

ACTUARIAL ASSUMPTIONS

1. Actuarial Cost Method

- Entry Age Normal Cost Method

2. Decrements

- **Pre-Retirement Mortality**

Representative values of the assumed annual rates of pre-retirement mortality among members in active service are as follows:

Age	Ordinary Mortality Rate	Service Mortality Rate	Age	Ordinary Mortality Rate	Service Mortality Rate
20	.0017	.0002	40	.0043	.0005
25	.0018	.0004	45	.0055	.0006
30	.0020	.0005	50	.0077	.0009
35	.0030	.0005	54	.0103	.0003

- **Post-Retirement Healthy Mortality**

1983 Group Annuity Mortality Table

- **Post-Retirement Disabled Mortality**

1983 Group Annuity Mortality Table

- **Disability**

Representative values of the assumed annual rates of disability among members in active service are as follows:

Age	Ordinary Disability Rate	Service Disability Rate	Age	Ordinary Disability Rate	Service Disability Rate
20	.0004	.0003	40	.0018	.0014
25	.0006	.0005	45	.0032	.0026
30	.0009	.0007	50	.0055	.0044
35	.0012	.0010	54	.0074	.0059

ACTUARIAL ASSUMPTIONS

(continued)

- **Permanent Withdrawal from Active Status and Retirement**

Representative values of the assumed annual rates of withdrawal and retirement among members in active service are set forth in the following table. In addition, 10% of active members are assumed to retire in the first year of eligibility for retirement.

Age	Rate	Age	Rate	Age	Rate	Age	Rate
20	10.30%	35	1.82%	45	0.48%	54	15.35%
25	7.30%	40	0.99%	50	25.20%	55	100.00%
30	4.15%						

Normal retirement age is assumed to occur between the minimum eligibility age and age 55. However, all remaining members are assumed to retire upon attaining 27 years of service, regardless of age.

3. Interest Rates

- **Used for Calculating All Liabilities (including GASB 25/27 liabilities)**
8.00% per annum

4. Salary Increases

- **Individual Compensation**

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

(average assumed annual rate is 5.7%)

Age	Rate	Age	Rate	Age	Rate	Age	Rate
20	10.67%	30	6.25%	40	5.10%	50	5.06%
25	8.80%	35	5.30%	45	5.03%	55	5.12%

- **Aggregate Compensation**

The aggregate compensation used to compute the accrued liability contribution rate was assumed to increase at a rate of 3½% per year.

5. Marriage Assumptions

- **Percent Married**

95% of members are assumed married.

- **Age Difference Between Spouses**

Male spouses are assumed to be three years older than female spouses.

ACTUARIAL ASSUMPTIONS

(continued)

6. Expenses

The normal contribution rate otherwise determined is increased by anticipated administrative expenses. The anticipated administrative expenses include investment expenses and commissions and, for the 2000/2001 plan year, are assumed to be equal to \$400,000.

7. Assets

Actuarial value of assets is equal to the market value of assets adjusted to reflect a five-year phase-in of the net investment gain or loss. As of October 1, 1999, the "fresh start method" using the current market value of assets and starting a new five-year phase-in of realized and unrealized gains and losses was implemented.

ASSUMPTION CHANGES

The following assumptions have been changed during the last few plan years:

1. Effective October 1, 1991:
 - a) An additional 10% of active members were assumed to retire in the first year of eligibility for retirement and all members were assumed to retire upon attaining 27 years of service, regardless of age;
 - b) The interest rate used to determine all liabilities was increased from 7.00% per annum to 8.00% per annum;
 - c) The assumed annual rate of individual salary growth was increased from 5.00% to 5.50%; and
 - d) The assumed annual rate of aggregate salary growth was increased from 3.00% to 3.50%.

2. Effective October 1, 1992:
 - a) The post-retirement mortality table was changed to the 1979 George B. Buck Mortality Table; and
 - b) The assumed annual rate of individual salary growth was changed from 5.50% at each age to the table of rates as set forth in Table XI, item 4.

3. Effective October 1, 1997:

The post-retirement mortality table was changed to the 1983 Group Annuity Mortality Table.

- 4. Effective October 1, 1999:**
 - a) The actuarial value of assets reflects a “fresh start” at market value, beginning a new five-year phase-in of gains and losses.**

 - b) The actuarial cost method was changed from frozen entry age to entry age.**

* Note: Assumption changes that have first been reflected in this valuation are shown in bold print.