

**PAROCHIAL EMPLOYEES'  
RETIREMENT SYSTEM**

ACTUARIAL VALUATION AS OF  
DECEMBER 31, 2013

# G. S. CURRAN & COMPANY, LTD.

Actuarial Services

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June 11, 2014

Board of Trustees  
Parochial Employees' Retirement System  
P.O. Box 14619  
Baton Rouge, LA 70898-4619

Ladies and Gentlemen:

We are pleased to present our report on the actuarial valuation of the Parochial Employees' Retirement System for the fiscal year ending December 31, 2013. Our report is based on the actuarial assumptions specified and relies on the data supplied by the system's administrators and accountants. This report was prepared at the request of the Board of Trustees of the Parochial Employees' Retirement System. The primary purposes of the report are to determine the actuarially required contribution for the retirement system for the fiscal year ending December 31, 2014, to recommend the net direct employer contribution rate for fiscal 2015, and to provide information required for the system's financial statements. This report was prepared exclusively for the Parochial Employees' Retirement System for a specific limited purpose. It is not for the use or benefit of any third party for any purpose.

Please note that significant changes in the accounting standards affecting retirement systems have been approved by the Governmental Accounting Standards Board. These changes, which are included in GASB Statement 67, will not be effective until the December 31, 2014 valuation. This report was prepared in accordance with the currently effective GASB Statement 25. GASB 67 will require the reporting of an alternative calculation of liabilities based upon a funding method and interest rate that may differ with those used for funding purposes. It is important to note that the liability numbers within this report are not a reasonable approximation of the liability numbers that will be reported under GASB 67.

This report has been prepared in accordance with generally accepted actuarial principles and practices, and to the best of our knowledge and belief, fairly reflects the actuarial present values and costs stated herein. The undersigned actuaries are members of the American Academy of Actuaries and have met the qualification standards for the American Academy of Actuaries to render the actuarial opinions incorporated in this report, and are available to provide further information or answer any questions with respect to this valuation.

Sincerely,

G. S. CURRAN & COMPANY, LTD.

By:   
Gary Curran, F.C.A., M.A.A.A., A.S.A.

  
Gregory Curran, F.C.A., M.A.A.A., A.S.A.

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**SUMMARY OF VALUATION RESULTS  
PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM - PLAN A**

Valuation Date:	December 31, 2013	December 31, 2012
Census Summary:		
Active Members	13,866	14,370
Retired Members and Survivors	6,242	5,991
Terminated Due a Deferred Benefit	683	561
Terminated Due a Refund	7,109	6,795
Payroll:	\$ 543,669,542	\$ 558,327,346
Benefits in Payment:	\$ 124,299,785	\$ 114,515,106
Market Value of Assets:	\$ 3,043,479,814	\$ 2,583,983,506
Actuarial Asset Value (AVA):	\$ 2,760,148,403	\$ 2,448,529,177
Actuarial Accrued Liability (EAN - GASB 50):	\$ 2,984,143,643	\$ 2,823,038,820

Funded Ratio (GASB 50):	92.49%	86.73%
*****		
	2014	2013
Employers' Normal Cost (January 1):	\$ 75,371,169	\$ 90,312,644
Interest Adjusted Actuarially Required Contributions Including Estimated Administrative Costs:	\$ 79,351,725	\$ 94,858,041
Projected Ad Valorem and Revenue Sharing	\$ 7,269,075	\$ 6,600,472
Actuarially Required Net Direct Employer Contributions	\$ 72,082,650	\$ 88,257,569
Actuarially Required Net Direct Employer Contribution Rate	13.07%	15.56%
Actual Net Direct Employer Contribution Rate:	16.00%	16.75%

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**Minimum Net Direct Employer Contribution Rate: For Fiscal 2015: 13.00% For Fiscal 2014: 15.50%**

Employee Contribution Rate: 9.50% of Payroll

Actuarial Cost Method: The Aggregate Actuarial Cost Method

Valuation Interest Rate: 7.25% (Net of Investment Expense)

Census Exclusions: All individuals submitted by the system were included in the valuation.

Basis of Actuarial Asset Value: The actuarial value of assets is based on the market value of assets adjusted to average in asset earnings above or below the assumed rate of return over a five-year period subject to a corridor limit of 85% to 115% of the market value of assets. If the smoothed value lies outside of the corridor limit the actuarial value is determined by averaging the smoothed value with the corridor limit.

Changes in Valuation Methods, Assumptions, and Amortization Periods: The valuation interest rate was lowered from 7.5% to 7.25% as of December 31, 2013.

Method of Recognizing Gains and Losses: Under the Aggregate Actuarial Cost Method, actuarial gains and losses are spread over future normal costs.

**SUMMARY OF VALUATION RESULTS  
PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM - PLAN B**

Valuation Date:	December 31, 2013	December 31, 2012
Census Summary:		
Active Members	2,288	2,298
Retired Members	688	657
Terminated Due a Deferred Benefit	135	132
Terminated Due a Refund	1,550	1,504
Payroll:	\$ 89,168,260	\$ 86,882,261
Benefits in Payment:	\$ 6,779,114	\$ 6,334,153
Market Value of Assets:	\$ 237,412,166	\$ 196,577,145
Actuarial Asset Value:	\$ 216,066,754	\$ 186,172,779
Actuarial Accrued Liability (EAN - GASB 50):	\$ 233,321,224	\$ 212,489,491

Funded Ratio (GASB 50):	92.60%	87.62%
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2014	2013
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Employers' Normal Cost (January 1):	\$ 8,507,432	\$ 8,913,787
Interest Adjusted Actuarially Required Contributions Including Estimated Administrative Costs:	\$ 9,023,012	\$ 9,431,841
Projected Ad Valorem and Revenue Sharing	\$ 1,116,478	\$ 1,027,110
Actuarially Required Net Direct Employer Contributions	\$ 7,906,534	\$ 8,404,731
Actuarially Required Net Direct Employer Contribution Rate	8.60%	9.33%
Actual Net Direct Employer Contribution Rate:	9.25%	10.00%

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**Minimum Net Direct Employer Contribution Rate: For Fiscal 2015: 8.50% For Fiscal 2014: 9.25%**

Employee Contribution Rate: 3.00% of salary

Actuarial Cost Method: The Aggregate Actuarial Cost Method

Valuation Interest Rate: 7.25% (Net of Investment Expense)

Census Exclusions: All individuals submitted by the system were included in the valuation.

Basis of Actuarial Asset Value: The actuarial value of assets is based on the market value of assets adjusted to average in asset earnings above or below the assumed rate of return over a five-year period subject to a corridor limit of 85% to 115% of the market value of assets. If the smoothed value lies outside of the corridor limit the actuarial value is determined by averaging the smoothed value with the corridor limit

Changes in Valuation Methods, Assumptions, and Amortization Periods: The valuation interest rate was lowered from 7.5% to 7.25% as of December 31, 2013.

Method of Recognizing Gains and Losses: Under the Aggregate Actuarial Cost Method, actuarial gains and losses are spread over future normal costs.

## COMMENTS ON DATA

For the valuation, the administrative director of the system furnished a census on magnetic diskette derived from the system's master data processing file indicating each active covered employee's sex, date of birth, service credit, annual salary, and accumulated contributions. Information on retirees detailing dates of birth of retirees and beneficiaries, as well as option categories and benefit amounts, was provided in like manner. In addition, data was supplied on former employees who are vested or who have contributions remaining on deposit. As illustrated in Exhibit IX, there are 13,866 active members in Plan A, of whom, 7,156 members, including 726 participants in the Deferred Retirement Option Plan (DROP), have vested retirement benefits; 6,242 former members of Plan A or their beneficiaries are receiving retirement benefits. An additional 7,792 former members of Plan A have contributions remaining on deposit with the system. This includes 683 former members who have vested rights or have filed reciprocal agreements for future retirement benefits. Census data on members of Plan B may be found in Exhibit XIX. There are 2,288 active members in Plan B, of whom, 1,102 members, including 64 DROP participants, have vested retirement benefits; 688 former members of Plan B or their beneficiaries are receiving retirement benefits. An additional, 1,685 former members of Plan B have contributions remaining on deposit with the system. Of this number, 135 have vested rights or have filed reciprocal agreements for future retirement benefits. All individuals submitted were included in the valuation.

Census data submitted to our office is tested for errors. Several types of census data errors are possible; to ensure that the valuation results are as accurate as possible, a significant effort is made to identify and correct these errors. In order to minimize coverage errors (i.e., missing or duplicated individual records) the records are checked for duplicates, and a comparison of the current year's records to those submitted in prior years is made. Changes in status, new records, and previous records which have no corresponding current record, are identified. This portion of the review indicates the annual flow of members from one status to another and is used to check some of the actuarial assumptions, such as retirement rates, rates of withdrawal, and mortality. In addition, the census is checked for reasonableness in several areas, such as age, service, salary, and current benefits. The records identified by this review as questionable are checked against data from prior valuations; those not recently verified are included in a detailed list of items sent to the system's administrator for verification and/or correction. Once the identified data has been researched and verified or corrected, it is returned to us for use in the valuation. Occasionally some requested information is either unavailable or impractical to obtain. In such cases, values may be assigned to missing data. The assigned values are based on information from similar records or based on information implied from other data in the record.

In addition to the statistical information provided on the system's participants, the system's administrative director furnished general information related to other aspects of the system's expenses, benefits and funding. Valuation asset values as well as income and expenses for the fiscal year were based on information furnished by the system's auditor, the firm of Duplantier, Hrapmann, Hogan & Maher, L.L.P. As indicated in the system's audit report, the net market value of Plan A's assets was \$3,043,479,814 as of December 31, 2013. For Plan A, the net investment income for fiscal 2013 measured on a market value basis amounted to a gain of \$466,506,796. Contributions to Plan A for the fiscal year totaled \$149,833,959; benefits and expenses amounted to \$156,844,447.

The net market value of Plan B's assets was \$237,412,166 as of December 31, 2013. For Plan B, the net investment income for fiscal 2013 measured on a market value basis amounted to \$35,150,978. Contributions to Plan B for the fiscal year totaled \$13,377,008; benefits and expenses amounted to \$7,692,965.

Notwithstanding our efforts to review both census and financial data for apparent errors, we must rely upon the system's administrative staff and accountants to provide accurate information. Our review of submitted information is limited to validation of reasonableness and consistency. Verification of submitted data to source information is beyond the scope of our efforts.

## **COMMENTS ON ACTUARIAL METHODS AND ASSUMPTIONS**

Plan A was previously funded under the Frozen Attained Age Normal Cost Method. The Frozen Unfunded Accrued Liability was fully amortized in fiscal 2012. Hence, for the fiscal 2013 valuation, the system's funding method was changed to the Aggregate Actuarial Cost Method. Plan B is funded utilizing the Aggregate Actuarial Cost Method. This method does not develop an unfunded actuarial liability. Under the Aggregate Cost Method, actuarial gains and losses are spread over future normal costs. Thus, favorable plan experience will lower future normal costs; unfavorable experience will cause future normal costs to increase. In both plans, benefit and assumption changes are spread over future normal costs. Under the provisions of R.S. 11:105, the Board of Trustees froze the employer contribution rate in Plan A for fiscal 2008 and several other fiscal years prior to that. As prescribed in R.S. 11:105, excess funds if any, generated by these freezes of the employer contribution rate (prior to fiscal 2008) were allocated to reduce the frozen unfunded accrued liability. Effective with fiscal 2008, for both Plans A and B, any excess funds collected pursuant to R. S. 11:105 or R. S. 11:107 are allocated to the Funding Deposit Account. The Funding Deposit Account credit balance as of the end of the prior fiscal year for Plans A and B was \$4,574,933 and \$1,559,909, respectively. Both accounts were increased with interest at 7.50% for the year. A freeze in the employer contribution rate in Plan B for fiscal 2013 resulted in a contribution gain of \$450,057 as of December 31, 2013. When interest and additional contributions were added to the Funding Deposit Accounts, the resulting balances as of December 31, 2013 for Plans A and B were \$4,918,053 and \$2,126,959, respectively.

The actuarial assumptions utilized for the report are outlined on pages 60 – 65. With the exception of a change in the valuation interest rate from 7.50% to 7.25%, all assumptions used were the same as those utilized in the prior valuation. This change was made to reduce the risk inherent within the plans related to the future ability of the retirement system to earn a sufficient return on its assets to meet or exceed its assumed rate of investment return assumption. The decrease in the assumed interest rate increased the normal cost accrual rate by 2.46% in Plan A and 1.42% in Plan B. In the aggregate the assumptions represent our "best estimate" of future long-term experience for the fund. All calculations, recommendations, and conclusions are based on the assumptions specified. To the extent that prospective experience differs from that assumed, adjustments will be required to future contribution levels. Such differences will be revealed in future actuarial valuations.

## CHANGES IN PLAN PROVISIONS

The following changes in plan provisions were enacted during the 2013 Regular Session of the Louisiana Legislature:

**Act 170** allows statewide retirement system boards to make an irrevocable election to have future benefit increases for retirees that are now governed by R.S. 11:242 (Target Ratio Method) to apply a new method under R.S. 11:243. Under R.S. 11:243 systems may grant a Cost of Living Adjustment (COLA) if any of the following apply: a) The system has a funded ratio of 90% or more and has not granted a COLA in the most recent fiscal year; b) The system has a funded ratio of 80% or more and has not granted a COLA in either of the two most recent fiscal years; c) The system has a funded ratio of 70% or more and has not granted a COLA in any of the three most recent fiscal years.

**Act 365** gives members of statewide retirement systems the option to purchase the accrual rate of the receiving system at time of transfer if said accrual rate is greater than the accrual rate of the transferring system. It also allows said members to execute a reverse transfer only one time, at the time of retirement or during active service if submitted to the receiving system on or before December 31, 2013.

## ASSET EXPERIENCE

The actuarial and market rates of return for the past ten years are given below. These rates of return on assets were determined by assuming a uniform distribution of income and expense throughout the fiscal year.

<u>Plan A</u>	<u>Market Value</u>	<u>Actuarial Value</u>
2004	10.2%	6.9%
2005	6.3%	11.1%
2006	12.8%	11.3%
2007	7.9%	* 17.1%
2008	-25.7%	** -4.9%
2009	20.6%	9.1%
2010	15.2%	4.4%
2011	-0.7%	2.9%
2012	15.6%	4.2%
2013	18.1%	13.0%

<u>Plan B</u>	<u>Market Value</u>	<u>Actuarial Value</u>
2004	9.6%	8.5%
2005	5.1%	10.6%
2006	11.6%	9.8%
2007	7.7%	* 13.4%
2008	-25.0%	** -5.2%
2009	20.7%	8.8%
2010	15.4%	4.6%
2011	-0.7%	3.2%
2012	15.8%	4.8%
2013	17.6%	12.8%

- \* Includes effect of change in asset valuation method. Effective with the 2007 valuation the method was changed from smoothing capital gains and losses over 3 years to smoothing investment earnings above or below the assumed rate of return over a five year period with a +/- 10% of market value corridor limit.
- \*\* Includes effects of change in asset valuation method. Effective with the 2008 valuation the corridor limits on the smoothed value were changed from +/- 10% of market value to +/- 15% with smoothed values averaged with corridor limits when they fall outside the corridor limits.

The market rate of return gives a measure of investment return on a total return basis and includes realized and unrealized capital gains and losses as well as interest income. This rate of return gives an indication of performance for an actively managed portfolio where securities are bought and sold with the objective of producing the highest total rate of return. During 2013, Plan A earned \$31,035,651 and Plan B earned \$2,375,331 of dividends, interest and other recurring income. In addition, Plan A had net realized and unrealized capital gains on investments of \$446,915,095 while the total of such gains for Plan B amounted to \$33,672,548. Investment expenses were \$11,443,950 for Plan A and \$896,901 for Plan B. The geometric mean of the market value rates of return measured over the last ten years was 7.2% for Plan A and 6.9% for Plan B. For the last twenty years, the geometric mean returns were 7.7% for Plan A and 7.3% for Plan B.

The actuarial rate of return is presented for comparison to the assumed long-term rate of return of 7.5% used for the prior valuation. The current assumed rate of return is 7.25%. This rate is calculated based on the smoothed value of assets subject to constraints as given in Exhibit VI for Plan A and Exhibit XVI for Plan B. Investment income used to calculate this yield is based upon a smoothing of investment income above or below the valuation interest rate. The difference between rates of return on an actuarial and market value basis results from the smoothing utilized. In the future, yields in excess of the 7.25% assumption will reduce future costs; yields below 7.25% will increase future costs. Net actuarial investment earnings exceeded the actuarial assumed earnings rate of 7.5%, used for fiscal 2013, by \$135,248,166 for Plan A and \$10,037,676 for Plan B. These earnings surpluses produced actuarial gains which decreased the normal cost accrual rate by 3.0888% for Plan A and 1.4454% for Plan B.

At the end of each fiscal year, a review of the data is made to identify current members of Plan A and Plan B who have consecutive service credit in both plans that have not been addressed in previous transfers of assets and liabilities between the Plan A and Plan B trust funds pursuant to the provisions of R.S. 11: 2012. In the course of reviewing data for the December 31, 2013 valuation we found members of Plan A and Plan B with such service and recommend a transfer of \$878,957 be made from the Plan A trust to the Plan B trust for fiscal 2013.

## **PLAN A – DEMOGRAPHICS AND LIABILITY EXPERIENCE**

A reconciliation of the census for the plan is given in Exhibit IX. The average active member is 46 years old with 10.2 years of service and an annual salary of \$39,209. The plan's active membership, inclusive of DROP participants, decreased by 504 members during the fiscal year. The plan has experienced a decrease in the active plan population of 507 members over the last five years. A review of the active census by age indicates that over the last ten years the population under age fifty has decreased while the proportion of active members age fifty-one and above increased. Over the same ten-year period the plan showed a fairly stable distribution among the various service groups. The average regular retiree is 71 years old with a monthly benefit of \$1,853. The number of retirees

and beneficiaries receiving benefits from the system increased by 251 during the fiscal year; over the last five years the number of retirees has increased by 1,007.

Plan liability experience for fiscal 2013 was favorable. Withdrawals were above projected levels, disabilities were below projected levels and retiree deaths were above projected levels. In addition, salary increases were below projected levels. All of these factors tend to reduce costs. Retirements were at projected levels. However, DROP entries were significantly above projected levels, which tend to offset the plan's positive experience. Plan liability gains decreased the normal cost accrual rate by 1.0364%.

## **PLAN B – DEMOGRAPHICS AND LIABILITY EXPERIENCE**

A reconciliation of the census for the plan is given in Exhibit XIX. The average active member is 46 years old with 9.50 years of service and an annual salary of \$38,972. The plan's active membership, inclusive of DROP participants, decreased by 10 members during the fiscal year. The plan has experienced an increase in the active plan population of 94 members over the last five years. A review of the active census by age indicates that over the last ten years the population in the under fifty age group has decreased while the proportion of active members over age fifty increased. Over the same ten-year period the plan showed a decrease in the under-five year service group and an increase in active membership in the group with more than 25 years of service. The population by service was relatively stable at other ages. The average regular retiree is 73 years old with a monthly benefit of \$878. The number of retirees and beneficiaries receiving benefits from the system increased by 31 during the fiscal year; over the last five years the number of retirees has increased by 140.

Plan liability experience for fiscal 2013 was favorable. Retirements were below projected levels and retiree deaths were above projected levels. In addition, salary increases were significantly below projected levels. All of these factors tend to reduce costs. Withdrawals and disabilities were at projected levels. DROP entries were somewhat above projected levels. Plan liability gains decreased the normal cost accrual rate by 0.4895%.

## **FUNDING ANALYSIS AND RECOMMENDATIONS**

Actuarial funding of a retirement system is a process whereby funds are accumulated over the working lifetimes of employees in such a manner as to have sufficient assets available at retirement to pay for the lifetime benefits accrued by each member of the system. The required contributions are determined by an actuarial valuation based on rates of mortality, termination, disability, and retirement, as well as investment return and other statistical measures specific to the particular group. Each year a determination is made of the normal cost, and the actuarially required contributions are based on the sum of this value and administrative expenses. Under the funding method used for the plan, changes in plan experience, benefits, or assumptions increase or decrease future normal costs. In addition excess or deficient contributions can decrease or increase future costs.

In order to establish the actuarially required contribution in any given year, it is necessary to define the assumptions and funding method. Thus, the determination of what contribution is actuarially required depends upon the funding method employed. Regardless of the method selected, the ultimate cost of

providing benefits is dependent upon the benefits, expenses, and investment earnings. Only to the extent that some methods accumulate assets more rapidly and thus produce greater investment earnings does the funding method affect the ultimate cost.

Under the provisions of R.S. 11:103, excess or deficient contributions typically decrease or increase future normal costs. However, if the minimum net direct employer contribution is scheduled to decrease, the board may maintain the contribution rate at some level above the minimum recommended rate. Pursuant to R. S. 11:105 and R. S. 11:107, such excess contributions are credited to the Funding Deposit Account.

