2015

Comprehensive Annual Financial Report

For the Fiscal Year Ended December 31, 2015

Employees' Retirement System of the City of Baton Rouge and Parish of East Baton Rouge

ERS

City of Baton Rouge and Parish of East Baton Rouge

A Component Unit of the Consolidated Government of the City of Baton Rouge and the Parish of East Baton Rouge, LA

CP Employees' Retirement System

City of Baton Rouge and Parish of East Baton Rouge

ERS

EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF BATON ROUGE AND PARISH OF EAST BATON ROUGE COMPREHENSIVE ANNUAL FINANCIAL REPORT- A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT OF THE CITY OF BATON ROUGE AND PARISH OF EAST BATON ROUGE, LOUISIANA FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

JEFFREY R. YATES
RETIREMENT ADMINISTRATOR

OFFICE LOCATION
EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF BATON ROUGE
AND PARISH OF EAST BATON ROUGE
209 ST. FERDINAND STREET
BATON ROUGE, LOUISIANA 70802
(225) 389-3272

MAILING ADDRESS
EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF BATON ROUGE
AND PARISH OF EAST BATON ROUGE
P. O. BOX 1471
BATON ROUGE, LOUISIANA 70821

WEBSITE
www.brgov.com/dept/ERS

EMAIL ADDRESS
retirementoffice@brgov.com

PREPARED BY THE ADMINISTRATIVE AND ACCOUNTING DIVISIONS OF THE EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF BATON ROUGE AND PARISH OF EAST BATON ROUGE

COVER AND DIVIDER DESIGN BY:
STAN DARK CREATIVE
BATON ROUGE, LOUISIANA
www.imagesrc.com

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

TABLE OF CONTENTS

2015

Employees' Retirement System of the City of Baton Rouge and Parish of East Baton Rouge

Introductory Section

City of Baton Rouge and Parish of East Baton Rouge

ERS

A Component Unit of the Consolidated Government of the City of Baton Rouge and the Parish of East Baton Rouge, LA

CP Employees' Retirement System

City of Baton Rouge and Parish of East Baton Rouge

ERS

Employees' Retirement System

City of Baton Rouge
Parish of East Baton Rouge

209 St. Ferdinand Street (70802)
Post Office Box 1471
Baton Rouge, Louisiana 70821

Phone: (225) 389-3272
Fax: (225) 389-5548

LETTER OF TRANSMITTAL

June 26, 2016

Board of Trustees
Employees' Retirement System of the
City of Baton Rouge and Parish
of East Baton Rouge
Post Office Box 1471
Baton Rouge, LA 70821

Dear Retirement Board Members:

We are pleased to again submit to you the Comprehensive Annual Financial Report (CAFR) for the Employees' Retirement System of the City of Baton Rouge and Parish of East Baton Rouge (the Retirement System) for the fiscal year ended December 31, 2015. The CAFR is submitted in accordance with Section 1:253 of the Retirement Ordinances, which requires an annual audit report. This section specifically mandates that the Board of Trustees shall have prepared and submitted annually to the Metropolitan Council, an audit report by an independent firm of certified public accountants.

Responsibility for the accuracy of financial statements and all disclosures rests with management of the Retirement Office. To the best of our knowledge and belief, all information is accurate and has been prepared by the administration and accounting staff in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB). As a supplement to the financial statements, please refer to Management's Discussion and Analysis in the Financial Section.

As in past years, the format for the Comprehensive Annual Financial Report reflects separate disclosures in appropriate sections relative to the Employees' Retirement System of the City of Baton Rouge and Parish of East Baton Rouge (CPERS) original trust and the Police Guarantee Trust (PGT). The 2015 CAFR is divided into the following seven sections:

- The Introductory Section contains the letter of transmittal, a listing of the members of the Retirement Board of Trustees, a listing of the administrative staff and professional consultants, the Retirement System's organizational chart, the Certificate of Achievement for Excellence in Financial Reporting, legislative changes, and an overall plan summary.

- The Financial Section is composed of the Independent Auditors' Report, Management's Discussion and Analysis, the System's Financial Statements, and Notes to the Financial Statements, followed by Required Supplementary Information and Supporting Schedules.

- The Investment Section is comprised of the investment consultant's report on investment activity, the Statement of Investment Policies and Objectives, Investment Summary, charts showing the actual and target asset allocations, List of Investments, Investment Performance Measurements, Annual Rates of Return, Schedule of Investment Fees and a Schedule of Commissions Paid to Brokers.

- The Actuarial Section (CPERS trust) sets forth information applicable to the City-Parish Employees' Retirement System CPERS trust, and contains the actuary's certification letter, a summary of principal system provisions, a summary of actuarial assumptions and methods, a schedule of funding progress, a summary of actuarial accrued liabilities covered by actuarial value of assets, an analysis of financial experience, active and retiree membership data, and other pertinent actuarial data.

- The Actuarial Section for the Police Guarantee Trust (PGT) is applicable only to the Police Guarantee Trust, and contains the actuary's certification letter, a summary of principal system provisions, a summary of actuarial assumptions and methods, a schedule of funding progress, a summary of actuarial accrued liabilities covered by actuarial value of assets, and active and retiree membership data.

- The Statistical Section displays data sources, assumptions and methodologies, trend information on selected data such as active, DROP, and retired members, amounts of benefits paid, System revenues and expenses, various statistical graphs, and a list of member employers that remit contributions to the Retirement System.

- The last section, Alternative Retirement Plans, contains information on the Retirement System's two additional alternative retirement plans: the Deferred Retirement Option Plan (DROP) and the Excess Benefit Plan, the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The management of the Employees' Retirement System of the City of Baton Rouge and Parish of East Baton Rouge (CPERS) has prepared its basic financial statements and is responsible for the integrity and fairness of the information presented. These statements may include amounts that are based on estimates and assumptions, which incorporate sound business practices. CPERS' accounting policies used in the preparation of these statements conform to accounting principles generally accepted in the United States of America. Financial information presented in all sections of the Comprehensive Annual Financial Report is consistent with the basic financial statements. Management has made every effort to insure that internal control and office policies and procedures have been maintained to provide assurance that transactions are authorized, assets safeguarded, and proper records maintained. Management has also provided the independent auditors with unrestricted access to all records, policies, and procedures during this audit.

DEFINITION AND PURPOSE OF ENTITY

The Employees' Retirement System of the City of Baton Rouge and Parish of East Baton Rouge, a defined benefit pension plan, was originally created by Council Ordinance No. 235 and Council Ordinance No. 276, effective December 31, 1953, to provide retirement allowances and other benefits for regular employees of the City of Baton Rouge. Police officers and firefighters were incorporated into the Retirement System effective January 1, 1956 by Council Ordinance No. 474. The Retirement System is governed by a seven member Board of Trustees, and all invested funds, cash and property are held in the name of the Plan for the exclusive benefit of the membership, both active and retired.

MAJOR INITIATIVES

In accordance with the recommendations of its investment consultant, and following a thorough search process, CPERS' Board replaced one of its emerging markets investment managers with AJO (Aronson, Johnson, & Ortiz) Partners' recently acquired emerging markets group. The move was made in anticipation of generating more attractive returns, and utilizing a smaller investment firm that could be more nimble in the smaller and more specialized emerging markets strategies. The allocation amounted to approximately 4.5 percent of assets, and because it was a manager replacement, it did not impact the target asset allocation.

Also relative to investments, the CPERS Board contracted with Top Tier Capital Partners, LLC for their Venture Velocity Fund, and committed $12.5 million toward the fund. This was the third installment of private equity for CPERS as it follows the schedule designed by the investment consultant to invest 5 percent of the system's assets in private markets. This is being done over a period of six years with commitments to various funds with differing investment opportunity emphasis such as secondaries, venture capital, buyout, etc. Another commitment is expected in 2016.

Concerned about the funding level of the CPERS trust, the Board of Trustees took proactive measures to help ensure the financial stability and longevity of the system. After a thorough study to determine the actuarial and legal impact of certain changes to retirement benefits for new members hired on or after September 1, 2015, the Board recommended retirement ordinance changes to the Metropolitan Council. No benefit changes were proposed for current System members. On August 12, 2015, the Council passed Ordinance 16039, which enacted the recommended changes. The financial effect of these changes to benefits will save the System almost $97 million over a 30-year period, with present value savings of $28.3 million. The changes are as follows:

For members hired on or after September 1, 2015

- Requiring a minimum retirement age of 50 for public safety employees and 55 for all others;
- Changing the time period used to calculate retirement benefits from the 36 highest successive months to the 60 highest successive months;
- Spousal benefits will no longer be automatic and must be purchased based on the actuarial value of the benefit; and
- Penalties associated with early retirement benefits will be based on an actuarial calculation that will be cost neutral to the system.

Additionally, the Board of Trustees eliminated its policy of rounding creditable service forward to the end of the service quarter.

CPERS paid out its ninth consecutive Supplemental Benefits Payment (SBP) to eligible retirees in September of 2015. It was again necessary to continue the scaled-back amounts established in 2012 in order to make meaningful distributions to qualifying retirees. The aggregate amount paid to 2,384 retirees totaled $1.32 million, and no recipient received less than $450. Future declarations and payments of the SBP will depend on availability of funds from excess investment revenues, ad-valorem tax receipts, and differentials in the annual Retirement Benefit Adjustment payments.

SERVICE EFFORTS AND ACCOMPLISHMENTS

CPERS continues to concentrate its efforts in providing the highest level of member service possible to both active and retired members. For CPERS, communication and service have always been the key elements to being successful. Increased awareness through improved communication, and technological advances have afforded us the opportunity and capability of continually providing more accurate and timely services such as the issuance of retirement benefit payments, electronic funds transfers, DROP distributions, DROP and contribution tax-deferred rollovers, supplemental funding of DROP accounts, Excess Benefit Plan payments, Supplemental Benefit Payments, refunds of member contributions, member counseling, retiree payroll-related changes, online access to DROP balances and account activity, and many more. Federal, state, and local laws affecting pensions frequently change, and CPERS must often change policies and procedures to accommodate the requirements of these laws.

As can be expected, payments to retirees, survivors, and beneficiaries continue to increase, and in 2015 the System paid out $75.7 million in regular monthly benefits compared to $73.1 million in 2014; an increase of 3.6%. Distributions of $18.3 million were paid to participants from the Deferred Retirement Option Plan (DROP), as compared to $16.1 million in 2014. This represented an increase of 13.7%. Combined, CPERS and PGT paid out $94.0 million to eligible retirees, survivors, and beneficiaries during the year, exclusive of separation benefits. Compared to $89.2 million paid out in 2014, total benefits paid increased by 5.4%.

The average monthly benefit of CPERS retirees continued to increase as both salaries and the number of retirements increased. For 2015, retirees drew an average monthly benefit of $1,935, which represented an increase of 1.3% over the 2014 average of $1,911. The average monthly withdrawal for DROP funds was $1,261, a moderate increase of 10.5% from 2014's average of $1,141. The DROP interest rate decreased to 6.2 percent, which continued to help slow member withdrawals from the DROP. DROP withdrawals included $1.1 million in rollovers to qualified Individual Retirement Accounts (IRAs) or other qualified plans.

Also, during 2015, refunds were issued to 239 members who terminated employment, and to beneficiaries of deceased members, compared to 238 issued during 2014. Additionally, some former members chose to rollover the portion of their contributions that was tax-sheltered, into an IRA or another qualified plan. A total of 146 members retired during 2015, which is an increase from the 118 who retired in 2014. A total of 122 members entered DROP during 2015 compared to 117 during 2014.

INTERNAL CONTROL

In accordance with Board and management's goals and policies, CPERS maintains a system of internal control that provides reasonable assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and regarding the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of control should not exceed benefits likely to be derived and that the valuation of costs and benefits requires estimates and judgments by management. Each year CPERS' independent auditors consider the system of internal control over financial reporting as part of the auditing process. Accordingly, they issue the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*, included in the last section of this report.

ACCOUNTING SYSTEM

An explanation of CPERS' accounting policies is contained in Note 2 of the Notes to the Financial Statements. The basis of accounting, basis of estimates, methods used to value investments and property and equipment, and other significant financial policy information are also explained in detail in the Notes to the Financial Statements.

FUNDING

The funding requirements for the Retirement System are determined by the Retirement System's actuary (Nyhart) through a required annual actuarial valuation. Required contributions are broken down between normal cost and amortization of unfunded accrued liability and then stated as a percentage of total system payroll.

Contributions from members remained at 9.5 percent during 2015 in conformance with the requirement of the Retirement Ordinances, which state that the employee contribution rate be set at 50 percent of the maximum employer contribution rate, not to exceed 9.5 percent. A blended employer contribution rate of 28.10 percent produced 2015 General Fund and non-General Fund/Other Employer contribution rates of 25.81 percent and 30.57 percent respectively.

CPERS maintains its goal of becoming a fully funded public employees' retirement system through steady growth of the investment markets, and meeting investment performance objectives. CPERS' 2015 gross investment performance of -.51 percent was again disappointing considering the target investment performance was 7.25 percent. In accordance with the new standards of GASB 67 *Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25,* CPERS' net position as a percent of the total pension liability fell to 63.95 percent when comparing the plan fiduciary net position to the total pension liability. The comparable number for 2014 was restated by the actuary as 70.95 percent. For the Police Guarantee Trust, when comparing the plan fiduciary net position to the total pension liability, the net position as a percent of the total pension liability for 2015 was 48.91 percent as compared to 2014 when it was 55.36 percent.

CASH MANAGEMENT

Since 2003 CPERS has managed short-term cash through the use of a Short Term Investment Fund (STIF) managed by the custodian bank. Upon the recommendation of the investment consultant, cash is managed by Bank of New York/Mellon in the BNY/Mellon Collective Trust Government Short Term Investment Fund, which invests in high-quality, short-term securities issued or guaranteed by the U.S. government or by U.S. government agencies and instrumentalities. This cash represents the daily needs of the Retirement System, primarily for paying benefits to retirees, as well as uninvested cash in the separately managed accounts of the Retirement System's investment managers. Utilizing the daily "sweep account", the System is able to stay fully invested at all times.

INVESTMENTS

The investments of the Retirement System are described in the Statement of Investment Policies and Objectives as shown in summary on pages 70 through 74. The Retirement Board members have the fiduciary duty of overseeing the pension fund investments within the guidelines of the investment policy. Studies show that the most influential tool used by the Board to achieve maximum investment performance is that of asset allocation. With guidance from its investment consultant, Summit Strategies Group, the Board has adopted a policy, which currently includes investments in large and small-cap domestic equities, international equities, emerging markets equities, core, core-plus, and unconstrained fixed-income securities, real estate, short-term cash, hedge fund of funds, private equity, and master limited partnerships. Within some of these allocations, both value and growth equity biases are utilized over both large and small capitalization stocks. Charts with the current asset allocations are shown on pages 75 through 77. During 2015, CPERS retained relationships with seventeen of its investment managers, brought on another private equity manager, and replaced an emerging markets manager. The performances of all the managers are measured against predetermined universally recognized indices (benchmarks) as recommended by the investment consultant. CPERS continues to rebalance the allocation of its portfolio to counter market value changes that occur through market value appreciation and depreciation, thereby ensuring that the asset mix remains within acceptable parameters and the portfolio remains true to the targeted asset allocation. As a separate legal trust, the PGT uses its own asset allocation, which closely resembles that of the original CPERS trust, thereby assuring that investment performance will approximate that of the CPERS trust. Separate investment reports are issued for the PGT showing performance as measured against standard benchmarks. Investment performance for the two trusts is measured separately and the assets for both are maintained separately. Investment return for

CPERS' assets, gross of investment fees for 2015 was -.51 percent with the three-year, and five-year returns being 6.62, and 6.26 percent respectively. For the PGT, the 2015 gross investment return was -1.64 percent, with the three-year and five-year returns being 4.98 percent and 5.18 percent respectively. A summary of the largest investment holdings can be found on pages 78 and 79.

INDEPENDENT AUDIT

Each year, independent auditors perform a financial audit in accordance with auditing standards generally accepted in the United States of America, and *Government Auditing Standards*. As part of their audit, the internal control structure of the Retirement System is considered. For the 2015 annual audit, the auditors were Postlethwaite & Netterville, Baton Rouge, Louisiana. Their opinion letter can be found in the Financial Section of this report.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Employees' Retirement System of the City of Baton Rouge and Parish of East Baton Rouge for its Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2014. This was the eighteenth consecutive year that CPERS has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

Once again, thanks are certainly due the Retirement Board of Trustees for continued commitment to the Retirement Office as evidenced by the support and resources provided. Your commitment as fiduciaries to providing excellent retirement benefits to CPERS' members, in a fiscally responsible manner is gratefully acknowledged. The CPERS staff remains committed to working with the Board in every way possible to improve the System for both the members and the participating employers.

Thanks also go to the Retirement Office staff for their continued efforts in making the 2015 Comprehensive Annual Financial Report (CAFR) the accurate and professional document it continues to be. While continuing to perform their regular duties in the most professional manner, they were dedicated to gathering data, inputting and typing, proofing and assembling this document. This is the nineteenth CAFR prepared by the Retirement Office for submission to the GFOA, and we are confident that it will again be found deserving of the Certificate of Achievement for Excellence in Financial Reporting for the nineteenth consecutive year.

Jeffrey R. Yates, CPA
Retirement Administrator

Russell P. Smith, CPA
Retirement Financial Manager

2015
RETIREMENT BOARD OF TRUSTEES

ADMINISTRATIVE STAFF

Jeffrey R. Yates, C.P.A.
Retirement Administrator

Barbara B. LeBlanc, C.I.A.
Assistant Retirement Administrator

Russell P. Smith, C.P.A.
Retirement Financial Manager

Mark Williams
Retirement Benefits Manager

Linda Verbois
Senior Administrative Specialist

Kyle Drago
Chief Financial Analyst

Jeffrey Lagarde, C.P.A.
Senior Financial Analyst

Katherine Wesley
Financial Analyst

Marshall Reilly
Financial Analyst

Salli Withers
Senior Retirement Analyst

Ana Paula Justino-Isaac
Senior Retirement Analyst

Rebecca Delaughter
Retirement Analyst

PROFESSIONAL CONSULTANTS

ACTUARY
Nyhart
2000 RiverEdge Parkway, Suite 900
Atlanta, GA 30328

AUDITOR
Postlethwaite & Netterville, CPA's
8550 United Plaza Blvd, Suite 1001
Baton Rouge, LA 70809

INVESTMENT CONSULTANT
Summit Strategies Group
8182 Maryland Ave. – 6th Floor
St. Louis, MO 63105

LEGAL COUNSEL
Akers & Wisbar, LLC
8280 YMCA Plaza Drive, Building 8-C
Baton Rouge, LA 70810

MEDICAL CONSULTANT
D. J. Scimeca, Jr., M.D.
P. O. Box 83029
Baton Rouge, LA 70884-3029

IT CONSULTANT
Relational Systems Consultants
102 Emily Circle
Lafayette, LA 70508

COST ANALYSIS CONSULTANT
MGT of America
3800 Esplanade Way
Tallahassee, FL 32311

CUSTODIAN BANK
Bank of New York/Mellon
135 Santilli Highway
Everett, MA 01249

FIXED INCOME
Income Research and Management
100 Federal Street
Boston, MA 02110

Western Asset Management Company
385 East Colorado Boulevard
Pasadena, CA 91101

Pyramis Global Advisors
82 Devonshire Street
Boston, MA 02109

DOMESTIC EQUITY
BlackRock
400 Howard Street
San Francisco, CA 94105

INTECH
525 Okeechobee Blvd. Suite 1800
West Palm Beach, FL 33401

Hood River Capital Management, LLC
One SW Columbia Street, Suite 430
Portland, OR 97258

Dimensional Fund Advisors, Inc.
6300 Bee Cave Road – Building One
Austin, TX 78746

INTERNATIONAL EQUITY
Sprucegrove Investment Management Ltd.
181 University Avenue, Suite 1300
Toronto, Ontario, Canada, M5H 3M7

AJO Partners
100 High Street, 25th Floor
Boston, MA 02110-1734

Highclere International Investors
253 Bayberry Lane
Westport, CT 06880

Gryphon International Investment Corporation
20 Bay Street - Suite 1905
Toronto, Ontario, Canada M5J 2N8

City of London Investment Group, PLC
1125 Airport Road
Coatesville, PA 19320

PRIVATE EQUITY
Neuberger Berman
605 3rd Avenue
New York, NY 10016

Morgan Stanley
100 Front Street
West Conshohocken, PA 19428

Top Tier Capital Partners, LLC
600 Montgomery Street, Suite 480
San Francisco, CA 94111

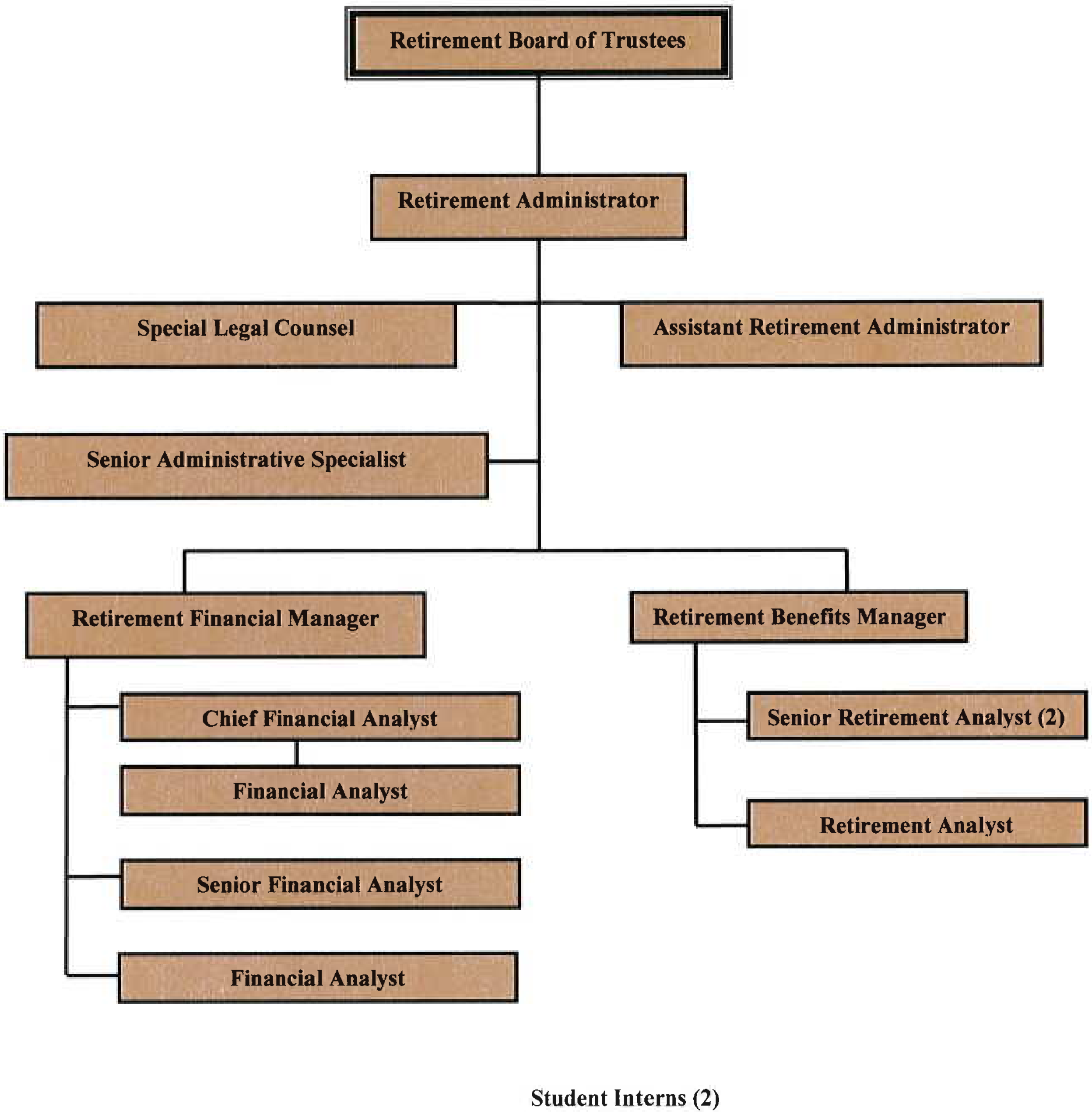
PROFESSIONAL CONSULTANTS (CONTINUED)

REAL ESTATE EQUITY
Clarion Partners
230 Park Avenue, 12th Floor
New York, NY 10169

MASTER LIMITED PARTNERSHIPS
Harvest Fund Advisors LLC
100 West Lancaster Avenue, 2nd Floor
Wayne, PA 19087

HEDGE FUND OF FUNDS
Magnitude Capital LLC
200 Park Avenue, 56th Floor
New York, NY 10166

RETIREMENT SYSTEM
ORGANIZATIONAL CHART



See pages 12 and 13 for specific information regarding investment professionals. A schedule of commissions paid to brokers can be found on page 86 in the Investment Section of this CAFR.

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Baton Rouge & Parish

of East Baton Rouge

Employees' Retirement System, Louisiana

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014

Executive Director/CEO

SUMMARY OF 2015 LOCAL LEGISLATIVE CHANGES

The following local legislation became law in 2015:

RESOLUTION 51398 – DIRECTING THE BOARD FOR THE EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF BATON ROUGE AND PARISH OF EAST BATON ROUGE TO PREPARE THE AMENDMENTS TO TITLE 1, CHAPTER 3, PART IV OF THE CODE OF ORDINANCES TO MAKE THE FOLLOWING CHANGES FOR MEMBERS HIRED ON OR AFTER JULY 1, 2015: (1) SERVICE RETIREMENT ALLOWANCE FOR 25 YEARS OR MORE, MINIMUM AGE OF 50 FOR PUBLIC SAFETY MEMBERS AND 55 FOR NON-PUBLIC SAFETY MEMBERS, 3% OF AVERAGE COMPENSATION FOR EACH YEAR OF SERVICE, MAXIMUM OF 90% OF AVERAGE COMPENSATION; (2) SERVICE RETIREMENT FOR 20 YEARS OR MORE BUT LESS THAN 25 YEARS, UNDER AGE 50 FOR PUBLIC SAFETY EMPLOYEES, UNDER AGE 55 NON-PUBLIC SAFETY MEMBERS, 2.5% OF AVERAGE COMPENSATION FOR EACH YEAR OF SERVICE, LESS AN ACTUARIALLY COMPUTED AGE PENALTY; (3) SERVICE RETIRMENT WITH 10 YEARS OF SERVICE OR MORE, MINIMUM AGE OF 55 FOR PUBLIC SAFETY MEMBERS, MINIMUM AGE OF 60 FOR NON-PUBLIC SAFETY MEMBERS, 2.5% OF AVERAGE COMPENSATION FOR EACH YEAR OF SERVICE; (4) SERVICE RETIREMENT FOR 10 YEARS OR MORE, BUT LESS THAN 25 YEARS, UNDER AGE 55 FOR PUBLIC SAFETY MEMBERS, UNDER AGE 60 FOR NON-PUBLIC SAFETY MEMBERS, 2.5% OF AVERAGE COMPENSATION FOR EACH YEAR OF SERVICE UPON ATTAINING AGE 55 OR 60; (5) REQUIRE THE PURCHASE OF ALL SPOUSAL BENEFITS; AND (6) CHANGE THE CALCULATION OF AVERAGE COMPENSATION FROM 36 SUCCESSIVE MONTHS TO 60 SUCCESSIVE MONTHS. MEMBERS HIRED ON OR AFTER JULY 1, 2015 WILL NO LONGER BE ELIGIBLE FOR THE SERVICE RETIREMENT ALLOWANCES IN THE CURRENT ORDINANCE. THE ORDINANCE AMENDMENTS SHALL BE MADE AVAILABLE FOR INTRODUCTION AT THE MAY 27TH COUNCIL MEETING.

On August 12, 2015, amendments to the Retirement Plan were finalized and approved by the Metropolitan Council in the form of Ordinance 16039.

ORDINANCE 16039 – AMENDING TITLE 1 (MUNICIPAL AND PARISH ORGANIZATION), CHAPTER 3 (PERSONNEL), PART IV (EMPLOYEES' RETIREMENT SYSTEM), OF THE CODE OF ORDINANCES FOR THE EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF BATON ROUGE AND PARISH OF EAST BATON ROUGE, TO CHANGE BENEFITS FOR MEMBERS HIRED ON OR AFTER SEPTEMBER 1, 2015 IN ACCORDANCE WITH RESOLUTION 51398 ADOPTED BY THE METROPOLITAN COUNCIL ON MARCH 25, 2015.

On August 12, 2015, the Metropolitan Council approved Ordinance 16039 that amended the following sections:

Section 1:251 - Amended the following definitions to change some provisions for members hired on or after September 1, 2015:

> *Average Compensation* – For members hired on or after September 1, 2015, the period of successive months of service used in determining the highest average annual compensation was changed from 36 successive months to 60 successive months.
>
> *Beneficiary* – Amended this definition to include more than one person and trusts.
>
> *Date of Hire* – Definition added. Date of hire shall mean the most recent date of hire for an active member, inactive member, or vested nonmember, or the date of hire on which a service retiree's or a disability retiree's original pension calculation was based.
>
> *Member* – Capitalized the name of an employer.
>
> *Public safety employee* – Definition added. Public safety employee shall mean an employee/member who meets the definition of a public safety employee/officer as defined by the Pension Protection Act of 2006.
>
> *Vested member* – For members hired on or after September 1, 2015, the age at which a member who meets service requirement vesting changed from 55 years of age to 60 years of age for non-public safety employees, and remained at 55 years of age for public safety employees.

SUMMARY OF 2015 LOCAL LEGISLATIVE CHANGES (CONTINUED)

Vested non-member – For former members whose date of hire is on or after September 1, 2015, the age at which a former member who meets service requirement retirement eligibility changed from 55 years of age to 60 years of age for non-public safety employees and remained at 55 years of age for public safety employees.

Section 1:259.H. – Capitalized the name of an employer

Section 1:265 A.1. – Amended the retirement age for individuals hired on or after September 1, 2015, who had not less than 10 years of service, from 55 years of age to 60 years of age for non-public safety employees and remained at 55 years of age for public safety employees.

Section 1:265 A.2. – Amended the retirement age for individuals hired on or after September 1, 2015 who had 25 years of service to 55 years of age for non-public safety employees, and 50 years of age for public safety employees; and for members with less than 25 years of service, the retirement allowance is reduced to an actuarial equivalent benefit for commencement prior to age 55 for non-public safety employees and prior to age 50 for public safety employees.

Section 1:265 A.3. – Amended the retirement age for those members hired on or after September 1, 2015, with at least 25 years of service, to age 55 for a non-public safety employee and age 50 for a public safety employee, with service retirement allowance computed at 3 percent of average compensation multiplied by the number of years of creditable service. For members with less than 25 years of service but at least 10 years of service the age requirement changed to age 60 for non-public safety employees and age 55 for public safety employees, with service retirement allowance computed at 2.5 percent of average compensation multiplied by the number of years of creditable service.

Section 1:265 B.4.(a &b). – For members hired on or after September 1, 2015, language was added changing the average compensation period from 36 to 60 months.

Section 1:265 C.1. – Added language stating that any member entitled to a service-connected disability retirement may elect to receive an optional allowance.

Section 1:265 C.2.a. – Added language to provide for more than one beneficiary.

Section 1:265 C.2.b. - Clarified language of 50% survivor benefit.

Section 1:265 C.2.c. - Added language for the 50%, 75%, 100% and Option 5 survivor benefits, also providing the 50%, 75% and 100% survivor benefits with provisions to revert back to the maximum benefit if the designated beneficiary predeceases the retiree.

