GRS Gabriel Roeder Smith & Company
Consultants & Actuaries

WYOMING VOLUNTEER EMERGENCY MEDICAL TECHNICIAN PENSION PLAN

GASB STATEMENT NOS. 67 AND 68 ACCOUNTING AND FINANCIAL REPORTING FOR PENSIONS

FOR THE MEASUREMENT DATE OF DECEMBER 31, 2014

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August 4, 2015

The Board of Trustees
Wyoming Retirement System

Dear Board Members:

This report provides information required by the Wyoming Retirement System (WRS) in connection with the Governmental Accounting Standards Board (GASB) Statement No. 67 "Financial Reporting for Pension Plans" and Statement No. 68 "Accounting and Financial Reporting for Pensions".

The actuarial calculations for this report were prepared for the purpose of complying with the requirements of GASB Statements No. 67 and 68. These calculations have been made on a basis that is consistent with our understanding of this Statement.

The calculation of the liability associated with the benefits described in this report was performed for the purpose of satisfying the requirements of GASB Statement No. 67 and GASB Statement No. 68. The calculation of the plan's liability for this report may not be applicable for funding purposes of the plan. A calculation of the plan's liability for purposes other than satisfying the requirements of GASB Statement No. 67 and No. 68 may produce significantly different results. This report may be provided to parties other than the Wyoming Retirement System ("WRS") only in its entirety and only with the permission of WRS.

This report is based upon information, furnished to us by WRS, concerning retirement and ancillary benefits, active members, deferred vested members, retirees and beneficiaries, and financial data. If your understanding of this information is different, please let us know. This information was checked for internal consistency, but it was not otherwise audited.

This report complements the actuarial valuation report that was provided to WRS and should be considered in conjunction with that report. Please see the actuarial valuation report as of January 1, 2014 for additional discussion of the nature of actuarial calculations and more information related to participant data.

To the best of our knowledge, the information contained with this report is accurate and fairly represents the actuarial position of the Wyoming Retirement System. All calculations have been made in conformity with generally accepted actuarial principles and practices as well as with the Actuarial Standards of Practice issued by the Actuarial Standards Board. Leslie L. Thompson is a member of the American Academy of Actuaries (MAAA) and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein. The signing actuaries are independent of the plan sponsor.

Respectfully submitted,

By Leslie L. Thompson

Leslie L. Thompson
FSA, FCA, EA, MAAA

By Joseph R. Herm

Joseph R. Herm

TABLE OF CONTENTS

SECTION A

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY
AS OF DECEMBER 31, 2014

Actuarial Valuation Date	January 1, 2014
Measurement Date of the Net Pension Liability	December 31, 2014
Employer's Fiscal Year Ending Date (Reporting Date)	June 30, 2015

Membership

Number of	
- Retirees and Beneficiaries	3
- Inactive, Nonretired Members	16
- Active Members	147
- Total	166
Covered Payroll	N/A

Net Pension Liability

Total Pension Liability	$	1,513,116
Plan Fiduciary Net Position		1,363,394
Net Pension Liability	$	149,722
Plan Fiduciary Net Position as a Percentage of Total Pension Liability		90.105%
Net Pension Liability as a Percentage of Covered Payroll		N/A

Development of the Single Discount Rate

Single Discount Rate	5.500%
Long-Term Expected Rate of Investment Return	7.750%
Long-Term Municipal Bond Rate*	3.650%
Last year ending December 31 in the 2014 to 2113 projection period for which projected benefit payments are fully funded	2046

Total Pension Expense $ 220,285

Deferred Outflows and Deferred Inflows of Resources by Source to be recognized in Future Pension Expenses

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ -
Changes in assumptions	335,413	-
Net difference between projected and actual earnings on pension plan investments	28,062	-
Total	$ 363,475	$ -

**Source:* *"State & local bonds" rate from Federal Reserve statistical release (H.15) as of December 31, 2014. The statistical release describes this rate as "Bond Buyer Index, general obligation, 20 years to maturity, mixed quality." In describing this index, the Bond Buyer notes that the bonds' average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA.*

DISCUSSION

Accounting Standard

For pension plans that are administered through trusts or equivalent arrangements, Governmental Accounting Standards Board (GASB) Statement No. 67 establishes standards of financial reporting for separately issued financial reports and specifies the required approach for measuring the pension liability. Similarly, GASB Statement No. 68 establishes standards for state and local government employers (as well as non-employer contributing entities) to account for and disclose the net pension liability, pension expense, and other information associated with providing retirement benefits to their employees (and former employees) on their basic financial statements.

The following discussion provides a summary of the information that is required to be disclosed under these accounting standards. A number of these disclosure items are provided in this report. However, certain information, such as notes regarding accounting policies and investments, is not included in this report and the retirement system and/or plan sponsor will be responsible for preparing and disclosing that information to comply with these accounting standards.

Financial Statements

GASB Statement No. 68 requires state or local governments to recognize the net pension liability and the pension expense on their financial statements. The net pension liability is the difference between the total pension liability and the plan's fiduciary net position. In traditional actuarial terms, this is analogous to the accrued liability less the market value of assets (not the smoothed actuarial value of assets that is often encountered in actuarial valuations performed to determine the employer's contribution requirement).

The pension expense recognized each fiscal year is equal to the change in the net pension liability from the beginning of the year to the end of the year, adjusted for deferred recognition of the liability and investment experience.

Pension plans that prepare their own, stand-alone financial statements are required to present two financial statements – a statement of fiduciary net position and a statement of changes in fiduciary net position in accordance with GASB Statement No. 67. The *statement of fiduciary net position* presents the assets and liabilities of the pension plan at the end of the pension plan's reporting period. The *statement of changes in fiduciary net position* presents the additions, such as contributions and investment income, and deductions, such as benefit payments and expenses, and net increase or decrease in the fiduciary net position.

Notes to Financial Statements

GASB Statement No. 68 requires the notes of the employer's financial statements to disclose the total pension expense, the pension plan's liabilities and assets, and deferred outflows and inflows of resources related to pensions.

GASB Statement Nos. 67 and 68 require the notes of the financial statements for the employers and pension plans, to include certain additional information. The list of disclosure items should include:

- a description of the types of benefits provided by the plan, as well as automatic or ad hoc COLAs;
- the type of employees and number of members covered by the pension plan;
- a description of the plan's funding policy, which includes member and employer contribution requirements;
- the pension plan's investment policies;
- the pension plan's fiduciary net position, net pension liability, and the pension plan's fiduciary net position as a percentage of the total pension liability;
- the net pension liability using a discount rate that is 1% higher and 1% lower than used to calculate the total pension liability and net pension liability for financial reporting purposes;
- significant assumptions and methods used to calculate the total pension liability;
- inputs to the discount rates; and
- certain information about mortality assumptions and the dates of experience studies.

