Delaware County and Municipal Pension Plan
Actuarial Valuation as of June 30, 2001

A MILLIMAN GLOBAL FIRM

Milliman USA
Consultants and Actuaries

December 2001

APPENDICES

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December 14, 2001

Board of Pension Trustees
State of Delaware
McArdle Building
860 Silver Lake Blvd., Suite 1
Dover, Delaware 19904

Dear Members of the Board:

At your request, we have conducted our annual actuarial valuation of the Delaware County and Municipal Pension Plan. The results of the valuation are contained in the following report. The purpose of the valuation is discussed in the Board Summary.

The actuarial assumptions used in performing this valuation have been recommended by the actuary and adopted by the Board of Trustees based on Milliman's on-going review of the System's experience. We believe the assumptions used, in the aggregate, reflect our best estimate of anticipated future experience of the plan. The results of this report are dependent upon future experience conforming to these assumptions. To the extent that future experience deviates from these assumptions, the true cost of the plan could vary from our results.

The assumptions and methods used in performing this valuation meet the parameters set by Government Accounting Standards Board (GASB) Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contributions Plans.*

In preparing our report we relied, without audit, on information (some oral and some written) supplied by the Office of Pension Staff. This information includes, but is not limited to, Plan provisions, employee data, and financial information. The employee data used for the valuation was submitted on magnetic tape. We found the data to be reasonably consistent and comparable with data used in the prior valuation.

I believe that the State's pension plans are adequately and appropriately financed, in that the contributions are determined and funded on a level cost basis using reasonable actuarial methods and assumptions.

I, Fiona Liston, am a consulting actuary for Milliman USA and also a member of the American Academy of Actuaries and meet their Qualification Standards to render the actuarial opinion contained herein.

I hereby certify that, to the best of my knowledge, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the applicable Guides to Professional Conduct, Amplifying Opinions, and Supporting Recommendations and Interpretations of the American Academy of Actuaries.

Sincerely,

MILLIMAN USA

Fiona E. Liston

Fiona E. Liston, F.S.A.
Consulting Actuary

This report presents the results of the June 30, 2001 actuarial valuation of the Delaware County and Municipal Pension Plan. The primary purposes of performing the annual actuarial valuation are to:

1) **determine the contributions** to be paid by the County in Fiscal Year 2003;

2) **measure and disclose**, as of the valuation date, the financial condition of the fund;

3) **indicate trends** in the financial progress of the fund;

4) **provide specific information** and documentation required by the Government Accounting Standards Board (GASB).

In this section of the report, we will present a summary of the above information in the form of:

- the actuary's comments;
- the prior year's experience of the Fund's assets, liabilities, contributions, and membership;
- a series of graphs which highlight key trends experienced by the Fund; and
- a summary of all the principal results from this year's valuation, compared to the prior year's, in a single table, intended for quick reference purposes.

Actuary's Comments

As of June 30, 2000 actuarial valuation the System had a total unfunded actuarial liability of **$194,200**. As noted at that time, the key to maintaining the System's financial condition will be investment performance. Through this June 30, 2001 valuation date the System's assets returned a negative **(5.2%)** which was considerably smaller than the 8.5% assumption. Thanks to stored gains from the prior decade's asset run-up, the impact on the actuarial, or smoothed, value of assets was minimized. The funding will reflect an asset return (on an actuarial basis) of **8.9%**, which constitutes an investment gain for funding purposes of **$9,600**. Combined with a liability gain and a change in funding method results in a total unfunded actuarial liability of **($305,000)** as of June 30, 2001

The balance of this section presents summarized information regarding System trends, details on the 2000/2001 experience, and tables presenting a summary of the principal results.

LIABILITIES	Total Value (PVB)	Actuarial (EAN)	Accounting (PVAB)
June 30, 2000	$3,651,400	$2,604,100	$1,198,900
June 30, 2001	$4,120,200	$2,488,900	$1,461,500

UNFUNDED LIABILITIES AND FUNDING RATIOS

The difference between assets and liabilities is the unfunded liability. This is measured in two ways: unfunded actuarial liabilities, which compare the actuarial liabilities to the actuarial asset value, and unfunded accrued benefits, which compare the PVAB to the market value of assets. These amounts are shown for June 30, 2000 and June 30, 2001, as well as the corresponding funding ratios for each (assets divided by liabilities).

	Actuarial	PVAB
6/30/2000 Net Surplus (Unfunded)	$194,200	($1,620,300)
Funding Ratio	92.5%	235.1%
6/30/2001 Net Surplus (Unfunded)	($305,000)	($1,370,900)
Funding Ratio	112.3%	193.8%

CONTRIBUTIONS

In Section IV, we develop the employer contribution rate. In this summary, we present overall the State contribution rate, and compare it to the rate developed in the June 30, 2000 actuarial valuation.

Rate as Percent of Covered Payroll	
June 30, 2000 Rate	3.64%
Decrease due to Investment Gain	(0.05)%
Decrease due to Liability Gain	(0.13)%
Decrease due to Change in Funding Method	(0.30)%
June 30, 2001 Rate	3.16%

MEMBERSHIP

There are four types of plan participants, current active workers, previous terminations who retain a right to a deferred vested benefit, previous terminations who are not vested but have member contributions in the System (inactives), and participants in pay status. In Appendix A, we present extensive details on membership statistics. Below, we compare totals in each group between June 30, 2000 and 2001.

