

## NOTES TO THE FINANCIAL STATEMENTS

## NOTE 11: RETIREMENT PLANS

The State reports ten retirement plans as pension trust funds. Section A of this note describes the seven defined benefit public employee retirement plans and one defined contribution plan administered by the State. The remaining plans, described in Note 12, are defined contribution plans administered by a third party under the auspices of the State. The State may or may not make supplementary contributions to these plans. Although the assets of the administered plans are commingled for investment purposes, each plan's assets may be used only for payment of benefits to the members of that plan and for administrative costs in accordance with the terms of the plan. The plans in this note do not issue separate financial statements, nor are they reported as part of other entities. The financial statements and other required disclosures are presented in Note 15 and in the *Required Supplementary Information* section of this *CAFR*. The State also provides an optional retirement plan for certain university employees and a special separation allowance for eligible sworn law enforcement officers.

### A. Plan Descriptions and Contribution Information

#### 1. TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM

This plan is a cost-sharing, multiple-employer, defined benefit plan established by the State of North Carolina to provide pension benefits for employees of the State, its component units, and Local Education Agencies (LEAs) not in the reporting entity. Membership is comprised of employees of the State (state agencies and institutions), universities, community colleges, and certain proprietary component units along with the LEAs. At June 30, 2009, the number of participating LEAs and component unit employers was 243 as shown below:

Local Education Agencies.....	163
Community colleges.....	58
University of North Carolina System	19
Proprietary component units.....	3

Benefits and administrative expenses are funded by member contributions of 6% of compensation, investment income, and by an actuarially based required employer contribution established by legislation. For the fiscal year ended June 30, 2009, the State made a statutory contribution of 3.36% of covered payroll. This also equaled the actuarially required contribution. Benefit and contribution provisions are established by General Statutes 135-5 and 135-8 and may be amended only by the North Carolina General Assembly.

Because of a budget shortfall during this fiscal year, Executive Order No. 11 reduced member salaries by 0.5 % in order to balance the State's budget. As a result, covered payroll was defined, for contribution purposes, as salary that would have been paid if there was no budget shortfall. Members contributed 6% of their actual reduced salary and employers contributed an additional .03% of their covered payroll to make up the difference between the members' actual contribution and the statutorily required 6% of covered payroll.

Actual payments made in relation to the required contributions for the State are shown in *Section D* of this note and in the *Required Supplementary Information* section of this report.

The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

#### 2. CONSOLIDATED JUDICIAL RETIREMENT SYSTEM

This plan is a single-employer, defined benefit plan established by the State of North Carolina to provide pension benefits for employees of the State Judicial System. Membership is comprised of judges, district attorneys and clerks of court. The plan provides retirement, disability and death benefits. Benefits and administrative expenses are funded by member contributions of 6% of compensation, investment income, and by employer contributions. For the fiscal year ended June 30, 2009, the State made a statutory contribution of 13.21% of covered payroll. This was greater than the actuarially required contribution of 12.48%. Benefit and contribution provisions are established by General Statutes 135-57, 135-58, 135-68 and 135-69 and may be amended only by the North Carolina General Assembly.

Because of a budget shortfall during this fiscal year, Executive Order No. 11 reduced member salaries by 0.5 % in order to balance the State's budget. As a result, covered payroll was defined, for contribution purposes, as salary that would have been paid if there was no budget shortfall. Members contributed 6% of their actual reduced salary and employers contributed an additional .03% of their covered payroll to make up the difference between the members' actual contribution and the statutorily required 6% of covered payroll.

Actual payments made in relation to the required contributions for the State are shown in *Section D* of this note and in the *Required Supplementary Information* section of this report.

The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

## NOTES TO THE FINANCIAL STATEMENTS

3. *LEGISLATIVE RETIREMENT SYSTEM*

This plan is a single-employer, defined benefit plan established by the State of North Carolina to provide retirement and disability benefits for members of the General Assembly.

The benefit will not be payable while the member is employed in a position making him eligible to participate in either the Teachers' and State Employees' Retirement System, Consolidated Judicial Retirement System or the Local Governmental Employees' Retirement System.

