

***NEBRASKA PUBLIC EMPLOYEES
RETIREMENT SYSTEMS***
**STATE PATROL RETIREMENT SYSTEM
2007**

**Fifty-second Actuarial Report for
State Fiscal Year Ending June 30, 2009
and
System Plan Year Beginning July 1, 2007**

November 2007

Submitted By:
Buck Consultants
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buckconsultants 
an ACS company A C S

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
STATE PATROL SYSTEM

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November 30, 2007

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

**RE Certification of Actuarial Valuation
State Patrol Retirement System**

Ladies and Gentlemen:

This report summarizes the results of the actuarial valuation of the State Patrol Retirement System as of July 1, 2007 performed by Buck Consultants.

The actuarial valuation is based on unaudited financial and member data provided to us by the Nebraska Public Employees Retirement System as summarized in this report. The benefits considered are those delineated in Nebraska State Statutes, effective as amended July 1, 2007.

All costs, liabilities and other factors under the plan were determined in accordance with generally accepted actuarial principles and procedures. This report fully and fairly discloses the actuarial position of the plan.

The most recent actuarial experience analysis was completed in June 2007 using experience from July 1, 2002 through June 30, 2006. Revised actuarial assumptions were approved and implemented for the July 1, 2007 actuarial valuation. In our opinion, the assumptions represent reasonable expectations and our best estimate of the anticipated experience under the plan. A summary of the actuarial assumptions used in this actuarial valuation are shown in Exhibit 10.

Based on the results of our actuarial valuation, an additional contribution to the State Patrol Retirement System will keep it actuarially sound. Annual funding required from the State as defined under statute for current plan members is equal to the member contributions and appropriations, plus an additional payment necessary to meet the actuarially required contribution. For the 2008/2009 fiscal year, the State's additional payment requirement is \$365,020.

We are available to answer any questions on the material contained in this report, or to provide explanations to further details as may be appropriate.

Respectfully submitted,

BUCK CONSULTANTS

David H. Sliskinsky, A.S.A., E.A., M.A.A.A.
Principal and Consulting Actuary

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
STATE PATROL SYSTEM

**SUMMARY OF ACTUARIAL REPORT FOR CONTRIBUTION REQUIREMENTS AND
FUNDED STATUS FOR PLAN YEAR 2007/2008**

The main purposes of this report are:

1. To determine the level of State contributions for the fiscal year ending June 30, 2009, sufficient to meet the funding policy defined under Nebraska State statutes;
2. To review the current funded status of the system; and
3. To compare actual and expected experience under the plan during the plan year beginning July 1, 2006 and ending June 30, 2007.

The 2007 actuarial valuation is based upon the plan provisions as of July 1, 2007, as described in Exhibit 8. The actuarial methods and assumptions are described in Exhibits 9 and 10.

Highlights from the current valuation:

1. An additional State contribution of \$365,020 is required for the 2008/2009 fiscal year to meet the actuarially required contribution. Expected member contributions and State contributions and appropriations fall short of the total funding requirement. The system's actuarial liability has decreased by \$10,221,149 from \$20,617,210 as of July 1, 2006 to \$10,396,061 as of July 1, 2007.
2. A gain was experienced on the Actuarial Value of Assets during the 2006/2007 plan year. The annual rate of return on Market Value was 17.6%. The rate of return on Actuarial Value of 11.5% surpassed the 8.0% assumed investment return rate by 3.5%, resulting in an increase to the Actuarial Value by \$8,130,585.
3. The plan experienced a decremental loss in the actuarial accrued liability since the July 1, 2006 actuarial valuation, primarily due to retirements, terminations and deaths that were different than assumed. The actuarial accrued liability increased by \$752,493 as a result of decremental experience.
4. As the result of an experience analysis conducted on actual plan experience from July 1, 2002 through June 30, 2006, revised actuarial assumptions were proposed to the Nebraska Public Employees Retirement Board (PERB) in June 2007 and adopted in September 2007, to be used for the July 1, 2007 actuarial valuation. The impact of the changes to the actuarial assumptions resulted in a \$5,726,927 increase in the actuarial accrued liability of the State Patrol System as of July 1, 2007.
5. The funded status of the system as measured by the ratio of the system assets over the Pension Benefit Obligation (PBO) increased. The PBO is calculated using the Projected Unit Credit Method, which determines the benefit by using service at the valuation date and projecting salary to assumed termination or retirement. Since the July 1, 2006 actuarial valuation, the funded percentage on Actuarial Value increased from 92.3% to 94.4%. This increase was primarily due to asset gains.
6. The valuation reflects changes made by LB 324 passed during the 2007 Legislative Session. The bill made permanent the 15% employer and 13% member contribution rates. The bill also added a DROP provision.

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
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EXECUTIVE SUMMARY

Basic Actuarial Valuation Results

The 2007 actuarial valuation results are based upon the plan provisions as of July 1, 2007 as described in Exhibit 8. The actuarial methods and assumptions are described in detail in Exhibits 9 and 10, respectively.

1. State Contribution

The State's funding policy is to contribute 15% of pay and make additional payments if necessary, to meet the actuarially required contribution. The member contribution rate is 13% of pay. The actuarially required contribution is equal to the normal cost plus an amortization payment for unfunded liabilities. Unfunded liabilities created due to experience gains or losses, plan changes or assumption changes are amortized over 30 years.

Total expected State funding for the 2007/2008 plan year is \$4,590,749. Member contributions and matching State contributions and appropriations are not expected to meet the total actuarially required funding. The additional State funding required for the 2007/2008 plan year, payable July 1, 2008, is \$365,020.

History of Expected State Contributions			
Plan Year	State Contribution*	Additional Contributions	Total
2007/2008	\$ 4,225,729	\$ 365,020	\$ 4,590,749
2006/2007	3,942,430	813,159	4,755,589
2005/2006	3,766,098	1,080,050	4,846,148
2004/2005	3,050,645	948,654	3,999,299
2003/2004	2,745,970	434,202	3,180,172
2002/2003	2,413,762	0	2,413,762
2001/2002	2,257,610	0	2,257,610
2000/2001	1,958,304	0	1,958,304
1999/2000	2,298,256**	0	2,298,256
1998/1999	1,753,478	0	1,753,478
1997/1998	1,714,946	0	1,714,946

* Includes State Appropriations.

