



# COMPREHENSIVE ANNUAL FINANCIAL REPORT

## 2002



TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM



**T**his year we have illustrated our Comprehensive Annual Financial Report with a brief survey of the various forms of currency used during the history of Texas. The examples range from coins of the 1700s to the national currency issued by Texas banks through 1935. The story of currency in the Lone Star State is a colorful and reflective glimpse into the economic growth of not just our state, but also our nation.

The Republic of Texas never minted coins during the nine years of its existence. Precious metals were scarce on the frontier, so barter and coins of other nations kept the economy moving. The young country tried to survive on interest-bearing treasury warrants made out to a specific person and amount. These promissory notes were often circulated in exchange for goods and services. Without the support of a strong treasury, the currencies failed to maintain their value.

The designs of the bills ranged from the easily counterfeited Star Note to elaborate bills with drawings from engravers in England, New York or New Orleans. By far the most common illustration was that of Lady Liberty in various poses. Legend says that the higher the denomination of the bill, the more revealing the drawing.

When Texas joined the union, the United States was blanketed with state-chartered bank notes of various sizes, shapes and designs. In a holdover from the republic, the Texas state constitution prohibited banking establishments. Consequently, Texans used alternative mediums of exchange such as U.S. and foreign coins, money printed by merchants or lenders, old Republic of Texas currency, or out-of-state notes.

It was not until the Civil War that the federal government began printing paper money. In 1861, Congress issued the first national currency meant to replace coins. The National Banking Act of 1863 established uniform bank notes issued by local banks and backed by the federal government.

Today, we use a system of paper money initiated by the Federal Reserve Act in 1913, which has changed little over the years. In 1929, the bill size was reduced to its current dimensions; in 1955, the inscription "In God We Trust" was added; and in 1966, the Latin wording on the Treasury seal was replaced by an English translation. American currency went through its first major redesign in 67 years with the addition of a larger portrait placed off-center and a simplified border in 1996.

TCDRS would like to thank the following institutions and individuals for their cooperation in providing images and information used in this report:

- Brazoria County Historical Museum, Michael J. Bailey, Curator, 100 E. Cedar, Angleton, Texas 77515 (979) 864-1208 [www.bchm.org](http://www.bchm.org)
- Texas Heritage Magazine, the publication of the Texas Historical Foundation, P.O. Box 50314, Austin 78763, (512) 453-2154 [www.thfonline.org](http://www.thfonline.org)
- Heritage Numismatics 100 Highland Park Village, Dallas, Texas, 75205 800-872-6467 [www.heritagecoin.com](http://www.heritagecoin.com)
- Texas History Museum and John Rowe Jefferson, (903) 665-1101
- John M. Davis Jr. of Dallas.

Front cover image: Republic of Texas \$100 "Red Back" bill, 1839.

Inside front cover and title page image: Back of a Republic of Texas "Red Back" note.

(See the Financial Section, page 15, for more information on these bills.)



# COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2002



PREPARED BY TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM

901 Mopac South  
Barton Oaks IV, Suite 500  
Austin, Texas 78746

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**Gene Glass**  
Director,  
Finance & Administration

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Comptroller

**Alan Adams**  
Assistant Investment Officer

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Rob Bishop

## TABLE OF CONTENTS

### INTRODUCTORY SECTION

Certificate of Achievement for Excellence in Financial Reporting . . . . .	2
Letter of Transmittal . . . . .	3
Organization Chart . . . . .	6
Board of Trustees . . . . .	7
Staff and Advisors . . . . .	8
Staff . . . . .	9
Member Counties as of Jan. 1, 2003 . . . . .	12
Member Districts as of Jan. 1, 2003 . . . . .	13

### FINANCIAL SECTION

Independent Auditor's Report . . . . .	16
Management's Discussion and Analysis . . . . .	17

#### Basic Financial Statements

Statements of Plan Net Assets — Pension Trust Fund . . . . .	21
Statements of Changes in Plan Net Assets — Pension Trust Fund . . . . .	22
Statements of Plan Net Assets — Supplemental Death Benefits Fund . . . . .	23
Statements of Revenues, Expenses and Changes in Plan Net Assets — Supplemental Death Benefits Fund . . . . .	23
Statements of Cash Flow — Supplemental Death Benefits Fund . . . . .	24
Notes to the Financial Statements . . . . .	25

#### Required Supplementary Information

Notes to the Required Supplementary Information . . . . .	35
Funding Progress . . . . .	35
Employer Contributions . . . . .	35
Actuarial Methods and Assumptions . . . . .	36

#### Other Supplementary Information

Administrative Revenues and Expenses . . . . .	37
Investment Expenses . . . . .	38
Professional/Consultant Fees and Services . . . . .	39
Changes in Plan Net Assets by Fund and Interfund Transfers . . . . .	40
Changes in Endowment Fund . . . . .	42
Changes in Interest Fund . . . . .	43
Changes in Employees Saving Fund . . . . .	44
Changes in Subdivision Accumulation Fund . . . . .	58

### INVESTMENT SECTION

Investment Consultant's Report . . . . .	74
The TCDRS Act and Investment Policy . . . . .	75
Investment Philosophy and Strategy . . . . .	75
Asset Allocation and Funding . . . . .	75
Asset Class Investment Styles and Investment Managers . . . . .	75
Investment Results . . . . .	76
Lists of Largest Holdings . . . . .	80
Results of Securities-Lending Activities . . . . .	80
Fees and Commissions . . . . .	81
Asset Growth of the System . . . . .	82
Investment Summary . . . . .	82
Glossary of Investment Terms . . . . .	84

### ACTUARIAL SECTION

Actuary's Certification Letter . . . . .	86
Summary of Actuarial Assumptions and Methods . . . . .	87
Retiree and Beneficiary Data . . . . .	90
Solvency Test . . . . .	90
Contribution Rate Information . . . . .	91
Participating Employers and Depositing Members . . . . .	92
Analysis of Financial Experience . . . . .	92
Summary of Plan Provisions . . . . .	92
Summary Actuarial Valuation Results . . . . .	95
Actuarial Valuation Results by Employer . . . . .	96
Footnotes for Selected Participating Employers . . . . .	150
Glossary of Actuarial Terms . . . . .	151

### STATISTICAL SECTION

Revenues by Source . . . . .	154
Expenses by Type . . . . .	154
Benefit Expenses by Type . . . . .	155
Average Benefit Payments . . . . .	156
Number of Annuitants Grouped by Age . . . . .	156
Annuitants by Type of Benefit . . . . .	157
Retirement Payment Options . . . . .	157
Retirement Plans of Participating Employers as of Jan. 1, 2003 . . . . .	158
Retirement Plans of Employers With Reduced Participation as of Jan. 1, 2003 . . . . .	182

# INTRODUCTORY SECTION



During the three centuries of colonial rule in Mexico, currency consisted of gold, silver and copper coins. The first paper money appeared in Mexico in 1813, but it was never accepted by the public, which was used to handling coins, and very little of it made its way to Texas territory.



Spanish pieces of eight (eight reales) were widely circulated in Europe and the New World for three centuries. By the end of the 16th century, large silver coins of approximately 27 to 30 grams took over the role of gold coins. The letter "M" on the edge of the coin near the crown is the assayer's initial, indicating that this coin was minted in Guatemala between 1785 and 1821. The assayer was appointed by the king and was responsible for the quality of the coins produced by the mint.



These eight reales copper coins, known as "Morelos SUDs" were probably coined in Acapulco, Guerrero, Mexico. Being made of copper instead of silver, this coin did not possess the intrinsic value of the standard eight reales coins.



The coins constituted a payment promise, to be exchanged for its face value at a later date. Many variants of this coin were produced, but they all shared the the same design elements of the bow and arrow, the word "SUD," the date, the face value, and the monogram of General Morelos. Large numbers of these coins were found on the San Jacinto battlefield.



Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

Texas County and District  
Retirement System

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2001

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*William Patrick Pate*  
President

*Jeffrey L. Essler*  
Executive Director



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## LETTER OF TRANSMITTAL

June 13, 2003

### To: The Board of Trustees Texas County & District Retirement System

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the Texas County & District Retirement System (TCDRS or system) for the year ended Dec. 31, 2002 — the 35th full year of operations. TCDRS management is responsible for both the accuracy of the data and the completeness and fairness of the presentation within this report. We hope that this CAFR will help you and the members of the system better understand your public employee retirement system — a system that continues to maintain a strong and positive financial future.

The Texas County & District Retirement System is a statewide, agent multiple-employer, public employee retirement system created in 1967 by the State of Texas. TCDRS is administered by a nine-person board of trustees appointed by the Governor with the consent of the State Senate. The board appoints a director, who is charged with the responsibility for all day-to-day operations other than investment operations, and an investment officer, who is charged with the responsibility for investment operations. The board also appoints a legal counsel, a consulting actuary, an independent auditor, a medical board and investment consultants. Investment activity discussed in this transmittal letter is the responsibility of the investment officer; all other information in this transmittal letter is the director's responsibility.

TCDRS provides retirement, disability and death benefits for the full-time employees of the 535 member counties and districts (employers). A presentation of participating employers is provided in the Introductory Section of the report. TCDRS has experienced significant growth since its inception. In the 10-year period ended Dec. 31, 2002, the number of participating employers has increased from 468 to 535, and employee members have increased from 89,344 to 130,609— increases of 14% and 46%, respectively. The number of annuitants has increased over the same time period from 13,120 to 24,862, an increase of 89%.

This CAFR is presented in five sections.

- 1. Introductory Section:** Contains the Certificate of Achievement for Excellence in Financial Reporting, this letter of transmittal, organizational information and a listing of participating employers.
- 2. Financial Section:** Contains the report of the independent auditor (KPMG LLP), management's discussion and analysis, financial statements including notes, required supplementary information and other supplementary information.
- 3. Investment Section:** Contains a report on investment activity from Wilshire Associates, followed by a presentation of investment policies, investment results and various investment schedules.
- 4. Actuarial Section:** Contains a certification letter from the system's actuary (Milliman USA), the results of the annual actuarial valuation and related information.
- 5. Statistical Section:** Contains general statistical information pertaining to TCDRS participants and finances.

This CAFR was prepared to conform with the principles of governmental accounting and reporting set forth by the Governmental Accounting Standards Board (GASB). Transactions of the system are reported on the accrual basis of accounting. Sufficient internal accounting controls exist to provide reasonable assurance regarding the safekeeping of assets and fair presentation of the financial statements and supporting schedules. The TCDRS Act requires an annual audit of the system's accounts by a certified public accountant and the firm, KPMG LLP, was retained by the board for 2002 for this purpose.

### MAJOR INITIATIVES

- The development and adoption of board policies under John Carver's Policy Governance® model was completed.
- Organizational changes, including the creation of the Legal and Governmental Relations division, which will design and draft the system's legislative program and coordinate with TCDRS.

outside legal counsel, and the combination of Member Services and Plan Administration, were implemented.

- The board selected Wellington Management Co. to actively manage part of the real estate investment trust (REIT) portfolio.
- The system continues to upgrade its Web site, and now provides employers access to member account information as well as separate account access for members, retirees and former employees.
- There were several changes made to TCDRS internal processes. The changes include the outsourcing of the printing and mailing of the annual member account statements and IRS Form 1099-R, and incorporating Supplemental Death Benefit processing into Pension Plus (the system's internally developed software application).
- Changes in design were made to the annual member account statement form and Exhibit A — Present Plan and Sample Plans for employers.
- The system completed a human resource needs assessment project.

## FINANCIAL

The net increase for 2002 in plan net assets was \$291 million (3.4%) to \$8.9 billion. For a discussion of the system's finances please refer to the Financial Section, which contains the financial statements including notes, along with management's discussion and analysis of the financial information presented.

## INVESTMENTS

During 2002, the TCDRS portfolio earned a 1.6% return, exceeding the benchmark of -0.4% by a total of 2.0%. The primary reason for this relatively high return was excess returns from investment-grade bonds, high-yield bonds and REIT equity securities over their respective benchmarks. However, performance of both domestic and international equities was less than their benchmarks, which reduced the overall performance.

In 1996, the TCDRS Board of Trustees concluded that a diversified portfolio would offer the best opportunity to produce the desired investment return of 8%. Accordingly, the TCDRS portfolio now includes domestic and international equity securities, high-yield bonds and REITs, as well as investment-grade bonds.

The TCDRS Act provides the board authority to act on behalf of the system and its members. The TCDRS Act stipulates that the investment decisions of the board are subject to the "prudent person"

standard of care as outlined in Section 67, Article XVI of the Texas Constitution. To assure that the investment process is restricted by appropriate safeguards, the board has adopted and periodically reviews an investment policy that defines and restricts investment authority and emphasizes the importance of a long-term investment philosophy with minimization of risk.

