

**CITY OF JOLIET  
RETIREE HEALTHCARE AND LIFE INSURANCE  
BENEFIT PROGRAMS – ACTUARIAL VALUATION  
FOR THE YEAR BEGINNING  
JANUARY 1, 2014**

May 8, 2015

Mr. Ken Mihelich  
Director of Administrative Services  
City of Joliet  
150 W. Jefferson Street  
Joliet, IL 60432-4158

Dear Ken:

We have performed an actuarial valuation as of January 1, 2014, of the Retiree Healthcare and Life Insurance Benefit Programs sponsored by the City of Joliet. The actuarial valuation was performed in order to:

- Measure the actuarial liability as of January 1, 2014, and
- Develop retiree healthcare accounting expense and disclosure information for fiscal years 2014 and 2015 as defined under the GASB Statement Nos. 43 and 45.

In addition, we have performed ten-year actuarial projections of the GASB expense and pro forma funding levels.

The valuation was based on the following:

- Census data as of January 1, 2014, as provided by the City of Joliet, and claims, enrollment and premium data for calendar years 2012, 2013 and 2014, as provided by BlueCross BlueShield and Gallagher Benefit Services, Inc.;
- Plan provisions and funding policy in effect as of January 1, 2014, as provided by the City of Joliet, BlueCross BlueShield and Gallagher Benefit Services, Inc. as summarized in Section D;
- Our understanding of the substantive plan in effect as currently being administered. That is, retiree and dependent premiums have not increased since 1988, and will continue to remain level in the future; and
- Actuarial assumptions and methods shown in Section E as used for Police and Fire in the actuarial valuations performed for the City of Joliet and as used for the non-public-safety non-state employees in the actuarial valuation for the Illinois Municipal Retirement Fund.

The calculations reported herein have been made on a basis consistent with GASB Statements Nos. 43 (*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*) and 45 (*Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension*). The undersigned are Members of the American Academy of Actuaries (M.A.A.A.) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

Mr. Ken Mihelich  
City of Joliet  
May 8, 2015  
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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.

The valuation was based upon information furnished by the City of Joliet concerning benefits provided by the City of Joliet Retiree Healthcare and Life Insurance Benefit Programs, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries. We checked for internal and year-to-year consistency, but did not otherwise audit the data. We are not responsible for the accuracy or completeness of the information provided by the City of Joliet.

If you have any questions or comments, please call us at 312.456.9800.

Sincerely,



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



Paul Wood, A.S.A., M.A.A.A., F.C.A.  
Consultant

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Enclosures

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## **SECTION A**

### EXECUTIVE SUMMARY

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## EXECUTIVE SUMMARY

This report presents the results of our actuarial valuation as of January 1, 2014, for the Retiree Healthcare and Life Insurance Benefit Programs sponsored by the City of Joliet. The valuation was based on GASB statement Nos. 43 and 45. Our valuation was based on a discount rate assumption of 4.5 percent and an ultimate healthcare trend assumption of 4.5 percent, as approved by the City of Joliet. The discount rate reflects the employer's pay-as-you-go funding policy.

The key valuation results are summarized below:

<b>Retiree Healthcare and Life Insurance Benefit Programs</b>					<b>Total 2012</b>
<b>4.5% Discount Rate and 4.5% Ultimate Trend</b>					
	<b>General Fund</b>	<b>Water/Sewer</b>	<b>Parking</b>	<b>Total</b>	
Actuarial Liability as of January 1, 2014	\$205,149,047	\$29,659,160	\$242,957	\$235,051,164	\$214,713,030
Normal Cost for FY 2014	\$ 9,323,001	\$ 692,633	\$ 7,308	\$ 10,022,942	\$ 10,472,580
GASB FY 2014 Expense (Annual OPEB Cost) (% of Payroll)	\$ 17,461,398 27.5%	\$ 1,808,647 24.6%	\$ 20,687 24.4%	\$ 19,290,732 27.2%	\$ 18,788,458 26.7%
FY 2014 Benefit Payments (% of Payroll)	\$ 5,580,209 8.8%	\$ 1,180,261 16.1%	\$ 7,697 9.1%	\$ 6,768,167 9.5%	\$ 6,171,923 8.8%
Actives	696	84	1	781	769
Retirees	417	77	1	495	459

The details of the valuation results by Fund are included in Section B of the report.

Based on our projected estimates, if the City of Joliet continues to fund retiree healthcare benefits on a pay-as-you-go basis, the Net OPEB Obligation is expected to grow to approximately \$225.1 million after nine years. The details of the projections are shown in Section B.

## EXECUTIVE SUMMARY (CONTINUED)

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### Changes in the Plan Costs and Liabilities Since the Actuarial Valuation as of January 1, 2012

The actuarial accrued liability at January 1, 2012, was \$214.7 million, and the projected annual actuarial accrued liability at January 1, 2014, based on the valuation as of January 1, 2012, was \$243.9 million. The actual accrued liability at January 1, 2014, is \$235.1 million.

The Annual Required Contribution (ARC) for fiscal year 2012 was \$18.1 million, and the projected annual required contribution for fiscal year 2014 based on the valuation as of January 1, 2012, was \$20.0 million. The actual annual required contribution for fiscal year 2014 is \$18.4 million.

The key factors contributing to the decrease in actuarial liabilities from the expected amount of \$243.9 million to the actual amount of \$235.1 million include:

- During the two years, the plan experienced favorable healthcare trend experience which decreased the actuarial liability by \$32.7 million. Claims costs were expected to grow by approximately 18 percent over the past two years. Actual claims cost were flat.
- Demographic experience caused actuarial liabilities to increase by \$15.2 million.
- Changes in OPEB related assumptions and methods increased actuarial liabilities by \$8.7 million. The key assumption change was updating the healthcare trend rates used to project the member's average healthcare claim costs after retirement. The medical trend assumption used for the valuation as of January 1, 2012, was 9.0 percent in 2013, decreasing by 1.0 percent each year to an ultimate trend rate of 5.0 percent in 2017. This assumption was changed for the valuation at January 1, 2014, to 8.0 percent in 2015, decreasing by 0.5 percent each year to an ultimate trend rate of 4.5 percent in 2022. GRS also included an excess trend rate of 0.44 percent over the base healthcare trend rate beginning in 2019 applied only to pre-Medicare per capita claim cost to account for the Excise Tax under the Health Care Reform Act.

