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ANNUAL FINANCIAL REPORT

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)LQDQFLDO 6HFWLRQ







&LVFR &ROOHJH 'LVWULFW



&RQGHQVHG &RPSQDDWLDYH ,QIRUPDWLRQ

7DEOH 1HW 3RVLWLRQ

<HDU (QGHGHDU (QGHGHDU (QGHG  
\$XJXVW \$XJXVW \$XJXVW

&XUUHQW DQG 2WKHU \$VVHWV

&DSLWDO \$VVHWV

'HIUUHG 5HVRXUFH 2XWIORZV

7RWDO \$VVHWV DQG 'HIUUHG 5HVRXUFH 2XWIORZV

7DEOH &KDQJHV LQ 1HW 3RVLWLRQ

<H DU (QG H <H DU (QG H <H DU (QG H  
\$XJXVW \$XJXVW \$XJXVW

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2SHUDWLQJ 5HYHQXH

DIIHFWHG WKH DX[LQDEUGHF[SHQW#GZE\

%DVLF )LQDQFLDO 6WDWHPHQWV



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%XGJHWDU\ 'DWD

(DFK FRPPXQLW\ FROOHJH LQ 7H[DV LVQUBHQXIXUDHGRRES\HODZVWQJ \$XK  
DQWLFLLSDWHG UHYHUXHVIBQGVKHS HLCFIDOXHDSUWBR EHQ 7KH 'LV  
%RDUG RI 7UXVWHHV DGRSWV WKH EFGJHVD OZKDFKVL R ISDHFSDUHQGLB  
RI WKH DSSURYHG EXGHQW DRGQGRBQMTX ZIXWV W KHILZOHIDV +LJK  
(GXFDWLRQ &RRUGLQDWLQDW%RDUGXGJHWL%R DUGHU/HQEMODLEUDU  
\*RYHUQRU¶V 2IILBGRB%DXGQHJ E\ 'HFHPEHU

&DVK DQG &DVK (TXLYDOHQWV

7KH 'LVWULFW¶V FDVK DQG FDVK HTXLWIDRQKWDQGUIG HFRDQVGGHLSRQ  
VKRUW WHUP LQYHVWPHQWV ZLWK RURLWLOCHDOV RDRFXWLKHLBDRHVRK  
5HVWULFWHG FDVK DRGWFDDKH KXLOYDRU IBGBWDDSDSRHQWV DQG  
UHVHUYHV DQG IXQGV KHOG IRU RWKHUV

'HIHUHG 2XWIORZV

,Q DGGLWLRQ WR DDO/HJMV'L & WULFFV&RL 6WDDZDHPHQWDRV WKKW 3RVLV  
VRPHWLPHV UHSRUWRQ VRIS DQDWHUWIGF RXXWRERZV7KLVWVHSDUDWH  
VWDWHPHQW HOHPHQW GHIHUHG RXWRODZXP SWURHQ RRUQHWW SURVSL  
DSSOLHV WR D IXWXUH SHULRG V DQG RRVZILCORZ ORR WHEVR D HFRVQD  
XQWLO WKHQ \*RYHUQWHHQWRQDUHV BRUMSGBZVGLQHFUUF&PVWDQFHV  
DXWKRULJHG E\ WKH \*\$6% \$ W\SLFDOWG HFRQOCHGRXLWIDRGHILWUR  
RQ UHIXQGLQJ GHEW

,QYHVWPHQWV

,Q DFFRUGDQFH ZLWK \*\$6% 6WDWHPHQW 1R

'HSUHFLDWLRQ LV FRPSXWHG XVLQJ WKH WMLPDLW KH ØVGHK ØHOLKFR  
DVVHWV DSSO\LQJRWKHQVORQHDKHDIRØORZHQJ OLYHV

\$VVHW 7\SH

<HDUV



1RWHHSRVLWV DQG ,QYHVWPHQWV

&DVK DQG 'HSRVLWV

&DVK DQG 'HSRVLWV LQFOXGHG LQ ([KILREQL WFRQ&W D W H P H V Q M H R L W I H P V  
EHORZ DW \$XJXVW

%DQN 'HSRVLWV

'HPDQG DQG VDYLQJV GHSRVLWV

7RWDO %DQN 'HSRVL

2WKHU &DVK DQG &DVK (TXLYDOHQWV

3HWW\ FDK RQ KDQG

0RQH\ PDUNHW DFRXQWV

,QYHVWPHQW SRROV

7RWDO 2DVK &DVK (TXLYDOHQWV

7RWDO &DVK DQG 'HSRVLWV

)DLU 9DOXH RI )LQDQFLDO ,QVWUXPHQWV

7KH WKUHH OHYHOM RI WIKHU DULFKY DOH DV IROORZV

/HYHO LQSXWV DUH TXRWHG SULFHV I X Q D L G N H X W W L H F G O L Q V D H  
OLDELOLWLHV WK D V Q W K F H J R Y B W Q F K B D W F D V X U H P H Q W G

/HYHO LQSXWV DUH LQSXWV RWKHU W K Y H O T X R M D H G S U H F R E V H  
IRU WKH D V V H W W R K H O L D I E L I O F W W O \ H R U L Q G L U H F W O \

