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milliman.com

June 10, 2010

Mr. Douglas B. Stansil
Finance Director
Racine County
730 Wisconsin Avenue
Racine, WI 53403

Re: Other Postemployment Benefit Calculations Under GASB Statement 45

Dear Doug:

Enclosed is our report which presents the results of our calculations under Statement No. 45 of the Governmental Accounting Standards Board, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions," for the 2009 and 2010 fiscal years for the Racine County Retiree Medical Insurance Benefit Program (excluding RCSO Group).

The GASB 45 accounting standard does not require that these benefits be prefunded. Consequently, the Annual Required Contribution shown in the enclosed report does not need to be funded. However, this cost and the cumulative deficiency (if the full cost is not funded) will be disclosed on the County's financial statements.

Please call if you have any questions regarding this report.

Sincerely,

A handwritten signature in black ink that reads "Gerald R. Bernstein".

Gerald R. Bernstein, FSA, MAAA
Principal & Consulting Actuary

A handwritten signature in black ink that reads "William V. Hogan".

William V. Hogan, FSA, MAAA
Principal & Consulting Actuary

GRB/WVH/bh

Enclosure



RACINE COUNTY

**Actuarial Valuation of
Other Postemployment Benefits
as of December 31, 2009
(Excluding RCSO Group)**

Prepared by:

Milliman, Inc.

Gerald R. Bernstein, FSA, MAAA
Principal & Consulting Actuary

William V. Hogan, FSA, MAAA
Principal & Consulting Actuary

June 10, 2010

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RACINE COUNTY

Actuarial Valuation of Other Postemployment Benefits as of December 31, 2009 (Excluding RCSO Group)

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June 10, 2010

Racine County
730 Wisconsin Avenue
Racine, WI 53403

**Re: Actuarial Valuation of Other Postemployment Benefits for Racine County
(Excluding RCSO Group)**

Ladies and Gentlemen:

Pursuant to your request, we have completed an actuarial determination of the benefit cost and funded status relating to the future other postemployment benefits of Racine County as of December 31, 2009 (excluding RCSO Group). The results of our calculations are set forth in the following report, as are the actuarial assumptions and methods on which our calculations have been made. Our determinations reflect the procedures and methods as prescribed in Statement No. 45 of the Governmental Accounting Standards Board, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions."

Actuarial computations under Statement No. 45 are for purposes of fulfilling certain employer accounting requirements. The calculations reported herein have been made on a basis consistent with our understanding of the Statement. Determinations for purposes other than meeting the plan or employer financial accounting requirements of the Statement may differ significantly from the results reported herein.

In preparing this report, we have relied without audit on the employee data, plan provisions, and the value of the plan assets and other plan financial information as provided by your office. If any of this information as summarized in this report is inaccurate or incomplete, the results shown could be materially affected and this report may need to be revised.

This report is intended for the sole use of the addressee and is intended only to supply sufficient information for the County to comply with the stated purpose of the report and may not be appropriate for other business purposes. Reliance on information contained in this report by anyone for other than the intended purpose puts the relying entity at risk of being misled. Accordingly, no person or entity, including the addressee, should base any representations or warranties in any business agreement on any statements or conclusions contained in this report without the written consent of Milliman, Inc. In addition, this report should not be distributed to outside parties without consent of Milliman, Inc.

It is our understanding that no advance funding has been established for these benefits. The discount rate used in our calculations reflects this understanding.

This report and its use are subject to the terms of our Consulting Services Agreement with Racine County dated May 2, 2002.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the applicable Actuarial Standards of Practice. We further certify that, in our opinion, each actuarial assumption, method and technique used is reasonable taking into account the experience of the Plan and reasonable expectations. Nevertheless, the emerging liabilities and costs of the plan will vary from those presented in this report to the extent that actual experience differs from that projected by the actuarial assumptions.

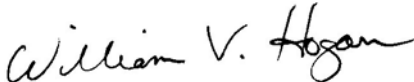
Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of future measurements.

We, Gerald R. Bernstein and William V. Hogan, are actuaries for Milliman, Inc. We are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Respectfully submitted,
Milliman, Inc.



Gerald R. Bernstein, FSA, MAAA
Principal & Consulting Actuary



William V. Hogan, FSA, MAAA
Principal & Consulting Actuary

GRB/WVH/bh

RACINE COUNTY

Actuarial Valuation of Retiree Medical Insurance Benefits as of December 31, 2009 (Excluding RCSO Group)

I. INTRODUCTION AND PURPOSE

Milliman, Inc. prepared this report at the request of Racine County's management to estimate the cost of Racine County's other postemployment benefit program. The intended purpose of this information is to provide actuarial cost information to Racine County to help with financial and benefit planning. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. The report should only be used in its entirety to assure complete understanding of the estimates and the methodology and assumptions underlying the estimates.

In preparing this report, we relied on the overall employee census, health plan experience, and benefit information provided by Racine County. We checked the information for reasonableness, but we did not audit the information. To the extent that any of this data or information is incorrect, the results of this report may need to be revised.

