

***ESSEX REGIONAL RETIREMENT SYSTEM***

***FINANCIAL STATEMENTS***

***YEAR ENDED DECEMBER 31, 2013***

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**FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2013**

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## **Independent Auditor's Report**

To the Honorable Essex Regional Retirement Board  
Essex Regional Retirement System  
Danvers, Massachusetts

## **Report on the Financial Statements**

We have audited the accompanying financial statements of the Essex Regional Retirement System (ERRS) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the financial statements as listed in the table of contents.

## **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Commonwealth of Massachusetts Public Employee Retirement Administration Commission Rules and Regulations 840 CMR 5.03: Annual Report. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

## **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the Commonwealth of Massachusetts Public Employee Retirement Administration Commission Rules and Regulations 840 CMR 25.00: "The Conduct of Field Examinations of Contributory Retirement Systems," in existence as of August 27, 2004, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Essex Regional Retirement System as of December 31, 2013, and the results of its operations and changes in its fund balances for the year then ended in accordance with the financial reporting provisions of the Commonwealth of Massachusetts Public Employee Retirement Administration Commission Rules and Regulations 840 CMR 5.03: Annual Report described in Note 2.

## **Basis of Accounting**

We draw attention to Note 2 of the financial statements which describes the basis of accounting. As described in Note 2 to the financial statements, the financial statements are prepared by the ERRS on the basis of financial reporting provisions prescribed by the Commonwealth of Massachusetts Public Employee Retirement Administration Commission Rules and Regulations 840 CMR 5.03: Annual Report, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Commonwealth of Massachusetts Public Employee Retirement Administration Commission (PERAC). Our opinion is not modified with respect to this matter.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated August 27, 2014, on our consideration of the Essex Regional Retirement System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Essex Regional Retirement System's internal control over financial reporting and compliance.

## **Restriction on Use**

This report is intended solely for the information and use of the Essex Regional Retirement System, PERAC and all member units and is not intended to be and should not be used by anyone other than these specified parties.

*Powers & Sullivan LLC*

August 27, 2014

## STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCE

DECEMBER 31, 2013

### Assets

Cash.....	\$	725,868
Investments.....		343,370,777
Receivables:		
Members contributions.....		605,772
Intergovernmental.....		170,650
Interest/dividends due.....		152
Capital assets, net of accumulated depreciation.....		<u>234,173</u>
Total assets.....		<u>345,107,392</u>

### Liabilities

Accounts payable.....		105,560
Abandoned property.....		<u>10,082</u>
Total liabilities.....		<u>115,642</u>
Net assets available for pension benefits.....	\$	<u><u>344,991,750</u></u>

### Fund Balance

Annuity Savings Fund.....	\$	115,430,190
Annuity Reserve Fund.....		33,622,716
Special Military Service Credit Fund.....		36,315
Pension Fund.....		149,450
Pension Reserve Fund.....		<u>195,753,079</u>
Total fund balance.....	\$	<u><u>344,991,750</u></u>

See notes to financial statements.

# STATEMENT OF CHANGES IN FUND BALANCE

YEAR ENDED DECEMBER 31, 2013

	Annuity Savings Fund	Annuity Reserve Fund	Military Service Fund
Income:			
Receipts.....	\$ 13,291,622	\$ -	\$ -
Investment income.....	137,266	960,763	27
Total income.....	13,428,888	960,763	27
Disbursements and depreciation:			
Disbursements.....	(2,274,918)	(5,571,859)	-
Depreciation.....	-	-	-
Total disbursements and depreciation...	(2,274,918)	(5,571,859)	-
Net change in fund balance before interfund transfers in (out).....	11,153,970	(4,611,096)	27
Interfund transfers in (out), net.....	(5,809,672)	5,805,506	4,810
Net change in fund balance.....	5,344,298	1,194,410	4,837
Fund balance at beginning of year.....	110,085,892	32,428,306	31,478
Fund balance at end of year.....	\$ 115,430,190	\$ 33,622,716	\$ 36,315

See notes to financial statements.

