Beaver County Employes' Retirement System

Report on 2008 Actuarial Valuation Including Determination of County Annual Required Contribution for 2008

HayGroup®

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Beaver County Employes' Retirement Board

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May 16, 2008

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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, 2008 and to establish the proper appropriation for the 2008 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 Beaver County Employes' Retirement Plan as of January 1, 2008 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 10 of this report and which must be funded in 2008 is $1,887,756.00. 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	$ 993,497.40	
Retired Members Annuity Reserve Account		$ 993,497.40

III. Schedules

Schedule A

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

BEAVER COUNTY EMPLOYES' RETIREMENT SYSTEM

STATEMENT OF CHANGES IN PLAN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2007 AND 2006

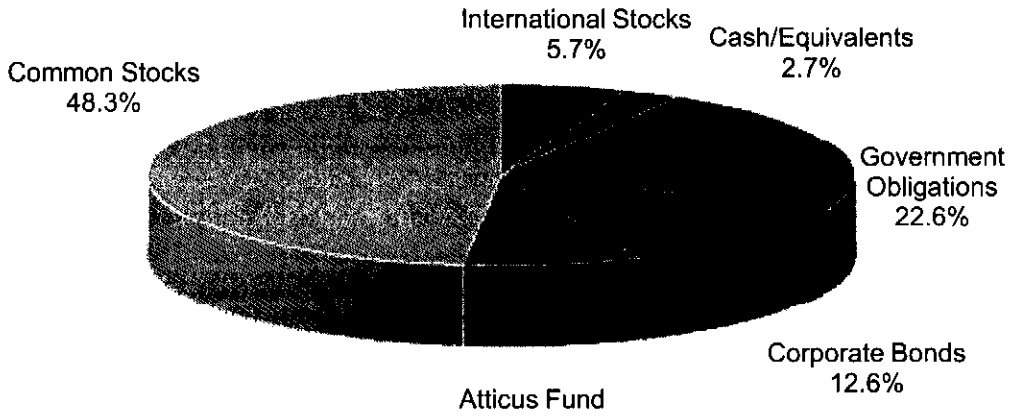
			2007 Total		2006 Total
Additions					
Contributions					
County		$	2,113,111.00	$	2,020,537.00
Plan Members		$	4,673,008.68	$	4,417,117.57
Miscellaneous		$	108,285.88	$	183,643.76
Total Contributions		$	6,894,405.56	$	6,621,298.33
Investment Income					
Realized Gain	$ 7,792,132.52				
Unrealized Loss	$ (4,171,691.55)				
Net Gain in Fair Value		$	3,620,440.97	$	17,444,586.85*
Interest		$	3,240,941.13	$	2,479,450.76
Dividends		$	2,132,532.95	$	2,036,623.75
Investment Income		$	8,993,915.05	$	21,960,661.36
Less Investment Expense		$	752,451.78	$	678,507.46
Net Investment Income		$	8,241,463.27	$	21,282,153.90
Total Additions		$	15,135,868.83	$	27,903,452.23
Deductions					
Benefits		$	6,085,488.94	$	5,415,046.78
Refunds of Member Contributions		$	1,012,478.01	$	812,788.21
Administrative Expense		$	43,636.00	$	37,856.25
Miscellaneous		$	26,733.97	$	0.00
Total Deductions		$	7,168,336.92	$	6,265,691.24
Net Increase/(Decrease)		$	7,967,531.91	$	21,637,760.99
Net Assets Held In Trust For Pension Benefits					
Beginning of Year		$	181,258,447.44	$	159,620,686.45
End of Year		$	189,225,979.35	$	181,258,447.44

* *Adjusted to reflect actual market value. Market value of assets figure submitted by county on the 2007 financial report did not reflect the county contribution in transit.*