A number of assumptions have been made in projecting other postemployment benefit costs that should be reviewed prior to interpreting the results shown in this report. These assumptions and methodology are described in this report. The projections in this report are estimates and, as such, Racine County's actual liability will vary from these estimates. The actual liability will not be known until such time that all eligibility is exhausted and all benefits are paid. The projections and assumptions should be updated as actual costs under this program develop.

This material assumes that the reader is familiar with Racine County's postemployment benefit programs, their benefits, eligibility, administration and other factors. The material was prepared solely to provide assistance to Racine County in reviewing the impact of the GASB Statement on the County's financial statements. It may not be appropriate for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. This material should only be reviewed in its entirety.

RACINE COUNTY

Actuarial Valuation of Other Postemployment Benefits as of December 31, 2009 (Excluding RCSO Group)

II. COST PROJECTION RESULTS

The actuarial balance sheet is a demonstration of the basic actuarial equation that the actuarial present value of total projected benefits to be paid to the active and retired participants must equal the assets on hand plus the actuarial present value of future contributions to be received. Accordingly, the status of the plan in balance sheet form as of January 1, 2009 and January 1, 2010 is shown below:

TABLE 1

	<u>January 1, 2009*</u>	<u>January 1, 2010</u>
I. Actuarial Present Value of Total Projected Benefits		
781 Active Participants	\$197,402,809	\$205,298,922
660 Retired Participants	<u>161,513,711</u>	<u>160,324,259</u>
Grand Total Actuarial Present Value of Total Projected Benefits	\$358,916,520	\$365,623,181
II. Assets and Future Employer Contributions		
Assets	\$ 0	\$ 0
Unfunded Actuarial Accrued Liability	295,067,099	305,889,790
Present Value of Future Normal Costs (including the current year)	<u>63,849,421</u>	<u>59,733,391</u>
Total Assets and Future Employer Contributions	\$358,916,520	\$365,623,181

Liabilities and contributions shown in this report are computed using the Unit Credit Method of funding. The objective under this method is to expense each participant's benefit under the plan as they accrue. 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 liability and the assets (if any) is the unfunded liability, which is typically funded over a chosen period in accordance with an amortization schedule. These calculations as of January 1, 2009 and January 1, 2010 are shown below:

TABLE 2

	<u>2009*</u>	<u>2010</u>
A. Employer Normal Costs (Unit Credit Actuarial Cost Method)		
(1) Current Year Normal Cost – January 1	\$ 6,413,468	\$ 6,670,007
(2) Assumed Interest to the End of the Year	<u>256,539</u>	<u>266,800</u>
(3) Current Year Normal Cost – December 31: [(1) + (2)]	6,670,007	\$ 6,936,807
B. Determination of Current Year Amortization Payment		
(1) Unfunded Actuarial Liability (see Table 1)	\$295,067,099	\$305,889,790
(2) Amortization Period	30 years	30 years
(3) Level Dollar Amortization Factor	17.9837	17.9837
(4) Amortization Amount – January 1: [(1) / (3)]	\$ 16,407,474	\$ 17,009,280
(5) Assumed Interest to the End of the Year	<u>656,299</u>	<u>680,371</u>
(6) Amortization Amount – December 31: [(4) + (5)]	\$ 17,063,773	\$ 17,689,651

*Uses data as of February 4, 2010.

This material assumes that the reader is familiar with Racine County's postemployment benefit programs, their benefits, eligibility, administration and other factors. The material was prepared solely to provide assistance to Racine County in reviewing the impact of the GASB Statement on the County's financial statements. It may not be appropriate for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. This material should only be reviewed in its entirety.

RACINE COUNTY

Actuarial Valuation of Other Postemployment Benefits as of December 31, 2009 (Excluding RCSO Group)

II. COST PROJECTION RESULTS *(continued)*

DISCLOSURES

TABLE 3

Fiscal Year-End	<u>December 31, 2009</u>	<u>December 31, 2010***</u>
I. Determination of Annual Required Contribution		
(1) Discount Rate at Prior Year-end	4.00%	4.00%
(2) Normal Cost for Benefits Attributable to Service in the Year	\$ 6,670,007	\$ 6,936,807
(3) Amortization of Unfunded Actuarial Accrued Liability	<u>17,063,773</u>	<u>17,689,651</u>
(4) Annual Required Contribution (ARC): (2) + (3)	\$ 23,733,780	\$ 24,626,458
II. Net OPEB Obligation		
(1) Annual Required Contribution	\$ 23,733,780	\$ 24,626,458
(2) Interest on Net OPEB Obligation	998,845	1,632,609**
(3) Adjustment to Annual Required Contribution*	<u>(1,388,543)</u>	<u>(2,269,567)**</u>
(4) Annual OPEB Cost (Expense)	\$ 23,344,082	\$ 23,989,500**
(5) Contributions Made	<u>(7,500,000)**</u>	<u>(7,585,000)**</u>
(6) Increase in Net OPEB Obligation	\$ 15,844,082**	\$ 16,404,500**
(7) Net OPEB Obligation – Beginning of Year	24,971,133****	40,815,215**
(8) Net OPEB Obligation – End of Year	\$ 40,815,215**	\$ 57,219,715**

III. OPEB History

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/08	\$20,382,325****	38.70%****	\$24,971,133****
12/31/09	23,344,082	32.13%**	40,815,215**
12/31/10	23,989,500	31.62%**	57,219,715**

*To offset, approximately, the amortization of the net experience losses (or gains) from past contribution deficiencies (or excess contributions) in relation to the ARC.

