

CITY OF AURORA
HEALTH INSURANCE PLAN FOR RETIRED EMPLOYEES

Actuarial Valuation Report
For the Year
Beginning January 1, 2009
And Ending December 31, 2009

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

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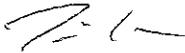
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INTRODUCTION

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, 2009, and ending December 31, 2009.

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, 2008, 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

7/28/09

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, 2008</u>	<u>December 31, 2007</u>
Retirees and beneficiaries receiving benefits	355	327
Terminated plan members entitled to but not yet receiving benefits	0	0
Active vested plan members	623	985
Active nonvested plan members	<u>347</u>	<u>0</u>
Total	<u>1,325</u>	<u>1,312</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)
12/31/06	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%
12/31/08	18,831,066	157,770,027	138,938,961	11.9%	72,246,059	192.3%

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, 2008</u>	<u>December 31, 2007</u>
Annual required contribution	13,052,085	16,764,385
Interest on net OPEB obligation	2,498,735	2,508,377
Adjustment to annual required contribution	<u>(1,543,635)</u>	<u>(1,619,630)</u>
Annual OPEB cost	14,007,185	17,653,132
Contributions made	<u>6,810,269</u>	<u>17,790,881</u>
Increase (decrease) in net OPEB obligation	7,196,916	(137,749)
Net OPEB obligation beginning of year	<u>35,696,212</u>	<u>35,833,961</u>
Net OPEB obligation end of year	<u>42,893,128</u>	<u>35,696,212</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>
12/31/06	15,799,266	25.1%	35,833,961
12/31/07	17,653,132	100.8%	35,696,212
12/31/08	14,007,185	48.6%	42,893,128

ANNUAL REQUIRED CONTRIBUTION

	<u>December 31, 2009</u>	<u>December 31, 2008</u>
Service Cost	5,161,696	5,828,061
Amortization	6,008,228	6,370,149
Interest	<u>781,895</u>	<u>853,875</u>
Annual required contribution	<u>11,951,819</u>	<u>13,052,085</u>

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

FUNDING POLICY AND ACTUARIAL ASSUMPTIONS

The Employer Provided Benefit has been increased 8% from last year to reflect inflation. The Initial Healthcare Inflation Rate and Ultimate Rate have been reduced to 7.5% and 5.0%, respectively, from 8.0% and 6.0% last year, respectively.

Contribution rates:

City	9.4%
Plan members	0.0%

Actuarial valuation date 12/31/2008

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	NA
Healthcare inflation rate	7.50% initial 5.00% ultimate

