

Hall Actuarial Associates

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September 29, 2014

Board of Trustees
LOUISIANA STATE POLICE
RETIREMENT SYSTEM
9224 Jefferson Hwy
Baton Rouge, Louisiana 70809

Ladies and Gentlemen:

This report is intended to present the results of the actuarial valuation of assets and liabilities, as well as funding requirements, for the Louisiana State Police Retirement System (LSPRS) in effect as of June 30, 2014.

This report has been prepared in accordance with generally accepted actuarial principles and practices and to the best of my knowledge, fairly reflects the actuarial present value of accrued benefits of the Louisiana State Police Retirement System.

In preparing this valuation, I have relied upon the information provided by LSPRS regarding plan provisions, plan membership, plan assets, census data and other matters as detailed in the exhibits of this report. In particular, I have relied upon the statement of assets as provided by the Fund's external auditors, Hienz & Macaluso LLC.

The present values shown herein have been estimated on the basis of the Entry Age Normal actuarial cost method as specified in Louisiana Revised Statutes Title 11 Section 22(12). In my opinion, the Actuarial Assumptions, which have been approved by the Board of Trustees, are appropriate and reasonable for the purposes of this valuation as noted in the Exhibit 5, and represents my best estimates of the anticipated experience under the plan.

Furthermore, I believe that the content of this report has not materially deviated from the guidance contained in the Actuarial Standards of Practice statement 27.

Board of Trustees
LSPRS
September 29, 2014

A brief summary of the more important figures developed in this valuation, with comparable results from previous valuations are as follows:

	<u>June 30, 2014</u>	-----Prior Years-----	
		<u>June 30, 2013</u>	<u>June 30, 2012</u>
I. Membership Census			
1) Retirees	1,229	1,234	1,222
2) Actives	956	933	979
3) Terminated Vested	34	37	34
4) DROP	0	0	0
II. Annual Benefits ¹	\$ 40,440,528	\$ 39,770,484	\$ 38,290,020
III. Total Payroll	54,331,845	51,261,574	57,828,488
IV. Valuation Assets	549,075,148	474,235,310	415,965,659
V. Investment Yield ²			
Market Value	<u>17.93%</u>	<u>13.92%</u>	<u>0.53%</u>
5 year avg.	12.96%	4.80%	1.01%
10 year avg.	6.74%	6.15%	5.29%
Actuarial Value ²	<u>12.48%</u>	<u>16.77%</u>	<u>3.17%</u>
5 year avg.	6.87%	2.85%	0.61%
10 year avg.	6.10%	5.30%	3.42%
DROP Accounts ²	11.98%	16.27%	2.67%
VI. Experience Account	12,069,552	18,164,123	0
VII. Cost to Fund Annual Pension Accruals (Normal Costs)	15,369,908 28.29%	14,582,680 28.45%	15,422,066 26.66%
VIII. Unfunded Actuarial Accrued Liability	288,865,398	323,604,196	343,686,976
IX. Funded Percentage	65.5%	59.44%	54.76%
X. Funding Requirements (Mid Year Payment)			
1) Employee Contribution Rate	8.50%	8.50%	8.50%
New Hires after 12/31/2010	9.50%	9.50%	9.50%
2) Employer Rate, plus Premium Tax Allocation (Current Year)	66.7% 1,500,000	76.2% 1,500,000	70.6% 1,500,000
3) Projected Employer Rate, plus Premium Tax Allocation (Next Year)	60.8% 1,500,000	75.3% 1,500,000	70.0% 1,500,000

The current Funding Requirements measure the cost of benefits in effect on June 30, 2014.

¹ Excludes the \$798,760 permanent benefit increase granted in ACT 103 effective 7/01/2014.

² Excludes Money Market DROP Accounts.

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UNFUNDED LIABILITY

The Actuarial Valuation for the plan year ending June 30, 2014 discloses a decrease in the plan's Unfunded Actuarial Liability (UAL), which measures the deficiency of assets required to fund benefits that have been accrued. The assets are defined as the actuarial value of assets excluding Side Fund Accounts.

The annual required contribution is the normal cost, plus an amortization payment of the UAL. The normal cost is the amount needed to fund that portion of the current year's benefit accruals for active members, plus the current year's administrative expenses. The normal cost is divided into three parts; employee and employer portions expressed as a percentage of payroll, and administrative expenses paid from investment income. Act 81 of the 1988 Legislative Session provides for the amortization of the initial UAL, plus subsequent changes in benefits, methods, or gain/loss experience.

The current valuation process discloses the source of any changes in actuarial assumptions, and gains/losses resulting from actual experience which differs from expected plan experience. Changes in actuarial methods, assumptions, benefit changes or plan experience are amortized as a level annuity. The amortization periods are in general; the later of the year 2029 or 30 years for methods, assumptions and experience changes; 10 years for benefit changes; and 5 years for employer contribution shortfall variances. Other amortization periods may be specified for specific legislation.

To assist the Board of Trustees in reconciling changes in the unfunded actuarial accrued liability, the following gain/loss analysis is presented as follows:

CHANGE IN UNFUNDED LIABILITY

Unfunded Liability 6/30/2013 \$ 323,604,196

INCREASES

Interest on Unfunded Liability	\$ 22,652,294
Experience Account allocation	0
Experience Account excess interest	995,972
COLA/PBI to Retirees	8,362,032
Experience Gain	<u>14,352,373</u>
Incurred Increases	46,362,671

DECREASES

Investment Gain	38,351,667
Experience Account distribution	8,362,032
Employer Shortfall Gain	2,038,403
Net Amortization Payment	<u>32,349,367</u>
Incurred Decreases	81,101,469

Unfunded Liability 6/30/2014 \$ 288,865,398

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Legislative Changes

ACT 399 effective 6/30/2014 (PBI/COLA) Reform:

This legislation reforms the criteria governing the administration of the Experience Account and the criteria required to grant (PBI/COLA)'s in the future as outlined below.

[Section 1]

This section addresses the following areas:

1. excess investment returns to system debt
2. excess investment returns to the Experience Account and limits thereto, and
3. when PBIs can be granted

Excess Investment Returns - Allocation to Amortization Bases and Experience Account

Old Law		Act 399	
50%*	50%	50%**	50%
Experience Account Allocation	Gain Amortized (30 years)	Experience Account Allocation	Gain Amortized 30 years
up to 50% of all excess returns, until account reaches cap		up to 50% of all excess returns, until account reaches cap	
No Hurdles		\$5M hurdle applied to the oldest amortization base without re-amortization. Hurdle will increase each year by the % increase in actuarial value of assets	
Actuarial Valuation Rate ^ 7.0%		Actuarial Valuation Rate ^ 7.0%	

* Amount credited to experience account capped at the amount of reserve necessary to grant two (2) PBIs up to 3.0% plus the 2.0% supplement for those age 65 and over, each.

** Amount credited to experience account capped at the amount of reserve necessary to grant one (1) PBI, until the system is 80% funded. Excess returns not credited to experience account applied to oldest amortization base.

The Hurdle is defined as the first \$5 million of excess investment return.

Exception: For the June 30, 2014 actuarial valuation half of the hurdle will be amortized over 5 years and applied as an employer credit with the remaining half applied to the oldest amortization base without re-amortization.

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Legislative Changes (continued)

OLD LAW			ACT 399			
System Funding	System earns at least 8.25%	System does not earn ARR	System Funding	Last COLA Granted	System earns at least 7.00%	System does not earn ARR
Less than 80%	Lesser of 3% or CPI-U	None	Less than 55%	N/A	None	None
80% or greater	Lesser of 3% or CPI-U	Lesser of 2% or CPI-U	At least 55% but less than 65%	None in preceding FY	Lesser of 1.5% or CPI-U	None
			At least 65% but less than 75%	None in preceding FY	Lesser of 2.0% or CPI-U	None
			At least 75% but less than 80%	None in preceding FY	Lesser of 2.5% or CPI-U	None
			80% or greater	None in preceding FY	Lesser of 3.0% or CPI-U	Lesser of 2% or CPI-U

Other Areas

- Board's Role in Granting PBIs: Board makes recommendation that it be permitted to grant a PBI; legislature approves in compliance with constitution; Board can't grant PBI without legislative approval.
- Maximum amount upon which PBI is calculated: \$60,000, adjusted with CPI-U increases.
- Retains 2.0% supplement for those age 65 and over.

[Section 2]

The first 5 million of excess return will be applied to the oldest amortization base, without re-amortization.

[Section 3]

The system shall prepare and present to the House and Senate Committees on Retirement a report on the administrative and actuarial processes that will be applied in the implementation of this Act, submitted to the committees no later than November 14, 2014.

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Legislative Changes (continued)

ACT 101 PBI/COLA effective 6/30/2014:

This legislation provided a 1.5% permanent benefit increase (PBI/COLA) on benefits up to \$94,313 to all retirees who had attained age 60, disability retirees, and survivors of members who would have attained age 60 and had been retired for at least one year. Those who had attained age 65 would receive an additional 2.0% supplement.

ACT 859 effective 6/30/2014:

The constitutionality of this legislation was litigated. On September 16, 2014, Judge Janice Clark ruled that Act 859 of the 2014 Legislative Session was unconstitutional therefore, its provisions have been excluded from this report.

Side Funds

Side funds are trust fund assets excluded from the Actuarial Value of Assets used to determine the employer current funding requirements. The trust now has only one remaining side fund.

The Experience Account is used to accumulate allocations of investment gain sharing to fund permanent benefit increases (COLAs/PBIs). The internal accounting of this fund has been altered by ACT 399 of the 2014 Legislative Session, primarily by limiting the annual allocation depending on the Plan's funded status and it's ability to fund the new COLA/PBI maximum reserve currently set at 2.0%, plus a 2.0% supplement for those who have attained age 65.

The account balance is managed as follows:

<u>EXPERIENCE ACCOUNT</u>	<u>June 30, 2014</u>	<u>June 30, 2013</u>
A. Prior Year End Balance	18,164,123	0
- COLA/PBI distributions	-8,362,032	0
+ Accumulated Interest	<u>2,267,461</u>	<u>0</u>
Net EA balance (prior to new allocations)	12,069,552	0
B. Initial new allocation	16,675,834	18,164,123
C. New allocation limit [(1)-(2), not less than zero]		
(1) 2.0% max new COLA/PBI reserve = 9,971,981		
(2) Less, Net EA balance = 12,069,552 ->	0	n/a
D. Adjusted new allocation [lesser of B or C]	0	18,164,123
Fund Balance - Year End [A + D]	12,069,552	18,164,123

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Funding Requirements

The annual required contribution is the normal cost, plus an amortization payment of the Unfunded Actuarial Liability (UAL). The normal cost is the amount needed to fund that portion of the current year's benefit accruals for active members, plus the current year's administrative expenses. The normal cost is divided into three parts; employee and employer portions expressed as a percentage of payroll, and administrative expenses paid from investment income.

