

Connecticut Teachers' Retirement System
Schedule of Employer Allocations and Schedule
of Pension Amounts by Employer
June 30, 2016
(with Independent Auditors' Report Thereon)

Connecticut Teachers' Retirement System

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Independent Auditors' 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, 2016, 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.

Auditors' 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 auditors' 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, 2016 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, 2016. 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.

PKF O'Connor Davies, LLP

Wethersfield, Connecticut
September 6, 2017

				Schedule 1
Connecticut Teachers' Retirement System				
Schedule of Employer Allocations				
As of and for the year ended June 30, 2016				
		2016 Expected Employer		Employer
		Contribution Effort for		Allocation
Employer		Allocation Purposes		Percentage
Andover		\$ 512,383		0.052521%
Ansonia		3,151,871		0.323077%
Ashford		747,642		0.076636%
Avon		6,555,089		0.671918%
Barkhamsted		399,492		0.040949%
Berlin		5,476,492		0.561359%
Bethany		804,534		0.082467%
Bethel		5,347,015		0.548087%
Highville Chtr		375,105		0.038450%
Bloomfield		4,307,502		0.441533%
Bolton		1,648,401		0.168967%
Bozrah		416,592		0.042702%
Branford		6,253,739		0.641029%
Bridgeport		29,691,588		3.043487%
Bristol		13,798,311		1.414373%
Brookfield		4,610,822		0.472625%
Brooklyn		74,900		0.007678%
Cldrn Ctr Com Prog		88,429		0.009064%
Canaan		205,950		0.021111%
Canterbury		837,981		0.085896%
Canton		2,708,577		0.277638%
Chaplin		411,998		0.042231%
Cheshire		7,955,971		0.815514%
Chester		304,986		0.031262%
Clinton		3,919,055		0.401716%
Colchester		4,555,794		0.466984%
Amistad Acd		806,342		0.082653%
Colebrook		216,446		0.022186%
Columbia		985,289		0.100995%
Cornwall		261,812		0.026837%
Coventry		2,974,563		0.304903%
Cromwell		3,319,427		0.340252%
Danbury		17,632,263		1.807366%
Darien		10,403,863		1.066431%
Deep River		407,213		0.041741%
Derby		2,150,772		0.220461%
Eastford		342,680		0.035126%
East Granby		1,907,852		0.195561%
East Haddam		2,246,368		0.230260%
East Hampton		3,526,709		0.361499%
East Hartford		12,898,444		1.322134%
East Haven		5,347,006		0.548086%
East Lyme		5,044,737		0.517102%
Easton		1,627,187		0.166792%
East Windsor		2,477,028		0.253904%
Ellington		4,316,658		0.442472%
Enfield		9,173,808		0.940346%
Essex		549,939		0.056371%
Fairfield		20,584,027		2.109931%
Farmington		7,693,202		0.788579%
Franklin		324,222		0.033234%

