

**REPORT ON THE FIFTY-FOURTH
ACTUARIAL VALUATION OF THE
BURLINGTON EMPLOYEES' RETIREMENT SYSTEM
PREPARED AS OF JUNE 30, 2007**



April 28, 2008

Retirement Board
Burlington Employees' Retirement System
Burlington, VT 05401

Members of The Board:

Article II, Division 2, Section 24-60 of the ordinance in relation to the Burlington Employees' Retirement System provides for actuarial valuations of the assets and liabilities of the System at least once every three years and more often if the Retirement Board so directs.

The fifty-fourth actuarial valuation of the System, prepared as of June 30, 2007, has now been completed and the results are presented in this report, together with the determination of the amount of contributions payable by the City in accordance with the Retirement Board's funding policy and the disclosure information for accounting purposes required by the Governmental Accounting Standards Board.

The actuarial assumptions and methods used in this valuation are described in Schedule B.

The results of the valuation are based on the Plan provisions in effect on June 30, 2007. A summary of the System provisions is shown in Schedule C.

The Table of Contents, which immediately follows, outlines the material contained in the report.

I am a Fellow of the Society of Actuaries and a Member of the American Academy of Actuaries. I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained in this report. This report has been prepared in accordance with all applicable Actuarial Standards of Practice, and I am available to answer questions about it.

Respectfully submitted,

David L. Driscoll, F.S.A.
Principal, Consulting Actuary

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**REPORT ON THE FIFTY-FOURTH ACTUARIAL VALUATION OF THE
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PREPARED AS OF JUNE 30, 2007**

SECTION I - SUMMARY OF PRINCIPAL RESULTS

For convenience of reference, the principal results of the valuation and a comparison with the preceding year's results are summarized below.

Valuation Date	6/30/2007	6/30/2006
Class A:		
Number of active members	179	173
Earnable compensation for employees below maximum retirement age	\$ 8,855,072	\$ 8,132,478
Number of retirees and beneficiaries	119	117
Annual retirement benefits	\$ 3,323,942	\$ 3,168,125
Number with vested rights	11	12
Class B:		
Number of active members	632	571
Earnable compensation for employees below maximum retirement age	\$ 26,020,331	\$ 22,822,233
Number of retirees and beneficiaries	289	276
Annual retirement benefits	\$ 3,120,037	\$ 2,955,135
Number with vested rights	356	339
Actuarial Value of Assets:		
Class A	\$ 59,457,105	\$ 53,582,555
Class B	60,328,730	54,761,243
Unfunded Past Service Cost:		
Class A	\$ 11,887,900	\$ 13,496,004
Class B	18,328,793	18,775,843
Contributions for Fiscal Year	2009	2008
Class A:		
Normal Contribution Rate	12.89%	14.14%
Past Service Contribution	\$ 1,055,533	\$ 1,220,155
Class B:		
Normal Contribution Rate	6.75%	7.57%
Past Service Contribution	\$ 1,639,154	\$ 1,709,035

Comments on the valuation results as of June 30, 2007 are given in Section IV and further discussion of the contribution levels is set forth in Section V. Section VI presents the referenced disclosure information for accounting purposes.

Schedule B of this report outlines the full set of actuarial assumptions and methods employed. All assumptions are the same as those used in the previous valuation.

Schedule C presents a summary of the principal System provisions as interpreted for the valuation. The valuation was based on the same Plan provisions as the previous valuation.

SECTION II - EMPLOYEE DATA

Employee data were furnished by the Retirement Administrator.

Tables 1 through 4 of Schedule D show the number and annual earnable compensation of active members who were included in the valuation, while Tables 5 through 14 of Schedule D show the number and annual retirement benefits of retirees and beneficiaries included in the valuation. In addition, there are 11 Class A former members and 356 Class B former members entitled to deferred vested benefits.

SECTION III - ASSETS

The amount of assets taken into account in this valuation is based on information reported by the Retirement Administrator.

Assets are valued on the basis of a five-year expected average market value method. The operation of this method is described in Schedule B. Based on this method, the actuarial value of assets amount to \$119,785,835. This may be compared to current book and market values of \$112,326,411 and \$127,790,623, respectively.

As part of the valuation procedure, investment earnings for the year ending June 30, 2007, have been analyzed. Based on the procedures used and certain approximations, the yield for the year has been determined to be 17.4%, based on the market value of assets and 10.3% based on the actuarial value of assets.

SECTION IV - COMMENTS ON VALUATION

The projected unit credit actuarial cost method was used for this valuation. Under this cost method, benefits for active participants are determined on the basis of projected compensation at the time of anticipated termination and service credited to the valuation date. The normal cost under this method is the value of the difference between the benefits accrued for service to the valuation date and the benefits based on service to one year after the valuation date.

Schedule A of this report contains the valuation balance sheet, which shows the present and prospective assets and liabilities of the Plan as of June 30, 2007. Since the Plan is valued on a unit credit cost method basis, the balance sheet does not take into account accruals after the valuation date.

The valuation balance sheet shows that as of June 30, 2007, the Plan has accrued liabilities of \$150,002,528. Of this amount, \$70,704,320 represents the present value of benefits payable on account of retired members, beneficiaries and former members entitled to deferred vested benefits and \$79,298,208 represents the present value of prospective benefits payable on account of active members. Against these liabilities the Plan has actuarial assets of \$119,785,835. The difference between the total liabilities of \$150,002,528 and the assets of \$119,785,835 is \$30,216,693, which represents the unfunded past service cost as of June 30, 2007. The Plan's unfunded accrued liability decreased by \$2,055,154 from its level of \$32,271,847 as of June 30, 2006. Schedule A contains a breakdown of the assets and liabilities described above by membership class.

Several changes have been made to the Plan that take effect in the 2007-2008 plan year. Effective July 1, 2007, the percentage of compensation contributed by Class B employees through salary deduction increased from 2.0% to 3.0% (except for ASCHME School Property Services employees, who still contribute 2%).

The no-COLA and half-COLA options have been eliminated for Class A Fire employees hired on or after January 1, 2007, as well as for Class A Police employees hired July 1, 2006, or later. In Class A, the accrual factor for the first 25 years of service for those electing the COLA option has been reduced from 2.75% to 2.65% for those hired after June 30, 2006. Similarly, in Class B, the accrual factor for the first 25 years of service for those electing the COLA option was reduced from 1.60% to 1.40% for those hired after June 30, 2006. The minimum retirement age for Class A employees increased from 42 to 45. A five-year average final compensation is now in effect for Class A Police non-union employees, replacing the three-year average final compensation that had been in place.

