

**CITY OF JOLIET POLICE OFFICERS' PENSION FUND  
ANNUAL ACTUARIAL VALUATION  
FOR THE YEAR BEGINNING  
JANUARY 1, 2011**

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October 28, 2011

The Pension Board  
City of Joliet Police Officers Pension Fund  
Joliet, Illinois

Dear Board Members:

We are pleased to provide our formal annual Actuarial Valuation Report as of January 1, 2011, covering the City of Joliet Police Officers Pension Fund. This report provides, among other things, the minimum annual contribution requirements of the Plan for the Plan Year commencing January 1, 2011, and ending on December 31, 2011 (which directly affects the City's tax levy in the 2012 fiscal year that is collected and deposited into the Pension Trust in fiscal year 2012). This valuation was based on the plan provisions as outlined in Section C of this report, the Plan participant data as provided by the City of Joliet (i.e., Plan Sponsor), and on the actuarial cost method and the set of actuarial assumptions as described in Section D of the report. The assumptions used in this valuation have been updated based upon an Experience Study for the period January 1, 2005, through January 1, 2010.

This valuation also incorporates a modified funding policy equal to the sum of: (a) annual normal cost plus (b) amortization of unfunded liability as a level percent of pay between January 1, 2011, and January 1, 2046, plus (c) interest on (a) and (b) to date of payment, that is projected to produce a funded ratio of 100 percent by January 1, 2046. The contribution under this modified funding policy satisfies the statutory minimum funding requirements found in Public Act 96-1495.

Chapter 40, Act 5, Article 3 of the Illinois Compiled Statutes requires an actuarial balance sheet (i.e., actuarial valuation) be prepared by a qualified actuary in order to determine the annual tax levy to meet the annual actuarial requirements of the Pension Fund. Alex Rivera and Lance Weiss of Gabriel, Roeder, Smith & Company have the following qualifications:

**Alex Rivera** is a Fellow of the Society of Actuaries, a Member of the American Academy of Actuaries, and an Enrolled Actuary with over 20 years of responsible experience in the actuarial and pension consulting field.

**Lance Weiss** is a Fellow of the Conference of Consulting Actuaries, a Member of the American Academy of Actuaries, and an Enrolled Actuary with over 30 years of responsible experience in the actuarial and pension consulting field.

It is our understanding, in accordance with the Illinois Compiled Statutes, that the undersigned more than satisfy the minimum requirements as set forth in the referenced Pension Code as recently amended.

In addition, it is also our understanding that the Pension Code requires that a member of the American Academy of Actuaries perform the required annual actuarial valuation and does not mandate that the Illinois Department of Insurance's annual actuarial valuation of the Pension Fund be controlling or that the Department of Insurance accept or approve another actuarial valuation of the Pension Fund.

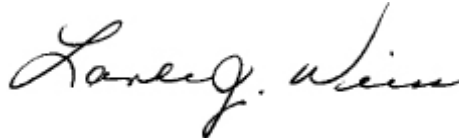
Both of the undersigned are Members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries (MAAA) to render the actuarial opinion contained herein.

We will be pleased to review this report with you at your convenience.

Sincerely,



Alex Rivera, F.S.A., M.A.A.A.  
Senior Consultant



Lance Weiss, E.A., , M.A.A.A.  
Senior Consultant

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## **Additional Disclosures Required by Actuarial Standards of Practice**

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.

This report should not be relied on for any purpose other than the purpose stated.

The signing actuaries are independent of the plan sponsor.

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**SECTION A**

VALUATION RESULTS

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## SUMMARY OF ACTUARIAL VALUATION RESULTS

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	Valuation Date as of	<u>January 1, 2010</u>	<u>January 1, 2011</u>
<b>Employee Data</b>	Number of Active Police Officers	269	263
	Number of Service Retirees	113	114
	Number of Disabled Lives	12	13
	Number of Widow Beneficiaries	29	28
	Number of Children Beneficiaries	0	0
	Number of Separated Deferred Police Officers	7	7
	Number of Handicapped Beneficiaries	1	1
	<b>TOTAL</b>	431	426
	Total Annual Salaries of Police Officers	\$ 23,117,412	\$ 24,847,562
<b>Plan Liabilities</b>	Gross Actuarial Accrued Liability:		
	Active Police Officers	\$ 102,984,594	\$ 122,989,093
	Retirees, Beneficiaries & Disabled	123,860,028	133,779,640
	<b>TOTAL</b>	\$ 226,844,622	\$ 256,768,733
	Actuarial Value of Assets at Valuation Date	\$ 125,547,623	\$ 133,877,323
	Unfunded (Overfunded) Actuarial Accrued Liability	\$ 101,296,999	\$ 122,891,410
	<b>Funded Position of Plan's Gross Actuarial Accrued Liability <sup>2</sup></b>	55.3 %	52.1 %
		<b><u>For the 2010</u></b>	<b><u>For the 2011</u></b>
		<b><u>Fiscal Year</u></b>	<b><u>Fiscal Year</u></b>
<b>Normal Cost</b>	Gross Annual Normal Cost	\$ 6,273,238	\$ 7,616,723
	Less Expected Member Contributions (for Applicable Plan Year)	2,290,936	2,462,393
	Net Annual Normal Cost (Municipality Paid)	\$ 3,982,302	\$ 5,154,330
	Net Annual Normal Cost (As a percentage of pay) <sup>1</sup>	17.2 %	20.7 %

<sup>1</sup> Percents above represent annual plan contributions expressed as percentages of covered Police Officers' salaries.

<sup>2</sup> Equals the ratio of the actuarial value of assets to the total gross actuarial accrued liability.

**SUMMARY OF ACTUARIAL VALUATION RESULTS  
(CONTINUED)**

<b>Annual Contribution Requirements Plan Year End</b>	<b>December 31, 2010</b>	<b>Before Funding Policy Change December 31, 2011<sup>a</sup></b>	<b>After Funding Policy Change December 31, 2011<sup>b</sup></b>
Net Annual Normal Cost (Municipality Pay)	\$3,982,302	\$5,154,330	\$5,154,330
Annual Amortization Payments for Funding Unfunded Actuarial Accrued Liability as a level percentage of payroll	5,826,842	7,290,155	5,465,671
Interest Adjustment to Expected Date of Payment into the Fund (Optional)	1,047,779	1,329,278	1,134,392
<b>Total Minimum Annual Contribution Requirement for the Current Plan Year</b>	<b>\$10,856,923</b>	<b>\$13,773,763</b>	<b>\$11,754,393</b>
Minimum Annual Contribution (As a percentage of pay)	47.0%	55.4%	47.3%

<sup>a</sup> Unfunded Actuarial Accrued Liability is amortized over a 22.5 years closed period.

<sup>b</sup> Unfunded Actuarial Accrued Liability is amortized over a 35 years closed period.

The contribution after the funding policy change satisfies the statutory minimum funding requirements found in Public Act 96-1495 that employer contribution produces 90 percent funding by the end of fiscal year 2040. The statutory minimum funding requirement produces a contribution of \$10,622,000 or 39.77 percent of projected pay.



**DERIVATION OF EXPERIENCE GAIN (LOSS)  
YEAR ENDED JANUARY 1, 2011**

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Actual experience will never (except by coincidence) coincide exactly with assumed experience. It is expected that gains and losses will cancel each other over time, but year-to-year fluctuations are not uncommon. Detail on the derivation of the experience gain (loss) is shown below, along with a year-by-year comparative schedule.