### City of Joliet, Illinois

### Retiree Healthcare and Life Insurance Benefit Programs

### GASB 45 Actuarial Valuation as of January 1, 2014

### Reconciliation of Change in Accrued Liability

(\$ In Thousands)

1. Accrued liability as of 1/1/2012	\$ 214,713	
2. Projected accrued liability as of 1/1/2014	\$ 243,876	
3. Changes in accrued liability due to:		<u>Percent Increase</u>
a. Claims Experience	(32,740)	-13.42%
b. Updated Trend Assumption	8,725	3.58%
c. Demographic and Other	15,190	6.23%
d. Total (a.+ b.+ c.+ d.)	<u>\$ (8,825)</u>	<u>-3.61%</u>
4. Accrued liability as of 1/1/2014 (2.+3.e.)	\$ 235,051	

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## **SECTION B**

VALUATION RESULTS AT 4.5% DISCOUNT AND  
4.5% ULTIMATE TREND

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## **VALUATION RESULTS AT 4.5% DISCOUNT AND 4.5% ULTIMATE TREND**

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The following tables show the results of our valuation assuming a discount rate of 4.5 percent, salary increases comprised of a wage inflation component of 4.0 percent and a seniority and merit component that varies by age and/or service and an ultimate healthcare trend rate of 4.5 percent<sup>1</sup>. We believe these assumptions are consistent with the requirements of GASB Statement Nos. 43 and 45. According to paragraph 34(c) of GASB Statement No. 43 and paragraph 13(c) of GASB Statement No. 45, plans should use a discount rate consistent with the return on assets backing retiree healthcare benefits, which for pay-as-you-go plans will usually be the return earned by the employer's general assets.

The following tables are included in this section:

- GASB Valuation as of January 1, 2014, by Fund; and
- Ten-year GASB Projection for All Funds.

The ten-year GASB projections show an annual OPEB cost increasing from \$19.3 million in FY 2014 to \$30.0 million in FY 2023. When expressed as a percentage of payroll, OPEB expense is expected to increase from 27.2 percent to 29.7 percent of payroll. Expected retiree healthcare benefits are projected to increase from \$6.8 million in FY 2014 to about \$12.8 million in FY 2023. Expressed as a percentage of payroll, this is an increase from 9.5 percent in FY 2014 to 12.6 percent in FY 2023. The primary reason for the increase is due to the relationship between salary increases and healthcare trend increases. That is, salaries are expected to grow at 4.0 percent whereas healthcare benefits are expected to grow at 8.0 percent in 2015, 7.5 percent in 2016, etc., until the ultimate trend rate of 4.5 percent is reached in the year 2022.

The balance sheet liability or Net OPEB Obligation is expected to grow from \$94.2 million at FYE 2013 to \$225.1 million at FYE 2022. This increase is due to the fact that our calculations assume a pay-as-you-go funding policy; that is, employer contributions equal benefit payments for the current retiree group.

<sup>1</sup> Excess trend rate of 0.44% over the base healthcare trend rate beginning in 2019 applied only to pre-Medicare per capita claim cost to account for the Excise Tax under the Health Care Reform Act.

**City of Joliet, Illinois**  
**Retiree Healthcare and Life Insurance Benefit Programs**  
**GASB 45 Actuarial Valuation as of January 1, 2014**  
**Pay-as-you-go Funding Policy**

*Discount Rate* 4.50%  
*Salary Scale*<sup>1</sup> 4.00%  
*Ultimate Trend* 4.50%  
*Wage Inflation* 4.00%  
*Amortization: 30-year open, level percentage of payroll*

<i>Retiree Healthcare Program</i>	<b>General Fund</b>	<b>Water/Sewer Fund</b>	<b>Parking System</b>	<b>Total</b>
I) Actuarial Liability				
A) Health Insurance				
i) Active Employees <sup>2</sup>	\$ 106,970,358	\$ 10,968,353	\$ 197,088	\$ 118,135,799
ii) Retired and Disabled Participants	94,020,649	18,051,671	42,205	112,114,525
iii) Total	\$ 200,991,007	\$ 29,020,024	\$ 239,293	\$ 230,250,324
B) Life Insurance				
i) Active Employees <sup>2</sup>	\$ 843,434	\$ 94,870	\$ 3,664	\$ 941,968
ii) Retired and Disabled Participants	3,314,606	544,266	-	3,858,872
iii) Total	\$ 4,158,040	\$ 639,136	\$ 3,664	\$ 4,800,840
C) Total Liabilities	\$ 205,149,047	\$ 29,659,160	\$ 242,957	\$ 235,051,164
II) Assets	-	-	-	-
III) Unfunded Actuarial Liability (UAL)	\$ 205,149,047	\$ 29,659,160	\$ 242,957	\$ 235,051,164
IV) Net OPEB Obligation (boy)	\$ 87,548,037	\$ 6,140,374	\$ 506,090	\$ 94,194,501
V) Normal Cost				
A) Health Insurance	\$ 9,271,541	\$ 687,750	\$ 7,228	\$ 9,966,519
B) Life Insurance	51,460	4,883	80	56,423
C) Total	\$ 9,323,001	\$ 692,633	\$ 7,308	\$ 10,022,942
VI) Annual Required Contribution (ARC)				
A) Normal Cost	\$ 9,323,001	\$ 692,633	\$ 7,308	\$ 10,022,942
B) Amortization of UAL	7,324,482	1,058,928	8,674	8,392,084
C) Total	\$ 16,647,483	\$ 1,751,561	\$ 15,982	\$ 18,415,026
VII) Annual OPEB Cost				
i) ARC	\$ 16,647,483	\$ 1,751,561	\$ 15,982	\$ 18,415,026
ii) Interest on Net OPEB Obligation	3,939,662	276,317	22,774	4,238,753
iii) Adjustment to ARC	(3,125,747)	(219,231)	(18,069)	(3,363,047)
iv) Total	\$ 17,461,398	\$ 1,808,647	\$ 20,687	\$ 19,290,732
v) Percentage of Payroll	27.5%	24.6%	24.4%	27.2%
VIII) Expected Employer Contributions <sup>3</sup>				
i) Implicit Subsidy	\$ 1,327,004	\$ 338,372	\$ 2,270	\$ 1,667,646
ii) Explicit Subsidy	4,253,205	841,889	5,427	5,100,521
iii) Total	\$ 5,580,209	\$ 1,180,261	\$ 7,697	\$ 6,768,167
iv) Percentage of Payroll	8.8%	16.1%	9.1%	9.5%
IX) Payroll	\$ 63,555,003	\$ 7,338,587	\$ 84,738	\$ 70,978,328

<sup>1</sup> Base increase plus age or service based component.

<sup>2</sup> Active employees eligible for future retiree healthcare benefits

<sup>3</sup> Expected employer contributions to finance current retiree healthcare claims assuming pay-as-you-go funding.

