

**NEBRASKA PUBLIC EMPLOYEES
RETIREMENT SYSTEMS
2009**

**County Employees' Retirement System
Cash Balance Benefit Fund**

Actuarial Valuation Results
as of January 1, 2009
for County Fiscal Year Ending June 30, 2011

June 2009



1200 Seventeenth Street
Suite 1200
Denver, Colorado 80202

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
COUNTY EMPLOYEES' RETIREMENT SYSTEM
CASH BALANCE BENEFIT FUND

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June 8, 2009

Public Employees Retirement Board
Nebraska Public Employees Retirement Systems
Post Office Box 94816
Lincoln, NE 68509

**Certification of Actuarial Valuation
County Employees' Retirement System
Cash Balance Benefit Fund**

Ladies and Gentlemen:

This report summarizes the results of the actuarial valuation of the County Employees' Retirement System Cash Balance Benefit Fund as of January 1, 2009, performed by Buck Consultants, Inc.

The actuarial valuation is based on member data provided to us by the Ameritas Life Insurance Corporation, recordkeeper for the plan, and unaudited financial information provided by Nebraska Retirement Systems as summarized in this report. The benefits considered are those delineated in Nebraska State Statutes, effective as amended January 1, 2009.

All costs, liabilities and other factors under the fund were determined in accordance with generally accepted actuarial principles and procedures, using actuarial cost methods which we believe are reasonable, and that follow the Nebraska State Statutes. This report fully and fairly discloses the actuarial position of the fund.

In our opinion, the actuarial assumptions used are reasonable, taking into account expected long-term experience of the fund, and represent our best estimate of anticipated future experience. A summary of the actuarial assumptions used in this actuarial valuation are shown in Exhibit 10.

The contributions paid by the participating Cash Balance benefit members and the 150% matching County contributions defined by statute are more than sufficient to meet the annual actuarially required contribution which is equal to the sum of the annual normal cost and the annual payment necessary to amortize the unfunded liabilities over 25 years. The State is required to make any additional contribution necessary to meet the statutory funding requirement. For the 2010-2011 fiscal year, this additional amount is \$0.

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

Respectfully submitted,

David H. Sliskinsky, A.S.A., E.A., M.A.A.A.
Principal and Consulting Actuary

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
COUNTY EMPLOYEES' RETIREMENT SYSTEM
CASH BALANCE BENEFIT FUND**

**SUMMARY OF ACTUARIAL REPORT FOR CONTRIBUTION REQUIREMENTS AND
FUNDED STATUS FOR THE 2009 PLAN YEAR**

The main purposes of this report are:

1. To determine the level of additional State contributions for the fiscal year ending June 30, 2011 sufficient to meet the funding policy defined under Nebraska State statutes;
2. To review the current funded status of the Cash Balance benefit; and
3. To quantify the contribution rate available for benefit improvements, if any.

The 2009 actuarial valuation is based upon the plan provisions as of January 1, 2009, as described in Exhibit 8. The actuarial methods and assumptions are described in Exhibits 9 and 10.

Highlights from the current valuation:

1. No additional State contribution is required for the 2010-2011 fiscal year to meet the actuarially required contribution. Expected member contributions and County contributions exceed the total funding requirement. The Reserve as of January 1, 2009, is \$13,645,173.
2. For the 2009 plan year, the actuarially required contribution is under 90% of the actual contributions. Therefore, a funding excess exists to provide benefit improvements during the 2009 plan year of 0.66% of payroll.
3. The funded status of the system is measured by the ratio of the system assets over the Pension Benefit Obligation (PBO). The PBO is calculated using the Projected Unit Credit Method, which determines the benefit by using accumulated cash balance account values at the valuation date and projecting salary, contribution credits, and interest credits to assumed termination or retirement, and prorating the projected balances by service earned at the valuation date to service expected at termination or retirement. As of January 1, 2009, the funded percentage on Actuarial Value of Assets is 97.8%.
4. Significant investment losses were experienced during 2008, with an investment loss of (27.4%) on market value. Investment gains in excess of the 7.75% assumed rate will be required in the short term to avoid additional State contributions in the near future.

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
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Basic Actuarial Valuation Results

The 2009 actuarial valuation results are based upon the plan provisions as of January 1, 2009, as described in Exhibit 8. The actuarial methods and assumptions are described in detail in Exhibits 9 and 10, respectively.

1. County Contribution

The funding policy defined under State Statutes is for the counties to match the contributions paid by members at a rate of 150% of the member contribution, and for the State to make additional payments if necessary, to meet the actuarially required contribution. The actuarially required contribution is equal to the normal cost plus an amortization payment for unfunded liabilities. Unfunded liabilities created due to experience gains or losses, plan changes or assumption changes are amortized over 25 years.

The total expected County contribution for the 2009 plan year is \$11,156,102. Member contributions and matching County contributions are expected to exceed the total actuarially required funding.

Assets exceed the actuarial accrued liability as of the valuation date. As a result, the unfunded actuarial accrued liability is less than \$0. No additional payment from the State is required for the 2009 plan year.

History of Expected County Contributions			
Plan Year	County Contribution	Additional Contributions	Total
2004	\$ 4,092,294	\$ 0	\$ 4,092,294
2005	\$ 4,577,184	\$ 0	\$ 4,577,184
2006	\$ 5,949,740	\$ 0	\$ 5,949,740
2007	\$ 7,659,110	\$ 0	\$ 7,659,110
2008	\$ 9,524,951	\$ 0	\$ 9,524,951
2009	\$ 11,156,102	\$ 0	\$ 11,156,102

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
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2. Asset Values

The total assets of the system as of the valuation date at both market value and actuarial value is as follows:

	January 1, 2008*	January 1, 2009	Annual Rate of Return
(a) Market value	\$ 168,651,246	\$ 129,754,220	(27.6%)
(b) Actuarial value, an adjusted value intended to reduce the effect of market fluctuations (See Exhibit 9)	\$ 163,782,748	\$ 175,765,930	1.8%

* Includes receivable of \$28,613,981 for transfers from the defined contribution (DC) benefit fund

3. Actuarial Liability/(Reserve)

The actuarial liability of the system is the excess of the total benefit obligation (present value of future benefits) over the projected financial resources (sum of (i) the actuarial value of assets, and (ii) the present value of future member and matching County contributions). If the projected financial resources exceed the total benefit obligation, the system has a reserve. The actuarial position of the system as of the valuation date is as follows:

	January 1, 2008	January 1, 2009
(a) Present value of future benefits	\$ 292,602,244	\$ 342,884,960
(b) Actuarial value of assets	163,782,748	175,765,930
(c) Present value of future member contributions	61,030,769	72,305,681
(d) Present value of matching County contributions	<u>91,546,154</u>	<u>108,458,522</u>
(e) Actuarial liability/(reserve) [(a) – (b) – (c) – (d)]	\$ (23,757,427)	\$ (13,645,173)

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
COUNTY EMPLOYEES' RETIREMENT SYSTEM
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EXECUTIVE SUMMARY

4. Pension Benefit Obligation (PBO)

The Pension Benefit Obligation represents a standardized disclosure measure of the present value of pension benefits payable in the future, which incorporates the effects of projected salary increases, based on service earned at the valuation date. The measure is intended to provide information regarding the Cash Balance Benefit's funded status on an ongoing-concern basis, progress made in accumulating sufficient assets to pay benefits when due, and comparability to other plans.