Schedule A--Continued

BEAVER EMPLOYES' RETIREMENT SYSTEM				
STATEMENT OF PLAN ASSETS AS OF DECEMBER 31, 2007 AND 2006				
Assets				
		2007 Total		**2006 Total**
Cash and Short-Term Investments	$	3,512,227.06	$	4,076,297.43
Receivables	$	1,614,099.00	$	1,335,783.00
Investments, at fair market value				
Government Obligations	$	42,839,824.25	$	35,239,565.94
Corporate Bonds	$	23,811,675.92	$	19,314,051.96
Common Stocks	$	91,287,604.15	$	101,454,232.99
International Stocks	$	10,849,935.13	$	10,078,488.11
Atticus Fund	$	15,310,613.84	$	9,760,028.01
Total Investments	$	184,099,653.29	$	175,846,367.01
Total Assets	$	189,225,979.35	$	181,258,447.44
Liabilities				
Refunds Payable and Other	$	0.00	$	0.00
Net Assets Held In Trust For Pension Benefits				
	$	189,225,979.35	$	181,258,447.44

TOTAL ASSETS (MARKET VALUE 12-31-2007)



Schedule A -- Continued

Beaver County Employes' Retirement System

Notes to the Financial Statements for the Fiscal Year Ended December 31, 2007

Summary of Significant Accounting Policies

Basis of Accounting: The Beaver County Employes' 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, 2007, the date of the latest actuarial valuation:

Retirees and Beneficiaries Receiving Benefits	551
Terminated Plan Members Entitled to but not yet Receiving Benefits	50
Active Plan Members	1,445
Total	2,046
Number of Participating Employers	1

Schedule A--Continued

Beaver County Employes' Pension System

Plan Description: The Beaver County Employes' 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 Beaver County Employes' 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
1999	$ 0	$ 0
2000	$ 0	$ 0
2001	$ 0	$ 0
2002	$ 1,451,894	$ 1,451,894
2003	$ 3,325,708	$ 3,325,708
2004	$ 3,652,159	$ 3,652,159
2005	$ 3,737,244	$ 15,282,136
2006	$ 2,020,537	$ 2,020,537
2007	$ 2,113,111	$ 2,113,111
2008	$ 1,887,756	$

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)
1/1/2008	$195,369,098	$191,872,922	$(3,496,176)	101.8%	$53,935,875	(6.5)%

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	12/31/2007
Actuarial Cost Method	Aggregate **
Asset Valuation Method	5-Year Smoothed Market
Actuarial Assumptions:	
Investment Rate of Return *	7½%
Projected Salary Increases *	4.25%-4.5%; graduated .25% increment over 1 year
* Includes Inflation at	3%

** Plans that use the aggregate actuarial cost method are now required to present a schedule of funding progress based on the entry age cost method. This is shown in Schedule A on the previous page.

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)
1999	0	0	0	0	0	0	0
2000	0	0	0	0	0	0	0
2001	0	0	0	0	0	0	0
2002	1,451,894	0	0	1,451,894	1,451,894	0	0
2003	3,325,708	0	0	3,325,708	3,325,708	0	0
2004	3,652,159	0	0	3,652,159	3,652,159	0	0
2005	3,737,244	0	0	3,737,244	15,282,136	(11,544,892)	(11,544,892)
2006	2,020,537	(865,867)	(1,342,218)	2,496,888	2,020,537	476,351	(11,068,541)
2007	2,113,111	(830,141)	(1,296,750)	2,579,720	2,113,111	466,609	(10,601,932)
2008	1,887,756	(795,145)	(1,258,323)	2,350,934			

* 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 (7½% 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, 2008. The liabilities were determined from the actuarial valuation of the System based upon the data submitted by the County.

ASSETS		
Members' Annuity Reserve Account	$	61,704,767.23
County Annuity Reserve Account	$	64,438,729.00
Retired Members' Reserve Account	$	43,820,050.00
Unrealized Appreciation of Assets	$	19,262,433.12
Total Assets, (Market Value) of the Beaver County Employes' Retirement Fund	$	189,225,979.35
LIABILITIES		
Actuarial Present Value of:		
Accumulated Plan Benefits		
Vested (1,053)	$	43,347,345.00
Nonvested (392)	$	894,657.00
Future Benefit Accruals	$	59,634,706.00
Terminated Vested Benefits	$	1,881,826.00
Retired Benefits	$	43,820,050.00
Member Accumulated Deductions	$	61,704,767.23
Total Liabilities of the Beaver County Employes' Retirement Fund	$	211,283,351.23

Schedule C

Schedule C determines the certified Annual Required Contribution (ARC) of $1,887,756.00 for 2008 for the Beaver County Employes' Retirement System.

