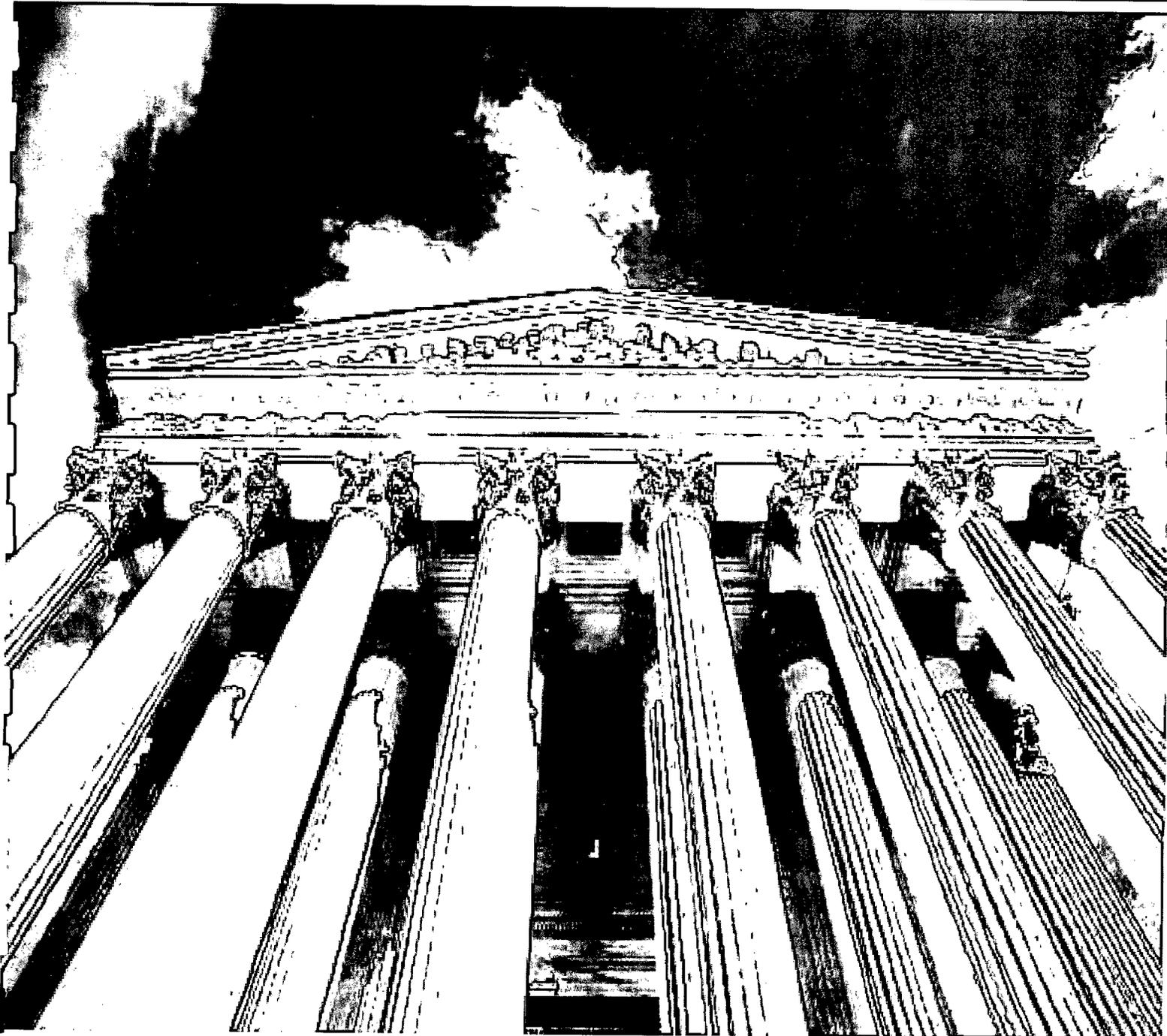


York County Employees' Retirement System

Report on 2013 Actuarial Valuation Including
Determination of County Annual Required
Contribution for 2013

