The City of Bismarck Employees’ Pension Plan

Actuarial Valuation

January 1, 2010

Gallagher Benefit Services, Inc.

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Table of Contents

ACTUARIAL CERTIFICATION

January 1, 2010 to December 31, 2010

In our opinion, the following report presents fairly the January 1, 2010 Actuarial Valuation of The City of Bismarck Employees' Pension Plan in accordance with Generally Accepted Actuarial Principles and Practices.

Our Actuarial Valuation has been conducted with reliance upon Participant information and financial information provided to us by the City of Bismarck. The accuracy of the information in this report is dependent on the quality and completeness of the information provided to us. We have reviewed the information provided to us for general reasonableness. The valuation was performed on the basis of the Participant data, Plan Provisions, actuarial assumptions, and actuarial methods stated in this report.

The actuarial assumptions used in this report were selected by the City of Bismarck, with the agreement of Gallagher Benefit Services, Inc. The assumptions were modified effective January 1, 2006 to reflect the results of an Experience Study for the period from January 1, 1998 through December 31, 2004. In our opinion, the actuarial assumptions used (a) each, and in the aggregate, are reasonably related to the experience of the plan and to reasonable expectations, and (b) in the aggregate, represent our best estimate of anticipated experience under the plan.

To the best of our knowledge, the information contained in this report is complete and accurate.

Douglas A. Anderson, A.S.A., M.A.A.A., E.A.
Enrollment Number 08-05012

May 14, 2010
Date

Benjamin M. Holle, E.A.
Enrollment Number 08-07400

May 14, 2010
Date

COMMENTARY

In this report we present the results of the January 1, 2010 Actuarial Valuation of the City of Bismarck Employees' Pension Plan. As of January 1, 2009 the period for amortizing the Unfunded Actuarial Accrued Liability (UAAL) was reset to 30 years. There were no other changes in actuarial assumptions or plan provisions since the last report. This report reflects no Cost of Living Adjustment (COLA) for retirees effective January 1, 2010.

Annual Required Contribution

We recommend that the City contribution be at least equal to the Annual Required Contribution developed under the Entry Age Normal actuarial cost method. On this basis, a contribution of $1,958,692 (11.4% of covered payroll) is recommended for the 2010 plan year. The calculation of this contribution is illustrated in Exhibit 12.

Expected City Contribution

The City commission has approved that the City contribution will be 10.4% of salary with an additional $819,791 per year for the five year period beginning January 1, 2005. As of January 1, 2010 the five year period of additional contributions has ended. The expected contribution for 2010 on this basis is $1,781,991 (10.4% of payroll).

Contribution Requirements

The valuation results are shown on page 3 in a comparison between 2009 and 2010. The 2009 calculation, developed in the first column, shows an UAAL of $15,624,542 and with a City payment of $2,476,822 for 2009 and $1,781,991 for 2010 plus future contributions of 10.4% of covered payroll, an infinite amortization period.

The calculation for 2010 shows an UAAL of $13,233,536 and, with a City payment of $1,781,991 for 2010, an amortization period of 56 years.

Funding Ratio

On a plan assumptions basis, plan assets cover 103% of the Present Value of Accumulated Plan Benefits. More detail is contained on page 20. Last year plan assets covered 97% of the Present Value of Accumulated Plan Benefits.

GASB No. 25 and No. 27

Information required by Statements No. 25 and No. 27 of the Governmental Accounting Standards Board is summarized on pages 21 and 22.

GASB No. 50 does not impact the information contained in these exhibits. However it may require some minor changes to the Comprehensive Annual Financial Report.

SUMMARY OF RESULTS

	1/1/09	1/1/10	Percent Change
1. Number of Participants			
(a) Active	375	388	3.5%
(b) Terminated vested	32	32	0.0%
(c) Retired	126	126	0.0%
(d) Total Participants	533	546	2.4%
2. Annual covered salaries for Participants under age 62	$ 15,932,987	$ 17,134,528	7.5%
3. Actuarial Accrued Liability			
(a) Active Participants	$ 40,555,181	$ 45,074,582	11.1%
(b) Terminated vested Participants	1,402,514	1,489,576	6.2%
(c) Retired Participants	17,357,689	17,553,218	1.1%
(d) Total Actuarial Accrued Liability = (a)+(b)+(c)	$ 59,315,384	$ 64,117,376	8.1%
4. Actuarial Value of Assets	$ 43,690,842	$ 50,883,840	16.5%
5. Unfunded Actuarial Accrued Liability = (3)(d)-(4)	$ 15,624,542	$ 13,233,536	(15.3%)
6. Expected annual financial support by City	$ 2,476,822[1]	$ 1,781,991[1]	(28.1%)
7. Annual Required Contribution	$ 2,010,653	$ 1,958,692	(2.6%)
8. Amortization period at expected level of funding	Infinite[2]	56 years[3]	N/A

[1] 10.4% of salary with an additional $819,791 each year for the five-year period beginning January 1, 2005 to be contributed toward payment of the unfunded liability. As of January 1, 2010 the five year period of additional contributions has ended.

[2] Amortization period based on $2,476,822 for 2009, and $1,781,991 in 2010, and increasing due to total salary growth at the rate of 3.0% annually thereafter (without further contributions of $819,791 per year).

[3] Amortization period based on $1,781,991 contribution for 2010, and increasing due to total salary growth at the rate of 3.0% annually thereafter.

EXHIBIT 1
Summary of Plan Provisions

The following summary has been prepared for valuation purposes only. It outlines the Provisions found in Chapter 9-07 (City Employees' Pension) necessary to perform the Actuarial Valuation, as interpreted by Gallagher Benefit Services Inc.

