



Cavanaugh Macdonald
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The City of Omaha Employees' Retirement System

Actuarial Valuation as of January 1, 2014





Cavanaugh Macdonald

CONSULTING, LLC

The experience and dedication you deserve

October 15, 2014

Board of Trustees
City of Omaha Employees' Retirement System
1819 Farnam Street
Omaha, NE 68183

RE: January 1, 2014 Actuarial Valuation

Members of the Board:

In accordance with your request, we have completed an actuarial valuation of the City of Omaha Employees' Retirement System as of January 1, 2014 for the plan year ending December 31, 2014. The major findings of the valuation are contained in this report. The plan provisions are unchanged from the prior valuation, however a number of actuarial assumptions and methods were updated as a result of the Board's action to adopt the recommendations included in the experience study completed during 2013.

In preparing this report, we relied, without audit, on information (some oral and some in writing) supplied by the City's staff. This information includes, but is not limited to, statutory provisions, employee data, and financial information. We found this information to be reasonably consistent and comparable with information provided in prior years. The valuation results depend on the integrity of this information. If any of this information is inaccurate or incomplete, our results may be different and our calculations may need to be revised.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: experience differing from that anticipated by the economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the System's funded status); and changes in plan provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of future measurements.

Actuarial computations presented in this report are for purposes of determining the recommended funding amounts. Actuarial computations presented in this report under GASB Statements No. 25 and 27 are for purposes of fulfilling financial accounting requirements for the City. The computations prepared for these two purposes may differ as disclosed in our report. The calculations in the enclosed report have been made on a basis consistent with our understanding of the City's funding requirements and goals. Determinations for purposes other than meeting these requirements may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes.

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Board of Trustees
October 15, 2014
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The consultants who worked on this assignment are pension actuaries. CMC's advice is not intended to be a substitute for qualified legal or accounting counsel.

This is to certify that the independent consulting actuaries are members of the American Academy of Actuaries, have experience in performing valuations for public retirement plans, and meet the qualification standards of the American Academy of Actuaries to render the actuarial opinion contained herein. The valuation was prepared in accordance with principles of practice prescribed by the Actuarial Standards Board and the actuarial calculations were performed by qualified actuaries in accordance with accepted actuarial procedures based on the current provisions of the retirement plan and on actuarial assumptions that are internally consistent and reasonably based on the actual experience of the System. The Board of Trustees has the final decision regarding the appropriateness of the assumptions and adopted them as indicated in Appendix B.

We respectfully submit the following report and look forward to discussing it with you.

Sincerely,

A handwritten signature in blue ink that reads 'Patrice Beckham'.

Patrice A. Beckham, FSA, EA, FCA, MAAA
Principal and Consulting Actuary

A handwritten signature in blue ink that reads 'Brent A. Banister'.

Brent A. Banister, PhD, FSA, EA, FCA, MAAA
Chief Pension Actuary



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EXECUTIVE SUMMARY

This report presents the results of the January 1, 2014 actuarial valuation of the City of Omaha Employees' Retirement System. The primary purposes of performing the valuation are:

- to estimate the liabilities for the future benefits expected to be provided by the System;
- to determine the actuarial contribution rate, based on the System's funding policy;
- to measure and disclose various asset and liability measures;
- to monitor any deviation between actual System experience and experience predicted by the actuarial assumptions, so that recommendations for assumption changes can be made when appropriate;
- to analyze and report on any significant trends in contributions, assets and liabilities over the past several years.

The plan provisions reflected in this report are unchanged from last year's report. However, a number of actuarial assumptions and methods have changed from last year's report including:

- using a new amortization method,
- inflation assumption,
- retirement assumptions,
- termination of employment assumption, and
- the assumption regarding vested members electing a refund.

The net impact of the change in actuarial assumptions was to decrease the actuarial liability by \$3 million and the normal cost rate for the System by 0.202%. The change in the amortization method did not impact the unfunded actuarial liability, the funded ratio or the normal cost rate. It did, however, result in the actuarial contribution rate being slightly lower than it otherwise would have been.

The actuarial valuation results provide a "snapshot" view of the System's financial condition on January 1, 2014. At the time the valuation data was received, contracts with the various employee union groups were not in place, so the actual 2013 pay received was based on the 2012 pay scale instead of a 2013 pay scale. For valuation purposes, 2014 earnings were estimated to be 2.0% higher than actual 2013 earnings. The valuation results reflect net unfavorable experience for the past plan year as demonstrated by an unfunded actuarial liability that was greater than was expected based on the actuarial assumptions used in the January 1, 2013 actuarial valuation. Favorable experience on the actuarial value of assets resulted in a gain of \$0.9 million, and favorable experience on liabilities resulted in an experience gain of \$1.8 million. The assumption changes adopted by the Board based on recommendations in the experience study lowered the actuarial by \$3.3 million. However, actual contributions during 2013 were lower than the actuarial contribution rate which increased the unfunded actuarial liability by \$10.4 million.

The System uses an asset smoothing method in the valuation process. As a result, the System's funded status and the actuarial contribution rate are based on the actuarial (smoothed) value of assets – not the pure market value. The investment return on the market value of assets during 2013 was about 16%. Coupled with the deferred investment loss, the rate of return on the actuarial value of assets was about 8.4% for 2013, just slightly higher than the assumed 8% return. As of January 1, 2014, the actuarial value of assets is less than the market value by \$3 million or 1.2% of the market value, so a deferred investment gain now exists. Actual market returns over the next few years will determine when the deferred investment gain is actually recognized.



EXECUTIVE SUMMARY

The change in the assets, liabilities, and contribution rate of the System over the last year are discussed in more detail in the following sections.

ASSETS

As of January 1, 2014, the System had total funds of \$240 million, when measured on a market value basis. This was an increase of \$17 million from the prior year, and represents approximately a 16% rate of return.

The market value of assets is not used directly in the actuarial calculation of the System's funded status and the actuarial contribution rate. An asset valuation method is used to smooth the effects of market fluctuations. The actuarial value of assets is equal to the expected asset value (based on last year's actuarial value of assets, net cash flows and a rate of return equal to the actuarial assumed rate of 8.0%) plus 25% of the difference between the actual market value and the expected asset value. See Exhibit 2 for the detailed development of the actuarial value of assets as of January 1, 2014. The rate of return on the actuarial value of assets was about 8.4%. The portion of the deferred and current year's investment experience recognized in the calculation of the January 1, 2014 actuarial value of assets resulted in an actuarial gain of \$1 million.

The components of the change in the market value and actuarial value of assets are shown below:

	Market Value (\$M)	Actuarial Value (\$M)
Net Assets, January 1, 2013	\$ 223.2	\$ 235.6
City and Member Contributions	+ 13.4	+ 13.4
Benefit Payments and Refunds	- 30.5	- 30.5
Investment Gain/(Loss)	+ 34.2	+ 19.1
Net Assets, January 1, 2014	240.3	237.6
Estimated Rate of Return	15.9%	8.4%

The total investment gain that is not recognized as of January 1, 2014 is \$2.7 million (240.3 minus 237.6), compared with a \$12.4 million unrecognized loss in last year's valuation. The unrecognized gains of \$2.7 million will be reflected in the determination of the actuarial value of assets for funding purposes in the next few years to the extent they are not offset by the recognition of losses derived from future experience. This means that earning the assumed rate of investment return of 8% per year (net of investment expenses) on a market value basis will result in small actuarial gains on the actuarial value of assets over the next few years.