SECTION V - APPROPRIATION TO BE MADE BY THE CITY

Article II, Division 1, Section 24-32 of the ordinance governing the operation of the System provides that the Retirement Board shall certify to the Board of Finance the amounts payable by the City to the System, including an estimated amount required for operating expenses.

The contribution by the City, excluding operating expenses, consists of

- (i) a normal contribution to cover the cost of benefits expected to accrue under the Plan during the fiscal year following the valuation date, reduced by required Class A member contributions equal to 10.8% of compensation and required Class B member contributions equal to 3.0% of compensation (2.0% of compensation for ASCHME School Property Services employees), plus

- (ii) a past service contribution to liquidate the unfunded past service cost over a 30-year period from the date of establishment in accordance with the policy adopted by the Retirement Board. The initial unfunded past service cost to be amortized over 30 years was that in existence as of June 30, 2004.

Based on the latest valuation results and the adopted funding policy, the following table sets forth the basis for determining the City's contributions for the fiscal year ending June 30, 2009.

**CONTRIBUTIONS PAYABLE BY THE CITY
TO THE SYSTEM**

CONTRIBUTION	AMOUNT	PERCENT OF COMPENSATION
Class A		
Normal	\$ 1,233,492*	12.89%
Past Service	<u>1,055,533</u>	11.03%*
Total	\$ 2,289,025	
Class B		
Normal	\$ 1,839,594*	6.75%
Past Service	<u>1,639,154</u>	6.01%*
Total	\$ 3,478,748	

* Estimated based on fiscal year end 2009 budget payrolls of \$9,568,421 and \$27,265,361 for Class A and Class B, respectively.

The recommended normal contribution rates in the table above should be applied to the respective earnable compensation of Class A and Class B members of the System for the fiscal year ending 2009 in order to determine the required appropriations for currently accruing benefits. In addition, the amount estimated to be required for operating expenses of the System is to be included in the certification of the Retirement Board.

Schedule E provides a development of the past service contribution for Class A and B members of the System for the fiscal year ending 2009.

Schedule F presents historical and projected required City contributions to the Retirement System assuming all actuarial assumptions are realized. No future liability gains or losses are reflected and assets are projected to earn 8% per annum. The projected payroll is assumed to increase 3.5% per annum. The actual annual contributions required by the City will be based upon future actuarial valuations.

SECTION VI - ACCOUNTING INFORMATION

Statement Nos. 25 and 27 of the Governmental Accounting Standards Board (GASB), issued November 1994, established standards of disclosure of pension information by public retirement systems. The Annual Pension Cost is determined as the Annual Required Contribution (ARC) under the Plan's regular funding method with adjustments made to reflect the employer's Net Pension Obligation (NPO). The NPO is the cumulative difference between the Annual Pension Cost and the actual contributions made since January 1, 1987. The Annual Pension Cost is adjusted for interest charged on the NPO at the valuation interest rate and amortization of the NPO.

The Annual Pension Cost for fiscal year 2007 was \$5,491,541, which was almost identical to the ARC for the year. For fiscal year 2007, City funding (\$6,241,147) exceeded the Annual Pension Cost (\$5,491,541). As a result, the Net Pension Obligation fell to \$1,879,834 as of June 30, 2007.

Calculation of the NPO as of June 30, 2008, and the fiscal year 2009 ARC will be possible after all fiscal year 2008 City contributions have been made.

The GASB statements also require the following supplementary information be furnished by the actuary. The Schedule of Funding Progress details the progress made over the last six years in accumulating sufficient assets to provide for benefits when they are due. The Schedule of Employer Contributions shows the Annual Required Contribution and actual contributions over the last six years. The Schedule of Annual Pension Cost shows the Annual Pension Cost for the last 3 years.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS

Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets over AAL (a - b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess as a percentage of Covered Payroll ((a-b)/c)
6/30/01	\$ 114,203,990	\$ 101,700,266	\$ 12,503,724	112.29%	\$ 24,730,357	50.56%
6/30/02	112,980,276	109,116,441	3,863,835	103.54%	26,050,313	14.83%
6/30/03	109,525,953	117,047,718	(7,521,765)	93.57%	27,776,329	-27.08%
6/30/04	107,648,941	117,669,439	(10,020,498)	91.48%	29,369,106	-34.12%
6/30/05	105,424,671	129,033,794	(23,609,123)	81.70%	30,575,851	-77.21%
6/30/06	108,343,798	140,615,645	(32,271,847)	77.05%	30,954,711	-104.26%
6/30/07	119,785,835	150,002,528	(30,216,693)	79.86%	34,256,676	-88.21%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended	Annual Required Contribution	Actual Contribution	Percentage Contributed
6/30/01	\$ 274,878	\$ 274,878	100.00%
6/30/02	767,446	767,446	100.00%
6/30/03	1,079,911	1,079,911	100.00%
6/30/04	2,461,840	2,461,840	100.00%
6/30/05	4,563,111	2,966,821	65.02%
6/30/06	4,829,945	3,782,704	78.32%
6/30/07	5,514,753	6,241,147	113.17%

SCHEDULE OF ANNUAL PENSION COST

Year Ended	Annual Pension Cost	Percentage Contributed	Net Pension Obligation
6/30/04	\$ 2,461,840	100.00%	0
6/30/05	4,563,111	65.02%	1,596,290
6/30/06	4,815,854	78.32%	2,629,440
6/30/07	5,491,541	113.17%	1,879,834

SECTION VII - EXPERIENCE

Records are maintained whereby the actual experience of active and retired members is compared to that expected on the basis of the tables adopted by the Retirement Board. In this way, deviations in the experience from that anticipated will be noted and any adjustments believed necessary will be brought to the attention of the Retirement Board.

