



Cavanaugh Macdonald
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The experience and dedication you deserve

Indiana Public Retirement System
Excise, Gaming and Conservation Officers'
Retirement Fund

Actuarial Valuation as of
June 30, 2021





Cavanaugh Macdonald

CONSULTING, LLC

The experience and dedication you deserve

December 14, 2021

Board of Trustees
Indiana Public Retirement System
1 North Capitol, Suite 001
Indianapolis, IN 46204

Dear Members of the Board:

At your request, we performed an actuarial valuation of the Excise, Gaming and Conservation Officers' Fund (EG&C) as of June 30, 2021, for the purpose of estimating the actuarial determined contribution rate for the calendar year 2023. Actuarial valuations are performed annually. The major findings of the valuation are contained in this report, which reflects the benefit and funding provisions in place on June 30, 2021. While there were no changes to the ongoing benefit provisions of the plan, the Legislature approved a 1.00% COLA effective January 1, 2022 to be paid from the Supplemental Reserve Account. This report also reflects the updated economic assumptions approved by the Board in May 2021. Please refer to the May 7, 2021 meeting minutes for complete details. There were no changes in the demographic assumptions or actuarial methods from last year.

In preparing our report, we relied, without audit, on information (some oral and some in writing) supplied by Indiana Public Retirement System (INPRS) staff. This information includes, but is not limited to, statutory provisions, member data and financial information. We did review the data to ensure that it was reasonably consistent and comparable with data from prior years. The valuation results depend on the integrity of this information. If any of this information is inaccurate or incomplete, our results may be different and our calculations may need to be revised.

We certify that all costs and liabilities for EG&C have been determined on the basis of actuarial assumptions and methods which are individually reasonable (taking into account the experience of the plan and reasonable expectations); and which, in combination, offer the best estimate of anticipated experience affecting the plan. Nevertheless, the emerging costs will vary from those presented in this report to the extent actual experience differs from that projected by the actuarial assumptions.

We believe the actuarial assumptions used herein are reasonable. The Board has the final decision regarding the appropriateness of the assumptions and adopted them as indicated in Appendix C. Specifically, we presented the proposed assumptions for the 2021 valuations to the Board on February 26, 2021, and the Board subsequently adopted their use at its May 7, 2021 meeting. These assumptions are applicable to both the funding and Governmental Accounting Standards Board (GASB) Statement Number 67 valuation calculations, unless otherwise noted.

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We note that as we are preparing this report, the world is in the midst of a pandemic. We have considered available information, but do not believe that there is yet sufficient data to warrant the modification of any of our assumptions. We will continue to monitor the situation and advise the Board in the future of any adjustments that we believe would be appropriate.

In order to prepare the results in this report, we have utilized appropriate actuarial models that were developed for this purpose. These models use assumptions about future contingent events along with recognized actuarial approaches to develop the needed results. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of future measurements.

We prepared a Risk Report for the INPRS Board in August 2019 that contains information which is relevant to EG&C and should be considered part of this valuation report. Although the report was prepared using the data, methods, and assumptions of the June 30, 2018 valuation report, it is our professional opinion that the results of the risk report are applicable to the June 30, 2021 valuation report as well.

Actuarial computations presented in this report are for purposes of determining the funding rates for the Plan. The calculations in the enclosed report have been made on a basis consistent with our understanding of the Plan's funding requirements and goals as adopted by the Board. Additionally, we have included actuarial computations for use in preparing certain reporting and disclosure requirements under Governmental Accounting Standards Board Statements Number 67 and Number 68. Determinations for purposes other than meeting these funding and disclosure requirements may be significantly different from the results contained in this report and require additional analysis.

The Annual Comprehensive Financial Report (ACFR) for INPRS contains several exhibits that disclose the actuarial position of the System. This annual report, prepared as of June 30, 2021, provides data and tables that we prepared for use in the following sections of the ACFR:

Financial Section:

- Note 1 - Tables of Plan Membership
- Note 8 - Net Pension Liability and Actuarial Information - Defined Benefit Plans
- Schedule of Changes in Net Pension Liability and Plan Fiduciary Net Position
- Schedule of Contributions
- Schedule of Notes to Required Supplementary Information

Actuarial Section:

- Summary of INPRS Funded Status (Included in the Board Summary)
- Historical Summary of Actuarial Valuation Results by Retirement Plan
- Summary of Actuarial Assumptions, Methods and Plan Provisions
- Analysis of Financial Experience (Included in the Unfunded Actuarial Accrued Liability Reconciliation)
- Solvency Test
- Schedule of Active Member Valuation Data
- Schedule of Retirants and Beneficiaries



Statistical Section:

- Membership Data Summary
- Ratio of Active Members to Annuitants
- Schedule of Benefit Recipients by Type of Benefit Option
- Schedule of Average Benefit Payments

The consultants who worked on this assignment are pension actuaries. Cavanaugh Macdonald's advice is not intended to be a substitute for qualified legal or accounting counsel.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and accurate, and the assumptions and methods used meet the guidance provided in the applicable Actuarial Standards of Practice. We are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.

The calculations were completed in compliance with applicable law and the calculations for GASB disclosure, in our opinion, meet the requirements of GASB 67 and GASB 68. We are available to answer any questions on the material contained in the report, or to provide explanations or further details as may be appropriate.

We respectfully submit the following report and look forward to discussing it with you.

Sincerely,

A handwritten signature in blue ink that reads "Brent A. Banister".

Brent A. Banister, PhD, FSA, EA, FCA, MAAA
Chief Actuary

A handwritten signature in blue ink that reads "Edward J. Koebel".

Edward Koebel, FCA, EA, MAAA
Chief Executive Officer

A handwritten signature in blue ink that reads "Virginia Fritz".

Virginia Fritz, FSA, EA, FCA, MAAA
Senior Actuary



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SECTION 1 – BOARD SUMMARY FOR COMBINED BASE AND SUPPLEMENTAL BENEFITS

This report presents the results of the June 30, 2021 actuarial valuation of the Excise, Gaming and Conservation Officers’ Retirement Fund (EG&C). The primary purposes of performing this actuarial valuation are to:

- Determine the employer contribution rate for the calendar year ending December 31, 2023, along with the actuarial surcharge rate for the 2022 calendar year, that will be sufficient to meet the funding policy set out by the Board to comply with Indiana statutes.
- Disclose asset and liability measurements as well as the plan’s funded status on the valuation date.
- Compare actual and expected experience of the Fund during the plan year ending June 30, 2021.
- Analyze and report on trends in plan contributions, assets and liabilities over the past several years.

VALUATION RESULTS

Based on the results of the Asset-Liability study, which were discussed at the May 2021 Board meeting, the Board approved portfolio revisions and a new set of economic assumptions to be first used in the June 30, 2021 actuarial valuations. This resulted in a reduction of the investment return from 6.75% to 6.25%, but also impacted other assumptions such as price and wage inflation. There were no changes adopted by the Board to the demographic assumptions, actuarial methods, or funding policy. While there were no changes to the ongoing benefits of the plan, legislation granted a 1.00% cost-of-living adjustment (COLA) effective January 1, 2022 to be paid from the Supplemental Reserve Account.

The actuarial valuation results provide a “snapshot” view of the plan’s financial condition on June 30, 2021. The plan’s UAAL increased from \$14.6 million last year to \$15.7 million this year and the funded ratio remained around 91%. The primary factor behind the increase in UAAL was an increase in liabilities due to assumption changes (a \$10.4 million increase when including the base and supplemental plan benefits). Favorable asset experience reduced the UAAL by \$5.0 million and the plan will continue to recognize this year’s large asset return gains as they are spread over the next four years.

A summary of the key results from the June 30, 2021 actuarial valuation compared to the June 30, 2020 valuation is shown in the following table. Further detail on the valuation results can be found in the following sections of this Board Summary.

Valuation Results	June 30, 2020	June 30, 2021
Unfunded Actuarial Accrued Liability	\$ 14,618,674	\$ 15,668,639
Funded Ratio (Actuarial Assets)	91.08%	91.34%
Normal Cost	11.56%	12.91%
UAAL Amortization	2.06%	1.98%
Recommended Contribution	13.62%	14.89%
Estimated Member Contributions	(4.00%)	(4.00%)
Actuarially Determined Contribution Rate	9.62%	10.89%
Actuarially Determined Surcharge Rate	0.85%	0.93%

Numerous components, as examined in the following discussion, contributed to the change in the plan’s assets, liabilities, and actuarially determined contribution rate between June 30, 2020 and June 30, 2021.



SECTION 1 – BOARD SUMMARY FOR COMBINED BASE AND SUPPLEMENTAL BENEFITS

ASSETS

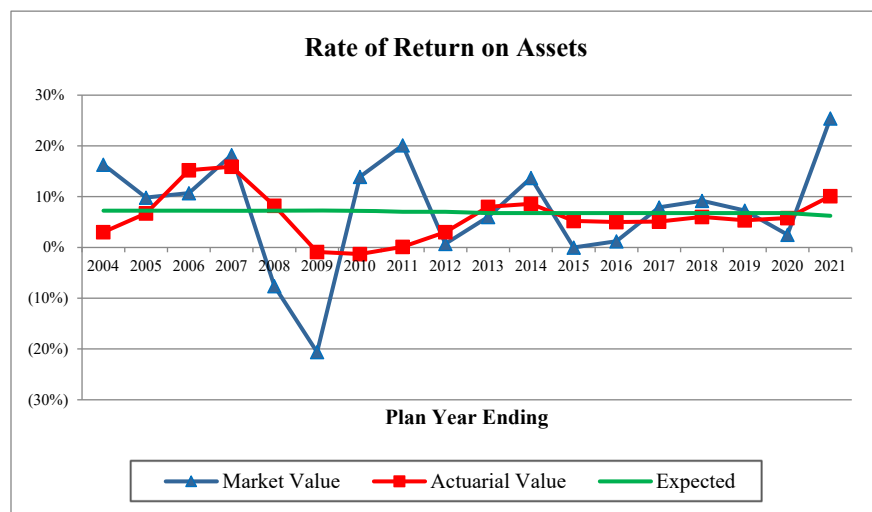
As of June 30, 2021, the plan had net assets of \$184.3 million when measured on a market value basis. This was an increase of \$38.0 million from the prior year.

The market value of assets is not used directly in the calculation of the unfunded actuarial accrued liability and the actuarial required contribution rate. An asset valuation method, which smoothes the effect of market fluctuations, is applied to determine the value of assets used in the valuation. The resulting amount is called the actuarial value of assets. In this year’s valuation, the actuarial value of assets is \$165.2 million, an increase of \$15.8 million from the prior year.

The components of change in the asset values are shown in the following table:

	Market Value	Actuarial Value
Net Assets, June 30, 2020	\$ 146,358,400	\$ 149,359,183
- Employer and Member Contributions	+ 8,415,609	+ 8,415,609
- Benefit Payments and Refunds	- 7,735,418	- 7,735,418
- Net Investment Income	+ 37,275,220	+ 15,139,700
Net Assets, June 30, 2021	<u>\$ 184,313,811</u>	<u>\$ 165,179,074</u>
Estimated Rate of Return, Net of Expenses	25.4%	10.1%

The estimated rate of return on the actuarial value of assets was 10.1%, which was higher than the 6.75% investment return assumption applicable for the year ended June 30, 2021. As a result, there was an experience gain on assets of \$5.0 million. The FY 2021 return on the market value of assets of 25.4% resulted in a change in the deferred investment experience from a net deferred investment loss of \$3.0 million in last year’s valuation to a net deferred investment gain of \$19.1 million in the current valuation. See Tables 1 through 4 of this report for detailed information on the market and actuarial value of assets.



The rate of return of the actuarial value of assets has been less volatile than the market value return, illustrating the benefits of using an asset smoothing method.



SECTION 1 – BOARD SUMMARY FOR COMBINED BASE AND SUPPLEMENTAL BENEFITS

LIABILITIES

The actuarial accrued liability is that portion of the present value of future benefits that is allocated to past service. The remaining portion will be paid by future normal costs. The difference between this liability and the actuarial value of assets as of the valuation date is called the unfunded actuarial accrued liability (UAAL). The dollar amount of unfunded actuarial accrued liability is reduced if the contributions to the plan exceed the normal cost for the year plus interest on the prior year's UAAL.

The unfunded actuarial accrued liability, including expected future COLAs, on both a market value and actuarial value of assets basis is shown as of June 30, 2021 in the following table:

	Market Value	Actuarial Value
Actuarial Accrued Liability	\$ 180,847,713	\$ 180,847,713
Value of Assets	184,313,811	165,179,074
Unfunded Actuarial Accrued Liability	\$ (3,466,098)	\$ 15,668,639
Funded Ratio	101.92%	91.34%

See Table 5 of this report for the development of the unfunded actuarial accrued liability.

The total plan UAAL (on an actuarial basis) as of June 30, 2021 was \$15.7 million, a \$1.0 million change from the \$14.6 million total UAAL last year, primarily driven by a \$10.4 million increase in liabilities due to economic assumption changes. Due to higher-than-expected market returns, there was an actuarial gain on assets of \$5.0 million, along with gains from contributing more than actuarially required. The bulk of the \$1 million liability experience gain was due to lower salaries increases than expected. The components of the change in the base UAAL are quantified in Table 7 of this report. See Table 8 and Table 9 of this report for a breakdown of the components of experience gains/losses for greater detail on the base plan benefits.

An evaluation of the UAAL on a pure dollar basis may not provide a complete analysis since only the difference between the assets and liabilities (which are both large numbers) is reflected. Another way to evaluate the UAAL and the progress made in its funding is to track the funded ratio, the ratio of the actuarial value of assets to the actuarial accrued liability. The funded status information, which is based on the actuarial value of assets, is shown below (in millions).