1. Unfunded Actuarial Accrued Liability at 01/01/2010	\$ 101,296,999
2. Normal Cost Due at 01/01/2010	6,273,238
3. Interest on (1) and (2) to 12/31/2010 (at 7.00% per annum)	7,529,917
4. Contributions (Employer and Employee) applicable to the 2010 Plan Year, with interest to 12/31/2010	<u>12,884,593</u>
5. Expected Unfunded Actuarial Accrued Liability at 01/01/2011 [(1) + (2) + (3) - (4)]	\$ 102,215,561
6. Effect of Assumption Changes on Unfunded Actuarial Accrued Liability at 01/01/2010	\$ 11,293,368
7. Expected Unfunded Actuarial Accrued Liability at 01/01/2011 [(5) + (6)]	\$ 113,508,929
8. Actual Unfunded Actuarial Accrued Liability at 01/01/2011	\$ 122,891,410
9. Gain (Loss) for the 2010 Plan Year [(7) - (8)]	\$ (9,382,481)

<b>Valuation Date January 01</b>	<b>Experience Gain (Loss) As % of Accrued Liability at the Prior Valuation Date <sup>1</sup></b>
1999	(6.00)%
2000	(7.91)%
2001	(2.93)%
2002	1.48 %
2003	(5.74)%
2004	(2.50)%
2005	(5.28)%
2006	2.11 %
2007	(13.32)%
2008	1.38 %
2009	(1.33)%
2010	(8.87)%
2011	(4.14)%

<sup>1</sup> Excluding Plan and assumption changes.

## COMMENTS AND ANALYSIS

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The valuation results pertaining to the current Plan Year are analyzed and discussed in the following paragraphs.

### *Plan History*

The following table provides a summary of the Plan's rate of return on assets and salary increase experience over the last 21 actuarial valuations performed by Gabriel, Roeder, Smith & Company:

<b>Plan Year Ending</b>	<b>Rate of Return On Plan Assets</b>	<b>Salary Scale Increase</b>
12/31/1990	7.8 %	5.9 %
12/31/1991	7.9	4.6
12/31/1992	7.6	7.0
12/31/1993	6.8	6.2
12/31/1994	5.8	6.5
12/31/1995	9.6	7.1
12/31/1996	3.4	8.7
12/31/1997	7.1	3.6
12/31/1998	8.8	5.8
12/31/1999	5.5	8.7
12/31/2000	6.9	6.0
12/31/2001	3.4	5.4
12/31/2002	(0.3)	7.6
12/31/2003	9.4	7.4
12/31/2004	4.9	9.9
12/31/2005	3.8	2.7
12/31/2006	9.0	22.0
12/31/2007	7.1	6.5
12/31/2008	(8.6)	1.6
12/31/2009	7.7	6.4
12/31/2010	6.3	10.2

The Salary Scale increase has averaged 7.1% over the last 21 years. We believe the 5.25% salary scale continues to be a reasonable long-term assumption. The salary scale was recently adjusted to recognize that members with less than three years of service receive higher pay increases. As part of each annual valuation, we will review salary scale increases and determine whether the current assumption continues to be appropriate.

Over the same 21-year period, the Plan's assets have averaged an annual rate of investment return of 5.6%. We believe the 7.00% annual rate of return on Plan assets is within the range of reasonable assumptions. However, we recommend that the City monitor this assumption for continuing reasonableness at each future valuation.

**COMMENTS AND ANALYSIS  
(CONTINUED)**

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***Analysis of the Experience Gain (Loss)***      The experience gain(loss) reported on page A-3, is the net result of the following:

(a) From plan asset performance	\$ (4,220,729)
(b) Other sources ("net effect" of salary increases, terminations, new entrants, retirements, etc.)	<u>(5,161,752)</u>
<b>Total Gain/(Loss): [(a) + (b)]</b>	<b>\$ (9,382,481)</b>

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***Changes in the Annual Contribution***

The dollar amount of the plan's annual minimum required contribution (\$11,754,393) is approximately 8.3% higher than the level for the prior plan year (\$10,856,923). As a percentage of payroll, the contribution requirement is higher than last year (i.e., increasing from 47.0% to 47.3%). The important factors producing this change are summarized as follows:

1. Minimum Annual Contribution Requirement for prior plan year	\$ 10,856,923
2. Actual Asset Performance (based on actuarial value of assets)	277,127
3. Increase in Normal Cost and Amortization Amount due to anticipated pay increases	434,277
4. Changes in Assumptions	1,708,155
5. Change in amortization period from 22.5 years closed period as of 1/1/2011 to 35 years closed as of 1/1/2011	(2,019,370)
6. Other Sources (demographic (gains)/losses)	497,281
7. Minimum Annual Contribution Requirement for current plan year (sum of items 1 through 5)	<u>\$ 11,754,393</u>

## COMMENTS AND ANALYSIS (CONTINUED)

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***Comments on Actuarial Value of Assets*** Government accounting standards mandate the use of market value of assets or market-related value of assets for accounting purposes. The Pension Fund used market-related value of assets for both government accounting and funding purposes. This market-related value of assets will recognize gains and losses due to return on plan assets over a four-year period. Hence, only a portion of this year's investment loss (see Section B for details) is included in the current year actuarial value of assets. The remainder of the gain or loss will be incorporated into Pension Fund assets over the next three years. The purpose of this technique is to minimize contribution volatility due to fluctuations in the market value of assets. Finally, receivables for plan years prior to the current plan year which are not in Plan assets by December 31, 2010, are not included in assets for Government accounting standards purposes but are included in assets for funding purposes.

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***GASB Statements No. 25 and 27*** GASB Statement No. 25 is applicable to fiscal years beginning after June 15, 1996. It was adopted by the City of Joliet Police Officers Pension Fund in the January 1997 report. GASB Statement 27 is applicable to fiscal years beginning after June 15, 1997. It was adopted by the City of Joliet Police Officers Pension Fund in the January 1998 report. A transition pension liability (asset) has been developed under Statement No. 27 equal to the cumulative difference between the actuarially determined funding requirement and the actual amount contributed for fiscal years 1987 to the date GASB 27 is adopted. As of the adoption date, all outstanding pension liabilities (assets) are adjusted to equal the transition NPO. Section D of this report provides further details and explanations on these regulations.

