The City of Bismarck Employees' Pension Plan

Actuarial Valuation

January 1, 2014

Arthur J. Gallagher & Co.

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The City of Bismarck Employees' Pension Plan

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ACTUARIAL CERTIFICATION
January 1, 2014 to December 31, 2014

In our opinion, the following report presents fairly the January 1, 2014 Actuarial Valuation of The City of Bismarck Employees' Pension Plan in accordance with Generally Accepted Actuarial Principles and Practices.

Our Actuarial Valuation has been conducted with reliance upon Participant information and financial information provided to us by the City of Bismarck. The accuracy of the information in this report is dependent on the quality and completeness of the information provided to us. We have reviewed the information provided to us for general reasonableness. The valuation was performed on the basis of the Participant data, Plan Provisions, actuarial assumptions, and actuarial methods stated in this report.

The actuarial assumptions used in this report were selected by the City of Bismarck, with the agreement of Gallagher Benefit Services, Inc. The assumptions were modified effective January 1, 2012 to reflect the results of an Experience Study for the period from January 1, 2005 through December 31, 2011. In our opinion, the actuarial assumptions used (a) each, and in the aggregate, are reasonably related to the experience of the plan and to reasonable expectations, and (b) in the aggregate, represent our best estimate of anticipated experience under the plan.

To the best of our knowledge, the information contained in this report is complete and accurate.

Douglas A. Anderson, EA, ASA, MAAA	Benjamin M. Holle, EA
Enrollment Number 14-05012	Enrollment Number 14-07400
4/21/2014	4/21/2014
Date	Date

COMMENTARY

In this report we present the results of the January 1, 2014 Actuarial Valuation of the City of Bismarck Employees' Pension Plan. There were no changes in actuarial assumptions or plan provisions since the January 1, 2013 report. This report reflects no Cost of Living Adjustment (COLA) for retirees effective January 1, 2014.

Annual Required Contribution

We recommend that the City contribution be at least equal to the Annual Required Contribution developed under the Entry Age Normal actuarial cost method. On this basis, a contribution of $981,273 (4.8% of covered payroll) is recommended for the 2014 plan year. The calculation of this contribution is illustrated in Exhibit 12.

Expected City Contribution

The City commission has approved that the City contribution will be 10.4% of salary. The expected contribution for 2014 on this basis is $2,118,771 (10.4% of payroll).

Contribution Requirements

The valuation results are shown on page 3 in a comparison between 2013 and 2014. The 2013 calculation, developed in the first column, shows an UAAL of $5,247,779 and, with an actual City payment of $2,259,647 in 2013 and expected payment of $2,118,771 in 2014 plus future contributions of 10.4% of covered payroll, an amortization period of 6 years.

The calculation for 2014 shows an UAAL of $(961,433) and, with an expected City payment of $2,118,771 for 2014, an amortization period of 0 years.

Funding Ratio

Plan assets cover 130% of the Present Value of Accumulated Plan Benefits. More detail is contained on page 20. Last year plan assets covered 121% of the Present Value of Accumulated Plan Benefits. The Present Value of Accumulated Plan benefits is the value of benefits based only on salaries and service as of the valuation date and does not reflect the value of any future benefit accruals.

GASB No. 25 and No. 27

Information required by Statements No. 25 and No. 27 of the Governmental Accounting Standards Board is summarized on pages 21 and 22. Gallagher is currently evaluating the requirements of GASB No. 67 and No. 68 and will report on those requirements separately.

SUMMARY OF RESULTS

	1/1/13	1/1/14	Percent Change
1. Number of Participants			
(a) Active	395	409	3.5%
(b) Terminated vested	44	54	22.7%
(c) Retired	157	157	0.0%
(d) Total Participants = (a)+(b)+(c)	596	620	4.0%
2. Annual covered salaries for Participants under the assumed retirement age	$ 19,393,833	$ 20,372,796	5.0%
3. Actuarial Accrued Liability			
(a) Active Participants	$ 46,229,620	$ 46,627,703	0.9%
(b) Terminated vested Participants	2,910,827	3,341,864	14.8%
(c) Retired Participants	23,509,698	25,855,991	10.0%
(d) Total Actuarial Accrued Liability = (a)+(b)+(c)	$ 72,650,145	$ 75,825,558	4.4%
4. Actuarial Value of Assets	$ 67,402,366	$ 76,786,991	13.9%
5. Unfunded Actuarial Accrued Liability = (3)(d)-(4)	$ 5,247,779	$ (961,433)	(118.3%)
6. Actual 2013/Expected 2014 annual financial support by City	$ 2,259,647	$ 2,118,771	(6.2%)
7. Annual Required Contribution	$ 1,299,110	$ 981,273	(24.5%)
8. Amortization period at expected level of funding	6 years[1]	0 years[2]	(100.0%)

[1] Amortization period based on City Contributions of $2,259,647 in 2013, $2,118,771 in 2014, and increasing due to total salary growth at the rate of 3.0% annually thereafter.

[2] Amortization period based on $2,118,771 contribution for 2014, and increasing due to total salary growth at the rate of 3.0% annually thereafter. Since the Unfunded Actuarial Accrued Liability is less than $0, there is a 0 year period.

Input Information

Arthur J. Gallagher & Co.

EXHIBIT 1
Summary of Plan Provisions

The following summary has been prepared for valuation purposes only. It outlines the Provisions found in Chapter 9-07 (City Employees' Pension) necessary to perform the Actuarial Valuation, as interpreted by Gallagher Benefit Services Inc.

Definitions

Actuarial Equivalence Factors: In calculating the actuarial equivalence of one form of benefit to another, the interest rate to be used shall be 7.0% and the mortality table to be used shall be the "applicable mortality table" as defined by Section 417(e)(3) of the Code (9-07-10).