**City of Joliet, Illinois**  
**Retiree Healthcare and Life Insurance Benefit Programs**  
**GASB 45 Actuarial Valuation as of January 1, 2014**  
**Pay-as-you-go Funding Policy**  
**Ten-year GASB Projection for All Funds**  
**(\$ in Thousands)**

*Discount Rate* 4.50%  
*Salary Scale*<sup>1</sup> 4.00%  
*Ultimate Trend* 4.50%  
*Wage Inflation* 4.00%

*Amortization: 30-year open, level percentage of payroll*

	<u>1/01/2014</u>	<u>1/01/2015</u>	<u>1/01/2016</u>	<u>1/01/2017</u>	<u>1/01/2018</u>	<u>1/01/2019</u>	<u>1/01/2020</u>	<u>1/01/2021</u>	<u>1/01/2022</u>	<u>1/01/2023</u>
<b>Retiree Healthcare and Life Insurance Programs</b>										
A) Actuarial Liability	\$ 235,051	\$ 249,184	\$ 263,815	\$ 278,960	\$ 294,581	\$ 310,697	\$ 327,403	\$ 344,773	\$ 362,702	\$ 381,199
B) Assets	-	-	-	-	-	-	-	-	-	-
C) Unfunded Actuarial Liability (UAL)	235,051	249,184	263,815	278,960	294,581	310,697	327,403	344,773	362,702	381,199
D) Net OPEB Obligation (boy)	94,195	106,717	119,718	133,211	147,159	161,581	176,570	192,198	208,363	225,073
E) Annual Required Contribution (ARC)										
i) Normal Cost	\$ 10,023	\$ 10,424	\$ 10,841	\$ 11,274	\$ 11,725	\$ 12,194	\$ 12,682	\$ 13,190	\$ 13,717	\$ 14,266
ii) Amortization of UAL	<u>8,392</u>	<u>8,897</u>	<u>9,419</u>	<u>9,960</u>	<u>10,517</u>	<u>11,093</u>	<u>11,689</u>	<u>12,310</u>	<u>12,950</u>	<u>13,610</u>
iii) Total	\$ 18,415	\$ 19,321	\$ 20,260	\$ 21,234	\$ 22,242	\$ 23,287	\$ 24,371	\$ 25,500	\$ 26,667	\$ 27,876
F) Annual OPEB Cost										
i) ARC	\$ 18,415	\$ 19,321	\$ 20,260	\$ 21,234	\$ 22,242	\$ 23,287	\$ 24,371	\$ 25,500	\$ 26,667	\$ 27,876
ii) Interest on Net OPEB Obligation	4,239	4,802	5,387	5,994	6,622	7,271	7,946	8,649	9,376	10,128
iii) Adjustment to ARC	<u>(3,363)</u>	<u>(3,810)</u>	<u>(4,274)</u>	<u>(4,756)</u>	<u>(5,254)</u>	<u>(5,769)</u>	<u>(6,304)</u>	<u>(6,862)</u>	<u>(7,439)</u>	<u>(8,036)</u>
iv) Total	\$ 19,291	\$ 20,313	\$ 21,373	\$ 22,473	\$ 23,611	\$ 24,790	\$ 26,013	\$ 27,286	\$ 28,604	\$ 29,968
v) Percentage of Payroll	27.2%	27.5%	27.8%	28.1%	28.4%	28.7%	29.0%	29.2%	29.4%	29.7%
G) Expected Employer Contributions										
i) Implicit Subsidy	\$ 1,668	\$ 1,781	\$ 1,895	\$ 2,040	\$ 2,185	\$ 2,296	\$ 2,380	\$ 2,549	\$ 2,740	\$ 2,968
ii) Explicit Subsidy	<u>5,100</u>	<u>5,531</u>	<u>5,985</u>	<u>6,485</u>	<u>7,004</u>	<u>7,504</u>	<u>8,005</u>	<u>8,572</u>	<u>9,155</u>	<u>9,789</u>
iii) Total	\$ 6,768	\$ 7,312	\$ 7,880	\$ 8,525	\$ 9,189	\$ 9,800	\$ 10,385	\$ 11,121	\$ 11,895	\$ 12,757
iv) Percentage of Payroll	9.5%	9.9%	10.3%	10.7%	11.1%	11.3%	11.6%	11.9%	12.2%	12.6%
H) Payroll	\$ 70,978	\$ 73,817	\$ 76,770	\$ 79,841	\$ 83,035	\$ 86,356	\$ 89,810	\$ 93,403	\$ 97,139	\$ 101,024

<sup>1</sup> Base increase plus age or service based component.

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**SECTION C**  
SENSITIVITY PROJECTIONS

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## **SENSITIVITY PROJECTIONS**

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One of the key objectives of GASB 45 is to accrue an expense, for the value of future retiree healthcare benefits, during the working lifetime of an active employee. This objective requires a systematic means of spreading the present value of benefits over the person's working career. Actuarial cost methods are specifically designed to meet this objective.

It is important to note that GASB 45 does not require that a plan sponsor pre-fund retiree healthcare benefits during an employees working career. GASB 45 only requires accruing an expense for retiree healthcare benefits and reporting a balance sheet liability representing the cumulative difference between annual expense and employer contributions. However, sponsors that pre-fund retiree healthcare benefits will experience a significant reduction in the annual expense and balance sheet liability.

From 2014 to 2023, the annual expense is projected to increase from \$19.3 million to \$30.0 million under the pay-as-you-go funding policy and from \$15.2 million to \$19.6 million under the full funding policy. The annual employer's contribution is projected to increase from \$6.8 million to \$12.8 million under the pay-as-you-go policy and from \$13.0 million to \$16.9 million under the full funding policy.

Pre-funding benefits has several key advantages including the use of a higher discount which produces lower expense, and more stable costs. However, pre-funding would require additional near-term financing sources.

