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ANNUAL FINANCIAL REPORT

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D Q G

&,6&2 &2//(*(' ,675,&7

)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

2SHUDWLQJ 5HYHQXH

DIIHFWHG WKH DX[LQDEUGHF[SHQW#GZE\

%DVLF)LQDQFLDO 6WDWHPHQWV

%XGJHWDU\ 'DWD

(DFK FRPPXQLW\ FROOHJH LQ 7H[DV LVQUBHQXIXUDHGRRES\HODZVWQRI \$EXK
DQWLFLLSDWHG UHYHUXHVIBDQGVKHS HLCQFIDOXHDSUWBR EHQ 7KH 'LV
%RDUG RI 7UXVWHHV DGRSWV WKH EXFJHVD OZKDFKVL R ISDHFSDUHQVGLB
RI WKH DSSURYHG EXGHQW DRIGQGRBQMTX ZIXWV W KHILZOHIDV +LJK
(GXFDWLRQ &RRUGLQJDLWLODW%RDUPGXGJHWL%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 RDRFXWLKHLBDRHVRKUR
5HVWULFWHG FDVK DRGWFDKHTKHOYD DRU IBGBWDS DSPHQWV DQG
UHVHUYHV DQG IXQGV KHOG IRU RWKHUV

'HIHUUHG 2XWIORZV

,Q DGGLWLRQ WR DDO/HJMV'L & WULFFV& RL 6 WDDZDHPHQWDRV WKKW 3RVLV
VRPHWLPHV UHSRUWRD VRIS DQDWHUWIGF RXXWRERZV7RLVWHSDUDWH
VWDWHPHQW HOHPHQW GHIHUUHG RXWRODZXP SWURHQ RRUQHWW SURVSL
DSSOLHV WR D IXWXUH SHULRG V DQG RRVZILORZ QRRWHEVR D HFRVQD
XQWLO WKHQ *RYHUQWHHQWRQDUHV BRUMSGBZVGLQHFUUF&PVWDQFHV
DXWKRULJHG E\ WKH *\$6% \$ W\SLFDOWG HFRQOHGRXLWIDRGRHILWUR
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 2DQG &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 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 M Q P G G W D M Q V W J H K P F I Q 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 H P H Q W R Q Y H \$ W R H S 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 R O D Y W L R Q S W 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 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 DFWLHQLGHRSXJKKMDV 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

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

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

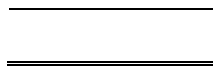
	%HJLQQLQJ		(QGLQJ	&XUUHQW
	%DODQFH	,QFUHDVHVHFUHDVHV	%DODQFH	3RUWLRQ
/HDVHV %RQGV DQG				
1RWHV				
5HYHQXH ERQGV				
DQG QRWHV				
&DSLWDO OHDVHV				
7RWDO /HDVHV				
%RQGV DQG 1RWHV				
2WKHU /LDELWLHV				
&RPSHQVDWHG				
DEVHQFHV				
1HW SHQVLRQ				
OLDELWL\				
1HW 23(
OLDELWL\				
2WKHU ± GHSRVLWV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

2Q 'HFHPEHU FWKLVIXVHGUL DMCHGRIGRIBOLIBYHQXH UHIXQGI
WR SURYLGHWKH UHVRXUFHV WR SCSXFSRQHDRIHVHQUHIZDMLQRXQHW
IXWXUH GHEW VHUYLFH SDIRHQFRQVROLOLGHYWHQXHXDGG UHIXQGLQJ
LVVXHG LQ ,QWHUHVW UDWHV RQ WDKGGPHEWXWDHQRIB FDRP
\$V D UHVXOW WKH UHIXQGHG ERQGV DQDDEBQMVGKDWGEHCHDMPB
WKH ILQDQFLDO VDFWXPVHQLWRQ 7KHLQHWHW[FBUHGLQJWDRXQW RI WK
GHEW E\ QHWRRVWVXQGSWHFPLXPQFH 7KHLXQGLQJ 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 DVVHVVHG YHDDX 20
WKH SULRU -DQXDQG IRXVDQV SHULRFDVH S ULRS MUKM\ 'LVWULFW