Funded Status	January 1, 2008	January 1, 2009
(a) Pension Benefit Obligation		
i) retirees, disabled members and beneficiaries receiving benefits and deferred vested members not yet receiving benefits	\$ 17,675,425	\$ 19,448,920
ii) active members	<u>134,885,714</u>	<u>160,323,486</u>
iii) total pension benefit obligation	\$ 152,561,139	\$ 179,772,406
(b) Assets available for benefits (actuarial value)	<u>163,782,748</u>	<u>175,765,930</u>
(c) Unfunded Pension Benefit Obligation	\$ (11,221,609)	\$ 4,006,476
(d) Funded percentage on actuarial value of assets [(b) ÷ (a)(iii)]	107.4%	97.8%

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
COUNTY EMPLOYEES' RETIREMENT SYSTEM
CASH BALANCE BENEFIT FUND

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5. Accumulated Benefit Obligation

The accumulated benefit obligation represents another measure of the value of the benefits provided under the plan, based on the account balances and retiree benefits as of the valuation date. The measure is intended to provide information regarding the Cash Balance benefit's funded status on an immediate basis, progress on securing the current benefit obligation and comparability to similar individual account plans.

Funded Status	January 1, 2008	January 1, 2009
(a) Cash Balance Accounts		
i) Actives	\$ 143,931,674	\$ 165,620,203
ii) Inactives	<u>10,300,889</u>	<u>10,297,562</u>
iii) Total	\$ 154,232,563	\$ 175,917,765
(b) Retirees, disabilities, and beneficiaries	<u>7,374,536</u>	<u>9,151,358</u>
(c) Total accumulated benefit obligation	\$ 161,607,099	\$ 185,069,123
(d) Market Value of Assets	<u>168,651,246</u>	<u>129,754,220</u>
(e) Deficit/(Reserve) [(c) – (d)]	\$ (7,044,147)	\$ 55,314,903
(f) Funded percentage on Market Value of Assets [(d) ÷ (c)]	104.4%	70.1%

6. Benefit Accrual Cost

The cost of benefits accruing over an active member's working career can be expressed as a level percentage of compensation. This cost represents the true cost of accruing benefits since it is not adjusted for any overfunding or underfunding which may exist on the valuation date. It is determined using the Entry Age Actuarial Cost Method and is also called the Normal Cost. The level benefit accrual cost determined at the valuation date is as follows:

	January 1, 2008	January 1, 2009
(a) Benefit accrual cost amount	\$ 13,408,129	\$ 15,695,194
(b) Annual compensation before assumed retirement age	\$ 137,236,448	\$ 160,530,470
(c) Benefit accrual cost rate [(a) ÷ (b)]	9.77%	9.78%

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7. Forecast of Disbursements

A forecast of the annual benefit disbursements expected over the next ten years is presented in Exhibit 7. This forecast is based on the same actuarial assumptions with respect to salary increases and decrement rates used to determine the funding requirements. The forecast should be a useful guide in discussing the cash-flow needs of the system with investment managers and in projecting the future financing needs of the system.

8. Actuarial Methods and Assumptions

The required contribution developed in this report is an estimate of the amount necessary to provide ongoing benefits to plan members assuming the system is funded in a systematic manner. These estimates are based upon the actuarial method defined under State Statutes to allocate the total cost of the Cash Balance benefit to various years and actuarial assumptions regarding the return on investments, salary rates, employee termination rates, mortality rates and other risk factors. The actuarial method used to determine the actuarial contribution requirement is the Entry Age Actuarial Cost Method.

The actuarial assumptions represent the expected long-term experience of the system on an explicit basis for each risk area considered. The experience is reviewed periodically. Where necessary, changes are recommended by the actuary and adopted by the Public Employees Retirement Board.

A summary of the actuarial methods and assumptions used in the current valuation is presented in Exhibits 9 and 10, respectively.

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
COUNTY EMPLOYEES' RETIREMENT SYSTEM
CASH BALANCE BENEFIT FUND

SYSTEM ASSETS

A. Summary of Market Value of Assets	Market Value as of December 31, 2007	Market Value as of December 31, 2008
1. Cash and Equivalents	\$ 38,530	\$ 74,797
2. Investments	141,963,127	133,588,936
3. Receivables and Prepaids	4,241,075	14,767,012
4. Receivable Transfer from Defined Contribution Benefit Fund	28,613,981	0
5. Accounts Payable	(6,205,467)	(18,676,525)
6. Net Assets Available for Pension Benefits Considered [1 + 2 + 3 + 4 + 5]	\$ 168,651,246	\$ 129,754,220

B. Development of Actuarial Value of Assets	Amount
1. Actuarial Value of Assets as of January 1, 2008	\$ 163,782,748
2. Unrecognized return as of January 1, 2008	\$ 4,868,498
3. Contributions	
(a) Employee	\$ 6,659,056
(b) Employer and Other	<u>9,839,409</u>
(c) Total	\$ 16,498,465
4. Transfers In	\$ 461,475
5. Disbursements	
(a) Distributions	\$ 6,859,832
(b) Benefit Payments	<u>1,150,761</u>
(c) Total	\$ 8,010,593
6. Expected Return at 7.75% on:	
(a) Item 1	\$ 12,693,163
(b) Item 2	377,309
(c) Item 3(c)	627,387
(d) Item 4	17,548
(e) Item 5 (c)	<u>(304,619)</u>
(f) Total [(a) + (b) + (c) + (d) + (e)]	\$ 13,410,788
7. Actual Return on Market Value for 2008 Plan Year, net of expenses*	\$ (47,846,373)
8. Return to be Spread for 2008 Plan Year [7 - 6(f)]	\$ (61,257,161)

* Includes adjustment on the Market Value of Assets of \$(311,884).