Section 1:265 C.5. – For members hired on or after September 1, 2015, language was added requiring that any surviving spouse benefit selected by the member be purchased by the member.

Section 1:265 C.6. – Added language to provide that a current spouse be designated as a 50% beneficiary of a DROP balance.

Section 1:265 H. – Added language referencing Louisiana law pertaining to the forfeiture of retirement benefits due to public corruption.

Section 1:267B, F and G. – Added language to provide for more than one beneficiary.

Section 1:268 B. – For members hired on or after September 1, 2015, language was added changing the retirement age for members that left contributions on deposit to age 60 for non-public safety employees and age 55 for public safety employees.

Section 1:268 D. – Added language referencing Louisiana law pertaining to the forfeiture of retirement benefits due to public corruption.

Section 1:270 A. – Added language for survivor benefits, changing the retirement age to age 55 for non-public safety employees and age 50 for public safety employees.

SUMMARY OF 2015 LOCAL LEGISLATIVE CHANGES (CONTINUED)

Section 1:270 F. – For members hired on or after September 1, 2015 language was added to exclude the 50% survivor benefit for a spouse married to a member for at least 2 years after retirement.

Section 1:270 G. - For members hired on or after September 1, 2015, language was added to exclude the 50% survivor benefit for a spouse married to a member for at least 2 years after commencement of DROP participation.

Section 1:270 H. - For members hired on or after September 1, 2015, language was added to exclude the 50% survivor benefit for a spouse married to a member for at least 2 years after the service connected disability retirement date.

Section 1:271 B.1. - For members hired on or after September 1, 2015 with not less than 25 years of creditable service, language was added to change the retirement age for members to participate in the DROP to age 55 for non-public safety employees or age 50 for public safety employees. Also, for members with not less than 10 years of creditable service, the retirement age to participate in the DROP was changed to age 60 for non-public safety employees and age 55 for public safety employees.

Section 1:271 B.3.- For members hired on or after September 1, 2015 with not less than 25 years of creditable service, language was added to require that the election to participate in DROP had to be exercised prior to the applicant's attaining 33 years of creditable service or the option to participate is forfeited, except for members who do not reach the minimum required retirement age, and those members must exercise the option to participate in DROP no later than 60 days following the attainment of age 55 for non-public safety employees and age 50 for public safety employees in order to participate the full 5 years.

Section 1:271 B.5. – Language added as follows: For members hired on or after September 1, 2015, with not less than 25 years nor more than 33 years of creditable service, the duration of participation in the DROP shall be for a specific period, which shall not exceed: (a) five years or (b) a number of years which , when added to the number of years of creditable service for which the member has credit in this pension plan, equals 35 or (c) For members who are not eligible to participate in DROP at thirty (30) years of service because of age, a number of years representing the difference between (1) the member's earliest date to participate in DROP (defined as the no more than sixty (60) days following attainment of age fifty-five (55) for non-public safety employees, or age fifty (50) for public safety employees) plus five (5) years, and (2) the effective date of election to participate in DROP, provided this difference equals at least two (2) years. The duration of participation in the DROP for a member whose date of hire was on or after September 1, 2015, and who has not less than ten (10) years of creditable service, and has reached the age of sixty (60) for nonpublic safety employees or the age of fifty-five (55) for public safety employees shall be for a specific period, which shall not exceed three (3) years.

PLAN SUMMARY

SERVICE RETIREMENT ALLOWANCES

- **For members hired prior to September 1, 2015**, 25 years or more, any age, 3% of average compensation for each year of service; maximum 90% of average compensation

  For members hired on or after September 1, 2015, 25 years or more age 55 for non-public safety members and age 50 for public safety members, 3% of average compensation for each year of service; maximum 90% of average compensation.

- **For members hired prior to September 1, 2015**, 20 years or more, but less than 25 years, under age 55, 2.5% of average compensation for each year of service less a 3% penalty on the total retirement allowance for each year the member's age at retirement is under 55;

  For members hired on or after September 1, 2015, 20 years or more, but less than 25 years, a retirement allowance reduced to an actuarial equivalent benefit for commencement prior to the attained age of 55 for non-public safety members and age 50 for public safety members.

- **For members hired prior to September 1, 2015,** 10 years or more, but less than 25 years, age 55, 2.5% of average compensation for each year of service.

  For members hired on or after September 1, 2015, 10 years or more, but less than 25 years, age 60 for non-public safety and age 55 for public safety, 2.5% of average compensation for each year of service.

- **For members hired prior to September 1, 2015,** 10 years or more, but less than 25 years, under age 55, 2.5% of average compensation for each year of service upon attaining age 55.

  For members hired on or after September 1, 2015, 10 years or more, but less than 25 years, under age 60 for non-public safety members and age 55 for public safety members, 2.5% of average compensation for each year of service upon attaining 60 for non-public safety members and age 55 for public safety members

OPTIONAL RETIREMENT ALLOWANCES

- Member may elect a reduced retirement allowance and designate any person to receive the balance of his member contributions in the event member dies before receiving retirement benefits exceeding the amount of his member contributions as of the date of his retirement.

- Member may elect a reduced retirement allowance and designate any person or persons to receive a survivor's benefit certified by the retirement system actuary to be of equivalent actuarial value.

DISABILITY RETIREMENT ALLOWANCES

- Ordinary disability, minimum 10 years of service required, minimum 50% of average compensation; additional 2.5% of average compensation for each year of service in excess of 20 years.

- Service-connected disability, no minimum service requirement, minimum 50% of average compensation; additional 1.5% of average compensation for each year of service in excess of 10 years.

SURVIVOR BENEFITS

- The surviving spouse of a contributing member eligible for retirement, or who has at least 20 years of service, receives an actuarially computed benefit for life; or a refund of member contributions.

PLAN SUMMARY (CONTINUED)

- The surviving spouse of a contributing member not eligible for retirement receives a monthly benefit of $600 for life or until remarriage, whichever occurs first; or a refund of member contributions limited to the amount remaining after the payment of minor child or unmarried dependent parent benefits, if any.

- **For members hired prior to September 1, 2015,** the surviving spouse of a service retiree or a service-connected disability retiree receives a monthly benefit of 50% of the service retiree or service-connected disability retiree benefit for life, provided that the surviving spouse was either (1) legally married to the retiree on his date of service retirement or (2) legally married to the retiree for at least 2 years prior to the retiree's death.

  For members hired on or after September 1, 2015, the surviving spouse of a service retiree or service-connected disability retiree who elected an optional allowance receives the monthly benefit provided for under that optional allowance.

- **For members hired prior to September 1, 2015,** the surviving spouse of a DROP participant receives a monthly benefit of 50% of the DROP participant benefit for life, provided that the surviving spouse was either (1) legally married to the DROP participant on the effective date of his DROP participation or (2) legally married to the DROP participant for at least 2 years prior to the DROP participant's death.

  For members hired on or after September 1, 2015, the surviving spouse of a DROP participant who elected an optional allowance receives the monthly benefit provided for under that optional allowance. .

- Minor child or children of contributing member receive a monthly benefit of $150 per child until age 18, maximum benefit of $300 if survived by 2 or more.

DEFERRED RETIREMENT OPTION PLAN (DROP)

- **For members hired prior to September 1, 2015,** member must have not less than 25 or more than 30 years of service, regardless of age, to be eligible for up to 5 year participation, or combined service and DROP participation not exceeding 32 years, whichever is less.

  For members hired on or after September 1, 2015, must have not less than 25 years or more than 33 years of service at age 55 for non-public safety members or age 50 for public safety members, to be eligible for up to 5 year participation, except that members who do not reach the minimum required retirement age must exercise the option to participate in the DROP no later than 60 days following the attainment of age 55 for non-public safety member or age 50 for public safety members to be eligible to participate up to 5 years.

- **For members hired prior to September 1, 2015,** members with at least 10 years, but less than 25 years of service, and who are age 55 or older are eligible for up to 3 year participation.

  For members hired on or after September 1, 2015, member with at least 10 years, but less than 25 years of service, and are age 60 for non-public safety members or age 55 for public safety are eligible for up to 3 year participation.

- Members may participate in DROP only once and are prohibited from becoming a contributing member of the system after participation.

- For DROP participants prior to July 1, 1991 who do not terminate employment at the end of participation, interest earnings on the account are discontinued until termination of employment, and no funds are payable from the account until such termination.

- For DROP participants on or after July 1, 1991 who do not terminate employment at the end of participation, all interest earnings that would have been credited during participation are forfeited, and all funds are immediately distributed to the member or rolled tax-deferred to another qualified pension plan at the member's option.

PLAN SUMMARY (CONTINUED)

- Upon employment termination, it is mandatory to roll severance/separation pay into an existing DROP account for members who are non-public safety officers age 55 or older, while the members younger than age 55 are given the option to roll the funds into the DROP or another qualified plan, or take receipt of the funds. For public safety officers the qualifying age is 50.

ROLLOVER OF ELIGIBLE DISTRIBUTIONS

- Certain distributions from DROP accounts are eligible for rollover to an Individual Retirement Account (IRA), Code Sec. 401 (a) qualified trust, 408 (b) individual retirement annuity, 403(a)&(b) annuity plans, 457 or other qualified plans.

MEMBERS WHO TRANSFERRED MEMBERSHIP TO MPERS

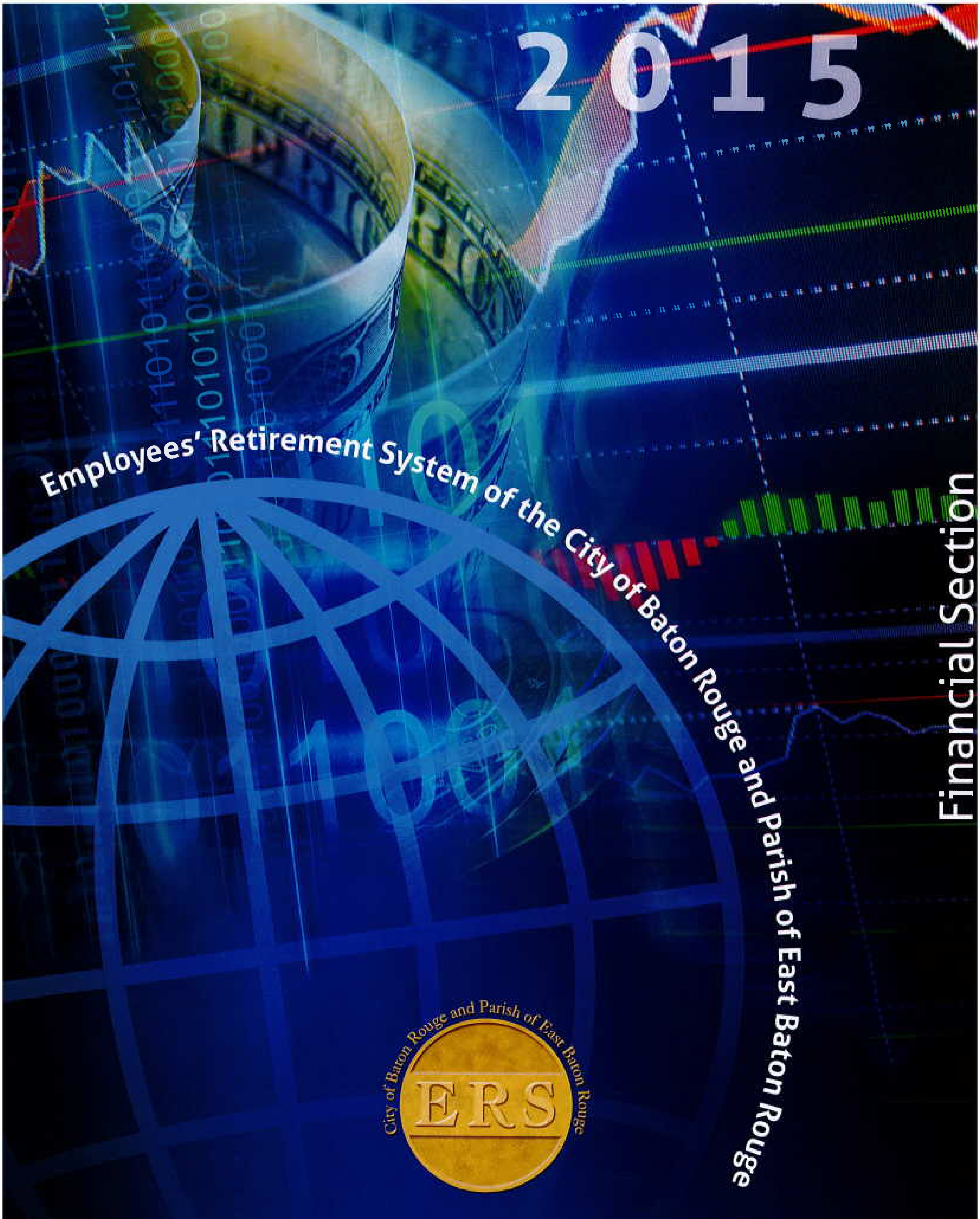
- For members who transferred their membership to the Municipal Police Employees' Retirement System (MPERS) the summary of benefits is generally as shown above. Because of the differences in particular CPERS and MPERS benefit provisions, variations may exist. Only provisions specifically set forth in the contract entitled *Agreement and Guarantee of Retirement Rights and Benefits* are guaranteed by CPERS to transferred members.

THIS PAGE INTENTIONALLY LEFT BLANK

2015

Employees' Retirement System of the City of Baton Rouge and Parish of East Baton Rouge

Financial Section



A Component Unit of the Consolidated Government of the City of Baton Rouge and the Parish of East Baton Rouge, LA

CP Employees' Retirement System

City of Baton Rouge and Parish of East Baton Rouge

ERS

P&N Postlethwaite & Netterville

A Professional Accounting Corporation
Associated Offices in Principal Cities of the United States
www.pncpa.com

INDEPENDENT AUDITORS' REPORT

Members of the Board of Trustees
Employees' Retirement System of the
City of Baton Rouge and Parish of East Baton Rouge
Baton Rouge, Louisiana:

Report on the Financial Statements

We have audited the accompanying financial statements of the Employees' Retirement System of the City of Baton Rouge and Parish of East Baton Rouge (CPERS Trust) and the Police Guarantee Trust (PGT), collectively referred to as the Retirement System, a component unit of the City of Baton Rouge – Parish of East Baton Rouge, as of and for the year ended December 31, 2015, and the related notes to the financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Employees' Retirement System of the City of Baton Rouge and Parish of East Baton Rouge (CPERS Trust) and the Police Guarantee Trust (PGT), collectively the Retirement System, as of December 31, 2015 and the changes in its financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

8550 United Plaza Blvd, Suite 1001 • Baton Rouge, LA 70809 • Tel: 225.922.4600 • Fax: 225.922.4611

Other Matters

Required Supplemental Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of changes in net pension liability, schedules of employers' net pension liability, schedule of investment returns, and the schedule of employer contributions and related notes listed as Required Supplemental Information in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information
Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Retirement System. The accompanying financial information as listed in the Table of Contents as Schedules of Administrative Expenses, Schedules of Investment Expenses, Schedules of Payments to Consultants, and Schedule of Compensation, Reimbursements, Benefits, and Other Payments to Retirement Administrator are presented for purposes of additional analysis and is not a required part of the basic financial statements. These schedules are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The accompanying introductory section, the financial and explanative information in the investment section, the actuarial section, the statistical section and the Alternative Retirement Plan section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Prior-Year Comparative Information
We have previously audited the Retirement System's financial statements as of and for the year ended December 31, 2014, and we expressed an unmodified audit opinion on the combined statement of fiduciary net position and the combined statement of changes in fiduciary net position in our report dated June 25, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2016 on our consideration of the Retirement System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Retirement System's internal control over financial reporting and compliance.

Postlethwaite & Netterville

Baton Rouge, Louisiana
June 26, 2016

P&N

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is management's discussion and analysis of the financial performance of the Employees' Retirement System of the City of Baton Rouge and Parish of East Baton Rouge (the System). It is presented as a narrative overview and analysis for the purpose of assisting the reader with interpreting key elements of the financial statements, notes to the financial statements, required supplementary information, and supporting schedules for the current year.

FINANCIAL HIGHLIGHTS

- Investment performance in 2015 was a disappointing -.51 percent, as compared to the assumed rate of return of 7.25 percent. Still CPERS outperformed its total fund policy index by 194 basis points, most of which came from manager added value. Both US and international equities significantly underperformed, as did traditional fixed income. The lone bright spot was US real estate, which more than kept pace at 15.7 percent, although alternatives, such as hedge fund of funds and private equity, did contribute positively also. With the continued decline in oil and oil-related stocks, CPERS suffered double digit losses in Master Limited Partnerships, which were in place less than two years.

- Retirement benefit payments increased by over $5 million after two years of decreases. Regular retirements, as well as increased DROP withdrawals contributed to the increase. Included in benefit payments was payment of the ninth consecutive Supplemental Benefit Payment of over $1.3 million. Refunds and withdrawals also increased by more than 9 percent.

- The plan fiduciary net position as a percent of the total pension liability decreased by 7.0 percent as the result of actuarial experience and data changes. Overall, the plan's funding level at December 31, 2015 was 64.0 percent versus the December 31, 2014 level of 71.0 percent, as measured in accordance with GASB 67 standards. However, on a funding basis, the system's funded percentage at December 31, 2015 stood at 69.3 percent versus 71.0 percent at December 31, 2014.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's discussion and analysis is intended to serve as an introduction to the CPERS basic financial statements, together with the related notes to the financial statements, required supplementary information, and the supporting schedules, all of which are described below:

Statement of Fiduciary Net Position – This statement reports the System's assets, liabilities, and resulting fiduciary net position. The original CPERS trust and Police Guarantee Trust are shown both separately and combined. Although not a comparative financial statement per se, it shows the prior year comparative combined totals by line item. This statement should be read with the understanding that it discloses the System's financial position as of December 31, 2015 and provides comparative combined totals at December 31, 2014.

Statement of Changes in Fiduciary Net Position – This statement reports the results of operations during the calendar year 2015 with comparative combined totals for 2014, categorically disclosing the additions to and deductions from assets held in trust for pension benefits. The net increase in fiduciary position on this statement supports the change in fiduciary position on the Statement of Fiduciary Net Position. In keeping with prior years' format, the original CPERS trust and Police Guarantee Trust are again shown both separately and combined, and again with a column showing the comparative combined totals for the prior year, although the statement is not a comparative financial statement by definition.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

Notes to the Financial Statements - The financial statement notes provide additional information that is essential to a complete understanding of the data set forth in the financial statements. They are considered an integral part of the financial statements. A general description of the information provided in the notes follows:

- Note 1 (Plan Description) provides a general description of the Retirement System, including the original CPERS trust and the Police Guarantee Trust. Information is included regarding plan membership, a description of retirement benefits, a description of the Deferred Retirement Option Plan (DROP), and retirement contributions.
- Note 2 (Summary of Significant Accounting Policies) provides information disclosing certain accounting methods and policies used in determining amounts shown on the financial statements. Included in this note is information relative to the basis of accounting, and the determination of estimates, including System investments and property and equipment.
- Note 3 (Cash and Investments) describes System investments and their relationship with the custodian bank. This note includes information regarding the System's cash and investments, use of the custodian's Short Term Investment Fund (STIF), bank balances and their collateralization, and types of investment risk and measurement of that risk for the CPERS investment portfolio.
- Note 4 (Actuarial GASB 67 Disclosures - CPERS) provides detailed data relative to the actuarial status of the original CPERS trust, including pension liability, funded percentage, actuarial assumptions, plan membership, long-term expected rates of return on investments, discount rate, and sensitivity to discount rate changes.
- Note 5 (Actuarial GASB 67 Disclosures - PGT) also provides detailed data relative to the actuarial status of the Police Guarantee Trust fund, including pension liability, funded percentage, actuarial assumptions, plan membership, long-term expected rates of return on investments, discount rate, and sensitivity to discount rate changes.
- Note 6 (Contingencies) provides information relative to any retirement matters being litigated and possibly subjecting the system to some financial exposure.

Required Supplementary Information – The required supplementary information consists of informational schedules and related notes. These schedules show the changes in net pension liability, employers' net pension liability, investment returns, and employer contribution data for the original CPERS trust and the PGT separately. The related notes disclose key actuarial assumptions and methods used in the schedules.

Supporting Schedules – These schedules include information on administrative and investment expenses and payments to consultants.

CPERS FINANCIAL ANALYSIS

CPERS provides retirement benefits to essentially all eligible City-Parish employees and employees of other member employers. These benefits are funded through member contributions, employer contributions, and earnings on investments. Total System assets restricted for pensions at December 31, 2015 were $1.04 billion, which represented a decrease of $52.2 million, or 4.8 percent below the $1.09 billion restricted for pensions at December 31, 2014.

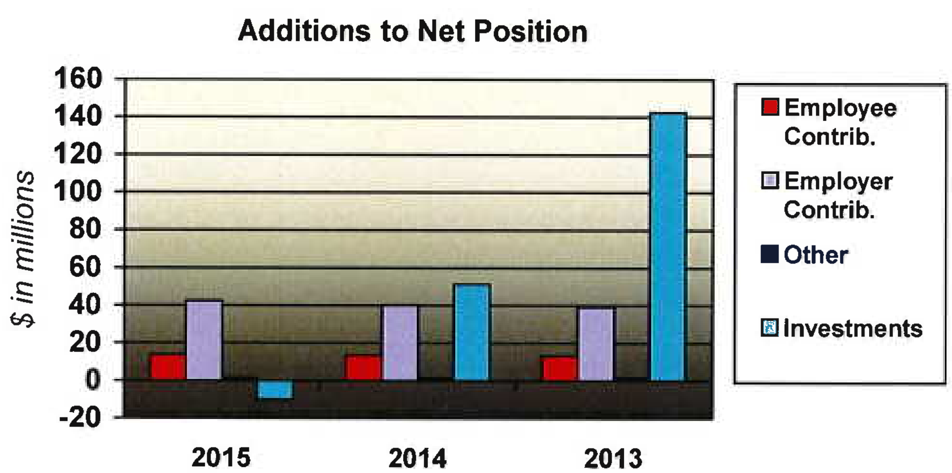
**EMPLOYEES' RETIREMENT SYSTEM
OF THE CITY OF BATON ROUGE AND
PARISH OF EAST BATON ROUGE**

MANAGEMENT'S DISCUSSION AND ANALYSIS

	2015	**2014**	**2013**	**2015 Increase (Decrease)**	**2015 % Change**
Cash	$ 14,138,891	$ 12,663,282	$ 4,195,056	$ 1,475,609	11.7 %
Receivables	8,535,730	10,051,769	6,788,231	(1,516,039)	(15.1)
Investments (fair value)	1,020,962,509	1,073,751,974	1,072,168,111	(52,789,465)	(4.9)
Capital Assets	565,317	571,724	578,011	(6,407)	(1.1)
Total Assets	1,044,202,447	1,097,038,749	1,083,729,409	(52,836,302)	(4.8)
Total Liabilities	2,449,916	3,074,870	1,867,351	(624,954)	(20.3)
Net Position Restricted for Pensions	$1,041,752,531	$1,093,963,879	$1,081,862,058	$ (52,211,348)	(4.8) %

Additions to Net Position Restricted for Pensions

Additions to CPERS net position restricted for pensions include regular contributions from employees and employers, contributions received from employers for purposes of paying severance pay to employees' DROP accounts, and investment income. Employee contributions, which continued at 9.5% of payroll for both 2015 and 2014 increased by $232 thousand as salaries remained fairly constant. Employer contributions increased by $2.2 million as the required employer contribution rate again increased for 2015, as recommended by the System's actuary. The blended employer contribution rate for 2015 was 28.10% of payroll, while in 2014 the rate was set at 27.23%. Investment performance was disappointing, falling well short of expectations, as traditional equity and fixed income investments underperformed both domestically and internationally. In 2015, the System suffered a net investment loss of $3.3 million, compared to 2014's gain of $58.1 million. In total, 2015 additions to net position restricted for pensions were $47.5 million as compared to additions of $106.5 million for 2014.



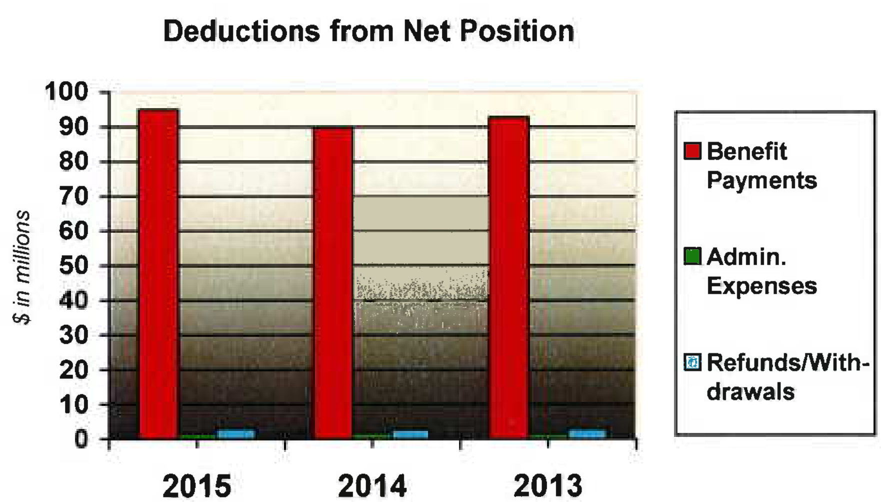
EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF BATON ROUGE AND PARISH OF EAST BATON ROUGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

Additions to Net Position	2015	2014	2013	2015 Increase (Decrease)	2015 % Change
Employee Contributions	$ 13,695,647	$ 13,463,174	$ 13,233,128	$ 232,473	1.7 %
Employer Contributions	42,338,901	40,127,044	39,089,413	2,211,857	5.5
Net Investment Income	(10,012,523)	51,327,523	142,720,229	(61,340,046)	(119.5)
Other	1,457,940	1,534,821	1,741,065	(76,881)	(5.0)
Total Additions	$ 47,479,965	$ 106,452,562	$ 196,783,835	$ (58,972,597)	(55.4) %

Deductions from Net Position Restricted for Pensions

Deductions from CPERS net position restricted for pensions are comprised primarily of retirement benefit payments to CPERS retirees, survivors, and beneficiaries. Also included as deductions are administrative expenses, and refunds and withdrawals of employee contributions. For 2015, benefit payments to retirees, survivors, and beneficiaries totaled $95.0 million, which represented a 5.8% increase from the $89.8 million paid out in 2014. This was primarily due to an increase in the amount of DROP withdrawals requested by members. The normal monthly payments to pensioners continued to increase, and both the number of pensioners and the average monthly pension payments increased. The Board of Trustees was pleased to pay the ninth consecutive Supplemental Benefit Payment of $1.3 million to qualifying retirees. The 2015 administrative expenses decreased to $1.63 million from $1.72 million in 2014 representing a decrease of 5.2%. The decrease stemmed from extraordinary expenses incurred in 2014 such as attorney fees for active lawsuits, building renovations, and special actuarial studies regarding changes in benefits. And finally, refunds and withdrawals of member contributions increased by 9.4%, totaling $3.1 million in 2015, as compared to $2.8 million in 2014.



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

MANAGEMENT'S DISCUSSION AND ANALYSIS

Deductions from Net Position	**2015**	**2014**	**2013**	**2015 Increase (Decrease)**	**2015 % Change**
Benefit Payments	$ 94,971,379	$ 89,805,233	$ 92,765,348	$ 5,166,146	5.8 %
Refunds & Withdrawals	3,088,270	2,823,522	2,940,900	264,748	9.4
Administrative Expense	1,631,664	1,721,986	1,544,716	(90,322)	(5.2)
Total Deductions	$ 99,691,313	$ 94,350,741	$ 97,250,964	$ 5,340,572	5.7 %

Net Increase (Decrease) in Net Position (Total Additions less Total Deductions)	$ (52,211,348)	$ 12,101,821	$ 99,532,871	$ (64,313,169)	(531.4) %

Investments

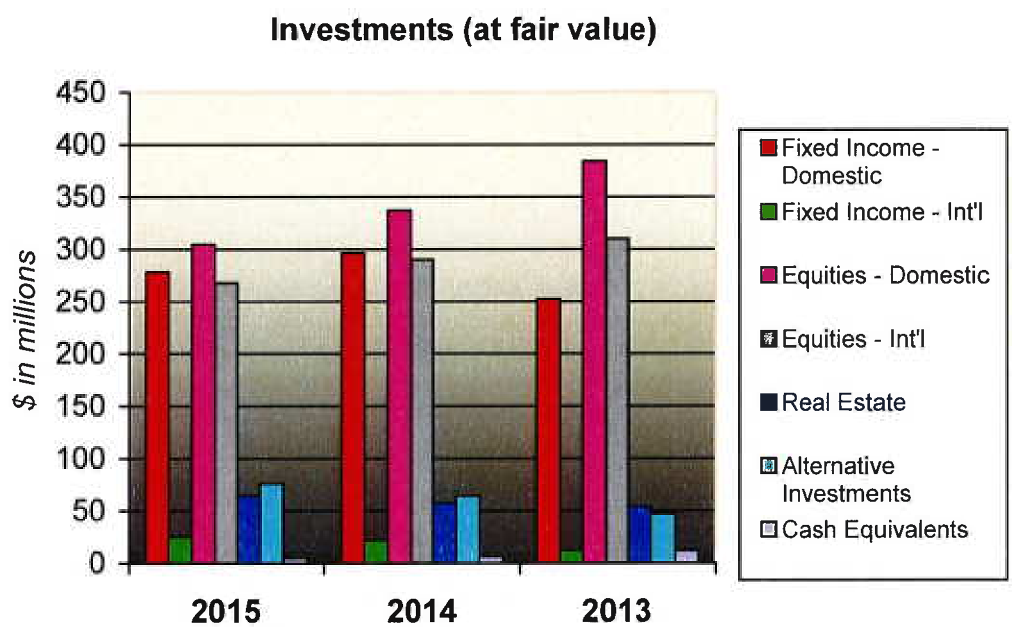
The System's investments managed to stay above the billion dollar level, totaling $1.021 billion at December 31, 2015 as compared to $1.074 billion at December 31, 2014, which represented a decrease of $52.8 million or 4.92%. Equities in domestic markets barely stayed positive with returns of 1.3%. International equities again disappointed with returns of -2.4%. Domestic fixed income failed to generate returns with a loss of 0.14% for the year, while real estate continued to perform impressively by returning 15.7%. Hedge fund of funds slightly underperformed at a 5.8% return. At the recommendation of the investment consultant, CPERS committed its third allocation to private equity to further diversify the System's asset allocation. Further diversification of the portfolio can be expected to mitigate, but not eliminate risk. CPERS' investment return of -.51% came in well below the expected 7.25% target, but did exceed the Total Fund Policy Index by 194 basis points, indicating that the active management by the investment managers did contribute positively to the performance. Investment expenses increased just .5% as assets under management failed to grow much during the year. CPERS continues to further diversify the portfolio as a means to decrease the overall volatility of the portfolio and expects to continue funding private equity investments for the next few years. The System's asset allocation is set based on long-range performance horizons and no attempts are made to try to time the market. The PGT maintains an asset allocation as similar as possible to that of the CPERS Trust, and investment performance varies slightly between the two trusts. Investment performance by general asset categories for the original CPERS trust is shown below:

	2015 %	**2014 %**	**2013 %**
US Equity Composite	1.27	12.91	35.30
International Equity Composite	(2.38)	(3.25)	14.74
Fixed Income Composite	(0.14)	5.29	(1.60)
Real Estate Composite	15.71	13.16	12.77
Hedge Funds Composite	5.81	7.83	4.61
Private Equity	19.28	17.95	N/A
Cash Composite	0.01	.05	.12
Master Limited Partnerships	(30.07)	N/A	N/A
Total Fund Composite	(0.51)	5.28	15.73

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

When making comparisons from year to year, it is important to be aware that other factors may affect the change in investments, particularly the changes between investment categories and types, as mentioned above. It is also important to note that the investment portfolio is not stagnant, but is traded in part each business day. Investment managers sometimes change allocations between investment types (e.g. treasury bonds to mortgages) or sectors (e.g. financials to technology). Therefore, the reader should be cautious about drawing conclusions as to how and why the portfolio changed in market value. It is perhaps best to refer to the total investment figures to conclude how the System's investments performed overall.