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**SECTION B**  
PROJECTIONS

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**City of Joliet Police Officers Pension Fund**  
**Actuarial Valuation Projection Results Based on P.A. 96-1495 as of January 1, 2011 (Based on Projected Unit Credit Cost Method)**  
(\$ in Thousands)

Year	Actuarial Accrued Liability	Market Value of Assets	Actuarial Value of Assets	Unfunded Liability	Actuarial Value Funded Ratio	Uncapped Payroll	Capped Payroll	Employer Normal Cost	Statutory Minimum Contribution	Statutory Contribution % of Projected Pay	Employee Contributions	Benefit Payments
2011	\$248,263	\$119,105	\$133,877	\$ 114,386	53.93%	\$24,848	\$24,848	\$5,267	\$ 10,622	39.77%	\$ 2,462	\$ 9,116
2012	264,523	131,734	131,734	132,789	49.80%	25,751	25,751	5,506	11,046	39.77%	2,552	9,707
2013	281,662	144,483	144,483	137,180	51.30%	26,706	26,706	5,738	11,514	39.77%	2,647	10,404
2014	299,631	157,937	157,937	141,693	52.71%	27,771	27,771	5,958	11,992	39.77%	2,752	11,123
2015	318,463	172,182	172,182	146,281	54.07%	28,949	28,947	6,152	12,477	39.77%	2,869	11,889
2016	338,158	187,244	187,244	150,914	55.37%	30,150	30,145	6,322	12,970	39.77%	2,987	12,770
2017	358,631	203,071	203,071	155,560	56.62%	31,370	31,354	6,464	13,474	39.77%	3,107	13,747
2018	379,811	219,627	219,627	160,184	57.83%	32,608	32,572	6,581	13,996	39.77%	3,228	14,815
2019	401,623	236,880	236,880	164,743	58.98%	33,876	33,805	6,678	14,517	39.77%	3,350	15,971
2020	424,004	254,811	254,811	169,194	60.10%	35,188	35,064	6,738	15,018	39.77%	3,475	17,236
2021	446,845	273,351	273,351	173,493	61.17%	36,497	36,292	6,737	15,518	39.77%	3,596	18,660
2022	469,947	292,359	292,359	177,588	62.21%	37,759	37,427	6,677	16,050	39.77%	3,709	20,257
2023	493,075	311,676	311,676	181,399	63.21%	39,016	38,500	6,586	16,585	39.77%	3,815	21,982
2024	516,054	331,218	331,218	184,836	64.18%	40,352	39,587	6,442	17,149	39.77%	3,923	23,829
2025	538,696	350,879	350,879	187,816	65.13%	41,698	40,606	6,260	17,740	39.77%	4,024	25,774
2026	560,823	370,589	370,589	190,234	66.08%	43,116	41,612	6,049	18,372	39.77%	4,124	27,821
2027	582,260	390,272	390,272	191,987	67.03%	44,602	42,588	5,816	19,045	39.77%	4,220	29,920
2028	602,876	409,912	409,912	192,964	67.99%	46,189	43,557	5,572	19,779	39.77%	4,316	32,025
2029	622,593	429,541	429,541	193,052	68.99%	47,882	44,515	5,335	20,534	39.77%	4,411	34,131
2030	641,350	449,219	449,219	192,131	70.04%	49,727	45,504	5,084	21,339	39.77%	4,509	36,277
2031	659,034	468,934	468,934	190,100	71.15%	51,627	46,411	4,834	22,195	39.77%	4,599	38,459
2032	675,517	488,693	488,693	186,824	72.34%	53,650	47,295	4,592	23,106	39.77%	4,687	40,594
2033	690,772	508,599	508,599	182,172	73.63%	55,801	48,152	4,359	24,100	39.77%	4,772	42,692
2034	704,753	528,755	528,755	175,999	75.03%	58,092	48,988	4,162	25,139	39.77%	4,855	44,674
2035	717,525	549,381	549,381	168,143	76.57%	60,592	49,881	3,988	26,231	39.77%	4,943	46,585
2036	729,110	570,637	570,637	158,472	78.26%	63,203	50,723	3,842	27,409	39.77%	5,027	48,448
2037	739,495	592,666	592,666	146,828	80.14%	65,950	51,543	3,754	28,653	39.77%	5,108	50,149
2038	748,820	615,776	615,776	133,044	82.23%	68,909	52,436	3,724	29,963	39.77%	5,196	51,663
2039	757,274	640,311	640,311	116,962	84.55%	72,039	53,363	3,751	31,330	39.77%	5,288	53,014
2040	765,027	666,613	666,613	98,414	87.14%	75,333	54,332	3,830	8,871	10.78%	5,384	54,219
2041	772,244	695,020	695,020	77,224	90.00%	78,770	55,334	3,937	9,077	10.57%	5,484	55,338
2042	779,010	701,109	701,109	77,901	90.00%	82,286	56,304	4,071	9,292	10.36%	5,580	56,363
2043	785,413	706,871	706,871	78,541	90.00%	85,910	57,287	4,226	9,510	10.17%	5,677	57,278
2044	791,566	712,410	712,410	79,157	90.00%	89,651	58,307	4,393	9,728	9.99%	5,778	58,114
2045	797,552	717,797	717,797	79,755	90.00%	93,483	59,340	4,564	9,943	9.80%	5,881	58,891
2046	803,427	723,084	723,084	80,343	90.00%	97,405	60,386	4,735	10,148	9.62%	5,984	59,630

**City of Joliet Police Officers Pension Fund**  
**Actuarial Valuation Projection Results Based on 35 Years Closed Amortization as of January 1, 2011 (Based on Entry Age Normal Cost Method)**  
(\$ in Thousands)

