COLORADO PERA

Colorado Public Employees' Retirement Association

# JUDICIAL DIVISION TRUST FUND

## Schedule of Employer Allocations and Schedule of Collective Pension Amounts

*As of and for the Year Ended December 31, 2015*

# INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Colorado Public Employees' Retirement Association
Denver, Colorado

## Report on Schedules

We have audited the accompanying schedule of employer allocations of the Judicial Division Trust Fund (JDTF) of Colorado Public Employees' Retirement Association (Colorado PERA), as of and for the year ended December 31, 2015, and the related notes.

We have also audited the columns titled net pension liability, total deferred outflows of resources excluding employer specific amounts, total deferred inflows of resources excluding employer specific amounts, and pension expense as of and for the year ended December 31, 2015 (specified column totals), included in the accompanying schedule of collective pension amounts of the JDTF, and the related notes.

## Management's Responsibility for the Schedules

Management is responsible for the preparation and fair presentation of these schedules in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the schedules that are free from material misstatement, whether due to fraud or error.

## Auditors' Responsibility

Our responsibility is to express opinions on the schedule of employer allocations and the specified column totals included in the schedule of collective pension amounts based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the schedule of employer allocations and the specified column totals included in the schedule of collective pension amounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedule of employer allocations and the specified column totals included in the schedule of collective pension amounts. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the schedule of employer allocations and the specified column totals included in the schedule of collective pension amounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the schedule of employer allocations and the specified column totals included in the schedule of collective pension amounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the schedule of employer allocations and the specified column totals included in the schedule of collective pension amounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Opinions**

In our opinion, the schedules referred to above present fairly, in all material respects, the employer allocations and the columns titled net pension liability, total deferred outflows of resources excluding employer specific amounts, total deferred inflows of resources excluding employer specific amounts, and pension expense for the JDTF as of and for the year ended December 31, 2015, in accordance with accounting principles generally accepted in the United States of America.

**Other Matter**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Colorado PERA as of and for the year ended December 31, 2015, and our report thereon, dated June 21, 2016, expressed an unmodified opinion on those financial statements.

**Restriction on Use**

Our report is intended solely for the information and use of Colorado PERA management, the audit committee of Colorado PERA, Colorado PERA employers explicitly named in the schedule of employer allocations, as of and for the year ended December 31, 2015 and their auditors and is not intended to be and should not be used by anyone other than these specified parties.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Denver, Colorado
June 21, 2016

# Colorado Public Employees' Retirement Association
## Judicial Division Trust Fund
### Schedule of Employer Allocations
### As of and For the Year Ended December 31, 2015

**(In Actual Dollars)**

| Affiliated Employer Number | Affiliated Employer Name | 2015 Employer Pension Contributions | Employer Allocation Percentage |
|---|---|---|---|
| 990 | Judicial Department | $7,238,868.91 | 93.9821516652% |
| 991 | Denver County Court | 463,517.96 | 6.0178483349% |
| | **Total** | **$7,702,386.87** | **100%** |

*The accompanying notes are an integral part of the Schedule of Employer Allocations.*

# Colorado Public Employees' Retirement Association
## Judicial Division Trust Fund
### Schedule of Collective Pension Amounts
### As of and For the Year Ended December 31, 2015
### (Dollars in Thousands)

| | | Deferred Outflows of Resources | | | | Deferred Inflows of Resources[1] | | | Pension Expense |
|---|---|---|---|---|---|---|---|---|---|
| | Net Pension Liability at 5.73% | Difference Between Expected and Actual Experience | Changes of Assumptions or Other Inputs | Net Difference Between Projected and Actual Investment Earnings | Total Deferred Outflows of Resources Excluding Employer Specific Amounts[2] | Difference Between Expected and Actual Experience | Changes of Assumptions or Other Inputs | Total Deferred Inflows of Resources Excluding Employer Specific Amounts[2] | Pension Expense |
| **Total** | $ 183,894 | $ 5,574 | $ 27,934 | $ 16,161 | $ 49,669 | $ 3 | $ — | $ 3 | $ 23,837 |

[1] **Deferred Inflows of Resources reported in the Schedule of Collective Pension Amounts As of and For the Year Ended December 31, 2014 were presented as negative amounts and are now presented as positive amounts.**

[2] Employer specific amounts that are excluded from this schedule are the changes in proportion, differences between employer contributions and proportionate share of contributions, and employer contributions subsequent to the measurement date as defined in paragraphs 54 through 57 of GASB Statement No. 68, Accounting and Financial Reporting for Pensions.