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	Pension Fund	Pension Reserve Fund	Expense Fund	Total
\$	25,564,357	\$ 205,922	\$ 122,514	\$ 39,184,415
	-	40,578,922	2,896,208	44,573,186
	<u>25,564,357</u>	<u>40,784,844</u>	<u>3,018,722</u>	<u>83,757,601</u>
	(31,578,742)	-	(3,018,722)	(42,444,241)
	<u>-</u>	<u>-</u>	<u>(14,374)</u>	<u>(14,374)</u>
	<u>(31,578,742)</u>	<u>-</u>	<u>(3,033,096)</u>	<u>(42,458,615)</u>
	(6,014,385)	40,784,844	(14,374)	41,298,986
	<u>17</u>	<u>(15,035)</u>	<u>14,374</u>	<u>-</u>
	(6,014,368)	40,769,809	-	41,298,986
	<u>6,163,818</u>	<u>154,983,270</u>	<u>-</u>	<u>303,692,764</u>
\$	<u>149,450</u>	\$ <u>195,753,079</u>	\$ <u>-</u>	\$ <u>344,991,750</u>

## STATEMENT OF INCOME

YEAR ENDED DECEMBER 31, 2013

Members deductions.....	\$ 11,524,553
Transfers of members' accounts from other systems.....	1,176,779
Members' makeup payments and redeposits.....	221,974
Member payments from rollovers.....	368,316
Reimbursements from other systems for Pension Fund.....	1,020,056
Received from Commonwealth for COLA and Survivor Benefits.....	355,158
Employers' contributions to Pension Fund.....	24,115,002
Workers compensation.....	56,000
Recovery of 91A Overearnings.....	18,141
Federal grant reimbursement.....	75,290
Interest not refunded.....	7,725
Miscellaneous.....	245,421
Investment income (loss).....	<u>44,573,186</u>
Total income.....	\$ <u><u>83,757,601</u></u>

See notes to financial statements.



**STATEMENT OF DISBURSEMENTS**

YEAR ENDED DECEMBER 31, 2013

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Refunds of members' accounts from Annuity Savings Fund.....	\$ 823,809
Transfer of members accounts to other systems from Annuity Savings Fund.....	1,451,109
Annuity portion of retirement allowance payments from Annuity Reserve Fund.....	5,569,640
Option B refunds from Annuity Reserve Fund.....	2,219
Superannuation and termination retirement allowance payments from Pension Fund.....	22,887,736
Survivor allowance payments from Pension Fund.....	1,650,745
Ordinary disability payments from Pension Fund.....	262,644
Accidental disability payments from Pension Fund.....	3,096,826
Accidental death benefits from Pension Fund.....	660,679
Section 101 benefits from Pension Fund.....	140,200
Reimbursements to other systems from Pension Fund.....	2,128,938
COLA's paid from Pension Fund.....	724,511
Dependant Allowance.....	26,463
Investment management and custodial fees from Expense Fund.....	1,988,765
Board member stipend from Expense Fund.....	15,000
Staff salaries from Expense Fund.....	438,478
Legal expenses from Expense Fund.....	227,221
Medical expenses from Expense Fund.....	33,929
Travel expenses from Expense Fund.....	6,492
Fiduciary insurance from Expense Fund.....	25,093
Professional services from Expense Fund.....	48,753
Administrative expenses from Expense Fund.....	149,585
Building operations and maintenance from Expense Fund.....	29,100
Technology expenses from Expense Fund.....	52,736
Education and training from Expense Fund.....	3,570
Depreciation from Expense Fund.....	<u>14,374</u>
Total disbursements and depreciation.....	<u>\$ 42,458,615</u>

See notes to financial statements.