Definitions

Actuarial Equivalence Factors:	In calculating the actuarial equivalence of one form of benefit to another, the interest rate to be used shall be 7.0% and the mortality table to be used shall be the "applicable mortality table" as defined by Section 417(e)(3) of the Code (9-07-10).
Average Basic Monthly Compensation:	The average of the monthly base compensation of a Participant over the highest 36 month period of employment. Monthly base compensation excludes overtime, bonuses, severance payments, and other remuneration in excess of base compensation (9-07-15(1)).
Effective Date of the Plan:	January 1, 1966.
Early Retirement Date:	Participants who have completed 60 consecutive months of contributing service and have attained age 50 are eligible for a monthly pension benefit (9-07-15(2)).
Membership Fee:	Every full-time employee of the City of Bismarck except police officers and fire fighters shall be assessed and required to pay an amount of 5.0% of their basic salary (9-07-01).
Normal Form of Benefit:	Married Participants receive a Joint & Two-Thirds to Survivor annuity. Single Participants receive a Life Only annuity.
Normal Retirement Date:	Participants who have attained age 62 are eligible for a monthly pension benefit (9-07-15(1)).
Plan Year:	January 1st through December 31st (9-07-08).
Recognized Service:	Full and fractional years of contributing service during which the employee contributed to the fund (9-07-23). Military service will be included as part of the period of service with the City provided that the period does not exceed 5 years and the employee pays into the fund 5.0% of the lesser of the last full year's salary paid by the City or military salary for each year of military service (9-07-05).

EXHIBIT 1 (Continued)
Summary of Plan Provisions

Plan Provisions

Eligibility: Every full-time employee, other than members of the Police Department who are sworn officers, members of the firefighter's relief association, and employees who perform fire suppression duties. (9-07-11).

Normal Retirement Benefit: Participants serving until the Normal Retirement Date are eligible for a monthly pension benefit computed by multiplying his or her highest 36 months of Average Basic Monthly Compensation times 1.75% times his or her number of full and fractional years of Recognized Service prior to January 1, 2005 plus 2.25% times his or her number of full and fractional years of Recognized Service after December 31, 2004. (9-07-15(1)).

Early Retirement Benefit: The monthly pension benefit shall be equal to the Normal Retirement Benefit actuarially reduced for payments commencing prior to age 62 (9-07-15(2)). The reduction factors are as follows:

Age	Factor	Age	Factor
50	.4287	57	.6841
51	.4567	58	.7353
52	.4870	59	.7918
53	.5199	60	.8542
54	.5557	61	.9233
55	.5947	62	1.000
56	.6373		

Termination Benefit: After 60 consecutive months of contributing service and termination of employment, a Participant may elect a deferred retirement benefit to commence at an elected age 50 to 62. The Participant's deferred benefit shall equal the Normal Retirement Benefit (based on service and compensation to the date of termination) actuarially reduced for early commencement (9-07-15(3)).

EXHIBIT 1 (Continued)
Summary of Plan Provisions

Death Benefit:

The surviving spouse (while unmarried) receives 2/3 of the actuarially reduced pension to which the Participant would have been entitled, but not less than $65 per month provided the Participant served at least 60 consecutive months of contributing service (9-07-15(4)).

The surviving spouse has the option to elect a refund of contributions in lieu of the above-mentioned benefit (9-07-15(5)).

If there is no surviving spouse, the Participant's contributions are paid to the Participant's estate (9-07-15(6)).

Refund of Contributions:

Any Participant who has contributed to the plan and terminates employment before being entitled to a pension shall be entitled to a refund of all contributions made by him to the pension system with accumulated interest. Interest of 5% per year will be credited on such contributions made after July 1, 1972. Interest of 2.5% per year will be credited on such contributions made prior to July 1, 1972.

Any Participant electing a refund of contributions forfeits all rights to any other form of benefit under this plan (9-07-14).

Cost of Living Adjustments:

Persons receiving pension payments shall be eligible for cost of living adjustments in an amount determined by the Board of Trustees. The adjustment may not exceed the lesser of the City employees' salary adjustment or 3% (9-07-16).

EXHIBIT 2
Census Summary and Reconciliation

	1/1/09	1/1/10	Percent Change
Active Participants			
▪ Number of Participants			
– Fully vested	255	258	1.2%
– Non-vested	120	130	8.3%
– Total	375	388	3.5%
▪ Average age	47.2	47.3	0.2%
▪ Average service	13.1	13.3	1.5%
▪ Average salary	$ 43,031	$ 44,850	4.2%
Terminated Vested Participants			
▪ Number of Participants	32	32	0.0%
▪ Average age	49.4	50.4	2.0%
▪ Average years since termination	5.4	6.0	11.1%
▪ Average monthly benefit at Normal Retirement	$ 693.40	$ 692.84	(0.1%)
Retired Participants			
▪ Number of Participants	126	126	0.0%
▪ Average age	73.3	73.4	0.1%
▪ Average years since retirement	10.6	10.3	(2.8%)
▪ Average monthly benefit	$ 1,293.92	$ 1,313.61	1.5%