Average Basic Monthly Compensation: The average of the monthly base compensation of a Participant over the highest 36 month period of employment. Monthly base compensation excludes overtime, bonuses, severance payments, and other remuneration in excess of base compensation (9-07-15(1)).

Effective Date of the Plan: January 1, 1966.

Early Retirement Date: Participants who have completed 60 consecutive months of contributing service and have attained age 50 are eligible for a monthly pension benefit (9-07-15(2)).

Membership Fee: Every full-time employee of the City of Bismarck except police officers and fire fighters shall be assessed and required to pay an amount of 5.0% of their basic salary (9-07-01).

Normal Form of Benefit: Married Participants receive a Joint & Two-Thirds to Survivor annuity. Single Participants receive a Life Only annuity.

Normal Retirement Date: Participants who have attained age 62 are eligible for a monthly pension benefit (9-07-15(1)).

Plan Year: January 1st through December 31st (9-07-08).

Recognized Service: Full and fractional years of contributing service during which the employee contributed to the fund (9-07-23). Military service will be included as part of the period of service with the City provided that the period does not exceed 5 years and the employee pays into the fund 5.0% of the lesser of the last full year's salary paid by the City or military salary for each year of military service (9-07-05).

EXHIBIT 1 (Continued)
Summary of Plan Provisions

Plan Provisions

Eligibility: Every full-time employee, other than members of the Police Department who are sworn officers, members of the firefighter's relief association, and employees who perform fire suppression duties. (9-07-11).

Normal Retirement Benefit: Participants serving until the Normal Retirement Date are eligible for a monthly pension benefit computed by multiplying his or her highest 36 months of Average Basic Monthly Compensation times 1.75% times his or her number of full and fractional years of Recognized Service prior to January 1, 2005 plus 2.25% times his or her number of full and fractional years of Recognized Service after December 31, 2004. (9-07-15(1)).

Early Retirement Benefit: The monthly pension benefit shall be equal to the Normal Retirement Benefit actuarially reduced for payments commencing prior to age 62 (9-07-15(2)). The reduction factors are as follows:

Age	Factor	Age	Factor
50	.4287	57	.6841
51	.4567	58	.7353
52	.4870	59	.7918
53	.5199	60	.8542
54	.5557	61	.9233
55	.5947	62	1.000
56	.6373		

Termination Benefit: After 60 consecutive months of contributing service and termination of employment, a Participant may elect a deferred retirement benefit to commence at an elected age 50 to 62. The Participant's deferred benefit shall equal the Normal Retirement Benefit (based on service and compensation to the date of termination) actuarially reduced for early commencement (9-07-15(3)).

EXHIBIT 1 (Continued)
Summary of Plan Provisions

Death Benefit:

The surviving spouse (while unmarried) receives 2/3 of the actuarially reduced pension to which the Participant would have been entitled, but not less than $65 per month provided the Participant served at least 60 consecutive months of contributing service (9-07-15(4)).

The surviving spouse has the option to elect a refund of contributions in lieu of the above-mentioned benefit (9-07-15(5)).

If there is no surviving spouse, the Participant's contributions are paid to the Participant's estate (9-07-15(6)).

Refund of Contributions:

Any Participant who has contributed to the plan and terminates employment before being entitled to a pension shall be entitled to a refund of all contributions made by him to the pension system with accumulated interest. Interest of 5% per year will be credited on such contributions made after July 1, 1972. Interest of 2.5% per year will be credited on such contributions made prior to July 1, 1972.

Any Participant electing a refund of contributions forfeits all rights to any other form of benefit under this plan (9-07-14).

Cost of Living Adjustments:

Persons receiving pension payments shall be eligible for cost of living adjustments in an amount determined by the Board of Trustees. The adjustment may not exceed the lesser of the City employees' salary adjustment or 3% (9-07-16).

EXHIBIT 2
Census Summary and Reconciliation

	1/1/13	1/1/14	Percent Change
Active Participants			
▪ Number of Participants			
– Fully vested	272	276	1.5%
– Non-vested	123	133	8.1%
– Total	395	409	3.5%
▪ Average age	48.2	47.7	(1.0%)
▪ Average service	13.5	12.8	(5.2%)
▪ Average salary	$ 47,010	$ 47,680	1.4%
Terminated Vested Participants			
▪ Number of Participants	44	54	22.7%
▪ Average age	49.7	48.8	(1.8%)
▪ Average years since termination	5.3	4.6	(13.2%)
▪ Average monthly benefit at Normal Retirement	$ 872.56	$ 837.88	(4.0%)
Retired Participants			
▪ Number of Participants	157	157	0.0%
▪ Average age	73.5	72.9	(0.8%)
▪ Average years since retirement	10.4	10.0	(3.8%)
▪ Average monthly benefit	$ 1,408.54	$ 1,507.11	7.0%