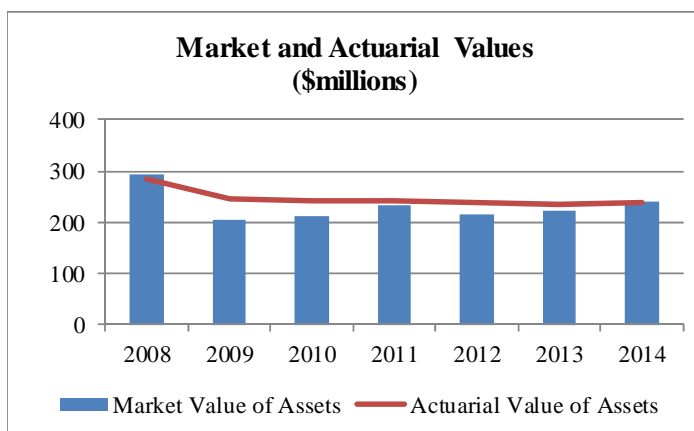
The unrecognized investment gains represent about 1.2% of the market value of assets (compared to a deferred loss equal to 5.5% of the market value in the 2013 valuation). If the deferred gains were recognized immediately in the actuarial value assets, the unfunded actuarial liability would decrease by \$3 million to \$202 million, the funded percentage would increase, but still round to 54% and the actuarial contribution rate would decrease from 38.454% to 38.115%.



EXECUTIVE SUMMARY

A comparison of asset values on both a market and actuarial basis for the last five years is shown in the following tables.

	2014	2013	2012	2011	2010
Market Value of Assets	\$240	\$223	\$215	\$232	\$213
Actuarial Value of Assets	\$238	\$236	\$237	\$240	\$240
Actuarial Value/Market Value	99%	106%	110%	103%	113%



An asset smoothing method is used to mitigate the volatility in the market value of assets. By using a smoothing method, the actuarial (or smoothed) value can be either above or below the pure market value

LIABILITIES

The first step in determining the actuarial contribution rate for the System is to calculate the liabilities for all expected future benefit payments. These liabilities represent the present value of future benefits (PVFB) expected to be earned by the current System members, assuming that all actuarial assumptions are realized. Thus, the PVFB reflects service and salary increases that are expected to occur in the future before the benefit becomes payable. The PVFB components can be found in the liabilities portion of the valuation balance sheet (see Exhibit 3).

The other critical measurement of System liabilities in the valuation process is the actuarial liability (AL). This is the portion of the PVFB that will not be paid by the future normal costs (i.e. it is the portion of the PVFB that is allocated to prior service periods). As of January 1, 2014, the actuarial liability for the System was \$442,754,113.



EXECUTIVE SUMMARY

The following chart compares the Actuarial Liability (AL) and System assets for the current and prior valuation.

	As of January 1	
	2014	2013
Actuarial Liability (AL)	\$442,754,113	\$436,270,409
Assets at Actuarial Value	\$237,579,690	\$235,591,941
Unfunded Actuarial Liability (AVA)	\$205,174,423	\$200,678,468
Funded Ratio (Actuarial Value)	54%	54%
Assets at Market Value	\$240,342,815	\$223,233,088
Unfunded Actuarial Liability (MVA)	\$202,411,298	\$213,037,321
Funded Ratio (Market Value)	54%	51%

EXPERIENCE FOR THE PLAN YEAR ENDED 12/31/2013

The difference between the actuarial liability and the actuarial value of assets at the same date is referred to as the unfunded actuarial liability (UAL). Benefit improvements, experience gains/losses, changes in the actuarial assumptions or methods, and actual contributions made will impact the amount of the unfunded actuarial liability.

The calculation of the unfunded actuarial liability for the System as of January 1, 2014 is shown below:

Actuarial Liability	\$442,754,113
Actuarial Value of Assets	<u>(\$237,579,690)</u>
Unfunded Actuarial Liability	\$205,174,423

Actuarial gains (or losses) result from actual experience that is more (or less) favorable than anticipated based on the actuarial assumptions. These “experience” (or actuarial) gains or losses are reflected in the unfunded actuarial liability and are measured as the difference between the expected unfunded actuarial liability and the actual unfunded actuarial liability, taking into account any changes due to assumption or benefit provision changes. The System experience, in total, was unfavorable (an unfunded actuarial liability greater than expected). There was an actuarial gain of around \$0.9 million on the actuarial value of assets as well as an actuarial gain of about \$1.8 million on liabilities. In addition, refinements to the actuarial assumptions and methods decreased the UAL by \$3.3 million. However, a loss of \$10.4 million occurred due to the fact that actual contributions were less than the full actuarially required amount.



EXECUTIVE SUMMARY

The change in the unfunded actuarial liability between January 1, 2013 and 2014 is shown below (in millions):

Unfunded Actuarial Liability, January 1, 2013	201
• Expected change in UAL	0
• Contribution shortfall in 2013	10
• Investment experience	(1)
• Demographic and other experience	(2)
• Changes in plan provisions	0
• Change in actuarial assumptions	(3)
Unfunded Actuarial Liability, January 1, 2014	205

Due to the use of an asset smoothing method, there were deferred investment losses in the prior valuation which had not been fully recognized. As a result, there was a much smaller gain on the actuarial value of assets due to the fact \$12 million of the investment gain in 2013 eliminated the deferred actuarial losses that existed on January 1, 2013. The experience gain on the actuarial value of assets decreased the unfunded actuarial liability by only \$1 million. There was a \$2 million gain on demographic experience, resulting mainly from lower than expected salaries and benefit payments. In addition, there was also a decrease in the UAL of \$3 million which was due to changes in the actuarial assumptions and methods resulting from recommendations arising in the experience study completed during 2013. However, the largest component of the increase in the UAL was due to actual contributions during 2013 that were less than the full actuarial contribution rate. This increased the UAL by \$10 million.

CONTRIBUTION LEVELS

The actuarial contribution rate of the System is composed of two parts:

- (1) The normal cost (which is the allocation of costs attributed to the current year's membership service) and
- (2) The amortization payment on the Unfunded Actuarial Liability.

The normal cost rate is independent of the System's funded status and represents the cost, as a percent of payroll, of the benefits provided by the System which is allocated to the current year of service. The total normal cost for the System is 13.231% of pay, or about \$8 million this year. When offset by the expected employee contributions, the employer portion of the normal cost is 3.156% of pay, or about \$2.0 million. The normal cost rate represents the long-term cost of the benefit structure of the System.

The Plan's total actuarial contribution rate (payable as a percentage of member payroll) increased by 0.893% of pay, to 38.454% on January 1, 2014, from 37.561% on January 1, 2013. The primary components of the change in the actuarial contribution rate are shown in the table below:



EXECUTIVE SUMMARY

	Rate
Total Actuarial Contribution Rate, January 1, 2013	37.561 %
• Actuarial (Gain) / Loss - Investment Experience	(0.114)
• Actuarial (Gain) / Loss - Other Experience	(0.293)
• Actual vs Expected Payroll Growth	0.920
• Assumption Changes	(0.584)
• Contributions Less Than Actuarial Rate	1.335
• Change in Amortization Method	(0.074)
• Change in Normal Cost Rate	(0.297)
Total Actuarial Contribution Rate, January 1, 2014	38.454 %

As the result of experience during 2013, the System has an unfunded actuarial liability of \$205 million (actuarial liability is greater than actuarial assets). Effective January 1, 2014, the unfunded actuarial liability is being funded using a “layered” approach. The existing UAL will continue to be amortized over a closed 30-year period that began January 1, 2002, so eighteen years remain on this base as of January 1, 2014. However, changes to the UAL in each future year, starting with the change from January 1, 2013 to January 1, 2014, will be set up as a new amortization base with payments determined as a level percentage of payroll over a closed 20 year period beginning on that valuation date. The total UAL amortization payment is the sum of the amortization payments on all of the bases. For the current valuation, the resulting total UAL payment is 25.223% of pay. As a result, the total contribution rate for 2014 is 38.454% of pay (13.231% + 25.223%). The City’s required contribution rate in the city ordinance for 2014 is 11.775% and the employees contribute 10.075%, for a total of 21.850%. The difference between the actuarial contribution rate and the actual contribution rates in the city ordinance creates a contribution shortfall for 2014 of 16.604% of pay or approximately \$11 million. Absent actual experience more favorable than anticipated by the assumptions, we would expect to see the UAL increase by \$11 million in next year’s valuation due to the contribution shortfall.

