



**Denver Public
Schools Retirement System
Annual Actuarial Valuation
December 31, 2005**

GRS

Gabriel Roeder Smith & Company



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April 25, 2006

The Board of Trustees
Denver Public Schools Retirement System
Denver, Colorado

Dear Board Members:

The results of the *Annual Actuarial Valuation* of the Denver Public Schools Retirement System are presented in this report. The purpose of the valuation was to measure the system's funding progress and to determine the computed employer contribution rate for the next fiscal year.

The valuation was based upon information, furnished by Retirement System staff, concerning Retirement System benefits, financial transactions, and active members, terminated members, retirees and beneficiaries. Data was checked for internal and year-to-year consistency but was not otherwise audited. All promised benefits were included in the actuarially computed contribution rates.

The date of the valuation was *December 31, 2005*.

To the best of our knowledge this report is complete and accurate and the valuation was conducted in accordance with standards of practice prescribed by the Actuarial Standards Board. It is our opinion that the actuarial assumptions used for the valuation produce results which are reasonable.

Respectfully submitted,

Norman L. Jones, FSA, MAAA

Judith A. Kermans, EA, MAAA

Kenneth G. Alberts

JM:bd

SECTION A



Valuation Results

FUNDING OBJECTIVE AND EXECUTIVE SUMMARY

The funding objective of the Retirement System is to establish and receive contributions, expressed as percents of active member payroll, that will accumulate assets during each member's working years which, together with regular interest, will be sufficient to pay promised benefits after retirement.

EXECUTIVE SUMMARY

- The recommended employer contribution for the fiscal year beginning July 1, 2007, based on normal cost plus 30-year amortization, would be 14.51% of payroll. This compares with the phase-in funding policy contribution rate of 12.83% of payroll (see page A-2).
- The funding policy results in a contribution rate for FY08 that is equal to ½ of the actuarially determined rate plus ½ of the rate adopted for FY07 ($\frac{1}{2} \times 14.51\% + \frac{1}{2} \times 11.14\% = 12.83\%$). In FY09 the funding policy contribution will be equal to 100% of the actuarially determined rate.
- This valuation includes a 1.75% adjustment to active liabilities for future normal, early, and deferred benefits to account for the option factor subsidy (the result of not recognizing the cost of post-retirement benefit increases when joint life forms of payment are elected). The adjustment added approximately \$15.3 million to our measurement of the accrued liability.
- The funded status before the adjustment described above was 88.3% compared with 88.2% a year ago. The current actuarial funding ratio is 87.9% (after the change). The market value of assets was \$26 million less than the funding value of assets as of December 31, 2005. In the absence of offsetting future gains, the funded ratio is likely to decline somewhat in the coming years.

CONCLUSION

The Denver Public Schools Retirement System continues to be in sound financial condition based on actuarial principles of level percent-of-payroll financing. In order to meet Plan obligations and to maintain a strong funding level, receipt of the recommended contribution amounts is essential.

**CONTRIBUTIONS TO PROVIDE BENEFITS
EXPRESSED AS PERCENTS OF ACTIVE MEMBER PAYROLL
FOR FISCAL YEARS BEGINNING JULY 1, 2006 AND 2007**

Contributions for	FY Beginning 7/1/07		FY Beginning 7/1/06	
	Recommended	Funding# Policy	Recommended	Funding# Policy
Normal cost of benefits:				
Age & service	12.67 %		12.20 %	
Disability	1.00 %		1.00 %	
Death-in-service	0.26 %		0.25 %	
Refunds of member contributions	1.90 %		1.90 %	
Total normal cost	15.83 %		15.35 %	
Member contributions	8.00 %		8.00 %	
Employer Normal Cost	7.83 %		7.35 %	
Unfunded Actuarial Accrued Liabilities	6.68 %*		7.12 %*	
COMPUTED EMPLOYER RATE	14.51 %	12.83 %	14.47 %	11.14 %

* Amortized as a level percent-of-payroll over a period of 30 years.

Based on funding policy beginning 7/1/2005 that includes a 4-year phase-in of the employer contribution rate to the level recommended by the actuary.

Actual employer contributions for the last completed fiscal year were reported to be \$28,448,702.

**DERIVATION OF EXPERIENCE GAIN (LOSS)
YEAR ENDED DECEMBER 31, 2005**

Actual experience will never (except by coincidence) coincide exactly with assumed experience. Gains and losses often offset one another over a period of years, but sizable year-to-year fluctuations are common. Detail on the derivation of the experience gain (loss) is shown below.

	12/31/2005
(1) UAAL* at start of year	\$349,466,421
(2) Normal cost from last valuation	49,102,229
(3) Actual contributions	55,718,194
(4) Interest accrual: $[(1) + \{(2)-(3)\}/2] \times .085$	29,423,467
(5) Expected UAAL before changes: (1) + (2) - (3) + (4)	372,273,923
(6) Change in assumptions #	15,275,656
(7) Changes in benefits	0
(8) Expected UAAL after changes: (5) + (6) + (7)	387,549,579
(9) Actual UAAL at end of year	372,169,053
(10) Gain (loss): (8) - (9)	\$15,380,526
(11) Gain (loss) as percent of actuarial accrued liabilities at start of year (\$2,960,990,156)	0.5 %

* *Unfunded actuarial accrued liability.*

Active accrued liabilities for normal, early and deferred benefits were increased by 1.75% to account for the cost of subsidized option factors.

DERIVATION OF EXPERIENCE GAIN (LOSS) BY SOURCE
YEAR ENDED DECEMBER 31, 2005

	\$ Amount	% of AAL*
Age & Service Retirements Members retired at younger ages or with higher final average pay or service than assumed, causing a loss.	\$ (2,712,685)	(0.1%)
Disability Retirements Disability claims were less than assumed, causing a small gain.	452,728	0.0%
Death-in-Service Benefits Survivor claims were more than assumed, causing a loss.	(95,498)	0.0%
Withdrawal from Employment More liabilities were released by withdrawals than assumed, causing a gain.	8,888,066	0.3%
Pay Increases Pay increases were less than assumed, causing a gain.	21,165,724	0.7%
Investment Income Recognized investment income was less than assumed, causing a loss.	(6,458,796)	(0.2%)
New Entrants New members with prior service causing a loss.	(4,882,636)	(0.2%)
Death After Retirement Retirants lived for a shorter period than assumed, causing a gain.	1,550,423	0.1%
Other Miscellaneous gains and losses resulting from other data adjustments, timing of financial transactions, subsidized service purchases, recognition of additional outside and non-qualified service, etc.	(2,526,800)	(0.1%)
Gain (or Loss) During Year From Financial Experience	\$15,380,526	0.5%

* AAL: Beginning of year actuarial accrued liability.

SUMMARY STATEMENT OF SYSTEM RESOURCES AND OBLIGATIONS

Present Resources and Expected Future Resources

A.	Present valuation assets	
	1. Net assets from system financial statements	\$2,667,850,663
	2. Funding value adjustment	<u>25,835,185</u>
	3. Valuation assets	2,693,685,848
B.	Actuarial present value of expected future employer contributions	
	1. For normal costs	197,776,466
	2. For unfunded actuarial accrued liability	<u>372,169,053</u>
	3. Totals	569,945,519
C.	Actuarial present value of expected future member contributions	<u>195,982,175</u>
D.	Total Present and Expected Future Resource	\$3,459,613,542

Actuarial Present Value of Expected Future Benefit Payments

A.	To retirees and beneficiaries	
	1. Annual allowances	\$2,132,638,000
	2. Unallocated Reserve	<u>0</u>
	3. Totals	2,132,638,000
B.	To vested terminated members	17,736,108
C.	To present active members	
	1. Allocated to service rendered prior to valuation date - actuarial accrued liability	915,480,793
	2. Allocated to service likely to be rendered after valuation date	<u>393,758,641</u>
	3. Totals	1,309,239,434
D.	Total Actuarial Present Value of Expected Future Benefit Payments	\$3,459,613,542