Fiscal Year	Actuarial	Market	Actuarial	Unfunded	Actuarial Value	Uncapped	Capped	Employer	Annual	ARC as	City	City	Employee	Benefit
	Accrued	Value of	Value of						Required			Contribution		
	Liability	Assets	Assets	Liability	Funded Ratio	Payroll	Payroll	Normal Cost	Contribution <sup>1</sup>	% of Pay	Contribution	% of Pay	Contributions	Payments
2011	\$256,769	\$119,105	\$133,877	\$ 122,891	52.14%	\$24,848	\$24,848	\$5,154	\$11,671	46.97%	\$ 11,754	47.31%	\$ 2,462	\$ 9,116
2012	273,465	131,734	143,290	130,175	52.40%	25,751	25,751	5,278	12,192	47.35%	12,360	48.00%	2,552	9,707
2013	290,947	145,655	157,784	133,163	54.23%	26,706	26,706	5,407	12,496	46.79%	12,773	47.83%	2,647	10,404
2014	309,171	160,552	172,900	136,271	55.92%	27,771	27,771	5,537	12,798	46.08%	13,207	47.56%	2,752	11,123
2015	328,179	176,282	189,049	139,130	57.61%	28,949	28,949	5,650	13,071	45.15%	13,623	47.06%	2,869	11,889
2016	347,970	192,888	206,058	141,913	59.22%	30,150	30,145	5,749	13,325	44.19%	14,036	46.55%	2,987	12,770
2017	368,468	210,296	223,865	144,603	60.76%	31,370	31,354	5,833	13,729	43.77%	14,446	46.05%	3,107	13,747
2018	389,608	228,461	242,426	147,182	62.22%	32,608	32,572	5,904	14,134	43.35%	14,855	45.55%	3,228	14,815
2019	411,327	247,338	261,699	149,629	63.62%	33,876	33,805	5,966	14,544	42.93%	15,266	45.06%	3,350	15,971
2020	433,568	266,889	281,647	151,921	64.96%	35,188	35,064	6,004	14,947	42.48%	15,667	44.52%	3,475	17,236
2021	456,232	287,051	302,197	154,035	66.24%	36,497	36,292	6,004	15,326	41.99%	16,039	43.95%	3,596	18,660
2022	479,137	307,689	323,195	155,942	67.45%	37,759	37,427	5,966	15,684	41.54%	16,386	43.40%	3,709	20,257
2023	502,073	328,618	344,459	157,614	68.61%	39,016	38,500	5,911	16,041	41.11%	16,730	42.88%	3,815	21,982
2024	524,885	349,694	365,867	159,017	69.70%	40,352	39,587	5,819	16,381	40.59%	17,051	42.26%	3,923	23,829
2025	547,400	370,799	387,283	160,117	70.75%	41,698	40,606	5,703	16,714	40.08%	17,362	41.64%	4,024	25,774
2026	569,461	391,802	408,586	160,875	71.75%	43,116	41,612	5,565	17,049	39.54%	17,669	40.98%	4,124	27,821
2027	590,908	412,578	429,659	161,248	72.71%	44,602	42,588	5,413	17,391	38.99%	17,979	40.31%	4,220	29,920
2028	611,625	433,052	450,433	161,192	73.65%	46,189	43,557	5,249	17,746	38.42%	18,296	39.61%	4,316	32,025
2029	631,540	453,197	470,884	160,656	74.56%	47,882	44,515	5,086	18,130	37.86%	18,635	38.92%	4,411	34,131
2030	650,597	472,996	491,011	159,586	75.47%	49,727	45,504	4,904	18,526	37.25%	18,975	38.16%	4,509	36,277
2031	668,676	492,409	510,753	157,923	76.38%	51,627	46,411	4,717	18,949	36.70%	19,334	37.45%	4,599	38,459
2032	685,659	511,365	530,055	155,604	77.31%	53,650	47,295	4,529	19,408	36.18%	19,715	36.75%	4,687	40,594
2033	701,513	529,897	548,956	152,557	78.25%	55,801	48,152	4,342	19,911	35.68%	20,124	36.06%	4,772	42,692
2034	716,196	548,034	567,488	148,707	79.24%	58,092	48,988	4,175	20,482	35.26%	20,582	35.43%	4,855	44,674
2035	729,764	565,894	585,791	143,972	80.27%	60,592	49,881	4,010	21,115	34.85%	21,071	34.78%	4,943	46,585
2036	742,222	583,589	603,960	138,263	81.37%	63,203	50,723	3,855	21,824	34.53%	21,601	34.18%	5,027	48,448
2037	753,547	601,185	622,067	131,480	82.55%	65,950	51,543	3,728	22,645	34.34%	22,194	33.65%	5,108	50,149
2038	763,854	618,879	640,335	123,519	83.83%	68,909	52,436	3,627	23,603	34.25%	22,851	33.16%	5,196	51,663
2039	773,300	636,947	659,038	114,262	85.22%	72,039	53,363	3,552	24,731	34.33%	23,575	32.73%	5,288	53,014
2040	782,027	655,652	678,443	103,583	86.75%	75,333	54,332	3,501	26,089	34.63%	24,367	32.35%	5,384	54,219
2041	790,165	675,265	698,821	91,344	88.44%	78,770	55,334	3,463	27,768	35.25%	25,219	32.02%	5,484	55,338
2042	797,778	696,010	720,390	77,388	90.30%	82,286	56,304	3,440	29,977	36.43%	26,143	31.77%	5,580	56,363
2043	804,939	718,123	743,396	61,544	92.35%	85,910	57,287	3,436	33,202	38.65%	27,158	31.61%	5,677	57,278
2044	811,754	741,889	768,143	43,611	94.63%	89,651	58,307	3,447	38,876	43.36%	28,293	31.56%	5,778	58,114
2045	818,299	767,605	794,957	23,343	97.15%	93,483	59,340	3,470	54,165	57.94%	29,677	31.75%	5,881	58,891
2046	824,631	795,593	824,283	348	99.96%	97,405	60,386	3,504	32,542	33.41%	4,263	4.38%	5,984	59,630

<sup>1</sup> Based on an amortization period equal to the lesser 30 years and the amortization period used to determine the City's Contribution

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**SECTION C**

**BENEFIT PROVISIONS AND VALUATION DATA**

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**BRIEF SUMMARY OF PLAN PROVISIONS**  
**(JANUARY 1, 2011 )**

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***Plan*** Police Pension Fund as Incorporated in Chapter 40, Act 5, Article 3 of the Illinois Compiled Statutes

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***Effective Date*** Enacted: July 25, 1963

Last Amended Effective: January 1, 2011

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***Eligibility to Participate*** Generally, any person who is in the Police Department of a city, village or incorporated town (whose population is 500,000 or less) which has adopted the provisions of Chapter 40, Act 5, Article 3 of the Illinois Compiled Statutes concerning Police Officers' pensions, is eligible to participate, subject to the following:

- (a) The person has been appointed to the Police force of a Police Department and sworn and commissioned to perform Police duties; and
- (b) Within three months after receiving his/her first appointment (or within three months after any re-appointment) the person makes written application to the Board to be covered under the provisions of the Article; and
- (c) The person is found to be physically and mentally fit to perform the duties of a Police Officer.

Notwithstanding, the following persons are not considered eligible for participation in this Fund: part-time Police Officers, special Police Officers, night watchmen, temporary employees, traffic guards, or auxiliary Police Officers (specially appointed to aid or direct traffic at or near schools or public functions, or to aid in civil defense), municipal parking lot attendants, clerks or other civilian employees of a Police Department who perform clerical duties exclusively.

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## BRIEF SUMMARY OF PLAN PROVISIONS (CONTINUED)

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***Employee  
Contributions  
(Mandatory)***

In order to participate in the plan, each Police Officer must contribute 9.910% of his/her regular salary. "Salary" in this instance means annual salary and includes longevity pay attached to the Police Officer's rank but excludes overtime pay, holiday pay, bonus pay, merit pay or any other cash benefit over and above the salary established by the appropriation ordinance.

***Creditable Service***

"Creditable Service" is the time period during which a person serves as a Police Officer of a regularly constituted Police force of a municipality. Furloughs without pay exceeding 30 days in any one year shall not be counted, but all leaves of absence for illness or accident, regardless of length, shall be counted. Also, time attributable to disability for which the Police Officer does not receive disability pension benefits under this Article shall be counted as "Creditable Service."

In addition, creditable service includes all periods of service in the Military, Naval or Air Forces of the United States of America, entered into when the person was an active Police Officer, provided that the Police Officer contributes to the Fund the amount that he/she would have paid had he/she been a regular contributor during such Military service. Not more than five years may be counted under this provision.

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***Eligibility For and  
Amount of Regular  
Retirement Benefits***

***I. Age 50 (or  
More) and 20  
or More Years  
of Creditable  
Service***

Benefit: A Police Officer who is age 50 (or more) and has 20 years (or more) of Creditable Service and is no longer in service as a Police Officer is entitled to a pension payable for life equal to 50% of his/her salary attached to the rank held by the Officer one year immediately prior to retirement.

## BRIEF SUMMARY OF PLAN PROVISIONS (CONTINUED)

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Effective July 1, 1987, for persons terminating service on or after that date, the applicable salary will be the greater of: (1) the salary attached to the rank held on the last day of service; or (2) the salary one year prior to the last day of service.

For Creditable Service over 20 years, the pension is increased as follows:

- 2.5% of the Police Officer's salary for each additional year over 20 years of Creditable Service, up to 30 years, subject to the maximum of 75% of his/her salary.

Notwithstanding the above, no Pension in effect or granted for a Police Officer with 20 or more years of service after January 1999 is to be less than \$600.00 per month. This increases to \$800.00 per month on January 1, 2000, and \$1,000.00 per month on January 1, 2001.