** We have assumed that the employer will contribute roughly the "pay-as-you-go" costs for the current year in this illustration. **Pay-as-you-go costs should be total claim payments paid by the employer on behalf of retirees, net of payments received from retirees.**

***If a significant plan change or a significant change in the covered population occurs, these numbers will need to be revised.

****Estimated amount relating to this group from County Audit.

Funded Status and Funding Progress. As of January 1, 2010, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$305,889,790, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$305,889,790.

This material assumes that the reader is familiar with Racine County's postemployment benefit programs, their benefits, eligibility, administration and other factors. The material was prepared solely to provide assistance to Racine County in reviewing the impact of the GASB Statement on the County's financial statements. It may not be appropriate for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. This material should only be reviewed in its entirety.

RACINE COUNTY

Actuarial Valuation of Other Postemployment Benefits as of December 31, 2009 (Excluding RCSO Group)

II. COST PROJECTION RESULTS *(continued)*

REQUIRED SUPPLEMENTARY INFORMATION

TABLE 4

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) – Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
12/31/07	\$0	\$236,104,039	\$236,104,039	0.00%	N/A	N/A
12/31/08	\$0	247,815,187	247,815,187	0.00%	N/A	N/A
12/31/09	\$0	305,889,790	305,889,790	0.00%	N/A	N/A
12/31/10	\$0	317,326,976	317,326,976	0.00%	N/A	N/A

TABLE 5

Cash Flow Projections, the Annual Undiscounted Cost of Other Postemployment Benefits Current Postemployment Plus Current Active Employees

Year	Ridgewood Local 310	All Other	Total
2010	\$ 788,000	\$6,797,000	\$ 7,585,000
2011	836,000	7,486,000	8,322,000
2012	835,000	8,109,000	8,944,000
2013	891,000	8,676,000	9,567,000
2014	935,000	9,481,000	10,416,000
2015	1,016,000	10,380,000	11,396,000
2016	1,035,000	10,887,000	11,922,000
2017	1,060,000	11,426,000	12,486,000
2018	1,075,000	12,031,000	13,106,000
2019	1,093,000	12,594,000	13,687,000

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RACINE COUNTY

Actuarial Valuation of Other Postemployment Benefits as of December 31, 2009 (Excluding RCSO Group)

III. METHODOLOGY

Our general methodology to calculate the net present value of the other postemployment benefits consisted of the following steps:

- (1) Estimate the number of current active employees that will be employed at Racine County each year after January 1, 2010 until all current employees are either retired or no longer employed by Racine County.
- (2) Project the number of retired participants that will be alive each year after January 1, 2010 until all participants are presumed to have exhausted their benefit eligibility.
- (3) Project the net retiree medical costs (and net administrative expenses) and life insurance payments per participant for each year and for each age category using the January 1, 2010 estimated claim costs as a starting point and increasing the claim costs each year by the assumed annual rates of medical inflation.
- (4) Estimate the total net claim costs for each year as follows: (2) x (3)
- (5) Determine the total present value of the net claim costs by discounting (4) for each year back to January 1, 2010 at the assumed discount rate.

We calculated the liability estimates using actuarial assumptions summarized in Section V. We prepared assumptions as to claim costs, premium rates, annual trends in the utilization and cost of medical care, participation rates, termination rates, retirement rates, disability rates, and mortality based on information provided by Racine County, and our judgment.

We based our calculations on the detailed census data provided. This data provided the age and gender for retirees and actives. For spouses, we assumed husbands are three years older than their wives.

RACINE COUNTY

Actuarial Valuation of Other Postemployment Benefits as of December 31, 2009 (Excluding RCSO Group)

IV. ACTUARIAL COST METHOD

Unit Credit Actuarial Cost Method

The actuarial cost method determines, in a systematic way, the incidence of plan sponsor contributions required to provide plan benefits. It also determines how actuarial gains and losses are recognized in other postemployment benefit costs. These gains and losses result from the difference between the actual experience under the plan and the experience by the actuarial assumptions.

The cost of the Plan is derived by making certain specific assumptions as to rates of interest, mortality, turnover, etc. which are assumed to hold for many years into the future. Since actual experience may differ somewhat from the assumptions, the costs determined by the valuation must be regarded as estimates of the true costs of the Plan.

Actuarial liabilities and comparative costs shown in this report were computed using the **Unit Credit Actuarial Cost Method**, which recognized the following cost components:

1. **The Normal Cost** is the Actuarial Present Value of benefits accruing during the valuation year. For purposes of this valuation, we have accrued costs through full eligibility age for the benefits provided.
2. **The Actuarial Accrued Liability** is the Actuarial Present Value of benefits accrued as of the valuation date.
3. **Valuation Assets** are equal to the Actuarial Value of Investments.
4. **Unfunded Actuarial Accrued Liability** is amortized over 30 years from the valuation date in level dollar payments.