SCHEDULE A

**VALUATION BALANCE SHEET
SHOWING THE ASSETS AND LIABILITIES ACCRUED UNDER THE
BURLINGTON EMPLOYEES' RETIREMENT SYSTEM
AS OF JUNE 30, 2007**

ASSETS

	<u>Class A Members</u>	<u>Class B Members</u>	<u>Total System</u>
Valuation Assets	\$ 59,457,105	\$ 60,328,730	\$ 119,785,835
Unfunded past service cost	<u>11,887,900</u>	<u>18,328,793</u>	<u>30,216,693</u>
Total Assets	<u>\$ 71,345,005</u>	<u>\$ 78,657,523</u>	<u>\$ 150,002,528</u>

LIABILITIES

Present value of benefits payable on account of retired members, beneficiaries and members entitled to deferred vested benefits	\$ 36,884,784	\$ 33,819,536	\$ 70,704,320
Present value of prospective benefits accrued to date on account of present active members	<u>34,460,221</u>	<u>44,837,987</u>	<u>79,298,208</u>
Total Liabilities	<u>\$ 71,345,005</u>	<u>\$ 78,657,523</u>	<u>\$ 150,002,528</u>

SCHEDULE B**OUTLINE OF ACTUARIAL ASSUMPTIONS AND METHODS****FOR DETERMINATION OF CONTRIBUTION AMOUNTS**

INTEREST RATE: 8% per annum, compounded annually.

SEPARATIONS BEFORE NORMAL RETIREMENT: Representative values of the assumed annual rates of withdrawal and vesting, early service retirement, death, and disability are as follows:

<u>Class A Members</u>				
<u>Age</u>	<u>Withdrawal and Vesting</u>	<u>Early Service Retirement*</u>	<u>Death**</u>	<u>Disability**</u>
20	14.0%			
25	9.0		.1%	.2%
30	6.0		.1	.3
35	3.0		.1	.4
40	2.5		.1	.5
42	1.4	30.0%	.1	.6
45	2.0	30.0	.1	.7
50		25.0	.2	1.3
53		20.0	.3	1.8
54		20.0	.3	2.0

<u>Class B Members</u>				
<u>Age</u>	<u>Withdrawal and Vesting***</u>	<u>Early Service Retirement</u>	<u>Death**</u>	<u>Disability**</u>
25	12.0%		.1%	.1%
30	11.0		.1	.1
35	9.5		.1	.1
40	5.0		.1	.2
45	5.0		.1	.3
50	5.0		.2	.5
55		5.0%	.4	.9
60		3.0	.6	1.7
61		20.0	.7	2.1
62		30.0	.8	2.5
63		30.0	1.0	2.9
64		10.0	1.1	3.4

* Rates are assumed to be 100% higher when first eligible for unreduced benefits.

** Rates reflect both ordinary and accidental occurrences.

*** Rates are assumed to be 75% higher during the first year of membership, 50% higher during the second year and 25% higher during the third year.

NORMAL SERVICE RETIREMENT: The representative values of the assumed rates of normal service retirement are as follows:

<u>Age</u>	<u>Class A</u>	<u>Age</u>	<u>Class B</u>
55	20.0%	65	50.0%
56	20.0	66	25.0
57	20.0	67	25.0
58	20.0	68	25.0
59	20.0	69	50.0
60	100.0	70	100.0

BENEFIT COMMENCEMENT AFTER SEPARATION: Class A vested terminations are assumed to commence benefits at age 55. Class B vested terminations prior to June 30, 2000 are assumed to commence at age 65. Class B vested retirements after June 30, 2000 are assumed to commence at age 55 with a reduced benefit.

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

<u>Age</u>	<u>Class A&B</u>
25	8.8%
30	7.0
35	5.6
40	4.9
45	4.6
50	4.3
55	4.0
59	3.9
60	3.9
65	3.8
69	3.8

DEATHS AFTER RETIREMENT: According to the 1995 Buck Mortality Tables for Males and Females; RP-2000 Disability Mortality Table for the period after disability retirement.

FUTURE EXPENSES: No provisions made.

ADJUSTMENTS TO ALLOWANCES: Cost-of-living increases averaging 3% per year were assumed.

ACCRUAL RATE ELECTION: 85% of retiring members are assumed to elect the no-COLA accrual rate and 15% of retiring members are assumed to elect the full-COLA accrual rate.

FUNDING METHOD: Projected unit credit cost method. Gains (losses) as they occur, reduce (increase) the unfunded past service cost.

ASSET VALUATION METHOD: Based on a five-year expected value of assets method in which actuarial assets are set equal to the market value of assets as of the valuation date plus:

- i) four-fifths of the difference between the expected return on market assets and the actual return on market assets during the year preceding the valuation;
- ii) three-fifths of the difference between the expected return on market assets and the actual return on market assets during the second year preceding the valuation;
- iii) two-fifths of the difference between the expected return on market assets and the actual return on market assets during the third year preceding the valuation; and
- iv) one-fifth of the difference between the expected return on market assets and the actual return on market assets during the fourth year preceding the valuation.

Expected return is equal to a year of expected investment earnings (based on the valuation interest rate) on the market value of assets as of the beginning of the year and the cash flow (contributions minus benefit payments) during the year, assuming mid-year contributions and benefit payments.

MISCELLANEOUS: The valuation was prepared on an ongoing-plan basis. The valuation was based on members in the System as of the valuation date and did not take future members into account. No provision has been made for contingent liabilities with respect to nonvested terminated members who may be reemployed. The valuation assumptions anticipate future inflation of about 3% a year.

SCHEDULE C**BRIEF SUMMARY OF PRINCIPAL SYSTEM PROVISIONS
AS INTERPRETED FOR VALUATION PURPOSES**

System Name	Burlington Employees' Retirement System.
Effective Date	July 1, 1954.
Average Final Compensation (AFC)	Average earnable compensation during the highest 3 non-overlapping 12-month periods. For Class A Police non-union Employees, it is the average earnable compensation during the highest 5 non-overlapping 12-month periods
Membership Eligibility	Regular employees of the City of Burlington excluding elective officers other than the mayor and excluding teachers other than certain teachers employed prior to July 1, 1947 provided age at employment is less than normal retirement age. Maximum age limitation does not apply to mayor or appointee working full time for the City.
Membership Classification	
Class A	Members of the Fire and Police Departments not including clerical employees.
Class B	All other members.
Service Retirement	
Eligibility	
Class A	Age 45 and 7 years of creditable service. Compulsory at age 60.
Class B	Age 55 and 7 years of creditable service.
Amount of Benefit	
Class A	For Fire employees hired before January 1, 2007 and Police employees hired before July 1, 2006, 2.75% of AFC times creditable service not in excess of 25 years plus .5% of AFC times creditable service between 25 and 35 years. For all others, 2.65% of AFC times creditable service not in excess of 25 years plus .5% of AFC times creditable service between 25 and 35 years. Benefit increased by Cost of Living Adjustment detailed below.
	In lieu of this benefit, at the time of retirement, a member hired prior to July 1, 2006 may choose either (i) an accrual rate of 3.25% for the first 25 years of creditable service, plus an accrual of .5% for creditable service between 25 and 35 years, and a Cost of

Living Adjustment equal to one half of the Cost of Living Adjustment detailed below, or (ii) an accrual rate of 3.8% for all years of service prior to June 30, 2006 for the first 25 years, an accrual rate of 3.6% for all years of service commencing July 1, 2006 for the first 25 years, plus an accrual rate of .5% for creditable service between 25 and 35 years, and no Cost of Living Adjustment.

