**KNOX COUNTY EMPLOYEE BENEFIT SYSTEM**
**KNOX COUNTY BOARD OF EDUCATION RETIREMENT PLAN**

**VALUATION AS OF 01/01/2009**

**PRINCIPAL RESULTS OF THE VALUATION**

Below is a summary of the principal results of this year's valuation compared with the previous valuation. Amounts for each valuation period reflect the actuarial cost method, assumptions and plan benefits in effect at that time.

| | As of January 1, 2008 | As of January 1, 2009 |
|---|---|---|
| CONTRIBUTION LIMITATIONS | | |
| Recommended Contribution | $ 198,608 | $ 1,898,864 |
| Percentage of Payroll | 4.84% | 91.33% |
| Expected Employee Contribution | $ 198,381 | $ 98,849 |
| SUPPORTING INFORMATION | | |
| Market Value of Assets | $ 83,327,598 | $ 55,905,465 |
| Actuarial Value of Assets | $ 83,327,598 | $ 61,496,011 |
| Present Value of Accumulated Benefits | $ 79,917,891 | $ 82,687,268 |
| Funding Ratio – Actuarial Value of Assets as a Percentage of Present Value of Accumulated Benefits | 104.3% | 74.4% |
| Funding Ratio Discount Rate | 7.5% | 7.5% |
| Number of Lives Included in the Valuation | 497 | 490 |
| Present Value of All Future Benefits | $ 85,637,574 | $ 84,249,712 |

## KNOX COUNTY EMPLOYEE BENEFIT SYSTEM
## KNOX COUNTY BOARD OF EDUCATION RETIREMENT PLAN

## VALUATION AS OF 01/01/2009

## EXECUTIVE SUMMARY

Purpose and Scope

The principal purposes of this actuarial valuation report are:

1. To present our calculation of the Plan contributions under the Knox County Employee Benefit System funding policy,

2. To review plan experience during the year ended December 31, 2008, and the funded status of the plan as of January 1, 2009, and

3. To determine the funded status of accumulated plan benefits, accumulated vested benefits, and plan funding progress in accordance with Governmental Accounting Standards Board Statements No. 25, 27 and other Financial Accounting Standards.

The valuation is based upon employee data and financial information provided by Knox County. This data was not audited or otherwise verified by us other than for tests of reasonable consistency with prior year data.

Actuarial Methods and Assumptions

For the January 1, 2009 plan year, all methods and assumptions remained the same as those used in the January 1, 2008 valuation except for the assumed retirement age, salary projection and the determination of actuarial value of assets. In light of the experience study performed in 2008, the assumed retirement age was lowered from age 63 to age 60 and the salary projection was lowered from 4.0% to 3.0%. We also changed the method used to determine plan actuarial value of assets. Each year's investment gain or loss will be recognized over five years beginning with the 2008 investment gain or loss.

Plan Experience

During 2008 the market value of plan assets decreased from $83,327,598 to $55,905,465 with an investment return of approximately -27.52%. This investment performance was far below the 7.5% assumption, creating an asset loss of about $28,275,000. We implemented asset smoothing, phased in over 5 years beginning on January 1, 2009. We have incorporated a 10% minimum/maximum corridor around the market value of assets. This resulted in valuation assets of $61,496,011, thereby reducing the asset loss to about $22,675,000. The plan also experienced a liability gain of approximately $625,000, resulting in a net actuarial loss of about $22,050,000.

Contribution Requirements

The suggested employer contribution for the 2009 fiscal year is $1,898,484. Please see page 7 for more details. This large increase in the suggested contribution is entirely due to the poor investment performance of the plan's assets in 2008.

# KNOX COUNTY EMPLOYEE BENEFIT SYSTEM
# KNOX COUNTY BOARD OF EDUCATION RETIREMENT PLAN

## VALUATION AS OF 01/01/2009

## EXECUTIVE SUMMARY
## (Continued)

<u>Funding Status</u>
The plan's funding ratio as shown on page one decreased from 104.3% in 2008 to 74.4% in 2009.

This report has been prepared in accordance with generally accepted actuarial standards and procedures, and conforms to the Guidelines for Professional Conduct of the American Academy of Actuaries. It is based upon the employee and financial data submitted to USI Consulting Group by the plan sponsor and the retirement plan provisions as outlined herein.

