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EMPLOYEES'
RETIREMENT SYSTEM
OF GEORGIA

GASB STATEMENT NO. 68 REPORT
FOR THE
GEORGIA PUBLIC SCHOOLS EMPLOYEES RETIREMENT SYSTEM
PREPARED AS OF JUNE 30, 2015





Cavanaugh Macdonald

CONSULTING, LLC

The experience and dedication you deserve

March 30, 2016

Board of Trustees
Georgia Public Schools Employees Retirement System
Suite 100, Two Northside 75
Atlanta, GA 30318

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, 2015 (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, 2014. 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.

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Board of Trustees
March 30, 2016
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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, appearing to read 'Edward Macdonald', written in a cursive style.

Edward A. Macdonald, ASA, FCA, MAAA
President

A handwritten signature in blue ink, appearing to read 'Cathy Turcot', written in a cursive style.

Cathy Turcot
Principal and Managing Director

A handwritten signature in blue ink, appearing to read 'Edward J. Koebel', written in a cursive style.

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



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**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, 2015

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, 2015 (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, 2016 (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, 2014. The results of that valuation were detailed in a report dated April 16, 2015.

The NPL shown in the GASB Statement No. 67 Report for the Georgia Public Schools Employees Retirement System prepared as of June 30, 2015 and submitted September 10, 2015 is the collective NPL used for purposes of GASB 68. Please refer to that report for the derivation of the collective NPL.

Pension Expense 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, 2015. 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)

	2015
Valuation Date (VD):	June 30, 2014
Measurement Date (MD):	June 30, 2015
Reporting Date (RD):	June 30, 2016
Single Equivalent Interest Rate (SEIR):	
Long-Term Expected Rate of Return	7.50%
Municipal Bond Index Rate at Measurement Date	3.82%
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)	\$ 946,200
Fiduciary Net Position (FNP)	<u>823,150</u>
Net Pension Liability (NPL = TPL – FNP)	\$ 123,050
FNP as a percentage of TPL	87.00%
Collective Pension Expense (PE):	\$7,338
Deferred Outflows of Resources:	\$0
Deferred Inflows of Resources:	\$21,122



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, 2014, using the following key actuarial assumptions:

Inflation	3.00 percent
Salary increases, including inflation	N/A
Long-Term Investment Rate of Return, net of pension plan investment expense, including inflation	7.50 percent

Mortality rates were based on the RP-2000 Combined Mortality Table set forward one year for males for the period after service retirement, for dependent beneficiaries, and for deaths in active service, and the RP-2000 Disabled Mortality Table set back two years for males and set forward one year for females for the period after disability retirement.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2004 – June 30, 2009. The results of the actuarial experience study for the period July 1, 2009 – June 30, 2014 will be reflected in the June 30, 2015 valuation and the June 30, 2016 GASB Statement No. 68 report.

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%	3.00%
Domestic Stocks - Large Cap	39.70%	6.50%
Domestic Stocks - Mid Cap	3.70%	10.00%
Domestic Stocks - Small Cap	1.60%	13.00%
Int'l Stocks - Developed Mkt	18.90%	6.50%
Int'l Stocks - Emerging Mkt	6.10%	11.00%
Total	100.00%	

*Excludes 3.00% assumed 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	\$226,255	\$123,050	\$36,107

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, 2014 is the actuarial valuation date upon which the TPL is based. An expected TPL is determined as of June 30, 2015 using standard roll forward techniques. The procedure used to determine the TPL as of June 30, 2015 is shown on page 8 of the GASB 67 report for PSERS submitted on September 10, 2015.