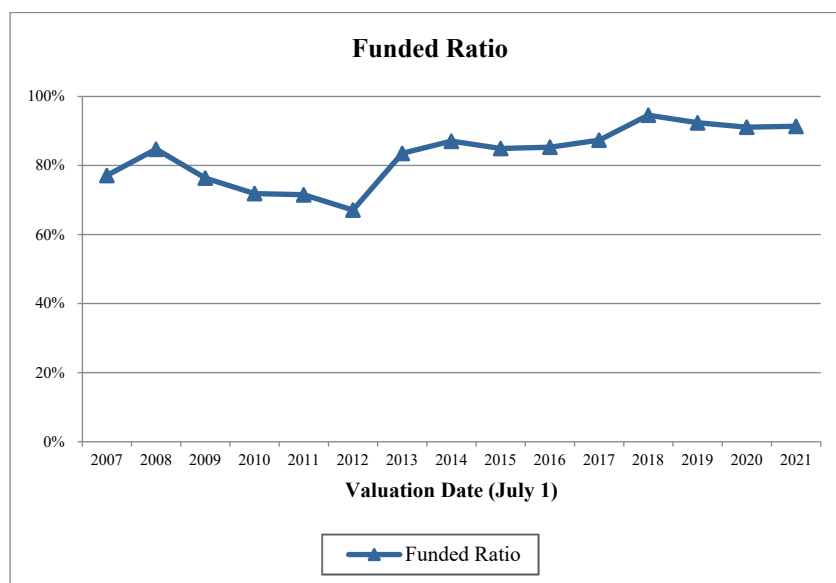
	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021
Funded Ratio	87.3%	94.6%	92.4%	91.1%	91.3%
UAAL (in millions)	\$18.1	\$7.6	\$11.6	\$14.6	\$15.7

Note that the funded ratio does not indicate whether or not the plan assets are sufficient to settle benefits earned to date. The funded ratio, by itself, also may not be indicative of future funding requirements. In addition, if the funded ratios were shown using the market value of assets, the results would differ.



SECTION 1 – BOARD SUMMARY FOR COMBINED BASE AND SUPPLEMENTAL BENEFITS

As the following graph shows, the EG&C Plan has generally been making progress towards a fully funded level, especially since 2012. Even with recent assumption changes, the funded ratio is remaining steady.



ACTUARIALLY DETERMINED CONTRIBUTION RATE

The Plan's actuarially determined contribution rate consists of two components:

- A “normal cost” for the portion of projected liabilities allocated by the actuarial cost method to service of members during the year following the valuation date.
- An “unfunded actuarial accrued liability contribution” for the excess of the portion of projected liabilities allocated to service to date over the actuarial value of assets.

The UAAL contribution rate is determined by calculating the amortization payment on the UAAL as a level dollar amount over 20 years for each new amortization base. Because the COLA portion of the benefits are funded through the surcharge, this portion of the benefit only considers the base benefit without any COLA. If the Fund's funded ratio exceeds 100% on a combined basis (base benefits plus future assumed COLAs), all prior amortization bases are eliminated and the negative UAAL (or “surplus”) is amortized over an open 30-year period, as an offset to other Fund costs.

In addition to the components above that are designed to fund the guaranteed base benefit, the Board is responsible for determining the surcharge to fund future COLAs and/or 13th checks. Because there are five plans that must, by law, provide the same COLA or 13th check each year, the funding strategy needs to consider the funding needs of the entire System as well as the specific fund. The Legislature, via HEA No. 1001, authorized a 1.00% COLA effective January 1, 2022 to be paid from the Supplemental Reserve Account. No supplemental benefits were granted for fiscal year 2023. Prior funding of the Supplemental Reserve Account was determined based on an assumed COLA of 0.4% for Fiscal Years 2022 and 2023. Therefore, additional contributions were made to the Supplemental Reserve Accounts to pay for the higher-than-expected COLA and to ensure the present value of the COLA was fully funded as required by



SECTION 1 – BOARD SUMMARY FOR COMBINED BASE AND SUPPLEMENTAL BENEFITS

legislation. At this time, we believe the current COLA assumptions for future years remain reasonable, though ultimately the benefits are determined through legislation.

The long-term assumption is that a COLA of 0.4% will be granted starting in 2024, 0.5% starting in 2034, and then 0.6% in 2039 and beyond. Considering the biennial budgeting cycle in Indiana, the near-term goal is to accumulate funds by June 30, 2023 to fund the two COLAs in the following biennium (January 2024 and January 2025). The surcharge rate for calendar year 2021 is 0.85%, and the actuarially determined surcharge rate effective January 1, 2022 is 0.93%, although the Board approved a surcharge rate of 0.94% before the asset values were finalized. See Table 12 for further details. Note that this surcharge rate, while it will apply to calendar year 2022, is designed to bring the Supplemental Reserve Account to a target level as of June 30, 2023 and may not be reflective of what is needed for long-term funding of the target COLA.

The total employer rate is the sum of the contributions to fund the base benefits plus the surcharge less the member contributions. The total employer contribution rate is lowered part way toward the normal cost rate when the Fund has a funded ratio over 105%, and then ultimately reduced to the normal cost rate should the funded ratio reach 120%. The Board could decide, however, to set the rate higher in order to provide a sufficient surcharge for the COLA funding while preserving the base funding.

See Table 13 of this report for the detailed development of the contribution rates which are summarized in the following table:

Contribution Rate	June 30, 2020	June 30, 2021
Normal Cost	11.56%	12.91%
UAAL Amortization	2.06%	1.98%
Recommended Contribution	13.62%	14.89%
Estimated Member Contributions	(4.00%)	(4.00%)
Actuarially Determined Contribution Rate	9.62%	10.89%
Actuarially Determined Surcharge Rate	0.85%	0.93%
Approved Employer Funding Rate	20.75%	20.75%

The actuarial required contribution, determined this year based on the snapshot of the plan taken on the valuation date of June 30, 2021, will change each year as the deferred investment experience is recognized and other experience (both investment and demographic) impacts the plan. While the actuarially determined rates increased year over year, it still remains well below the Board-approved employer funding rate. To maintain stability in the employer funding rate, the rate will remain at the current level until the actuarially determined contribution and surcharge rates exceed it or until the plan reaches 105% funded.

The June 30, 2021 actuarially determined contribution rate increased to 10.89% for the base benefits and the Board approved surcharge rate for supplemental benefits is 0.94%. Because this is lower than the current employer funding rate of 20.75%, no change in the current employer funding rate is needed.

**SECTION 1 – BOARD SUMMARY FOR COMBINED BASE AND SUPPLEMENTAL BENEFITS****SUMMARY OF PRINCIPAL RESULTS**

	June 30, 2019	June 30, 2020	June 30, 2021
MEMBERSHIP			
Active Members	423	414	433
Active Members in DROP	13	6	6
Retired Members and Beneficiaries	237	245	249
Disabled Members	3	3	3
Inactive Members	141	137	139
Total Members	817	805	830
Projected Annual Salaries in Following Year	\$ 34,103,346	\$ 33,384,399	\$ 34,073,424
Annual Retirement Payments for Retired Members, Disabled Members and Beneficiaries	\$ 6,426,356	\$ 6,800,329	\$ 6,979,099
ASSETS AND LIABILITIES			
Net Assets			
Market Value of Assets (MVA)	\$ 142,114,618	\$ 146,358,400	\$ 184,313,811
Actuarial Value of Assets (AVA)	140,558,668	149,359,183	165,179,074
Actuarial Accrued Liability (AAL)	152,206,710	163,977,857	180,847,713
Unfunded Actuarial Accrued Liability (UAAL):			
AAL - AVA	\$ 11,648,042	\$ 14,618,674	\$ 15,668,639
Funded Ratios			
AVA / AAL	92.35%	91.08%	91.34%
MVA / AAL	93.37%	89.25%	101.92%
CONTRIBUTIONS			
Normal Cost Rate	11.09%	11.56%	12.91%
UAAL Rate	1.29%	2.06%	1.98%
Total Recommended Contribution Rate	12.38%	13.62%	14.89%
Expected Employee Contribution Rate	(4.00%)	(4.00%)	(4.00%)
Actuarially Determined Contribution Rate	8.38%	9.62%	10.89%
Actuarially Determined Surcharge Rate (applicable next calendar year)	0.61%	0.85%	0.93%

Note: Liability and funded ratio results include both the base benefits benefit and the supplemental benefits.



SECTION 2 – SCOPE OF THE REPORT

This report presents the actuarial valuation results of the Excise, Gaming and Conservation Officers' Retirement Fund as of June 30, 2021. This valuation was prepared at the request of the Indiana Public Retirement System.

Please pay particular attention to our actuarial certification letter, where the guidelines employed in the preparation of this report are outlined. We also comment on the sources and reliability of both the data and the actuarial assumptions upon which our findings are based. Those comments are the basis for our certification that this report is complete and accurate to the best of our knowledge and belief.

A summary of the findings which result from this valuation is presented in the previous section. Section 3 describes the assets and investment experience of the plan. Sections 4 and 5 describe how the obligations of the plan are to be met under the actuarial cost method in use. Section 6 provides information required by the Governmental Accounting Standards Board (GASB) for reporting and disclosure under GASB 67 and GASB 68.

This report includes several appendices:

- Appendix A Schedules of valuation data classified by various categories of members.
- Appendix B A summary of the current benefit structure, as determined by the provisions of governing law on June 30, 2021.
- Appendix C A summary of the actuarial methods and assumptions used to estimate liabilities and determine contribution rates.
- Appendix D A glossary of actuarial terms.



SECTION 3 – ASSETS

In many respects, an actuarial valuation can be thought of as an inventory process. The inventory is taken as of the actuarial valuation date, which for this valuation is June 30, 2021. On that date, the assets available for the payment of benefits are appraised. The assets are compared with the liabilities of the plan, which are generally in excess of assets. The actuarial process then leads to a method of determining the contributions needed by members and the employer in the future to balance the plan assets and liabilities.

Market Value of Assets

The current market value represents the "snapshot" or "cash-out" value of plan assets as of the valuation date. In addition, the market value of assets provides a basis for measuring investment performance from time to time.

Table 1 summarizes the changes in the market value of assets for the last two years for the base benefits, whereas Table 2 shows the changes for the supplemental benefit reserve account. Table 15 (in the GASB section) provides detail regarding the allocation of investments in the trust.

Actuarial Value of Assets

The market value of assets, representing a "cash-out" value of plan assets, may not be the best measure of the plan's ongoing ability to meet its obligations. To arrive at a suitable value of assets for the actuarial valuation, a technique for determining the actuarial value of assets is used which dampens swings in the market value while still indirectly recognizing market values. Under the asset smoothing methodology, the difference between the actual and assumed investment return on the market value of assets is recognized evenly over a five-year period.

Table 3 shows the development of the actuarial value of assets (AVA) as of the valuation date for the base benefits and Table 4 shows the information for the supplemental benefit.



TABLE 1
DEVELOPMENT OF MARKET VALUE OF ASSETS
(Base Benefits)

	June 30, 2020	June 30, 2021
1. Market Value of Assets, Beginning of Year	\$ 141,989,364	\$ 146,009,850
2. Receipts		
a. Member (Includes Purchased Service) ¹	\$ 1,298,579	\$ 1,332,899
b. Employer	6,524,187	6,645,351
c. Miscellaneous	0	0
d. Total	<u>\$ 7,822,766</u>	<u>\$ 7,978,250</u>
3. Expenditures		
a. Benefit Payments	\$ 7,269,944	\$ 7,626,683
b. Refund of Contributions	97,360	108,735
c. Member Reassignments	0	0
d. Administrative Expense	106,513	94,540
e. Miscellaneous	0	0
f. Total	<u>\$ 7,473,817</u>	<u>\$ 7,829,958</u>
4. Investment Return		
a. Investment Income	\$ 3,663,709	\$ 37,235,947
b. Securities Lending Income	7,828	7,786
c. Total Investment Return	<u>\$ 3,671,537</u>	<u>\$ 37,243,733</u>
5. Market Value of Assets, End of Year: (1) + (2d) - (3f) + (4c)	\$ 146,009,850	\$ 183,401,875
6. Estimated Rate of Return, Net of Expenses ²	2.51%	25.42%

¹ Includes \$0 of member service purchases during fiscal year 2020 and \$11,624 of member service purchases during fiscal year 2021.

² Based on individual fund experience. Assumes cash flows occur at mid-year.



TABLE 2
DEVELOPMENT OF MARKET VALUE OF ASSETS
(Supplemental Benefits)

	June 30, 2020	June 30, 2021
1. Market Value of Assets, Beginning of Year	\$ 125,254	\$ 348,550
2. Receipts		
a. Employer Surcharge	\$ 217,671	\$ 437,359
b. Lottery Allocation	0	0
c. Non-Employer Entity Contributions	0	0
d. Miscellaneous	0	0
e. Total	\$ 217,671	\$ 437,359
3. Expenditures		
a. Benefit Payments	\$ 0	\$ 0
b. Administrative Expense	0	0
c. Miscellaneous Expenditures	0	0
d. Total	\$ 0	\$ 0
4. Investment Return		
a. Investment Income	\$ 5,612	\$ 126,002
b. Securities Lending Income	13	25
c. Total Investment Return	\$ 5,625	\$ 126,027
5. Market Value of Assets, End of Year: (1) + (2e) - (3d) + (4c)	\$ 348,550	\$ 911,936
6. Rate of Return on Market Value of Assets, Net of Expenses ¹	2.40%	22.22%

¹ Based on individual fund experience. Assumes cash flows occur at mid-year.

