

**Connecticut Teachers' Retirement System**  
**Schedule of Employer Allocations and Schedule**  
**of Pension Amounts by Employer**  
**June 30, 2015**  
**(with Independent Auditor's Report Thereon)**

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# Connecticut Teachers' Retirement System

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## Independent Auditor's Report

The Retirement Board  
Connecticut State Teachers' Retirement Board

We have audited the accompanying schedule of employer allocations and schedule of pension amounts by employer of the Connecticut Teachers' Retirement System as of and for the year ended June 30, 2015, and the related notes to the schedules.

### *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.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the schedules, 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 schedules 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 schedules.

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

### *Opinion*

In our opinion, the schedule of employer allocations and schedule of pension amounts by employer referred to above present fairly, in all material respects, the employer allocations, net pension liability, and employer pension expense and revenue of all participating entities for the Connecticut Teachers' Retirement System as of and for the year ended June 30, 2015 in accordance with accounting principles generally accepted in the United States of America.

*Other Matters*

*Audited Net Position of the Connecticut Teachers' Retirement System*

We have not audited the financial statements of the Connecticut Teachers' Retirement System as of June 30, 2015. The audit for the Connecticut Teachers' Retirement System was performed by the State of Connecticut Auditors of Public Accounts. The net position of the Connecticut Teachers' Retirement System used to calculate the net pension liability in the schedules in this report was based solely upon the amounts audited by the State of Connecticut Auditors of Public Accounts.

*Restrictions on Use*

Our report is intended solely for the information and use of the Connecticut Teachers' Retirement System management, the State Teachers' Retirement Board, and Connecticut State and local retirement system employers and their auditors and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Cohn Reznick LLP".

Hartford, Connecticut  
October 21, 2016

				<b>Schedule 1</b>
<b>Connecticut Teachers' Retirement System</b>				
<b>Schedule of Employer Allocations</b>				
<b>June 30, 2015</b>				
		2015 Expected Employer		Employer
		Contribution Effort for		Allocation
	Employer	Allocation Purposes		Percentage
	ANDOVER BD OF ED	\$ 547,591		0.055643%
	ANSONIA BD OF ED	3,158,595		0.320960%
	ASHFORD BD OF ED	739,882		0.075183%
	AVON BD OF ED	6,606,753		0.671343%
	BARKAMSTED BD OF ED	447,083		0.045430%
	BERLIN BD OF ED	5,585,804		0.567600%
	BETHANY BD OF ED	813,440		0.082657%
	BETHEL BD OF ED	5,322,872		0.540882%
	HIGHVILLE CHARTER SCH	376,279		0.038235%
	BLOOMFIELD BD OF ED	4,596,617		0.467084%
	BOLTON BD OF ED	1,631,312		0.165765%
	BOZRAH BD OF ED	474,155		0.048181%
	BRANFORD BD OF ED	6,286,563		0.638807%
	BRIDGEPORT BD OF ED	29,532,633		3.000948%
	BRISTOL BD OF ED	13,714,679		1.393612%
	BROOKFIELD BD OF ED	4,835,545		0.491362%
	BROOKLYN BD OF ED	1,443,582		0.146689%
	CHILDRENS CENTER COM PROG	116,724		0.011861%
	CANAAN BD OF ED	243,635		0.024757%
	CANTERBURY BD OF ED	844,111		0.085774%
	CANTON BD OF ED	2,814,849		0.286030%
	CHAPLIN BD OF ED	427,528		0.043443%
	CHESHIRE BD OF ED	8,026,065		0.815566%
	CHESTER BD OF ED	331,699		0.033705%
	CLINTON BD OF ED	3,948,536		0.401229%
	COLCHESTER BD OF ED	4,761,534		0.483842%
	AMISTAD ACADEMY	822,424		0.083570%
	COLEBROOK BD OF ED	220,985		0.022455%
	COLUMBIA BD OF ED	1,047,806		0.106472%
	CORNWALL BD OF ED	269,243		0.027359%
	COVENTRY BD OF ED	3,066,037		0.311554%
	CROMWELL BD OF ED	3,301,006		0.335431%
	DANBURY BD OF ED	16,918,280		1.719145%
	DARIEN BD OF ED	10,487,787		1.065713%
	DEEP RIVER BD OF ED	393,051		0.039940%
	DERBY BD OF ED	2,244,233		0.228047%
	EASTFORD BD OF ED	324,045		0.032928%
	EAST GRANBY BD OF ED	1,762,211		0.179066%
	EAST HADDAM BD OF ED	2,324,485		0.236202%
	EAST HAMPTON BD OF ED	3,496,658		0.355312%
	EAST HARTFORD BD OF ED	13,079,468		1.329066%
	EAST HAVEN BD OF ED	5,221,714		0.530603%
	EAST LYME BD OF ED	5,154,370		0.523760%
	EASTON BD OF ED	1,872,826		0.190307%
	EAST WINDSOR BD OF ED	2,407,252		0.244612%
	ELLINGTON BD OF ED	4,343,028		0.441315%
	ENFIELD BD OF ED	9,732,840		0.988999%