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	\$3,249
Changes of actuarial assumptions	0	0
Net difference between projected and actual earnings on plan investments	<u>0</u>	<u>17,873</u>
Total	<u>\$0</u>	<u>\$21,122</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

	Initial Balance of Losses / Deferred Outflow	Initial Balance of Gains / Deferred Inflow	Amortizatio n 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)
2015	\$0	\$6,858	1.9	\$0	\$0	\$0	\$6,858	\$0	\$3,609	\$0	\$3,249
2014	0	0	2.0	0	0	0	0	0	0	0	0
Total				<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$6,858</u>			<u>\$0</u>	<u>\$3,249</u>



Collective Deferred Outflows and Inflows for Differences from Assumption Changes

	<u>Initial Balance of Losses / Deferred Outflow</u>	<u>Initial Balance of Gains / Deferred Inflow</u>	<u>Amortization Period</u>	<u>Beginning Balance Deferred Outflows (a)</u>	<u>Beginning Balance Deferred Inflows (b)</u>	<u>Losses / Deferred Outflows (c)</u>	<u>Gains / Deferred Inflows (d)</u>	<u>Amounts Recognized in Pension Expense / Deferred Outflow (e)</u>	<u>Amounts Recognized in Pension Expense / Deferred Inflow (f)</u>	<u>Ending Balance Deferred Outflows (a) + (c) - (e)</u>	<u>Ending Balance Deferred Inflows (b) + (d) - (f)</u>
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>\$0</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

	<u>Initial Balance of Losses / Deferred Outflow</u>	<u>Initial Balance of Gains / Deferred Inflow</u>	<u>Amortization Period</u>	<u>Beginning Balance Deferred Outflows (a)</u>	<u>Beginning Balance Deferred Inflows (b)</u>	<u>Losses / Deferred Outflows (c)</u>	<u>Gains / Deferred Inflows (d)</u>	<u>Amounts Recognized in Pension Expense / Deferred Outflow (e)</u>	<u>Amounts Recognized in Pension Expense / Deferred Inflow (f)</u>	<u>Ending Balance Deferred Outflows (a) + (c) - (e)</u>	<u>Ending Balance Deferred Inflows (b) + (d) - (f)</u>
2015	\$30,424	\$0	5.0	\$0	\$0	\$30,424	\$0	\$6,085		\$24,339	\$0
2014	0	70,354	5.0	0	56,283	0	0		14,071	0	42,212
Total				<u>\$0</u>	<u>\$56,283</u>	<u>\$30,424</u>	<u>\$0</u>			<u>\$24,339</u>	<u>\$42,212</u>
Net difference between projected and actual earnings on investments											\$17,873



Summary of Collective Deferred Outflows and Inflows

Year	Amortization Period	Beginning Balance Deferred Inflows	Additions	Deductions	Ending Balance Deferred Inflows
Deferred Inflows of Resources:					
Difference between expected and actual experience					
2015	1.9	\$0	\$6,858	\$3,609	\$3,249
2014	2.0	0	0	0	0
Difference between expected and actual assumptions					
2015	1.9	0	0	0	0
2014	2.0	0	0	\$0	0
Difference between projected and actual earnings					
2015	5.0	0	0	24,339	\$ (24,339)
2014	5.0	56,283	0	14,071	42,212
Subtotal					\$17,873
Total Deferred Inflows of Resources		<u>\$56,283</u>	<u>\$6,858</u>	<u>\$42,019</u>	<u>\$21,122</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	\$(11,235)
Year 2	(7,986)
Year 3	(7,985)
Year 4	6,084
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, 2015, 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, 2015 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 1.9 years.

The last item under changes in TPL are changes in actuarial assumptions. There were no changes in assumptions since the last measurement date. If there was a change in TPL due to changes in actuarial assumptions, recognition of the change would also be spread over the average expected remaining service life of the plan membership.

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	\$12,089
Interest on the TPL and net cash flow	67,652
Current-period benefit changes	0
Expensed portion of current-period difference between expected and actual experience in the total pension liability	(3,609)
Expensed portion of current-period changes of assumptions	0
Member contributions	(1,800)
Projected earnings on plan investments	(60,553)
Expensed portion of current-period differences between projected and actual earnings on plan investments	6,085
Administrative expense	1,545
Other	0
Recognition of beginning deferred outflows of resources as pension expense	0
Recognition of beginning deferred inflows of resources as pension expense	<u>(14,071)</u>
Collective Pension Expense	<u>\$7,338</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.