## FUNDING

The funding objective for each participating employer is to meet all expected future obligations to its employees through its plan's assets and future contributions. TCDRS continues to experience a positive cash flow due primarily to the fact that benefit plans are required to be advance funded. At present, there is an excess of contributions over benefit payments and administrative expenses. This excess, along with the earnings on investments, continues to result in a growing investment portfolio.

For 2002, the increase in net assets held in trust for pension benefits was \$291 million, which includes a gain of \$253 million not distributable under the TCDRS Act. Cumulative nonallocable income or loss amounts are held in a nondistributable income account, which at Dec. 31, 2002, totaled \$715 million. This amount represents net appreciation from the changes in fair value in excess of net discount income and premium expense and realized gains and losses from the passively managed, investment-grade bond portfolio. The TCDRS Act does not permit allocation of income or loss of this type in order to reduce the impact of short-term volatility in market conditions.

The net assets held in trust for pension benefits at year end 2002 and 2001 are \$8.9 billion and \$8.6 billion, respectively, an increase of 3.4% in 2002 over the 2001 amount. As the system matures, the annual rate of net increase in assets held in trust for pension benefits is expected to gradually trend downward. However, investment results and changes in employers' benefit plans also impact the annual cash flows. No significant shift from current trends in revenues, benefit payments or administrative expenses, as shown in the Statistical Section, is expected.

A total of \$223 million in reserves is available for general contingencies and expenses. The board approves annual budgets for investment and administrative expenditures, and authorizes their funding from investment earnings.

In the aggregate at year end 2002, the actuarial value of assets and actuarial liabilities totaled \$8.78 billion



and \$9.90 billion, respectively, resulting in a funded ratio of 88.7%. The annual actuarial valuation of each plan reviews the progress made in achieving funding objectives and results in adjustments, if necessary, so that the employer contribution rates are adequate to meet those objectives. Historical information relating to funding progress for all employers as a group is presented in the Financial Section of the report. Additional information about the financial condition of each of the TCDRS plans is provided in the Actuarial Section of this report.

### PROFESSIONAL SERVICES

Professional consultants are appointed by the board to perform services essential to the efficient operation of TCDRS. An audit opinion from the independent auditor, the actuary's certification letter, and a report by the investment consultant are included in this CAFR. The professional consultants appointed by the board and used by the system are reported in the Staff and Advisors listing in the Introductory Section and in the schedule of Professional/Consultant Fees and Services in the Financial Section.

Investment professionals other than money managers providing services to the system can be found in the Staff and Advisors listing in the Introductory Section and the Professional/Consultant Fees and Services schedule in the Financial Section. Money manager fees are reported on the Investment Expenses Schedule in the Financial Section and in the Fees and Commissions note in the Investments Section.

Sincerely,



John G. Willy  
Chair



Ray Henry  
Director



Paul J. Williams  
Investment Officer

### CERTIFICATE OF ACHIEVEMENT

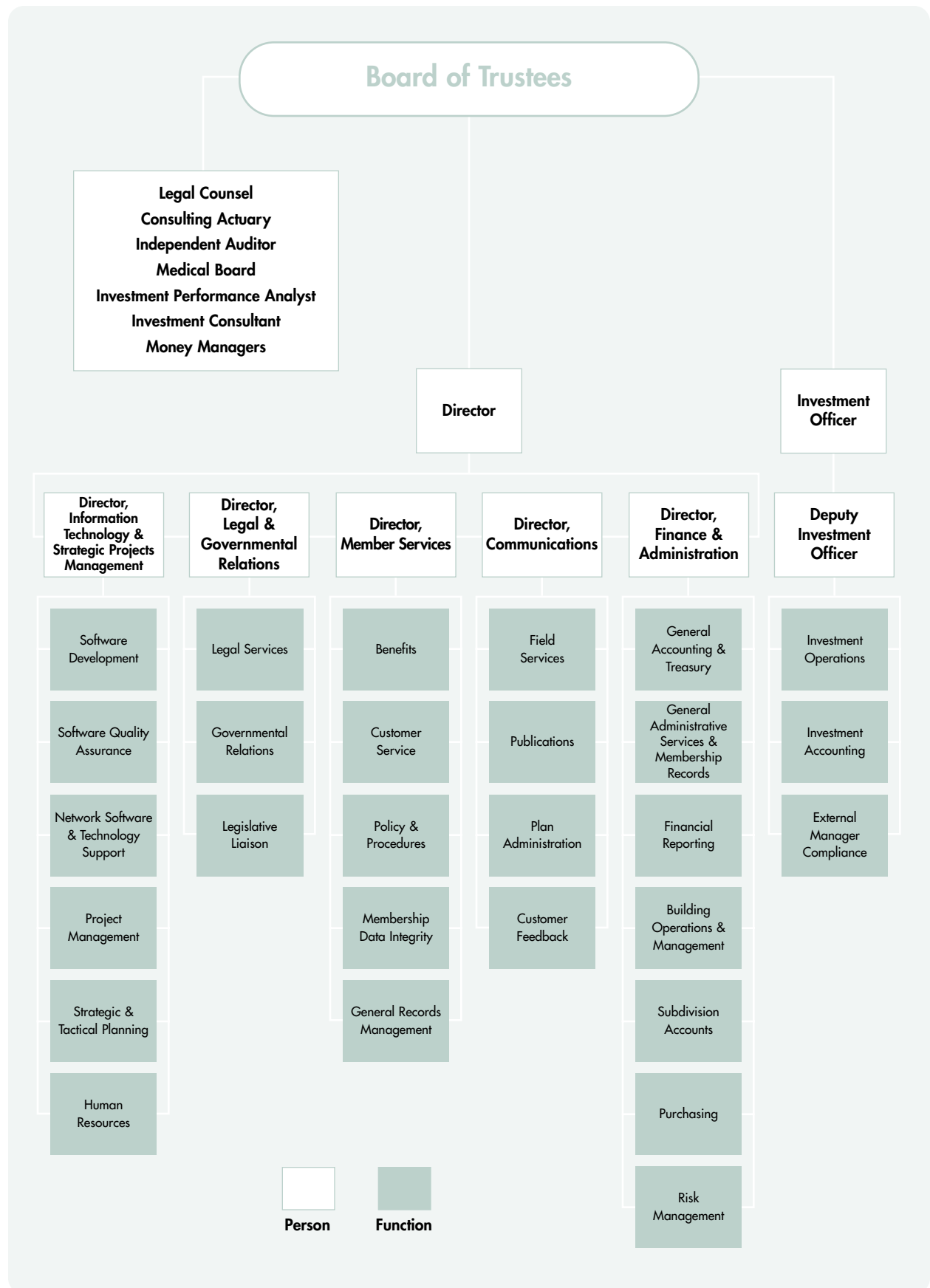
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Texas County & District Retirement System for its comprehensive annual financial report for the fiscal year ended Dec. 31, 2001. This was the 10th consecutive year that the system achieved this prestigious award. In order to be awarded a Certificate of Achievement, an entity must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

### ACKNOWLEDGMENTS

This report reflects the combined effort of the TCDRS staff under the leadership of the TCDRS Board of Trustees. We would like to express our gratitude to the staff, advisors and members of the board who have contributed to the preparation of this report and to the continued successful operation of the Texas County & District Retirement System.

ORGANIZATION CHART







STANDING (LEFT TO RIGHT) Mitch Liles, Steve Radack, John G. Willy, Victor Carrillo, Amador E. Reyna  
 SEATED (LEFT TO RIGHT) Martha Gustavsen, John Marshall, Kathy Reeves, Charlotte A. Carey

**CHAIR**

**John G. Willy**  
 COUNTY JUDGE  
 BRAZORIA COUNTY

**VICE-CHAIR**

**Kathy Reeves**  
 TAX ASSESSOR-COLLECTOR  
 MIDLAND COUNTY

**Charlotte A. Carey**  
 COUNTY AUDITOR  
 PECOS COUNTY

**Victor Carrillo**  
 COUNTY JUDGE  
 TAYLOR COUNTY

**Martha Gustavsen**  
 COUNTY TREASURER  
 MONTGOMERY COUNTY

**Mitch Liles**  
 DIRECTOR OF ADULT PROBATION  
 DENTON COUNTY

**John Marshall**  
 CHIEF APPRAISER  
 TARRANT APPRAISAL DISTRICT

**Steve Radack**  
 COUNTY COMMISSIONER  
 HARRIS COUNTY

**Amador E. Reyna**  
 CHIEF APPRAISER  
 HARDIN COUNTY APPRAISAL DISTRICT



STANDING (LEFT TO RIGHT) David Forfia, Paul J. Williams, Tom Harrison, Ray Henry, Gene Glass  
SEATED (LEFT TO RIGHT) Jennifer Hymel, Dianna Amescua, Amy Fagelman

#### ADMINISTRATIVE STAFF

**Director**

Ray Henry

**Director, Information Technology  
& Strategic Projects Management**

David Forfia

**Director, Member Services**

Jennifer Hymel

**Director, Finance & Administration**

Gene Glass

**Director, Legal & Governmental Relations**

Tom Harrison

**Director, Communications**

Amy Fagelman

#### INVESTMENT STAFF

**Investment Officer**

Paul J. Williams

**Deputy Investment Officer**

Dianna Amescua

#### PROFESSIONAL ADVISORS

**Legal Counsel**

Vinson & Elkins, L.L.P.

**Consulting Actuary**

Milliman USA, Inc.

**Investment Performance Analyst**

Holbein Associates, Inc.

**Investment Consultant**

Wilshire Associates, Inc.

**Independent Auditor**

KPMG LLP

**Medical Board**

R. A. Dennison, M.D., Chairman

Ace Alsup, M.D.

John P. Vineyard Jr., M.D.





**INVESTMENTS**

(BACK ROW) Bob Will,  
Paul Williams, Alan Adams

(FRONT ROW) Jeneva Perrone,  
Dianna Amescua, Sandra Bragg

**HUMAN RESOURCES,  
EXECUTIVE ASSISTANTS,  
LEGAL SERVICES,  
MANAGEMENT ANALYSIS,  
AND ACTUARY**

(L TO R) Tom Krueger, Julie Dwiggins,  
Melanie Tuck, Lisa Orr,  
Kimberly Cook, David Redd

(NOT PICTURED) Chris Bucknall,  
Angela Vogel



**CUSTOMER SERVICE**

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Bill Wendlandt, Hal Caldcleugh

(MIDDLE ROW) Lilly Williams,  
Nancy Stallcup, Laura Leija

(FRONT ROW) Vangie Phillips, Glenna  
Bullock

STAFF



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AND PUBLICATIONS**

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Chuck Waters

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Leah Nelson, Kim Beverly

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Rob Bishop, Roxanne Bitz,  
Jose de Leon

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Richardson

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(NOT PICTURED) Gina Pax, Kathy DeRamus, Gloria Zavala







### ACCOUNTING, SUBDIVISION ACCOUNTS AND ADMINISTRATIVE SERVICES

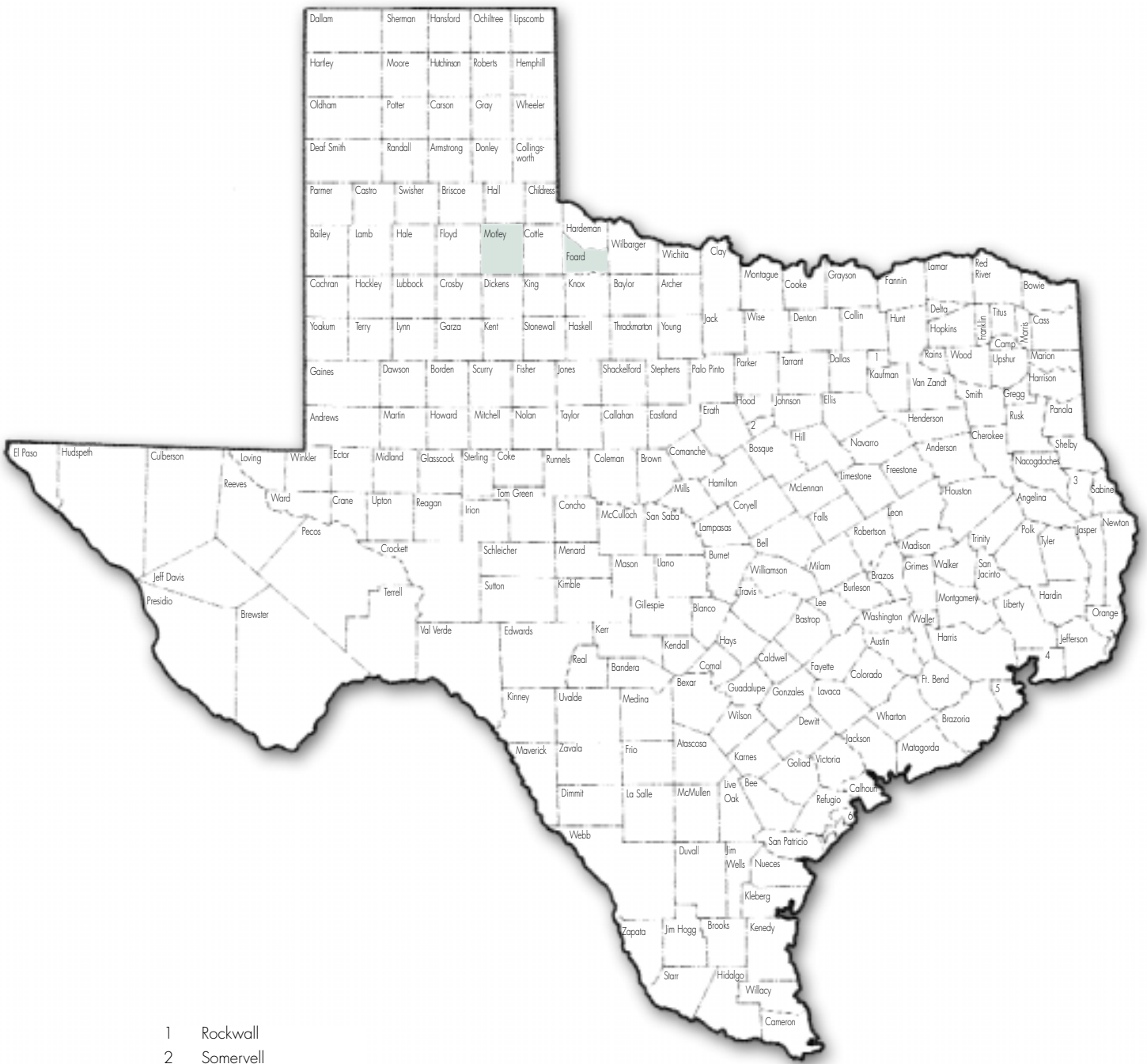
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 (3RD ROW) Janine Cade, Jennifer Brown, Kosima Pryzgoda, David Luttrell  
 (BOTTOM ROW) Sonia Amaro, Kerry Hilliard, Suheill Vargas, Aurora Beranek  
 (NOT PICTURED) Fay Wright, Linda Niemann, Melissa Watt