Comments

The return on the market value of assets in 2013 was about 16%, which eliminated the deferred investment losses that existed on January 1, 2013. The funded ratio of the system, on a market value basis, is 54% in the January 1, 2014 actuarial valuation, close to the funded ratio of 52% in the January 1, 2009 valuation, just after the market downturn of 2008. The System faces a significant funding challenge in the future given the current funded status and the contribution shortfall between the actuarial contribution rate and the scheduled member and employer contribution rates currently in place. Based on estimation techniques, the System’s assets are projected to be exhausted in about 20 years even if all actuarial assumptions are met. **This is a very serious situation and action should be taken as soon as possible to address it.**

The actual contributions to the System for 2013 of 21.850% of pay were significantly below the actuarial contribution rate of 37.651%. This shortfall in the contribution rate of 15.711% of pay, or about \$10 million, resulted in an increase in the unfunded actuarial liability. The actuarial contribution rate in the 2014 valuation is 38.454% compared to the total contribution rate for 2014 in the City ordinance of 21.850%, which results in a shortfall of 16.604% of pay for 2014 or \$11 million. A fundamental principle of sound funding for any defined benefit plan is to consistently pay the full actuarial contribution rate. Contributions to the City of Omaha



EXECUTIVE SUMMARY

Employees' Retirement System have been less than the full actuarial contribution rate for more than the last ten years. This, in conjunction with investment experience in the last decade that was lower than the 8% assumed rate of return, has resulted in a sharp decline in the System's funded status.

Given the current scheduled contribution rates, the contribution shortfall is expected to increase, the funded status is expected to decline and the System assets are expected to be exhausted in about 20 years even if all actuarial assumptions are met (including an 8% return on plan assets). As we mentioned in last year's report, action is necessary soon in order to strengthen the System's funding over the long term. Benefits are paid out of the System from two sources: (1) contributions and (2) investment earnings. In order to improve the System's long term funding, contributions and/or investment earnings must increase, benefit payments must decrease, or both must occur. Usually it takes many years before the impact of higher contributions or reductions in benefits in future years can be observed, particularly if the benefit changes only apply to new hires.

The other component of the long term funding equation is investment return. If actual returns exceed the 8% assumption in future years, it will improve the System's funding. In fact, investment returns have the greatest potential to impact the funded ratio in the short term – both positively and negatively. However, it seems unlikely that the rate of return will substantially exceed the 8% assumption in every year in the future, so this option alone does not appear to be a viable solution to the System's long term funding issue. Therefore, it is likely that contributions will need to increase and/or benefits will need to be reduced in order to address concerns about the System's long term funding. It is likely to take many years before a dramatic improvement in the funded ratio occurs especially if most of the benefit changes only impact new hires. The longer action to address the funding shortfall is delayed, the more dramatic the changes will have to be, whether such changes are benefit changes or contribution increases.

As mentioned earlier in this report, the System uses an asset smoothing method in the actuarial valuation. While this is a very common procedure for public retirement systems, it is important to be aware of the potential impact of the unrecognized investment experience. The System currently has a deferred gain of about \$3 million. It is valuable to compare the key valuation results from the 2014 valuation using both the actuarial and market value of assets (see following table).

	\$ Millions	
	Using Actuarial Value of Assets	Using Market Value of Assets
Actuarial Liability	\$442.8	\$442.8
Asset Value	237.6	240.3
Unfunded Actuarial Liability	\$205.2	\$202.5
Funded Ratio	53.7%	54.3%
Normal Cost Rate	13.231%	13.231%
UAL Contribution Rate	<u>25.223%</u>	<u>24.884%</u>
Actuarial Contribution Rate	38.454%	38.115%



EXECUTIVE SUMMARY

THE CITY OF OMAHA EMPLOYEES' RETIREMENT SYSTEM

PRINCIPAL VALUATION RESULTS

	January 1, 2014	January 1, 2013	% Chg
MEMBERSHIP			
1. Active Membership			
- Number of Members	1,116	1,150	(3.0)
- Projected Payroll for Upcoming Fiscal Year	\$63,413,206	\$63,327,394	0.1
- Average Projected Payroll	\$56,822	\$55,067	3.2
- Average Attained Age	47.1	46.9	0.5
- Average Entry Age	36.7	36.6	0.1
2. Inactive Membership			
- Number of Retirees / Beneficiaries	1,249	1,233	1.3
- Number of Disabled Members	121	122	(0.8)
- Number of Deferred Vested Members	77	75	2.7
- Average Annual Benefit	\$22,557	\$22,040	2.3
ASSETS AND LIABILITIES			
1. Net Assets			
- Market Value	\$240,342,815	\$223,233,088	7.7
- Actuarial Value	237,579,690	235,591,941	0.8
2. Projected Liabilities			
- Retired Members and Beneficiaries	\$275,480,078	\$267,791,830	2.9
- Disabled Members	23,378,166	23,803,857	(1.8)
- Other Inactive Members	5,412,234	5,264,708	2.8
- Active Members	<u>196,306,331</u>	<u>196,335,694</u>	(0.0)
- Total Liability	\$500,576,809	\$493,196,089	1.5
3. Actuarial Liability	442,754,113	436,270,409	1.5
4. Unfunded Actuarial Liability	\$205,174,423	\$200,678,468	2.2
5. Funded Ratios			
Actuarial Value Assets / Actuarial Liability	53.66%	54.00%	(0.6)
Market Value Assets / Actuarial Liability	54.28%	51.17%	6.1
CONTRIBUTIONS			
1. Normal Cost Rate	13.231%	13.730%	(3.6)
2. UAL Contribution Rate	<u>25.223%</u>	<u>23.831%</u>	5.8
3. Total Actuarial Contribution Rate (1) + (2)	38.454%	37.561%	2.4
4. Less Employee Contribution Rate	(10.075%)	(10.075%)	0.0
5. Less City Contribution Rate Per Ordinance	<u>(11.775%)</u>	<u>(11.775%)</u>	0.0
6. Contribution Shortfall (3) - (4) - (5)	16.604%	15.711%	5.7



SECTION I – VALUATION RESULTS

EXHIBIT 1
SUMMARY OF FUND ACTIVITY
(Market Value Basis)
For Year Ended December 31, 2013

Assets at January 1, 2013	\$ 223,233,088
Receipts:	
City Contributions	7,194,482
Employee Contributions	6,173,254
Investment Earnings	35,588,040
Total Receipts	<u>48,955,776</u>
Disbursements:	
Benefit Payments	29,531,983
Refund of Contributions	945,190
Investment Fees	1,368,876
Total Disbursements	<u>31,846,049</u>
Assets as of December 31, 2013	\$ 240,342,815
Estimated Annual Return	
- Gross	16.6%
- Net of Expenses	15.9%



SECTION I – VALUATION RESULTS

EXHIBIT 2

DETERMINATION OF ACTUARIAL VALUE OF ASSETS

The actuarial value of assets is used to minimize the impact of annual fluctuations in the market value of investments on the contribution rate. The current asset valuation method is called the “Expected +25% Method.”

The “expected value” of assets is determined by applying the investment return assumption to last year’s actuarial value of assets and the net difference of receipts and disbursements for the year. The actual market value is compared to the expected value and 25% of the difference (positive or negative) is added to the expected value to arrive at the actuarial value of assets for the current year.

