

CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL VALUATION FOR
JANUARY 1, 2011

Retirement Services
People's United Bank
P.O. Box 386
Burlington, VT 05402

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**CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM**

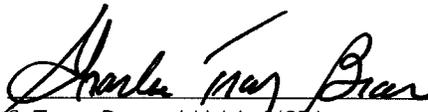
**ACTUARIAL VALUATION FOR
JANUARY 1, 2011**

ACTUARIAL STATEMENT

The actuarial valuation for this Plan has been prepared as of January 1, 2011 in accordance with generally accepted actuarial standards and practices, and to the best of my knowledge fairly reflects the actuarial position of the Plan as of that date.

The preparation of the actuarial valuation is based on the employee census and Plan asset data furnished by the Plan Sponsor and Trustee, and the retirement plan provisions outlined herein.

The valuation is based on actuarial assumptions which, in my opinion, are reasonable in the aggregate, and when applied in combination, represent my best estimate to measure the anticipated experience under the Plan.



S. Tracy Braun, MAAA, MSPA
Enrolled Actuary 11-02264

5/25/2011
Date

INTRODUCTION

This draft report reflects the actuarial valuation for the City of Rutland Employees Retirement System Plan ("Plan") for the 2011 plan year. The valuation is performed as of the beginning of the plan year, January 1, 2011. The valuation measures the Plan liabilities as of January 1, 2011 and compares those liabilities with the Plan assets as of that date, to determine the contribution required to properly fund the Plan on an ongoing basis.

In preparing this valuation we have relied on the asset information and distribution information provided by Prudential and the employee data provided by the City of Rutland.

Valuation Results

The following is a summary of the valuation results, compared to the prior valuation report:

	<u>January 1, 2010</u>	<u>January 1, 2011</u>
Participants:	1033	1044
Active:	645	639
Retiree/Beneficiaries:	285	298
Terminated and Inactive:	103	107
Terminated and Vested:	61	62
Total Covered Payroll:	\$ 26,914,829	\$ 27,594,551
Market Value of Plan Assets:	\$ 49,789,830	\$ 55,005,527
Actuarial Value of Plan Assets:	\$ 52,555,207	\$ 56,345,063
Actuarial Accrued Liability:	\$ 76,305,676	\$ 79,951,469
Unfunded Actuarial Accrued Liability:	\$ 23,750,472	\$ 23,606,406
Funded Status of the Plan:	68.87%	70.47%
Recommended Employer Plan Contribution: (end of year)		
Normal Cost:	\$ 3,015,982	\$ 1,745,688
Amortization Payment: (Unfunded Accrued Liability)	\$ 2,109,693 (30 years)	\$ 2,096,897 (30 years)
Total:	\$ 5,125,675	\$ 3,842,585
Percent of Payroll:	19.04%	13.93%
Employer Contribution Paid:	\$ 2,378,401	(not yet determined)

Value of Plan Assets

The market value of the assets is \$55,005,527 as of the valuation date, January 1, 2011. The asset reconciliation reflected a gain of approximately 10.5% in 2010, versus the expected return of 8%.

For purposes of determining the recommended contribution, a smoothing method is applied to the market value of the assets to generate an actuarial value of the assets. This methodology mitigates the effect of significant swings in the investment market. In applying this methodology, the resulting actuarial value of assets is limited to no less than 80% and no more than 120% of the actual market value. This year the actuarial value of assets is \$56,345,063, which is 102.44% of the market value of assets. Please refer to Pages 6-9 of the valuation report for more detail.

Funded Status

The actuarial accrued liability under the Plan as of 1/1/2011 is \$79,951.469 based on the current funding assumptions. Compared to the actuarial asset value of \$56,345,063, the plan is 70.47% funded, compared to 68.87% in 2010. This increase in funded status is primarily due to the higher than expected asset return and the reflection of the amendment to reduce future benefit accruals for certain Board of Education employees (Teachers, Administrators and School Nonaligned Employees). For these employees, the rate of future benefit accruals was reduced from 2% per year to 1% per year, effective 7/1/2010.

Change in Funding Method/Actuarial Assumptions

There were no changes in the funding method or the actuarial assumptions for the 2011 valuation.

Change in Plan Provisions

There was a change in Plan provisions reflected in this valuation. An amendment was executed which became effective in July, 2010 to reduce future benefit accruals for Board of Education participants who are covered under alternate retirement systems (Teachers, Administrators and School Nonaligned Employees). Please refer to Page 22 of the valuation report.

Funded Status

The Unfunded Accrued Liability has decreased slightly over the period from 1/1/2010 to 1/1/2011:

<u>2010</u>	<u>2011</u>
\$23,750,472	\$23,606,406

While there was a positive impact from the asset return and the impact of the Plan amendment discussed above, plan contributions were less than the recommended amount for 2010.

Employee Data

Based on employee data provided by the City, the covered employee group increased from 1033 to 1044. Active participants decreased from 645 to 639; the retired participants increased from 285 to 298; terminated participants increased from 103 to 107 and terminated vested participants increased from 61 to 62.

Recommended Contribution for 2011

The recommended contribution for 2011 is \$3,842,585 which is 13.93% of covered employees payroll compared to \$5,125,675 in 2010 (19.04% of payroll). The reduction is primarily due to the amendment for reduced benefit accruals for certain Board of Education employees. Please refer to Page 5 of the valuation report for the details for each employee group.