*The accompanying notes are an integral part of the Schedule of Collective Pension Amounts.*

**Colorado Public Employees' Retirement Association**
**Judicial Division Trust Fund**
**Notes to the Schedule of Employer Allocations and Schedule of Collective Pension Amounts**
**December 31, 2015**
**(Dollars in Thousands)**

## Note 1 - Plan Description

The Judicial Division Trust Fund (JDTF) is a cost-sharing multiple-employer defined benefit pension plan as defined in Governmental Accounting Standards Board (GASB) Statement No. 67 and is administered by the Colorado Public Employees' Retirement Association (PERA). PERA issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

## Note 2 – Brief Description of Benefits

Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly.

The JDTF serves as a defined benefit retirement plan where retirees receive a monthly benefit for their lifetime, and generally, an annual increase each year, as eligible. Members of affiliated employers are eligible to receive a lifetime monthly retirement benefit when certain age and service credit requirements are met. These eligibilities vary by the membership date and consider credited service at key dates. The benefits are based upon a defined or fixed multiplier, age, years of credited service, and highest average salary (HAS). HAS is one-twelfth of the highest annual salary associated with one period of 12 consecutive months under PERA-covered employment. The basic retirement benefit equals *2.5% x HAS x Years of Service*. If a member reaches early retirement eligibility and wishes to begin benefit payments prior to achieving the full retirement requirements, then the monthly amount is reduced to consider the early receipt of monthly payments. Alternatively, if greater, a lifetime benefit is available that is calculated by annuitizing the member's account. At benefit commencement, the member can choose from different payment options, some of which can continue after the retiree's death to a named beneficiary, and for which the benefit amount is appropriately adjusted.

In addition to retirement benefits, the JDTF provides refund opportunities with matching employer dollars, if eligible, when leaving covered employment, and disability retirement and survivor benefits for those meeting certain criteria.

**(Dollars in Thousands)**

## Note 3 - Basis of Presentation

The Schedule of Employer Allocations and Schedule of Collective Pension Amounts (the Schedules) present amounts that are elements of the financial statements of the JDTF or its participating employers. Accordingly, they do not purport to be a complete presentation of the fiduciary net position or changes in fiduciary net position of the JDTF or its participating employers. The Schedules are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Such preparation requires management of PERA to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ.

The Schedule of Collective Pension Amounts represents collective amounts for the JDTF. This schedule excludes employer-specific deferral amounts that may need to be recognized to comply with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Specifically, this schedule excludes deferral amounts arising from the changes in employer proportion, differences between employer contributions and proportionate share of contributions, and employer contributions subsequent to the measurement date as defined in paragraphs 54 through 57 of GASB Statement No. 68.

## Note 4 – Employer Contributions

Employers are required to contribute to the JDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, et seq. Employer contribution requirements, as a percentage of salary, are summarized in the table below:

| **January 1st through December 31st** | **2015[1]** |
|---|---|
| Employer contribution rate | 13.66% |
| Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) | (1.02%) |
| Amount apportioned to the JDTF | 12.64% |
| Amortization equalization disbursement (AED) as specified in C.R.S. § 24-51-411 | 2.20% |
| Supplemental amortization equalization disbursement (SAED) as specified in C.R.S. § 24-51-411 | 1.50% |
| **Total employer contribution rate to the JDTF** | **16.34%** |

[1]Rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

**(Dollars in Thousands)**

## Note 5 – Employer Allocation Percentages

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in the JDTF to recognize their proportionate share of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense in their financial statements. The Schedule of Employer Allocations is prepared to provide employers with their calculated proportion. The proportions presented in this schedule are based on employer contributions as a percentage of total employer contributions during the measurement period or reporting months January 1, 2015 through December 31, 2015. This schedule reports contributions and allocations for each reporting agency affiliated with PERA in the JDTF. Employer contributions are recognized in the period in which the compensation becomes payable to the member and the employer is statutorily committed to pay the contributions to the JDTF. Contributions are reduced by the allocation to the Health Care Trust Fund for all reporting agencies; and if applicable, for refunds of contributions.