***II. Eligibility—  
Age 60 (or  
More) and 8  
(but Less than  
20) Years of  
Creditable  
Service***

Benefit: A Police Officer who retires or is separated from service having at least 8 years (but less than 20) of Creditable Service and who does not apply for a refund of contributions at separation from service, is entitled to a monthly pension upon attaining age 60, payable for life, equal to years of Creditable Service multiplied by 2-1/2% of the salary attached to the rank he/she held in the Police force one year prior to retirement. Effective July 1, 1987, for persons terminating service on or after that date, the applicable salary will be the greater of: (1) the salary attached to the rank held on the last day of service; or (2) the salary one year prior to the last day of service.

## BRIEF SUMMARY OF PLAN PROVISIONS (CONTINUED)

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A Police Officer who is mandatorily retired from service by reason of age through an operation of law, and has accumulated at least 8 years (but less than 20 years) of Creditable Service, is entitled to a pension payable for life equal to years of Creditable Service multiplied by 2-1/2% of the salary attached to the rank he/she held on the Police force one year immediately prior to retirement. Effective July 1, 1987, for persons terminating service on or after that date, the applicable salary will be the greater of: (1) the salary attached to the rank held on the last day of service; or (2) the salary one year prior to the last day of service.

### *III. Pension Allowance Increases*

- A Police Officer who retired from service with 20 or more years of Creditable Service on or before July 1, 1971 is entitled to an increase of 3% of his/her original monthly pension for each year the Police Officer was in receipt of pension payments; such increase takes effect in the January of the year following the year in which he/she attains age 65, or January of 1972, if then age 65. Each subsequent January thereafter, the monthly pension is increased by 3% of the original monthly pension amount.
  
- A Police Officer who retired from service after July 1, 1971 and prior to January 1, 1986 is entitled to an increase of 3% of his/her original monthly pension either upon: (a) the first of the month following the first anniversary of his/her date of retirement if he/she was age 60 or more on the retirement date, or (b) the first of the month following the Police Officer's attainment of age 60 (if such occurs after the first anniversary of his/her retirement date). Each subsequent January thereafter, the monthly pension is increased by 3% of the original monthly pension amount.

## BRIEF SUMMARY OF PLAN PROVISIONS (CONTINUED)

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- A Police Officer who retired from service on or after January 1, 1986 is entitled to an increase of 3% of his/her original monthly pension for each full year that has elapsed since the pension began. This occurs either upon: (a) the first of the month following the anniversary of his/her date of retirement if he/she was age 55 or older on the retirement date, or (b) the first of the month following the Police Officer's attainment of age 55 (if such occurs after the first anniversary of his/her retirement date). Each subsequent January thereafter, the monthly pension is increased by 3% of the original monthly pension amount.
  
  - Notwithstanding the provisions of the second paragraph listed above, a Police Officer who retired from service after January 1, 1977 and prior to January 1, 1986 and did not receive a pension increase before July 1, 1987, is entitled to a 3% increase of his/her original monthly pension for each full year that has elapsed since the pension began. This occurs on the first day of the month following the later of either: (a) the first anniversary of the date of retirement, or (b) the attainment of age 55, or (c) July 1, 1987. Each subsequent January thereafter, the monthly pension is increased by 3% of the original pension amount.
  
  - Notwithstanding the provisions of the previous paragraphs, beginning with increases granted on or after July 1, 1993, the second and all subsequent automatic annual increases under these provisions shall be calculated as 3% of the amount of pension payable at the time of the increase, including any increases previously granted under the prior provisions, rather than 3% of the originally granted pension amount.
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## BRIEF SUMMARY OF PLAN PROVISIONS (CONTINUED)

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### *Eligibility For and Amount of Disability Benefits*

- I. Disability Incurred in the Line of Duty** If a Police Officer is injured or suffers an accident or sickness as the result of carrying out his/her duties as a Police Officer (even if those duties take him/her to a place away from the municipality in which he/she serves as a Police Officer, and assuming such duties are related to the Police protection service of such municipality), then such a disabled Police Officer is entitled to a disability retirement pension equal to the maximum of: (a) 65% of the monthly salary attached to the rank held by the officer in the Police Department at the date of suspension of duty or retirement, or (b) his/her accrued benefit.
- II. Disability on Account of Occupational Hazards** If a Police Officer suffers a heart attack as a result of the performance and discharge of duties as a Police Officer, then he/she is eligible for any benefits provided under this Article for Police Officers who are injured in the performance of an act of duty.
- III. Disability Due to Occurrences Unrelated to Duties** If a Police Officer becomes mentally or physically disabled as the result of any cause other than the performance of an act of duty, he/she is entitled to a disability pension equal to 50% of the salary attached to the rank held by the officer in the Police Department at the date of suspension of duty or retirement.
- Notwithstanding the provisions of I, II and III above, no disability pension in effect or granted after January 1, 1987 is to be less than \$600.00 per month. This increases to \$800.00 per month on January 1, 2000 and \$1,000.00 per month on January 1, 2001.
- IV. Special Disability Pension Option** A Police Officer, age 50 or more, who is receiving a disability pension and who has completed 20 years of service may apply for a retirement pension equal to 1/2 of the salary attached to his/her rank on the Police force at the date of his/her retirement for disability. In computing years of service for this benefit option, the period during which the Police Officer received a disability pension should be added to his/her period of active service.
- V. Disability Pension Allowance Increase** A Police Officer who is receiving a disability pension is entitled to receive an automatic increase upon the attainment of age 60. At this date, the monthly pension is increased by 3% of the original monthly pension for each year the Police Officer was in receipt of monthly pension payments. Each subsequent January thereafter, the monthly pension is again increased by 3% of the original monthly pension amount.

## BRIEF SUMMARY OF PLAN PROVISIONS (CONTINUED)

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### *Death Benefits to Surviving Spouse or Dependents*

- I. *Death in Line of Duty*** If a Police Officer dies while in the line of duty as a result of any injuries or if a Police Officer sustains injuries from which he/she thereafter dies, then the surviving spouse is entitled to a pension equal to 100% of the salary attached to the rank the Police Officer held for one year immediately prior to his/her death. This benefit is payable to the survivors in the sequence noted in Section VI — Rights on Death of a Pensioner.
- II. *Death in Service With 10 or More but Less than 20 Years of Creditable Service*** If a Police Officer dies while in service after having at least 10 but less than 20 years of Creditable Service, then his/her surviving spouse is entitled to a pension equal to 50% of the salary attached to the rank held by the Police Officer for one year immediately prior to his/her death. Such benefit is payable to the survivors in the sequence noted in Section VI — Rights on Death of a Pensioner.
- III. *Death in Service With 20 or More Years of Creditable Service*** If a Police Officer dies while in service after having at least 20 years of Creditable Service (regardless of age), then the surviving spouse is entitled to a pension earned by the Police Officer as of the date of death. Such benefit is payable to the survivors in the sequence noted in Section VI — Rights on Death of a Pensioner.
- IV. *Death While on Disability*** If a Police Officer who is receiving a disability pension dies while still disabled, his/her disability pension shall continue to be paid to the surviving spouse or dependents in the sequence noted in Section VI — Rights on Death of a Pensioner.

