



SERS

Spokane Employees'
Retirement System

Comprehensive Annual Report

FOR THE YEAR ENDED DECEMBER 31, 2014



Comprehensive Annual Report

FOR THE YEAR ENDED DECEMBER 31, 2014



Retirement Department
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Introductory Section

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Administrative Organization

BOARD OF ADMINISTRATION

Bill Todd (Chair)	Elected Employee	Field Engineer, Engineering Services
Michael F. Coster	Elected Employee	WWTP Operations Superintendent, Advanced Waste Water Treatment Plant
Michael Cavanaugh	Elected Employee	Water Service Foreperson, Water Division
Jon B. Snyder	Council Appointee	City of Spokane Council Member
Brian Brill	Council Appointee	Portfolio Manager, Washington Trust Bank
Dean Kiefer	Council Appointee	Chair, Management Department Eastern Washington University
Jerry K. McFarlane	Board Appointee	Former President, Pension Consultants of the Northwest

INVESTMENT ADVISORY COMMITTEE

Dennis Clinton	President, Spokane City Credit Union
Brian Brill	Portfolio Manager, Washington Trust Bank
Dean Kiefer	Chair, Management Department , Eastern Washington University
Pam Dolan	Director of Accounting, City of Spokane

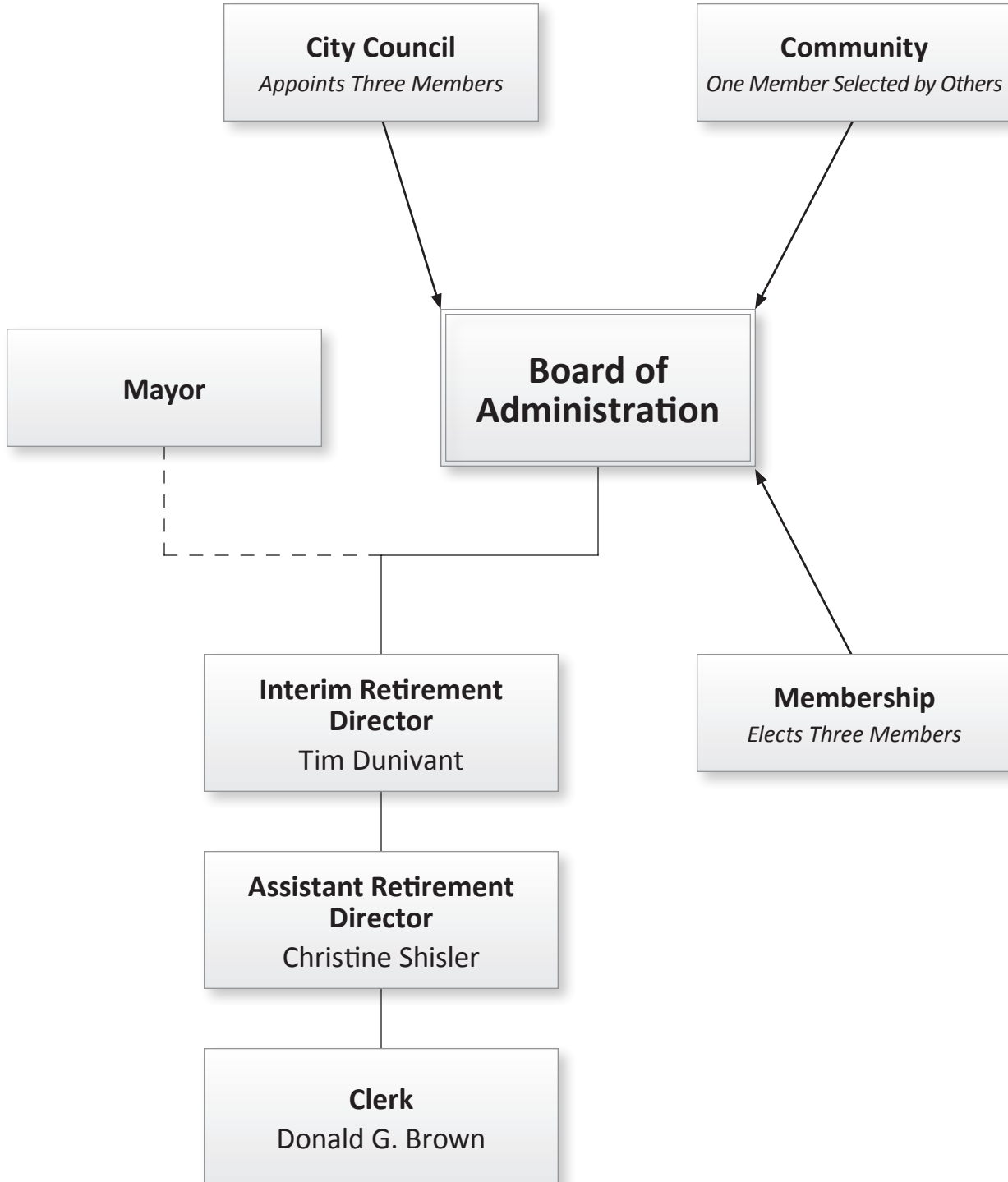
STAFF

Tim Dunivant	Interim Retirement Director
Christine Shisler	Assistant Retirement Director
Donald G. Brown	Clerk
Timothy Szambelan	Legal Advisor

ADVISORY

Certified Public Accountants	Moss Adams
Actuarial Services	SageView Consulting Group
Investment Performance Analysis	Hyas Group
Custodial Services	US Bank
Legal Counsel	K & L Gates and Lane Powell PC

Organization Chart



Description Of Retirement System

Please note: Certain benefits were modified effective January 1, 2015 and are disclosed in the footnotes to the financial statements. This description is a brief summary of the Retirement System as of the effective date of this Annual Report, December 31, 2014.

SERS, a defined benefit pension plan, was founded July 1, 1942. Membership in SERS is required for all permanent non-uniformed employees of the City of Spokane. SERS is governed by a Board of Administration of seven members. Three members are appointed by the City Council and three employee members are elected by the SERS membership. The seventh member is appointed by the other six members and is not an elected official or an employee of the City. SERS provides retirement, death, and disability benefits which vest after five years of creditable service. A pension can commence at age 50, but certain rules may apply. This page contains a brief summary of the Retirement System; refer to the Summary of Benefit and Contribution Provisions contained in the Actuarial Section of this report for a more detailed explanation of the benefits.

For those employees hired on or before December 31, 2008, a straight retirement benefit is calculated by multiplying 2.15% of the member's highest consecutive two-year monthly salary by the member's years of creditable service. At 2.15%, their pension calculation is limited to 30 years of creditable service. An alternative formula exists for a maximum pension up to 35 years; however, if this alternative is selected at retirement, a 2.0% multiplier is utilized resulting in a maximum pension of 70.0%.

For those employees hired on or after January 1, 2009, age plus years of service must equal 75 "points" before they can draw a pension. Their straight retirement benefit is calculated by multiplying 2.0% of the member's highest consecutive two-year monthly salary by the member's years of creditable service to a maximum of 70.0%.

A number of optional forms of retirement benefits (see Service Retirement Options) are available which allow a retiree to provide benefits to his or her beneficiary with a reduction in pension benefits.

Member contributions, currently 7.75% of total salary-based compensation, are deducted from the member's salary and paid into the retirement fund. The City also contributes 7.75%. The City's contribution is used for funding the overall plan.

If a member has five years of service and becomes totally and permanently disabled, he or she may be eligible for a disability pension. If the disability is due to an injury incurred on the job, no minimum service is required. The amount of disability pension is calculated based on 1.25% of final average salary and service that would have been creditable had the member worked until age 62.

If a member terminates service within five years of entering SERS, their contributions plus interest are available for withdrawal. If the member is over age 50 and terminates after five years of service, they can elect to withdraw their contributions or they can elect to receive a monthly pension if they meet certain eligibility requirements. If a member is under age 50 and terminates after five years of service, they can withdraw their contributions or they can vest and begin receiving a pension at age 50 if they meet certain eligibility requirements. A number of service retirement options exist and these options are briefly explained on the following page.

Additional information can be obtained at www.spokanesers.org

Service Retirement Options

In each option, a pension is paid to the retiree for their lifetime. The options provide different types of a remaining cash balance, paid to a beneficiary, upon death of the retiree. Briefly, the options are as follows:

1. **Normal Benefit** The total pension is deducted each month from the retiree's total accumulated contributions, leaving any remaining balance to be paid to a beneficiary in one lump-sum upon the retiree's death.
2. **Option "A"** An annuity portion is deducted monthly from the retiree's total accumulations, with a lump-sum cash refund of any remaining balance being paid to a beneficiary upon the retiree's death.
3. **Option "B"** The death benefit is the same as in Option A, but it is paid in monthly payments until the balance of the total accumulations is exhausted.
4. **Option "C"** In case of death within the guaranteed period, a retiree's beneficiary receives the pension for the remainder of a pre-selected time period of 5, 10, 15, or 20 years.
5. **Option "D"** Upon the retiree's death, 50% of the pension is continued to the retiree's spouse for life.
6. **Option "E"** Upon the retiree's death, 100% of the pension is continued to retiree's spouse for life.

If a retiree elects options "A" through "E," their monthly pension is actuarially reduced to provide a death benefit.

At the time of retirement, a retiree also has the option of withdrawing their contributions, with interest, in a lump-sum payment and giving up all rights to any further benefits from the Spokane Employees' Retirement System.

To the Honorable Mayor and
Spokane City Council
Spokane, WA 99201

This 73rd Annual Report consists of five sections: The Introductory Section contains the letter of transmittal and an explanation of the administrative organization of the System; the Financial Section contains the audited financial statements of the System as well as an opinion letter from the System's independent certified public accountants; the Actuarial Section contains the consulting actuary's report along with related actuarial data and statements; the Statistical Section contains tables of significant data pertaining to the operation of the System; and the last section is the Investment Section, which includes information related to the System's investments.

The Retirement System began its first year of operations in 1942 and is managed in accordance with Chapters 3.05 and 4.14 of the Spokane Municipal Code. The retirement plan is an employer-sponsored defined benefit plan that pays a determinable amount to each member who retires after a minimum number of years of service. Refer to the Summary of Benefit and Contribution Provisions contained in the Actuarial Section of this report for criteria and a more detailed explanation of the benefits.

The compilation of this report reflects the combined efforts of the staff under the leadership of the Retirement Board. The intention of this report is to provide complete and reliable information to assist in management decisions, to present evidence of compliance with legal provisions and to demonstrate responsible stewardship for the assets contributed by the members and their employer. The accuracy and completeness of the data contained in this report are the sole responsibility of the management of the Spokane Employees' Retirement System.

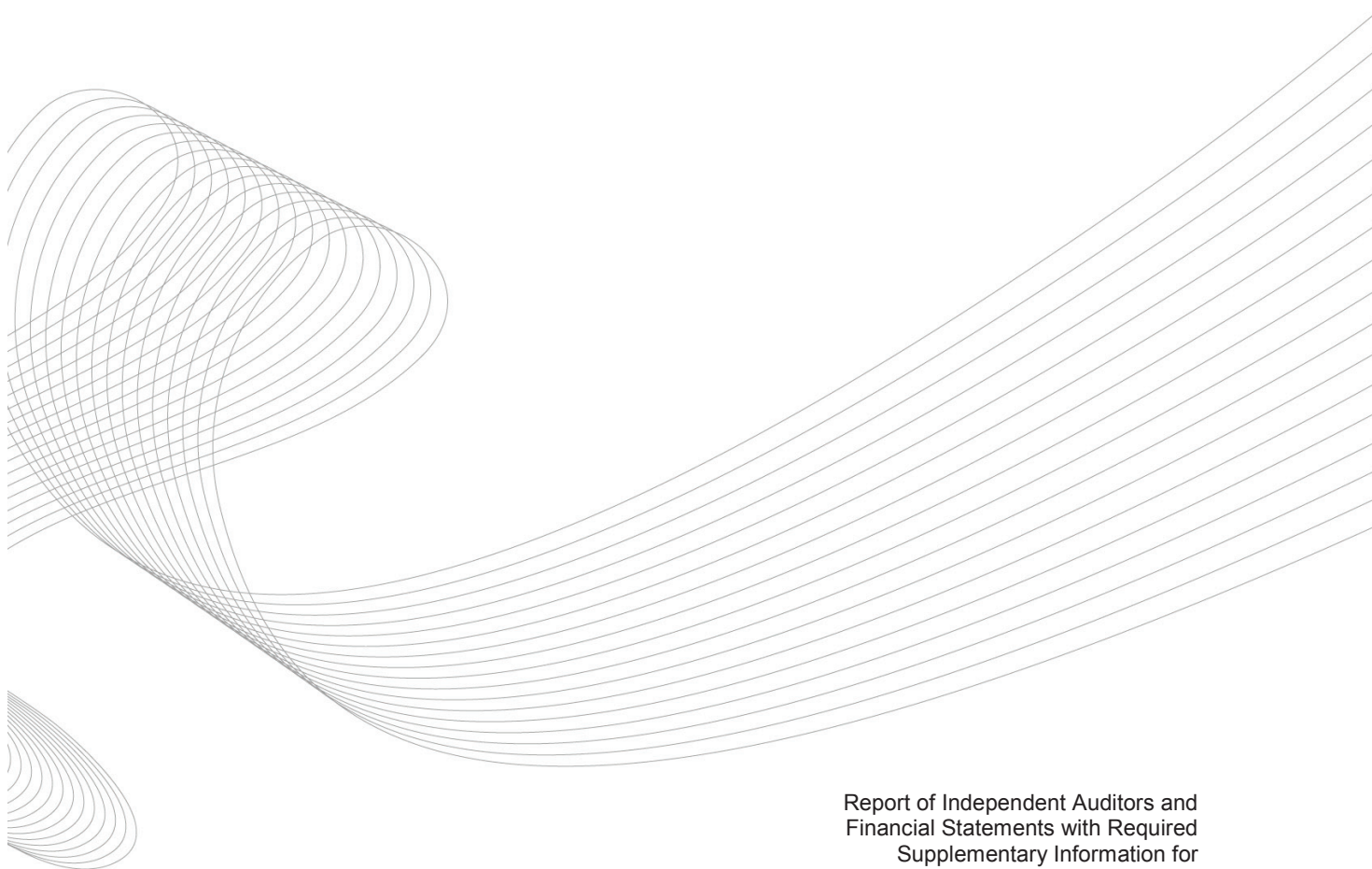
We would like to express our gratitude to the advisors and the many people who have worked so diligently to assure the successful operation of the System. Lastly, the Interim Director would like to acknowledge the hard work and dedication of the Retirement Department staff. Without them, this report would not be possible.

Respectfully submitted,

Board of Administration,
Spokane Employees' Retirement System
As of December 31, 2014

Financial Section

Moss-Adams L.L.P.
Independent Auditor's Report



Report of Independent Auditors and
Financial Statements with Required
Supplementary Information for

**Spokane Employees'
Retirement System**
(Pension Trust Fund of the City
of Spokane, Washington)

December 31, 2014 and 2013

MOSS ADAMS LLP

Certified Public Accountants | Business Consultants

Acumen. Agility. Answers.

MOSS ADAMS LLP
Certified Public Accountants | Business Consultants

REPORT OF INDEPENDENT AUDITORS

To the Trustees
Spokane Employees' Retirement Plan
Spokane, Washington

Report on Financial Statements

We have audited the accompanying financial statements of the Spokane Employees' Retirement System (SERS, System, or Plan), a pension trust fund of the City of Spokane, Washington, which comprise the statements of fiduciary net position as of December 31, 2014 and 2013, and the related statements of changes in fiduciary net position for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

REPORT OF INDEPENDENT AUDITORS
(continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Spokane Employees' Retirement System as of December 31, 2014 and 2013, and the changes in fiduciary net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the System adopted Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans*, effective January 1, 2014.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 9 and schedules of changes in the employer's net pension liability and related ratios, employer's contribution, and investment returns on pages 20 through 23 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The schedules of administrative and investment expenses, on pages 24 through 26, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates to the underlying accounting and other records used to prepare the financial statements. The schedules of administrative and investment expenses have been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of administrative and investment expenses are fairly stated in all material respects in relation to the financial statements as a whole.

Moss Adams LLP

Spokane, Washington
June 23, 2015

SPOKANE EMPLOYEES' RETIREMENT PLAN MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis

This section presents management's discussion and analysis of the Spokane Employees' Retirement System's (SERS, the System, or the Plan) financial performance during the year ended December 31, 2014. Please read it in conjunction with the accompanying financial statements and the related notes.

This report is prepared in accordance with the principles of governmental accounting and reporting promulgated by the Governmental Accounting Standards Board (GASB). Investments are stated at fair market value and income includes the recognition of unrealized gains or losses. The accrual basis of accounting is used to record assets, liabilities, revenues, and expenses. Revenue recognition occurs when earned without regard to the date of collection. Expense recognition occurs when the corresponding liabilities are incurred, regardless of payment date. For ease of reading, the dollar amounts that appear in this narrative are typically rounded to the closest one thousand dollars. The basis of contributions to the System is the Entry Age Normal funding method, with current service contributions based on the normal contribution rate determined under the funding method and unfunded prior service amortized as a level percentage of covered payroll over a period of no more than 30 years in accordance with GASB standards. SageView Consulting Group, LLC, the System's actuary, evaluates the funding status of the System.

The financial section contains the following information:

- 1. Basic Financial Statements** including:
 - a. Statement of fiduciary net position
 - b. Statements of changes in fiduciary net position
 - c. Notes to financial statements

- 2. Required Supplementary Information** including:
 - a. Schedule of changes in the employers' net pension liability and related ratios
 - b. Schedule of employer's contributions
 - c. Schedule of investment returns

- 3. Additional Information** including:
 - a. Schedule of administrative expenses
 - b. Schedule of investment expenses

SPOKANE EMPLOYEES' RETIREMENT PLAN MANAGEMENT DISCUSSION AND ANALYSIS

The basic financial statements are described as follows:

- The statement of fiduciary net position shows the account balances at year-end and includes the net position available for future benefit payments. The Plan's net position is restricted to the payment as shown in the schedule of employers' net pension liability and related ratios.
- The statement of changes in fiduciary net position shows the sources and uses of funds during the year corresponding to the change in net position from the previous year.
- The notes to the financial statements are an integral part of the financial statements and include additional detailed information and schedules to provide a better understanding of the financial statements.

The required supplementary information provides historical data and projected obligations that reflect the long-term nature of the Plan and trends over time.

- Schedule of changes in the employers' net pension liability and related ratios contains the items contributing to the changes in the pension liability and Plan's net position. Ratios comparing the unfunded liability to the Plan's net position and covered-employee payroll are also provided.
- Schedule of employer's contributions contains a history of employee and employer contributions made to the plan.
- Schedule of investment returns contains a history of the Plan's investment performance on a money-weighted basis.

Financial Highlights

- Net position increased by \$4.9 million (1.7%) during 2014 and increased by \$37.6 million (15.5%) during 2013. In 2014, moderate investment gains and combined contributions were sufficient to more than fully fund the benefit and expense payments made during the year. The larger 2013 increase was primarily due to robust gains in the equity markets in the U.S. and abroad.
- Revenues and additions to net position totaled \$28.1 million in 2014, compared to \$58.8 million in the prior year. For 2014, revenue includes member and employer contributions of \$13.6 million and net investment earnings totaling \$14.5 million. Member and employer contributions increased by \$214 thousand in 2014 after decreasing by \$527 thousand in 2013. Net investment income, which fluctuates year-to-year depending on market conditions, decreased by \$30.8 million in 2014 compared to 2013. Despite strong performance in US equity markets, 2014 returns could not keep pace with the historic returns of 2013.