/HYHO LQSXWV DULH Q S Q W E V I H R U Y D K E W H D V V H W R U O L D E L O L

7KH IDLU YDOXH KLHUDUFK\ RI LQYH O R Z W H Q W V D W \$ X J X V W

)DLU 9DOXH 0HDVXUHPHQWV DW 5HSRUWLQJ

'HVFULSWLRQ	/HYHO	/HYHO	/HYHO	7RWDO
&HUWLILFDWHV RI	GHSRVLW			
7RWDO				

&UHGLW 5LVN

7KLV LV WKH ULVN WKDW DQ L V V X H U W R I I X O I L O Y H M W W P H R E W L Z I D O V L R E Q  
V H F X U L W L H V E \ Q D W L R Q D O O \ U H F R J Q W J R I G L Y D H W D Q J L Q G H E B W L V R Q V R G  
, W L V W K H ' L V W U L F W \ V S R O L F \ W R Q Y O H L P W W H I Q W W L V Q Y D W W P U H Q W X O O  
F R O O D W H U D O L J H G I U R P D E D Q N L Q W K I H U B V R D Z H L R M W H H Q D G H D S Q G L X Q F U  
R E O L J D W L R Q V R I H W K H R 8 G I L W Q P G G W D M Q V W J H K P F I Q H W D D Q G L L H V D Q G J  
V S R Q V R U L Q J H Q W H U S U F I D O H V R Y H U Q I P H Q W R Q Y H \$ W R H \$ W J X R W  
' L V W U L F W \ V L Q Y H V W P W E W \$ R R O G W Z H U G H D U G D Q G 3 R R U \

,QWHUHVW 5DWH 5LVN

7KLV LV WKH ULVNLV Q W D W H F K D Q J H D L D W Y H D O Z I H O R I D Q Y H O Y W H W O W P H I Q W  
, Q D F F R U G D Q F H Z L W S K R I O W F \ L Q Y K H V L R M O W D F M D V M T K O L Q I H R I W K H L Q Y H V  
W R K D Y H P D W X U L V R I H V \ R D O H R Q V D W Z I D O P D W X G L D W H E J D V I H V

)RUHLJQ &XUUHQF\ 5LVN

7KLV LV WKH ULVN WKDW H [ F K D Q J H D L D W Y H D O Z I H O R I D Q Y H O Y W H W O W P H I Q W  
L V Q R W H [ S R V J G F X R U R Q F \ U L V N

&RQFHQWUDWLRQ RI &UHGLW 5LVN

7KLV LV WKH ULVN RI O R V V D W W U L V E X W H I G \ W R Q Y K H V W B H Q L W W X G H D R I L V  
O D F N R I G L Y H U V L I L F D W L R Q & R Q F H Q W U D W L R Q S H I L V F N Q W G H I L Q U H E  
V H F X U L W L H V R I D V L Q J O H L V V X H O R W , W Q L O R W K R U L D V F R Q F M Q W S B O I L F  
, Q Y H V W P H Q W V L V V X H G E \ W K H 8 6 \* R Y Y U H Q P W H Q H V Q D Q G S R L Q O M V D V P H C  
I U R P W K H S H U F H Q W G L V F O R V X U H Q R W X H L S R P V H Q G W W R 7 K R I Q ' E N Q W  
F U H G L W U L V N

1RWH&DSLWDO \$VVHWV

&DSLWDO DVVHWV DFWLHQLQGHRSXJKKMDV IROORZDW

%HJLQQLQJ

%XVLQHVV W\SH DFWLYLWLHV \_\_\_\_\_ %DODQFHV \_\_\_\_\_ , QHV HDV \_\_\_\_\_ (C

&DSLWDO DVVHWV QRW EHLQJ GHSUHFLDWHG

/DQG

&RQVWUXFWLRQ LQ SURJUHVV

7RWDO FDSLWDO DVVHWV QRW EHLQJ GHSUHFLDWHG \_\_\_\_\_

&DSLWDO DVVHWV EHLQJ GHSUHFLDWHG

%XLOGLQJV

,PSURYHHPHQWV

/LEUDU\ERRNV

)XUQLWXUH PDFKLQHU\ YHKLFOHV

DQG RWKHU HTXLSPHQW

7RWDO FDSLWDO DVVHWV EHLQJ GHSUHFLDWHG \_\_\_\_\_

/HVV DFFXPXODWHG GHSUHFLDWLRQ IRU

%XLOGLQJV

,PSURYHHPHQWV

/LEUDU\ERRNV

)XUQLWXUH PDFKLQHU\ YHKLFOHV

DQG RWKHU HTXLSPHQW

7RWDO DFFXPXODWHG GHSUHFLDWLRQ

1RWHRQJ 7HUP 2EOLJDWLRQV

/RQJ WHUP OLDELW\KW\BFWLHQGHG\$XZD\VDV IROORZV

	<u>%HJLQQLQJ</u>	<u>(QGLQJ</u>	<u>&amp;XUUHQW</u>
	<u>%DODQFH ,QFUHDVHVHFUHDVHV</u>	<u>%DODQFH</u>	<u>3RUWLRQ</u>
/HDVHV %RQGV DQG			
1RWHV			
5HYHQXH ERQGV			
DQG QRWHV			
&DSLWDO OHDVHV			
7RWDO /HDVHV			
%RQGV DQG 1RWHV			
2WKHU /LDELOLWLHV			
&RPSHQVDWHG			
DEVHQFHV			
1HW SHQVLRQ			
OLDELOLW\			
1HW 23(%			
OLDELOLW\			
2WKHU ± GHSRVLWV			
7RWDO 2WKHU			
/LDELOLWLHV			
7RWDO /RQJ 7HUP			
/LDELOLWLHV			

