

York County Employees' Retirement System

Report on 2016 Actuarial Valuation Including
Determination of County Actuarially Determined
Contribution for 2016

HayGroup®



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April 14, 2016

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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 York County Employees' Retirement System as of January 1, 2016 and to establish the proper appropriation for the 2016 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, 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,

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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 2016 is \$11,430,630. This 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	\$ 4,040,004.26	
Retired Members Annuity Reserve Account		\$ 4,040,004.26

Actuarial Assumption Change

County has elected to change the asset valuation method. The cost effect of this change is a decrease in the actuarial value of assets of \$12,225,720, and a corresponding increase in the actuarially determined contribution of \$1,385,018.

III. Schedules

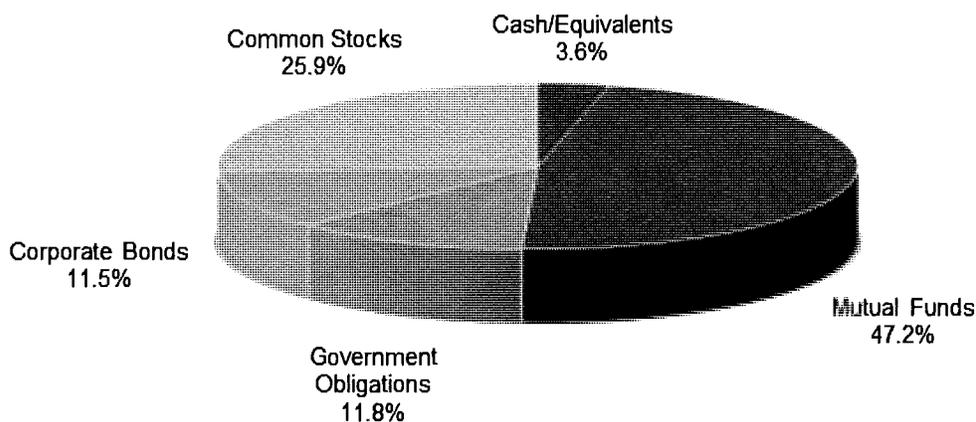
Schedule A

YORK COUNTY EMPLOYEES' RETIREMENT SYSTEM				
CHANGES IN PLAN NET ASSETS FOR THE CALENDAR YEAR 2015 AND 2014				
Additions				
	2015 Total		2014 Total	
Contributions				
County	\$	9,400,000.00	\$	10,000,000.00
Plan Members	\$	5,817,678.37	\$	5,760,523.72
Total Contributions	\$	<u>15,217,678.37</u>	\$	<u>15,760,523.72</u>
Investment Income				
Realized Gain	\$	<u>6,191,636.96</u>		
Unrealized Loss	\$	<u>(13,960,329.29)</u>		
Net Loss in Fair Value	\$	(7,768,692.33)	\$	8,714,729.81
Interest	\$	2,849,946.36	\$	2,517,508.13
Dividends	\$	6,772,929.78	\$	7,250,886.26
Net Accrued Interest	\$	742,779.00	\$	885,219.00
Investment Income	\$	<u>2,596,962.81</u>	\$	<u>19,368,343.20</u>
Less Investment Expense	\$	0.00	\$	0.00
Net Investment Income	\$	<u>2,596,962.81</u>	\$	<u>19,368,343.20</u>
Total Additions	\$	<u>17,814,641.18</u>	\$	<u>35,128,866.92</u>
Deductions				
Benefits	\$	16,306,392.12	\$	14,719,276.32
Refunds of Member Contributions	\$	<u>1,812,175.49</u>	\$	<u>1,403,401.54</u>
Total Deductions	\$	<u>18,118,567.61</u>	\$	<u>16,122,677.86</u>
Net Increase/(Decrease)	\$	<u>(303,926.43)</u>	\$	<u>19,006,189.06</u>
Net Assets Held In Trust For Pension Benefits				
Beginning of Year	\$	<u>319,247,055.80</u>	\$	<u>300,240,866.74</u>
End of Year	\$	<u><u>318,943,129.37</u></u>	\$	<u><u>319,247,055.80</u></u>