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		2015 Expected Employer		Employer
		Contribution Effort for		Allocation
	Employer	Allocation Purposes		Percentage
	ESSEX BD OF ED	\$ 637,887		0.064819%
	FAIRFIELD BD OF ED	21,036,042		2.137570%
	FARMINGTON BD OF ED	7,650,285		0.777381%
	FRANKLIN BD OF ED	314,351		0.031943%
	GLASTONBURY BD OF ED	11,664,781		1.185313%
	GRANBY BD OF ED	3,466,110		0.352208%
	GREENWICH BD OF ED	23,000,904		2.337229%
	GRISWOLD BD OF ED	3,088,122		0.313798%
	GROTON BD OF ED	9,083,267		0.922993%
	GUILFORD BD OF ED	6,555,522		0.666137%
	HAMDEN BD OF ED	11,010,380		1.118816%
	HAMPTON BD OF ED	249,386		0.025341%
	HARTFORD BD OF ED	39,029,273		3.965946%
	HARTLAND BD OF ED	388,094		0.039436%
	HEBRON BD OF ED	1,469,137		0.149286%
	KENT BD OF ED	473,638		0.048129%
	KILLINGLY BD OF ED	4,008,844		0.407357%
	LEBANON BD OF ED	1,949,068		0.198054%
	LEDYARD BD OF ED	4,377,349		0.444803%
	LISBON BD OF ED	763,977		0.077631%
	LITCHFIELD BD OF ED	2,034,841		0.206770%
	MADISON BD OF ED	5,954,717		0.605087%
	MANCHESTER BD OF ED	11,625,291		1.181300%
	MANSFIELD BD OF ED	2,773,193		0.281797%
	MARLBOROUGH BD OF ED	977,631		0.099342%
	MERIDEN BD OF ED	13,366,410		1.358223%
	MIDDLETOWN BD OF ED	8,426,696		0.856276%
	MILFORD BD OF ED	12,768,705		1.297488%
	MONROE BD OF ED	6,903,420		0.701489%
	MONTVILLE BD OF ED	4,666,180		0.474152%
	NAUGATUCK BD OF ED	7,191,853		0.730798%
	NEW BRITAIN BD OF ED	17,188,337		1.746587%
	NEW CANAAN BD OF ED	9,605,729		0.976083%
	NEW FAIRFIELD BD OF ED	4,721,768		0.479801%
	NEW HARTFORD BD OF ED	898,919		0.091343%
	NEW HAVEN BD OF ED	34,211,043		3.476343%
	NEWINGTON BD OF ED	7,911,187		0.803893%
	NEW LONDON BD OF ED	5,007,972		0.508883%
	NEW MILFORD BD OF ED	6,991,729		0.710462%
	NEWTOWN BD OF ED	8,943,001		0.908740%
	NORFOLK BD OF ED	194,835		0.019798%
	NORTH BRANFORD BD OF ED	3,371,557		0.342600%
	NORTH CANAAN BD OF ED	457,232		0.046461%
	NORTH HAVEN BD OF ED	5,707,571		0.579973%
	NORTH STONINGTON BD OF ED	1,468,191		0.149190%
	NORWALK BD OF ED	21,083,543		2.142397%

