



**Cavanaugh Macdonald**  
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*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, 2014**





# Cavanaugh Macdonald

CONSULTING, LLC

*The experience and dedication you deserve*

June 4, 2015

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, 2014 (the Measurement Date).

GASB Statement Number 68 establishes 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, 2013. 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  
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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, 2014**

**SECTION I – INTRODUCTION**

The Governmental Accounting Standards Board issued Statement No. 68 (GASB 68), *Accounting and Financial Reporting For Pensions* in June 2012. GASB 68's effective date is for an employer's fiscal year beginning after June 15, 2014. 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, 2014 (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, 2015 (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, 2013. The results of that valuation were detailed in a report dated April 17, 2014.

GASB 68 replaces GASB 27, and represents a significant departure from the requirements of the prior statement. GASB 27 required employers providing benefits through pension plans to report items consistent with the results of the plan's actuarial valuations, as long as those valuations met certain parameters. GASB 68 creates disclosure and reporting requirements that may or may not be consistent with the basis used for funding the Plan.

Two major changes in GASB 68 are the requirements to include a proportionate share of a Net Pension Liability (NPL) and to recognize a proportionate share of a Pension Expense (PE) in the financial statements of each of the participating employers and non-employer contributing entities.

The NPL shown in the GASB Statement No. 67 Report for the Georgia Public Schools Employees Retirement System prepared as of June 30, 2014 and submitted September 9, 2014 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 IV.



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, 2014. 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)**

	2014
<b>Valuation Date (VD):</b>	June 30, 2013
<b>Measurement Date (MD):</b>	June 30, 2014
<b>Reporting Date (RD):</b>	June 30, 2015
<b>Single Equivalent Interest Rate (SEIR):</b>	
Long-Term Expected Rate of Return	7.50%
Municipal Bond Index Rate at Measurement Date	4.35%
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%
<b>Net Pension Liability:</b>	
Total Pension Liability (TPL)	\$ 930,745
Fiduciary Net Position (FNP)	<u>821,733</u>
Net Pension Liability (NPL = TPL – FNP)	\$ 109,012
FNP as a percentage of TPL	88.29%
<b>Collective Pension Expense (PE):</b>	\$9,467
<b>Deferred Outflows of Resources:</b>	\$0
<b>Deferred Inflows of Resources:</b>	\$56,283



**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 C. The TPL was determined by an actuarial valuation as of June 30, 2013, 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, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2004 – June 30, 2009.

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 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Fixed Income	30.00%	3.00%
Domestic Large Stocks	39.70%	6.50%
Domestic Mid Stocks	3.70%	10.00%
Domestic Small Stocks	1.60%	13.00%
Int'l Developed Mkt Stocks	18.90%	6.50%
Int'l Emerging Mkt Stocks	6.10%	11.00%
Total	100.00%	

\*Rates shown are net of the 3.00% assumed rate 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	\$211,620	\$109,012	\$22,657

**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, 2013 is the actuarial valuation date upon which the TPL is based. An expected TPL is determined as of June 30, 2014 using standard roll forward techniques. The procedure used to determine the TPL as of June 30, 2014 is shown on page 6 of the GASB 67 report for PSERS submitted on September 9, 2014

**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	\$0
Changes of actuarial assumptions	0	0
Net difference between projected and actual earnings on plan investments	<u>0</u>	<u>56,283</u>
Total	<u>\$0</u>	<u>\$56,283</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	\$(14,071)
Year 2	(14,071)
Year 3	(14,071)
Year 4	(14,070)
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, 2014, 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, 2014 this number of years for the active members is 6.90. The average expected remaining service life of the inactive members is, of course, zero. Therefore, the number of years to use for the amortization is the weighted average for all active and inactive members, or 2.01 years. Since this is the first year of implementation of GASB 68 and roll-forward procedures were used to determine the TPL at the measurement date, there were no changes due to actual versus expected experience to be recognized for the year.

