



COORDINATING COMMITTEE

**PUR-1308
ADDENDUM NO. 1
REQUEST FOR PROPOSALS
REGARDING QUALIFICATIONS & EXPERIENCE / TECHNICAL
PROPOSALS AND PRICE PROPOSALS FOR

RECORD-KEEPING AND ACTUARIAL CONSULTING
SERVICES FOR THE RETIREMENT PLAN,
LENGTH OF SERVICE AWARD PROGRAM AND
OTHER POST-EMPLOYMENT BENEFITS UNDER GASB-45 (OPEB)**

DATE: Wednesday, March 2, 2016

**BIDS DUE: Thursday, March 10, 2016
4:00 P.M.**

To Bidders:

This Addendum is hereby made a part of the Contract Documents on which all bids will be based and is issued to correct and clarify the original documents.

Please acknowledge receipt of this Addendum at the appropriate space on the Proposal Form. This Addendum consists of four (4) pages and two (2) attachments.

NOTE: All bidders must enter the County Administration Building through the front door, 100 West Washington Street entrance, and must use the elevator to access the Purchasing Department to submit their bid. Alternate routes are now controlled by a door access system.

ITEM NO. 1: Inquiry: Why is this work going out for bid at this time?

Response: The full term of the present 5-year contract (1 year with 4 additional consecutive option year renewals) is expiring June 30, 2016.

ITEM NO. 2: Inquiry: How long has CBIZ been the actuary?

Response: Since 1999.

(NOTE: The wording of all "Inquiries" submitted are displayed exactly as received.)

ITEM NO. 3: **Inquiry:** Can you give us the CBIZ fees for each of the three plans over the last 12 months?

Response: \$45,272.75 combined. Contract award was made as follows in 2011:

PART 1		CBIZ Benefits and Insurance Services Cumberland, MD
Item No.	Annual Lump Sum Fees / Employee's Retirement Plan of Washington County:	Unit/Total Price
1	Contract Year No. 1	\$20,000.00
2	Contract Year No. 2	\$20,000.00
3	Contract Year No. 3	\$20,000.00
4	Contract Year No. 4	\$20,000.00
5	Contract Year No. 5	\$20,000.00

PART 2		
Item No.	Annual Lump Sum Fees / Length of Service Award Program (LOSAP):	Unit/Total Price
6	Contract Year No. 1	\$4,000.00
7	Contract Year No. 2	\$4,000.00
8	Contract Year No. 3	\$4,000.00
9	Contract Year No. 4	\$4,000.00
10	Contract Year No. 5	\$4,000.00
TOTAL For Contract Years 1 through 5 For Both Programs (Total of Item Nos. 1 - 10)		\$120,000.00

(NOTE: The wording of all "Inquiries" submitted are displayed exactly as received.)

NOTES:

Response: See the two (2) attachments to this Addendum **CBIZ** **Hourly Rates**

Senior Actuary/Consultant/Lawyer	\$250.00 - \$350.00
Actuary	\$175.00 - \$250.00
Staff Actuary	\$125.00 - \$175.00
Assistant Actuary	\$100.00 - \$125.00
Non-Professional Staff	Included in above rates

Billing Protocols - We will send an invoice to the County each calendar quarter for one quarter of the proposed "lump sum" fee. For any work done outside the scope of this RFP, we will invoice as the work is completed.

ITEM NO. 4: **Inquiry:** Can we get copies of the funding valuations for the pension and LOSAP plans (we assume these were separate reports from the GASB67 reports that came with the RFP).

Response See the two (2) documents attached to this Addendum.

ITEM NO. 5: **Inquiry:** Has there ever been an experience study done? If so, can we get a copy?

Response: No; N/A.

ITEM NO. 6: **Inquiry:** Why are the mortality assumptions different between the Pension and OPEB valuations since they cover the same population?

Response: The mortality assumption for the OPEB valuation was adopted with the implementation of GASB 45 but the pension plan mortality was not updated. In light of the recent Society of Actuaries mortality study releases, the County is evaluating the mortality assumption for both plans.

ITEM NO. 7: **Clarification:** Refer to RFP, Page 6, Section IV.I. One (1) annual presentation to the County at a public meeting covering all plans is required and pricing is to be included in the price proposal. Additional public meetings by the consultant, if required, shall be compensated as covered in Section VI.A.2, on Page 8 of the RFP document.