** Includes accrued State contributions of \$436,759.

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
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2. Asset Values

The total assets of the system as of the current and prior valuation date at both market value and actuarial value, and the rate of return during the period is as follows:

	July 1, 2006	July 1, 2007	Annual Rate of Return
(a) Market value	\$ 241,017,483	\$ 279,618,100	17.6%
(b) Actuarial value, an adjusted value intended to reduce the effect of market fluctuations (See Exhibit 1B)	\$ 231,740,772	\$ 254,662,819	11.5%

3. Actuarial Liability/(Reserve)

The actuarial liability of the system is the excess of the total benefit obligation (present value of future benefits) over the projected financial resources (sum of (i) the actuarial value of assets, (ii) the present value of future member and matching State contributions, and (iii) the present value of future State appropriations). If the projected financial resources exceed the total benefit obligation, the system has a Reserve. The actuarial position of the system as of the current and prior valuation dates are as follows:

	July 1, 2006	July 1, 2007
(a) Present value of future benefits	\$ 307,372,200	\$ 333,820,004
(b) Actuarial value of assets	231,740,772	254,662,819
(c) Present value of future member contributions	25,660,736	31,318,098
(d) Present value of matching State contributions	27,799,131	36,136,267
(e) Present value of future State appropriations*	<u>1,554,351</u>	<u>1,306,759</u>
(f) Actuarial Liability/(Reserve) [(a) - (b) - (c) - (d) - (e)]	\$ 20,617,210	\$ 10,396,061

* Includes appropriation for COLA benefit under LB 137.

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
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4. Pension Benefit Obligation (PBO)

The Pension Benefit Obligation represents a standardized disclosure measure of the present value of pension benefits payable in the future, which incorporates the effects of projected salary increases, based on service earned at the valuation date. The measure is intended to provide information regarding the Plan's funded status on an ongoing-concern basis, progress made in accumulating sufficient assets to pay benefits when due, and comparability to other plans.

Funded Status	July 1, 2006	July 1, 2007
(a) Pension Benefit Obligation		
i) retirees, disabled members and beneficiaries receiving benefits and deferred vested members not yet receiving benefits	\$ 152,248,709	\$ 163,157,856
ii) active members	<u>98,844,717</u>	<u>106,638,504</u>
iii) total pension benefit obligation	\$ 251,093,426	\$ 269,796,360
(b) Assets available for benefit (actuarial value)	<u>231,740,772</u>	<u>254,662,819</u>
(c) Unfunded Pension Benefit Obligation/(Reserve)	\$ 19,352,654	\$ 15,133,541
(d) Funded percentage on actuarial value of assets [(b) ÷ (a)(iii)]	92.3%	94.4%

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5. Benefit Accrual Cost

The cost of benefits accruing over an active member's working career can be expressed as a level percentage of compensation. This cost represents the true cost of accruing benefits since it is not adjusted for any overfunding or underfunding which may exist on the valuation date. It is determined using the Entry Age Actuarial Cost Method and is also called the Normal Cost. The level benefit accrual cost determined during the current and prior valuation dates are as follows:

	July 1, 2006	July 1, 2007
(a) Benefit accrual cost amount	\$ 6,718,400	\$ 7,012,837
(b) Annual compensation before assumed retirement age	\$ 23,985,004	\$ 26,011,498
(c) Benefit accrual cost rate [(a) ÷ (b)]	28.011%	26.961%

6. Forecast of Disbursements

A forecast of the annual benefit disbursements expected over the next thirty years is presented in Exhibit 7. This forecast is based on the same actuarial assumptions with respect to salary increases and decrement rates used to determine the funding requirements. The forecast should be a useful guide in discussing the cash-flow needs of the system with investment managers and in projecting the future financing needs of the system.

7. Actuarial Methods and Assumptions

The required contribution developed in this report is an estimate of the amount necessary to provide ongoing benefits to plan members assuming the system is funded in a systematic manner. These estimates are based upon the actuarial method defined under State Statutes to allocate the total cost of the plan to various years and actuarial assumptions regarding the return on investments, salary rates, employee termination rates, mortality rates and other risk factors. The actuarial method used to determine the actuarial contribution requirement is the Entry Age Actuarial Cost Method.

The actuarial assumptions represent the expected long-term experience of the system on an explicit basis for each risk area considered. The experience is reviewed periodically. Where necessary, changes are recommended by the actuary and adopted by the Public Employees Retirement Board.

A summary of the actuarial methods and assumptions used in the current valuation is presented in Exhibits 9 and 10, respectively.

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8. Changes Since the Last Actuarial Valuation

There have been no changes in the actuarial cost method or plan provisions since the last actuarial valuation as of July 1, 2006. The changes in actuarial assumptions as a result of the most recent experience analysis concluded in June 2007 were effective as of July 1, 2007 and are listed below:

- Salary increases were converted from age-based to service-based, grading down from 9.0% for less than one year of service to 4.5% at 25 years of service.
- Retirement rates are based on age and retirement eligibility. The rates were reduced for reduced (50 years of age and 10 years of service) and unreduced (55 years of age and 10 years of service and 50 years of age and 25 years of service) early retirement.
- Withdrawal rates were changed from 3.0% at all ages to service-based rates grading down from 4.0% for less than one year of service to 1.5% at 6 years, reducing farther to 1.0% at 15 years and beyond.
- Pre- and post-retirement healthy mortality assumptions were changed from the 1994 Group Annuity Mortality (GAM) table to the 1994 GAM table projected to 2010.
- Disabled mortality was changed from the 1971 GAM table to the 1983 Railroad Retirement Board Disabled Annuitants Mortality table.

The changes in plan provisions that have been adopted, effective July 1, 2007:

- LB 324 – Retains the contribution rates of 13% for members and 15% for employers. Under existing statutes, the rates were scheduled to drop to 12% for members and 13% for employers on July 1, 2007.

The changes in plan provisions that have been adopted and are expected to be implemented by September 1, 2008 will be reflected in the July 1, 2008 actuarial valuation:

- LB324 - Adds a Deferred Retirement Option Plan (DROP) for members who are at least 50 and have 25 years of service.