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 amount to be recognized due to investment experience for the year is \$(14,071,000).

The current year portions of previously determined experience, assumption and earnings amounts, recognized as deferred outflows and inflows (see Section V) are included also. Deferred outflows are added to the PE while deferred inflows are subtracted from the PE. Since this is the first year of implementation of GASB 68, there were no deferred inflows or outflows at the beginning of the year. 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:



<b>Collective Pension Expense</b> <b>Determined as of the Measurement Date</b> <b>(\$ thousands)</b>	
Service Cost at end of year	\$11,049
Interest on the TPL and net cash flow	66,143
Current-period benefit changes	0
Expensed portion of current-period difference between expected and actual experience in the total pension liability	0
Expensed portion of current-period changes of assumptions	0
Member contributions	(1,659)
Projected earnings on plan investments	(53,445)
Expensed portion of current-period differences between projected and actual earnings on plan investments	(14,071)
Administrative expense	1,450
Other	0
Recognition of beginning deferred outflows of resources as pension expense	0
Recognition of beginning deferred inflows of resources as pension expense	<u>0</u>
<b>Collective Pension Expense</b>	<b><u>\$9,467</u></b>



## **SECTION V – REQUIRED SUPPLEMENTARY INFORMATION**

**Paragraphs 81(a)-(b):** CMC was not required to supply this 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. 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, 2014**

<b>Employers</b>	<b>2014 State Pension Support Provided To The Districts</b>	<b>Employer Allocation Percentage</b>
Appling County Schools	\$ 52,985.66	0.195087%
Atkinson County Schools	28,358.52	0.104413%
Bacon County Schools	28,358.52	0.104413%
Baker County Schools	8,209.05	0.030225%
Baldwin County Schools	100,001.10	0.368193%
Banks County Schools	64,926.09	0.239050%
Barrow County Schools	167,166.02	0.615486%
Bartow County Schools	244,778.81	0.901247%
Ben Hill County Schools	55,970.76	0.206078%
Berrien County Schools	47,761.72	0.175853%
Bibb County Schools	439,557.07	1.618399%
Bleckley County Schools	59,702.15	0.219816%
Brantley County Schools	84,329.29	0.310491%
Brooks County Schools	55,970.76	0.206078%
Bryan County Schools	131,344.73	0.483596%
Bulloch County Schools	232,092.10	0.854536%
Burke County Schools	120,150.57	0.442381%
Butts County Schools	73,135.13	0.269275%
Calhoun County Schools	17,910.64	0.065945%
Camden County Schools	167,166.02	0.615486%
Candler County Schools	39,552.67	0.145628%
Carroll County Schools	211,942.63	0.780348%
Catoosa County Board of Education	238,808.59	0.879266%
Charlton County Schools	33,582.46	0.123647%
Chatham County Schools	367,168.21	1.351871%
Chattahoochee County Schools	22,388.31	0.082431%
Chattooga County Schools	42,537.78	0.156619%
Cherokee County Schools	497,766.66	1.832720%
Clarke County Schools	326,869.26	1.203495%
Clay County Schools	8,209.05	0.030225%
Clayton County Schools	876,129.03	3.225806%
Clinch County Schools	20,149.48	0.074188%
Cobb County Schools	1,823,900.64	6.715393%
Coffee County Schools	94,777.16	0.348959%
Colquitt County Schools	185,822.94	0.684179%