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
COUNTY EMPLOYEES' RETIREMENT SYSTEM
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SYSTEM ASSETS

B. Development of Actuarial Value of Assets (continued)		Amount																								
9.	Total Market Value of Assets as of January 1, 2009	\$ 129,754,220																								
10.	Return to be Spread:																									
	<table border="1"> <thead> <tr> <th align="center">Plan Year</th> <th align="center">Return to be Spread</th> <th align="center">Unrecognized Percent</th> <th align="center">Unrecognized Return</th> </tr> </thead> <tbody> <tr> <td align="center">2008</td> <td align="right">\$ (61,257,161)</td> <td align="center">80%</td> <td align="right">\$ (49,005,729)</td> </tr> <tr> <td align="center">2007</td> <td align="right">74,536</td> <td align="center">60%</td> <td align="right">44,722</td> </tr> <tr> <td align="center">2006</td> <td align="right">7,982,363</td> <td align="center">40%</td> <td align="right">3,192,945</td> </tr> <tr> <td align="center">2005</td> <td align="right">(1,218,240)</td> <td align="center">20%</td> <td align="right">(243,648)</td> </tr> <tr> <td align="center" colspan="3">Total</td> <td align="right">\$ (46,011,710)</td> </tr> </tbody> </table>	Plan Year	Return to be Spread	Unrecognized Percent	Unrecognized Return	2008	\$ (61,257,161)	80%	\$ (49,005,729)	2007	74,536	60%	44,722	2006	7,982,363	40%	3,192,945	2005	(1,218,240)	20%	(243,648)	Total			\$ (46,011,710)	
Plan Year	Return to be Spread	Unrecognized Percent	Unrecognized Return																							
2008	\$ (61,257,161)	80%	\$ (49,005,729)																							
2007	74,536	60%	44,722																							
2006	7,982,363	40%	3,192,945																							
2005	(1,218,240)	20%	(243,648)																							
Total			\$ (46,011,710)																							
11.	Total Actuarial Value of Assets at January 1, 2009 [9 – 10]	\$ 175,765,930																								
12.	Ratio of Market Value to Actuarial Value [9 ÷ 11]	73.8%																								

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
COUNTY EMPLOYEES' RETIREMENT SYSTEM
CASH BALANCE BENEFIT FUND**

SYSTEM ASSETS

C. Change in Asset Values During 2008	Actuarial Value	Market Value
1. Asset value as of January 1, 2008		
(a) Reported last year	\$ 163,782,748	\$ 168,651,246
(b) Adjustment	<u>n/a</u>	<u>(311,884)</u>
(c) Reported this year [(a) + (b)]	\$ 163,782,748	\$ 168,339,362
2. Contributions for 2008		
(a) Employee contributions paid	\$ 6,659,056	\$ 6,659,056
(b) Employer contributions collected	<u>9,839,409</u>	<u>9,839,409</u>
(c) Contributions for 2008 [(a) + (b)]	\$ 16,498,465	\$ 16,498,465
3. Transfers In	\$ 461,475	\$ 461,475
4. Disbursements for 2008		
(a) Benefit disbursements	\$ 8,010,593	\$ 8,010,593
(b) Expenses and fees	<u>491,728</u>	<u>491,728</u>
(c) Disbursements for 2008 [(a) + (b)]	\$ 8,502,321	\$ 8,502,321
5. Investment return for 2008	\$ 3,525,563	\$ (47,042,761)
6. Asset value as of January 1, 2009 [1(c) + 2(c) + 3 - 4(c) + 5]	\$ 175,765,930	\$ 129,754,220
7. Approximate rate of investment return, net of expenses	1.80%	(27.64%)

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
COUNTY EMPLOYEES' RETIREMENT SYSTEM
CASH BALANCE BENEFIT FUND**

ACTUARIAL CONTRIBUTION REQUIREMENT

A. Development of Actuarially Required Funding Rate	January 1, 2009
1. Actuarial present value of benefits	
(a) Active members	\$ 323,436,040
(b) Inactive members	10,297,562
(c) Retired members, disabilities and beneficiaries	<u>9,151,358</u>
(d) Total	\$ 342,884,960
2. Present Value of Future Normal Costs	<u>167,591,007</u>
3. Total Actuarial Accrued Liability [1(d) - 2]	\$ 175,293,953
4. Actuarial Value of Assets	<u>175,765,930</u>
5. Unfunded Actuarial Accrued Liability [3 - 4]	\$ (471,977)
6. 25-Year Amortization of the Unfunded Actuarial Accrued Liability	
(a) Amount	\$ (41,689)
(b) Amount as % of Total Pay	(0.03%)
7. Normal Cost	
(a) Amount	\$ 15,695,194
(b) Amount as % of Total Pay	9.50%
8. Total Actuarially Required Contribution	
(a) Amount [6(a) + 7(a)]	\$ 15,653,505
(b) Amount as % of Total Pay	9.47%

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
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ACTUARIAL CONTRIBUTION REQUIREMENT

B. Development of Additional State Contribution for 2010/2011	Annual Amount as a % of Pay
1. Actuarially Required Contribution	
(a) Total Contribution Amount	\$ 15,653,505
(b) Amount as % of Pay	9.47%
2. Statutory Contribution Rates	
(a) Employee Contribution Rate	4.50%
(b) Employer Contribution Rate	6.75%
(c) Total Employee/Employer Contribution Rate [2(a) + 2(b)]	<u>11.25%</u>
3. Additional Required State Contribution	
(a) Additional Required State Contribution Rate [1(b) - 2(c), not less than 0.00%]	0.00%
(b) Additional Required State Contribution Amount for the 2009 plan year	\$ 0
4. Additional Required State Contribution Amount for the 2010/2011 fiscal year [item 3(b) with interest]	\$ 0
C. Development of Excess Contribution Rate Available for Benefit Improvements	Annual Amount as a % of Pay
1. Total Statutory Contribution Rate	11.25%
2. Benefit Improvement Threshold Rate [90% of 1]	10.13%
3. Actuarially Required Contribution Rate	9.47%
4. Funding Excess Available for Benefit Improvement	
(a) As a Rate of Total Pay [2 - 3, not less than 0%]	0.66%
(b) Annual Amount	\$ 1,090,819

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
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ACTUARIAL CONTRIBUTION REQUIREMENT

D. Schedule of Amortization Bases	January 1, 2009 Remaining Payments	Date of Last Payment	Outstanding Balance as of January 1, 2009	Annual Contribution
1. 2009 Unfunded Actuarial Accrued Liability base	25	07/01/2033	\$ (471,977)	\$ (41,689)
Total			\$ (471,977)	\$ (41,689)

NOTE: Per Section 23-2517(4)(b) of the Nebraska Revised Statutes, since the unfunded actuarial accrued liability on the valuation date is less than \$0, all prior amortization bases are considered fully amortized and the 2009 amortization base is set equal to the unfunded actuarial accrued liability at January 1, 2009, and amortized over 25 years on a level dollar basis.