As reported in the JDTF's Statement of Changes in Fiduciary Net Position in the December 31, 2015 PERA CAFR, employer contributions were $7,702 compared to the total employer contributions of $7,702 on the Schedule of Employer Allocations.

## Note 6 – Actuarial Valuation Date

The collective total pension liability is based upon the December 31, 2014 actuarial valuation. An expected total pension liability is determined as of December 31, 2015 using standard roll-forward techniques. The roll forward calculation includes actual benefits, refunds and disability premiums paid for the plan year, interest on the total pension liability, the annual normal cost (also called service cost), changes of benefit terms, differences between expected and actual experience at the end of year, and changes of assumptions or other inputs.

## Note 7 – Collective Net Pension Liability

The components of the collective net pension liability of the JDTF at December 31, 2015 were as follows:

| | |
|---|---:|
| Total pension liability | $461,245 |
| Plan fiduciary net position | 277,351 |
| **Net pension liability** | **$183,894** |

Plan fiduciary net position as a percentage of the total pension liability is 60.1%.

**(Dollars in Thousands)**

## Note 8 – Actuarial Assumptions

The December 31, 2014 actuarial valuation used the following actuarial cost method, actuarial assumptions and other inputs:

| | |
|---|---|
| Actuarial cost method | Entry age |
| Price inflation | 2.80 percent |
| Real wage growth | 1.10 percent |
| Wage inflation | 3.90 percent |
| Salary increases, including wage inflation | 4.40 – 5.40 percent |
| Long-term investment rate of return, net of pension plan investment expenses, including price inflation | 7.50 percent |
| Municipal bond index rate | |
| 12/31/15 | 3.57 percent |
| Beginning period of application | 2040 |
| Discount rate | 5.73 percent |
| Post-retirement benefit increases: | |
| PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (automatic) | 2.00 percent |
| PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic) | Financed by the Annual Increase Reserve (AIR) |

Changes to assumptions or other inputs since the December 31, 2013 actuarial valuation:

- The following programming changes were made:
  - Valuation of the full survivor benefit without any reduction for possible remarriage.
  - Reflection of the employer match on separation benefits for all eligible years.
  - Reflection of one year of service eligibility for survivor annuity benefit.
  - Refinement of the 18 month annual increase timing.
  - Refinements to directly value certain and life, modified cash refund and pop-up benefit forms.

- The following methodology changes were made:
  - Recognition of merit salary increases in the first projection year.
  - Elimination of the assumption that 35% of future disabled members elect to receive a refund.

**(Dollars in Thousands)**

**Note 8 – Actuarial Assumptions (continued)**

- Removal of the negative value adjustment for liabilities associated with refunds of future terminating members.
- Adjustments to the timing of the normal cost and unfunded actuarial accrued liability payment calculations to reflect contributions throughout the year.

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with Males set back 1 year, and Females set back 2 years.

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2008 through December 31, 2011, adopted by PERA's Board on November 13, 2012, and an economic assumption study, adopted by PERA's Board on November 15, 2013 and January 17, 2014.

The JDTF's long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

As of the November 15, 2013 adoption of the current long-term expected rate of return by the PERA Board, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

| Asset Class | Target Allocation | 10 Year Expected Geometric Real Rate of Return |
|---|---:|:---:|
| U.S. Equity – Large Cap | 26.76% | 5.00% |
| U.S. Equity – Small Cap | 4.40% | 5.19% |
| Non U.S. Equity – Developed | 22.06% | 5.29% |
| Non U.S. Equity – Emerging | 6.24% | 6.76% |
| Core Fixed Income | 24.05% | 0.98% |
| High Yield | 1.53% | 2.64% |
| Long Duration Gov't/Credit | 0.53% | 1.57% |
| Emerging Market Bonds | 0.43% | 3.04% |
| Real Estate | 7.00% | 5.09% |
| Private Equity | 7.00% | 7.15% |
| **Total** | **100.00%** | |

## Note 8 – Actuarial Assumptions (continued)

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.50 percent.