Employers	2014 State Pension Support Provided To The Districts	Employer Allocation Percentage
Columbia County Schools	\$ 425,377.81	1.566192%
Cook County Schools	63,433.53	0.233555%
Coweta County Schools	450,751.22	1.659614%
Crawford County Schools	40,298.95	0.148376%
Crisp County Schools	97,015.99	0.357202%
Dade County Schools	41,791.50	0.153872%
Dawson County Schools	70,896.30	0.261032%
Decatur County Schools	129,105.90	0.475353%
Dekalb County Schools	1,585,838.32	5.838875%
Dodge County Schools	67,164.92	0.247294%
Dooly County Schools	41,045.23	0.151124%
Dougherty County Schools	354,481.51	1.305160%
Douglas County Schools	479,109.74	1.764027%
Early County Schools	42,537.78	0.156619%
Echols County Schools	11,194.15	0.041216%
Effingham County Schools	200,002.20	0.736385%
Elbert County Schools	55,970.76	0.206078%
Emanuel County Schools	88,060.67	0.324229%
Evans County Schools	32,089.90	0.118151%
Fannin County Schools	67,911.19	0.250041%
Fayette County Schools	319,406.50	1.176018%
Floyd County Schools	152,240.48	0.560532%
Forsyth County Schools	616,424.69	2.269605%
Franklin County Schools	67,164.92	0.247294%
Gilmer County Schools	72,388.86	0.266527%
Glascocock County Schools	14,179.26	0.052206%
Glynn County Schools	272,391.05	1.002913%
Gordon County Schools	92,538.33	0.340716%
Grady County Schools	80,597.90	0.296752%
Greene County Schools	50,000.55	0.184096%
Gwinnett County Schools	2,800,777.05	10.312139%
Habersham County Schools	155,971.86	0.574270%
Hall County Schools	468,661.87	1.725559%
Hancock County Schools	42,537.78	0.156619%
Haralson County Schools	52,985.66	0.195087%
Harris County Schools	102,239.93	0.376436%
Hart County Schools	75,373.96	0.277518%
Heard County Schools	36,567.57	0.134638%
Henry County Schools	445,527.28	1.640380%



Employers	2014 State Pension Support Provided To The Districts	Employer Allocation Percentage
Houston County Schools	\$ 573,886.90	2.112986%
Irwin County Schools	26,119.69	0.096170%
Jackson County Schools	151,494.20	0.557784%
Jasper County Schools	44,776.61	0.164862%
Jeff Davis County Schools	64,926.09	0.239050%
Jefferson County Schools	72,388.86	0.266527%
Jenkins County Schools	27,612.24	0.101665%
Johnson County Schools	22,388.31	0.082431%
Jones County Schools	123,135.68	0.453371%
Lamar County Schools	55,224.49	0.203330%
Lanier County Schools	24,627.14	0.090674%
Laurens County Schools	131,344.73	0.483596%
Lee County Schools	150,747.93	0.555037%
Liberty County Schools	235,077.21	0.865527%
Lincoln County Schools	34,328.74	0.126394%
Long County Schools	62,687.26	0.230807%
Lowndes County Schools	222,390.50	0.818816%
Lumpkin County Schools	90,299.50	0.332472%
Macon County Schools	52,239.38	0.192339%
Madison County Schools	72,388.86	0.266527%
Marion County Schools	24,627.14	0.090674%
Mcduffie County Schools	85,075.56	0.313238%
Mcintosh County Schools	41,791.50	0.153872%
Meriwether County Schools	79,105.35	0.291257%
Miller County Schools	26,865.97	0.098917%
Mitchell County Schools	38,060.12	0.140133%
Monroe County Schools	114,180.36	0.420399%
Montgomery County Schools	17,910.64	0.065945%
Morgan County Schools	59,702.15	0.219816%
Murray County Schools	118,658.02	0.436885%
Muscogee County Schools	615,678.41	2.266857%
Newton County Schools	358,959.17	1.321646%
Oconee County Schools	132,091.00	0.486344%
Oglethorpe County Schools	53,731.93	0.197835%
Paulding County Schools	514,931.03	1.895917%
Peach County Schools	50,000.55	0.184096%
Pickens County Schools	91,045.78	0.335220%
Pierce County Schools	57,463.32	0.211573%
Pike County Schools	57,463.32	0.211573%