I, Dennis E. Jacobs, FSA, EA, MAAA, am a member of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

USI CONSULTING GROUP

Dennis E. Jacobs, FSA, EA, MAAA
Vice President and Actuary

J. Packer

Jaime Packer
Senior Actuarial Consultant

**KNOX COUNTY EMPLOYEE BENEFIT SYSTEM**
**KNOX COUNTY BOARD OF EDUCATION RETIREMENT PLAN**

**FINANCIAL STATEMENT AS OF 1/01/2009**

| **ASSETS** | 01/01/2008 | 01/01/2009 |
|---|---|---|
| Cash (and money market funds) | 0.00 | 0.00 |
| Accrued Income | 76,734.97 | 63,455.37 |
| Receivables | 0.00 | 0.00 |
| Investments | | |
| Bond Funds | 0.00 | 0.00 |
| Corporate (debt and equity instruments) | 83,250,862.65 | 55,842,009.36 |
| Real Estate Equity Fund | 0.00 | 0.00 |
| Other - Cash Equivalents | 0.00 | 0.00 |
| Total Investments | 83,250,862.65 | 55,842,009.36 |
| Buildings & Other Property used in Plan Operation | 0.00 | 0.00 |
| Insurance Contracts | 0.00 | 0.00 |
| Other Assets | 0.00 | 0.00 |
| Total Assets | $ 83,327,597.62 | $ 55,905,464.73 |
| | | |
| **LIABILITIES AND NET ASSETS** | | |
| Payables | 0.00 | 0.00 |
| Acquisition Indebtedness | 0.00 | 0.00 |
| Other Liabilities | 0.00 | 0.00 |
| Total Liabilities | 0.00 | 0.00 |
| | | |
| **NET ASSETS** | $ 83,327,597.62 | $ 55,905,464.73 |
| **STATEMENT OF RECEIPTS AND DISBURSEMENTS** | | |
| Net Assets at Beginning of Year | | $ 83,327,597.62 |
| Contributions Received or Receivable | | |
| Employer | 250,000.00 | |
| Employees | 194,416.06 | |
| Others | 0.00 | |
| Total Contributions | 0.00 | 444,416.06 |
| Dividends and Income | | 1,047,450.03 |
| Other Income | | 0.00 |
| Net Realized Gain (Loss) | | (676,733.02) |
| Net Unrealized Gain (Loss) | | (22,583,861.17) |
| Total Income | | (21,768,728.10) |
| Distribution of Benefits | | |
| Directly to Participants or Beneficiaries | 5,006,045.27 | |
| Other | 0.00 | 5,006,045.27 |
| Fees and Commissions | | 647,359.52 |
| Other Expenses | | 0.00 |
| Total Expenses | | 5,653,404.79 |
| Net Income (loss) | | (27,422,132.89) |
| **NET ASSETS AT END OF YEAR** | | $ 55,905,464.73 |



USI
CONSULTING GROUP

# KNOX COUNTY EMPLOYEE BENEFIT SYSTEM
# KNOX COUNTY BOARD OF EDUCATION RETIREMENT PLAN

## DETERMINATION OF VALUATION ASSETS AS OF 1/1/2009

### 1. ASSET GAIN/(LOSS) AS OF 1/1/2009

| | |
|---|---|
| (1) Expected market value of assets as of 1/1/2009: | |
| (a) Market value of assets as of 1/1/2008 | $ 83,327,598 |
| (b) Expected return on assets at 7.5% | $ 6,249,570 |
| (c) Contributions | $ 444,416 |
| (d) Benefit Payments and Expenses | $ (5,653,405) |
| (e) Net interest on (c) - (d), weighted for timing | (195,337) |
| (f) Total: (a) + (b) + (c) + (d) + (e) | $ 84,172,842 |
| (2) Actual Market value of assets as of 1/1/2009: | $ 55,905,465 |
| (3) Asset gain/(loss) as of 1/1/2009: (2) - (1)(f) | $(28,267,377) |

### 2. DETERMINATION OF VALUATION ASSETS AS OF 1/1/2009

(1) Market value of assets as of 1/1/2009: $ 55,905,465

(2) Amortization of asset gain/(loss) over a five year period:

| Year Ending December 31 | Asset Gain/(Loss) | X | Portion Not Yet Recognized | = | Amortization |
|---|---|---|---|---|---|
| 2008 | $(28,267,377) | | 4/5 | | $(22,613,902) |

| | |
|---|---|
| Total: | $(22,613,902) |
| (3) Accrued contributions as of 1/1/2009: | $ - |
| (4) Valuation assets as of 1/1/2009: (1) - (2) + (3) | $ 78,519,366 |