A Fire employee hired on or after January 1, 2007 or a Police employee hired on or after July 1, 2006 may only select a benefit with a full Cost of Living Adjustment.

Prior to age 55, the above benefit based on AFC and creditable service at retirement reduced actuarially for the period of time by which retirement precedes the earlier of 25 years of creditable service and age 55. For employees who terminate with 20 to 25 years of creditable service the above benefit based on AFC and creditable service at retirement reduced by 1.82% for each year that creditable service is less than 25 years.

Class B

For employees hired prior to July 1, 2006: Age 65 and older, the greater of (i) 1.6% of AFC (at age 65) times creditable service not in excess of 25 years plus .5% of AFC (at age 65) times creditable service in excess of 25 years or (ii) the actuarial equivalent of the benefit determined at age 65. This benefit will be increased by the Cost of Living Adjustment detailed below.

For employees hired on or after July 1, 2006: Age 65 and older, the greater of (i) 1.4% of AFC (at age 65) times creditable service not in excess of 25 years plus .5% of AFC (at age 65) times creditable service in excess of 25 years or (ii) the actuarial equivalent of the benefit determined at age 65. This benefit will be increased by the Cost of Living Adjustment detailed below.

In lieu of this benefit, at the time of retirement, a member may choose (i) an accrual rate of 1.9% for all years of service prior to June 30, 2006 for the first 25 years, an accrual rate of 1.8% for all years of service commencing July 1, 2006 for the first 25 years, plus an accrual of .5% for creditable service in excess of 25 years, and a Cost of Living Adjustment equal to one-half of the Cost of Living Adjustment detailed below, or (ii) an accrual rate of 2.2% for all years of service prior to June 30, 2006 for the first 25 years, an accrual rate of 2.0% for all years of service commencing July 1, 2006 for the first 25 years, plus an accrual of .5% for creditable service in excess of 25 years, and no Cost of Living Adjustment.

A Class A Fire employee hired on or after January 1, 2007 may only select a benefit with a full Cost of Living Adjustment. A Class A Police employee hired on or after July 1, 2006 may only select a benefit with a full Cost of Living Adjustment.

Prior to age 65, the above benefit based on AFC and creditable service at retirement reduced by 2% for each year that retirement

precedes age 65. For IBEW employees hired on or after July 1, 2006, the benefit is reduced by a factor which varies with age. The factor equals 1 at age 65 but is equal to .356 at age 55.

Cost of Living Adjustment

Benefits increase annually by changes in the Consumer Price Index of more than 1%. The maximum annual increase is 6%. Increase is not applicable to deferred vested benefit prior to commencement, survivor income benefit, disability benefit prior to normal retirement age or members who choose to have no cost of living adjustment.

Service Adjustment

Class A service for calculation of benefits shall be adjusted such that any Class A employee shall be granted 1.07 years of credit for each year in which the employee worked prior to July 1, 1996, and 1.17 years thereafter, in a position regularly assigned a workweek consisting on average of fifty-three or more hours of work per week.

Disability Retirement

Eligibility

All Members. Permanently disabled.

Amount of Benefit

A benefit payable until normal service retirement eligibility (Class A - age 55 and 7 years of creditable service, Class B - age 65 and 7 years of creditable service), equal to 75% of the member's earnable compensation less workmen's compensation and, in the case of Class B, less Social Security.

After normal service retirement eligibility, a service retirement benefit based on AFC at retirement and creditable service at normal service retirement eligibility, including the period while permanently disabled and receiving a disability benefit from the System.

Accidental Death

Eligibility

Class A only. Death due to accident while in the performance of duty.

Amount of Benefit

A benefit to the spouse until death or remarriage of the greater of (i) 55% of AFC, and (ii) the participant's current accrued retirement benefit. Upon death or remarriage of the spouse, the benefit will be payable to children until age 21.

Survivor Income

Eligibility

All Members. Death in active service.

Amount of Benefit

Class A 30% of compensation during the July preceding death payable to spouse until earlier of death or 2nd anniversary of remarriage. An additional 5% per unmarried child under 21 (maximum additional 10%) is payable until benefits cease or children no longer eligible. If there is no spouse or spouse dies, the benefit is payable to unmarried children under age 21 until earlier of death, marriage or age 21.

Class B 30% of compensation during the July preceding death payable to spouse until earlier of death, 2nd anniversary of remarriage or age 62. Upon the spouse's attainment of age 62 (if not remarried) a benefit based on the 50% Joint and Survivor form of payment will be paid to the spouse for life. If there is no spouse or spouse dies, the benefit is payable to unmarried children under age 21 until earlier of death, marriage or age 21.

Return of Contributions

Accumulated contributions returned upon separation with less than 3 years of service or upon death with no accidental death benefit payable.

Upon death of a retired Class B member, the excess of his contribution at retirement over the benefits paid will be paid to his beneficiary or estate.

Vested Retirement

Eligibility All Members. 3 years of creditable service.

Amount of Benefit

Class A A percentage grading from 20% after 3 years to 100% after 7 years, of the benefit calculated using AFC and creditable service at termination. The benefit is payable commencing at age 55. Member may elect early receipt with reduction as for service retirement prior to age 55.

Class B A percentage grading from 20% after 3 years to 100% after 7 years, of the benefit calculated using AFC and creditable service at termination. The benefit is payable commencing at age 65. Member may elect early receipt with reduction as for service retirement prior to age 65.

Survivor Spouse's Pension

Eligibility All Members. Death of a terminated member entitled to a vested retirement benefit prior to commencement of such benefit.