Schedule A—Continued

YORK COUNTY EMPLOYEES' RETIREMENT SYSTEM			
PLAN ASSETS AS OF DECEMBER 31, 2015 AND 2014			
Assets			
		<u>2015 Total</u>	<u>2014 Total</u>
Cash and Short-Term Investments	\$	11,591,948.97	\$ 15,811,277.28
Receivables	\$	0.00	\$ 0.00
Investments, at fair market value			
Government Obligations	\$	37,799,899.00	\$ 37,254,043.00
Corporate Bonds	\$	36,737,272.00	\$ 38,990,532.00
Common Stocks	\$	82,625,249.00	\$ 94,537,300.00
Mutual Funds	\$	150,447,467.00	\$ 132,815,158.00
 Total Investments	 \$	 <u>307,609,887.00</u>	 \$ <u>303,597,033.00</u>
 Total Assets	 \$	 <u>319,201,835.97</u>	 \$ <u>319,408,310.28</u>
Liabilities			
Refunds Payable and Other	\$	258,706.60	\$ 161,254.48
Net Assets Held In Trust For Pension Benefits			
	\$	<u>318,943,129.37</u>	\$ <u>319,247,055.80</u>

TOTAL ASSETS (MARKET VALUE 12-31-2015)



Schedule A – Continued

York County Employees’ Retirement System

Plan Description and Contribution Information

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.

Membership of the plan consisted of the following as of January 1, 2016:

Retirees and Beneficiaries Receiving Benefits	1,137
Terminated Plan Members Entitled to but not yet Receiving Benefits	212
Active Plan Members	2,418
Total	3,767
Number of Participating Employers	1

Schedule A—Continued

York County Employees' Retirement System

Plan Description: The York County Employees' Retirement 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.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year	Contribution *	County Contribution
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
2014	\$ 9,322,239	\$ 10,000,000
2015	\$ 10,624,062	\$ 9,400,000

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.

*Prior to 2014, contribution was described as Annual Required Contribution (ARC). After 2013, contribution was described as actuarially determined contribution.

Schedule A--Continued

SCHEDULE 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%
1/1/2015	319,247,056	367,518,802	48,271,746	86.9%	113,715,757	42.4%
1/1/2016	324,331,723	383,663,530	59,331,807	84.5%	111,592,771	53.2%

Schedule A--Continued

HISTORICAL ACCOUNTING INFORMATION

The information was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation Date	01/01/2016
Actuarial Cost Method	Entry Age
Asset Valuation Method	Market value adjusted for unrecognized gains and losses from prior years.
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)

Subsequent years Net Pension Liability calculation found in GASB 67 & 68 disclosure report

(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, 2016. The liabilities were determined from the actuarial valuation of the System based upon the data submitted by the County.

ASSETS	
Members' Annuity Reserve Account	\$ 66,364,185.79
County Annuity Reserve Account	\$ 67,187,119.27
Retired Members' Reserve Account	\$ 150,817,332.00
Unrealized Appreciation of Assets	\$ 34,574,492.31
<i>Total Assets, (Market Value) of the York County Employees' Retirement Fund</i>	<i>\$ 318,943,129.37</i>
LIABILITIES	
Actuarial Present Value of:	
Accumulated Plan Benefits	
Vested participants (1,474)	\$ 84,998,063
Nonvested participants (944)	\$ 2,323,758
Future Benefit Accruals	\$ 118,791,864
Terminated Vested Benefits	\$ 7,178,312
Retired Benefits	\$ 150,817,332
Member Accumulated Deductions	\$ 66,364,186
<i>Total Liabilities of the York County Employees' Retirement Fund</i>	<i>\$ 430,473,515</i>

Schedule C

Unfunded Actuarial Liability and Normal Cost

Schedule C shows the development of the unfunded actuarial liability and the normal cost for 2016.

I. Unfunded Actuarial Liability January 1, 2016

1. Actuarial Liability:		
(a) Active Participants		
Retirement Benefits	\$	140,655,106
Termination Benefits		13,405,128
Death Benefits		5,243,466
Total	\$	159,303,700
(b) Terminated Vested Participants	\$	7,178,312
(c) Retired Members and Beneficiaries		
Retirement Benefits	\$	145,695,047
Cost-of-Living Benefits		5,122,285
Total	\$	150,817,332
(d) Member Accumulated Deductions	\$	66,364,186
(e) Total (a) + (b) + (c) + (d)	\$	383,663,530
2. Actuarial Value of Plan Assets (see page 15)	\$	324,331,723
3. Unfunded Actuarial Liability as of January 1, 2016: (1e) – (2)	\$	59,331,807

II. Normal Cost for 2016

1. Normal Cost for:		
(a) Retirement Benefits	\$	5,238,540
(b) Termination Benefits		724,884
(c) Death Benefits		201,586
(d) Normal Cost as of January 1, 2016	\$	6,165,010
(e) Normal Cost with interest to end of year: (d) x 1.075	\$	6,627,386

Schedule D

Actuarial Gain(Loss) for One Year Period Ending December 31, 2015

Schedule D shows the development of the actuarial gain (loss) for the 2015 plan year.

