BPS&M

Bryan, Pendleton, Swats & McAllister, LLC
A Wells Fargo Company

KENTUCKY JUDICIAL RETIREMENT PLAN – HYBRID TIER

GASB DISCLOSURE REPORT

AS OF
JULY 1, 2016

CONTENTS

INTRODUCTION

An actuarial valuation of the Kentucky Judicial Retirement Plan - Hybrid Tier ("KJRP-HT") was last performed as of July 1, 2015. The results shown in this report as of July 1, 2016 were developed using a "roll-forward" method that employs generally accepted actuarial techniques. The results in this report have been developed with full reliance on the July 1, 2015 Actuarial Valuation Report. **This report covers only the hybrid cash balance/OPEB tier of Kentucky Judicial Retirement Plan ("KJRP").**

Actuarial valuations are based on the integrity of employee data, plan asset data, plan provisions and an extensive set of assumptions regarding future events. There is necessary uncertainty with any actuarial calculation based on the accuracy of the data provided, the correct interpretation of plan provisions and the realization of the assumptions made. These results were based on participant data and asset information provided by The Kentucky Judicial Form Retirement System. This information was not audited but was reviewed for reasonableness.

Detailed explanations of the actuarial assumptions and methods used in the report are contained in later sections of this report. Also included in this report is a summary of provisions of the plan as we understand them.

Governmental Accounting Standards Board Statement 67 ("GASB 67") and Statement 43 ("GASB 43") establish financial reporting standards for defined benefit pension plans and other postemployment benefit (OPEB) plans sponsored by employers that are subject to governmental accounting standards. Governmental Accounting Standards Board Statement 68 ("GASB 68") and Statement 45 ("GASB 45") provide standards for reporting pension and OPEB expenditures and expense, and related liabilities and assets for such plans. The purpose of this report is to provide pertinent financial statement disclosure information for the fiscal year ending in 2016. Actuarial computations under Statements 67, 68, 43, and 45 are for purposes of fulfilling plan and employer governmental accounting requirements and may not be appropriate for other purposes. This report has been prepared on a basis consistent with our understanding of the statements and does not constitute legal, accounting, tax or investment advice.

Statement 68 sets forth a methodology for the calculation of the annual Pension Expense for the upcoming fiscal year. GASB 68 provides a method for reflecting prior gains and losses from asset and plan experience, as well as other areas including plan amendments. Amounts not reflected previously or in the upcoming year are reflected in the Deferred Outflows and Inflows of Resources shown.

Statement 45 sets forth a methodology to determine annual adjustments to the Annual Required Contribution (ARC), which is the contribution recommended pursuant to the appropriate actuarial valuation, to account for differences between amounts expensed and contributions actually made. Under GASB 45, the resulting adjusted amount is referred to as the Annual OPEB Cost (AOC) and the accumulated difference between the AOC and the actual contribution is referred to as the Net OPEB Obligation (NOO).

BPS&M does not have access to and is not providing information concerning liabilities other than benefits, such as for legal or accounting fees.

BPS&M is not aware of any significant events subsequent to the current year's measurement date that could materially affect the information contained in this report.

We are not aware of any relationship between the plan or plan sponsor and BPS&M, LLC or our parent corporation, Wells Fargo Company (until September 30, 2016), which would impair or appear to impair our objectivity.

To the best of our knowledge, all information provided in this report is complete and accurate and disclosures for GASB purposes have been determined in accordance with generally accepted accounting principles.

Legislative Background

State statues were amended in 2013 such that all participants entering KJRP on or after January 1, 2014 will be covered under a hybrid cash balance/OPEB tier; those entering before that date will continue to be covered under the traditional defined benefit/OPEB tier. The legislation making this change also restricted the availability of future cost-of-living adjustments (COLA's) to plan benefits.

Actuarial Soundness

A plan that has adopted a reasonable funding method, that adopts reasonable assumptions and which contributes at a rate at or above the recommended contribution rate (based on these reasonable methods and assumptions), could be considered to be actuarially sound.

In order to ensure KJRP-HT is funded in an "actuarially sound manner", we would recommend the following:

1. Revise the actuarial funding method to amortize all past unfunded as well as new liabilities over a period not more than 15 years and amortize future gains and losses over a period not more than 15 years. (Note that GASB 68 may require the expensing of liabilities at a faster pace than these amortization periods.)
2. Contribute at least the recommended contribution each year.