The projected employer contribution rate for the 2013-2014 plan year approved by the Board of Trustees and the Public Employees Retirement Systems Actuarial Committee (PERSAC) was set at 75.3%.

The actual employer contribution rate determined by this valuation for the current plan year is 66.7%. Therefore, the current plan year should generate a contribution variance overage gain since the projected approved rate understates the valuation rate by 8.6%.

Comments and Disclosures

The "Pension Accounting and Financial Disclosure" Exhibit has been relocated to Exhibit 6 to accommodate the transition of the old Governmental Accounting Standards Board Statement (GASB)25/27 reporting requirements, which has been replaced with the new GASB Statement 67/68 reporting and disclosure requirements.

There have been no changes to the actuarial assumptions or methods since the preceding measurement date which did incorporate my recommended changes contained in the five year Experience Study and adopted by the Board of Trustees, effective for the June 30, 2013 report. A copy of the detailed analysis of the development and recommendations in the study can be obtained from LSPRS. The actuarial assumptions outlined in Exhibit 5 were used in the preparation of this report and are based solely on my recommendations to and adoption by the Board of Trustees.

The format of this report was designed with the intent of highlighting the pertinent results of the valuation's funding requirements while maintaining compliance with the Actuarial Standards of Practice.

I am a Fellow of the Conference of Consulting Actuaries (FCA), an Associate of the Society of Actuaries (ASA), an Enrolled Actuary #4199-14 with the Joint Board for the enrollment of Actuaries under ERISA, a Member of the American Academy of Actuaries (MAAA), and have met the Qualification Standards of the Academy necessary to render the actuarial opinions expressed in this report.

Should you have any questions or comments, please do not hesitate to contact me.

Sincerely,

Charles G. Hall, FCA,MAAA,ASA
Actuary

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EXHIBIT 1

DEVELOPMENT
OF
COSTS, LIABILITIES AND CONTRIBUTIONS

Normal Costs and Accrued Liabilities are calculated in accordance with the Individual Entry Age Normal Actuarial Cost Method, and the Actuarial Assumptions outlined in Exhibit 5 based on the Provisions of the Plan as summarized in Exhibit 4.

	<u>June 30, 2014</u>		<u>June 30, 2013¹</u>	
	<u>Dollar</u>	<u>% of</u>	<u>Dollar</u>	<u>% of</u>
	<u>Amount</u>	<u>Salary</u>	<u>Amount</u>	<u>Salary</u>
I. Normal Costs				
(to fund annual pension accruals)				
Active Members-(Hired before January 1, 2010)				
a) Retirement Benefits	\$ 12,834,583	24.48%	\$ 12,515,992	24.57%
b) Disability Benefits	477,344	0.91%	468,955	0.92%
c) Survivor Benefits	251,488	0.48%	242,309	0.48%
d) Voluntary Termination	<u>660,546</u>	<u>1.26%</u>	<u>666,780</u>	<u>1.31%</u>
TOTAL	14,223,961	27.13%	13,894,036	27.28%
Active Members-(working after DROP)				
a) Retirement Benefits	69,963	34.87%	106,575	32.35%
b) Disability Benefits	1,958	0.98%	3,381	1.03%
c) Survivor Benefits	2,064	1.03%	3,688	1.12%
d) Voluntary Termination	<u>0</u>	<u>0.00%</u>	<u>0</u>	<u>0.00%</u>
TOTAL	73,985	36.87%	113,644	34.50%
Active Members-(Hired after December 31, 2009)				
a) Retirement Benefits	444,250	26.06%	n/a	
b) Disability Benefits	11,043	0.65%	n/a	
c) Survivor Benefits	7,703	0.45%	n/a	
d) Voluntary Termination	<u>18,966</u>	<u>1.11%</u>	n/a	
TOTAL	481,962	28.27%	n/a	
<hr/>				
TOTAL all Active Members				
a) Retirement Benefits	\$ 13,348,796	24.57%	\$ 12,622,567	24.62%
b) Disability Benefits	490,345	0.90%	472,336	0.92%
c) Survivor Benefits	261,255	0.48%	245,997	0.48%
d) Voluntary Termination	679,512	1.25%	666,780	1.30%
e) Expenses ²	<u>590,000</u>	<u>1.09%</u>	<u>575,000</u>	<u>1.12%</u>
TOTAL	15,369,908	28.29%	14,582,680	28.45%

¹Actuarial valuation rate changed from 7.50% to 7.0% effective July 1, 2013

²For illustrative purposes and not a part of the employee or employer normal cost contribution. (see pg. 30)

Exhibit 1 (Continued)

Costs, Liabilities & Contributions

	<u>June 30, 2014</u>	<u>June 30, 2013¹</u>
II. Actuarial Accrued Liability		
Active Members-(Hired before January 1, 2010)		
a) Retirement Benefits	\$ 306,298,858	\$ 275,760,150
b) Disability Benefits	2,133,543	2,150,058
c) Survivor Benefits	1,661,532	1,583,230
d) Voluntary Termination	<u>4,896,127</u>	<u>4,815,245</u>
TOTAL	314,990,060	284,308,683
Active Members-(working after DROP)		
a) Retirement Benefits	452,633	591,155
b) Disability Benefits	60	82
c) Survivor Benefits	3,635	4,591
d) Voluntary Termination	<u>0</u>	<u>0</u>
TOTAL	456,328	595,828
Active Members-(Hired after December 31, 2009)		
a) Retirement Benefits	479,382	n/a
b) Disability Benefits	7,994	n/a
c) Survivor Benefits	4,998	n/a
d) Voluntary Termination	<u>12,809</u>	n/a
TOTAL	505,183	n/a
TOTAL all Active Members		
1) Retirement Benefits	\$ 307,230,873	\$ 276,351,305
2) Disability Benefits	2,141,597	2,150,140
3) Survivor Benefits	1,670,165	1,587,821
4) Voluntary Termination	<u>4,908,936</u>	<u>4,815,245</u>
TOTAL	315,951,571	284,904,511
Retired and Inactive Members		
1) Regular Retirees	394,120,878	394,557,278
2) Disabled Retirees	18,116,491	16,315,337
3) Survivors	55,668,840	54,883,381
4) Vested Deferred & Transfers	7,759,357	7,692,697
5) Contribution Refunds	763,661	868,080
6) DROP Account Balance	35,945,072	38,010,038
7) DROP Annuity Reserve	<u>1,252,644</u>	<u>608,184</u>
TOTAL	513,626,943	512,934,995
ACT 101 of 2014 (COLA)	<u>8,362,032</u>	n/a
TOTAL Actuarial Accrued Liability	837,940,546	797,839,506

¹Actuarial valuation rate changed from 7.50% to 7.0% effective July 1, 2013

Exhibit 1 (Continued)

Costs, Liabilities & Contributions

	<u>June 30, 2014</u>	--Prior Year-- <u>June 30, 2013³</u>
II. Actuarial Accrued Liability	\$ 837,940,546	\$ 797,839,506
III. Actuarial Assets	549,075,148	474,235,310
IV. Unfunded Actuarial Accrued Liabilities	288,865,398	323,604,196
a) Change over prior year	-34,738,797	-20,082,780
b) Funded Percentage	65.5%	59.4%
V. Employer Contributions to Fund		
<u>To fund current Plan Year¹</u>		
a) Employer Portion of Normal Cost	10,292,518	9,767,970
b) Amortization Payments	27,442,662	
c) Prior Contribution Variance	488,336	1,167,954
GROSS Required Contribution	38,223,516	41,041,283
d) Insurance Premium Tax Fund (IPTF) <i>Offset</i>		
(1) ACT 1160 Normal Cost	905,265	853,522
(2) ACT 1160 Amortization Payment	2,060,126	1,971,412
(3) Initial IPTF Allocation	1,500,000	1,500,000
IPTF Allocation [lesser of [(1)+(2), or (3)]]	-1,500,000	-1,500,000
TOTAL Required Contribution	36,723,516	39,541,283
	66.7%	76.2%
<u>PERSAC approved Rate</u>	<u>75.3%</u>	<u>70.0%</u>
VI. Projected Employer Contributions		
<u>To fund next fiscal Plan Year¹</u>		
a) Employer Portion of Normal Cost	10,683,848	10,124,900
b) Amortization Payments	27,442,662	30,105,359
c) Prior Contribution Variance	-1,922,241	1,753,524
d) IPTF allocation ²	-1,500,000	-1,500,000
TOTAL Projected Contribution	34,704,269	40,483,783
	60.8%	75.3%
VII. Current Payroll	54,331,845	51,261,574
Projected Payroll - Mid Year	55,031,288	51,885,840
Projected Payroll - Next Year	57,123,621	53,781,794

¹Dollar Amounts reflect estimated payments due mid-year on January 1st per Act 81.²IPTF allocation is the lesser of the normal cost plus amortization or \$1,500,000.³Actuarial valuation rate changed from 7.50% to 7.0% effective July 1, 2013