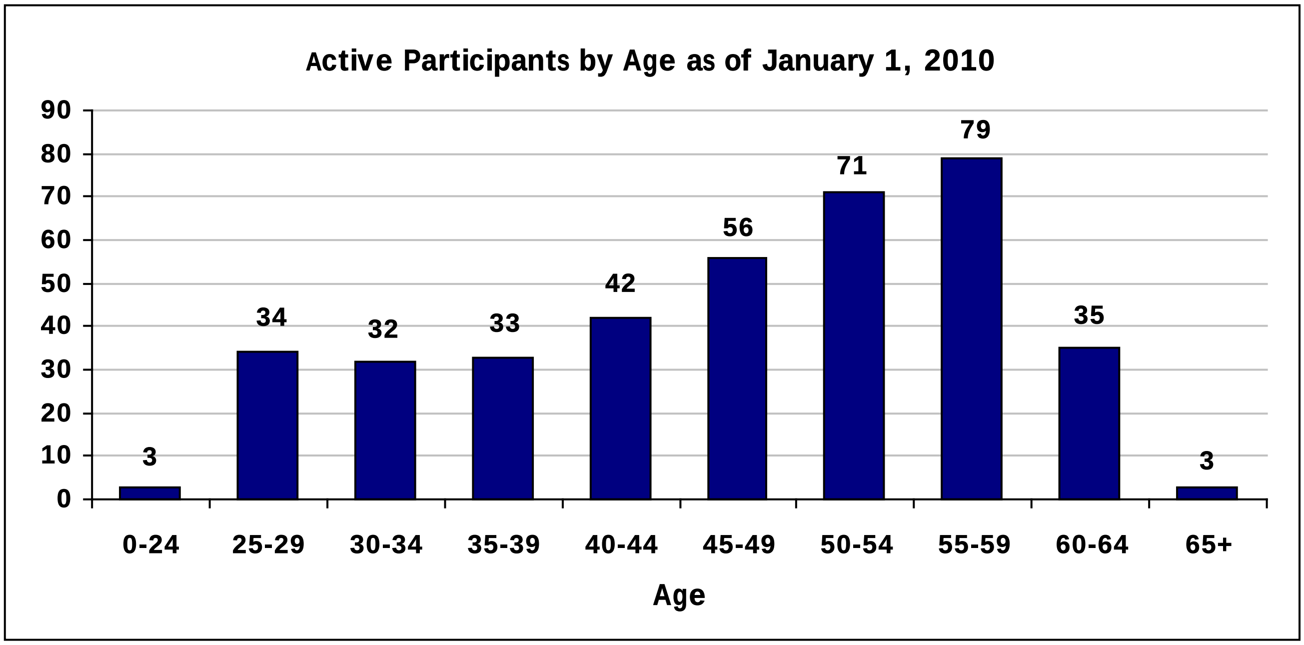
EXHIBIT 3
Participant Reconciliation

The following information provides the reconciliation from January 1, 2009 to January 1, 2010 of Plan Participants.

	Active	Terminated Vested	Retired	Disabled	Beneficiary	Total
1/1/2009 Participants	375	32	98	0	28	533
New Participants	26	-	-	-	-	26
Terminated vested	(1)	1	-	-	-	0
Terminated non-vested	(7)	-	-	-	-	(7)
Retired	(4)	(1)	5	-	-	0
Disabled	-	-	-	-	-	0
Died with beneficiary	(2)	-	(2)	-	4	0
Died without beneficiary	-	-	(5)	-	-	(5)
Benefit stopped	-	-	-	-	-	0
Paid-out lump sum	-	-	-	-	(1)	(1)
Data corrections	1	-	(1)	-	-	1
1/1/2010 Participants	388	32	95	0	31	546

During 2009 the total Participant count increased by 13 due to 26 new Participants and 1 data correction offset by 7 Participants that terminated employment and received a return of their employee contributions, and 5 Participant deaths without a beneficiary. There was 1 Participant that moved from active to terminated vested status and 5 Participants retired during the year. There were 2 Participant deaths during 2009 with benefits to beneficiaries, one of which was paid a lump sum. There were data corrections for a Participant who was hired in 2008 and a Participant who died in 2008.

