



CITY OF AURORA
HEALTH INSURANCE PLAN FOR RETIRED EMPLOYEES

Actuarial Valuation Report
For the Year
Beginning January 1, 2008
And Ending December 31, 2008

Timothy W. Sharpe, Actuary, Geneva, IL (630) 262-0600

TABLE OF CONTENTS

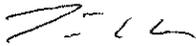
	<u>Page</u>
Introduction	3
Membership	4
Schedule of Funding Progress	4
Annual OPEB Cost and Net OPEB Obligation	5
Three-year Trend Information	5
Annual Required Contribution	5
Funding Policy and Actuarial Assumptions	6
Department Summary	7

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, 2008, and ending December 31, 2008.

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, 2007, 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. 08-4384



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, 2007</u>	<u>December 31, 2006</u>
Retirees and beneficiaries receiving benefits	327	312
Terminated plan members entitled to but not yet receiving benefits	0	0
Active vested plan members	985	935
Active nonvested plan members	<u>0</u>	<u>0</u>
Total	<u>1,312</u>	<u>1,247</u>
Number of participating employers	1	1

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial 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)
12/31/05	0 ¹	177,104,914	177,104,914	0	NA	NA
12/31/06	0 ¹	183,577,501	183,577,501	0	36,785,287	499.1%
12/31/07	15,608,508	155,475,378	139,866,870	10.0%	66,557,105	210.1%

¹ The value of assets does not reflect approximately \$10M set aside by the City for future benefits. Once the City has established an irrevocable trust for said purpose, the value of the trust will be recognized.

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

ANNUAL OPEB COST AND NET OPEB OBLIGATION

	<u>December 31, 2007</u>	<u>December 31, 2006</u>
Annual required contribution	16,764,385	15,233,312
Interest on net OPEB obligation	2,508,377	1,679,524
Adjustment to annual required contribution	<u>(1,619,630)</u>	<u>(1,113,570)</u>
Annual OPEB cost	17,653,132	15,799,266
Contributions made	<u>17,790,881</u>	<u>3,958,503</u>
Increase (decrease) in net OPEB obligation	(137,749)	11,840,763
Net OPEB obligation beginning of year	<u>35,833,961</u>	<u>23,993,198</u>
Net OPEB obligation end of year	<u>35,696,212</u>	<u>35,833,961</u>

THREE-YEAR TREND INFORMATION

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/05	15,382,900	19.2%	23,993,198
12/31/06	15,799,266	25.1%	35,833,961
12/31/07	17,653,132	100.8%	35,696,212

ANNUAL REQUIRED CONTRIBUTION

	<u>2008</u>	<u>2007</u>
Service Cost	5,828,061	7,071,503
Amortization	6,370,149	8,596,146
Interest	<u>853,875</u>	<u>1,096,735</u>
Annual required contribution	<u>13,052,085</u>	<u>16,764,385</u>

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

FUNDING POLICY AND ACTUARIAL ASSUMPTIONS

Contribution rates:

City	NA	Same
Plan members	0	Same

Actuarial valuation date	12/31/2007	12/31/2006
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Actuarial cost method	Entry age	Same
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Amortization period	Level percentage of pay, closed	Same
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Remaining amortization period	28 years	29 years
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Asset valuation method	Market	Same
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Actuarial assumptions:

Investment rate of return*	7.00%	Same
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Projected salary increases	NA	Same
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Healthcare inflation rate	8.00% initial 6.00% ultimate	Same
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Employer Provided Benefit	\$1,440/month to age 65, \$720/month after age 65	Same
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* Includes inflation at	3.00%	Same
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CITY OF Aurora
 GASB 43 & 45 Summary as of January 1, 2008