## STATEMENT OF INVESTMENT INCOME

YEAR ENDED DECEMBER 31, 2013

Gross investment income.....	\$ 9,278,844
Add:	
Profit on the sale of investments.....	15,133,452
Increase in market value of securities.....	37,174,436
Less:	
Loss on the sale of investments.....	(6,319,677)
Decrease in market value of securities.....	<u>(10,693,869)</u>
Net investment income (loss).....	<u>44,573,186</u>
Investment income required:	
Annuity Savings Fund.....	137,266
Annuity Reserve Fund.....	960,763
Special Military Service Credit Fund.....	27
Expense Fund.....	<u>2,896,208</u>
Total investment income required.....	<u>3,994,264</u>
Excess of investment income requiring transfer to Pension Reserve Fund.....	\$ <u><u>40,578,922</u></u>

See notes to financial statements.

**NOTE 1 – PLAN DESCRIPTION**

The Plan is a contributory defined benefit plan covering all employees of governmental member units deemed eligible by the Essex Regional Retirement Board (the Board), with the exception of school department employees who serve in a teaching capacity. The pensions of such school employees are administered by the Commonwealth of Massachusetts' Teachers Retirement System. Membership in the Plan is mandatory immediately upon the commencement of employment for all non-teaching permanent, full time employees. The Plan is administered by the Essex Regional Retirement System (the System).

Originally instituted in 1937, as part of Essex County government, the Board served as the regional retirement system for Essex County upon the abolition of county government in 1996 and the current system structure was created by special legislation in July, 2010 (Chapter 34B, Section 19A of the Massachusetts General Laws). The System is governed by a five member Board who establish the policies under which the System operates. Board members also approve all of the System's financial transactions, including the approval of retirement benefits to members. Board members are appointed or elected as specified by MGL Ch. 34B, Section 19A for terms ranging from 3 to 5 years.

The day-to-day operations of the System are managed by the Executive Director. The legislative body for the System is an Advisory Council consisting of full-time treasurers or other qualified officials of the member units. The Advisory Council meets twice annually and is responsible for supervising and certifying the procedures involved in the election of members to the retirement board.

As of January 1, 2013, the System had 1,670 retirees and beneficiaries, 2,816 active participants and 1,009 inactive participants with a vested right to retirement benefits or to receive a refund of their contributions.

The System is a member of the Massachusetts Contributory Retirement System and is governed by Chapter 32 of the Massachusetts General Laws. The Public Employee Retirement Administration Commission (PERAC) is the state agency responsible for oversight of the Commonwealth's public retirement systems.

Massachusetts Contributory Retirement System benefits are, with certain exceptions, uniform from system to system. The System provides for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For persons who became members on or after April 2, 2012, average salary is the average annual rate of regular compensation received during the five consecutive years that produce the highest average, or, if greater, during the last five years (whether or not consecutive) preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification.

There are three classes of membership in the retirement system: group 1, group 2, and group 4. Group 1 consists of general employees which includes clerical and administrative positions. Group 2 consists of positions that have been specified as hazardous. Lastly, group 4 consists of police officers, firefighters, and other hazardous positions.

Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of 20 years of service or upon reaching the age of 55 with 10 years of service if hired after 1978 and if classified in groups 1 or 2. A person who became a member on or after April 2, 2012 is eligible for a superannuation retirement allowance upon reaching the age of 60 with 10 years of service if in group 1, 50 years of age with 10 years of service if in group 2, and 55 years of age if hired prior to 1978 or if classified in group 4. Normal retirement for most employees occurs at age 65 (except for certain hazardous duty and public safety positions, whose normal retirement is at age 55).

A retirement allowance consists of two parts: an annuity and a pension. A member's accumulated total deductions and the interest they generate constitute the annuity. The differential between the total retirement benefit and the annuity is the pension. The average retirement benefit is approximately 80-85% pension and 15-20% annuity.