CITY OF RUTLAND
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ACTUARIAL VALUATION AS OF
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SUMMARY OF ACTUARIAL VALUATION

Summary of Contribution for the Plan Year	2010	2011
Recommended Contribution:	5,125,675	3,842,585
Actual Contribution:	2,378,401	----
Participant Data		
Participants currently employed:	645	639
Terminated Participants entitled to vested benefits:	103	107
Retired Participants receiving benefits:	285	298
Total participants included in current year valuation:	1,033	1,044
Aggregate compensation of active participants, as limited under 401(a)(17):	26,914,829	27,594,551
Average annual compensation:	41,728	43,184
Asset Data		
Fair market value of Plan assets:	49,789,830	55,005,527
Actuarial asset value:	52,255,207	56,345,063
IRS determined rate of return on market value during year prior to valuation date:	20.84%	10.48%
Summary of Funding and Recommended Contribution		
Actuarial Accrued Liability:	76,305,676	79,951,469
Actuarial Value of Assets:	52,555,207	56,345,063
Unfunded Actuarial Accrued Liability:	23,750,469	23,606,406
Normal Cost as of the end of the Plan Year:	3,015,982	1,745,688
Amortization of Unfunded Liability as of the end of the Plan Year: (based on 30 year amortization)	2,109,693	2,096,897
Total Recommended Contribution:	5,125,675	3,842,585
Funded ratio:	68.87%	70.47%
Valuation Date:	01/01/2010	01/01/2011

CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF
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SUMMARY OF ACTUARIAL VALUATION

	Police	Fire	DPW	General	Board of Education	Total
Total Normal Cost:	\$395,638	\$208,206	\$343,156	\$214,027	\$1,534,124	\$2,695,151
Expected Employee Contributions:	\$141,784	\$61,872	\$44,173	\$32,497	\$858,446	\$1,138,773
Administrative Expenses:	\$6,677	\$6,195	\$6,341	\$4,669	\$36,118	\$60,000
Employer Normal Cost as of January 1, 2011: (1) - (2) +(3)	\$260,531	\$152,529	\$305,323	\$186,199	\$711,796	\$1,616,378
Actuarial Accrued Liability:	\$8,896,686	\$8,255,061	\$8,449,659	\$6,222,140	\$48,127,923	\$79,951,469
Actuarial Value of Assets:	\$5,795,931	\$5,377,931	\$5,504,706	\$4,053,542	\$35,612,953	\$56,345,063
Unfunded Actuarial Accrued Liability (UAAL) (5) - (6):	\$3,100,755	\$2,877,130	\$2,944,953	\$2,168,598	\$12,514,970	\$23,606,406
Amortization of UAAL Over 30 Years Payable December 31, 2011:	\$275,432	\$255,568	\$261,593	\$192,631	\$1,111,673	\$2,096,897
Employer Normal Cost as of December 31, 2011:	\$281,373	\$164,731	\$329,749	\$201,095	\$768,740	\$1,745,688
Covered Payroll:	\$2,243,418	\$1,237,446	\$2,208,659	\$1,624,872	\$20,280,156	\$27,594,551
Total Recommended Plan Contribution for 2011 Plan Year:	\$698,589	\$482,171	\$635,515	\$426,224	\$2,738,859	\$4,981,358
Total Plan Contribution as a % of Covered Payroll:	31.14%	38.97%	28.77%	26.23%	13.51%	18.05%
Expected Employee Contributions:	\$141,784	\$61,872	\$44,173	\$32,497	\$858,446	\$1,138,773
Expected Employee Contributions as a % of Covered Payroll:	6.32%	5.00%	2.00%	2.00%	4.23%	4.13%
Recommended Employer Contribution Payable December 31, 2011 (8) + (9):	\$556,805	\$420,299	\$591,342	\$393,726	\$1,880,413	\$3,842,585
Recommended Employer Contribution as a % of Covered Payroll:	24.82%	33.97%	26.77%	24.23%	9.27%	13.93%

CITY OF RUTLAND
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ACTUARIAL VALUATION AS OF
JANUARY 1, 2011

SUMMARY OF PLAN ASSET EXPERIENCE DURING THE PLAN YEAR

Summary of Income, Expenses and Rate of Return	2009	2010
1. Asset Fair Market Value at January 1:	41,238,838	49,789,830
2. Employer Contribution to the Plan:	1,864,294	2,378,401
3. Employee Contributions to the Plan:	1,015,802	1,109,869
4. Benefit Payments made from the Plan:	(3,172,215)	(3,490,271)
5. Fees Paid:	(90,857)	(74,610)
6. Net Investment Earnings (including realized and unrealized amounts):	8,656,468	5,292,308
7. Asset Fair Market Value at December 31 (1+2+3+4+5+6):	49,512,330	55,005,527
8. Receivable Contribution for prior Plan Year:	277,500	0
9. Total Plan Assets:	49,789,830	55,005,527
10. IRS determined annual rate of return for year:	20.84%	10.48%

Allocation of Assets

For the January 1, 2009 Valuation the plan assets were allocated separately to the City of Rutland and the Board of Education. This allocation was based on the historical transactions from 01/01/2001 through 01/01/2009. On 01/01/2001 the Plan Assets were 107% of the Plan Liabilities. Since 01/01/2001 changes were made in benefit levels and contribution levels by the City and the Board of Education, therefore, the assets have been allocated based on actual plan liability for each group and actual contributions. See the following page for the separate allocation between the City and the Board of Education.

CITY OF RUTLAND
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ACTUARIAL VALUATION AS OF
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SUMMARY OF PLAN ASSET EXPERIENCE DURING THE PLAN YEAR
ALLOCATION TO BOARD OF EDUCATION AND CITY

Summary of Income, Expenses and Rate of Return	Board of Education	City
1. Asset Fair Market Value at January 1:	31,090,294	18,699,537
2. Employer Contribution to the Plan:	1,823,401	555,000
3. Employee Contributions to the Plan:	812,644	297,225
4. Benefit Payments made from the Plan:	(2,162,438)	(1,327,833)
5. Fees Paid:	(46,589)	(28,021)
6. Net Investment Earnings (including realized and unrealized amounts):	3,329,917	1,962,391
7. Asset Fair Market Value at December 31 (1+2+3+4+5+6):	34,847,229	20,158,299
8. Receivable Contribution for prior Plan Year:	0	0
9. Total Plan Assets:	34,847,229	20,158,299
10. IRS determined annual rate of return for year:	10.48%	10.48%

CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF
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DETERMINATION OF ACTUARIAL VALUE OF ASSETS

