October 2011

Actuarial Valuation Report as of January 1, 2011 for the January 1, 2011 – December 31, 2011 Fiscal Year

Adams County Retirement Plan

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Contents

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Ms. Pamela Mathisen
Plan Administrator
Adams County
4430 South Adams County Parkway, Suite C3406
Brighton, CO 80601-8202

October 25, 2011

Subject: Actuarial valuation report

Dear Pam:

Submitted in this report are the January 1, 2011 actuarial valuation results for the Adams County Retirement Plan. The only purpose of this report is to present Mercer's actuarial estimates of the Plan's liabilities and expenses as of January 1, 2011 for Adams County to incorporate, as the County deems appropriate, in its financial statements.

We are available to answer any questions on the material in this report or to provide explanations or further details as appropriate. The undersigned credentialed actuaries meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained in this report. We are not aware of any direct or material indirect financial interest or relationship, including investments or other services that could create a conflict of interest, that would impair the objectivity of our work.

Respectfully submitted,

Marlise Bruno

Marlise S. Bruno, EA, MAAA
Enrolled Actuary No. 11-6542

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JLH:SEG:snb

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Ms. Debbie Haines

The information contained in this document (including any attachments) is not intended by Mercer to be used, and it cannot be used, for the purpose of avoiding penalties under the Internal Revenue Code that may be imposed on the taxpayer.

1. Report highlights

Below are highlights of the results from the January 1, 2011 valuation and a comparison to the last actuarial valuation as of January 1, 2010.

Financial reporting under GASB

The Governmental Accounting Standards Board (GASB) issued Statement No. 25: *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, which establishes accounting standards for governmental pension plans whether the information is reported in a separately issued financial statement of the plan or in the financial report of the plan sponsor.

GASB also issued Statement No. 27: *Accounting for Pensions by State and Local Government Employers*, which establishes accounting standards for governmental employers to report pension expense, pension liabilities and assets, related note disclosures, and required supplementary information.

These standards do not require any particular level of funding, but establish parameters for determining whether or not the amount contributed is acceptable for financial reporting or whether different measures are required. Any differences between the annual expense calculated based on these parameters and the amount funded in a year are recorded in the employer's financial statement as an increase (or decrease) in the net pension obligation. The funded status of the plan is shown as part of Required Supplementary Information.

Annual pension cost calculation

The annual pension cost recognized under GASB 27 is equal to the "annual required contribution" or ARC calculated in accordance with parameters established by GASB unless the employer has a net pension obligation or asset at the beginning of the fiscal year. The calculation of the ARC is the amount determined under the actuarial cost method selected and consists of the normal cost plus amortization of the unfunded accrued liability (UAL, or the excess of the past service liability over the actuarial value of assets).

The Annual Required Contribution (ARC), calculated in accordance with GASB 27 for the fiscal year ending December 31, 2011, is $17,559,138.

The difference between the amounts required to be recognized and the amounts funded (including benefits paid from general employer assets) are accumulated as the "net pension obligation." The annual pension cost related to the ARC must be reported in the employer's financial statements as an expense item.

The main financial highlights from the last two valuations are as follows:

GASB 25 funded status ($ millions)	January 1, 2011	January 1, 2010
Accrued liability	$ 356.3	$ 341.0
Actuarial value of assets (smoothed)	204.7	201.0
Unfunded accrued liability	151.6	140.0
Funded ratio	57.4%	58.9%
Interest rate	7.5%	7.5%

Results on a Market Value of Assets Basis ($ millions)	January 1, 2011	January 1, 2010
Market value of assets	$ 185.0	$ 169.0
Unfunded accrued liability	171.2	172.0
Funded ratio	51.9%	49.6%

The Annual Required Contribution for the Plan (net of Member contributions) increased from $16.86 million to $17.56 million. The contributions being made by Members and the Employers fall below the amount required in 2011 as shown in the table below:

Contribution summary ($ millions)	January 1, 2011	January 1, 2010
Annual Required Contribution before reflection of member contributions	$ 25.22	$ 24.53
Expected member contributions	$ 7.66	$ 7.67
Annual Required Contribution	17.56	16.86
Expected employer contributions	7.66	7.67
Contribution shortfall:		
▪ Dollar amount	$ 9.90	$ 9.19
▪ Percent of payroll	10.34%	9.28%

Due to the asset smoothing method used, the actuarial value of assets (AVA) used to determine the employer contribution rate(s) in this valuation exceeds the market value of assets (MVA) by 10.6%. Absent future investment gains to offset the investment losses being smoothed, future employer contributions will increase as past investment losses continue to be recognized over time. If asset smoothing methods were not used for this valuation, the employer contribution rate, based on the market value of assets, would have been 20.0% of pay instead of 18.3% of pay.

The Annual Required Contribution (ARC) under GASB No. 25 is determined based on a level dollar amortization method. The amortization period is 30 years from the valuation date. This amortization period is open. Because the unfunded actuarial liability (UAL) is being amortized by an open or rolling amortization period (with re-amortization of the UAL in each valuation), the amortization amounts will never fully eliminate the UAL.

Principal valuation results

A summary of principal valuation results from the current valuation and the prior valuation follows. Any changes in actuarial assumptions, methods or plan provisions between the two valuations are described in the next section entitled Effects of changes.

	Actuarial valuation as of	
	January 1, 2011	**January 1, 2010**
Summary of costs		
Annual Required Contribution before reflection of member contributions	$ 25,218,142	$ 24,527,254
Annual Required Contribution for fiscal year beginning on valuation date (net of member contribution)	17,559,138	16,856,144
Percent of pay	18.34%	17.03%
GASB No. 25 funded status		
Actuarial accrued liability	$ 356,275,436	$ 340,984,767
Actuarial value of assets	204,666,912	200,975,215
Funded ratio	57.4%	58.9%
Unfunded actuarial accrued liability	151,608,524	140,009,552
Market value of assets and additional liabilities		
Market value of assets	$ 185,034,993	$ 169,001,538
Funded ratio	51.9%	49.6%
Actuarial present value of accumulated plan benefits (ASC No. 960)	284,464,122	266,749,187
Present value of projected plan benefits	462,227,420	452,135,592
Summary of data		
Number of members in valuation		
Active members	1,756	1,817
Members with deferred benefits	141	130
Members with refunds due	121	198
Retired members	618	589
Beneficiaries	70	66
Disabled retirees	34	32
Total membership	**2,740**	**2,832**
Active member statistics		
Total annual projected compensation	$ 95,737,553	$ 98,982,060
Average projected compensation	54,520	54,476
Average age	44.4	43.7
Average service	9.5	8.9

Effects of Changes

Changes in plan provisions

Changes in plan provisions for participants hired on or after January 1, 2010 was first recognized in this valuation. The benefits for these employees are described in the summary of plan provisions in Section 10.

Effective January 1, 2011, the total funding policy contribution rate increased from 15.5% to 16.0% and will continue to increase 0.5% per year until it reaches 18.0% in 2015. This change was fully anticipated in the prior valuation and therefore has no impact on current plan liabilities.

Changes in actuarial assumptions

There have been no changes in actuarial assumptions since the last valuation of the Plan.

Changes in actuarial methods

There have been no changes in actuarial methods since the last valuation of the Plan.

Actuarial experience during the plan year

The Plan experienced a liability gain of $9,832,160 which was primarily caused by salary increases well below the assumed long-term annual increase. The actuarial value of assets experienced an actuarial asset loss of $11,331,579 during 2010 due to continued recognition over several years of 2008 investment losses via the asset smoothing methodology used in the ARC calculation. See Section 3 for additional details.