Active members contribute between 5 and 11% of their gross regular compensation. The percentage rate is keyed to the date upon which an employee's membership commences. These deductions are deposited in the Annuity Savings Fund and earn interest at a rate determined by the Public Employee Retirement Administration Commission's (PERAC) actuary. When a member's retirement becomes effective, his/her deductions and related interest are transferred to the Annuity Reserve Fund. Any cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth of Massachusetts' state law during those years are borne by the Commonwealth and are deposited into the Pension Fund. Cost-of-living adjustments granted after 1997 must be approved by the System and all costs are borne by the System.

The pension portion of any retirement benefit is paid from the Pension Fund of the System. The governmental unit employing the member must annually appropriate and contribute the amount of current-year pension assessment. In past years, retirement systems were paying only the actual retirement benefits that were due each year. Systems had no statutory authorization to put aside money for the future benefits of employees who are currently employed. Large unfunded liabilities resulted from operating under this pay-as-you-go basis. In 1977, legislation authorized local governments to appropriate funds to meet future pension obligations. In 1983, additional legislation was passed requiring the transfer of investment earnings (in excess of the amount credited to member accounts) into the Pension Reserve Fund. These initiatives have significantly reduced the rate of growth of the Retirement System's unfunded liabilities, and in some Systems have actually reduced such liability.

Administrative expenses, which were previously appropriated from the governmental entities whose employees are members of the system, are now paid from investment income.

Members who become permanently and totally disabled for further duty may be eligible to receive a disability retirement allowance. The amount of benefits to be received in such cases is dependent on several factors, including whether or not the disability is work related, the member's age, years of creditable service, level of compensation, veterans' status and group classification.

Employees who resign from service and who are not eligible to receive a retirement allowance or are under the age of 55 are entitled to request a refund of their accumulated total deductions.

Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

## **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements are presented on the basis of accounting and reporting practices prescribed by PERAC. Financial accounting and reporting standards required by generally accepted accounting principles (GAAP) differ in some respects from the requirements of PERAC. The valuation of assets, liabilities and net assets are substantially the same. The main difference between GAAP and PERAC is that the financial statements for the changes in net assets/fund balances are presented in different formats.

The underlying accounting records of the System are maintained on a calendar year basis in accordance with the standards and procedures established by PERAC.

The *Annuity Savings Fund* is the fund in which member's contributions are deposited. Voluntary contributions, redeposits, and transfers to and from other systems are also accounted for in this fund. Members' contributions to the fund earn interest at a rate determined by PERAC. Interest for some members who withdraw from the System with less than 10 years of service is transferred to the Pension Reserve Fund. Upon retirement, a member's contributions and interest are transferred to the Annuity Reserve Fund. Dormant account balances must be transferred to the Pension Reserve Fund after a period of 10 years of inactivity.

The *Annuity Reserve Fund* is the fund to which a member's account is transferred upon retirement from the Annuity Savings Fund and the Special Military Service Credit Fund. The annuity portion of the retirement allowance is paid from this fund. Interest is credited monthly to this fund at the rate of 3% annually on the previous month's balance.

The *Special Military Service Credit Fund* contains contributions and interest for members while on military leave for service in the Armed Forces who will receive creditable service for the period of that leave. Creditable service is granted provided the member returns to the same governmental unit within two years of the date of discharge from the military. Upon retirement, a member's contributions and interest are transferred to the Annuity Reserve Fund.

The *Pension Fund* contains the amounts appropriated by the governmental units as established by PERAC to pay the pension portion of each retirement allowance.

The *Pension Reserve Fund* contains the amounts set aside by the system for the purpose of establishing a reserve to meet future pension liabilities. Any investment income in excess of the amount required to credit interest to the Annuity Savings Fund, Annuity Reserve Fund and Military Service Credit Fund is credited to the Pension Reserve Fund. Any profit or loss realized on the sale or maturity of any investment or on the unrealized gain or loss of market valued investments as of the valuation date is credited to the Pension Reserve Fund.

