

*OBRA 1990 Retirement System of the  
County of Milwaukee*

*Actuarial Valuation Report*

*January 1, 2012*

*June, 2012*

June 28, 2012

The Retirement Board  
Employees' Retirement System of the  
County of Milwaukee  
901 N. 9<sup>th</sup> St.  
Milwaukee, WI 53233

Ladies and Gentlemen:

This report presents the results of the annual actuarial valuation of the OBRA 1990 Retirement System of the County of Milwaukee as of January 1, 2012. The valuation takes into account all of the promised benefits to which members are entitled as of January 1, 2012; and as required by the Retirement Code is the basis for the Budget Contribution for fiscal year 2013.

In our opinion, the actuarial assumptions used are reasonable, taking into account the experience of the Plan and reasonable long-term expectations, and represent our best estimate of the anticipated long-term experience under the Plan. The valuation was based on the actuarial assumptions and methods as adopted by the Board of Trustees, including a valuation interest rate of 8% per annum compounded annually. Effective with the 2007 valuation, the Board adopted a new mortality table assumption to better reflect actual and expected experience. The actuary performs an analysis of Plan experience periodically and recommends changes if, in the opinion of the actuary, assumption changes are needed to more accurately reflect expected future experience. The recommendations of the last review were implemented with the January 1, 2007 valuation and are to remain in place until the next Experience Review. The next Experience Study will be based on the period from January 1, 2006 to December 31, 2011 and upon approval by the Board will be the basis of valuations performed from January 1, 2013 through January 1, 2017. Actuarial Standards of Practice now require that the likelihood and extent of future mortality improvements be considered for valuations performed on or after June 30, 2011. We will explore this issue in more detail during the experience review to be conducted before the January 1, 2013 valuation in accordance with Section 201.24(8.15) of the Ordinance. A summary of the actuarial assumptions and methods used in this actuarial valuation are shown in Table 14.

### **Assets and Membership Data**

The Retirement System reported the individual data for members of the System as of the valuation date to the actuary.

For 2012 we received the data in multiple files. We received the counts of members to include in the January 1, 2012 valuation separately from the members' benefit information. Missing information was updated with either supplemental information sent or by using assumptions based on the prior year's data.

The Retirement Board  
Employees' Retirement System of the  
County of Milwaukee  
June 28, 2012  
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While we did not verify the data at their source, we did perform tests for internal consistency and reasonableness. The amount of assets in the trust fund taken into account in the valuation was based on statements prepared for us by the Retirement System.

### **Funding Adequacy**

The 2011 valuation performed last year resulted in an Actual Funding Contribution of \$807,028 against which \$2,022,000 was actually contributed.

The Actual Funding Contribution for 2012, based on the results of this valuation, is \$446,452. It is expected that \$880,000 will be contributed during 2013 on behalf of the 2012 plan year. The excess of \$433,548 will be amortized over five years.

### **Budget Contribution**

The 2013 Budget Contribution, expected to be contributed in 2014, is \$360,000.

### **Financial Results and Membership Data**

Detailed summaries of the financial results of the valuation and membership data used in preparing the valuation are shown in the valuation report. The actuary prepared supporting schedules and required supplementary information included in the County of Milwaukee Annual Report of the Pension Board.

Qualified actuaries completed the valuation in accordance with accepted actuarial procedures as prescribed by the Actuarial Standards Board. The qualified actuaries are members of the American Academy of Actuaries and are experienced in performing actuarial valuations of public employee retirement systems. To the best of our knowledge, this report is complete and accurate and has been prepared in accordance with generally accepted actuarial principles and practice. The undersigned with actuarial designations are qualified to render the opinions contained in this report.

Respectfully submitted,



Larry Langer, ASA, EA, MAAA  
Principal, Consulting Actuary



Emily Urbaniak  
Consultant, Retirement

LL/EU:pl

**EMPLOYEES' RETIREMENT SYSTEM OF THE COUNTY OF MILWAUKEE**  
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## **Executive Summary**

This report presents the actuarial valuation as of January 1, 2012 for the OBRA 1990 Retirement System of the County of Milwaukee. Significant cash outs were made on November 18, 2011 and February 29, 2012. The January 1, 2012 assets and liabilities reflect these cash outs. The principal valuation results include:

- The Actual Funding Contribution for fiscal year 2012, which is \$446,452.
- The Annual Required Contribution for fiscal year 2012 in accordance with GASB requirements, which is \$446,452.
- The Budget Contribution for fiscal year 2013, which is \$360,000.
- The total funded ratio of the plan determined as of January 1, 2012, which is 50.5% based on the accrued liability and the actuarial value of assets.
- The determination of the actuarial gain or loss as of January 1, 2012, which is a gain of \$2,137,898.
- Annual disclosure as of January 1, 2012 as required by Statement No. 25 of the Governmental Accounting Standards Board.

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

## **Changes Since Last Year**

### **Legislative and Administrative Changes**

There were no legislative or administrative changes since the prior valuation.

The benefit provisions and contribution provisions are summarized in Table 15.

### **Actuarial Assumptions and Methods**

Effective with the 2007 valuation, the Board adopted a new mortality table assumption to better reflect actual and expected experience. There were no legislative or administrative changes since the prior valuation.

The actuarial assumptions and methods are outlined in Table 14.

## Contribution Amounts

The results of the valuation as of January 1, 2012 determine the Actual Funding Contribution and Annual Required Contribution for fiscal year 2012 and the Budget Contribution for fiscal year 2013. The Actual Funding Contribution and the Annual Required Contribution for GASB 25 disclosure for fiscal year 2012 are both \$446,452. The Budget Contribution for fiscal year 2013 is \$360,000.

### Reasons for Change in Budget Contribution Calculated by the Actuary

The Budget Contribution calculated by the actuary decreased from \$880,000 for fiscal year 2012 to \$360,000 for fiscal year 2013. A reconciliation of the increase of \$520,000 is shown in the following table:

Item	Amount
1. 2012 Budget Contribution	\$ 880,000
2. Increase / (Decrease) during 2011 due to	
a. Unanticipated liability loss (gain)	\$ (170,000)
b. Asset loss (gain) other than expected	7,000
c. 2011 reimbursable expenses other than assumed	34,000
d. 2011 contribution variance other than assumed	(304,000)
e. Full recognition of bases other than assumed	-
f. Other	-
g. Total	<u>(433,000)</u>
3. 2012 Actual Contribution (1 + 2)	\$ 447,000
4. Expected Increase / (Decrease) during 2012 due to	
a. Normal cost and existing amortization schedule	\$ 14,000
b. Phase-in of deferred asset (gains) losses	-
c. Amortization of 2012 reimbursable expenses	77,000
d. Expected contribution variance for 2012	(168,000)
e. Full recognition of certain amortization bases	(10,000)
f. Increase due to assumption changes	-
g. Total	<u>(87,000)</u>
5. 2013 Budget Contribution (3 + 4)	\$ 360,000

## Summary of Principal Results

Summarized below are the principal financial results for the OBRA 1990 Retirement System of the County of Milwaukee based upon the actuarial valuation as of January 1, 2012. Comparable results from the January 1, 2011 valuation are also shown.