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, 2015 employer contributions are based on June 30, 2012 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, open
Remaining amortization period	30 years
Asset valuation method	7-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, 2015**

Employers	2015 State Pension Support Provided To The Districts	Employer Allocation Percentage
Atlanta Metropolitan College	\$ 802	0.002818%
Appling County Schools	57,748	0.202903%
Atkinson County Schools	28,072	0.098633%
Bacon County Schools	32,082	0.112724%
Baker County Schools	10,427	0.036635%
Baldwin County Schools	100,257	0.352262%
Banks County Schools	74,591	0.262083%
Barrow County Schools	189,286	0.665070%
Bartow County Schools	241,419	0.848246%
Ben Hill County Schools	56,144	0.197266%
Berrien County Schools	51,332	0.180358%
Bibb County Schools	509,306	1.789489%
Bleckley County Schools	61,758	0.216993%
Brantley County Schools	83,414	0.293082%
Brooks County Schools	59,352	0.208539%
Bryan County Schools	133,141	0.467803%
Bulloch County Schools	243,023	0.853882%
Burke County Schools	118,705	0.417078%
Butts County Schools	75,393	0.264901%
Calhoun County Schools	18,447	0.064816%
Camden County Schools	177,255	0.622798%
Candler County Schools	38,499	0.135268%
Carroll County Schools	220,566	0.774975%
Catoosa County Board of Education	245,429	0.862336%
Charlton County Schools	34,488	0.121178%
Chatham County Schools	380,175	1.335776%
Chattahoochee County Schools	21,655	0.076088%
Chattooga County Schools	43,311	0.152177%
Cherokee County Schools	549,409	1.930393%
Clarke County Schools	359,322	1.262505%
Clay County Schools	8,021	0.028181%
Clayton County Schools	1,037,862	3.646611%
Clinch County Schools	23,260	0.081725%
Cobb County Schools	1,872,804	6.580244%
Coffee County Schools	114,694	0.402987%
Colquitt County Schools	198,910	0.698887%
Columbia County Schools	468,401	1.645766%
Cook County Schools	68,977	0.242356%



Employers	2015 State Pension Support Provided To The Districts	Employer Allocation Percentage
Coweta County Schools	\$ 498,879	1.752853%
Crawford County Schools	42,509	0.149359%
Crisp County Schools	101,861	0.357898%
Dade County Schools	42,509	0.149359%
Dawson County Schools	74,591	0.262083%
Decatur County Schools	136,349	0.479074%
Dekalb County Schools	1,742,069	6.120895%
Dodge County Schools	67,373	0.236720%
Dooly County Schools	51,332	0.180358%
Dougherty County Schools	360,124	1.265323%
Douglas County Schools	365,738	1.285050%
Early County Schools	44,113	0.154995%
Echols County Schools	12,031	0.042271%
Effingham County Schools	200,514	0.704523%
Elbert County Schools	57,748	0.202903%
Emanuel County Schools	91,435	0.321263%
Evans County Schools	36,093	0.126814%
Fannin County Schools	70,581	0.247992%
Fayette County Schools	327,239	1.149782%
Floyd County Schools	149,985	0.526983%
Forsyth County Schools	686,561	2.412287%
Franklin County Schools	67,373	0.236720%
Gilmer County Schools	76,998	0.270537%
Glascock County Schools	16,041	0.056362%
Glynn County Schools	278,314	0.977878%
Gordon County Schools	82,612	0.290263%
Grady County Schools	89,830	0.315626%
Greene County Schools	54,540	0.191630%
Gwinnett County Schools	2,870,563	10.085950%
Habersham County Schools	162,818	0.572073%
Hall County Schools	481,234	1.690855%
Hancock County Schools	43,311	0.152177%
Haralson County Schools	52,936	0.185994%
Harris County Schools	111,486	0.391715%
Hart County Schools	81,810	0.287445%
Heard County Schools	31,280	0.109906%
Henry County Schools	470,808	1.654220%
Houston County Schools	603,147	2.119205%
Irwin County Schools	26,468	0.092997%
Jackson County Schools	161,214	0.566437%
Jasper County Schools	56,946	0.200085%
Jeff Davis County Schools	67,373	0.236720%