Exhibit 1 (Continued)
Costs, Liabilities & Contributions

AMORTIZATION of UNFUNDED
ACTUARIAL ACCRUED LIABILITY
JUNE 30, 2014

DATE 6/30	DESCRIPTION	AMTZ. METHOD	AMTZ. PERIOD	INITIAL LIABILITY	YEARS REMAING	REMAINING BALANCE	MID-YEAR PAYMENT ¹
1993	Change in Liability	L	20	21,465,804	15	18,558,401	0
1994	Change in Liability	L	20	-1,381,660	15	-1,194,523	-126,790
1995	Change in Liability	L	20	20,128,380	15	17,402,122	1,847,104
1996	Change in Liability	L	20	-9,762,782	15	-8,440,476	-895,893
1997	Change in Liability	L	20	4,409,601	15	3,812,349	404,652
1998	Change in Liability	L	20	-2,444,207	15	-2,113,156	-224,295
1999	Change in Liability	L	20	12,418,148	15	10,736,191	1,139,566
2000	Change in Liability	L	20	-21,262,939	15	-18,383,012	-1,951,218
2001	Change in Liability	L	20	14,218,540	15	12,292,731	1,304,781
2002	Change in Liability	L	20	36,882,500	15	31,887,005	3,384,565
2003	Change in Assumptions	L	24	14,644,647	19	13,261,717	1,240,430
2003	Change in Liability	L	20	60,111,382	15	51,969,686	5,516,191
2004	Change in Liability	L	20	16,579,889	15	14,334,250	1,521,473
2005	Change in Liability	L	20	14,086,441	15	12,178,524	1,292,659
2006	Change in Liability	L	20	-11,718,142	15	-10,130,996	-1,075,329
2007	Change in Liability	L	20	13,788,779	15	11,921,179	1,265,343
2008	Change in Assumptions	L	29	9,487,421	24	8,898,960	750,083
2008	Change in Liability	L	20	29,944,312	15	25,888,549	2,747,875
2009	Change in Assumptions	L	30	1,032,469	25	973,423	80,751
2009	Change in Benefits	L	10	671,120	5	394,773	93,079
2009	Change in Liability	L	30	74,940,622	25	70,654,781	5,861,249
2010	Change in Liability	L	30	26,844,661	26	25,656,774	2,097,396
2011	Change in Liability	L	30	28,079,134	27	27,174,675	2,191,657
2012	Change in Liability	L	30	7,358,996	28	7,204,389	573,839
2013	Change in Method	L	30	-12,256,998	29	-12,127,240	-954,891
2013	Change in Assumptions	L	30	26,210,291	29	25,932,818	2,041,934
2013	Change in Liability	L	30	-25,552,458	29	-25,281,949	-1,990,685
2014	ACT 399 of 2014 (hurdle) (allocated hurdle to OB) (PBI cap excess)	L	5	-2,500,000 -2,500,000 -16,675,834	5	-2,500,000 -2,500,000 -16,675,834	-589,445
2014	Change in Liability	L	30	-1,327,488	30	-1,327,488	-103,419
TOTAL OUTSTANDING BALANCE						290,458,623	27,442,662
EMPLOYER'S CREDIT BALANCE							
2010	Contribution Variance	L	5	5,294,276	1	1,214,529	1,256,318
2011	Contribution Variance	L	5	-348,011	2	-154,109	-82,401
2012	Contribution Variance	L	5	-552,001	3	-354,044	-130,422
2013	Contribution Variance	L	5	-316,179	4	-261,198	-74,548
2014	Contribution Variance	L	5	-2,038,403	5	-2,038,403	-480,611
TOTAL EMPLOYER CREDIT						-1,593,225	488,336
TOTAL UNFUNDED ACTUARIAL ACCRUED LIABILITY						288,865,398	

¹ The Texaco Settlement Fund liquidated the Initial Unfunded Actuarial Liability effective 6/30/2006.
The 1993 liability was liquidated by the accumulated ACT 399 of 2014 base offsets effective 6/30/2014.

NOTE: Effective July 1, 1990, Actuarial Valuation Rate changed from 7.0% to 7.5%.
Effective July 1, 2013, Actuarial Valuation Rate changed from 7.5% to 7.0%.

EXHIBIT 2

FINANCIAL SUMMARY
STATEMENT OF REVENUES AND EXPENSES
FOR FISCAL YEAR ENDING

	<u>June 30, 2014</u>	-----Prior Years----- <u>June 30, 2013</u>	<u>June 30, 2012</u>
<u>OPERATING REVENUES:</u>			
1. Contribution Income			
Member	\$ 4,564,590	\$ 4,723,595	\$ 4,937,096
MV Fees	3,405,480	2,956,173	3,119,256
Appropriations	38,434,645	38,181,269	32,594,441
Insurance Premium Tax	1,500,000	1,500,000	1,500,000
2. Other Income			
Transfers/Purchases	2,147,984	1,037,360	1,472,595
Miscellaneous	<u>161,982</u>	<u>234,465</u>	<u>59,223</u>
TOTAL CONTRIBUTIONS	50,214,681	48,632,862	43,702,611
3. Investment Income			
Investments	95,717,680	64,534,095	3,502,295
Less, Manager fees	-1,521,261	-1,155,331	-1,050,737
Custody Fees	<u>-116,667</u>	<u>-98,860</u>	<u>-86,556</u>
TOTAL INVESTMENT INCOME	94,079,752	63,279,904	2,371,982
4. Total Revenues	144,294,433	111,912,766	46,074,593
<u>OPERATING EXPENSES:</u>			
1. General Administration	590,854	542,894	522,262
Other Expenses	31,831	31,279	19,243
Disability Settlement	-	-	-
2. Benefits Paid			
a) Pension Benefits	41,627,979	41,111,873	40,993,198
b) Transfers Out	107,247	381,658	0
c) Return of Contributions	<u>273,577</u>	<u>372,314</u>	<u>77,350</u>
TOTAL BENEFITS PAID	42,008,803	41,865,845	41,070,548
3. Total Expenses	42,631,488	42,440,018	41,612,053
<u>NET INCREASE:</u>	101,662,945	69,472,748	4,462,540

EXHIBIT 2 (Continued)
Financial Summary

FINANCIAL SUMMARY
STATEMENT OF ASSETS
FOR FISCAL YEAR ENDING

ASSETS	June 30, 2014	-----Prior Years-----	
		June 30, 2013	June 30, 2012
1. Cash Equivalents	\$ 1,825,104	\$ 71,957	\$ 33,163
Short Term	25,546,562	15,523,948	9,310,499
2. Bonds			
United States Obligations	9,631,705	10,150,918	13,691,470
Bonds - General	93,030,393	94,372,125	97,247,980
3. Equities			
Property and Equipment	1,309,332	1,341,905	1,367,694
Common Stock - Domestic	212,001,168	169,182,916	138,534,221
- Foreign	44,237,448	35,407,513	22,703,784
Mutual Funds - Index	66,763,744	62,054,901	72,231,337
Real Estate	41,202,891	37,152,909	33,700,227
Alternatives	126,935,628	94,345,758	61,257,867
Other	1,018	1,018	1,018
4. Receivables (-) Payables	308,617	1,524,798	1,578,657
TOTAL ASSETS - Market Value	622,793,610	521,130,665	451,657,917
- Valued at Cost	474,441,362	427,260,455	394,020,109

INVESTMENT YIELD:

Actuarial Value	12.48%	16.77%	3.17%
DROP Account Yield ¹	11.98%	16.27%	2.67%
Market Value	17.93%	13.92%	0.53%

SIDE FUND ACCOUNTS:

Experience Account	12,069,552	18,164,123	0
--------------------	------------	------------	---

ACTUARIAL VALUE OF ASSETS² Developed as the Market Value, less the sum of the weighted deferrals of the unrealized gains/losses relative to the valuation rate effective 7/1/2013.

Total Market Value,	622,793,610	521,130,665	451,657,917
Minus,			
Weight x (G/L) deferral	wt.	----- Current Method -----	- Prior Method -
Plan Year - 3	80%	<u>deferral</u>	<u>wt.</u> <u>deferral</u>
Plan Year - 2	60%	53,783,958	13,057,632
Plan Year - 1	40%	-31,235,919	53,783,958
Plan Year (current)	20%	29,184,592	75% 26,208,006
		29,184,592	50% 66,501,024
		65,188,780	25% -5,480,341
Gross Actuarial Value of Assets	561,144,700	492,399,433	415,965,659
Less, Side Fund Accounts	-12,069,552	-18,164,123	0
Valuation Assets	549,075,148	474,235,310	415,965,659

¹ Effective 7/1/2003 new DROP Accounts are credited with Money Market rates.

² Asset Smoothing Method changed effective 7/1/2013 as described in Exhibit 5.

EXHIBIT 3

CENSUS DATA

GENERAL COMMENTS

The data contained in this valuation is summarized on the following pages with exceptions noted below. The profile depicted in the cellular graphs represents the census data as of June 30th, which serves as the basis for determining costs and liabilities. Active members are allocated to cells based upon attained age and years of service. Retirees and Survivors are allocated to cells based upon attained age and years elapsed since retirement or commencement of benefits.

The validity of the results of any actuarial valuation is dependent upon the accuracy of the data base. Prior to processing, suspicious data and data containing errors were purged from the data base and processed separately based on error types such as:

- missing sex code
- missing or invalid date of birth
- missing or invalid date of employment
- missing or invalid salary
- invalid retirement dates

Records with missing or invalid data are resubmitted to LSPRS for correction before processing.

This year there were no records purged from the database containing errors, which is consistent with recent years' reporting.

Salary data contained in the profiles and valuation report may exceed the sums reported by internal audit due to salary annualization. Retiree data reflects the benefit amount in pay status on the 1st day of the next fiscal year. In the valuation process, membership data with fractional service annualizes the salary in the first year of employment.

Following a review of the submitted data, with consideration for prior year's data, it appeared to be of sufficient quality and consistency for preparation of this report. The following is a summary of the data submitted:

	----- June 30 -----		
	---2014---	---2013---	---2012---
	<u>Census</u>	<u>Census</u>	<u>Census</u>
Active Members (hired before 1/01/2011)	902	929	967
Active Members (hired after 12/30/2010)	52	0	0
Active Members (after DROP participation)	2	4	12
Regular Retirees	843	841	833
Disability Retirees	62	54	54
Survivors	324	339	335
Vested & Reciprocals	34	37	34
DROP Participants*	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
TOTAL	2,219	2,204	2,235

Note: There are no remaining participants in DROP after the implementation of BACK-DROP.