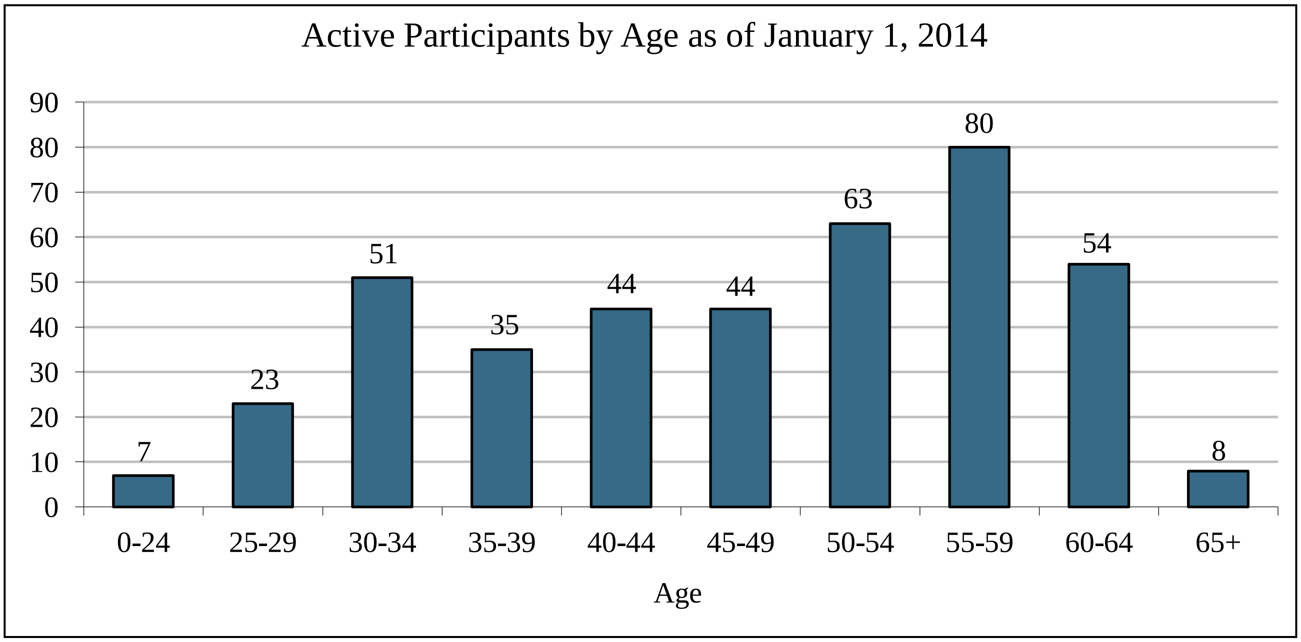
EXHIBIT 3
Participant Reconciliation

The following information provides the reconciliation from January 1, 2013 to January 1, 2014 of Plan Participants.

	Active	Terminated Vested	Retired	Disabled	Beneficiary	Total
1/1/2013 Participants	395	44	121	-	36	596
New Participants	71	-	-	-	-	71
Rehired	3	(1)	-	-	-	2
Terminated vested	(15)	15	-	-	-	-
Terminated non-vested	(35)	-	-	-	-	(35)
Retired	(10)	(1)	11	-	-	-
Disabled	-	-	-	-	-	-
Died with beneficiary	-	-	(1)	-	1	-
Died without beneficiary	-	(1)	(4)	-	(7)	(12)
Benefit stopped	-	-	-	-	-	-
Paid-out lump sum	-	(2)	-	-	-	(2)
Data corrections	-	-	-	-	-	-
1/1/2014 Participants	409	54	127	-	30	620

During 2013, the total Participant count increased by 24 due to 71 new Participants and 2 non-vested rehires offset by 35 Participants that terminated employment and received a return of their employee contributions, 12 Participant deaths with no beneficiary and 2 deferred vested Participants who were paid lump sums. There were 11 Participants that retired and 15 Participants that moved from active to terminated vested status during the year. There was 1 Participant death during 2013 with immediate benefits to a beneficiary and one vested terminated participant was rehired.

EXHIBIT 4
Active Participant Data



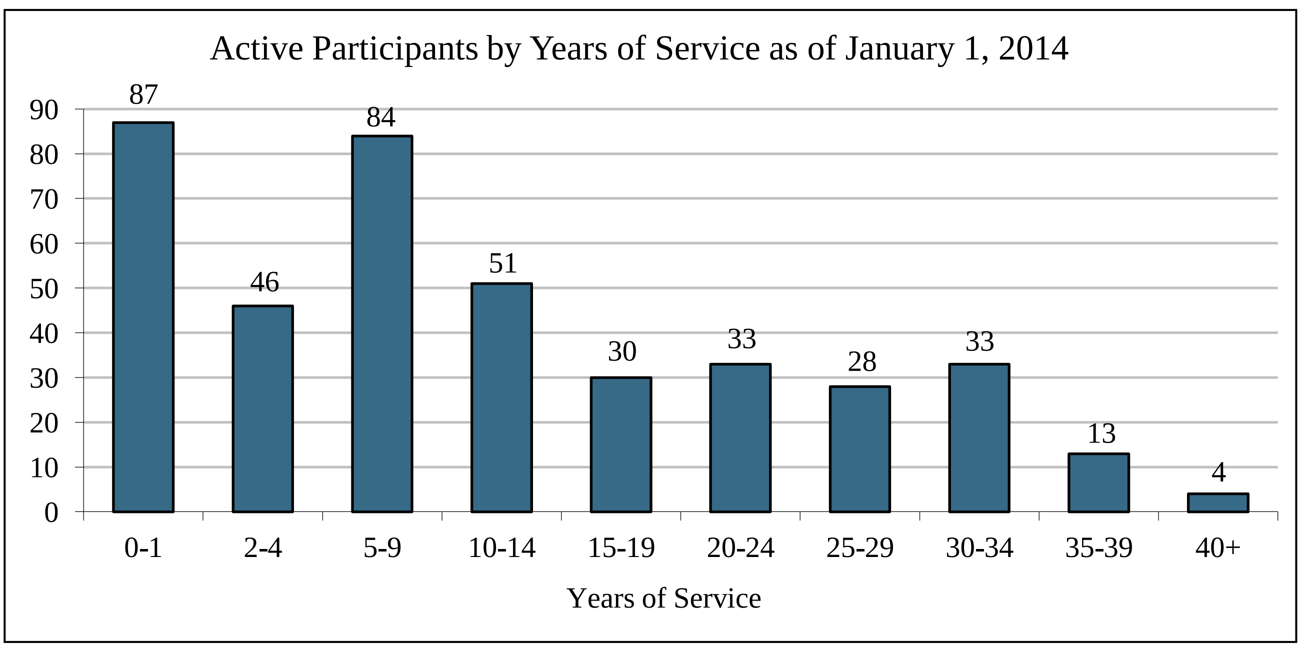
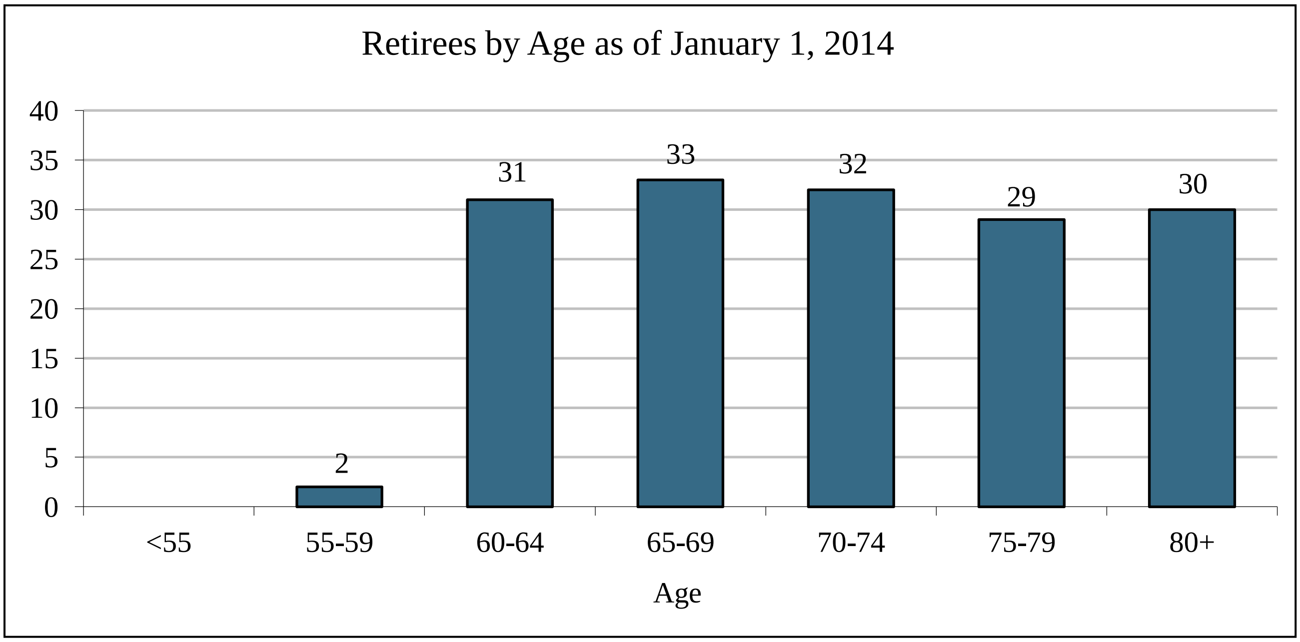


