

The logo for nyhart, featuring the lowercase letters 'nyhart' in a white, sans-serif font on a black rectangular background.

**EMPLOYEES' RETIREMENT SYSTEM  
OF THE CITY OF BATON ROUGE  
AND PARISH OF EAST BATON ROUGE**

**2013 Actuarial Report**

**EMPLOYEES' RETIREMENT SYSTEM  
OF THE CITY OF BATON ROUGE  
AND PARISH OF EAST BATON ROUGE**

**2013 Actuarial Report**

**For The  
January 1, 2014  
through  
December 31, 2014  
Fiscal Year**

**Prepared By:**

**THE NYHART COMPANY, INC.  
2000 RiverEdge Parkway/ Suite 540  
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**May 17, 2013**



May 17, 2013

(Via e-mail)

Board of Trustees  
Employees' Retirement System  
City of Baton Rouge and  
Parish of East Baton Rouge  
209 St. Ferdinand Street  
Baton Rouge, Louisiana 70821

Attention: Mr. Jeffrey R. Yates

2013 Actuarial Report

Dear Board Members:

Enclosed is our report on the January 1, 2013 actuarial valuation of the Employees' Retirement System for the City of Baton Rouge and Parish of East Baton Rouge, applicable to the 2014 fiscal year.

The 13.3% net investment return on market value in 2012 produced a 5.5% rate of return on the actuarial value of assets and increased market value from approximately 86% of actuarial asset value to 92%. The City/Parish contribution increased from 26.89% to 27.23%.

The report is based upon our understanding of the terms of Ordinance No. 10779 and the changes to the actuarial assumptions and methods recommended in the 2004-2008 Experience Study and adopted by the Board, effective with the January 1, 2011 actuarial valuation.

Respectfully submitted,

**THE NYHART COMPANY, INC.**

Randall L. Stanley, FSA, FCA, MAAA, EA  
Actuary

Frans Christ, FSA, MAAA, EA  
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Enclosures (25)

**EMPLOYEES' RETIREMENT SYSTEM  
OF THE CITY OF BATON ROUGE  
AND PARISH OF EAST BATON ROUGE**

2013 ACTUARIAL REPORT

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**EMPLOYEES' RETIREMENT SYSTEM  
OF THE CITY OF BATON ROUGE  
AND PARISH OF EAST BATON ROUGE**

Comparative Summary of Principal Valuation Results

		Actuarial Valuation Prepared as of	
		<u>1/1/2013</u>	<u>1/1/2012</u>
A.	<u>Participant Data</u> (Ex. 6)		
	Active Members	3,226	3,245
	Total Annual Payroll	\$137,426,654	\$136,781,288
	Retired Members and Beneficiaries	2,869	2,787
	Total Annualized Benefits	\$63,410,451	\$60,203,079
	Drop Members	304	304
	Total Annualized Benefits	\$12,148,486	\$12,228,411
	Disabled Members	189	183
	Total Annualized Benefits	\$2,745,000	\$2,655,769
	Terminated Vested Members	39	43
	Total Annualized Benefits	\$502,188	\$553,925
B.	<u>Assets</u>	-\$-	-\$-
	Actuarial Value (Ex. 5)	1,041,229,857	1,027,953,907
	Market Value (Ex. 3)	960,010,682	887,029,701
C.	<u>Liabilities</u>		
	Present Value of Benefits (Ex. 1)	1,612,222,378	1,586,661,463
	Entry Age Actuarial Accrued Liability (Ex. 1)		
	Active Members - Retirement	459,850,095	461,532,173
	Disability	7,462,298	7,677,506
	Death	5,251,841	4,476,771
	Vesting	<u>7,783,991</u>	<u>7,193,573</u>
	Total	480,348,225	480,880,023
	Inactive Members - Retired and Beneficiaries	608,399,833	581,373,072
	DROPs	311,493,376	314,205,089
	RBA Benefits	10,446,000	10,446,000
	Disabled	27,884,501	27,767,473
	Terminated Vested	<u>8,237,527</u>	<u>8,546,519</u>
	Total	966,461,237	942,338,153
	Total Actuarial Accrued Liability	<u>1,446,809,462</u>	<u>1,423,218,176</u>
	Unfunded Actuarial Accrued Liability	405,579,605	395,264,269

**EMPLOYEES' RETIREMENT SYSTEM  
OF THE CITY OF BATON ROUGE  
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Comparative Summary of Principal Valuation Results  
(Continued)

	Actuarial Valuation	
	Prepared as of	
	<u>1/1/2013</u>	<u>1/1/2012</u>
	-\$-	-\$-
<b>D. <u>Disclosure Information</u></b>		
Entry Age Actuarial Accrued Liability (GASB25)		
Inactive Members and Beneficiaries	966,461,237	942,338,153
Active Members	<u>480,348,225</u>	<u>480,880,023</u>
Total	1,446,809,462	1,423,218,176
GASB 25 Expense (Ex. 10)	37,417,818	36,777,168
As % of Payroll	27.23%	26.89%
<b>E. <u>Actuarial Present Value of Accrued Benefits</u> (Exhibit 9)</b>		
Vested Accrued Benefits		
Inactive Members and Beneficiaries	654,967,861	628,133,064
Active Members, DROP	<u>617,207,362</u>	<u>638,100,177</u>
Total	1,272,175,223	1,266,233,241
Non-Vested Accrued Benefits	<u>57,565,536</u>	<u>36,044,950</u>
Total	1,329,740,759	1,302,278,191
<b>F. <u>Employer Pension Cost</u> (Exhibit 10)</b>		
Normal Cost plus Expense, adjusted for timing	11,696,575	11,710,108
Payment to Amortize Unfunded Liability	25,721,243	25,067,060
<b>G. <u>Sources of Contributions</u></b>		
Expected Plan Sponsor Contribution	37,417,818	36,777,168
As % of Payroll	27.23%	26.89%
Expected Member Contribution	13,055,532	12,994,222
As % of Payroll	9.50%	9.50%

**EMPLOYEES' RETIREMENT SYSTEM  
OF THE CITY OF BATON ROUGE  
AND PARISH OF EAST BATON ROUGE**

REVIEW OF COSTS

Background and Scope

This is the 2013 actuarial report for the Employees' Retirement System of the City of Baton Rouge and Parish of East Baton Rouge. This report is intended to reflect the provisions and requirements of Ordinance No. 10779. This is the twentieth annual actuarial valuation report prepared by The Nyhart Company, previously Stanley, Holcombe & Associates, Inc.

This report is to be used for determining City/Parish funding for the 2014 fiscal year.

The results are intended to provide a measure of funding adequacy, quantification of the impact of actual experience (as compared to the assumptions), and a basis for future refinements in methods and assumptions.

**EMPLOYEES' RETIREMENT SYSTEM  
OF THE CITY OF BATON ROUGE  
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Cost Calculation Results

Cost Calculation Results

The results of the 2013 cost calculations are summarized in Exhibit 1 and compared to those for 2012. The 2013 results reflect the System's experience in 2012.

These results compare to those previously reported, as follows:

	Year	<u>Contribution Rates</u>	
		City/Parish %	Member %
2013 Report	2014	27.23	9.50
2012 Report	2013	26.89	9.50
2011 Report	2012	25.71	9.50
2010 Report (revised assumptions, cost method)	2011	24.90	9.50
2010 Report (prior assumptions, cost method)	2011	24.38	9.50
2009 Report	2010	22.17	9.50
2008 Report	2009	18.56	9.50
2007 Report	2008	18.68	9.50
2006 Report	2007	19.15	9.50
2005 Report	2006	18.88	9.50
2004 Report (revised assumptions)	2005	18.93	9.47
2004 Report (prior assumptions)	2005	20.14	8.51
2003 Report (8.51% member rate)	2004	17.03	8.51
2003 Report (8.0% member rate)	2004	17.46	8.00
2002 Report (revised asset method)	2003	14.82	8.00
2002 Report (prior asset method)	2003	10.10	8.00
2001 Report	2002	13.63	8.00
2000 Report (revised assumptions):	2001	12.89	8.00
2000 Report (prior assumptions):	2001	11.33	8.00
2000 Report (prior assumptions, before Police transfer):	2001	17.32	9.50
1999 Report	2000	16.13	9.50
1998 Report	1999	19.13	9.50
1997 Report	1998	23.08	9.50
1996 Report	1997	23.00	9.50

As will be noted, the City contribution requirement is increased from 26.89% to 27.23%. The member rate was 9.50% for 2012 and is 9.50% for 2013.



**EMPLOYEES' RETIREMENT SYSTEM  
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Experience Review

The following table quantifies the effects of each component of experience in 2012, based on the latest assumptions and method changes adopted by the Board as a result of the 2004-2008 Experience Study.

Table 1 - 2012 Gain/Loss Analysis

	<u>No. Active</u>	<u>Total Payroll</u>	<u>Unfunded Actuarial Liability</u>	<u>Employer Contribution</u>	
		-\$-	-\$-	-\$-	-%-
2012 - Actual	3,245	136,781,288	395,264,269	36,777,168	26.89
2013 - Expected (for Continuing Members)	2,832	124,039,302	394,947,094	36,635,356	29.54
<u>Elements of Experience</u>					
Investment Return			+20,304,794	+1,385,020	+1.00
Salary Increases		-786,824	-3,017,967	-229,519	-0.01
Retirements, DROP	+81	+4,851,570	-3,351,339	-156,209	-1.24
Mortality	+8	+44,796	+3,643,276	+224,933	+0.17
Disability	-6	-118,195	-148,348	-1,840	+0.02
Turnover	-44	-1,073,669	-571,654	-53,735	+0.20
New Members	+357	+10,558,795	+2,204,660	+167,716	-2.06
Transfers, Data, Other	-3	-111,485	-3,124,006	-283,015	-0.19
Valuation Software Change	+1	+22,364	-5,306,905	-270,889	-0.20
Total	<u>+394</u>	<u>+13,387,352</u>	<u>+10,632,511</u>	<u>+782,462</u>	<u>-2.31</u>
2013 Actual	<u>3,226</u>	<u>137,426,654</u>	<u>405,579,605</u>	<u>37,417,818</u>	<u>27.23</u>

The expected 2013 components reflects a primary objective of the actuarial cost method, under which normal costs are a level percentage of payroll, and the unfunded liability is amortized over 30 years, increasing by 2.5% annually, if the aggregate experience of the Retirement System is the same as that predicted by the actuarial assumptions. This means that the expected 2013 Normal Cost is 9.3% of expected payroll, and the expected 2013 City/Parish contribution is \$36,635,356.

**EMPLOYEES' RETIREMENT SYSTEM  
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Each element of experience can be expected to produce deviations from the expected results in any year. The quantification for each element determines how "explicitly" realistic each assumption is. However, to the extent that gains and losses are offsetting, and the resultant percentages of payrolls are stable, the actuarial assumption basis in total may be considered to have fulfilled its primary objective. This measurement, in the aggregate, determines whether the assumption basis is "implicitly" realistic.

**Investment Return:**

The investment return on Plan assets (actuarial asset value) resulted in an increase of \$20.3 million in the unfunded actuarial liability. By comparison, 2011 investment experience increased the unfunded liability by \$35.2 million.

Exhibit 5 shows the derivation of the actuarial value of assets. Based on the actuarial asset valuation method adopted January 1, 2002, 20% of the difference between market value and expected actuarial value is recognized. As shown in item II of Exhibit 5, the net result is a return of 5.48% on actuarial value of assets, which resulted in the \$20.3 million increase in the unfunded actuarial liability.

As reported in Exhibit 4, the rate of return on market value was 13.3%, net of investment-related expenses. The gross market value return was 13.9%.

Following the 2004-2008 Experience Study the investment return assumption was reduced from 7.75% to 7.5%.

**EMPLOYEES' RETIREMENT SYSTEM  
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**Salary Increases:** Compensation increases in 2012 were less than expected under the salary increase assumptions (3.50% plus longevity/merit schedule) which resulted in a \$3.0 million gain and a decrease in unfunded liability. This compares to a \$0.6 million loss in 2011. Please see the tables below for the most recent compensation experience. As a result of the 2004-2008 Experience Study, the salary scale assumption was reduced by 0.25% for 2011 and later.