SPOKANE EMPLOYEES' RETIREMENT PLAN MANAGEMENT DISCUSSION AND ANALYSIS

Financial Highlights (continued)

- Expenses, deductions from net position, for 2014 were \$23.3 million, a 10.2% increase from 2013. Total expense amounts, and fluctuations, are primarily driven by pension benefit payments. Retiree benefits and refunds of contributions increased by \$2.1 million during 2014 and by \$1.6 million during 2013.

Financial Statements and Analysis

Changes in Plan Net Position

The table below provides a summary of the changes in Plan net position during the years and reflects the activities of the Plan:

	Years Ended December 31,		
	2014	2013	2012
Additions			
Employer contributions	\$ 6,822,279	\$ 6,715,376	\$ 6,937,750
Plan member contributions	6,822,279	6,715,376	7,019,684
Net investment income	14,497,901	45,323,533	25,667,673
Total additions	28,142,459	58,754,285	39,625,107
Deductions			
Benefits	22,258,842	20,346,281	18,554,194
Refunds of contributions	625,184	393,954	569,058
Net administrative expenses	386,713	385,675	520,955
Total deductions	23,270,739	21,125,910	19,644,207
Net increase in net position	4,871,720	37,628,375	19,980,900
Net Position restricted for pensions			
Beginning of year	280,901,101	243,272,726	223,291,826
End of year	\$ 285,772,821	\$ 280,901,101	\$ 243,272,726

SPOKANE EMPLOYEES' RETIREMENT PLAN MANAGEMENT DISCUSSION AND ANALYSIS

Revenues - Additions to Net Plan Position

- Both Employer and Plan participant contributions increased by 1.6% (\$107 thousand) in 2014. In 2013, Employer contributions decreased by 3.2% (\$222 thousand) and participant contributions decreased by 4.3% (\$304 thousand). Employee contributions can vary from employer contributions if rehired employees optionally buy-back their creditable service time from a prior withdrawal upon being rehired. Both the employer and the employee contributions are driven by the contribution rate, currently 8.25% of salary for each, and by salaries/wages. The contribution rate increased from 7.75% starting on September 1, 2014.
- Net investment income was a \$14.5 million gain in 2014 compared to a \$45.3 million gain in 2013. In 2014, the portfolio's annual return was 5.3% compared to 18.9% in 2013. Strong domestic equity market performance in both years was the primary factor driving the portfolio return. In 2014, strong domestic equity returns were offset by weakness in international equities and sharply falling oil prices that hurt commodity returns.

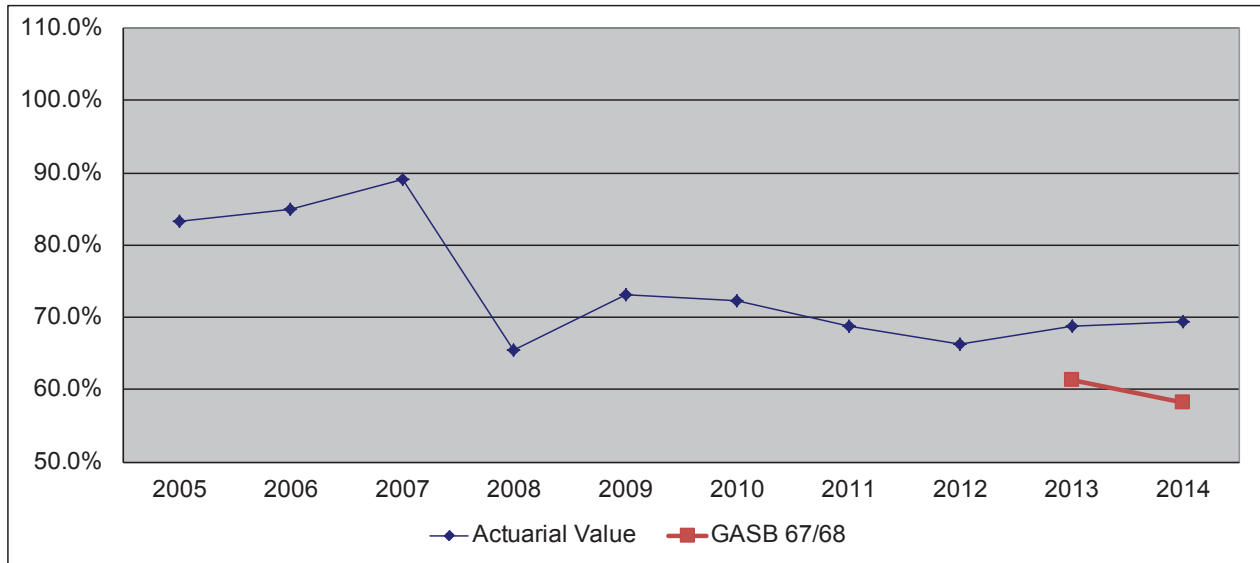
Expenses – Deductions from Net Plan Assets

- Retiree benefits paid increased by \$1.9 million (9.4%) in 2014 and \$1.8 million (9.7%) in 2013. Pent up retirement demand continues to contribute to the sharp increase in retirements in 2014, and is expected to continue for the near future. SERS' active member age is an average of 48.8 years old, which is up from 48.3 as compared to 2010. Average active participant service has increased from 12.0 years in 2010 to 12.3 years in 2014.
- Refunds of contributions increased by \$231 thousand in 2014 after decreasing by \$175 thousand in 2013. Lump sum withdrawals from the Plan fluctuate from year to year based on the number of participants that leave the system and the average size of withdrawal.
- Net administrative expenses include salaries and benefits for the SERS staff, along with other costs associated with administering the Plan and are shown on the Schedule of Administrative Expenses. In 2014, the Retirement Director position remained open and was filled on an interim basis by the Director of Management and Budget at no cost to SERS. Additionally, the City implemented the PeopleSoft database in 2012 and began allocating an annual charge of \$17,649 in amortization expense to SERS. Without the noncash amortization expense of \$17,649, net administrative expenses would have been approximately \$369 thousand in 2014. Net administrative expenses, before the noncash amortization charge, are lower than those incurred ten years ago in 2005. Staff and the Board continue to be diligent about Plan operating expenses.

SPOKANE EMPLOYEES' RETIREMENT PLAN MANAGEMENT DISCUSSION AND ANALYSIS

Funding Status

The actuarial accrued liability (AAL) is the actuarial present value of benefits accrued to date, adjusted to reflect future salary increases in accordance with the actuarial assumptions. The AAL funded ratio compares the AAL to Plan assets.



The 2008 drop in funding status was caused by the global financial crisis that was triggered by market disruptions related to sub-prime mortgages. Following the initial rebound from the financial crisis in 2009, funding ratios fell through 2012 as asset gains could not keep pace with increases in the value of future liabilities. Strong market returns in 2013 were more than sufficient to offset further liability growth.

Beginning in 2014, the implementation of GASB No. 67 and No. 68 resulted in a new method for measuring the future value of Plan liabilities. The discount rate for any funding shortfalls moved from the long-term rate of return to the borrowing rate for all points in time when a funding shortfall is expected. This change reduced the discount rate for 2014 to 5.50% from 7.50% in 2013 when the prior methodology was used. Had the prior methodology continued, the Plan's funding ratio would have increased from 68.7% to 69.3%. Instead it fell to 58.2% in 2014 compared to 61.3% in 2013 if the GASB No. 67/68 methodology had been used in both years. This decrease was due to a 25 basis point decrease in the blended discount rate caused by falling long term interest rates.

Funds are accumulated from employer and employee contributions and investment earnings and are used to pay present and future benefit obligations and administrative expenses. Starting September 1, 2014, active members contribute 8.25% of their salaries to the retirement fund and the City contributes 8.25% for a combined total of 16.50%. Prior to that, both parties contributed 7.75% of salary for a total contribution of 15.50%. An 8.25% employer and employee contribution rate is expected to increase the funded status to near 100% over 30 years based on the Board approved actuarial assumptions currently in place.

SPOKANE EMPLOYEES' RETIREMENT PLAN MANAGEMENT DISCUSSION AND ANALYSIS

Retiree Benefit Adjustment

The SERS Board of Administration considers issuing an ad hoc adjustment for retiree benefits each year. The Board can grant an ad hoc adjustment if the AAL funded ratio is 90% or greater and remains above 90% after the ad hoc adjustment is granted. As stated above, the AAL funded ratio is less than 90% as of December 31, 2014. The last ad hoc retiree adjustment occurred in 2001. Based on the current AAL funded ratio, the Plan does not anticipate making ad hoc adjustments. It will take continued significant favorable experience in the investment markets to raise the funded ratio above its target.

Investment Activities

One-year returns on asset classes and comparative benchmarks are presented in the table below. Negative returns are displayed in brackets and the policy index and benchmarks are in italics.

	Investment Return	
	2014	2013
Total portfolio	5.3%	18.9%
<i>Policy index</i>	<i>5.8%</i>	<i>17.9%</i>
Large cap equities	12.9%	34.8%
<i>Benchmark: S&P 500 Index</i>	<i>13.7%</i>	<i>32.4%</i>
Mid cap equities	10.2%	37.5%
<i>Benchmark: Russell Mid cap Index</i>	<i>13.2%</i>	<i>34.8%</i>
Small cap equities	6.3%	40.3%
<i>Benchmark: Russell 2000 Index</i>	<i>4.9%</i>	<i>38.8%</i>
Real Estate	25.0%	8.7%
<i>Benchmark: FTSE NAREIT Composite Index</i>	<i>19.6%</i>	<i>2.2%</i>
International equities	(3.6%)	20.9%
<i>Benchmark: MSCI ACWI Ex USA Index</i>	<i>(3.9%)</i>	<i>15.3%</i>
Commodities	(24.8%)	(3.4%)
<i>Benchmark: S&P GSCI Total Return Index</i>	<i>(33.1%)</i>	<i>(1.2%)</i>
Alternatives		
Absolute Return	3.2%	4.7%
<i>Benchmark: Fixed Income Alternatives - Barclays Capital US Aggregate Bond Index</i>	<i>6.0%</i>	<i>(2.0%)</i>
<i>Benchmark: NFRI FOF Conservative</i>	<i>3.1%</i>	<i>7.7%</i>
Long/Short Growth	8.3%	15.2%
<i>Benchmark: Equities Alternatives - S&P 500 Index</i>	<i>13.7%</i>	<i>32.4%</i>
<i>Benchmark: HFRI FOF Comp</i>	<i>3.3%</i>	<i>8.7%</i>
Fixed income	0.3%	1.2%
<i>Benchmarks:</i>		
<i>Barclays Capital US Aggregate Bond Index</i>	<i>6.0%</i>	<i>(2.0%)</i>
<i>US T-Bills 90 day Index</i>	<i>0.04%</i>	<i>0.07%</i>

SPOKANE EMPLOYEES' RETIREMENT PLAN MANAGEMENT DISCUSSION AND ANALYSIS

Investment Activities (continued)

The investments of the System are governed by the "prudent investor rule." The prudent investor rule, as set forth by state statute, establishes a standard for all fiduciaries, which includes anyone who has authority with respect to the fund.

Total investments, valued at fair market value, increased \$4.1 million in 2014 compared to an increase of \$37.0 million in 2013. The investment portfolio experienced an overall positive return of 5.3% in 2014 compared to a positive return of 18.9% in 2013. The overall return for 2014 was aided by strong domestic equity performance and a very good year for the Plan's real estate investments. These returns were offset by losses in international equities and commodities and by underperformance of the fixed income portfolio relative to the broader fixed income market. The losses in commodities were due primarily to falling oil prices. SERS continued to utilize various hedged equity and credit strategies that are implemented specifically to reduce short-term volatility. These strategies provided modest returns in 2014. Over a full market cycle, SERS expects these strategies to provide equity-like returns with significantly lower volatility by averting large losses during down markets.

The System invests funds for the long-term, anticipating both good and bad financial markets. Investments are diversified to reduce investment risk and mitigate the risk of underperforming the actuarial rate of return. While annual market performance is unlikely to match the actuarial rate of return, long-term returns are expected to be in line with the assumption based on the diversified nature of the portfolio. Each alternative investment that SERS enters into has been carefully studied by the System's independent investment consultant and has been reviewed by staff and the Board. The asset allocation study that was modeled by the independent consultant demonstrated that alternative assets have low correlations to traditional asset classes and are expected to add value to the portfolio, over time. The Board believes the use of alternative investments is a prudent approach to managing risk.

Contacting the Spokane Employees' Retirement System

If you have questions about this report or need additional information, please contact:

Spokane Employees' Retirement System
City Hall – Suite 604
808 W. Spokane Falls Blvd.
Spokane, WA 99201
www.spokanesers.org
509.625.6330

SPOKANE EMPLOYEES' RETIREMENT PLAN
STATEMENTS OF FIDUCIARY NET POSITION

	2014	2013
Assets		
Cash	\$ 139,376	\$ 192,910
Short-term investments	<u>2,382,582</u>	<u>1,523,566</u>
Total cash	<u>2,521,958</u>	<u>1,716,476</u>
Receivables:		
Investment income	71,493	58,483
Other	<u>672</u>	<u>349</u>
Total receivables	<u>72,165</u>	<u>58,832</u>
Investments:		
U.S. fixed income securities	33,044,477	32,188,216
International/global fixed income securities	13,082,318	13,242,228
U.S. equities	98,334,595	97,909,114
International/global equities	48,383,308	53,140,765
Real estate	19,373,567	14,223,774
Alternatives	<u>70,755,289</u>	<u>68,191,034</u>
Total investments	<u>282,973,554</u>	<u>278,895,131</u>
Capitalized software, net	300,033	317,682
Leashold improvements, net	<u>-</u>	<u>877</u>
Total assets	<u>285,867,710</u>	<u>280,988,998</u>
Liabilities		
Payables:		
Accounts payable	62,047	52,930
Current portion employees salaries and benefits	10,567	15,738
Employee leave benefits	3,922	6,751
Other current liabilities	<u>18,353</u>	<u>12,478</u>
Total liabilities	<u>94,889</u>	<u>87,897</u>
Net position restricted for pensions	<u><u>\$ 285,772,821</u></u>	<u><u>\$ 280,901,101</u></u>

SPOKANE EMPLOYEES' RETIREMENT PLAN
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION

	Years Ended December 31,	
	2014	2013
Additions		
Contributions:		
Employer	\$ 6,822,279	\$ 6,715,376
Member	6,822,279	6,715,376
Total contributions	<u>13,644,558</u>	<u>13,430,752</u>
Investment income:		
Net appreciation in fair value of investments	8,125,868	40,854,987
Interest and dividends	6,745,143	4,807,707
Less investment expense	(373,110)	(339,161)
Net investment income	<u>14,497,901</u>	<u>45,323,533</u>
Total additions	<u>28,142,459</u>	<u>58,754,285</u>
Deductions		
Benefit payments	22,258,842	20,346,281
Refunds of member contributions	625,184	393,954
Administrative expenses, net of administrative income	386,713	385,675
Total deductions	<u>23,270,739</u>	<u>21,125,910</u>
Net increase in net position	4,871,720	37,628,375
Net position restricted for pensions		
Beginning of year	<u>280,901,101</u>	243,272,726
End of year	<u>\$ 285,772,821</u>	<u>\$ 280,901,101</u>

SPOKANE EMPLOYEES' RETIREMENT PLAN NOTES TO FINANCIAL STATEMENTS

Note 1 – Plan Description

Plan administration – The Spokane Employees' Retirement System (SERS, the System, or the Plan) is a single employer defined benefit pension plan covering employees of the City of Spokane (City), administered in accordance with Chapters 3.05 and 4.14 of the Spokane Municipal Code (SMC).

SERS is a pension trust fund of the City of Spokane and is presented as a blended component unit within the fiduciary fund of the City's comprehensive annual financial report. SERS has separate legal standing. The City is financially accountable for SERS because a financial burden is imposed on the City using the criteria of financial accountability. SERS has determined there are no entities that require inclusion within its financial statements.

All permanent employees of the City, including employees of the Plan, are eligible to belong to SERS with the exception of police and firefighters who are members of the State Law Enforcement Officers and Firefighters' Retirement System.

Management of SERS is vested in SERS Board, which consists of seven members—three members are elected by active employee plan members, three members are appointed by the Spokane City Council and one member (who may not be an elected official or employee of the City) is appointed by the other six board members.

Plan membership – At December 31, 2014, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	1,243
Inactive plan members entitled to but not yet receiving benefits	105
Active plan members	<u>1,407</u>
	<u><u>2,755</u></u>

Benefits provided – SERS provides retirement, death, and disability benefits. All employees hired on or before December 31, 2008, who participate in SERS, are eligible for service retirement after completing five years of service if they are age 50 or older. Their retirement benefits are calculated by multiplying 2.15% of the member's highest consecutive two-year average salary by the member's years of creditable service, not to exceed 64.50%. All employees hired on or after January 1, 2009, who participate in SERS, are eligible for service retirement after completing five years of service and are age 50 or older; however, this group of employees must have their age plus years of service equal to 75 before they can draw a pension. Their retirement benefits are calculated by multiplying 2.00% of the member's highest consecutive two-year average salary by the member's years of creditable service, to a maximum of 70.00%. Employees hired prior to January 1, 2009, have a choice at retirement of choosing a 2.15% multiplier with a service cap of 30 years or a 2.00% multiplier with a service cap of 35 years. In addition, the normal retirement age for the Plan is 62. For either group, benefits may be reduced on an actuarially equivalent basis according to the retirement annuity option selected for themselves and their beneficiaries.

SPOKANE EMPLOYEES' RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

Note 1 – Plan Description (continued)

Benefits provided (continued) – All employees hired on or after January 1, 2015, who participate in SERS, are eligible for service retirement after completing seven years of service and are age 50 or older; however, this group of employees must have their age plus years of service equal to 80 before they can draw a pension. Their retirement benefits are calculated by multiplying 2.00% of the member's highest consecutive three-year average salary by the member's years of creditable service, to a maximum of 70.00%. In addition, the normal retirement age for the Plan is 65. Benefits may be reduced according to the retirement annuity option selected.

The SERS Board of Administration considers issuing an ad hoc adjustment for retiree benefits each year. The Board can grant an ad hoc adjustment if the AAL funded ratio is 90% or greater and remains above 90% after the ad hoc adjustment is granted. The AAL funded ratio is less than 90% as of December 31, 2014. The last ad hoc retiree adjustment occurred in 2001. Based on the current AAL funded ratio, it will take continued significant favorable experience in the investment markets or a future increase in contribution levels to raise the funded ratio above its target.

Note 2 – Summary of Significant Accounting Policies

Basis of accounting – With the December 31, 2014, reporting, SERS adopted new accounting guidance, GASB Statement No. 67, *Financial Reporting for Pension Plans*, which is an amendment of GASB Statement No. 25 and No. 50. GASB No. 67 requires changing the presentation of the financial statements, notes to the financial statements, and required supplementary information. Significant changes include a change in the actuarial calculation of total and net pension liability. It also includes comprehensive footnote disclosure regarding the pension liability, the sensitivity of the net pension liability to the discount rate, and increased investment activity disclosures. The total pension liability, determined in accordance with GASB No. 67, is presented in Note 3 and in the Required Supplementary Information.

The financial statements were prepared using the accrual basis of accounting. Employee and employer contributions are recorded as revenues in the period in which payroll is due and expenses are recorded when the corresponding liabilities are incurred. Interest income is recognized when earned and dividend income is recognized on the ex-dividend date.

Use of estimates – In preparing the Plan's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

SPOKANE EMPLOYEES' RETIREMENT PLAN NOTES TO FINANCIAL STATEMENTS

Note 2 – Summary of Significant Accounting Policies (continued)

Methods used to value investments – All fixed income, common stock, and short-term investments are listed at fair market value. Short-term investments are reported at cost, which approximates fair value. Fixed income securities and common stock traded on national exchanges are valued at the last reported sales price. Investments that do not have an established market are reported at estimated fair value.