For June 30, 2014, the retiree and survivor data submitted did not include the PBI/COLA increase granted by ACT 101 of 2014

MEMBERSHIP PROFILE
CATEGORIZED BY AGE AND YEARS EMPLOYED

LOUISIANA STATE POLICE
ACTIVE MEMBERS
HIRED BEFORE 1/1/2011

CELLS DEPICT - MEMBER COUNT
TOTAL SALARY

VALUATION DATE 6/30/2014

Age	YEARS EMPLOYED									Total	
	(0-1)	[1-5)	[5-10)	[10-15)	[15-20)	[20-25)	[25-30)	[30-35)	[35-)		
[0>19)	0	0	0	0	0	0	0	0	0	0	0
[20>24)	0	0	0	0	0	0	0	0	0	0	0
[25>29)	0	0	25	0	0	0	0	0	0	0	25
[30>34)	0	0	80	24	0	0	0	0	0	0	104
[35>39)	0	0	49	81	42	0	1	0	0	0	173
[40>44)	0	0	27	51	164	39	0	0	0	0	281
[45>49)	0	0	11	11	90	99	15	0	0	0	226
[50>54)	0	0	2	8	19	32	16	1	0	0	78
[55>59)	0	0	0	0	0	11	2	0	0	0	13
[60>64)	0	0	0	0	1	1	0	0	0	0	2
[65>69)	0	0	0	0	0	0	0	0	0	0	0
[70>74)	0	0	0	0	0	0	0	0	0	0	0
TOTALS	0	0	194	175	316	182	34	1	0	0	902
salary	0	0	8442478	8919889	19620972	12723045	2637904	82263	0	0	52426551

AVERAGES --- Attained Age 42.32
Service Years 15.64
Active Salary 58,123

MEMBERSHIP PROFILE
CATEGORIZED BY AGE AND YEARS EMPLOYED

LOUISIANA STATE POLICE
ACTIVE MEMBERS
HIRED AFTER 1/01/2011

CELLS DEPICT - MEMBER COUNT
TOTAL SALARY

VALUATION DATE 6/30/2014

Age	YEARS EMPLOYED*									Total	
	(0-1)	[1-5)	[5-10)	[10-15)	[15-20)	[20-25)	[25-30)	[30-35)	[35-)		
[0>19)	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0
[20>24)	1	0	0	0	0	0	0	0	0	0	1
	26836	0	0	0	0	0	0	0	0	0	26836
[25>29)	15	0	0	0	0	0	0	0	0	0	15
	460011	0	0	0	0	0	0	0	0	0	460011
[30>34)	12	1	0	0	0	0	0	0	0	0	13
	390396	9440	0	0	0	0	0	0	0	0	399836
[35>39)	15	0	0	0	0	0	0	0	0	0	15
	507147	0	0	0	0	0	0	0	0	0	507147
[40>44)	3	0	0	1	1	0	0	0	0	0	5
	101017	0	0	57329	43412	0	0	0	0	0	201758
[45>49)	2	1	0	0	0	0	0	0	0	0	3
	67345	41703	0	0	0	0	0	0	0	0	109048
[50>54)	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0
[55>59)	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0
[60>64)	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0
[65>69)	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0
[70>74)	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0
TOTALS											
count	48	2	0	1	1	0	0	0	0	0	52
salary	1552752	51143	0	57329	43412	0	0	0	0	0	1704636

AVERAGES --- Attained Age 33.92
Service Years 1.11
Active Salary 32,781

*Note: Years employed may reflect transferred service from other Louisiana public retirement systems.

MEMBERSHIP PROFILE
CATEGORIZED BY AGE AND YEARS EMPLOYED

LOUISIANA STATE POLICE
ACTIVE AFTER DROP

CELLS DEPICT - MEMBER COUNT
TOTAL SALARY
DROP BENEFITS

VALUATION DATE 6/30/2014

Age	YEARS EMPLOYED									Total	
	(0-1)	[1-2)	[2-3)	[3-4)	[4-5)	[5-10)	[10-15)	[15-20)	[20-)		
[0-34)	0	0	0	0	0	0	0	0	0	0	0
:	0	0	0	0	0	0	0	0	0	0	0
:	0	0	0	0	0	0	0	0	0	0	0
[35-39)	0	0	0	0	0	0	0	0	0	0	0
:	0	0	0	0	0	0	0	0	0	0	0
:	0	0	0	0	0	0	0	0	0	0	0
[40-44)	0	0	0	0	0	0	0	0	0	0	0
:	0	0	0	0	0	0	0	0	0	0	0
:	0	0	0	0	0	0	0	0	0	0	0
[45-49)	0	0	0	0	0	0	0	0	0	0	0
:	0	0	0	0	0	0	0	0	0	0	0
:	0	0	0	0	0	0	0	0	0	0	0
[50-54)	0	0	0	0	0	0	0	0	0	0	0
:	0	0	0	0	0	0	0	0	0	0	0
:	0	0	0	0	0	0	0	0	0	0	0
[55-59)	0	0	0	0	0	1	0	0	0	0	1
:	0	0	0	0	0	134351	0	0	0	0	134351
:	0	0	0	0	0	66696	0	0	0	0	66696
[60-64)	0	0	0	0	0	1	0	0	0	0	1
:	0	0	0	0	0	66307	0	0	0	0	66307
:	0	0	0	0	0	40284	0	0	0	0	40284
[65-69)	0	0	0	0	0	0	0	0	0	0	0
:	0	0	0	0	0	0	0	0	0	0	0
:	0	0	0	0	0	0	0	0	0	0	0
[70-74)	0	0	0	0	0	0	0	0	0	0	0
:	0	0	0	0	0	0	0	0	0	0	0
:	0	0	0	0	0	0	0	0	0	0	0
TOTALS											
count	0	0	0	0	0	2	0	0	0	0	2
salary	0	0	0	0	0	200658	0	0	0	0	200658
benefit	0	0	0	0	0	106980	0	0	0	0	106980

AVERAGES --- Attained Age 58.05
Post Drop Years 6.30
Active Salary 100,329
Annual Benefit 53,490

MEMBERSHIP PROFILE
CATEGORIZED BY AGE AND YEARS RETIRED

LOUISIANA STATE POLICE
REGULAR RETIREES

CELLS DEPICT - MEMBER COUNT
TOTAL BENEFITS

VALUATION DATE 6/30/2014

Age	YEARS RETIRED									Total	
	(0-1)	[1-2)	[2-3)	[3-4)	[4-5)	[5-10)	[10-15)	[15-20)	[20-)		
[0-39)	0	0	0	0	0	0	0	0	0	0	0
[40-44)	0	0	0	0	0	0	0	0	0	0	0
[45-49)	5	4	3	2	0	0	0	0	0	0	14
	327396	266820	195516	134784	0	0	0	0	0	0	924516
[50-54)	9	12	12	10	3	10	0	0	0	0	56
	456636	570648	672792	505404	184416	706224	0	0	0	0	3096120
[55-59)	2	11	10	18	8	70	2	1	2	2	124
	138060	806988	559800	1139868	535344	4210260	99000	29604	20904	0	7539828
[60-64)	0	1	9	6	2	76	36	24	47	47	201
	0	59616	519348	372744	145932	4644468	1363464	629436	839256	0	8574264
[65-69)	0	0	0	2	1	14	46	39	95	95	197
	0	0	0	140532	107832	943800	2140932	1111368	1980492	0	6424956
[70-74)	0	0	0	1	0	1	12	19	82	82	115
	0	0	0	17088	0	84168	475188	624864	1887012	0	3088320
[75-79)	0	0	0	0	0	0	1	1	61	61	63
	0	0	0	0	0	0	29352	38724	1401252	0	1469328
[80-84)	0	0	0	0	0	0	0	0	52	52	52
	0	0	0	0	0	0	0	0	1009020	0	1009020
[85-89)	0	0	0	0	0	0	0	0	16	16	16
	0	0	0	0	0	0	0	0	291288	0	291288
[90-99)	0	0	0	0	0	0	0	0	5	5	5
	0	0	0	0	0	0	0	0	76260	0	76260
TOTALS	count	16	28	34	39	14	171	97	84	360	843
	benefit	922092	1704072	1947456	2310420	973524	10588920	4107936	2433996	7505484	32493900

AVERAGES --- Attained Age 66.33
Years Retired 17.45
Annual Benefit 38,546

*Note: Profiles do not include the permanent benefit increase granted in ACT 101 effective 7/01/2014.

MEMBERSHIP PROFILE
CATEGORIZED BY AGE AND YEARS RETIRED

LOUISIANA STATE POLICE
DISABILITY RETIREES

CELLS DEPICT - MEMBER COUNT
TOTAL BENEFITS

VALUATION DATE 6/30/2014

Age	YEARS RETIRED									Total
	(0-1)	[1-2)	[2-3)	[3-4)	[4-5)	[5-10)	[10-15)	[15-20)	[20-)	
[0-39)	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0
[40-44)	1	0	0	0	0	1	0	0	0	2
	46296	0	0	0	0	25980	0	0	0	72276
[45-49)	0	0	0	0	1	2	0	1	0	4
	0	0	0	0	38340	73416	0	36132	0	147888
[50-54)	0	1	1	0	0	1	3	2	0	8
	0	37344	37944	0	0	45576	73908	59520	0	254292
[55-59)	0	0	0	0	0	1	0	1	4	6
	0	0	0	0	0	37380	0	14604	93252	145236
[60-64)	0	0	0	0	0	0	0	0	15	15
	0	0	0	0	0	0	0	0	313332	313332
[65-69)	0	0	0	0	0	0	0	1	13	14
	0	0	0	0	0	0	0	22320	296052	318372
[70-74)	0	0	0	0	0	0	0	1	5	6
	0	0	0	0	0	0	0	24708	117168	141876
[75-79)	0	0	0	0	0	0	0	0	3	3
	0	0	0	0	0	0	0	0	63096	63096
[80-84)	0	0	0	0	0	0	0	0	4	4
	0	0	0	0	0	0	0	0	80664	80664
[85-89)	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0
[90-99)	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0
TOTALS	1	1	1	0	1	5	3	6	44	62
count	1	1	1	0	1	5	3	6	44	62
benefit	46296	37344	37944	0	38340	182352	73908	157284	963564	1537032

AVERAGES --- Attained Age 62.83
Years Retired 24.61
Annual Benefit 24,791

*Note: Profiles do not include the permanent benefit increase granted in ACT 101 effective 7/01/2014.

MEMBERSHIP PROFILE
CATEGORIZED BY AGE AND YEARS RETIRED

LOUISIANA STATE POLICE
SURVIVOR BENEFITS

CELLS DEPICT - MEMBER COUNT
TOTAL BENEFITS

VALUATION DATE 6/30/2014

Age	YEARS RETIRED									Total	
	(0-1)	[1-2)	[2-3)	[3-4)	[4-5)	[5-10)	[10-15)	[15-20)	[20-)		
[0-39)	1	0	0	0	0	0	0	1	1	3	
	29076	0	0	0	0	0	0	25068	9912	64056	
[40-44)	0	0	0	0	1	0	0	1	1	3	
	0	0	0	0	42972	0	0	6972	20844	70788	
[45-49)	1	1	0	1	0	0	0	1	0	4	
	60660	18696	0	22200	0	0	0	8964	0	110520	
[50-54)	1	1	0	1	0	2	2	1	3	11	
	30516	60480	0	14676	0	51696	15048	9600	57216	239232	
[55-59)	1	2	2	1	0	3	1	2	7	19	
	13980	120876	93312	9672	0	68964	12444	41352	50448	411048	
[60-64)	2	1	3	0	0	4	6	1	23	40	
	50964	52896	150000	0	0	107748	106248	26436	343392	837684	
[65-69)	4	2	0	0	0	4	4	3	36	53	
	81456	48096	0	0	0	155484	136920	30816	542148	994920	
[70-74)	2	0	2	1	0	0	0	0	37	42	
	53844	0	92100	46440	0	0	0	0	781068	973452	
[75-79)	0	2	0	1	0	0	1	0	58	62	
	0	83064	0	30912	0	0	37032	0	1109040	1260048	
[80-84)	0	0	0	0	0	0	0	0	38	38	
	0	0	0	0	0	0	0	0	632256	632256	
[85-89)	0	0	0	0	0	0	1	0	31	32	
	0	0	0	0	0	0	72	0	523920	523992	
[90-99)	0	0	0	0	0	0	0	0	17	17	
	0	0	0	0	0	0	0	0	291600	291600	
TOTALS	count	12	9	7	5	1	13	15	10	252	324
	benefit	320496	384108	335412	123900	42972	383892	307764	149208	4361844	6409596

AVERAGES --- Attained Age 72.55
Years Retired 28.79
Annual Benefit 19,783

*Note: Profiles do not include the permanent benefit increase granted in ACT 101 effective 7/01/2014.