Retirement systems that issue stand-alone financial statements are required to disclose additional information in accordance with GASB Statement No. 67. This information includes:

- the composition of the pension plan's board and the authority under which benefit terms may be amended;
- a description of how fair value is determined;
- information regarding certain reserves and investments, which include concentrations of investments greater than or equal to 5%, receivables, and insurance contracts excluded from plan assets; and
- the annual money-weighted rate of return on pension plan investments for each year.

Required Supplementary Information

GASB Statement No. 67 requires a 10-year fiscal history of:

- sources of changes in the net pension liability;
- information about the components of the net pension liability and related ratios, including the pension plan's fiduciary net position as a percentage of the total pension liability, and the net pension liability as a percent of covered-employee payroll; and
- comparison of the actual employer contributions to the actuarially determined contributions based on the plan's funding policy.

Timing of the Valuation

An actuarial valuation to determine the total pension liability is required to be performed at least every two years. The net pension liability and pension expense should be measured as of the pension plan's fiscal year end (measurement date) on a date that is within the employer's prior fiscal year. If the actuarial valuation used to determine the total pension liability is not calculated as of the measurement date, the total pension liability is required to be rolled forward from the actuarial valuation date to the measurement date.

The total pension liability shown in this report is based on an actuarial valuation performed as of January 1, 2014 and a measurement date of December 31, 2014.

Single Discount Rate

Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.750%; the municipal bond rate is 3.650% (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 5.500%.

Effective Date and Transition

GASB Statement Nos. 67 and 68 are effective for fiscal years beginning after June 15, 2013, and June 15, 2014 respectively, earlier application is encouraged by the GASB.

SECTION B

FINANCIAL STATEMENTS

PENSION EXPENSE UNDER GASB STATEMENT NO. 68
FISCAL YEAR ENDED JUNE 30, 2015

A. Expense			
1. Service Cost	$	198,237	
2. Interest on the Total Pension Liability		73,947	
3. Current-Period Benefit Changes		0	
4. Employee Contributions (made negative for addition here)		(22,975)	
5. Projected Earnings on Plan Investments (made negative for addition here)		(96,986)	
6. Pension Plan Administrative Expense		7,149	
7. Other Changes in Plan Fiduciary Net Position		14	
8. Recognition of Outflow (Inflow) of Resources due to Liabilities*		53,882	
9. Recognition of Outflow (Inflow) of Resources due to Assets		7,016	
10. Recognition of Outflow of Resources due to Contributions made from December 31, 2014 to June 30, 2015		-	**
11. Total Pension Expense	**$**	**220,285**	

*Change in the discount rate from 7.75% to the blended single discount rate of 5.500%.

**In accordance with GASB 71, employers may need to illustrate contributions made from January 1, 2015 through June 30, 2015.

STATEMENT OF OUTFLOWS AND INFLOWS ARISING FROM CURRENT REPORTING PERIOD

FISCAL YEAR ENDED JUNE 30, 2015

A. Outflows (Inflows) of Resources due to Liabilities		
1. Difference between expected and actual experience of the Total Pension Liability (gains) or losses	$	-
2. Assumption Changes (gains) or losses	$	389,295
3. Recognition period for Liabilities: Average of the expected remaining service lives of all employees {in years}		7.2249
4. Outflow (Inflow) of Resources to be recognized in the current pension expense for the Difference between expected and actual experience of the Total Pension Liability	$	-
5. Outflow (Inflow) of Resources to be recognized in the current pension expense for Assumption Changes	$	53,882
6. Outflow (Inflow) of Resources to be recognized in the current pension expense due to Liabilities	$	53,882
7. Deferred Outflow (Inflow) of Resources to be recognized in future pension expenses for the Difference between expected and actual experience of the Total Pension Liability	$	-
8. Deferred Outflow (Inflow) of Resources to be recognized in future pension expenses for Assumption Changes	$	335,413
9. Deferred Outflow (Inflow) of Resources to be recognized in future pension expenses due to Liabilities	$	335,413
B. Outflows (Inflows) of Resources due to Assets		
1. Net difference between projected and actual earnings on pension plan investments (gains) or losses	$	35,078
2. Recognition period for Assets {in years}		5.0000
3. Outflow (Inflow) of Resources to be recognized in the current pension expense due to Assets	$	7,016
4. Deferred Outflow (Inflow) of Resources to be recognized in future pension expenses due to Assets	$	28,062

STATEMENT OF OUTFLOWS AND INFLOWS ARISING FROM CURRENT AND PRIOR REPORTING PERIODS

FISCAL YEAR ENDED JUNE 30, 2015

A. Outflows and Inflows of Resources due to Liabilities and Assets to be recognized in Current Pension Expense

	Outflows of Resources	Inflows of Resources	Net Outflows of Resources
1. due to Liabilities	$ 53,882	$ 0	$ 53,882
2. due to Assets	7,016	-	7,016
3. Total	$ 60,898	$ 0	$ 60,898

B. Outflows and Inflows of Resources by Source to be recognized in Current Pension Expense

	Outflows of Resources	Inflows of Resources	Net Outflows of Resources
1. Differences between expected and actual experience	$ -	$ 0	$ -
2. Assumption Changes	53,882	-	53,882
3. Net Difference between projected and actual earnings on pension plan investments	7,016	-	7,016
4. Total	$ 60,898	$ 0	$ 60,898

C. Deferred Outflows and Deferred Inflows of Resources by Source to be recognized in Future Pension Expenses

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows of Resources
1. Differences between expected and actual experience	$ -	$ 0	$ -
2. Assumption Changes	335,413	-	335,413
3. Net Difference between projected and actual earnings on pension plan investments	28,062	-	28,062
4. Total	$ 363,475	$ 0	$ 363,475

D. Deferred Outflows and Deferred Inflows of Resources by Year to be recognized in Future Pension Expenses

Year Ending June 30	Net Deferred Outflows of Resources
2016	$ 60,898
2017	60,898
2018	60,898
2019	60,898
2020	53,882
Thereafter	66,001
Total	$ 363,475

STATEMENT OF FIDUCIARY NET POSITION AS OF DECEMBER 31, 2014

		2014
Assets		
Cash and Deposits	$	87,683
Receivables		
Accounts Receivable - Sale of Investments	$	691
Accrued Interest and Other Dividends		3,706
Contributions		1,650
Accounts Receivable - Other		204,440
Total Receivables	$	210,487
Investments		
Fixed Income	$	279,663
Domestic Equities		706,226
International Equities		-
Real Estate		-
Other		438,511
Total Investments	$	1,424,400
Total Assets	$	1,722,570
Liabilities		
Payables		
Accounts Payable - Purchase of Investments	$	12,635
Accrued Expenses		29,421
Accounts Payable - Other		317,120
Total Liabilities	$	359,176
Net Position Restricted for Pensions	$	1,363,394