/RQJ WHUP OLDELW\KW\BFWLHQGHG\$XZD\VDV IROORZV

	<u>%HJLQQLQJ</u>	<u>(QGLQJ</u>	<u>&amp;XUUHQW</u>
	<u>%DODQFH ,QFUHDVHVHFUHDVHV</u>	<u>%DODQFH</u>	<u>3RUWLRQ</u>
/HDVHV %RQGV DQG			
1RWHV			
5HYHQXH ERQGV			
DQG QRWHV			
&DSLWDO OHDVHV			
7RWDO /HDVHV			
%RQGV DQG 1RWHV			
2WKHU /LDELOLWLHV			
&RPSHQVDWHG			
DEVHQFHV			
1HW SHQVLRQ			
OLDELOLW\			
1HW 23(%			
OLDELOLW\			
2WKHU ± GHSRVLWV			
7RWDO 2WKHU			
/LDELOLWLHV			
7RWDO /RQJ 7HUP			
/LDELOLWLHV			

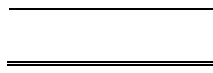
2Q 'HFHPEHU FWKLVIXVHGUL DMCHGRIGRIBOLIBYHQXH UHIXQGI  
WR SURYLGHWKH UHVRXUFHV WR SCSXFHSRQHDRIHVHFUFRZD WLFQRXQHW  
IXWXUH GHEW VHUYLFH SDIRHQFRQVROLOLGHYWHQXHXDGG UHIXQGLQJ  
LVVXHG LQ ,QWHUHVW UDWHV RQ WDKGGPHEWXWDRRE FRP  
\$V D UHVXOW WKH UHIXQGHG ERQGV DQDERQMVGHKWVGE BHCHDMPB  
WKH ILQDQFLDO VDFWXPVHQLWRQ SKLQH W [FBHGHG JWPXRQW RI WK  
GHEW E\ QHW RVWLVVXGG SH HFPLXPQFH ZKLVXQGLQJ ZDV XQGH



1RWH2SHUDWLQJ /HDVH &RPPLWPHQWV DQG 5HQWDO \$JUHHPHQW

7KH 'LVWULFW KDV QXPHURXV DJUHHPHQWV WKDW WHDVH VFDWJWRU  
OHDVH UHTXLUHPHQWV DUH DV IROORZV

)LVFDO <HDU 7RWDO  
(QGLQJ \$XJXVW 5HTXLUHPHQW



1RWH\$G 9DORUHP 7D[

7KH 'LVWULFW V DG YDORUHP SURSHU\ WKH DVVHVV\HG YHDDX 20  
WKH SULRU -DQXDQG IRXVDQVSHOVRFDVH S ULRS MUKM\ 'LVWULFW

)LVFDO <HDU  
(QGLQJ \$XJXVW





1HW 3HQVLRQ /LDELOLW\ \$VVHW

*Actuarial Assumptions*

7KH WRWDO 3HQVLRQ /LDELOLW\ LQ WKH \$LRQ ZD V GHWHDFW 0BGL  
IROORZLQJ DFWXDULDO DVVXPSWLRQV

9DOXDWLRQ GDWH  
\$FWXDULDO FRVW PHWKRQ  
\$VVHW YDOXDWLRQ PHWKRQ  
\$FWXDULDO DVVXPSWLRQV

XJX\$W  
XDO (QWU\ \$JH 1RUPDO, G  
0DUN

SURGXFH WKH ORQJ WHUP H[SHFWHGHU SMFWRIGUIHXWXUQ E\H DOL UDWI  
E\ WKH WDUJHW DSFWFH DODRH DDLQR E\GD GGLQDWHLPSH FWHVW HVV  
JHRPHWULF UHDO UDWHV RI UHWXUQHIGULQ DFKHPDNR UWDVHVW BODN  
DV RI \$XJXVW LV VXPPDULJHG EHORZ

/RQJ 7HUP  
([SHFWHG  
\*HRPHWULF

7DUJHW 1HZ 7DUJHW UHDO 5DWH RI  
\$VVHW & ODVV \$OORFDWLSOORFDWLRQH WXUQ

\*OREDO (TXLW\  
8 6  
1RQ 8 6 GHYHORSHG  
(PHUJLQJ PDUNHWV  
'LUHFWLRQDO KHGJH IXQGV  
3ULYDWH HTXLW\  
6WDEOH 9DOXH  
8 6 WUHDVXULHV  
\$EVROXWH UHWXUQ  
6WDEOH YDOXH KHGJH IXQGV  
5HDO 5HWXUQ  
\*OREDO LQIODWLRQ OLQNHG ERQGV  
5HDO DVVHWV  
(QHUJ\ DQG QDWXUDO UHVXUF  
&RPPRGLWLHV  
5LVN 3DULW\  
5LVN SDULW\  
,QIODWLRQ H[SHFWDWLRQ  
\$OSKD  
7RWDO

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*Discount Rate Sensitivity Analysis*

7KH IROORZLQJ VFKHGXOH VKRZV WKHLORSDFW WKW IGLMFRX QM/QVD  
OHVV WKDQ DQG Q WUKHDSLVFRVQDW GDWH WKDWP EDV XULHQJ WKH  
1HW 3HQVLRQ /LDELQW\