Percentage of Active Employees Assumed to Elect Benefit 100%

Employer Provided Benefit \$1,600/month to age 65,
\$800/month after age 65

* Includes inflation at 3.00%

CITY OF AURORA
 GASB 45 Summary as of December 31, 2008

Division	Service Cost	Active Liability	Retired Liability	Total Liability	2009 Annual			Actives	Retirees	Total
					Assets	Required Contribution	Expected Payments			
1002	35,470	159,168	538,792	697,960	83,307	66,393	19,200	5	1	6
1003	4,458	320,506	0	320,506	38,255	17,830	0	2	0	2
1004	31,357	204,499	1,131,002	1,335,501	159,402	87,971	76,800	5	4	9
1005	21,244	127,025	236,246	363,271	43,359	37,534	19,200	2	1	3
1006	38,915	686,726	588,639	1,275,365	152,225	93,608	57,600	7	3	10
1008	4,144	110,784	0	110,784	13,223	8,948	0	1	0	1
1009	21,335	267,150	191,162	458,312	54,703	41,503	19,200	4	1	5
1010	16,887	179,616	382,324	561,940	67,072	40,967	38,400	3	2	5
1302	32,006	402,310	0	402,310	48,019	50,640	0	4	0	4
1314	20,286	358,478	0	358,478	42,787	36,314	0	4	0	4
1315	18,765	115,421	0	115,421	13,776	24,782	0	3	0	3
1325	23,105	134,582	0	134,582	18,063	30,207	0	4	0	4
1346	24,870	473,502	0	473,502	58,516	45,905	0	6	0	6
1347	8,832	132,198	0	132,198	15,779	14,836	0	1	0	1
1516	35,041	424,278	191,162	615,440	73,457	62,572	19,200	6	1	7
1528	99,826	1,346,636	955,810	2,302,446	274,815	200,633	96,000	18	5	23
1529	15,712	90,880	0	90,880	10,847	20,515	0	4	0	4
1530	10,623	146,363	191,162	337,525	40,288	25,121	19,200	3	1	4
1531	10,149	198,145	382,324	580,469	69,283	34,512	38,400	2	2	4
1540	9,385	97,018	0	97,018	11,580	13,955	0	1	0	1
1545	7,470	189,447	0	189,447	22,612	15,712	0	2	0	2
1546	11,859	140,509	0	140,509	16,771	18,414	0	2	0	2
1702	17,519	568,734	0	568,734	67,883	41,920	0	5	0	5
1727	102,829	2,211,605	764,648	2,976,253	355,239	231,303	76,800	25	4	29
1745	38,377	466,908	0	466,908	55,729	60,089	0	8	0	8
1765	5,379	8,627	191,162	199,789	23,846	13,897	19,200	2	1	3
2502	13,546	189,755	191,162	380,917	45,465	30,016	19,200	3	1	4
2521	34,362	802,879	382,324	1,185,203	141,483	85,062	38,400	9	2	11
2522	7,694	17,855	0	17,855	2,131	8,961	0	2	0	2
2523	45,063	572,078	191,162	763,240	91,099	79,318	19,200	9	1	10
2526	41,878	625,907	0	625,907	74,707	70,314	0	6	0	6
2527	14,399	135,331	382,324	517,655	61,786	36,500	38,400	3	2	5
2528	3,883	34,693	191,162	225,855	26,958	13,358	19,200	1	1	2
2529	14,099	219,085	0	219,085	26,150	24,013	0	3	0	3
2536	16,473	133,275	0	133,275	15,907	23,056	0	2	0	2
2560	55,584	702,561	955,810	1,658,371	197,939	127,051	96,000	12	5	17
2802	26,293	492,391	0	492,391	58,771	48,198	0	6	0	6
2825	48,250	704,281	0	704,281	84,061	80,325	0	9	0	9
2836	30,214	47,414	0	47,414	5,659	34,261	0	7	0	7
3033	1,349,919	25,277,781	18,733,876	44,011,657	5,253,130	3,237,798	1,881,600	208	98	306
3536	1,691,981	28,948,772	27,909,652	56,858,424	6,786,490	4,127,284	2,803,200	326	146	472
3537	94,869	1,832,527	191,162	2,023,689	241,543	183,971	19,200	26	1	27
3538	7,037	180,511	0	180,511	21,545	14,885	0	2	0	2
4039	16,942	351,716	764,648	1,116,364	133,247	63,618	76,800	3	4	7
4040	96,074	1,852,406	382,324	2,234,730	266,732	193,860	38,400	21	2	23
4054	1,991	54,612	191,162	245,774	29,335	12,145	19,200	1	1	2
4058	186,802	2,449,413	2,576,268	5,125,681	611,789	387,339	268,800	31	14	45
4062	15,579	572,865	382,324	955,189	114,009	55,591	38,400	4	2	6
4063	143,302	3,569,741	2,485,106	6,054,847	722,693	400,055	249,600	36	13	49
4502	16,222	257,563	191,162	448,725	53,559	35,642	19,200	3	1	4
4541	0	0	191,162	191,162	22,817	7,789	19,200	0	1	1
4542	48,487	925,457	191,162	1,116,619	133,277	97,381	19,200	9	1	10
4548	198,519	3,523,450	2,676,268	6,199,718	739,984	465,041	268,800	42	14	56
4551	34,631	448,506	0	448,506	53,533	55,331	0	4	0	4
4553	22,585	308,360	0	308,360	36,805	36,731	0	4	0	4
4554	40,980	241,251	191,162	432,413	51,612	61,468	19,200	6	1	7
4566	6,497	301,944	382,324	684,268	81,673	34,834	38,400	3	2	5
4590	91,791	1,591,189	1,338,134	2,929,303	349,635	217,579	134,400	18	7	25
5002	14,204	181,335	0	181,335	21,644	22,588	0	3	0	3
5043	40,903	1,061,500	764,648	1,826,148	217,965	118,178	76,800	8	4	12
5044	18,310	420,647	0	420,647	50,207	36,732	0	5	0	5
5067	11,306	353,969	382,324	736,293	87,882	42,100	38,400	3	2	5
5068	15,186	189,184	573,486	762,670	91,031	47,326	57,600	3	3	6
Total	5,161,696	89,133,296	68,636,731	157,770,027	18,831,066	11,951,819	6,816,000	970	355	1,325

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