The *Expense Fund* contains amounts transferred from investment income for the purpose of administering the System.

The *Investment Income Account* is credited with all interest and dividends derived from invested funds. At the end of the year, the interest credited to the Annuity Savings Fund, Annuity Reserve Fund, Special Military Credit Service Fund and Expense Fund is distributed from this account and the remaining balance is transferred to the Pension Reserve Fund.

### NOTE 3 – PLAN ADMINISTRATION

The System is administered by a five-person Board of Retirement. The first member shall be a chief executive or chief administrative officer of a member town, unit or district belonging to the Essex regional retirement system for a term of 3 years. This member shall be chosen by weighted vote of the chief executive or chief administrative officers of member towns, units or districts belonging to the Essex regional retirement system. The second member shall be a member of the regional retirement board advisory council, and shall be elected by a majority of those present and voting at a public meeting of the council and shall serve for a term of 3 years. The third and fourth members shall be elected by the members in or retired from service of the Essex county retirement system from among persons retired under the system and shall serve for a term of 3 years. The fifth member, who shall not be an employee, retiree or official of the retirement system, or of any of its constituent governmental units, shall be chosen by the other 4 members and shall serve for a term of 5 years.

First Member	Ira S. Singer	Term Expires:	12/1/2014
Second Member	Kevin A. Merz	Term Expires:	12/1/2015
Third Member	Susan J. Yaskell	Term Expires:	12/1/2016
Fourth Member	H. Joseph Maney	Term Expires:	12/1/2016
Fifth Member	Vincent R. Malgeri	Term Expires:	12/13/2015

Board members are required to meet at least once a month. The Board must keep a record of all of its proceedings. The Board must annually submit to the appropriate authority an estimate of the expenses of administration and cost of operation of the System. The Board must annually file a financial statement of condition for the System with PERAC.

The ERRS Advisory Council consists of the full time treasurers, elected or appointed, for each town, unit or district within the System. The members of the Advisory Council elect the second member of the Board of Retirement as well as a Chair from among its members. The ERRS Advisory Council is required by statute to meet twice per year, typically in the spring and fall. All ERRS Advisory Council meetings are open, public meetings and are subject to the Commonwealth's Open Meeting Law.

The investment of the System's funds is the responsibility of the Board. Disability retirement allowances must be approved by the Retirement Board and are then submitted to the PERAC Actuary for verification prior to payment. Superannuation retirement allowances are not required to obtain PERAC's verification. All expenses incurred by the System must be approved by a majority vote of the Board. Payments shall be made only upon vouchers signed by two persons designated by the Board.

ERRS board members and employees are bonded by an authorized agent representing a company licensed to do business in Massachusetts. The MACRS program for ERRS provides \$50,000,000 fiduciary protection for Trustees and employees, as well as a \$1,000,000 fidelity policy for crime coverage.

#### NOTE 4 – CASH AND INVESTMENTS

The Essex Regional Retirement System has committed 90% of its investments to PRIT for a three year period and current investment regulations do not apply.

##### Custodial Credit Risk - Deposits

At December 31, 2013, the carrying amount of the System's deposits totaled \$725,868 and the bank balance totaled \$1,222,632 which was covered by the Federal Depository Insurance Corporation.

##### Investments

At December 31, 2013 the System had the following investments:

Investment Type	Fair Value	Maturity
		Over 10 Years
<u>Debt Securities:</u>		
Fixed Income.....	\$ 5,968	\$ 5,968
<u>Other Investments:</u>		
PRIT Pooled Funds.....	310,832,831	
Money Market Mutual Funds.....	2,938,721	
Pooled Alternative Investments.....	17,792,134	
Pooled Real Estate Funds.....	11,801,123	
Total Investments.....	\$ 343,370,777	

Approximately 91% of the Retirement System's investments consist of the Pension Reserve Investment Trust (PRIT). This investment pool was established by the Treasurer of the Commonwealth of Massachusetts, who serves as Trustee. PRIT is administered by the Pension Reserves Investment Management Board. The fair values of the positions in each investment Pool are the same as the value of each Pool's shares.