For Plan A, the derivation of the actuarially required contribution for the current fiscal year is given in Exhibit I. The normal cost for fiscal 2014 as of January 1, 2014 is \$75,371,169. The total actuarially required contribution is determined by adjusting the value for interest (since payments are made throughout the fiscal year) and adding estimated administrative expenses. As given on line 12 of Exhibit I the total actuarially required contribution for fiscal 2014 is \$79,351,725. When this amount is reduced by projected tax contributions and revenue sharing funds, the resulting employers' net direct actuarially required contribution for fiscal 2014 is \$72,082,650. This is 13.07% of the projected Plan A payroll for fiscal 2014.

Liability and asset experience as well as changes in assumptions and benefits can increase or lower plan costs. In addition to these factors, any COLA granted in the prior fiscal year will increase required contributions. New entrants to the system can also increase or lower costs as a percent of payroll depending upon their demographic distribution and other factors related to prior plan experience. Finally, contributions above or below requirements may reduce or increase future costs.

The effects of various factors on the cost structure for Plan A are outlined below:

Employer's Normal Cost Accrual Rate – Fiscal 2013	17.2914%
Factors Increasing the Normal Cost Accrual Rate:	
Assumption Change	2.4557%
Factors Decreasing the Normal Cost Accrual Rate:	
Asset Experience	3.0888%
Plan Liability Experience	1.0364%
New Members	0.6354%
Contribution Experience	0.1006%
Employer's Normal Cost Accrual Rate – Fiscal 2014	14.8859%

Required net direct employer contributions are also affected by the available ad valorem taxes and revenue sharing funds which the system receives each year. When these funds change as a percentage of payroll, net direct employer contributions are adjusted accordingly. We estimate that for Plan A these funds collected in fiscal 2014 will increase by 0.16% of payroll. The net effect of the above changes in the cost structure of the system resulted in a minimum actuarially required net direct employer contribution rate for fiscal 2014 for Plan A of 13.07%; the actual employer contribution rate for fiscal 2014 is 16.00% of payroll. R.S. 11:103 requires that the net direct employer contributions be

rounded to the nearest 0.25%, hence we are recommending a minimum net direct employer contribution rate for Plan A of 13.00% for fiscal 2015.

For Plan B, the derivation of the actuarially required contribution for the current fiscal year is given in Exhibit XI. The normal cost for fiscal 2014 as of January 1, 2014 is \$8,507,432. The total actuarially required contribution is determined by adjusting the value for interest (since payments are made throughout the fiscal year) and adding estimated administrative expenses. As given on line 12 of Exhibit XI the total actuarially required contribution for fiscal 2014 is \$9,023,012. When this amount is reduced by projected tax contributions and revenue sharing funds, the resulting employers' net direct actuarially required contribution for fiscal 2014 is \$7,906,534. This is 8.60% of the projected Plan B payroll for fiscal 2014.

The effects of various factors on the cost structure for Plan B are outlined below:

Employer's Normal Cost Accrual Rate – Fiscal 2013	11.0966%
Factors Increasing the Normal Cost Accrual Rate:	
Assumption Change	1.4213%
Factors Decreasing the Normal Cost Accrual Rate:	
Asset Experience	1.4454%
Liability Experience	0.4895%
New Members	0.3049%
Contribution Experience	0.0000%
Employer's Normal Cost Accrual Rate – Fiscal 2014	10.2800%

We estimate that for Plan B the funds collected from ad valorem taxes and revenue sharing funds in fiscal 2014 will increase by 0.07% of payroll. The net effect of the above changes in the cost structure of the system resulted in a minimum actuarially required net direct employer contribution rate for fiscal 2014 for Plan B of 8.60%; the actual employer contribution rate for fiscal 2014 is 9.25% of payroll. R.S. 11:103 requires that the net direct employer contributions be rounded to the nearest 0.25%, hence we are recommending a minimum net direct employer contribution rate for Plan B of 8.50% for fiscal 2015.

For Plan A, the Board may set the rate at any rate between 13.00% and 16.00%. For Plan B, the board may set the rate at any rate between 8.50% and 9.25%. Should the net direct employer contribution rate be set at a level above the minimum rate under R.S. 11:107, the resulting additional contributions paid by the employers, if they exceed any potential contribution losses, would be added to the Funding Deposit Account for both Plans A and B.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions, changes in economic or demographic assumptions, completion of amortization payments or credit schedules, and changes in plan provisions or applicable law. Analysis of the effect of all these factors is beyond the scope of this report.

We have, however, calculated the sensitivity of the plans' costs to two factors. First, based on current assets and demographics, for each percentage under (over) performance of the return on the actuarial value of assets, there will be a corresponding increase (reduction) in the normal cost accrual rate of 0.63% for Plan A and 0.31% for Plan B. We have also determined that a 1% reduction in the valuation interest rate for Plan A would increase the actuarially required contribution rate for fiscal 2013 by 10.10%; for Plan B the increase would be 5.83%.

## **COST OF LIVING INCREASES**

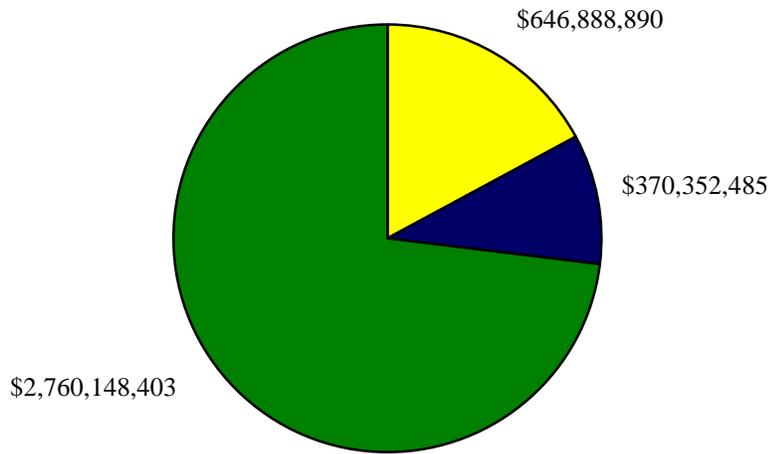
During calendar 2013 the actual cost of living (as measured by the US Department of Labor CPI-U) increased by 1.50%. Cost of living provisions for the system are detailed in R.S. 11:1937 and R.S. 11:246. The former statute allows the board to use interest earnings in excess of the normal requirements to grant annual cost of living increases of 2.50% of the current benefit to retirees aged 62 or over, who have been retired at least one year. R.S. 11:246 provides cost of living increases to retirees and beneficiaries over the age of 65 equal to 2% of the benefit in payment on October 1, 1977, or the date the benefit was originally received if retirement commenced after that date. R.S. 11:241 provides that cost of living benefits shall be in the form (unless the board otherwise specifies) of  $\$X \times (A+B)$  where X is at most \$1 and "A" represents the number of years of credited service accrued at retirement or at death of the member or retiree and "B" is equal to the number of years since retirement or since death of the member or retiree to December 31<sup>st</sup> of the initial year of such increase. The provisions of this subpart do not repeal provisions relative to cost of living adjustments contained within the individual laws governing systems; however, they are to be controlling in cases of conflict.

All of the above provisions require that the system earn sufficient excess interest earnings to fund the increases. For fiscal 2013, excess interest earnings exceed the increase in liabilities generated by the potential cost of living increases under both statutes. The plans also must meet the criteria established in R.S. 11:243. This section allows cost of living increases to be paid either by utilizing funds in the Funding Deposit Account or meeting the target ratio defined in the statute. The effects of the COLAs authorized by R.S. 11:1937 and R.S. 11:246 are given below. There is insufficient information on the system's database to determine the cost of a COLA authorized by R.S. 11:241.

<u>PLAN A COLA Descriptions</u>	<u>Annual Increase in Benefits</u>	<u>Present Value of Increase</u>	<u>Contribution Cost as a % of Payroll</u>
R.S. 11:1937 – 2 1/2% of current benefit to pensioners over age 62	\$ 2,237,654	\$ 19,505,349	0.45%
R.S. 11:246 - 2% of original benefit to pensioners over age 65	\$ 1,395,301	\$ 11,735,362	0.27%

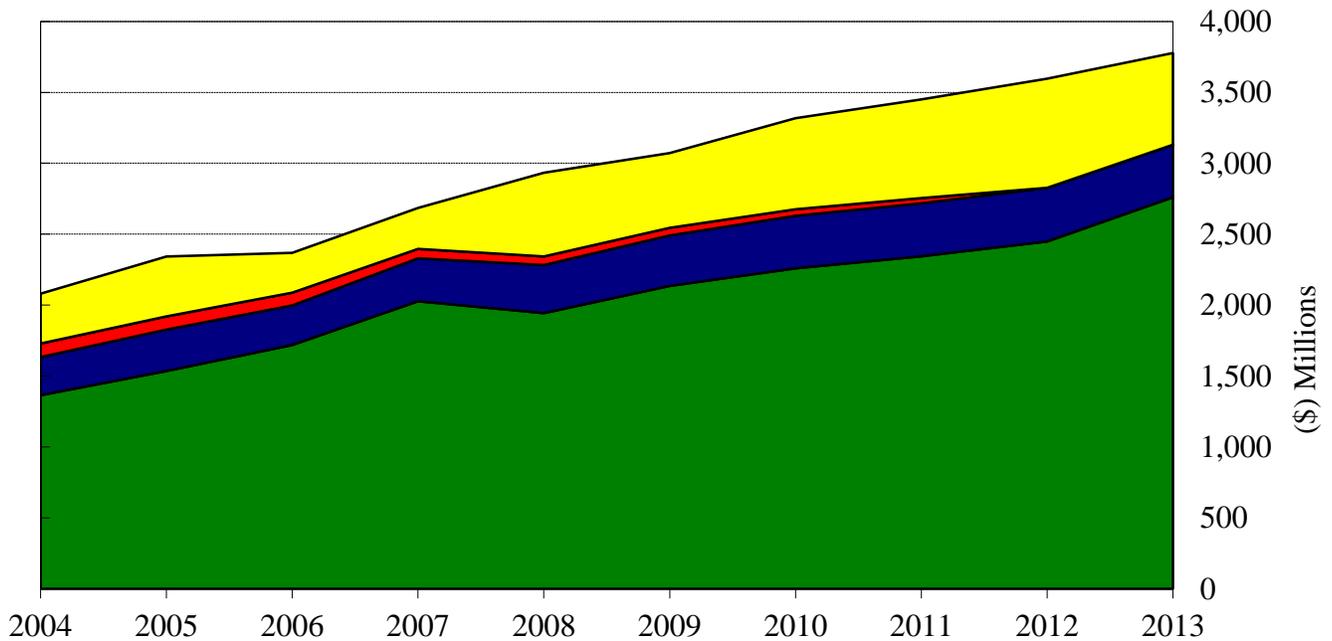
<u>PLAN B COLA Descriptions</u>	<u>Annual Increase in Benefits</u>	<u>Present Value of Increase</u>	<u>Contribution Cost as a % of Payroll</u>
R.S. 11:1937 – 2 1/2% of current benefit to pensioners over age 62	\$ 139,998	\$ 1,251,716	0.18%
R.S. 11:246 - 2% of original benefit to pensioners over age 65	\$ 91,212	\$ 800,594	0.12%

## Plan A - Components of Present Value of Future Benefits December 31, 2013



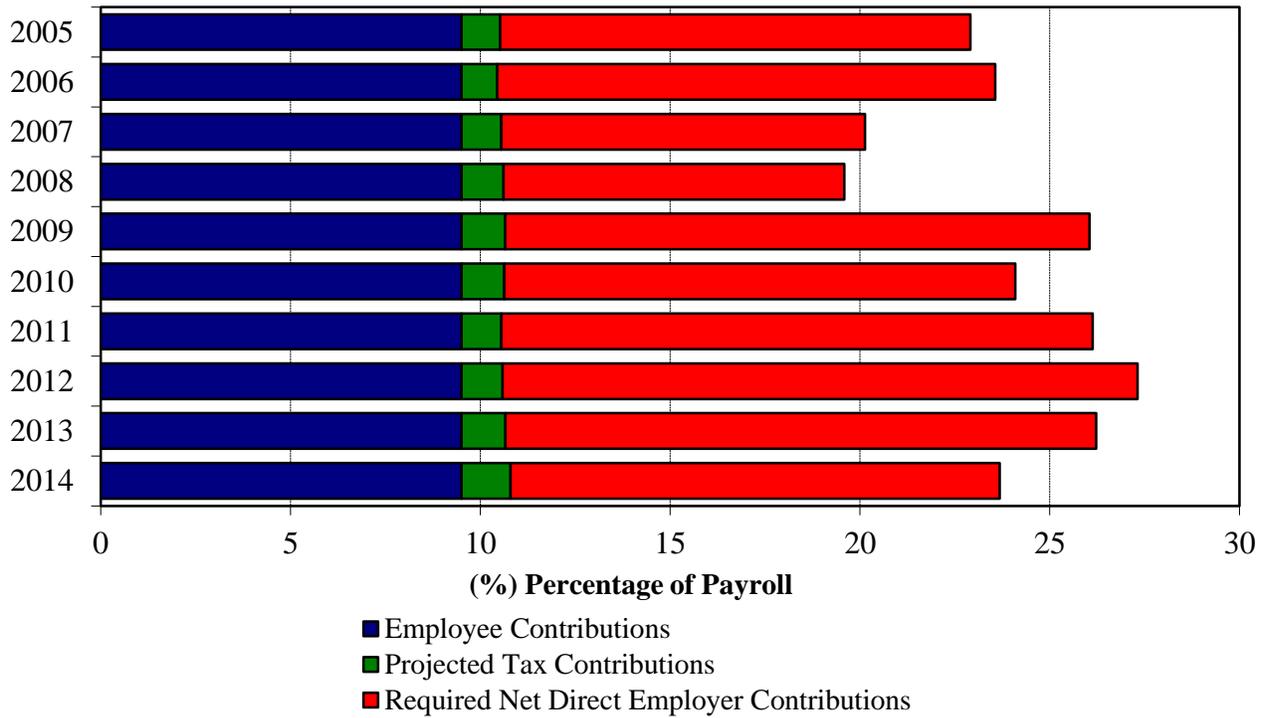
- Present Value of Future Employer Normal Cost (Net of Funding Deposit Account)
- Present Value of Future Employee Contributions
- Actuarial Value of Assets

## Plan A - Components of Present Value of Future Benefits



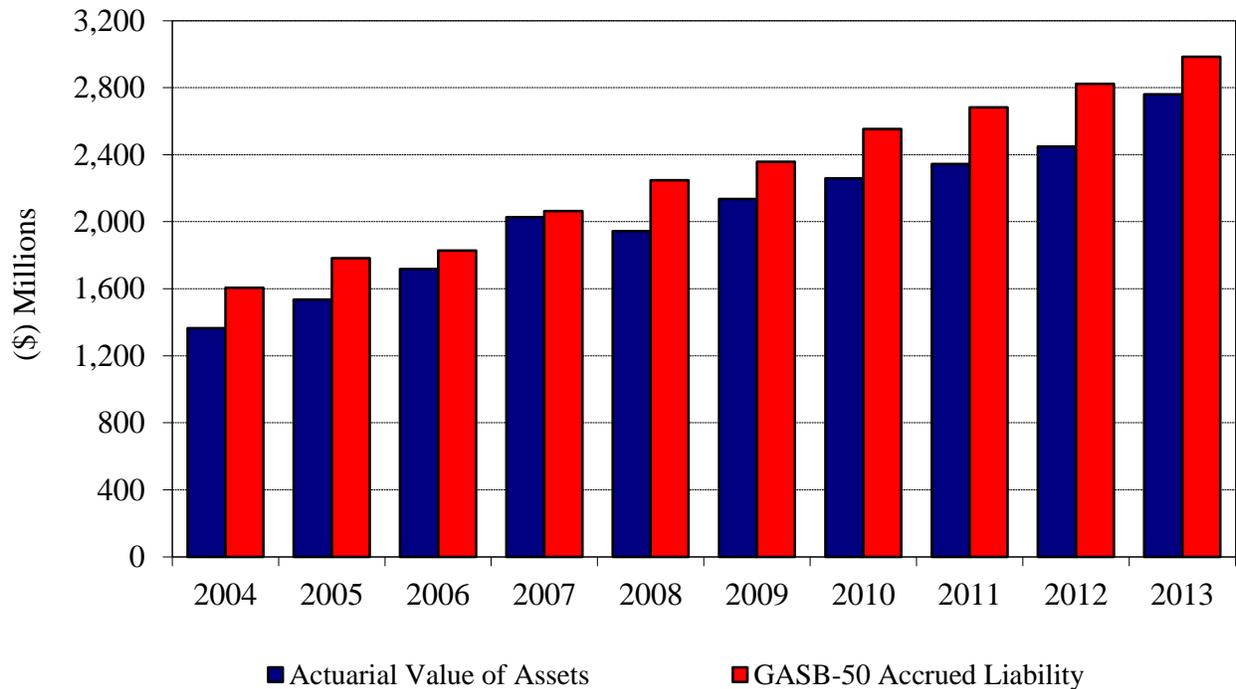
- Present Value of Future Employer Normal Cost (Net of Funding Deposit Account)
- Unfunded Accrued Liability
- Present Value of Future Employee Contributions
- Actuarial Value of Assets

## Plan A - Components of Actuarial Funding

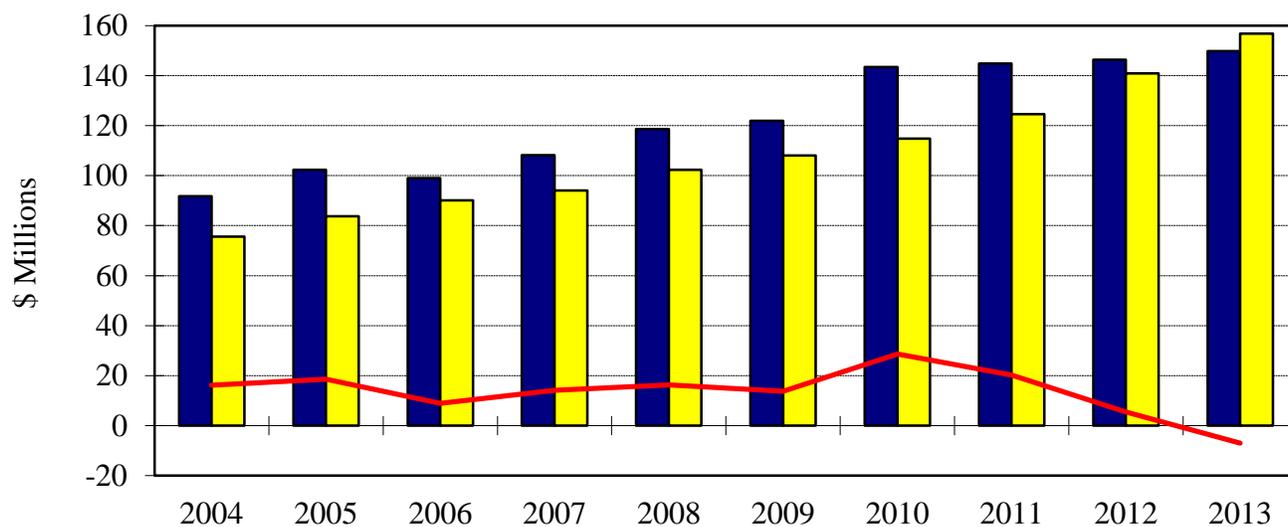


Projected Tax Contributions consist of Projected Ad Valorem and Revenue Sharing Funds as a percent of payroll