Deviations from these recommendations may result in an "actuarially unsound" approach to funding KJRP-HT and may eventually result in KJRP-HT becoming insolvent – that is, exhausting assets at which time all future benefits would be provided on a pay as you go basis.

Although the Actuarial Standards of Practice 4 "Measuring Pension Obligations" allows for plan liabilities to be calculated under a legally prescribed method, the statement goes on to say,

> "If, in the actuary's professional judgment, such an actuarial cost method or amortization method is significantly inconsistent with the plan accumulating adequate assets to make benefit payments when due, assuming that all actuarial assumptions will be realized and that the plan sponsor or other contributing entity will make contributions when due, the actuary should disclose this."

It is our professional actuarial option that the current legally prescribed method, which requires contributions of normal cost plus interest on the unfunded liability plus 1% of the unfunded liability (per KRS 21.525), is inconsistent with the plan accumulating adequate assets to make benefit payments when due, assuming all actuarial assumptions are realized.

In addition, the total cost of the Medical Premium Supplement is approximately 0.75% of pay, compared to the required employee contribution of 1% of pay. As a result, members are paying approximately 0.25% of pay more than the benefits are expected to be worth.

SUMMARY OF BENEFITS

This summary is not a Summary Plan Description or a plan document. You should not rely solely on this summary in making a determination of eligibility of benefits. Liabilities and plan provisions are based on the plan data and provisions as of July 1, 2015. This report covers only the hybrid cash balance/OPEB tier of KJRP.

Source

Sections 21.345-21.580 of the Kentucky Revised Statutes and 2013 Senate Bill 2

Eligibility for Membership

District, Circuit, Court of Appeals and Supreme Court Judges may, within 30 days after taking office, elect to make monthly contributions, and thereby become eligible for membership in the plan. Individuals commencing participation before January 1, 2014 became participants in the KJRP.

Hypothetical Member Accounts

The Hypothetical Member Account for each member is credited monthly with 9% of "creditable compensation" (including a 5% employee credit and a 4% state credit), as well as interest as described below. The Hypothetical Member Account balance on June 30 each year is equal to the sum of all prior contribution credits and all prior interest credits.

Employee Contributions

All members contribute 5% of their "creditable compensation" to help fund their pension benefit. Additionally, all members contribute 1% of their "creditable compensation" towards the retiree medical benefit.

State Contributions

The state contributes actuarially determined amounts to finance benefits.

Creditable Compensation

Creditable compensation is based on actual compensation received during each year.

Interest on Hypothetical Member Accounts

The Hypothetical Member Account will be credited with 4% annually. The credit will be applied on each June 30 based upon the Hypothetical Member Account balance from the preceding June 30. No interest credit is provided for contribution credits made in the current year.

Additionally, if the geometric average net investment return for the prior five years (or years since the effective date of the hybrid plan, if less) exceed 4%, members who were active and participating in the prior year will have their hypothetical accounts credited with 75% of the amount of the return over 4%. This additional interest credit is applied in the same method as the interest credit in the prior paragraph.

SUMMARY OF BENEFITS

Normal Retirement

Condition

Members who have attained age 65 and completed at least 5 years of service. However, for members who are at least age 57, members may retire if age plus service equals 87 years.

Benefit

A member will receive their accumulated Hypothetical Account as either a lump sum or as one of a variety of annuity options, calculated by dividing their accumulated Hypothetical Account by an actuarial factor.

Early Retirement

A member who retires prior to normal retirement date with at least 5 years of service is eligible for a full refund of their accumulated Hypothetical Account as a lump sum.

Termination Benefit

If a judge ceases to be a member of the plan prior to having 5 years of service, the amount of the member's accumulated contributions shall be returned to the member, including the member contributions and the interest applicable to this portion of the account. A member terminating with less than 5 years of service does not receive a refund of state contributions nor the interest applicable to this portion of the account.

Death Benefit

Upon the death of a member who at the time of death was receiving a retirement income, the named beneficiary shall receive survivor benefits based upon the form of retirement benefits being received.

If a member with at least 5 years of service dies before retirement, the named beneficiary is entitled to receive a full refund of the accumulated Hypothetical Member Account. If a member with less than 5 years of service dies before retirement, the named beneficiary is entitled to receive a refund of the member's accumulated contributions, including the member contributions and the interest applicable to this portion of the account.