**City of Joliet, Illinois**  
**Retiree Healthcare and Life Insurance Benefit Programs**  
**GASB 45 Actuarial Valuation as of January 1, 2014**  
**Full Funding Policy**

*Discount Rate* 7.50%  
*Salary Scale*<sup>1</sup> 4.00%  
*Ultimate Trend* 4.50%  
*Wage Inflation* 4.00%

*Amortization: 30-year open, level percentage of payroll*

**Retiree Healthcare Program**

	<b>General Fund</b>	<b>Water/Sewer Fund</b>	<b>Parking System</b>	<b>Total</b>
D) Actuarial Liability				
A) Health Insurance				
i) Active Employees <sup>2</sup>	\$ 67,680,558	\$ 6,846,586	\$ 144,270	\$ 74,671,414
ii) Retired and Disabled Participants	<u>68,086,195</u>	<u>13,192,679</u>	<u>36,474</u>	<u>81,315,348</u>
iii) Total	\$ 135,766,753	\$ 20,039,265	\$ 180,744	\$ 155,986,762
B) Life Insurance				
i) Active Employees <sup>2</sup>	\$ 441,246	\$ 49,112	\$ 2,321	\$ 492,679
ii) Retired and Disabled Participants	<u>2,187,118</u>	<u>349,872</u>	<u>-</u>	<u>2,536,990</u>
iii) Total	\$ 2,628,364	\$ 398,984	\$ 2,321	\$ 3,029,669
C) Total Liabilities	\$ 138,395,117	\$ 20,438,249	\$ 183,065	\$ 159,016,431
II) Assets	-	-	-	-
III) Unfunded Actuarial Liability (UAL)	\$ 138,395,117	\$ 20,438,249	\$ 183,065	\$ 159,016,431
IV) Net OPEB Obligation (boy)	\$ 87,548,037	\$ 6,140,374	\$ 506,090	\$ 94,194,501
V) Normal Cost				
A) Health Insurance	\$ 4,455,766	\$ 325,737	\$ 3,077	\$ 4,784,580
B) Life Insurance	<u>20,522</u>	<u>1,994</u>	<u>27</u>	<u>22,543</u>
C) Total	\$ 4,476,288	\$ 327,731	\$ 3,104	\$ 4,807,123
VI) Annual Required Contribution (ARC)				
A) Normal Cost	\$ 4,476,288	\$ 327,731	\$ 3,104	\$ 4,807,123
B) Amortization of UAL	<u>7,157,476</u>	<u>1,057,019</u>	<u>9,468</u>	<u>8,223,963</u>
C) Total	\$ 11,633,764	\$ 1,384,750	\$ 12,572	\$ 13,031,086
VII) Annual OPEB Cost				
i) ARC	\$ 11,633,764	\$ 1,384,750	\$ 12,572	\$ 13,031,086
ii) Interest on Net OPEB Obligation	6,566,103	460,528	37,957	7,064,588
iii) Adjustment to ARC	<u>(4,527,783)</u>	<u>(317,566)</u>	<u>(26,174)</u>	<u>(4,871,523)</u>
iv) Total	\$ 13,672,084	\$ 1,527,712	\$ 24,355	\$ 15,224,151
v) Percentage of Payroll	21.5%	20.8%	28.7%	21.4%
VIII) Expected Employer Contributions <sup>3</sup>				
i) Implicit Subsidy	\$ 1,327,004	\$ 338,372	\$ 2,270	\$ 1,667,646
ii) Explicit Subsidy	4,253,205	841,889	5,427	5,100,521
iii) Additional Funding	<u>6,053,555</u>	<u>204,489</u>	<u>4,875</u>	<u>6,262,919</u>
iv) Total	\$ 11,633,764	\$ 1,384,750	\$ 12,572	\$ 13,031,086
i) Percentage of Payroll	18.3%	18.9%	14.8%	18.4%
IX) Payroll	\$ 63,555,003	\$ 7,338,587	\$ 84,738	\$ 70,978,328

<sup>1</sup> Base increase plus age or service based component.

<sup>2</sup> Active employees eligible for future retiree healthcare benefits.

<sup>3</sup> Expected employer contributions to finance current retiree healthcare claims assuming pay-as-you-go funding.

**City of Joliet, Illinois**  
**Retiree Healthcare and Life Insurance Benefit Programs**  
**GASB 45 Actuarial Valuation as of January 1, 2014**  
**Full Funding Policy**  
**Ten-year GASB Projection for All Funds**  
**(\$ in Thousands)**

*Discount Rate* 7.50%  
*Salary Scale*<sup>1</sup> 4.00%  
*Ultimate Trend* 4.50%  
*Wage Inflation* 4.00%

*Amortization: 30-year open, level percentage of payroll*

	<u>1/01/2014</u>	<u>1/01/2015</u>	<u>1/01/2016</u>	<u>1/01/2017</u>	<u>1/01/2018</u>	<u>1/01/2019</u>	<u>1/01/2020</u>	<u>1/01/2021</u>	<u>1/01/2022</u>	<u>1/01/2023</u>
<b>Retiree Healthcare and Life Insurance Programs</b>										
A) Actuarial Liability	\$ 159,016	\$ 169,093	\$ 179,568	\$ 190,455	\$ 201,713	\$ 213,360	\$ 225,488	\$ 238,171	\$ 251,304	\$ 264,891
B) Assets	-	6,494	13,301	20,435	27,853	35,568	43,673	52,236	61,152	70,423
C) Unfunded Actuarial Liability (UAL)	159,016	162,599	166,267	170,019	173,861	177,792	181,816	185,935	190,151	194,468
D) Net OPEB Obligation (boy)	94,195	96,388	98,632	100,928	103,278	105,682	108,143	110,661	113,237	115,874
E) Annual Required Contribution (ARC)										
i) Normal Cost	\$ 4,807	\$ 4,999	\$ 5,199	\$ 5,407	\$ 5,624	\$ 5,849	\$ 6,083	\$ 6,326	\$ 6,579	\$ 6,842
ii) Amortization of UAL	8,224	8,409	8,599	8,793	8,992	9,195	9,403	9,616	9,834	10,057
iii) Total	\$ 13,031	\$ 13,408	\$ 13,798	\$ 14,200	\$ 14,616	\$ 15,044	\$ 15,486	\$ 15,942	\$ 16,413	\$ 16,899
F) Annual OPEB Cost										
i) ARC	\$ 13,031	\$ 13,408	\$ 13,798	\$ 14,200	\$ 14,616	\$ 15,044	\$ 15,486	\$ 15,942	\$ 16,413	\$ 16,899
ii) Interest on Net OPEB Obligation	7,065	7,229	7,397	7,570	7,746	7,926	8,111	8,300	8,493	8,691
iii) Adjustment to ARC	(4,872)	(4,985)	(5,101)	(5,220)	(5,341)	(5,466)	(5,593)	(5,723)	(5,856)	(5,993)
iv) Total	\$ 15,224	\$ 15,653	\$ 16,095	\$ 16,550	\$ 17,020	\$ 17,504	\$ 18,003	\$ 18,518	\$ 19,049	\$ 19,597
v) Percentage of Payroll	21.4%	21.2%	21.0%	20.7%	20.5%	20.3%	20.0%	19.8%	19.6%	19.4%
G) Expected Employer Contributions										
i) Implicit Subsidy	\$ 1,668	\$ 1,781	\$ 1,895	\$ 2,040	\$ 2,185	\$ 2,296	\$ 2,380	\$ 2,549	\$ 2,740	\$ 2,968
ii) Explicit Subsidy	5,100	5,531	5,985	6,485	7,004	7,504	8,005	8,572	9,155	9,789
iii) Additional Funding	6,263	6,096	5,918	5,675	5,427	5,244	5,101	4,821	4,518	4,142
iv) Total	\$ 13,031	\$ 13,408	\$ 13,798	\$ 14,200	\$ 14,616	\$ 15,044	\$ 15,486	\$ 15,942	\$ 16,413	\$ 16,899
v) Percentage of Payroll	18.4%	18.2%	18.0%	17.8%	17.6%	17.4%	17.2%	17.1%	16.9%	16.7%
H) Payroll	\$ 70,978	\$ 73,817	\$ 76,770	\$ 79,841	\$ 83,035	\$ 86,356	\$ 89,810	\$ 93,403	\$ 97,139	\$ 101,024

