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Actuarial Valuation Reports

County of Milwaukee

May 2001

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**Employees' Retirement System
of the County of Milwaukee**

*Actuarial Valuation Report as of January 1, 2001 for the
Plan Year and Taxable Year Ending December 31, 2001*

May 2001

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Highlights

This report has been prepared by William M. Mercer, Incorporated on behalf of plan participants by the County of Milwaukee (the "Plan Sponsor") to:

- Determine the funding calculation under the Employees' Retirement System of the County of Milwaukee (the "Plan") for the plan and tax fiscal year ending December 31, 2001;
- Present the results of a valuation of the Plan as of January 1, 2001; and
- Review experience under the Plan for the year ended December 31, 2000.

The following table summarizes important contribution information.

Contributions	Plan Year Ending	
	December 31, 2001	December 31, 2000
Funding Calculation	\$ 8,586,443	\$ 0

The total funding calculation for the year is \$8,586,443. It is estimated that \$677,625 will be contributed on a biweekly basis (including interest on the contributions). The actual amount contributed for the 2000 plan year was \$629,279 (representing biweekly contributions only and 0.2% of membership payroll). (2)

$$238,195,006 = .3\%$$

Summary of Principal Valuation Results

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

	Actuarial Valuation as of	
	January 1, 2001	January 1, 2000
Funding Valuation		
Actuarial Accrued Liability	\$ 1,499,260,769	\$ 1,336,573,722
<i>Funded Ratio</i>	111.43%	121.41%
Actuarial Value of Assets	\$ 1,670,600,679	\$ 1,622,710,113
Unfunded Actuarial Accrued Liability	\$ (171,339,910)	\$ (286,136,391)
<i>Percentage of Membership Payroll</i>	(71.9)%	(124.2)%
Normal Cost	\$ 18,232,202	\$ 14,223,503

Funded Status (GASB No. 5)		
Market Value of Assets	\$ 1,607,645,156	\$ 1,712,804,453
Actuarial Present Value of Accrued Plan Benefits	\$ 1,313,012,357	\$ 1,260,119,901
Vested Present Value of Accrued Plan Benefits	\$ 1,311,262,065	\$ 1,210,643,398
Participant Data		
Number of Participants in Valuation		
Active Participants	6,318	6,286
Participants with Deferred Benefits	1,342	1,352
Participants Receiving Benefits	6,515	6,475
Total	14,175	14,113
Membership Payroll*	\$ 238,195,006	\$ 230,324,388

The liability measures shown above are developed throughout the report.

*Prior-year earnings increased by the salary assumption.

Changes

Plan Amendment

1/1/2001

- This year's valuation reflects a required plan change increasing the maximum annual benefit from \$135,000 to \$140,000.
- For all non-sheriff members, the vesting requirements changed to five years.
- For non-sheriff members whose membership began before January 1, 1982, the final average salary will be increased by 7.5% for each year worked after 1/1/2001 to a maximum of 25%.
- For non-sheriff members whose membership began on or after January 1, 1982, the benefit multiplier was increased (i) 0.5% for each year of future service and (ii) 0.5% for each eight past service years for each year of future service worked after 1/1/2001 (fractional years are prorated).
- For all members, a BackDROP option was added.

Actuarial Assumptions

- The Post-Disability Mortality was changed from the 1965 Railroad Retirement Board Select and Ultimate Table to the 1985 Unisex Pension Disability Mortality Table.

The effect of the plan amendments and changes in the actuarial assumptions on the policy budget are noted in section 1.4.E.

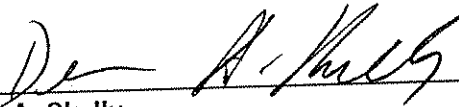
Certification

We have prepared an actuarial valuation of the Employees' Retirement System for the County of Milwaukee as of January 1, 2001 for the plan year ending December 31, 2001. The results of the valuation are set forth in this report, which reflects the provisions of the Plan effective December 24, 1967, incorporating amendments through January 1, 2001.

The valuation is based on employee and financial data which were provided by the Plan Sponsor and County of Milwaukee, respectively, and which are summarized in this report.

All costs, liabilities and other factors under the Plan were determined in accordance with generally accepted actuarial principles and procedures. In our opinion, the actuarial assumptions are reasonable and represent our best estimate of the anticipated experience under the Plan. This report fully and fairly discloses the actuarial position of the Plan on an ongoing basis.

We are available to answer any questions on the material contained in the report, or to provide explanations or further details as may be appropriate.



Dennis A. Skelly
Associate, Society of Actuaries
Enrolled Actuary No. 99-3209

May 27, 2001
Date



Glenn W. Soderstrom
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Section 1: Funding Results

- Section 1.1 The unfunded actuarial accrued liability as of the valuation date.
- Section 1.2 A development of the actuarial gain or loss during the year.
- Section 1.3 The normal cost as of the valuation date.
- Section 1.4 The determination of the contribution recommendations, including the actual and budgeted contributions.
- Section 1.5 The actuarial present value of accrued benefits as of the valuation date.

Unfunded Actuarial Accrued Liability

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

	January 1, 2001	January 1, 2000
1. Actuarial Accrued Liability		
a. Active Participants		
Retirement Benefits	\$ 551,058,430	\$ 430,417,924
Withdrawal Benefits	11,940,927	11,133,142
Disability Benefits	32,672,953	22,600,615
Death Benefits	3,243,293	2,997,275
Total	\$ 598,915,603	\$ 467,148,956
b. Participants with Deferred Benefits	47,209,402	45,350,783
c. Participants Receiving Benefits	853,135,764	824,073,983
d. Actuarial Accrued Liability (a. + b. + c.)	\$ 1,499,260,769	\$ 1,336,573,722
2. Actuarial Value of Assets	1,670,600,679	1,622,710,113
3. Unfunded Actuarial Accrued Liability (1.d. - 2.)	\$ (171,339,910)	\$ (286,136,391)

Actuarial Gain/(Loss)

The actuarial gain/(loss) is comprised of both the liability gain/(loss) and the actuarial asset gain/(loss). Each of these represents the difference between the expected and actual values as of January 1, 2000.

1. Expected Actuarial Accrued Liability	
a. Actuarial Accrued Liability at January 1, 2000	\$ 1,336,573,722
b. Normal Cost at January 1, 2000	14,223,503
c. Interest on <i>a. + b.</i> to End of Year	114,817,764
d. Benefit Payments for Plan Year Ending December 31, 2000, with Interest to End of Year	89,574,091
e. Expected Actuarial Accrued Liability Before Change (<i>a. + b. + c. - d.</i>)	\$ 1,376,040,898
f. Change in Actuarial Accrued Liability at January 1, 2001, Due to Change in Plan Provisions and Actuarial Assumptions	124,757,394
g. Expected Actuarial Accrued Liability at January 1, 2001 (<i>e. + f.</i>)	\$ 1,500,798,292
2. Actuarial Accrued Liability at January 1, 2001	\$ 1,499,260,769
3. Liability Gain/(Loss) (<i>1.g. - 2.</i>)*	\$ 1,537,523
4. Expected Actuarial Value of Assets	
a. Actuarial Value of Assets at January 1, 2000	\$ 1,622,710,113
b. Interest on <i>a.</i> to End of Year	137,930,360
c. Contributions Made for Plan Year Ending December 31, 2000	629,279
d. Interest on <i>c.</i> to End of Year	26,744
e. Benefit Payments for Plan Year Ending December 31, 2001 with Interest to End of Year	89,574,091
f. Expense Reimbursed from Trust to the County	799,202
g. Expected Actuarial Value of Assets January 1, 2001 (<i>a. + b. + c. + d. - e - f.</i>)	\$ 1,670,923,203
5. Actuarial Value of Assets as of January 1, 2001	\$ 1,670,600,679
6. Actuarial Asset Gain/(Loss) (<i>5. - 4.g.</i>)	\$ (322,524)
7. Actuarial Gain/(Loss) (<i>3. + 6.</i>)	\$ 1,214,999

* The \$1,537,523 liability gain is comprised of a gain of \$832,411 due to salary increases lower than expected and a gain of \$705,112 due to the net population change.