**COMPUTED EMPLOYER CONTRIBUTIONS
COMPARATIVE STATEMENT**

December 31.	Active Members				Retirees & Beneficiaries			Employer Contribution Rate
	No.#	Valuation Payroll		% Incr.	No.	Annual Benefits Dollars	% of Payroll	
1996	6,158	\$223,841,000	\$36,350	4.33 %	4,910	\$ 97,420,560	43.5 %	15.75 %
1997	6,300	235,279,509	37,346	2.74 %	4,957	101,190,312	43.0 %	2.68 %
1998	6,434	248,766,208	38,664	3.53 %	5,037	108,710,952	43.7 %	2.90 %
1999	6,677	264,079,253	39,551	2.29 %	5,158	115,755,528	43.8 %	2.90 %
2000	7,182	292,404,031	40,713	2.94 %	5,222	125,550,888	42.9 %	2.90 %
2001	7,466	307,833,700	41,231	1.27 %	5,514	141,383,423	45.9 %	4.98 %*
2002@	7,691	331,607,085	43,116	4.57 %	5,610	151,283,074	45.6 %	8.12 %*
2003	7,311	318,121,662	43,513	0.92 %	5,699	160,764,146	50.5 %	8.66 %*
2004@!	7,192	315,156,876	43,820	0.71 %	5,869	174,668,685	55.4 %	11.14 %*
2005	7,179	318,405,492	44,352	1.21 %	5,961	185,016,528	58.1 %	12.83 %*

- * Based on current funding policy, see page A-2.
- # Excludes affiliate members.
- @ After experience study.
- ! After benefit changes.

ACTUARIAL ACCRUED LIABILITIES & VALUATION ASSETS COMPARATIVE STATEMENT

December 31	Actuarial Accrued Liability (AAL)	Valuation Assets	Unfunded Actuarial Accrued Liability (UAAL)	Ratio of Present Assets to AAL	Annual Covered Payroll	Ratio of UAAL to Valuation Payroll
	(1)	(2)	(1) - (2) (3)	(2)/(1) (4)	(5)	(3)/(5) (6)
1997	\$1,727,251,343	\$1,760,123,981	\$ (32,872,638)	101.9 %	\$235,279,509	-
1998	1,894,138,915	1,889,151,846	4,987,069	99.7 %	248,766,208	2.0 %
1999	1,983,399,740	2,044,332,158	(60,932,418)	103.1 %	264,079,253	-
2000	2,371,925,173	2,308,030,298	63,894,875 #	97.3 %	292,404,031	21.9 %
2001	2,550,556,774	2,462,548,441	88,008,333	96.5 %	307,833,700	28.6 %
2002*	2,712,292,741	2,465,049,249	247,243,492	90.9 %	331,607,085	74.6 %
2003	2,793,788,109	2,531,745,553	262,042,556	90.6 %	318,121,662	82.4 %
2004*@	2,960,990,156	2,611,523,735	349,466,421	88.2 %	315,156,876	110.9 %
2005	3,065,854,901	2,693,685,848	372,169,053	87.9 %	318,405,492	116.9 %

Actual UAAL on valuation date before any offsets.

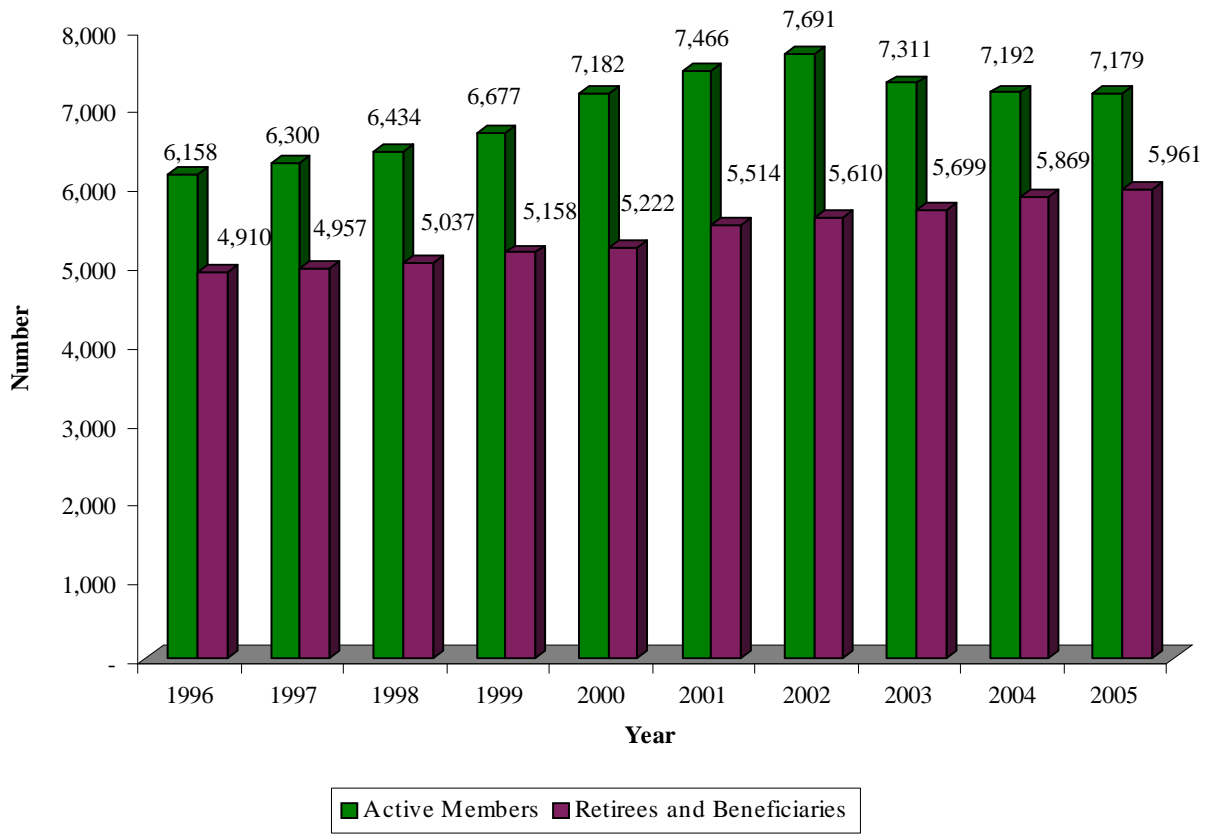
* After experience study.

@ After benefit changes.

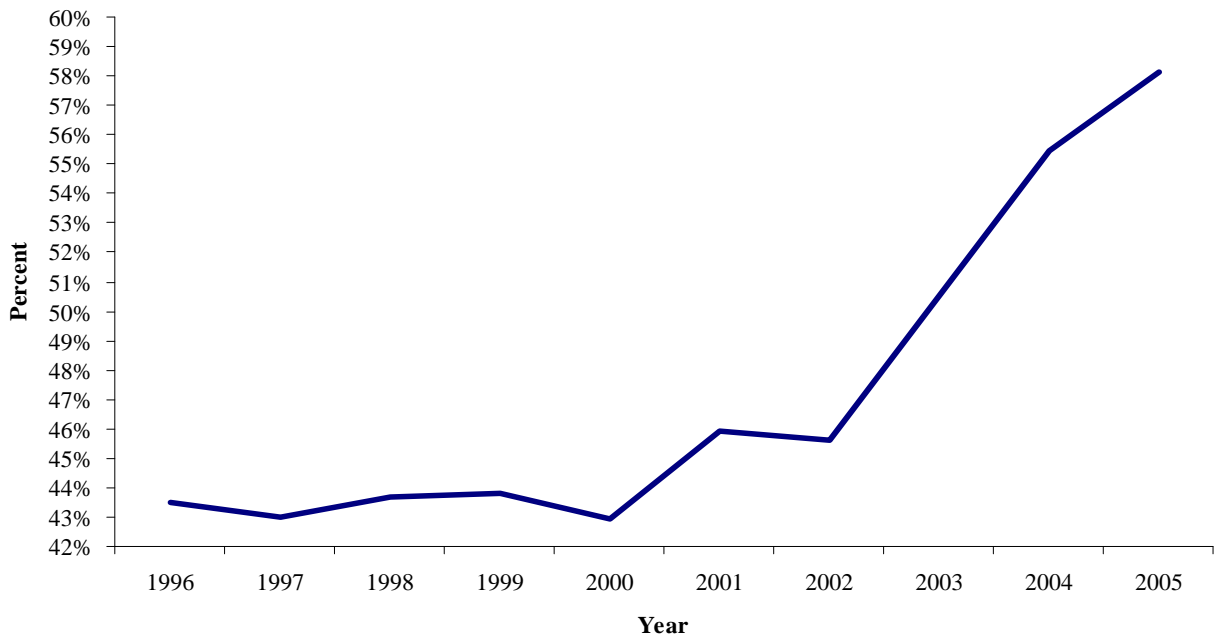
The Ratio of Valuation Assets to AAL is a traditional measure of a system's funding progress. Except in years when the system is amended or actuarial assumptions are revised or there are extraordinary experience gains or losses, this ratio can be expected to move gradually toward 100%.