&XUUHQW  
'HFUHDVH 5DWH ,QFUHDVH

'LVWULFWLQVQSURSRUWHU RI WKH  
QHW SHQVLRQ OLDELQW\ DVVHW

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

\$W \$XJXVW WKH 'LVWULFW UHSRUWLHG DSORSEUOLWQ BWH V  
756 V QHW SHQVLRQOQDIE DO LW\URDHFV VDDWHHGSXHQVLRQ VXSSRU  
WKH 'LVWULFW 7KHG PERXVQWUHF RJSREJW LRVQDWY SUDUH RI WKH  
OLDELQW\ WKH SURQDWHDG GWDWVH WKKWDOH SRSMQRQRQ IOLDELQ  
DVVRFLDWHG ZLWZHWIKHD&RQORZV

'LVWULFWLQVQSURSRUWHU RI WKH  
FROOHFWLYH QHW SHQVLRQ OLDELQW\  
6WDWH V SURSRUWLRQDWH VKDUH WKDW LV  
DVVRFLDWHG ZLWK WKH &ROOHJH  
7RWDO

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7KH QHW SHQVLRQ OLDELOLW\ ZDV PHDG WKHG WR WRDQ \$ SJQWL RQ OL  
WR FDOFXODWH WKH QHW SHQVLRQ OLDELOLW\ ZDV GHWHUPLQH

%HQHILWV IXOO\ YHVW DIWHU RQH \%DUF DSXOHV VRQHVV GDD URH H@S O R \ B  
FRQWUDFWV WKH VWDWH KDV QR DUG @KWL VRSUDRU URDP XQ@X% GHG OHL  
6HSWHPEHU @LXPLW RIWKKIHDVWRQVW@RV FRRQWHLQLEJLV@DH HPSOF  
WKH UHSRUWLQJ GLVWULFW

7KH UHWLUHPPHQW H@SHRQV W@HR 'W@W U@LV@D@DV IRU WKH ILVFD O  
HGGHG \$XJXVW D@GLYHOUH@KSLV V@P@W@W@H@S@H@UWLRQ RI H

,QVXUDQFH &RGH %HQHILW DQG FRQHW5LHV KXUHLR Q HSDURW KVLORQQ\ DRU HW  
E\ 6WDWH ODZ DQG PEA\ VE KHD PHH[QGH/GI JLVODWXUH

*OPEB Plan Fiduciary Net Position*

'HWDLOHG LQIRUPDWLRQ DERXW WKHD Y92 3 PD E DGX EQDW K H HMM SSRUDLV  
(56 &RPSUHKHQVLYH \$QQXDO )LQDQFLDO LQDSRFLW O &SW5D WWHKPHQ W Q F  
WKH ILQDQFLDO VW DW B PVXSVS O HPHGQ WHTUAKIDQ RUHPSRVLWR Q D\ EH REW  
WKH LQWHUQHWW DWVW K YDW SJRY ZSEZ KW (56W5XGSLRUW5H B R G WV RQ 2Y  
(56 2SHUDWLRQV D QG DLQGH Q R W O O & \$)5 SWLI QRJUWER (56L DW (D  
WK 6WUHHW \$XVWLRQ EN[DD/OOLQJ

*Benefits Provided*

5HWLUHH KHDOWK HQHILWV RIIHUH R WRU W X6W DWKH R % 3 HQ DW IDYV  
WKHLU HOLJLEOH GFLSSDQGHQ VMHG3 DWVW W B W W L W H Q U H I Q W W Z L W K D  
LQVWLWXWLRQ W K W H S B W L F L E S D W G U H W B O H H R L Q V % B D Q F H 7 K H \* %  
VHOI IXQG HG JURXS KHDOWK PHGLFDQV D Q B U S H O V F I E S W L R I Q W G W H  
+HDOWK6HOHFV 7KH \*%3 DOVR SURYQ B HLW DR SXVORQL Q R U X O H G L F H D G  
SDUWFLSDQWV XQGHU WKH +HDOWK6HOIHFWL Q N G U D D U F H H \$ E H Q D Q W D V  
UHWLUHHV YLD D PLQLXP SUHPLXP IXQ W L Q X Q D G U W D Z K I H F K H W H R E B  
RI WKH SODQ PHPEHUV D D U G H W V S D E R A H V K H O P H Q G R G P D \ & K H S W H U  
7H[DV ,QVXUDQFH &RGH

*Contributions*

6HFWLRQ RI & K H S D W H U Q V X U D Q F H & R V K H W S B R Q W G H L E X W L R Q U H  
RI WKH SODQ PHPEHUV DQG WKH SDUWK H G S D Q G Q P D H E S I O R R H Q G H G J H E  
(56 %RDUG RI 7UXVWHHV 7KH HPSOR\ W U H D V Q D G U P H G P E W H U F F R L Q M I G L B Q V  
WKH (56 %RDUG RI 7UXVWHHV EDVHG R Q W D K H D U C H F R W P H I Q G D W K L O R V L Q  
7KH FRQWULEXWLRQ UDWHV DUH GHV D Q G P D Q P G Q E L D W H J D W Q Y H L F W K W  
WR EH LQFXUUHG LL WKH IXQGV Q \$ S S U R S L L F L D W H V G D B Q I G V K I L G E W K  
/HJLVODWXUH LQ FRQQHFWRQ ZLWK %3HQ F I K L W V U S U R V M H G H I G W I K U H R  
ZKHQ QHFHVVDU\ WR PDWFK H[SHFWHG W E V H Q H W L K W W D K Q G U D H Y P I L Q X L H V W J S  
EH JHQHUDWHG E\ WKH DSSURSULDWHG IXQGV

