The City of Bismarck Employees' Pension Plan

Actuarial Valuation

January 1, 2008

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The City of Bismarck Employees' Pension Plan

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ACTUARIAL CERTIFICATION
January 1, 2008 to December 31, 2008

In our opinion, the following report presents fairly the January 1, 2008 Actuarial Valuation of The City of Bismarck Employees' Pension Plan in accordance with Generally Accepted Actuarial Principles and Practices.

Our Actuarial Valuation has been conducted with reliance upon Participant information and financial information provided to us by the City of Bismarck. The accuracy of the information in this report is dependent on the quality and completeness of the information provided to us. We have reviewed the information provided to us for general reasonableness. The valuation was performed on the basis of the Participant data, Plan Provisions, actuarial assumptions, and actuarial methods stated in this report.

The actuarial assumptions used in this report were selected by the City of Bismarck, with the agreement of Stanton Group. The assumptions were modified effective January 1, 2006 to reflect the results of an Experience Study for the period from January 1, 1998 through December 31, 2004. In our opinion, the actuarial assumptions used (a) each, and in the aggregate, are reasonably related to the experience of the plan and to reasonable expectations, and (b) in the aggregate, represent our best estimate of anticipated experience under the plan.

To the best of our knowledge, the information contained in this report is complete and accurate.

Douglas A. Anderson, A.S.A., M.A.A.A., E.A. Enrollment Number 08-05012	Benjamin M. Holle Actuarial Analyst
Date	Date

COMMENTARY

In this report we present the results of the January 1, 2008 Actuarial Valuation of the City of Bismarck Employees' Pension Plan. There were no changes in actuarial assumptions or plan provisions since the last report. This report reflects a 2.7% Cost of Living Adjustment (COLA) for retirees effective January 1, 2008. The Actuarial Accrued Liability increased by $392,761 as a result of the COLA. This change is classified as an experience loss on page 16 since COLAs are granted on an ad hoc basis and there is no assumption for future increases.

Annual Required Contribution

It is recommended that the City contribution be at least equal to the Annual Required Contribution developed under the Entry Age Normal actuarial cost method. On this basis, a contribution of $1,090,182 (7.3% of covered payroll) is recommended for the 2008 plan year. The calculation of this contribution is illustrated in Exhibit 12.

Expected City Contribution

The City Commission has approved that the City contribution to the Employees' Pension Plan for the five year period beginning January 1, 2004, will be in the amount of 10.4% of salary with an additional $819,791 to be contributed each year toward payment of the Unfunded Actuarial Accrued Liability. The expected contribution for 2008 on this basis is $2,369,583 (15.9% of payroll).

Contribution Requirements

The valuation results are shown on page 3 in a comparison between 2007 and 2008. The 2007 calculation, developed in the first column, shows an Unfunded Actuarial Accrued Liability (UAAL) of $1,671,906 and, with a City payment of $2,264,638 for 2007 and $2,369,583 for 2008 plus future contributions of 10.4% of covered payroll, an amortization period of 2 years.

The calculation for 2008 shows an UAAL of $1,083,189 and, with a City payment of $2,369,583 for 2008, an amortization period of 1 year.

Funding Ratio

On a plan assumptions basis, plan assets cover 131% of the Present Value of Accumulated Plan Benefits. More detail is contained on page 20. Last year plan assets also covered 131% of the Present Value of Accumulated Plan Benefits.

GASB No. 25 and No. 27

Information required by Statements No. 25 and No. 27 of the Governmental Accounting Standards Board is summarized on pages 21 and 22.

SUMMARY OF RESULTS

	1/1/07	1/1/08	Percent Change
1. Number of Participants			
(a) Active	346	354	2.3%
(b) Terminated vested	23	27	17.4%
(c) Retired	121	127	5.0%
(d) Total Participants	490	508	3.7%
2. Annual covered salaries for Participants under age 62	$ 13,892,759	$ 14,901,848	7.3%
3. Actuarial Accrued Liability			
(a) Active Participants	$ 34,935,968	$ 37,014,788	6.0%
(b) Terminated vested Participants	879,999	1,003,080	14.0%
(c) Retired Participants	15,009,614	17,290,016	15.2%
(d) Total Actuarial Accrued Liability (a + b + c)	$ 50,825,581	$ 55,307,884	8.8%
4. Actuarial Value of Assets	$ 49,153,640	$ 54,224,695	10.3%
5. Unfunded Actuarial Accrued Liability (3d – 4)	$ 1,671,941	$ 1,083,189	(35.2%)
6. Expected annual financial support by City	$ 2,264,638[1]	$ 2,369,583[1]	4.6%
7. Annual Required Contribution	$ 1,068,130	$ 1,090,182	2.1%
8. Amortization period at expected level of funding	2 years[2]	1 year[3]	(50.0%)

[1] 10.4% of salary with an additional $819,791 each year for the five-year period beginning January 1, 2004 to be contributed toward payment of the unfunded liability.

[2] Amortization period based on $2,264,638 contribution for 2007, increased to $2,369,583 for 2008, and $1,596,286 in 2009 and increasing due to total salary growth at the rate of 3.0% annually (without further contributions of $819,791 per year).

[3] Amortization period based on $2,369,583 contribution for 2008, decreased to $1,596,286 for 2009, and increasing due to total salary growth at the rate of 3.0% annually thereafter (without further contributions of $819,791 per year).

Input Information

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EXHIBIT 1
Summary of Plan Provisions

The following summary has been prepared for valuation purposes only. It outlines the Provisions found in Chapter 9-07 (City Employees' Pension) necessary to perform the Actuarial Valuation, as interpreted by Stanton Group.