ITEM NO. 8: Washington County implements GASB pronouncements before or by the required implementation date.

ITEM NO. 9: As stated in the RFP, Page 3, Section III.C.5., “The price costs for OPEB services as outlined herein shall be included in the price portion of Part 1 of the Proposal Form.”
Clarification: Annual OPEB Valuation Reports shall be submitted to the County and the cost included in each Contract Year as part of the “Annual Lump Sum Fees/Employee’s Retirement Plan of Washington County” which is indicated as Part 1 on the Proposal Form

BY AUTHORITY OF:

A handwritten signature in black ink that reads "Karen R. Luther". The signature is written in a cursive style with a large initial 'K' and 'L'.

Karen R. Luther, CPPO
Director of Purchasing



**ACTUARIAL VALUATION REPORT
FOR THE
COUNTY COMMISSIONERS OF
WASHINGTON COUNTY, MARYLAND
EMPLOYEES' RETIREMENT PLAN
FOR THE PLAN YEAR BEGINNING
JULY 1, 2015**



PREPARED BY

CBIZ BENEFITS & INSURANCE SERVICES, INC.

44 BALTIMORE STREET
CUMBERLAND, MARYLAND 21502
(800) 624-5914





**Actuarial Valuation Report
Washington County, Maryland
Volunteer Length of Service Award Program**

For the Plan Year Beginning

July 1, 2015

Prepared by

CBIZ Benefits & Insurance Services, Inc.

44 Baltimore Street
Cumberland, MD 21502
(800) 624-5914
www.cbiz.com



our business is growing yours

Washington County Volunteer Length of Service Award Program

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Washington County Volunteer Length of Service Award Program Actuary's Certification

We have completed the actuarial valuation of the Washington County, Maryland Volunteer Length of Service Award Program for the period beginning July 1, 2015. The valuation is based on (a) the plan provisions as in effect on that date, (b) volunteer's data as of July 1, 2015 as provided by the plan sponsor, and (c) asset information as of July 1, 2015 as provided by the plan trustees. This report has been completed in accordance with generally accepted actuarial principles and practices and reflects our understanding of the requirements applicable under the appropriate laws and regulations.

As indicated in this report, the Recommended Contribution for the period beginning July 1, 2015 is \$0. The contribution is zero because the plan's current funded status above 100%.

There were two important assumption changes for the 2015 valuation. First, any volunteers who did not meet the definition of active volunteer per the official plan document were removed. Secondly, the mortality table was updated to the the RP-2014 mortality table projected to 2015 with the Society of Actuaries' improvement scale MP-2015.

In the actuary's opinion, the actuarial assumptions and methods used in the valuation are, in the aggregate and individually, reasonably related to the experience of the plan and to reasonable expectations of future results. Such estimates represent my best estimate of anticipated experience under the plan. To the best of my knowledge, this report is complete and accurate, based on the data submitted as outlined herein.

CBIZ Benefits & Insurance Services, Inc.

Date:

12/10/15

By:



Alvin K. Winters, FSA, EA, MAAA

EA Number 14-06620

Washington County Volunteer Length of Service Award Program

Valuation Highlights

Recommended Contribution	\$0
Number of Participants	
Active	648
Retired or Disabled	159
Inactive	1,343
Total	2,150
Present Value of Accrued Benefits	
Vested	\$3,817,750
Non-Vested	3,437,554
Total	\$7,255,304
Market Value of Assets	\$7,963,284
Funding Ratio as of July 1, 2015	109.76%
Plan Interest Assumption	7.75%

Washington County Volunteer Length of Service Award Program Summary of Net Investment Changes