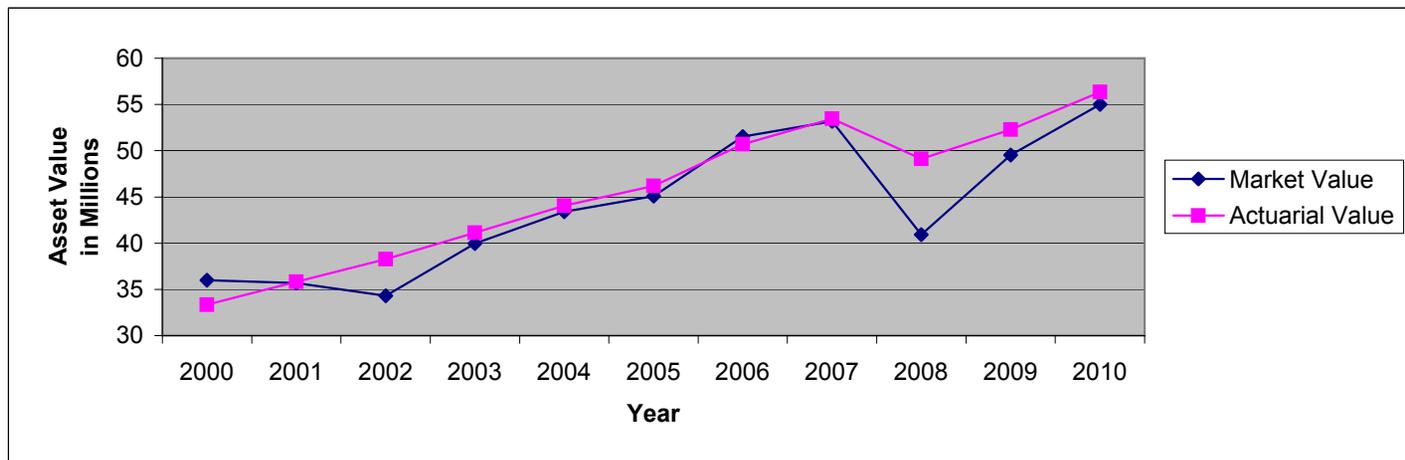
	Year End	
	12/31/2009	12/31/2010
1. Actuarial value of assets at beginning of year:	49,414,401	52,555,207
2. Contribution less benefit payments and operating expenses:	(383,175)	(76,612)
3. Average actuarial value of the fund, 1 + 50%(2):	49,222,814	52,516,901
4. Assumed net investment income, 8%(3):	3,937,825	4,201,352
5. Preliminary value of assets at the end of the year, 1+2+4:	52,969,051	56,679,947
6. Market Value of assets at the end of the year (excludes receivables):	49,512,330	55,005,527
7. Smoothing adjustment, 20%(6-5):	(691,344)	(334,884)
8. Actuarial value of assets, 5+7 but not <80% or >120% of 6:	52,277,707	56,345,063
9. Contribution receivables:	277,500	0
10. Final actuarial value of assets, 8+9:	52,555,207	56,345,063
11. Actuarial value of assets as a percent of market value of assets, 8/(6):	105.59%	102.44%
12. Allocation of Actuarial Value of Assets		
City of Rutland:	19,795,945	20,732,110
Board of Education:	32,759,262	35,612,953
Total:	52,555,207	56,345,063

CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF
JANUARY 1, 2011

SUMMARY OF PLAN ASSET EXPERIENCE DURING THE PLAN YEAR

Year Ended December 31	Employer Contributions	Employee Contributions	Net Investment Return	Administrative Expenses	Benefit Payments	Market Value of Assets	Actuarial Value of Assets
2000	728,902	370,087	2,905,463	16,449	1,126,251	35,983,639	33,351,605
2001	832,291	343,011	2,625,341	40,170	1,289,470	35,676,073	35,822,508
2002	1,560,078	487,140	1,850,005	42,111	1,395,403	34,308,508	38,282,217
2003	1,209,778	403,259	2,742,732	41,746	1,461,294	39,943,385	41,134,946
2004	1,256,699	418,890	3,116,245	71,737	1,806,900	43,411,905	44,048,143
2005	756,733	308,280	3,202,083	14,600	2,106,977	45,075,493	46,193,632
2006	2,490,603	443,545	3,886,775	9,200	2,309,369	51,525,766	50,695,986
2007	1,717,816	795,470	2,786,827	28,065	2,605,285	53,172,934	53,455,121
2008	2,682,486	918,085	(12,788,325)	118,835	2,928,526	40,927,819	49,113,382
2009	1,864,294	1,015,802	8,656,469	90,857	3,172,215	49,512,330	52,277,707
2010	2,655,901	1,109,869	5,292,308	74,610	3,490,271	55,005,527	56,345,063



CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF
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RECONCILIATION OF PARTICIPANT DATA

A. Actively Employed Participants	2010	2011	Change
1. City of Rutland			
a. Police:	48	46	
b. Fire:	25	28	
c. DPW:	52	51	
d. General:	32	29	
e. Total:	157	154	
2. Board of Education:	488	485	
3. Total Plan:	645	639	-0.93%
B. Terminated and Inactive Participants			
1. City of Rutland			
a. Police:	4	5	
b. Fire:	1	1	
c. DPW:	6	6	
d. General:	10	10	
e. Total:	21	22	
2. Board of Education:	82	85	
3. Total Plan:	103	107	3.88%
4. Total Terminated Non-Vested Participants:	42	45	
5. Total Terminated Vested and Inactive Participants:	61	62	
C. Retired Participants/Beneficiaries in Pay Status			
1. City of Rutland			
a. Police:	16	17	
b. Fire:	25	24	
c. DPW:	26	27	
d. General:	23	25	
e. Total:	90	93	
2. Board of Education:	195	205	
3. Total Plan:	285	298	4.56%
D. Total Participants at end of plan year (A3+B3+C3):	1,033	1,044	1.06%

CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF
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RECOMMENDED CONTRIBUTION FOR THE ENTIRE PLAN