MEMBERSHIP PROFILE
CATEGORIZED BY AGE AND YEARS EMPLOYED

LOUISIANA STATE POLICE
TERM-VESTED/RECIPROCAL

CELLS DEPICT - MEMBER COUNT
TOTAL BENEFITS

VALUATION DATE 6/30/2014

Age	YEARS EMPLOYED									Total
	(0-1)	[1-5)	[5-10)	[10-15)	[15-20)	[20-25)	[25-30)	[30-35)	[35-)	
[0-19)	0	0	0	0	0	0	0	0	0	0
[20-24)	0	0	0	0	0	0	0	0	0	0
[25-29)	0	0	0	0	0	0	0	0	0	0
[30-34)	0	0	0	1	0	0	0	0	0	1
[35-39)	0	0	0	4	1	0	0	0	0	5
[40-44)	0	0	0	7	5	0	0	0	0	12
[45-49)	0	0	1	7	3	4	0	0	0	15
[50-54)	0	0	0	1	0	0	0	0	0	1
[55-59)	0	0	0	0	0	0	0	0	0	0
[60-64)	0	0	0	0	0	0	0	0	0	0
[65-69)	0	0	0	0	0	0	0	0	0	0
[70-74)	0	0	0	0	0	0	0	0	0	0
TOTALS	0	0	1	20	9	4	0	0	0	34
benefit	0	0	8244	388044	333792	133284	0	0	0	863364

AVERAGES --- Attained Age 44.13
Service Years 14.59
Annual Benefit 25,393

EXHIBIT 4

SUMMARY OF THE STATE POLICE
RETIREMENT SYSTEM'S PLAN PROVISIONS

EFFECTIVE DATE:

Legislative Act No. 293 of 1938

EMPLOYEE:

Sworn, commissioned law enforcement officers of the Division of State Police of the Department of Public Safety who have completed the State Police Training Academy Course of Instruction; those members employed on the Effective Date of the Fund, those subsequently employed who did not withdraw employee contributions; the secretary and deputy secretary of the Department of Public Safety, provided they are sworn, commissioned State Police officers as defined above.

EMPLOYER:

Division of State Police of the Department of Public Safety of the State of Louisiana

CREDITABLE SERVICE:

1. Service as defined as a member of the retirement system.
2. Police duty qualifying as having contributed to the war effort during World War II.
3. Credit for military service, not to exceed four years as follows:
 - a) Members employed prior to September 8, 1977 receive a maximum of three years free military service credit. Members may purchase eligible service credit in excess of three years.
 - b) Members employed on or after September 8, 1977 but prior to September 8, 1978 were eligible to purchase military service credit after one year of employment. Military service credit in a) and b) applied to retirement eligibility.
 - c) Members employed on or after September 8, 1978 were eligible to purchase military service credit; however, such service did not apply to retirement eligibility.
 - d) Upon retirement, all unused accumulated sick and annual leave.

EMPLOYEE CONTRIBUTIONS:

7% of earnable compensation.

8% effective July 1, 1989.

Currently,

8.5% effective October 1, 2009 if hired before 1/1/2011.

9.5% if hired after 12/31/2010.

EMPLOYER CONTRIBUTIONS:

State contributions each fiscal year consists of various fees and taxes collected by the Motor Vehicle Office within the Department of Public Safety.

Effective June 29, 2001 - 1.5M from Insurance Premium Tax (see RS 22:1419(A)(3)).

EXHIBIT 4 (Continued)
Plan Provisions

EARNABLE COMPENSATION:

Full salary earned by an employee in qualified service.

AVERAGE FINAL COMPENSATION (FAC):

1. For members employed prior to September 8, 1978
Average annual earned compensation for the highest 12 successive or joined months prior to Retirement or Date of Death.
2. For members employed on or after September 8, 1978
Average annual earned compensation for the highest 36 successive or joined months prior to Retirement or Date of Death.
3. For members employed after December 31, 2010
Average annual earned compensation for the highest 60 successive or joined months prior to Retirement or Date of Death.

NORMAL RETIREMENT:

ELIGIBILITY:

1. Attained Age 50 with 10 years of creditable service
2. Employed prior to September 8, 1978, 20 years of service regardless of age
3. Employed after September 7, 1978, 25 years of service regardless of age.
4. Hired after 12/31/2010 (1)-(3) are replaced with;
 - 25 years of service regardless of age.
 - 12 years of service at age 55
 - 20 years of service at any age, with benefits actuarially reduced.

Note: Compulsory retirement at age 65
(except for the Secretary and Deputy Secretary of the Department of Public Safety).

BENEFIT:

3 1/3% of FAC for each year of service

Note: Maximum benefit accrual cannot exceed 100% of FAC.

ANNUITY FORM:

An Annuity payable for the lifetime of the member

An Initial Benefit Option is available to retirees who have not participated in DROP. Election pays up to 36 months of regular benefits in lump-sum, with monthly annuity actuarially reduced for life.

An increasing annuity option permits the member to make an irrevocable election at retirement to receive a reduced benefit which increases 2.5% annually. The increases begin on the 1st retirement anniversary date, but not before the retiree attains age 55 or would have attained age 55 in the case of a surviving spouse. This option is not available to members electing BACK-DROP

EXHIBIT 4 (Continued)
Plan Provisions

DISABILITY BENEFITS:

ELIGIBILITY:

1. Non-service related total disability - 5 years of service;
- 10 years if hired after December 30, 2010.
2. Service related total disability - no service requirement

BENEFIT:

1. Disabled members eligible will receive a benefit equal to fifty percent of average salary, plus one and one-half percent of average salary for each year of service in excess of ten years.
2. Greater of 100% of FAC, 75% if hired after 12/31/2010, or 36,000 for loss of sight or hearing, permanent damage to brain or spinal cord, paralysis, loss of organ, or loses the use of a limb.

DEATH BENEFITS:

ELIGIBILITY:

1. Death of an active member in the line of duty
2. Death of an active member not in the line of duty
3. Death of a retiree or terminated vested member

BENEFIT:

1. Surviving Spouse receives 75% of FAC
 - A. If no surviving spouse, eligible children under the age of 18 receive the following benefit to be shared equally:

<u>Number of Children</u>	<u>Percentage Average Monthly Salary</u>
1	30%
2	40%
3	50%
4	60%

Benefit ceases at age 18 unless child is handicapped or mentally handicapped. Students may have benefits extended to age 23.

- B. If no surviving spouse and no eligible children, dependent parent(s) will receive 25% of the FAC.
- C. If hired after 12/31/2011, spouse, eligible children share 80% of FAC

2. Surviving Spouse receives benefits according to the following schedule:

<u>Years of Service at Death</u>	<u>Percentage Average Monthly Salary</u>
5 or less	25%
5 - 10	30%
10 - 15	40%
15 - 20	50%
20 or more	Member's Accrued Benefit

EXHIBIT 4 (Continued)
Plan Provisions

- A. If no surviving spouse, eligible children receive benefits in accordance with section 1(A) above.
 - B. If no surviving spouse and no surviving eligible children, dependent parent(s) Receive benefits in accordance with section 1(B) above.
3. Surviving spouse, who was married and living with the member at least two years prior to the date of death, eligible surviving children or the dependent parent(s) shall receive the same monthly pension which was paid to the retired member in the following order of priority: Surviving Spouse, Eligible Children, Dependent Parent(s)

Note: Under all survivor benefits, the spouse forfeits benefits upon remarriage if remarriage occurs prior to age 55. Subsequent monthly benefit payments will be made to eligible surviving children or dependent parent(s).

VESTING:

All members are entitled to a refund of employee contributions in excess of benefits received upon termination or death of the member or survivor(s).

Any member employed on or after September 8, 1978 who is vested for retirement benefits by virtue of 20 years of service but less than attained age 50, who terminates employment will be vested for disability benefits during the deferred period. This provision was deleted in accordance with Act 679 of the 1991 Legislative Session.

COST OF LIVING INCREASES:

HB 658 of 2007 establishes an Experience Account which is credited with 50% of the investment experience gain in excess of \$15 million (indexed), but subject to maximum accumulation limitations based upon the Plan's funded percentage, and debited with 50% of the net investment experience loss. Balances in the experience account accrue interest at the average actuarial yield for the System portfolio. Once the balance of the Experience Account accumulates a sum sufficient to grant retirees a COLA/PBI, the Board may grant the COLA/PBI on benefits up to \$60,000 (indexed), not to exceed the lesser of the CPI-U or the funded level percentage attained, provided a COLA/PBI had not been granted in the prior year. Benefits are restricted to disability retirees and those retirees and beneficiaries who have attained the age of 60 and have been retired for at least one year. Maximum limitations are outlined in ACT 399 of 2014.

DEFERRED RETIREMENT OPTION PLAN:(To be phased out & replaced with BACK-DROP eff. 10/1/2009)

Instead of terminating employees and accepting a service retirement allowance, any member who has met the following eligibility requirements may elect to participate in the Deferred Retirement Option Plan (DROP) and defer receipt of benefits.

ELIGIBILITY:

Any Active member who is eligible to receive a service retirement allowance may begin participation on the eligibility date for a period not to exceed the 3rd anniversary of retirement eligibility.

EXHIBIT 4 (Continued)
Plan Provisions

BENEFIT:

Upon termination of employment at the end of or prior to the end of the specified period of participation, a participant will receive, at his option:

- (1) lump sum payment (equal to the payments to the account)
- (2) a true annuity based upon his account; or
- (3) any other option available to a retiree

If a participant dies during the period of participation, a lump sum payment equal to his account balance shall be paid to the beneficiary, or if none, to the estate; in addition, normal survivor benefits payable to survivors of retirees shall be payable.

