

October 26, 2007

The Retirement Board
City of Phoenix Employees' Retirement Plan
Phoenix, Arizona

Dear Board Members:

The purpose of the annual actuarial valuation of the City of Phoenix Employees' Retirement Plan as of June 30, 2007, is to:

- Compute the liabilities associated with benefits likely to be paid on behalf of current retired, active and vested inactive members of the Retirement Plan,
- Compare accrued assets with accrued liabilities to assess the funded condition of the Retirement Plan, and
- Compute the City's recommended contribution rate for the Fiscal Year beginning July 1, 2008.

This valuation has been conducted in accordance with generally accepted actuarial principles and practices in compliance with the provisions of the City Charter. Data concerning Retirement Plan benefits, financial transactions and individual members, terminated members, retirees and beneficiaries was provided by your Retirement Program Administrator. This data has been reviewed for reasonableness, but no attempt has been made to audit such information. The actuarial assumptions used in the valuation produce results which we believe are reasonable.

Respectfully submitted,



Sandra W. Rodwan
Member, American Academy of Actuaries

***City of Phoenix
Employees' Retirement Plan***

Annual Actuarial Valuation as of June 30, 2007

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Section One:
Valuation Summary



Purpose of Valuation

The purpose of the annual actuarial valuation of the City of Phoenix Employees' Retirement Plan, as of June 30, 2007, is to:

- ❖ Compute the liabilities associated with benefits likely to be paid on behalf of current retired, active and vested inactive members of the Retirement Plan,
- ❖ Compare accrued assets with accrued liabilities to assess the funded condition of the Retirement Plan, and
- ❖ Compute the City's recommended contribution rate for the Fiscal Year beginning July 1, 2008.

Liabilities and Funded Condition of Retirement Plan

Accrued liabilities of the Retirement Plan as of June 30, 2007 were computed to be \$2,166,119,432. The funding value of assets was \$1,816,508,506. The ratio of the funding value of assets to accrued liabilities was 83.9%.

Funding Value of Assets

A smoothed market value of assets was used for the June 30, 2007 valuation. This method, which is unchanged from last year, spreads the difference between the actual and expected investment return over four years.

City's Computed City Contribution Rate

The City's normal cost contribution rate was computed to be 7.77% of member payroll. Unfunded actuarial accrued liability was amortized over 20 years, producing an amortization payment of 4.01% of member payroll. The net contribution for FY 2008/2009 was therefore computed to be 11.78% of member payroll.

Retirement Plan Experience

The overall experience of the Retirement Plan during the year ended June 30, 2007 was more favorable than expected experience based on long-term assumptions. The recognized rate of return on the smoothed market value of assets exceeded the long term assumed rate and was the primary source of the favorable experience.

Benefit Provision Changes

There were no changes in benefit provisions during the year.

Assumption and Method Changes

There were no changes in assumptions or methods.

Participant Data

	<u>6/30/2007</u>	<u>6/30/2006</u>
Active Members	9,564	9,260
Active Member Payroll	\$535,078,760	\$497,105,189
Retirees and Beneficiaries	4,217	4,069
Annual Pensions	\$102,356,444	\$94,797,214

Financial Data

	<u>6/30/2007</u>	<u>6/30/2006</u>
Market Value of Assets	\$1,930,534,691	\$1,670,552,757
Smoothed Valuation Assets	1,817,626,879	1,637,568,326
Pension Equalization Reserve	1,118,373	10,827,182
Net Smoothed Valuation Assets	\$1,816,506,506	\$1,626,741,144

Conclusion

The Retirement Plan is funding benefits as they accrue in accordance with a sound level percent of payroll funding objective. The improvement in the funding level from last year reflects the overall favorable experience during the year. The funded ratio is expected to increase in the future in the absence of unfavorable experience.



Section Two:

***Actuarial Calculations –
Funding***



Computed Contribution Rates for Fiscal Year Beginning July 1, 2008

The contribution rates shown below are expressed as percents of active member payroll.

The normal cost can be viewed as the long-term ongoing cost of the Retirement Plan.