Division	Service Cost	Active Liability	Retired Liability	Total Liability	Assets	Annual Required Contribution	Expected Payments	Actives	Retirees
1002	34,982	128,138	235,395	363,533	36,496	53,369	17,280	4	1
1003	4,974	328,699	0	328,699	32,999	19,732	0	2	0
1004	86,622	841,944	458,191	1,300,135	130,523	149,684	34,560	14	4
1005	22,934	107,102	80,251	187,353	18,809	32,753	8,640	2	1
1006	43,832	429,302	410,786	840,088	84,338	83,730	25,920	6	3
1008	4,691	114,150	0	114,150	11,460	10,024	0	1	0
1009	14,579	176,236	175,504	351,740	35,312	31,020	17,280	2	1
1010	8,240	171,272	389,860	561,132	56,333	33,417	25,920	2	2
1302	50,834	651,728	0	651,728	65,428	82,965	0	7	0
1310	4,914	5,245	0	5,245	527	5,488	0	1	0
1314	50,780	362,253	98,518	460,771	46,258	74,535	8,640	7	1
1315	10,664	115,414	0	115,414	11,587	16,471	0	2	0
1325	16,773	119,523	0	119,523	11,999	23,186	0	3	0
1346	27,161	317,564	0	317,564	31,881	42,984	0	5	0
1347	12,554	124,725	0	124,725	12,521	18,900	0	1	0
1516	85,605	941,646	190,435	1,132,081	113,652	141,229	17,280	13	1
1528	105,119	1,333,348	495,345	1,828,693	183,586	192,647	34,560	17	4
1529	11,665	27,444	0	27,444	2,755	13,684	0	3	0
1530	7,716	91,354	64,915	156,269	15,688	15,107	8,640	2	1
1531	14,063	259,619	545,501	805,120	80,828	50,344	34,560	3	2
1545	3,334	7,421	0	7,421	745	3,892	0	1	0
1546	8,320	60,520	0	60,520	6,076	11,556	0	1	0
1702	30,114	724,813	0	724,813	72,765	63,998	0	6	0
1727	121,832	2,396,832	354,172	2,751,004	276,179	250,964	25,920	26	3
1745	36,035	312,271	0	312,271	31,350	52,247	0	7	0
1765	7,019	(0)	142,384	142,384	14,294	13,753	8,640	2	1
2502	42,886	578,975	130,699	709,674	71,246	77,001	8,640	8	1
2521	32,444	829,712	395,841	1,225,553	123,036	88,443	34,560	8	2
2522	3,859	0	0	0	0	4,130	0	1	0
2523	54,295	592,621	160,631	753,252	75,621	91,118	8,640	9	1
2526	46,736	470,433	0	470,433	47,228	70,632	0	5	0
2527	17,118	135,847	504,849	640,696	64,321	46,404	25,920	3	2
2528	4,776	35,518	160,631	196,149	19,692	13,710	8,640	1	1
2529	16,318	226,358	0	226,358	22,725	27,383	0	3	0
2560	61,557	564,777	851,683	1,416,460	142,201	127,963	51,840	11	5
2802	30,311	496,833	0	496,833	49,878	54,213	0	6	0
2825	62,097	745,564	0	745,564	74,849	99,129	0	10	0
2836	20,693	28,300	0	28,300	2,841	23,383	0	5	0
3033	1,480,150	26,558,631	15,393,986	41,952,617	4,211,714	3,422,969	1,175,040	207	88
3536	1,810,795	30,020,674	27,947,188	57,967,862	5,819,518	4,478,870	1,944,000	320	136
3537	129,280	1,861,996	0	1,861,996	186,930	219,960	0	27	0
3538	7,626	179,832	0	179,832	18,054	16,044	0	2	0
4039	42,125	778,318	1,043,253	1,821,571	182,871	124,932	69,120	6	5
4040	105,767	2,045,094	89,014	2,134,108	214,248	206,730	8,640	22	1
4054	2,222	54,886	0	54,886	5,510	4,784	0	1	0
4058	173,463	2,423,504	2,858,047	5,281,551	530,226	417,150	198,720	30	14
4063	194,774	4,762,676	2,022,249	6,784,925	681,153	505,859	146,880	41	12
4502	31,750	496,292	250,373	746,665	74,959	66,706	17,280	5	1
4541	0	0	190,435	190,435	19,118	8,349	17,280	0	1
4542	59,223	978,659	142,384	1,121,043	112,544	112,515	8,640	10	1
4548	219,887	3,707,398	2,477,465	6,184,863	620,912	506,425	172,800	42	14
4551	40,814	455,290	0	455,290	45,708	63,631	0	5	0
4553	25,254	296,360	0	296,360	29,752	40,013	0	4	0
4554	39,555	206,872	294,990	501,862	50,383	64,325	17,280	6	1
4566	18,990	597,304	0	597,304	59,965	46,506	0	5	0
4590	99,343	1,664,627	1,271,246	2,935,873	294,739	235,006	95,040	18	7
5002	19,567	377,633	0	377,633	37,911	37,492	0	4	0
5043	56,348	968,153	824,825	1,792,978	180,001	138,897	51,840	9	4
5044	17,972	233,581	0	233,581	23,450	29,470	0	4	0
5067	13,052	357,707	329,101	686,808	68,950	44,075	25,920	3	2
5068	21,659	188,422	427,819	616,241	61,866	50,192	25,920	4	3
Total	5,828,061	94,067,412	61,407,966	155,475,378	15,608,508	13,052,084	4,380,480	985	327

Discount Rate: 7.0%
 Medical Inflation Rate: 8.0% Initial, 6% Ultimate
 Future Payroll Increases: 5.0%