

**REPORT ON THE FIFTY-FIRST
ACTUARIAL VALUATION OF THE
BURLINGTON EMPLOYEES' RETIREMENT SYSTEM
PREPARED AS OF JUNE 30, 2004**



April 11, 2006

Retirement Board
Burlington Employees' Retirement System
Burlington, Vermont 05401

Members of The Board:

Article II, Division 2, Section 24-60 of the ordinance in relation to the Burlington Employees' Retirement System provides for actuarial valuations of the assets and liabilities of the System at least once every three years and more often if the Retirement Board so directs.

The revised fifty-first actuarial valuation of the System, prepared as of June 30, 2004, has now been completed and the results are presented in this report, together with the determination of the amount of contributions payable by the City in accordance with the Retirement Board's funding policy and the disclosure information for accounting purposes required by the Governmental Accounting Standards Board.

The revised actuarial valuation reflects a change in the assumed cost of living assumption from 4.0% to 3.0% as well as a change in the COLA accrual election rates. In addition, the valuation results reflect our recommended change to a new disability mortality table and modified assumed rates of withdrawal and retirement that were approved by the Board. The valuation reflects a change in the funding policy adopted by the Retirement Board to amortize the unfunded accrued liability beginning June 30, 2004 over 30 years, and to recognize future changes in the unfunded accrued liability over 30 years from the date of establishment.

The actuarial assumptions and methods used in this valuation are described in Schedule B.

The results of the valuation are based on the Plan provisions in effect on June 30, 2004. A summary of the System provisions is shown in Schedule C.

The Table of Contents, which immediately follows, outlines the material contained in the report.

Respectfully submitted,

(Signed) CHRISTOPHER A. CLARKE

Christopher A. Clarke
Director, Consulting Actuary

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PREPARED AS OF JUNE 30, 2004**

SECTION I - SUMMARY OF PRINCIPAL RESULTS

For convenience of reference, the principal results of the valuation and a comparison with the preceding year's results are summarized below.

Valuation Date	6/30/2004	6/30/2003
Class A:		
Number of active members	173	173
Earnable compensation	\$ 7,039,780	\$ 6,699,679
Number of retirees and beneficiaries	113	115
Annual retirement benefits	\$ 2,927,388	\$ 2,914,602
Number with vested rights	11	9
Class B:		
Number of active members	576	565
Earnable compensation	\$ 22,329,326	\$ 21,076,650
Number of retirees and beneficiaries	244	235
Annual retirement benefits	\$ 2,138,943	\$ 2,071,333
Number with vested rights	313	323
Actuarial Value of Assets		
Class A	\$ 54,376,370	\$ 55,507,075
Class B	53,272,570	54,018,878
Unfunded Past Service Cost (Surplus)		
Class A	\$ 3,698,048	\$ 3,434,583
Class B	6,322,451	4,087,182
Contributions for Fiscal Year	2006	2005
Class A:		
Normal Rate	16.84%	19.64%
Past Service Contribution	\$ 333,297	\$ 241,703
Class B:		
Normal Rate	9.57%	10.04%
Past Service Contribution	\$ 572,149	\$ 387,121

Comments on the valuation results as of June 30, 2004 are set forth in Section IV and further discussion of the contribution levels is set out in Section V. Section VI presents the referenced disclosure information for accounting purposes.

Schedule B of this report outlines the full set of actuarial assumptions and methods employed. The valuation reflects a change to the assumed future cost of living assumption from 4.0% to 3.0%, a change in the accrual election rate from 100% full-COLA to 85% No-COLA and 15% full-CLOA election rates, a change to the RP-2000 Disability Mortality Table, as well as a change in the assumed rates of withdrawal and retirement for Class A and B employees. All other assumptions are the same as those used in the previous valuation. The valuation also reflects a change in the Retirement Board's funding policy to recognize changes in the unfunded accrued liability over 30 years rather than 10 years as described in Section V.

Schedule C presents a summary of the principal System provisions as interpreted for the valuation. The valuation was based on the same Plan provisions as the previous valuation.

SECTION II - EMPLOYEE DATA

Employee data were furnished by the Retirement Administrator.

Tables 1 through 4 of Schedule D show the number and annual earnable compensation of active members who were included in the valuation, while Tables 5 through 10 of Schedule D show the number and annual retirement benefits of retirees and beneficiaries included in the valuation. In addition, there are 11 Class A former members and 313 Class B former members entitled to deferred vested benefits.

SECTION III - ASSETS

The amount of assets taken into account in this valuation is based on information reported by the Retirement Administrator.

Assets are valued on the basis of a five-year expected average market value method. The operation of this method is described in Schedule B. Based on this method, the actuarial value of assets amount to \$107,648,940. This may be compared to current book and market values of \$87,193,956 and \$96,149,986, respectively.

As part of the valuation procedure, investment earnings for the year ending June 30, 2004 have been analyzed. Based on the procedures used and certain approximations, the yield for the year is determined as being 12.1% based on market value of assets and .5% based on actuarial value of assets.