Ratios of actual to expected compensation for members who were active at the beginning and end of 2012 compare to 2011, 2010 and 2009, the 2004-2008 average, the 1999-2003 average and the 1989-1998 average as follows:

Table 2 - Actual Versus Expected - Compensation Increases

	<u>Actual %</u>	<u>Expected %</u>	<u>2012 A/E</u>	<u>2011 A/E</u>	<u>2010 A/E</u>	<u>2009 A/E</u>	<u>2004-2008 A/E</u>	<u>1999-2003 A/E</u>	<u>1989-1998 A/E</u>
BREC	2.40%	4.40%	0.981	1.002	0.960	1.104	1.047	1.009	1.011
Regular	4.27%	4.40%	0.999	1.005	0.979	0.979	1.026	1.008	1.014
Fire	4.05%	5.52%	0.986	1.019	1.009	0.992	1.032	.993	1.015
Police	3.95%	4.73%	0.993	0.987	0.956	0.963	1.028	.989	1.021
ALL	4.02%	4.66%	0.994	1.007	0.983	0.993	1.029	1.000	1.012

The ratios above do not reflect the special 2001 increases for firefighters. For police, the ratios for 2000 and later are for those remaining in CPERS.

The impact on the entry age reserve, (gains) or losses, is as follows:

(Gains)/Losses – Compensation Increases

	<u>BREC</u>	<u>Regular</u>	<u>Fire</u>	<u>Police</u>	<u>Total</u>
	<u>-\$-</u>	<u>-\$-</u>	<u>-\$-</u>	<u>-\$-</u>	<u>-\$-</u>
2012	(665,917)	(1,155,658)	(1,129,656)	(66,736)	(3,017,967)
2011	(216,166)	(616,620)	1,734,221	(277,712)	623,723
2010	(1,119,267)	(5,547,930)	157,569	(577,922)	(7,087,550)
2009	2,542,260	(3,555,651)	(1,130,288)	(738,685)	(2,882,364)
2004-2008 (Avg.)	764,004	4,843,856	3,047,932	506,869	9,162,661
1999-2003 (Avg.)	26,222	(558,057)	1,522,814	(523,277)	467,702
1994-1998 (Avg.)	(146,363)	1,420,142	964,209	1,215,017	3,453,005
1989-1993 (Avg.)	74,372	488,717	239,224	522,501	1,324,814

**EMPLOYEES' RETIREMENT SYSTEM  
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**Turnover:** The turnover assumptions were modified as of January 1, 2005, as a result of the 1999-2003 Experience Study, by reducing the expected terminations for Regular and BREC employees in the first year of employment and increasing expected turnover in years 2 through 15. For fire and police, assumed turnover was reduced at most durations. No further modifications were made due to the 2004-2008 Experience Study.

The expected and actual turnover compare as follows:

Table 3 - Actual Versus Expected – Turnover

	<u>Actual</u>	<u>Expected</u>	<u>A/E Ratio</u>
2012	229	185.2	1.237
2011	312	209.5	1.489
2010	219	216.0	1.014
2009	211	221.3	0.953
 Average 2004-2008	 245	 201.8	 1.214
 Average 1999-2003	 238	 180.6	 1.318
 Average 1994-1998	 213	 166.0	 1.283
 Average 1989-1993	 161	 182.2	 0.884

The impact on the entry age reserve has been as follows:

(Gains)/Losses - Turnover

	<u>BREC</u>	<u>Regular</u>	<u>Fire</u>	<u>Police</u>	<u>Total</u>
	-\$-	-\$-	-\$-	-\$-	-\$-
2012	(2,370,880)	972,523	762,691	64,012	(571,654)
2011	(166,178)	(1,403,038)	(369,084)	59,734	(1,878,566)
2010	1,316,984	7,483,882	1,243,044	75,154	10,119,063
2009	1,011,971	7,682,655	1,093,102	95,279	9,883,007
2004-2008 (Avg.)	(109,947)	1,257,942	305,618	15,311	1,468,924
1999-2003 (Avg.)	(185,869)	(1,312,706)	446,098	(181,205)	1,233,682
1994-1998 (Avg.)	(169,591)	603,797	1,011,146	676,715	2,122,067
1989-1993 (Avg.)	27,370	1,431,236	1,493,472	1,998,581	4,950,659

**EMPLOYEES' RETIREMENT SYSTEM  
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**Retirements:** Expected and actual retirements compare as follows:

Table 4 - Actual Versus Expected – Retirements

	2012		2011		2010		2009	
	<u>Exp.</u>	<u>Act</u>	<u>Exp</u>	<u>Act</u>	<u>Exp</u>	<u>Act</u>	<u>Exp</u>	<u>Act</u>
BREC	11	10	14	9	14	7	8	2
Regular	158	91	144	70	135	78	120	72
Fire	29	19	23	6	20	7	19	20
Police	<u>6</u>	<u>3</u>	<u>4</u>	<u>0</u>	<u>10</u>	<u>8</u>	<u>7</u>	<u>3</u>
Total	204	123	185	85	179	100	154	97

	Average 2004-2008		Average 1999-2003		Average 1994-1998		Average 1989-1993	
	<u>Exp</u>	<u>Act</u>	<u>Exp</u>	<u>Act</u>	<u>Exp</u>	<u>Act</u>	<u>Exp</u>	<u>Act</u>
BREC	11.4	9.2	14.6	5.8	6.4	2.8	3.2	2.0
Regular	144.8	98.6	198.2	85.8	99.9	51.0	59.1	46.2
Fire	34.8	20.2	74.4	25.2	32.4	13.4	4.4	10.8
Police	<u>6.8</u>	<u>2.8</u>	<u>13.4</u>	<u>6.6</u>	<u>31.0</u>	<u>21.4</u>	<u>11.1</u>	<u>15.4</u>
Total	197.8	130.8	300.5	123.4	169.7	88.6	77.7	74.4

**EMPLOYEES' RETIREMENT SYSTEM  
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The retirement assumptions were changed as a result of the 1999-2003 Experience Study, resulting in the significant decrease in the number of expected retirements, as compared to the 1999-2003 average expectation in Table 4. No further changes were made due to the 2004-2008 Experience Study. The impact on the entry age reserve, due to different retirement incidence than expected and based on actual benefits, has been as follows:

(Gains)/Losses - Retirements

	<u>BREC</u>	<u>Regular</u>	<u>Fire</u>	<u>Police</u>	<u>Total</u>
	-\$-	-\$-	-\$-	-\$-	-\$-
2012	306,187	(2,689,656)	(60,747)	(907,123)	(3,351,339)
2011	(921,753)	(8,197,123)	(4,749,611)	(2,065,562)	(15,933,989)
2010	(1,613,490)	(15,390,921)	(7,888,870)	(2,093,145)	(26,986,427)
2009	(654,186)	(1,115,515)	(1,677,396)	(392,204)	(3,839,301)
2004-2008 (Avg.)	(41,734)	1,164,127	(529,040)	(22,469)	570,884
1999-2003 (Avg.)	(95,408)	(440,539)	(468,895)	(197,938)	(1,202,780)
1994-1998 (Avg.)	3,548	598,673	(168,784)	(500,753)	(67,316)
1989-1993 (Avg.)	117,941	2,656,800	816,877	1,072,104	4,663,722

In general, fewer retirements than expected should produce a liability gain (reduction). Due to the current economic environment, there were significantly fewer retirements than expected in each group for the past three years.

**EMPLOYEES' RETIREMENT SYSTEM  
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**Mortality:** Expected and actual mortality compare as follows:

Table 5 - Actual Versus Expected - Mortality

	<u>2012</u>		<u>2011</u>		<u>2010</u>		<u>2009</u>	
	<u>Exp</u>	<u>Act</u>	<u>Exp</u>	<u>Act</u>	<u>Exp</u>	<u>Act</u>	<u>Exp</u>	<u>Act</u>
Actives	7.8	7	7.9	9	7.9	6	8	2
Retirees/ Beneficiaries	94.7	85	91.0	82	87.6	85	83	89
Disabled	3.0	6	2.6	1	2.4	7	3	7
Deferred	<u>0.2</u>	<u>0</u>	<u>0.2</u>	<u>0</u>	<u>0.2</u>	<u>0</u>	<u>0</u>	<u>0</u>
Totals	105.7	98	101.7	92	98.1	98	94	98

	<u>2004-2008</u>		<u>1999-2003</u>		<u>1989-1998</u>	
	<u>Exp</u>	<u>Act</u>	<u>Exp</u>	<u>Act</u>	<u>Exp</u>	<u>Act</u>
Actives	35	38	40.7	18	74.8	50
Retirees/ Beneficiaries	375	362	256.5	282	321.6	370
Disabled	9	26	9.9	33	21.8	51
Deferred	<u>0</u>	<u>2</u>	<u>0.6</u>	<u>0</u>	<u>1.8</u>	<u>6</u>
Totals	419	428	30.7	333	420.7	477

**EMPLOYEES' RETIREMENT SYSTEM  
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**Disability:** Expected and actual disabilities compare as follows:

Table 6 - Actual Versus Expected - Disability

	<u>2012</u>		<u>2011</u>		<u>2010</u>		<u>2009</u>	
	<u>Exp</u>	<u>Act</u>	<u>Exp</u>	<u>Act</u>	<u>Exp</u>	<u>Act</u>	<u>Exp</u>	<u>Act</u>
BREC	0.9	1	1.0	0	0.9	1	1	0
Regular	5.4	13	5.8	12	6.1	13	6	7
Fire	1.3	0	1.3	0	1.2	2	1	0
Police	<u>0.1</u>	<u>0</u>	<u>0.1</u>	<u>0</u>	<u>0.1</u>	<u>0</u>	<u>0</u>	<u>0</u>
Totals	7.7	14	8.2	12	8.3	16	8	7

	<u>2004-2008</u>		<u>1999-2003</u>		<u>1989-1998</u>	
	<u>Exp</u>	<u>Act</u>	<u>Exp</u>	<u>Act</u>	<u>Exp</u>	<u>Act</u>
BREC	5	1	1.9	2	3.0	3
Regular	30	27	23.9	44	37.8	53
Fire	5	2	3.8	8	4.7	13
Police	<u>0</u>	<u>0</u>	<u>1.3</u>	<u>2</u>	<u>6.9</u>	<u>14</u>
Totals	40	30	30.9	56	52.4	83

**Other Differences:** Miscellaneous changes decreased the Unfunded Liability by \$3,124,006, resulting in a net decrease of \$283,015 in the contribution.

**Valuation Software Change:** The valuation software was changed, which decreased the Unfunded Accrued Liability by \$5.3 million and decreased the annual contribution by \$270,889.