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As of and for the year ended June 30, 2016				
		2016 Expected Employer		Employer
		Contribution Effort for		Allocation
Employer		Allocation Purposes		Percentage
Glastonbury		\$ 11,672,294		1.196449%
Granby		3,434,543		0.352052%
Greenwich		22,728,847		2.329783%
Griswold		2,978,205		0.305276%
Groton		9,102,337		0.933020%
Guilford		6,457,730		0.661939%
Hamden		10,974,201		1.124892%
Hampton		213,622		0.021897%
Hartford		38,219,418		3.917616%
Hartland		389,870		0.039963%
Hebron		1,336,168		0.136962%
Kent		468,100		0.047982%
Killingly		3,761,808		0.385598%
Lebanon		1,668,126		0.170988%
Ledyard		4,464,227		0.457598%
Lisbon		770,448		0.078973%
Litchfield		2,100,676		0.215326%
Madison		5,908,216		0.605612%
Manchester		12,587,374		1.290248%
Mansfield		2,709,887		0.277772%
Marlborough		978,678		0.100318%
Meriden		13,218,326		1.354922%
Middletown		8,512,446		0.872554%
Milford		12,384,692		1.269472%
Monroe		6,826,831		0.699773%
Montville		4,557,269		0.467135%
Naugatuck		6,410,149		0.657062%
New Britain		17,356,036		1.779052%
New Canaan		9,507,009		0.974500%
New Fairfield		4,754,424		0.487344%
New Hartford		832,064		0.085289%
New Haven		36,338,130		3.724780%
Newington		7,735,505		0.792915%
New London		5,091,356		0.521881%
New Milford		5,740,996		0.588471%
Newtown		8,404,317		0.861471%
Norfolk		202,701		0.020778%
North Branford		3,281,814		0.336397%
North Canaan		451,878		0.046319%
North Haven		5,896,367		0.604397%
No. Stonington		1,518,928		0.155695%
Norwalk		21,671,319		2.221382%
Norwich		5,522,316		0.566056%
NFA		3,749,924		0.384380%
Old Saybrook		2,884,413		0.295662%
Orange		2,283,913		0.234109%
Oxford		3,002,723		0.307789%
Plainfield		3,563,820		0.365303%
Plainville		4,204,726		0.430998%
Plymouth		2,595,577		0.266055%
Pomfret		678,756		0.069575%

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		Contribution Effort for		Allocation
Employer		Allocation Purposes		Percentage
Portland		\$ 2,193,157		0.224806%
Preston		865,249		0.088691%
Putnam		150,430		0.015420%
Redding		2,324,256		0.238244%
RSD 1		1,686,448		0.172867%
RSD 4		1,630,754		0.167158%
RSD 5		4,624,027		0.473978%
RSD 6		1,698,458		0.174098%
RSD 7		1,916,304		0.196428%
RSD 8		2,846,366		0.291762%
Ridgefield		10,224,627		1.048058%
Rocky Hill		4,798,188		0.491830%
Salem		719,638		0.073765%
Salisbury		581,797		0.059636%
Scotland		252,852		0.025918%
Seymour		3,825,072		0.392083%
Sharon		430,838		0.044162%
Shelton		8,539,339		0.875311%
Sherman		723,370		0.074148%
Simsbury		8,051,440		0.825299%
Somers		2,567,375		0.263164%
Southington		10,378,055		1.063785%
S. Windsor		8,115,891		0.831906%
Sprague		499,815		0.051233%
Stafford		2,807,338		0.287761%
Stamford		32,453,439		3.326586%
SDE		8,719,756		0.893804%
DCF Recq Home		439,679		0.045069%
Sterling		607,305		0.062251%
Stonington		4,049,572		0.415095%
Stratford		12,265,259		1.257230%
Suffield		4,339,550		0.444818%
Thomaston		1,532,464		0.157083%
Thompson		1,721,478		0.176457%
Tolland		4,281,441		0.438862%
Torrington		7,350,052		0.753405%
Trumbull		12,868,785		1.319093%
Union		136,336		0.013975%
Vernon		6,030,310		0.618127%
Voluntown		543,627		0.055724%
Wallingford		12,005,909		1.230646%
Waterbury		28,496,777		2.921015%
Waterford		5,439,493		0.557566%
Watertown		4,277,670		0.438475%
Westbrook		1,860,930		0.190752%
W. Hartford		17,996,592		1.844711%
West Haven		10,279,322		1.053665%
Weston		5,325,128		0.545843%
Westport		13,032,118		1.335836%
Wethersfield		6,344,699		0.650353%
Willington		883,072		0.090518%