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
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SYSTEM ASSETS

A. Summary of Assets	Market Value as of June 30, 2006	Market Value as of June 30, 2007
1. Cash and Equivalents	\$ 75,209	\$ 143,483
2. Investments	241,830,815	288,463,718
3. Capital Assets	986,555	701,915
4. Receivables and Prepaids	3,608,927	5,299,266
5. Accounts Payable	(5,484,023)	(14,990,282)
6. Net Assets Available for Pension Benefits Considered [1 + 2 + 3 + 4 + 5]	\$ 241,017,483	\$ 279,618,100

B. Development of Actuarial Value of Assets	Amount
1. Actuarial Value of Assets as of July 1, 2006	\$ 231,740,772
2. Unrecognized Return as of July 1, 2006	\$ 9,276,711
3. Contributions	
(a) Member (includes purchased service)	\$ 3,476,482
(b) State	3,930,662
(c) State appropriations	<u>1,127,959</u>
(d) Total	\$ 8,535,103
4. Distributions	
(a) Benefit payments	\$ 11,969,795
(b) Refund of contributions	<u>210,627</u>
(c) Total	\$ 12,180,422
5. Expected Return at 8.0% on	
(a) Item 1	\$ 18,539,261
(b) Item 2	742,137
(c) Item 3 (d)	334,836
(d) Item 4 (c)	<u>437,317</u>
(e) Total [(a) + (b) + (c) - (d)]	\$ 19,178,917
6. Actual Return on Market Value for Plan Year, Net of Expenses	\$ 42,245,936
7. Return to be Spread for Plan Year [6 - 5(e)]	\$ 23,067,019

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
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SYSTEM ASSETS

B. Development of Actuarial Value of Assets		Amount																								
8.	Total Market Value of Assets as of July 1, 2007	\$ 279,618,100																								
9.	Return to be Spread																									
<table border="1"> <thead> <tr> <th>Plan Year</th> <th>Return to be Spread</th> <th>Unrecognized Percent</th> <th>Unrecognized Return</th> </tr> </thead> <tbody> <tr> <td>2006/2007</td> <td>\$ 23,067,019</td> <td>80%</td> <td>\$ 18,453,615</td> </tr> <tr> <td>2005/2006</td> <td>5,139,046</td> <td>60%</td> <td>3,083,428</td> </tr> <tr> <td>2004/2005</td> <td>2,820,479</td> <td>40%</td> <td>1,128,192</td> </tr> <tr> <td>2003/2004</td> <td>11,450,232</td> <td>20%</td> <td>2,290,046</td> </tr> <tr> <td colspan="3">Total</td> <td>\$ 24,955,281</td> </tr> </tbody> </table>			Plan Year	Return to be Spread	Unrecognized Percent	Unrecognized Return	2006/2007	\$ 23,067,019	80%	\$ 18,453,615	2005/2006	5,139,046	60%	3,083,428	2004/2005	2,820,479	40%	1,128,192	2003/2004	11,450,232	20%	2,290,046	Total			\$ 24,955,281
Plan Year	Return to be Spread	Unrecognized Percent	Unrecognized Return																							
2006/2007	\$ 23,067,019	80%	\$ 18,453,615																							
2005/2006	5,139,046	60%	3,083,428																							
2004/2005	2,820,479	40%	1,128,192																							
2003/2004	11,450,232	20%	2,290,046																							
Total			\$ 24,955,281																							
10.	Total Actuarial Value of Assets at July 1, 2007 [8 - 9]	\$ 254,662,819																								
11.	Ratio of Actuarial Value to Market Value [10 ÷ 8]	91.1%																								

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
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SYSTEM ASSETS

C. Change in Asset Values During 2006/2007	Actuarial Value	Market Value
1. Asset value as of July 1, 2006	\$ 231,740,772	\$ 241,017,483
2. Contributions for 2006/2007		
(a) Member contributions paid during the year	\$ 3,476,482	\$ 3,476,482
(b) State contributions paid	3,930,662	3,930,662
(c) State appropriations for the year	<u>1,127,959</u>	<u>1,127,959</u>
(d) Contributions for 2006/2007 [(a) + (b) + (c)]	\$ 8,535,103	\$ 8,535,103
3. Disbursements for 2006/2007		
(a) Benefit payments	\$ 11,969,795	\$ 11,969,795
(b) Expenses and fees	924,073	924,073
(c) Refund of contributions	<u>210,627</u>	<u>210,627</u>
(d) Disbursements for 2006/2007 [(a) + (b) + (c)]	\$ 13,104,495	\$ 13,104,495
4. Investment return for 2006/2007	\$ 27,491,439	\$ 43,170,009
5. Asset value as of July 1, 2007 [1 + 2(d) - 3(d) + 4]	\$ 254,662,819	\$ 279,618,100
6. Approximate rate of investment return, net of expenses	11.5%	17.6%

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
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ACTUARIAL CONTRIBUTION REQUIREMENT

A. Development of Actuarially Required Funding Rate	July 1, 2007
1. Actuarial present value of benefits	
(a) Active members	\$ 170,662,148
(b) Inactive members	592,754
(c) Retired members, disabilities and beneficiaries	<u>162,565,102</u>
(d) Total	\$ 333,820,004
2. Present Value of Future Normal Costs	<u>67,973,407</u>
3. Total Actuarial Accrued Liability [1(d) - 2]	\$ 265,846,597
4. Actuarial Value of Assets	<u>254,662,819</u>
5. Unfunded Actuarial Accrued Liability/(Reserve) [3 - 4]	\$ 11,183,778
6. 30-Year Amortization of the Unfunded Actuarial Accrued Liability/(Reserve)	
(a) Amount	\$ 966,211
(b) Amount as % of Pay	3.70%
7. Normal Cost	
(a) Amount	\$ 7,012,837
(b) Amount as % of Pay	26.90%
8. Total Actuarially Required Contribution	
(a) Amount	\$ 7,979,048
(b) Amount as % of Pay	30.60%

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
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ACTUARIAL CONTRIBUTION REQUIREMENT

B. Development of Additional State Contributions for Fiscal Year 2008/2009	Annual Amount as a % of Pay
1. Actuarially Required Contribution (a) Total Contribution Amount (b) State Appropriations (c) Expected State Appropriation for LB 137 COLA benefit (d) Net Contribution Amount [1(a) - 1(b) - 1(c)] (e) Net Amount as % of Pay	\$ 7,979,048 210,220 104,580 \$ 7,664,248 29.40%
2. Statutory Contribution Rates during 2007/2008 (a) Employee Contribution Rate (b) Employer Contribution Rate (c) Total Employee/Employer Contribution Rate [2(a) + 2(b)]	13.00% 15.00% 28.00%
3. Additional Required State Contribution (a) Additional Required State Contribution Rate [1(e) - 2(c), not less than 0.00%] (b) Additional Required State Contribution Amount	1.40% \$ 365,020

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
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ACTUARIAL CONTRIBUTION REQUIREMENT