Normal Cost

	January 1, 2001	January 1, 2000
1. Present Value of Projected Benefits		
a. Active Participants		
Retirement Benefits	\$ 675,918,144	\$ 532,495,510
Withdrawal Benefits	31,580,686	23,799,043
Disability Benefits	42,725,794	29,245,646
Death Benefits	5,417,854	5,104,489
Total	\$ 755,642,478	\$ 590,644,688
b. Participants with Deferred Benefits	47,209,402	45,350,783
c. Participants Receiving Benefits	853,135,764	824,073,983
d. Total	\$ 1,655,987,644	\$ 1,460,069,454
2. Actuarial Value of Assets	1,670,600,679	1,622,710,113
3. Unfunded Actuarial Accrued Liability	(171,339,910)	(286,136,391)
4. Present Value of Future Normal Costs (1.d. - 2. - 3.)	\$ 156,726,875	\$ 123,495,732
5. Present Value of Future Salaries	2,041,241,480	1,992,309,705
6. Normal Cost Rate (4. ÷ 5.)	7.678%	6.199%
7. Expected Salaries	237,460,296	229,448,351
8. Normal Cost (6. × 7.)	\$ 18,232,202	\$ 14,223,503

Contributions

The County of Milwaukee has adopted the policy developed below for funding and accounting for pension expenses. The County's policy and the amounts required for the plan year ending December 31, 2001 are shown below.

A. Actual Funding Calculation

The actual funding calculation consists of the amortization of the unfunded actuarial liability plus the normal cost.

1. Net Annual Amortizations (<i>SECTION 1.4D</i>)	\$	(11,195,496)
2. a. Normal Cost		18,232,202
b. Interest to December 31, 2001		1,549,737
c. Normal Cost with Interest		19,781,939
3. Total Funding Calculation, End-of-Year Basis (1. + 2c., not less than zero)	\$	8,586,443

B. Funding Budget Policy

	Plan Year Ending	
	December 31, 2002	December 31, 2001
1. Net Annual Amortizations	\$ (7,528,962)	\$ (16,708,710)
2. a. Normal Cost	19,234,973	15,005,796
b. Interest	1,634,972	1,275,493
c. Normal Cost with Interest	20,869,945	16,281,289
3. Total Funding Budget Policy, End-of-Year Basis (1. + 2c., not less than zero)	\$ 13,340,983	\$ 0

C. Projected Lump-Sum Contribution For Year

	Plan Year Ending	
	December 31, 2002	December 31, 2001
1. Total Funding Policy Budget	\$ 13,340,983	\$ 0
2. a. Estimated Biweekly Contribution	525,000	650,000
b. Interest	22,313	27,625
c. Biweekly Contribution with Interest	547,313	677,625
3. Net Funding Policy Budget (1. - 2.c., not less than zero)	\$ 12,793,670	\$ 0

D. Amortization Schedule for Funding Calculation (continued)

Annual amortizations payments of the reestablished unfunded actuarial accrued liability and changes to the unfunded actuarial accrued liability arising from plan changes and actuarial gains/losses are amortized as a level percentage of payroll, assuming payroll growth of 5.5% per year over the period ending December 31, 2035. Expenses paid by the County and reimbursed by the Trust are amortized on a level dollar basis over 10 years. The variance between the actual contribution for the year and the contribution for the year to maintain the funding schedule is amortized on a level dollar basis over 5 years.

Charges	Amortization Period			Balances		Payment
	Date Created	Initial Years	Last Payment	Initial	Outstanding	
Reestablished Unfunded	1/1/1996	40	2035	\$ 115,841,970	\$ 141,422,572	\$ 6,786,071
Expenses	1/1/1997	10	2006	689,121	478,253	105,027
Increase in Limits	1/1/1997	39	2035	176,709	207,733	9,968
Plan Change	1/1/1997	39	2035	3,118,117	3,665,561	175,890
Expense	1/1/1998	10	2007	739,537	576,913	112,711
Increase in Limits	1/1/1998	38	2035	215,980	243,609	11,689
Expense	1/1/1999	10	2008	710,319	610,487	108,258
Increase in Limits	1/1/2000	36	2035	311,014	323,535	15,524
Plan Amendment	1/1/2000	36	2035	3,561,179	3,704,548	177,760
Assumption Change	1/1/2000	36	2035	9,033,622	9,397,305	450,924
Actuarial Loss	1/1/2000	36	2035	69,256,486	72,044,669	3,457,018
Expense	1/1/2000	10	2009	655,908	611,695	99,965
Increase in Limits	1/1/2001	35	2035	225,127	225,127	10,802
Plan Change	1/1/2001	35	2035	55,708,595	55,708,595	2,673,141
Plan Change	1/1/2001	35	2035	42,460,352	42,460,352	2,037,433
Plan Change	1/1/2001	35	2035	19,544,355	19,544,355	937,823
Assumption Change	1/1/2001	35	2035	8,090,393	8,090,393	388,213
Expense	1/1/2001	10	2010	799,202	799,202	121,805
Total					\$ 360,114,904	\$ 17,680,022

D. Amortization Schedule for Funding Calculation (continued)

Credits	Amortization Period			Balances		Payment
	Date Created	Initial Years	Last Payment	Initial	Outstanding	
Actuarial Gain	1/1/1997	39	2035	\$ 35,727,492	\$ 42,000,133	\$ 2,015,350
Variance	1/1/1997	5	2001	501,471	117,287	127,256
Asset Method Change	1/1/1997	39	2035	169,677,394	199,467,482	9,571,319
Actuarial Gain	1/1/1998	38	2035	142,308,857	160,514,238	7,702,173
Variance	1/1/1998	5	2002	2,370,494	1,065,414	601,550
Actuarial Gain	1/1/1999	37	2035	106,148,083	114,944,019	5,515,515
Variance	1/1/1999	5	2003	6,507,384	4,217,588	1,651,351
Assumption Change	1/1/1999	37	2035	1,483,777	1,606,730	77,098
Variance	1/1/2000	5	2004	5,061,294	4,207,121	1,284,383
Plan Change	1/1/2001	35	2035	1,271,428	1,271,428	61,009
Actuarial Gain	1/1/2001	35	2035	1,214,999	1,214,999	58,301
Variance	1/1/2001	5	2005	828,375	828,375	210,213
Total					\$ 531,454,814	\$ 28,875,518
Net Amount					\$ (171,339,910)	\$ (11,195,496)

E. Reconciliation

The following year's budgeted contribution calculation changed from last year's as follows:

1. 2001 Funding Policy Budget (based on January 1, 2000 valuation results)	\$ (427,421)*
2. Expected Increase in Normal Cost and Amortization Payment Before Recognition of 2001 Experience	133,451
3. 2000 Experience Different than Expected	
a. Asset (Gain)/Loss	16,327
b. Population Demographics and Salary Change	540,964
c. Total (a. + b.)	557,291
4. Recognition of 2001 Expenses, Contribution Variance and Asset Experience	3,972,044
5. Plan Provisions and Actuarial Assumption Changes	9,105,618
6. 2002 Funding Policy Budget (1. + 2. + 3.c. + 4. + 5.)	\$ 13,340,983

* This is the Funding Policy Budget before being restricted to "not less than zero."