EXHIBIT 4
Active Participant Data



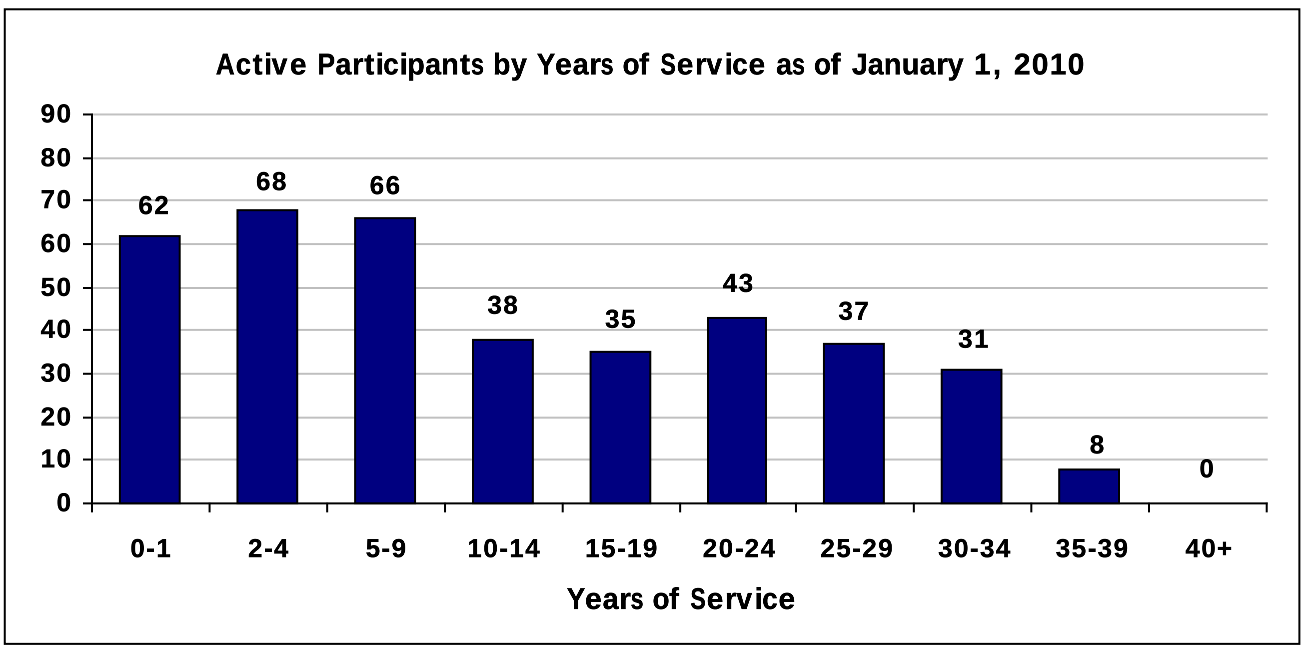
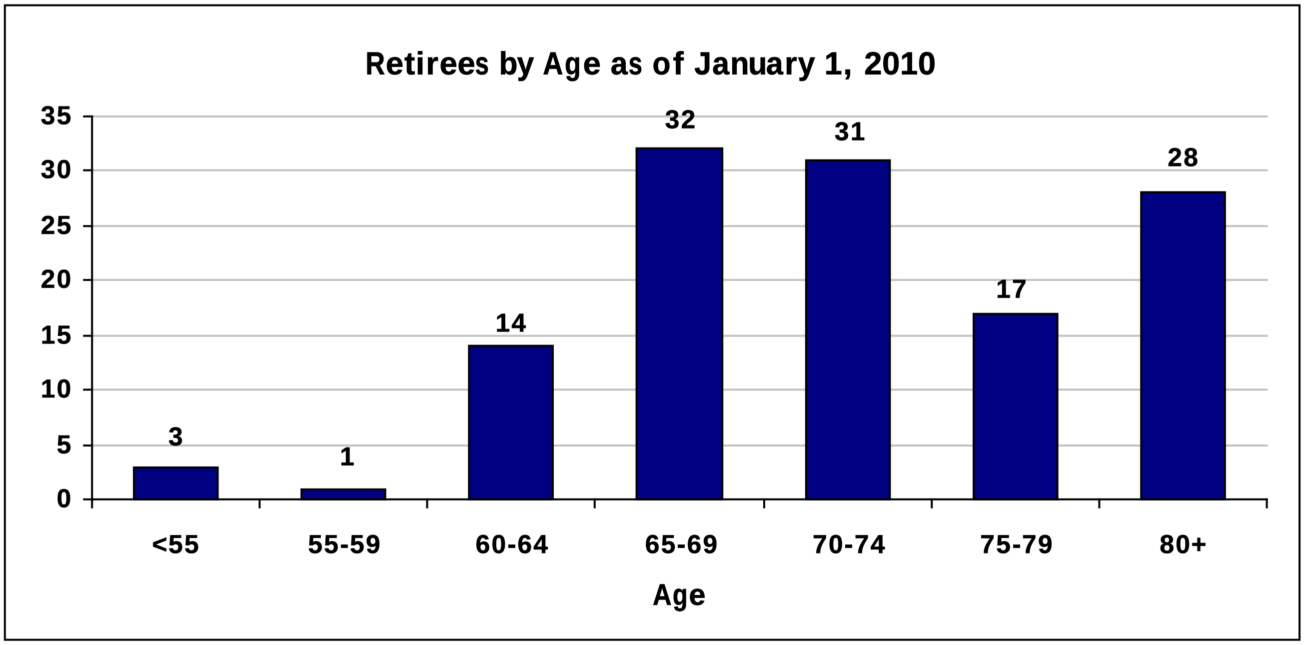
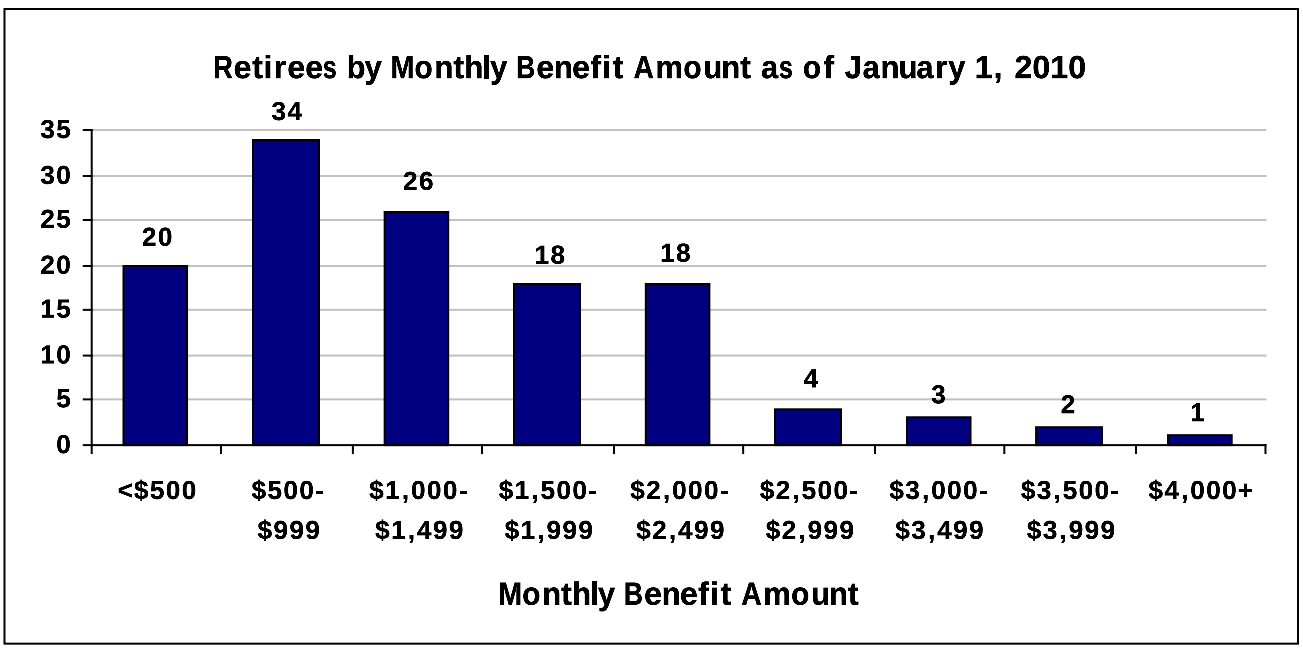