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		2015 Expected Employer		Employer
		Contribution Effort for		Allocation
	Employer	Allocation Purposes		Percentage
	NORWICH BD OF ED	\$ 5,136,802		0.521974%
	NORWICH FREE ACADEMY	3,688,244		0.374780%
	OLD SAYBROOK BD OF ED	2,908,379		0.295534%
	ORANGE BD OF ED	2,275,112		0.231185%
	OXFORD BD OF ED	2,991,625		0.303993%
	PLAINFIELD BD OF ED	3,637,147		0.369587%
	PLAINVILLE BD OF ED	4,409,702		0.448090%
	PLYMOUTH BD OF ED	2,790,458		0.283551%
	POMFRET BD OF ED	716,659		0.072823%
	PORTLAND BD OF ED	2,210,375		0.224606%
	PRESTON BD OF ED	801,332		0.081427%
	PUTNAM BD OF ED	1,807,490		0.183667%
	REDDING BD OF ED	2,726,336		0.277036%
	RSD #1	1,719,782		0.174755%
	RSD #4	1,692,649		0.171998%
	RSD #5	4,638,078		0.471297%
	RSD #6	2,004,116		0.203648%
	RSD #7	1,907,693		0.193850%
	RSD #8	3,033,129		0.308210%
	RIDGEFIELD BD OF ED	10,084,130		1.024695%
	ROCKY HILL BD OF ED	4,639,422		0.471433%
	SALEM BD OF ED	796,258		0.080912%
	SALISBURY BD OF ED	584,642		0.059408%
	SCOTLAND BD OF ED	304,276		0.030919%
	SEYMOUR BD OF ED	3,920,123		0.398342%
	SHARON BD OF ED	415,795		0.042251%
	SHELTON BD OF ED	8,525,654		0.866331%
	SHERMAN BD OF ED	817,441		0.083064%
	SIMSBURY BD OF ED	8,315,115		0.844938%
	SOMERS BD OF ED	2,647,570		0.269032%
	SOUTHINGTON BD OF ED	10,404,126		1.057212%
	SOUTH WINDSOR BD OF ED	8,216,135		0.834880%
	SPRAGUE BD OF ED	496,915		0.050494%
	STAFFORD BD OF ED	2,964,014		0.301187%
	STAMFORD BD OF ED	32,461,016		3.298515%
	STATE BD OF ED	8,132,174		0.826348%
	DCYS RECG HOME	464,068		0.047156%
	STERLING BD OF ED	674,248		0.068514%
	STONINGTON BD OF ED	4,062,476		0.412807%
	STRATFORD BD OF ED	12,384,429		1.258439%
	SUFFIELD BD OF ED	4,257,264		0.432600%
	THOMASTON BD OF ED	1,679,432		0.170655%
	THOMPSON BD OF ED	1,759,618		0.178803%
	TOLLAND BD OF ED	4,425,229		0.449668%
	TORRINGTON BD OF ED	7,240,415		0.735732%
	TRUMBULL BD OF ED	12,530,576		1.273290%

