REPORT ON THE JANUARY 1, 2010 ACTUARIAL VALUATION OF THE LEXINGTON CONTRIBUTORY RETIREMENT SYSTEM

November 2010

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SECTION I - OVERVIEW

The Lexington Retirement Board has engaged Buck Consultants, LLC, to prepare an actuarial valuation of the Retirement System as of January 1, 2010. Employee data and asset information as of this date were provided by the Retirement Board. The valuation was prepared pursuant to Chapter 32 of the General Laws of Massachusetts, based upon the acceptance of Section 22D. The purposes of the valuation are to:

1. analyze the current funded position of the System and determine the level of contributions necessary to assure sound funding;

2. update the Section 22D funding schedule currently in place for the Retirement System; and

3. provide reporting and disclosure information for financial statements, governmental agencies, and other interested parties.

The prior valuation report was prepared as of January 1, 2008. The actuarial assumptions and methods used in this valuation are unchanged from those used in the prior valuation with the following two exceptions:

1. A 1% load has been added to annual appropriations to reflect non-investment expenses.
2. The value of assets used for actuarial purposes has been changed from market value to one based on recognition over five years of investment gains and losses, as indicated in the calculations shown on page 5 of this report. The result is constrained to lie within 20% of the market value of assets.

Section II provides a summary of the principal valuation results. Section V provides a projection of the Section 22D funding amounts.

SECTION I - OVERVIEW

(continued)

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,

BUCK CONSULTANTS, LLC

November 30, 2010

_____ _____

David L. Driscoll, FSA, FCA, MAAA, EA Date

Principal and Consulting Actuary

SECTION II - SUMMARY OF PRINCIPAL RESULTS

The table below compares the principal results from the current and most recent prior valuations.

Valuation Date	January 1, 2010	January 1, 2008
a) Active members:		
Number	597	599
Annual compensation	$ 28,238,874	$ 25,714,392
Average age	47.3	46.6
Average service	10.5	10.5
Average compensation	$ 47,301	$ 42,929
b) Pensioners and beneficiaries paid by the Town[1]:		
Number	397	387
Annual benefit payments	$ 7,399,903	$ 6,764,189
Average benefit	$ 18,640	$ 17,479
c) Inactive employees		
Number	264	275
Accumulated employee contributions	$ 2,341,208	$ 1,433,130
d) Actuarial accrued liability	$ 133,456,116	$ 122,542,812
e) Market value of assets	$ 100,211,610	$ 123,209,331
f) Actuarial value of assets	$ 118,558,908	$ 123,209,331
g) Unfunded actuarial accrued liability (d. – e.)	$ 14,897,208	$ (666,519)
h) Funded percentage (f. / d.)	88.8%	100.5%
i) Section 22D funding for fiscal 2011	$ 3,519,578	$ 3,798,276
j) Section 22D funding for fiscal 2012	$ 4,083,286	$ 3,881,944

[1] Amount includes portion of benefit attributable to Lexington service only.

SECTION III - MEMBERSHIP DATA

In order to calculate the aggregate liabilities and assets on account of members of the System as of January 1, 2010, data were needed for each active and retired member and beneficiary of the System. This data was provided by the Retirement Board.

The tables in Schedule D show, as of January 1, 2010, the number and annual compensation of members by age and years of service and the number and annual retirement allowances of retired members and beneficiaries as of January 1, 2010, by age.

SECTION IV - ASSETS

The amount of assets taken into account in this valuation is based on financial information reported by the Retirement Board. As of January 1, 2010, the reported market value of Retirement System assets amounted to $100,211,611. The actuarial value of assets for funding purposes is $118,558,908. The actuarial value of assets is developed using a smoothing method that, as described in Schedule B of this report, moderates the impact of year-to-year fluctuations in asset values caused by investment gains and losses.