1. Actuarial Present Value of Projected Future Benefits:				
a. Active Participants			$	103,876,708.00
Retirement Benefits	$	90,276,587.00		
Termination Benefits	$	7,826,169.00		
Death Benefits	$	5,773,952.00		
b. Terminated Vested Participants			$	1,881,826.00
c. Retired Members and Beneficiaries			$	43,820,050.00
Retirement Benefits	$	42,384,399		
Cost-of-Living Benefits	$	1,435,651		
d. Member Accumulated Deductions			$	61,704,767.23
e. Total (a) + (b) + (c) + (d)			$	211,283,351.23
2. Valuation Assets				
a. Actuarial Value of Plan Assets (see page 13)			$	192,245,767.14
b. Excess of Actuarial Value of Assets over Present Value of Future Benefits for Administrative and CBU Plans			$	3,123,330.99
c. Total Assets (a) + (b)			$	195,369,098.13
3. Present Value of Future County Normal Costs (1e) - (2c)			$	15,914,253.10
4. Present Value of Future Compensation of Active Members			$	454,433,743.00
5. County Normal Cost Accrual Rate (3) / (4)				3.50%*
6. Estimated 2008 Compensation Rate of Members			$	53,935,875.00
7. County Normal Cost for 2008 (5) x (6) (Annual Required Contribution (ARC) for 2008)			$	1,887,756.00

Notes:
*The equivalent normal cost accrual rate to be applied to actual 2007 salaries to determine reimbursable expenses is 3.65%.

Schedule D

The following are notes to Schedules B and C:

Members' Annuity Reserve Account

The balance of $61,704,767.23 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, 2008. Since these accumulations represent the present value as of January 1, 2008, of future benefits, the reserve balance and liability are identical.

County Annuity Reserve Account

The balance of $64,438,729.00 in this account as of January 1, 2008 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, 2008 amount to $43,820,050.00. The corresponding liability for those annuitants on the roll is identical.

Schedule D--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)
2004	$	113,562,170	$	132,079,379	1.1631
2005	$	124,581,283	$	143,395,611	1.1510
2006	$	147,859,810	$	159,620,686	1.0795
2007	$	157,824,323	$	181,258,447	1.1485
2008	$	169,963,546	$	189,225,979	1.1133
Average					1.1311

ACTUARIAL VALUE OF ASSETS JANUARY 1, 2008		
(1) Cost Value of Assets	$	169,963,546.23
(2) Average Ratio		1.1311
(3) Actuarial Value of Assets (see line 2, page 10)	$	192,245,767.14

Schedule E

APPROXIMATE RATE OF RETURN FOR 2007 PLAN YEAR (MARKET VALUE)		
1. Market Value December 31, 2006	$	181,258,447.44
2. Contributions Received During Year	$	6,894,405.56
3. Benefits and Expenses Paid During Year	$	7,920,788.70
4. Market Value December 31, 2007	$	189,225,979.35
5. Non-Investment Increment: (2) - (3)	$	(1,026,383.14)
6. Investment Increment: (4) - (1) - (5)	$	8,993,915.05
7. Time Weighted Value of Assets: (1) + .5(5)	$	180,745,255.87
8. Approximate Rate of Return for 2007: (6) / (7)		4.98%

HISTORY OF RATE OF RETURNS

Plan Year	Rate of Return
2006	13.77 %
2005	2.55 %
2004	7.08 %
2003	17.48 %
2002	(5.31) %
2001	(2.60) %
2000	(0.14) %
1999	8.16 %
1998	15.17 %