Benefits and administrative expenses are funded by member contributions of 7% of compensation, investment income, and by actuarially based employer contributions. For the fiscal year ended June 30, 2009, there was no actuarially based required contribution.

Benefit and actuarially based contribution provisions are established by General Statutes 120-4.21, 120-4.19 and 120-4.20 and may be amended only by the North Carolina General Assembly. Actual payments made in relation to the required contributions for the State are shown in *Section D* of this note and in the *Required Supplementary Information* section of this report.

Because of a budget shortfall during this fiscal year, Executive Order No. 11 reduced member compensation by 0.5% in order to balance the State's budget. As a result, covered payroll was defined, for contribution purposes, as compensation that would have been paid if there was no budget shortfall. Members contributed 7% of their actual reduced compensation and employers contributed an additional .04% of their covered payroll to make up the difference between the members' actual contribution and the statutorily required 7% of covered payroll.

The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

*OTHER STATE ADMINISTERED SYSTEMS*

The State also administers the following pension and retirement plans for persons who are not considered employees of the State or its component units.

4. *FIREMEN'S AND RESCUE SQUAD WORKERS' PENSION FUND*

This plan is a defined benefit pension plan established by the State of North Carolina to provide pension benefits for all eligible firemen and rescue squad workers. Membership is composed of both volunteer and locally employed firemen and emergency medical personnel who elect membership. At June 30, 2009, there were 1,999 participating fire and rescue units. This is a special funding situation in that the State is not the employer but is legally obligated to contribute to the plan.

Benefits and administrative expenses are funded by a ten dollar monthly contribution by the member, investment income

and an actuarially based state appropriation ( see section D for the amount). Benefit and contribution provisions are established by General Statute 58-86 and may be amended only by the North Carolina General Assembly.

5. *NORTH CAROLINA NATIONAL GUARD PENSION FUND*

This plan is a defined benefit plan established by the State of North Carolina to provide pension benefits for members of the North Carolina national guard. This also is a special funding situation because the State is not the employer, but is legally obligated to contribute to the plan.

Benefits and administrative expenses are funded by an actuarially based state appropriation (see section D) and investment income. Benefit and contribution provisions are established by General Statute 127A-40 and may be amended only by the North Carolina General Assembly.

6. *REGISTERS OF DEEDS' SUPPLEMENTAL PENSION FUND*

This plan is a cost-sharing, multiple-employer, defined benefit plan established by the State of North Carolina to provide supplemental pension benefits for all eligible, retired county registers of deeds. Membership is composed of registers who are retired from the Local Governmental Employees' Retirement System or an equivalent local plan and have met the statutory eligibility requirements. At June 30, 2009, there were 88 individuals receiving benefits in the plan with all 100 counties participating. An individual's benefits for the year are calculated as a share of accumulated contributions available for benefits for that year, subject to certain statutory limits. An individual's eligibility is based on minimum years of service as a register with the individual's share increasing with years of service. Because of the statutory limits noted above, not all contributions available for benefits are distributed. The State Treasurer administers the plan and *Section B* of this note describes the accounting and investing for the plan. The State's only cost in the plan is administration.

Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially required contribution this year and in the foreseeable future is zero. Registers do not contribute. The actuarially required contribution and percentage of that contribution actually made is in the *Required Supplementary Information* section of this report. All benefit and contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly.

## NOTES TO THE FINANCIAL STATEMENTS

## 7. SHERIFFS' SUPPLEMENTAL PENSION FUND

This plan is a defined contribution plan established by the State of North Carolina to provide supplemental pension benefits for all eligible, retired county sheriffs. Membership is comprised of sheriffs who are retired from the Local Governmental Employees' Retirement System and beneficiaries that meet the statutory eligibility requirements. At June 30, 2009, there were 84 sheriffs and one beneficiary enrolled in the plan with all 100 of the State's counties eligible to participate.

An individual's benefits for the year are calculated as a share of accumulated contributions available for benefits for that year, subject to certain statutory limits. An individual's eligibility is based on minimum years of service as a sheriff with the individual's share increasing with years of service. Because of the statutory limits noted above, not all contributions available for benefits are distributed. The North Carolina Department of Justice administers the plan. If the plan purchases any investments, they are held as part of the State Treasurer's Investment Pool. *Section B* of this note describes the accounting and investing for the plan. The State's only cost in the plan is administration.