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(BACK ROW) Fred Peterson, Sherry Bethke, Rick Braun, Mark Moseley, Nicole Bossard, Jeff Hemphill  
 (2ND ROW) Wanda Gilliard, Sivaram Manda, Brad Bowers  
 (BOTTOM ROW) Mitzi Pirkey, Jocelyn Brown, Sharon Payne, Staci Kilpatrick (NOT PICTURED) Dan Perkins



MEMBER COUNTIES As of Jan. 1, 2003



- 1 Rockwall
- 2 Somervell
- 3 San Augustine
- 4 Chambers
- 5 Galveston
- 6 Aransas

■ Non-member counties



**A**

Acton Municipal Utility District  
 Alamo Area Council of Governments  
 Anderson County Central Appraisal District  
 Angelina County Appraisal District  
 Angelina/Nacogdoches Counties Water Control and Improvement District #1  
 Angleton Drainage District  
 Aquilla Water Supply District  
 Aransas County Appraisal District  
 Aransas County Navigation District #1  
 Archer County Appraisal District  
 Atascosa County Appraisal District  
 Austin County Appraisal District

**B**

Bacliff Municipal Utility District  
 Bandera County Water Control and Improvement District #1  
 Baylor County Appraisal District  
 Bayview Irrigation District #11  
 Bayview Municipal Utility District  
 Bell County Appraisal District  
 Bell County Water Control and Improvement District #1  
 Bexar Appraisal District  
 Bexar County Water Control and Improvement District #10  
 Bistone Municipal Water Supply District — Limestone County  
 Borden County Appraisal District  
 Bosque County Central Appraisal District  
 Brazoria County Appraisal District  
 Brazoria County Conservation and Reclamation District #3  
 Brazoria County Drainage District #4  
 Brazoria County Drainage District #5  
 Brazos County Appraisal District  
 Brazos County Emergency Communications District  
 Brewster County Appraisal District  
 Brookshire-Katy Drainage District  
 Brookshire Municipal Water District  
 Brushy Creek Municipal Utility District  
 Burnet County Appraisal District

**C**

Callahan County Appraisal District  
 Cameron County Appraisal District  
 Cameron County Drainage District #1  
 Cameron County Drainage District #3  
 Cameron County Drainage District #5  
 Cameron County Irrigation District #2  
 Cameron County Irrigation District #6  
 Camp Central Appraisal District  
 Cass County Appraisal District  
 Central Appraisal District of Johnson County  
 Central Appraisal District of Taylor County  
 Central Water Control and Improvement District  
 Chambers County Appraisal District  
 Chambers County Public Hospital District  
 Childress County Appraisal District  
 Childress County Hospital District

Cisco Hospital District  
 Clay County Central Tax Authority  
 Cochran County Appraisal District  
 Collin County Central Appraisal District  
 Comal Appraisal District  
 Concho County Hospital District  
 Cooke County Appraisal District  
 Crockett County Water Control and Improvement District #1  
 Crosby County Appraisal District  
 Crosby Municipal Utility District  
 Culberson County Hospital  
 Culberson Hospital District

**D**

Dallas Central Appraisal District  
 Dallas County Park Cities Municipal Utility District  
 Dallas County Water Control and Improvement District #6  
 Dawson County Central Appraisal District  
 Deaf Smith County Hospital District  
 Denco Area 9-1-1 District  
 Denton Central Appraisal District  
 DeWitt County Appraisal District

**E**

Eastland County Appraisal District  
 Ector County Hospital District  
 Edwards Aquifer Authority — Bexar County  
 Edwards Central Appraisal District  
 El Paso County 9-1-1 District  
 El Paso County Hospital District  
 El Paso County Water Authority  
 El Paso Water Control and Improvement District Westway  
 Emergency Communication District of Ector County

**F**

Falls County Appraisal District  
 Fannin County Appraisal District  
 Fisher County Hospital District  
 Fort Bend Central Appraisal District  
 Freestone County Appraisal District  
 Frio County Appraisal District

**G**

Galveston Central Appraisal District  
 Galveston County Consolidated Drainage District  
 Galveston County Drainage District #1  
 Galveston County Drainage District #2  
 Galveston County Emergency Communication District  
 Galveston County Water Control and Improvement District #1  
 Garza Central Appraisal District  
 Gonzales County Appraisal District  
 Gray County Appraisal District  
 Grayson County Appraisal District  
 Greater Harris County 9-1-1 Emergency Network  
 Greenbelt Municipal & Industrial Water Authority  
 Grimes County Appraisal District

Guadalupe County Appraisal District  
 Gulf Coast Water Authority

**H**

Hansford County Hospital District  
 Hardin County Appraisal District  
 Harlingen Irrigation District Cameron County #1  
 Harris County Appraisal District  
 Harris County Water Control and Improvement District #1  
 Harris County Water Control and Improvement District #50  
 Hartley County Appraisal District  
 Haskell Memorial Hospital District  
 Hemphill County Appraisal District  
 Hemphill County Hospital District  
 Hidalgo and Cameron Counties Irrigation District #9  
 Hidalgo County Appraisal District  
 Hidalgo County Drainage District #1  
 Hidalgo County Irrigation District #2  
 Hidalgo County Irrigation District #6  
 High Plains Underground Water Conservation District #1  
 Homestead Municipal Utility District  
 Hopkins County Appraisal District  
 Houston County Appraisal District

**J**

Jack County Appraisal District  
 Jackson County County-Wide Drainage District  
 Jasper County Water Control and Improvement District #1  
 Jefferson County Drainage District #3  
 Jefferson County Drainage District #6  
 Jefferson County Drainage District #7  
 Jefferson County Water Control and Improvement District #10  
 Jim Hogg County Appraisal District  
 Jim Hogg County Fire District #2  
 Jim Hogg County Water Control and Improvement District #2  
 Johnson County Fresh Water Supply District #1  
 Jones County Appraisal District

**K**

Karnes County Appraisal District  
 Karnes County Hospital District  
 Kaufman County Appraisal District  
 Kendall Appraisal District  
 Kendall County Water Control and Improvement District #1  
 Kent County Tax Appraisal District  
 Kerr Emergency 9-1-1 Network  
 Kinney County Appraisal District  
 Knox County Appraisal District

**L**

Laguna Madre Water District  
 Lakeway Municipal Utility District  
 Lampasas County Appraisal District  
 Lavaca-Navidad River Authority  
 Leon County Central Appraisal District  
 Liberty County Central Appraisal District

Limestone County Appraisal District  
 Live Oak County Appraisal District  
 Livingston Hospital District  
 Llano County Hospital Authority  
 Llano Memorial Hospital  
 Loving County Appraisal District  
 Lubbock Central Appraisal District  
 Lubbock County Water Control and  
 Improvement District #1  
 Lubbock Emergency Communication  
 District  
 Lubbock Reese Redevelopment Authority  
 Lumberton Municipal Utility District  
 Lynn County Appraisal District  
 Lynn County Hospital District

**M**

Macedonia-Eylau Municipal Utility  
 District  
 Mackenzie Municipal Water Authority  
 Madison County Appraisal District  
 Marion County Appraisal District  
 Marshall-Harrison County Health  
 District  
 Martin County Appraisal District  
 Matagorda County Drainage District  
 Matagorda County Hospital District  
 Matagorda County Navigation District #1  
 Maverick County Water Control and  
 Improvement District #1  
 McCamey County Hospital District  
 McCulloch County Appraisal District  
 McLennan County Appraisal District  
 McLennan County Water Control and  
 Improvement District #2  
 Medical Arts Hospital  
 Medina County Appraisal District  
 Memorial Medical Center  
 Middle Rio Grande Development  
 Council  
 Midland Central Appraisal District  
 Midland Emergency Communication  
 District  
 Mills County Appraisal District  
 Mitchell County Appraisal District  
 Montague County Tax Appraisal District  
 Montgomery Central Appraisal District  
 Montgomery County Emergency  
 Communication District  
 Montgomery County Emergency Service  
 District #1  
 Montgomery County Emergency Service  
 District #3  
 Moore County Hospital District

**N**

Navarro Central Appraisal District  
 Newton Central Appraisal District  
 Newton County Memorial Hospital  
 North Central Texas Municipal Water  
 Authority  
 North Plains Hospital District  
 North Texas Tollway Authority  
 Northeast Texas Municipal Water District  
 Nueces County Appraisal District  
 Nueces County Drainage District #2  
 Nueces County Water Control and

Improvement District #3  
 Nueces County Water Control and  
 Improvement District #4  
 Nueces River Authority

**O**

Oldham County Appraisal District  
 Orange County Appraisal District  
 Orange County Drainage District  
 Orange County Emergency Services  
 District #1  
 Orange County Navigation and Port  
 District  
 Orange County Water Control and  
 Improvement District #1

**P**

Pecos County Appraisal District  
 Permian Regional Medical Center  
 Polk Central Appraisal District  
 Port of Bay City Authority  
 Port of Beaumont Navigation District  
 Port of Corpus Christi Authority  
 Port of Port Arthur Navigation District  
 Potter County Appraisal District  
 Potter-Randall County Emergency  
 Communication District  
 Presidio Appraisal District

**R**

Rains County Appraisal District  
 Randall County Appraisal District  
 Rankin County Hospital District  
 Reagan Hospital District  
 Red Bluff Water Power Control District  
 Red River Authority  
 Reeves County Hospital District  
 Refugio County Drainage District #1  
 Roberts County Appraisal District  
 Rockwall Central Appraisal District  
 Rusk County Appraisal District

**S**

Sabine Pass Port Authority  
 San Jacinto County Central Appraisal  
 District  
 San Patricio County Appraisal District  
 San Patricio County Drainage District  
 San Patricio Municipal Water District  
 Shackelford County Appraisal District  
 Shelby County Appraisal District  
 Shelby County General Hospital  
 Sherman County Appraisal District  
 Smith County 9-1-1 Communications  
 District  
 Smith County Appraisal District  
 Smith County Public Health District  
 Somervell County Central Appraisal  
 District  
 Somervell County Water District  
 South Texas Development Council  
 Starr County Appraisal District  
 Stonewall Memorial Hospital District  
 Stratford Hospital District  
 Sutton County Hospital District  
 Swisher County Appraisal District  
 Swisher Memorial Hospital District

**T**

Tarrant Appraisal District  
 Tarrant County 9-1-1 Emergency  
 Assistance District  
 Tax Appraisal District of Cottle County  
 Terry Memorial Hospital District  
 Texas Association of Counties  
 Texas County & District Retirement  
 System  
 Texas Eastern 9-1-1 Network  
 Titus County Fresh Water Supply  
 District  
 Travis Central Appraisal District  
 Travis County Water Control and  
 Improvement District — Point Venture  
 Travis County Water Control and  
 Improvement District #18  
 Tri-County Special Utility District  
 Trinity Bay Conservation District  
 Tyler County Appraisal District

**U**

United Irrigation District  
 Upton County Appraisal District

**V**

Valley Municipal Utility District #2  
 Valwood Improvement Authority  
 Van Zandt County Appraisal District  
 Velasco Drainage District  
 Victoria County Drainage District #3  
 Victoria County Water Control &  
 Improvement District # 1

**W**

Ward County Central Appraisal District  
 Ward Memorial Hospital  
 Webb County Appraisal District  
 West Central Texas Council of  
 Governments  
 West Central Texas Municipal Water  
 District  
 West Jefferson County Municipal Water  
 District  
 West Nueces-Las Moras Soil and Water  
 Conservation District #236  
 Wharton County Water Control and  
 Improvement District #1  
 Wheeler County Appraisal District  
 White River Municipal Water District  
 Wichita County Water Improvement  
 District #2  
 Wichita-Wilbarger 9-1-1 District  
 Wickson Creek Special Utility District  
 Wilbarger County Hospital District  
 Willacy County Appraisal District  
 Willacy County Housing Authority  
 Williamson County Appraisal District  
 Wilson County Appraisal District  
 Winkler County Appraisal District  
 Wise County Appraisal District  
 Wood County Appraisal District

**Z**

Zapata County Appraisal District  
 Zavala County Appraisal District



# FINANCIAL SECTION



The Constitution of the Republic of Texas gave Congress the power to coin money, but none was ever minted. Three issuances of paper money were promissory notes on future tax collections and lost value almost as fast as they were printed. None of the bills were widely circulated among Texas citizens, who preferred foreign coins or barter.



