



June 28, 2019

City # 00040

Finance Director  
City of Anna  
PO Box 776  
Anna, TX 75409

**Subject: 2019 – Governmental Accounting Standards Board (GASB) Employer Reporting Package For Pensions (GASB Statement No. 68 – *Accounting and Financial Reporting for Pensions*) Based on the Actuarial Valuation dated December 31, 2018**

Dear Finance Director:

This reporting package contains data specific to your city (TMRS city or “employer”), to assist your city in complying with the reporting requirements of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27*. As a participating municipality with the Texas Municipal Retirement System (TMRS), your city should comply with provisions for an agent multiple-employer defined benefit pension plan.

Please also refer to the “Eye on GASB” section of the TMRS website for additional information related to the GASB pension standards. The reporting and disclosures are the responsibility of the city (employer) and the city’s independent public accountant.

If you have questions or require additional assistance, please contact TMRS at 800-924-8677 or email to [pensionaccounting@TMRS.com](mailto:pensionaccounting@TMRS.com).

Sincerely,

Rhonda H. Covarrubias  
Director of Finance

# City of Anna, TEXAS

GASB STATEMENT NO. 68 EMPLOYER REPORTING  
ADMINISTERED BY TEXAS MUNICIPAL RETIREMENT SYSTEM  
(AN AGENT MULTIPLE-EMPLOYER SYSTEM)  
DECEMBER 31, 2018 MEASUREMENT DATE



# Table of Contents

	<u>Page</u>
<b>Section A</b>	Executive Summary
	Executive Summary..... 2
	Implementing and Reporting your Pension Amounts ..... 3
<b>Section B</b>	Financial Schedules
	Schedule of Pension Expense..... 8
	Schedule of Outflows and Inflows - Current and Future Expense..... 9
	Schedule of Changes in Net Pension Liability/(Asset) and Related Ratios
	- Current Period..... 10
	Schedule of Contributions and Notes to Schedule ..... 11
	Sensitivity of the Net Pension Liability to Changes in the Discount Rate ..... 12
<b>Section C</b>	Summary of Actuarial Assumptions..... 14
<b>Section D</b>	Deferred Inflows/Outflows of Resources – Amortization Schedules for Future
	Pension Expenses..... 26
<b>Section E</b>	Glossary of Terms..... 28

## EXECUTIVE SUMMARY

Actuarial Valuation and Measurement Date, December 31,	2018	2017
<b>Membership</b>		
Number of		
- Inactive employees or beneficiaries currently receiving benefits	10	7
- Inactive employees entitled to but not yet receiving benefits	40	38
- Active employees	76	64
- Total	126	109
 Covered Payroll	 \$ 4,265,561	 \$ 3,561,515
<b>Net Pension Liability</b>		
Total Pension Liability	\$ 7,690,203	\$ 6,556,473
Plan Fiduciary Net Position	6,387,205	5,854,709
Net Pension Liability/(Asset)	\$ 1,302,998	\$ 701,764
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	83.06%	89.30%
Net Pension Liability/(Asset) as a Percentage of Covered Payroll	30.55%	19.70%
<b>Development of the Single Discount Rate</b>		
Single Discount Rate	6.75%	6.75%
Long-Term Expected Rate of Return	6.75%	6.75%
Long-Term Municipal Bond Rate*	3.71%	3.31%
 Last year ending December 31 in the 100 year projection period for which projected benefit payments are fully funded	N/A	N/A

\* The rate is based on the Fidelity 20-Year Municipal GO AA Index daily rate closest to but not later than the Measurement Date.

- (3) Reflecting the change in the Net Pension Liability from the beginning of the period to the end of the period
- (4) Recording current year deferral amounts for expected vs. actual experience, current year changes in assumption(s) and investment return over/under expectation
- (5) Amortizing any existing deferred inflows and outflows of resources from the previous year.

Employers will need to convert the fiscal year contributions currently recorded in their general ledger to the calendar year contributions received by TMRS. This can be accomplished by reversing out the 2018 deferral for contributions made between January 1, 2018 and your city's 2018 fiscal year-end and then recording a deferred outflow for all contributions made between January 1, 2019 and your city's 2019 fiscal year-end. Once these adjustments are made, the fiscal year contributions shown in your records should equal or approximate the contributions shown by TMRS on line B. 1 in the Schedule of Changes in the Net Pension Liability and Related Ratios shown in the Financial Schedules section of this report.