**SECTION 3 – ASSETS****TABLE 3****DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS
(Base Benefits)**

		For the Year Ending June 30, 2021		
1. Market Value as of June 30, 2020				\$ 146,009,850
2. Receipts				\$ 7,978,250
3. Expenditures, Net of Administrative Expenses				\$ (7,735,418)
4. Expected Return on Assets ¹				\$ 9,863,860
5. Expected Market Value as of June 30, 2021: (1) + (2) + (3) + (4)				\$ 156,116,542
6. Actual Market Value as of June 30, 2021				\$ 183,401,875
7. Year End 2021 Asset Gain/(Loss): (6) - (5)				\$ 27,285,333
8. Deferred Investment Gains and Losses				
	Year Ended June 30:	Gain/(Loss)	Factor	Deferred Amount
a.	2018	\$ 2,937,547	20%	\$ 587,509
b.	2019	688,028	40%	275,211
c.	2020	(6,034,630)	60%	(3,620,778)
d.	2021	27,285,333	80%	21,828,266
e.	Total			\$ 19,070,208
9. Initial Actuarial Value as of June 30, 2021: (6) - (8e)				\$ 164,331,667
10. Constraining Values				
a.	80% of Market Value: (6) x 0.8			\$ 146,721,500
b.	120% of Market Value: (6) x 1.2			\$ 220,082,250
11. Actuarial Value as of June 30, 2021				\$ 164,331,667
12. Actuarial Rate of Return, Net of Expenses ²				10.12%
13. Actuarial Value of Assets as a Percent of Market Value: (11) / (6)				89.6%
14. Actuarial Value of Assets				
a.	Base Benefits			\$ 164,331,667
b.	Supplemental Benefits			\$ 847,407
c.	Total			\$ 165,179,074

¹ Assumes cash flows occur at mid-year and a discount rate of 6.75%.² Assumes cash flows occur at mid-year.

**SECTION 3 – ASSETS****TABLE 4****DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS
(Supplemental Benefits)**

		For Plan Year Ending June 30, 2021		
1. Market Value, as of June 30, 2020		\$	348,550	
2. Receipts		\$	437,359	
3. Expenditures, Net of Administrative Expenses		\$	0	
4. Expected Return on Assets ¹		\$	38,288	
5. Expected Market Value as of June 30, 2021: (1) + (2) + (3) + (4)		\$	824,197	
6. Actual Market Value as of June 30, 2021		\$	911,936	
7. Year end 2021 asset gain/(loss): (6) - (5)		\$	87,739	
8. Deferred Investment Gains and Losses				
	Year Ended June 30:	Gain/(Loss)	Factor	Deferred Amount
a.	2018	\$ 0	20%	\$ 0
b.	2019	1,109	40%	444
c.	2020	(10,176)	60%	(6,106)
d.	2021	87,739	80%	70,191
e.	Total			\$ 64,529
9. Initial Actuarial Value as of June 30, 2021: (6) - (8e)		\$	847,407	
10. Constraining Values				
a.	80% of Market Value: (6) x 0.8		\$ 729,549	
b.	120% of Market Value: (6) x 1.2		\$ 1,094,323	
11. Actuarial Value as of June 30, 2021		\$	847,407	
12. Actuarial Rate of Return, Net of Expenses ²			9.40%	
13. Actuarial Value of Assets as a Percent of Market Value: (11) / (6)			92.9%	

¹ Assumes cash flows occur at mid-year and a return assumption of 6.75%.² Assumes cash flows occur at mid-year.



SECTION 4 – PLAN LIABILITIES

In the previous section, an actuarial valuation was compared with an inventory process, and an analysis was given of the inventory of assets of the Excise, Gaming and Conservation Officers' Retirement Fund as of the valuation date, June 30, 2021. In this section, the discussion will focus on the commitments (future benefit payments) of the plan, which are referred to as its liabilities.

The liability calculations for the June 30, 2021 Excise, Gaming and Conservation Officers' Retirement Fund valuation are based on census data collected as of June 30, 2020. Standard actuarial techniques are used to adjust these results from June 30, 2020 to June 30, 2021. While these roll-forward techniques are based on all actuarial assumptions being met during the intervening year, there will, of course, be many of the assumptions that will not be met exactly. In general, this does not materially affect the resulting calculations or conclusions in this report. Should there be a year in which events, such as plan changes, occur that would affect the results, adjustments in the roll-forward methods would be made to appropriately reflect the events.

All liabilities reflect the benefit provisions and actuarial assumptions in place as of June 30, 2021.

Actuarial Accrued Liability

A fundamental principle in financing the liabilities of a retirement program is that the cost of its benefits should be related to the period in which benefits are earned, rather than to the period of benefit distribution. An actuarial cost method is a mathematical technique that allocates the present value of future benefits into annual costs. In order to do this allocation, it is necessary for the funding method to "breakdown" the present value of future benefits into two components:

- (1) that which is attributable to the past and
- (2) that which is attributable to the future.

Actuarial terminology calls the part attributable to the past the "past service liability" or the "actuarial accrued liability." The portion allocated to the future is known as the present value of future normal costs, with the specific piece of it allocated to the current year being called the "normal cost."

Table 5 contains the calculation of actuarial accrued liability for the Plan under the Entry Age Normal actuarial cost. This amount is split between the base benefit and the supplemental plan. Granted supplemental benefits are the present value of legislated benefits, whereas future supplemental benefits represent those assumed to occur based on the Plan's COLA assumption.



SECTION 4 – PLAN LIABILITIES

TABLE 5

ACTUARIAL ACCRUED LIABILITY
(Base and Supplemental Benefits)

As of June 30, 2021	Base Benefits	Supplemental Benefits		Total
		Granted	Future	
1. Actuarial Accrued Liability				
a. Member Contribution Balances	\$ 13,729,449	\$ 0	\$ 0	\$ 13,729,449
b. Active & Inactive Members	87,271,016	101,751	5,333,576	92,706,343
c. In-pay Members	71,407,617	689,742	2,314,562	74,411,921
d. Total	\$ 172,408,082	\$ 791,493	\$ 7,648,138	\$ 180,847,713
2. Actuarial Value of Assets	\$ 164,331,667	\$ 791,493	\$ 55,914	\$ 165,179,074
3. Unfunded Actuarial Accrued Liability: (1d) - (2)	\$ 8,076,415	\$ 0	\$ 7,592,224	\$ 15,668,639
4. Funded Ratio: (2) / (1d)	95.3%	100.0%	0.7%	91.3%



SECTION 4 – PLAN LIABILITIES

TABLE 6
COMBINED BASE AND SUPPLEMENTAL PLANS:
SOLVENCY TEST
 (Base and Supplemental Benefits)

Actuarial Valuation as of June 30	Actuarial Accrued Liabilities (AAL)				Actuarial Value of Assets	Portion of AAL Covered by Assets			
	Active Member Contributions	Retirees and Beneficiaries	Active Member (Employer Financed Portion)	Total Actuarial Accrued Liabilities		Active Member Contributions	Retirees and Beneficiaries	Active Member (Employer Financed Portion)	Total Actuarial Accrued Liabilities
2021	\$13,729	\$74,412	\$92,707	\$180,848	\$165,179	100.0%	100.0%	83.1%	91.3%
2020	12,927	70,363	80,688	163,978	149,359	100.0	100.0	81.9	91.1
2019	11,661	68,652	71,894	152,207	140,559	100.0	100.0	83.8	92.3
2018	10,715	68,750	60,591	140,056	132,441	100.0	100.0	87.4	94.6
2017	9,737	69,217	63,649	142,603	124,531	100.0	100.0	71.6	87.3
2016	9,085	67,424	62,456	138,965	118,515	100.0	100.0	67.3	85.3
2015	8,456	61,503	62,837	132,796	112,765	100.0	100.0	68.1	84.9
2014	8,042	54,626	60,933	123,601	107,563	100.0	100.0	73.7	87.0
2013	7,494	56,028	54,575	118,097	98,608	100.0	100.0	64.3	83.5
2012	6,532	53,929	52,822	113,283	76,007	100.0	100.0	29.4	67.1

Note: Dollar amounts are in thousands of dollars.



TABLE 7

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITY
(Base and Supplemental Benefits)

For Plan Year Ending June 30, 2021

	Base	Base and Supplemental
1. Unfunded Actuarial Accrued Liability (UAAL) as of June 30, 2020	\$ 8,130,871	\$ 14,618,674
2. Normal Cost	3,859,237	4,049,528
3. Actuarially Determined Contribution	(4,545,802)	(4,829,569)
4. Interest	502,491	934,108
5. Expected Unfunded Actuarial Accrued Liability as of June 30, 2021	\$ 7,946,797	\$ 14,772,741
6. Actuarial Value of Asset Changes		
a. Investment Experience (Gain)/Loss	\$ (5,019,769)	\$ (5,034,999)
b. Contributions (Above)/Below the Actuarially Determined Contribution and Other (Gain)/Loss	\$ (3,383,128)	\$ (3,532,325)
7. Actuarial Accrued Liability Changes		
a. Actuarial Accrued Liability Experience (Gain)/Loss	\$ (1,076,361)	\$ (1,098,655)
b. Additional Liability Due to Benefit Changes	0	158,691
c. Additional Liability Due to Assumption Changes	9,608,876	10,403,186
8. Total Experience (Gain)/Loss	\$ 129,618	\$ 895,898
9. Unfunded Actuarial Accrued Liability as of June 30, 2021: (5) + (8)	\$ 8,076,415	\$ 15,668,639

**SECTION 4 – PLAN LIABILITIES****TABLE 8****ACTUARIAL GAIN/(LOSS)**
(Base and Supplemental Benefits)

Liabilities	Base	Base and Supplemental
1. Actuarial Accrued Liability as of June 30, 2020	\$ 157,134,028	\$ 163,977,857
2. Normal Cost for Plan Year Ending June 30, 2021	3,859,237	4,049,528
3. Benefit Payments During Plan Year ¹	(7,735,680)	(7,735,680)
4. Service Purchases (employee and employer)	11,624	11,624
5. Interest at 6.75%	10,606,358	11,081,162
6. Change Due to Benefit Changes	0	158,691
7. Change Due to Assumption Changes	9,608,876	10,403,186
8. Expected Actuarial Accrued Liability as of June 30, 2021	\$ 173,484,443	\$ 181,946,368
9. Actuarial Accrued Liability as of June 30, 2021	\$ 172,408,082	\$ 180,847,713
Assets		
10. Actuarial Value of Assets as of June 30, 2020	\$ 149,003,157	\$ 149,359,183
11. Receipts During Plan Year	7,978,250	8,415,609
12. Expenditures, Excluding Expenses, During Plan Year	(7,735,418)	(7,735,418)
13. Interest at 6.75%	10,065,909	10,104,701
14. Expected Actuarial Value of Assets as of June 30, 2021	\$ 159,311,898	\$ 160,144,075
15. Actuarial Value of Assets as of June 30, 2021	\$ 164,331,667	\$ 165,179,074
Experience Gain / (Loss)		
16. Liability Actuarial Experience Gain/(Loss): (8) - (9)	\$ 1,076,361	\$ 1,098,655
17. Asset Actuarial Experience Gain/(Loss): (15) - (14)	5,019,769	5,034,999
18. Total Actuarial Experience Gain/(Loss): (16) + (17)	\$ 6,096,130	\$ 6,133,654

¹ Does not include miscellaneous expenses or benefit overpayments.



TABLE 9
EXPERIENCE GAIN/(LOSS) ANALYSIS BY SOURCE
(Base Benefits)

Liability Sources (in thousands)		Gain/(Loss)
Retirement	\$	(142)
Termination		(255)
Disability		269
Mortality		(801)
Salary		1,914
New Entrants/Rehires		(97)
Miscellaneous/COLA		188
Total Liability Experience Gain/(Loss)	\$	1,076
as a % of AAL		0.6%
Asset Experience Gain/(Loss)	\$	5,020
Total Actuarial Experience Gain/(Loss)	\$	6,096



TABLE 10

PROJECTED BENEFIT PAYMENTS
(Base and Supplemental Benefits)

Plan Year Ending June 30	Benefit Amount
2022	\$ 8,204,060
2023	8,089,393
2024	9,472,286
2025	9,870,769
2026	10,272,137
2027	10,433,124
2028	11,072,005
2029	11,385,171
2030	11,836,737
2031	12,519,517
2032	13,378,568
2033	13,781,314
2034	14,473,642
2035	15,616,039
2036	16,729,444
2037	17,368,241
2038	18,056,622
2039	18,480,714
2040	18,794,696
2041	19,086,811
2042	19,484,298
2043	19,661,899
2044	19,864,716
2045	19,979,908
2046	20,095,934
2047	20,048,021
2048	19,881,331
2049	19,829,355
2050	19,613,679
2051	19,328,131

Note: Payouts reflect nominal payouts for current members, assuming that all future assumptions are met.



SECTION 5 – EMPLOYER CONTRIBUTIONS

The previous two sections were devoted to a discussion of the assets and liabilities of the plan. We now turn to considering how the benefits will be funded. The method used to determine the incidence of the contributions in various years is called the actuarial cost method. Under an actuarial cost method, the contributions required to meet the difference between current assets and current liabilities are allocated each year between two elements: (1) the normal cost rate and (2) the unfunded actuarial accrued liability contribution rate.

The term "fully funded" is often applied to a plan in which contributions at the normal cost rate are sufficient to pay for the benefits of existing employees as well as for those of new employees. More often than not, plans are not fully funded, either because of past benefit improvements that have not been completely funded, contribution levels, or because of actuarial deficiencies that have occurred because experience has not been as favorable as anticipated by the actuarial assumptions. Under these circumstances, an unfunded actuarial accrued liability (UAAL) exists. Likewise, when the actuarial value of assets is greater than the actuarial accrued liability, a surplus exists.

Description of Contribution Rate Components

The Entry Age Normal (EAN) actuarial cost method is used for the valuation. Under that method, the normal cost for each year from entry age to assumed exit age is a constant percentage of the member's year by year projected compensation. The portion of the present value of future benefits not provided by the present value of future normal costs is the actuarial accrued liability. The unfunded actuarial accrued liability/(surplus) represents the difference between the actuarial accrued liability and the actuarial value of assets as of the valuation date. For EG&C purposes, this calculation excludes consideration of future COLAs. The unfunded actuarial accrued liability is calculated each year and reflects experience gains and losses. New amortization bases are funded over 20 years.

