KENTUCKY JUDICIAL RETIREMENT PLAN – HYBRID TIER

ACTUARIAL VALUATION AND REPORT

AS OF

JULY 1, 2015

CONTENTS

INTRODUCTION

An actuarial valuation of the Kentucky Judicial Retirement Plan - Hybrid Tier (“KJRP-HT”) has been performed as of July 1, 2015. 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.

This report provides details on the actuarial valuation underlying the recommended contribution to the KJRP-HT for plan years commencing in 2016 and 2017. This determination was performed pursuant to Kentucky Revised Statute (“KRS”) §21.525 for the retirement system defined in KRS §21.350 to §21.510.

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 2015. Actuarial computations under Statements 67, 68, 43, and 45 are for purposes of fulfilling plan and employer governmental accounting requirements. 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 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, 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.

SUMMARY OF REPORT

An actuarial valuation of the Kentucky Judicial Retirement Plan - Hybrid Tier ("KJRP-HT") was conducted as of July 1, 2015. The purpose of the valuation is to determine the cost implications of the plan including a determination of annual funding levels for the fiscal years beginning July 1, 2016 and July 1, 2017.

In 2013 the applicable state statutes were amended to close participation in the traditional defined benefit tier, with all individuals first electing to participate in Kentucky Judicial Retirement Plan ("KJRP") on or after January 1, 2014 being covered under a new hybrid cash balance tier. **This report covers only the hybrid cash balance/OPEB tier of KJRP.**

It is our understanding that this plan is a "governmental plan" as defined in Internal Revenue Code Section 414(d) and this report has been prepared on that basis.

On the basis of the valuation, it has been determined that the annual funding requirements for the State for the fiscal year beginning in 2016 for the plan, as described in the Summary of Benefits section of this report, are as follows:

	Total Amount	Percent of Payroll
Annual Required Contribution	$ 69,281	3.58%
Recommended Contribution	$ 77,430	4.00%

The Annual Required Contribution is determined based on assumptions and methods set forth in the statute and established by the Board of Trustees. The Recommended Contribution is determined as the greater of the Annual Required Contribution and 4.00% of payroll.

Summary of Selected Plan Information

	Plan Year Beginning 7/1/2015
Number of Participants	
Active	16
Terminated Vested	0
Retired	0
Beneficiaries	0
Total	16
Average Age (for actives)	50.5
Average Service (for actives)	0.5
Annual Covered Payroll	$ 1,935,756
Average Salary	120,985
Accrued Liability	93,974
Actuarial Asset Value	102,489
Market Asset Value	101,127
Unfunded Accrued Liability (UAL)	(8,515)
Funded Ratio (AVA/AL)	109.06%
Annual Funding Level [1]	
State Portion of Normal Cost	$ 65,813
Expected Employee Contributions	116,146
Total Normal Cost	181,959
Annual Required Contribution	69,281
Percent of Covered Payroll	3.58%

[1]In accordance with KRS 21.525 (legally prescribed funding method).

Legislative Background

As stated previously, 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.

Statement No. 25 of the Governmental Accounting Standards Board was amended by Statement No. 67 of the Governmental Accounting Standards Board. GASB 67 became effective for the plan's financial statements for the plan's fiscal year beginning after June 15, 2013. GASB 67 establishes financial reporting standards for state and local government pension plans that are administered through trusts or equivalent arrangements. The objective of this statement is to improve the usefulness of the information included in pension plan reports. GASB 67 requires, among other things, the replacement of the Net Pension Obligation with the Unfunded Net Liability, which is the Entry Age Normal accrued liability minus the market value of assets.

Statement No. 27 of the Governmental Accounting Standards Board was amended by Statement No. 68 of the Governmental Accounting Standards Board. GASB 68 became effective for the plan's financial statements for the plan's fiscal year beginning after June 30, 2014. The statement provides standards for reporting pension expenditures and expense, and related pension liabilities and assets, for such plans. GASB 68 requires the determination of the pension expense for the fiscal year beginning July 1, 2014. GASB 68 provides a new approach in calculating the pension expense which differs significantly from GASB 27 methodology.

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.

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. Employee census data as of July 1, 2015, 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.
2. Financial data as of June 30, 2015, 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. It is my 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.