Investments (at Fair Value)	2015	2014	2013	2015 Increase (Decrease)	2015 % Change
Fixed Income - Domestic	$ 278,424,005	$ 296,467,525	$ 252,335,431	$ (18,043,520)	(6.1) %
Fixed Income – International	25,126,199	22,209,075	12,351,607	2,917,124	13.1
Equities – Domestic	304,449,133	336,848,968	383,997,257	(32,399,835)	(9.6)
Equities – International	267,689,986	289,862,337	310,056,472	(22,172,351)	(7.6)
Real Estate	64,441,591	57,892,372	53,921,564	6,549,219	11.3
Alternative Investments	76,049,768	64,226,072	47,340,499	11,823,696	18.4
Cash Equivalents	4,781,827	6,245,625	12,165,281	(1,463,798)	(23.4)
Total Investments	$ 1,020,962,509	$ 1,073,751,974	$ 1,072,168,111	$ (52,789,465)	(4.9) %

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

REQUESTS FOR INFORMATION

This Comprehensive Annual Financial Report is designed to provide a general overview of the finances for the Employees' Retirement System of the City of Baton Rouge and Parish of East Baton Rouge for interested parties. Questions concerning any of the information provided herein, or requests for additional financial information should be addressed to the Employees' Retirement System of the City of Baton Rouge and Parish of East Baton Rouge, P. O. Box 1471, Baton Rouge, Louisiana, 70821-1471.

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

**STATEMENT OF FIDUCIARY NET POSITION AS OF DECEMBER 31, 2015
AND COMPARATIVE COMBINED TOTALS FOR 2014**

	CPERS Trust	Police Guarantee Trust	2015 Combined Total	2014 Combined Total
Assets				
Cash	$ 12,107,945	$ 2,030,946	$ 14,138,891	$ 12,663,282
Receivables:				
Employer contributions	3,306,851	686,410	3,993,261	6,072,829
Employee contributions	614,712	913	615,625	951,118
Interest and dividends	5,704	35	5,739	14,708
Pending trades	3,645,416	136,827	3,782,243	2,881,200
Other	138,862	-	138,862	131,914
Total receivables	7,711,545	824,185	8,535,730	10,051,769
Investments (at fair value):				
Fixed Income – Domestic	272,017,206	6,406,799	278,424,005	296,467,525
Fixed Income – International	24,610,440	515,759	25,126,199	22,209,075
Equities – Domestic	300,457,696	3,991,437	304,449,133	336,848,968
Equities – International	264,259,383	3,430,603	267,689,986	289,862,337
Real estate investments	64,441,591	-	64,441,591	57,892,372
Alternative investments	75,144,336	905,432	76,049,768	64,226,072
Cash equivalents	4,156,610	625,217	4,781,827	6,245,625
Total investments	1,005,087,262	15,875,247	1,020,962,509	1,073,751,974
Properties at cost, net of accumulated depreciation of $735,297 and $731,480, respectively	565,317	-	565,317	571,724
Total Assets	1,025,472,069	18,730,378	1,044,202,447	1,097,038,749
Liabilities				
Accrued expenses and benefits	1,028,667	157,340	1,186,007	1,160,984
Pending trades payable	1,256,475	7,434	1,263,909	1,913,886
Total Liabilities	2,285,142	164,774	2,449,916	3,074,870
Net position restricted for pensions	$ 1,023,186,927	$ 18,565,604	$ 1,041,752,531	$ 1,093,963,879

See accompanying notes to financial statements.

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FOR THE YEAR ENDED DECEMBER 31, 2015 AND COMPARATIVE COMBINED TOTALS FOR 2014

	CPERS Trust	Police Guarantee Trust	2015 Combined Total	2014 Combined Total
Additions:				
Contributions:				
Employee	$ 13,596,282	$ 99,365	$ 13,695,647	$ 13,463,174
Employer	41,387,640	951,261	42,338,901	40,127,044
Severance contributions from employee	1,457,940	-	1,457,940	1,534,821
Total contributions	56,441,862	1,050,626	57,492,488	55,125,039
Investment income:				
Net appreciation in fair value of investments	(3,043,423)	(264,902)	(3,308,325)	58,132,942
Interest and Dividends	368,456	4,619	373,075	233,058
	(2,674,967)	(260,283)	(2,935,250)	58,366,000
Less investment expenses	6,933,916	143,357	7,077,273	7,038,477
Net investment income	(9,608,883)	(403,640)	(10,012,523)	51,327,523
Total additions	46,832,979	646,986	47,479,965	106,452,562
Deductions:				
Benefit payments	93,118,375	1,853,004	94,971,379	89,805,233
Refunds and withdrawals	3,088,270	-	3,088,270	2,823,522
Administrative expenses	1,318,104	313,560	1,631,664	1,721,986
Total deductions	97,524,749	2,166,564	99,691,313	94,350,741
Net increase (decrease) in net position	(50,691,770)	(1,519,578)	(52,211,348)	12,101,821
Net position restricted for pensions				
Beginning of year	1,073,878,697	20,085,182	1,093,963,879	1,081,862,058
End of year	$ 1,023,186,927	$ 18,565,604	$ 1,041,752,531	$ 1,093,963,879

See accompanying notes to financial statements.

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

NOTES TO THE FINANCIAL STATEMENTS

(1) PLAN DESCRIPTION

A. General Organization

The Employees' Retirement System of the City of Baton Rouge and Parish of East Baton Rouge (the System, Retirement System, or CPERS) is the administrator of a cost-sharing multiple-employer plan (the Plan). At December 31, 2015 the System provided benefits to employees of the following participating governmental employers:

City of Baton Rouge and Parish of East Baton Rouge (City-Parish)
District Attorney of the Nineteenth Judicial District
East Baton Rouge Parish Family Court
East Baton Rouge Parish Juvenile Court
St. George Fire Protection District (certain electing members)
Brownsfield Fire Protection District
Eastside Fire Protection District
Recreation and Park Commission for the Parish of East Baton Rouge (BREC)
Office of the Coroner of East Baton Rouge Parish

The System is considered a component unit of the financial reporting entity of the City of Baton Rouge and Parish of East Baton Rouge (City-Parish) and is included as a pension trust fund in the City-Parish Comprehensive Annual Financial Report and Annual Operating Budget. The accompanying financial statements reflect the activity of the Retirement System.

Beginning with the 2014 reporting and financial statement presentation, the System adopted and complied with GASB Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25,* and complied with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.* Under Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity* (GASB 14), as amended by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34* (GASB 61), the definition of a reporting entity is based primarily on the concept of financial accountability, and the existence of a financial burden/benefit relationship. In determining its component unit status, the Retirement System considered the following:

- The Retirement System exists for the benefit of current and former City-Parish and participating employer employees who are members of the Retirement System;
- Four of the seven Board members are elected by the employees who participate in the Plan, and three are appointed by the Primary Government;
- The Retirement System is funded by the investment of contributions from the City-Parish and member employers who are obligated to make the contributions to the Retirement System based upon actuarial valuations.

The Retirement System itself has no component units as defined under GASB 14 as amended by GASB 61.

The Retirement System was created by The Plan of Government and is governed by a seven-member Board of Trustees (the Board). The Board is responsible for administering the assets of the Retirement System and for making policy decisions regarding investments. Four of the trustees are elected members of the Retirement System. Two are elected by non-police and non-fire department employees, and one trustee each is elected by the police and fire department employees. The remaining membership of the Board consists of one member appointed by the Mayor-President, and two members appointed by the Metropolitan Council.

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

NOTES TO THE FINANCIAL STATEMENTS

(1) PLAN DESCRIPTION, CONTINUED

A. General Organization, Continued

The Metropolitan Council maintains the authority to establish and amend plan benefits, which are disclosed in paragraph D. of Note 1.

Any person who becomes a regular full-time employee of one of the member employers becomes a member of the Retirement System as a condition of employment, except in the case of newly hired employees of certain participating employers who are mandated to enroll in a statewide retirement system, or those covered under a collective bargaining agreement. Contractual employees may or may not become members, depending upon the provisions of their respective contracts.

Substantially all full-time non-police employees of the City-Parish and other member employers are covered by the Retirement System. The Retirement System actuarially determines the contributions required to fund the plan and collects the contributions as a percentage of payroll each payroll period. The Retirement System exists for the sole benefit of current and former employees of the member employers.

B. Police Guarantee Trust (PGT)

The Police Guarantee Trust (PGT) was established as a separate legal trust fund on February 26, 2000 to provide for payment of certain guaranteed lifetime benefits for eligible police employees who transferred membership to the Municipal Police Employees' Retirement System of Louisiana (MPERS) while retaining certain rights in CPERS. When established, the Trust was funded from the original CPERS trust through a trustee-to-trustee transfer, for the full actuarially determined amount necessary to pay all present and future contractually guaranteed benefits to eligible members and their survivors. As required under the City-Parish Ordinances, the PGT is charged with all of its direct expenses and with a percentage of indirect expenses at the rate of nineteen percent (19%) for 2015, and twenty percent (20%) for 2014, based on an administrative cost allocation study performed by an outside consultant. The PGT funds are invested similarly to the original CPERS trust funds, with separate investment performance measurement, separate accounting records, and a separate annual actuarial valuation. The Retirement Board administers the assets of, and makes investment policy decisions for the PGT.

C. Membership

At December 31, 2015 and 2014, membership in the Retirement System for CPERS and the PGT consisted of:

	2015	2014
Inactive - CPERS:		
Retirees and beneficiaries currently receiving benefits	3,257	3,181
Vested terminated employees	20	22
Deferred retirees	341	332
Total inactive	3,618	3,535
Active - CPERS:		
Fully vested	1,167	1,214
Nonvested	1,971	1,967
Total active	3,138	3,181
Total CPERS Membership	6,756	6,716

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

NOTES TO THE FINANCIAL STATEMENTS

(1) PLAN DESCRIPTION, CONTINUED

C. Membership, Continued

The PGT was closed to new members effective February 26, 2000 – the date of its inception.

	2015	2014
Inactive - PGT:		
Retirees and beneficiaries currently receiving benefits	19	17
Vested terminated employees	4	5
Deferred retirees	52	57
Total inactive	75	79
Active - PGT:		
Fully vested	174	188
Nonvested	0	0
Total active	174	188
Total PGT Membership	249	267

D. Benefits

An employee's benefit rights vest after he/she has been a member of the Retirement System for 10 years. Benefit payments are classified into two distinct categories: 1.) full retirement benefits and 2.) minimum eligibility benefits. As a cost-saving measure, certain benefits were changed affecting members whose most recent hire date was September 1, 2015 or later. The service requirements and benefits granted for each category and by hire date, for NPS (non-public safety members) and PS (public safety members) are shown below.

	Members hired before 9/1/2015	Members hired on or after 9/1/2015
Full retirement benefits	25 years' service, any age	25 years' service, age 55 NPS or age 50 PS
Formula	3% of avg. comp. times number of years of service	3% of avg. comp. times number of years of service
Minimum eligibility benefits	20 years' service, any age, or 10 years at age 55	20 years' service, any age, or 10 years at age 60 NPS, or age 55 PS
Formula	2.5% of avg. comp. times number of years of service	2.5% of avg. comp. times number of years of service
Average compensation	Highest successive 36 months	Highest successive 60 months
Early retirement	20 years' service, 3% penalty for each year below age 55	20 years' service, actuarially reduced benefit below age 55 NPS, or age 50 PS
Disability retirement:		
Service connected	50% of avg. comp. plus 1.5% for each service year above 10 years	50% of avg. comp. plus 1.5% for each service year above 10 years
Ordinary	10 years' service, 50% of avg. comp, or 2.5% times number of years of service, whichever is greater	10 years' service, 50% of avg. comp, or 2.5% times number of years of service, whichever is greater

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

NOTES TO THE FINANCIAL STATEMENTS

(1) PLAN DESCRIPTION, CONTINUED

D. Benefits, Continued

Continued	Members hired before 9/1/2015	Members hired on or after 9/1/2015
Survivor benefits		
Service Allowance	Automatic 50% J&S benefit, or member can purchase additional survivor benefits by actuarial benefit reduction	All survivor benefits must be purchased by actuarial benefit reduction
Service-connected disability	Automatic 50% J&S benefit.	All survivor benefits must be purchased by actuarial benefit reduction
Ordinary disability	No survivor benefits provided	No survivor benefits provided
Member with 20 or more years of service	100% J&S benefit, based on member's benefit	100% J&S benefit, based on member's benefit
Member with less than 20 years of service, not retirement eligible	$600/month benefit until earlier of death or remarriage, plus $150/month per child under age 18 (limit $300/month)	$600/month benefit until earlier of death or remarriage, plus $150/month per child under age 18 (limit $300/month)

The System has no true cost of living benefit, but did implement the Supplemental Benefit Payment (SBP) in 2006, which is a non-recurring non-guaranteed lump sum payment to qualifying retirees, and which must be declared for payment by the Board each year. Funding comes from mortality savings from a prior benefit adjustment, and from excess investment revenues. In aggregate, the amounts distributed to retirees cannot exceed the funds declared available for distribution. On an individual basis, a formula is used to determine payment amounts based on the retiree's number of years retired, years of service, and participation in the DROP.

E. DROP

Deferred retirees (participants in the Deferred Retirement Option Plan (DROP)) are members who are eligible for retirement, but have chosen to continue employment for a maximum of five years. Pension annuities are fixed for these employees and can never be increased, and neither employee nor employer contributions are contributed to the Retirement System on their earnings. DROP deposits for the amount of the participant's monthly benefits are placed in a deferred reserve account until the deferred retirement option period elapses, or until the employee discontinues employment, whichever comes first. These accounts bear interest beginning with the date of the initial deposit for employees who fulfill the provisions of their DROP contract. Failure to fulfill these provisions, specifically to terminate employment at the end of the maximum DROP participation period, results in the enforcement of certain penalty provisions, such as forfeiture of interest and disbursement of the balance of the DROP account to the member or to another qualifying pension plan.

Five-year participation in the DROP after 25 years of service is also a guaranteed benefit available to members who transferred membership to MPERS (See Note 1.B). Because MPERS provides for only a three-year DROP, CPERS guarantees the balance of DROP participation, not to exceed the five-year maximum. Penalty provisions remain in place for these members as well. Due to legal requirements, the original CPERS trust DROP accounts are maintained separately from Police Guarantee Trust (PGT) DROP accounts. DROP eligibility requirements and benefits are shown on the following page and may vary for non-public safety (NPS) and public safety (PS) members.

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

NOTES TO THE FINANCIAL STATEMENTS

(1) PLAN DESCRIPTION, CONTINUED

E. DROP, Continued

	Members hired before 9/1/2015	Members hired on or after 9/1/2015
5-Year DROP Eligibility	25 years' service, any age	25 years' service, age 55 NPS, or age 50 PS
3-Year DROP Eligibility	=>10 < 25 years' service, age 55	=>10 < 25 years' service, age 60 NPS, or age 55 PS

DROP deposits are included in the assets held in trust. The amounts of DROP deposits held in the original CPERS trust DROP accounts and the PGT DROP accounts respectively as of December 31, 2015 were $203,241,944 and $21,836,366. For December 31, 2014, the DROP accounts for the CPERS and PGT trusts totaled $185,154,034 and $19,505,416 respectively. Members maintaining accounts in the original CPERS trust DROP and the PGT DROP respectively as of December 31, 2015 totaled 1,488 and 164. For December 31, 2014, 1,436 and 157 members maintained DROP accounts in the two trusts respectively.

F. Contribution Requirements

Contribution rates for each participating employer and its covered employees are established and may be amended by the Retirement System's Board of Trustees, with approval by the Metropolitan Council of the City-Parish. The contribution rates are determined based on the benefit structure established by the Plan provisions. For both 2015 and 2014, Plan members contributed 9.5% of their annual covered salary, which was the maximum rate under Part IV, Subpart 2, Sec. 1:264A1(b). Participating employers are required to contribute the remaining amounts necessary to finance the coverage of their employees through periodic contributions at rates annually determined by the Plan's actuary. For 2015 and 2014, the City General Fund employer rates were 25.81% and 24.90% respectively, while the non-general fund and other employer rates were 30.57% and 29.70% respectively. The City-Parish provides annual contributions to the Plan as required by Section 9.15 of The Plan of Government of the Parish of East Baton Rouge and the City of Baton Rouge, which requires that the Retirement System be funded on an actuarially sound basis. Administrative costs of the Retirement System are provided through investment earnings.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting and Presentation

The Retirement System's financial statements are prepared on the accrual basis of accounting. Contributions from the participating entities and their employees are recognized as revenue when due, pursuant to ordinance requirements, formal commitments, and statutory contractual requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

The financial statements present the CPERS trust and Police Guarantee Trust separately and combined for 2015, with combined totals for 2014 presented for comparative purposes. The assets of each trust can only be used to pay expenses of that trust, and therefore the combined total columns are not comparable to a consolidation. Inter-trust transactions have not been eliminated in the aggregation of this data.

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

NOTES TO THE FINANCIAL STATEMENTS

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

B. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of additions to and deductions from assets held in trust for pension benefits during the reporting period. Actual results could differ from those estimates.

C. Method Used to Value Investments

CPERS' investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national or international exchanges are valued at the last reported sale price at current exchange rates. Investments that do not have an established market are reported at estimated fair value as determined by the custodian bank and verified by the Retirement System's investment consultant. The fair value of real estate investments is based on quarterly independent appraisals.

D. Property and Equipment

Property and equipment are carried at historical cost. Depreciation is computed on the straight-line method over 5 to 25 years. Minor equipment and furniture acquisitions are charged to operations as capital outlays in the period they are made. Depreciation expense totaled $6,407 and $6,286 for years ended December 31, 2015 and December 31, 2014 respectively.

(3) CASH AND INVESTMENTS

A. Deposit and Investment Risk Disclosures

The information below presents disclosures of custodial credit risk, credit risk, interest rate risk and foreign currency risk as outlined by GASB Statement No. 40 *Deposit and Investment Risk Disclosures*. These disclosures are included to inform financial statement users of the investment risks that could affect the Retirement System's ability to meet its obligations. CPERS' Board mitigates custodial credit risk by having the custodian hold securities in CPERS' name as a requirement of the custody contract. CPERS' investment policy, as adopted by the Board, sets limits on interest rate risk by prohibiting investments in high volatility and low quality rated securities. However, interest rate risk is allowed at reasonable levels as determined and monitored by the System's investment consultant in order to allow the Plan the opportunity to achieve satisfactory long-term performance results consistent with its objectives. Because the financial statements present the investments by asset class, and because CPERS has a substantial amount of investments in pooled investment funds, the data in the tables may not categorically correlate directly with the investments shown in the financial statements.

Standard & Poor's rates investment grade debt securities, using AAA, AA, A, and BBB. Securities with these ratings are considered "financially secure". For non-investment grade debt securities, the ratings BB, B, CCC, CC, C, and D are used. These ratings indicate that the security may be "vulnerable" and as such, is regarded as having vulnerable characteristics that may outweigh its strengths. US Treasuries and GNMA's carry a "Government" rating (equivalent to AA+) and are explicitly backed by the full faith and credit of the US Government, while US Agencies carry an "Agency" rating, which is considered an implied AA+ rating with implicit US Government backing.

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

NOTES TO THE FINANCIAL STATEMENTS

(3) CASH AND INVESTMENTS, CONTINUED

B. Cash and Cash Equivalents

All investments of the Retirement System are registered in the System's name, or held by the custodian bank, Bank of New York/Mellon, Everett, MA, or its intermediaries in the System's name. The System utilizes a Short Term Investment Fund (STIF) administered by the custodian bank, BNY/Mellon, in which all uninvested cash balances of CPERS and its full discretionary investment managers are automatically swept by the custodian into the BNY/Mellon Collective Trust Government Short Term Investment Fund, which is an unrated fund that invests in high-quality, short-term securities issued or guaranteed by the US government or by US government agencies and instrumentalities. Deposits in this fund are not insured by the FDIC.

At December 31, 2015, the carrying amount of the Retirement System's demand deposit accounts plus amounts held in trust accounts classified as cash was $14,138,891 and the bank balance was $14,569,293, of which $250,000 was protected from custodial credit risk by Federal Depository insurance. The remainder of the demand deposit balances was collateralized by securities held by the System's agent, JPMorgan/Chase, in a custodial account in the Retirement System's name. At December 31, 2014, the carrying amount of the Retirement System's cash book balance was $12,663,282 and the bank balance was $13,042,105, of which $250,000 was covered by Federal Depository insurance and the remainder by securities held by the System's agent, JPMorgan/Chase, in a custodial account in the Retirement System's name.

C. Short-Term Investments

The System's short-term funds may be invested in cash equivalent securities, which are defined as any fixed income investment with less than one year to maturity with ratings by both Moody's and S&P of A or better, Money Market Funds, or custodian bank STIF or STEP (Short Term Extendable Portfolio) funds.

D. Investments

Section 9.15 of The Plan of Government of the Parish of East Baton Rouge and the City of Baton Rouge authorizes the Retirement Board to have custody of, and invest the assets of the Pension Trust in accordance with the "Prudent Man Rule". As fiduciaries of the Pension Trust, the Board developed and adopted *The Total Plan Statement of Investment Policies and Objectives*, in which are set forth the guidelines for investing the Retirement System's assets. The System historically has invested in the following types of securities:

Cash Equivalent Investments – US Treasury Bills, Commercial Paper, Repurchase Agreements, Money Market Funds, Custodian STIF and STEP Funds
Currency Investments – Foreign Exchange Futures, Forwards, Swaps (applies to global or non-US managers for hedging purposes)
Equity Investments – US and Foreign Common and Preferred Stocks, Convertible Bonds, American Depositary Receipts (ADR's), Equity Real Estate, and 144a Securities
Fixed Income Investments – Bonds (Treasury, Corporate, Yankee), Mortgage-Backed Securities (CMO and CMB), Asset-Backed Securities, Trust Preferred Securities, Medium Term Notes, and 144a Securities
Real Assets, Private Markets, Hedge Funds

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

NOTES TO THE FINANCIAL STATEMENTS

(3) CASH AND INVESTMENTS, CONTINUED

D. Investments, Continued

The Retirement System may authorize an agent to participate in securities lending transactions on its behalf. Investments in derivatives, reverse repurchase agreements, and other non-traditional types of investments are not specifically authorized under the Board's investment policy, however, in the case of commingled, or pooled/mutual accounts, the provisions of the prospectus or Declaration of Trust take precedence. At December 31, 2015, the Retirement Board had committed, but only partially funded, a 5 percent allocation to three private equity funds, which fall in the category of Private Markets.

Equity securities shall not exceed 5 percent of cost and 7 percent of fair value in any one company, and fixed income shall not exceed 2.5 percent of cost and 3 percent of fair value; however, the direct debt of the federal government shall not be restricted as a percentage of the portfolio. No investments in any one organization shall represent 5 percent or more of the assets held in trust for pension benefits, and no single company's securities shall represent more than 5 percent of the cost basis or 7 percent of the fair value of any manager's portfolio.

There are no investments in loans to, or leases with, parties related to the Plan. Although the Board continued its contractual relationships with outside third party investment managers during 2015 and 2014, final oversight of investments and investment performance for both the original CPERS trust and the PGT remains with the Board.

Purchases and sales of investments are recorded on a trade date basis. The Retirement System's Statement of Investment Policies and Objectives prohibits the use of securities that use any form of leverage, or in which interest or principal position is tied to any prohibited type of investment.

CPERS utilizes various investment instruments, which by nature are exposed to a variety of risk levels and risk types, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of securities will occur in the near term, and that such changes could materially affect the amounts reported in the Statement of Fiduciary Net Position.

The fair values of the Retirement System's investments as of December 31, 2015 and December 31, 2014 are shown in the table below.

Investment Type	Fair Value @ 12/31/2015	Fair Value @ 12/31/2014
Domestic Equities - Active Separate Accounts	$ 61,310,617	$ 77,915,267
Domestic Equities – Pooled Funds	243,138,516	258,933,701
Domestic Fixed Income – Pooled Funds	228,504,978	243,622,165
Emerging Markets Equities	71,367,975	87,670,603
Equity Real Estate Fund	64,441,591	57,892,372
Hedge Fund of Funds	56,916,580	56,854,590
International Fixed Income	25,126,199	22,209,075
International Equity - Pooled Funds	196,322,011	202,191,734
Private Equity	19,133,188	7,371,482
Short-Term Investment Fund/Cash Equivalents	4,781,827	6,245,625
United States Treasury Inflation-Protected Securities	49,915,172	52,839,486
Other Securities Held in Trust	3,855	5,874
Total	**$ 1,020,962,509**	**$ 1,073,751,974**

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

NOTES TO THE FINANCIAL STATEMENTS

(3) CASH AND INVESTMENTS, CONTINUED

E. Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Exposure to custodial credit risk arises when securities are uninsured, or are not registered in the name of the System, and are held by either the counterparty or the counterparty's trust department or agent, but not in the System's name.

CPERS' investments are held by its custodian separately from the custodian's assets in the name of the System, and would not be adversely affected if the custodian were placed in receivership. Investments in external investment pools, mutual funds, and other pooled investments are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book-entry form required by the Securities and Exchange Commission. CPERS had no custodial credit risk as of December 31, 2015, and December 31, 2014.

F. Credit Risk

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The standardized rating systems are a good tool with which to assess credit risk on debt obligations. CPERS requires that debt obligations be investment grade at time of purchase (BBB / Baa or higher as rated by Standard & Poor's and/or Moody's respectively). Securities that are later downgraded below investment grade are required to be liquidated unless the investment manager and the investment consultant deem it in the System's best interest to continue to hold the securities. At December 31, 2015 CPERS' fixed income securities were managed only in commingled or pooled accounts.

The System's 2015 Core, Core-Plus, Absolute Return, and Treasury Inflation-Protected Securities (TIPS) fixed income strategies are managed in pooled accounts. For these contractual relationships, each Declaration of Trust takes precedence over the System's investment policy, and the custodian bank does not have custody of the assets in these accounts. Assets and ratings for these pooled or commingled funds are shown in the table below.

Pooled Funds	Fair Value @ 12/31/2015	Rating	Fair Value @ 12/31/2014	Rating
Core Bond Domestic	$ 84,142,496	AA-	$ 88,695,910	AA-
Core-Plus	$ 85,957,562	A	$ 89,584,710	A
Absolute Return	$ 83,531,119	A-	$ 87,550,620	A-
TIPS	$ 49,915,172	AA+	$ 52,839,486	AA+

G. Concentration of Credit Risk

Concentration of credit risk is defined as the inability to recover the value of deposits, investments, or collateral securities in the possession of an outside party caused by a lack of diversification. This form of risk arises when an entity has one or more concentrated investments in a single issuer. CPERS' *Total Plan Statement of Investment Policies and Objectives* limits the concentration in any one issuer to 7 percent of fair value. At December 31, 2015 and December 31, 2014 the System had exposure of less than 5 percent in any single investment issuer.

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

NOTES TO THE FINANCIAL STATEMENTS

(3) CASH AND INVESTMENTS, CONTINUED

H. Interest Rate Risk

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment. This risk is applicable to debt investments with fair values that are sensitive to changes in interest rates. One indicator of the measure of interest rate risk is the dispersion of maturity dates for debt instruments.

The System does not have a formal policy relating to interest rate risk. The System's 2015 Core, Core-Plus, Absolute Return, and Treasury Inflation-Protected Securities (TIPS) fixed income strategies are managed in pooled accounts. For these contractual relationships, each Declaration of Trust takes precedence over the System's investment policy, and the custodian bank does not have custody of the assets in these accounts. Assets and average durations for these funds are shown below.

Pooled Funds	Fair Value @ 12/31/2015	Average Duration	Fair Value @ 12/31/2014	Average Duration
Core Bond Domestic	$ 84,142,496	5.53 years	$ 88,695,910	5.45 years
Core-Plus	$ 85,957,562	5.13 years	$ 89,584,710	5.06 years
Absolute Return	$ 83,531,119	1.11 years	$ 87,550,620	1.44 years
TIPS	$ 49,915,172	7.76 years	$ 52,839,486	7.62 years

I. Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. CPERS' investment policy restricts equity investments to securities that are U.S. dollar denominated and are registered with the SEC. Although foreign exchange futures, forwards and swaps are permissible for those managers with non-US or global mandates, at December 31, 2015 and December 31, 2014, CPERS had no investments allocated in foreign currencies in non-pooled accounts of either fixed-income or equity managers.

J. Money-Weighted Rate of Return

The annual money-weighted rate of return on pension plan investments is the calculated internal rate of return on pension plan investments, net of pension plan investment expense, and adjusted for changing amounts actually invested. It employs the accrual basis of accounting and is the result in aggregate of the monthly internal rates of return for the year.

	CPERS Original Trust	Police Guarantee Trust
2015	(.87) %	(1.93) %
2014	4.93 %	4.50 %

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

NOTES TO THE FINANCIAL STATEMENTS

(4) ACTUARIAL – GASB 67 DISCLOSURES - CPERS

A. Net Pension Liability

	12/31/2015	12/31/2014
Total pension liability	$ 1,599,966,548	$ 1,513,614,876 **
Plan fiduciary net position	(1,023,186,927)	(1,073,878,697)
Net pension liability	$ 576,779,621	$ 439,736,179 **
Plan fiduciary net position as a percent of the total pension liability	63.95%	70.95%

** Subsequent to the issuance of 2014 financial statements, the discount rate used in the original actuarial valuation of the net pension liability was revised due to a change in management's interpretation of the requirements of GASB Statement No. 67 related to the effect of any future employees' contributions used in this calculation. This schedule reflects the revision from last year's CAFR

B. Actuarial Assumptions

Actuarial cost method	Entry Age Method
Asset method	Market Value of Assets
Discount rate	7.25%
Expected long-term rate of return	7.25%
Municipal bond rate	3.57%
Inflation	2.75%
Investment rate of return, including inflation, and net of investment expenses	7.25%
Mortality rates (healthy)	RP-2000 Healthy Combined Blue Collar Projected with Scale BB to 2019
Mortality rates (disabled)	RP-2000 Disabled Mortality Projected with Scale BB to 2019

Salary increases

Age	BREC/Reg.	Fire/Police
30	+2.50%	+4.00%
35	+1.50%	+2.00%
40	+1.25%	+2.00%
45	+0.75%	+1.00%
50	+0.50%	0.00%
55	0.00%	0.00%

Retirement rates

< 25 Years of Service		=>25 Years of Service	
Age 55-60	10%	25 years	20%
Age 61-63	20%	26 years	30%
Age 64	25%	27 years	40%
Age 65+	100%	28+ years' service	100%

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

NOTES TO THE FINANCIAL STATEMENTS

(4) ACTUARIAL – GASB 67 DISCLOSURES - CPERS, CONTINUED

B. Actuarial Assumptions, continued

Ad-hoc cost-of-living increases	None
Measurement date	December 31, 2015 with a valuation date of January 1, 2015
Experience study	Last performed for the period January 1, 2009 to December 31, 2013

C. Plan Membership

Inactive plan members and beneficiaries currently receiving benefits	3,513
Inactive plan members entitled to but not yet receiving benefits	22
Active plan members	3,181
Total plan members	6,716

D. Long-Term Expected Rate of Return on Pension Plan Investments

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These expected future real rates of return are combined to produce the long-term percentage and by adding expected inflation. The expected rate of return by weighting the expected future real rates of return by the target asset allocation long-term expected rate of return is 7.25%. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income - Domestic	30.0 %	1.75 %
Fixed Income - International	0.0	N/A
Equities - Domestic	25.0	4.97
Equities - International	25.0	6.79
Real Estate	5.0	5.71
Alternative Investments	15.0	7.15
Cash	0.0	N/A
Total	100.0 %	

E. Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

NOTES TO THE FINANCIAL STATEMENTS

(4) ACTUARIAL – GASB 67 DISCLOSURES - CPERS, CONTINUED

E. Discount Rate, continued

Subsequent to the issuance of 2014 financial statements, the discount rate used in the original actuarial valuation of the net pension liability was revised due to a change in management's interpretation of the requirements of GASB Statement No. 67 related to the effect of any future employees' contributions used in this calculation. The discount rate was restated from 6.72% to 7.25% as of the December 31, 2014 measurement date.

F. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following chart presents the net pension liability, calculated using the discount rate of 7.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability	$ 757,573,774	$ 576,779,621	$ 425,636,218

(5) ACTUARIAL – GASB 67 DISCLOSURES - PGT

A. Net Pension Liability

	12/31/2015	12/31/2014
Total pension liability	$ 37,961,347	$ 36,278,585
Plan fiduciary net position	(18,565,604)	(20,085,182)
Net pension liability	$ 19,395,743	$ 16,193,403
Plan fiduciary net position as a percent of the total pension liability	48.91%	55.36%

B. Actuarial Assumptions

Actuarial cost method	Entry Age Method
Asset method	Market Value of Assets
Discount rate	6.53%
Expected long-term rate of return	7.25%
Municipal bond rate	3.57%
Inflation	2.75%
Investment rate of return, including inflation, and net of investment expenses	7.25%
Mortality rates (healthy)	RP-2000 Healthy Combined Blue Collar Projected with Scale BB to 2019
Mortality rates (disabled)	RP-2000 Disabled Mortality Projected with Scale BB to 2019

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

NOTES TO THE FINANCIAL STATEMENTS

(5) ACTUARIAL – GASB 67 DISCLOSURES – PGT, CONTINUED

B. Actuarial Assumptions, continued

Salary increases

Age	Police
30	+4.00%
35	+2.00%
40	+2.00%
45	+1.00%
50	0.00%

Retirement rates

< 25 Years of Service		=>25 Years of Service	
Age 55-60	10%	25 years	20%
Age 61-63	20%	26 years	30%
Age 64	25%	27 years	40%
Age 65+	100%	28+ years' service	100%

Ad-hoc cost-of-living increases	None
Measurement date	December 31, 2015 with a valuation date of January 1, 2015
Experience study	Last performed for the period January 1, 2009 to December 31, 2013

C. Plan Membership

Inactive plan members and beneficiaries currently receiving benefits	74
Inactive plan members entitled to but not yet receiving benefits	4
Active plan members	188
Total plan members	266

D. Long-Term Expected Rate of Return on Pension Plan Investments

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These expected future real rates of return are combined to produce the long-term percentage and by adding expected inflation. The expected rate of return by weighting the expected future real rates of return by the target asset allocation long-term expected rate of return is 7.25%. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2015 are summarized in the table on the following page.

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

NOTES TO THE FINANCIAL STATEMENTS

(5) ACTUARIAL – GASB 67 DISCLOSURES – PGT, CONTINUED

D. Long-Term Expected Rate of Return on Pension Plan Investments, continued

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income - Domestic	42.5 %	1.69 %
Fixed Income - International	0.0	N/A
Equities - Domestic	27.5	4.97
Equities - International	22.5	6.79
Real Estate	0.0	N/A
Alternative Investments	5.0	6.36
Cash	2.5	1.00
Total	100.0%	

E. Discount Rate

The discount rate used to measure the total pension liability was 6.53%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be depleted for current members during the 2026 fiscal year. Therefore, the long-term expected rate of return of 7.25% was used to discount funded projected benefit payments and the municipal bond rate of 3.57% was used to discount unfunded projected benefit payments to determine the total pension liability. The single effective discount rate was 6.53%. The discount rate for the prior year ended December 31, 2014 was 6.85%.

F. Sensitivity Of The Net Pension Liability To Changes In The Discount Rate

The following chart presents the net pension liability, calculated using the discount rate of 6.53%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.53%) or one percentage point higher (7.53%) than the current rate:

	1% Decrease (5.53%)	Current Discount Rate (6.53%)	1% Increase (7.53%)
Net Pension Liability	$ 20,230,893	$ 19,395,743	$ 18,578,571

(6) CONTINGENCIES

The System is defendant to several lawsuits, and is subject to claims of various parties for which the outcome is uncertain. As of the date of these financial statements, these matters are not expected to have a material impact on the financial condition of the System.

2015

Employees' Retirement System of the City of Baton Rouge and Parish of East Baton Rouge

Required Supplementary Information

City of Baton Rouge and Parish of East Baton Rouge

ERS

A Component Unit of the Consolidated Government of the City of Baton Rouge and the Parish of East Baton Rouge, LA

CP Employees' Retirement System

City of Baton Rouge and Parish of East Baton Rouge

ERS

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

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULES OF CHANGES IN NET PENSION LIABILITY
FOR THE YEAR ENDED DECEMBER 31, 2015*

CPERS TRUST

	2015	2014**
Total Pension Liability		
Service Cost	$ 21,575,938	$ 23,180,006
Interest	111,124,207	108,726,199
Changes of Benefit Terms	0	0
Differences Between Expected and Actual Experience	2,317,200	680,646
Changes of Assumptions	47,540,972	0
Benefit Payments, Including Refunds of Member Contributions	(96,206,645)	(90,949,249)
Net Change in Total Pension Liability	**86,351,672**	**41,637,602**
Total Pension Liability – Beginning	**$ 1,513,614,876**	**$ 1,471,977,274**
Total Pension Liability – Ending (a)	**$ 1,599,966,548**	**$ 1,513,614,876**
Plan Fiduciary Net Position		
Contributions – Employer	$ 40,354,154	$ 38,356,684
Contributions – Employee	15,054,222	14,907,221
Contributions – Nonemployer Contributing Member	1,033,486	1,006,487
Net Investment Income	(9,608,883)	50,531,109
Retirement Benefits, Including Refunds of Member Contributions	(96,206,645)	(90,949,249)
Administrative Expenses	(1,318,104)	(1,388,242)
Other	0	0
Net Change in Plan Fiduciary Net Position	**(50,691,770)**	**12,464,010**
Plan Fiduciary Net Position – Beginning	**$ 1,073,878,697**	**$ 1,061,414,687**
Plan Fiduciary Net Position – Ending (b)	**$ 1,023,186,927**	**$ 1,073,878,697**
Net Pension Liability – Ending (a) – (b)	**$ 576,779,621**	**$ 439,736,179**
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	**63.95%**	**70.95%**
Covered Employee Payroll	**$ 135,556,888**	**$ 137,789,518**
Net Pension Liability as a Percentage of Covered Employee Payroll	**425.49%**	**319.14%**

*This schedule is intended to show information for 10 years. Additional years will be added as they become available.

**Subsequent to the issuance of 2014 financial statements, the discount rate used in the original actuarial valuation of the net pension liability was revised due to a change in management's interpretation of the requirements of GASB Statement No. 67 related to the effect of any future employees' contributions used in this calculation. This schedule reflects the revision from last year's CAFR.

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

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULES OF CHANGES IN NET PENSION LIABILITY
FOR THE YEAR ENDED DECEMBER 31, 2015***

POLICE GUARANTEE TRUST

	2015	2014
Total Pension Liability		
Service Cost	$ 454,961	$ 437,310
Interest	2,338,200	2,565,879
Changes of Benefit Terms	0	0
Differences Between Expected and Actual Experience	1,721,888	0
Changes of Assumptions	(979,283)	340,742
Benefit Payments, Including Refunds of Member Contributions	(1,853,004)	(1,679,506)
Net Change in Total Pension Liability	**1,682,762**	**1,664,425**
Total Pension Liability - Beginning	**$ 36,278,585**	**$ 34,614,160**
Total Pension Liability - Ending (a)	**$ 37,961,347**	**$ 36,278,585**
Plan Fiduciary Net Position		
Contributions - Employer	$ 951,261	$ 763,873
Contributions - Employee	99,365	90,774
Contributions – Nonemployer Contributing Member	0	0
Net Investment Income	(403,640)	796,414
Retirement Benefits, Including Refunds of Member Contributions	(1,853,004)	(1,679,506)
Administrative Expenses	(313,560)	(333,744)
Other	0	0
Net Change in Plan Fiduciary Net Position	**(1,519,578)**	**(362,189)**
Plan Fiduciary Net Position - Beginning	**$ 20,085,182**	**$ 20,447,371**
Plan Fiduciary Net Position - Ending (b)	**$ 18,565,604**	**$ 20,085,182**
Net Pension Liability – Ending (a) – (b)	**$ 19,395,743**	**$ 16,193,403**
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	**48.91%**	**55.36%**
Covered Employee Payroll	**$ 14,066,159**	**$ 14,282,440**
Net Pension Liability as a Percentage of Covered Employee Payroll	**137.89%**	**113.38%**

*This schedule is intended to show information for 10 years. Additional years will be added as they become available.

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

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULES OF EMPLOYERS' NET PENSION LIABILITY*

CPERS TRUST

	2015	**2014****	**2013**
Total Pension Liability	$ 1,599,966,548	$ 1,513,614,876	$ 1,471,977,274
Plan Fiduciary Net Position	1,023,186,927	1,073,878,697	1,061,414,687
Employers' Net Pension Liability	$ 576,779,621	$ 439,736,179	$ 410,562,587
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	63.95%	70.95%	72.11%
Covered Employee Payroll	$ 135,556,888	$ 137,789,518	$ 137,426,654
Employers' Net Pension Liability as a Percentage of Covered Employee Payroll	425.49%	319.14%	298.75%

POLICE GUARANTEE TRUST

	2015	**2014**	**2013**
Total Pension Liability	$ 37,961,347	$ 36,278,585	$ 34,614,160
Plan Fiduciary Net Position	18,565,604	20,085,182	20,447,371
Employers' Net Pension Liability	$ 19,395,743	$ 16,193,403	$ 14,166,789
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	48.91%	55.36%	59.07%
Covered Employee Payroll	$ 14,066,159	$ 14,282,440	$ 15,428,420
Employers' Net Pension Liability as a Percentage of Covered Employee Payroll	137.89%	113.38%	91.82%

*This schedule is intended to show information for 10 years. Additional years will be added as they become available.

**Subsequent to the issuance of 2014 financial statements, the discount rate used in the original actuarial valuation of the net pension liability was revised due to a change in management's interpretation of the requirements of GASB Statement No. 67 related to the effect of any future employees' contributions used in this calculation. This schedule reflects the revision from last year's CAFR.

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

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULES OF INVESTMENT RETURNS*

CPERS TRUST

	2015	2014
Annual Money-Weighted Rate of Return, Net of Investment Expense	(.87)%	4.93%

POLICE GUARANTEE TRUST

	2015	2014
Annual Money-Weighted Rate of Return, Net of Investment Expense	(1.93)%	4.50%

*This schedule is intended to show information for 10 years. Additional years will be added as they become available.

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

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULES OF EMPLOYER CONTRIBUTIONS

CPERS TRUST

Year Ended	Actuarially Determined Contribution	Contributions In Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
	$	$	$	$	
12/31/06*	22,129,069	25,029,841	(2,900,772)	115,559,704	21.66%
12/31/07*	22,431,367	26,812,456	(4,381,089)	120,067,016	22.33%
12/31/08*	22,931,211	27,161,196	(4,229,985)	123,524,590	21.99%
12/31/09*	29,050,693	28,550,151	500,542	131,041,421	21.79%
12/31/10*	33,890,884	34,240,596	(349,712)	136,119,407	25.15%
12/31/11*	35,001,688	37,305,836	(2,304,148)	136,123,660	27.41%
12/31/12*	36,777,168	39,134,851	(2,357,682)	136,781,288	28.61%
12/31/13*	37,417,818	40,133,560	(2,715,742)	137,426,654	29.20%
12/31/14*	38,715,270	39,363,171**	(647,901)	137,789,518	28.57%
12/31/15*	39,173,320	41,387,640	(2,214,320)	135,556,888	30.53%

*Includes Municipal Employees' Retirement System contribution and DROP Severance Contribution

**Subsequent to the issuance of 2014 financial statements, the discount rate used in the original actuarial valuation of the net pension liability was revised due to a change in management's interpretation of the requirements of GASB Statement No. 67 related to the effect of any future employees' contributions used in this calculation. This schedule reflects the revision from last year's CAFR.

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

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULES OF EMPLOYER CONTRIBUTIONS

POLICE GUARANTEE TRUST*

Year Ended	Actuarially Determined Contribution	Contributions In Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
	$	$	$	$	
12/31/06	367,957	125,314	242,643	19,964,426	0.63%
12/31/07	124,607	123,140	1,467	20,507,475	0.60%
12/31/08	215,291	127,087	88,204	19,754,110	0.64%
12/31/09	479,630	149,179	330,451	20,084,707	0.74%
12/31/10	1,634,905	250,114	1,384,791	18,836,479	1.33%
12/31/11	1,977,834	202,695	1,775,139	17,315,930	1.17%
12/31/12	2,225,478	238,628	1,986,850	15,966,923	1.49%
12/31/13	2,679,589	696,918	1,982,671	15,428,420	4.52%
12/31/14	2,646,547	763,873	1,882,674	14,282,440	5.35%
12/31/15	3,029,216	951,261	2,077,955	14,066,159	6.76%

Note: Police Guarantee Trust was fully funded at inception effective February 26, 2000

*The Police Guarantee Trust uses the aggregate actuarial cost method for funding purposes. See page 114 for the schedule of funding progress prepared using the entry age actuarial cost method.

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

REQUIRED SUPPLEMENTARY INFORMATION

NOTES TO REQUIRED SCHEDULES – ACTUARIAL DETERMINED CONTRIBUTIONS

The actuarial determined contribution rates in the schedule of employer contributions are calculated as of January 1, 2015, twelve months prior to the fiscal year end in which the contributions are reported. The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule.

CPERS TRUST

Valuation date	December 31, 2015
Valuation method	Individual Entry Age Normal Actuarial Cost Method with Unfunded Actuarial Accrued Liability.
Amortization method	30-year amortization method using payroll growth of 2.5% per annum, the amortization period will be reduced in successive years until reaching a 15-year open period.
Remaining amortization period	29 years (phasing down to 15-year open)
Asset valuation method	Market value as of January 1, 1996. Beginning January 1, 1997, adjusted Market Value with 20% unrealized gains (losses) recognized each year. Beginning January 1, 2002, Expected Value Method, with 20% of investment gains or (losses) recognized each year.
Actuarial assumptions:	
Investment rate of return	7.25%* (1)
Projected salary increases	3.50%* plus longevity/merit (2)
Aggregate payroll growth	2.50% * (3)

* compounded annually and including inflation of 2.75%

(1) adopted February 26, 2015
(2) revised from 2008 assumption of 3.75%
(3) revised from 2003 assumption of 5.0%

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

REQUIRED SUPPLEMENTARY INFORMATION

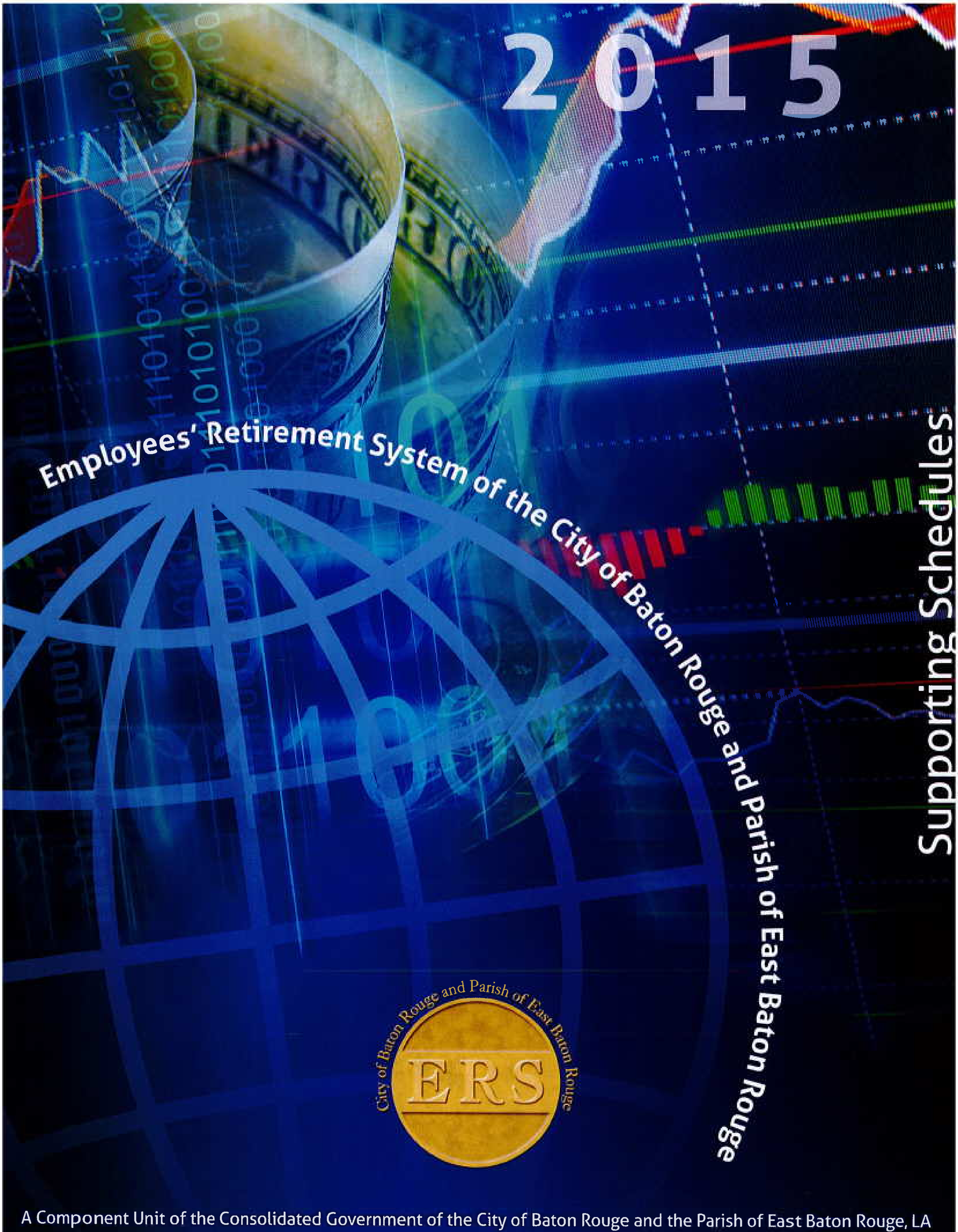
NOTES TO REQUIRED SCHEDULES – ACTUARIAL DETERMINED CONTRIBUTIONS

POLICE GUARANTEE TRUST

Valuation date	December 31, 2015
Valuation method	Aggregate Actuarial Cost Method for funding purposes. (Does not identify or separately amortize unfunded actuarial liabilities. See page 114 for the Schedule of Funding Progress prepared using the Entry Age Actuarial Cost Method.)
Amortization method	N/A
Remaining amortization period	N/A
Asset valuation method	Market value as of January 1, 2000 and January 1, 2001. Beginning January 1, 2002, adjusted Expected Value Method with 20% of unrealized gains or (losses) recognized each year.
Actuarial assumptions:	
Investment rate of return	7.25%* (1)
Projected salary increases	3.50%* plus longevity/merit (2)
Aggregate payroll growth	N/A

* compounded annually and including inflation of 2.75%

(1) Adopted February 26, 2015
(2) revised from 2008 assumption of 3.75%



2015

Employees' Retirement System of the City of Baton Rouge and Parish of East Baton Rouge

Supporting Schedules

City of Baton Rouge and Parish of East Baton Rouge
ERS

A Component Unit of the Consolidated Government of the City of Baton Rouge and the Parish of East Baton Rouge, LA

CP Employees' Retirement System

City of Baton Rouge and Parish of East Baton Rouge

ERS

SCHEDULES OF ADMINISTRATIVE EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	CPERS Trust	Police Guarantee Trust	2015 Combined Total	2014 Combined Total
Salaries:				
Salaries - regular	$ 624,354	$ 146,042	$ 770,396	$ 734,266
Other compensation – student interns	16,695	3,901	20,596	17,138
Other compensation – auto allowance	7,810	1,827	9,637	4,874
Related benefits	310,183	72,619	382,802	354,877
Total salaries	959,042	224,389	1,183,431	1,111,155
Travel and training expenses	8,788	2,061	10,849	14,900
Operating services:				
Dues and memberships	2,977	698	3,675	5,035
Utilities	8,739	2,050	10,789	11,566
Custodial and extermination	12,142	2,848	14,990	14,949
Printing and binding	4,861	1,220	6,081	8,370
Telephone	3,069	721	3,790	7,305
Postage	22,858	5,362	28,220	25,121
Insurance	14,954	3,508	18,462	18,646
Rentals – office equipment	5,577	1,228	6,805	6,640
Repairs and maintenance - buildings	63,190	11,029	74,219	101,184
Repairs and maintenance - office equipment	4,138	971	5,109	4,116
Total operating services	142,505	29,635	172,140	202,932
Supplies	11,562	2,712	14,274	21,820
Professional services:				
Accounting and auditing	25,110	5,890	31,000	25,000
Legal	31,588	17,594	49,182	92,450
Actuarial	81,948	19,770	101,718	177,991
Other professional	57,784	11,509	69,293	76,823
Total professional services	196,430	54,763	251,193	372,264
Depreciation expense	6,407	--	6,407	6,286
Capital outlay	--	--	--	--
Other expenses (revenues)	(6,630)	--	(6,630)	(7,371)
Total administrative expenses	$ 1,318,104	$ 313,560	$ 1,631,664	$ 1,721,986

See accompanying independent auditors' report.

SCHEDULES OF INVESTMENT EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	CPERS Trust	Police Guarantee Trust	2015 Combined Total	2014 Combined Total
Fixed Income:				
Fixed Income - Domestic	$ 814,563	$ 22,877	$ 837,440	$ 800,261
Fixed Income - International	133,612	3,118	136,730	108,516
Total Fixed Income	948,175	25,995	974,170	908,777
Equity Securities:				
Equities - Domestic	1,217,005	13,528	1,230,533	1,201,538
Equities - International	2,243,638	31,959	2,275,597	2,532,429
Total Equity Securities	3,460,643	45,487	3,506,130	3,733,967
Alternative Investments:				
Hedge Fund of Funds	915,637	15,735	931,372	951,020
Real Estate Investments	567,555	--	567,555	512,415
Private Equity	770,080	--	770,080	625,000
Total Alternative Investments	2,253,272	15,735	2,269,007	2,088,435
Custodian Fees	126,026	21,940	147,966	147,298
Advisor Fees	145,800	34,200	180,000	160,000
Total Investment Expenses	$ 6,933,916	$ 143,357	$ 7,077,273	$ 7,038,477

See accompanying independent auditors' report.

SCHEDULES OF PAYMENTS TO CONSULTANTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	CPERS Trust	Police Guarantee Trust	2015 Combined Total	2014 Combined Total
Accounting and Auditing	$ 25,110	$ 5,890	$ 31,000	$ 25,000
Auditors - Postlethwaite & Netterville				
Legal	31,588	17,594	49,182	92,450
Legal Counsel - Akers & Wisbar LLC				
Klausner & Kaufman				
Strasburger & Price LLC				
Actuarial	81,948	19,770	101,718	177,991
Actuary - Nyhart				
Other Professionals:	57,784	11,509	69,293	76,823
Medical Examiner - D. J. Scimeca, Jr. , M.D.				
Computer Consultant - Relational Systems Consultants				
Architectural Services - Cress & Lopresto Architects LLC				
Cost Allocation Services- MGT of America Inc				
Web Design Services- Velocity Squared LLC				
Total	$ 196,430	$ 54,763	$ 251,193	$ 372,264

A schedule of brokerage commissions paid is shown on page 86.

See accompanying independent auditors' report.

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO RETIREMENT ADMINISTRATOR FOR THE YEAR ENDED 2015

Agency Head Name: Jeffrey R. Yates

Purpose	Amount
Salary	$83,701
Benefits-insurance	$9,032
Benefits-retirement	-
Benefits-other	-
Car allowance	$4,985
Vehicle provided by government	-
Per diem-due diligence visits	$176
Reimbursements	$1,105
Travel-due diligence visits	$1,152
Registration fees	-
Conference travel	-
Continuing professional education fees	$565
Housing	-
Unvouchered expenses	-
Special meals	-
Total	$100,716

2015

Employees' Retirement System of the City of Baton Rouge and Parish of East Baton Rouge

Investment Section

City of Baton Rouge and Parish of East Baton Rouge
ERS

A Component Unit of the Consolidated Government of the City of Baton Rouge and the Parish of East Baton Rouge, LA

CP Employees' Retirement System

City of Baton Rouge and Parish of East Baton Rouge

ERS

Summit Strategies Group

March 15, 2016

Board of Trustees
City of Baton Rouge and Parish of East Baton Rouge
Employees' Retirement System and Police Guarantee Trust
P.O. Box 1471
Baton Rouge, LA 70821

2015 saw continued economic and employment improvement despite increased equity market volatility. December featured one of the most anticipated and debated economic events of 2015: the first Federal Reserve interest rate increase since 2006. The federal funds rate has been at zero since 2008, and the Federal Open Market Committee (FOMC) decided in December the economic outlook was encouraging enough to raise short-term interest rates 25 basis points. Expectations are for the Fed to raise rates periodically going forward at the slowest pace on record. The unemployment rate declined to 5.0% by the end of the year, which is the lowest level since April 2008. The US dollar strengthened relative to foreign currencies. This aided US equities for investors but was a headwind for international securities. Oil was in the headlines often during 2015 as oil prices fell 31%. Price action in 2015 brings oil's total drop since June of 2014 to 61%. The global supply-demand imbalance has been exacerbated by increased production by OPEC countries in an attempt to push higher-cost producers (e.g., US shale) out of the market.

The S&P 500 finished the year with a return of 1.4%. Small cap stocks, represented by the Russell 2000 Index, were down 4.4%. On the non-U.S. side, stocks in the EAFE (Europe, Asia and Far East) Index (Net) turned in a -0.8% return for the year, while the MSCI Emerging Markets Index (Net) posted a -14.9% return. In the bond and credit markets, the Barclays Aggregate Index generated a 0.6% return, while the Barclays US Corporate High Yield Index returned -4.5%. US Treasuries generated a 0.8% return. At the end of the year, the yield curve had flattened leading to a spread of 165 bps between 2- and 30- year treasuries. It was a very narrow market in 2015, and overall US large cap equity was the best asset class in which to be invested.

On December 31, 2015, the CPERS portfolio had a fair value of $1,006.6 million. Assets in the Police Guarantee Trust totaled $15.9 million. For the 12-month period, CPERS returned -0.5% and outperformed its Policy Index by 1.9%. For the trailing three years the fund was up 6.6%, and over the last five years the fund generated 6.3%. The fund outperformed its policy benchmark by 1.3% annualized over the last three years. Over these same 1- and 3-year periods, the Police Guarantee Trust earned returns of -1.6% and 5.0%, respectively. For the five-year period, the PGT earned 5.2% and beat its policy benchmark by 0.2%. These calculations were prepared using a time-weighted rate of return based on fair values at December 31, 2015. The two portfolios are invested similarly, but the funds' respective sizes dictate implementation differences, resulting in some return differences between the two.

In 2015, the economic outlook in the United States improved enough to convince the Federal Reserve it was strong enough to handle a rate hike. On a forward looking basis, there will continue to be uncertainty and divergence around the policies of central banks across the globe. This uncertainty will lead a wide range of growth, employment, and inflation rates across individual economies and sectors. Recognizing, understanding and managing these uncertainties is critical in making future asset allocation decisions. Our focus has been and continues to be on working closely with the Board to refine the System's investment strategies in order to prudently diversify the portfolio in these challenging times.

We are proud to serve the members, their beneficiaries, and the Board of Trustees of the Retirement System. On behalf of all of us at Summit Strategies Group, we sincerely appreciate your continued trust and support.

Sincerely,

Phineas W. Troy, CFA
Vice President

STATEMENT OF INVESTMENT POLICIES AND OBJECTIVES

Introduction

This Statement of Investment Policy serves as the official communication regarding the investment practices of the Employees' Retirement System of the City of Baton Rouge and Parish of East Baton Rouge ("CPERS"). This document outlines the goals, objectives, responsibilities and restrictions so that there is a clear understanding of the policies of the Plan by the Board of Trustees, Investment Committee, Staff, Investment Managers, Investment Consultant, and Custodian. In addition, this document provides the Board a meaningful basis for the evaluation of the investment performance of the individual Investment Managers and the Plan as a whole, measuring each relative to a set of clearly defined investment objectives. The policy as represented in this document is not in complete form and has been summarized for a general understanding.

Investment Goals and Objectives

Based on general beliefs about the long-term investment returns available from a well-diversified and prudently invested portfolio, the Board has adopted a targeted total annualized return objective which, over time, meets or exceeds its assumed actuarial rate of return on assets. This total return objective will be periodically evaluated by the Board to determine whether it remains relevant given the then-prevailing capital market conditions and the System's financial position.

Asset Allocation

CPERS' Asset Allocation will be the primary tool used to achieve the total return objective. In order to achieve a specified rate of return for the Plan, the Board relies on prevailing financial theory and utilizes an appropriate long-term diversified asset allocation model.

Based on its determination of an appropriate risk posture and its associated long-term return expectations, the Board has adopted the following Asset Allocation Policy for CPERS.

Asset Class	Minimum Allocation	Target Allocation	Maximum Allocation
Public Equities	45%	50%	55%
US		25%	
Non-US		25%	
Private Markets	0%	5%	10%
Public Fixed Income	25%	30%	35%
Hedge Funds	0%	5%	10%
Real Estate	0%	5%	10%
Master Limited Partnerships	0%	5%	10%

Rebalancing

Using the policy targets and bands stated in the previous section, a rebalancing event will be triggered whenever the aggregate equity, aggregate bond or real asset allocations exceed either their upper or lower band. At this point, the portfolio will be rebalanced across all asset classes to the target allocations to the extent possible without generating undue transactions costs.

Performance Evaluation and Review

On a quarterly basis, the Committee will review actual investment results to ensure that the System's Asset Allocation is within policy ranges, and that the investment program is maintaining its disciplines and meeting expectations.

The performance of the Total Fund will be measured against an appropriate policy index, based on the fund's asset allocation targets for liquid and/or marketable investments.