Employers	2014 State Pension Support Provided To The Districts	Employer Allocation Percentage
Polk County Schools	\$ 110,448.98	0.406660%
Pulaski County Schools	30,597.35	0.112656%
Putnam County Schools	75,373.96	0.277518%
Quitman County Schools	8,209.05	0.030225%
Rabun County Schools	58,209.59	0.214321%
Randolph County Schools	27,612.24	0.101665%
Richmond County Schools	605,230.53	2.228389%
Rockdale County Schools	261,943.18	0.964445%
Schley County Schools	17,910.64	0.065945%
Screven County Schools	54,478.21	0.200583%
Seminole County Schools	32,836.18	0.120899%
Spalding County Schools	235,077.21	0.865527%
Stephens County Schools	120,150.57	0.442381%
Stewart County Schools	17,910.64	0.065945%
Sumter County Schools	109,702.70	0.403913%
Talbot County Schools	14,925.54	0.054954%
Taliaferro County Schools	6,716.49	0.024729%
Tattall County Schools	75,373.96	0.277518%
Taylor County Schools	34,328.74	0.126394%
Telfair County Schools	31,343.63	0.115404%
Terrell County Schools	35,075.01	0.129142%
Thomas County Schools	91,045.78	0.335220%
Tift County Schools	102,986.21	0.379183%
Toombs County Schools	55,970.76	0.206078%
Towns County Schools	27,612.24	0.101665%
Treutlen County Schools	21,642.03	0.079683%
Troup County Schools	277,614.99	1.022147%
Turner County Schools	20,895.75	0.076936%
Twiggs County Schools	21,642.03	0.079683%
Union County Schools	58,955.87	0.217069%
Upson County Schools	111,941.53	0.412156%
Walker County Schools	217,912.84	0.802330%
Walton County Schools	250,002.75	0.920481%
Ware County Schools	119,404.30	0.439633%
Warren County Schools	19,403.20	0.071440%
Washington County Board of Education	53,731.93	0.197835%
Wayne County Schools	124,628.24	0.458867%
Webster County Schools	7,462.77	0.027477%
Wheeler County Schools	14,179.26	0.052206%



Employers	2014 State Pension Support Provided To The Districts	Employer Allocation Percentage
White County Board of Education	\$ 97,015.99	0.357202%
Whitfield County Schools	197,017.09	0.725394%
Wilcox County Schools	23,880.86	0.087927%
Wilkes County Schools	47,015.44	0.173105%
Wilkinson County Schools	39,552.67	0.145628%
Worth County Schools	59,702.15	0.219816%
City of Bremen Schools (Haralson)	11,940.43	0.043963%
City of Buford Schools (Gwinnett)	47,015.44	0.173105%
City of Calhoun Schools (Gordon)	33,582.46	0.123647%
City of Carrollton Schools (Carroll)	67,911.19	0.250041%
City of Cartersville Schools (Bartow)	42,537.78	0.156619%
City of Chickamauga Schools	16,418.09	0.060450%
City of Commerce Schools (Jackson)	24,627.14	0.090674%
City of Dalton Schools (Whitfield)	85,821.84	0.315986%
City of Decatur Schools (DeKalb)	67,911.19	0.250041%
City of Dublin Schools (Laurens)	48,508.00	0.178601%
City of Gainesville Schools (Hall)	82,836.73	0.304995%
City of Jefferson Schools (Jackson)	41,045.23	0.151124%
City of Marietta Schools (Cobb)	108,210.14	0.398417%
City of Pelham Schools (Mitchell)	22,388.31	0.082431%
City of Rome Schools (Floyd)	72,388.86	0.266527%
City of Social Circle Schools (Walton)	21,642.03	0.079683%
City of Thomasville Schools (Thomas)	18,656.92	0.068693%
City of Trion Schools (Chattooga)	14,925.54	0.054954%
City of Valdosta Schools (Lowndes)	166,419.74	0.612738%
City of Vidalia Schools (Toomb)	30,597.35	0.112656%
Charter Conservatory For L and T	1,492.55	0.005495%
International Community School	1,492.55	0.005495%
Fulton Educational Services Inc	1,492.55	0.005495%
Georgia Magnet Charter School	1,492.55	0.005495%
GA Military College	54,478.21	0.200583%
Kipp Metro Atlanta Collaborative Inc	<u>42,537.78</u>	<u>0.156619%</u>
Total State of Georgia	\$ <u>27,160,000.00</u>	<u>100.000000%</u>



