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NEBRASKA PUBLIC EMPLOYEES
RETIREMENT SYSTEMS

2015
COUNTY EMPLOYEES' RETIREMENT SYSTEM
CASH BALANCE BENEFIT FUND

Actuarial Valuation Results
as of January 1, 2015
for State Fiscal Year Ending June 30, 2017

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Cavanaugh Macdonald
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April 14, 2015

Public Employees Retirement Board
Nebraska Public Employees Retirement System
Post Office Box 94816
Lincoln, NE 68509

Dear Members of the Board:

At your request, we performed an actuarial valuation of the County Employees' Retirement System Cash Balance Benefit Fund as of January 1, 2015 for the purpose of determining the actuarial required contribution rate for the 2015 plan year. It is our understanding that any additional required State contributions for this plan year will be made on July 1, 2016 (State fiscal year end 2017). The major findings of the valuation are contained in this report, which reflects the benefit provisions in place on January 1, 2015. There was no change to the actuarial assumptions or plan provisions from the prior valuation.

In preparing our report, we relied, without audit, on information (some oral and some in writing) supplied by the System's staff. This information includes, but is not limited to, statutory provisions, member data and financial information. Active member data was provided to us by the Ameritus, the recordkeeper for the plan. We found this information to be reasonably consistent and comparable with information used in the prior report. 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.

We further certify that all costs, liabilities, rates of interest and other factors for the County Employees' Retirement System Cash Balance Benefit Fund have been determined on the basis of actuarial assumptions and methods which are individually reasonable (taking into account the experience of the Fund and reasonable expectations); and which, in combination, offer the best estimate of anticipated experience affecting the Fund. Nevertheless, the emerging costs will vary from those presented in this report to the extent actual experience differs from that projected by the actuarial assumptions. The Public Employees Retirement Board has the final decision regarding the appropriateness of the assumptions and adopted them as indicated in Appendix C.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; 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 plan'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.

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Actuarial computations presented in this report are for purposes of determining the actuarial contribution rates for funding the System. The calculations in the enclosed report have been made on a basis consistent with our understanding of the System'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. For example, actuarial computations for purposes of fulfilling financial accounting requirements for the System under Governmental Accounting Standard No. 67 are provided in a separate report.

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.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices. We are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein. We are available to answer any questions on the material contained in the report or to provide explanations or further details as may be appropriate.

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

Sincerely,

Patrice Beckham

Brent A. Banister

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

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

SECTION 1 – BOARD SUMMARY

This report presents the results of the January 1, 2015 actuarial valuation of the County Employees' Retirement System Cash Balance Benefit Fund (System). The primary purposes of performing actuarial valuations are to:

- Determine if member contributions and matching employer contributions, as defined in statute, are sufficient to meet the funding policy defined under Nebraska State Statutes for the plan year ending December 31, 2015 and, if not, the additional State contribution needed.

- Disclose asset and liability measurements as well as the current funded status of the County Cash Balance Benefit Fund on the valuation date.

- Compare actual and expected experience under the County Cash Balance Benefit Fund during the plan year beginning January 1, 2014 and ended December 31, 2014.

- Analyze and report on trends in the County Employees' Retirement System Cash Balance Benefit Fund contributions, assets and liabilities over the past several years.

- Quantify the contribution rate available for benefit improvements, if any.

The Nebraska statutes require the State to make an additional contribution if the regular, payroll-related contributions by members (4.50% of pay for most members) and the County employers (150% of member contributions for most members) are insufficient to meet the actuarial required contribution for the plan year. Based on the results of the January 1, 2015 actuarial valuation, the contributions defined by statute are more than sufficient to meet the actuarially required contribution. **Therefore, there is no additional State contribution for this plan year (due in the State fiscal year ending June 30, 2017).**

The actuarial valuation results provide a "snapshot" view of the County Employees' Retirement System Cash Balance Benefit Fund's financial condition on January 1, 2015. The excess of actuarial assets over the actuarial accrued liability increased from $0.9 million last year to $18.9 million this year and the funded ratio increased from 100.3% to 105.4%. In addition, the actuarial required contribution rate decreased from 9.66% of pay last year to 9.19% of pay in this year's valuation. Several factors impacted the January 1, 2015 actuarial valuation results, including:

- Actual experience on County Employees' Retirement System Cash Balance Benefit Fund assets. The rate of return on the market value of assets was 6.5%. Due to the use of an asset smoothing method, the rate of return on the actuarial value of assets was about 10%, which exceeded the 7.75% assumed rate of return. As a result, there was an experience gain on assets of $8.3 million.
- The impact of actual demographic experience on System liabilities. There was an experience gain of $3.4 million on liabilities, primarily as a result of the interest crediting rate of 5.00% for 2014, which is lower than the assumed interest crediting rate of 6.75%.

The valuation results reflect net favorable experience for the past plan year as demonstrated by an UAAL that was lower than expected. The surplus of actuarial assets over actuarial accrued liability as of January 1, 2015 is $18.9 million, compared to an expected surplus of $7.2 million. The favorable experience was largely due to the net impact of an experience gain of $8.3 million on the actuarial value of assets and an experience gain of about $3.4 million on liabilities. Although the investment return on a market value basis was 6.5%, the recognition of a portion of the deferred investment experience resulted in a rate of return on the actuarial value of assets of about 10%. The net deferred investment gain decreased from

$26.7 million last year to $16.1 million this year. The deferred investment gain will be recognized in the asset smoothing method over the next four years and is expected to improve the System's funding status.

There were no changes in the actuarial assumptions or methods since the last valuation. The benefit provisions also remained unchanged.
A summary of the key results from the January 1, 2015 actuarial valuation is shown in the following table. As the table indicates, the statutory contribution rates are sufficient to meet the actuarial required contribution rate and no additional State contribution is required. Further detail on the valuation results can be found in the following sections of this Board Summary.

	January 1, 2015 Valuation Results	January 1, 2014 Valuation Results
Unfunded Actuarial Accrued Liability/(Surplus)	($18,896,730)	($887,857)
Funded Ratio (Actuarial Assets)	105.44%	100.27%
Normal Cost Rate	9.95%	9.70%
UAAL Amortization Rate	(0.76%)	(0.04%)
Total Actuarial Required Contribution	9.19%	9.66%
Member Contribution Rate	(4.69%)	(4.69%)
Employer Contribution Rate	(6.94%)	(6.94%)
Total Contribution Rate	(11.63%)	(11.63%)
Contribution Shortfall/(Margin)	(2.44%)	(1.97%)
Additional State Contribution Amount	$0	$0

State statutes provide that the Board may grant a dividend if the unfunded actuarial accrued liability is less than zero and the dividend granted would not increase the actuarial contribution rate above ninety percent of the actual contribution rate. **For the 2015 Plan year, the actuarially required contribution rate of 9.19% is less than 90% of the expected actual contribution rate of 11.63% and the UAAL is less than zero, so a dividend may be granted.** The maximum dividend payable on December 31, 2014 account balances is 5.81% (see Table 14). However, based on the Board's policy, the dividend plus the annual interest credit for the year cannot exceed 8.0% unless a majority of the Board agrees. The annual interest credit for 2014 was 5.0%, so a dividend in excess of 3.0% would require a majority vote by the Board.

EXPERIENCE FOR THE LAST PLAN YEAR

Numerous factors contributed to the change in the County Employees' Retirement System Cash Balance Benefit Fund's assets, liabilities, and the actuarial contribution rate between January 1, 2014 and January 1, 2015. The components are examined in the following discussion.

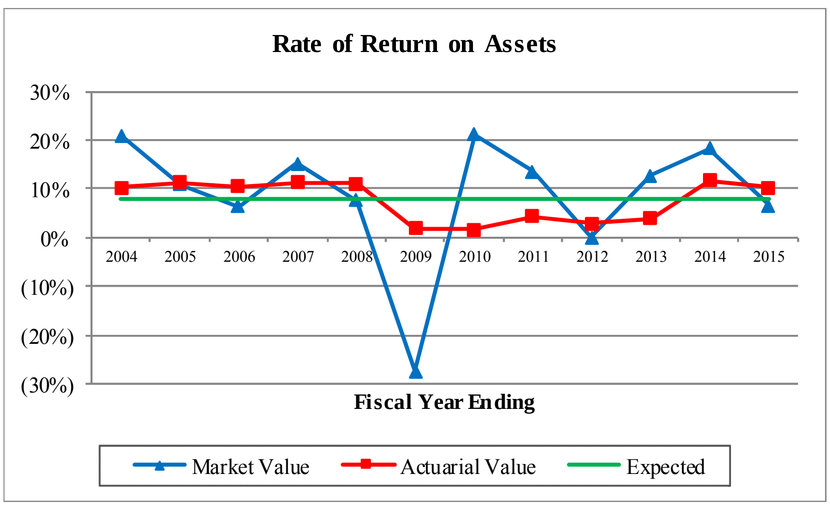
ASSETS

As of December 31, 2014, the County Employees' Retirement System Cash Balance Benefit Fund had net assets of $382 million, when measured on a market value basis. This was an increase of $32 million from the prior year. The market value of assets is not used directly in the calculation of the unfunded actuarial accrued liability and the actuarial required contribution rate. An asset valuation method, which smoothes the effect of market fluctuations, is used to determine the value of assets used in the valuation. The resulting amount is called the actuarial value of assets. In this year's valuation, the actuarial value of assets is $366 million, an increase of $42 million from the prior year. The components of change in the asset values are shown in the following table:

		Market Value ($M)		Actuarial Value ($M)
Net Assets, December 31, 2013	$	350.56	$	323.88
- Employer and Member Contributions	+	25.60	+	25.60
- Benefit Payments	-	17.75	-	17.75
- Administrative Expenses	-	0.53	-	0.53
- Transfers	+	0.84	+	0.84
- Net Investment Income	+	23.63	+	34.23
Net Assets, December 31, 2014	$	382.35	$	366.27
Estimated Rate of Return		6.5%		10.3%

The rate of return on the actuarial value of assets was 10.3%, which exceeds the 7.75% assumed rate of return. As a result, there was an experience gain on assets of $8.3 million.

Please see Section 3 of this report for more detailed information on the market and actuarial value of assets.



The rate of return of the actuarial value of assets has been less volatile than the market value return, illustrating the benefit of using an asset smoothing method.

LIABILITIES

The actuarial accrued liability is that portion of the present value of future benefits that will not be paid by future normal costs. The difference between this liability and the actuarial value of assets as of the valuation date is called the unfunded actuarial accrued liability (UAAL). The dollar amount of unfunded actuarial accrued liability is reduced if the contributions to the County Employees' Retirement System Cash Balance Benefit Fund exceed the normal cost for the year plus interest on the prior year's UAAL.

The unfunded actuarial accrued liability is shown as of January 1, 2015 in the following table:

	Actuarial Value of Assets	Market Value of Assets
Actuarial Accrued Liability	$347,369,862	$347,369,862
Value of Assets	366,266,592	382,346,078
Unfunded Actuarial Accrued Liability	($18,896,730)	($34,976,216)
Funded Ratio	105.44%	110.07%

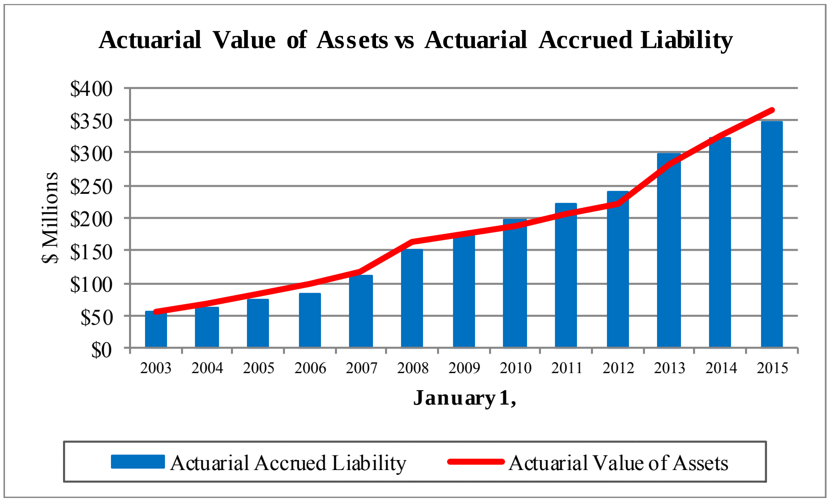
See Section 4 of the report for the detailed development of the unfunded actuarial accrued liability.

