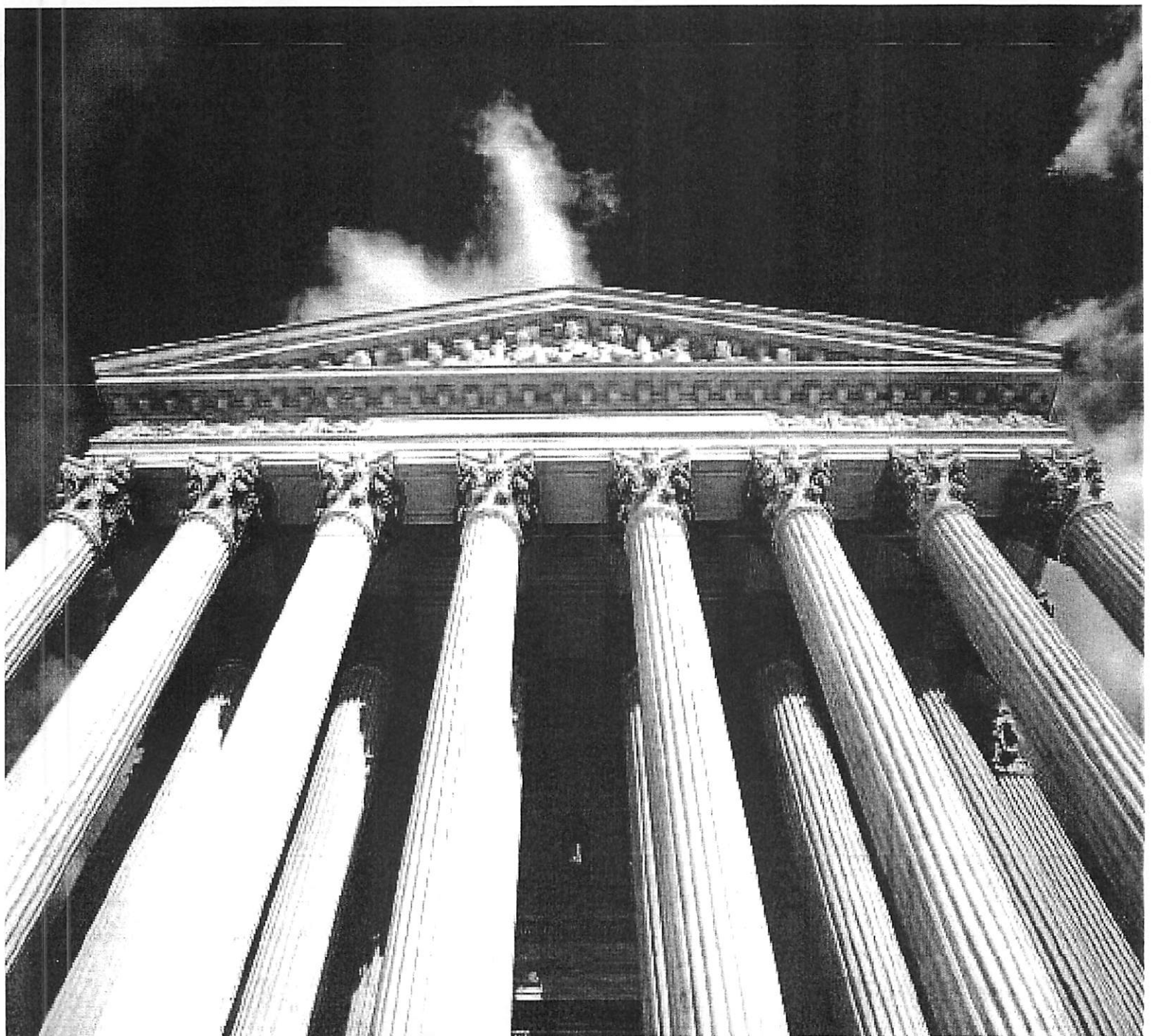


Butler County Employees' Retirement System

Report on 2009 Actuarial Valuation Including
Determination of County Annual Required
Contribution for 2009

HayGroup®



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for

Butler County Employees' Retirement Board

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Commissioner/Chairman
Commissioner
Commissioner
Controller/Secretary
Treasurer

August 18, 2009

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I. Introduction

The primary purpose of this report is to investigate and fully and fairly disclose the actuarial position of the System as of January 1, 2009 and to establish the proper appropriation for the 2009 plan year, in accordance with the funding standards of Section 6 of Act 96, 1971 of the Commonwealth of Pennsylvania as amended.

On the basis of the actuarial methods, assumptions and major plan provisions summarized in this report and in reliance on the member data and statement of the Fund's assets furnished by the County, to the best of our knowledge the information in this report is complete and accurate.

In our opinion, this report presents fairly the financial and actuarial position for the Butler County Employees' Retirement Plan as of January 1, 2009 in accordance with generally accepted actuarial principles, and on the basis of actuarial assumptions and methods which, in the aggregate, are reasonable (taking into account past experience under the System and reasonable expectations) and which in combination represent our best estimate of anticipated experience.

