



Kentucky Legislators Retirement Plan

ACTUARIAL VALUATION REPORT

as of July 1, 2023

Contents

Introduction	1
Consolidation of Traditional and Hybrid Tier Reports	2
Summary of Report	3
Actuarial Certification	8
Annual Required Contribution	10
Actuarial Asset Value	13
Summary of Benefits (Pension - Traditional Tier)	14
Summary of Benefits (Pension - Hybrid Tier)	18
Summary of Benefits (OPEB Plan)	20
Actuarial Assumptions	21
Actuarial Methods	25
GASB Statement No. 67	27
Statement of Changes in Fiduciary Net Position.....	27
Net Pension Liability.....	28
Schedule of Contributions.....	30
Additional Requirements Under GASB Statement No. 67	30
GASB Statement No. 68	31
Schedule of Changes in NPL, Deferrals, & Pension Expense.....	31
Pension Expense & Deferred Outflows/Inflows of Resources	32
Pension Expense & Deferred Outflows/Inflows of Resources (continued)	33
Sources of Gains and Losses	33
GASB Statement No. 74	34
Statement of Changes in Fiduciary Net Position.....	34
Net OPEB Liability.....	35



Schedule of Contributions.....	37
Additional Requirements Under GASB Statement No. 74	37
GASB Statement No. 75	38
Schedule of Changes in NOL, Deferrals, & OPEB Expense	38
OPEB Expense & Deferred Outflows/Inflows of Resources	39
OPEB Expense & Deferred Outflows/Inflows of Resources (continued)	40
Sources of Gains and Losses	40
Risk Assessment	41
GASB Notes	43
Summary of Participant Data	44
Distribution of Active Participants with Average Compensation	44
Distribution of Inactive Participants with Average Annual Benefit - Annuities	45
Distribution of Inactive Participants with Average Benefits – Lump Sums.....	46
Glossary of Terms	47
Sensitivity Analysis	48
Projections	51
Pension Plan.....	51
OPEB Plan.....	52

Introduction

An actuarial valuation of the Kentucky Legislators Retirement Plan (“KLRP”) has been performed as of July 1, 2023. 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 the provisions of the plan as we understand them.

This report provides details on the actuarial valuation underlying the required contribution to the KLRP for plan years commencing in 2024 and 2025. This determination was performed pursuant to Kentucky Revised Statute (“KRS”) §21.525 for the retirement system defined in KRS §6.500 to §6.577. KRS §21.525, as well as other statutes found in KRS Chapter 21 cited hereafter, are made applicable to KLRP by KRS §6.525.

Governmental Accounting Standards Board Statement 67 (“GASB 67”) and Statement 74 (“GASB 74”) 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 (“GASB 75”) 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 2023. Actuarial computations under Statements 67, 68, 74, and 75 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.

Statements 68 and 75 set forth a methodology for the calculation of the annual Pension Expense for the upcoming fiscal year. GASB 68 and GASB 75 provide 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.

USI Consulting Group does not have access to and is not providing information concerning liabilities other than benefits, such as for legal or accounting fees.

USI Consulting Group 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 USI Consulting Group 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.

Consolidation of Traditional and Hybrid Tier Reports

Beginning with the July 1, 2021 valuation report, the traditional and hybrid tiers of KLRP have been treated as one plan for all calculations. All results prior to July 1, 2021 contained in this report have been combined from the results reported in the separate traditional and hybrid tier reports prepared in prior years. Effective July 1, 2021, separate valuation reports will not be prepared and all results contained will be calculated based on the full plan containing both tiers of benefits.



Summary of Report

An actuarial valuation of the Kentucky Legislators Retirement Plan (“KLRP”) was conducted as of July 1, 2023. 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, 2024 and July 1, 2025.

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 2024 for the plan, prior to adjusting with interest, as described in the Summary of Benefits section of this report, are as follows:

	Total Amount	Percent of Payroll
Annual Required Contribution	\$ 0	0.00%

The Annual Required Contribution is determined based on assumptions and methods set forth in the statute and established by the KLRP Investment Committee and is calculated using asset and liability values as of July 1, 2023. This amount is used to determine contributions for the fiscal years beginning July 1, 2024 and July 1, 2025.

Due to the lag period between the calculated date and the actual contributions, we have adjusted the Annual Required Contributions for the plan years 2024-2025 and 2025-2026 with one and two years of interest, respectively, at the interest rate assumption of 6.50%.

	2024-2025 (1 year of interest)	2025-2026 (2 years of interest)
Annual Required Contribution (with interest)	\$ 0	\$ 0



Summary of Selected Plan Information ¹

	Plan Year Beginning			
	7/1/2023	7/1/2021	7/1/2019	7/1/2017
Number of Participants				
Active	96	101	103	103
Terminated Vested	45	47	43	43
Retired	202	190	184	170
Beneficiaries	57	55	54	50
Total	400	393	384	366
Average Age (for actives)	55.6	56.3	56.7	56.9
Average Service (for actives)	8.3	9.9	10.5	11.6
Annual Covered Payroll	\$ 4,117,781	\$ 4,201,280	\$ 4,325,106	\$ 4,403,681
Average Salary	42,894	41,597	41,991	42,754
Accrued Liability	86,174,500	88,236,153	91,606,035	95,323,591
Actuarial Asset Value	154,143,593	135,825,827	117,958,055	105,059,586
Market Asset Value	163,007,757	168,952,342	127,018,375	110,399,622
Unfunded Accrued Liability (UAL)	(67,969,093)	(47,589,674)	(26,352,020)	(9,735,995)
Annual Funding Level ²				
State Portion of Normal Cost	\$ 280,634	\$ 383,826	\$ 442,244	\$ 742,333
Expected Employee Contributions	197,873	239,927	241,669	240,094
Total Normal Cost	478,507	623,753	683,913	982,427
State Annual Required Contribution	0	27,008	362,691	1,086,237
Percent of Covered Payroll	0.00%	0.64%	8.39%	24.67%

¹Our current understanding of IRS regulations is that they prohibit the use of surplus OPEB assets for retirement benefits. We recommend continuing discussions with plan council on possible options. Please refer to page 10 of this report for the asset and liabilities split between the Pension and OPEB plans.

²In accordance with KRS 21.405 (does not recognize cost of living increases effective after the most recent valuation date) and KRS 21.525 (legally prescribed funding method).



Legislative and Regulatory Background

State statutes were amended in 2013 such that all participants entering KLRP 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.

Sensitivity analysis along with 30-year projections of results (before and after any assumption changes) have been included in this report pursuant to HB 238, passed in 2016.

Senate Bill 32, effective on July 13, 2022, changed the amortization method of the unfunded liability in the calculation of the Annual Required Contribution for valuations as of July 1, 2023 and later. This method is described in detail in the Actuarial Methods section later in this report.



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 KLRP is funded in an “actuarially sound manner”, we would recommend the following:

1. Reflect a 1.5% future COLA assumption when calculating the funding requirement for KLRP, to the extent future cost-of-living increases are expected to occur, or intended to be provided.
2. Contribute at least the recommended contribution each year.

Deviations from these recommendations may result in an “actuarially unsound” approach to funding KLRP and may eventually result in KLRP 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 opinion that the current legally prescribed method, which (per KRS 21.405) does not recognize cost of living increases effective after the most recent valuation (assuming future increases are expected), is inconsistent with the plan accumulating adequate assets to make benefit payments when due, assuming all actuarial assumptions are realized.

Changes in Actuarial Assumptions

The following changes were made to the actuarial assumptions effective June 30, 2023:

	Previous	Current
Medical Trend Rates	6.25% decreasing to 5.75% over 2 years and following the Getzen model thereafter until reaching an ultimate rate of 4.04% in the year 2075	6.25% decreasing to 5.20% over 2 years and following the Getzen model thereafter until reaching an ultimate rate of 3.94% in the year 2075

The medical claims aging table change described above resulted in a decrease in liabilities and no change in the annual required contribution.

Summaries of the plan provisions, actuarial assumptions and methods can be found in the Basis of Valuation section of this report.

Actuarial Certification

The information contained in this document (including any attachments) is not intended by USI Consulting Group, 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, 2023, 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, 2023, 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 KLRP Investment Committee. The actuarial assumptions currently adopted by the Committee appear to be reasonable, both individually and in aggregate. However, exclusion of retiree cost-of-living adjustments that could be reasonably anticipated to occur in future years (or for which there is an intent to provide in future years) would not reflect our best estimate of expected experience under the plan. As such, the valuation results presented in this report do not fully reflect the potential liability for future retiree cost-of-living adjustments.
4. In our opinion, the assumptions selected are not expected to have a significant bias. That is, the results shown should not be overly optimistic or pessimistic.
5. For purposes of GASB 67, 68, 74, and 75 disclosures, assets were split between pension and retiree medical liabilities on the basis of accrued liability as of July 1, 2008 and have been brought forward each year from that date based on actual cash flows and a prorata allocation of investment return. This methodology, initiated by the prior actuary, was based on guidance from the plan's auditor.