HayGroup®



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for

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Commissioner
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Treasurer

April 10, 2013

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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, 2013 and to establish the proper appropriation for the 2013 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 York County Employees' Retirement Plan as of January 1, 2013 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,

HayGroup

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II. Findings

Certified Annual Required Contribution (ARC)

Please note that the certified Annual Required Contribution which is reported on page 13 of this report and which must be funded in 2013 is \$11,578,433.00. This amount 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	\$ 4,766,236.27	
Retired Members Annuity Reserve Account		\$ 4,766,236.27

Assumption Changes

Effective January 1, 2013 the mortality table has been changed and the salary increase assumption has been lowered from 4.5% to 4.0%. The effect of these changes is a decrease in the actuarial accrued liability of \$2,036,761.00 and a corresponding decrease in the ARC of \$450,280.00. The County recognizes the fact that the resulting lower current ARC may be at the expense of higher future ARCs.

III. Schedules

Schedule A

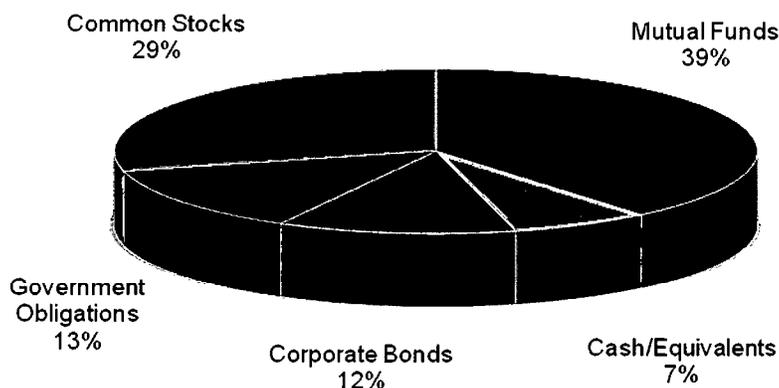
Disclosure of Pension Information in Accordance with
Statement No. 25, Statement No. 27 and Statement No. 50 of
the Governmental Accounting Standards Board

YORK COUNTY EMPLOYEES' RETIREMENT SYSTEM			
STATEMENT OF CHANGES IN PLAN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2012 AND 2011			
Additions			
		<u>2012 Total</u>	<u>2011 Total</u>
Contributions			
County	\$	10,000,000.00	\$ 10,000,000.00
Plan Members	\$	5,310,335.21	\$ 5,219,125.13
Miscellaneous	\$	0.00	\$ 882.87
Total Contributions	\$	<u>15,310,335.21</u>	<u>\$ 15,220,008.00</u>
Investment Income			
Realized Gain	\$	<u>7,675,601.81</u>	
Unrealized Gain	\$	<u>13,107,161.57</u>	
Net Gain in Fair Value	\$	20,782,763.38	\$ (2,165,949.22)
Interest	\$	2,070,166.51	\$ 2,301,805.79
Dividends	\$	3,334,747.11	\$ 2,820,072.15
Net Accrued Interest	\$	636,926.00	\$ 572,653.00
Investment Income	\$	<u>26,824,603.00</u>	<u>\$ 3,528,581.72</u>
Less Investment Expense	\$	0.00	\$ 0.00
Net Investment Income	\$	<u>26,824,603.00</u>	<u>\$ 3,528,581.72</u>
Total Additions	\$	<u>42,134,938.21</u>	<u>\$ 18,748,589.72</u>
Deductions			
Benefits	\$	11,488,410.37	\$ 11,125,861.98
Refunds of Member Contributions	\$	<u>1,223,247.65</u>	<u>\$ 1,259,128.86</u>
Total Deductions	\$	<u>12,711,658.02</u>	<u>\$ 12,384,990.84</u>
Net Increase/(Decrease)	\$	<u>29,423,280.19</u>	<u>\$ 6,363,598.88</u>
Net Assets Held In Trust For Pension Benefits			
Beginning of Year	\$	<u>222,724,378.10</u>	\$ 216,360,779.22
End of Year	\$	<u>252,147,658.29</u>	<u>\$ 222,724,378.10</u>