STATEMENT OF INVESTMENT POLICIES AND OBJECTIVES (CONTINUED)

Asset Class	Target Allocation	Index
US Equities	25%	Russell 3000
Non-US Equities	25%	MSCI ACWI ex-US
Private Markets	5%	Peer group comparisons where appropriate
Public Fixed Income	30%	Barclays US Aggregate
Hedge Funds	5%	HFRI, HFRX or other strategy-appropriate indices as determined by implementation
Public Real Estate	5%	NCREIF or other strategy-appropriate indices as determined by implementation
Master Limited Partnership	5%	S&P MLP Index

While the Total Fund is measured against this Policy Index, individual Investment Managers will be measured against appropriate style indices, and also relative to an appropriate peer universe, as determined by the System's Investment Consultant. Suggested benchmarks for asset classes and strategies are included in the following table.

Asset Class	Investment Approach	Benchmark
Broad US Equity	Composite	Russell 3000 Index
Large Cap Equity	Either passively actively managed	Large Cap Core: S&P 500 or Russell 1000 Large Cap Value: Russell 1000 Value Large Cap Growth: Russell 1000 Growth
Non-large Cap Equity	Actively managed	Small Cap Core: Russell 2000 Small Cap Value: Russell 2000 Value Small Cap Growth: Russell 2000 Growth
Broad Non-US Equity	Composite	MSCI ACWI ex-US Index
International Equity	Actively managed	International Core: MSCI EAFE or ACWI ex-US International Value: MSCI EAFE, EAFE Value or ACWI ex-US Value International Growth: MSCI EAFE, EAFE Growth or ACWI ex-US Growth International Small Cap: MSCI EAFE Small Cap Index Emerging Markets: MSCI EAFE Emerging Markets
Private Market Investments	Actively managed	Peer group comparisons, where appropriate.
Broad Fixed Income	Composite	Barclays Capital Aggregate Index
Fixed Income	Either passively or actively managed	Core Fixed Income: Barclays Capital Aggregate Index TIPS: Barclays US TIPS Other strategy-appropriate indices as determined by implementation.
Hedge Funds	Actively managed	HFRI or HFRX strategy-appropriate index as determined by implementation
Real Assets	Either passively or actively managed	Real Estate; NCREIF Master Limited Partnerships; S&P MLP Index Other strategy-appropriate indices as determined by implementation
Cash	Actively managed	Cash: 90-day T-bill

<u>Investment Manager Responsibilities and Communications</u>

The Investment Managers are expected to manage the assets in accordance with the statutory requirements, policy guidelines and objectives expressed herein. No deviation is permitted unless the ability to do so is given in a separate written agreement. Investment Managers will regularly communicate with the System's Staff and Investment Consultant. Written communications should be provided to CPERS at least quarterly. These reports should include a review of investment performance relative to the manager's objectives.

STATEMENT OF INVESTMENT POLICIES AND OBJECTIVES (CONTINUED)

Internal Cash Management Investment Guidelines

The daily cash balances of CPERS are invested in a Short Term Investment Fund (STIF) managed by the custodian bank. The STIF used must be reviewed by the Consultant for adherence to the Fund's risk/return profile and list of approved investments, and pre-approved by the Board.

Investments

The Board recognizes that a prudent level of risk is necessary in order to allow the fund the opportunity to achieve satisfactory long-term results consistent with its objectives.

The fund will be invested in a manner consistent with all applicable local and State laws. Investments may not be made in any investment that is prohibited by the Internal Revenue Service, the Department of Labor or statutory restrictions. CPERS' assets may be held in separate accounts, commingled funds or limited partnerships. If held in commingled funds, mutual funds, exchange-traded funds and/ or limited partnerships, the prospectus or offering document takes precedence over this document.

With certain exceptions such as those strategies investing in non-traditional investments, all assets selected within any portfolio should have a readily attainable market value and should be readily marketable.

The stock and bond holdings of the fund may include individual debtor equity securities issued by state, federal or foreign governments, or business entities domiciled therein. These holdings may also include mutual or commingled funds comprised of stock or bond holdings as well as individual instruments which may be utilized as an alternative to stock or bond positions as specified.

Private Market investments may include illiquid debt and equity securities of private or publicly-traded companies, commonly referred to as venture capital, distressed securities, buy-outs and mezzanine funds. Private Market risk is partially mitigated by maintaining a portfolio that is well diversified by vintage years, investment stages, sectors and geography. Exposure to Private Market strategies and their sub-asset classes may be achieved by investing directly in partnerships and/or fund-of-fund managers.

The System may invest in funds or limited partnerships that invest in Real Assets. Real Assets may include but are not limited to real estate, master limited partnerships, infrastructure, commodities, oil and gas, and timber/farmland and may be domestic or international. Leverage in these vehicles is permitted, to be consistent with the strategy in accordance with the prospectus/offering document.

The System may invest in various Hedge Fund strategies to enhance investment returns and/or provide additional diversification benefits to the portfolio. Exposure to Hedge Fund Strategies and their sub-asset classes may be achieved by investing directly in partnerships and/or with fund-of-fund managers. The System understands that hedge fund managers may employ strategies such as short sales of securities, purchase and sale of options, commodities, and the use of leverage and derivatives.

Restricted Investments

For separate account managers, categories of investments that are not eligible for investment include, but are not limited to, the following:

- Futures and option transactions (except for those used for bona fide currency hedging purposes or as otherwise expressly permitted);
- Leverage is not permitted;
- Leveraged derivative securities, including but not limited to Mortgage IOs or POs, inverse floating rate notes, or structured notes are not permitted. Unleveraged floating rate securities are allowed but interest payments must be linked to indices within the portfolio's scope;
- Short sales or margin transactions;
- Investments in commodities or commodity contracts;
- Direct loans or extension lines of credit to any interested party;
- Letter stock;

STATEMENT OF INVESTMENT POLICIES AND OBJECTIVES (CONTINUED)

- Unregistered securities and private placements (except those securities regulated by SEC Rule 144A or otherwise specifically permitted by the Board);
- Cash should not comprise more than five (5) percent of the portfolio without prior written approval of the Board.

In the event that an investment manager desires to utilize any type of security or investment strategy not expressly permitted in this policy, it is the responsibility of the manager to request authorization from the Board in advance of so doing. Any losses in principal in a CPERS' portfolio as a result of a manager having to liquidate any non-approved investments that are purchased for the portfolio will be borne by the manager.

General Fixed Income Portfolio Guidelines

The portfolio will be invested in fixed income securities, as described in "Investments". Securities are not allowed that use any form of leverage. The overall average credit quality of the fixed income portfolio must be maintained at "AA" or higher. The weighted average credit quality calculation shall be performed using the lower of the ratings by Standard & Poor's, Fitch and/or Moody's.

Diversification

Fixed income securities of any one corporation shall be limited to 2.5% at cost of a portfolio and may not exceed 3% at market. This restriction also applies to asset-backed securities, non-agency mortgage-backed securities (including commercial mortgage-backed securities) and taxable municipals. The total holdings of an agency-issued mortgage-backed security of the same coupon and maturity series of the same agency shall not exceed 10% of the manager's portfolio at cost (agency-issued mortgage-backed securities to include GNMA's). The direct debt of the federal government (treasury bonds, bills and notes) shall not be restricted as a percentage of the manager's portfolio. Private placement bonds are not permitted. 144(a) fixed income securities are allowable, limited in total to 25% of the market value of a manager's portfolio. The effective duration of the fixed income portfolio(s) must remain within a range of 75% to 125% of the duration of the benchmark at all times.

Portfolio Quality

Fixed income securities shall not be rated less than Baa3 or its equivalent by a nationally-recognized rating agency (such as Standard & Poor's, Fitch, or Moody's). Individual issues rated AAA to AA- or its equivalent may have a 2.5% position at cost and 3% at market value.

Individual issues rated below AA- or its equivalent may have a 1.5% position at cost or 2% at market value. Individual issues rated BBB or its equivalent may have a 1% position at market value. Split-rated securities in which one rating is below investment grade shall not comprise more than 3% of the market value in total for AAA to AA- or its equivalent, 2% for issues rated below AA- to BBB+ or its equivalent and 1% for issues rated BBB or its equivalent of any manager's portfolio. The ratings issue does not apply to direct obligations of the U.S. Government and its agencies.

If specific managers are given international flexibility, the same quality restrictions apply. Emerging market securities not listed in the Barclays Capital Aggregate are prohibited. In the event of a bond's downgrade below BBB- or its equivalent (excluding split-rate securities discussed above), the Board shall be notified in writing and the manager shall include a prudent recommended course of action.

General Equity Portfolio Guidelines

The portfolio will be invested in publicly traded equities, as described in "Investments". Restricted or letter stock, etc., is not permitted. Securities are not allowed that use any form of leverage.

Diversification

The diversification of the equity securities held in the portfolio among sectors and issuers is the responsibility of the Investment Manager. No single company's securities shall represent more than 5% of the cost basis or 7% of the market value of any manager's portfolio.

STATEMENT OF INVESTMENT POLICIES AND OBJECTIVES (CONTINUED)

Style Adherence

Quarterly, fundamental portfolio characteristics and style benchmark comparisons will be monitored for adherence to a manager's identified style. Domestic equity managers are allowed to invest in dollar-denominated, SEC registered stock of foreign domiciled companies traded on the NYSE, AMEX or OTC markets. Concentration restrictions for these securities are the same as for any other security. International equity managers may invest in depository receipts as long as the underlying security is permissible within these guidelines and the investment does not expose the Fund to any greater risk than the risk from holding the underlying security. Developed Market International equity managers may also invest in Emerging Markets securities, so long as the aggregate value of those securities does not exceed 10% of the market value of a manager's portfolio.

Proxy Voting

Each Investment Manager is hereby authorized and empowered to vote proxies, said voting to be performed in good faith and for the exclusive benefit of CPERS' participants and beneficiaries. Each Investment Manager shall keep accurate records as to the voting of proxies and shall provide information from such records to the Board upon request.

Securities Lending

The Board may select an agent to lend the financial securities of the fund. Any income gained through the lending program will be deposited monthly in a specified account and invested in short-term instruments until allocated to the Investment Managers. The agent will have full discretion over the selection of borrowers and will continually review credit worthiness of potential borrowers through adequate analysis of all material provided to them. All loans shall be fully collateralized with cash, government securities or irrevocable bank letters of credit. Collateralization of such loans shall be 102% domestic/105% international of the market value of the loaned securities plus accrued income for U.S. and non-U.S. loans, respectively. These collateralization procedures should be marked-to-market daily. The securities lending program shall in no way inhibit the trading activities of the Investment Managers of CPERS. A copy of the agent's cash collateral Investment Policy shall be sent to the Fund at least annually or any time there is a material change made to the document.

CPERS Brokerage Policy

The Board, at its discretion, may identify a brokerage firm or firms to receive consideration from CPERS' managers when it is viewed to be in the best interest of the beneficiaries. This will be officially acted upon by the Board and this directive communicated officially to all investment firms utilized by the Fund. With regard to transaction expense, each manager recognizes commissions as an asset of CPERS and accepts same fiduciary responsibility for managing commissions and execution costs. The Board encourages the equity managers to manage the commission activity using all available trading mechanisms to maintain commission levels on listed trades of three (3) cents per share or less.

Investment Compliance Issues Policy

The Consultant will review the Investment Managers' holdings, where possible, on a quarterly basis in order to determine compliance with the Retirement Board's Statement of Investment Policy. Any issues that arise will be discussed with the Manager and forwarded to the Staff and Investment Committee. If the Manager believes that the System's Investment Policy in regard to the issue in question is overly restrictive to its investment activities, the Manager may request relief in writing to the Investment Consultant, Staff and Investment Committee. To the extent possible, each issue will be resolved by the Investment Consultant, working in conjunction with the Staff, then the Investment Committee, and then the full Board.

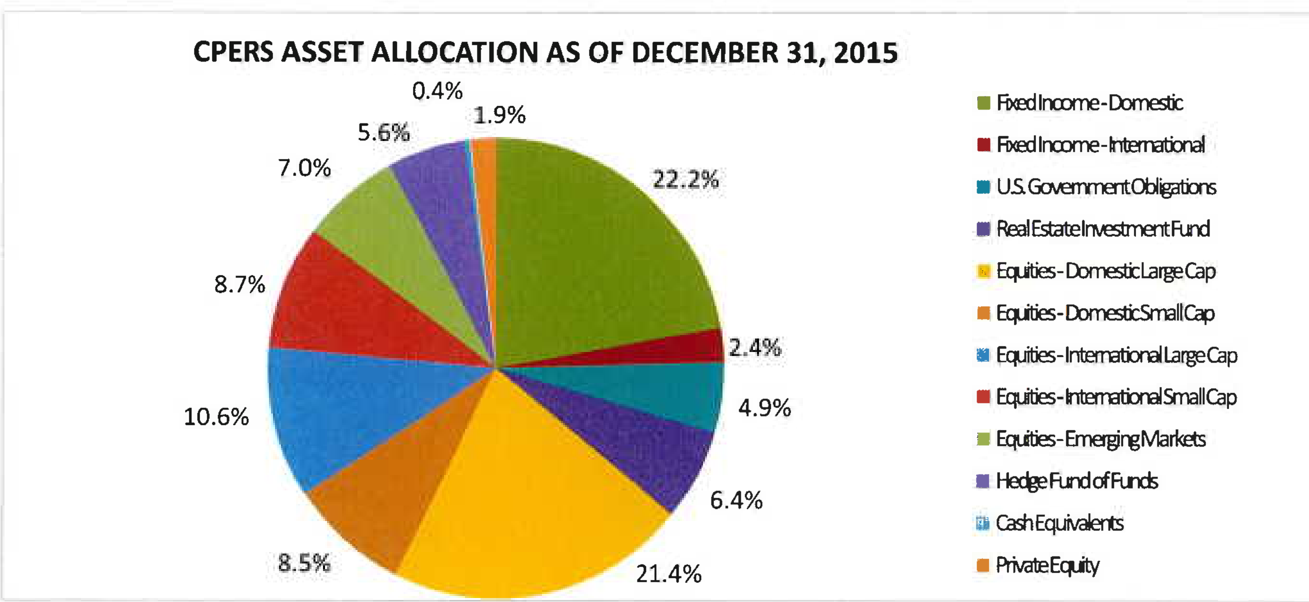
Anti-Terrorism Investment Policy

Because of the complexities and lack of public information in the area of terrorism, CPERS must rely upon federal agencies such as the Securities and Exchange Commission and the State, Commerce, Justice and Treasury Departments to provide factual information to act upon. To date this information has not been available to CPERS. When or if this type of information becomes available, CPERS will take the appropriate actions to determine along with the manager if divesting from a company or investment is appropriate.

INVESTMENT SUMMARY
AS OF DECEMBER 31, 2015 AND 2014

CPERS TRUST

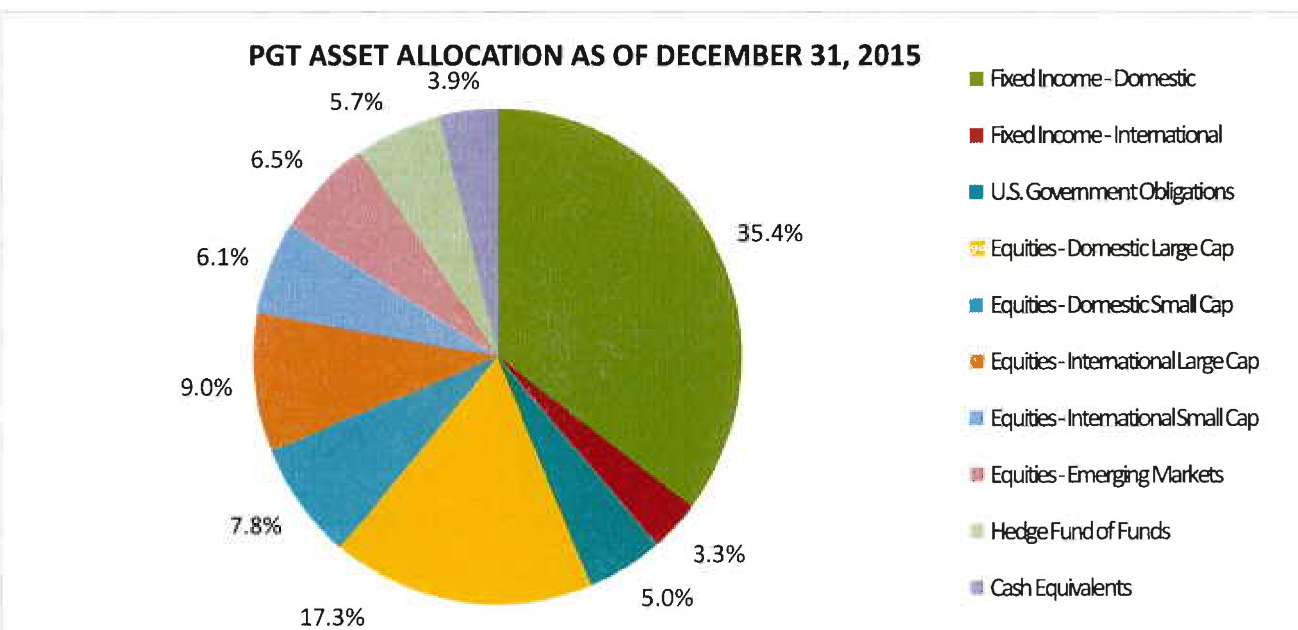
	December 31, 2015			December 31, 2014		
		Fair Value	% Total Fair Value		Fair Value	% Total Fair Value
Type of Investment:						
Fixed Income:						
Fixed Income – Domestic	$	222,887,457	22.2%	$	236,930,856	22.5%
Fixed Income - International		24,610,440	2.4%		21,687,936	2.0%
U.S. Government Obligations		49,129,749	4.9%		51,922,249	4.9%
Equities:						
Equities – Domestic Large Cap		214,601,333	21.4%		226,775,700	21.5%
Equities – Domestic Small Cap		85,856,363	8.5%		105,232,521	10.0%
Equities – International Large Cap		106,657,856	10.6%		114,570,946	10.9%
Equities – International Small Cap		87,263,564	8.7%		84,856,022	8.0%
Equities – Emerging Markets		70,337,963	7.0%		86,250,176	8.2%
Alternative Investments:						
Hedge Fund of Funds		56,011,148	5.6%		55,853,494	5.3%
Real Estate Investment Fund		64,441,591	6.4%		57,892,372	5.5%
Private Equity		19,133,188	1.9%		7,371,482	0.7%
Cash Equivalents		4,156,610	0.4%		5,340,708	0.5%
Total Investments	$	1,005,087,262	100.0%	$	1,054,684,462	100.0%



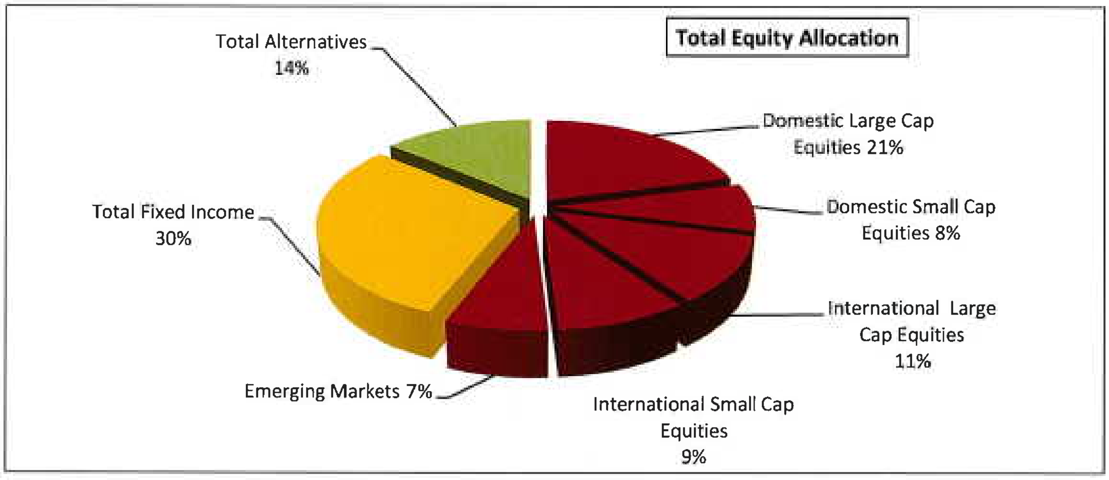
INVESTMENT SUMMARY
AS OF DECEMBER 31, 2015 AND 2014

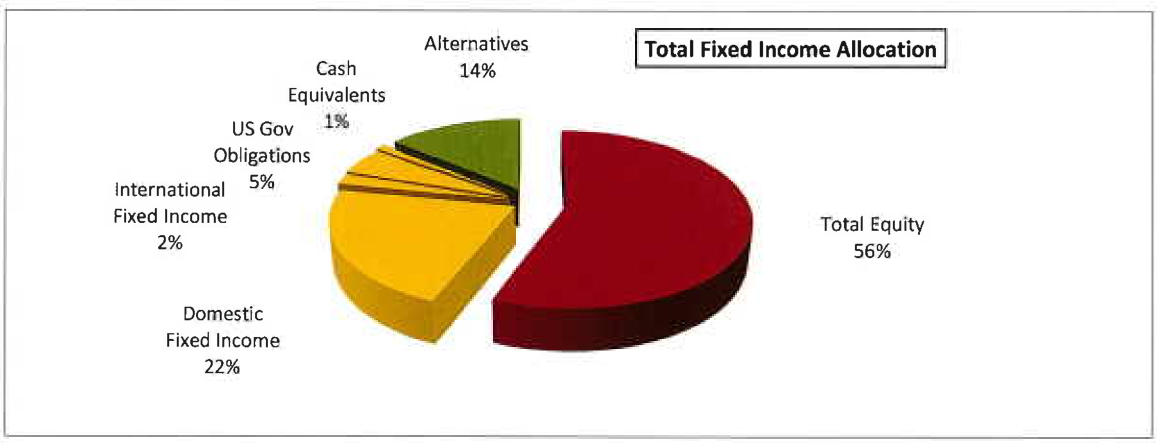
POLICE GUARANTEE TRUST

	December 31, 2015		December 31, 2014	
Type of Investment:	**Fair Value**	**% Total Fair Value**	**Fair Value**	**% Total Fair Value**
Fixed Income:				
Fixed Income - Domestic	$ 5,621,376	35.4%	$ 6,697,183	35.1%
Fixed Income - International	515,759	3.2%	521,139	2.7%
U.S. Government Obligations	785,423	4.9%	917,237	4.8%
Equities:				
Equities – Domestic Large Cap	2,752,264	17.3%	3,174,915	16.7%
Equities – Domestic Small Cap	1,239,173	7.8%	1,665,832	8.7%
Equities – International Large Cap	1,425,096	9.0%	1,705,548	8.9%
Equities – International Small Cap	975,494	6.1%	1,059,218	5.6%
Equities – Emerging Markets	1,030,013	6.5%	1,420,427	7.4%
Alternative Investments:				
Hedge Fund of Funds	905,432	5.7%	1,001,096	5.3%
Cash Equivalents	625,217	3.9%	904,917	4.8%
Total Investments	$ 15,875,262	100.0%	$ 19,067,512	100.0%



ASSET ALLOCATION AS OF DECEMBER 31, 2015





CPERS LIST OF INVESTMENTS
AS OF DECEMBER 31, 2015

FIXED INCOME

LARGEST FIXED INCOME HOLDINGS BY FAIR VALUE – NON POOLED ACCOUNTS

DESCRIPTION	COUPON RATE	MATURITY DATE	PAR VALUE	FAIR VALUE
DOMESTIC FIXED INCOME				
GSAA HOME EQUITY TRUST	VARIES	12/25/2036	$ 3,793	$ 1,862
LEHMAN BROTHERS HLD ESCROW	0.00%	08/22/2009	21,000	1,549
LEHMAN BROTHERS HLD ESCROW	0.00%	12/30/2016	5,000	369
WAMU ASSET-BACKED CERT	VARIES	04/25/2037	125	55
FNMA POOL #0250111	8.50%	08/01/2014	18	20
TOTAL DOMESTIC FIXED INCOME			$ 29,936	$ 3,855

DOMESTIC FIXED INCOME – POOLED ACCOUNTS

DESCRIPTION	UNITS	FAIR VALUE
DOMESTIC FIXED INCOME – ABSOLUTE RETURN	3,443,994	$ 61,448,946
DOMESTIC FIXED INCOME – CORE	3,971,688	81,612,577
DOMESTIC FIXED INCOME – CORE PLUS	4,371,417	79,822,079
US TREASURY INFLATION PROTECTED SECURITIES	4,021,620	49,129,749
TOTAL DOMESTIC FIXED INCOME – POOLED ACCOUNTS	15,808,719	$ 272,013,351

INTERNATIONAL FIXED INCOME – POOLED ACCOUNTS

DESCRIPTION	UNITS	FAIR VALUE
INTERNATIONAL FIXED INCOME – ABSOLUTE RETURN	1,123,032	$ 20,373,885
INTERNATIONAL FIXED INCOME – CORE PLUS	232,013	4,236,555
TOTAL INTERNATIONAL FIXED INCOME – POOLED ACCOUNTS	1,355,045	$ 24,610,440

EQUITIES

LARGEST DOMESTIC EQUITY SECURITIES BY FAIR VALUE – NON POOLED ACCOUNTS

DESCRIPTION	SHARES	FAIR VALUE
DIPLOMAT PHARMACY INC	30,422	$ 1,041,041
VCA INC	15,178	834,790
JINKOSOLAR HOLDING CO LTD	30,027	830,847
IMPERVA INC	10,444	661,210
COMSCORE INC	15,885	653,668
HEARTLAND PAYMENT SYSTEMS INC	6,296	596,987
2U INC	20,212	565,532
SOLARCITY CORP	10,838	552,955
CHARLES RIVER LABORATORIES INT	6,868	552,118
US CONCRETE INC	10,075	530,549
OTHER EQUITY SECURITIES-DOMESTIC	951,715	19,356,905
TOTAL DOMESTIC EQUITY SECURITIES	1,107,960	$ 26,176,602

CPERS LIST OF INVESTMENTS (CONTINUED)
EQUITIES (CONTINUED)

EQUITIES – DOMESTIC POOLED ACCOUNTS

DESCRIPTION	UNITS	FAIR VALUE
SMALL CAP VALUE FUND	12,340	$ 25,179,337
RUSSELL 1000 FUND	726,973	107,137,129
S&P 500 FUND	4,202,784	107,464,204
MASTER LIMITED PARTNERSHIP	1,223,652	34,500,424
TOTAL EQUITIES – DOMESTIC POOLED ACCOUNTS	6,165,749	$ 274,281,094

EQUITIES – INTERNATIONAL POOLED ACCOUNTS

DESCRIPTION	UNITS	FAIR VALUE
INTERNATIONAL VALUE EQUITY FUND	921,805	$ 49,477,326
INTERNATIONAL GROWTH EQUITY FUND	3,142,549	57,180,530
INTERNATIONAL SMALL CAP FUND	3,999,429	87,263,564
EMERGING MARKETS FUND	819,254	70,337,963
TOTAL EQUITIES – INTERNATIONAL POOLED ACCOUNTS	8,883,037	$ 264,259,383

ALTERNATIVE INVESTMENTS

DESCRIPTION	UNITS	FAIR VALUE
HEDGE FUND OF FUNDS	34,953	$ 56,011,148
REAL ESTATE INVESTMENT FUND	49,707	64,441,591
PRIVATE EQUITY	19,183,976	19,133,188
	19,268,636	$ 139,585,927

CASH EQUIVALENTS

DESCRIPTION	FAIR VALUE
COLLECTIVE U.S. GOVERNMENT SHORT TERM INVESTMENT FUND	$ 4,156,610
TOTAL CPERS INVESTMENTS	$ 1,005,087,262

A complete list of portfolio holdings is available upon request.

PGT LIST OF INVESTMENTS
AS OF DECEMBER 31, 2015

FIXED INCOME

DOMESTIC FIXED INCOME – POOLED ACCOUNTS

DESCRIPTION	UNITS	FAIR VALUE
DOMESTIC FIXED INCOME – ABSOLUTE RETURN	71,903	$ 1,288,235
DOMESTIC FIXED INCOME – CORE	123,119	2,529,919
DOMESTIC FIXED INCOME – CORE PLUS	98,753	1,803,222
US TREASURY INFLATION PROTECTED SECURITIES	64,292	785,423
TOTAL DOMESTIC FIXED INCOME – POOLED ACCOUNTS	358,067	$ 6,406,799

INTERNATIONAL FIXED INCOME – POOLED ACCOUNTS

DESCRIPTION	UNITS	FAIR VALUE
INTERNATIONAL FIXED INCOME – ABSOLUTE RETURN	23,447	$ 420,053
INTERNATIONAL FIXED INCOME – CORE PLUS	5,241	95,706
TOTAL INTERNATIONAL FIXED INCOME – POOLED ACCOUNTS	28,688	$ 515,759

EQUITIES

EQUITIES – DOMESTIC POOLED ACCOUNTS

DESCRIPTION	UNITS	FAIR VALUE
RUSSELL 1000 LARGE CAP FUND	9,019	$ 1,329,128
S&P 500 LARGE CAP FUND	55,657	1,423,136
RUSSELL 2000 VALUE INDEX PLUS SMALL CAP FUND	6,773	286,238
RUSSELL 2000 GROWTH INDEX PLUS SMALL CAP FUND	9,689	319,346
MASTER LIMITED PARTNERSHIP	22,466	633,589
TOTAL EQUITIES – DOMESTIC POOLED ACCOUNTS	103,604	$ 3,991,437

EQUITIES – INTERNATIONAL POOLED ACCOUNTS

DESCRIPTION	UNITS	FAIR VALUE
INTERNATIONAL VALUE EQUITY FUND	12,200	$ 654,809
INTERNATIONAL GROWTH EQUITY FUND	42,334	770,287
INTERNATIONAL SMALL CAP FUND	44,708	975,494
EMERGING MARKETS FUND	12,210	1,030,013
TOTAL EQUITIES – INTERNATIONAL POOLED ACCOUNTS	111,452	$ 3,430,603

ALTERNATIVE INVESTMENTS

DESCRIPTION	UNITS	FAIR VALUE
HEDGE FUND OF FUNDS	565	$ 905,432

PGT LIST OF INVESTMENTS (CONTINUED)

CASH EQUIVALENTS

DESCRIPTION	FAIR VALUE
COLLECTIVE U.S. GOVERNMENT SHORT TERM INVESTMENT FUND	$ 625,217
TOTAL PGT INVESTMENTS	$ 15,875,247

A complete list of portfolio holdings is available upon request.

INVESTMENT PERFORMANCE MEASUREMENTS

	Rate of Return	Rank*
Comparative Rates of Return on Total Fund – Year Ended December 31, 2015		
City-Parish Employees' Retirement System	(0.51) %	67
Police Guarantee Trust	(1.64) %	88
Median Total Fund	(0.04) %	50
Comparative Rates of Return on Domestic Equities – Year Ended December 31, 2015		
City-Parish Employees' Retirement System	1.27 %	21
Police Guarantee Trust	0.97 %	26
Median Domestic Equity Composite	0.20 %	50
Russell 3000	0.48 %	41
Comparative Rates of Return on International Equities – Year Ended December 31, 2015		
City-Parish Employees' Retirement System	(2.38) %	43
Police Guarantee Trust	(3.18) %	54
Median International Equity Composite	(2.94) %	50
MSCI ACWI ex US (Net)	(5.66) %	83
Comparative Rates of Return on Fixed Income Securities – Year Ended December 31, 2015		
City-Parish Employees' Retirement System	(0.14) %	54
Police Guarantee Trust	(0.02) %	52
Median Bond Composite	0.06 %	50
Barclays Capital Aggregate Index	0.55 %	34
Comparative Rates of Return on Real Estate – Year Ended December 31, 2015		
City-Parish Employees' Retirement System	15.71 %	11
Median Real Estate Fund	12.62 %	50
NCREIF Property Index	13.33 %	39
Comparative Rates of Return on Hedge Fund – Year Ended December 31, 2015		
City-Parish Employees' Retirement System	5.81 %	N/A
Police Guarantee Trust	5.81 %	N/A
HFRI Fund of Funds Comp. Index	(0.33) %	N/A
Comparative Rates of Return on Master Limited Partnership – Year Ended December 31, 2015		
City-Parish Employees' Retirement System	(30.07) %	48
Police Guarantee Trust	(30.07) %	48
Median Master Limited Partnership	(30.53) %	50
S&P MLP Index	(35.07) %	87
Comparative Rates of Return on Private Equity – Year Ended December 31, 2015		
City-Parish Employees' Retirement System	19.28 %	N/A

* Rank indicates CPERS' relative investment performance in relation to other total funds in the Mellon Universe of funds.
** These calculations were prepared using a money-weighted rate of return based on market values at December 31st.