Definitions

Actuarial Equivalence Factors:	In calculating the actuarial equivalence of one form of benefit to another, the interest rate to be used shall be 7.0% and the mortality table to be used shall be the "applicable mortality table" as defined by Section 417(e)(3) of the Code (9-07-10).
Average Basic Monthly Compensation:	The average of the monthly base compensation of a Participant over the highest 36 month period of employment. Monthly base compensation excludes overtime, bonuses, severance payments, and other remuneration in excess of base compensation (9-07-15(1)).
Effective Date of the Plan:	January 1, 1966.
Early Retirement Date:	Participants who have completed 60 consecutive months of contributing service and have attained age 50 are eligible for a monthly pension benefit (9-07-15(2)).
Membership Fee:	Every full-time employee of the City of Bismarck except police officers and fire fighters shall be assessed and required to pay an amount of 5.0% of their basic salary (9-07-01).
Normal Form of Benefit:	Married Participants receive a Joint & Two-Thirds to Survivor annuity. Single Participants receive a Life Only annuity.
Normal Retirement Date:	Participants who have attained age 62 are eligible for a monthly pension benefit (9-07-15(1)).
Plan Year:	January 1st through December 31st (9-07-08).
Recognized Service:	Full and fractional years of contributing service during which the employee contributed to the fund (9-07-23). Military service will be included as part of the period of service with the City provided that the period does not exceed 5 years and the employee pays into the fund 5.0% of the lesser of the last full year's salary paid by the City or military salary for each year of military service (9-07-05).

EXHIBIT 1 (Continued)
Summary of Plan Provisions

Plan Provisions

Eligibility:

Every full-time employee, other than members of the Police Department who are sworn officers, members of the firefighter's relief association, and employees who perform fire suppression duties. (9-07-11).

Normal Retirement Benefit:

Participants serving until the Normal Retirement Date are eligible for a monthly pension benefit computed by multiplying his or her highest 36 months of Average Basic Monthly Compensation times 1.75% times his or her number of full and fractional years of Recognized Service prior to January 1, 2005 plus 2.25% times his or her number of full and fractional years of Recognized Service after December 31, 2004. (9-07-15(1)).

Early Retirement Benefit:

The monthly pension benefit shall be equal to the Normal Retirement Benefit actuarially reduced for payments commencing prior to age 62 (9-07-15(2)). The reduction factors are as follows:

Age	Factor	Age	Factor
50	.4287	57	.6841
51	.4567	58	.7353
52	.4870	59	.7918
53	.5199	60	.8542
54	.5557	61	.9233
55	.5947	62	1.000
56	.6373		

Termination Benefit:

After 60 consecutive months of contributing service and termination of employment, a Participant may elect a deferred retirement benefit to commence at an elected age 50 to 62. The Participant's deferred benefit shall equal the Normal Retirement Benefit (based on service and compensation to the date of termination) actuarially reduced for early commencement (9-07-15(3)).

EXHIBIT 1 (Continued)
Summary of Plan Provisions

Death Benefit:

The surviving spouse (while unmarried) receives 2/3 of the actuarially reduced pension to which the Participant would have been entitled, but not less than $65 per month provided the Participant served at least 60 consecutive months of contributing service (9-07-15(4)).

The surviving spouse has the option to elect a refund of contributions in lieu of the above-mentioned benefit (9-07-15(5)).

If there is no surviving spouse, the Participant's contributions are paid to the Participant's estate (9-07-15(6)).

Refund of Contributions:

Any Participant who has contributed to the plan and terminates employment before being entitled to a pension shall be entitled to a refund of all contributions made by him to the pension system with accumulated interest. Interest of 5% per year will be credited on such contributions made after July 1, 1972. Interest of 2.5% per year will be credited on such contributions made prior to July 1, 1972.

Any Participant electing a refund of contributions forfeits all rights to any other form of benefit under this plan (9-07-14).

Cost of Living Adjustments:

Persons receiving pension payments shall be eligible for cost of living adjustments in an amount determined by the Board of Trustees. The adjustment may not exceed the lesser of the City employees' salary adjustment or 3% (9-07-16).

EXHIBIT 2
Census Summary and Reconciliation

	1/1/07	1/1/08	Percent Change
Active Participants			
▪ Number of Participants			
– Fully vested	251	256	2.0%
– Non-vested	95	98	3.2%
– Total	346	354	2.3%
▪ Average age	47.7	47.6	(0.2%)
▪ Average service	13.6	13.5	(0.7%)
▪ Average salary	$ 40,740	$ 41,806	2.6%
Terminated Vested Participants			
▪ Number of Participants	23	27	17.4%
▪ Average age	48.7	48.1	(1.2%)
▪ Average years since termination	5.2	5.4	3.8%
▪ Average monthly benefit at Normal Retirement	$ 670.66	$ 643.26	(4.1%)
Retired Participants			
▪ Number of Participants	121	127	5.0%
▪ Average age	73.4	73.5	0.1%
▪ Average years since retirement	10.6	10.6	0.0%
▪ Average monthly benefit	$ 1,151.30	$ 1,262.36	9.6%