The Ratio of UAAL to Valuation Payroll is another relative index of condition. Actuarial unfunded liabilities represent debt, while active member payroll represents the system's capacity to collect contributions to pay toward debt. The lower the ratio is, the greater the financial strength and vice-versa.

Active and Retired Members and Beneficiaries

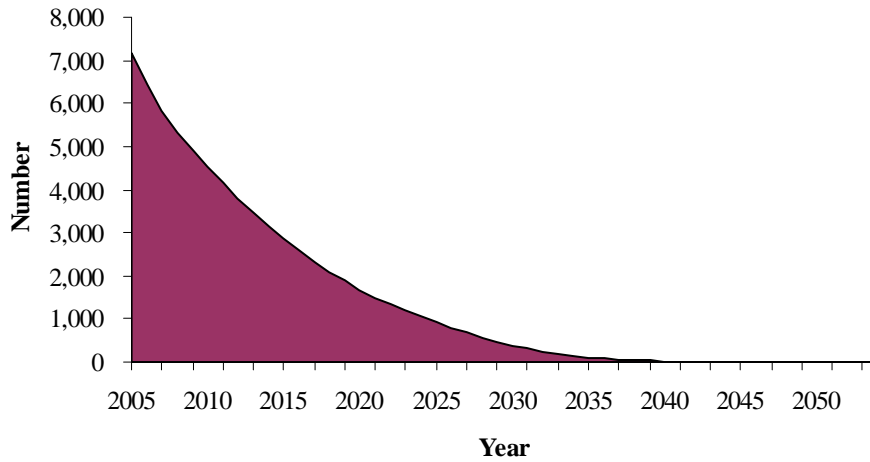


Benefits as a Percent of Payroll

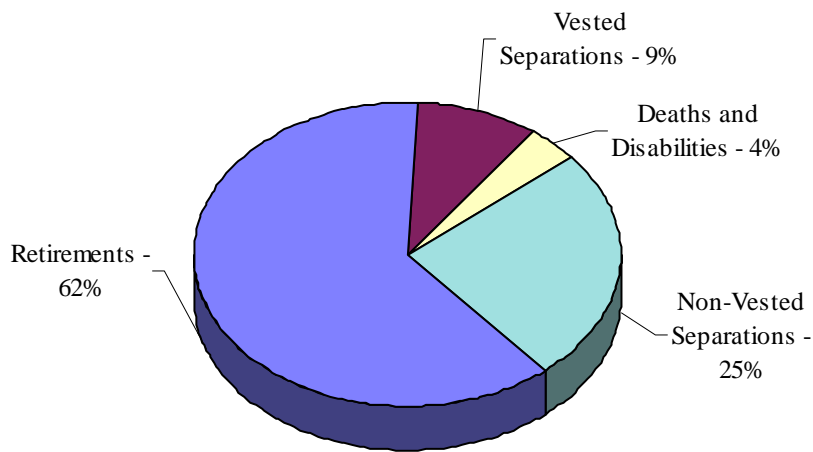


EXPECTED DEVELOPMENT OF PRESENT POPULATION BASED ON CURRENT PLAN ASSUMPTIONS

Closed Group Population Projection



Expected Terminations from Active Employment for Current Active Members



PURCHASE OF NON-COVERED SERVICE

Section 30.03(8) of the plan provides that periods of non-covered employment will qualify as accredited and as active service with the district provided that certain conditions are met. The charge for purchasing such service is intended to be set at a rate that is cost neutral. Once set, the rate is to be periodically analyzed by the actuary and reviewed by the Board.

The current rate is 34% of highest average salary (HAS) per year of service purchased. This rate was developed based on the analysis of service purchase during 2002. Based on supplemental data furnished by DPSRS regarding purchases in 2005, we completed the following analysis:

Number of purchases*	43
Average age of purchasers	54
Total charge for purchases:	\$ 1,552,745
Current rate as a % of HAS	34%
Total years purchased	92.5 years
Estimated Average HAS	\$ 49,372
Average benefit service years:	
Before purchase	18.1
After purchase	20.3
Increase in present value of future benefits:	
Actives	\$ 729,124
Retired	\$ 922,735
Affiliated	\$ 11,498
Term vested	-
Total	\$ 1,663,357
Average per year purchased	\$ 17,982
Average increase in present value per year purchased as a percent of HAS	36.4%

* Excludes one non-vested highly compensated member who terminated subsequent to purchasing enough service to become vested.

If terminated vested member were included in the analysis, the average cost would have increased to 38.9% of HAS.

SECTION B



Summary of Benefit Provisions and Valuation Data

BRIEF SUMMARY OF BENEFIT PROVISIONS EVALUATED

DECEMBER 31, 2005

Regular Retirement (no reduction factor for age):

Eligibility - Age 50 with 30 or more years of earned service or age 55 with 25 or more years of earned and outside service (must include 15 years with the District), or age 65 with 5 years of earned service.

Type of Final Average Salary (FAS) - Highest 36 months of earned service or career average, whichever is greater.

Annual Amount - 2.5% of FAS times earned service. Minimum benefit is \$15 times first 10 years of earned service plus \$20 times earned service over 10 years plus an amount equal to the annuitized member balance, including any amount paid to purchase service.

Early Retirement:

Eligibility – Age 55 with 15 years of service with the District but less than 25 years of service or any age with at least 25 years of service with the District.

Annual Amount - Same as regular retirement but reduced by the following amount:

<u>Age</u>	<u>Service</u>	<u>Reduction Amount*</u>
Under 50	30 years	4% for each year prior to age 50
Under 50	25-30 years	Greater of: <ul style="list-style-type: none">• 4% for each year of service below 30 years• 4% for each year below age 50
Age 50 - 55	25-30 years	Lesser of: <ul style="list-style-type: none">• 4% for each year under age 55• 4% for each year of service below 30 years
Over 55	15 years	Lesser of: <ul style="list-style-type: none">• 4% for each year under age 65• 4% for each year below 25 years

* Reduction amounts based on 6% rather than 4% for those hired (or re-hired, if contributions were refunded) on or after July 1, 2005.

Deferred Retirement (vested benefit):

Eligibility - 5 years of service. Benefit begins at age 50 with 30 years of service, age 55 with 25 years of service (15 with District), or age 65 with 5 years of service.

Annual Amount - Computed as regular retirement but based upon service and final average salary at time of termination. In lieu of retirement benefits, members may receive 200% of accumulated contributions in a lump sum or an annuity equal to the actuarial equivalent of 200% of contributions plus minimum benefit.

Disability Retirement:

Eligibility – 5 years of service. Recalculated benefit is payable at age 55 with 25 years of service, at age 50 with 30 years of service, or at age 65.

Annual Amount – Accrued benefit immediately. Upon attaining voluntary retirement age, additional qualified service credit is granted and benefit is recomputed.

Death Before Retirement:

Eligibility - No age or service requirements for a refund of member contributions.