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 our opinion that the results fully and fairly disclose the actuarial position of the plan on the valuation date. We are senior consultants for USI Consulting Group, members 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:



Matthew Widick, F.S.A., E.A., C.E.R.A., M.A.A.A.
Senior Actuarial Consultant

October 23, 2023

Date



Joseph Meyers, F.S.A., E.A., M.A.A.A.
Vice President and Consulting Actuary
(OPEB Plan Only)

October 23, 2023

Date

USI Consulting Group
5301 Virginia Way, Suite 400
Brentwood, TN 37027



Annual Required Contribution

Determination of Annual Required Contribution as of July 1, 2023

1. Accrued Liability	<u>Pension</u>	+	<u>OPEB</u>	=	<u>Total</u>
Actives					
Actives *	9,205,714		-		9,205,714
Medical Premium Supplement	-		3,485,657		3,485,657
Total Active Liability	<u>9,205,714</u>		<u>3,485,657</u>		<u>12,691,371</u>
Inactives					
Retired	46,583,169		-		46,583,169
Deferred Vested *	5,577,766		-		5,577,766
Beneficiaries	6,692,361		-		6,692,361
Medical Premium Supplement	-		14,629,833		14,629,833
Total Inactive Liability	<u>58,853,296</u>		<u>14,629,833</u>		<u>73,483,129</u>
Total Accrued Liability	68,059,010		18,115,490		86,174,500
2. Valuation Assets	86,304,769		67,838,824		154,143,593
3. Unfunded Past Service Liability	(18,245,759)		(49,723,334)		(67,969,093)
4. Gross Normal Cost					
Retirement Related *	367,910		-		367,910
Medical Premium Supplement Related	-		110,597		110,597
Total Normal Cost	<u>367,910</u>		<u>110,597</u>		<u>478,507</u>
5. Annual Covered Payroll	4,117,781		4,117,781		4,117,781
6. Estimated Employee Contributions for the Next 12 Months	171,985		25,888		197,873
7. Net Normal Cost (4 - 6)	195,925		84,709		280,634
8. Estimated Administrative Expenses	208,400		55,500		263,900
9. Amortization of Unfunded Liability	(1,554,854)		(4,237,287)		(5,792,141)
10. Preliminary Annual Required Contribution (max (0, 7 + 8 + 9))	-		-		-
11. Payment as a Percentage of Covered Payroll (10 / 5)	0.00%		0.00%		0.00%



Liability Breakdown

	<u>Pension</u>	<u>OPEB</u>
Traditional Tier	\$ 66,834,840	\$ 17,901,354
<u>Hybrid Tier</u>	<u>1,224,170</u>	<u>214,136</u>
Total	\$ 68,059,010	\$ 18,115,490

Gross Normal Cost Breakdown

	<u>Pension</u>	<u>OPEB</u>
Traditional Tier	\$ 160,931	\$ 66,688
<u>Hybrid Tier</u>	<u>206,979</u>	<u>43,909</u>
Total	\$ 367,910	\$ 110,597

Estimated Employee Contribution Breakdown

	<u>Pension</u>	<u>OPEB</u>
Traditional Tier	\$ 42,547	\$ -
<u>Hybrid Tier</u>	<u>129,438</u>	<u>25,888</u>
Total	\$ 171,985	\$ 25,888



Estimated Cost of a One-Time COLA as of July 1, 2023

It is our understanding, effective July 1, 2013, that any future COLA's must be pre-funded (either by additional contributions or by excess assets).

Approximate Cost of One Time 1.5% COLA

1. Liability In Payment	
a) Retired	46,583,169
b) Beneficiaries	6,692,361
Total Liability In Payment	<u>53,275,530</u>
2. Desired COLA Percentage	1.50%
3. Estimated Cost of One Time COLA for First Year (1 * 2)	799,133*
4. Estimated Cost of One Time COLA for Second Year (3 * 1.015)	811,120*

* Cost of 1.5% COLA increase applied to all members in pay status as of the valuation date.



Actuarial Asset Value

Determination of Actuarial Asset Value as of July 1, 2023

	2022-23 Plan Year	2021-22 Plan Year	2020-21 Plan Year 6.5%	2019-20 Plan Year 6.5%
Interest Return Assumption	6.50%	6.50%	(4.0% hybrid)	(4.0% hybrid)
Market Value at Beginning of Year				
Amount	\$ 147,905,526	\$ 168,952,342	\$ 128,659,045	\$ 127,018,375
Interest to End of Year	9,613,859	10,981,902	8,350,561	8,247,663
Employer Contributions				
Amount	-	-	-	-
Interest to End of Year	-	-	-	-
Member Contributions				
Amount	218,996	255,221	287,931	234,509
Interest to End of Year	7,117	8,295	7,815	6,235
Transfers from KERS	.			
Amount	-	-	-	-
Interest to End of Year	-	-	-	-
Benefits Paid				
Amount	6,389,760	6,122,225	5,963,934	5,843,788
Interest to End of Year	207,667	198,972	193,682	189,923
Expected End of Year Assets	151,148,071	173,876,563	131,147,736	129,473,071
Market Value at End of Year	163,007,757	147,905,526	168,952,342	128,659,045
Investment Gain (Loss)	11,859,686	(25,971,037)	37,804,606	(814,026)
Adjustment Percentage	80%	60%	40%	20%
Actuarial Asset Value Adjustment	(9,487,749)	15,582,622	(15,121,842)	162,805
Actuarial Asset Value (Market Value plus Adjustment)	\$ 154,143,593			

	Retirement	Medical Supplement
Market Value at Beginning of Year	\$84,604,342	\$63,301,184
State Contributions	-	-
Member Contributions	195,406	23,590
Transfers In Payments	-	-
Distributions	5,442,665	947,095
Allocated Investment Return	11,910,718	9,362,277
Market Value at End of Year	\$91,267,801	\$71,739,956
Allocation of Actuarial Asset Value	\$86,304,769	\$67,838,824



Summary of Benefits (Pension - Traditional Tier)

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, 2023.

Source

Sections 6.500-6.577 of the Kentucky Revised Statutes, and those statutes in KRS Chapter 21, specifically adopted by KRS 6.525.

Eligibility for Membership

Members of the General Assembly may elect to make monthly contributions within 30 days after taking office, and thereby become eligible for membership in the KLRP plan. Individuals commencing participation on or after January 1, 2014 will participate in the hybrid plan.

Employee Contributions

Members entering the plan on or after September 1, 2008 must contribute 6% of their “creditable compensation”. Members entering the plan prior to September 1, 2008 must contribute 5% of their “creditable compensation”. Once a member has earned sufficient service credit to have accrued a benefit of 100% of final average compensation, then employee contributions shall cease.

Creditable Compensation

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

Normal Retirement

Condition

Members who have attained age 65 and completed at least 5 years of legislative service, or have additional service credit under other authorized state systems so that when added to legislative service credit equals at least 8 years of credit. However, the age 65 requirement shall be reduced by one year for each five years of service, and one year for each year served beyond the years of service needed to accrue a benefit of 100% of final average compensation, but with total reduction not to reduce the age requirement below 60. The full accrued benefit will also be payable upon completion of 27 years of service credit.

Benefit Formula

A member will receive a retirement income at normal retirement date payable monthly for life equal to a percentage of final average compensation multiplied by years of service. In no event shall retirement income exceed 100% of final average compensation. (Beginning January 1, 2003, the final average compensation means the average monthly compensation of the member for his or her highest 36 months of State salary. Prior to 2003, final compensation was the average of the 60 months of legislative salary preceding retirement).



The benefit rates vary according to date of legislative service begins, as follows:

1. If a legislator was a member of the plan on July 1, 1982, and entered legislative service prior to July 1, 1978, the benefit rate is 5.00% for all KLRP service.
2. If a legislator was a member of the plan on July 1, 1982 and entered legislative service between July 1, 1978 and June 30, 1980, the benefit rate is 4.15% for all KLRP service.
3. If a legislator was a member of the plan on July 1, 1982 and entered legislative service between July 1, 1980 and June 30, 1982, the benefit rate is 3.50% for all KLRP service.
4. For legislators entering KLRP service after June 30, 1982, the benefit rate is 2.75%.

Early Retirement

A member who retires prior to normal retirement date and has met the service requirement for normal retirement has two alternatives with regard to receiving retirement income as follows:

1. Upon reaching normal retirement age, the member may be vested with the right to receive a monthly service retirement allowance computed and payable on the basis of years of service and applicable average, or
2. A member may elect to be paid, commencing as of the date of the election, a monthly service retirement allowance equivalent to the amount of monthly allowance that would have been paid had the member waited until reaching normal retirement age, but reduced in accordance with age at the time of election for each year under normal retirement age at the rate of 5% per year.

If the member has 27 or more years of service credit, there shall be no reduction for benefit commencement prior to normal retirement age. If the difference between the number of years of total governmental service and 27 is less than the difference between actual age and normal retirement age, the reduction shall be 5% for each year of service under 27.

Late Retirement

A legislator may continue service beyond normal retirement age and continue to accrue service credits, but cannot receive a benefit in excess of 100% of final average compensation.

Disability Benefit

Condition

No service requirement.