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<b>June 30, 2015</b>				
		2015 Expected Employer		Employer
		Contribution Effort for		Allocation
	Employer	Allocation Purposes		Percentage
	UNION BD OF ED	\$ 138,066		0.014030%
	VERNON BD OF ED	6,599,478		0.670604%
	VOLUNTOWN BD OF ED	565,879		0.057502%
	WALLINGFORD BD OF ED	11,965,583		1.215879%
	WATERBURY BD OF ED	28,121,733		2.857580%
	WATERFORD BD OF ED	5,452,492		0.554053%
	WATERTOWN BD OF ED	4,346,934		0.441712%
	WESTBROOK BD OF ED	1,885,015		0.191545%
	WEST HARTFORD BD OF ED	18,329,405		1.862536%
	WEST HAVEN BD OF ED	10,200,475		1.036518%
	WESTON BD OF ED	5,389,398		0.547642%
	WESTPORT BD OF ED	13,447,787		1.366492%
	WETHERSFIELD BD OF ED	6,410,307		0.651381%
	WILLINGTON BD OF ED	1,002,364		0.101855%
	WILTON BD OF ED	9,147,159		0.929485%
	WINCHESTER BD OF ED	1,266,910		0.128737%
	WINDHAM BD OF ED	5,581,326		0.567144%
	WINDSOR BD OF ED	7,340,139		0.745866%
	WINDSOR LOCKS BD OF ED	3,491,472		0.354785%
	WINSTED GILBERT SCHOOL	960,224		0.097573%
	WOLCOTT BD OF ED	4,187,052		0.425466%
	WOODBRIIDGE BD OF ED	1,537,345		0.156217%
	WOODSTOCK BD OF ED	1,298,082		0.131904%
	WOODSTOCK ACADEMY	1,779,506		0.180824%
	UNIVERSITY OF CONN	397,334		0.040375%
	RSD #9	2,354,727		0.239275%
	CCI SOMERS	33,422		0.003396%
	RSD #10	4,390,616		0.446151%
	SUPERVISORY DISTRICT #4	826,875		0.084023%
	NORTHWESTERN CTC	50,806		0.005163%
	MANCHESTER CTC	105,968		0.010768%
	NORWALK CTC	40,883		0.004154%
	WESTERN CSU	121,233		0.012319%
	CENTRAL CSU	274,260		0.027869%
	EASTERN CSU	171,196		0.017396%
	SOUTHERN CSU	377,228		0.038332%
	RSD #11	587,610		0.059710%
	CAPITAL CTC	47,280		0.004804%
	HOUSATONIC CTC	100,466		0.010209%
	NAUGATUCK VALLEY CTC	135,220		0.013740%
	MIDDLESEX CTC	116,499		0.011838%
	EDUCATION CONNECTION	434,223		0.044123%
	RSD #12	2,156,186		0.219100%
	GATEWAY CTC	200,719		0.020396%
	RSD #13	3,745,031		0.380550%
	RSD #14	3,547,653		0.360494%