## Note 9 – Discount Rate

The discount rate used to measure the total pension liability was 5.73 percent. The projection of cash flows used to determine the discount rate applied the actuarial method and assumptions shown in Note 8. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.90%.

- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

(Dollars in Thousands)

## Note 9 – Discount Rate (continued)

- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.

- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above assumptions and methods, the GASB Statement No. 67 projection test indicates the JDTF's fiduciary net position was projected to be depleted in 2040 and, as a result, the municipal bond index rate was used in the determination of the discount rate. The long-term expected rate of return of 7.50 percent on pension plan investments was applied to periods through 2040 and the municipal bond index rate, the Bond Buyer General Obligation 10-year Municipal Bond Index published monthly by the Board of Governors of the Federal Reserve System, was applied to periods on and after 2040 to develop the discount rate. As of the prior measurement date, the municipal bond index rate was 3.70 percent, resulting in a discount rate of 6.14 percent. For the measurement date, the municipal bond index rate was 3.57 percent, resulting in a discount rate of 5.73 percent.

## Note 10 - Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the JDTF's collective net pension liability calculated using the discount rate of 5.73 percent as of the measurement date, as well as if it were calculated using a discount rate that is 1-percentage point lower (4.73 percent) or 1-percentage point higher (6.73 percent):

| | Sensitivity of the Net Pension Liability | | |
|---|---|---|---|
| **Discount rate** | **4.73%** | **5.73%** | **6.73%** |
| **Net pension liability** | $236,527 | $183,894 | $138,943 |

**Colorado Public Employees' Retirement Association**
**Judicial Division Trust Fund**
**Notes to the Schedule of Employer Allocations and Schedule of Collective Pension Amounts**
**December 31, 2015**
**(Dollars in Thousands)**

## Note 11 - Reconciliation of Collective Deferred Outflows of Resources

The following presents the JDTF's collective deferral reconciliation showing the beginning deferrals, adding the current year collective deferrals and adjusting for the current year amortization of deferrals to arrive at the ending collective deferral amounts:

| | Deferred Outflows of Resources | | |
|---|---|---|---|
| **Reconciliation of Deferrals** | **Difference Between Expected and Actual Experience** | **Changes of Assumptions or Other Inputs** | **Net Difference Between Projected and Actual Investment Earnings** |
| Beginning deferral amounts as of prior measurement date, December 31, 2014 | $— | $16,399 | $3,866 |
| Deferral amounts added as of measurement date, December 31, 2015 | 7,289 | 21,485 | 16,577 |
| Total of amortization amounts recognized in pension expense during measurement period, 2015[1] | (1,715) | (9,950) | (4,282) |
| **Outstanding deferral amounts as of measurement date, December 31, 2015** | **$5,574** | **$27,934** | **$16,161** |

[1] Negative amounts increase the collective pension expense.

(Dollars in Thousands)

## Note 12 – Amortization of Collective Deferred Outflows of Resources

The following presents the JDTF's collective deferral amortization showing the deferrals added each plan year, the amortization period and the amount of the amortization for each plan year:

**Deferred Outflows of Resources**

**Difference Between Expected and Actual Experience**

| For the Plan Year | Deferral Amounts Added | Amortization Period |
|---|---|---|
| **2014** | $— | — |
| **2015** | 7,289 | 4.25 years |

| For the Plan Year | Amortization of the 2014 Deferral[1] | Amortization of the 2015 Deferral[1] | Total Amortization for the Plan Year[1] |
|---|---|---|---|
| **2014** | $— | $— | $— |
| **2015** | — | 1,715 | 1,715 |
| **2016** | — | 1,715 | 1,715 |
| **2017** | — | 1,715 | 1,715 |
| **2018** | — | 1,715 | 1,715 |
| **2019** | — | 429 | 429 |
| **Total** | **$—** | **$7,289** | **$7,289** |

[1] Positive amounts increase the collective pension expense.