<sup>1</sup> Base increase plus age or service based component.

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**SECTION D**  
PLAN PROVISIONS

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## PLAN PROVISIONS

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Following are the plan provisions reflected in our valuation of the City of Joliet retiree healthcare and life insurance benefits as of January 1, 2014.

### **Medical Insurance Benefits:**

#### ***Benefits Provided for Plan Year beginning January 1, 2014***

City of Joliet provides pre and post-Medicare health care benefits to retired employees and their dependents provided they satisfy one of the following requirements:

- 1) General, Water/Sewer and Parking Employees: Age 55 with 8 or more years of service and retired under the IMRF Pension Plan.
- 2) Police Officers: 20 years (or more) of Creditable Service and is no longer in service as a Police Officer.
- 3) Firefighters: Age 50 (or more) with 20 years (or more) of Creditable Service, is no longer in service as a Firefighter and retired under the City of Joliet Fire Pension Plan.
- 4) Medically disabled and totally and permanently unable to work.

The City of Joliet also provides healthcare benefits to the survivors of deceased employees and retired members. Coverage for spouses of deceased plan members will terminate if they remarry.<sup>1</sup>

#### ***Coordination with Medicare***

Benefits for members eligible for Medicare modified as follows:

The amount payable under the City's health plan will be reduced by the amount payable under Medicare for those expenses that are covered by both. Prescription drug benefits for post-Medicare retirees and dependents do not reflect a plan change or federal subsidy as available under the Medicare Prescription Drug, Improvement and Modernization Act, beginning in 2006. We understand the City of Joliet has applied for a Medicare Part D Subsidy.

***Funding Policy.*** Retiree health care benefits are funded on a pay as you go basis. Benefits are self-insured up to certain stop loss limits.

#### ***Eligible Benefit Programs:***

We have assumed retirees opting out of the retiree health program cannot reenter into the program. A brief description of the medical healthcare plan offered by the City of Joliet and the required retiree contributions are shown on the following pages:

<sup>1</sup> Currently the City is only charging survivors and dependents of deceased employees and retired members the 1988 blended premium.

**PLAN PROVISIONS (CONTINUED)**

**BlueCross BlueShield**

<b>Plan Feature</b>	<b>BCBS Providers</b>	<b>Non-BCBS Providers</b>												
Annual Deductible	\$ 250 per person \$ 500 per family	\$ 500 per person \$ 1,000 per family												
Out of Pocket Maximum	\$ 1,000 per person \$ 3,000 per family	\$ 3,000 per person \$ 9,000 per family												
<u>Covered Services</u>	<u>Coinsurance</u>	<u>Coinsurance</u>												
-Physicians Visits	80% (After deductible)	70% (After deductible)												
-Emergency Care	80% (After deductible)	80% (After deductible)												
-Inpatient Services	100%	70% (After deductible)												
-Outpatient Services	100%	70%												
Prescription Drug Copays	<table border="0"> <tr> <td></td> <td><u>Retail</u></td> <td><u>Mail Order</u></td> </tr> <tr> <td>Generic</td> <td>\$8</td> <td>\$14</td> </tr> <tr> <td>Brand if no generic available</td> <td>\$15</td> <td>\$28</td> </tr> <tr> <td>Brand if generic available</td> <td>\$35</td> <td>\$68</td> </tr> </table>		<u>Retail</u>	<u>Mail Order</u>	Generic	\$8	\$14	Brand if no generic available	\$15	\$28	Brand if generic available	\$35	\$68	75% of eligible charge less the applicable co-pay
	<u>Retail</u>	<u>Mail Order</u>												
Generic	\$8	\$14												
Brand if no generic available	\$15	\$28												
Brand if generic available	\$35	\$68												
Maximum Lifetime Benefit	N/A	N/A												

Medical benefits are coordinated with Medicare.

**PLAN PROVISIONS (CONTINUED)**

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**Retiree Cost Sharing Provisions**

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Police and Fire retirees as well as IMRF retirees with 20 or more years of service receive single healthcare coverage at no charge to the member. IMRF retirees with less than 20 years of service pay a portion of the 1988 single premium rate according to the following schedule. Members electing dependent coverage must pay the 1988 rate for the additional coverage. Surviving spouses pay the 1988 single premium rate.

<u>Years of Service</u>	<u>Retiree Share of 1988 Rate for Single Coverage</u>
20 or more	0%
15-19	25%
12-14	35%
8-11	50%

**1988 Blended Premium Rates**

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Pre-Medicare Single	\$118.20
Pre-Medicare Additional Premium for Dependents	\$217.68
Medicare Single	\$ 59.10
Child Only	\$ 99.60

**100% Healthcare and Vision Blended Premium rates as of January 1, 2014**

	<b>Coverage Type</b>		
	<b>Single</b>	<b>2 Person</b>	<b>Family</b>
Medicare Eligible	\$ 395.83	\$ 791.67	
No Members Medicare Eligible	\$ 747.62	\$ 1,447.66	\$ 1,903.71

**Life Insurance Benefits:**

1. Police Officers: Group term life insurance of \$12,500 at City's expense
2. Firefighters, Water/Sewer, Parking and General Employees: Group term life insurance of \$10,000 at City's expense
3. Mayor, Council, and Liquor Commissioners: Group term life insurance of \$25,000 at City's expense

On January 1, 2012, the City adjusted the life insurance plan for current employees raising their amounts for all the exempt groups to a flat \$50,000. At the same time they will no longer be offering retired individuals from these groups a lifetime benefit. Retirees prior to this date were grandfathered in. Grandfathered life insurance benefits for exempt members are as follows:

1. Exempt I: Group term life insurance of \$25,000 at City's expense
2. Exempt II: Group term life insurance of \$20,000 at City's expense
3. Exempt III: Group term life insurance of \$15,000 at City's expense
4. Exempt IV: Group term life insurance of \$10,000 at City's expense

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**SECTION E**

ACTUARIAL METHODS AND ASSUMPTIONS

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## ACTUARIAL METHODS AND ASSUMPTIONS

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### **Development of Per Capita Claim Costs**

Per capita claims costs were developed using paid claim experience adjusted to incurred claims, estimated administrative expense, and enrollment information for calendar years 2012 through 2014 for all members enrolled in the BlueCross BlueShield program. Retiree costs were developed using standard morbidity assumptions. Finally, average retiree costs were adjusted by trend to plan year 2014. Separate costs were developed for pre-Medicare and post-Medicare medical coverage and prescription drug coverage.

