**Notes to Required Supplementary Information**

**for the Year Ended June 30, 20\_\_**

Schedule of the Proportionate Share of the Net Pension Liability (Asset) and

Schedule of Pension Contributions.

**Changes of benefit terms:**

**Changes of assumptions:**

Legislation enacted in 2017 modified the SDRS COLA. For COLAs first applicable in 2018, the SDRS COLA will equal the percentage increase in the most recent third calendar quarter CPI-W over the prior year, no less than 0.5% and no greater than 3.5%. However, if the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (currently 2.25%) is less than 100%, the maximum COLA payable will be limited to the increase that if assumed on a long-term basis, results in a FVFR equal to or exceeding 100%. That condition existed as of June 30, 2017 and exists again this year as of June 30, 2018. Future COLAs are assumed to equal the current restricted maximum COLA which was 1.89% as of June 30, 2017 and is 2.03% as of June 30, 2018.

The changes in actuarial assumptions increased the Actuarial Accrued Liability by 1.5% of the Actuarial Accrued Liability based on the 1.89% COLA, reflecting the current and assumed future restricted maximum COLA of 2.03%.

**(NOTE: As required by paragraph 82 of Statement 68, information about factors that significantly affect trends in the amounts report in the schedules (required by paragraph 81)(for example, changes of benefit terms, changes in the size or composition of the population covered by the benefit terms, or the use of different assumptions) should be presented as notes to the schedules.**

**(NOTE: The amounts presented for prior years should not be restated for the effects of changes—for example, changes of benefit terms or changes of assumption—that occurred subsequent to the measurement date of that information)**