

York County Employees' Retirement System

Report on 2014 Actuarial Valuation Including
Determination of County Actuarially Determined
Contribution for 2014

HayGroup®



Prepared By:

Henry E. Stiehl
Hay Group, Inc.
The Wanamaker Building
100 Penn Square East
Philadelphia, Pennsylvania 19107-3388

for

York County Employees' Retirement Board

Steve Chronister	Commissioner/President
Christopher B. Reilly	Commissioner/Vice President
Doug Hoke	Commissioner
Robert P. Green	Controller/Secretary
Barbara L. Bair	Treasurer

April 10, 2014

CONFIDENTIAL

Table of Contents

<u>Section</u>	<u>Page</u>
I. Introduction	1
II. Findings	2
III. Schedules	3
<ul style="list-style-type: none"> • Schedule A – Disclosure of Pension Information in Accordance with Statement No. 25, Statement No. 27 and Statement No. 50 of Governmental Accounting Standards Board 	3
<ul style="list-style-type: none"> • Schedule B – Allocation of Assets and Liabilities - January 1, 2014 	9
<ul style="list-style-type: none"> • Schedule C - Unfunded Actuarial Liability and Normal Cost 	10
<ul style="list-style-type: none"> • Schedule D – Actuarial Gain (Loss) for One Year Period Ending December 31, 2013 	11
<ul style="list-style-type: none"> • Schedule E - Amortization Schedule 	12
<ul style="list-style-type: none"> • Schedule F - Determination of Certified Actuarially Determined Contribution 	13
<ul style="list-style-type: none"> • Schedule G – Notes for Schedule B and I and the Adjustment for Market Value Fluctuation 	14
<ul style="list-style-type: none"> • Schedule H – Approximate Rate of Return for 2013 	16
<ul style="list-style-type: none"> • Schedule I – Determination of Reserve Balances 	17
<ul style="list-style-type: none"> • Schedule J – Membership History 	18
<ul style="list-style-type: none"> • Schedule K – Changes in Plan Participation from January 1, 2013 to January 1, 2014 	19
<ul style="list-style-type: none"> • Schedule L – Age, Service and Average Salary Profile 	20

Table of Contents (cont.)

<u>Section</u>	<u>Page</u>
• Schedule M – Actuarial Assumptions and Actuarial Cost Method for Funding Purposes, January 1, 2014	21
• Schedule N – Summary of Plan Provisions	24
• Schedule O – Historical Trend Information	28

I. Introduction

The primary purpose of this report is to investigate and fully and fairly disclose the actuarial position of the York County Employees' System as of January 1, 2014 and to establish the proper appropriation for the 2014 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.

To the best of our knowledge this report is complete and accurate and all costs and liabilities have been determined in conformance with generally accepted actuarial principles, Pennsylvania State Law, Act 44 and on the basis of actuarial assumptions and methods which are reasonable (taking into account past experience under the plan and reasonable expectations) and which represent our best estimate of anticipated experience under the plan.

Respectfully submitted,

HayGroup

By: Henry E. Stiehl
Henry E. Stiehl
Principal

By: David D. Reichert
David D. Reichert, EA
Member, American Academy of Actuaries
ERISA Enrolled Actuary No. 14-6461

II. Findings

Certified Actuarially Determined Contribution

Please note that the certified Actuarially Determined Contribution which is reported on page 13 of this report and which must be funded in 2014 is \$9,322,239.00. This contribution amount is required to ensure that the fund accumulates sufficient assets to pay future benefits and should be paid 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	\$ 4,438,161.74	
Retired Members Annuity Reserve Account		\$ 4,438,161.74

