



CITY OF AURORA
HEALTH INSURANCE PLAN FOR RETIRED EMPLOYEES

Actuarial Valuation Report
For the Year
Beginning January 1, 2011
And Ending December 31, 2011

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INTRODUCTION

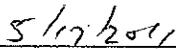
The City of Aurora provides limited health care insurance coverage for its eligible retired employees. The purpose of this report is to disclose the GASB Statements No. 43 & 45 financial information and related actuarial information for the year beginning January 1, 2011, and ending December 31, 2011.

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, 2010, 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



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, 2010</u>	<u>December 31, 2009</u>
Retirees and beneficiaries receiving benefits	436	414
Terminated plan members entitled to but not yet receiving benefits	0	0
Active vested plan members	586	618
Active nonvested plan members	<u>271</u>	<u>325</u>
Total	<u>1,293</u>	<u>1,357</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)
12/31/08	18,831,066	157,770,027	138,938,961	11.9%	72,246,059	192.3%
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%

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

ANNUAL OPEB COST AND NET OPEB OBLIGATION

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
Annual required contribution	12,361,724	11,951,819
Interest on net OPEB obligation	3,435,645	3,002,519
Adjustment to annual required contribution	<u>(2,122,426)</u>	<u>(1,854,856)</u>
Annual OPEB cost	13,674,943	13,099,482
Contributions made	<u>4,548,786</u>	<u>6,911,969</u>
Increase (decrease) in net OPEB obligation	9,126,157	6,187,513
Net OPEB obligation beginning of year	<u>49,080,641</u>	<u>42,893,128</u>
Net OPEB obligation end of year	<u>58,206,798</u>	<u>49,080,641</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>
12/31/08	14,007,185	48.6%	42,893,128
12/31/09	13,099,482	52.8%	49,080,641
12/31/10	13,674,943	33.3%	58,206,798

ANNUAL REQUIRED CONTRIBUTION

	<u>December 31, 2011</u>	<u>December 31, 2010</u>
Service Cost	4,569,878	5,010,096
Amortization	6,433,566	6,542,917
Interest	<u>770,241</u>	<u>808,711</u>
Annual required contribution	<u>11,773,685</u>	<u>12,361,724</u>

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

FUNDING POLICY AND ACTUARIAL ASSUMPTIONS

This year, the Employer Provided Benefit is the same as the previous year. The number of Active Employees has decreased 9% and the number of Retired Members has increased 5%.

Contribution rates:

City	10.03%
Plan members	0.00%

Actuarial valuation date 12/31/2010

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: \$1,600/month to age 65, \$800/month after age 65
Implicit: Included in Explicit Benefit