1.	Market value of System assets, January 1, 2009	$82,828,771
2.	Town and member contributions, net transfers and reimbursements in 2009	7,631,529
3.	Expenses in 2009	(156,748)
4.	Benefits and refunds in 2009	(7,900,332)
5.	Expected interest in 2009	6,607,861
6.	Expected market value of System assets, January 1, 2010	89,011,081
7.	Actual market value of System assets, January 1, 2010	100,211,611
8.	Investment gain (loss) for 2009, (7)-(6)	11,200,530
9.	Investment gain (loss) for 2008	(49,778,526)
10.	Investment gain (loss) for 2007	4,047,584
11.	Investment gain (loss) for 2006	4,701,804
12.	Preliminary actuarial value of assets, January 1, 2010 [(7) – 80% X (8) – 60% X (9) – 40% X (10) – 20% X (11)]	118,558,908
13.	80% of market value of assets, January 1, 2010 = 80% X (7)	80,169,289
14.	120% of market value of assets, January 1, 2010 = 120% X (7)	142,270,690
15.	Actuarial value of assets, January 1, 2010 [(12), but not less than (13) or greater than (14)]	118,558,908

SECTION V - CONTRIBUTIONS PAYABLE UNDER THE SYSTEM

Section 22D of Chapter 32 of the General Laws of Massachusetts outlines various requirements of a funding schedule that will amortize the unfunded actuarial liability and cover normal costs. The normal cost and unfunded actuarial liability are to be calculated in accordance with the individual entry-age normal actuarial cost method. Amortization of the unfunded actuarial liability is to be based on a schedule that ends no later than fiscal year 2030. The contributions toward amortization of the unfunded actuarial liability may increase by up to 4½% each year.

The following table presents a projection of contributions that meet the Section 22D requirements. The contributions were computed assuming that each fiscal year's contribution is paid quarterly starting July 1. Amounts for fiscal years ending in 2012 or later were determined by bringing amounts developed January 1, 2010, forward with interest. The normal cost is assumed to increase by percentages of up to 4.5% annually. The unfunded actuarial liability (apart from those portions of it attributable to the 2003 ERI program and the 2004 contribution holiday) is assumed to be amortized in increasing dollar amounts ending in the 2020 fiscal year. This schedule incorporates the funding required to provide annual COLAs under Chapter 17 of the Acts of 1997.

Please note that the amounts shown below for the 2011 fiscal year represent the actual amounts appropriated by the Town for the 2011 fiscal year and were taken from PERAC's November 2009 appropriation letter.

PENSION REFORM ACT - SECTION 22D
FUNDING REQUIREMENTS

Fiscal Year Ending In	Normal Cost	Amortization of the Unfunded Actuarial Liability			Total Town Contribution
		2003 ERI	FY04 Deferral[1]	Other UAL	
2011	1,673,352	236,056	233,533	1,655,335	3,798,276
2012	1,920,466	236,056	233,533	1,693,231	4,083,286
2013	1,966,522	236,056	233,533	1,769,426	4,205,537
2014	2,012,844	236,056	233,533	1,849,051	4,331,484
2015	2,055,192	236,056	233,533	1,515,219	4,040,000
2016	2,102,265	0	0	2,115,320	4,217,585
2017	2,148,984	0	0	2,210,509	4,359,493
2018	2,195,650	0	0	2,309,982	4,505,632
2019	2,242,164	0	0	2,413,931	4,656,095
2020	2,288,418	0	0	2,522,558	4,810,976
2021	2,307,935	0	0	0	2,307,935
2022	2,352,120	0	0	0	2,352,120
2023	2,395,608	0	0	0	2,395,608
2024	2,438,248	0	0	0	2,438,248
2025	2,479,873	0	0	0	2,479,873

[1] The Town of Lexington elected to defer $1,410,000 of the 2004 fiscal year contribution. The deferred liability that resulted from this pension "holiday" is amortized in level payments from fiscal year 2006 through fiscal year 2015.

