

REQUIRED SUPPLEMENTARY INFORMATION (RSI)

Schedule of PERS Funding Progress

FAIRBANKS NORTH STAR BOROUGH

**Required Supplementary Information
Schedule of PERS Funding Progress
Pension and Postemployment Healthcare Benefits
June 30, 2004**

(In 000's)

	<u>Actuarial Valuation year ended June 30</u>	<u>Actuarial Value of Plan Assets</u>	<u>Actuarial Accrued Liability (AAL) – Projected Unit Credit</u>	<u>Excess (Deficiency) of Plan Assets over AAL</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Excess (Deficiency) as a Percentage of Covered Payroll</u>
<u>Borough</u>							
Pension benefits	2001	\$49,906	\$49,068	\$838	102%	\$14,900	6%
	2002	43,047	57,210	(14,163)	75%	15,354	(92%)
	2003	47,674	60,217	(12,543)	79%	15,923	(79%)
Postemployment healthcare benefits	2001	21,131	20,776	355	102%	14,900	2%
	2002	26,155	34,760	(8,605)	75%	15,354	(56%)
	2003	31,864	40,247	(8,383)	79%	15,923	(53%)
Totals	2001	71,037	69,844	1,193	102%	14,900	8%
	2002	69,202	91,970	(22,768)	75%	15,354	(148%)
	2003	79,538	100,464	(20,926)	79%	15,923	(131%)
<u>School District</u>							
Pension benefits	2001	\$75,357	\$73,826	\$1,531	102%	\$22,066	7%
	2002	64,597	85,525	(20,928)	76%	21,840	(96%)
	2003	67,568	89,859	(22,291)	75%	23,234	(96%)
Postemployment healthcare benefits	2001	31,906	31,258	648	102%	22,066	3%
	2002	39,248	51,963	(12,715)	76%	21,840	(58%)
	2003	45,160	60,058	(14,898)	75%	23,234	(64%)
Totals	2001	107,263	105,084	2,179	102%	22,066	10%
	2002	103,845	137,488	(33,643)	76%	21,840	(154%)
	2003	112,728	149,917	(37,189)	75%	23,234	(160%)

Effective June 30, 2002:

- the actuarial cost method was changed from a rolling 25-year period to a 25-year fixed period level percentage of pay;
- the health cost trend assumptions were changed from a range of 5.5% for FY03 to 4.0% for FY14 and later to a range of 12% for FY03 to 5.0% for FY17 and later;
- the asset valuation method was changed to recognize 20% of the investment gains and losses in each of the current and preceding 4 years, resulting in the immediate recognition of deferred losses and the elimination of corridor adjustments; (this method will be phased in over the next 5 years); and
- the target funding ratio was changed from 102% to 100%.