

SHERIFFS' PENSION & RELIEF FUND

ACTUARIAL VALUATION AS OF
JUNE 30, 2010

G. S. CURRAN & COMPANY, LTD.

Actuarial Services

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December 22, 2010

Board of Trustees
Sheriffs Pension & Relief Fund
1225 Nicholson Drive
Baton Rouge, Louisiana 70802

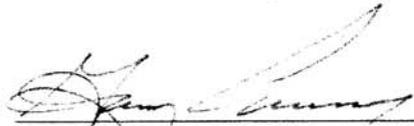
Ladies and Gentlemen:

We are pleased to present our report on the actuarial valuation of the Sheriffs' Pension & Relief Fund for the fiscal year ending June 30, 2010. Our report is based on the actuarial assumptions specified and relies on the data supplied by the system's administrator and accountants. This report was prepared at the request of the Board of Trustees of the Sheriffs' Pension & Relief Fund. The primary purposes of the report are to determine the actuarially required contribution for the retirement system for the fiscal year ending June 30, 2011, to recommend the net direct employer contribution rate for fiscal 2012, and to provide information required for the system's financial statements. This report was prepared exclusively for the Sheriffs' Pension & Relief Fund for a specific limited purpose. It is not for the use or benefit of any third party for any purpose.

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.

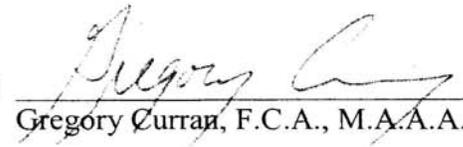
By: 
Gregory Curran, F.C.A., M.A.A.A., A.S.A.

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SUMMARY OF VALUATION RESULTS SHERIFFS' PENSION & RELIEF FUND

| | | |
|--|------------------|-----------------|
| Valuation Date: | June 30, 2010 | June 30, 2009 |
| Census Summary: Active Members | 14,711 | 14,396 |
| Retired Members and Survivors | 3,510 | 3,369 |
| Terminated Due a Deferred Benefit | 325 | 306 |
| Terminated Due a Refund | 4,727 | 4,435 |
| Payroll: | \$ 603,250,449 | \$ 577,078,980 |
| Benefits in Payment: | \$ 76,379,208 | \$ 71,517,150 |
| Frozen Unfunded Accrued Liability | \$ 71,042,296 | \$ 72,846,699 |
| Actuarial Asset Value: | \$ 1,773,450,705 | \$1,608,228,363 |
| Market Value of Assets: | \$ 1,522,233,162 | \$1,306,974,663 |
| Actuarial Accrued Liabilities (As defined by GASB-25) | \$ 1,844,493,001 | \$1,681,075,062 |

| | | |
|--|--------|--------|
| Ratio of Net AVA to GASB-25 Accrued Liability: | 96.15% | 95.67% |
|--|--------|--------|

| | FISCAL 2011 | FISCAL 2010 |
|---|----------------|----------------|
| Employer Normal Cost (July 1): | \$ 102,866,459 | \$ 93,440,211 |
| Amortization Cost (July 1): | \$ 7,314,133 | \$ 7,066,795 |
| Gross Employer Actuarially Required Contribution (Including Estimated Administrative Costs): | \$ 115,938,030 | \$ 106,039,945 |
| Projected Revenue Sharing, Ad Valorem, and Insurance Premium Taxes | \$ 31,652,175 | \$ 31,433,066 |
| Net Direct Actuarially Required Employer Contributions: | \$ 84,285,855 | \$ 74,606,879 |

| | | |
|--|--------|--------|
| Actuarially Required Net Direct Contribution Rate: | 13.56% | 12.58% |
| Direct Employer Contribution Rate (adjusted for FDA payment) | 12.75% | 11.00% |

Minimum Recommended Net Direct Employer Cont. Rate: Fiscal 2012: 13.75% Fiscal 2011: 12.75%

Employee Contribution Rate: 10% of payroll

Dedicated Funding: 0.50% of ad valorem taxes plus revenue sharing funds and funds from the state's Insurance Premium Taxes as allocated by the Louisiana Public Retirement Systems' Actuarial Committee.

Actuarial Cost Method: Frozen Attained Age Normal Actuarial Cost Method

Valuation Interest Rate: 8% (Net of Investment Expense)

Exclusions from Census: None

Basis of Actuarial Asset Value: The actuarial value of assets is based on the market value of investment securities adjusted to phase in asset earnings above or below the assumed rate of return over a five-year period with limits set at 85% and 115% of the market value of assets. When the adjusted value falls outside of the limits, the actuarial value is set equal to the average of the limited and adjusted value.

Changes in Valuation Methods, Assumptions, and/or Amortization Periods: A change was made to the mortality assumption for actives and retirees. In addition, changes were made to the assumed rates of retirement and disability.

Method of Recognizing Gains and Losses: Under the Frozen Attained Age Normal Method, actuarial gains and losses are spread over future normal costs.

COMMENTS ON DATA

For the valuation, the administrative staff 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 X, there are 14,711 active members in the system of whom 4,055 have vested retirement benefits; 3,510 former system members or their beneficiaries are receiving retirement benefits. An additional 5,052 terminated members have contributions remaining on deposit with the system; of this number, 325 have vested rights 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 administrator 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, Certified Public Accountants. As indicated in the system's audit report, the net market value of the system's assets was \$1,522,233,162 as of June 30, 2010. Net investment income for fiscal 2010 measured on a market value basis amounted to \$145,744,358. Contributions to the system for the fiscal year totaled \$165,299,619; benefits and expenses amounted to \$95,785,478.

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

This valuation is based on the Frozen Attained Age Normal actuarial cost method with the unfunded accrued liability frozen as of June 30, 1989. Under the provisions of Louisiana R.S. 11:103 the unfunded accrued liability which was determined to be \$69,702,461 as of June 30, 1989, was amortized over forty years with payments increasing at 3.50% per year. Payroll growth in excess of 3.50% per year will reduce future amortization payments as a percent of payroll; payroll growth less than 3.50% will increase future payments as a percent of payroll. Under the Frozen Attained Age Normal 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 addition, changes in benefits and assumptions are also spread over future normal costs as are contribution surpluses and shortfalls.

Prior to the passage of Act 247 in the 2009 legislative session, in any year in which the net direct employer contribution was scheduled to decrease, the board of trustees could freeze the net direct employer contribution rate and use the excess funds collected, if any, to reduce the frozen unfunded actuarial accrued liability. Notwithstanding such a decrease, payments were made according to the regular amortization schedule, thereby reducing the amortization period. In fiscal 2008 the excess contributions collected from the frozen employer contribution rate reduced the frozen unfunded actuarial accrued liability by \$22,548,024. Based upon the additional contributions collected during fiscal 2008, the current frozen unfunded actuarial accrued liability will be fully amortized by June 30, 2023. Subsequent to June 30, 2008, any surplus contributions collected as a result of R. S. 11:2175.1 are credited to the Funding Deposit Account. The funds may then be used, at the discretion of the Board, to reduce the Unfunded Accrued Liability, future normal costs, or as an offset to direct employer contributions.

The current and prior year actuarial assumptions utilized for the report are outlined on pages thirty-five through forty. In the aggregate the assumptions represent our "best estimate" of future long-term experience for the fund. An experience study was conducted to re-examine decrement experience for the fund over the last five years. Ratio's of actual to expected decrements were calculated for disability, withdrawals, and retirement. As a result of this analysis, prior retirement rates and disability rates were reduced, while withdrawal rates were left unchanged. The size of the Fund does not provide sufficient data to creditably build full tabular decrement rates at each age based on recent experience. In addition, the unique benefit structure makes the use of standard tables impractical. Thus the newly developed rates were set by subjective adjustment to the existing tabular rates based on the experience of the five prior fiscal years.

In the case of mortality, new mortality assumptions were set after reviewing the study performed on plan data for the period of 1999 through 2004, as well as, an updated study using data for the period of 2004 through 2009. Based upon the results of these studies, a projected mortality table was created using the liability duration of the Plan for the projection period. The resulting projected mortality table was compared to several standard tables and the RP2000 healthy annuitant table (set back 1 year) was selected for non-disabled annuitants and beneficiaries. The RP2000 employee table (set back 1 year) was selected for active lives. A determination was made that these tables would produce liability values approximating the appropriate generational mortality tables.

The aggregate effect of all changes to assumptions was to increase the normal cost accrual rate by 1.4679%.

CHANGES IN PLAN PROVISIONS

The following changes in plan provisions were enacted during the 2010 Regular Session of the Louisiana Legislature:

Act 634 added to the limited provisions of garnishment of retirement benefits and contribution refunds court-ordered restitution, fines, costs of incarceration, probation, or parole imposed on members, former members, or retirees as a result of a guilty plea or *nolo contendere* to the commission of a felony for misconduct associated with such person's service as an elected official or public employee for which credit in the fund was earned or accrued for felonies committed on or after July 1, 2010. The act does not impinge on the community property interest of a spouse or former spouse.

Act 874 makes certain changes to the Public Retirement System's Actuarial Committee. The act sets a deadline for determining the employer contribution rate of the last Monday in February. The act changes one of the members of the committee from the Legislative Actuary to the Legislative Auditor or his designee. The act also states that each agency represented by a member of the committee shall provide clerical staff as requested by any member of the committee in fulfillment of the duties of the committee. In addition, the act makes several technical changes to the statutes governing the committee.

Act 1004 provides for guidelines in asset allocation studies, investment policy, and selecting investments for all state and statewide retirement systems and calls for such systems to submit quarterly reports on investment results to the House and Senate Retirement Committees.

Act 1048 amended the state constitution to require that any public retirement system benefit provision having an actuarial cost must receive a two-thirds majority of the elected members of each house of the legislature in order to pass.

ASSET EXPERIENCE

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

| | <u>Market Value</u> | <u>Actuarial Value</u> |
|------|---------------------|------------------------|
| 2001 | -0.8% | 3.3% |
| 2002 | -3.0% | 0.3% |
| 2003 | 4.2% | 0.0% |
| 2004 | 8.4% | 3.0% |
| 2005 | 8.1% | 6.1% |
| 2006 | 8.5% | * 13.8% |
| 2007 | 16.0% | 10.2% |
| 2008 | -6.4% | 6.5% |
| 2009 | -17.4% | ** -5.0% |
| 2010 | 10.9% | 5.8% |

* Includes effect of change in asset valuation method. Effective with 2006 valuation the method of calculating the actuarial value of assets was changed from a three-year smoothing of realized and

unrealized capital gains and losses to a four-year smoothing of all investment returns above or below the current valuation interest rate.

** Includes effect of change in asset valuation method. Effective with 2009 fiscal year, the smoothing period was increased from four to five years and the corridor limits were increased to 85% to 115% of the market value of assets and the final asset value was determined by averaging the smoothed value and the corridor limit if the smoothed value extends beyond the corridor.

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 and dividends. 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 2010, the fund earned \$31,475,540 of dividends, interest, and other recurring income. Net income was increased by realized and unrealized capital gains of \$119,608,482. Investment expenses reduced income by \$5,339,664. The geometric mean of the market value rates of return measured over the last ten years was 2.4%.

The actuarial rate of return is presented for comparison to the assumed long-term rate of return of 8% used for the valuation. This rate is calculated based on the actuarial value of assets and all interest, dividends, and recognized capital gains as given in Exhibit VI. Investment income used to calculate this yield is based upon a smoothing of investment returns above or below the valuation interest rate over a five-year period subject to constraints. The difference between rates of return on an actuarial and market value basis results from the smoothing of investment income relative to the valuation interest rate. Yields in excess of the 8.0% assumption will reduce future costs; yields below 8.0% will increase future costs. For fiscal 2010, the system experienced net actuarial investment earnings of \$35,677,141 below the actuarial assumed earnings rate of 8.0%, when measured on the prior actuarial funding method. This deficiency in earnings produced an actuarial loss, which increased the normal cost accrual rate by 0.6399%.

DEMOGRAPHICS AND LIABILITY EXPERIENCE

A reconciliation of the census for the system is given in Exhibit X. The average active member is 43 years old with 8.6 years of service and an average salary of \$41,007. The system's active contributing membership increased during the fiscal year by 315 members. The plan has experienced an increase in the active plan population of 848 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-forty age group has decreased while the proportion of active members over-forty increased. During this ten-year period the plan showed a decrease in the percentage of members with service less than five years.

The average service retiree is 68 years old with a monthly benefit of \$2,027. The retired population increased by 141 during the last fiscal year. Over the last five years the number of retirees increased by 817. During this same period, annual benefits in payment increased by \$30,410,824.

Plan liability experience for fiscal 2010 was favorable. Salary increases below projected levels, disabilities below projected levels, and retirements below projected levels decreased costs. These factors were partially offset by withdrawals below projections. Overall, plan liability experience decreased the normal cost accrual rate by 0.8326%.

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 two cost components, and the actuarially required contributions are based on the sum of these two components plus administrative expenses.

These two components are the normal cost and the amortization payment on the unfunded actuarial accrued liability. The normal cost refers to the portion of annual cost based on the salary of active participants. The term unfunded accrued liability (UAL) refers to the excess of the present value of plan benefits over the sum of current assets and future normal costs. Each year the UAL grows with interest and is reduced by payments. Under the funding method used for the plan, changes in plan experience, benefits, or assumptions do not affect the frozen unfunded actuarial accrued liability. These items increase or decrease future normal costs.

In order to establish the actuarially required contribution in any given year, it is necessary to define the assumptions, funding method, and method of amortizing the UAL. Thus, the determination of what contribution is actuarially required depends upon the funding method and amortization schedules 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.