SECTION IV - COMMENTS ON VALUATION

The projected unit credit actuarial cost method was used for this valuation. Under this cost method, benefits for active participants are determined on the basis of projected compensation at the time of anticipated termination and service credited to the valuation date. The normal cost under this method is the value of the difference between the benefits accrued for service to the valuation date and the benefits based on service to one year after the valuation date.

Schedule A of this report contains the valuation balance sheet, which shows the present and prospective assets and liabilities of the Plan as of June 30, 2004. Since the Plan is valued on a unit credit cost method basis, the balance sheet does not take into account accruals after the valuation date.

The valuation balance sheet shows that as of June 30, 2004 the Plan has accrued liabilities of \$117,669,439. Of this amount \$57,935,409 represents the present value of benefits payable on account of retired members, beneficiaries and former members entitled to deferred vested benefits and \$59,734,030 represents the present value of prospective benefits payable on account of active members. Against these liabilities the Plan has actuarial assets of \$107,648,940. The difference between the total liabilities of \$117,669,439 and the assets of \$107,648,940 is \$10,020,499 which represents the unfunded past service cost as of June 30, 2004. The Plan's unfunded accrued liability increased by \$2,498,734 from the unfunded accrued liability of

\$7,521,765 as of June 30, 2003. Schedule A contains a breakdown of the assets and liabilities described above by membership class.

SECTION V - APPROPRIATION TO BE MADE BY THE CITY

Article II, Division 1, Section 24-32 of the ordinance governing the operation of the System provides that the Retirement Board shall certify to the Board of Finance the amounts payable by the City to the System, including an estimated amount required for operating expenses.

The contribution by the City, excluding operating expenses, consists of

- (i) a normal contribution to cover the cost of benefits expected to accrue under the Plan during the fiscal year following the valuation date reduced by required Class A member contributions equal to 8.8% of compensation, plus
- (ii) a past service contribution to liquidate the unfunded past service cost over a 30 year period from the date of establishment in accordance with the policy adopted by the Retirement Board. The initial unfunded past service cost to be amortized over 30 years is as of June 30, 2004.

Based on the latest valuation results and the adopted funding policy, the following table sets forth the basis for determining the City's contributions, excluding an amount for operating expenses, for the fiscal year ending June 30, 2006.

**CONTRIBUTIONS PAYABLE BY THE CITY
TO THE SYSTEM**

CONTRIBUTION	AMOUNT	PERCENT OF COMPENSATION
Class A		
Normal	\$ 1,404,640*	16.84%
Past Service	333,297	4.00%*
Total	\$ 1,737,937	
Class B		
Normal	\$ 2,378,064*	9.57%
Past Service	572,149	2.30%*
Total	\$ 2,950,213	

* Estimated based on fiscal year end 2006 budget payrolls of \$8,341,093 and \$24,849,152 for Class A and Class B, respectively.

The recommended normal contribution rates in the table above should be applied to the respective earnable compensation of Class A and Class B members of the System for the fiscal year ending 2006 in order to determine the required appropriations for currently accruing benefits. In addition, the amount estimated to be required for operating expenses of the System is to be included in the certification of the Retirement Board.

Schedule E presents a projection of the required City contributions to the Retirement System assuming all actuarial assumptions are realized. No future liability gains or losses are reflected and assets are projected to grow 8% per annum. The projected payroll is assumed to increase 5% per annum. The actual annual contributions required by the City will be based upon future actuarial valuations.

SECTION VI - ACCOUNTING INFORMATION

Statement Nos. 25 and 27 of the Governmental Accounting Standards Board, issued November 1994, established standards of disclosure of pension information by public retirement systems. The annual pension cost is determined as the annual required contribution under the Plan's regular funding method with adjustments made to reflect the employer's net pension obligation (NPO). The NPO is the cumulative

difference between the annual pension cost and the actual contributions made since January 1, 1987. The annual pension cost is adjusted for interest charged on the NPO at the valuation interest rate and amortization of the NPO. The annual pension cost (income) under this policy for the fiscal year ending June 30, 2004 is \$2,461,840. The statements also require the following supplementary information be furnished by the actuary. The Schedule of Funding Progress details the progress made over the last six years in accumulating sufficient assets to provide for benefits when they are due. The Schedule of Employer Contributions shows the required and actual contributions over the last six years. The Schedule of Annual Pension Cost shows the Annual Pension Cost for the last 3 years.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS

Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets over AAL (a - b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess as a percentage of Covered Payroll ((a-b)/c)
6/30/99	92,782,371	76,225,530	16,556,841	121.72%	22,938,963	72.18%
6/30/00	111,224,657	96,610,677	14,613,980	115.13%	23,914,477	61.11%
6/30/01	114,203,990	101,700,266	12,503,724	112.29%	24,730,357	50.56%
6/30/02	112,980,276	109,116,441	3,863,835	103.54%	26,050,313	14.83%
6/30/03	109,525,953	117,047,718	(7,521,765)	93.57%	27,776,329	-27.08%
6/30/04	107,648,941	117,669,439	(10,020,498)	91.48%	29,369,106	-34.12%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended	Annual Required Contribution	Actual Contribution	Percentage Contributed
6/30/99	752,481	752,481	100.00%
6/30/00	43,834	43,834	100.00%
6/30/01	274,878	274,878	100.00%
6/30/02	767,446	767,446	100.00%
6/30/03	1,079,911	1,079,911	100.00%
6/30/04	2,461,840	2,461,840	100.00%