RACINE COUNTY

Actuarial Valuation of Other Postemployment Benefits as of December 31, 2009 (Excluding RCSO Group)

V. ACTUARIAL ASSUMPTIONS

The following actuarial assumptions were used in the development of Racine County's retiree health cost projections. Where consistent with the terms of the plan, actuarial assumptions have utilized the proposed assumptions for the Wisconsin Retirement System (WRS) as provided in the December 31, 2008 Actuarial Valuation reports.

1. **Interest Discount Rate:** 4% compounded annually.

2. **Mortality:**

Pre-Retirement: WRS mortality rates for active members. Separate rates for males and females as appropriate. Sample rates are shown in the rate table in Appendix A.

Post-Retirement: WRS mortality rates for retired members. Separate rates for males and females as appropriate. Sample rates are shown in the rate table in Appendix A.

Post-Disability: WRS mortality rates for disabled members. Separate rates for males and females as appropriate. Sample rates are shown in the rate table in Appendix A.

3. **Employee Turnover/Withdrawal:** Ten-year select and ultimate rates of WRS. Separate rates for males and females. Ultimate rates after the tenth year are shown in the rate table in Appendix A. Select rates are as follows:

Year	Protective with Social Security	General Employee Male Rate	General Employee Female Rate	Executive and Elected
First	12.0%	21.0%	20.0%	16.0%
Second	6.5%	13.0%	14.0%	14.0%
Third	4.5%	9.5%	10.0%	12.0%
Fourth	4.1%	7.5%	8.0%	10.0%
Fifth	3.2%	5.5%	7.0%	9.5%
Sixth	3.0%	4.5%	6.0%	9.0%
Seventh	2.7%	4.0%	5.0%	8.5%
Eighth	2.5%	3.8%	4.5%	8.0%
Ninth	2.3%	3.5%	4.3%	7.5%
Tenth	2.0%	3.2%	4.0%	7.0%

4. **Disablement:** WRS disability rates. Rates are shown in the rate table in Appendix A.

5. **Retirement:** WRS retirement rates. Rates are shown in the rate table in Appendix A.

6. **Percentage of Retirees Participating In Retiree Medical Coverage:**

Future retirees: 95% of current employees are expected to participate in Racine County's retiree health insurance plan.

Current retirees: Actual retiree participation.

RACINE COUNTY

Actuarial Valuation of Other Postemployment Benefits as of December 31, 2009 (Excluding RCSO Group)

7. Percentage of Retirees Electing Family Coverage:

Future retirees: 65% of future retirees that take coverage are assumed to elect family coverage.

Current retirees: Actual family coverage election.

8. Age Difference of Active Employees and Spouses: Females three years younger than male spouses.

9. Annual Medical Trend Rate Assumptions: Based on recent experience, the experience of medical insurers, Milliman's future trend expectations, and judgment.

Annual Medical Trend Rate	
2010	9.30%
2011	8.90
2012	8.50
2013	7.90
2014	7.50
2015	7.00
2016	6.60
2017	6.10
2018	5.80
2019-2020	5.60
2021-2025	5.50
2026-2030	5.40
Ultimate (2065)	4.40

10. Expected Monthly 2010 Medical Costs Per Retiree: We developed estimates of monthly 2010 medical costs per retiree by age based on the County's historical experience, adjusted for demographic differences between retirees and all participants (actives and retirees combined).

Age	Medical			
	Male		Female	
	Single	Family	Single	Family
55	\$ 927.98	\$1,938.31	\$986.17	\$1,936.08
64	1,536.34	2,993.46	1,434.93	2,993.14
65	430.64	877.91	447.27	877.91
75	576.38	1,127.78	551.40	1,127.78

This material assumes that the reader is familiar with Racine County's postemployment benefit programs, their benefits, eligibility, administration and other factors. The material was prepared solely to provide assistance to Racine County in reviewing the impact of the GASB Statement on the County's financial statements. It may not be appropriate for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. This material should only be reviewed in its entirety.

RACINE COUNTY

Actuarial Valuation of Other Postemployment Benefits as of December 31, 2009 (Excluding RCSO Group)

VI. DATA

1. **Monthly 2010 Retiree Premiums:** The current retiree premium rates are shown in the following table.

Monthly 2010 Premiums		
	Plan 6A Rate	Plan 6B Rate
Subscriber	\$1,140	\$1,102
Family	2,452	2,370
Medicare 1	549	515
Medicare 2	1,096	1,029
Medicare 1 + 1 Individual	1,689	1,617

2. **Participant Data:** We relied on the following medical plan participant data as of February 4, 2010. We have assumed there have been no significant changes between December 31, 2009 and February 4, 2010.

	Participant Count	Average Age	Average Service
Active Employees	781	44.7	12.5
Retirees	660	69.0	

RACINE COUNTY

Actuarial Valuation of Other Postemployment Benefits as of December 31, 2009 (Excluding RCSO Group)

VII. PLAN PROVISIONS

Eligibility Requirements:

Any employee who is eligible for a WRS annuity. Retirees after ratification of the 2005-06 contract need 10 years of service. Retirees after January 1, 2015 need 15 years of service.

Retirees pay a percentage of the total monthly premium based on years of service at retirement.