Five Year Average: 9.17%
Ten Year Average: 6.11%

Schedule F

Determination of Reserve Balances

	M.A.R.A.	C.A.R.A	R.M.R.A.	TOTAL
Balance 1/1/2007	$ 57,385,914.38	$ 59,390,912.39	$ 41,047,496.00	$ 157,824,322.77
County Appropriations		2,113,111.00		
Member Contributions	4,673,008.68			
Net Investment Income		13,165,606.60		
Investment Expenses		(752,451.78)		
Member Contributions Refunded	(1,012,478.01)			
Pension Payments			(5,324,711.71)	
Death Benefits			(760,777.23)	
Retiree and Death Benefit Transfers	(2,388,770.86)	(3,831,185.49)	6,219,956.35	
Administrative Expenses		(43,636.00)		
Miscellaneous		108,285.88		
Miscellaneous		(26,733.97)		
Balance Before Interest	58,657,674.19	70,123,908.63	41,181,963.41	169,963,546.23
Interest Allocated in 2007	3,047,093.04	(4,691,682.23)	1,644,589.19	
Balance Before Actuarial Adjustments	61,704,767.23	65,432,226.40	42,826,552.60	169,963,546.23
Actuarial Adjustments		(993,497.40)	993,497.40	
Ending Balance 12/31/2007	61,704,767.23	64,438,729.00	43,820,050.00	169,963,546.23
Unrealized Appreciation				19,262,433.12
Total Assets (12/31/2007) (Market Value)				189,225,979.35

Schedule G

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**
2008	452	1,043	1,495	152	399	551*
2007	452	1,021	1,473	148	376	524
2006	449	1,003	1,452	143	351	494
2005	449	1,007	1,456	137	315	452
2004	508	1,073	1,581	116	271	387
2003	515	1,067	1,582	109	254	363
2002	489	1,044	1,533	100	239	339
2001	466	1,037	1,503	95	223	318
2000	441	1,011	1,452	93	210	303
1999	424	998	1,422	86	190	276

* *This total does not include 9 County retirees who are receiving monthly retirement payments from Hartford in addition to cost of living payments from Beaver County Employes' Retirement Fund.*

Schedule H

Changes in Plan Participation From January 1, 2007 to January 1, 2008

ACTIVE PARTICIPANTS		
Number as of January 1, 2007		1,428
Changes During Plan Year:		
Retired	(-)	31
Terminated and Vested	(-)	6
Terminated	(-)	87
Died	(-)	1
New Participants	(+)	142
Number as of January 1, 2008		1,445

RETIRED PARTICIPANTS		
Number as of January 1, 2007		524
Changes During Plan Year:		
Returned to Active Service	(-)	0
Died	(-)	8
New Retirements from Active Service	(+)	31
New Surviving Annuitants	(+)	3
Vested Terminated Participants Whose Benefits Commenced	(+)	1
Number as of January 1, 2008		551

TERMINATED VESTED PARTICIPANTS		
Number as of January 1, 2007		45
Changes During Plan Year:		
Returned to Active Service	(-)	0
Benefits Commenced	(-)	1
Died	(-)	0
New Termination's with Vesting	(+)	6
Number as of January 1, 2008		50

Schedule I

Age, Service and Average Salary Profile of the Active Members on January 1, 2008.

MALES -- FULL YEARS OF SERVICE TO JANUARY 1, 2008									
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	12	1	0	0	0	0	0	13	$ 25,390
25-29	26	10	0	0	0	0	0	36	$ 29,910
30-34	14	20	9	0	0	0	0	43	$ 35,732
35-39	9	12	23	8	0	0	0	52	$ 40,895
40-44	3	8	13	22	4	0	0	50	$ 45,773
45-49	9	11	9	18	14	4	0	65	$ 40,419
50-54	6	13	9	11	22	13	4	78	$ 44,492
55-59	7	9	7	5	9	6	7	50	$ 44,435
60-64	2	5	12	4	3	1	5	32	$ 40,937
65 +	3	7	4	2	4	1	0	21	$ 35,755
Total	91	96	86	70	56	25	16	440	$ 40,315

Average Age: 45.67
Average Service: 12.60

FEMALES -- FULL YEARS OF SERVICE TO JANUARY 1, 2008									
Age	0-4	5-9	10-14	15-19	20-24	25-29	30+	Total	Average Salary
0-19	4	0	0	0	0	0	0	4	$ 24,948
20-24	20	3	0	0	0	0	0	23	$ 26,058
25-29	42	23	4	0	0	0	0	69	$ 33,635
30-34	27	36	21	0	0	0	0	84	$ 33,901
35-39	28	23	29	12	1	0	0	93	$ 34,697
40-44	31	28	23	25	10	0	0	117	$ 37,911
45-49	38	28	28	30	22	12	4	162	$ 37,400
50-54	21	32	40	52	28	10	10	193	$ 36,788
55-59	20	34	27	39	20	10	5	155	$ 37,240
60-64	7	15	9	21	14	4	0	70	$ 37,024
65 +	4	7	10	10	3	1	0	35	$ 33,370
Total	242	229	191	189	98	37	19	1,005	$ 36,041

Average Age: 46.48
Average Service: 11.42

Schedule J

Actuarial Assumptions and Actuarial Cost Method for Funding Purposes, January 1, 2008.