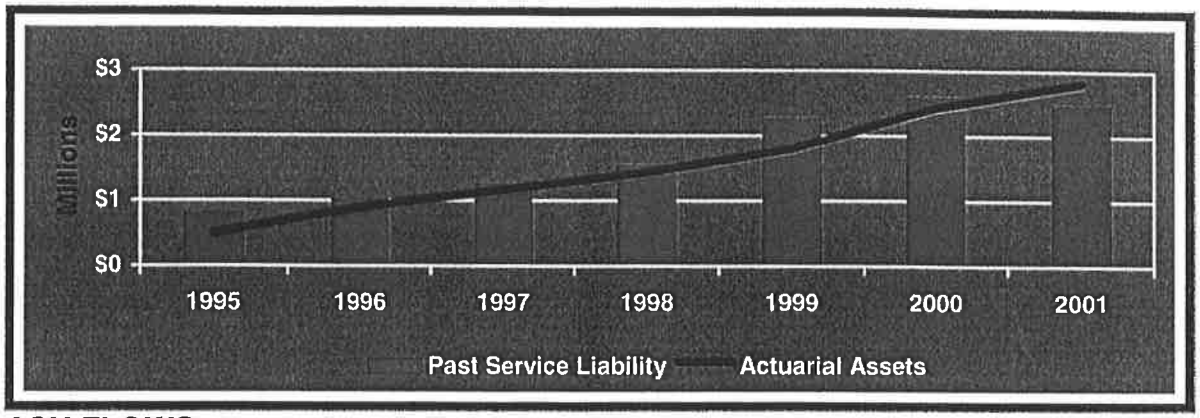
As you can see, there was an overall increase in participation during the year.

	6/30/2001	6/30/2000	Change
Active Participants	85	74	14.9%
Terminated Vested Participants	1	1	0.0%
Inactive Participants	0	6	N/A
Participants In Pay Status	10	9	11.1%
TOTAL PARTICIPANTS	96	90	6.7%

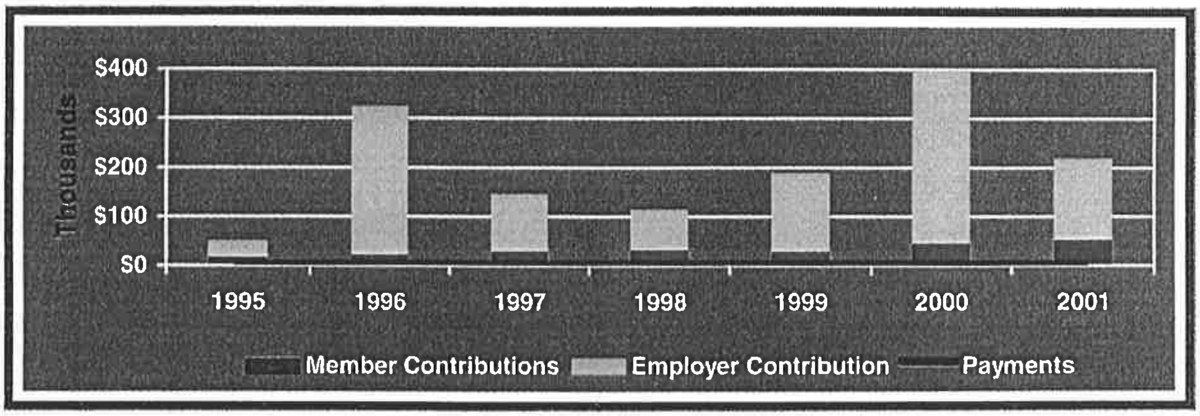
Trends

To truly understand the financial condition of the pension plan, a review of the prior year's funded status is helpful in seeing the big picture and general trend evolving. Below, we present three charts which present trend information from 1995 through the end of 2001.

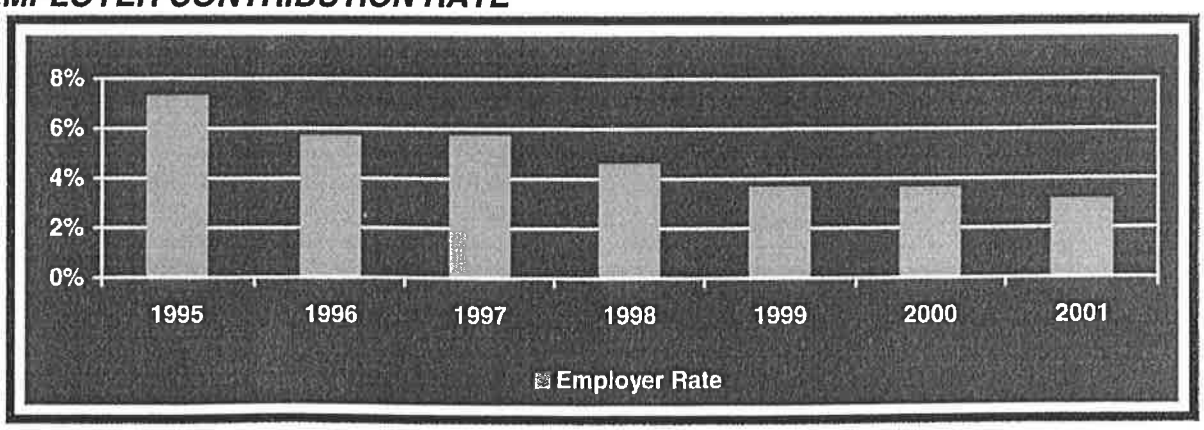
ASSET / LIABILITIES



CASH FLOWS



EMPLOYER CONTRIBUTION RATE



COUNTY and MUNICIPAL GENERAL EMPLOYEES SUMMARY OF PRINCIPAL PLAN RESULTS Valuation As Of -->	6/30/2001	6/30/2000	% change
PARTICIPANT COUNTS			
ACTIVES	85	74	14.9%
TERMINATED VESTEDS	1	1	0.0%
INACTIVES	0	6	N/A
IN PAY STATUS	10	9	11.1%
TOTAL	96	90	6.7%
Annual Salaries of Active Members	$ 2,292,400	$ 2,004,100	14.4%
Annual Retirement Allowances for Retired Members and Beneficiaries	$ 33,100	$ 22,900	44.5%
ASSETS & LIABILITIES			
Total Actuarial Liability	$ 2,488,900	$ 2,604,100	(4.4%)
Assets for Valuation Purposes	2,793,900	2,409,900	15.9%
Unfunded Actuarial Liability	($ 305,000)	$ 194,200	(2.6%)
Funding Ratio	112.3%	92.5%	N/A
Present Value of Accrued Benefits	$ 1,461,500	$ 1,198,900	21.9%
Market Value of Assets	2,832,400	2,819,200	0.5%
Unfunded FASB Accrued Liability	($ 1,370,900)	($ 1,620,300)	15.4%
Accrued Benefit Funding Ratio	193.8%	235.2%	N/A

CONTRIBUTIONS AS % OF PAYROLL (STATE PORTION ONLY)	Fiscal Year 2003	Fiscal Year 2002
Normal Cost Contribution	5.50%	3.39%
Unfunded Actuarial Liability Contribution	(2.59%)	N/A
Expense	0.25%	0.25%
Adjustment	N/A	N/A
Total State Contribution	3.16%	3.64%

SECTION II

ASSETS

Pension plan assets play a key role in the financial operation of the plan and in the decisions the Trustees may make with respect to future deployment of those assets. The level of assets, the allocation of assets among asset classes, and the methodology used to measure assets will likely impact upon benefit levels, negotiated contributions, and the ultimate security of participants' benefits.