## Plan A - Actuarial Value of Assets vs. EAN Accrued Liability

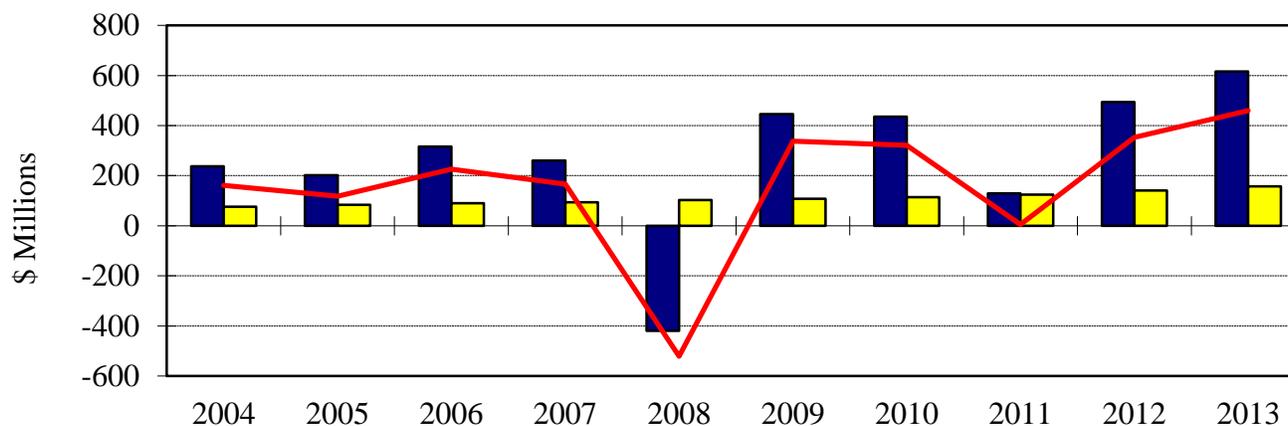


## Plan A - Net Non-Investment Income



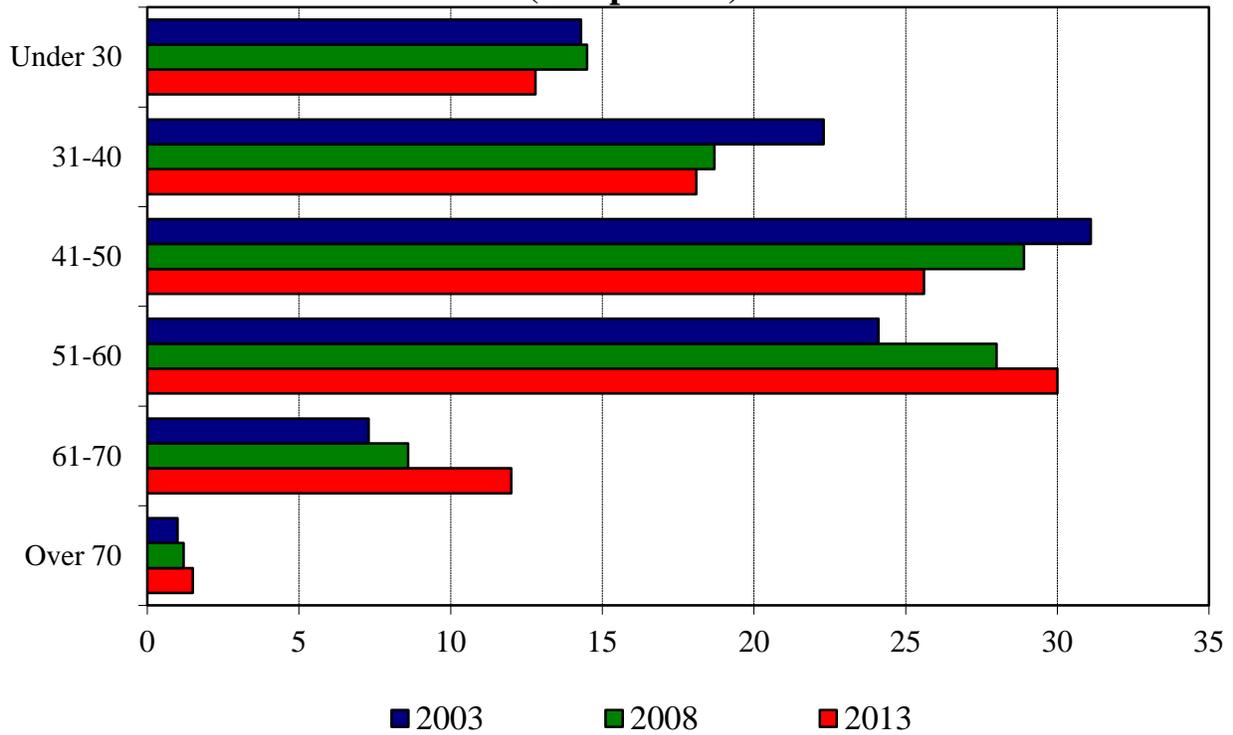
		2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Non-Investment Income (\$Mil)	<span style="color: blue;">■</span>	91.7	102.3	99.0	108.2	118.6	121.9	143.4	144.8	146.4	149.8
Benefits and Expenses (\$Mil)	<span style="color: yellow;">■</span>	75.6	83.7	90.1	94.1	102.3	108.1	114.8	124.6	140.9	156.8
Net Non-Investment Income (\$Mil)	<span style="color: red;">—</span>	16.1	18.6	8.9	14.1	16.3	13.8	28.6	20.2	5.5	-7.0

## Plan A - Total Income vs. Expenses (Based on Market Value of Assets)

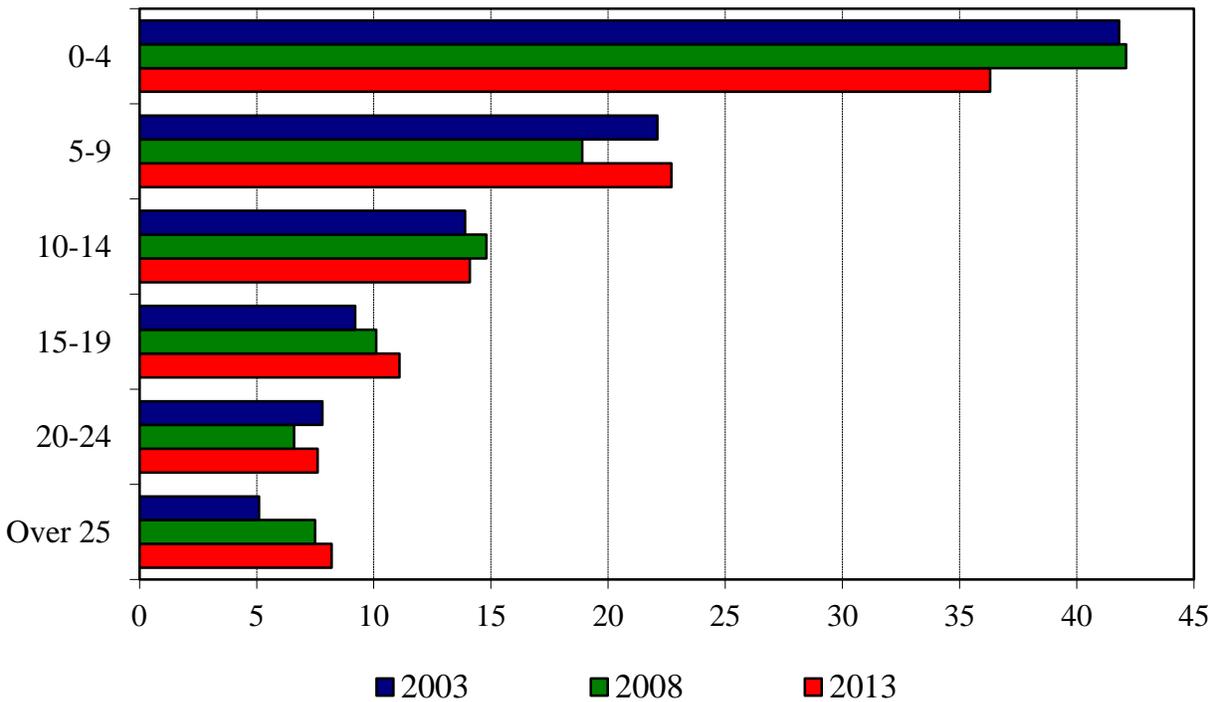


		2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Total Income (\$Mil)	<span style="color: blue;">■</span>	237.1	202.2	315.9	260.2	-419.2	446.2	435.7	130.1	494.4	616.3
Benefits and Expenses (\$Mil)	<span style="color: yellow;">■</span>	75.6	83.7	90.1	94.1	102.3	108.1	114.8	124.6	140.9	156.8
Net Change in MVA (\$Mil)	<span style="color: red;">—</span>	161.5	118.5	225.8	166.1	-521.5	338.1	320.9	5.5	353.5	459.5

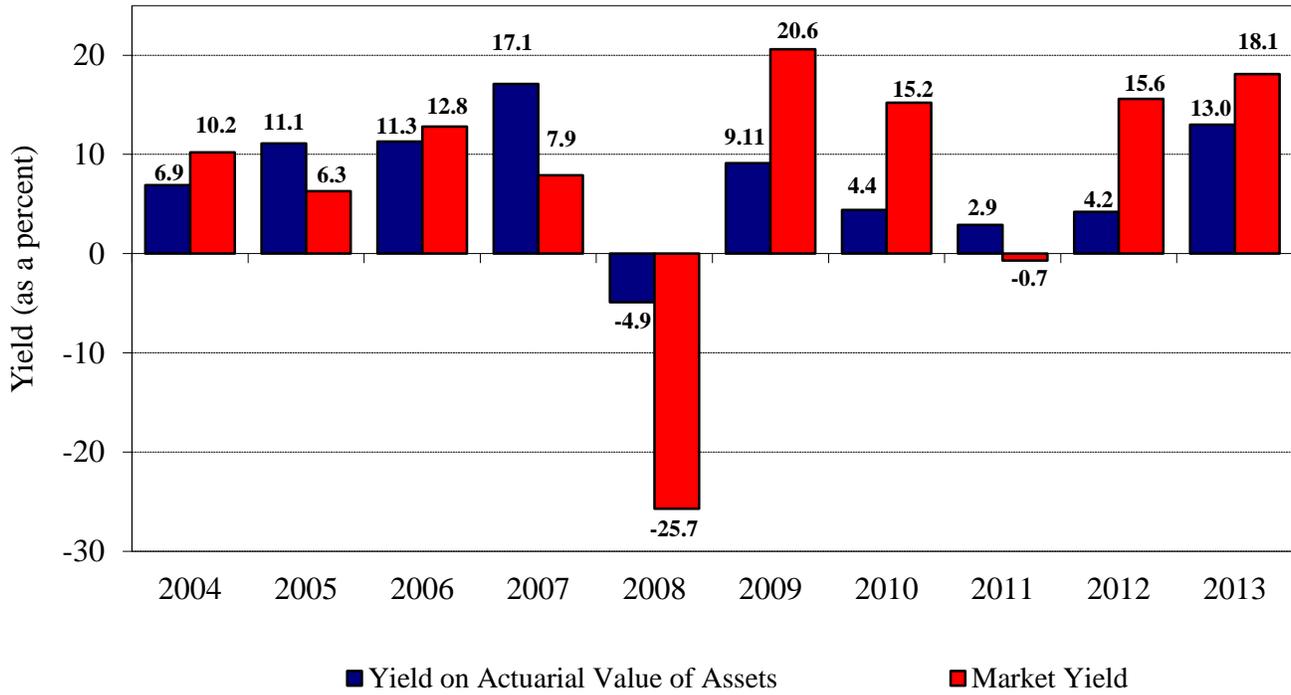
### Plan A - Active – Census By Age (as a percent)



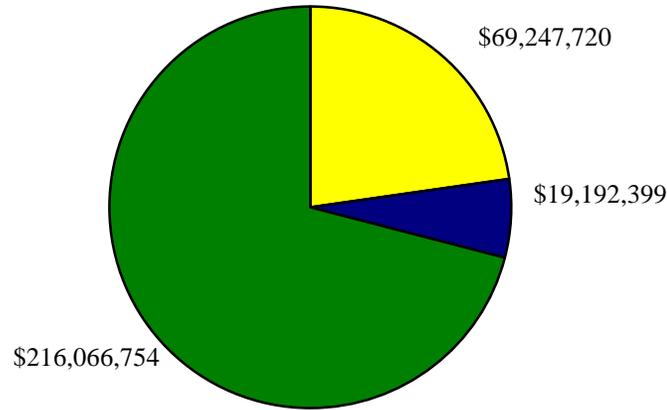
### Plan A - Active – Census By Service (as a percent)



## Plan A – Historical Asset Yield

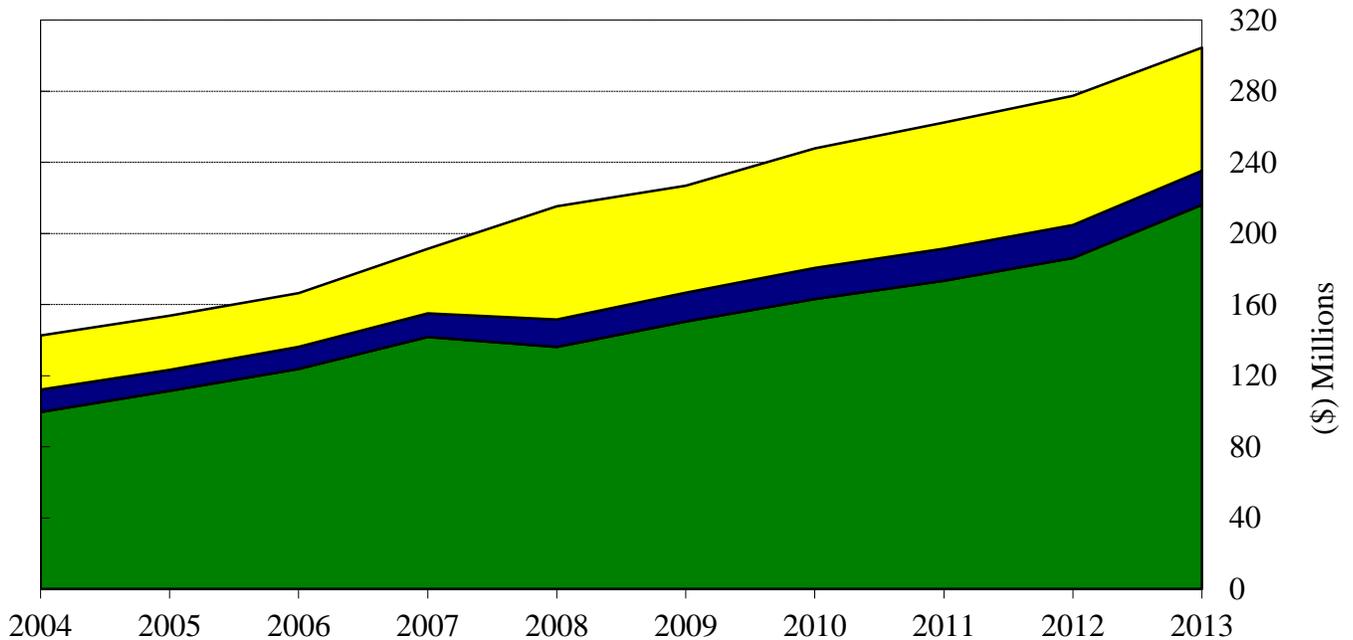


## Plan B - Components of Present Value of Future Benefits December 31, 2013



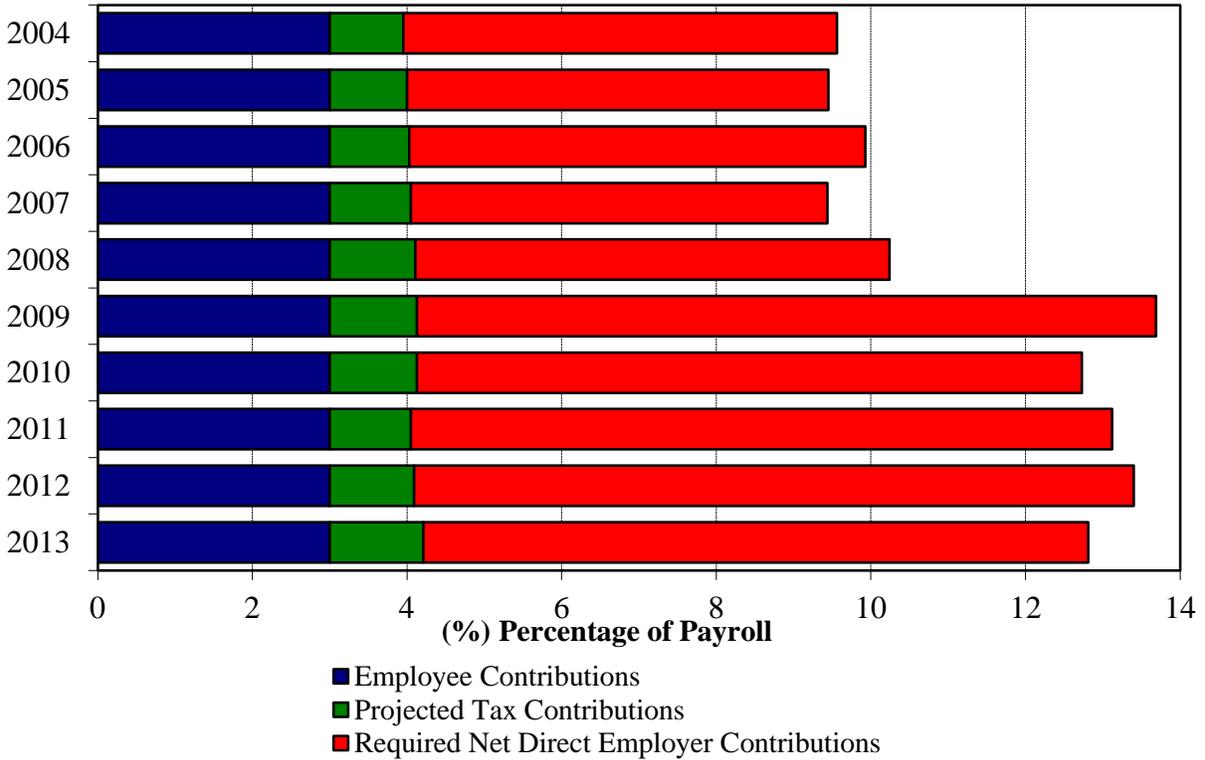
- Present Value of Future Employer Normal Cost (Net of Funding Deposit Account)
- Present Value of Future Employee Contributions
- Actuarial Value of Assets

## Plan B - Components of Present Value of Future Benefits



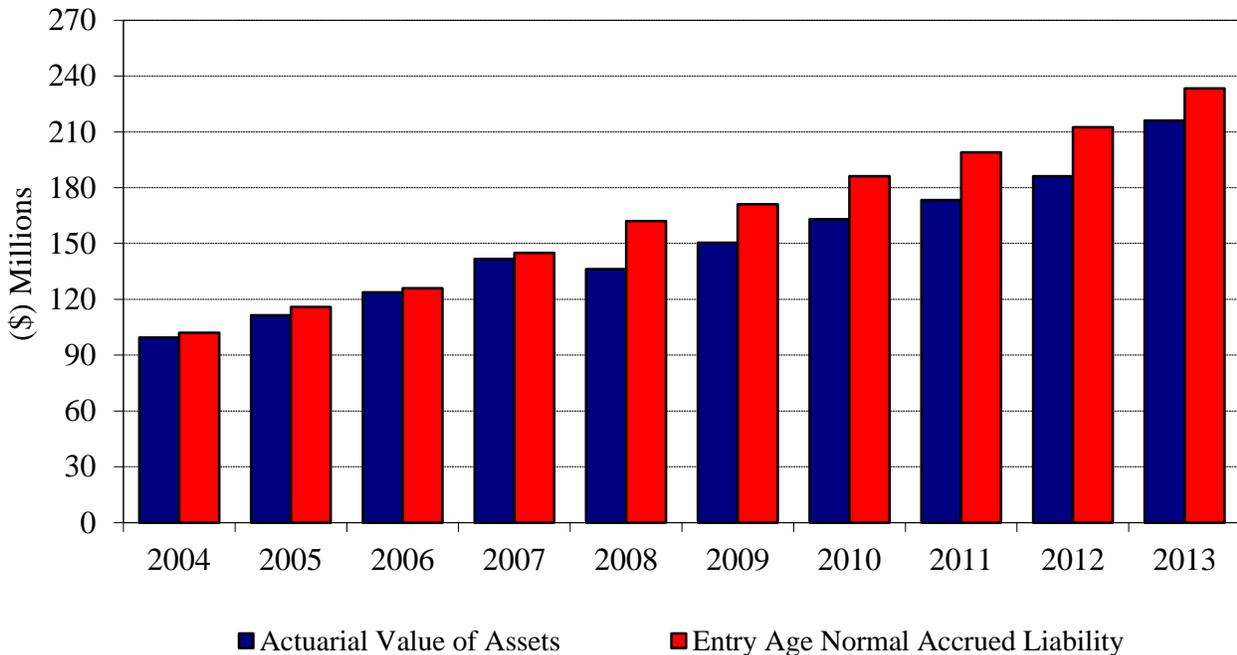
- Present Value of Future Employer Normal Cost (Net of Funding Deposit Account)
- Present Value of Future Employee Contributions
- Actuarial Value of Assets