Certain investments, such as mutual funds and limited partnerships, net their management fees before the fund itself reports net investment income for the period. Investment fees detailed in the Schedule of Investment Expenses represent cash payments made to money managers and other investment professionals. Mutual fund and limited partnership fees are not reflected in this Schedule; however, investment expenses are netted against investment income in the statement of changes of Plan net position to arrive at a net investment income amount.

Investments are exposed to various risks, such as interest rate, market, credit, and regulatory risk. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect total net position and the amounts reported in the statements of Plan net position.

Note 3 – Deposits and Investments

Deposits – The Federal Deposit Insurance Corporation (FDIC) insures the cash deposits up to \$250,000 per member of the System. As provided by State of Washington RCW 43.84, the Washington Public Deposit Protection Commission (PDPC) collateralizes deposits in excess of \$100,000.

Investment policy – The Plan's policy regarding the allocation of invested assets is established, and may be amended, by a majority vote of the SERS Board. It is the policy of the SERS Board to pursue an investment strategy that meets the projected return requirements while minimizing volatility by diversifying the portfolio across a broad selection of distinct asset classes. The Plan's investment policy limits the use of cash equivalents to meeting liquidity requirements and reviews rebalancing needs at least quarterly.

SPOKANE EMPLOYEES' RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

Note 3 – Deposits and Investments (continued)

Investment policy (continued) – The following was the Board's target asset allocation as of December 31, 2014:

Asset Class	Target Allocation
Global equity	50%
Global fixed income	15%
Long/short and special opportunitites	14%
Absolute return	10%
Real estate	6%
Commodities	4%
Cash	1%
Total	100%

Concentrations – SERS holdings in organizations that represent five percent or more of the pension Plan's fiduciary net position at December 31, 2014:

Organization	% of net position
Vanguard Funds	14.54%
Pacific Investment Management Company	6.58%
Hotchkis & Wiley	5.97%
MFS Investment Management	5.67%
Artisan Partners	5.41%
Delaware Investments	5.28%

Rate of return – For the year ended December 31, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 5.34 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

SPOKANE EMPLOYEES' RETIREMENT PLAN NOTES TO FINANCIAL STATEMENTS

Note 3 – Deposits and Investments (continued)

Rate of return (continued) – The long-term expected rate of return on pension plan investments was determined using statistical methods to determine the best-estimate future real rate of return (net of pension plan investment expense and inflation) based on long-term performance of the major asset classes. These returns are used to determine the estimated portfolio return based on the target asset allocation percentage of each asset class. Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2014, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity	7.0%
Global fixed income	3.5%
Long/short and special opportunitites	7.1%
Absolute return	4.0%
Real estate	6.6%
Commodities	6.5%
Cash	0.5%

Discount rate – The blended discount rate used to measure the total pension liability was 5.50%. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current 8.25% contribution rate and that City contributions will be made at the same rate. GASB No. 67 requires the use of a blended discount rate to the extent future contributions are not projected to be sufficient to provide future benefits for the current closed group of Plan participants. If that is the case, the expected long-term rate of return on Plan assets (7.50%) is used for the period where assets are projected to be sufficient and the current yield on the 20-year AA municipal bonds (3.50% as of 12/31/14; 3.75% as of 12/31/13) is used thereafter.

Sensitivity of the net pension liability to changes in the discount rate – The following presents the net pension liability of SERS, calculated using the blended discount rate of 5.50%, as well as what SERS's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.50%) or 1-percentage-point higher (6.50%) than the current rate:

	1% Decrease (4.5%)	Current Discount Rate (5.5%)	1% Increase (6.5%)
Plan's net pension liability	\$265,558,390	\$205,620,304	\$155,104,569

SPOKANE EMPLOYEES' RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

Note 3 – Deposits and Investments (continued)

Investments – The Spokane Employees' Retirement System's investment management policy is set by the Board of Administration. The investment policy sets strategic asset allocation targets and ranges for all approved asset classes. SERS' investments are governed by an investment authority known as the "prudent person rule." The prudent person rule, as set forth by state statute, establishes a standard for all fiduciaries, which includes anyone who has authority with respect to the Plan.

Investments of the pension trust funds are reported at fair value. The Board of Administration maintains a formal Statement of Investment Policy, which addresses governing provisions and additional guidelines for the investment process. In fulfilling its responsibilities, the Board of Administration has contracted with investment managers, a custodian, and an independent investment consultant. Investment manager contracts include specific guidelines regarding the investments under management. All investments are held in custody. The independent investment consultant monitors the fund on a regular basis and provides quarterly reports to staff and the Board.

The Board has an asset allocation policy that includes an allocation to alternative investments. Funding of these limited partnerships began in 2007 and continues on an ongoing basis. The term "alternative investments" encompasses a broad category of nontraditional investments. Each alternative investment that SERS enters into has been carefully studied by the System's independent investment consultant, has been reviewed by staff, and approved by the Board. The asset allocation study that was modeled by the independent consultant demonstrated that the alternative assets correlations to traditional asset classes reduce the expected risk required to meet return targets and add value to the portfolio, over time. The Board believes the use of alternative investments is a prudent approach to managing risk by diversifying beyond traditional asset classes.

Credit risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the System. Although the SERS' Investment Policy does not specifically address credit risk, this risk is mitigated by closely monitoring the credit quality ratings of its fixed income portfolios and by setting criteria for fixed income manager selection. SERS' fixed income assets are comprised of four mutual funds targeting different levels of credit risk. The fair market value of the mutual funds is \$46.1 million as of December 31, 2014.

Custodial credit risk – Custodial credit risk is the risk that in the event of a financial institution or bank failure, SERS would not be able to recover the value of its deposits and investments that are in the possession of an outside party. Under Governmental Accounting Statement No. 40, *Deposit and Investment Risk Disclosures Guidelines*, SERS does not have exposure to custodial credit risk.

SPOKANE EMPLOYEES' RETIREMENT PLAN NOTES TO FINANCIAL STATEMENTS

Note 3 – Deposits and Investments (continued)

Interest rate risk – Market or interest rate risk is the greatest risk faced by an investor in the debt securities market. The price of a debt security typically moves in the opposite direction of the change in interest rates. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Although the SERS' Investment Policy does not specifically address interest rate risk, the System's fixed income portfolio is professionally managed with an expected range of interest rate risk within the portfolio. In addition, the portfolio is closely monitored by the independent consultant and the staff.

The table below shows the System's fixed income assets by investment type, average effective maturity and market value as of December 31, 2014:

<u>Mutual Funds</u>	<u>Average Effective Maturity (in years)</u>	<u>Market Value</u>
Vanguard Short-term Investment Grade I	3.10	\$ 12,302,053
American Beacon Flexible Bond Instl	4.50	9,944,167
PIMCO Global Advantage Strategy Bond Instl	7.21	13,082,341
Metropolitan West High Yield Bond I	7.99	<u>10,798,234</u>
Total fixed income		<u>\$ 46,126,795</u>
Fixed income as a percentage of SERS total investments	16.3%	

Foreign currency risk – Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. At December 31, 2014, 17.1% of the System's portfolio is invested in mutual funds focusing on international markets and a limited partnership fund of funds that primarily consists of foreign equities. The fair market value of the foreign equities and foreign fixed income is \$48.4 million as of December 31, 2014. Additionally, SERS has \$13.1 million invested in an international/global fixed income fund, of which 50.7% is in foreign fixed income holdings at December 31, 2014. The SERS' Investment Policy does not specifically address foreign currency risk; however, the System considers foreign currency risk during the selection and monitoring process of the fund managers.

SPOKANE EMPLOYEES' RETIREMENT PLAN NOTES TO FINANCIAL STATEMENTS

Note 4 – Contributions Required and Contributions Made

Member and employer contribution rates are established by City Code, Chapter 4.14. Effective September 1, 2014, member contributions are 8.25% of eligible compensation and are deducted from the member's salary and paid into the retirement fund; the City contributes 8.25% of eligible compensation for a combined total of 16.50%. Previously, the contribution rate was 15.50% of payroll (7.75% of pay paid by the employee, 7.75% of pay paid by the City).

Contribution rates are reviewed periodically by the Board of Administration and recommendations are made for adjustments. It is contemplated that over the long term, the contribution by the City will, when added to the member's contribution, plus other revenues, be enough to properly fund the retirement benefits set forth.

Note 5 – Commitments

As of December 31, 2014, the System had unfunded commitments of \$5 million to three limited partnership real estate funds and a limited liability company royalties investment fund.

REQUIRED SUPPLEMENTARY INFORMATION

SPOKANE EMPLOYEES' RETIREMENT PLAN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS

	2014
Total pension liability	
Service cost	\$ 11,405,611
Interest	25,718,424
Changes of benefit terms	86,298
Differences between expected and actual experience	18,507,784
Benefit payments, including refunds of member contributions	(22,884,026)
Net change in total pension liability	32,834,091
Total pension liability—beginning	458,559,034
Total pension liability—ending (a)	\$ 491,393,125
Plan fiduciary net position	
Contributions—employer	\$ 6,822,279
Contributions—member	6,822,279
Net investment income	14,497,901
Benefit payments, including refunds of member contributions	(22,884,026)
Administrative expense	(386,713)
Net change in plan fiduciary net position	4,871,720
Plan fiduciary net position—beginning	280,901,101
Plan fiduciary net position—ending (b)	\$ 285,772,821
Plan's net pension liability—ending (a) - (b)	\$ 205,620,304
Plan fiduciary net position as a percentage of the total pension liability	58.20%
Covered-employee payroll	\$ 89,034,522
Plan's net pension liability as a percentage of covered-employee payroll	230.94%

Legislative and administrative changes - Effective January 1, 2015, the following changes were enacted for all employees hired on or after January 1, 2015. 1) Early retirement is permitted at any time after attaining age 50 with the sum of age plus years of eligible service greater than or equal to 80, 2) Final compensation is defined as the highest average annual compensation received during any three consecutive years, 3) Normal retirement date is defined as the first day of the month coinciding with or next following the attainment of age 65 and completion of 7 years of eligible service, and 4) Benefit eligibility at termination requires at least 7 years of eligible service.

Effective September 1, 2014, the annual Contribution Rate was changed to 16.50% of payroll (8.25% of pay paid by the Employee, 8.25% of pay paid by the Employer). Previously the Contribution Rate was 15.50% of payroll (7.75% of pay paid by the Employee, 7.75% of pay paid by the Employer).

Changes of assumptions - With the exception of the GASB 67 discount rate, there have been no changes in the assumptions of methods since the last valuation.

**SPOKANE EMPLOYEES' RETIREMENT PLAN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S CONTRIBUTIONS**

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Actuarially determined contribution	\$ 8,292,066	\$ 8,237,317	\$ 8,325,936	\$ 10,010,885	\$ 8,955,055	\$ 8,267,280	\$ 8,826,967	\$ 5,742,761	\$ 6,231,299	\$ 6,015,711
Contributions in relation to the actuarially determined contribution	6,822,279	6,715,376	6,937,750	6,799,258	6,580,795	6,474,432	4,875,443	4,518,363	4,287,457	4,148,874
Contribution deficiency (excess)	\$ 1,469,787	\$ 1,521,941	\$ 1,388,186	\$ 3,211,627	\$ 2,374,260	\$ 1,792,848	\$ 3,951,524	\$ 1,224,398	\$ 1,943,842	\$ 1,866,837
Covered-employee payroll	\$ 86,139,886	\$ 86,650,013	\$ 89,519,355	\$ 90,264,062	\$ 88,093,679	\$ 83,455,429	\$ 74,183,014	\$ 69,261,673	\$ 67,750,706	\$ 64,061,964
Contributions as a percentage of covered-employee payroll	7.92%	7.75%	7.75%	7.75%	7.75%	7.75%	6.72%	6.72%	6.72%	6.72%

SPOKANE EMPLOYEES' RETIREMENT PLAN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S CONTRIBUTIONS

Valuation date: December 31, 2014

Actuarially determined contribution rates are calculated as of December 31 of the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contributions rates

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	23 years
Asset valuation method	5-year smoothed market
Inflation	3.0%
Salary increases	0% for member with more than 5 years of service in years 2013, 2014, and 2015

Otherwise in accordance with the following table based on service:

<u>Years of Service</u>	<u>Annual Increase</u>
<3	10.0%
3-4	8.0%
5-15	3.5%
16+	3.0%

Investment rate of return

7.5%, net of pension plan investment expense

Retirement age

In accordance with the following table based on age

Retirement age

<u>Age</u>	<u>Retirement Probability</u>
<50	0.0%
50-57	4.5%
58-61	7.0%
62	25.0%
63-64	15.0%
65	25.0%
66-68	20.0%
69-74	15.0%
75+	100.0%

Mortality

1994 Group Annuity Mortality Static Tables

**SPOKANE EMPLOYEES' RETIREMENT PLAN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS**

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Annual money-weighted rate of return, net of investment	5.34%	18.89%	11.70%	(2.80%)	13.47%	21.99%	(24.68%)

ADDITIONAL SUPPLEMENTARY INFORMATION

SPOKANE EMPLOYEES' RETIREMENT PLAN
ADDITIONAL SUPPLEMENTARY INFORMATION
SCHEDULE OF ADMINISTRATIVE EXPENSES

	<u>2014 Budget</u>	<u>2014 Actual</u>	<u>2013 Actual</u>
Personnel services			
Salaries and wages	\$ 219,876	\$ 126,544	\$ 165,044
Personnel benefits	52,079	45,557	62,421
Administrative income	<u>(20,000)</u>	<u>(6,696)</u>	<u>(12,780)</u>
Total personnel services	<u>251,955</u>	<u>165,405</u>	<u>214,685</u>
Supplies			
Office supplies	1,500	2,591	4,151
Publications	500	-	-
Postage	10,000	8,321	7,882
Minor equipment	2,500	-	814
Other	<u>1,200</u>	<u>672</u>	<u>1,207</u>
Total supplies	<u>15,700</u>	<u>11,584</u>	<u>14,054</u>
Other services and charges			
State audit charges	10,000	10,375	7,134
Professional services	200,000	142,938	92,579
Travel	15,000	2,559	1,475
Registration and schooling	10,000	400	350
Other dues, subscriptions, and memberships	2,500	1,013	1,857
Printing	2,500	189	1,028
Depreciation	-	877	3,508
Amortization	-	17,649	17,649
Other miscellaneous charges	<u>3,870</u>	<u>2,837</u>	<u>3,523</u>
Total other services and charges	<u>243,870</u>	<u>178,837</u>	<u>129,103</u>

SPOKANE EMPLOYEES' RETIREMENT PLAN
ADDITIONAL SUPPLEMENTARY INFORMATION
SCHEDULE OF ADMINISTRATIVE EXPENSES (continued)

	<u>2014 Budget</u>	<u>2014 Actual</u>	<u>2013 Actual</u>
Interfund (IF) payments for services (continued)			
IF accounting services	\$ -	\$ -	\$ -
IF accounting central services	2,000	3,150	1,913
IF IT phones	1,910	1,935	3,113
IF IT communications replacement	289	289	376
IF motor pool	500	-	-
IF risk management	962	962	960
IF unemployment	500	500	29
IF workers' compensation	86	86	51
IF facilities maintenance	-	-	189
IF IT	17,095	16,423	14,216
IF reprographics	1,500	2,347	1,934
IF warrant service	1,500	986	1,159
IF IT replacement	4,209	4,209	3,893
	<u>30,551</u>	<u>30,887</u>	<u>27,833</u>
TOTAL ADMINISTRATIVE EXPENSES, NET OF ADMINISTRATIVE INCOME	<u>\$ 542,076</u>	<u>\$ 386,713</u>	<u>\$ 385,675</u>

**SPOKANE EMPLOYEES' RETIREMENT PLAN
ADDITIONAL SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT EXPENSES**

	Year Ended December 31, 2014
Investment Services	
Bridge City Capital LLC	\$ 21,237
Champlain Small Cap Fund LLC	46,353
Principal Real Estate Investors LLC	74,851
Sterling Capital Management LLC	<u>72,239</u>
	<u>214,680</u>
Performance Measurement	
Hyas Group, LLC	<u>108,000</u>
Custodial Services	
U.S. Bank	<u>50,430</u>
 TOTAL INVESTMENT EXPENSES	 <u><u>\$ 373,110</u></u>

Actuarial Section

SageView Consulting Group, L.L.P.
Actuarial Valuation

**SPOKANE EMPLOYEES'
RETIREMENT SYSTEM**

**ACTUARIAL VALUATION
AS OF DECEMBER 31, 2014**



Sageview Consulting Group
4421 Cox Road, Glen Allen, VA 23060
804.270.1508 www.sageviewadvisory.com

April 29, 2015

Spokane Employees' Retirement System
808 West Spokane Falls Boulevard
Spokane, Washington 99201-3324

Ladies and Gentlemen:

Effective December 31, 2008, actuarial valuations of the Spokane Employees' Retirement System are performed annually. The results of the latest actuarial valuation of the System, which was prepared as of December 31, 2014, are summarized in this letter.

The valuation reflects the benefits in effect on the valuation date, and was prepared on the basis of the data submitted by the System using generally accepted actuarial principles and methods.

Financing Objective and Contribution Rate

The financing objective of the System is to:

- (a) fully fund all current costs based on the normal contribution rate payable by the System determined under the funding method; and
- (b) liquidate the unfunded accrued liability based on accrued liability contributions payable by the System over an amortization period of no more than 30 years; and
- (c) accomplish the above through a combination of Employee Contributions (currently 8.25% of pay) and Employer Contributions (currently 8.25% of pay).

The December 31, 2014 valuation develops an Actuarially Determined Employer Contribution Rate (ADC), exclusive of employee contributions, of 9.31% of total payroll. The ADC rate compares with an actual Employer Contribution rate of 8.25% of total payroll. The Employer Contribution for the 2014 fiscal year of \$6,822,279 was less than the ADC of \$8,292,066 by \$1,469,787.

Net Pension Liability

Under GASB 67, the Net Pension Liability is the excess, if any, of the Total Pension Liability over the Fiduciary Net Position. The Total Pension Liability is determined under the Entry Age actuarial cost method. The Net Pension Liability as of December 31, 2014 and December 31, 2013 is as follows:

	December 31 2014	December 31 2013
Total Pension Liability:	\$491,393,125	\$458,559,034
Fiduciary Net Position:	\$285,772,821	\$280,901,101
Net Pension Liability:	\$205,620,304	\$177,657,933
Fiduciary Net Position as a Percentage of Total Pension Liability:	58.2%	61.3%
GASB 67 Blended Discount Rate:	5.50%	5.75%

Spokane Employees' Retirement System
April 29, 2015
Page two

System's Assets and Member Data

The individual data for members of the System as of the valuation date were reported to the actuary by the System. While we did not verify the data at its source, we did perform tests for internal consistency and reasonability in relation to the data submitted for the previous valuation. It is our understanding that the outside auditor of the System has also made an examination of the data.

The amount of assets in the trust fund taken into account in the valuation was based on statements prepared for us by the System's Staff and audited by the independent auditor of the System.

Actuarial Assumptions and Methods

Actuarial assumptions are adopted by the Board, upon review of recommendations made by the actuary. An experience study was conducted for the five-year period ended December 31, 2011. This study resulted in the Board adopting several changes in assumptions as of December 31, 2012, at the recommendation of the actuary, in order to better anticipate emerging experience under the System.

In order to smooth out market value fluctuations for purposes of developing the ADC, the difference between actual investment earnings over expected investment earnings will be recognized in equal amounts over a five-year period with the restriction that the smoothed value of assets may not be less than 90% nor greater than 110% of market value.

Samples of the actuarial assumptions, and descriptions of the actuarial cost method and asset valuation method are set forth in the outline of actuarial assumptions and methods included in the report.

