



**CITY OF AURORA**  
**HEALTH INSURANCE PLAN FOR RETIRED EMPLOYEES**

Actuarial Valuation Report  
For the Year  
Beginning January 1, 2012  
And Ending December 31, 2012

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## INTRODUCTION

The City of Aurora provides limited health care insurance coverage for its eligible retired employees. The purpose of this report is to disclose the GASB Statements No. 43 & 45 financial information and related actuarial information for the year beginning January 1, 2012, and ending December 31, 2012.

The valuation results reported herein are based on the plan provisions, the employee data and the actuarial methods and assumptions described later in this report. I hereby certify that this report is complete and accurate and fairly presents the actuarial position of the plan as of December 31, 2011, in accordance with generally accepted actuarial principles and procedures. In my opinion, the assumptions used are reasonably related to expectations.

Respectfully submitted,

Timothy W. Sharpe, EA, MAAA  
Enrolled Actuary No. 11-4384

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Date

GASB STATEMENTS NO. 43 & 45 DISCLOSURE INFORMATION

The Governmental Accounting Standards Board (GASB) issued Statements No. 43 & 45 that established generally accepted accounting principles for the annual financial statements for postemployment benefit plans other than pension plans. The required information is as follows:

Membership in the plan consisted of the following as of:

	<u>December 31, 2011</u>	<u>December 31, 2010</u>
Retirees and beneficiaries receiving benefits	447	436
Terminated plan members entitled to but not yet receiving benefits	0	0
Active vested plan members	610	586
Active nonvested plan members	<u>269</u>	<u>271</u>
Total	<u>1,326</u>	<u>1,293</u>
Number of participating employers	1	1

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/09	22,378,004	173,681,516	151,303,512	12.9%	72,367,412	209.1%
12/31/10	24,193,191	172,968,000	148,774,809	14.0%	64,712,359	229.9%
12/31/11	24,199,774	165,542,261	141,342,487	14.6%	65,237,549	216.7%

GASB STATEMENTS NO. 43 & 45 DISCLOSURE INFORMATION (Continued)

ANNUAL OPEB COST AND NET OPEB OBLIGATION

	<u>December 31, 2011</u>	<u>December 31, 2010</u>
Annual required contribution	11,773,685	12,361,724
Interest on net OPEB obligation	4,074,476	3,435,645
Adjustment to annual required contribution	<u>(2,517,075)</u>	<u>(2,122,426)</u>
Annual OPEB cost	13,331,086	13,674,943
Contributions made	<u>4,580,046</u>	<u>4,548,786</u>
Increase (decrease) in net OPEB obligation	8,751,040	9,126,157
Net OPEB obligation beginning of year	<u>58,206,798</u>	<u>49,080,641</u>
Net OPEB obligation end of year	<u>66,957,838</u>	<u>58,206,798</u>

THREE-YEAR TREND INFORMATION

Fiscal Year <u>Ending</u>	Annual <u>OPEB Cost</u>	Percentage of Annual OPEB <u>Cost Contributed</u>	Net OPEB <u>Obligation</u>
12/31/09	13,099,482	52.8%	49,080,641
12/31/10	13,674,943	33.3%	58,206,798
12/31/11	13,331,086	34.4%	66,957,838

ANNUAL REQUIRED CONTRIBUTION

	<u>December 31, 2012</u>	<u>December 31, 2011</u>
Service Cost	4,338,882	4,569,878
Amortization	6,112,471	6,433,566
Interest	<u>731,595</u>	<u>770,241</u>
Annual required contribution	<u>11,182,948</u>	<u>11,773,685</u>

GASB STATEMENTS NO. 43 & 45 DISCLOSURE INFORMATION (Continued)

FUNDING POLICY AND ACTUARIAL ASSUMPTIONS

This year, the Employer Provided Benefit has been reduced 7.3%. The number of Active Employees has decreased 9% and the number of Retired Members has increased 5%.

Contribution rates:

City	7.02%
Plan members	0.00%

Actuarial valuation date 12/31/2011

Actuarial cost method Entry age

Amortization period Level percentage of pay, open

Remaining amortization period 30 years

Asset valuation method Market

Actuarial assumptions:

Investment rate of return\* 7.00%

Projected salary increases 5.00%

Healthcare inflation rate 7.50% initial  
5.00% ultimate

Mortality, Turnover, Disability, Retirement Ages Same rates utilized for IMRF, Police and Firefighter Pension Funds

Percentage of Active Employees Assumed to Elect Benefit 100%

Employer Provided Benefit Explicit: \$1,483/month to age 65, \$742/month after age 65  
Implicit: Included in Explicit Benefit