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FOR YEAR ENDED DECEMBER 31, 2014

		2014
Additions		
Contributions		
Employer	$	-
Employee		22,975
Other		93,196
Total Contributions	$	116,171
Investment Income		
Net Appreciation in Fair Value of Investments	$	37,111
Interest and Dividends		33,130
Less Investment Expense		(8,333)
Net Investment Income	$	61,908
Other	$	-
Total Additions	$	178,079
Deductions		
Benefit Payments, including Refunds of Employee Contributions	$	8,897
Pension Plan Administrative Expense		7,149
Other		14
Total Deductions	$	16,060
Net Increase in Net Position	$	162,019
Net Position Restricted for Pensions		
Beginning of Year	$	1,201,375
End of Year	$	1,363,394

SECTION C

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
CURRENT PERIOD
FISCAL YEAR ENDED JUNE 30, 2015

A. Total pension liability		
1. Service Cost	$	198,237
2. Interest on the Total Pension Liability		73,947
3. Changes of benefit terms		0
4. Difference between expected and actual experience of the Total Pension Liability		-
5. Changes of assumptions		389,295
6. Benefit payments, including refunds of employee contributions		(8,897)
7. Net change in total pension liability	$	652,583
8. Total pension liability – beginning		860,533
9. Total pension liability – ending	**$**	**1,513,116**
B. Plan fiduciary net position		
1. Contributions – employer	$	93,196
2. Contributions – employee		22,975
3. Net investment income		61,908
4. Benefit payments, including refunds of employee contributions		(8,897)
5. Pension Plan Administrative Expense		(7,149)
6. Other		(14)
7. Net change in plan fiduciary net position	$	162,019
8. Plan fiduciary net position – beginning		1,201,375
9. Plan fiduciary net position – ending	**$**	**1,363,394**
C. Net pension liability	**$**	**149,722**
D. Plan fiduciary net position as a percentage of the total pension liability		**90.11%**
E. Covered-employee payroll		**N/A**
F. Net pension liability as a percentage of covered employee payroll		**N/A**

Notes to Schedule:

Other changes to Plan Fiduciary Net Position may include member redeposits, member service purchase contributions, other funding sources, and depreciation expenses.

Schedules of Required Supplementary Information

Schedule of Changes in Net Pension Liability and Related Ratios Multiyear

Measurement date as of December 31,	2014
Total Pension Liability	
Service Cost	$ 198,237
Interest on the Total Pension Liability	73,947
Benefit Changes	-
Difference between Expected and Actual Experience	-
Assumption Changes	389,295
Benefit Payments	(8,209)
Refunds	(688)
Net Change in Total Pension Liability	652,583
Total Pension Liability - Beginning	860,533
Total Pension Liability - Ending (a)	$ 1,513,116
Plan Fiduciary Net Position	
Employer Contributions	$ 93,196
Employee Contributions	22,975
Pension Plan Net Investment Income	61,908
Benefit Payments	(8,209)
Refunds	(688)
Pension Plan Administrative Expense	(7,149)
Other	(14)
Net Change in Plan Fiduciary Net Position	162,019
Plan Fiduciary Net Position - Beginning	1,201,375
Plan Fiduciary Net Position - Ending (b)	$ 1,363,394
Net Pension Liability - Ending (a) - (b)	$ 149,722
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	90.11 %
Covered Employee Payroll	N/A
Net Pension Liability as a Percentage of Covered Employee Payroll	N/A

Notes to Schedule:

Other changes to Plan Fiduciary Net Position may include member redeposits, member service purchase contributions, other funding sources, and depreciation expenses.

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE NET PENSION LIABILITY MULTIYEAR

Last 10 Plan Years (which may be built prospectively)

FY Ending December 31,	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as a % of Total Pension Liability	Covered Payroll	Net Pension Liability as a % of Covered Payroll
2014	$ 1,513,116	$ 1,363,394	$ 149,722	90.11%	N/A	N/A

SCHEDULE OF CONTRIBUTIONS MULTIYEAR
LAST 10 PLAN YEARS

FY Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2014	$ 85,802	$ 93,196	$ (7,394)	N/A	N/A

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date: January 1, 2014

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open
Remaining Amortization Period	10 years
Asset Valuation Method	5-Year smoothed market
Inflation	3.25%
Salary Increases	0.00%
Investment Rate of Return	7.75%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2007 - 2011.
Post-Retirement Mortality	RP-2000 Combined Mortality Table, generational projected with Scale BB. Males: Set back 1 year with a 104% multiplier. Females: No set back with a 90% multiplier.
Pre-Retirement Mortality	RP-2000 Combined Mortality Table, generational projected with Scale BB. Males: Set back 5 years with a 104% multiplier. Females: Set back 4 years with a 90% multiplier.

Other Information:

Notes	There were no benefit changes during the year.

SCHEDULE OF INVESTMENT RETURNS MULTIYEAR
LAST 10 PLAN YEARS

FY Ending December 31,	Annual Return[1]
2014	4.70 %

[1] *Annual money-weighted rate of return, net of investment expenses.*

The figures in the above table were supplied by NEPC; the investment consulting firm to the Wyoming Retirement System. Gabriel, Roeder, Smith and Company does not provide investment advice.

SECTION D

NOTES TO FINANCIAL STATEMENTS

ASSET ALLOCATION

Long-Term Expected Return on Plan Assets

The assumed rate of investment return was adopted by the plan's trustees after considering input from the plan's investment consultant and actuary. Additional information about the assumed rate of investment return is included in our actuarial valuation report as of January 1, 2014. In addition, a five year experience study was completed as of December 31, 2011 and this study provides a detailed analysis regarding recommendations on the long term rates for inflation and the real rate of return. The assumed rate of investment return of 7.75% falls within a reasonable range of the long-term expected rate of return.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. For each major asset class that is included in the pension plan's target asset allocation as of January 1, 2014, these best estimates are summarized in the following table:

ASSET ALLOCATION

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.50%	0.50%
Fixed Income	15.00%	0.80%
Equity	55.00%	5.26%
Marketable Alternatives	15.50%	3.79%
Private Markets	12.00%	5.76%
Total	100.00%	

The figures in the above table were supplied by NEPC; the investment consulting firm to the Wyoming Retirement System. Gabriel, Roeder, Smith and Company does not provide investment advice.

Single Discount Rate

A Single Discount Rate of 7.750% was used to measure the total pension liability. This Single Discount Rate was based on the expected rate of return on pension plan investments of 7.750%. The projection of cash flows used to determine this Single Discount Rate assumed that plan member and employer contributions will be made at the current scheduled contribution rates. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2046. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2046, and the municipal bond rate was applied to all benefit payments after that date.