Legislative and Administrative Changes

Effective January 1, 2015, the following changes were enacted for all employees hired on or after January 1, 2015. Employees hired prior to January 1, 2015 and terminating employment after January 1, 2015 will receive benefits under the previous plan provisions with no changes.

1. Early retirement is permitted at any time after attaining age 50 with the sum of age plus Creditable Service greater than or equal to 80.
2. Final Compensation is defined as the highest average annual Compensation received by a member during any three consecutive years.
3. Normal Retirement Date is defined as the first day of the month coinciding with or next following the attainment of age 65 and completion of 7 years of Creditable Service.
4. Benefit eligibility at termination requires at least 7 years of Creditable Service.

Effective September 1, 2014, the annual Contribution Rate was changed to 16.50% of payroll (8.25% of pay paid by the Employee, 8.25% of pay paid by the Employer). Previously the Contribution Rate was 15.50% of payroll (7.75% of pay paid by the Employee, 7.75% of pay paid by the Employer).

The impact of these changes was an increase of \$81,313 in accrued liability due to the increase in projected refunds of contributions to terminating members.

Spokane Employees' Retirement System
April 29, 2015
Page three

Financial Results and Membership Data

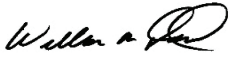
Detailed summaries of financial results of the valuation and membership data used in preparing the valuation are shown in the valuation report and the related membership data schedules. We were responsible for providing information for all schedules included in the Actuarial Section, as well as certain schedules included in the other sections of the comprehensive annual financial report for the fiscal year ended December 31, 2014.

To the best of our knowledge, this report is complete and accurate. All costs and liabilities have been determined in conformance with generally accepted actuarial principles and on the basis of actuarial assumptions and methods which are individually reasonable (taking into account past experience and reasonable expectations of future experience) and which in combination represent the best estimate of anticipated experience under the System.

The undersigned are available to provide additional information or answer any questions with respect to this report.

Respectfully Submitted By:

Sageview Consulting Group



William M. Dowd, FCA, EA
Managing Principal



William J. Reid, FCA, EA
Principal

Summary of Valuation Results

Presented in this report are the results of the actuarial valuation as of December 31, 2014 for the Spokane Employees' Retirement System.

The principal results include:

- The Actuarially Determined Employer Contribution Rate (ADC) is 9.31% of total payroll. This compares to an actual Employer Contribution rate of 8.25% of total payroll.

The valuation was completed based on membership and financial data submitted by the System.

Net Pension Liability

Under GASB 67, the Net Pension Liability is the excess, if any, of the Total Pension Liability over the Fiduciary Net Position. The Total Pension Liability is determined under the Entry Age actuarial cost method. The Net Pension Liability as of December 31, 2014 and December 31, 2013 is as follows:

	December 31 2014	December 31 2013
Total Pension Liability:	\$491,393,125	\$458,559,034
Fiduciary Net Position:	\$285,772,821	\$280,901,101
Net Pension Liability:	\$205,620,304	\$177,657,933
Fiduciary Net Position as a Percentage of Total Pension Liability:	58.2%	61.3%
 GASB 67 Blended Discount Rate:	 5.50%	 5.75%

The following changes have been made since the last actuarial valuation:

- **Actuarial Assumptions and Methods**

Actuarial assumptions are adopted by the Board, upon review of recommendations made by the actuary. An experience study was conducted for the five-year period ended December 31, 2011. This study resulted in the Board adopting several changes in assumptions as of December 31, 2012, at the recommendation of the actuary, in order to better anticipate emerging experience under the System. With the exception of the GASB 67 discount rate, there have been no changes in assumptions or methods since the last valuation.

GASB 67 requires the use of a blended discount rate to the extent future contributions are not projected to be sufficient to provide future benefits for the current closed group of plan participants. If that is the case, the expected long term rate of return on plan assets (7.50%) is used for the period where assets are projected to be sufficient and the current yield on 20 year AA municipal bonds (3.50% as of 12/31/14; 3.75% as of 12/31/13) is used thereafter.

Summary of Valuation Results (continued)

• Legislative and Administrative Changes

Effective January 1, 2015, the following changes were enacted for all employees hired on or after January 1, 2015. Employees hired prior to January 1, 2015 and terminating employment after January 1, 2015 will receive benefits under the previous plan provisions with no changes.

1. Early retirement is permitted at any time after attaining age 50 with the sum of age plus Creditable Service greater than or equal to 80.
2. Final Compensation is defined as the highest average annual Compensation received by a member during any three consecutive years.
3. Normal Retirement Date is defined as the first day of the month coinciding with or next following the attainment of age 65 and completion of 7 years of Creditable Service.
4. Benefit eligibility at termination requires at least 7 years of Creditable Service.

Effective September 1, 2014, the annual Contribution Rate was changed to 16.50% of payroll (8.25% of pay paid by the Employee, 8.25% of pay paid by the Employer). Previously the Contribution Rate was 15.50% of payroll (7.75% of pay paid by the Employee, 7.75% of pay paid by the Employer).

The impact of these changes was an increase of \$81,313 in accrued liability due to the increase in projected refunds of contributions to terminating members.

Summary of Valuation Results (continued)

<u>Demographics</u>	<u>2014</u>	<u>2013</u>
<u>Active</u>		
Number	1,407	1,422
Average Pay for Coming Year	\$ 63,280	\$ 61,419
<u>Retired and Beneficiaries</u>		
Number	1,243	1,180
Average Annual Allowance	18,484	17,794
<u>Terminated Vested and Portables</u>		
Number	105	98
<u>Total Membership</u>	2,755	2,700
<u>Net Pension Liability</u>		
Total Pension Liability	\$491,393,125	\$458,559,034
Fiduciary Net Position	\$285,772,821	\$280,901,101
Net Pension Liability	\$205,620,304	\$177,657,933
Fiduciary Net Position as a Percentage of the Total Pension Liability	58.2%	61.3%
<u>Contribution Rates</u>		
Actuarially Determined Employer Contribution Rate (ADC) Rate*	9.31%	9.43%
Actual Employer Contribution Rate	8.25%	7.75%

* Exclusive of Employee Contributions (8.25% of pay after September 1, 2014
7.75% of pay prior to September 1, 2014)

Summary of Valuation Results (continued)

Contribution Rates (ADC)

The results of the valuation as of December 31, 2014 determine the ADC rate for the System. The actual Employer Contribution rate is compared to the contribution rate developed in the valuation in order to determine the appropriateness of the actual Employer Contribution rate. As of December 31, 2014 the actual Employer Contribution rate of 8.25% is less than the ADC rate of 9.31%. The Net Pension Obligation, which is the cumulative excess of Annual Required Contributions over actual Employer Contributions adjusted with interest for fiscal years ended 12/31/1998 (the effective date of GASB 27) through 12/31/2014, was \$23,258,838.

Reasons for Change in the ADC

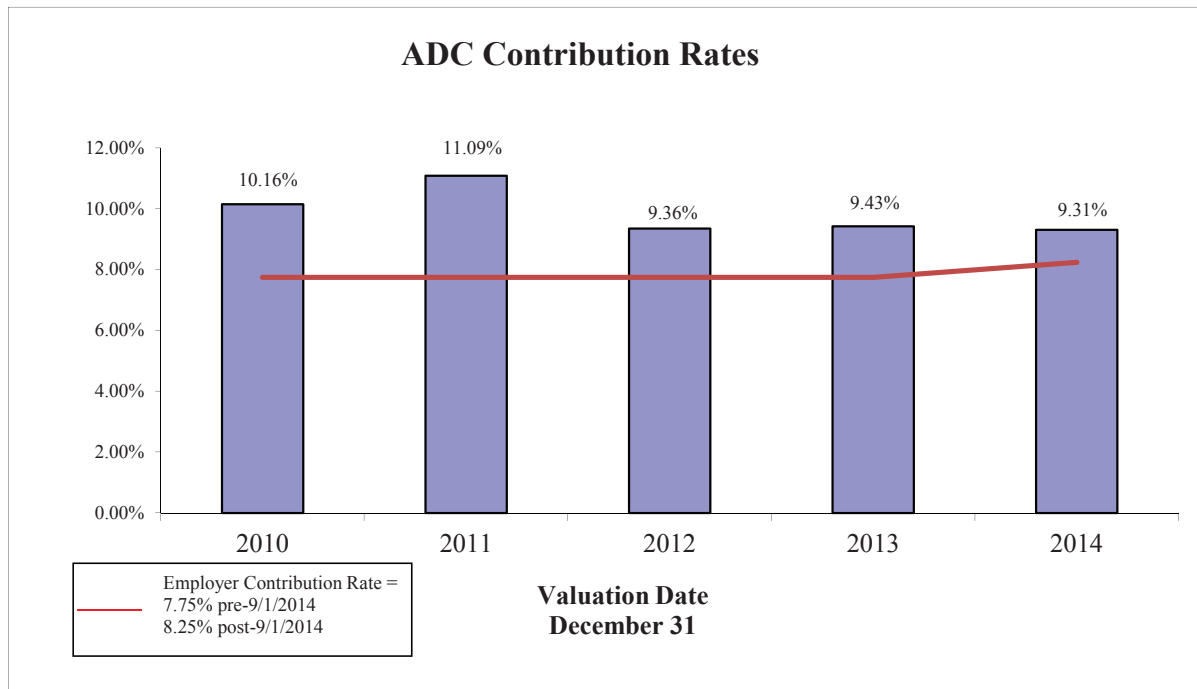
The recommended employer contribution rate as determined by the ADC decreased from 9.43% as of December 31, 2013 to 9.31% as of December 31, 2014. The decrease of 0.12% is due to the following reasons:

● Decrease due to return on actuarial assets	(0.25%)
● Decrease due to change in benefit provisions	0.00%
● Decrease due to legislative changes	(0.39%)
● Decrease due to change in assumptions	0.00%
● Decrease due to change in funding method	0.00%
● Increase due to other factors	0.52%
● Total	<u>(0.12%)</u>

Summary of Valuation Results (continued)

**Five-Year History of Contribution Rates
(As a % of payroll)**

Valuation Date	ADC	Employer Rate
2010	10.16%	7.75%
2011	11.09%	7.75%
2012	9.36%	7.75%
2013	9.43%	7.75%
2014	9.31%	8.25%



Summary of Valuation Results (continued)

Unfunded Accrued Liability

The financing objective of the System is to:

- fully fund all current costs based on the normal contribution rate payable by the System determined under the funding method; and
- liquidate the unfunded accrued liability based on accrued liability contributions payable by the System over an amortization period of no more than 30 years; and
- accomplish the above through a combination of Employee Contributions (currently 8.25% of pay) and Employer Contributions (currently 8.25% of pay).

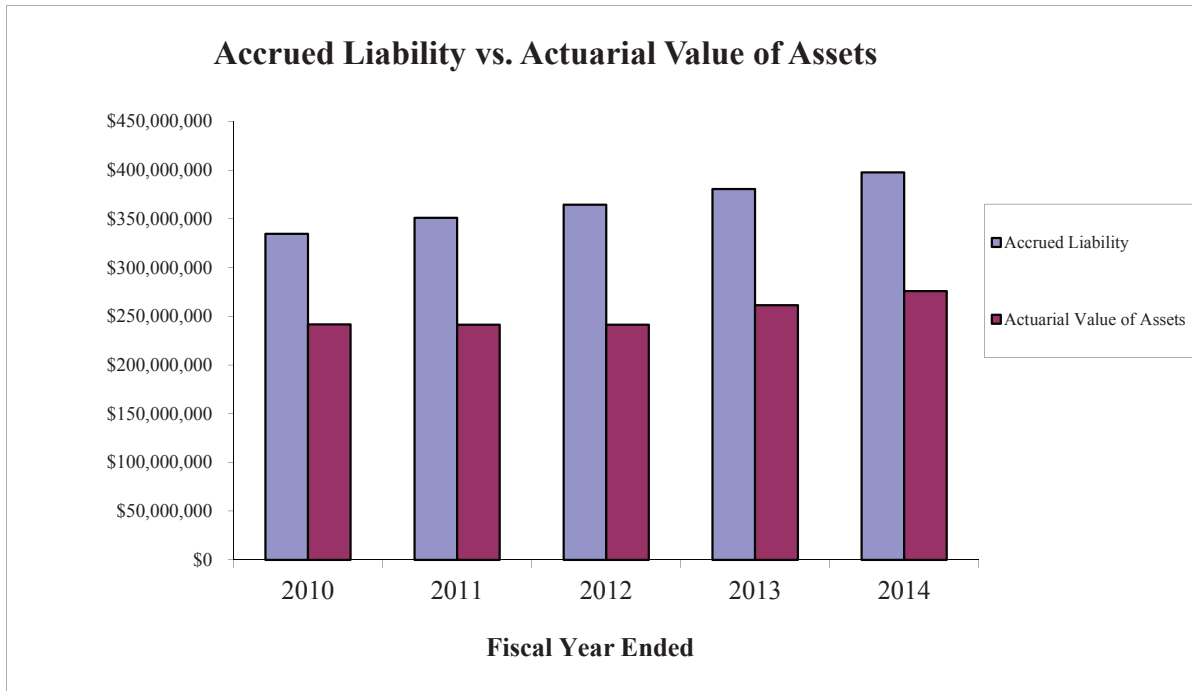
For purposes of determining contribution rates, the System's unfunded actuarial liability is measured by comparing the actuarial value of assets with the actuarial liability. The actuarial liability is determined under the entry age normal cost method. On this basis, the System's unfunded actuarial liability is \$122,055,177 as of December 31, 2014. The unfunded actuarial liability is based on an actuarial value of assets of \$276,002,759 and an actuarial liability of \$398,057,936.

For purposes of financial reporting, the Fund's unfunded liability (net pension liability) is measured by comparing the market value of assets (fiduciary net position) with the actuarial liability (total pension liability). The total pension liability is determined under the entry age cost method using a blended discount rate. On this basis, the Fund's net pension liability is \$205,620,304 as of December 30, 2014. The net pension liability is based on an fiduciary net position of \$285,772,821 and a total pension liability of \$491,393,125.

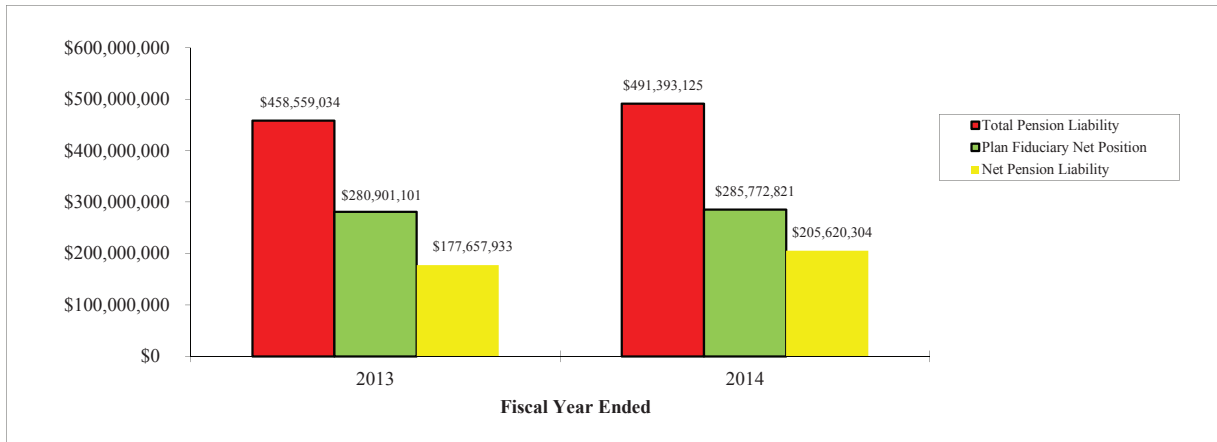
Summary of Valuation Results (continued)

Five-Year History of Accrued Liability and Actuarial Value of Assets

Fiscal Year Ending	Accrued Liability	Actuarial Value of Assets
2010	\$334,849,092	\$241,747,915
2011	\$351,318,317	\$241,610,862
2012	\$364,715,900	\$241,424,862
2013	\$381,039,248	\$261,605,154
2014	\$398,057,936	\$276,002,759



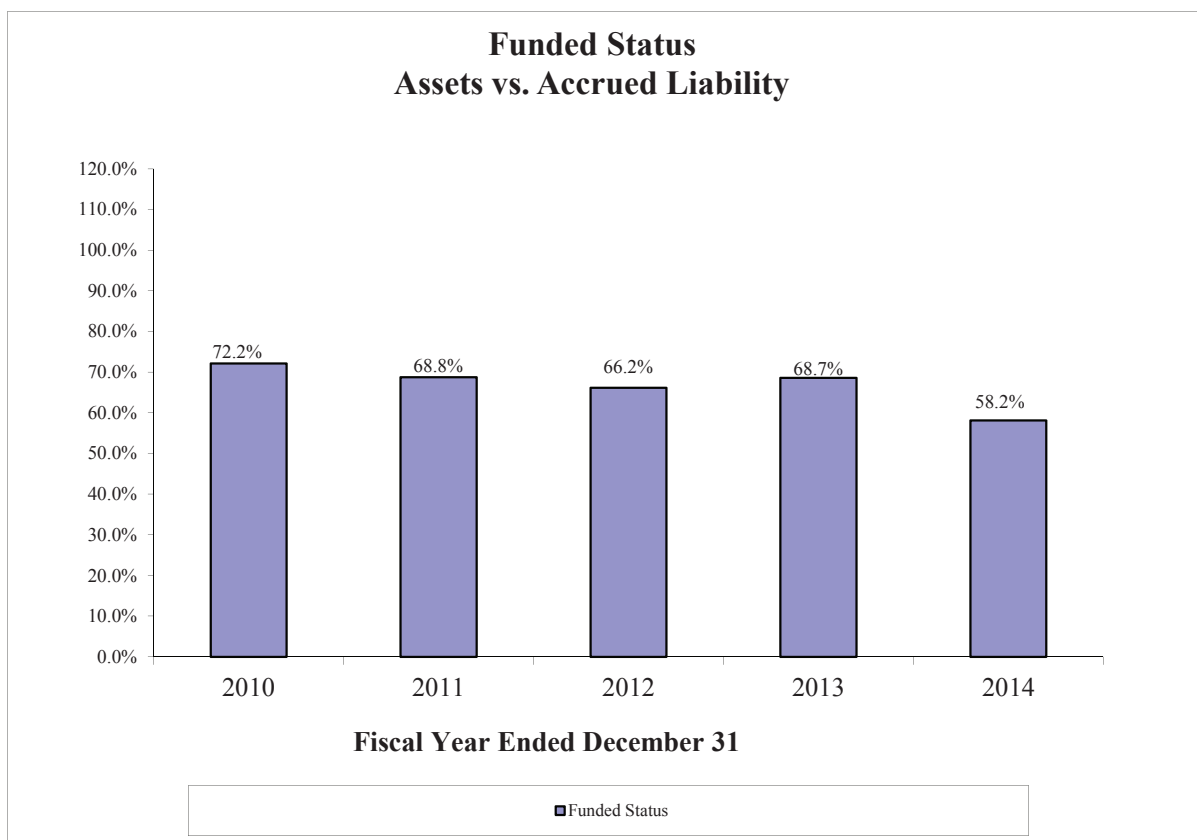
History of Net Pension Liability



Summary of Valuation Results (continued)

**Five-Year History of Funded Status*
(Assets vs. Accrued Liability)**

Fiscal Year Ending	Funded Status
2010	72.2%
2011	68.8%
2012	66.2%
2013	68.7%
2014	58.2%



* Funded Status based on entry age normal liability and actuarial value of assets prior to 12/31/2014. Funded status based on total pension liability and fiduciary net position after 12/31/2013.