SECTION VI - ACCOUNTING INFORMATION

Information required under Statement No. 25 of the Governmental Accounting Standard Board (GASB) is shown below:

	Normal Cost as of January 1, 2010	Percentage of Payroll
Normal cost for the employees	$ 2,386,352	8.45%
Normal cost for the Town	1,671,555	5.92%

Actuarial Accrued Liability as of January 1, 2010

Total actuarial liability	
Present active members	$ 65,799,068
Present retired members and beneficiaries	67,657,048
Total	$ 133,456,116
Actuarial Value of Assets	(118,558,908)
Unfunded actuarial accrued liability	$ 14,897,208

Schedule of Funding Progress ($000's)

Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as % of Covered Payroll
1/1/2010	$118,558	$133,456	$14,897	88.8%	$28,239	52.8%
1/1/2008	123,209	122,543	(666)	100.5%	25,714	(2.6)%
1/1/2006	98,759	111,724	12,965	88.4	22,150	58.5
1/1/2004	83,050	98,031	14,981	84.7	20,464	73.2
1/1/2002	77,015	86,500	9,485	89.0	20,803	45.6
1/1/1999	71,069	74,362	3,293	95.6	18,631	17.7
1/1/1996	44,348	55,140	10,792	80.4	15,414	70.0

SCHEDULE A - RESULTS OF THE VALUATION

The results below were developed as of July 1, and not January 1, since the Town's fiscal year begins on July 1. These amounts were determined by adjusting the appropriate January 1, 2010, amounts to reflect the passage of six months of time.

Normal Cost as of July 1, 2010

Sum of individual normal costs	$ 4,217,101
Anticipated employee contributions	(2,479,970)
Total Town normal cost	$ 1,737,131

Actuarial Accrued Liability as of July 1, 2010

Total actuarial liability	
Present active members	$ 70,106,175
Present inactive members	2,433,055
Present retired members and beneficiaries	64,145,949
Total	$ 136,685,178
Actuarial value of System assets, July 1, 2010	(122,243,934)
Unfunded actuarial accrued liability, July 1, 2010	$ (14,441,244)

SCHEDULE B - ACTUARIAL ASSUMPTIONS AND METHODS

GENERAL EMPLOYEES

VALUATION INTEREST RATE: 8% per annum, compounded annually, net of administrative expenses.

SEPARATIONS FROM ACTIVE SERVICE: Representative values of the assumed annual rates of disability, death, service retirement, salary scale and withdrawal are as follows:

Annual Rates of

Age	Disability	Death		Service Retirement	
		Male	Female	Male	Female
25	.02%	.04%	.02%		
30	.03	.04	.03		
35	.06	.08	.05		
40	.10	.11	.07		
45	.15	.15	.11		
50	.19	.21	.17	1.0%	1.5%
55	.24	.30	.25	2.0	5.5
60	.28	.49	.39	12.0	5.0
62	.30	.59	.47	30.0	15.0
65	.30	.76	.58	40.0	15.0
69		.95	.73	30.0	20.0

Years of Service	Salary Scale
0	7.00%
1	6.50
2	6.50
3	6.00
4	6.00
5	5.50
6	5.50
7	5.00
8	5.00
9+	4.75

Years of Service	Rates of Withdrawal
0	15.0%
1	12.0
2	10.0
3	9.0
4	8.0
5	7.6
10	5.4
15	3.3
20	2.0
25	1.0
30+	0.0

COST-OF-LIVING ADJUSTMENTS: Retirement benefits were assumed to increase annually by 3%, up to a maximum of $360.

DEATHS AFTER RETIREMENT: The RP-2000 Healthy Annuitant Table. For the period after disability retirement, the RP-2000 Healthy Annuitant Table set forward 2 years is used.

LOADING: 1% on entire annual Town appropriation.

ACTUARIAL COST METHOD: Individual entry-age normal cost method.

ASSET VALUATION METHOD: For valuation purposes, assets are valued according to the following general formula, provided such value is within a 20% corridor of the market value:

$VA = MV - .8I_1 - .6I_2 - .4I_3 - .2I_4$ where

VA = Valuation assets.

MV = Market value of assets as of the valuation date.

I_n = Investment gain (loss) during n^{th} year preceding the valuation date.

POLICE AND FIRE

VALUATION INTEREST RATE: 8% per annum, compounded annually, net of administrative expenses.