Sensitivity of Results

Regarding the sensitivity of the net pension liability to changes in the Single Discount Rate, the following presents the plan's net pension liability, calculated using a Single Discount Rate of 5.500%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

SENSITIVITY OF NET PENSION LIABILITY TO THE SINGLE DISCOUNT RATE ASSUMPTION

1% Decrease 4.500%	Current Single Discount Rate Assumption 5.500%	1% Increase 6.500%
$448,977	$149,722	-$85,601

SUMMARY OF POPULATION STATISTICS

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	3
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	16
Active Plan Members	147
Total Plan Members	166

SECTION E

SUMMARY OF BENEFITS

SUMMARY OF PLAN PROVISIONS

Covered Members

Any volunteer EMT for whom payments are received by the volunteer emergency medical technician pension fund as prescribed in W.S. 35-29-106(e).

Service Retirement

Eligibility

Eligibility varies by entry age according to the following schedule:

Entry Age	Retirement Age	Entry Age	Retirement Age
45 or less	60	56 - 57	66
46 - 47	61	58	67
48 - 49	62	59 - 61	68
50 - 51	63	62 - 63	69
52 - 53	64	64 - 65	70
54 - 55	65		

Monthly Benefit

$15 per month for each of the first 10 years of service and $18 per month for each year of service over 10.

Vesting

Any employee with five or more years of service who has left employment, and who has not withdrawn accumulated contributions, is eligible to receive the above benefit or can elect to receive a lump-sum refund of contributions with interest. In addition, an employee with at least ten years of service may gain up to an extra five years of service by continuing to contribute. An employee who terminates with less than five years of service is only eligible for the lump-sum benefit.

Pre-retirement Death Benefit

Eligibility	No age or service requirements.
Monthly Benefit	Upon the death of any participating member, the board shall authorize a monthly payment to the surviving spouse of the member during the spouse's remaining lifetime of an amount equal to fifty percent (50%) of the amount calculated above.

Post-retirement Death Benefit

Monthly Benefit	50% of the member’s benefit payable prior to the member’s death.

Contributions

Employee	$12.50 per month.
State	Contributions are made in an amount equal to the actuarially required amount determined as of January 1 of the plan year.
Interest	2.0% annually.

Cost-of-Living Improvements W.S. 9-3-454 prohibits benefit changes, including cost-of-living increases, unless the funded ratio stays above 100% plus a margin for adverse experience throughout the life of the benefit change.

SECTION F

ACTUARIAL COST METHOD AND ACTUARIAL ASSUMPTIONS

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

The following methods and assumptions were used in preparing the January 1, 2014 actuarial valuation report.

1. Valuation Date

   The valuation date for any given year is January 1st, the first day of each plan year. This is the date as of which the actuarial present value of future benefits and the actuarial value of assets are determined.

2. Actuarial Cost Method

   The actuarial valuation uses the Entry Age Normal (EAN) actuarial cost method, amortized as a level dollar amount. Under this method, the employer contribution amount is the sum of (i) the employer normal cost amount, and (ii) the amount that will amortize the unfunded actuarial accrued liability (UAAL).

   a. The valuation is prepared on the projected benefit basis, under which the present value, at the investment return rate assumed to be earned in the future (currently 7.75%), of each participant's expected benefit payable at retirement or death is determined, based on his/her age, service, and sex. The calculations take into account the probability of a participant's death or termination of employment prior to becoming eligible for a benefit, as well as the possibility of his/her terminating with a service or survivor's benefit. The present value of the expected benefits payable for the active participants is added to the present value of the expected future payments to retired participants and beneficiaries to obtain the present value of all expected benefits payable from the Fund on account of the present group of participants and beneficiaries.

   b. The employer contributions required to support the benefits of the Fund are determined using a level dollar funding approach, and consist of a normal cost contribution and an accrued liability contribution.

   c. The normal cost contribution is determined using the "entry age normal" actuarial cost method. Under this method, a calculation is made to determine the average uniform and constant amount of employer contributions which, if contributed on behalf of each new participant during the entire period of his/her anticipated covered service, would be required to meet the cost of all benefits payable on his/her behalf based on the benefits provisions applicable for the individual member.

d. The unfunded actuarial accrued liability contributions are determined by subtracting the actuarial value of assets from the actuarial accrued liability and amortizing the result over 10 years from the valuation date.

3. Actuarial Value of Assets

The actuarial value of assets is based on the market value of assets with a five-year phase-in of actual investment return in excess of (less than) expected investment income. Expected investment income is determined using the assumed investment return rate and the market value of assets (adjusted for receipts and disbursements during the year). The returns are computed net of administrative and investment expenses. An adjustment is made if the actuarial value is not within 20% of the Market Value. For any year following a year in which the 20% of market value adjustment was applied, the actuarial value is determined as if the adjustment was not applied in the previous year.

4. Economic Assumptions

Investment return: 7.75% per year, compounded annually, composed of an assumed 3.25% inflation rate and a 4.50% net real rate of return. This rate represents the assumed return, net of investment expenses.

5. Demographic Assumptions

a. Rates Before Retirement

Healthy Pre-Retirement Mortality:
RP-2000 Combined Mortality Table, fully generational, projected with Scale BB
Males: Set back 5 years with a multiplier of 104%
Females: Set back 4 years with a multiplier of 90%
Healthy Post-Retirement Mortality:
RP-2000 Combined Mortality Table, fully generational, projected with Scale BB
Males: Set back 1 year with a multiplier of 104%
Females: Set back 0 years with a multiplier of 90%

	Pre-Retirement Death		Post-Retirement Death		Withdrawal	
	Projected to 2014 using Scale BB					
Age	Male	Female	Male	Female	Entry age < 46	Entry age > 45
20	0.03%	0.02%	0.03%	0.02%	20.00%	N/A
25	0.03%	0.02%	0.04%	0.02%	15.00%	N/A
30	0.04%	0.02%	0.04%	0.02%	11.00%	N/A
35	0.04%	0.03%	0.07%	0.04%	11.00%	N/A
40	0.08%	0.04%	0.10%	0.06%	9.00%	N/A
45	0.11%	0.07%	0.14%	0.10%	4.00%	15.00%
50	0.15%	0.11%	0.20%	0.14%	3.00%	15.00%
55	0.21%	0.16%	0.32%	0.23%	1.00%	8.00%
60	0.36%	0.26%	0.57%	0.40%	0.00%	5.00%
65	0.64%	0.45%	1.00%	0.74%	0.00%	5.00%
70			1.67%	1.27%		
75			2.85%	2.14%		
80			4.88%	3.49%		
85			8.40%	5.89%		
90			14.62%	10.15%		
95			23.63%	16.09%		
100			32.93%	20.49%		

b. Retirement Rates: Members are assumed to retire at first eligibility.