Issued between 1839 and 1841, the Red Back Note (above) was so called because of its orange-red reverse side. Printed in six denominations between \$5 and \$500, the bills were payable to the bearer without interest. The only portraits of Texas heroes to appear on the bills were of Erastus "Deaf" Smith on the \$5 bill (above) and Stephen F. Austin on the \$50 bill.



In June 1837, Congress authorized the printing of \$500,000 of notes that started the republic on the paper money trail. Called Star Notes (upper left), the notes bore 10-percent interest and were payable 12 months from the date of issue. The interest-bearing feature gave them an investment character that helped maintain their value better than other paper issued by the republic.

Consolidated Fund Notes (bottom left) were used to pool outstanding debts into long-term transferable notes. First issued in September 1837 in five denominations between \$100 and \$10,000, the notes were to come due on or after September 1842. With little government cash to back up the notes, they quickly lost public support.

Images courtesy of Heritage Numismatics, Dallas.



### Independent Auditors' Report

The Board of Trustees  
Texas County and District Retirement System:

We have audited the accompanying financial statements of the Texas County and District Retirement System's ("System") Pension Trust and Supplemental Death Benefits Funds as of and for the years ended December 31, 2002 and 2001, which collectively comprise the System's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the System's management. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the System's Pension Trust and Supplemental Death Benefits Funds as of December 31, 2002 and 2001, and the respective changes in financial position and cash flows, where applicable, thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note B, the System has implemented a new financial reporting model, as required by Governmental Accounting Standards Board ("GASB") Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*, and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, effective January 1, 2001.

The Management's Discussion and Analysis on pages 17 through 20 and the Schedules of Funding Progress and Employer Contributions on pages 35 – 36 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the System's basic financial statements. The Other Supplementary Information included on pages 37 – 72 and the Investment, Actuarial and Statistical Sections on pages 74 – 183 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Other Supplementary Information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The schedules and information contained in the Investment Section, Actuarial Section and Statistical Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on them.

**KPMG LLP**

April 4, 2003



## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Introduction

The discussion and analysis presented here is intended to provide an introduction, overview and analysis of the financial reports of TCDRS for the years ending Dec. 31, 2002 and 2001. The reader is encouraged to consider the information presented in conjunction with information provided in the rest of the Financial Section, as well as information presented in the letter of transmittal in the Introductory Section. The Financial Section includes the financial statements and the notes to the financial statements (basic financial statements), required supplementary information, and other supplementary information.

### Overview of the Financial Statements

The Texas County & District Retirement System (TCDRS or system) is a statewide, agent multiple-employer, public-employee retirement system consisting of 535 nontraditional defined-benefit pension plans at year end 2002. Each participating employer chooses the rate of employee deposits and the level of employee benefits it desires from options available under the TCDRS Act. Each employer is solely responsible for funding the benefits it selects — this aspect makes TCDRS somewhat unique in its operations.

The assets of the individual plans are accounted for separately, but are combined for investment purposes. Each plan's assets may be used only for the payment of benefits to the members of that plan. Adequacy of funding is determined by an annual actuarial valuation for each participating employer plan. The TCDRS Act requires that each employer maintain an adequate level of actuarial funding to meet its obligations and has in place corrective actions for plans that become inadequately funded.

Because each plan is responsible for its own funding it is important that the reader of these financial statements understand that — while the system overall will have an aggregate amount of investments and other assets and on average a certain percentage of actuarial funding — this data is not representative of the funding status of the individual plans. To understand the financial health of an individual plan the reader should review the market value of assets for individual employers (see the schedule of Changes in Subdivision Accumulation Fund, starting on page 58), along with the actuarial value of assets, actuarial liabilities and funding status of the individual plans as a separate unit. Individual plan actuarial valuation results may be

found in the Actuarial Section of this report. Viewed collectively, this information is an indication of the employer's funding position relative to current and future benefit payment obligations to its members and retirees.

TCDRS reports investments at fair value as required by the Governmental Accounting Standards Board Statement No. 25 (GASB 25). Fair value reporting requires that changes in the fair value of investments be included as income or loss in net investment income. The TCDRS Act does not allow — as it relates to passively managed, investment-grade bonds — the allocation of any income or loss resulting from changes in fair value in excess of realized gains and losses and net discount income and premium expense. This nonallocable income or loss is held in a nondistributable income account and although it is included in the net assets held in trust for pension benefits amount for financial reporting, it is not available for allocation to employer, member, reserve or other accounts of the system.

The basic financial statements contained in the Financial Section of this CAFR, as well as other information considered necessary to a complete understanding of the financial statements, are described below.

- **Statements of Plan Net Assets — Pension Trust Fund** report the pension trust fund assets, liabilities and the resulting net assets for which assets minus liabilities equal the net assets available at the end of a fiscal year. They can be viewed as snapshots of the financial position of the pension trust fund, in the aggregate, at specific points in time.
- **Statements of Changes in Plan Net Assets — Pension Trust Fund** report the pension fund transactions that occurred during a year for which additions less deductions equal the net increase in plan net assets. They can be thought of as videos of the action that occurred over the fiscal years and are the basis for the change to the prior years' net assets value on the statements.
- **Statements of Plan Net Assets — Supplemental Death Benefits Fund (SDBF)** provide snapshots of the financial position of the SDBF in which assets equal liabilities plus plan net assets.
- **Statements of Revenues, Expenses and Changes in Plan Net Assets — SDBF** report the activity that occurred during the fiscal years for which revenues less expenses equal net income (loss), and incorporate those differences to change plan net assets from the beginning of the year to the end of the year.

**SUMMARY INFORMATION ABOUT PLAN NET ASSETS**

**Pension Trust Fund**

(\$ Millions)

	Dec. 31, 2002	Dec. 31, 2001	Dec. 31, 2000	2002-2001		2001-2000	
				Dollar Change	% Change	Dollar Change	% Change
<b>Assets</b>							
Investments, at Fair Value	\$ 8,766	\$ 8,468	\$ 8,068	\$ 298	3.5%	\$ 400	5.0%
Invested Securities-Lending Collateral	2,828	2,607	2,600	221	8.5	7	0.3
Receivables, Cash and Short-Term Investments, Other	141	169	153	(28)	(16.6)	16	10.5
Property and Equipment (Net of Accum. Deprec.)	11	11	12	0	0.0	(1)	(8.3)
<b>Total Assets</b>	<b>11,746</b>	<b>11,255</b>	<b>10,833</b>	<b>491</b>	<b>4.4</b>	<b>422</b>	<b>3.9</b>
<b>Liabilities</b>							
Securities-Lending Collateral	2,825	2,608	2,598	217	8.3	10	0.4
Other Liabilities	19	36	27	(17)	(47.2)	10	37.0
<b>Total Liabilities</b>	<b>2,844</b>	<b>2,644</b>	<b>2,625</b>	<b>200</b>	<b>7.6</b>	<b>20</b>	<b>0.8</b>
<b>Net Assets Held in Trust for Pension Benefits</b>	<b>\$ 8,902</b>	<b>\$ 8,611</b>	<b>\$ 8,208</b>	<b>\$ 291</b>	<b>3.4%</b>	<b>\$ 402</b>	<b>4.9%</b>

Due to rounding, totals and detail may not equal. Percentages shown are based on rounded amounts and may differ slightly from actual.

- **Statements of Cash Flow** — SDBF report the transactions for the fiscal years of the SDBF on a cash basis. The focus of these statements is on the change in cash with accrued income and expense items removed.

**Notes to the Financial Statements** are an integral part of the financial statements and include additional information not readily evident in the statements themselves. The notes are considered essential to a full understanding of the information provided in the financial statements and, together with the statements, comprise the basic financial statements of TCDRS.

**Required Supplementary Information**, located following the Notes to the Financial Statements, provides added historical and detailed information to assist the reader in evaluating the condition of the plans administered by TCDRS.

Also included is Other Supplementary Information, which provides specific detailed information to support summary data that is presented in the basic financial statements, including transactions by employer for the Employees Saving Fund and Subdivision Accumulation Fund.

**Financial Analysis: Pension Trust Fund**

TCDRS net assets held in trust for pension benefits grew by 3.4% during 2002 and 4.9% in 2001. The net increase in plan net assets in 2002 was \$291 million and in 2001 the net increase was \$402 million. Total additions for 2002 were \$628 million, a

decrease of 12.7% from 2001, while total additions for 2001 were \$719 million, a decrease of 37.0% from 2000. Included in total additions for 2002 were employee deposits of \$224 million and employer contributions of \$291 million, increases of 7.2% and 7.4%, respectively. Employee deposits and employer contributions for 2001 were \$209 million and \$271 million, respectively, increases of 6.8% and 5.9%.

Total deductions (benefit allowances, withdrawals and administrative expenses) for 2002 were \$337 million, a 6.3% increase over the previous year. Total deductions for 2001 were \$317 million, an 8.6% increase over 2000. Higher total deductions for both years were primarily due to increases in benefit allowances, which rose 10.9% and 12.8% for 2002 and 2001, respectively.

Net investment income for 2002 was \$111 million, down 53.4% from the 2001 amount, while net investment income for 2001 was \$238 million, down 65.4% from the 2000 amount. Investment return for 2002 was a positive 1.6% and for 2001 a positive 2.97%. For 2002 and 2001 investment return was below the overall 8% investment return that is required to meet all actuarial assumptions incorporated in employer contribution rates.

**Other Currently Known Information**

As required by statute, employee accounts and reserve accounts for payment of retirement annuities received a 7% income allocation for 2002. The

**SUMMARY INFORMATION ABOUT CHANGES IN PLAN NET ASSETS****Pension Trust Fund**

(\$ Millions)

	Dec. 31, 2002	Dec. 31, 2001	Dec. 31, 2000	2002-2001		2001-2000	
				Dollar Change	% Change	Dollar Change	% Change
<b>Additions</b>							
Employee Deposits	\$ 224	\$ 209	\$ 195	\$ 15	7.2%	\$ 13	6.8%
Employer Contributions	291	271	256	20	7.4	15	5.9
Net Investment Income	111	238	688	(127)	(53.4)	(450)	(65.4)
Other Income	2	2	2	0	0.0	0	0.0
<b>Total Additions</b>	<b>628</b>	<b>719</b>	<b>1,141</b>	<b>(91)</b>	<b>(12.7)</b>	<b>(422)</b>	<b>(37.0)</b>
<b>Deductions</b>							
Benefit Allowances	274	247	219	27	10.9	28	12.8
Withdrawals	55	62	65	(7)	(11.3)	(3)	(4.6)
Administrative Expenses	7	7	6	0	0.0	1	16.7
Other Expenses	1	1	2	0	(0.0)	(1)	(50.0)
<b>Total Deductions</b>	<b>337</b>	<b>317</b>	<b>292</b>	<b>20</b>	<b>6.3</b>	<b>25</b>	<b>8.6</b>
<b>Net Increase in Plan Net Assets</b>	<b>291</b>	<b>402</b>	<b>849</b>	<b>(111)</b>	<b>(27.6)</b>	<b>(447)</b>	<b>(52.7)</b>
<b>Net Assets Held in Trust for Pension Benefits</b>	<b>\$ 8,902</b>	<b>\$ 8,611</b>	<b>\$ 8,208</b>	<b>\$ 291</b>	<b>3.4%</b>	<b>\$ 402</b>	<b>4.9%</b>

Due to rounding, totals and detail may not equal. Percentages shown are based on rounded amounts and may differ slightly from actual.

statutory income allocation was more than the system's 2002 investment earnings. Accordingly, the employers' accounts were allocated the resulting shortfall with a negative 11% distribution based on the beginning of the year balance of each employer's account. The ultimate impact of allocations to employers that vary from the actuarially assumed rate of 9% is on future contribution rates employers will pay to fund benefits. TCDRS uses an actuarial smoothing method which in general limits the impact on contribution rates of these variations, in any one year, to 10% of the cumulative difference between actual allocations to the employer accounts and the assumed actuarial allocation.