Unfunded actuarial accrued liability was amortized over 20 years as a level percent of payroll. The 20 year open period was adopted by the Board effective for the fiscal year beginning July 1, 2003.

The City’s net computed contribution rate for FY 2008/2009 is 11.78% of active member payroll.

Contribution Recommendation:

	<u>Percent of Payroll</u>
Normal Cost	
Service Pensions	9.79%
Pre-Retirement Death	0.44
Disability	0.73
Withdrawal	<u>1.81</u>
Total Normal Cost	12.77
Unfunded Actuarial Accrued Liability	4.01
Total Computed Contribution	16.78
Member portion	5.00
City’s Net Computed Contribution Rate	11.78%
City’s Computed Dollar Contribution	\$67,152,987

Unfunded Actuarial Accrued Liability

	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Actuarial accrued liability	\$2,166,119,432	\$2,000,345,757
Assets allocated to funding	<u>1,816,508,506</u>	<u>1,626,741,144</u>
Unfunded actuarial accrued liability	\$349,610,926	\$373,604,613

History of Recommended City Contributions

Valuation Date: June 30	Fiscal Year	Computed City Dollar Contributions	Percent of Payroll
1975*	76/77	5,319,531	8.79
1980*	81/82	8,022,758	8.86
1985	86/87	12,366,739	8.25
1990	91/92	19,582,694	8.69
1995	96/97	23,208,480	8.30
1996	97/98	30,123,972	9.86
1997	98/99	29,185,895	9.14
1998	99/00	26,802,219	7.67
1999	00/01	22,329,387	6.13
2000	01/02	28,294,889	7.24
2001	02/03	27,819,507	6.86
2002	03/04	39,563,747	9.17#
2003	04/05	44,274,921	9.97
2004	05/06	53,093,606	11.20
2005	06/07	58,151,324	11.66
2006(b)	07/08	63,244,698	11.94
2006(a)	07/08	64,198,136	12.12
2007	08/09	67,152,987	11.78

*Valuation date 12/31

#Adoption of a 20 year amortization period for unfunded actuarial accrued liability decreased the computed City contribution rate to 9.17% from 10.22% based on 11 year amortization.

- (a) After changes in assumptions.
- (b) Before changes in assumptions.

Note: Results prior to 2000 are based on reports provided by previous actuarial firm.

**History of Assets and Accrued Liabilities
(\$+000)**

Valuation Date June 30	Valuation Assets	Actuarial Accrued Liabilities	Funded Ratio	Unfunded Actuarial Accrued Liabilities
1970*	\$ 24,157	\$ 27,505	87.8%	\$ 3,348
1975*	51,025	69,625	73.3	18,600
1980*	101,832	120,262	84.7	18,430
1985	207,015	215,926	95.9	8,911
1990	399,413	399,089	100.1	(324)
1995(a)	663,593	652,266	101.7	(11,327)
1996(a)	742,076	758,107	97.9	16,031
1997	840,539	824,604	101.9	(15,935)
1998	984,501	907,471	108.5	(77,030)
1999	1,117,497	989,371	113.0	(128,126)
2000(a)	1,219,892	1,199,871	101.7	(20,021)
2001	1,291,338	1,259,564	102.5	(31,774)
2002	1,273,731	1,390,273	91.6	116,542
2003	1,330,584	1,504,125	88.5	173,541
2004	1,417,774	1,684,795	84.2	267,021
2005	1,511,553	1,795,514	84.2	283,961
2006(b)	1,626,741	1,951,295	83.4	324,554
2006(a)	1,626,741	2,000,346	81.3	373,605
2007	1,816,508	2,166,119	83.9	349,611

*Valuation date 12/30

(a) After changes in benefit provisions and/or actuarial assumption and valuation methods.

(b) Before changes in benefit provisions and/or actuarial assumption and valuation methods.

Note: Results prior to 2000 are based on reports provided by previous actuarial firm.