Schedule A--Continued

YORK EMPLOYES' RETIREMENT SYSTEM			
STATEMENT OF PLAN ASSETS AS OF DECEMBER 31, 2012 AND 2011			
Assets			
		2012 Total	2011 Total
Cash and Short-Term Investments	\$	16,497,103.32	\$ 9,851,490.61
Receivables	\$	0.00	\$ 0.00
Investments, at fair market value			
Government Obligations	\$	31,677,408.00	\$ 31,743,140.00
Corporate Bonds	\$	31,157,159.00	\$ 27,606,996.00
Common Stocks	\$	73,652,868.00	\$ 69,641,121.00
Mutual Funds	\$	99,275,716.00	\$ 84,373,343.00
Total Investments	\$	235,763,151.00	\$ 213,364,600.00
Total Assets	\$	252,260,254.32	\$ 223,216,090.61
Liabilities			
Refunds Payable and Other	\$	(112,596.03)	\$ (491,712.51)
Net Assets Held In Trust For Pension Benefits			
	\$	252,147,658.29	\$ 222,724,378.10

TOTAL ASSETS (MARKET VALUE 12-31-2012)



Schedule A -- Continued

York County Employees' Retirement System

Notes to the Financial Statements for the Fiscal Year Ended December 31, 2012

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 at December 31, 2012, the date of the latest actuarial valuation:

Retirees and Beneficiaries Receiving Benefits	985
Terminated Plan Members Entitled to but not yet Receiving Benefits	179
Active Plan Members	2,401
Total	3,565
Number of Participating Employers	1

Schedule A--Continued

York County Employes' Pension System

Plan Description: The York 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 York 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 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
2004	\$ 7,353,342	\$ 7,353,342
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	\$

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%

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	12/31/2012
Actuarial Cost Method	Entry Age
Asset Valuation Method	Greater of Market Value and Actuarial Value as described in Schedule J
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)
2004	7,353,342	(45,853)	(76,023)	7,383,512	7,353,342	30,170	(581,200)
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			

* 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, 2013. The liabilities were determined from the actuarial valuation of the System based upon the data submitted by the County.

ASSETS	
Members' Annuity Reserve Account	\$ 59,421,650.98
County Annuity Reserve Account	\$ 63,180,630.61
Retired Members' Reserve Account	\$ 114,683,255.00
Unrealized Appreciation of Assets	\$ 14,862,121.70
<i>Total Assets, (Market Value) of the York County Employees' Retirement Fund</i>	<i>\$ 252,147,658.29</i>
LIABILITIES	
Actuarial Present Value of:	
Accumulated Plan Benefits	
Vested (1,473)	\$ 74,471,244.00
Nonvested (928)	\$ 2,151,956.00
Future Benefit Accruals	\$ 110,058,747.00
Terminated Vested Benefits	\$ 6,326,826.00
Retired Benefits	\$ 114,683,255.00
Member Accumulated Deductions	\$ 59,421,650.98
<i>Total Liabilities of the York County Employees' Retirement Fund</i>	<i>\$ 367,113,678.98</i>

Schedule C

Unfunded Actuarial Liability and Normal Cost

Schedule C shows the development of the unfunded actuarial liability and the normal cost for 2013.