				<b>Schedule 2</b>
<b>Connecticut Teachers' Retirement System</b>				
<b>Schedule of Pension Amounts by Employer</b>				
<b>June 30, 2015</b>				
			State's Proportionate	
			Share of the Net	
			Pension Liability	Employer Pension
			Associated with	Expense and
Employer			the Employer	Revenue
ENFIELD BD OF ED		\$ 108,513,402		\$ 8,694,657
ESSEX BD OF ED		7,111,930		569,845
FAIRFIELD BD OF ED		234,535,103		18,792,171
FARMINGTON BD OF ED		85,294,583		6,834,245
FRANKLIN BD OF ED		3,504,766		280,820
GLASTONBURY BD OF ED		130,053,006		10,420,522
GRANBY BD OF ED		38,644,363		3,096,387
GREENWICH BD OF ED		256,441,748		20,547,445
GRISWOLD BD OF ED		34,430,103		2,758,719
GROTON BD OF ED		101,271,189		8,114,374
GUILFORD BD OF ED		73,088,842		5,856,258
HAMDEN BD OF ED		122,756,960		9,835,925
HAMPTON BD OF ED		2,780,460		222,785
HARTFORD BD OF ED		435,145,281		34,866,100
HARTLAND BD OF ED		4,326,943		346,697
HEBRON BD OF ED		16,379,710		1,312,427
KENT BD OF ED		5,280,686		423,116
KILLINGLY BD OF ED		44,695,412		3,581,229
LEBANON BD OF ED		21,730,557		1,741,165
LEDYARD BD OF ED		48,803,952		3,910,426
LISBON BD OF ED		8,517,731		682,485
LITCHFIELD BD OF ED		22,686,851		1,817,788
MADISON BD OF ED		66,390,347		5,319,539
MANCHESTER BD OF ED		129,612,727		10,385,245
MANSFIELD BD OF ED		30,918,893		2,477,382
MARLBOROUGH BD OF ED		10,899,807		873,349
MERIDEN BD OF ED		149,024,816		11,940,642
MIDDLETOWN BD OF ED		93,950,946		7,527,838
MILFORD BD OF ED		142,360,886		11,406,694
MONROE BD OF ED		76,967,634		6,167,047
MONTVILLE BD OF ED		52,024,185		4,168,448
NAUGATUCK BD OF ED		80,183,428		6,424,713
NEW BRITAIN BD OF ED		191,636,257		15,354,892
NEW CANAAN BD OF ED		107,096,225		8,581,106
NEW FAIRFIELD BD OF ED		52,643,952		4,218,107
NEW HARTFORD BD OF ED		10,022,228		803,033
NEW HAVEN BD OF ED		381,425,862		30,561,821
NEWINGTON BD OF ED		88,203,433		7,067,317
NEW LONDON BD OF ED		55,834,897		4,473,782
NEW MILFORD BD OF ED		77,952,202		6,245,935
NEWTOWN BD OF ED		99,707,327		7,989,069
NORFOLK BD OF ED		2,172,256		174,052
NORTH BRANFORD BD OF ED		37,590,172		3,011,920
NORTH CANAAN BD OF ED		5,097,775		408,460
NORTH HAVEN BD OF ED		63,634,867		5,098,756
NORTH STONINGTON BD OF ED		16,369,155		1,311,582

				<b>Schedule 2</b>
<b>Connecticut Teachers' Retirement System</b>				
<b>Schedule of Pension Amounts by Employer</b>				
<b>June 30, 2015</b>				
			State's Proportionate	
			Share of the Net	
			Pension Liability	Employer Pension
			Associated with	Expense and
Employer			the Employer	Revenue
NORWALK BD OF ED		\$ 235,064,702		\$ 18,834,605
NORWICH BD OF ED		57,271,245		4,588,870
NORWICH FREE ACADEMY		41,120,978		3,294,826
OLD SAYBROOK BD OF ED		32,426,111		2,598,148
ORANGE BD OF ED		25,365,685		2,032,430
OXFORD BD OF ED		33,354,232		2,672,514
PLAINFIELD BD OF ED		40,551,291		3,249,180
PLAINVILLE BD OF ED		49,164,659		3,939,328
PLYMOUTH BD OF ED		31,111,382		2,492,806
POMFRET BD OF ED		7,990,178		640,215
PORTLAND BD OF ED		24,643,918		1,974,599
PRESTON BD OF ED		8,934,216		715,856
PUTNAM BD OF ED		20,152,069		1,614,688
REDDING BD OF ED		30,396,474		2,435,523
RSD #1		19,174,197		1,536,336
RSD #4		18,871,685		1,512,097
RSD #5		51,710,873		4,143,344
RSD #6		22,344,297		1,790,341
RSD #7		21,269,259		1,704,204
RSD #8		33,816,975		2,709,592
RIDGEFIELD BD OF ED		112,430,005		9,008,476
ROCKY HILL BD OF ED		51,725,859		4,144,545
SALEM BD OF ED		8,877,646		711,323
SALISBURY BD OF ED		6,518,289		522,279
SCOTLAND BD OF ED		3,392,432		271,819
SEYMOUR BD OF ED		43,706,244		3,501,971
SHARON BD OF ED		4,635,777		371,443
SHELTON BD OF ED		95,054,242		7,616,240
SHERMAN BD OF ED		9,113,816		730,246
SIMSBURY BD OF ED		92,706,902		7,428,159
SOMERS BD OF ED		29,518,300		2,365,160
SOUTHINGTON BD OF ED		115,997,712		9,294,339
SOUTH WINDSOR BD OF ED		91,603,357		7,339,737
SPRAGUE BD OF ED		5,540,211		443,910
STAFFORD BD OF ED		33,046,392		2,647,849
STAMFORD BD OF ED		361,914,456		28,998,466
STATE BD OF ED		90,667,261		7,264,732
DCYS RECG HOME		5,173,984		414,566
STERLING BD OF ED		7,517,333		602,328
STONINGTON BD OF ED		45,293,369		3,629,140
STRATFORD BD OF ED		138,076,507		11,063,407
SUFFIELD BD OF ED		47,465,105		3,803,151
THOMASTON BD OF ED		18,724,328		1,500,290
THOMPSON BD OF ED		19,618,342		1,571,923
TOLLAND BD OF ED		49,337,774		3,953,199
TORRINGTON BD OF ED		80,724,853		6,468,095