Benefit

Upon determination of disability, a member will be eligible to receive $\frac{1}{2}$ of the monthly retirement income that would have been payable commencing at normal retirement date if this member had continued service until that date and then retired. In calculating the retirement income, average salary for the 3 years preceding disability will be used. When a disabled member reaches normal retirement date, the member may apply and start receiving the full amount of retirement income that would have been payable based upon the actual number of years of service and compensation, in lieu of the disability benefit.



Death Benefit

Upon the death of a member who at the time of death was receiving a retirement income (other than an actuarially reduced income), or was receiving a disability income, the surviving spouse (if married to the member at the time of retirement) is entitled to receive a monthly allowance equal to $\frac{1}{2}$ of what the member was receiving for his/her lifetime.

If a member dies after retirement, and was at the time receiving an actuarially reduced allowance, or was not receiving an allowance, but had acquired a vested right to have received an allowance upon reaching normal retirement date, the surviving spouse (if married to the member at the time of retirement) is entitled to receive $\frac{1}{2}$ of the monthly allowance the member would have received at normal retirement date for his/her lifetime.

If an active member dies before retirement and before reaching normal retirement age, without regard to length of service, the surviving spouse is entitled to receive a monthly allowance payable for his/her lifetime equal to $\frac{1}{2}$ of the monthly retirement income the member would have received commencing at the member's normal retirement date as if the member had continued in service until that date and then retired, computed on the basis of final compensation at the time of death.

If a member dies before retirement and after reaching normal retirement date, the surviving spouse is entitled to receive a monthly allowance payable for his/her lifetime equal to $\frac{1}{2}$ of the monthly allowance the member would have been entitled to on the basis of years of service, had the member retired on his date of death, computed on the basis of final compensation at the time of death.

If a member is not married at the time of death, any death benefits described above to which a surviving spouse would have been entitled will be payable to the children of the deceased member until such time as the youngest child attains age 21, or for the life of a disabled child. Also, a member may designate that survivor benefits shall go in part or in total to minor children instead of the spouse.

If cumulative payments to the member and/or beneficiary do not exceed the member's total contributions to this plan, then the excess of such contributions over cumulative plan benefits paid shall be paid as an additional death benefit.

Termination Benefit

If a legislator ceases to be a member of the plan other than by death or disability prior to meeting the eligibility requirements for normal retirement, the amount of the member's accumulated contributions shall be returned to the member. If, thereafter, this individual again becomes a holder of an office qualifying for membership in this plan, this individual shall not be entitled to credit for the prior period of service unless, at the time he again participates in the plan, the amount previously refunded is repaid with interest.

Prior Service Credit

Credit in KERS or TRS, for legislative service prior to the creation of this plan on July 1, 1980, can be (and in many instances was) transferred to and become credit in this plan, upon transfer to this plan of the accumulated contributions plus interest (member's and state's) that were made to acquire the credit.



Cost-of-Living Adjustment

Ad hoc cost-of-living adjustments (COLA's) have been granted as noted below:

Effective Date of Increase	Percentage Increase	Increase Applies To Benefits Based on Service Prior To
7/1/1986	5%	6/30/1980
7/1/1988	5%	6/30/1982
7/1/1989	5%	6/30/1982
7/1/1990	5%	6/30/1990
7/1/1991	5%	6/30/1991
7/1/1993	3%	6/30/1993
7/1/1994	5%	6/30/1994
7/1/1995	5%	6/30/1995
7/1/1996	None	N/A
7/1/1997	None	N/A
8/1/1998	2.3%	N/A
7/1/1999	1.6%	N/A
7/1/2000	2.2%	N/A
7/1/2001	3.4%	N/A
7/1/2002	2.85%	N/A
7/1/2003	1.6%	N/A
7/1/2004	2.3%	N/A
7/1/2005	2.7%	N/A
7/1/2006	3.4%	N/A
7/1/2007	3.2%	N/A
7/1/2008	2.8%	N/A
7/1/2009 and later*	1.5%	N/A

*COLA's were suspended for fiscal years beginning in 2012 and later; COLA's after 7/1/2013 are not reflected in this valuation. No further COLA's will be granted without Board approval.

In addition, a provision for an on-going cost-of-living adjustment is made by statute. Effective August 1, 1998 and each July 1 thereafter, a recipient of a monthly pension shall receive a cost-of-living adjustment keyed to the Consumer Price Index. This COLA is excluded from the inviolable contract and can be repealed by the General Assembly at any time. Beginning July 1, 2009, if granted, this cost-of-living adjustment will be 1.50% for all retirees who have been retired in excess of one year and prorated for those retired less than one year.

Pursuant to statutory requirements, COLA increases are not reflected in plan liabilities until granted, except for any anticipated COLA adjustments under the provision as in effect prior to August 1, 1998.



Summary of Benefits (Pension - Hybrid Tier)

Source

Sections 6.500-6.577 of the Kentucky Revised Statutes, and those statutes in KRS Chapter 21, specifically adopted by KRS 6.525. {See 2013 Senate Bill 2}.

Eligibility for Membership

Members of the General Assembly may elect to make monthly contributions within 30 days after taking office, and thereby become eligible for membership in the KLRP-HT plan. Individuals commencing participation before January 1, 2014 became participants in the KLRP.

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 legislator 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.



Summary of Benefits (OPEB Plan)

Eligibility

For those hired prior to January 1, 2014, participants and their covered dependents are eligible under the same requirements as in the KLRP Traditional Tier. For those hired on or after January 1, 2014, participants and their covered dependents are eligible under the same requirements as in the KLRP Hybrid Tier.

Benefits

Retirees and their covered spouses are provided access to the State of KY group medical plan. Benefits for eligible retirees and their covered spouses are provided for life.

Contributions

Traditional Tier

Retirees and their covered spouses are required to pay a portion of the medical insurance premiums to receive coverage under the group medical plan. The percentage will vary based on the number of years of service credit as follows:

Years of Service Credit at Retirement	Percentage of Medical Insurance Premium Paid by the Plan
20 or more	100%
19, but less than 20	95%
18, but less than 19	90%
17, but less than 18	85%
16, but less than 17	80%
15, but less than 16	75%
14, but less than 15	70%
13, but less than 14	65%
12, but less than 13	60%
11, but less than 12	55%
10, but less than 11	50%
4, but less than 10	25%
Less than 4	0%

Hybrid Tier

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 stipend can be used to decreased the cost of the member coverage only, and any excess cannot be used towards the cost of coverage for a spouse, dependent or beneficiary. The ten dollars per year of service was set as of January 1, 2014 and is set to increase with a 1.5% COLA each July 1.

All members contribute 1% of creditable compensation during active service. In addition, during retirement members must contribute the difference between the premium rates in effect that year and their monthly medical insurance stipend.



Actuarial Assumptions

Interest

6.5% per annum – this rate was selected by the KLRP Investment Committee and USI Consulting Group, and the Fund Investment Manager believe this to be a reasonable long-term rate of return assumption. This assumption reflects a 2.5% inflation assumption and a 4% real return assumption.

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 the current statutory contribution rates. 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, 6.5% was used for the discount rate/long-term rate of return assumption for GASB calculations.

Low-Default-Risk Obligation Interest rates

4.13% - S&P Municipal Bond 20-year High Grade Rate Index as of June 30, 2023

Mortality

PubG-2010 (A) Table with Pre and Post Commencement Rates with projected mortality improvements after year 2010 under Projection Scale MP-2020 (male and female scales); i.e., full generational mortality. For the OPEB Plan, the headcount weighted version of this table was used.

For the Hybrid plan, there is no pre-retirement mortality.

Terminations

2003 SOA Turnover Basic Age Table

Salary Increases

1% for a rolling 5-year period beginning at the valuation date (currently effective through June 30, 2028) and 3.5% thereafter.

Liabilities have been adjusted to reflect the potential impact of non-legislative salaries on future pension benefits in the traditional tier. The liabilities for members (including terminated members) who could be impacted by non-legislative salaries have been increased by 40% to recognize the potential increase in plan liability.

Disability

None



Retirement Age

Retirements were assumed to occur as follow:

<u>Retirement Age</u>	<u>Percentage of Active Members Retiring</u>
NRA-5	15.00%
NRA-4	7.50%
NRA-3	7.50%
NRA-2	15.00%
NRA-1	20.00%
NRA	20.00%
Above NRA	33.33%*
Age 70	100.00%

NRA = Normal Retirement Age

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

Post-Retirement Death Benefit

Assumption is that 70% of the legislators 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 70% of the legislators 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.

Cost-of-Living Adjustment

Pursuant to statutory requirements, COLA increases are not reflected in plan liabilities until actually granted.

Expenses

Estimated administrative expenses (assumed to be \$263,900 effective for the 2023-24 plan year).



Medical Insurance Premium Supplement

Plan Participation

100% of future eligible retirees are assumed to elect coverage at retirement.

Marital Status

70% of future retirees are assumed to cover a spouse in retirement, which males assumed to be 3 years older than female spouses on average. Current retiree coverage elections are assumed to persist each year in the future.

Medical Claims Cost for 2023-24

For pre-Medicare, retiree only claims and enrollment history for the Judicial and Legislative groups combined was used to develop the assumed claims costs for current and future retirees. Monthly experience for the three years ending January 2023 was projected to the valuation year at 6.25%, weighted using the sum-of-digits method, and spread over the covered population using the Yamamoto aging factors. The cost shown in the table below is for a male, age 65.