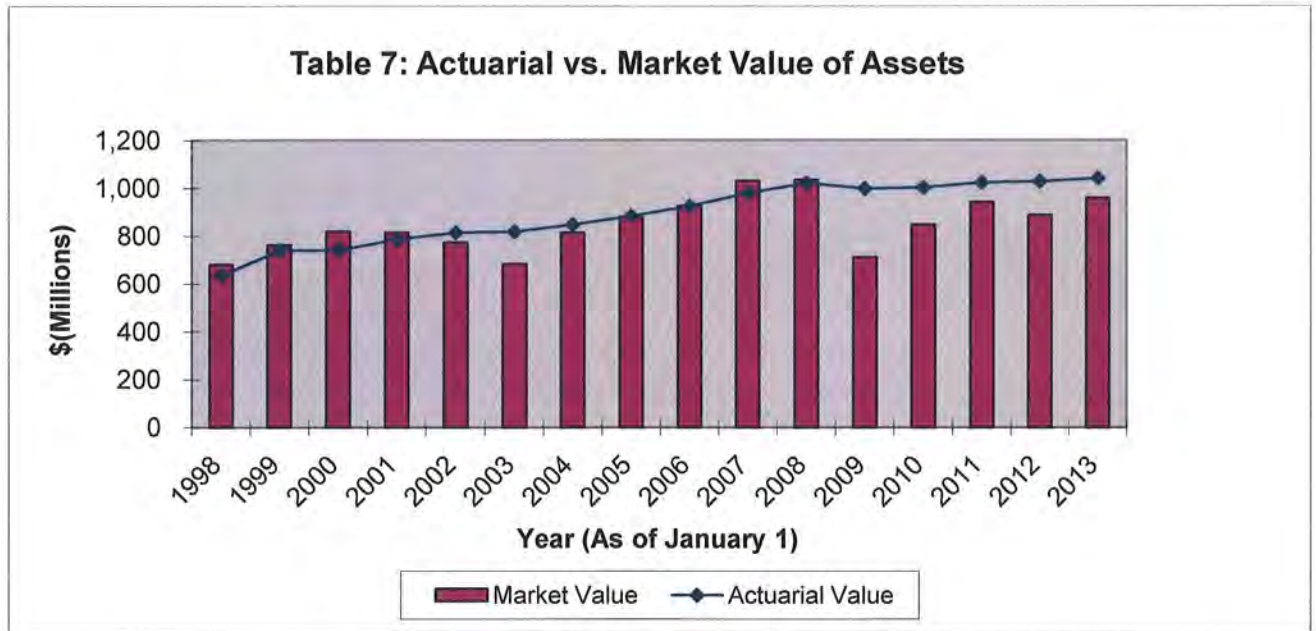


**EMPLOYEES' RETIREMENT SYSTEM  
OF THE CITY OF BATON ROUGE  
AND PARISH OF EAST BATON ROUGE**

Plan Assets

Exhibits 2 and 4 summarize the asset transactions and investment results during the year. The net rate of return on mean market value for the period ending December 31, 2012 was 13.3%.

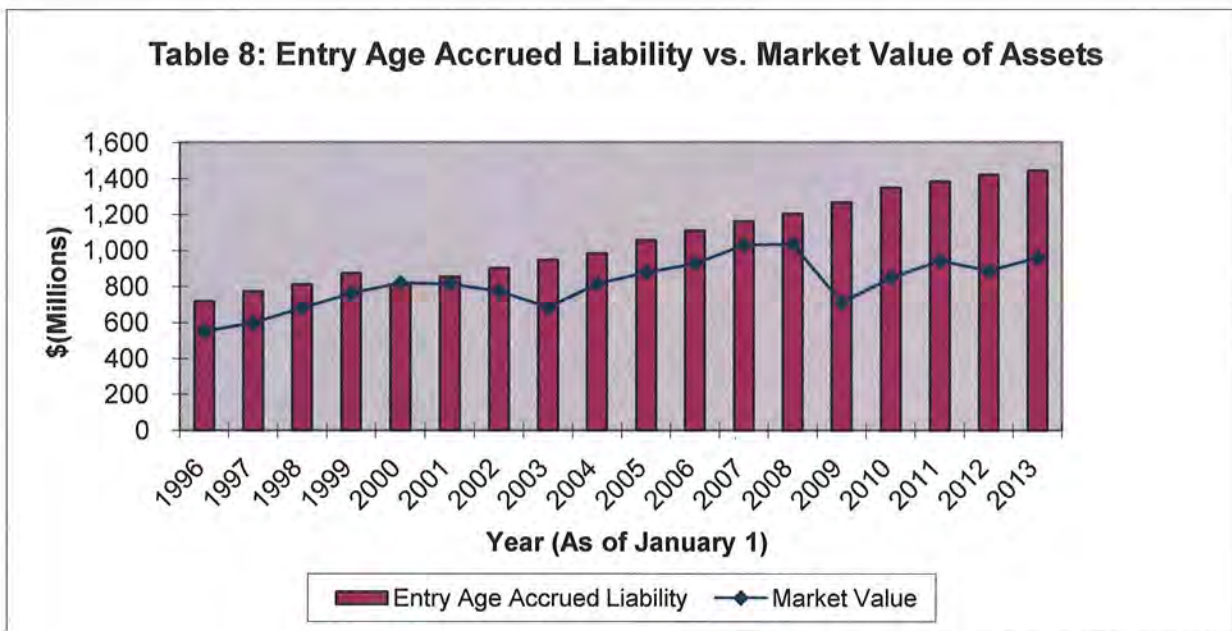
The actuarial asset valuation method (Exhibit 5) involves the determination of Expected Value, based on the actuarial asset value at the beginning of the year. The difference between the Expected Value and the Market Value is then reflected at the rate of 20%/year. As of December 31, 2012, this resulted in an actuarial asset value of \$1,041 million, which is \$81 million more than market value. The rate of return on the actuarial value of assets during 2012 was 5.48%, as compared to the 7.5% assumption (Exhibit 5). Table 7 displays an historical comparison of actuarial asset and market values.



**EMPLOYEES' RETIREMENT SYSTEM  
OF THE CITY OF BATON ROUGE  
AND PARISH OF EAST BATON ROUGE**

Funding Progress

Table 8 contains the result of the liability calculations as of December 31, 2012. The market value of assets on December 31, 2012 is \$960,010,682, as compared to the actuarial accrued liability of \$1,446,809,462 for a funded ratio of 66%. The funded ratio was 62% as of December 31, 2011.



Member Contributions

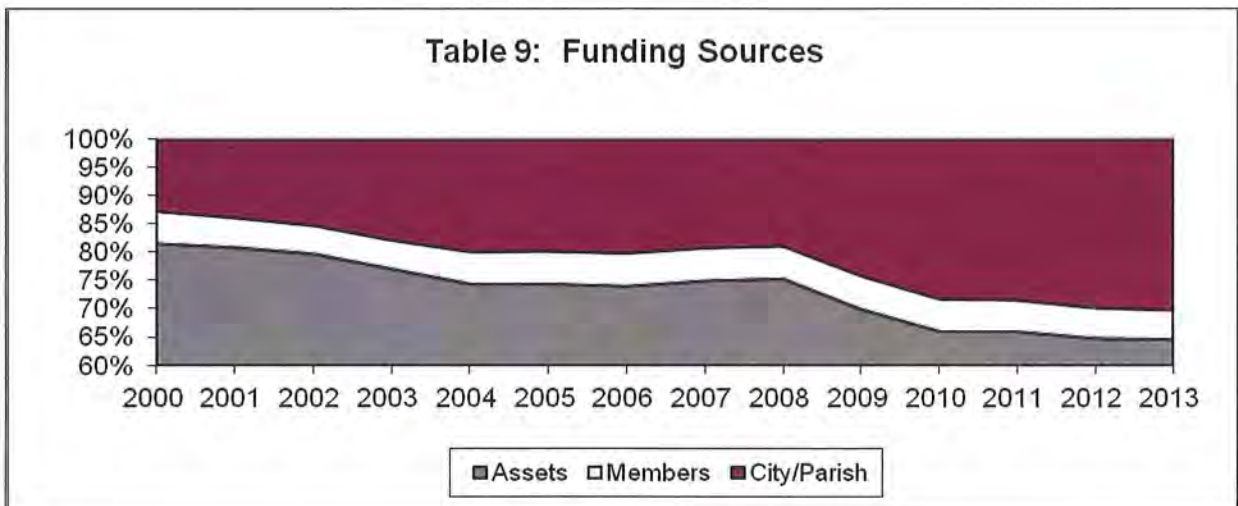
The calculation results in this report reflect no change in the member contribution rate. The rate for 2013 is 9.50%, the same as the rate in effect for 2012.

**EMPLOYEES' RETIREMENT SYSTEM  
OF THE CITY OF BATON ROUGE  
AND PARISH OF EAST BATON ROUGE**

Expected Ongoing Cost Levels

Retirement System Costs have increased over the last five years, mainly due to the 2008 asset experience. The market value is now 92% of the actuarial asset value, as compared to approximately 86% of actuarial asset value at January 1, 2012. This deficit is expected to continue to put some upward pressure on future contribution amounts.

As shown on page 4, the City/Parish contribution requirement for 2014 will be 27.23% of total active payroll, in conjunction with a Member contribution rate of 9.50%. Table 9 shows the historical sources of funding.



**EMPLOYEES' RETIREMENT SYSTEM  
OF THE CITY OF BATON ROUGE  
AND PARISH OF EAST BATON ROUGE**

**Expected Ongoing Cost Levels (continued)**

One component of the expected ongoing funding level is the normal cost contribution rate, either for the total active members or only for new members. These rates have been as follows:

Valuation	Total Actives			New Members		
	City	Member	Entry Age	City	Member	Entry Age
2013	8.51%	9.50%	34	12.09%	9.50%	37
2012	8.56%	9.50%	34	12.36%	9.50%	36
2011	8.83%	9.50%	34	10.56%	9.50%	37
2010	9.27%	9.50%	34	11.43%	9.50%	37
2009	8.64%	9.50%	34	10.98%	9.50%	35
2008	8.75%	9.50%	34	10.93%	9.50%	35
2007	8.72%	9.50%	34	11.11%	9.50%	36
2006	8.66%	9.50%	34	12.03%	9.50%	38
2005	8.59%	9.50%	34	10.00%	9.46%	35
2004	8.75%	8.51%	34	10.56%	8.51%	37
2003	8.66%	8%	33	10.30%	8%	35
2002	9.24%	8%	33	10.62%	8%	35

As of January 1, 1994 the average entry age for the total active group was 30.

Since the Normal Cost is the theoretical cost for current service, it is unaffected by past asset performance or funding policy.

The remaining component is the unfunded actuarial liability, which is the theoretical cost for past service, net of accumulated System assets.

The unfunded actuarial liability for the past thirteen years, and the adjusted unfunded liability (using market values of assets) have been as follows:

Valuation	Unfunded Liability	System Assets		Adjusted Unfunded Liability
		Market Value	Actuarial Value	
	\$	\$	\$	\$
2013	405,579,605	960,010,682	1,041,229,857	486,798,780
2012	395,264,269	887,029,701	1,027,953,907	536,188,475
2011	362,271,229	941,863,350	1,023,450,890	443,858,769
2010	347,695,469	848,628,273	1,002,378,598	501,445,794
2009	272,251,140	711,989,579	997,853,412	558,114,973
2008	186,072,416	1,035,391,227	1,020,575,797	171,256,986
2007	183,577,585	1,031,031,076	979,597,562	132,144,071
2006	186,176,892	926,869,870	924,904,837	184,211,859
2005	173,606,389	878,148,169	883,663,240	179,121,460
2004	138,444,270	814,138,814	847,227,425	171,532,881
2003	129,575,829	684,118,262	818,150,788	263,608,355
2002	88,843,491	772,353,218	813,977,773	130,468,046
2001	69,052,872	814,281,608	786,961,507	41,712,771

The City/Parish contribution rates necessary to cover only the interest costs are as follows:

Unfunded Actuarial Liability			Adjusted Unfunded Liability		
\$	7.5% Interest	% of Pay	\$	7.5% Interest	% of Pay
	\$	%		\$	%
405,579,605	25,721,243	18.7	486,798,780	30,872,040	22.5

Therefore, under the current assumptions, the ongoing City/Parish contribution can be expected to be approximately 9% for Normal Costs and a minimum of 19% for unfunded liability costs.

**EMPLOYEES' RETIREMENT SYSTEM  
OF THE CITY OF BATON ROUGE  
AND PARISH OF EAST BATON ROUGE**

Supplemental Benefit Payments

Ordinance Sec. 1:269.1. "Supplemental benefit payments," enacted November 25, 2003 provides for supplemental benefit payments, to be funded from the following sources:

- (i): Excess investment return on the Actuarial Asset Value, equal to 1/10 of the first 2% plus 1/20 of the excess over 2%, provided that the aggregate experience is an actuarial gain;
- (ii): The difference between the Retirement Benefit Adjustment payments made in July of each calendar year and the payments made in July, 2002.
- (iii): MERS contributions for 2006 and later years.

Exhibit 3, page 2 shows the SBP assets. As a result of unfavorable investment experience in 2012, the SBP assets include no transfer of excess return on the Actuarial Value of Assets. The transfer amount is calculated and compared to the current year's experience in Exhibit 5, page 2.