)LVFDO <HDU
(QGLQJ \$XJXVW

1RWH 5LVN 0DQDJHPPHQW

7KH 'LVWULFW LV H[SRVHG WR YDULEXOLW\LVNSURSHORWV DQG DW
RPLVVLRQV 7KHVHRV[S DUXHNDQGRDG E\XBDDPFHUFTZDD 'LQWULFW K
LQVXUHG DUUDQJHDDHQWQ WRKHFRYHDDV RRRPSHQSDRMPHQDQG ZRU
FRPSHQVDWLRQ 8QHPSOR\PHQW FRPSHQVDWLRQ DQGRZRDNISDV
FRPSHQVDWLRQ LV KDQGOHG E\ D ULVNLPHQDQHRDQDOLXQJFRLOLFRK
VFKRRO GLVWULFWZWRUQDFRPSHQDQFHGXHGQDDEDODWEDVHG R
YDOXDWLRQ DQG UHSHWHYDQXMKRISQSDRG H[SKHFWMHGDFD EHHQ

FKDQJHV LQFOXGLQW BXVORFDQJLFDGRXVW\$GKRVF SRV\$W HPSOR\PH
EHQHILWV FKDQJHVFLQZ\$XGHEHQUDGQVRHGHEDW\KH LVODWXUH DV Q
WKH SODQ GHVFULSWLRQ DERYH

Contributions

&RQWULEXWLRQ UH\WLEUHLPHKMGVRDUDIPHQ\$UHGLSXUHVXDQWFWLRQ
7H[DV &RQVWLWXWLRQ ZKLFK UHTXLDEHOLWKID 7H[DE/HOHEJROODWEXX
RIQRW OHVV WKDQ RIWKH PHPEHU\WWDQGXEDQQRUPLSEKQWLDVQLR
OHVV WKDQ DQG QRW PRUH WKDQ PSHIQW\$WLDJQ USDJJGVWFDQEI
RIWKH V\WVHP GXHIDQJ WKHIDIV*RYOIQFVHLRQ &RGH \$HJRKLELWV E
LPSURYHHPHQWV LI DV D UHVXOW RIUWK KLSJHGWWRXQDRJUWFLVHLRQ6M
DFWXDULDO OLDLQFOLHVDLHVZWRQDG SEHULRG\HVKUDW RIUFHLH WKH DPRU
SHULRG DOUHDG\ H[FVHKG \$HULRIGUZRXO\$G VEXFK QFFUHLRQHG

(PSOR\HH FRQWULEXWLRQ VDDMMN DVBUVPHHQTW[DRG\RYH 6HQD
%LOO RYK\WKEDV /HJLVODWXUH DPHQGHG 7H[DV *RYR\$E\$BHQW &F
FRQWULEXWLRQV DQGRHMWDFRQWUKEH\$VFDRO\HDWVHV IRWKURXJK

&RQWULEXWLRQ 5DWHV

0HPEHU
1RQ HPSOR\HU FRQWULEXWLQJ HQWLW\ 6WDWH
(PSOR\HUV

-)< 'LVWULFW RU PHPEHU FRQWULEXWLRQV
-)< 6WDWH RI 7H[IDFRQVBEH\$XVLRQV
-)< 'LVWULFW RU FROOHJH FRQWULEXWLRQV

1HW 3HQVLRQ /LDELOLW\ \$VVHW

Actuarial Assumptions

7KH WRWDO 3HQVLRQ /LDELOLW\ LQ ~~WKDW~~ ~~SLRQ~~ ~~ZD~~ V GHWHDPW ~~Q~~ ~~B~~ ~~G~~
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 SMFWRI GUHXW XWQ E\H DOL UDWI
 E\ WKH WDUJHW DSFWFH QO DRH DWLR Q\GD G G LQDWHL [S F W H H V W H V W
 JHRPHWULF UHDO UDWHV RI UHWXUQHIGUL Q DFKHP756 R UWDV VHW B O D N
 DV RI \$XJXVW LV VXPPDULJHG EHORZ

/RQJ 7HUP
 ([SHFWHG
 *HRPHWULF

	7DUJHW 1HZ 7DUJHW	UHDO 5DWH RI
<u>\$VVHW & ODVV</u>	<u>\$OORFDWL</u>	<u>\$OORFDWLRQHWXUQ</u>
*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 UHVXRUF &RPPRGLWLHV 5LVN 3DULW\ 5LVN SDULW\ ,QIODWLRQ H[SHFWDWLRQ \$OSKD		
7RWDO		