2. Important notices

Mercer has prepared this report exclusively for the Adams County Retirement Board; Mercer is not responsible for reliance upon this report by any other party. Subject to this limitation, the Adams County Retirement Board may direct that this report be provided to its auditors.

The only purpose of this report is to present actuarial estimates of the Plan’s liabilities and expenses for Adams County to incorporate, as the County deems appropriate, in its financial statements.

This report may not be used for any other purpose; Mercer is not responsible for the consequences of any unauthorized use.

Decisions about benefit changes, granting new benefits, investment policy, funding policy, benefit security and/or benefit-related issues should not be made on the basis of this valuation, but only after careful consideration of alternative economic, financial, demographic and societal factors, including financial scenarios that assume future sustained investment losses.

The Retirement Board is solely responsible for selecting the Plan’s investment policies, asset allocations and individual investments. Mercer’s actuaries have not provided any investment advice to the Retirement Board.

A valuation report is only a snapshot of a plan’s estimated financial condition at a particular point in time; it does not predict the Plan’s future financial condition or its ability to pay benefits in the future and does not provide any guarantee of future financial soundness of the Plan. Over time, a plan’s total cost will depend on a number of factors, including the amount of benefits the plan pays, the number of people paid benefits, the period of time over which benefits are paid, plan expenses and the amount earned on any assets invested to pay benefits. These amounts and other variables are uncertain and unknowable at the valuation date.

Because modeling all aspects of a situation is not possible or practical, we may use summary information, estimates, or simplifications of calculations to facilitate the modeling of future events in an efficient and cost-effective manner. We may also exclude factors or data that are immaterial in our judgment. Use of such simplifying techniques does not, in our judgment, affect the reasonableness of valuation results for the Plan.

To prepare the valuation report, actuarial assumptions, as described in Section 9, are used in a forward looking financial and demographic model to present a single scenario from a wide range of possibilities; the results based on that single scenario are included in the valuation. The future is uncertain and the Plan’s actual experience will differ from those assumptions; these differences may be significant or material because these results are very sensitive to the assumptions made and, in some cases, to the interaction between the assumptions.

Different assumptions or scenarios within the range of possibilities may also be reasonable and results based on those assumptions would be different. As a result of the uncertainty inherent in a forward looking projection over a very long period of time, no one projection is uniquely “correct” and many alternative projections of the future could also be regarded as reasonable. Two different actuaries could, quite reasonably, arrive at different results based on the same data and different views of the future. A "sensitivity analysis" shows the degree to which results would be different if you substitute alternative assumptions within the range of possibilities for those utilized in this report. We have not been engaged to perform such a sensitivity analysis and thus the results of such an analysis are not included in this report. At the Retirement Board’s request, Mercer is available to perform such a sensitivity analysis.

Actuarial assumptions may also be changed from one valuation to the next because of changes in mandated requirements, plan experience, changes in expectations about the future and other factors. A change in assumptions is not an indication that prior assumptions were unreasonable when made.

The calculation of actuarial liabilities for valuation purposes is based on a current estimate of future benefit payments. The calculation includes a computation of the “present value” of those estimated future benefit payments using an assumed discount rate; the higher the discount rate assumption, the lower the estimated liability will be. For purposes of estimating the liabilities (future and accrued) in this report, you selected an assumption based on the expected long term rate of return on plan investments. Using a lower discount rate assumption, such as a rate based on long-term bond yields, could substantially increase the estimated present value of future and accrued liabilities.

Because valuations are a snapshot in time and are based on estimates and assumptions that are not precise and will differ from actual experience, contribution calculations are inherently imprecise. There is no uniquely “correct” level of contributions for the coming plan year.

Valuations do not affect the ultimate cost of the Plan, only the timing of contributions into the Plan. Plan funding occurs over time. Contributions not made this year, for whatever reason, including errors, remain the responsibility of the Plan sponsor and can be made in later years. If the contribution levels over a period of years are lower or higher than necessary, it is normal and expected practice for adjustments to be made to future contribution levels to take account of this with a view to funding the Plan over time.

Data, computer coding and mathematical errors are possible in the preparation of a valuation involving complex computer programming and thousands of calculations and data inputs. Errors in a valuation discovered after its preparation may be corrected by amendment to the valuation or in a subsequent year's valuation.

Certain actuarial assumptions, including discount rates, mortality tables and others identified in this report, are selected by the Retirement Board based on the last experience study. The Retirement Board is responsible for selecting the Plan's funding policy, actuarial valuation methods, asset valuation methods, and assumptions. The policies, methods and assumptions used in this valuation are those that have been so prescribed and are described in Sections 8 and 9. The Retirement Board is solely responsible for communicating to Mercer any changes required thereto.

To prepare this report Mercer has used and relied on financial data and participant data supplied by Adams County and the auditor and summarized in the valuation report in Sections 6 and 7. Adams County is responsible for ensuring that such participant data provides an accurate description of all persons who are participants under the terms of the Plan or otherwise entitled to benefits as of January 1, 2011 that is sufficiently comprehensive and accurate for the purposes of this report. Although Mercer has reviewed the data in accordance with Actuarial Standards of Practice No. 23, Mercer has not verified or audited any of the data or information provided.

Mercer has also used and relied on the Plan documents, including amendments, and interpretations of plan provisions, supplied by Adams County as summarized in the valuation report in Section 10. We have assumed for purposes of this valuation that copies of any official plan document including all amendments as well as any interpretations of any such document have been provided to Mercer along with a written summary of any other substantive commitments. Adams County is solely responsible for the validity, accuracy and comprehensiveness of this information. If any data or plan provisions supplied are not accurate and complete, the valuation results may differ significantly from the results that would be obtained with accurate and complete information; this may require a later revision of this report. Moreover, plan documents may be susceptible to different interpretations, each of which could be reasonable, and that the different interpretations could lead to different valuation results.

Adams County should notify Mercer promptly after receipt of the valuation report if the County disagrees with anything contained in the valuation report or is aware of any information that would affect the results of the valuation report that has not been communicated to Mercer or incorporated therein. The valuation report will be deemed final and acceptable to Adams County unless the County promptly provides such notice to Mercer.

3. Valuation results

Comparative summary of principal valuation results

	Actuarial valuation as of	
	January 1, 2011	January 1, 2010
A. Summary of data		
1. Active members		
a. Number	1,756	1,817
b. Annual projected compensation	$ 95,737,553	$ 98,982,060
c. Average annual compensation	54,520	54,476
d. Average age	44.4	43.7
e. Average service (from hire)	9.5	8.9
f. Accumulated member contributions		
i. With interest	$ 56,867,620	$ 52,410,817
ii. Without interest	45,184,187	41,197,432
2. Nonvested members with refunds due		
a. Number	121	198
b. Accumulated member contributions	$ 420,330	$ 544,078
3. Vested terminated members[1]		
a. Number	141	130
b. Annual deferred benefits	$ 1,691,565	$ 1,565,304
c. Average annual deferred benefit	11,997	12,041
4. Retired members		
a. Number	618	589
b. Annual retirement benefits	$ 12,115,019	$ 10,997,048
c. Average annual retirement benefit	19,604	18,671
5. Beneficiaries		
a. Number	70	66
b. Annual retirement benefits	$ 692,553	$ 725,738
c. Average annual retirement benefit	9,894	10,996
6. Disabled retirees		
a. Number	34	32
b. Annual retirement benefits	$ 554,373	$ 493,564
c. Average annual retirement benefit	16,305	15,424
7. Total members included in valuation	2,740	2,832

[1] Includes 26 deferred disableds and 1 deferred beneficiary in 2011 and 24 deferred disableds in 2010.