Governmental Accounting Standards Board

In November 1994 GASB issued Statement No. 25, Financial Reporting for Defined Benefit Pension Plans, and Statement No. 27, Accounting for Pensions by State and Local Governmental Employers. Statement No. 25 provides parameters for financial reporting and comparison of actual contributions to "actuarially required contributions." Statement No. 27 provides standards for the financial reports of the state and local governmental employers. Statement No. 25 was effective for periods beginning after June 15, 1996; Statement No. 27, for periods beginning after June 15, 1997.

The Statements do not directly impact funding, although they do require calculation of an "actuarially required contribution," or "ARC" and amortization of any deficiency or excess of actual contributions made in relation to the ARC.

The Board has previously adopted GASB25, retroactively to 1995. The amortization method recommended in the 1999-2003 Experience Study and adopted by the Board changed to utilize a level percent of payroll 30-year open amortization with a 2.50% payroll growth assumption. This approach is expected to result in an increasing balance for the first eight years of the amortization period.

Exhibit 10 shows the required disclosures.

**EMPLOYEES' RETIREMENT SYSTEM  
OF THE CITY OF BATON ROUGE  
AND PARISH OF EAST BATON ROUGE**

Application of GASB 67 and 68

The Governmental Accounting Standards Board (GASB) has issued Statement No. 67 to replace GASB Statement No. 25 ("Financial Reporting for Pension Plans") and Statement No. 68 to replace Statement No. 27 ("Financial Reporting for Pensions").

Statement No. 67 is effective for the 2014 fiscal year; Statement No. 68 is effective one year later.

Implementation guidelines are expected to be released prior to 2014.

In general, the new statements mandate:

- Blended discount rates to determine the actuarial liability;
- Use of the entry age normal cost method;
- Assets at market values;
- Balance sheet recognition of the unfunded liability;
- Immediate recognition of unfunded liability changes due to benefit changes for retirees; for active members, liability changes due to benefit changes be recognized over future working lifetimes.

As was the case for GASB 25 and GASB 27, the new standards are not meant to be used as a funding basis.

**EMPLOYEES' RETIREMENT SYSTEM  
OF THE CITY OF BATON ROUGE  
AND PARISH OF EAST BATON ROUGE**

Enrolled Actuary's Statement

This report has been prepared in accordance with standards established by the American Academy of Actuaries. To the best of our knowledge, it reflects the actuarial condition of the Employees' Retirement System of the City of Baton Rouge and Parish of East Baton Rouge as of January 1, 2013.

All costs and cost components are calculated on the basis of actuarial assumptions which reasonably reflect the experience of the Trust.

To the best of my knowledge, the actuarial valuation is complete and accurate, and in my opinion, the techniques and assumptions used are reasonable.

The Nyhart Company, Inc.



\_\_\_\_\_  
Randall L. Stanley, FSA, FCA, MAAA, EA  
Enrolled Actuary No. 11-602

5-17-2013  
Date



**EMPLOYEES' RETIREMENT SYSTEM  
OF THE CITY OF BATON ROUGE  
AND PARISH OF EAST BATON ROUGE**

City Contribution Results as of January 1, 2012 and 2013

	<u>2013</u>	<u>2012</u>
	-\$-	-\$-
I. <u>Determination of Unfunded Actuarial Accrued Liability</u>		
A. Entry Age Normal Actuarial Accrued Liability		
1. Active Members		
a. Retirement	459,850,095	461,532,173
b. Disability	7,462,298	7,677,506
c. Death	5,251,841	4,476,771
d. Turnover	<u>7,783,991</u>	<u>7,193,573</u>
e. Total	480,348,225	480,880,023
2. Retired Members and Beneficiaries		
a. Service Retirement & Beneficiaries	608,399,833	581,373,072
b. Disability Retirements	27,884,501	27,767,473
c. Terminated Vested Members	3,909,968	4,255,920
d. Leave Balances	4,327,559	4,290,599
e. DROP (Future Benefits)	137,810,909	138,229,782
f. DROP (Accounts)	173,682,467	175,975,307
g. RBA Benefits	<u>10,446,000</u>	<u>10,446,000</u>
h. Total	966,461,237	942,338,153
3. Total	1,446,809,462	1,423,218,176
B. Actuarial Asset Value	1,041,229,857	1,027,953,907
C. Unfunded Actuarial Accrued Liability (A)-(B)	405,579,605	395,264,269
D. Present Value of Benefits	1,612,222,378	1,586,661,463



**EMPLOYEES' RETIREMENT SYSTEM  
OF THE CITY OF BATON ROUGE  
AND PARISH OF EAST BATON ROUGE**

City Contribution Results as of January 1, 2012 and 2013

	<u>2013</u>	<u>2012</u>
	-\$-	-\$-
II. <u>Determination of Contribution Amount</u>		
A. Individual Entry Age Normal Cost		
1. Retirement	19,140,872	19,200,169
2. Disability	1,133,698	1,135,832
3. Death	471,675	518,190
4. Turnover	<u>897,752</u>	<u>871,867</u>
5. Subtotal	21,643,997	21,726,058
B. Administrative Expense Load	1,137,201	1,065,344
C. Amortization of UAAL	24,807,770	24,176,820
D. Interest on A5, B, and C to Reflect Mid-Year Payment	<u>1,752,324</u>	<u>1,729,467</u>
E. Total Contribution (A5+B+C+D)	49,341,292	48,697,689
F. Expected Member Contributions at 9.50%	<u>11,923,474</u>	<u>11,920,521</u>
G. Net Total City/Parish Contribution (E-F)	37,417,818	36,777,168
H. Total Payroll	137,426,654	136,781,288
I. City/Parish Contribution Rate (G)/(H)	27.23%	26.89%

**EMPLOYEES' RETIREMENT SYSTEM  
OF THE CITY OF BATON ROUGE  
AND PARISH OF EAST BATON ROUGE**

Contribution Calculation Results as of January 1, 2012 and 2013

	<u>2013</u> -\$-	<u>2012</u> -\$-
III. <u>Reconciliation of Unfunded Actuarial Accrued Liability</u>		
A. Unfunded Actuarial Accrued Liability as of January 1 of last year	395,264,269	362,271,229
B. Individual Entry Age Normal Cost for last year,	21,726,058	21,736,711
C. Interest at 7.5% on (A) and (B)	31,274,275	28,800,596
D. Net Contributions (net of administrative expenses)	51,390,369	47,957,631
E. Interest on (D)	1,927,139	3,596,822
F. Expected Unfunded Actuarial Accrued Liability as of December 31 of last year (A)+(B)+(C) – (D) – (E)	394,947,094	361,254,083
G. Experience (Gains)/Losses	15,939,416	34,010,186
H. Unfunded Actuarial Accrued Liability as of January 1	410,886,510	395,264,269
I. Valuation Software Change	(5,306,905)	N/A
J. Assumptions and Methods	<u>N/A</u>	<u>N/A</u>
K. Final Unfunded Actuarial Accrued Liability as of January 1	405,579,605	395,264,269

**EMPLOYEES' RETIREMENT SYSTEM  
OF THE CITY OF BATON ROUGE  
AND PARISH OF EAST BATON ROUGE**

Summary of Asset Transactions

	<u>2012*</u>	<u>2011*</u>
	-\$-	-\$-
A. Market Value as of January 1	888,227,279	943,435,757
B. Book Value as of January 1	855,394,319	870,501,723
C. Income During Year		
1. City Contributions	36,382,448	34,928,039
2a. Member Contributions	13,392,719	13,229,840
2b. Severance Contributions	1,813,042	1,512,701
3. MERS Contributions	939,361	865,096
4. Interest	2,427,894	2,893,858
5. Dividends	186,715	129,200
6. Real Estate Income	0	0
7. Net Realized Gains (Losses)	<u>21,184,761</u>	<u>22,218,807</u>
	76,326,940	75,777,541
D. Disbursements During Years		
1. Benefit Payments	88,324,663	79,336,388
2. Supplemental Benefit Payments	1,768,193	2,145,240
3. Compensated Absence Refunds (1 for 2)	518,566	371,022
4. Contribution Refunds	2,721,886	3,304,186
5. Investment Expenses	5,281,052	4,662,765
6. Administrative Expenses	<u>1,137,201</u>	<u>1,065,344</u>
	99,751,561	90,884,945
E. Book Value as of December 31 (B)+(C)-(D)	831,969,698	855,394,319
F. Net Change in Unrealized Gains (Losses) (G)-(E)-(A)+(B)	<u>96,455,787</u>	<u>(40,101,074)</u>
G. Market Value as of December 31 (A)+(C)-(D)+(F)	961,258,445	888,227,279

\* Based on unaudited financial statements.

**EMPLOYEES' RETIREMENT SYSTEM  
OF THE CITY OF BATON ROUGE  
AND PARISH OF EAST BATON ROUGE**

Distribution of Assets  
(Market Values)

<u>Description</u>	<u>12/31/2012*</u>	<u>12/31/2011*</u>
	-\$-	-\$-
Bills, Bonds, Notes	186,197,245	212,352,255
Corporate Stocks	291,647,560	299,394,615
International Stocks	279,496,315	247,015,065
U.S. Govt. Bonds, Agency Notes	91,873,798	91,426,771
Alternative Investments	45,659,464	0
Real Estate Investments	49,812,847	50,832,752
Real Estate & Equipment	<u>584,297</u>	<u>591,725</u>
A: Subtotal	945,271,526	901,613,183
B: Cash & Equivalents	20,399,598	15,059,526
Receivables:		
Employer Contributions	3,777,439	3,583,154
Employee Contributions	894,680	798,582
Accounts Receivable	172,751	132,729
Accrued Income	372,232	525,008
Securities Proceeds	<u>12,545,806</u>	<u>6,315,456</u>
C: Subtotal	17,762,908	11,354,929
Payables:		
Accrued Benefits and Expenses	1,075,152	789,042
Securities Purchased	<u>21,100,435</u>	<u>39,011,317</u>
D: Subtotal	22,175,587	39,800,359
E. Prepaid Expenses:	0	0
F. Total Assets	961,258,445	888,227,279
G. SBP Account at End of Year	<u>1,247,763</u>	<u>1,197,578</u>
H. Net Assets	960,010,682	887,029,701
I. Transfer of Excess Investment Return	0	0
J. Net Assets Available for Benefits	960,010,682	887,029,701

\* Based on unaudited financial statements.