7KH IROORZLQJ WDEOH VXPPDUL]HV WKH W D J L L E P X P L R Q Q W R K Z D U I G P S I  
UHWLUHHV KHDOWK DQG EDVLF OLIHL X S R H R P L X P D Q S G W E I R P H V W S C H I D  
FRQWULEXWLRQ 7KH W P S O R W H U L E G R W H W W S V D B G D G H Q W I D I O L R V X U D Q F I  
VSRXVHV DQG WKHLU GHSHQGHQWV GREQRW R L Q H F S L V Y W K D Q Q R R S I O R S  
FRQWULEXWLQJ HQ W W W H 1 ( 7 H W K H S D S U B B U X P W R I I R A U K W K H M X Q L  
FRPPXQLW\ FROOHJHV

0D[LPXP 0RQWKO\ (PSOR\HU &RQWULEXWLRQ  
5HWLUHH +HDOWK DQG %DVLF /LIH 3UHPLXP  
)LVFDO <HDU

- 5HWLUHH RQO\
- 5HWLUHH VSRXVH
- 5HWLUHH FKLOGUHQ
- 5HWLUHH IDPLO\



&RQWULEXWLRQV RI SUHPLXPV WR WKHULRQ \$LODFD ORUH DUK HE\FXRX  
VXPPDULJHG LQ WKH IROORZLQJ WDEOH

3UHPLXP &RQWULEXWLRQV E\ 6RXUFH  
\*URXS %HQHILWV 3URJUDP 3ODQ  
)RU WKH <HDUV (QGHG \$XJXVW DQG

(PSOR\HUV  
0HPEHUV (PSOR\HHV  
1RQHPSOR\HU FRQWULEXWLQJ HQWLW\ 6WDWH RI 7H[DV  
Source: ERS 2019 Comprehensive Annual Financial Report

Actuarial Assumptions

7KH WRWDO 23(% /LPELGHVEZDQ GHFRKDDLDRI \$DOXDWL XVLQ  
IROORZLQJ DFWXDULDO DVVXPSWLRQV

9DOXDWLRQ GDWH XJXVW  
\$FWXDULDO FRVW PHWKRQ JH  
\$PRUWL]DWLRQ PHWKRQ ROO RSHQ  
5HPDLQLQJ DPRUWL]DWLRQ SHULRG  
\$VVHW YDOXDWLRQ PHWKRQ 1 \$  
'LVFRXQW UDWH  
3URMHFWHG DQQXDO VDODU\ LQFUHDVH LQFOXGHV LQIODWLRQ  
\$QQXDO KHDOWKFDUH WUHQG UDWH IRU IRU IRU  
GHFUHDVLQJ SHU \H  
XOWLPDWH UDWH RI IRU  
\HDUV

,QIODWLRQ DVVXPSWLRQ UDWH  
\$G KRF SRVWHPsor\PHQW EHQHILW FKDQJHV  
0RUWDOLW\ DVVXPSWLRQV  
6HUylFH UHWLUHHV VXUYLYRUV DQBREKHLGLRQ FV6 YH SHULPHQ  
03 3URMHFWLRQ 6FDOH IURP  
'LVDELOLW\ UHWLUHHV DVHG RQ 788E DHOFE ZLW  
8OWLPDWH 03 3URMHFWLRQ 6FD  
XVLQJ D \HDU VHW IRU  
PLQLXP PRUWDOLW\ UDWHV  
PDOH PHPEHUV DQG WZR SHU  
PHPEHUV  
\$FWLYH PHPEHUV FW 53H[ 'LV\OR\HH 0RUV  
PXOWLSOLHG E\ ZLWK 80  
3URMHFWLRQ 6FDOH IURP W

Source: 2019 ERS CAFR except for mortality assumptions obtained from ERS 2018 GASB 75  
Actuarial Valuation

0DQ\ RI WKH DFWXDULDO DVVXPSWLRQW HGHG LQ WKH KULM VYDOWD W L  
H[SHULHQFH VWXGLHV SHUIRUPHG E\ WKHD (FWXDQGH756RUHWKHHS  
6HSHPEHU WR \$XJXVW IRU WKLJKHU HGXF DWLRQ PHPE

Investment Policy

7KH 6WDWH 5HWLUHH +HDOWK 3ODQ LQ FDWSD FDXP XRXDWRH \$DOQ VDIQQ  
RI UHWLUH PHQW R7KHG 6RV WUH XWPHV DGGH SQWH W RV WKH HD PLQY HV WPH  
LQ \$XJXVW WR UHTXLUH WKDW DOLOQIX Q BVWL QV WUKP IS QHDQ LEHF RQ  
DQG VSHFLI\ WKDW WKH H[SHFWHG U €P4H[L @ „p€PL@L@WKHKH L

Discount Rate

%HFDXVH WKH \*%3 GPHDWGRWQGFVXBXDGHYDQFWWRHGHWLRXHPWUDWH  
XVHGWRPHDVXUH WKH WRWDO 23(% QIDDAEHL OLTWKHLGLWKRXPQXQ UFDLVS  
GHHUPLQH WKH WRWDO 23(% OLDEIHDLWXUBPHQVWKHDHJZDQQLQJ I  
GLVFRXQW UDWH XWKHG WWRWFDOD 23(%HIDHDEGL QILWVKDHPHIDW KUHPHQW V  
ZKLFK DPRXQWHGVWR RDQ LQ FUKHH WRXUPFXQRFLSDO ERQG UDWH  
%RQG %X\HU ,QGH[ RI JHQHUDO REOLJDWXEBQWERDQGG/ PZL[WKG FULHGL  
7KH ERQGV DYHUDJH FUHGLW TXDOLWMLVQYRHXJKRUVHFMUYDGHQW\$  
DQG 6WDQGDUG 3RRWQJ&RBSMVG\$ DMKRIORZHSODQ DUH HTXDO W  
EHQHILW SD\PHQWV R\XVFRXVWKWKSHOSQDQ RSHUDWHV RQ