October 12, 2015
Date

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

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Determination of Annual Required Contribution as of July 1, 2015

1. Accrued Liability	Pension	OPEB	Total
Actives			
Actives	84,979	-	84,979
Medical Premium Supplement	-	8,995	8,995
Total Active Liability	84,979	8,995	93,974
Inactives			
Retired	-	-	-
Deferred Vested	-	-	-
Beneficiaries	-	-	-
Medical Premium Supplement	-	-	-
Total Inactive Liability	-	-	-
Total Accrued Liability	84,979	8,995	93,974
2. Valuation Assets	91,735	10,754	102,489
3. Unfunded Past Service Liability	(6,756)	(1,759)	(8,515)
4. Gross Normal Cost			
a) Retirement Related	166,609	-	166,609
b) Medical Premium Supplement Related	-	15,350	15,350
c) Total Normal Cost	166,609	15,350	181,959
5. Annual Covered Payroll	1,935,756	1,935,756	1,935,756
6. Estimated Employee Contributions for the Next 12 Months			
a) Retirement Related	96,788	-	96,788
b) Medical Premium Supplement Related	-	19,358	19,358
c) Total Estimated Employee Contributions	96,788	19,358	116,146
7. Net Normal Cost			
a) Retirement Related (4a - 6a)	69,821	-	69,821
b) Medical Premium Supplement Related (4b - 6b)	-	(4,008)	(4,008)
c) Total Net Normal Cost (4c - 6c)	69,821	(4,008)	65,813
d) Net Normal Cost as Percent of Pay (7c / 5)	3.61%	-0.21%	3.40%
8. Interest plus 1% of Unfunded Past Service Liability	(540)	(141)	(681)
9. Total Annual Required Contribution (max (0, 7c + 8))	69,281	-	69,281
10 . Payment as a Percentage of Covered Payroll (9 / 5)	3.58%	0.00%	3.58%

Determination of Actuarial Asset Value as of July 1, 2015

	2014-15 Plan Year	2013-14 Plan Year	2012-13 Plan Year	2011-12 Plan Year
Interest Return Assumption	4.00%	4.00%	4.00%	4.00%
Market Value at Beginning of Year				
Amount	$ -	$ -	$ -	$ -
Interest to End of Year	-	-	-	-
Employer Contributions				
Amount	42,320	-	-	-
Interest to End of Year	846	-	-	-
Member Contributions				
Amount	58,494	-	-	-
Interest to End of Year	1,170	-	-	-
Transfers from KERS				
Amount	-	-	-	-
Interest to End of Year	-	-	-	-
Benefits Paid				
Amount	-	-	-	-
Interest to End of Year	-	-	-	-
Expected End of Year Assets	102,830	-	-	-
Market Value at End of Year	101,127	-	-	-
Investment Gain (Loss)	(1,703)	-	-	-
Adjustment Percentage	80%	60%	40%	20%
Actuarial Asset Value Adjustment	1,362	-	-	-
Actuarial Asset Value (Market Value plus Adjustment)	**$ 102,489**			

	Retirement	Medical Supplement
Market Value at Beginning of Year	-	-
State Contributions	42,320	-
Member Contributions	47,915	10,579
Transfers In Payments	-	-
Distributions	-	-
Allocated Investment Return	281	32
Market Value at End of Year	90,516	10,611
Allocation of Actuarial Asset Value	91,735	10,754

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.

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.

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 current premium rates in effect are:

	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.

ACTUARIAL ASSUMPTIONS

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.

Interest

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.

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 are:

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 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, are allocated pro-rata reflecting the ARC 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.

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

	June 30, 2015
Additions	
Contributions:	
Employer	$42,320
Employee	47,915
Total Contributions	90,235
Transfer In Payments	0
Investment Income	281
Other	0
Total Additions	90,516
Deductions	
Benefit Payments / Refunds	0
Administrative Expenses	0
Other	0
Total Deductions	0
Net Increase in Net Position	90,516
Net Position Restricted for Pensions	
Beginning of Year	0
End of Year	$90,516

Net Pension Liability Under GASB Statement No. 67

Determination of Net Pension Liability

	June 30, 2015
Total Pension Liability (4.00%)	84,979
Plan Fiduciary Net Position	(90,516)
Net Pension Liability	($5,537)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	106.52%

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	$700	($5,537)	($11,336)