SEPARATIONS FROM ACTIVE SERVICE: Representative values of the assumed annual rates of disability, death, service retirement, salary scale and withdrawal are as follows:

Annual Rates of

Age	Disability	Death Male	Death Female	Service Retirements
25	0.20%	.04%	.02%	
30	0.30	.04	.03	
35	0.30	.08	.05	
40	0.30	.11	.07	
45	1.00	.15	.11	1.0%
50	1.25	.21	.17	2.0
55	1.20	.30	.25	15.0
60	0.85	.49	.39	20.0
62	0.75	.59	.47	25.0
65	0.00	.76	.58	100.0
69		.95	.73	

Years of Service	Salary Scale
0	8.00%
1	7.50
2	7.00
3	6.50
4	6.00
5	6.00
6	5.50
7	5.50
8+	5.25

Years of Service	Rates of Withdrawal
0	1.5%
1	1.5
2	1.5
3	1.5
4	1.5
5	1.5
6	1.5
7	1.5
8	1.5
9	1.5
10	1.5
11+	0.0

COST-OF-LIVING ADJUSTMENTS: Retirement benefits were assumed to increase annually by 3%, up to a maximum of $360.

DEATHS AFTER RETIREMENT: The RP-2000 Healthy Annuitant Table. For the period after disability retirement, the RP-2000 Healthy Annuitant Table set forward 2 years is used.

LOADING: 1% on entire annual Town appropriation.

ACTUARIAL COST METHOD: Individual entry-age normal cost method.

ASSET VALUATION METHOD: For valuation purposes, assets are valued according to the following general formula, provided such value is within a 20% corridor of the market value:

$VA = MV - .8I_1 - .6I_2 - .4I_3 - .2I_4$ where

VA = Valuation assets.

MV = Market value of assets as of the valuation date.

I_n = Investment gain (loss) during n^{th} year preceding the valuation date.

SCHEDULE C - SUMMARY OF SYSTEM PROVISIONS

MEMBERSHIP

The Retirement System covers all employees of the Town of Lexington except teachers and elected officials and those employees in service at the time of its establishment who elected not to become members. Eligible employees in the Town who enter service on or after the date the System became operative for their classification may become members of the Retirement System on their own application.

SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS

A summary of the main benefit and contribution provisions of the Retirement System, as interpreted for the valuation, is presented below.

The terms "Group 1" and "Group 4" are used to denote "general employees" and "police and fire", respectively.

BENEFITS

Final Average Salary (FAS)	The average of a member's 3 highest consecutive years' compensation.
Superannuation Retirement	
Eligibility	Age 65 for Group 1; Age 55 for Group 4. Maximum retirement age is 70 for Group 1 and 65 for Group 4.
Allowance	2.5% per year of service times FAS. Maximum total allowance is 80% of FAS. Veterans receive additional $15 annually per year of service to a maximum of $300 annually.

Early Retirement

Eligibility	20 years of service.
Allowance	Calculated as a superannuation retirement allowance (including veteran's benefits) except accrual rate is equal to 2.5% reduced by .1% for each year age at retirement is below either 65 for Group 1 or 55 for Group 4. The minimum allowance after 30 years of service is equal to: (1) An annuity which is the actuarial equivalent of member's accumulated deductions; and (2) A pension equal to 1/3 of FAS and any veteran's benefits as described under superannuation retirement.

Vested Retirement

Eligibility	10 years of service. For certain involuntary terminations, this is reduced to 6 years.
Allowance	A superannuation retirement allowance commencing at age 55 for Group 1 members and age 45 for Group 4 members or later, where the accrual rate is determined by the age of the member at the time the allowance commences.

Ordinary Disability

Eligibility	10 years of service
Allowance	An immediate allowance equal to the age 55 rate for Group 1 members or age 45 rate for Group 4 members per year of service times FAS. Veterans receive an allowance equal to: (1) An annuity which is the actuarial equivalent of their accumulated deductions; and (2) A pension which is the greater of 50% of current salary and the service retirement allowance to which they are eligible, if any.