Item	January 1, 2012	January 1, 2011
<b>Demographics</b>		
<u>Active Members</u>		
• Number	1,530	1,540
• Average Annual Pay	\$ 5,843	\$ 5,803
<u>Inactive Members</u>		
• Members Receiving Benefits		
• Number	28	2
• Average Annual Benefit Payment	\$ 1,324	\$ 1,923
• Members With Deferred Benefits		
• Number	1,944	9,997
• Average Annual Benefit Payment	\$ 304	\$ 215
<b>Actual Funding Contribution</b>		
	<b>(Fiscal Year 2012)</b>	<b>(Fiscal Year 2011)</b>
• Normal Cost with Interest	\$ 183,014	\$ 189,829
• Net Amortization Payments	<u>263,438</u>	<u>617,199</u>
• Total Contribution	\$ 446,452	\$ 807,028
<b>Actuarial Funded Status</b>		
• Accrued Liability	\$ 2,444,436	\$ 5,519,524
• Actuarial Value of Assets	<u>1,235,525</u>	<u>1,402,225</u>
• Unfunded Accrued Liability	\$ 1,208,911	\$ 4,117,299
• Funded Ratio	50.5 %	25.4 %

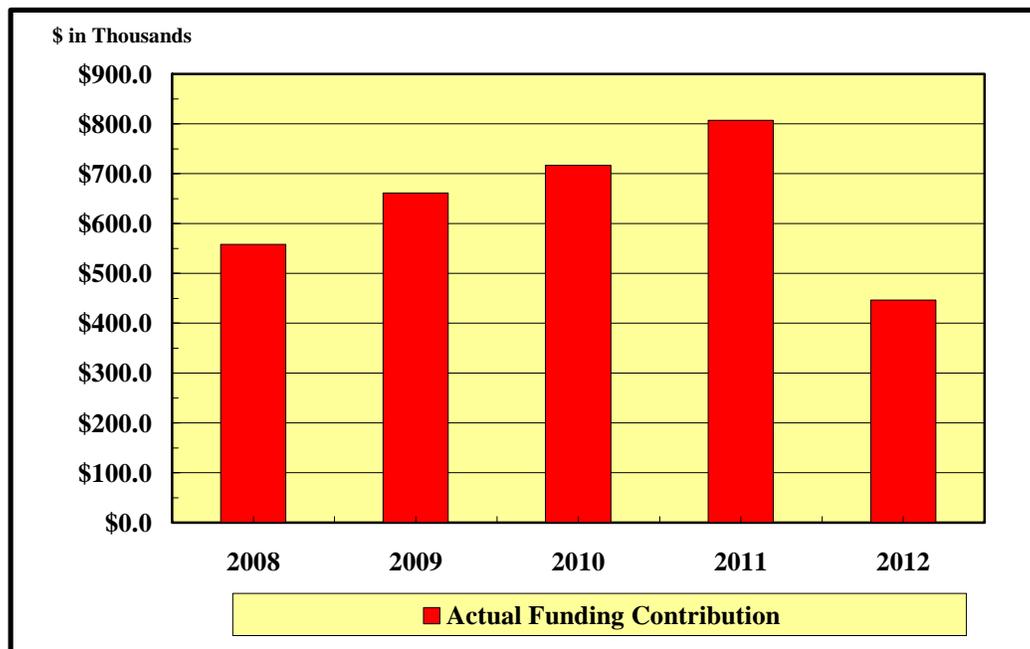
## Five-Year History of Principal Financial Results

### Five-Year History of Contribution Amounts

Valuation as of January 1	Actual Funding Contributions		
	Normal Cost with Interest	Net Amortization Payments	Total
2012	\$ 183,014	\$ 263,438	\$ 446,452
2011	189,829	617,199	807,028
2010	135,517	580,922	716,439
2009	167,791	493,134	660,925
2008	176,532	381,281	557,813

The following chart shows a five-year history of employer contribution amounts:

### Five-Year History of Actual Funding Contributions



## **Funded Ratio**

The financing objective of the System is to:

- Fully fund all current costs based on the normal contribution rate determined under the funding method; and
- Liquidate the unfunded accrued liability based on the amortization schedules as required by the retirement code, i.e., a schedule of 5, 10, or 30 years for each change in the unfunded accrued liability according to Section 3.1.

The total Actual Funding Contribution of \$446,452 when taken together with any contributions payable by members and asset returns, is the amount sufficient to achieve the financing objective for 2012.

The System's total funded ratio on the funding basis is measured by comparing the actuarial value of assets (same as market value) with the accrued liability. The accrued liability for pensions is the present value of benefits accumulated to date under the System's funding method.

On this basis, the System's funded ratio is 50.5% as of January 1, 2012. This funded ratio is based on an actuarial value of assets of \$1,235,525 and an accrued liability of \$2,444,436.

### **Reasons for Change in the Total Funded Ratio**

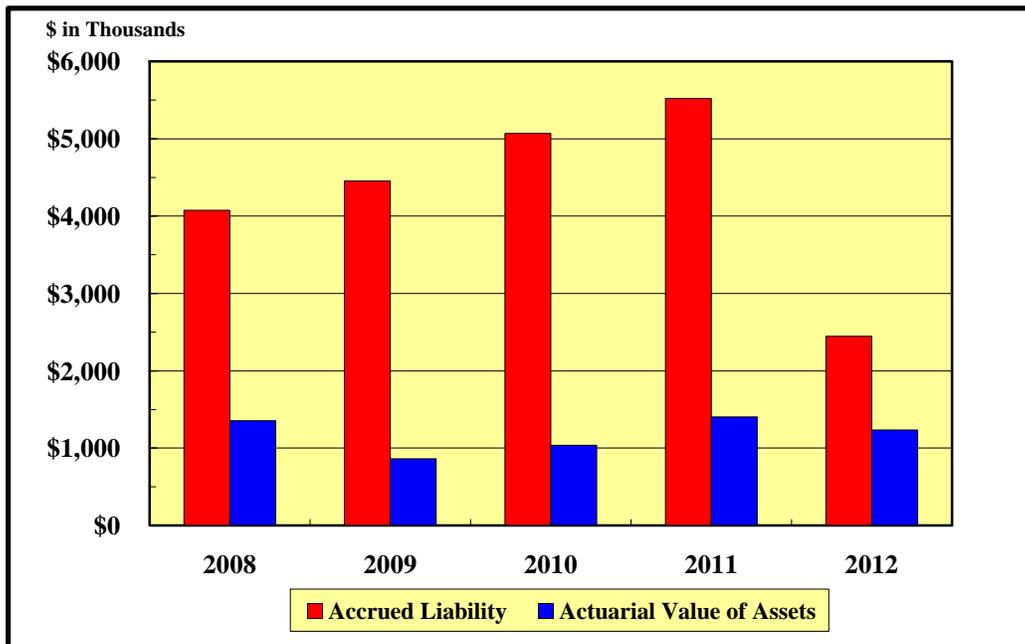
The total funded ratio increased from 25.4% as of January 1, 2011 to 50.5% as of January 1, 2012. The increase is primarily due to experience gains and losses, contributions made to the fund and cashouts made from the fund.