	2010	% of Payroll	2011	% of Payroll
1. Total normal cost as of January 1:	3,798,150	14.11%	2,695,151	9.77%
2. Administrative expenses:	60,000	0.22%	60,000	0.22%
3. Expected employee contributions:	(1,065,573)	3.96%	(1,138,773)	4.13%
4. Employer normal cost, 1+2+3:	2,792,576	10.38%	1,616,378	5.86%
5. Actuarial accrued liability:				
Active Participants:	44,287,906		45,043,951	
Terminated Vested Participants:	2,042,437		2,250,895	
Retirees and Beneficiaries:	29,975,333		32,656,623	
Total:	76,305,676		79,951,469	
6. Actuarial value of assets:	52,555,207		56,345,063	
7. Unfunded actuarial accrued liability:	23,750,469		23,606,406	
8. Employer normal cost projected to December 31:	3,015,982		1,745,688	
9. Payment on unfunded actuarial accrued liability:	2,109,693	7.84%	2,096,897	7.60%
10. Total recommended contribution, 8+9:	5,125,675	19.04%	3,842,585	13.93%
11. Annualized Payroll:	26,914,829		27,594,551	
12. Funded Status:	68.87%		70.47%	

CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF
JANUARY 1, 2011

RECOMMENDED CONTRIBUTION FOR CITY EMPLOYEES

	2010	% of Payroll	2011	% of Payroll
1. Total normal cost as of January 1:	1,196,531	16.12%	1,161,027	15.87%
2. Administrative expenses:	24,209	0.33%	23,882	0.33%
3. Expected employee contributions:	(280,741)	3.78%	(280,327)	3.83%
4. Employer normal cost, 1+2+3:	939,998	12.67%	904,582	12.37%
5. Actuarial accrued liability:				
Active Participants:	18,883,754		18,809,971	
Terminated Vested Participants:	567,810		684,431	
Retirees and Beneficiaries:	11,336,191		12,329,143	
Total:	30,787,755		31,823,546	
6. Actuarial value of assets:	19,795,945		20,732,110	
7. Unfunded actuarial accrued liability:	10,991,810		11,091,436	
8. Employer normal cost projected to December 31:	1,015,198		976,949	
9. Payment on unfunded actuarial accrued liability:	976,374	13.16%	985,224	13.47%
10. Total recommended contribution, 8+9:	1,991,572	26.84%	1,962,173	26.83%
11. Annualized Payroll:	7,421,240		7,314,395	
12. Funded Status:	64.30%		65.15%	

CITY OF RUTLAND
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ACTUARIAL VALUATION AS OF
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SUMMARY OF PRINCIPAL PLAN PROVISIONS - POLICE

PLAN EFFECTIVE DATE:	January 1, 1938
PLAN YEAR:	January 1 through December 31
ELIGIBILITY:	No age or service requirement
ENTRY DATES:	First day of the month coinciding with or next following completion of the eligibility requirements.
NORMAL RETIREMENT DATE:	First day of the month following: (1) Age plus service equals 75, with mandatory retirement age of 60, or (2) If Rule of 75 is not met, mandatory retirement age of 62.
COMPENSATION:	Rate of annual basic compensation on January 1, excluding overtime, bonuses, commissions and any other additional compensation.
FINAL AVERAGE COMPENSATION:	Average of the highest rates of Compensation on January 1, in the last 10 years prior to distribution.
RETIREMENT BENEFIT:	2.00% of Final Average Compensation for each year of service before 01/01/2007, plus 2.5% of Final Average Compensation for each year of service after 01/01/2007.
NORMAL BENEFIT PAYMENT FORM:	Life Annuity, with refund.
EARLY RETIREMENT DATE:	First day of the month coinciding with or next following the date the participant attains age 55, and completes 10 years of vesting service.
EARLY RETIREMENT BENEFIT:	Retirement Benefit is reduced for early commencement of payments, by reducing the Retirement Benefit at Normal Retirement Date by the following percentages: 1/2 of 1% for each month prior to the employee's Normal Retirement Date.

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SUMMARY OF PRINCIPAL PLAN PROVISIONS - POLICE

POSTPONED RETIREMENT:	Benefit calculated and payable as of actual retirement date.
DISABILITY RETIREMENT:	<p><u>Non-Service Related:</u> No age requirement; 5 years of participation. Benefit is accrued benefit at date of disability.</p> <p><u>Service Related:</u> No age or service requirement. Benefit is 100% of the projected normal retirement benefit assuming constant future earnings and service to age 62, payable after 6 months.</p>
PRE-RETIREMENT DEATH BENEFIT:	<p><u>Non Service Related:</u></p> <ol style="list-style-type: none">(1) Must be active employee and eligible to retire early.(2) Benefit is 75% of participant's accrued benefit, reduced for early commencement and paid as if 50% Joint and Survivor option had been elected, payable to spouse.(3) If not eligible for spouse benefit, death benefit is return of employee contributions with interest. <p><u>Service Related:</u></p> <ol style="list-style-type: none">(1) No age or service requirement.(2) 100% of deceased participant's projected normal retirement benefit based on service to age 62, payable to spouse or children up to age 19.
POST-RETIREMENT DEATH BENEFIT:	Death benefits payable after retirement are payable in accordance with the form of payment option selected by the retiree.
TERMINATION OF EMPLOYMENT:	<p>Vested participants will be entitled to the Retirement Benefit calculated as of the date of termination and payable at age 62. A reduced benefit will be available for payments beginning after age 55, in accordance with the plan's Early Retirement provisions.</p> <p>Participant may elect a return of employee contributions in lieu of the retirement benefit</p>
VESTING:	Five year cliff vesting. Non-vested participants receive a return of employee contributions plus interest.
ACTUARIAL EQUIVALENCE:	6% interest and Mortality based on the 1971 Group Annuity Mortality Table for males, with a 1 year setback for the participant and a 5 year setback for the beneficiary.
EMPLOYEE CONTRIBUTIONS:	6.32% of compensation after 01/01/2007.