(547,313) monthly
 \$ 12,793,670
 + 274,972 OBRA
\$ 13,068,642

Actuarial Present Value of Accrued Benefits

A. GASB No. 5 Liabilities

Shown below are the actuarial present value of accrued benefits and market value of assets from the current and prior actuarial valuation calculated in accordance with GASB Statement No. 5. The amounts presented represent the actuarial present value of benefits which have been accrued as of the valuation date.

In computing these values all assumptions used in the valuation for cost determination, **including the assumption as to future salary increases**, have been used. Underlying the calculation is the basic assumption that the plan will be ongoing.

Accrued Benefits	January 1, 2001		January 1, 2000	
	Participant Count	Present Value	Participant Count	Present Value
1. Vested Benefits				
a. Active Participants	3,642	\$ 410,916,899	3,405	\$ 341,218,632
b. Participants with Deferred Benefits	1,342	47,209,402	1,352	45,350,783
c. Participants Receiving Benefits	6,515	853,135,764	6,475	824,073,983
d. Actuarial Present Value of Vested Accrued Benefits (a. + b. + c.)	11,499	1,311,262,065	11,232	1,210,643,398
2. Nonvested Benefits	2,676	1,750,292	2,881	49,476,503
a. Actuarial Present Value of All Accrued Benefits (1.d. + 2.)	14,175	1,313,012,357	14,113	1,260,119,901
3. Assumed Rate of Interest		8.50%		8.50%
4. Market Value of Assets Available for Benefits		\$ 1,607,645,156		\$ 1,712,804,453
5. Excess of Actuarial Present Value of Vested Accrued Benefits over Assets (1.d. - 4., not less than zero)		\$ 0		\$ 0
6. Excess of Actuarial Present Value of All Accrued Benefits over Assets (2. - 4., not less than zero)		\$ 0		\$ 0

B. Funded Ratio

	January 1, 2001	January 1, 2000
1. Net Assets Available for Benefits	\$ 1,607,645,156	\$ 1,712,804,453
2. Pension Benefit Obligation	1,313,012,357	1,260,119,901
3. Percentage Funded $(1. \div 2.)$	122.4%	135.9%
4. Unfunded Pension Benefit Obligation $(2. - 1.)$	(294,632,799)	(452,684,552)
5. Annual Covered Payroll	\$ 238,195,006	\$ 230,324,388
6. Unfunded Pension Benefit Obligation as a Percentage of Covered Payroll $(4. \div 5.)$	(123.7)%	(196.5)%

Section 2: Plan Assets

This section presents information regarding plan assets as reported by the plan administrator. The plan assets represent the portion of total plan liabilities which has been funded as of the valuation date.

- Section 2.1** Summary of Assets.
- Section 2.2** Reconciliation of Assets.
- Section 2.3** Actuarial Value of Assets.
- Section 2.4** Contributions for Prior Plan Year.

Summary of Assets

Asset Category	Market Value as of December 31, 2000
1. Cash and Equivalents	\$ 11,739,153
2. General Investments	
▪ Common Stock (Domestic)	\$ 620,378,532
▪ International Common and Preferred Stock	248,482,197
▪ Federal Agency Mortgages/Loans	110,176,386
▪ U.S. Government Obligations	33,092,663
▪ Corporate Bonds	467,044,799
▪ International Fixed Income	65,685,178
▪ Real Estate Investment Trusts	32,666,331
▪ SBA Loan Backed Securities	253,183
▪ Investment in Partnerships	
Venture Capital	20,324,641
Real Estate	0
▪ Total Investment	\$ 1,598,103,910
3. Securities Lending - Collateral	\$ 65,804,054
4. Receivables	
a. Accounts Receivable	20,168,977
b. Investment Income	8,981,042
c. Total Receivables (a. + b.)	\$ 29,150,019
5. Payables	
a. Payable to OBRA Pension Plan	\$ 612,583
b. Accounts Payable	96,791,380
c. Total Liabilities (a. + b.)	\$ 97,403,963
6. Net Assets in the Trust (1. + 2. + 3. + 4. - 5.)	\$ 1,607,393,173
7. Contributions Receivable	\$ 251,983
8. Net Assets Available for Benefits (6. + 7.)	\$ 1,607,645,156

Reconciliation of Assets

Transactions	January 1, 2000 to January 1, 2001
Income	
1. Contributions Received or Receivable	
▪ County of Milwaukee	\$ 629,279
▪ Plan Participants	180,729
2. Investment Earnings	
▪ Unrealized Gains/(Losses)	\$ (163,597,647)
▪ Realized Gains/(Losses)	92,081,932
▪ Interest and Dividends	56,169,059
▪ Security Lending Income	4,068,346
▪ Unclassified Income	363,747
▪ Security Lending Rebates & Fees	(3,812,158)
▪ Investment Expense	(4,209,224)
3. Other Income	\$ 0
4. Total Income	\$ (18,125,937)
Disbursements	
5. Benefit Payments	\$ 85,922,389
6. Administrative Expenses	\$ 1,110,971
7. Total Disbursements	\$ 87,033,360
8. Net Income (4. - 7.)	\$ (105,159,297)
9. Net Assets at Beginning of Year	\$ 1,712,804,453
10. Net Assets at End of Year (8. + 9.)	\$ 1,607,645,156

Actuarial Value of Assets

1. Market Value of Assets, December 31, 2000	\$ 1,607,645,156
2. Less 80% of Unrealized Gains and Losses in 2000: \$(163,597,647)	(130,878,118)
3. Less 60% of Unrealized Gains and Losses in 1999: \$151,693,413	91,016,048
4. Less 40% of Unrealized Gains and Losses in 1998: \$(74,828,595)	(29,931,438)
5. Less 20% of Unrealized Gains and Losses in 1997: \$34,189,926	6,837,985
6. Actuarial Value of Assets, December 31, 2000 (1. - 2. - 3. - 4. - 5.)	\$ 1,670,600,679

As of	Market Value	Actuarial Asset Value	Estimated Rate of Return		Assumed Rate of Return
			Market	Actuarial	
12/31/1996	\$ 1,318,709,423	\$ 1,096,179,178	13.3%	13.1%	8.5%
12/31/1997	1,506,074,230	1,442,015,740	19.8	19.6	8.5
12/31/1998	1,553,237,760	1,562,823,526	7.9	13.5	8.5
12/31/1999	1,712,804,453	1,622,710,113	15.8	9.1	8.5
12/31/2000	1,607,645,156	1,670,600,679	(1.2)	8.4	8.5
Compound Rate of Return (5 years):			10.9 %	12.7%	

Contributions for Prior Plan Year

Date	Amount		Interest	Total
	Employer	Employee		
Bi-weekly	\$ 629,279	\$ 180,729	\$ 26,744	\$ 656,023
Total	\$ 629,279	\$ 180,729	\$ 26,744	\$ 656,023

Section 3: Basis of Valuation

This section presents and describes the basis of the valuation. The census of participants, actuarial basis and provisions of the Plan are the foundation of the valuation, since these are the present facts on which the projection of benefit payments will depend. The valuation is based on the premise that the Plan will continue in existence.

Section 3.1 The participant data used for the actuarial valuation.

Section 3.2 The actuarial funding method, procedures, and actuarial assumptions.

Section 3.3 The plan provisions valued in the actuarial valuation.

