

COUNTY OF CAROLINE, VIRGINIA  
Notes To Financial Statements – (Continued)  
As Of June 30, 2006

**NOTE 7-EMPLOYEE PENSION BENEFIT OBLIGATIONS (Continued)**

	<u>Primary Government</u>	<u>Discretely Presented Component Unit School Board Non-Professional Retirement Plan</u>
	<u>County Retirement Plan</u>	
Contribution rates:		
Employer .....	6.00%	1.00%
Plan members (Assumed by Employer) .....	5.00%	5.00%
Annual pension cost <sup>1</sup> .....	\$375,737	\$11,182
Contributions made <sup>1</sup> .....	\$375,737	\$11,182
Actuarial valuation date .....	6/30/03	6/30/03
Actuarial cost method .....	Entry age, Normal	Entry age, Normal
Amortization method .....	Level Percent, Open	Level Percent, Open
Payroll growth Rate .....	3%	3%
Remaining amortization period	3 Years	14 Years
Asset valuation method .....	Modified Market	Modified Market
Actuarial assumptions:		
Investment rate of return*.....	8.00%	8.00%
Projected salary increases*....		
Non-LEO employees .....	4.25% to 6.10%	4.25% to 6.10%
LEO employees .....	4.50% to 5.75%	4.50% to 5.75%
*Includes inflation at .....	3.00%	3.00%
Cost-of-Living adjustments ...	3.00%	3.00%

<sup>1</sup>Employer portion only

**COUNTY OF CAROLINE, VIRGINIA**  
**Notes To Financial Statements – (Continued)**  
**As Of June 30, 2006**

**NOTE 7-EMPLOYEE PENSION BENEFIT OBLIGATIONS (Continued)**

<b>Three Year Trend Information</b>				
	<u>Fiscal</u> Year <u>Ending</u>	<u>Annual</u> Pension Cost (APC) <sup>1</sup>	<u>Percentage</u> Of APC Contributed	<u>Net</u> Pension Obligation
<b>Primary Government:</b>				
	June 30, 2004	\$126,430	100.00%	-0-
	June 30, 2005	328,420	100.00%	-0-
	June 30, 2006	375,737	100.00%	-0-
<b>Component Unit:</b>				
	June 30, 2004	\$10,259	100.00%	-0-
	June 30, 2005	10,755	100.00%	-0-
	June 30, 2006	11,182	100.00%	-0-

<sup>1</sup>Employer portion only

**Required Supplementary Information**  
**Schedule of Funding Progress**

**PRIMARY GOVERNMENT:**

**County Retirement Plan**

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as % Of Covered Payroll ((a-b)/c)
06/30/00	\$10,531,496	\$ 8,415,074	(\$2,116,422)	125.2%	\$4,162,088	(50.9%)
06/30/01	11,704,550	8,925,549	(2,779,001)	131.1%	4,143,265	(67.1%)
06/30/02	12,185,696	10,586,520	(1,599,176)	115.1%	4,309,861	(37.1%)
06/30/03	12,467,852	12,400,058	(67,794)	100.6%	4,948,888	(1.4%)
06/30/04	12,805,964	13,374,094	568,130	95.8%	5,144,099	11.0%
06/30/05	13,378,759	13,745,270	366,511	97.3%	5,796,393	6.3%

**DISCRETELY PRESENTED COMPONENT UNIT:**

**School Board Non-Professional Retirement Plan**

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as % Of Covered Payroll ((a-b)/c)
06/30/00	\$2,820,750	\$2,387,090	(\$433,660)	118.2%	\$853,859	(50.8%)
06/30/01	3,081,427	2,561,002	( 520,425)	120.3%	891,006	(58.4%)
06/30/02	3,174,970	2,768,937	( 406,033)	114.7%	963,820	(42.1%)
06/30/03	3,192,387	2,767,958	( 424,429)	115.3%	893,755	(47.5%)
06/30/04	3,205,877	3,044,364	( 161,513)	105.3%	1,022,601	(15.8%)
06/30/05	3,267,833	3,512,481	244,648	93.0%	1,079,446	22.7%

**COUNTY OF CAROLINE, VIRGINIA**  
**Notes To Financial Statements – (Continued)**  
**As Of June 30, 2006**

**NOTE 7-EMPLOYEE PENSION BENEFIT OBLIGATIONS (Continued)**

- B. Pension benefits for professional (teaching) employees of the Caroline County School Board are provided by a cost sharing, defined benefit, multiple-employer pension plan that is also administered by the Virginia Retirement System (VRS).

Plan Description

VRS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the State legislature. The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. That report may be obtained by writing to the System at P.O. Box 2500, Richmond, Virginia 23218-2500.

Funding Policy

Plan members are required to contribute 5.0% of their annual covered salary and the Caroline County School Board is required to contribute at an actuarially determined rate. The rate for the fiscal year ended June 30, 2006 was 6.62% of annual covered payroll. The contribution requirements of plan members and Caroline County School Board are established and may be amended by the VRS Board of Trustees. The School Board's contributions to VRS for the years ending June 30, 2006, 2005 and 2004 were \$1,045,867, \$897,249, and \$608,322, respectively, and were equal to the required contributions for year.

**NOTE 8- OTHER POSTEMPLOYMENT BENEFITS**

Caroline County does not contribute toward the cost of any post-employment health care or other benefits for its former employees.

**NOTE 9-CAPITAL LEASES**

Caroline County has entered into lease agreements as lessee for financing the acquisition of fire and rescue emergency response equipment, a solid waste collection truck and for emergency dispatch and general radio communications equipment. The Caroline County School Board has also entered into lease agreements for the acquisition of school buses. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.