Assets on hand as of July 1, 2014		\$7,466,305
Receipts		
County Contribution	\$600,000	
Member's Contribution	0	
Income	198,655	
Realized Gains/(Losses)	347,818	
Unrealized Gains/(Losses)	<u>(145,401)</u>	
Total Receipts		1,001,072
Disbursements		
Benefits Payments	(\$461,316)	
Investment Advisory and other Fees	(19,561)	
Miscellaneous Fees	0	
Trustee Fees	<u>(23,216)</u>	
Total Disbursements		<u>(504,092)</u>
Actuarial Value of Assets as of June 30, 2015		<u><u>\$7,963,284</u></u>
Pension Balance Sheet as of June 30, 2015		
Cash & Cash Equivalents		\$288,576
Government/Agency Obligations		1,136,045
Corporate Obligations		555,174
Common Stock		2,139,627
Mutual Funds		3,832,559
Accrued Income		11,304
Accrued Contributions		0
Total Assets		<u><u>7,963,284</u></u>
Estimated Investment Return as of June 30, 2015		4.75%

Washington County Volunteer Length of Service Award Program

Summary Of Actuarial Results

I. Determination of Unfunded Accrued Liability

A. Accrued Liability as of July 1, 2015	
1. Active Lives	\$3,437,554
2. Retirees in Pay Status	3,817,750
3. Deferred Vested	0
4. Total	\$7,255,304
B. Actuarial Value of Assets	7,963,284
C. Unfunded Accrued Liability (UAL)	(\$707,980)

II. Determination of Normal Cost

A. Normal Cost as of July 1, 2015	\$126,509
B. Interest to end of year	9,804
C. Estimated Expenses (Non-Investment)	23,000
D. Normal Cost as of June 30, 2016	\$159,313

III. Recommended Contribution

A. Normal Cost	\$159,313
B. Excess Plan Assets	(707,980)
C. Total County Recommended Contribution	\$0

Washington County Volunteer Length of Service Award Program Summary of Principal Actuarial Assumptions

Funding Method:	Projected Unit Credit
Actuarial Assumptions:	
Investment Return:	
Pre-Retirement:	7.75%
Post-Retirement:	7.75%
Mortality:	
Pre-Retirement:	RP-2014 projected to 2015 using MP-2015.
Post-Retirement:	RP-2014 projected to 2015 using MP-2015.
Disability:	Male rates derived from a 1977 Social Security Administration study
Turnover:	T5 table
Retirement Age:	Normal retirement age or attained age, if later
Expenses (Non-Investment):	Included in the normal cost calculation
Actuarial Valuation of Assets:	The market value as reported by the plan administrator
Active Mortality	10% of active deaths are assumed to be "in the line of duty"

Washington County Volunteer Length of Service Award Program

Summary of Principal Plan Provisions

This plan summary is meant to highlight the key features of the Plan. It is not intended to cover all aspects of the plan. In the event of any ambiguity or inconsistency between this exhibit and the Volunteer Length of Service Award Program Plan Document, the Plan document will control.

Objectives

To provide eligible Volunteers who become covered under the Plan with retirement, disability, and death benefits.

Participants:

In order to participate in the Plan, a Volunteer must be an active member of one or more Washington County fire, rescue, or emergency medical services, or support organizations approved by the Washington County Volunteer Fire and Rescue Association (the "Association") and the Board of County Commissioners.

Plan Benefits :

No benefits under the Plan were paid before January 1, 2007. Generally, a Volunteer must be an Active Volunteer on or after January 1, 2007 to be eligible for any benefits under the Plan.

A. Retirement:

1. Normal Retirement Benefit:

An Active Volunteer (i.e., one who has been credited with 50 or more Points (as discussed below) in the prior calendar year and who has been certified by the Association LOSAP Committee as an Active Volunteer) who has attained age 62 and has been credited with a minimum of 25 years of Active LOSAP Service Credit (25 years in which the Volunteer has been classified as an Active Volunteer) is eligible to receive, until his or her date of death, a monthly benefit payment of \$200, or may elect an actuarially reduced benefit in the form of a joint and 25%, 50%, or 75% survivor annuity.

2. Supplemental Retirement Benefit:

In addition to the Normal Retirement Benefit, an Active Volunteer who has completed more than 25 years of Active LOSAP Service Credit, is eligible to receive, until his or her date of death, an additional monthly benefit payment of \$15 for each year of Active LOSAP Service Credit in excess of 25 years, not to exceed a total of monthly benefit payment of \$350.