SCHEDULE OF ANNUAL PENSION COST

Year Ended	Annual Pension Cost	Percentage Contributed	Net Pension Obligation
6/30/02	767,446	100.00%	0
6/30/03	1,079,911	100.00%	0
6/30/04	2,461,840	100.00%	0

SECTION VII - EXPERIENCE

Records are being maintained whereby the actual experience of active and retired members is being compared with that expected on the basis of the tables adopted by the Retirement Board. In this way, deviations in the experience from that anticipated will be noted and any adjustments believed necessary will be brought to the attention of the Retirement Board.

SCHEDULE A

**VALUATION BALANCE SHEET
SHOWING THE ASSETS AND LIABILITIES ACCRUED UNDER THE
BURLINGTON EMPLOYEES' RETIREMENT SYSTEM
AS OF JUNE 30, 2004**

ASSETS

	<u>Class A Members</u>	<u>Class B Members</u>	<u>Total System</u>
Valuation Assets	\$ 54,376,370	\$ 53,272,570	\$ 107,648,940
Unfunded past service cost	<u>3,698,048</u>	<u>6,322,451</u>	<u>10,020,499</u>
Total Assets	<u>\$ 58,074,418</u>	<u>\$ 59,595,021</u>	<u>\$ 117,669,439</u>

LIABILITIES

Present value of benefits payable on account of retired members, beneficiaries and members entitled to deferred vested benefits	\$ 33,661,213	\$ 24,274,196	\$ 57,935,409
Present value of prospective benefits accrued to date on account of present active members	<u>24,413,205</u>	<u>35,320,825</u>	<u>59,734,030</u>
Total Liabilities	<u>\$ 58,074,418</u>	<u>\$ 59,595,021</u>	<u>\$ 117,669,439</u>

SCHEDULE B**OUTLINE OF ACTUARIAL ASSUMPTIONS AND METHODS****FOR DETERMINATION OF CONTRIBUTION AMOUNTS**

INTEREST RATE: 8% per annum, compounded annually.

SEPARATIONS BEFORE NORMAL RETIREMENT: Representative values of the assumed annual rates of withdrawal and vesting, early service retirement, death, and disability are as follows:

<u>Age</u>	<u>Class A Members</u>			
	<u>Withdrawal and Vesting</u>	<u>Early Service Retirement*</u>	<u>Death**</u>	<u>Disability**</u>
20	14.0%			
25	9.0		.1%	.2%
30	6.0		.1	.3
35	3.0		.1	.4
40	2.5		.1	.5
42	1.4	30.0%	.1	.6
45	2.0	30.0	.1	.7
50		25.0	.2	1.3
53		20.0	.3	1.8
54		20.0	.3	2.0

<u>Age</u>	<u>Class B Members</u>			
	<u>Withdrawal and Vesting***</u>	<u>Early Service Retirement</u>	<u>Death**</u>	<u>Disability**</u>
25	12.0%		.1%	.1%
30	11.0		.1	.1
35	9.5		.1	.1
40	5.0		.1	.2
45	5.0		.1	.3
50	5.0		.2	.5
55		5.0%	.4	.9
60		3.0	.6	1.7
61		20.0	.7	2.1
62		30.0	.8	2.5
63		30.0	1.0	2.9
64		10.0	1.1	3.4

* Rates are assumed to be 100% higher when first eligible for unreduced benefits.

** Rates reflect both ordinary and accidental occurrences.

*** Rates are assumed to be 75% higher during the first year of membership, 50% higher during the second year and 25% higher during the third year.

NORMAL SERVICE RETIREMENT: The representative values of the assumed rates of normal service retirement are as follows:

<u>Age</u>	<u>Class A</u>	<u>Age</u>	<u>Class B</u>
55	20.0%	65	50.0%
56	20.0	66	25.0
57	20.0	67	25.0
58	20.0	68	25.0
59	20.0	69	50.0
60	100.0	70	100.0

BENEFIT COMMENCEMENT AFTER SEPARATION: Class A vested terminations are assumed to commence benefits at age 55. Class B vested terminations prior to June 30, 2000 are assumed to commence at age 65. Class B vested retirements after June 30, 2000 are assumed to commence at age 55 with a reduced benefit.

SALARY INCREASES: Representative values of the assumed annual rates of future salary increase are as follows:

<u>Age</u>	<u>Class A&B</u>
25	8.8%
30	7.0
35	5.6
40	4.9
45	4.6
50	4.3
55	4.0
59	3.9
60	3.9
65	3.8
69	3.8

DEATHS AFTER RETIREMENT: According to the 1995 GBB Mortality Table for males and females; RP-2000 Disability Mortality Table for the period after disability retirement.