The derivation of the actuarially required contribution for the current fiscal year is given in Exhibit I. The normal cost for fiscal 2011 as of July 1, 2010, is \$102,866,459. The amortization payment on the fund's frozen unfunded actuarial accrued liability as of July 1, 2010, is \$7,314,133. The total actuarially required contribution is determined by adjusting these two values for interest (since payments are made throughout the fiscal year) and adding estimated administrative expenses. As given on line 15 of Exhibit I the total actuarially required contribution for fiscal 2011 is \$115,938,030. When this amount is reduced by projected ad valorem tax contributions, revenue sharing funds, and insurance premium taxes the remaining portion to be funded by direct employer contributions for fiscal 2011 is \$84,285,855. This is 13.56% of projected payroll for the fiscal year.

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 fund's cost structure are outlined below:

| | |
|--|----------|
| Normal Cost Accrual Rate – Fiscal 2010 | 17.1997% |
| Factors Increasing the Normal Cost Accrual Rate: | |
| Changes in Assumptions | 1.4679% |
| Contribution Loss | 0.1400% |

| | |
|--|----------|
| Asset Experience | 0.6399% |
| Factors Decreasing the Normal Cost Accrual Rate: | |
| Liability Experience | 0.8326% |
| New Members | 0.6075% |
| Normal Cost Accrual Rate – Fiscal 2011 | 18.0074% |

In addition to the above factors, payroll growth affects plan costs to the extent that payments on the system's unfunded liability are on a schedule that varies from actual trends in payroll growth or decline. If payroll changes at rates not consistent with the amortization schedule the result will be costs that change as a percentage of payroll. For fiscal 2011 the net effect of the change in payroll on amortization costs was to decrease this cost by 0.02% of projected payroll. Required net direct employer contributions are also affected by the available ad valorem taxes, revenue sharing funds, and insurance premium taxes 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 these funds collected in fiscal 2011 will decrease by 0.21% of projected payroll.

Although the actuarially required net direct employer contribution rate for fiscal 2011 is 13.56%, the actual employer contribution rate for fiscal 2011 is 12.75% of payroll (i.e. 12.00% directly from employers and 0.75% from the Funding Deposit Account). Any deficit in employer contributions collected in the fiscal year will increase the Fund's normal cost accrual rate. We estimate that this deficit will result in an increase of 0.08% to the normal cost accrual rate in fiscal 2012. 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 of 13.75% for fiscal 2012.

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, we have determined that based on current assets and demographics, for each percentage earnings in a single year under (over) the assumed rate of return on the actuarial value of assets, there will be a corresponding increase (reduction) in the normal cost accrual rate of 0.32%. We have also determined that a 1% reduction in the valuation interest rate would increase the actuarially required contribution rate for fiscal 2011 by 7.79%.

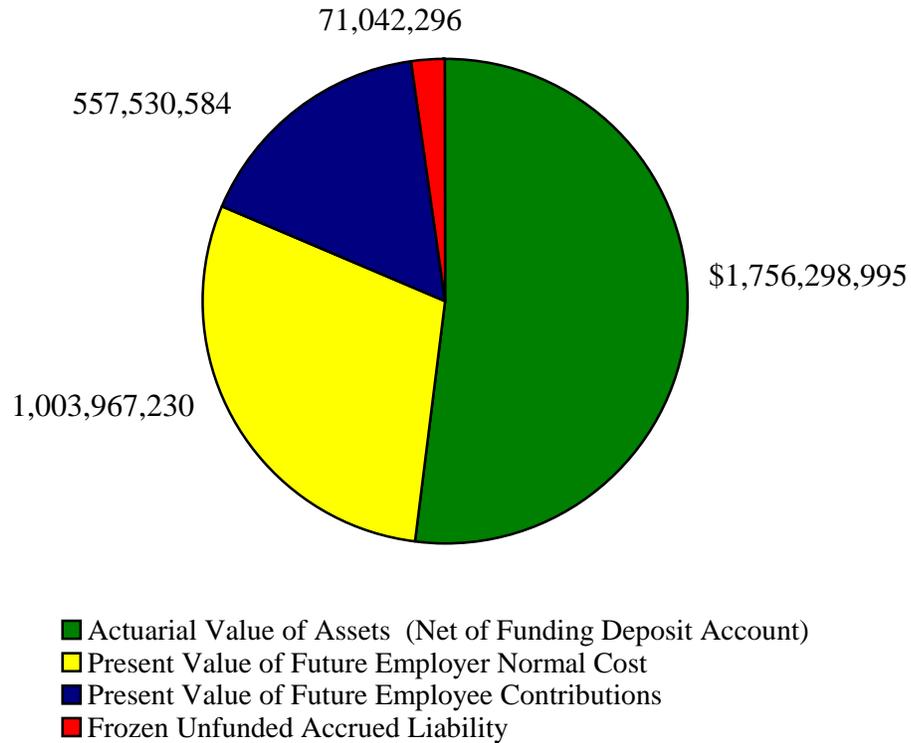
Notwithstanding recent contribution increases, a significant portion of investment losses incurred in fiscal 2009 have not yet been released into the actuarial value of assets due to the current asset smoothing methodology. These losses will be released over the next three years and, even when the investment gains for the fiscal 2010 are factored in, this will put upward pressure on costs as they are released into income unless they are offset by substantial asset or liability gains.

COST OF LIVING INCREASES

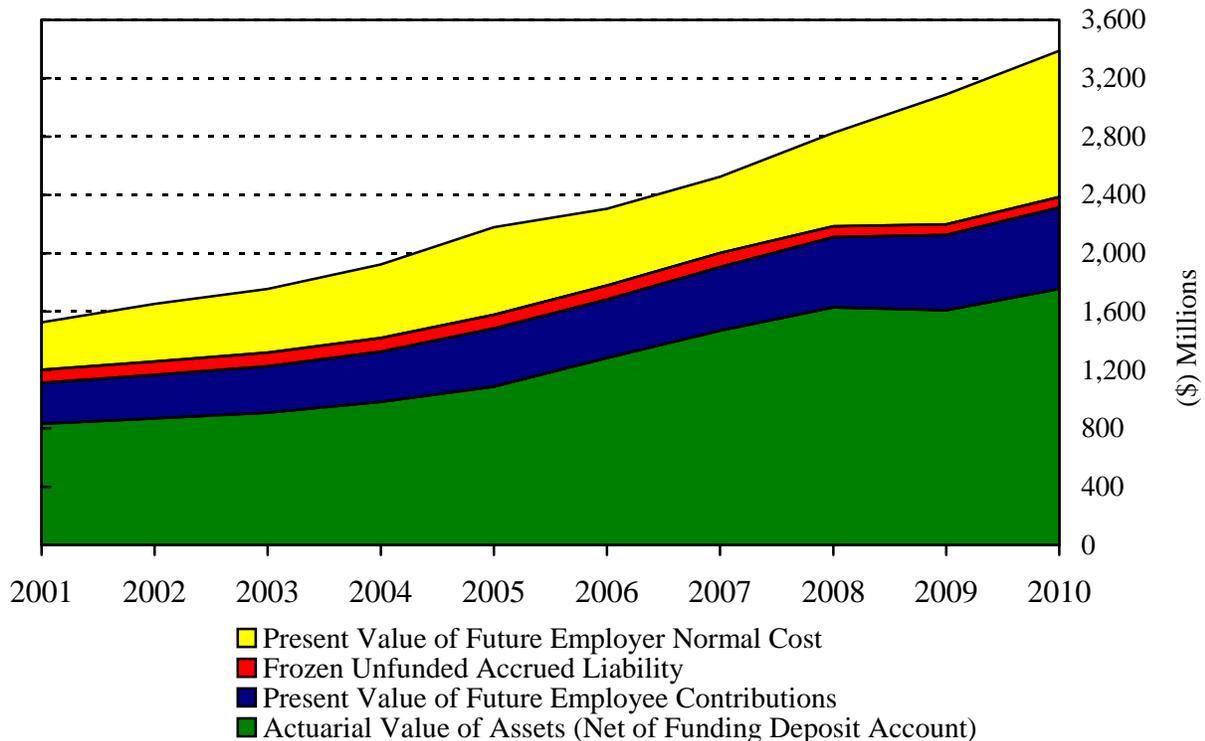
During fiscal 2010, the actual cost of living (as measured by the US Department of Labor CPI-U) increased by 1.05%. Cost of living provisions for the system are detailed in R.S. 11:2178(K) and R.S. 11:246. The former statute allows the board to grant annual cost of living increases of between 2% and 3% of each retiree's benefit with a minimum benefit of \$20 per month.

R.S. 11:246 provides cost of living increases of 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 June 30th 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. In addition, the ratio of the plan's assets to benefit obligations must meet the criteria established in R.S. 11:242. This section sets forth a minimum "target ratio" of the actuarial value of assets to the Pension benefit Obligation. We have determined that for fiscal 2010 the fund has not met the necessary target ratio and that the plan's investment experience was below assumptions. Therefore, the Fund is unable to grant COLAs to retirees at this time under the provisions of R.S. 11:2178(K) and R.S. 11:246.

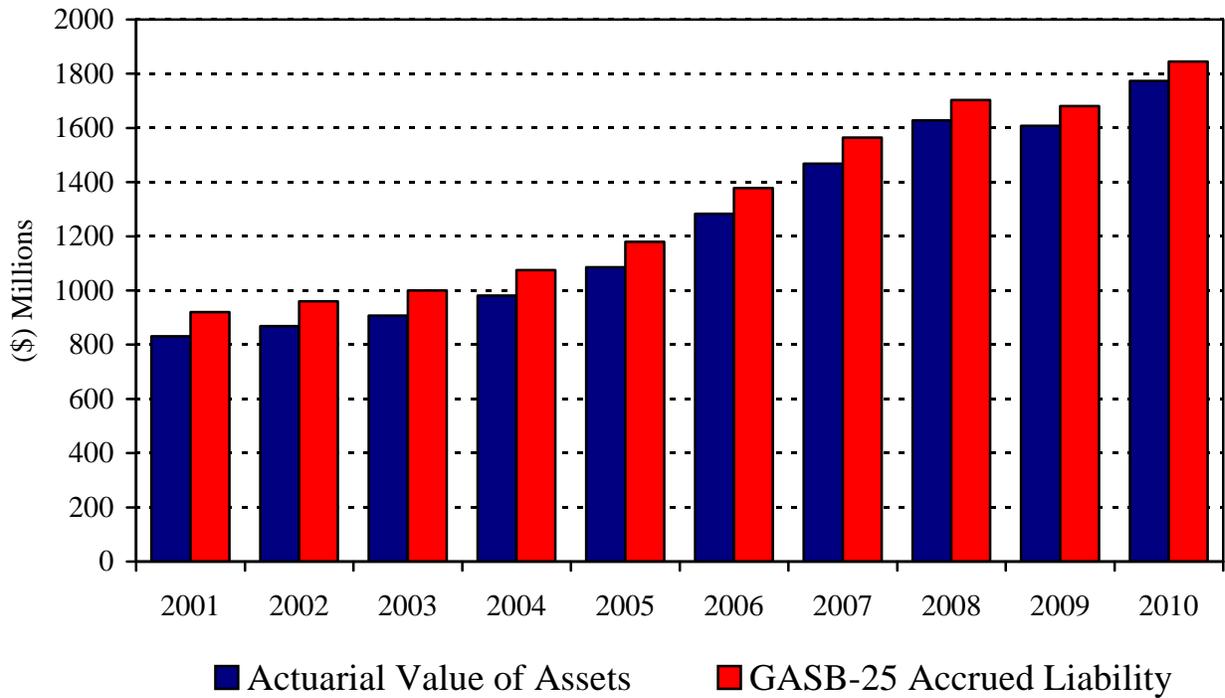
Components of Present Value of Future Benefits June 30, 2010



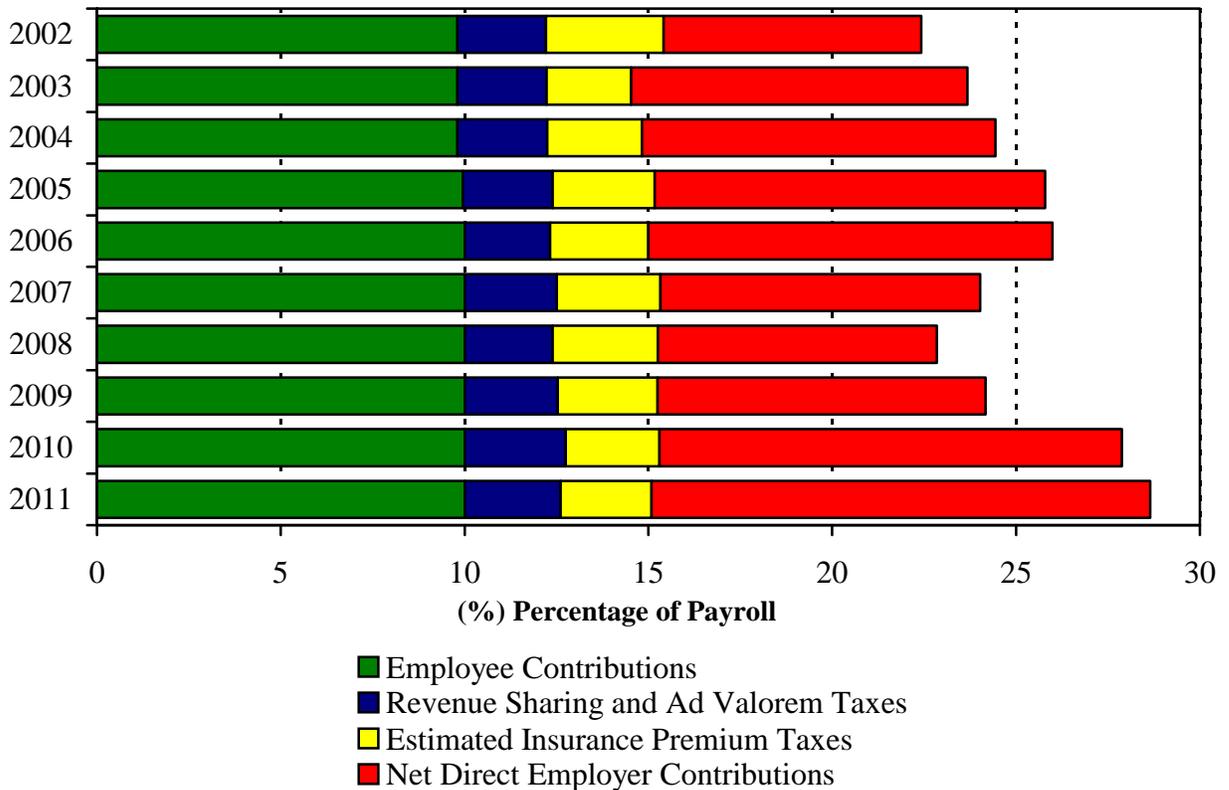
Components of Present Value of Future Benefits