Years of Service at Retirement	Employee Percentage
25+	5%
20 – 24	10%
15 – 19	20%
10 – 14	25%
5 – 9	40%
1 – 4	50%

Group	Eligible for Survivor Benefits if Retire On or After:	Benefit Cease at Medicare Age if Hired On or After:
Non-Represented	1/1/1998	9/1/1998
Elected Officials	1/1/1998	9/1/1998
Attorneys	1/1/1999	1/1/1999
Command Staff	1/1/1998	6/1/1998
Court House	1/1/2001	1/1/2001
Deputies	1/1/1998	6/1/1998
HSD	3/1/2000	3/1/2000
Local 310	1/1/2000	1/1/2000
Ridgewood RN	1/1/2000	1/1/2000
Teamsters	9/1/2000	9/1/2000

Life Coverage:

Retirees receive a postemployment life insurance benefit based on the group they were employed by. This benefit is \$3,000 for the Ridgewood RN group and the Teamsters group. Attorneys retiring after January 1, 2002 receive \$750, \$5,000 if retired before January 1, 2002. All other groups receive \$5,000.

RACINE COUNTY

Actuarial Valuation of Other Postemployment Benefits as of December 31, 2009 (Excluding RCSO Group)

VIII. GLOSSARY

The following is an explanation of many of the terms referenced by the Statement of the Governmental Accounting Standards Board, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions".

1. **Actuarial Cost Method.** This is a procedure for determining the Actuarial Present Value of Benefits and allocating it to time periods to produce the Actuarial Accrued Liability and the Normal Cost. The Statement assumes a closed group of employees and other participants unless otherwise stated; that is, no new entrants are assumed. Six methods are permitted – Unit Credit, Entry Age Normal, Attained Age, Aggregate, Frozen Entry Age, and Frozen Attained Age.
2. **Actuarial Accrued Liability.** This is the portion of the Actuarial Present Value of Benefits attributable to periods prior to the valuation date by the Actuarial Cost Method (i.e., that portion not provided by future Normal Costs).
3. **Actuarial Present Value of Benefits.** This is the value, as of the applicable date, of future payments for benefits and expenses under the Plan, where each payment is:
 - (a) Multiplied by the probability of the event occurring on which the payment is conditioned, such as the probability of survival, death, disability, termination of employment, etc.; and
 - (b) Discounted at the assumed discount rate.
4. **Actuarial Value of Assets.** This is the value of cash, investments and other property belonging to the Plan, as used by the actuary for the purpose of an Actuarial Valuation.
5. **Amortization Payment.** This is the amount of the contribution required to pay interest on and to amortize over a given period the Unfunded Actuarial Accrued Liability or the Unfunded Frozen Actuarial Accrued Liability. A closed amortization period is a specific number of years counted from one date and reducing to zero with the passage of time; an open amortization period is one that begins again or is recalculated at each actuarial valuation date.
6. **Annual Required Contribution ("ARC").** This is the employer's periodic required contribution to a defined benefit OPEB plan, calculated in accordance with the set of requirements for calculating actuarially determined OPEB information included in financial reports.
7. **Attribution Period.** The period of an employee's service to which the expected postemployment benefit obligation for that employee is assigned. The beginning of the attribution period is the employee's date of hire. The end of the attribution period is the full retirement eligibility date. For disability retirement, the end of the attribution period is the date of disability.
8. **Benefit Payments.** The monetary or in-kind benefits or benefit coverage to which participants may be entitled under a postemployment benefit plan, including healthcare benefits and life insurance not provided through a pension plan.
9. **Funding Excess.** This is the excess of the Actuarial Value of Assets over the actuarial accrued liability.

This material assumes that the reader is familiar with Racine County's postemployment benefit programs, their benefits, eligibility, administration and other factors. The material was prepared solely to provide assistance to Racine County in reviewing the impact of the GASB Statement on the County's financial statements. It may not be appropriate for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. This material should only be reviewed in its entirety.

RACINE COUNTY

Actuarial Valuation of Other Postemployment Benefits as of December 31, 2009 (Excluding RCSO Group)

VIII. GLOSSARY *(continued)*

10. **Normal Cost.** This is the portion of the Actuarial Present Value of Benefits allocated to a valuation year by the Actuarial Cost Method.
11. **Net OPEB Obligation.** This is the cumulative difference since the effective date of this statement between annual OPEB cost and the employer's contributions to the plan, including the OPEB liability (asset) at transition, if any, and excluding (a) short-term differences and (b) unpaid contributions that have been converted to OPEB-related debt.
12. **Other Postemployment Benefits ("OPEB").** This refers to postemployment benefits other than pension benefits, including healthcare benefits regardless of the type of plan that provides them, and all other postemployment benefits provided separately from a pension plan, excluding benefits defined as termination benefits or offers.
13. **Return on Plan Assets.** This is the actual investment return on plan assets during the fiscal year.
14. **Substantive Plan.** The terms of the postemployment benefit plan as understood by an employer that provides postemployment benefits and the employees who render services in exchange for those benefits. The substantive plan is the basis for the accounting for the plan.
15. **Unfunded Actuarial Accrued Liability.** This is the excess of the actuarial accrued liability over the Actuarial Value of Assets.