Experience Gain/Loss

	Year Ended June 30, 2007
(1) UAAL* at Start of Year	\$373,604,613
(2) Normal Cost	66,245,915
(3) Contributions	88,358,099
(4) Assumed Investment Income on (1), (2) and (3)	29,003,882
(5) Expected UAAL Before Changes	380,496,311
(6) Effect of Assumption Changes	-
(7) Effect of Benefit Changes	-
(8) Expected UAAL After Changes	380,496,311
(9) Actual UAAL	349,610,926
(10) Gain(Loss) (8) – (9)	30,885,385
(11) Percent of AAL** at Start of Year	1.5%

*Unfunded Actuarial Accrued Liability

**Actuarial Accrued Liability

Actuarial Balance Sheet June 30, 2007**Actuarial Assets**

Funding value of Plan assets		
Market value from Plan financial statements	\$1,930,534,691	
Pension Equalization Reserve	(1,118,373)	
Smoothed funding value adjustment	<u>(112,907,812)</u>	
Funding value of assets		\$1,816,508,506
Prospective assets (computed value)		
For normal costs	610,595,147	
For unfunded actuarial accrued liability	<u>349,610,926</u>	
Total prospective assets		<u>960,206,073</u>
Total Actuarial Assets		<u>\$2,776,714,579</u>

Actuarial Present Values (Liability)

Pensions in payment status		\$964,006,083*
Vested terminated members		32,288,947
Present active members		
Allocated to service prior to valuation date	\$1,169,824,402	
Allocated to service after valuation date	<u>610,595,147</u>	
Total		<u>1,780,419,549</u>
Total Actuarial Present Values (Liability)		<u>\$2,776,714,579</u>

*Includes \$115,497 attributable to pensions being paid to minors.

Comments, Conclusion and Certification

City of Phoenix
Employees' Retirement Plan

Comment 1: The aggregate experience of the Retirement Plan during the year ended June 30, 2007 was more favorable than expected based upon the long-term assumptions. The recognized rate of investment return based on the smoothed market value of assets was greater than assumed. Overall, the net experience gain was 1.5% of the beginning of year accrued liabilities.

Comment 2: Unfunded actuarial accrued liability was amortized over an open period of 20 years, as adopted by the Board for contributions beginning with the 2003/2004 fiscal year.

Comment 3: The increase in liability generated by the Pension Equalization Program adjustments granted in 2007 was computed to be \$13,470,104 as of June 30, 2007.

Conclusion: The Retirement Plan is funding benefits as they accrue in accordance with a sound level percent of payroll funding objective. The improvement in the funding level from last year reflects the overall favorable experience during the year. The funded ratio is expected to increase in the future in the absence of unfavorable experience.

Certification: This valuation has been conducted in accordance with generally accepted actuarial principles and practices in compliance with the provisions of the City Charter. Data concerning Retirement Plan benefits, financial transactions and individual members, terminated members, retirees and beneficiaries was provided by your Retirement Program Administrator. This data has been reviewed for reasonableness, but no attempt has been made to audit such information. The actuarial assumptions used in this valuation are reasonably related to the past experience of the Plan and represent reasonable expectations of long-term future experience under the Plan.

Section Three:

***Retirement Plan
Benefit Provisions***



Benefit Provision Summary

Voluntary Retirement (no reduction for age)

Eligibility:

Sum of age and credited service equals 80 or more, age 60 with 10 or more years of credited service or age 62 with 5 or more years of credited service.

Annual Benefit:

Unused sick leave service multiplied by 2% of final average compensation (FAC) plus 2% of FAC times credited service up to 32.5 years plus 1% of FAC times service in excess of 32.5 years plus ½% of FAC times service in excess of 35.5 years. Minimum monthly pension is \$250 (\$500 if member has 15 or more years of service).

Final Average Compensation (FAC)

Average of annual compensation for the period of 3 consecutive years producing the highest average and contained within the last 10 years preceding retirement.

Deferred Retirement

Eligibility:

Termination of City employment prior to age 62 with 5 or more years of credited service.

Annual Benefit:

Accrued regular retirement amount based on credited services, unused sick leave service, and FAC at time of termination, payable beginning at age 62.

Duty Disability Retirement

Eligibility:

Total and permanent disability incurred in line of duty with the City.