The entry below is provided for illustrative purposes only. This example assumes that the net pension liability increased from the beginning of the year, that current year actuarial experience resulted in a gain (deferred inflow) and that investment experience compared to expectation resulted in a loss (deferred outflow). Your experience may vary.

Pension Expense	xxx	
Deferred Outflow-Contributions After 12/31/2018	xxx	
Deferred Outflow-Investment Experience	xxx	
Deferred Inflow - Amortization of previous years deferred inflows	xxx	
Contributions		yyy
Deferred Outflow-Reversing of Contributions After 12/31/2017		yyy
Deferred Inflow-Actual Experience vs. Assumption		yyy
Net Pension Liability (current year change)		yyy
Deferred Outflow - Amortization of previous years deferred outflows		yyy

Keep in mind that pension expense will be the opposite side (debit/credit) of each of these amortization entries, but the format of a combined entry is shown, resulting in the pension expense line only being shown once.

In addition, the employer is responsible for allocating the pension amounts between the governmental activities and business-type activities columns of the government-wide financial statements and between individual proprietary funds.

### Notes to Financial Statements

GASB 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 of resources and inflows of resources related to pensions.

The total pension liability shown in this report is based on an actuarial valuation performed as of December 31, 2018 and a measurement date of December 31, 2018; as such, no roll-forward is required.

### **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 as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

For the purpose of this valuation, the expected rate of return on pension plan investments is 6.75%; the municipal bond rate is 3.71% (based on the daily rate closest to but not later than the measurement date of the Fidelity 20-Year Municipal GO AA Index). A single discount rate of 6.75% was used to measure the total pension liability as of December 31, 2018. This single discount rate was based on the expected rate of return on pension plan investments of 6.75%. Based on the stated assumptions and the projection of cash flows, the City's fiduciary net position and future contributions were sufficient to finance the future benefit payments of the current plan members for all projection years. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability for the City. The projection of cash flows used to determine the single discount rate for the City assumed that the funding policy adopted by the TMRS Board will remain in effect for all future years. Under this funding policy, the City will finance the unfunded actuarial accrued liability over the years remaining for the closed period existing for each base in addition to the employer portion of all future benefit accruals (i.e. the employer normal cost).

### **Ad Hoc Benefit Increases**

Paragraph 62 of GASB 68 requires that the projected benefit payments used in the calculation of the Total Pension Liability (TPL) should include future ad hoc benefit changes if they are deemed to be substantively automatic. For purposes of determining the TPL for the municipality, the default method for determining whether ad hoc benefit enhancements are substantively automatic is if they have been granted in i) 1 of the last 2 years and ii) 2 of the last 5 years. The default criteria will be applied beginning with the first ad hoc adoption on or after January 1, 2015.

## SCHEDULE OF PENSION EXPENSE

1. Total Service Cost	\$	860,364
2. Interest on the Total Pension Liability		464,692
3. Changes in Current Period Benefits Including Substantively Automatic Status		0
4. Employee Contributions (Reduction of Expense)		(298,589)
5. Projected Earnings on Plan Investments (Reduction of Expense)		(395,193)
6. Administrative Expense		3,389
7. Other Changes in Fiduciary Net Position		177
8. Recognition of Current Year Outflow (Inflow) of Resources-Liabilities		2,233
9. Recognition of Current Year Outflow (Inflow) of Resources-Assets		114,229
10. Amortization of Prior Year Outflows (Inflows) of Resources-Liabilities		(46,536)
11. Amortization of Prior Year Outflows (Inflows) of Resources-Assets		(13,103)
12. Total Pension Expense (Income)	\$	691,663

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY/(ASSET) AND RELATED RATIOS - CURRENT PERIOD**

<b>A. Total pension liability</b>	
1. Service Cost	\$ 860,364
2. Interest (on the Total Pension Liability)	464,692
3. Change in benefit terms including substantively automatic status	0
4. Difference between expected and actual experience	13,331
5. Change in assumptions	0
6. Benefit payments, including refunds of employee contributions	(204,657)
7. Net change in total pension liability	\$ 1,133,730
8. Total pension liability – beginning	6,556,473
9. Total pension liability – ending	<u>\$ 7,690,203</u>
<b>B. Plan fiduciary net position</b>	
1. Contributions – employer	\$ 618,080
2. Contributions – employee	298,589
3. Net investment income	(175,951)
4. Benefit payments, including refunds of employee contributions	(204,657)
5. Administrative Expense	(3,389)
6. Other	(177)
7. Net change in plan fiduciary net position*	\$ 532,496
8. Plan fiduciary net position – beginning	5,854,709
9. Plan fiduciary net position – ending	<u>\$ 6,387,205</u>
<b>C. Net pension liability/(asset) (Item A.9 - Item B.9)</b>	<u>\$ 1,302,998</u>
<b>D. Plan fiduciary net position as a percentage of the total pension liability (Item B.9 / Item A.9)</b>	83.06%
<b>E. Covered-employee payroll</b>	\$ 4,265,561
<b>F. Net pension liability/(asset) as a percentage of covered employee payroll</b>	30.55%

\* May be off due to rounding.