Employers	2015 State Pension Support Provided To The Districts	Employer Allocation Percentage
Jefferson County Schools	\$ 70,581	0.247992%
Jenkins County Schools	27,270	0.095815%
Johnson County Schools	24,864	0.087361%
Jones County Schools	124,319	0.436804%
Lamar County Schools	55,342	0.194448%
Lanier County Schools	25,666	0.090179%
Laurens County Schools	144,370	0.507257%
Lee County Schools	153,193	0.538256%
Liberty County Schools	240,617	0.845428%
Lincoln County Schools	36,895	0.129632%
Long County Schools	66,571	0.233902%
Lowndes County Schools	230,190	0.808792%
Lumpkin County Schools	93,039	0.326899%
Macon County Schools	50,530	0.177540%
Madison County Schools	72,185	0.253628%
Marion County Schools	24,864	0.087361%
Mcduffie County Schools	87,424	0.307172%
Mcintosh County Schools	44,915	0.157813%
Meriwether County Schools	85,018	0.298718%
Miller County Schools	28,072	0.098633%
Mitchell County Schools	44,113	0.154995%
Monroe County Schools	120,309	0.422714%
Montgomery County Schools	16,843	0.059180%
Morgan County Schools	61,758	0.216993%
Murray County Schools	117,100	0.411441%
Muscogee County Schools	624,001	2.192476%
Newton County Schools	383,383	1.347048%
Oconee County Schools	140,360	0.493166%
Oglethorpe County Schools	56,144	0.197266%
Paulding County Schools	497,275	1.747217%
Peach County Schools	50,530	0.177540%
Pickens County Schools	93,841	0.329717%
Pierce County Schools	59,352	0.208539%
Pike County Schools	59,352	0.208539%
Polk County Schools	112,288	0.394533%
Pulaski County Schools	31,280	0.109906%
Putnam County Schools	81,008	0.284627%
Quitman County Schools	8,021	0.028181%
Rabun County Schools	59,352	0.208539%
Randolph County Schools	27,270	0.095815%
Richmond County Schools	625,605	2.198112%
Rockdale County Schools	307,188	1.079329%



Employers	2015 State Pension Support Provided To The Districts	Employer Allocation Percentage
Schley County Schools	\$ 17,645	0.061998%
Screven County Schools	56,144	0.197266%
Seminole County Schools	36,093	0.126814%
Spalding County Schools	255,856	0.898971%
Stephens County Schools	109,080	0.383261%
Stewart County Schools	20,051	0.070452%
Sumter County Schools	125,121	0.439622%
Talbot County Schools	16,041	0.056362%
Taliaferro County Schools	8,823	0.030999%
Tattnall County Schools	76,196	0.267719%
Taylor County Schools	35,291	0.123996%
Telfair County Schools	32,884	0.115542%
Terrell County Schools	36,093	0.126814%
Thomas County Schools	105,069	0.369170%
Tift County Schools	110,684	0.388897%
Toombs County Schools	54,540	0.191630%
Towns County Schools	30,478	0.107088%
Treutlen County Schools	16,041	0.056362%
Troup County Schools	301,574	1.059603%
Turner County Schools	19,249	0.067634%
Twiggs County Schools	18,447	0.064816%
Union County Schools	60,154	0.211357%
Upson County Schools	121,111	0.425532%
Walker County Schools	234,201	0.822883%
Walton County Schools	260,669	0.915880%
Ware County Schools	131,537	0.462167%
Warren County Schools	16,041	0.056362%
Washington County Board of Education	55,342	0.194448%
Wayne County Schools	131,537	0.462167%
Webster County Schools	6,417	0.022545%
Wheeler County Schools	19,249	0.067634%
White County Board of Education	76,196	0.267719%
Whitfield County Schools	205,327	0.721432%
Wilcox County Schools	26,468	0.092997%
Wilkes County Schools	48,926	0.171904%
Wilkinson County Schools	40,905	0.143723%
Worth County Schools	61,758	0.216993%
City of Bremen Schools (Haralson)	12,031	0.042271%
City of Buford Schools (Gwinnett)	59,352	0.208539%
City of Calhoun Schools (Gordon)	34,488	0.121178%
City of Carrollton Schools (Carroll)	68,175	0.239538%
City of Cartersville Schools (Bartow)	43,311	0.152177%