The average employer contribution rate, which is a percentage of payroll, will increase by 0.17 due to the 2002 investment return shortfall. This increase will be first reflected in the 2004 employer contribution rates. For example, if the average employer's rate would have been 7.00%, it will increase to 7.17%. Ninety percent of all TCDRS employers will experience rate increases which are within the range of 0.01 to 0.36. The largest increase is 0.85, while the smallest will be zero.

The negative allocation to employers for 2002 is the result of a three-year period of negative stock market returns, beginning in 2000. The United States last

experienced three consecutive years of negative equity market returns from 1939-1941. The last time these markets experienced four consecutive years of negative returns was 1929-1932. Although market losses of the past three years have had a marked effect on TCDRS investments, total system assets continue to increase and no changes in TCDRS investment strategy are planned.

In 2000 and 2001, the board was able to use general contingency reserves to make up for some of the market return shortfalls, making allocations of 9% and 5%, respectively, to employer accounts while actual results would have allowed an allocation of only 2.5% in 2000 and 0.6% in 2001. Although some reserves remain, the board determined that the level of remaining reserves was not sufficient to permit their use as an effective buffer for employer accounts this year due to the magnitude of the 2002 market shortfall.

**Financial Analysis: Supplemental Death Benefits Fund**

This fund accounts for (as an enterprise fund) a voluntary program for participating employers to provide employees with group term life insurance. The total assets of the fund at year end 2002 are \$3.9 million. Net assets as of Dec. 31, 2002 decreased \$383,605 or 10.5% from 2001, while net assets as of Dec. 31, 2001 increased \$245,262 or



7.2% from 2000. The reduction in 2002 is primarily due to an increase in death benefit allowances paid in excess of premium income for the year. Based on actuarial analysis, the amount of net assets should be sufficient to cover any adverse experience.

An actuarial valuation is performed annually to determine employer rates and to provide adequate funding over the long term. Note N in the Notes to the Financial Statements provides further information about this program.

**SUMMARY INFORMATION ABOUT PLAN NET ASSETS**

**Supplemental Death Benefits Fund**

	Dec. 31, 2002	Dec. 31, 2001	Dec. 31, 2000	2002-2001		2001-2000	
				Dollar Change	% Change	Dollar Change	% Change
Total Assets	\$ 3,921,257	\$ 3,962,728	\$ 3,703,608	\$ (41,471)	(1.0)%	\$ 259,120	7.0%
Total Liabilities	668,175	326,041	312,183	342,134	104.9	13,858	4.4
<b>Net Assets</b>	<b>\$ 3,253,082</b>	<b>\$ 3,636,687</b>	<b>\$ 3,391,425</b>	<b>\$(383,605)</b>	<b>(10.5)%</b>	<b>\$ 245,262</b>	<b>7.2%</b>

**SUMMARY INFORMATION ABOUT REVENUES,  
EXPENSES AND CHANGES IN PLAN NET ASSETS**

**Supplemental Death Benefits Fund**

	Dec. 31, 2002	Dec. 31, 2001	Dec. 31, 2000	2002-2001		2001-2000	
				Dollar Change	% Change	Dollar Change	% Change
Operating Revenues							
— Employer Contributions	\$ 3,703,200	\$ 3,020,877	\$ 2,742,734	\$ 682,323	22.6%	\$ 278,143	10.1%
Operating Expenses							
—Benefit Allowances	4,319,960	3,018,957	2,579,425	1,301,003	43.1	439,532	17.0
Operating Income (Loss)	(616,760)	1,920	163,309	(618,680)	(32,222.9)	(161,389)	(98.8)
Income Allocation from Trust Fund	233,155	243,342	214,085	(10,187)	(4.2)	29,257	13.7
Change in Net Assets	(383,605)	245,262	377,394	(628,867)	(256.4)	(132,132)	(35.0)
Beginning Net Assets	3,636,687	3,391,425	3,014,031	245,262	7.2	377,394	12.5
<b>Ending Net Assets</b>	<b>\$ 3,253,082</b>	<b>\$ 3,636,687</b>	<b>\$ 3,391,425</b>	<b>\$ (383,605)</b>	<b>(10.5)%</b>	<b>\$ 245,262</b>	<b>7.2%</b>

**STATEMENTS OF PLAN NET ASSETS****Pension Trust Fund**  
As of Dec. 31, 2002 and 2001

	<b>2002</b>	<b>2001</b>
<b>ASSETS</b>		
Cash and Short-Term Investments	\$ 35,351,121	\$ 55,444,173
Receivables:		
Contributions and Deposits Receivable	40,279,136	37,673,293
Investment Interest and Dividends Receivable	61,066,488	68,460,002
Securities-Lending Interest Receivable	3,435,807	5,611,373
Other Receivables	311,941	526,021
Total Receivables	<u>105,093,372</u>	<u>112,270,689</u>
Prepaid Expenses	22,374	31,446
Other Assets	142,890	129,009
Investments, at Fair Value:		
Investment-Grade Bonds	4,549,759,862	5,078,931,110
Domestic Equities	2,445,625,945	1,993,094,818
International Equities	741,916,870	499,232,356
High-Yield Bonds	561,311,545	444,034,601
REITs	467,493,542	452,954,778
Total Investments	<u>8,766,107,764</u>	<u>8,468,247,663</u>
Invested Securities-Lending Collateral	2,827,943,009	2,607,474,496
Property and Equipment (Net of Accumulated Depreciation)	<u>11,080,518</u>	<u>11,390,353</u>
<b>Total Assets</b>	<b><u>11,745,741,048</u></b>	<b><u>11,254,987,829</u></b>
<b>LIABILITIES</b>		
Accounts Payable	9,546,271	28,266,777
Securities-Lending Fees Payable	5,499,030	4,662,138
Funds Held for Supplemental Death Benefits Fund	3,649,410	3,738,246
Securities-Lending Collateral	<u>2,825,146,846</u>	<u>2,607,675,827</u>
<b>Total Liabilities</b>	<b><u>2,843,841,557</u></b>	<b><u>2,644,342,988</u></b>
<b>Net Assets Held in Trust for Pension Benefits</b>	<b>\$ 8,901,899,491</b>	<b>\$ 8,610,644,841</b>

A schedule of funding progress for the plan is presented on page 35.

See accompanying Notes to the Financial Statements.

**STATEMENTS OF CHANGES IN PLAN NET ASSETS****Pension Trust Fund**

Years Ended Dec. 31, 2002 and 2001

	<b>2002</b>	<b>2001</b>
<b>ADDITIONS</b>		
Contributions and Deposits		
Employee Deposits	\$ 224,387,814	\$ 208,517,277
Employer Contributions	291,313,309	270,644,950
Total Contributions and Deposits	<u>515,701,123</u>	<u>479,162,227</u>
Investment Income		
<i>From Investment Activities</i>		
Net Appreciation (Depreciation) in Fair Value of Investments	(288,549,293)	(209,795,564)
Interest and Dividends	397,826,048	444,969,020
Total Investment Activity Income	109,276,755	235,173,456
Less Investment Activity Expenses	6,744,653	5,233,776
Net Income From Investment Activities	<u>102,532,102</u>	<u>229,939,680</u>
<i>From Securities-Lending Activities</i>		
Securities-Lending Income	61,105,463	125,146,624
Less Securities-Lending Expenses:		
Borrower Rebates and Management Fees	53,058,573	116,597,306
Net Income From Securities-Lending Activities	<u>8,046,890</u>	<u>8,549,318</u>
Total Net Investment Income	110,578,992	238,488,998
Building Operations and Miscellaneous Income	1,765,891	1,766,188
<b>Total Additions</b>	<b><u>628,046,006</u></b>	<b><u>719,417,413</u></b>
<b>DEDUCTIONS</b>		
Benefit Allowances	273,660,986	246,881,133
Withdrawals	54,517,833	61,976,126
Interest Allocation to Supplemental Death Benefits Fund	233,155	243,342
Administrative and Building Operations Expenses	8,379,382	8,135,163
<b>Total Deductions</b>	<b><u>336,791,356</u></b>	<b><u>317,235,764</u></b>
<b>Net Increase in Plan Net Assets</b>	<b><u>291,254,650</u></b>	<b><u>402,181,649</u></b>
<b>Net Assets Held in Trust for Pension Benefits:</b>		
<b>Beginning of Year</b>	<b><u>8,610,644,841</u></b>	<b><u>8,208,463,192</u></b>
<b>End of Year</b>	<b>\$ 8,901,899,491</b>	<b>\$ 8,610,644,841</b>

See accompanying Notes to the Financial Statements.



**STATEMENTS OF PLAN NET ASSETS****Supplemental Death Benefits Fund**

As of Dec. 31, 2002 and 2001

	2002	2001
<b>ASSETS</b>		
Contributions Receivable — Current	\$ 271,847	\$ 224,482
Funds Held by Pension Trust Fund — Long-term	3,649,410	3,738,246
<b>Total Assets</b>	<b>3,921,257</b>	<b>3,962,728</b>
<b>LIABILITIES</b>		
Benefits Payable — Current	668,175	326,041
<b>Net Assets Held in Trust for Benefits</b>	<b>\$ 3,253,082</b>	<b>\$ 3,636,687</b>

See accompanying Notes to the Financial Statements.

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN PLAN NET ASSETS****Supplemental Death Benefits Fund**

Years Ended Dec. 31, 2002 and 2001

	2002	2001
Operating Revenues — Employer Contributions	\$ 3,703,200	\$ 3,020,877
Operating Expenses — Benefit Allowances	4,319,960	3,018,957
Operating Income (Loss)	(616,760)	1,920
Nonoperating Revenues — Income Allocation From Trust Fund	233,155	243,342
<b>Net Increase (Decrease) in Plan Net Assets</b>	<b>(383,605)</b>	<b>245,262</b>
<b>Plan Net Assets, Beginning of Year</b>	<b>3,636,687</b>	<b>3,391,425</b>
<b>Plan Net Assets, End of Year</b>	<b>\$ 3,253,082</b>	<b>\$ 3,636,687</b>

See accompanying Notes to the Financial Statements.

**STATEMENTS OF CASH FLOW**  
**Supplemental Death Benefits Fund**

Years Ended Dec. 31, 2002 and 2001

	<b>2002</b>	<b>2001</b>
Cash Flows From Operating Activities		
Cash Received From Employer Contributions	\$ 3,655,835	\$ 3,018,235
Cash Paid to Beneficiaries for Death Benefits	<u>(3,977,826)</u>	<u>(3,005,099)</u>
Net Cash Provided by (Used for) Operating Activities	(321,991)	13,136
Cash Flows From Investing Activities:		
Cash Received From Interest Allocation by Pension Trust Fund	233,155	243,342
Cash Transferred (to) from Pension Trust Fund for Investing	<u>88,836</u>	<u>(256,478)</u>
Net Cash Provided by (Used for) Investing Activities	321,991	(13,136)
<b>Net Change in Cash</b>	—	—
<b>Cash Balance, Beginning of Year</b>	<u>—</u>	<u>—</u>
<b>Cash Balance, End of Year</b>	<b>\$ —</b>	<b>\$ —</b>

**RECONCILIATION OF OPERATING INCOME  
TO NET CASH PROVIDED BY OPERATING ACTIVITIES**

Operating Income (Loss)	\$ (616,760)	\$ 1,920
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities:		
(Increase) in Contributions Receivable	(47,365)	(2,642)
Increase in Benefits Payable	<u>342,134</u>	<u>13,858</u>
Total Adjustments	<u>294,769</u>	<u>11,216</u>
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>\$ (321,991)</b>	<b>\$ 13,136</b>

See accompanying Notes to the Financial Statements.



**A: PLAN DESCRIPTION**

The Board of Trustees of the Texas County & District Retirement System (TCDRS or system) is responsible for the administration of a statewide, agent multiple-employer, public-employee retirement system consisting of more than 500 nontraditional defined-benefit pension plans. The assets of the plans are commingled for investment purposes, but each plan's assets may be used only for the payment of benefits to the members of that plan. The plans in the system cover substantially all of the full-time employees of participating counties and districts. Membership in TCERS as of Dec. 31, 2002 and 2001, is summarized in Table 1.