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Schedule of Employer Allocations				
As of and for the year ended June 30, 2016				
		2016 Expected Employer		Employer
		Contribution Effort for		Allocation
Employer		Allocation Purposes		Percentage
Wilton		\$ 9,222,619		0.945349%
Winchester		1,066,710		0.109341%
Windham		5,637,765		0.577890%
Windsor		7,278,368		0.746057%
Windsor Locks		3,704,703		0.379744%
Winsted/Gilbert		1,019,995		0.104553%
Wolcott		3,956,505		0.405555%
Woodbridge		1,530,832		0.156915%
Woodstock		1,214,123		0.124452%
Woodstock Ad		1,681,810		0.172391%
UCONN		340,798		0.034933%
RSD 9		2,218,473		0.227401%
CCI Somers		15,212		0.001559%
RSD 10		4,154,990		0.425900%
Supervison District		797,331		0.081729%
NWCTC		78,017		0.007997%
MCTC		57,861		0.005931%
Norwalk CTC		59,439		0.006093%
WCSU		136,854		0.014028%
CCSU		310,441		0.031821%
ESCU		79,817		0.008181%
SCSU		362,270		0.037134%
RSD 11		573,779		0.058814%
CCTC		27,632		0.002832%
Hou CTC		38,449		0.003941%
Naug CTC		108,784		0.011151%
MCTC		80,716		0.008274%
Ed Connection		550,624		0.056441%
RSD 12		2,031,998		0.208287%
Gateway CTC		268,794		0.027552%
RSD 13		3,712,800		0.380574%
RSD 14		3,449,908		0.353627%
CCI Cheshire		37,468		0.003841%
Shared Svcs		354,846		0.036373%
CREC		18,862,234		1.933442%
RSD 15		6,946,124		0.712001%
RSD 16		3,603,561		0.369377%
TRCC (Mohegan)		29,578		0.003032%
Tunxis CTC		69,060		0.007079%
Odyssey		439,748		0.045076%
CES		2,765,542		0.283477%
ACES		5,544,297		0.568309%
Project Learn		3,767,519		0.386183%
RSD 17		3,875,061		0.397207%
Asnun CTC		58,117		0.005957%
Project O		65,572		0.006721%
RSD 18		2,968,187		0.304249%
DCF Mental Health		27,666		0.002836%
EASTCONN		1,629,008		0.166979%
BSBE		238,905		0.024489%
RSD 19		2,388,609		0.244840%

Connecticut Teachers' Retirement System

Schedule of Pension Amounts by Employer
As of and for the year ended June 30, 2016

Employer	State's Proportionate	Employer Pension
	Share of the Net	
	Pension Liability	Expense and
	Associated with	Revenue
	the Employer	
Andover	\$ 7,481,645	\$ 815,900
Ansonia	46,022,526	5,018,922
Ashford	10,916,812	1,190,518
Avon	95,715,132	10,438,079
Barkhamsted	5,833,239	636,136
Berlin	79,965,829	8,720,561
Bethany	11,747,532	1,281,111
Bethel	78,075,252	8,514,387
Highville Chtr	5,477,159	597,304
Bloomfield	62,896,649	6,859,106
Bolton	24,069,374	2,624,852
Bozrah	6,082,935	663,366
Branford	91,314,924	9,958,221
Bridgeport	433,546,254	47,279,777
Bristol	201,478,144	21,971,916
Brookfield	67,325,617	7,342,100
Brooklyn	1,093,665	119,268
Cldrn Ctr Com Prog	1,291,207	140,811
Canaan	3,007,213	327,947
Canterbury	12,235,904	1,334,369
Canton	39,549,707	4,313,038
Chaplin	6,015,846	656,050
Cheshire	116,170,324	12,668,791
Chester	4,453,297	485,648
Clinton	57,224,684	6,240,557
Colchester	66,522,123	7,254,477
Amistad Acd	11,773,919	1,283,988
Colebrook	3,160,468	344,660
Columbia	14,386,846	1,568,937
Cornwall	3,822,885	416,899
Coventry	43,433,532	4,736,583
Cromwell	48,469,113	5,285,731
Danbury	257,460,172	28,076,957
Darien	151,913,587	16,566,723
Deep River	5,945,978	648,430
Derby	31,404,825	3,424,809
Eastford	5,003,694	545,671
East Granby	27,857,789	3,037,992
East Haddam	32,800,687	3,577,033
East Hampton	51,495,781	5,615,800
East Hartford	188,338,593	20,539,000
East Haven	78,075,123	8,514,373
East Lyme	73,661,494	8,033,051
Easton	23,759,618	2,591,072
East Windsor	36,168,696	3,944,326
Ellington	63,030,340	6,873,685
Enfield	133,952,756	14,608,029