Annual Amount – If the member is eligible for retirement, the beneficiary may receive a refund of accumulated contributions, survivor benefits, or the regular or early retirement benefit.

Survivor benefits are as follows and require that the member have a minimum of 5 years of earned service with the district immediately prior to death:

Type of Survivor	Survivor Benefits
Child	The greater of 10% of Final Average Salary for each child up to a limit of 30%; and \$160 (pro-rated) for each child up to a limit of \$480.
Spouse and child	The greater of the difference between the child benefit above and 30% (40% if 15 years of service plus 2% for each year of service beyond 25 years) of Final Average Salary; and \$480.
Dependent Parent	The greater of 10% of Final Average Salary; and \$240 per parent.
Spouse:	
• Less than 15 years of service	The lesser of 30% of Final Average Salary; and \$480.
• 15 years of service or more	The greater of 30% of Final Average Salary, plus an additional 1% for each year of service over 15 years; and \$480.

Spouse's benefit is payable at age 50 with at least 15 years of service or at age 60.

Member Contributions:

8.0% of annual compensation. Interest is credited at a rate of 5% per year compounded monthly.

Post-Retirement Increases: (ARAA)

3.25% per year compounded. Effective on the January 1st immediately following retirement. Associate members are not eligible for the annual retirement increase. For those hired on or after July 1, 2005, the increase is based on the lesser of 3.00% per year or the increase in the Consumer Price Index (CPI) for all urban consumers, U.S. city average, with the first increase calculated on a pro-rated basis.

SERVICE

Earned Service is used in the determination of benefits and eligibility. It includes periods of employment (regular or casual) with the District or with a Charter School or qualified leaves of absence.

Outside and Non-qualified service counts as service up to a total of 10 years of service in determining eligibility for full retirement with 25 years of service. If purchased, also counts as earned service.

OPTIONAL FORMS OF PAYMENT

- | | |
|------------|--|
| Option A: | Single life annuity (SLA) with residual refund of member contributions. |
| Option B: | Installment refund annuity (SLA with reserve balance paid to beneficiary in monthly installments upon employee's death). |
| Option C: | 100% joint and survivor with 10 years certain. |
| Option D: | Cash refund on annuity portion and SLA on pension portion. |
| Option E: | 50% joint and survivor with 10 years certain. |
| Option P2: | 50% joint and survivor with pop-up and residual refund of member contributions. |
| Option P3: | 100% joint and survivor with pop-up and residual refund of member contributions. |

RETIREES AND BENEFICIARIES DECEMBER 31, 2005
TABULATED BY OPTIONAL FORM BEING PAID

	Optional Form							TOTAL
	A	B	C	D	E	P2	P3	
Superannuation and Early Retirement								
(Includes survivors of deceased employees)								
Males								
Number	152	137	1,516	149	215	3	5	2,177
Average Monthly Benefit	\$2,787	\$2,682	\$3,102	\$2,835	\$2,467	\$2,921	\$2,299	\$2,971
Females								
Number	656	552	926	806	341	11	11	3,303
Average Monthly Benefit	\$2,607	\$2,228	\$2,545	\$2,613	\$2,518	\$2,525	\$2,911	\$2,519
Total								
Number	808	689	2,442	955	556	14	16	5,480
Average Monthly Benefit	\$2,641	\$2,318	\$2,891	\$2,648	\$2,498	\$2,610	\$2,720	\$2,699
Regular Disability								
Males								
Number	59	9	28	8	11	0	0	115
Average Monthly Benefit	\$1,348	\$1,135	\$1,416	\$1,419	\$1,435	\$0	\$0	\$1,361
Females								
Number	146	25	41	24	14	1	0	251
Average Monthly Benefit	\$1,515	\$1,145	\$1,441	\$1,166	\$1,123	\$249	\$0	\$1,406
Total								
Number	205	34	69	32	25	1	0	366
Average Monthly Benefit	\$1,467	\$1,142	\$1,431	\$1,229	\$1,260	\$249	\$0	\$1,392
Survivors of Active Members and Disability Deaths								
Number								115
Average Monthly Benefit								\$1,042
Grand Total								
Number								5,961
Average Monthly Benefit								\$2,587

RETIREES AND BENEFICIARIES DECEMBER 31, 2005
TABULATED BY ATTAINED AGES

Attained Ages	Years Since Retirement							Total	
	0-4	5-9	10-14	15-19	20-24	25-29	30+		
Under 45	Number	7	2	0	0	0	0	0	9
	Total Benefit	\$ 112,872	\$ 22,596	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 135,468
45-49	Number	9	7	5	0	0	0	0	21
	Total Benefit	\$ 208,185	\$ 52,739	\$ 41,349	\$ 0	\$ 0	\$ 0	\$ 0	\$ 302,273
50-54	Number	103	24	3	0	0	0	0	130
	Total Benefit	\$ 3,664,573	\$ 388,664	\$ 52,330	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,105,567
55-59	Number	636	80	25	6	1	0	0	748
	Total Benefit	\$ 26,988,393	\$ 2,287,586	\$ 493,509	\$ 51,890	\$ 5,984	\$ 0	\$ 0	\$ 29,827,362
60-64	Number	358	394	88	4	3	1	1	849
	Total Benefit	\$ 13,453,069	\$ 14,545,273	\$ 2,285,587	\$ 35,596	\$ 41,919	\$ 3,442	\$ 4,920	\$ 30,369,806
65-69	Number	297	186	403	19	2	0	0	907
	Total Benefit	\$ 7,327,559	\$ 6,070,428	\$ 14,960,374	\$ 482,499	\$ 14,698	\$ 0	\$ 0	\$ 28,855,558
70-74	Number	54	199	339	292	2	0	0	886
	Total Benefit	\$ 1,071,555	\$ 4,061,708	\$ 12,012,190	\$ 10,155,855	\$ 38,402	\$ 0	\$ 0	\$ 27,339,710
75-79	Number	9	28	347	329	213	1	1	928
	Total Benefit	\$ 165,886	\$ 633,259	\$ 9,850,276	\$ 11,003,431	\$ 6,643,205	\$ 11,811	\$ 18,243	\$ 28,326,111
80-84	Number	2	4	51	411	324	56	7	855
	Total Benefit	\$ 93,881	\$ 92,634	\$ 1,333,387	\$ 10,618,431	\$ 10,297,417	\$ 1,266,339	\$ 84,487	\$ 23,786,576
85-89	Number	0	0	7	35	258	84	6	390
	Total Benefit	\$ 0	\$ 0	\$ 205,225	\$ 880,877	\$ 4,882,710	\$ 1,926,035	\$ 57,545	\$ 7,952,392
90 & Over	Number	0	1	0	2	35	124	76	238
	Total Benefit	\$ 0	\$ 6,804	\$ 0	\$ 63,630	\$ 693,224	\$ 1,789,173	\$ 1,462,874	\$ 4,015,705
Totals	Number	1,475	925	1,268	1,098	838	266	91	5,961
	Total Benefit	\$ 53,085,973	\$ 28,161,691	\$ 41,234,227	\$ 33,292,209	\$ 22,617,559	\$ 4,996,800	\$ 1,628,069	\$ 185,016,528

Average Age = 71.9

Average Years Since Retirement 12.6
(excluding beneficiaries)

**INACTIVE MEMBERS
ELIGIBLE FOR DEFERRED BENEFITS DECEMBER 31, 2005
TABULATED BY ATTAINED AGES**

Attained Ages	No.	Monthly Allowances
25-29	4	\$ 5,927
30-34	20	26,760
35-39	59	76,108
40-44	36	49,100
45-49	50	68,169
50-54	59	68,263
55-59	70	63,747
60-64	45	34,302
67	1	511
Totals	344	\$392,887