Amount of Benefit 50% of reduced accrued benefit reflecting the 50% Joint and Survivor form of payment (ages as of date payments commence) payable at member's early retirement date.

Spouse may elect to receive payments later than member's early retirement date with no reduction for receipt at member's 65th birthday.

Offsets on Benefits

Disability and accidental death benefits are offset by workmen's compensation paid for the same disability or death.

Contributions

By Members

Class A

10.8% of earnable compensation for the first 35 years of creditable service, none thereafter.

Class B

3.0% of earnable compensation (2.0% for ASCHME School Property Services employees).

By City

Remainder necessary to fund for the benefits of the System on an actuarial basis.

SCHEDULE D**TABLE 1****THE NUMBER AND ANNUAL EARNABLE COMPENSATION OF
ACTIVE MEMBERS DISTRIBUTED
BY AGE AS OF JUNE 30, 2007****CLASS A MEMBERS**

AGE	MALE		FEMALE	
	NUMBER	AMOUNT	NUMBER	AMOUNT
23	1	\$35,728		
24	1	41,160		
25	4	155,523	1	\$35,728
26	5	173,116		
27	6	241,469	1	41,244
28	5	209,694	2	81,499
29	7	309,962	1	47,397
30	6	283,616		
31	5	224,323	1	40,296
32	7	318,099		
33	9	388,027		
34	5	237,298		
35	7	328,677	1	52,716
36	2	95,193		
37	9	433,516		
38	12	581,430		
39	6	281,930	1	60,994
40	8	410,617		
41	6	324,301	1	49,616
42	6	330,122	1	62,033
43	7	351,997		
44	6	332,267		
45	5	263,246		
46	4	226,492	1	52,771
47	7	436,843		
48	1	54,422		
49	4	231,834		
50	2	103,435		
51	2	113,978	1	49,891
52	1	86,406		
53	4	251,986		
55	1	63,668		

TABLE 1

**THE NUMBER AND ANNUAL EARNABLE COMPENSATION OF
ACTIVE MEMBERS DISTRIBUTED
BY AGE AS OF JUNE 30, 2007**

**CLASS A MEMBERS
(CONTINUED)**

AGE	MALE		FEMALE	
	NUMBER	AMOUNT	NUMBER	AMOUNT
56	3	\$186,239		
58	1	55,364		
59	1	64,356		
60	1	54,553		
TOTAL	167	\$8,280,887	12	\$574,185

TABLE 2
THE NUMBER AND ANNUAL EARNABLE COMPENSATION OF
ACTIVE MEMBERS DISTRIBUTED
BY AGE AS OF JUNE 30, 2007

CLASS B MEMBERS

AGE	MALE		FEMALE	
	NUMBER	AMOUNT	NUMBER	AMOUNT
21			1	\$30,250
22	2	\$78,485	1	30,250
23	1	38,792	1	14,742
24	2	89,116	2	71,434
25	3	105,238	4	122,019
26	6	229,513	4	110,978
27	6	247,179	6	228,099
28	2	76,310	4	131,705
29	5	169,440	8	285,162
30	9	251,507	5	189,637
31	4	131,432		
32	5	173,336	1	30,866
33	5	198,297	4	131,215
34	7	313,817	2	48,413
35	3	67,450	7	262,927
36	10	427,087	6	172,283
37	10	277,883	3	107,607
38	9	363,994	2	76,304
39	8	353,609	4	158,855
40	8	336,605	3	79,603
41	7	272,276	10	350,027
42	5	202,695	6	231,984
43	15	654,662	5	184,824
44	14	588,027	8	215,834
45	20	930,115	14	459,310
46	9	430,073	4	157,537
47	15	603,884	19	809,238
48	13	637,229	9	316,244
49	6	238,461	10	367,406
50	16	758,529	10	421,427
51	11	513,360	3	156,550
52	13	674,892	11	413,148
53	14	662,794	3	143,834
54	10	489,363	7	232,149

TABLE 2
THE NUMBER AND ANNUAL EARNABLE COMPENSATION OF
ACTIVE MEMBERS DISTRIBUTED
BY AGE AS OF JUNE 30, 2007

CLASS B MEMBERS
(CONTINUED)

AGE	MALE		FEMALE	
	NUMBER	AMOUNT	NUMBER	AMOUNT
55	18	\$994,259	8	\$333,494
56	20	999,913	9	306,369
57	12	452,112	12	507,979
58	16	815,065	7	242,219
59	14	664,356	10	426,475
60	8	382,570	1	35,580
61	12	436,632	3	124,321
62	3	105,693	1	110,375
63	2	100,776		
64	1	36,106		
65			5	206,240
66	2	88,132	2	95,384
67			1	37,585
68	1	55,964		
69			2	76,682
70			1	31,987
71			1	26,752
TOTAL	382	\$16,717,028	250	\$9,303,303

TABLE 3

**THE NUMBER AND ANNUAL EARNABLE COMPENSATION OF
ACTIVE MEMBERS DISTRIBUTED BY YEARS
OF SERVICE* AS OF JUNE 30, 2007**

CLASS A MEMBERS

YEARS OF SERVICE	MALE		FEMALE	
	NUMBER	AMOUNT	NUMBER	AMOUNT
0	6	\$211,003	1	\$35,729
1	3	81,414	1	35,728
2	7	273,140	1	40,296
3	11	465,948	1	41,244
4	6	268,507	1	45,770
5	14	603,236	1	49,616
6	10	458,656	1	47,397
7	11	508,305		
8	10	472,096	1	49,891
9	10	473,894		
10	5	248,310		
11	4	207,674		
12	6	297,966		
13	1	52,596	1	52,716
14	4	232,797		
15	1	43,776		
16	2	106,718	1	60,994
17	5	270,195	1	62,033
18	9	507,417		
19	8	465,653	1	52,771
20	11	636,054		
21	9	496,109		
22	1	50,121		
23	5	302,701		
24	1	94,140		
25	1	67,090		
26	1	64,356		
27	1	66,682		
28	1	68,019		
31	1	68,093		
34	1	63,668		
36	1	54,553		
TOTAL	167	\$8,280,887	12	\$574,185

* Excludes service adjustment for employees with a regularly assigned workweek of 53 or more weeks.