If employment is not terminated after DROP participation, then:

- (1) payment into account shall cease
- (2) payment from account only upon termination of employment, and
- (3) the participant shall resume active contributing membership

Upon termination of employment, the benefit payments indicated above shall be paid. The participant shall receive a supplemental benefit based on additional service rendered since termination of participation in the fund subject to the following:

- (1) Members employed prior to September 8, 1978
 - (a) If additional service was less than 12 months, average compensation figure used to calculate original benefit.
 - (b) If additional service was 12 or more months, the average compensation figure used to calculate the additional benefit shall be based on compensation during the period of additional service.
- (2) Members employed on or after September 8, 1978
 - (a) If additional service was less than 36 months, average compensation figure used to calculate additional benefit shall be that used to calculate original benefit.
 - (b) If additional service was 36 or more months, the average compensation figure used to calculate the additional benefit shall be based on compensation during the period of additional service.

Effective 10/1/2009 active members who have not participated in the regular DROP program may elect, at retirement, to participate in BACK-DROP. The basic difference in the two plans is that BACK-DROP allows an eligible member, at retirement, to look back up to three years and make an election to have entered DROP, based on the service and final average compensation that existed at that time. Benefit adjustments are made to the benefit accruals and employee contributions that occurred during the DROP period.

NOTE: DROP Accounts shall earn interest following termination of DROP at a rate .5% below the actuarial rate earned on the System's investment portfolio.

Effective 7/1/2003 new DROP accounts are credited with Money Market rates or self directed accounts approved by the Board of Trustees.

EXHIBIT 5

ACTUARIAL COST METHODS AND ASSUMPTIONS

COST METHOD:

La. R.S. 11:22(B.)(12), prescribes the "Entry Age Normal" cost method to be used to calculate the funding requirements of the retirement system. Under this cost method, the actuarial present value of projected benefits of each individual included in the valuation is allocated on a level basis as percentage of payroll for each participant between entry age and assumed retirement age(s). That portion of the actuarial present value attributable to current year benefit accruals is called the Normal Cost. The actuarial present value of future benefits in excess of the actuarial present value of future normal costs is called the actuarial accrued liability.

The valuation and measurement of all events occur at mid-plan year.

ASSET VALUATION:

For the Plan Year ending prior to July 1, 1999 equities are valued at a four year weighted average. The computation of the actuarial value of assets is the sum of the bonds at amortized cost, less a weighted average of unrealized losses or (gains) in the market value of equities, plus the market value of Equities.

For the Plan Year beginning July 1, 1999 the Board of Trustees approved a change in the Asset Valuation Method which adjusts the market value of assets to a four year weighted average in the unrealized gain or loss in the value of all assets. This value was subject to Corridor Limits of 80% to 120% of the Market Value of Assets.

For the Plan Year beginning July 1, 2013 the Board of Trustees approved a change in the Asset Valuation Method which adjusts the market value of assets to a five year weighted average of the unrealized gain or loss in the value of all assets relative to the valuation rate. This value is subject to Corridor Limits of 85% to 115% of the Market Value of Assets.

ACCOUNTING DISCLOSURE:

The Governmental Accounting Standards Board Statement No. 25 and No. 67 requires disclosure of certain actuarial liabilities for Public Employee Retirement Systems. The disclosures illustrated in Exhibit 6 were developed using the Entry Age Normal cost method. The statement of assets provided by the independent auditors was a copy of the final draft prior to publication. Should the statement of assets received differ from the final audit report, a revised actuarial statement will be issued to the extent that any difference in reporting affects the employer's contribution rate or the yield to the Actuarial Value of Assets.

ACTUARIAL ASSUMPTIONS:

The Retirement System is required to conduct an experience study every five years, but the scope of such a study is not necessarily limited to a five year period. The five year observation period (2008-2012) ran consecutive to the prior (2003-2007) study. The Board of Trustees approved the recommended changes in actuarial assumptions on May 21, 2013, effective July 1, 2013. A copy of the Study containing a detailed development of the assumptions with recommendations is available at the retirement office

EXHIBIT 5 (Continued)
 Cost Methods & Assumptions

MORTALITY ASSUMPTIONS:

The (2008-2012) Experience Study updated preretirement deaths and postretirement life expectancies in accordance with the experience of the RP-2000 Sex Distinct Mortality Table to the RP-2000 Sex Distinct Mortality Table with mortality improvements projected to 2025.

DISABILITY ASSUMPTION:

Rates of total and permanent disability were projected in accordance in accordance with the experience of the RP-2000 Sex Distinct Disability Mortality Table which remains unchanged from the prior experience study.

RETIREMENT/DROP ASSUMPTION:

The (2008-2012) Experience Study updated retirement rates are based on age and service eligibility requirements for normal retirement benefits and are illustrated in the rate tables at the end of this exhibit.

Back-DROP is viewed as an alternative form of retirement benefit elected at the date of retirement. DROP utilization probabilities are based on the most recent Experience.

Back Drop Utilization		
<u>1 year</u>	<u>2 year</u>	<u>3 year</u>
.1065	.0533	.1185

TERMINATION ASSUMPTIONS:

Voluntary termination or withdrawal rates are based upon the most recent Experience (2008-2012) Study and are illustrated in the rate tables at the end of this exhibit.

Generally during the first five years of employment, there is a higher incidence of voluntarily terminating. In prior valuations this "select period" adjusted the probability of termination using multipliers applied to the "ultimate rate". Over the last two Experience Study observation periods (2003-2012), the select rates have converged with the ultimate rates. Therefore, the select rate multipliers have been eliminated.

For members terminating with less than twenty (20) years of service, it is assumed that 80% will withdraw their accumulated employee contributions. For members terminating with twenty (20) or more years of service, it is assumed that only 30% will withdraw their accumulated employee contributions.

The remaining are assumed to receive a deferred vested retirement benefit

SALARY GROWTH:

The (2008-2012) Experience Study updated the salary growth rate to reflect more moderate longevity increases and inflation at 2.75%. The annual salary growth rates are base upon the members' years of service and are illustrated in the rate tables at the end of this exhibit.

EXHIBIT 5 (Continued)
 Cost Methods & Assumptions

FAMILY STATISTICS:

The composition of the Family was based on Age Specific Fertility Rates from the 1983 Vital Statistics of the United States. 80% of the membership was assumed to be married with the wife assumed to be three (3) years younger than the husband. Sample rates are as follows:

<u>Age at Death</u>	<u>Number of Minor Chn.</u>	<u>Years for Youngest Child to Attain Majority</u>
25	1.2	17
30	1.4	15
35	1.7	13
40	1.7	10
45	1.4	8
50	1.1	4

REMARRIAGE:

Annuities payable to a spouse, which cease upon death or remarriage, were taken from a Technical Note for the Construction of Widow's Annuities. The Remarriage and Mortality rates used to develop these annuities were based on the graduated rates from the Mortality and Remarriage Experience for Widow's Beneficiaries under OASDI.

Accumulated Leave Policies:

Retirements are monitored to determine the amount of leave converted to service credit. Leave credit is accrued throughout the duration of the member's career. The average service credit converted is expressed as a percentage increase of the accrued benefit as follows:

Troopers	3.0%
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INVESTMENT EARNINGS:

For the 1990-1991 plan year, the Public Retirement Systems' Actuarial Committee increased the valuation rate assumption to 7.5% from the system's actuary recommended rate of 7.0%, net investment expenses. The (2008-2012) Experience Study recommended a reduction back to 7.0% based upon reductions in the inflation forecast at 2.75% and an overall reduction in Capital Market for the System's portfolio.

ADMINISTRATIVE EXPENSES:

Expenses are assumed to be \$590,000 per year. Although generally considered part of the plan's Normal Cost, by Statue, is funded by interest income and therefore is treated annually as a contribution experience loss, amortized over thirty years.

COST OF LIVING:

Cost-of-living Raises or Permanent Benefit Increases (PBI) may be granted from the Experience Account provided there are sufficient funds needed to offset the increase in the actuarial liability and the plan has met the criteria and eligibility requirements outline by ACT 399 of 2014. COLA's/PBI's are considered Ad Hoc raises and therefore, no projections for future increases are considered in the liabilities.

ACTUARIAL TABLES AND RATES
Effective 7/1/2013

Age	- Death Rates -		Disability Rates	Termination Rates	Retirement Rates	Dur	Salary Scale
	Male	Female					
18	.000196	.000132	.0020	.0250	.0000	1	1.1650
19	.000205	.000130	.0020	.0250	.0000	2	1.0700
20	.000214	.000128	.0020	.0250	.0000	3	1.0500
21	.000227	.000125	.0020	.0250	.0000	4	1.0500
22	.000238	.000126	.0020	.0250	.0000	5	1.0550
23	.000256	.000132	.0020	.0250	.0000	6	1.0550
24	.000271	.000138	.0020	.0250	.0000	7	1.0550
25	.000292	.000146	.0020	.0250	.0000	8	1.0550
26	.000325	.000158	.0020	.0250	.0000	9	1.0600
27	.000337	.000165	.0020	.0250	.0000	10	1.0600
28	.000347	.000174	.0020	.0250	.0000	11	1.0600
29	.000363	.000183	.0020	.0250	.0000	12	1.0500
30	.000392	.000205	.0020	.0250	.0000	13	1.0500
31	.000440	.000251	.0020	.0200	.0000	14	1.0500
32	.000496	.000286	.0020	.0200	.0000	15	1.0500
33	.000557	.000314	.0020	.0200	.0000	16	1.0450
34	.000619	.000338	.0020	.0200	.0000	17	1.0450
35	.000682	.000360	.0020	.0200	.0000	18	1.0450
36	.000742	.000380	.0020	.0200	.0000	19	1.0450
37	.000798	.000399	.0020	.0200	.0000	20	1.0450
38	.000829	.000420	.0020	.0150	.0000	21	1.0450
39	.000857	.000444	.0020	.0150	.0000	22	1.0450
40	.000883	.000484	.0020	.0150	.0000	23	1.0450
41	.000911	.000530	.0020	.0150	.0000	24	1.0450
42	.000945	.000584	.0020	.0150	.0000	25	1.0450
43	.000985	.000642	.0020	.0100	.0000	26	1.0450
44	.001033	.000705	.0020	.0100	.0000	27	1.0450
45	.001087	.000751	.0020	.0100	.0000	28	1.0450
46	.001136	.000797	.0020	.0100	.0000	29	1.0450
47	.001188	.000842	.0020	.0100	.1000	30	1.0450
48	.001243	.000911	.0020	.0100	.1000	31	1.0400
49	.001300	.000984	.0020	.0100	.1000	32	1.0400
50	.001358	.001092	.0020	.0100	.2500	33	1.0400
51	.001516	.001237	.0020	.0100	.2500	34	1.0400
52	.001609	.001419	.0020	.0100	.2500	35	1.0400
53	.001760	.001632	.0020	.0100	.2500	36	1.0400
54	.001929	.001885	.0020	.0100	.2500	37	1.0400
55	.002243	.002223	.0020	.0100	.2500	38	1.0400
56	.002667	.002658	.0020	.0100	.2500	39	1.0400
57	.003057	.003068	.0020	.0100	.5000	40	1.0400
58	.003523	.003461	.0020	.0100	.5000	41	1.0400
59	.003972	.003918	.0020	.0100	.5000	42	1.0400
60	.004508	.004460	.0020	.0100	.5000	43	1.0400
61	.005261	.005129	.0020	.0000	.5000	44	1.0400
62	.006002	.005873	.0020	.0000	.5000	45	1.0400
63	.007038	.006747	.0020	.0000	.9900	46	1.0400
64	.007929	.007604	.0020	.0000	.9900	47	1.0400
65	.008953	.008563	.0000	.0000	.9900	48	1.0400
66	.010389	.009664	.0000	.0000	.9900	49	1.0400
67	.011590	.010730	.0000	.0000	.9900	50	1.0400
68	.012562	.011861	.0000	.0000	.9900	51	1.0400
69	.013920	.013110	.0000	.0000	.9900	52	1.0400
70	.015219	.014770	.0000	.0000	.9900	53	1.0400
71	.016839	.015984	.0000	.0000	.9900	54	1.0400
72	.018697	.017778	.0000	.0000	.9900	55	1.0400
73	.020825	.019270	.0000	.0000	.9900	56	1.0400
74	.023233	.021358	.0000	.0000	.9900	57	1.0400