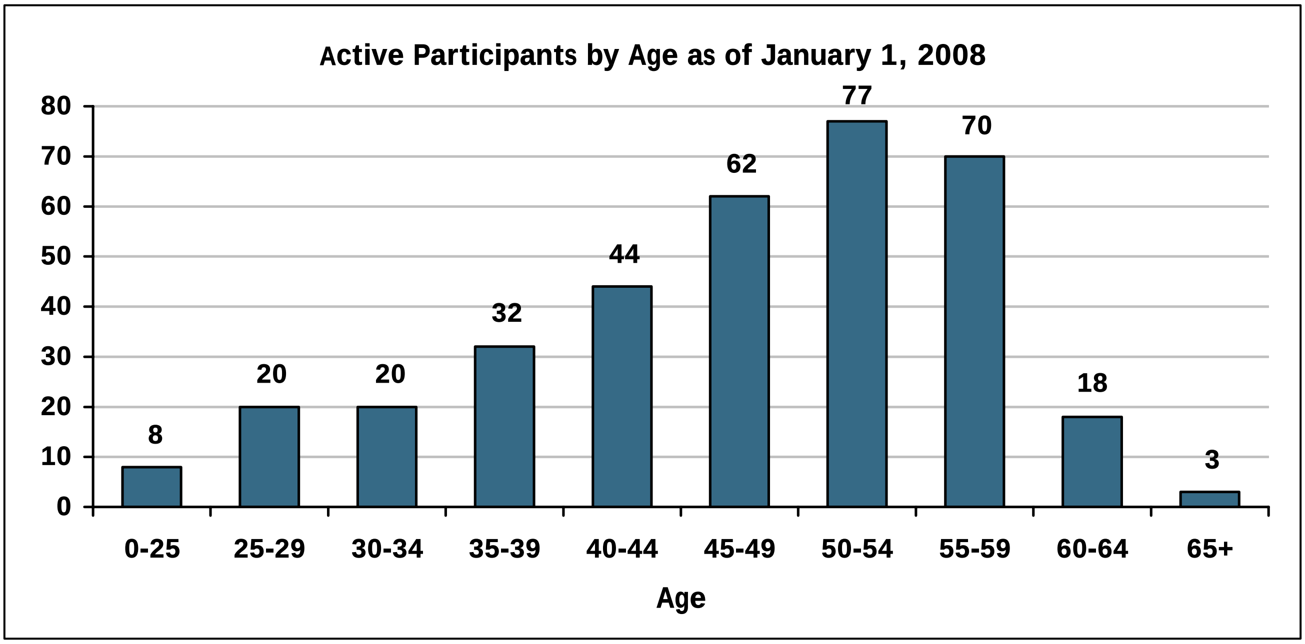
EXHIBIT 3
Participant Reconciliation

The following information provides the reconciliation from January 1, 2007 to January 1, 2008 of Plan Participants.

	Active	Terminated Vested	Retired	Disabled	Beneficiary	Total
1/1/2007 Participants	346	23	91	0	30	490
New Participants	34	-	-	-	-	34
Terminated vested	(4)	4	-	-	-	0
Terminated non-vested	(14)	-	-	-	-	(14)
Retired	(7)	-	7	-	-	0
Disabled	-	-	-	-	-	0
Died with beneficiary	(1)	-	(1)	-	2	0
Died without beneficiary	-	-	-	-	(2)	(2)
Benefit stopped	-	-	-	-	-	0
Paid-out lump sum	-	-	-	-	-	0
Data corrections	-	-	-	-	-	0
1/1/2008 Participants	354	27	97	0	30	508

During 2007 the total Participant count increased by 18 due to 34 new Participants offset by 14 Participants that terminated employment and received a return of their employee contributions, and 2 Participant deaths without a beneficiary. There were 4 Participants that moved from active to terminated vested status and 7 Participants retired during the year. There were 2 Participant deaths during 2007 with continued benefits to beneficiaries.