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									
Interest	0.0									
Changes of benefit terms	85.0									
Differences between expected and actual experience	0.0									
Changes of assumptions	0.0									
Benefit Payments / Refunds	0.0									
Net Change in Total Pension Liability	$85.0									
Total Pension Liability - beginning	0.0									
Total Pension Liability - ending (a)	$85.0									
Plan Fiduciary Net Position										
Contributions - employer	$42.3									
Contributions - employee	47.9									
Transfer In Payments	0.0									
Net investment income	0.3									
Benefit Payments / Refunds	0.0									
Administrative expenses	0.0									
Other	0.0									
Net Change in Plan Fiduciary Net Position	$90.5									
Plan Fiduciary Net Position - beginning	0.0									
Plan Fiduciary Net Position - ending (b)	$90.5									
Net Pension Liability - ending (a) - (b)	($5.5)									
Plan Fiduciary Net Position as a % of the Total Pension Liability	106.5%									
Covered-employee payroll	$1,936									
Net Pension Liability as a % of covered-employee payroll	-0.3%									
Discount Rate	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									
Contributions in relation to the actuarially determined contribution	42.3									
Contribution deficiency (excess)	$0.0									
Covered-employee payroll	$1,936									
Contributions as a percentage of covered-employee payroll	2.2%									

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 06/30/14	$ -	$ -	$ -	$ 42,320	$ -	
Changes for the Year:						
Service cost	-		-			-
Interest expense	-		-			-
Benefit changes	84,979		84,979			84,979
Experience losses (gains)	-		-	-	-	-
Changes of assumptions	-		-	-	-	-
Contributions--State		42,320	(42,320)			
Contributions--Members		47,915	(47,915)			(47,915)
Transfer In Payments		-	-			
Net investment income		281	(281)			
Expected return on plan investments						(1,804)
Current expense of asset gain/loss						305
Non expensed asset gain/loss				1,219	-	
Refunds of contributions	-	-	-			
Benefits paid	-	-	-			
Plan administrative expenses						
Recognition of Prior Post-measurement Contribution				(42,320)		
Post-measurement Contribution				69,281		
Other changes						
Amortization of or change in beginning balances				-	-	
Net Changes	84,979	90,516	(5,537)	28,180	-	35,564
Balances--at 06/30/15	$ 84,979	$ 90,516	$ (5,537)	$ 70,500	$ -	$ 35,564

Pension Expense & Deferred Outflows/Inflows of Resources

For the year ended June 30, 2016, the recognized pension expense will be $35,564. At June 30, 2016, The Kentucky Judicial Form Retirement System reported deferred outflows of resources and deferred inflows of resources in relation to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Remaining Amort. Period
Net difference between projected and actual earnings on investments	1,219	-	4.000 years
Total	$ 1,219	$ -	

Actual investment earnings above (or below) projected earnings are amortized over 5 years. Changes of assumptions are amortized over the average remaining service period of actives and inactives (1 year 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:	
2017	305
2018	305
2019	305
2020	305
2021	-
Thereafter	-

In addition, Governmental Accounting Standards Board Statement 71 (“GASB 71”) requires contributions between the measurement date (July 1, 2015) and the disclosure date (June 30, 2016) 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%

Schedule of Employer Contributions Under GASB Statement No. 45

Year Ended June 30	Annual Pension Cost	Percentage Contributed	OPEB Benefit Obligation
2015	$ -	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	$ -	$ -	$ -	$ -

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. Covered payroll reflects payroll for all current plan members.

7. Interest on OPEB Obligation is based on assumed valuation interest assumption for the prior year, 4% beginning with 2015 valuation.

8. 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.

9. 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, 2016, the measurement date is July 1, 2015 (the valuation date).

Distribution of Active Participants with Average Compensation

	Years of Credited Service										
Attained Age	Under 1	1 – 4	5 – 9	10 – 14	15 – 19	20 – 24	25 – 29	30 – 34	35 – 39	Over 39	Total
Under 25											
25 – 29											
30 – 34	1										1
	$125,866										$125,866
35 – 39	2										2
	$119,830										$119,830
40 – 44	2										2
	$119,830										$119,830
45 – 49	3										3
	$121,842										$121,842
50 – 54	2										2
	$125,866										$125,866
55 – 59	3										3
	$125,866										$125,866
60 – 64	2										2
	$119,830										$119,830
65 – 69	1										1
	$125,866										$125,866
Over 69											
Total	16										16
	$122,848										$122,848