### 3. VALUATION ASSETS AS OF 1/1/2009

| | |
|---|---|
| (1) Valuation assets as of 1/1/2008: (1) + (2) + (3) + (4) + (5) | $ 83,327,598 |
| (2) Contributions, including receivables: | $ 444,416 |
| (3) Benefit payments: | $ (5,006,045) |
| (4) Plan expenses: | $ (647,360) |
| (5) Return on assets: | $(16,622,598) |
| (6) Valuation assets as of 1/1/2009: (1) + (2) + (3) + (4) + (5) | $ 61,496,011 |
| (7) 110% of Market Value | $ 61,496,011 |
| (8) Final Actuarial Value of Assets, no more than (7). | $ 61,496,011 |



CONSULTING GROUP

## KNOX COUNTY EMPLOYEE BENEFIT SYSTEM
## KNOX COUNTY BOARD OF EDUCATION RETIREMENT PLAN

### VALUATION RESULTS AS OF JANUARY 1, 2009

1. PRESENT VALUE OF FUTURE BENEFITS

The value of all projected retirement, death, disability, and vested termination benefits expected to be paid to all current plan participants, discounted to the valuation date with interest, mortality, withdrawal, and disablility decrements.

| | Lives | Retirement | Death | Withdrawal | Disability | Total |
|---|---|---|---|---|---|---|
| Active | 53 | 15,717,267 | 44,934 | 841,027 | 624,343 | 17,227,571 |
| Terminated | 19 | 2,137,449 | 19,413 | 0 | 0 | 2,156,862 |
| Retired | 418 | 64,865,279 | 0 | 0 | 0 | 64,865,279 |
| Totals | 490 | 82,719,995 | 64,347 | 841,027 | 624,343 | 84,249,712 |

2. ENTRY AGE ACCRUED LIABILITY

The portion of the present value of future benefit attributable to prior normal costs.

| | |
|---|---|
| Active | 16,969,217 |
| Terminated | 2,156,862 |
| Retired | 64,865,279 |
| Total | 83,991,358 |

| | |
|---|---|
| 3. ACTUARIAL VALUE OF ASSETS | 61,496,011 |
| 4. UNFUNDED ACCRUED LIABILITY (2 - 3) | 22,495,347 |

5. DEVELOPMENT OF CREDIT BALANCE

| | |
|---|---|
| (1) Minimum Contribution as of 7/1/2008 - prior year | 198,608 |
| (2) Actual Employer Contribution - 7/2008 | 250,000 |
| (3) Interest on Employer Contribution | 0 |
| (4) Credit Balance (2 + 3 - 1) | 51,392 |

6. ENTRY AGE NORMAL COST

The amount required to fund the present value of benefits as a level percent of pay from entry age to retirement age.

| | |
|---|---|
| A. Total Normal Cost | 128,171 |
| B. Expected Employee Contributions | 98,849 |
| C. Employer Normal Cost | 29,322 |

## KNOX COUNTY EMPLOYEE BENEFIT SYSTEM
## KNOX COUNTY BOARD OF EDUCATION RETIREMENT PLAN

### CONTRIBUTION REQUIREMENTS FOR PLAN YEAR ENDING DECEMBER 31, 2009

With recent experience, the Plan now shows an Unfunded Accrued Liability using the Individual Entry Age Normal cost method. The Recommended Employer contribution will be the Plan's Normal Cost reduced by Expected Employee Contributions (see pg. 6) plus a 27 year amoritization of the Past Service Base in effect on January 1, 2009 (see below) reduced by the Plan's Credit Balance (also on page 6).