# Connecticut Teachers' Retirement System

## Notes to Schedule of Employer Allocations and Schedule of Pension Amounts by Employer June 30, 2015

### I. Organization

The Connecticut Teachers' Retirement System (TRS) is the public pension plan offered by the State of Connecticut to provide retirement, disability, survivorship and health insurance benefits for Connecticut public school teachers and their beneficiaries. The plan is governed by Connecticut Statute Title 10, Chapter 167a of the Connecticut General Statutes.

TRS is a multiemployer pension plan administered by the Connecticut State Teachers' Retirement Board. The Connecticut State Teachers' Retirement Board (TRB) is responsible for the administration of the Connecticut Teachers' Retirement System. The State Treasurer is responsible for investing TRS funds for the exclusive benefit of TRS members.

### II. Description of the Plan

#### A. Plan description

Teachers, principals, superintendents or supervisors engaged in service of public schools are provided with pensions through the Connecticut Teachers' Retirement System - a cost sharing multiemployer defined benefit pension plan administered by the TRB. Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS issues a publicly available financial report that can be obtained at [www.ct.gov](http://www.ct.gov).

#### B. Benefit provisions

The plan provides retirement, disability and death benefits. Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

Normal Retirement: Retirement benefits for the employees are calculated as 2% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary).

In addition, amounts derived from the accumulation of 1% contributions made prior to July 1, 1989 and voluntary contributions are payable.

Early Retirement: Employees are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service. Benefit amounts are reduced by 6% per year for the first 5 years preceding normal retirement age and 4% per year for the next 5 years preceding normal retirement age. Effective July 1, 1999, the reduction for individuals with 30 or more years of service is 3% per year by which retirement precedes normal retirement date.

## Connecticut Teachers' Retirement System

### Notes to Schedule of Employer Allocations and Schedule of Pension Amounts by Employer June 30, 2015

Minimum Benefit: Effective January 1, 1999, Public Act 98-251 provides a minimum monthly benefit of \$1,200 to teachers who retire under the normal retirement provisions and who have completed at least 25 years of full time Connecticut service at retirement.

Disability Retirement: Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required for nonservice-related disability eligibility. Disability benefits are calculated as 2% of average annual salary times credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary. In addition, disability benefits under this plan (without regard to cost-of-living adjustments) plus any initial award of Social Security benefits and workers' compensation cannot exceed 75% of average annual salary.

A plan member who leaves service and has attained 10 years of service will be entitled to 100% of the accrued benefit as of the date of termination of covered employment. Benefits are payable at age 60, and early retirement reductions are based on the number of years of service the member would have had if they had continued work until age 60.