## Plan B - Components of Actuarial Funding

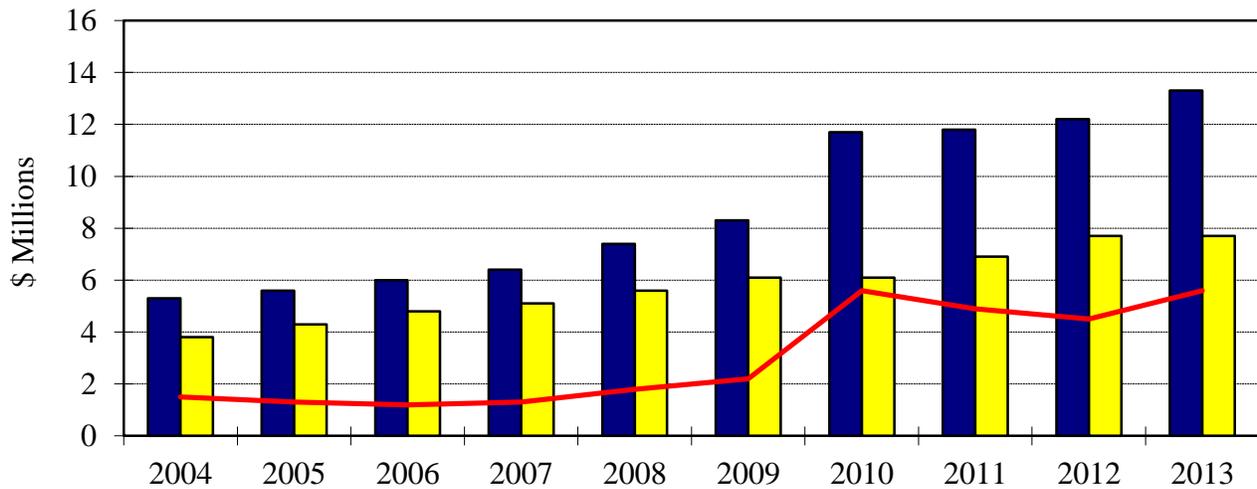


Projected Tax Contributions consist of Projected Ad Valorem and Revenue Sharing Funds as a percent of payroll

## Plan B - Actuarial Value of Assets vs. EAN Accrued Liability

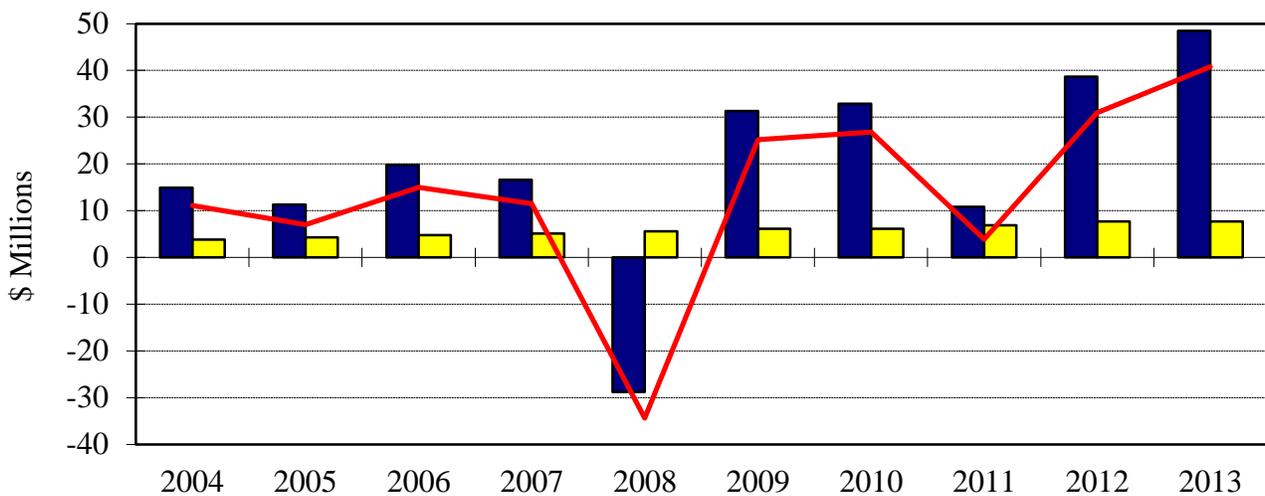


## Plan B - Net Non-Investment Income



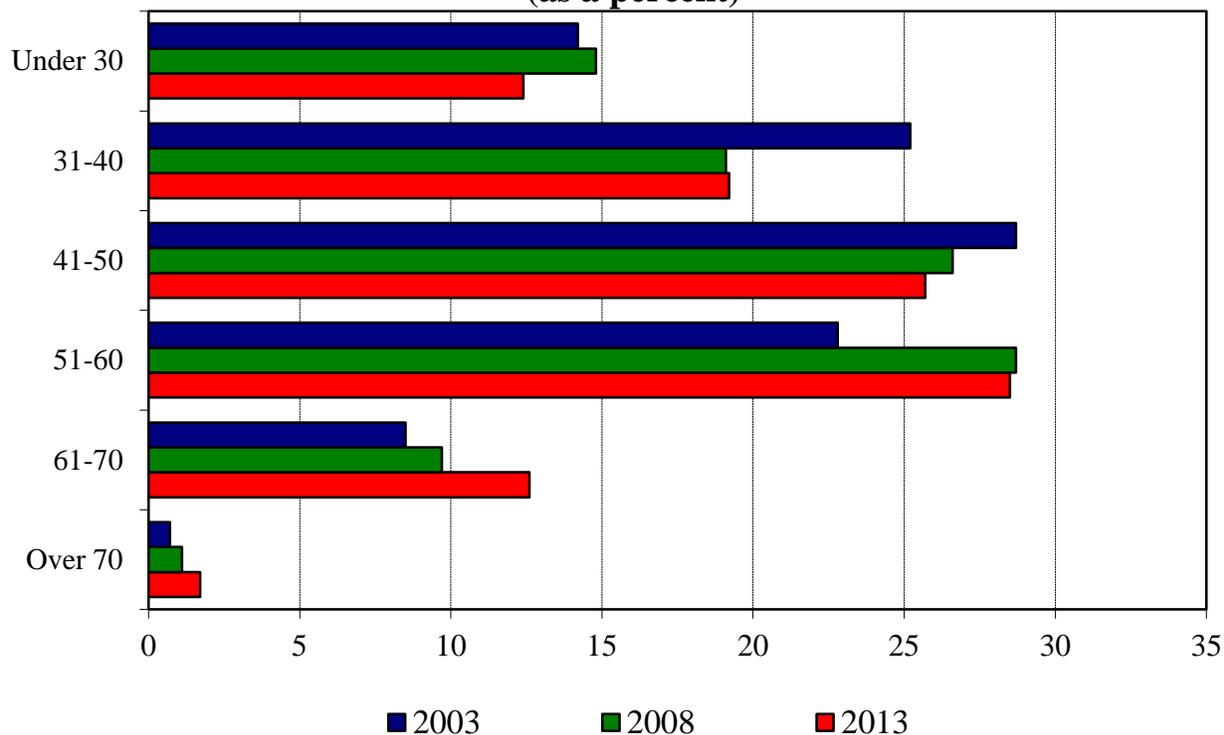
		2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Non-Investment Income (\$Mil)	<span style="color: blue;">■</span>	5.3	5.6	6.0	6.4	7.4	8.3	11.7	11.8	12.2	13.3
Benefits and Expenses (\$Mil)	<span style="color: yellow;">■</span>	3.8	4.3	4.8	5.1	5.6	6.1	6.1	6.9	7.7	7.7
Net Non-Investment Income (\$Mil)	<span style="color: red;">—</span>	1.5	1.3	1.2	1.3	1.8	2.2	5.6	4.9	4.5	5.6

## Plan B - Total Income vs. Expenses (Based on Market Value of Assets)

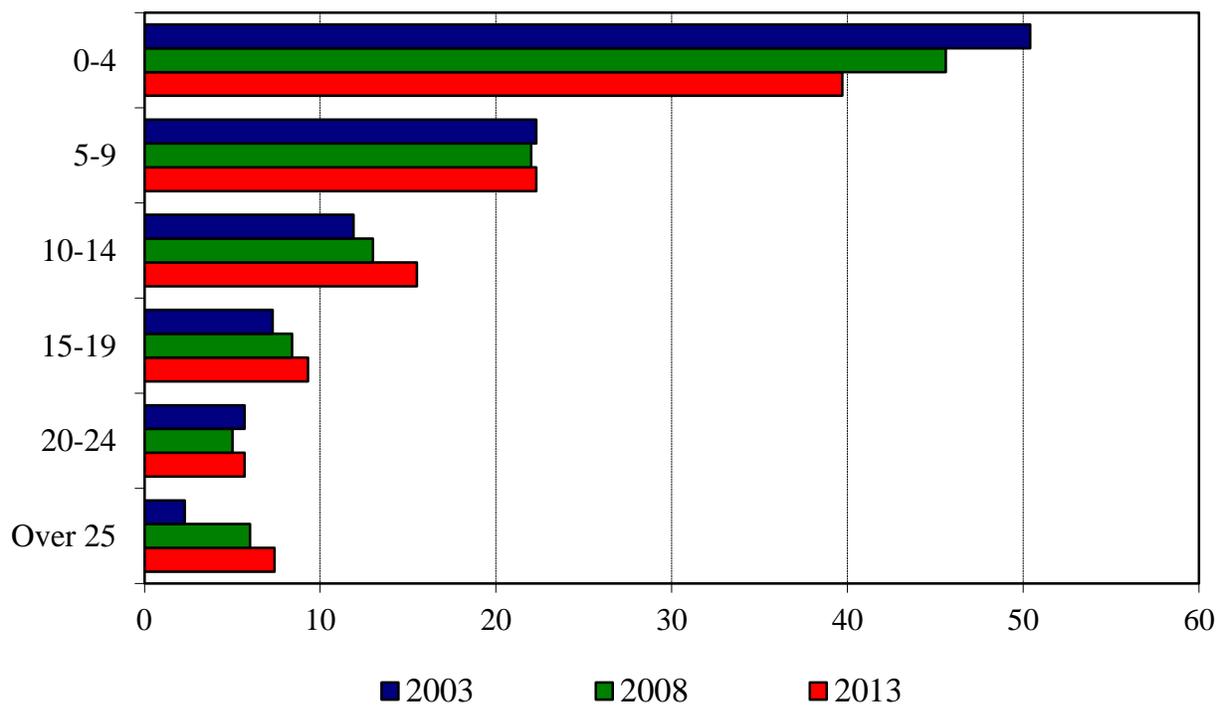


		2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Total Income (\$Mil)	<span style="color: blue;">■</span>	14.9	11.3	19.8	16.6	-28.8	31.3	32.9	10.8	38.7	48.5
Benefits and Expenses (\$Mil)	<span style="color: yellow;">■</span>	3.8	4.3	4.8	5.1	5.6	6.1	6.1	6.9	7.7	7.7
Net Change in MVA (\$Mil)	<span style="color: red;">—</span>	11.1	7.0	15.0	11.5	-34.4	25.2	26.8	3.9	31.0	40.8

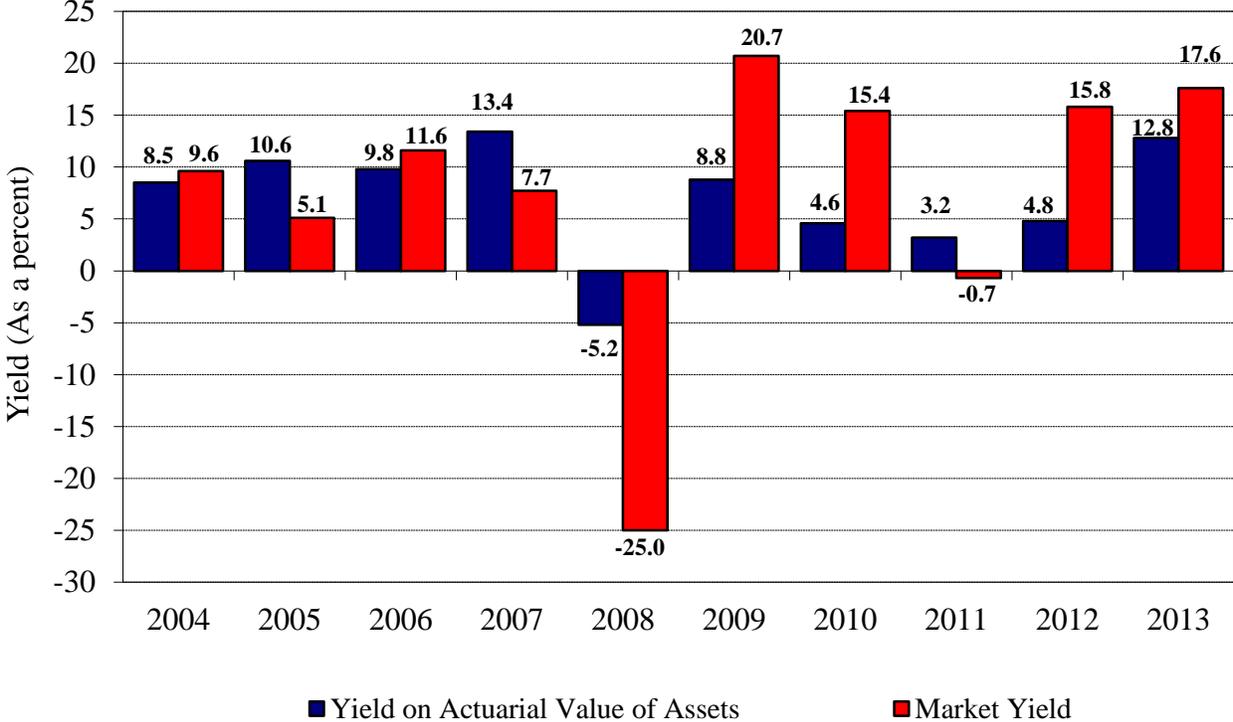
### Plan B - Active – Census By Age (as a percent)



### Plan B - Active – Census By Service (as a percent)



# Plan B – Historical Asset Yield



**EXHIBIT I**  
**PLAN A: ANALYSIS OF ACTUARIALLY REQUIRED CONTRIBUTIONS**

1. Present Value of Future Benefits .....	\$ 3,777,389,778
2. Funding Deposit Account Credit Balance .....	\$ 4,918,053
3. Actuarial Value of Assets .....	\$ 2,760,148,403
4. Present Value of Future Employee Contributions .....	\$ 370,352,485
5. Present Value of Future Employer Normal Costs (1+2-3-4).....	\$ 651,806,943
6. Present Value of Future Salaries.....	\$ 4,378,696,441
7. Employer Normal Cost Accrual Rate (5÷6) .....	14.885867%
8. Projected Fiscal 2014 Salary for Current Membership.....	\$ 506,327,034
9. Employer Normal Cost as of January 1, 2014 (7 x 8) .....	\$ 75,371,169
10. Employer Normal Cost and Amortization Payment Interest Adjusted for Midyear Payment .....	\$ 78,055,570
11. Estimated Administrative Cost for Fiscal 2014 .....	\$ 1,296,155
12. TOTAL Administrative and Interest Adjusted Actuarial Costs (10 + 11).....	\$ 79,351,725
13. Estimated Ad Valorem Tax Contributions for Fiscal 2014 .....	\$ 7,132,288
14. Estimated Revenue Sharing Funds for Fiscal 2014 .....	\$ 136,787
15. Employers' Minimum Net Direct Actuarially Required Contribution for Fiscal 2014 (12 – 13 – 14).....	\$ 72,082,650
16. Projected Payroll for Fiscal 2014.....	\$ 551,646,399
17. Employers' Minimum Net Direct Actuarially Required Contribution as a % of Projected Payroll for Fiscal 2014 (15 ÷ 16).....	13.07%
18. Minimum Recommended Net Direct Employer Contribution Rate for Fiscal 2015 (17, Rounded to nearest 0.25%).....	13.00%

**EXHIBIT II**  
**PLAN A: PRESENT VALUE OF FUTURE BENEFITS**

PRESENT VALUE OF FUTURE BENEFITS FOR ACTIVE MEMBERS:

Retirement Benefits .....	\$ 2,288,642,723
Survivor Benefits.....	44,054,819
Disability Benefits.....	53,934,459
Vested Termination Benefits.....	78,011,344
Refunds of Contributions .....	55,694,481

TOTAL Present Value of Future Benefits for Active Members..... \$ 2,520,337,826

PRESENT VALUE OF FUTURE BENEFITS FOR TERMINATED MEMBERS:

Terminated Vested Members Due Benefits at Retirement.....	\$ 66,415,700
Terminated Members with Reciprocals	
Due Benefits at Retirement .....	172,146
Terminated Members Due a Refund .....	9,534,718

TOTAL Present Value of Future Benefits for Terminated Members..... \$ 76,122,564

PRESENT VALUE OF FUTURE BENEFITS FOR RETIREES:

Regular Retirees	
Maximum.....	\$ 534,602,775
Option 1 .....	1,859,377
Option 2 .....	292,611,126
Option 3 .....	146,174,696
Option 4 .....	59,084,467

TOTAL Regular Retirees..... \$ 1,034,332,441

Disability Retirees..... 70,884,404

Survivors & Widows..... 74,134,208

Reserve for Accrued Retiree DROP Account Balances .....

1,578,335

TOTAL Present Value of Future Benefits for Retirees & Survivors..... \$ 1,180,929,388

TOTAL Present Value of Future Benefits..... \$ 3,777,389,778

**EXHIBIT III – SCHEDULE A  
PLAN A: MARKET VALUE OF ASSETS**

**CURRENT ASSETS:**

Cash in Banks .....	\$ 6,976,278
Contributions Receivable.....	24,024,869
Ad Valorem Taxes Receivable & Revenue Sharing.....	6,855,544
Accrued Interest and Dividends.....	574,023
Investments Receivable .....	1,927,998
Due from Other Funds .....	1,057,564
Due to Plan A.....	(878,957)

TOTAL CURRENT ASSETS..... \$ 40,537,319

Property Plant & Equipment.....	\$ 689,831
Deposits .....	\$ 13

**INVESTMENTS:**

Common Trust Funds .....	\$ 1,306,663,438
Foreign Equities Fund.....	616,354,635
Common Stock.....	584,394,030
Foreign Fixed Income .....	281,498,739
Hedge Funds .....	89,735,683
Bond Funds .....	64,414,314
Government Agency Bonds .....	32,625,755
Cash Equivalents.....	31,624,588
Corporate Bonds .....	7,151,486
Private Equity Funds .....	3,215,085

TOTAL INVESTMENTS..... \$ 3,017,677,753

TOTAL ASSETS .....

**CURRENT LIABILITIES:**

Retirements Payable.....	\$ 11,263,160
Accounts Payable .....	1,898,102
Investments Payable.....	1,436,959
Refunds Payable.....	372,428
Other Post-Employment Benefits Payable.....	439,818
Withholding Taxes Payable .....	10,364
Accrued Leave Payable.....	4,271

TOTAL CURRENT LIABILITIES .....