**(Dollars in Thousands)**

## Note 12 – Amortization Schedules of Collective Deferred Outflows of Resources (continued)

**Deferred Outflows of Resources**

**Change in Assumptions or Other Inputs**

| For the Plan Year | Deferral Amounts Added | Amortization Period |
|---|---|---|
| **2014** | $21,294 | 4.35 years |
| **2015** | 21,485 | 4.25 years |

| For the Plan Year | Amortization of the 2014 Deferral[1] | Amortization of the 2015 Deferral[1] | Total Amortization for the Plan Year[1] |
|---|---|---|---|
| **2014** | $4,895 | $— | $4,895 |
| **2015** | 4,895 | 5,055 | 9,950 |
| **2016** | 4,895 | 5,055 | 9,950 |
| **2017** | 4,895 | 5,055 | 9,950 |
| **2018** | 1,714 | 5,055 | 6,769 |
| **2019** | — | 1,265 | 1,265 |
| **Total** | **$21,294** | **$21,485** | **$42,779** |

[1] Positive amounts increase the collective pension expense.

(Dollars in Thousands)

## Note 12 – Amortization Schedules of Collective Deferred Outflows of Resources (continued)

**Deferred Outflows of Resources**

**Net Difference Between Projected and Actual Investment Earnings**

| For the Plan Year | Deferral Amounts Added | Amortization Period |
|---|---|---|
| **2014** | $4,833 | 5.00 years |
| **2015** | 16,577 | 5.00 years |

| For the Plan Year | Amortization of the 2014 Deferral[1] | Amortization of the 2015 Deferral[1] | Total Amortization for the Plan Year[1] |
|---|---|---|---|
| **2014** | $967 | $— | $967 |
| **2015** | 967 | 3,315 | 4,282 |
| **2016** | 967 | 3,315 | 4,282 |
| **2017** | 967 | 3,315 | 4,282 |
| **2018** | 965 | 3,315 | 4,280 |
| **2019** | — | 3,317 | 3,317 |
| **Total** | **$4,833** | **$16,577** | **$21,410** |

[1] Positive amounts increase the collective pension expense.

**Colorado Public Employees' Retirement Association**
**Judicial Division Trust Fund**
**Notes to the Schedule of Employer Allocations and Schedule of Collective Pension Amounts**
**December 31, 2015**
**(Dollars in Thousands)**

## Note 13 - Reconciliation of Collective Deferred Inflows of Resources

The following presents the JDTF's collective deferral reconciliation showing the beginning deferrals, adding the current year collective deferrals and adjusting for the current year amortization of deferrals to arrive at the ending collective deferral amounts:

| | Deferred Inflows of Resources | |
|---|---|---|
| **Reconciliation of Deferrals** | **Difference Between Expected and Actual Experience** | **Changes of Assumptions or Other Inputs** |
| Beginning deferral amounts as of prior measurement date, December 31, 2014[1] | $4 | $— |
| Deferral amounts added as of measurement date, December 31, 2015 | — | — |
| Total of amortization amounts recognized in pension expense during measurement period, 2015[2] | (1) | — |
| **Outstanding deferral amounts as of measurement date, December 31, 2015** | **$3** | **$—** |

[1] Outstanding deferral amounts as of the prior measurement date December 31, 2014 were presented as negative amounts and are now presented as positive amounts.

[2] Negative amounts decrease the collective pension expense.

**(Dollars in Thousands)**

## Note 14 – Amortization Schedules of Collective Deferred Inflows of Resources

The following presents the JDTF's collective deferral amortization showing the deferrals added each plan year, the amortization period and the amount of the amortization for each plan year:

**Deferred Inflows of Resources**

**Difference Between Expected and Actual Experience**

| For the Plan Year | Deferral Amounts Added | Amortization Period |
|---|---|---|
| **2014** | $5 | 4.35 years |
| **2015** | — | — |

| For the Plan Year | Amortization of the 2014 Deferral[1] | Amortization of the 2015 Deferral[1] | Total Amortization for the Plan Year[1] |
|---|---|---|---|
| **2014** | $1 | $— | $1 |
| **2015** | 1 | — | 1 |
| **2016** | 1 | — | 1 |
| **2017** | 1 | — | 1 |
| **2018** | 1 | — | 1 |
| **Total** | **$5** | **$—** | **$5** |

[1] Positive amounts decrease the collective pension expense.

