schools		261,394		52,681
Seminole County Schools		171,540		34,572
Spalding County Schools		1,257,961		253,528
Stephens County Schools		469,694		94,662
Stewart County Schools		81,686		16,463
Sumter County Schools		575,884		116,063
Talbot County Schools		77,602		15,640
Taliaferro County Schools		40,843		8,231
Tattnall County Schools		338,997		68,321
Taylor County Schools		163,371		32,926
Telfair County Schools		179,708		36,218
Terrell County Schools		183,792		37,041
Thomas County Schools		567,716		114,417
Tift County Schools		473,778		95,485
Toombs County Schools		261,394		52,681
Towns County Schools		159,287		32,103
Treutlen County Schools		73,517		14,816
Troup County Schools		1,690,896		340,781
Turner County Schools		134,781		27,164
Twiggs County Schools		102,108		20,579
Union County Schools		310,406		62,559
Upson County Schools		608,559		122,648
Walker County Schools		1,180,359		237,888
Walton County Schools		1,372,321		276,576
Ware County Schools		702,497		141,581
Warren County Schools		81,686		16,463
Washington County Board of Education		269,563		54,327
Wayne County Schools		633,065		127,587
Webster County Schools		16,338		3,293
Wheeler County Schools		114,360		23,048
White County Board of Education		334,911		67,498
Whitfield County Schools		923,049		186,030
Wilcox County Schools		134,781		27,164
Wilkes County Schools		249,141		50,212
Wilkinson County Schools		187,878		37,865
Worth County Schools		322,659		65,028
City of Bremen Schools (Haralson)		73,517		14,816
City of Buford Schools (Gwinnett)		298,154		60,090
City of Calhoun Schools (Gordon)		159,287		32,103
City of Carrollton Schools (Carroll)		343,081		69,144
City of Cartersville Schools (Bartow)		220,551		44,450



Employers	State's Proportionate Share Of the Net Pension Liability Associated with the District		Employer Pension Expense and Revenue for State Support	
City of Chickamauga Schools (West)	\$	98,022	\$	19,755
City of Commerce Schools (Jackson)		93,938		18,932
City of Dalton Schools (Whitfield)		490,114		98,777
City of Decatur Schools (DeKalb)		400,260		80,668
City of Dublin Schools (Laurens)		212,383		42,804
City of Gainesville Schools (Hall)		502,367		101,247
City of Jefferson Schools (Jackson)		183,792		37,041
City of Marietta Schools (Cobb)		498,283		100,424
City of Pelham Schools (Mitchell)		110,276		22,225
City of Rome Schools (Floyd)		347,165		69,967
City of Social Circle Schools (Walton)		106,192		21,402
City of Thomasville Schools (Thomas)		110,276		22,225
City of Trion Schools (Chattooga)		93,938		18,932
City of Valdosta Schools (Lowndes)		898,543		181,091
City of Vidalia Schools (Toomb)		163,371		32,926
Savannah Classical Academy Charter School		8,168		1,646
Furlow Charter School		8,168		1,646
Georgia Magnet Charter School		16,338		3,293
Georgia Military College		302,238		60,913
Kipp Metro Atlanta Collaborative Inc		147,035		29,633
Total State of Georgia	\$	<u>145,029,000</u>	\$	<u>29,229,000</u>



SCHEDULE C

SUMMARY OF MAIN PLAN PROVISIONS

The Georgia Public School Employees Retirement System (PSERS) is a cost-sharing multiple employer defined benefit pension plan established by the Georgia General Assembly in 1969 for the purpose of providing retirement allowances and other benefits for public school employees who are not eligible for membership in the Teachers Retirement System of Georgia.

Normal Retirement Benefit

Eligibility	Age 65 and 10 years of creditable service.
Benefit	Monthly benefit is \$14.75 multiplied by years of creditable service. For members with retirement dates prior to July 1, 2013, a one-time 1.75% increase is made at time of retirement.

Early Retirement Benefit

Eligibility	Age 60 and 10 years of creditable service.
Benefit	Accrued benefit reduced by 6% for each year member is under age 65.

Disability Retirement Benefit

Eligibility	15 years of creditable service.
Benefit	Accrued benefit payable immediately.

Deferred Vested Retirement Benefit

Eligibility	10 years of creditable service. Member contributions not withdrawn.
Benefit	Accrued benefit deferred to age 65 or reduced benefit payable at age 60.

Death Benefit

Eligibility	Death in service and the member is at least age 60 and has at least 10 years of creditable service.
Benefit	Benefit payable to beneficiary under the joint and survivor annuity payment option.

If the member dies in service under age 60 or with less than 10 years of creditable service his beneficiary receives a refund of the member's accumulated contributions.