EXHIBIT 5
Retired Participant Data



Retirees include those on service retirement, disability retirement and beneficiaries with survivor benefits.

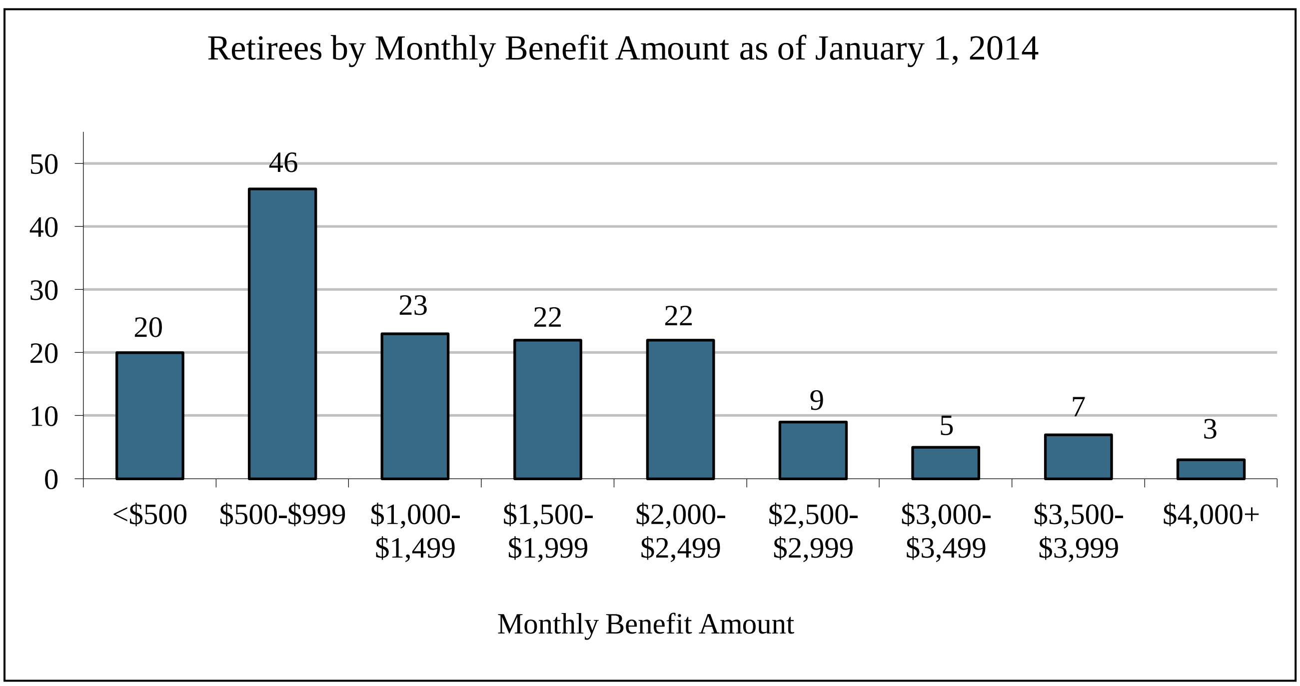
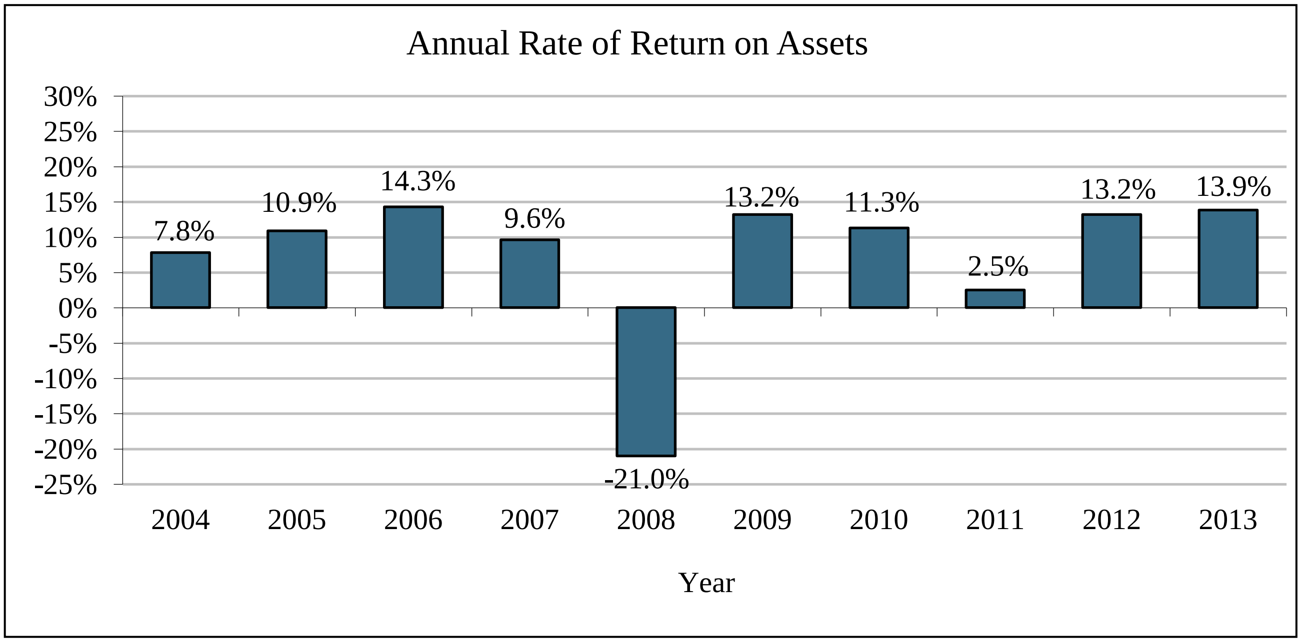