INVESTMENT PERFORMANCE MEASUREMENTS (CONTINUED)

The total performance as compared to public funds in the Mellon Universe, as reported by Summit Strategies Group, Investment Consultant for City-Parish Employees' Retirement System, is as follows:

One-year period ending December 31, 2015	(0.51) %
Two-year period ending December 31, 2015	2.34 %
Three-year period ending December 31, 2015	6.62 %
Four-year period ending December 31, 2015	8.39 %
Five-year period ending December 31, 2015	6.26 %

ANNUAL RATES OF RETURN

	ANNUALIZED						
	2011	2012	2013	2014	2015	3 YRS.	5 YRS.
TOTAL FUND							
City-Parish Emp. Retirement System	(1.8)%	13.9%	15.7%	5.3%	(0.5)%	6.6%	6.3%
Police Guarantee Trust	(1.5)%	12.9%	12.3%	4.7%	(1.6)%	5.0%	5.2%
Median Total Fund	0.4%	12.8%	17.0%	6.6%	(0.0)%	7.6%	7.0%
Inflation (CPI)	3.0%	1.8%	1.5%	0.7%	0.7%	1.0%	1.5%
DOMESTIC EQUITY							
City-Parish Emp. Retirement System	1.2%	17.5%	35.3%	12.9%	1.3%	15.7%	13.0%
Police Guarantee Trust	1.5%	16.2%	34.1%	12.5%	1.0%	15.1%	12.4%
Median Domestic Equity Fund	0.1%	16.5%	33.9%	10.9%	0.2%	14.1%	11.6%
Russell 3000	1.0%	16.4%	33.6%	12.6%	0.5%	14.7%	12.2%
INTERNATIONAL EQUITY							
City-Parish Emp. Retirement System	(15.9)%	18.7%	14.7%	(3.3)%	(2.4)%	2.7%	1.6%
Police Guarantee Trust	(15.2)%	19.0%	15.3%	(3.4)%	(3.2)%	2.6%	1.7%
Median International Equity Fund	(12.6)%	18.4%	18.0%	(2.3)%	(2.9)%	3.8%	3.2%
MSCI ACWI ex US (Net)	(12.1)%	16.8%	15.3%	(3.9)%	(5.7)%	1.5%	1.1%
FIXED INCOME							
City-Parish Emp. Retirement System	7.2%	7.4%	(1.6)%	5.3%	(.01)%	1.14%	3.6%
Police Guarantee Trust	5.6%	8.9%	(0.3)%	5.6%	(0.0)%	1.71%	3.9%
Median Bond Fund	7.7%	7.9%	(1.8)%	5.8%	0.1%	1.59%	4.0%
Barclays Capital Aggregate Index	7.8%	4.2%	(2.0)%	6.0%	0.1%	1.44%	3.3%
REAL ESTATE							
City-Parish Emp. Retirement System	18.7%	10.9%	12.8%	13.2%	15.7%	13.9%	14.2%
Median Real Estate Fund	13.9%	10.8%	12.4%	13.6%	12.6%	13.0%	12.2%
NCREIF Property Index	14.3%	10.5%	11.0%	11.8%	13.3%	12.0%	12.2%
HEDGE FUND OF FUNDS							
City-Parish Emp. Retirement System	N/A	N/A	4.6%	8.0%	5.8%	6.05%	N/A
Police Guarantee Trust	N/A	N/A	4.6%	8.0%	5.8%	6.05%	N/A
HFRI Fund of Funds Comp. Index	N/A	N/A	8.7%	3.4%	(0.3)%	3.93%	N/A
MASTER LIMITED PARTNERSHIP							
City-Parish Emp. Retirement System	N/A	N/A	N/A	0.7%	(30.1)%	N/A	N/A
Police Guarantee Trust	N/A	N/A	N/A	0.7%	(30.1)%	N/A	N/A
Median MLP	N/A	N/A	N/A	(3.6)%	(30.5)%	N/A	N/A
S&P MLP Index	N/A	N/A	N/A	(5.7)%	(35.1)%	N/A	N/A
PRIVATE EQUITY							
City-Parish Emp. Retirement System	N/A	N/A	N/A	18.0%	22.4%	N/A	N/A

Note: These calculations were prepared using a time-weighted rate of return based on market values at December 31st of the year indicated.

SCHEDULE OF CPERS INVESTMENT FEES
FOR THE YEAR ENDED DECEMBER 31, 2015

	Assets Under Management	Investment Service Fees
Fixed Income:		
Fixed Income – Domestic	$ 272,017,206	$ 814,563
Fixed Income – International	24,610,440	133,612
Equity Securities:		
Equities – Domestic	300,457,696	1,217,005
Equities – International	264,259,383	2,243,638
Alternative Investments:		
Hedge Fund of Funds	56,011,148	915,637
Real Estate Investments	64,441,591	567,555
Private Equity	19,133,188	770,080
Total Investment Managers' Fees		6,662,090
Custodian Fees		126,026
Advisor Fees		145,800
Total Investment Expenses		$ 6,933,916

SCHEDULE OF PGT INVESTMENT FEES
FOR THE YEAR ENDED DECEMBER 31, 2015

	Assets Under Management	Investment Service Fees
Fixed Income:		
Fixed Income – Domestic	$ 6,406,799	$ 22,877
Fixed Income – International	515,759	3,118
Equity Securities:		
Equities – Domestic	3,991,437	13,528
Equities – International	3,430,603	31,959
Alternative Investments:		
Hedge Fund of Funds	905,432	15,735
Total Investment Manager's Fees		87,217
Custodian Fees		21,940
Advisor Fees		34,200
Total Investment Expenses		$ 143,357

SCHEDULE OF COMMISSIONS PAID TO BROKERS
FOR THE YEAR ENDED DECEMBER 31, 2015

Brokerage Firm	Shares Traded	Commission Dollar Amount	Commission Per Share
Instinet Corporation	393,255	$ 9,658	$.0246
Merrill Lynch, Pierce, Fenner & Smith Inc.	256,244	6,301	.0246
Bloomberg Tradebook LLC	164,988	5,449	.0330
National Financial Services Corporation	174,356	5,324	.0305
Stifel, Nicolaus & Company	129,578	4,163	.0321
D.A. Davidson & Company	104,403	3,703	.0355
Gordon, Haskett & Company	110,160	3,547	.0322
Piper Jaffray & Company	107,892	3,292	.0305
Stephens Inc.	89,163	2,996	.0336
Cantor Fitzgerald & Company	100,847	2,535	.0251
Wells Fargo Securities, LLC	140,001	2,396	.0171
Robert W Baird & Company	66,634	2,377	.0357
William Blair & Company	61,363	2,361	.0385
Raymond James & Associates Inc.	70,819	2,257	.0319
Morgan Stanley & Company	56,964	2,117	.0372
O'Neil, William & Company	58,943	1,994	.0338
Oppenheimer & Company	52,319	1,942	.0371
Citigroup Global Markets Inc.	62,801	1,872	.0298
JonesTrading Institutional Services, LLC	65,884	1,851	.0281
Merlin Securities, LLC	191,497	1,810	.0095
Keybanc Capital Markets Inc.	48,809	1,752	.0359
JP Morgan Securities Inc.	50,580	1,721	.0340
FBR Capital Markets & Company	56,478	1,698	.0301
BNY Convergex	87,590	1,677	.0191
Pershing, LLC	56,398	1,672	.0296
Sidoti & Company	47,133	1,643	.0349
Craig-Hallum	50,197	1,569	.0313
Wedbush Morgan Securities Inc.	45,329	1,507	.0332
Dougherty & Company	49,029	1,479	.0302
Needham & Company	51,807	1,454	.0281
RBC Capital Markets, LLC	69,010	1,413	.0205
Liquidnet Inc.	70,730	1,377	.0195
Deutsche Bank Securities Inc.	42,194	1,363	.0323
Northland Securities Inc.	34,418	1,297	.0377
Cowen & Company, LLC	37,698	1,248	.0331
Jefferies & Company	66,352	1,200	.0181
Goldman Sachs & Company	37,238	1,137	.0305
Suntrust Capital Markets Inc.	28,361	1,105	.0390
B. Riley & Company	40,746	1,102	.0270
Other (34 firms)*	550,585	12,965	.0235
Total	3,978,793	$ 108,324	$.0272

* Firms that had less than $1,102 commissions paid.

2015

Employees' Retirement System of the City of Baton Rouge and Parish of East Baton Rouge

Actuarial Section CPERS Trust

City of Baton Rouge and Parish of East Baton Rouge

ERS

A Component Unit of the Consolidated Government of the City of Baton Rouge and the Parish of East Baton Rouge, LA

CP Employees' Retirement System

City of Baton Rouge and Parish of East Baton Rouge

ERS

nyhart

June 24, 2016

Board of Trustees
Employees' Retirement System
City of Baton Rouge and Parish of East Baton Rouge
209 St. Ferdinand Street
Post Office Box 1471
Baton Rouge, Louisiana 70821

Dear Board Members:

As requested, we have completed our annual valuation of the Employees' Retirement System of the City of Baton Rouge and Parish of East Baton Rouge as of January 1, 2016. The valuation was prepared on the basis of the data submitted by the Retirement System office and the actuarial assumptions adopted by the Board of Trustees, and reflects the benefits in effect on the valuation date.

The funding objective of the Retirement system was established as follows:

a) fully fund all current normal costs determined in accordance with the prescribed funding method; and

b) liquidate the unfunded liability as of January 1, 1995 over a thirty-year period with subsequent changes in unfunded liabilities amortized over thirty years. Note that prior to the January 1, 2001 valuation subsequent changes in unfunded liabilities were amortized over the remaining portion of the original thirty years. This change in amortization was applied to all changes in unfunded liabilities since January 1, 1995. Effective with the January 1, 2004 valuation, this change in amortization was reversed. All changes in unfunded liability are amortized over the remainder of the 30-year period that started on January 1, 1995. Effective with the January 1, 2005 valuation, the amortization approach was changed to use a level percentage of payroll 30-year open amortization method. Effective January 1, 2015, the amortization approach was changed to use a level percentage of payroll 30-year closed method, starting January 1, 2015, and reducing the period in successive years until reaching a 15-year open period. As of January 1, 2016, the unfunded liability was $495,247,117 and the amortization of this amount was $29,998,338.

Effective with the 2000 year, the Board decided to introduce a one-year delay from the valuation date to the year for which the contribution rate calculated in the valuation is applied. Thus the contribution rate calculated in the 2016 valuation will apply to the year 2017. The 2015 valuation was the basis for the 2016 contribution rate.

The City contribution rate for the 2016 year is set to 28.9%. This reflects a 0.8% increase from the 2015 rate.

2000 RiverEdge Parkway
Suite 900
Atlanta, GA 30328
(p) 770-933-1933
(p) 800-428-7106
(f) 888-398-7366
www.nyhart.com

Based on our recommendation, the Board of Trustees approved a change in the method of determining the actuarial value of assets, effective with the January 1, 2002 valuation. Under this method, 20% of the difference between the expected asset value and market value is recognized each year. The resulting actuarial value of assets as of December 31, 2015 is $1,119,731,517.

In performing the January 1, 2016 valuation, we have relied upon the employee data and financial information provided by the administrative staff of the Employees' Retirement System of the City of Baton Rouge and Parish of East Baton Rouge. Regarding participant data, each record was edited for reasonableness and consistency, although the validity of the information was not compared to source documents. Regarding plan assets, a general review for consistency and balance testing with information furnished for the prior year's valuation was performed.

At January 1, 2016, the following plan changes were recognized for members with dates of hire on or after September 1, 2015: (a) retirement eligibility of age 55 (public safety) or 60 (non-public safety) with at least 10 years of service or 20 years of service regardless of age, (b) full retirement eligibility is age 50 (public safety) or age 55 (non-public safety) with at least 25 years of service, (c) early retirement benefits are reduced to an actuarial equivalent benefit, (d) normal form of benefit is a life annuity, (e) final average compensation is based on highest 60 consecutive months, and (f) the policy of rounding service up to the next highest quarter has been abolished.

The present values shown in the January 1, 2015 and January 1, 2016 actuarial valuations and supporting schedules of this certification have been prepared in accordance with the actuarial methods and assumptions approved by the Board: they are appropriate for the purposes of this valuation. The actuarial assumptions for the January 1, 2016 valuation that changed since the prior valuation were: members hired on or after April 4, 2015 are not assumed to transfer accumulated vacation and sick leave for additional service. At January 1, 2016 the actuarial asset method remained unchanged. At January 1, 2010 the actuarial cost method was changed from the Aggregate Entry Age Normal Cost Method to the Individual Entry Age Normal Cost Method. The software used to value liabilities was changed, effective with the January 1, 2013 valuation. There was no change in the actuarial cost method for the January 1, 2016 valuation. The amortization approach for the January 1, 2015 valuation was changed to use a level percentage of payroll, 30-year closed method, reducing the period in successive years until reaching a 15-year open period. The actuarial asset valuation method was changed as of January 1, 2002, to the method outlined above. The funding method used is the Individual Entry Age Normal Cost Method. The actuarial assumptions and methods used for funding purposes are, in the actuary's opinion, reasonable and represent a reasonable expectation of future experience under the plan. Funding calculations have been made in accordance with generally accepted actuarial principles and practice. The actuarial assumptions and methods used for accounting purposes are, in the actuary's opinion, reasonable and compliant with the parameters set forth by the Government Accounting Standards Board (GASB) Statement Nos. 67 and 68.

nyhart

Board of Trustees
Employees' Retirement System
City of Baton Rouge and
Parish of East Baton Rouge
June 24, 2016
Page 3

Additional information is provided in the Summary of Actuarial Assumptions and Methods. The same actuarial assumptions and methods were employed in the development of the schedules which we prepared for the Actuarial Section of this report. Furthermore, we certify to the best of our knowledge, the methods and assumptions comply with generally recognized and accepted actuarial principles and practices set forth by the American Academy of Actuaries, are reasonable in the aggregate and when applied in combination represents our best estimate of the funding requirement to achieve the Retirement System's funding Objective.

Our firm prepared a number of schedules which are included in the Retirement System's 2015 Comprehensive Annual Financial Report - specifically the Summary of Principal System Provisions, Summary of Actuarial Assumptions and Methods, Schedule of Funding Progress, Summary of Actuarial Accrued Liabilities and Percentage covered by Actuarial Value of Assets / Solvency Test, Analysis of Financial Experience, Active Membership Data, Schedule of Retirees and Beneficiaries Added, and Total Membership Data. In addition, we prepared the Required Supplementary Information under GASB Statement Nos. 67 and 68, which includes the Statement of Fiduciary Net Position, Statement of Changes in Fiduciary Net Position, Schedule of Changes in Net Pension Liability, Pension Expense Calculation, Deferred Outflows/Inflows of Resourced Related to Pensions, Discount Rate and Net Pension Liability Sensitivity, Schedule of Contributions, and Schedule of Employer Pension Amounts.

Sincerely,

David D. Harris

David D. Harris, ASA, FCA, MAAA, EA
Actuary

DDH/di
500201/734

Q:\DB Dept\DB Clients\050 Atlanta\5002-01 Baton Rouge CPERS\Correspondence\Board of Trustees CAFR Letter to Board (CPERS) (2016-06-24).docx

SUMMARY OF PRINCIPAL SYSTEM PROVISIONS
(Source: 2016 Actuarial Report)
(Based on Ordinance Nos. 235 and 276)

Effective Date: (1:250, 1:258)	December 31, 1953, as restated effective April 1, 1997 (Ordinance No. 10779). Amended effective January 1, 1998, (Ordinance No. 11019 and 11020). Amended effective February 23, 2000, August 26, 2000 and December 31, 2001 (Ordinance 11827) and May 22, 2002 (Ordinance 12323 and Ordinance 12322) $600 spouse benefit November 25, 2003 (Ordinance 12814) SBP, April 28, 2004 (Ordinance 12936) Disability earned income offset September 27, 2006 (Ordinance 13760) Advalorem taxes for SBP. Amended effective August 12, 2015 (Ordinance No. 16039 and 16040).
Fiscal Year	Calendar year.
Membership: (1:259, 1:266)	Any regular employee of the City-Parish, excluding Police employees who elected to transfer into the Municipal Police Employees' Retirement System (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 members' 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:	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:	<u>For members hired prior to September 1, 2015:</u> Average compensation during the highest 36 successive months of creditable service. <u>For members hired on or after September 1, 2015:</u> Average compensation during the highest 60 successive months of creditable service.

SUMMARY OF PRINCIPAL SYSTEM PROVISIONS (CONTINUED)

Service Retirement Eligibility: (1:265A)

For members hired prior to September 1, 2015:
(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.

For non-public safety members hired on or after September 1,2015:
(1) Full retirement: 25 years of service, age 55.
(2) Minimum eligibility: Age 60 with 10 years of service, or 20 years of service regardless of age.

For public safety members hired on or after September 1, 2015:
(1) Full retirement: 25 years of service, age 50.
(2) Minimum eligibility: Age 55 with 10 years of service, or 20 years of service regardless of age.

Service Retirement Benefits: (1:265A-1, 1:265A-3)

Full Retirement: 3.0% of final compensation for each 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 Retirement: (1:265A-2)

For members hired prior to September 1, 2015:
If not eligible for full retirement: Benefits are reduced by 3% per year for each year under age 55.

For non-public safety members hired on or after September 1, 2015:
If not eligible for full retirement: Benefits are reduced to an actuarial equivalent benefit.

For public safety members hired on or after September 1, 2015:
If not eligible for full retirement: Benefits are reduced to an actuarial equivalent benefit.

Disability: (1:265D)

Ordinary Disability: 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. Ordinary disability benefits are paid on a life annuity basis.

Service-Connected: 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. For members hired prior to September 1, 2015, service-connected disabilities are paid on a 50% Joint & Survivor basis.

Benefits are offset by workers' compensation (1:264F).

Benefits are offset by earned income (1:265G).

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 100% joint & survivor actuarially equivalent 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. (July 1, 2002) (5) If no benefits are payable under (1), (2) or (3), \$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. For members hired prior to September 1, 2015 benefits are deferred to age 55, for members hired on or after September 1, 2015, benefits are deferred to age 60 for non-public safety and age 55 for public safety. If member contributions are withdrawn, benefit is forfeited.
Optional Allowances: (1:265C)	For members hired prior to September 1, 2015, 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; any other form, approved by the Board. For members hired on or after September 1, 2015, Options 1 through 5 joint and survivor benefits available for purchase.
Retirement Benefit Adjustments: (1:269)	For members who retired on or before December 31, 1989, or surviving spouses of such members, who did not enter DROP, an annual payment of \$600 effective July 1, 1992 plus \$30 for each full year retired.
Supplemental Benefit Payments: (1:269)	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; and (ii) decreases in Retirement Benefit Adjustment payments under 1:269 since July, 2002; and (iii) MERS payments received for 2006 and later.

SUMMARY OF PRINCIPAL SYSTEM PROVISIONS (CONTINUED)

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 vacation 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.

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 actuarial formula. 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 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.
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
On and after September 1, 2015:
Eligibility: Not less than 25 years of creditable service at age 55 for non-public safety employees or age 50 for public safety. Duration 5 years if election to participate is exercised prior to attaining 33 years of creditable service. except for members not reaching minimum required retirement age, option to participate made no later than 60 days after age 55 for non-public safety employees and age 50 for public safety employees. Has not less than 10 years of creditable service at age 60 for non-public safety employees or age 55 for public safety, duration 3 years.

SUMMARY OF PRINCIPAL SYSTEM PROVISIONS (CONTINUED)

Changes Since Prior Valuation:

For members hired on or after September 1, 2015:

- Service retirement eligibility is age 55 for public safety members and 60 for non-public safety members with at least 10 years of service or 20 years of service regardless of age.
- Full retirement eligibility (3% of final average compensation for each year of creditable service) is age 50 for public safety members or age 55 for non-public safety members with at least 25 years of service.
- Early retirement benefits are reduced to an actuarial equivalent benefit.
- The normal form of benefit is a life annuity.
- Final average compensation is based on the average compensation during the highest 60 consecutive months of creditable service.
- The policy of rounding service up to the next highest quarter has been abolished

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS
(Source: 2016 Actuarial Report)

Valuation Date: December 31, 2015

Valuation Method: Entry Age Normal Actuarial Cost Method. This method produces a normal cost as a level percentage of pay over the service life of each participant and amortization of the Unfunded Actuarial Accrued Liability (UAAL). Gains and losses are reflected in the UAAL and are included in its amortization. *(Adopted March 25, 2010)*

Starting January 1, 2015, the UAAL is amortized over a 30-year period using an annual total payroll growth assumption. The period will be reduced in successive years until reaching a 15-year open period. *(Adopted February 26, 2015)*

Actuarial Value of Assets: 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.

Investment Return and Expense: 7.25% compounded annually. *(Adopted February 26, 2015).* The rate of return on assets is assumed to be net of investment expense. *(Adopted October 18, 2004)*

Inflation: 2.75% per year *(Adopted February 26, 2015)*

Salary Increases: Inflation plus: *(Adopted March 25, 2010)*

Age	BREC/Regular	Fire/Police
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: 2.5% compounded annually. *(Adopted October 18, 2004)*

Non-Disabled Mortality: RP-2000 Healthy Combined Blue Collar Projected with Scale BB to 2019, producing following specimen rates *(Adopted February 26, 2015):*

Age	Male	Female
20	.0326%	.0180%
30	.0686%	.0277%
40	.1295%	.0829%
50	.2278%	.1854%
60	.7237%	.4089%
70	2.0079%	1.4815%

Disabled Mortality: RP-2000 Disabled Mortality Projected with Scale BB to 2019. *(Adopted February 26, 2015)*

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS (CONTINUED)

Turnover and Disability:

In accordance with the following specimen rates: *(Adopted July 13, 2000)*

Age	Disability	Turnover
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

Probabilities of turnover are in accordance with the Eleventh Actuarial Valuation of the Railroad Retirement System based on Table T-5. The turnover rates are modified as follows, based on years of service. *(Adopted October 18, 2004)*

Year	BREC, Regular	Fire, Police
0-1	400%	110%
2	270%	85%
3	220%	45%
4-10	180%	45%
11-15	70%	25%
16+	50%	15%

Type of Disability:

Probabilities of disability are in accordance with the Eleventh Actuarial Valuation of the Railroad Retirement System. The disability rates for all members are increased by 100%. 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

Retirement Rates:

Before 25 years of creditable service

Age	Retirement
55-60	10%
61-63	20%
64	25%
65+	100%

After 25 years of creditable service

Service	Retirement
25	20%
26	30%
27	40%
28+	100%

(Adopted March 2, 1995)

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS (CONTINUED

Assumed Transfers to Retirement System for accumulated vacation and sick leave, e.g.: *(Adopted July 13, 2000)*

	Total
BREC	1.0 year
Regular	1.0 year
Fire	1.75 years
Police	1.50 years

Recovery:	No probabilities of recovery are used. *(Adopted March 2, 1995)*
Remarriage:	No probabilities of remarriage are used. *(Adopted March 2, 1995)*
Marital Status:	80% of employees are assumed to be married with males three years older than female spouses. *(Adopted March 2, 1995)*
Administrative Expenses:	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. *(Adopted March 2, 1995)*
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 perpetuity.
Sources of Data:	Membership and asset data as of December 31, 2014 was furnished by Retirement Office staff.
Changes Since Prior Valuation:	None.

SCHEDULE OF FUNDING PROGRESS
(Source: 2016 Actuarial Report)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Annual Covered Payroll* (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
	$	$	$		$	
12/31/06	979,597,562	1,163,175,147	183,577,585	84.2%	120,067,013	152.9%
12/31/07	1,020,575,797	1,206,648,213	186,072,416	84.6%	123,524,590	150.6%
12/31/08	997,853,412	1,270,104,552	272,251,140	78.6%	131,041,421	207.8%
12/31/09	1,002,378,598	1,350,074,067	347,695,469	74.3%	136,119,407	255.4%
12/31/10	1,023,450,890	1,385,722,119	362,271,229	73.9%	136,123,660	266.1%
12/31/11	1,027,953,907	1,423,218,176	395,264,269	72.2%	136,781,288	289.0%
12/31/12	1,041,229,857	1,446,809,462	405,579,605	72.0%	137,426,654	295.1%
12/31/13	1,074,038,336	1,471,977,274	397,938,938	73.0%	137,789,518	288.8%
12/31/14	1,106,575,866	1,559,275,063	452,699,197	71.0%	135,556,888	334.0%
12/31/15	1,119,731,517	1,614,978,634	495,247,117	69.3%	137,591,450	360.0%

*Based on the actuarial method and assumptions used for funding purposes, this schedule was prepared using the annual covered payroll rolled forward from the previous year to produce liability results.

SUMMARY OF ACTUARIAL ACCRUED LIABILITIES AND PERCENTAGE COVERED BY ACTUARIAL VALUE OF ASSETS/SOLVENCY TEST FOR THE TEN YEARS ENDED DECEMBER 31, 2015
(Source: 2016 Actuarial Report)

Valuation Date	(1) Active Members' Contributions*	(2) Terminated Vested Members	(3) Retirees And Survivors**	(4) Active Members Employer Contribution	Actuarial Value of Assets	Percentage of Actuarial Liabilities Covered by Assets (1)	(2)	(3)	(4)
	-$-	-$-	-$-	-$-	-$-	-%-	-%-	-%-	-%-
12/31/06	196,143,559	3,398,410	629,048,416	334,584,762	979,597,562	100.0	100.0	100.0	43.3
12/31/07	212,407,644	3,229,816	660,297,629	330,713,124	1,020,575,797	100.0	100.0	100.0	43.7
12/31/08	235,554,734	3,719,456	689,274,354	341,556,008	997,853,412	100.0	100.0	100.0	20.3
12/31/09	256,663,672	4,156,485	720,761,899	368,492,011	1,002,378,598	100.0	100.0	100.0	5.6
12/31/10	267,075,592	4,396,791	742,436,557	371,813,179	1,023,450,890	100.0	100.0	100.0	2.6
12/31/11	270,043,946	4,255,920	762,106,926	386,811,384	1,027,953,907	100.0	100.0	98.9	0.0
12/31/12	270,204,544	3,909,968	788,868,802	383,826,148	1,041,229,857	100.0	100.0	97.2	0.0
12/31/13	271,758,390	2,267,254	831,113,713	366,837,917	1,074,038,336	100.0	100.0	96.3	0.0
12/31/14	284,306,327	2,236,906	932,088,088	340,643,742	1,106,575,866	100.0	100.0	88.0	0.0
12/31/15	306,319,701	2,005,865	966,095,357	340,557,711	1,119,731,517	100.0	100.0	84.0	0.0

* Including DROP accounts.

** Including DROP participants' future benefits.

ANALYSIS OF FINANCIAL EXPERIENCE
(Source: 2016 Actuarial Report)

GAINS AND LOSSES IN UNFUNDED ACTUARIAL LIABILITY DURING YEARS ENDED 2011 – 2015 RESULTING FROM DIFFERENCES BETWEEN ASSUMED EXPERIENCE AND ACTUAL EXPERIENCE

	$ Gain or (Loss) For Year				
	2011	2012	2013	2014	2015
Investment Return	$ (35,231,052)	$ (20,304,794)	$ (3,486,533)	$ (8,520,730)	$(24,525,014)
Salary Increases	(623,723)	3,017,967	12,896,696	4,046,219	(5,256,555)
Retirements	15,933,989	3,351,339	(398,081)	(1,433,818)	(10,489,140)
Mortality	(14,988,684)	(3,643,276)	1,047,985	467,752	3,173,491
Disability	(10,597)	148,348	(698,808)	185,079	(267,256)
Turnover	1,878,566	571,654	(1,710,221)	1,375,127	(1,411,162)
New Members	(1,671,178)	(2,204,660)	(1,417,682)	(570,624)	(380,672)
Contribution Differences	N/A	N/A	N/A	N/A	N/A
Leaves, Transfers, Etc.	702,493	3,124,006	0	(2,869,596)	(4,766,070)
Gain or (Loss) from Financial Experience	(34,010,186)	(15,939,416)	6,233,356	(7,320,591)	(43,922,378)
Non Recurring Elements:					
Data (Optional Forms)	--	--	(12,509,006)	--	--
Valuation Software	--	5,306,905	13,556,351	--	--
Assumption Changes	--	--	--	(47,540,972)	--
Asset Method Changes	--	--	--	--	--
Plan Amendment	--	--	--	--	248,311
Composite Gain/(Loss) During Year	$ (34,010,186)	$ (10,632,511)	$ 7,280,701	$ (54,861,563)	$(43,674,067)

ACTIVE MEMBERSHIP DATA
FOR THE TEN YEARS ENDED DECEMBER 31, 2015
(Source: 2016 Actuarial Report)

Valuation Date	Total Active Members	Percentage Change -%-	Annual Payroll -$-	Average Annual Pay -$-	% Increase in Average Pay -%-
12/31/06	3,309	2.5	120,067,016	36,285	1.4
12/31/07	3,313	0.1	123,524,590	37,285	2.8
12/31/08	3,357	1.3	131,041,421	39,035	4.7
12/31/09	3,419	1.8	136,119,407	39,813	2.0
12/31/10	3,379	(1.2)	136,123,660	40,285	1.2
12/31/11	3,245	(4.0)	136,781,288	42,151	4.6
12/31/12	3,226	(0.6)	137,426,654	42,600	1.1
12/31/13	3,283	1.8	137,789,518	41,971	(1.5)
12/31/14	3,181	(3.1)	135,556,888	42,615	1.5
12/31/15	3,138	(1.4)	137,591,450	43,847	2.9

SCHEDULE OF RETIREES AND BENEFICIARIES ADDED
FOR THE TEN YEARS ENDED DECEMBER 31, 2015
(Source: 2016 Actuarial Report)

	Change in Number at EOY								
Valuation Date	Additions	Annual Allowances -$-	Deletions	Annual Allowances -$-	Number of Annuitants	Percentage Change in Membership -%-	Annual Annuities -$-	Percentage Change in Annuities -%-	Average Annual Allowances -$-
12/31/06	192	4,543,484	64	1,042,766	2,531	5.3	48,492,647	7.8	19,159
12/31/07	195	5,114,419	89	1,107,527	2,637	4.2	51,529,267	6.7	19,541
12/31/08	158	3,275,314	84	1,261,826	2,711	2.8	53,542,755	3.9	19,750
12/31/09	195	4,109,206	105	1,403,519	2,801	3.3	56,248,442	5.1	20,082
12/31/10	167	4,401,513	92	964,405	2,876	2.7	59,685,550	6.1	20,753
12/31/11	173	4,400,751	79	1,227,453	2,970	3.3	62,858,848	5.3	21,165
12/31/12	191	4,904,590	103	1,607,987	3,058	3.0	66,155,451	5.2	21,634
12/31/13	156	4,753,829	88	1,392,522	3,126	2.2	69,516,758	5.0	22,238
12/31/14	144	4,349,774	89	1,404,169	3,181	1.8	72,462,363	4.2	22,780
12/31/15	197	4,942,646	121	2,018,112	3,257	2.4	75,386,897	4.0	23,146

TOTAL MEMBERSHIP DATA
(Source: 2016 Actuarial Report)

Actives:

	2015		2014	
	Count	Average Salary	Count	Average Salary
BREC	406	$38,893	423	$36,687
Regular	2,181	41,665	2,209	40,334
Fire	525	55,382	523	55,778
Police	26	71,281	26	67,998
Total/Average	3,138	$43,847	3,181	$42,615

Annuitants:

	2015		2014	
	Count	Average Annuity	Count	Average Annuity
Retirees and Survivors	3,055	$23,644	2,977	$23,281
Disabilities	202	15,609	204	15,475
DROP	341	44,804	332	42,831
Total/Average	3,598	$25,179	3,513	$15,529

Inactive Members:

	2015		2014	
	Count	Average Deferred Annuity	Count	Average Deferred Annuity
Deferred Vested	20	$11,972	22	$12,289

2015

Employees' Retirement System of the City of Baton Rouge and Parish of East Baton Rouge

Actuarial Section Police Guarantee Trust

City of Baton Rouge and Parish of East Baton Rouge

ERS

A Component Unit of the Consolidated Government of the City of Baton Rouge and the Parish of East Baton Rouge, LA

CP Employees' Retirement System

City of Baton Rouge and Parish of East Baton Rouge

ERS

nyhart

June 24, 2016

Board of Trustees
Employees' Retirement System - Police Guarantee Trust
City of Baton Rouge and
Parish of East Baton Rouge
209 St. Ferdinand Street
Post Office Box 1471
Baton Rouge, Louisiana 70821

Dear Board Members:

As requested, we have completed our annual valuation of the Employees' Retirement System of the City of Baton Rouge and Parish of East Baton Rouge Police Guarantee Trust as of January 1, 2016. The valuation was prepared on the basis of the data submitted by the Retirement System office and the actuarial assumptions adopted by the Board of Trustees, and reflects the benefits in effect on the valuation date.