Example: Volunteer Smith is an Active Volunteer and is age 62 with 29 years of Active LOSAP Service Credit as of January 1, 2007. Volunteer Smith will receive monthly benefit payments of \$260 (\$200 plus a supplemental retirement benefit of 4 times \$15 (4 years in excess of 25)) in 2007. If Volunteer Smith is classified as an Active Volunteer for 2007, Volunteer Smith's monthly benefit payment in 2008 will be \$275 (\$200 plus a supplemental retirement benefit of 5 times \$15 (5 years in excess of 25)). If the Volunteer elects to take his or her Normal Retirement Benefit in a joint and survivor annuity, the Supplemental Retirement Benefit will be added to the J&S Annuity.

3 Age 70 Retirement:

If an Active Volunteer attains age 70 and has not been credited with 25 years of Active LOSAP Service Credit, the Active Volunteer is eligible to receive until his or her date of death, a monthly benefit payment of \$8 for each year of Active LOSAP Service Credit. To be eligible for this Age 70 Retirement benefit. This benefit may also be elected in the form of a J&S annuity.

Washington County Volunteer Length of Service Award Program

Summary of Principal Plan Provisions

B. Death:

1. Death Prior to Commencement of Benefits:

If an Active Volunteer, who has attained age 62 and been credited with 25 or more years of Active LOSAP Service Credit, dies on or after January 1, 2007 and prior to the commencement of benefit payments under the Plan, his spouse, if any, or if there is no spouse, his unmarried children under age 18, will receive a monthly benefit payment of \$150 plus an additional \$11.25 for each year of Active LOSAP Service Credit in excess of 25 years, not to exceed a total monthly benefit payment of \$262.50. Any benefit payments to a Volunteer's spouse will cease upon the spouse's death or remarriage. Any benefit payments to a Volunteer's children will be divided in equal shares and will cease, as to each child, upon the child's death, marriage, or attainment of age 18.

2. Death after Benefits Begin:

If a Volunteer dies while receiving benefits, the Plan will pay any remaining benefits under the Plan in the form the Volunteer elected prior to his or her retirement.

3. Burial Benefit:

If a Volunteer dies in the line of duty on or after January 1, 2007, the Plan will pay up to \$4,000 for the Volunteer's funeral expenses.

C. Disability:

An Eligible Volunteer who is Disabled in the line of duty on or after January 1, 2007, will receive a monthly Disability benefit payment of \$200, if he or she is not eligible for retirement benefits under the Plan. Under the Plan, Disability is defined as unable to engage in any substantial activity because of a medically determinable physical or mental impairment which can be expected to result in death or to be of long and indefinite duration and which constitute total disability for purposes of Social Security benefits.

Point System:

To qualify as an Active Volunteer for a Service Year, the Volunteer must earn points in at least 2 of the 7 categories listed under the Point System and must earn a minimum of 50 points during the Service Year.

A. Volunteer's Responsibility:

It is the Volunteer's responsibility to complete all necessary forms and applications, to keep his or her personal information up to date, to accurately submit forms required to tabulate points, to verify that he or she is included under the Point System and that all points are accumulated and accounted for on a quarterly basis, and, if seeking an income exclusion, to attach and submit a copy of the official Point System report to his or her Maryland Income Tax form 502.

B. Company's Responsibility:

It is each Volunteer Company's responsibility to maintain complete and accurate membership records, to maintain accurate hourly time for all Company Volunteers participating in the Point System, to post a quarterly report of Points awarded to each Volunteer, to submit all required information to the Association LOSAP Committee, and to resolve all conflicts relating to Points awarded.

Washington County Volunteer Length of Service Award Program

Summary of Principal Plan Provisions

C. Service Credit Points:

Service Credit Points are awarded to each Eligible Volunteer in accordance with the schedule listed in the Plan document.

D. Credit for Service Prior to January 1, 2000:

Credit for Volunteer service prior to January 1, 2000 will be credited in accordance with the Plan.

A Volunteer will be credited with a maximum of 20 years of Active LOSAP Service Credit for his or her service prior to December 31, 1995, and any such service must be certified by Executive Officer(s) and the LOSAP Coordinator of the Eligible Volunteer's Company.

Service after January 1, 1996, but before January 1, 2000, will be credited for each year in which the Volunteer received 50 or more points, as determined by the Company on the basis of its reports submitted to the Association for that period.