EXHIBIT 4
Active Participant Data



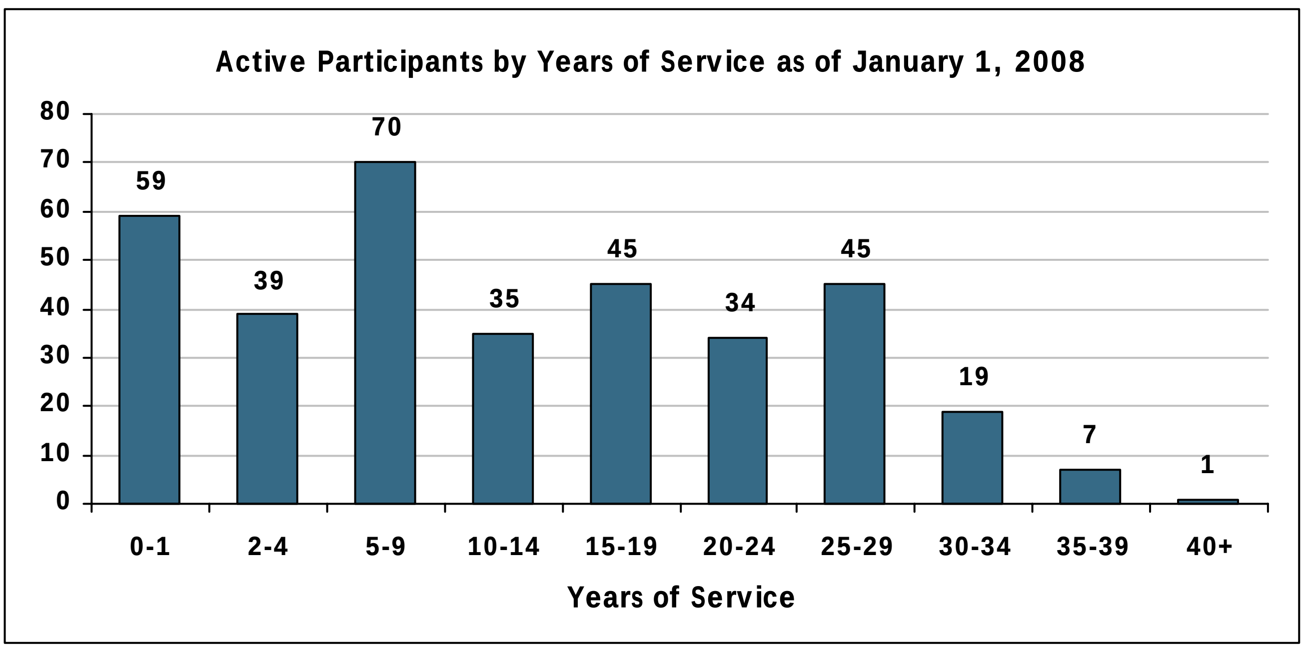
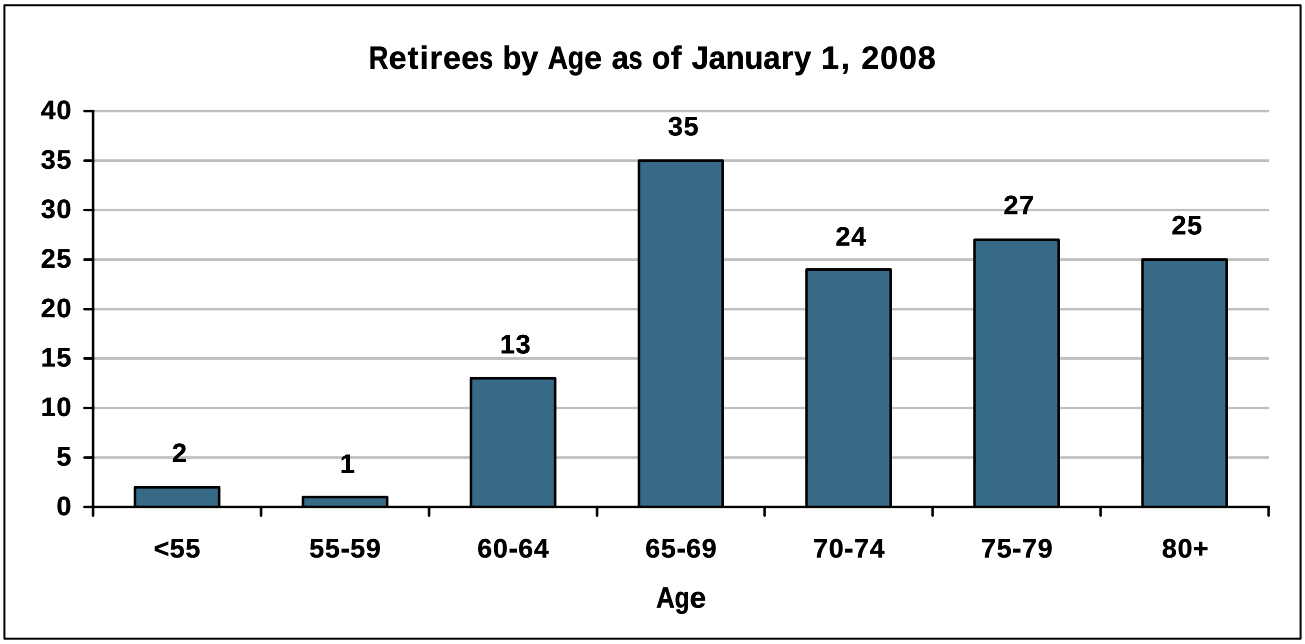
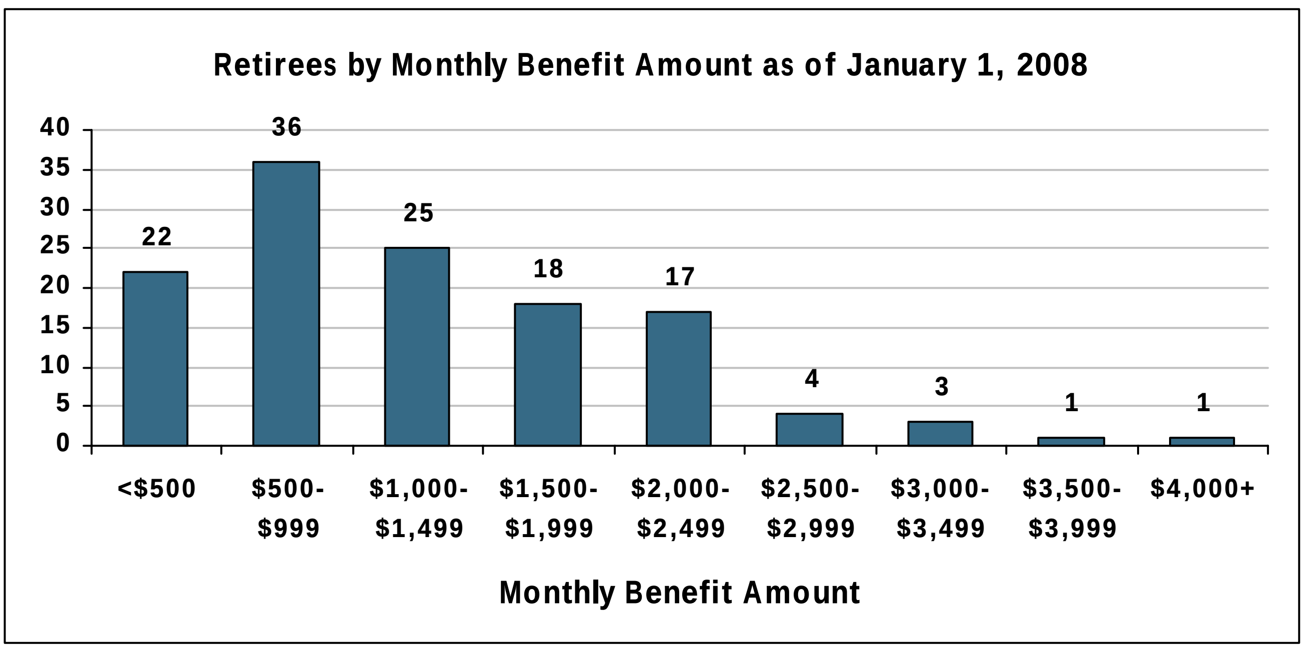