I. Unfunded Actuarial Liability January 1, 2013

1. Actuarial Liability:		
(a) Active Participants		
Retirement Benefits	\$	124,986,541
Termination Benefits		11,844,794
Death Benefits		4,319,695
Total	\$	141,151,030
(b) Terminated Vested Participants	\$	6,326,826
(c) Retired Members and Beneficiaries		
Retirement Benefits	\$	108,492,766
Cost-of-Living Benefits		6,190,489
Total	\$	114,683,255
(d) Member Accumulated Deductions	\$	59,421,651
(e) Total (a) + (b) + (c) + (d)	\$	321,582,762
2. Actuarial Value of Plan Assets (see page 15)	\$	260,440,177
3. Unfunded Actuarial Liability as of January 1, 2013: (1e) – (2)	\$	61,142,585

II. Normal Cost for 2013

1. Normal Cost for:		
(a) Retirement Benefits	\$	5,075,310
(b) Termination Benefits		679,821
(c) Death Benefits		178,577
(d) Normal Cost as of January 1, 2013	\$	5,933,708
(e) Normal Cost with interest to end of year: (d) x 1.075	\$	6,378,736

Schedule D

**Actuarial Gain(Loss) for One Year Period Ending
December 31, 2012**

Schedule D shows the development of the actuarial gain (loss) for the 2012 plan year.

1.	Unfunded Actuarial Liability as of January 1, 2012	\$ 64,258,316
2.	Normal Cost as of January 1, 2012	5,447,084
3.	Interest at 7.50% Per Year to December 31, 2012 on (1) and (2)	5,227,905
4.	Employer Contributions for the 2012 Plan Year	10,000,000
5.	Change in Unfunded Actuarial Liability Due to Change in Salary Assumption	(6,679,313)
6.	Change in Unfunded Actuarial Liability Due to Change in Mortality Table	4,642,552
7.	Expected Unfunded Actuarial Liability as of January 1, 2013: (1) + (2) + (3) - (4) + (5) + (6)	62,896,544
8.	Unfunded Actuarial Liability as of January 1, 2013	61,142,585
9.	Actuarial Gain (Loss) for 2012 Plan Year: (7) - (8)	1,753,959

Schedule E

Amortization Schedule

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

Amortization Record for 2013

				As of January 1, 2013	
	<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	26 years	\$ 46,329,034	\$ 4,100,102
(b) Chg. in asset val.	\$ (14,293,566)	1/1/10	17 years	\$ (13,227,234)	\$ (1,402,087)
(c) Experience loss	\$ 22,708,190	1/1/10	12 years	\$ 19,899,375	\$ 2,572,548
(d) Experience loss	\$ 1,075,097	1/1/11	13 years	\$ 989,684	\$ 121,795
(e) Experience loss	\$ 2,090,078	1/1/12	14 years	\$ 2,010,055	\$ 236,779
(f) Experience gain	\$ (1,753,959)	1/1/13	15 years	\$ (1,753,959)	\$ (198,701)
(g) Chg. mort. tbl.	\$ 4,642,552	1/1/13	15 years	\$ 4,642,552	\$ 525,942
(h) Chg. salary assmp.	\$ (6,679,313)	1/1/13	15 years	\$ (6,679,313)	\$ (756,681)
(i) Total				\$ 52,210,194	\$ 5,199,697

Schedule F

Schedule F determines the certified Annual Required Contribution (ARC) of \$11,578,433 for 2013 for the York County Employees' Retirement System.

1.	Total Amortization Charge/(Credit) (page 12 1(i))	\$ 5,199,697
2.	Normal Cost with interest to end of year (page 10 II 1(e))	\$ 6,378,736
3.	Total Funding Requirement for 2013 (Annual Required Contribution (ARC) for 2013): (1) + (2)	\$11,578,433

Notes:

The Annual Required Contribution (ARC) for 2013 as a percentage of the estimated 2013 compensation (\$104,455,415) for active members is 11.08%.

The equivalent normal cost accrual rate to be applied to actual 2012 salaries to determine reimbursable expenses is 11.52%

Schedule G

The following are notes to Schedules B and I:

**Members' Annuity
Reserve Account**

The balance of \$59,421,650.98 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, 2013. Since these accumulations represent the present value as of January 1, 2013, of future benefits, the reserve balance and liability are identical.