E. Military Service:

An Eligible Volunteer may be eligible to receive a maximum of 4 years Active LOSAP Service Credit for his full-time service in the Armed Forces of the United States, as determined under the Plan.

Taxation:

The Volunteer's benefits under the Plan may be eligible for favorable state and federal tax treatment. The Volunteer should discuss this matter with his or her tax advisor.

The Plan does not guarantee a particular tax outcome for benefits received under the Plan.

Break(s) in Service:

If a Volunteer incurs 5 consecutive Breaks in Service (i.e. Service Years in which the Volunteer is not classified as an Active Volunteer), his or her years of Active LOSAP Service Credit prior to the Breaks in Service will only be taken into account if the Volunteer subsequently is again classified as an Active Volunteer and is credited with an additional 5 years of Active LOSAP Service Credit. This provision does not apply to a Volunteer who has been credited with 25 or more years of Active LOSAP Service Credit.

Example: As of January 1, 2005, Volunteer Smith has been credited with 23 years of Active LOSAP Service Credit. Volunteer Smith moves to Arizona on January 15, 2005 and incurs 8 consecutive Breaks in Service before moving back to Washington County on January 1, 2013. Volunteer Smith immediately becomes a Volunteer after returning to Washington County and is classified as an Active Volunteer in 2013.

The earliest that Volunteer Smith, who turns 62 years old in January 2015, could be eligible for retirement benefits under the Plan is January 2018. She must earn 5 years Active LOSAP Service Credit after her return to Washington County before her previous 23 years of Active LOSAP Service Credit will be taken into account in determining her eligibility for benefits under the Plan.

Plan Amendment/Termination:

Washington County has the right to amend or terminate the Plan at any time.

County Commissioners of Washington County Employees' Retirement Plan

Actuarial Valuation as of July 1, 2015

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County Commissioners of Washington County Employees' Retirement Plan

Actuarial Valuation as of July 1, 2015

Actuary's Certification

We have prepared the actuarial valuation of the County Commissioners of Washington County, Employees' Retirement Plan as of July 1, 2015. The determination of the investment fund contribution levels and the measurement of plan liabilities for the plan year ending June 30, 2016 are based on the actuarial methods and assumptions as set forth in this report.

In preparing the results presented in this report, we have relied upon information provided to us regarding plan provisions, plan participants and plan assets. While we have reviewed this material for accuracy, we must finally rely upon others for such source data.

All costs, liabilities and other factors under the plan were determined in accordance with generally accepted actuarial principles and procedures. Funding calculations reflect the provisions of current federal statutes and our best estimate of the anticipated experience under the plan.

As indicated in this report, our recommended contribution from the County for the 2015-2016 plan year is \$6,621,156.

The 3% cost of living increase and two assumption changes were the primary reason for the increase in the recommended contribution from the prior year. The first assumption change was an update in the mortality assumption from the 1983 GAM mortality table to the latest Society of Actuaries mortality table known as RP-2014 mortality table adjusted with mortality improvement scale MP-2015. We also adjusted the salary increase assumption from 4% to 3% based on expectations for future salary increases that are closer in line with baseline inflation. The effect of these changes on the recommended contribution is detailed on page 5 of our report.

In my opinion, this valuation fully and fairly discloses the actuarial position of the plan and has been prepared using reasonable methods and assumptions.

CBIZ Benefits & Insurance Services, Inc.

12/11/15

Date

By: 

Alvin K. Winters, FSA, EA, MAAA
Senior Vice President & Chief Actuary
EA Number 14-06620

Employees' Retirement Plan of Washington County

Actuarial Valuation as of July 1, 2015

Valuation Highlights

	<u>7/1/2014</u>	<u>7/1/2015</u>
Contribution - County's share		
Minimum	\$6,145,285	\$6,621,156
As a Percentage of Payroll	17.09%	18.28%
Total Participant Payroll	\$34,576,568	\$34,827,552
Number of Participants		
Active	703	669
DROP	47	69
Retired or Disabled	276	310
Terminated Vested or Inactive	52	55
Total	<u>1,078</u>	<u>1,103</u>
Market Value of Assets	85,971,016	92,111,488
Actuarial Value of Assets	82,718,637	90,264,996
Present Value of Accrued Benefits		
Vested	\$116,379,321	\$132,670,088
Non-Vested	2,796,928	2,562,825
Total	<u>\$119,176,249</u>	<u>\$135,232,913</u>
Funding Ratio - PVAB*	72%	68%
Actuarial Accrued Liability	\$129,807,347	\$143,437,856
Funding Ratio - AAL**	64%	63%
Plan Interest Assumption	7.75%	7.75%