FUTURE EXPENSES: No provisions made.

ADJUSTMENTS TO ALLOWANCES: Cost-of-living increases averaging 3% per year were assumed.

ACCUAL RATE ELECTION: 85% of retiring members are assumed to elect the no-COLA accrual rate and 15% of retiring members are assumed to elect the full-COLA accrual rate.

FUNDING METHOD: Projected unit credit cost method. Gains (losses) as they occur, reduce (increase) the unfunded past service cost.

NORMAL SERVICE RETIREMENT: The representative values of the assumed rates of normal service retirement are as follows:

<u>Age</u>	<u>Class A</u>	<u>Age</u>	<u>Class B</u>
55	20.0%	65	50.0%
56	20.0	66	25.0
57	20.0	67	25.0
58	20.0	68	25.0
59	20.0	69	50.0
60	100.0	70	100.0

BENEFIT COMMENCEMENT AFTER SEPARATION: Class A vested terminations are assumed to commence benefits at age 55. Class B vested terminations prior to June 30, 2000 are assumed to commence at age 65. Class B vested retirements after June 30, 2000 are assumed to commence at age 55 with a reduced benefit.

SALARY INCREASES: Representative values of the assumed annual rates of future salary increase are as follows:

<u>Age</u>	<u>Class A&B</u>
25	8.8%
30	7.0
35	5.6
40	4.9
45	4.6
50	4.3
55	4.0
59	3.9
60	3.9
65	3.8
69	3.8

DEATHS AFTER RETIREMENT: According to the 1995 Buck Mortality Tables for Males and Females; RP-2000 Disability Mortality Table for the period after disability retirement.

FUTURE EXPENSES: No provisions made.

ADJUSTMENTS TO ALLOWANCES: Cost-of-living increases averaging 3% per year were assumed.

ACCRUAL RATE ELECTION: 85% of retiring members are assumed to elect the no-COLA accrual rate and 15% of retiring members are assumed to elect the full-COLA accrual rate.

FUNDING METHOD: Projected unit credit cost method. Gains (losses) as they occur, reduce (increase) the unfunded past service cost.

SCHEDULE C**BRIEF SUMMARY OF PRINCIPAL SYSTEM PROVISIONS
AS INTERPRETED FOR VALUATION PURPOSES**

System Name	Burlington Employees' Retirement System.
Effective Date	July 1, 1954.
Average Final Compensation (AFC)	Average earnable compensation during highest 3 non-overlapping 12-month periods.
Membership Eligibility	Regular employees of the City of Burlington excluding elective officers other than the mayor and excluding teachers other than certain teachers employed prior to July 1, 1947 provided age at employment is less than normal retirement age. Maximum age limitation does not apply to mayor or appointee working full time for the City.
Membership Classification	
Class A	Members of the Fire and Police Departments not including clerical employees.
Class B	All other members.
Service Retirement	
Eligibility	
Class A	Age 42 and 7 years of creditable service. Compulsory at age 60.
Class B	Age 55 and 7 years of creditable service.
Amount of Benefit	
Class A	Age 55 and older, 2.75% of AFC times creditable service not in excess of 25 years plus .5% of AFC times creditable service between 25 and 35 years. Benefit increased by Cost of Living Adjustment detailed below. In lieu of this benefit, at the time of retirement, a member may choose either an accrual rate of 3.25% for the first 25 years of creditable service plus an accrual of .5% for creditable service between 25 and 35 years and a Cost of Living Adjustment equal to one half of the Cost of Living Adjustment detailed below, or an accrual rate of 3.80% for the first 25 years plus an accrual of .5% for creditable service between 25 and 35 years and no Cost of Living Adjustment.

Prior to age 55, the above benefit based on AFC and creditable service at retirement reduced actuarially for the period of time by which retirement precedes the earlier of 25 years of creditable service and age 55. For employees who terminate with 20 to 25 years of creditable service the above benefit based on AFC and creditable service at retirement reduced by 1.82% for each year that creditable service is less than 25 years.

Class B

Age 65 and older, the greater of (i) 1.6% of AFC (at age 65) times creditable service not in excess of 25 years plus .5% of AFC (at age 65) times creditable service in excess of 25 years or (ii) the actuarial equivalent of the benefit determined at age 65. This benefit will be increased by the Cost of Living Adjustment detailed below.

In lieu of this benefit, at the time of retirement, a member may choose an accrual rate of 1.9% for the first 25 years of service plus an accrual of .5% for creditable service in excess of 25 years and a Cost of Living Adjustment equal to one-half of the Cost of Living Adjustment detailed below, or an accrual rate of 2.2% for the first 25 years of service plus an accrual of .5% for creditable service in excess of 25 years and no Cost of Living Adjustment.

Prior to age 65, the above benefit based on AFC and creditable service at retirement reduced by 2% for each year that retirement precedes age 65.