1.	Unfunded Actuarial Liability as of January 1, 2015	\$	48,271,746
2.	Normal Cost as of January 1, 2015		6,457,757
3.	Interest at 7.50% Per Year to December 31, 2015 on (1) and (2)		4,104,713
4.	Employer Contributions for the 2015 Plan Year		9,400,000
5.	Change in Unfunded Actuarial Liability Due to Change in Asset Valuation Method		12,225,720
6.	Change in Unfunded Actuarial Liability Due to Change in Assumptions		0
7.	Expected Unfunded Actuarial Liability as of January 1, 2016: (1) + (2) + (3) - (4) + (5) + (6)		61,659,936
8.	Unfunded Actuarial Liability as of January 1, 2016		59,331,807
9.	Actuarial Gain (Loss) for 2015 Plan Year: (7) – (8)		2,328,129

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; resetting the unfunded actuarial liability (UAL) due to outstanding balance becoming negative will be amortized over 15 years beginning with the January 1st coinciding with or next following when the outstanding balance becomes negative. When resetting, any previous charges or credits will be considered paid off and eliminated.

Amortization Record for 2016

						As of January 1, 2016
						Amortization
						Charge or
						(Credit)
	Initial Amount	Effective Date	Remaining Period	Outstanding Balance		
Amortization of Liability for:						
(a) Initial UAAL	\$ 48,423,784	1/1/2009	23 Years	\$ 44,308,523	\$ 4,100,102	
(b) Chg. in asset val.	(14,293,566)	1/1/2010	14 Years	(11,902,534)	(1,402,087)	
(c) Experience loss	22,708,190	1/1/2010	9 Years	16,409,993	2,572,548	
(d) Experience loss	1,075,097	1/1/2011	10 Years	836,007	121,795	
(e) Experience loss	2,090,078	1/1/2012	11 Years	1,732,140	236,779	
(f) Experience gain	(1,753,959)	1/1/2013	12 Years	(1,537,009)	(198,701)	
(g) Chg. Mort. Tbl.	4,642,552	1/1/2013	12 Years	4,068,306	525,942	
(h) Chg. Sal. Assmp.	(6,679,313)	1/1/2013	12 Years	(5,853,137)	(756,681)	
(i) Experience gain	(20,406,237)	1/1/2014	13 Years	(18,785,043)	(2,311,766)	
(j) Experience loss	7,009,101	1/1/2015	14 Years	6,740,742	794,042	
(k) Experience gain	(2,328,129)	1/1/2016	15 Years	(2,328,129)	(263,747)	
(l) Chg. in asset val.	12,225,720	1/1/2016	15 Years	<u>12,225,720</u>	<u>1,385,018</u>	
(m) Total				\$ 45,915,579	\$ 4,803,244	

Schedule F

Schedule F determines the certified actuarially determined contribution of \$11,430,630 for 2016 for the York County Employees' Retirement System.

1.	Total Amortization Charge/(Credit) (page 12 (m))	\$ 4,803,244
2.	Normal Cost with interest to end of year (page 10 II 1(e))	\$ 6,627,386
3.	Total Funding Requirement for 2016 (actuarially determined contribution for 2016): (1) + (2), but not less than 0	\$11,430,630

Notes:

The actuarially determined contribution for 2016 as a percentage of the estimated 2016 compensation (\$111,592,771) for active members is 10.24%.

The equivalent normal cost accrual rate to be applied to actual 2015 salaries to determine reimbursable expenses is 10.65%.

Schedule G

The following are notes to Schedules B and I:

**Members' Annuity
Reserve Account**

The balance of \$66,364,185.79 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, 2016. Since these accumulations represent the present value as of January 1, 2016, of future benefits, the reserve balance and liability are identical.

**County Annuity
Reserve Account**

The balance of \$67,187,119.27 in this account as of January 1, 2016 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, 2016 amount to \$150,817,332.00. The corresponding liability for those annuitants on the roll is identical.

Schedule G--Continued

Adjustment for Market Value Fluctuation

The Actuarial Value of Assets equals the Market Value of Assets adjusted for unrecognized gains and losses from prior years. Gains and losses are determined by calculating the expected asset return based on Plan assumptions and subtracting the actual Plan return. Gains and losses are phased in 20% per year over a 5-year period. The Actuarial Value of Assets is adjusted, if necessary, to fall within a corridor of 80% to 120% of Market Value of Assets.