\* Includes inflation at 3.00%

**CITY OF AURORA**  
**GASB 45 Summary as of December 31, 2011**

Division	Service Cost	Active Liability	Retired Liability	Total Liability	Assets	Annual Required Contribution	Expected Payments	Actives	Retirees	Total
1002	37,409	172,364	163,113	335,477	49,042	53,282	17,800	6	1	7
1004	89,383	1,087,334	391,665	1,478,999	216,207	154,070	35,601	15	4	19
1010	0	0	163,113	163,113	23,845	6,444	17,800	0	1	1
1102	12,777	55,002	202,450	257,452	37,636	23,843	17,800	2	2	4
1103	4,126	340,856	0	340,856	49,828	17,881	0	2	0	2
1202	3,861	60,266	0	60,266	8,810	6,513	0	1	0	1
1210	21,143	467,919	86,138	554,057	80,995	44,512	8,900	6	1	7
1212	9,464	202,553	0	202,553	29,610	18,129	0	2	0	2
1215	3,600	50,169	128,325	178,494	26,093	10,904	8,900	1	1	2
1216	14,222	187,589	0	187,589	27,423	22,629	0	2	0	2
1220	21,829	189,910	831,913	1,021,823	149,375	63,726	62,302	3	5	8
1221	3,842	129,260	0	129,260	18,896	9,217	0	1	0	1
1230	8,405	265,564	99,268	364,832	53,333	23,407	8,900	2	1	3
1231	20,402	93,869	0	93,869	13,722	25,539	0	2	0	2
1232	37,057	694,122	143,747	837,869	122,484	72,752	8,900	8	1	9
1233	27,643	174,950	0	174,950	25,575	36,489	0	6	0	6
1302	6,177	177,712	191,276	368,988	53,941	21,187	17,800	2	1	3
1314	15,732	427,158	241,229	668,387	97,708	43,239	26,701	5	2	7
1330	15,393	196,294	396,497	592,791	86,657	39,890	35,601	3	2	5
1340	26,302	287,719	0	287,719	42,060	39,510	0	5	0	5
1360	4,136	92,770	0	92,770	13,562	8,091	0	1	0	1
1370	5,901	43,033	538,775	581,808	85,052	29,300	35,601	1	3	4
1802	9,964	200,043	426,087	626,130	91,531	35,397	26,701	2	3	5
1810	1,919	70,158	232,650	302,808	44,266	14,016	17,800	1	1	2
1820	90,412	1,095,625	1,069,278	2,164,903	316,476	182,269	89,002	16	8	24
1830	12,612	128,095	366,065	494,160	72,239	33,018	26,701	2	2	4
1840	22,809	325,908	51,717	377,625	55,203	39,324	8,900	6	1	7
1841	0	0	259,257	259,257	37,899	10,242	17,800	0	1	1
1850	66,543	1,827,422	1,306,710	3,134,132	458,163	195,020	133,503	18	9	27
1851	124,779	2,441,655	2,606,570	5,048,225	737,974	332,952	195,805	28	16	44
2502	6,658	212,067	103,895	315,962	46,189	19,606	8,900	2	1	3
2521	37,290	603,915	692,607	1,296,522	189,532	91,121	53,401	9	4	13
2522	6,403	31,180	0	31,180	4,558	8,083	0	2	0	2
2523	36,540	626,422	347,350	973,772	142,351	77,568	26,701	7	2	9
2526	14,143	140,641	617,363	758,004	110,809	45,080	44,501	3	4	7
2533	16,282	176,371	0	176,371	25,783	24,390	0	2	0	2
2560	46,172	745,182	537,360	1,282,542	187,488	100,073	44,501	9	4	13
3033	0	0	191,276	191,276	27,962	7,557	17,800	0	1	1
3536	0	0	2,039,267	2,039,267	298,110	80,565	169,104	0	12	12
3537	87,005	1,693,834	830,143	2,523,977	368,967	192,809	62,302	25	4	29
3538	3,016	142,807	0	142,807	20,876	8,869	0	1	0	1
4402	15,286	269,829	507,062	776,891	113,570	47,048	44,501	3	3	6
4410	27,247	413,329	205,221	618,550	90,423	53,592	17,800	7	1	8
4420	26,248	601,880	467,827	1,069,707	156,375	70,346	44,501	6	3	9
4430	46,974	461,958	219,025	680,983	99,549	77,166	17,800	8	1	9
4431	85,762	1,725,790	1,247,173	2,972,963	434,602	209,217	106,803	17	9	26
4432	11,694	185,884	889,010	1,074,894	157,133	54,978	71,202	2	4	6
4433	31,593	371,946	205,221	577,167	84,373	56,607	17,800	6	1	7
4434	16,338	297,396	177,227	474,623	69,383	36,233	17,800	3	1	4
4440	35,413	618,674	1,538,149	2,156,823	315,295	123,100	115,703	8	8	16
4441	16,615	396,349	0	396,349	57,940	33,436	0	5	0	5
4442	8,793	129,335	478,935	608,270	88,920	33,439	35,601	2	3	5
4443	7,119	151,983	340,842	492,825	72,044	27,087	26,701	2	3	5
4450	83,640	2,287,028	667,747	2,954,775	431,943	206,228	62,302	24	4	28
4451	7,165	61,073	113,438	174,511	25,511	14,561	8,900	2	1	3
4460	151,179	3,574,799	2,256,324	5,831,123	852,422	392,129	186,905	35	15	50
4470	140,063	3,502,496	1,982,316	5,484,812	801,796	366,554	160,204	36	15	51
4471	9,098	348,073	827,856	1,175,929	171,903	56,192	62,302	3	4	7
Police	1,499,331	30,934,989	30,661,270	61,596,259	9,004,441	4,037,745	2,171,653	309	154	463
Fire	1,147,972	23,212,875	22,099,084	45,311,959	6,623,923	3,018,453	1,664,340	192	119	311
<b>Total</b>	<b>4,338,882</b>	<b>85,403,430</b>	<b>80,138,831</b>	<b>165,542,261</b>	<b>24,199,774</b>	<b>11,182,621</b>	<b>6,078,847</b>	<b>879</b>	<b>447</b>	<b>1,326</b>

Discount Rate: 7.0%  
 Medical Inflation Rate: 7.5% initial, 5.0% ultimate  
 Future Payroll Increases: 5.0%