Respectfully submitted,

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II. Findings

Certified Annual Required Contribution (ARC)

Please note that the certified Annual Required Contribution which is reported on page 13 of this report and which must be funded in 2009 is \$6,486,486.00. This is required to be made by the County from the General Fund.

Actuarial Adjustments

Also note that the balances in the Reserve Accounts on page 9 reflect the following transfers which are necessary to keep the balance in the Retired Member's Reserve Account equal to the liability for the retired lives and to reflect the difference between the amount of interest credited to the respective reserves and the interest rate assumed in the valuation of the liabilities. Please make these transfers in your records:

	DEBIT	CREDIT
County Annuity Reserve Account	\$ 706,413.17	
Retired Members Annuity Reserve Account		\$ 706,413.17

III. Schedules

Schedule A

Disclosure of Pension Information in Accordance with
Statement No. 25, Statement No. 27 and Statement No. 50 of
the Governmental Accounting Standards Board

BUTLER COUNTY EMPLOYEES' RETIREMENT SYSTEM			
STATEMENT OF CHANGES IN PLAN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2008 AND 2007			
Additions			
	<u>2008 Total</u>		<u>2007 Total</u>
Contributions			
County	\$ 4,712,669.00	\$	4,804,224.00
Plan Members	\$ 2,915,351.28	\$	2,837,111.34
Miscellaneous	\$ 0.00	\$	1,907.14
Total Contributions	\$ 7,628,020.28	\$	7,643,242.48
Investment Income			
Realized Loss	\$ (3,794,381.14)		
Unrealized Loss	\$ (25,174,632.51)		
Net Loss in Fair Value	\$ (28,969,013.65)	\$	4,615,745.55
Interest	\$ 2,010,198.02	\$	1,829,182.34
Dividends	\$ 2,473,332.60	\$	1,402,719.50
Net Accrued Interest	\$ (1,245,547.64)	\$	1,357,279.48
Investment Income	\$ (25,731,030.67)	\$	9,204,926.87
Less Investment Expense	\$ 578,416.18	\$	587,635.07
Net Investment Income	\$ (26,309,446.85)	\$	8,617,291.80
Total Additions	\$ (18,681,426.57)	\$	16,260,534.28
Deductions			
Benefits	\$ 4,715,178.08	\$	5,077,901.33
Refunds of Member Contributions	\$ 376,774.31	\$	534,100.35
Administrative Expense	\$ 148,455.24	\$	93,072.57
Total Deductions	\$ 5,240,407.63	\$	5,705,074.25
Net Increase/(Decrease)	\$ (23,921,834.20)	\$	10,555,460.03
Net Assets Held In Trust For Pension Benefits			
Beginning of Year	\$ 108,382,880.25	\$	97,827,420.22
End of Year	\$ 84,461,046.05	\$	108,382,880.25

Schedule A--Continued

BUTLER EMPLOYEES' RETIREMENT SYSTEM			
STATEMENT OF PLAN ASSETS AS OF DECEMBER 31, 2008 AND 2007			
Assets			
	<u>2008 Total</u>		<u>2007 Total</u>
Cash and Short-Term Investments	\$ 6,667,903.70	\$	6,048,009.64
Receivables	\$ 0.00	\$	0.00
Investments, at fair market value			
Government Obligations	\$ 22,008,874.69	\$	12,630,492.45
Corporate Bonds	\$ 16,565,759.98	\$	17,954,538.11
Common Stocks	\$ 31,925,635.89	\$	53,085,563.35
International Stocks	\$ 7,288,520.59	\$	11,311,181.91
Miscellaneous	\$ 4,351.20	\$	7,353,094.79
Total Investments	\$ 77,793,142.35	\$	102,334,870.61
Total Assets	\$ 84,461,046.05	\$	108,382,880.25
Liabilities			
Refunds Payable and Other	\$ 0.00	\$	0.00
Net Assets Held In Trust For Pension Benefits			
	\$ 84,461,046.05	\$	108,382,880.25

TOTAL ASSETS (MARKET VALUE 12-31-2008)



Schedule A -- Continued

Butler County Employees' Retirement System

**Notes to the Financial Statements for the Fiscal Year
Ended December 31, 2008**

**Summary of Significant
Accounting Policies**

Basis of Accounting: The Butler County Employees' Retirement System financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Method Used to Value Investments: Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value.

**Plan Descriptions and
Contribution Information**

Membership of the plan consisted of the following at December 31, 2008, the date of the latest actuarial valuation:

Retirees and Beneficiaries Receiving Benefits	365
Terminated Plan Members Entitled to but not yet Receiving Benefits	47
Active Plan Members	735
Total	1,147
Number of Participating Employers	1

Schedule A--Continued

Butler County Employees' Pension System

Plan Description: The Butler County Employees' Pension Plan is a single-employer defined benefit pension plan that covers all employees of the County. The plan provides retirement, disability, and death benefits to plan members and their beneficiaries. Cost-of-living adjustments (COLA) are provided at the discretion of the Butler County Employees' Retirement Board. Act 96 of 1971, as amended cited as the County Pension Law provides for the creation, maintenance and operation of this plan.