**EMPLOYEES' RETIREMENT SYSTEM  
OF THE CITY OF BATON ROUGE  
AND PARISH OF EAST BATON ROUGE**

Supplemental Benefit Payments Account

I.	RBA Payments in 2002			\$783,450
II.	Accumulation of SBP Account			
A.	Year	<u>2012</u>	<u>2011</u>	<u>2010</u>
B.	Valuation interest rate	7.50%	7.50%	7.75%
C.	Balance at Beginning of Year	1,197,578	1,572,407	1,890,248
D.	Interest on Balance	89,818	117,931	141,769
E.	RBA Payments in Year	574,050	602,640	629,910
F.	Addition to SBP Account (I-II (E))	209,400	180,810	153,540
G.	MERS Contribution for Previous Year			
	1. Date received	07/16/2012	05/26/2011	06/08/2010
	2. Amount	865,096	846,107	832,766
	3. Days	169	220	207
H.	Interest on G(2)	30,041	38,249	35,421
I.	MERS Contribution for Current Year			
	1. Date received	--/--/2013	07/16/2012	05/26/2011
	2. Amount	939,361	865,096	846,107
J.	Distributions from SBP Account			
	1. Date of Distributions	09/24/2012	09/12/2011	09/20/2010
	2. Amount	1,194,143	1,541,750	1,463,700
	3. Days	99	111	103
K.	Interest on J(2)	<u>24,292</u>	<u>35,165</u>	<u>30,978</u>
L.	Balance at End of Year (C+D+F+H+I(2)-J(2)-K)	1,247,763	1,197,578	1,572,407
M.	Transfer of Excess Investment Income*	<u>0</u>	<u>0</u>	<u>0</u>
N.	Final Balance at End of Year	1,247,763	1,197,578	1,572,407

\*1/10 of first 2% and 1/20 of additional excess returns

**EMPLOYEES' RETIREMENT SYSTEM  
OF THE CITY OF BATON ROUGE  
AND PARISH OF EAST BATON ROUGE**

Investment Results - CPERS

I. Yield on Mean Values for 12-Month Period Ending 12/31/2012

	<u>Return</u> -\$-	<u>Market</u> -%-
Interest	2,427,894	0.3
Dividends & Real Estate Income	186,715	0.0
Realized Gains (Losses)	21,184,761	2.5
Investment Expense	(5,281,052)	(0.6)
Increase in Unrealized Gains (Losses)	96,455,787	11.1
	<u>114,974,105</u>	<u>13.3</u>

II. History of Investment Yield Rates

<u>Year Ending</u>	<u>Market</u> -%-	<u>Actuarial *</u> -%-
12/31/2012	13.3	5.5
12/31/2011	(2.1)	4.0
12/31/2010	15.0	5.4
12/31/2009	24.3	3.8
12/31/2008	(28.8)	0.6
12/31/2007	4.2	8.1
12/31/2006	14.6	9.2
12/31/2005	8.7	7.8
12/31/2004	11.3	7.6
12/31/2003	23.8	7.0
12/31/2002	(8.1)	3.8
12/31/2001	(1.8)	6.7
12/31/2000	2.4	9.4
12/31/1999	12.5	5.0
12/31/1998	13.4	17.7
12/31/1997	17.5	11.5
12/31/1996	10.6	7.8
12/31/1995	24.5	
12/31/1994	(5.7)	
12/31/1993	11.8	
12/31/1992	5.6	
12/31/1991	16.4	
12/31/1990	6.7	
12/31/1989	14.4	
Average (24 yrs.)	7.8	--
Average (15 yrs.)	6.0	6.7
Average (5 yrs.)	2.5	3.8
Average (3 yrs.)	8.5	5.0

\* Based on current method for 2001 and later, prior method for 1996-2000.

**EMPLOYEES' RETIREMENT SYSTEM  
OF THE CITY OF BATON ROUGE  
AND PARISH OF EAST BATON ROUGE**

I. Determination of Actuarial Value of Assets as of January 1, 2013  
Expected Value 20% Spread Method

	-\$-
A. Actuarial Value of Assets as of 01/01/2012 (including payables and receivables)	1,027,953,907
B. Interest on (A) for full year	77,096,543
C. City Contributions (including MERS contribution)	37,321,809
D. Member Contributions	13,392,719
E. Other Contributions	1,813,042
F. Interest on (C), (D) and (E) for half year	1,969,784
G. Benefit Payments and Compensated Absences Refunds	90,611,422
H. Contribution Refunds	2,721,886
I. Administrative Expense	1,137,201
J. Interest on (G), (H) and (I) for half year	3,542,644
K. Expected Actuarial Value of Assets as of December 31, 2012 (A+B+C+D+E+F-G-H-I-J)	1,061,534,651
L. Market Value of Assets as of December 31, 2012	960,010,682
M. 20% of (L-K)	(20,304,794)
N. Preliminary Actuarial Value of Assets as of January 1, 2012 (K+M)	1,041,229,857
O. Transfer of Excess Investment Return	0
P. Final Actuarial Value of Assets as of January 1, 2013 (N-O)	<u>1,041,229,857</u>

II. Rate of Return on Actuarial Value of Assets

	-\$-
A. Actuarial Value of Assets at 1/1/2012	1,027,953,907
B. Contributions	
1. Employer	37,321,809
2. Members	13,392,719
3. Other	<u>1,813,042</u>
4. Total	52,527,570
C. Benefits, Refunds, and Administrative Expense	94,470,509
D. Transfer of Excess Investment Return	0
E. Actuarial Value of Assets at 1/1/2013	1,041,229,857
F. Net Return on Investment (E+D+C-B-A)	55,218,889
G. Rate of Return [2xF/(A+E-F)]	5.48%

**EMPLOYEES' RETIREMENT SYSTEM  
OF THE CITY OF BATON ROUGE  
AND PARISH OF EAST BATON ROUGE**

III. <u>Transfer of Excess Investment Income</u>	-\$-
A. Actuarial Value of Assets as of 01/01/2012	1,027,953,907
B. Contributions from Employer, Members, Other	52,527,570
C. Benefits, Refunds, and Administrative Expense	94,470,509
D. Theoretical Actuarial Value of Assets without Return at 12/31/2012 (A+B-C)	986,010,968
E. Average Actuarial Value of Assets during 2012 (A+D)/2	1,006,982,438
F. Expected Return at 7.50% (E X 0.075)	75,523,683
G. Actual Return from II (F)	55,218,889
H. Excess Investment Return	0
I. Excess Investment Return Transfer	
a. 10% of first 2% $0.10 \times \$0 =$	0
b. 5% of additional return $0.05 \times \$0 =$	<u>0</u>
c. Total Preliminary Excess Return Transfer	0
J. Experience Loss for 2012 (Ex. 1, p.3, item III (G))	15,939,416
K. Final Excess Investment Return Transfer (lesser of I(c) and J, but not less than zero)	0



**EMPLOYEES' RETIREMENT SYSTEM  
OF THE CITY OF BATON ROUGE  
AND PARISH OF EAST BATON ROUGE**

Retired and Terminated Members

	1/1/2013		1/1/2012	
	<u>Number</u>	<u>Benefits</u>	<u>Number</u>	<u>Benefits</u>
<b>BREC</b>		- \$-		- \$-
DROP	17	505,216.20	19	628,843.56
Retired & Disabled	112	2,373,086.88	103	1,954,749.00
Survivor & Court Orders	25	180,848.04	25	183,398.40
Vested Terminated	<u>2</u>	<u>23,577.48</u>	<u>3</u>	<u>36,128.16</u>
Subtotal	156	3,082,728.60	150	2,803,119.12
<b>REGULAR</b>				
DROP	215	7,297,094.76	213	7,390,930.92
Retired & Disabled	1,604	35,419,840.20	1,544	33,444,715.20
Survivors & Court Orders	374	3,342,991.92	367	3,268,558.92
Vested Terminated	<u>30</u>	<u>354,154.56</u>	<u>33</u>	<u>393,341.28</u>
Subtotal	2,223	46,414,081.44	2,157	44,497,546.32
<b>FIRE</b>				
DROP	58	3,583,742.04	59	3,481,146.72
Retired & Disabled	470	15,935,944.68	459	15,123,757.32
Survivors & Court Orders	140	1,599,636.84	132	1,491,285.84
Vested Terminated	<u>2</u>	<u>43,058.04</u>	<u>2</u>	<u>43,058.04</u>
Subtotal	670	21,162,381.60	652	20,139,247.92
<b>POLICE</b>				
DROP	14	762,433.32	13	727,489.68
Retired & Disabled	232	6,275,658.12	242	6,428,378.64
Survivors & Court Orders	101	1,027,444.32	98	964,005.12
Vested Terminated	<u>5</u>	<u>81,397.44</u>	<u>5</u>	<u>81,397.44</u>
Subtotal	352	8,146,933.20	358	8,201,270.88
<b>TOTAL</b>				
DROP	304	12,148,486.32	304	12,228,410.88
Retired & Disabled	2,418	60,004,529.88	2,348	56,951,600.16
Survivors & Court Orders	640	6,150,921.12	622	5,907,248.28
Vested Terminated	<u>39</u>	<u>502,187.52</u>	<u>43</u>	<u>553,924.92</u>
<b>GRAND TOTAL</b>	3,401	78,806,124.84	3,317	75,641,184.24

**EMPLOYEES' RETIREMENT SYSTEM  
OF THE CITY OF BATON ROUGE  
AND PARISH OF EAST BATON ROUGE**

Active Members  
Age-Service Distribution as of 1/1/2013

**BREC**

Age	Completed Years of Service							Total	Earnings	
	00-04	05-09	10-14	15-19	20-24	25-29	30+		Total -\$-	Average -\$-
15-24	8	0	0	0	0	0	0	8	180,273	22,534
25-29	28	17	0	0	0	0	0	45	1,223,442	27,188
30-34	24	20	9	0	0	0	0	53	1,814,490	34,236
35-39	19	16	8	3	0	0	0	46	1,750,466	38,054
40-44	11	7	15	1	3	0	0	37	1,454,799	39,319
45-49	19	13	13	2	4	0	0	51	1,958,554	38,403
50-54	14	18	17	2	3	1	0	55	2,080,563	37,828
55-59	20	16	12	4	2	0	0	54	2,021,829	37,441
60-64	6	10	12	2	1	0	0	31	1,083,217	34,942
65-69	5	3	6	1	1	0	0	16	505,470	31,592
70 +	2	5	4	0	0	0	0	11	304,142	27,649
<b>Total</b>	<b>156</b>	<b>125</b>	<b>96</b>	<b>15</b>	<b>14</b>	<b>1</b>	<b>0</b>	<b>407</b>	<b>14,377,245</b>	<b>35,325</b>
Average Age:				45.69			Average Service:		7.46	

**EMPLOYEES' RETIREMENT SYSTEM  
OF THE CITY OF BATON ROUGE  
AND PARISH OF EAST BATON ROUGE**

Active Members  
Age-Service Distribution as of 1/1/2013

**REGULAR**

Age	Completed Years of Service							Total	Earnings	
	00-04	05-09	10-14	15-19	20-24	25-29	30+		Total -\$-	Average -\$-
15-24	45	3	0	0	0	0	0	48	1,349,128	28,107
25-29	174	66	1	0	0	0	0	241	7,632,194	31,669
30-34	121	132	30	4	0	0	0	287	10,366,209	36,119
35-39	87	88	53	20	0	0	0	248	9,821,591	39,603
40-44	71	86	59	54	22	0	0	292	11,868,332	40,645
45-49	60	69	54	52	64	23	0	322	14,120,024	43,851
50-54	60	77	65	55	77	22	0	356	14,285,315	40,127
55-59	51	60	34	55	68	14	0	282	12,090,424	42,874
60-64	19	30	27	31	27	10	2	146	6,597,844	45,191
65-69	6	7	10	10	2	1	0	36	1,672,333	46,454
70 +	3	1	5	4	3	2	0	18	827,284	45,960
<b>Total</b>	<b>697</b>	<b>619</b>	<b>338</b>	<b>285</b>	<b>263</b>	<b>72</b>	<b>2</b>	<b>2,276</b>	<b>90,630,678</b>	<b>39,820</b>
Average Age:				44.70			Average Service:		10.23	

**EMPLOYEES' RETIREMENT SYSTEM  
OF THE CITY OF BATON ROUGE  
AND PARISH OF EAST BATON ROUGE**

Active Members  
Age-Service Distribution as of 1/1/2013

**FIREFIGHTERS**

Age	Completed Years of Service							Total	Earnings	
	00-04	05-09	10-14	15-19	20-24	25-29	30+		Total -\$-	Average -\$-
15-24	35	7	0	0	0	0	0	42	1,407,289	33,507
25-29	21	62	15	0	0	0	0	98	4,358,175	44,471
30-34	7	35	44	6	0	0	0	92	4,840,258	52,612
35-39	5	18	32	37	2	0	0	94	5,547,232	59,013
40-44	0	4	13	30	22	0	0	69	4,824,819	69,925
45-49	0	0	4	12	29	24	0	69	5,550,962	80,449
50-54	0	1	0	2	25	9	1	38	3,093,847	81,417
55-59	0	1	0	0	5	2	0	8	588,800	73,600
60-64	0	0	0	1	0	0	0	1	116,714	116,714
65-69	0	0	0	0	0	0	0	0	0	0
70 +	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>68</b>	<b>128</b>	<b>108</b>	<b>88</b>	<b>83</b>	<b>35</b>	<b>1</b>	<b>511</b>	<b>30,328,096</b>	<b>59,350</b>
Average Age:				36.89			Average Service:		13.33	