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
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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, 2009.

1.	Expected Actuarial Accrued Liability	
a.	Actuarial Accrued Liability as of January 1, 2008	\$ 151,557,186
b.	Normal Cost during 2008	13,408,129
c.	Benefit Payments for Plan Year Ending December 31, 2008	8,010,593
d.	Interest on a, b, and c to End of Year	<u>11,950,933</u>
e.	Expected Actuarial Accrued Liability Before Changes [a + b - c + d]	\$ 168,905,655
f.	Change in Actuarial Accrued Liability at January 1, 2009 Due to 5.34% Dividend Paid in 2008	<u>6,609,335</u>
g.	Expected Actuarial Accrued Liability at January 1, 2009 [e + f]	\$ 175,514,990
2.	Actuarial Accrued Liability at January 1, 2009	<u>175,293,953</u>
3.	Liability Gain/(Loss) [1g - 2]	\$ 221,037
4.	Expected Actuarial Value of Assets	
a.	Actuarial Value of Assets as of January 1, 2008	\$ 163,782,748
b.	Contributions and Transfers In During Plan Year	16,959,940
c.	Benefit Payments During Plan Year	8,010,593
d.	Interest on a, b, and c to End of Year	<u>13,033,479</u>
e.	Expected Actuarial Value of Assets at January 1, 2009 [a + b - c + d]	\$ 185,765,574
5.	Actuarial Value of Assets as of January 1, 2009	<u>175,765,930</u>
6.	Actuarial Asset Gain/(Loss) [5 - 4e]	\$ (9,999,644)
7.	Actuarial Gain/(Loss) [3 + 6]	\$ (9,778,607)

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
COUNTY EMPLOYEES' RETIREMENT SYSTEM
CASH BALANCE BENEFIT FUND**

ACTUARIAL BALANCE SHEET

A. Financial Resources		January 1, 2009
1.	Actuarial Value of Assets	\$ 175,765,930
2.	Present Value of Future Normal Cost Contributions	
	(a) Member	\$ 72,305,681
	(b) Employer	<u>95,285,326</u>
	(c) Total	167,591,007
3.	Unfunded Actuarial Accrued Liability	(471,977)
4.	Total Assets [1 + 2(c) + 3]	\$ 342,884,960

B. Benefit Obligations		January 1, 2009
1.	Present Value of Future Benefits	
	(a) Active members	\$ 323,436,040
	(b) Inactive members	10,297,562
	(c) Retirees, disabilities and beneficiaries	<u>9,151,358</u>
	(d) Total	\$ 342,884,960

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
COUNTY EMPLOYEES' RETIREMENT SYSTEM
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ACCOUNTING INFORMATION

A. Pension Benefit Obligation under the Projected Unit Credit Cost Method

	January 1, 2008	January 1, 2009
Pension Benefit Obligation (PBO)		
Vested PBO		
(a) members currently receiving payments	\$ 7,374,536	\$ 9,151,358
(b) other members		
i) accumulated member contributions	62,070,282	70,777,384
ii) employer financed vested	<u>80,936,207</u>	<u>97,667,109</u>
Total Vested PBO	\$ 150,381,025	\$ 177,595,851
Nonvested PBO	<u>2,180,114</u>	<u>2,176,555</u>
Total PBO	\$ 152,561,139	\$ 179,772,406
Actuarial Value of Assets	<u>163,782,748</u>	<u>175,765,930</u>
Unfunded Pension Benefit Obligation	\$ (11,221,609)	\$ 4,006,476
Funded Percentage		
(a) on vested PBO	108.9%	99.0%
(b) on total PBO	107.4%	97.8%

B. Change in Pension Benefit Obligation from January 1, 2008 to January 1, 2009

Pension Benefit Obligation at January 1, 2008	\$ 152,561,139
Increase/(Decrease) during Period	
Plan Provision Changes	\$ 6,133,954
Benefits Accumulated	12,555,619
Benefits Paid	(8,010,593)
Interest Cost	12,967,312
Plan Experience	<u>3,564,975</u>
Total Change	\$ 27,211,267
Pension Benefit Obligation at January 1, 2009	\$ 179,772,406

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
COUNTY EMPLOYEES' RETIREMENT SYSTEM
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ACCOUNTING INFORMATION

Exhibits 9 and 10 provide a more detailed summary of the underlying actuarial methods and assumptions used in the calculations of the Pension Benefit Obligation. The benefits valued are those in effect on January 1, 2009, as outlined in Exhibit 8. The determination of the Pension Benefit Obligation has been made in accordance with generally accepted actuarial principles and practices.

C. Schedule of Employer Contributions – Disclosure Requirements Under GASB No. 25

Plan Year Ending	Annual Required Contributions	Percentage Contributed
December 31, 2003	\$ 4,083,840	100%
December 31, 2004	\$ 4,845,003	100%
December 31, 2005	\$ 5,513,254	100%
December 31, 2006	\$ 6,251,727	100%
December 31, 2007	\$ 8,194,607	100%
December 31, 2008	\$ 9,839,409	100%

D. Actuarial Assumptions, Method and Additional Information under GASB No. 25

Valuation Date	December 31, 2008
Actuarial Cost Method	Entry Age
Amortization Method	Level dollar amount, closed
Amortization period	25 years
Asset Valuation Method	5 year smoothing of market value
Actuarial Assumptions:	
Investment rate of return*	7.75%
Projected salary increases*	5.5 – 15.0%
*Includes inflation at	3.5%
Cost-of-living adjustment	None

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
COUNTY EMPLOYEES' RETIREMENT SYSTEM
CASH BALANCE BENEFIT FUND**

ACCOUNTING INFORMATION

E. Schedule of Funding Progress Under GASB No. 25

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Accrued Liabilities (UAL) (b) – (a)	Funded Ratio (a) ÷ (b)	Covered Payroll (c)	UAL as a % of Covered Payroll [(b) – (a) / (c)]
December 31, 2003	\$ 69,761,178	\$ 63,270,991	\$ (6,490,187)	110.3%	\$ 60,626,584	(10.7%)
December 31, 2004	\$ 83,869,272	\$ 73,913,434	\$ (9,955,838)	113.5%	\$ 67,810,140	(14.7%)
December 31, 2005	\$ 99,464,149	\$ 84,817,488	\$ (14,646,661)	117.3%	\$ 88,144,293	(16.6%)
December 31, 2006	\$ 116,379,465	\$ 110,630,278	\$ (5,749,187)	105.2%	\$ 113,468,303	(5.1%)
December 31, 2007	\$ 163,782,748	\$ 151,557,186	\$ (12,225,562)	108.1%	\$ 141,110,390	(8.7%)
December 31, 2008	\$ 175,765,930	\$ 175,293,953	\$ (471,977)	100.3%	\$ 165,275,589	(0.3%)