**TABLE 1: MEMBERSHIP**

	2002	2001
Annuitants	<b>24,862</b>	<b>23,130</b>
Terminated Employees' Accounts:		
Vested	7,675	7,403
Nonvested	21,519	20,416
<b>Total</b>	<b>29,194</b>	<b>27,819</b>
Current Employees' Accounts:		
Vested	38,320	36,637
Nonvested	63,095	62,116
<b>Total</b>	<b>101,415</b>	<b>98,753</b>
Number of Plans:		
Counties	252	252
Districts	265	247
Nonenrolling Plans	4	4
Nondepositing Plans	14	14
<b>Total</b>	<b>535</b>	<b>517</b>

Plan provisions are adopted by the governing body of each county or district (employers), within the options available in the Texas state statutes governing TCERS (TCERS Act). Each plan provides retirement, death, disability and withdrawal benefits. There are no automatic postretirement benefit increases available in the TCERS Act; however, employers may adopt ad hoc postretirement benefit increases. As of Dec. 31, 2002, members in most counties and districts can retire as early as age 60 with at least 8 years of service; with 30 years of service regardless of age; or when the sum of their age and years of service equals 75 or more. A 20-years-of-service retirement option at any age is available to electing employers. Most members are vested after 8 years of service but their deposits must remain in TCERS to be eligible for retirement ben-

efits. Generally, members who withdraw their deposits upon termination of employment forfeit contributions made by their employer. The service retirees of any employer electing the lump-sum payment option may choose to receive at retirement a lump-sum payment up to the amount of the employee's accumulated deposits with interest (personal account balance), with a corresponding reduction in his or her monthly retirement benefit.

Benefit amounts are determined by the sum of the employee's personal account balance and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCERS Act so that the expected benefits can be adequately financed by the employer's commitment to contribute. At retirement, death or disability, the benefit is calculated by converting the sum of the employee's personal account balance and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCERS Act.

**B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of TCERS are prepared on the accrual basis of accounting. Investment purchases and sales are recorded as of their trade dates. Investments are reported at fair value. Revenues are recorded when earned and expenses are recorded when liabilities are incurred. Employee deposits and employer contributions are recognized for the period the employer reports compensation for their employees. Benefit allowances and withdrawals are recognized when due and payable in accordance with the plans' terms.

In accordance with the TCERS Act and in order to help ensure observance of limitations and restrictions on the use of resources available to TCERS, separate funds and accounts are maintained, which are focused on the required use of the resources. The Pension Trust Fund is used to provide retirement, disability and withdrawal benefits for participating employers and to pay the operating expenses of the system. The Supplemental Death Benefits Fund is used to operate a voluntary program of group term life insurance benefits.

TCERS has no component units and is not a component unit of any other entity.

**New Accounting Pronouncements**

In June 1999 the Governmental Accounting Standards Board (GASB) issued Statement No. 34: *Basic Financial Statements — and Management's*

*Discussion and Analysis — for State and Local Governments* (GASB 34). In June 2001 GASB issued Statement No. 37: *Basic Financial Statements — and Management’s Discussion and Analysis — for State and Local Governments: Omnibus*, which amended certain provisions of GASB 34. Also in June 2001, GASB issued Statement No. 38: *Certain Financial Statement Note Disclosures*. TCDRS has retroactively adopted each of these statements effective as of Jan. 1, 2001. GASB 34 requires the presentation of Management’s Discussion and Analysis as required supplementary information that precedes the basic financial statements. The implementation of GASB 34, 37 or 38 did not impact any other financial reporting criteria for TCDRS.

### C: FUNDING POLICY

The deposit rate for all employees of an employer is 4%, 5%, 6% or 7% as adopted by its governing body. The employee deposit rate and the employer contribution rate may be changed by the employer’s governing body within the options available in the TCDRS Act. Since Jan. 1, 1992, employers have had the option to adopt a variable-rate plan, for which the employer contribution rate is actuarially determined as a part of an annual actuarial valuation. The rate consists of a normal-cost contribution rate plus the rate required, as a level percent of payroll, to amortize the unfunded actuarial accrued liability over the plan’s 20-year amortization period or to amortize the overfunded actuarial accrued liability over the plan’s 30-year amortization period. An employer with a variable-rate plan may adopt a contribution rate that exceeds the actuarially determined rate. All employers with participation dates of Jan. 1, 1992, or later have a variable-rate plan.

If the employer began participation before Jan. 1, 1992, and has not adopted a variable-rate plan, the plan is a fixed-rate plan. Employee deposit rates are determined by the employer as 4%, 5%, 6% or 7%, with an equal employer contribution rate. This rate is not actuarially determined; however, the plan benefits adopted by the employer at the time of plan inception and when benefit increases are adopted are limited by the TCDRS Act to the level of benefits, determined by the actuary, that can be adequately financed by the employer’s funding commitment. In addition, if a fixed-rate plan has adverse actuarial experience, the TCDRS Act has provisions that allow the employer to make contributions above the regular contributions at a fixed supplemental rate or to reduce benefits earned in the future, determined actuarially, so the plan will be adequately financed. If the employer takes no

corrective action, the TCDRS Act requires that benefits earned in the future be reduced so the plan will be adequately financed.

Deposits by the employee members and contributions by the employers are made monthly based on the covered payroll of employee members. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect.

### D: CONTRIBUTIONS AND DEPOSITS

Contributions and deposits shown in the financial statements were made in accordance with the provisions adopted by the governing body of each employer. The costs of administering TCDRS are paid from investment earnings of the commingled assets of all plans.

### E: DESCRIPTION OF FUNDS AND ACCOUNTS

The TCDRS Act requires that all assets of the retirement system be credited to one of the following funds and accounts, according to the purpose for which they are held:

#### Employees Saving Fund

The Employees Saving Fund (ESF) contains an account for each member employee. Each account is increased as a member makes deposits and as interest is allocated. The total becomes the personal account balance. The account is reduced for payments due to withdrawal, death or ineligibility, and by transfer of a personal account balance to the Current Service Annuity Reserve Fund due to retirement.

#### Subdivision Accumulation Fund

The Subdivision Accumulation Fund (SAF) contains an account for each participating employer to fund retirement benefits. An account is increased as an employer makes contributions and as interest is allocated. Whenever an employee retires, an amount equal to the employee’s personal account balance is transferred to the Current Service Annuity Reserve Fund for the purpose of funding the employee’s basic annuity. If the employer provides retirement benefits in excess of the basic annuity the account is also reduced monthly by the amount of the additional benefit payments.

#### Current Service Annuity Reserve Fund

The Current Service Annuity Reserve Fund (CSARF) maintains all funds reserved for basic annuities granted and in force, and is charged with all payments on such annuities.

**TABLE 2: CASH BY CATEGORY OF CREDIT RISK**

As of Dec. 31, 2002 and 2001

	2002		2001	
	Book Balance	Bank Balance: Category 1	Book Balance	Bank Balance: Category 1
Demand Deposit Account	\$ 517,268	\$ 580,883	\$ 980,432	\$ 1,044,739
Custodian's Trust Account	—	—	7,046,369	7,046,369
<b>Total Cash</b>	<b>\$ 517,268</b>	<b>\$ 580,883</b>	<b>\$ 8,026,801</b>	<b>\$ 8,091,108</b>

**Endowment Fund**

The Endowment Fund contains accounts that hold the general reserves of the system, inactive accounts from the ESF, reserves to transfer to the Expense Fund for subsequent year operating expenses, and for annuities suspended in accordance with the TCDRS Act.

**Interest Fund**

The Interest Fund contains accounts for distributable income, nondistributable income and investment expenses.

- The distributable income account is credited with all income, interest, dividends and changes in carrying value of investments, except the change in carrying value resulting from valuing passively managed, investment-grade bonds at fair value. (For more information regarding these investments as well as investment terminology, please see the Glossary in the Investment Section.) Additionally, the account is credited with capital gains and losses on investments, net securities-lending income, and any amounts from the general reserves account of the Endowment Fund that the TCDRS Board of Trustees determines are in excess of the amount necessary to provide adequate funding for needs and contingencies. The account is reduced by investment expenses, by the statutory allocation of interest to the ESF, CSARF and Supplemental Death Benefits Fund, and by board allocations and amounts transferred to the general reserves account of the Endowment Fund.
- The nondistributable income account is credited with the changes in carrying value necessary to record the investment-grade bond portfolio at fair value in excess of net discount/premium and realized gains and losses.

**Expense Fund**

The Expense Fund receives transfers from the reserve for expense fund account of the Endowment Fund to pay TCDRS administrative expenses.

**F: FIXED ASSETS**

Fixed assets are reported at historical cost and are depreciated on a straight-line basis over the estimated useful lives as follows:

- Building and Improvements . . . .20–40 years
- Furniture and Components . . . . .10 years
- Tenant Improvements . . . . .2–12 years
- Office Equipment . . . . .5 years
- Computer Software . . . . .3 years

**G: CASH AND SHORT-TERM INVESTMENTS**

**Cash**

Cash consists of operating funds on deposit with financial institutions in interest-bearing demand deposit accounts and of investment funds placed, on an overnight basis, in a collateralized, interest-bearing trust account with the TCDRS custodian. Cash held in demand deposit accounts consists of funds needed for operational expenses and funds not yet transferred to investment management. Cash held overnight by the system's custodian are funds pending the completion of investment transactions. The system's deposits with financial institutions have been categorized to give an indication of the level of credit risk assumed by TCDRS. The categories of credit risk for these types of deposits are as follows:

- **Category 1:** Insured or collateralized with securities held by the entity or by its agent in the entity's name.
- **Category 2:** Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.
- **Category 3:** Uncollateralized includes any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the entity's name.

Table 2 shows the schedule of cash by category of credit risk at Dec. 31, 2002 and 2001. These accounts are classified as Category 1 for credit risk.

FINANCIAL SECTION



**Short-Term Investments**

Short-term investments consist of investment funds awaiting completion of an investment transaction that are invested in a custodian's short-term investment fund (STIF), and of funds, available to cover operating costs, invested in JPMorgan U.S. Government Money Market Fund, an open-end institutional money market fund.

The TCDRS Board of Trustees, in the exercise of its discretion to manage the assets of TCDRS, may select one or more commercial banks, depository trust companies or other entities to serve as custodian or custodians of the system's cash and investments, and may authorize the custodian to invest the cash so held in such short-term securities as the board determines. TCDRS has authorized its custodian to invest, on an overnight basis, any cash so held in the custodian's STIF. The investment objective of the STIF is to provide safety of principal, daily liquidity and competitive returns. The STIF owns high-quality debt instruments (which include commercial paper, repurchase agreements, floating-rate notes, etc.) with average maturities ranging from 15–90 days. No fixed-rate instrument held has a maturity in excess of 13 months and, as a liquidity buffer, a minimum of 10% of all STIF holdings mature overnight.

At Dec. 31, 2002 and 2001, short-term investments held in trust were \$25,293,483 and \$36,191,457, respectively, and short-term investments in a mutual fund were \$9,540,370 and \$11,225,915, respectively. A discussion regarding custodial credit risk pertaining to these investments can be found in Note K on page 30.

**H: INVESTMENT INTEREST AND DIVIDENDS RECEIVABLE**

At Dec. 31, 2002, investment interest and dividends receivable are \$61,066,488, which includes \$57,761,508 representing interest receivable and \$3,304,980 representing dividends receivable from the system's investments. The system also has interest receivable from invested securities-lending collateral of \$3,435,807.

At Dec. 31, 2001, investment interest and dividends receivable were \$68,460,002, which included \$66,170,673 representing interest receivable and \$2,289,329 representing dividends receivable from the system's investments. Also, TCDRS had interest receivable from invested securities-lending collateral of \$5,611,373.

**I: INVESTMENTS**

Investment decisions of the TCDRS Board of Trustees are subject to the "prudent person" standard of care, as outlined in Section 67, Article XVI of the Texas Constitution. Investment authorization is restricted by the investment policy adopted by the board that emphasizes the importance of a long-term investment philosophy with minimization of risk while targeting a long-term investment return of 8%. With the long-term philosophy in mind, in late 1996 the TCDRS Board of Trustees determined that a diversified portfolio would offer the best opportunity to produce the desired 8% investment return. Accordingly, in addition to investment-grade bonds, TCDRS investments now include domestic equity securities, international equity securities, domestic high-yield, fixed-income securities (high-yield bonds) and real estate investment trust (REIT) equity securities. The investment-grade bonds are managed internally by the TCDRS investment officer; all other investments are managed externally by managers retained by the board.

The board has established policy guidelines for managing investment-grade bonds that require the structuring of a portfolio with minimal credit risk and a relatively long life (the TCDRS portfolio should have a longer duration than the Lehman Brothers Aggregate Index and should have a weighted-average maturity in excess of 10 years). Additionally, only specific instruments listed below are authorized for purchase.