Pre-Retirement Death Benefit: The plan also offers a lump-sum return of contributions with interest or surviving spouse benefit depending on length of service.

#### **C. Contributions**

##### **State of Connecticut**

Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are amended and certified by the TRB and appropriated by the General Assembly. The contributions are actuarially determined as an amount that, when combined with employee contributions and investment earnings, is expected to finance the costs of the benefits earned by employees during the year, with any additional amounts to finance any unfunded accrued liability.

##### **Employer (School Districts)**

School district employers are not required to make contributions to the plan.

##### **Employees**

Effective July 1, 1992, each teacher is required to contribute 6% of salary for the pension benefit.

## Connecticut Teachers' Retirement System

### Notes to Schedule of Employer Allocations and Schedule of Pension Amounts by Employer June 30, 2015

#### III. Relationship to financial statements

The components associated with pension expense and deferred inflows and outflows of resources have been determined based on fiduciary net position as audited by the State of Connecticut Auditors of Public Accounts as part of the State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2015. The net pension liability at June 30, 2015, has been calculated using the audited amounts.

#### IV. Summary of significant accounting policies

##### A. Basis of presentation

The schedule of employer allocations and schedule of pension amounts by employer (the "Schedules") are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the in the United States of America. The Schedules present amounts that are elements of financial statements of the TRS or its participating employers. Accordingly, they do not purport to be a complete presentation of the net position or changes in net position of TRS or its participating employers.

*GASB Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, requires participating employers to recognize their proportional share of the collective net pension liability, deferred inflows and outflows of resources and pension expense. The Schedules have been prepared to provide employers with their proportional share of these amounts. Contributions from employers are recognized when legally due, based upon statutory requirements.

The preparation of the Schedules requires management to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature and uncertainty of these estimates, actual results could differ, and the differences may be material.

##### B. Allocation methodology

The schedule of employer allocations was calculated based upon the 2015 expected contribution effort for each participating employer. The employer allocations were then applied to the net pension liability and pension expense to determine the amount applicable to each employer.

Based upon the employee contributions made by the employees of each employer, as compared to the total employee contributions, an employer allocation percentage is calculated to six decimal places and is used to allocate the elements noted above.

## Connecticut Teachers' Retirement System

### Notes to Schedule of Employer Allocations and Schedule of Pension Amounts by Employer June 30, 2015

#### V. Collective net pension liability of participating employers

The components of the current year collective net pension liability of participating employers as of June 30, 2015 were as follows:

Employers' total pension liability	\$ 27,092,095,000
Plan fiduciary net position	<u>16,120,053,000</u>
Total employers' net pension liability	<u>\$ 10,972,042,000</u>
Fiduciary net position as a percentage of total pension liability	<u>59.50%</u>

The collective total pension liability is based upon the June 30, 2014 actuarial valuation.

#### VI. Actuarial assumptions and related disclosures

##### A. Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increase	3.75-7.00%, including inflation
Investment rate of return	8.50%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table RP-2000 projected 19 years using scale AA, with a two year setback for males and females for the period after service retirement and for dependent beneficiaries.

Future cost-of-living increases for members who retire on or after September 1, 1992 are assumed to receive an annual cost-of-living adjustment of 2%. For teachers who were members of the Teachers' Retirement System before July 1, 2007, and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%. For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

## Connecticut Teachers' Retirement System

### Notes to Schedule of Employer Allocations and Schedule of Pension Amounts by Employer June 30, 2015

**B. Long-term rate of return**

The 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 returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges 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. Best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation as of June 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large cap U.S. equities	21.0%	5.8%
Developed non-U.S. equities	18.0%	6.6%
Emerging markets (non-U.S.)	9.0%	8.3%
Core fixed income	7.0%	1.3%
Inflation linked bond fund	3.0%	1.0%
Emerging market bond	5.0%	3.7%
High yield bonds	5.0%	3.9%
Real estate	7.0%	5.1%
Private equity	11.0%	7.6%
Alternative investments	8.0%	4.1%
Cash	6.0%	0.4%
Total	100.0%	

**C. Discount rate**

The discount rate used to measure the total pension liability was 8.50%. The projection of cash flows used to determine the 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 those 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.