	Actuarial valuation as of	
	January 1, 2011	**January 1, 2010**
B. Summary of assets, liabilities and funded status		
1. Plan assets on valuation date		
a. Actuarial value	$ 204,666,912	$ 200,975,215
b. Market value	185,034,993	169,001,538
2. Actuarial accrued liability (valuation basis)	356,275,436	340,984,767
a. Funded ratio – actuarial value	57.4%	58.9%
b. Funded ratio – market value	51.9%	49.6%
3. Unfunded actuarial accrued liability (based on actuarial value of assets)	$ 151,608,524	$ 140,009,552
4. Present value of accumulated benefits (ASC No. 960)	$ 284,464,122	$ 266,749,187
a. Funded ratio – market value	65.0%	63.4%
5. Present value of projected benefits	$ 462,227,420	$ 452,135,592
a. Funded ratio – actuarial value	44.3%	44.5%
b. Funded ratio – market value	40.0%	37.4%

	Actuarial valuation as of			
	January 1, 2011		**January 1, 2010**	
	Amount	**% of Total comp.**	**Amount**	**% of Total comp.**
C. Summary of contribution requirements				
1. Annual projected compensation for members included in valuation	$ 95,737,553	N/A	$ 98,982,060	N/A
2. Total normal cost beginning of year	12,644,857	13.21%	12,933,550	13.07%
3. Amortization of unfunded actuarial accrued liability over 30 years	11,941,285	12.47%	11,027,704	11.14%
4. Assumed administrative expenses	632,000	0.66%	566,000	0.57%
5. Annual Required Contribution before reflection of member contribution *(2. + 3. + 4.)*	$ 25,218,142	26.34%	$ 24,527,254	24.78%
6. Estimated member contribution[2]	7,659,004	8.00%	7,671,110	7.75%
7. Annual Required Contribution (ARC) ***(5. - 6.)***	**$ 17,559,138**	**18.34%**	**$ 16,856,144**	**17.03%**

[2] 8.00% of annual projected compensation for 2011. 7.75% of annual projected compensation for 2010.

Annual required contribution

The annual required contribution (ARC) has been determined using the Entry Age Normal Actuarial Cost Method.

		Fiscal Year Beginning	
		January 1, 2011	January 1, 2010
1.	Normal Cost	$ 12,644,857	$ 12,933,550
2.	Thirty Year Amortization of Unfunded Actuarial Accrued Liability	11,941,285	11,027,704
3.	Assumed Administrative Expenses	632,000	566,000
4.	Annual Required Contribution before reflection of Member Contribution		
	a. Amount *(1. + 2. + 3.)*	$ 25,218,142	$ 24,527,254
	b. Percent of Projected Compensation	26.34%	24.78%
5.	Estimated Member Contribution	7,659,004	7,671,110
6.	**Annual Required Contribution *(4.a. – 5.)***	**$ 17,559,138**	**$ 16,856,144**
7.	Estimated Employer Contribution	7,659,004	7,671,110
8.	Contribution Shortfall *(7. – 6.)*	$ (9,900,134)	$ (9,185,034)

Actuarial gain/(loss)

The actuarial gain/(loss) is comprised of both the liability gain/(loss) and the actuarial asset gain/(loss). Each of these represents the difference between the expected and actual values as of January 1, 2011.

1.	Expected actuarial accrued liability		
	a. Actuarial accrued liability at January 1, 2010	$	340,984,767
	b. Normal cost at January 1, 2010		12,933,550
	c. Interest on a. + b. to end of year		26,543,874
	d. Benefit payments for plan year ending December 31, 2010, with interest to end of year		14,354,595
	e. Expected actuarial accrued liability at January 1, 2011 *(a. + b. + c. – d.)*	$	366,107,596
2.	Actuarial accrued liability at January 1, 2011		356,275,436
3.	**Liability gain/(loss)** ***(1.e – 2.)***	**$**	**9,832,160**
4.	Expected actuarial value of assets		
	a. Actuarial value of assets at January 1, 2010		200,975,215
	b. Interest on a. to end of year		15,073,141
	c. Contributions made for plan year ending December 31, 2010		14,436,503
	d. Interest on c. to end of year		541,369
	e. Benefit payments and administrative expenses for plan year ending December 31, 2010, with interest to end of year		15,027,737
	f. Expected actuarial value of assets at January 1, 2011 *(a. + b. + c. + d. – e.)*	$	215,998,491
5.	Actuarial value of assets as of January 1, 2011		204,666,912
6.	**Actuarial asset gain/(loss)** ***(5. – 4.f.)***	**$**	**(11,331,579)**
7.	**Actuarial gain/(loss)** ***(3. + 6.)***	**$**	**(1,499,419)**

Normal cost and unfunded actuarial accrued liability

Normal cost

The components of normal cost under the Plan's funding method are:

	January 1, 2011	January 1, 2010
Retirement benefits	$ 9,337,405	$ 9,560,622
Withdrawal benefits	2,509,493	2,510,623
Disability benefits	607,024	670,712
Death benefits	190,935	191,593
Total normal cost	**$ 12,644,857**	**$ 12,933,550**
Normal cost as a percent of projected compensation	13.2%	13.0%
Normal cost for new members as a percent of projected compensation	6.7%	12.6%

Unfunded actuarial accrued liability

The actuarial accrued liability is the present value of projected plan benefits allocated to past service by the actuarial funding method being used. The unfunded actuarial accrued liability is the excess of the actuarial accrued liability over the actuarial value of assets.

	January 1, 2011	January 1, 2010
1. Actuarial accrued liability		
a. Active members		
Retirement benefits	$ 202,819,664	$ 199,612,144
Withdrawal benefits	2,217,634	1,620,293
Refund benefits	(4,544,843)	(4,407,579)
Disability benefits	8,010,128	8,223,367
Death benefits	2,441,683	2,399,539
Total	210,944,266	207,447,764
b. Members with deferred benefits[3]	8,349,161	7,853,316
c. Members receiving benefits	136,982,009	125,683,687
d. Actuarial accrued liability *(a. + b. + c.)*	**$ 356,275,436**	**$ 340,984,767**
2. Actuarial value of assets	204,666,912	200,975,215
3. Unfunded actuarial accrued liability *(1.d. - 2.)*	**$ 151,608,524**	**$ 140,009,552**

[3] Includes accumulated contributions of $420,330 for members due a refund of contributions in 2011 and $544,078 for members due a refund of contributions for 2010.

Present value of projected benefits

The present value of projected benefits is the value of plan benefits using future earnings and service.

		January 1, 2011		January 1, 2010
Present value of projected benefits				
1. Active members				
Retirement benefits	$	280,546,440	$	281,111,433
Withdrawal benefits		19,411,848		19,588,371
Disability benefits		12,907,509		13,859,095
Death benefits		4,030,453		4,039,690
Total	$	316,896,250	$	318,598,589
2. Members with deferred benefits[4]		8,349,161		7,853,316
3. Members receiving benefits		136,982,009		125,683,687
4. Present value of projected benefits ***(1. + 2. + 3.)***	**$**	**462,227,420**	**$**	**452,135,592**

[4] Includes accumulated contributions of $420,330 for members due a refund of contributions in 2011 and $544,078 for members due a refund in 2010.