- U.S. Treasury instruments must comprise not less than 25% of the investment-grade bond portfolio (at year end 2002 the fair value of these instruments represented 42% of that portfolio).
- Mortgage-backed securities in the form of collateralized mortgage obligations (CMOs) and real estate mortgage investment conduits (REMICs), if payment of principal and interest is insured by the full faith and credit of the United States government, or an agency or instrumentality thereof, may be purchased but may not comprise more than 50% of the investment-grade bond portfolio (at year end 2002 the fair value of these instruments represented 37% of that portfolio).
- Mortgage-backed securities in the form of GNMA/FHA project loans, pools and participation certificates may be purchased but may not comprise more than 50% of the investment-grade bond portfolio (at year end 2002 the fair value of these instruments represented 21% of that portfolio).
- Fixed-income instruments, other than mortgage-

**TABLE 3: INVESTMENT-GRADE BONDS — EFFECTIVE DURATION**

As of Dec. 31, 2002

Asset Subclass	Fair Value	Effective Duration in Years (Unaudited)
U.S. Treasury Instruments	\$ 1,894,258,203	8.9
CMOs and REMICs	1,705,345,314	2.6
GNMA/FHA Loans	950,156,345	6.6
<b>Total /Weighted Average of Effective Duration</b>	<b>\$ 4,549,759,862</b>	<b>6.1</b>

backed securities, of an agency or instrumentality of the United States government may be purchased but may not comprise more than 50% of the investment-grade bond portfolio (TCDRS did not own any security of this type during 2002).

- Corporate securities rated A or better by Moody's Investors Service or the Standard & Poor's Corporation (S&P) may be purchased but may not comprise more than 5% of the investment-grade bond portfolio (at year end 2002 TCDRS did not own any security of this type).

Table 3 provides insight into the level of risk inherent in the investment-grade bond portfolio by reporting the effective duration of that portfolio. Portfolios of high duration are more affected by interest rate changes than are those of lower duration. Whenever the yield within the bond market changes, then the market value of bonds held in existing portfolios are affected. Increases in bond market yields result in market value losses; decreases result in market value gains. The size of the gain or loss in market value can be approximated by multiplying the change in market yield by the duration of the portfolio. For example, if the market yield for similar investment-grade bonds were to fall 1%, then the market value gain of the portfolio would approximate 6.1%, based upon the portfolio duration shown in Table 3. This change in market value indicates the level of interest rate risk inherent in the portfolio. Even though some interest rate risk exists in periodic valuation of the TCDRS investment-grade bond portfolio, such risk is mitigated by the board's philosophy for managing these assets; namely, they are generally held to maturity. Therefore, when held to maturity, the portfolio's earnings are not affected by interim changes to fair value.

In general, mortgage-backed securities entitle their holders, as a group, to receive principal and interest payments from the monthly mortgage payments made by borrowers of the underlying mortgages over the lives of those loans. The life of a mortgage

that underlies a mortgage-backed security can be shortened by several economic events, including borrower refinancing. As the interest rates have continued to fall and remain very low by historical standards, growing numbers of borrowers have refinanced their existing loans causing mortgage-backed security holders, as a group, to be repaid more quickly than they might have otherwise anticipated. This early repayment is a form of market risk assumed by TCDRS and other owners of mortgage-backed securities.

The investment-grade bonds category on the Statements of Plan Net Assets (page 21) contains a small number of CMOs that are generally characterized as unleveraged, floor-based inverse floaters issued by agencies of the United States of America. The coupon payments of these securities (which represent 0.4% of the investment-grade bonds at fair value at year end 2002 and 0.6% at year end 2001) are based, in part, on either the monthly average cost of funds index as published by the Federal Home Loan Bank for its 11th district or the London Interbank Offered Rate. While coupon payments may vary monthly, they are protected by minimum rates that, at year end 2002, varied between 5.0% and 6.25% per annum. During 2002, the coupon rates paid on these securities ranged from a low of 8.7% to a high of 10.9%. At year end 2002, these securities were three in number with a total par value of \$16,422,209, a total book value of \$16,091,961 and an estimated total fair value of \$16,762,739. At year end 2001, there were four in number with a total par value of \$52,326,117, a total book value of \$51,385,256 and an estimated total fair value of \$53,177,002. Based on TCDRS' philosophy to passively manage the investment-grade bond portfolio and the long-term positive cash flow position of TCDRS, there is no material exposure to credit risk, market risk or legal risk as those terms are normally defined.

At Dec. 31, 2002 and 2001, TCDRS did not have investments in any one organization, other than

those investments issued by the U.S. government, which represented greater than 5% of total plan net assets.

The high-yield bond asset class encompasses the portion of the U.S. corporate bond market that is rated below BBB- by S&P or below Baa3 by Moody's Investors Service. Accordingly, credit risks associated with these bonds are greater than with investment-grade bonds, which partially explains why this class has historically traded at yields of 3.5% to 4.5% above comparable U.S. Treasury instruments.

Investments are reported at fair value, as required by GASB Statement No. 25, which is the amount that financial instruments could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. All investments are valued by outside consultants. The open-end mutual fund, equity portfolios and STIF are valued based on the underlying assets in the funds. Equity securities and high-yield bonds are valued based on the last reported sales price. Investment-grade bonds are valued either by comparing them to prices of similar investments or by computing the net present value of their future cash flows discounted at a rate commensurate with the risk involved. Security transactions and any resulting gains or losses are accounted for by the specific identification method on a trade-date basis.

TCDRS is required by statute to maintain records of its investment-grade bond portfolio based upon amortized cost when calculating amounts of income available to allocate to funds within TCDRS. Accordingly, TCDRS has adopted the following accounting methods in maintaining amortized cost for this portfolio:

- The "interest method" is employed to amortize premiums and accrete discounts.
- Bond exchanges are accounted for using the deferral and amortization method whereby gains or losses on the exchanges are deferred and amortized over the remaining life of the new securities.

#### J: SECURITIES LENDING

State statutes and the board's policies permit TCDRS to use its investments to enter into securities-lending transactions — loans of securities to broker-dealers and other entities for collateral with a simultaneous agreement to return the collateral for the same securities in the future. TCDRS engages Metropolitan West Securities, Inc., a third-party securities-lending agent, to lend the system's investment-grade bonds for cash collateral of 102% of the market value of the securities loaned. At years end

2002 and 2001, TCDRS had no credit risk exposure to borrowers because the amounts the system owed to borrowers exceeded the amounts the borrowers owed to TCDRS. Contracts with the lending agent require it to indemnify TCDRS if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities on loan) or fail to pay TCDRS for income distributions by the security issuers while the securities are on loan. Cash collateral is invested in securities in accordance with the system's securities-lending contract. Generally, cash collateral investments are made in instruments whose maturity dates or periodic interest rate reset dates coincide with the maturity date of the particular securities loan providing the cash. This matching of investment and loan maturity/reset dates allows the agent to maintain the spread between the loan rate and the cash collateral investment rate over the term of the loan and eliminates any material interest rate exposure to TCDRS over the term of the loan.

Securities may also be accepted as collateral for loans. TCDRS does not have the ability to pledge or sell collateral securities unless the borrower defaults. Collateral, either cash or securities, is initially pledged at 102% of the market value of the securities on loan, and additional collateral is required to be provided by the next business day if its value falls to less than 100% of the market value of the securities on loan.

Additionally, State Street Global Advisors manages domestic and international equity portfolios of TCDRS in commingled funds that participate in securities-lending programs managed by State Street. TCDRS receives a proportionate share of the securities-lending income generated from these activities.

#### K: CUSTODIAL CREDIT RISK

GASB Statement No. 3 requires that investments be categorized to give an indication of the level of custodial credit risk assumed at the end of the reporting year. The three categories of credit risk are as follows:

- **Category 1:** Investments that are insured or registered, or securities held by TCDRS or its agent in the system's name.
- **Category 2:** Investments that are uninsured and unregistered with the securities held by the counterparty's trust department or agent in the system's name.
- **Category 3:** Investments that are uninsured and unregistered with the securities held by the counterparty, or by its trust department or agent but not in the system's name.



**TABLE 4: SHORT-TERM INVESTMENTS BY CATEGORY OF CUSTODIAL CREDIT RISK**

As of Dec. 31, 2002 and 2001

	2002	2001
Category 2		
Short-Term Investment Fund — Custodian	\$ 25,293,483	\$ 36,191,457
Not Subject to Classification		
Short-Term Investments — Mutual Fund	9,540,370	11,225,915
<b>Total Short-Term Investments</b>	<b>\$ 34,833,853</b>	<b>\$ 47,417,372</b>

**TABLE 5: INVESTMENTS BY CATEGORY OF CUSTODIAL CREDIT RISK**

As of Dec. 31, 2002 and 2001

	2002	2001
Category 1		
U.S. Treasury Instruments Not on Securities Loan	\$ 10,660,765	\$ 74,528,854
CMOs and REMICs Not on Securities Loan	1,055,780,378	1,581,222,757
GNMA/FHA Loans Not on Securities Loan	670,147,898	888,228,966
High-Yield Bonds	561,311,545	444,034,601
REITs	467,493,542	452,954,778
<b>Subtotal</b>	<b>2,765,394,128</b>	<b>3,440,969,956</b>
Not Subject to Classification		
U.S. Treasury Instruments Held by Broker-Dealers Under Securities Loans for Cash Collateral	1,883,597,438	1,990,782,816
CMOs and REMICs Held by Broker-Dealers Under Securities Loans for Cash Collateral	649,564,936	344,643,263
GNMA/FHA Loans Held by Broker-Dealers Under Securities Loans for Cash Collateral	280,008,447	199,524,454
Domestic Equities <sup>1</sup>	2,445,625,945	1,993,094,818
International Equities <sup>1</sup>	741,916,870	499,232,356
<b>Subtotal</b>	<b>6,000,713,636</b>	<b>5,027,277,707</b>
<b>Total Investments</b>	<b>\$ 8,766,107,764</b>	<b>\$ 8,468,247,663</b>

<sup>1</sup> Per GASB 3 investments not evidenced by securities, such as collective investment funds, are not subject to classification.

**TABLE 6: INVESTED SECURITIES-LENDING COLLATERAL BY CATEGORY OF CUSTODIAL CREDIT RISK**

As of Dec. 31, 2002 and 2001

	2002	2001
Category 1		
Cash and Cash Equivalents	\$ 6,249,136	\$ 6,062,999
Asset-Backed Securities	1,396,737,992	1,026,904,657
Commercial Paper	300,614,963	54,487,650
Repurchase Agreements	174,200,000	53,510,000
Certificates of Deposit	—	100,000,000
Domestic Corporate Fixed-Income Securities	950,140,918	1,366,509,190
<b>Total Invested Securities-Lending Collateral</b>	<b>\$ 2,827,943,009</b>	<b>\$ 2,607,474,496</b>

Tables 4, 5 and 6 on page 31 show the various investments by category of custodial credit risk as of Dec. 31, 2002 and 2001. Table 4 shows the short-term investments. Table 5 reports investments other than securities-lending and short-term investments. Table 6 identifies invested securities-lending collateral.

Certain reclassifications have been made to the 2001 balances presented in Table 5 in order to conform to the 2002 presentation.

#### L: DEFERRED COMPENSATION

The employees of TCDRS may participate in a deferred-compensation plan created in accordance with Internal Revenue Code Section 457. This plan, available to all employees of TCDRS, permits the deferral of a portion of their salary until future years. The deferred compensation is not available to the employees until termination, retirement, death or an unforeseeable emergency. All compensation deferred under the plan is held by a custodian for the exclusive benefit of participants and beneficiaries.

#### M: RISK MANAGEMENT

TCDRS is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. TCDRS purchases commercial insurance in the areas of property damage, general and umbrella liability, fiduciary liability, public official and employee benefits errors and omissions, automobile, employee fiduciary and workers' compensation to mitigate potential losses. There were no changes in the types of insurance coverage TCDRS maintained in 2002 or 2001. In 2002, TCDRS reduced its commercial policy coverage amount due to a decline in the appraised insurable replacement cost of the Barton Oaks IV office building owned and occupied by the system. In 2001, there were no reduced coverage amounts. Insurance settlements have not exceeded insurance coverage for any of the past three years.

#### N: SUPPLEMENTAL DEATH BENEFITS PROGRAM

This is a voluntary program through which participating employers provide their current eligible employees with group term life insurance coverage. These employers may also provide limited coverage to their eligible retired employees. Eligible employees are insured for an amount equal to the total compensation received during their most recent 12 consecutive months of employment. Retired employees are insured for the fixed amount of \$5,000 beginning Jan. 1, 2002. Prior to that time,

retired employees were insured for the fixed amount of \$2,500. Life insurance proceeds are payable only as a lump sum. The premium rate is individually determined for each participating employer annually, and is based on the mortality and service experience of all employees covered by the fund and the demographics specific to the workforce of the employer. The rate is expressed as a percentage of the compensation of members employed by the participating employer.