7KH QHW 23(% OLDELWLW\ ZDV PHDVXUWGHWRWRW\$DJX3(% OLDELWLW  
FDOFXODWH WKH QHW 23(% OLDELWLWYDZXDGMVLRQUPVQRHGWKDDWQGI  
HPSOR\HUUV SURSRUWLRQ RI WKH QHW HPSOR\HUUV SURSRUWLRQ RI WKH QHW  
23(% SODQ UHODWLYH WR WKH FRQWLSLQJWRWRWWRW\$DJX3(% OLDELWLW  
WKUX \$XJXVW

\$W WKH PHDVXUHPHQW GDWH RI \$XJXRUWLRQ RIWKH'ERVOHFWWV  
OLDELWLW\ ZDV ZKLFK LV DQIUGPULHWWRW\$DJX3(% OLDELWLW  
RI \$XJXVW

)RU WKH \HDU HQGHG \$XJXRUWLRQ UHFRSODQJHGR23( DQG  
UHYHQXH RI SRRUWRWWRW\$DJX3(% OLDELWLW

&KDQJHV 6LQFH WKH 3ULRU \$FWXDULVXODWLRQWRWRW\$DJX3(% OLDELWLW  
WKDW DIIHFWHG PHDVXUHPHQW RI WKHWRWRW\$DJX3(% OLDELWLW  
IROORZV

7KH SHUFHQWDJH RI FXUUHQW UHVLVWHQVDEOHUWRWRW\$DJX3(% OLDELWLW  
+HDOWK6HOHFW OHGLFDUH \$GYDQWDJHWRWRW\$DJX3(% OLDELWLW  
WR SDUWLFLSDWKHWRWRW\$DJX3(% OLDELWLW  
7KH SHUFHQWDJH RI IXWXUH PDOH UHVLVWHQVDEOHUWRWRW\$DJX3(% OLDELWLW  
VSRXVH  
\$VVXPHG 3HU &DSLWD +HDOWK %HQHILWWRWRW\$DJX3(% OLDELWLW  
WUHQGV KDYH EHHQ XSGDWHG VLQFHWRWRW\$DJX3(% OLDELWLW  
DQG LWV HIIHFW RQ RXU VKRUW WHUP H[SHFWDWLRQV  
7KH GLVFRXQW UDWLWVWRWRW\$DJX3(% OLDELWLW  
E\ \*\$6% 1R WR XWLOL]H WKH \HOWDRUHWRWRW\$DJX3(% OLDELWLW  
ERQGV UDWHG \$\$ \$D RU HTXLYDOHQWWRWRW\$DJX3(% OLDELWLW

&KDQJHV LQ %HQHILW 7HUPV 6LQFH 3ULRUWRWRW\$DJX3(% OLDELWLW  
EHHQ DGRSWHG VLQFH WKH SULRU YDOXDWRWRW\$DJX3(% OLDELWLW

)RU +HDOWK6HOHFW UHVLVWHQVDEOHUWRWRW\$DJX3(% OLDELWLW  
LQFUHDVH LQ WKH RXW RI SRFNHWRWRW\$DJX3(% OLDELWLW  
+HDOWK6HOHFW IURP WR IRU LWBLYLGLXWRWRW\$DJX3(% OLDELWLW  
RUGHU WR UHPDLQ,WRWRW\$DJX3(% OLDELWLW

7KHVH PLQRU EHQHILW FKDQJHV KDYHDEJHHQ DMVXPHVWRWRW\$DJX3(% OLDELWLW  
EHQHILW FRVWV 7KHUH DUH QR EHQHILWWRWRW\$DJX3(% OLDELWLW  
OHGLFDUH LV 3ULPDU\

\$W \$XJXVW WRWRW\$DJX3(% OLDELWLW SURSRUWLRQWRWRW\$DJX3(% OLDELWLW  
GHIHUHG RXWORZWRWRW\$DJX3(% OLDELWLW WRWRW\$DJX3(% OLDELWLW 23(%  
IROORZLQJ VRXUFHV

'HIHUHG  
2XWIORZV RI ,QIORZV RI  
5HVRXUFHV 5HVRXUFHV

'LIIHUHQFH EHWZHHQ H[SHFWHG DQG DFWXDO HFRQRPLF  
H[SHULHQFH  
&KDQJHV LQ DFWXDOWRWRW\$DJX3(% OLDELWLW  
'LIIHUHQFH EHWZHHQ SURMHFWHG DQG DFWXDO LQYHVWPHQW  
HDUQLQJ  
&KDQJHV LQ SURSRUWLRQ DQG GLIIHUHQFH EHWZHHQ WKH  
HPSOR\HUUV FRQWULEXWLRQ DQG WKH SURSRUWLRQDWL  
VKDUH RI FRQWULEXWLRQV  
&RQWULEXWLRQV SDLG VXEVTXHQQW WR WKH PHDVXUHPHQW  
GDWH