In this section we present detailed information on plan assets including:

- **Disclosure** of plan assets at June 30, 2001 and June 30, 2000;
- Statement of the **changes** in market values during the year;
- Development of the Actuarial Value of Assets; and
- An assessment of **investment performance.**

Disclosure:

Market values represent "snap-shot" or "cash-out" values which provide the principal basis for measuring financial performance from one year to the next. Market values, however, can fluctuate widely with corresponding swings in the market place. As a result, market values are usually not suitable for long range planning.

Actuarial values, or "smoothed values," are market values which have been smoothed and are the actuary's best estimate of long term asset values. They are used for evaluating the Fund's ongoing ability to meet its obligations.

Current methods employed by this Fund set the actuarial values equal to the expected adjusted market value plus 20% of the difference between a smoothed value of assets and the actual market value.

Changes in Market Value:

The components of asset change are:

- Contributions
- Benefit payments
- Expenses
- Investment Income (realized and unrealized)

The specific changes during 2001 are presented below:

CHANGES IN MARKET VALUES			
Value of Assets – JUNE 30, 2000		$	2,819,168
RECEIPTS			
Member Contributions		$	53,234
Employer Contributions			165,266
	Total Receipts	$	218,500
DISBURSEMENTS			
Benefit Payments		$	35,168
Administrative Expenses			20,685
Investment Returns			149,372
	Total Disbursements	$	205,225
TOTAL			
Value of Assets – June 30, 2001		$	2,832,443

Actuarial Value of Assets:

The Actuarial Value of Assets represents a "smoothed" value developed by the actuary to reduce, or eliminate, erratic results which could develop from short term ups and downs in the Market Value of Assets. For this Fund, the Actuarial Value has been calculated by adding 20% of any deviation from Market Value and Expected Adjusted Market Value to the Expected Adjusted Market Value. The following table illustrates the calculation of the Actuarial Value of Assets for the June 30, 2001 valuation.

DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS AS OF JUNE 30, 2001		
1.	Actuarial Value of Assets at June 30, 2000	$ 2,409,900
2.	Amount in (1) with interest to June 30, 2001	2,614,700
3.	Employer & member contributions for the Plan Year ended June 30, 2001	218,500
4.	Interest on Employer contributions assuming payments made uniformly throughout the year to June 30, 2001	9,300
5.	Disbursements from Trust except investment expenses, June 30, 2000 through June 30, 2001	55,900
6.	Interest on disbursements to June 30, 2001 at 8.50% per year	2,400
7.	Expected adjusted Market Value of Assets at June 30, 2001 = (2) + (3) + (4) - (5) - (6)	2,784,200
8.	Actual Market Value of Assets at June 30, 2001	2,832,400
9.	Excess of (8) over (7)	48,200
10.	Actuarial Value of Assets at June 30, 2001 = (7) + 20% of (9)	$2,793,800

Investment Performance:

The Market Value of Assets (MVA) returned (5.15%) during 2001. This is lower than the assumed 8.5% and is due to the poor asset performance in 2001.

A return of 8.9% on the Actuarial Value of Assets (AVA) is primarily the result of the Asset Valuation method being utilized for the calculation of the Actuarial Value of Assets. Since only 20% of the "gain" from the performance of the Fund is recognized in a given year, in periods of very good performance, the AVA can lag significantly behind the MVA. However, due to the period of poor performance, we see the benefit of using an actuarial smoothing method, in that the AVA investment return remains stable compared to the final assumption and last year's return.

SECTION III

LIABILITIES

In this section we present detailed information on plan liabilities including:

- **Disclosure** of plan liabilities at June 30, 2001 and June 30, 2000;
- Statement of **changes** in these liabilities during the year; and
- A **projection** of future liabilities.

Disclosure:

Several types of liabilities are calculated and presented in this report. Each type is distinguished by the people ultimately using the figures, and the purpose for which they are using them.

- **Total Future Obligations:** Used for analyzing the financial outlook of the Fund, this represents the amount of money needed today to fully pay off all future benefits and expenses of the Fund, assuming participants continue to accrue benefits.

- **Actuarial Liabilities:** Used for funding calculations and GASB disclosures, this liability is calculated by taking the Total Obligations above and subtracting the present value of future Member Contributions and future Employer Normal Costs under an acceptable actuarial funding method. This method is referred to as the **Entry Age Normal** funding method.

- **Accrued Liabilities:** Used for communicating the current level of liabilities, this liability represents the total amount of money needed today to fully pay off the current accrued obligations of the fund, assuming no future accruals of benefits. These liabilities are also required for accounting purposes (FAS 35) and used to assess whether the plan can meet its current benefit commitments.