The net decrease in the UAAL from January 1, 2014 to January 1, 2015 was $18.0 million. The components of this net change are shown in the following table (in millions):

	($ Millions)
Unfunded Actuarial Accrued Liability, January 1, 2014	($0.9)
- Expected decrease from amortization method	0.0
- Actual versus expected contributions	(4.1)
- Investment experience	(8.3)
- Liability experience	(3.4)
- Other experience	(2.2)
Unfunded Actuarial Accrued Liability, January 1, 2015	($18.9)

As shown above, various components impacted the UAAL. Actuarial (gains) losses, which result from actual experience that is (more) less favorable than anticipated based on the actuarial assumptions, are reflected in the UAAL and are measured as the difference between the expected UAAL and the actual UAAL, taking into account any changes due to actuarial assumptions and methods, or benefit provision changes. Overall, the County Employees' Retirement System Cash Balance Benefit Fund experienced a net actuarial gain of $11.7 million. The net actuarial gain may largely be explained by considering the separate experience of assets and liabilities. There was an $8.3 million gain on the actuarial value of assets and a $3.4 million experience gain on the liabilities. The net liability gain was the result of various components of actuarial gains and losses, the largest of which was due to the actual interest credit of 5.00% for the 2014 plan year, which is lower than the assumed interest crediting rate of 6.75%.

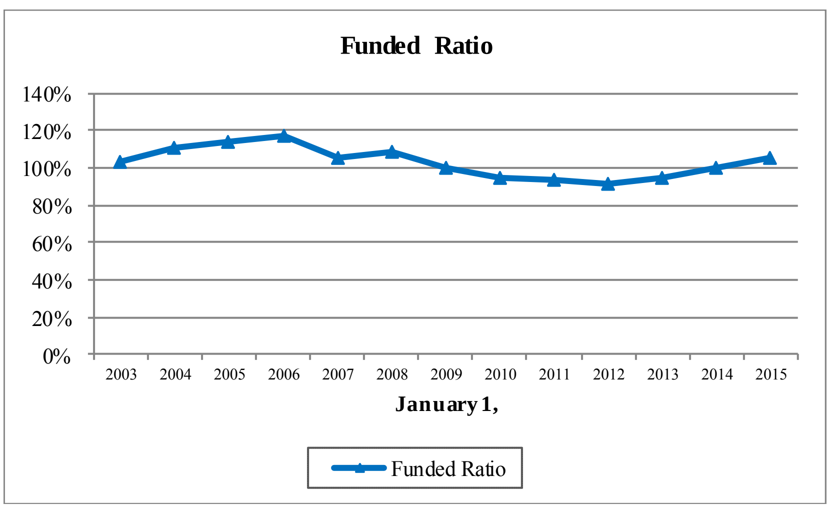
As the following graph of historical actuarial assets and accrued liabilities shows, the County Employees' Retirement System Cash Balance Benefit Fund liabilities have increased significantly along with the assets in the last ten years. The large increases observed in 2008 and 2013 reflect the transfer of members from the Defined Contribution Plan to the Cash Balance Plan due to new election periods provided by the legislature.



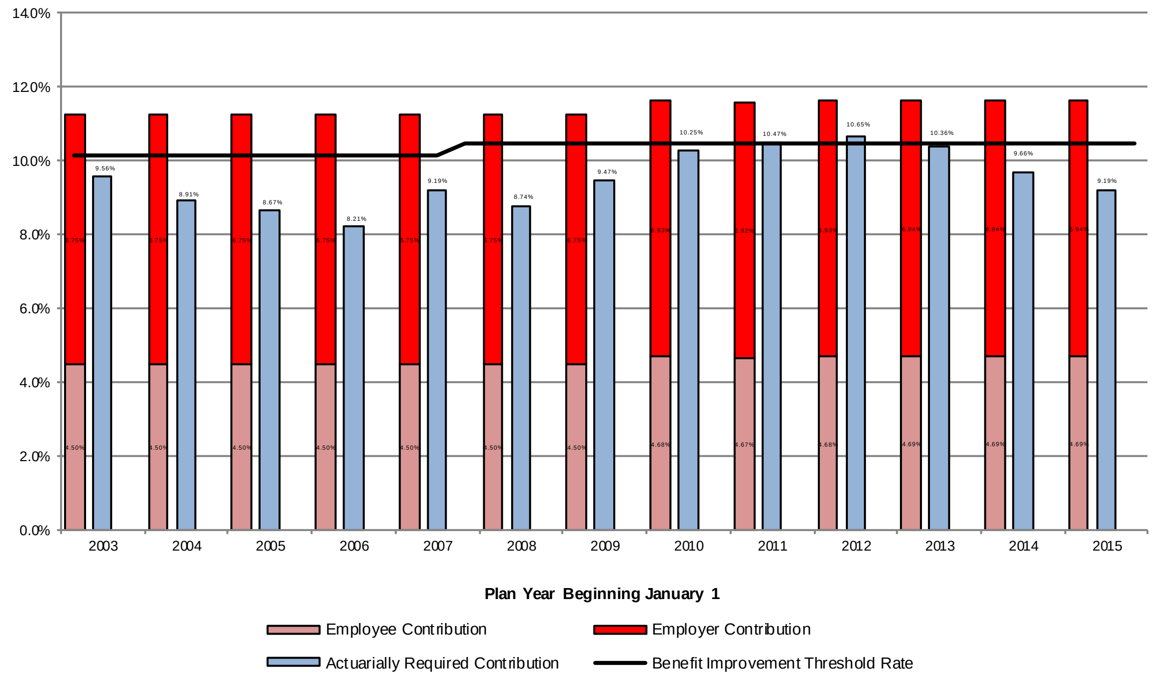
An evaluation of the UAAL on a pure dollar basis may not provide a complete analysis since only the difference between the assets and liabilities (which are both very large numbers) is reflected. Another way to evaluate the UAAL and the progress made in its funding is to track the funded ratio, the ratio of the actuarial value of assets to the actuarial accrued liability. The funded status information is shown below (in millions).

	1/1/2011	1/1/2012	1/1/2013	1/1/2014	1/1/2015
Funded Ratio (using Actuarial Assets)	93.2%	91.9%	94.5%	100.3%	105.4%
Unfunded Actuarial Accrued Liability ($M)	$15.0	$19.5	$16.3	($0.9)	($18.9)

The funded ratio over a longer period of years is shown in the following graph:



As a result of being 100% funded at the creation of the Cash Balance Benefit Fund in 2003 and contributing more than the actuarial required contribution in subsequent years (see the following graph), the funded ratio of the Fund has remained strong during the entire period despite investment returns that were less than assumed in some years. Interest credits below the assumed rate during much of this period also improved the funded ratio.



Another useful measure of the value of benefits provided under the County Employees' Retirement System Cash Balance Benefit Fund is the Accumulated Benefit Obligation, which is based on the account balances for those not in pay status and the present value of future benefits as of the valuation date for those receiving benefits. This measure is intended to provide information regarding the Cash Balance Plan's funded status on an immediate basis and to provide comparability to individual account plans. This liability measure is not used in developing the funding numbers for the Plan.

Funded Status	January 1, 2015	January 1, 2014
1. Cash Balance Accounts		
(a) Actives	$ 286,760,105	$ 273,213,397
(b) Inactives	38,430,193	31,307,589
(c) Total	$ 325,190,298	$ 304,520,986
2. Present value of benefits for retirees and beneficiaries	30,630,118	25,927,337
3. Total accumulated benefit obligation	$ 355,820,416	$ 330,448,323
4. Market Value of Assets	382,346,078	350,564,778
5. Deficit/(Reserve) [3 - 4]	$ (26,525,662)	$ (20,116,455)
6. Funded percentage on Market Value of Assets [4 / 3]	107.5%	106.1%

ACTUARIAL REQUIRED CONTRIBUTION RATE

The County Employees' Retirement System Cash Balance Benefit Fund is funded by statutory contribution rates for members (4.50% of pay for most members) and employers (150% of the member rate for most members). State statutes require the State to make an additional contribution if the regular, payroll-related contributions by employees and employers are insufficient to meet the actuarial required contribution for the plan year. The State contributions for the plan year, if any, are made on the July 1 following the plan year end. Based on the results of the January 1, 2015 actuarial valuation, no additional State contribution is necessary for the current plan year.

Under the Entry Age Normal cost method, the actuarial contribution rate consists of two components:

- A "normal cost" for the portion of projected liabilities allocated by the actuarial cost method to service of members during the year following the valuation date.

- An "unfunded actuarial accrued liability contribution" for the excess of the portion of projected liabilities allocated to service to date over the actuarial value of assets.

The actuarial required contribution is equal to the normal cost rate plus an amortization payment on the unfunded actuarial accrued liability. The amortization payment is the sum of the payments for each amortization base with payments over a 25 year period beginning on the date the base was established. If the UAAL is below zero, as is the case on January 1, 2015, all prior bases are considered to be fully funded and, therefore, are eliminated. See Section 5 of the report for the detailed development of the actuarial contribution rates, which are summarized in the following table:

Contribution Rates	January 1, 2015	January 1, 2014
Normal Cost Rate	9.95%	9.70%
UAAL Amortization Rate	(0.76%)	(0.04%)
Total Actuarial Required Contribution	9.19%	9.66%
Member Contribution Rate	(4.69%)	(4.69%)
Employer Contribution Rate	(6.94%)	(6.94%)
Total Contribution Rate	(11.63%)	(11.63%)
Contribution Shortfall/(Margin)	(2.44%)	(1.97%)

The actuarial required contribution rate for the current plan year is 9.19%. The effective member contribution rate of 4.69% and employer contribution rate of 6.94% result in a total statutory contribution rate of 11.63% of pay. As a result, a contribution margin of 2.44% exists.

The actuarial required contribution rate of 9.19% of pay is less than 90% of the statutory contribution rate of 11.63% (10.47%). This difference of 1.28% of pay is potentially available for benefit improvements under state statutes if the Plan's funded ratio exceeds 100%. The Board's policy for granting a dividend on cash balance accounts requires the funded ratio to exceed 100% on both the Funded Basis (actuarial accrued liability less actuarial assets) and a Current Value Basis (total accumulated benefit obligation less market value of assets). The January 1, 2015 actuarial valuation indicates that the funded ratios are

105.4% and 107.5% respectively. Based on the Board's criteria, a dividend of up to 5.81% of account balances may be granted (see Table 14).

A history of actuarial required contribution rates and any resulting additional required State contributions, whether or not actually contributed, is shown below.