7RWDO

7KH QHW DPRXQWV RE WCKDQHFPSORI IGHUVDI QGHIGQRXRVZDRZVUHVXRUFH  
WR 23(% ZLOO EHQUR%JQLSHQVH DV IROORZV

<H DU HQGHG23(% ([SHQVH  
\$XJXVW \$PRXQW

7RWDO

1RWH 3HQGLQJ /DZVXLWV DQG &ODLPV

7KH 'LVWULFW SBXOG FOR DQWIFODWLPGLQD WVKFR RUVH RI LWV RSHUD  
LW LV QRW SRVVLEOH WR SUHGLFW WKUHVXQW LSPDRWL VRLXVQF RPUH DRQV  
EHHQ PDGH LQ WKH ILQDQFLDO VWDWHIPWQW VR S&RLOOH WK D V QDK H I  
DQ\ IRU DQ\ RI WKHWH PDYHWH UPV ZHOORROR D BQ HWKWH ILQDQFLDO SR  
'LVWULFW

1RWH 'LVDJJUHJDWLRQ RI 5HFHLYDEOHV DQG 3D\DEOHV %DODQFHV

5HFHLYDEOHV DW \$XJXVW DQG ZHUH DV IROORZV

\$FFRXQWV UHFHLYDEOH  
6WXGHQW UHFHLYDEOHV  
)HGHUDO UHFHLYDEOHV  
7D[HV UHFHLYDEOH  
2WKHU UHFHLYDEOHV  
7RWDO

3D\DEOHV DV RI \$XJXVW DUH DV IROORZV

9HQGRU SD\DEOHV  
\$FFUXHG SD\UROO  
\$FFUXHG LQWHUHVW  
\$FFUXHG RWKHU  
7RWDO

1RWH &RQWUDFW DQG \*UDQW \$ZDUGV

&RQWUDFW DQG JUDQW DZDUGV DUH DFRFXQWV H B H I Q W V L Q I D V F R U S  
,QG X V W U \ \$ X G L W \* X L G H \$ X G L W V R I & R Q O H V J B V H D Q B F R Q I Q Y L H U G L R Q L H  
DQG 6FKHGXOH \$ )RU IHGHUDO FRQWLSDFHQ HDG GE XUD Q W W D Z B O G V F  
UHSRUWHG DV )HGHUDO Q Q [ K H E H W Y D E Q I R O D F G V H U D Q G F R U D Q W D Z D U G V  
IXQGV DUH H[SHQGHG EXW QRW FROO\$HFWHLY D B O H B S ( R K W E H L Q D V \$  
DQG JUDQW DZDUGV WKDW DUH QRWL V X W I L X Q G K D V D Q B W R H V Z K S F K I R U  
DUH QRW LQFOXGHG LQ WKH ILQDQFLDO WODZV D D W R K Q Q W D Q R H Q G U D F F  
H J X 2 H D D U D S W V V U

1RWH \*URXS 33RROHG 5LVN' 6HOI ,QVXUDQFH 3RRO

7KH 'LVWULFW LV D SDUWLFLSDQW LQ VW,QHV & RPPKHQ \$WV & RLOOHLJRI  
,QVXUDQFH 3URJUDP WKH SURJUDP 7KH SXUSR VH R€cXU £PP B,a  
7KP†0 '€WULÀP†0 'ÀP†0PP cÀP†0

&KDQJHV LQ HQGRZPHQW QVQMW BVWKWVRWVORZLQJ DW \$XJ

(QGRZPHQW QHW DVVHWV EHJLQQQLQJ RI \H DU

&RQWULEXWLRQV  
,QYHVWPHQW HDUQLQJ  
6FKRODUVKLSV

(QGRZPHQW QHW DVVHWV HQG RI \H DU

7KH 'LVWULFW FRQVLGHUV D IXQG VHRRE HWXGIGIXQZDWH OHLV WVKDQ  
D WKH RULJLQDDO YDDGXHVRE VHTXMIQ VR QJLWVH G PRRX QWKV GXQG DQG  
DFFXPXODWLRQV WR WKH IXQG WKDW SHUHS HWXXWUHLQ VDR FERU B DQG  
GLUHFWRQ RI WKH DSSOLFDEOH GRQRHQJLRWPHQWWUFRBQMGHUKH  
XQGHUZDWHU DV RI \$XJXVW DQG

1RWH 6XEVHTXHQW (YHQWV

2Q -DQXDU\ WKH :RUOG +HDOWKFZUWFOOYD WX R QXGME O B D N G  
+HDOWK (PHUJHQF) RI ,QWHUQDWLRQDO &GRFOH DUH GDQMG VR B BUDF IS I  
\$FWLRQV WDNHQ DURXQG WKH ZRUOG HWRRKHROS YLWLWL DQ FOXGHI VS  
RQ WUDYHO DQG TXVDDIDQ WUHQV LDQFHIIRW FHHG W DRQ XWVSHV RI SXE  
DQG EXVLQHVVHV 7KH FRURQDYLUXV W QKQ YHF VKIDRQ D QGD N H B M[IS HP  
FRQLQXH WR KDYH DQ DGYHUVH LPSDFW PRDU WKKV VHR R Q B Q L HFR B Q  
LQFOXGLQJ WKH JHRJUDSKLFDO DUNQRZIQWKRZ 'DRQU LVF WH V: K LFORQ GV  
ODVW DQG ZKDW WKH FRPSOHWH ILQDQFWDOW RIGHFWWH ZLVOKH E'HVW  
H[SHULHQFH D GRFOILQHVLQ QVXDW LLOLDU\ UHYHQXH