Accidental Disability

Eligibility	None.
Allowance	An immediate allowance equal to: (1) An annuity which is the actuarial equivalent of the member's accumulated deductions; and (2) A pension equal to 72% of current salary; and (3) A supplement equal to $543.12 per year per child under 18. The maximum total allowance is 100% of current salary.

Accidental Death Benefit

Eligibility	None.
Allowance	An immediate allowance equal to: (1) A lump sum payment equal to the accumulated deductions at death; and (2) A pension equal to 72% of current salary and payable to the surviving spouse, dependent children, or the dependent parents; and (3) A supplement of $312 per year per child payable to the spouse or legal guardian until all children reach age 21, unless handicapped. The maximum total allowance is 100% of current salary.

Death in Active Service

Eligibility	None.
Allowance	An immediate allowance that would have been payable had the member retired and elected the 2/3 joint and survivor option on the day before his death. For death occurring prior to the minimum superannuation retirement age, the age 55 and age 45 accrual rates are used, respectively, for Group 1 and Group 4 members. For members with at least 2 years of service at death, the surviving spouse receives an additional allowance equal to the sum of $1,440 per year for the first child and $1,080 per year for each additional child. The minimum allowance is $250 per month. The maximum total allowance is 100% of salary at the date of death.
Normal Form of Benefit	Reduced modified cash refund annuity.
Optional Forms of Benefit	(1) Life annuity. (2) Modified cash refund annuity. (3) 66-2/3% joint and survivor allowance.
Return of Contribution	If no other benefit is payable upon termination, the member's accumulated deductions are returned.
Post-Retirement Adjustments	Up to 3% of the annual retirement allowance up to a maximum of $360 annually.
Member Contributions	Members contribute a percentage of annual regular compensation in accordance with their respective dates of hire, as shown below:

Date of Hire	Rate of Contribution
Prior to January 1, 1975	5%
On or after January 1, 1975	7%
On or after January 1, 1984	8%
On or after July 1, 1996	9%

Members hired on or after January 1, 1979 contribute an additional 2% of compensation in excess of $30,000.

SCHEDULE D - MEMBERSHIP TABLES

TABLE 1

THE NUMBER AND ANNUAL COMPENSATION OF ACTIVE MEMBERS – GROUPS 1 AND 2
DISTRIBUTED BY FIFTH AGE AND SERVICE
AS OF JANUARY 1, 2010

	0-4		*5-9*		*10-14*		*15-19*		*20-24*		*25-29*		*30-34*		*35-39*		*40 and over*		*TOTAL*	
	Salary	*No.*	*Salary*	*No.*	*Salary*	*No.*	*Salary*	*No.*	*Salary*	*No.*	*Salary*	*No.*	*Salary*	*No.*	*Salary*	*No.*	*Salary*	*No.*	*Salary*	*No.*
Under 20	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20-24	787,774	27	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	787,774	27
25-29	1,172,392	38	112,559	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,284,951	40
30-34	514,873	13	203,402	6	47,056	1	0	0	0	0	0	0	0	0	0	0	0	0	765,331	20
35-39	819,928	22	362,733	6	333,450	5	0	0	0	0	0	0	0	0	0	0	0	0	1,516,110	33
40-44	1,042,880	28	727,918	13	297,512	7	0	0	246,840	5	55,791	1	0	0	0	0	0	0	2,370,940	54
45-49	1,325,288	38	503,201	14	605,593	12	261,129	5	456,003	9	185,882	4	0	0	0	0	0	0	3,337,097	82
50-54	1,350,256	36	672,468	18	541,364	13	395,002	7	289,227	6	487,721	9	190,522	4	98,075	2	0	0	4,024,636	95
55-59	465,428	13	786,495	19	519,216	13	380,677	9	487,002	7	338,438	4	292,286	5	410,395	7	103,307	2	3,783,245	79
60-64	184,643	6	511,234	11	445,193	11	524,647	11	592,989	10	207,321	5	131,683	2	44,543	1	0	0	2,642,253	57
65-69	0	0	119,410	3	78,293	3	108,798	2	84,684	2	54,522	2	0	0	0	0	0	0	445,706	12
70 and over	0	0	0	0	49,716	1	19,965	1	0	0	64,169	2	0	0	0	0	0	0	133,851	4
TOTAL	7,663,461	221	3,999,420	92	2,917,392	66	1,690,219	35	2,156,745	39	1,393,844	27	614,491	11	553,013	10	103,307	2	21,091,893	503

Based on annualized compensation.