EXHIBIT 5
Retired Participant Data





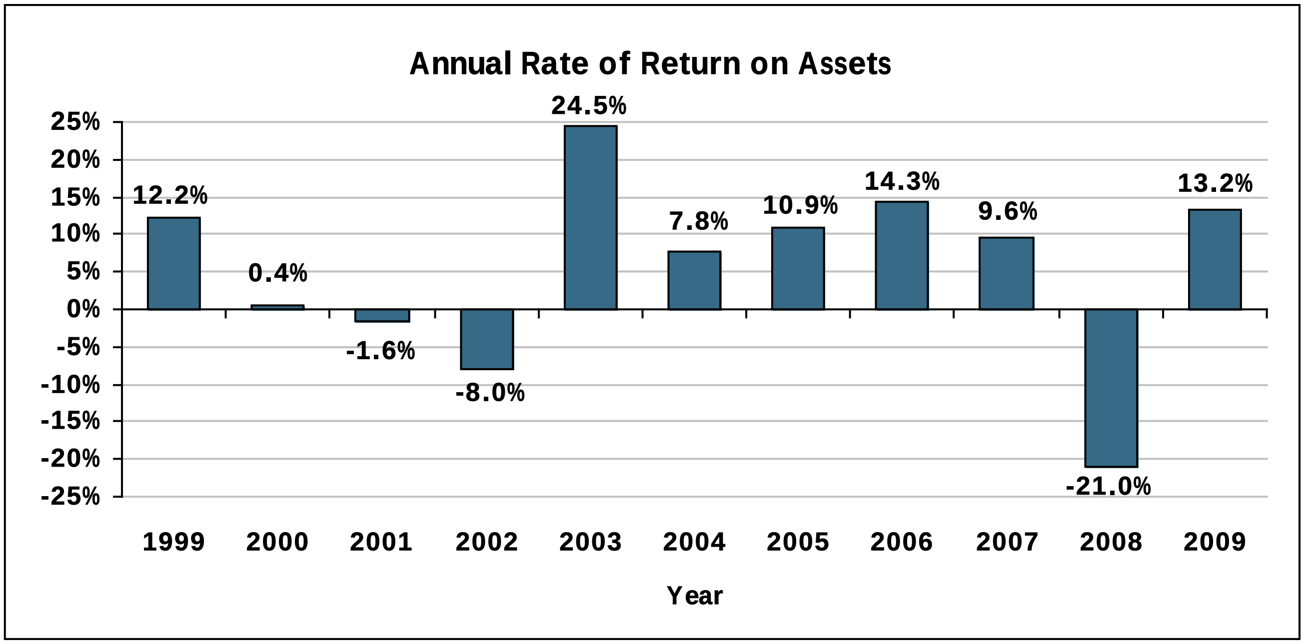
Retirees include those on service retirement, disability retirement and beneficiaries with survivor benefits.

EXHIBIT 6
Reconciliation of Assets

1. Beginning Balance as of January 1, 2009		$ 43,690,842
2. Revenue		
(a) Employer's Contribution		
(i) General Property Tax	$ 837,744	
(ii) Mobile Home Tax	8,953	
(iii) Homestead Credit	2,957	
(iv) State Payment in Lieu of Tax	102,407	
(v) Park & Rec. Contribution	253,545	
(vi) Department Contribution	$ 1,443,753	
(vii) Total City Contribution	2,649,359	
(b) Employee's Contribution	872,988	
(c) Investment Income (Loss)	5,856,342	
(d) Total Revenue		$ 9,378,689
3. Expenditure		
(a) Pension Benefit Payments	$ 1,955,409	
(b) Professional & Legal Fees	4,420	
(c) Management Consulting	14,670	
(d) Administration Fees	22,257	
(e) Investment Expense	161,740	
(f) Pension Refund	26,485	
(g) Postage	710	
(h) Total Expenditure		$ 2,185,691
4. Net Income (Loss)		$ 7,192,998
5. Ending Balance as of December 31, 2009		$ 50,883,840

Total assets increased $7,192,998 during 2009. This increase was from net cash flow (total contributions less expenditures) of $1,336,656 and investment gain of $5,856,342. Some components were rounded up or down to ensure that the totals would add correctly. The net rate of return after expenses was 13.2%.

EXHIBIT 7
Historical Asset Information



Rates of return are determined after expenses. Calculations prior to 2004 exclude the employee accumulation fund (Kemper Account).

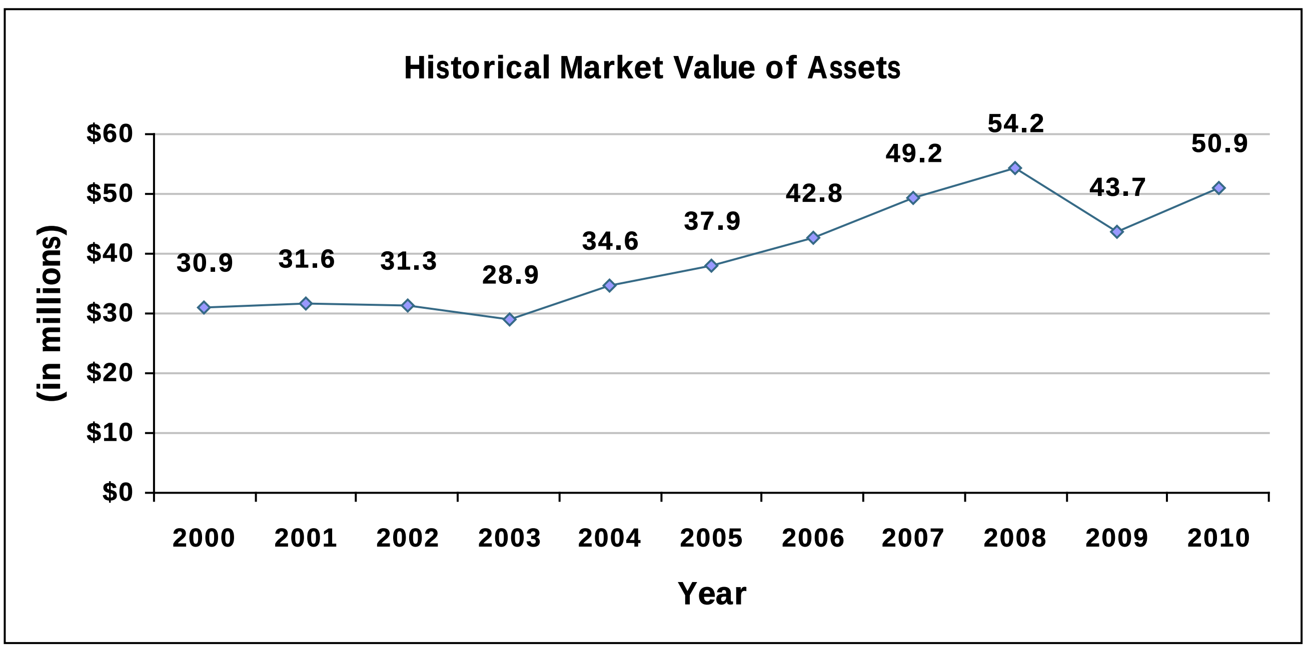


EXHIBIT 8
Actuarial Assumptions and Cost Methods

Economic Assumptions

Investment Return: The Fund is assumed to earn 7.5% per year after expenses.