RACINE COUNTY

Actuarial Valuation of Other Postemployment Benefits as of December 31, 2009 (Excluding RCSO Group)

APPENDIX A: RATE TABLES

General Employee

Separations from active status expressed as number of occurrences per 10,000:

Age	Withdrawal		Early Retirement		Normal Retirement*		Death		Disability	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
25	N/A	N/A	0	0	0	0	3	1	1	1
26	N/A	N/A	0	0	0	0	4	1	1	1
27	N/A	N/A	0	0	0	0	4	1	1	1
28	N/A	N/A	0	0	0	0	4	1	1	3
29	N/A	N/A	0	0	0	0	4	1	1	3
30	300	370	0	0	0	0	4	1	1	4
31	300	360	0	0	0	0	4	1	1	4
32	300	350	0	0	0	0	4	2	1	4
33	290	340	0	0	0	0	4	2	1	4
34	270	330	0	0	0	0	4	2	1	5
35	260	320	0	0	0	0	4	2	2	5
36	240	310	0	0	0	0	4	2	2	5
37	230	300	0	0	0	0	5	2	3	5
38	220	290	0	0	0	0	5	2	4	6
39	210	280	0	0	0	0	5	3	5	7
40	200	270	0	0	0	0	5	3	5	7
41	190	260	0	0	0	0	6	3	7	8
42	180	250	0	0	0	0	6	3	8	8
43	170	240	0	0	0	0	7	4	9	9
44	160	230	0	0	0	0	7	4	10	10
45	160	220	0	0	0	0	8	4	10	10
46	150	210	0	0	0	0	9	5	11	10
47	140	200	0	0	0	0	10	5	11	10
48	140	200	0	0	0	0	11	5	15	12
49	140	190	0	0	0	0	12	6	19	13
50	130	190	0	0	0	0	13	6	22	15
51	130	180	0	0	0	0	15	7	26	16
52	130	180	0	0	0	0	17	8	30	18
53	130	180	0	0	0	0	19	9	34	21
54	130	180	0	0	0	0	21	11	38	25
55	0	0	800	500	0	0	23	13	43	28
56	0	0	800	500	0	0	25	15	49	30
57	0	0	400	400	2,500	2,000	27	17	53	34
58	0	0	500	500	2,500	2,000	30	20	59	36
59	0	0	500	500	2,500	2,000	32	21	65	37

This material assumes that the reader is familiar with Racine County's postemployment benefit programs, their benefits, eligibility, administration and other factors. The material was prepared solely to provide assistance to Racine County in reviewing the impact of the GASB Statement on the County's financial statements. It may not be appropriate for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. This material should only be reviewed in its entirety.

RACINE COUNTY

Actuarial Valuation of Other Postemployment Benefits as of December 31, 2009 (Excluding RCSO Group)

General Employee

Separations from active status expressed as number of occurrences per 10,000:

Age	Withdrawal		Early Retirement		Normal Retirement*		Death		Disability	
	Male	Female	Male	Female	Male	Age	Male	Female	Male	Female
60	0	0	800	800	2,500	2,000	34	22	77	39
61	0	0	700	800	2,000	2,000	36	23	0	0
62	0	0	1,800	1,500	3,500	3,000	37	25	0	0
63	0	0	1,800	1,500	3,500	3,000	41	28	0	0
64	0	0	1,500	1,500	2,500	2,500	46	30	0	0
65	0	0	0	0	2,500	2,500	52	33	0	0
66	0	0	0	0	2,500	2,500	58	37	0	0
67	0	0	0	0	1,000	1,500	65	38	0	0
68	0	0	0	0	1,000	1,000	73	42	0	0
69	0	0	0	0	1,000	1,000	82	47	0	0
70	0	0	0	0	1,000	1,000	91	53	0	0
71	0	0	0	0	1,000	1,000	101	60	0	0
72	0	0	0	0	1,000	1,000	112	68	0	0
73	0	0	0	0	1,000	1,000	129	77	0	0
74	0	0	0	0	1,000	1,000	147	87	0	0
75	0	0	0	0	10,000	10,000	167	98	0	0

*Normal retirement assumptions apply to employees with 30 or more years of service.

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RACINE COUNTY

Actuarial Valuation of Other Postemployment Benefits as of December 31, 2009 (Excluding RCSO Group)

Executive and Elected

Separations from active status expressed as number of occurrences per 10,000:

Age	Withdrawal		Early Retirement		Normal Retirement		Death		Disability	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
25	N/A	N/A	0	0	0	0	3	1	0	0
26	N/A	N/A	0	0	0	0	4	1	0	0
27	N/A	N/A	0	0	0	0	4	1	0	0
28	N/A	N/A	0	0	0	0	4	1	0	0
29	N/A	N/A	0	0	0	0	4	1	0	0
30	700	700	0	0	0	0	4	1	0	0
31	700	700	0	0	0	0	4	1	0	0
32	700	700	0	0	0	0	4	2	0	0
33	700	700	0	0	0	0	4	2	0	0
34	700	700	0	0	0	0	4	2	0	0
35	700	700	0	0	0	0	4	2	1	1
36	700	700	0	0	0	0	4	2	1	1
37	700	700	0	0	0	0	5	2	1	1
38	660	660	0	0	0	0	5	2	1	1
39	620	620	0	0	0	0	5	3	1	1
40	580	580	0	0	0	0	5	3	1	1
41	540	540	0	0	0	0	6	3	2	2
42	500	500	0	0	0	0	6	3	2	2
43	490	490	0	0	0	0	7	4	2	2
44	480	480	0	0	0	0	7	4	2	2
45	470	470	0	0	0	0	8	4	2	2
46	460	460	0	0	0	0	9	5	3	3
47	450	450	0	0	0	0	10	5	3	3
48	440	440	0	0	0	0	11	5	3	3
49	430	430	0	0	0	0	12	6	3	3