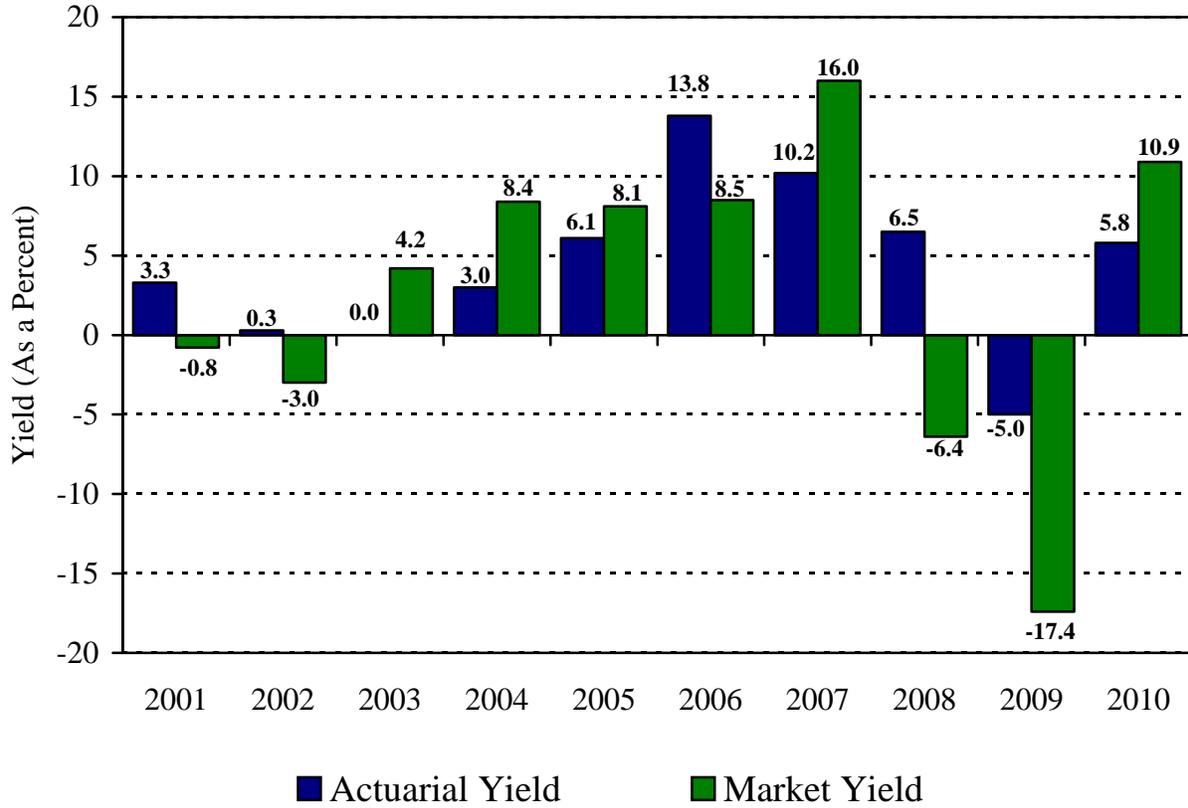
Actuarial Value of Assets vs. GASB-25 Accrued Liability



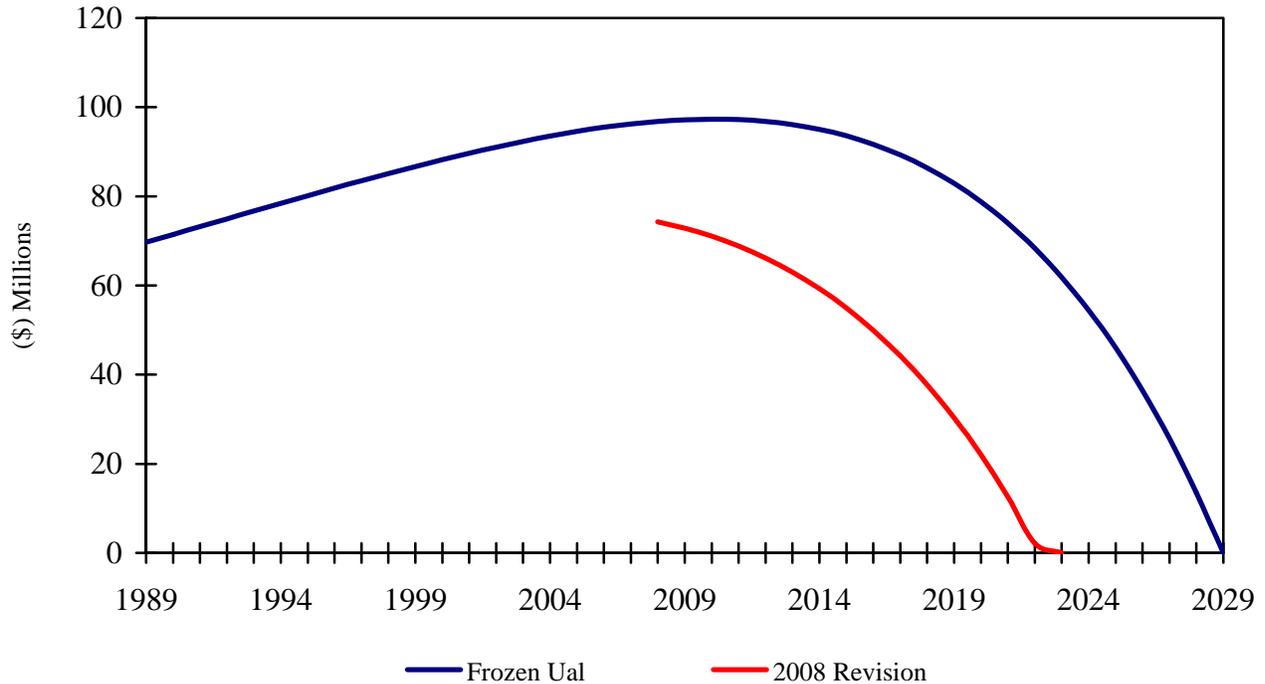
Components of Actuarial Funding



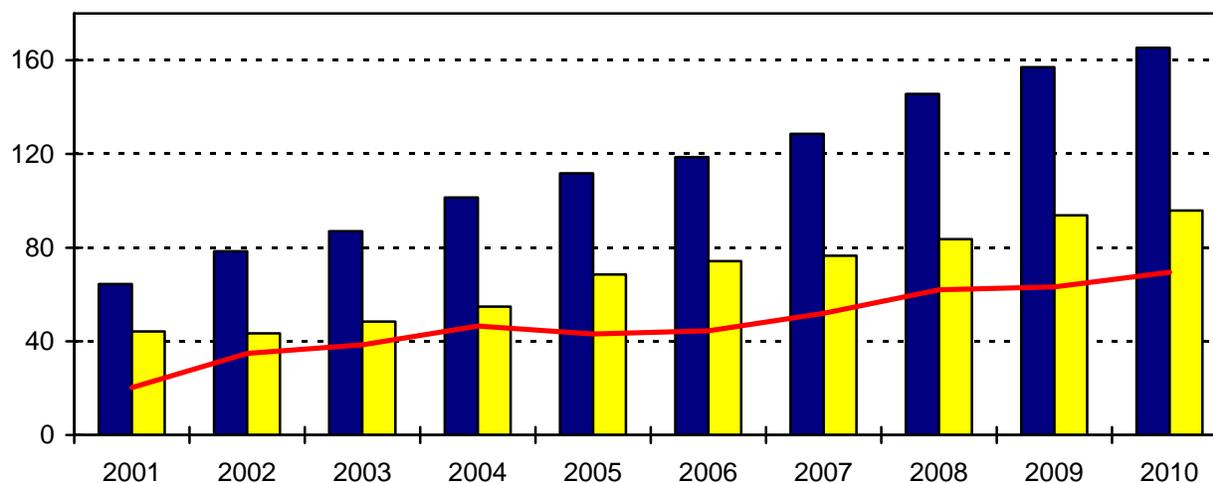
Historical Asset Yields



Frozen Unfunded Actuarial Accrued Liability

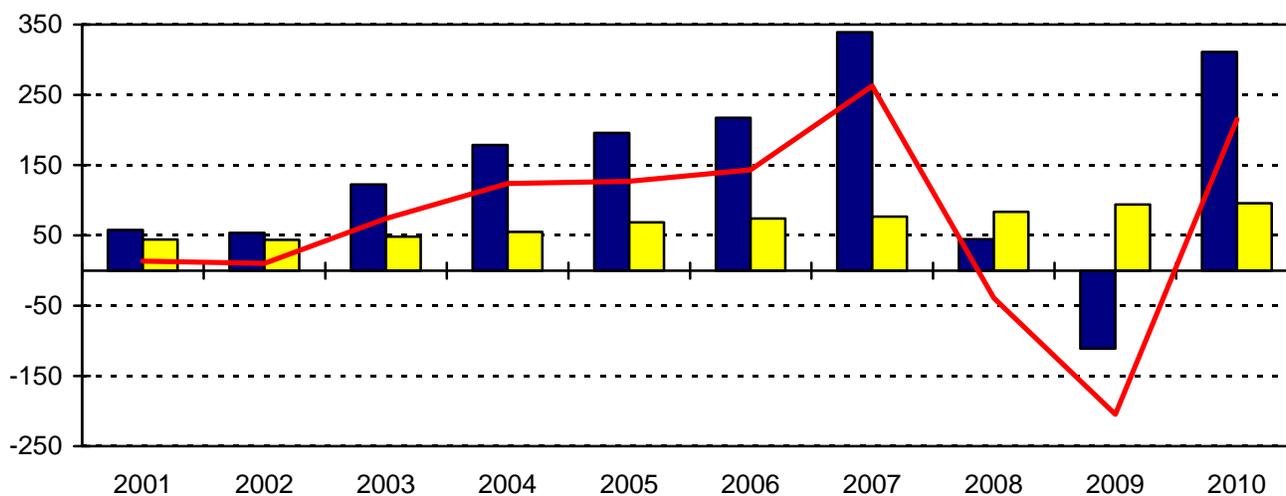


Net Non-Investment Income



| | | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|-----------------------------------|---|------|------|------|-------|-------|-------|-------|-------|-------|-------|
| Non-Investment Income (\$Mil) | ■ | 64.5 | 78.4 | 87.0 | 101.4 | 111.7 | 118.7 | 128.6 | 145.7 | 157.1 | 165.3 |
| Benefits and Expenses (\$Mil) | ■ | 44.3 | 43.5 | 48.4 | 54.8 | 68.5 | 74.2 | 76.6 | 83.6 | 93.8 | 95.8 |
| Net Non-Investment Income (\$Mil) | — | 20.2 | 34.9 | 38.6 | 46.6 | 43.2 | 44.5 | 52.0 | 62.1 | 63.3 | 69.5 |