Discount Rate Sensitivity Analysis

7KH IROORZLQJ VFKHG XOH VKRZV WKHLORSDFW WKW IGH MFRX QM/QV D
 OHVV WKDQ DQG Q WUKH DGLVFRVQDW LGDWH WKLDWP EDV XULHQJ WKH
 1HW 3HQVLRQ /LDELOLW\

&XUUHQW
 'HFUHDVH 5DWH ,QFUHDVH

'LVWULFWLQV QSURSRUWHV RI UH RI WKH
 QHW SHQVLRQ OLDELOLW\ DVVHW

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

\$W \$XJXVW WKH 'LVWULFW UHSRUWLHG DSORSEUOILWQ BWH V
 756 V QHW SHQVLRQOQDIE DO LWU R Q HFW V VDD WHHGSXIF QVLLRQ VXSSRU
 WKH 'LVWULFW 7KH G PERXV QWHU' E R JSRLEW LRVQ DWY S U DUH RI WKH C
 OLDELOLW\ WKH SURDWW H G G W D W H W W K W D O H S R S M Q R Q R Q I O L D E L O L
 DVVRFLDWHG ZLW ZHWIKHD & R I Q O D R Z V

'LVWULFWLQV QSURSRUWHV RI UH RI WKH
 FROOHFWLYH QHW SHQVLRQ OLDELOLW\
 6WDWH V SURSRUWLRQDWH VKDUH WKDW LV
 DVVRFLDWHG ZLWK WKH &ROOHJH
 7RWDO

7KH QHW SHQVLRQ OLDELOLW\ ZDV PHDG WKHG WR WRDQ SJHQWLRQ 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 FRQWHLQLEJLV@DH HPSOF
WKH UHSRUWLQJ GLVWULFW

7KH UHWLUHPPHQW H@SHRQV W@HR 'W@W@L@V@D@DV IRU WKH ILVFD@
HGGHG \$XJXVW D@GLYHOUH@K@L@V@D@P@W@Q@W@K@H@S@H@U@W@L@R@Q@R@I@H

,QVXUDQFH &RGH %HQHILW DQG FRQHWLULV KXUHLRQ HSDURW KVLORLQV IRU W
E\ 6WDWH ODZ DQG PEA\ VZKHDPH[QVHGJLVODWXUH

OPEB Plan Fiduciary Net Position

'HWDLOHG LQIRUPDWLRQ DERXW WKHDYDORJEDGXEQDWKIDHAMSSRUDL
(56 &RPSUHKHQVLYH \$QQXDO)LQDQFLDOLSHSRFLW O&S\SD WWHKPHQW Q F
WKH ILQDQFLDO VWDWHPHQWSDHSDHQWHDUAKIDQ RUPSRULRQ D\ EH REW
WKH LQWHUQHWW DWWKHVW SJR YZSRXW (56W5XGSLRUW5HSDRGWV RQ 2Y
(56 2SHUDWLRQV DQG DLQWIDQW O O &\$)5 S\G\QRUWER (56L DW (D
WK 6WUHHW \$XVWLROU ZH[DDVOOLQJ

Benefits Provided

5HWLUHH KHDOWK HQHILWV RIIHUHQWRUWVXGW DWKH R%3HQDY IDYV
WKHLU HOLJLEOH GFLSHDQGHQV MHG3 DWRD WDWLWLFUHQW ZLWK D
LQVWLWXWLRQ WKH SDUWLFLESDWUHWDOHHRLOV%BDQFH 7KH *%
VHOI IXQG HG JURXS KHDOWK PHGLFDQV DQBUSHDVFUEGMLRQWGW
+HDOWK6HOHFV 7KH *%3 DOVR SURYQBLW DR SXVORQLQRXUHG LFFHG
SDUWLFLESDQWV XQGHU WKH +HDOWK6HODHFWLQV UHQDFH \$GHQDQWV
UHWLUHHV YLD D PLQLXP SUHPLXP IXQW\ QJQDHW DZKHFFKH QW R E
RI WKH SODQ PHPEHUV DQGHVSDRQHVUKHDPHQGRG PD\&KDSWHU
7H[DV ,QVXUDQFH &RGH