Funding for future COLAs is provided by using a surcharge. This rate is intended to fund the COLAs anticipated to be granted in the next biennium by the start of that biennium.

In general, contributions are computed in accordance with a level percent-of-payroll funding objective. The contribution rate based on the June 30, 2021 actuarial will be used to calculate the actuarially determined employer contribution rate to the Excise, Gaming and Conservation Officers' Retirement Fund for the 2023 calendar year. The supplemental benefit surcharge rate will be used to calculate the actuarially determined employer contribution rate for the 2022 calendar year.

Contribution Rate Summary

In Table 11 the amortization payment related to the unfunded actuarial accrued liability/(surplus), as of June 30, 2021, is developed. The surcharge needed to fund the assumed COLAs is developed in Table 12. Table 13 develops the actuarial required contribution rate for the Plan. The contribution rates shown in this report are based on the actuarial assumptions and cost methods described in Appendix C. Additionally, in Table 14 the contribution amounts under alternative discount rates are provided to illustrate the sensitivity of the contribution requirements relative to the selection of the investment return assumption.

**SECTION 5 – EMPLOYER CONTRIBUTIONS****TABLE 11****SCHEDULE OF AMORTIZATION BASES
(Base Benefits)**

Amortization Bases	Original Amount ¹	June 30, 2021 Remaining Payments	Date of Last Payment	Outstanding Balance as of June 30, 2021	Annual Contribution
2009 UAAL Base	12,159,924	16	7/1/2037	9,392,064	889,775
2010 UAAL Base	3,839,282	19	7/1/2040	3,177,161	273,252
2011 UAAL Base	1,009,127	20	7/1/2041	856,559	71,719
2012 UAAL Base	5,037,093	21	7/1/2042	4,375,962	357,492
2013 UAAL Base	(1,646,934)	22	7/1/2043	(1,461,520)	(116,729)
2014 UAAL Base	(3,141,667)	23	7/1/2044	(2,842,925)	(222,379)
2015 UAAL Base	4,288,938	24	7/1/2045	3,951,374	303,202
2016 UAAL Base	782,014	15	7/1/2036	669,848	65,977
2017 UAAL Base	(1,969,636)	16	7/1/2037	(1,751,237)	(165,907)
2018 UAAL Base	(15,408,361)	17	7/1/2038	(14,169,680)	(1,295,853)
2019 UAAL Base	(15,408,361)	18	7/1/2039	2,984,155	264,285
2020 UAAL Base	2,836,128	19	7/1/2040	2,765,036	237,807
2021 UAAL Base	129,618	20	7/1/2041	<u>129,618</u>	<u>10,853</u>
Total				\$ 8,076,415	\$ 673,494
1. Total UAAL Amortization Payments					\$ 673,494
2. Projected Payroll for FY 2022					\$ 34,073,424
3. UAAL Amortization Payment Rate					1.98%
4. Remaining Amortization Period in Years (Weighted) ²					20.4

¹ The original amounts from 2013 to 2017 were provided by the prior actuary. Amounts prior to 2013 were estimated by INPRS.
² The weighted average remaining UAAL amortization period is calculated by weighting the remaining amortization period of each base by the amortization amount of each base.



SECTION 5 – EMPLOYER CONTRIBUTIONS

TABLE 12

**DEVELOPMENT OF SURCHARGE RATE
(Supplemental Benefits)**

Projected COLAs in Next Biennium Beginning July 1, 2023

First Anticipated COLA

1. Date of COLA commencement	January 1, 2024
2. Rate of COLA	0.4%
3. Value as of July 1, 2023 of COLA	\$ 369,935

Second Anticipated COLA

4. Date of COLA commencement	January 1, 2025
5. Rate of COLA	0.4%
6. Value as of July 1, 2023 of COLA	360,255
7. Total COLA Funding Requirement as of July 1, 2023: (3) + (6)	\$ 730,190

Funding Sources for Projected COLAs

8. Assets as of June 30, 2021 Available for Future COLAs	\$ 55,914
9. Projected Contributions from 7/1/2021 to 12/31/2021	144,812
10. Expected Earnings through July 1, 2023	23,471
11. Projected Available Assets at July 1, 2023	\$ 224,197
12. Required Additional Funding for Anticipated COLAs: (7) - (11)	505,993

Surcharge Rate

13. Projected Payroll from 1/1/2022 to 6/30/2022	17,036,712
14. Projected Payroll from 7/1/2022 to 6/30/2023	34,976,370
15. Value of (13) and (14) as of July 1, 2023	\$ 54,453,724
16. Surcharge Rate: (12)/(15)	0.93%



SECTION 5 – EMPLOYER CONTRIBUTIONS

TABLE 13

ACTUARIAL REQUIRED CONTRIBUTION RATE
(Base and Supplemental Benefits)

	<u>Base Benefits</u>	<u>Supplemental Benefits</u>	<u>Total</u>
1. Projected Payroll for FY 2022	\$ 34,073,424		
2. Normal Cost Rate	12.91%	0.68%	13.59%
3. Amortization of UAAL as of June 30, 2021			
a. Dollar Amount	\$ 673,494		
b. Percent of Projected Pay	1.98%		
4. Expected Employee Contribution Rate	(4.00%)		
5. Preliminary Actuarially Determined Contribution (ADC) Rate: (2) + (3b) + (4)	10.89%		
6. Supplemental Benefit Surcharge Rate		0.93%	
7. ADC Rate Subject to Legal Constraints	10.89%	0.93%	
8. Actuarially Determined Contribution Rate for FY 2022:			
a. July 1, 2021 - December 31, 2021	8.38%	0.85%	9.23%
b. January 1, 2022 - June 30, 2022	9.62%	0.93%	10.55%
c. Average	9.00%	0.89%	9.89%
9. Approved Board Policy Contribution Rate	19.86%	0.89%	20.75%
10. Expected Percentage of ADC Contributed: (9) / (8c)			209.81%



SECTION 5 – EMPLOYER CONTRIBUTIONS

TABLE 14

INVESTMENT RETURN SENSITIVITY
(Base and Supplemental Benefits)

	1.00% Decrease: (5.25%)	0.75% Decrease: (5.50%)	0.50% Decrease: (5.75%)	0.25% Decrease: (6.00%)	Current Assumption: (6.25%)
Funded Status					
Actuarial Accrued Liability	\$205,930,591	\$199,178,952	\$192,761,284	\$186,657,189	\$180,847,713
Actuarial Value of Assets	165,179,074	165,179,074	165,179,074	165,179,074	165,179,074
Unfunded Actuarial Accrued Liability	\$40,751,517	\$33,999,878	\$27,582,210	\$21,478,115	\$15,668,639
Funded Ratio	80.2%	82.9%	85.7%	88.5%	91.3%
Actuarially Determined Contribution Amount					
Normal Cost	\$5,897,398	\$5,545,640	\$5,218,492	\$4,914,052	\$4,630,578
UAAL Amortization	3,169,962	2,693,730	2,225,118	1,763,727	1,309,185
Member Contributions	(1,362,937)	(1,362,937)	(1,362,937)	(1,362,937)	(1,362,937)
Actuarially Determined Contribution Amount	\$7,704,423	\$6,876,433	\$6,080,673	\$5,314,842	\$4,576,826
Actuarially Determined Contribution Rate	22.61%	20.18%	17.85%	15.60%	13.43%
	0.25% Increase: (6.50%)	0.50% Increase: (6.75%)	0.75% Increase: (7.00%)	1.00% Increase: (7.25%)	1.25% Increase: (7.50%)
Funded Status					
Actuarial Accrued Liability	\$175,315,234	\$170,043,364	\$165,016,837	\$160,221,437	\$155,643,911
Actuarial Value of Assets	165,179,074	165,179,074	165,179,074	165,179,074	165,179,074
Unfunded Actuarial Accrued Liability	\$10,136,160	\$4,864,290	(\$162,237)	(\$4,957,637)	(\$9,535,163)
Funded Ratio	94.2%	97.1%	100.1%	103.1%	106.1%
Actuarially Determined Contribution Amount					
Normal Cost	\$4,366,475	\$4,120,282	\$3,890,654	\$3,676,361	\$3,476,269
UAAL Amortization	861,143	419,268	(12,219)	(381,910)	(751,027)
Member Contributions	(1,362,937)	(1,362,937)	(1,362,937)	(1,362,937)	(1,362,937)
Actuarially Determined Contribution Amount	\$3,864,681	\$3,176,613	\$2,515,499	\$1,931,514	\$1,362,305
Actuarially Determined Contribution Rate	11.34%	9.32%	7.38%	5.67%	4.00%

Note: Comparisons are based on funding the COLA in the same method as the base benefit, rather than with a surcharge. Consequently, these results are for comparative purposes only and will not match the actual results under the funding policy.



SECTION 6 – GASB INFORMATION

GASB NO. 67 AND GASB NO. 68

The Governmental Accounting Standards Board issued Statement No. 67 (GASB 67), “Financial Reporting for Pension Plans” and Statement No. 68 (GASB 68), “Accounting and Financial Reporting for Pensions” in June 2012. The effective date for reporting under GASB 67 for the INPRS Plans was the fiscal year ending June 30, 2014. GASB 68’s effective date for employers is the first fiscal year beginning after June 15, 2014.

The sections that follow provide the results of the required actuarial calculations set out in GASB 67 and GASB 68 for note disclosure and Required Supplementary Information (RSI). Some of this information was provided by the INPRS for use in this report.

The discount rate used for these disclosures is the assumed return on assets of 6.25%. We have verified that the current assets in conjunction with future contributions made on behalf of current members (including all contributions to fund any past service liability) will be sufficient to make the anticipated benefit payments to be provided to the current members.

To the best of our knowledge, the information contained in this report is complete and accurate. The calculations were performed by qualified actuaries according to generally accepted actuarial principles and practices, as well as in conformity with Actuarial Standards of Practice issued by the Actuarial Standards Board. The calculations are based on the current provisions of the plan, and on actuarial assumptions that are internally consistent and individually reasonable based on the actual experience of the plan. In addition, the calculations were completed in compliance with applicable law and, in our opinion, meet the requirements of GASB 67 and GASB 68.



TABLE 15
STATEMENT OF FIDUCIARY NET POSITION

	June 30, 2021
1. Assets	
a. Cash	\$ 0
b. Receivables	
i. Contributions and Miscellaneous Receivables	\$ 0
ii. Investments Receivable	1,428,435
iii. Foreign Exchange Contracts Receivable	32,724,979
iv. Interest and Dividends	382,034
v. Receivables Due From Other Funds	0
vi. Total Receivables	<u>\$ 34,535,448</u>
c. Investments	
i. Short-Term Investments	\$ 0
ii. Pooled Repurchase Agreements	1,629,181
iii. Pooled Short-Term Investments	11,445,859
iv. Pooled Fixed Income	56,168,540
v. Pooled Equity	39,228,711
vi. Pooled Alternative Investments	84,674,426
vii. Pooled Derivatives	497,471
viii. Pooled Investments	0
ix. Securities Lending Collateral	953,372
x. Total Investments	<u>\$ 194,597,560</u>
d. Net Capital Assets	0
e. Other Assets	0
f. Total Assets: a + b(vi) + c(x) + d + e	\$ 229,133,008
2. Liabilities	
a. Administrative Payable	\$ 15,211
b. Retirement Benefits Payable	229,163
c. Investments Payable	8,908,406
d. Foreign Exchange Contracts Payable	32,486,518
e. Securities Lending Obligations	953,372
f. Securities Sold Under Agreement to Repurchase	2,218,954
g. Due To Other Funds	7,573
h. Due to Other Governments	0
i. Total Liabilities: a + b + c + d + e + f + g + h	<u>\$ 44,819,197</u>
3. Fiduciary Net Position Restricted for Pensions: (1)(f) - (2)(i)	\$ 184,313,811



TABLE 16

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

		For Fiscal Year Ending June 30, 2021	
1. Fiduciary Net Position as of June 30, 2020		\$	146,358,401
2. Additions			
a. Contributions			
i. Member Contributions		\$	1,321,275
ii. Employer Contributions			7,082,710
iii. Service Purchases (Employer and Member) ¹			11,624
iv. Non-Employer Contributing Entity Contributions			0
v. Total Contributions		\$	8,415,609
b. Investment Income/(Loss)			
i. Net Appreciation/(Depreciation)		\$	36,542,430
ii. Net Interest and Dividend Income			2,032,111
iii. Securities Lending Income			9,851
iv. Other Net Investment Income			10,359
v. Investment Management Expenses			(1,190,044)
vi. Direct Investment Expenses			(32,908)
vii. Securities Lending Expenses			(2,040)
viii. Total Investment Income/(Loss)		\$	37,369,759
c. Other Additions			
i. Member Reassignments			0
ii. Miscellaneous Receipts			0
iii. Total Other Additions		\$	0
d. Total Revenue (Additions): a(v) + b(viii) + c(iii)		\$	45,785,368
3. Deductions			
a. Pension, Survivor and Disability Benefits		\$	7,626,683
b. Death and Funeral Benefits			0
c. Distributions of Contributions and Interest			108,735
d. Administrative Expenses			94,540
e. Member Reassignments			0
f. Miscellaneous Expenses			0
g. Total Expenses (Deductions)		\$	7,829,958
4. Net Increase (Decrease) in Fiduciary Net Position: (2)(d) - (3)(g)		\$	37,955,410
5. Fiduciary Net Position as of June 30, 2021: (1) + (4)		\$	184,313,811

¹ Service purchases paid by employer of \$0 and employee of \$11,624.