Salary Scale: Active Participant Salaries are assumed to increase at rates according to the following table:

Years of Service	Rate
0-9	5.0%
10+	4.0%

Inflation: The amortization of the Unfunded Actuarial Accrued Liability is determined as a level percent of payroll using a 3% total payroll growth assumption.

Demographic Assumptions

Retirement: Active Participants are assumed to retire upon attainment of age 62.

Mortality: Mortality rates are based on the 1994 Group Annuity Mortality Table (See Illustrations on Page 14).

Disability: None.

Withdrawal: Active Participant termination rates are based on plan experience between 1/1/98 and 1/1/05 (See Illustrations on Page 14).

Spouse Age: Male Participants are assumed to be 3 years older than female spouses. Female Participants are assumed to be 3 years younger than male spouses.

Marriage Rate: 85% of Participants are assumed to be married.

EXHIBIT 8 (Continued)
Actuarial Assumptions and Cost Methods

Cost Methods

Form of Benefit: Married Participants receive their benefit in the form of a Joint and Two Thirds to Survivor annuity. Single Participants receive their benefit in the form of a Life Only annuity.

Actuarial Asset Value: The Actuarial Value of Assets is equal to the Market Value of Assets reserved for employee pension benefits.

Expenses: Plan expenses are paid from plan assets.

Funding Method: The contribution requirement is determined using the Entry Age Normal actuarial cost method.

Illustrations

	Rate of Mortality (per 1,000)		Rate of Disability (per 1,000)		Rate of Withdrawal (per 1,000)	
Age	Male	Female	Male	Female	Male	Female
25	0.66	0.29	0.00	0.00	40	200
30	0.80	0.35	0.00	0.00	40	50
35	0.85	0.48	0.00	0.00	30	50
40	1.07	0.71	0.00	0.00	25	40
45	1.58	0.97	0.00	0.00	20	20
50	2.58	1.43	0.00	0.00	10	20
55	4.43	2.29	0.00	0.00	0	0

EXHIBIT 9
Development of Unfunded Actuarial Accrued Liability

		1/1/10
1. Actuarial Accrued Liability		
(a) Participants receiving benefits	$	17,553,218
(b) Terminated vested Participants		1,489,576
(c) Active Participants		45,074,582
(d) Total Participants = (a)+(b)+(c)	$	64,117,376
2. Actuarial Value of Assets		50,883,840
3. Balance before adjustments = (1)(d)–(2), not less than zero	$	13,233,536
4. Adjustment for cost of living adjustments		0
5. Adjustment for assumption changes		0
6. Unfunded Actuarial Accrued Liability as of January 1, 2010 = (3)+(4)+(5)	$	13,233,536

Under the Entry Age Normal actuarial cost method, the Unfunded Actuarial Accrued Liability is redetermined each year. The Actuarial Accrued Liability is valued using participant data, plan provisions and assumptions as of the valuation date. Past demographic or economic experience different than assumed is called an actuarial gain or loss and is reflected in the Unfunded Actuarial Accrued Liability. A breakdown of actuarial gains and losses from the past year is shown on the next page.

The Unfunded Actuarial Accrued Liability is amortized over a fixed period of time. The amortization period was reset at 30 years as of January 1, 2009. Therefore, there are 29 years remaining in the amortization period. The resulting amortization payment is a component of the Annual Required Contribution.

The Unfunded Actuarial Accrued Liability is scheduled to be reduced to $0 over the amortization period. However, this schedule is met only if all assumptions are met and the actual employer contribution equals the Annual Required Contribution each year. If assumptions are not met, an actuarial gain or loss will either decrease or increase the UAAL. Also, if the employer contribution exceeds the recommended contribution, the UAAL will be reduced more rapidly. Alternatively, if the employer contribution is less than the recommended contribution, the UAAL will reduce more slowly or even increase.

EXHIBIT 10
Development of Actuarial (Gain)/Loss

Development of Liability (Gain) or Loss

Actual Actuarial Liability as of January 1, 2009		$ 59,315,384
Expected changes		
▪ Normal cost	$ 1,829,688	
▪ Interest at 7.5%	4,585,880	
▪ Benefit payments with interest to year end	(2,056,215)	
▪ Total expected changes		$ 4,359,353
Expected Actuarial Liability as of January 1, 2010		$ 63,674,737
Actual Actuarial Liability as of January 1, 2010		64,117,376
Actuarial Liability (gain) or loss		$ 442,639

Breakdown of Actuarial Liability (gain) or loss by source	
▪ Participant experience different than assumed for death, retirement, termination, disability and other amounts	$ 318,035
▪ Inactive mortality	(248,092)
▪ Salary increases other than expected	362,551
▪ New entrants	10,145
▪ Assumption changes	N/A
▪ Cost of living adjustment	N/A
Actuarial Liability (gain) or loss	$ 442,639

Development of Asset (Gain) or Loss

Market Value of Assets as of January 1, 2009	$ 43,690,842
▪ Interest at 7.5%	3,276,813
▪ Actual contributions with interest to year-end	3,654,435
▪ Actual benefit payments with interest to year-end	(2,056,215)
▪ Actual expenses with interest to year-end	(211,439)
Expected value of assets as of January 1, 2010	$ 48,354,436
Actual value of assets as of January 1, 2010	50,883,840
Asset (gain) or loss	$ (2,529,404)

A (gain)/loss occurs when actual demographic or economic experience is different from the valuation assumptions. For example, if salary increases are greater (lower) than expected the liability will go up (down). During 2009, an actuarial liability loss of $442,639 and an asset gain of $2,529,404 resulted in a decrease in UAAL of $2,086,765 more than expected.