Medical Insurance Premium Supplement

Retired members with at least 15 years of service, in addition to actual retirement benefits, will receive a monthly medical insurance benefit of ten dollars per year of service.

The premium rates in effect as of July 1, 2015:

	Monthly Premium
Under age 65	
Family coverage	$1,701.04
Single coverage	699.28
Parent Plus coverage	995.34
Member and Spouse	1,528.34
Age 65 or older	
Medicare Advantage PPO	391.00

Premium rates are approved by the Board.

Funding Method

Accrued liability and normal cost calculated based on Entry Age Normal funding method. The required contribution is calculated based on KRS 21.525, which requires contributions of normal cost plus interest on the unfunded liability plus 1% of the unfunded liability.

Discount Rate

4% per annum – this rate was selected by the Board of Trustees and BPS&M and the Fund Investment Manager believe this to be a reasonable long-term rate of return assumption.

Interest Crediting Rate

4% per annum

Mortality

RP-2000 Mortality Tables with white collar adjustment with Pre and Post Commencement Rates with projected mortality improvements after year 2000 under Projection Scale AA (male and female scales); i.e., full generational mortality.

Terminations

Table T-3 from the Actuary's Pension Handbook. Specimen rates are as follows:

Age	Rate of Termination
20	.066
25	.053
30	.048
35	.045
40	.038
45	.032
50	.015
55	.003
60+	.000

Salary Increases

1% for the next five years, and 3.5% thereafter.

Disability

None

Retirement Age

Retirements were assumed to occur as follow:

Retirement Age	Percentage of Active Members Retiring
NRA-5	16.67%
NRA-4	20.00%
NRA-3	25.00%
NRA-2	33.33%
NRA-1	50.00%
NRA	100.00%

NRA = Normal Retirement Age

In addition to these rates, an extra 20% rate is assumed at the age a member reaches 27 years of service credit.

Post-Retirement Death Benefit

Assumption is that 80% of the judges would be married at retirement and the husband would be 3 years older than the wife on average.

Pre-Retirement Death Benefit

Assumption is that 80% of the judges would be survived by a spouse upon death prior to retirement and that the husband would be 3 years older than the wife on average.

Form of Benefit

All participants are assumed to receive a lump sum.

Medical Insurance Premium Supplement

Medical premiums and claim costs will increase for each year beyond the valuation date at the following rates:

Year 1	11%
Year 2	10%
Year 3	9%
Year 4	8%
Year 5	7%
Year 6	6%
Years 7+	5%

An annual COLA of 1.5% is applied to the monthly insurance benefit, beginning at retirement.

100% of eligible retirees are assumed to elect the benefit. It was further assumed that coverage would be split among retirees as follows:

	% of Retirees	% With Spouse Coverage
Pre-Medicare Coverage		
Family	39%	N/A
Single	16%	N/A
Parent Plus	29%	N/A
Member and Spouse	16%	N/A
Medicare Coverage		
Medicare Advantage PPO	100%	75%

The assumed annual claims costs per subscriber as of July 1, 2015:

Pre-65 Cost	Post-65 Cost
$ 15,961	$ 8,211

Claims were adjusted downward 3% each year for aging for attained ages 55 to 65.

Retirees are assumed to contribute the difference between the premium rate and the portion of the premium paid by the Plan. Premium rates and Plan contributions are described in the Summary of Benefits.

Non-members

Judges electing not to participate are assumed to continue as non-members in the future.

Asset Valuation Method

The determination of the actuarial value of assets is as follows:

1. Investment gains/losses are determined for each year by comparing the expected value of assets based on the assumed interest assumption to the actual market value. Expected value of assets in each year shall be determined by projecting the market value of assets from the prior year using the assumed interest rate, plus contributions less benefit payments and plan expenses (adjusted with interest at the assumed rate). If the expected value of plan assets is different than the actual market value of plan assets then the difference is treated as a gain or loss for that year.
2. The amount of any gain or loss as determined above shall be recognized evenly over the subsequent five years.
3. The actuarial value of assets on any valuation date shall be equal to the market value of assets on that date adjusted as follows:
    - Reduced by 80% of a gain or increased by 80% of a loss from the preceding year
    - Reduced by 60% of a gain or increased by 60% of a loss from the 2nd preceding year
    - Reduced by 40% of a gain or increased by 40% of a loss from the 3rd preceding year
    - Reduced by 20% of a gain or increased by 20% of a loss from the 4th preceding year

This asset valuation method is used in both the determination of funding levels as well as for disclosure purposes under GASB Statement Nos. 43 and 45. The fair market value of assets is used for disclosure purposes under GASB Statement Nos. 67 and 68.