**SCHEDULE B**

**GEORGIA PUBLIC SCHOOLS EMPLOYEES RETIREMENT SYSTEM**  
**Schedule of Pension Amounts by Employer as of June 30, 2014**

<b>Employers</b>	<b>State's Proportionate Share Of the Net Pension Liability Associated with the District</b>	<b>Employer Pension Expense and Revenue For State Support</b>
Appling County Schools	\$ 212,668.35	\$ 18,468.90
Atkinson County Schools	113,822.50	9,884.76
Bacon County Schools	113,822.50	9,884.76
Baker County Schools	32,948.62	2,861.38
Baldwin County Schools	401,374.07	34,856.79
Banks County Schools	260,593.61	22,630.90
Barrow County Schools	670,953.67	58,268.07
Bartow County Schools	982,467.88	85,321.10
Ben Hill County Schools	224,649.67	19,509.40
Berrien County Schools	191,701.05	16,648.02
Bibb County Schools	1,764,248.72	153,213.80
Bleckley County Schools	239,626.31	20,810.02
Brantley County Schools	338,472.17	29,394.16
Brooks County Schools	224,649.67	19,509.40
Bryan County Schools	527,177.89	45,782.05
Bulloch County Schools	931,547.29	80,898.97
Burke County Schools	482,247.95	41,880.17
Butts County Schools	293,542.23	25,492.28
Calhoun County Schools	71,887.89	6,243.01
Camden County Schools	670,953.67	58,268.07
Candler County Schools	158,752.43	13,786.64
Carroll County Schools	850,673.41	73,875.58
Catoosa County Board of Education	958,505.25	83,240.09
Charlton County Schools	134,789.80	11,705.64
Chatham County Schools	1,473,701.82	127,981.65
Chattahoochee County Schools	89,859.87	7,803.76
Chattooga County Schools	170,733.75	14,827.14
Cherokee County Schools	1,997,884.38	173,503.57
Clarke County Schools	1,311,954.06	113,934.88
Clay County Schools	32,948.62	2,861.38
Clayton County Schools	3,516,516.13	305,387.10
Clinch County Schools	80,873.88	7,023.38
Cobb County Schools	7,320,583.83	635,746.22
Coffee County Schools	380,406.77	33,035.91
Colquitt County Schools	745,836.90	64,771.20



Employers	State's Proportionate Share Of the Net Pension Liability Associated with the District	Employer Pension Expense and Revenue For State Support
Columbia County Schools	\$ 1,707,337.47	\$ 148,271.42
Cook County Schools	254,602.96	22,110.65
Coweta County Schools	1,809,178.66	157,115.68
Crawford County Schools	161,747.76	14,046.77
Crisp County Schools	389,392.76	33,816.29
Dade County Schools	167,738.42	14,567.02
Dawson County Schools	284,556.25	24,711.90
Decatur County Schools	518,191.90	45,001.68
Dekalb County Schools	6,365,073.91	552,766.25
Dodge County Schools	269,579.60	23,411.28
Dooly County Schools	164,743.09	14,306.89
Dougherty County Schools	1,422,781.23	123,559.52
Douglas County Schools	1,923,001.15	167,000.44
Early County Schools	170,733.75	14,827.14
Echols County Schools	44,929.93	3,901.88
Effingham County Schools	802,748.15	69,713.58
Elbert County Schools	224,649.67	19,509.40
Emanuel County Schools	353,448.81	30,694.78
Evans County Schools	128,799.14	11,185.39
Fannin County Schools	272,574.93	23,671.40
Fayette County Schools	1,282,000.77	111,333.63
Floyd County Schools	611,047.10	53,065.56
Forsyth County Schools	2,474,141.67	214,863.49
Franklin County Schools	269,579.60	23,411.28
Gilmer County Schools	290,546.90	25,232.15
Glascock County Schools	56,911.25	4,942.38
Glynn County Schools	1,093,295.05	94,945.73
Gordon County Schools	371,420.78	32,255.54
Grady County Schools	323,495.52	28,093.53
Greene County Schools	200,687.04	17,428.39
Gwinnett County Schools	11,241,469.36	976,250.25
Habersham County Schools	626,023.74	54,366.19
Hall County Schools	1,881,066.55	163,358.69
Hancock County Schools	170,733.75	14,827.14
Haralson County Schools	212,668.35	18,468.90
Harris County Schools	410,360.06	35,637.17
Hart County Schools	302,528.22	26,272.65
Heard County Schools	146,771.12	12,746.14
Henry County Schools	1,788,211.35	155,294.80