Note to City:

The schedule above reflects the changes in the net pension liability for the current year. GASB 68 requires 10 fiscal years of data to be provided in this schedule. The employer/city will be required to build this schedule over the 10-year period; as such, the employer should retain the annual GASB packages to utilize in building this schedule.

**Note to City:**

GASB 68 requires 10 fiscal years of data to be provided in the Schedule of Contributions; the City will build this report over the next 10-year period. **The data in this schedule is based on the City's fiscal year-end**, not the valuation/measurement date as provided in other schedules of this report.

The Actuarially Determined Contribution (ADC) dollar amount can be calculated by multiplying the City's Full Retirement Rate (**excludes portion of rate for Supplemental Death Benefits Fund**) by the applicable payroll amount (for payroll, cities can use "gross earnings" as noted on line 1 of their TMRS-3 "Summary of Monthly Payroll Report"). The applicable months for the City's fiscal year are summed to determine the total ADC. Actual contribution amounts (employer-portion) remitted to TMRS will equal the "contributions in relation to ADC", with the deficiency/(excess) result then calculated. Covered payroll is the sum of the "gross earnings" for the applicable months of the TMRS-3 reports.

For additional detailed information, please reference the TMRS "GASB 68 Employer Reporting Guide."

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

<b>1% Decrease 5.75%</b>	<b>Current Single Discount Rate Assumption 6.75%</b>	<b>1% Increase 7.75%</b>
\$ 2,687,484	\$ 1,302,998	\$ 202,800

## SUMMARY OF ACTUARIAL ASSUMPTIONS

These actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy.

### *I. Economic Assumptions*

A. General Inflation – General Inflation is assumed to be 2.50% per year.

#### B. Discount/Crediting Rates

1. System-wide Investment Return Assumption: 6.75% per year, compounded annually, composed of an assumed 2.50% inflation rate and a 4.25% net real rate of return. This rate represents the assumed return, net of all investment and administrative expenses. This is the discount rate used to value the liabilities of the individual employers.
2. Assumed discount/crediting rate for Supplemental Disability Benefits Fund and individual employee accounts: an annual rate of 5.00% for (1) accumulating prior service credit and updated service credit after the valuation date, (2) accumulating the employee current service balances, (3) determining the amount of the monthly benefit at future dates of retirement or disability, and (4) calculating the actuarial liability of the system-wide Supplemental Disability Benefits Fund.

C. Overall Payroll Growth – 3.00% per year, which is used to calculate the contribution rates for the retirement plan of each participating city as a level percentage of payroll. This represents the expected increase in total payroll. This increase rate is solely due to the effect of wage inflation on salaries, with no allowance for future membership growth. However, for cities with a decrease in the number of contributing members from 2005 to 2014, the payroll growth is decreased by half the annual percentage decrease in the count capped at a 1.0% decrease per year and rounded down to the nearest 0.1%.

## II. Demographic Assumptions

### A. Termination Rates

- For the first 10 years of service, the base table rates vary by gender, entry age, and length of service. For City of Anna the base table is then multiplied by a factor of 100.0% based on the experience of the city in comparison to the group as a whole. A further multiplier is applied depending on an employee's classification: 1) Fire – 63%, 2) Police – 88%, or 3) Other – 108%. A sample of the base rates follows:

#### Males

Age	Service									
	0	1	2	3	4	5	6	7	8	9
20	0.2920	0.2623	0.2186	0.1932	0.1850	0.1673	0.1529	0.1243	0.1022	0.0816
25	0.2653	0.2269	0.1812	0.1554	0.1429	0.1267	0.1148	0.1006	0.0926	0.0757
30	0.2451	0.2052	0.1610	0.1322	0.1079	0.0998	0.0896	0.0774	0.0744	0.0621
35	0.2505	0.2070	0.1577	0.1265	0.1050	0.0994	0.0848	0.0719	0.0621	0.0567
40	0.2467	0.2060	0.1561	0.1213	0.1046	0.0943	0.0805	0.0710	0.0601	0.0577
45	0.2268	0.1934	0.1556	0.1220	0.1053	0.0926	0.0813	0.0711	0.0605	0.0575
50	0.2078	0.1731	0.1412	0.1149	0.1016	0.0887	0.0807	0.0716	0.0604	0.0578
55	0.2003	0.1668	0.1265	0.1074	0.0861	0.0864	0.0771	0.0682	0.0609	0.0560
60	0.1999	0.1542	0.1231	0.1060	0.0790	0.0868	0.0753	0.0683	0.0571	0.0549
65	0.2000	0.1463	0.1238	0.1063	0.0803	0.0867	0.0757	0.0700	0.0547	0.0551
70	0.2000	0.1477	0.1237	0.1063	0.0802	0.0867	0.0756	0.0697	0.0551	0.0551

#### Females

Age	Service									
	0	1	2	3	4	5	6	7	8	9
20	0.3030	0.2790	0.2221	0.2098	0.1997	0.2021	0.1536	0.1539	0.1564	0.1574
25	0.2782	0.2409	0.2067	0.1962	0.1710	0.1663	0.1369	0.1352	0.1186	0.1125
30	0.2574	0.2188	0.1949	0.1762	0.1347	0.1348	0.1276	0.1126	0.0973	0.0804
35	0.2424	0.2118	0.1805	0.1438	0.1273	0.1238	0.1112	0.1085	0.1000	0.0769
40	0.2244	0.1993	0.1614	0.1342	0.1295	0.1097	0.1023	0.0924	0.0834	0.0733
45	0.2191	0.1853	0.1427	0.1337	0.1054	0.1017	0.0894	0.0784	0.0705	0.0725
50	0.2201	0.1793	0.1347	0.1229	0.0886	0.0881	0.0823	0.0723	0.0675	0.0617
55	0.2200	0.1738	0.1350	0.1199	0.0834	0.0806	0.0713	0.0705	0.0685	0.0551
60	0.2200	0.1523	0.1350	0.1172	0.0798	0.0843	0.0646	0.0639	0.0429	0.0379
65	0.2200	0.1431	0.1350	0.1150	0.0800	0.0857	0.0667	0.0593	0.0276	0.0280
70	0.2200	0.1447	0.1350	0.1154	0.0800	0.0854	0.0664	0.0601	0.0303	0.0298

### C. Service Retirees and Beneficiary Mortality Rates

For calculating the actuarial liability and the retirement contribution rates, the Gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103%. Based on the size of the city, rates are multiplied by an additional factor of 100.0%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements.

### D. Disabled Annuitant Mortality Rates

For calculating the actuarial liability and the retirement contribution rates, the Gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both males and females. In addition, a 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

### E. Pre-Retirement Mortality

For calculating the actuarial liability and the retirement contribution rates, the Gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 54.5% and female rates multiplied by 51.5%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements.

### F. Annuity Purchase Rates

For determining the amount of the monthly benefit at the time of retirement for both healthy and disabled annuitants, the annuity purchase rates (APRs) for 2014 are based on the UP-1984 Table with an age setback of two years for retirees and an age setback of eight years for beneficiaries. Beginning in 2027 the APRs will be based on a unisex blend of the RP-2000 Combined Healthy Mortality Tables with Blue Collar Adjustment for males and females with both male and female rates multiplied by 107.5% and projected on a fully generational basis with scale BB. For members, a unisex blend of 70% of the males table and 30% of the female table is used, while 30% of the male table and 70% of the female table is used for beneficiaries. From 2015 through 2026, the fully generational APRs will be phased into.

### Plan Design Factors Applied to Base Retirement Rates

Employer Match	Employee Contribution Rate		
	5%	6%	7%
1 – 1	0.75	0.80	0.84
1.5 – 1	0.81	0.86	0.92
2 – 1	0.86	0.93	1.00