History of Expected County Contributions			
Plan Year	County Contribution	Additional Contributions	Total
2004	$ 4,092,294	$ 0	$ 4,092,294
2005	$ 4,577,184	$ 0	$ 4,577,184
2006	$ 5,949,740	$ 0	$ 5,949,740
2007	$ 7,659,110	$ 0	$ 7,659,110
2008	$ 9,524,951	$ 0	$ 9,524,951
2009	$ 11,156,102	$ 0	$ 11,156,102
2010	$ 12,316,843	$ 0	$ 12,316,843
2011	$ 12,730,571	$ 0	$ 12,730,571
2012	$ 13,393,553	$ 0	$ 13,393,553
2013	$ 14,073,352	$ 0	$ 14,073,352
2014	$ 14,331,841	$ 0	$ 14,331,841
2015	$ 15,226,497	$ 0	$ 15,226,497

Note: Information prior to Plan Year 2014 was produced by the prior actuary.

The actuarial required contribution rate, which is determined based on the snapshot of the County Employees' Retirement System Cash Balance Benefit Fund taken on the valuation date of January 1, 2015, will change each year as the deferred investment experience is recognized and other experience (both investment and demographic) impacts the System. While there is a contribution margin for the current plan year, this should not be viewed an unnecessary or excess contribution. In order for the financing of the System on a fixed contribution rate basis to succeed, contributions above the actuarial required contribution rate must be made to offset years where the fixed contribution rate may be below the actuarial required contribution rate.

SUMMARY OF PRINCIPAL RESULTS

		1/1/2015 Valuation		1/1/2014 Valuation	% Change
1. PARTICIPANT DATA					
Number of:					
Active Members		6,272		6,228	0.71%
Retired Members and Beneficiaries		426		384	10.94%
Disabled Members		0		0	N/A
Inactive Members		2,274		1,963	15.84%
Total Members		8,972		8,575	4.63%
Projected Annual Salaries of Active Members	$	219,401,973	$	206,510,678	6.24%
Annual Retirement Payments for Retired Members and Beneficiaries	$	3,869,891	$	3,247,934	19.15%
2. ASSETS AND LIABILITIES					
a. Market Value of Assets	$	382,346,078	$	350,564,778	9.07%
b. Actuarial Value of Assets		366,266,592		323,882,230	13.09%
c. Total Actuarial Accrued Liability		347,369,862		322,994,373	7.55%
d. Unfunded Actuarial Accrued Liability [c - b]	$	(18,896,730)	$	(887,857)	2,028.35%
e. Funded Ratio (Actuarial Value of Assets) [b / c]		105.44%		100.27%	5.16%
f. Funded Ratio (Market Value of Assets) [a / c]		110.07%		108.54%	1.41%
3. CONTRIBUTION RATES AS A PERCENT OF PAYROLL					
Normal Cost		9.95%		9.70%	2.58%
Amortization of Unfunded Actuarial Accrued Liability		(0.76%)		(0.04%)	1,800.00%
Actuarial Required Contribution Rate		9.19%		9.66%	(4.87%)
Member Contribution Rate*		(4.69%)		(4.69%)	0.00%
Employer Contribution Rate**		(6.94%)		(6.94%)	0.00%
Contribution Shortfall/(Margin)		(2.44%)		(1.97%)	23.86%
Additional State Contribution Amount	$	0	$	0	N/A

* Includes additional member contribution rates of 1% or 2% of pay for commissioned law-enforcement officers.
** 150% of employee contribution rate plus additional rates of 1% or 2% of pay for commissioned law-enforcement officers.

SECTION 2 – SCOPE OF THE REPORT

This report presents the actuarial valuation results of the County Employees' Retirement System Cash Balance Benefit Fund as of January 1, 2015. This valuation was prepared at the request of the Public Employees Retirement Board of the Nebraska Public Employees Retirement System.

Please pay particular attention to our actuarial certification letter, where the guidelines employed in the preparation of this report are outlined. We also comment on the sources and reliability of both the data and the actuarial assumptions upon which our findings are based. Those comments are the basis for our certification that this report is complete and accurate to the best of our knowledge and belief.

A summary of the findings which result from this valuation is presented in the previous section. Section 3 describes the assets and investment experience of the County Employees' Retirement System Cash Balance Benefit Fund. Sections 4 and 5 describe how the obligations of the Fund are to be met under the actuarial cost method in use. Section 6 includes other information related to the historical funding of the System.

This report includes several appendices:

- Appendix A — Schedules of valuation data classified by various categories of members.
- Appendix B — A summary of the current benefit structure, as determined by the provisions of governing law on January 1, 2015.
- Appendix C — A summary of the actuarial methods and assumptions used to estimate liabilities and determine contribution rates.
- Appendix D — A glossary of actuarial terms.

In many respects, an actuarial valuation can be thought of as an inventory process. The inventory is taken as of the actuarial valuation date, which for this valuation is January 1, 2015. On that date, the assets available for the payment of benefits are appraised. The assets are compared with the liabilities of the County Employees' Retirement System Cash Balance Benefit Fund, which are generally in excess of assets. The actuarial process then leads to a method of determining the contributions needed by members and the employer in the future to balance the System assets and liabilities.

Market Value of Assets

The current market value represents the "snapshot" or "cash-out" value of County Employees' Retirement System Cash Balance Benefit Fund assets as of the valuation date. In addition, the market value of assets provides a basis for measuring investment performance from time to time. Table 1 is a comparison of System assets at market value as of December 31, 2014, and December 31, 2013, in total and by investment category. Table 2 summarizes the change in the market value of assets from December 31, 2013 to December 31, 2014.

Actuarial Value of Assets

Neither the market value of assets, representing a "cash-out" value of County Employees' Retirement System Cash Balance Benefit Fund assets, nor the book values of assets, representing the cost of investments, may be the best measure of the System's ongoing ability to meet its obligations.

To arrive at a suitable value of assets for the actuarial valuation, a technique for determining the actuarial value of assets is used which dampens swings in the market value while still indirectly recognizing market values. Under the asset smoothing methodology, the difference between the actual and assumed investment return on the market value of assets is recognized evenly over a five year period.

Table 3 shows the development of the actuarial value of assets (AVA) as of the valuation date.

TABLE 1

COUNTY EMPLOYEES' RETIREMENT SYSTEM
CASH BALANCE BENEFIT FUND

MARKET VALUE OF ASSETS
by Investment Category

	December 31, 2014	December 31, 2013
1. Cash and Equivalents	$ 50,364	$ 45,401
2. Investments	383,647,133	355,075,580
3. Receivables and Prepaids	19,379,021	16,720,399
4. Accounts Payable	(20,730,440)	(21,276,602)
5. Net Assets Available for Pension Benefits [1 + 2 + 3 + 4]	$ 382,346,078	$ 350,564,778

TABLE 2

COUNTY EMPLOYEES' RETIREMENT SYSTEM
CASH BALANCE BENEFIT FUND

CHANGE IN MARKET VALUE OF ASSETS

		December 31, 2014		December 31, 2013
1. Beginning Market Value of Assets	$	350,564,778	$	287,665,289
2. Contributions				
(a) Member (includes purchased service)	$	10,327,540	$	9,826,347
(b) Employer		15,268,274		14,230,066
(c) State appropriations		0		0
(d) Total	$	25,595,814	$	24,056,413
3. Transfers Between Plans				
(a) From Defined Contribution Plans	$	835,282	$	652,336
(b) Between Cash Balance Plans		0		322,232
(c) Net Transfers	$	835,282	$	974,568
4. Receivable Transfer from Defined Contribution Benefit Fund	$	0	$	0
5. Expenditures				
(a) Benefit payments and refunds	$	17,750,010	$	15,695,676
(b) Administrative Expenses		527,732		464,612
(c) Total	$	18,277,742	$	16,160,288
6. Net Investment Income				
(a) Investment Income	$	24,559,510	$	54,901,894
(b) Investment Expenses		931,564		873,098
(c) Net Investment Income	$	23,627,946	$	54,028,796
7. Ending Market Value of Assets [1 + 2(d) + 3(c) + 4 - 5(c) + 6(c)]	$	382,346,078	$	350,564,778
8. Rate of Return on Market Value of Assets		6.5%		18.3%

TABLE 3

COUNTY EMPLOYEES' RETIREMENT SYSTEM
CASH BALANCE BENEFIT FUND

DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS

	Year End			
	12/31/2011	12/31/2012	12/31/2013	12/31/2014
1. Actuarial Value of Assets, Beginning of Year	$ 206,036,302	$ 220,662,783	$ 281,261,645	$ 323,882,230
2. Unrecognized Return Beginning of Year	$ (5,993,420)	$ (11,933,613)	$ 6,403,644	$ 26,682,548
3. Contributions During Year				
(a) Member	$ 8,045,882	$ 8,637,598	$ 9,826,347	$ 10,327,540
(b) Employer	11,908,346	12,696,338	14,230,066	15,268,274
(c) State appropriations	0	0	0	0
(d) Total	$ 19,954,228	$ 21,333,936	$ 24,056,413	$ 25,595,814
4. Net Transfers	$ 1,787,246	$ 1,229,814	$ 974,568	$ 835,282
5. Receivable Transfer from Defined Contribution Benefit Fund	$ 0	$ 43,833,203	$ 0	$ 0
6. Benefit Payments During Year	$ 13,057,416	$ 14,483,630	$ 15,695,676	$ 17,750,010
7. Expected Investment Income on (1), (2), (3), (4) and (6) at 7.75%	$ 15,833,552	$ 16,483,773	$ 22,649,053	$ 27,498,886
8. Actual Return on Market Value, Net of All Expenses	$ 2,230	$ 27,022,796	$ 53,564,184	$ 23,100,214
9. Return to be Spread, End of Year [8 - 7]	$ (15,831,322)	$ 10,539,023	$ 30,915,131	$ (4,398,672)

Note: Information before 12/31/2013 was produced by prior actuary.

TABLE 3
(continued)

COUNTY EMPLOYEES' RETIREMENT SYSTEM
CASH BALANCE BENEFIT FUND

8. Return to be Spread

Year	Return to be Spread	Unrecognized Percent	Unrecognized Return
2014	(4,398,672)	80%	($3,518,938)
2013	30,915,131	60%	18,549,079
2012	10,539,023	40%	4,215,609
2011	(15,831,322)	20%	(3,166,264)
			$16,079,486

9. Total Market Value of Assets as of January 1, 2015	$382,346,078
10. Total Actuarial Value of Assets as of January 1, 2015 [9 - 8]	$366,266,592
11. Asset Ratios	
(a) Actuarial Value to Market Value [10 / 9]	95.79%
(b) Market Value to Actuarial Value [9 / 10]	104.39%

In the previous section, an actuarial valuation was compared with an inventory process, and an analysis was given of the inventory of assets of the County Employees' Retirement System Cash Balance Benefit Fund as of the valuation date, January 1, 2015. In this section, the discussion will focus on the commitments (future benefit payments) of the System, which are referred to as its liabilities.

Table 4 contains an analysis of the actuarial present value of all future benefits (PVFB) for contributing members, inactive members, retirees and their beneficiaries.

The liabilities summarized in Table 4 include the actuarial present value of all future benefits expected to be paid with respect to each member. For an active member, this value includes the measurement of both benefits already earned and future benefits to be earned. For all members, active and retired, the value extends over benefits earnable and payable for the rest of their lives and for the lives of the surviving beneficiaries.

All liabilities reflect the benefit provisions in place as of January 1, 2015.

Actuarial Accrued Liability

A fundamental principle in financing the liabilities of a retirement program is that the cost of its benefits should be related to the period in which benefits are earned, rather than to the period of benefit distribution. An actuarial cost method is a mathematical technique that allocates the present value of future benefits into annual costs. In order to do this allocation, it is necessary for the funding method to "breakdown" the present value of future benefits into two components:

(1) that which is attributable to the past and

(2) that which is attributable to the future.