Termination Benefit

- Eligibility Less than 10 years of creditable service.
- Benefit Return of the member's accumulated contributions.
- Payment Options
- (1) Life annuity. Guaranteed payment of accumulated member contributions.
 - (2) Joint and survivorship annuity.
 - (3) Certain and life annuity.

Post-Retirement Adjustments

The Board may from time to time grant a Cost of Living Adjustment.

Contributions

- By Members Members who joined the System prior to July 1, 2012 contribute \$4 per month. Members joining the System on or after July 1, 2012 contribute \$10 per month.
- By Employers Employer contributions are actuarially determined and approved and certified by the Board.



SCHEDULE D

STATEMENT OF ACTUARIAL ASSUMPTIONS AND METHODS

Adopted by the Board December 17, 2015.

VALUATION INTEREST RATE: 7.50% per annum, compounded annually, net of investment expenses, composed of a 2.75% inflation assumption and a 4.75% real rate of investment return assumption.

SEPARATIONS BEFORE SERVICE RETIREMENT: Representative values of the assumed annual rates of separation before service retirement are as follows:

Age	Annual Rates of Withdrawal		
	Years of Service		
	<u>0-4</u>	<u>5-9</u>	<u>10 & Over</u>
	<u>Males</u>		
20	37.0%		
25	28.0	17.0%	
30	25.0	15.0	12.0%
35	23.0	13.0	9.0
40	21.0	12.0	7.5
45	19.0	11.0	6.5
50	17.0	9.0	6.5
55	15.0	9.0	6.0
60	12.0	7.5	
	<u>Females</u>		
20	32.0%		
25	28.0	18.0%	
30	23.0	15.0	10.0%
35	19.0	13.0	10.0
40	17.0	12.0	8.0
45	15.5	10.0	7.0
50	14.0	8.5	6.0
55	12.0	8.0	5.5
60	11.0	7.5	

Age	Annual Rates of		Disability
	Death		
	<u>Males</u>	<u>Females</u>	
20	0.0320%	0.0177%	0.0000%
25	0.0349	0.0192	0.0000
30	0.0412	0.0245	0.0000
35	0.0717	0.0441	0.0025
40	0.1001	0.0655	0.0110
45	0.1399	0.1043	0.0370
50	0.1983	0.1555	0.0865
55	0.2810	0.2228	0.2250
60	0.4092	0.3058	0.3500
65	0.5600	0.4304	0.0000



RETIREMENT:

Age	Annual Rate	Age	Annual Rate
60	13.0%	68	23.0%
61	13.0	69	26.0
62	22.0	70	27.0
63	17.5	71	27.0
64	17.0	72	27.0
65	28.0	73	27.0
66	27.0	74	27.0
67	23.0	75 & Over	100.0

DEATHS AFTER RETIREMENT: The RP-2000 Blue-Collar Mortality Table projected to 2025 with projection scale BB (set forward 3 years for males and 2 years for females) is used for the period after service retirement and for beneficiaries of deceased members. The RP-2000 Disabled Mortality Table projected to 2025 with projection scale BB (set forward 5 years for both males and females) is used for the period after disability retirement. There is a margin for future mortality improvement in the tables used by the System. Based on the results of the most recent experience study adopted by the Board on December 17, 2015, the numbers of expected future deaths are 9-11% less than the actual number of deaths that occurred during the study period for healthy retirees and 9-11% less than expected under the selected table for disabled retirees. Representative values of the assumed annual rates of mortality for service retirements and beneficiaries are as follows:

Age	Men	Women	Age	Men	Women
40	0.1476%	0.0995%	65	1.4859%	0.9774%
45	0.1974	0.1484	70	2.4262	1.7054
50	0.3057	0.2084	75	3.9830	2.7288
55	0.5644	0.2844	80	6.5238	4.4542
60	0.9575	0.5014	85	10.9551	7.5727

ADMINISTRATIVE EXPENSES: Budgeted administrative expenses are added to the normal cost contribution.

AMORTIZATION METHOD: Level dollar amortization.

ASSET METHOD: Market value.

VALUATION METHOD: Entry age actuarial cost method. See Schedule E for a brief description of this method.

COST-OF-LIVING ADJUSTMENT (COLA): 1.5% semi-annually.

TERMINATING VESTED MEMBERS: 50% of active vested members who terminate are assumed to elect a refund in lieu of a benefit. Benefits are assumed to begin at age 65.



SCHEDULE E

FUNDING POLICY OF THE PSERS BOARD OF TRUSTEES

The purpose of this Funding Policy is to state the overall objectives for the Georgia Public School Employees Retirement System (System), the benchmarks that will be used to measure progress in achieving those goals, and the methods and assumptions that will be employed to develop the benchmarks. It is the intent of the PSERS Board of Trustees that the Funding Policy outlined herein will remain unchanged until the objectives below are met.