Recurring COLA: 100%

No Recurring COLA: 90%

### III. *Methods and Assumptions*

- A. Valuation of Assets – The actuarial value of assets is based on the market value of assets with a ten-year phase-in of actual investment return in excess of (less than) expected investment income. Offsetting unrecognized gains and losses are immediately recognized, with the shortest remaining bases recognized first and the net remaining bases continue to be recognized on their original timeframe. The actuarial value of assets is further adjusted by 33% of any difference between the initial value and a 15% corridor around the market value of assets, if necessary.
- B. Actuarial Cost Method: The actuarial cost method being used is known as the Entry Age Normal Actuarial Cost Method. The Entry Age Normal Actuarial Cost Method develops the annual cost of the Plan in two parts: that attributable to benefits accruing in the current year, known as the normal cost, and that due to service earned prior to the current year, known as the amortization of the unfunded actuarial accrued liability. The normal cost and the actuarial accrued liability are calculated individually for each member. The normal cost rate for an employee is the contribution rate which, if applied to a member's compensation throughout their period of anticipated covered service with the municipality, would be sufficient to meet all benefits payable on their behalf. The normal cost is calculated using an entry age based on benefit service with the current city. If a member has additional time-only vesting service through service with other TMRS cities or other public agencies, they retain this for determination of benefit eligibility and decrement rates. The salary-weighted average of these rates is the total normal cost rate. The unfunded actuarial accrued liability reflects the difference between the portion of projected benefits attributable to service credited prior to the valuation date and assets already accumulated. The unfunded actuarial accrued liability is paid off in accordance with a specified amortization procedure outlined in C below.

maximum amortization period of 25 will use  $(25-(20-8)) = 13$  year amortization period for the gain or loss in that year's valuation. Under this policy, the lowest amortization period will be  $25-(20-1) = 6$  years. Once the plan is overfunded, the amortization period will revert back to the standard 25 years.

#### **IV. Other Assumptions**

1. Valuation payroll (used for determining the amortization contribution rate): An exponential average of the actual salaries paid during the prior fiscal years, with 33% weight given to the most recent year and 67% weight given to the expected payroll for the previous fiscal year, moved forward with one year's payroll growth rate and adjusted for changes in population.
2. Individual salaries used to project benefits: For members with more than three years of service, actual salaries from the past three fiscal years are used to determine the USC final average salary as of the valuation date. For future salaries, this three-year average is projected forward with two years of salary scale to create the salary for the year following the valuation. This value is then projected with normal salary scales.
3. Timing of benefit payments: Benefit payments are assumed to be made in the middle of the month. Although TMRS benefits are paid at the end of the month, eligibility for that payment is determined at the beginning of the month. A middle of month payment approximates the impact of the combination of eligibility determination and actual payment timing.
4. Percent married: 100% of the employees are assumed to be married.
5. 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.
6. Optional Forms: Healthy members are assumed to choose a life only benefit when they retire. Disabled members are assumed to select a 50% Joint and Survivor option when they retire.
7. Percent electing annuity on death (when eligible): For vested members not eligible for retirement, 75% of the spouses of male members and 70% of the spouses of female members are assumed to commence an immediate benefit in lieu of a deferred annuity or a refund. Those not electing an immediate benefit are assumed to take a refund. All of the spouses of married participants who die after becoming eligible for a retirement benefit are assumed to elect an annuity that commences immediately.
8. Partial Lump Sum Utilization: It is assumed that each member at retirement will withdraw 40% of their eligible account balance.

## V. *Participant Data*

Participant data was supplied in electronic text files. There were separate files for (i) active and inactive members, and (ii) members and beneficiaries receiving benefits.

The data for active members included birthdate, gender, service with the current city and total vesting service, salary, employee contribution account balances, as well as the data used in the next calculation of the Updated Service Credit (USC). For retired members and beneficiaries, the data included date of birth, gender, spouse's date of birth (where applicable), amount of monthly benefit, date of retirement, form of payment code, and aggregate increase in the CPI that will be used in the next calculation of the cost of living adjustment.

To the extent possible we have made use of all available data fields in the calculation of the liabilities stated in this report. Actual CPI is used to model the wear-away effect or “catch-up” when a city changes its COLA provisions. Adjustments are made for members who have service both in a city with “20 and out” retirement eligibility and one that hasn’t adopted it to calculate the earliest possible retirement date.

Salary supplied for the current year was based on the annualized earnings for the year preceding the valuation date.

Assumptions were made to correct for missing, bad, or inconsistent data. These had no material impact on the results presented.