(1)	Market Value of Assets as of January 1, 2015	\$	319,247,055.80
(2)	Contributions for 2015		15,217,678.37
(3)	Disbursements during 2015		18,118,567.61
(4)	Expected Return at 7.5% Interest		23,834,745.84
(5)	Actual Return for 2015		2,596,962.81
(6)	Gain/(Loss) for 2015		(21,237,783.03)
(7)	Amount Unrecognized for 2015	(21,237,783.03) x .8	(16,990,226.42)
(8)	Gain/(Loss) Unrecognized for Prior Years:		
	(a) 2014	(3,136,141.03) x .6	(1,881,684.62)
	(b) 2013	28,696,880.88 x .4	11,478,752.35
	(c) 2012	10,022,824.25 x .2	2,004,564.85
(9)	Market Value of Assets as of January 1, 2016		318,943,129.37
(10)	Actuarial Value of Assets as of January 1, 2016: Equals (9) – (7) – (8)		324,331,723.21
(11)	Value must be not less than 80% or not greater than 120% of Market Value		324,331,723.21

Schedule H

APPROXIMATE RATE OF RETURN FOR 2015 PLAN YEAR			
		<u>Actuarial Value</u>	<u>Market Value</u>
1. Value as of December 31, 2014	\$	319,247,055.80	\$ 319,247,055.80
2. Contributions Received During Year	\$	15,217,678.37	\$ 15,217,678.37
3. Benefits and Expenses Paid During Year	\$	18,118,567.61	\$ 18,118,567.61
4. Value as of December 31, 2015	\$	324,331,723.31	\$ 318,943,129.37
5. Non-Investment Increment: (2) — (3)	\$	(2,900,889.24)	\$ (2,900,889.24)
6. Investment Increment: (4) — (1) — (5)	\$	7,985,556.75	\$ 2,596,962.81
7. Time Weighted Value of Assets: (1) + .5 x (5)	\$	317,796,611.18	\$ 317,796,611.18
8. Approximate Rate of Return for 2015: (6) / (7)		2.51%	0.82%

HISTORY OF RATE OF RETURNS		
Plan Year	Actuarial Value Rate of Return	Market Value Rate of Return
2014	6.45%	6.45%
2013	15.09%	18.87%
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%
Five Year Average (2011 - 2015):	7.25%	7.74%
Ten Year Average (2006 - 2015):		5.92%

Schedule I

Determination of Reserve Balances

	M.A.R.A.	C.A.R.A.	R.M.R.A.	TOTAL
Balance 1/1/2015	\$ 63,335,224.47	\$ 64,889,696.73	\$ 142,487,313.00	\$ 270,712,234.20
County Appropriations		9,400,000.00		9,400,000.00
Member Contributions	5,817,678.37			5,817,678.37
Net Investment Income		16,557,292.10		16,557,292.10
Investment Expenses		0.00		0.00
Member Contributions Refunded	(1,812,175.49)			(1,812,175.49)
Pension Payments			(15,978,162.24)	(15,978,162.24)
Death Benefits			(328,229.88)	(328,229.88)
Retiree and Death Benefit Transfers	(3,532,795.42)	(11,391,755.74)	14,924,551.16	0.00
Administrative Expenses		0.00		0.00
Balance Before Interest	63,807,931.93	79,455,233.09	141,105,472.04	284,368,637.06
Interest Allocated in 2015	2,556,253.86	(8,228,109.56)	5,671,855.70	
Balance Before Actuarial Adjustments	66,364,185.79	71,227,123.53	146,777,327.74	284,368,637.06
Actuarial Adjustments		(4,040,004.26)	4,040,004.26	
Ending Balance 12/31/2015	66,364,185.79	67,187,119.27	150,817,332.00	284,368,637.06
Unrealized Appreciation				34,574,492.31
Total Assets (12/31/2015) (Market Value)				318,943,129.37

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
2016	968	1,662	2,630	352	785	1,137
2015	959	1,694	2,653	345	752	1,097
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	892
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

Schedule K

Changes in Plan Participation From January 1, 2015 to January 1, 2016

ACTIVE PARTICIPANTS		
Number as of January 1, 2015		2,449
Changes During Plan Year:		
Retired	(-)	59
Terminated and Vested	(-)	32
Terminated	(-)	211
Died	(-)	3
New Participants	(+)	274
Number as of January 1, 2016		2,418

RETIRED PARTICIPANTS		
Number as of January 1, 2015		1,097
Changes During Plan Year:		
Returned to Active Service	(-)	0
Died	(-)	35
New Retirements from Active Service	(+)	59
New Surviving Annuitants	(+)	5
Vested Terminated Participants Whose Benefits Commenced	(+)	13
Deletions	(-)	2
Number as of January 1, 2016		1,137

TERMINATED VESTED PARTICIPANTS		
Number as of January 1, 2015		204
Changes During Plan Year:		
Returned to Active Service	(-)	2
Benefits Commenced	(-)	13
Terminated	(-)	9
New Termination's with Vesting	(+)	32
Number as of January 1, 2016		212

Schedule L

Age, Service and Average Salary Profile of the Active Members on January 1, 2016.