**(Dollars in Thousands)**

## Note 15 - Net Amount of Collective Deferred Inflows of Resources and Collective Deferred Outflows of Resources Recognized in the Collective Net Pension Expense in Subsequent Years

The following presents the JDTF's net amount of the collective deferred outflows of resources and collective deferred inflows of resources that will be recognized in the collective pension expense for each of the subsequent five years and in the aggregate thereafter:

| For the Plan Year Ended December 31, | Amounts Reported as Collective Deferred Outflows and Collective Deferred Inflows of Resources Recognized in Collective Pension Expense as Follows: |
|---|---|
| 2016 | $15,946 |
| 2017 | 15,946 |
| 2018 | 12,763 |
| 2019 | 5,011 |
| 2020 | — |
| Thereafter | — |

## Note 16 - Average Expected Remaining Service Life

The following presents the JDTFs average of the expected remaining service lives of all members that are provided with pensions through the pension plan (active and inactive members) determined as of the beginning of the measurement period:

| Determined at Beginning of Measurement Period | Average Expected Remaining Service Life |
|---|---|
| 2015 | 4.25 |

(Dollars in Thousands)

## Note 17 – Collective Pension Expense

| **Collective Pension Expense<br>For the Year Ended December 31, 2015** | |
|---|---|
| Service cost at end of year | $10,813 |
| Interest on the total pension liability | 25,005 |
| Current-period benefit changes | — |
| Expensed portion of current-period differences between expected and actual experience in the total pension liability | 1,715 |
| Expensed portion of current-period changes of assumptions or other inputs | 5,055 |
| Active member contributions | (4,197) |
| Projected earnings on plan investments | (20,726) |
| Expensed portion of current-period differences between projected and actual earnings on plan investments | 3,315 |
| Administrative expense | 77 |
| Other | (3,081) |
| Recognition of beginning collective deferred outflows of resources as pension expense | 5,862 |
| Recognition of beginning collective deferred inflows of resources as pension expense | (1) |
| **Collective pension expense** | **$23,837** |

## Note 18 – Components of Schedule of Collective Pension Amounts

*Net Pension Liability*
The collective net pension liability is the total pension liability less the fiduciary net position for the JDTF.

*Difference between Expected and Actual Experience*
The difference between expected and actual experience with regard to economic and demographic factors is amortized over a closed period equal to the average of the expected remaining service life of active and inactive members. The first year of amortization is recognized as pension expense with the remaining years shown as either a deferred outflow of resources or deferred inflow of resources.

*Changes of Assumptions or Other Inputs*
The change in assumptions about future economic or demographic factors or other inputs is amortized over a closed period equal to the average of the expected remaining service life of active and inactive members. The first year of amortization is recognized as pension expense with the remaining years shown as either a deferred outflow of resources or deferred inflow of resources.

*Net Difference between Projected and Actual Investment Earnings on Pension Plan Investments*
The difference between the actual earnings on plan investments compared to the JDTF's expected rate of return of 7.5 percent is amortized over a closed period of 5 years. The first year of amortization is recognized as pension expense with the remaining years shown as either a deferred outflow of resources or deferred inflow of resources.

*Total Deferred Outflows of Resources Excluding Employer Specific Amounts*
The total deferred outflows of resources resulting from the difference between expected and actual experience, the changes of assumptions of other inputs, and the net difference between projected and actual investment earnings on pension plan investments.

*Total Deferred Inflows of Resources Excluding Employer Specific Amounts*
The total deferred inflows of resources resulting from the difference between expected and actual experience, the changes of assumptions of other inputs, and the net difference between projected and actual investment earnings on pension plan investments.

*Collective Pension Expense*
Collective pension expense includes changes in the collective net pension liability, projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period.