Plan Participants

A. Participant Data Reconciliation

	Active Participants	Inactive Participants		Total
		With Deferred Benefits	Receiving Benefits	
Total at January 1, 2000	6,286	1,352	6,475	14,113
Vested Terminations	(44)	44	N/A	0
Nonvested Terminations	(355)	N/A	N/A	(355)
Retirements	(180)	(41)	221	0
Deaths, Expiration of Benefits, and Incorrectly Reported	(59)	(5)	(181)	(245)
Rehires	40	(8)	0	32
New Entrants	630	N/A	N/A	630
Net Change	32	(10)	40	62
Total at January 1, 2001	6,318	1,342	6,515	14,175

1/1/00
 6286
 1352
 7638

1/1/01
 6318
 1342
 7660

B. Count of Active Participants at January 1, 2001

General Employees

Age	Years of Service									Total
	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 - 34	35 - 39	40+	
Under 20										0
20 - 24	113									113
25 - 29	293	12								305
30 - 34	316	119	39	2						476
35 - 39	213	175	166	42	4					600
40 - 44	220	196	266	160	61	1				904
45 - 49	180	194	252	182	234	83	2			1,127
50 - 54	120	138	244	171	210	220	71			1,174
55 - 59	61	95	128	94	68	87	69	7		609
60 - 64	28	45	71	40	34	23	15	7		263
65 - 69	3	10	16	9	10	4	1	1		54
70 - 74		3	3	1	2	2	2			13
75+		1	2							3
Total	1,547	988	1,187	701	623	420	160	15	0	5,641

B. Count of Active Participants at January 1, 2001 (continued)

Deputy Sheriffs

Age	Years of Service									Total
	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 - 34	35 - 39	40+	
Under 20										0
20 - 24	18									18
25 - 29	89	22								111
30 - 34	70	81	4							155
35 - 39	14	61	31	4						110
40 - 44	13	18	25	17	6					79
45 - 49	1	12	31	19	32	5				100
50 - 54	2	7	7	8	21	17				62
55 - 59				3	2	4	1			10
60 - 64							1			1
65 - 69										0
70 - 74										0
75+										0
Total	207	201	98	51	61	26	2	0	0	646

B. Count of Active Participants at January 1, 2001 (continued)

Elected Officials

Age	Years of Service									Total
	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 - 34	35 - 39	40+	
Under 20										0
20 - 24										0
25 - 29										0
30 - 34	1									1
35 - 39	1	2								3
40 - 44		5	2		1					8
45 - 49	2	2				1				5
50 - 54	1	1	2			2				6
55 - 59	1	1			2					4
60 - 64					1	1	1	1		4
65 - 69										0
70 - 74										0
75+										0
Total	6	11	4	0	4	4	1	1	0	31

C. Participant Statistics

Inactive Participants as of January 1, 2001	Number	Amount of Monthly Benefit
Participants Receiving Benefits	6,515	\$ 7,205,785
Participants with Deferred Benefits	1,342	751,587

Statistics for Active Participants	Number	Average		
		Age	Service	Compensation*
As of January 1, 2000				
Total	6,286	44.5	12.3	\$ 36,920
As of January 1, 2001				
Total	6,318	44.6	12.1	\$ 37,701

*Prior-year earnings increased by the salary assumption.

Actuarial Basis

A. Aggregate Entry Age Normal Method

Liabilities and contributions shown in this report are computed using the aggregate entry age normal method of funding.

The objective under this method is to fund all benefits under the Plan in installments which are level as a percentage of the group's aggregate salary, starting at the original participation dates (or employment date), and continuing until the assumed retirement, terminations, disabilities or deaths.

At the time the funding method is introduced, there will be a liability which represents the contributions which would have been accumulated if this method of funding had always been used. The difference between this frozen initial liability and the assets (if any) which are held in the fund is the unfunded actuarial accrued liability, which is typically funded over a chosen period in accordance with an amortization schedule.

A detailed description of the calculation follows:

- The **normal cost** is determined by applying to earnings an aggregate level percentage of salary which, if contributed each year, is sufficient to provide the full value of the benefits expected to be payable.
- The **present value of future normal costs** is the total of the discounted values of all active participants' normal costs, assuming these to be paid in each case from the valuation date until retirement (termination, disability or death) date. For members hired before January 1, 1982, normal costs are based on the benefit levels in effect as of January 1, 1982. For members hired on or after January 1, 1982, normal costs are based on the new-entrant benefit levels.
- The **present value of projected benefits** is calculated as the value of all benefit payments expected to be paid to the plan's current participants, including active and retired members, beneficiaries, and terminated members with vested rights.
- The **actuarial accrued liability** is the excess of the present value of projected benefits over the present value of future normal costs.
- The **unfunded actuarial accrued liability** is the excess of the actuarial accrued liability over the assets of the fund.

B. Valuation of Assets

The actuarial asset value is a five-year moving average where 20% of the prior four years' unrealized gains/losses are annually recognized.

C. Valuation Procedures

- Financial and Census Data: Financial data and participant data as submitted by the plan sponsor without further audit. This information is not customarily verified by a plan's actuary. The information was reviewed for internal consistency.
- No benefits are projected to be greater than the limitation currently imposed by Section 415(b)(1) of the Internal Revenue Code as applied to governmental plans.
- No actuarial accrued liability is held for nonvested, inactive participants who have a break in service, or for nonvested participants who have quit or been terminated, even if a break in service had not occurred as of the valuation date.

D. Actuarial Assumptions

Economic	
Investment Return	<ul style="list-style-type: none"> ▪ 8.50% compounded annually for funding purposes. ▪ 8.50% compounded annually for the present value of accrued plan benefits. Investment return is assumed to be net of investment management expense.
Salary Increases	Averages 5.5% per annum. See table on following page for sample values.
Mortality	a. Active participants and nondisabled pensioners: The sex-distinct 1994 Uninsured Pensioner Table. b. Disabled pensioners: 1985 Unisex Pension Disability Mortality Table.
Disability	Graduated rates. See table on following page for sample values.
Withdrawal	Graduated rates. Select and ultimate based on duration of service. See tables on following pages for sample values.
Retirement Age	See table on following page.
Percentage Married	<ul style="list-style-type: none"> ▪ Males 80% ▪ Females 80%
Age Difference	Beneficiaries are assumed to be the same age as the participant.
BackDROP	25% of retirees are assumed to elect a BackDROP of 3 years but not earlier than participant's earliest full retirement date.

D. Actuarial Assumptions (continued)

Table of Sample Rates							
Percentage							
Attained Age	Mortality				Withdrawal - Ultimate		
	Healthy		Disabled		General	Elected*	Deputy Sheriffs
	Males	Females	Males	Females			
20	0.05	0.03	.02	.02	9.81	4.50	4.50
25	0.07	0.03	.03	.03	9.58	4.48	4.48
30	0.09	0.04	.07	.07	9.01	4.23	4.23
35	0.09	0.05	.12	.12	7.15	3.00	3.00
40	0.12	0.08	.18	.18	5.15	1.24	1.24
45	0.17	0.10	.20	.28	3.72	0.55	0.55
50	0.28	0.15	.48	.48	2.73	0.22	0.22
55	0.48	0.25	.87	.87	1.84	0.00	0.00
60	0.86	0.48	1.38	1.38	0.00	0.00	0.00
65	1.56	0.93	0.00	0.00	0.00	0.00	0.00

* Select rates for elected officials assume no turnover for first four years.