MARKET VALUE OF ASSETS..... \$ 3,043,479,814

**EXHIBIT III – SCHEDULE B  
PLAN A - ACTUARIAL VALUE OF ASSETS**

Excess (Shortfall) of invested income  
for current and previous 4 years:

Fiscal year 2013 .....	\$ 272,966,174
Fiscal year 2012 .....	\$ 180,555,953
Fiscal year 2011 .....	(182,360,994)
Fiscal year 2010 .....	147,846,491
Fiscal year 2009 .....	<u>206,437,835</u>
Total for five years .....	\$ 625,445,459

Deferral of excess (shortfall) of invested income:

Fiscal year 2013 (80%) .....	\$ 218,372,939
Fiscal year 2012 (60%) .....	108,333,572
Fiscal year 2011 (40%) .....	(72,944,398)
Fiscal year 2010 (20%) .....	29,569,298
Fiscal year 2009 ( 0%) .....	<u>0</u>
Total deferred for year .....	\$ 283,331,411

Market value of plan net assets, end of year..... \$ 3,043,479,814

Preliminary actuarial value of plan assets, end of year ..... \$ 2,760,148,403

Actuarial value of assets corridor

85% of market value, end of year .....	\$ 2,586,957,842
115% of market value, end of year .....	\$ 3,500,001,786

Final actuarial value of plan net assets, end of year ..... \$ 2,760,148,403

**EXHIBIT IV**  
**PLAN A: PRESENT VALUE OF FUTURE CONTRIBUTIONS**

Employee Contributions to the Annuity Savings Fund .....	\$	370,352,485
Employer Normal Contributions to the Pension Accumulation Fund.....		651,806,943
Funding Deposit Account Credit Balance .....		(4,918,053)
<b>TOTAL PRESENT VALUE OF FUTURE CONTRIBUTIONS .....</b>	<b>\$</b>	<b>1,017,241,375</b>

**EXHIBIT V**  
**PLAN A: RECONCILIATION OF CONTRIBUTIONS**

Employer Normal Cost for Prior Year.....	\$	90,312,644
Interest on the Normal Cost.....		6,773,448
Administrative Expenses .....		1,256,429
Interest on Expenses .....		46,265
<b>TOTAL Interest Adjusted Actuarially Required Contributions .....</b>	<b>\$</b>	<b>98,388,786</b>
Direct Employer Contributions.....	\$	92,212,306
Interest on Employer Contributions.....		3,395,448
Ad Valorem Taxes and Revenue Sharing.....		6,931,584
Interest on Ad Valorem Taxes and Revenue Sharing Funds.....		255,235
<b>TOTAL Interest Adjusted Employer Contributions .....</b>	<b>\$</b>	<b>102,794,573</b>
<b>CONTRIBUTION SURPLUS.....</b>	<b>\$</b>	<b>4,405,787</b>

**EXHIBIT VI**  
**PLAN A: ANALYSIS OF INCREASE IN ASSETS**

Actuarial Value of Assets (December 31, 2012) .....		\$ 2,448,529,177
<b>INCOME:</b>		
Employer Contributions .....	\$ 92,212,306	
Member Contributions .....	48,874,525	
Ad Valorem Taxes .....	6,791,930	
Revenue Sharing.....	139,654	
Purchases and Transfers of Service Credit.....	2,337,490	
Irregular Contributions .....	357,011	
Transfers to Plan B .....	(878,957)	
 Total Contributions .....		 \$ 149,833,959
Net Appreciation in Fair Value of Investments .....	\$446,858,139	
Interest & Dividends.....	31,035,651	
Class Action Settlement .....	56,956	
Investment Expense .....	(11,443,950)	
Net Investment Income.....		\$ 466,506,796
 TOTAL Income .....		 \$ 616,340,755
 <b>EXPENSES:</b>		
Retirement Benefits .....	\$ 120,002,388	
DROP Disbursements.....	18,715,115	
Refunds of Contributions.....	13,630,465	
Funds Transferred to another System .....	3,240,050	
Administrative Expenses .....	1,256,429	
 TOTAL Expenses .....		 \$ 156,844,447
 Net Market Value Income for Fiscal 2013 (Income - Expenses) .....		 \$ 459,496,308
 Unadjusted Fund Balance as of December 31, 2013 (Fund Balance Previous Year + Net Income).....		 \$ 2,908,025,485
 Adjustment for Actuarial Smoothing.....		 \$ (147,877,082)
 Actuarial Value of Assets: (December 31, 2013).....		 \$ 2,760,148,403

**EXHIBIT VII  
PLAN A: FUND BALANCES**

PRESENT ASSETS OF THE SYSTEM CREDITABLE TO:

Annuity Savings Fund .....	\$	390,776,481
Annuity Reserve Fund .....		1,179,351,053
Pension Accumulation Fund.....		1,407,748,080
Deferred Retirement Option Plan Account .....		60,686,147
Funding Deposit Account.....		4,918,053
NET MARKET VALUE OF ASSETS .....	\$	3,043,479,814
ADJUSTMENT FOR ACTUARIAL SMOOTHING.....	\$	(283,331,411)
ACTUARIAL VALUE OF ASSETS.....	\$	2,760,148,403

**EXHIBIT VIII - Schedule A  
PLAN A: PENSION BENEFIT OBLIGATION**

Present Value of Credited Projected Benefits Payable to Current Employees.....	\$	1,652,437,533
Present Value of Benefits Payable to Terminated Employees .....		76,122,564
Present Value of Benefits Payable to Current Retirees and Beneficiaries .....		1,180,929,388
TOTAL PENSION BENEFIT OBLIGATION.....	\$	2,909,489,485
NET ACTUARIAL VALUE OF ASSETS .....	\$	2,760,148,403
Ratio of Net Actuarial Value of Assets to Pension Benefit Obligation.....		94.87%

**EXHIBIT VIII - Schedule B  
PLAN A: ENTRY AGE NORMAL ACCRUED LIABILITIES**

Accrued Liability for Active Employees .....	\$	1,727,091,691
Accrued Liability for Terminated Employees .....		76,122,564
Accrued Liability for Current Retirees and Beneficiaries .....		1,180,929,388
TOTAL ENTRY AGE NORMAL ACCRUED LIABILITY .....	\$	2,984,143,643
NET ACTUARIAL VALUE OF ASSETS .....	\$	2,760,148,403
Ratio of Net Actuarial Value of Assets to Entry Age Normal Accrued Liability .....		92.49%

**EXHIBIT IX  
CENSUS DATA - PLAN A**

	<b>Active</b>	<b>Terminated with Funds on Deposit</b>	<b>DROP</b>	<b>Retired</b>	<b>Total</b>
Number of members as of December 31, 2012	13,688	7,356	682	5,991	27,717
Additions to Census					
Initial membership	1,541	64			1,605
Omitted in error last year				2	2
Death of another member			(1)	71	70
Adjustment for multiple records					
Change in Status during Year					
Actives terminating service	(719)	719			
Actives who retired	(255)			255	
Actives entering DROP	(287)		287		
Term. members rehired	51	(51)			
Term. members who retire		(39)		39	
Retirees who are rehired	2			(2)	
Refunded who are rehired	35	7			42
DROP participants retiring			(142)	142	
DROP returned to work	100		(100)		
Omitted in error last year					
Eliminated from Census					
Refund of contributions	(988)	(258)			(1,246)
Deaths	(29)	(10)		(252)	(291)
Included in error last year					
Adjustment for multiple records	1	4		(4)	1
Number of members as of December 31, 2013	13,140	7,792	726	6,242	27,900

PLAN A - ACTIVES CENSUS BY AGE:

Age	Number Male	Number Female	Total Number	Average Salary	Total Salary
16 - 20	37	26	63	21,085	1,328,355
21 - 25	346	254	600	25,903	15,541,874
26 - 30	501	616	1,117	31,810	35,532,230
31 - 35	599	703	1,302	36,118	47,025,655
36 - 40	555	652	1,207	39,935	48,201,931
41 - 45	759	833	1,592	40,841	65,018,122
46 - 50	994	969	1,963	41,802	82,057,295
51 - 55	1,098	1,086	2,184	41,861	91,423,395
56 - 60	977	999	1,976	41,727	82,451,740
61 - 65	654	583	1,237	41,151	50,903,637
66 - 70	240	181	421	40,365	16,993,591
71 - 75	73	61	134	38,783	5,196,917
76 - 80	37	22	59	28,349	1,672,597
81 - 85	7	3	10	31,740	317,403
86 - 90	1	0	1	4,800	4,800
TOTAL	6,878	6,988	13,866	39,209	543,669,542

THE ACTIVE CENSUS INCLUDES 7,156 ACTIVES WITH VESTED BENEFITS, INCLUDING 726 DROP PARTICIPANTS AND 309 ACTIVE FORMER DROP PARTICIPANTS.

PLAN A - TERMINATED MEMBERS DUE A DEFERRED RETIREMENT BENEFIT:

Age	Number Male	Number Female	Total Number	Average Benefit	Total Benefit
26 - 30	1	0	1	5,988	5,988
31 - 35	6	12	18	11,738	211,291
36 - 40	14	35	49	12,305	602,952
41 - 45	28	64	92	16,350	1,504,181
46 - 50	59	65	124	17,889	2,218,275
51 - 55	54	100	154	20,596	3,171,826
56 - 60	76	92	168	15,362	2,580,889
61 - 65	27	25	52	11,314	588,308
66 - 70	9	3	12	5,648	67,776
71 - 75	4	3	7	7,103	49,721
76 - 80	1	1	2	4,724	9,447
81 - 85	1	1	2	567	1,134
86 - 90	1	0	1	1,437	1,437
91 - 99	0	1	1	666	666
TOTAL	281	402	683	16,126	11,013,891

PLAN A - TERMINATED MEMBERS DUE A REFUND OF CONTRIBUTIONS:

Contributions Ranging From	To	Number	Total Contributions
0	99	4,385	116,824
100	499	1,023	245,633
500	999	378	272,126
1000	1999	315	442,818
2000	4999	419	1,352,294
5000	9999	284	2,044,847
10000	19999	223	3,111,608
20000	119999	82	2,288,845
TOTAL		7,109	9,874,995

**PLAN A - REGULAR RETIREES:**

Age	Number Male	Number Female	Total Number	Average Benefit	Total Benefit
46 - 50	5	7	12	47,012	564,144
51 - 55	73	53	126	47,742	6,015,477
56 - 60	188	173	361	42,424	15,314,975
61 - 65	438	375	813	28,261	22,975,910
66 - 70	543	465	1,008	22,542	22,722,379
71 - 75	543	416	959	18,719	17,951,708
76 - 80	413	289	702	15,840	11,119,458
81 - 85	268	250	518	13,699	7,095,887
86 - 90	133	138	271	12,709	3,444,193
91 - 99	30	53	83	8,590	712,967
<b>TOTAL</b>	<b>2,634</b>	<b>2,219</b>	<b>4,853</b>	<b>22,237</b>	<b>107,917,098</b>

**PLAN A - DISABILITY RETIREES:**

Age	Number Male	Number Female	Total Number	Average Benefit	Total Benefit
31 - 35	0	1	1	8,002	8,002
36 - 40	1	1	2	13,360	26,719
41 - 45	8	8	16	15,499	247,982
46 - 50	20	13	33	14,745	486,594
51 - 55	41	21	62	18,192	1,127,900
56 - 60	97	49	146	16,387	2,392,458
61 - 65	85	45	130	12,843	1,669,574
66 - 70	55	29	84	12,359	1,038,129
71 - 75	20	12	32	8,271	264,656
76 - 80	5	3	8	6,065	48,517
81 - 85	4	0	4	5,140	20,560
86 - 90	1	0	1	9,090	9,090
<b>TOTAL</b>	<b>337</b>	<b>182</b>	<b>519</b>	<b>14,143</b>	<b>7,340,181</b>

**PLAN A - SURVIVORS:**

Age	Number Male	Number Female	Total Number	Average Benefit	Total Benefit
0 - 25	11	9	20	13,121	262,424
26 - 30	1	0	1	6,958	6,958
31 - 35	1	0	1	8,689	8,689
36 - 40	2	1	3	10,188	30,564
41 - 45	1	2	3	13,090	39,271
46 - 50	2	19	21	16,844	353,733
51 - 55	7	21	28	14,580	408,247
56 - 60	7	22	29	14,151	410,373
61 - 65	10	75	85	13,408	1,139,707
66 - 70	18	108	126	11,221	1,413,888
71 - 75	18	144	162	10,821	1,753,012
76 - 80	9	117	126	10,067	1,268,436
81 - 85	5	133	138	7,887	1,088,447
86 - 90	1	70	71	7,398	525,238
91 - 99	2	54	56	5,956	333,518
<b>TOTAL</b>	<b>95</b>	<b>775</b>	<b>870</b>	<b>10,394</b>	<b>9,042,505</b>

PLAN A - ACTIVE MEMBERS:

Attained Ages	Completed Years of Service											Total			
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30&Over				
0 - 20	53	9	1												63
21 - 25	265	138	91	44	31	31									600
26 - 30	252	198	149	118	113	272	15								1,117
31 - 35	218	123	117	107	97	450	169	21							1,302
36 - 40	148	96	71	87	89	347	241	120	8						1,207
41 - 45	164	105	105	104	115	372	268	239	104	16					1,592
46 - 50	155	120	80	96	114	446	293	261	245	123	30				1,963
51 - 55	154	131	104	86	86	440	321	300	220	194	148				2,184
56 - 60	97	82	76	80	89	415	328	283	219	158	149				1,976
61 - 65	31	37	47	34	47	279	203	214	151	93	101				1,237
66 - 70	16	11	8	7	14	65	92	74	67	36	31				421
71 & Over	3	7	1	2	6	28	27	33	41	29	27				204
Totals	1556	1057	850	765	801	3145	1957	1545	1055	649	486				13866

PLAN A - AVERAGE ANNUAL SALARY OF ACTIVE MEMBERS:

Attained Ages	Completed Years of Service											Average Salary			
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30&Over				
0 - 20	20,944	22,045	19,903												21,085
21 - 25	24,085	27,646	26,828	25,761	28,071	29,003									25,903
26 - 30	26,994	29,685	32,605	33,480	32,428	36,029	38,592								31,810
31 - 35	32,765	29,189	32,546	35,818	35,498	38,811	40,801	40,419							36,118
36 - 40	29,859	36,860	39,398	35,550	36,792	40,990	46,294	44,495	44,945						39,935
41 - 45	29,391	32,921	32,499	35,406	37,108	41,076	44,996	51,065	49,039	45,979					40,841
46 - 50	31,768	31,891	35,217	37,077	38,059	37,239	42,160	46,658	51,171	56,878	63,957				41,802
51 - 55	31,487	30,648	33,434	39,425	35,422	35,709	42,019	42,831	48,743	57,955	58,308				41,861
56 - 60	31,208	32,998	34,274	39,795	34,661	35,560	41,518	43,033	49,084	52,170	55,701				41,727
61 - 65	35,057	34,987	39,034	33,274	39,109	36,050	38,856	40,129	44,404	53,614	54,398				41,151
66 - 70	25,631	35,603	29,660	39,594	19,578	33,583	39,831	40,168	46,187	43,798	61,688				40,365
71 & Over	32,532	56,718	25,064	18,170	27,704	36,774	34,605	33,734	32,454	33,651	40,212				35,254
Average	28,966	31,322	33,333	35,647	35,291	37,525	42,226	44,188	47,962	53,554	56,255				39,209

PLAN A - TERMINATED MEMBERS DUE A DEFERRED RETIREMENT BENEFIT:

Attained Ages	Years Until Retirement Eligibility											Total
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30&Over	
0 - 25												0
26 - 30											1	1
31 - 35										6	12	18
36 - 40								25	24			49
41 - 45						1	57	34				92
46 - 50							32					124
51 - 55	2					116	1					154
56 - 60	34	26	24	25	24	34	35			1		168
61 - 65	28	10	7	2	4							52
66 - 70	12											12
71 - 75	7											7
76 - 80	2											2
81 - 85	2											2
86 - 90	1											1
91 & Over	1											1
Totals	89	36	31	27	28	152	127	90	59	31	13	683

PLAN A - AVERAGE ANNUAL BENEFITS OF TERMINATED MEMBERS DUE A DEFERRED RETIREMENT BENEFIT:

Attained Ages	Years Until Retirement Eligibility											Average Benefit
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30&Over	
0 - 25												0
26 - 30											5,988	5,988
31 - 35										14,192	10,512	11,738
36 - 40									14,996	9,503		12,305
41 - 45						9,096	19,834		10,723			16,350
46 - 50							11,297					17,889
51 - 55	44,523					22,964	12,768					20,596
56 - 60	17,382	19,558	16,447	15,582	17,351	7,996				8,832		15,362
61 - 65	10,876	9,175	15,103	14,249	10,158	17,175						11,314
66 - 70	5,648											5,648
71 - 75	7,103											7,103
76 - 80	4,723											4,723
81 - 85	567											567
86 - 90	1,437											1,437
91 & Over	666											666
Average	12,525	16,674	16,144	15,483	16,324	19,487	17,818	16,720	12,533	10,389	10,164	16,126

PLAN A - SERVICE RETIREES:

Attained Ages	Completed Years Since Retirement											Total			
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30&Over				
0 - 50	2	8	2												12
51 - 55	38	35	23	13	10	7									126
56 - 60	93	62	39	39	37	86									361
61 - 65	133	158	119	85	69	200	44	4							813
66 - 70	86	114	82	93	97	394	107	29	6	1					1,008
71 - 75	20	32	29	31	46	323	349	86	37	6					959
76 - 80	6	17	17	10	13	106	197	228	71	31	6				702
81 - 85	2	6	4	3	2	34	57	153	177	62	18				518
86 - 90		1				7	12	25	93	114	19				271
91 & Over			1			2	4	3	7	29	37				83
Totals	380	433	316	274	274	1159	775	528	391	243	80				4853

PLAN A - AVERAGE ANNUAL BENEFITS PAYABLE TO SERVICE RETIREES:

Attained Ages	Completed Years Since Retirement											Average Benefit			
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30&Over				
0 - 50	58,004	40,882	60,541												47,012
51 - 55	49,500	49,639	47,179	41,397	47,187	43,135									47,742
56 - 60	40,263	47,115	45,202	44,871	42,530	39,439	34,236								42,424
61 - 65	22,686	24,036	23,231	27,205	25,065	38,130	36,196	31,746		8,966					28,261
66 - 70	19,935	18,111	19,148	22,655	19,062	22,805	30,598	32,265	37,087						22,542
71 - 75	16,664	16,928	23,292	20,367	16,636	17,528	17,454	23,836	29,472	18,549					18,719
76 - 80	23,745	14,795	19,316	18,008	17,103	13,873	14,131	14,776	22,286	23,816	8,451				15,840
81 - 85	18,143	11,600	21,456	24,440	7,268	10,055	11,295	14,385	11,672	19,998	18,125				13,699
86 - 90		16,736	18,425			13,789	12,512	13,588	12,827	12,080	14,268				12,709
91 & Over						6,697	19,317	6,108	12,913	7,486	7,515				8,590
Average	28,908	27,084	26,620	27,709	24,183	24,063	19,073	17,122	15,971	15,196	11,576				22,237

PLAN A - DISABILITY RETIREES:

Attained Ages	Completed Years Since Retirement											Total	
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30&Over		
0 - 30													0
31 - 35			1										1
36 - 40	1	1											2
41 - 45	2	1	1										16
46 - 50	3	4	5	4	3	8	3	1					33
51 - 55	5	7	4	5	2	19	8	9	3				62
56 - 60	12	12	16	5	10	38	24	14	11	4			146
61 - 65	3		8	5	4	36	31	22	15	4	2		130
66 - 70			2	1	2	19	28	17	14	1			84
71 - 75						5	4	10	8	4	1		32
76 - 80							1	4	1	2			8
81 - 85								2		1			4
86 - 90									1				1
91 & Over													0
Totals	26	25	37	21	21	130	107	79	53	16	4		519

PLAN A - AVERAGE ANNUAL BENEFITS PAYABLE TO DISABILITY RETIREES:

Attained Ages	Completed Years Since Retirement											Average Benefit	
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30&Over		
0 - 30													0
31 - 35			8,002										8,002
36 - 40	14,792	11,927				15,023	8,798						13,360
41 - 45	36,971	11,544	10,333	5,587		14,085	10,330	7,201					15,499
46 - 50	19,161	14,626	17,986	18,753	15,132	19,155	16,686	8,576	6,198				14,745
51 - 55	21,669	24,492	28,611	19,295	21,995	17,741	15,429	10,257	8,061	6,538			16,192
56 - 60	17,919	19,686	23,370	14,861	19,008	17,741	16,327	11,696	10,081	10,241	7,661		16,387
61 - 65	8,770		9,821	12,275	13,630	13,273	11,330	14,858	11,371	22,444			12,843
66 - 70			5,337	3,798	4,345	13,869	4,162	14,858	9,561	11,904	7,972		12,359
71 - 75						6,062	4,335	8,562	7,953	11,904			8,270
76 - 80								5,298	7,083	7,953			6,065
81 - 85								2,792		5,832			5,140
86 - 90									9,090				9,090
91 & Over													0
Average	19,073	19,586	18,537	15,074	16,318	15,388	13,619	10,763	9,629	9,932	8,109		14,143

PLAN A - SURVIVING BENEFICIARIES OF FORMER MEMBERS:

Attained Ages	Completed Years Since Retirement											Total
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30&Over	
0 - 20	4	2	3	1	1	4	1	2				18
21 - 25	1	1										2
26 - 30												1
31 - 35							1					1
36 - 40							1					3
41 - 45							1					3
46 - 50	2	1	2	1	1	6	1					21
51 - 55	2	2	2	2	1	10	5	4	1		1	28
56 - 60	2	4	4	3	3	8	4	6	2			29
61 - 65	1	6	6	3	6	34	16	8	4	1		85
66 - 70	5	2	1	1	10	47	30	23	3	1	3	126
71 - 75	3	3	3	1	8	32	49	38	20	6	2	162
76 - 80			2	1	2	9	24	32	31	20	5	126
81 - 85				1	2	7	7	26	46	36	14	138
86 - 90				1	2	1	4	4	22	27	16	71
91 & Over						1	5	5	5	18	28	56
Totals	14	17	22	11	37	160	144	151	136	109	69	870

PLAN A - AVERAGE ANNUAL BENEFITS PAYABLE TO SURVIVORS OF FORMER MEMBERS:

Attained Ages	Completed Years Since Retirement											Average Benefit
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30&Over	
0 - 20	12,826	11,193	28,267	25,355	13,241	8,433	6,205	5,367				13,765
21 - 25		7,395	7,266				6,958					7,331
26 - 30												6,958
31 - 35											8,689	8,689
36 - 40											14,018	10,188
41 - 45												13,091
46 - 50												16,844
51 - 55	26,217	14,734	27,389	7,352	16,866	9,892	13,059	12,513				16,844
56 - 60		17,954	29,841	14,340	29,841	17,407	13,642	11,837				14,580
61 - 65	14,788	10,262	23,133	14,340	31,713	16,319	21,603	4,944	4,683		1,303	14,151
66 - 70	9,754	8,403	13,893	43,722	14,813	13,002	14,459	7,372	5,298			13,408
71 - 75		10,979	23,302	15,696	10,465	12,286	12,081	9,733	4,178	1,469		11,221
76 - 80			4,692	3,283	7,935	11,669	10,012	11,194	12,532	14,492		6,135
81 - 85			18,862	14,570	18,802	7,046	10,061	9,073	11,360	10,593		10,067
86 - 90					2,257	7,638	7,684	7,331	7,717	9,033		7,887
91 & Over				3,136		5,302		13,727	8,430	7,554		7,398
Average	14,061	11,279	18,083	20,840	13,312	12,027	11,381	9,294	9,359	8,652	5,099	10,394