EXHIBIT 5
Retired Participant Data





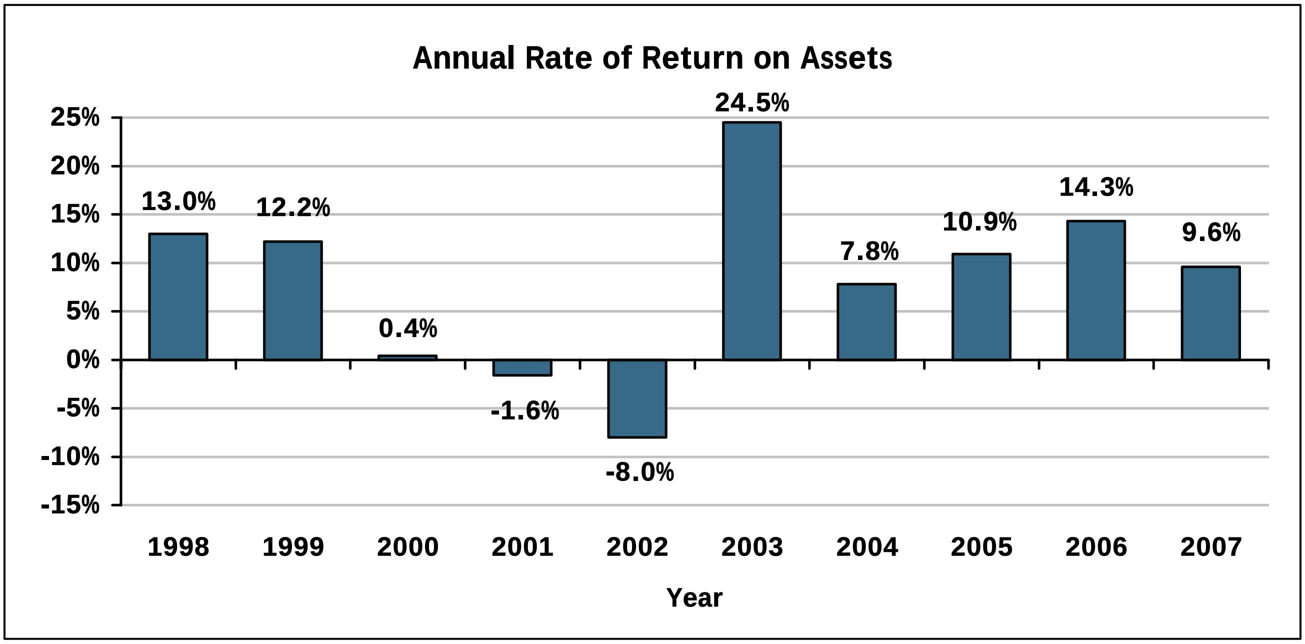
Retirees include those on service retirement, disability retirement and beneficiaries with survivor benefits.

EXHIBIT 6
Reconciliation of Assets

1. Beginning Balance as of January 1, 2007		$ 49,153,640
2. Revenue		
(a) Employer's Contribution		
(i) General Property Tax	$ 837,678	
(ii) Mobile Home Tax	10,159	
(iii) Homestead Credit	2,638	
(iv) State Payment in Lieu of Tax	90,452	
(v) Park & Rec. Contribution	213,783	
(vi) Total City Contribution	$ 1,154,710	
(b) Employee's Contribution	744,952	
(c) Investment Income (Loss)	4,719,268	
(d) Total Revenue		$ 6,618,930
3. Expenditure		
(a) Pension Benefit Payments	$ 1,817,678	
(b) Legal & Audit Fees	263	
(c) Management Consulting	14,675	
(d) Investment Expense	527,973	
(e) Miscellaneous Investment Expense	62,981	
(f) Pension Refund	135,467	
(g) Postage	586	
(h) Total Expenditure		$ 2,559,623
4. Total Operating Income (Loss)		$ 4,059,307
5. Other Financing Sources (Uses)		
(a) Transfer from General Fund	$ 244,678	
(b) Transfer from Special Revenue	46,221	
(c) Transfer from Capital Projects Fund	8,607	
(d) Transfer from Enterprise Funds	683,857	
(e) Transfer from Internal Service Fund	44,829	
(f) Transfer to General Fund	(16,444)	
(g) Total Other Financing Uses		$ 1,011,748
6. Net Income (Loss)		$ 5,071,055
7. Ending Balance as of December 31, 2007		$ 54,224,695

Total assets increased $5,071,055 during 2007. This increase was from net cash flow (total contributions less expenditures) of $351,787 and investment income of $4,719,268. Transfers from the General, Special Revenue, Capital Projects, Enterprise and Internal Service Funds are considered to be Employer Contributions for GASB purposes. Some components were rounded up or down to ensure that the totals would add correctly. The net rate of return after expenses was 9.6%.

EXHIBIT 7
Historical Asset Information



Rates of return are determined after expenses. Calculations prior to 2004 exclude the employee accumulation fund (Kemper Account).