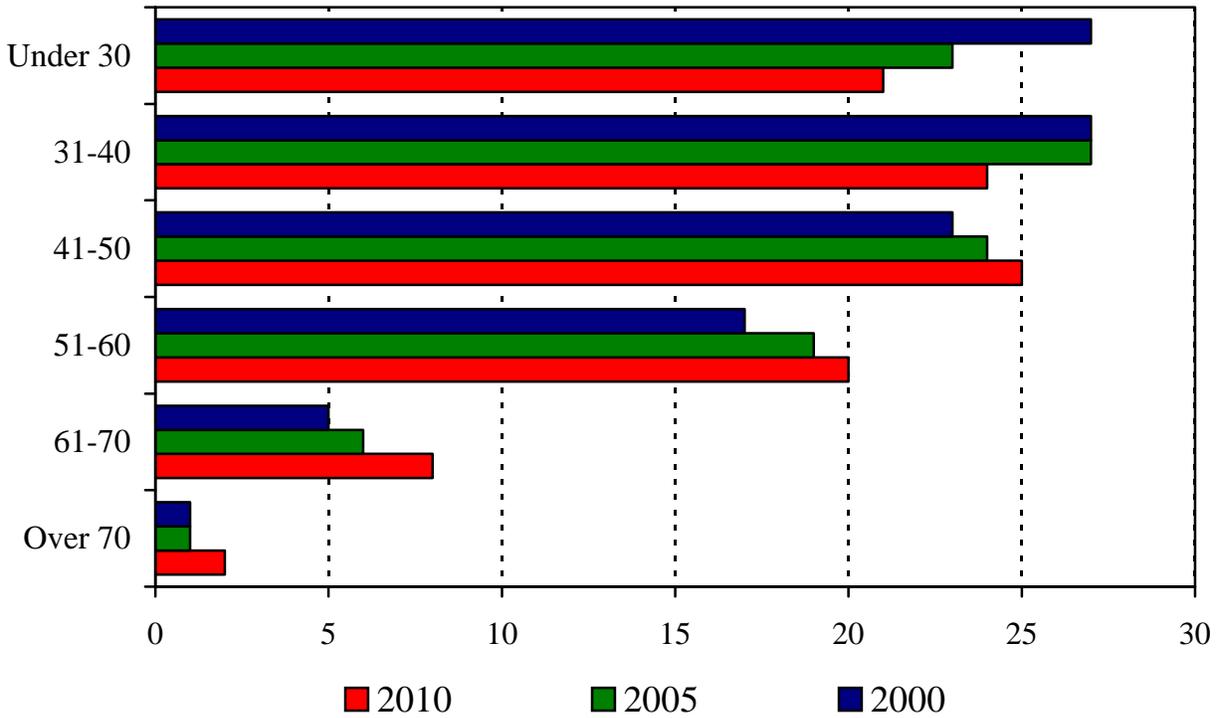
Total Income vs. Expenses



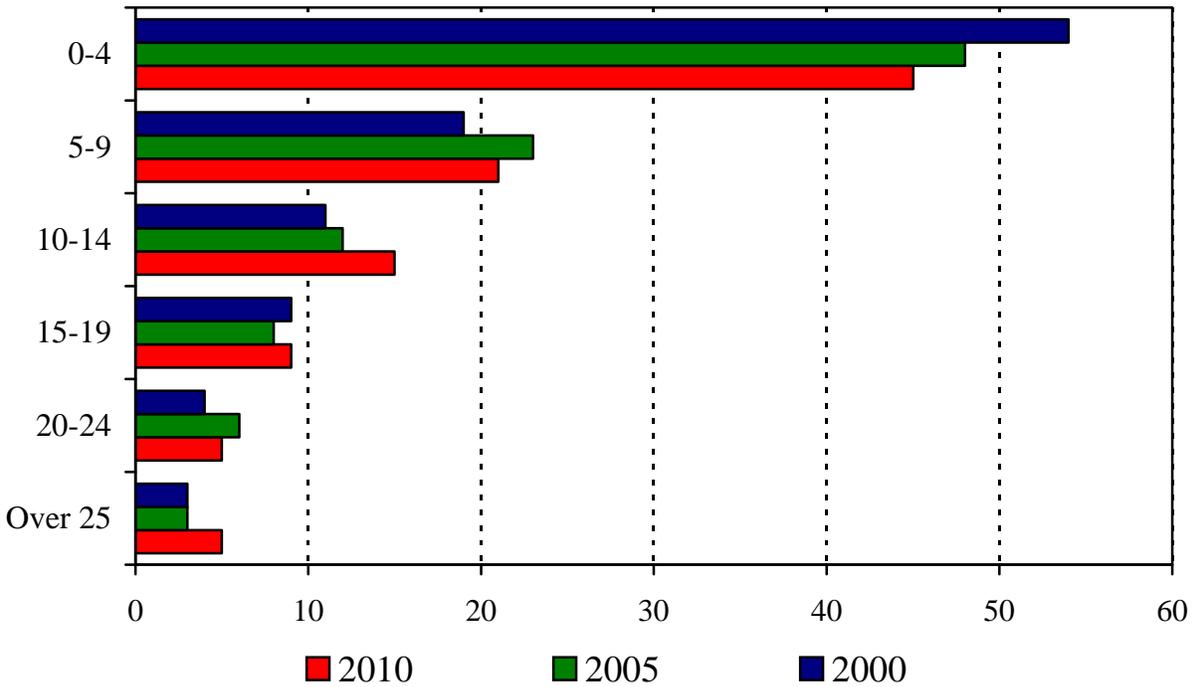
(Based on Market Value of Assets)

| | | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|-------------------------------|---|------|------|-------|-------|-------|-------|-------|------------------|--------|-------|
| Total Income (\$Mil) | ■ | 57.8 | 53.5 | 122.4 | 178.4 | 195.5 | 217.5 | 339.3 | 243.6 | -111.0 | 311.0 |
| Benefits and Expenses (\$Mil) | ■ | 44.3 | 43.5 | 48.4 | 54.8 | 68.5 | 74.2 | 76.6 | 83.6 | 93.8 | 95.8 |
| Net Change in MVA (\$Mil) | — | 13.5 | 10.0 | 74.0 | 123.6 | 127.0 | 143.3 | 262.7 | 159.8 | -204.8 | 215.2 |

Active – Census By Age (as a percent)



Active – Census By Service (as a percent)



EXHIBITS

EXHIBIT I
ANALYSIS OF ACTUARIALLY REQUIRED CONTRIBUTIONS

| | |
|--|------------------|
| 1. Present Value of Future Benefits..... | \$ 3,388,839,105 |
| 2. Present Value of Future Employee Contributions..... | \$ 557,530,584 |
| 3. Unfunded Actuarial Accrued Liability | \$ 71,042,296 |
| 4. Actuarial Value of Assets | \$ 1,773,450,705 |
| 5. Funding Deposit Account Credit Balance | \$ 17,151,710 |
| 6. Present Value of Future Employer Normal Costs (1 – 2 – 3 – 4 + 5) | \$ 1,003,967,230 |
| 7. Present Value of Future Salaries | \$ 5,575,305,842 |
| 8. Employer Normal Cost Accrual Rate (6 ÷ 7) | 18.007393% |
| 9. Projected Fiscal 2011 Salary for Current Membership | \$ 571,245,704 |
| 10. Employer Normal Cost as of July 1, 2010 (8 x 9)..... | \$ 102,866,459 |
| 11. Amortization Payment on Frozen Unfunded Accrued Liability of \$ 71,042,296 with Payments increasing at 3.5% per year..... | \$ 7,314,133 |
| 12. Total Employer Normal Cost & Amortization Payment (10+ 11) | \$ 110,180,592 |
| 13. Normal Cost and Amortization Payment Interest Adjusted for Midyear Payment..... | \$ 114,503,030 |
| 14. Estimated Administrative Cost for Fiscal 2011 | \$ 1,435,000 |
| 15. Gross Employer Actuarially Required Contribution for Fiscal 2011 (13 + 14)..... | \$ 115,938,030 |
| 16. Projected Income from Ad Valorem Taxes for Fiscal 2011 | \$ 15,795,910 |
| 17. Projected Income from Revenue Sharing Funds for Fiscal 2011 | \$ 425,579 |
| 18. GROSS Employer Actuarially Required Contribution to be funded by direct employer contributions and Insurance Premium Taxes for Fiscal 2011 (15 - 16 - 17)..... | \$ 99,716,541 |
| 19. Estimated Insurance Premium Taxes due for fiscal 2011 | \$ 15,430,686 |
| 20. Employer's Net Direct Actuarially Required Contribution (18 – 19)..... | \$ 84,285,855 |
| 21. Projected Payroll (July 1, 2010 through June 30, 2011) | \$ 621,463,312 |
| 22. Net Direct Employer Actuarially Required Contribution as a % of Projected Payroll for Fiscal 2011 (20 ÷ 21)..... | 13.56% |
| 23. Employer Contribution Rate for Fiscal 2011 (adjusted for FDA payment) | 12.75% |
| 24. Contribution Shortfall (Excess) as a Percentage of Payroll (22 – 23)..... | 0.81% |
| 25. Increase (Reduction) to Following Year Payment for Contribution Shortfall (Excess) | 0.08% |
| 26. Recommended Net Direct Employer Contribution Rate for fiscal 2012 (Rounded to nearest .25%) | 13.75% |

EXHIBIT II
PRESENT VALUE OF FUTURE BENEFITS

Present Value of Future Benefits for Active Members:

| | |
|--|------------------|
| Retirement Benefits | \$ 2,304,297,491 |
| Survivor Benefits | 76,215,241 |
| Disability Benefits | 68,901,469 |
| Vested Deferred Termination Benefits | 68,547,932 |
| Contribution Refunds..... | 81,241,162 |

TOTAL Present Value of Future Benefits for Active Members \$ 2,599,203,295

Present Value of Future Benefits for Terminated Members:

| | |
|--|---------------|
| Terminated Vested Members Due Benefits at Retirement | \$ 32,817,023 |
| Terminated Members with Reciprocals Due Benefits at Retirement ... | 1,703,113 |
| Terminated Members Due a Refund..... | 10,812,323 |

TOTAL Present Value of Future Benefits for Terminated Members \$ 45,332,459

Present Value of Future Benefits for Pensioners:

Regular Retirees

| | |
|----------------|----------------|
| Maximum | \$ 174,461,197 |
| Option 1..... | 70,661,413 |
| Option 2..... | 111,275,154 |
| Option 2a..... | 137,172,194 |
| Option 3..... | 33,086,145 |
| Option 3a..... | 57,224,986 |
| Option 4..... | 1,255,289 |
| Option 5..... | 35,692,624 |

TOTAL Regular Retirees \$ 620,829,002

Disability Retirees 25,513,702

Survivors & Widows..... 85,282,492

Annuities Certain Payable to Retirees..... 3,723,290

DROP and Back-DROP Account Balances 8,954,865

TOTAL Present Value of Future Benefits for Pensioners \$ 744,303,351

TOTAL Present Value of Future Benefits \$ 3,388,839,105

**EXHIBIT III – Schedule A
MARKET VALUE OF ASSETS**

Current Assets:

| | |
|---|--------------|
| Cash in Banks | \$ 8,623,353 |
| Contributions Receivable from Members..... | 4,401,030 |
| Contributions Receivable from Employers | 5,022,445 |
| Accrued Interest and Dividends on Investments | 4,599,856 |
| Sold Investment Receivables..... | 29,029,983 |
| Miscellaneous Receivables..... | 735,636 |

TOTAL CURRENT ASSETS \$ 52,412,303

Property, Plant and Equipment (Net of accumulated depreciation)..... \$ 2,899,687

Investments:

| | |
|--|----------------|
| Common Stock | \$ 651,225,133 |
| U. S. Government Securities and Mortgage Backed Securities | 256,838,890 |
| Corporate Bonds | 253,977,976 |
| International Equities..... | 211,137,508 |
| Cash Equivalents..... | 77,066,438 |
| Diversified Alternatives..... | 74,492,909 |
| Foreign Government Bonds..... | 2,336,621 |

TOTAL INVESTMENTS..... \$ 1,527,075,475

TOTAL ASSETS..... \$ 1,582,387,465

Current Liabilities:

| | |
|--------------------------------------|---------------|
| Purchased Investments Payables | \$ 56,594,015 |
| Refunds Payable | 1,887,571 |
| Accounts Payable | 1,461,384 |
| Accrued Leave Payables..... | 101,077 |
| Pensions Payable | 20,296 |
| Other Payables..... | 89,960 |

TOTAL CURRENT LIABILITIES..... \$ 60,154,303

NET MARKET VALUE OF ASSETS..... \$ 1,522,233,162

**EXHIBIT III – Schedule B
ACTUARIAL VALUE OF ASSETS**

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

| | |
|-------------------------------|----------------------|
| Fiscal year 2010 | \$ 38,459,312 |
| Fiscal year 2009 | (391,592,607) |
| Fiscal year 2008 | (227,585,992) |
| Fiscal year 2007 | 105,612,001 |
| Fiscal year 2006 | <u>5,598,399</u> |
| Total for five years..... | \$ (469,508,887) |

Deferral of excess (shortfall) of invested income:

| | |
|-----------------------------------|----------------------|
| Fiscal year 2010 (80%) | \$ 30,767,450 |
| Fiscal year 2009 (60%) | (234,955,565) |
| Fiscal year 2008 (40%) | (91,034,397) |
| Fiscal year 2007 (20%) | 21,122,400 |
| Fiscal year 2006 (0%) | <u>0</u> |
| Total deferred for year | \$ (274,100,112) |

Market value of plan net assets, end of year \$ 1,522,233,162

Preliminary actuarial value of plan assets, end of year \$ 1,796,333,274

Actuarial value of assets corridor

| | |
|---|------------------|
| 85% of market value, end of year | \$ 1,293,898,188 |
| 115% of market value, end of year | \$ 1,750,568,136 |

Final actuarial value of plan net assets, end of year..... \$ 1,773,450,705

EXHIBIT IV
PRESENT VALUE OF FUTURE CONTRIBUTIONS

| | |
|--|----------------------|
| Employee Contributions to the Annuity Savings Fund..... | \$ 557,530,584 |
| Employer Normal Contributions to the Pension Accumulation Fund | 1,003,967,230 |
| Employer Amortization Payments to the Pension Accumulation Fund..... | 71,042,296 |
| Funding Deposit Account Credit..... | (17,151,710) |
| TOTAL PRESENT VALUE OF FUTURE CONTRIBUTIONS | \$ 1,615,388,400 |

EXHIBIT V
CHANGE IN FROZEN UNFUNDED ACTUARIAL ACCRUED LIABILITY

| | |
|--|-------------------|
| Prior Year Frozen Unfunded Accrued Liability..... | \$ 72,846,699 |
| Interest on Frozen Unfunded Accrued Liability | \$ 5,827,736 |
| Normal Cost for Prior Year | 93,440,211 |
| Interest on the Normal Cost | 7,475,217 |
| Administrative Expense | 1,453,624 |
| Interest on Administrative Expenses..... | 57,026 |
| Credit to Funding Deposit Account | 0 |
| TOTAL Increases to Frozen Unfunded Accrued Liability | \$108,253,814 |
| Direct Employer Contributions | \$ 67,758,310 |
| Interest on Employer Contributions | 2,658,192 |
| Ad Valorem, Revenue Sharing, and Insurance Premium Taxes | 30,633,524 |
| Interest on Taxes | 1,201,768 |
| Contribution Shortfall | 7,806,423 |
| TOTAL Decreases to Frozen Unfunded Accrued Liability | \$110,058,217 |
| Net Change in Frozen Unfunded Accrued Liability | (1,804,403) |
| CURRENT YEAR FROZEN UNFUNDED ACCRUED LIABILITY | \$ 71,042,296 |