MISCELLANEOUS AND TECHNICAL ASSUMPTIONS

a. Percent married: 85.00% of employees are assumed to be married. (No beneficiaries other than the spouse assumed.)

b. Age difference: Male members are assumed to be three years older than their spouses, and female members are assumed to be three years younger than their spouses.

c. Percent electing annuity on death (when eligible): All of the spouses of vested, married participants are assumed to elect an annuity.

d. Percent electing deferred termination benefit: Vested terminating members are assumed to elect a refund or a deferred benefit, whichever is more valuable at the time of termination.

e. Assumed age for commencement of deferred benefits: Members electing to receive a deferred benefit are assumed to commence receipt at the first age at which unreduced benefits are available.

f. Administrative expenses: Average of actual expenses for the prior two years, with each year projected at 6.50% to the valuation date.

g. Decrement timing: Decrements of all types are assumed to occur mid-year.

h. Eligibility testing: Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur.

i. Incidence of contributions: Contributions are assumed to be received continuously throughout the year.

j. Benefit service: All members are assumed to accrue one year of service each year.

EXPERIENCE ANALYSIS

An experience study was conducted on behalf of all WRS' plans covering the five year period ending December 31, 2011. That study provided a detailed analysis concerning the development of the long term inflation rate, real rate of return and discount rate. The study also analyzed each major actuarial assumption (e.g. mortality, salary increases, retirement, termination and disability) and proposed assumptions consistent with the findings. For further information on the experience study and related assumption recommendation, the reader is directed to request the December 31, 2011 Wyoming Retirement System Experience Study.

SECTION G

CALCULATION OF THE SINGLE DISCOUNT RATE

CALCULATION OF THE SINGLE DISCOUNT RATE

GASB Statement No. 67 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total Pension Liability. This rate considers the ability of the fund to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. As long as assets are projected to be on hand in a future year, the assumed valuation discount rate is used. In years where assets are not projected to be sufficient to meet benefit payments, the use of a “risk-free” rate is required, as described in the following paragraph.

The Single Discount Rate (SDR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR reflects (1) the long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.750%; the municipal bond rate is 3.650%; and the resulting Single Discount Rate is 5.500%.

The tables in this section provide background for the development of the Single Discount Rate.

The **Projection of Contributions** table shows the development of expected contributions in future years. Normal Cost contributions for future hires are not included (nor are their liabilities).

The **Projection of Plan Fiduciary Net Position** table shows the development of expected asset levels in future years.

The **Present Values of Projected Benefit Payments** table shows the development of the Single Discount Rate (SDR). It breaks down the benefit payments into present values for funded and unfunded portions and shows the equivalent total at the SDR.

SINGLE DISCOUNT RATE DEVELOPMENT PROJECTION OF CONTRIBUTIONS ENDING DECEMBER 31 FOR 2014 TO 2063

Year	Payroll for Current Employees	Payroll for Future Employees	Total Employee Payroll	Contributions from Current Employees	Employer Contributions for Current Employees	Employer Contributions Related to Payroll of Future Employees	Total Contributions
	(a)	(b)=max(0,(c)-(a))	(c)	(d)	(e)	(f)	(g)=(d)+(e)+(f)
2014	N/A	N/A	N/A	$ 22,975	$ 93,196	N/A	$ 116,171
2015	-	-	-	19,694	73,081	-	92,775
2016	-	-	-	17,507	64,712	-	82,220
2017	-	-	-	15,996	-	-	15,996
2018	-	-	-	14,564	-	-	14,564
2019	-	-	-	12,973	-	-	12,973
2020	-	-	-	11,359	-	-	11,359
2021	-	-	-	10,084	-	-	10,084
2022	-	-	-	8,796	-	-	8,796
2023	-	-	-	7,571	-	-	7,571
2024	-	-	-	6,495	-	-	6,495
2025	-	-	-	5,508	-	-	5,508
2026	-	-	-	5,175	-	-	5,175
2027	-	-	-	4,640	-	-	4,640
2028	-	-	-	4,298	-	-	4,298
2029	-	-	-	4,001	-	-	4,001
2030	-	-	-	3,191	-	-	3,191
2031	-	-	-	2,835	-	-	2,835
2032	-	-	-	2,607	-	-	2,607
2033	-	-	-	2,320	-	-	2,320
2034	-	-	-	1,910	-	-	1,910
2035	-	-	-	1,544	-	-	1,544
2036	-	-	-	1,207	-	-	1,207
2037	-	-	-	1,196	-	-	1,196
2038	-	-	-	1,088	-	-	1,088
2039	-	-	-	656	-	-	656
2040	-	-	-	526	-	-	526
2041	-	-	-	450	-	-	450
2042	-	-	-	315	-	-	315
2043	-	-	-	225	-	-	225
2044	-	-	-	172	-	-	172
2045	-	-	-	101	-	-	101
2046	-	-	-	80	-	-	80
2047	-	-	-	61	-	-	61
2048	-	-	-	45	-	-	45
2049	-	-	-	46	-	-	46
2050	-	-	-	10	-	-	10
2051	-	-	-	-	-	-	-
2052	-	-	-	-	-	-	-
2053	-	-	-	-	-	-	-
2054	-	-	-	-	-	-	-
2055	-	-	-	-	-	-	-
2056	-	-	-	-	-	-	-
2057	-	-	-	-	-	-	-
2058	-	-	-	-	-	-	-
2059	-	-	-	-	-	-	-
2060	-	-	-	-	-	-	-
2061	-	-	-	-	-	-	-
2062	-	-	-	-	-	-	-
2063	-	-	-	-	-	-	-

Single Discount Rate Development Projection of Plan Fiduciary Net Position ending December 31 for 2014 to 2063