Actuarial terminology calls the part attributable to the past the "past service liability" or the "actuarial accrued liability." The portion allocated to the future is known as the present value of future normal costs, with the specific piece of it allocated to the current year being called the "normal cost." Table 5 contains the calculation of actuarial accrued liability for the County Employees' Retirement System Cash Balance Benefit Fund. The Entry Age Normal actuarial cost method is used to develop the actuarial accrued liability.

TABLE 4

COUNTY EMPLOYEES' RETIREMENT SYSTEM
CASH BALANCE BENEFIT FUND

PRESENT VALUE OF FUTURE BENEFITS (PVFB)
AS OF JANUARY 1, 2015

1. Active Employees		
(a) Retirement	$	370,224,491
(b) Withdrawal		73,067,878
(c) Death		13,518,272
(d) Disability		0
(e) Total	$	456,810,641
2. Inactive Vested Members		38,430,193
3. Inactive Nonvested Members		1,764,170
4. Disabled Members		0
5. Retirees		29,212,439
6. Beneficiaries		1,417,679
7. Total Present Value of Future Benefits [1(e) + 2 + 3 + 4 + 5 + 6]	$	527,635,122

TABLE 5

COUNTY EMPLOYEES' RETIREMENT SYSTEM
CASH BALANCE BENEFIT FUND

ACTUARIAL ACCRUED LIABILITY
AS OF JANUARY 1, 2015

1. Present Value of Future Benefits for Active Members	$	456,810,641
2. Present Value of Future Normal Costs for Active Members		
(a) Retirement benefit	$	109,445,168
(b) Termination benefit		66,484,645
(c) Pre-Retirement death benefit		4,335,447
(d) Disability benefit		0
(e) Total	$	180,265,260
3. Actuarial Accrued Liability for Active Members [1 - 2(e)]	$	276,545,381
4. Actuarial Accrued Liability for Inactive Members		70,824,481
5. Total Actuarial Accrued Liability [3 + 4]		347,369,862
6. Actuarial Value of Assets		366,266,592
7. Unfunded Actuarial Accrued Liability [5- 6]	$	(18,896,730)

TABLE 6

COUNTY EMPLOYEES' RETIREMENT SYSTEM
CASH BALANCE BENEFIT FUND

ACTUARIAL BALANCE SHEET

ASSETS

Actuarial Value of Assets			$	366,266,592
Unfunded Actuarial Accrued Liability				(18,896,730)
Present Value of Future Normal Costs			$	180,265,260
Total Assets			$	527,635,122

LIABILITIES

Present Value of Future Benefits				
Active members				
Retirement	$	370,224,491		
Withdrawal		73,067,878		
Death		13,518,272		
Disability		0		
Total			$	456,810,641
Inactive members				40,194,363
Retirees, disabilities and beneficiaries				30,630,118
Total Liabilities			$	527,635,122

TABLE 7

COUNTY EMPLOYEES' RETIREMENT SYSTEM
CASH BALANCE BENEFIT FUND

ACTUARIAL GAIN/(LOSS)

Liabilities		
1. Actuarial Accrued Liability as of January 1, 2014	$	322,994,373
2. Normal Cost During 2014		18,870,999
3. Benefit Payments During Plan Year Ending December 31, 2014		17,750,010
4. Transfers		835,282
5. Interest at 7.75%		25,851,350
6. Expected Actuarial Accrued Liability as of January 1, 2015 [1 + 2 - 3 + 4 + 5]	$	350,801,994
7. Actuarial Accrued Liability as of January 1, 2015	$	347,369,862
Assets		
8. Actuarial Value of Assets as of January 1, 2014	$	323,882,230
9. Contributions During Plan Year Ending December 31, 2014		25,595,814
10. Benefit Payments During Plan Year Ending December 31, 2014		17,750,010
11. Transfers		835,282
12. Interest at 7.75%		25,430,988
13. Expected Actuarial Value of Assets as of January 1, 2015 [8 + 9 - 10 + 11 + 12]	$	357,994,304
14. Actuarial Value of Assets as of January 1, 2015	$	366,266,592
Gain / (Loss)		
15. Actuarial Gain / (Loss) on Liabilities [6 - 7]	$	3,432,132
16. Actuarial Gain / (Loss) on Assets [14 - 13]	$	8,272,288
17. Total Actuarial Gain / (Loss) for Plan Year Ending December 31, 2014 [15 + 16]	$	11,704,420

TABLE 8

COUNTY EMPLOYEES' RETIREMENT SYSTEM
CASH BALANCE BENEFIT FUND

GAIN/(LOSS) ANALYSIS BY SOURCE

Liability Sources		Gain/(Loss)
Retirement	$	74,583
Termination		456,807
Disability		0
Mortality		65,076
Salary		116,673
New Entrants/Rehires		(1,685,801)
Interest Credits		4,491,712
Miscellaneous		(86,918)
Total Liability Gain/(Loss)	$	3,432,132
Asset Gain/(Loss)	$	8,272,288
Net Actuarial Gain/(Loss)	$	11,704,420

TABLE 9

COUNTY EMPLOYEES' RETIREMENT SYSTEM
CASH BALANCE BENEFIT FUND

PROJECTED BENEFIT PAYMENTS
AS OF JANUARY 1, 2015

Plan Year Ending December 31,	Active Employees	Retired and Disabled Members and Beneficiaries	Total
2015	$ 18,511,000	$ 3,859,000	$ 22,370,000
2016	20,540,000	3,764,000	24,304,000
2017	22,642,000	3,602,000	26,244,000
2018	24,777,000	3,426,000	28,203,000
2019	26,869,000	3,231,000	30,100,000
2020	28,605,000	3,144,000	31,749,000
2021	30,674,000	2,990,000	33,664,000
2022	32,625,000	2,846,000	35,471,000
2023	34,223,000	2,729,000	36,952,000
2024	36,012,000	2,498,000	38,510,000
2025	37,424,000	2,330,000	39,754,000
2026	39,003,000	2,235,000	41,238,000
2027	40,727,000	2,123,000	42,850,000
2028	41,550,000	1,982,000	43,532,000
2029	42,374,000	1,886,000	44,260,000
2030	43,364,000	1,690,000	45,054,000
2031	44,329,000	1,533,000	45,862,000
2032	45,258,000	1,430,000	46,688,000
2033	45,720,000	1,297,000	47,017,000
2034	46,574,000	1,168,000	47,742,000
2035	47,356,000	1,069,000	48,425,000
2036	48,070,000	972,000	49,042,000
2037	48,425,000	876,000	49,301,000
2038	48,200,000	783,000	48,983,000
2039	48,293,000	696,000	48,989,000
2040	49,313,000	612,000	49,925,000
2041	49,048,000	534,000	49,582,000
2042	49,590,000	463,000	50,053,000
2043	49,517,000	398,000	49,915,000
2044	49,894,000	340,000	50,234,000

Note: Cash flows are the expected future non-discounted payments to current members. These amounts assume members terminating before reaching retirement eligibility will elect a lump sum distribution of their cash balance account. 40% of members eligible for retirement will elect a monthly annuity, payable for life with 5 years certain, and 60% will elect a lump sum distribution of their cash balance account. These payments exclude refund payouts to any current nonvested inactives.

The previous two sections were devoted to a discussion of the assets and liabilities of the County Employees' Retirement System Cash Balance Benefit Fund. A comparison of Tables 3 and 4 indicates that current assets fall short of meeting the present value of future benefits (total liability). This is expected in all but a completely closed plan, where no further contributions are anticipated. In an active system, there will almost always be a difference between the actuarial value of assets and total liabilities. This deficiency has to be made up by future contributions and investment returns. An actuarial valuation sets out a schedule of future contributions that will deal with this deficiency in an orderly fashion.

The method used to determine the incidence of the contributions in various years is called the actuarial cost method. Under an actuarial cost method, the contributions required to meet the difference between current assets and current liabilities are allocated each year between two elements: (1) the normal cost rate and (2) the unfunded actuarial accrued liability contribution rate.

The term "fully funded" is often applied to a system in which contributions at the normal cost rate are sufficient to pay for the benefits of existing employees as well as for those of new employees. More often than not, systems are not fully funded, either because of past benefit improvements that have not been completely funded or because of actuarial deficiencies that have occurred because experience has not been as favorable as anticipated by the actuarial assumptions. Under these circumstances, an unfunded actuarial accrued liability (UAAL) exists. Likewise, when the actuarial value of assets is greater than the actuarial accrued liability, a surplus exists.

Description of Contribution Rate Components

The Entry Age Normal (EAN) actuarial cost method is used for the valuation. Under that method, the normal cost for each year from entry age to assumed exit age is a constant percentage of the member's year by year projected compensation. The portion of the present value of future benefits not provided by the present value of future normal costs is the actuarial accrued liability. The unfunded actuarial accrued liability/ (surplus) represents the difference between the actuarial accrued liability and the actuarial value of assets as of the valuation date. The unfunded actuarial accrued liability is calculated each year and reflects experience gains and losses.

In general, contributions are computed in accordance with a level percent-of-payroll funding objective. The contribution rate based on the January 1, 2015 actuarial valuation will be used to determine the actuarial required employer contribution rate to the County Employees' Retirement System Cash Balance Benefit Fund for the plan year ending December 31, 2015. Any additional State contributions, if required, are expected to be deposited on July 1, 2016 (State fiscal year 2017). In this context, the term "contribution rate" means the percentage, which is applied to a particular active member payroll to determine the actual employer contribution amount (i.e., in dollars) for the group.

Contribution Rate Summary

In Table 10 the amortization payment related to the unfunded actuarial accrued liability/(surplus), as of January 1, 2015, is developed. Table 11 develops the actuarial required contribution rate for the County Employees' Retirement System Cash Balance Benefit Fund and the amount of any additional required State contributions.

The contribution rates shown in this report are based on the actuarial assumptions and cost methods described in Appendix C.

TABLE 10

COUNTY EMPLOYEES' RETIREMENT SYSTEM
CASH BALANCE BENEFIT FUND

SCHEDULE OF AMORTIZATION BASES

Amortization Bases	Original Amount	January 1, 2015 Remaining Payments	Date of Last Payment	Outstanding Balance as of January 1, 2015	Annual Contribution*
2015 Unfunded Actuarial Accrued Liability Base	(18,896,730)	25	1/1/2040	(18,896,730)	(1,669,103)
Total				**$ (18,896,730)**	**$ (1,669,103)**

* Contribution amount reflects mid-year timing.

1. Total UAAL Amortization Payments	$ (1,669,103)
2. Projected Payroll for 2015 Plan Year	$ 219,401,973
3. UAAL Amortization Payment Rate	(0.76%)

Per State Statute Sect. 84-1319 (4)(b), because the UAAL as of January 1, 2015 is zero or less than zero, all prior amortization bases are considered fully funded and the UAAL is reinitialized.

TABLE 11

COUNTY EMPLOYEES' RETIREMENT SYSTEM
CASH BALANCE BENEFIT FUND

ACTUARIAL REQUIRED CONTRIBUTION RATE
and
DEVELOPMENT OF ADDITIONAL STATE CONTRIBUTION

1. Normal Cost		
(a) Amount	$	20,108,876
(b) Expected pay for current actives		202,000,482
(c) Normal Cost Rate as % of pay		9.95%
2. Amortization Cost		
(a) Amount		(1,669,103)
(b) Expected pay for all actives		219,401,973
(c) Amortization Rate as % of pay		(0.76%)
3. Total Actuarial Required Contribution Rate [1(c) + 2(c)]		9.19%
4. Statutory Contribution Rates		
(a) Member*		4.69%
(b) Employer**		6.94%
(c) Total		11.63%
5. Additional Required State Contribution [3 - 4(c), not less than 0.00%]		0.00%
6. Expected pay for all actives during 2015		219,401,973
7. Additional Required State Contribution payable July 1, 2016 [5 * 6 * $1.0775^{.5}$, but not less than $0]	$	0

* Includes additional member contribution rates of 1% or 2% of pay for commissioned law-enforcement officers.