CITY OF RUTLAND
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ACTUARIAL VALUATION AS OF
JANUARY 1, 2011

SUMMARY OF PRINCIPAL PLAN PROVISIONS - FIRE

PLAN EFFECTIVE DATE:	January 1, 1938
PLAN YEAR:	January 1 through December 31
ELIGIBILITY:	No age or service requirement
ENTRY DATES:	First day of the month coinciding with or next following completion of the eligibility requirements.
NORMAL RETIREMENT DATE:	First day of the month following: (1) Age plus service equals 75, with mandatory retirement age of 60, or (2) If Rule of 75 is not met, mandatory retirement age of 62.
COMPENSATION:	Rate of annual basic compensation on January 1, excluding overtime, bonuses, commissions and any other additional compensation.
FINAL AVERAGE COMPENSATION:	Average of the highest rates of Compensation on January 1, in the last 10 years prior to distribution.
RETIREMENT BENEFIT:	2.00% of Final Average Compensation for each year of credited service, multiplied by 1.17.
NORMAL BENEFIT PAYMENT FORM:	Life Annuity, with refund
EARLY RETIREMENT DATE:	First day of the month coinciding with or next following the date the participant attains age 55, and completes 10 years of vesting service.
EARLY RETIREMENT BENEFIT:	Retirement Benefit is reduced for early commencement of payments, by reducing the Retirement Benefit at Normal Retirement Date by the following percentages: 1/2 of 1% for each month prior to the employee's Normal Retirement Date.

CITY OF RUTLAND
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ACTUARIAL VALUATION AS OF
JANUARY 1, 2011

SUMMARY OF PRINCIPAL PLAN PROVISIONS - FIRE

POSTPONED RETIREMENT:	Benefit calculated and payable as of actual retirement date.
DISABILITY RETIREMENT:	<p><u>Non-Service Related:</u> No age requirement; 5 years of participation. Benefit is accrued benefit at date of disability.</p> <p><u>Service Related:</u> No age or service requirement. Benefit is 100% of the projected normal retirement benefit assuming constant future earnings and service to age 62, payable after 6 months</p>
PRE-RETIREMENT DEATH BENEFIT:	<p><u>Non Service Related:</u></p> <ul style="list-style-type: none">(1) Must be active employee and eligible to retire early.(2) Benefit is 75% of participant's accrued benefit, reduced for early commencement and paid as if 50% Joint and Survivor option had been elected, payable to spouse.(3) If not eligible for spouse benefit, death benefit is return of employee contributions with interest. <p><u>Service Related:</u></p> <ul style="list-style-type: none">(1) No age or service requirement.(2) 100% of deceased participant's projected normal retirement benefit based on service to age 62, payable to spouse or children up to age 19.
POST-RETIREMENT DEATH BENEFIT:	Death benefits payable after retirement are payable in accordance with the form of payment option selected by the retiree.
TERMINATION OF EMPLOYMENT:	Vested participants will be entitled to the Retirement Benefit calculated as of the date of termination and payable at age 62. A reduced benefit will be available for payments beginning after age 55, in accordance with the plan's Early Retirement provisions. Participant may elect a return of employee contributions in lieu of the retirement benefit
VESTING:	Five year cliff vesting. Non-vested participants receive a return of employee contributions plus interest.
ACTUARIAL EQUIVALENCE:	6% interest and Mortality based on the 1971 Group Annuity Mortality Table for males, with a 1 year setback for the participant and a 5 year setback for the beneficiary.
EMPLOYEE CONTRIBUTIONS:	5.0% of compensation after 01/01/2008.

CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF
JANUARY 1, 2011

SUMMARY OF PRINCIPAL PLAN PROVISIONS - DPW

PLAN EFFECTIVE DATE:	January 1, 1938
PLAN YEAR:	January 1 through December 31
ELIGIBILITY:	No age or service requirement
ENTRY DATES:	First day of the month coinciding with or next following completion of the eligibility requirements.
NORMAL RETIREMENT DATE:	First day of the month following earlier of: (1) Age plus service equals 75, or (2) the later of age 62 or 5 years of participation
COMPENSATION:	Rate of annual basic compensation on January 1, excluding overtime, bonuses, commissions and any other additional compensation.
FINAL AVERAGE COMPENSATION:	Average of the highest rates of Compensation on January 1, in the last 10 years prior to distribution.
RETIREMENT BENEFIT:	2.00% of Final Average Compensation for each year of credited service.
NORMAL BENEFIT PAYMENT FORM:	Life Annuity, with refund
EARLY RETIREMENT DATE:	First day of the month coinciding with or next following the date the participant attains age 55, and completes 10 years of vesting service.
EARLY RETIREMENT BENEFIT:	Retirement Benefit is reduced for early commencement of payments, by reducing the Retirement Benefit at Normal Retirement Date by the following percentages: 1/2 of 1% for each month prior to the employee's Normal Retirement Date.
POSTPONED RETIREMENT:	Benefit calculated and payable as of actual retirement date.

CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF
JANUARY 1, 2011

SUMMARY OF PRINCIPAL PLAN PROVISIONS - DPW

DISABILITY RETIREMENT:

Non-Service Related: No age requirement; 15 years of participation. Benefit is accrued benefit at date of disability.

Service Related: No age or service requirement. Benefit is 100% of the projected normal retirement benefit assuming constant future earnings and service to age 62, payable after 6 months

PRE-RETIREMENT DEATH BENEFIT:

Non Service Related:

- (1) Must be active employee and eligible to retire early.
- (2) Benefit is 75% of participant's accrued benefit, reduced for early commencement and paid as if 50% Joint and Survivor option had been elected, payable to spouse.
- (3) If not eligible for spouse benefit, death benefit is return of employee contributions with interest.

Service Related:

- (1) No age or service requirement.
- (2) 100% of deceased participant's projected normal retirement benefit based on service to age 62, payable to spouse or children up to age 19.

POST-RETIREMENT DEATH BENEFIT:

Death benefits payable after retirement are payable in accordance with the form of payment option selected by the retiree.

TERMINATION OF EMPLOYMENT:

Vested participants will be entitled to the Retirement Benefit calculated as of the date of termination and payable at age 62. A reduced benefit will be available for payments beginning after age 55, in accordance with the plan's Early Retirement provisions.

Participant may elect a return of employee contributions in lieu of the retirement benefit

VESTING:

Five year cliff vesting. Non-vested participants receive a return of employee contributions plus interest.

ACTUARIAL EQUIVALENCE:

6% interest and Mortality based on the 1971 Group Annuity Mortality Table for males, with a 1 year setback for the participant and a 5 year setback for the beneficiary.