Summary of Valuation Results (continued)

Rate of Return

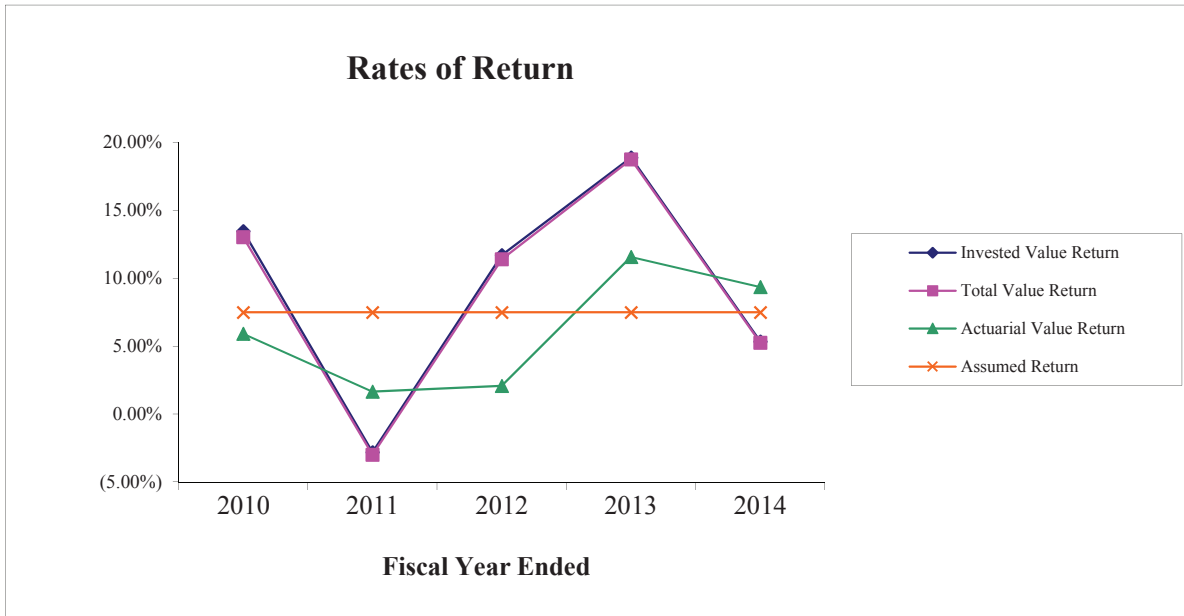
The investment return of the trust fund (i.e. total return including both realized and unrealized gains and losses) based on the market value of invested assets for the fiscal year ended December 31, 2014 was 5.34%. However, since some contributions go directly to paying benefits and are never invested in the trust, the net investment return on total assets of the System was 5.25%. The investment return on the smoothed fair value of assets was 9.36%. The expected rate of return was 7.50%.

The smoothed fair value of assets is determined using a method that is designed to smooth the impact of market fluctuations. Unlike the market value, which immediately reflects all investment gains and losses during the year, the smoothed fair value recognizes annual appreciation and depreciation over a five-year period.

Summary of Valuation Results (continued)

Five-Year History of Rates of Return

Fiscal Year Ending	Rate of Return on Assets			
	Invested	Total	Actuarial	Assumed
2010	13.47%	13.04%	5.91%	7.50%
2011	(2.80%)	(2.98%)	1.65%	7.50%
2012	11.70%	11.39%	2.08%	7.50%
2013	18.89%	18.75%	11.56%	7.50%
2014	5.34%	5.25%	9.36%	7.50%



Supporting Information

The remainder of the report is comprised of the following sections or schedules:

Table 1	Demographics
Table 2	Market Value Reconciliation
Table 3	Smoothed Fair Value of Net Assets Determination
Table 4	Accrued Liability
Table 5	Actuarial (Gain)/Loss
Table 6	Amortization Schedule
Table 7	Normal Cost
Table 8	Contribution Summary
Table 9	Statement of Fiduciary Net Position
Table 10	Statement of Changes in Fiduciary Net Position
Table 11	Net Pension Liability
Table 12	Schedule of Employer Contributions
Table 13	Schedule of Employer Contributions (GASB 27)
Table 14	Historical Summary of Fund Additions and Deductions
Table 15	Schedule of Membership
Table 16	Schedule of Active Members Valuation Data
Table 17	Schedule of Retirees Added to and Removed from Rolls
Table 18	Schedule of Retired Members by Type of Benefit; Schedule of Benefit Payments by Type
Table 19	Schedule of Average Annual Benefit Payments
Table 20	Description of Actuarial Assumptions and Methods
Table 21	Summary of Benefit and Contribution Provisions
Appendix	Data Tables

Table 1**DEMOGRAPHICS**

	<u>2014</u>	<u>2013</u>	<u>Increase/ (Decrease)</u>
Number of Members:			
Retirees	1,107	1,055	52
Beneficiaries	127	116	11
Disabled	9	9	0
Terminated Vested	67	63	4
Portables	38	35	3
Active	1,407	1,422	(15)
Total Members	2,755	2,700	55
Projected Compensation for Coming Year	89,034,522	87,337,232	1,697,290
Average Compensation for Coming Year	63,280	61,419	1,861
Average Age (Active Members)	48.76	48.85	(0.09)
Average Service (Active Members)	12.32	12.65	(0.33)
Annual Retirement Allowance	22,975,997	20,996,762	1,979,235
Average Annual Retirement Allowance	18,484	17,794	690
Average Monthly Retirement Allowance	1,540	1,483	57

Table 2**ASSET INFORMATION****Market Value Reconciliation**

1. Total Market Value of Net Assets, 12/31/2013		280,901,101
2. Audit Adjustment		0
3. Contributions		
a. Employer	6,822,279	
b. Employee	6,822,279	
c. Total Contributions		13,644,558
4. Investment Earnings		
a. Interest & Dividends & Other Income	6,745,143	
b. Realized & Unrealized Gain/(Loss)	8,125,868	
c. Investment Expenses	(373,110)	
d. Total Investment Earnings		14,497,901
5. Benefit Payments		
a. Benefits	(22,258,842)	
b. Refund of Contributions	(625,184)	
c. Total Benefit Payments		(22,884,026)
6. Administrative Expenses		(386,713)
7. Total Market Value of Net Assets, 12/31/2014		285,772,821
8. Approximate Rate of Return on Total Assets		5.25%
9. Approximate Rate of Return on Invested Assets		5.34%

Table 4**ACCRUED LIABILITY**

1. Accrued Liability prior to Changes in Benefit Provisions and Assumptions		
a. Active	167,028,030	
b. Terminated Vested & Portables	8,439,655	
c. Retirees	208,331,312	
d. Beneficiaries	12,840,496	
e. Disableds	1,337,130	
f. Total Accrued Liability prior to Changes		397,976,623
2. Actuarial Value of Assets		276,002,759
3. Unfunded Accrued Liability prior to Changes (1.f. - 2.)		121,973,864
4. Change in Unfunded Accrued Liability		
a. Due to Changes in Plan Provisions	81,313	
b. Due to Changes in Assumptions	0	
c. Due to Change in Funding Method	0	
d. Due to Change in Asset Method	0	
e. Total Change in Unfunded Accrued Liability		81,313
5. Actual Unfunded Accrued Liability (3. + 4.e.)		122,055,177

Table 5**ACTUARIAL (GAIN)/LOSS**

1. Increase (decrease) in Unfunded Accrued Liability	
a. Unfunded Accrued Liability, prior year	119,434,094
b. Entry Age Normal Cost (excluding expenses)	7,677,709
c. Contributions	13,644,558
d. Interest	9,030,964
e. Expected Unfunded Accrued Liability, current year (a. + b. - c. + d.)	122,498,209
f. Actual Unfunded Accrued Liability, current year before benefit, assumption, and method changes	121,973,864
g. (Gain)/Loss (f. -e.)	(524,345)
2. Reasons for (Gain)/Loss	
a. Investment Return on Smoothed Fair Value of Assets	(4,356,903)
b. Other	3,832,558
c. Total	(524,345)

Table 6**AMORTIZATION SCHEDULE***

<u>Date Established</u>	<u>Source</u>	<u>Initial Amount</u>	<u>Remaining Balance</u>	<u>Years to Amortize</u>	<u>Required Payment</u>
12/31/2014	Actuarial Gain	(524,345)	(524,345)	30	(27,118)
	Plan				
12/31/2014	Amendment	81,313	81,313	30	4,205
12/31/2013	Actuarial Gain	(7,447,517)	(7,678,441)	29	(405,135)
12/31/2012	Actuarial Loss	15,542,910	16,536,242	28	891,105
	Method				
12/31/2012	Change	15,452,413	16,439,962	28	885,917
	Assumption				
12/31/2012	Change	(22,132,963)	(23,547,458)	28	(1,268,926)
	Plan				
12/31/2012	Amendment	(265,117)	(282,061)	28	(15,200)
12/31/2011	Actuarial Loss	12,884,920	14,332,086	27	789,738
12/31/2010	Actuarial Loss	4,665,041	5,392,404	26	304,228
	Plan				
12/31/2010	Amendment	(159,269)	(184,103)	26	(10,387)
12/31/2009	Actuarial Gain	(19,699,834)	(23,525,161)	25	(1,360,796)
	Plan				
12/31/2009	Amendment	9,584	11,447	25	662
	Plan				
12/31/2008	Amendment	940,216	1,155,227	24	68,617
12/31/2008	Actuarial Loss	71,000,670	87,237,363	24	5,181,628
	Unfunded				
12/31/2007	Liability	29,586,848	36,610,702	23	2,236,601
Total		99,934,870	122,055,177		7,275,139

* Effective December 31, 2007, a fresh start amortization base was established equal to the excess of the actuarial liability over the smoothed fair value of assets.

Table 7**NORMAL COST**

1. Normal Cost for All Benefits	7,962,275
2. Offset for Employee Contributions	(7,345,348)
3. Estimated Expenses	400,000
4. Total	1,016,927

Table 8**CONTRIBUTION SUMMARY**

1. Actuarially Determined Employer Contribution Amount		
a. Normal Cost	1,016,927	
b. Amortization Charges	7,275,139	
c. Total		8,292,066
2. Actuarially Determined Employer Contribution Rate		
a. Normal Cost	1.14%	
b. Amortization Charges	8.17%	
c. Total		9.31%
3. Projected Pay for the Upcoming Year		89,034,522

Table 9**ASSET INFORMATION****Statement of Fiduciary Net Position
(as provided by SERS staff)****ASSETS**

1. Cash		139,376
2. Short-term investments		2,382,582
3. Receivables		
a. Interest and Dividends	71,493	
b. Taxes	0	
c. Other	672	
d. Total Receivables		<u>72,165</u>
4. Investments, at fair value		
a. U. S. Fixed Income	33,044,477	
b. International/Global Fixed Income	13,082,318	
c. U. S. Equities	98,334,595	
d. Real Estate	19,373,567	
e. International Equities	48,383,308	
f. Alternatives	70,755,289	
g. Total Investments		<u>282,973,554</u>
5. Leasehold improvements, net of accumulated depreciation		0
6. Capitalized software, net of accumulated amortization		300,033
7. Total Assets		<u>285,867,710</u>

LIABILITIES

1. Accounts Payable	62,047	
2. Current portion employee salary & benefits	10,567	
3. Other current liabilities	18,353	
4. Employee leave benefits	3,922	
5. Total Liabilities		<u>94,889</u>

NET POSITION

1. Total Fiduciary Net Position		<u><u>285,772,821</u></u>
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Table 10**ASSET INFORMATION****Statement of Changes in Fiduciary Net Position
(as provided by SERS staff)****ADDITIONS**

1. Contributions		
a. Employer	6,822,279	
b. Employee	6,822,279	
c. Total Contributions		13,644,558
2. Investment Earnings:		
a. Net increase (decrease) in fair value of investments	8,125,868	
b. Interest, dividends and other investment income	6,745,143	
c. Total Investment Earnings		14,871,011
d. Less: investment expense		373,110
e. Net investment earnings (loss)		14,497,901
Total additions		28,142,459

DEDUCTIONS

1. Pension benefits	22,258,842	
2. Refund of contributions	625,184	
3. Administrative expenses	386,713	
Total deductions		23,270,739
Change in net assets:		4,871,720
Prior period adjustment		0
Plan Fiduciary Net Position, 12/31/2013		280,901,101
Plan Fiduciary Net Position, 12/31/2014		285,772,821

Table 11**NET PENSION LIABILITY**

	<u>2014</u>
Total Pension Liability	
Service Cost	11,405,611
Interest	25,718,424
Changes of benefit terms	86,298
Differences between expected and actual experience	18,507,784
Changes of assumptions	0
Benefit Payments, including refunds of member contributions	<u>(22,884,026)</u>
Net change in total pension liability	32,834,091
Total pension liability - beginning	458,559,034
Total pension liability - ending (a)	491,393,125
Plan Fiduciary Net Position	
Contributions - employer	6,822,279
Contributions - member	6,822,279
Net investment income	14,497,901
Benefit payments, including refunds of member contributions	(22,884,026)
Administrative expense	(386,713)
Other	0
Net change in plan fiduciary net position	4,871,720
Plan fiduciary net position - beginning	280,901,101
Plan fiduciary net position - ending (b)	285,772,821
Net pension liability - ending (a) - (b)	205,620,304 *
Plan fiduciary net position as a percentage of the total pension liability	58.2%
Covered-employee payroll	89,034,522
Net pension liability as a percentage of covered-employee payroll	230.9%
GASB 67 Blended Discount Rate Beginning of Period:	5.75%
GASB 67 Blended Discount Rate End of Period:	5.50%

* A 1% decrease in the discount rate increases the net pension liability to \$265,558,390, an increase of \$59,938,086.
A 1% increase in the discount rate decreases the net pension liability to \$155,104,569, a decrease of \$50,515,735.

Table 12**SCHEDULE OF EMPLOYER CONTRIBUTIONS
(Excludes Member Contributions)**

<u>Fiscal Year Ended</u>	<u>Actuarially Determined Contribution</u>	<u>Contributions in Relation to the Actuarially Determined Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Employee Payroll</u>	<u>Percentage Contributed</u>
12/31/2012	8,325,936	6,937,750	1,388,186	89,519,355	7.75%
12/31/2013	8,237,317	6,715,376	1,521,941	86,650,013	7.75%
12/31/2014	8,292,066	6,822,279	1,469,787	86,139,886	7.92%

Table 13

SCHEDULE OF EMPLOYER CONTRIBUTIONS
(GASB 27 Annual Required Contribution effective with fiscal year ended 12/31/98)

Fiscal Year Ended	Annual Required Contribution	Actual Employer Contribution	Percentage of ARC Contributed	Annual Excess/ (Shortfall)	Annual Pension Cost*	Percentage of APC Contributed	Net Pension Obligation**
12/31/2005	6,015,711	4,148,874	68.97%	(1,866,837)	6,018,087	68.94%	1,937,645
12/31/2006	6,231,299	4,287,457	68.81%	(1,943,842)	6,298,582	68.07%	3,948,770
12/31/2007	5,742,761	4,518,363	78.68%	(1,224,398)	5,834,697	77.44%	5,265,104
12/31/2008	8,826,967	4,875,443	55.23%	(3,951,524)	8,949,550	54.48%	9,339,211
12/31/2009	8,267,280	6,474,432	78.31%	(1,792,848)	8,484,717	76.31%	11,349,496
12/31/2010	8,955,055	6,580,795	73.49%	(2,374,260)	9,219,296	71.38%	13,987,997
12/31/2011	10,010,885	6,799,258	67.92%	(3,211,627)	10,336,556	65.78%	17,525,295
12/31/2012	8,325,936	6,937,750	83.33%	(1,388,186)	8,733,963	79.43%	19,321,508
12/31/2013	8,237,317	6,715,376	81.52%	(1,521,941)	8,687,164	77.30%	21,293,296
12/31/2014	8,292,066	6,822,279	82.27%	(1,469,787)	8,787,821	77.63%	23,258,838

* Amortization of prior year's Net Pension Obligation, with interest, plus ARC

** Prior Year Net Pension Obligation plus Annual Pension Cost minus Actual Employer Contribution

Table 14**HISTORICAL SUMMARY OF FUND ADDITIONS AND DEDUCTIONS****ADDITIONS BY SOURCE**

<u>Fiscal Year Ended</u>	<u>Employer Contributions as a Percent of Payroll</u>	<u>Employer Contributions</u>	<u>Employee Contributions</u>	<u>Net Investment Income</u>	<u>Total</u>
12/31/05	6.72%	4,148,874	4,154,743	11,985,450	20,289,067
12/31/06	6.72%	4,287,457	4,336,560	21,140,066	29,764,083
12/31/07	6.72%	4,518,363	4,518,363	16,715,588	25,752,314
12/31/08	6.72%	4,875,443	4,882,622	(59,972,361)	(50,214,296)
12/31/09	7.75%	6,474,432	6,637,872	38,442,846	51,555,150
12/31/10	7.75%	6,580,795	6,618,558	27,752,165	40,951,518
12/31/11	7.75%	6,799,258	6,831,742	(6,440,146)	7,190,854
12/31/12	7.75%	6,937,750	7,019,684	25,667,673	39,625,107
12/31/13	7.75%	6,715,376	6,715,376	45,323,533	58,754,285
12/31/14	7.92%	6,822,279	6,822,279	14,497,901	28,142,459

DEDUCTIONS BY TYPE

<u>Fiscal Year Ended</u>	<u>Benefit Payments</u>	<u>Refunds</u>	<u>Admin Expenses</u>	<u>Total</u>
12/31/05	12,404,497	605,600	457,798	13,467,895
12/31/06	13,322,042	492,193	412,824	14,227,059
12/31/07	14,253,955	717,005	448,654	15,419,614
12/31/08	15,002,061	370,947	581,294	15,954,302
12/31/09	15,509,868	315,919	563,408	16,389,195
12/31/10	16,547,561	493,911	505,222	17,546,694
12/31/11	17,216,853	502,566	490,611	18,210,030
12/31/12	18,554,194	569,058	520,955	19,644,207
12/31/13	20,346,281	393,954	385,675	21,125,910
12/31/14	22,258,842	625,184	386,713	23,270,739

Table 15**SCHEDULE OF MEMBERSHIP**

<u>Fiscal Year Ended</u>	<u>Active Members</u>	<u>Terminated Vested Members</u>	<u>Service Retirees and Beneficiaries</u>	<u>Disabled Retirees</u>	<u>Total Retirees</u>	<u>Total Members</u>
12/31/05	1,387	84	917	13	930	2,401
12/31/06	1,414	95	955	13	968	2,477
12/31/07	1,425	99	995	13	1,008	2,532
12/31/08	1,492	94	1,008	11	1,019	2,605
12/31/09	1,501	89	1,041	10	1,051	2,641
12/31/10	1,516	90	1,050	10	1,060	2,666
12/31/11	1,491	84	1,079	9	1,088	2,663
12/31/12	1,453	96	1,119	9	1,128	2,677
12/31/13	1,422	98	1,171	9	1,180	2,700
12/31/14	1,407	105	1,234	9	1,243	2,755

Table 16**SCHEDULE OF ACTIVE MEMBERS VALUATION DATA**

<u>Fiscal Year Ended</u>	<u>Active Members</u>	<u>Covered Payroll</u>	<u>Average Payroll Rate</u>	<u>Annual Percentage Increase in Average Payroll Rate</u>
12/31/2005	1,387	64,061,964	46,187	4.71%
12/31/2006	1,414	67,750,706	47,914	3.74%
12/31/2007	1,425	69,261,673	48,605	1.44%
12/31/2008	1,492	74,183,014	49,721	2.30%
12/31/2009	1,501	83,455,429	55,600	11.82%
12/31/2010	1,516	88,093,679	58,109	4.51%
12/31/2011	1,491	90,264,062	60,539	4.18%
12/31/2012	1,453	89,015,136	61,263	1.20%
12/31/2013	1,422	87,337,232	61,419	0.25%
12/31/2014	1,407	89,034,522	63,280	3.03%