Annual Benefit:

Computed in the same manner as the regular retirement amount based on FAC and credited service at time of disability retirement. Minimum is 15% of FAC. Maximum during worker's compensation period is difference between final compensation and annualized workers compensation. At expiration of worker's compensation period, amount is recomputed to include years during which workers compensation was paid.

Non-Duty Disability

Eligibility:

Total and permanent disability after 10 or more years of credited service.

Annual Benefit:

Computed in the same manner as regular retirement amount based on FAC and credited service at time of disability retirement.

Duty Death Before Retirement

Eligibility:

Death in line of duty with the City and compensable under worker's compensation.

Annual Benefit:

To the spouse: Joint and 100% survivor actuarial equivalent of accrued regular retirement amount based on FAC and credited service and unused sick leave service at time of death. Minimum of 10 years of service is credited. To the children of a deceased member with 10 or more years of credited service: each child shall receive a monthly pension of \$200 until adoption, marriage, death or attainment of age 18.

Non-Duty Death Before Retirement

Eligibility:

10 or more years of credited service.

Annual Benefit:

Same as Duty Death Before Retirement.

Pension Equalization Program: On January 1 of each year, persons in receipt of a pension for at least 36 months receive a percentage increase based on the lesser of A) and B):

- A) Phoenix area Consumer Price Index; or
- B) The amount the balance in the Pension Equalization can fully fund.

The increase, if available, is payable beginning with the April 1 payment each year, retroactive to January 1 of the same year.

Member Contributions

5% of pay

City Contributions

Actuarially determined amounts which, together with member contributions, are sufficient to cover both (i) normal costs of the plan, and (ii) financing of unfunded accrued actuarial costs over a selected period of future years.

Section Four:

***Actuarial Assumptions
And Methods***



Actuarial Assumptions

Economic Assumptions

- (i) Interest Rate 8.0% (net of expenses)

- (ii) Salary Increases
 - Across-the-Board 5.0%
 - Merit and Longevity Age-related rates

Sample Annual Rates of Salary Increase

Age	Base (Inflation)	Competition/ Productivity	Merit and Longevity	Total
20	4.5%	0.5%	4.0%	9.0%
25	4.5	0.5	3.2	8.2
30	4.5	0.5	2.8	7.8
35	4.5	0.5	2.5	7.5
40	4.5	0.5	2.2	7.2
45	4.5	0.5	1.7	6.7
50	4.5	0.5	1.2	6.2
55	4.5	0.5	0.7	5.7
60	4.5	0.5	0.2	5.2
65	4.5	0.5	0.0	5.0

Demographic Assumptions

(i) Mortality

RP 2000 Mortality Table Combined
Healthy

Sample Ages	Value of \$1 Annually for Life		Future Life Expectancy (Years)	
	Men	Women	Men	Women
50	\$11.34	\$11.61	30.8	33.6
55	10.72	11.10	26.2	29.0
60	9.92	10.37	21.8	24.4
65	8.96	9.53	17.6	20.2
70	7.86	8.55	13.9	16.3
75	6.65	7.44	10.6	12.8
80	5.37	6.34	7.8	9.7

These rates were first used for the June 30, 2006 valuation.

(ii) Rates of Disability

Age-related rates

Sample Ages	Percent of Active Members Becoming Disabled Within Next Year
20	0.03
25	0.03
30	0.04
35	0.05
40	0.12
45	0.20
50	0.40
55	0.80
60	1.00

These rates were first used for the June 30, 2006 valuation.

(iii) Termination of Employment

Service related rates for first five years of employment. Age-related rates for after first five years of employment

Sample Ages	Years of Service	% of Active Members Separating Within Next Year
ALL	0	20.0%
	1	18.0
	2	12.0
	3	9.0
	4	8.0
25	5 & Over	7.0
30		6.0
35		5.0
40		3.0
45		3.0
50		2.5
55		2.5
60		2.5
65		2.5

These rates were first used for the June 30, 2006 valuation.