RECOMMENDED PLAN CONTRIBUTION

| CHARGES: | | |
|---|---|---|
| (1) Employer Normal Cost | | 29,322 |
| (2) Outstanding Charge Base | 22,495,347 | |
| (3) Amortization of Outstanding Charge Base | | 1,851,934 |
| (4) Credit Balance | | 51,392 |
| (5) Total Charges = (1) + (3) - (4), not less than zero | | 1,829,864 |
| (6) Interest Charge on (1) and (3) and (4) | | 68,620 |

| | Annual Contributions | |
|---|---|---|
| | 2008 | 2009 |
| Total Recommended Employer Contribution as of Beginning of the Plan Year | 191,429 | 1,829,864 |
| Total Recommended Employer Contribution as of Beginning of fiscal year starting July 1 | 198,608 | 1,898,484 |
| Expected Employee Contributions for the Plan Year | 198,381 | 98,849 |

**AMORTIZATION SCHEDULE**

| Description | Year Est. | Initial Amount | Outstanding Balance | Amortization Payment | Years Remaining |
|---|---|---|---|---|---|
| Past Service Base | 2009 | 22,495,347 | 22,495,347 | 1,851,934 | 26 |
| | | | 22,495,347 | 1,851,934 | |



USI CONSULTING GROUP

## KNOX COUNTY EMPLOYEE BENEFIT SYSTEM
## KNOX COUNTY BOARD OF EDUCATION RETIREMENT PLAN

### PARTICIPANT DATA AS OF 1/1/2009

| | |
|---|---|
| **Active employees under retirement age** | |
| Number | 32 |
| Total annual compensation | 2,018,191 |
| Average accrued benefit | 1,448.79 |
| Average projected benefit | 2,398.57 |
| Average attained age | 56.63 |
| Average prior service | 34.55 |
| **Other active and inactive employees** | |
| Number | 21 |
| Average accrued benefit | 2,299.13 |
| Average attained age | 62.14 |
| **Terminated deferred vested, deceased and disabled employees** | |
| Number | 19 |
| Average accrued benefit | 869.75 |
| Average attained age | 58.84 |
| **Retired employees, beneficiaries and contingent annuitants** | |
| Number | 418 |
| Average monthly benefit | 1,056.17 |
| Average attained age | 67.23 |

### RECONCILIATION OF PARTICIPANT STATUS

| | Active | Inactive | Deferred Vested | Pay Status | Total |
|---|---|---|---|---|---|
| Prior Valuation | 70 | 0 | 21 | 406 | 497 |
| Terminated - vested | 0 | 0 | 0 | 0 | 0 |
| Cashed Out | 0 | 0 | 0 | (3) | (3) |
| Death | 0 | 0 | 0 | (4) | (4) |
| Entered as Beneficiary | 0 | 0 | 0 | 0 | 0 |
| Retired | (17) | 0 | (2) | 19 | 0 |
| Rehired | | 0 | 0 | 0 | 0 |
| Data Corrections | 0 | 0 | 0 | 0 | 0 |
| Current Valuation | 53 | 0 | 19 | 418 | 490 |



USI CONSULTING GROUP

## KNOX COUNTY EMPLOYEE BENEFIT SYSTEM
## KNOX COUNTY BOARD OF EDUCATION RETIREMENT PLAN

### SUMMARY OF PLAN PROVISIONS

**Effective Date**

Shall mean for credited service July 1, 1987 and for all other purposes June 26, 1990.

**Eligibility**

Participation

Any person who is a "teacher" as defined by the Court of Appeals in its opinion of December 30, 1987 in the case of Knox County v. The City of Knoxville, et al, and who is entitled to maintain membership in a local pension system as a result of their membership in any applicableplan of the City of Knoxville Pension System on June 30, 1987, and who thereafter is employed as a result of the City of Knoxville ceasing to operate a separate school system and is so regularly employed by the Knox County Board of Education.

**Normal Retirement**

Eligibility

Each member shall be eligible to retire at age 62 or on the first day of any of the thirty-five months next following age 62.

Benefit

A monthly benefit payable for life, computed as of normal retirement date as one-twelfth of credited service multiplied by the sum of (A) and (B):

(A) Benefit Rate A times average base earnings

(B) Benefit Rate B times average excess earnings

Benefit Rate A and Benefit Rate B shall vary according to the member's last birthday at time benefit payments are to commence, as follows:

| Age | Benefit Rate A | Benefit Rate B |
|---|---|---|
| 62 or earlier | .75% | 1.50% |
| 63 | .78% | 1.58% |
| 64 | .84% | 1.66% |
| 65 or later | .88% | 1.76% |

This amount is then reduced by the benefit accrued under the applicable City of Knoxville retirement plan as of June 30, 1987.