MALES — FULL YEARS OF SERVICE TO JANUARY 1, 2016									
Age	0-4	5-9	10-14	15-19	20-24	25-29	30+	Total	Average Salary
0-19	3	0	0	0	0	0	0	3	\$ 21,956
20-24	32	2	0	0	0	0	0	34	\$ 39,812
25-29	71	31	1	0	0	0	0	103	\$ 44,634
30-34	55	50	21	0	0	0	0	126	\$ 49,360
35-39	17	33	43	12	0	0	0	105	\$ 54,304
40-44	15	29	24	39	10	3	0	120	\$ 59,735
45-49	17	30	16	30	14	12	0	119	\$ 61,173
50-54	15	26	17	29	13	9	9	118	\$ 58,965
55-59	9	17	19	18	7	5	1	76	\$ 56,245
60-64	11	13	11	13	2	5	4	59	\$ 56,592
65 +	4	5	9	9	4	1	1	33	\$ 57,461
Total	249	236	161	150	50	35	15	896	\$ 54,524

Average Age: 43.00
Average Service: 10.26

FEMALES — FULL YEARS OF SERVICE TO JANUARY 1, 2016									
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	\$ 24,755
20-24	80	6	0	0	0	0	0	86	\$ 31,160
25-29	138	56	1	0	0	0	0	195	\$ 39,531
30-34	75	85	46	2	0	0	0	208	\$ 41,212
35-39	47	44	57	25	2	0	0	175	\$ 43,374
40-44	47	34	18	41	15	2	0	157	\$ 41,720
45-49	42	43	30	33	17	23	1	189	\$ 43,214
50-54	30	33	38	20	14	17	15	167	\$ 45,132
55-59	28	34	41	28	16	14	10	171	\$ 42,330
60-64	15	33	30	26	10	10	5	129	\$ 39,496
65 +	7	6	11	8	5	4	0	41	\$ 37,376
Total	513	374	272	183	79	70	31	1,522	\$ 41,242

Average Age: 42.79
Average Service: 9.73

Schedule M

Actuarial Assumptions and Actuarial Cost Method for Funding Purposes, January 1, 2016.

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 Market value adjusted for unrecognized gains and losses from prior years.

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.

Changes Since Prior Valuation The asset valuation method was changed. No other changes have been made.

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

5. Final Average Salary

The average of the member's annual compensation received for the three years which produce the highest such average.

6. Compensation

Pick-up contributions plus remuneration received as a county employee excluding refunds for expenses, contingency and accountable expense allowances and excluding severance payments or payments for unused vacation or sick leave.

7. Early Retirement

Eligibility:

Voluntary: Upon completion of 20 years of service.

Involuntary: Upon completion of 8 years of service.

Pension:

(a) a monthly pension equal to the actuarial equivalent of the benefits calculated in 4(a),

PLUS

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

8. Vesting

One Hundred Percent (100%) upon completion of five years of credited service. A member who terminates employment after five years of credited service will receive a deferred annuity commencing at age 60 (or at age 55 if the member has at least 20 years of service at termination). The deferred benefit shall be calculated using the normal retirement pension formula but based on credited service, final average salary and accumulated contributions at termination.

If a member terminates employment prior to entitlement to Plan benefits, he will receive his accumulated contributions with interest.

9. Postponed Retirement

A member may work past normal retirement age and continue to accrue pension credits.

Schedule N--Continued**10. Disability Retirement**

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

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

11. Normal Form of Pension

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

12. Optional Retirement Benefits

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

13. Death Benefits

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

Schedule N--Continued

14. Employee Contributions

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
- Twin Capital Management

Custodian:

M&T Bank

Investment 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	
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	
2014	5,760,524	10,000,000	20,232,472	0	35,992,996	
2015	5,817,678	9,400,000	16,557,292	0	31,774,970	

EXPENSES BY TYPE						
Fiscal Year	Benefits	Refunds	Administrative/ Miscellaneous	Total		
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		
2014	14,719,276	1,403,402	0	16,122,678		
2015	16,306,392	1,812,175	0	18,118,567		