Prescription drug per capita claims costs and liabilities for post-Medicare retirees and dependents do not reflect future federal subsidies or plan changes due to the introduction of Medicare Part D.

### **Cost Method and Expense Calculations for Retiree Healthcare Benefits**

The retiree healthcare valuation was based on the entry age normal cost method. Under this method, each participant's projected benefits are assumed to be funded by annual installments, equal to a level percentage of compensation, payable from date of participation to assumed date of retirement. The total normal cost is the sum of the current year's annual installment determined for all active participants. The actuarial accrued liability is the excess value of the present value of future benefits for all participants (both active and retired) over the present value of future normal costs.

Under GASB Statement Nos. 43 and 45, the entry age normal method is an acceptable cost method. The Annual Required Contribution (ARC) equals the normal cost plus the amortization of the unfunded actuarial accrued liability. The amortization cannot exceed 30 years. Our calculations assume a level-percentage-of-pay 30-year open amortization period. The Annual Expense or Annual OPEB Cost equals the ARC plus interest on the Net OPEB Obligation less an adjustment to ARC.

The Net OPEB Obligation or balance sheet liability is equal to the cumulative difference between the Annual OPEB Costs and employer contributions. The OPEB liability at transition date, January 1, 2006, was set to zero.

### **Actuarial Assumptions**

The actuarial assumptions used in our valuation are outlined on the following pages.

**ACTUARIAL METHODS AND ASSUMPTIONS (CONTINUED)**

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<b>Measurement Date</b>	January 1, 2014
<b>Discount Rate</b>	4.50%
<b>Price Inflation</b>	3.00%
<b>Wage Inflation</b>	4.00%
<b>OPEB Assumptions</b>	

<u>Applied January 1</u>	<u>Healthcare Trend<sup>1</sup></u>
2015	8.00%
2016	7.50%
2017	7.00%
2018	6.50%
2019	6.00%
2020	5.50%
2021	5.00%
2022+	4.50%

<sup>1</sup>Excess trend rate of 0.44% over the base healthcare trend rate beginning in 2019 applied only to pre-Medicare per capita claim cost to account for the Excise Tax under the Health Care Reform Act.

**Per Capita Claim Costs for Plan Year 2014**

<u>Age</u>	<u>Medical/RX Costs</u>	
	<u>Male</u>	<u>Female</u>
40	\$ 4,360	\$ 6,428
45	5,923	7,298
50	8,014	8,546
55	10,474	10,132
60	13,158	11,903
64	15,315	13,360
65	5,268	4,566
70	6,077	5,143
75	6,747	5,635
80	7,234	6,001

## ACTUARIAL METHODS AND ASSUMPTIONS (CONTINUED)

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### Participation and Election Assumptions

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Percent of future retirees electing post-retirement healthcare coverage	100%
Percent married	80%
Of those married, percent married electing spouse healthcare coverage	80%
Percent of surviving spouses continuing coverage after death of retiree	60%

Females are assumed to be three years younger than their spouse

### Pension-Related Assumptions

The pension-related assumptions disclosed in the Illinois Municipal Retirement Fund actuarial valuation report as of December 31, 2013, are assumed for general employees. GRS assumptions used for valuations as of January 1, 2014, of the Police and Fire Pension Funds were assumed for Police and Fire employees.

## ACTUARIAL METHODS AND ASSUMPTIONS (CONTINUED)

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Age	Salary Increase	
	Service	Regular IMRF
	0	7.0%
	1	5.0%
	2	3.5%
	3	3.0%
	4	2.0%
	5	1.5%
25	6 & Over	6.0%
30		5.7%
35		5.2%
40		4.9%
45		4.7%
50		4.6%
55		4.5%
60		4.4%

For IMRF Employees, a person with 6 or more years of service, the assumed pay increase during the coming year is found in the 6 or more years of service total column. For a person with less than 6 years of service, the % increase from the less than 6 years column that corresponds to the person's service is added to the increase from the 6 or more years of service total column that corresponds to the person's age to get the total assumed increase. For example, a 40-year-old with 8 years of service is assumed to get a 4.9% pay increase during the coming year. But a 40-year-old with 4 years of service is assumed to get a 6.9% increase (4.9% + 2.0%).

Years of Service	Salary Increase	
	Police	Fire
1	30.00%	30.00%
2	27.50%	27.50%
3	18.00%	20.00%
4	8.00%	15.00%
>=5	5.25%	5.25%

For members with no salary provided in the data, we assumed their salary was equal to the average salary of the other members.



**ACTUARIAL METHODS AND ASSUMPTIONS (CONTINUED)**

*Demographic Assumptions*

**Mortality Regular IMRF**

Age	Healthy - Retiree		Disabled - Retiree		Healthy Active	
	Male	Female	Male	Female	Male	Female
20	0.0282%	0.0127%	0.0482%	0.0199%	0.0165%	0.0055%
25	0.0370%	0.0144%	0.0839%	0.0351%	0.0216%	0.0062%
30	0.0482%	0.0199%	0.1103%	0.0480%	0.0281%	0.0086%
35	0.0839%	0.0351%	0.1393%	0.0749%	0.0489%	0.0152%
40	0.1103%	0.0480%	0.1784%	0.1094%	0.0643%	0.0209%
45	0.1393%	0.0749%	0.2963%	0.2129%	0.0813%	0.0326%
50	0.1784%	0.1094%	0.5864%	0.4207%	0.1041%	0.0476%
55	0.2963%	0.2129%	1.1528%	0.8078%	0.1728%	0.0926%
60	0.5864%	0.4207%	1.9696%	1.3933%	0.3421%	0.1829%
65	1.1528%	0.8078%	3.4246%	2.2020%	0.6725%	0.3512%
70	1.9696%	1.3933%	6.3176%	3.6677%	1.1489%	0.6058%
75	3.4246%	2.2020%	11.5488%	6.3171%	1.9977%	0.9574%
80	6.3176%	3.6677%	20.3136%	11.4082%	3.6853%	1.5946%