EXHIBIT 6
Reconciliation of Assets

1. Beginning Balance as of January 1, 2013			$	67,402,366
2. Revenue				
(a) Employer's Contribution				
(i) General Property Tax	$	941,115		
(ii) Mobile Home Tax		11,544		
(iii) Homestead Credit		4,891		
(iv) Disabled Veteran Credit		4,268		
(v) State Payment in Lieu of Tax		169,651		
(vi) Park & Rec. Contribution		233,202		
(vii) Department Contribution	$	894,976		
(viii) Total City Contribution		2,259,647		
(b) Employee's Contribution		1,000,345		
(c) Investment Income (Loss)		9,336,336		
(d) Total Revenue			$	12,596,328
3. Expenditure				
(a) Pension Benefit Payments	$	2,711,751		
(b) Professional & Legal Fees		660		
(c) Management Consulting		23,815		
(d) Administration Fees		33,788		
(e) Investment Expense		235,099		
(f) Pension Refund		205,671		
(g) Postage		919		
(h) Total Expenditure			$	3,211,703
4. Net Income (Loss)			$	9,384,625
5. Ending Balance as of December 31, 2013			$	76,786,991

Total assets increased $9,384,625 during 2013. This increase was from net cash flow (total contributions less expenditures) of $48,289, and an investment income of $9,336,336. Some components were rounded up or down to ensure that the totals would add correctly. The net rate of return after expenses was 13.9%.

EXHIBIT 7
Historical Asset Information



Rates of return are determined after expenses.