**County Annuity
Reserve Account**

The balance of \$63,180,630.61 in this account as of January 1, 2013 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, 2013 amount to \$114,683,255.00. The corresponding liability for those annuitants on the roll is identical.

Schedule G--Continued

Adjustment for Market Value Fluctuation

In order to reduce the fluctuations in the County normal cost which can result from full recognition of the unrealized appreciation or depreciation of the Fund's securities each year, the value of assets used to determine costs was determined by 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 01/01/2012	\$ 242,460,282.91
2. Contributions and Other Deposits Except Investment Income	\$ 15,310,335.21
3. Benefit Payments and Administrative Expenses of Other Payments	\$ 12,711,658.02
4. Interest at 1% less than the plan's assumed rate to the valuation date 01/01/2012: $0.065 \times [(1) + 0 \times (2) - 11/24 \times (3)]$	\$ 15,381,216.91
5. Preliminary Actuarial Value of Assets: $(1) + (2) - (3) + (4)$	\$ 260,440,177.01
6. Market Value of Assets as of 01/01/2013	\$ 252,147,658.29
7. 80% of Market Value: $.8 \times (6)$	\$ 201,718,126.63
8. 120% of Market Value: $1.2 \times (6)$	\$ 302,577,189.95
9. Actuarial Value of Assets as of 01/01/2013: Greater of (5) and (6) but not less than (7) nor more than (8)	\$ 260,440,177.01

Schedule H

APPROXIMATE RATE OF RETURN FOR 2012 PLAN YEAR			
		<u>Actuarial Value</u>	<u>Market Value</u>
1. Value as of December 31, 2011	\$	242,460,282.91	\$ 222,724,378.10
2. Contributions Received During Year	\$	15,310,335.21	\$ 15,310,335.21
3. Benefits and Expenses Paid During Year	\$	12,711,658.02	\$ 12,711,658.02
4. Value as of December 31, 2012	\$	260,440,177.01	\$ 252,147,658.29
5. Non-Investment Increment: (2) - (3)	\$	2,598,677.19	\$ 2,598,677.19
6. Investment Increment: (4) - (1) - (5)	\$	15,381,216.91	\$ 26,824,603.00
7. Time Weighted Value of Assets: (1) + .5(5)	\$	243,759,621.51	\$ 224,023,716.70
8. Approximate Rate of Return for 2012: (6) / (7)		6.31%	11.97%

HISTORY OF RATE OF RETURNS

<u>Plan Year</u>	<u>Actuarial Value Rate of Return</u>	<u>Market Value Rate of Return</u>
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 %
2003		24.38 %
Five Year Average:	4.20 %	3.73 %
Ten Year Average:		7.21 %

Schedule I

Determination of Reserve Balances

	M.A.R.A.	C.A.R.A.	R.M.R.A.	TOTAL
Balance 1/1/2012	\$ 57,710,053.61	\$ 63,344,575.36	\$ 99,914,789.00	\$ 220,969,417.97
County Appropriations		10,000,000.00		
Member Contributions	5,310,335.21			
Net Investment Income		13,717,441.43		
Member Contributions Refunded	(1,223,247.65)			
Pension Payments			(11,387,640.08)	
Death Benefits			(100,770.29)	
Retiree and Death Benefit Transfers	(4,583,147.49)	(12,793,143.44)	17,376,290.93	
Balance Before Interest	57,213,993.68	74,268,873.35	105,802,669.56	237,285,536.59
Interest Allocated in 2012	2,207,657.30	(6,322,006.47)	4,114,349.17	
Balance Before Actuarial Adjustments	59,421,650.98	67,946,866.88	109,917,018.73	237,285,536.59
Actuarial Adjustments		(4,766,236.27)	4,766,236.27	
Ending Balance 12/31/2012	59,421,650.98	63,180,630.61	114,683,255.00	237,285,536.59
Unrealized Appreciation				14,862,121.70
Total Assets (12/31/2012) (Market Value)				252,147,658.29