Notwithstanding the provisions of I, II, III or IV above, effective January 1, 1999, the minimum death benefit payable to the surviving spouse or dependents is \$400.00 per month. This increases to \$800.00 per month on January 1, 2000 and \$1,000 per month on January 1, 2001.

## BRIEF SUMMARY OF PLAN PROVISIONS (CONTINUED)

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***V. Less than 10 Years of Creditable Service***      If a Police Officer dies before he/she has 10 years of Creditable Service, all contributions made by the Officer shall be refunded to the surviving spouses without interest.

***VI. Rights on Death of a Pensioner***      If a Police Officer who was receiving or was entitled to receive a monthly pension dies, the surviving spouse is entitled to the pension to which the Police Officer was then entitled. Upon the surviving spouse's death or re-marriage, the Police Officer's unmarried children (under age 18) or unmarried children who are dependent because of a physical or mental disability are entitled to equal shares of the pension. If there is no eligible surviving spouse and no eligible children, the dependent parent or parents of the Police Officer are entitled to receive or share such pension until their death, or marriage, or remarriage.

**Special Note:** If a Police Officer marries subsequent to retirement on any pension, the surviving spouse and the children of such surviving spouse shall receive no pension on the death of the Officer.

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### ***Termination of Employment Benefits***

***Refund of Employee Contributions***      A Police Officer who has less than 20 Years of Service and who resigns or is discharged (and has not received any disability payments) is entitled to a refund of his/her total amount contributed to the Police Pension Fund during his/her period of service. If the Police Officer should be subsequently re-employed, he/she must repay to the fund the amount of refund which was received, plus interest at 2% per annum from the date of refund to the date of repayment, before commencing service. When repayment is made, the Police Officer will receive credit for the previous years of service for which the refund was received.

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## BRIEF SUMMARY OF PLAN PROVISIONS (CONTINUED)

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***Financing of Pension Benefits*** Pension benefits are to be funded by "employee" deductions from wages and salaries of Police Officers and by a property tax levied by the Municipality. The amount derived from these two sources should equal the sum sufficient to meet the annual actuarial requirements of the pension fund as stated below:

- (1) Provide a reserve for the pensions and benefits earned by the Police Officers and all beneficiaries — provided that the reserve to be accumulated shall not exceed the estimated total actuarial requirements of the fund,

and

- (2) In a municipality that has a reserve less than the actuarial requirements of the fund, the Board of the Pension Fund shall designate the proportionate amount needed annually to insure the accumulation of such actuarial reserve over a period of 35 years subsequent to January 1, 2011, in the case of pension funds in operation on that date.

The minimum funding requirements under P.A. 96-1495 are disclosed on the following page.

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***Administration*** The Police Pension Fund is administered by a Board of Trustees located in each municipality maintaining a Pension Fund for its Police Officers. Its duties are: to control and manage the pension fund, to enforce the collection of the contributions, to hear and determine applications for pensions, to authorize payment of pensions to establish rules, to pay expenses, to invest funds, and to keep records.

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### **Benefits Under P.A. 96-1495**

Under P.A. 96-1495, members of the City of Joliet Police Officers' Pension Fund hired after December 31, 2010, are eligible for the following tier-two benefits:

- Minimum retirement eligibility at age 55 with 10 years of service with annuity based on accrual rate of 2.5 percent, subject to a maximum of 75 percent;
- Minimum retirement eligibility at age 50 with 10 years of service with annuity based on accrual rate of 2.5 percent, reduced by ½ of a percent per month for retirement prior to age 55, subject to a maximum of 75 percent;
- Final average salary based on 96 consecutive months within last 120 months;
- Annual salary capped at \$106,800, indexed annually at lesser of 3.0 percent and 50 percent of CPI-U;
- COLA equal to lesser of 3.0 percent and 50 percent of CPI-U, commencing at age 60, with no cap, applied to originally granted retirement annuity;

## **BRIEF SUMMARY OF PLAN PROVISIONS (CONTINUED)**

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- Widow benefits at 66-2/3 percent of retiree's benefit; and,
- Widow COLAs equal to the lesser of 3.0 percent and 50 percent of CPI-U, commencing when the survivor reaches age 60 and applied to originally granted retirement annuity.

### **Minimum Funding Requirements under P.A. 96-1495**

P.A. 96-1495 includes the following changes to the statutory funding requirements:

- Employer contribution (combined with members contributions and other fund revenue) produces 90 percent funding by the end of fiscal year 2040
- Contributions based on open group projection and level percent of pay financing
- Actuarial liabilities based on projected unit credit cost method
- Assets marked to market at March 30, 2011. For fiscal years after March 30, 2011, actuarial value of assets based on 5-year smoothing.

If the City does not make the statutorily required contributions, then the State, starting in FY 2016, could withhold State grants to the City, and directly deposit the withheld funds into the City of Joliet Police Officers' Pension Fund. The withheld funds are limited to 33 percent of total State grants to the City in FY 2016, 67 percent in FY 2017, and 100 percent on and after FY 2018.

The contribution determined in accordance with P.A. 96-1495 serves as a minimum contribution requirement. The funding policy adopted for this valuation exceeds the minimum contribution established under this Public Act.

**ACTIVE MEMBERS AS OF JANUARY 1, 2011  
BY ATTAINED AGE AND YEARS OF SERVICE**

Attained Age	<u>Years of Service to Valuation Date</u>									Totals	<u>Totals</u> Valuation Payroll
	0	1-4	5-9	10-14	15-19	20-24	25-29	30-34	Over 35		
<b>Under 20</b>										<b>0</b>	<b>\$ 0</b>
<b>20-24</b>		2								<b>2</b>	<b>159,704</b>
<b>25-29</b>		17	7							<b>24</b>	<b>1,928,735</b>
<b>30-34</b>		16	21	8						<b>45</b>	<b>3,833,514</b>
<b>35-39</b>		6	20	29	11					<b>66</b>	<b>6,050,235</b>
<b>40-44</b>			5	21	28	8				<b>62</b>	<b>6,255,354</b>
<b>45-49</b>		1	1	4	15	16	3			<b>40</b>	<b>4,010,502</b>
<b>50-54</b>					4	7	5	2		<b>18</b>	<b>1,952,495</b>
<b>55-59</b>				1			3	1	1	<b>6</b>	<b>657,023</b>
<b>60-64</b>										<b>0</b>	<b>0</b>
<b>65-69</b>										<b>0</b>	<b>0</b>
<b>Over 70</b>										<b>0</b>	<b>0</b>
<b>Total</b>	<b>0</b>	<b>42</b>	<b>54</b>	<b>63</b>	<b>58</b>	<b>31</b>	<b>11</b>	<b>3</b>	<b>1</b>	<b>263</b>	<b>\$24,847,562</b>

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Age: 39.8 years  
Service: 13.1 years  
Annual Pay: \$94,477

## DEVELOPMENT OF ACTUARIAL (MARKET-RELATED) VALUE OF ASSETS

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<b>Expected Return on Market Value of Assets for Prior Year</b>	1. Market value of assets at 01/01/2010	\$	108,409,188
	2. Actual income and disbursements in prior year weighted for timing:		