Ten-year projected cash flow

Retirement benefit payments[5]

Plan year ending	Actives	Inactives[6]	Total
12/31/2011	$ 2,602,368	$ 13,575,571	$ 16,177,939
12/31/2012	3,981,035	13,465,240	17,446,275
12/31/2013	5,314,875	13,330,060	18,647,935
12/31/2014	6,771,226	13,172,176	19,943,402
12/31/2015	8,426,761	12,974,600	21,401,361
12/31/2016	10,261,782	12,787,634	23,049,416
12/31/2017	12,168,553	12,629,493	24,798,046
12/31/2018	14,246,289	12,442,250	26,688,539
12/31/2019	16,443,735	12,276,508	28,720,243
12/31/2020	18,591,600	12,083,310	30,674,910

History of refunds

Year	Refund amount
2000	$ 2,108,717
2001	1,162,536
2002	1,454,715
2003	1,476,978
2004	1,086,548
2005	1,231,836
2006	1,225,048
2007	1,187,708
2008	1,220,911
2009	1,043,307
2010	910,161

[5] Does not reflect new entrants.

[6] Includes regular Retirees, Disabled Retirees, Beneficiaries and Terminated Vested Members.

4. Plan accounting under ASC No. 960

Actuarial present value of accumulated plan benefits

The actuarial present value of vested and nonvested accumulated plan benefits was computed on an ongoing plan basis in order to provide required information under Accounting Standards Codification No. 960. In this calculation, a determination is made of all benefits earned by current members as of the valuation date; the actuarial present value is then computed using demographic assumptions and an assumed interest rate. Assumptions regarding future salary and accrual of future benefit service are not necessary for this purpose.

Accumulated plan benefits	**January 1, 2011**	**January 1, 2010**
Vested benefits		
▪ Active members	$ 129,162,351	$ 123,390,119
▪ Members with deferred benefits[7]	8,349,161	7,853,316
▪ Members receiving benefits	136,982,009	125,683,687
Total vested benefits	274,493,521	256,927,122
Nonvested benefits	9,970,601	9,822,065
Total accumulated plan benefits	**$ 284,464,122**	**$ 266,749,187**
Assumed rate of interest	7.5%	7.5%
Market value of assets available for benefits	$ 185,034,993	$ 169,001,538
Funded ratio	65.0%	63.4%
Change in accumulated plan benefits due to:		
▪ Assumption changes	N/A	N/A
▪ Plan provision changes	$ 0	$ 0

Number of members	**January 1, 2011**	**January 1, 2010**
Vested active members	1,131	1,077
Members with deferred benefits[7]	262	328
Members receiving benefits	722	687
Total vested members	2,115	2,092
Nonvested members	625	740
Total members	**2,740**	**2,832**

[7] Includes 121 members due a refund in 2011 and 198 members due a refund of contributions in 2010.

Statement of changes in accumulated plan benefits

A statement of changes in the actuarial present value of accumulated plan benefits (ASC No. 960 basis) follows. This statement shows the effect of certain events on the actuarial present value shown on the previous page.

Actuarial present value of accumulated plan benefits as of January 1, 2010	**$ 266,749,187**
Increase/(decrease) during year attributable to:	
▪ Normal cost	15,133,013
▪ Increase for interest due to decrease in discount period	19,487,348
▪ Benefits paid	(13,835,754)
▪ Assumption changes	0
▪ Plan amendment	0
▪ (Gains)/losses	(3,069,672)
Net increase/(decrease)	17,714,935
Actuarial present value of accumulated plan benefits as of January 1, 2011	**$ 284,464,122**

The benefits valued include all benefits — retirement, preretirement death and vested termination — payable from the Plan for service prior to the valuation date. Benefits are assumed to accrue/(accumulate) in accordance with the Plan provisions.

5. GASB disclosures

Supplementary schedules

The GASB has issued Financial Reporting for Defined Benefit and Note Disclosures for Defined Contribution Plans (GASB Statement No. 25).

GASB also issued Statement No. 27: *Accounting for Pensions by State and Local Government Employers*, which establishes accounting standards for governmental employers to report pension expense, pension liabilities and assets, related note disclosures, and required supplementary information.

These standards became effective for periods beginning after June 15, 1996 (1997 for GASB 27), and require funding status to be measured based upon the actuarial funding method adopted by the Adams County Retirement Board. The method adopted is the Entry Age Cost Method. The target value of assets is equal to the Actuarial Accrued Liability (AAL). The actual value of assets is the Actuarial Value developed later in this report. These GASB standards supersede GASB Statement No. 5 in its entirety.

Schedule of funding progress

The GASB Statement No. 25/27 liabilities and assets resulting from previous actuarial valuations are as follows:

Actuarial valuation date	**Actuarial value of assets (a)**	**Actuarial accrued liability[8] (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)**
1/1/2003	$136,659,066	$173,916,892	$ 37,257,826	78.6%	$ 65,863,777	56.6%
1/1/2004	149,507,883	191,717,046	42,209,163	78.0%	68,555,595	61.6%
1/1/2005	155,489,741	222,293,412	66,803,671	69.9%	71,669,524	93.2%
1/1/2006	162,006,855	239,818,699	77,811,844	67.6%	74,694,189	104.2%
1/1/2007	174,254,209	264,910,496	90,656,287	65.8%	81,386,811	111.4%
1/1/2008	194,027,237	287,832,266	93,805,029	67.4%	87,215,518	107.6%
1/1/2009	179,216,396	316,117,270	136,900,874	56.7%	94,396,658	145.0%
1/1/2010	200,975,215	340,984,767	140,009,552	58.9%	98,982,060	141.4%
1/1/2011	204,666,912	356,275,436	151,608,524	57.4%	95,737,553	158.4%

[8] Based on 8.0% discount rate for years prior to 2005. Based on 7.5% discount rate for years after 2004.

Schedule of employer contributions

The GASB Statement No. 25 required contributions and actual percentages contributed are as follows:

Year ended December 31	Annual required contribution[9]	Actual contribution	Percentage contributed
2002	$ 4,734,705	$ 3,727,123	78.7%
2003	6,405,211	3,866,302	60.4%
2004	6,858,772	4,054,317	59.1%
2005	9,359,536	4,597,297	49.1%
2006	10,110,243	5,175,320	51.2%
2007	11,320,501	5,740,166	50.7%
2008	11,542,116	6,445,284	55.8%
2009	16,237,097	7,048,276	43.4%
2010	16,856,144	7,153,366	42.4%
2011	17,559,138		

Notes to required supplementary schedules

Valuation date	January 1, 2011
Actuarial cost method	Entry Age Normal
Amortization method	The UAL is a level dollar amortization, open period.
Remaining amortization period	30 years
Asset valuation method	5-year smoothing of investment gains/losses, collared between 80% and 120% of market value
Actuarial assumptions:	
▪ Investment rate of return*	7.5% (effective January 1, 2005)
▪ Projected salary increases*	4.5% - 7.5%
▪ Cost-of-living adjustments	None
**Includes inflation at 2.8%*	
ARC adjustment factor	12.6962

[9] Annual required contribution at beginning of year.