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
COUNTY EMPLOYEES' RETIREMENT SYSTEM
CASH BALANCE BENEFIT FUND

SUMMARY OF MEMBER DATA

A. Active Members	January 1, 2008	January 1, 2009
1. Number of active members		
(a) Before assumed retirement age	4,893	5,199
(b) Beyond assumed retirement age	<u>211</u>	<u>247</u>
(c) Total	5,104*	5,446
2. Annual considered compensation		
(a) Before assumed retirement age	\$ 137,236,448	\$ 160,530,470
(b) Beyond assumed retirement age	<u>3,873,942</u>	<u>4,745,119</u>
(c) Total	\$ 141,110,390	\$ 165,275,589
3. Accumulated contributions		
(a) Employee Cash Balance Account	\$ 57,849,666	\$ 66,538,091
(b) Employer Cash Balance Account	<u>86,082,008</u>	<u>99,082,112</u>
(c) Total Cash Balance Account	\$ 143,931,674	\$ 165,620,203
4. Active member averages		
(a) Age	47.4	47.2
(b) Service	6.8	7.0
(c) Compensation	\$ 27,647	\$ 30,348
(d) Cash Balance Account	\$ 28,200	\$ 30,411
B. Inactive Members		
1. Number of inactive members	766**	905
2. Total vested Cash Balance Account	\$ 10,300,889	\$ 10,297,562
3. Inactive member averages		
(a) Age	45.2	44.6
(b) Vested Cash Balance Account	\$ 13,448	\$ 11,379
C. Retired and Disabled Members and Beneficiaries		
1. Number of members		
(a) Retired	153	179
(b) Disabled	0	0
(c) Beneficiaries	<u>7</u>	<u>11</u>
(d) Total	160	190
2. Annual benefits		
(a) Retired	\$ 981,257	\$ 1,186,758
(b) Disabled	0	0
(c) Beneficiaries	<u>43,263</u>	<u>68,394</u>
(d) Total	\$ 1,024,520	\$ 1,255,152

* Includes 351 members who transferred from defined contribution.

** Includes 68 members who transferred from defined contribution.

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
COUNTY EMPLOYEES' RETIREMENT SYSTEM
CASH BALANCE BENEFIT FUND**

SUMMARY OF MEMBER DATA

D. Distribution of Retired and Disabled Members and Beneficiaries as of January 1, 2009

Age Range	Number	Annual Benefit	Average Annual Benefit
Under 50	1	\$ 3,620	\$ 3,620
50 – 54	0	0	0
55 – 59	3	15,101	5,034
60 – 64	27	173,173	6,414
65 – 69	65	473,079	7,278
70 – 74	49	305,444	6,234
75 – 79	28	198,606	7,093
80 and Over	<u>17</u>	<u>86,129</u>	<u>5,066</u>
Total	190	\$ 1,255,152	\$ 6,606

E. Member Data Reconciliation

	Active Members	Inactive Members				Total
		Terminated With Vested Employer Balances	Terminated With Non-Vested Employer Balances	Retired and Disabled Members	Bene-ficiaries	
As of January 1, 2008	5,104	411	355	153	7	6,030
Changes in status						
a) Normal & early retirements	(19)	(8)	0	27	0	0
b) Became payable	0	0	0	0	0	0
c) Deaths	(1)	0	0	(4)	0	(5)
d) Nonvested terminations	(178)	0	178	0	0	0
e) Vested terminations	(166)	166	0	0	0	0
f) Contribution refund	(143)	(124)	(76)	0	0	(343)
g) Beneficiaries in receipt	0	0	0	0	6	6
h) Disability retirements	0	0	0	0	0	0
i) DC retirements	0	0	0	5	0	5
j) Return to active service	7	(4)	(3)	0	0	0
k) Data Change	<u>0</u>	<u>(1)</u>	<u>0</u>	<u>(2)</u>	<u>(2)</u>	<u>(5)</u>
Total changes in status	(500)	29	99	26	4	(342)
New entrants	842	3	8	0	0	853
Net change	342	32	107	26	4	511
As of January 1, 2009	5,446	443	462	179	11	6,541