1.	Actuarial Value of Assets as of January 1, 2013	\$	235,591,941
2.	Actual Receipts / Disbursements		
a.	Total Contributions		13,367,736
b.	Benefit Payments		(30,477,173)
c.	Net Change		(17,109,437)
3.	Expected Actuarial Value of Assets as of January 1, 2014 { (1) * 1.08 } + {(2c) * 1.08 ^{1/2} }		236,658,648
4.	Market Value of Assets as of January 1, 2014		240,342,815
5.	Excess of Market Value over Expected Actuarial Value as of January 1, 2014		3,684,167
6.	Preliminary Actuarial Value of Assets as of January 1, 2014 [(3) + 25% of (5)]		237,579,690
7.	20% of Market Value Corridor		
a.	80% of (4)		192,274,252
b.	120% of (4)		288,411,378
8.	Final Actuarial Value of Assets as of January 1, 2014 (6) but not < (7a) nor > (7b)	\$	237,579,690
9.	Rate of Return on Actuarial Value of Assets		8.4%

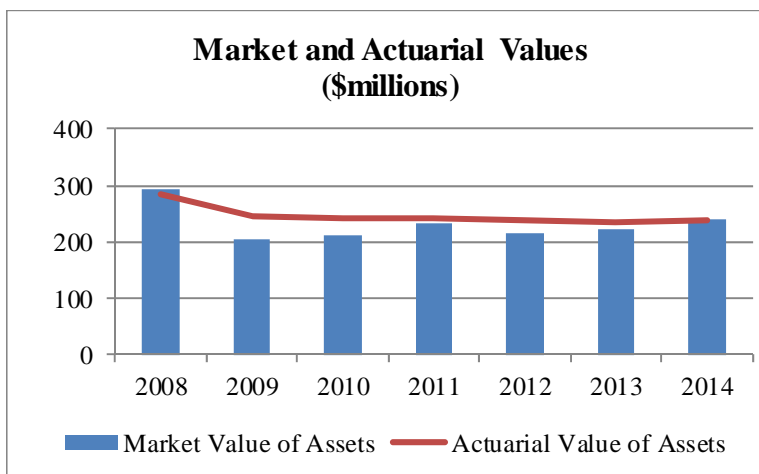


SECTION I – VALUATION RESULTS

EXHIBIT 2 (continued)

A historical comparison of the market and actuarial value of assets is shown below:

Date	Market Value of Assets (MVA)	Actuarial Value of Assets (AVA)	AVA / MVA
1/1/2008	\$294,658,022	\$283,243,750	96.13%
1/1/2009	204,452,506	245,343,007	120.00%
1/1/2010	213,219,632	240,109,413	112.61%
1/1/2011	232,346,583	240,291,310	103.42%
1/1/2012	215,434,784	236,741,347	109.89%
1/1/2013	223,233,088	235,591,941	105.54%
1/1/2014	240,342,815	237,579,690	98.85%





SECTION I – VALUATION RESULTS

EXHIBIT 3

ACTUARIAL BALANCE SHEET

An actuarial statement of the status of the System in balance sheet form as of January 1, 2014 is as follows:

Assets

Current assets (actuarial value)	\$	237,579,690
Present value of future normal costs		57,822,696
Present value of future employer contributions to fund unfunded actuarial liability		<u>205,174,423</u>
Total Assets	\$	<u><u>500,576,809</u></u>

Liabilities

Present value of future retirement benefits for:

Active employees	\$	180,914,135
Retired employees, contingent annuitants and spouses receiving benefits		275,480,078
Deferred vested employees		5,155,443
Inactive employees due refunds		256,791
Inactive employees – disabled		<u>23,378,166</u>
Total	\$	485,184,613
Present value of future death benefits payable upon death of active members		2,497,652
Present value of future benefits payable upon termination of active members		<u>12,894,544</u>
Total Liabilities	\$	<u><u>500,576,809</u></u>



SECTION I – VALUATION RESULTS

EXHIBIT 4
UNFUNDED ACTUARIAL LIABILITY

As of January 1, 2014

The actuarial liability is the portion of the present value of future benefits which will not be paid by future normal costs. The actuarial value of assets is subtracted from the actuarial liability to determine the unfunded actuarial liability.

1. Present Value of Future Benefits	\$	500,576,809
2. Present Value of Future Normal Costs		<u>57,822,696</u>
3. Actuarial Liability (1) – (2)		442,754,113
4. Actuarial Value of Assets		<u>237,579,690</u>
5. Unfunded Actuarial Liability (3) – (4)	\$	205,174,423
6. Funded Ratio (4) / (3)		53.66%



SECTION I – VALUATION RESULTS

EXHIBIT 5

SCHEDULE OF AMORTIZATION BASES

Effective January 1, 2014, the System has moved to a new approach for the amortization of the unfunded actuarial liability (UAL) that is expected to provide more stability in the contribution rate. The new approach is a “layered” approach for the UAL where the UAL as of January 1, 2013 will continue to be amortized over the remainder of the closed amortization period, but changes to the UAL in each future year will be set up as a new amortization base with payments determined as a level percentage of payroll over a closed 20 year period beginning on that valuation date. The total UAL payment is the sum of the amortization payments on all of the amortization bases.

Amortization Bases	January 1, 2014			Outstanding Balance as of January 1, 2014	Annual Contribution (mid-year)
	Original Amount	Remaining Years	Year of Last Payment		
2013 Initial UAL Base	\$ 200,678,468	18	2032	\$ 201,049,068	\$ 15,695,198
2014 Base	4,125,355	20	2034	4,125,355	299,652
Total				\$ 205,174,423	\$ 15,994,850



SECTION I – VALUATION RESULTS

EXHIBIT 6 DEVELOPMENT OF 2014 ACTUARIAL CONTRIBUTION RATE

The actuarial cost method used to determine the required level of annual contributions to support the expected benefits is the Entry Age Normal Cost Method. Under this method, the total cost is comprised of the normal cost rate and the unfunded actuarial liability (UAL) payment. The System is financed by contributions from the employees and the City.

1. (a)	Normal Cost	\$	7,808,536
(b)	Expected Payroll in 2014 for Current Actives	\$	59,018,944
(c)	Normal Cost Rate		
	(a) / (b)		13.231%
2.	Unfunded Actuarial Liability at Valuation Date	\$	205,174,423
3.	Unfunded Actuarial Liability Payment	\$	15,994,850
4.	Total Projected Payroll for 2014	\$	63,413,206
5.	Unfunded Actuarial Liability Payment as Percent of Pay (3) / (4)		25.223%
6.	Total Contribution Rate (1c) + (5)		38.454%
7.	Employee Contribution Rate		10.075%
8.	City Ordinance Contribution Rate		11.775%
9.	Contribution Shortfall (6) – (7) – (8)		16.604%

*This assumes all actuarial assumptions are met in the future,
including a 4% increase in total covered payroll.



SECTION I – VALUATION RESULTS

EXHIBIT 7

CALCULATION OF ACTUARIAL GAIN/(LOSS) For Plan Year Ending December 31, 2013

Liabilities

1. Actuarial liability as of January 1, 2013	\$ 436,270,409
2. Normal cost as of January 1, 2013 (mid-year)	8,080,852
3. Interest at 8.00% on (1) and (2) to December 31, 2013	35,218,648
4. Benefit payments during 2013	30,477,173
5. Interest on benefit payments	1,195,634
6. Change in actuarial assumptions	(3,349,092)
7. Expected actuarial liability as of December 31, 2013 (1) + (2) + (3) - (4) - (5) + (6)	\$ 444,548,010
8. Actuarial liability as of December 31, 2013	\$ 442,754,113

Assets

9. Actuarial value of assets as of January 1, 2013	\$ 235,591,941
10. Contributions during 2013	13,367,736
11. Benefit payments during 2013	30,477,173
12. Interest on items (8), (9) and (10)	18,176,144
13. Expected actuarial value of assets as of December 31, 2013 (9) + (10) - (11) + (12)	\$ 236,658,648
14. Actual actuarial value of assets as of December 31, 2013	\$ 237,579,690

Gain / (Loss)

15. Expected unfunded actuarial liability / (surplus) (7) - (13)	\$ 207,889,362
16. Actual unfunded actuarial liability / (surplus) (8) - (14)	205,174,423
17. Actuarial Gain / (Loss) (15) - (16)	2,714,939
18. Actuarial Gain / (Loss) on Actuarial Assets (13) - (14)	921,042
19. Actuarial Gain / (Loss) on Actuarial Liability (8) - (7)	\$ 1,793,897



SECTION I – VALUATION RESULTS

EXHIBIT 8

ANALYSIS OF EXPERIENCE

The purpose of conducting an actuarial valuation of a retirement plan is to estimate the costs and liabilities for the benefits expected to be paid from the plan, to determine the annual level of contributions for the current plan year that should be made to support these benefits, and finally, to analyze the plan's experience. The costs and liabilities of this retirement plan depend not only upon the benefit formula and plan provisions but also upon factors such as the investment return on the system assets, mortality rates among active and retired members, withdrawal and retirement rates among active members, and rates at which salaries increase.