TABLE 2

THE NUMBER AND ANNUAL COMPENSATION OF ACTIVE MEMBERS – GROUP 4
DISTRIBUTED BY FIFTH AGE AND SERVICE
AS OF JANUARY 1, 2010

	0-4		*5-9*		*10-14*		*15-19*		*20-24*		*25-29*		*30-34*		*35-39*		*40 and over*		*TOTAL*	
	Salary	*No.*	*Salary*	*No.*	*Salary*	*No.*	*Salary*	*No.*	*Salary*	*No.*	*Salary*	*No.*	*Salary*	*No.*	*Salary*	*No.*	*Salary*	*No.*	*Salary*	*No.*
20-24	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25-29	495,819	8	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	495,819	8
30-34	202,775	3	436,472	6	145,663	2	0	0	0	0	0	0	0	0	0	0	0	0	784,911	11
35-39	0	0	270,216	4	304,622	4	96,633	1	0	0	0	0	0	0	0	0	0	0	671,472	9
40-44	198,655	3	199,947	3	505,744	7	200,563	3	519,348	6	0	0	0	0	0	0	0	0	1,624,256	22
45-49	0	0	146,576	2	71,543	1	70,312	1	642,499	9	444,825	5	71,543	1	0	0	0	0	1,447,297	19
50-54	0	0	0	0	0	0	219,211	3	297,968	4	336,371	4	421,527	4	92,364	1	0	0	1,367,441	16
55-59	0	0	0	0	0	0	0	0	0	0	297,881	4	179,200	2	278,704	3	0	0	755,785	9
60-64	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
65-69	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
70 and over	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL	897,249	14	1,053,211	15	1,027,572	14	586,720	8	1,459,815	19	1,079,076	13	672,270	7	371,068	4	0	0	7,146,981	94

Based on annualized compensation.

TABLE 3

THE NUMBER AND ANNUAL ALLOWANCES OF RETIRED MEMBERS AND BENEFICIARIES AS OF JANUARY 1, 2010

	AGE		*NUMBER*[1]		*ALLOWANCE*	
	41		1		40,793	
	42		2		28,540	
	46		1		38,047	
	48		1		10,470	
	49		1		28,111	
	51		1		43,550	
	52		1		36,283	
	53		2		92,200	
	54		5		214,611	
	55		1		61,861	
	57		5		135,721	
	58		2		21,940	
	59		2		62,163	
	60		6		181,657	
	61		14		357,905	
	62		11		339,412	
	63		4		68,691	
	64		9		179,133	
	65		12		339,769	
	66		19		448,501	
	67		15		204,406	
	68		21		450,873	
	69		16		351,835	
	70		12		315,491	
	71		8		109,070	
	72		8		219,318	
	73		13		296,670	
	74		12		300,322	
	75		7		198,233	
	76		5		124,619	
	77		15		283,521	
	78		10		135,527	

[1] This number includes only those retirees and beneficiaries being paid directly by the Town. The annual allowance shown is the portion of the benefit attributable to Lexington service only.

TABLE 3

THE NUMBER AND ANNUAL ALLOWANCES
OF RETIRED MEMBERS AND BENEFICIARIES
AS OF JANUARY 1, 2010
(continued)

	AGE		*NUMBER*[1]		*ALLOWANCE*	
	79		13		266,547	
	80		13		196,979	
	81		8		133,676	
	82		7		84,667	
	83		12		123,323	
	84		12		127,037	
	85		11		84,429	
	86		10		136,121	
	87		7		91,939	
	88		15		145,957	
	89		9		62,428	
	90		5		52,591	
	91		4		14,966	
	92		9		58,124	
	93		4		26,641	
	94		6		26,758	
	95		1		7,259	
	96		4		20,154	
	98		1		2,119	
	99		1		7,537	
	101		1		1,705	
	103		2		9,703	
	Total		397		$7,399,903	

[1] This number includes only those retirees and beneficiaries being paid directly by the Town. The annual allowance shown is the portion of the benefit attributable to Lexington service only.