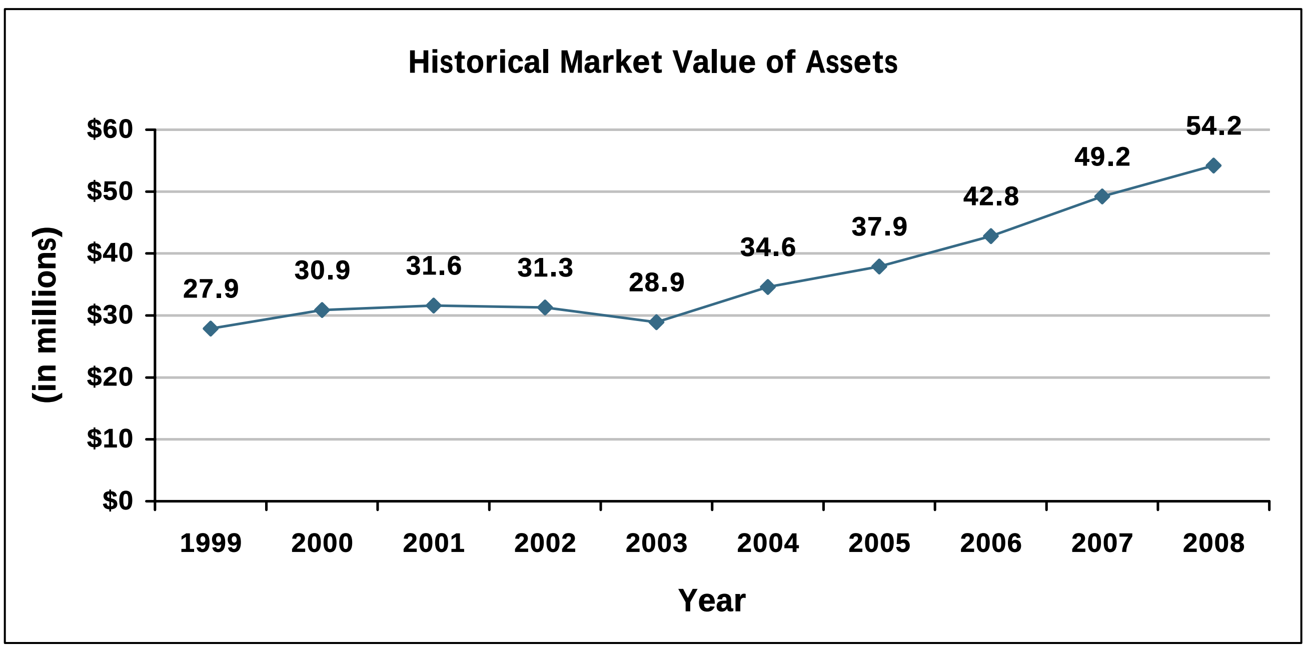


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EXHIBIT 8
Actuarial Assumptions and Cost Methods

Economic Assumptions

Investment Return: The Fund is assumed to earn 7.5% per year after expenses.

Salary Scale: Active Participant Salaries are assumed to increase at rates according to the following table:

Years of Service	Rate
0-9	5.0%
10+	4.0%

Inflation: The amortization of the Unfunded Actuarial Accrued Liability is determined as a level percent of payroll using a 3% total payroll growth assumption.

Demographic Assumptions

Retirement: Active Participants are assumed to retire upon attainment of age 62.

Mortality: Mortality rates are based on the 1994 Group Annuity Mortality Table (See Illustrations on Page 14).

Disability: None.

Withdrawal: Active Participant termination rates are based on plan experience between 1/1/98 and 1/1/05 (See Illustrations on Page 14).

Spouse Age: Male Participants are assumed to be 3 years older than female spouses. Female Participants are assumed to be 3 years younger than male spouses.

Marriage Rate: 85% of Participants are assumed to be married.

EXHIBIT 8 (Continued)
Actuarial Assumptions and Cost Methods

Cost Methods

Form of Benefit:	Married Participants receive their benefit in the form of a Joint and Two Thirds to Survivor annuity. Single Participants receive their benefit in the form of a Life Only annuity.
Actuarial Asset Value:	The Actuarial Value of Assets is equal to the Market Value of Assets reserved for employee pension benefits.
Expenses:	Plan expenses are paid from plan assets.
Funding Method:	The contribution requirement is determined using the Entry Age Normal actuarial cost method.

Illustrations

	Rate of Mortality (per 1,000)		Rate of Disability (per 1,000)		Rate of Withdrawal (per 1,000)	
Age	Male	Female	Male	Female	Male	Female
25	0.66	0.29	0.00	0.00	40	200
30	0.80	0.35	0.00	0.00	40	50
35	0.85	0.48	0.00	0.00	30	50
40	1.07	0.71	0.00	0.00	25	40
45	1.58	0.97	0.00	0.00	20	20
50	2.58	1.43	0.00	0.00	10	20
55	4.43	2.29	0.00	0.00	0	0

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EXHIBIT 9
Development of Unfunded Actuarial Accrued Liability

		1/1/08
1. Actuarial Accrued Liability		
(a) Participants receiving benefits	$	16,897,255
(b) Terminated vested Participants		1,003,080
(c) Active Participants		37,014,788
(d) Total Participants (a + b + c)	$	54,915,123
2. Actuarial Value of Assets		54,224,695
3. Balance before adjustments (1)(d) – (2) not less than zero	$	690,428
4. Adjustment for cost of living adjustments		392,761
5. Adjustment for assumption changes		0
6. Unfunded Actuarial Accrued Liability as of January 1, 2008 (3) + (4) + (5)	$	1,083,189

Under the Entry Age Normal actuarial cost method, the Unfunded Actuarial Accrued Liability is redetermined each year. The Actuarial Accrued Liability is valued using participant data, plan provisions and assumptions as of the valuation date. Past demographic or economic experience different than assumed is called an actuarial gain or loss and is reflected in the Unfunded Actuarial Accrued Liability. A breakdown of actuarial gains and losses from the past year is shown on the next page.

The Unfunded Actuarial Accrued Liability is amortized over a fixed period of time. The amortization period was reset at 20 years as of January 1, 2002. Therefore, there are 14 years remaining in the amortization period. The resulting amortization payment is a component of the Annual Required Contribution.

The Unfunded Actuarial Accrued Liability is scheduled to be reduced to $0 over the amortization period. However, this schedule is met only if all assumptions are met and the actual employer contribution equals the Annual Required Contribution each year. If assumptions are not met, an actuarial gain or loss will either decrease or increase the UAAL. Also, if the employer contribution exceeds the recommended contribution, the UAAL will be reduced more rapidly. Alternatively, if the employer contribution is less than the recommended contribution, the UAAL will reduce more slowly or even increase.