** 150% of employee contribution rate plus additional rates of 1% or 2% of pay for commissioned law-enforcement officers.

TABLE 12

COUNTY EMPLOYEES' RETIREMENT SYSTEM
CASH BALANCE BENEFIT FUND

HISTORICAL CONTRIBUTION RATES

Plan	Statutory Contribution Rate			Actuarial	Margin/
Year	Employee	Employer	Total	Rate	(Shortfall)
2003	4.50%	6.75%	11.25%	9.56%	1.69%
2004	4.50%	6.75%	11.25%	8.91%	2.34%
2005	4.50%	6.75%	11.25%	8.67%	2.58%
2006	4.50%	6.75%	11.25%	8.21%	3.04%
2007	4.50%	6.75%	11.25%	9.19%	2.06%
2008	4.50%	6.75%	11.25%	8.74%	2.51%
2009	4.50%	6.75%	11.25%	9.47%	1.78%
2010	4.68%	6.93%	11.61%	10.25%	1.36%
2011	4.67%	6.92%	11.59%	10.47%	1.12%
2012	4.68%	6.93%	11.61%	10.65%	0.96%
2013	4.69%	6.94%	11.63%	10.36%	1.27%
2014	4.69%	6.94%	11.63%	9.66%	1.97%
2015	4.69%	6.94%	11.63%	9.19%	2.44%

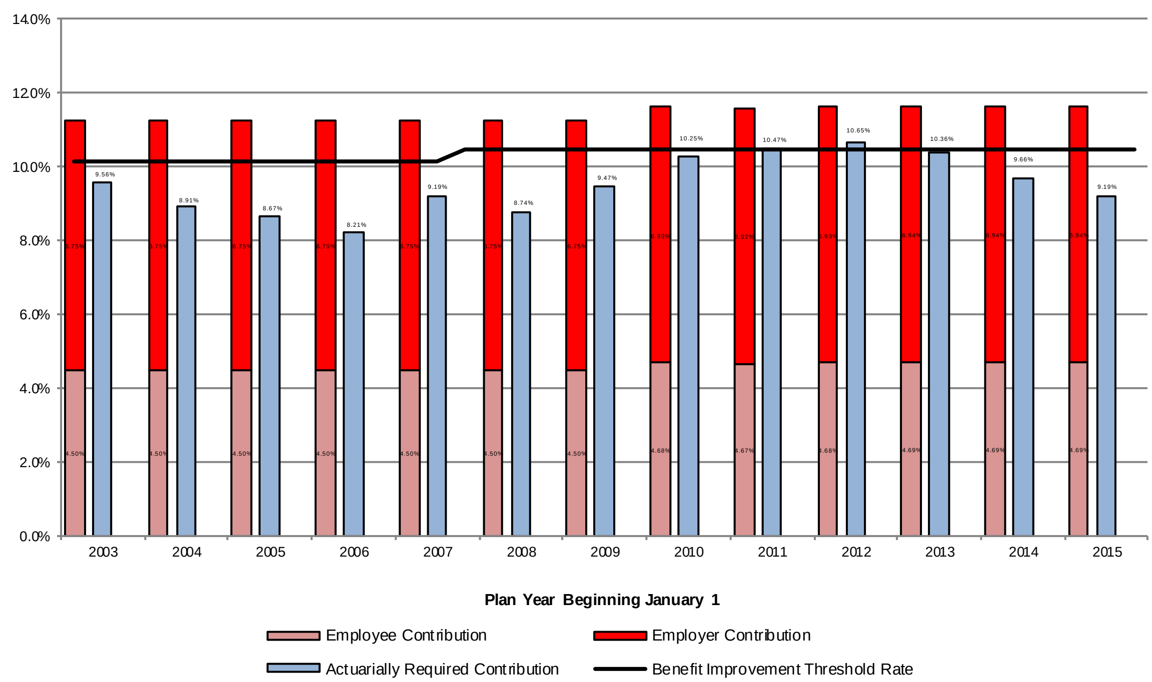


TABLE 13

COUNTY EMPLOYEES' RETIREMENT SYSTEM
CASH BALANCE BENEFIT FUND

FUNDING EXCESS AVAILABLE FOR
BENEFIT IMPROVEMENT

1. Total Statutory Contribution Rate		11.63%
2. Benefit Improvement Threshold Rate (90% of (1))		10.47%
3. Actuarially Required Contribution Rate		9.19%
4. Unfunded Actuarial Accrued Liability	$	(18,896,730)
5. Requirements for Using Excess for Benefit Improvement		
a. Rate Sufficiency: (3) < (2)		Yes
b. No UAAL: (4) < 0		Yes
6. Funding Excess Available for Benefit Improvement		
As a rate of pay: (2) - (3), not less than 0%		1.28%

TABLE 14

COUNTY EMPLOYEES' RETIREMENT SYSTEM
CASH BALANCE BENEFIT FUND

DIVIDEND DETERMINATION

Each year after the annual actuarial valuation results are received, the Board determines, based on the recommendation of the actuary, if a benefit improvement can be made. If it is determined that the benefit improvement should be a dividend payment to individual member Cash Balance accounts and that sufficient reserves exist, the dividend granted must meet the following criteria:

A. The plan must maintain the 90% Benefit Threshold Rate after granting any dividend.
B. There must be a minimum 100% Funded Ratio on both the Funded Basis and the Current Value Basis, both before and after the dividend is granted.
C. No dividend will be granted for a year where the annual interest credit rate exceeds the actuarial valuation interest rate.
D. The dividend plus the annual interest credit during the year cannot exceed 8.0% unless a majority of the PERB agrees.

	Funded Basis	Current Value Basis
1. January 1, 2015 Valuation Results Before Dividend:		
(a) Liability	$347,369,862	$355,820,416
(b) Assets	366,266,592	382,346,078
(c) (Deficit)/Reserve [(b) - (a)]	$18,896,730	$26,525,662
2. Amount Available for Dividend (Lesser of 1(c) on Funded Basis or Current Value Basis)		$18,896,730
3. Account Balances as of December 31, 2015		$325,190,298
4. Maximum Dividend [2 / 3]		5.81%
5. Annual Interest Credit for 2014		5.00%
6. 2014 Interest Credit Plus Maximum Dividend [4 + 5]		10.81%
7. January 1, 2015 Valuation Results After Maximum Dividend:		
(a) Actuarial Contribution Rate		9.19%
(b) Benefit Improvement Threshold Rate		10.47%
(c) Is (a) < (b)? **[Criteria A]**		Yes
(d) Funded Ratio - Funded Basis		100.0%
(e) Funded Ratio - Current Value Basis		102.0%
(f) Are (d) and (e) both at least 100%? **[Criteria B]**		Yes
8. Is (5) < actuarial assumed interest rate (7.75%)? **[Criteria C]**		Yes
9. Is (6) greater than 8.00%?* **[Criteria D]**		Yes
- If yes, recalculate the dividend to meet criteria (8.00% - 5.00%)		3.00%

* Any dividend over 3% can only be granted if the majority of the PERB agrees.

The actuarial accrued liability is a measure intended to help the reader assess (i) a retirement system's funded status on a going concern basis and (ii) progress being made toward accumulating the assets needed to pay benefits as due. Allocation of the actuarial present value of projected benefits between past and future service was based on service using the Entry Age Normal actuarial cost method. Assumptions, including projected pay increases, were the same as used to determine the County Employees' Retirement System Cash Balance Benefit Fund's level percent of payroll annual required contribution between entry age and assumed exit age. Entry age was established by subtracting credited service from current age on the valuation date. The Entry Age Normal actuarial accrued liability was determined as part of an actuarial valuation of the plan as of January 1, 2015. The actuarial assumptions used in determining the actuarial accrued liability can be found in Appendix C.

The Schedule of Funding Progress provides information about whether the financial strength of the Plan is improving or deteriorating over time.

The Schedule Contributions from Employers and Other Contributing Entities provides historical information about the annual required contribution (ARC) and the percentage of the ARC that was actually contributed.

In 2012, GASB issued the final version of GASB Statements Numbers 67 and 68 which supersede the current GASB Statement Number 25 and 27. GASB 67, which applies to the retirement system, will be effective for the plan year ending December 31, 2014. GASB 68, which applies to employer reporting, is first effective for fiscal years beginning after June 15, 2014. This accounting information will be provided in reports, separate from this actuarial valuation report prepared to address the funding of the System.

TABLE 15

COUNTY EMPLOYEES' RETIREMENT SYSTEM
CASH BALANCE BENEFIT FUND

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 % of Covered Payroll [(b - a) / c]
December 31, 2014	$366,266,592	$347,369,862	($18,896,730)	105.4%	$219,401,973	(8.6%)
December 31, 2013	323,882,230	322,994,373	(887,857)	100.3%	206,510,678	(0.4%)
December 31, 2012	281,261,645	297,572,626	16,310,981	94.5%	202,786,048	8.0%
December 31, 2011	220,662,783	240,195,114	19,532,331	91.9%	193,269,158	10.1%
December 31, 2010	206,036,302	221,080,026	15,043,724	93.2%	183,967,790	8.2%
December 31, 2009	187,109,554	196,773,040	9,663,486	95.1%	177,732,220	5.4%
December 31, 2008	175,765,930	175,293,953	(471,977)	100.3%	165,275,589	(0.3%)

Note: Information before December 31, 2013 was produced by the prior actuary.

TABLE 16

COUNTY EMPLOYEES' RETIREMENT SYSTEM
CASH BALANCE BENEFIT FUND

SCHEDULE OF CONTRIBUTIONS FROM EMPLOYERS
AND OTHER CONTRIBUTING ENTITIES

	Annual Required Contributions			
Plan Year Ending	Counties	State Additional	Total	Percent Contributed
December 31, 2014	$10,263,581	$0	$10,263,581	149%
December 31, 2013	11,497,969	0	11,497,969	124%
December 31, 2012	12,696,338	0	12,696,338	100%
December 31, 2011	11,908,346	0	11,908,346	100%
December 31, 2010	11,370,059	0	11,370,059	100%
December 31, 2009	10,555,174	0	10,555,174	100%
December 31, 2008	9,839,409	0	9,839,409	100%

Note: Information prior to December 31, 2013 was produced by the prior actuary.

Actuarial Assumptions and Methods	
Valuation Date	December 31, 2014
Actuarial Cost Method	Entry Age
Amortization Method	Level dollar amount, Closed
Equivalent Single Amortization Period	25 years
Asset Valuation Method	5 year smoothed market
Actuarial Assumptions	
Investment rate of return*	7.75%
Projected Salary increases*	4.3% - 8.5%
*Includes inflation at	3.25%
Cost-of-living adjustment	None, except 2.5% per year is used for retirees electing annuity payments with a COLA feature.