SCHEDULE E - PROJECTION OF EXPECTED PENSION PAYMENTS

YEAR	AMOUNT	YEAR	AMOUNT
2010	$8,118,917	2035	$18,754,355
2011	8,545,724	2036	18,629,222
2012	8,945,819	2037	18,479,209
2013	9,413,042	2038	18,252,486
2014	9,907,926	2039	17,996,025
2015	10,446,106	2040	17,675,844
2016	11,072,535	2041	17,320,596
2017	11,719,028	2042	17,054,489
2018	12,290,007	2043	16,637,025
2019	12,923,563	2044	16,211,261
2020	13,529,054	2045	15,704,149
2021	14,187,204	2046	15,203,901
2022	14,735,430	2047	14,733,022
2023	15,260,116	2048	14,192,685
2024	15,787,781	2049	13,640,460
2025	16,333,773	2050	13,004,506
2026	16,838,039	2051	12,367,925
2027	17,291,282	2052	11,754,635
2028	17,605,517	2053	11,108,812
2029	17,944,207	2054	10,467,752
2030	18,222,164	2055	9,827,790
2031	18,495,486	2056	9,211,743
2032	18,645,971	2057	8,585,853
2033	18,730,720	2058	7,950,415
2034	18,782,092	2059	7,345,918

The amounts shown include only those benefits attributable to Lexington service, which are paid directly by the Town.

SCHEDULE F - COST ALLOCATION BY DEPARTMENT

AS OF JANUARY 1, 2010

Item	General	Fire and Police	Housing Authority	Sewer and Water	School Administration	Total
Active members:						
Number	175	94	8	10	310	597
Percent of Total	29.31%	15.74%	1.34%	1.68%	51.93%	100.00%
Annual compensation	9,601,710	7,146,981	445,153	505,317	10,539,713	28,238,874
Percent of Total	34.00%	25.31%	1.58%	1.79%	37.32%	100.00%
Average age	49.63	43.75	50.11	55.09	46.69	47.28
Average service	12.65	17.11	10.88	19.16	7.39	10.50
Average compensation	54,867	76,032	55,644	50,532	33,999	47,301
Accumulated contributions	7,953,717	7,210,402	341,665	582,501	6,084,640	22,172,925
Pensioners and beneficiaries: paid by the Town						
Number	145	90	0	3	159	397
Percent of Total	36.52%	22.67%	0.00%	0.76%	40.05%	100.00%
Annual benefit payments	2,448,949	3,033,717	0	52,712	1,864,525	7,399,903
Percent of Total	33.09%	41.00%	0.00%	0.71%	25.20%	100.00%
Average benefit	16,889	33,708	N/A	17,571	11,727	18,640
Inactive members:						
Number						264
Accumulated contributions						2,341,208
Liabilities and Costs:						
Active members	22,128,388	24,193,157	1,065,991	1,872,327	16,539,206	65,799,069
Pensioners and beneficiaries	20,518,405	28,993,588	0	497,104	15,306,742	65,315,839
Subtotal	42,646,793	53,186,745	1,065,991	2,369,431	31,845,948	131,114,908
Percent of Subtotal	32.53%	40.56%	0.81%	1.81%	24.29%	100.00%
Inactive members						2,341,208
Total						133,456,116
Total Normal Cost	1,294,632	1,227,715	58,084	64,092	1,413,384	4,057,907
less Member Contributions	806,353	618,092	39,239	38,802	883,866	2,386,352
Employer Normal Cost	488,279	609,623	18,845	25,290	529,548	1,671,555
Percent of Total	29.21%	36.47%	1.13%	1.51%	31.68%	100.00%