(iv) Retirement Rates

Age-related rates

**Percent of Active Members Retiring Within Year
Following Attainment of Indicated Retirement Age**

Retirement Age	Percent Retiring
50	25
51	25
52	25
53	25
54	25
55	35
56	25
57	25
58	25
59	25
60	25
61	20
62	35
63	30
64	25
65	45
66	30
67	30
68	30
69	30
70	100

These rates were first used for the June 30, 2006 valuation.

Active members were assumed to be eligible for an unreduced pension when the sum of age and credited service equals 80 or more, after attaining age 60 with 10 or more years of service, or after attaining age 62 with 5 or more years of service.

Compensatory service credits and lump sum payments for unused vacation and compensatory time were assumed to increase the present value of normal retirement benefits by 9.0%.

Percent married. Ninety percent of active members were assumed to be married. Spouses of males were assumed to be 3 years younger; spouses of females were assumed to be 3 years older.

Actuarial Method Used for the Valuation

Normal Cost. Normal cost and the allocation of actuarial present values between service rendered before and after the valuation date were determined using an individual entry-age actuarial cost method having the following characteristics:

- ❖ The annual normal costs for each individual active member, payable from date of hire to date of retirement, are sufficient to accumulate the value of the member's benefit at the time of retirement;
- ❖ Each annual normal cost is a constant percentage of the member's year-by-year projected covered pay.

Financing of Unfunded Actuarial Accrued Liability. The actuarial accrued liability was amortized as a level percent-of-payroll over 20 years and added to the computed normal cost.



Section Five:
Valuation Data



Asset Summary**Statement of Assets**

As of June 30, 2007, the market value was reported to be \$1,930,534,691

Reconciliation of the Book Value of Assets

a. Book Value as of June 30, 2006	\$1,544,915,183
b. Income	
(i) Member Contributions	30,206,775
(ii) Employer Contributions	58,151,324
(iii) Investment Income (Net of Expenses)	187,199,198
(iv) Inter-System Transfers	<u>4,506,760</u>
(v) Total Income	280,064,057
c. Disbursements to Members	
(i) Pensions	100,366,161
(ii) Refunds of Member Contributions	2,769,659
(iii) Inter-System Transfers	1,798,190
(iv) Administrative expense	<u>0</u>
(v) Total Disbursements to Members	104,934,010
d. Book Value as of June 30, 2007	\$1,720,045,230

Investment Allocation

The reported asset allocation based on market value was as follows:

a. Cash and Short Term	\$ 122,641,097
b. Fixed Income	496,111,509
c. Equity	1,320,416,145
d. Real Estate	<u>132,158,734</u>
e. Total Market Value of Assets as of June 30, 2007	2,071,327,485
f. Less: Accounts Payable	<u>140,792,794</u>
g. Market Value of Assets as of June 30, 2007	\$1,930,534,691

Funding Value of Assets

As of June 30, 2007, the market value of assets was reported to be \$1,930,534,691 and the net funding value of assets (smoothed market value) was \$1,816,508,506 (the gross funding value before deducting the Pension Equalization Reserve was \$1,817,626,879).

Funding Value of Assets	6/30/2006	6/30/2007
A. Gross Funding Value Beginning of Year	\$1,539,697,156	\$1,637,568,326
B. Market Value End of Year	1,670,552,757	1,930,534,691
C. Market Value Beginning of Year	1,549,571,820	1,670,552,757
D. Non-investment Net Cash Flow	(12,953,445)	(12,069,151)
E. Investment Income		
E1. Market Total B-C-D	133,934,382	272,051,085
E2. Amount for Immediate Recognition	122,657,635	130,522,700
E3. Amount for Phased-In Recognition: E1-E2	11,276,747	141,528,385
F. Phased-In Recognition of Investment Income		
F1. Current Year: 0.25 x E3	2,819,187	35,382,096
F2. First Prior Year	1,123,149	2,819,187
F3. Second Prior Year	22,280,572	1,123,149
F4. Third Prior Year	(17,146,027)	22,280,572
F5. Total Phased-In Amount	9,076,880	61,605,003
H. Initial Adjustment*	(20,909,899)	
I. Gross Funding Value End of Year: A+D+E2+F5+H	1,637,568,326	1,817,626,879
J. Pension Equalization Reserve	10,827,182	1,118,373
K. Net Funding Value End of Year: I-J	1,626,741,144	1,816,508,506
L. Difference Between Market and Gross Funding Value	\$32,984,431	\$112,907,812
*25% of the difference between beginning of year market value and funding value for FY 02/03. Last installment 6/30/2006.		