C. Schedule of Amortization Bases	Original Amount	July 1, 2007 Remaining Payments	Date of Last Payment	Outstanding Balance as of July 1, 2007	Annual Contribution
2006 Unfunded Actuarial Accrued Liability Base	\$ 13,632,330	29	07/01/2036	\$ 13,511,991	\$ 1,165,213
2007 Unfunded Actuarial Accrued Liability Base	\$ (2,328,213)	30	07/01/2037	(2,328,213)	(199,002)
Total				\$ 11,183,778	\$ 966,211

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
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ACTUARIAL (GAIN)/LOSS

A. Change in Actuarial Accrued Liability		
1.	Actual Actuarial Accrued Liability as of July 1, 2006	\$ 245,373,102
2.	Benefits accrued during the 2006/2007 plan year	6,718,400
3.	Benefit payments during the 2006/2007 plan year	12,180,422
4.	Interest at 8%	<u>19,456,097</u>
5.	Expected Actuarial Accrued Liability as of July 1, 2007 [1 + 2 - 3 + 4]	\$ 259,367,177
6.	Decremental (Gain)/Loss by Source	
	(a) Retirement	\$ 603,280
	(b) Termination	308,509
	(c) Disability	(36,950)
	(d) Pre-retirement mortality	(69,633)
	(e) Post-retirement mortality	288,871
	(f) Salary	(800,489)
	(g) New Entrants / Rehires	173,777
	(h) Data changes/miscellaneous	<u>285,128</u>
	(i) Total decremental (gain)/loss	\$ 752,493
7.	Change in Actuarial Assumptions	\$ 5,726,927
8.	Change in Plan Provisions	<u>0</u>
9.	Actual Actuarial Accrued Liability as of July 1, 2007 [5 + 6(i) + 7 + 8]	\$ 265,846,597
B. Change in Actuarial Value of Assets		
1.	Expected Actuarial Value of Assets as of July 1, 2007	\$ 246,532,234
2.	Actual Actuarial Value of Assets as of July 1, 2007	<u>254,662,819</u>
3.	Actuarial (Gain)/Loss from Asset Sources [1 - 2]	\$ (8,130,585)
C. Total Actuarial (Gain)/Loss for the 2006/2007 plan year [A(6)(i) + B(3)]		
		\$ (7,378,092)

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
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ACTUARIAL BALANCE SHEET

A. Financial Resources	July 1, 2007	
1. Actuarial Value of Assets		\$ 254,662,819
2. Present Value of Future Contributions		
(a) Member	\$ 31,318,098	
(b) Employer	36,136,267	
(c) State Appropriations	<u>1,306,759</u>	
(d) Total		68,761,124
3. Actuarial Liability/(Reserve)		<u>10,396,061</u>
4. Total Assets [1 + 2(d) + 3]		\$ 333,820,004

B. Benefit Obligations	July 1, 2007	
1. Present Value of Future Benefits		
(a) Active members	\$ 170,662,148	
(b) Inactive members	592,754	
(c) Retirees, disabilities and beneficiaries	<u>162,565,102</u>	
(d) Total		\$ 333,820,004

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
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ACCOUNTING INFORMATION

A. Pension Benefit Obligation under the Projected Unit Credit Cost Method

	July 1, 2006	July 1, 2007
Pension Benefit Obligation (PBO)		
Vested PBO		
(a) members currently receiving payments	\$ 151,774,452	\$ 162,565,102
(b) other members		
i) accumulated member contributions	28,715,126	31,785,494
ii) employer financed vested	<u>53,584,637</u>	<u>58,562,459</u>
Total Vested PBO	\$ 234,074,215	\$ 252,913,055
Nonvested PBO	<u>17,019,211</u>	<u>16,883,305</u>
Total PBO	\$ 251,093,426	\$ 269,796,360
Actuarial Value of Assets	<u>231,740,772</u>	<u>254,662,819</u>
Unfunded Pension Benefit Obligation/(Reserve)	\$ 19,352,654	\$ 15,133,541
Funded Percentage		
(a) on vested PBO	99.0%	100.7%
(b) on total PBO	92.3%	94.4%

B. Change in Pension Benefit Obligation from July 1, 2006 to July 1, 2007

Pension Benefit Obligation at July 1, 2006	\$ 251,093,426
Increase/(Decrease) during Period	
Plan Provision Changes	\$ 0
Assumption/ Method Changes	4,183,117
Benefits Accumulated	5,510,227
Benefits Paid	(12,180,422)
Interest Cost	20,090,975
Plan Experience	<u>1,099,037</u>
Total Change	\$ 18,702,934
Pension Benefit Obligation at July 1, 2007	\$ 269,796,360

Exhibits 9 and 10 provide a more detailed summary of the underlying actuarial methods and assumptions used in the calculations of the Pension Benefit Obligation. The benefits valued are those in effect on July 1, 2007 and 2006, respectively, as outlined in Exhibit 8. The determination of the Pension Benefit Obligation has been made in accordance with generally accepted actuarial principles and practices.

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
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ACCOUNTING INFORMATION

C. Schedule of Employer Contributions - Disclosure Requirements Under GASB No. 25

Plan Year Ending	Annual Required Contributions	Percentage Contributed
June 30, 2007	\$ 5,058,621	100%
June 30, 2006	5,081,930	100%
June 30, 2005	3,868,904	82%
June 30, 2004	3,018,366	96%
June 30, 2003	2,652,857	100%
June 30, 2002	2,428,025	100%

D. Actuarial Assumptions, Method and Additional Information under GASB No. 25

Valuation Date	June 30, 2007
Actuarial Cost Method	Entry Age
Amortization Method	Level dollar amount, closed
Equivalent Single Amortization Period	29 years
Asset Valuation Method	5 year smoothed market
Actuarial Assumptions:	
Investment rate of return*	8.0%
Projected salary increases*	4.5% - 9.0%
*Includes inflation at	3.5%
Cost-of-living adjustment	2.5% with a floor benefit equal to 60% purchasing power of original benefit

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
STATE PATROL SYSTEM**

ACCOUNTING INFORMATION

E. Schedule of Funding Progress Under GASB No. 25

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Accrued Liabilities (UAL) (b-a)	Funded Ratio (a÷b)	Covered Payroll (c)	UAL as a % of Covered Payroll [(b-a)/c]
June 30, 2007	\$ 254,662,819	\$ 265,846,597	\$ 11,183,778	95.8%	\$ 26,072,859	42.9%
June 30, 2006	231,740,772	245,373,102	13,632,330	94.4%	24,057,960	56.7%
June 30, 2005	219,831,273	236,026,471	16,195,198	93.1%	22,882,413	70.8%
June 30, 2004	216,422,556	222,161,512	5,738,956	97.4%	22,640,907	25.3%
June 30, 2003	214,657,454	210,930,784	(3,726,670)	101.8%	21,929,399	(17.0)%
June 30, 2002	214,527,994	197,615,091	(16,912,903)	108.6%	18,846,776	(89.7)%