Contributions

6HFWLRQ RI &KHS\WUQVXUDQFH &RKHDSBRQWGHLEXWLRQ UH
RI WKH SODQ PHPEHUV DQG WKH SDUWLFLESDQV QDHEBODRPHQGHGHE
(56 %RDUG RI 7UXVWHHV 7KH HPSOR\WUHDQGU PHGHEW H UFRLOMGLB Q V
WKH (56 %RDUG RI 7UXVWHHV EDVHG RQWKH DQGH RWRHQRDQWLRQV
7KH FRQWULEXWLRQ UDWHV DUH GHVHQGP DQHG QELVWUHQW QYHL FV KW
WR EH LQFXUUHG LL WKH IXQGV Q\$SSURSLFLDWHVGD DQGV KHLG EW K
/HJLVODWXUH LQ FRQQHFWRQ ZLWK %3HQHKLWV USURV M HQHGH WIKUHR
ZKHQ QHFHVVDU\ WR PDWFK H[SHFWHGVEW QHMLKWVWQHGUDYHILQXHV WLS
EH JHQHUDWHG E\ WKH DSSURSULDWHG IXQGV

7KH IROORZLQJ WDEOH VXPPDUL]HV WKH WDJLEXPPLRQ QWRKZDUKPS
UHWLUHHV KHDOWK DQG EDVLF OLILSRHRYLXP DQGHVIRYHVVSKH D
FRQWULEXWLRQ 7KH WPSORWHUWVSRHWV WSDRQDQGHQWIDHOLRVXUDQFI
VSRXVHV DQG WKHLU GHSHQGHQWV GREQRWLRQHFLVY W KQIQRISDPS
FRQWULEXWLQJ HQWVWVH1R(7HWKH SD\SU BDUXP RIRUKHWKH MXQL
FRPPXQLW\FROOHJHV

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

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

&RQWULEXWLRQV RI SUHPLXPV WR WKHULRQ \$LODFDORUHDVUKHE\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 GHFRQDUDRQ \$DOXDWL XVLQ
IROORZLQJ DFWXDULDO DVVXPSWLRQV

9DOXDWLRQ GDWH XJXVW
\$FWXDULDO FRVW PHWKRQ JH
\$PRUWLJDWLRQ PHWKRQ ROO RSHQ
5HPDLQLQJ DPRUWLJDWLRQ 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 FV6YH SHULPHQ
03 3URMHFWLRQ 6FDOH IURP
DVHG RQ 788EHHQFE 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 IRUWKLJKHU HGXFDFWLRQ PHPE

Investment Policy

7KH 6WDWH 5HWLUHH +HDOWK 3ODQ LQFDWSDFFDXPXPDXWRH \$DOQVLIQQ
RI UHWLUHPHQW R7KHG6RVWUHXPVHV DGGFRSQWHWRVWKHDLRQYHVWPH
LQ \$XJXVW WR UHTXLUH WKDW DOLOQIXQBVLQVWKPISQHDQLEHFRQ
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(% OLDEIHOLWXUBPHQWWKHDBHJIDQLQJ I
GLVFRXQW UDWH XWKHG WWRWPHOD 23(%HIDHDEGL QILWVKDHPHIDW KUHPHQW V
ZKLFK DPRXQWHGVWR RDQ LQ FUKHH WRXUPXHQBF LSDO ERQG UDWH
%RQG %X\HU ,QGH[RI JHQHUDO REOLJDWXEBQWERDQGG/ PZL[WKG FULHGL
7KH ERQGV DYHUDJH FUHGLW TXDOLWMLVQYRHXJKPDUVHFMUYDGHQW\$
DQG 6WDQGDUG 3RRWQJ&RBSMVG\$ DMKRIORZHSODQ DUH HTXDO W
EHQHILW SD\PHQWV R\XVFRXVWKWKSHOSQDQ RSHUDWHV RQ