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RACINE COUNTY

Actuarial Valuation of Other Postemployment Benefits as of December 31, 2009 (Excluding RCSO Group)

Executive and Elected

Separations from active status expressed as number of occurrences per 10,000:

Age	Withdrawal		Early Retirement		Normal Retirement		Death		Disability	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
50	420	420	0	0	0	0	13	6	4	4
51	410	410	0	0	0	0	15	7	4	4
52	400	400	0	0	0	0	17	8	5	5
53	400	400	0	0	0	0	19	9	9	9
54	400	400	0	0	0	0	21	11	12	12
55	0	0	600	600	0	0	23	13	15	15
56	0	0	600	600	0	0	25	15	18	18
57	0	0	400	400	400	400	27	17	20	20
58	0	0	400	400	400	400	30	20	19	19
59	0	0	400	400	400	400	32	21	19	19
60	0	0	600	600	600	600	34	22	19	19
61	0	0	600	600	600	600	36	23	0	0
62	0	0	400	400	400	400	37	25	0	0
63	0	0	400	400	400	400	41	28	0	0
64	0	0	400	400	400	400	46	30	0	0
65	0	0	0	0	400	400	52	33	0	0
66	0	0	0	0	400	400	58	37	0	0
67	0	0	0	0	400	400	65	38	0	0
68	0	0	0	0	400	400	73	42	0	0
69	0	0	0	0	400	400	82	47	0	0
70	0	0	0	0	400	400	91	53	0	0
71	0	0	0	0	10,000	10,000	101	60	0	0
72	0	0	0	0	10,000	10,000	112	68	0	0
73	0	0	0	0	10,000	10,000	129	77	0	0
74	0	0	0	0	10,000	10,000	147	87	0	0
75	0	0	0	0	10,000	10,000	167	98	0	0

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RACINE COUNTY

Actuarial Valuation of Other Postemployment Benefits as of December 31, 2009 (Excluding RCSO Group)

Protective with Social Security

Separations from active status expressed as number of occurrences per 10,000:

Age	Withdrawal		Early/Normal Retirement		Death		Disability	
	Male	Female	Male	Female	Male	Female	Male	Female
25	N/A	N/A	0	0	3	1	2	2
26	N/A	N/A	0	0	4	1	2	2
27	N/A	N/A	0	0	4	1	2	2
28	N/A	N/A	0	0	4	1	2	2
29	N/A	N/A	0	0	4	1	2	2
30	200	200	0	0	4	1	2	2
31	200	200	0	0	4	1	2	2
32	200	200	0	0	4	2	2	2
33	190	190	0	0	4	2	2	2
34	180	180	0	0	4	2	3	3
35	180	180	0	0	4	2	3	3
36	170	170	0	0	4	2	4	4
37	160	160	0	0	5	2	4	4
38	150	150	0	0	5	2	4	4
39	150	150	0	0	5	3	4	4
40	140	140	0	0	5	3	5	5
41	140	140	0	0	6	3	5	5
42	130	130	0	0	6	3	5	5
43	130	130	0	0	7	4	6	6
44	120	120	0	0	7	4	6	6
45	120	120	0	0	8	4	7	7
46	110	110	0	0	9	5	7	7
47	110	110	0	0	10	5	8	8
48	110	110	0	0	11	5	9	9
49	110	110	0	0	12	6	10	10
50	100	100	800	800	13	6	11	11
51	100	100	800	800	15	7	12	12
52	100	100	800	800	17	8	13	13
53	100	100	3,000	3,000	19	9	66	66
54	100	100	2,000	2,000	21	11	120	120
55	0	0	2,000	2,000	23	13	173	173
56	0	0	1,800	1,800	25	15	227	227
57	0	0	1,800	1,800	27	17	280	280
58	0	0	1,800	1,800	30	20	284	284
59	0	0	1,800	1,800	32	21	288	288

This material assumes that the reader is familiar with Racine County's postemployment benefit programs, their benefits, eligibility, administration and other factors. The material was prepared solely to provide assistance to Racine County in reviewing the impact of the GASB Statement on the County's financial statements. It may not be appropriate for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. This material should only be reviewed in its entirety.