Contributions: Plan members are required to contribute 9% of their annual covered salary. The County is required to contribute at an actuarially determined rate. Per Act 96 of 1971, as amended, contribution requirements of the plan members and the County are established and may be amended by the General Assembly of the Commonwealth of Pennsylvania. Administrative costs may be financed through investment earnings.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULES OF EMPLOYER CONTRIBUTIONS

Year	Annual Required Contribution	County Contribution
2000	\$ 0	\$ 0
2001	\$ 0	\$ 0
2002	\$ 92,712	\$ 92,712
2003	\$ 1,134,945	\$ 1,134,945
2004	\$ 1,877,440	\$ 1,877,440
2005	\$ 4,293,595	\$ 4,293,595
2006	\$ 4,572,844	\$ 4,572,844
2007	\$ 4,804,224	\$ 4,804,224
2008	\$ 4,712,669	\$ 4,712,669
2009	\$ 6,486,486	\$

Note: Effective in 2005 the Entry Age Funding Method was used to determine the annual required contribution. Prior to 2005 the Aggregate Method was used.

Schedule A--Continued

REQUIRED SUPPLEMENTARY INFORMATION						
SCHEDULES OF FUNDING PROGRESS						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2005	77,124,709	105,354,014	28,229,305	73.2%	28,575,985	98.8%
1/1/2006	83,735,302	113,863,363	30,128,061	73.5%	28,424,865	106.0%
1/1/2007	94,282,077	124,861,364	30,579,287	75.5%	29,360,062	104.2%
1/1/2008	106,174,910	134,672,189	28,497,279	78.8%	29,936,923	95.2%
1/1/2009	102,163,256	145,148,259	42,985,003	70.4%	30,575,991	140.6%

Schedule A--Continued

NOTES TO THE REQUIRED SCHEDULES

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation Date	12/31/2008
Actuarial Cost Method	Entry Age
Asset Valuation Method	5-Year Smoothed Market
Actuarial Assumptions:	
Investment Rate of Return *	7.5%
Projected Salary Increases *	4.5%
* Includes Inflation at	3%

ACCOUNTING PROCEDURES FOR CALCULATING - NET PENSION OBLIGATION (NPO)

(1) Year	(2) ARC	(3) Interest On NPO ***	(4) ARC Adjustment **	(5) Pension Cost (2+3-4)	(6) Contribution	(7) Change in NPO (5-6)	(8) NPO Balance * (BB+7)
2000	0	0	0	0	0	0	0
2001	0	0	0	0	0	0	0
2002	92,712	0	0	92,712	92,712	0	0
2003	1,134,945	0	0	1,134,945	1,134,945	0	0
2004	1,877,440	0	0	1,877,440	1,877,440	0	0
2005	4,293,595	0	0	4,293,595	4,293,595	0	0
2006	4,572,844	0	0	4,572,844	4,572,844	0	0
2007	4,804,224	0	0	4,804,224	4,804,224	0	0
2008	4,712,669	0	0	4,712,669	4,712,669	0	0
2009	6,486,486	0	0	6,486,486			

* BB = Beginning balance for the year.

** ARC Adjustment - Amortization factor based upon level percentage of projected payroll.

*** Interest on the balance of the NPO at the beginning of the year using the investment return rate assumed in determining ARC. The interest is an estimate of the investment earnings lost to the plan on any contributions that were not made (7.5% when applicable).

Schedule B

Schedule B shows the allocation of the assets among the Fund's reserve accounts (see Schedule F for Determination of Reserve Balances) and the Fund's liabilities as of January 1, 2009. The liabilities were determined from the actuarial valuation of the System based upon the data submitted by the County.

ASSETS		
Members' Annuity Reserve Account	\$	34,861,829.45
County Annuity Reserve Account	\$	24,099,796.18
Retired Members' Reserve Account	\$	39,272,274.00
Unrealized Appreciation of Assets	\$	(13,772,853.58)
<i>Total Assets, (Market Value) of the Butler County Employees' Retirement Fund</i>	\$	84,461,046.05
LIABILITIES		
Actuarial Present Value of:		
Accumulated Plan Benefits		
Vested (529)	\$	34,131,543.00
Nonvested (206)	\$	1,007,858.00
Future Benefit Accruals	\$	50,283,992.00
Terminated Vested Benefits	\$	2,105,249.00
Retired Benefits	\$	39,272,274.00
Member Accumulated Deductions	\$	34,861,829.45
<i>Total Liabilities of the Butler County Employees' Retirement Fund</i>	\$	161,662,745.45

Schedule C

Unfunded Actuarial Liability and Normal Cost

Schedule C shows the development of the unfunded actuarial liability and the normal cost for 2009.