For post-Medicare the fully insured retiree-only rated Medicare Advantage PPO rates were adjusted to the valuation period and used as the assumed claims cost per covered post-Medicare participant.

<u>Pre-65 Cost</u>	<u>Post-65 Cost</u>
\$ 16,865	\$ 4,263

Age Variance

Claims were adjusted downward using the aging factors in the Dale Yamamoto study released by the Society of Actuaries in June 2013 for attained ages 55 to 65. No aging was applied to the Medicare Advantage premium rates.

Health Care Cost Trend Rate

6.25% grading to 5.20% over 2 years and following the Getzen model thereafter until reaching an ultimate rate of 3.94% in the year 2075.

Administrative Expenses

Pre-Medicare administrative fees for the medical plan is assumed to be \$96 per annum per covered contract. Admin fees were assumed to increase 4% per year. Post-Medicare administrative fees are assumed to be included in the per capita claims cost.



Retiree Contributions Methodology

Traditional Tier

Retirees are required to pay a percentage of the premium rate in effect at retirement based on years of service, as described in the plan provisions section of the report. The total premium rates for 2023-24, before applying the percentage adjustment for service, are shown below:

<u>Participant Type</u>	<u>Pre-65 Cost</u>	<u>Post-65 Cost</u>
Member	\$ 10,696	\$ 4,263
Spouse	\$ 11,948	\$ 4,263

Hybrid Tier

Retirees are required to contribute 1% of creditable compensation during active service. Upon retirement, retirees must contribute the difference between the premium rates in effect each year and their monthly stipend.

The annual stipend amount for one year of service for the fiscal year ending June 30, 2024 is \$139.20 and is assumed to increase by 1.5% each July 1.

The total premium rates before the stipend for 2023-24 are the same as for the traditional tier:

<u>Participant Type</u>	<u>Pre-65 Cost</u>	<u>Post-65 Cost</u>
Member	\$ 10,696	\$ 4,263
Spouse	\$ 11,948	\$ 4,263

Coordination with Medicare

Benefits for retirees are deemed to be similar to those benefits provided for actives. The retiree medical plan is assumed to be the primary plan of benefits prior to age 65. It is assumed to pay benefits secondary to Medicare after attaining age 65.

Non-members

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



Actuarial Methods

Funding Method

The actuarially calculated contribution is based on the methods and assumptions contained herein. The funded status of the plan would be different if market value of assets were used rather than actuarial value. The valuation of all benefits is based on the Entry Age Normal funding method. The actuarially determined contribution is generally based on the sum of the normal cost and a charge equivalent to a 20-year amortization of any current year's gains or losses, plus an additional charge for any amortization payments remaining for gains or losses that had occurred in prior years. If the plan has surplus assets, prior bases will be eliminated, and the surplus will be amortized over an open 20-year period. The normal cost represents the cost associated with one year of benefit accrual for active Plan participants plus plan expenses paid from the trust. The contribution policy is intended to fully amortize the unfunded liability in 20 years if all assumptions are realized.

Valuation Software

The actuarial liabilities shown in this report are determined using software purchased from an outside vendor which was developed for this purpose. Certain information is entered into this model in order to generate the liabilities. These inputs include economic and non-economic assumptions, plan provisions, and census information. We rely on the coding within the software to value the liabilities using the actuarial methods and assumptions selected. Both the input to and the output from the model is checked for accuracy and reviewed for reasonableness.



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
4. In no event will the actuarial value of assets be less than 80% or greater than 120% of the current market value of assets

This asset valuation method is used in the determination of funding levels. The fair market value of assets is used for disclosure purposes under GASB Statement Nos. 67, 68, 74, and 75.

For purposes of GASB Statement Nos. 67, 68, 74, and 75, 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.



GASB Statement No. 67

Statement of Changes in Fiduciary Net Position

	<u>June 30, 2023</u>
Additions	
Contributions:	
Employer	\$0
Employee	<u>195,406</u>
Total Contributions	195,406
Transfer In Payments	0
Investment Income	11,910,718
Other	<u>0</u>
Total Additions	12,106,124
Deductions	
Benefit Payments / Refunds	5,442,665
Administrative Expenses	0
Other	<u>0</u>
Total Deductions	<u>5,442,665</u>
Net Increase in Net Position	6,663,459
Net Position Restricted for Pensions	
Beginning of Year Market Value of Assets	<u>84,604,342</u>
End of Year Market Value of Assets	<u><u>\$91,267,801</u></u>



Net Pension Liability

Determination of Net Pension Liability

	<u>June 30, 2023</u>
Total Pension Liability (6.5%)	68,059,010
Plan Fiduciary Net Position (Market Value of Assets)	<u>(91,267,801)</u>
Net Pension Liability	<u><u>(\$23,208,791)</u></u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	134.10%

Sensitivity of Net Pension Liability to Changes in the Discount Rate

	<u>1% Decrease (5.5%)</u>	<u>Current Rate (6.5%)</u>	<u>1% Increase (7.5%)</u>
Net Pension Liability	(\$16,978,474)	(\$23,208,791)	(\$28,540,291)

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

	fiscal year ending June 30									
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Total Pension Liability										
Service cost	\$1.0	\$1.0	\$0.9	\$0.7	\$0.7	\$0.7	\$0.6	\$0.5	\$0.6	\$0.6
Interest	4.9	5.1	5.2	5.3	4.6	4.6	4.5	4.6	4.5	4.5
Changes of benefit terms	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Differences between expected and actual experience	0.0	(3.4)	0.0	(6.4)	0.0	(2.8)	0.0	(2.0)	0.0	(2.7)
Changes of assumptions	3.7	(1.5)	0.0	(0.2)	0.0	(0.3)	0.0	2.6	(1.3)	0.0
Benefit Payments / Refunds	(3.5)	(3.7)	(4.0)	(4.2)	(4.5)	(4.7)	(5.0)	(5.1)	(5.2)	(5.4)
Net Change in Total Pension Liability	\$6.1	(\$2.5)	\$2.1	(\$4.7)	\$0.8	(\$2.5)	\$0.1	\$0.6	(\$1.4)	(\$3.0)
Total Pension Liability - beginning	72.6	78.7	76.2	78.4	73.6	74.4	71.9	72.0	72.6	71.1
Total Pension Liability - ending (a)	\$78.7	\$76.2	\$78.4	\$73.6	\$74.4	\$71.9	\$72.0	\$72.6	\$71.1	\$68.1
Plan Fiduciary Net Position (Market Value of Assets)										
Contributions - employer	\$1.8	\$3.4	\$3.4	\$2.4	\$2.4	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Contributions - employee	0.2	0.2	0.3	0.3	0.2	0.2	0.2	0.3	0.2	0.2
Transfer In Payments	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Net investment income	7.9	5.6	2.0	7.9	6.2	8.6	4.3	26.7	(8.7)	11.9
Benefit Payments / Refunds	(3.5)	(3.7)	(4.0)	(4.2)	(4.5)	(4.7)	(5.0)	(5.1)	(5.2)	(5.4)
Administrative expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Change in Plan Fiduciary Net Position	\$6.4	\$5.5	\$1.7	\$6.6	\$4.4	\$4.1	(\$0.5)	\$21.9	(\$13.7)	\$6.7
Plan Fiduciary Net Position - beginning	48.2	54.6	60.1	61.9	68.4	72.8	76.9	76.4	98.3	84.6
Plan Fiduciary Net Position - ending (b)	\$54.6	\$60.1	\$61.9	\$68.4	\$72.8	\$76.9	\$76.4	\$98.3	\$84.6	\$91.3
Net Pension Liability - ending (a) - (b)	\$24.1	\$16.1	\$16.5	\$5.2	\$1.6	(\$5.0)	(\$4.4)	(\$25.7)	(\$13.5)	(\$23.2)
Plan Fiduciary Net Position as a % of the Total Pension Liability	69.4%	78.9%	79.0%	92.9%	97.8%	107.0%	106.1%	135.4%	119.0%	134.1%
Covered-employee payroll	\$5.0	\$4.9	\$4.9	\$4.4	\$4.4	\$4.3	\$4.3	\$4.2	\$4.2	\$4.1
Net Pension Liability as a % of covered-employee payroll	483.2%	328.6%	336.7%	118.2%	36.4%	(116.3%)	(102.3%)	(611.9%)	(321.4%)	(565.9%)
Discount Rate (traditional)	6.50%	6.85%	6.85%	6.45%	6.45%	6.50%	6.50%	6.50%	6.50%	6.50%
Discount Rate (hybrid)	n/a	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	6.50%	6.50%	6.50%



Schedule of Contributions

	fiscal year ending June 30									
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Actuarially determined contribution ¹	\$3.2	\$3.4	\$3.4	\$2.4	\$2.4	\$1.1	\$1.2	\$0.4	\$0.6	\$0.0
Contributions in relation to the actuarially determined contribution	1.8	3.4	3.4	2.4	2.4	0.0	0.0	0.0	0.0	0.0
Contribution deficiency (excess)	\$1.4	\$0.0	\$0.0	\$0.0	\$0.0	\$1.1	\$1.2	\$0.4	\$0.6	\$0.0
Covered-employee payroll	\$5.0	\$4.9	\$4.9	\$4.4	\$4.4	\$4.3	\$4.3	\$4.2	\$4.2	\$4.1
Contributions as a percentage of covered-employee payroll	36.1%	69.3%	69.4%	54.9%	54.8%	0.0%	0.0%	0.0%	0.0%	0.0%

¹ Starting with the Fiscal Year Ending June 30, 2019, due to the lag period between the calculated date and the actual contributions, the Actuarially Determined Contribution has been adjusted with interest at the funding interest rate assumption.