Year	Projected Beginning Plan Net Position	Projected Total Contributions	Projected Benefit Payments	Projected Administrative Expenses	Projected Investment Earnings at 7.750%	Projected Ending Plan Net Position
	(a)	(b)	(c)	(d)	(e)	(f)=(a)+(b)-(c)-(d)+(e)
2014	$ 1,201,375	$ 116,171	$ 8,897	$ 7,163	$ 61,908	$ 1,363,394
2015	1,363,394	92,775	12,305	19,551	107,980	1,532,293
2016	1,532,293	82,220	16,387	19,551	120,513	1,699,087
2017	1,699,087	15,996	19,353	19,551	130,808	1,806,987
2018	1,806,987	14,564	24,899	19,551	138,905	1,916,006
2019	1,916,006	12,973	37,736	19,551	146,805	2,018,497
2020	2,018,497	11,359	51,716	19,551	154,155	2,112,744
2021	2,112,744	10,084	66,556	19,551	160,847	2,197,568
2022	2,197,568	8,796	86,224	19,551	166,624	2,267,212
2023	2,267,212	7,571	108,261	19,551	171,137	2,318,108
2024	2,318,108	6,495	126,488	19,551	174,347	2,352,910
2025	2,352,910	5,508	136,036	19,551	176,644	2,379,475
2026	2,379,475	5,175	141,806	19,551	178,470	2,401,763
2027	2,401,763	4,640	148,993	19,551	179,904	2,417,763
2028	2,417,763	4,298	155,189	19,551	180,895	2,428,216
2029	2,428,216	4,001	167,653	19,551	181,220	2,426,233
2030	2,426,233	3,191	181,828	19,551	180,497	2,408,541
2031	2,408,541	2,835	188,857	19,551	178,845	2,381,812
2032	2,381,812	2,607	195,417	19,551	176,515	2,345,967
2033	2,345,967	2,320	206,932	19,551	173,288	2,295,092
2034	2,295,092	1,910	221,522	19,551	168,775	2,224,704
2035	2,224,704	1,544	234,362	19,551	162,818	2,135,153
2036	2,135,153	1,207	238,184	19,551	155,719	2,034,344
2037	2,034,344	1,196	237,628	19,551	147,927	1,926,288
2038	1,926,288	1,088	250,380	19,551	139,064	1,796,509
2039	1,796,509	656	265,489	19,551	128,415	1,640,541
2040	1,640,541	526	269,447	19,551	116,172	1,468,241
2041	1,468,241	450	273,473	19,551	102,663	1,278,329
2042	1,278,329	315	279,318	19,551	87,717	1,067,493
2043	1,067,493	225	282,039	19,551	71,271	837,399
2044	837,399	172	284,167	19,551	53,355	587,209
2045	587,209	101	284,063	19,551	33,967	317,662
2046	317,662	80	281,077	19,551	13,190	30,304
2047	30,304	61	277,629	19,551	-	-
2048	-	45	272,330	19,551	-	-
2049	-	46	269,246	19,551	-	-
2050	-	10	267,027	19,551	-	-
2051	-	-	260,892	19,551	-	-
2052	-	-	253,322	19,551	-	-
2053	-	-	245,521	19,551	-	-
2054	-	-	237,517	19,551	-	-
2055	-	-	229,337	19,551	-	-
2056	-	-	221,016	19,551	-	-
2057	-	-	212,589	19,551	-	-
2058	-	-	204,095	19,551	-	-
2059	-	-	195,565	19,551	-	-
2060	-	-	187,011	19,551	-	-
2061	-	-	178,434	19,551	-	-
2062	-	-	169,837	19,551	-	-
2063	-	-	161,225	19,551	-	-

SINGLE DISCOUNT RATE DEVELOPMENT PROJECTION OF PLAN FIDUCIARY NET POSITION ENDING DECEMBER 31 FOR 2064 TO 2113

Year	Projected Beginning Plan Net Position	Projected Total Contributions	Projected Benefit Payments	Projected Administrative Expenses	Projected Investment Earnings at 7.750%	Projected Ending Plan Net Position
	(a)	(b)	(c)	(d)	(e)	(f)=(a)+(b)-(c)-(d)+(e)
2064	$ -	$ -	$ 152,602	$ 19,551	$ -	$ -
2065	-	-	143,981	19,551	-	-
2066	-	-	135,368	19,551	-	-
2067	-	-	126,780	19,551	-	-
2068	-	-	118,246	19,551	-	-
2069	-	-	109,788	19,551	-	-
2070	-	-	101,428	19,551	-	-
2071	-	-	93,208	19,551	-	-
2072	-	-	85,177	19,551	-	-
2073	-	-	77,386	19,551	-	-
2074	-	-	69,879	19,551	-	-
2075	-	-	62,683	19,551	-	-
2076	-	-	55,833	19,551	-	-
2077	-	-	49,375	19,551	-	-
2078	-	-	43,339	19,551	-	-
2079	-	-	37,741	19,551	-	-
2080	-	-	32,596	19,551	-	-
2081	-	-	27,913	19,551	-	-
2082	-	-	23,694	19,551	-	-
2083	-	-	19,934	19,551	-	-
2084	-	-	16,608	19,551	-	-
2085	-	-	13,694	19,551	-	-
2086	-	-	11,166	19,551	-	-
2087	-	-	9,000	19,551	-	-
2088	-	-	7,169	19,551	-	-
2089	-	-	5,644	19,551	-	-
2090	-	-	4,393	19,551	-	-
2091	-	-	3,379	19,551	-	-
2092	-	-	2,569	19,551	-	-
2093	-	-	1,928	19,551	-	-
2094	-	-	1,425	19,551	-	-
2095	-	-	1,035	19,551	-	-
2096	-	-	739	19,551	-	-
2097	-	-	521	19,551	-	-
2098	-	-	362	19,551	-	-
2099	-	-	247	19,551	-	-
2100	-	-	167	19,551	-	-
2101	-	-	111	19,551	-	-
2102	-	-	72	19,551	-	-
2103	-	-	47	19,551	-	-
2104	-	-	30	19,551	-	-
2105	-	-	18	19,551	-	-
2106	-	-	12	19,551	-	-
2107	-	-	7	19,551	-	-
2108	-	-	5	19,551	-	-
2109	-	-	2	19,551	-	-
2110	-	-	1	19,551	-	-
2111	-	-	0	19,551	-	-
2112	-	-	0	19,551	-	-
2113	-	-	0	19,551	-	-