EXHIBIT 11
Recommended Amortization Schedule

Year	Unfunded Liability at Beginning of Year	Annual Amortization Payment	Unfunded Liability at End of Year
2010	$ 13,233,536	$ 779,522	$ 13,388,065
2011	13,388,065	802,908	13,529,044
2012	13,529,044	826,995	13,654,702
2013	13,654,702	851,805	13,763,115
2014	13,763,115	877,359	13,852,187
2015	13,852,187	903,680	13,919,645
2016	13,919,645	930,790	13,963,019
2017	13,963,019	958,714	13,979,628
2018	13,979,628	987,475	13,966,564
2019	13,966,564	1,017,100	13,920,674
2020	13,920,674	1,047,613	13,838,541
2021	13,838,541	1,079,041	13,716,463
2022	13,716,463	1,111,412	13,550,429
2023	13,550,429	1,144,755	13,336,100
2024	13,336,100	1,179,097	13,068,778
2025	13,068,778	1,214,470	12,743,381
2026	12,743,381	1,250,904	12,354,412
2027	12,354,412	1,288,431	11,895,929
2028	11,895,929	1,327,084	11,361,508
2029	11,361,508	1,366,897	10,744,207
2030	10,744,207	1,407,904	10,036,526
2031	10,036,526	1,450,141	9,230,364
2032	9,230,364	1,493,645	8,316,973
2033	8,316,973	1,538,455	7,286,907
2034	7,286,907	1,584,608	6,129,971
2035	6,129,971	1,632,146	4,835,162
2036	4,835,162	1,681,111	3,390,605
2037	3,390,605	1,731,544	1,783,490
2038	1,783,490	1,783,490	0

The Annual Amortization Payment is determined by amortizing the Unfunded Actuarial Accrued Liability (UAAL) over 29 years as a level percentage of total payroll. Total payroll is assumed to increase at 3% per year. Therefore, the UAAL of $13,233,536 as of January 1, 2010 is scheduled to be fully amortized over a 29-year period with payments increasing from $779,522 in 2010 by 3% per year.

This schedule is in accordance with Governmental Accounting Standards Board No. 27 guidelines. The City commission has approved that the City contribution will be 10.4% of salary with an additional $819,791 per year for the five year period beginning January 1, 2005. As of January 1, 2010 the five year period of additional contributions has ended.

The annual City contribution of 10.4% of salary will not be enough to amortize the UAAL over 29 years. Contributions of this amount will amortize the UAAL over about 56 years. Please see Exhibit 13 for more details.

EXHIBIT 12
Development of Annual Required Contribution

Annual Required Contribution (Dollar Amounts)

	2009	2010
1. Total Normal Cost	$ 1,829,688	$ 1,965,100
2. Expected employee contribution	(796,649)	(856,726)
3. City Normal Cost	$ 1,033,039	$ 1,108,374
4. Amortization of Unfunded Actuarial Accrued Liability	904,940	779,522
5. Total Annual Required Contribution	$ 1,937,979	$ 1,887,896
6. Interest to mid-year at 7.5%	72,674	70,796
7. Recommended contribution, mid-year = (5)+(6)	$ 2,010,653	$ 1,958,692

Annual Required Contribution (As a Percent of Payroll)

	2009	2010
1. Total Normal Cost	11.5%	11.5%
2. Expected employee contribution	(5.0%)	(5.0%)
3. City Normal Cost	6.5%	6.5%
4. Amortization of Unfunded Actuarial Accrued Liability	5.7%	4.5%
5. Total Annual Required Contribution	12.2%	11.0%
6. Interest to mid-year at 7.5%	0.4%	0.4%
7. Recommended contribution, mid-year = (5)+(6)	12.6%	11.4%

Percent of Payroll results are based on total expected covered payroll of $15,932,987 in 2009 and $17,134,528 in 2010. The expected city contribution of 10.4% of covered payroll is less than the 2010 Annual Required Contribution of 11.4%.

EXHIBIT 13
10.4% of Payroll Funding Amortization Schedule

Year	Unfunded Liability at Beginning of Year	End of Year Annual Amortization Payment	Unfunded Liability at End of Year
2010	$ 13,233,536	$ 655,755	$ 13,570,296
2011	13,570,296	675,428	13,912,641
2012	13,912,641	695,690	14,260,399
2013	14,260,399	716,561	14,613,368
2014	14,613,368	738,058	14,971,312
2015	14,971,312	760,200	15,333,961
2016	15,333,961	783,006	15,701,003
2017	15,701,003	806,496	16,072,082
2018	16,072,082	830,691	16,446,798
2019	16,446,798	855,611	16,824,696
2020	16,824,696	881,280	17,205,268
2021	17,205,268	907,718	17,587,945
2022	17,587,945	934,950	17,972,092
2023	17,972,092	962,998	18,357,000
2024	18,357,000	991,888	18,741,887
2025	18,741,887	1,021,645	19,125,884
2026	19,125,884	1,052,294	19,508,032
2027	19,508,032	1,083,863	19,887,271
2028	19,887,271	1,116,379	20,262,438
2029	20,262,438	1,149,870	20,632,250
2030	20,632,250	1,184,366	20,995,303
2031	20,995,303	1,219,897	21,350,053
2032	21,350,053	1,256,494	21,694,813
2033	21,694,813	1,294,189	22,027,735
2034	22,027,735	1,333,015	22,346,801
2035	22,346,801	1,373,005	22,649,806
2036	22,649,806	1,414,195	22,934,346
2037	22,934,346	1,456,621	23,197,801
2038	23,197,801	1,500,320	23,437,316

The City commission has approved that the City contribution will be 10.4% of salary with an additional $819,791 per year for the five year period beginning January 1, 2005. As of January 1, 2010 the five year period of additional contributions has ended.