Employers	State's Proportionate Share Of the Net Pension Liability Associated with the District	Employer Pension Expense and Revenue For State Support
Houston County Schools	\$ 2,303,407.92	\$ 200,036.35
Irwin County Schools	104,836.51	9,104.39
Jackson County Schools	608,051.77	52,805.43
Jasper County Schools	179,719.73	15,607.52
Jeff Davis County Schools	260,593.61	22,630.90
Jefferson County Schools	290,546.90	25,232.15
Jenkins County Schools	110,827.17	9,624.64
Johnson County Schools	89,859.87	7,803.76
Jones County Schools	494,229.27	42,920.67
Lamar County Schools	221,654.34	19,249.27
Lanier County Schools	98,845.85	8,584.13
Laurens County Schools	527,177.89	45,782.05
Lee County Schools	605,056.44	52,545.31
Liberty County Schools	943,528.60	81,939.47
Lincoln County Schools	137,785.13	11,965.76
Long County Schools	251,607.63	21,850.52
Lowndes County Schools	892,608.01	77,517.34
Lumpkin County Schools	362,434.80	31,475.16
Macon County Schools	209,673.02	18,208.77
Madison County Schools	290,546.90	25,232.15
Marion County Schools	98,845.85	8,584.13
Mcduffie County Schools	341,467.49	29,654.28
Mcintosh County Schools	167,738.42	14,567.02
Meriwether County Schools	317,504.86	27,573.28
Miller County Schools	107,831.84	9,364.51
Mitchell County Schools	152,761.77	13,266.39
Monroe County Schools	458,285.32	39,799.17
Montgomery County Schools	71,887.89	6,243.01
Morgan County Schools	239,626.31	20,810.02
Murray County Schools	476,257.30	41,359.92
Muscogee County Schools	2,471,146.34	214,603.37
Newton County Schools	1,440,753.20	125,120.27
Oconee County Schools	530,173.22	46,042.18
Oglethorpe County Schools	215,663.68	18,729.02
Paulding County Schools	2,066,776.94	179,486.45
Peach County Schools	200,687.04	17,428.39
Pickens County Schools	365,430.13	31,735.29
Pierce County Schools	230,640.33	20,029.65
Pike County Schools	230,640.33	20,029.65