III. Schedules

Schedule A

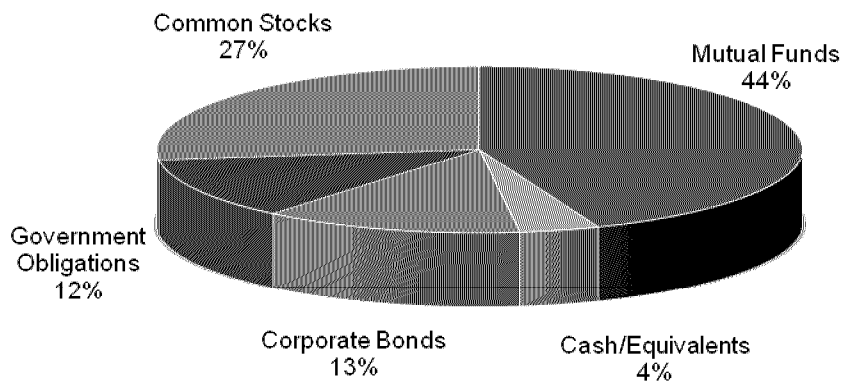
**Disclosure of Pension Information in Accordance with
Statement No. 25, Statement No. 27 and Statement No. 50 of
the Governmental Accounting Standards Board**

YORK COUNTY EMPLOYEES' RETIREMENT SYSTEM			
STATEMENT OF CHANGES IN PLAN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2013 AND 2012			
Additions			
		<u>2013 Total</u>	<u>2012 Total</u>
Contributions			
County	\$	10,000,000.00	\$ 10,000,000.00
Plan Members	\$	5,388,580.47	\$ 5,310,335.21
Total Contributions	\$	<u>15,388,580.47</u>	<u>\$ 15,310,335.21</u>
Investment Income			
Realized Gain	\$	<u>7,205,224.40</u>	
Unrealized Gain	\$	<u>34,536,829.32</u>	
Net Gain in Fair Value	\$	41,742,053.72	\$ 20,782,763.38
Interest	\$	2,152,159.53	\$ 2,070,166.51
Dividends	\$	2,861,464.27	\$ 3,334,747.11
Net Accrued Interest	\$	869,817.00	\$ 636,926.00
Investment Income	\$	<u>47,625,494.52</u>	<u>\$ 26,824,603.00</u>
Less Investment Expense	\$	0.00	\$ 0.00
Net Investment Income	\$	<u>47,625,494.52</u>	<u>\$ 26,824,603.00</u>
Total Additions	\$	<u>63,014,074.99</u>	<u>\$ 42,134,938.21</u>
Deductions			
Benefits	\$	13,657,277.23	\$ 11,488,410.37
Refunds of Member Contributions	\$	<u>1,263,589.31</u>	<u>\$ 1,223,247.65</u>
Total Deductions	\$	<u>14,920,866.54</u>	<u>\$ 12,711,658.02</u>
Net Increase/(Decrease)	\$	<u>48,093,208.45</u>	<u>\$ 29,423,280.19</u>
Net Assets Held In Trust For Pension Benefits			
Beginning of Year	\$	<u>252,147,658.29</u>	<u>\$ 222,724,378.10</u>
End of Year	\$	<u>300,240,866.74</u>	<u>\$ 252,147,658.29</u>

Schedule A—Continued

YORK EMPLOYEES' RETIREMENT SYSTEM			
STATEMENT OF PLAN ASSETS AS OF DECEMBER 31, 2013 AND 2012			
Assets			
		<u>2013 Total</u>	<u>2012 Total</u>
Cash and Short-Term Investments	\$	13,189,983.06	\$ 16,497,103.32
Receivables	\$	0.00	\$ 0.00
Investments, at fair market value			
Government Obligations	\$	35,907,495.00	\$ 31,677,408.00
Corporate Bonds	\$	40,327,582.00	\$ 31,157,159.00
Common Stocks	\$	80,200,066.00	\$ 73,652,868.00
Mutual Funds	\$	130,783,780.00	\$ 99,275,716.00
Total Investments	\$	<u>287,218,923.00</u>	<u>\$ 235,763,151.00</u>
Total Assets	\$	<u>300,408,906.06</u>	<u>\$ 252,260,254.32</u>
Liabilities			
Refunds Payable and Other	\$	<u>(168,039.32)</u>	<u>\$ (112,596.03)</u>
Net Assets Held In Trust For Pension Benefits			
	\$	<u>300,240,866.74</u>	<u>\$ 252,147,658.29</u>

TOTAL ASSETS (MARKET VALUE 12-31-2013)