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 (age - 30) x 3 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 J--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 J--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 7½% per annum, compounded annually.

Salary Increases 3% per annum increase from 2002 to 2003 with subsequent increases in .25% increments until the ultimate assumed rate of 4.5% is attained for 2009 and later years.

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 Aggregate Actuarial Cost Method of funding was used to determine costs. Under this method, the valuation assets of the plan are subtracted from the present value of all projected benefits. The result, when divided by the present value of future compensation, gives a percentage normal cost factor which is applied to the estimated 2008 compensation of all members to arrive at the normal cost at the beginning of the plan year.

Schedule K

Summary of Plan Provisions

1. Effective Date

The effective date of this plan is January 1, 1942.

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:

CLASS	PERCENTAGE	EFFECTIVE
1/120	0.833%	01/01/1942
1/100	1.000%	01/01/1950
1/80	1.250%	01/01/1965
1/60	1.667%	01/01/1972

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) 0.833% of 1/12th of Final "Average" Salary multiplied by years of credited service on the 1/120 Class,

1.000% of 1/12th of Final "Average" Salary multiplied by years of credited service on the 1/100 Class,

1.250% of 1/12th of Final "Average" Salary multiplied by years of credited service on the 1/80 Class,

1.667% of 1/12th of Final "Average" Salary multiplied by years of credited service on the 1/60 Class,

PLUS

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

Schedule K--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 K--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 <u>or</u> 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 K--Continued

14. Employee Contributions

Employees on the 1/120 Class must contribute between 5% and 15% of salary.
Employees on the 1/100 Class must contribute between 6% and 16% of salary.

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

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

15. Deposit Administrator

Investment Managers:
C.S. McKee
MDL Capital
Commonwealth Security
Atticus Fund
Boston Company

Financial Consultant:
Morrison Fiduciary Advisors

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 in the past as follows:

PERCENTAGE CHANGE IN C.P.I.	EFFECTIVE DATE OF INCREASE
25 %	1/1/1987
25 %	1/1/1989
25 %	1/1/1990
25 %	1/1/1993
25 %	1/1/1997
100 %	1/1/2000

Schedule L

Historical Trend Information

REVENUES BY SOURCE					
Fiscal Year	Employee Contributions	Employer Contributions	Investment Income	Miscellaneous	Total
1998	$ 3,192,144	$ 147,216	$ 13,096,158	$ 719	$ 16,436,237
1999	3,431,982	0	7,616,767	1,058	11,049,807
2000	3,674,766	0	7,734,917	10,760	11,420,443
2001	3,916,060	0	(274,679)	390,836	4,032,217
2002	4,247,750	1,451,894	(969,434)	6,692	4,736,902
2003	4,478,111	3,325,708	5,259,729	12,459	13,076,007
2004	4,313,641	3,652,159	9,116,367	23,359	17,105,526
2005	4,646,279	15,282,136	10,868,306	944,788	31,741,509
2006	4,417,118	2,020,537	10,287,413	183,644	16,908,712
2007	4,673,009	2,113,111	13,165,607	108,286	20,060,013

EXPENSES BY TYPE				
Fiscal Year	Benefits	Refunds	Administrative/ Miscellaneous	Total
1998	$ 2,141,239	$ 472,988	$ 446,035	$ 3,060,262
1999	2,534,386	570,863	484,691	3,589,940
2000	2,737,690	906,973	523,173	4,167,836
2001	2,911,218	718,986	667,813	4,298,017
2002	3,754,457	729,366	464,218	4,948,041
2003	4,028,888	631,848	459,079	5,119,815
2004	4,547,629	1,048,016	490,767	6,086,412
2005	6,291,405	1,535,165	636,412	8,462,982
2006	5,415,047	812,788.21	716,364	6,944,199
2007	6,085,489	1,012,478	822,822	7,920,789