I. Unfunded Actuarial Liability January 1, 2009

1. Actuarial Liability:		
(a) Active Participants		
Retirement Benefits	\$	59,876,383
Termination Benefits		5,167,664
Death Benefits		3,864,860
Total	\$	68,908,907
(b) Terminated Vested Participants	\$	2,105,249
(c) Retired Members and Beneficiaries		
Retirement Benefits	\$	35,054,357
Cost-of-Living Benefits		4,217,917
Total	\$	39,272,274
(d) Member Accumulated Deductions	\$	34,861,829
(e) Total (a) + (b) + (c) + (d)	\$	145,148,259
2. Actuarial Value of Plan Assets (see page 15)	\$	102,163,256
3. Unfunded Actuarial Liability as of January 1, 2009: (1e) – (2)	\$	42,985,003

II. Normal Cost for 2009

1. Normal Cost for:		
(a) Retirement Benefits	\$	1,685,169
(b) Termination Benefits		208,981
(c) Death Benefits		108,503
(d) Normal Cost as of January 1, 2009	\$	2,002,653
(e) Normal Cost with interest to end of year: (d) x 1.075	\$	2,152,852

Schedule D

Actuarial Gain(Loss) for One Year Period Ending December 31, 2008

Schedule D shows the development of the actuarial gain (loss) for the 2008 plan year.

1. Unfunded Actuarial Liability as of January 1, 2008	\$ 28,497,279
2. Normal Cost as of January 1, 2008	1,951,790
3. Interest at 7.5% Per Year to December 31, 2008 on (1) and (2)	2,283,680
4. Employer Contributions for the 2008 Plan Year	4,712,669
5. Change in Unfunded Actuarial Liability Due to Cost of Living Increase to Retirees	734,747
6. Change in Unfunded Actuarial Liability Due to Change in Assumptions	0
7. Expected Unfunded Actuarial Liability as of January 1, 2009: (1) + (2) + (3) - (4) + (5) + (6)	28,754,827
8. Unfunded Actuarial Liability as of January 1, 2009	42,985,003
9. Actuarial Gain (Loss) for 2008 Plan Year: (7) - (8)	(14,230,176)

Source of Gain (Loss)

<u>Year</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Total</u>
2009	\$ (13,851,814)	\$ (378,362)	\$ (14,230,176)
2008	\$ 3,420,498	\$ (1,028,028)	\$ 2,392,470
2007	\$ 1,208,757	\$ (1,267,931)	\$ (59,174)
2006	\$ (1,849,125)	\$ 103,798	\$ (1,745,327)

Schedule E

Amortization Schedule

Schedule E provides a record of the amortization amounts. Actuarial gains (losses) will be amortized over 15 years from the date determined; increases or decreases created by pension plan establishing an unfunded actuarial accrued liability will be amortized over 30 years from the effective establishment date; increases or decreases created by a modification in the benefit plan applicable to active members will be amortized over 20 years beginning with the January 1st coinciding with or next following the effective date of change; increases or decreases created by a modification in the benefit plan applicable to retired members will be amortized over 10 years beginning with the January 1st coinciding with or next following the effective date of change; increase in actuarial accrued liability attributable to the special early retirement provision will be amortized over 5 years beginning with the January 1st coinciding with or next following the end of the early retirement period; and increases or decreases created by changes in actuarial assumptions will be amortized over 20 years from the effective date of change.

Amortization Record for 2009

As of January 1, 2009					
	<u>Initial Amount</u>	<u>Effective Date</u>	<u>Remaining Period</u>	<u>Outstanding Balance</u>	<u>Amortization Charge or Credit</u>
1 Amortization of Liability for:					
(a) Initial unfunded liability	\$ 28,229,305	1/1/05	26 years	\$27,008,143	\$ 2,390,210
(b) Retiree COLA increase	\$ 426,441	1/1/06	7 years	\$ 329,057	\$ 62,126
(c) Retiree COLA increase	\$ 782,507	1/1/07	8 years	\$ 667,733	\$ 114,000
(d) Retiree COLA increase	\$ 787,778	1/1/08	9 years	\$ 732,093	\$ 114,768
(e) Retiree COLA increase	\$ 734,747	1/1/09	10 years	\$ 734,747	\$ 107,042
(f) Experience loss	\$ 1,745,327	1/1/06	12 years	\$ 1,529,443	\$ 197,723
(g) Experience loss	\$ 59,174	1/1/07	13 years	\$ 54,476	\$ 6,704
(h) Experience gain	\$ (2,392,470)	1/1/08	14 years	\$(2,300,865)	\$ (271,036)
(i) Experience loss	\$ 14,230,176	1/1/09	15 years	\$14,230,176	\$ 1,612,097
(j) Total				\$ 42,985,003	\$ 4,333,634

Schedule F

Schedule F determines the certified Annual Required Contribution (ARC) of \$6,486,486 for 2009 for the Butler County Employees' Retirement System.