Connecticut Teachers' Retirement System

Schedule of Pension Amounts by Employer
As of and for the year ended June 30, 2016

Employer	State's Proportionate Share of the Net Pension Liability Associated with the Employer	Employer Pension Expense and Revenue
Essex	\$ 8,030,014	\$ 875,702
Fairfield	300,560,809	32,777,236
Farmington	112,333,460	12,250,367
Franklin	4,734,177	516,279
Glastonbury	170,434,778	18,586,525
Granby	50,149,997	5,469,037
Greenwich	331,878,731	36,192,568
Griswold	43,486,721	4,742,383
Groton	132,909,163	14,494,222
Guilford	94,293,524	10,283,048
Hamden	160,241,474	17,474,909
Hampton	3,119,234	340,164
Hartford	558,066,682	60,859,177
Hartland	5,692,739	620,814
Hebron	19,510,263	2,127,664
Kent	6,835,035	745,385
Killingly	54,928,619	5,990,163
Lebanon	24,357,391	2,656,261
Ledyard	65,185,087	7,108,668
Lisbon	11,249,813	1,226,833
Litchfield	30,673,339	3,345,038
Madison	86,269,713	9,408,022
Manchester	183,796,456	20,043,664
Mansfield	39,568,826	4,315,123
Marlborough	14,290,313	1,558,410
Meriden	193,009,397	21,048,368
Middletown	124,295,783	13,554,902
Milford	180,836,970	19,720,921
Monroe	99,683,015	10,870,791
Montville	66,543,656	7,256,825
Naugatuck	93,598,763	10,207,281
New Britain	253,426,801	27,637,103
New Canaan	138,818,045	15,138,607
New Fairfield	69,422,450	7,570,768
New Hartford	12,149,511	1,324,948
New Haven	530,596,757	57,863,484
Newington	112,951,155	12,317,729
New London	74,342,205	8,107,285
New Milford	83,828,035	9,141,748
Newtown	122,716,922	13,382,721
Norfolk	2,959,766	322,773
North Branford	47,919,906	5,225,838
North Canaan	6,598,173	719,554
North Haven	86,096,709	9,389,156
No. Stonington	22,178,866	2,418,685
Norwalk	316,437,065	34,508,599
Norwich	80,634,937	8,793,530

Connecticut Teachers' Retirement System

Schedule of Pension Amounts by Employer
As of and for the year ended June 30, 2016