Employers	2015 State Pension Support Provided To The Districts	Employer Allocation Percentage
City of Chickamauga Schools (West)	\$ 18,447	0.064816%
City of Commerce Schools (Jackson)	14,437	0.050726%
City of Dalton Schools (Whitfield)	101,059	0.355080%
City of Decatur Schools (DeKalb)	74,591	0.262083%
City of Dublin Schools (Laurens)	45,717	0.160631%
City of Gainesville Schools (Hall)	96,247	0.338171%
City of Jefferson Schools (Jackson)	43,311	0.152177%
City of Marietta Schools (Cobb)	101,059	0.355080%
City of Pelham Schools (Mitchell)	22,458	0.078907%
City of Rome Schools (Floyd)	73,789	0.259264%
City of Social Circle Schools (Walton)	22,458	0.078907%
City of Thomasville Schools (Thomas)	21,655	0.076088%
City of Trion Schools (Chattooga)	13,635	0.047908%
City of Valdosta Schools (Lowndes)	183,671	0.645343%
City of Vidalia Schools (Toomb)	31,280	0.109906%
International Community School	802	0.002818%
Fulton Educational Services Inc	802	0.002818%
Georgia Magnet Charter School	802	0.002818%
Georgia Military College	56,946	0.200085%
Kipp Metro Atlanta Collaborative Inc	26,468	0.092997%
Total State of Georgia	\$ <u>28,461,000</u>	<u>100.000000%</u>



SCHEDULE B

GEORGIA PUBLIC SCHOOLS EMPLOYEES RETIREMENT SYSTEM
Schedule of Pension Amounts by Employer as of June 30, 2015

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	\$ 3,468	\$ 207
Appling County Schools	249,672	14,889
Atkinson County Schools	121,368	7,238
Bacon County Schools	138,707	8,272
Baker County Schools	45,079	2,688
Baldwin County Schools	433,458	25,849
Banks County Schools	322,493	19,232
Barrow County Schools	818,369	48,803
Bartow County Schools	1,043,767	62,244
Ben Hill County Schools	242,736	14,475
Berrien County Schools	221,931	13,235
Bibb County Schools	2,201,966	131,313
Bleckley County Schools	267,010	15,923
Brantley County Schools	360,637	21,506
Brooks County Schools	256,607	15,303
Bryan County Schools	575,632	34,327
Bulloch County Schools	1,050,702	62,658
Burke County Schools	513,214	30,605
Butts County Schools	325,961	19,438
Calhoun County Schools	79,756	4,756
Camden County Schools	766,353	45,701
Candler County Schools	166,447	9,926
Carroll County Schools	953,607	56,868
Catoosa County Board of Education	1,061,104	63,278
Charlton County Schools	149,110	8,892
Chatham County Schools	1,643,672	98,019
Chattahoochee County Schools	93,626	5,583
Chattooga County Schools	187,254	11,167
Cherokee County Schools	2,375,349	141,652
Clarke County Schools	1,553,512	92,643
Clay County Schools	34,677	2,068
Clayton County Schools	4,487,155	267,588
Clinch County Schools	100,563	5,997
Cobb County Schools	8,096,989	482,856
Coffee County Schools	495,876	29,571
Colquitt County Schools	859,980	51,284
Columbia County Schools	2,025,115	120,766
Cook County Schools	298,219	17,784