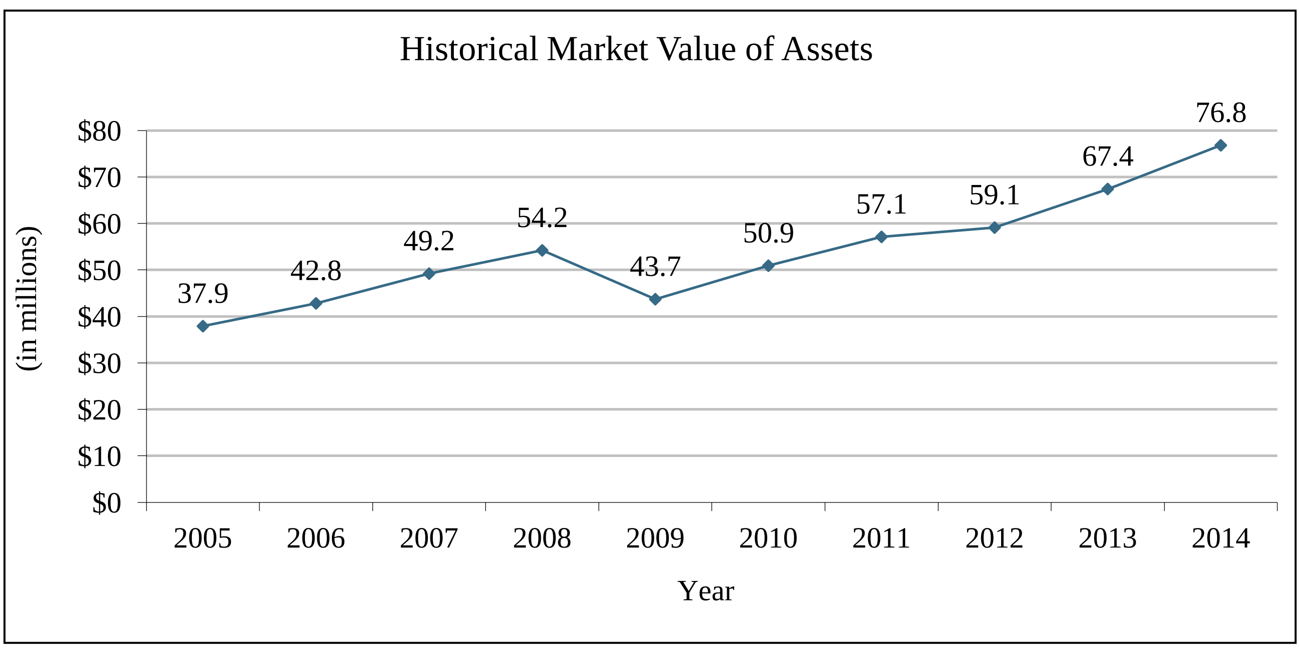


EXHIBIT 8
Actuarial Assumptions and Cost Methods

<u>Economic Assumptions</u>

Investment Return: The Fund is assumed to earn 7.5% per year after expenses.

Salary Scale: Active Participant Salaries are assumed to increase at rates according to the following table:

Years of Service	Rate
0-9	5.0%
10+	4.0%

Inflation: The amortization of the Unfunded Actuarial Accrued Liability is determined as a level percent of payroll using a 3% total payroll growth assumption.

<u>Demographic Assumptions</u>

Retirement: Active Participant retirement rates are based on plan experience between 1/1/05 and 12/31/11 (See Illustrations on Page 14).

Mortality: Mortality rates are based on the 1994 Group Annuity Mortality Table (See Illustrations on Page 14).

Disability: None.

Withdrawal: Active Participant termination rates are based on plan experience between 1/1/05 and 12/31/11 (See Illustrations on Page 14).

Spouse Age: Male Participants are assumed to be 3 years older than female spouses. Female Participants are assumed to be 3 years younger than male spouses.

Marriage Rate: 85% of Participants are assumed to be married.

EXHIBIT 8 (Continued)
Actuarial Assumptions and Cost Methods

Cost Methods

Form of Benefit: Married Participants receive their benefit in the form of a Joint and Two Thirds to Survivor annuity. Single Participants receive their benefit in the form of a Life Only annuity.

Actuarial Asset Value: The Actuarial Value of Assets is equal to the Market Value of Assets reserved for employee pension benefits.

Expenses: Plan expenses are paid from plan assets.

Funding Method: The contribution requirement is determined using the Entry Age Normal actuarial cost method.

Illustrations

	Rate of Mortality (per 1,000)	
Age	Male	Female
25	0.66	0.29
30	0.80	0.35
35	0.85	0.48
40	1.07	0.71
45	1.58	0.97
50	2.58	1.43
55	4.43	2.29

	Rate of Disability (per 1,000)	
Age	Male	Female
25	0.00	0.00
30	0.00	0.00
35	0.00	0.00
40	0.00	0.00
45	0.00	0.00
50	0.00	0.00
55	0.00	0.00

	Rate of Withdrawal (per 1,000)	
Age	Male	Female
20-24	80	200
25-29	80	150
30-34	80	150
35-39	80	80
40-44	25	80
45-49	20	60
50-54	10	30
55+	0	0

	Rate of Retirement (per 1,000)	
Age	Male	Female
62-65	200	200
66	400	400
67	600	600
68	800	800
69+	1,000	1,000

Contribution Information

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EXHIBIT 9
Development of Unfunded Actuarial Accrued Liability

		1/1/14
1. Actuarial Accrued Liability		
(a) Participants receiving benefits	$	25,855,991
(b) Terminated vested Participants		3,341,864
(c) Active Participants		46,627,703
(d) Total Participants = (a)+(b)+(c)	$	75,825,558
2. Adjustment for cost of living adjustments		0
3. Adjustment for assumption changes		0
4. Actuarial Accrued Liability after adjustments = (1)(d)+(2)+(3), not less than zero	$	75,825,558
5. Actuarial Value of Assets		76,786,991
6. Unfunded Actuarial Accrued Liability as of January 1, 2014 = (4)-(5)	$	(961,433)

Under the Entry Age Normal actuarial cost method, the Unfunded Actuarial Accrued Liability is recalculated each year. The Actuarial Accrued Liability is valued using participant data, plan provisions and assumptions as of the valuation date. Past demographic or economic experience different than assumed is called an actuarial gain or loss and is reflected in the Unfunded Actuarial Accrued Liability. A breakdown of actuarial gains and losses from the past year is shown on the next page.

The Unfunded Actuarial Accrued Liability is amortized over a fixed period of time. The amortization period was reset at 30 years as of January 1, 2009. Therefore, there are 25 years remaining in the amortization period. The resulting amortization payment is a component of the Annual Required Contribution.

The Unfunded Actuarial Accrued Liability is scheduled to be reduced to $0 over the amortization period. However, this schedule is met only if all assumptions are met and the actual employer contribution equals the Annual Required Contribution each year. If assumptions are not met, an actuarial gain or loss will either decrease or increase the UAAL. Also, if the employer contribution exceeds the recommended contribution, the UAAL will be reduced more rapidly. Alternatively, if the employer contribution is less than the recommended contribution, the UAAL will reduce more slowly or even increase.