SINGLE DISCOUNT RATE DEVELOPMENT PRESENT VALUES OF PROJECTED BENEFITS ENDING DECEMBER 31 FOR 2014 TO 2063

Year	Projected Beginning Plan Net Position	Projected Benefit Payments	Funded Portion of Projected Benefit Payments	Unfunded Portion of Projected Benefit Payments	Present Value of Funded Benefit Payments using Expected Return Rate (v)	Present Value of Unfunded Benefit Payments using Municipal Bond Rate (vf)	Present Value of All Benefit Payments using Single Discount Rate (SDR)
(a)	(b)	(c)	(d)	(e)	(f)=(d)*v^((a)-.5)	(g)=(e)*vf ^((a)-.5)	(h)=((c)/(1+SDR)^(a-.5)
2014	$ 1,201,375	$ 8,897	$ 8,897	$ -	$ 8,571	$ -	$ 8,662
2015	1,363,394	12,305	12,305	-	11,001	-	11,355
2016	1,532,293	16,387	16,387	-	13,598	-	14,334
2017	1,699,087	19,353	19,353	-	14,903	-	16,046
2018	1,806,987	24,899	24,899	-	17,796	-	19,568
2019	1,916,006	37,736	37,736	-	25,030	-	28,110
2020	2,018,497	51,716	51,716	-	31,836	-	36,516
2021	2,112,744	66,556	66,556	-	38,024	-	44,544
2022	2,197,568	86,224	86,224	-	45,717	-	54,699
2023	2,267,212	108,261	108,261	-	53,273	-	65,098
2024	2,318,108	126,488	126,488	-	57,766	-	72,093
2025	2,352,910	136,036	136,036	-	57,657	-	73,492
2026	2,379,475	141,806	141,806	-	55,780	-	72,616
2027	2,401,763	148,993	148,993	-	54,392	-	72,318
2028	2,417,763	155,189	155,189	-	52,579	-	71,399
2029	2,428,216	167,653	167,653	-	52,716	-	73,112
2030	2,426,233	181,828	181,828	-	53,061	-	75,160
2031	2,408,541	188,857	188,857	-	51,148	-	73,996
2032	2,381,812	195,417	195,417	-	49,118	-	72,574
2033	2,345,967	206,932	206,932	-	48,271	-	72,844
2034	2,295,092	221,522	221,522	-	47,958	-	73,915
2035	2,224,704	234,362	234,362	-	47,089	-	74,122
2036	2,135,153	238,184	238,184	-	44,414	-	71,403
2037	2,034,344	237,628	237,628	-	41,124	-	67,523
2038	1,926,288	250,380	250,380	-	40,214	-	67,437
2039	1,796,509	265,489	265,489	-	39,574	-	67,779
2040	1,640,541	269,447	269,447	-	37,275	-	65,203
2041	1,468,241	273,473	273,473	-	35,111	-	62,727
2042	1,278,329	279,318	279,318	-	33,282	-	60,728
2043	1,067,493	282,039	282,039	-	31,189	-	58,122
2044	837,399	284,167	284,167	-	29,164	-	55,508
2045	587,209	284,063	284,063	-	27,056	-	52,595
2046	317,662	281,077	281,077	-	24,846	-	49,329
2047	30,304	277,629	31,456	246,172	2,581	74,074	46,184
2048	-	272,330	-	272,330	-	79,060	42,940
2049	-	269,246	-	269,246	-	75,412	40,241
2050	-	267,027	-	267,027	-	72,157	37,829
2051	-	260,892	-	260,892	-	68,016	35,032
2052	-	253,322	-	253,322	-	63,717	32,243
2053	-	245,521	-	245,521	-	59,580	29,621
2054	-	237,517	-	237,517	-	55,608	27,161
2055	-	229,337	-	229,337	-	51,802	24,858
2056	-	221,016	-	221,016	-	48,165	22,707
2057	-	212,589	-	212,589	-	44,697	20,703
2058	-	204,095	-	204,095	-	41,400	18,840
2059	-	195,565	-	195,565	-	38,273	17,111
2060	-	187,011	-	187,011	-	35,310	15,510
2061	-	178,434	-	178,434	-	32,504	14,027
2062	-	169,837	-	169,837	-	29,848	12,655
2063	-	161,225	-	161,225	-	27,337	11,387

SINGLE DISCOUNT RATE DEVELOPMENT PRESENT VALUES OF PROJECTED BENEFITS ENDING DECEMBER 31 FOR 2064 TO 2113 (CONCLUDED)

Year	Projected Beginning Plan Net Position	Projected Benefit Payments	Funded Portion of Projected Benefit Payments	Unfunded Portion of Projected Benefit Payments	Present Value of Funded Benefit Payments using Expected Return Rate (v)	Present Value of Unfunded Benefit Payments using Municipal Bond Rate (vf)	Present Value of All Benefit Payments using Single Discount Rate (SDR)
(a)	(b)	(c)	(d)	(e)	(f)=(d)*v^((a)-.5)	(g)=(e)*vf ^((a)-.5)	(h)=((c)/(1+SDR)^(a-.5)
2064	$ -	$ 152,602	$ -	$ 152,602	$ -	$ 24,964	$ 10,216
2065	-	143,981	-	143,981	-	22,724	9,136
2066	-	135,368	-	135,368	-	20,612	8,142
2067	-	126,780	-	126,780	-	18,625	7,228
2068	-	118,246	-	118,246	-	16,759	6,390
2069	-	109,788	-	109,788	-	15,013	5,624
2070	-	101,428	-	101,428	-	13,381	4,924
2071	-	93,208	-	93,208	-	11,864	4,289
2072	-	85,177	-	85,177	-	10,460	3,716
2073	-	77,386	-	77,386	-	9,168	3,200
2074	-	69,879	-	69,879	-	7,987	2,739
2075	-	62,683	-	62,683	-	6,913	2,329
2076	-	55,833	-	55,833	-	5,940	1,966
2077	-	49,375	-	49,375	-	5,068	1,648
2078	-	43,339	-	43,339	-	4,292	1,371
2079	-	37,741	-	37,741	-	3,606	1,132
2080	-	32,596	-	32,596	-	3,005	926
2081	-	27,913	-	27,913	-	2,482	752
2082	-	23,694	-	23,694	-	2,033	605
2083	-	19,934	-	19,934	-	1,650	483
2084	-	16,608	-	16,608	-	1,326	381
2085	-	13,694	-	13,694	-	1,055	298
2086	-	11,166	-	11,166	-	830	230
2087	-	9,000	-	9,000	-	645	176
2088	-	7,169	-	7,169	-	496	133
2089	-	5,644	-	5,644	-	377	99
2090	-	4,393	-	4,393	-	283	73
2091	-	3,379	-	3,379	-	210	53
2092	-	2,569	-	2,569	-	154	38
2093	-	1,928	-	1,928	-	112	27
2094	-	1,425	-	1,425	-	80	19
2095	-	1,035	-	1,035	-	56	13
2096	-	739	-	739	-	38	9
2097	-	521	-	521	-	26	6
2098	-	362	-	362	-	17	4
2099	-	247	-	247	-	12	3
2100	-	167	-	167	-	8	2
2101	-	111	-	111	-	5	1
2102	-	72	-	72	-	3	1
2103	-	47	-	47	-	2	0
2104	-	30	-	30	-	1	0
2105	-	18	-	18	-	1	0
2106	-	12	-	12	-	0	0
2107	-	7	-	7	-	0	0
2108	-	5	-	5	-	0	0
2109	-	2	-	2	-	0	0
2110	-	1	-	1	-	0	0
2111	-	0	-	0	-	0	0
2112	-	0	-	0	-	0	0
2113	-	0	0	-	0	-	0
				Totals	$ 1,273,114	$ 1,109,242	$ 2,382,356