**Five-Year History of Total Funded Ratio**

<b>Valuation as of January 1</b>	<b>Accrued Liability</b>	<b>Actuarial Value of Assets</b>	<b>Unfunded Accrued Liability</b>	<b>Funded Ratio</b>
2012	\$ 2,444,436	\$ 1,235,525	\$ 1,208,911	50.5%
2011	5,519,524	1,402,225	3,617,299	25.4
2010	5,068,513	1,038,607	4,029,906	20.5
2009	4,451,626	859,923	3,591,703	19.3
2008	4,076,739	1,354,805	2,721,934	33.2

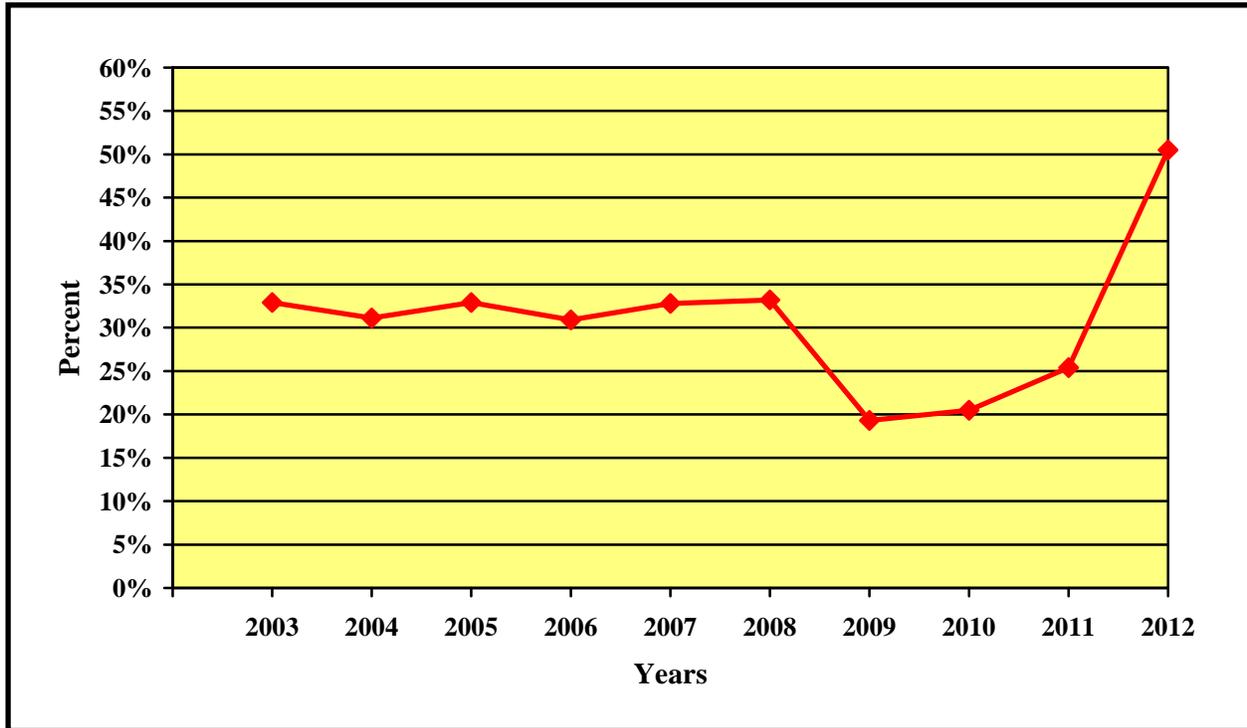
The following chart shows a five-year history of the accrued liability and the actuarial value of assets:

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



The following chart shows a ten-year history of the total funded ratio:

**Ten-Year History of Total Funded Ratio**  
(2003 - 2012)



## **GASB No. 25 Disclosure**

Statement No. 25 of the Governmental Accounting Standards Board established reporting standards for the annual financial reports of defined benefit pension plans. The System complied with Statement No. 25 beginning with the January 1, 1997 valuation. The statement requires disclosure of the “schedule of funding progress” and the “schedule of employer contributions” in the System’s financial statements.

The “schedule of funding progress” shows historical trend information about the System’s actuarial value of assets, the actuarial accrued liability and the unfunded actuarial accrued liability. The actuarial funded ratio is measured by comparing the actuarial value of assets (based on market value) with the accrued liability. The accrued liability is the present value of benefits accumulated to date under the System’s funding method and reflects future pay increases for active employees. On this basis, the System’s funded ratio is 50.5% as of January 1, 2012. This funded ratio is based on an actuarial value of assets of \$1,235,528 and an accrued liability of \$2,444,436.

The “schedule of employer contributions” shows historical trend information about the annual required contribution (ARC) for pensions of the employer and the percentage of the ARC contributed to the System. The ARC is equal to the normal cost for pensions plus amortization of the unfunded actuarial accrued liability for pensions. The maximum period of amortizing the unfunded actuarial accrued liability permitted by GASB No. 25 is 30 years. The maximum amortization period decreased from 40 years to 30 years in 2007. The employer contributions to the System are equal to the normal cost plus a payment towards each change in the unfunded accrued liability, which are amortized over 5, 10 or 30-year periods. The ARC and the actual employer percentage contributed for the five fiscal years ending December 31, 2012 are shown in Table 13.

## Rate of Return

The estimated investment return of the fund (i.e. total return including both realized and unrealized gains and losses) for fiscal years 2007 through 2011 is shown in the table below. The return based on the actuarial value of assets used for determining annual contribution rates is also shown.

The rate of return on market value reflects the investment earnings on the market value of assets from the beginning of the fiscal year to the end of the fiscal year. The actuarial assets are the assets recognized for valuation purposes. Actuarial assets are the same as market value for purposes of this valuation. The rates of return shown below have been developed by the actuary for illustrative purposes only. They are based on simplifying assumptions and as such, likely will not exactly match the returns presented by your investment consultants. The reader is encouraged to use the returns developed by the investment consultants.