**EMPLOYEES' RETIREMENT SYSTEM  
OF THE CITY OF BATON ROUGE  
AND PARISH OF EAST BATON ROUGE**

Active Members  
Age-Service Distribution as of 1/1/2013

**POLICE**

Age	Completed Years of Service							Total	Earnings	
	00-04	05-09	10-14	15-19	20-24	25-29	30+		Total -\$-	Average -\$-
15-24	0	0	0	0	0	0	0	0	0	0
25-29	0	0	0	0	0	0	0	0	0	0
30-34	0	0	0	0	0	0	0	0	0	0
35-39	0	0	1	7	0	0	0	8	503,533	62,942
40-44	0	0	0	5	5	0	0	10	674,714	67,471
45-49	0	0	0	2	2	2	0	6	412,230	68,705
50-54	0	0	0	3	0	1	0	4	248,965	62,241
55-59	0	0	0	0	2	0	0	2	120,658	60,329
60-64	0	0	0	1	0	0	0	1	60,236	60,236
65-69	0	0	0	0	0	0	1	1	70,299	70,299
70 +	0	0	0	0	0	0	0	0	0	0
Total	0	0	1	18	9	3	1	32	2,090,635	65,332
Average Age:				45.41		Average Service:		20.17		

**EMPLOYEES' RETIREMENT SYSTEM  
OF THE CITY OF BATON ROUGE  
AND PARISH OF EAST BATON ROUGE**

Active Members  
Age-Service Distribution as of 1/1/2013

**ALL INCLUDED ACTIVES**

Age	Completed Years of Service							Total	Earnings	
	00-04	05-09	10-14	15-19	20-24	25-29	30+		Total -\$-	Average -\$-
15-24	88	10	0	0	0	0	0	98	2,936,690	29,966
25-29	223	145	16	0	0	0	0	384	13,213,811	34,411
30-34	152	187	83	10	0	0	0	432	17,020,957	39,400
35-39	111	122	94	67	2	0	0	396	17,622,822	44,502
40-44	82	97	87	90	52	0	0	408	18,822,664	46,134
45-49	79	82	71	68	99	49	0	448	22,041,720	49,200
50-54	74	96	82	62	105	33	1	453	19,708,690	43,507
55-59	71	77	46	59	77	16	0	346	14,821,711	42,837
60-64	25	40	39	35	28	10	2	179	7,858,011	43,900
65-69	11	10	16	11	3	1	1	53	2,248,102	42,417
70 +	5	6	9	4	3	2	0	29	1,131,426	39,015
<b>Total</b>	<b>921</b>	<b>872</b>	<b>543</b>	<b>406</b>	<b>369</b>	<b>111</b>	<b>4</b>	<b>3,226</b>	<b>137,426,654</b>	<b>42,600</b>
	Average Age:			43.59			Average Service:		10.47	

**EMPLOYEES' RETIREMENT SYSTEM  
OF THE CITY OF BATON ROUGE  
AND PARISH OF EAST BATON ROUGE**

Reconciliation of Participant Counts

	<u>Actives</u>	<u>Retirees*, Disableds, and Beneficiaries</u>	<u>Vested Terminated</u>
01/01/2012	3,245	3,274	43
Changes due to:			
Retirement*	-123	+126	-3
Withdrawal	-229	-	-
Disability	-14	+12	-
Death	-7	-91	-
New Beneficiary	-	+46	-
New Hires**	+357	-	-
Data Changes, QDRO's	-3	-5	-1
	<u>          </u>	<u>          </u>	<u>          </u>
01/01/2013	3,226	3,362	39

\* Including DROP entries.

\*\* Includes 16 transfers.

**EMPLOYEES' RETIREMENT SYSTEM  
OF THE CITY OF BATON ROUGE  
AND PARISH OF EAST BATON ROUGE**

Summary of Principal System Provisions

(Based on Ordinance Nos. 235 and 276)

Effective Date: December 31, 1953, as restated effective April 1, 1997 (1:250, 1:258) (Ordinance No. 10779) Amended effective January 1, 1998 (Ordinances No. 11019 and 11020). Amended effective February 23, 2000, August 26, 2000, December 31, 2001 (Ordinance 11827), and July 1, 2012.

Fiscal Year:

Calendar year.

Membership:  
(1:259, 1:266)

Any regular employee of the City-Parish, excluding Police employees who elected to transfer into Municipal Police Employees' Retirement System of Louisiana (MPERS) as of February 26, 2000 and Police employees hired after that date. Part-time council members with service prior to January 1, 1997, retroactive to December 31, 1976.

Contributions:

Members: 8% of compensation (1:264 A1(a)). Effective January 1, 2002, member contribution is equal to Maximum Employer Contribution, if less than 8% (1:264 A1(c)). If the Maximum Employer Contribution rate is 17% or greater, the member contribution rate will be 50% of the Employer Contribution rate, but not more than 9.5% (1:264 A(b)). The Maximum Employer Contribution rate is the larger of the City rate and the Special Funds rate.

Employer Contribution: Balance, actuarially determined (1:253N). Maximum Employer Contribution: Employer Contribution plus adjusting percentages for pro rata allocation of obligations for transfer of members to plans maintained by the State or a political subdivision thereof (1:251).

MERS payments received for 2006 and later are reserved for future Supplemental Benefit Payments.

Creditable Service:  
(1:260, 1:261)

Service credited under Retirement System; military service (maximum of three years); additional military service as required under USERRA for which member contributions are received.

Final Average  
Compensation:

Average compensation during the highest 36 consecutive months of Creditable Service.



**EMPLOYEES' RETIREMENT SYSTEM  
OF THE CITY OF BATON ROUGE  
AND PARISH OF EAST BATON ROUGE**

Summary of Principal System Provisions  
(Continued)

Service Retirement Eligibility: (1:265A)	(1) Full retirement: 25 years of service, regardless of age.  (2) Minimum eligibility: Age 55 with 10 years of service, or 20 years of service, regardless of age.
Service Retirement each Benefits: (1:265A-1, 1:265A-3)	Full Retirement: 3.0% of Final Average Compensation for year of Creditable Service.  Minimum eligibility: 2.5% of Final Average Compensation for each year of Creditable Service.  Maximum of 90% of Final Average Compensation.
Early Service 3%/year Retirement: (1:265A-2)	If not eligible for full retirement: Benefits are reduced by prior to age 55.
Disability: (1:265D)	<u>Ordinary Disability:</u> After 10 or more years of Creditable Service, 2.5% of Final Average Compensation times Creditable Service, with a minimum benefit of 50% of Final Average Compensation.  <u>Service Connected:</u> 50% of Final Average Compensation, plus 1.5% of Final Average Compensation times Creditable Service in excess of 10 years, with a maximum benefit of 90% of Final Average Compensation.  Benefits are offset by Workers' Compensation (1:264F). Ordinary disability benefits are paid on a life annuity basis; service connected disabilities are paid on a 50% Joint & Survivor basis.

**EMPLOYEES' RETIREMENT SYSTEM  
OF THE CITY OF BATON ROUGE  
AND PARISH OF EAST BATON ROUGE**

Summary of Principal System Provisions  
(Continued)

Survivor Benefits:  
(1:270)

- (1) If Member eligible for retirement, or at least twenty (20) years of Creditable Service, surviving spouse may elect Option 2 benefits (including 100% Joint & Survivor actuarially equivalent to 50% Joint & Survivor, without reduction for early commencement) or a refund of the Member's contributions.
- (2) If not eligible for retirement, surviving spouse may elect a monthly benefit of \$600 payable until remarriage, or a refund of the Member's contributions.
- (3) If eligible children under age 18, monthly benefit of \$150 per child (maximum \$300), payable until age 18. These benefits are in addition to any benefits payable under (1) or (2).
- (4) If member died prior to May 24, 1989, monthly benefit to surviving spouse of \$600.
- (5) If no benefits are payable under (1), (2), (3) or (4), \$150 monthly benefit to unmarried dependent parent until death or remarriage.

Employment  
Termination:  
(1:267, 1:268)

After 10 years of Creditable Service, based on Creditable Service and Final Average Compensation at termination date. Benefits deferred to age 55. If Member contributions are withdrawn, benefit is forfeited.

Optional Allowances:  
(1:264C)

Normal form is joint and 50% contingent survivor. For members entitled to Service Retirement Benefits, actuarially equivalent to regular retirement allowance.

Option 1: Refund of excess of Member's contributions over aggregate benefits paid;

Option 2: 100% Joint & Survivor to designated contingent annuitant;

Option 3: Any other form approved by the Board.

**EMPLOYEES' RETIREMENT SYSTEM  
OF THE CITY OF BATON ROUGE  
AND PARISH OF EAST BATON ROUGE**

Summary of Principal System Provisions  
(Continued)

Retirement Benefit  
Adjustments:  
(1:269)

For Members who retired before December 31, 1989, or surviving spouses of such Members, who did not enter DROP, an annual payment of \$600 at July 1, 1992 plus \$30 for each year retired since then (excluding first year).

Supplemental Benefit  
Payments (1:269.1)

To be funded from (i) 1/10 of the first 2%, and 1/20 of the remainder, of excess return on the actuarial value of assets, provided the aggregate experience from all sources is an actuarial gain; (ii) decreases in Retirement Benefit Adjustment payments under 1:269 since July, 2002; and (iii) MERS payments received for 2006 and later.

Deferred Retirement  
Option Plan (DROP):  
(1:271)

Prior to July 1, 1991:

Eligibility: If eligible to retire with an immediate service retirement allowance and between 25 and 30 years of Creditable Service.

Duration: The lesser of 5 years, or 32 years minus Creditable Service at DROP entry.

Benefits: Service retirement allowances are paid into the Member's DROP account, and credited with interest at the rate set by the Board of Trustees. No further Member or employer contributions are payable, and no further benefits are accrued.

Upon retirement and termination of DROP participation (or death), the Member (or beneficiary) may elect one of the following:

- (a) A lump sum of the DROP account balance;
- (b) A life annuity based on the DROP balance;
- (c) Any other method of payment approved by the Board of Trustees.

Normal survival benefits payable to survivors of retirees are paid upon death of the Member while a DROP participant.

**EMPLOYEES' RETIREMENT SYSTEM  
OF THE CITY OF BATON ROUGE  
AND PARISH OF EAST BATON ROUGE**

Summary of Principal System Provisions  
(Continued)

Deferred Retirement  
Option Plan (DROP):  
(1:271)

On and after July 1, 1991:

Comparable to pre-July 1, 1991 provisions, except interest is not credited to DROP account until the conditions of DROP participation have been satisfied. If the Member does not terminate employment at the end of the DROP period, potential interest credits are forfeited.

On and after July 1, 2002: If the Member has at least ten (10) years of Creditable Service and has attained at least age 55, with DROP duration not greater than three (3) years.

Compensated Absences:  
(1:262)

Upon written consent of the Member or his surviving spouse, the Retirement System will provide the following with respect to unused, accumulated vacation time and sick leave:

- (a) Cash payment for a portion, with the remainder added to the Member's Creditable Service, on the basis of one (1) hour for each two (2) hours of unused time.
- (b) Conversion of all of the accumulated time to Creditable Service, on the basis of one (1) hour for each hour of unused accumulated time and sick leave.

Any unused time converted to service credit is included in determining eligibility for retirement and benefits. For purposes of determining Final Average Compensation, compensation at the time of retirement or death is assumed to continue for the period of added service.

Changes Since Prior  
Valuation:

None.

**EMPLOYEES' RETIREMENT SYSTEM  
OF THE CITY OF BATON ROUGE  
AND PARISH OF EAST BATON ROUGE**

Summary of Actuarial Basis

Valuation Date: January 1, 2013

Valuation Method: Individual Entry Age Normal Actuarial Cost Method with Unfunded Actuarial Accrued Liability

Asset Valuation Method: Market Value as of January 1, 1996. Beginning January 1, 1997, adjusted Market Value with 20% of unrealized gains (or losses) recognized each year. Beginning January 1, 2002, Expected Value Method, with 20% of investment gains (or losses) recognized each year.

Actuarial Assumptions:

Investment Return: 7.50% compounded annually.