## SUMMARY OF PLAN PROVISIONS
## (Continued)

| | |
|---|---|
| Minimum Benefit | The monthly benefit, including 50% of the primary Social Security benefit, shall not be less than $10 per year of credited service, with a maximum of $250. |
| Earnings | Total compensation |
| Base Earnings | That part of earnings in any calendar year which does not exceed $4,800.00 per annum. |
| Excess Earnings | That part of earnings in any calendar year which are in excess of base earnings. |
| Credited Service | Years and completed calendar months of service as an employee of either the City of Knoxville or Knox County. |
| Average Earnings | A 3-year arithmetic average determined for the number of full calendar years of credited service during which the earnings were the highest, or number of full calendar years actually completed if less than 3. |
| **Accrued Benefit** | Normal retirement benefit based on service and compensation up to the determination date less that benefit accrued under the applicable City of Knoxville retirement plan as of June 30, 1987. |
| **Early Retirement** | |
| Eligibility | Completion of 25 years of credited service. |
| Benefit | Upon early retirement, a member may elect to receive either (a) a deferred monthly benefit equal to his accrued benefit commencing at normal retirement date, or (b) a reduced benefit equal to the actuarially equivalent benefit described in (a) above, commencing immediately. |
| **Disability Not In Line of Duty** | |
| Eligibility | Completion of 15 years of credited service. |
| Benefit | Accrued benefit, based on credited service at time of disablement, payable immediately, plus a lump sum equal to six times the accrued monthly benefit. |

## SUMMARY OF PLAN PROVISIONS
## (Continued)

| | |
|---|---|
| **Disability in Line of Duty** | |
| Eligibility | Disablement in the course of performance of duty as an employee. |
| Benefit | Accrued benefit, based on credited service projected to age 62, payable immediately and reduced by any workers' compensation benefits paid. |
| **Death Benefit** | |
| Eligibility | Completion of 15 years of credited service. |
| Benefit | 50% of the monthly benefit that the participant would have been entitled to if he/she had elected the 50% joint and survivor form of payment, payable at the earliest time benefits could have commenced to the participant. |
| **Deferred Vested** | |
| Eligibility | Completion of 10 years of credited service. |
| Benefit | A deferred monthly benefit equal to the accrued benefit commencing at normal retirement date, determined as of the date of termination, provided the member leaves his contributions in the fund. |
| **Return of Employee Contribution** | A minimum of employee contributions with interest is paid on death, termination, or retirement. |
| **Normal Form of Annuity** | Life Annuity |
| **Optional Forms of Annuity** | Certain and Life, Joint and Survivor, Cash Refund. Such options will be actuarially equivalent to a life annuity. |
| **Employee Contributions** | Each employee who is a member shall contribute to the fund an amount equal to (a) plus (b) where:<br><br>(a) The contribution rate shall be 3 percent of base earnings, and<br><br>(b) The contribution rate shall be 5 percent of excess earnings. |

KNOX COUNTY EMPLOYEE BENEFIT SYSTEM
KNOX COUNTY BOARD OF EDUCATION RETIREMENT PLAN

## SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

ACTUARIAL COST METHOD

Individual Entry Age Normal Cost.

Under this method, the annual cost is equal to the normal cost, plus amortization of unfunded accrued liabilities over a fixed period of years selected within the minimum (10 years) and maximum (5 to 30 years) periods permitted by law.

The normal cost is the sum of individual normal costs, determined as a level percentage of compensation which would have been necessary to fund the employee's projected retirement, death and withdrawal benefits, from entry age (the age at which the employee would have entered the plan had it been in effect on his employment date), to his retirement age. Thus, the dollar normal cost is expected to increase with the salary projection assumption.

The actuarial accrued liability is the accumulation, based on the actuarial assumptions, of all assumed prior normal costs. Thus, it represents the amount of reserves, which would be held by the plan, had it always been in effect for the present group of participants and had plan experience followed that predicted by the actuarial assumptions. The unfunded accrued liability is the excess, if any, of the accrued liability over the plan assets.

Actuarial gains and losses arising from differences between plan experience and that predicted by the actuarial assumptions, as measured by the difference between actual and expected unfunded accrued liabilities, are amortized over 5 years.

ACTUARIAL ASSUMPTIONS

Post-Retirement

Mortality - 1983 Group Annuity Mortality Table for Males and Females

Investment Return – 7.5% per annum.

Assumed benefit increases – 2.75% per annum.

Pre-Retirement

Mortality - 1983 Group Annuity Mortality Table for Males and Females

Investment Return – 7.5% per annum.