EXHIBIT VI
ANALYSIS OF INCREASE IN ASSETS

| | | |
|---|---------------|----------------------|
| Actuarial Value of Assets (June 30, 2009)..... | | \$ 1,608,228,363 |
| Income: | | |
| Member Contributions | \$ 61,648,599 | |
| Employer Contributions..... | 67,758,310 | |
| Ad Valorem Taxes | 15,091,337 | |
| Revenue Sharing Funds | 429,707 | |
| Funds Transferred into the System..... | 5,258,753 | |
| Other | 433 | |
| State Insurance Premium Taxes | 15,112,480 | |
| Total Contribution Income..... | | \$ 165,299,619 |
| Interest Income | \$ 24,925,089 | |
| Dividend Income | 6,550,451 | |
| Net Change in Fair Values of Investments..... | 119,608,482 | |
| Investment Expense | (5,339,664) | |
| Total Investment Income..... | | \$ 145,744,358 |
| TOTAL Income..... | | \$ 311,043,977 |
| Expenses: | | |
| Retirement Benefits..... | \$ 81,932,090 | |
| Refunds of Contributions | 11,463,444 | |
| Administrative Expenses & Depreciation..... | 1,453,624 | |
| Funds Transferred To Another System | 936,320 | |
| TOTAL Expenses..... | | \$ 95,785,478 |
| Net Market Income for Fiscal 2010 (Income - Expenses) | | \$ 215,258,499 |
| Adjustment for Actuarial Smoothing | | \$ 50,036,157 |
| Actuarial Value of Assets (June 30, 2010)..... | | \$ 1,773,450,705 |

**EXHIBIT VII
FUND BALANCE**

Present Assets of the System Creditable to:

| | |
|--|------------------|
| Annuity Savings Fund..... | \$ 413,150,221 |
| Annuity Reserve Fund..... | 735,348,486 |
| Pension Accumulation Fund | 346,414,680 |
| DROP and Back-DROP Accounts | 10,168,065 |
| Funding Deposit Account | 17,151,710 |
| | |
| MARKET VALUE OF ASSETS..... | \$ 1,522,233,162 |
| ADJUSTMENT FOR ACTUARIAL SMOOTHING | 251,217,543 |
| ACTUARIAL VALUE OF ASSETS | \$ 1,773,450,705 |

**EXHIBIT VIII
PENSION BENEFIT OBLIGATION**

| | |
|---|------------------|
| Present Value of Credited Projected Benefits Payable to Current Employees | \$ 1,421,244,645 |
| Present Value of Benefits Payable to Terminated Employees | 45,332,459 |
| Present Value of Benefits Payable to Current Retirees and Beneficiaries | 744,303,351 |
| | |
| TOTAL PENSION BENEFIT OBLIGATION | 2,210,880,455 |
| | |
| ACTUARIAL VALUE OF ASSETS | 1,773,450,705 |
| | |
| Ratio of Net Actuarial Value of Assets to Pension Benefit Obligation..... | 80.21% |

EXHIBIT IX
COST OF LIVING ADJUSTMENTS - TARGET RATIO

Actuarial Value of Assets Divided by PBO as of Fiscal 1986:..... 51.50%

Amortization of Unfunded Balance over 30 years:..... 38.80%

Adjustments in Funded Ratio Due to Mergers or Changes in Assumption(s):

| | |
|-------------------------------|---------|
| Changes for Fiscal 1988 | 9.71% |
| Changes for Fiscal 1994 | (2.60%) |
| Changes for Fiscal 1996 | 2.93% |
| Changes for Fiscal 1997 | (3.69%) |
| Changes for Fiscal 1998 | (3.72%) |
| Changes for Fiscal 2000 | 0.13% |
| Changes for Fiscal 2001 | (2.09%) |
| Changes for Fiscal 2003 | 1.34% |
| Changes for Fiscal 2005 | (0.19%) |
| Changes for Fiscal 2006 | 5.34% |
| Changes for Fiscal 2009 | 8.49% |
| Changes for Fiscal 2010 | (2.27%) |

TOTAL Adjustments..... 13.38%

Amortization of Adjustments in Funded Ratio over 30 years:

| | |
|-------------------------------|---------|
| Changes for Fiscal 1988 | (7.12%) |
| Changes for Fiscal 1994 | 1.39% |
| Changes for Fiscal 1996 | (1.37%) |
| Changes for Fiscal 1997 | 1.60% |
| Changes for Fiscal 1998 | 1.49% |
| Changes for Fiscal 2000 | (0.04%) |
| Changes for Fiscal 2001 | 0.63% |
| Changes for Fiscal 2003 | (0.31%) |
| Changes for Fiscal 2005 | 0.03% |
| Changes for Fiscal 2006 | (0.71%) |
| Changes for Fiscal 2009 | (0.28%) |
| Changes for Fiscal 2010 | 0.00% |

TOTAL Amortization of Adjustments..... (4.69%)

Target Ratio for Current Fiscal Year..... 98.99%

Actuarial Value of Assets Divided by PBO as of Fiscal 2010..... 80.21%

**EXHIBIT X
CENSUS DATA**

| | Active | Terminated with Funds on Deposit | Retired | Total |
|--|---------------|---|----------------|--------------|
| Number of members as of June 30, 2009 | 14,396 | 4,741 | 3,369 | 22,506 |
| Additions to Census | | | | |
| Initial membership | 1,672 | 230 | | 1,902 |
| Death of another member | (11) | (1) | 12 | 0 |
| Omitted in error last year | | | 2 | 2 |
| Change in Status during Year | | | | |
| Actives terminating service | (509) | 509 | | 0 |
| Actives who retired | (194) | | 194 | 0 |
| Suspended Benefits Reinstated | | | | |
| Term. members rehired | 88 | (88) | | 0 |
| Term. members who retire | | (22) | 22 | 0 |
| Retirees who are rehired | 1 | | (1) | 0 |
| Refunded who are rehired | 64 | 40 | | 104 |
| DROP participants retiring | | | | |
| DROP returned to work | | | | |
| Omitted in error last year | | | | |
| Eliminated from Census | | | | |
| Refund of contributions | (778) | (353) | | (1,131) |
| Deaths | (21) | (7) | (71) | (99) |
| Included in error last year | | | | |
| Adjustment for multiple records | 3 | 3 | (17) | (11) |
| Number of members as of June 30, 2010 | 14,711 | 5,052 | 3,510 | 23,273 |

ACTIVES CENSUS BY AGE:

| Age | Number | | Total Number | Average Salary | Total Salary |
|--------------|--------------|--------------|-----------------|-------------------|--------------------|
| | Male | Female | | | |
| 16 - 20 | 72 | 22 | 94 | 24,890 | 2,339,614 |
| 21 - 25 | 792 | 357 | 1,149 | 31,366 | 36,039,105 |
| 26 - 30 | 1,237 | 589 | 1,826 | 36,437 | 66,534,831 |
| 31 - 35 | 1,150 | 590 | 1,740 | 39,658 | 69,005,239 |
| 36 - 40 | 1,243 | 603 | 1,846 | 42,468 | 78,395,397 |
| 41 - 45 | 1,233 | 679 | 1,912 | 44,297 | 84,695,173 |
| 46 - 50 | 1,072 | 727 | 1,799 | 44,602 | 80,238,561 |
| 51 - 55 | 902 | 644 | 1,546 | 44,388 | 68,624,077 |
| 56 - 60 | 845 | 468 | 1,313 | 44,183 | 58,012,521 |
| 61 - 65 | 573 | 283 | 856 | 42,962 | 36,775,591 |
| 66 - 70 | 283 | 99 | 382 | 38,224 | 14,601,612 |
| 71 - 75 | 162 | 23 | 185 | 32,261 | 5,968,238 |
| 76 - 80 | 39 | 11 | 50 | 32,162 | 1,608,075 |
| 81 - 85 | 9 | 1 | 10 | 30,312 | 303,120 |
| 86 - 90 | 3 | 0 | 3 | 36,432 | 109,295 |
| TOTAL | 9,615 | 5,096 | 14,711 | 41,007 | 603,250,449 |

THE ACTIVE CENSUS INCLUDES 4,055 ACTIVES WITH VESTED BENEFITS, INCLUDING 19 ACTIVE FORMER DROP PARTICIPANTS.

TERMINATED MEMBERS DUE A DEFERRED RETIREMENT BENEFIT:

| Age | Number | | Total Number | Average Benefit | Total Benefit |
|--------------|------------|-----------|-----------------|--------------------|------------------|
| | Male | Female | | | |
| 36 - 40 | 17 | 8 | 25 | 21,098 | 527,451 |
| 41 - 45 | 59 | 16 | 75 | 17,095 | 1,282,125 |
| 46 - 50 | 89 | 18 | 107 | 18,066 | 1,933,114 |
| 51 - 55 | 63 | 23 | 86 | 17,012 | 1,463,060 |
| 56 - 60 | 9 | 7 | 16 | 9,038 | 144,602 |
| 61 - 65 | 7 | 3 | 10 | 10,338 | 103,378 |
| 66 - 70 | 3 | 0 | 3 | 3,438 | 10,313 |
| 76 - 80 | 1 | 0 | 1 | 1,881 | 1,881 |
| 81 - 85 | 1 | 0 | 1 | 2,081 | 2,081 |
| 86 - 90 | 1 | 0 | 1 | 399 | 399 |
| TOTAL | 250 | 75 | 325 | 16,826 | 5,468,404 |

TERMINATED MEMBERS DUE A REFUND OF CONTRIBUTIONS:

| Contributions Ranging | | Number | Total Contributions |
|-----------------------|---------|--------------|------------------------|
| From | To | | |
| 0 | - 99 | 1,253 | 52,580 |
| 100 | - 499 | 1,340 | 340,021 |
| 500 | - 999 | 520 | 373,495 |
| 1000 | - 1999 | 451 | 647,770 |
| 2000 | - 4999 | 450 | 1,445,465 |
| 5000 | - 9999 | 322 | 2,307,611 |
| 10000 | - 19999 | 249 | 3,579,560 |
| 20000 | - 99999 | 142 | 3,953,392 |
| TOTAL | | 4,727 | 12,699,894 |

REGULAR RETIREES:

| Age | Number Male | Number Female | Total Number | Average Benefit | Total Benefit |
|--------------|----------------|------------------|-----------------|--------------------|-------------------|
| 41 - 45 | 1 | 0 | 1 | 10,823 | 10,823 |
| 46 - 50 | 2 | 1 | 3 | 25,605 | 76,815 |
| 51 - 55 | 72 | 29 | 101 | 36,415 | 3,677,906 |
| 56 - 60 | 301 | 138 | 439 | 30,482 | 13,381,620 |
| 61 - 65 | 439 | 165 | 604 | 26,910 | 16,253,919 |
| 66 - 70 | 439 | 140 | 579 | 22,831 | 13,219,172 |
| 71 - 75 | 310 | 114 | 424 | 19,597 | 8,308,984 |
| 76 - 80 | 188 | 61 | 249 | 17,686 | 4,403,773 |
| 81 - 85 | 107 | 38 | 145 | 21,265 | 3,083,418 |
| 86 - 90 | 34 | 24 | 58 | 17,902 | 1,038,296 |
| 91 - 99 | 6 | 5 | 11 | 12,831 | 141,143 |
| TOTAL | 1,899 | 715 | 2,614 | 24,329 | 63,595,869 |

DISABILITY RETIREES:

| Age | Number Male | Number Female | Total Number | Average Benefit | Total Benefit |
|--------------|----------------|------------------|-----------------|--------------------|------------------|
| 26 - 30 | 0 | 2 | 2 | 12,382 | 24,764 |
| 31 - 35 | 0 | 2 | 2 | 14,199 | 28,397 |
| 36 - 40 | 3 | 1 | 4 | 11,570 | 46,278 |
| 41 - 45 | 10 | 4 | 14 | 15,640 | 218,957 |
| 46 - 50 | 18 | 5 | 23 | 17,684 | 406,737 |
| 51 - 55 | 21 | 11 | 32 | 20,530 | 656,971 |
| 56 - 60 | 29 | 7 | 36 | 14,329 | 515,830 |
| 61 - 65 | 19 | 3 | 22 | 12,368 | 272,105 |
| 66 - 70 | 16 | 4 | 20 | 10,319 | 206,382 |
| 71 - 75 | 11 | 2 | 13 | 11,431 | 148,600 |
| 76 - 80 | 5 | 3 | 8 | 14,778 | 118,220 |
| 81 - 85 | 6 | 0 | 6 | 10,684 | 64,106 |
| TOTAL | 138 | 44 | 182 | 14,876 | 2,707,347 |

SURVIVORS:

| Age | Number Male | Number Female | Total Number | Average Benefit | Total Benefit |
|--------------|----------------|------------------|-----------------|--------------------|-------------------|
| 0 - 25 | 12 | 38 | 50 | 5,249 | 262,466 |
| 26 - 30 | 0 | 5 | 5 | 8,953 | 44,764 |
| 31 - 35 | 1 | 7 | 8 | 14,684 | 117,470 |
| 36 - 40 | 2 | 8 | 10 | 16,269 | 162,692 |
| 41 - 45 | 0 | 9 | 9 | 19,294 | 173,650 |
| 46 - 50 | 4 | 26 | 30 | 15,482 | 464,446 |
| 51 - 55 | 1 | 23 | 24 | 19,615 | 470,758 |
| 56 - 60 | 4 | 57 | 61 | 18,859 | 1,150,390 |
| 61 - 65 | 1 | 71 | 72 | 16,464 | 1,185,415 |
| 66 - 70 | 7 | 85 | 92 | 15,117 | 1,390,769 |
| 71 - 75 | 1 | 89 | 90 | 13,151 | 1,183,565 |
| 76 - 80 | 2 | 93 | 95 | 14,877 | 1,413,273 |
| 81 - 85 | 4 | 79 | 83 | 14,166 | 1,175,795 |
| 86 - 90 | 2 | 64 | 66 | 10,498 | 692,881 |
| 91 - 99 | 0 | 19 | 19 | 9,877 | 187,658 |
| TOTAL | 41 | 673 | 714 | 14,112 | 10,075,992 |