EXHIBIT 10
Development of Actuarial (Gain)/Loss

Development of Liability (Gain) or Loss

Actual Actuarial Liability as of January 1, 2013		$ 72,650,145
Expected changes		
▪ Normal cost	$ 1,894,480	
▪ Interest at 7.5%	5,590,847	
▪ Cost of living adjustment	N/A	
▪ Benefit payments with interest to year end	(3,026,825)	
▪ Total expected changes		$ 4,458,502
Expected Actuarial Liability as of January 1, 2014		$ 77,108,647
Actual Actuarial Liability as of January 1, 2014		75,825,558
Actuarial Liability (gain) or loss		$ (1,283,089)

Breakdown of Actuarial Liability (gain) or loss by source	
▪ Participant experience different than assumed for death, retirement, termination, disability and other amounts	$ 93,460
▪ Inactive mortality	(1,202,294)
▪ Salary increases other than expected	(227,653)
▪ New entrants	53,398
▪ Assumption changes	N/A
Actuarial Liability (gain) or loss	$ (1,283,089)

Development of Asset (Gain) or Loss

Market Value of Assets as of January 1, 2013	$ 67,402,366
▪ Interest at 7.5%	5,055,177
▪ Actual contributions with interest to year-end	3,382,242
▪ Actual benefit payments with interest to year-end	(3,026,825)
▪ Actual expenses with interest to year-end	(305,317)
Expected value of assets as of January 1, 2014	$ 72,507,643
Actual value of assets as of January 1, 2014	76,786,991
Asset (gain) or loss	$ (4,279,348)

A (gain)/loss occurs when actual demographic or economic experience is different from the valuation assumptions. For example, if salary increases are greater (lower) than expected the liability will go up (down). During 2013, an actuarial liability gain of $1,283,089 and an asset gain of $4,279,348 resulted in a decrease in UAAL of $5,562,437 more than expected.

EXHIBIT 11
Recommended Amortization Schedule

Year	Unfunded Liability at Beginning of Year	Annual Amortization Payment	Unfunded Liability at End of Year
2014	$ (961,433)	$ (61,289)	$ (967,655)
2015	(967,655)	(63,127)	(972,368)
2016	(972,368)	(65,021)	(975,397)
2017	(975,397)	(66,972)	(976,558)
2018	(976,558)	(68,981)	(975,645)
2019	(975,645)	(71,050)	(972,439)
2020	(972,439)	(73,182)	(966,702)
2021	(966,702)	(75,377)	(958,174)
2022	(958,174)	(77,639)	(946,576)
2023	(946,576)	(79,968)	(931,604)
2024	(931,604)	(82,367)	(912,930)
2025	(912,930)	(84,838)	(890,199)
2026	(890,199)	(87,383)	(863,027)
2027	(863,027)	(90,004)	(830,999)
2028	(830,999)	(92,705)	(793,667)
2029	(793,667)	(95,486)	(750,545)
2030	(750,545)	(98,350)	(701,109)
2031	(701,109)	(101,301)	(644,794)
2032	(644,794)	(104,340)	(580,989)
2033	(580,989)	(107,470)	(509,033)
2034	(509,033)	(110,694)	(428,214)
2035	(428,214)	(114,015)	(337,764)
2036	(337,764)	(117,435)	(236,853)
2037	(236,853)	(120,958)	(124,587)
2038	(124,587)	(124,587)	0

The Annual Amortization Payment is determined by amortizing the Unfunded Actuarial Accrued Liability (UAAL) over 25 years as a level percentage of total payroll. Total payroll is assumed to increase at 3% per year.

This schedule is in accordance with Governmental Accounting Standards Board No. 27 guidelines. The City commission has approved that the City contribution will be 10.4% of salary. Please see Exhibit 13 for more details.

EXHIBIT 12
Development of Annual Required Contribution

Annual Required Contribution (Dollar Amounts)

	2013	2014
1. Total Normal Cost	$ 1,894,480	$ 2,025,734
2. Expected employee contribution	(969,692)	(1,018,640)
3. City Normal Cost	$ 924,788	$ 1,007,094
4. Amortization of Unfunded Actuarial Accrued Liability	327,366	(61,289)
5. Total Annual Required Contribution	$ 1,252,154	$ 945,805
6. Interest to mid-year at 7.5%	46,956	35,468
7. Recommended contribution, mid-year = (5)+(6)	$ 1,299,110	$ 981,273

Annual Required Contribution (As a Percent of Payroll)

	2013	2014
1. Total Normal Cost	9.8%	9.9%
2. Expected employee contribution	(5.0%)	(5.0%)
3. City Normal Cost	4.8%	4.9%
4. Amortization of Unfunded Actuarial Accrued Liability	1.7%	(0.3%)
5. Total Annual Required Contribution	6.5%	4.6%
6. Interest to mid-year at 7.5%	0.2%	0.2%
7. Recommended contribution, mid-year = (5)+(6)	6.7%	4.8%

Percent of Payroll results are based on total expected covered payroll of $19,393,833 in 2013 and $20,372,796 in 2014. The expected city contribution of 10.4% of covered payroll is more than the 2014 Annual Required Contribution of 4.8%.

EXHIBIT 13
10.4% of Payroll Funding Amortization Schedule

Year	Unfunded Liability B.O.Y.	Amortization Payment E.O.Y.	Unfunded Liability E.O.Y.
2014	$ 0	$ 0	$ 0

The City commission has approved that the City contribution will be 10.4% of salary. The expected contribution for 2014 on this basis is $2,118,771. The Annual Amortization Payment shown above represents the total expected City contribution available to reduce the UAAL at the end of that year after a reduction for payment of the annual City normal cost.

Since the UAAL is less than $0 (assets greater than liabilities), we are showing a $0 payment to the UAAL.

Accounting Information

Arthur J. Gallagher & Co.