Receipts collected by each county's Clerk of Superior Court under General Statutes 7A-304(a)(3a), along with investment income, support the plan's benefits and administrative expenses. Sheriffs do not contribute to the plan. For the fiscal year ended June 30, 2009, the Clerks remitted \$1.329 million. All benefit and contribution provisions are established by Chapter 143, Article 12H of the General Statutes and may be amended only by the North Carolina General Assembly.

## 8. LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM

This plan is a cost-sharing, multiple-employer, defined benefit plan established by the State of North Carolina for employees of local governments. Membership is comprised of general employees and local law enforcement officers of participating local governmental entities.

At June 30, 2009, the number of participating local governments was 885, as shown below:

Cities.....	417
Counties.....	100
Special districts.....	368

The plan provides retirement benefits nearly identical to the benefits that accrue to members of the Teachers' and State Employees' Retirement System. This plan also provides disability benefits for members who become totally and permanently disabled from performing their usual job. Benefits and administrative expenses are funded by employee contributions of 6% and actuarially based employer contributions. The annual required contribution (ARC) and actual contribution for all employers was 5.27% of covered payroll for law enforcement officers and 4.80% for general employees and firemen. In addition, employers with an unfunded liability, established when the government initially enters the system, must make additional contributions towards that liability. The State's responsibility is administrative only. Benefit and contribution provisions are established by General Statutes 128-27 and 128-30 and may be amended only by the North Carolina General Assembly.

The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains.

The following table summarizes membership information by plan at the actuarial valuation date:

	<u>Teachers' and State Employees'</u>	<u>Judicial</u>	<u>Legislative</u>	<u>Firemen's and Rescue Squad</u>	<u>North Carolina National Guard</u>	<u>Registers of Deeds'</u>	<u>Local Governmental</u>
<b>Employee Groups</b>							
Retirees and beneficiaries currently receiving benefits .....	151,353	488	261	10,509	3,415	86	44,311
Terminated employees entitled to benefits but not yet receiving them .....	95,175	51	76	148	4,513	-	35,276
Active plan members .....	<u>325,618</u>	<u>551</u>	<u>169</u>	<u>36,160</u>	<u>5,586</u>	<u>100</u>	<u>123,524</u>
Total .....	<u>572,146</u>	<u>1,090</u>	<u>506</u>	<u>46,817</u>	<u>13,514</u>	<u>186</u>	<u>203,111</u>
Date of valuation .....	12-31-08	12-31-08	12-31-08	6-30-08	12-31-08	12-31-08	12-31-08

## NOTES TO THE FINANCIAL STATEMENTS

**B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PLAN ASSET MATTERS***BASIS OF ACCOUNTING*

The financial statements of these plans are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

*INVESTMENTS / SECURITIES LENDING*

Pursuant to North Carolina General Statutes, the State Treasurer is the custodian and administrator of the retirement systems. The State Treasurer maintains various investment portfolios in its Investment Pool. The pension trust funds are the primary participants in the Long-term Investment portfolio and the sole participants in the Equity Investment, Real Estate Investment and Alternative Investment portfolios.

The investment balance of each pension trust fund represents its share of the fair value of the net assets of the various portfolios within the pool. Detailed descriptions of how the fair value is determined in the various portfolios are presented in Note 3. Additionally, the securities lending balance represents assets occurring from securities lending transactions that result from the systems' participation in the pool. The investments of the State Treasurer and securities lending are fully discussed in Note 3.

**C. Actuarial Methods and Assumptions**

The latest actuarial valuations are dated December 31, 2008 (June 30, 2008, for the Firemen's and Rescue Squad Workers' Fund). The actuarial accrued liability and the schedule of funding progress for the past six years are presented by system in the *Required Supplementary Information* section of this report. Actuarial valuations involve estimates of reported amounts and assumptions about the probability of the occurrence of events. The actuarial value of assets for all systems is based on a five-year smoothed market value. Under this method, realized and unrealized gains and losses on investments are smoothed over five years. Below are listed the various actuarial methods and significant assumptions for these valuations that will be used to determine future annual required contributions.

