

City of Niles

Nonmajor Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES

Year Ended September 30, 2015

	Special			Community Development Grants and Loans
	Major Street	Local Street	Building Department	
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	586,255	342,537	-	-
Charges for services	78,594	-	1,870	-
Licenses and permits	-	-	92,414	-
Rents	-	-	-	-
Investment earnings	3,170	1,545	50	3
Other	-	-	414	-
TOTAL REVENUES	668,019	344,082	94,748	3
EXPENDITURES				
Current				
Highways and streets	566,710	611,105	-	-
Transportation	-	-	-	-
Community and economic development	-	-	123,158	1,001
Capital outlay	-	-	-	-
TOTAL EXPENDITURES	566,710	611,105	123,158	1,001
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	101,309	(267,023)	(28,410)	(998)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	101,113	30,000	-
Transfers out	(70,000)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(70,000)	101,113	30,000	-0-
NET CHANGE IN FUND BALANCES	31,309	(165,910)	1,590	(998)
Fund balances, beginning of year	949,448	548,826	647	1,113
Fund balances, end of year	\$ 980,757	\$ 382,916	\$ 2,237	\$ 115

City of Niles

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE F: CAPITAL ASSETS - CONTINUED

Discretely Presented Component Units - Continued

	<u>Balance Jan. 1, 2014</u>	<u>Additions/ Reclassifications</u>	<u>Deletions/ Reclassifications</u>	<u>Balance Dec.31, 2014</u>
Component Unit -				
Niles Housing Commission				
Capital assets not being depreciated				
Land	\$ 227,377	\$ -	\$ -	\$ 227,377
Capital assets being depreciated				
Site improvements	257,567	-	-	257,567
Buildings	6,365,218	29,284	-	6,394,502
Equipment - dwellings	302,797	-	-	302,797
Furniture and equipment - admin	296,209	903	-	297,112
Subtotal	7,221,791	30,187	-0-	7,251,978
Less accumulated depreciation:	<u>(5,494,704)</u>	<u>(203,299)</u>	<u>679</u>	<u>(5,697,324)</u>
Net capital assets being depreciated	<u>1,727,087</u>	<u>(173,112)</u>	<u>679</u>	<u>1,554,654</u>
Capital assets, net	<u>\$ 1,954,464</u>	<u>\$ (173,112)</u>	<u>\$ 679</u>	<u>\$ 1,782,031</u>

NOTE G: LONG-TERM DEBT

The following is a summary of changes in long-term debt (including current portion) of the City for the year ended September 30, 2015:

	<u>Balance Oct. 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Sept. 30, 2015</u>	<u>Due Within One Year</u>
Primary Government					
Governmental Activities					
Compensated absences	\$ 673,735	\$ 293,312	\$ (301,170)	\$ 665,877	\$ 332,938
Retiree life insurance benefit	10,000	-	-	10,000	-
	683,735	293,312	(301,170)	675,877	332,938
Business-type Activities					
2009 State Revolving Loan	3,592,265	-	(190,000)	3,402,265	190,000
2013 Refunding Bonds	3,535,000	-	(360,000)	3,175,000	-
Compensated absences	268,651	154,102	(147,559)	275,194	137,597
Retiree life insurance benefit	25,000	-	(5,000)	20,000	-
	<u>7,420,916</u>	<u>154,102</u>	<u>(702,559)</u>	<u>6,872,459</u>	<u>327,597</u>
Total Primary Government	<u>\$ 8,104,651</u>	<u>\$ 447,414</u>	<u>\$ (1,003,729)</u>	<u>\$ 7,548,336</u>	<u>\$ 660,535</u>

City of Niles

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE G: LONG-TERM DEBT - CONTINUED

Primary Government

Significant details regarding outstanding long-term debt (including current portion) are presented below:

General Obligation Bonds

\$4,581,000 2009 State Revolving Loan dated April 17, 2009, due in annual installments ranging from \$190,000 to \$267,265 through April 1, 2030, with interest at 2.50 percent, payable semi-annually. \$ 3,402,265

Refunding Bonds

\$3,575,000 2013 Refunding Bond dated July 12, 2013, due in annual installments ranging from \$360,000 to \$430,000 through October 1, 2023, with interest at 2.30 percent, payable semi-annually. 3,175,000

\$ 6,577,265

Compensated Absences

Individual employees have vested rights upon termination of employment to receive payments for unused vacation. The dollar amounts of these vested rights including related payroll taxes, which have been accrued on the government-wide financial statements. The total liability amounted to approximately \$941,071 at September 30, 2015. Of this amount, \$665,877 and \$275,194 are shown as accrued liabilities in the governmental and business-type activities financial statements, respectively, in accordance with criteria disclosed in Note A.