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. USI Consulting Group is prepared to assist the system as needed.



GASB Statement No. 68

Schedule of Changes in NPL, Deferrals, & Pension Expense

	Increase (Decrease)			Deferred Pension Outflows of Resources	Deferred Pension Inflows of Resources	Pension Expense
	Total Pension Liability (a)	Plan Net Position (Assets) (b)	Net Pension Liability (a) - (b)			
Balances--at 06/30/22	\$ 71,119,553	\$ 84,604,342	\$ (13,484,789)	\$ 12,724,993	\$ 14,941,366	
Changes for the Year:						
Service cost	557,752		557,752			557,752
Interest expense	4,496,879		4,496,879			4,496,879
Benefit changes						
Experience losses (gains)	(2,672,509)		(2,672,509)	-	1,336,254	(1,336,255)
Changes of assumptions	-		-	-	-	-
Contributions--State		-	-			
Contributions--Members		195,406	(195,406)			(195,406)
Transfer In Payments		-	-			
Net investment income		11,910,718	(11,910,718)			
Expected return on plan investments						(5,270,498)
Current expense of asset gain/loss						(1,328,044)
Non expensed asset gain/loss				-	5,312,176	
Benefits paid	(5,442,665)	(5,442,665)	-			
Plan administrative expenses						
Recognition of Prior Post-measurement Contribution				(28,764)		
Post-measurement Contribution				30,634		
Other changes						
Amortization of or change in beginning balances				(3,659,127)	(6,142,531)	(2,483,404)
Net Changes	(3,060,543)	6,663,459	(9,724,002)	(3,657,257)	505,899	(5,558,976)
Balances--at 06/30/23	\$ 68,059,010	\$ 91,267,801	\$ (23,208,791)	\$ 9,067,736	\$ 15,447,265	\$ (5,558,976)



Pension Expense & Deferred Outflows/Inflows of Resources

For the year ended June 30, 2024, the recognized pension expense/(income) will be (\$5,558,976). At June 30, 2024, 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, 2023			As of June 30, 2024		
	Deferred Outflows of Resources	Deferred Inflows of Resources	Recognized in Pension Expense	Deferred Outflows of Resources	Deferred Inflows of Resources	Remaining Amort. Period
Experience losses (gains)						
- 6/30/2017	8,932	-	1,497	7,435	-	4.970 years
- 6/30/2019	23,675	-	3,056	20,619	-	6.747 years
- 6/30/2021	-	443,386	(443,386)	-	-	0.000 years
- 6/30/2023	-	2,672,509	(1,336,255)	-	1,336,254	1.000 year
subtotal	23,675	3,115,895	(1,776,585)	28,054	1,336,254	
Change of assumptions						
- 6/30/2017	-	1,663	(279)	-	1,384	4.970 years
- 6/30/2021	587,869	-	587,869	-	-	0.000 years
- 6/30/2022	-	466,175	(466,175)	-	-	0.000 years
subtotal	587,869	467,838	121,415	-	1,384	
Net difference between projected and actual earnings on investments						
- 6/30/2019	-	833,965	(833,965)	-	-	0.000 years
- 6/30/2020	191,072	-	95,535	95,537	-	1.000 year
- 6/30/2021	-	13,196,177	(4,398,726)	-	8,797,451	2.000 years
- 6/30/2022	11,884,681	-	2,971,170	8,913,511	-	3.000 years
- 6/30/2023	-	6,640,220	(1,328,044)	-	5,312,176	4.000 years
subtotal	12,075,753	20,670,362	(3,494,030)	9,009,048	14,109,627	
Total	\$ 12,687,297	\$ 24,254,095	\$ (5,149,200)	\$ 9,037,102	\$ 15,447,265	

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 inactive (0 years of future service is assumed for inactive for this calculation).



Pension Expense & Deferred Outflows/Inflows of Resources (continued)

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:	
2024	(3,992,043)
2025	(2,751,325)
2026	1,647,401
2027	(1,323,770)
2028	4,235
Thereafter	5,339

In addition, Governmental Accounting Standards Board Statement 71 ("GASB 71") requires contributions between the measurement date (July 1, 2023) and the disclosure date (June 30, 2024) for GASB 68 be reported as a deferred outflow of resources.

Sources of Gains and Losses

Experience Losses (gains)	\$ (2,672,509)
Change of Assumptions Losses (gains)	-
<u>Asset Losses (gains)</u>	<u>(6,640,220)</u>
Total	\$ (9,312,729)



GASB Statement No. 74

Statement of Changes in Fiduciary Net Position

	<u>June 30, 2023</u>
Additions	
Contributions	
Employer	0
Employee	<u>23,590</u>
Total Contributions	23,590
Investment Income	9,362,277
Other	<u>0</u>
Total Additions	<u>9,385,867</u>
 Deductions	
Benefit Payments / Refunds	947,095
Administrative Expenses	0
Other	<u>0</u>
Total Deductions	<u>947,095</u>
Net Increase in Net Position	<u>8,438,772</u>
 Net Position Restricted for OPEB	
Beginning of Year	<u>63,301,184</u>
End of Year	<u><u>\$71,739,956</u></u>



Net OPEB Liability

Determination of Net OPEB Liability

	<u>June 30, 2023</u>
Total OPEB Liability	18,115,490
Plan Fiduciary Net Position	<u>(71,739,956)</u>
Net OPEB Liability	<u><u>(\$53,624,466)</u></u>
 Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	 396.01%

Sensitivity of Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

<u>Net OPEB Liability</u>	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
June 30, 2023	(\$55,408,318)	(\$53,624,466)	(\$51,494,764)

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

<u>Net OPEB Liability</u>	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
	5.50%	6.50%	7.50%
June 30, 2023	(\$51,461,967)	(\$53,624,466)	(\$55,414,005)

Schedule of Changes in the Net OPEB Liability and Related Ratios (Dollar amounts in millions)

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Total OPEB Liability										
Service cost	\$0.4	\$0.3	\$0.3	\$0.1	\$0.2	\$0.1	\$0.1			
Interest	2.0	1.4	1.5	1.2	1.3	1.0	1.0			
Changes of benefit terms	0.0	0.0	0.0	0.0	0.0	0.0	0.0			
Differences between expected and actual experience	(10.6)	0.0	(4.4)	0.0	(4.8)	0.0	2.4			
Changes of assumptions	2.3	0.0	0.0	0.0	(0.4)	0.0	(0.3)			
Benefit Payments / Refunds	(0.7)	(0.8)	(0.8)	(0.8)	(0.8)	(0.9)	(0.9)			
Net Change in Total OPEB Liability	(\$6.6)	\$0.9	(\$3.4)	\$0.5	(\$4.5)	\$0.2	\$2.3			
Total OPEB Liability - beginning	28.6	22.0	23.1	19.7	20.2	15.7	15.9			
Total OPEB Liability - ending (a)	\$22.0	\$23.1	\$19.7	\$20.2	\$15.7	\$15.9	\$18.2			
Plan Fiduciary Net Position										
Contributions - employer	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0			
Contributions - employee	0.0	0.0	0.0	0.0	0.0	0.0	0.0			
Transfers	0.0	0.0	0.0	0.0	0.0	0.0	0.0			
Net investment income	4.9	3.9	5.7	2.9	19.2	(6.5)	9.4			
Benefit Payments / Refunds	(0.7)	(0.8)	(0.8)	(0.8)	(0.8)	(0.9)	(0.9)			
Administrative expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0			
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0			
Net Change in Plan Fiduciary Net Position	\$4.2	\$3.1	\$4.9	\$2.1	\$18.4	(\$7.4)	\$8.5			
Plan Fiduciary Net Position - beginning	37.8	42.0	45.1	50.1	52.2	70.7	63.3			
Plan Fiduciary Net Position - ending (b)	\$42.0	\$45.1	\$50.1	\$52.2	\$70.7	\$63.3	\$71.7			
Net OPEB Liability - ending (a) - (b)	(\$20.0)	(\$22.1)	(\$30.4)	(\$32.1)	(\$55.0)	(\$47.4)	(\$53.5)			
Plan Fiduciary Net Position as a % of the Total OPEB Liability	190.9%	195.2%	254.3%	258.4%	450.3%	398.1%	394.0%			
Covered-employee payroll	\$4.4	\$4.4	\$4.3	\$4.3	\$4.2	\$4.2	\$4.0			
Net OPEB Liability as a % of covered-employee payroll	(454.5%)	(502.3%)	(707.0%)	(746.5%)	(1,309.5%)	(1,128.6%)	(1,337.5%)			
Discount Rate (Traditional)	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%			
Discount Rate (Hybrid)	4.00%	4.00%	4.00%	4.00%	6.50%	6.50%	6.50%			



Schedule of Contributions

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Actuarially determined contribution	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0		
Contributions in relation to the actuarially determined contribution	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0		
Contribution deficiency (excess)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0		
Covered-employee payroll	\$4.4	\$4.4	\$4.3	\$4.3	\$4.2	\$4.2	\$4.0			
Contributions as a percentage of covered-employee payroll	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		

¹Starting with the Fiscal Year Ending June 30, 2019, due to the lag period between the calculated date and the actual contributions, the Actuarially Determined Contribution has been adjusted with interest at the funding interest rate assumption.