The table below discloses each of these liabilities for the current, and prior, valuation. With respect to each disclosure, a subtraction of the appropriate value of Fund assets yields, for each respective type, a **net surplus** or an **unfunded liability.**

LIABILITIES/NET SURPLUS (UNFUNDED)		6/30/2001		6/30/2000
Total Obligations				
Active Participant Benefits	$	3,835,400	$	3,447,300
Retiree and Inactive Benefits		284,800		204,100
Total Obligations	**$**	**4,120,200**	**$**	**3,651,400**
Market Value of Assets		2,832,400		2,819,200
Future Member Contributions		517,500		454,900
Future State Contributions		770,300		377,300
Total Resources	**$**	**4,120,200**	**$**	**3,651,400**
Actuarial Liability				
Total Liabilities	$	4,120,200	$	3,651,400
Present Value of Future Normal Costs Under Entry Age Method		1,113,800		592,400
Present Value Of Future Member Contributions		517,500		454,900
Actuarial Liability	**$**	**2,488,900**	**$**	**2,604,100**
Actuarial Value of Assets		2,793,900		2,409,900
Net (Surplus) Unfunded	**$**	**(305,000)**	**$**	**194,200**
Accrued Liability				
Total Liabilities	$	4,120,200		$3,651,400
Less Present Value of Future Benefit Accruals		(2,658,700)		2,452,500
Accrued Liability	**$**	**1,461,500**	**$**	**1,198,900**
Market Value of Assets		2,832,400		2,819,200
Net (Surplus) Unfunded	**$**	**(1,370,900)**	**$**	**(1,620,300)**

Changes in Liabilities:

Each of the liabilities disclosed in the prior table are expected to change at each valuation. The components of that change, depending upon which liability is analyzed, can include:

- new hires since the last valuation
- benefits accrued since the last valuation
- plan amendments increasing benefits
- passage of time which adds interest to the prior liability
- benefits paid to retirees since the last valuation
- participants retiring, terminating, or dying at rates different than expected
- a change in actuarial or investment assumptions
- a change in the actuarial funding method

Unfunded liabilities will change because of all the above, and also due to changes in Fund assets resulting from:

- employer contributions different than expected
- investment earnings different than expected
- a change in the method used to measure plan assets

In each valuation we report on those elements of change which are of particular significance, potentially affecting the long-term financial outlook of the fund. Below we present the key changes in liabilities since the last valuation.

	TOTAL OBLIGATION	ACTUARIAL LIABILITY	ACCRUED LIABILITY
Liabilities 6/30/2001	$ 4,120,200	$ 2,488,900	$ 1,461,500
Liabilities 6/30/2002	$ 4,636,600	$ 2,815,700	$ 1,717,200
Liability Increase (Decrease)	$ 516,400	$ 326,800	$ 255,700
Change due to:			
Plan Amendment	$ 0	$ 0	$ 0
Assumption Change	$ 0	$ 0	$ 0
Actuarial (Gain)/Loss	N/A	$ (21,000)	N/A
Benefits Accumulated and Other Sources	$ 516,400	$ 347,800	$ 255,700

ACTUARIAL ACCRUED LIABILITIES	6/30/2001	6/30/2000
1. Actuarial Accrued Liabilities		
Retiree and Inactive Benefits	$ 284,800	$ 204,100
Active Members	2,204,100	2,400,000
Total AAL	**$ 2,488,900**	**$ 2,604,100**
2. Actuarial Value of Assets	$ 2,793,900	$ 2,409,900
3. Unfunded Actuarial Liability	**$ (305,000)**	**$ 194,200**
4. Allocation of Unfunded Actuarial Liability		
Total of Allocated Bases	**$ 167,700**	**$ 0**
Net Gain Base for Amortization	**$ (472,700)**	**$ 194,200**

SECTION IV

CONTRIBUTIONS

In the process of evaluating the financial condition of any pension plan, the actuary analyzes the assets and liabilities to determine what level (if any) of contributions is needed to properly maintain the funding status of the Plan. Typically, the actuarial process will utilize a funding scheme that will result in a pattern of contributions that are both stable and predictable.

For this Fund, the funding scheme employed is the **Entry Age Actuarial Cost Method.** Under this method there are two components to the total contribution, a **normal cost**, and an **amortization payment.** A normal cost is determined for each individual participant which, when added up for all participants, represents the Fund's total normal cost. Each year's normal cost represents the cost to fund that portion of the total future obligations which has been allocated to the current year, based upon the actuarial cost method in use.

The amortization payment, on the other hand, is not calculated for individual participants but calculated for the Fund as a whole, and represents an annual installment to fund the **unfunded actuarial liability (UAL)** for the Fund. The UAL represents the amount of additional funds that would have been accumulated by the valuation date, had all prior normal costs been made, and all actuarial assumptions been realized.

In Appendix B we describe more fully this technical topic.

The table below presents and compares the actuarially determined contributions for the Fund for this valuation and the prior one, and includes a calculation of the average annual normal cost per participant for each year.

ACTUARIALLY DETERMINED CONTRIBUTION	7/1/2002	7/1/2001
Entry Age Normal Cost	5.50%	5.50%
Amortization Payment	(1.97%)	(2.59%)
Expense	0.25%	0.25%
Actuarially Determined Contribution	3.78%	3.16%

DEVELOPMENT OF PLAN COST As of June 30, 2001	In Dollars	As % of Payroll
1. Present value of projected benefits attributable to:		
a. Total Normal Cost	$184,700	8.06%
b. Expected Member Contributions	58,600	2.56%
c. Employer Paid Normal Cost (a) – (b)	$126,100	5.50%
2. Amortization of Unfunded Liability		
a. Remaining Gain Base (Includes 2001 changes)	(59,300)	(2.59%)
b. Total Amortization Payments	$(59,300)	(2.59%)
3. Allowance for Expense	$5,700	0.25%
4. Total Employer Contribution Rate (1) + (2) + (3)	$72,500	3.16%

SECTION V

ACCOUNTING STATEMENT INFORMATION

Statement No. 35 of the Financial Accounting Standards Board requires the System to disclose certain information regarding its funded status. Statement No. 25 of the Governmental Standards Board (GASB) establishes standards for disclosure of pension information by public employee retirement systems (PERS) and governmental employers in notes to financial statements and supplementary information.

The FASB-35 disclosures provide a quasi "snap shot" view of how the plan's assets compare to its liabilities if contributions stopped and accrued benefit claims had to be satisfied. However, due to potential legal requirements and the possibility that alternative interest rates would have to be used to determine the liabilities, these values may not be a good indication of the amount of money it would take to buy the benefits for all members if the plan were to terminate.

The GASB 25 actuarial accrued liability is the same as the actuarial liability amount calculated for funding purposes.