Item	Amount	Weight for Timing	Weighted Amount
(a) Member Contributions	\$ 2,389,042	50.00%	\$ 1,194,521
(b) City Contributions	10,066,964	50.00%	5,033,482
(c) Miscellaneous Revenue	118,582	50.00%	59,291
(d) Benefit Payments	(8,819,052)	50.00%	(4,409,526)
(e) Administration	(55,643)	50.00%	(27,822)
(f) Total			\$ 1,849,946

	3. Market value of assets adjusted for actual income disbursements [(1) + (2)(f)]	\$	110,259,134
	4. Assumed rate of return on plan assets for the year		7.00%
	5. Expected return [(3) * (4)]	\$	7,718,139

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<b>Actual Return on Market Value of Assets for Prior Year</b>	6. Market value of assets at 01/01/2010	\$	108,409,188
	7. Income (less investment income) for prior plan year		12,574,588
	8. Disbursements paid in prior year		8,874,695
	9. Market value of assets at 01/01/2011		119,105,234
	10. Actual Return [(9) + (8) - (7) - (6)]		6,996,153

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<b>Gain/(Loss)</b>	11. Investment gain/(loss) for prior year [(10) - (5)]	\$	(721,986)
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**DEVELOPMENT OF ACTUARIAL (MARKET-RELATED) VALUE OF ASSETS  
(CONTINUED)**

<b>Actuarial Value of Assets as of 01/01/2011</b>	12. Market value of assets at 01/01/2011	\$ 119,105,234																									
	13. Deferred investment gains and (losses) for last 3 years:																										
	<table border="0" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 5%;"></th> <th style="width: 25%; text-align: center;"><b>Plan Year Beginning</b></th> <th style="width: 20%; text-align: center;"><b>Gain/(Loss)</b></th> <th style="width: 15%; text-align: center;"><b>Percent Deferred</b></th> <th style="width: 35%; text-align: center;"><b>Deferred Amount</b></th> </tr> </thead> <tbody> <tr> <td>a)</td> <td style="text-align: center;">2008</td> <td style="text-align: right;">\$(16,288,822)</td> <td style="text-align: center;">25.00%</td> <td style="text-align: right;">\$ (4,072,206)</td> </tr> <tr> <td>b)</td> <td style="text-align: center;">2009</td> <td style="text-align: right;">674,781</td> <td style="text-align: center;">50.00%</td> <td style="text-align: right;">337,391</td> </tr> <tr> <td>c)</td> <td style="text-align: center;">2010</td> <td style="text-align: right;">(721,986)</td> <td style="text-align: center;">75.00%</td> <td style="text-align: right;">(541,490)</td> </tr> <tr> <td>d)</td> <td style="text-align: center;">Total</td> <td style="text-align: right;">\$(16,336,027)</td> <td></td> <td style="text-align: right;">\$ (4,276,305)</td> </tr> </tbody> </table>		<b>Plan Year Beginning</b>	<b>Gain/(Loss)</b>	<b>Percent Deferred</b>	<b>Deferred Amount</b>	a)	2008	\$(16,288,822)	25.00%	\$ (4,072,206)	b)	2009	674,781	50.00%	337,391	c)	2010	(721,986)	75.00%	(541,490)	d)	Total	\$(16,336,027)		\$ (4,276,305)	
	<b>Plan Year Beginning</b>	<b>Gain/(Loss)</b>	<b>Percent Deferred</b>	<b>Deferred Amount</b>																							
a)	2008	\$(16,288,822)	25.00%	\$ (4,072,206)																							
b)	2009	674,781	50.00%	337,391																							
c)	2010	(721,986)	75.00%	(541,490)																							
d)	Total	\$(16,336,027)		\$ (4,276,305)																							
	14. Item (12) less item 13(d)	\$ 123,381,539																									
	15. 2011 Tax Year Levy (i.e., the 2010 Plan Year Contributions)	10,856,923																									
	16. Interest Adjustment on item (15) to 01/01/2011	(361,139)																									
	17. Actuarial Value of Plan Assets at 01/01/2011 [(14) + (15) + (16)]	\$ 133,877,323																									

- Notes:
- (1) The calculated value is determined by adjusting the market value of assets to reflect the investment gains and losses (the difference between the actual investment return and the expected investment return) during each of the last four years at the rate of 25% per year.
  - (2) Assumes the 2011 tax year levy is collected and deposited in the Pension Fund on July 1, 2011.

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**SECTION D**

VALUATION PROCEDURES

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## ACTUARIAL COST METHOD

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*Normal cost and the allocation of benefit values* between service rendered before and after the valuation date was determined using the *individual entry-age actuarial cost method* having the following characteristics:

- the annual normal costs for each individual active member, payable from the date of employment to the date of retirement, are sufficient to accumulate the value of the member's benefit at the time of retirement;
- each annual normal cost is a constant percentage of the member's year-by-year projected covered pay.

*Financing of Unfunded Actuarial Accrued Liabilities.* Unfunded actuarial accrued liabilities were amortized by level (principal and interest combined) percent of payroll contributions over 35 future years.

*Actuarial Value of Pension Plan Assets.* The current market value of assets (including discounted contributions due for prior Plan Years and not received as of the valuation date) is reduced (increased) for the current year and each of two succeeding years, by a portion of the gain/(loss) in market value during the prior year. Such gain/(loss) is determined as the excess/(deficit) of the current market value of assets over the market value of assets as of the prior year, increased to reflect interest at the actuarial rate and adjusted to reflect contributions and benefit payments during the prior year. The portion of such gain/(loss) by which the current market value of assets is reduced (increased) shall be 75% in the current year, 50% in the first succeeding year and 25% in the second succeeding year.

## ACTUARIAL ASSUMPTIONS IN THE VALUATION PROCESS

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The contribution and benefit values of the System are calculated by applying actuarial assumptions to the benefit provisions and census information furnished, using the actuarial cost method described on the previous page.

The principal areas of financial risk which require assumptions about future experiences are:

- long-term rates of investment return to be generated by the assets of the System
- patterns of pay increases to members
- rates of mortality among members, retirees and beneficiaries
- rates of withdrawal of active members
- rates of disability among members
- the age patterns of actual retirement.

In a valuation, the monetary effect of each assumption is calculated for as long as a present covered person survives; a period of time which can be as long as a century.

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Actual experience of the System will not coincide exactly with assumed experience. Each valuation provides a complete recalculation of assumed future experience and takes into account all past differences between assumed and actual experience. The result is a continual series of adjustments (usually small) to the computed contribution rate.

From time to time it becomes appropriate to modify one or more of the assumptions, to reflect experience trends (but not random year-to-year fluctuations).

Updated actuarial assumptions based on experience for the period January 1, 2005, through January 1, 2010, were adopted for this valuation.



## VALUATION ASSUMPTIONS

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The assumed rate of investment return used was 7.00%, net of expenses, annually.

The mortality table used to measure retirement mortality has been updated to the 1994 Group Annuity Mortality Table. This assumption is used to measure the probabilities of members dying before retirement and the probabilities of each benefit payment being made after retirement. This is a static table with no provisions for future mortality improvement.