For purposes of GASB Statement Nos. 43, 45, 67, and 68, the market value of assets has been allocated between retirement related and medical premium supplement liabilities. This market value allocation is carried forward each year based on the following:

1. State and member contributions, as well as transfers for purchase of additional service, are allocated pro-rata reflecting the Annual Required Contribution for that year.
2. Benefits paid reflect actual benefits paid relative to retirement related benefits separately from medical premium supplements.
3. Preliminary assets are determined by adjusting beginning value for allocated State and member contributions and actual benefits paid.
4. Net investment return is allocated pro-rata based on the preliminary assets developed in the previous step.
5. Allocated assets as of the valuation date equal the preliminary balance plus the allocated share of investment income.

Actuarial value of assets is developed initially in total and then allocated between retirement related benefits and medical premium supplement benefits on a pro-rata basis reflecting allocated share of market value as of the valuation date.

ACTUARIAL CERTIFICATION

The information contained in this document (including any attachments) is not intended by BPS&M to be used, and it cannot be used, for the purpose of avoiding penalties under the Internal Revenue Code that may be imposed on the taxpayer. The information and valuation results shown in this report are, to the best of our knowledge, complete and accurate and are based upon the following:

1. The liabilities used in this report are based on a roll forward of liabilities from the July 1, 2015 Actuarial Valuation Report.
2. Financial data as of June 30, 2016, submitted by The Kentucky Judicial Form Retirement System. This data was not audited by us but appears to be sufficient and reliable for purposes of the report.
3. Actuarial assumptions and methods as established either by statute or the Board. The actuarial assumptions currently adopted by the Board appear to be reasonable, both individually and in aggregate.
4. For purposes of GASB 43, 45, 67, and 68 disclosures, assets were split between pension and retiree medical liabilities on the basis of the employee and employer contributions allocated to each part and a prorata allocation of investment return. This methodology was based on the process used to split assets in the traditional defined benefit plan between the pension and retiree medical components.

We believe the information is sufficiently complete and reliable. This report provides actuarial advice and does not constitute legal, accounting, tax or investment advice.

The actuarial valuation summarized in this report has been performed utilizing generally accepted actuarial principles. The actuarial valuation is based on actuarial assumptions used in the July 1, 2015 report. It is our opinion that the results fully and fairly disclose the actuarial position of the plan on the valuation date. I am a consulting actuary for BPS&M, LLC, member of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

Certified by:

Alan C. Pennington, F.S.A.

Alan C. Pennington, F.S.A., E.A., M.A.A.A.
Consulting Actuary/Principal

September 20, 2016
Date

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Statement of Changes in Fiduciary Net Position Under GASB Statement No. 67

	June 30, 2016
Additions	
Contributions:	
Employer	$71,356
Employee	99,064
Total Contributions	170,420
Transfer In Payments	0
Investment Income	4,104
Other	0
Total Additions	174,524
Deductions	
Benefit Payments / Refunds	0
Administrative Expenses	0
Other	0
Total Deductions	0
Net Increase in Net Position	174,524
Net Position Restricted for Pensions	
Beginning of Year	90,516
End of Year	$265,040

Net Pension Liability Under GASB Statement No. 67

Determination of Net Pension Liability

	June 30, 2016
Total Pension Liability (4.00%)	261,651
Plan Fiduciary Net Position	(265,040)
Net Pension Liability	($3,389)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	101.30%

Sensitivity of Net Pension Liability to Changes in the Discount Rate

	1% Decrease (3.00%)	Current Rate (4.00%)	1% Increase (5.00%)
Net Pension Liability	$13,949	($3,389)	($19,536)