Salary projection – 3.0% per annum.

KNOX COUNTY EMPLOYEE BENEFIT SYSTEM
KNOX COUNTY BOARD OF EDUCATION RETIREMENT PLAN

**SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS**
**(Continued)**

ACTUARIAL ASSUMPTIONS (Continued)

Expense loading - None

Retirement age – 60 or immediately if older.

Disability rates – Rates set forth below.

Withdrawal rates – Rates set forth below.

Pre-retirement Decrement Rates

| | Mortality | | Withdrawal | | Disability | |
|---|---|---|---|---|---|---|
| Age | Male | Female | Male | Female | Male | Female |
| 20 | 0.038% | 0.032% | 0.000% | 0.000% | 0.000% | 0.000% |
| 25 | 0.046% | 0.036% | 6.100% | 5.925% | 0.000% | 0.000% |
| 30 | 0.061% | 0.044% | 5.850% | 5.460% | 0.400% | 0.400% |
| 35 | 0.086% | 0.057% | 5.097% | 4.861% | 0.400% | 0.400% |
| 40 | 0.124% | 0.078% | 2.701% | 3.891% | 0.400% | 0.400% |
| 45 | 0.218% | 0.113% | 2.060% | 3.444% | 0.420% | 0.420% |
| 50 | 0.391% | 0.193% | 2.997% | 2.889% | 0.730% | 0.730% |
| 55 | 0.613% | 0.351% | 3.271% | 3.015% | 1.400% | 1.400% |
| 60 | 0.916% | 0.566% | 6.537% | 3.372% | 2.480% | 2.480% |

ASSET VALUATION

Each plan year's investment gain or loss is recognized over five years.

## KNOX COUNTY EMPLOYEE BENEFIT SYSTEM
## KNOX COUNTY BOARD OF EDUCATION RETIREMENT PLAN

### ACCUMULATED PLAN BENEFITS UNDER FAS 35

| Actuarial Present Values of Accumulated Plan Benefits (Accumulated Benefit Obligation): | 1/01/2008 | 1/01/2009 |
|---|---|---|
| Vested Benefits | | |
| Participants currently receiving payments | 60,135,606 | 64,865,279 |
| Other Participants | | |
| Active Employees | 17,250,080 | 15,665,127 |
| Deceased and Disabled Employees | 0 | 0 |
| Deferred Vested Terminated Employees | 2,532,205 | 2,156,862 |
| Total - Other Participants | 19,782,285 | 17,821,989 |
| Total Vested Benefits | 79,917,891 | 82,687,268 |
| Nonvested Benefits | 0 | 0 |
| Total Actuarial Present Values of Accumulated Plan Benefits | 79,917,891 | 82,687,268 |

| | | |
|---|---|---|
| Discount Rate | 7.50% | 7.50% |

## KNOX COUNTY EMPLOYEE BENEFIT SYSTEM
## KNOX COUNTY BOARD OF EDUCATION RETIREMENT PLAN

### SCHEDULE OF FUNDING PROGRESS

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) --EAN (prior to 1/1/05 -- Aggregate) (b) | Unfunded AAL (UAAL) (b - a) | Funded Ratio (a / b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b - a) / c) |
|---|---|---|---|---|---|---|
| 01/01/1997 | 31,532,498 | 31,532,498 | 0 | 100.00% | 16,518,534 | 0.00% |
| 01/01/1998 | 55,425,760 | 55,425,760 | 0 | 100.00% | 16,280,062 | 0.00% |
| 01/01/1999 | 62,622,721 | 62,622,721 | 0 | 100.00% | 15,714,131 | 0.00% |
| 01/01/2000 | 70,243,735 | 70,243,735 | 0 | 100.00% | 14,392,249 | 0.00% |
| 01/01/2001 | 69,634,862 | 69,634,862 | 0 | 100.00% | 14,009,264 | 0.00% |
| 01/01/2002 | 72,917,044 | 72,917,044 | 0 | 100.00% | 13,254,219 | 0.00% |
| 01/01/2003 | 71,458,839 | 71,458,839 | 0 | 100.00% | 12,286,006 | 0.00% |
| 01/01/2004 | 73,472,465 | 73,472,465 | 0 | 100.00% | 11,014,729 | 0.00% |
| 01/01/2005 | 74,889,828 | 82,120,286 | 7,230,458 | 91.20% | 7,595,733 | 95.19% |
| 01/01/2006 | 75,174,360 | 83,066,476 | 7,892,116 | 90.50% | 6,274,664 | 125.78% |
| 01/01/2007 | 84,154,462 | 84,362,290 | 207,828 | 99.75% | 5,236,764 | 3.97% |
| 01/01/2008 | 83,327,598 | 84,657,462 | 1,329,864 | 98.43% | 4,102,017 | 32.42% |
| 01/01/2009 | 61,496,011 | 83,991,358 | 22,495,347 | 73.22% | 2,018,191 | 1114.63% |