<b>Single Life Retirement Values</b>				
<b>Sample Attained Ages</b>	<b>Present Value of \$1 Monthly for Life</b>		<b>Future Life Expectancy (years)</b>	
	<b>Men</b>	<b>Women</b>	<b>Men</b>	<b>Women</b>
50	\$ 147.78	\$ 154.93	30.69	34.89
55	138.58	147.42	26.15	30.17
60	127.35	137.85	21.83	25.59
65	114.51	126.50	17.84	21.28
70	100.68	113.58	14.29	17.31
75	85.70	98.39	11.12	13.60
80	70.13	81.90	8.37	10.31

The disability retirement mortality table was based on 110% of the 1994 Group Annuity Mortality Table.

<b>Single Life Retirement Values</b>				
<b>Sample Attained Ages</b>	<b>Present Value of \$1 Monthly for Life</b>		<b>Future Life Expectancy (years)</b>	
	<b>Men</b>	<b>Women</b>	<b>Men</b>	<b>Women</b>
50	\$ 146.24	\$ 153.76	29.80	34.03
55	136.65	145.92	25.29	29.34
60	125.02	135.95	21.01	24.78
65	111.80	124.22	17.08	20.51
70	97.71	110.98	13.60	16.60
75	82.56	95.50	10.51	12.96
80	66.96	78.84	7.85	9.75

**VALUATION ASSUMPTIONS  
(CONTINUED)**

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*Rates of separation from active membership* are represented by the following table (rates do not apply to members eligible to retire and do not include separation on account of death or disability). This assumption measures the probabilities of members terminating employment.

<b>Years of Service</b>	<b>Sample Employee Withdrawal Rate Per 1,000 Employees</b>	
	<b>Males</b>	<b>Females</b>
0	0.0	0.0
5	0.0	0.0
10	0.0	0.0
15	0.0	0.0
20	0.0	0.0
25	0.0	0.0
30 and Over	0.0	0.0

*The rates of salary increase* used for individual members are in accordance with the following table. This assumption is used to project a member's current salary to the salaries at the time upon which benefit amounts will be based.

<b>Years of Service</b>	<b>Salary Increase Assumptions For an Individual Member</b>
	<b>Increase</b>
1	30.00%
2	27.50%
3	18.00%
4	8.00%
>=5	5.25%

**VALUATION ASSUMPTIONS  
(CONTINUED)**

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*Sample rates of disability* were as follows:

<b>Employee Disablement Rate Per 1,000 Employees</b>		
<b>Age</b>	<b>Male</b>	<b>Female</b>
25	0.4	0.4
30	0.5	0.5
35	0.7	0.7
40	1.0	1.0
45	1.6	1.6
50	2.6	2.6
55	4.9	4.9
60	8.7	8.7
65	14.3	14.3

*Probabilities of retirement* for members eligible to retire during the next year were as follows:

<b>Rates of Retirement</b>			
<b>Age</b>	<b>Rate</b>	<b>Age</b>	<b>Rate</b>
50	7.5 %	60	25.0 %
51	7.5	61	50.0
52	15.0	62	50.0
53	15.0	63	50.0
54	15.0	64	50.0
55	25.0	65	100.0
56	25.0	66	100.0
57	25.0	67	100.0
58	25.0	68	100.0
59	25.0	69	100.0

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**SECTION E**

GASB STATEMENT NOS. 25 AND 27

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**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FUNDING PROGRESS**

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<b>Actuarial Valuation Date</b>	<b>GASB Value of Assets (a)</b>	<b>Actuarial Accrued Liability (b)</b>	<b>Unfunded AAL (UAAL) (b – a)</b>	<b>Funded Ratio (a / b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Payroll [(b – a)/c]</b>
1/1/2006	\$88,006,571	\$152,294,592	\$64,288,021	57.8%	\$19,409,307	331.2%
1/1/2007	95,538,634	182,417,318	86,878,684	52.4	23,422,967	370.9
1/1/2008	103,850,735	195,400,478	91,549,743	53.1	24,954,438	366.9
1/1/2009	108,992,202	207,987,440	98,995,238	52.4	24,731,587	400.3
1/1/2010	116,137,856	226,844,622	110,706,766	51.2	23,117,412	478.9
1/1/2011	123,381,539	256,768,733	133,387,194	48.1	24,847,562	536.8

## SCHEDULE OF EMPLOYER CONTRIBUTIONS

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<b>Fiscal Year Ended</b>	<b>Annual Required Contribution (a)</b>	<b>Total Employer Contribution (b)</b>	<b>Percentage Contributed (b / a)</b>
12/31/2006	\$ 5,248,252	\$ 4,450,585	84.8%
12/31/2007	7,363,057	5,291,233	71.9
12/31/2008	9,238,713	5,972,492	64.6
12/31/2009	9,749,187	9,475,303	97.2
12/31/2010	10,350,416	10,185,546	98.4
12/31/2011	11,670,558	TBD	TBD

## ANNUAL PENSION COST AND CONTRIBUTIONS

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**Contribution rates:**

**City** Proceeds from a tax levy equal to the sum of: (a) annual normal cost plus (b) amortization of unfunded liability as a level percent of pay between now and 1/1/2046 plus (c) interest on (a) and (b) to date of payment.

**Plan members** 9.910% of regular salary

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<b>Annual Required Contribution for fiscal year ending December 31, 2011:</b>	Net Annual Normal Cost (Municipality Paid)	\$	5,154,330
	Annual Amortization Payments for Funding Unfunded Actuarial Accrued Liability Over 30 Years as a level percentage of payroll		6,516,228
	Annual Required Contribution (ARC)	\$	11,670,558
<hr/>			
<b>Annual Pension Cost for fiscal year ending December 31, 2011:</b>	Annual Required Contribution (ARC)	\$	11,670,558
	Interest on Net Pension Obligation		500,337
	Adjustment to ARC		(349,178)
	Total Annual Pension Cost	\$	11,821,717
<hr/>			
<b>Net Pension Obligation (NPO):</b>	Net Pension Obligation (NPO) at Beginning of year, January 01, 2010:	\$	6,896,740
	Total Annual Pension Cost from Previous Year:		10,436,471
	Total Employer Contribution for year ended December 31, 2010:		10,185,546
	<b>Net Pension Obligation (NPO) at End of year, December 31, 2010:</b>	\$	7,147,665

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## PENSION COST SUMMARY FOR GASB #27

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<b>Year Ended December 31</b>	<b>Annual Pension Cost</b>	<b>Total Employer Contribution</b>	<b>% of Annual Pension Cost Contributed</b>	<b>Net Pension Obligation</b>
2007	\$ 7,393,679	\$ 5,291,233	71.6%	\$ 3,214,125
2008	9,288,977	5,972,492	64.3	6,530,610
2009	9,841,433	9,475,303	96.3	6,896,740
2010	10,436,471	10,185,546	97.6	7,147,665
2011	11,821,717	TBD	TBD	TBD



## SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

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The information requested in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

<i>Valuation Date</i>	January 1, 2011
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<i>Actuarial Cost Method</i>	Entry-Age-Normal
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<i>Actuarial Value of Assets</i>	4-year smoothed market
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<i>Amortization Method</i>	Level percent closed
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<i>Remaining Amortization Period</i>	30 years
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*Actuarial Assumptions:*

<i>Investment Rate of Return</i>	7.00% per year
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<i>Projected Salary Increases</i> *	5.25% per year with a three-year service-based select period
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<i>*Includes Wage Inflation Increases</i>	4.00% per year
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<i>Cost-of-Living Increases</i>	3.00% per year
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