## Connecticut Teachers' Retirement System

### Notes to Schedule of Employer Allocations and Schedule of Pension Amounts by Employer June 30, 2015

**D. Sensitivity of the net pension liability to changes in the discount rate**

The following presents the net pension liability, calculated using the discount rate of 8.50% as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease <u>(7.50%)</u>	Current Discount <u>(8.50%)</u>	1% Increase <u>(9.50%)</u>
Net pension liability	\$13,836,635,000	\$10,972,042,000	\$8,537,117,000

**VII. Components of schedule of pension amounts by employer**

**A. Net pension liability**

The participating employer's share of the collective net pension liability is calculated using the employer allocation percentage.

**B. Difference between expected and actual experience**

The difference between expected and actual experience for economic and demographic factors is amortized over the average of the expected remaining service life of active and inactive plan members. For 2015, this was 6.81 years. In the year that the difference occurs, the amount is amortized and recognized as pension expense. The balance is recorded as a deferred inflow or outflow and recognized in future periods.

The collective difference between expected and actual experience as of June 30, 2015 is \$0. The Total Pension Liability at June 30, 2014 was rolled forward to determine the June 30, 2015 Total Pension Liability. There were no changes due to actual versus expected experience to be recognized for the year.

**C. Changes in actuarial assumptions**

The collective amount due to changes in actuarial assumptions as of June 30, 2015 is \$0. There were no changes in assumptions since the last measurement date. The actuarial assumptions as of June 30, 2015 are based on the June 30, 2014 actuarial valuation and, therefore, there are no changes in actuarial assumptions.

**D. Changes in employer proportional share**

The collective amount due to changes in employer proportional share as of June 30, 2015 is \$0. The employer's proportional shares as of June 30, 2015 are based on the June 30, 2014 actuarial valuation and, therefore, there were no changes in employer proportional share calculated.

## Connecticut Teachers' Employee Retirement System

### Notes to Schedule of Employer Allocations and Schedule of Pension Amounts by Employer June 30, 2015

#### **E. Net difference between projected and actual investment earnings on pension plan investments**

Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed five-year period. The collective amount of the net difference between projected and actual investment earnings as of June 30, 2015 compared to the plan's expected rate of return of 8.50% was \$78,887,000. Amortization of \$33,821,000 is recognized as pension expense and the remaining amount is shown as a deferred inflow of resources.

#### **F. Deferred outflows and deferred inflows of resources**

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

	<u>Collective Deferred Outflows of Resources</u>
Net difference between projected and actual earnings on plan investments	<u>\$ 78,887,000</u>

Amounts to be recognized in subsequent fiscal years:

2016	\$ (33,821,000)
2017	(33,821,000)
2018	(33,819,000)
2019	180,348,000

The above amounts do not include the deferred outflows/inflows of resources for employer contributions made subsequent to the measurement date. These amounts should be calculated and recorded by the each participating employer.

## Connecticut Teachers' Employee Retirement System

### Notes to Schedule of Employer Allocations and Schedule of Pension Amounts by Employer June 30, 2015

#### VIII. Collective pension expense

Collective pension expense includes certain current period 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. The collective pension expense for the year ended June 30, 2015 was \$879,137,000 calculated as follows:

Service cost	\$ 404,449,000
Interest on the total pension liability	2,162,174,000
Member contributions	(228,100,000)
Projected earnings on plan investments	(1,354,682,000)
Expensed portion of current period differences between projected and actual earnings on plan investments	180,348,000
Other	(70,883,000)
Recognition of beginning deferred inflows of resources as pension expense	<u>(214,169,000)</u>
Collective pension expense	<u>\$ 879,137,000</u>

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