**ACTIVE MALE MEMBERS DECEMBER 31, 2005
BY ATTAINED AGE AND YEARS OF SERVICE**

Attained Age	Years of Service to Valuation Date							No.	Totals
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus		Valuation Payroll
Under 20									
20-24	26	2						28	\$ 728,376
25-29	139	17	3					159	5,315,803
30-34	153	85	18	3				259	9,998,104
35-39	133	81	35	12	1			262	11,027,773
40-44	97	88	52	43	14	3		297	14,279,342
45-49	94	67	44	78	34	32	6	355	17,043,431
50-54	96	62	42	46	39	38	11	334	16,578,320
55-59	56	64	48	43	32	18	14	275	14,453,238
60	8	7	7	6	2	2	1	33	1,917,506
61	9	5	3	6	2	3	2	30	1,433,671
62		4	3	3			3	13	619,258
63	3		2	4	4		2	15	821,124
64	4	6	1			1		12	553,301
65	5	2	4	1	1	1		14	853,289
66	4	2	5				1	12	542,266
67		3	1	2	1			7	345,090
68							1	1	65,904
69	1	1		1	1			4	94,548
70	1	1	1	1				4	224,086
71		1		1				2	70,232
72				1				1	23,990
73	1			1				2	76,996
74									
75	1							1	16,650
76		1		1				2	51,194
77			1					1	37,110
78				1				1	24,667
79		1						1	33,644
Totals	831	500	270	254	131	98	41	2,125	\$97,228,913

Group Averages

Age: 44.8 years
Service: 9.47 years
Annual Pay: \$45,755

**ACTIVE FEMALE MEMBERS DECEMBER 31, 2005
BY ATTAINED AGE AND YEARS OF SERVICE**

Attained Age	Years of Service to Valuation Date							No.	Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus		Valuation	Payroll
Under 20	1							1	\$	22,441
20-24	80	3						83		2,477,758
25-29	482	54	1					537		18,309,031
30-34	406	234	11					651		24,085,220
35-39	231	222	75	9				537		21,916,250
40-44	184	166	104	88	14			556		23,922,325
45-49	147	164	122	130	72	19	1	655		29,471,065
50-54	143	146	145	144	106	111	16	811		40,179,089
55-59	132	144	109	132	103	96	45	761		38,332,277
60	17	10	21	20	19	6	7	100		4,893,342
61	8	11	11	17	14	10	7	78		3,806,352
62	11	15	12	12	16	10	4	80		3,853,938
63	10	8	12	12	4	8	1	55		2,935,135
64	10	8	9	6	9	6	2	50		2,491,744
65	6	5	4	5	5	6	4	35		1,687,643
66	1	4	1	3		4	1	14		581,933
67	1	3		3	3	3	4	17		837,836
68		2	1				1	4		154,476
69	2	1	2	1		1		7		299,489
70	1	1	1	1	1	1	2	8		310,394
71			1					1		25,255
72			1	1			1	3		115,822
73			1			1		2		84,307
74				1				1		63,146
75			1	1				2		52,201
76				1		1		2		109,644
77										
78							1	1		58,957
79			1				1	2		99,509
Totals	1,873	1,201	646	587	366	283	98	5,054		\$221,176,579

Group Averages

Age: 44.7 years
Service: 9.90 years
Annual Pay: \$43,763

TOTAL ACTIVE MEMBERS DECEMBER 31, 2005
BY ATTAINED AGE AND YEARS OF SERVICE

Attained Age	Years of Service to Valuation Date								Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.	Valuation Payroll	
Under 20	1							1	\$ 22,441	
20-24	106	5						111	3,206,134	
25-29	621	71	4					696	23,624,834	
30-34	559	319	29	3				910	34,083,324	
35-39	364	303	110	21	1			799	32,944,023	
40-44	281	254	156	131	28	3		853	38,201,667	
45-49	241	231	166	208	106	51	7	1010	46,514,496	
50-54	239	208	187	190	145	149	27	1145	56,757,409	
55-59	188	208	157	175	135	114	59	1036	52,785,515	
60	25	17	28	26	21	8	8	133	6,810,848	
61	17	16	14	23	16	13	9	108	5,240,023	
62	11	19	15	15	16	10	7	93	4,473,196	
63	13	8	14	16	8	8	3	70	3,756,259	
64	14	14	10	6	9	7	2	62	3,045,045	
65	11	7	8	6	6	7	4	49	2,540,932	
66	5	6	6	3		4	2	26	1,124,199	
67	1	6	1	5	4	3	4	24	1,182,926	
68		2	1				2	5	220,380	
69	3	2	2	2	1	1		11	394,037	
70	2	2	2	2	1	1	2	12	534,480	
71		1	1	1				3	95,487	
72			1	2			1	4	139,812	
73	1		1	1		1		4	161,303	
74				1				1	63,146	
75	1		1	1				3	68,851	
76		1		2		1		4	160,838	
77			1					1	37,110	
78				1			1	2	83,624	
79		1	1				1	3	133,153	
Totals	2,704	1,701	916	841	497	381	139	7,179	\$318,405,492	

Group Averages

Age: 44.7 years
Service: 9.77 years
Annual Pay: \$44,352

COMPARATIVE SCHEDULES

Active Members December 31,

	2005	2004	2003	2002	2001
Active and Affiliate Members	7,212	7,223	7,339	7,722	7,497
Payroll (in thousands)*	\$318,405	\$315,157	\$318,122	\$331,607	\$307,834
Average Salary*	\$ 44,352	\$ 43,820	\$ 43,513	\$ 43,116	\$ 41,231
Average Age*	44.7	44.6	44.6	44.0	44.0
Average Service*	9.8	9.8	10.2	10.8	10.3

**Excluding Affiliate Members*

All Plan Members December 31, 2005

	<u>Males</u>	<u>Females</u>	<u>Total</u>
Active Members			
Number	2,125	5,054	7,179
Annual Payroll	\$97,228,913	\$ 221,176,579	\$ 318,405,492
Affiliate Members	5	28	33
Deferred Retirements			
Number	79	265	344
Estimated Monthly Benefit	\$ 102,971	\$ 289,916	\$ 392,887
Retired Members			
Number	2,256	3,339	5,595
Annual Benefit	\$78,563,634	\$ 100,340,054	\$ 178,903,688
Disabled Participants			
Number	115	251	366
Annual Benefits	\$ 1,878,111	\$ 4,234,729	\$ 6,112,840
Subtotal Number	4,580	8,937	13,517
Nonvested and Unelected Vested Terminations			
Terminated, Owed Refunds			602
Total Number			14,119

**DEVELOPMENT OF FUNDING VALUE
OF RETIREMENT SYSTEM ASSETS
DECEMBER 31, 2005**

Development of Funding Value of Assets	2005	2004
1. Funding Value (FV) of Assets - BOY	\$2,611,523,735	\$2,531,745,552
2. Employer Contributions	28,448,702	21,142,815
3. Member Contributions	27,269,492	25,992,388
4. Benefit Payments and Refunds	183,640,121	169,627,621
5. Decrease in Pension Assessment Expenses	0	0
6. Release of Prior Unallocated Excess Earnings	0	0
7. FBE Transfer for Benefit Improvements	0	0
8. Interest at 8.5%	216,542,836	216,168,693
9. Expected FV of Assets - EOY: (1)+(2)+(3)-(4)-(5)+(6)+(7)+(8)	2,700,144,644	2,625,421,827
10. Market Value (MV) of Assets	2,667,850,663	2,555,931,368
11. FBE Balance	0	0
12. Unallocated Excess Earnings	0	0
13. Adjusted MV of Assets: (10)-(11)-(12)	2,667,850,663	2,555,931,368
14. Difference between EFV and AMV: (13)-(9)	(32,293,981)	(69,490,459)
15. 20% of Difference: 0.20 x (14)	(6,458,796)	(13,898,092)
16. Funding Value of Assets - EOY: (9) + (15)	\$2,693,685,848	\$2,611,523,735

The Funding Value of Assets recognizes 20% of the difference between Market Value and expected Funding Value each year. Expected Funding Value is equal to last year's Funding Value increased by contributions and assumed investment income and decreased by benefit payments. During periods when investment performance exceeds the assumed rate, Funding Value of Assets will tend to be less than market value. During periods when investment performance is less than the assumed rate, Funding Value of Assets will tend to be greater than market value.