Table 17**SCHEDULE OF RETIREES ADDED TO AND REMOVED FROM ROLLS**

<u>Fiscal Year Ended</u>	<u>Added</u>	<u>Annual Allowances</u>		<u>Annual Allowances</u>		<u>Total</u>	<u>Annual Allowances</u>	<u>Percent Change</u>	<u>Average Annual Allowances</u>	<u>Retirees as Percent of Active Members</u>	
		<u>Added</u>	<u>Removed</u>	<u>Removed</u>	<u>Total</u>					<u>Number</u>	<u>Pay</u>
12/31/2006	71	1,252,138	34	339,133	968	13,645,458	N/A	14,097	68.5%	20.1%	
12/31/2007	75	1,389,758	35	353,060	1,008	14,682,156	7.6%	14,566	70.7%	21.2%	
12/31/2008	50	830,767	39	357,857	1,019	15,155,066	3.2%	14,872	68.3%	20.4%	
12/31/2009	70	1,586,201	38	414,388	1,051	16,326,879	7.7%	15,535	70.0%	19.6%	
12/31/2010	52	1,103,228	43	554,985	1,060	16,875,122	3.4%	15,920	69.9%	19.2%	
12/31/2011	66	1,326,502	38	546,291	1,088	17,655,333	4.6%	16,227	73.0%	19.6%	
12/31/2012	72	1,945,840	32	423,102	1,128	19,178,071	8.6%	17,002	77.6%	21.5%	
12/31/2013	95	2,351,086	43	532,395	1,180	20,996,762	9.5%	17,794	83.0%	24.0%	
12/31/2014	100	2,552,358	37	573,123	1,243	22,975,997	9.4%	18,484	88.3%	25.8%	

Table 18**SCHEDULE OF RETIRED MEMBERS BY TYPE OF BENEFIT**

Amount of Monthly Benefit	Number of Retirees	Type of Retirement*			Option Selected**						
		1	2	3	LIFE	C1	C2	C3	C4	D	E
1 - 100	2	2	0	0	2	0	0	0	0	0	0
101 - 200	16	9	0	7	3	0	0	0	0	3	10
201 - 300	24	22	0	2	16	2	0	0	0	1	5
301 - 400	52	40	0	12	25	1	0	0	1	6	19
401 - 500	67	53	0	14	34	0	0	1	1	6	25
501 - 600	61	53	0	8	36	0	1	1	0	4	19
601 - 700	59	50	1	8	29	1	0	0	0	7	22
701 - 800	57	47	1	9	29	0	0	0	1	11	16
801 - 900	58	52	1	5	37	0	1	0	0	6	14
901 - 1,000	62	55	0	7	24	3	1	0	0	8	26
1,001 - 1,500	241	212	4	25	123	1	0	1	0	27	89
1,501 - 2,000	203	184	2	17	92	0	0	0	1	31	79
Over 2,000	<u>341</u>	<u>328</u>	<u>0</u>	<u>13</u>	<u>149</u>	<u>7</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>67</u>	<u>117</u>
Total	1,243	1,107	9	127	599	15	3	4	4	177	441

*Type of Retirement:

- 1 Service Retirement
- 2 Disability Retirement
- 3 Beneficiary

**Option Selected:

- Life Remaining accumulated balance paid to beneficiary
- Opt. C1 60 months guaranteed
- Opt. C2 120 months guaranteed
- Opt. C3 180 months guaranteed
- Opt. C4 240 months guaranteed
- Opt. D 50% continuation to beneficiary
- Opt. E 100% continuation to beneficiary

SCHEDULE OF BENEFIT PAYMENTS BY TYPE

Fiscal Year Ended	Service Retirement	Disability Retirement	Beneficiaries	Refunds	Total Benefits
12/31/2005	11,313,520	148,355	942,622	605,600	13,010,097
12/31/2006	12,189,473	143,990	988,579	492,193	13,814,235
12/31/2007	13,115,104	143,990	994,861	717,005	14,970,960
12/31/2008	13,835,194	136,093	1,030,774	370,947	15,373,008
12/31/2009	14,341,682	130,868	1,037,317	315,919	15,825,786
12/31/2010	15,302,791	120,261	1,124,509	493,911	17,041,472
12/31/2011	15,863,198	113,271	1,240,384	502,566	17,719,419
12/31/2012	17,161,187	109,122	1,283,885	569,058	19,123,252
12/31/2013	18,887,269	125,353	1,333,659	393,954	20,740,235
12/31/2014	20,659,575	125,329	1,473,938	625,184	22,884,026

Table 19**SCHEDULE OF AVERAGE ANNUAL BENEFIT PAYMENTS**

<u>Fiscal Year Ended</u>	<u>Service Retirement and Beneficiaries</u>	<u>Disability Retirement</u>	<u>Total</u>	<u>Annual Percentage Increase in Average Benefits</u>
12/31/2005	13,365	11,412	13,338	2.69%
12/31/2006	13,799	11,076	13,762	3.18%
12/31/2007	14,181	11,076	14,141	2.75%
12/31/2008	14,748	12,372	14,722	4.11%
12/31/2009	14,773	13,087	14,757	0.24%
12/31/2010	15,645	12,026	15,611	5.79%
12/31/2011	15,851	12,586	15,824	1.36%
12/31/2012	16,484	12,125	16,449	3.95%
12/31/2013	17,268	13,928	17,243	4.83%
12/31/2014	17,936	13,925	17,907	3.85%

Table 20**DESCRIPTION OF ACTUARIAL ASSUMPTIONS AND METHODS****Actuarial Cost Method**

The actuarial cost method used to determine the actuarial accrued liability and the normal cost for both funding and financial reporting purposes is the Entry Age Normal (EAN) Actuarial Cost Method. The accrued liability and the normal cost are used to determine the City's contribution requirement. Under this method, the cost of each individual's pension is allocated on a level percent of payroll basis between the time employment starts (entry age) and the assumed retirement date. The normal cost is the amount allocated for a given year and accrued liability is the accumulation of prior normal costs as of the determination date. The total actuarial liability for retirement benefits is the sum of the accrued liability for each active member.

The actuarial accrued liability and normal cost for termination benefits, disability benefits, and pre-retirement spouse's death benefits are determined in a similar manner as for retirement benefits described above.

The actuarial accrued liability for inactive members is determined as the actuarial present value of the benefits expected to be paid; no normal cost is determined for these members.

Prior to December 31, 2012 the Projected Unit Credit (PUC) Actuarial Cost Method was used.

Unless otherwise specified, the following actuarial assumptions and methods were adopted December 31, 2012.

Actuarial Assumptions

Mortality:

Healthy Lives	1994 Group Annuity Mortality Static Table
Disabled Lives	1994 Group Annuity Mortality Static Table

Interest: 7.5% per annum, compounded annually

GASB 67 Blended	Beginning of Period:	5.75%
Discount Rate:	End of Period:	5.50%

Amortization of Unfunded

Liability: Closed 30 year amortization as a level percent of payroll.

Turnover: In accordance with the following table based on service:

<u>Years of Service</u>	<u>Turnover Probability</u>
<1	10.0%
1	8.0%
2-3	5.0%
4-5	4.0%
6-9	3.0%
10+	2.0%

Table 20**DESCRIPTION OF ACTUARIAL ASSUMPTIONS AND METHODS**

Retirement: In accordance with the following table based on age:

<u>Age</u>	<u>Retirement Probability</u>
<50	0.0%
50-57	4.5%
58-61	7.0%
62	25.0%
63-64	15.0%
65	25.0%
66-68	20.0%
69-74	15.0%
75+	100.0%

Disability: None assumed

Salary Increases: 0% for members with more than 5 years of service in years 2013, 2014 and 2015.
Otherwise in accordance with the following table based on service:

<u>Years of Service</u>	<u>Annual Increase</u>
<3	10.0%
3-4	8.0%
5-15	3.5%
16+	3.0%

Inflation Rate: 3.00% per year

**Non-Investment
Expenses:** Prior year's actual amount rounded up to next \$100,000

Family Composition: 75% of employees are assumed to be married with males assumed to be four years older than their spouses.

Asset Valuation Basis

In order to smooth out market value fluctuations for purposes of developing the ADC, the difference between actual investment earnings over expected investment earnings will be recognized in equal amounts over a five-year period with the restriction that the smoothed value of assets may not be less than 90% nor greater than 110% of market value.

Table 21**SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS**

Outlined on the following pages are the principal features of the Plan reflected in the 2014 valuation.

Definitions:**Creditable Service**

Service credited as an employee of the City of Spokane during which contributions were made as an eligible member of the Retirement System up to a maximum of 35 years. The maximum is 30 years for employees hired prior to January 1, 2009 who terminate after January 1, 2009 and who do not elect the alternate benefit formula.

Service Buy-Back

A six-month window was opened from October 1, 2009 through March 31, 2010 during which members who had withdrawn their retirement accumulations and not elected to buy back prior service time could do so. Future rehired employees will have one year from their date of rehire to elect to buy back prior service time

Compensation

Total amount received by an employee including base pay, shift differential, overtime, holiday pay, hazardous duty pay and out-of-classification pay and not reduced by salary reduction contributions to the City's cafeteria plan or Section 457 plan.

Final Compensation

The highest average annual Compensation received by a member during any three consecutive years. For employees hired prior to January 1, 2015, the highest average annual Compensation received by a member during any two consecutive years.

Normal Retirement Date

The first day of the month coinciding with or next following the attainment of age 65 and completion of 7 years of Creditable Service. For employees hired prior to January 1, 2015, the first day of the month coinciding with or next following the attainment of age 62 and completion of 5 years of Creditable Service.

Early Retirement Date

The first day of the month coinciding with or next following the attainment of age 50 and with the sum of age plus Creditable Service greater than or equal to 80. Employees hired between January 1, 2009 and December 31, 2014, the first day of the month coinciding with or next following the attainment of age 50 and with the sum of age plus Creditable Service greater than or equal to 75. Employees hired prior to January 1, 2009 who terminate after January 1, 2009 and who do not elect the alternate benefit formula described below may retire after attainment of age 50 with 5 years of Creditable Service.

Member Contributions

8.25% of Compensation is required to be paid by the members. Prior to September 1, 2014, 7.75% of Compensation was required to be paid by the members. These contributions are credited with 2.5% interest annually, compounded quarterly.

Table 21**SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS****Service Retirement Eligibility:**

A member is eligible for normal retirement on his Normal Retirement Date. For members hired after January 1, 2015, early retirement is permitted at any time after attaining age 50 if the sum of age plus Creditable Service is greater than or equal to 80. For member hired between January 1, 2009 and December 31, 2014, early retirement is permitted at any time after attaining age 50 if the sum of age plus Creditable Service is greater than or equal to 75. Early retirement is permitted at any time after attaining age 50 with 5 years of Credited Service for employees hired prior to January 1, 2009 who terminate after January 1, 2009 and who do not elect the alternate benefit formula described below.

Service Retirement Allowance:

Upon service retirement, a member becomes eligible to receive an annual allowance, payable in equal monthly installments. The annual allowance is computed as follows:

Normal Retirement Allowance under Alternate Benefit Formula

Applies to all employees hired after January 1, 2009. Employees hired before January 1, 2009 who terminate after January 1, 2009 may elect this formula at retirement.

An amount equal to 2.00% of the member's Final Compensation, multiplied by the number of years of Creditable Service up to 35 years. The maximum annual benefit is 70.0% of Final Compensation.

Normal Retirement Allowance under Benefit Formula in SMC 3.05.160

Employees hired before January 1, 2009 who terminate after January 1, 2009 may elect this formula at retirement.

An amount equal to 2.15% of the member's Final Compensation, multiplied by the number of years of Creditable Service up to 30 years. The maximum annual benefit is 64.5% of Final Compensation.

Early Retirement Allowance

The Normal Retirement Allowance calculated using Creditable Service and Final Compensation as of the member's Early Retirement Date.

Disability Retirement Eligibility:

Permanent and total disability, as determined by the Board, prior to Normal Retirement Age provided the member has at least 7 years (5 years for employees hired prior to January 1, 2015) of City service in the ten-year period prior to disability. The 7 (or 5) year service requirement does not apply if the disability is due to accidental causes while engaged in City service.

Disability Retirement Allowance:

An amount equal to 1.25% of the member's Final Compensation, multiplied by the number of years of Creditable Service projected to Normal Retirement Age. The minimum annual benefit is \$2,400 per year for "Duty Related" disability and \$1,200 per year for "Non-duty Related" disability.

Table 21**SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS****Withdrawal Benefits:**

If termination occurs after seven years of service (five years of service for members hired prior to January 1, 2015), a member is entitled to a retirement allowance commencing on his Early Retirement Date or later, up to his Normal Retirement Date, based on his years of Creditable Service and Final Compensation as of his termination date provided he has not withdrawn his Member Contributions.

Death Benefit Before Retirement:

Not married or not completed 7 years of service (5 years of service if hired prior to January 1, 2015)

Beneficiary will receive a refund of the member's contributions with interest.

Married with 7 years of service (5 years of service if hired prior to January 1, 2015)

The surviving spouse of a member may elect to receive the survivor's portion of the benefit that would have been payable if the member had survived to his earliest retirement date and elected the 100% Joint & Survivor option in lieu of a refund of the member's contribution account.

Post-retirement Death:

An amount determined in accordance with the optional form of payment elected at retirement, but not less than the accumulated value of the member's contributions with interest less actual payments made.

Appendix - Data Tables

Exhibit A	Summary of Membership Data as of December 31, 2014
Exhibit B	20 Year Benefit Payment Projections
Exhibit C	Age and Service Distributions
Exhibit D	Age, Salary and Service Distributions
Exhibit E	Average Benefits for Service Retirement
Exhibit F	Average Benefits for Survivor Beneficiary
Exhibit G	Average Benefits for Disability Retirement
Exhibit H	Average Benefits for Vested Terminations
Exhibit I	Average Benefits for Portables

EXHIBIT A

Summary of Membership Data as of December 31, 2014

Active Members

Item	Male	Female	Total
Number of Members	950	457	1,407
Annual Salaries	\$60,432,044	\$26,624,240	\$87,056,284
Average Age	48.6	49.2	48.8
Average Service	12.6	11.8	12.3

EXHIBIT A
(continued)

Summary of Membership Data as of December 31, 2014

Retirees and Beneficiaries

Item	Number	Annual Annuities	Average Annuities
Retired Members	1,107	\$21,302,276	\$19,243
Survivor Annuitants	127	\$1,548,393	\$12,192
Disabled Annuitants	9	\$125,328	\$13,925
Total Annuitants	1,243	\$22,975,997	\$18,484

EXHIBIT A
(continued)

Summary of Membership Data as of December 31, 2014

Vested Terminations and Portables

Item	Number	Annual Annuities	Average Annuities
Vested Terminations	67	\$722,311	\$10,781
Portables*	38	\$216,773	\$5,705

* Annuity amounts are estimates based on last known earnings projected to retirement. Actual annuity amounts will be calculated using actual earnings at retirement.

EXHIBIT B

20 Year Benefit Payment Projection

Spokane Employees' Retirement System

Year Ended December 31	Current and Future Retirees	Current Retirees Only
2015	\$25,537,471	\$22,811,443
2016	26,779,529	22,441,343
2017	28,062,813	22,047,055
2018	29,323,108	21,631,046
2019	30,710,308	21,194,503
2020	31,924,023	20,736,576
2021	33,206,357	20,258,965
2022	34,450,394	19,761,032
2023	35,594,380	19,242,676
2024	36,643,580	18,703,646
2025	37,683,043	18,143,597
2026	38,712,608	17,562,231
2027	39,652,370	16,959,439
2028	40,527,335	16,335,450
2029	41,300,010	15,690,896
2030	41,957,111	15,026,110
2031	42,499,186	14,343,941
2032	43,047,858	13,645,695
2033	43,397,339	12,933,705
2034	43,702,076	12,210,642

EXHIBIT C

Age and Service Distribution

Spokane Employees' Retirement System

Attained Age	Years of Creditable Service										Total	
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & Up		
Under 25	3	5	0	0	0	0	0	0	0	0	0	8
25 to 29	14	20	12	0	0	0	0	0	0	0	0	46
30 to 34	13	40	62	2	0	0	0	0	0	0	0	117
35 to 39	19	39	51	35	5	0	0	0	0	0	0	149
40 to 44	11	41	52	32	18	1	0	0	0	0	0	155
45 to 49	12	29	52	40	51	28	10	0	0	0	0	222
50 to 54	13	30	41	35	41	48	17	2	0	0	0	227
55 to 59	4	22	46	31	30	54	22	11	7	0	0	227
60 to 64	5	12	30	28	30	32	23	10	13	3	3	186
65 to 69	2	1	10	10	9	8	3	5	3	2	2	53
70 & Up	0	0	2	1	4	2	3	0	3	2	2	17
Total	96	239	358	214	188	173	78	28	26	7	1,407	
Freq. Pct.	6.8%	17.0%	25.4%	15.2%	13.4%	12.3%	5.5%	2.0%	1.8%	0.5%	100.0%	

EXHIBIT D

Age, Salary and Service Distribution

Spokane Employees' Retirement System

Attained Age	Years of Creditable Service											40 & Up	Total	
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & Up	Total			
Under 25	129,319	188,231	0	0	0	0	0	0	0	0	0	0	0	317,550
25 to 29	685,526	924,960	625,064	0	0	0	0	0	0	0	0	0	0	2,235,550
30 to 34	898,487	2,025,721	3,698,031	149,418	0	0	0	0	0	0	0	0	0	6,771,658
35 to 39	1,253,598	2,273,914	3,107,426	2,181,040	318,669	0	0	0	0	0	0	0	0	9,134,647
40 to 44	601,499	2,312,375	3,203,079	2,193,968	1,345,996	37,500	0	0	0	0	0	0	0	9,694,417
45 to 49	782,433	1,548,091	3,130,024	2,593,326	3,487,806	1,842,896	578,114	0	0	0	0	0	0	13,962,690
50 to 54	985,343	1,614,338	2,649,414	2,181,825	2,696,512	3,105,945	1,093,873	150,157	0	0	0	0	0	14,477,407
55 to 59	223,251	1,259,406	2,930,765	2,091,527	2,036,064	3,527,511	1,376,210	731,418	431,771	1,023,580	212,499	0	0	11,581,108
60 to 64	296,376	722,098	1,750,995	1,676,301	1,814,925	1,983,437	1,447,723	653,175	186,310	186,310	97,076	3,124,609	0	3,124,609
65 to 69	127,320	36,125	574,359	550,829	586,030	444,139	183,213	339,207	235,475	235,475	115,643	1,148,728	0	1,148,728
70 & Up	0	0	168,099	45,822	273,810	121,745	188,135	0	0	0	0	0	0	0
Total	5,983,153	12,905,260	21,837,255	13,664,054	12,559,811	11,063,172	4,867,268	1,873,957	1,877,135	1,877,135	425,218	87,056,284	0.5%	100.0%
Freq. Pct.	6.9%	14.8%	25.1%	15.7%	14.4%	12.7%	5.6%	2.2%	2.2%	2.2%	0.5%	61,874	0.5%	100.0%
Avg. Sal.	62,325	53,997	60,998	63,851	66,808	63,949	62,401	66,927	72,198	72,198	60,745	61,874	60,745	61,874