1.	Total Amortization Charge/(Credit) (page 12 1(j))	\$4,333,634
2.	Normal Cost with interest to end of year (page 10 II 1(e))	\$2,152,852
3.	Total Funding Requirement for 2009 (Annual Required Contribution (ARC) for 2009): (1) + (2)	\$6,486,486

Notes:

The Annual Required Contribution (ARC) for 2009 as a percentage of the estimated 2009 compensation (\$30,575,991) for active members is 21.21%.

The equivalent normal cost accrual rate to be applied to actual 2008 salaries to determine reimbursable expenses is 22.16%.

Schedule G

The following are notes to Schedules B and F:

Members' Annuity Reserve Account

The balance of \$34,861,829.45 in this account is the total of the contributions deducted from the salaries of the active and terminated vested members of the retirement system and the IRC 414(h)(2) pickup contributions together with the interest additions as of January 1, 2009. Since these accumulations represent the present value as of January 1, 2009, of future benefits, the reserve balance and liability are identical.

County Annuity Reserve Account

The balance of \$24,099,796.18 in this account as of January 1, 2009 and the amounts expected to be credited in the future, plus investment earnings, represent the reserves set aside for the payment of the county's share of the retirement allowances.

This is the account out of which regular interest is credited to the member's annuity and retired members' reserve account, administrative expenses may be paid and the pension obligations of the County are funded.

When a County Annuity is scheduled to commence for a particular member, sufficient monies are transferred from the County Annuity Reserve Account to the Retired Members' Reserve Account to provide for such County Annuities actually entered upon.

Retired Members' Reserve Account

This is the account out of which monthly retirement allowances including cost-of-living increases and death benefits are paid.

The assets allocated to this reserve account as of January 1, 2009 amount to \$39,272,274.00. The corresponding liability for those annuitants on the roll is identical.

Schedule G--Continued

Adjustment for Market Value Fluctuation

In order to reduce the fluctuations in the County normal cost which can result from full recognition of the unrealized appreciation or depreciation of the Fund's securities each year, the value of assets used to determine costs was determined by adjusting the cost value of the assets by the average ratio of market to cost value for the past five years:

RATIO OF MARKET VALUE TO COST VALUE OF ASSETS				
January 1	(1) Cost Value of Assets	(2) Market Value of Assets	Ratio (2) / (1)	
2005	\$ 74,668,128	\$ 79,196,598	1.0606	
2006	\$ 80,321,633	\$ 85,105,595	1.0596	
2007	\$ 88,736,073	\$ 97,827,420	1.1025	
2008	\$ 96,981,101	\$ 108,382,880	1.1176	
2009	\$ 98,233,900	\$ 84,461,046	0.8598	
Average			1.0400	

ACTUARIAL VALUE OF ASSETS JANUARY 1, 2009		
(1) Cost Value of Assets	\$	98,233,899.63
(2) Average Ratio		1.0400
(3) Actuarial Value of Assets	\$	102,163,255.62

Schedule H

APPROXIMATE RATE OF RETURN FOR 2008 PLAN YEAR

	<u>Actuarial Value</u>	<u>Market Value</u>
1. Value as of December 31, 2007	\$ 106,174,909.73	\$ 108,382,880.25
2. Contributions Received During Year	\$ 7,628,020.28	\$ 7,628,020.28
3. Benefits and Expenses Paid During Year	\$ 5,818,823.81	\$ 5,818,823.81
4. Value as of December 31, 2008	\$ 102,163,255.62	\$ 84,461,046.05
5. Non-Investment Increment: (2) - (3)	\$ 1,809,196.47	\$ 1,809,196.47
6. Investment Increment: (4) - (1) - (5)	\$ (5,820,850.58)	\$ (25,731,030.67)
7. Time Weighted Value of Assets: (1) + .5(5)	\$ 107,079,507.97	\$ 109,287,478.49
8. Approximate Rate of Return for 2008: (6) / (7)	(5.44)%	(23.54)%

HISTORY OF RATE OF RETURNS

<u>Plan Year</u>	<u>Actuarial Value Rate of Return</u>	<u>Market Value Rate of Return</u>
2007	11.10 %	9.34 %
2006	8.92 %	11.29 %
2005	5.14 %	4.14 %
2004		10.27 %
2003		20.38 %
2002		(5.10) %
2001		0.00 %
2000		(4.14) %
1999		13.02 %
Five Year Average:		1.33 %
Ten Year Average:		2.83 %

Schedule I

Determination of Reserve Balances

	M.A.R.A.	C.A.R.A	R.M.R.A.	TOTAL
Balance 1/1/2008	\$ 32,770,424.33	\$ 30,543,693.99	\$ 33,666,983.00	\$ 96,981,101.32
County Appropriations		4,712,669.00		
Member Contributions	2,914,669.71			
Member Purchases		681.57		
Net Investment Income		(556,398.16)		
Investment Expenses		(578,416.18)		
Member Contributions Refunded	(376,774.31)			
Pension Payments			(4,634,526.68)	
Death Benefits			(80,651.40)	
Retiree and Death Benefit Transfers	(2,254,782.64)	(5,208,196.27)	7,462,978.91	
Cost of Living Funding Requirement		(734,747.00)	734,747.00	
Administrative Expenses		(148,455.24)		
Balance Before Interest	33,053,537.09	28,030,831.71	37,149,530.83	98,233,899.63
Interest Allocated in 2008	1,808,292.36	(3,224,622.36)	1,416,330.00	
Balance Before Actuarial Adjustments	34,861,829.45	24,806,209.35	38,565,860.83	98,233,899.63
Actuarial Adjustments		(706,413.17)	706,413.17	
Ending Balance 12/31/2008	34,861,829.45	24,099,796.18	39,272,274.00	98,233,899.63
Unrealized Appreciation				(13,772,853.58)
Total Assets (12/31/2008) (Market Value)				84,461,046.05