*The RP-2000 Combined Healthy Mortality Table, sex distinct, adjusted for mortality improvements to 2020 using projection scale AA, with a multiplier of 1.20 for males and 0.92 for female is used for healthy retiree mortality. For disabled lives, the mortality rates are the rates applicable to healthy retiree lives set forward 10 years. The RP-2000 Combined Healthy Mortality Table, sex distinct, adjusted for mortality improvements to 2020 using projection scale AA, with a multiplier of 0.7 for males and 0.4 for females is used for healthy active mortality.*

**Mortality Police and Fire**

Age	Healthy		Disabled	
	Male	Female	Male	Female
20	0.0507%	0.0284%	0.0558%	0.0312%
25	0.0661%	0.0291%	0.0727%	0.0320%
30	0.0801%	0.0351%	0.0881%	0.0386%
35	0.0851%	0.0478%	0.0936%	0.0526%
40	0.1072%	0.0709%	0.1179%	0.0780%
45	0.1578%	0.0973%	0.1736%	0.1070%
50	0.2579%	0.1428%	0.2837%	0.1571%
55	0.4425%	0.2294%	0.4868%	0.2523%
60	0.7976%	0.4439%	0.8774%	0.4883%
65	1.4535%	0.8636%	1.5989%	0.9500%
70	2.3730%	1.3730%	2.6103%	1.5103%
75	3.7211%	2.2686%	4.0932%	2.4955%
80	6.2027%	3.9396%	6.8230%	4.3336%

*The 1994 Group Annuity Mortality Table, sex-distinct, is used for healthy mortality. Disabled mortality is 110% of healthy mortality. 10% and 75% of deaths are assumed to occur in the line of duty for Fire and Police respectively.*

**ACTUARIAL METHODS AND ASSUMPTIONS (CONTINUED)**

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**Sample Disability Rates**

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**% Separating Within Next Year**

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<b>Age</b>	<b>Regular IMRF</b>		<b>Police</b>	<b>Fire</b>
	<b>Male</b>	<b>Female</b>	<b>Male &amp; Female</b>	<b>Male &amp; Female</b>
20	0.005%	0.003%	0.04%	0.09%
25	0.005%	0.003%	0.04%	0.10%
30	0.008%	0.005%	0.05%	0.10%
35	0.019%	0.008%	0.07%	0.12%
40	0.029%	0.014%	0.10%	0.15%
45	0.047%	0.021%	0.16%	0.21%
50	0.071%	0.035%	0.26%	0.78%
55	0.110%	0.053%	0.50%	1.36%
60	0.141%	0.094%	0.87%	2.30%
65	0.150%	0.110%	1.43%	3.35%

75% of disabilities for Police and Fire are assumed to occur in the line of duty.

**Sample Turnover Rates**

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**% Separating Within Next Year**

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<b>Age</b>	<b>Service</b>	<b>Regular IMRF</b>	
		<b>Male</b>	<b>Female</b>
	0	24.0%	28.5%
	1	18.0%	21.0%
	2	13.0%	15.0%
	3	10.5%	12.0%
	4	8.5%	10.0%
	5	7.2%	8.3%
	6	6.0%	6.8%
	7	5.5%	6.2%
25	8 & Over	4.5%	6.8%
30		4.1%	6.1%
35		3.3%	4.9%
40		2.7%	3.9%
45		2.3%	3.2%
50		2.0%	2.7%

**ACTUARIAL METHODS AND ASSUMPTIONS (CONTINUED)**

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**Sample Turnover Rates  
% Separating Within Next Year**

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<b>Service</b>	<b>Police</b>	<b>Fire</b>
0	4.0%	1.4%
5	2.4%	0.9%
10	0.9%	0.6%
15	0.9%	0.3%
20	0.9%	0.2%
25	0.6%	0.1%
30 and over	0.0%	0.0%

**Rates of Retirement for Members Hired before January 1, 2011**

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<b>Police</b>				<b>Fire</b>			
<b>Age</b>	<b>Rate</b>	<b>Age</b>	<b>Rate</b>	<b>Age</b>	<b>Rate</b>	<b>Age</b>	<b>Rate</b>
50	7.5 %	60	25.0 %	50	5.0 %	60	30.0 %
51	7.5	61	50.0	51	5.0	61	50.0
52	15.0	62	50.0	52	5.0	62	50.0
53	15.0	63	50.0	53	10.0	63	50.0
54	15.0	64	50.0	54	20.0	64	50.0
55	25.0	65	100.0	55	25.0	65	100.0
56	25.0	66	100.0	56	30.0	66	100.0
57	25.0	67	100.0	57	30.0	67	100.0
58	25.0	68	100.0	58	30.0	68	100.0
59	25.0	69	100.0	59	30.0	69	100.0

**ACTUARIAL METHODS AND ASSUMPTIONS (CONTINUED)**

**Normal Retirement Rates  
% Separating Within Next  
Regular IMRF  
Hired Before 1/1/2011**

<u>Age</u>	<u>Male</u>	<u>Female</u>
55	33.0%	27.0%
56	25.0%	22.0%
57	25.0%	22.0%
58	25.0%	22.0%
59	25.0%	22.0%
60	12.0%	10.0%
61	12.0%	10.0%
62	22.0%	18.0%
63	20.0%	18.0%
64	20.0%	18.0%
65	25.0%	23.0%
66	30.0%	23.0%
67	25.0%	23.0%
68	20.0%	18.0%
69	20.0%	18.0%
70	20.0%	18.0%
71 - 79	20.0%	18.0%
80 & Over	100.0%	100.0%

**Normal Retirement Rates  
% Separating Within Next Year (Age-Based)  
IMRF - Hired On/After January 1, 2011**

<u>Age</u>	<u>Service less than 30 years</u>		<u>Service between 30 and 35 years</u>		<u>Age</u>	<u>Service 35 years or more</u>	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>		<u>Male</u>	<u>Female</u>
67	30.0%	25.0%	50%	50%	62	75%	75%
68	30.0%	25.0%	50%	50%	63	75%	75%
69	25.0%	20.0%	50%	50%	64	75%	75%
70	20.0%	18.0%	50%	50%	65	75%	75%
71	20.0%	18.0%	50%	50%	66	75%	75%
72	20.0%	18.0%	50%	50%	67	75%	75%
73	18.0%	18.0%	50%	50%	68	75%	75%
74	18.0%	18.0%	50%	50%	69	75%	75%
75	18.0%	18.0%	50%	50%	70	75%	75%
76	18.0%	18.0%	50%	50%	71	75%	75%
77	18.0%	18.0%	50%	50%	72	75%	75%
78	18.0%	18.0%	50%	50%	73	75%	75%
79	18.0%	18.0%	50%	50%	74 - 79	75%	75%
80 & Over	100.0%	100.0%	100%	100%	90	100%	100%