6. Plan assets

Summary of assets

Asset category[10]		Market value as of December 31, 2010	Market value as of December 31, 2009
1.	Cash and short-term investments	$ 20,546	$ 1,188,577
2.	Receivables – interest and dividends	$ 239,155	$ 202,330
3.	Investments at fair value		
	a. Money markets	$ 3,609,260	$ 1,229,328
	b. U.S. Government obligations	5,413,007	5,912,454
	c. Foreign bonds	1,176,325	936,212
	d. Corporate bonds	13,136,107	9,152,133
	e. Municipal bonds	587,370	0
	f. Equity securities	12,652,315	11,601,956
	g. Foreign equity securities	1,461,008	18,826,267
	h. Real estate	19,783,026	13,845,941
	i. Hedge funds of funds	26,435,603	17,126,354
	j. Partnerships/joint ventures	4,739,676	3,071,974
	k. Mutual funds	95,912,561	86,027,783
	l. Total investments	184,906,258	167,730,402
4.	Total assets *(1. + 2. + 3.l.)*	$ 185,165,959	$ 169,121,309
5.	Liabilities – accounts payable and accrued expenses	$ 130,966	$ 119,771
6.	**Net assets available for pension benefits *(4. – 5.)***	**$ 185,034,993**	**$ 169,001,538**

[10] Based on the asset class information published by Clifton Gunderson, LLP.

Reconciliation of assets

Transactions[11]			December 31, 2009 to December 31, 2010	December 31, 2008 to December 31, 2009
Additions				
1.	Contributions			
	a.	Contributions from employers	$ 7,153,366	$ 7,048,276
	b.	Contributions from plan members	7,153,366	7,048,276
	c.	Contributions from plan members for purchase of service	129,771	162,022
	d.	Total *(a. + b. + c.)*	$ 14,436,503	$ 14,258,574
2.	Investment income			
	a.	Interest	$ 1,024,782	$ 821,620
	b.	Dividends	1,832,007	2,415,031
	c.	Realized and unrealized appreciation	14,121,284	16,397,316
	d.	Other	167	15,256
	e.	Total *(a. + b. + c. + d.)*	$ 16,978,240	$ 19,649,223
	f.	Investment expense	896,722	855,600
	g.	Net investment income *(e. – f.)*	$ 16,081,518	$ 18,793,623
3.	Total additions *(1.d. + 2.g.)*		$ 30,518,021	$ 33,052,197
Deductions				
4.	Benefits and expenses			
	a.	Retirement benefits	$ 12,925,593	$ 11,703,164
	b.	Refund of contributions	910,161	1,043,307
	c.	Administrative expenses	648,812	651,185
5.	Total deductions		$ 14,484,566	$ 13,397,656
6.	Net increase *(3. – 5.)*		$ 16,033,455	$ 19,654,541
7.	Net assets held in trust for pension benefits			
	a.	Beginning of year	$ 169,001,538	$ 149,346,997
	b.	End of year	$ 185,034,993	$ 169,001,538

[11] Transactions based on the information published by Clifton Gunderson, LLP.

Actuarial asset value

Schedule of asset gains/(losses)

Year	Original amount	Recognized in prior years	Recognized this year	Recognized in future years
12/31/2006	$ 10,917,042	$ 8,733,632	$ 2,183,410	$ 0
12/31/2007	1,366,702	820,020	273,340	273,342
12/31/2008	(67,920,033)	(27,168,014)	(13,584,007)	(27,168,012)
12/31/2009	7,560,313	1,512,063	1,512,063	4,536,187
12/31/2010	3,408,205	0	681,641	2,726,564
Total	**$ (44,667,771)**	**$ (16,102,299)**	**$ (8,933,553)**	**$ (19,631,919)**

Development of actuarial value of assets

1. Actuarial value as of January 1, 2010	$ 200,975,215
2. Market value as of January 1, 2010	169,001,538
3. Contributions	
a. Member	$ 7,153,366
b. Employer	7,153,366
c. Purchase of service	129,771
d. Total *(a. + b. + c.)*	$ 14,436,503
4. Decreases during year	
a. Benefit payments	$ 12,925,593
b. Return of member contributions	910,161
c. Noninvestment expenses	648,812
d. Total *(a. + b. + c.)*	$ 14,484,566
5. Expected return at 7.5% on:	
a. Item 2	$ 12,675,115
b. Item 3 (one-half year)	541,369
c. Item 4 (one-half year)	543,171
d. Total *(a. + b. - c.)*	$ 12,673,313
6. Expected actuarial value of assets as of December 31, 2010 *(1. + 3. - 4. + 5.)*	$ 213,600,465
7. Unrecognized asset gain as of December 31, 2009	(31,973,677)
8. Expected actuarial value as of December 31, 2010, plus previous year's unrecognized asset gain *(6. + 7.)*	$ 181,626,788
9. Market value as of December 31, 2010	185,034,993
10. 2010 Asset gain/(loss) *(9. - 8.)*	$ 3,408,205
11. Asset gain to be recognized as of December 31, 2010	(8,933,553)
12. Initial actuarial value as of January 1, 2011 *(6. + 11.)*	$ 204,666,912
13. Constraining values:	
a. 80% of market value *(9. x 0.8)*	148,027,995
b. 120% of market value *(9. x 1.2)*	222,041,991
14. Actuarial value as of January 1, 2011, *(12.)*, but not less than *(13a.)*, nor greater than *(13b.)*	**$ 204,666,912**

Average annual rates of investment return

Year ending December 31	Actuarial value		Market value	
	Annual	Cumulative	Annual	Cumulative
1992	10.4%	10.4%	8.1%	8.1%
1993	11.4%	10.9%	12.2%	10.1%
1994	9.1%	10.3%	(1.6%)	6.1%
1995	12.1%	10.7%	22.9%	10.1%
1996	11.6%	10.9%	12.0%	10.4%
1997	13.0%	11.3%	17.0%	11.5%
1998	12.2%	11.4%	9.0%	11.1%
1999	12.0%	11.5%	4.0%	10.2%
2000	8.7%	11.2%	2.6%	9.4%
2001	6.2%	10.7%	(1.6%)	8.2%
2002	(4.5%)	9.2%	(10.9%)	6.3%
2003	9.7%	9.2%	22.4%	7.6%
2004	4.3%	8.8%	11.0%	7.8%
2005	4.4%	8.5%	6.2%	7.7%
2006	7.6%	8.5%	14.2%	8.1%
2007	11.1%	8.6%	8.2%	8.1%
2008	(7.9%)	7.6%	(26.2%)	5.7%
2009	11.6%	7.8%	12.5%	6.1%
2010	1.9%	7.5%	9.5%	6.3%

Before 1996, investment return is net of all expenses.
After 1995, investment return is net of investment expenses.

7. Participant data

Member data reconciliation

		Inactive members					
	Active members	**With deferred benefits**[12]	**With refunds due**	**Retirees**	**Disabled retirees**	**Bene- ficiaries**	**Total**
As of January 1, 2010	**1,817**	**130**	**198**	**589**	**32**	**66**	**2,832**
Age retirements	(37)	(5)	0	42	0	0	0
Disability retirements	0	(4)	0	0	4	0	0
Deferred disability	(6)	6	0	0	0	0	0
Deaths without beneficiary	0	0	0	(8)	(2)	(1)	(11)
Deaths with beneficiary	(1)	0	0	(5)	0	6	0
Vested terminations	(18)	18	0	0	0	0	0
Rehires	0	0	0	0	0	0	0
Cashouts	(43)	(4)	(106)	0	0	0	(153)
Expiration of benefits	0	0	0	0	0	(1)	(1)
Terminated nonvested with refunds due	(29)	0	29	0	0	0	0
New entrants during the year[13]	73	0	0	0	0	0	73
Net change	(61)	11	(77)	29	2	4	(92)
As of January 1, 2011	**1,756**	**141**	**121**	**618**	**34**	**70**	**2,740**

[12] Includes 26 deferred disabled members and 1 deferred beneficiary at January 1, 2011.

[13] Includes 4 members hired and terminated in 2010, with refunds due.