**SUMMARY OF
ACTUARIAL ASSETS, REVENUES AND EXPENDITURES**

BALANCE SHEET

Valuation Assets		Reserves for	
Cash, receivables, accruals and other short-term assets	\$ 1,277,741	Member contributions	\$ 234,847,707
Stocks	1,588,267,266	Pensions and annuities	2,040,908,231
Bonds	816,573,384	Deferred retirement allowances	12,040,492
Other	261,732,272	Unrealized asset appreciation	380,054,233
Funding value adjustment	25,835,185	Funding value adjustment	25,835,185
Total Current Assets	\$2,693,685,848	Total Applied Reserves	\$2,693,685,848

REVENUES AND EXPENDITURES

	2005	2004
Balance - January 1	\$2,611,523,735	\$2,531,745,552
BOY Adjustments	0	0
Adjusted BOY Balance (A)	2,611,523,735	2,531,745,552
Revenues		
Member contributions	27,269,492	25,992,388
Employer contributions	28,448,702	21,142,815
Recognized investment income (I)	213,513,612	205,838,822
Total	269,231,806	252,974,025
Expenditures		
Benefit payments	183,640,121	169,627,621
Administrative and investment expenses (E)	3,429,572	3,568,221
Total	187,069,693	173,195,842
Balance - December 31 (B)	\$2,693,685,848	\$2,611,523,735
Recognized rate of return: $(I-E)/[\frac{1}{2} \times (A+B-I+E)]$	8.2%*	8.2%*

* Market value rate of return was 9.6 % in 2005 and 11.7 % in 2004.

**RECOMMENDED RESERVE TRANSFERS
DECEMBER 31, 2005**

1. Reserve for Retired Service and Age - Basic		
a. Ledger Reserve as of December 31, 2005	\$1,170,963,953	
b. Required reserve according to actuarial valuation	1,172,058,510	
c. Amount to be transferred to this reserve	<u>1,094,557</u>	
2. Reserve for Retired Regular Disability - Basic		
a. Ledger Reserve as of December 31, 2005	\$ 33,723,817	
b. Required reserve according to actuarial valuation	33,893,462	
c. Amount to be transferred to this reserve	<u>169,645</u>	
3. Reserve for Survivor Benefits - Basic		
a. Ledger Reserve as of December 31, 2005	\$ 7,697,364	
b. Required reserve according to actuarial valuation	7,725,745	
c. Amount to be transferred to this reserve	<u>28,381</u>	
4. Reserve for Retired Service and Age - ARAA		
a. Ledger Reserve as of December 31, 2005	\$ 885,061,882	
b. Required reserve according to actuarial valuation	887,600,229	
c. Amount to be transferred to this reserve	<u>2,538,347</u>	
5. Reserve for Retired Regular Disability - ARAA		
a. Ledger Reserve as of December 31, 2005	\$ 24,286,559	
b. Required reserve according to actuarial valuation	24,108,538	
c. Amount to be transferred to this reserve	<u>(178,021)</u>	
6. Reserve for Survivor Benefits - ARAA		
a. Ledger Reserve as of December 31, 2005	\$ 7,031,154	
b. Required reserve according to actuarial valuation	7,251,516	
c. Amount to be transferred to this reserve	<u>220,362</u>	
7. Total Reserve Liability Transfers		
a. Ledger Reserve as of December 31, 2005	\$ 2,128,764,728	
b. Required reserve according to actuarial valuation	2,132,638,000	
c. Amount to be transferred to this reserve	<u>3,873,272</u>	

In order to maintain an exact balance between reserve accounts and retiree liabilities, as calculated in the December 31, 2005 valuation, the above transfers should be made. Differences between reserve accounts and liabilities occur due to differences between actual and expected mortality among retirees.

SECTION C



Summary of Valuation Methods and Assumptions

ACTUARIAL COST METHODS

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

- (i) the annual normal cost for each individual active member, payable from the date of employment to the date of retirement, is sufficient to accumulate the value of the member's benefit at the time of retirement;
- (ii) each annual normal cost is a constant percentage of the member's year-by-year projected covered pay.

The normal cost and the present value of future normal cost is based on the benefit levels available to members hired on or after July 1, 2005. The present value of benefits is based on the benefit levels available to each member. The accrued liability is the difference between the present value of benefits and the present value of normal cost.

Financing of Unfunded Actuarial Accrued Liabilities (UAAL). Unfunded actuarial accrued liabilities (full funding credit of assets exceed liabilities) are amortized by level (principal & interest combined) percent-of-payroll contributions over a period of 30 future years.

ACTUARIAL ASSUMPTIONS USED FOR THE VALUATION

The actuary calculates the contribution requirements and benefit values by applying actuarial assumptions to the benefit provisions and census data furnished, using the actuarial cost methods described on the previous page.

The principal areas of financial risk which require assumptions about future experiences are:

- long-term rates of investment return to be generated by system assets.
- patterns of pay increases to members.
- rates of mortality among members, retirees and beneficiaries.
- rates of separation (withdrawal) from active membership.
- rates of disability among active members.
- the age patterns of actual retirement.

In a valuation, the actuary calculates the monetary effect of each assumption for as long as each covered person survives - - - a period of time which can be as long as a century.

Actual experience of the Fund will not coincide exactly with assumed experience, regardless of the quality of the assumptions, or the skill of the actuary and the precision of the many calculations made. Each valuation provides a complete recalculation of assumed future experience and takes into account all past differences between assumed and actual experience. The result is a continual series of adjustments (usually small) to the computed contribution rate.

From time to time it is appropriate to modify one or more of the assumptions to reflect experience trends (but not random year-to-year fluctuations).

The rates of salary increase used for individual members are in accordance with the following table. This assumption is used to project a member's current salary to the salaries upon which benefits will be based.

Sample Ages	% Increase in Salary at Sample Ages		
	Merit and Seniority	Base (Economic)*	Increase Next Year
20	5.0%	4.5%	9.5%
25	4.5%	4.5%	9.0%
30	3.6%	4.5%	8.1%
35	2.8%	4.5%	7.3%
40	2.1%	4.5%	6.6%
45	1.4%	4.5%	5.9%
50	0.8%	4.5%	5.3%
55	0.4%	4.5%	4.9%
60	0.0%	4.5%	4.5%
65	0.0%	4.5%	4.5%

**Includes 3.5% for price inflation and 1% for productivity increases.*

The payroll growth rate for financing unfunded Actuarial Accrued Liabilities was assumed to be 4.5% per year.

The rate of net investment return was 8.50% a year, compounded annually. This assumption is used to make money payable at one point in time equal in value to a different amount of money payable at another point in time.

The assumed real return is the rate of return in excess of price inflation. Considering other assumptions used in the valuation, the 8.50% nominal rate translates to a net real return of 5.00% a year. Experience over the last 4 years has been more favorable than assumed, as illustrated below:

	Year Ended December 31				4-Year Average
	2005	2004	2003	2002	
Nominal rate (net)	8.2 %	8.2 %	7.4 %	4.6 %	7.1 %
Increase in CPI	2.5 %	3.3 %	2.1 %	1.1 %	2.2 %
Average salary increase	1.2 %	0.7 %	0.9 %	4.6 %	1.8 %
Real return as measured by					
- CPI: (1)-(2)					4.9 %
- Salary increases: (1)-(3)					5.3 %

The nominal rate of return was computed using the approximate formula: $i = I$ divided by $1/2 (A+B-I)$, where I is realized investment income, A is the beginning of year asset value and B is the end of year asset value.

The mortality table was as shown below:

Sample Attained Ages	Value at Retirement of \$1 Monthly Increasing 3.25% Annually After Retirement		Future Life Expectancy (years)	
	Men	Women	Men	Women
50	\$178.67	\$192.26	31.57	36.49
55	166.83	181.53	27.31	31.85
60	152.60	168.39	23.13	27.27
65	135.61	153.10	19.05	22.88
70	117.62	135.71	15.36	18.72
75	99.49	116.40	12.13	14.84
80	82.03	96.35	9.40	11.39

This assumption is used to measure the probabilities of each benefit payment being made after retirement. The possibility of members dying before retirement is 50% of the rates shown above.