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 | 68 | 23 | 3 | | | | | | | | | | 94 |
| 21 - 25 | 427 | 284 | 224 | 131 | 54 | 29 | | | | | | | 1,149 |
| 26 - 30 | 313 | 308 | 314 | 244 | 183 | 441 | 23 | | | | | | 1,826 |
| 31 - 35 | 200 | 182 | 189 | 160 | 114 | 553 | 328 | 14 | | | | | 1,740 |
| 36 - 40 | 192 | 160 | 134 | 161 | 82 | 418 | 462 | 225 | 12 | | | | 1,846 |
| 41 - 45 | 140 | 139 | 155 | 126 | 81 | 385 | 340 | 347 | 186 | 13 | | | 1,912 |
| 46 - 50 | 150 | 105 | 118 | 113 | 75 | 321 | 259 | 215 | 226 | 204 | 13 | | 1,799 |
| 51 - 55 | 105 | 87 | 102 | 80 | 61 | 289 | 248 | 164 | 143 | 184 | 83 | | 1,546 |
| 56 - 60 | 77 | 78 | 97 | 69 | 74 | 290 | 227 | 135 | 122 | 78 | 66 | | 1,313 |
| 61 - 65 | 34 | 44 | 59 | 49 | 42 | 207 | 175 | 87 | 74 | 49 | 36 | | 856 |
| 66 - 70 | 19 | 23 | 37 | 20 | 13 | 72 | 85 | 43 | 29 | 25 | 16 | | 382 |
| 71 & Over | 12 | 19 | 24 | 18 | 12 | 58 | 55 | 24 | 13 | 9 | 4 | | 248 |
| Totals | 1737 | 1452 | 1456 | 1171 | 791 | 3063 | 2202 | 1254 | 805 | 562 | 218 | | 14711 |

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 | 24,476 | 25,561 | 29,106 | | | | | | | | | | 24,890 |
| 21 - 25 | 27,285 | 30,642 | 34,471 | 36,718 | 38,198 | 37,639 | 40,637 | 47,940 | 50,354 | 55,749 | 52,276 | | 31,366 |
| 26 - 30 | 29,227 | 32,002 | 36,505 | 38,807 | 39,441 | 41,828 | 48,813 | 53,820 | 56,560 | 61,127 | 69,002 | | 36,437 |
| 31 - 35 | 29,100 | 31,625 | 36,112 | 38,989 | 38,961 | 42,924 | 47,306 | 47,940 | 53,156 | 61,127 | 67,194 | | 39,658 |
| 36 - 40 | 29,108 | 33,290 | 36,219 | 37,487 | 39,727 | 43,226 | 48,813 | 53,820 | 50,354 | 55,749 | 61,018 | | 42,468 |
| 41 - 45 | 29,639 | 33,978 | 35,861 | 34,975 | 36,129 | 43,959 | 47,659 | 54,046 | 55,749 | 61,127 | 69,002 | | 44,297 |
| 46 - 50 | 27,846 | 30,685 | 34,364 | 35,060 | 37,687 | 40,942 | 45,317 | 51,114 | 56,560 | 61,127 | 67,194 | | 44,602 |
| 51 - 55 | 26,894 | 32,207 | 34,330 | 34,851 | 34,752 | 38,775 | 43,205 | 50,255 | 53,156 | 61,127 | 67,194 | | 44,388 |
| 56 - 60 | 26,344 | 30,189 | 40,512 | 38,278 | 35,600 | 38,890 | 43,407 | 49,113 | 55,382 | 65,157 | 73,087 | | 44,183 |
| 61 - 65 | 28,176 | 29,111 | 30,823 | 36,610 | 37,128 | 38,504 | 42,587 | 46,564 | 54,319 | 57,999 | 84,144 | | 42,962 |
| 66 - 70 | 24,313 | 25,352 | 32,235 | 26,616 | 23,714 | 35,486 | 38,699 | 42,478 | 46,915 | 60,009 | 61,976 | | 38,224 |
| 71 & Over | 25,463 | 28,251 | 27,224 | 25,435 | 25,678 | 30,048 | 33,834 | 39,017 | 43,406 | 48,223 | 47,187 | | 32,213 |
| Average | 28,081 | 31,495 | 35,480 | 36,836 | 37,500 | 41,189 | 45,466 | 51,204 | 54,731 | 60,913 | 71,135 | | 41,007 |

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 - 35 | | | | | | | | | | | | | 0 |
| 36 - 40 | | | | | | | | 25 | | | | | 25 |
| 41 - 45 | | | | | | | 71 | 4 | | | | | 75 |
| 46 - 50 | | | | | | 105 | 2 | | | | | | 107 |
| 51 - 55 | 15 | 14 | 16 | 13 | 23 | 5 | | | | | | | 86 |
| 56 - 60 | 8 | 3 | 2 | 1 | 2 | | | | | | | | 16 |
| 61 - 65 | 10 | | | | | | | | | | | | 10 |
| 66 - 70 | 3 | | | | | | | | | | | | 3 |
| 71 - 75 | | | | | | | | | | | | | 0 |
| 76 - 80 | 1 | | | | | | | | | | | | 1 |
| 81 - 85 | 1 | | | | | | | | | | | | 1 |
| 86 - 90 | 1 | | | | | | | | | | | | 1 |
| 91 & Over | | | | | | | | | | | | | 0 |
| Totals | 39 | 17 | 18 | 14 | 25 | 110 | 73 | 29 | 0 | 0 | 0 | 0 | 325 |

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 - 35 | | | | | | | | | | | | | 0 |
| 36 - 40 | | | | | | | | 21,098 | | | | | 21,098 |
| 41 - 45 | | | | | | | 17,862 | 3,484 | | | | | 17,095 |
| 46 - 50 | | | | | | 18,357 | 2,800 | | | | | | 18,066 |
| 51 - 55 | 17,285 | 16,171 | 16,889 | 20,305 | 18,247 | 4,703 | | | | | | | 17,012 |
| 56 - 60 | 14,384 | 2,893 | 2,046 | 1,705 | 7,528 | | | | | | | | 9,038 |
| 61 - 65 | 10,338 | | | | | | | | | | | | 10,338 |
| 66 - 70 | 3,438 | | | | | | | | | | | | 3,438 |
| 71 - 75 | | | | | | | | | | | | | 0 |
| 76 - 80 | 1,881 | | | | | | | | | | | | 1,881 |
| 81 - 85 | 2,081 | | | | | | | | | | | | 2,081 |
| 86 - 90 | 399 | | | | | | | | | | | | 399 |
| 91 & Over | | | | | | | | | | | | | 0 |
| Average | 12,626 | 13,828 | 15,240 | 18,976 | 17,389 | 17,737 | 17,449 | 18,669 | 0 | 0 | 0 | 0 | 16,826 |

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 | 1 | 14 | 18 | 10 | 8 | | | | | | | 4 |
| 51 - 55 | 30 | 21 | 64 | 56 | 57 | 81 | 4 | | | | | | 101 |
| 56 - 60 | 73 | 104 | 64 | 48 | 64 | 298 | 35 | 1 | | | | | 439 |
| 61 - 65 | 39 | 64 | 38 | 35 | 39 | 223 | 141 | 23 | 1 | | | | 604 |
| 66 - 70 | 28 | 51 | 14 | 11 | 16 | 140 | 107 | 80 | 34 | | | | 579 |
| 71 - 75 | 13 | 14 | 3 | 9 | 4 | 39 | 67 | 52 | 50 | 14 | | | 424 |
| 76 - 80 | 6 | 5 | 1 | 1 | 2 | 16 | 16 | 27 | 37 | 40 | 4 | | 249 |
| 81 - 85 | | 1 | 1 | 1 | 1 | 1 | 1 | 5 | 21 | 17 | 12 | | 145 |
| 86 - 90 | | | | | | | | 1 | 2 | 2 | 6 | | 58 |
| 91 & Over | | | | | | | | 1 | 2 | 2 | 6 | | 11 |
| Totals | 191 | 261 | 179 | 184 | 193 | 806 | 371 | 189 | 145 | 73 | 22 | | 2614 |

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 | 21,153 | 34,509 | 38,884 | 34,976 | 30,308 | 34,394 | | | | | | | 21,909 |
| 51 - 55 | 34,781 | 42,015 | 27,541 | 29,560 | 30,263 | 32,852 | 12,872 | | | | | | 36,415 |
| 56 - 60 | 30,017 | 32,066 | 28,478 | 28,725 | 27,632 | 26,924 | 16,303 | 13,535 | | | | | 30,482 |
| 61 - 65 | 28,726 | 28,295 | 20,763 | 23,699 | 21,067 | 25,618 | 17,685 | 20,960 | 17,129 | | | | 26,910 |
| 66 - 70 | 31,227 | 23,512 | 20,763 | 23,699 | 19,104 | 23,556 | 15,841 | 15,841 | 14,754 | | | | 22,831 |
| 71 - 75 | 23,039 | 25,560 | 29,727 | 27,360 | 19,104 | 23,556 | 15,943 | 17,784 | 15,164 | 17,731 | | | 19,597 |
| 76 - 80 | 7,813 | 10,629 | 8,992 | 16,878 | 18,421 | 25,863 | 16,587 | 22,072 | 20,750 | 16,110 | 9,925 | | 17,686 |
| 81 - 85 | | 6,448 | 70,656 | 23,692 | 21,673 | 32,267 | 23,452 | 14,698 | 20,748 | 18,879 | 11,615 | | 21,265 |
| 86 - 90 | | | | | 17,486 | 40,877 | 10,417 | 10,336 | 18,183 | 17,712 | 9,836 | | 17,902 |
| 91 & Over | | | | | | | | | | | | | 12,831 |
| Average | 29,414 | 29,422 | 27,305 | 27,864 | 26,209 | 26,719 | 17,031 | 17,817 | 17,357 | 17,110 | 10,823 | | 24,329 |

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 | 7 | 4 | 3 | 5 | 5 | 14 | 3 | | | | | | 41 |
| 21 - 25 | | | 1 | 1 | | 5 | 2 | | | | | | 9 |
| 26 - 30 | | | 1 | | | 1 | 3 | | | | | | 5 |
| 31 - 35 | 1 | 2 | | 3 | | 1 | 1 | | | | | | 8 |
| 36 - 40 | | | | 4 | | 1 | 1 | | | | | | 10 |
| 41 - 45 | 2 | | | 1 | 2 | 1 | 2 | | 1 | | | | 9 |
| 46 - 50 | 2 | 2 | 1 | 2 | 2 | 7 | 12 | 2 | | | | | 30 |
| 51 - 55 | 3 | 3 | 2 | 4 | 1 | 8 | 4 | 1 | 1 | | | | 24 |
| 56 - 60 | 4 | 7 | 5 | 4 | 2 | 12 | 12 | 8 | 4 | 2 | | | 61 |
| 61 - 65 | 6 | 4 | 4 | 5 | 4 | 20 | 15 | 6 | 4 | 1 | | | 72 |
| 66 - 70 | 6 | 12 | 7 | 7 | 5 | 25 | 15 | 10 | 2 | 3 | | | 92 |
| 71 - 75 | 8 | 8 | 2 | 4 | 6 | 19 | 9 | 9 | 5 | 2 | | | 90 |
| 76 - 80 | 2 | 7 | 4 | 5 | 4 | 24 | 19 | 11 | 12 | 3 | | | 95 |
| 81 - 85 | 6 | 5 | 4 | 4 | 4 | 8 | 15 | 12 | 13 | 7 | | | 83 |
| 86 - 90 | 1 | 1 | 1 | 2 | 1 | 17 | 15 | 4 | 7 | 2 | | | 66 |
| 91 & Over | 1 | | 1 | | 2 | 1 | 1 | 2 | 6 | 2 | | | 19 |
| Totals | 49 | 55 | 35 | 43 | 38 | 173 | 139 | 65 | 55 | 28 | 34 | 34 | 714 |

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 | 7,375 | 4,440 | 6,931 | 4,854 | 6,168 | 4,339 | 5,015 | | | | | | 5,392 |
| 21 - 25 | | | 7,621 | 4,133 | | 3,642 | 5,717 | | | | | | 4,600 |
| 26 - 30 | | | 25,196 | | | 2,925 | 5,548 | | | | | | 8,953 |
| 31 - 35 | 22,069 | 14,571 | | 15,710 | | 8,792 | 10,336 | | | | | | 14,684 |
| 36 - 40 | | | | 21,820 | | 14,060 | 14,127 | | | | | | 16,269 |
| 41 - 45 | 37,889 | | | 8,567 | | 13,459 | 14,971 | | 6,520 | | | | 19,294 |
| 46 - 50 | 21,299 | 25,005 | 36,658 | 23,157 | 15,247 | 14,354 | 11,214 | 11,663 | | | | | 15,482 |
| 51 - 55 | 28,859 | 26,909 | 20,000 | 18,796 | 45,016 | 18,283 | 9,732 | 13,151 | 15,089 | | | | 19,615 |
| 56 - 60 | 18,417 | 27,613 | 11,684 | 30,587 | 38,796 | 18,962 | 14,409 | 17,341 | 13,557 | 13,431 | | | 18,859 |
| 61 - 65 | 11,568 | 22,349 | 20,876 | 18,755 | 27,525 | 14,230 | 18,075 | 11,882 | 11,199 | 4,777 | | | 16,464 |
| 66 - 70 | 12,642 | 20,459 | 16,452 | 17,281 | 17,092 | 13,434 | 14,490 | 14,253 | 8,639 | 11,612 | | | 15,117 |
| 71 - 75 | 12,436 | 14,463 | 9,478 | 16,077 | 12,690 | 13,516 | 15,246 | 10,682 | 9,431 | 9,213 | | | 13,151 |
| 76 - 80 | 9,361 | 9,376 | 29,540 | 15,970 | 22,116 | 14,506 | 13,117 | 12,037 | 20,174 | 11,390 | | | 14,877 |
| 81 - 85 | 18,580 | 20,710 | 13,571 | 17,645 | 13,520 | 17,645 | 15,447 | 11,700 | 12,504 | 11,416 | | | 14,166 |
| 86 - 90 | 10,189 | 5,989 | 5,576 | 5,804 | 13,520 | 10,288 | 11,731 | 13,235 | 12,878 | 15,171 | | | 10,498 |
| 91 & Over | 11,184 | | 9,310 | | 16,220 | 10,852 | 12,600 | 5,787 | 9,686 | 11,801 | | | 9,877 |
| Average | 15,278 | 18,122 | 17,200 | 16,524 | 17,993 | 13,110 | 13,608 | 12,654 | 13,418 | 11,479 | 8,614 | 8,614 | 14,112 |

