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	49	.0050	.0040
35	.0012	.0010			

- **Retirement**
  Members are assumed to retire at the earlier of 55 years old or when they attain 22 years of service.

- **Withdrawal from Active Status**
  Representative values of the assumed annual rates of withdrawal among members in active service are as follows:

Age	Rate	Age	Rate
20	10.30%	35	1.82%
25	7.30%	40	0.99%
30	4.15%	45	0.48%

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:** 75% of members are assumed married.
- **Age Difference Between Spouses:** Male spouses are assumed to be three years older than female spouses.

6. Expenses

The normal contribution rate is increased by anticipated non-investment expenses. The anticipated expenses for the 2006/2007 plan year are $400,000.

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7. Assets

The Actuarial Value of Assets is equal to the Market Value of Assets adjusted to reflect a five-year phase-in of the difference between the expected return on Actuarial Value of Assets and the actual investment return.

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

1. Effective October 1, 1997:
   The post-retirement mortality table was changed to the 1983 Group Annuity Mortality Table.

4. 2. 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.

5. 3. Effective October 1, 2006:
   a) The retirement decrement was changed to the earlier of age 55 or attainment of 22 years of service. This assumption has been changed to better reflect anticipated retirement behavior as a result of the change in plan provisions effective October 1, 2006.
   b) The percentage of active members assumed married was changed from 95% to 75%. This assumption was changed after a review of the marital status of recent retirees and current active members.
   c) On October 1, 2006, the Actuarial Value of Assets was changed to be equal to the Market Value of Assets, adjusted to reflect a five-year phase-in of the difference between the expected return on Actuarial Value of Assets and the actual investment return. The new method was applied retroactively so that five years of excess returns are smoothed in 2006. The prior Actuarial Value of Assets was equal to the Market Value of Assets adjusted to reflect a five-year phase-in of the net investment gain or loss.
   d) It is assumed that members who enter the DROP on or after October 1, 2006 will participate in the DROP for eight years. Therefore, the COLA payment to these members will be deferred eight years.

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