TABLE 17

SCHEDULE OF CHANGES IN NET PENSION LIABILITY

	For Fiscal Year Ending June 30, 2021		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
1. Balance at June 30, 2020	\$ 163,977,857	\$ 146,358,400	\$ 17,619,457
2. Changes for the Year:			
Service Cost (SC) ¹	4,049,528		4,049,528
Interest Cost	11,081,170		11,081,170
Experience (Gains)/Losses	(1,098,925)		(1,098,925)
Assumption Changes	10,403,186		10,403,186
Plan Amendments	158,691		158,691
Benefit Payments ²	(7,735,418)	(7,735,418)	0
Service Purchases			
Employer Contributions	0	0	0
Employee Contributions	11,624	11,624	0
Member Reassignments	0	0	0
Employer Contributions ³		7,082,710	(7,082,710)
Non-employer Contributions		0	0
Employee Contributions		1,321,275	(1,321,275)
Net Investment Income		37,369,760	(37,369,760)
Administrative Expenses		(94,540)	94,540
Other		0	0
Net Changes	\$ 16,869,856	\$ 37,955,411	\$ (21,085,555)
3. Balance at June 30, 2021	\$ 180,847,713	\$ 184,313,811	\$ (3,466,098)

¹ Service cost provided as of beginning of year. Interest to end of year is included in the interest cost.

² Includes refund of member contributions of \$108,735.

³ Includes \$195,000 of state appropriations to the fund.



TABLE 18
DEFERRED OUTFLOWS OF RESOURCES

	June 30, 2020	Remaining Period	Recognition	June 30, 2021
1. Liability Experience				
June 30, 2021 Loss	\$ 0	5.78	\$ 0	\$ 0
June 30, 2020 Loss	4,991,520	4.80	1,039,901	3,951,619
June 30, 2019 Loss	4,203,187	3.78	1,111,955	3,091,232
June 30, 2018 Loss	0	2.95	0	0
June 30, 2017 Loss	43,258	2.26	19,143	24,115
June 30, 2016 Loss	93,303	1.24	75,246	18,057
June 30, 2015 Loss	100,562	0.81	100,562	0
June 30, 2014 Loss	0	1.68	0	0
2. Assumption Changes				
June 30, 2021 Loss	\$ 10,403,186	5.78	\$ 1,799,860	\$ 8,603,326
June 30, 2020 Loss	0	4.80	0	0
June 30, 2019 Loss	0	3.78	0	0
June 30, 2018 Loss	0	2.95	0	0
June 30, 2017 Loss	0	2.26	0	0
June 30, 2016 Loss	0	1.24	0	0
June 30, 2015 Loss	317,469	0.81	317,469	0
3. Investment Experience				
June 30, 2021 Loss	\$ 0	5.00	\$ 0	\$ 0
June 30, 2020 Loss	4,747,758	4.00	1,186,940	3,560,818
June 30, 2019 Loss	0	3.00	0	0
June 30, 2018 Loss	0	2.00	0	0
June 30, 2017 Loss	0	1.00	0	0
Total Outflows:				
(1)+(2)+(3)	\$ 24,900,243		\$ 5,651,076	\$ 19,249,167

Information was provided prospectively from June 30, 2013 for GASB No. 68 purposes. Results prior to 2018 were produced by the prior actuary.

In accordance with GASB, the original amortization period for liability experience and assumption changes are amortized over the expected future working lifetime of all members, whereas the investment experience is amortized over five years.



TABLE 19
DEFERRED INFLOWS OF RESOURCES

	June 30, 2020	Remaining Period	Recognition	June 30, 2021
1. Liability Experience				
June 30, 2021 Gain	\$ 1,098,925	5.78	\$ 190,126	\$ 908,799
June 30, 2020 Gain	0	4.80	0	0
June 30, 2019 Gain	0	3.78	0	0
June 30, 2018 Gain	290,946	2.95	98,626	192,320
June 30, 2017 Gain	0	2.26	0	0
June 30, 2016 Gain	0	1.24	0	0
June 30, 2015 Gain	0	0.81	0	0
June 30, 2014 Gain	83,147	1.68	49,497	33,650
2. Assumption Changes				
June 30, 2021 Gain	\$ 0	5.78	\$ 0	\$ 0
June 30, 2020 Gain	1,642,217	4.80	342,129	1,300,088
June 30, 2019 Gain	0	3.78	0	0
June 30, 2018 Gain	3,974,042	2.95	1,347,133	2,626,909
June 30, 2017 Gain	930,854	2.26	411,883	518,971
June 30, 2016 Gain	0	1.24	0	0
June 30, 2015 Gain	0	0.81	0	0
3. Investment Experience				
June 30, 2021 Gain	\$ 27,470,802	5.00	\$ 5,494,161	\$ 21,976,641
June 30, 2020 Gain	0	4.00	0	0
June 30, 2019 Gain	482,951	3.00	160,984	321,967
June 30, 2018 Gain	1,231,273	2.00	615,637	615,636
June 30, 2017 Gain	271,292	1.00	271,292	0
Total Inflows:				
(1)+(2)+(3)	\$ 37,476,449		\$ 8,981,468	\$ 28,494,981

Information was provided prospectively from June 30, 2013 for GASB No. 68 purposes. Results prior to 2018 were produced by the prior actuary.

In accordance with GASB, the original amortization period for liability experience and assumption changes are amortized over the expected future working lifetime of all members, whereas the investment experience is amortized over five years.



TABLE 20

DEFERRED INFLOWS / OUTFLOWS TO BE RECOGNIZED IN PENSION EXPENSE

Fiscal Year Ending June 30	Deferred Outflows	Deferred Inflows	Net Deferred Outflows/(Inflows)
Current Year:			
2021	\$ 5,651,076	\$ 8,981,468	\$ (3,330,392)
Future Years:			
2022	\$ 5,175,856	\$ 8,694,328	\$ (3,518,472)
2023	5,143,628	7,667,957	(2,524,329)
2024	4,894,021	6,026,416	(1,132,395)
2025	2,631,776	5,957,985	(3,326,209)
2026	1,403,886	148,295	1,255,591
Thereafter	0	0	0



TABLE 21
PENSION EXPENSE UNDER GASB NO. 68

	For Fiscal Year Ending June 30, 2021	
1. Service Cost, beginning of year	\$	4,049,528
2. Interest Cost, including interest on service cost		11,081,170
3. Member Contributions ¹		(1,321,275)
4. Administrative Expenses		94,540
5. Expected Return on Assets ²		(9,898,958)
6. Plan Amendments		158,691
7. Recognition of Deferred Inflows / Outflows of Resources Related to:		
a. Liability Experience (Gains) / Losses	2,008,558	
b. Assumption Change (Gains) / Losses	16,184	
c. Investment Experience (Gains) / Losses	(5,355,134)	
d. Total: (7a)+(7b)+(7c)		(3,330,392)
8. Miscellaneous (Income) / Expense		0
9. Total Collective Pension Expense: (1)+(2)+(3)+(4)+(5)+(6)+(7d)+(8)		833,304
10. Employer Service Purchases		0
Pension Expense / (Income): (9) + (10)	\$	833,304

¹ Excludes member paid service purchases of \$11,624.

² Cash flows assumed to occur mid-year.



**GASB NO. 67 and GASB NO. 68
NOTES TO THE FINANCIAL STATEMENTS**

The material presented herein is a subset of the information requested as Notes to the Financial Statements. Required information not provided herein is to be supplied by the plan.

Actuarial Assumptions and Inputs

Significant actuarial assumptions and other inputs used to measure the total pension liability:

Type of Plan	The Excise, Gaming and Conservation Officers’ Fund is a single-employer plan for GASB accounting purposes.
Measurement Date	June 30, 2021
Valuation Date	June 30, 2021
Assets:	June 30, 2021
Liabilities:	June 30, 2020 – The TPL as of June 30, 2021 was determined based on an actuarial valuation prepared as of June 30, 2020 rolled forward one year to June 30, 2021, using the following key actuarial assumptions and other inputs, such as benefit accruals and actual benefit payments during that time period.
Inflation	2.00%
Future Salary Increases	2.65% to 4.90%, based on service.
Cost-of-Living Increases	As of June 30, 2021: Members in pay were granted a 1.00% COLA on January 1, 2022 and no COLA on January 1, 2023. Thereafter, the following COLAs, compounded annually, were assumed: 0.4% beginning on January 1, 2024 0.5% beginning on January 1, 2034 0.6% beginning on January 1, 2039 As of June 30, 2020: In lieu of a COLA on January 1, 2021, members in pay were provided a 13 th check on October 1, 2020. Thereafter, the following COLAs, compounded annually, were assumed: 0.4% beginning on January 1, 2022 0.5% beginning on January 1, 2034 0.6% beginning on January 1, 2039



SECTION 6 – GASB INFORMATION

Mortality Assumption	<p>Pub-2010 Public Retirement Plans Mortality Tables (Amount-Weighted) with a fully generational projection of mortality improvements using SOA Scale MP-2019.</p> <p><i>Healthy Employees</i> – Safety Employee table with a 3 year set forward for males and no set forward for females.</p> <p><i>Retirees</i> – Safety Retiree table with a 3 year set forward for males and no set forward for females.</p> <p><i>Beneficiaries</i> – Contingent Survivor table with no set forward for males and a 2 year set forward for females.</p> <p><i>Disableds</i> – General Disabled table.</p>
Experience Study	<p>The most recent comprehensive experience study, based on member experience between June 30, 2014 and June 30, 2019, was completed in February 2020. The demographic assumptions were approved by the Board in June 2020 and were used beginning with the June 30, 2020 actuarial valuation. Economic assumptions were updated and approved by the Board in May 2021 following the completion of an Asset-Liability study and first used in the June 30, 2021 actuarial valuation.</p>
Discount Rate	<p>6.25%, net of investment expenses</p> <p>The discount rate is equal to the expected long-term rate of return on plan investments, net of investment expense and including price inflation. The discount rate decreased from the 6.75% used on the prior measurement date.</p> <p>The INPRS Board of Trustees has established a funding policy of setting the employer contribution rate equal to the greater of 20.75% (the current contribution rate) or a rate equal to the actuarially determined contribution rate, which is based on the assumptions and methods selected by the Board for the annual actuarial valuations and projected covered member payroll. The June 30, 2021 actuarial valuation assumes a long-term rate of return on assets of 6.25%, a 20-year level dollar closed method for amortizing the future layers of unfunded actuarial accrued liability (30 years for amortization layers established prior to June 30, 2016), and a 5-year smoothing method for recognizing investment gains and losses in the actuarial value of assets.</p>



SECTION 6 – GASB INFORMATION

Discount Rate Sensitivity

	1% Decrease 5.25%	Current Rate 6.25%	1% Increase 7.25%
Net Pension Liability	\$21,616,780	(\$3,466,098)	(\$24,092,374)

Classes of Plan Members Covered

The June 30, 2021 valuation was performed using census data provided by INPRS as of June 30, 2020. Standard actuarial techniques were used to roll forward the total pension liability computed as of June 30, 2020 to the June 30, 2021 measurement date using actual benefit payments during that period of time.

Number as of June 30, 2020	
1. Currently Receiving Benefits:	
Retired Members, Disabled Members, and Beneficiaries	252
2. Inactive Members Entitled To But Not Yet Receiving Benefits	5
3. Inactive Non-vested Members Entitled to a Refund of Member Contributions	134
4. Active Members	439
Total Covered Plan Members: (1)+(2)+(3)+(4)	830

Money-Weighted Rate of Return

The money-weighted rate of return equals investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested. For the fiscal year ending June 30, 2021, the money-weighted return on the plan assets is 25.5%.

Components of Net Pension Liability

As of June 30, 2021	
Total Pension Liability	\$ 180,847,713
Fiduciary Net Position	184,313,811
Net Pension Liability	\$ (3,466,098)
Ratio of Fiduciary Net Position to Total Pension Liability	101.92%



SECTION 6 – GASB INFORMATION

GASB NO. 67 AND GASB NO. 68: REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF CHANGES IN THE TOTAL PENSION LIABILITY AND PLAN FIDUCIARY NET POSITION

Fiscal Year Ending June 30	2017	2018	2019	2020	2021
Total Pension Liability					
Total Pension Liability - beginning	\$138,965,050	\$142,602,804	\$140,055,567	\$152,206,710	\$163,977,857
Service Cost (SC), beginning-of-year	3,550,386	3,369,314	3,551,307	3,983,271	4,049,528
Interest Cost, including interest on SC	9,388,843	9,619,116	9,447,926	10,294,177	11,081,170
Experience (Gains)/Losses	119,830	(586,824)	6,427,097	6,031,421	(1,098,925)
Assumption Changes	(2,578,386)	(8,015,441)	0	(1,984,346)	10,403,186
Plan Amendments	0	0	0	813,928	158,691
Actual Benefit Payments	(6,826,316)	(6,934,957)	(7,325,257)	(7,367,304)	(7,735,418)
Member Reassignments	(25,694)	0	0	0	0
Service Purchases	9,091	1,555	50,070	0	11,624
Net Change in Total Pension Liability	3,637,754	(2,547,237)	12,151,143	11,771,147	16,869,856
(a) Total Pension Liability - ending	\$142,602,804	\$140,055,567	\$152,206,710	\$163,977,857	\$180,847,713
Plan Fiduciary Net Position					
Plan Fiduciary Net Position – beginning	\$111,329,476	\$120,016,301	\$131,491,187	\$142,114,618	\$146,358,400
Contributions – employer	5,691,313	6,174,724	6,981,555	6,741,858	7,082,710
Contributions – non-employer	0	0	0	0	0
Contributions – member	1,101,958	1,172,194	1,367,778	1,298,579	1,332,899
Net investment income	8,869,229	11,188,935	9,711,357	3,677,162	37,369,760
Actual benefit payments	(6,826,316)	(6,934,957)	(7,325,257)	(7,367,304)	(7,735,418)
Net member reassignments	(25,694)	0	0	0	0
Administrative expense	(123,665)	(136,045)	(112,002)	(106,513)	(94,540)
Other	0	10,035	0	0	0
Net change in Plan Fiduciary Net Position	8,686,825	11,474,886	10,623,431	4,243,782	37,955,411
(b) Plan Fiduciary Net Position - ending	\$120,016,301	\$131,491,187	\$142,114,618	\$146,358,400	\$184,313,811
Net Pension Liability - ending, (a) - (b)	\$22,586,503	\$8,564,380	\$10,092,092	\$17,619,457	(\$3,466,098)

Information was provided prospectively from June 30, 2013 for GASB No. 67 and GASB No. 68 purposes. Results prior to 2018 were produced by the prior actuary.