The actuarial assumptions employed as to these and other contingencies in the current valuation are set forth in Appendix B of this report.

Since the overall results of the valuation will reflect the choice of assumptions made, periodic studies of the various components comprising the plan's experience are conducted in which the experience for each component is analyzed in relation to the assumption used for that component (called an experience study). This summary is not intended to be an actual "experience study" but rather an analysis of sources of gain and loss in the past plan year.

Gain/(Loss) By Source

The System experienced a net actuarial gain on liabilities of \$1,794,000 during the plan year ended December 31, 2013, and an actuarial gain on assets of \$921,000. The total actuarial gain was \$2,715,000. The major components of this net actuarial experience gain are shown below:

Liability Sources	Gain/(Loss)
Salary Increases	\$ 2,266,000
Mortality	(379,000)
Terminations	(21,000)
Retirements	(194,000)
Disability	(354,000)
New Entrants/Rehires	(286,000)
Miscellaneous	762,000
Total Liability Gain/(Loss)	\$ 1,794,000
Asset Gain/(Loss)	\$ 921,000
Total Actuarial Gain/(Loss)	\$ 2,715,000



SECTION II – PLAN ACCOUNTING INFORMATION

SECTION II SYSTEM ACCOUNTING INFORMATION

In an effort to enhance the understandability and usefulness of the pension information that is included in the financial reports of pension plans for state and local governments, the Governmental Accounting Standards Board (GASB) has issued Statement No. 25 – Financial Reporting for Defined Benefit Pension Plans and Statement No. 27 – Accounting for Pension by State and Local Governmental Employers.

GASB Statement No. 25 establishes a financial reporting framework for defined benefit plans. In addition to two required statements regarding plan assets, the statement requires two schedules and accompanying notes disclosing information relative to the funded status of the plan and historical contribution patterns.

- The Schedule of Funding Progress provides historical information about the funded status of the plan and the progress being made in accumulating sufficient assets to pay benefits when due.
- The Schedule of Employer Contributions provides historical information about the annual required contributions (ARC) and the percentage of the ARC that was actually contributed.

GASB Statement No. 27 establishes standards for the measurement, recognition, and display of pension expense and related liabilities. Annual pension cost is measured and disclosed on the accrual basis of accounting. In general, the annual pension cost is equal to the ARC with adjustments for past under-contributions or over-contributions. These adjustments are based on the net pension obligation (NPO) that represents the cumulative difference between the annual pension cost and the actual contributions to the plan. The first adjustment is equal to interest on the NPO which is added to the ARC. The second adjustment is an amortization of the NPO which is deducted from the ARC. Effective January 1, 2005 the System uses the Entry Age Normal method to determine the ARC and effective January 1, 2014 the System amortizes the unfunded actuarial liability (or surplus) using a “layered” approach. This is where the existing UAL on January 1, 2013 will continue to be amortized over its closed amortization period, but changes to the UAL in each future year will be set up as a new amortization base with payments determined as a level percentage of payroll over a closed 20 year period commencing with the valuation date.

In July 2012, GASB issued new statements that will significantly change the accounting for pension benefits provided by governmental employers. The new statements, Numbers 67 and 68, will be effective for the City of Omaha for fiscal years beginning in 2014 and 2015 respectively. They had no impact on the accounting information provided in this report, but are mentioned here because of their significance and applicability in fiscal year 2014 and future years.



SECTION II – PLAN ACCOUNTING INFORMATION

EXHIBIT 9

SCHEDULE OF EMPLOYER CONTRIBUTIONS

In accordance with Statement No. 25 of the Governmental Accounting Standards Board

Fiscal Year Ending	Annual Required Contribution* (a)	Total Employer Contribution* (b)	Percentage of ARC Contributed* (b/a)
12/31/2008	\$ 9,212,669	\$5,374,082	58.33%
12/31/2009	12,893,331	5,310,754	41.19%
12/31/2010	14,149,386	5,717,610	40.41%
12/31/2011	14,564,847	6,618,110	45.44%
12/31/2012	15,658,045	7,216,050	46.09%
12/31/2013	17,406,168	7,194,482	41.33%

*Information prior to 2011 was provided by the prior actuary and has not been reviewed or verified by Cavanaugh Macdonald Consulting.

Notes to the Required Schedules:

- The traditional Entry Age Normal cost method is used.
- The actuarial value of assets is determined based on a method that smoothes the effects of short term volatility in the market value investments. The actuarial value is equal to the expected value, based on the assumed rate of return, plus 25% of the difference between market and expected values. A corridor of 80% to 120% of market value is also applied.
- Economic assumptions are as follows:
 - Investment return rate: 8.00%
 - Salary increase rates: from 10% at 1 year of service to 4% at 20 years of service
 - Inflation rate: 3.25%
 - Payroll growth: 4.00%
 - Post-retirement benefit increases: Applicable after 5 years equal to the lesser of 3% or \$50 per month for members (and their beneficiaries) who retired on or before January 28, 1998.
- The amortization method is a “layered” approach, with a closed 19 year amortization period, level percentage of payroll for the unfunded actuarial liability base as of January 1, 2013. In addition, a new amortization base is established on each valuation date and amortized over a closed 20 year period, level percentage of payroll, beginning on the valuation date.



SECTION II – PLAN ACCOUNTING INFORMATION

EXHIBIT 10

**DEVELOPMENT OF THE NET PENSION OBLIGATION
IN ACCORDANCE WITH GASB STATEMENT NO. 27**

Fiscal Year End:	12/31/2007	12/31/2008	12/31/2009	12/31/2010	12/31/2011	12/31/2012	12/31/2013	12/31/2014
Assumptions and Methods								
Interest Rate	7.50%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Payroll Growth	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Amortization Period (years)	30	30	30	30	21	20	19	Varies
Cost Method	EA Normal	EA Normal	EA Normal	EA Normal	EA Normal	EA Normal	EA Normal	EA Normal
Annual Pension Cost								
Annual Required Contribution (ARC)	\$8,883,617	\$9,212,669	\$12,893,331	\$14,149,386	\$14,564,847	\$15,658,045	\$17,406,168	\$17,996,034
Interest on NPO	807,256	1,112,817	1,410,080	2,004,239	2,661,089	3,322,571	4,022,396	4,858,628
Adjustment to ARC	(896,331)	(1,235,608)	(1,565,673)	(2,225,393)	(2,339,292)	(3,016,753)	(3,781,184)	(4,920,311)
Annual Pension Cost	\$8,794,542	\$9,089,878	\$12,737,738	\$13,928,232	\$14,886,644	\$15,963,863	\$17,647,380	\$17,934,351
Contribution for the Year	\$4,975,039	\$5,374,082	\$5,310,754	\$5,717,610	\$6,618,110	\$7,216,050	\$7,194,482	TBD
Net Pension Obligation (NPO)								
NPO at beginning of year	\$10,090,704	\$13,910,207	\$17,626,003	\$25,052,987	\$33,263,609	\$41,532,143	\$50,279,956	\$60,732,854
Annual Pension Cost for Year	8,794,542	9,089,878	12,737,738	13,928,232	14,886,644	15,963,863	17,647,380	17,934,351
Contributions for year	(4,975,039)	(5,374,082)	(5,310,754)	(5,717,610)	(6,618,110)	(7,216,050)	(7,194,482)	TBD
NPO at end of year	\$13,910,207	\$17,626,003	\$25,052,987	\$33,263,609	\$41,532,143	\$50,279,956	\$60,732,854	TBD

Note: All information prior to 2011 in this exhibit was provided by the prior actuary and has not been reviewed or verified by Cavanaugh Macdonald Consulting, LLC.