Cost of Living Adjustment

Benefits increase annually by changes in the Consumer Price Index of more than 1%. The maximum annual increase is 5%. Increase is not applicable to deferred vested benefit prior to commencement, survivor income benefit, disability benefit prior to normal retirement age or members who choose to have no cost of living adjustment.

Service Adjustment

Class A service for calculation of benefits shall be adjusted such that any Class A employee shall be granted 1.07 years of credit for each year in which the employee worked prior to July 1, 1996, and 1.17 years thereafter, in a position regularly assigned a workweek consisting on average of fifty-three or more hours of work per week.

Disability Retirement

Eligibility

All Members. Permanently disabled.

Amount of Benefit

A benefit payable until normal service retirement eligibility (Class A - age 55 and 7 years of creditable service, Class B - age 65 and 7 years of creditable service), equal to 75% of the member's earnable compensation less workmen's compensation and, in the case of Class B, less Social Security.

After normal service retirement eligibility, a service retirement benefit based on AFC at retirement and creditable service at normal service retirement eligibility, including the period while permanently disabled and receiving a disability benefit from the System.

Accidental Death

Eligibility	Class A only. Death due to accident while in the performance of duty.
Amount of Benefit	A benefit to the spouse until death or remarriage of 50% of AFC. Upon death or remarriage of the spouse, the benefit will be payable to children until age 21.

Survivor Income

Eligibility	All Members. Death in active service.
Amount of Benefit	
Class A	30% of compensation during the July preceding death payable to spouse until earlier of death or 2nd anniversary of remarriage. An additional 5% per unmarried child under 21 (maximum additional 10%) is payable until benefits cease or children no longer eligible. If there is no spouse or spouse dies, the benefit is payable to unmarried children under age 21 until earlier of death, marriage or age 21.
Class B	30% of compensation during the July preceding death payable to spouse until earlier of death, 2nd anniversary of remarriage or age 62. Upon the spouse's attainment of age 62 (if not remarried) a benefit based on the 50% Joint and Survivor form of payment will be paid to the spouse for life. If there is no spouse or spouse dies, the benefit is payable to unmarried children under age 21 until earlier of death, marriage or age 21.

Return of Contributions

Accumulated contributions returned upon separation with less than 3 years of service or upon death with no accidental death benefit payable.

Upon death of a retired Class B member, the excess of his contribution at retirement over the benefits paid will be paid to his beneficiary or estate.

Vested Retirement

Eligibility	All Members. 3 years of creditable service.
Amount of Benefit	
Class A	A percentage grading from 20% after 3 years to 100% after 7 years, of the benefit calculated using AFC and creditable service at termination. The benefit is payable commencing at age 55. Member may elect early receipt with reduction as for service retirement prior to age 55.
Class B	Same form as Class A except benefit is payable at age 65. Member may elect early receipt with reduction as for service retirement prior to age 65.

Survivor Spouse's Pension

Eligibility	All Members. Death of a terminated member entitled to a vested retirement benefit prior to commencement of such benefit.
Amount of Benefit	50% of reduced accrued benefit reflecting the 50% Joint and Survivor form of payment (ages as of date payments commence) payable at member's early retirement date. Spouse may elect to receive payments later than member's early retirement date with no reduction for receipt at member's 65th birthday.

Offsets on Benefits

Disability and accidental death benefits are offset by workmen's compensation paid for the same disability or death.

Contributions

By Members	
Class A	8.8% of earnable compensation for the first 35 years of creditable service, none thereafter.
Class B	None.
By City	Remainder necessary to fund for the benefits of the System on an actuarial basis.

SCHEDULE D

TABLE 1

THE NUMBER AND ANNUAL EARNABLE COMPENSATION OF
ACTIVE MEMBERS DISTRIBUTED BY AGE
BY AGE AS OF JUNE 30, 2004

CLASS A MEMBERS

AGE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
20	1	\$ 26,908		
21	1	32,857		
23	3	97,661		
24	5	158,430		
25	2	72,125	2	\$ 68,408
26	7	245,411	1	37,983
27	5	181,562		
28	7	257,610		
29	8	281,265		
30	9	313,495		
31	5	191,263		
32	7	257,150	1	36,164
33	9	340,348		
34	9	363,283		
35	7	261,640	1	52,577
36	9	329,179		
37	7	300,682	1	40,160
38	8	356,019		
39	5	229,558	1	54,269
40	8	334,671		
41	5	231,421		
42	4	175,462	1	40,143
43	7	345,534		
44	3	149,336		
45	3	125,953		
46	1	54,954		
47	3	131,665		
48	3	159,341	1	40,444

TABLE 1

THE NUMBER AND ANNUAL EARNABLE COMPENSATION OF
ACTIVE MEMBERS DISTRIBUTED BY AGE
BY AGE AS OF JUNE 30, 2004

CLASS A MEMBERS
(CONTINUED)

AGE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
49	5	273,050		
51	1	53,552		
52	1	40,747		
53	1	55,595		
54	2	90,689		
55	1	59,096		
57	2	92,118		
TOTAL	164	\$ 6,669,631	9	\$ 370,149