**Amortization Schedule  
Deferred (Inflows)/Outflows of Resources**

	Remaining Recognition period (or amortization years)	Total Remaining (Inflow) or Outflow of Resources	Measurement Year						Thereafter
			2018	2019	2020	2021	2022	2023	
<b>Due to Liabilities:</b>									
difference in experiences (inflows)/outflows									
2018	5.9700	\$ 13,331	\$ 2,233	\$ 2,233	\$ 2,233	\$ 2,233	\$ 2,233	\$ 2,166	\$ 0
2017	5.4000	(7,686)	(1,423)	(1,423)	(1,423)	(1,423)	(1,423)	(571)	0
2016	5.1900	(43,684)	(8,417)	(8,417)	(8,417)	(8,417)	(8,417)	(1,599)	0
2015	4.0100	(63,005)	(15,712)	(15,712)	(15,712)	(15,712)	(157)	0	0
2014	3.3208	(78,848)	(23,744)	(23,744)	(7,616)	0	0	0	0
<b>Total</b>			\$ (47,063)	\$ (47,063)	\$ (47,063)	\$ (30,935)	\$ (7,764)	\$ (4)	\$ 0
change in assumptions (inflows)/outflows									
2015	4.0100	\$ 11,069	\$ 2,760	\$ 2,760	\$ 2,760	\$ 2,760	\$ 29	\$ 0	\$ 0
<b>Total</b>			\$ 2,760	\$ 2,760	\$ 2,760	\$ 2,760	\$ 29	\$ 0	\$ 0
<b>Due to Assets:</b>									
excess investment returns (inflows)/outflows									
2018	5.0000	\$ 571,144	\$ 114,229	\$ 114,229	\$ 114,229	\$ 114,229	\$ 114,228	\$ 0	\$ 0
2017	4.0000	(263,693)	(65,923)	(65,923)	(65,924)	0	0	0	0
2016	3.0000	(527)	(176)	(175)	0	0	0	0	0
2015	2.0000	91,246	45,622	0	0	0	0	0	0
2014	1.0000	7,374	0	0	0	0	0	0	0
<b>Total</b>			\$ 101,126	\$ 93,754	\$ 48,131	\$ 48,305	\$ 114,228	\$ 0	\$ 0

## GLOSSARY OF TERMS

<b><i>Actuarial Assumptions</i></b>	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.
<b><i>Actuarial Cost Method</i></b>	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.
<b><i>Actuarial Gain (Loss)</i></b>	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.
<b><i>Actuarial Present Value (APV)</i></b>	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.
<b><i>Actuarial Valuation</i></b>	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.
<b><i>Actuarial Valuation Date</i></b>	The date as of which an actuarial valuation is performed.
<b><i>Actuarially Determined Contribution (ADC) or Annual Required Contribution (ARC)</i></b>	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.
<b><i>Amortization Payment</i></b>	The amortization payment is the periodic payment required to pay off an interest-discounted amount with payments of interest and principal.
<b><i>Agent Multiple-Employer Defined Benefit Pension Plan</i></b>	A multiple-employer plan in which the assets of the participating government employers are pooled for investment purposes but separate accounts are maintained for each individual employer. As a result, each participating employer's share of the pooled assets is legally available to pay the defined benefit pensions of only its retirees.

## GLOSSARY OF TERMS

<b><i>Fiduciary Net Position (FNP)</i></b>	The fiduciary net position is the market value of the assets of the trust.
<b><i>GASB</i></b>	The Governmental Accounting Standards Board is an organization that exists in order to promulgate accounting standards for governmental entities.
<b><i>Long-Term Expected Rate of Return</i></b>	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.
<b><i>Municipal Bond Rate</i></b>	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.
<b><i>Net Pension Liability (NPL)</i></b>	The NPL is the liability of employers and non-employer contribution entities to plan members for benefits provided through a defined benefit pension plan. The NPL is calculated as the Total Pension Liability (TPL) less the Fiduciary Net Position (FNP). Should the FNP exceed the TPL, the city will instead have a Net Pension Asset (NPA).
<b><i>Real Rate of Return</i></b>	The real rate of return is the rate of return on an investment after adjustment to eliminate inflation.
<b><i>Service Cost</i></b>	The service cost is the portion of the actuarial present value of projected benefit payments that is attributed to a valuation year.
<b><i>Total Pension Expense</i></b>	The total pension expense is the sum of the following items: <ol style="list-style-type: none"><li>1. Service Cost</li><li>2. Interest on the Total Pension Liability</li><li>3. Current-Period Benefit Changes</li><li>4. Employee Contributions (reduction of expense)</li><li>5. Projected Earnings on Plan Investments (reduction of expense)</li><li>6. Administrative Expense</li><li>7. Other Changes in Plan Fiduciary Net Position</li><li>8. Recognition of Outflow (Inflow) of Resources due to Liabilities</li><li>9. Recognition of Outflow (Inflow) of Resources due to Assets</li></ol>