Disabled life mortality was based on the healthy life mortality rates, set forward 10 years.

The rates of retirement used to measure the probability of eligible members retiring during the next year were as follows:

Retirement Ages	Normal Retirement		Early Retirement	
	Men	Women	Men	Women
50	25%	25%	10%	5%
51	25%	25%	10%	5%
52	25%	25%	10%	6%
53	30%	25%	10%	7%
54	30%	30%	10%	8%
55	35%	35%	10%	9%
56	30%	15%	10%	10%
57	30%	20%	10%	12%
58	30%	20%	11%	12%
59	30%	20%	12%	13%
60	30%	20%	13%	14%
61	35%	20%	14%	14%
62	40%	25%	15%	15%
63	35%	20%	15%	17%
64	35%	25%	15%	20%
65	40%	30%		
66	25%	25%		
67	25%	25%		
68	25%	25%		
69	25%	25%		
70	100%	100%		

Rates of separation from active membership were as shown below (rates do not apply to members eligible to retire and do not include separation on account of death or disability). This assumption measures the probabilities of members remaining in employment.

Sample Ages	Years of Service	% of Active Members Separating Within Next Year	
		Men	Women
ALL	0	20.00%	20.00%
	1	18.00%	16.00%
	2	15.00%	14.00%
	3	12.00%	12.00%
	4	10.00%	10.00%
25	5 & Over	6.40%	8.60%
30		5.30%	7.70%
35		4.45%	6.40%
40		3.85%	5.06%
45		3.40%	3.42%
50		2.95%	2.40%
55		2.70%	2.20%
60		2.50%	2.20%
65		2.00%	2.20%

Rates of disability among active members.

Sample Ages	% Becoming Disabled Within Next Year	
	Men	Women
20	0.00%	0.00%
25	0.06%	0.06%
30	0.06%	0.06%
35	0.07%	0.07%
40	0.10%	0.10%
45	0.17%	0.17%
50	0.31%	0.31%
55	0.56%	0.56%
60	1.19%	1.19%
65	0.00%	0.00%

MISCELLANEOUS AND TECHNICAL ASSUMPTIONS
DECEMBER 31, 2005

Marriage Assumption	80% of members are assumed to be married for purposes of death-in-service benefits. Male spouses are assumed to be three years older than female spouses.
Pay Increase Timing	Eight months after valuation date.
Decrement Timing	Decrements of all types are assumed to occur at the middle of the year.
Eligibility Testing	Eligibility for benefits is determined based upon the age nearest birthday and exact fractional service.
Decrement Relativity	Decrement rates are used directly from the experience study, without adjustment for multiple decrement table effects.
Decrement Operation	All decrements operate during the first 5 years of service.
Incidence of Contributions	Contributions are assumed to be received continuously throughout the year based upon the computed percent-of-payroll shown in this report, and the actual payroll payable at the time contributions are made.
Normal Form of Benefit	Straight Life.
Option Factors	Option factors are based on 8.50% interest and a 50% unisex blend of male and female mortality.
Other Adjustments	Active Accrued liabilities and normal costs for future normal, early and deferred retirement benefits were increased by 1.75% to account for the option factor subsidy which is a result of not recognizing the cost of forms of post-retirement increases when joint life forms of payment are elected.
Service Accruals	It is assumed that members accrue one year of service credit per year.

SECTION D



Basic Financial Objective and Operation of the Retirement System

BASIC FINANCIAL OBJECTIVE AND OPERATION OF THE RETIREMENT SYSTEM

Benefit Promises Made Which Must Be Paid For. A retirement program is an orderly means of handing out, keeping track of, and financing contingent pension promises to a group of employees. As each member of the retirement program acquires a unit of service credit they are, in effect, handed an “IOU” which reads: “Your Retirement System promises to pay you one unit of retirement benefits, payments in cash commencing when you retire.”

The principal related financial question is: When shall the money required to cover the “IOU” be contributed? This year, when the benefit of the member’s service is received? Or, some future year when the “IOU” becomes a cash demand?

The financial objective of DPSRS relative to funding the benefits is to establish and receive contributions, expressed as percents of active member payroll, which will remain approximately level from year-to-year and will not have to be increased for future generations of taxpayers.

Translated into actuarial terminology, a level percent-of-payroll contribution objective means that the contribution rate must be at least:

Normal Cost (the current value of benefits likely to be paid on account of members’ service being rendered in the current year)

. . . plus . . .

Interest on the Unfunded Actuarial Accrued Liability (the difference between the actuarial accrued liability and current system assets).

If contributions to the retirement program are less than the preceding amount, the difference, *plus investment earnings not realized thereon*, will have to be contributed at some later time, or, benefits will have to be reduced, to satisfy the fundamental fiscal equation under which all retirement programs must operate; that is:

$$\mathbf{B = C + I - E}$$

Benefit payments to any group of members and their beneficiaries cannot exceed the sum of:

Contributions received on behalf of the group

. . . plus . . .

Ivestment earnings on contributions received and not required for immediate payment of benefits

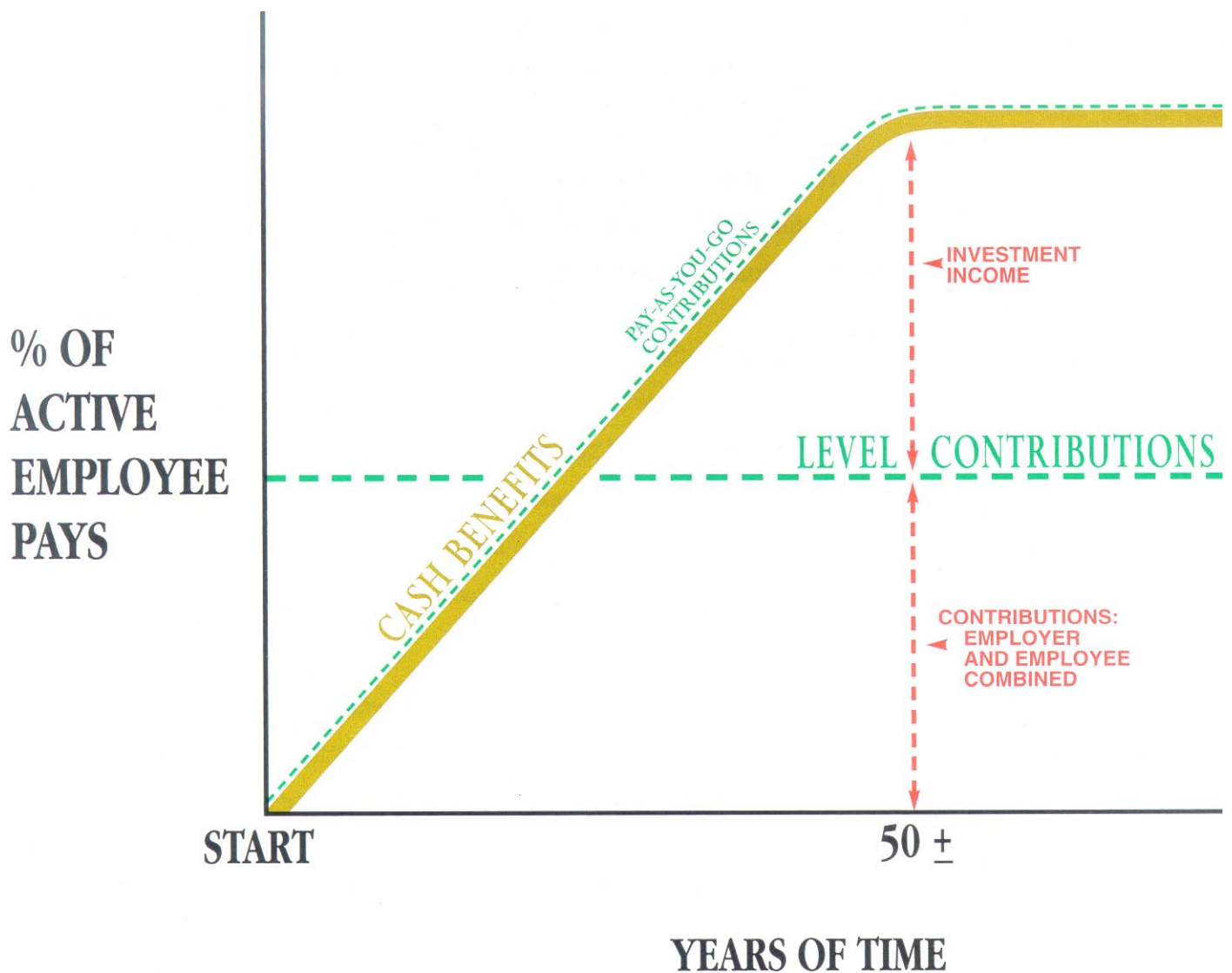
. . . minus . . .