EXHIBIT 10
Development of Actuarial Gain/(Loss)

Development of Liability (Gain) or Loss

Actual Actuarial Liability as of January 1, 2007		$ 50,825,581
Expected changes		
▪ Normal cost	$ 1,576,341	
▪ Interest at 7.5%	3,930,144	
▪ Benefit payments with interest to year end	(2,026,388)	
▪ Total expected changes		$ 3,480,097
Expected Actuarial Liability as of January 1, 2008		$ 54,305,678
Actual Actuarial Liability as of January 1, 2008		55,307,884
Actuarial Liability (gain) or loss		$ 1,002,206
Breakdown of Actuarial Liability (gain) or loss by source		
Active decrements		
▪ Retirement	$ 8,177	
▪ Termination	(15,250)	
▪ Death	74,934	
▪ Total (gain)/loss due to active decrements		$ 67,861
Inactive mortality		146,344
Salary increases other than expected		118,283
New entrants		9,657
Assumption changes		N/A
Cost of living adjustment		392,761
Other amounts such as service accruals, data corrections, benefit amount and payment form different than expected		267,300
Actuarial Liability (gain) or loss		$ 1,002,206

Development of Asset (Gain) or Loss

Market Value of Assets as of January 1, 2007	$ 49,153,640
▪ Interest at 7.5%	3,686,523
▪ Actual contributions with interest to year-end	3,037,649
▪ Actual benefit payments with interest to year-end	(2,026,388)
▪ Actual expenses with interest to year-end	(646,282)
Expected value of assets as of January 1, 2008	$ 53,205,142
Actual value of assets as of January 1, 2008	54,224,695
Asset (gain) or loss	$ (1,019,553)

A gain/(loss) occurs when actual demographic or economic experience is different from the valuation assumptions. For example, if salary increases are greater (lower) than expected the liability will go up (down). During 2007, an actuarial liability loss of $1,002,206 was offset by an asset gain of $1,019,553 and resulted in a reduction in UAAL of about $20,000 more than expected.

EXHIBIT 11
Recommended Amortization Schedule

Year	Unfunded Liability at Beginning of Year	Annual Amortization Payment	Unfunded Liability at End of Year
2008	$ 1,083,189	$ 100,660	$ 1,056,219
2009	1,056,219	103,680	1,023,980
2010	1,023,980	106,790	985,979
2011	985,979	109,994	941,684
2012	941,684	113,294	890,520
2013	890,520	116,692	831,865
2014	831,865	120,193	765,047
2015	765,047	123,799	689,342
2016	689,342	127,513	603,966
2017	603,966	131,338	508,075
2018	508,075	135,278	400,756
2019	400,756	139,337	281,026
2020	281,026	143,517	147,822
2021	147,822	147,822	(0)

The Annual Amortization Payment is determined by amortizing the Unfunded Actuarial Accrued Liability (UAAL) over 14 years as a level percentage of total payroll. Total payroll is assumed to increase at 3% per year. Therefore, the UAAL of $1,083,189 as of January 1, 2008 is scheduled to be fully amortized over a 14-year period with payments increasing from $100,660 in 2008 by 3% per year.

This schedule is in accordance with Governmental Accounting Standards Board No. 27 guidelines. The City commission has approved that the City contribution for the five year period beginning January 1, 2004 will be 10.4% of salary with an additional $819,791 to be contributed towards payment of the unfunded liability each year. The actual contribution available to reduce the UAAL will exceed the scheduled amount in 2008.

EXHIBIT 12
Development of Annual Required Contribution

Annual Required Contribution (Dollar Amounts)

	2007	2008
1. Total Normal Cost	$ 1,576,341	$ 1,695,210
2. Expected employee contribution	(694,638)	(745,092)
3. City Normal Cost	$ 881,703	$ 950,118
4. Amortization of Unfunded Actuarial Accrued Liability	147,820	100,660
5. Total Annual Required Contribution	$ 1,029,523	$ 1,050,778
6. Interest to mid-year at 7.5%	38,607	39,404
7. Recommended contribution, mid-year, (5 + 6)	$ 1,068,130	$ 1,090,182

Annual Required Contribution (As a Percent of Payroll)

	2007	2008
1. Total Normal Cost	11.3%	11.3%
2. Expected employee contribution	(5.0%)	(5.0%)
3. City Normal Cost	6.3%	6.3%
4. Amortization of Unfunded Actuarial Accrued Liability	1.1%	0.7%
5. Total Annual Required Contribution	7.4%	7.0%
6. Interest to mid-year at 7.5%	0.3%	0.3%
7. Recommended contribution, mid-year, (5 + 6)	7.7%	7.3%

Percent of Payroll results are based on total expected covered payroll of $13,892,759 in 2007 and $14,901,848 in 2008. The expected city contribution of 10.4% of covered payroll plus an additional $819,791 towards the UAAL is significantly larger than the 2008 Annual Required Contribution of 7.3%.

EXHIBIT 13
Accelerated Funding Amortization Schedule

Year	Unfunded Liability at Beginning of Year	End of Year Annual Amortization Payment	Unfunded Liability at End of Year
2008	$ 1,083,189	$ 1,083,189	$ 0
2009	0	0	0
2010	0	0	0
2011	0	0	0
2012	0	0	0
2013	0	0	0
2014	0	0	0
2015	0	0	0
2016	0	0	0
2017	0	0	0
2018	0	0	0
2019	0	0	0
2020	0	0	0
2021	0	0	0

The Annual Required Contribution is $1,090,182. The City Commission has approved that the City contribution to the Employees' Pension Plan for the five year period beginning January 1, 2004, will be in the amount of 10.4% of salary with an additional $819,791 to be contributed each year towards payment of the Unfunded Actuarial Accrued Liability. The expected contribution for 2008 on this basis is $2,369,583 (15.9% of covered payroll). The accelerated amortization schedule results in the plan being fully funded in one year.