Schedule of Changes in the Net Pension Liability and Related Ratios (Dollar amounts in thousands)

	fiscal year ending June 30									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Pension Liability										
Service cost	$0.0	$166.6								
Interest	0.0	10.1								
Changes of benefit terms	85.0	0.0								
Differences between expected and actual experience	0.0	0.0								
Changes of assumptions	0.0	0.0								
Benefit Payments / Refunds	0.0	0.0								
Net Change in Total Pension Liability	$85.0	$176.7								
Total Pension Liability - beginning	0.0	85.0								
Total Pension Liability - ending (a)	$85.0	$261.7								
Plan Fiduciary Net Position										
Contributions - employer	$42.3	$71.3								
Contributions - employee	47.9	99.1								
Transfer In Payments	0.0	0.0								
Net investment income	0.3	4.1								
Benefit Payments / Refunds	0.0	0.0								
Administrative expenses	0.0	0.0								
Other	0.0	0.0								
Net Change in Plan Fiduciary Net Position	$90.5	$174.5								
Plan Fiduciary Net Position - beginning	0.0	90.5								
Plan Fiduciary Net Position - ending (b)	$90.5	$265.0								
Net Pension Liability - ending (a) - (b)	($5.5)	($3.3)								
Plan Fiduciary Net Position as a % of the Total Pension Liability	106.5%	101.3%								
Covered-employee payroll	$1,936	$1,936								
Net Pension Liability as a % of covered-employee payroll	-0.3%	-0.2%								
Discount Rate	4.00%	4.00%								

Schedule of Contributions Under GASB Statement No. 67

(Dollar amounts in thousands)

	fiscal year ending June 30									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Actuarially determined contribution	$42.3	$71.3								
Contributions in relation to the actuarially determined contribution	42.3	71.3								
Contribution deficiency (excess)	$0.0	$0.0								
Covered-employee payroll	$1,936	$1,936								
Contributions as a percentage of covered-employee payroll	2.2%	3.7%								

Additional Requirements Under GASB Statement No. 67

GASB Statement No. 67 also requires a Statement of Fiduciary Net Position (which includes a breakdown of current assets by type) and additional investment information, including the annual money-weighted rate of return. In order to satisfy GASB Statement No. 67, these required pieces will need to be provided by The Kentucky Judicial Form Retirement System. BPS&M is prepared to assist the system as needed.

Schedule of Changes in NPL, Deferrals, & Pension Expense

	Increase (Decrease)					
	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (a) - (b)	Deferred Pension Outflows of Resources	Deferred Pension Inflows of Resources	Pension Expense
Balances--at 06/30/15	$ 84,979	$ 90,516	$ (5,537)	$ 70,500	$ -	
Changes for the Year:						
Service cost	166,609		166,609			166,609
Interest expense	10,063		10,063			10,063
Benefit changes	-		-			-
Experience losses (gains)	-		-	-	-	-
Changes of assumptions	-		-	-	-	-
Contributions--State		71,356	(71,356)			
Contributions--Members		99,064	(99,064)			(99,064)
Transfer In Payments		-	-			
Net investment income		4,104	(4,104)			
Expected return on plan investments						(7,030)
Current expense of asset gain/loss						890
Non expensed asset gain/loss				2,341	-	
Refunds of contributions	-	-	-			
Benefits paid	-	-	-			
Plan administrative expenses						
Recognition of Prior Post-measurement Contribution				(69,281)		
Post-measurement Contribution				69,281		
Other changes						
Amortization of or change in beginning balances				(305)	-	
Net Changes	176,672	174,524	2,148	2,036	-	71,468
Balances--at 06/30/16	$ 261,651	$ 265,040	$ (3,389)	$ 72,536	$ -	$ 71,468

Pension Expense & Deferred Outflows/Inflows of Resources

For the year ended June 30, 2017, the recognized pension expense will be $71,468. At June 30, 2017, The Kentucky Judicial Form Retirement System reported deferred outflows of resources and deferred inflows of resources in relation to pensions from the following sources:

	As of June 30, 2016			As of June 30, 2017		
	Deferred Outflows of Resources	Deferred Inflows of Resources	Recognized in Pension Expense	Deferred Outflows of Resources	Deferred Inflows of Resources	Remaining Amort. Period
Net difference between projected and actual earnings on investments						
- 6/30/2015	1,219	-	305	914	-	3.000 years
- 6/30/2016	2,926	-	585	2,341	-	4.000 years
Total	$ 4,145	$ -	$ 890	$ 3,255	$ -	

Actual investment earnings above (or below) projected earnings are amortized over 5 years. Plan experience and changes of assumptions are amortized over the average remaining service period of actives and inactives (0 years of future service is assumed for inactives for this calculation).