Additional Requirements Under GASB Statement No. 74

GASB Statement No. 74 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. 74, these required pieces will need to be provided by the Kentucky Judicial Form Retirement System. USI Consulting Group is prepared to assist the system as needed.



GASB Statement No. 75

Schedule of Changes in NOL, Deferrals, & OPEB Expense

	Increase (Decrease)			Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
	Total OPEB Liability (a)	Plan Net Position (b)	Net OPEB Liability (a) - (b)			
Balances--at 06/30/2022	\$15,858,518	\$63,301,184	(\$47,442,666)	\$9,038,051	\$11,197,852	
Changes for the Year:						
Service cost	109,463		109,463			109,463
Interest	976,358		976,358			976,358
Benefit changes	0		0			
Experience losses (gains)	2,437,557		2,437,557	1,625,038		812,519
Changes of assumptions	(319,311)		(319,311)		212,874	(106,437)
Contributions--Employer		0	0			
Contributions--members		23,590	(23,590)			
Net investment income		9,362,277	(9,362,277)			
Expected return on plan investments						(4,085,036)
Current expense of asset (gain)/loss						(1,055,448)
Non expensed asset gain/loss					4,221,793	
Refunds of contributions		0	0			
Benefits paid	(947,095)	(947,095)	0			
Administrative expenses		0	0			0
Recognition of Prior Post-measurement Contribution Post-measurement Contribution						
Other changes		0	0			
Amortization of or change in beginning balances				(2,291,913)	(4,873,460)	(2,581,547)
Net Changes	2,256,972	8,438,772	(6,181,800)	(666,875)	(438,793)	(5,930,128)
Balances--at 06/30/2023	\$18,115,490	\$71,739,956	(\$53,624,466)	\$8,371,176	\$10,759,059	(\$5,930,128)



OPEB Expense & Deferred Outflows/Inflows of Resources

For the year ended June 30, 2024, the recognized OPEB expense will be (\$5,930,128). At June 30, 2024, the Kentucky Judicial Form Retirement System reported deferred outflows of resources and deferred inflows of resources in relation to OPEBs from the following sources:

	As of June 30, 2023		Recognized in Pension Expense	As of June 30, 2024		
	Deferred Outflows of Resources	Deferred Inflows of Resources		Deferred Outflows of Resources	Deferred Inflows of Resources	Remaining Amort. Period
Experience losses (gains)						
- 6/30/2017	3,598	-	603	2,995	-	4.970 years
- 6/30/2019	6,425	-	830	5,595	-	6.847 years
- 6/30/2021	-	1,077,553	(1,077,553)	-	-	0.000 years
- 6/30/2023	2,437,557	-	812,519	1,625,038	-	2.000 years
subtotal	2,447,580	1,077,553	(263,601)	1,633,628	-	
Change of assumptions						
- 6/30/2019	1,340	-	173	1,167	-	6.847 years
- 6/30/2021	-	90,232	(90,232)	-	-	0.000 years
- 6/30/2023	-	319,311	(106,437)	-	212,874	2.000 years
subtotal	1,340	409,543	(196,496)	1,167	212,874	
Net difference between projected and actual earnings on investments						
- 6/30/2019	-	543,480	(543,480)	-	-	0.000 years
- 6/30/2020	134,539	-	67,270	67,269	-	1.000 years
- 6/30/2021	-	9,486,587	(3,162,195)	-	6,324,392	2.000 years
- 6/30/2022	8,892,149	-	2,223,037	6,669,112	-	3.000 years
- 6/30/2023	-	5,277,241	(1,055,448)	-	4,221,793	4.000 years
subtotal	9,026,688	15,307,308	(2,470,816)	6,736,381	10,546,185	
Total	\$ 11,475,608	\$ 16,794,404	\$ (2,930,913)	\$ 8,371,176	\$ 10,759,059	

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 inactive (0 years of future service is assumed for inactive for this calculation).



OPEB Expense & Deferred Outflows/Inflows of Resources (continued)

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

Year ended June 30:

2025	(1,219,649)
2026	(1,286,920)
2027	1,169,196
2028	(1,053,843)
2029	1,586
Thereafter	1,748

In addition, Governmental Accounting Standards Board Statement 75 ("GASB 75") requires contributions between the measurement date (July 1, 2023) and the disclosure date (June 30, 2024) for GASB 75 be reported as a deferred outflow of resources.

Sources of Gains and Losses

Experience Losses (gains)	\$ 2,437,557
Change of Assumptions Losses (gains)	(319,311)
<u>Asset Losses (gains)</u>	<u>(5,277,241)</u>
Total	\$ (3,158,995)



Risk Assessment

Actuarial Standard of Practice No. 51

Actuarial funding valuation reports are required to include a discussion of the risk associated with measuring pension obligations and determining pension plan contributions. The risks that may reasonably be anticipated to significantly affect the plan's future financial condition are discussed below. USI Consulting Group can perform more detailed assessments of these risks as desired by the plan sponsor to provide a better understanding of the risks.

Investment

Due to the plan's substantial equity exposure, investment returns will likely be much more volatile than the measurements of plan liabilities. Therefore, there is a risk that the funded status of the plan, as well as required plan contributions, could be volatile.

Assumed Rate of Return

Due to the plan's estimated duration of 8 to 10, a 1% decrease in the assumed rate of investment return would increase the measurement of the liability by 8% to 10%.

Longevity

Since nearly all of the plan liability is projected to be paid as annuities, the plan is sensitive to changes in overall population longevity. As a result, the liabilities will fluctuate with changes in longevity. The ratio of retired life liability to total liability is 77%, suggesting there is less sensitivity to long-term changes in overall mortality improvement than a less mature plan.

Other demographic factors

Due to the eligibility for unreduced and subsidized retirement benefits, employees continuing in service for longer than expected will accrue additional benefits which may or may not result in larger liabilities. Conversely, employees retiring sooner than anticipated will accrue smaller benefits which may or may not result in smaller liabilities. Additionally, the difference between actual salary increases compared to the assumed increases based on the valuation assumption would impact the plan's funded status and contribution requirements.

Lump sums

No significant known risks. However, as the Hybrid Tier becomes a larger percentage of the total liability, this risk will become more significant. Since lump sum benefits are equal to the cash balance for the Hybrid Tier, lump sum payments have a comparable effect on both assets and liabilities.



Inflation

Inflation is a component of future interest rates and investment returns over a long period. As a result, changes to inflation can affect funded percentages.

Non-Legislative Salaries

Pension benefits can be increased by future non-legislative salaries and the liability for active and deferred vested participants has been increased by 40% to reflect his possibility. The effect of non-legislative salaries may have a larger or smaller impact than is reflected by the 40% load factor. Additionally, future legislation may eliminate or reduce the effect of this provision.

Contribution Risk

Contribution Risk involves the plan not being appropriated at least the Annual Required Contribution. If this amount is not appropriated, the plan runs the risk of not having enough assets to pay benefits when they become due.

Low-Default-Risk Obligation

In accordance with Actuarial Standards of Practice (ASOP) No. 4, the actuary is required to provide a “Low-Default-Risk Obligation Measurement” (LDROM). The intended purpose of the measurement is to show what the funding liability would be if the plan invested its assets solely in a portfolio of high-quality bonds (whose cash flows approximately match the plan’s future benefit payments) using current interest rate conditions. While investing solely in bonds might typically be expected to reduce the plan’s investment risk, it would also likely reduce the plan’s long-term investment returns, thereby increasing the amount of expected contributions needed over the life of the plan (perhaps significantly). The plan’s current investment policy is likely to result in lower contributions needed to support the trust fund than an all-bond policy; however, it can be more volatile, resulting in larger changes year-to-year on funded status. This disclosure is intended to help the user understand the cost of investing in an all-bond portfolio, if the assumed investment return was based on current interest rates. This disclosure may also provide additional information regarding the security of benefits that participants have earned. This disclosure is required and does not imply the plan sponsor is considering investing solely in bonds. This disclosure may not be appropriate for other uses. As of the valuation date, the Low-Default-Risk Obligation Measurement (LDROM) for the plan is \$85 million. Using LDROM interest rates the Plan is 108% funded on a market value of asset basis, compared to a funded level of 134% using the Plan’s ongoing interest rates.

Other Factors

Due to recent and ongoing attempts to pass pension reform legislation at a state level, the plan be modified in the future. Future legislation may affect benefit levels or future contribution levels and could result in increases or decreases in the plan liabilities or funding status.