SECTION H

GLOSSARY OF TERMS

GLOSSARY OF TERMS

Actuarial Accrued Liability (AAL)	The AAL is the difference between the actuarial present value of all benefits and the actuarial value of future normal costs. The definition comes from the fundamental equation of funding which states that the present value of all benefits is the sum of the Actuarial Accrued Liability and the present value of future normal costs. The AAL may also be referred to as "accrued liability" or "actuarial liability."
Actuarial Assumptions	These assumptions are estimates of future experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and compensation increases. Actuarial assumptions are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (compensation increases, payroll growth, inflation and investment return) consist of an underlying real rate of return plus an assumption for a long-term average rate of inflation.
Accrued Service	Service credited under the system which was rendered before the date of the actuarial valuation.
Actuarial Equivalent	A single amount or series of amounts of equal actuarial value to another single amount or series of amounts, computed on the basis of appropriate actuarial assumptions.
Actuarial Cost Method	A mathematical budgeting procedure for allocating the dollar amount of the actuarial present value of the pension trust benefits between future normal cost and actuarial accrued liability. The actuarial cost method may also be referred to as the actuarial funding method.
Actuarial Gain (Loss)	The difference in liabilities between actual experience and expected experience during the period between two actuarial valuations is the gain (loss) on the accrued liabilities.
Actuarial Present Value (APV)	The amount of funds currently required to provide a payment or series of payments in the future. The present value is determined by discounting future payments at predetermined rates of interest and probabilities of payment.
Actuarial Valuation	The actuarial valuation report determines, as of the actuarial valuation date, the service cost, total pension liability, and related actuarial present value of projected benefit payments for pensions.
Actuarial Valuation Date	The date as of which an actuarial valuation is performed.
Actuarially Determined Contribution (ADC) or Annual Required Contribution (ARC)	A calculated contribution into a defined benefit pension plan for the reporting period, most often determined based on the funding policy of the plan. Typically the Actuarially Determined Contribution has a normal cost payment and an amortization payment.

GLOSSARY OF TERMS

Amortization Payment	The amortization payment is the periodic payment required to pay off an interest-discounted amount with payments of interest and principal.
Amortization Method	The method used to determine the periodic amortization payment may be a level dollar amount, or a level percent of pay amount. The period will typically be expressed in years, and the method will either be "open" (meaning, reset each year) or "closed" (the number of years remaining will decline each year.
Cost-of-Living Adjustments	Postemployment benefit changes intended to adjust benefit payments for the effects of inflation.
Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (cost-sharing pension plan)	A multiple-employer defined benefit pension plan in which the pension obligations to the employees of more than one employer are pooled and pension plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.
Covered-Employee Payroll	The payroll of employees that are provided with pensions through the pension plan.
Deferred Retirement Option Program (DROP)	A program that permits a plan member to elect a calculation of benefit payments based on service credits and salary, as applicable, as of the DROP entry date. The plan member continues to provide service to the employer and is paid for the service by the employer after the DROP entry date; however, the pensions that would have been paid to the plan member are credited to an individual member account within the defined benefit pension plan until the end of the DROP period. Other variations for DROP exist and will be more fully detailed in the plan provision section of the valuation report.
Deferred Inflows and Outflows	The deferred inflows and outflows of pension resources are amounts used under GASB Statement No. 68 in developing the annual pension expense. Deferred inflows and outflows arise with differences between expected and actual experiences; changes of assumptions. The portion of these amounts not included in pension expense should be included in the deferred inflows or outflows of resources.
Discount Rate	For GASB purposes, the discount rate is the single rate of return that results in the present value of all projected benefit payments to be equal to the sum of the funded and unfunded projected benefit payments, specifically: 1. The benefit payments to be made while the pension plans' fiduciary net position is projected to be greater than the benefit payments that are projected to be made in the period; and 2. The present value of the benefit payments not in (1) above, discounted using the municipal bond rate.

GLOSSARY OF TERMS

Entry Age Actuarial Cost Method (EAN)
The EAN is a cost method for allocating the costs of the plan between the normal cost and the accrued liability. The actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis (either level dollar or level percent of pay) over the earnings or service of the individual between entry age and assumed exit ages(s). The portion of the actuarial present value allocated to a valuation year is the normal cost. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future normal costs is the actuarial accrued liability. The sum of the accrued liability plus the present value of all future normal costs is the present value of all benefits.

GASB
The Governmental Accounting Standards Board is an organization that exists in order to promulgate accounting standards for governmental entities.

Fiduciary Net Position
The fiduciary net position is the market value of the assets of the trust dedicated to the defined benefit provisions.

Long-Term Expected Rate of Return
The long-term rate of return is the expected return to be earned over the entire trust portfolio based on the asset allocation of the portfolio.

Money-Weighted Rate of Return
The money-weighted rate of return is a method of calculating the returns that adjusts for the changing amounts actually invested. For purposes of GASB Statement No. 67, money-weighted rate of return is calculated as the internal rate of return on pension plan investments, net of pension plan investment expense.

Multiple-Employer Defined Benefit Pension Plan
A multiple-employer plan is a defined benefit pension plan that is used to provide pensions to the employees of more than one employer.

Municipal Bond Rate
The Municipal Bond Rate is the discount rate to be used for those benefit payments that occur after the assets of the trust have been depleted.

Net Pension Liability (NPL)
The NPL is the liability of employers and non-employer contribution entities to plan members for benefits provided through a defined benefit pension plan.

Non-Employer Contribution Entities
Non-employer contribution entities are entities that make contributions to a pension plan that is used to provide pensions to the employees of other entities. For purposes of the GASB accounting statements, plan members are not considered non-employer contribution entities.

Normal Cost
The portion of the actuarial present value allocated to a valuation year is called the normal cost. For purposes of application to the requirements of this Statement, the term normal cost is the equivalent of service cost.

Glossary of Terms

Other Postemployment Benefits (OPEB) — All postemployment benefits other than retirement income (such as death benefits, life insurance, disability, and long-term care) that are provided separately from a pension plan, as well as postemployment healthcare benefits regardless of the manner in which they are provided. Other post-employment benefits do not include termination benefits.

Real Rate of Return — The real rate of return is the rate of return on an investment after adjustment to eliminate inflation.

Service Cost — The service cost is the portion of the actuarial present value of projected benefit payments that is attributed to a valuation year.

Total Pension Expense — The total pension expense is the sum of the following items that are recognized at the end of the employer's fiscal year:

1. Service Cost
2. Interest on the Total Pension Liability
3. Current-Period Benefit Changes
4. Employee Contributions (made negative for addition here)
5. Projected Earnings on Plan Investments (made negative for addition here)
6. Pension Plan Administrative Expense
7. Other Changes in Plan Fiduciary Net Position
8. Recognition of Outflow (Inflow) of Resources due to Liabilities
9. Recognition of Outflow (Inflow) of Resources due to Assets

Total Pension Liability (TPL) — The TPL is the portion of the actuarial present value of projected benefit payments that is attributed to past periods of member service.

Unfunded Actuarial Accrued Liability (UAAL) — The UAAL is the difference between actuarial accrued liability and valuation assets.

Valuation Assets — The valuation assets are the assets used in determining the unfunded liability of the plan. For purposes of GASB Statement Nos. 67 and 68, the valuation assets are equal to the market value of assets.