Reserve Balances – (Book Value)

Reserves (Book Value)	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Employees’ Savings Fund	\$403,818,906	\$374,091,458
Pension Accumulation Fund	385,614,612	314,328,072
Pension Reserve Fund	929,493,339	845,668,471
Pension Equalization Fund	<u>1,118,373</u>	<u>10,827,182</u>
Retirement Plan Totals	\$1,720,045,230	\$1,544,915,183

Participant Summary

Retirees and Beneficiaries Included in the Valuation

There were 4,217 retirees and beneficiaries included in the valuation, with annual pensions totaling \$102,356,444.

Attained Age	Age & Service		Disability and Death-In-Service		Totals	
	No.	Annual Pensions	No.	Annual Pensions	No.	Annual Pensions
Under 20		\$ -	15	\$ 39,426	15	\$ 39,426
20-24	2	23,872			2	23,872
25-29	2	11,016			2	11,016
30-34	2	12,719			2	12,719
35-39	8	82,615			8	82,615
40-44	4	93,775	5	53,336	9	147,111
45-49	21	378,090	11	132,470	32	510,560
50-54	124	4,881,128	39	560,821	163	5,441,949
55-59	449	17,420,441	62	914,791	511	18,335,232
60-64	654	21,049,696	37	457,246	691	21,506,942
65-69	815	19,800,204	24	287,785	839	20,087,989
70-74	601	13,038,131	25	319,112	626	13,357,243
75-79	537	10,626,960	9	107,684	546	10,734,644
80-84	432	7,481,603	8	78,219	440	7,559,822
85-89	229	3,224,513	2	31,492	231	3,256,005
90-94	86	1,096,424			86	1,096,424
95-99	14	152,875			14	152,875
Totals	3,980	\$99,374,062	23	\$2,982,382	4,217	\$102,356,444

Also included in the valuation were 72 alternate payees with annual benefits totaling \$713,559.

Pensions Being Paid

Valuation Date June 30	No.	Annual Pension Payroll	Average Pension	Discounted Value of Pensions	
				Total	Average
1970	340	\$ 473,361	\$ 1,392	\$ 5,037,596	\$14,816
1975	659	1,677,417	2,545	16,531,074	25,085
1980	1,081	3,945,764	3,650	38,592,913	35,701
1985	1,595	8,628,828	5,410	78,069,444	48,946
1990	2,153	18,450,025	8,569	165,804,947	77,011
1991	2,253	20,161,971	8,949	179,021,242	79,459
1992	2,344	22,555,546	9,627	203,512,080	86,823
1993	2,441	24,578,907	10,069	213,689,712	87,542
1994	2,517	26,631,668	10,581	231,490,008	91,971
1995	2,603	29,283,567	11,250	253,370,388	97,338
1996	2,678	32,202,770	12,025	278,600,868	104,033
1997	2,777	35,873,253	12,918	312,952,740	112,695
1998	2,881	40,123,813	13,927	351,548,940	122,023
1999	2,998	44,211,408	14,747	389,427,924	129,896
2000	3,171	52,881,149	16,676	477,415,704	150,557
2001	3,328	60,274,419	18,111	549,592,898	165,142
2002	3,457	66,370,134	19,199	605,227,344	175,073
2003	3,592	72,221,170	20,106	659,633,613	183,640
2004	3,743	79,318,123	21,191	737,683,525	197,083
2005	3,907	85,717,799	21,940	798,413,514	204,355
2006	4,069	94,797,214	23,297	892,122,786	219,249
2007	4,217	102,356,444	24,272	964,006,083	228,600