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
STATE PATROL SYSTEM

SUMMARY OF MEMBER DATA

A. Active Members	July 1, 2006	July 1, 2007
1. Number of active members		
(a) Before assumed retirement age	476	459
(b) Beyond assumed retirement age	<u>1</u>	<u>25</u>
(c) Total	477	484
2. Annual considered compensation		
(a) Before assumed retirement age	\$ 23,985,004	\$ 26,011,498
(b) Beyond assumed retirement age	<u>72,956</u>	<u>61,361</u>
(c) Total	\$ 24,057,960	\$ 26,072,859
3. Accumulated contributions	\$ 28,240,869	\$ 31,192,740
4. Active member averages		
(a) Age	38.8	38.9
(b) Service	11.3	11.4
(c) Compensation	\$ 50,436	\$ 53,870
(d) Accumulated contributions	\$ 59,205	\$ 64,448
B. Inactive Members		
1. Number of inactive members	14	15
2. Accumulated member contributions	\$ 474,257	\$ 592,754
3. Inactive member averages		
(a) Age (vesteds only)	41.7	42.9
(b) Accumulated member contributions	\$ 33,876	\$ 39,517
C. Retired and Disabled Members and Beneficiaries		
1. Number of members		
(a) Retired	268	275
(b) Disabled	7	7
(c) Beneficiaries	<u>56</u>	<u>59</u>
(d) Total	331	341
2. Annual benefits		
(a) Retired	\$ 10,433,395	\$ 11,016,606
(b) Disabled	208,789	214,370
(c) Beneficiaries	<u>1,107,965</u>	<u>1,210,704</u>
(d) Total	\$ 11,750,149	\$ 12,441,680

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
STATE PATROL SYSTEM**

SUMMARY OF MEMBER DATA

D. Distribution of Retired and Disabled Members and Beneficiaries as of July 1, 2007

Age Range	Number	Annual Benefit	Average Annual Benefit
59 & Under	119	\$ 5,151,713	\$ 43,292
60-64	59	2,414,939	40,931
65-69	45	1,664,368	36,986
70-74	45	1,320,395	29,342
75-79	21	570,808	27,181
80-84	35	902,247	25,778
85-89	12	348,152	29,013
90 & Over	5	69,058	13,812
Total	341	\$ 12,441,680	\$ 36,486

E. Member Data Reconciliation

	Active Members	Inactive Members				Total
		With Deferred Benefits	Terminated With Balance	Retired Members and Beneficiaries	Disabled Members	
As of July 1, 2006	477	7	7	324	7	822
Changes in status						
a) Normal & early retirements	(11)	0	0	11	0	0
b) Became payable	0	0	0	0	0	0
c) Deaths	0	0	0	(4)	0	(4)
d) Nonvested terminations	(1)	0	1	0	0	0
e) Vested terminations	(2)	2	0	0	0	0
f) Contribution refund	(4)	0	(1)	0	0	(5)
g) Beneficiaries in receipt	0	0	0	2	0	2
h) Disability retirements	0	0	0	0	0	0
i) Return to active service	2	(1)	(1)	0	0	0
j) Expired or forfeited benefits	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total changes in status	(16)	1	(1)	9	0	(7)
New entrants / Data Changes						
a) Without prior service	21	0	1	1	0	23
b) With prior service	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
Total new members	23	0	1	1	0	25
Net change	7	1	0	10	0	18
As of July 1, 2007	484	8	7	334	7	840

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
STATE PATROL SYSTEM**

SUMMARY OF MEMBER DATA

F. Age and Service Distribution of Active Members as of July 1, 2007

Age Last Birthday		0-4	5-9	10-14	15-19	20-24	25-29	30-34	Over 34	Total
20-24	Number	20	0	0	0	0	0	0	0	20
	Total Salary	\$ 752,590	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 752,590
	Average Sal.	\$ 37,630	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 37,630
25-29	Number	44	9	0	0	0	0	0	0	53
	Total Salary	\$ 1,889,291	\$ 413,589	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,302,880
	Average Sal.	\$ 42,938	\$ 45,954	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 43,451
30-34	Number	43	53	4	0	0	0	0	0	100
	Total Salary	\$ 1,937,930	\$ 2,676,892	\$ 209,135	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,823,957
	Average Sal.	\$ 45,068	\$ 50,507	\$ 52,284	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 48,240
35-39	Number	23	34	30	17	0	0	0	0	104
	Total Salary	\$ 1,000,451	\$ 1,653,830	\$ 1,655,539	\$ 1,019,600	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,329,420
	Average Sal.	\$ 43,498	\$ 48,642	\$ 55,185	\$ 59,976	\$ 0	\$ 0	\$ 0	\$ 0	\$ 51,244
40-44	Number	10	10	14	37	10	0	0	0	81
	Total Salary	\$ 554,527	\$ 507,323	\$ 795,647	\$ 2,375,410	\$ 638,222	\$ 0	\$ 0	\$ 0	\$ 4,871,129
	Average Sal.	\$ 55,453	\$ 50,732	\$ 56,832	\$ 64,200	\$ 63,822	\$ 0	\$ 0	\$ 0	\$ 60,137
45-49	Number	5	5	2	20	23	23	0	0	78
	Total Salary	\$ 289,133	\$ 240,192	\$ 117,983	\$ 1,256,429	\$ 1,475,069	\$ 1,505,538	\$ 0	\$ 0	\$ 4,884,344
	Average Sal.	\$ 57,827	\$ 48,038	\$ 58,991	\$ 62,821	\$ 64,133	\$ 65,458	\$ 0	\$ 0	\$ 62,620
50-54	Number	5	2	2	3	7	12	4	0	35
	Total Salary	\$ 303,426	\$ 108,655	\$ 106,916	\$ 174,194	\$ 424,516	\$ 875,345	\$ 269,592	\$ 0	\$ 2,262,644
	Average Sal.	\$ 60,685	\$ 54,327	\$ 53,458	\$ 58,065	\$ 60,645	\$ 72,945	\$ 67,398	\$ 0	\$ 64,647
55 & Up	Number	2	1	1	2	3	1	0	3	13
	Total Salary	\$ 123,496	\$ 61,726	\$ 61,361	\$ 110,647	\$ 176,632	\$ 66,083	\$ 0	\$ 245,950	\$ 845,895
	Average Sal.	\$ 61,748	\$ 61,726	\$ 61,361	\$ 55,323	\$ 58,877	\$ 66,083	\$ 0	\$ 81,983	\$ 65,069
TOTAL	Number	152	114	53	79	43	36	4	3	484
	Total Salary	\$ 6,850,844	\$ 5,662,207	\$ 2,946,581	\$ 4,936,280	\$ 2,714,439	\$ 2,446,966	\$ 269,592	\$ 245,950	\$ 26,072,859
	Average Sal.	\$ 45,071	\$ 49,668	\$ 55,596	\$ 62,485	\$ 63,126	\$ 67,971	\$ 67,398	\$ 81,983	\$ 53,870