Schedule J

Membership History

Below is a ten-year history of the Retirement System's membership.

ACTIVE MEMBERS AND VESTED TERMINATED MEMBERS				RETIRED MEMBERS AND BENEFICIARIES		
January 1	Male	Female	Total	Male	Female	Total
2009	240	542	782	97	268	365
2008	244	538	782	93	259	352
2007	247	548	795	90	245	335
2006	250	541	791	91	239	330
2005	248	560	808	89	227	316
2004	238	534	772	84	214	298
2003	238	532	770	77	206	283
2002	229	518	747	75	202	277
2001	214	495	709	80	203	283
2000	197	478	675	80	200	280

Schedule K

Changes in Plan Participation From January 1, 2008 to January 1, 2009

ACTIVE PARTICIPANTS		
Number as of January 1, 2008		742
Changes During Plan Year:		
Retired	(-)	23
Terminated and Vested	(-)	10
Terminated	(-)	30
Died	(-)	1
New Participants	(+)	57
Number as of January 1, 2009		735

RETIRED PARTICIPANTS		
Number as of January 1, 2008		352
Changes During Plan Year:		
Returned to Active Service	(-)	0
Died	(-)	14
New Retirements from Active Service	(+)	23
New Surviving Annuitants	(+)	1
Vested Terminated Participants Whose Benefits Commenced	(+)	3
Number as of January 1, 2009		365

TERMINATED VESTED PARTICIPANTS		
Number as of January 1, 2008		40
Changes During Plan Year:		
Returned to Active Service	(-)	1
Benefits Commenced	(-)	3
Died	(-)	0
New Termination's with Vesting	(+)	10
Additions	(+)	1
Number as of January 1, 2009		47

Schedule L

Age, Service and Average Salary Profile of the Active Members on January 1, 2009.

MALES -- FULL YEARS OF SERVICE TO JANUARY 1, 2009									
Age	0-4	5-9	10-14	15-19	20-24	25-29	30+	Total	Average Salary
0-19	0	0	0	0	0	0	0	0	\$ 0
20-24	5	1	0	0	0	0	0	6	\$ 30,617
25-29	8	8	0	0	0	0	0	16	\$ 38,594
30-34	7	16	4	0	0	0	0	27	\$ 42,734
35-39	8	14	11	3	0	0	0	36	\$ 47,333
40-44	2	8	11	13	2	0	0	36	\$ 46,825
45-49	3	6	5	5	5	0	0	24	\$ 49,200
50-54	4	3	5	4	10	10	3	39	\$ 51,934
55-59	1	8	3	3	4	1	4	24	\$ 51,019
60-64	1	2	4	0	3	2	1	13	\$ 50,045
65 +	2	1	3	1	0	0	1	8	\$ 45,743
Total	41	67	46	29	24	13	9	229	\$ 47,126

Average Age: 44.38
Average Service: 12.21

FEMALES -- FULL YEARS OF SERVICE TO JANUARY 1, 2009									
Age	0-4	5-9	10-14	15-19	20-24	25-29	30+	Total	Average Salary
0-19	1	0	0	0	0	0	0	1	\$ 27,827
20-24	12	2	0	0	0	0	0	14	\$ 29,418
25-29	22	14	1	0	0	0	0	37	\$ 36,188
30-34	10	12	6	1	0	0	0	29	\$ 40,914
35-39	16	19	18	8	0	0	0	61	\$ 39,865
40-44	18	14	14	13	13	0	0	72	\$ 40,457
45-49	16	28	11	10	7	8	3	83	\$ 41,063
50-54	9	23	15	12	18	5	13	95	\$ 40,856
55-59	3	18	13	10	7	5	11	67	\$ 36,249
60-64	4	10	12	3	4	5	2	40	\$ 40,500
65 +	0	3	2	0	2	0	0	7	\$ 21,709
Total	111	143	92	57	51	23	29	506	\$ 39,130

Average Age: 45.85
Average Service: 11.92

Schedule M

Actuarial Assumptions and Actuarial Cost Method for Funding Purposes, January 1, 2009.

Actuarial Assumptions

Mortality Rates: The life expectancy of all members (active and retired) is determined in accordance with the mortality rates set forth in the 1983 Group Annuity Mortality Table.