Employer	State's Proportionate Share of the Net Pension Liability Associated with the Employer	Employer Pension Expense and Revenue
NFA	\$ 54,755,082	\$ 5,971,238
Old Saybrook	42,117,198	4,593,032
Orange	33,348,904	3,636,818
Oxford	43,844,723	4,781,425
Plainfield	52,037,656	5,674,893
Plainville	61,395,946	6,695,448
Plymouth	37,899,711	4,133,100
Pomfret	9,910,958	1,080,826
Portland	32,023,723	3,492,302
Preston	12,634,071	1,377,791
Putnam	2,196,534	239,540
Redding	33,937,982	3,701,059
RSD 1	24,624,923	2,685,436
RSD 4	23,811,705	2,596,752
RSD 5	67,518,434	7,363,128
RSD 6	24,800,297	2,704,562
RSD 7	27,981,202	3,051,451
RSD 8	41,561,649	4,532,447
Ridgefield	149,296,449	16,281,314
Rocky Hill	70,061,472	7,640,455
Salem	10,507,911	1,145,925
Salisbury	8,495,197	926,432
Scotland	3,692,060	402,632
Seymour	55,852,374	6,090,902
Sharon	6,290,948	686,050
Shelton	124,688,459	13,597,724
Sherman	10,562,396	1,151,867
Simsbury	117,564,334	12,820,813
Somers	37,487,912	4,088,192
Southington	151,536,753	16,525,627
S. Windsor	118,505,418	12,923,442
Sprague	7,298,118	795,886
Stafford	40,991,768	4,470,300
Stamford	473,873,849	51,677,646
SDE	127,322,852	13,885,015
DCF Recq Home	6,420,037	700,128
Sterling	8,867,652	967,049
Stonington	59,130,448	6,448,388
Stratford	179,093,051	19,530,741
Suffield	63,364,596	6,910,137
Thomaston	22,376,509	2,440,239
Thompson	25,136,424	2,741,217
Tolland	62,516,115	6,817,607
Torrington	107,322,905	11,703,948
Trumbull	187,905,525	20,491,773
Union	1,990,724	217,096
Vernon	88,052,492	9,602,441

Connecticut Teachers' Retirement System

Schedule of Pension Amounts by Employer
As of and for the year ended June 30, 2016

Employer	State's Proportionate Share of the Net Pension Liability Associated with the Employer	Employer Pension Expense and Revenue
Voluntown	\$ 7,937,848	\$ 865,651
Wallingford	175,306,117	19,117,762
Waterbury	416,100,038	45,377,204
Waterford	79,425,593	8,661,646
Watertown	62,461,044	6,811,601
Westbrook	27,172,657	2,963,276
W. Hartford	262,779,990	28,657,102
West Haven	150,095,086	16,368,408
Weston	77,755,663	8,479,534
Westport	190,290,456	20,751,858
Wethersfield	92,643,094	10,103,062
Willington	12,894,306	1,406,170
Wilton	134,665,484	14,685,755
Winchester	15,575,729	1,698,589
Windham	82,320,688	8,977,367
Windsor	106,276,198	11,589,801
Windsor Locks	54,094,788	5,899,231
Winsted/Gilbert	14,893,613	1,624,202
Wolcott	57,771,512	6,300,191
Woodbridge	22,352,681	2,437,640
Woodstock	17,728,204	1,933,324
Woodstock Ad	24,557,211	2,678,052
UCONN	4,976,214	542,674
RSD 9	32,393,372	3,532,614
CCI Somers	222,126	24,224
RSD 10	60,669,721	6,616,251
Supervison District	11,642,347	1,269,640
NWCTC	1,139,173	124,231
MCTC	844,871	92,136
Norwalk CTC	867,905	94,648
WCSU	1,998,298	217,922
CCSU	4,532,954	494,335
ESCU	1,165,458	127,097
SCSU	5,289,737	576,865
RSD 11	8,378,128	913,665
CCTC	403,480	44,001
Hou CTC	561,423	61,225
Naug CTC	1,588,426	173,224
MCTC	1,178,586	128,529
Ed Connection	8,040,020	876,793
RSD 12	29,670,533	3,235,678
Gateway CTC	3,924,838	428,018
RSD 13	54,213,015	5,912,124
RSD 14	50,374,354	5,493,504
CCI Cheshire	547,089	59,662
Shared Svcs	5,181,337	565,043
CREC	275,419,794	30,035,518

Connecticut Teachers' Retirement System

Notes to Schedule of Employer Allocations and Schedule of Pension Amounts by Employer June 30, 2016

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.

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 the 6% 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, 2016

B. Benefit provisions (continued)

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 their salary for the pension benefit.