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
STATE PATROL SYSTEM

FORECAST OF EXPECTED DISBURSEMENTS

Plan Year Ending June 30	Active Employees	Retired and Disabled Members and Beneficiaries	Total
2008	\$ 376,945	\$ 12,396,010	\$ 12,772,955
2009	1,065,008	12,599,732	13,664,740
2010	1,806,855	12,796,486	14,603,341
2011	2,358,833	12,985,078	15,343,911
2012	3,040,726	13,164,248	16,204,974
2013	3,957,026	13,332,513	17,289,539
2014	5,049,149	13,488,612	18,537,761
2015	6,266,861	13,631,359	19,898,220
2016	7,321,737	13,761,947	21,083,684
2017	8,357,979	13,880,135	22,238,114
2018	\$ 9,299,716	\$ 13,981,612	\$ 23,281,328
2019	10,291,802	14,065,843	24,357,645
2020	11,573,602	14,130,811	25,704,413
2021	12,961,590	14,175,422	27,137,012
2022	14,356,051	14,197,133	28,553,184
2023	15,775,101	14,193,997	29,969,098
2024	17,388,233	14,164,081	31,552,314
2025	19,278,110	14,105,483	33,383,593
2026	21,332,968	14,015,604	35,348,572
2027	23,416,805	13,894,356	37,311,161
2028	\$ 25,946,866	\$ 13,736,829	\$ 39,683,695
2029	28,451,710	13,540,720	41,992,430
2030	30,329,637	13,304,589	43,634,226
2031	32,187,387	13,029,923	45,217,310
2032	34,046,236	12,713,198	46,759,434
2033	35,799,301	12,354,686	48,153,987
2034	37,406,149	11,955,200	49,361,349
2035	38,800,368	11,516,098	50,316,466
2036	39,972,271	11,040,122	51,012,393
2037	40,996,131	10,529,182	51,525,313

Note: These amounts exclude distributions for vested inactive members eligible to receive future benefit payments. Benefit amounts for these members have not yet been determined.

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
STATE PATROL SYSTEM**

SUMMARY OF PLAN PROVISIONS

Member	Any member of the Nebraska State Patrol, permanent force.
Participation Date	Date of becoming a member.
Definitions	
<i>Covered pay</i>	Gross annual earnings subject to contributions. For a patrol officer with service prior to January 4, 1979, total salary includes pay for unused sick leave accrued during his final three years of service, and pay for unused vacation leave (including leave not allowed to be carried over).
<i>Final average earnings</i>	The average of the highest three 12-month periods of covered pay, ending on the earlier of the participant's termination date or retirement date. For a patrol officer with service prior to January 4, 1979, it includes pay for 25% of unused sick leave accrued during his final three years of service, and pay for unused vacation leave (including leave not allowed to be carried over).
<i>Fiscal year</i>	Twelve month period ending June 30.
<i>Member and employer contributions</i>	13% of monthly salary plus 11% of pay received at termination for unused sick leave and vacation leave for a patrol officer with service prior to January 4, 1979. Such contributions are credited with regular interest in conformity with the statutes. Employer contributions are 15% of monthly salary. The State makes any additional contributions that are actuarially required.
<i>Pension benefit</i>	3% of final average salary times pension service. The benefit is subject to a maximum of 75% of Final Average Salary. Effective July 1, 2001, an automatic annual cost-of-living adjustment (COLA) equal to the CPI-W index, with a maximum increase of 2.5% in any one year is provided for current and future retirees by LB 711. Also provided is a minimum floor benefit equal to 60% of the purchasing power of the original benefit.
<i>Normal Retirement Date (NRD)</i>	First of month coinciding with or next following (a) the completion of 25 years of service and attaining age 50, (b) the completion of ten years of service and attaining age 55, or (c) attaining age 60 regardless of service.
<i>Pension service</i>	Length of service includes all service with the Nebraska State Patrol, permanent force, computed to the nearest one-twelfth year, plus declared emergency service in the armed forces.

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
STATE PATROL SYSTEM**

SUMMARY OF PLAN PROVISIONS

Eligibility for Benefits

<i>Deferred vested</i>	Termination for reasons other than death, disability, or retirement after completing at least six years of pension service.
<i>Disability retirement</i>	Retirement by reason of disability as defined by statute.
<i>Early retirement</i>	Retirement before NRD and on or after both attaining age 50 and completing ten years of pension service.
<i>Normal retirement</i>	Retire on NRD.
<i>Postponed retirement</i>	Retire after NRD.
<i>Post-retirement death benefit</i>	Death after retirement with surviving spouse or dependent children under age 19. For non-disability retirement, the surviving spouse must have been married to the member at the date of retirement.
<i>Pre-retirement death benefit</i>	Death prior to retirement.

Monthly Benefits Paid Upon the Following Events

<i>Normal retirement</i>	Pension benefit determined as of NRD.
<i>Early retirement</i>	Pension benefit determined as of early retirement date, reduced by 5/9% for each month that commencement (which must be after age 50 and ten years of service) of payment precedes the earlier of age 55 or completion of 25 years of service. No reduction is made after 25 years of service.
<i>Postponed retirement</i>	Monthly pension benefit determined as of actual retirement date.

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
STATE PATROL SYSTEM**

SUMMARY OF PLAN PROVISIONS

Termination with deferred vested benefit

Refund of contributions with regular interest or a percentage of the pension benefit determined as of termination date, reduced by 5/9% for each month that commencement (which must be after age 50 and ten years of service) of payment precedes the earlier of age 55 or completion of 25 years of service. This percentage is based upon completed years of pension service as follows:

<u>Years</u>	<u>Vested Percentage</u>
5 and under	0%
6	20
7	40
8	60
9	80
10 or more	100

Disability retirement

A monthly benefit equal to 50% of current monthly salary at the date of disablement for members with less than 17 years of service.