Note: 1970-1975 Valuations are as of December 31

Schedule of Retirees and Beneficiaries Added To and Removed From Rolls

<u>Year Ended</u>	<u>Added</u>			<u>Removed</u>		<u>Rolls End of Year</u>		<u>Average Annual Pensions</u>	<u>% Increase In Annual Pensions</u>
	<u>No.</u>	<u>Annual Pensions New (+000)</u>	<u>PEP* (+100)</u>	<u>No.</u>	<u>Annual Pensions (+000)</u>	<u>No.</u>	<u>Annual Pensions (+000)</u>		
2007	290	\$8,205	\$1,519	142	\$2,165	4,217	\$102,356	\$24,272	8.0%
2006	309	9,247	1,976	147	2,144	4,069	94,797	23,297	9.0
2005	314	7,795	1,159	150	2,554	3,907	85,718	21,940	8.1
2004	296	7,610	1,727	145	2,122	3,743	79,318	21,191	9.1
2003	259	6,720	1,066	124	1,935	3,592	72,221	20,106	8.8
2002	264	5,999	1,786	135	1,689	3,457	66,370	19,199	10.1
2001	240	6,665	1,559	83	831	3,328	60,274	18,111	14.0
2000	276	8,661	1,056	102	1,047	3,171	52,881	16,671	13.1
1999	194	4,173	719	77	805	2,998	44,211	14,747	10.2
1998	220	3,985	1,461	116	1,205	2,881	40,124	13,927	11.8
1997	213	3,753	1,180	114	1,262	2,777	35,873	12,918	11.4
1996	204	2,754	1,266	129	1,100	2,678	32,203	12,025	10.0
1995	188	2,569	913	102	830	2,603	29,284	11,250	10.0
1994	167	2,265	628	91	841	2,517	26,632	10,581	8.4
1993	183	2,265	525	86	788	2,441	24,579	10,069	9.0
1992	183	2,580	367	92	554	2,344	22,556	9,627	11.9
1991	165	2,159		65	447	2,253	20,162	8,949	9.3

*Pension Equalization Increase

Retirees and Beneficiaries - June 30, 2007

Type of Pensions

Type of Pensions	No.	Annual Pensions
Age and Service Pensions		
Straight Life	1,232	\$31,925,240
100% Joint and Survivor	933	26,154,586
50% Joint and Survivor	179	5,174,756
10 Years Certain and Life	190	4,461,698
100% Joint and Survivor with Pop-Up	458	12,097,368
50% Joint and Survivor with Pop-Up	306	9,096,862
Total Age and Service Pensions	3,298	88,910,510
Disability Pensions		
Straight Life	46	692,194
100% Joint and Survivor	49	747,916
50% Joint and Survivor	5	69,996
10 Years Certain and Life	16	198,082
100% Joint and Survivor with Pop-Up	36	431,298
50% Joint and Survivor with Pop-Up	6	131,341
Duty Disability Pensions		
Straight Life	13	152,964
100% Joint and Survivor	24	209,488
50% Joint and Survivor	2	32,411
10 Years Certain and Life	5	25,708
100% Joint and Survivor with Pop-Up	18	223,357
50% Joint and Survivor with Pop-Up	2	28,201
Total Disability Pensions	222	2,942,956
Death-In-Service		
Spouses - Death-In-Service	135	2,438,988
Children - Death-In-Service	15	39,426
Total Death-In-Service	150	2,478,414
Beneficiaries		
Age & Service Beneficiaries	542	7,951,537
Disability Beneficiaries	5	73,027
Total Beneficiaries	547	8,024,564
Total Pensions Paid	4,217	\$ 102,356,444

Active Member Summary

Active Members, June 30, 2007 – Age and Service Distribution

Age	Service							Total
	0-4	5-9	10-14	15-19	20-24	25-29	Over 30	
Under 20	25							25
20-24	286	9						295
25-29	514	173	10					697
30-34	495	369	100	5				969
35-39	442	405	256	91	10			1,204
40-44	363	337	298	275	170	19		1,462
45-49	324	285	269	275	304	189	10	1,656
50-54	232	267	229	235	285	223	93	1,564
55-59	162	166	185	210	232	106	96	1,157
60-64	72	85	70	79	73	44	33	456
Over 65	13	11	15	12	13	5	10	79
Totals	2,928	2,107	1,432	1,182	1,087	586	242	9,564