EXHIBIT XI
YEAR -TO-YEAR COMPARISON

| | Fiscal 2010 | Fiscal 2009 | Fiscal 2008 | Fiscal 2007 |
|--|-----------------|-----------------|-----------------|-----------------|
| Number of Active Members | 14,711 | 14,396 | 14,038 | 13,530 |
| Number of Retirees and Survivors | 3,510 | 3,369 | 3,140 | 2,995 |
| Number Terminated Due Deferred Benefits | 325 | 306 | 328 | 340 |
| Number Terminated Due Refund | 4,727 | 4,435 | 4,156 | 3,939 |
| Active Lives Payroll | \$ 603,250,449 | \$ 577,078,980 | \$ 537,082,456 | \$ 481,418,484 |
| Retiree Benefits in Payment | \$ 76,379,208 | \$ 71,517,150 | \$ 64,309,775 | \$ 55,471,909 |
| Market Value of Assets | \$1,522,233,162 | \$1,306,974,663 | \$1,511,820,016 | \$1,550,829,081 |
| Ratio of AVA to GASB-25 Accrued Liability | 96.15% | 95.67% | 95.64% | 93.85% |
| Accrued Liability (as Defined by GASB-25) | \$1,844,493,001 | \$1,681,075,062 | \$1,702,582,378 | \$1,564,897,616 |
| Actuarial Value of Assets | \$1,773,450,705 | \$1,608,228,363 | \$1,628,303,910 | \$1,468,646,528 |
| Frozen Unfunded Actuarial Accrued Liability | \$ 71,042,296 | \$ 72,846,699 | \$ 74,278,468 | \$ 96,251,088 |
| Present Value of Future Employer Normal Cost | \$1,003,967,230 | \$ 890,632,040 | \$ 641,924,601 | \$ 524,216,581 |
| Present Value of Future Employee Contributions | \$ 557,530,584 | \$ 517,818,601 | \$ 482,053,768 | \$ 436,275,292 |
| Funding Deposit Account (FDA) | \$ 17,151,710 | \$ 15,881,213 | \$ 0 | \$ 0 |
| Present Value of Future Benefits | \$3,388,839,105 | \$3,073,644,490 | \$2,826,560,747 | \$2,525,389,489 |

| | Fiscal 2011 | Fiscal 2010 | Fiscal 2009 | Fiscal 2008 |
|--|-------------|-------------|-------------|-------------|
| Employee Contribution Rate | 10.00% | 10.00% | 10.00% | 10.00% |
| Projected Ad Valorem and Revenue Sharing Funds as a % of Projected Payroll | 2.61% | 2.75% | 2.53% | 2.39% |
| Estimated Insurance Premium Taxes as a % of Projected Payroll | 2.48% | 2.55% | 2.72% | 2.87% |
| Actuarially Required Net Direct Employer Contributions as a % of Projected Payroll | 13.56% | 12.58% | 8.92% | 7.59% |
| Actual Net Direct Employer Contribution Rate | 12.75% † | 11.00% | 11.00% | 11.00% |

† 12.00% paid directly by employers with additional 0.75% allocated from the Funding Deposit Account

| Fiscal 2006 | Fiscal 2005 | Fiscal 2004 | Fiscal 2003 | Fiscal 2002 | Fiscal 2001 |
|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| 12,835 | 13,863 | 13,657 | 13,595 | 13,267 | 12,898 |
| 2,859 | 2,693 | 2,488 | 2,325 | 2,195 | 2,128 |
| 329 | 279 | 299 | 280 | 263 | 234 |
| 3,722 | 3,152 | 2,977 | 2,793 | 2,560 | 2,312 |
| \$ 436,370,158 | \$ 432,019,757 | \$ 406,020,215 | \$ 383,388,474 | \$ 360,267,884 | \$ 337,229,788 |
| \$ 50,612,587 | \$ 45,968,384 | \$ 39,124,305 | \$ 35,381,798 | \$ 32,217,500 | \$ 30,310,754 |
| \$1,288,100,175 | \$1,144,751,928 | \$1,017,722,292 | \$ 894,112,820 | \$ 820,104,918 | \$ 810,072,839 |
| 93.07% | 91.99% | 91.30% | 90.76% | 90.51% | 90.26% |
| \$1,378,133,705 | \$1,180,095,189 | \$1,075,107,796 | \$ 999,746,836 | \$ 959,788,254 | \$ 920,761,605 |
| \$1,282,638,484 | \$1,085,515,384 | \$ 981,583,851 | \$ 907,401,749 | \$ 868,729,107 | \$ 831,080,974 |
| \$ 95,495,221 | \$ 94,579,805 | \$ 93,523,945 | \$ 92,345,087 | \$ 91,059,147 | \$ 89,680,631 |
| \$ 527,090,828 | \$ 598,357,461 | \$ 503,285,937 | \$ 435,520,804 | \$ 393,484,597 | \$ 326,385,219 |
| \$ 400,515,989 | \$ 399,070,734 | \$ 344,408,426 | \$ 319,054,283 | \$ 298,862,302 | \$ 279,892,787 |
| \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| \$2,305,740,522 | \$2,177,523,384 | \$1,922,802,159 | \$1,754,321,923 | \$1,652,135,153 | \$1,527,039,611 |

| Fiscal 2007 | Fiscal 2006 | Fiscal 2005 | Fiscal 2004 | Fiscal 2003 | Fiscal 2002 |
|-------------|-------------|---------------|-------------|-------------|-------------|
| 10.00% | 10.00% | 10.00%/9.80%* | 9.80% | 9.80% | 9.80% |
| 2.47% | 2.32% | 2.44% | 2.45% | 2.43% | 2.41% |
| 2.77% | 2.68% | 2.78% | 2.58% | 2.30% | 3.21% |
| 8.69% | 10.99% | 10.62% | 9.61% | 9.15% | 7.00% |
| 11.00% | 10.75% | 9.75% | 9.25% | 7.75% | 7.00% |

* Increase effective October 1, 2004

SUMMARY OF PRINCIPAL PLAN PROVISIONS

The Sheriffs' Pension & Relief Fund is a defined benefit pension plan that provides retirement allowances and other benefits. The following summary of plan provisions is for general informational purposes only and does not constitute a guarantee of benefits.

MEMBERSHIP- Any sheriff elected or deputy employed, who is otherwise eligible for membership must become a participating member of the fund. All salaried employees of the Sheriffs' Pension and Relief Fund and the Louisiana Sheriffs' Association who meet certain requirements are also eligible to become members of the retirement system.

CONTRIBUTION RATES - The fund is financed by a combination of employee contributions, employer contributions, dedicated ad valorem taxes, revenue sharing funds, and insurance premium taxes. The employee contribution rate is determined by the Board of Trustees but cannot be less than 9.8% nor more than 10.25%. Gross employer contributions are determined by actuarial valuation and are subject to change each year in accordance with R. S. 11:103 and R. S. 11:105. Also, the fund annually receives revenue sharing funds and ad valorem taxes equal to 0.5% of the aggregate amount of the tax shown to be collected by the tax roll of each respective parish, and additional funds as indicated by valuation and apportioned by the Public Employees' Retirement Systems' Actuarial Committee from available insurance premium taxes described in R. S. 22:1419.

CONTRIBUTION REFUNDS - Upon withdrawal from service, members not entitled to a retirement allowance who have remained out of service for a period of thirty days are paid a refund of accumulated contributions upon request. Receipt of such a refund cancels all accrued benefits in the system.

NORMAL RETIREMENT BENEFITS – Members with twelve years of creditable service may retire at age fifty-five; members with thirty years of creditable service may retire at any age. The retirement allowance is equal to three and one-third percent of the member's average final compensation multiplied by his years of creditable service, not to exceed (after reduction for optional payment form) 100% of average final compensation.

EARLY RETIREMENT BENEFITS – Active, contributing members with at least ten years of creditable service may retire at age sixty. The accrued normal retirement benefit is reduced actuarially for each month or fraction thereof that retirement begins prior the member's earliest normal retirement date assuming continuous service. In addition, members with twenty or more years of service may retire with a reduced retirement at age fifty.

FINAL AVERAGE COMPENSATION – For a member whose first employment making him eligible for membership in the system began on or before June 30, 2006, final average compensation is based on the average monthly earnings during the highest thirty-six consecutive months or joined months if service was interrupted. The earnings to be considered for each twelve month period within the thirty-six month period shall not exceed 125% of the preceding twelve month period.

For a member whose first employment making him eligible for membership in the system began after June 30, 2006, final average compensation is based on the average monthly earnings during the highest sixty consecutive months or joined months if service was interrupted.

OPTIONAL ALLOWANCES - Members may receive their benefits as a life annuity, or in lieu of such receive a reduced benefit according to the option selected, which is the actuarial equivalent of the maximum benefit.

Option 1 - If the member dies before he has received in annuity payments the present value of his member's annuity as it was at the time of retirement, the balance is paid to his beneficiary.

Option 2 - Upon retirement, the member receives a reduced benefit. Upon the member's death, the spouse to whom the member was married and living with at the time of retirement will continue to receive the same reduced benefit.

Option 2A - Upon retirement, the member receives a reduced benefit. Upon the member's death, the spouse to whom the member was married and living with at the time of retirement will continue to receive the same reduced benefit. If the member's spouse dies before the member, the member's benefit will revert to the maximum.

Option 3 - Upon retirement, the member receives a reduced benefit. Upon the member's death, the spouse to whom the member was married and living with at the time of retirement will receive one-half of the member's reduced benefit.

Option 3A - Upon retirement, the member receives a reduced benefit. Upon the member's death, the spouse to whom the member was married and living with at the time of retirement will receive one-half of the member's reduced benefit. If the member's spouse dies before the member, the member's benefit will revert to the maximum.

Option 4 - Upon retirement, the member elects to receive a board-approved benefit that is actuarially equivalent to the maximum benefit.

Option 5 - Upon retirement, the member may receive ninety percent of the maximum benefit. Upon the member's death, if survived by a surviving spouse to whom the member was married and living with at the time of retirement, fifty percent of the member's benefit shall be paid to the spouse during said spouse's lifetime.

A member may also elect to receive an actuarially reduced benefit which provides for an automatic 2 ½% annual compound increase in monthly retirement benefits based on the reduced benefit and commencing on the later of age fifty-five or retirement anniversary; this COLA is in addition to any ad hoc COLAs which are payable. Back-DROP participants are not eligible for this benefit.

DISABILITY BENEFITS - Ten years of creditable service are required in order to be eligible for disability benefits when a non-service related disability is incurred; there are no service requirements for a service related disability. Totally disabled members receive the lesser of their accrued retirement benefit (with a minimum of 45%) or their accrued retirement benefit assuming continued service to their earliest normal retirement age. Members who become partially disabled receive 75% of the amount payable for total disability.

SURVIVOR BENEFITS - Survivor benefits for death solely as a result of injuries received in the line of duty are based on the following. For a spouse alone, a sum equal to 50% of the member's final average compensation with a minimum of \$150 per month. If a spouse is entitled to benefits

and has a child or children under eighteen years of age (or over said age if physically or mentally incapacitated and dependent upon the member at the time of his death), an additional sum of 15% of the member's final average compensation is paid to each child with total benefits paid to spouse and children not to exceed 100%. If a member dies with no surviving spouse, surviving children under age eighteen receive monthly benefits of 15% of the member's final average compensation up to a maximum of 60% of final average compensation if there are more than four children. If a member is eligible for normal retirement at the time of death, the surviving spouse receives an automatic option 2 benefit; the additional benefit payable to children is the same as those available for members who die in the line of duty. In lieu of receiving option 2 benefits, the surviving spouse may receive a refund of the member's accumulated contributions. Benefits payable to surviving children are extended through age twenty-two, if the child is a full time student in good standing enrolled at a board approved or accredited school, college, or university.

Back-DROP – In lieu of receiving a service retirement allowance any member of the fund who has more than sufficient service for a regular service retirement may elect to receive a “Back-DROP” benefit. The Back-DROP benefit is based upon the Back-DROP period selected and the final average compensation prior to the period selected. The Back-DROP period is the lesser of three years or the service accrued between the time a member first becomes eligible for retirement and his actual date of retirement. Members who have thirty or more years of service may elect a Back-DROP period not to exceed the lesser of forty-eight months or the number of months of creditable service accrued after the member first became eligible for regular retirement. At retirement the member’s maximum monthly retirement benefit is based upon his service, final average compensation, and plan provisions in effect on the last day of creditable service immediately prior to the commencement of the Back-DROP period. In addition to the monthly benefit at retirement, the member receives a lump-sum payment equal to the maximum monthly benefit as calculated above multiplied by the number of months in the Back-DROP period. In addition, the member’s Back-DROP account is credited with employee contributions received by the retirement fund during the Back-DROP period. Any DROP or Back-DROP balances left on deposit are managed by a third party, fixed income investment manager. Participants have the option to opt out of this program and take a distribution, if eligible, or to rollover the assets to another qualified plan.