**EXHIBIT X**  
**PLAN A: YEAR-TO-YEAR COMPARISON**

	Fiscal 2013	Fiscal 2012	Fiscal 2011	Fiscal 2010
Number of Active Members	13,866	14,370	14,646	14,791
Number of Retirees & Survivors	6,242	5,991	5,718	5,531
Number of Terminated Due Deferred Benefits	683	561	561	556
Number Terminated Due Refunds	7,109	6,795	6,795	6,762
Active Lives Payroll	\$ 543,669,542	\$ 558,327,346	\$ 552,543,155	\$ 546,737,427
Retiree Benefits in Payment	\$ 124,299,785	\$ 114,515,106	\$ 104,683,495	\$ 97,650,642
Market Value of Assets	\$ 3,043,479,814	\$ 2,583,983,506	\$ 2,230,462,425	\$ 2,225,041,407
Actuarial Value of Assets	\$ 2,760,148,403	\$ 2,448,529,177	\$ 2,344,047,017	\$ 2,259,207,052
Actuarial Accrued Liability (EAN – GASB 50)	\$ 2,984,143,643	\$ 2,823,038,820	\$ 2,682,634,009	\$ 2,553,982,211
Ratio of AVA to GASB-50 Accrued Liability	92.49%	86.73%	87.38%	88.46%
Present Value of Future Employer Normal Cost	\$ 651,806,943	\$ 773,908,389	\$ 724,810,561	\$ 669,371,250
Present Value of Future Employee Contrib.	\$ 370,352,485	\$ 378,465,400	\$ 373,626,178	\$ 370,489,102
Funding Deposit Account Credit Balance	\$ 4,918,053	\$ 4,574,933	\$ 29,274,204	\$ 27,231,818
Present Value of Future Benefits	\$ 3,777,389,778	\$ 3,596,328,033	\$ 3,450,112,888	\$ 3,317,592,043

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	Fiscal 2014	Fiscal 2013	Fiscal 2012	Fiscal 2011
Employee Contribution Rate	9.50%	9.50%	9.50%	9.50%
Estimated Tax Contribution as % of Payroll	1.32%	1.16%	1.09%	1.05%
Actuarially Required Net Direct Employer Contribution Rate	13.07%	15.56%	16.72%	15.58%
Actual Employer Contribution Rate	16.00%	16.75%	15.75%	15.75%

Fiscal 2009	Fiscal 2008	Fiscal 2007	Fiscal 2006	Fiscal 2005	Fiscal 2004
14,795	14,373	13,650	13,244	13,470	13,868
5,413	5,235	5,083	4,978	4,845	4,739
562	545	497	522	448	374
6,611	6,464	6,122	6,140	5,723	5,641
\$ 536,408,372	\$ 511,891,487	\$ 454,741,830	\$ 420,104,038	\$ 429,459,653	\$ 407,022,806
\$ 90,207,961	\$ 84,492,940	\$ 77,403,146	\$ 73,102,892	\$ 66,724,243	\$ 62,543,026
\$ 1,904,114,041	\$ 1,565,934,957	\$ 2,087,385,378	\$ 1,921,293,624	\$ 1,695,523,143	\$ 1,577,051,547
\$ 2,135,230,590	\$ 1,943,569,363	\$ 2,027,214,660	\$ 1,718,754,962	\$ 1,535,416,950	\$ 1,364,795,086
\$ 2,358,101,301	\$ 2,248,596,038	\$ 2,063,501,317	\$ 1,828,082,350	\$ 1,781,846,647	\$ 1,606,710,651
90.55%	86.43%	98.24%	94.02%	86.17%	84.94%
\$ 552,376,261	\$ 613,635,252	\$ 288,883,382	\$ 280,817,883	\$ 422,308,841	\$ 351,288,808
\$ 355,947,027	\$ 339,052,728	\$ 302,732,846	\$ 279,197,353	\$ 291,917,848	\$ 269,026,244
\$ 25,331,924	\$ 23,564,580	\$ 0	\$ 0	\$ 0	\$ 0
\$ 3,071,774,342	\$ 2,933,074,556	\$ 2,685,159,246	\$ 2,368,532,719	\$ 2,342,554,492	\$ 2,080,559,290

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Fiscal 2010	Fiscal 2009	Fiscal 2008	Fiscal 2007	Fiscal 2006	Fiscal 2005
9.50%	9.50%	9.50%	9.50%	9.50%	9.50%
1.13%	1.15%	1.11%	1.05%	0.94%	1.02%
13.46%	15.40%	8.98%	9.58%	13.12%	12.39%
15.75%	12.25%	12.75%	13.25%	12.75%	12.75%

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**EXHIBIT XI**  
**PLAN B: ANALYSIS OF ACTUARIALLY REQUIRED CONTRIBUTIONS**

1.	Present Value of Future Benefits .....	\$ 304,506,873
2.	Funding Deposit Account Credit Balance.....	\$ 2,126,959
3.	Actuarial Value of Assets.....	\$ 216,066,754
4.	Present Value of Future Employee Contributions.....	\$ 19,192,399
5.	Present Value of Future Employer Normal Costs (1+2-3-4) .....	\$ 71,374,679
6.	Present Value of Future Salaries .....	\$ 694,433,400
7.	Employer Normal Cost Accrual Rate (5 ÷ 6).....	10.278117%
8.	Projected Fiscal 2014 Salary for Current Membership.....	\$ 82,772,280
9.	Employer Normal Cost as of January 1, 2014 (7 x 8).....	\$ 8,507,432
10.	Normal Cost Interest Adjusted for Midyear Payment.....	\$ 8,810,431
11.	Estimated Administrative Cost for Fiscal 2014 .....	\$ 212,581
12.	TOTAL Administrative and Interest Adjusted Actuarial Costs (10 + 11).....	\$ 9,023,012
13.	Projected Ad Valorem Tax Contributions for Fiscal 2014 .....	\$ 1,094,043
14.	Projected Revenue Sharing Funds for Fiscal 2014 .....	\$ 22,435
15.	Employers' Net Direct Actuarially Required Contribution for Fiscal 2014 (12 – 13 – 14).....	\$ 7,906,534
16.	Projected Payroll for Fiscal 2014 .....	\$ 91,920,820
17.	Employers' Net Direct Actuarially Required Contribution as a % of Projected Payroll for 2014 (15 ÷ 16).....	8.60%
18.	Actual Employer Contribution Rate for Fiscal 2014 .....	9.25%
19.	Contribution Shortfall (Excess) as a Percentage of Payroll (17 - 18) .....	(0.65%)
20.	Increase (Reduction) to Following Year Payment for Contribution Shortfall (Excess)	(0.08%)
21.	Minimum Recommended Net Direct Employer Contribution Rate for Fiscal 2015 (17, Rounded to Nearest 0.25%).....	8.50%

**EXHIBIT XII**  
**PLAN B: PRESENT VALUE OF FUTURE BENEFITS**

PRESENT VALUE OF FUTURE BENEFITS FOR ACTIVE MEMBERS:

Retirement Benefits.....	\$205,389,153
Survivor Benefits .....	5,546,455
Disability Benefits.....	6,319,267
Vested Termination Benefits.....	12,927,205
Refunds of Contributions .....	3,164,358

TOTAL Present Value of Future Benefits for Active Members..... \$ 233,346,438

PRESENT VALUE OF FUTURE BENEFITS FOR TERMINATED MEMBERS:

Terminated Vested Members Due Benefits at Retirement .....	\$ 7,286,627
Terminated Members with Reciprocals	
Due Benefits at Retirement.....	0
Terminated Members Due a Refund.....	730,520

TOTAL Present Value of Future Benefits for Terminated Members ..... \$ 8,017,147

PRESENT VALUE OF FUTURE BENEFITS FOR PENSIONERS:

Regular Retirees by Option Selected:

Maximum.....	\$ 24,465,904
Option 1 .....	122,834
Option 2 .....	21,335,034
Option 3 .....	3,808,403
Option 4 .....	714,166

TOTAL Regular Retirees ..... \$ 50,446,341

TOTAL Disability Retirees ..... \$ 6,203,598

TOTAL Survivors & Widows ..... \$ 6,461,580

Reserve for Accrued Retiree DROP Account Balances ..... \$ 31,769

TOTAL Present Value of Future Benefits for Retirees & Survivors ..... \$ 63,143,288

TOTAL Present Value of Future Benefits..... \$ 304,506,873

**EXHIBIT XIII – SCHEDULE A  
PLAN B - MARKET VALUE OF ASSETS**

CURRENT ASSETS:

Cash in Banks .....	\$ 486,761
Contributions Receivable.....	1,533,252
Ad Valorem Taxes Receivable & Revenue Sharing.....	1,028,189
Accrued Interest and Dividends.....	40,391
Investments Receivable .....	147,925
Due from Plan A .....	878,957

TOTAL CURRENT ASSETS..... \$ 4,115,475

Property Plant & Equipment..... \$ 103,458

Deposits ..... \$ 2

INVESTMENTS:

Common Trust Funds .....	\$ 99,425,648
Foreign Equity Fund .....	46,211,814
Common Stocks.....	45,034,058
Foreign Fixed Income .....	21,578,270
Hedge Funds .....	6,787,252
Bond Funds .....	5,795,065
Government Agency Bonds.....	2,480,424
Cash Equivalents.....	7,368,499
Corporate Bonds .....	188,439
Private Equity Funds.....	237,568

TOTAL INVESTMENTS..... \$ 235,107,037

TOTAL ASSETS ..... \$ 239,325,972

CURRENT LIABILITIES:

Retirements Payable.....	\$ 598,707
Accounts Payable .....	136,669
Investments Payable.....	107,683
Refunds Payable.....	13,183
Due to Other Plans .....	1,057,564

TOTAL CURRENT LIABILITIES ..... \$ 1,913,806

MARKET VALUE OF ASSETS..... \$ 237,412,166

**EXHIBIT XIII – SCHEDULE B**  
**PLAN B - ACTUARIAL VALUE OF ASSETS**

Excess (Shortfall) of invested income  
for current and previous 4 years:

Fiscal year 2013 .....	\$ 20,198,394
Fiscal year 2012 .....	13,957,016
Fiscal year 2011 .....	(13,385,425)
Fiscal year 2010 .....	10,833,284
Fiscal year 2009 .....	<u>14,683,472</u>

Total for five years ..... \$ 46,286,741

Deferral of excess (shortfall) of invested income:

Fiscal year 2013 (80%) .....	\$ 16,158,715
Fiscal year 2012 (60%) .....	8,374,210
Fiscal year 2011 (40%) .....	(5,354,170)
Fiscal year 2010 (20%) .....	2,166,657
Fiscal year 2009 ( 0%) .....	<u>0</u>

Total deferred for year ..... \$ 21,345,412

Market value of plan net assets, end of year ..... \$ 237,412,166

Preliminary actuarial value of plan assets, end of year ..... \$ 216,066,754

Actuarial value of assets corridor

85% of market value, end of year .....	\$ 201,800,341
115% of market value, end of year .....	\$ 273,023,991

Final actuarial value of plan net assets, end of year ..... \$ 216,066,754

**EXHIBIT XIV**  
**PLAN B: PRESENT VALUE OF FUTURE CONTRIBUTIONS**

Employee Contributions to the Annuity Savings Fund .....	\$	19,192,399
Employer Normal Contributions to the Pension Accumulation Fund.....		71,374,679
Funding Deposit Account Credit Balance .....		(2,126,959)
 TOTAL PRESENT VALUE OF FUTURE CONTRIBUTIONS .....	 \$	 88,440,119

**EXHIBIT XV**  
**PLAN B: RECONCILIATION OF CONTRIBUTIONS**

Employer Normal Cost for Prior Year.....	\$8,913,787	
Interest on Normal Cost.....	668,534	
Administrative Expenses .....	190,424	
Interest on Expenses .....	7,013	
 TOTAL Interest Adjusted Actuarially Required Contributions .....	 \$	 9,779,758
Direct Employer Contributions.....	\$ 8,821,822	
Interest on Employer Contributions.....	324,838	
Ad Valorem Taxes and Revenue Sharing Funds .....	1,044,687	
Interest on Ad Valorem Taxes and Revenue Sharing Funds.....	38,468	
 TOTAL Interest Adjusted Employer Contributions .....	 \$	 10,229,815
 CONTRIBUTION SURPLUS Added to the Funding Deposit Account.....	 \$	 450,057

**EXHIBIT XVI**  
**PLAN B: ANALYSIS OF INCREASE IN ASSETS**

Actuarial Value of Assets (December 31, 2012) .....	\$	186,172,779
<b>INCOME:</b>		
Employer Contributions .....	\$	8,821,822
Member Contributions .....		2,563,980
Ad Valorem Taxes.....		1,023,358
Revenue Sharing.....		21,329
Purchases and Transfers of Service Credit.....		61,454
Irregular Contributions .....		885,065
Total Contributions .....	\$	13,377,008
Net Appreciation in Fair Value of Investments .....	\$33,670,770	
Interest & Dividends.....		2,375,331
Class Action Settlement.....		1,778
Investment Expense .....		(896,901)
Net Investment Income.....	\$	35,150,978
TOTAL Income .....	\$	48,527,986
<b>EXPENSES:</b>		
Retirement Benefits .....	\$	6,593,734
DROP Disbursements.....		354,839
Refunds of Contributions.....		488,440
Administrative Expenses .....		180,896
Funds Transferred to another System .....		65,528
Other Postemployment Benefits .....		4,865
Depreciation.....		4,663
TOTAL Expenses .....	\$	7,692,965
Net Market Value Income for Fiscal 2013 (Income - Expenses) .....	\$	40,835,021
Unadjusted Fund Balance as of December 31, 2013 (Fund Balance Previous Year + Net Income).....	\$	227,007,800
Adjustment for Actuarial Smoothing.....	\$	(10,941,046)
Actuarial Value of Assets (December 31, 2013) .....	\$	216,066,754

**EXHIBIT XVII  
PLAN B: FUND BALANCES**

PRESENT ASSETS OF THE SYSTEM CREDITABLE TO:

Annuity Savings Fund .....	\$	19,887,062
Annuity Reserve Fund .....		63,111,519
Pension Accumulation Account .....		149,185,220
Deferred Retirement Option Plan Account.....		3,101,406
Funding Deposit Account .....		2,126,959
NET MARKET VALUE OF ASSETS.....	\$	237,412,166
ADJUSTMENT FOR ACTUARIAL SMOOTHING .....		(21,345,412)
ACTUARIAL VALUE OF ASSETS .....	\$	216,066,754

**EXHIBIT XVIII – Schedule A  
PLAN B: PENSION BENEFIT OBLIGATION**

Present Value of Credited Projected Benefits Payable to Current Employees.....	\$	144,909,002
Present Value of Benefits Payable to Terminated Employees .....		8,017,147
Present Value of Benefits Payable to Current Retirees and Beneficiaries .....		63,143,288
TOTAL PENSION BENEFIT OBLIGATION .....	\$	216,069,437
NET ACTUARIAL VALUE OF ASSETS .....	\$	216,066,754
Ratio of Net Actuarial Value of Assets to Pension Benefit Obligation.....		100.00%

**EXHIBIT XVIII – Schedule B  
ENTRY AGE NORMAL ACCRUED LIABILITIES**

Accrued Liability for Active Employees .....	\$	162,160,789
Accrued Liability for Terminated Employees .....		8,017,147
Accrued Liability for Current Retirees and Beneficiaries .....		63,143,288
TOTAL ENTRY AGE NORMAL ACCRUED LIABILITY .....	\$	233,321,224
NET ACTUARIAL VALUE OF ASSETS.....	\$	216,066,754
Ratio of Net Actuarial Value of Assets to Entry Age Normal Accrued Liability .....		92.60%

**EXHIBIT XIX  
CENSUS DATA - PLAN B**

	<b>Active</b>	<b>Terminated with Funds on Deposit</b>	<b>DROP</b>	<b>Retired</b>	<b>Total</b>
Number of members as of December 31, 2012	2,254	1,636	44	657	4,591
Additions to Census					
Initial membership	268	2			270
Omitted in error last year				8	8
Death of Another Member					
Change in Status during Year					
Actives terminating service	(119)	119			
Actives who retired	(38)			38	
Actives entering DROP	(32)		32		
Term. members rehired	7	(7)			
Term. members who retire		(8)		8	
Retirees who are rehired					
Refunded who are rehired	3	2			5
DROP participants retiring			(5)	5	
DROP returned to work	7		(7)		
Omitted in error last year					
Eliminated from Census					
Refund of contributions	(124)	(58)			(182)
Deaths	(2)	(1)		(27)	(30)
Included in error last year					
Adjustment for multiple records				(1)	(1)
Number of members as of December 31, 2013	2,224	1,685	64	688	4,661

PLAN B - ACTIVES CENSUS BY AGE:

Age	Number Male	Number Female	Total Number	Average Salary	Total Salary
16 - 20	5	2	7	23,853	166,968
21 - 25	54	38	92	27,054	2,488,937
26 - 30	70	115	185	33,234	6,148,262
31 - 35	98	143	241	36,595	8,819,321
36 - 40	85	113	198	39,137	7,749,090
41 - 45	122	166	288	39,650	11,419,219
46 - 50	142	158	300	41,326	12,397,858
51 - 55	167	163	330	40,789	13,460,263
56 - 60	172	149	321	41,248	13,240,661
61 - 65	116	90	206	41,190	8,485,226
66 - 70	48	34	82	40,766	3,342,784
71 - 75	24	8	32	39,022	1,248,705
76 - 80	4	1	5	36,232	181,161
81 - 85	0	1	1	19,805	19,805
TOTAL	1,107	1,181	2,288	38,972	89,168,260

THE ACTIVE CENSUS INCLUDES 1,102 ACTIVES WITH VESTED BENEFITS, INCLUDING 64 DROP PARTICIPANTS AND 24 ACTIVE FORMER DROP PARTICIPANTS.