TABLE 2

THE NUMBER AND ANNUAL EARNABLE COMPENSATION OF
ACTIVE MEMBERS DISTRIBUTED BY AGE
BY AGE AS OF JUNE 30, 2004

CLASS B MEMBERS

AGE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
21	1	\$ 33,803		
22	1	19,427		
23	3	75,122	1	\$ 25,522
24	3	96,245	4	129,568
25	1	28,574	4	122,471
26	2	64,389	4	105,296
27	5	155,901	3	89,444
28	4	113,498		
29	1	32,096	4	141,516
30	7	254,079	2	37,288
31	8	324,228	2	74,600
32	2	72,662	3	99,476
33	10	324,325	3	105,902
34	6	213,105	2	66,410
35	7	235,617	4	158,732
36	6	222,673	1	31,846
37	9	348,223	8	251,073
38	5	194,861	3	121,286
39	10	378,342	6	250,967
40	13	571,729	5	185,065
41	12	421,868	5	203,396
42	16	636,219	2	44,375
43	12	447,274	13	493,826
44	9	382,811	17	624,034
45	14	652,404	10	343,134
46	15	588,756	8	293,756
47	11	466,983	3	111,194
48	16	693,696	6	255,871
49	10	420,334	5	179,886
50	12	543,073	4	148,780

TABLE 2

THE NUMBER AND ANNUAL EARNABLE COMPENSATION OF
ACTIVE MEMBERS DISTRIBUTED BY AGE
BY AGE AS OF JUNE 30, 2004

CLASS B MEMBERS
(CONTINUED)

AGE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
51	16	\$ 774,764	6	\$ 215,371
52	24	1,058,238	7	248,998
53	10	428,573	11	414,661
54	19	858,444	8	327,969
55	17	781,004	10	375,493
56	10	411,514	4	148,482
57	11	371,331	5	147,657
58	7	216,832	4	191,234
59	2	125,149	1	27,240
60	4	181,947	1	34,398
61	5	189,472	3	88,568
62	4	161,634	7	224,134
63	4	201,794	3	103,021
64			3	62,653
65	1	51,487		
66			2	63,202
67	1	36,079	1	37,975
68	1	44,875	1	18,104
TOTAL	367	\$ 14,905,452	209	\$ 7,423,874

TABLE 3

THE NUMBER AND ANNUAL EARNABLE COMPENSATION OF
ACTIVE MEMBERS DISTRIBUTED BY YEARS
OF SERVICE* AS OF JUNE 30, 2004

CLASS A MEMBERS

YEARS OF SERVICE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
0	7	\$ 206,205	1	\$ 32,857
1	7	232,033		
2	19	655,529	2	75,711
3	12	432,982	1	37,983
4	12	411,737		
5	11	417,628	1	40,444
6	11	395,790		
7	6	176,880		
8	4	172,803		
9	7	274,063		
10	1	42,657	1	36,164
11	5	231,893		
12	1	47,731		
13	2	90,198	1	52,577
14	5	224,588	1	54,269
15	9	415,331		
16	8	374,462	1	40,143
17	10	485,979		
18	9	425,191		
19	3	154,402		
20	5	252,529		
21	1	77,186		
22	1	49,387		
23	1	59,096		
24	2	107,693		
25	1	54,954		
28	1	55,033		
31	2	100,731		
33	1	44,939		
TOTAL	164	\$ 6,669,631	9	\$ 370,149

*Excludes service adjustment for employees with a regularly assigned workweek of 53 or more hours.

TABLE 4

THE NUMBER AND ANNUAL COMPENSATION OF
ACTIVE MEMBERS DISTRIBUTED BY YEARS
OF CREDITABLE SERVICE AS OF JUNE 30, 2004

CLASS B MEMBERS

YEARS OF SERVICE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
0	23	\$ 715,269	9	\$ 287,307
1	24	727,369	22	697,589
2	23	770,802	6	176,059
3	30	983,026	23	821,195
4	9	248,749	15	467,616
5	27	912,496	22	678,293
6	10	471,395	12	363,413
7	10	347,293	4	144,904
8	15	684,509	6	189,499
9	17	636,523	16	549,754
10	6	244,601	1	44,697
11	3	180,267	2	51,829
12	2	105,949	1	33,611
13	9	385,562	2	56,655
14	8	342,316	4	137,347
15	8	373,156	5	240,063
16	14	664,776	8	324,628
17	6	264,991	6	272,110
18	5	311,888	2	89,100
19	5	223,098	5	192,518
20	21	983,387	4	170,511
21	15	760,921	2	86,113
22	5	220,558	3	129,610
23	11	496,970	4	145,845
24	8	378,727	3	126,406
25	11	484,367	2	93,748
26	6	310,492	5	203,589
27	2	65,617	1	34,807
28	2	89,467	3	122,941
29	1	43,819		
30	3	150,743	2	71,919