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
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
2004	795	1,392	2,187	208	388	596

Schedule K

Changes in Plan Participation From January 1, 2012 to January 1, 2013

ACTIVE PARTICIPANTS		
Number as of January 1, 2012		2,370
Changes During Plan Year:		
Retired	(-)	68
Terminated and Vested	(-)	23
Terminated	(-)	169
Died	(-)	2
New Participants	(+)	293
Number as of January 1, 2013		2,401

RETIRED PARTICIPANTS		
Number as of January 1, 2012		926
Changes During Plan Year:		
Returned to Active Service	(-)	0
Died	(-)	25
New Retirements from Active Service	(+)	68
New Surviving Annuitants	(+)	2
Vested Terminated Participants Whose Benefits Commenced	(+)	13
Additions	(+)	1
Number as of January 1, 2013		985

TERMINATED VESTED PARTICIPANTS		
Number as of January 1, 2012		174
Changes During Plan Year:		
Terminated	(-)	5
Returned to Active Service	(-)	0
Benefits Commenced	(-)	13
Died	(-)	0
New Termination's with Vesting	(+)	23
Number as of January 1, 2013		179

Schedule L

Age, Service and Average Salary Profile of the Active Members on January 1, 2013.

MALES -- FULL YEARS OF SERVICE TO JANUARY 1, 2013									
Age	0-4	5-9	10-14	15-19	20-24	25-29	30+	Total	Average Salary
0-19	2	0	0	0	0	0	0	2	\$ 21,106
20-24	34	3	0	0	0	0	0	37	\$ 36,749
25-29	65	28	1	0	0	0	0	94	\$ 42,093
30-34	42	64	17	0	0	0	0	123	\$ 48,602
35-39	35	35	30	27	1	0	0	128	\$ 51,560
40-44	20	27	27	39	13	0	0	126	\$ 54,413
45-49	21	28	15	15	18	10	2	109	\$ 54,433
50-54	14	22	19	22	10	10	3	100	\$ 56,030
55-59	14	26	22	5	9	7	2	85	\$ 51,167
60-64	6	15	15	14	3	3	1	57	\$ 54,394
65 +	1	4	12	7	2	0	1	27	\$ 56,020
Total	254	252	158	129	56	30	9	888	\$ 51,003

Average Age: 42.70
Average Service: 9.74

FEMALES -- FULL YEARS OF SERVICE TO JANUARY 1, 2013									
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	\$ 26,583
20-24	79	1	0	0	0	0	0	80	\$ 31,299
25-29	116	76	4	0	0	0	0	196	\$ 37,627
30-34	75	98	43	1	0	0	0	217	\$ 38,954
35-39	43	47	44	19	1	0	0	154	\$ 41,368
40-44	49	37	30	30	19	7	0	172	\$ 40,131
45-49	40	39	33	19	18	19	2	170	\$ 41,709
50-54	36	54	29	19	16	21	13	188	\$ 41,735
55-59	28	48	47	21	20	14	9	187	\$ 41,445
60-64	15	26	20	21	11	6	7	106	\$ 36,932
65 +	4	8	10	10	3	4	0	39	\$ 34,713
Total	489	434	260	140	88	71	31	1,513	\$ 39,436

Average Age: 42.70
Average Service: 9.51

Schedule M

Actuarial Assumptions and Actuarial Cost Method for Funding Purposes, January 1, 2013.

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) 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 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 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 plans' 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 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

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	
2003	\$ 3,870,083	\$ 3,859,747	\$ 6,111,696	\$ 0	\$ 13,841,526	
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	

EXPENSES BY TYPE					
Fiscal Year	Benefits	Refunds	Administrative/ Miscellaneous	Total	
2003	\$ 4,259,916	\$ 900,333	\$ 0	\$ 5,160,249	
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	