RACINE COUNTY

Actuarial Valuation of Other Postemployment Benefits as of December 31, 2009 (Excluding RCSO Group)

Protective with Social Security

Separations from active status expressed as number of occurrences per 10,000:

Age	Withdrawal		Early/Normal Retirement		Death		Disability	
	Male	Female	Male	Female	Male	Female	Male	Female
60	0	0	1,800	1,800	34	22	292	292
61	0	0	1,800	1,800	36	23	0	0
62	0	0	2,000	2,000	37	25	0	0
63	0	0	3,000	3,000	41	28	0	0
64	0	0	2,000	2,000	46	30	0	0
65	0	0	3,000	3,000	52	33	0	0
66	0	0	2,500	2,500	58	37	0	0
67	0	0	2,500	2,500	65	38	0	0
68	0	0	2,500	2,500	73	42	0	0
69	0	0	2,500	2,500	82	47	0	0
70	0	0	10,000	10,000	91	53	0	0
71	0	0	10,000	10,000	101	60	0	0
72	0	0	10,000	10,000	112	68	0	0
73	0	0	10,000	10,000	129	77	0	0
74	0	0	10,000	10,000	147	87	0	0
75	0	0	10,000	10,000	167	98	0	0

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RACINE COUNTY

Actuarial Valuation of Other Postemployment Benefits as of December 31, 2009 (Excluding RCSO Group)

All Participants

Separations from retired status expressed as number of occurrences per 10,000:

Age	Healthy		Disabled	
	Male	Female	Male	Female
50	26	12	63	28
51	29	14	70	32
52	33	16	80	37
53	38	19	91	43
54	42	22	101	51
55	46	26	111	59
56	51	30	121	68
57	55	34	132	79
58	59	39	142	91
59	63	41	152	94
60	68	43	162	100
61	72	46	172	107
62	74	51	178	116
63	83	55	198	127
64	92	60	222	139
65	104	67	249	153
66	116	73	279	169
67	130	76	313	174
68	146	84	350	194
69	163	94	391	217
70	182	107	436	245
71	202	121	484	277
72	223	136	535	314
73	257	154	617	354
74	293	174	704	399
75	334	195	802	449
76	379	218	910	502
77	428	243	1,028	560
78	482	266	1,157	611
79	540	298	1,297	687

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RACINE COUNTY

Actuarial Valuation of Other Postemployment Benefits as of December 31, 2009 (Excluding RCSO Group)

All Participants

Separations from retired status expressed as number of occurrences per 10,000:

Age	Healthy		Disabled	
	Male	Female	Male	Female
80	603	339	1,447	779
81	671	386	1,608	888
82	742	441	1,780	1,015
83	828	504	1,986	1,159
84	921	574	2,210	1,320
85	1,027	651	2,464	1,498
86	1,145	736	2,748	1,693
87	1,276	828	3,062	1,905
88	1,419	949	3,406	2,182
89	1,575	1,076	3,780	2,474
90	1,743	1,209	4,184	2,780
91	1,924	1,348	4,618	3,099
92	2,118	1,493	5,082	3,433
93	2,273	1,644	5,456	3,781
94	2,428	1,802	5,828	4,144
95	2,586	1,965	6,208	4,520
96	2,748	2,135	6,595	4,910
97	2,913	2,313	6,991	5,320
98	3,081	2,665	7,396	6,130
99	3,253	2,988	7,808	6,872
100	3,428	3,281	8,228	7,547
101	3,607	3,545	8,656	8,154
102	3,788	3,779	9,092	8,693
103	3,907	3,984	9,377	9,164
104	3,998	4,160	9,596	9,567
105	4,058	4,305	9,740	9,902
106	4,080	4,422	9,792	10,000
107	4,080	4,509	9,792	10,000
108	4,080	4,713	9,792	10,000
109	4,080	4,926	10,000	10,000
110	4,080	5,115	10,000	10,000
111	4,080	5,251	10,000	10,000
112	4,080	5,303	10,000	10,000

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RACINE COUNTY

Actuarial Valuation of Other Postemployment Benefits as of December 31, 2009 (Excluding RSCO Group)

Year	Ridgewood Local 310	All Others	Total
Actuarial Present Value of Projected Benefits	\$29,730,112	\$329,186,408	\$358,916,520
January 1, 2009 Normal Cost	493,557	5,919,911	6,413,468
Interest on Normal Cost	19,742	236,797	256,539
December 31, 2009 Normal Cost	513,299	6,156,708	6,670,007
January 1, 2009 Amortization	1,263,101	15,144,373	16,407,474
Interest on Amortization	50,524	605,775	656,299
December 31, 2009 Amortization	1,313,625	15,750,148	17,063,773
Total ARC	1,826,924	21,906,856	23,733,780
January 1, 2009 Actuarial Accrued Liability (AAL)	22,715,222	272,351,877	295,067,099
January 1, 2009 Unfunded AAL	22,715,222	272,351,877	295,067,099
Actuarial Present Value of Projected Benefits	\$30,154,316	\$335,468,865	\$365,623,181
January 1, 2010 Normal Cost	513,299	6,156,708	6,670,007
Interest on Normal Cost	20,532	246,268	266,800
December 31, 2010 Normal Cost	533,831	6,402,976	6,936,807
January 1, 2010 Amortization	1,299,629	15,709,651	17,009,280
Interest on Amortization	51,985	628,386	680,371
December 31, 2010 Amortization	1,351,614	16,338,037	17,689,651
Total ARC	1,885,445	22,741,013	24,626,458
January 1, 2010 Actuarial Accrued Liability (AAL)	23,372,130	282,517,660	305,889,790
January 1, 2010 Unfunded AAL	23,372,130	282,517,660	305,889,790

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