TABLE 4

THE NUMBER AND ANNUAL COMPENSATION OF
ACTIVE MEMBERS DISTRIBUTED BY YEARS
OF CREDITABLE SERVICE AS OF JUNE 30, 2004

CLASS B MEMBERS
(CONTINUED)

YEARS OF SERVICE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
31	2	\$ 97,904	3	\$ 145,574
32	4	197,837	1	37,975
33	5	232,191		
34	5	204,903		
35	3	159,353	2	81,053
36	3	145,410	1	46,978
37	3	154,848	1	56,604
39	1	43,639		
40	1	44,875		
42			1	52,016
43	1	45,392		
TOTAL	367	\$ 14,905,452	209	\$ 7,423,874

TABLE 5

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THE NUMBER AND ANNUAL RETIREMENT
BENEFITS OF RETIREES DISTRIBUTED
BY AGE AS OF JUNE 30, 2004

CLASS A MEMBERS

SERVICE RETIREMENTS

AGE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
44	1	\$ 37,738	1	\$ 30,952
45	3	120,261		
46	3	96,416		
47	2	43,003		
48	4	121,028		
49	1	34,703		
50	1	28,572		
51	3	115,001		
52	1	35,546		
53	3	80,379		
54	5	181,767		
55	5	163,857		
56	7	204,242		
57	4	129,337		
58	6	161,434		
59	2	72,365		
60	7	240,736		
61	4	125,807		
62	3	62,589		
63	6	138,192		
64	1	15,959		
65	1	923		
68	1	43,668		
69	2	58,900		
70	1	27,462		
71	1	21,800		
72	1	21,357		
73	1	20,161		
74	4	69,079		
75	1	21,520		
78	1	23,509		
79	1	17,613		
81	1	14,637		
83	1	18,714		
TOTAL	89	\$ 2,568,275	1	\$ 30,952

TABLE 6

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THE NUMBER AND ANNUAL RETIREMENT
BENEFITS OF RETIREES DISTRIBUTED
BY AGE AS OF JUNE 30, 2004

CLASS B MEMBERS

SERVICE RETIREMENTS

AGE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
55			1	\$ 10,352
56	1	\$ 23,049		
57	1	8,860	2	18,410
58	2	1,384		
59	2	27,744		
60	2	19,456		
61			1	224
62	4	60,661	2	5,871
63	3	36,978	3	33,246
64	2	34,812	3	43,808
65	7	48,504	1	1,357
66	9	97,965	2	19,956
67	5	77,881	3	20,560
68	4	28,069	5	41,361
69	11	85,814	6	34,692
70	4	47,022	3	12,902
71	1	15,670	1	10,707
72	6	66,753	3	41,130
73	5	36,634	3	3,133
74	1	25,622	5	52,600
75	2	8,447	3	37,733
76	5	68,711	1	352
77	1	8,868	1	4,376
78	7	45,951	2	18,906
79	1	17,943	1	1,609
80	1	2,514		
81	3	25,370	2	18,033
82	2	4,766	1	6,787
83	5	38,572	2	9,152
84	1	4,753	3	27,246
85			1	6,776
86	1	6,178	1	6,086
87	1	15,864		
88	1	10,441	1	3,651
89	3	24,528		
90	2	20,154	1	3,276
93	1	11,915	1	7,566
98			1	10,349
TOTAL	107	\$ 1,057,853	66	\$ 512,207

TABLE 7

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THE NUMBER AND ANNUAL RETIREMENT
BENEFITS OF RETIREES DISTRIBUTED
BY AGE AS OF JUNE 30, 2004

CLASS A MEMBERS

DISABILITY RETIREMENTS

AGE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
31			1	\$ 10,746
41	1	\$ 27,013		
43	1	33,188		
46	1	29,956		
49	1	25,191		
53	1	20,488		
57	1	13,102		
71	1	13,883		
72	2	30,212		
82	2	24,239		
TOTAL	11	\$ 217,272	1	\$ 10,746

TABLE 8

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THE NUMBER AND ANNUAL RETIREMENT
BENEFITS OF RETIREES DISTRIBUTED
BY AGE AS OF JUNE 30, 2004

CLASS B MEMBERS

DISABILITY RETIREMENTS

AGE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
42	1	\$ -		
44	2	35,072		
45			1	\$ -
46	1	20,881		
48	1	9,282	1	16,121
49	2	8,681		
51	1	10,935	1	-
52	1	7,771		
53	1	6,810	2	22,427
54	1	11,638	1	7,602
56	1	13,081		
58	2	33,711		
59	2	20,232		
60	1	19,333		
62	2	39,353		
63	2	22,767		
74	1	4,652		
77	1	4,588		
79	1	11,484		
83	1	6,950		
TOTAL	25	\$ 287,221	6	\$ 46,150

TABLE 9

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THE NUMBER AND ANNUAL RETIREMENT
BENEFITS OF BENEFICIARIES OF RETIREES
DISTRIBUTED BY AGE AS OF JUNE 30, 2004