MEMBER DATA RECONCILIATION

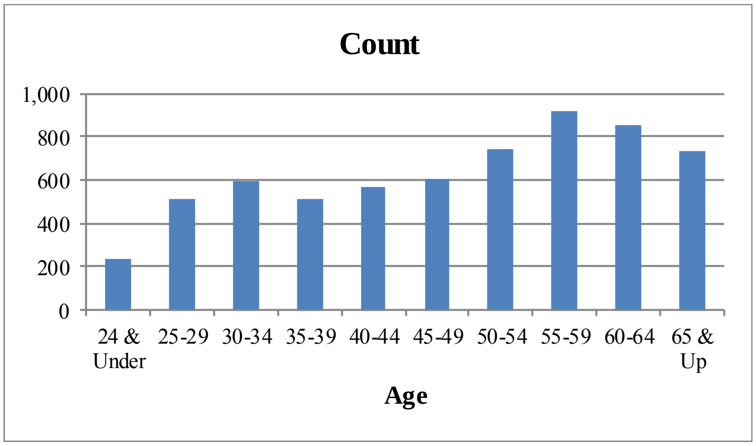
	Active Members	Inactive Vested	Inactive Non-Vested	Retirees and Beneficiaries	Total
As of January 1, 2014	6,228	848	1,115	384	8,575
Changes in status					
a) Retirement	(28)	(18)	0	46	0
b) Death	(1)	0	0	(5)	(6)
c) Non-vested terminations	(289)	0	289	0	0
d) Vested terminations	(343)	343	0	0	0
e) Contribution refund	(242)	(167)	(171)	0	(580)
f) Beneficiaries in receipt	0	0	0	2	2
g) Disability retirements	0	0	0	0	0
h) Return to active service	93	(55)	(38)	0	0
i) Expired benefits	0	0	0	(11)	(11)
j) Data adjustments	(21)	0	0	0	(21)
Total changes in status	(831)	103	80	32	(616)
Transferred from DC Plan	0	1	0	10	11
New entrants	875	23	104	0	1,002
Net Change	44	127	184	42	397
As of January 1, 2015	6,272	975	1,299	426	8,972

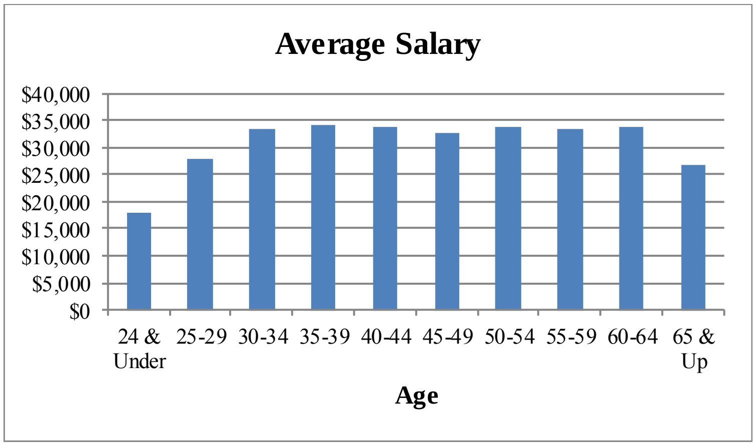
SUMMARY OF MEMBERSHIP DATA

A. ACTIVE MEMBERS		January 1, 2015		January 1, 2014	% Change
1. Number of Active Members		6,272		6,228	0.7%
2. Reported Compensation	$	198,809,444	$	196,247,762	1.3%
3. Accumulated Contributions					
(a) Employee Cash Balance Account	$	114,545,169	$	108,982,715	5.1%
(b) Employer Cash Balance Account		172,214,936		164,230,682	4.9%
(c) Total Cash Balance Account	$	286,760,105	$	273,213,397	5.0%
4. Active Member Averages					
(a) Age		48.5		48.6	(0.2%)
(b) Service		8.8		9.0	(2.2%)
(c) Compensation	$	31,698	$	31,511	0.6%
(d) Cash Balance Account	$	45,721	$	43,869	4.2%
B. INACTIVE MEMBERS					
1. Number of Inactive Members					
(a) System vested		975		848	15.0%
(b) System nonvested (refund only)		1,299		1,115	16.5%
(c) Total		2,274		1,963	15.8%
2. Total Vested Cash Balance Account	$	38,430,193	$	31,307,589	22.8%
3. Inactive Members Averages					
(a) Age (vesteds only)		54.0		52.5	2.9%
(b) Vested Cash Balance Account	$	39,416		36,919	6.8%
C. RETIREES, DISABLEDS, AND BENEFICIARIES					
1. Number of Members					
(a) Retired		400		355	12.7%
(b) Disabled		0		0	0.0%
(c) Beneficiaries		26		29	(10.3%)
(d) Total		426		384	10.9%
2. Total Annual Benefit Payments					
(a) Retired	$	3,668,223	$	3,036,821	20.8%
(b) Disabled		0		0	0.0%
(c) Beneficiaries		201,668		211,113	(4.5%)
(d) Total	$	3,869,891	$	3,247,934	19.1%

ACTIVE MEMBERS
AS OF JANUARY 1, 2015

	Count of Members			Reported Salary		
Age	Male	Female	Total	Male	Female	Total
24 & Under	124	110	234	$ 2,503,081	$ 1,664,121	$ 4,167,202
25-29	263	249	512	8,097,190	6,202,714	14,299,904
30-34	293	299	592	11,113,458	8,761,487	19,874,945
35-39	263	247	510	9,824,962	7,490,971	17,315,933
40-44	268	304	572	9,848,181	9,468,314	19,316,495
45-49	285	322	607	10,185,103	9,538,247	19,723,350
50-54	350	395	745	12,662,387	12,559,762	25,222,149
55-59	449	465	914	15,747,854	14,865,363	30,613,217
60-64	461	393	854	16,210,271	12,481,119	28,691,390
65 & Up	463	269	732	11,690,900	7,893,959	19,584,859
Total	3,219	3,053	6,272	$ 107,883,387	$ 90,926,057	$ 198,809,444



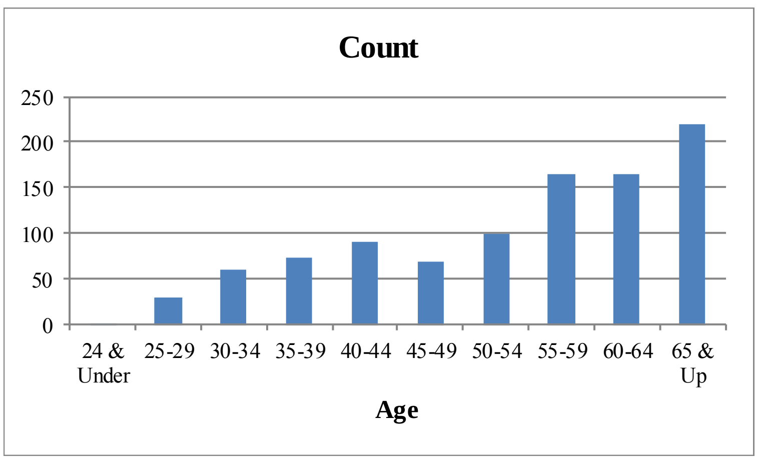


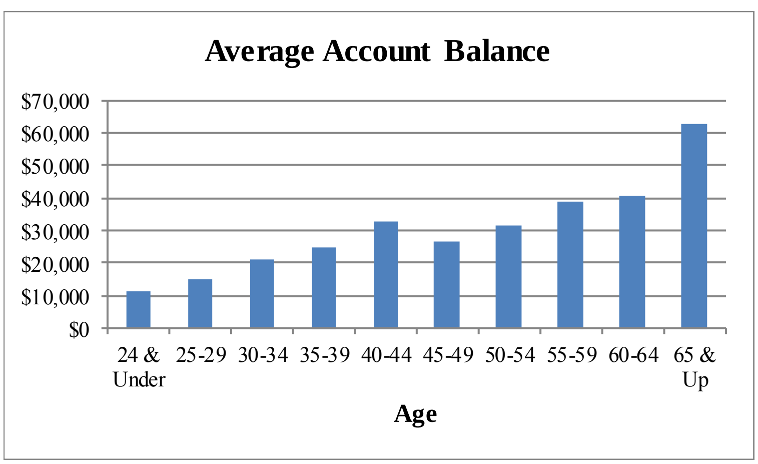
AGE AND SERVICE DISTRIBUTION
AS OF JANUARY 1, 2015

Age		0-4	5-9	10-14	15-19	20-24	25-29	30-34	Over 34	Total
24 & Under	Number	233	1	0	0	0	0	0	0	234
	Total Salary	$ 4,162,193	$ 5,009	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 4,167,202
	Average Sal.	$ 17,863	$ 5,009	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 17,809
25-29	Number	431	81	0	0	0	0	0	0	512
	Total Salary	$ 11,187,360	$ 3,112,544	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 14,299,904
	Average Sal.	$ 25,957	$ 38,426	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 27,930
30-34	Number	368	205	19	0	0	0	0	0	592
	Total Salary	$ 10,869,873	$ 8,278,124	$ 726,948	$ 0	$ 0	$ 0	$ 0	$ 0	$ 19,874,945
	Average Sal.	$ 29,538	$ 40,381	$ 38,260	$ 0	$ 0	$ 0	$ 0	$ 0	$ 33,573
35-39	Number	248	173	85	4	0	0	0	0	510
	Total Salary	$ 6,374,837	$ 7,000,991	$ 3,757,830	$ 182,275	$ 0	$ 0	$ 0	$ 0	$ 17,315,933
	Average Sal.	$ 25,705	$ 40,468	$ 44,210	$ 45,569	$ 0	$ 0	$ 0	$ 0	$ 33,953
40-44	Number	266	185	88	29	4	0	0	0	572
	Total Salary	$ 7,023,582	$ 6,883,444	$ 3,824,259	$ 1,412,588	$ 172,622	$ 0	$ 0	$ 0	$ 19,316,495
	Average Sal.	$ 26,404	$ 37,208	$ 43,457	$ 48,710	$ 43,155	$ 0	$ 0	$ 0	$ 33,770
45-49	Number	267	184	89	36	23	8	0	0	607
	Total Salary	$ 6,577,933	$ 6,396,337	$ 3,618,223	$ 1,706,374	$ 1,132,775	$ 291,708	$ 0	$ 0	$ 19,723,350
	Average Sal.	$ 24,636	$ 34,763	$ 40,654	$ 47,399	$ 49,251	$ 36,464	$ 0	$ 0	$ 32,493
50-54	Number	269	216	102	39	63	56	0	0	745
	Total Salary	$ 6,444,551	$ 7,225,718	$ 3,949,782	$ 1,808,768	$ 2,780,175	$ 3,013,155	$ 0	$ 0	$ 25,222,149
	Average Sal.	$ 23,957	$ 33,452	$ 38,723	$ 46,379	$ 44,130	$ 53,806	$ 0	$ 0	$ 33,855
55-59	Number	278	232	131	57	73	99	44	0	914
	Total Salary	$ 6,984,124	$ 7,477,999	$ 4,599,616	$ 2,062,798	$ 2,971,950	$ 4,212,479	$ 2,304,251	$ 0	$ 30,613,217
	Average Sal.	$ 25,123	$ 32,233	$ 35,112	$ 36,189	$ 40,712	$ 42,550	$ 52,369	$ 0	$ 33,494
60-64	Number	198	220	112	67	82	109	44	22	854
	Total Salary	$ 4,573,201	$ 6,703,062	$ 4,166,481	$ 2,266,127	$ 3,269,234	$ 4,282,816	$ 2,182,739	$ 1,247,730	$ 28,691,390
	Average Sal.	$ 23,097	$ 30,468	$ 37,201	$ 33,823	$ 39,869	$ 39,292	$ 49,608	$ 56,715	$ 33,596
65 & Up	Number	170	187	96	63	49	118	26	23	732
	Total Salary	$ 2,959,473	$ 4,533,311	$ 2,523,636	$ 1,912,101	$ 1,699,901	$ 3,813,919	$ 978,575	$ 1,163,943	$ 19,584,859
	Average Sal.	$ 17,409	$ 24,242	$ 26,288	$ 30,351	$ 34,692	$ 32,321	$ 37,637	$ 50,606	$ 26,755
Total	Number	2,728	1,684	722	295	294	390	114	45	6,272
	Total Salary	$ 67,157,127	$ 57,616,539	$ 27,166,775	$ 11,351,031	$ 12,026,657	$ 15,614,077	$ 5,465,565	$ 2,411,673	$ 198,809,444
	Average Sal.	$ 24,618	$ 34,214	$ 37,627	$ 38,478	$ 40,907	$ 40,036	$ 47,944	$ 53,593	$ 31,698