SECTION II – PLAN ACCOUNTING INFORMATION

EXHIBIT 11

SCHEDULE OF FUNDING PROGRESS

In Accordance with Statement No. 25 of the Governmental Accounting Standards Board

Actuarial Valuation Date ¹	Market Value of Assets ² (a)	Actuarial Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (P/R) (c)	UAAL as a Percentage of Covered P / R [(b-a)/c]
12/31/2008	\$204,500,000	\$387,700,000	\$ 183,200,000	52.7%	\$56,400,000	324.8%
12/31/2009	213,200,000	402,800,000	189,600,000	52.9%	55,700,000	340.4%
12/31/2010	232,400,000	414,500,000	182,100,000	56.1%	56,700,000	321.2%
1/1/2011	240,291,310	409,442,601	169,151,291	58.7%	59,235,591	285.6%
1/1/2012	236,741,347	420,810,359	184,069,012	56.3%	62,825,685	293.0%
1/1/2013	235,591,941	436,270,409	200,678,468	54.0%	63,327,394	316.9%
1/1/2014	237,579,690	442,754,113	205,174,423	53.7%	63,413,206	323.6%

1. Results prior to 2011 were provided by the prior actuary and were reported at the end of the year rather than the valuation date.
2. The prior actuary reported the market value of assets in column (a). Our understanding of GASB 25/27 is that the valuation methodology should be used for GASB calculations to the extent it complies with GASB 25 parameters. Information reported as of 1/1/2011 and later reflects the valuation methodology, including the actuarial value of assets.



SECTION II – PLAN ACCOUNTING INFORMATION

EXHIBIT 12

THREE-YEAR TREND INFORMATION

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2011	\$14,886,644	44%	\$41,532,142
12/31/2012	15,963,863	45%	50,279,956
12/31/2013	17,647,380	41%	60,732,854



APPENDIX A

**SUMMARY OF PLAN PROVISIONS
(continued)**

Service Retirement Eligibility: Section 22 - 30	A member is eligible to retire after age 50 if their age plus service is 80 or more. Otherwise, a member is eligible to retire after age 55 and 5 years of service. The pension is reduced 8% for years prior to age 60. No reduction applies if age plus service is 80 or more.
Service Retirement Pension: Section 22 - 32	A monthly pension equal to 2.25% of Average Final Monthly Compensation times years of credited service.
Disability Benefits: Section 22 - 35	If permanently disabled with five years of service, the member shall receive 60% of final monthly compensation offset by Social Security and workers' compensation benefits. Payment for all medical, surgical and hospital expenses incurred is made if disability is service related. Not payable while full salary continues.
Spouse's Pension:	A monthly pension equal to 75% of the member's accrued pension is paid to the surviving spouse until death or remarriage. The member must have had five years of service or had a service-connected death and six months of service.
1. Death of Active Member Section 22 - 36	
2. Death of a Member Eligible for Retirement or Death of Retired Member Section 22 - 36	If legally married to the member for at least one year, surviving spouse shall be entitled to 75% of the pension the member was receiving or was eligible to receive at the time of death. Upon the spouse's remarriage, all benefits cease.
Children's Pension: Section 22 - 36	Upon the death of an active or retired member, the following benefit will be paid to the surviving children until age 18 or prior to death or marriage, except that if a child is totally disabled, the full pension continues until the cessation of total disability or dependency for support whichever occurs first:

<u>Number of Dependent Children</u>	<u>Percentage of Accrued Benefit</u>
1	5%
2	10%
3	15%
4 or more	20%



APPENDIX B

ACTUARIAL METHOD AND ASSUMPTIONS

Actuarial Method

Valuation of the System uses the “*entry age-normal*” cost method. Under this actuarial method, the value of future costs attributable to future employment of participants is determined. This is called present value of future normal costs. The following steps indicate how this is determined for benefits expected to be paid upon normal retirement.

1. The expected pension benefit at normal retirement is determined for each participant.
2. A normal cost, as a level percent of pay, is determined for each participant assuming that such level percent is paid from the employee’s entry age into employment to his normal retirement. This normal cost is determined so that its accumulated value at normal retirement is sufficient to provide the expected pension benefits.
3. The sum of the normal costs for all participants for one year determines the total normal cost of the System for one year.
4. The value of future payments of normal cost in future years is determined for each participant based on his years of service to normal retirement age.
5. The sum of the value of future payments of normal cost for all participants determines the present value of future normal costs.

The value of future costs attributable to past employment of participants, which is called the actuarial liability, is equal to the present value of benefits less the present value of future normal costs. The unfunded actuarial liability is equal to the excess of the actuarial liability over assets. The unfunded actuarial liability is funded on a “layered” basis, with the first part being funded as a level percent of payroll over a 20 year closed period that began January 1, 2012 and the second part being funded as a level percent of payroll over a 20 year closed period that begins each year, starting January 1, 2014, for the additional unfunded actuarial liability created that year.

As experience develops with the System, actuarial gains and losses result. These actuarial gains and losses indicate the extent to which actual experience is deviating from that expected on the basis of the actuarial assumptions. In each year, as they occur, actuarial gains and losses are recognized in the unfunded actuarial liability as of the valuation date.



APPENDIX B

ACTUARIAL ASSUMPTIONS
(continued)

Interest: 8.00% per year, net of investment expenses.

Inflation: 3.25% per year, net of investment expenses.

Salary Increases:

<u>Years of Service</u>	<u>Annual Rate of Increase For Sample Years</u>			<u>Total Increase</u>
	<u>Inflation</u>	<u>Productivity</u>	<u>Merit & Longevity</u>	
1	3.25%	.75%	6.0%	10.0%
5	3.25%	.75%	2.5%	6.5%
10	3.25%	.75%	1.0%	5.0%
15	3.25%	.75%	0.5%	4.5%
20+	3.25%	.75%	0.0%	4.0%

Payroll Growth Assumption 4.0%

Payroll Increase For 2014 At the time the valuation was prepared, contracts with the various employee unions were not in place. Therefore, the earnings for 2014 were assumed to be 2.0% higher than actual 2013 earnings.

Service Retirement Age

<u>Age</u>	<u>Eligible for Unreduced Retirement</u>	
	<u>1st Year Eligible</u>	<u>Subsequent Years</u>
50-53	40%	25%
54-58	40%	20%
59	35%	20%
60	25%	20%
61		20%
62		30%
63-64		25%
65-69		30%
70		100%

Members eligible for Early, but not Unreduced Retirement, are assumed to retire at a rate of 5% per year from age 55 to 59.



APPENDIX B

ACTUARIAL ASSUMPTIONS
(continued)

Mortality:

Active Members

RP-2000 Employee Table with generational improvements using scale AA, set forward one year

Pensioners

RP-2000 Healthy Annuitant Table with generational improvements using scale AA, set forward one year

Disabled

RP-2000 Disabled Table with generational improvements

Disability:

<u>Age</u>	<u>Annual Rate</u>
20	0.11%
30	0.14%
40	0.19%
50	0.41%
60	1.48%

Percent Married at Death or Retirement: 75%

Number of Children per Married Member 0

Termination:

SAMPLE RATES

<u>Years of Service</u>	<u>Annual Rate</u>
1	11.00%
5	6.00%
10	4.25%
15	3.00%
17+	2.50%

Assets: Actuarial Value of Assets equals 75% of Expected Value plus 25% of Market Value.

Vested Terminations

Electing Refund:

<u>Age</u>	<u>Percent</u>
34 and Below	100%
35-41	70%
42-46	50%
47	40%
48	30%
49	20%
50 and Above	0%



APPENDIX C

HISTORICAL SUMMARY OF MEMBERSHIP

The following table displays selected historical data as available.