Schedule A – Continued

York County Employees’ Retirement System

Notes to the Financial Statements for the Fiscal Year Ended December 31, 2013

Summary of Significant Accounting Policies

Basis of Accounting: The York 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 as of December 31, 2013:

Retirees and Beneficiaries Receiving Benefits	1,049
Terminated Plan Members Entitled to but not yet Receiving Benefits	188
Active Plan Members	2,410
Total	3,647
Number of Participating Employers	1

Schedule A--Continued

York County Employees' Pension System

Plan Description: The York 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 York 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 5% 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
2005	\$ 8,206,357	\$ 8,206,357
2006	\$ 7,665,899	\$ 7,665,899
2007	\$ 7,199,423	\$ 7,199,423
2008	\$ 7,383,314	\$ 7,383,314
2009	\$ 9,332,399	\$ 6,640,000
2010	\$ 10,666,047	\$ 8,000,000
2011	\$ 10,950,633	\$ 10,000,000
2012	\$ 11,484,752	\$ 10,000,000
2013	\$ 11,578,433	\$ 10,000,000

Note: Effective in 2009 the Entry Age Funding Method was used to determine the annual required contribution. Prior to 2009 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)
1/1/2008	202,107,318	226,101,307	23,993,989	89.4%	87,480,027	27.4%
1/1/2009	196,954,958	245,378,742	48,423,784	80.3%	91,673,555	52.8%
1/1/2010	210,319,427	269,381,916	59,062,489	78.1%	94,978,984	62.2%
1/1/2011	225,346,700	287,309,457	61,962,757	78.4%	98,095,169	63.2%
1/1/2012	242,460,283	306,718,599	64,258,316	79.0%	101,994,045	63.0%
1/1/2013	260,440,177	321,582,762	61,142,585	81.0%	104,455,415	58.5%
1/1/2014	300,240,867	341,941,645	41,700,778	87.8%	106,720,140	39.1%

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	12/31/2013
Actuarial Cost Method	Entry Age
Asset Valuation Method	The method that is prescribed by Pennsylvania State Law, Act 44 as described in Schedule M
Actuarial Assumptions:	
Investment Rate of Return *	7.5%
Projected Salary Increases *	4.0%
* 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)
2005	8,206,357	(43,590)	(71,654)	8,234,421	8,206,357	28,064	(553,136)
2006	7,665,899	(41,485)	(67,650)	7,692,064	7,665,899	26,165	(526,971)
2007	7,199,423	(39,523)	(64,685)	7,224,585	7,199,423	25,162	(501,809)
2008	7,383,314	(37,636)	(61,775)	7,407,453	7,383,314	24,139	(477,670)
2009	9,332,399	(35,825)	(58,905)	9,355,479	6,640,000	2,715,479	2,237,809
2010	10,666,047	167,836	272,031	10,561,852	8,000,000	2,561,852	4,799,661
2011	10,950,633	359,975	584,122	10,726,486	10,000,000	726,486	5,526,147
2012	11,484,752	414,461	673,382	11,225,831	10,000,000	1,225,831	6,751,978
2013	11,578,433	506,398	842,870	11,241,961	10,000,000	1,241,961	7,993,939

* 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 I for Determination of Reserve Balances) and the Fund's liabilities as of January 1, 2014. The liabilities were determined from the actuarial valuation of the System based upon the data submitted by the County.

ASSETS	
Members' Annuity Reserve Account	\$ 60,540,024.39
County Annuity Reserve Account	\$ 58,953,720.33
Retired Members' Reserve Account	\$ 131,348,171.00
Unrealized Appreciation of Assets	\$ 49,398,951.02
<i>Total Assets, (Market Value) of the York County Employees' Retirement Fund</i>	<i>\$ 300,240,866.74</i>
LIABILITIES	
Actuarial Present Value of:	
Accumulated Plan Benefits	
Vested participants (1,494)	\$ 75,637,709.00
Nonvested participants (916)	\$ 1,923,570.00
Future Benefit Accruals	\$ 111,980,852.00
Terminated Vested Benefits	\$ 6,374,893.00
Retired Benefits	\$ 131,348,171.00
Member Accumulated Deductions	\$ 60,540,024.39
<i>Total Liabilities of the York County Employees' Retirement Fund</i>	<i>\$ 387,805,219.39</i>

Schedule C

Unfunded Actuarial Liability and Normal Cost

Schedule C shows the development of the unfunded actuarial liability and the normal cost for 2014.