\$GGLWLRQDOO\ LW VLVV OHI DWKQW BOWSLP DWHV PDGH LQ



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6XSSOHPHQWDO 6FKHGHOHV



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,QWHUQDO &RQWURO 6HFWLRQ





'HFHPEHU

7R WKH %RDUG RI 5HJHQWV  
&LVFR &ROOHJH 'LVWULFW  
&LVFR 7H[DV

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM  
GUIDANCE

5HSRUW RQ &RPSOLDQFH IRU (DFK 0DMRU )HGHUDO 3URJUDP

:H KDYH DXGLWHG &LVFR &ROOHJH 'LVWULFW RPSOLDQFH IHI TZLLWIKI P  
GHVFULEH ~~HOI BLO~~ ~~Compliance~~ Supplement

5HSRUW RQ ,QWHUQDO &RQWURO 2YHU &RPSOLDQFH

0DQDJHPPHQW RI &LVFRW&RQWHJHSRQWVFRQJIDQGIVDDQWDLQLQJ HIIH  
LQWHUQDO FRQWURO RYHU FRPSOLDQFH ZLWK WKH W\SHV RI FRPSO





6(&7,21 ,, ± )('5\$/ \$:\$5' ),1',1\*6 \$1' 48(67,21(' &2676

\$ &RPSOLDQFH )LQGLQJV

&OXVWHU 1DPH	6WXGHQW )LQDQFLDO \$LG &OXVWHU
&)'\$ 1XPEHUV DQG 1DPHV	)HGHUDO 6(2*
	)HGHUDO :RUN 6WXG\
	)HGHUDO 3HOO *UDQW
	)HGHUDO 'LUHFW /RDQV
)HGHUDO \$JHQF\	8 6 'HSDUWPHQW RI (GXFDWLRQ
&RPSOLDQFH 5HTXLUHPHQW	(QUROOPHQW 5HSRUWLQJ
4XHVWLRQHG &RVWV	1RW DSSOLFDEOH

&ULWHULD ,Q DFFRUGDQFH ZLWK &)5 MWFMI\$OHFWV WR VXBPHV  
XSGDWHG HQUROOPHQW UHSRUW WR WKH OHFBNRRO\ PZLWVKQ WLKH  
6HFUHWDU\ ZLWKLQ GD\ DIWHU WKH GDOH DQKHQGHV,RRYH  
ZDV PDGH WR RU RQ EHKDOI RI D VWXGHQW ZKRI QDROHOPHQW BV RVKH  
DQG WKH VWXGHQW KDV FHDVHG WRPEHEDUUR ROH G ROH GWWGHDOWRD  
OHDVW D KDOIWLPH EDVLV IRU WKHSHULRG IRU ZKLFK WKH ORDQ Z

&RQGLWLRQ :H UHYLHZHG D VDPSONR IZLWVGHUHZJ GWULQJVWKIHIQWV  
21 WKH IRUW\ HLJKW VWXGHQWV ZHHVWHIS RLVMM\$HQR 16/VWXGHW  
LQDFFXUDWHO\ RU XQWLPHO\ 21 WKH WXGHWQ LQFRW\GHVQMVUHSRU  
16/'6 DV ZLWKGUDZQ ZKHQ WKH\ KDG DFWXDDGHQD\XZHWUHG UHSRUW  
XVLQJ DQ DFFXUDWH ZLWKGUDZDO GDW 6/'6XZLZKHQ WRW WHHSRLUMK  
WLPHIUDPH 7KH FKDQJHV ZHUH UHSRUWHG KILURV\ QHQWKW WR QD\W ID  
WKH VWXGHQW VWDWXV FKDQJHV KDG RFFXUUHG

3RSXODWLRQ DQG 6DPSOH 6LJH

	<u>1XPEHU</u>	<u>'ROODUV</u>	<u>4XHVWLRQHG</u>	<u>&amp;RVW</u>
3RSXODWLRQ			1 \$	1 \$
6DPSOH		1 \$		1 \$
1RW LQ FRPSOLDQFH			1 \$	1RQH

(IIFW \$ VWXGHQW V HQUROOPHQW VLVQWFKR \$E WHWDPV QV V GHO HJLPH  
JUDFH SHULRGV DV ZHOO DV IRU WKHSDPHIQZKIRAKLQWHH QHVJQWLX  
LPSDFWHG E\ LQDFFXUDWH DQG ODWH UHSRUWLQJ

&DXVH 7KH SURFHVV IRU WUDFNLQJ DQG SHULVHLW WKH DU FKSDQW LEEQ  
WKH 'LVWULFW 7KH &HQWUDO 5HJLVWUDU V RIILFH pP @„RSXep0

9LHZV RI UHVSQRVLEOH RIILFLDO DQG SODQQHG FRUUHFWLYH DFWL

&LVFR &ROOHJH 'LVWULFW ZLOO LPSOMPHQV LDO SUHQFHUJDF WKHQURWQH  
IURP RXU 6WXGHQW ,QIRUPDWLRQ 6\QJHPOHQW WOX WDLWWLQR U WKG  
VPHVWHU (UURUV ZLOO EH FRUUHQW HDG DQ 6WKWHH PDWLGR QSD OE 6 WXGH  
5HJLVWUDU DIWHU WKH 1DWLRQDO 6WXGHQW &OHDULQJKRXVH KDV S

&,6&2 &2//(\*(' ,675,&7  
&LVFR 7H[DV

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

<H DU (QG HG \$XJXVW

7KHUH ZHUH QR ILQGLQJV LGHQWLILHG IRU WKH \H DU HQGHG \$XJX



Cisco College

*Audra Taylor*

Audra Taylor  
Dean of Business Services / CFO