EMPLOYEE CONTRIBUTIONS:

2.0% of compensation

CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF
JANUARY 1, 2011

SUMMARY OF PRINCIPAL PLAN PROVISIONS - GENERAL

PLAN EFFECTIVE DATE:	January 1, 1938
PLAN YEAR:	January 1 through December 31
ELIGIBILITY:	No age or service requirement
ENTRY DATES:	First day of the month coinciding with or next following completion of the eligibility requirements.
NORMAL RETIREMENT DATE:	First day of the month following earlier of: (1) Age plus service equals 80, or (2) the later of age 62 or 5 years of participation
COMPENSATION:	Rate of annual basic compensation on January 1, excluding overtime, bonuses, commissions and any other additional compensation.
FINAL AVERAGE COMPENSATION:	Average of the highest rates of Compensation on January 1, in the last 10 years prior to distribution.
RETIREMENT BENEFIT:	2.00% of Final Average Compensation for each year of credited service.
NORMAL BENEFIT PAYMENT FORM:	Life Annuity, with refund
EARLY RETIREMENT DATE:	First day of the month coinciding with or next following the date the participant attains age 55, and completes 10 years of vesting service.
EARLY RETIREMENT BENEFIT:	Retirement Benefit is reduced for early commencement of payments, by reducing the Retirement Benefit at Normal Retirement Date by the following percentages: 1/2 of 1% for each month prior to the employee's Normal Retirement Date.
POSTPONED RETIREMENT:	Benefit calculated and payable as of actual retirement date.

CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF
JANUARY 1, 2011

SUMMARY OF PRINCIPAL PLAN PROVISIONS - GENERAL

DISABILITY RETIREMENT:

Non-Service Related: No age requirement; 15 years of participation. Benefit is accrued benefit at date of disability.

Service Related: No age or service requirement. Benefit is 100% of the projected normal retirement benefit assuming constant future earnings and service to age 62, payable after 6 months

PRE-RETIREMENT DEATH BENEFIT:

Non Service Related:

- (1) Must be active employee and eligible to retire early.
- (2) Benefit is 75% of participant's accrued benefit, reduced for early commencement and paid as if 50% Joint and Survivor option had been elected, payable to spouse.
- (3) If not eligible for spouse benefit, death benefit is return of employee contributions with interest.

Service Related:

- (1) No age or service requirement.
- (2) 100% of deceased participant's projected normal retirement benefit based on service to age 62, payable to spouse or children up to age 19.

POST-RETIREMENT DEATH BENEFIT:

Death benefits payable after retirement are payable in accordance with the form of payment option selected by the retiree.

TERMINATION OF EMPLOYMENT:

Vested participants will be entitled to the Retirement Benefit calculated as of the date of termination and payable at age 62. A reduced benefit will be available for payments beginning after age 55, in accordance with the plan's Early Retirement provisions.

Participant may elect a return of employee contributions in lieu of the retirement benefit

VESTING:

Five year cliff vesting. Non-vested participants receive a return of employee contributions plus interest.

ACTUARIAL EQUIVALENCE:

6% interest and Mortality based on the 1971 Group Annuity Mortality Table for males, with a 1 year setback for the participant and a 5 year setback for the beneficiary.

EMPLOYEE CONTRIBUTIONS:

2.0% of compensation

CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF
JANUARY 1, 2011

RECOMMENDED CONTRIBUTION FOR BOARD OF EDUCATION EMPLOYEES

	2010	% of Payroll	2011	% of Payroll
1. Total normal cost as of January 1:	2,601,619	13.35%	1,534,124	7.56%
2. Administrative expenses:	35,791	0.18%	36,118	0.18%
3. Expected employee contributions:	(784,832)	4.03%	(858,446)	4.23%
4. Employer normal cost, 1+2+3:	1,852,578	9.50%	711,796	3.51%
5. Actuarial accrued liability:				
Active Participants:	25,404,152		26,233,980	
Terminated Vested Participants:	1,474,628		1,566,464	
Retirees and Beneficiaries:	18,639,142		20,327,480	
Total:	45,517,922		48,127,924	
6. Actuarial value of assets:	32,759,262		35,612,953	
7. Unfunded actuarial accrued liability:	12,758,660		12,514,971	
8. Employer normal cost projected to December 31:	2,000,784		768,740	
9. Payment on unfunded actuarial accrued liability:	1,133,319	5.81%	1,111,673	5.48%
10. Total recommended contribution, 8+9:	3,134,103	16.08%	1,880,413	9.27%
11. Annualized Payroll:	19,493,589		20,280,156	
12. Funded Status:	71.97%		74.00%	

CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF
JANUARY 1, 2011

SUMMARY OF PRINCIPAL PLAN PROVISIONS - BOARD OF EDUCATION

PLAN EFFECTIVE DATE:	January 1, 1938
PLAN YEAR:	January 1 through December 31
ELIGIBILITY:	No age or service requirement
ENTRY DATES:	First day of the month coinciding with or next following completion of the eligibility requirements.
NORMAL RETIREMENT DATE:	First day of the month following earlier of: (1) Age plus service equals 80, or (2) the later of age 62 or 5 years of participation
COMPENSATION:	Rate of annual basic compensation on January 1, excluding overtime, bonuses, commissions and any other additional compensation.
FINAL AVERAGE COMPENSATION:	Average of the highest rates of Compensation on January 1, in the last 10 years prior to distribution.
RETIREMENT BENEFIT:	Prior to July 1, 2010: 2.00% of Final Average Compensation for each year of credited service. After June 30, 2010: 2.00% of Final Average Compensation for each year of credited service for Paraeducators, Maintenance and Busing Employees; 1.00% of Final Earnings for each year of credited service for Teachers, Administrators and School Nonaligned Employees.
NORMAL BENEFIT PAYMENT FORM:	Life Annuity, with refund.
EARLY RETIREMENT DATE:	First day of the month coinciding with or next following the date the participant attains age 55, and completes 10 years of vesting service.
EARLY RETIREMENT BENEFIT:	Retirement Benefit is reduced for early commencement of payments, by reducing the Retirement Benefit at Normal Retirement Date by the following percentages: 1/2 of 1% for each month prior to the employee's Normal Retirement Date.
POSTPONED RETIREMENT:	Benefit calculated and payable as of actual retirement date.

CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF
JANUARY 1, 2011

SUMMARY OF PRINCIPAL PLAN PROVISIONS - BOARD OF EDUCATION

DISABILITY RETIREMENT:

Non-Service Related: No age requirement; 15 years of participation. Benefit is accrued benefit at date of disability.

Service Related: No age or service requirement. Benefit is 100% of the projected normal retirement benefit assuming constant future earnings and service to age 62, payable after 6 months.

PRE-RETIREMENT DEATH BENEFIT:

Non Service Related:

- (1) Must be active employee and eligible to retire early.
- (2) Benefit is 75% of participant's accrued benefit, reduced for early commencement and paid as if 50% Joint and Survivor option had been elected, payable to spouse.
- (3) If not eligible for spouse benefit, death benefit is return of employee contributions with interest.

Service Related:

- (1) No age or service requirement.
- (2) 100% of deceased participant's projected normal retirement benefit based on service to age 62, payable to spouse or children up to age 19.

POST-RETIREMENT DEATH BENEFIT:

Death benefits payable after retirement are payable in accordance with the form of payment option selected by the retiree.

TERMINATION OF EMPLOYMENT:

Vested participants will be entitled to the Retirement Benefit calculated as of the date of termination and payable at age 62. A reduced benefit will be available for payments beginning after age 55, in accordance with the plan's Early Retirement provisions.

Participant may elect a return of employee contributions in lieu of the retirement benefit.

VESTING:

Five year cliff vesting. Non-vested participants receive a return of employee contributions plus interest.

ACTUARIAL EQUIVALENCE:

6% interest and Mortality based on the 1971 Group Annuity Mortality Table for males, with a 1 year setback for the participant and a 5 year setback for the beneficiary.

EMPLOYEE CONTRIBUTIONS:

Variable rates based on employee groups.

CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF
JANUARY 1, 2011

SUPPLEMENTARY INFORMATION REQUIRED BY GASB

GASB ASSUMPTIONS

ACTUARIAL VALUATION DATE:	January 1, 2011
ACTUARIAL COST METHOD:	Pro-rata projected unit credit
AMORTIZATION METHOD:	Level Dollar, open
REMAINING AMORTIZATION PERIOD:	30 years as of January 1, 2011
EMPLOYEE CONTRIBUTION CREDITING RATE:	3.00%
ASSET VALUATION METHOD:	20% Smoothing of investment returns not to exceed 80-120% of the market value.
ACTUARIAL ASSUMPTIONS:	
Investment rate of return:	8.00%
Projected salary increases:	5.00%
PLAN MEMBERSHIP:	
Retired participants and beneficiaries receiving benefits:	298
Terminated participants entitled to future benefits:	62
Active Participants:	639
Total:	<u>999</u>

CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF
JANUARY 1, 2011

SUPPLEMENTARY INFORMATION REQUIRED BY GASB

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Underfunded/ (Overfunded) AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b)-(a)]/(c)
1/1/1997	21,887,900	19,977,000	(1,910,900)	109.57%	12,078,200	-15.82%
1/1/1998	N/A	N/A	N/A	N/A	N/A	N/A
1/1/1999	27,234,000	24,768,100	(2,465,900)	109.96%	14,460,600	-17.05%
1/1/2000	N/A	N/A	N/A	N/A	N/A	N/A
1/1/2001	33,351,605	33,510,388	158,783	99.53%	17,495,402	0.91%
1/1/2002	N/A	N/A	N/A	N/A	N/A	N/A
1/1/2003	38,282,217	40,132,181	1,849,964	95.39%	19,456,272	9.51%
1/1/2004	N/A	N/A	N/A	N/A	N/A	N/A
1/1/2005	44,048,143	48,348,202	4,300,059	91.11%	22,137,295	19.42%
1/1/2006	N/A	N/A	N/A	N/A	N/A	N/A
1/1/2007	50,695,986	59,831,977	9,135,991	84.73%	24,161,425	37.81%
1/1/2008	53,598,552	66,495,591	12,897,039	80.60%	25,641,832	50.30%
1/1/2009	49,414,401	71,277,825	21,863,424	69.33%	26,389,650	82.85%
1/1/2010	52,555,207	76,305,676	23,750,469	68.87%	26,914,829	88.24%
1/1/2011	56,345,063	79,951,469	23,606,406	70.47%	27,594,551	85.55%

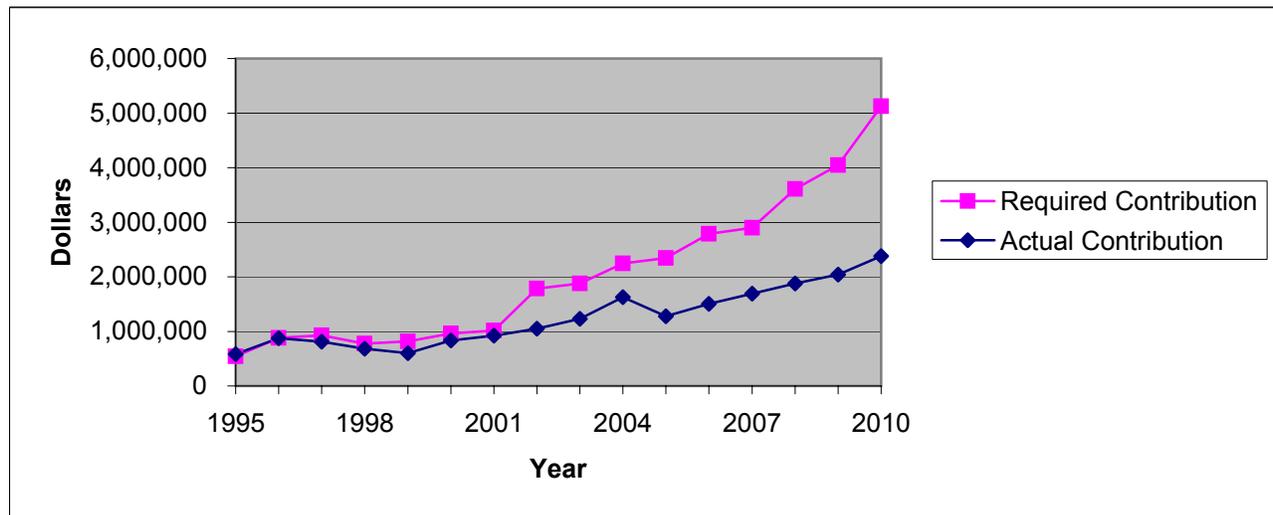
CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF
JANUARY 1, 2011