EXHIBIT E

**Average Benefits for Service Retirement
Spokane Employees' Retirement System**

Attained Age	Male		Female		Total	
	Number	Avg. Ben.	Number	Avg. Ben.	Number	Avg. Ben.
Under 50	0	0	0	0	0	0
50 to 54	23	20,511	22	24,547	45	22,484
55 to 59	55	20,790	49	18,759	104	19,833
60 to 64	132	24,368	94	19,887	226	22,504
65 to 69	187	24,303	96	15,935	283	21,464
70 to 74	113	19,638	79	13,064	192	16,933
75 to 79	70	19,526	49	14,187	119	17,328
80 to 84	35	15,337	21	10,449	56	13,504
85 to 89	30	15,041	14	12,010	44	14,077
90 to 94	13	10,872	16	10,524	29	10,680
95 & Up	6	7,923	3	7,196	9	7,681
Total	664	21,294	443	16,170	1107	19,243
Average Age	69.0		68.5		68.8	
Freq. Pct.	60.0%		40.0%		100.0%	

EXHIBIT F

**Average Benefits for Survivor Beneficiary
Spokane Employees' Retirement System**

Attained Age	Male		Female		Total	
	Number	Avg. Ben.	Number	Avg. Ben.	Number	Avg. Ben.
Under 50	0	0	0	0	0	0
50 to 54	0	0	1	5,164	1	5,164
55 to 59	2	26,124	10	16,910	12	18,445
60 to 64	1	4,404	15	14,817	16	14,166
65 to 69	0	0	10	14,926	10	14,926
70 to 74	0	0	14	14,115	14	14,115
75 to 79	1	11,974	26	12,225	27	12,215
80 to 84	1	4,512	20	10,071	21	9,806
85 to 89	1	2,339	16	9,044	17	8,649
90 to 94	0	0	7	7,812	7	7,812
95 & Up	0	0	2	5,452	2	5,452
Total	6	12,580	121	12,173	127	12,192
Average Age	70.7		75.1		74.9	
Freq. Pct.	4.7%		95.3%		100.0%	

EXHIBIT G

**Average Benefits for Disability Retirement
Spokane Employees' Retirement System**

Attained Age	Male		Female		Total	
	Number	Avg. Ben.	Number	Avg. Ben.	Number	Avg. Ben.
Under 50	0	0	1	19,080	1	19,080
50 to 54	1	18,583	0	0	1	18,583
55 to 59	3	14,293	0	0	3	14,293
60 to 64	0	0	2	9,296	2	9,296
65 to 69	1	13,295	1	12,898	2	13,096
70 to 74	0	0	0	0	0	0
75 to 79	0	0	0	0	0	0
80 to 84	0	0	0	0	0	0
85 to 89	0	0	0	0	0	0
90 to 94	0	0	0	0	0	0
95 & Up	0	0	0	0	0	0
Total	5	14,952	4	12,643	9	13,925
Average Age	58.6		61.3		59.8	
Freq. Pct.	55.6%		44.4%		100.0%	

EXHIBIT H

**Average Benefits for Vested Terminations
Spokane Employees' Retirement System**

Attained Age	Male		Female		Total	
	Number	Avg. Ben.	Number	Avg. Ben.	Number	Avg. Ben.
Under 30	0	0	0	0	0	0
30 to 34	1	5,453	3	5,301	4	5,339
35 to 39	4	15,773	7	10,416	11	12,364
40 to 44	5	9,797	7	6,031	12	7,600
45 to 49	13	10,715	8	15,083	21	12,379
50 to 54	6	9,862	4	9,428	10	9,689
55 to 59	1	19,933	5	14,281	6	15,223
60 to 64	0	0	2	5,780	2	5,780
65 & Up	1	14,003	0	0	1	14,003
Total	31	11,288	36	10,344	67	10,781
Average Age	46.8		45.7		46.2	
Freq. Pct.	46.3%		53.7%		100.0%	

EXHIBIT I

Average Benefits for Portables

Spokane Employees' Retirement System

Attained Age	Male		Female		Total	
	Number	Avg. Ben.*	Number	Avg. Ben.*	Number	Avg. Ben.*
Under 30	0	0	0	0	0	0
30 to 34	0	0	2	3,244	2	3,244
35 to 39	1	532	2	5,339	3	3,737
40 to 44	2	6,519	3	3,987	5	5,000
45 to 49	4	3,628	3	12,990	7	7,640
50 to 54	4	2,010	2	3,986	6	2,668
55 to 59	3	5,432	3	9,398	6	7,415
60 to 64	2	2,427	2	4,179	4	3,303
65 & Up	3	3,757	2	17,807	5	9,377
Total	19	3,607	19	7,802	38	5,705
Average Age	53.1		49.2		51.2	
Freq. Pet.	50.0%		50.0%		100.0%	

* Annuity amounts are estimates based on last known earnings projected to retirement. Actual annuity amounts will be calculated using actual earnings at retirement.

Statistical Section

Schedule of Revenues by Source

Fiscal Year	Employer Contribution	Employer Contributions	Member Contributions	Net Investment Income	Total Revenues
2005	6.72%	4,148,874	4,154,743	11,985,450	20,289,067
2006	6.72%	4,287,457	4,336,560	21,140,066	29,764,083
2007	6.72%	4,518,363	4,518,363	16,715,588	25,752,314
2008	6.72%	4,875,443	4,882,622	(59,972,361)	(50,214,296)
2009	7.75%	6,474,432	6,637,872	38,442,846	51,555,150
2010	7.75%	6,580,795	6,618,558	27,752,165	40,951,518
2011	7.75%	6,799,258	6,831,742	(6,440,146)	7,190,854
2012	7.75%	6,937,750	7,019,684	25,667,673	39,625,107
2013	7.75%	6,715,376	6,715,376	45,323,533	58,754,285
2014*	7.92%	6,822,279	6,822,279	14,497,901	28,142,459

* Effective September 1, 2014 the annual Contribution Rate changed to 8.25%. 7.92% is a blended rate of 7.75% of pay prior to September 1, 2014 and 8.25% after September 1, 2014.

Schedule of Expenses by Type

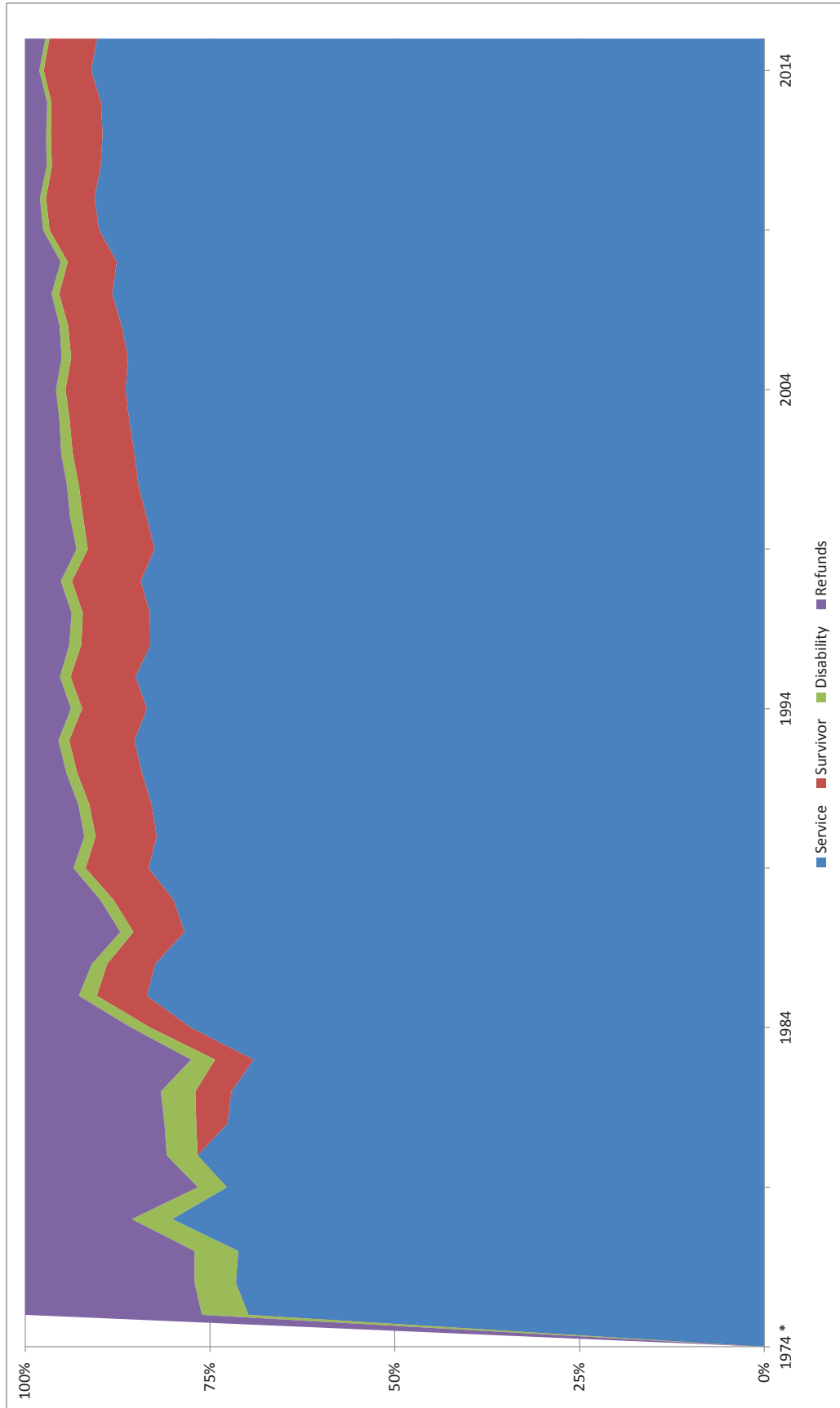
Fiscal Year	Benefits	Refunds	Net Administrative	Total Expenses
2005	12,404,497	605,600	457,798	13,467,895
2006	13,322,042	492,193	412,824	14,227,059
2007	14,253,955	717,005	448,654	15,419,614
2008	15,002,061	370,947	581,294	15,954,302
2009	15,509,868	315,919	563,408	16,389,195
2010	16,547,561	493,911	505,222	17,546,694
2011	17,216,853	502,566	490,611	18,210,030
2012	18,554,194	569,058	520,955	19,644,207
2013	20,346,281	393,954	385,675	21,125,910
2014	22,258,842	625,184	386,713	23,270,739

Schedule of Benefit Expenses by Type

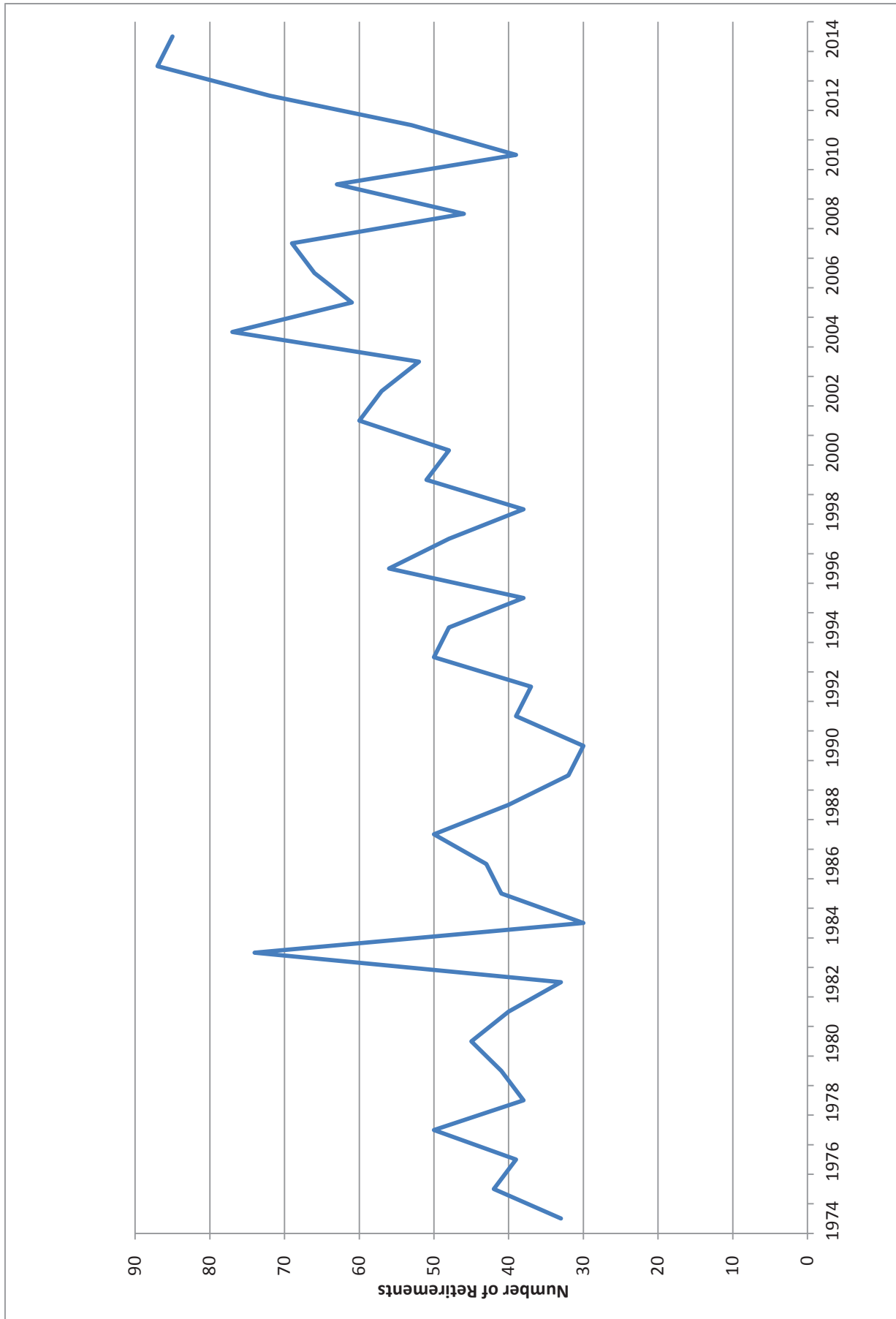
Year	Service Retiree Benefits	Survivor Benefits	Disability Retiree Benefits	Refunds	Total
1974 *	579,015	-	52,288	198,328	829,631
1975 *	694,134	-	54,291	222,499	970,924
1976 *	835,638	-	69,558	268,743	1,173,939
1977 *	998,310	-	68,058	179,525	1,245,893
1978 *	1,185,124	-	63,785	380,643	1,629,552
1979 *	1,304,446	-	71,010	325,669	1,701,125
1980	1,353,974	78,942	80,039	351,315	1,864,270
1981	1,490,951	101,011	96,653	379,339	2,067,954
1982	1,629,015	122,570	76,477	529,011	2,357,073
1983	2,121,100	150,134	70,152	393,179	2,734,565
1984	2,271,469	183,885	66,009	197,140	2,718,503
1985	2,487,279	196,729	62,380	272,500	3,018,888
1986	2,669,742	235,100	60,644	437,584	3,403,070
1987	3,189,878	324,119	71,340	406,255	3,991,592
1988	3,511,526	358,412	69,466	275,118	4,214,522
1989	3,773,245	379,425	70,543	367,082	4,590,295
1990	3,976,070	404,207	72,272	343,779	4,796,328
1991	4,227,326	440,122	73,631	278,562	5,019,641
1992	4,518,650	467,533	77,141	238,441	5,301,765
1993	4,878,170	511,865	88,668	360,965	5,839,668
1994	5,306,466	547,488	89,871	292,906	6,236,731
1995	5,474,571	615,531	107,273	392,869	6,590,244
1996	5,845,673	637,876	106,970	440,926	7,031,445
1997	6,205,060	685,793	110,548	354,289	7,355,690
1998	6,495,974	711,738	119,770	547,031	7,874,513
1999	6,921,021	713,185	145,322	502,764	8,282,292
2000	7,811,737	744,106	148,801	520,973	9,225,617
2001	8,395,024	823,870	152,803	480,050	9,851,747
2002	9,047,124	849,399	145,753	488,945	10,531,221
2003	9,557,946	899,312	142,349	461,226	11,060,833
2004	10,058,421	900,169	150,494	576,433	11,685,517
2005	11,313,520	942,622	148,355	605,600	13,010,097
2006	12,189,473	988,579	143,990	492,193	13,814,235
2007	13,115,104	994,861	143,990	717,005	14,970,960
2008	13,835,194	1,030,774	136,093	370,947	15,373,008
2009	14,341,682	1,037,317	130,869	315,919	15,825,787
2010	15,302,791	1,124,509	120,261	493,911	17,041,472
2011	15,863,198	1,240,384	113,271	502,566	17,719,419
2012	17,161,187	1,283,885	109,122	569,058	19,123,252
2013	18,887,269	1,333,659	125,353	393,954	20,740,235
2014	20,659,575	1,473,938	125,329	625,184	22,884,026

* For years 1974 - 1979, Survivor Benefits were included with Service Retiree Benefits.