Valuation		Active Members						Number		
Date	Total			Entry	Average	Annual	Pay		Deferred	
1-Jan	Count	Number	Age	Age	Service	Pay (\$)*	Increase	Disabled	Vested	Retired
2009	2,440	1,116	47.3	36.4	10.9	47,495	2.21%	122	81	1,121
2010	2,456	1,116	47.8	37.1	10.8	49,667	4.57%	124	83	1,133
2011	2,493	1,130	47.4	36.9	10.5	49,030	(1.28)%	120	82	1,161
2012	2,541	1,156	47.3	36.8	10.5	50,335	2.66%	121	77	1,187
2013	2,580	1,150	46.9	36.7	10.2	50,842	1.01%	122	75	1,233
2014	2,563	1,116	47.1	36.7	10.4	51,501	1.30%	121	77	1,249

* Annual Pay is the actual pay reported for the prior plan year.



MEMBERSHIP DATA FOR VALUATION

The summary of employee characteristics presented below covers the employee group as of January 1, 2014. The schedules at the end of the report show the distribution of the various employee groups by present age along with other pertinent data.

Total number of employees in valuation:

(a) Active employees	1,116
(b) Deferred vested employees	77
(c) Disabled employees	121
(d) Retired employees, spouses and children receiving benefits	<u>1,249</u>
(e) Total employees in valuation	2,563

Average age of employees in valuation:

(a) Active employees	
Attained Age	47.1
Hire Age	36.7
(b) Deferred vested employees	49.0
(c) Disabled employees	61.7
(d) Retired employees	68.6
(e) Spouses and children receiving benefits	71.9

Active employees eligible for vested benefits as of January 1, 2014:

(a) Employees under age 55 with 5 or more years of service – eligible for deferred vested benefits	488
(b) Employees age 55 and over with 5 or more years of service – eligible for early or normal retirement benefits	276
(c) Employees eligible for refund of contributions only	<u>352</u>
(d) Total	1,116



APPENDICES

MEMBERSHIP DATA RECONCILIATION

January 1, 2013 to January 1, 2014

The number of members included in the valuation, as summarized in the table below, is in accordance with the data submitted by the System for eligible employees as of the valuation date.

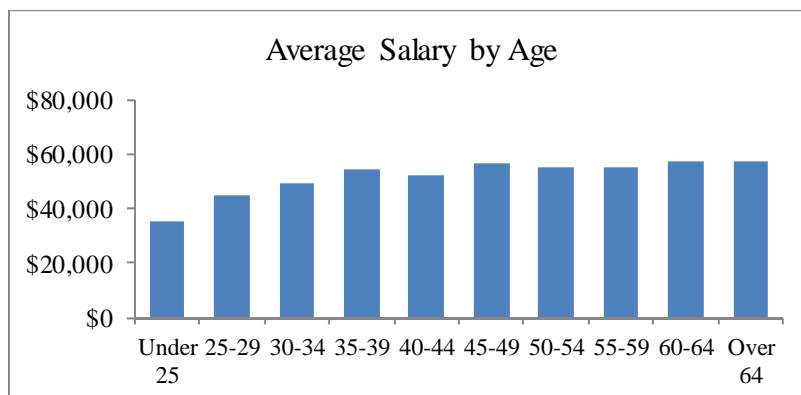
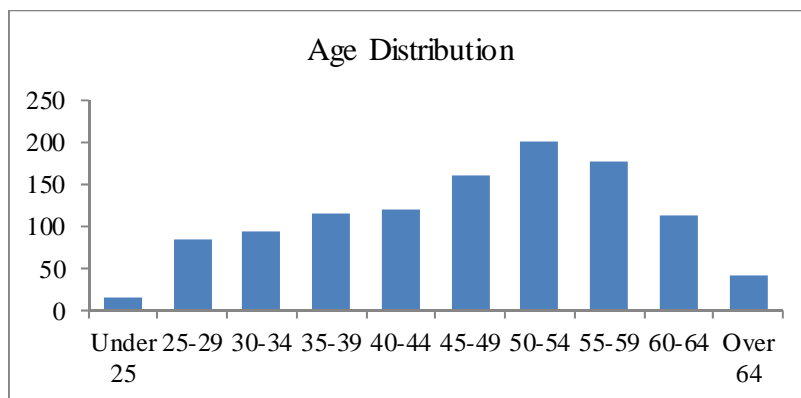
	<u>Active Members</u>	<u>Deferred Vested</u>	<u>Disabled</u>	<u>Retirees</u>	<u>Beneficiaries</u>	<u>Total</u>
Members as of 1/1/2013	1,150	75	122	963	270	2,580
New Members	75	0	0	0	0	75
Terminations						
Rehired	1	(1)	0	0	0	0
Refunded	(37)	(2)	0	0	0	(39)
Terminated, refund due	(23)	0	0	0	0	(23)
Deferred Vested	(8)	8	0	0	0	0
LTD	(1)	0	1	0	0	0
Data Corrections (and Benefits Expired)	0	0	0	0	0	0
Retirements	(40)	(3)	0	43	0	0
Alternate Payees (QDRO)	0	0	0	0	0	0
Deaths						
With Beneficiary	0	0	(2)	(7)	9	0
Without Beneficiary	(1)	0	0	(11)	(18)	(30)
Total Members 1/1/2014	1,116	77	121	988	261	2,563



SCHEDULE I

ACTIVE MEMBERS AS OF JANUARY 1, 2014

Age	Count of Members			Valuation Salaries of Members		
	Males	Females	Total	Males	Females	Total
Under 25	13	2	15	\$ 472,662	\$ 59,587	\$ 532,249
25-29	46	38	84	1,985,022	1,809,589	3,794,611
30-34	58	36	94	2,842,368	1,817,389	4,659,757
35-39	79	36	115	4,265,054	1,967,872	6,232,926
40-44	93	27	120	5,078,575	1,168,879	6,247,454
45-49	123	37	160	7,100,442	1,916,775	9,017,217
50-54	137	63	200	7,694,480	3,323,039	11,017,520
55-59	117	59	176	6,611,138	3,147,786	9,758,924
60-64	73	39	112	4,367,274	2,065,075	6,432,349
Over 64	24	16	40	1,527,261	758,518	2,285,779
Total	763	353	1,116	\$41,944,275	\$18,034,509	\$59,978,785

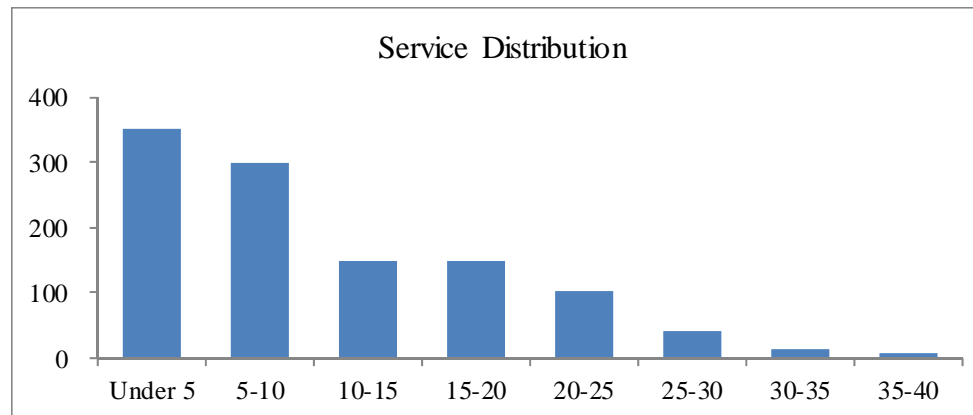




SCHEDULE I (continued)

ACTIVE MEMBERS AS OF JANUARY 1, 2014

Age	Service									Total
	Under 5	5-10	10-15	15-20	20-25	25-30	30-35	35-40	Over 40	
Under 25	15	0	0	0	0	0	0	0	0	15
25-29	74	10	0	0	0	0	0	0	0	84
30-34	58	32	4	0	0	0	0	0	0	94
35-39	50	44	17	4	0	0	0	0	0	115
40-44	42	38	23	17	0	0	0	0	0	120
45-49	29	49	25	33	19	5	0	0	0	160
50-54	32	50	35	27	35	15	6	0	0	200
55-59	35	39	22	37	29	6	6	2	0	176
60-64	14	26	17	27	14	9	2	3	0	112
Over 64	3	11	6	5	7	5	1	1	1	40
Total	352	299	149	150	104	40	15	6	1	1,116