* Market Value of Assets comparison

** Actuarial Value of Assets comparison

Employees' Retirement Plan of Washington County

Actuarial Valuation as of July 1, 2015

Financial Statements

Summary of Net Investment Changes from 7/1/2014 to 7/1/2015

Assets on Hand as of July 1, 2014		\$85,971,016
Receipts		
County Contribution	\$6,786,549	
Employee Contribution	1,871,200	
Rollovers	0	
Income	2,317,743	
Miscellaneous	3,652	
Realized Gain/(Loss)	(437,291)	
Unrealized Gain/(Loss)	2,861,443	
Total Receipts	13,403,296	13,403,296
Disbursements		
Benefit Payments	(\$6,880,887)	
Investment Advisory Fees - PNC	(223,750)	
Legal Fees	(6,537)	
Actuarial Fees	(56,113)	
Trustee Fees - M&T	(95,537)	
Miscellaneous Fees	0	
Total Disbursements	(7,262,824)	(7,262,824)
Assets on Hand as of June 30, 2015		\$92,111,488
Estimated Investment Return = 4.90%		

Pension Balance Sheet as of June 30, 2015

Cash & Cash Equivalents		\$5,456,898
Government/Agency Obligations		11,316,742
Corporate Obligations		7,269,280
Common Stock		26,530,254
Registered Investment Companies		41,411,157
Accrued Contribution		0
Accrued Income		127,157
Total Assets		\$92,111,488

Employees' Retirement Plan of Washington County

Actuarial Valuation as of July 1, 2015

Summary of Actuarial Results

Determination of Unfunded Accrued Liability as of July 1, 2015

A. Accrued Liability as of July 1, 2015	
1. Active Lives	\$58,337,650
2. DROP Participants	22,967,716
3. Retirees in Pay Status	57,950,798
4. Deferred Vested Terminees	4,181,692
5. Total	<u>\$143,437,856</u>
B. Actuarial Value of Assets	<u>(90,264,996)</u>
C. Unfunded Accrued Liability	<u><u>\$53,172,860</u></u>

Determination of Normal Cost for Plan Year Beginning July 1, 2015

A. Retirement Benefits	\$3,246,556
B. Ancillary Benefits	<u>50,124</u>
C. Normal Cost as of July 1, 2015	<u><u>\$3,296,680</u></u>

Employees' Retirement Plan of Washington County

Actuarial Valuation as of July 1, 2015

Summary of Actuarial Results

	<u>7/1/2014</u>	<u>7/1/2015</u>
Minimum Recommended Contribution		
A. Total Normal Cost	\$3,565,618	\$3,296,680
B. Participant Contribution*	<u>1,838,269</u>	<u>1,884,783</u>
C. County Normal Cost (A - B)	\$1,727,349	\$1,411,897
D. Amortization Payment of UAL **	3,975,932	4,733,027
E. Interest to June 30, 2016	<u>442,004</u>	<u>476,232</u>
F. Washington County Contribution	\$6,145,285	\$6,621,156
G. Payroll	34,576,568	34,827,552
H. (F) as a Percentage of Payroll	17.09%	18.28%

* The previous year's actual employee contributions increased by increase in covered payroll

** 15-year payment for 7/1/2014; 14-year payment for 7/1/2015

Increase in Annual Plan Costs

Minimum Recommended Contribution 7/1/2014	\$6,145,285
Estimated Increase/(Decrease) due to:	
Actual Contributions more than Minimums	(33,828)
Actual Investment Earnings less than 7.75%	116,245
Plan Amendment	207,827
Assumption Changes	137,773
Other Actuarial Experience	<u>47,854</u>
Minimum Recommended Contribution 7/1/2015	<u><u>\$6,621,156</u></u>