COST OF LIVING INCREASES - The board of trustees is authorized to grant retired members and widows of members who have retired an annual cost of living increase of between 2% and 3% of their current benefit, (not less than twenty dollars per month). When such a cost of living increase is granted in any fiscal year, no such cost-of-living increase may be granted in the immediately following fiscal year. Members retiring on or after July 1, 2007, who have not attained the age of sixty years, may not receive this cost-of-living increase until they have been retired for three years. Those who have attained the age of sixty years may not receive this cost-of-living increase until they have been retired for one year. Different waiting periods applied to retirements prior to July 1, 2007. In addition, the board may grant retired members and widows who are sixty-five years of age and older a 2% increase in their original benefit (or the benefit being received on October 1, 1977 if retirement had commenced prior to that date). In order for the board to grant either of these increases the system must meet certain criteria in the statutes related to funding status and interest earnings. In lieu of these cost of living adjustments the board may also grant an increase in the form of “ $X \times (A+B)$ ” where “X” is any amount up to \$1 per month and “A” is equal to 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 June thirtieth of the initial year of such increase. The board may only grant such COLA’s in years in which the fund meets certain funding and investment earnings targets.

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.

| Factor | Increase in Factor Results in |
|--------------------------------|-------------------------------|
| 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 |

ACTUARIAL COST METHOD: Frozen Attained Age Normal actuarial cost method with allocation based on earnings. The frozen actuarial accrued liabilities were calculated on the projected unit credit cost method.

VALUATION INTEREST RATE: 8%

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.

ANNUAL SALARY INCREASE RATE: 6% (3.25% Inflation; 2.75% Merit)

ACTIVE MEMBER MORTALITY: RP 2000 Employee Table set back 1 year for males and females

ANNUITANT AND BENEFICIARY MORTALITY: RP 2000 Healthy Annuitant Table set back 1 year for males and females

Back-DROP: Members eligible for Back-DROP are assumed to take the benefit with the greatest present value.

RETIREE COST OF LIVING INCREASES: 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. These rates apply only to those individuals eligible to retire. Retirement rates for members who have completed DROP participation and are currently active are 0.3.

RETIREMENT LIMITATIONS: Projected retirement benefits are not subjected to IRS Section 415 limits.

RATES OF WITHDRAWAL: The rates of withdrawal are applied based upon completed years of service according to the following table:

| Service | Factor | Service | Factor |
|---------|--------|---------|--------|
| <1 | 0.260 | 15 | 0.025 |
| 1 | 0.170 | 16 | 0.025 |
| 2 | 0.130 | 17 | 0.025 |
| 3 | 0.120 | 18 | 0.025 |
| 4 | 0.100 | 19 | 0.015 |
| 5 | 0.080 | 20 | 0.015 |
| 6 | 0.070 | 21 | 0.015 |
| 7 | 0.070 | 22 | 0.015 |
| 8 | 0.060 | 23 | 0.015 |
| 9 | 0.040 | 24 | 0.015 |
| 10 | 0.040 | 25 | 0.015 |
| 11 | 0.040 | 26 | 0.015 |
| 12 | 0.040 | 27 | 0.015 |
| 13 | 0.025 | 28 | 0.015 |
| 14 | 0.025 | 29 | 0.015 |

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

MARRIAGE STATISTICS: 85% of the members are assumed to be married; husbands are assumed to be three years older than wives.

FAMILY STATISTICS: Assumptions utilized in determining the costs of various survivor benefits as listed below, are derived from the information provided in the 2000 U. S. Census:

| <u>Member's Age</u> | <u>% With Children</u> | <u>Number of Children</u> | <u>Average Age</u> |
|---------------------|------------------------|---------------------------|--------------------|
| 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

SERVICE RELATED DEATHS: 15% of total deaths

RATES OF DISABILITY: 15% of the disability rates used for the 21st valuation of the Railroad Retirement System for individuals with 10 – 19 years of service.

PARTIAL DISABILITIES: 20% of Total Disabilities

SERVICE RELATED DISABILITIES: 20% of Total Disabilities

VESTING ELECTING PERCENTAGE: 60% of those members under age 50 who are terminated vested elect deferred benefits in lieu of contribution refunds. 80% of those who are at least age 50 who are terminated vested elect deferred benefits in lieu of contribution refunds.

ACTUARIAL TABLES AND RATES

| Age | Male Employee Mortality | Female Employee Mortality | Male Retiree Mortality | Female Retiree Mortality | Retirement Rates | Disability Rates |
|-----|-------------------------------|---------------------------------|------------------------------|--------------------------------|---------------------|---------------------|
| 18 | 0.00030 | 0.00018 | 0.00030 | 0.00018 | 0.00000 | 0.00023 |
| 19 | 0.00032 | 0.00019 | 0.00032 | 0.00019 | 0.00000 | 0.00023 |
| 20 | 0.00033 | 0.00019 | 0.00033 | 0.00019 | 0.00000 | 0.00023 |
| 21 | 0.00035 | 0.00019 | 0.00035 | 0.00019 | 0.00000 | 0.00023 |
| 22 | 0.00036 | 0.00019 | 0.00036 | 0.00019 | 0.00000 | 0.00023 |
| 23 | 0.00037 | 0.00019 | 0.00037 | 0.00019 | 0.00000 | 0.00023 |
| 24 | 0.00037 | 0.00020 | 0.00037 | 0.00020 | 0.00000 | 0.00023 |
| 25 | 0.00038 | 0.00020 | 0.00038 | 0.00020 | 0.00000 | 0.00023 |
| 26 | 0.00038 | 0.00021 | 0.00038 | 0.00021 | 0.00000 | 0.00023 |
| 27 | 0.00038 | 0.00021 | 0.00038 | 0.00021 | 0.00000 | 0.00023 |
| 28 | 0.00038 | 0.00022 | 0.00038 | 0.00022 | 0.00000 | 0.00023 |
| 29 | 0.00039 | 0.00024 | 0.00039 | 0.00024 | 0.00000 | 0.00023 |
| 30 | 0.00041 | 0.00025 | 0.00041 | 0.00025 | 0.00000 | 0.00023 |
| 31 | 0.00044 | 0.00026 | 0.00044 | 0.00026 | 0.00000 | 0.00023 |
| 32 | 0.00050 | 0.00031 | 0.00050 | 0.00031 | 0.00000 | 0.00023 |
| 33 | 0.00056 | 0.00035 | 0.00056 | 0.00035 | 0.00000 | 0.00023 |
| 34 | 0.00063 | 0.00039 | 0.00063 | 0.00039 | 0.00000 | 0.00023 |
| 35 | 0.00070 | 0.00044 | 0.00070 | 0.00044 | 0.00000 | 0.00025 |
| 36 | 0.00077 | 0.00047 | 0.00077 | 0.00047 | 0.00000 | 0.00029 |
| 37 | 0.00084 | 0.00051 | 0.00084 | 0.00051 | 0.00000 | 0.00031 |
| 38 | 0.00090 | 0.00055 | 0.00090 | 0.00055 | 0.00000 | 0.00036 |
| 39 | 0.00096 | 0.00060 | 0.00096 | 0.00060 | 0.00000 | 0.00041 |
| 40 | 0.00102 | 0.00065 | 0.00102 | 0.00065 | 0.00000 | 0.00047 |
| 41 | 0.00108 | 0.00071 | 0.00108 | 0.00071 | 0.00000 | 0.00053 |
| 42 | 0.00114 | 0.00077 | 0.00114 | 0.00077 | 0.00000 | 0.00058 |
| 43 | 0.00122 | 0.00085 | 0.00122 | 0.00085 | 0.00000 | 0.00066 |
| 44 | 0.00130 | 0.00094 | 0.00130 | 0.00094 | 0.00000 | 0.00075 |
| 45 | 0.00140 | 0.00103 | 0.00140 | 0.00103 | 0.00000 | 0.00086 |
| 46 | 0.00151 | 0.00112 | 0.00151 | 0.00112 | 0.15000 | 0.00098 |
| 47 | 0.00162 | 0.00122 | 0.00162 | 0.00122 | 0.15000 | 0.00110 |
| 48 | 0.00173 | 0.00133 | 0.00173 | 0.00133 | 0.15000 | 0.00125 |
| 49 | 0.00186 | 0.00143 | 0.00186 | 0.00143 | 0.15000 | 0.00141 |
| 50 | 0.00200 | 0.00155 | 0.00200 | 0.00155 | 0.07000 | 0.00161 |
| 51 | 0.00214 | 0.00168 | 0.00535 | 0.00234 | 0.07000 | 0.00183 |
| 52 | 0.00229 | 0.00181 | 0.00553 | 0.00246 | 0.07000 | 0.00207 |
| 53 | 0.00245 | 0.00197 | 0.00564 | 0.00265 | 0.07000 | 0.00236 |
| 54 | 0.00262 | 0.00213 | 0.00572 | 0.00290 | 0.07000 | 0.00267 |
| 55 | 0.00281 | 0.00232 | 0.00580 | 0.00319 | 0.15000 | 0.00303 |
| 56 | 0.00303 | 0.00253 | 0.00590 | 0.00353 | 0.15000 | 0.00345 |
| 57 | 0.00331 | 0.00276 | 0.00612 | 0.00393 | 0.15000 | 0.00392 |
| 58 | 0.00363 | 0.00301 | 0.00644 | 0.00438 | 0.15000 | 0.00444 |
| 59 | 0.00400 | 0.00329 | 0.00690 | 0.00492 | 0.15000 | 0.00505 |
| 60 | 0.00441 | 0.00360 | 0.00749 | 0.00553 | 0.15000 | 0.00732 |
| 61 | 0.00488 | 0.00393 | 0.00820 | 0.00620 | 0.15000 | 0.00732 |
| 62 | 0.00538 | 0.00429 | 0.00900 | 0.00692 | 0.15000 | 0.00732 |
| 63 | 0.00592 | 0.00466 | 0.00991 | 0.00769 | 0.15000 | 0.00732 |
| 64 | 0.00647 | 0.00504 | 0.01095 | 0.00851 | 0.15000 | 0.00732 |
| 65 | 0.00703 | 0.00543 | 0.01212 | 0.00939 | 0.24000 | 0.00732 |

PRIOR YEAR'S ACTUARIAL ASSUMPTIONS

ANNUITANT MORTALITY: 1983 Group Annuity Basic Mortality Table
(Female mortality equal to male mortality set
back six years)

RATES OF DISABILITY: 20% of the disability rates used for the 21st
valuation of the Railroad Retirement System
for individuals with 10 – 19 years of service.

Note: All assumptions not listed above, or changed within the published table of rates, remained unchanged

PRIOR YEAR - ACTUARIAL TABLES AND RATES

| Age | Mortality Rates | Retirement Rates | Disability Rates |
|-----|-----------------|------------------|------------------|
| 18 | 0.00039 | 0.00000 | 0.00030 |
| 19 | 0.00040 | 0.00000 | 0.00030 |
| 20 | 0.00042 | 0.00000 | 0.00030 |
| 21 | 0.00043 | 0.00000 | 0.00030 |
| 22 | 0.00045 | 0.00000 | 0.00030 |
| 23 | 0.00047 | 0.00000 | 0.00030 |
| 24 | 0.00049 | 0.00000 | 0.00030 |
| 25 | 0.00052 | 0.00000 | 0.00030 |
| 26 | 0.00054 | 0.00000 | 0.00030 |
| 27 | 0.00057 | 0.00000 | 0.00030 |
| 28 | 0.00060 | 0.00000 | 0.00030 |
| 29 | 0.00064 | 0.00000 | 0.00030 |
| 30 | 0.00067 | 0.00000 | 0.00030 |
| 31 | 0.00072 | 0.00000 | 0.00030 |
| 32 | 0.00076 | 0.00000 | 0.00030 |
| 33 | 0.00081 | 0.00000 | 0.00030 |
| 34 | 0.00087 | 0.00000 | 0.00030 |
| 35 | 0.00095 | 0.00000 | 0.00034 |
| 36 | 0.00101 | 0.00000 | 0.00038 |
| 37 | 0.00107 | 0.00000 | 0.00042 |
| 38 | 0.00115 | 0.00000 | 0.00048 |
| 39 | 0.00125 | 0.00000 | 0.00054 |
| 40 | 0.00138 | 0.00000 | 0.00062 |
| 41 | 0.00152 | 0.00000 | 0.00070 |
| 42 | 0.00170 | 0.00000 | 0.00078 |
| 43 | 0.00191 | 0.00000 | 0.00088 |
| 44 | 0.00215 | 0.00000 | 0.00100 |
| 45 | 0.00243 | 0.00000 | 0.00114 |
| 46 | 0.00275 | 0.16000 | 0.00130 |
| 47 | 0.00310 | 0.16000 | 0.00146 |
| 48 | 0.00349 | 0.16000 | 0.00166 |
| 49 | 0.00390 | 0.16000 | 0.00188 |
| 50 | 0.00434 | 0.07000 | 0.00214 |
| 51 | 0.00480 | 0.07000 | 0.00244 |
| 52 | 0.00528 | 0.07000 | 0.00276 |
| 53 | 0.00578 | 0.07000 | 0.00314 |
| 54 | 0.00629 | 0.07000 | 0.00356 |
| 55 | 0.00681 | 0.16000 | 0.00404 |
| 56 | 0.00735 | 0.16000 | 0.00460 |
| 57 | 0.00793 | 0.16000 | 0.00522 |
| 58 | 0.00858 | 0.16000 | 0.00592 |
| 59 | 0.00932 | 0.16000 | 0.00674 |
| 60 | 0.01018 | 0.16000 | 0.00976 |
| 61 | 0.01118 | 0.16000 | 0.00976 |
| 62 | 0.01237 | 0.16000 | 0.00976 |
| 63 | 0.01377 | 0.16000 | 0.00976 |
| 64 | 0.01541 | 0.16000 | 0.00976 |
| 65 | 0.01732 | 0.26000 | 0.00976 |

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