### SCHEDULE OF EMPLOYER CONTRIBUTIONS

| Year Ended June 30 | Annual Required Contribution | Actual Contribution | Percentage Contributed |
|---|---|---|---|
| 1997 | 2,797,910 | 697,248 | 24.92% |
| 1998 | 2,522,434 | 17,366,919 | 688.50% |
| 1999 | 773,683 | 778,642 | 100.64% |
| 2000 | 357,275 | 343,534 | 96.15% |
| 2001 | 0 | 400,000 | N/A |
| 2002 | 344,411 | 600,000 | 174.21% |
| 2003 | 412,445 | 600,000 | 145.47% |
| 2004 | 784,838 | 784,838 | 100.00% |
| 2005 | 881,447 | 881,447 | 100.00% |
| 2006 | 739,370 | 739,370 | 100.00% |
| 2007 | 771,772 | 771,772 | 100.00% |
| 2008 | 135,786 | 135,786 | 100.00% |
| 2009 | 198,608 | 250,000 | 125.88% |

**KNOX COUNTY EMPLOYEE BENEFIT SYSTEM**
**KNOX COUNTY BOARD OF EDUCATION RETIREMENT PLAN**

**GOVERNMENT ACCOUNTING STANDARDS BOARD STATEMENT No. 27**

| | 06/30/1999 | 06/30/2000 | 06/30/2001 | 06/30/2002 | 06/30/2003 | 06/30/2004 | 06/30/2005 | 06/30/2006 | 06/30/2007 | 06/30/2008 | 06/30/2009 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1. NPO: Net Pension Obligation/(Asset) at beginning of period | 4,411,099 | 4,376,410 | 4,360,656 | 3,931,267 | 3,649,183 | 3,437,034 | 3,413,870 | 3,385,016 | 3,356,407 | 3,328,039 | 3,299,911 |
| 2. Annual Pension Cost: | | | | | | | | | | | |
| a. Annual Required Contribution (ARC) | 773,683 | 357,275 | 0 | 344,411 | 412,445 | 784,838 | 881,447 | 739,370 | 771,772 | 135,786 | 198,608 |
| b. Interest on NPO | 352,888 | 350,113 | 348,852 | 314,501 | 291,935 | 274,963 | 256,040 | 253,876 | 251,731 | 249,603 | 247,493 |
| c. Adjustments to ARC * | (382,617) | (379,608) | (378,242) | (340,997) | (316,529) | (298,127) | (284,894) | (282,486) | (280,098) | (277,731) | (275,383) |
| d. Total = (a)+(b)+(c) | 743,954 | 327,780 | (29,389) | 317,916 | 387,851 | 761,674 | 852,594 | 710,761 | 743,404 | 107,658 | 170,718 |
| 3. Contributions made | 778,642 | 343,534 | 400,000 | 600,000 | 600,000 | 784,838 | 881,447 | 739,370 | 771,772 | 135,786 | 250,000 |
| 4. Increase in NPO = (2)(d)-(3) | (34,688) | (15,754) | (429,389) | (282,084) | (212,149) | (23,164) | (28,853) | (28,609) | (28,368) | (28,128) | (79,282) |
| 5. NPO at end of period = (1)+(4) | 4,376,410 | 4,360,656 | 3,931,267 | 3,649,183 | 3,437,034 | 3,413,870 | 3,385,016 | 3,356,407 | 3,328,039 | 3,299,911 | 3,220,629 |

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Amortization Period: | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 |
| Interest Rate: | 8.0% | 8.0% | 8.0% | 8.0% | 8.0% | 8.0% | 7.50% | 7.50% | 7.50% | 7.50% | 7.50% |

* The adjustment is a level dollar amortization of the NPO at beginning of period.



USI CONSULTING GROUP