Both the present value of accrued benefits (FASB-35) and the actuarial accrued liability (GASB-25) are determined assuming that the plan is on going and participants continue to terminate employment, retire, etc., in accordance with the actuarial assumptions. Liabilities are discounted at the assumed valuation interest rate of 8.5% per annum.

FASB Statements No. 35 specifies that a comparison of the present value of accrued (accumulated) benefits with the market value of the assets as of the valuation date must be provided. GASB Statement #25 requires the actuarial accrued liability be compared with the actuarial value of assets for funding purposes. The relevant amounts as of June 30, 2001 are exhibited in Table V-1. As directed by FASB-35, the liabilities shown in Section A of Table V-1 do not include any projection for future service and salary. Finally, Table V-2 reconciles the FASB-35 liabilities determined as of the prior valuation, June 30, 2000, to the liabilities as of June 30, 2001.

TABLE V-1
ACCOUNTING STATEMENT INFORMATION
THE TOTAL SYSTEMS OF THE STATE OF DELAWARE

	2001	2000
A. FASB #35 Basis		
1. Present Value of Benefits Accrued to Date:		
a. Members Currently Receiving Payments	$283,000	$184,900
b. Former Vested Members	1,800	19,200
c. Active Members	1,176,700	994,800
2. Total Present Value of Accrued Benefits (1(a) + 1(b) + 1(c))	$1,461,500	$1,198,900
3. Assets at Market Value	$2,832,400	$2,819,200
4. Unfunded Value to Value of Benefits (2 - 3)	($1,370,900)	($1,620,300)
5. Ratio of Assets to Value of Benefits (3 / 2)	193.80%	235.15%
B. GASB #25 Basis		
2. Actuarial accrued liabilities for retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	$284,800	$204,100
3. Actuarial accrued liabilities for current Employees	2,204,100	2,400,000
3. Total actuarial accrued liability (1 + 2)	$2,488,900	$2,604,100
4. Net actuarial assets available for benefits	$2,793,900	$2,409,900
5. Unfunded actuarial accrued liability (3 – 4)	($305,000)	$194,200

TABLE V-2
Statement of Changes in Total Actuarial Present Value of All Accrued Benefits

	Accumulated Benefit Obligation (FASB 35)
Actuarial Present Value of Accrued Benefits at June 30, 2000	$1,198,900
Increase (Decrease) During years Attributable to:	
Passage of Time	100,400
Benefits Paid – FY 2001	(35,200)
Benefits Accrued, Other Gains/Losses	197,400
Plan Amendment	0
Net Increase (Decrease)	262,600
Actuarial Present Value of Accrued Benefits at June 30, 2001	$1,461,500

TABLE V-3
SOLVENCY TEST
THE TOTAL SYSTEMS OF THE STATE OF DELAWARE

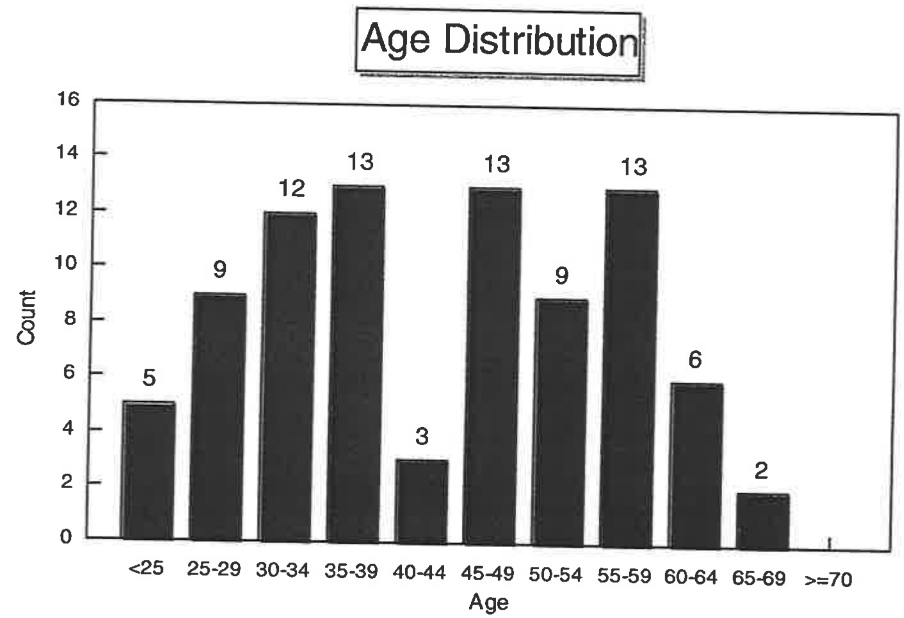
	June 30,2001	June 30, 2000
1. Actuarial Accrued Liability for:		
a. Retirees and Disabled Members and Survivors	$283,000	$184,900
b. Vested Deferred and Inactive Status Members	1,800	19,200
c. Active Members		
i) Accumulated employee contributions with interest	282,800	226,700
ii) Employer-financed Liabilities	1,921,300	2,173,300
2. TOTAL	$2,488,900	$2,604,100
3. Net Assets Available for Benefits at Market Value	$2,832,400	$2,819,200
4. Ratio of Assets to Actuarial Accrued Liabilities: (3) / (2)	113.8%	108.3%