Salary Increases: 3.50% compounded annually due to inflation, plus longevity/merit in accordance with following schedule:

<u>Age</u>	<u>BREC/Regular</u> %	<u>Fire/Police</u> %
30	+2.50	+4.00
35	+1.50	+2.00
40	+1.25	+2.00
45	+ .75	+1.00
50	+ .50	0
55	0	0

Aggregate Payroll Growth: 2.50% compounded annually.

Non-Disabled Mortality: 1994 Group Annuity Mortality Table, set forward 2 years, producing following specimen rates:

<u>Age</u>	<u>Male</u>	<u>Female</u>
20	.0556%	.0289%
30	.0839%	.0397%
40	.1252%	.0825%
50	.3213%	.1734%
60	1.0147%	.5832%
70	2.8481%	1.6506%

Disabled Mortality: Same as non-disabled mortality.

**EMPLOYEES' RETIREMENT SYSTEM  
OF THE CITY OF BATON ROUGE  
AND PARISH OF EAST BATON ROUGE**

Summary of Actuarial Basis

Turnover and Disability: In accordance with the following specimen rates:

<u>Age</u>	<u>Disability</u>	<u>Turnover</u>
20	.0006	.079
25	.0006	.077
30	.0006	.072
35	.0007	.063
40	.0011	.052
45	.0022	.040
50	.0046	.026
55	.0102	.009
60	.0320	.001
61	.0355	.000
62	.0400	.000
63	.0450	.000
64	.0410	.000
65	.0195	.000

The turnover rates are modified as follows, based on years of employment:

<u>Year</u>	<u>Regular, BREC</u>	<u>Fire, Police</u>
0-1	330%	90%
2	225%	70%
3	180%	35%
4-10	150%	35%
11-15	60%	20%
16+	40%	10%

Probabilities of disability are in accordance with the Eleventh Actuarial Valuation of the Railroad Retirement System. Turnover is based on Table T-5. The disability rates for Fire and Police are increased by 100% and 25% for Regular and BREC.

Assumed Transfers to Retirement System (for accumulated vacation and sick leave, e.g.):

	<u>Total</u>
BREC	1.00 year
Regular	1.00 year
Fire	1.75 years
Police	1.50 years

No provision is included for cash payments by the System under the "one for two" provisions.

**EMPLOYEES' RETIREMENT SYSTEM  
OF THE CITY OF BATON ROUGE  
AND PARISH OF EAST BATON ROUGE**

Summary of Actuarial Basis

Retirement: Regular, BREC, Police:	Earlier of 25.5 years of service credit or age 61 with 11 years of service credit.
Fire:	Earlier of 26 years of service or age 61 with 11 years of service credit.
Type of Disability:	A percentage of disabilities is assumed to be ordinary disabilities, as shown below:  BREC, Regular      25% service-connected, 75% ordinary Fire                    50% service-connected, 50% ordinary Police                 75% service-connected, 25% ordinary
Recovery:	No probabilities of recovery are used.
Remarriage:	No probabilities of remarriage are used.
Spouse's Ages:	Female spouses are assumed to be 3 years younger than males.
Marital Status:	80% of employees are assumed to be married.
Amortization Method:	Level percentage of payroll 30-year open amortization.
Investment Expense:	The rate of return on assets is assumed to be net of investment expense.
Administrative Expense:	The actual amount of the prior year's expense is added to the normal cost.
Withdrawal of Employee Contributions:	100% of employees who terminate (other than retirement, death, or disability) are assumed to withdraw their contributions.
Change in Ordinance Provisions Not Reflected:	None.
Other:	The liability for Retirement Benefit Adjustments and the funding of the Supplemental Benefit Payments from decreases in the Retirement Benefit Adjustments is combined into a perpetuity.
Sources of Data:	Membership and asset data as of January 1, 2013 was furnished by Retirement Office staff.

**EMPLOYEES' RETIREMENT SYSTEM  
OF THE CITY OF BATON ROUGE  
AND PARISH OF EAST BATON ROUGE**

Summary of Actuarial Basis

**Changes Since Prior  
Valuation:**

Valuation software changed from LynchVal Systems to Proval Technologies.



**EMPLOYEES' RETIREMENT SYSTEM  
OF THE CITY OF BATON ROUGE  
AND PARISH OF EAST BATON ROUGE**

Values of Accrued Benefits

	<u>12/31/2012</u>	<u>12/31/2011</u>
	-\$-	-\$-
I. Present Value of Vested Accrued Benefits		
A. Retirements, DROPS, COLA, and Beneficiaries	756,656,742	730,048,854
B. DROP Accounts	173,682,467	175,975,307
C. Disability Retirements	27,884,501	27,767,473
D. Leave Balances	4,327,559	4,290,599
E. Vested Terminated Members	3,909,968	4,255,920
F. Active Members	<u>305,713,986</u>	<u>323,895,088</u>
G. Total	1,272,175,223	1,266,233,241
II. Present Value of Non-Vested Accrued Benefits	57,565,536	36,044,950
III. Present Value of Accrued Benefits	1,329,740,759	1,302,278,191
IV. The values of accumulated plan benefits were determined in accordance with The American Academy of Actuaries Interpretations and ASC 960 (formerly FASB Statement No. 35, Accounting and Reporting by Defined Benefit Pension Plans).		
V. Statement of Changes in Accrued Benefits		
A. Present Value of Accrued Benefits at 12/31/2011		1,302,278,191
B. Increase (Decrease) During the Year Attributable to:		
1. Benefits Accumulated		29,379,795
2. Benefits Paid and Contributions Refunded		(93,333,308)
3. Assumption Changes		N/A
4. Plan Amendment		N/A
5. Other		N/A
6. Software Change		(2,754,784)
7. Increase Due to Decrease in Discount Period		<u>94,170,865</u>
8. Net Increase		<u>27,462,568</u>
C. Present Value of Accrued Benefits at 12/31/2012		1,329,740,759

**EMPLOYEES' RETIREMENT SYSTEM  
OF THE CITY OF BATON ROUGE  
AND PARISH OF EAST BATON ROUGE**

Supplementary Information for GASB 25/27

I. Schedule of Funding Progress for GASB 25/27

Actuarial Valuation Date	Actuarial Value of Assets (a) -\$-	Actuarial Accrued Liability (AAL) --Entry Age (b) -\$-	UAAL (b - a) -\$-	Funded Ratio (a/b) -%-	Covered Payroll (c) -\$-	UAAL as a Percentage of Covered Payroll ((b - a)/c) -%-
01/01/95	480,505,268	657,162,178	176,656,909	73	100,596,231	176
01/01/96	551,301,959	718,277,070	166,975,111	77	104,601,384	160
01/01/97	587,193,233	773,936,127	186,742,894	76	109,658,886	170
01/01/98	635,463,896	811,977,242	176,513,346	78	114,102,750	155
01/01/99	740,257,038	875,075,687	134,818,649	85	118,742,991	114
01/01/00 <sup>(1)</sup>	741,562,144	809,012,654	67,450,510	92	96,744,086	70
01/01/01	786,941,507	855,994,379	69,052,872	92	99,510,155	69
01/01/02	873,021,308	902,821,264	29,799,956	97	102,793,456	27
01/01/02 <sup>(2)</sup>	813,977,773	902,821,264	88,843,491	90	102,793,456	86
01/01/03	818,150,788	947,726,617	129,575,829	86	101,339,785	128
01/01/04	847,227,425	985,671,695	138,444,270	86	106,240,559	130
01/01/05	883,663,240	1,057,269,629	173,606,389	84	109,887,349	158
01/01/06	924,904,837	1,111,081,729	186,176,892	83	115,559,703	161
01/01/07	979,597,562	1,163,175,147	183,577,585	84	120,067,013	153
01/01/08	1,020,575,797	1,206,648,213	186,072,416	85	123,524,590	151
01/01/09	997,853,412	1,270,104,552	272,251,140	79	131,041,421	208
01/01/10	1,002,378,598	1,350,074,067	347,695,469	74	136,119,407	255
01/01/11	1,023,450,890	1,385,722,119	362,271,229	74	136,123,660	266
01/01/12	1,027,953,907	1,423,218,176	395,264,269	72	136,781,288	289
01/01/13	1,041,229,857	1,446,809,462	405,579,605	72	137,426,654	295

**EMPLOYEES' RETIREMENT SYSTEM  
OF THE CITY OF BATON ROUGE  
AND PARISH OF EAST BATON ROUGE**

Supplementary Information for GASB 25/27

II. Schedule of Employer Contributions for GASB 25/27

<u>Year Ended December 31</u>	<u>Annual Required Contribution</u>	<u>Actual City Contribution</u>	<u>Percentage Contribution</u>
	<u>-\$-</u>	<u>-\$-</u>	<u>-%-</u>
1995	17,845,851	14,276,717	80
1996	17,773,028	16,219,697	91
1997	19,510,792	17,849,014	91
1998	17,967,514	19,245,205	107
1999	15,658,856	20,426,071	130
2000 <sup>(1)</sup>	11,240,695	13,120,568	117
2001	13,708,997	10,911,144	80
2002	11,304,510	11,855,318	105
2002 <sup>(2)</sup>	16,110,422	11,855,318	74
2003	18,479,710	14,067,801	76
2004	19,623,023	18,614,063	95
2005	20,785,669	21,947,383 <sup>(3)</sup>	106
2006	22,129,069	25,029,841 <sup>(4)</sup>	113
2007	22,431,367	26,812,456 <sup>(5)</sup>	120
2008	22,931,211	27,161,196 <sup>(6)</sup>	118
2009	29,050,693	28,550,151 <sup>(7)</sup>	98
2010	33,890,884	34,240,596 <sup>(8)</sup>	101
2011	35,001,688	37,305,836 <sup>(9)</sup>	107
2012	36,777,168	39,134,851 <sup>(10)</sup>	106
2013	37,417,818		

<sup>(1)</sup> These results reflect the impact of the police transfers out to MPERS and the assumption changes

<sup>(2)</sup> These results reflect the impact of the change in Asset Valuation Method described in Exhibit 8.

<sup>(3)</sup> Including a MERS contribution of \$614,589, and a DROP Severance Contribution of \$1,310,297.

<sup>(4)</sup> Including a MERS contribution of \$665,909, and a DROP Severance Contribution of \$1,196,592.

<sup>(5)</sup> Including a MERS contribution of \$720,280, and a DROP Severance Contribution of \$1,591,009.

<sup>(6)</sup> Including a MERS contribution of \$799,678, and a DROP Severance Contribution of \$1,043,625.

<sup>(7)</sup> Including a MERS contribution of \$832,766, and a DROP Severance Contribution of \$1,399,949.

<sup>(8)</sup> Including a MERS contribution of \$846,107, and a DROP Severance Contribution of \$1,935,967.

<sup>(9)</sup> Including a MERS contribution of \$865,096, and a DROP Severance Contribution of \$1,512,701.

<sup>(10)</sup> Including a MERS contribution of \$939,361, and a DROP Severance Contribution of \$1,813,042.

**EMPLOYEES' RETIREMENT SYSTEM  
OF THE CITY OF BATON ROUGE  
AND PARISH OF EAST BATON ROUGE**

Supplementary Information for GASB 25/27

III. Calculation of Annual Required Contribution for GASB 25/27

<u>Year</u>	<u>Employer Normal Cost</u> -\$-	<u>Amortization Payment</u> -\$-	<u>Annual Required Contribution</u> -\$-
1995	7,278,742	10,567,109	17,845,851
1996	7,543,054	10,229,974	17,773,028
1997	7,774,413	11,736,379	19,510,792
1998	6,568,507	11,399,007	17,967,514
1999	6,696,856	8,962,760	15,658,856
2000 <sup>(1)</sup>	6,615,148	4,625,547	11,240,695
2001	8,813,215	4,895,782	13,708,997
2002	9,114,718	2,189,792	11,304,510
2002 <sup>(2)</sup>	9,114,718	6,995,704	16,110,422
2003	8,148,061	9,896,174	18,044,235
2004	8,599,216	11,023,807	19,623,023
2005 <sup>(3)</sup>	9,478,552	11,307,117	20,785,669
2006	10,003,225	12,125,844	22,129,069
2007 <sup>(3)</sup>	10,474,818	11,956,549	22,431,367
2008	10,812,172	12,119,039	22,931,211
2009	11,318,767	17,731,926	29,050,693
2010 <sup>(4)</sup>	11,840,564	22,050,320	33,890,884
2011	12,026,996	22,974,692	35,001,688
2012	11,710,108	25,067,060	36,777,168
2013	11,696,575	25,721,243	37,417,818

<sup>(1)</sup> These results reflect the impact of the police transfers out to MPERS and the assumption changes.