CLASS A MEMBERS

BENEFICIARIES OF DECEASED MEMBERS

AGE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
11			1	\$ 6,076
46			1	6,782
47			1	8,499
51			1	6,916
60			2	9,132
61			1	19,749
63			1	9,538
69			1	15,038
72			1	5,425
77			1	12,988
TOTAL			11	\$ 100,143

TABLE 10

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THE NUMBER AND ANNUAL RETIREMENT
BENEFITS OF BENEFICIARIES OF DECEASED MEMBERS
DISTRIBUTED BY AGE AS OF JUNE 30, 2004

CLASS B MEMBERS

BENEFICIARIES OF DECEASED MEMBERS

AGE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
39			1	\$ 6,398
41	1	\$ 9,480		
51			2	15,040
55			2	14,591
57			1	7,580
59			2	9,131
62			1	6,808
64			5	29,600
65			2	10,023
66			2	8,071
68			2	19,911
69			1	1,632
70			2	11,579
71			1	8,059
72			1	4,765
73	1	1,200	1	5,026
74			2	6,135
77			2	11,018
78	1	5,624		
79			1	8,712
80			2	8,401
81			2	16,310
82			1	9,331
87			1	1,087
TOTAL	3	\$ 16,304	37	\$ 219,208

SCHEDULE E**Burlington Employees' Retirement System
Contribution Projections****Class A & B Employees**

<u>Fiscal Year Ending</u>		<u>Projected Payroll</u>	<u>Normal Contribution</u>		<u>Past Service Contribution</u>		<u>Total City Contribution</u>	
June 30, 2005	\$	31,374,680	\$ 3,934,287	12.5%	\$ 628,823	\$	4,563,110	14.5%
June 30, 2006		33,190,245	3,782,704	11.4%	905,446		4,688,150	14.1%
June 30, 2007		34,849,757	3,971,839	11.4%	1,754,938		5,726,777	16.4%
June 30, 2008		36,592,245	4,170,431	11.4%	2,151,970		6,322,402	17.3%
June 30, 2009		38,421,857	4,378,953	11.4%	2,178,808		6,557,761	17.1%
June 30, 2010		40,342,950	4,597,900	11.4%	2,117,414		6,715,315	16.6%

Notes:

No future liability gains or losses are assumed: assets are assumed to earn 8% per annum.

Projected payroll assumed to increase 5% per annum.

Unfunded accrued liability as of June 30, 2004 amortized over 30 years: initial recognition in FY 2006 contribution.

All future changes in unfunded accrued liability amortized over 30 years.

SCHEDULE E**Burlington Employees' Retirement System
Contribution Projections****Class A Employees**

<u>Fiscal Year Ending</u>	<u>Projected Payroll</u>	<u>Normal Contribution</u>		<u>Past Service Contribution</u>	<u>Total City Contribution</u>	
June 30, 2005	\$ 8,169,478	\$ 1,604,485	19.6%	\$ 241,702	\$ 1,846,187	22.6%
June 30, 2006	8,341,093	1,404,640	16.8%	333,297	1,737,937	20.8%
June 30, 2007	8,758,148	1,474,872	16.8%	767,054	2,241,926	25.6%
June 30, 2008	9,196,055	1,548,616	16.8%	969,357	2,517,972	27.4%
June 30, 2009	9,655,858	1,626,046	16.8%	983,046	2,609,092	27.0%
June 30, 2010	10,138,651	1,707,349	16.8%	952,074	2,659,423	26.2%

Notes:

No future liability gains or losses are assumed; assets are assumed to earn 8% per annum.

Projected payroll assumed to increase 5% per annum.

Unfunded accrued liability as of June 30, 2004 amortized over 30 years; initial recognition in FY 2006 contribution.

All future changes in unfunded accrued liability amortized over 30 years.

SCHEDULE E**Burlington Employees' Retirement System
Contribution Projections****Class B Employees**

<u>Fiscal Year Ending</u>	<u>Projected Payroll</u>	<u>Normal Contribution</u>		<u>Past Service Contribution</u>	<u>Total City Contribution</u>	
June 30, 2005	\$ 23,205,202	\$ 2,329,802	10.0%	\$ 387,121	\$ 2,716,923	11.7%
June 30, 2006	24,849,152	2,378,064	9.6%	572,149	2,950,213	11.9%
June 30, 2007	26,091,610	2,496,967	9.6%	987,884	3,484,851	13.4%
June 30, 2008	27,396,190	2,621,816	9.6%	1,182,614	3,804,429	13.9%
June 30, 2009	28,766,000	2,752,906	9.6%	1,195,762	3,948,668	13.7%
June 30, 2010	30,204,300	2,890,552	9.6%	1,165,340	4,055,892	13.4%

Notes:

No future liability gains or losses are assumed; assets are assumed to earn 8% per annum.

Projected payroll assumed to increase 5% per annum.

Unfunded accrued liability as of June 30, 2004 amortized over 30 years; initial recognition in FY 2006 contribution.

All future changes in unfunded accrued liability amortized over 30 years.