Sample Annual Rates per 100 Participants					
Employment Age	Separation - Select Rates General Employees				
	0	1	2	3	4
20	12.5	7.5	7.0	9.0	10.0
25	12.2	6.3	6.5	8.4	9.4
30	11.4	6.0	6.3	7.4	8.4
35	10.7	6.0	6.3	6.7	7.4
40	10.2	6.0	6.0	6.2	6.1
45	9.7	6.0	6.0	5.7	5.2
50	9.2	6.0	5.8	5.2	4.4
55	8.7	5.2	4.8	4.4	3.4
60	0.0	0.0	0.0	0.0	0.0

D. Actuarial Assumptions (continued)

Retirement Rates			
Age	General	Deputy Sheriffs	Elected
45	0%	1%	0%
46	0	1	0
47	0	1	0
48	0	1	0
49	0	1	0
50	2	1	0
51	2	2	0
52	2	3	0
53	2	5	0
54	2	10	0
55	10	15	0
56	10	15	7
57	10	15	7
58	15	15	7
59	15	15	7
60	20	75	20
61	20	75	20
62	30	80	45
63	25	50	30
64	25	50	30
65	35	100	40
66	30	100	30
67	30	100	30
68	30	100	30
69	30	100	30
70	100	100	100

D. Actuarial Assumptions (continued)

Earnings Progression			
Age	General	Deputy Sheriffs	Elected
20	8.2%	7.4%	4.5%
25	5.9	7.4	4.5
30	5.5	7.1	4.5
35	5.2	6.7	4.5
40	4.7	6.3	4.5
45	4.5	6.0	4.5
50	4.2	5.7	4.5
55	3.9	5.4	4.5
60	3.8	5.3	4.5

Summary of Plan Provisions

Plan Name	Employees' Retirement System of the County of Milwaukee.												
Effective Date	December 24, 1967.												
Type of Plan	Municipal retirement system administered by the Pension Board.												
Employer	County of Milwaukee.												
Employees Included	Any person regularly employed by the County at an annual wage or salary payable at stated intervals, including any person employed by the State of Wisconsin and who receives part of his compensation from the County.												
Service Considered	<p>Service during period of employment in the County or in any department in any town, village, city or metropolitan sewerage commission in the County, which department has by consolidation or merger been absorbed by the County.</p> <p>Creditable service shall consist of "prior service," "military service," and "membership service," for which service credit is allowable under Section 4, Chapter 201, Laws of 1937, as well as service under Executive Order 11231, July 8, 1965, for Vietnam. Additional credit for periods of military service will be earned in accordance with the following chart:</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;">Years of Service with Milwaukee County</th> <th style="text-align: center;">Maximum Years of Military Service Granted</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">0 - 4</td> <td style="text-align: center;">0</td> </tr> <tr> <td style="text-align: center;">5 - 9</td> <td style="text-align: center;">1</td> </tr> <tr> <td style="text-align: center;">10 - 14</td> <td style="text-align: center;">2</td> </tr> <tr> <td style="text-align: center;">15 - 19</td> <td style="text-align: center;">3</td> </tr> <tr> <td style="text-align: center;">20+</td> <td style="text-align: center;">4</td> </tr> </tbody> </table>	Years of Service with Milwaukee County	Maximum Years of Military Service Granted	0 - 4	0	5 - 9	1	10 - 14	2	15 - 19	3	20+	4
Years of Service with Milwaukee County	Maximum Years of Military Service Granted												
0 - 4	0												
5 - 9	1												
10 - 14	2												
15 - 19	3												
20+	4												
Benefit Service	Used in determining the amount of benefits. Same as Vesting Service except service prior to becoming a Participant does not count.												

Summary of Plan Provisions

Earnings Considered	<p>Earnable compensation is the full rate of compensation payable to a member if he worked the full normal working time for his position, including authorized overtime payments and the compensation rate assumed to have been received while the member is on authorized leave of absence. In cases where compensation includes maintenance, the Pension Board shall fix the value of that part of the compensation not payable in money. Compensation shall not exceed \$150,000 in the pension calculation as indexed for changes in the cost of living.</p> <p>For members hired before January 1, 1982, the final average salary means the average annual earnable compensation for the highest three (3) consecutive calendar years of creditable service during which the member's earnable compensation was the highest, or if he should have less than three years of creditable service, then his average annual earnable compensation during his credited service. For non-sheriff members hired before January 1, 1982, the final average salary is increased 7.5% for each year worked after January 1, 2001, to a maximum of 25%. For members whose continuous membership began after January 1, 1982, the average annual earnable compensation shall be the highest five (5) consecutive calendar years.</p>
County Contributions	<p>County contributions shall be at least as great as the required amounts, actuarially determined and certified to the County Board of Supervisors by the Pension Board, which will become due and payable to the fund of the Retirement System during the year next following determination.</p>
Voluntary Employee Contributions	<p>Up to 10% of earnings, providing the employee was contributing on January 1, 1971.</p>

Summary of Plan Provisions

Normal Pension	<p>Payable upon request of any member who has attained the minimum service and retirement age.</p> <p>a. The minimum age and service requirements:</p> <ol style="list-style-type: none"> (1) For general employees and elected officials: Age 60 and any service. (2) For non-union general employees and certain union general employees: The combination of age and service adding up to 75. (3) For deputy sheriffs: Age 57 and any service or age 55 and 15 years of service or the combination of age and service adding up to 75. For deputy sheriffs hired after February 28, 1991, the combination of age and service adding up to 75 does not apply. (4) For all members: Age 55 and 30 years of service. <p>b. The benefit is the sum of:</p> <ol style="list-style-type: none"> (1) Pension portion, plus <ol style="list-style-type: none"> i. 2% of final average salary per year of service accrued after January 1, 2001. ii. 2% of final average salary for each eight years of service accrued before January 1, 2001 (prorated for fractional years). iii. 1.5% of final average salary for each year of service accrued prior to January 1, 2001 not accounted for in ii. above. (2) Any voluntary contribution. <p>c. The pension portion retirement allowance is:</p> <ol style="list-style-type: none"> (1) (a) For general employees whose continuous membership began prior to January 1, 1982 – 2% of final average salary per year of service. (b) For those general employees whose membership began on or after January 1, 1982 – 1.5% of final average salary per year of service. (c) For firefighters whose membership began prior to January 1, 1999 – 1.5% of final average salary per year of service. (d) For DA investigators and non-represented deputy sheriffs whose membership began on or after January 1, 1982 and prior to July 1, 1995 – 2 ½% of final average salary per year of service.
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Summary of Plan Provisions

	<p>(e) For the elected officials and deputy sheriffs whose membership began prior to January 1, 1982 – 2-1/2% of final average salary per year of service.</p> <p>(f) For elected officials whose membership began on or after January 1, 1982 – 2% of final average salary per year of service.</p> <p>(g) For those deputy sheriffs whose membership began on or after January 1, 1982 but before July 1, 1995 – 2-1/2% of final average salary per year of service.</p> <p>(h) For those deputy sheriffs whose membership began on or after July 1, 1995 – 2% of final average salary per year of service.</p> <p>(2) For non-sheriff employees whose membership began on or after January 1, 1982, the benefit multiplier is increased 0.5% per year of service accrued after January 1, 2001 and per eight years of pre-2001 service for each year worked after January 1, 2001 (prorated for fractional years).</p> <p>d. The maximum pension shall be 80% of final average salary plus any adjustment for automatic increase to retired employees.</p>
Early Pension	Age 55 and 15 years of service reduced by 5/12 of 1% for each month payment starts preceding normal retirement age.
Ordinary Disability Pension	After 15 years of creditable service. Benefit computed as for normal retirement benefits. Minimum benefit 25% of final salary.
Accidental Disability Pension	Same as normal retirement benefit if the employee has attained the minimum service retirement age. If less than normal retirement age at time of disability, the benefit is computed as for normal retirement but is not less than 60% of final average salary.
Ordinary Death Benefit	<p>A death benefit is payable to the estate of designated beneficiary of an active member who dies due to any cause other than an accident in the actual performance of duty, provided no other survivor benefits are payable.</p> <p>Benefit is equal to the member's accumulated mandatory contribution account, plus a lump-sum payment is limited to \$2,000.</p>