SUPPLEMENTARY INFORMATION REQUIRED BY GASB

SCHEDULE OF FUNDING PROGRESS BASED ON FISCAL YEAR

Plan Year Ended June 30	Annual Required Contributions	Actual Contribution	Percentage Contributed
1995	541,400	582,900	107.67%
1996	883,300	873,800	98.92%
1997	925,200	812,600	87.83%
1998	776,500	683,900	88.07%
1999	815,800	599,900	73.54%
2000	964,800	834,711	86.52%
2001	1,015,000	923,954	91.03%
2002	1,787,161	1,048,297	58.66%
2003	1,877,432	1,227,415	65.38%
2004	2,246,572	1,625,945	72.37%
2005	2,345,116	1,275,244	54.38%
2006	2,785,751	1,501,784	53.91%
2007	2,899,920	1,690,335	58.29%
2008	3,609,894	1,877,860	52.02%
2009	4,048,303	2,039,388	50.38%
2010	5,125,675	2,378,401	46.40%



CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF
JANUARY 1, 2011

SUPPLEMENTARY INFORMATION REQUIRED BY GASB

SCHEDULE OF FUNDING PROGRESS

Fiscal Year Ended June 30	Employer Annual Required Contribution (a)	Employer Amount Contributed (b)	Interest on NPO (h)*8.00% (c)	ARC Adjustment (h)/(e) (d)	Amortization Factor (e)	Pension Cost (a)+(c)-(d) (f)	Change in NPO (f)-(b) (g)	NPO Balance NPO + (g) (h)
1999	815,800	599,900	(26,900)	(38,000)	8.8402	826,900	227,000	(108,708)
2000	964,800	834,711	(8,697)	(12,297)	8.5147	968,400	133,689	25,481
2001	1,015,000	923,954	2,038	2,993	8.1630	1,014,046	90,092	115,427
2002	1,787,161	1,048,297	9,234	14,140	7.7833	1,782,255	733,958	848,695
2003	1,877,432	1,227,415	67,896	109,041	7.3731	1,836,287	608,872	1,451,501
2004	2,246,572	1,625,945	116,120	196,864	6.9302	2,165,828	539,883	1,978,802
2005	2,345,116	1,275,244	158,304	285,533	6.4518	2,217,887	942,643	2,900,273
2006	2,785,751	1,501,784	232,022	449,529	8.5595	2,568,244	1,066,460	4,077,424
2007	2,899,920	1,690,335	326,194	476,362	8.5595	2,749,752	1,059,417	5,136,839
2008	3,609,894	1,877,860	410,947	600,133	8.5595	3,420,708	1,542,848	6,679,687
2009	4,048,383	2,039,388	534,375	780,383	8.5595	3,802,375	1,762,987	8,442,674
2010	5,125,675	2,378,401	675,414	986,351	11.2578	4,814,738	2,436,337	10,879,011
2011	3,842,585							

Not yet determined

CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF
JANUARY 1, 2011

ACTUARIAL ASSUMPTIONS AND COST METHOD

ACTUARIAL VALUATION DATE:	January 1, 2011
VALUATION INTEREST RATES:	
Pre-retirement period:	8.00%
Post-retirement period:	8.00%
SALARY INCREASES:	5.00%
EMPLOYEE CONTRIBUTION CREDITING RATE:	3.00%
VALUATION MORTALITY:	
Healthy:	1994 Group Annuity Mortality Table M/F
Disabled:	PBGC Table for Disabled Participants receiving Social Security Benefits
TURNOVER:	Crocker Sarason Straight T-1
DISABILITY AND DEATH:	<u>Police and Fire:</u> 75% of disabilities and deaths assumed to be service related. <u>All Others:</u> 25% of disabilities and deaths assumed to be service related.
FORM OF PAYMENT:	Life Annuity
PERCENT MARRIED (Females-3 year setback compared to males):	75%
ADMINISTRATIVE EXPENSE:	\$60,000
ASSUMED RETIREMENT AGE:	
Deferred Vested Participants:	Age 62
Active Employees:	<u>Fire and Police:</u> Earlier of age 60 or age plus service equal to 80. <u>DPW:</u> Earlier of age 62 or 5 years of service (if later) or age plus service equal to 80. <u>General and Board of Education:</u> Earlier of age 62 or 5 years of service (if later), or age plus service equal to 85.

CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF
JANUARY 1, 2011

ACTUARIAL ASSUMPTIONS AND COST METHOD

COMPENSATION BASIS: Rate of annual basic compensation on January 1, excluding overtime, bonuses, commissions, and any other additional compensation.

IRC SECTION 401(a)(17) MAXIMUM COMPENSATION LIMIT: \$245,000

IRC SECTION 415(b) MAXIMUM BENEFIT LIMIT: \$195,000

ASSET VALUATION METHOD:

The actuarial value of assets is calculated as follows:

- (1) the actuarial value at the beginning of the year, plus contributions and expected investment earnings, less benefit payments; plus
- (2) 20% of the difference between the market value at the end of the year and the adjusted actuarial value in (1) above
- (3) Not to exceed 80-120% of the actual market value.

ACTUARIAL COST METHOD: Projected Unit Credit

Under the Projected Unit Credit actuarial cost method, annual contributions are the sum of the normal cost, plus the amortization of the unfunded actuarial accrued liability over a fixed period of years. The normal cost is the sum of the present value of the projected benefit allocable to each participant during the current plan year. The actuarial accrued liability is the actuarial present value of the projected benefits allocable to all participants based on service as of the valuation date. The unfunded actuarial accrued liability is the excess, if any, of the accrued liability over the plan assets. Actuarial gains and losses, resulting from the difference between the actual and expected unfunded accrued liabilities are amortized over 15 years.