APPENDIX A
MEMBERSHIP INFORMATION

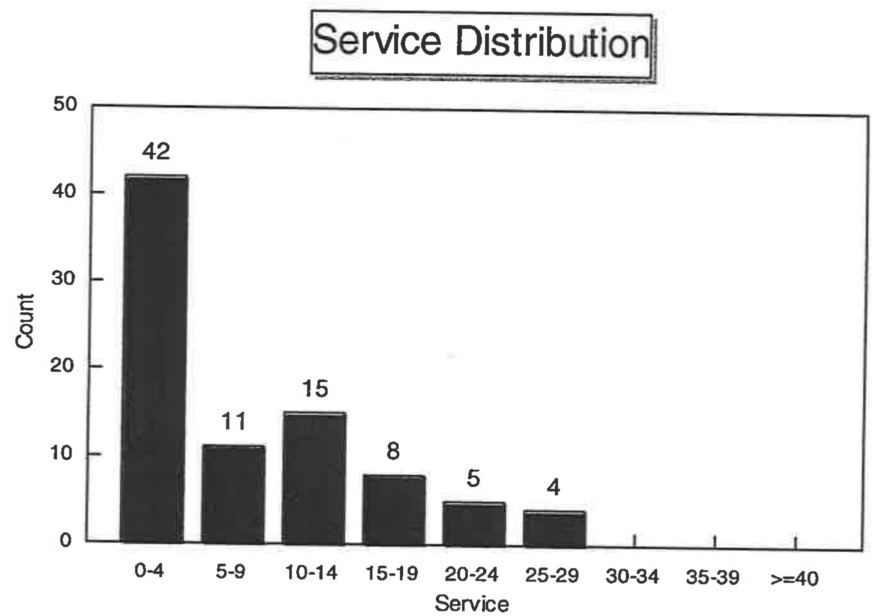
DELAWARE COUNTY AND MUNICIPAL PENSION PLAN
DISTRIBUTION OF ACTIVE MEMBERS - BY AGE AND SERVICE
as of June 30, 2001

Age	Service									
	0 TO 4	5 TO 9	10 TO 14	15 TO 19	20 TO 24	25 TO 29	30 TO 34	35 TO 39	40 & UP	Total
Under 25	5									5
25 TO 29	8	1								9
30 TO 34	9	2	1							12
35 TO 39	5	1	4	3						13
40 TO 44	1			1	1					3
45 TO 49	4	3	2		2	2				13
50 TO 54	1	1	3	1	1	2				9
55 TO 59	7	1	3	1	1					13
60 TO 64	2	2	1	1						6
65 TO 69			1	1						2
70 & UP										
Total	42	11	15	8	5	4				85

DELAWARE COUNTY AND MUNICIPAL PENSION PLAN
DISTRIBUTION OF ACTIVE MEMBERS - BY AGE
as of June 30, 2001



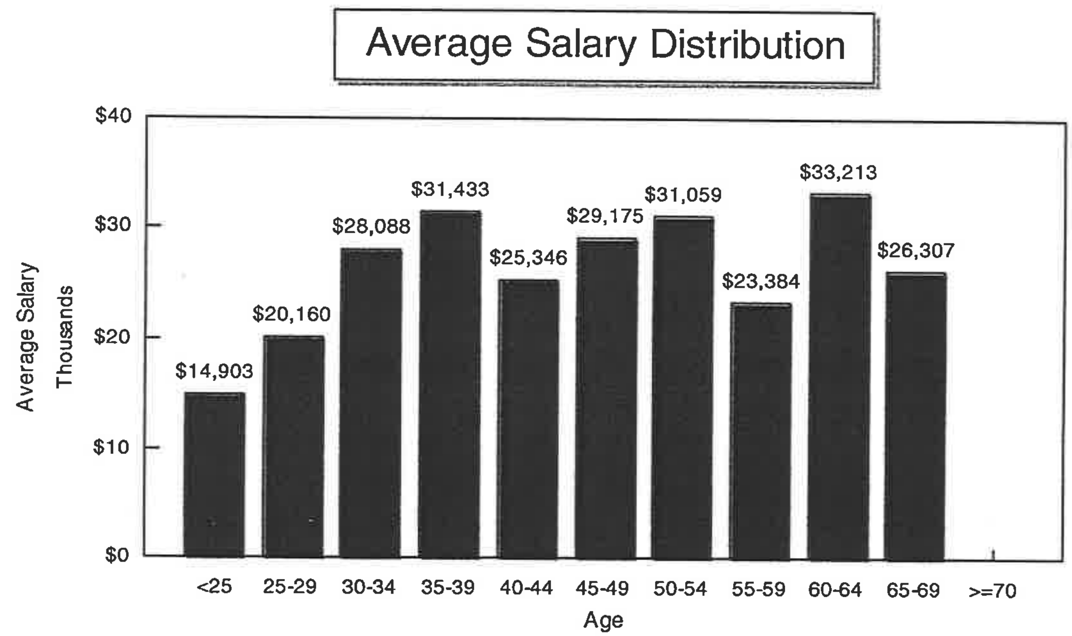
DELAWARE COUNTY AND MUNICIPAL PENSION PLAN
DISTRIBUTION OF ACTIVE MEMBERS - BY SERVICE
as of June 30, 2001



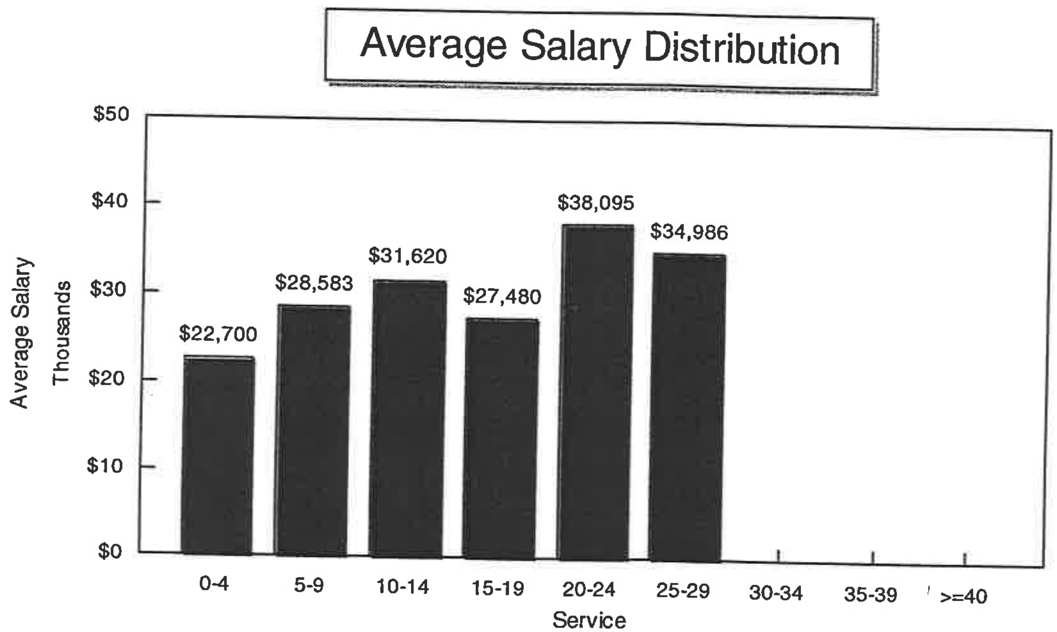
DELAWARE COUNTY AND MUNICIPAL PENSION PLAN
DISTRIBUTION OF AVERAGE SALARY - BY AGE AND SERVICE
as of June 30, 2001