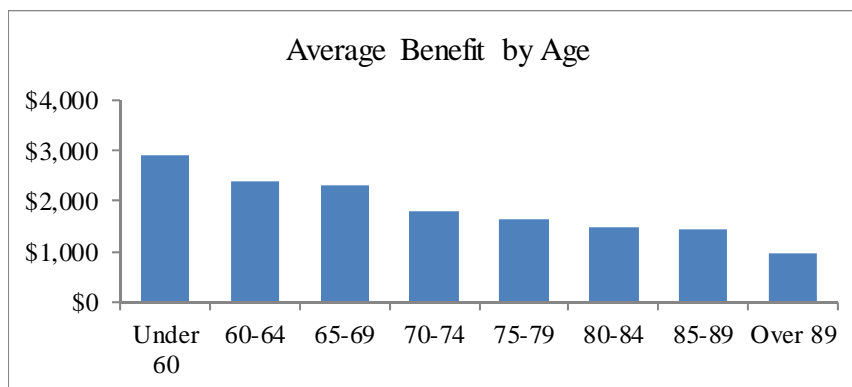
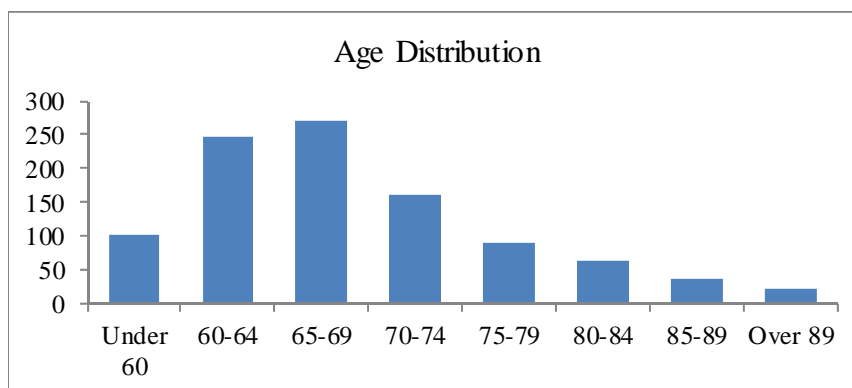




SCHEDULE II

RETIRED MEMBERS AS OF JANUARY 1, 2014

<u>Age</u>	<u>Count of Retirees</u>			<u>Current Monthly Benefits</u>		
	<u>Males</u>	<u>Females</u>	<u>Total</u>	<u>Males</u>	<u>Females</u>	<u>Total</u>
Under 60	53	48	101	\$ 161,122	\$131,304	\$ 292,427
60-64	166	80	246	417,724	173,164	590,888
65-69	186	85	271	458,923	164,257	623,180
70-74	116	44	160	219,807	67,478	287,286
75-79	63	26	89	109,577	36,063	145,640
80-84	43	20	63	73,222	19,537	92,760
85-89	28	9	37	44,594	8,597	53,192
Over 89	10	11	21	11,268	9,289	20,557
Total	665	323	988	\$1,496,238	\$609,690	\$2,105,928

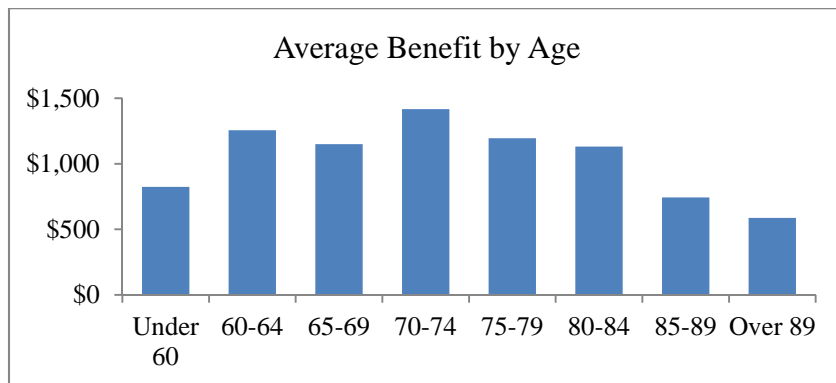
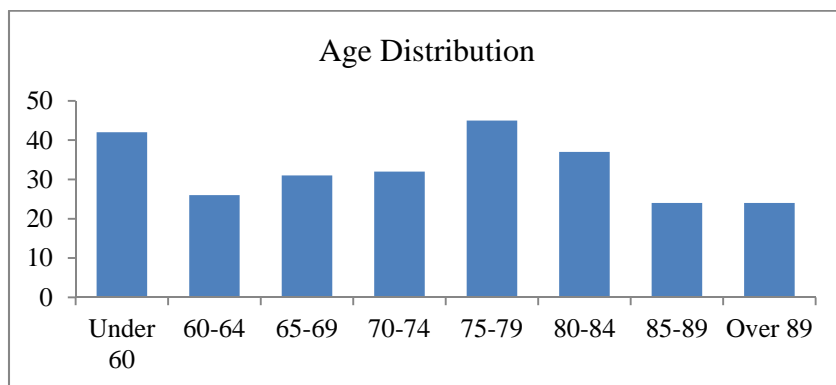




SCHEDULE III

BENEFICIARIES RECEIVING BENEFITS AS OF JANUARY 1, 2014

Age	Count of Beneficiaries			Current Monthly Benefits		
	Males	Females	Total	Males	Females	Total
Under 60	4	38	42	\$ 755	\$ 33,868	\$ 34,623
60-64	6	20	26	5,871	26,781	32,652
65-69	4	27	31	3,243	32,392	35,635
70-74	0	32	32	0	45,358	45,358
75-79	0	45	45	0	53,757	53,757
80-84	3	34	37	4,514	37,354	41,867
85-89	2	22	24	1,622	16,203	17,824
Over 89	1	23	24	600	13,472	14,071
Total	20	241	261	\$16,603	\$259,184	\$275,788





SCHEDULE IV

DEFERRED VESTED MEMBERS AS OF JANUARY 1, 2014

<u>Age</u>	<u>Count of Members</u>			<u>Expected Monthly Benefit</u>		
	<u>Males</u>	<u>Females</u>	<u>Total</u>	<u>Males</u>	<u>Females</u>	<u>Total</u>
Under 25	0	0	0	\$ 0	\$ 0	\$ 0
25-29	0	0	0	0	0	0
30-34	3	1	4	2,204	544	2,748
35-39	1	3	4	1,026	2,650	3,676
40-44	7	10	17	4,991	9,881	14,873
45-49	8	4	12	8,440	3,149	11,589
50-54	9	7	16	9,565	9,630	19,195
55-59	10	12	22	12,516	9,864	22,379
Over 59	1	1	2	697	358	1,055
Total	39	38	77	\$39,438	\$36,076	\$75,514



SCHEDULE V

DISABLED MEMBERS RECEIVING BENEFITS AS OF JANUARY 1, 2014

<u>Age</u>	<u>Count of Members</u>			<u>Current Monthly Benefit</u>		
	<u>Males</u>	<u>Females</u>	<u>Total</u>	<u>Males</u>	<u>Females</u>	<u>Total</u>
Under 25	0	0	0	\$ 0	\$ 0	\$ 0
25-29	0	0	0	0	0	0
30-34	0	0	0	0	0	0
35-39	0	0	0	0	0	0
40-44	3	0	3	5,639	0	5,639
45-49	7	0	7	13,422	0	13,422
50-54	15	2	17	27,643	3,158	30,801
55-59	19	7	26	34,393	12,865	47,258
Over 59	56	12	68	82,704	13,734	96,438
Total	100	21	121	\$163,801	\$29,757	\$193,558