Retirement System	Valuation Date	Actuarial Cost Method	Amortization Method	Remaining Amortization Period	Period Open/Closed	Asset Valuation Method	Actuarial Assumptions	
							Investment Rate of Return	Projected Salary Increase
Teachers' and State Employees'	12/31/08	Entry age	Level dollar	9 years	Open	5 year smoothed	7.25%	4.50-16.10%
Consolidated Judicial	12/31/08	Projected unit credit	Level percentage	9 years	Open	5 year smoothed	7.25%	5.75-11.75%
Legislative	12/31/08	Projected unit credit	Level dollar	8 years	Open	5 year smoothed	7.25%	7.50%
Firemen's and Rescue Squad	6/30/08	Entry age	Level dollar	9 years	Open	5 year smoothed	7.25%	N/A
North Carolina National Guard	12/31/08	Entry age	Level dollar	9 years	Open	5 year smoothed	7.25%	N/A
Registers of Deeds'	12/31/08	Entry age	Level dollar	N/A	Open	5 year smoothed	7.25%	4.50-14.65%
Local Governmental Employees'	12/31/08	Frozen entry age	Level percentage	Various	Closed	5 year smoothed	7.25%	4.50-14.73%

N/A-Not applicable

Except for the Local Governmental Employees' system, only minor technical adjustments were adopted by legislation and reflected in these valuations. For the Local Governmental Employees' system, the Board of Trustees approved a 0.1% cost of living increase beginning on July 1, 2009. The minor adjustments to the respective systems were enacted by the North Carolina General Assembly effective July 1, 2009.

As of this valuation, the unfunded actuarial accrued liability for the Registers of Deeds' system, when amortized over 30 years is less than zero. This situation, which is not

allowable under generally accepted accounting principles, is redefined by the actuary to effectively mean there is no liability to be amortized.

The projected investment returns and projected salaries for all systems, except the Legislative, include a 3.75% inflationary factor within the actuarial assumption. The assumption for the Legislative system does not identify an inflationary factor. The funding status of each of the State's various plans on the date of the most recent actuarial valuation is presented in section E of this note.

**NOTES TO THE FINANCIAL STATEMENTS***CURRENT FISCAL YEAR ASSUMPTIONS*

Unless otherwise noted in this footnote or in the required supplementary schedules, the actuarial values, methods and significant assumptions for the current year's required contributions are the same as those presented in the table shown on the prior page. The annual required contributions (ARC) for the fiscal year ended June 30, 2009, were developed from various prior year valuations. The Teachers' and State Employees', Local Governmental Employees', Consolidated Judicial, and National Guard systems' valuations were as of December 31, 2006, the Legislative system was valued at December 31, 2007, and the Firemen's and Rescue Squad Worker's Fund was valued at June 30, 2007. These valuations used amortization periods of eight years for Legislative and nine years for all the other

systems. Registers of Deeds' was valued at December 31, 2006, but effectively had no liability to be amortized. The Local Governmental Employees' system is an aggregate of numerous employers, and consequently, has various amortization periods. The rate of investment return and projected salary increases used in these valuations assumed essentially the same increases as in the most current valuations reported on the prior page.

For the fiscal year ended June 30, 2009, retirees in the Local Governmental Employees' system received a 2.15% cost of living adjustment. The Teachers' and State Employees' system, Legislative Retirement system and the Consolidated Judicial system provided a 2.2% cost of living increase for retirees. The Firemen's and Rescue Squad Workers' Fund increased retirement benefits from \$167 to \$170. All of these benefit enhancements reflect legislation enacted by the North Carolina General Assembly effective July 1, 2008. These enhancements were either reflected as liabilities in the valuations described above, or paid for with the systems' actuarial gains.

