

SCHEDULE E

OUTLINE OF ACTUARIAL ASSUMPTIONS AND METHODS

The assumptions and methods used in the valuation were selected by the Actuary and adopted by the Board following the most recent Experience Study from July 1, 2004 to July 1, 2009.

INVESTMENT RATE OF RETURN: 7.5% per year, compounded annually, net of investment expenses.

WAGE BASE GROWTH: The National Wage Base used to calculate Covered Compensation is expected to grow 3.5% per year.

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

Age	General Employees*	Uniformed Officers*
20	12.62%	6.50%
25	8.62	5.25
30	7.27	4.75
35	6.44	4.50
40	5.83	4.27
45	5.35	4.10
50	4.96	4.00
55	4.63	3.50
60	4.34	3.50

*Includes inflation of 3.00%

SEPARATIONS FROM ACTIVE SERVICE: For death rates, the RP 2000 Combined Healthy Mortality Table set forward 4 years was used. Representative values of the assumed annual rates of separation from active service are as follows:

Annual Rates of			
Age	Disability	Death - Males	Death - Females
20	0.05%	0.04%	0.02%
25	0.05	0.04	0.02
30	0.05	0.07	0.04
35	0.07	0.10	0.06
40	0.14	0.14	0.10
45	0.23	0.20	0.16
50	0.37	0.32	0.24
55	0.60	0.59	0.44
60	0.90	1.13	0.86

Annual Rates of Withdrawal						
General Employees With Less Than Seven Years Service			General Employees With Seven or More Years Service			Uniformed Officers
Service	Male	Female	Age	Male	Female	Male/Female
0	21.00%	18.00%	20	8.00%	1.00%	16.67%
1	19.00	15.50	25	7.12	1.00	13.31
2	17.00	13.00	30	6.24	1.00	9.95
3	15.00	10.50	35	5.35	1.00	7.51
4	13.00	8.00	40	4.47	1.00	5.36
5	11.00	5.50	45	3.59	1.00	3.00
6	9.00	3.00	50	2.70	1.00	0.00
			55	0.00	0.00	0.00
			60	0.00	0.00	0.00

Annual Rates of Retirement*			
Age	4022 Plan Uniformed Officers	General Employees	Uniformed Officers
45-49	5%	0%	0%
50	12	0	0
51-53	20	0	0
54	60	0	0
55	60	10	20
56-59	60	3	10
60	100	3	100
61		12	
62-66		22	
67-69		10	
70		100	

*For Employees not yet eligible for Rule of 80

Annual Rate of Retirement for Rule of 80		
Age Plus Service	General Employees	Uniformed Officers
80	50%	40%
81	50	30
82-90	20	30

DEATHS AFTER RETIREMENT: The RP-2000 Combined Healthy Retiree Mortality Table set forward four years is used for the period after retirement and for dependent beneficiaries. The RP-2000 Disabled Retiree Mortality Table multiplied by 75% is used for the period after disability retirement.

ADMINISTRATIVE EXPENSES: \$125,000 payable monthly.

PERCENT MARRIED: 100% of active members are assumed to be married with the male three years older than his spouse.

COST OF LIVING: An automatic 3.00% cost of living adjustment is assumed for all Plan 4022 Level 1 members. No increases are assumed for the Consolidated Plan members.

ASSETS: Actuarial value, as developed in Schedule B. The actuarial value of assets recognizes a portion of the difference between the market value of assets and the expected actuarial value of assets, based on the assumed valuation rate of return. The amount recognized each year is 10% of the difference between market value and expected actuarial value.

VALUATION METHOD: Entry age actuarial cost method. See Schedule F for a brief description of this method.