SECTION 6 – GASB INFORMATION

GASB NO. 67 AND GASB NO. 68: REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF CHANGES IN THE TOTAL PENSION LIABILITY AND PLAN FIDUCIARY NET POSITION (continued)

Table with 5 columns: Fiscal Year Ending June 30, 2013, 2014, 2015, 2016. Rows include Total Pension Liability, Plan Fiduciary Net Position, and Net Pension Liability - ending, (a) - (b).

Information was provided prospectively from June 30, 2013 for GASB No. 67 and GASB No. 68 purposes. Results prior to 2018 were produced by the prior actuary.



SECTION 6 – GASB INFORMATION

GASB NO. 67 AND GASB NO. 68: REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF THE NET PENSION LIABILITY

Fiscal Year Ending June 30	2017	2018	2019	2020	2021
Total Pension Liability	\$142,602,804	\$140,055,567	\$152,206,710	\$163,977,857	\$180,847,713
Plan Fiduciary Net Position	<u>120,016,301</u>	<u>131,491,187</u>	<u>142,114,618</u>	<u>146,358,400</u>	<u>184,313,811</u>
Net Pension Liability	\$22,586,503	\$8,564,380	\$10,092,092	\$17,619,457	(\$3,466,098)
Ratio of Plan Fiduciary Net Position to Total Pension Liability	84.16%	93.89%	93.37%	89.25%	101.92%
Covered-employee payroll ¹	\$27,428,006	\$29,386,684	\$33,271,557	\$32,490,899	\$33,193,789
Net Pension Liability as a percentage of covered-employee payroll	82.35%	29.14%	30.33%	54.23%	-10.44%
Fiscal Year Ending June 30	2013	2014	2015	2016	
Total Pension Liability	\$118,097,227	\$123,600,704	\$132,795,504	\$138,965,050	
Plan Fiduciary Net Position	<u>97,018,792</u>	<u>110,656,502</u>	<u>110,037,215</u>	<u>111,329,476</u>	
Net Pension Liability	\$21,078,435	\$12,944,202	\$22,758,289	\$27,635,574	
Ratio of Plan Fiduciary Net Position to Total Pension Liability	82.15%	89.53%	82.86%	80.11%	
Covered-employee payroll ¹	\$24,675,000	\$25,824,626	\$25,132,559	\$25,525,549	
Net Pension Liability as a percentage of covered-employee payroll	85.42%	50.12%	90.55%	108.27%	

¹ As provided by INPRS.

Information was provided prospectively from June 30, 2013 for GASB No. 67 and GASB No. 68 purposes. Results prior to 2018 were produced by the prior actuary.



SECTION 6 – GASB INFORMATION

GASB NO. 67 AND GASB NO. 68: REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ending June 30	2017	2018	2019	2020	2021
Actuarially Determined Contribution ¹	\$4,033,288	\$4,393,309	\$4,874,283	\$2,862,448	\$2,924,373
Actual employer contributions	<u>\$5,691,313</u>	<u>\$6,174,724</u>	<u>\$6,981,555</u>	<u>\$6,741,858</u>	<u>\$7,082,710</u>
Annual contribution (deficiency) / excess	\$1,658,025	\$1,781,415	\$2,107,272	\$3,879,410	\$4,158,337
Covered-employee payroll ²	\$27,428,006	\$29,386,684	\$33,271,557	\$32,490,899	\$33,193,789
Actual contributions as a percentage of covered-employee payroll	20.75%	21.01%	20.98%	20.75%	21.34%

Fiscal Year Ending June 30	2013	2014	2015	2016
Actuarially Determined Contribution ¹	\$4,794,353	\$5,340,533	\$4,820,425	\$4,077,706
Actual employer contributions	<u>\$19,740,031</u>	<u>\$5,358,617</u>	<u>\$5,215,010</u>	<u>\$5,366,551</u>
Annual contribution (deficiency) / excess	\$14,945,678	\$18,084	\$394,585	\$1,288,845
Covered-employee payroll ²	\$24,675,000	\$25,824,626	\$25,132,559	\$25,525,549
Actual contributions as a percentage of covered-employee payroll	80.00%	20.75%	20.75%	21.02%

¹ Actuarially determined contribution rate for July-December was developed in the actuarial funding valuation completed two years prior to the fiscal year.

Actuarially determined contribution rate for January-June was developed in the actuarial funding valuation completed one year prior to the fiscal year.

The average of these two rates was applied to the actual covered employee payroll for the fiscal year to determine the contribution amount.

The surcharge rate uses the valuation completed two years ago for July-December and one year ago for January-June.

² As provided by INPRS.

Information was provided prospectively from June 30, 2013 for GASB No. 67 and GASB No. 68 purposes. Results prior to 2018 were produced by the prior actuary.



GASB NO. 67 AND GASB NO. 68: REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF MONEY-WEIGHTED RETURNS

<u>For Fiscal Year Ending June 30</u>	<u>Money-Weighted Return</u>
2021	25.5%
2020	2.6%
2019	7.4%
2018	9.3%
2017	8.0%
2016	1.2%
2015	(0.1%)
2014	13.7%
2013	5.5%

Information was provided prospectively from June 30, 2013 for GASB No. 67 and GASB No. 68 purposes. Returns were provided by INPRS.



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APPENDIX A – MEMBERSHIP DATA

MEMBER DATA RECONCILIATION
For June 30, 2020 Data used in the June 30, 2021 Valuation

	Active Members	Actives in DROP	Inactive Vested	Inactive Nonvested	Disabled	Retired	Beneficiary	Total
1. As of June 30, 2019	414	6	4	133	3	201	44	805
2. Data Adjustments								
New Participants	37	0	0	0	0	0	0	37
Rehires	1	0	0	(1)	0	0	0	0
Terminations:								
Not Vested	(10)	0	0	10	0	0	0	0
Deferred Vested	(1)	0	1	0	0	0	0	0
DROP	(2)	2	0	0	0	0	0	0
Disability	0	0	0	0	0	0	0	0
Retirements	(2)	(2)	0	0	0	4	0	0
Refund / Benefits Ended	(3)	0	0	(7)	0	0	0	(10)
Deaths:								
With Beneficiary	(1)	0	0	0	0	(1)	2	0
Without Beneficiary	0	0	0	0	0	(1)	(2)	(3)
Data Corrections	0	0	0	(1)	0	1	1	1
Net Change	19	0	1	1	0	3	1	25
3. As of June 30, 2020	433	6	5	134	3	204	45	830

**APPENDIX A – MEMBERSHIP DATA****SUMMARY OF MEMBERSHIP DATA**

Valuation Date	June 30, 2020	June 30, 2021	% Change
Date of Membership Data ¹	July 1, 2019	July 1, 2020	
ACTIVE MEMBERS			
Number of Members			
Active	414	433	4.6%
Active in DROP	6	6	0.0%
Total	<u>420</u>	<u>439</u>	4.5%
Annual Membership Data Salary ²	\$ 32,305,311	\$ 33,300,575	3.1%
Anticipated Payroll for Next Fiscal Year	\$ 33,384,399	\$ 34,073,424	2.1%
Active Member Averages			
Age	43.5	43.4	(0.2%)
Service	12.3	12.3	0.0%
Annual Membership Data Salary	\$ 76,917	\$ 75,856	(1.4%)
INACTIVE MEMBERS			
Number of Members			
Inactive Vested	4	5	25.0%
Inactive Non-Vested	133	134	0.8%
Total	<u>137</u>	<u>139</u>	1.5%
Inactive Vested Member Averages			
Age	49.3	51.4	4.4%
Service	17.3	19.7	14.0%
RETIREES, DISABLEDS, AND BENEFICIARIES			
Number of Members			
Retired	201	204	1.5%
Disabled	3	3	0.0%
Beneficiaries	44	45	2.3%
Total	<u>248</u>	<u>252</u>	1.6%
Annual Benefits			
Retired	\$ 6,280,836	\$ 6,416,103	2.2%
Disabled	48,610	48,610	0.0%
Beneficiaries	470,883	514,386	9.2%
Total	<u>\$ 6,800,329</u>	<u>\$ 6,979,099</u>	2.6%

¹ The valuation results were calculated using the prior year's census data and were adjusted for certain activity during fiscal year.

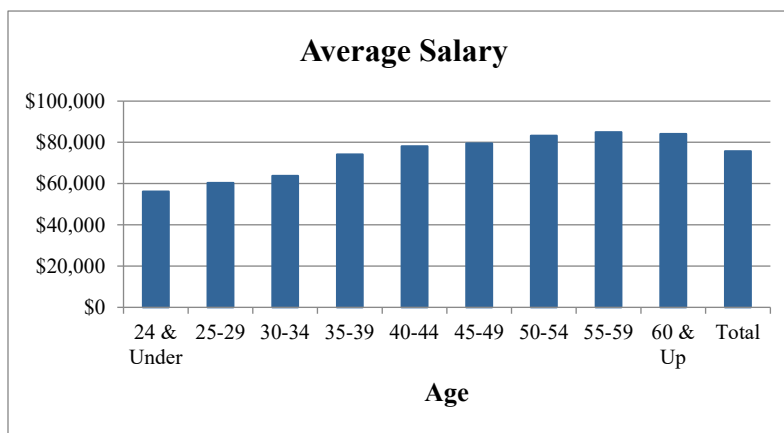
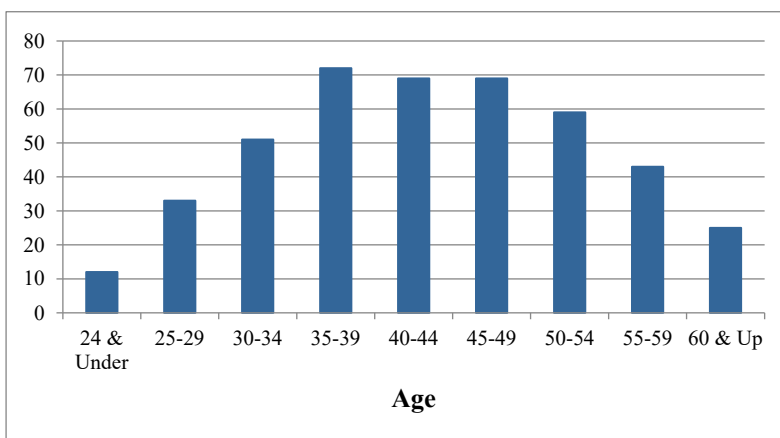
² Annualized for actives with less than a year of service. Actives with no salary provided are defaulted to the average salary.



APPENDIX A – MEMBERSHIP DATA

**ACTIVE MEMBERS¹
As of June 30, 2020 for the June 30, 2021 Valuation**

<u>Age</u>	<u>Count of Members</u>			<u>FY 2020 Annual Membership Data Salary</u>		
	<u>Male</u>	<u>Female</u>	<u>Total</u>	<u>Male</u>	<u>Female</u>	<u>Total</u>
24 & Under	12	0	12	\$ 673,412	\$ 0	\$ 673,412
25-29	29	4	33	1,742,568	247,695	1,990,263
30-34	48	3	51	3,098,012	151,317	3,249,329
35-39	63	9	72	4,648,218	688,769	5,336,987
40-44	56	13	69	4,348,853	1,039,159	5,388,012
45-49	60	9	69	4,828,322	658,640	5,486,962
50-54	57	2	59	4,736,242	175,043	4,911,285
55-59	41	2	43	3,476,263	175,155	3,651,418
60 & Up	<u>24</u>	<u>1</u>	<u>25</u>	<u>2,021,182</u>	<u>80,574</u>	<u>2,101,756</u>
Total	390	43	433	\$ 29,573,072	\$ 3,216,352	\$ 32,789,424



¹ Actives with no salary provided are defaulted to the average salary.