EXHIBIT 6

PENSION ACCOUNTING
AND
FINANCIAL DISCLOSURE

GASB Statements 25/27 Disclosure:

The Governmental Accounting Standards Board (GASB) was established as an arm of the Financial Accounting Foundation in April 1984 by amendment to the Foundation's certificate of incorporation and by-laws. GASB's objective at the time was to promulgate standards of financial accounting and reporting relative to the activities and transactions of state and local governmental entities, based upon the actuarial methods adopted for valuation purposes. The following disclosures and statistical tables are in accordance with Statements No. 25 and 27.

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability(AAL) ¹ (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Payroll ((b-a)/c)
2005	278,220,750	516,426,599	238,205,849	62.4	49,289,922	393.5
2006	379,704,362	546,238,449	166,534,087	69.5	49,255,802	338.1
2007	428,880,461	587,526,595	158,646,134	73.0	49,763,351	318.8
2008	438,074,647	637,831,867	199,757,220	68.7	56,728,212	352.1
2009	395,905,112	678,306,663	282,401,551	58.4	59,556,036	474.2
2010	391,669,402	704,747,809	313,078,407	55.6	59,340,901	527.6
2011	401,146,109	740,257,372	339,111,263	54.2	58,592,035	578.8
2012	415,965,659	759,652,635	343,686,976	54.8	57,828,488	594.3
2013 ¹	474,235,310	797,839,506	323,604,196	59.4	51,261,574	631.4
2014	549,075,148	837,940,546	288,865,398	65.5	54,331,845	531.7

The total actuarial accrued liability determined using the Individual Entry Age Normal Cost Method increased by \$40,101,040 from June 30, 2013 to June 30, 2014.

From all other sources, there was a net experience gain of \$25,503,322.

Fiscal year gains/losses are summarized on page 3 under "Change in Unfunded Liability".

¹Actuarial valuation rate changed from 7.50% to 7.0% effective July 1, 2013

EXHIBIT 6 (Continued)
 GASB Statements 25/27 Disclosure

SUPPLEMENTARY INFORMATION

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year	Actuarial Required Contribution ¹	Percent Contributed	Annual Pension Cost (APC) ¹	Actual Contribution ¹	Percentage of APC Contributed	Net Pension Obligation ¹
2005	33,658,907	87.4	35,886,584	29,432,635	82.0	3,149,715
2006	36,698,310	102.1	37,621,412	37,483,229	99.6	3,287,896
2007	18,482,551	226.8	18,615,913	41,919,040	225.2	-20,015,231
2008	16,208,885	116.7	19,099,665	18,908,564	99.0	-19,824,130
2009	20,705,663	96.0	23,854,267	19,868,911	83.3	-15,838,774
2010	34,935,975	84.9	39,150,610	29,641,699	75.7	-6,329,863
2011	36,257,596	101.0	40,921,425	36,605,608	89.5	-2,014,046
2012	38,052,718	101.5	42,932,245	38,604,718	89.9	2,313,481
2013	43,891,264	100.7	43,439,116	44,207,440	101.8	1,545,157
2014	42,792,972	104.8	41,692,992	44,831,374	107.5	1,593,225

Analysis of the percentage contributed over a period of years will give a relative indication of the funding progress for the liabilities of the Louisiana State Police Retirement System.

The difference between the Actuarial Required Contribution and the APC is the amortization payment for the Net Pension Obligation.

Development of Net
Pension Obligation

Actuarial Required Contribution	42,792,972
Interest on Net Pension Obligation (+)	108,161
Amortization of Net Pension obligation (-)	<u>1,208,141</u>
Annual Pension Cost	41,692,992
Employer Contribution ²	44,831,374
Increase (decrease) in Net Pension Obligation	-3,138,382
Net Pension Obligation - Beginning of Year	<u>1,545,157</u>
Net Pension Obligation - End of Year	-1,593,225

¹ Actuarial Contributions, the Annual Pension Cost (APC), and the actual employer contribution made have been adjusted with interest at the valuation rate to the end of the fiscal year in accordance with GASB's Statement No. 27, paragraph 21.

EXHIBIT 6 (Continued)
 GASB Statements 25/27 Disclosure

STATISTICAL DATA

COMPARATIVE SUMMARY OF REVENUES BY SOURCE
 AND EXPENSES BY TYPE

Revenues by Source

<u>Fiscal</u> <u>Year End</u>	<u>Members</u> <u>Contribution</u>	<u>Employer</u> <u>Contribution</u> ¹	<u>Investment</u> <u>Income</u>	<u>Total</u>
2005	4,182,096	30,177,649	27,796,776	62,156,521
2006	3,997,156	37,560,697	25,561,079	67,118,932
2007	4,020,197	41,558,739	63,735,798	109,314,734
2008	4,608,593	19,677,101	-23,624,875	660,819
2009	4,919,092	20,678,164	-78,942,049	-53,344,793
2010	5,449,494	29,094,780	38,365,956	72,910,230
2011	5,150,698	37,842,609	81,237,540	124,230,847
2012	4,937,096	38,765,515	2,371,982	46,074,593
2013	4,723,595	43,909,267	63,279,904	111,912,766
2014	4,564,590	45,650,091	94,079,752	144,294,433

Expenses by Type

<u>Fiscal</u> <u>Year End</u>	<u>Benefits</u>	<u>Refunds</u>	<u>Administrative</u> <u>Expenses</u>	<u>Total</u>
2005	25,216,731	309,370	416,736	25,942,837
2006	27,039,512	218,572	415,344	27,673,428
2007	30,430,391	162,483	432,781	31,025,655
2008	33,321,008	507,995	575,536	34,404,539
2009	36,091,478	113,351	587,347	36,985,796
2010	39,960,755	66,707	558,408	40,585,870
2011	42,882,032 ²	117,592	557,328	43,556,952
2012	40,993,198	77,350	541,505	41,612,053
2013	41,493,531	372,314	574,173	42,440,018
2014	41,735,226	273,577	622,685	42,631,488

¹Includes transfers and miscellaneous income

²Includes disability settlement of \$3,100,000

EXHIBIT 6 (Continued)
 GASB Statements 67/68 Disclosure

The Governmental Accounting Standards Board Statement #67 and Statement #68 replace the prior reporting requirement GASB Statements #25 and Statement #27 and establishes financial reporting standards for state and local pension plans administered through trusts. The required actuarial disclosures are presented as follows:

STATEMENT OF EMPLOYERS' NET PENSION LIABILITY

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Total Pension Liability (TPL)	\$ 837,940,546	\$ 797,839,506
Plan Fiduciary Net Position	<u>622,793,610</u>	<u>521,130,665</u>
Employers Net Pension Liability (NPL)	215,146,936	276,708,841
Plan Fiduciary Net Position as a percentage of Total Pension Liability	74.3%	65.3%
Covered Employee Payroll	54,331,845	51,261,574
Employers Net Pension Liability as a percentage of Covered Employee Payroll	396.0%	539.8%

STATEMENT OF CHANGES IN NET PENSION LIABILITY

	<u>Net Pension Liability</u>	<u>Deferred Inflows</u>	<u>Deferred Outflows</u>	<u>Pension Expense</u>
Pension Liability - Beginning	(276,708,841)	-	45,650,091	-
<u>Total pension liability factors</u>				
Service cost	(14,007,680)			14,007,680
Interest	(55,848,765)			55,848,765
Changes in benefit terms	-			-
Changes in plan experience	(54,306,519)	-	54,306,519	
Current year amortization			(4,474,419)	4,474,419
Changes in assumptions/other	(13,953,293)	-	13,953,293	
Current year amortization			(1,149,639)	1,149,639
Changes in investment experience	56,006,414	(56,006,414)	-	
Current year amortization		13,751,002	-	(13,751,002)
Benefit payments	42,008,803			(42,008,803)
NET CHANGE	(40,101,040)	(42,255,412)	62,635,754	19,720,698
<u>Plan fiduciary net position</u>				
Contributions - employer	45,650,091		(45,650,091)	
Contributions - employee	4,564,590			(4,564,590)
Net investment income	94,079,752			(94,079,752)
Benefit payments	(42,008,803)			42,008,803
Administrative expenses	(590,854)			590,854
Other	(31,831)			31,831
NET CHANGE	101,662,945	-	(45,650,091)	(56,012,854)
Pension Liability - Ending	(215,146,936)	(42,255,412)	62,635,754	(36,292,156)

EXHIBIT 6 (Continued)
 GASB Statements 67/68 Disclosure

ACTUARIAL ASSUMPTIONS

All actuarial methods and assumptions outlined in Exhibit 5, pages 28-31 are in compliance with the new GASB disclosure requirements with the following clarifications.