The annual requirements to pay the debt principal and interest outstanding for the long-term debt are as follows:

Year Ending September 30,	Business-Type Activities	
	Principal	Interest
2016	\$ 190,000	\$ 77,136
2017	565,000	145,543
2018	580,000	132,477
2019	595,000	119,069
2020	600,000	105,371
2021-2025	2,785,000	316,874
2026-2030	1,262,265	96,408
	<u>\$ 6,577,265</u>	<u>\$ 992,878</u>

City of Niles

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE H: RETIREMENT PLAN

Plan Description

The City sponsors two contributory, single-employer defined benefit plans covering substantially all of its employees: Plan A and Plan B. The City has authorized the pension board to establish and amend all plan provisions, subject to the terms of collective bargaining agreements. The pension board consists of five members. Two members are appointed by the City Council, two members are elected by the participants, and the City's Mayor serves as an ex-officio member.

Membership in Plan A is open to all full-time employees of the City (other than policemen, firemen, those employees earning less than an average of \$500 per year, the medical director and independent contractors) including full-time elected officials. Employees who retire at or after age 62 with 10 years of credited service are entitled to a retirement benefit, payable monthly for life, equal to 1.9 percent of average monthly compensation for each year of credited service. Employees are allowed to purchase up to 5 years of military time.

Average monthly compensation is equal to 1/36th of the earnings of the employee during the best 3 consecutive years of the employee's final 10 years of employment with the City. Benefits fully vest upon reaching 10 years of credited service. Employees may retire early on or after age 55 with 10 years of credited service and receive reduced retirement benefits. The Plan also provides death and disability benefits.

Membership in Plan B is open to all full-time employees of the police and fire departments, other than those earning less than an average of \$500 per year, the medical director, and independent contractors. Employees who retire at or after age 55 with 10 years of credited service, or on or after age 52 with 25 years of credited service, are entitled to a retirement benefit, payable monthly for life, equal to 2.6 percent of average monthly compensation (computed in the same manner as Plan A) for each year of credited service up to 30 years, with a maximum of 85 percent of average monthly compensation. Benefits for both police and fire employees fully vest upon reaching 10 years of credited service. Employees age 50 with 10 years of credited service or employees of any age with 25 years of credited service may retire early and receive reduced retirement benefits. The Plan also provides death and disability benefits. Employees are allowed to purchase up to 5 years of military time.

Plan membership consisted of the following at September 30, 2015 (the date of the most recent actuarial valuation available):

	<u>Plan A</u>	<u>Plan B</u>	<u>Total</u>
Retired plan members and beneficiaries receiving benefits	94	49	143
Terminated plan members entitled to but not yet receiving benefits	3	-	3
Active plan members	<u>76</u>	<u>27</u>	<u>103</u>
Total	<u><u>173</u></u>	<u><u>76</u></u>	<u><u>249</u></u>

Contributions

The obligation to contribute to and maintain the system for these employees was established and may be amended by the pension board. Plan A members are required to contribute 5.92 percent of their annual covered salary. Plan B members are required to contribute 7.00 percent of their annual covered salary. Plan B employees hired on or after October 1, 2012 are required to contribute 8.00 percent of their annual covered salary. The City is required to contribute at an actuarially determined rate. For the year ended September 30, 2015, the rates were 6.69% and 20.89% of annual covered payroll for Plan A and Plan B, respectively.