INACTIVE VESTED MEMBERS
AS OF JANUARY 1, 2015

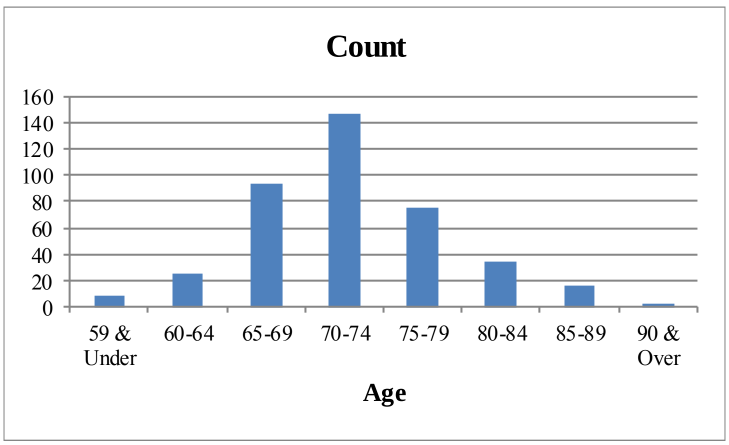
	Count of Members			Account Balances		
Age	Male	Female	Total	Male	Female	Total
24 & Under	2	0	2	$ 22,740	$ 0	$ 22,740
25-29	17	13	30	293,708	151,841	445,549
30-34	32	28	60	750,131	519,924	1,270,055
35-39	29	45	74	763,194	1,065,092	1,828,286
40-44	36	55	91	1,651,207	1,305,871	2,957,078
45-49	28	40	68	814,819	997,041	1,811,860
50-54	35	65	100	1,647,252	1,478,274	3,125,526
55-59	87	77	164	3,693,672	2,725,547	6,419,219
60-64	71	95	166	4,023,250	2,701,666	6,724,916
65 & Up	120	100	220	6,508,431	7,316,533	13,824,964
Total	457	518	975	$ 20,168,404	$ 18,261,789	$ 38,430,193

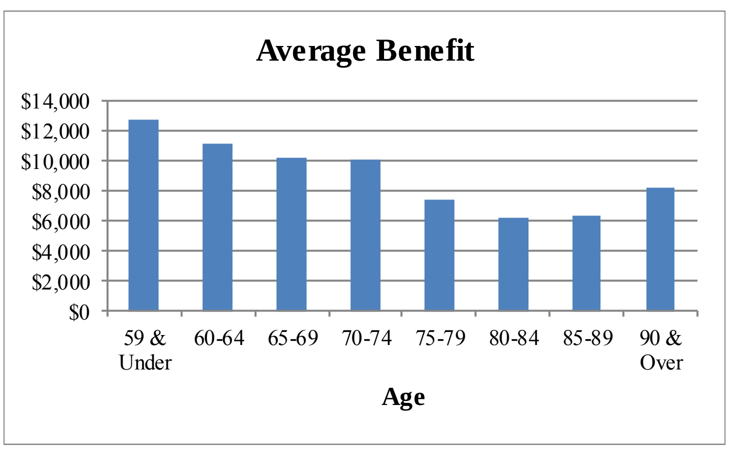




RETIRED MEMBERS
AS OF JANUARY 1, 2015

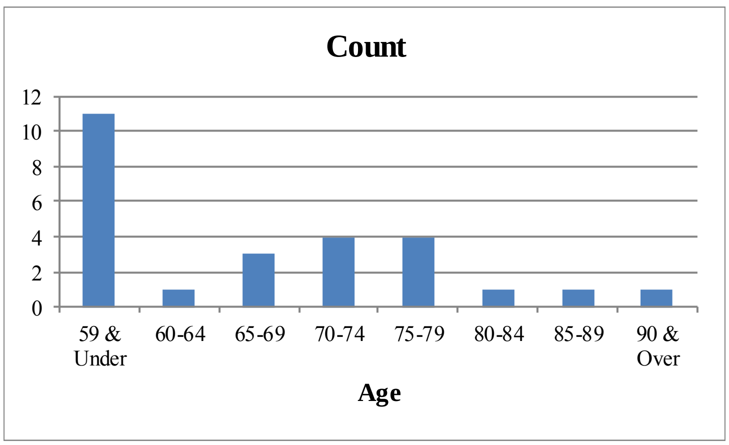
	Count of Members			Annual Benefits		
Age	Male	Female	Total	Male	Female	Total
59 & Under	6	2	8	$ 86,846	$ 14,381	$ 101,227
60-64	16	9	25	210,212	65,749	275,961
65-69	46	48	94	502,974	451,898	954,872
70-74	77	69	146	763,908	694,393	1,458,301
75-79	44	31	75	295,122	255,789	550,911
80-84	18	16	34	141,680	68,562	210,242
85-89	13	3	16	77,050	23,406	100,456
90 & Over	1	1	2	6,302	9,951	16,253
Total	221	179	400	$ 2,084,094	$ 1,584,129	$ 3,668,223

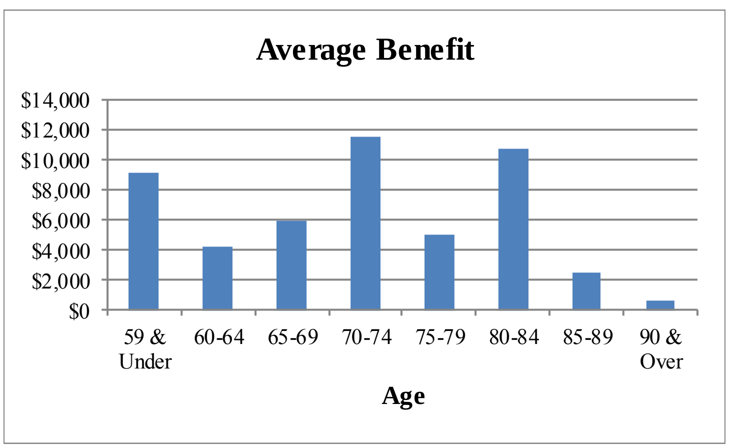




BENEFICIARIES RECEIVING BENEFITS
AS OF JANUARY 1, 2015

	Count of Members			Annual Benefits		
Age	Male	Female	Total	Male	Female	Total
59 & Under	5	6	11	$ 65,709	$ 34,118	$ 99,827
60-64	0	1	1	0	4,242	4,242
65-69	1	2	3	1,619	16,344	17,963
70-74	1	3	4	11,239	34,570	45,809
75-79	0	4	4	0	19,964	19,964
80-84	0	1	1	0	10,760	10,760
85-89	0	1	1	0	2,490	2,490
90 & Over	0	1	1	0	613	613
Total	7	19	26	$ 78,567	$ 123,101	$ 201,668





Membership
All permanent full-time employees of a participating County shall begin immediate participation in the County Employees' Retirement System as of January 1, 2007 or date of hire, if later, and all permanent full-time or permanent part-time employees who have attained the age of 25 may exercise the option to begin immediate participation in the County Employees' Retirement System. Full-time elected officials shall begin participation upon taking office.

Existing members of the County Employees' Retirement System may elect, during the period beginning November 1, 2007 and ending December 31, 2007 to participate in the Cash Balance Benefit Fund. If no election is made by December 31, 2007, the member shall be treated as though he or she elected to continue participating in the Defined Contribution plan as provided in the County Employees' Retirement Act.

Existing members of the County Employees' Retirement System may elect, during the period beginning October 1, 2002, and ending December 31, 2002, to participate in the Cash Balance Benefit Fund. If no election is made by January 1, 2003, the member shall be treated as though he or she elected to continue participating in the Defined Contribution plan as provided in the County Employees' Retirement Act. For a member who first participates in the retirement system on or after January 1, 2003, he or she shall automatically participate in the Cash Balance Benefit Fund subject to plan eligibility requirements.

Compensation Considered
Compensation means gross wages or salaries payable to the member for personal services performed during the plan year, overtime pay, member retirement contributions, and amounts contributed by the member to plans under sections 125, 403(b) and 457 of the Internal Revenue Code or any other section of the code which defers or excludes such amounts from income.

Member Contributions
Members of the County retirement system shall contribute an amount equal to four and one-half percent (4.5%) of annual compensation to the fund. The member contribution shall be credited to the employee cash balance account. In addition, commissioned law enforcement personnel shall contribute an extra amount equal to one percent (1%) of annual compensation if their county's population is less than 85,000 and an extra two percent (2%) of annual compensation if their county's population is more than 85,000.

Employer Contributions
The County shall contribute at a rate of 150% of the members' contributions to the fund. The County contribution shall be credited to the employer cash balance account. The participating counties will also match the additional contribution made by commissioned law enforcement personnel at a rate of 100%.

Interest Credit Rate
Interest credit rate means the greater of (a) five percent or (b) the applicable federal mid-term rate as published by the Internal Revenue Service as of the first day of the calendar quarter for which interest credits are credited, plus one and one-half percent, such rate to be compounded annually.

Interest Credits
Interest credits means the amount credited to the employee cash balance account and the employer cash balance account daily. Such interest credit for each account shall be determined by applying the daily portion of the interest credit rate to the account balance at the end of the previous day.

Retirement Age
A member is eligible for retirement after attaining age 55.

Service
Service is defined to mean the actual total length of employment with a participating County and is not interrupted by a) temporary or seasonal suspension of service that does not terminate the member's employment, b) leave of absence authorized by the County for no longer than twelve months, c) leave of absence due to disability or d) leave due to military service.

Retirement Allowance
Upon attainment of age 55, regardless of service, the retirement allowance shall be equal to the accumulated employee and employer cash balance accounts including interest credits, annuitized for payment in the normal form. Also available are additional forms of payment allowed under the plan which are actuarially equivalent to the normal form including the option of a full lump sum or partial lump sum.

Normal Form of Payment
The normal form of payment under the Cash Balance Benefit Fund is a single life annuity with five-year certain, payable monthly. Members will have the option to convert their member cash balance account to a monthly annuity with built in cost-of-living adjustments of 2.5% annually. This monthly benefit and all other options allowed under the Plan will be of actuarial equivalence to the accumulated employee and employer cash balance accounts including interest credits.

Optional Form of Payment
Optional forms of payment include a lump sum and the following annuities (with or without a 2.5% COLA): life annuity, modified cash refund, certain and life annuity (5, 10 or 15 years), certain only annuity (5, 10, 15 or 20 years) and joint and survivor annuity (50%, 75% or 100%).

Deferred Vested Allowance
A member who terminates with at least 3 years of participation in the system, including eligibility and vesting credit, may choose to leave his employee and employer cash balance accounts in the fund and be eligible to receive a vested monthly allowance at retirement age or request a distribution of his employee and employer cash balance accounts plus interest credits, with no future benefit payable from the plan.