Withdrawal Rates: Members not eligible to retire are assumed to terminate employment in accordance with a percentage of the withdrawal rates set forth in Table T-7 of the Actuary's Handbook. The applicable percentage depends on the member's years of service as follows:

YEARS OF SERVICE	PERCENTAGE
less than 1	300 %
1 but less than 2	275 %
2 but less than 3	250 %
3 but less than 4	225 %
4 but less than 5	200 %
5 but less than 6	175 %
6 or more	100 %

It is further assumed that a percentage of members who terminate after having met the Plan's five year vesting requirement will elect an immediate refund of their own contributions with interest thus forfeiting the County -- provided pension. The applicable percentage is 100% for termination ages up to age 30. After age 30 the applicable percentage is determined as 100% less $(\text{age} - 30) \times 3 \frac{1}{3}\%$. Illustrative percentages are as follows:

AGE	PERCENTAGE
30 or less	100.0 %
35	83.3 %
40	66.7 %
45	50.0 %
50	33.3 %
55	16.7 %

Schedule M--Continued

The following tables set forth illustrative withdrawal rates as determined in accordance with the methodology described on the previous page.

Probability of Withdrawing During Year:

LESS THAN FIVE YEARS OF SERVICE					
Age at Hire	Years of Service				
	0	1	2	3	4
20	.2982	.2720	.2460	.2202	.1947
30	.2791	.2532	.2275	.2021	.1770
40	.2326	.2067	.1814	.1570	.1335
50	.1267	.1013	.0781	.0577	.0407
59	.0086	-	-	-	-

FIVE OR MORE YEARS OF SERVICE		
Age at Beginning of Year	Probability of Withdrawing and Forfeiting County Pension	Probability of Withdrawing and Retaining County Pension
30	.0930	.0000
40	.0517	.0258
50	.0141	.0281
59	.0001	.0028

Schedule M--Continued

Retirement Rates:

Members eligible to retire are assumed to retire in accordance with the following rates:

AGE AT BEGINNING OF YEAR	PROBABILITY OF RETIRING DURING YEAR
55-59	.07
60-61	.08
62-64	.15
65	.34
66-70	.23
71-79	.21
80	1.00

Disability Rates

Disability rates are not used.

Investment Return

7.5% per annum, compounded annually.

Salary Increases

4.5% per annum.

Valuation Assets

The assets at cost value adjusted by the past five-year average of the market to cost ratio of assets.

Administrative Expenses

Assumed to be paid from the County's general fund and not from plan assets. However, administrative expenses may from year to year be paid from the fund unless it is determined by the actuary that such payment will impair the actuarial soundness of the fund.

Actuarial Cost Method

The actuarial cost method used to determine the plan's funding requirements is the entry age normal method. Under this method, an actuarial accrued liability is determined as the actuarial present value of projected benefits for all participants minus the actuarial present value of future normal costs. The normal cost is determined as the annual amount required to fund between entry age and assumed exit age the actuarial present value of projected benefits for each active participant under the assumed retirement age.

Schedule N

Summary of Plan Provisions

1. **Effective Date** The effective date of this plan is January 1, 1971.
2. **Eligibility for Plan Membership** An employee shall be eligible to become a participant immediately upon becoming an employee.
3. **Accrued Benefit** The Retirement Board has authorized benefits equal to a percentage of the members Final Average Salary for each year of service the member has participated in the following Classes:

<u>CLASS</u>	<u>PERCENTAGE</u>	<u>EFFECTIVE</u>
1/120	0.833%	01/01/1971
1/100	1.000%	01/01/1978
1/80	1.250%	01/01/1985
1/70	1.429%	01/01/1989
1/60	1.667%	01/01/1993
1/40	2.500%	01/02/2004 (retroactive)

4. **Normal Retirement (Superannuation)** *Eligibility:* Retirement occurs at age 60 or at age 55 if the participant has completed 20 years of service.

Pension: A monthly pension equal to (a) and (b), as follows:

- (a) 2.500% of 1/12th of Final "Average" Salary multiplied by years of credited service on the 1/40 Class,

PLUS

- (b) a monthly annuity based on the actuarial equivalent of the member's accumulated contributions with credited interest.

Schedule N--Continued

- 5. Final "Average" Salary** The average of the member's annual compensation received for the three years which produce the highest such average.
- 6. Compensation** Pick-up contributions plus remuneration received as a county employee excluding refunds for expenses, contingency and accountable expense allowances and excluding severance payments or payments for unused vacation or sick leave.
- 7. Early Retirement** *Eligibility:*
- Voluntary:* Upon completion of 20 years of service.
- Involuntary:* Upon completion of 8 years of service.
- Pension:*
- (a) a monthly pension equal to the actuarial equivalent of the benefits calculated in 4(a),
- PLUS
- (b) a monthly annuity based on the actuarial equivalent of the member's accumulated contributions with credited interest.
- 8. Vesting** One Hundred Percent (100%) upon completion of five years of credited service. A member who terminates employment after five years of credited service will receive a deferred annuity commencing at age 60 (or at age 55 if the member has at least 20 years of service at termination). The deferred benefit shall be calculated using the normal retirement pension formula but based on credited service, final average salary and accumulated contributions at termination.
- If a member terminates employment prior to entitlement to Plan benefits, he will receive his accumulated contributions with interest.
- 9. Postponed Retirement** A member may work past normal retirement age and continue to accrue pension credits.