Expenses incurred in operating the program.

There are retirement programs designed to defer the bulk of contributions far into the future. Lured by artificially low present contributions, the inevitable consequence is a relentlessly increasing contribution rate to a level greatly in excess of the level percent-of-payroll rate.

A by-product of the level percent-of-payroll contribution objective is the accumulation of invested assets for varying periods of time. Invested assets are a by-product of level percent-of-payroll contributions, not the objective. *Investment income becomes the major contributor* to the retirement program, and the amount is directly related to the amount of contributions and investment performance.

Computed Contribution Rate Needed To Finance Benefits. From a given schedule of benefits and from the data furnished him, the actuary calculates the contribution rate *by means of an actuarial valuation* - the technique of assigning monetary values to the risks assumed in operating a retirement program.



CASH BENEFITS LINE. This relentlessly increasing line is the fundamental reality of retirement plan financing. It happens each time a new benefit is added for future retirements (and happens regardless of the design for contributing for benefits).

LEVEL CONTRIBUTION LINE. Determining the level contribution line requires detailed assumptions concerning a variety of experiences in future decades, including:

Economic Risk Areas

- Rates of investment return
- Rates of pay increase
- Changes in active member group size

Non-Economic Risk Areas

- Ages at actual retirement
- Rates of mortality
- Rates of withdrawal of active members (turnover)
- Rates of disability

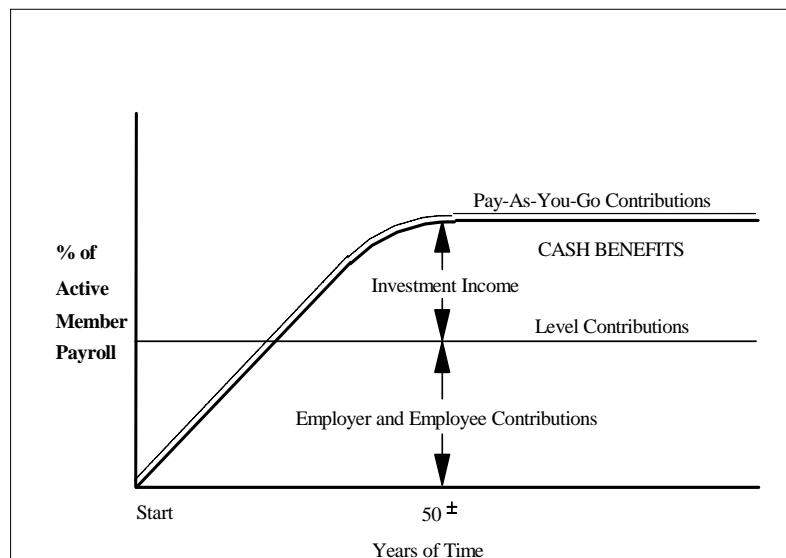
SELECTION OF ASSUMPTIONS USED IN ACTUARIAL VALUATIONS

Economic Assumptions

Investment return
Pay increases to individual employees:
the portion for economic changes
Active member group size and
total payroll growth

Demographic Assumptions

Actual ages at service retirement
Pay increases to individual members:
the portion for merit & seniority
Disability while actively employed
Separations before retirement
Mortality after retirement
Mortality before retirement



RELATIONSHIP BETWEEN PLAN GOVERNING BODY AND THE ACTUARY

The actuary should have the primary responsibility for choosing the *demographic* assumptions used in the actuarial valuation, making use of specialized training and experience.

The actuary and other professionals can provide guidance concerning the choice of suitable economic assumptions, but the basis of the economic assumptions is the assumed rate of *inflation*, a quantity which defies accurate prediction. Given an assumed rate of future inflation, it is very important that this rate be applied in a consistent manner in deriving the assumed rate of investment return, the economic portion of the assumption on pay increases to individual employees, and the assumed rate of growth of active member payroll. Consistent application of assumptions is an area in which the actuary has specialized training.

A sound procedure is that the actuary suggests reasonable alternatives for economic assumptions, followed by discussion involving the actuary, the Plan Governing Body, and other professionals, and the Plan Governing Body then makes a final choice from the various alternatives.

GLOSSARY

Actuarial Accrued Liability

The difference between (i) the actuarial present value of future plan benefits, and (ii) the actuarial present value of future normal cost. Sometimes referred to as “accrued liability” or “past service liability.”

Accrued Service

The service credited under the plan which was rendered before the date of the actuarial valuation.

Actuarial Assumptions

Estimates of future plan experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and salary increases. Decrement assumptions (rates of mortality, disability, turnover and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (salary increases and investment income) consist of an underlying rate in an inflation-free environment plus a provision for a long-term average rate of inflation.

Actuarial Cost Method

A mathematical budgeting procedure for allocating the dollar amount of the “actuarial present value of future plan benefits” between the actuarial present value of future normal cost and the actuarial accrued liability. Sometimes referred to as the “actuarial funding method.”

Actuarial Equivalent

A single amount or series of amounts of equal value to another single amount or series of amounts, computed on the basis of the rate(s) of interest and mortality tables used by the plan.

Actuarial Present Value

The amount of funds presently required to provide a payment or series of payments in the future. It is determined by discounting the future payments at a predetermined rate of interest, taking into account the probability of payment.

Amortization

Paying off an interest-bearing liability by means of periodic payments of interest and principal, as opposed to paying it off with a lump sum payment.

Experience Gain (Loss)

A measure of the difference between actual experience and that expected based upon a set of actuarial assumptions during the period between two actuarial valuation dates, in accordance with the actuarial cost method being used.

Normal Cost

The annual cost assigned, under the actuarial funding method, to current and subsequent plan years. Sometimes referred to as “current service cost.” Any payment toward the unfunded actuarial accrued liability is not part of the normal cost.

Plan Termination Liability

The actuarial present value of future plan benefits based on the assumption that there will be no further accruals for the future service and salary. The termination liability will generally be less than the liabilities computed on a “going-concern” basis and is not normally determined in a routine actuarial valuation.

Reserve Account

An account used to indicate that funds have been set aside for a specific purpose and that are not generally available for other uses.

Unfunded Actuarial Accrued Liability

The difference between the actuarial accrued liability and valuation assets. Sometimes referred to as “unfunded accrued liability.”

Valuation Assets

The value of current plan assets recognized for valuation purposes. Generally related to market value in a manner which spreads unexpected gains or losses over a period of future years.

April 25, 2006

Mr. John MacPherson
Interim Executive Director
Denver Public Schools
Retirement System
1301 Pennsylvania Street
Suite 700
Denver, Colorado 80203-5014

Dear Mr. MacPherson:

Enclosed are twenty copies of the Annual Actuarial Valuation as of December 31, 2005 of the Denver Public Schools Retirement System. Please let us know if you need additional copies.

Sincerely,

Kenneth G. Alberts

KGA:bd
Enclosures

cc: Judy Shimono
Norman L. Jones
Judith A. Kermans