TABLE 4
THE NUMBER AND ANNUAL EARNABLE COMPENSATION OF
ACTIVE MEMBERS DISTRIBUTED BY YEARS
OF SERVICE* AS OF JUNE 30, 2007

CLASS B MEMBERS

YEARS OF SERVICE	MALE		FEMALE	
	NUMBER	AMOUNT	NUMBER	AMOUNT
0	37	\$1,229,835	27	\$835,980
1	23	964,795	24	696,463
2	20	667,115	16	522,276
3	19	689,014	6	178,026
4	19	706,253	18	625,560
5	18	700,713	7	207,415
6	25	988,498	19	832,432
7	9	270,651	15	514,745
8	24	930,413	17	625,848
9	8	454,823	8	286,766
10	9	368,174	7	231,622
11	13	660,082	7	239,727
12	14	576,914	15	600,695
13	6	277,536	3	100,970
14	3	204,883	2	58,768
15	1	41,213	1	37,196
16	8	400,180	1	46,909
17	8	377,095	5	202,201
18	7	377,944	2	87,405
19	12	640,256	7	311,466
20	6	294,087	5	252,408
21	4	337,760	2	104,333
22	4	178,099	4	171,384
23	16	780,322	4	195,399
24	13	694,625	2	92,398
25	5	242,561	3	139,521
26	7	397,885	3	119,605
27	8	428,193	2	103,102
28	11	540,122	2	107,098
29	6	356,662	5	223,099
30	2	75,802		
31	2	93,525	2	95,458
32	1	48,816	1	42,514
33			1	43,096

* Excludes service adjustment for employees with a regularly assigned workweek of 53 or more weeks.

TABLE 4
THE NUMBER AND ANNUAL EARNABLE COMPENSATION OF
ACTIVE MEMBERS DISTRIBUTED BY YEARS
OF SERVICE AS OF JUNE 30, 2007

CLASS B MEMBERS
(CONTINUED)

YEARS OF SERVICE	MALE		FEMALE	
	NUMBER	AMOUNT	NUMBER	AMOUNT
34			3	\$159,335
35	4	\$215,871		
36	3	156,361		
37	2	88,178		
38	1	57,041	2	87,690
39	3	165,612		
40	1	39,119	2	124,393
TOTAL	382	\$16,717,028	250	\$9,303,303

TABLE 5

**THE NUMBER AND ANNUAL RETIREMENT
BENEFITS OF RETIREES DISTRIBUTED
BY AGE AS OF JUNE 30, 2007**

CLASS A MEMBERS**SERVICE RETIREMENTS**

AGE	MALE		FEMALE	
	NUMBER	AMOUNT	NUMBER	AMOUNT
40	1	\$34,800		
44	1	44,643		
45	1	48,578		
47			1	\$30,952
48	3	120,237		
49	2	73,123		
50	5	142,633		
51	4	138,058		
52	2	71,903		
53	1	34,703		
54	1	28,572		
55	4	120,316		
56	2	74,933		
57	5	186,103	1	7,817
58	8	222,062		
59	5	123,177		
60	7	246,626		
61	4	123,641		
62	4	130,437		
63	3	100,161		
64	8	268,875		
65	2	73,348		
66	4	99,127		
67	2	50,011		
68	2	18,588		
71	1	43,668		
72	2	65,047		
73	1	30,328		
74	1	24,075		
76	1	23,586		
77	2	38,832		
78	3	59,721		

TABLE 5

**THE NUMBER AND ANNUAL RETIREMENT
BENEFITS OF RETIREES DISTRIBUTED
BY AGE AS OF JUNE 30, 2007**

CLASS A MEMBERS

**SERVICE RETIREMENTS
(CONTINUED)**

AGE	MALE		FEMALE	
	NUMBER	AMOUNT	NUMBER	AMOUNT
81	1	\$25,962		
82	1	19,451		
85	1	16,164		
87	1	20,667		
TOTAL	96	\$2,942,156	2	\$38,769

TABLE 6

**THE NUMBER AND ANNUAL RETIREMENT
BENEFITS OF RETIREES DISTRIBUTED
BY AGE AS OF JUNE 30, 2007**

CLASS B MEMBERS**SERVICE RETIREMENTS**

AGE	MALE		FEMALE	
	NUMBER	AMOUNT	NUMBER	AMOUNT
49	1	\$36,580		
54	1	10,311		
56	1	941		
57	3	65,648	1	\$7,951
58	7	132,722	3	54,675
59	5	118,512		
60	2	15,054		
61	3	27,990	3	37,386
62	5	57,992	1	800
63	3	58,269	2	16,112
64	5	51,485	4	37,428
65	10	151,252	6	25,811
66	6	67,384	8	45,952
67	7	125,504	4	46,429
68	4	46,581	2	26,843
69	5	28,579	2	6,263
70	11	182,143	2	19,374
71	2	39,475	5	84,249
72	8	96,387	4	20,637
73	8	65,936	6	47,648
74	2	32,621	3	13,751
75	5	59,354	1	19,428
76	3	40,143	3	27,263
77	3	44,382	5	9,378
78	1	6,504	5	86,030
79	3	29,315	1	389
80	2	32,229		
81	4	38,536	1	10,123
82	3	16,297	1	10,756
83	1	2,773	1	1,777
84			2	19,915
85	1	3,702		

TABLE 6

**THE NUMBER AND ANNUAL RETIREMENT
BENEFITS OF RETIREES DISTRIBUTED
BY AGE AS OF JUNE 30, 2007**

CLASS B MEMBERS

**SERVICE RETIREMENTS
(CONTINUED)**

AGE	MALE		FEMALE	
	NUMBER	AMOUNT	NUMBER	AMOUNT
86	3	\$26,287	2	\$8,323
87	1	2,375	3	28,901
88	1	5,250	1	10,468
89			2	14,205
90	1	6,823		
91	2	29,050		
93	1	10,762		
TOTAL	134	\$1,765,148	84	\$738,265

TABLE 7

**THE NUMBER AND ANNUAL RETIREMENT
BENEFITS OF RETIREES DISTRIBUTED
BY AGE AS OF JUNE 30, 2007**

CLASS A MEMBERS

DISABILITY RETIREMENTS

AGE	MALE		FEMALE	
	NUMBER	AMOUNT	NUMBER	AMOUNT
45	1	27,013		
46	1	29,998		
50	1	27,355		
52	1	25,191		
57	1	23,704		
61	1	14,469		
75	1	15,332		
76	1	15,312		
85	1	12,409		
86	1	14,358		
TOTAL	10	\$205,141		