For members with more than 17 years of service, a monthly benefit equal to the product of 3% of final monthly salary, times total years of service subject to a maximum of 75% of final average monthly salary.

Pre-retirement death benefits

Surviving spouse or dependent children under age 19:
Benefit is computed as if member retired for disability on the date of death. This benefit is payable to the surviving spouse as long as spouse has dependent children under age 19. If spouse dies or remarries, 75% of this benefit continues to children until the youngest attains age 19. If there are no dependent children under age 19, 75% of this benefit is payable to the surviving spouse until death or remarriage.

No surviving spouse or dependent children under age 19:
A lump sum equal to the member's contributions plus regular interest.

Post-retirement death benefits

100% of member's annuity is payable to the surviving spouse provided spouse has dependent children under 19. If there is no surviving spouse or spouse dies or remarries, 75% of member's annuity continues to children until the youngest attains age 19. If there are no dependent children under age 19, 75% of member's annuity continues to surviving spouse.

Forms of payment

Normal form is 75% Joint and Survivor benefit. Members may also elect a refund of contributions. If there is no surviving spouse or dependent children under age 19, the member's accumulated contributions with interest are paid to the beneficiary or estate.

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
STATE PATROL SYSTEM

SUMMARY OF PLAN PROVISIONS

*Deferred Retirement Option Plan
(DROP)*

A member may elect to participate in the DROP after they attain age 50 with 25 years of service. A member can continue to work while participating in the DROP, but must terminate employment within 5 years of entry into the DROP. The member's retirement benefits would be calculated as of the DROP entry date. The monthly payments that begin at entry into the DROP are accumulated until the member terminates service, at which time the DROP accumulated benefits and investment income can be paid as a lump sum, rollover or annuity. The COLA for retirees would not apply to the member during participation in the DROP and both the member and employer contributions cease upon entry into the DROP. This change will be reflected in the July 1, 2008 actuarial valuation.

State Appropriations

LB 700, passed in 1996, provided for annual cost of living increases of 0.3%, beginning in the sixth year after retirement for members ceasing employment on or after April 10, 1996. Funding for these benefits shall be made by the State into the State Patrol Purchasing Power Stabilization Fund. Beginning with the 1996/1997 fiscal year, the funding shall be 3.04888% of \$6,895,000, or \$210,220 will be made for each year through the 2010/2011 Fiscal Year.

LB 137 provides cost-of-living benefits for members who retired prior to 1985. This benefit is funded by an annual state appropriation and declines over time.

LB 674, passed in 2000 (effective July 1, 2001), provided for an annual cost-of-living increase equal to the CPI-W index, with a maximum of 2% in any one year, a minimum floor benefit equal to 60% of the purchasing power of the original benefit and the elimination of the State Patrol Purchasing Power Stabilization Fund. The existing assets in the State Patrol PPSF were transferred to the Nebraska State Patrol Retirement Fund. The State appropriation continues, as defined above to the Nebraska Patrol Retirement Fund through the 2010/2011 Fiscal Year. LB 711, passed in 2001, increased the maximum annual cost-of-living increase in any one year from 2% to 2.5%.

Benefits Reflected in Valuation

All benefits were valued, including future cost of living increases granted by LB 711.

Plan Provisions Effective After July 1, 2007

No future changes in plan provisions were recognized in determining the GASB 25 funded status and in determining the actuarial soundness of statutory contribution levels.

Changes in Plan Provisions Since the Prior Year

Per LB 324, the statutory members and matching employer contribution rate will remain at 13% and 15%, respectively. Under existing statutes, the rates were scheduled to drop to 12% for members and 13% for employers on July 1, 2007. Additionally, LB 324 adds a Deferred Retirement Option Plan (DROP) for members who are at least 50 and have 25 years of service. The DROP is expected to be implemented by September 1, 2008 and will be reflected in the July 1, 2008 actuarial valuation.

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
STATE PATROL SYSTEM

SUMMARY OF ACTUARIAL METHODS AND PROCEDURES AS OF JULY 1, 2007

A. ACTUARIAL METHODS

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

Entry Age Actuarial Cost Method

Projected pension and preretirement spouse's death benefits were determined for all active members under age 60. Cost factors designed to produce annual costs as a constant percentage of each member's expected compensation in each year from the assumed entry age to the assumed retirement age were applied to the projected benefits to determine the normal cost (the portion of the total cost of the plan allocated to the current year under the method). The normal cost is determined by summing intermediate results for active members under age 60 and determining an average normal cost rate which is then related to the total payroll of active members under age 60. The actuarial assumptions shown in Exhibit 10 were used in determining the projected benefits and cost factors. The actuarial accrued liability for active members (the portion of the total cost of the plan allocated to prior years under the method) was determined as the excess of the actuarial present value of projected benefits over the actuarial present value of future normal costs.

The actuarial accrued liability for retired members and their beneficiaries currently receiving benefits, active members age 60 and over, terminated vested members and disabled members not yet receiving benefits was determined as the actuarial present value of the benefits expected to be paid. No future normal costs are payable for these members.

The actuarial accrued liability under this method at any point in time is the theoretical amount of the fund that would have been accumulated had annual contributions equal to the normal cost been made in prior years (it does not represent the liability for benefits accrued to the valuation date). The unfunded actuarial accrued liability is the excess of the actuarial accrued liability over the actuarial value of plan assets measured on the valuation date. The initial unfunded actuarial accrued liability established July 1, 2004, is amortized with a level dollar payment amount over 25 years. At subsequent valuation dates, amortization bases equal to changes in the unfunded actuarial accrued liability are established and amortized with a level dollar payment over a 25-year period. The unfunded liability was reinitialized as of July 1, 2006 and amortized over a 30-year period. At subsequent valuation dates, amortization bases equal to changes in the unfunded actuarial accrued liability are established and amortized over a level dollar payment over a 30-year period. If the unfunded actuarial accrued liability is \$0 or less on the valuation date, all previous amortization bases are considered fully amortized.

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

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
STATE PATROL SYSTEM**

SUMMARY OF ACTUARIAL METHODS AND PROCEDURES AS OF JULY 1, 2007

- 2. Calculation of the Actuarial Value of Assets:** The actuarial value of assets is based on a five-year smoothing method and is determined by spreading the effect of each year's investment return in excess of or below the expected return. The Market Value of assets at the valuation date is reduced by the sum of the following:
- (i) 80% of the return to be spread during the first year preceding the valuation date,
 - (ii) 60% of the return to be spread during the second year preceding the valuation date,
 - (iii) 40% of the return to be spread during the third year preceding the valuation date, and
 - (iv) 20% of the return to be spread during the fourth year preceding the valuation date.