Connecticut Teachers' Retirement System

Notes to Schedule of Employer Allocations and Schedule of Pension Amounts by Employer June 30, 2016

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, 2016. The net pension liability at June 30, 2016 has been calculated using the audited amounts. TRS is included in the State of Connecticut audit as a pension trust fund.

IV. Summary of significant accounting policies

A. Basis of presentation

The schedule of employer allocations and schedule of pension amounts by employer ("Schedules") are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Schedules present amounts that are elements of financial statements of 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 2016 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, 2016

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, 2016 were as follows:

Employers' total pension liability	\$ 29,839,923,000
Plan fiduciary net position	<u>15,594,872,000</u>
Total employers' net pension liability	<u>\$ 14,245,051,000</u>
Fiduciary net position as a percentage of total pension liability	<u>52.26%</u>

The collective total pension liability is based upon the June 30, 2016 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, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increase	3.25-6.50%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale.

Future cost-of-living increases for teachers who retired prior to September 1, 1992, are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum. 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, 2016

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 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%
Real estate	7.0%	5.1%
Private equity	11.0%	7.6%
Alternative investments	8.0%	4.1%
Core fixed income	7.0%	1.3%
High yield bonds	5.0%	3.9%
Emerging market bond	5.0%	3.7%
Inflation linked bond fund	3.0%	1.0%
Cash	<u>6.0%</u>	0.4%
Total	<u><u>100.0%</u></u>	

C. Discount rate

The discount rate used to measure the total pension liability was 8.00%. 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, 2016

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 8.00% 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>(7.00%)</u>	Current Discount <u>(8.00%)</u>	1% Increase <u>(9.00%)</u>
Net pension liability	\$17,574,399,000	\$14,245,051,000	\$11,430,611,000

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. The weighted-average is 6.81 years. In the year that the difference occurs, one year 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, 2016 is \$320,621,000. Amortization of \$55,184,000 is recognized as pension expense and the remaining amount is shown as a deferred inflow of resources.

C. Changes in actuarial assumptions

The collective amount due to changes in actuarial assumptions as of June 30, 2016 is \$1,888,199,000. Amortization of \$324,991,000 is recognized as pension expense and the remaining amount is shown as a deferred outflow of resources.

D. Changes in employer proportional share

The collective amount due to changes in employer proportional share as of June 30, 2016 is \$0. The changes in proportional share impacts individual employers and each employer's proportional share of these collective amounts net to \$0.

Connecticut Teachers' Employee Retirement System

Notes to Schedule of Employer Allocations and Schedule of Pension Amounts by Employer June 30, 2016

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 compared to the plan's expected rate of return of 8.00% was \$1,206,422,000. Amortization of \$1,348,670,000 is recognized as pension expense and the remaining amount is shown as a deferred outflow 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:

	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 320,621,000
Changes of assumptions	1,888,199,000	-
Net difference between projected and actual earnings on plan investments	1,206,422,000	-
Total	\$ 3,094,621,000	\$ 320,621,000
Net Deferred Outflows and Inflows	\$ 2,774,000,000	

Amounts to be recognized in subsequent fiscal years:

2017	\$	509,415,000
2018		509,417,000
2019		723,584,000
2020		543,234,000
2021		269,807,000
2022		218,543,000

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, 2016

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 was \$1,553,474,000 calculated as follows:

Service cost	\$ 419,616,000
Interest on the total pension liability	2,228,958,000
Expensed portion of current period difference between expected and actual experience in the total pension liability	(55,184,000)
Expensed portion of current period changes of assumptions	324,991,000
Member contributions	(293,493,000)
Projected earnings on plan investments	(1,348,670,000)
Expensed portion of current period differences between projected and actual earnings on plan investments	273,429,000
Other	37,648,000
Recognition of beginning deferred inflows of resources as pension expense	<u>(33,821,000)</u>
Collective pension expense	<u>\$ 1,553,474,000</u>