Severance Benefits
A member who terminates with less than 3 years of participation in the system, including eligibility and vesting credit, may elect to receive a distribution of his/her employee cash balance account including interest credits, with no future benefit payable from the plan.

Disability Allowance
If a member becomes disabled prior to retirement, the member shall receive the total amount of his/her accumulated employee and employer cash balance accounts including interest credits, as a lump sum or converted into a monthly annuity, as defined under the retirement allowance.

Pre-retirement Death Allowance
If a member dies prior to retirement, the surviving spouse, designated beneficiary (if different), or estate shall receive the total amount of his/her accumulated employee and employer cash balance accounts including interest credit, as a lump sum or converted into a monthly annuity, as defined under the retirement allowance.

Defined Contribution Transfers at Retirement
Upon retirement, members participating in the Defined Contribution Benefit Fund may elect to annuitize their accumulated account balance and receive a monthly benefit payment from the Cash Balance Benefit Fund. The accumulated account balance is transferred from the Defined Contribution Benefit Fund to the Cash Balance Benefit Fund upon the retirement of a DC member electing an annuity. The actuarial assumptions used to convert the accumulated account balance are (i) the 1994 Group Annuity Mortality Table with a 50% male / 50% female mix, and (ii) the interest rate in accordance with Nebraska State Statute 84-1319.

Benefit Improvements
In accordance with Section 23-2317 of the Nebraska State Statutes, the Public Employees' Retirement Board may grant benefit improvements if the unfunded actuarial accrued liability is less than zero, but in no event will such improvement result in an actuarially required contribution rate in excess of 90% of the total statutory contribution rate.

Dividend Policy
Under Nebraska Statutes, the Board may grant a dividend in addition to the regular interest credit if the UAAL is less than $0 (i.e. a surplus exists) and the actuarial contribution after the extra dividend is no more than 90% of the scheduled contribution rate. Additionally, the Board has adopted a policy that also requires that the Accumulated Obligation be completely funded.

Changes in Plan Provisions Since the Prior Year
There have been no changes in plan provisions since the January 1, 2014 actuarial valuation.

A. ACTUARIAL METHODS

1. **Calculation of Normal Cost and Actuarial Accrued Liability:** The method used to determine the normal cost and actuarial accrued liability was the Entry Age Actuarial Cost Method described below.

Entry Age Actuarial Cost Method

Projected pension benefits were determined for all active members under age 80. Cost factors designed to produce annual costs as a constant percentage of each member's expected compensation in each year from the assumed entry age to the assumed retirement age were applied to the projected benefits to determine the normal cost (the portion of the total cost of the plan allocated to the current year under the method). The normal cost is determined by summing intermediate results for active members under age 80 and determining an average normal cost rate which is the related to the total payroll of active members under age 80. The actuarial assumptions shown in this appendix were used in determining the projected benefits and cost factors. The actuarial accrued liability for active members (the portion of the total cost of the plan allocated to prior years under the method) was determined as the excess of the actuarial present value of projected benefits over the actuarial present value of future normal costs.

The actuarial accrued liability for retired members and their beneficiaries currently receiving benefits, active members age 80 and over, terminated vested members and disabled members not yet receiving benefits was determined as the actuarial present value of the benefits expected to be paid. No normal costs are now payable for these members. The actuarial accrued liability under this method at any point in time is the theoretical amount of the fund that would have been accumulated had annual contributions equal to the normal cost been made in prior years (it does not represent the liability for benefit accrued to the valuation date). The unfunded actuarial accrued liability is the excess of the actuarial accrued liability over the actuarial value of plan assets measured on the valuation date. The unfunded actuarial accrued liability is funded with a level dollar payment amount over 25 years from January 1, 2010 and subsequent changes in the unfunded actuarial accrued liability are funded with a closed level dollar payment over 25 years from the date established. If the unfunded actuarial accrued liability becomes negative, prior changes to the unfunded liability are eliminated and the current unfunded actuarial accrued liability is amortized with a closed level dollar payment over 25 years.

Under this method, experience gains or losses, i.e., decreases or increases in accrued liabilities attributable to deviations in experience from the actuarial assumptions, adjust the unfunded actuarial accrued liability.

2. **Calculation of the Actuarial Value of Assets:** Effective January 1, 2003, the actuarial value of assets was initiated at Market Value and equals the sum of the employee and employer cash balance accounts. In future years, the actuarial value of assets will be based on a five-year smoothing method with phase-in and is determined by spreading the effect of each year's investment return in excess of or below the expected return. The Market Value of assets at the valuation date is reduced by the sum of the following, each determined after January 1, 2003:

(i) 80% of the return to be spread during the first year preceding the valuation date.
(ii) 60% of the return to be spread during the second year preceding the valuation date.
(iii) 40% of the return to be spread during the third year preceding the valuation date.

(iv) 20% of the return to be spread during the fourth year preceding the valuation date.

The return to be spread is the difference between (1) the actual investment return on Market Value and (2) the expected return on Actuarial Value. The expected return on Actuarial Value includes interest on the previous year's unrecognized return.

B. VALUATION PROCEDURES

No actuarial liability is included for participants who terminated without being vested prior to the valuation date, except those due a refund of the cash balance account.

The compensation amounts used in the projection of benefits and liabilities for active members were prior plan year compensations.

Projected benefits were limited by the dollar limitation required by the Internal Revenue Code Section 415 as it applies to governmental plans and compensation limited by Section 401(a)(17).

Changes in Methods and Procedures Since the Prior Year

There have been no changes in the actuarial methods or procedures since the prior actuarial valuation.

ECONOMIC ASSUMPTIONS

1. Investment Return — 7.75% per annum, compounded annually, net of expenses.

2. Inflation — 3.25% per annum, compounded annually.

3. Interest Crediting Rate on Cash Balance Accounts — 6.75% per annum, compounded annually.

4. Annuitization Rate of Member & Employer Accumulated Balances — 7.75% per annum, compounded annually.

5. Salary Scale — Graduated rates by service.

Service	Annual Increase in Salary		
	Merit & Productivity	Inflation	Total
0	5.08%	3.25%	8.50%
1	3.83%	3.25%	7.20%
2	2.66%	3.25%	6.00%
3	1.89%	3.25%	5.20%
4	1.40%	3.25%	4.70%
5	1.21%	3.25%	4.50%
6	1.07%	3.25%	4.35%
7	1.02%	3.25%	4.30%
8	1.02%	3.25%	4.30%
9	1.02%	3.25%	4.30%
≥10	1.02%	3.25%	4.30%

DEMOGRAPHIC ASSUMPTIONS

1. Mortality

Mortality assumptions were based on actual experience during the last experience analysis and includes an allowance for expected future mortality improvement.

a. Active Members — 1994 Group Annuity Mortality Table, setback 1 year, projected to 2015 (55% of male rates for males, 40% of female rates for females).

b. Retired members and beneficiaries — 1994 Group Annuity Mortality Table, setback 1 year, sex distinct projected to 2015 using Scale AA.

c. Mortality rates under the mortality table for active members are shown below at sample ages:

Sample Age	Active Mortality Rate Males	Active Mortality Rate Females
30	.04%	.01%
40	.05	.02
50	.09	.04
60	.28	.14
70	.89	.46
80	2.44	1.22

d. Life expectancies under the mortality table for active members are shown below at sample ages:

Sample Age	Life Expectancy (Years) Males	Life Expectancy (Years) Females
30	58.5	64.8
40	48.7	54.9
50	39.0	45.0
60	29.5	35.3
70	20.8	26.1
80	13.1	17.6

e. Mortality for Annuitization of Employee and Employer Cash Balance Accounts

1994 Group Annuity Mortality Table, with 50 % Male, 50% Female blending.

Sample Age	Mortality Rate	Life Expectancy (Years)
55	.34%	28.0
60	.62%	23.5
65	1.16%	19.4
70	1.87%	15.7
75	2.99%	12.2
80	5.07%	9.3

2. Retirement

Graduated rates by retirement age.

Age	Annual Rates
55	4.5%
56	4.5%
57	4.5%
58	4.5%
59	4.5%
60	4.5%
61	5.0%
62	10.0%
63	10.0%
64	10.0%
65	20.0%
66	20.0%
67	15.0%
68	15.0%
69	15.0%
70-79	20.0%
80	100.0%

3. Termination

Graduated rates by age and service.

	Annual Rate Per 100 Members					
Age	<1	1-<2	2-<3	3-<4	4-<5	5+
20	14.0	13.0	11.5	10.3	9.5	8.7
25	14.0	13.0	11.5	10.3	9.5	8.2
30	14.0	13.0	11.5	10.3	9.5	6.8
35	14.0	13.0	11.5	10.3	9.5	5.7
40	14.0	13.0	11.5	10.3	9.5	5.2
45	14.0	13.0	11.5	10.3	9.5	4.1
50	14.0	13.0	11.5	10.3	9.5	3.7
55	14.0	13.0	11.5	10.3	9.5	4.5

4. Disability

None.

OTHER ASSUMPTIONS

1. Payment Assumptions

As shown in the table below, 40% of all members eligible for retirement are assumed to be paid in the form of an annuity and the other 60% in the form of a lump sum, and 100% of members eligible for all other types of benefits are assumed to be paid in the form of a lump sum. Deferred vested and non-vested members are assumed to take a refund of their account balance as of the valuation date.

Benefit	Assumed Form of Payment
Retirement	60% Lump Sum / 40% Annuity*
Vested	Lump Sum
Non-vested	Lump Sum
Disability	Lump Sum
Death	Lump Sum

*Five-year certain and life annuity.

2. Cost of Living Adjustment

None assumed, except 2.5% per year is used for retirees electing annuity payments with a COLA feature.

Changes in Assumptions Since the Prior Year

There have been no changes in assumptions since the prior valuation.

Actuarial Accrued Liability	The difference between the actuarial present value of system benefits and the actuarial value of future normal costs. Also referred to as "accrued liability" or "actuarial liability".
Actuarial Assumptions	Estimates of future experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and salary increases. Decrement assumptions (rates of mortality, disability, turnover and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (salary increases and investment income) consist of an underlying rate in an inflation-free environment plus a provision for a long-term average rate of inflation.
Accrued Service	Service credited under the system which was rendered before the date of the actuarial valuation.
Actuarial Equivalent	A single amount or series of amounts of equal actuarial value to another single amount or series of amounts, computed on the basis of appropriate assumptions.
Actuarial Cost Method	A mathematical budgeting procedure for allocating the dollar amount of the actuarial present value of retirement system benefit between future normal cost and actuarial accrued liability. Sometimes referred to as the "actuarial funding method".
Experience Gain (Loss)	The difference between actual experience and actuarial assumptions anticipated experience during the period between two actuarial valuation dates.
Actuarial Present Value	The amount of funds currently required to provide a payment or series of payments in the future. It is determined by discounting future payments at predetermined rates of interest and by probabilities of payment.
Amortization	Paying off an interest-discounted amount with periodic payments of interest and principal, as opposed to paying off with lump sum payment.
Normal Cost	The actuarial present value of retirement system benefits allocated to the current year by the actuarial cost method.

Unfunded Actuarial Accrued Liability	The difference between actuarial accrued liability and the valuation assets. Sometimes referred to as "unfunded actuarial liability" or "unfunded accrued liability". Most retirement systems have unfunded actuarial accrued liability. They arise each time new benefits are added and each time an actuarial loss is realized. The existence of unfunded actuarial accrued liability is not in itself bad, any more than a mortgage on a house is bad. Unfunded actuarial accrued liability does not represent a debt that is payable today. What is important is the ability to amortize the unfunded actuarial accrued liability and the trend in its amount (after due allowance for devaluation of the dollar).