### Five Year History of Assets and Returns

As of 12/31	Asset Values		Rates of Return		
	Market	Actuarial	Market	Actuarial	Assumed
2011	\$ 1,235,525	\$ 1,235,525	(8.2%)	(8.2%)	8.0%
2010	1,402,225	1,402,225	9.7%	9.7%	8.0%
2009	1,038,607	1,038,607	20.5%	20.5%	8.0%
2008	859,923	859,923	(23.2%)	(23.2%)	8.0%
2007	1,354,805	1,354,805	5.6%	5.6%	8.0%

Compound Rate of Return (five years): (0.3%) (0.3%)

**TABLE 1****SUMMARY OF RESULTS OF ACTUARIAL VALUATION**

Item	January 1, 2012	January 1, 2011
<b>Participant Data</b>		
1. Number of Participants		
a) Active Participants	1,530	1,540
b) Participants with Deferred Benefits	1,944	9,997
c) Participants Receiving Benefits	28	2
d) Total	3,502	11,539
2. Total Compensation	\$ 8,939,076	\$ 8,936,146
3. Annual Annuities	\$ 37,061	\$ 3,846
<b>Valuation Results</b>		
4. Actuarial Accrued Liability		
a) Active Participants	\$ 1,033,549	\$ 1,530,630
b) Participants with Deferred Benefits	1,104,472	3,958,059
c) Participants Receiving Benefits	306,415	30,835
d) Total	\$ 2,444,436	\$ 5,519,524
5. Actuarial Value of Assets	\$ 1,235,525	\$ 1,402,225
6. Funded Status: (5 / 4)	50.5 %	25.4 %
7. Unfunded Actuarial Accrued Liability: (4 - 5)	\$ 1,208,911	\$ 4,117,299
8. Normal Cost for the Plan Year	\$ 169,457	\$ 175,768
<b>Employer Actual Funding Contribution and Annual Required Contribution for Fiscal 2012</b>		
9. Actual Funding Contribution Calculated by Actuary		
a) Normal Cost with Interest	\$ 183,014	\$ 189,829
b) Net Annual Amortization Payments	263,438	617,199
c) Total Contribution: ((a + b), not less than zero)	\$ 446,452	\$ 807,028

**TABLE 2**  
**SECURITY OF PROMISED BENEFITS**  
**UNFUNDED ACTUARIAL ACCRUED LIABILITY**  
**FUNDED STATUS**

Item	January 1, 2012	January 1, 2011
1. Actuarial Accrued Liability		
a. Active Participants		
Retirement Benefits	\$ 829,179	\$ 1,306,551
Withdrawal Benefits	204,370	224,079
Total Active	1,033,549	1,530,630
b. Participants with Deferred Benefits	1,104,472	3,958,059
c. Participants Receiving Benefits	306,415	30,835
d. Total All Participants	\$ 2,444,436	\$ 5,519,524
2. Actuarial Value of Assets	1,235,525	1,402,225
3. Unfunded Actuarial Accrued Liability (1d - 2)	\$ 1,208,911	\$ 4,117,299
4. Funded Status: (2 / 1d)	50.5%	25.4%

Both valuations were based on the same methods and plan provisions.

The interest rate used as of January 1, 2012 and January 1, 2011 was 8.00%

**TABLE 3**  
**ACTUARIAL GAIN/(LOSS) FOR PLAN YEAR ENDING**

Item	December 31, 2011	December 31, 2010
1. Actuarial Accrued Liability at the Beginning of the Year	\$ 5,519,524	\$ 5,068,513
2. Increases/(Decreases) During the Year		
a. Normal Cost for the Year	175,768	125,479
b. Member Contributions	-	-
c. Benefit Payments and Refunds*	(1,400,202)	(3,846)
d. Assumed Interest to End of Year**	400,692	415,368
e. Plan and Assumption Changes	-	-
f. Total: (a + b + c + d + e)	<u>(823,742)</u>	<u>537,001</u>
3. Expected Liability at the End of the Year: (1 + 2)	4,695,782	5,605,514
4. Actuarial Accrued Liability at the End of the Year	2,444,436	5,519,524
<b>5. Liability Gain/(Loss): (3 - 4)</b>	<b>\$ 2,251,346</b>	<b>\$ 85,990</b>
6. Actuarial Value of Assets at the Beginning of the Year	\$ 1,402,225	\$ 1,038,607
7. Increases/(Decreases) During the Year		
a. County Contributions	2,022,000	786,000
b. Member Contributions	-	-
c. Benefit Payments and Refunds*	(1,400,202)	(3,846)
d. Administrative Expenses	(732,297)	(519,351)
e. Assumed Interest to End of Year**	<u>57,247</u>	<u>82,938</u>
f. Total: (a + b + c + d + e)	<u>(53,252)</u>	<u>345,741</u>
8. Expected Actuarial Assets at the End of the Year (6 + 7)	1,348,973	1,384,348
9. Actuarial Value of Assets at the End of the Year	1,235,525	1,402,225
<b>10. Actuarial Asset Gain/(Loss): (9 - 8)</b>	<b>\$ (113,448)</b>	<b>\$ 17,877</b>
<b>11. Total Gain/(Loss): (5 + 10)</b>	<b>\$ 2,137,898</b>	<b>\$ 103,867</b>

\* Includes \$296,053 in lump sums paid between 1/1/2012 and 2/29/2012

\*\* 8.00% per annum interest rate assumed for 2011 and 2010 plan years

**TABLE 4**

**AMORTIZATION SCHEDULE FOR ACTUAL FUNDING CONTRIBUTION  
FOR 2012 PLAN YEAR**

Type of Payment	Amortization Period				Balances		Payment
	Date Created	Initial Years	Remaining Years	Last Payment	Initial	Outstanding	
1. Charges							
Expense	1/1/2003	10	1	2012	\$ 141,818	\$ 19,706	\$ 21,282
Expense	1/1/2004	10	2	2013	178,462	47,598	26,690
Reestablished unfunded	1/1/2004	30	22	2033	1,009,474	1,138,223	87,887
Expense	1/1/2005	10	3	2014	238,648	91,813	35,628
Loss	1/1/2005	30	23	2034	19,357	21,410	1,613
Expense	1/1/2006	10	4	2015	276,403	136,435	41,192
Assumption Change	1/1/2006	30	24	2035	318,945	345,485	25,425
Expense	1/1/2007	10	5	2016	307,150	182,767	45,774
Assumption Change	1/1/2007	30	25	2036	67,011	71,079	5,119
Expense	1/1/2008	10	6	2017	449,781	309,873	67,031
Expense	1/1/2009	10	7	2018	590,678	458,309	88,028
Variance	1/1/2009	5	2	2013	35,813	15,994	8,970
Loss	1/1/2009	30	27	2038	406,803	422,931	29,291
Expense	1/1/2010	10	8	2019	627,953	537,789	93,584
Loss	1/1/2010	30	28	2039	16,048	16,488	1,122
Expense	1/1/2011	10	9	2020	519,351	483,500	77,399
Expense	1/1/2012	10	10	2021	732,297	732,297	109,134
Total Charges						5,031,697	765,169
2. Credits							
Gain	1/1/2006	30	24	2035	\$ 16,036	\$ 17,370	\$ 1,278
Gain	1/1/2007	30	25	2036	134,681	142,857	10,289
Variance	1/1/2008	5	1	2012	43,447	10,073	10,879
Gain	1/1/2008	30	26	2037	129,979	136,580	9,640
Variance	1/1/2011	5	4	2015	69,561	57,704	17,422
Gain	1/1/2011	30	29	2040	103,867	105,332	7,049
Variance	1/1/2012	5	5	2016	1,214,972	1,214,972	304,298
Gain	1/1/2012	30	30	2041	2,137,898	2,137,898	140,876
Total						3,822,786	501,731
3. Net Amount (1 - 2)						\$ 1,208,911	\$ 263,438