PLAN B - TERMINATED MEMBERS DUE A DEFERRED RETIREMENT BENEFIT:

Age	Number Male	Number Female	Total Number	Average Benefit	Total Benefit
31 - 35	0	2	2	5,090	10,179
36 - 40	4	1	5	9,950	49,748
41 - 45	4	11	15	9,497	142,458
46 - 50	10	17	27	10,585	285,783
51 - 55	20	13	33	8,317	274,465
56 - 60	14	23	37	9,669	357,762
61 - 65	5	7	12	6,166	73,991
66 - 70	1	1	2	5,289	10,578
71 - 75	0	1	1	499	499
76 - 80	1	0	1	2,417	2,417
TOTAL	59	76	135	8,947	1,207,880

PLAN B - TERMINATED MEMBERS DUE A REFUND OF CONTRIBUTIONS:

Contributions Ranging		Number	Total Contributions
From	To		
0	- 99	1,043	25,885
100	- 499	243	59,095
500	- 999	77	53,819
1000	- 1999	61	87,550
2000	- 4999	93	291,544
5000	- 9999	30	185,716
10000	- 19999	3	40,094
TOTAL		1,550	743,703

**PLAN B - REGULAR RETIREES:**

Age	Number Male	Number Female	Total Number	Average Benefit	Total Benefit
56 - 60	7	4	11	22,731	250,046
61 - 65	46	38	84	14,514	1,219,137
66 - 70	68	48	116	11,376	1,319,582
71 - 75	70	53	123	9,704	1,193,594
76 - 80	53	41	94	8,976	843,726
81 - 85	25	24	49	7,049	345,398
86 - 90	7	21	28	6,681	187,058
91 - 99	3	13	16	8,293	132,685
<b>TOTAL</b>	<b>279</b>	<b>242</b>	<b>521</b>	<b>10,540</b>	<b>5,491,226</b>

**PLAN B - DISABILITY RETIREES:**

Age	Number Male	Number Female	Total Number	Average Benefit	Total Benefit
36 - 40	1	0	1	5,293	5,293
41 - 45	1	0	1	9,697	9,697
46 - 50	2	3	5	7,584	37,920
51 - 55	5	2	7	10,664	74,650
56 - 60	15	8	23	9,768	224,664
61 - 65	16	5	21	6,577	138,107
66 - 70	11	7	18	5,906	106,315
71 - 75	2	0	2	6,659	13,318
<b>TOTAL</b>	<b>53</b>	<b>25</b>	<b>78</b>	<b>7,820</b>	<b>609,964</b>

**PLAN B - SURVIVORS:**

Age	Number Male	Number Female	Total Number	Average Benefit	Total Benefit
31 - 35	0	1	1	3,490	3,490
36 - 40	0	1	1	12,078	12,078
51 - 55	1	2	3	17,527	52,580
56 - 60	0	14	14	9,146	128,045
61 - 65	2	11	13	6,874	89,358
66 - 70	1	17	18	10,546	189,835
71 - 75	0	16	16	6,548	104,773
76 - 80	0	13	13	4,607	59,888
81 - 85	0	6	6	4,540	27,238
86 - 90	1	1	2	1,885	3,770
91 - 99	0	2	2	3,435	6,869
<b>TOTAL</b>	<b>5</b>	<b>84</b>	<b>89</b>	<b>7,617</b>	<b>677,924</b>

PLAN B - ACTIVE MEMBERS:

Attained Ages	Completed Years of Service											Total			
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30&Over				
0 - 20	7														7
21 - 25	35	22	15	11	4	5									92
26 - 30	55	34	25	19	15	37									185
31 - 35	38	30	26	17	18	75	33	4							241
36 - 40	27	20	18	18	19	49	42	5							198
41 - 45	33	28	20	13	13	77	54	29	18	3					288
46 - 50	20	22	14	14	24	61	49	48	20	17	11				300
51 - 55	23	21	14	19	19	70	50	41	26	25	22				330
56 - 60	22	20	17	9	18	61	53	39	32	21	29				321
61 - 65	5	8	3	6	11	48	49	29	20	10	17				206
66 - 70	2	3	5		4	20	18	11	7	4	8				82
71 & Over	1	1	2		1	8	7	7	8	2	1				38
Totals	268	209	159	126	146	511	355	213	131	82	88				2388

PLAN B - AVERAGE ANNUAL SALARY OF ACTIVE MEMBERS:

Attained Ages	Completed Years of Service											Average Salary				
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30&Over					
0 - 20	23,853															23,853
21 - 25	26,503	28,918	26,000	29,226	21,322	25,667										27,054
26 - 30	29,538	34,849	34,009	36,906	32,583	35,098										33,234
31 - 35	36,353	34,982	35,519	38,009	35,566	37,844	35,765	40,011								36,595
36 - 40	26,945	37,820	48,524	35,061	34,930	45,700	39,226	42,039								39,137
41 - 45	31,886	36,562	41,193	31,390	40,537	41,490	41,146	41,943	44,128	52,351						39,650
46 - 50	30,872	46,332	33,869	34,397	31,746	42,209	40,419	45,757	44,163	51,825	47,959					41,326
51 - 55	33,143	29,408	30,817	41,068	36,519	42,626	40,359	40,157	45,357	52,242	47,329					40,789
56 - 60	28,097	44,692	29,885	38,873	45,690	41,434	38,500	41,925	44,110	48,164	49,048					41,248
61 - 65	24,223	45,597	28,374	24,043	36,023	45,879	37,126	44,704	41,171	39,233	49,420					41,190
66 - 70	23,273	23,524	50,780		38,242	34,098	42,289	46,931	39,751	29,842	57,722					40,766
71 & Over	23,273	26,010	38,770		78,749	40,965	42,728	27,006	43,650	36,371	6,300					38,149
Average	30,109	36,568	35,794	35,429	36,377	41,090	39,347	42,564	43,658	48,049	48,857					38,372

PLAN B - TERMINATED MEMBERS DUE A DEFERRED RETIREMENT BENEFIT:

Attained Ages	Years Until Retirement Eligibility											Total
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30&Over	
0 - 30												0
31 - 35											2	2
36 - 40									3	2		5
41 - 45								10	5			15
46 - 50							23	4				27
51 - 55			1			25	7					33
56 - 60	2	4	5	8	6	12						37
61 - 65	3	2	2	3	2							12
66 - 70	2											2
71 - 75	1											1
76 - 80	1											1
81 & Over												0
Totals	9	6	8	11	8	37	30	14	8	4	0	135

PLAN B - AVERAGE ANNUAL BENEFITS OF TERMINATED MEMBERS DUE A DEFERRED RETIREMENT BENEFIT:

Attained Ages	Years Until Retirement Eligibility											Average Benefit
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30&Over	
0 - 30												0
31 - 35										5,089		5,089
36 - 40									9,839	10,115		9,950
41 - 45								9,824	8,843			9,497
46 - 50							11,569	4,925				10,585
51 - 55			19,071			8,593	5,797					8,317
56 - 60	5,089	11,215	12,887	8,234	12,709	8,014						9,669
61 - 65	5,816	6,381	4,937	8,070	4,847							6,166
66 - 70	5,289											5,289
71 - 75	499											499
76 - 80	2,417											2,417
81 & Over												0
Average	4,569	9,604	11,672	8,190	10,744	8,405	10,222	8,425	9,216	7,602	0	8,947

PLAN B - SERVICE RETIREES:

Attained Ages	Completed Years Since Retirement											Total	
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30&Over		
0 - 55													0
56 - 60	5	2	1	2	1								11
61 - 65	18	18	19	9	7	10	3						84
66 - 70	14	16	13	13	12	42	6						116
71 - 75	4	7	5	2	6	60	34	4	1				123
76 - 80	1	4	1	1	2	23	35	23	4	1			94
81 - 85			1		2	2	6	20	18	1	1		49
86 - 90					3	3		3	10	12			28
91 & Over			1						4	5	6		16
Totals	42	47	40	27	28	140	84	50	37	19	7		521

PLAN B - AVERAGE ANNUAL BENEFITS PAYABLE TO SERVICE RETIREES:

Attained Ages	Completed Years Since Retirement											Average Benefit	
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30&Over		
0 - 55													0
56 - 60	16,850	26,873	31,281	28,027	24,715								22,732
61 - 65	10,904	11,810	12,430	16,311	14,366	27,668	16,690						14,514
66 - 70	12,758	9,565	9,651	11,016	15,858	10,562	14,227						11,376
71 - 75	8,503	12,313	7,775	7,293	10,642	8,647	11,916	7,807	882				9,704
76 - 80	20,850	5,262	3,292	26,609	7,788	7,667	10,363	7,300	9,162	16,080			8,976
81 - 85						10,371	6,555	6,606	7,965	4,803	1,727		7,049
86 - 90						5,799		8,085	7,314	6,022			6,681
91 & Over			11,625						8,908	10,903	5,152		8,293
Average	12,238	11,204	11,168	14,343	14,107	10,383	11,221	7,110	7,829	7,772	4,663		10,540

PLAN B - DISABILITY RETIREES:

Attained Ages	Completed Years Since Retirement											Total	
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30&Over		
0 - 35													0
36 - 40						1							1
41 - 45	1												1
46 - 50	1	2				2							5
51 - 55	1	3	1				2						7
56 - 60	2	4		4		9	3		1				23
61 - 65	1	1	1		2	11	3	2					21
66 - 70		1		1		9	4	1	1			1	18
71 - 75							1	1					2
76 & Over													0
Totals	6	11	2	5	2	32	13	4	2	0		1	78

PLAN B - AVERAGE ANNUAL BENEFITS PAYABLE TO DISABILITY RETIREES:

Attained Ages	Completed Years Since Retirement											Average Benefit	
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30&Over		
0 - 35													0
36 - 40						5,293							5,293
41 - 45													9,697
46 - 50	9,697					6,153							7,584
51 - 55	12,128	6,743					4,804						10,664
56 - 60	8,991	14,006	14,035			8,617	5,810		6,270				9,768
61 - 65	14,015	13,173		10,671	8,826	6,147	7,809	6,179					6,577
66 - 70	8,270	3,229	5,554	3,147		5,032	7,531	6,942	10,866		3,571		5,906
71 - 75		6,379					8,337	4,980					6,659
76 & Over													0
Average	11,186	10,709	9,795	9,166	8,826	6,502	6,840	6,070	8,568	0	3,571		7,820

PLAN B - SURVIVING BENEFICIARIES OF FORMER MEMBERS:

Attained Ages	Completed Years Since Retirement											Total	
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30&Over		
0 - 30													0
31 - 35								1					1
36 - 40						1							1
41 - 45													0
46 - 50													0
51 - 55			1										3
56 - 60		2	1	1		1	1						14
61 - 65		3	1	1	1	3	4	1					13
66 - 70		1	3			10	3	1					18
71 - 75						5	8	2	1				16
76 - 80						1	5	3	3				13
81 - 85								1					6
86 - 90										2			2
91 & Over											2		2
Totals	0	6	5	2	1	27	24	10	7	4	3		89

PLAN B - AVERAGE ANNUAL BENEFITS PAYABLE TO SURVIVORS OF FORMER MEMBERS:

Attained Ages	Completed Years Since Retirement											Average Benefit	
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30&Over		
0 - 30													0
31 - 35								3,490					3,490
36 - 40						12,078							12,078
41 - 45													0
46 - 50													0
51 - 55			26,422			20,388	5,771						17,527
56 - 60		10,970	7,070	4,193		10,939	7,217	7,556					9,146
61 - 65		6,696		9,825		6,219	8,562	3,669					6,874
66 - 70		6,845	8,971			12,157	8,608	8,682					10,546
71 - 75						6,061	6,669	9,599	1,912				6,548
76 - 80						6,626	5,248	3,704	4,766				4,607
81 - 85								1,832	4,092				4,540
86 - 90										6,564			1,885
91 & Over										1,885			3,435
Average	0	8,146	12,081	7,009	2,867	10,195	6,962	5,554	4,070	4,224	2,827		7,617

**EXHIBIT XX**  
**PLAN B: YEAR-TO-YEAR COMPARISON**

	Fiscal 2013	Fiscal 2012	Fiscal 2011	Fiscal 2010
Number of Active Members	2,288	2,298	2,303	2,313
Number of Retirees & Survivors	688	657	611	576
Number of Terminated Due Deferred Benefits	135	132	129	125
Number Terminated Due Refunds	1,550	1,504	1,471	1,430
Active Lives Payroll	\$ 89,168,260	\$ 86,882,261	\$ 84,237,202	\$ 81,999,193
Retiree Benefits in Payment	\$ 6,779,114	\$ 6,334,153	\$ 5,746,033	\$ 5,349,314
Market Value of Assets	\$237,412,166	\$ 196,577,145	\$ 165,603,549	\$ 161,776,161
Actuarial Value of Assets	\$216,066,754	\$ 186,172,779	\$ 173,354,490	\$ 163,075,793
Actuarial Accrued Liability (EAN – GASB 50)	\$233,321,224	\$ 212,489,491	\$198,962,892	\$186,118,552
Ratio of AVA to GASB-50 Accrued Liability	92.60%	87.62%	87.13%	87.62%
Present Value of Future Employer Normal Cost	\$ 71,374,679	\$ 74,251,290	\$ 71,951,379	\$ 67,556,191
Present Value of Future Employee Contrib.	\$ 19,192,399	\$ 18,544,210	\$ 18,084,026	\$ 17,527,008
Funding Deposit Account Credit Balance	\$ 2,126,959	\$ 1,559,909	\$ 1,012,867	\$ 334,656
Present Value of Future Benefits	\$304,506,873	\$ 277,408,370	\$ 262,377,028	\$ 247,824,336

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	Fiscal 2014	Fiscal 2013	Fiscal 2012	Fiscal 2011
Employee Contribution Rate	3.00%	3.00%	3.00%	3.00%
Projected Tax Contribution as % of Payroll	1.21%	1.14%	1.09%	1.05%
Actuarially Required Net Direct Employer Contribution Rate	8.60%	9.33%	9.31%	9.07%
Actual Employer Contribution Rate	9.25%	10.00%	10.00%	10.00%

Fiscal 2009	Fiscal 2008	Fiscal 2007	Fiscal 2006	Fiscal 2005	Fiscal 2004
2,290	2,194	2,030	1,990	1,970	2,062
560	548	530	508	486	461
118	108	97	98	91	69
1,426	1,410	1,353	1,369	1,298	1,243
\$ 79,373,895	\$ 74,891,671	\$ 62,859,807	\$ 59,155,664	\$ 54,810,437	\$ 54,325,541
\$ 4,986,096	\$ 4,744,664	\$ 4,400,123	\$ 4,029,570	\$ 3,588,698	\$ 3,313,829
\$ 134,940,283	\$ 109,749,342	\$ 144,163,791	\$ 132,695,110	\$ 117,661,283	\$ 110,700,198
\$ 150,446,497	\$ 136,139,102	\$ 141,756,387	\$ 123,781,772	\$ 111,443,610	\$ 99,526,756
\$171,160,473	\$ 162,127,929	\$144,913,286	\$125,969,852	\$115,871,479	\$102,077,610
87.90%	83.97%	97.82%	98.26%	96.18%	97.50%
\$ 60,488,525	\$ 63,985,978	\$ 36,302,827	\$ 30,194,074	\$ 30,452,448	\$ 30,454,650
\$ 16,221,775	\$ 15,422,566	\$ 13,275,174	\$ 12,440,078	\$ 11,815,922	\$ 12,600,693
\$ 311,308	\$ 289,589	\$ 0	\$ 0	\$ 0	\$ 0
\$ 226,845,489	\$ 215,258,057	\$ 191,334,388	\$ 166,415,924	\$ 153,711,980	\$ 142,582,099

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Fiscal 2010	Fiscal 2009	Fiscal 2008	Fiscal 2007	Fiscal 2006	Fiscal 2005
3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
1.13%	1.13%	1.11%	1.05%	1.03%	1.00%
8.60%	9.56%	6.13%	5.39%	5.90%	5.45%
10.00%	6.25%	6.00%	6.00%	5.75%	5.75%

## **SUMMARY OF PRINCIPAL PLAN PROVISIONS**

All members of the Parochial Employees' Retirement System are participants in either Plan A or Plan B according to the provisions of the agreement entered into by their employer. All employees of a participating employer must participate in the same plan. The principal provisions of each plan are given below. The following summary of plan provisions is for general informational purposes only and does not constitute a guarantee of benefits.

### **PLAN A:**

**CONTRIBUTION RATES** - The Plan A fund is financed by employee contributions at a rate determined by the Board subject to the statutory range of 8% through 11% of each member's earnings and employer contributions as determined by the Public Retirement Systems' Actuarial Committee. In addition, each sheriff and ex-officio tax collector deducts one-fourth of one percent of the aggregate amount of the tax shown to be collected by the tax roll of each respective parish, excepting Orleans Parish and East Baton Rouge Parish, and remits the money to the system on an annual basis. The system also receives revenue sharing funds each year as appropriated by the legislature. In any fiscal year in which employer contribution rate as actuarially determined is scheduled to decrease, the Board of Trustees may elect to maintain the existing rate or any rate between the existing and minimum rates.

**RETIREMENT BENEFITS** – Members hired on or before December 31, 2006, with seven years of creditable service may retire at age sixty-five; ten years of creditable service may retire at age sixty; members with twenty-five years of service may retire at age fifty-five; members with thirty years of service may retire regardless of age. Members hired on or after January 1, 2007, with seven years of creditable service may retire at age sixty-seven; ten years of creditable service may retire at age sixty-two; members with thirty years of service may retire at age fifty-five. The retirement allowance is equal to three percent of the member's final compensation multiplied by his years of creditable service; however, any employee who was a member of the supplemental plan only prior to the revision date has the benefit earned for service credited prior to the revision date on the basis of one percent of final compensation plus two dollars per month for each year of service credited prior to the revision date, and three percent of final compensation for each year of service credited after the revision date. All accumulated annual leave for which payment cannot be made in accordance with law and all unused sick leave accumulated at the time of retirement is included in the member's creditable service for retirement computation purposes. The retirement allowance may not exceed the greater of one hundred percent of member's final salary or final compensation. Final compensation for members hired before January 1, 2007 refers to the highest 36 months of consecutive or joined service; final compensation for members hired after December 31, 2006 refers to the highest 60 months of consecutive or joined service.

**DISABILITY BENEFITS** – Five years of creditable service are required in order to be eligible for disability benefits for members hired on or before December 31, 2006. Seven years of creditable service are required in order to be eligible for disability benefits for members hired on or after January 1, 2007. Disabled members receive a normal retirement allowance if eligible. Otherwise, the member receives the lesser of three percent of compensation multiplied by his years of service, not to be less than fifteen years, or the accrual percentage as defined for retirement benefits multiplied by final compensation multiplied by years of service assuming continued service to age sixty for members hired on or before December 31, 2006 or age sixty-two for members hired on or after January 1, 2007.

**SURVIVOR BENEFITS** - Five years of creditable service is required in order to be eligible for survivor benefits. If a member is eligible for normal retirement at the time of death, the surviving spouse receives an automatic option 2 benefit. If the member was not eligible for a normal retirement, the surviving unmarried spouse with minor children receives sixty percent of final compensation. If the member was not eligible for a normal retirement, the surviving unmarried spouse with no minor children receives forty percent of final compensation payable upon the attainment of age sixty by the spouse, or upon becoming disabled. Minor children with no unmarried spouse receive thirty percent of final compensation each, not to exceed a total of sixty percent of final compensation.

**CONTRIBUTION REFUNDS** - Upon withdrawal from service, members not entitled to a retirement allowance are paid a refund of accumulated contributions upon request. Receipt of such a refund cancels all accrued rights in the system. If a member receives a refund of contributions and is subsequently rehired on or after January 1, 2007, the provisions applicable to members initially hired on or after January 1, 2007 will apply.

#### **PLAN B:**

**CONTRIBUTION RATES** - The Plan B fund is financed by employee contributions at a rate determined by the Board subject to the statutory range of 3% through 5% of each member's earnings and employer contributions as determined by the Public Retirement Systems' Actuarial Committee. In addition, each sheriff and ex officio tax collector deducts one-fourth of one percent of the aggregate amount of the tax shown to be collected by the tax roll of each respective parish excepting, Orleans Parish and East Baton Rouge Parish, and remits the money to the system on an annual basis. The system also receives revenue sharing funds each year as appropriated by the legislature. In any fiscal year in which the employer contribution rate as actuarially determined is scheduled to decrease, the Board of Trustees may elect to maintain the existing rate or any rate between the existing and minimum rates.

**RETIREMENT BENEFITS:** - Members hired on or before December 31, 2006, with seven years of creditable service may retire at age sixty-five; ten years of creditable service may retire at age sixty; members with thirty years of service may retire at age fifty-five. Members hired on or after January 1, 2007, with seven years of creditable service may retire at age sixty-seven; ten years of creditable service may retire at age sixty-two; members with thirty years of service may retire at age fifty-five. The retirement allowance is equal to two percent of the member's final compensation multiplied by the years of creditable service. All accumulated annual leave for which payment cannot be made in accordance with law and all unused sick leave accumulated at the time of retirement is included in the member's creditable service for retirement computation purposes. Final compensation for members hired before January 1, 2007 refers to the highest 36 months of consecutive or joined service; final compensation for members hired after December 31, 2006 refers to the highest 60 months of consecutive or joined service.

**DISABILITY BENEFITS** - Five years of creditable service is required in order to be eligible for disability benefits for members hired on or before December 31, 2006. Seven years of creditable service is required in order to be eligible for disability benefits for members hired on or after January 1, 2007. Disabled members receive a normal retirement allowance, if eligible. Otherwise, the member receives the lesser of two percent of compensation multiplied by the years of service, not to be less

than fifteen years, or two percent of final compensation multiplied by the years of service assuming continued service to age sixty for members hired on or before December 31, 2006 or age sixty-two for members hired on or after January 1, 2007.

**SURVIVOR BENEFITS** - The surviving spouse of a member who was eligible for normal retirement at the time of death receives an automatic option 2 benefit. The surviving spouse of a member with ten or more years of creditable service and not eligible for normal retirement at the time of death receives an option 2 benefit payable at attainment of age fifty by the spouse.

**CONTRIBUTION REFUNDS** - Upon withdrawal from service, members not entitled to a retirement allowance are paid a refund of accumulated contributions upon request. Receipt of such a refund cancels all accrued rights in the system. If a member receives a refund of contributions and is subsequently rehired on or after January 1, 2007, the provisions applicable to members initially hired on or after January 1, 2007 will apply.

**DEFERRED RETIREMENT OPTION PLAN:**

In lieu of terminating employment and accepting a service retirement allowance, any member of Plan A or Plan B who is eligible for a normal retirement may elect to participate in the Deferred Retirement Option Plan (DROP) for up to three years and defer the receipt of benefits. In terms of DROP eligibility, any member whose service, when combined with service in any other state or statewide public retirement system exceeds thirty years will be eligible to include reciprocally recognized service credit. Upon commencement of participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would have been payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP fund. This fund does earn interest once the member terminates participation in DROP but continues their employment. The interest rate is based upon the rate of return of a short-term U.S. Treasury security, a group of short-term U.S. Treasury Securities, or an index of short-term U.S. Treasury securities to be selected by the board of trustees. This interest is to be credited to the individual's account balance on an annual basis. Additionally, no cost-of-living increases are payable to the participants until employment which made them eligible to become members of the system has been terminated for at least one full year. Upon termination of employment prior to, or at the end of, the specified period of participation, a participant in the plan may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or any other method of payment if approved by the board of trustees. The monthly benefits that were being paid into the Deferred Retirement Option Plan fund will begin to be paid to the retiree. If a participant dies during the participation in the plan, a lump sum equal to his account balance in the plan fund shall be paid to his named beneficiary or, if none, to his estate. If employment is not terminated at the end of the three years, payments into the plan fund cease and the person resumes active contributing membership in the system. Additional accrued benefits are based on final average compensation used to calculate the member's original benefit unless the additional period of service is at least thirty-six months for those individuals hired on or before December 31, 2006; or at least sixty months for those individuals hired on or after January 1, 2007.