The expected contribution for 2010 on this basis is $1,781,991. The Annual Amortization Payment shown above represents the total expected City contribution available to reduce the UAAL at the end of that year after a reduction for payment of the annual City normal cost.

The above schedule only shows the first 29 years. After about 36 years the UAAL begins to decrease and will be fully amortized after about 56 years.

EXHIBIT 14
Statement of Accumulated Plan Benefits

A measure of the degree of progress made in funding any plan is a comparison between the Accumulated Benefit Liability and the assets accumulated to date. The Accumulated Benefit Liability measures the present value of future benefit payments. However, benefit payments are based only on service and salaries earned as of the valuation date. This liability amount is less than the Actuarial Accrued Liability used to determine the Annual Required Contribution, because the AAL anticipates future salary increases for active participants. The liabilities are determined using the regular valuation assumptions. The table below shows the actuarial present value of the Accumulated Benefit Liability.

Actuarial Present Value of Accumulated Plan Benefits (PVAB)

	1/1/09	1/1/10
Vested accrued benefits		
▪ Participants currently receiving payments	$ 17,357,689	$ 17,553,218
▪ Other Participants	27,610,209	31,465,628
Total vested accrued benefits	$ 44,967,898	$ 49,018,846
Non-vested accrued benefits	215,363	283,777
Total accrued benefits	$ 45,183,261	$ 49,302,623

Statement of Changes in Accumulated Plan Benefits

Beginning value, January 1, 2009	$ 45,183,261
Increases (Decreases)	
▪ Cost of living adjustment	$ 0
▪ Change in actuarial assumptions	0
▪ Benefits accumulated and (gain)/loss	2,712,511
▪ Increase for interest due to decrease in discount period	3,388,745
▪ Benefits paid	(1,981,894)
▪ Net increase (decrease)	$ 4,119,362
Ending Value, January 1, 2010	$ 49,302,623

The ratio of assets to the above liabilities (known as the Funding Ratio) represents the degree to which Accumulated Benefit liability has been funded. As of January 1, 2010, the Market Value of Assets was $50,883,840. The table below outlines the funding ratios.

Funding Ratio (Assets/PVAB)	
Vested accrued benefits	104%
Total accrued benefits	103%

EXHIBIT 15
GASB Statement No. 25

Statement No. 25 requires disclosure of supplementary information in the form of two schedules, the Schedule of Funding Progress and the Schedule of Employer Contributions. The schedules are shown below.

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b - a) / c]
1/1/2001	$ 31,609,400	$ 31,609,400	$ 0	100.0%	$ 10,507,761	0.0%
1/1/2002	31,269,380	34,499,048	3,229,668	90.6%	11,114,003	29.1%
1/1/2003	28,324,967	32,464,523	4,139,556	87.2%	11,806,729	35.1%
1/1/2004	34,646,791	39,088,399	4,441,608	88.6%	12,441,844	35.7%
1/1/2005	37,922,220	42,856,344	4,934,124	88.5%	12,765,077	38.7%
1/1/2006	42,836,388	48,871,708	6,035,320	87.7%	13,106,843	46.0%
1/1/2007	49,153,640	50,825,581	1,671,941	96.7%	13,892,759	12.0%
1/1/2008	54,224,695	55,307,884	1,083,189	98.0%	14,901,848	7.3%
1/1/2009	43,690,842	59,315,384	15,624,542	73.7%	15,932,987	98.1%
1/1/2010	50,883,840	64,117,376	13,233,536	79.4%	17,134,528	77.2%

Schedule of Employer Contributions

Year Ended	Annual Required Contribution (a)	Employer Contribution (b)	Percentage Contributed (b / a)
12/31/2001	$ 423,579	$ 371,374	87.7%
12/31/2002	746,951	449,657	60.2%
12/31/2003	1,531,586	906,670	59.2%
12/31/2004	1,267,143	1,678,601	132.5%
12/31/2005	1,414,021	2,113,743	149.5%
12/31/2006	1,233,248	2,147,360	174.1%
12/31/2007	1,068,130	2,182,902	204.4%
12/31/2008	1,090,182	2,542,707	233.2%
12/31/2009	2,010,653	2,649,359	131.8%
12/31/2010	1,958,692	-	-

EXHIBIT 16
GASB Statement No. 27

The GASB Statement No. 27 annual pension expense is defined as the Annual Required Contribution (ARC) plus one year's interest on the Net Pension Obligation (NPO) offset by an adjustment to the Annual Required Contribution (ARC). The NPO is defined as the cumulative difference, including interest, for the years prior to the transition date between (a) the employer's required contributions in accordance with the plan's actuarially determined funding requirements and (b) the contributions made by the employer in relation to the required contributions. The adjustment to the Annual Required Contribution is necessary to amortize past contribution deficiencies or excess contributions of the employer.

	2009 Plan Year	2010 Plan Year
Annual Required Contribution (ARC)	$ 1,937,979	$ 1,887,896
Interest on Net Pension Obligation (asset)	(290,730)	(349,050)
Adjustment to Annual Required Contribution - Beginning of Year NPO amortized as a level percent of pay over a closed 30 year period beginning 1/1/2009[1]	224,513	274,144
Annual Pension Cost	$ 1,871,762	$ 1,812,990
Contributions Made	2,649,359	*
Increase (decrease) in Net Pension Obligation (asset)	$ (777,597)	$ *
Net Pension Obligation (asset) beginning of year	(3,876,402)	(4,653,999)
Net Pension Obligation (asset) end of year	$(4,653,999)	$ *

[1] The 2009 Amortization Factor is 17.27. The 2010 Amortization Factor is 16.98.

* To be determined at end of year.

The Net Pension Obligation at transition (January 1, 2007) is the cumulative difference, including interest, between (a) the employer's required contributions in accordance with the plan's actuarially determined funding requirements and (b) the contributions made by the employer in relation to the required contributions. The cumulative difference was based on plan records dating back to January 1, 2001. Since the Unfunded Actuarial Accrued Liability as of that date was $0, all actuarially determined required contributions prior to that date are assumed to have been made.