TABLE 8

**THE NUMBER AND ANNUAL RETIREMENT
BENEFITS OF RETIREES DISTRIBUTED
BY AGE AS OF JUNE 30, 2007**

CLASS A MEMBERS

DISABILITY RETIREMENTS

AGE	MALE		FEMALE	
	NUMBER	AMOUNT	NUMBER	AMOUNT
46	1	\$6,037		
47	1	27,105		
48	1	7,966		
49			1	\$15,509
51	1	9,282	1	16,121
52	1	6,956		
53	1	8,496		
55	3	32,387	1	5,011
56	2	17,076	1	3,126
57			2	22,322
58	1	11,638	1	11,196
59	1	13,081		
61	2	33,711		
62	1	14,813		
63	1	10,998		
64	1	29,650		
66	2	40,219		
77	1	5,137		
80	1	5,066		
87	1	7,675		
TOTAL	23	\$287,293	7	\$73,285

TABLE 9

**THE NUMBER AND ANNUAL RETIREMENT
BENEFITS OF BENEFICIARIES OF RETIREES
DISTRIBUTED BY AGE AS OF JUNE 30, 2007**

CLASS A MEMBERS**BENEFICIARIES OF DECEASED MEMBERS**

AGE	MALE		FEMALE	
	NUMBER	AMOUNT	NUMBER	AMOUNT
15			1	\$6,710
49			1	6,782
51			1	8,499
55			1	6,916
64			1	9,132
65			2	46,570
66			1	10,533
72			1	16,607
78			1	11,883
80			1	14,344
TOTAL			11	\$137,976

TABLE 10

**THE NUMBER AND ANNUAL RETIREMENT
BENEFITS OF BENEFICIARIES OF RETIREES
DISTRIBUTED BY AGE AS OF JUNE 30, 2007**

CLASS B MEMBERS

BENEFICIARIES OF DECEASED MEMBERS

AGE	MALE		FEMALE	
	NUMBER	AMOUNT	NUMBER	AMOUNT
42			1	\$6,398
45	1	\$9,480		
54			1	12,618
58			1	6,370
59			1	8,220
60			1	30,821
61			1	7,580
62			2	6,392
65			2	11,388
66			1	7,518
67			3	19,160
68			2	12,708
69			2	9,646
70			1	3,623
72			1	7,226
73			1	1,803
74			2	4,039
75			2	14,162
76			2	8,405
77	1	1,325	2	6,775
80			1	2,658
81	1	6,211		
82			1	9,621
83			1	6,186
84			2	14,468
85			3	20,044
90			1	1,201
TOTAL	3	\$17,016	38	\$239,030

TABLE 11

**THE NUMBER AND ANNUAL RETIREMENT
BENEFITS OF SERVICE RETIREMENTS DISTRIBUTED
BY FORM OF ANNUITY AS OF JUNE 30, 2007**

CLASS A MEMBERS

FORM	MALE		FEMALE	
	NUMBER	AMOUNT	NUMBER	AMOUNT
LIFE ANNUITY	49	\$1,648,358	1	\$30,952
CERTAIN & LIFE	14	407,292		
JOINT & SURVIVOR	28	754,914	1	7,817
J&S POP-UP	5	131,592		
TOTAL	96	\$2,942,156	2	\$38,769

TABLE 12**THE NUMBER OF RETIREES, DISABLED RETIREES, AND BENEFICIARIES
DISTRIBUTED BY COLA TYPE AS OF JUNE 30, 2007****CLASS A MEMBERS**

COLA TYPE	MALE	FEMALE
NO COLA	53	6
HALF COLA	4	1
FULL COLA	49	6
TOTAL	106	13

TABLE 13

**THE NUMBER AND ANNUAL RETIREMENT
BENEFITS OF SERVICE RETIREMENTS DISTRIBUTED
BY FORM OF ANNUITY AS OF JUNE 30, 2007**

CLASS B MEMBERS

FORM	MALE		FEMALE	
	NUMBER	AMOUNT	NUMBER	AMOUNT
LIFE ANNUITY	56	\$786,235	60	\$541,253
CERTAIN & LIFE	21	237,617	9	86,639
JOINT & SURVIVOR	46	511,784	13	92,069
J&S POP-UP	11	229,512	2	18,304
TOTAL	134	\$1,765,148	84	\$738,265

TABLE 14**THE NUMBER OF RETIREES, DISABLED RETIREES, AND BENEFICIARIES
DISTRIBUTED BY COLA TYPE AS OF JUNE 30, 2007****CLASS B MEMBERS**

COLA TYPE	MALE	FEMALE
NO COLA	80	51
HALF COLA	10	5
FULL COLA	70	73
TOTAL	160	129

SCHEDULE E**BURLINGTON EMPLOYEES' RETIREMENT SYSTEM****PAST SERVICE
AMORTIZATION SCHEDULE****CLASS A EMPLOYEES**

<u>Description</u>	<u>Date Established</u>	<u>Original Base</u>	<u>7/1/2007 Outstanding Balance</u>	<u>FY 2008 Past Service Contribution</u>	<u>7/1/2008 Outstanding Balance</u>	<u>Years Remaining to Fund</u>	<u>FY 2009 Past Service Contribution</u>
Initial Amortization	7/1/2004	\$ 3,698,048	\$ 3,683,295	\$ 333,297	\$ 3,644,662	27	\$ 333,297
FY 05 Experience	7/1/2005	6,655,535	7,124,526	638,490	7,055,998	28	638,490
FY 06 Experience	7/1/2006	2,588,959	2,796,076	248,368	2,771,394	29	248,368
FY 07 Experience	7/1/2007	(1,715,997)	(1,715,997)	-	(1,853,277)	30	(164,622)
Total			\$ 11,887,900	\$ 1,220,155	\$ 11,618,777		\$ 1,055,533