EXHIBIT 14
Statement of Accumulated Plan Benefits

A measure of the degree of progress made in funding any plan is a comparison between the Accumulated Benefit Liability and the assets accumulated to date. The Accumulated Benefit Liability measures the present value of future benefit payments. However, benefit payments are based only on service and salaries earned as of the valuation date. This liability amount is less than the Actuarial Accrued Liability used to determine the Annual Required Contribution, because the AAL anticipates future salary increases for active participants. The liabilities are determined using the regular valuation assumptions. The table below shows the actuarial present value of the Accumulated Benefit Liability.

Actuarial Present Value of Accumulated Plan Benefits (PVAB)

	1/1/13	1/1/14
Vested accrued benefits		
▪ Participants currently receiving payments	$ 23,509,698	$ 25,855,991
▪ Other Participants	32,089,782	33,120,304
Total vested accrued benefits	$ 55,599,480	$ 58,976,295
Non-vested accrued benefits	84,279	98,884
Total accrued benefits	$ 55,683,759	$ 59,075,179

Statement of Changes in Accumulated Plan Benefits

Beginning value, January 1, 2013	$	55,683,759
Increases (Decreases)		
▪ Cost of living adjustment	$	0
▪ Change in actuarial assumptions		0
▪ Benefits accumulated and (gain)/loss		2,239,986
▪ Increase for interest due to decrease in discount period		4,068,856
▪ Benefits paid		(2,917,422)
▪ Net increase (decrease)	$	3,391,420
Ending Value, January 1, 2014	$	59,075,179

The ratio of assets to the above liabilities (known as the Funding Ratio) represents the degree to which Accumulated Benefit liability has been funded. As of January 1, 2014, the Market Value of Assets was $76,786,991. The table below outlines the funding ratios.

Funding Ratio (Assets/PVAB)	
Vested accrued benefits	130%
Total accrued benefits	130%

EXHIBIT 15
GASB Statement No. 25

Statement No. 25 requires disclosure of supplementary information in the form of two schedules, the Schedule of Funding Progress and the Schedule of Employer Contributions. The schedules are shown below.

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b – a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b – a) / c]
1/1/2003	$ 28,324,967	$ 32,464,523	$ 4,139,556	87.2%	$ 11,806,729	35.1%
1/1/2004	34,646,791	39,088,399	4,441,608	88.6%	12,441,844	35.7%
1/1/2005	37,922,220	42,856,344	4,934,124	88.5%	12,765,077	38.7%
1/1/2006	42,836,388	48,871,708	6,035,320	87.7%	13,106,843	46.0%
1/1/2007	49,153,640	50,825,581	1,671,941	96.7%	13,892,759	12.0%
1/1/2008	54,224,695	55,307,884	1,083,189	98.0%	14,901,848	7.3%
1/1/2009	43,690,842	59,315,384	15,624,542	73.7%	15,932,987	98.1%
1/1/2010	50,883,840	64,117,376	13,233,536	79.4%	17,134,528	77.2%
1/1/2011	57,154,675	68,666,067	11,511,392	83.2%	17,408,878	66.1%
1/1/2012	59,103,632	67,314,169	8,210,537	87.8%	18,776,386	43.7%
1/1/2013	67,402,366	72,650,145	5,247,779	92.8%	19,393,833	27.1%
1/1/2014	76,786,991	75,825,558	(961,433)	101.3%	20,372,796	N/A

Schedule of Employer Contributions

Year Ended	Annual Required Contribution (a)	Employer Contribution (b)	Percentage Contributed (b / a)
12/31/2003	$ 1,531,586	$ 906,670	59.2%
12/31/2004	1,267,143	1,678,601	132.5%
12/31/2005	1,414,021	2,113,743	149.5%
12/31/2006	1,233,248	2,147,360	174.1%
12/31/2007	1,068,130	2,182,902	204.4%
12/31/2008	1,090,182	2,542,707	233.2%
12/31/2009	2,010,653	2,649,359	131.8%
12/31/2010	1,958,692	1,862,086	95.1%
12/31/2011	1,904,777	2,076,309	109.0%
12/31/2012	1,423,866	2,234,521	156.9%
12/31/2013	1,299,110	2,259,647	173.9%
12/31/2014	981,273	TBD	TBD

EXHIBIT 16
GASB Statement No. 27

The GASB Statement No. 27 annual pension expense is defined as the Annual Required Contribution (ARC) plus one year's interest on the Net Pension Obligation (NPO) offset by an adjustment to the Annual Required Contribution (ARC). The NPO is defined as the cumulative difference, including interest, for the years prior to the transition date between (a) the employer's required contributions in accordance with the plan's actuarially determined funding requirements and (b) the contributions made by the employer in relation to the required contributions. The adjustment to the Annual Required Contribution is necessary to amortize past contribution deficiencies or excess contributions of the employer.

	2013 Plan Year	2014 Plan Year
Annual Required Contribution (ARC)	$ 1,252,154	$ 945,805
Interest on Net Pension Obligation (asset)	(445,937)	(527,126)
Adjustment to Annual Required Contribution - Beginning of Year NPO amortized as a level percent of pay over a closed 30 year period beginning 1/1/2009[1]	370,912	448,037
Annual Pension Cost	$ 1,177,129	$ 866,716
Contributions Made	2,259,647	*
Increase (decrease) in Net Pension Obligation (asset)	$ (1,082,518)	$ *
Net Pension Obligation (asset) beginning of year	(5,945,831)	(7,028,349)
Net Pension Obligation (asset) end of year	$ (7,028,349)	$ *

[1]The 2013 Amortization Factor is 16.03. The 2014 Amortization Factor is 15.69.

* To be determined at end of year.

The Net Pension Obligation at transition (January 1, 2007) is the cumulative difference, including interest, between (a) the employer's required contributions in accordance with the plan's actuarially determined funding requirements and (b) the contributions made by the employer in relation to the required contributions. The cumulative difference was based on plan records dating back to January 1, 2001. Since the Unfunded Actuarial Accrued Liability as of that date was $0, all actuarially determined required contributions prior to that date are assumed to have been made.