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
COUNTY EMPLOYEES' RETIREMENT SYSTEM
CASH BALANCE BENEFIT FUND**

SUMMARY OF MEMBER DATA

F. Age and Service Distribution of Active Members as of January 1, 2009

Age Last Birthday		0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 and Over	Grand Total
20-24	Number	291	1	0	0	0	0	0	0	0	292
	Total Salary	\$ 8,186,463	\$ 10,602	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,197,065
	Average Sal.	\$ 28,132	\$ 10,602	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 28,072
25-29	Number	500	34	0	0	0	0	0	0	0	534
	Total Salary	\$ 15,475,914	\$ 1,101,974	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 16,577,888
	Average Sal.	\$ 30,952	\$ 32,411	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 31,045
30-34	Number	368	73	9	0	0	0	0	0	0	450
	Total Salary	\$ 11,555,627	\$ 2,743,048	\$ 307,998	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 14,606,673
	Average Sal.	\$ 31,401	\$ 37,576	\$ 34,222	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 32,459
35-39	Number	384	87	22	6	1	0	0	0	0	500
	Total Salary	\$ 11,679,897	\$ 3,305,739	\$ 996,556	\$ 236,928	\$ 23,186	\$ 0	\$ 0	\$ 0	\$ 0	\$ 16,242,306
	Average Sal.	\$ 30,416	\$ 37,997	\$ 45,298	\$ 39,488	\$ 23,186	\$ 0	\$ 0	\$ 0	\$ 0	\$ 32,485
40-44	Number	352	98	30	28	4	0	0	0	0	512
	Total Salary	\$ 9,933,646	\$ 3,194,408	\$ 1,027,290	\$ 1,101,352	\$ 208,948	\$ 0	\$ 0	\$ 0	\$ 0	\$ 15,465,644
	Average Sal.	\$ 28,221	\$ 32,596	\$ 34,243	\$ 39,334	\$ 52,237	\$ 0	\$ 0	\$ 0	\$ 0	\$ 30,206
45-49	Number	398	134	26	55	53	0	0	0	0	666
	Total Salary	\$ 11,605,898	\$ 4,197,818	\$ 915,590	\$ 2,144,835	\$ 2,032,709	\$ 0	\$ 0	\$ 0	\$ 0	\$ 20,896,850
	Average Sal.	\$ 29,162	\$ 31,327	\$ 35,215	\$ 38,997	\$ 38,353	\$ 0	\$ 0	\$ 0	\$ 0	\$ 31,377
50-54	Number	352	141	59	59	82	45	0	0	0	738
	Total Salary	\$ 9,878,756	\$ 4,263,276	\$ 1,848,116	\$ 1,997,445	\$ 3,334,940	\$ 2,215,620	\$ 0	\$ 0	\$ 0	\$ 23,538,153
	Average Sal.	\$ 28,065	\$ 30,236	\$ 31,324	\$ 33,855	\$ 40,670	\$ 49,236	\$ 0	\$ 0	\$ 0	\$ 31,895
55-59	Number	311	116	59	76	99	38	18	1	0	718
	Total Salary	\$ 8,250,291	\$ 3,541,944	\$ 1,886,938	\$ 2,863,528	\$ 3,371,049	\$ 1,540,482	\$ 821,322	\$ 44,413	\$ 0	\$ 22,319,967
	Average Sal.	\$ 26,528	\$ 30,534	\$ 31,982	\$ 37,678	\$ 34,051	\$ 40,539	\$ 45,629	\$ 44,413	\$ 0	\$ 31,086
60-64	Number	180	73	45	74	109	20	12	7	0	520
	Total Salary	\$ 4,654,684	\$ 2,025,531	\$ 1,350,270	\$ 2,561,658	\$ 3,795,380	\$ 856,740	\$ 519,528	\$ 269,486	\$ 0	\$ 16,033,277
	Average Sal.	\$ 25,859	\$ 27,747	\$ 30,006	\$ 34,617	\$ 34,820	\$ 42,837	\$ 43,294	\$ 38,498	\$ 0	\$ 30,833
65-69	Number	77	65	30	27	72	11	8	3	1	294
	Total Salary	\$ 1,297,915	\$ 1,316,575	\$ 871,230	\$ 804,141	\$ 2,105,280	\$ 383,438	\$ 237,816	\$ 141,906	\$ 32,354	\$ 7,190,655
	Average Sal.	\$ 16,856	\$ 20,255	\$ 29,041	\$ 29,783	\$ 29,240	\$ 34,858	\$ 29,727	\$ 47,302	\$ 32,354	\$ 24,458
70 & Up	Number	68	49	27	25	42	3	8	0	0	222
	Total Salary	\$ 1,093,331	\$ 797,867	\$ 523,017	\$ 504,125	\$ 972,552	\$ 79,659	\$ 236,560	\$ 0	\$ 0	\$ 4,207,111
	Average Sal.	\$ 16,078	\$ 16,283	\$ 19,371	\$ 20,165	\$ 23,156	\$ 26,553	\$ 29,570	\$ 0	\$ 0	\$ 18,951
Total	Number	3,281	871	307	350	462	117	46	11	1	5,446
	Total Salary	\$ 93,612,422	\$ 26,498,782	\$ 9,727,005	\$ 12,214,012	\$ 15,844,044	\$ 5,075,939	\$ 1,815,226	\$ 455,805	\$ 32,354	\$ 165,275,589
	Average Sal.	\$ 28,532	\$ 30,423	\$ 31,684	\$ 34,897	\$ 34,294	\$ 43,384	\$ 39,461	\$ 41,437	\$ 32,354	\$ 30,348

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
COUNTY EMPLOYEES' RETIREMENT SYSTEM
CASH BALANCE BENEFIT FUND**

SUMMARY OF MEMBER DATA

G. Reconciliation of Data Submitted By NPERS and Valuation Data

	Active Members	Inactive Members	Retired Members, Beneficiaries, and Disabled	Total
Number of Data Records Submitted By NPERS	5,465	1,048	190	6,703
Additions				
a) 2009 Active	0	0	0	0
b) 2008 Balance Only	0	0	0	0
c) 2008 Deferred Vested	0	0	0	0
d) 2008 Retired	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	0	0	0	0
Subtractions				
a) Deaths	(1)	0	0	(1)
b) Assumed Inactive	(3)	3	0	0
c) Assumed Refunded	(11)	(91)	0	(102)
d) Null Balance	0	(29)	0	(29)
e) Not a member	(4)	(2)	0	(6)
f) Also Listed as Retired	0	(23)	0	(23)
g) Represents Dividend	<u>0</u>	<u>(1)</u>	<u>0</u>	<u>(1)</u>
Total	(19)	(143)	0	(162)
Net change	(19)	(143)	0	(162)
Number of Members Included in the Valuation as of January 1, 2009	5,446	905	190	6,541

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
COUNTY EMPLOYEES' RETIREMENT SYSTEM
CASH BALANCE BENEFIT FUND**

FORECAST OF EXPECTED DISBURSEMENTS

Plan Year Ending December 31	Active Employees	Retired and Disabled Members and Beneficiaries	Total
2009	\$ 7,066,963	\$ 1,236,440	\$ 8,303,403
2010	8,426,833	1,202,843	9,629,676
2011	9,732,550	1,150,172	10,882,722
2012	10,821,147	1,082,124	11,903,271
2013	12,062,123	927,384	12,989,507
2014	13,430,436	887,753	14,318,189
2015	15,018,372	855,122	15,873,494
2016	16,659,199	831,829	17,491,028
2017	18,289,723	817,694	19,107,417
2018	20,057,872	748,908	20,806,780

Note: These amounts are based on the assumption members terminating before reaching retirement eligibility will elect a lump sum distribution of their cash balance account. Members eligible for retirement will elect a monthly annuity, payable for life with five years certain. Deferred vested and nonvested members are excluded from the disbursements.

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
COUNTY EMPLOYEES' RETIREMENT SYSTEM
CASH BALANCE BENEFIT FUND

SUMMARY OF PLAN PROVISIONS

Membership

All permanent full-time employees of a participating County shall begin immediate participation in the County Employees' Retirement System as of January 1, 2007, or date of hire if later, and all permanent part-time employees who have attained the age of 25, may exercise the option to begin immediate participation in the County Employees' Retirement System. Full-time elected officials shall begin participation upon taking office.

Existing members of the County Employees' Retirement System may elect, during the period beginning November 1, 2007 and ending December 31, 2007 to participate in the Cash Balance benefit. If no election is made by December 31, 2007, the member shall be treated as though he or she elected to continue participating in the defined contribution benefit as provided in the County Employees' Retirement Act.

Existing members of the County Employees' Retirement System may elect, during the period beginning October 1, 2002, and ending December 31, 2002, to participate in the Cash Balance benefit. If no election is made by January 1, 2003, the member shall be treated as though he or she elected to continue participating in the defined contribution benefit as provided in the County Employees' Retirement Act. For a member who first participates in the retirement system on or after January 1, 2003, he or she shall automatically participate in the Cash Balance benefit subject to plan eligibility requirements.