Summary of Plan Provisions

Accidental Death Benefit	<p>Upon the death of a deputy sheriff resulting from an accident in the actual performance of duty, a pension is payable to his widow to continue during her widowhood; or if there is no widow or if his widow dies or remarries before his youngest child has attained age 18, then the pension is payable to his child or children under age 18 until the youngest child attains said age; or if neither widow nor children survive, it is payable to his dependent father or mother to continue for life.</p> <p>In the event of the accidental death of a deputy sheriff, his accumulated contributions are returned to his estate or designated beneficiary, and, in addition, a pension of one-half of his final average salary is payable to his beneficiary as described above.</p> <p>Any benefit payable on account of such accidental death under any state workers' compensation law or any law of the United States is offset against the pensions allowable under the provisions of the Retirement System.</p>
Deferred Vested Pension	<p>Upon termination of employment, a member who does not elect to withdraw any part of his membership account shall be eligible for a deferred vested pension if:</p> <ol style="list-style-type: none"> a. The accrued pension at age 60 is at least \$10 per month. b. He has at least 5 years of service. <p>The benefit is computed the same as for a normal pension considering earnings and service prior to date of termination.</p>
Survivor Benefit	<p>Upon the death of a member prior to age 60 and after the completion of one year of service, a monthly pension equal to 40% of the member's monthly salary less the survivor's benefits payable under the Social Security law shall be payable to his surviving dependent spouse for as long as there is at least one dependent child. Upon attainment of age 60 the dependent spouse shall receive 50% of the normal pension which the member would have received considering service to age 60 and the final average earnings determined at death.</p> <p>In addition, each child of the deceased member shall be eligible for a monthly pension equal to 10% of the member's monthly salary until he attains age 18 or marries; or if he is a student and not married, until he attains age 22.</p> <p>The total survivor's pension may not exceed 90% of the member's monthly salary less the survivor's benefits payable under the Social Security law.</p>

Summary of Plan Provisions

Optional Benefits	<p>In lieu of the full retirement allowance, any member at retirement may elect to receive an equivalent reduced retirement allowance with the provision that:</p> <p>Option 1. In case of death before benefits attributable to his mandatory account have equaled the amount of his membership account at the date of retirement, the balance shall be paid to a designated beneficiary or to his estate, or</p> <p>Option 2. At the death of the member, one-half of his allowance shall be continued throughout the life of such other person as the member shall have designated at the time of his retirement, or</p> <p>Option 3. At the death of the member the same allowance shall be continued throughout the life of such other person as the member shall have designated at the time of his retirement.</p>
Other Benefits	<p>a. Provide 2% of initial benefit automatic increase per year to retired employees.</p> <p>b. Refund of employee voluntary contribution upon severance.</p>
Expenses	Paid by County.
Minimum Benefit	Not less than under previous system.

**OBRA 1990 Retirement System
of the County of Milwaukee**

*Actuarial Valuation Report as of January 1, 2001 for the
Plan and Taxable Year Ending December 31, 2001*

May 2001

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Highlights

This report has been prepared by William M. Mercer, Incorporated on behalf of plan participants of the County of Milwaukee (the "Plan Sponsor") to:

- Determine the funding calculation under the OBRA 1990 Retirement System of the County of Milwaukee (the "Plan") for the plan and tax fiscal year ending December 31, 2001;
- Present the results of a valuation of the Plan as of January 1, 2001; and
- Review experience under the Plan for the year ended December 31, 2000.

The following table summarizes important contribution information.

Contributions	Plan Year Ending	
	December 31, 2001	December 31, 2000
Funding calculation	\$ 251,706	\$ 228,588
<i>Change between years</i>	\$ 23,118	N/A

Summary of Principal Valuation Assumptions

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

	Actuarial Valuation as of	
	January 1, 2001 <i>December 31, 2000</i>	January 1, 2000 <i>December 31, 1999</i>
Funding Valuation		
Actuarial Accrued Liability	\$ 1,845,671	\$ 1,580,877
<i>Funded Ratio</i>	33.19%	36.96%
Actuarial Value of Assets	\$ 612,583	\$ 584,283
Unfunded Actuarial Accrued Liability	\$ 1,233,088	\$ 996,594
Normal Cost	\$ 107,224	\$ 109,510
<i>Percentage of Compensation</i>	1.22%	1.26%

Participant Data		
Number of Participants in Valuation		
Active Participants	1,833	1,896
Participants with Deferred Benefits	5,721	4,972
Total	7,554	6,868
Total Compensation*	\$ 8,782,583	\$ 8,681,517 = 24%

The liability measures shown above are developed throughout the report.

2.6%

* Prior-year earnings projected with one-year salary scale.

Effects of Changes

Plan Amendment

A required plan change increasing the maximum annual benefit from \$135,000 to \$140,000 was recognized.

The effect of changes in the actuarial assumptions is described below.

	Actuarial Assumptions
Effect on Principal Values	
Normal Cost	\$ 0
Unfunded Actuarial Accrued Liability	\$ 0
Funding Policy Budget	\$ 0

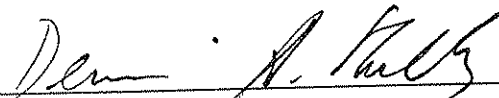
Certification

We have prepared an actuarial valuation of the OBRA 1990 Retirement System for the County of Milwaukee as of January 1, 2001 for the plan year ending December 31, 2001. The results of the valuation are set forth in this report, which reflects the provisions of the Plan as amended and effective January 1, 1992.

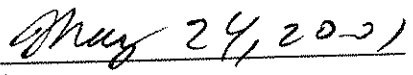
The valuation is based on employee and financial data which were provided by the Plan Sponsor and County of Milwaukee, respectively.

All costs, liabilities and other factors under the Plan were determined in accordance with generally accepted actuarial principles and procedures. In our opinion, the actuarial assumptions are reasonable and represent our best estimate of the anticipated experience under the Plan. This report fully and fairly discloses the actuarial position of the Plan on an ongoing basis.

We are available to answer any questions on the material contained in the report, or to provide explanations or further details as may be appropriate.



Dennis A. Skelly
Associate, Society of Actuaries
Enrolled Actuary No. 99-3209



Date



Glenn W. Soderstrom
Fellow, Society of Actuaries
Enrolled Actuary No. 99-2873

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Section 1: Funding Results

- Section 1.1 The unfunded actuarial accrued liability as of the valuation date.
- Section 1.2 A development of the actuarial gain or loss during the year.
- Section 1.3 The normal cost as of the valuation date.
- Section 1.4 The determination of the contribution recommendations, including the actual and budgeted contributions.

Unfunded Actuarial Accrued Liability

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

	January 1, 2001	January 1, 2000
1. Actuarial Accrued Liability		
a. Active Participants	\$ 729,306	\$ 712,004
b. Participants with Deferred Benefits	1,116,365	868,873
c. Participants Receiving Benefits	0	0
d. Actuarial Accrued Liability (a. + b. + c.)	\$ 1,845,671	\$ 1,580,877
2. Actuarial Value of Assets	\$ 612,583	\$ 584,283
3. Unfunded Actuarial Accrued Liability <i>(1.d. - 2., not less than \$0)</i>	\$ 1,233,088	\$ 996,594

Actuarial Gain/(Loss)

The actuarial gain/(loss) is comprised of both the liability gain/(loss) and the actuarial asset gain/(loss). Each of these represents the difference between the expected and actual values as of January 1, 2001.