City of Niles

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE H: RETIREMENT PLAN - CONTINUED

Net Pension Liability of the City

The components of the net pension liability of the City at September 30, 2015, were as follows:

Plan A

	<u>2015</u>
CHANGE IN TOTAL PENSION LIABILITY	
Service cost	\$ 376,884
Interest on the total pension liability	1,433,590
Difference between expected and actual experience	(117,882)
Assumption changes	2,463,894
Benefit payments	(1,479,679)
Refunds	<u>(80,118)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	2,596,689
TOTAL PENSION LIABILITY, BEGINNING	<u>18,511,334</u>
TOTAL PENSION LIABILITY, ENDING (A)	<u><u>\$ 21,108,023</u></u>
CHANGE IN PLAN FIDUCIARY NET POSITION	
Contributions - employer	\$ 247,941
Contributions - member	218,625
Net investment income	(198,502)
Benefit payments	(1,479,679)
Refunds	<u>(80,118)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	(1,291,733)
PLAN FIDUCIARY NET POSITION, BEGINNING	<u>17,824,815</u>
PLAN FIDUCIARY NET POSITION, ENDING (B)	<u><u>\$ 16,533,082</u></u>
CITY'S NET PENSION LIABILITY, ENDING (A)-(B)	<u><u>\$ 4,574,941</u></u>
Plan fiduciary net position as a percentage of the total pension liability	78.33%
Covered-employee payroll	\$ 3,706,426
City's net pension liability as a percentage of covered employee payroll	123.43%

City of Niles

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE H: RETIREMENT PLAN - CONTINUED

Net Pension Liability of the City - Continued

Plan B

	<u>2015</u>
CHANGE IN TOTAL PENSION LIABILITY	
Service cost	\$ 263,808
Interest on the total pension liability	1,322,319
Difference between expected and actual experience	(76,314)
Changes of assumptions	2,043,385
Benefit payments	<u>(1,124,072)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	2,429,126
TOTAL PENSION LIABILITY, BEGINNING	<u>16,959,123</u>
TOTAL PENSION LIABILITY, ENDING (A)	<u>\$ 19,388,249</u>
CHANGE IN PLAN FIDUCIARY NET POSITION	
Contributions - employer	\$ 357,225
Contributions - member	123,595
Net investment income	(153,517)
Benefit payments	<u>(1,124,072)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	(796,769)
PLAN FIDUCIARY NET POSITION, BEGINNING	<u>13,766,960</u>
PLAN FIDUCIARY NET POSITION, ENDING (B)	<u>\$ 12,970,191</u>
CITY'S NET PENSION LIABILITY, ENDING (A)-(B)	<u>\$ 6,418,058</u>
Plan fiduciary net position as a percentage of the total pension liability	66.90%
Covered-employee payroll	\$ 1,709,912
City's net pension liability as a percentage of covered employee payroll	375.34%

City of Niles

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE H: RETIREMENT PLAN - CONTINUED

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of September 30, 2015, using the following actuarial assumptions, applied to all periods included in the measurement for Plan A and Plan B:

Actuarial cost method	Individual entry age
Amortization method	Level percent of payroll, closed
Remaining amortization period	24 years
Asset valuation method	5-year smoothed market value
Inflation	3.75%
Projected salary increases	3.75%
Cost of living assumption adjustments	None
Investment rate of return	7.25%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition

Mortality

The RP-2014 Healthy Annuitant Mortality Table projected to 2019 using the MP-2014 mortality improvement scale. The RP-2014 Disabled Retirees Table projected to 2019 using the MP-2014 mortality improvement scale were used for disabled members.

The actuarial assumptions used in the September 30, 2015, valuation were based on the results of an actuarial experience study for the period October 1, 2014 through September 30, 2015.

Significant Actuarial Changes

The employer contribution in dollars increased significantly compared to the prior year. This increase was the result of demographic and economic assumption changes to the actuarial valuation. Recent market experience has made an 8.0% investment return assumption net of admin expenses no longer reasonable. The investment return assumption was reduced to 7.25% going forward. The assumed wage inflation assumption was also reduced from 4.0% to 3.75% to reflect an assumed wage growth of 0.75% above an assumed 3.0% price inflation. Rates of mortality for members pre and post retirement has continued to improve and are expected to continue in the future. This has been reflected in this valuation by updating the mortality rates to the RP-2014 Mortality Tables projected through 2019 using the MP-2014 mortality improvement scale.