Compensation Considered

Compensation means gross wages or salaries payable to the member for personal services performed during the plan year, overtime pay, member retirement contributions, and amounts contributed by the member to plans under sections 125, 403(b) and 457 of the Internal Revenue Code or any other section of the code which defers or excludes such amounts from income.

Member Contributions

Members of the County retirement system shall contribute an amount equal to four and one-half percent (4.5%) of annual compensation to the fund. The member contribution shall be credited to the employee cash balance account.

Employer Contributions

The participating counties shall contribute at a rate of 150% of the members' contributions to the fund. The County contribution shall be credited to the employer cash balance account.

Interest Credit Rate

Interest credit rate means the greater of (a) five percent or (b) the applicable federal mid-term rate as published by the Internal Revenue Service as of the first day of the calendar quarter for which interest credits are credited, plus one and one-half percent, such rate to be compounded annually.

Interest Credits

Interest credits means the amount credited to the employee cash balance account and the employer cash balance account at the end of each day. Such interest credit for each account shall

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
COUNTY EMPLOYEES' RETIREMENT SYSTEM
CASH BALANCE BENEFIT FUND

SUMMARY OF PLAN PROVISIONS

be determined by applying the daily portion of the interest credit rate to the account balance at the end of the previous day.

Retirement Age

A member is eligible for retirement after attaining age 55.

Service

Service is defined to mean the actual total length of employment with a participating County and is not interrupted by a) temporary or seasonal suspension of service that does not terminate the member's employment, b) leave of absence authorized by the state for no longer than twelve months, c) leave of absence due to disability or d) leave due to military service.

Retirement Allowance

Upon attainment of age 55, regardless of service, the retirement allowance, shall be equal to the accumulated employee and employer cash balance accounts including interest credit, annuitized for payment in the normal form. Also available are additional forms of payment allowed under the plan which are actuarially equivalent to the normal form including the option of a lump sum or partial lump sum.

Normal Form of Payment

The normal form of payment under the Cash Balance benefit is a single life annuity with five-year certain, payable monthly. Members will have the option to convert their member cash balance account to a monthly annuity with built in cost-of-living adjustments of 2.5% annually. This monthly benefit and all other options allowed under the Plan will be of actuarial equivalence to the accumulated employee and employer cash balance accounts including interest credits.

Optional Form of Payment

Optional forms of payment include a lump sum and the following annuities (with or without a 2.5% COLA): life annuity, modified cash refund, certain and life annuity (5, 10 or 15 years), certain only annuity (5, 10, 15 or 20 years) and joint and survivor annuity (50%, 75% or 100%).

Deferred Vested Allowance

A member who terminates with at least 3 years of participation in the system, including eligibility and vesting credit, may choose to leave his employee and employer cash balance accounts in the fund and be eligible to receive a vested monthly allowance at retirement age or request a distribution of his employee and employer cash balance accounts plus interest credit, with no future benefit payable from the plan.

Severance Benefits

A member who terminates with less than 3 years of participation in the system, including eligibility and vesting credit, may elect to receive a distribution of his/her employee cash balance account including interest credit, with no future benefit payable from the plan.

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
COUNTY EMPLOYEES' RETIREMENT SYSTEM
CASH BALANCE BENEFIT FUND

SUMMARY OF PLAN PROVISIONS

Disability Allowance

If a member becomes disabled prior to retirement, the member shall receive the total amount of his/her accumulated employee and employer cash balance accounts including interest credit, as a lump sum or converted into a monthly annuity, as defined under the retirement allowance.

Pre-retirement Death Allowance

If a member dies prior to retirement, the surviving spouse, designated beneficiary (if different), or estate shall receive the total amount of his/her accumulated employee and employer cash balance accounts including interest credit, as a lump sum or converted into a monthly annuity, as defined under the retirement allowance.

Defined Contribution Transfers at Retirement

Upon retirement, members participating in the Defined Contribution Benefit Fund may elect to annuitize their accumulated account balance and receive a monthly benefit payment from the Cash Balance Benefit Fund. The accumulated account balance is transferred from the Defined Contribution Benefit Fund to the Cash Balance Benefit Fund upon the retirement of a DC member electing an annuity. The actuarial assumptions used to convert the accumulated account balance are (i) the 1994 Group Annuity Mortality Table with a 50% male / 50% female mix, and (ii) the PBGC Table 2 rate at the beginning of the year plus 0.75%.

Benefit Improvements

In accordance with Section 23-2317 of the Nebraska State Statutes, the Public Employees' Retirement Board may grant benefit improvements, but in no event will such improvement result in an actuarially required contribution rate in excess of 90% of the total statutory contribution rate.

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
COUNTY EMPLOYEES' RETIREMENT SYSTEM
CASH BALANCE BENEFIT FUND

SUMMARY OF ACTUARIAL METHODS AND PROCEDURES AS OF JANUARY 1, 2009

A. ACTUARIAL METHODS

- 1. Calculation of Normal Cost and Actuarial Accrued Liability:** The method used to determine the normal cost and actuarial accrued liability was the Entry Age Actuarial Cost Method described below.

Entry Age Actuarial Cost Method

Projected pension benefits were determined for all active members under age 70. Cost factors designed to produce annual costs as a constant percentage of each member's expected compensation in each year from the assumed entry age to the assumed retirement age were applied to the projected benefits to determine the normal cost (the portion of the total cost of the plan allocated to the current year under the method). The normal cost is determined by summing intermediate results for active members under age 70 and determining an average normal cost rate which is then related to the total payroll of active members under age 70. The actuarial assumptions shown in Exhibit 9 were used in determining the projected benefits and cost factors. The actuarial accrued liability for active members (the portion of the total cost of the plan allocated to prior years under the method) was determined as the excess of the actuarial present value of projected benefits over the actuarial present value of future normal costs.

The actuarial accrued liability for retired members and their beneficiaries currently receiving benefits, active members age 70 and over, terminated vested members and disabled members not yet receiving benefits was determined as the actuarial present value of the benefits expected to be paid. No normal costs are now payable for these members.

The actuarial accrued liability under this method at any point in time is the theoretical amount of the fund that would have been accumulated had annual contributions equal to the normal cost been made in prior years (it does not represent the liability for benefits accrued to the valuation date). The unfunded actuarial accrued liability is the excess of the actuarial accrued liability over the actuarial value of plan assets measured on the valuation date. The unfunded actuarial accrued liability is funded with a level dollar payment amount over 25 years from January 1, 2009.

Under this method, experience gains or losses, i.e., decreases or increases in accrued liabilities attributable to deviations in experience from the actuarial assumptions, adjust the unfunded actuarial accrued liability.