Distribution of active members

Attained age	Years of service[14]									
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	Total
Under 25	26	4								30
25 - 29	127	43								170
30 - 34	129	83	16							228
35 - 39	101	87	48	9						245
40 - 44	76	79	60	24	9	2				250
45 - 49	59	65	47	39	22	10	1			243
50 - 54	49	55	38	28	33	20	12			235
55 - 59	27	43	32	27	23	23	9	4		188
60 - 64	31	25	23	10	13	6	6	3		117
65 - 69	4	11	11	5	2	6	1	2		42
70 - 74		3		2	2		1			8
75+										0
Total	629	498	275	144	104	67	30	9		1,756

Average projected compensation

Attained age	Years of service[14]								
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+
Under 25	$39,035								
25 – 29	44,362	$45,739							
30 - 34	48,212	54,815	$51,676						
35 - 39	46,047	56,855	57,857	$65,159					
40 - 44	45,642	55,950	60,600	66,371	$70,440				
45 - 49	48,448	52,933	57,523	66,318	70,863	$70,851			
50 - 54	48,184	51,108	53,324	65,906	67,475	75,690	$67,085		
55 - 59	47,857	52,133	58,927	60,267	58,829	65,050	76,749		
60 - 64	53,342	49,417	66,682	64,152	69,462	73,953	67,292		
65 - 69		52,825	63,936	61,725		81,957			
70 - 74									
75+									

Note: Compensation in cells with fewer than 5 members has been suppressed in order to preserve confidentiality. Compensation is based on 2010 plan compensation, annualized for new members, and projected for 2011 with the assumed salary increase assumption.

[14] Service since date of hire.

Member statistics

Inactive members as of January 1, 2011	Number	Average Age	Average Monthly benefit
Members receiving benefits			
▪ Retirees	618	67.6	$ 1,635
▪ Beneficiaries	70	69.6	882
▪ Disabled retirees	34	64.5	1,359
Total	**722**	**67.6**	**$ 1,549**
Members with deferred benefits			
▪ Vested terminated	114	47.5	$ 800
▪ Beneficiaries	1	31.0	1,551
▪ Deferred disabled	26	53.0	1,856
Total	**141**	**48.4**	**$ 1,000**

Active members	Number	Average Age	Average Service[15]	Average Projected earnings
As of January 1, 2011				
▪ Continuing	1,687	44.7	9.9	$ 55,034
▪ New[16]	69	37.0	0.5	41,962
Total	**1,756**	44.4	**9.5**	**$ 54,520**
As of January 1, 2010				
▪ Continuing	1,674	44.4	9.6	$ 55,432
▪ New[16]	143	36.3	0.8	43,280
Total	**1,817**	**43.7**	**8.9**	**$ 54,476**

[15] Service since date of hire.

[16] Includes rehires.

8. Actuarial methods and policies

Actuarial cost method

Liabilities and contributions shown in this report are computed using the Entry Age Cost Method of funding.

Sometimes called “funding method,” this is a particular technique used by actuaries for establishing the amount and incidence of the annual actuarial cost of pension plan benefits, or normal cost, and the related unfunded actuarial accrued liability. Ordinarily the annual contribution to the Plan is comprised of (1) the normal cost and (2) an amortization payment on the unfunded actuarial accrued liability.

Under the Entry Age Cost Method, the **normal cost** is computed as the level percentage of pay which, if paid from the earliest time each member would have been eligible to join the Plan if it then existed (thus, entry age) until his retirement or termination, would accumulate with interest at the rate assumed in the valuation to a fund sufficient to pay all benefits under the Plan.

The normal cost for the Plan is determined by summing intermediate results for all members and determining an average normal cost rate which is then related to the total payroll of members.

The **actuarial accrued liability** under this method at any point in time is the theoretical amount of the fund that would have accumulated had annual contributions equal to the normal cost been made in prior years (it does not represent the liability for benefits accrued to the valuation date.) The **unfunded actuarial accrued liability** is the excess of the actuarial accrued liability over the actuarial value of plan assets actually on hand on the valuation date.

Under this method experience gains or losses, i.e., decreases or increases in accrued liabilities attributable to deviations in experience from the actuarial assumptions, adjust the unfunded actuarial accrued liability.

Changes since prior valuation

There have been no changes in cost method since the last valuation of the Plan.

Asset valuation method

The actuarial value of assets is based on recognizing gains and losses over a 5-year period and is determined as follows:

- at the beginning of each plan year, a preliminary expected actuarial asset value is calculated as the sum of the previous year's actuarial value (without regard to the 80%/120% corridor) increased with a year's interest at the Plan valuation rate on the beginning of year market value of assets plus net cash flow (excluding investment expenses) adjusted for interest (at the same rate) to the end of the previous plan year;
- the expected actuarial asset value is set equal to the preliminary expected actuarial value plus the unrecognized investment gains and losses as of the beginning of the previous plan year;
- the difference between the expected actuarial asset value and the market value is the investment gain or loss for the previous plan year;
- the (final) actuarial asset value is the preliminary value plus 20% of the investment gains and losses for each of the five previous plan years, but in no case more than 120% of the market value or less than 80% of the market value.

Due to the asset smoothing method used, the actuarial value of assets (AVA) used to determine the employer contribution rate(s) in this valuation exceeds the market value of assets (MVA) by 10.6%. Absent future investment gains to offset the investment losses being smoothed, future employer contributions will increase as past investment losses become recognized. If asset smoothing methods were not used for this valuation, the employer contribution rate, based on the market value of assets, would have been 20.0% of pay instead of 18.3 % of pay.

Changes since prior valuation

There has been no change in the asset valuation method since the last valuation of the Plan.

Funding policy

Adams County has committed to fund the same rate as the required employee contribution. The current employee contribution is 8.0% for 2011.

Valuation procedures

No actuarial liability is included for members who terminated nonvested prior to the valuation date, except those due a refund of contributions.

The liabilities for disabled participants have been included with the liabilities for members with deferred benefits. The liability for disabled participants has been set to the present value of the projected retirement benefit and there is no normal cost associated with these participants.

The compensation used in the projection of benefits and liabilities was 2010 plan compensation, annualized for new members and projected to 2011 with the assumed salary increase assumption.

In computing accrued benefits, average earnings were determined using actual earnings histories supplied by Adams County.

No benefits were projected to be greater than the dollar limitation required by the Internal Revenue Code Section 415 for governmental plans. Internal Revenue Code Section 401(a)(17) was applied assuming the special limits applicable to governmental plans were not elected and assuming a 2.8% annual increase in the salary limits.

The annual required contribution (ARC) under GASB No. 25 is determined based on a level dollar amortization method. The amortization method used amortizes the unfunded actuarial accrued liability over 30 years from the valuation date. This amortization period is open. Because the unfunded actuarial liability (UAL) is being amortized by an open or rolling amortization period (with re-amortization of the UAL in each valuation), the amortization amounts will never fully eliminate the UAL.

To the best of our knowledge, there are no benefits provided under the Plan that have been excluded from the valuation.

9. Summary of actuarial assumptions

The following assumptions were used in valuing the liabilities and benefits under the Plan. Assumptions used are based on the last experience study (completed in 2008), as selected by the Board. The Adams County Retirement Board is responsible for selecting the assumptions used for this valuation.