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	\$	2,156,886	\$	128,624
Crawford County Schools		183,786		10,960
Crisp County Schools		440,393		26,263
Dade County Schools		183,786		10,960
Dawson County Schools		322,493		19,232
Decatur County Schools		589,501		35,154
Dekalb County Schools		7,531,760		449,149
Dodge County Schools		291,284		17,371
Dooly County Schools		221,931		13,235
Dougherty County Schools		1,556,980		92,849
Douglas County Schools		1,581,254		94,297
Early County Schools		190,721		11,374
Echols County Schools		52,014		3,102
Effingham County Schools		866,916		51,698
Elbert County Schools		249,672		14,889
Emanuel County Schools		395,314		23,574
Evans County Schools		156,045		9,306
Fannin County Schools		305,154		18,198
Fayette County Schools		1,414,807		84,371
Floyd County Schools		648,453		38,670
Forsyth County Schools		2,968,319		177,014
Franklin County Schools		291,284		17,371
Gilmer County Schools		332,896		19,852
Glascok County Schools		69,353		4,136
Glynn County Schools		1,203,279		71,757
Gordon County Schools		357,169		21,299
Grady County Schools		388,378		23,161
Greene County Schools		235,801		14,062
Gwinnett County Schools		12,410,760		740,104
Habersham County Schools		703,936		41,979
Hall County Schools		2,080,597		124,075
Hancock County Schools		187,254		11,167
Haralson County Schools		228,866		13,648
Harris County Schools		482,005		28,744
Hart County Schools		353,701		21,093
Heard County Schools		135,239		8,065
Henry County Schools		2,035,518		121,387
Houston County Schools		2,607,682		155,507
Irwin County Schools		114,433		6,824
Jackson County Schools		697,001		41,565
Jasper County Schools		246,205		14,682
Jeff Davis County Schools		291,284		17,371



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	\$	305,154	\$	18,198
Jenkins County Schools		117,900		7,031
Johnson County Schools		107,498		6,411
Jones County Schools		537,487		32,053
Lamar County Schools		239,268		14,269
Lanier County Schools		110,965		6,617
Laurens County Schools		624,180		37,223
Lee County Schools		662,324		39,497
Liberty County Schools		1,040,299		62,038
Lincoln County Schools		159,512		9,512
Long County Schools		287,816		17,164
Lowndes County Schools		995,219		59,349
Lumpkin County Schools		402,249		23,988
Macon County Schools		218,463		13,028
Madison County Schools		312,089		18,611
Marion County Schools		107,498		6,411
Mcduffie County Schools		377,975		22,540
Mcintosh County Schools		194,189		11,580
Meriwether County Schools		367,572		21,920
Miller County Schools		121,368		7,238
Mitchell County Schools		190,721		11,374
Monroe County Schools		520,150		31,019
Montgomery County Schools		72,821		4,343
Morgan County Schools		267,010		15,923
Murray County Schools		506,278		30,192
Muscogee County Schools		2,697,842		160,884
Newton County Schools		1,657,543		98,846
Oconee County Schools		606,841		36,189
Oglethorpe County Schools		242,736		14,475
Paulding County Schools		2,149,951		128,211
Peach County Schools		218,463		13,028
Pickens County Schools		405,717		24,195
Pierce County Schools		256,607		15,303
Pike County Schools		256,607		15,303
Polk County Schools		485,473		28,951
Pulaski County Schools		135,239		8,065
Putnam County Schools		350,234		20,886
Quitman County Schools		34,677		2,068
Rabun County Schools		256,607		15,303
Randolph County Schools		117,900		7,031
Richmond County Schools		2,704,777		161,297
Rockdale County Schools		1,328,114		79,201



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	\$	76,289	\$	4,549
Screven County Schools		242,736		14,475
Seminole County Schools		156,045		9,306
Spalding County Schools		1,106,184		65,966
Stephens County Schools		471,603		28,124
Stewart County Schools		86,691		5,170
Sumter County Schools		540,955		32,259
Talbot County Schools		69,353		4,136
Taliaferro County Schools		38,144		2,275
Tattnall County Schools		329,428		19,645
Taylor County Schools		152,577		9,099
Telfair County Schools		142,174		8,478
Terrell County Schools		156,045		9,306
Thomas County Schools		454,264		27,090
Tift County Schools		478,538		28,537
Toombs County Schools		235,801		14,062
Towns County Schools		131,772		7,858
Treutlen County Schools		69,353		4,136
Troup County Schools		1,303,841		77,754
Turner County Schools		83,224		4,963
Twiggs County Schools		79,756		4,756
Union County Schools		260,075		15,509
Upson County Schools		523,617		31,226
Walker County Schools		1,012,558		60,383
Walton County Schools		1,126,990		67,207
Ware County Schools		568,696		33,914
Warren County Schools		69,353		4,136
Washington County Board of Education		239,268		14,269
Wayne County Schools		568,696		33,914
Webster County Schools		27,742		1,654
Wheeler County Schools		83,224		4,963
White County Board of Education		329,428		19,645
Whitfield County Schools		887,722		52,939
Wilcox County Schools		114,433		6,824
Wilkes County Schools		211,528		12,614
Wilkinson County Schools		176,851		10,546
Worth County Schools		267,010		15,923
City of Bremen Schools (Haralson)		52,014		3,102
City of Buford Schools (Gwinnett)		256,607		15,303
City of Calhoun Schools (Gordon)		149,110		8,892
City of Carrollton Schools (Carroll)		294,752		17,577
City of Cartersville Schools (Bartow)		187,254		11,167