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EXHIBIT 14
Statement of Accumulated Plan Benefits

A measure of the degree of progress made in funding any plan is a comparison between the Accumulated Benefit Liability and the assets accumulated to date. The Accumulated Benefit Liability measures the present value of future benefit payments. However, benefit payments are based only on service and salaries earned as of the valuation date. This liability amount is less than the Actuarial Accrued Liability used to determine the Annual Required Contribution, because the AAL anticipates future salary increases for active participants. The liabilities are determined using the regular valuation assumptions. The table below shows the actuarial present value of the Accumulated Benefit Liability.

Actuarial Present Value of Accumulated Plan Benefits (PVAB)

	1/1/07	1/1/08
Vested accrued benefits		
▪ Participants currently receiving payments	$ 15,009,614	$ 17,290,016
▪ Other Participants	22,406,163	23,974,117
Total vested accrued benefits	$ 37,415,777	$ 41,264,133
Non-vested accrued benefits	152,112	171,442
Total accrued benefits	$ 37,567,889	$ 41,435,575

Statement of Changes in Accumulated Plan Benefits

Beginning value, January 1, 2007	$	37,567,889
Increases (Decreases)		
▪ Cost of living adjustment	$	392,761
▪ Change in actuarial assumptions		0
▪ Benefits accumulated and (gain)/loss		2,610,478
▪ Increase for interest due to decrease in discount period		2,817,592
▪ Benefits paid		(1,953,145)
▪ Net increase (decrease)	$	3,867,686
Ending Value, January 1, 2008	$	41,435,575

The ratio of assets to the above liabilities (known as the Funding Ratio) represents the degree to which Accumulated Benefit liability has been funded. As of January 1, 2008, the Market Value of Assets was $54,224,695. The table below outlines the funding ratios.

Funding Ratio (Assets/PVAB)	
Vested accrued benefits	131%
Total accrued benefits	131%

EXHIBIT 15
GASB Statement No. 25

Statement No. 25 requires disclosure of supplementary information in the form of two schedules, the Schedule of Funding Progress and the Schedule of Employer Contributions. The schedules are shown below.

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b - a) / c]
1/1/2001	$ 31,609,400	$ 31,609,400	$ 0	100.0%	$ 10,507,761	0.0%
1/1/2002	31,269,380	34,499,048	3,229,668	90.6%	11,114,003	29.1%
1/1/2003	28,324,967	32,464,523	4,139,556	87.2%	11,806,729	35.1%
1/1/2004	34,646,791	39,088,399	4,441,608	88.6%	12,441,844	35.7%
1/1/2005	37,922,220	42,856,344	4,934,124	88.5%	12,765,077	38.7%
1/1/2006	42,836,388	48,871,708	6,035,320	87.7%	13,106,843	46.0%
1/1/2007	49,153,640	50,825,581	1,671,941	96.7%	13,892,759	12.0%
1/1/2008	54,224,695	55,307,884	1,083,189	98.0%	14,901,848	7.3%

Schedule of Employer Contributions

Year Ended	Annual Required Contribution (a)	Employer Contribution (b)	Percentage Contributed (b / a)
12/31/2001	$ 423,579	$ 371,374	87.7%
12/31/2002	746,951	449,657	60.2%
12/31/2003	1,531,586	906,670	59.2%
12/31/2004	1,267,143	1,678,601	132.5%
12/31/2005	1,414,021	2,113,743	149.5%
12/31/2006	1,233,248	2,147,360	174.1%
12/31/2007	1,068,130	2,182,902	204.4%
12/31/2008	1,090,182	-	-

EXHIBIT 16
GASB Statement No. 27

The GASB Statement No. 27 annual pension expense is defined as the Annual Required Contribution (ARC) plus one year's interest on the Net Pension Obligation (NPO) offset by an adjustment to the Annual Required Contribution (ARC). The NPO is defined as the cumulative difference, including interest, for the years prior to the transition date between (a) the employer's required contributions in accordance with the plan's actuarially determined funding requirements and (b) the contributions made by the employer in relation to the required contributions. The adjustment to the Annual Required Contribution is necessary to amortize past contribution deficiencies or excess contributions of the employer.

	2007 Plan Year	2008 Plan Year
Annual Required Contribution (ARC)	$ 1,029,523	$ 1,050,778
Interest on Net Pension Obligation (asset)	(96,897)	(182,100)
Adjustment to Annual Required Contribution - Beginning of Year NPO amortized as a level percent of pay over a closed 20 year period beginning 1/1/2002 [1]	114,227	225,632
Annual Pension Cost	$ 1,046,853	$ 1,094,310
Contributions Made	2,182,902	*
Increase (decrease) in Net Pension Obligation (asset)	$(1,136,049)	$ *
Net Pension Obligation (asset) beginning of year	(1,291,956)	(2,428,005)
Net Pension Obligation (asset) end of year	$(2,428,005)	$ *

[1] The 2007 Amortization Factor is 11.31. The 2008 Amortization Factor is 10.76.

* To be determined at end of year.

The Net Pension Obligation at transition (January 1, 2007) is the cumulative difference, including interest, between (a) the employer's required contributions in accordance with the plan's actuarially determined funding requirements and (b) the contributions made by the employer in relation to the required contributions. The cumulative difference was based on plan records dating back to January 1, 2001. Since the Unfunded Actuarial Accrued Liability as of that date was $0, all actuarially determined required contributions prior to that date are assumed to have been made.