APPENDIX A – MEMBERSHIP DATA

**AGE AND SERVICE DISTRIBUTION
As of June 30, 2020 for the June 30, 2021 Valuation**

Age		0-4	5-9	10-14	15-19	20-24	25-29	30-34	Over 34	Total
24 & Under	Number	12	0	0	0	0	0	0	0	12
	Total Salary	\$ 673,412	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 673,412
	Average Sal.	\$ 56,118	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 56,118
25-29	Number	22	11	0	0	0	0	0	0	33
	Total Salary	\$ 1,308,351	\$ 681,912	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,990,263
	Average Sal.	\$ 59,471	\$ 61,992	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 60,311
30-34	Number	10	36	5	0	0	0	0	0	51
	Total Salary	\$ 542,365	\$ 2,346,869	\$ 360,095	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,249,329
	Average Sal.	\$ 54,237	\$ 65,191	\$ 72,019	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 63,712
35-39	Number	6	13	46	7	0	0	0	0	72
	Total Salary	\$ 404,842	\$ 892,667	\$ 3,488,148	\$ 551,330	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,336,987
	Average Sal.	\$ 67,474	\$ 68,667	\$ 75,829	\$ 78,761	\$ 0	\$ 0	\$ 0	\$ 0	\$ 74,125
40-44	Number	5	10	33	17	4	0	0	0	69
	Total Salary	\$ 387,491	\$ 749,743	\$ 2,614,389	\$ 1,311,165	\$ 325,224	\$ 0	\$ 0	\$ 0	\$ 5,388,012
	Average Sal.	\$ 77,498	\$ 74,974	\$ 79,224	\$ 77,127	\$ 81,306	\$ 0	\$ 0	\$ 0	\$ 78,087
45-49	Number	5	9	27	8	18	2	0	0	69
	Total Salary	\$ 368,805	\$ 675,637	\$ 2,142,223	\$ 600,734	\$ 1,515,603	\$ 183,960	\$ 0	\$ 0	\$ 5,486,962
	Average Sal.	\$ 73,761	\$ 75,071	\$ 79,342	\$ 75,092	\$ 84,200	\$ 91,980	\$ 0	\$ 0	\$ 79,521
50-54	Number	9	7	13	3	12	14	1	0	59
	Total Salary	\$ 678,627	\$ 607,272	\$ 1,086,064	\$ 242,834	\$ 969,217	\$ 1,232,218	\$ 95,053	\$ 0	\$ 4,911,285
	Average Sal.	\$ 75,403	\$ 86,753	\$ 83,543	\$ 80,945	\$ 80,768	\$ 88,016	\$ 95,053	\$ 0	\$ 83,242
55-59	Number	8	8	15	0	3	2	7	0	43
	Total Salary	\$ 645,447	\$ 655,722	\$ 1,250,384	\$ 0	\$ 267,028	\$ 174,584	\$ 658,253	\$ 0	\$ 3,651,418
	Average Sal.	\$ 80,681	\$ 81,965	\$ 83,359	\$ 0	\$ 89,009	\$ 87,292	\$ 94,036	\$ 0	\$ 84,917
60 & Up	Number	3	6	12	0	1	0	1	2	25
	Total Salary	\$ 168,217	\$ 538,472	\$ 1,020,624	\$ 0	\$ 76,615	\$ 0	\$ 109,791	\$ 188,037	\$ 2,101,756
	Average Sal.	\$ 56,072	\$ 89,745	\$ 85,052	\$ 0	\$ 76,615	\$ 0	\$ 109,791	\$ 94,018	\$ 84,070
Total	Number	80	100	151	35	38	18	9	2	433
	Total Salary	\$ 5,177,556	\$ 7,148,294	\$ 11,961,927	\$ 2,706,063	\$ 3,153,687	\$ 1,590,762	\$ 863,097	\$ 188,037	\$ 32,789,424
	Average Sal.	\$ 64,719	\$ 71,483	\$ 79,218	\$ 77,316	\$ 82,992	\$ 88,376	\$ 95,900	\$ 94,018	\$ 75,726

¹ Actives with no salary provided are defaulted to the average salary.



APPENDIX A – MEMBERSHIP DATA

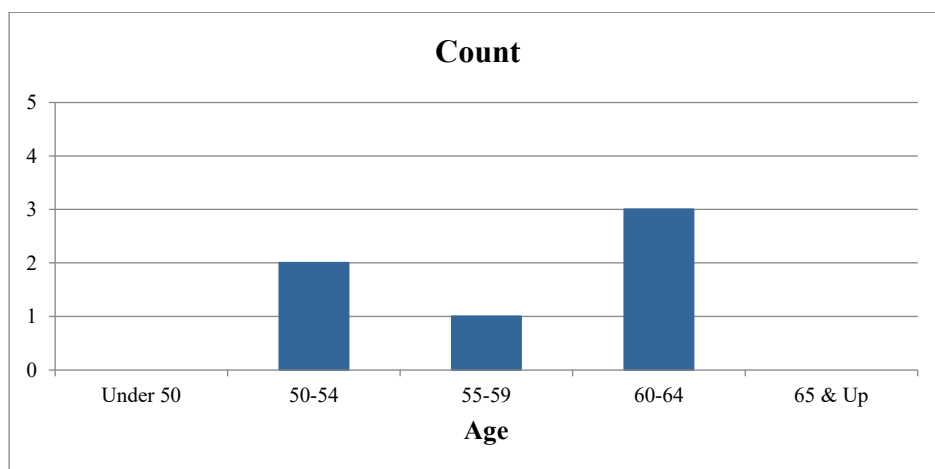
**ACTIVE MEMBERS IN DROP
As of June 30, 2020 for the June 30, 2021 Valuation**

Count of Members

<u>Age</u>	<u>Male</u>	<u>Female</u>	<u>Total</u>
Under 50	0	0	0
50-54	2	0	2
55-59	1	0	1
60-64	3	0	3
65 & Up	<u>0</u>	<u>0</u>	<u>0</u>
Total	6	0	6

FY 2020 Annual Membership Data Salary

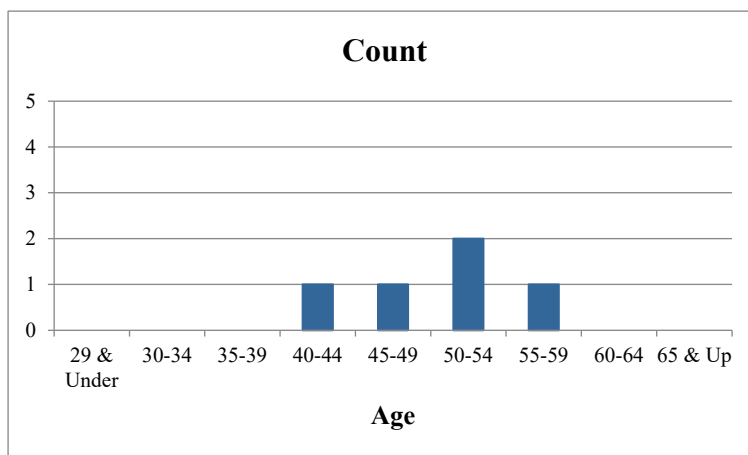
Total Salary	\$ 511,151
Average Salary	\$ 85,192





INACTIVE VESTED MEMBERS
As of June 30, 2020 for the June 30, 2021 Valuation

<u>Age</u>	<u>Count of Members</u>		
	<u>Male</u>	<u>Female</u>	<u>Total</u>
29 & Under	0	0	0
30-34	0	0	0
35-39	0	0	0
40-44	1	0	1
45-49	1	0	1
50-54	2	0	2
55-59	1	0	1
60-64	0	0	0
65 & Up	<u>0</u>	<u>0</u>	<u>0</u>
Total	5	0	5

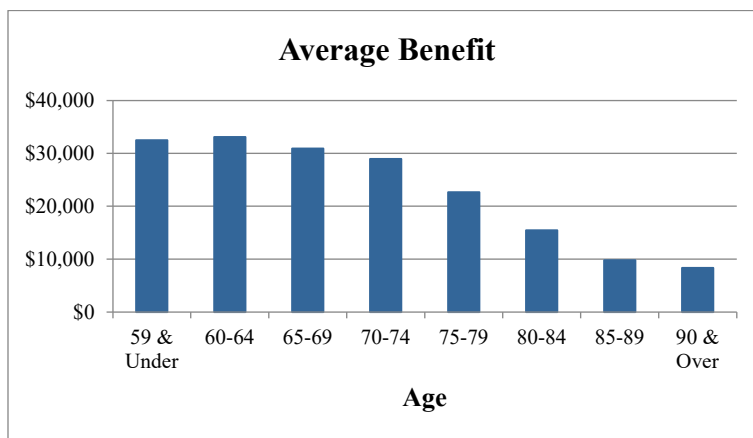
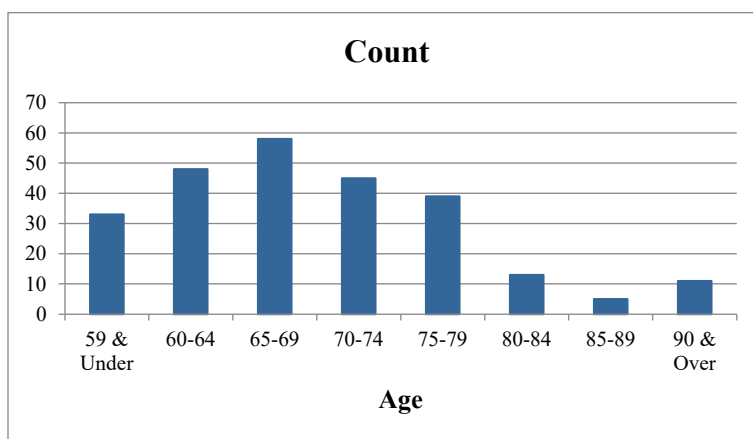




APPENDIX A – MEMBERSHIP DATA

**MEMBERS AND BENEFICIARIES RECEIVING BENEFITS
As of June 30, 2020 for the June 30, 2021 Valuation**

Age	Count of Members			Annual Benefits		
	Male	Female	Total	Male	Female	Total
59 & Under	28	5	33	\$ 952,241	\$ 120,021	\$ 1,072,262
60-64	42	6	48	1,476,368	111,657	1,588,025
65-69	50	8	58	1,663,043	128,911	1,791,954
70-74	36	9	45	1,171,638	131,062	1,302,700
75-79	27	12	39	730,834	152,262	883,096
80-84	9	4	13	165,840	34,876	200,716
85-89	1	4	5	12,778	36,152	48,930
90 & Over	<u>3</u>	<u>8</u>	<u>11</u>	<u>43,568</u>	<u>47,848</u>	<u>91,416</u>
Total	196	56	252	\$ 6,216,310	\$ 762,789	\$ 6,979,099





APPENDIX A – MEMBERSHIP DATA

**MEMBERS AND BENEFICIARIES RECEIVING BENEFITS
As of June 30, 2020 for the June 30, 2021 Valuation**

Schedule of Average Benefit Payments¹

For the Year Ended June 30, 2021	Years of Credited Service						Total
	< 10	10 - 14	15 - 19	20 - 24	25 - 29	30 +	
Average Monthly Defined Benefit	\$1,509	\$1,483	\$586	\$1,064	\$2,292	\$2,872	\$2,308
Average Final Average Salary ²	\$51,086	\$66,864	\$33,707	\$39,323	\$54,691	\$58,086	\$55,049
Number of Benefit Recipients	3	15	17	19	76	122	252

Schedule of Benefit Recipients by Type of Benefit Option¹

Amount of Monthly Benefit (in dollars)	Number of Recipients by Benefit Option			Total Benefit Recipients
	Joint with 50% Survivor Benefits	Survivors	Disability	
1 - 500	2	8	1	11
501 - 1,000	11	19	0	30
1,001 - 1,500	24	13	1	38
1,501 - 2,000	11	3	0	14
2,001 - 2,500	35	1	1	37
2,501 - 3,000	49	1	0	50
Over 3,000	72	0	0	72
Total	204	45	3	252

¹Calculated using the prior year census data, adjusted for certain activity during the fiscal year.

²Excludes the 18 in-pay members who are missing a final average salary in the data.



APPENDIX A – MEMBERSHIP DATA

MEMBERS AND BENEFICIARIES RECEIVING BENEFITS
As of June 30, 2020 for the June 30, 2021 Valuation

	<u>Added to Rolls</u>		<u>Removed from Rolls</u>		<u>Rolls - End of Year</u>				
	Number	Annual Benefits	Number	Annual Benefits	Number	Total Annual Benefits	Percent Change In Total Annual Benefits^{1,2}	Average Annual Benefit	Percent Change In Average Annual Benefit
2021 ³	7	\$218	3	\$23	252	\$6,979	2.6%	\$27,695	1.0%
2020 ³	13	438	5	46	248	6,800	5.8	27,421	2.4
2019 ³	9	216	3	19	240	6,426	2.9	26,776	0.3
2018 ³	13	404	2	23	234	6,246	5.6	26,692	0.7
2017 ³	8	314	5	60	223	5,912	4.4	26,512	3.0
2016 ³	14	506	1	4	220	5,661	8.7	25,733	2.2
2015 ³	15	556	1	5	207	5,210	11.7	25,170	4.1
2014 ³	0	0	0	0	193	4,666	0.0	24,177	0.0
2013	8	253	2	9	193	4,666	4.8	24,177	1.5
2012	14	495	3	14	187	4,452	11.9	23,810	5.3

¹ Dollar amounts are in thousands except for the average annual benefit.

² End of year annual benefits are not equal to prior end of year annual benefits plus additions less removals due to beneficiary benefit changes, data changes, and COLA increases.

³ The valuation results were calculated using the prior year census data, adjusted for certain activity during the fiscal year.



APPENDIX B – SUMMARY OF PLAN PROVISIONS

Definitions

Fiscal year	Twelve month period ending June 30.
Participation	All Indiana State Excise Police Officers, all Indiana State Conservation Enforcement officers, all Indiana Gaming Agents, and all Indiana Gaming Control Officers must become members as a condition of employment.
Member contributions	Each member is required to contribute at the rate of 4% of pay. These contributions are kept on deposit and credited with interest until such time as they are refunded or used to provide benefits at retirement.
Average monthly earnings	Average monthly earnings is the monthly average of earnings calculated based on any five years of salary within the 10 years preceding retirement that produce the highest such average.

Eligibility for Benefits

Deferred vested	15 or more years of creditable service and no longer active.
Disability retirement	As determined by a disability medical panel.
Early retirement	Age 45 with 15 or more years of creditable service.
Normal retirement	Earliest of: <ul style="list-style-type: none">- Age 65 (mandatory retirement)- 10 or more years of creditable service for members hired on or after age 50- Age 55 with sum of age and creditable service equal to 85 or more- Age 50 with 25 or more years of creditable service
Pre-retirement death	Active member or 15 or more years of creditable service.