The funding objective of the Police Guarantee Trust was established as follows:

a) fully fund all projected liabilities determined at inception, through a trust-to-trust transfer of $24,627,209 in assets from CPERS; and

b) fund any future actuarial losses through employee and employer contributions on included compensation for CPERS that is excluded for MPERS benefits; and

c) in the event that there is a shortfall after taking into account the above, the shortfall will be funded as a level percentage of future payrolls, using the Aggregate Actuarial Cost Method.

The Board has decided to introduce a one-year delay from the valuation date to the year for which the contribution rate calculated in the valuation is applied. Thus the contribution rate calculated in the 2016 valuation will apply to the year 2017.

In order to maintain comparability and consistency with results for the Employees' Retirement System, the Police Guarantee Trust uses the same actuarial assumptions and the same actuarial valuation methodology. This year the actuarial assumptions for PGT were the same as the CPERS assumptions based on the 2009-2014 experience study. Since the intent was to fund the projected liability through the initial trust to trust transfer of $24,627,209 from the Employees' Retirement System, no unfunded actuarial accrued liability was expected. However, due to actuarial losses in 2001 through 2015, there is an unfunded liability in the PGT of $17,947,245, as of December 31, 2015.

2000 RiverEdge Parkway
Suite 900
Atlanta, GA 30328
(p) 770-933-1933
(p) 800-428-7106
(f) 888-398-7366
www.nyhart.com

Effective February 26, 2000, there were 637 police officers who had elected to transfer to the statewide Municipal Police Employees' Retirement System. This group of 637 officers is the closed group of members entitled to benefits from the Police Guarantee Trust. The initial valuation was prepared as of January 1, 2000, and is the basis for City contribution rates of 0% for the 2000 and 2001 years.

The method of determining the actuarial value of assets is the same method as is currently used for CPERS, effective with the January 1, 2003 valuation. Under this method, 20% of the difference between the expected asset value and market value is recognized each year. Under this method, the actuarial value of assets as of December 31, 2015 is $22,850,794.

In performing the January 1, 2016 valuation, we have relied upon the employee data and financial information provided by the administrative staff of the Employees' Retirement System of the City of Baton Rouge and Parish of East Baton Rouge. Regarding participant data, each record was edited for reasonableness and consistency, although the validity of the information was not compared to source documents. Regarding plan assets, a general review for consistency and balance testing with information furnished for the prior year's valuation was performed.

The present values shown in the January 1, 2015 and January 1, 2016 actuarial valuations and supporting schedules of these certifications have been prepared in accordance with the actuarial methods and assumptions approved by the Board: they are appropriate for the purposes of this valuation. The actuarial assumptions remained unchanged from last year and are identical to the assumptions used for the January 1, 2016 valuation of the Employees' Retirement System. The funding method used is the Aggregate Cost Method. The actuarial assumptions and methods used for funding purposes are, in the actuary's opinion, reasonable and represent a reasonable expectation of future experience under the plan. Funding calculations have been made in accordance with generally accepted actuarial principles and practice. The actuarial assumptions and methods used for accounting purposes are, in the actuary's opinion, reasonable and compliant with the parameters set forth by the Governmental Accounting Standards Board (GASB) Statement No. 67 and 68. Under the Aggregate Cost Method there is no amortization of unfunded liabilities.

nyhart

Board of Trustees
Employees' Retirement System - Police Guarantee Trust
City of Baton Rouge and Parish of East Baton Rouge
June 24, 2016
Page 3

Additional Information is provided in the Summary of Actuarial Assumptions. The same actuarial assumptions and methods were employed in the development of the schedules which we prepared for the Actuarial Section of this report. Furthermore, we certify to the best of our knowledge, the methods and assumptions comply with generally recognized and accepted actuarial principles and practices set forth by the American Academy of Actuaries, are reasonable in the aggregate and when applied in combination represents our best estimate of the funding requirement to achieve the Retirement System's funding objective.

Our firm prepared a number of schedules which are included in the Retirement System's 2015 Comprehensive Annual Financial Report - specifically the Summary of Principal System Provisions, Summary of Actuarial Assumptions and Methods, Schedule of Funding Progress, Summary of Actuarial Accrued Liabilities and Percentage covered by Actuarial Value of Assets/Solvency Test, Active Membership Data, Schedule of Retirees and Beneficiaries Added, and Total Membership Data. In addition, we prepared the Required Supplementary Information under GASB Statement Nos. 67 and 68, which includes the Statement of Fiduciary Net Position, Statement of Changes in Fiduciary Net Position, Schedule of Changes in Net Pension Liability, Pension Expense Calculation, Deferred Outflows/Inflows of Resources Related to Pensions, Discount Rate and Net Pension Liability Sensitivity, and Schedule of Contributions.

Sincerely,

David D. Harris

David D. Harris, ASA, FCA, MAAA, EA
Actuary

DDH/dl
500401/734

Q:\DB Dept\DB Clients\050 Atlanta\5004-01 Baton Rouge PGT\Correspondence\Board of Trustees CAFR Letter to Board (PGT) (2016-06-24).docx

SUMMARY OF PRINCIPAL SYSTEM PROVISIONS
(Source: 2016 PGT Actuarial Report)
(Based on Ordinance No. 11669)

Effective Date:	February 26, 2000, amended February 28, 2001.
Fiscal Year:	Calendar year.
Membership:	Eligible police employees who were active members or in the Deferred Retirement Option Plan (DROP) of the Employees' Retirement System of the City of Baton Rouge and Parish of East Baton Rouge (CPERS) on February 26, 2000 who elected to transfer into the Municipal Police Employees' Retirement System of Louisiana (MPERS) are automatically included in the Police Guarantee Trust (PGT).
Transferred Assets:	Initially funded by a trust to trust transfer of $24,627,209 from CPERS, as of January 1, 2000.
Contributions:	Members: Based on current member contribution rate under CPERS, applied to member's compensation not covered by MPERS. Member contributions are "picked up" by the City. City: Actuarially determined.
Benefit Amounts:	The excess of the benefits that would have been payable under CPERS, based on the provisions in effect on February 26, 2000, over the benefits payable under MPERS. MPERS benefits are calculated under a 50% joint and survivor option. PGT benefits reflect any increases in MPERS benefits due to cost-of-living adjustments.
DROP:	A. Members in CPERS DROP at February 26, 2000: (1) If in CPERS DROP for 3 or more years, DROP payments are credited to PGT DROP account. Investment returns for CPERS and PGT accounts are credited to PGT account after February 26, 2000. (2) If in CPERS DROP less than 3 years, up to 3 years since transfer, in MPERS DROP. After 3 years in DROP (CPERS and MPERS combined) DROP payments are credited to PGT DROP account for remainder of DROP period (5 years maximum for total DROP periods). Investment returns for CPERS, MPERS, and PGT accounts are credited to the PGT account after February 26, 2000. B. Active members at February 26, 2000: Members enter PGT DROP first, with payments credited to PGT DROP account, until the later of 2 years or eligibility for MPERS DROP. Investment returns for MPERS and PGT DROP accounts are credited to PGT DROP account.
Changes since Prior Valuation:	None.

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS
(Source: 2016 PGT Actuarial Report)

Valuation Date:	December 31, 2015
Valuation Method:	Aggregate Actuarial Cost Method.
Actuarial Value of Assets:	Market Value as of January 1, 2000 and January 1, 2001. Beginning January 1, 2002, Expected Value Method, with 20% of unrealized gains (or losses) recognized each year.
Investment Return:	7.25% compounded annually, net of investment expenses. *(Adopted February 26, 2015)*
Inflation:	2.75% per year *(Adopted February 26, 2015)*
Salary Increases:	Inflation plus: *(Adopted March 25, 2010)*

Age	PGT
30	+4.00%
35	+2.00%
40	+2.00%
45	+1.00%
50	0.00%
55	0.00%

Aggregate Payroll Growth:	Not applicable.
MPERS COLA	2.00% compounded annually
Non-Disabled Mortality:	RP-2000 Healthy Combined Blue Collar Projected with Scale to 2019, producing following specimen rates: *(Adopted February 26, 2015)*

Age	Male	Female
20	.0326%	.0180%
30	.0686%	.0277%
40	.1295%	.0829%
50	.2278%	.1854%
60	.7237%	.4089%
70	2.0079%	1.4815%

Disabled Mortality:	RP-2000 Disabled Mortality Projected with Scale BB to 2019 *(Adopted February 26, 2015)*
Type of Disability:	75% service connected, 25% ordinary. *(Adopted February 26, 2000)*

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS (CONTINUED)

Turnover and Disability:

In accordance with the following specimen rates: Turnover rates *(Adopted February 26, 2000)* Disability rates *(Adopted February 26, 2015)*

Age	Disability	Turnover
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

Probabilities of disability are in accordance with the Eleventh Actuarial Valuation of the Railroad Retirement System. The disability rates for all members are increased by 100%. Turnover is based on Table T-5. The turnover rates are modified as follows, based on years of employment *(Adopted February 26, 2015)*.

Year	%
0-1	110
2	85
3	45
4-10	45
11-15	25
16+	15

Assumed transfers to CPERS (for accumulated vacation and sick leave e.g.):

1.5 years. *(Adopted October 18, 2004)*

Retirement Rates:

Upon attaining 25.5 years of service or age 61 and 11 years of service, the following rates:*(Adopted October 18, 2004)*

Prior to 25 years of creditable service		After 25 years of creditable service	
Age	Retirement	Service	Retirement
55-60	10%	25	20%
61-63	20%	26	30%
64	25%	27	40%
65+	100%	28+	100%

Recovery:

No probabilities of recovery are used. *(Adopted February 26, 2000)*

Remarriage:

No probabilities of remarriage are used. *(Adopted February 26, 2000)*

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS (CONTINUED)

Marital Status:	80% of employees are assumed to be married. Female spouses are assumed to be 3 years younger than males *(Adopted February 26, 2000)*
Interest on Future MPERS DROP Accounts:	7.25%, compounded annually for three years, payable at DROP exit. . *(Adopted February 26, 2015)*
Withdrawal of Employee Contributions:	100% of employees who terminate (other than retirement, death, or disability) are assumed to withdraw their contributions. *(Adopted February 26, 2000)*
Ancillary Benefits:	MPERS ancillary benefits (turnover, disability, death) are assumed to be greater than CPERS ancillary benefits. *(Adopted February 26, 2000)*
Sources of Data:	Membership data, asset information, and aggregate DROP balances as of December 31, 2014 were furnished by Retirement Office. For active members, MPERS compensation was estimated as: CPERS compensation, minus member contributions to PGT divided by .095. For members who are in CPERS DROP but not in MPERS DROP, MPERS compensation was assumed to be the same as the prior year.
Administrative Expense Load:	There is not an expense load added to the cost of the Plan.
Changes Since Prior Valuation:	None

SCHEDULE OF FUNDING PROGRESS*
(Source: 2016 PGT Actuarial Report)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Annual Covered Payroll** (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
	$	$	$		$	
12/31/06	28,273,898	26,372,573	(1,901,325)	107.2%	20,507,475	(9.3)%
12/31/07	29,042,317	28,724,481	(317,836)	101.1%	19,754,110	(1.6)%
12/31/08	27,725,379	33,196,793	5,471,414	83.5%	20,084,707	27.2%
12/31/09	26,874,490	33,723,310	6,848,820	79.7%	18,836,479	36.4%
12/31/10	26,869,584	34,845,145	7,975,561	77.1%	17,315,930	46.1%
12/31/11	26,206,315	35,864,985	9,658,670	73.1%	15,966,923	60.5%
12/31/12	24,810,218	34,992,004	10,181,786	70.9%	15,428,420	66.0%
12/31/13	23,314,114	34,614,160	11,300,046	67.4%	14,282,440	79.1%
12/31/14	23,382,542	35,574,753	12,192,211	65.7%	14,066,159	86.7%
12/31/15	22,850,794	38,992,367	16,141,573	58.6%	14,177,878	113.9%

*The Police Guarantee Trust uses the aggregate actuarial cost method, therefore the above schedule of funding progress is prepared using the entry age actuarial cost method. The purpose of this disclosure is to provide information that serves as a surrogate for the funding progress of the plan

**Based on the actuarial method and assumptions used for funding purposes, this schedule was prepared using the annual covered payroll rolled forward from the previous year to produce liability results.

SUMMARY OF ACTUARIAL ACCRUED LIABILITIES AND PERCENTAGE COVERED BY ACTUARIAL VALUE OF ASSETS/SOLVENCY TEST FOR THE TEN YEARS ENDED DECEMBER 31, 2015 (Source: 2016 PGT Actuarial Report)

Valuation Date	(1) Active Members' Contributions* -$-	(2) Retirees And Survivors** -$-	(3) Terminated Vested Members -$-	(4) Active Members Employer Contribution -$-	Actuarial Value of Assets -$-	Percentage of Actuarial Liabilities Covered by Assets (1) -%-	(2) -%-	(3) -%-	(4) -%-
12/31/06	9,570,474	1,713,136	--	11,467,524	28,273,898	100.0	100.0	100.0	100.0
12/31/07	10,755,863	2,895,401	--	11,458,129	29,042,317	100.0	100.0	100.0	100.0
12/31/08	13,570,146	4,236,669	--	11,708,710	27,725,379	100.0	100.0	100.0	84.7
12/31/09	15,408,593	3,746,234	--	11,065,584	26,874,490	100.0	100.0	100.0	69.8
12/31/10	17,009,458	4,491,949	--	10,097,628	26,869,584	100.0	100.0	100.0	53.2
12/31/11	18,720,950	4,343,650	--	9,672,138	26,206,315	100.0	100.0	100.0	32.5
12/31/12	18,586,440	4,097,007	--	9,531,370	24,810,218	100.0	100.0	100.0	22.3
12/31/13	18,493,361	3,800,666	11,641	9,745,773	23,314,114	100.0	100.0	100.0	10.3
12/31/14	20,632,861	2,755,604	12,763	9,604,613	23,382,542	100.0	99.8	0.0	0.0
12/31/15	23,724,080	3,186,174	8,900	13,220,191	22,850,794	96.3	0.0	0.0	0.0

* Including DROP accounts.
** Including DROP participants' future benefits.

ACTIVE MEMBERSHIP DATA
FOR THE TEN YEARS ENDED DECEMBER 31, 2015
(Source: 2016 PGT Actuarial Report)

Valuation Date	Total Active Members	Percentage Change -%-	Annual Payroll -$-	Average Annual Pay -$-	% Increase in Average Pay -%-
12/31/06	350	(5.9)	20,507,475	58,593	9.2
12/31/07	329	(6.0)	19,754,110	60,043	2.5
12/31/08	297	(9.7)	20,084,707	67,625	12.6
12/31/09	275	(7.4)	18,836,479	68,496	1.3
12/31/10	252	(8.4)	17,315,930	68,714	0.3
12/31/11	235	(6.7)	15,966,923	67,944	(1.1)
12/31/12	218	(7.2)	15,428,420	70,773	4.2
12/31/13	198	(9.2)	14,282,440	72,134	1.9
12/31/14	188	(5.1)	14,066,159	74,820	3.7
12/31/15	174	(7.4)	14,177,878	81,482	8.9

SCHEDULE OF RETIREES AND BENEFICIARIES ADDED
FOR THE TEN YEARS ENDED DECEMBER 31, 2015
(Source: 2016 PGT Actuarial Report)

	Change in Number at EOY								
Valuation Date	Additions	Annual Allowances -$-	Deletions	Annual Allowances -$-	*Number of Annuitants	Percentage Change in Membership -%-	**Annual Annuities -$-	Percentage Change in Annuities -%-	Average Annual Allowances -$-
12/31/06	3	85,113	2	45,007	21	5.0	244,458	19.6	11,641
12/31/07	4	21,093	4	116,893	21	0.0	148,658	(39.2)	7,079
12/31/08	0	--	1	40,338	20	(4.8)	108,320	(27.1)	5,416
12/31/09	3	86,204	0	--	23	15.0	194,524	79.6	8,458
12/31/10	1	30,713	1	33,897	23	0.0	191,340	(1.6)	8,319
12/31/11	0	--	2	69,297	21	(8.7)	122,043	(36.2)	5,812
12/31/12	0	--	0	--	21	--	122,043	--	5,812
12/31/13	2	41,792	0	--	23	9.5	163,835	34.2	7,123
12/31/14	0	--	6	18,242	17	(26.1)	145,593	(11.1)	8,564
12/31/15	3	18,365	1	27,915	19	11.8	136,043	(6.6)	7,160

* Includes only those annuitants who receive full or partial monthly retirement benefits from PGT.

** Includes only monthly annuities paid through PGT annualized

TOTAL MEMBERSHIP DATA
(Source: 2016 PGT Actuarial Report)

Actives:

	2015		2014	
	Count	Average Salary	Count	Average Salary
Police	174	$81,482	188	$74,820

Annuitants:

	2015		2014	
	Count	Average Annuity	Count	Average Annuity
Retirees and Survivors	17	$51,670	15	$43,551
Disabilities	2	15,297	2	15,297
DROP	52	67,115	57	68,094
Total/Average	71	$61,957	74	$61,692

Inactive Members:

	2015		2014	
	Count	Average Deferred Annuity	Count	Average Deferred Annuity
Deferred Vested	4	$24,963	4	$24,963

THIS PAGE INTENTIONALLY LEFT BLANK

2015

Employees' Retirement System of the City of Baton Rouge and Parish of East Baton Rouge

Statistical Section

City of Baton Rouge and Parish of East Baton Rouge

ERS

A Component Unit of the Consolidated Government of the City of Baton Rouge and the Parish of East Baton Rouge, LA

CP Employees' Retirement System

City of Baton Rouge and Parish of East Baton Rouge

ERS

STATISTICAL SECTION NARRATIVE

The objective of the Statistical Section is to provide financial statement users with a source of information regarding the system's economic condition by providing information on historical financial trends, demographic trends, and operating information.

For the purposes of the schedules contained in the statistical section, active members are defined as those actively employed full time by an eligible employer and contributing to the system at the end of the current fiscal year. Deferred retirees are those members who have, in lieu of immediate termination of employment and receipt of a service allowance retirement, elected to continue employment with an eligible employer for a specified period of time, while deferring the receipt of retirement benefits. Retirees and beneficiaries are those who were receiving benefits at the end of the current fiscal year, including those members who retired after participating in the Deferred Retirement Option Plan (DROP).

The Police Guarantee Trust (PGT) only guarantees benefits in the form of extended participation in the Deferred Retirement Option Plan (DROP) greater than what is available to them in Municipal Police Employees' Retirement System of Louisiana (MPERS). Also, there are a minority of members that are paid a residual benefit from the PGT when their calculated pension in MPERS is less than would have otherwise been calculated in CPERS. The PGT members receive their monthly pensions from MPERS, not the PGT. Since the payments made from PGT represent only the difference between MPERS calculated benefits and CPERS calculated benefits, not an actual monthly pension amount, some of the schedules only pertain to CPERS members. Each schedule is noted as to whether it is describing CPERS members, PGT members, or both.

Financial Trends

The schedules listed below provide financial trend information that assists users in understanding and assessing how the retirement system's position has changed over time:

- Schedule of Changes in Net Position (CPERS)
- Schedule of Changes in Net Position (PGT)

Demographic Trends

The schedules listed below provide information to assist the users in understanding the system's socioeconomic environment and to facilitate comparisons for financial statement information over time:

- Schedule of Participating Employers for 2015 and 2006
- Number of Active Members
- Number of Retirees, Beneficiaries, Vested Terminated, and Deferred Retirees
- Schedule of Retired Members by Type of Benefit (CPERS)
- Number of Refunds of Contributions
- Retirees at December 31, 2015

Operational Information

The schedules listed below provide information about the system's operations and uses of resources as well as to provide a context for understanding and assessing its economic condition:

- Number of Administrative Staff Positions
- Number of Retirees and Benefit Expenses
- Number of Retired Deferred Retirement Option Plan Participants and Payments
- Schedule of Benefit Expenses by Type (CPERS)
- Average Monthly Service Retiree Benefit (CPERS)
- Average Monthly Service Retiree Benefit (PGT)
- Number of Excess Benefit Plan Participants and Benefit Expenses

Data Sources, Assumptions, and Methodologies

Data for the statistical section is derived from financial statements, active member data files, and retired member data files, all of which are prepared by CPERS. These data files are also used by CPERS' independent actuary to prepare the annual actuarial valuations.

CPERS uses custom computer programming as well as database queries to extract data to produce the information for the statistical section. The data is either imported into pre-defined file formats or personal computer software applications for further analysis, calculations, and formatting for presentation in the statistical section.

NUMBER OF ADMINISTRATIVE STAFF POSITIONS

Fiscal Year	Staff	% Increase Each Year
2006	11	0.00%
2007	11	0.00%
2008	11	0.00%
2009	12	9.00%
2010	12	0.00%
2011	12	0.00%
2012	12	0.00%
2013	12	0.00%
2014	12	0.00%
2015	12	0.00%

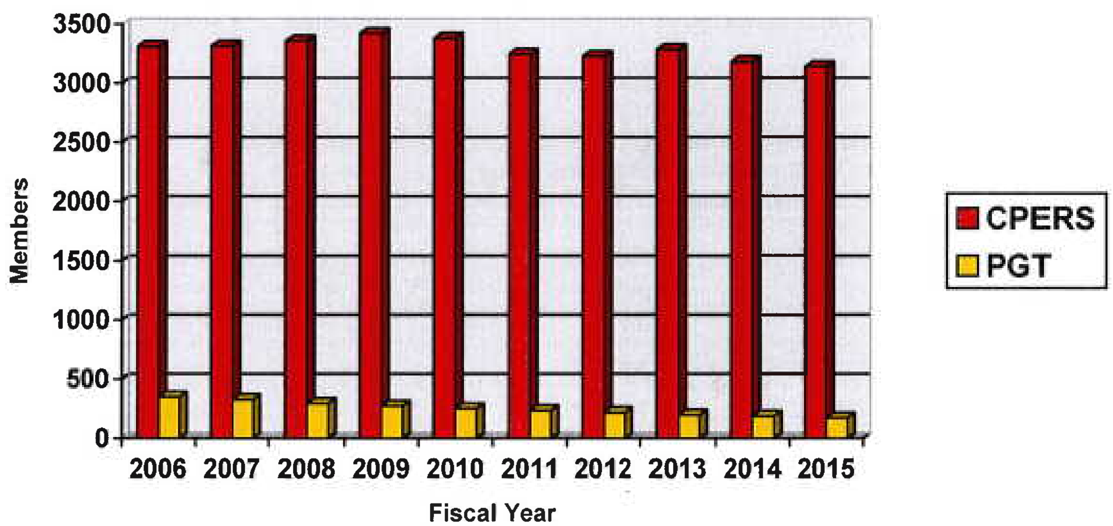
SCHEDULE OF PARTICIPATING EMPLOYERS FOR 2015 AND 2006

Participating Employer	Covered Active Employees	Rank	Percentage of System Membership
2015			
City of Baton Rouge and Parish of East Baton Rouge	2,610	1	83.17%
Recreation and Park Commission for the Parish of East Baton Rouge	405	2	12.91%
District Attorney of the Nineteenth Judicial District	73	3	2.32%
East Baton Rouge Parish Juvenile Court	15	4	.48%
Office of the Coroner of East Baton Rouge Parish	15	5	.48%
East Baton Rouge Parish Family Court	14	6	.45%
Brownsfield Fire Protection District	4	7	.13%
St. George Fire Protection District	1	8	.03%
Eastside Fire Protection District	1	9	.03%
2015 Total	3,138		100.00%

Participating Employer	Covered Active Employees	Rank	Percentage of System Membership
2006			
City of Baton Rouge and Parish of East Baton Rouge	2,755	1	83.26%
Recreation and Park Commission for the Parish of East Baton Rouge	389	2	11.76%
District Attorney of the Nineteenth Judicial District	65	3	1.96%
St. George Fire Protection District	33	4	1.00%
East Baton Rouge Parish Juvenile Court	21	5	.64%
East Baton Rouge Parish Family Court	12	6	.36%
Eastside Fire Protection District	9	7	.27%
Office of the Coroner of East Baton Rouge Parish	9	8	.27%
Central Fire Protection District	6	9	.18%
East Baton Rouge Parish Fire Protection District No. 6	6	10	.18%
Brownsfield Fire Protection District	4	11	.12%
2006 Total	3,309		100.00%

NUMBER OF ACTIVE MEMBERS

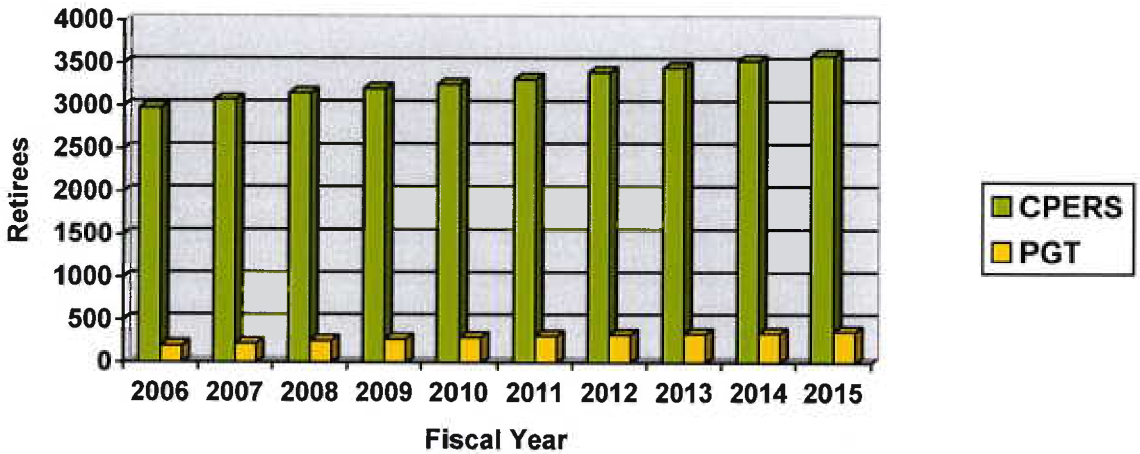
	CPERS		PGT	
Fiscal Year	Members	% Increase Each Year	Members	% Increase Each Year
2006	3,309	2.5 %	350	(5.9) %
2007	3,313	0.1 %	329	(6.0) %
2008	3,357	1.3 %	297	(9.7) %
2009	3,419	1.8 %	275	(7.4) %
2010	3,379	(1.2) %	252	(8.4) %
2011	3,245	(4.0) %	235	(6.7) %
2012	3,226	(0.6) %	218	(7.2) %
2013	3,283	1.8 %	198	(9.2) %
2014	3,181	(3.1) %	188	(5.1) %
2015	3,138	(1.4)%	174	(7.4)%



NUMBER OF RETIREES, BENEFICIARIES, VESTED TERMINATED, AND DEFERRED RETIREES

	CPERS		PGT	
Fiscal Year	Retirees and Deferred Retirees	% Increase Each Year	Retirees and Deferred Retirees*	% Increase Each Year
2006	2,980	4.5%	201	5.2%
2007	3,074	3.2%	226	12.4%
2008	3,155	2.6%	258	14.2%
2009	3,208	1.7%	276	7.0%
2010	3,259	1.6%	298	8.0%
2011	3,317	1.8%	314	5.4%
2012	3,401	2.5%	327	4.1%
2013	3,452	1.5%	340	4.0%
2014	3,535	2.4%	348	2.4%
2015	3,618	2.3%	366	5.2%

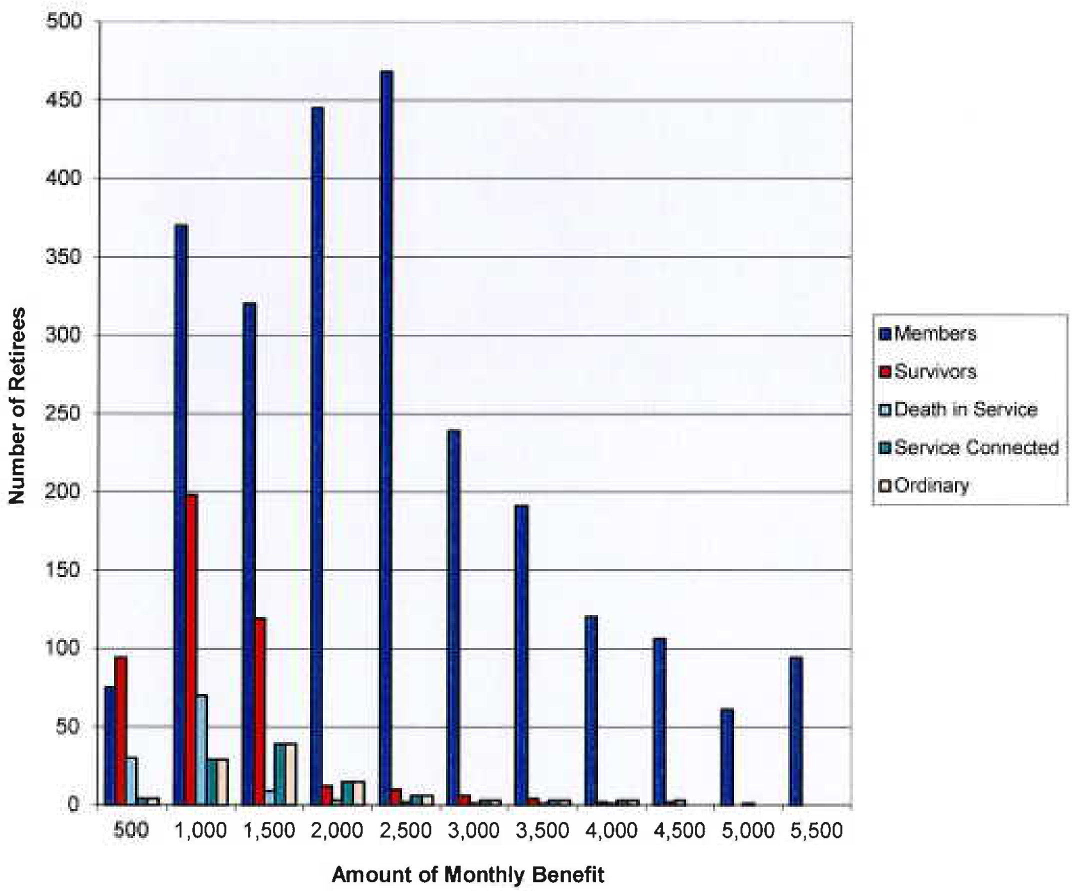
* Includes annuitants who participated in the PGT but receive monthly retirement benefits from MPERS.