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)	\$	79,756	\$	4,756
City of Commerce Schools (Jackson)		62,418		3,722
City of Dalton Schools (Whitfield)		436,926		26,056
City of Decatur Schools (DeKalb)		322,493		19,232
City of Dublin Schools (Laurens)		197,656		11,787
City of Gainesville Schools (Hall)		416,119		24,815
City of Jefferson Schools (Jackson)		187,254		11,167
City of Marietta Schools (Cobb)		436,926		26,056
City of Pelham Schools (Mitchell)		97,095		5,790
City of Rome Schools (Floyd)		319,024		19,025
City of Social Circle Schools (Walton)		97,095		5,790
City of Thomasville Schools (Thomas)		93,626		5,583
City of Trion Schools (Chattooga)		58,951		3,515
City of Valdosta Schools (Lowndes)		794,095		47,355
City of Vidalia Schools (Toomb		135,239		8,065
International Community School		3,468		207
Fulton Educational Services Inc		3,468		207
Georgia Magnet Charter School		3,468		207
Georgia Military College		246,205		14,682
Kipp Metro Atlanta Collaborative Inc		<u>114,433</u>		<u>6,824</u>
Total State of Georgia	\$	<u>123,050,000</u>	\$	<u>7,338,000</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 16, 2010.

VALUATION INTEREST RATE: 7.50% per annum, compounded annually, net of investment expenses, composed of a 3.00% inflation assumption and a 4.50% 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	35.0%		
25	30.0	17.0%	
30	27.0	16.0	14.0%
35	24.0	14.0	9.0
40	21.0	12.0	7.0
45	20.0	11.0	6.5
50	18.0	11.0	6.5
55	15.0	9.0	6.0
60	13.0	9.0	
<u>Females</u>			
20	34.0%		
25	29.0	19.0%	
30	24.0	15.0	11.0%
35	20.0	13.0	10.0
40	17.0	12.0	8.0
45	16.0	10.0	7.0
50	14.0	9.0	6.5
55	12.0	8.0	6.0
60	11.0	7.0	



Age	Annual Rates of		Disability
	Death		
	Males	Females	
20	0.036%	0.019%	0.00%
25	0.038	0.021	0.00
30	0.050	0.026	0.00
35	0.084	0.048	0.00
40	0.114	0.071	0.01
45	0.162	0.112	0.04
50	0.245	0.168	0.09
55	0.420	0.272	0.23
60	0.778	0.506	0.35
65	1.441	0.971	0.00

RETIREMENT:

Age	Annual Rate	Age	Annual Rate
60	15%	68	25%
61	15	69	25
62	22	70	25
63	18	71	25
64	18	72	25
65	28	73	25
66	25	74	25
67	25	75 & Over	100

DEATHS AFTER RETIREMENT: The RP-2000 Combined Table set forward one year for males is used for the period after service retirement and for beneficiaries of deceased members. The RP-2000 Disabled Mortality Table set back 2 years for males and set forward one year for 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 16, 2010, the numbers of expected future deaths are 8-10% less than the actual number of deaths that occurred during the study period for healthy retirees and 18-33% 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	0.114%	0.071%	65	1.441%	0.971%
45	0.162	0.112	70	2.457	1.674
50	0.245	0.168	75	4.217	2.811
55	0.420	0.272	80	7.204	4.588
60	0.768	0.506	85	12.280	7.745



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: 75% 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.