## ACTUARIAL ASSUMPTIONS

In determining actuarial costs, certain assumptions must be made regarding future experience under the plan. These assumptions include the rate of investment return, mortality of plan members, rates of salary increase, rates of retirement, rates of termination, rates of disability, and various other factors that have an impact on the cost of the plan. To the extent that future experience varies from the assumptions selected for valuation, future costs will be either higher or lower than anticipated. The following chart illustrates the effect of emerging experience on the plan.

<u>Factor</u>	<u>Increase in Factor Results in</u>
Investment Earnings Rate	Decrease in Cost
Annual Rate of Salary Increase	Increase in Cost
Rates of Retirement	Increase in Cost
Rates of Termination	Decrease in Cost
Rates of Disability	Increase in Cost
Rates of Mortality	Decrease in Cost

The following assumptions apply to both Plan A and Plan B unless stated otherwise.

**ACTUARIAL COST METHOD:** Plan A: The Aggregate Actuarial Cost Method with allocation based on earnings. The normal cost is interest adjusted for midyear payment.

Plan B: The Aggregate Actuarial Cost Method with allocation based on earnings. The normal cost is interest adjusted for midyear payment.

**ACTUARIAL ASSET VALUES:** Invested assets are valued at market value adjusted to defer four-fifths of all earnings above or below the valuation interest rate in the valuation year, three-fifths of all earnings above or below the valuation interest rate in the prior year, two-fifths of all earnings above or below the valuation interest rate from two years prior, and one-fifth of all earnings above or below the valuation interest rate from three years prior. The resulting smoothed values are subject to a corridor of 85% to 115% of the market value of assets. If the smoothed value falls outside the corridor, the actuarial value is set equal to the average of the corridor limit and the smoothed value.

**VALUATION INTEREST RATE:** 7.25%

**ANNUAL SALARY INCREASE RATE:** 5.75% (2.50% Merit /3.25% Inflation)

**ANNUITANT, BENEFICIARY AND ACTIVE MORTALITY** RP2000 Combined Healthy table set back 1 year for males and RP2000 Combined Healthy Female Table for females.

**RETIREE COST OF LIVING INCREASE:** The present value of future retirement benefits is based on benefits currently being paid by the system and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

**RATES OF RETIREMENT:** The table of these rates is included later in the report. All eligible persons age 80 and over in both plans are assumed to retire immediately. These rates apply only to those individuals eligible to retire. Rates are multiplied by a constant of 2 in the first year in which members become eligible for retirement.

**RATES OF WITHDRAWAL:** The rates of withdrawal are applied based upon completed years of service:

PLAN A:	Service	Factor	Service	Factor
	<1	0.25	11	0.04
	1	0.21	12	0.03
	2	0.15	13	0.03
	3	0.12	14	0.02
	4	0.10	15	0.02
	5	0.09	16	0.02
	6	0.08	17	0.02
	7	0.07	18	0.02
	8	0.06	19	0.02
	9	0.05	>19	0.01
	10	0.04		
 PLAN B:	 Service	 Factor	 Service	 Factor
	<1	0.23	10	0.06
	1	0.20	11	0.06
	2	0.16	12	0.06
	3	0.15	13	0.06
	4	0.11	14	0.06
	5	0.10	15	0.03
	6	0.08	16	0.03
	7	0.08	17	0.03
	8	0.08	>17	0.01
	9	0.06		

**Note:** The withdrawal rate for individuals eligible to retire is assumed to be zero.

**MARRIAGE STATISTICS:** 80% of the members are assumed to be married; husbands are assumed to be three years older than wives.

FAMILY STATISTICS: Assumptions used in determining the cost of various survivor benefits are listed below:

Age at Death	% with Children	# of Children	Average Age
25	62%	1.7	6
35	82%	2.1	10
45	66%	1.8	13
55	19%	1.4	15
65	2%	1.4	15

DISABLED LIVES MORTALITY: RP-2000 Disabled Lives Mortality Tables for Males and Females

VESTING ELECTING PERCENTAGE: The percent of those vested who elect deferred benefits in lieu of contribution refunds are as follows:

Plan A:	Under Age 30:	35%
	Age 30 – 39:	40%
	Age 40 – 49:	45%
	Above Age 49:	65%
Plan B:	Under Age 40:	55%
	Age 40 – 49:	60%
	Above Age 49:	75%

SICK AND ANNUAL LEAVE: Retirees were assumed to convert one month of sick and annual leave to retirement credit for each ten years of service credit.

RATES OF DROP ENTRY: The table of these rates is included later in the report. These rates apply only to those individuals eligible to enter the DROP plan. Rates are multiplied by a constant in the first year in which a member becomes eligible to enter DROP. For members of Plan A who were first employed before January 1, 2007 and for members of Plan B this constant is 2. For members of Plan A who were first employed on or after January 1, 2007 the constant is 4.

DROP PARTICIPATION PERIOD: All DROP participants are assumed to participate for 3 years and to retire at the end of their DROP participation period.

RETIREMENT RATES FOR ACTIVE FORMER DROP PARTICIPANTS: Retirement rates for active former DROP participants are 22% for Plan A and 21% for Plan B provided the member is below age 80. For members age 80 or over, the retirement rate is set at 100%.

## ACTUARIAL TABLES AND RATES

(For Participants Who Were First Hired Before January 1, 2007)

Age	Male Mortality Rates	Female Mortality Rates	Disability Rates	Plan A Retirement Rates	Plan B Retirement Rates	Plan A DROP Entry Rates	Plan B DROP Entry Rates	Remarriage Rates
18	0.00030	0.00019	0.00045	0.00000	0.00000	0.00000	0.00000	0.05665
19	0.00032	0.00019	0.00045	0.00000	0.00000	0.00000	0.00000	0.05665
20	0.00033	0.00019	0.00045	0.00000	0.00000	0.00000	0.00000	0.05665
21	0.00035	0.00019	0.00045	0.00000	0.00000	0.00000	0.00000	0.05213
22	0.00036	0.00019	0.00045	0.00000	0.00000	0.00000	0.00000	0.04834
23	0.00037	0.00020	0.00045	0.00000	0.00000	0.00000	0.00000	0.04522
24	0.00037	0.00020	0.00045	0.00000	0.00000	0.00000	0.00000	0.04270
25	0.00038	0.00021	0.00045	0.00000	0.00000	0.00000	0.00000	0.04070
26	0.00038	0.00021	0.00045	0.00000	0.00000	0.00000	0.00000	0.03915
27	0.00038	0.00022	0.00045	0.00000	0.00000	0.00000	0.00000	0.03799
28	0.00038	0.00024	0.00045	0.00000	0.00000	0.00000	0.00000	0.03714
29	0.00039	0.00025	0.00045	0.00000	0.00000	0.00000	0.00000	0.03654
30	0.00041	0.00026	0.00045	0.00000	0.00000	0.00000	0.00000	0.03611
31	0.00044	0.00031	0.00045	0.00000	0.00000	0.00000	0.00000	0.03578
32	0.00050	0.00035	0.00045	0.00000	0.00000	0.00000	0.00000	0.03549
33	0.00056	0.00039	0.00045	0.00000	0.00000	0.00000	0.00000	0.03515
34	0.00063	0.00044	0.00045	0.00000	0.00000	0.00000	0.00000	0.03471
35	0.00070	0.00047	0.00051	0.00000	0.00000	0.00000	0.00000	0.03409
36	0.00077	0.00051	0.00057	0.00000	0.00000	0.00000	0.00000	0.03286
37	0.00084	0.00055	0.00063	0.00000	0.00000	0.00000	0.00000	0.03139
38	0.00090	0.00060	0.00072	0.00000	0.00000	0.00000	0.00000	0.02973
39	0.00096	0.00065	0.00081	0.00000	0.00000	0.00000	0.00000	0.02787
40	0.00102	0.00071	0.00093	0.00000	0.00000	0.00000	0.00000	0.02585
41	0.00108	0.00077	0.00105	0.00000	0.00000	0.00000	0.00000	0.02352
42	0.00114	0.00085	0.00117	0.00000	0.00000	0.00000	0.00000	0.02111
43	0.00122	0.00094	0.00132	0.00000	0.00000	0.00000	0.00000	0.01868
44	0.00130	0.00103	0.00150	0.00000	0.00000	0.00000	0.00000	0.01629
45	0.00140	0.00112	0.00171	0.00000	0.00000	0.00000	0.00000	0.01400
46	0.00151	0.00122	0.00195	0.20000	0.00000	0.35000	0.00000	0.01208
47	0.00162	0.00133	0.00219	0.20000	0.00000	0.35000	0.00000	0.01034
48	0.00173	0.00143	0.00249	0.20000	0.00000	0.35000	0.00000	0.00879
49	0.00186	0.00155	0.00282	0.20000	0.00000	0.35000	0.00000	0.00744
50	0.00200	0.00168	0.00321	0.20000	0.00000	0.35000	0.00000	0.00629
51	0.00214	0.00185	0.00366	0.20000	0.00000	0.35000	0.00000	0.00551
52	0.00245	0.00202	0.00414	0.20000	0.00000	0.35000	0.00000	0.00493
53	0.00267	0.00221	0.00471	0.11500	0.00000	0.35000	0.00000	0.00451
54	0.00292	0.00242	0.00534	0.11500	0.00000	0.35000	0.00000	0.00423
55	0.00320	0.00272	0.00606	0.11500	0.18000	0.35000	0.17000	0.00000
56	0.00362	0.00309	0.00690	0.11500	0.18000	0.22000	0.17000	0.00000
57	0.00420	0.00348	0.00783	0.11500	0.18000	0.22000	0.17000	0.00000
58	0.00469	0.00392	0.00888	0.11500	0.18000	0.22000	0.17000	0.00000
59	0.00527	0.00444	0.01011	0.11500	0.14000	0.22000	0.13500	0.00000
60	0.00595	0.00506	0.01464	0.11500	0.14000	0.22000	0.13500	0.00000
61	0.00675	0.00581	0.01464	0.11500	0.14000	0.10000	0.13500	0.00000
62	0.00768	0.00666	0.01464	0.11500	0.14000	0.10000	0.13500	0.00000
63	0.00876	0.00765	0.01464	0.11500	0.14000	0.10000	0.13500	0.00000
64	0.01001	0.00862	0.01464	0.11500	0.14000	0.10000	0.13500	0.00000
65	0.01128	0.00971	0.01464	0.11500	0.14000	0.10000	0.13500	0.00000

**ACTUARIAL TABLES AND RATES**  
(For Participants Who Were First Hired On or After January 1, 2007)

Age	Male Mortality Rates	Female Mortality Rates	Disability Rates	Plan A Retirement Rates	Plan B Retirement Rates	Plan A DROP Entry Rates	Plan B DROP Entry Rates	Remarriage Rates
18	0.00030	0.00019	0.00038	0.00000	0.00000	0.00000	0.00000	0.05665
19	0.00032	0.00019	0.00038	0.00000	0.00000	0.00000	0.00000	0.05665
20	0.00033	0.00019	0.00038	0.00000	0.00000	0.00000	0.00000	0.05665
21	0.00035	0.00019	0.00038	0.00000	0.00000	0.00000	0.00000	0.05213
22	0.00036	0.00019	0.00038	0.00000	0.00000	0.00000	0.00000	0.04834
23	0.00037	0.00020	0.00038	0.00000	0.00000	0.00000	0.00000	0.04522
24	0.00037	0.00020	0.00038	0.00000	0.00000	0.00000	0.00000	0.04270
25	0.00038	0.00021	0.00038	0.00000	0.00000	0.00000	0.00000	0.04070
26	0.00038	0.00021	0.00038	0.00000	0.00000	0.00000	0.00000	0.03915
27	0.00038	0.00022	0.00038	0.00000	0.00000	0.00000	0.00000	0.03799
28	0.00038	0.00024	0.00038	0.00000	0.00000	0.00000	0.00000	0.03714
29	0.00039	0.00025	0.00038	0.00000	0.00000	0.00000	0.00000	0.03654
30	0.00041	0.00026	0.00038	0.00000	0.00000	0.00000	0.00000	0.03611
31	0.00044	0.00031	0.00038	0.00000	0.00000	0.00000	0.00000	0.03578
32	0.00050	0.00035	0.00038	0.00000	0.00000	0.00000	0.00000	0.03549
33	0.00056	0.00039	0.00038	0.00000	0.00000	0.00000	0.00000	0.03515
34	0.00063	0.00044	0.00038	0.00000	0.00000	0.00000	0.00000	0.03471
35	0.00070	0.00047	0.00043	0.00000	0.00000	0.00000	0.00000	0.03409
36	0.00077	0.00051	0.00048	0.00000	0.00000	0.00000	0.00000	0.03286
37	0.00084	0.00055	0.00053	0.00000	0.00000	0.00000	0.00000	0.03139
38	0.00090	0.00060	0.00060	0.00000	0.00000	0.00000	0.00000	0.02973
39	0.00096	0.00065	0.00068	0.00000	0.00000	0.00000	0.00000	0.02787
40	0.00102	0.00071	0.00078	0.00000	0.00000	0.00000	0.00000	0.02585
41	0.00108	0.00077	0.00088	0.00000	0.00000	0.00000	0.00000	0.02352
42	0.00114	0.00085	0.00098	0.00000	0.00000	0.00000	0.00000	0.02111
43	0.00122	0.00094	0.00110	0.00000	0.00000	0.00000	0.00000	0.01868
44	0.00130	0.00103	0.00125	0.00000	0.00000	0.00000	0.00000	0.01629
45	0.00140	0.00112	0.00143	0.00000	0.00000	0.00000	0.00000	0.01400
46	0.00151	0.00122	0.00163	0.00000	0.00000	0.00000	0.00000	0.01208
47	0.00162	0.00133	0.00183	0.00000	0.00000	0.00000	0.00000	0.01034
48	0.00173	0.00143	0.00208	0.00000	0.00000	0.00000	0.00000	0.00879
49	0.00186	0.00155	0.00235	0.00000	0.00000	0.00000	0.00000	0.00744
50	0.00200	0.00168	0.00268	0.00000	0.00000	0.00000	0.00000	0.00629
51	0.00214	0.00185	0.00305	0.00000	0.00000	0.00000	0.00000	0.00551
52	0.00245	0.00202	0.00345	0.00000	0.00000	0.00000	0.00000	0.00493
53	0.00267	0.00221	0.00392	0.00000	0.00000	0.00000	0.00000	0.00451
54	0.00292	0.00242	0.00445	0.00000	0.00000	0.00000	0.00000	0.00423
55	0.00320	0.00272	0.00505	0.22800	0.22000	0.09600	0.19000	0.00000
56	0.00362	0.00309	0.00575	0.22800	0.22000	0.09600	0.19000	0.00000
57	0.00420	0.00348	0.00653	0.22800	0.22000	0.09600	0.19000	0.00000
58	0.00469	0.00392	0.00740	0.22800	0.22000	0.09600	0.19000	0.00000
59	0.00527	0.00444	0.00843	0.22800	0.22000	0.09600	0.19000	0.00000
60	0.00595	0.00506	0.01220	0.22800	0.22000	0.09600	0.19000	0.00000
61	0.00675	0.00581	0.01220	0.22800	0.22000	0.09600	0.19000	0.00000
62	0.00768	0.00666	0.01220	0.19000	0.17000	0.08000	0.15000	0.00000
63	0.00876	0.00765	0.01220	0.19000	0.17000	0.08000	0.15000	0.00000
64	0.01001	0.00862	0.01220	0.19000	0.17000	0.08000	0.15000	0.00000
65	0.01128	0.00971	0.01220	0.19000	0.17000	0.08000	0.15000	0.00000

## **PRIOR YEAR ACTUARIAL ASSUMPTIONS**

The actuarial cost method was changed for Plan A. The following describes the prior cost method:

**ACTUARIAL COST METHOD:** Plan A: Frozen Attained Age Normal Actuarial Method with allocation based on earnings. The normal cost is interest adjusted for midyear payment. The normal costs are calculated by aggregating present values of benefits and salaries for active members. The frozen actuarial accrued liability was calculated on the Projected Unit Credit Cost Method.

The valuation interest rate was changed for both Plans A and B as of December 31, 2013. The following describes the valuation interest rate through December 31, 2013.

**VALUATION INTEREST RATE:** 7.50%

## GLOSSARY

**Accrued Benefit** – The pension benefit that an individual has earned as of a specific date based on the provisions of the plan and the individual's age, service, and salary as of that date.

**Actuarial Accrued Liability** – The actuarial present value of benefits payable to members of the fund less the present value of future normal costs attributable to the members.

**Actuarial Assumptions** - Assumptions as to the occurrence of future events affecting pension costs. These assumptions include rates of mortality, withdrawal, disablement, and retirement. Also included are rates of investment earnings, changes in compensation, as well as statistics related to marriage and family composition.

**Actuarial Cost Method** – A procedure for determining the portion of the cost of a pension plan to be allocated to each year. Each cost method allocates a certain portion of the actuarial present value of benefits between the actuarial accrued liability and future normal costs. Once this allocation is made, a determination of the normal cost attributable to a specific year can be made along with the payment to amortize any unfunded actuarial accrued liability. To the extent that a particular funding method allocates a greater (lesser) portion of the actual present value of benefits to the actuarial accrued liability it will allocate less (more) to future normal costs.

**Actuarial Equivalence** – Payments or receipts with equal actuarial value on a given date when valued using the same set of actuarial assumptions.

**Actuarial Gain (Loss)** – The financial effect on the fund of the difference between the expected and actual experience of the fund. The experience may be related to investment earnings above (or below) those expected or changes in the liability structure due to fewer (or greater) than the expected numbers of retirements, deaths, disabilities, or withdrawals. In addition, other factors such as pay increases above (or below) those forecast can result in actuarial gains or losses. The effect of such gains (or losses) is to decrease (or increase) future costs.

**Actuarial Present Value** - The value, as of a specified date, of an amount or series of amounts payable or receivable thereafter, with each amount adjusted to reflect the time value of money (through accrual of interest) and the probability of payments. For example: if \$600 invested today will be worth \$1,000 in 10 years and there is a 50% probability that a person will live 10 years, then the actuarial present value of \$1,000 payable to that person if he should survive 10 years is \$300.

**Actuarial Value of Assets** - The value of cash, investments, and other property belonging to the pension plan as used by the actuary for the purpose of the actuarial valuation. This may correspond to the book value, market value, or some modification involving either or both book and market value. Adjustments to market values are often made to reduce the volatility of asset values.

**Asset Gain (Loss)** - That portion of the actuarial gain attributable to investment performance above (below) the expected rate of return in the actuarial assumptions.

**Amortization Payment** - That portion of the pension plan contribution designated to pay interest and reduce the outstanding principal balance of unfunded actuarial accrued liability. If the amortization

payment is less than the accrued interest on the unfunded actuarial accrued liability the outstanding principal balance will increase.

**Contribution Shortfall (Excess)** - The difference between contributions recommended in the prior valuation and the actual amount received.

**Decrements** – Events which result in the termination of membership in the system such as retirement, disability, withdrawal, or death.

**Employer Normal Cost** - That portion of the normal cost not attributable to employee contributions. It includes both direct contributions made by the employer and contributions from other non-employee sources such as revenue sharing and revenues related to taxes.

**Funded Ratio** – A measure of the ratio of assets to liabilities of the system according to a specific definition of those two values. Typically the assets used in the measure are the actuarial value of assets; the liabilities are defined by reference to some recognized actuarial funding method. Thus the funded ratio of a plan depends not only on the financial strength of the plan but also on the funding method used to determine the liabilities and the asset valuation method used to determine the assets in the ratio.

**Normal Cost** - That portion of the actuarial present value of pension plan benefits and expenses allocated to a valuation year by the actuarial cost method. This is analogous to one year's insurance premium.

**Pension Benefit Obligation** - The actuarial present value of benefits earned or credited to date based on the members expected final average compensation at retirement. For current retirees or terminated members this is equivalent to the actuarial present value of their accrued benefit.

**Projected Benefits** – The benefits expected to be paid in the future based on the provisions of the plan and the actuarial assumptions. The projected values are based on anticipated future advancement in age and accrual of service as well as increases in salary paid to the participant.

**Unfunded Actuarial Accrued Liability** - The excess of the actuarial accrued liability over the actuarial value of assets.

**Vested Benefits** - Benefits that the members are entitled to even if they withdraw from service.

## NOTES