Annual amortization payments of the reestablished unfunded actuarial accrued liability (UAAL), and changes to the UAAL arising from plan changes, assumption changes, and actuarial gains/losses are amortized as a level percentage of payroll, assuming payroll growth of 3% per year over a 30-year period.

Administrative expenses incurred by the County related to the System are payable by the System to the County. The County then reimburses the System for this payment on a level dollar basis over 10 years.

The variance between the amount contributed to the System for a plan year, and the actual contribution requirement for that year is amortized on a level dollar basis over 5 years.

The variance between the amount contributed to the System for a plan year, and the actual contribution requirement for that year is amortized on a level dollar basis over 5 years.

**TABLE 5**

**STATEMENT OF NORMAL COST  
FOR CURRENT AND PRIOR PLAN YEAR ACTUAL FUNDING CALCULATIONS**

<b>Item</b>	<b>January 1, 2012</b>	<b>January 1, 2011</b>
1. Unit Credit Normal Cost		
a. Active Participants		
Retirement Benefits	\$ 118,863	\$ 126,113
Withdrawal Benefits	50,594	49,655
Total	<u>169,457</u>	<u>175,768</u>
2. Interest to the End of the Plan Year	13,557	14,061
<b>3. Normal Cost for the Plan Year: (1 + 2)</b>	<b>183,014</b>	<b>189,829</b>

**TABLE 6**

**CONTRIBUTION REQUIREMENTS – END-OF-YEAR BASIS  
ACTUAL AND BUDGET AMOUNTS FOR CURRENT PLAN YEAR  
BUDGET AMOUNT FOR NEXT PLAN YEAR**

Item	2013 Budget	2012	
		Actual	Budget
1. Normal Cost with Interest	\$ 198,000	\$ 183,014	\$ 205,000
2. Net Annual Amortizations	<u>162,000</u>	<u>263,438</u>	<u>675,000</u>
3. Total Contribution ((1 + 2), not less than zero)	\$ 360,000	\$ 446,452	\$ 880,000

The budgeted contributions shown above for the 2013 and 2012 plan years were estimated based on participant data as of January 1, 2012, and January 1, 2011, respectively.

The actual contribution for the 2012 plan year was determined based on participant data as of January 1, 2012, and satisfies the pension accounting requirements of GASB Statement Nos. 25 and 27.

There have been no changes in assumptions, methodology, and plan provisions since the prior valuation.

**TABLE 7****SUMMARY STATEMENT OF MARKET VALUE OF PLAN ASSETS**

<b>Asset Category</b>	<b>December 31, 2011</b>	<b>December 31, 2010</b>
1. Cash and Cash Equivalents	\$ 60,700	\$ 763
2. Investments at Fair Value	(847,175)	615,462
3. Contributions Receivable	<u>2,022,000</u>	<u>786,000</u>
4. Net Assets Available for Benefits (1 + 2 + 3)	\$ 1,235,525	\$ 1,402,225

**TABLE 8****SUMMARY RECONCILIATION OF MARKET VALUE OF PLAN ASSETS**

Item	For Year Ending December 31, 2011	For Year Ending December 31, 2010
1. Market Value of Assets at the Beginning of the Year	\$ 1,402,225	\$ 1,038,607
2. Contributions for Plan Year		
a. County	\$ 2,022,000	\$ 786,000
b. Member	-	-
c. Total	<u>2,022,000</u>	<u>786,000</u>
3. Disbursements for Plan Year		
a. Benefit payments and refunds*	\$ 1,400,202	\$ 3,846
b. Administrative expenses payable to County	<u>732,297</u>	<u>519,351</u>
c. Total	2,132,499	523,197
4. Market Value of Assets at the End of the Year **	1,235,525	1,402,225
5. Net Investment Income*** (4 - 1 - 2c + 3c)	(56,201)	100,815
6. Expected Net Investment Income (8.00% per annum)	57,247	82,938
7. Gain (Loss) on Market Value of Assets (5 - 6)	(113,448)	17,877
8. Estimated Rate of Return	(8.2%)	9.7%

\* Includes \$296,053 in lump sums paid between 1/1/2012 and 2/29/2012

\*\* December 31, 2011 value is net of \$296,053 in benefit payments made on February 29, 2012.

\*\*\* Net Investment Income is the change in the value of assets for reasons other than contributions and disbursements.

**TABLE 9****ACTUARIAL VALUE OF PLAN ASSETS**

<b>Item</b>	<b>January 1, 2012</b>	<b>January 1, 2011</b>
1. Actuarial Value of Assets	\$ 1,235,525	\$ 1,402,225

The actuarial value of plan assets is equal to the market value of plan assets.

**TABLE 10**

**EMPLOYER CONTRIBUTIONS FOR 2011 PLAN YEAR  
AND VARIANCE FROM THE FUNDING CALCULATION CONTRIBUTION**

<b>Item</b>					<b>Amount</b>
1.	Total Funding Calculation, End-of-Year Basis, for 2011 Plan Year (from January 1, 2011 actuarial valuation report)				\$ 807,028
2.	Total Employer Contributions Made, End-of-Year Basis				
	Contribution Made	Fraction of a Year Invested	Contribution Amount	Interest to Year End*	End of Year Amount
	Bi-weekly	50.0%	\$ -	\$ -	\$ -
	2/29/2012	0.0%	1,250,000	-	1,250,000
	3/15/2012	0.0%	-	-	-
	4/16/2012	0.0%	772,000	-	772,000
	5/15/2012	0.0%	-	-	-
	6/15/2012	0.0%	-	-	-
	Total		\$ 2,022,000	\$ -	\$ 2,022,000
3.	Variance from Funding Calculation Amount** (2 - 1)				\$ 1,214,972

\* Interest to 12/31/2011 at 8.00% per annum

\*\* Variance will be amortized on a level dollar basis over five years.