1. Expected Actuarial Accrued Liability	
a. Actuarial Accrued Liability at January 1, 2000	\$ 1,580,877
b. Normal Cost at January 1, 2000	109,510
c. Interest on <i>a. + b.</i> to End of Year	143,683
d. Benefit Payments for Plan Year Ending December 31, 2000, with Interest to End of Year	94,349
e. Expected Actuarial Accrued Liability Before Change (<i>a. + b. + c. - d.</i>)	1,739,721
f. Change in Actuarial Accrued Liability at January 1, 2001 Due to Change in Plan Provisions	0
g. Expected Actuarial Liability at January 1, 2001 (<i>e. + f.</i>)	\$ 1,739,721
2. Actuarial Accrued Liability at January 1, 2001	\$ 1,845,671
3. Liability Gain/(Loss) (<i>1.g. - 2.</i>)	\$ (105,950)
4. Expected Actuarial Value of Assets	
a. Actuarial Value of Assets at January 1, 2000	\$ 584,283
b. Interest on <i>a.</i> to End of Year	49,664
c. Contributions Made for Plan Year Ending December 31, 2000	229,359
d. Interest on <i>c.</i> to End of Year	0
e. Benefit Payments for Plan Year Ending December 31, 2000, with Interest to End of Year	94,349
f. Expense Paid by Plan During 2000	100,656
g. Expected Actuarial Value of Assets January 1, 2001 (<i>a. + b. + c. + d. - e. - f.</i>)	\$ 668,301
5. Actuarial Value of Assets as of January 1, 2001	\$ 612,583
6. Actuarial Asset Gain/(Loss) (<i>5. - 4.g.</i>)	\$ (55,718)
7. Actuarial Gain/(Loss) (<i>3. + 6.</i>)	\$ (161,668)

Normal Cost

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

Component	January 1, 2001	January 1, 2000
Retirement Benefits	\$ 76,707	\$ 78,436
Withdrawal Benefits	30,517	31,074
Expenses	0	0
Total Normal Cost	\$ 107,224	\$ 109,510

Contributions

The County of Milwaukee has adopted the policy developed below for funding and accounting for pension expenses. The County's policy and the amounts required for the plan year ending December 31, 2001 are shown below.

A. Actual 2001 Funding Calculation

The actual funding calculation consists of the amortization of the unfunded actuarial liability plus the normal cost.

1. Net Annual Amortizations (<i>SECTION 1.4C</i>)	\$	135,368
2. a. Normal Cost		107,224
b. Interest		9,114
c. Normal Cost with Interest		116,338
3. Total Funding Calculation, End-of-Year Basis (<i>1. + 2.c.</i>)	\$	251,706

B. Estimated 2002 Budget

	Plan Year Ending	
	December 31, 2002	December 31, 2001
1. Net Annual Amortizations	\$ 148,745	\$ 121,176
2. Normal Cost with Interest	126,227	128,918
3. Total Funding Policy Budget, End-of-Year Basis (<i>1. + 2.</i>)	\$ 274,972	\$ 250,094

C. Amortization Schedule for Funding Calculation

Annual amortizations payments of the reestablished unfunded actuarial accrued liability and changes to the unfunded actuarial accrued liability arising from plan changes and actuarial gains/losses are amortized as a level percentage of payroll, assuming payroll growth of 5% per year over the period ending December 31, 2028. Expenses paid by the County and reimbursed by the Trust are amortized over 10 years. The variance between the actual contribution for the year and the contribution for the year to maintain the funding schedule is amortized over 5 years.

Charges	Amortization Period			Balances		Payment
	Date Created	Initial Years	Last Payment	Initial	Outstanding	
Actuarial Loss	1/1/1994	35	2028	\$ 73,157	\$ 92,912	\$ 5,413
Revised Assumptions	1/1/1994	35	2028	21,444	27,234	1,587
Actuarial Loss	1/1/1995	34	2028	214,047	279,665	16,294
Actuarial Loss	1/1/1996	33	2028	107,124	122,783	7,154
Contribution Variance	1/1/1997	5	2001	5,532	1,293	1,403
1993-1996 Expenses	1/1/1997	10	2006	243,729	169,149	37,146
Contribution Variance	1/1/1998	5	2002	20,972	9,426	5,322
Expenses	1/1/1998	10	2007	96,137	74,997	14,652
Expenses	1/1/1999	10	2008	81,673	70,193	12,448
Actuarial Loss	1/1/1999	30	2028	106,203	112,937	6,580
Actuarial Loss	1/1/2000	29	2028	232,443	239,574	13,958
Expenses	1/1/2000	10	2009	85,685	79,909	13,059
Actuarial Loss	1/1/2001	28	2028	161,668	161,668	9,419
Expenses	1/1/2001	10	2010	100,656	100,656	15,341
Total					\$ 1,542,396	\$ 159,776
Credits						
Reestablished Unfunded	1/1/1993	36	2028	\$ 514	\$ 41,810	\$ 2,436
Actuarial Gain	1/1/1997	32	2028	70,135	79,620	4,639
Actuarial Gain	1/1/1998	31	2028	125,170	137,468	8,009
Variance	1/1/1999	5	2003	25,619	16,605	6,501
Variance	1/1/2000	5	2004	3,421	2,844	868
Revised Assumptions	1/1/2000	29	2028	29,291	30,190	1,759
Variance	1/1/2001	5	2005	771	771	196
Total					\$ 309,308	\$ 24,408
Net Amount					\$ 1,233,088	\$ 135,368

D. Reconciliation

The following year budgeted contribution calculation changed from last year as follows:

1. 2001 Funding Policy Budget <i>(based on January 1, 2000 valuation results)</i>	\$ 250,094
2. Expected Increase in Normal Cost and Amortization Payment Before Recognition of 2001 Experience	11,733
3. 2000 Experience Different than Expected	
a. Asset Gain	(3,409)
b. Other	3,952
c. Total <i>(a. + b.)</i>	543
4. Recognition of 2001 Expenses and Contribution Variance	12,602
5. 2002 Funding Policy Budget	\$ 274,972

Section 2: Plan Assets

This section presents information regarding plan assets as reported by the plan administrator. The plan assets represent the portion of total plan liabilities which have been funded as of the valuation date.

- Section 2.1 Summary of Assets.
- Section 2.2 Reconciliation of Assets.
- Section 2.3 Actuarial Value of Assets.
- Section 2.4 Contributions for Prior Plan Year.

Summary of Assets

Asset Category	Market Value as of December 31, 2000
1. Cash and Equivalents	\$ 12,228
2. Assets Held by ERS Pension Plan	370,996
3. Contributions Receivable	229,359
4. Net Assets Available for Benefits (1. + 2. + 3.)	\$ 612,583

Reconciliation of Assets

Transactions	January 1, 2000 to January 1, 2001
Income	
1. Contributions Received or Receivable	\$ 229,359
2. Investment Income	(9,900)
3. Total Income	\$ 219,459
Disbursements	
4. Benefit Payments	\$ 90,503
5. Investment and Administrative Expenses	\$ 100,656
6. Total Disbursements	\$ 191,159
7. Net Income (3. - 6.)	\$ 28,300
8. Net Assets at Beginning of Year	\$ 584,283
9. Net Assets at End of Year (7. + 8.)	\$ 612,583

Actuarial Value of Assets

The actuarial asset value is set equal to the market value of assets plus any receivable contributions.