	Average Salary Years of Service									
Age	0 TO 4	5 TO 9	10 TO 14	15 TO 19	20 TO 24	25 TO 29	30 TO 34	35 TO 39	40 & UP	Total
Under 25	14,903									$14,903
25 TO 29	20,184	19,967								$20,160
30 TO 34	29,540	21,875	27,439							$28,088
35 TO 39	25,229	27,047	34,861	38,663						$31,433
40 TO 44	21,841			25,315	28,882					$25,346
45 TO 49	15,542	30,826	31,228		43,649	37,437				$29,175
50 TO 54	19,512	24,413	32,789	26,602	45,573	32,535				$31,059
55 TO 59	23,984	20,588	27,604	3,984	28,722					$23,384
60 TO 64	26,996	43,086	38,939	20,177						$33,213
65 TO 69			24,841	27,772						$26,307
70 & UP										
Total	$22,700	$28,583	$31,620	$27,480	$38,095	$34,986				$26,969

DELAWARE COUNTY AND MUNICIPAL PENSION PLAN
DISTRIBUTION OF AVERAGE SALARY - BY AGE
as of June 30, 2001



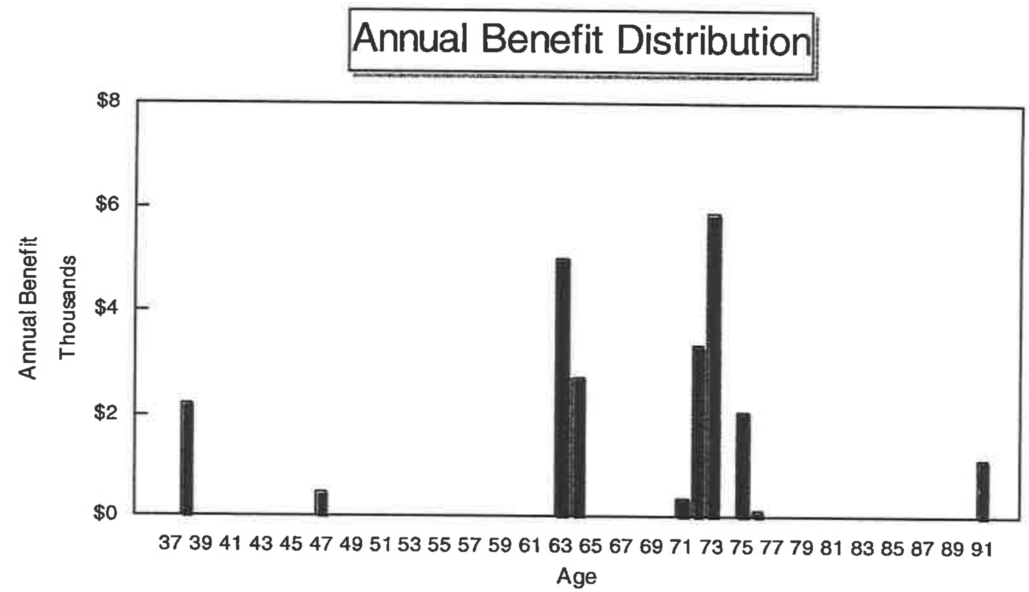
DELAWARE COUNTY AND MUNICIPAL PENSION PLAN
DISTRIBUTION OF AVERAGE SALARY - BY SERVICE
as of June 30, 2001



DELAWARE COUNTY AND MUNICIPAL PENSION PLAN
DISTRIBUTION OF RETIRED MEMBERS, SURVIVORS,
DISABLED MEMBERS AND VESTED FORMER MEMBERS
as of June 30, 2001

Age	Count	Annual Benefit	Age	Count	Annual Benefit
37	0	$0	65	0	$0
38	1	2,207	66	0	0
39	0	0	67	0	0
40	0	0	68	0	0
41	0	0	69	0	0
42	0	0	70	0	0
43	0	0	71	1	376
44	0	0	72	1	3,328
45	0	0	73	1	5,889
46	0	0	74	0	0
47	1	483	75	1	2,069
48	0	0	76	1	133
49	0	0	77	0	0
50	0	0	78	0	0
51	0	0	79	0	0
52	0	0	80	0	0
53	0	0	81	0	0
54	0	0	82	0	0
55	0	0	83	0	0
56	0	0	84	0	0
57	0	0	85	0	0
58	0	0	86	0	0
59	0	0	87	0	0
60	0	0	88	0	0
61	0	0	89	0	0
62	0	0	90	0	0
63	1	5,007	91	1	1,122
64	1	2,725			
			Total	10	$23,339

DELAWARE COUNTY AND MUNICIPAL PENSION PLAN
DISTRIBUTION OF RETIRED MEMBERS, SURVIVORS, DISABLED MEMBERS AND VESTED FORMER MEMBERS
as of June 30, 2001



APPENDIX B

ACTUARIAL ASSUMPTIONS AND METHODS

ACTUARIAL ASSUMPTIONS AND METHODS

A. Actuarial Assumptions

1. Investment Return: 8.50%

2. Healthy Life Mortality: 1983 Group Annuity Mortality Table.

3. Disabled Life Mortality: Mortality under stipulated table for a healthy life ten years older.

4. Increase in the Social Security Wage Base: 5.50%

5. Rates of Salary Increase:

Age	Salary at Age 65 as Percent of Salary at Age Shown	Annual Increase
20	2,100%	7.00%
25	1,497	7.00
30	1,068	7.00
35	761	7.00
40	543	7.00
45	387	7.00
50	276	7.00
55	197	7.00
60	140	7.00

The salary scale includes allowance for inflation of 5% per year.