Monthly Benefits Payable

Normal retirement	The normal retirement benefit is a monthly annuity payable in a Joint and 50% Surviving Beneficiary form and is equal to 25% of average monthly earnings, plus 1-2/3% of average monthly earnings for years of creditable service more than 10 years. The normal retirement benefit may not exceed 75% of the average annual salary.
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APPENDIX B – SUMMARY OF PLAN PROVISIONS

Early retirement	<p>The early retirement benefit is the accrued retirement benefit determined as of the early retirement date and payable commencing at the normal retirement date. A member may elect to have the benefit commence prior to normal retirement provided the benefit is reduced by 1/4% for each month that the benefit commencement date precedes age 60. The early retirement benefit may not exceed 75% of the average annual salary.</p>
Deferred retirement	<p>If termination is prior to earning 15 years of service, the member shall be entitled to a lump sum refund of employee contributions plus accumulated interest.</p> <p>If termination is after earning 15 years of service, the termination benefit is the accrued retirement benefit determined as of the termination date and payable commencing as of the normal retirement date. The member may elect to receive a reduced early retirement benefit beginning at age 45.</p>
Disability	<p>If disability occurs in the line of duty, the disability retirement benefit is the member's monthly salary multiplied by the degree of impairment and is payable commencing the month following disability date without reduction for early commencement. The benefit shall not be less than 20% of the member's salary if the member has more than 5 years of service, or 10% if 5 or less years of service.</p> <p>If disability does not occur in the line of duty, the disability retirement benefit is equal to 50% of the member's monthly salary multiplied by the degree of impairment and is payable commencing the month following disability date without reduction for early commencement. The benefit shall not be less than 10% of the member's salary if the member has more than 5 years of service, or 5% if 5 or less years of service.</p>
Pre-retirement death	<p>If death is prior to earning 15 years of service, an inactive member's beneficiary or estate shall receive employee contributions plus accumulated interest.</p> <p>If death is for an active member, regardless of service, or an inactive member with 15 years of service, the spouse or dependent beneficiary is entitled to receive the monthly survivor annuity under the assumption that the member had retired with 25 years of service at age 50. The survivor annuity is paid as a 50% joint and survivor annuity, except in the case of an active death in the line of duty, where the benefit is payable as a 100% joint and survivor annuity.</p>



APPENDIX B – SUMMARY OF PLAN PROVISIONS

Deferred retirement option plan
("DROP")

Effective July 1, 2008, a DROP is established for all plan participants.

An employee may make a DROP election as provided in this chapter only if, immediately upon termination, he/she is eligible to receive an unreduced annual retirement allowance under the provisions of the EG&C Fund on his/her entry date into the DROP.

The DROP retirement benefit will be based on average annual salary and years of creditable service on the date the member enters the DROP. Average annual salary is based on the 5 highest years of annual salary in the 10 years immediately preceding the member's retirement date.

Any member who chooses the DROP shall agree to the following:

- The member shall execute an irrevocable election to retire on the DROP retirement date and shall remain in active service until that date.
- While in the DROP, the member shall continue to make contributions to the EG&C Fund under the provisions of that fund.
- The member shall elect a DROP retirement date not less than 12 months and not more than 36 months after the member's DROP entry date.
- The member may not remain in the DROP after the date the member reaches any mandatory retirement age as set forth in the EG&C Fund.
- The member may make an election to enter the DROP only once in the member's lifetime.
- A member who retires on his/her DROP retirement date may elect to receive an annual retirement allowance:
 - a) Computed as if the member had never entered the DROP; or
 - b) Consisting of the DROP frozen benefit, plus an additional amount paid as the member elects, determined by multiplying the DROP frozen benefit by the number of months the member was in DROP.

No cost of living increase is applied to a DROP frozen benefit while the participant is in the DROP. After the participant's DROP retirement date, cost of living increases determined



APPENDIX B – SUMMARY OF PLAN PROVISIONS

under the EG&C Fund apply to the participant's annual retirement allowance.

Cost-of-Living-Adjustments

The employer-funded monthly pension benefits for members in pay status are increased periodically to preserve purchasing power that is diminished due to inflation. Such increases are not guaranteed by Statute and will only be provided by legislative action.

A "13th check" was paid to each member in pay status during fiscal year 2018, 2019, 2020 and 2021. The amount of the 13th check varied based on the years of creditable service the member had earned prior to retirement.

Legislation passed in the 2018 legislative session creates a funding mechanism to provide for future benefit increases or 13th checks. The INPRS Board has the authority to have employers contribute up to 1% of member pay into the fund.

Increases or payments are made upon passed legislation subject to the availability of funds to provide the benefit. Legislation passed in 2021 provided for a 1% increase effective January 1, 2022 and no increase through the remainder of the biennium.

Forms of payment

a. Single life annuity

Member will receive a monthly benefit for life, but there are no monthly payments to anyone after death.

b. Joint with one-half survivor benefits

Member will be paid a monthly benefit for life. After death, one-half (1/2) of the benefit will be paid to the spouse or parent for their lifetime or the dependent until age 18. If the spouse's age is more than 5 years younger than the member, the benefit is actuarially adjusted.

Changes in Plan Provisions since the Prior Year

House Enrolled Act No. 1001 was passed in April 2021 and granted a 1.00% cost-of-living adjustment effective January 1, 2022 to be paid from the Supplemental Reserve Account. No supplemental benefits were granted for fiscal year 2023.



ACTUARIAL METHODS

1. Actuarial Cost Method

The actuarial cost method is Entry Age Normal - Level Percent of Payroll.

The normal cost is calculated separately for each active member and is equal to the level percentage of payroll needed as an annual contribution from entry age to retirement age to fund projected benefits. The actuarial accrued liability on any valuation date is the accumulated value of such normal costs from entry age to the valuation date.

For funding, gains and losses occurring from census experience different than assumed, assumption changes, and benefit changes are amortized over a 20-year period with level payments each year. A new gain or loss base is established each year based on the additional gain or loss during that year and that base is amortized over a new 20-year period (gain or loss bases established prior to June 30, 2016 were amortized over 30 years and will continue to be amortized over 30 -year period). However, when the plan is at or above 100% funded (based on Actuarial Value of Assets), the past amortization bases are considered fully amortized and a single amortization base equal to the surplus is amortized over a 30-year period with level payments each year. The purpose of the method is to give a smooth progression of the costs from year to year and, at the same time, provide for an orderly funding of the unfunded liabilities.

For accounting, gains and losses occurring from census experience different than assumed and assumption changes are amortized into expense over the average expected future service of all plan participants (active and inactive). Gains and losses occurring from investment experience different from assumed are amortized into expense over a 5-year period. The effect of plan changes on the plan liability are fully recognized in expense in the year in which they occur.

Member census data as of June 30, 2020 was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2020 and June 30, 2021. The valuation results from June 30, 2020 were rolled-forward to June 30, 2021 to reflect benefit accruals during the year less benefits paid.

2. COLA Surcharge

The COLA Surcharge is developed by determining the assets needed at the start of the next biennium to fund the post-retirement benefit increases anticipated to be granted in that biennium. This amount is divided by the present value of expected payroll over which the accumulations will occur.

3. Asset Valuation Method

The Actuarial Value of Assets smoothes the recognition of gains and losses on the Market Value of Assets over five years, subject to a 20% corridor.



APPENDIX C – SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

4. Anticipated Payroll

The Anticipated Payroll for the fiscal year beginning July 1, 2021 is equal to the actual payroll during the year ending June 30, 2021, increased with one year of salary scale.

5. Employer Contribution Rate

Based on the assumptions and methods previously described, an actuarially determined contribution rate is computed. The Board considers this information and has ultimate authority in setting the employer contribution rate.

Changes in Actuarial Methods since the Prior Year

None.



APPENDIX C – SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

ACTUARIAL ASSUMPTIONS

Valuation Date June 30, 2021

Economic Assumptions

1. Investment return 6.25% per year, compounded annually (net of administrative and investment expenses)

2. Inflation 2.00% per year

3. Salary increase

Service	Wage Inflation	Merit	Salary Increase
0	2.65%	2.25%	4.90%
1	2.65%	2.00%	4.65%
2	2.65%	1.75%	4.40%
3	2.65%	1.50%	4.15%
4	2.65%	1.25%	3.90%
5	2.65%	1.00%	3.85%
6	2.65%	0.75%	3.40%
7	2.65%	0.50%	3.15%
8	2.65%	0.25%	2.90%
9+	2.65%	0.00%	2.65%

4. Interest on member balances 3.30% per year

5. Cost-of-Living Adjustment (COLA) Members in pay were granted a 1.00% COLA effective January 1, 2022 for the next biennium. Thereafter, the following COLAs, compounded annually, were assumed:
0.4% beginning on January 1, 2024
0.5% beginning on January 1, 2034
0.6% beginning on January 1, 2039

Demographic Assumptions

1. Mortality Pub-2010 Public Retirement Plans Mortality Tables (Amount-Weighted) with a fully generational projection of mortality improvements using SOA Scale MP-2019.

Healthy Employees – Safety Employee table with a 3 year set forward for males and no set forward for females.

Retirees – Safety Retiree table with a 3 year set forward for males and no set forward for females.



APPENDIX C – SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

Mortality (continued)

Beneficiaries – Contingent Survivor table with no set forward for males and a 2 year set forward for females.

Disableds – General Disabled table.

2. Disability

Age	Sample Rates
<=30	0.100%
35	0.200%
40	0.300%
45	0.400%
50+	0.500%

Rates for ages 30-50 increase by 0.02% per year.

Active members who become disabled are assumed to receive 20% of their salary if they have less than 5 years of service and 40% of their salary if they have 5 or more years of service.

3. Retirement

Age	Eligible for Reduced Benefit	Eligible for Unreduced Benefit
45-54	2%	20%
55-58	2%	25%
59	2%	35%
60	N/A	55%
61	N/A	65%
62-64	N/A	75%
65+	N/A	100%

Active members: Of those who retire, 50% enter DROP and the other 50% retire immediately. Those who elect to enter DROP are assumed be in DROP for a period of 3 years, upon which time they take the full lump sum and commence their annuity benefit.

Inactive vested members are assumed to commence their retirement benefit at their earliest eligible retirement date (age 45, or current age if greater).



APPENDIX C – SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

4. Termination

Years of Service	Rate
0-1	10.0%
2	9.0%
3	8.0%
4	7.0%
5	6.0%
6	5.0%
7	4.0%
8	3.0%
9	2.0%
10+	1.0%

Other Assumptions

1. Form of payment

Members are assumed to elect either a single life annuity or a 50% joint survivor benefit based on the marriage assumptions below.

2. Marital status

a. Percent married

90% of members are assumed to be married or to have a dependent beneficiary.

b. Spouse's age

Male members are assumed to be three (3) years older than their spouses and female members are assumed to be two (2) years younger than their spouses.

3. Decrement timing

Decrements are assumed to occur at the beginning of the year.

4. Members in DROP

Members who are participating in the DROP are assumed to receive an annuity benefit commencing at the end of their DROP period as well as a lump sum payment equal to the number of years they were in the DROP times their annual annuity benefit. The annuity benefit is estimated based on salary and service at the time the member entered the DROP.

5. Active Member Death

20% are assumed to be in the line of duty and 80% are other than in the line of duty.



APPENDIX C – SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

Changes in Assumptions since the Prior Year

As a result of the Asset-Liability work completed and discussed at the May 7, 2021 Board meeting, the Board made portfolio revisions and adopted a new set of economic assumptions for the June 30, 2021 actuarial valuations as follows:

- The investment return assumption was lowered from 6.75% (as of June 30, 2020) to 6.25%.
- Price inflation was lowered from 2.25% (as of June 30, 2020) to 2.00%.
- General wage inflation was lowered from 2.75% (as of June 30, 2020) to 2.65%.
- Interest on member balances was lowered from 3.50% (as of June 30, 2020) to 3.30%.

Legislation granted a 1.00% cost-of-living adjustment effective January 1, 2022 to be paid from the Supplemental Reserve Account. No supplemental benefits were granted for fiscal year 2023. This replaces the COLA assumption of 0.4% for Fiscal Years 2022 and 2023 but does not change the assumption for future years.

Data Adjustments

Active and retired member data is reported as of June 30. Member census data as of June 30, 2020 was used in the valuation and adjusted. Standard actuarial roll-forward techniques were then used to project the liability computed as of June 30, 2020 to the June 30, 2021 valuation date. The normal cost rate is assumed to remain unchanged between June 30, 2020 and June 30, 2021.

The member total payroll and the asset information for this valuation were furnished as of June 30, 2021. Total payroll in FYE 2022 is assumed to increase by the salary growth assumption over the total payroll observed for FYE 2021. We did not audit the information provided, but we did review it thoroughly for reasonableness and compared it with the prior year's submission for consistency.

Other Technical Valuation Procedures

Salary increases are assumed to apply to annual amounts.

Decrements are assumed to occur at the beginning of the year. Standard adjustments are made for multiple decrements.

No actuarial liability is included for participants who terminated without being vested prior to the valuation date, except those due a refund of contributions.



APPENDIX D – GLOSSARY OF ACTUARIAL TERMS

Accrued Service	Service credited under the plan that was rendered before the date of the actuarial valuation.
Actuarial Assumptions	Estimates of future experience with respect to demographic or economic events. Demographic assumptions (rates of mortality, disability, turnover and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (salary increases and investment income) consist of an underlying rate in an inflation-free environment plus a provision for a long-term average rate of inflation.
Actuarial Cost Method	A mathematical budgeting procedure for allocating the dollar amount of the actuarial present value of retirement plan benefits between future normal cost and actuarial accrued liability. Sometimes referred to as the “actuarial funding method.”
Actuarial Equivalent	A single amount or series of amounts of equal value to another single amount or series of amounts computed on the basis of a given set of actuarial assumptions.
Actuarial Accrued Liability	The difference between the actuarial present value of plan benefits and the actuarial value of future normal costs. Also referred to as “accrued liability” or “actuarial liability.”
Actuarial Present Value	The amount of funds currently required to provide a payment or series of payments in the future. It is determined by discounting future payments at predetermined rates of interest and by probabilities of payment.
Amortization	Paying off an interest-discounted amount with periodic payments of interest and principal, as opposed to paying off with lump sum payment.
Experience Gain (Loss)	The difference between actual experience and actuarial assumptions anticipated experience during the period between two actuarial valuation dates.
Normal Cost	The actuarial present value of retirement plan benefits allocated to the current year by the actuarial cost method.
Unfunded Actuarial Accrued Liability	<p>The difference between actuarial liability and the actuarial value of assets. Sometimes referred to as “unfunded accrued liability” or “unfunded liability”.</p> <p>Most retirement plans have unfunded actuarial liability. They arise anytime new benefits are added and anytime an actuarial loss is realized.</p>