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	890
2019	890
2020	890
2021	585
2022	-
Thereafter	-

In addition, Governmental Accounting Standards Board Statement 71 (“GASB 71”) requires contributions between the measurement date (July 1, 2016) and the disclosure date (June 30, 2017) for GASB 68 be reported as a deferred outflow of resources.

Schedule of Funding Progress Under GASB Statement No. 43

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - a) / c)
7/1/2015	$ 10,754	$ 8,995	$ (1,759)	119.6%	$ 1,935,756	-0.1%
7/1/2016	$ 31,282	$ 25,319	$ (5,963)	123.6%	$ 1,935,756	-0.3%

*7/1/2016 payroll estimated to remain level.

Schedule of Employer Contributions Under GASB Statement No. 45

Year Ended June 30	Annual Pension Cost	Percentage Contributed	OPEB Benefit Obligation
2015	$ -	100%	$ 0
2016	$ -	100%	$ 0

Determination of Annual OPEB Cost Under GASB Statement No. 45

Fiscal Yr Ending	Applicable Valuation Report Used	ARC	Interest on OPEB Obligation	ARC Adjustment	Amort. Factor	OPEB Cost	Contribution	Change in OPEB Obligation	OPEB Obligation Balance
6/30/2015		$ -	$ -	$ -	17.292033	$ -	$ -	$ -	$ -
6/30/2016		$ -	$ -	$ -	17.292033	$ -	$ -	$ -	$ -

Determination of Actuarial Asset Value

	2015-16 Plan Year	2014-15 Plan Year	2013-14 Plan Year	2012-13 Plan Year
Interest Return Assumption	4.00%	4.00%	4.00%	4.00%
Market Value at Beginning of Year				
Amount	$ 101,127	$ -	$ -	$ -
Interest to End of Year	4,045	-	-	-
Employer Contributions				
Amount	71,356	42,320	-	-
Interest to End of Year	1,427	846	-	-
Member Contributions				
Amount	118,876	58,494	-	-
Interest to End of Year	2,378	1,170	-	-
Transfers from KERS				
Amount	-	-	-	-
Interest to End of Year	-	-	-	-
Benefits Paid				
Amount	-	-	-	-
Interest to End of Year	-	-	-	-
Expected End of Year Assets	299,209	102,830	-	-
Market Value at End of Year	295,943	101,127	-	-
Investment Gain (Loss)	(3,266)	(1,703)	-	-
Adjustment Percentage	80%	60%	40%	20%
Actuarial Asset Value Adjustment	2,613	1,022	-	-
Actuarial Asset Value (Market Value plus Adjustment)	**$ 299,578**			

	Retirement	Medical Supplement
Market Value at Beginning of Year	90,516	10,611
State Contributions	71,356	-
Member Contributions	99,064	19,812
Transfers In Payments	-	-
Distributions	-	-
Allocated Investment Return	4,104	480
Market Value at End of Year	265,040	30,903
Allocation of Actuarial Asset Value	268,296	31,282

Notes to GASB 43, 45, 67, and 68 Disclosures

1. The tables in this report account for liabilities and assets only for the hybrid cash balance/OPEB tier under the plan; liabilities and assets pertaining to the traditional defined benefit/OPEB tier are presented in a separate report.
2. Actuarial accrued liability is based on the entry age normal funding method.
3. OPEB liabilities and allocated assets have been excluded from GASB 67 and 68 disclosures and established in GASB 43 and 45 disclosures.
4. Market value of assets were split between pension and OPEB obligations based on the basis of the employee and employer contributions allocated to each part and a prorata allocation of investment return. Actuarial value of assets is then allocated based on the market value of retirement and OPEB assets.
5. Actuarial value of assets uses a 5-year asset smoothing method.
6. Information used in preparing these exhibits has been extracted from past valuation reports.
7. Covered payroll reflects payroll for plan members as of the last actuarial valuation.
8. ARC based on full actuarial report (odd numbered years) immediately prior to each biennium.
9. Interest on OPEB Obligation is based on assumed valuation interest assumption for the prior year, 4% beginning with 2015 valuation.
10. GASB 67 replaces GASB 25 effective for the fiscal year ending June 30, 2014. The valuation date, disclosure date, and measurement date all fall on the same date for purposes of GASB 67.
11. GASB 68 replaces GASB 27 effective for the fiscal year ending June 30, 2015. It is assumed the measurement date for GASB 68 will be 12 months before the disclosure date. For the year ending June 30, 2017, the measurement date is July 1, 2016 (the valuation date).