**Employees' Retirement Plan of Washington County
Actuarial Valuation as of July 1, 2015**

Summary of Vested and Non-Vested Accrued Benefits as of July 1, 2015

A. Vested Accrued Benefits	
1. Active Lives	\$47,569,882
2. DROP Participants	22,967,716
3. Retirees in Pay Status	57,950,798
4. Deferred Vested Terminees	4,181,692
5. Total Vested Benefits	<u>\$132,670,088</u>
B. Non-Vested Accrued Benefits	\$2,562,825
C. Total Liabilities for Accrued Benefits	\$135,232,913
D. Actuarial Value of Assets as of July 1, 2015	\$90,264,996
E. Ratio of Assets to Liabilities	66.75%

Summary of Changes from July 1, 2014 to 2015

A. Total Liabilities for Accrued Benefits as of July 1, 2014	\$119,176,249
B. Increase for Interest Due to the Decrease in Discount Period	9,236,159
C. Benefits Paid	(6,880,887)
D. Benefits Accumulated and Assumptions (Gain)/Loss	13,701,392
E. Total Liabilities for Accrued Benefits as of July 1, 2015	<u><u>\$135,232,913</u></u>

Employees' Retirement Plan of Washington County

Actuarial Valuation as of July 1, 2015

Auditor Certifications

Per your auditor's request, we state the following:

- 1) The Plan is a single employer.
- 2) Eligible employees employed in varying tasks by the County Commissioners of Washington County, Maryland are covered by the Plan.
- 3) The Plan provides traditional final pay/service formula defined benefit pensions and the Plan can be amended at anytime by appropriate action of the Commissioners.
- 4) Funding policy and the level of required employee contributions are established and can be amended at anytime by the County Commissioners.

County Commissioners of Washington County Employees' Retirement Plan

Actuarial Valuation as of July 1, 2015

Summary of Principal Actuarial Assumptions

Measurement Date: July 1, 2015
 Actuarial Valuation Date for Recommended Funding: July 1, 2015
 Funding Method: Projected Unit Credit
 Actuarial Assumptions:

Investment return:
 For recommended funding: 7.75%

Mortality: RP-2014 Adjusted to 2006 Total Dataset Mortality Table with Scale MP-2015 projected to 2015

Turnover: T4

Salary Scale: 3.00% per year

Retirement Age or DROP Election: Rates of retirement are assumed as follows:

Probability of Retirement

Each year from two years following Early Retirement Date to two years following Normal Retirement Date	10%
Two years following year first eligible for Normal Retirement	50%
Each of next 4 years	25%
7 years after Normal Retirement Date	100%

Expenses: Included in the Investment Return assumptions.

**County Commissioners of Washington County
Employees' Retirement Plan**

Actuarial Valuation as of July 1, 2015

Summary of Principal Actuarial Assumptions

Valuation of Assets:

For annual funding purposes an actuarial value of assets is used equal to market value adjusted by a fraction of the investment (gains)/losses for the three plan years preceding the current valuation year. Actuarial value cannot exceed 120% of actual market value or be less than 80%.

County Commissioners of Washington County Employees' Retirement Plan

Actuarial Valuation as of July 1, 2015

Summary of Principal Plan Provisions

Effective Date:	July 1, 1972
Plan Year:	7/1/2015 to 6/30/2016
Entry Date:	Date of hire as a Covered Employee
Normal Retirement Date:	Civilian: Attainment of age 60 or 30 years of service; the service requirement is reduced to 25 years for participants that contribute 6.0% of pay Uniformed: Attainment of age 50 or 25 years of service
Early Retirement Date:	Civilian: Attainment of 25 years of service Uniformed: Attainment of 20 years of service
Accrued Benefit:	A benefit commencing at normal retirement date equal to 2.00% of average monthly compensation times years of service
Credited Service:	A year of service is credited for each plan year in which an employee is a Covered Employee
Normal Form of Benefit:	Life only annuity
Compensation:	Base compensation. Final benefits based on the average of the 3 highest plan years preceding the date of determination.
Vesting:	100% vesting on completion of 5 years of service
Other Benefits:	Benefits are payable to or on behalf of vested participants who die prior to retirement, who become disabled and qualify for total disability benefits under the plan and who retire early upon meeting the plan's requirements for early retirement. Participants who continue with the company after reaching their normal retirement age will generally accrue additional benefits.