I. Unfunded Actuarial Liability January 1, 2014

1. Actuarial Liability:		
(a) Active Participants		
Retirement Benefits	\$	126,898,072
Termination Benefits		12,375,326
Death Benefits		4,405,159
Total	\$	143,678,557
(b) Terminated Vested Participants	\$	6,374,893
(c) Retired Members and Beneficiaries		
Retirement Benefits	\$	125,471,432
Cost-of-Living Benefits		5,876,739
Total	\$	131,348,171
(d) Member Accumulated Deductions	\$	60,540,024
(e) Total (a) + (b) + (c) + (d)	\$	341,941,645
2. Actuarial Value of Plan Assets (see page 15)	\$	300,240,867
3. Unfunded Actuarial Liability as of January 1, 2014: (1e) – (2)	\$	41,700,778

II. Normal Cost for 2014

1. Normal Cost for:		
(a) Retirement Benefits	\$	5,110,618
(b) Termination Benefits		694,355
(c) Death Benefits		180,430
(d) Normal Cost as of January 1, 2014	\$	5,985,403
(e) Normal Cost with interest to end of year: (d) x 1.075	\$	6,434,308

Schedule D

Actuarial Gain(Loss) for One Year Period Ending December 31, 2013

Schedule D shows the development of the actuarial gain (loss) for the 2013 plan year.

1.	Unfunded Actuarial Liability as of January 1, 2013	\$	61,142,585
2.	Normal Cost as of January 1, 2013		5,933,708
3.	Interest at 7.50% Per Year to December 31, 2013 on (1) and (2)		5,030,722
4.	Employer Contributions for the 2013 Plan Year		10,000,000
5.	Change in Unfunded Actuarial Liability Due to Cost of Living Increase to Retirees		0
6.	Change in Unfunded Actuarial Liability Due to Change in Assumptions		0
7.	Expected Unfunded Actuarial Liability as of January 1, 2014: (1) + (2) + (3) - (4) + (5) + (6)		62,107,015
8.	Unfunded Actuarial Liability as of January 1, 2014		41,700,778
9.	Actuarial Gain (Loss) for 2013 Plan Year: (7) – (8)		20,406,237

Source of Gain (Loss)

<u>Year</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Total</u>
2013	\$ 19,782,423	\$ 623,814	\$ 20,406,237

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; increases 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 15 years from the effective date of change.

Amortization Record for 2014

		As of January 1, 2014				
		<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	\$ 48,423,784	1/1/09	25 years	\$ 45,703,610	\$ 4,100,102
(b)	Chg. in asset val.	\$(14,293,566)	1/1/10	16 years	\$(12,817,190)	\$(1,402,087)
(c)	Experience loss	\$ 22,708,190	1/1/10	11 years	\$ 18,819,280	\$ 2,572,548
(d)	Experience loss	\$ 1,075,097	1/1/11	12 years	\$ 942,115	\$ 121,795
(e)	Experience loss	\$ 2,090,078	1/1/12	13 years	\$ 1,924,030	\$ 236,779
(f)	Experience gain	\$ (1,753,959)	1/1/13	14 years	\$ (1,686,805)	\$ (198,701)
(g)	Chg. mort. tbl.	\$ 4,642,552	1/1/13	14 years	\$ 4,464,801	\$ 525,942
(h)	Chg. sal. assmp.	\$ (6,679,313)	1/1/13	14 years	\$ (6,423,580)	\$ (756,681)
(i)	Experience gain	\$(20,406,237)	1/1/14	15 years	<u>\$(20,406,237)</u>	<u>\$(2,311,766)</u>
(j)	Total				\$ 30,520,024	\$ 2,887,931

Schedule F

Schedule F determines the certified Actuarially Determined Contribution of \$9,322,239 for 2014 for the York County Employees' Retirement System.