Equivalent Single Amortization Period

30 Years

CLASS B EMPLOYEES

<u>Description</u>	<u>Date Established</u>	<u>Original Base</u>	<u>7/1/2007 Outstanding Balance</u>	<u>FY 2008 Past Service Contribution</u>	<u>7/1/2008 Outstanding Balance</u>	<u>Years Remaining to Fund</u>	<u>FY 2009 Past Service Contribution</u>
Initial Amortization	7/1/2004	\$ 6,322,451	\$ 6,322,859	\$ 572,149	\$ 6,256,539	27	\$ 572,149
FY 05 Experience	7/1/2005	6,670,273	7,236,645	648,538	7,167,039	28	648,538
FY 06 Experience	7/1/2006	5,080,481	5,497,719	488,348	5,449,189	29	488,348
FY 07 Experience	7/1/2007	(728,430)	(728,430)	-	(786,704)	30	(69,881)
Total			\$ 18,328,793	\$ 1,709,035	\$ 18,086,063		\$ 1,639,154

Equivalent Single Amortization Period

30 Years

SCHEDULE F**Burlington Employees' Retirement System
Historical and Projected Contributions****Class A & B Employees**

<u>Fiscal Year Ending</u>	<u>Projected Payroll</u>	<u>Normal Contribution</u>		<u>Past Service Contribution</u>	<u>Contribution Shortfall</u>	<u>Total City Contribution</u>	
June 30, 2002	\$26,738,897	\$3,237,952	12.1%	(\$2,470,506)		\$767,446	2.9%
June 30, 2003	28,335,739	3,460,682	12.2%	(2,380,771)		1,079,911	3.8%
June 30, 2004	29,719,840	3,688,639	12.4%	(1,226,799)		2,461,840	8.3%
June 30, 2005	31,374,680	3,934,287	12.5%	628,824	(1,596,290)	2,966,821	9.5%
June 30, 2006	33,190,245	3,782,704	11.4%	905,446	(756,403)	3,931,747	11.8%
June 30, 2007	34,384,729	3,916,950	11.4%	2,259,664	683,638	6,860,252	20.0%
June 30, 2008	35,588,195	3,037,864	8.5%	2,929,190		5,967,054	16.8%
June 30, 2009	36,833,782	3,073,086	8.3%	2,694,687		5,767,773	15.7%
June 30, 2010	38,122,965	3,180,644	8.3%	2,694,687		5,875,331	15.4%
June 30, 2011	39,457,269	3,291,966	8.3%	2,694,687		5,986,653	15.2%
June 30, 2012	40,838,274	3,407,185	8.3%	2,694,687		6,101,872	14.9%
June 30, 2013	42,267,614	3,526,437	8.3%	2,694,687		6,221,124	14.7%

Notes:

No future liability gains or losses are assumed; assets are assumed to earn 8% per annum.

Projected payroll assumed to increase 3.5% per annum.

Unfunded liability as of June 30, 2004, was amortized over 30 years.

All future changes in unfunded liability will be amortized over 30 years.

SCHEDULE F**Burlington Employees' Retirement System
Historical and Projected Contributions****Class A Employees**

<u>Fiscal Year Ending</u>	<u>Projected Payroll</u>	<u>Normal Contribution</u>		<u>Past Service Contribution</u>	<u>Contribution Shortfall</u>	<u>Total City Contribution</u>	
June 30, 2002	\$6,468,639	\$1,241,332	19.2%	(\$962,694)		\$278,638	4.3%
June 30, 2003	7,300,867	1,374,023	18.8%	(934,136)		439,887	6.0%
June 30, 2004	7,449,084	1,477,153	19.8%	(240,193)		1,236,960	16.6%
June 30, 2005	8,169,478	1,604,485	19.6%	241,703	(646,497)	1,199,691	14.7%
June 30, 2006	8,341,093	1,404,640	16.8%	333,297	(306,343)	1,431,594	17.2%
June 30, 2007	8,932,223	1,501,507	16.8%	998,999	276,873	2,777,379	31.1%
June 30, 2008	9,244,851	1,306,993	14.1%	1,220,155		2,527,148	27.3%
June 30, 2009	9,568,421	1,233,492	12.9%	1,055,533		2,289,025	23.9%
June 30, 2010	9,903,316	1,276,664	12.9%	1,055,533		2,332,197	23.5%
June 30, 2011	10,249,932	1,321,347	12.9%	1,055,533		2,376,880	23.2%
June 30, 2012	10,608,680	1,367,594	12.9%	1,055,533		2,423,127	22.8%
June 30, 2013	10,979,984	1,415,460	12.9%	1,055,533		2,470,993	22.5%

Notes:

No future liability gains or losses are assumed; assets are assumed to earn 8% per annum.

Projected payroll assumed to increase 3.5% per annum.

Unfunded liability as of June 30, 2004, was amortized over 30 years.

All future changes in unfunded liability will be amortized over 30 years.

SCHEDULE F**Burlington Employees' Retirement System
Historical and Projected Contributions****Class B Employees**

<u>Fiscal Year Ending</u>	<u>Projected Payroll</u>	<u>Normal Contribution</u>		<u>Past Service Contribution</u>	<u>Contribution Shortfall</u>	<u>Total City Contribution</u>	
June 30, 2002	\$20,270,258	\$1,996,620	9.8%	(\$1,507,812)		\$488,808	2.4%
June 30, 2003	21,034,872	2,086,659	9.9%	(1,446,635)		\$640,024	3.0%
June 30, 2004	22,270,756	2,211,486	9.9%	(986,606)		\$1,224,880	5.5%
June 30, 2005	23,205,202	2,329,802	10.0%	387,121	(949,793)	\$1,767,130	7.6%
June 30, 2006	24,849,152	2,378,064	9.6%	572,149	(450,060)	\$2,500,153	10.1%
June 30, 2007	25,452,506	2,415,443	9.5%	1,260,665	406,765	\$4,082,873	16.0%
June 30, 2008	26,343,344	1,730,871	6.6%	1,709,035		\$3,439,906	13.1%
June 30, 2009	27,265,361	1,839,594	6.7%	1,639,154		\$3,478,748	12.8%
June 30, 2010	28,219,649	1,903,980	6.7%	1,639,154		\$3,543,134	12.6%
June 30, 2011	29,207,337	1,970,619	6.7%	1,639,154		\$3,609,773	12.4%
June 30, 2012	30,229,594	2,039,591	6.7%	1,639,154		\$3,678,745	12.2%
June 30, 2013	31,287,630	2,110,977	6.7%	1,639,154		\$3,750,131	12.0%

Notes:

No future liability gains or losses are assumed; assets are assumed to earn 8% per annum.

Projected payroll assumed to increase 3.5% per annum.

Unfunded liability as of June 30, 2004, was amortized over 30 years.

All future changes in unfunded liability will be amortized over 30 years.