	January 1, 2001	January 1, 2000
Actuarial Asset Value	\$ 612,583	\$ 584,283

Contributions for Prior Plan Year

Date	Amount		Interest	Total
	Employer	Employee		
02/01/2001	\$ 229,359	\$ 0	\$ 0	\$ 229,359
Total	\$ 229,359	\$ 0	\$ 0	\$ 229,359

Section 3: Basis of Valuation

This section presents and describes the basis of the valuation. The census of participants, actuarial basis and provisions of the Plan are the foundation of the valuation, since these are the present facts on which the projection of benefit payments will depend. The valuation is based on the premise that the Plan will continue in existence.

- Section 3.1** The participant data used for the actuarial valuation.
- Section 3.2** The actuarial funding method, procedures and actuarial assumptions.
- Section 3.3** The plan provisions valued in the actuarial valuation.

Plan Participants

A. Participant Data Reconciliation

	Active Participants	Inactive Participants	Total
Total at January 1, 2000	1,896	4,972	6,868
Did Not Accrue Benefit in 2000	(791)	805*	14
Lump-Sum Payouts	0	0	0
Deaths	0	(2)	(2)
New Participants	674	0	674
Inactives – Began Accruing Benefit in 2000	54	(54)	0
Data Correction	0	0	0
Total at January 1, 2001	1,833	5,721	7,554

* Includes 14 previously not reported.

B. Count of Active Participants at January 1, 2001

Age	Years of Service									Total
	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 - 34	35 - 39	40+	
Under 20	942									942
20 - 24	307	157								464
25 - 29	46	37								83
30 - 34	38	15								53
35 - 39	39	21								60
40 - 44	26	24								50
45 - 49	19	15								34
50 - 54	14	23								37
55 - 59	13	10								23
60 - 64	21	9								30
65 - 69	14	10								24
70 - 74	6	16								22
75+	3	8								11
Total	1,488	345	0	0	0	0	0	0	0	1,833

C. Participant Statistics

Inactive Participants as of January 1, 2001	Number	Amount of Monthly Benefit
Participants Receiving Benefits	0	\$ 0
Participants with Deferred Benefits	5,721	79,715

Statistics for Active Participants	Number	Average		
		Age	Service	Compensation*
As of January 1, 2000				
Total	1,896	25.7	0.9	\$ 4,579
As of January 1, 2001				
Total	1,833	25.7	1.0	\$ 4,791

* Prior-year earnings increased by the salary assumption.

Actuarial Basis

A. Unit Credit Method

Liabilities and contributions shown in this report are computed using the unit credit method of funding.

The objective under this method is to fund each participant's benefit under the plan as they accrue. Thus, the total pension to which each participant is expected to become entitled at retirement is broken down into units, each associated with a year of past service. The principle underlying the method is that each unit is funded in the year for which it is credited. Typically, when the method is introduced there will be an initial liability for benefits credited for service prior to that date. To the extent that this liability is not covered by assets of the plan, there is an unfunded liability to be funded over a chosen period in accordance with an amortization schedule.

A detailed description of the calculation follows:

- The **normal cost** is the present value of those benefits, which are expected to be credited with respect to service during the year beginning on the valuation.
- The **accrued liability** is calculated at the valuation date as the present value of benefits credited with respect to service to that date.
- The **unfunded accrued liability** is the excess of the accrued liability over the assets of the Plan at the valuation date. The level annual payment to be made over a stipulated number of years to amortize the unfunded liability is the past service cost.

Under this method, difference between the actual experience and the assumed in the determination of costs and liabilities will emerge as adjustments in the unfunded liability, subject to amortization.

B. Valuation of Assets

The actuarial asset value is the market value of assets plus any receivable contributions.

C. Valuation Procedures

- **Financial and Census Data:** We used financial data and participant data as submitted by the Plan Sponsor without further audit. This information would customarily not be verified by a plan's actuary. We have reviewed the information for internal consistency and we have no reason to doubt its substantial accuracy.
- No benefits are projected to be greater than the limitation currently imposed by Section 415(b)(1) of the Internal Revenue Code as applied to governmental plans.
- All participants are considered active employees for valuation purposes until they incur a break in service covering one full plan year.

D. Actuarial Assumptions

Economic	
Investment Return	▪ 8.5% compounded annually for funding purposes. Investment return is assumed to be net of investment management expense.
Salary Increases	▪ 5% per year compounded annually.
Mortality	▪ The sex-distinct 1994 Uninsured Pensioners Table. See table below for sample values.
Withdrawal	▪ Graduated rates. See table below for sample values.
Retirement Age	▪ Age 65.

Sample Annual Decrement Rates per 100 Participants								
Employment Age	Mortality		Separation - Select Rates General Employees					
	Male	Female	0	1	2	3	4	5
20	0.05	0.03	33.75	31.50	28.50	24.00	19.05	15.00
25	0.07	0.03	31.35	29.46	26.88	22.86	18.54	14.25
30	0.09	0.04	27.30	25.47	22.92	18.99	15.36	12.00
35	0.09	0.05	22.35	20.64	18.03	14.01	10.17	6.00
40	0.12	0.08	17.85	16.26	13.80	10.26	7.23	3.90
45	0.17	0.10	17.25	14.85	11.94	8.43	5.37	2.52
50	0.28	0.15	16.50	13.38	10.98	7.89	4.47	1.07
55	0.48	0.25	14.85	12.45	9.78	6.93	3.63	0.23
60	0.86	0.48	0.00	0.00	0.00	0.00	0.00	0.00
65	1.56	0.93	0.00	0.00	0.00	0.00	0.00	0.00

Summary of Plan Provisions

Plan Name	OBRA 1990 Retirement System of the County of Milwaukee.
Effective Date	January 1, 1992.
Type of Plan	Municipal retirement system administered by the Pension Board.
Employer	County of Milwaukee.
Employees Included	<p>Any person employed by the County for whom the County is not obligated to collect and withhold FICA taxes. However, such persons shall exclude an employee:</p> <ul style="list-style-type: none"> ▪ hired to relieve him from unemployment ▪ of a hospital, home, or institution where he is an inmate ▪ who is a temporary employee to handle fire, storm, snow, earthquake or similar emergencies ▪ paid on a fee basis as self-employed, or ▪ who is a member of the collective bargaining unit covered by an agreement which does not provide for his inclusion.
Service Considered	<p>One year shall be credited on and after January 1, 1992 for each Plan Year during which the employee is employed at any time. However, the employee shall not receive credit for any Plan Year in which the County is obligated to collect and withhold FICA taxes. If, during such Plan Year, FICA taxes are withheld for only a portion of the year, the employee shall receive a pro rata credit for the portion of year worked when no FICA taxes were withheld.</p>
Earnings Considered	<p>Total wages shall include the compensation earned during the period for which no FICA tax was withheld, exclusive of any amounts reimbursed for moving expenses. However, such wages shall be limited to the Social Security taxable wage base for the Plan Year.</p>
Average Compensation	<p>The average of the total Earnings accumulated during the Plan Years of employment with the County, except that years prior to January 1, 1992 shall be disregarded.</p>
Normal Retirement Pension	<p>Payable upon request of any member who has attained age 65. Such pension shall equal one-twelfth of 2% of the member's Average Compensation multiplied by years of service (not in excess of 30).</p>
Deferred Vested Pension	<p>Upon termination of employment, a member shall be eligible for a deferred vested pension commencing at age 65. Such benefit shall be calculated as for normal retirement, considering Average Compensation and Service at termination.</p>