1.	Total Amortization Charge/(Credit) (page 12 1(j))	\$ 2,887,931
2.	Normal Cost with interest to end of year (page 10 II 1(e))	\$ 6,434,308
3.	Total Funding Requirement for 2014 (Actuarially Determined Contribution for 2014): (1) + (2), but not less than 0	\$ 9,322,239

Notes:

The Actuarially Determined Contribution for 2014 as a percentage of the estimated 2014 compensation (\$106,720,140) for active members is 8.74%.

The equivalent normal cost accrual rate to be applied to actual 2013 salaries to determine reimbursable expenses is 9.09%.

Schedule G

The following are notes to Schedules B and I:

Members' Annuity Reserve Account

The balance of \$60,540,024.39 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, 2014. Since these accumulations represent the present value as of January 1, 2014, of future benefits, the reserve balance and liability are identical.

County Annuity Reserve Account

The balance of \$58,953,720.33 in this account as of January 1, 2014 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, 2014 amount to \$131,348,171.00. 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 as prescribed by the Pennsylvania State Law, Act 44 by using the greater of the market value of assets as of the valuation date and adjusting the actuarial value of assets as of the prior valuation date: increased by contributions and other deposits except investment income; decreased by benefit payments and administrative expenses or other payments; and credited with interest at 1% less than the plan's assumed rate to the valuation date. The actuarial value of assets will be limited to a maximum of 120% and a minimum of 80% of the market value of assets as of the valuation date.

1. Actuarial Value of Assets as of 01/01/2013	\$ 260,440,177.01
2. Contributions and Other Deposits Except Investment Income	\$ 15,388,580.47
3. Benefit Payments and Administrative Expenses of Other Payments	\$ 14,920,866.54
4. Interest at 1% less than the plan's assumed rate to the valuation date 01/01/2013: $0.065 \times [(1) + 0 \times (2) - 11/24 \times (3)]$	\$ 16,484,094.02
5. Preliminary Actuarial Value of Assets: $(1) + (2) - (3) + (4)$	\$ 277,391,984.96
6. Market Value of Assets as of 01/01/2014	\$ 300,240,866.74
7. 80% of Market Value: $.8 \times (6)$	\$ 240,192,693.39
8. 120% of Market Value: $1.2 \times (6)$	\$ 360,289,040.09
9. Actuarial Value of Assets as of 01/01/2014: Greater of (5) and (6) but not less than (7) nor more than (8)	\$ 300,240,866.74

Schedule H

APPROXIMATE RATE OF RETURN FOR 2013 PLAN YEAR			
	<u>Actuarial Value</u>		<u>Market Value</u>
1. Value as of December 31, 2012	\$	260,440,177.01	\$ 252,147,658.29
2. Contributions Received During Year	\$	15,388,580.47	\$ 15,388,580.47
3. Benefits and Expenses Paid During Year	\$	14,920,866.54	\$ 14,920,866.54
4. Value as of December 31, 2013	\$	300,240,866.74	\$ 300,240,866.74
5. Non-Investment Increment: (2) - (3)	\$	467,713.93	\$ 467,713.93
6. Investment Increment: (4) - (1) - (5)	\$	39,332,975.80	\$ 47,625,494.52
7. Time Weighted Value of Assets: (1) + .5(5)	\$	260,674,033.98	\$ 252,381,515.26
8. Approximate Rate of Return for 2013: (6) / (7)		15.09%	18.87%

HISTORY OF RATE OF RETURNS

<u>Plan Year</u>	<u>Actuarial Value Rate of Return</u>	<u>Market Value Rate of Return</u>
2012	6.31 %	11.97 %
2011	6.30 %	1.62 %
2010	6.31 %	12.55 %
2009	6.32 %	26.76 %
2008	(3.85) %	(26.01) %
2007		4.68 %
2006		10.76 %
2005		7.81 %
2004		7.41 %
Five Year Average (2009-2013):	8.01 %	14.05 %
Ten Year Average (2004-2013):		6.72 %