SCHEDULE OF RETIRED MEMBERS BY TYPE OF BENEFIT (CPERS)

Amount of Monthly Benefit	Number of Retirees *	Types of Retirement: Service Benefits: Members	Service Benefits: Survivors	Service Benefits: Death in Service	Disability Benefits: Service Connected	Disability Benefits: Ordinary
$1-500	207	75	94	30	4	4
501-1,000	689	370	198	70	29	22
1,001-1,500	542	320	119	9	39	55
1,501-2,000	488	445	12	3	15	13
2,001-2,500	491	468	10	2	6	5
2,501-3,000	250	239	6	1	3	1
3,001-3,500	199	191	4	1	3	--
3,501-4,000	126	120	2	1	3	--
4,001-4,500	109	106	--	3	--	--
4,501-5,000	62	61	--	1	--	--
Above $5,000	94	94	--	--	--	--
Totals	3,257	2,489	445	121	102	100

* Does not include deferred retirees



NUMBER OF RETIREES AND BENEFIT EXPENSES

	CPERS*		PGT*	
Fiscal Year	Retirees	Benefit Expenses $	Retirees**	Benefit Expenses $
2006	2,531	47,494,047	21	187,492
2007	2,637	52,037,439	21	202,542
2008	2,711	54,496,365	20	136,906
2009	2,801	56,806,690	23	156,548
2010	2,876	59,849,703	23	195,643
2011	2,970	63,126,784	21	179,342
2012	3,058	66,288,313	21	122,118
2013	3,126	69,710,050	23	156,783
2014	3,181	72,940,687	17	160,795
2015	3,257	75,613,052	19	132,445

* Does not included deferred retirees
** Includes only retirees receiving monthly benefits from PGT

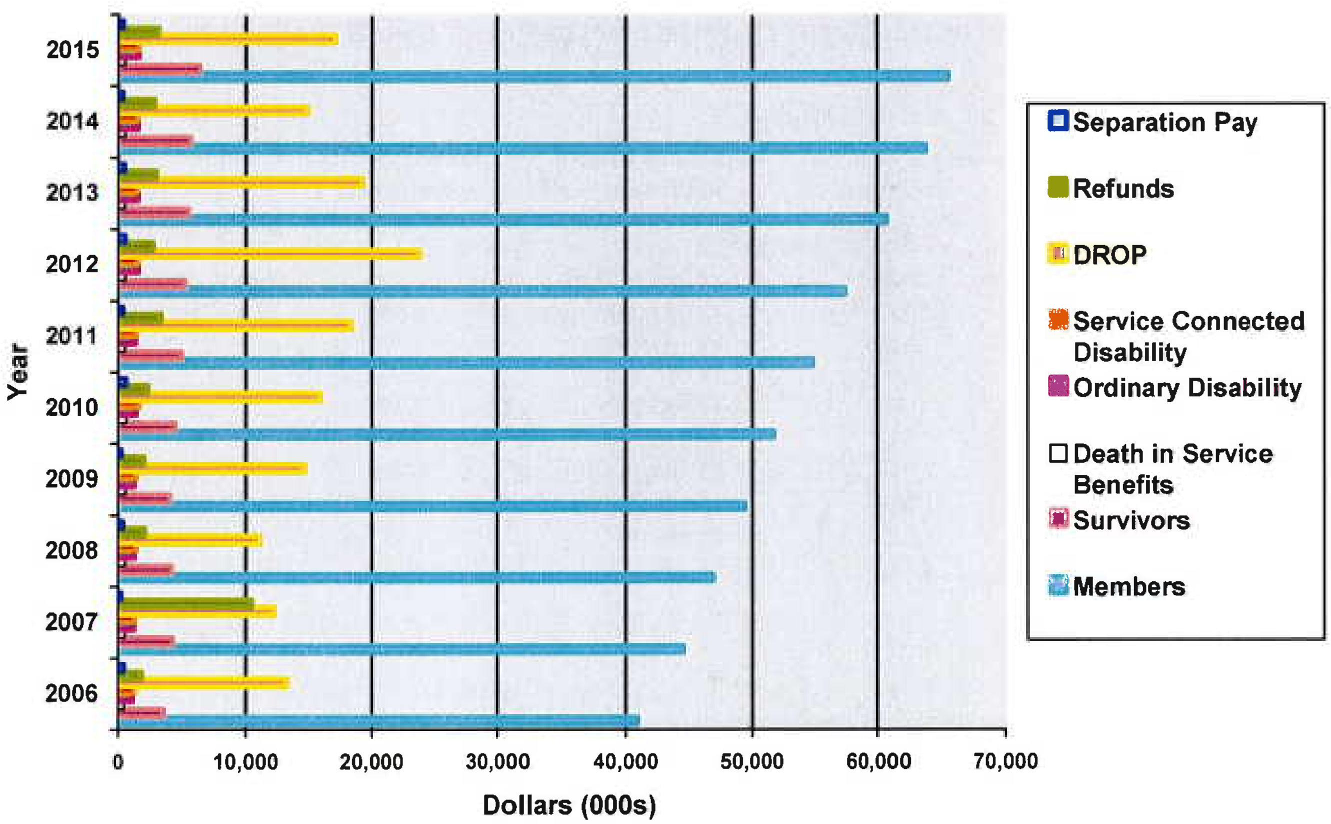
NUMBER OF RETIRED DEFERRED RETIREMENT OPTION PLAN PARTICIPANTS AND PAYMENTS

	CPERS		PGT	
Fiscal Year	Retired Deferred Retirement Participants	Retired Deferred Retirement Benefit Expenses $	Retired Deferred Retirement Participants	Retired Deferred Retirement Benefit Expenses $
2006	683	13,294,922	55	1,205,207
2007	772	12,252,218	66	1,009,996
2008	820	11,103,463	69	1,196,429
2009	895	14,650,958	69	1,350,644
2010	963	15,952,259	73	1,003,754
2011	983	18,354,844	78	1,171,784
2012	1,019	23,804,543	83	2,140,253
2013	1,060	19,249,264	90	2,488,063
2014	1,085	14,859,565	98	1,211,521
2015	1,133	17,140,815	110	1,170,706

SCHEDULE OF BENEFIT EXPENSES BY TYPE (CPERS)

	Service Benefits			Disability Benefits					
Year Ending	Members $	Survivors $	Death in Service Benefits $	Ordinary $	Service Connected $	DROP $	Refunds $	Separation Benefits $	Total $
2006	40,989,616	3,563,309	479,965	1,182,300	1,278,858	13,294,922	1,858,661	466,207	63,113,838
2007	44,615,779	4,294,423	529,944	1,268,931	1,328,362	12,252,218	*10,507,501	277,739	75,074,897
2008	47,001,074	4,197,385	560,819	1,306,957	1,430,130	11,103,463	2,092,148	390,186	68,082,161
2009	49,453,836	4,066,816	577,864	1,286,099	1,422,075	14,650,958	2,016,840	264,263	73,738,751
2010	51,729,953	4,454,287	635,750	1,395,276	1,634,438	15,952,259	2,297,390	593,625	78,692,978
2011	54,839,755	4,957,864	518,070	1,367,049	1,444,046	18,354,844	3,304,186	371,022	85,156,836
2012	57,362,968	5,260,293	555,375	1,569,076	1,540,601	23,804,543	2,721,886	518,566	93,333,308
2013	60,737,119	5,524,687	501,727	1,523,176	1,423,341	19,249,264	2,940,900	478,543	92,378,757
2014	63,720,199	5,673,581	523,267	1,525,387	1,498,253	14,859,565	2,806,619	342,378	90,949,249
2015	65,487,500	6,380,359	536,492	1,595,590	1,613,111	17,140,815	3,088,270	364,508	96,206,645

* Includes $8,161,037 for the transfer of 33 members to the Firefighter's Retirement System of Louisiana



AVERAGE MONTHLY SERVICE RETIREE BENEFIT (CPERS) *

Retirement Date		Years		of	Service		Credit	
		0-5	6-10	11-15	16-20	21-25	26-30	>30
2006	Avg. Monthly Benefit - $	0.00	683.76	1,101.62	1,329.48	2,451.22	3,676.65	0.00
	Avg. Final Average Salary - $	0.00	2,528.22	3,056.20	2,928.08	3,476.60	4,599.53	0.00
	Number of Retirees	0	12	16	18	75	34	0
2007	Avg. Monthly Benefit - $	1,315.24	771.71	966.65	1,488.95	2,663.42	3,539.33	2,774.38
	Avg. Final Average Salary - $	2,630.49	2,549.70	2,680.06	3,425.21	3,622.59	4,546.12	3,087.05
	Number of Retirees	1	20	23	18	62	48	2
2008	Avg. Monthly Benefit - $	0.00	783.48	1,016.27	1,448.35	2,633.26	3,379.46	0.00
	Avg. Final Average Salary - $	0.00	2,674.87	2,870.19	3,004.84	3,569.12	4,202.29	0.00
	Number of Retirees	0	15	28	11	36	26	0
2009	Avg. Monthly Benefit - $	809.90	770.58	1,311.42	1,385.63	2,796.54	3,216.72	0.00
	Avg. Final Average Salary - $	1,613.80	2,439.51	3,281.63	3,013.08	3,808.43	4,068.46	0.00
	Number of Retirees	1	13	24	14	40	42	0
2010	Avg. Monthly Benefit - $	1,211.09	0.00	922.01	1,824.21	2,758.81	3,827.58	0.00
	Avg. Final Average Salary - $	2,422.18	0.00	2,496.55	3,715.00	3,804.22	4,799.70	0.00
	Number of Retirees	2	0	24	15	37	59	0
2011	Avg. Monthly Benefit - $	0.00	860.54	1,210.84	1,617.64	3,073.10	3,604.76	0.00
	Avg. Final Average Salary - $	0.00	2,675.43	3,043.27	3,491.40	4,300.47	4,513.19	0.00
	Number of Retirees	0	12	19	15	42	38	0
2012	Avg. Monthly Benefit - $	0.00	867.79	1,130.82	1,693.60	3,265.59	3,793.28	0.00
	Avg. Final Average Salary - $	0.00	3,013.70	3,130.64	4,033.72	4,593.46	4,730.13	0.00
	Number of Retirees	0	18	24	11	34	54	0
2013	Avg. Monthly Benefit - $	1,043.82	722.62	1,204.13	1,653.42	3,109.03	4,440.71	5,436.28
	Avg. Final Average Salary - $	2,087.64	2,731.54	3,373.51	3,695.25	4,332.62	5,531.39	6,060.31
	Number of Retirees	2	16	21	23	37	42	1
2014	Avg. Monthly Benefit - $	0.00	739.40	1,219.88	2,071.86	3,837.78	4,043.91	5,813.26
	Avg. Final Average Salary - $	0.00	2,757.72	3,322.29	4,753.06	5,238.71	4,998.69	6,459.18
	Number of Retirees	0	7	22	8	29	36	1
2015	Avg. Monthly Benefit - $	966.66	670.56	1,131.77	1,711.34	3,294.81	4,052.35	0.00
	Avg. Final Average Salary - $	1,933.32	2,682.75	3,285.76	3,586.49	4,839.45	5,103.55	0.00
	Number of Retirees	2	13	32	20	44	33	0

* Includes service and disability retirees with effective retirement dates as shown. Does not include survivor or beneficiary annuitants.

AVERAGE MONTHLY SERVICE RETIREE BENEFIT (PGT) *

Retirement Date		Years of Service Credit						
		0-5	6-10	11-15	16-20	21-25	26-30	>30
2006	Avg. Monthly Benefit - $	0.00	0.00	1,276.23	1,902.19	3,432.54	3,284.44	0.00
	Avg. Final Average Salary - $	0.00	0.00	3,293.50	3,757.42	4,549.80	4,194.79	0.00
	Number of Retirees	0	0	1	1	11	3	0
2007	Avg. Monthly Benefit - $	0.00	857.10	1,163.48	1,548.25	3,443.26	4,008.64	0.00
	Avg. Final Average Salary - $	0.00	3,265.13	3,339.72	5,272.88	4,777.73	4,969.05	0.00
	Number of Retirees	0	1	2	1	12	6	0
2008	Avg. Monthly Benefit - $	0.00	0.00	0.00	0.00	3,555.51	4,214.18	0.00
	Avg. Final Average Salary - $	0.00	0.00	0.00	0.00	4,839.38	5,135.65	0.00
	Number of Retirees	0	0	0	0	9	8	0
2009	Avg. Monthly Benefit - $	0.00	0.00	1,155.54	2,031.22	3,628.04	4,459.57	0.00
	Avg. Final Average Salary - $	0.00	0.00	3,773.18	4,410.15	5,251.01	5,513.89	0.00
	Number of Retirees	0	0	1	3	9	6	0
2010	Avg. Monthly Benefit - $	0.00	0.00	0.00	1,865.62	3,988.69	5,106.03	0.00
	Avg. Final Average Salary - $	0.00	0.00	0.00	3,910.14	5,265.59	6,362.39	0.00
	Number of Retirees	0	0	0	2	2	7	0
2011	Avg. Monthly Benefit - $	0.00	0.00	1,936.06	0.00	4,018.47	4,526.42	0.00
	Avg. Final Average Salary - $	0.00	0.00	4,996.27	0.00	5,302.09	5,532.60	0.00
	Number of Retirees	0	0	1	0	4	8	0
2012	Avg. Monthly Benefit - $	0.00	0.00	1,112.61	1,663.87	4,031.54	4,544.92	0.00
	Avg. Final Average Salary - $	0.00	0.00	3,423.41	4,443.05	5,909.51	5,649.90	0.00
	Number of Retirees	0	0	1	2	3	11	0
2013	Avg. Monthly Benefit - $	0.00	0.00	0.00	0.00	3,860.89	5,432.66	0.00
	Avg. Final Average Salary - $	0.00	0.00	0.00	0.00	5,819.45	6,607.35	0.00
	Number of Retirees	0	0	0	0	6	9	0
2014	Avg. Monthly Benefit - $	0.00	0.00	0.00	0.00	4,056.75	5,434.89	0.00
	Avg. Final Average Salary - $	0.00	0.00	0.00	0.00	5,397.17	6,707.29	0.00
	Number of Retirees	0	0	0	0	4	8	0
2015	Avg. Monthly Benefit - $	0.00	0.00	0.00	2,460.79	5,217.95	5,941.29	0.00
	Avg. Final Average Salary - $	0.00	0.00	0.00	5,543.43	6,957.65	7,389.42	0.00
	Number of Retirees	0	0	0	2	10	9	0

* Includes service and disability retirees with effective retirement dates as shown. Does not include survivor or beneficiary annuitants. The data represents members that retired in the years listed and the creditable service and average salary that was used to compute pensions for those members. Note that these members are paid by the Municipal Police Employees' Retirement System of Louisiana and the pensions computed are not paid by Police Guarantee Trust (PGT).

NUMBER OF EXCESS BENEFIT PLAN PARTICIPANTS AND BENEFIT EXPENSES

	CPERS		PGT	
Fiscal Year	Excess Benefit Plan Participants	Benefit Expenses	Excess Benefit Plan Participants	Benefit Expenses
		$		
2006	5	77,924	N/A	N/A
2007	6	76,515	N/A	N/A
2008	5	66,176	N/A	N/A
2009	5	52,431	N/A	N/A
2010	7	95,741	N/A	N/A
2011	9	125,174	N/A	N/A
2012	12	198,780	N/A	N/A
2013	12	179,524	N/A	N/A
2014	12	167,932	N/A	N/A
2015	14	195,611	N/A	N/A

NUMBER OF REFUNDS OF CONTRIBUTIONS

	CPERS		PGT	
Fiscal Year	Number of Refunds	% Increase Each Year	Number of Refunds	% Increase Each Year
		%		%
2006	262	6.94	3	(25.00)
2007	272	3.82	2	(33.33)
2008	259	(4.78)	1	(50.00)
2009	263	1.54	2	100.00
2010	259	(1.52)	2	0.00
2011	216	(16.60)	0	(100.00)
2012	220	1.85	0	0.00
2013	239	8.64	2	200.00
2014	238	(.42)	2	0.00
2015	239	.42	0	(100.00)

SCHEDULE OF CHANGES IN NET POSITION (CPERS)

Fiscal Year	Member Contributions	Employer Contributions	Net Investment Income	Total Additions to Net Position
	$	$	$	$
2006	12,828,206	23,833,249	133,028,303	169,689,758
2007	13,724,573	25,221,447	42,508,100	81,454,120
2008	13,841,465	26,117,571	(294,455,535)	(254,496,499)
2009	14,716,581	27,150,202	169,456,489	211,323,272
2010	15,288,316	32,304,628	125,408,049	173,000,993
2011	14,742,541	35,793,135	(19,521,974)	31,013,702
2012	15,205,761	37,321,809	114,974,105	167,501,675
2013	14,888,376	38,392,495	140,442,726	193,723,597
2014	14,907,221	39,363,171	50,531,109	104,801,501
2015	15,054,222	41,387,640	(9,608,883)	46,832,979

Fiscal Year	Benefit Payments	Refunds and Withdrawals	Administrative Expenses	Total Deductions from Net Position	**Total Changes in Net Position**
	$	$	$	$	**$**
2006	61,255,177	1,858,661	1,042,144	64,155,982	**105,533,776**
2007	64,567,396	*10,507,501	1,073,946	76,148,843	**5,305,277**
2008	65,990,013	2,092,148	1,095,697	69,177,858	**(323,674,357)**
2009	71,721,911	2,016,840	1,216,718	74,955,469	**136,367,803**
2010	76,395,588	2,297,390	1,390,779	80,083,757	**92,917,236**
2011	81,852,650	3,304,186	1,065,344	86,222,180	**(55,208,478)**
2012	90,611,422	2,721,886	1,137,201	94,470,509	**73,031,166**
2013	89,437,857	2,940,900	1,188,598	93,567,355	**100,156,242**
2014	88,142,630	2,806,619	1,388,242	92,337,491	**12,464,010**
2015	93,118,375	3,088,270	1,318,104	97,524,749	**(50,691,770)**

* Includes $8,161,037 for the transfer of 33 members to the Firefighter's Retirement System of Louisiana

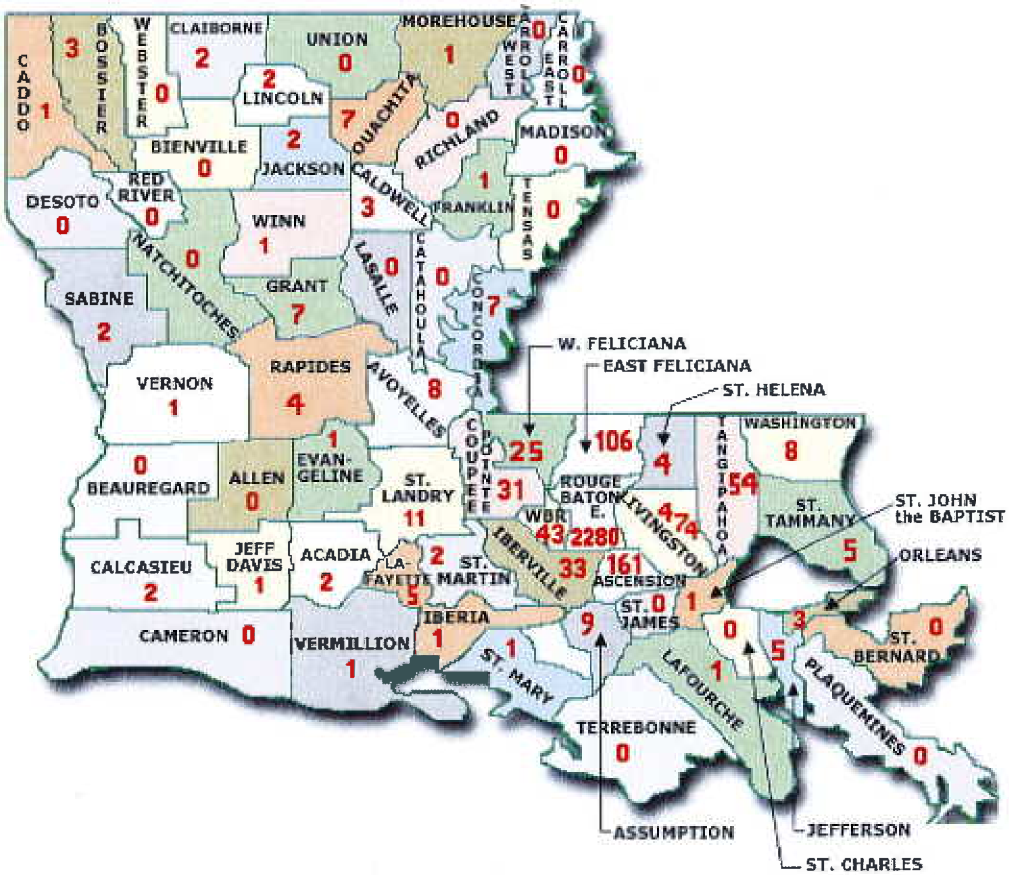
SCHEDULE OF CHANGES IN NET POSITION (PGT)

Fiscal Year	Member Contributions	Employer Contributions	Net Investment Income	Total Additions To Net Position
	$	$	$	$
2006	62,990	125,314	3,904,125	4,092,429
2007	67,285	123,140	1,006,614	1,197,039
2008	65,944	127,087	(7,844,055)	(7,651,024)
2009	81,826	149,179	4,876,517	5,107,522
2010	78,048	250,114	2,664,831	2,992,993
2011	80,601	202,695	(384,890)	(101,594)
2012	92,880	238,628	2,427,788	2,759,296
2013	85,817	696,918	2,277,503	3,060,238
2014	90,774	763,873	796,414	1,651,061
2015	99,365	951,261	(403,640)	646,986

Fiscal Year	Benefit Payments	Refunds and Withdrawals	Administrative Expenses	Total Deductions from Net Position	Total Changes In Net Position
	$	$	$	$	$
2006	1,562,831	3,137	230,070	1,796,038	2,296,391
2007	1,501,715	61	251,644	1,753,420	(556,381)
2008	1,596,636	432	263,376	1,860,444	(9,511,468)
2009	1,974,957	4,466	275,630	2,255,053	2,852,469
2010	1,440,121	2,352	279,264	1,721,737	1,271,256
2011	1,685,391	0	313,966	1,999,357	(2,100,951)
2012	2,670,498	0	329,109	2,999,607	(240,311)
2013	3,327,491	0	356,118	3,683,609	(623,371)
2014	1,662,603	16,903	333,744	2,013,250	(362,189)
2015	1,853,004	0	313,560	2,166,564	(1,519,578)

RETIREES AT DECEMBER 31, 2015
(CPERS and PGT members)

Louisiana Breakdown by Parish



LOUISIANA	**3,322**
OTHER STATES	**249**
TOTAL RETIREES	**3,571**

STATES	
ALABAMA	7
ARKANSAS	8
ARIZONA	3
CALIFORNIA	2
COLORADO	4
DIST. OF COLUMBIA	1
FLORIDA	29
GEORGIA	8
IDAHO	1
ILLINOIS	1
KANSAS	1
KENTUCKY	4
MAINE	1
MASSACHUSETTS	1
MARYLAND	1
MICHIGAN	2
MINNESOTA	1
MISSISSIPPI	77
MISSOURI	11
MONTANA	1
NEBRASKA	1
NORTH CAROLINA	2
OHIO	2
OKLAHOMA	4
OREGON	2
PENNSYLVANIA	1
SOUTH CAROLINA	1
SOUTH DAKOTA	1
TENNESSEE	11
TEXAS	47
UTAH	5
VIRGINIA	3
WASHINGTON	2
WISCONSON	1
WYOMING	1
CANADA	1

2015

Employees' Retirement System of the City of Baton Rouge and Parish of East Baton Rouge

Alternative Retirement Plans

City of Baton Rouge and Parish of East Baton Rouge

ERS

A Component Unit of the Consolidated Government of the City of Baton Rouge and the Parish of East Baton Rouge, LA

CP Employees' Retirement System

City of Baton Rouge and Parish of East Baton Rouge

ERS

DEFERRED RETIREMENT OPTION PLAN - (DROP)

The Deferred Retirement Option Plan became effective January 1, 1982, and was created essentially to provide a cost of living increase for retirees, which would be cost neutral to the System and the employer. It has undergone several structural changes over the years, including changes in 2015. The fundamental provisions of the DROP are as follows:

Eligibility

A member eligible for retirement may contractually, in lieu of immediate termination of employment and receipt of a service allowance retirement, continue employment for a specified period of time while deferring the receipt of retirement benefits. At the end of the contractually specified time, the employee terminates employment. **For members hired prior to September 1, 2015,** eligible members are considered those who (a) have attained 25 years of creditable service and not more than 30 years of creditable service or (b) have attained at least 10 years of service and are age 55 or older. **For members hired on or after September 1, 2015**, eligible members are considered those who (a) have attained 25 years of creditable service and not more than 33 years of creditable service, (b) are non-public safety members age 55 or public safety members age 50, or (c) have attained at least 10 years of service and are non-public safety members age 60 or public safety members age 55, or (d) do not reach the minimum required retirement age but exercise the option to participate in the DROP no later than 60 days following the attainment of age 55 for non-public safety members or age 50 for public safety members.

Participation

For members hired prior to September 1, 2015, participation in the DROP is for a period not exceeding either 5 years or a number of years which, when added to the number of years of creditable service, equals 32. **For members hired on or after September 1, 2015,** participation in the DROP is for a period not exceeding 5 years. For members entering the DROP with less than 25 years of service, DROP participation is limited to 3 years. The ordinance provides for a member with interrupted service, while on the DROP, to resume participation if he has not received any distributions from his DROP account that were not based on his life expectancy.

For members electing to participate in the DROP after July 1, 1991, the member shall agree to terminate employment at the end of the DROP participation period or immediately receive a distribution, representing a lump-sum payment in the amount equal to the member's DROP account balance, without the addition of any interest amount, and the member's DROP account shall be terminated. Should a member choose to remain employed, no additional service credit or additional benefits shall be earned.

For members who transferred to the Municipal Police Employees' Retirement System, the total DROP participation in both systems combined cannot exceed 5 years. In some cases, the member may be required to enroll in one system's DROP for a period of time prior to enrolling in the other system's DROP. Rights in the CPERS and Police Guarantee Trust DROP are contractually guaranteed through the *Agreement and Guarantee of Retirement Rights and Benefits.*

Interest Rate

Each year a DROP interest rate is determined by the System's actuary and paid to members' accounts where applicable. The rate is an average of five (5) years of market rates of return, compounded quarterly, as measured by the System's investment consultant. The DROP interest rate credited to members' accounts is the percentage rate certified by the actuary less one annual percentage point (100 basis points).

Termination of Participation

For a member who terminates employment in accordance with the DROP contract terms, and thus becomes a retiree, an election can be made regarding the withdrawal of DROP account funds. The retiree can choose any of the following options:

1. a lump-sum distribution of the balance in the DROP account, provided he has not yet received his first regular pension payment.
2. a method of distribution based on life expectancy.
3. any other method of distribution approved by the Retirement Board of Trustees.

If the terminating member is age 55 or older (age 50 for public safety officers), any severance/separation pay must be rolled into his existing DROP account. For members less than 55 years of age (age 50 for public safety officers), the option is given to either roll the severance/separation pay into his DROP account or take receipt of it. The option to roll is not available to transferred police members.

Survivor Benefits

Essentially, a surviving spouse of a DROP participant retains the same rights for the account as the member had. The methods of withdrawal are basically the same also. For beneficiaries other than the spouse, the beneficiary receives a lump-sum payment equal to the member's individual account balance in the DROP account. If no beneficiary is named, the member's estate receives the lump-sum payment from the DROP account.

EXCESS BENEFIT PLAN

The Excess Benefit Plan was created as a separate, unfunded, non-qualified plan, and intended to be a qualified governmental excess benefit arrangement as defined in Section 415(m)(3) of the Internal Revenue Code.

A member whose benefit exceeds the maximum benefit allowed under Section 415 of the Code, is entitled to a monthly benefit under the excess benefit plan in an amount equal to the lesser of the member's unrestricted benefit less the maximum benefit, or the amount by which the member's monthly benefit from the pension plan has been reduced because of the limitations as provided for in section 1:272 of the Retirement Ordinance.

The Excess Benefit Plan is administered by the Retirement Board of Trustees who are assigned the same rights, duties, and responsibilities for this plan as for the pension plan. The System's actuary is responsible for determining the amount of benefits that may be provided under the pension plan solely because of the limitations of section 1:272 of the Retirement Ordinance and Section 415 of the Code. The actuary also determines the amount of contributions that will be made to the Excess Benefit Plan rather than to the pension plan.

Contributions may not be accumulated under the Excess Benefit Plan to pay future retirement benefits. Instead, each payment made by the employer is reduced by the amount determined by the System's actuary to be required as funding for the Excess Benefit Plan. Employer contributions made to fund the Excess Benefit Plan are not commingled with the monies of the pension plan or any other qualified plan. Also, this plan may never receive any transfer of assets from the pension plan.

P&N Postlethwaite & Netterville

A Professional Accounting Corporation
Associated Offices in Principal Cities of the United States
www.pncpa.com

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Members of the Board of Trustees
Employees' Retirement System of the
City of Baton Rouge and Parish of East Baton Rouge:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Employees' Retirement System of the City of Baton Rouge and Parish of East Baton Rouge (CPERS Trust) and the Police Guarantee Trust (PGT), collectively referred to as the Retirement System, as of and for the year ended December 31, 2015, and the related notes to the financial statements, and have issued our report thereon dated June 26, 2016.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Retirement System's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Retirement System's internal control. Accordingly, we do not express an opinion on the effectiveness of the Retirement System's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Retirement System's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

8550 United Plaza Blvd, Suite 1001 • Baton Rouge, LA 70809 • Tel: 225.922.4600 • Fax: 225.922.4611

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Retirement System's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Postlethwaite & Netterville

Baton Rouge, Louisiana
June 26, 2016

P&N

CP Employees' Retirement System

City of Baton Rouge and Parish of East Baton Rouge

ERS

Employees' Retirement System of the City of Baton Rouge and Parish of East Baton Rouge

CP Employees' Retirement System

City of Baton Rouge and Parish of East Baton Rouge ERS

209 St. Ferdinand Street
Baton Rouge, LA 70802

Phone: 225-389-3272
Fax: 225-389-5548

A Component Unit of the Consolidated Government of the City of Baton Rouge and the Parish of East Baton Rouge, LA