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**ACTUARIAL METHODS AND ASSUMPTIONS (CONTINUED)**

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**Early Retirement Rates - IMRF  
Members Hired Before January 1, 2011  
% Separating Within Next Year  
(Age-Based)**

<b>Age</b>	<b>Regular Employees</b>	
	<b>Male</b>	<b>Female</b>
55	7.25%	5.75%
56	7.25%	5.75%
57	7.25%	5.75%
58	7.25%	5.75%
59	7.25%	5.75%

**Early Retirement Rates - IMRF  
Members Hired on or After January 1, 2011  
% Separating Within Next Year  
(Age-Based)**

<b>Age</b>	<b>Regular Employees</b>	
	<b>Male</b>	<b>Female</b>
62	15.00%	13.00%
63	15.00%	13.00%
64	15.00%	13.00%
65	15.00%	13.00%
66	15.00%	13.00%

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**SECTION F**  
PARTICIPANT DATA

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## PARTICIPANT DATA

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**City of Joliet, Illinois**  
**Retiree Healthcare and Life Insurance Benefit Programs**  
**Actuarial Valuation as of January 1, 2014**  
**Population Breakout by Fund**

### Counts by Fund

	Actives	Retirees and Beneficiaries	Total
General Fund	696	417	1,113
Water/Sewer	84	77	161
Parking	<u>1</u>	<u>1</u>	<u>2</u>
	781	495	1,276

### Retiree and Beneficiary Healthcare Coverage Type by Fund

	1 Person	2 Person	Family	Total
General Fund	177	207	33	417
Water/Sewer *	29	44	4	77
Parking	<u>1</u>	<u>0</u>	<u>0</u>	<u>1</u>
	207	251	37	495

Note: Coverage Type by Fund for actives not provided because assumption is made on coverage type at the time of retirement.

**City of Joliet, Illinois**  
**Retiree Healthcare and Life Insurance Benefit Programs**  
**Actuarial Valuation as of January 1, 2014**  
**Age Service Distribution for Total Active Population**

Attained Age	Years of Service to Valuation Date								Total	Total Valuation Payroll
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	Over 35		
<b>Under 20</b>									-	\$ -
<b>20-24</b>									-	-
<b>25-29</b>	20	11							31	2,219,344
<b>30-34</b>	21	89	14						124	10,486,411
<b>35-39</b>	17	62	54	11					144	13,031,992
<b>40-44</b>	8	36	58	51	10				163	15,628,442
<b>45-49</b>	1	13	27	48	39	8			136	13,243,131
<b>50-54</b>	6	6	11	18	39	17	9		106	10,235,542
<b>55-59</b>	3	8	5	15	9	7	5	1	53	4,556,915
<b>60-64</b>	1	7	1	1	2	4	1		17	1,252,163
<b>65-69</b>			1						1	80,851
<b>Over 70</b>		2		2	2				6	243,537
<b>Total</b>	<b>77</b>	<b>234</b>	<b>171</b>	<b>146</b>	<b>101</b>	<b>36</b>	<b>15</b>	<b>1</b>	<b>781</b>	<b>\$ 70,978,327</b>

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

Age: 43.4 years  
Service: 14.1 years  
Annual Pay: \$90,881



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## **SECTION G**

### **GASB ACCOUNTING INFORMATION**

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**This information is presented in draft form for review by the Fund's auditor. Please let us know if there are any items that the auditor changes so that we may maintain consistency with the Fund's financial statements.**

## GASB ACCOUNTING INFORMATION

### OPEB Cost Summary:

<b>Year Ended</b>	<b>Annual OPEB Cost (AOC)</b>	<b>Employer Contributions</b>	<b>% of AOC Contributed</b>	<b>Net OPEB Obligation (eoy)</b>	<b>Annual Required Contribution (ARC)</b>	<b>% of ARC Contributed</b>
December 31, 2015	TBD	TBD	TBD	TBD	\$19,321,000	TBD
December 31, 2014	\$19,290,732	TBD	TBD	TBD	18,415,026	TBD
December 31, 2013	18,168,101	\$6,502,194	35.8%	\$94,194,501	19,067,000	34.1%
December 31, 2012	18,791,182	6,171,923	32.8%	82,528,594	18,138,526	34.0%
December 31, 2011	19,668,000	6,571,409	33.4%	69,909,335	19,132,000	34.3%
December 31, 2010	18,592,855	6,710,568	36.1%	56,812,744	18,175,146	36.9%
December 31, 2009	16,809,001	6,147,332	36.6%	44,930,457	16,482,001	37.3%
December 31, 2008	15,842,526	5,160,371	32.6%	34,268,788	15,623,247	33.0%

### Schedule of Funding Progress:

<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>
January 1, 2014	\$0	\$235,051,164	\$235,051,164	0.0 %	\$70,978,328	331.2 %
January 1, 2012	0	214,713,030	214,713,030	0.0	70,369,756	305.1
January 1, 2010	0	205,086,432	205,086,432	0.0	71,889,093	285.3
January 1, 2009	0	180,752,000	180,752,000	0.0	71,298,274	253.5
January 1, 2008	0	167,485,137	167,485,137	0.0	68,556,033	244.3
January 1, 2007	0	201,403,182	201,403,182	0.0	61,364,217	328.2

## **GASB No. 45 SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS**

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The GASB 45 financial disclosure information for the fiscal years ending 2014 and 2013 were based on the following assumptions and methods.

<i>Valuation Date</i>	January 1, 2014
<i>Actuarial Cost Method</i>	Entry Age Normal
<i>Actuarial Value of Assets</i>	No Assets (Pay-as-you-go)
<i>Amortization Method</i>	Level Percent Open
<i>Remaining Amortization Period</i>	30 Years
<i>Actuarial Assumptions:</i>	
<i>Investment Rate of Return</i>	4.5% per year
<i>Wage Inflation</i>	4.0% per year
<i>Healthcare Trend</i>	8.0% per year graded down to 4.5% <sup>1</sup> per year ultimate trend in 0.5% increments

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<sup>1</sup>Excess trend rate of 0.44% over the base healthcare trend rate beginning in 2019 applied only to pre-Medicare per capita claim cost to account for the Excise Tax under the Health Care Reform Act.