- Asset value for GASB 67/68 disclosure purposes is Market Value (Exhibit 2, page 14).
- The GASB Net Pension Liability (NPL) is the difference between the actuarial accrued liability (Exhibit 1, page 10) and the Market Value of assets
- The discount rate utilized to determine the NPL is the same as the valuation rate set at 7.0%. The discount rate may deviate from the valuation rate of 7.0% from year to year based on changing market conditions or changes in plan Asset Allocation. For this year, the discount rate was developed from a combination of the plan's investment consultant's (UBS) capital market assumptions and those from eight other consultants participating in the Horizon Actuarial Consultants "Survey of Capital Market Assumptions", plus the following considerations:
 - a) The long term economic forecasts for inflation is projected to be 2.75%
 - b) Investment management expenses adjust the gross rate by 23 basis points and are considered as an offset in the development of the discount rate.

Note: Administrative expenses by statute are paid from investment income, and average 10-15 bps, but are not considered as an offset in the development of the discount rate.

COLA's are funded from up to 1/2 of investment gains in excess of the valuation rate. COLA's are not guaranteed, therefore there is no adjustment to the discount rate.

- c) Based on the most recent long term Capital Market Assumptions published and the current Plan's portfolio Asset Allocation by asset class, the projected gross rate of returns net of investment expenses are indicated as follows:

<u>ASSET CLASS</u>	<u>POLICY ALLOCATION</u>	<u>PROJECTED RETURN</u>
Domestic Bonds	12.50%	4.47%
International Bonds	2.50	3.41
High Yield	7.50	6.36
Domestic Equity	45.00	7.96
Developed Markets	10.00	8.53
Emerging Markets	5.00	9.54
Private Equity	2.50	10.58
Hedge Funds	5.00	7.02
Real Estate	5.00	6.96
Timber	2.50	7.50
Cash	2.50	2.94
EXPECTED PORTFOLIO RETURN	100.00	7.27%

The projected return when adjusted for investment management fees yields an expected discount rate of 7.04%, essentially equal to the valuation rate.

Base upon a 7.00% discount rate, the sensitivity to the Net Pension Liability based upon a $\pm 1.0\%$ change in the discount rate is as follows:

	<u>7.00%</u>	<u>6.00%</u>	<u>8.00%</u>
Employer' Net Pension Liability	215,146,936	313,610,632	132,466,021

EXHIBIT 6 (Continued)
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The discount rate should be the single rate that incorporates the following criteria:

1. The long term expected rate of return on pension plan investments that are expected to be used to finance the payment of benefits to the extent that (1) the pension plan's fiduciary net position is projected to be sufficient to make the projected benefit payments and (2) plan assets are expected to be invested using a strategy to achieve that return.
2. A yield or index rate for the 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher, to the extent that the conditions in (1) are not met.

CROSSOVER POINT and CASH FLOW ASSUMPTIONS

- Contributions to the plan consist of Normal Cost contributions at 27.2% of payroll, excluding administrative expenses, plus a Past Service liability amortization payment.
- Contributions and benefit payments are assumed to occur mid-plan year.
- DROP accounts are annuitized as part of the projected benefit payments.
- The assets are assumed to earn 7.00% per year, satisfying criteria (1).
- The plan is projected to be Fully Funded at the end of the 2024 plan year at which time all amortization schedules will be liquidated. The Crossover Point is the duration when projected assets would be insufficient to pay projected benefits therefore, since the Plan is projected to be fully funded there is no adjustment for criteria (2).
- The negative amortization payment beginning in 2029 is the amortization of the surplus offset by the cumulative amortization payments of the annual administrative expense experience loss which are projected to increase 1% per year.

SUMMARY PROJECTED CASH FLOWS

<u>YEAR</u>	<u>Benefit Payout</u>	<u>Projected Payroll</u>	<u>Projected Normal Cost</u>	<u>Past-Serve Liability Payment</u>	<u>IPTF Allocation</u>	<u>Market Asset-EA</u>	<u>Accrued Liability</u>
2014	42,195,558	55,730,730	15,158,759	28,707,948	1,500,000	622,793,610	837,940,546
2015	43,873,909	54,956,261	14,948,103	27,939,966	1,500,000	669,669,424	868,629,301
2016	45,757,644	54,000,838	14,688,228	28,022,367	1,500,000	717,078,135	899,512,266
2017	47,958,198	52,648,444	14,320,377	28,152,789	1,500,000	765,673,325	930,339,671
2018	52,727,561	51,019,769	13,877,377	28,227,337	1,500,000	815,148,308	960,668,215
2019	55,400,428	49,009,332	13,330,538	28,025,424	1,500,000	862,771,943	987,728,047
2020	58,611,225	46,318,070	12,598,515	28,025,424	1,500,000	910,189,883	1,013,351,578
2021	62,001,788	43,468,587	11,823,456	28,025,424	1,500,000	956,848,594	1,036,690,272
2022	65,189,719	40,550,842	11,029,829	28,025,424	1,500,000	1,002,464,461	1,057,353,720
2023	68,479,633	37,342,737	10,157,224	28,025,424	1,500,000	1,047,154,883	1,075,345,055
2024	71,571,821	34,137,107	9,285,293	18,367	1,500,000	1,090,667,893	1,090,290,040
2025	74,274,681	31,214,311	8,490,293	-105,575	1,500,000	1,104,155,571	1,102,180,657
2026	76,660,696	28,282,948	7,692,962	-228,234	1,500,000	1,114,840,966	1,111,285,403
2027	78,910,126	25,072,055	6,819,599	-349,623	1,500,000	1,122,854,579	1,117,734,602
2028	80,944,063	21,737,473	5,912,593	-469,757	1,500,000	1,128,073,338	1,121,405,003
2029	82,480,662	18,848,551	5,126,806	-588,648	1,500,000	1,130,491,007	1,122,290,197
2030	83,460,170	16,329,268	4,441,561	-706,310	1,500,000	1,130,552,637	1,120,835,060
2031	84,078,552	13,922,100	3,786,811	-822,757	1,500,000	1,128,774,835	1,117,556,029
2032	84,224,589	11,787,716	3,206,259	-938,002	1,500,000	1,125,435,196	1,112,730,529
2033	83,935,579	9,851,735	2,679,672	-1,052,058	1,500,000	1,120,990,983	1,106,815,653

EXHIBIT 6 (Continued)
 GASB Statements 67/68 Disclosure

Active Lives Projected Cash Flows

Actives	Retirement	Disability	Survivor	Withdrawal	Projected	Retired	<i>Deceased</i>
<u>YEAR</u>	<u>Benefit</u>	<u>Benefit</u>	<u>Benefit</u>	<u>Benefit</u>	<u>Payroll</u>	<u>Members</u>	
2014	1,330,365	56,884	43,965	536,437	55,730,730	956	0
2015	3,175,170	106,222	89,830	514,498	54,956,261	905	49
2016	5,221,186	151,110	137,109	548,019	54,000,838	857	97
2017	7,633,199	190,002	185,391	516,627	52,648,444	806	148
2018	10,348,339	223,307	234,127	442,952	51,019,769	754	200
2019	13,382,540	250,279	283,166	377,545	49,009,332	700	254
2020	16,968,616	269,284	331,752	326,098	46,318,070	643	311
2021	20,639,092	284,443	379,435	266,581	43,468,587	586	368
2022	24,313,309	295,411	425,823	220,830	40,550,842	531	423
2023	28,119,135	301,581	470,303	178,849	37,342,737	475	479
2024	31,760,222	305,762	512,622	138,700	34,137,107	422	532
2025	35,000,893	307,684	552,677	139,192	31,214,311	374	580
2026	38,011,240	306,652	590,538	122,282	28,282,948	329	625
2027	40,981,570	303,020	625,290	68,696	25,072,055	283	671
2028	43,789,105	296,830	655,642	30,306	21,737,473	238	716
2029	46,095,926	289,193	681,996	29,620	18,848,551	200	754
2030	47,916,803	280,653	704,996	30,027	16,329,268	168	786
2031	49,432,722	270,984	725,009	30,217	13,922,100	139	815
2032	50,534,352	260,186	742,231	29,160	11,787,716	113	841
2033	51,259,524	248,570	756,934	26,980	9,851,735	91	863

Retired Lives Projected Cash Flows

Retirees	Retirement	Disability	Survivor	Withdrawal	Projected	Active	<i>Inactive</i>
<u>YEAR</u>	<u>Benefit</u>	<u>Benefit</u>	<u>Benefit</u>	<u>Benefit</u>	<u>Payroll</u>	<u>Members</u>	
2014	32,557,049	1,465,601	6,205,257	0	0	1251	11
2015	32,595,649	1,395,300	5,997,240	0	0	1238	24
2016	32,588,073	1,326,234	5,785,913	0	0	1223	39
2017	32,603,018	1,258,474	5,571,487	0	0	1208	54
2018	34,932,565	1,192,112	5,354,159	0	0	1191	71
2019	34,844,927	1,127,137	5,134,834	0	0	1172	90
2020	34,737,636	1,063,654	4,914,185	0	0	1152	110
2021	34,738,497	1,001,770	4,691,970	0	0	1131	131
2022	34,523,775	941,532	4,469,039	0	0	1109	153
2023	34,280,586	882,977	4,246,202	0	0	1085	177
2024	34,004,302	826,241	4,023,972	0	0	1060	202
2025	33,699,706	771,449	3,803,080	0	0	1033	229
2026	33,326,751	718,706	3,584,527	0	0	1006	256
2027	32,894,395	668,061	3,369,094	0	0	977	285
2028	32,395,177	619,556	3,157,447	0	0	946	316
2029	31,860,316	573,244	2,950,367	0	0	915	347
2030	31,249,667	529,142	2,748,882	0	0	882	380
2031	30,578,836	487,241	2,553,543	0	0	849	413
2032	29,845,965	447,564	2,365,131	0	0	814	448
2033	29,049,176	410,122	2,184,273	0	0	778	484

EXHIBIT 6 (Continued)
 GASB Statements 67/68 Disclosure

SUPPLEMENTARY INFORMATION

SCHEDULE OF EMPLOYER CONTRIBUTIONS

<u>Fiscal Year</u>	<u>Actuarial Required Contribution</u>	<u>Percent Contributed</u>	<u>Actual Contribution</u>	<u>Actual Salaries</u>
2005	32,750,493	86.7	28,387,354	52,276,200
2006	33,925,862	106.6	36,152,036	49,964,450
2007	16,382,203	246.8	40,430,312	50,252,463
2008	14,920,320	122.2	18,237,039	57,607,413
2009	18,999,993	100.9	19,163,279	61,488,650
2010	34,808,643	82.1	28,588,993	68,118,675
2011	33,631,028	109.4	36,805,583	60,596,447
2012	34,675,839	107.4	37,233,697	58,083,482
2013	39,233,624	108.7	42,637,442	55,571,706
2014	40,865,616	106.1	43,340,125	53,629,417