**TABLE 11**

**GASB NOS. 25 AND 27 DISCLOSURE INFORMATION  
FOR CURRENT AND PRIOR PLAN YEAR**

**Equivalent Single Amortization Period**

Item	January 1, 2012	January 1, 2011
1. Covered Payroll	\$ 8,939,076	\$ 8,936,146
2. Unfunded Amount	1,208,911	4,117,299
3. Amortization Payment	263,438	617,199
4. Payment as a Level Percentage of Payroll (3 / 1)	2.95%	6.91%
5. Weighted Average Amortization Period (2 / 3)	4.59	6.67
6. Equivalent Single Amortization Period (Nearest Whole Year)	5	9

**Net Pension Obligation**

Item	January 1, 2012	January 1, 2011
1. Annual Required Contribution (ARC)	\$ 446,452	\$ 807,028
2. Interest on Net Pension Obligation	(100,328)	(3,774)
3. Adjustment to ARC	<u>314,098</u>	<u>11,814</u>
4. Annual Pension Cost (APC)	660,222	815,068
5. Contributions made*	<u>(880,000)</u>	<u>(2,022,000)</u>
6. Increase (Decrease) in Net Pension Obligation	(219,778)	(1,206,932)
7. Net Pension Obligation at Beginning of Year	<u>(1,254,102)</u>	<u>(47,170)</u>
8. Net Pension Obligation at End of Year**	(1,473,880)	(1,254,102)
9. Percent of APC Contributed	133.29%	248.08%

\* Contributions for 2012 are estimated based on the County budget

\*\* NPO at December 31, 2012 is estimated based on expected contributions to be made for the year

**TABLE 12**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS**

(\$ Amounts in Thousands)

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (b)</b>	<b>Funded Ratio (a / b)</b>	<b>Unfunded Actuarial Accrued Liability (b - a)</b>	<b>Covered Payroll (c)</b>	<b>Unfunded as a Percentage of Covered Payroll [(b - a) / c]</b>
12/31/2011	\$ 1,236	\$ 2,444	50.5%	\$ 1,209	\$ 8,939	13.5%
12/31/2010	1,402	5,520	25.4%	4,117	8,936	46.1%
12/31/2009	1,039	5,069	20.5%	4,030	6,901	58.4%
12/31/2008	860	4,452	19.3%	3,592	8,498	42.3%
12/31/2007	1,355	4,077	33.2%	2,722	8,284	32.9%

**TABLE 13**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS  
GASB STATEMENT NO. 25 DISCLOSURE**

<b>Fiscal Year Ended December 31</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
2012	\$ 446,452	197.1 *
2011	807,028	250.5
2010	716,439	109.7
2009	660,925	100.0
2008	557,813	93.6

\* Contributions for 2012 are estimated based on the County budget.

The information presented above was determined as part of the actuarial valuation as of the dates indicated.

Additional information as of the latest actuarial valuation follows:

Valuation Date:	January 1, 2012
Actuarial Cost Method:	Unit Credit
Amortization Method:	
- Administrative Expense	Level dollar closed
- Contribution Variance	Level dollar closed
- All other	Level percent of payroll closed
Remaining Amortization Period:	
- Administrative Expense	10 years
- Contribution Variance	5 years
- All other	30 years
Asset Valuation Method:	Market
Actuarial Assumptions:	
- Investment Rate of Return	8.00%
- Payroll Growth	3.00%

**TABLE 14****DESCRIPTION OF ACTUARIAL ASSUMPTIONS AND METHODS****ASSUMPTIONS**

**Interest Rate:** 8.0% per annum, compounded annually. The components are 3.0% for inflation and 5.0% for the real rate of return.

**Salary Increase:** 5% per annum, compounded annually.

**Payroll Growth:** 3% per annum.

**Separation From Service:** Retirement age is assumed to be age 65. Illustrative rates of assumed separation from service (mortality and turnover) are shown in the following tables.

**Annual Rates per 100 Participants**

<b>Attained Age</b>	<b>Mortality</b>	
	<b>Males</b>	<b>Females</b>
45	0.13	0.11
50	0.19	0.19
55	0.31	0.38
60	0.59	0.76
65	1.11	1.26
70	1.86	1.96
75	2.87	3.40
80	5.03	5.86
85	8.61	10.72

Healthy pensioners:

The sex-distinct UP-1994 Mortality Table projected to 2010, set back 1 year for males and set forward 4 years for females.

Active members:

70% of the rates applicable to healthy pensioners.

**TABLE 14**

**DESCRIPTION OF ACTUARIAL ASSUMPTIONS AND METHODS**  
(Continued)

**Annual Rates per 100 Participants**

<b>Withdrawal</b>						
<b>Attained Age</b>	<b>Select Rates by Year of Employment + Ultimate</b>					
	<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>Ult.</b>
20	33.75	31.50	28.50	24.00	19.05	15.00
25	31.35	29.46	26.88	22.86	18.54	14.25
30	27.30	25.47	22.92	18.99	15.36	12.00
35	22.35	20.64	18.03	14.01	10.17	6.00
40	17.85	16.26	13.80	10.26	7.23	3.90
45	17.25	14.85	11.94	8.43	5.37	2.52
50	16.50	13.38	10.98	7.89	4.47	1.07
55	14.85	12.45	9.78	6.93	3.63	0.23

**TABLE 14****DESCRIPTION OF ACTUARIAL ASSUMPTIONS AND METHODS**

(Continued)

**METHODS**

**Calculations:** The actuarial calculations were performed by qualified actuaries in accordance with accepted actuarial procedures, based on the current provisions of the retirement system, and on actuarial assumptions that are internally consistent and reasonably based on the actual experience of the System.

**Actuarial Cost Method:** Liabilities and contributions shown in this report are computed using the Unit Credit Cost Method. The outstanding balance of the unfunded actuarial accrued liability (UAAL) as of January 1, 2004 and any changes to the UAAL arising from plan changes, assumption changes, and actuarial gains/losses are amortized as a level percentage of payroll over a 30-year period.

Administrative expenses incurred by the County related to the System are payable by the System to the County. The County then reimburses the System for this payment on a level dollar basis over 10 years.

The variance between the amount contributed to the System for a plan year, and the actual contribution requirement for that year is amortized on a level dollar basis over 5 years.

**Asset Valuation Method:** The actuarial asset value is the market value of assets plus any receivable contributions.

**DATA**

**Census and Assets:** The valuation was based on members of the System as of January 1, 2012 and does not take into account future members. All census data was supplied by the System and was subject to reasonable consistency checks. Asset data was supplied by the System.

**TABLE 15****SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS****MEMBERSHIP**

Any person employed by the County for whom the County is not obligated to collect and withhold FICA taxes. However, such persons shall not include: 1) an employee hired to relieve him from unemployment; 2) an employee of a hospital, home, or institution where he is an inmate; 3) an employees who is a temporary employee to handle fire, storm, snow, earthquake or similar emergencies; 4) an employee paid on a fee basis as self-employed; or 5) an employee who is a member of a collective bargaining unit covered by an agreement which does not provide for his inclusion.