USI Consulting Group can perform more detailed assessments of these risks as desired by the plan sponsor to provide a better understanding of the risks.



GASB Notes

Notes to GASB 67, 68, 74, and 75 Disclosures

1. Actuarial accrued liability is based on the entry age normal funding method.
2. Market value of assets as of July 1, 2007 was allocated between pension and OPEB obligations based on proportionate share of accrued liability on that date. Allocations in subsequent years are based on prior year allocated value adjusted for contributions and benefits paid during the year, with investment return (net of expenses) allocated proportionately between retirement and OPEB obligations. Actuarial value of assets is then allocated based on the market value of retirement and OPEB assets.
3. Actuarial value of assets uses a 5-year asset smoothing method.
4. Information used in preparing these exhibits has been extracted from past valuation reports.

Note: Above statements are partially based on information furnished by the prior actuary.

5. Covered payroll reflects payroll for all current plan members.
6. ADC based on full actuarial report (odd numbered years) immediately prior to each biennium. ADC amount shown is for basic valuation, without any future COLA reflected but with interest adjustment as appropriate.
7. The valuation date, disclosure date, and measurement date all fall on the same date for purposes of GASB 67.
8. It is assumed the measurement date for GASB 68 will be 12 months before the disclosure date. For the year ending June 30, 2024, the measurement date is July 1, 2023 (the valuation date).
9. The valuation date, disclosure date, and measurement date all fall on the same date for purposes of GASB 74.
10. It is assumed the measurement date for GASB 75 will be 12 months before the disclosure date. For the year ending June 30, 2024, the measurement date is July 1, 2023 (the valuation date).



Summary of Participant Data

Distribution of Active Participants with Average Compensation

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	2									3
	\$41,411	\$39,107									\$39,875
35-39	1	3		1							5
	\$40,047	\$40,331		\$44,211							\$41,050
40-44	3	4	1	1	1						10
	\$44,696	\$37,527	\$47,878	\$48,835	\$53,863						\$43,477
45-49	2	7	1	2							12
	\$44,999	\$41,819	\$41,914	\$42,037							\$42,393
50-54	7	5	3				2				17
	\$44,224	\$41,498	\$41,103			\$44,955					\$42,958
55-59	1	5	4	2	1	2					15
	\$42,643	\$41,050	\$43,540	\$48,448	\$57,182	\$46,256					\$44,576
60-64	1	8	2	1	1	1			1		15
	\$42,643	\$41,884	\$46,296	\$44,098	\$42,825	\$43,761		\$47,386			\$43,225
65-69	1	2	2	2	1	1					9
	\$43,053	\$41,829	\$43,849	\$42,503	\$38,818	\$50,052					\$43,143
Over 69		2	4		1			1	2		10
		\$33,300	\$41,095		\$50,441		\$46,588	\$42,913			\$41,383
Total	17	38	17	9	5	6	1	3			96
	\$43,732	\$40,529	\$43,055	\$44,791	\$48,626	\$46,039	\$46,588	\$44,404			\$42,894



Distribution of Inactive Participants with Average Annual Benefit - Annuities

Attained Age	All Retired and Beneficiaries	Traditional Terminated	Total
Under 50	0	6	6
	\$0	\$9,230	\$9,230
50 – 54	3	7	10
	\$17,383	\$14,387	\$15,286
55 – 59	6	9	15
	\$17,541	\$11,619	\$13,988
60 – 64	16	9	25
	\$24,629	\$18,424	\$22,395
65 – 69	36	2	38
	\$21,937	\$24,288	\$22,061
70 – 74	52	0	52
	\$26,469	\$0	\$26,469
75 – 79	57	0	57
	\$18,059	\$0	\$18,059
80 – 84	43	0	43
	\$22,065	\$0	\$22,065
85 – 89	30	0	30
	\$19,102	\$0	\$19,102
90 – 94	14	0	14
	\$17,972	\$0	\$17,972
Over 94	2	0	2
	\$26,048	\$0	\$26,048
Total	259	33	292
	\$21,516	\$14,396	\$20,711



Distribution of Inactive Participants with Average Benefits – Lump Sums

Attained Age	Cash Balance Terminated	Total
Under 50	1	1
	\$4,561	\$4,561
50 – 54	3	3
	\$33,696	\$33,696
55 – 59	1	1
	\$9,953	\$9,953
60 – 64	2	2
	\$7,329	\$7,329
65 – 69	4	4
	\$5,271	\$5,271
70 – 74	1	1
	\$4,215	\$4,215
75 – 79		
80 – 84		
85 – 89		
90 – 94		
Over 94		
<hr/>		
Total	12	12
	\$12,963	\$12,963



Glossary of Terms

Amortization – The process of systematically recognizing prior gains and losses as a component of the Pension Expense.

Fiduciary Net Position – The market value of assets as of a specified measurement date.

Funded Status – The difference between the Fiduciary Net Position and the Total Pension Liability as of the measurement date.

Gain/Loss – A change in the value of either the Total Pension Liability or the plan assets resulting from experience different from that assumed or from a change in an actuarial assumption.

Interest Cost – The amount recognized in a period determined as the increase in the Total Pension Liability due to the passage of time.

Pension Expense – The sum of Service Cost, Interest Cost, Expected Return on Assets and amortizations of Actuarial Gain/Loss over the average remaining service period (or the life expectancy) of plan participants expected to receive plan benefits plus a 5-year amortization of Asset Gain/Loss.

Service Cost – is the actuarial present value of benefits attributed to services rendered by employees during the measurement.

Total Pension Liability – The Entry Age Normal Accrued Liability.



Sensitivity Analysis

In accordance with HB 238, we are providing the following sensitivity analysis of the valuation results to changes in certain plan assumptions. Specifically we have looked at the effect of a one percent increase and decrease to the discount rate, salary scale, and healthcare cost trend rate assumptions.

Discount Rate

	1% Decrease (5.5%)	Current Rate (6.5%)	1% Increase (7.5%)
Pension Plan			
Accrued Liability	\$74,289,327	\$68,059,010	\$62,727,510
Actuarial Value of Assets	86,304,769	86,304,769	86,304,769
Unfunded Past Service Liability	(12,015,442)	(18,245,759)	(23,577,259)
Funded Ratio	116.17%	126.81%	137.59%
Contribution as Percent of Salary	0.00%	0.00%	0.00%
OPEB Plan			
Accrued Liability	\$20,277,989	\$18,115,490	\$16,325,951
Actuarial Value of Assets	67,838,824	67,838,824	67,838,824
Unfunded Past Service Liability	(47,560,835)	(49,723,334)	(51,512,873)
Funded Ratio	334.54%	374.48%	415.53%
Contribution as Percent of Salary	0.00%	0.00%	0.00%
Total ¹			
Accrued Liability	\$94,567,316	\$86,174,500	\$79,053,461
Actuarial Value of Assets	154,143,593	154,143,593	154,143,593
Unfunded Past Service Liability	(59,576,277)	(67,969,093)	(75,090,132)
Funded Ratio	163.00%	178.87%	194.99%
Contribution as Percent of Salary	0.00%	0.00%	0.00%

¹Our current understanding of IRS regulations is that they prohibit the use of surplus OPEB assets for retirement benefits. We recommend continuing discussions with plan council on possible options. Please refer to page 10 of this report for the asset and liabilities split between the Pension and OPEB plans.



Salary Scale

	1% Decrease	Current Rate	1% Increase
	0% for five years, 2.5% thereafter	1% for five years, 3.5% thereafter	2% for five years, 4.5% thereafter
Pension Plan			
Accrued Liability	\$68,013,357	\$68,059,010	\$68,152,174
Actuarial Value of Assets	86,304,769	86,304,769	86,304,769
Unfunded Past Service Liability	(18,291,412)	(18,245,759)	(18,152,595)
Funded Ratio	126.89%	126.81%	126.64%
Contribution as Percent of Salary	0.00%	0.00%	0.00%
OPEB Plan			
Accrued Liability	\$18,158,122	\$18,115,490	\$18,069,489
Actuarial Value of Assets	67,838,824	67,838,824	67,838,824
Unfunded Past Service Liability	(49,680,702)	(49,723,334)	(49,769,335)
Funded Ratio	373.60%	374.48%	375.43%
Contribution as Percent of Salary	0.00%	0.00%	0.00%
Total ¹			
Accrued Liability	\$86,171,479	\$86,174,500	\$86,221,663
Actuarial Value of Assets	154,143,593	154,143,593	154,143,593
Unfunded Past Service Liability	(67,972,114)	(67,969,093)	(67,921,930)
Funded Ratio	178.88%	178.87%	178.78%
Contribution as Percent of Salary	0.00%	0.00%	0.00%

¹Our current understanding of IRS regulations is that they prohibit the use of surplus OPEB assets for retirement benefits. We recommend continuing discussions with plan council on possible options. Please refer to page 10 of this report for the asset and liabilities split between the Pension and OPEB plans.