Active Members – Three-Year Summary

	2007	2006	2005
Active Members	9,564	9,260	9,036
Valuation Payroll	\$535,078,760	\$497,105,189	\$467,997,948
Average Compensation	\$55,947	\$53,683	\$51,793
Average Age (yrs.)	44.6	44.4	44.4
Average Service (yrs.)	11.4	11.4	11.4

Inactive Vested Members – June 30, 2007

Attained Age	No.	Estimated Annual Benefit
20-24	1	\$ 5,011
25-29	10	46,109
30-34	62	399,840
35-39	110	1,013,943
40-44	109	1,158,270
45-49	139	1,708,325
50-54	142	1,798,246
55-59	141	1,463,830
60-64	46	476,170
Totals	760	\$8,069,744



Section Six:
Accounting Disclosures



GASB Statement No. 25 Supplementary Information

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation Date:	June 30, 2007
Actuarial Cost Method:	Individual Entry Age
Amortization method:	Level percent of payroll, open
Remaining amortization period:	20 years
Asset valuation method:	Four-year smoothed market value
Actuarial assumptions:	
Investment rate of return	8.0%
Projected salary increases*	5.0%
* Includes inflation at	4.5%

Membership data as of June 30, 2007 is indicated in Section Five of this report.

Actuarial Accrued Liability as of June 30, 2007:

Actuarial Accrued Liability	
Active members	\$1,169,824,402
Retirees and beneficiaries	964,006,083
Vested terminated members	<u>32,288,947</u>
Total Actuarial Accrued Liability	2,166,119,432
Actuarial Value of Assets	1,816,508,506
Unfunded Actuarial Accrued Liability	\$349,610,926

Analysis of Funding Progress
(\$ amounts +000)

Valuation Date June 30	(1) Funding Value of Assets	(2) Actuarial Accrued Liability	(3) Percent Funded (1)/(2)	(4) Unfunded AAL (2)-(1)	(5) Annual Covered Payroll	(6) UAAL As a % Of Covered Payroll (4)/(5)
1997	\$ 840,539	\$ 888,968	94.6%	\$ 48,429	\$ 294,678	16.4%
1998	984,501	973,048	101.2	(11,453)	322,475	-
1999	1,117,497	1,044,425	107.0	(73,072)	336,153	-
2000	1,219,892	1,199,871	101.7	(20,021)	360,654	-
2001	1,291,338	1,259,564	102.5	(31,774)	376,913	
2002	1,273,731	1,390,273	91.6	116,542	404,414	28.8
2003	1,330,584	1,504,125	88.5	173,541	416,472	41.7
2004	1,417,774	1,684,795	84.2	267,021	445,348	60.0
2005	1,511,553	1,795,514	84.2	283,962	467,998	60.7
2006	1,626,741	2,000,346	81.3	373,605	497,105	75.2
2007	1,816,508	2,166,119	83.9	349,611	535,079	65.3

Schedule of Employer Contributions

Valuation Date June 30	Fiscal Year Ended June 30	Annual Required Contribution	Actual Annual Contribution
1990	1992	\$19,582,694	100%
1991	1993	21,023,444	100
1992	1994	21,495,978	100
1993	1995	20,607,423	100
1994	1996	21,218,199	100
1995	1997	23,208,480	100
1996	1998	30,123,972	100
1997	1999	29,185,895	100
1998	2000	26,802,219	100
1999	2001	22,329,387	100
2000	2002	28,294,889	100
2001	2003	27,819,507	100
2002	2004	39,563,747	100
2003	2005	43,374,921*	100
2004	2006	52,973,606*	100
2005	2007	58,151,324	100
2006	2008	64,198,136	
2007	2009	67,152,987	

**Excluding amount allocated to Excess Benefit Arrangement.*