**VESTING SERVICE**

One year of service is credited on and after January 1, 1992 for each plan year during which the employee is employed at any time. However, the employee shall not receive credit for any plan year in which the County is obligated to collect and withhold FICA taxes. If, during such plan year, FICA taxes are withheld for only a portion of the year, the employee shall receive a pro rata credit for the portion of the year worked when no FICA taxes were withheld.

**BENEFIT SERVICE**

Same as vesting service.

**EARNINGS**

Earnable compensation shall include the compensation earned during the period for which no FICA tax was withheld, exclusive of any amounts reimbursed for moving expenses. However, such compensation shall be limited to the Social Security taxable wage base for the plan year.

Average compensation is the average of the total earnings accumulated during the plan years of employment with the County, with the exception of years prior to January 1, 1992.

**TABLE 15****SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS**  
(Continued)**BENEFITS**Normal Retirement

Eligibility	Age 65.
Amount	2% of the member's average compensation multiplied by years of service (not in excess of 30).

Deferred Vested Benefit

Upon termination of employment, a member is eligible for a deferred vested pension commencing at age 65. Such benefit shall be calculated the same as for normal retirement, considering average compensation and service at termination.

**TABLE 16****SUMMARY OF MEMBERSHIP DATA  
AS OF JANUARY 1, 2012****Active Participants**

<b>Item</b>	<b>Total</b>
Number of Participants	1,530
Average Annual Salaries *	\$ 5,843
Average Age	27.9
Average Service	2.9

\* The salaries shown in the table above represent total annual pay increased by the salary assumption.

**Inactive Participants**

<b>Item</b>	<b>Number</b>	<b>Annual Annuities</b>	<b>Average Annuities</b>
Participants with Deferred Benefits	1,944	\$ 590,630	\$ 304
Participants receiving the benefits	<u>28</u>	<u>37,061</u>	<u>1,324</u>
Total	1,972	\$ 627,691	\$ 318

**EXHIBIT I****ACTIVE MEMBERSHIP DATA****NUMBER AND AVERAGE ANNUAL SALARY\*  
AS OF JANUARY 1, 2012**

Age	Years of Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
<b>Under 25</b>	825 \$3,933	91 \$8,368								916 \$4,373
<b>25-29</b>	85 \$8,746	63 \$10,907	18 -							166 \$9,953
<b>30-34</b>	53 \$8,826	26 \$ 8,026	19 -	2 -						100 \$9,156
<b>35-39</b>	46 \$ 4,981	24 \$ 7,848	1 -	3 -						74 \$6,437
<b>40-44</b>	53 \$ 7,289	14 -								67 \$6,977
<b>45-49</b>	43 \$ 6,246	11 -	4 -	3 -						61 \$7,374
<b>50-54</b>	43 \$ 6,142	7 -	2 -	4 -	1 -					57 \$6,716
<b>55-59</b>	38 \$5,782	10 -	3 -	1 -						52 \$7,103
<b>60-64</b>	16 -	9 -		1 -						26 \$6,207
<b>Over 64</b>	7 -	4 -								11 -
<b>Total</b>	1,209 \$4,900	259 \$8,716	47 \$12,044	14 -	1 -					1,530 \$5,843

\* Compensation in cells with fewer than 20 records has been suppressed.

**EXHIBIT II****5-YEAR HISTORY OF MEMBERSHIP DATA****Active Participants**

<b>Valuation as of January 1</b>	<b>Number of Active Participants</b>	<b>Percentage Change in Membership</b>	<b>Total Annual Payroll</b>	<b>Percentage Change in Payroll</b>
2012	1,530	(0.65%)	\$ 8,939,076	0.03%
2011	1,540	31.29%	8,936,147	29.49%
2010	1,173	(32.04%)	6,901,021	(18.80%)
2009	1,726	23.20%	8,498,484	2.59%
2008	1,401	8.02%	8,284,312	17.39%

**Retired Participants**

<b>Valuation as of January 1</b>	<b>Number on roll</b>	<b>Additions</b>	<b>Deletions</b>	<b>Percentage Change in Membership</b>	<b>Annual Annuities</b>	<b>Percentage Change in Annuities</b>
2012	28	26	-	1300.00%	\$ 37,061	863.62%
2011	2	-	-	0.00%	3,846	0.00%
2010	2	-	-	0.00%	3,846	0.00%
2009	2	1	-	100.00%	3,846	180.53%
2008	1	-	-		1,371	

**EXHIBIT III**

**DETAILED TABULATIONS OF THE DATA**

TABLE III-A

**THE NUMBER AND ANNUAL SALARIES  
OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY  
AGE AS OF JANUARY 1, 2012**

(Compensation in cells with fewer than 20 records has been suppressed)

Age	Men		Women	
	Number	Compensation	Number	Compensation
16			1	
17	44	\$ 104,684	49	\$ 129,033
18	62	174,468	64	177,665
19	78	274,031	74	212,991
20	99	453,675	75	262,815
21	87	458,241	60	286,790
22	56	333,910	37	200,618
23	45	314,223	35	224,090
24	31	243,971	19	
25	33	341,780	16	
26	21	211,139	16	
27	18		14	
28	13		14	
29	12		9	
30	16		10	
31	16		8	
32	12		5	
33	8		11	
34	13		1	
35	8		4	
36	10		8	
37	17		4	
38	7		7	
39	6		3	
40	6		2	
41	11		6	
42	8		5	
43	13		4	
44	8		4	
45	3		6	
46	11		2	
47	8		5	
48	8		1	
49	12		5	
50	4		6	
51	7		6	
52	5		6	
53	9		7	
54	5		2	
55	7		3	
56	6		2	

TABLE III-A

**THE NUMBER AND ANNUAL SALARIES  
OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY  
AGE AS OF JANUARY 1, 2012**  
(Compensation in cells with fewer than 20 records has been suppressed)

Age	Men		Women	
	Number	Compensation	Number	Compensation
57	9		3	
58	6		5	
59	6		5	
60	6		3	
61	1		1	
62	6		2	
63	2			
64	4		1	
65	4		3	
66	1			
69			1	
71			2	
<b>Total</b>	888	\$ 5,357,328	642	\$ 3,581,748

TABLE III-B

**THE NUMBER AND ANNUAL SALARIES  
OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY  
YEARS OF CREDITED SERVICE AS OF JANUARY 1, 2012**  
(Compensation in cells with fewer than 20 records has been suppressed)