The return to be spread is the difference between (1) the actual investment return on Market Value and (2) the expected return on Actuarial Value. Effective July 1, 2000, the expected return on Actuarial Value includes interest on the previous year's unrecognized return.

- 3. Calculation of Pension Benefit Obligation:** The method used to determine the Pension Benefit Obligation was the Projected Unit Credit Actuarial Cost Method without service proration. Under this method, the benefit is based on salary projected to assumed termination or retirement and service as of the valuation date.

B. VALUATION PROCEDURES

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

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

In computing accrued benefits, average compensation was determined by applying the salary scale assumption to most recent compensation to construct any missing salary history.

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

Changes in Methods and Procedures Since the Prior Year

There have been no changes in the actuarial methods or procedures since the last actuarial valuation as of July 1, 2006.

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
STATE PATROL SYSTEM**

SUMMARY OF ACTUARIAL ASSUMPTIONS AS OF JULY 1, 2007

d. Healthy mortality rates and life expectancies are shown below at sample ages:

Pre-retirement Mortality				
Sample Age	Mortality Rate		Life Expectancy (Years)	
	Males	Females	Males	Females
20	0.02%	0.01%	65.6	71.7
30	0.05	0.02	55.8	61.8
40	0.06	0.03	46.1	51.9
50	0.13	0.05	36.4	42.1
60	0.40	0.20	27.1	32.5
70	1.21	0.63	18.7	23.5

Post-retirement Mortality				
Sample Age	Mortality Rate		Life Expectancy (Years)	
	Males	Females	Males	Females
50	0.19%	0.11%	32.4	35.7
60	0.62	0.41	23.3	26.3
70	1.86	1.27	15.4	17.9
80	5.28	3.52	8.9	10.7
90	14.34	11.08	4.6	5.5

e. Disabled mortality rates and life expectancies are shown below at sample ages:

Disabled Mortality		
Sample Age	Mortality Rate	Life Expectancy (Years)
30	1.06%	30.5
40	1.35	23.6
50	3.16	17.7
60	4.25	13.6
70	6.75	9.6
80	10.77	6.3

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
STATE PATROL SYSTEM**

SUMMARY OF ACTUARIAL ASSUMPTIONS AS OF JULY 1, 2007

2. Retirement

Retirement is assumed to occur upon attaining certain age and service requirements. The retirement assumption varies depending on benefit eligibility age at retirement, and years elapsed since first eligible for benefits.

Early / Normal Retirement Eligibility	Age and Service Requirements	Retirement Assumption
Reduced	Age 50 Service: 10 years	2% at each age
Unreduced	Age 55 Service: 10 years or Age 50 Service: 25 years	<ul style="list-style-type: none"> • 67% in the first year eligible • 37% in the second year eligible • 30% in the third year eligible • 16% thereafter
Unreduced (Mandatory)	Age 60	100% at each age

3. Termination

Rates vary by service. Sample rates are as follows:

Rates by Service	
Years	Rate
<1	4.0%
1	3.8
5	2.0
10	1.5
15	1.0
20	1.0

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
STATE PATROL SYSTEM**

SUMMARY OF ACTUARIAL ASSUMPTIONS AS OF JULY 1, 2007

4. Disability

Rates vary by age. Sample rates are as follows:

Rates by Age	
Age	Rate
25	.08%
30	.10%
35	.13%
40	.20%
45	.31%
50	.52%
55	.91%
60	1.36%

OTHER ASSUMPTIONS

1. Form of Payment

75% Joint & Survivor Annuity. Deferred vesteds are assumed to take a refund of contributions.

2. Marital Status

- a. Percent married
- b. Spouse's age

100% married
Females assumed to be three years younger than males.

3. Children

All members are assumed to have one dependent child at death or retirement. The child is assumed to be 28 years younger than the member, and is assumed to always survive until age 19.

3. Administrative Expense

Investment return is assumed to be net of expenses.

4. Cost of living adjustments

2.5% per annum, compounded annually, and 3.5% per annum, compounded annually, after reaching 60% purchasing power floor benefit.

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
STATE PATROL SYSTEM

SUMMARY OF ACTUARIAL ASSUMPTIONS AS OF JULY 1, 2007

CHANGES IN ASSUMPTIONS SINCE THE PRIOR YEAR

The following changes were made to the actuarial assumptions since the last actuarial valuation performed July 1, 2006:

- Salary increases were converted from age-based to service-based, grading down from 9.0% for less than one year of service to 4.5% at 25 years of service.
- Retirement rates are based on age and retirement eligibility. The rates were reduced for both reduced (50 years of age and 10 years of service) and unreduced (55 years of age and 10 years of service or 50 years of age and 25 years of service) early retirement.
- Withdrawal rates were changed from 3.0% at all ages to service-based rates grading down from 4.0% for less than one year of service to 1.5% at 6 years, reducing farther to 1.0% at 15 years and beyond.
- Pre- and post-retirement healthy mortality assumptions were changed from the 1994 Group Annuity Mortality (GAM) table to the 1994 GAM table projected to 2010.
- Disabled Mortality was changed from the 1971 GAM table to the 1983 Railroad Retirement Board Disabled Annuitants Mortality table.

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
STATE PATROL SYSTEM**

GLOSSARY OF TERMS

<i>Actuarial Accrued Liability</i>	Total accumulated cost to fund pension benefits arising from service in all prior years.
<i>Actuarial Cost Method</i>	Technique used to assign or allocate, in a systematic and consistent manner, the expected cost of a pension plan for a group of participants to the years of service that give rise to that cost.
<i>Actuarial Present Value of Future Benefits</i>	Amount which, together with future interest, is expected to be sufficient to pay all future benefits.
<i>Actuarial Valuation</i>	Study of probable amounts of future pension benefits and the necessary amount of contributions to fund those benefits.
<i>Actuary</i>	Person who performs mathematical calculations pertaining to pension and insurance benefits based on specific procedures and assumptions.
<i>Annual Required Contribution</i>	Disclosure measure of annual pension cost.
<i>GASB 25</i>	Governmental Accounting Standards Board Statement number 25 which specifies how the Annual Required Contribution is to be calculated.
<i>Normal Cost</i>	That portion of the actuarial present value of benefits assigned to a particular year in respect to an individual participant or the plan as a whole.
<i>Unfunded Actuarial Accrued Liability</i>	The portion of the actuarial accrued liability not offset by plan assets.
<i>Vested Benefits</i>	Benefits which are unconditionally guaranteed regardless of employment status.