Schedule I

Determination of Reserve Balances

	M.A.R.A.	C.A.R.A.	R.M.R.A.	TOTAL
Balance 1/1/2013	\$ 59,421,650.98	\$ 63,180,630.61	\$ 114,683,255.00	\$ 237,285,536.59
County Appropriations		10,000,000		10,000,000
Member Contributions	5,388,580.47			5,388,580.47
Net Investment Income		13,088,665.20		13,088,665.20
Member Contributions Refunded	(1,263,589.31)			(1,263,589.31)
Pension Payments			(13,431,046.57)	(13,431,046.57)
Death Benefits			(226,230.66)	(226,230.66)
Retiree and Death Benefit Transfers	(5,240,074.15)	(15,906,834.51)	21,146,908.66	0.00
Balance Before Interest	58,306,567.99	70,362,461.30	122,172,886.43	250,841,915.72
Interest Allocated in 2013	2,233,456.40	(6,970,579.23)	4,737,122.83	
Balance Before Actuarial Adjustments	60,540,024.39	63,391,882.07	126,910,009.26	250,841,915.72
Actuarial Adjustments		(4,438,161.74)	4,438,161.74	
Ending Balance 12/31/2013	60,540,024.39	58,953,720.33	131,348,171.00	250,841,915.72
Unrealized Appreciation				49,398,951.02
Total Assets (12/31/2013) (Market Value)				300,240,866.74

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
2014	948	1,650	2,598	333	716	1,049
2013	940	1,640	2,580	313	672	985
2012	931	1,613	2,544	291	635	926
2011	930	1,602	2,532	278	614	893
2010	912	1,584	2,496	267	591	858
2009	917	1,597	2,514	261	560	821
2008	881	1,563	2,444	260	519	779
2007	863	1,506	2,369	248	480	728
2006	844	1,475	2,319	237	448	685
2005	826	1,464	2,290	225	424	649

Schedule K

Changes in Plan Participation From January 1, 2013 to January 1, 2014

ACTIVE PARTICIPANTS		
Number as of January 1, 2013		2,401
Changes During Plan Year:		
Retired	(-)	75
Terminated and Vested	(-)	29
Terminated	(-)	157
Died	(-)	2
New Participants	(+)	272
Number as of January 1, 2014		2,410

RETIRED PARTICIPANTS		
Number as of January 1, 2013		985
Changes During Plan Year:		
Returned to Active Service	(-)	1
Died	(-)	26
New Retirements from Active Service	(+)	75
New Surviving Annuitants	(+)	5
Vested Terminated Participants Whose Benefits Commenced	(+)	10
Additions	(+)	1
Number as of January 1, 2014		1,049

TERMINATED VESTED PARTICIPANTS		
Number as of January 1, 2013		179
Changes During Plan Year:		
Returned to Active Service	(-)	4
Benefits Commenced	(-)	10
Died	(-)	0
New Termination's with Vesting	(+)	29
Terminated	(-)	6
Number as of January 1, 2014		188

Schedule L

Age, Service and Average Salary Profile of the Active Members on January 1, 2014.

MALES -- FULL YEARS OF SERVICE TO JANUARY 1, 2014									
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	41	1	0	0	0	0	0	42	\$ 37,337
25-29	71	29	1	0	0	0	0	101	\$ 42,955
30-34	36	59	13	0	0	0	0	108	\$ 48,056
35-39	34	34	39	20	1	0	0	128	\$ 52,989
40-44	23	27	22	46	11	2	0	131	\$ 56,440
45-49	24	29	15	18	15	4	2	107	\$ 55,292
50-54	15	18	21	23	13	10	5	105	\$ 57,194
55-59	19	21	19	11	7	6	0	83	\$ 49,616
60-64	3	13	21	10	5	3	2	57	\$ 57,803
65 +	1	5	10	6	2	2	0	26	\$ 56,187
Total	267	236	161	134	54	27	9	888	\$ 51,879