**D. Annual Pension Cost and Net Pension Obligation**

The annual pension costs and net pension obligations for the State's single-employer and special funding defined benefit plans for the current fiscal year are as follows (dollars in thousands):

	<b>Consolidated Judicial Retirement System</b>	<b>Legislative Retirement System</b>	<b>Firemen's and Rescue Squad Workers' Pension Fund</b>	<b>North Carolina National Guard Pension Fund</b>
Annual required contribution.....	\$ 8,373	\$ —	\$ 9,757	\$ 6,248
Interest on net pension obligation.....	(177)	(16)	38	(63)
Adjustment to annual required contribution.....	314	54	(81)	131
Annual pension cost.....	8,510	38	9,714	6,316
Less: Contributions made.....	8,863	—	9,762	5,892
Increase (decrease) in net pension obligation.....	(353)	38	(48)	424
Net pension (asset) obligation beginning of year....	(2,438)	(221)	522	(868)
Net pension (asset) obligation end of year.....	<u>\$ (2,791)</u>	<u>\$ (183)</u>	<u>\$ 474</u>	<u>\$ (444)</u>

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The following table presents the required three year trend of pension costs for the State's single-employer and special funding defined benefit plans and the annual required contributions (ARC) the State made to the Teachers' and State Employees' Retirement System (the System), a cost-sharing, multiple-employer plan. Except for (A) below, the State's statutory annual contribution to the System equals its total annual payment to the System and equals the State's pension cost in these financial statements. The State does not make any contributions to the Local Governmental Employees' System; therefore, it has no related pension cost.

**State of North Carolina's Annual Pension Cost (APC)  
and Annual Required Contributions (ARC) as an Employer**  
For the Years Ended June 30, 2007 through June 30, 2009( dollars in thousands)

	<u>Teachers' and State Employees'</u>	<u>Judicial</u>	<u>Legislative</u>	<u>Firemen's and Rescue Squad</u>	<u>North Carolina National Guard</u>
<b>Primary Government:</b>					
2009	\$ 127,152	\$ 8,510	\$ 38	\$ 9,714	\$ 6,316
2008 (A)	143,500	8,145	2	8,687	6,239
2007	112,551	6,464	3	8,389	7,361
<b>Component units:</b>					
<b>Universities:</b>					
2009	\$ 54,869				
2008	54,765				
2007	44,089				
<b>Community Colleges:</b>					
2009	\$ 26,092				
2008	22,474				
2007	18,649				
<b>Proprietary Funds:</b>					
2009	\$ 715				
2008	651				
2007	570				
<b>Total Primary Government and Component Units:</b>					
2009	\$ 208,828	\$ 8,510	\$ 38	\$ 9,714	\$ 6,316
2008	221,390	8,145	2	8,687	6,239
2007	175,859	6,464	3	8,389	7,361
<b>Percentage of APC Contributed:</b>					
2009		104%	0%	100%	93%
2008		133%	10,450%	100%	112%
2007		112%	0%	101%	95%
<b>Percentage of ARC Contributed:</b>					
2009	100%				
2008	100%				
2007	100%				
<b>Net Pension (Asset) Obligation:</b>					
2009		\$ (2,791)	\$ (183)	\$ 474	\$ (444)
2008		(2,438)	(221)	522	(868)
2007		245	(14)	569	(100)

(A) - The State's contributions/pension cost for the Teachers' and State Employees' equals the statutorily required contribution plus \$42 million for prior year actuarial deficits.

An additional contribution of \$30 million was also made in 2007:

## NOTES TO THE FINANCIAL STATEMENTS

**E. Funding Status and Funding Progress**

The funding status of each of the State's various plans at the most recent actuarial valuation is presented below. These schedules were developed from actuarial methods and assumptions identified in *Section C* of this note. Multiyear trend information on funding progress is presented in the *Required Supplementary Information (RSI)* section of this CAFR. These schedules indicate whether the actuarial values of plan assets are increasing or decreasing over time in relation to the actuarial accrued liabilities. (dollars in thousands)