Healthcare Cost Trend Rate

	1% Decrease in Trend Assumption	Current Rate in Trend Assumption	1% Increase in Trend Assumption
Pension Plan			
Accrued Liability	\$68,059,010	\$68,059,010	\$68,059,010
Actuarial Value of Assets	86,304,769	86,304,769	86,304,769
Unfunded Past Service Liability	(18,245,759)	(18,245,759)	(18,245,759)
Funded Ratio	126.81%	126.81%	126.81%
Contribution as Percent of Salary	0.00%	0.00%	0.00%
OPEB Plan			
Accrued Liability	\$16,331,638	\$18,115,490	\$20,245,192
Actuarial Value of Assets	67,838,824	67,838,824	67,838,824
Unfunded Past Service Liability	(51,507,186)	(49,723,334)	(47,593,632)
Funded Ratio	415.38%	374.48%	335.09%
Contribution as Percent of Salary	0.00%	0.00%	0.00%
Total ¹			
Accrued Liability	\$84,390,648	\$86,174,500	\$88,304,202
Actuarial Value of Assets	154,143,593	154,143,593	154,143,593
Unfunded Past Service Liability	(69,752,945)	(67,969,093)	(65,839,391)
Funded Ratio	182.65%	178.87%	174.56%
Contribution as Percent of Salary	0.00%	0.00%	0.00%

¹Our current understanding of IRS regulations is that they prohibit the use of surplus OPEB assets for retirement benefits. We recommend continuing discussions with plan council on possible options. Please refer to page 10 of this report for the asset and liabilities split between the Pension and OPEB plans.



Projections

Pension Plan

In accordance with HB 238, we are also providing the following 30 year projection under the current plan assumptions and, if applicable, before any assumptions changes effective at the valuation date. For a list of assumptions changes effective as of July 1, 2023, please see page 7.

Year Beginning July 1	Contribution				Accrued Liability (\$M)				Unfunded Liability (\$M)		Funded Ratio (Assets/Liabilities)	
	Requirement (\$M)*		Contribution (%)		Prior		Current		Prior		Current	
	Assumptions	Current	Assumptions	Current	Assumptions	Current	Assumptions	Current	Assumptions	Current	Assumptions	Current
2023	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 68.1	\$ 68.1	\$ (18.2)	\$ (18.2)	127%	127%		
2024	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 66.4	\$ 66.4	\$ (21.9)	\$ (21.9)	133%	133%		
2025	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 64.9	\$ 64.9	\$ (25.7)	\$ (25.7)	140%	140%		
2026	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 63.2	\$ 63.2	\$ (25.4)	\$ (25.4)	140%	140%		
2027	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 61.4	\$ 61.4	\$ (28.1)	\$ (28.1)	146%	146%		
2028	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 59.4	\$ 59.4	\$ (29.5)	\$ (29.5)	150%	150%		
2029	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 57.4	\$ 57.4	\$ (31.1)	\$ (31.1)	154%	154%		
2030	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 55.3	\$ 55.3	\$ (32.7)	\$ (32.7)	159%	159%		
2031	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 53.3	\$ 53.3	\$ (34.4)	\$ (34.4)	165%	165%		
2032	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 51.1	\$ 51.1	\$ (36.2)	\$ (36.2)	171%	171%		
2033	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 48.9	\$ 48.9	\$ (38.1)	\$ (38.1)	178%	178%		
2034	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 46.7	\$ 46.7	\$ (40.2)	\$ (40.2)	186%	186%		
2035	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 44.4	\$ 44.4	\$ (42.3)	\$ (42.3)	195%	195%		
2036	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 42.2	\$ 42.2	\$ (44.6)	\$ (44.6)	206%	206%		
2037	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 40.0	\$ 40.0	\$ (46.9)	\$ (46.9)	217%	217%		
2038	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 37.8	\$ 37.8	\$ (49.4)	\$ (49.4)	231%	231%		
2039	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 35.6	\$ 35.6	\$ (52.1)	\$ (52.1)	246%	246%		
2040	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 33.4	\$ 33.4	\$ (54.8)	\$ (54.8)	264%	264%		
2041	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 31.3	\$ 31.3	\$ (57.8)	\$ (57.8)	285%	285%		
2042	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 29.2	\$ 29.2	\$ (60.8)	\$ (60.8)	308%	308%		
2043	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 27.2	\$ 27.2	\$ (64.1)	\$ (64.1)	336%	336%		
2044	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 25.2	\$ 25.2	\$ (67.5)	\$ (67.5)	368%	368%		
2045	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 23.2	\$ 23.2	\$ (71.0)	\$ (71.0)	406%	406%		
2046	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 21.4	\$ 21.4	\$ (74.8)	\$ (74.8)	450%	450%		
2047	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 19.6	\$ 19.6	\$ (78.7)	\$ (78.7)	502%	502%		
2048	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 17.9	\$ 17.9	\$ (82.9)	\$ (82.9)	563%	563%		
2049	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 16.3	\$ 16.3	\$ (87.2)	\$ (87.2)	635%	635%		
2050	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 14.8	\$ 14.8	\$ (91.8)	\$ (91.8)	720%	720%		
2051	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 13.4	\$ 13.4	\$ (96.6)	\$ (96.6)	821%	821%		
2052	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 12.1	\$ 12.1	\$ (101.6)	\$ (101.6)	940%	940%		
2053	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 10.9	\$ 10.9	\$ (106.9)	\$ (106.9)	1081%	1081%		
Sum of Contributions	\$ 0.0	\$ 0.0										

* The Contribution Requirement above is the full projected contribution requirement, adjusted with interest. The projection results are based on the assumption that 0% of the requirement is contributed, the average percentage of the contribution requirement that was made over the past 5 years.



OPEB Plan

Year Beginning July 1	Contribution Requirement (\$M)		Contribution (%)		Accrued Liability (\$M)		Unfunded Liability (\$M)		Funded Ratio (Assets/Liabilities)	
	Prior		Prior		Prior		Prior		Prior	
	Assumptions	Current	Assumptions	Current	Assumptions	Current	Assumptions	Current	Assumptions	Current
2023	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 18.4	\$ 18.1	\$ (49.4)	\$ (49.7)	368%	375%
2024	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 18.5	\$ 18.2	\$ (54.7)	\$ (55.1)	396%	403%
2025	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 18.6	\$ 18.2	\$ (60.4)	\$ (60.7)	425%	434%
2026	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 18.6	\$ 18.2	\$ (62.9)	\$ (63.3)	438%	448%
2027	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 18.6	\$ 18.2	\$ (68.0)	\$ (68.4)	466%	476%
2028	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 18.6	\$ 18.1	\$ (72.2)	\$ (72.7)	488%	502%
2029	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 18.4	\$ 17.9	\$ (76.8)	\$ (77.3)	517%	532%
2030	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 18.3	\$ 17.7	\$ (81.7)	\$ (82.2)	546%	564%
2031	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 18.1	\$ 17.5	\$ (86.8)	\$ (87.4)	580%	599%
2032	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 17.8	\$ 17.2	\$ (92.4)	\$ (92.9)	619%	640%
2033	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 17.6	\$ 17.0	\$ (98.2)	\$ (98.8)	658%	681%
2034	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 17.3	\$ 16.6	\$ (104.5)	\$ (105.1)	704%	733%
2035	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 17.0	\$ 16.3	\$ (111.1)	\$ (111.8)	754%	786%
2036	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 16.8	\$ 16.1	\$ (118.2)	\$ (118.9)	804%	839%
2037	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 16.5	\$ 15.7	\$ (125.7)	\$ (126.5)	862%	906%
2038	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 16.2	\$ 15.4	\$ (133.7)	\$ (134.6)	925%	974%
2039	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 15.8	\$ 15.0	\$ (142.3)	\$ (143.2)	1001%	1055%
2040	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 15.4	\$ 14.5	\$ (151.4)	\$ (152.3)	1083%	1150%
2041	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 14.9	\$ 14.1	\$ (161.0)	\$ (162.0)	1181%	1249%
2042	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 14.4	\$ 13.6	\$ (171.3)	\$ (172.4)	1290%	1368%
2043	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 13.9	\$ 13.1	\$ (182.2)	\$ (183.4)	1411%	1500%
2044	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 13.4	\$ 12.5	\$ (193.9)	\$ (195.1)	1547%	1661%
2045	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 12.9	\$ 12.0	\$ (206.2)	\$ (207.5)	1698%	1829%
2046	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 12.4	\$ 11.5	\$ (219.4)	\$ (220.8)	1869%	2020%
2047	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 11.8	\$ 11.0	\$ (233.4)	\$ (234.9)	2078%	2235%
2048	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 11.3	\$ 10.4	\$ (248.3)	\$ (249.9)	2297%	2503%
2049	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 10.7	\$ 9.9	\$ (264.2)	\$ (265.9)	2569%	2786%
2050	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 10.2	\$ 9.3	\$ (281.1)	\$ (282.8)	2856%	3141%
2051	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 9.6	\$ 8.8	\$ (299.0)	\$ (300.9)	3215%	3519%
2052	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 9.0	\$ 8.2	\$ (318.1)	\$ (320.1)	3634%	4004%
2053	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 8.4	\$ 7.7	\$ (338.5)	\$ (340.6)	4130%	4523%
Sum of Contributions	\$ 0.0	\$ 0.0								