Average Age: 42.69
Average Service: 9.84

FEMALES -- FULL YEARS OF SERVICE TO JANUARY 1, 2014									
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	\$ 26,542
20-24	75	3	0	0	0	0	0	78	\$ 31,268
25-29	126	68	6	0	0	0	0	200	\$ 37,264
30-34	78	98	40	2	0	0	0	218	\$ 40,110
35-39	54	51	46	28	1	0	0	180	\$ 41,870
40-44	40	42	27	33	13	3	0	158	\$ 41,410
45-49	40	33	33	25	20	24	0	175	\$ 41,800
50-54	41	47	23	18	13	17	12	171	\$ 41,452
55-59	24	48	43	19	22	17	9	182	\$ 42,355
60-64	11	32	22	22	14	8	4	113	\$ 37,765
65 +	8	7	12	11	3	2	0	43	\$ 33,753
Total	501	429	252	158	86	71	25	1,522	\$ 39,850

Average Age: 42.60
Average Service: 9.49

Schedule M

Actuarial Assumptions and Actuarial Cost Method for Funding Purposes, January 1, 2014.

Actuarial Assumptions

Mortality Rates: 2013 RP Annuitant and Non-Annuitant Mortality Tables for males and females with no projected improvement.

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 $(age - 30) \times 3 \frac{1}{3}\%$. 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

4.0% per annum.

Valuation Assets

The asset method that is prescribed by Pennsylvania State Law, Act 44, which is the greater of the market value of assets as of the valuation date and the actuarial value of assets as of the prior valuation date plus contributions and other deposits except investment income minus benefit payments and administrative expenses or other payments plus credited interest at 1% less than the plan's assumed rate to the valuation date. The actuarial value of assets will be limited to a maximum of 120% and a minimum of 80% of the market value of assets as of the valuation date.

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, 1960.
- 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%	01/01/1960
1/100	1.000%	01/01/1977
1/80	1.250%	07/01/1980
1/70	1.429%	01/01/1984
1/60	1.667%	01/01/1997
1/50	2.000%	12/31/2003 (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) 2.000% of 1/12th of Final "Average" Salary multiplied by years of credited service on the 1/50 Class,

PLUS

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

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

The Retirement Board has authorized each member of the retirement system to individually elect to contribute between 5% and 15% of his salary.

15. Deposit Administrator

Investment Managers:

- C.S. McKee
- GMO
- Earnest Partners
- Vanguard Funds
- American Funds
- Emerald Advisors
- Blackrock Global
- Acadian

Custodian:

- M&T Bank

Financial Consultant:

- Peirce Park Group

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 nineteen times in the past from January, 1972 through January, 1998 and since then as follows:

PERCENTAGE CHANGE IN C.P.I.	EFFECTIVE DATE OF INCREASE
100 %	1/1/1999
100 %	1/1/2000
100 %	1/1/2001
100 %	1/1/2002
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 O

Historical Trend Information

REVENUES BY SOURCE						
Fiscal Year	Employee Contributions	Employer Contributions	Investment Income	Miscellaneous	Total	
2004	\$ 3,884,032	\$ 7,353,342	\$ 7,797,128	\$ 0	\$ 19,034,502	
2005	4,083,206	8,206,357	11,042,048	0	23,331,611	
2006	4,279,375	7,665,899	13,558,806	0	25,504,080	
2007	4,491,080	7,199,423	12,710,631	0	24,401,134	
2008	4,617,739	7,383,314	3,330,341	0	15,331,394	
2009	4,962,683	6,640,000	2,669,192	0	14,271,875	
2010	4,958,084	8,000,000	8,222,869	17,107	21,198,060	
2011	5,219,125	10,000,000	15,032,868	883	30,252,876	
2012	5,310,335	10,000,000	13,717,441	0	29,027,776	
2013	5,388,580	10,000,000	13,088,665	0	28,477,245	

EXPENSES BY TYPE				
Fiscal Year	Benefits	Refunds	Administrative/ Miscellaneous	Total
2004	\$ 5,309,674	\$ 958,861	\$ 0	\$ 6,268,535
2005	5,557,612	965,775	0	6,523,387
2006	6,139,471	1,316,013	0	7,455,484
2007	7,463,588	1,395,991	0	8,859,579
2008	8,039,090	1,291,020	0	9,330,110
2009	9,664,232	755,609	301,052	10,720,893
2010	9,961,254	1,321,300	0	11,282,554
2011	11,125,862	1,259,129	0	12,384,991
2012	11,488,410	1,223,248	0	12,711,658
2013	13,657,277	1,263,589	0	14,920,866