<i>Retirement System</i>	<i>Valuation Date</i>	<i>Actuarial Value of Assets</i> (a)	<i>Actuarial Accrued Liability (AAL)</i> (b)	<i>Unfunded AAL (UAAL) (b) - (a)</i>	<i>Funded Ratio (a) / (b)</i>	<i>Annual Covered Payroll</i> (c)	<i>UAAL as a Percentage of Covered Payroll ((b-a)/c)</i>
<b>Teachers' and State Employees'</b>	12-31-08	\$ 55,127,658	\$ 55,518,745	\$ 391,087	99.3%	\$ 13,267,554	3.0%
<b>Consolidated Judicial</b>	12-31-08	\$ 433,553	\$ 441,933	\$ 8,380	98.1%	\$ 65,083	12.9%
<b>Legislative</b>	12-31-08	\$ 30,097	\$ 23,092	\$ (7,005)	130.3%	\$ 3,670	(190.9)%
<b>Firemen's and Rescue Squad Workers'</b>	6-30-08	\$ 316,973	\$ 339,022	\$ 22,049	93.5%	N/A	N/A
<b>North Carolina National Guard</b>	12-31-08	\$ 78,067	\$ 112,747	\$ 34,680	69.2%	N/A	N/A
<b>Registers of Deeds'</b>	12-31-08	\$ 37,212	\$ 18,365	\$ (18,847)	202.6%	\$ 6,024	(312.9)%
<b>Local Governmental Employees'</b>	12-31-08	\$ 17,100,739	\$ 17,173,975	\$ 73,236	99.6%	\$ 4,974,742	1.5%

**F. Optional Retirement Plan**

The Optional Retirement Program (Program) is a defined contribution retirement plan that provides retirement benefits with options for payments to beneficiaries in the event of the participant's death. Faculty and administrators with faculty rank in institutions of the UNC System may join the Program instead of the Teachers' and State Employees' Retirement System. At June 30, 2009, the Plan had 13,200 participants.

Benefits are provided by means of contracts issued and administered by the privately-operated Teachers' Insurance and Annuity Association and the College Retirement Equities Fund (TIAA/CREF), Valid, Fidelity Investments and Lincoln National Life Insurance Company. Participants' eligibility and contributory requirements are established in General Statutes 135-5.1.

Because of a budget shortfall during this fiscal year, Executive Order No. 11 reduced member salaries by 0.5 % in order to balance the State's budget. As a result, covered payroll was defined, for contribution purposes, as salary that would have been paid if there was no budget shortfall. Participants contributed 6% of their actual salaries while the institutions contributed an additional .03% of their covered payroll to make up the difference between the employee's actual contribution and the statutorily required 6% of covered payroll. In addition, the institutions contributed their full share of the statutorily required 6.84% of covered payroll. The institutions contributed \$89 million for the fiscal year ended June 30, 2009. Annual covered payroll (as defined earlier) was \$1.3 billion. Employee contributions, along with the additional employer contributions

to cover statutory requirements were \$78 million for the fiscal year ended June 30, 2009. There is no liability other than the institutions' required contributions.

Participants are vested after five years of service, but the company must return the value of the institutions' contributions to the State if termination occurs prior to five years of service. The participant chooses his/her own investment products with the company of choice.

**G. Special Separation Allowance**

The State provides a special separation allowance (SSA), an agent multiple-employer, defined benefit pension plan, for sworn law enforcement officers as defined by General Statutes 135-1(11b) or General Statutes 143-166.30(a)(4) that were employed by State agencies and component units and retired on a basic service retirement under the provisions of General Statutes 135-5(a). To qualify for the allowance, each retired officer must: (1) have completed 30 or more years of creditable service or have attained 55 years of age and completed five or more years of creditable service; and (2) not have attained 62 years of age; and (3) have completed at least five years of continuous service as a law enforcement officer immediately preceding a service retirement. Each eligible officer is paid an annual separation allowance equal to .85% of the officer's most recent base rate of compensation for each year of creditable service. For the fiscal year ended June 30, 2009, the State and its component units paid \$12.9 million for 885 retired law enforcement officers. These benefits are funded on a pay-as-you-go basis with each employer (the State or component unit) responsible for the benefits to their former employees. There is

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no statewide administration of the SSA and there is no actuarial valuation performed. Funds for this allowance are appropriated annually in the budget of each affected state agency or paid from the component unit's operations. These benefits are established in General Statute 143-166.41 and may be amended only by the General Assembly.

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