Investment return	7.50% compounded annually, net of investment expenses.
Increase in compensation and benefit limit	2.80% per year
Pre-retirement mortality	RP-2000 Blue Collar Healthy Employee Generational Mortality Table. Sample rates for the current valuation year are as follows:

Per 100 members

Age	Male	Female
20	0.05	0.02
25	0.06	0.02
30	0.07	0.03
35	0.10	0.05
40	0.13	0.07
45	0.16	0.12
50	0.20	0.16
55	0.28	0.26
60	0.45	0.37
64	0.63	0.47

Post-retirement mortality	RP-2000 Blue Collar Healthy Annuitant Generational Mortality Table. Sample rates for the current valuation year are as follows:

Per 100 members

Age	Male	Female
45	0.16	0.12
50	0.46	0.17
55	0.58	0.26
60	0.88	0.57
65	1.42	1.07
70	2.27	1.76
75	3.69	2.83
80	6.32	4.53
85	10.65	7.78
90	17.39	13.22

Withdrawal	Sample rates are as follows:

Per 100 members

Service	Male	Female
0	23.0	26.0
5	9.0	12.0
10	5.0	5.4
15	1.7	2.0
20+	1.0	1.0

Disability incidence	The 1985 Pension Disability Table Class I unisex. Sample rates are as follows:

Per 100 members

Age	Disablement
20	0.03
25	0.04
30	0.06
35	0.10
40	0.16
45	0.26
50	0.45
55	0.85
60	1.20
64	1.45

Post-disability mortality	RP-2000 Disability Male and Female No Collar Mortality Table. Sample rates are as follows:

Per 100 members

Age	Male	Female
20	2.26	0.75
25	2.26	0.75
30	2.26	0.75
35	2.26	0.75
40	2.26	0.75
45	2.26	0.75
50	2.90	1.15
55	3.54	1.65
60	4.20	2.18
65	5.02	2.80
70	6.26	3.76
75	8.21	5.22
80	10.94	7.23
85	14.16	10.02
90	18.34	14.00

Salary increase	Anticipated salary increases include inflationary, merit and productivity increases. Sample rates are as follows:

	Percentage increase at attained service		
Years of service	Merit and productivity	Inflation	Total
0	4.7%	2.8%	7.5%
5	3.7	2.8	6.5
10	3.3	2.8	6.1
15	2.4	2.8	5.2
20	1.9	2.8	4.7
25	1.7	2.8	4.5
30+	1.7	2.8	4.5

Salary limit increase: 2.8% per year, rounded down to nearest $5,000.

Retirement rates	According to the following tables which produce an average retirement age of 61 prior to eligibility for Special Early Retirement and age 54 after meeting eligibility for Special Early Retirement. The rates are as follows:

	Per 100 members	
Attained age	Before eligible for Special Early Retirement	After eligible for Special Early Retirement
42-52	0.0	8.0
53	0.0	9.0
54	0.0	9.0
55	1.3	9.0
56	2.0	9.5
57	3.1	9.5
58	4.5	10.0
59	6.3	10.0
60	8.3	10.0
61	10.0	10.0
62	10.0	25.0
63	10.0	15.0
64	10.0	15.0
65	10.0	20.0
66	25.0	25.0
67	25.0	25.0
68	50.0	50.0
69	50.0	50.0
70	100.0	100.0

Expense loading	Loading based on average of last three years' noninvestment expenses rounded to nearest $1,000.

Year	Noninvestment expenses
2008	$ 597,100
2009	651,185
2010	648,812
	$ 1,897,097 ÷ 3 = $632,366

Average $632,366

Loading $632,000

Percent married	85% of all members are assumed to have eligible spouses.
Age difference	A husband is assumed to be three years older than his wife.
Age of commencement of deferred vested benefits	Current and future deferred vested participants are assumed to retire at the earlier of age 55 or the age they meet special early retirement eligibility (no earlier than age 50 for participants hired from 2005 to 2009 and age 55 for participants hired after 2009.)
Form of payment	For participants hired prior to January 1, 2010, the assumed form of payment is a 10-year certain and life annuity or a lump sum of total contributions, if greater. For participants hired after December 31, 2009, the assumed form of payment is assumed to be the greater of a life annuity (with guaranteed return of accumulated contributions) or a lump sum of total contributions.

Changes in assumptions since prior valuation

There have been no changes in actuarial assumptions since the prior valuation.

10. Summary of plan provisions

Following is a summary of the major plan provisions used in the valuation of this Plan. Adams County is solely responsible for the validity, accuracy and comprehensiveness of this information. If any of the Plan provisions shown below are not accurate and complete, the valuation results may differ significantly from those shown in this report and may require a revision of this report. Moreover, these plan provisions may be susceptible to different interpretations, each of which could be reasonable, and that the different interpretations could lead to different valuation results.

Effective date	Originally effective January 1, 1970, as amended and restated effective January 1, 2010 and further amended through Amendment No. Four.
Administration	The Plan is administered by a Retirement Board consisting of five members, one of whom is the incumbent County Treasurer, two of whom are nonelected County employees elected by said employees, and two of whom are registered electors of the County appointed by the Board of County Commissioners.
Participating employers	Adams County and the Rangeview Library District.
Members included	Effective January 1, 1977, any permanent full time employee and any person who is an elected or appointed County officer or deputy shall become a member on the first day of the month on or after employment. Effective January 1, 1987, an employee must be in covered employment to be eligible for membership. Effective September 1, 1990, Head Start employees were eligible for membership. Effective December 27, 2004 the Library District became a separate employer.
Member contributions	Effective January 1, 2011, each member contributes 8.0% of compensation on a monthly basis. The rate will be further increased by 0.25% each year to 9.0% by 2015. Interest on contributions is credited at an annual rate of 3.0%, compounded monthly, effective January 1, 2004. After December 31, 1983, such member contribution shall be picked up and paid by the Employers as provided in Code Section 414(h).
Employer contributions	The Employers match the members' contributions.
Credited service	Credited Service is granted for all Continuous Service subsequent to January 1, 1965, provided the employee became a member on the date first eligible. Employees on January 1, 1970, who elected not to become members on their eligibility date will accrue Credited Service only from their date of membership. Credited Service includes any prior period of employment which the member bought back, up to five years, and any period of noncovered employment which the member has purchased, up to five years. Credited Service for Head Start employees commences on the later of joining the Plan and September 1, 1990.

Continuous service	Continuous Service includes employment service which is uninterrupted except with respect to an authorized break in service. Continuous Service includes any period of noncovered employment which the member has purchased, up to five years.
Compensation	The compensation used to determine benefits is total regular compensation as reported on form W-2 exclusive of bonuses, overtime or any extra pay, but including any compensation that is deferred under Sections 125, 414(h), or 457 of the Internal Revenue Code. For members on or after January 1, 2002, the amount of compensation for Plan purposes is limited to a maximum of $200,000, subject to cost-of-living adjustments in accordance with Code Section 401(a)(17).
Average monthly compensation	The result obtained by dividing the total compensation received by a member during a considered period by the number of months for which such compensation was received. The considered period shall be the 36 consecutive calendar months for an employee hired prior to January 1, 2005, or the 60 consecutive calendar months for an employee hired on or after January 1, 2005, within the last 120 completed months of employment which yield the highest average compensation. In the event the member worked less than 36, or 60, whichever is applicable, consecutive calendar months, his full period of employment shall be used to calculate the average compensation.
Career compensation	For a member hired on or after January 1, 2010, this is the total compensation received by the member for all years of service.
Normal retirement date	The 65th birthday of the member. For purposes of pension commencement, the first of the month coinciding with or next following such date.
Normal retirement benefit	<u>Members hired prior to January 1, 2010</u> The monthly benefit, payable for ten years certain and life thereafter, is equal to the following: 2.5% times Average Monthly Compensation times Credited Service (including purchased service) <u>Members hired on or after January 1, 2010</u> The monthly benefit, payable for life, is equal to the following: 1.75% times Career Compensation divided by 12 For a member who has purchased service, the monthly benefit is equal to the following: 1.75% times Career Compensation divided by 12 times credited service including purchased service divided by credited service excluding purchased service For all members, the minimum monthly benefit payable is equal to $25.00 times Credited Service (including purchased service). The maximum monthly benefit shall not exceed 80% of the member’s Average Monthly Compensation during any consecutive 12-month period which produces the highest average.