Years of Service	Men		Women	
	Number	Compensation	Number	Compensation
0	136	\$ 410,826	117	\$ 337,530
1	241	1,070,245	198	872,698
2	118	682,077	94	563,748
3	102	551,970	66	376,545
4	83	691,163	54	366,963
5	49	386,539	33	219,907
6	40	311,608	16	
7	44	397,407	12	
8	25	271,284	14	
9	15		11	
10	10		6	
11	6		4	
12	5		5	
13	2		4	
14	3		2	
15	1		1	
16	3		1	
17	1		1	
18	1		1	
19	3		1	
20			1	
<b>Total</b>	888	\$ 5,357,328	642	\$ 3,581,748

TABLE III-C

**THE NUMBER AND ANNUAL BENEFITS PAYABLE TO  
PARTICIPANTS WITH DEFERRED BENEFITS  
AS OF JANUARY 1, 2012**

Age	Men		Women	
	Number	Annuity	Number	Annuity
18	3	\$ 110	4	\$ 108
19	19	1,103	22	882
20	94	4,090	77	3,365
21	107	7,335	90	5,999
22	117	10,712	105	7,935
23	114	12,677	84	9,557
24	89	13,393	73	11,125
25	89	22,641	54	10,097
26	55	22,338	56	14,773
27	44	18,320	36	15,869
28	38	17,515	37	21,254
29	30	16,693	31	14,200
30	24	17,406	18	9,810
31	17	16,287	23	22,214
32	20	18,178	14	8,587
33	13	7,804	6	3,114
34	7	8,183	11	6,362
35	5	5,228	9	6,583
36	10	8,807	2	689
37	3	3,019	4	871
38	8	7,712	6	4,952
39	4	1,860	1	180
40	4	555	3	814
41	5	3,242	4	119
42	7	1,597	2	326
43	9	4,129	2	372
44	5	1,490	2	1,117
45	4	1,829	3	183
46	4	663	3	3,234
47	7	4,744	2	482
48	4	1,376	10	3,511
49	5	4,282	4	3,320
50	9	10,342	4	909
51	4	2,216	4	2,076
52	6	2,778	2	2,468
53	8	6,799	4	118
54	6	1,703	1	50
55	8	6,799	3	3,283
56	4	3,761	6	3,771
57	5	5,520	7	4,644
58	7	5,410	1	8

TABLE III-C

**THE NUMBER AND ANNUAL BENEFITS PAYABLE TO  
PARTICIPANTS WITH DEFERRED BENEFITS  
AS OF JANUARY 1, 2012**

Age	Men		Women	
	Number	Annuity	Number	Annuity
59	5	7,868	2	877
60	5	5,000	5	731
61	6	6,056	3	2,762
62	5	4,344	1	329
63	6	6,293	2	7,398
64	5	5,518	4	3,902
65	6	6,248		
68	1	170		
71	1	794		
72	1	570	1	792
74			1	11
75	5	462		
76	2	1,581	1	11
77	2	1,449	2	1,532
78	3	214		
79	1	97	1	285
80			1	504
81	1	8		
82	3	2,497		
83	3	401		
84	1	781		
85	1	194		
87	1	121		
88	1	117		
89	3	276		
93	1	460		
<b>Total</b>	1,090	\$ 362,165	854	\$ 228,465

TABLE III-D

**THE NUMBER AND ANNUAL BENEFITS PAYABLE TO  
PARTICIPANTS RECEIVING BENEFITS  
AS OF JANUARY 1, 2012**

Age	Men		Women	
	Number	Annuity	Number	Annuity
55			1	\$ 1,720
56	2	\$ 210		
57	1	898		
58			1	93
61	1	484		
62	1	263		
63	3	4,554		
64	1	2,908	1	1,627
66			2	3,273
67	3	4,708	2	3,501
68	1	776	2	3,731
69	1	1,250	1	1,621
70	1	2,475	1	1,191
77	1	1,371		
85	1	407		
<b>Total</b>	17	\$ 20,304	11	\$ 16,757

**EXHIBIT IV****GLOSSARY**

<b>Accrued Liability</b>	The difference between (a) the present value of future plan benefits, and (b) the present value of future normal cost. It is the portion of the present value of future plan benefits attributable to service accrued as of the valuation date. Sometimes referred to as “actuarial accrued liability.”
<b>Accrued Service</b>	The service credited under the plan which was rendered before the date of the actuarial valuation.
<b>Actual Funding Contribution</b>	The Actual Funding Contribution for a plan year is calculated using census and asset information as of the first day of the plan year, and includes Normal Cost, with interest to the end of the plan year, and a net amortization payment.
<b>Actuarial Assumptions</b>	Estimates of future plan experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and salary increases. Decrement assumptions (rates of mortality, disability, turnover and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (salary increases and investment income) consist of an underlying rate in an inflation-free environment plus a provision for a long-term average rate of inflation.
<b>Actuarial Cost Method</b>	A mathematical budgeting procedure for allocating the dollar amount of the “present value of future plan benefits” between the present value of future normal cost and the accrued liability. Sometimes referred to as the “actuarial funding method.”
<b>Actuarial Equivalent</b>	A series of payments is called an actuarial equivalent of another series of payments if the two series have the same actuarial present value.
<b>Actuarial Value of Assets</b>	The value of current plan assets recognized for valuation purposes. Based on a smoothed market value that recognizes investment gains and losses over a period of three years.
<b>Amortization</b>	Paying off an interest-bearing liability by means of periodic payments of interest and principal, as opposed to paying it off with a lump sum payment.

**EXHIBIT IV****GLOSSARY**

(Continued)

<b>Annual Required Contribution</b>	The Annual Required Contribution, or ARC, is the amount determined in accordance with Governmental Accounting Standards Board Statements Nos. 25 and 27.
<b>Budget Contribution</b>	The Budget Contribution for a year is based on census and asset information as of the first day of the PRIOR plan year, rolled forward to the next plan year based on all actuarial assumptions being met. For example, the Budget Contribution for 2012 is based on census and asset information as of January 1, 2011, rolled forward to January 1, 2012.
<b>Contribution Variance</b>	The difference between the Actual Contribution and the Budget Contribution for a plan year is referred to as the Contribution Variance. A Contribution Variance resulting from an overpayment is amortized over 5 years as a level dollar credit. A Contribution Variance resulting from an underpayment is amortized over 5 years as a level dollar charge.
<b>Experience Gain (Loss)</b>	A measure of the difference between actual experience and that expected based upon a set of actuarial assumptions during the period between two actuarial valuation dates, in accordance with the actuarial cost method being used.
<b>Normal Cost</b>	The annual cost assumed, under the actuarial funding method, for current and subsequent plan years. Sometimes referred to as “current service cost.”
<b>Present Value</b>	The amount of funds presently required to provide a payment or series of payments in the future. The present value is determined by discounting the future payments at a predetermined rate of interest, taking into account the probability of payment.
<b>Unfunded Accrued Liability</b>	The difference between the actuarial accrued liability and valuation assets.