Schedule N--Continued

10. Disability Retirement

Eligibility: Total and permanent disability prior to Superannuation (Normal Retirement) age and after completion of five years of credited service.

Pension: A total monthly pension commencing on the last day of the month following disability retirement equal to 25% of the 1/12th of Final Average Salary at time of retirement. Such total monthly pension shall include the monthly disability that is actuarially equivalent to the member's accumulated contributions at retirement.

11. Normal Form of Pension

Benefits are payable in the form of a modified cash refund life annuity, that is for the member's lifetime only, except that disability benefits shall cease upon cessation of disability.

12. Optional Retirement Benefits

A member may elect to receive the actuarial equivalent of his retirement benefit as a full cash refund annuity (Option One) or a reduced joint and survivor pension payable for the remainder of his life, with either 100% or 50% of the member's pension continuing after death to the designated beneficiary. A member may also elect to receive, in one payment, the full amount of his accumulated deductions and continue to receive the annuity provided by the county.

13. Death Benefits

- (a) Pre-Retirement. If a member dies after having attained age 60 or having completed ten years of credited service, his beneficiary will receive a lump sum equal to the actuarially determined present value of the benefits calculated in (7a) based on the member's Final Average Salary and credited service at time of death plus the member's accumulated contributions with interest at time of death.
- (b) Post-Retirement. Upon the death of a terminated or retired member, his beneficiary will receive survivor benefits, if any, in accordance with the form under which benefits were being paid to the member. In any event, the total amount of benefits paid to the deceased member and beneficiary must, at least, equal the member's accumulated contributions with interest.

Schedule N--Continued

14. Employee Contributions

Employees on the 1/80 Class must contribute between 7% and 17% of salary.

Employees on the 1/70 Class must contribute between 8% and 18% of salary.

Employees on the 1/60 Class must contribute between 9% and 19% of salary.

Employees on the 1/40 Class must contribute between 9% and 19% of salary.

15. Deposit Administrator

Investment Manager:

C.S. McKee
Great Lakes
Ironbridge
Gardner Lewis

Custodian:

PNC Retirement & Investment Services

Financial Consultant:

Raulin Inc.

16. Administration

Retirement Board as designated in Act 96 of 1971, the County Pension Law.

17. Cost-of-Living

The cost-of-living increase shall be reviewed at least once in every three years by the Retirement Board. The Board has granted cost-of-living increases ten times in the past from January, 1972 through January, 1997 and since then as follows:

PERCENTAGE CHANGE IN C.P.I.	EFFECTIVE DATE OF INCREASE
85 %	1/1/1998
85 %	1/1/1999
85 %	1/1/2000
100 %	1/1/2001
100 %	1/1/2003
100 %	1/1/2004
100 %	1/1/2005
100 %	1/1/2006
100 %	1/1/2007
100 %	1/1/2008

Schedule N—Continued

**18. Early Retirement
Provision**

The Retirement Board has authorized the following Early Retirement Provisions:

Percent of
Additional Service

20%

Early
Retirement Period

1/1/95 - 12/31/95

Schedule O

Historical Trend Information

REVENUES BY SOURCE					
Fiscal Year	Employee Contributions	Employer Contributions	Investment Income	Miscellaneous	Total
1999	\$ 1,655,203	\$ 0	\$ 6,675,491	\$ 0	\$ 8,330,694
2000	1,765,043	0	4,998,305	116,809	6,880,157
2001	1,982,503	0	564,965	(115,000)	2,432,468
2002	2,147,062	92,712	(277,079)	163,583	2,126,278
2003	2,274,915	1,134,945	868,894	127,695	4,406,449
2004	2,558,437	1,877,440	11,092,084	0	15,527,961
2005	2,597,169	4,293,595	3,074,840	0	9,965,604
2006	2,727,612	4,572,844	5,467,095	0	12,767,551
2007	2,837,111	4,804,224	6,894,495	1,907	14,537,737
2008	2,915,351	4,712,669	(556,398)	0	7,071,622

EXPENSES BY TYPE				
Fiscal Year	Benefits	Refunds	Administrative/ Miscellaneous	Total
1999	\$ 1,527,429	\$ 383,782	\$ 204,335	\$ 2,115,546
2000	1,765,852	523,528	357,257	2,646,637
2001	1,806,984	396,120	224,540	2,427,644
2002	1,914,854	296,971	383,304	2,595,129
2003	2,034,317	321,077	296,903	2,652,297
2004	2,581,043	329,586	517,590	3,428,219
2005	3,354,524	406,938	550,638	4,312,100
2006	3,449,849	311,006	592,257	4,353,112
2007	5,077,901	534,100	680,708	6,292,709
2008	4,715,178	376,774	726,871	5,818,823