* Includes inflation at 3.00%

CITY OF AURORA
GASB 45 Summary as of December 31, 2010

Division	Service Cost	Active Liability	Retired Liability	Total Liability	Annual			Actives	Retirees	Total
					Assets Contribution	Required Payments	Expected			
1002	36,161	142,903	191,162	334,065	46,726	51,988	19,200	5	1	6
1004	29,851	169,757	441,811	611,568	85,541	56,280	38,400	4	4	8
1010	0	0	191,162	191,162	26,738	7,608	19,200	0	1	1
1102	8,653	49,370	227,565	276,935	38,735	20,281	19,200	1	2	3
1103	4,455	351,471	0	351,471	49,161	18,755	0	2	0	2
1202	15,293	104,871	0	104,871	14,668	20,537	0	2	0	2
1210	23,100	483,414	97,482	580,896	81,251	47,835	9,600	6	1	7
1212	10,209	200,023	0	200,023	27,977	18,884	0	2	0	2
1215	3,883	47,295	143,905	191,200	26,743	11,765	9,600	1	1	2
1216	16,457	178,624	0	178,624	24,984	24,718	0	2	0	2
1220	12,417	124,821	942,243	1,067,064	149,251	55,754	67,200	2	5	7
1221	4,144	132,255	0	132,255	18,499	9,697	0	1	0	1
1230	9,067	267,363	112,063	379,426	53,071	24,802	9,600	2	1	3
1231	22,006	76,992	0	76,992	10,769	26,611	0	2	0	2
1232	39,972	680,438	160,681	841,119	117,648	76,245	9,600	8	1	9
1233	23,595	155,464	0	155,464	21,745	31,434	0	5	0	5
1302	6,663	174,743	221,357	396,100	55,403	22,893	19,200	2	1	3
1314	5,690	228,842	279,663	508,505	71,125	26,327	28,800	2	2	4
1330	21,441	366,702	457,603	824,305	115,296	55,748	38,400	4	2	6
1340	25,878	273,701	0	273,701	38,283	38,583	0	4	0	4
1360	4,461	93,403	0	93,403	13,064	8,491	0	1	0	1
1370	6,365	37,616	616,260	653,876	91,458	32,834	48,000	1	3	4
1802	10,747	200,153	486,035	686,188	95,978	38,809	38,400	2	3	5
1810	2,040	68,042	265,406	333,448	46,640	15,453	19,200	1	1	2
1820	73,061	1,095,920	1,389,520	2,485,440	347,641	177,093	115,200	13	9	22
1830	13,607	121,189	414,859	536,048	74,978	35,894	28,800	2	2	4
1840	24,255	308,429	58,890	367,319	51,377	40,571	9,600	6	1	7
1841	0	0	293,654	293,654	41,074	11,687	19,200	0	1	1
1850	69,684	1,840,233	1,669,207	3,529,440	493,666	215,030	163,200	17	10	27
1851	144,631	2,757,861	2,503,758	5,261,619	735,947	364,161	182,400	29	14	43
2502	7,181	212,083	117,163	329,246	46,052	20,787	9,600	2	1	3
2521	41,668	580,448	788,029	1,368,477	191,410	99,048	57,600	9	4	13
2522	6,745	24,843	0	24,843	3,475	8,206	0	2	0	2
2523	50,789	558,186	405,991	964,177	134,860	92,718	28,800	8	2	10
2526	23,156	268,201	486,035	754,236	105,496	54,795	38,400	4	3	7
2560	53,659	934,548	748,408	1,682,956	235,397	124,394	57,600	11	5	16
3033	0	0	221,357	221,357	30,961	8,810	19,200	0	1	1
3536	0	0	2,156,263	2,156,263	301,598	85,817	182,400	0	12	12
3537	91,461	1,822,068	622,326	2,444,394	341,900	195,147	48,000	25	3	28
3538	3,774	152,988	0	152,988	21,399	10,127	0	1	0	1
4402	12,604	231,952	582,721	814,673	113,949	45,910	48,000	2	3	5
4410	26,929	541,401	0	541,401	75,726	50,361	0	7	0	7
4420	34,267	619,696	540,154	1,159,850	162,229	82,826	48,000	6	3	9
4430	48,030	444,551	250,942	695,493	97,279	79,072	19,200	7	1	8
4431	81,270	1,657,270	1,440,796	3,098,066	433,329	210,259	134,400	16	9	25
4432	11,156	275,368	766,405	1,041,773	145,714	53,398	57,600	2	3	5
4433	24,726	384,050	236,246	620,296	86,761	51,143	19,200	3	1	4
4434	18,429	215,320	206,315	421,635	58,974	34,359	19,200	3	1	4
4440	47,817	1,010,773	1,173,771	2,184,544	305,554	138,106	86,400	10	6	16
4441	17,645	391,934	0	391,934	54,820	34,479	0	5	0	5
4442	13,943	171,698	567,073	738,771	103,333	44,321	48,000	3	3	6
4443	4,313	79,262	383,425	462,687	64,716	23,029	28,800	1	3	4
4450	94,828	2,371,124	769,956	3,141,080	439,346	226,477	67,200	25	4	29
4451	7,589	53,261	127,635	180,896	25,302	15,319	9,600	2	1	3
4460	176,962	3,735,608	2,590,266	6,325,894	884,808	441,112	201,600	38	15	53
4470	140,582	3,649,933	2,297,863	5,947,796	831,924	387,138	182,400	35	16	51
4471	8,330	388,382	781,526	1,169,908	163,636	55,474	57,600	3	3	6
Police	1,589,513	31,025,801	33,242,697	64,268,498	8,989,293	4,258,587	2,352,000	304	151	455
Fire	1,266,726	23,710,800	24,036,888	47,747,688	6,678,512	3,255,697	1,776,000	194	116	310
Total	4,569,878	86,243,443	86,724,557	172,968,000	24,193,191	11,773,685	6,508,800	857	436	1,293

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