Schedule of Benefit Expenses by Type



Retirements by Year



Retirements During 2014

	Name	Department	Position	Date Retired	Option	Yrs Serv	Age
1	Roy C. Butts	Water	Engineering Technician III	1/1/2014	E	54.8	79
2	Suzette L. Charbonneau	Police	Clerk III	1/4/2014	ST	30.5	56
3	Jerry A. Unruh	Parks and Recreation	Recreation Supervisor II	1/4/2014	E	15.5	53
4	David L. DeLaMatter	Building Services	Permit Specialist	1/7/2014	E	12.0	51
5	Dennis M. Seipp	Water	Meter Reader	1/11/2014	ST	38.3	62
6	Ashley C. Hallam	Sewer Maintenance	Senior Instrument Technician	1/11/2014	ST	21.4	62
7	Diane M. Hendricks	Human Resources	Administrative Secretary	1/17/2014	D	34.1	55
8	Theresa M. Fisher	Building Services	Clerk II	1/21/2014	ST	25.3	65
9	Gayle Tucker	Police	Secretary II	2/4/2014	E	23.5	54
10	Theresa M. Giannetto	Police	Police Records Manager	2/4/2014	ST	7.6	57
11	John A. Gomez	Engineering Services	Senior Engineer	2/5/2014	E	14.1	61
12	Gary J. Gentle	Street	Bridge Maintainer I	2/8/2014	ST	8.6	61
13	Kristen P. Griffin	Historic Preservation	Historic Preservation Officer	2/8/2014	ST	5.5	57
14	Stephen J. Niemczyk	Street	Street Maintenance Foreperson	2/15/2014	E	31.9	64
15	Debbie R. Wagner	Police	Radio Dispatcher III	2/15/2014	E	25.3	56
16	Marisa A. Kurtz	Police	Police Communications Supervisor	2/16/2014	ST	26.7	55
17	Anne C. Lockwood *	Police	Police Records Specialist	2/20/2014	ST	17.3	55
18	Steven F. Shagina	Library	Business & Finance Manager	2/22/2014	ST	23.0	51
19	Herschel A. Main	Library	Maintenance & Facilities Manager	2/22/2014	D	19.4	66
20	William H. Enger	Fleet Services	Certified Heavy Equipment Mechanic	3/1/2014	ST	22.1	51
21	Danny A. Winterroth	Solid Waste Management	Refuse Collector III	3/4/2014	ST	40.6	60
22	Michael A. Knight	Solid Waste Management	Refuse Collector III	3/4/2014	E	30.5	59
23	Bart M. Day	Code Enforcement	Laborer II	3/12/2014	ST	19.5	53
24	Patrick D. Duncan	Parks and Recreation	Equipment Operator	3/15/2014	ST	15.7	65
25	Robert B. Everman *	Street	Signal Maintenance Technician II	3/30/2014	E	15.8	50
26	Dawn E. Evans	Accounting	Accounting Clerk	4/2/2014	E	25.1	50
27	Gary R. Brusseau	IT	Desktop Computer Specialist	4/5/2014	D	30.1	64
28	Barbara A. Burns	Legal	Assistant City Attorney L-IV	4/5/2014	B	27.0	62
29	Thomas E. Nett	Solid Waste Management	Refuse District Supervisor	4/5/2014	E	24.5	65
30	John C. DuBois	Probation Services	Probation Officer I	4/5/2014	E	18.3	65
31	Diane L. Held	Finance	Clerk II	4/12/2014	ST	16.6	63
32	Russell D. Menke	Solid Waste Disposal	SRSWS - Facilities Director	4/26/2014	ST	5.2	64
33	Karen A. Homes *	Parks and Recreation	Recreation Supervisor II	4/29/2014	ST	19.0	50
34	John M. Thompson	Engineering Services	Field Engineer	5/3/2014	E	41.6	65
35	Judy Y. Destito	Civil Service	Clerk III	5/3/2014	ST	35.1	62
36	Jackie M. Chaffins	CD/HS Operations	Secretary II	5/3/2014	ST	33.4	64
37	Steven J. Sather	Engineering Services	Field Engineer	5/3/2014	E	32.9	62
38	Robert D. Wentworth	Law Enforcement Info Systems	Regional Communications Infrastructure Manager	5/9/2014	ST	30.9	65
39	Allen D. Schmelzer	CD/HS Operations	Associate Planner	5/10/2014	ST	35.7	65
40	Jennifer S. Grimes	IT	Information Analyst	5/10/2014	ST	21.7	59
41	Gary G. Zickler	Water	Certified Water Hydroelectric Plant Operator	5/12/2014	E	25.7	64
42	Denise A. Lewis *	Public Works & Utilities	Utilities Collector	5/23/2014	ST	11.6	60
43	Joseph T. Papenleur	Waste Water Treatment	Waste Water Treatment Plant Maintenance Supervisor	6/3/2014	ST	38.1	66
44	Glen D. Federspiel	Engineering Services	Engineering Technician III	6/3/2014	E	14.2	62
45	Rebecca Y. Madany	Parks & Recreation	Parks & Recreation Division Manager	6/7/2014	ST	10.8	60
46	James V. Gilmore	Street	Street Maintenance Foreperson	6/21/2014	D	29.4	65

Retirements During 2014 (continued)

Name	Department	Position	Date Retired	Option	Yrs Serv	Age
47 Kevin D. Brownlee	CD/HS Operations	Public Information Coordinator	6/24/2014	ST	12.8	54
48 Marilou I. Lewis	Finance	Taxes & Licenses Specialist	7/1/2014	ST	9.6	64
49 Sheilah A. Collins #	Mayor	Director of Government Relations/ Public Affairs	7/1/2014	ST	3.0	66
50 Ruby L. Dykes	Engineering Services	Clerk III	7/2/2014	ST	41.5	64
51 Carolee S. Giersdorf	Police	Police Records Shift Supervisor	7/4/2014	ST	10.3	63
52 Gary S. Nelson	Engineering Services	Principal Engineer	7/5/2014	E	11.0	66
53 Carrie L. Aiken	Law Enforcement Info Systems	Programmer Analyst	7/7/2014	E	10.6	58
54 Thomas E. Lenocker	Fleet Services	Heavy Equipment Mechanic	7/8/2014	E	36.1	59
55 Nancy-Jane Dawson	Public Defenders	Clerk II	7/8/2014	ST	17.5	73
56 Michele P. Yake	Sewer Maintenance	Senior Engineer	7/8/2014	ST	15.7	67
57 Kenneth E. Pelton	Planning Services	Principal Planners	7/12/2014	E	29.9	58
58 Dennis D. Bergstrom	Library	Library Branch Manager	7/13/2014	B	16.5	66
59 Mark E. Mattke	Workforce Development	Executive Director Workforce Development Council	7/14/2014	ST	7.2	50
60 Edwin C. Meyers, Jr.	Advanced Wastewater Treatment	Wastewater Instrumentation & Data Supervisor	8/2/2014	E	33.3	59
61 Glenn B. Kibbey	Civil Service	Chief Examiner	8/2/2014	D	20.0	53
62 Darla Copeland Grose	Legal	Chief Assistant City Prosecutor	8/2/2014	ST	17.1	65
63 Laurence A. Dennis	Street	Street Maintenance Foreperson	8/8/2014	ST	31.2	60
64 Peter C. Fisch *	Engineering Services	Engineering Technician III	8/8/2014	E	11.5	50
65 Patricia A. Hammett	Human Resources	Human Resource Analyst	8/16/2014	ST	6.4	55
66 Candice L. Huddleston	Library	Library Assistant	8/23/2014	ST	14.0	62
67 Denine E. Bivens	Municipal Court	Clerk II	8/30/2014	ST	24.0	62
68 Nancy L. Skog	Community & Neighborhood Services	Administrative Secretary	9/3/2014	ST	8.1	59
69 Loretta M. Carman	Police	Secretary II	9/6/2014	ST	23.7	73
70 Michael R. Masingale ^	Advanced Wastewater Treatment	Warehouse/Yard Foreperson	9/27/2014	E	36.0	58
71 Kathleen D. Dechand	Public Works & Utilities	Clerk III	9/27/2014	ST	15.3	62
72 Jeffrey L. Moritz	Police	Police Radio Dispatcher III	10/2/2014	E	27.6	52
73 Donna M. Harvey	Parks & Recreation	Cash Accounting Clerk II	10/12/2014	ST	16.6	65
74 Dale F. Larsen	Parks & Recreation	Marketing & Group Coordinator	10/17/2014	ST	23.1	60
75 Harry Stickney	Accounting	Accountant I	11/3/2014	C-5	8.2	61
76 Mathew P. Smolinski	Solid Waste Management	Refuse Collector I	11/13/2014	E	8.0	50
77 Catherine Piche- Schafer	Worker's Compensation	Claims Administrator	11/14/2014	D	14.4	62
78 Steven M. Hansen	Engineering Services	Senior Engineer	11/14/2014	D	14.9	59
79 Judith A. Morton	Library	Senior Office Assistant	11/15/2014	E	40.2	70
80 Reuben Hernandez	Solid Waste Management	Heavy Equipment Operator	11/16/2014	E	21.3	69
81 Michael B. Patton	Solid Waste Management	Heavy Equipment Operator	11/17/2014	E	17.9	65
82 Darren J. Stageberg	Risk Management	Safety Coordinator	11/17/2014	E	6.2	50
83 Monica L. Fox	Library	Human Resources Manager	12/19/2014	E	22.9	66
84 Angela G. Gallup ^	Building Services	Certified Comb Inspector	12/24/2014	E	11.6	50
85 Sharon R. Ward	Solid Waste Management	Cash Accounting Clerk I	12/29/2014	ST	19.6	62

* Retired as vested employee

Retired under membership through Portability

^ Retired as spouse of deceased active employee

Retiree Deaths During 2014

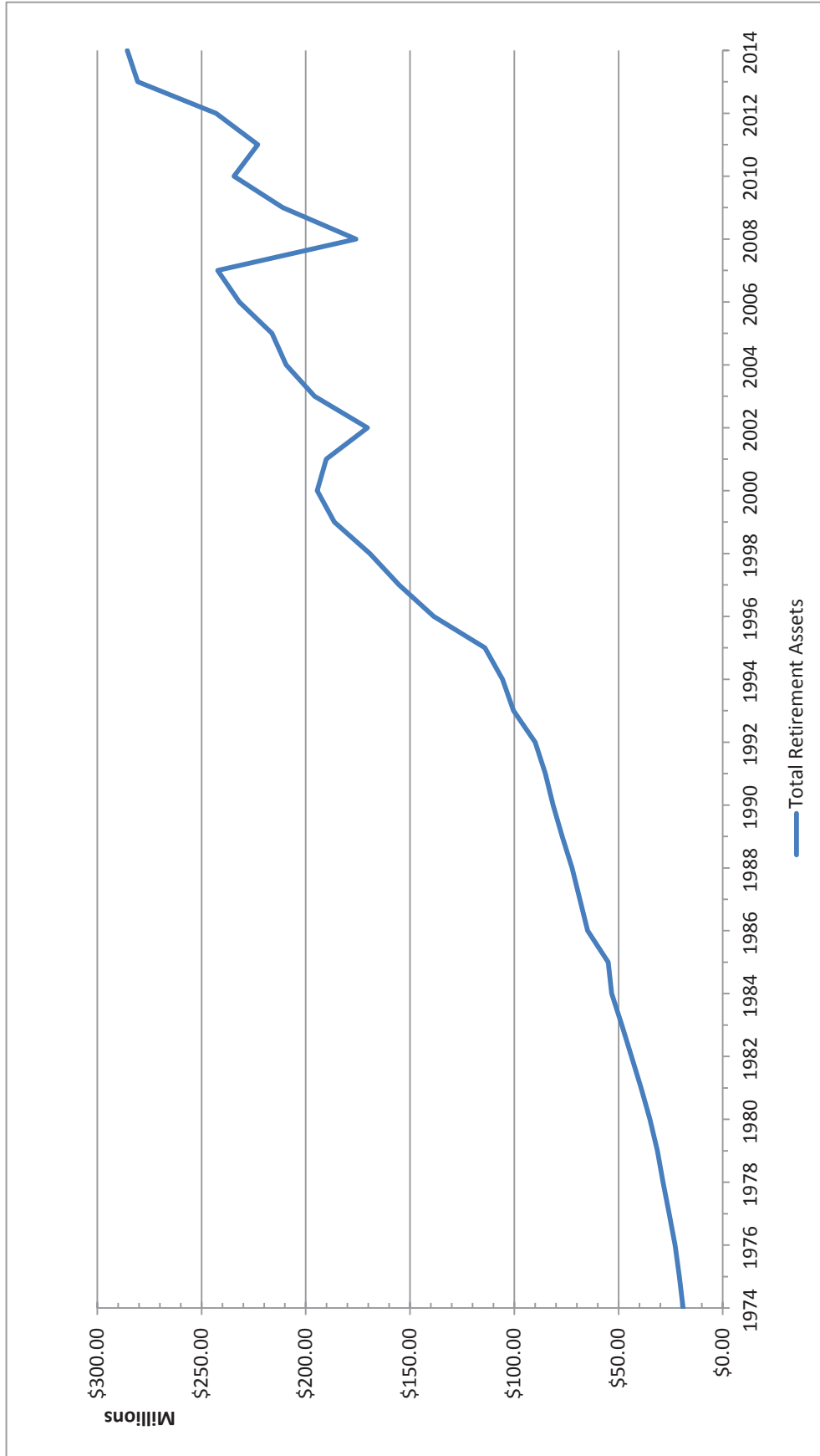
	Name	Date Retired	Date of Death	Age	Retirement Option
1	Doris L. Allen	3/12/78	1/9/14	92	ST
2	Walter W. Johnson	11/2/96	1/19/14	79	E
3	Kenneth E. Vigue	3/4/89	1/20/14	79	D
4	Steven A. Weed	11/3/09	2/5/14	64	E
5	Kenneth L. Humphreys	1/4/86	2/13/14	90	E
6	Donald J. Vogel	1/21/04	3/19/14	65	ST
7	Mary E. Richards	12/22/93	3/21/14	70	D
8	John W. Nickerson	3/2/02	3/31/14	64	E
9	John F. Henry	12/25/10	4/13/14	67	D
10	Floyd E. Lauersen	8/1/98	4/17/14	80	ST
11	Lorenzo G. Caballero	4/2/02	5/23/14	66	E
12	Leonard L. Huss	12/7/83	6/2/14	81	E
13	Arthur D. Roberts	12/4/82	6/18/14	93	A
14	Lloyd C. Gaines	7/6/00	7/11/14	79	E
15	Datha C. Aguilar	3/9/89	7/21/14	75	E
16	Ralph W. Hall	2/18/84	7/26/14	93	D
17	Collette P. Greenwood	1/1/03	8/2/14	66	ST
18	Douglas G. Barr	7/16/13	8/7/14	65	E
19	Shirley K. Miller	10/4/03	8/15/14	81	E
20	Warren J. Richards	5/4/93	8/30/14	76	B
21	Warren J. Richards	3/22/14	8/30/14	76	D
22	George O. Ziegwied	7/7/98	9/25/14	76	E
23	Donald L. Schofield	6/8/96	9/27/14	78	ST
24	Herbert C. Haight	5/1/98	9/28/14	81	D
25	David L. Constantine	7/4/92	10/13/14	87	ST
26	Joseph A. Martinelli	1/9/93	10/15/14	84	D
27	Genevieve L. Teufert	11/5/83	10/20/14	89	ST
28	Raymond E. Davis	10/4/88	10/25/14	88	D
29	Palmer J. Clemetson	3/26/83	10/27/14	78	E
30	Patrick L. White	8/15/00	10/31/14	64	E
31	Grace M. Nissen	8/4/82	11/10/14	94	A
32	Ronald E. Sacco	7/7/07	11/14/14	65	ST
33	Patricia A. Snell	2/24/13	11/23/14	79	D
34	Fred L. Dayharsh	1/22/94	12/18/14	85	D

Active Member Deaths During 2014

	Name	Department	Date of Death	Age	Years of Service
1	Leland B. Johnson	Sewer	1/28/14	37	12.0
2	Ellen M. O'Hara	Legal	3/14/14	56	12.5
3	Edith E. Masingale	Advanced Wastewater Treatment	9/26/14	57	36.0
4	Edward B. Gallup	Building Services	12/23/14	67	11.6

Investment Section

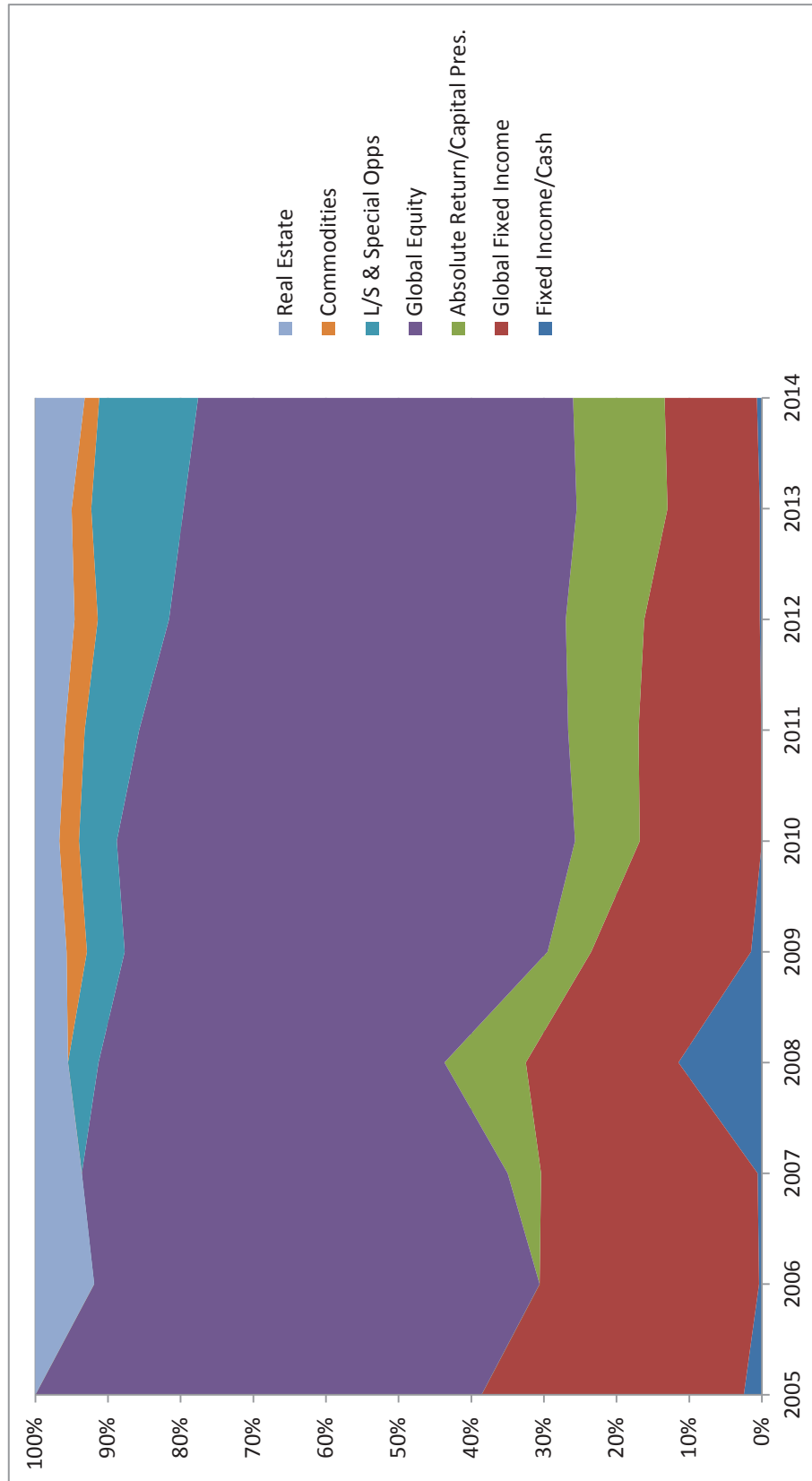
Total Retirement Assets



Schedule of Investment Results

	Market Value of Investments	Net Investment Income	Investment Rate of Return (net of fees)
2005	216,277,686	11,985,450	6.30%
2006	231,815,276	21,140,066	10.50%
2007	242,213,605	16,715,588	7.77%
2008	175,878,430	(59,972,361)	-24.68%
2009	211,055,762	38,442,846	21.99%
2010	234,404,883	27,752,165	13.47%
2011	222,991,899	(6,440,146)	-2.80%
2012	243,036,215	25,667,673	11.70%
2013	280,670,090	45,323,533	18.89%
2014	285,567,005	14,497,901	5.34%

Investment Allocation History



Investment Listed by Type

as of December 31, 2014

	Market Value
Cash and Cash Equivalents:	
Cash Held by Treasurer	\$139,376
Union Bank	1,900,496
Fixed Income Investments:	
PIMCO Low Duration	2,566
Vanguard Short-Term	12,299,487
Metropolitan West High Yield I	10,798,281
PIMCO Global	13,082,341
Equity Investments:	
Hotchkis & Wiley Core Value I	17,067,113
Delaware Large Cap Growth	15,099,815
Vanguard Institutional Index	9,088,992
MFS Blended Core	16,208,378
Sterling Mid Cap Value	10,034,542
Vanguard Mid Cap Growth	9,509,032
Vanguard Mid Cap Index	7,351,793
Champlain Small Cap Growth	4,891,768
Phocas Small Cap Growth	4,424,490
Bridge City Small Cap Growth	4,488,141
Vanguard Small Cap Index	2,375,399
International Investments:	
Berens Global Value	10,240,869
Vanguard International Index	923,933
EuroPacific Core	11,965,870
Artisan International Value	15,446,845
Epoch International Small Cap Value	7,999,780
Real Estate Investments:	
Legacy Partners Realty III	1,297,939
Metropolitan Realty V	1,197,111
Morrison Street Fund IV	3,069,709
Morrison Street Fund V	2,819,765
Principal Global Investors REIT	11,143,689
Alternative Investments:	
Orbi Med Royalty Opps	3,340,016
Beach Point Select Fund	7,462,031
Troob Capital Management	3,858,907
Post Limited Term High Yield	5,469,191
Rimrock Low Volatility	9,009,211
American Beacon Flexible	9,944,167
Castine Partners II	5,741,565
Altairis Offshore	5,835,738
Orbi Med Caduceus II	10,045,802
Weatherlow Offshore I	14,264,000
Pimco CommoditiesPLUS Strategy	5,728,857
Total Cash and Investments	\$285,567,005