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
COUNTY EMPLOYEES' RETIREMENT SYSTEM
CASH BALANCE BENEFIT FUND**

SUMMARY OF ACTUARIAL METHODS AND PROCEDURES AS OF JANUARY 1, 2009

2. Calculation of the Actuarial Value of Assets: Effective January 1, 2003, the actuarial value of assets was initialized at Market Value and equals the sum of the employee and employer cash balance accounts. In future years, the actuarial value of assets will be based on a five-year smoothing method with phase-in and is determined by spreading the effect of each year's investment return in excess of or below the expected return. The Market Value of assets at the valuation date is reduced by the sum of the following, each determined after January 1, 2003:

- (i) 80% of the return to be spread during the first year preceding the valuation date.
- (ii) 60% of the return to be spread during the second year preceding the valuation date.
- (iii) 40% of the return to be spread during the third year preceding the valuation date.
- (iv) 20% of the return to be spread during the fourth year preceding the valuation date.

The return to be spread is the difference between (1) the actual investment return on Market Value and (2) the expected return on Actuarial Value. The expected return on Actuarial Value includes interest on the previous year's unrecognized return.

3. Calculation of Pension Benefit Obligation: The method used to determine the Pension Benefit Obligation was the Projected Unit Credit Actuarial Cost Method with service proration. Under this method, the benefit is based on salary projected to assumed termination or retirement and service as of the valuation date.

B. VALUATION PROCEDURES

No actuarial liability is included for participants who terminated without being vested prior to the valuation date, except those due a refund of the cash balance account.

The compensation amounts used in the projection of benefits and liabilities for active members were prior plan year compensations.

Projected benefits were limited by the dollar limitation required by the Internal Revenue Code Section 415 as it applies to governmental plans and compensation limited by Section 401(a)(17).

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
COUNTY EMPLOYEES' RETIREMENT SYSTEM
CASH BALANCE BENEFIT FUND**

SUMMARY OF ACTUARIAL ASSUMPTIONS AS OF JANUARY 1, 2009

ECONOMIC ASSUMPTIONS

- | | |
|---|--|
| 1. Investment Return | 7.75% per annum, compounded annually, net of expenses. |
| 2. Inflation | 3.5% per annum, compounded annually. |
| 3. Interest Credit Rate on Cash Balance Accounts | 7.0% per annum, compounded annually. |
| 4. Annuitization Rate of Member & Employer Accumulated Balances | 7.75% per annum, compounded annually. |
| 5. Salary Scale | Graduated rates by service. |

Service	Annual Increase in Salary		
	Merit & Productivity	Inflation	Total
0	11.1%	3.5%	15.0%
1	8.2%	3.5%	12.0%
2	5.8%	3.5%	9.5%
3	4.3%	3.5%	8.0%
4	3.1%	3.5%	6.8%
5	2.7%	3.5%	6.3%
6	2.2%	3.5%	5.8%
≥7	1.9%	3.5%	5.5%

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
COUNTY EMPLOYEES' RETIREMENT SYSTEM
CASH BALANCE BENEFIT FUND**

SUMMARY OF ACTUARIAL ASSUMPTIONS AS OF JANUARY 1, 2009

2. Retirement

Graduated rates by retirement age.

Age	Annual Rates
55	3.0%
56	3.0%
57	3.0%
58	3.0%
59	3.0%
60	3.0%
61	5.0%
62	7.0%
63	10.0%
64	15.0%
65	20.0%
66	10.0%
67	10.0%
68	10.0%
69	15.0%
70	100.0%

3. Termination

Graduated rates by age and service.

Age	Annual Rate Per 100 Members					
	<1	1-<2	2-<3	3-<4	4-<5	5+
20	12.0	11.0	9.5	8.3	7.5	7.2
25	12.0	11.0	9.5	8.3	7.5	6.7
30	12.0	11.0	9.5	8.3	7.5	5.3
35	12.0	11.0	9.5	8.3	7.5	4.2
40	12.0	11.0	9.5	8.3	7.5	3.7
45	12.0	11.0	9.5	8.3	7.5	2.6
50	12.0	11.0	9.5	8.3	7.5	2.2
55	12.0	11.0	9.5	8.3	7.5	3.0

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
COUNTY EMPLOYEES' RETIREMENT SYSTEM
CASH BALANCE BENEFIT FUND**

SUMMARY OF ACTUARIAL ASSUMPTIONS AS OF JANUARY 1, 2009

4. Disability

Graduated rates for all disabilities by age.

Age	Annual Rate Per 1,000 Members
20	0.20
25	0.30
30	0.40
35	0.80
40	1.80
45	3.50
50	6.30
55	10.30
60	15.60
65	21.70
70	25.70

OTHER ASSUMPTIONS

1. Payment Assumptions

As shown in the table below, 100% of all members eligible for retirement are assumed to be paid in the form of an annuity and 100% of members eligible for all other types of benefits are assumed to be paid in the form of a lump sum. Deferred vested and nonvested members are assumed to take a refund of their account balance as of the valuation date.

Benefit	Assumed Form of Payment
Retirement	Annuity*
Vested	Lump Sum
Nonvested	Lump Sum
Disability	Lump Sum
Death	Lump Sum

*Five-year certain and life annuity.

2. Cost of Living Adjustment

None assumed.

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
COUNTY EMPLOYEES' RETIREMENT SYSTEM
CASH BALANCE BENEFIT FUND**

GLOSSARY OF TERMS

<i>Actuarial Accrued Liability</i>	Total accumulated cost to fund pension benefits arising from service in all prior years.
<i>Actuarial Cost Method</i>	Technique used to assign or allocate, in a systematic and consistent manner, the expected cost of a pension plan for a group of participants to the years of service that give rise to that cost.
<i>Actuarial Present Value of Future Benefits</i>	Amount which, together with future interest, is expected to be sufficient to pay all future benefits.
<i>Actuarial Valuation</i>	Study of probable amounts of future pension benefits and the necessary amount of contributions to fund those benefits.
<i>Actuary</i>	Person who performs mathematical calculations pertaining to pension and insurance benefits based on specific procedures and assumptions.
<i>Annual Required Contribution</i>	Disclosure measure of annual pension cost.
<i>GASB 25 and GASB 27</i>	Governmental Accounting Standards Board Statement numbers 25 and 27 which specify how the Net Pension Obligation and Annual Required Contribution are to be calculated.
<i>Normal Cost</i>	That portion of the actuarial present value of benefits assigned to a particular year in respect to an individual participant or the plan as a whole.
<i>Unfunded Actuarial Accrued Liability</i>	The portion of the actuarial accrued liability not offset by plan assets.
<i>Vested Benefits</i>	Benefits which are unconditionally guaranteed regardless of employment status.