Delayed retirement benefit	Members hired prior to January 1, 2010 In the event a member works past his Normal Retirement Date, the retirement benefit payable at the actual retirement date shall be based on Average Monthly Compensation and Credited Service (including purchased service) at such date. Members hired on or after January 1, 2010 In the event a member works past his Normal Retirement Date, the retirement benefit payable at the actual retirement date shall be based on Career Compensation and Credited Service including purchased service, if applicable, at such date.
Regular early retirement benefit	Members hired before January 1, 2005 Eligibility: A member is eligible for a Regular Early Retirement Benefit after age 55 and the completion of five years of Credited Service. Benefit: The monthly benefit payable at age 65 is determined as for normal retirement considering Credited Service (including purchased service) and Average Monthly Compensation at the date of retirement. If payments commence prior to age 65, the amount shall be reduced by $\frac{1}{6}$ of 1% for each of the first 36 months (2% per year) and $\frac{1}{4}$ of 1% for each of the next 84 months (3% per year) by which the starting date precedes the member's Normal Retirement Date. Members hired on or after January 1, 2005 but before January 1, 2010 Eligibility: A member is eligible for a Regular Early Retirement Benefit after age 55 and the completion of ten years of Credited Service. Benefit: The monthly benefit payable at age 65 is determined as for normal retirement considering Credited Service (including purchased service) and Average Monthly Compensation at the date of retirement. If payments commence prior to age 65, the amount shall be reduced by $\frac{1}{3}$ of 1% for each of the first 36 months (4% per year) and $^{5}/_{12}$ of 1% for each of the next 84 months (5% per year) by which the starting date precedes the member's Normal Retirement Date. Members hired on or after January 1, 2010 Eligibility: A member is eligible for a Regular Early Retirement Benefit after age 55 and the completion of ten years of Credited Service. Benefit: The monthly benefit payable at age 65 is determined as for normal retirement considering Credited Service (including purchased service) and Career Compensation at the date of retirement. If payments commence prior to age 65, the amount shall be reduced by $\frac{1}{3}$ of 1% for each of the first 36 months (4% per year) and $^{5}/_{12}$ of 1% for each of the next 84 months (5% per year) by which the starting date precedes the member's Normal Retirement Date.

Special early retirement benefit	Benefit: The monthly benefit is payable in the same manner as a Regular Early Retirement Benefit, but without reduction for early payment prior to age 65. <u>Members hired before January 1, 2005</u> Eligibility: A member is eligible for a Special Early Retirement Benefit when the sum of his age plus years of Continuous Service (including purchased service) equals 70 or more. <u>Members hired on or after January 1, 2005 but before January 1, 2010</u> Eligibility: A member is eligible for a Special Early Retirement Benefit upon termination of employment after age 50 and when the sum of his age plus years of Continuous Service (including purchased service) equals 70 or more. <u>Members hired on or after January 1, 2010</u> Eligibility: A member is eligible for a Special Early Retirement Benefit upon termination of employment after age 55 and when the sum of his age plus years of Continuous Service (including purchased service) equals 80 or more.
Disability benefit	A member shall be eligible for a Disability Benefit if his employment with the County is terminated by reason of disability. The member shall receive a monthly amount commencing at Normal Retirement Date, or if later, the first day of the month after payments cease under the County's long-term disability insurance contract. <u>Members hired prior to January 1, 2010</u> The benefit amount shall be based on his Average Monthly Compensation at the date of disability and Credited Service he would have accumulated had his employment continued uninterrupted until the date his benefits commence. <u>Members hired on or after January 1, 2010</u> The benefit amount shall be based on either his Career Monthly compensation or his Average Monthly Compensation, whichever produces the greatest benefit determined at the date of disability and Credited Service he would have accumulated had his employment continued uninterrupted until the date his benefits commence.

Termination benefit	The following applies to members who terminate employment prior to eligibility for Normal, Regular Early or Special Early Retirement.

Members hired prior to January 1, 2010

Less than five years of Continuous Service - Refund of the member's accumulated contributions with interest.

Five or more years of Continuous Service - The member shall be entitled to receive a deferred retirement benefit which shall be equal to the retirement benefit earned to the date of termination or he may elect to receive a lump sum equal to a percentage of his accumulated contributions based on the schedule below.

Members hired on or after January 1, 2010

Less than ten years of Continuous Service - Refund of the member's accumulated contributions with interest.

Ten or more years of Continuous Service - The member shall be entitled to receive a deferred retirement benefit which shall be equal to the retirement benefit earned to the date of termination or he may elect to receive a lump sum equal to a percentage of his accumulated contributions based on the schedule below.

Schedule of lump sum of accumulated contributions:

Completed years of Continuous Service	Percent of contributions accumulated at termination		
	Hired prior to January 1, 2005	Hired 2005 - 2010	Hired on or after January 1, 2010
Fewer than 5	100%	100%	100%
5	110	100	100
6	125	110	100
7	140	120	100
8	155	130	100
9	170	140	100
10	185	150	100
11	200	160	100
12	200	170	100
13	200	180	100
14	200	190	100
15 or more	200	200	100

For this purpose, Continuous Service does not include purchased service.

A vested member electing a deferred annuity may elect to receive an early annuity reduced as for Regular Early Retirement.

Pre-retirement death benefits	<u>Unmarried member</u> In the event an active or terminated vested member dies without a surviving spouse, the member's accumulated contributions (except for purchase service contributions) multiplied by 2, plus purchase service contributions shall be paid in a lump sum to his beneficiary or estate. <u>Married member</u> In the event an active or terminated vested member dies and is survived by a spouse, one of the following death benefits shall be payable to the spouse at her sole option: (a) two (2) times the amount of his accumulated contributions (excluding purchase service contributions) plus purchase service contributions as of the date of death, payable immediately, or (b) a monthly amount of benefit payable for life equal to 60% of the monthly amount of benefit earned by the member prior to his death. Such death benefit shall commence on the later of: (i) the first day of the month coincident or following the member's death; or (ii) for active members, the first day of the month coincident with/or following the date the member would have attained age 50 and for terminated vested members, the first day of the month coincident with/or following the date the member would have attained age 55.
Post-retirement death benefits	None, except where the member has elected an option providing for payments to a beneficiary, or has elected the normal form of benefit and dies prior to having received 120 payments, in which case the balance of the 120 guaranteed payments shall be paid to his designated beneficiary or estate. A member shall, however, always receive aggregate benefit payments at least equal to his accumulated contributions plus purchase service contributions under the Plan.
Expenses	Paid from the Adams County Retirement Plan Fund.
Liquidation	Assets shall be used to provide benefits according to a priority schedule.

Changes in plan provisions since prior valuation

Effective January 1, 2011, the total funding policy contribution rate increased from 15.5% to 16.0% and will continue to increase 0.5% per year until it reaches 18.0% in 2015. This change was fully anticipated in the prior valuation and therefore has no impact on current Plan liabilities.

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