<sup>(2)</sup> These results reflect the impact of the change in Asset Valuation Method described in Exhibit 8.

<sup>(3)</sup> These results reflect the impact of the assumption changes made.

<sup>(4)</sup> These results reflect the impact of the changes made in methods and assumptions described in Exhibit 8.

**EMPLOYEES' RETIREMENT SYSTEM  
OF THE CITY OF BATON ROUGE  
AND PARISH OF EAST BATON ROUGE**

Analysis of Financial Experience

Gains and Losses in Unfunded Actuarial Liability During Years Ended 2007 - 2012  
Resulting From Differences between Assumed Experience and Actual Experience

<u>Elements of Experience</u>	<u>\$ Gain or (Loss) For Year</u>					
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Investment Return	\$3,703,857	\$(71,465,958)	\$(38,437,581)	(20,396,885)	(35,231,052)	(20,304,794)
Salary Increases	(11,057,142)	(12,291,095)	2,882,364	7,087,550	(623,723)	3,017,967
Retirements	(2,085,335)	(5,254,485)	3,839,301	26,986,427	15,933,989	3,351,339
Mortality	2,002,693	8,050,198	(6,198,778)	(9,830,807)	(14,988,684)	(3,643,276)
Disability	(623,951)	(70,536)	163,987	(570,786)	(10,597)	148,348
Turnover	(1,343,869)	(494,934)	(9,883,007)	(10,119,063)	1,878,566	571,654
New Members	(2,193,515)	(2,418,464)	(2,143,500)	(1,461,549)	(1,671,178)	(2,204,660)
Contribution Differences	N/A	N/A	2,279,010	3,620,538	5,303,016	N/A
Leaves, Transfers, Etc.	<u>4,558,277</u>	<u>(5,695,744)</u>	<u>1,630,981</u>	<u>(3,055,745)</u>	<u>702,493</u>	<u>3,124,006</u>
Gain or (Loss) from Experience	(3,418,447)	(84,338,002)	(48,146,233)	(11,360,858)	(34,010,186)	(15,939,416)
Non Recurring Elements:						
Plan Amendment-Minimum Benefits	--	--	--	--	--	--
Assumption Change	--	--	(24,625,616)	--	--	--
Actuarial Method Change						
Valuation Software	--	--	--	--	--	5,306,905
Composite Gain/(Loss) During Year	<u>\$(3,418,447)</u>	<u>\$(84,338,002)</u>	<u>\$(72,771,849)</u>	<u>\$(11,360,858)</u>	<u>\$(34,010,186)</u>	<u>\$(10,632,511)</u>

**EMPLOYEES' RETIREMENT SYSTEM  
OF THE CITY OF BATON ROUGE  
AND PARISH OF EAST BATON ROUGE**

Summary of Actuarial Accrued Liabilities and Percentage Covered by Net Assets Available for Benefits  
Nineteen Years Ended December 31, 2012

Valuation Date	(1)	(2)	(3)	(4)	Net Assets Available for Benefits	Percentage of Actuarial Liabilities Covered by Assets			
	Active Members Contributions*	Retirees and Survivors**	Terminated Vested Members	Active Members Employer Provided		(1)	(2)	(3)	(4)
	-\$-	-\$-	-\$-	-\$-	-\$-	-%-	-%-	-%-	-%-
01/01/95	123,717,539	279,585,049	2,117,499	251,742,091	451,829,129	100.0	100.0	100.0	18.4
01/01/96	132,421,606	301,934,866	2,244,846	281,675,752	551,301,959	100.0	100.0	100.0	40.7
01/01/97	142,100,816	330,846,679	2,591,163	298,397,469	599,358,282	100.0	100.0	100.0	41.5
01/01/98	144,327,095	351,227,198	2,722,929	313,700,020	681,597,891	100.0	100.0	100.0	58.4
01/01/99	157,699,747	378,012,494	2,977,698	336,385,748	762,739,589	100.0	100.0	100.0	66.6
01/01/00(A)	171,802,254	423,400,316	2,564,432	329,254,889	844,884,061	100.0	100.0	100.0	75.1
01/01/00(B)	156,035,166	393,102,229	2,564,432	248,085,049	820,256,852	100.0	100.0	100.0	100.0
01/01/00(C)	156,035,166	393,102,229	2,564,432	257,310,827	820,256,852	100.0	100.0	100.0	100.0
01/01/01	163,520,688	411,192,686	2,452,084	278,828,921	814,281,608	100.0	100.0	100.0	85.0
01/01/02	170,232,470	446,993,673	3,840,108	281,755,013	773,353,218	100.0	100.0	100.0	54.0
01/01/03	179,875,436	485,156,581	4,224,586	278,470,014	684,118,262	100.0	100.0	100.0	5.3
01/01/04	190,501,659	508,211,266	3,441,763	283,517,007	814,138,814	100.0	100.0	100.0	39.5
01/01/05	166,648,034	559,595,787	2,810,515	328,215,293	878,148,169	100.0	100.0	100.0	45.4
01/01/06	185,590,714	592,961,470	2,777,542	329,752,003	926,869,870	100.0	100.0	100.0	44.1
01/01/07	196,143,559	629,048,416	3,398,410	334,584,762	1,031,031,076	100.0	100.0	100.0	60.5
01/01/08	212,407,644	660,297,629	3,229,816	330,713,124	1,035,391,227	100.0	100.0	100.0	48.2
01/01/09	235,554,734	689,274,354	3,719,456	341,556,008	711,989,579	100.0	69.1	0.0	0.0
01/01/10	256,663,672	720,761,899	4,156,485	368,492,011	848,628,273	100.0	82.1	0.0	0.0
01/01/11	267,075,592	742,436,557	4,396,791	371,813,179	941,863,350	100.0	90.9	0.0	0.0
01/01/12	270,043,946	762,106,926	4,255,920	386,811,384	887,029,701	100.0	81.0	0.0	0.0
01/01/13	270,204,544	788,868,802	3,909,968	383,826,148	960,010,682	100.0	87.4	0.0	0.0

\* Including DROP accounts.

\*\* Including DROP participants' future benefits.

(A) Before Police Transfers Out, Prior Assumptions

(B) After Police Transfers Out, Prior Assumptions

(C) After Police Transfer Out, Revised Assumptions

**EMPLOYEES' RETIREMENT SYSTEM  
OF THE CITY OF BATON ROUGE  
AND PARISH OF EAST BATON ROUGE**

Active Membership Data  
Eighteen Years Ended December 31, 2012

<u>Valuation Date</u>	<u>Total Active Members</u>	<u>Percentage Change</u> -%-	<u>Annual Payroll</u> -\$-	<u>Average Annual Pay</u> -\$-	<u>% Increase in Average Pay</u> -%-
01/01/95	3,917	5.7	100,596,231	25,682	0.7
01/01/96	3,934	0.4	104,601,384	26,589	3.5
01/01/97	3,962	0.7	109,658,886	27,678	4.1
01/01/98	4,015	1.3	114,102,750	28,419	2.7
01/01/99	4,012	(0.1)	118,742,991	29,597	4.1
01/01/00(A)	3,954	(1.4)	119,251,634	30,160	1.9
01/01/00(B)	3,393	(15.4)	96,744,086	28,513	(3.7)
01/01/01	3,377	(0.5)	99,510,155	29,467	3.3
01/01/02	3,315	(1.8)	102,793,456	31,009	5.2
01/01/03	3,220	(2.9)	101,339,785	31,472	1.5
01/01/04	3,321	3.1	106,240,559	31,991	1.6
01/01/05	3,314	(0.0)	109,887,349	33,159	3.6
01/01/06	3,229	(2.6)	115,559,704	35,788	7.9
01/01/07	3,309	2.5	120,067,016	36,285	1.4
01/01/08	3,313	0.1	123,524,590	37,285	2.8
01/01/09	3,357	1.3	131,041,421	39,035	4.7
01/01/10	3,419	1.8	136,119,407	39,813	2.0
01/01/11	3,379	(1.2)	136,123,660	40,285	1.2
01/01/12	3,245	(4.0)	136,781,288	42,151	4.6
01/01/13	3,226	(0.6)	137,426,654	42,600	1.1

**EMPLOYEES' RETIREMENT SYSTEM  
OF THE CITY OF BATON ROUGE  
AND PARISH OF EAST BATON ROUGE**

Schedule of Retirees and Beneficiaries Added  
Eighteen Years Ended December 31, 2012

<u>Valuation Date</u>	<u>Number of Annuities*</u>	<u>Additions</u>	<u>Deletions</u>	<u>Percentage Change in Membership</u> -%-	<u>Annual Annuities</u> -\$-	<u>Percentage Change in Annuities</u> -%-
01/01/95	1,727	151	71	4.9	27,752,170	6.2
01/01/96	1,827	119	19	5.8	30,545,204	10.1
01/01/97	1,926	138	39	5.4	32,676,514	7.0
01/01/98	1,999	105	32	3.8	34,823,622	6.6
01/01/99	2,089	154	64	4.5	37,506,535	7.7
01/01/00(A)	2,244	214	59	7.4	41,849,149	11.6
01/01/00(B)	2,170	214	133	3.9	39,181,315	4.5
01/01/01	2,255	146	61	3.9	41,164,627	5.1
01/01/02	2,361	177	71	4.7	44,720,170	8.6
01/01/03	2,501	206	66	5.9	48,621,899	8.7
01/01/04	2,583	152	70	3.3	51,306,203	5.5
01/01/05	2,733	210	60	5.8	54,689,449	6.6
01/01/06	2,851	207	89	4.3	58,160,300	6.3
01/01/07	2,980	195	66	4.5	61,639,818	6.0
01/01/08	3,074	189	95	3.2	65,094,105	5.6
01/01/09	3,155	175	94	2.6	68,381,184	5.0
01/01/10	3,208	151	98	1.7	70,713,569	3.4
01/01/11	3,259	151	100	1.6	73,233,555	3.6
01/01/12	3,317	146	88	1.8	75,641,184	3.3
01/01/13	3,401	194	110	2.5	78,806,125	4.2

\*Including DROP participants

(A) Before Police Transfers Out

(B) After Police Transfers Out



**EMPLOYEES' RETIREMENT SYSTEM  
OF THE CITY OF BATON ROUGE  
AND PARISH OF EAST BATON ROUGE**

Membership Data

I. Actives	<b>2012</b>		<b>2011</b>	
	<u>Count</u>	<u>Average Salary</u>	<u>Count</u>	<u>Average Salary</u>
		-\$-		-\$-
BREC	407	35,325	428	35,173
Regular	2,276	39,820	2,281	39,287
Fire	511	59,350	501	59,723
Police	<u>32</u>	65,332	<u>35</u>	62,652
Total	3,226	42,600	3,245	42,151
II. Annuitants	<b>2012</b>		<b>2011</b>	
	<u>Count</u>	<u>Average Annuity</u>	<u>Count</u>	<u>Average Annuity</u>
		-\$-		-\$-
Retirees & Survivors	2,869	22,102	2,787	21,601
Disabilities	189	14,524	183	14,512
DROP	<u>304</u>	39,962	<u>304</u>	40,225
Total	3,362	23,291	3,274	22,934
III. Inactive Members	<b>2012</b>		<b>2011</b>	
	<u>Count</u>	<u>Average Deferred Annuity</u>	<u>Count</u>	<u>Average Deferred Annuity</u>
		-\$-		-\$-
Deferred Vested	39	12,877	43	12,882