I. Funding Objectives

The goal in requiring employer and member contributions to the System is to accumulate sufficient assets during a member's employment to fully finance the benefits the member is expected to receive throughout retirement. In meeting this objective, the System will strive to meet the following funding objectives:

- To develop a pattern of contributions expressed as both a total dollar amount and as a dollar amount per active member and measured by valuations prepared in accordance with applicable State laws and the principles of practice prescribed by the Actuarial Standards Board.
- To maintain an increasing funded ratio (ratio of actuarial value of assets to actuarial accrued liabilities) that reflects a trend of improved actuarial condition. The long-term objective is to obtain a 100% funded ratio over a reasonable period of future years.
- To maintain adequate asset levels to finance the benefits promised to members and monitor the future demand for liquidity.
- To promote intergenerational equity for taxpayers with respect to contributions required for the benefits provided by the System.

II. Measures of Funding Progress

To track progress in achieving the System's funding objectives, the following measures will be determined annually as of the actuarial valuation date (with due recognition that a single year's results may not be indicative of long-term trends):

- **Funded Ratio** – The funded ratio, defined as the actuarial value of assets divided by the actuarial accrued liability, should increase over time, before adjustments for changes in benefits, actuarial methods, and/or actuarial adjustments. The target funded ratio will be 100 percent within 25 years of the valuation date for the first valuation conducted following the adoption of this Policy (i.e. the June 30, 2013 valuation date).
- **Unfunded Actuarial Accrued Liability (UAAL)**
 - **Transitional UAAL** – The UAAL established as of the initial valuation date for which this funding policy is adopted shall be known as the Transitional UAAL.
 - **New Incremental UAAL** – Each subsequent valuation will produce a New Incremental UAAL consisting of all benefit changes, assumption and method changes and experience gains and/or losses that have occurred since the previous valuations.
- **UAAL Amortization Period**
 - The transitional UAAL will be amortized over a closed 25 year period beginning on the initial valuation date for which this funding policy is adopted.
 - Each New Incremental UAAL shall be amortized over a closed 25 year period beginning with the year it is incurred.



Employer Contributions

- **Employer Normal Contributions** – the contribution determined as of the valuation date each year to fund the employer portion of the annual normal cost of the System based on the assumptions and methods adopted by the Board.
- In each valuation subsequent to the adoption of this funding policy the required employer contributions will be determined as the summation of the employer Normal Contribution, a contribution for administrative expenses, the amortization cost for the Transitional UAAL and the individual amortization cost for each of the New Incremental UAAL bases.
- Employer Contributions will be expressed as both a total dollar amount and as a dollar amount per active member. In no event shall the employer contributions be less than \$0.
- The valuation methodology, including the amortization of the Unfunded Actuarial Accrued Liability (UAAL), would be expected to maintain reasonably stable contributions as a dollar per active member.

III. Methods and Assumptions

The annual actuarial valuations providing the measures to assess funding progress will utilize the actuarial methods and assumptions last adopted by the Board based upon the advice and recommendations of the actuary. These include the following primary methods and assumptions:

- The actuarial cost method used to develop the benchmarks will be the Entry Age Normal (EAN) actuarial cost method.
- The long-term annual investment rate of return assumption will be 7.50% net of investment expenses.
- The actuarial value of assets will be determined by recognizing the annual differences between actual and expected market value of assets over a five-year period, beginning with the June 30, 2013 actuarial valuation.
 - Prior to the June 30, 2013 valuation, the differences between actual and expected market value of assets were recognized over a seven-year period. For the June 30, 2013 valuation, all then-current deferred gains and losses will be recognized immediately, and the initial new five-year period will begin immediately thereafter.

The employer contributions determined in an annual actuarial valuation will be at least sufficient to satisfy the annual normal cost of the System and amortize the UAAL as a level dollar amount over a period not to exceed 25 years (for the UAAL as of the June 30, 2013 valuation date, and for each successive year of gains and losses incurred in years following the June 30, 2013 valuation date). However in no event shall the employer contributions be less than \$0.

The actuary shall conduct an investigation into the System's experience at least every five years and utilize the results of the investigation to form the basis for recommended assumptions and methods. Any changes to the recommended assumptions and methods that are approved by the Board will be reflected in this Policy.

IV. Funding Policy Progress

The Board will periodically have actuarial projections of the valuation results performed to assess the current and expected future progress towards the overall funding goals of the System. These periodic projections will provide the expected valuation results over at least a 30-year period. The projected measures of funding progress and the recent historical trend provided in valuations will provide important information for the Board's assessment of the System's funding progress.