#### NOTE 5 – RECEIVABLES

At December 31, 2013, receivables for the System are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Member contributions.....	\$ 605,772	\$ -	\$ 605,772
Intergovernmental.....	170,650	-	170,650
Interest/dividends due.....	152	-	152
Total.....	<u>\$ 776,574</u>	<u>\$ -</u>	<u>\$ 776,574</u>

#### NOTE 6 – CAPITAL ASSETS

Capital assets are depreciated on a straight-line basis. The estimated useful lives of capital assets are as follows:

Capital Asset Type	Estimated Useful Life (in years)
Building.....	33
Equipment.....	5-20

The majority of capital assets owned by the System consists of two condominiums in Danvers, Massachusetts that were purchased for the administrative offices of the System. Both units were purchased in fiscal year 2000 for a total of \$375,250.

Total capital asset activity for the year ended December 31, 2013, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Capital assets being depreciated:</u>				
Buildings.....	\$ 375,250	\$ -	\$ -	\$ 375,250
Equipment.....	15,580	-	-	15,580
Total capital assets being depreciated.....	390,830	-	-	390,830
<u>Less accumulated depreciation for:</u>				
Buildings.....	(140,725)	(11,258)	-	(151,983)
Equipment.....	(1,558)	(3,116)	-	(4,674)
Total accumulated depreciation.....	(142,283)	(14,374)	-	(156,657)
Total capital assets being depreciated, net.....	248,547	(14,374)	-	234,173
Total governmental activities capital assets, net.....	\$ 248,547	\$ (14,374)	\$ -	\$ 234,173

## NOTE 7 – ACTUARIAL VALUATION

The most recent actuarial valuation of the System was prepared as of January 1, 2013, and contained the following information:

The total covered employee payroll was \$119,292,287.

The actuarial accrued liability for active members was \$293,688,366.

The actuarial accrued liability for retired participants and beneficiaries and inactive members was \$325,650,714.

The total actuarial accrued liability was \$619,339,080.

The actuarial value of assets was \$314,565,925.

The unfunded actuarial accrued liability was \$304,773,155.

The normal cost for the employer was \$3,645,921.

The principal actuarial assumptions used in the valuation were as follows:

Mortality:	The RP-2000 Mortality Table and the RP-2000 Healthy Annuitant Mortality Table.
Investment return:	8.00%
Individual salary increase:	3.75%
Cost of living adjustments:	3.00% of first \$13,000 of retirement income.



Rates of retirement:	Varies based upon age for general employees, police and fire employees.
Rates of disability:	For general employees, it was assumed that 50% of all disabilities are ordinary (50% are service connected). For police and fire employees, 10% of all disabilities are assumed to be ordinary (90% are service connected).
Actuarial cost method:	Entry Age Normal Cost Method.

**NOTE 8 – MEMBERSHIP**

The following table represents the System's membership at the most recent actuarial valuation as of January 1, 2013:

	<u>2013</u>
Active members.....	2,816
Inactive members.....	1,009
Disabled members.....	123
Retirees and beneficiaries currently receiving benefits.....	<u>1,547</u>
Total.....	<u><u>5,495</u></u>

**NOTE 9 – SCHEDULE OF FUNDING PROGRESS**

The Schedule of Funding Progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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)
01/01/13 \$	314,565,925	\$ 619,339,080	\$ 304,773,155	50.8%	\$ 119,292,287	255.5%
01/01/11	278,332,006	536,115,536	257,783,530	51.9%	119,707,156	215.3%
01/01/08	301,420,965	445,171,554	143,750,589	67.7%	111,726,856	128.7%