6. Rates of Termination:

Age	
20	6.58%
25	5.27
30	4.83
35	4.47
40	3.84
45	3.21
50	1.52
55	0.33
60	0.00

7. Rates of Healthy Life Mortality

Age	Male	Female
20	0.04%	0.02%
25	0.05	0.03
30	0.06	0.03
35	0.09	0.05
40	0.12	0.07
45	0.22	0.10
50	0.39	0.16
55	0.61	0.25
60	0.92	0.42

8. Rates of Retirement

Immediate retirement upon attaining the earliest of:

a) age 65 with 5 years of credited service
b) age 60 with 15 years of credited service
c) 32 years of credited service

9. Rates of Disability

Age	
20	0.08%
25	0.11
30	0.15
35	0.20
40	0.29
45	0.48
50	0.81
55	1.34
60	2.16

10. Administrative Expenses: 0.25% of projected annual payroll for the coming year.

11. Family Composition: Social Security awards during 1972 with female spouses assumed to be three years younger than their male. Sample rates follow:

	Percent Married	
Age	Male	Female
40-44	71.4%	63.1%
45-49	73.3	61.0
50-54	75.7	64.0
55-59	77.0	57.6
60-64	74.0	49.5
65-69	69.9	22.7

12. Changes Since Last Valuation

None.

B. Actuarial Methods

1. Funding Method

The Entry Age Normal Actuarial Cost Method is used to determine costs. Under this funding method, the normal cost is a level percent of pay cost which, along with the member contributions and the present value of future amortization payments due from participating municipalities will pay for projected benefits at retirement for the average plan participant.

The actuarial accrued liability is that portion of the present value of projected benefits that will not be paid by future employer normal costs or member contributions. The difference between this liability and funds accumulated as of the same date is referred to as the unfunded actuarial liability.

The portion of the actuarial accrued liability in excess of plan assets is funded according to a schedule which is intended to amortize such unfunded actuarial liability fully after a period of years. This is in addition to each year's employer normal cost. Under this cost method, actuarial gains and losses are directly reflected in the size of the unfunded actuarial liability.

The payment to amortize the unfunded liability is amortized over a 10 year period from each valuation date. The payments are determined so that they will increase by 4% per year.

2. Asset Valuation Method

For purposes of determining the employer contribution rate to the plan we use an actuarial value of assets. The asset adjustment method dampens the volatility in asset values that could occur because of fluctuations in market conditions. Use of an asset smoothing method is consistent with the long term nature of the actuarial valuation process.

The actuarial value of assets is a weighted average giving 20% weight to the current market value and 80% weight to the prior year's actuarial value increased by expected interest and contributions and decreased by benefit payments and expenses. This is mathematically equivalent to recognizing 100% of the actuarially assumed interest rate, plus contributions, less payments each year and 20% of the portion of each year's returns that have not already been reflected in asset values.

3. Changes Since Last Valuation

The funding method was changed from the Frozen Initial Liability method.

APPENDIX C

SUMMARY OF PLAN PROVISIONS

SUMMARY OF PLAN PROVISIONS
AS OF JUNE 30, 2001
DELAWARE COUNTY AND MUNICIPAL PENSION PLAN

1. **Membership**

   The plan covers full-time or regular part-time employees and elected or appointed officials of a county or municipality including state governmental subdivisions.

2. **Member Contributions**

   3% of compensation which exceeds $6,000 per annum plus an additional 2% of compensation in excess of the Social Security wage base.

   Interest is credited at the rate of 5% per year.

   Member contributions are made through an "employer pick-up" arrangement which results in deferral of taxes on the contributions.

3. **Credited Service**

   All service as a member plus certain claimed and purchased service.

4. **Final Average Compensation**

   Final average compensation is the average over the highest 60 consecutive months (or shorter period of total service).

5. **Social Security Wage Base**

   The amount of wages subject to Social Security (FICA) taxes ($80,400 in 2001).

6. **Age 62 Social Security Benefit**

   The Age 62 Social Security benefit is determined using tables prepared by the Board of Pension Trustees' actuary based upon the Social Security Law in effect in the year of retirement. Adjustments are made if the Member can demonstrate that the actual Social Security benefit is lower than that used in the calculation.

7. **Normal Retirement**

Eligibility: (i) age 65 with 5 years of credited service; or (ii) age 60 with 15 years of credited service; or (iii) any age with 30 years of credited service.

Benefit: 1 2/3% of final average compensation for each year of credited service.

At age 62 the plan benefit may not exceed 75% of final average compensation minus the Age 62 Social Security Benefit, multiplied by a ratio (not to exceed 1.25) of actual years of service over 30.

8. **Early Retirement**

Eligibility: age 55 with 15 years of credited service.

Benefit: Normal retirement benefit reduced by 0.4% for each month the member is under age 60 at the time of retirement.

9. **Disability Benefit**

Eligibility: 5 years of credited service

Benefit: Normal retirement benefit except benefits may not exceed 75% of final average compensation minus the Social Security disability benefit.

10. **Survivor's Benefit**

Eligibility: death while active with 5 years of credited service or death after retirement.

Benefit: For eligible survivors of employees who die in active service - 50% of normal retirement benefit employee would have been eligible to receive at age 62.

For eligible survivors of pensioners who die - 50% of pension received immediately prior to death.

Eligible survivors include: (1) widow or widower; or (2) child or children under 18, or between 18 and 22 and attending school on a full-time basis, or over 18 and permanently disabled before 18; or (3) dependent parent or parents.

11. **Vesting**

Eligibility: 5 years of credited service.

Benefit: Normal retirement benefit payable at age 62 based on final average compensation and service at date of termination. In lieu of a pension, a member may receive a refund of accumulated employee contributions with interest. Upon application for a refund of contributions a member's vested right to a monthly benefit shall be forfeited.

12. **Withdrawal of Employee Contributions**

Eligibility: Terminates service and is not eligible for other benefits.

Benefit: Accumulated employee contributions with interest.

13. **Changes Since Last Valuation**

None.