7KH QHW DPRXQWV RE WCKDQHPISOR\IGUHTDQGHIGQRXRVZDRZVUHVRXUFH
WR 23(% ZLOO EHQUZFR%JQLSHQVH DV IROORZV

<HDU HQGHG23(% ([SHQVH
\$XJXVW \$PRXQW

7RWDO

1RWH 3HQGLQJ /DZVXLWV DQG &ODLPV

7KH 'LVWULFW SBXWG FOR DQWIFDDWLPGLQD WVKFR RUVH RI LWV RSHUD
LW LV QRW SRVVLEOH WR SUHGLFW WVKUHV XQR LSPDRWL VRLXVQF RPUH DRQV
EHHQ PDGH LQ WKH ILQDQFLDO VWDWHIPWQW VR S&RLOOH WVK D VQDK H I
DQ\ IRU DQ\ RI WKHWH PDYHWH UPV ZHOORRORR 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 DFRTXQW HIGR WVLQ I DFKRUS
,QGXVWU\ \$XGLW *XLGH \$XGLWV RI &RQWUDFW HIGR WVLQ I DFKRUS
DQG 6FKHGXOH \$)RU IHGHUDO FRQWUDFW HIGR WVLQ I DFKRUS
UHSRUWHG DV)HGHUDO (KHEHWYDEOH IRU DFRTXQW HIGR WVLQ I DFKRUS
IXQGV DUH H[SHQGHG EXW QRW FROO\$HFWHLYD BOH BQSRKWEHLO DV \$
DQG JUDQW DZDUGV WKDW DUH QRWL VHXWILRQG KD VDQRW R H VZ KSHFKI RW
DUH QRW LQFOXGHG LQ WKH ILQDQFLDO WODZV D D W R K Q Q W D Q R H D G U D F F
H J X2HD DUDSWVV U

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

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

&KDQJHV LQ HQGRZPHQW QVQMW BVWKWVRORZLQJ 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 HWKGIKQZDWH OHLV WWKDQ
D WKH RULJLQDDO YDDXHV RE VHTXMIQ VR QJLWHD PRRX QWKV GXQG DQG
DFFXPXODWLRQV WR WKH IXQG WKDW SHUHS HWXXWHLQ VDR FERU QDQG
GLUHFWRQ RI WKH DSSOLFDEOH GRQRHQJLRWPHQWWUFRBQMGHUKH
XQGHUZDWHU DV RI \$XJXVW DQG

1RWH 6XEVHTXHQW (YHQWV

2Q -DQXDU\ WKH :RUOG +HDOWKFZUWDDYD WX R QXGME OBDNG
+HDOWK (PHUJHQF) RI ,QWHUQDWLRQDO GRHQFHUHQGDQMG VR BBUDFIS
\$FWLRQV WDNHQ DURXQG WKH ZRUOG HWRRKHROS YLWLWLDQ FOXGHI VJ
RQ WUDYHO DQG TXDDIDQWUHQV LDQGHIRW FHHG WDRQXVSHV RI SXE
DQG EXVLQHVVHV 7KH FRURQDYLUXV WQKQYHFVKIDRQDQGDNHQ M[SHF
FRQLQXH WR KDYH DQ DGYHUVH LPSDFW PRDUWKWVHRRQDQD HFRDQ
LQFOXGLQJ WKH JHRJUDSKLFDO DUNQRZIQWKRZ 'DRQULVWHV:KLFHQGV
ODVW DQG ZKDW WKH FRPSOHWH ILQDQFWDONRIGHFWHZLVQOH EHVW
H[SHULHQFH DGRHQFHVLOQGXDWLLOLDU\ UHYHQXH

\$GGLWLRQDOO\ LWVLEOHIDWRQDWHOWSLPDWHV PDGH LQ

6XSSOHPHQWDO 6FKHGHOHV

,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 5HTXLUHPPHQW	(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 GWWGHDO WRD
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\XGHVQVUHSRU
16/'6 DV ZLWKGUDZQ ZKHQ WKH\ KDG DFWXDOGHQD\XZHUHG 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>&RVW</u>
3RSXODWLRQ			1 \$	1 \$
6DPSOH		1 \$		1 \$
1RW LQ FRPSOLDQFH			1 \$	1RQH

(IIFW \$ VWXGHQW V HQUROOPHQW VLVQWFKR BE WHWDPV QV V GHO HJLPE
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 LPSOMPHQVLDQ SUHQWUDF WKHQURWQH
IURP RXU 6WXGHQW ,QIRUPDWLRQ 6\QURPODREWVOXWDLWWLQRUWKG
VPHVWHU (UURUV ZLOO EH FRUUHQWHDGVDQ6WKWHHPDWL6RQ6D OE 6 WXG
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