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return are 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 by adding expected inflation. Based on the retirement plan for the fiscal year 2015, the long-term expected return on plan assets is 7.25% for both Plan A and Plan B.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target</u>
Cash	5%
Stocks	65%
Bonds	30%

City of Niles

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE H: RETIREMENT PLAN - CONTINUED

Single Discount Rate

A Single Discount Rate of 7.25% for both Plan A and Plan B was used to measure the total pension liability. This Single Discount Rate was based on the expected rate of return on pension plan investments of 7.25%. The projection of cash flows used to determine this Single Discount Rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of Net Pension Liability

Regarding the sensitivity of the net pension liability to changes in the Single Discount Rate, the following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.25%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher.

Plan A

	1% Decrease Rate 6.25%	Current Discount Rate 7.25%	1% Increase Rate 8.25%
City's net pension liability	<u>\$ 6,940,339</u>	<u>\$ 4,574,941</u>	<u>\$ 2,572,855</u>

Plan B

	1% Decrease Rate 6.25%	Current Discount Rate 7.25%	1% Increase Rate 8.25%
City's net pension liability	<u>\$ 8,755,794</u>	<u>\$ 6,418,058</u>	<u>\$ 4,462,595</u>

Pension Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2015, the City of Niles recognized pension expenses of \$2,075,162. The City of Niles reported deferred outflows and inflows of resources related to pensions from the following sources:

Plan A

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 99,903
Changes in assumptions	2,088,106	-
Net difference between projected and actual earnings on pension plan investments	<u>1,264,606</u>	<u>-</u>
Total	<u>\$ 3,352,712</u>	<u>\$ 99,903</u>

City of Niles

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE H: RETIREMENT PLAN – CONTINUED

Pension Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - continued

Plan B

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 53,856
Changes in assumptions	1,442,053	-
Net difference between projected and actual earnings on pension plan investments	<u>983,315</u>	<u>-</u>
Total	<u>\$ 2,425,368</u>	<u>\$ 53,856</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Plan A</u>		<u>Plan B</u>	
<u>Year Ended September 30,</u>	<u>Pension Expense</u>	<u>Year Ended September 30,</u>	<u>Pension Expense</u>
2016	\$ 673,961	2016	\$ 824,703
2017	673,961	2017	824,703
2018	673,961	2018	476,278
2019	673,959	2019	<u>245,828</u>
2020	357,809		
Thereafter	<u>199,158</u>	Total	<u>\$ 2,371,512</u>
Total	<u>\$ 3,252,809</u>		

NOTE I: OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The City of Niles Retiree Healthcare Plan (the "Plan") is a single-employer defined benefit healthcare plan administered by the City of Niles. The Plan provides certain health care benefits, in accordance with union agreements and/or personnel policies to employees who have retired. Benefit provisions are established by the City Council.

During the year ended September 30, 2015, twenty-two (22) retirees were receiving benefits. Expenditures for post-employment benefits are recognized when claims are paid. During the year, expenditures of \$195,250 were recognized for post-employment benefits. The plan does not issue a separate stand-alone financial statement.

City of Niles

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE I: OTHER POST-EMPLOYMENT BENEFITS - CONTINUED

Funding Policy

The City has no obligation to make contributions in advance of when the premiums are due for payment (i.e., may be financed on a "pay-as-you-go" basis). The current contributions being made are to pay the actual current premiums of the retirees. That amount was less than the annual required contribution and is reflected in the schedule that follows.

Funding Progress

For the year ended September 30, 2015, the City has determined an estimated cost of providing post-employment benefits through the actuarial valuation method of calculation as of October 1, 2013. The calculation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to cover the amortization of any unfunded actuarial liabilities from the past, over a period not to exceed thirty (30) years.

The City's computed contribution and actual funding is summarized as follows:

Annual required contribution (ARC)	\$ 332,793
Interest on net OPEB obligation	24,639
Adjustment to annual required contribution	<u>(34,245)</u>
Net OPEB cost	323,187
Contributions made	<u>195,250</u>
Change in net OPEB obligation	127,937
OPEB obligation - Beginning of year	<u>615,969</u>
OPEB obligation - End of year	<u><u>\$ 743,906</u></u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the last three (3) years, are as follows:

<u>Year Ended September 30,</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2013	\$ 268,387	45.5%	\$ 427,853
2014	326,116	42.3%	615,969
2015	323,187	60.4%	743,906

The current funding progress of the plan for the last three (3) valuation dates, are as follows:

<u>Actuarial Valuation Date</u>	<u>Value of Assets (a)</u>	<u>Liability (AAL) Entry Age (b)</u>	<u>Unfunded AAL (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>Percentage of Covered Payroll [(b-a)/c]</u>
12/31/2008	\$ -	\$ 1,538,738	\$ 1,538,738	0.0%	N/A	N/A
9/30/2011	-	2,574,524	2,574,524	0.0%	N/A	N/A
10/1/2013	-	3,139,365	3,139,365	0.0%	N/A	N/A

City of Niles

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE J: RISK MANAGEMENT

The City participates in a pool, the Michigan Municipal League Workers' Compensation Fund, with other municipalities for workers' compensation losses. The pool is organized under Public Act 317 of 1969, as amended. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The City has not been informed of any special assessments being required.

The City also participates in a State pool, the Michigan Municipal League Liability and Property Pool, with other municipalities for property, liability, bonding, and casualty losses. The pool is organized under Public Act 138 of 1982, as amended. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The City has not been informed of any special assessments being required.

Employee Health Benefits

The City has established a self-insured health insurance plan which is accounted for in an Internal Service Fund. Full-time, regular employees of the City, as well as eligible family members, are eligible to participate in the insurance plan. The plan is administered under contractual agreements with Blue Cross and Blue Shield of Michigan (BCBSM) (Health, Dental, Vision) and Catamaran (RX).

The City is responsible for paying the medical, RX, dental, and vision claim amounts which are in excess of the employee's deductible and/or co-pay amounts.

The insurance arrangements are renegotiated annually.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include a provision for claims that have been incurred but not reported (IBNR's). The provision is based upon historical trends. Claims liabilities are estimated based on actual claims filed subsequent to year end.

Changes in the balance of claim liabilities during the current year and the prior year are as follows:

	<u>2015</u>	<u>2014</u>
Estimated liability, beginning of year	\$ 75,000	\$ 29,000
Estimated claims incurred, including changes in estimates	1,897,197	1,766,299
Claim payments	<u>(1,919,197)</u>	<u>(1,720,299)</u>
Estimated liability, end of year	<u>\$ 53,000</u>	<u>\$ 75,000</u>

City of Niles

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE K: DETAILS OF FUND BALANCE CLASSIFICATIONS

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The following are the five classifications of fund balance under this standard:

Nonspendable - assets that are not available in a spendable form such as inventory, prepaid expenditures, and long-term receivables not expected to be converted to cash in the near term. It also includes funds that are legally or contractually required to be maintained intact such as the corpus of a permanent fund or foundation.

Restricted - amounts that are required by external parties to be used for a specific purpose. Constraints are externally imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation.

Committed - amounts constrained on use imposed by formal action of the government's highest level of decision making authority (i.e., Board, Council, etc.).

Assigned - amounts intended to be used for specific purposes. This is determined by the governing body, the budget or finance committee or a delegated municipality official.

Unassigned - all other resources; the remaining fund balance after non-spendable, restrictions, commitments, and assignments. This class only occurs in the General Fund, except for cases of negative fund balances. Negative Fund Balances are always reported as Unassigned, no matter which fund the deficit occurs in.

Fund Balance Classification Policies and Procedures

For committed fund balance, the City of Niles' highest level of decision-making authority is the City Council. The formal action that is required to be taken to establish a fund balance commitment is a resolution by the City Council.

For assigned fund balance, the City of Niles has not approved a policy indicating who is authorized to assign amounts to a specific purpose. As a result, this authority is retained by the City Council.

The City of Niles has not formally adopted a policy that defines the order of usage for fund balance amounts classified as restricted, committed, assigned, or unassigned. In the absence of such a policy, the City considers restricted amounts to have been spent first when an expenditure is incurred for which both restricted and unrestricted fund balance is available. Also for the classification of fund balances, the City of Niles considers committed, assigned, and then unassigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

NOTE L: CHANGE IN ACCOUNTING PRINCIPLE

GASB Statement No.68, *Accounting and Financial Reporting for Pensions*, was implemented during the year. The statement requires governments providing defined benefit pensions to recognize their unfunded defined pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The statement also enhances accountability and transparency through revised note disclosures and required supplementary information (RSI).