Employers	State's Proportionate Share Of the Net Pension Liability Associated with the District	Employer Pension Expense and Revenue For State Support
Polk County Schools	\$ 443,308.68	\$ 38,498.54
Pulaski County Schools	122,808.48	10,665.14
Putnam County Schools	302,528.22	26,272.65
Quitman County Schools	32,948.62	2,861.38
Rabun County Schools	233,635.65	20,289.77
Randolph County Schools	110,827.17	9,624.64
Richmond County Schools	2,429,211.74	210,961.61
Rockdale County Schools	1,051,360.44	91,303.98
Schley County Schools	71,887.89	6,243.01
Screven County Schools	218,659.01	18,989.15
Seminole County Schools	131,794.47	11,445.51
Spalding County Schools	943,528.60	81,939.47
Stephens County Schools	482,247.95	41,880.17
Stewart County Schools	71,887.89	6,243.01
Sumter County Schools	440,313.35	38,238.42
Talbot County Schools	59,906.58	5,202.51
Taliaferro County Schools	26,957.96	2,341.13
Tattnall County Schools	302,528.22	26,272.65
Taylor County Schools	137,785.13	11,965.76
Telfair County Schools	125,803.81	10,925.26
Terrell County Schools	140,780.46	12,225.89
Thomas County Schools	365,430.13	31,735.29
Tift County Schools	413,355.39	35,897.29
Toombs County Schools	224,649.67	19,509.40
Towns County Schools	110,827.17	9,624.64
Treutlen County Schools	86,864.54	7,543.63
Troup County Schools	1,114,262.35	96,766.61
Turner County Schools	83,869.21	7,283.51
Twiggs County Schools	86,864.54	7,543.63
Union County Schools	236,630.98	20,549.90
Upson County Schools	449,299.34	39,018.79
Walker County Schools	874,636.04	75,956.59
Walton County Schools	1,003,435.18	87,141.97
Ware County Schools	479,252.62	41,620.05
Warren County Schools	77,878.55	6,763.26
Washington County Board of Education	215,663.68	18,729.02
Wayne County Schools	500,219.93	43,440.92
Webster County Schools	29,953.29	2,601.25
Wheeler County Schools	56,911.25	4,942.38



Employers	State's Proportionate Share Of the Net Pension Liability Associated with the District	Employer Pension Expense and Revenue For State Support
White County Board of Education	\$ 389,392.76	\$ 33,816.29
Whitfield County Schools	790,766.83	68,673.08
Wilcox County Schools	95,850.52	8,324.01
Wilkes County Schools	188,705.72	16,387.89
Wilkinson County Schools	158,752.43	13,786.64
Worth County Schools	239,626.31	20,810.02
City of Bremen Schools (Haralson)	47,925.26	4,162.00
City of Buford Schools (Gwinnett)	188,705.72	16,387.89
City of Calhoun Schools (Gordon)	134,789.80	11,705.64
City of Carrollton Schools (Carroll)	272,574.93	23,671.40
City of Cartersville Schools (Bartow)	170,733.75	14,827.14
City of Chickamauga Schools (W)	65,897.24	5,722.76
City of Commerce Schools (Jackson)	98,845.85	8,584.13
City of Dalton Schools (Whitfield)	344,462.82	29,914.41
City of Decatur Schools (DeKalb)	272,574.93	23,671.40
City of Dublin Schools (Laurens)	194,696.38	16,908.14
City of Gainesville Schools (Hall)	332,481.51	28,873.91
City of Jefferson Schools (Jackson)	164,743.09	14,306.89
City of Marietta Schools (Cobb)	434,322.69	37,718.17
City of Pelham Schools (Mitchell)	89,859.87	7,803.76
City of Rome Schools (Floyd)	290,546.90	25,232.15
City of Social Circle Schools (Walton)	86,864.54	7,543.63
City of Thomasville Schools (Thomas)	74,883.22	6,503.13
City of Trion Schools (Chattooga)	59,906.58	5,202.51
City of Valdosta Schools (Lowndes)	667,958.34	58,007.94
City of Vidalia Schools (Toomb)	122,808.48	10,665.14
Charter Conservatory for L and T	5,990.66	520.25
International Community School	5,990.66	520.25
Fulton Educational Services Inc	5,990.66	520.25
Georgia Magnet Charter School	5,990.66	520.25
GA Military College	218,659.01	18,989.15
KIPP Metro Atlanta Collaborative Inc	<u>170,733.75</u>	<u>14,827.14</u>
Total State of Georgia	\$ <u>109,012,000.00</u>	\$ <u>9,467,000.00</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 &amp; Over</u>
<b><u>Males</u></b>			
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	
<b><u>Females</u></b>			
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.