The Supplemental Death Benefits Fund (SDBF) receives all premium contributions paid by participating employers and pays all benefits due under the program. The fund is accounted for as an enterprise fund on the accrual basis. Contributions are considered operating revenues and the income allocation on funds held by the pension trust fund are considered nonoperating revenues. TCDRS has elected to apply only applicable Financial Accounting Standards Board (FASB) statements and interpretations issued on or before Nov. 30, 1989, that do not contradict GASB pronouncements. The fund's assets are pooled with those of the pension trust funds under provisions of the TCDRS Act and annually receive an allocation of income based on the assets held. This group term life insurance program is administered by the TCDRS Board of Trustees; however the obligations of the program are payable only from the SDBF, and are not an obligation of, or a claim against, other TCDRS funds.

#### O: RETIREMENT PLAN FOR THE EMPLOYEES OF TCDRS

TCDRS as an employer provides retirement, disability and death benefits for all of its full-time employees through a nontraditional defined-benefit pension plan in the statewide Texas County & District Retirement System. The TCDRS Board of Trustees is responsible for the administration of a statewide, agent multiple-employer, public employee retirement system consisting of more than 500 non-traditional defined-benefit pension plans. The financial statements and required supplementary information for TCDRS in the aggregate are presented elsewhere in this report. Subsequent information in this note relates only to TCDRS as an employer.

The plan provisions for TCDRS as an employer (employer) are adopted by its board, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service; with 20 years of service regardless of age; or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service

**TABLE 7: ACTUARIAL METHODS AND ASSUMPTIONS  
FOR THE RETIREMENT PLAN FOR THE EMPLOYEES OF TCDRS**

Actuarial Valuation Date	12/31/00	12/31/01	12/31/02
Actuarial Cost Method	Entry age	Entry age	Entry age
Amortization Method	Level percentage of payroll, open	Level percentage of payroll, open	Level percentage of payroll, open
Amortization Period	20.0 years	20.0 years	20.0 years
Asset Valuation Method	Long-term appreciation with adjustment	Long-term appreciation with adjustment	Long-term appreciation with adjustment
Actuarial Assumptions:			
Investment Return <sup>1</sup>	8.0%	8.0%	8.0%
Projected Salary Increases <sup>1</sup>	5.9	5.5	5.5
Inflation	4.0	3.5	3.5
Cost-of-Living Adjustments	0.0	0.0	0.0

<sup>1</sup> Includes inflation at the stated rate.

**TABLE 8: TREND INFORMATION FOR THE RETIREMENT PLAN  
FOR THE EMPLOYEES OF TCDRS**

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/00	\$ 306,166	100%	\$ 0
12/31/01	331,487	100	0
12/31/02	357,641	100	0

**TABLE 9: FUNDING PROGRESS FOR THE RETIREMENT PLAN  
FOR THE EMPLOYEES OF TCDRS (UNAUDITED)**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll <sup>1</sup> (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/00	\$ 5,369,018	\$ 6,006,881	\$ 637,863	89.4%	\$ 3,356,904	19.0%
12/31/01	5,598,032	6,454,601	856,569	86.7	3,683,184	23.3
12/31/02	6,146,865	7,330,205	1,183,340	83.9	4,122,644	28.7

<sup>1</sup> The annual covered payroll is based on employee deposits received by TCDRS for the year ending with the valuation date.

but their accumulated deposits and allocated interest must remain in the plan to receive any employer-financed benefit. Members who withdraw their personal account balance in a lump sum prior to retirement are not entitled to any amounts contributed by the employer.

Benefit amounts are determined by the employee's personal account balance and employer-financed monetary credits. The level of these monetary cred-

its has been adopted by the TCDRS Board of Trustees within the actuarial constraints imposed by the TCDRS Act so that the expected benefits can be adequately financed by the employer's commitment to contribute. At retirement, death or disability, the benefit is calculated by converting the sum of the employee's personal account balance, and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.



**Funding Policy**

The TCDRS Board of Trustees has elected the variable-rate plan provisions of the TCDRS Act for TCDRS as an employer. The plan is funded monthly from employee deposits and from employer contributions based on the covered payroll of employee members. Under variable-rate plan provisions, the contribution rate of the employer is actuarially determined annually. As allowed by the provisions of the TCDRS Act, the board elected to pay the rate of 9% for 2002 and 2001, which was in excess of the calculated rates for those years. The deposit rate payable by employee members is the rate of 7% as adopted by the board. The employee deposit rate and the employer contribution rate may be changed by the board within the options available in the TCDRS Act.

**Annual Pension Cost**

On page 33, Table 7 presents an overview of actuarial methods and assumptions employed during the last three years to develop costs of benefits for TCDRS employees. Table 8 presents annual pension costs for the past three years, while Table 9 reflects the funding progress made by TCDRS, as an employer, over the last three years. For the employer's fiscal year ending Dec. 31, 2002, the annual pension cost for the TCDRS plan for its employees was \$357,641 and the actual contributions were \$357,641. The annual required contributions were actuarially determined as a percent of the covered payroll of the participating employees and were in compliance with GASB Statement No. 27 parameters based on the actuarial valuation as of Dec. 31, 2000, the basis for the contribution rate for calendar year 2002. The Dec. 31, 2002 actuarial valuation is the most recent valuation.

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

The information presented in the required supplementary schedules — Table 10: Funding Progress and Table 11: Employer Contributions — was determined as part of the actuarial valuation at the dates indicated. Additional information as of the latest actuarial valuation is in Table 12 on page 36.

**TABLE 10: FUNDING PROGRESS (UNAUDITED)**

(\$ Millions)

Actuarial Valuation Date <sup>1</sup>	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) <sup>2</sup> (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll <sup>3</sup> (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/97 <sup>4</sup>	\$ 5,417.0	\$ 6,133.6	\$ 716.6	88.3%	\$ 2,331.0	30.7%
12/31/98	5,973.5	6,729.3	755.8	88.8	2,512.8	30.1
12/31/99	6,620.9	7,386.1	765.2	89.6	2,708.6	28.3
12/31/00	7,314.5	8,089.4	774.9	90.4	2,867.4	27.0
12/31/01 <sup>4</sup>	8,054.2	9,023.6	969.4	89.3	3,060.8	31.7
12/31/02	8,779.3	9,898.4	1119.1	88.7	3,284.9	34.1

<sup>1</sup> Each county and district participating in TCDRS is financially responsible for its own plan. Therefore, the aggregate numbers shown above reflect only the aggregate condition of TCDRS and are not indicative of the status of any one plan. The valuations above reflect the adoption of variable-rate plans and changes in benefits by some employers.

<sup>2</sup> The entry-age actuarial cost method is used for all plans in the Dec. 31, 2002 and 2001 valuations and was used for variable-rate plans for all valuations shown. For the 1997 to 2000 valuations, fixed-rate plans that had adverse experience were valued using the entry-age method; all other fixed-rate plans were valued under the unit-credit method. Each valuation above reflects changes in the actuarial cost method for employers that adopted a variable-rate plan for the first time or that had adverse experience.

<sup>3</sup> The covered payroll is based on the employee deposits received by TCDRS for the year ending with the valuation date.

<sup>4</sup> Revised economic and demographic assumptions due to an experience review were first used in this valuation.

See accompanying independent auditor's report.

**TABLE 11: EMPLOYER CONTRIBUTIONS (UNAUDITED)**

(\$ Millions)

Plan Year Ended Dec. 31	Annual Required Contributions		
	Average Rate	Dollar Amount	Percentage Contributed
1997	7.41%	\$ 172.7	103%
1998	7.60	190.9	103
1999	8.77	237.2	105
2000	8.80	252.3	101
2001	8.74	267.5	101
2002	8.81	289.3	101

See accompanying independent auditor's report.

**TABLE 12: ACTUARIAL METHODS AND ASSUMPTIONS (UNAUDITED)**

	<b>Variable-Rate Plans</b>	<b>Fixed-Rate Plans</b>
Actuarial Valuation Date	Dec. 31, 2002	Dec. 31, 2002
Actuarial Cost Method	Entry age	Entry age
Amortization Method	Level percent, open	Level percent, open
Amortization Period		
Unfunded Actuarial Accrued Liability	20 years <sup>2</sup>	Calculated for each plan
Overfunded Actuarial Accrued Liability	30 years <sup>2</sup>	Shown as zero
Asset Valuation Method	Long-term appreciation with adjustment	Long-term appreciation with adjustment
Actuarial Assumptions:		
Investment Return <sup>1</sup>	8.0%	8.0%
Projected Salary Increases <sup>1</sup>	5.5 average	5.5 average
Inflation	3.5	3.5
Cost-of-Living Adjustments	0.0	0.0

<sup>1</sup> Includes inflation at the indicated rate.

<sup>2</sup> The TCDRS Act requires a 30-year amortization period for an overfunded actuarial accrued liability in a variable-rate plan but allows the TCDRS Board of Trustees to establish policy for the amortization period for an unfunded actuarial accrued liability in a variable-rate plan as long as it does not exceed 30 years. The board has adopted a current policy of a 20-year open amortization period for those plans.

See accompanying independent auditor's report.



**ADMINISTRATIVE REVENUES AND EXPENSES**

Year Ended Dec. 31, 2002

	Administrative Operations	Building Operations	Combined Operations
<b>Administrative Revenues:</b>			
Rental Income	\$ —	\$ 1,718,643	\$ 1,718,643 <sup>1</sup>
Other Income	47,248	—	47,248
<b>Total Administrative Revenues</b>	<b>\$ 47,248</b>	<b>\$ 1,718,643</b>	<b>\$ 1,765,891</b>
<b>Administrative Expenses:</b>			
Salaries	\$ 3,509,749	\$ —	\$ 3,509,749
Leave and Associated Payments	12,121	—	12,121
Payroll Taxes	253,761	—	253,761
Pension Contributions	316,156	—	316,156
Employee Insurance and Benefits	339,131	—	339,131
Recruitment and Placement Fees	12,733	—	12,733
Temporaries and Outsourcing Fees	39,946	—	39,946
Professional Fees	948,148	90,825	1,038,973
Banking Fees	43,990	—	43,990
Equipment Service and Repairs	62,964	—	62,964
Office Space	411,376	—	411,376 <sup>1</sup>
Building Operations	—	720,939	720,939
Office Supplies	51,154	—	51,154
Noncapitalized Equipment	20,694	—	20,694
Postage	124,788	—	124,788
Telephone	59,417	—	59,417
Printing	127,114	—	127,114
Records Management	12,687	—	12,687
Reference Materials and Memberships	41,695	—	41,695
Education and Training	65,465	—	65,465
Travel	80,147	—	80,147
Organization and Meeting	114,361	—	114,361
General Insurance	256,659	—	256,659
Depreciation and Amortization	237,166	426,196	663,362
<b>Total Administrative Expenses</b>	<b>\$ 7,141,422</b>	<b>\$ 1,237,960</b>	<b>\$ 8,379,382</b>

<sup>1</sup> TCDRS administrative revenues and expenses include \$410,000 in office space rental income and an offsetting amount in rent expense. The net effect of this internal allocation on the net assets held in trust for pension benefits is zero.

See accompanying independent auditor's report.

**INVESTMENT EXPENSES**

Year Ended Dec. 31, 2002

**INVESTMENT-ACTIVITY EXPENSES**

## Department Operating Expenses

Salaries		\$	508,208
Payroll Taxes			32,982
Pension Contributions			43,977
Employee Insurance and Benefits			30,067
Professional Fees and Services			122,188
Investment Data Systems			86,602
Equipment Service and Repairs			43,890
Office Space			64,258
Office Supplies			14,953
Telephone			15,290
Subscriptions and Memberships			3,140
Education and Training			7,323
Travel			61,947
Depreciation and Amortization			88,243
Total Department Operating Expenses			<u>1,123,068</u>

## Nondepartment Managers' Fees:

## Domestic Equities

State Street Global Advisors	\$	155,613	155,613
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## International Equities

Capital Guardian Trust Company		390,473	
State Street Global Advisors		<u>154,291</u>	544,764

## High-Yield Bonds

Oaktree Capital Management, LLC		1,419,316	
W.R. Huff Asset Management Co., LLC		<u>1,060,613</u>	2,479,929

## REITs

Cohen & Steers Capital Management, Inc.		982,667	
Fidelity Management Trust Company		605,842	
Wellington Management Co.		<u>268,916</u>	1,857,425

## Total Nondepartment Managers' Fees

5,037,731

## Total Department Operating Expenses and Managers' Fees

6,160,799

## Custodial Fees

Mellon Trust			398,854
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## Investment Consultant Fees

Wilshire Associates, Inc.			<u>185,000</u>
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**Total Investment-Activity Expenses****\$ 6,744,653****SECURITIES-LENDING EXPENSES**

Borrower Rebates and Management Fees		\$	53,058,573
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See accompanying independent auditor's report.

**PROFESSIONAL/CONSULTANT FEES AND SERVICES**

Year Ended Dec. 31, 2002

<b>Professional/Consultant</b>	<b>Nature of Service</b>	<b>Administrative Operations</b>	<b>Investment Department<sup>1</sup></b>	<b>Building Operations</b>	<b>Totals</b>
Vinson & Elkins, L.L.P.	Legal services	\$ 286,385	\$ 80,188	\$ 85,625	\$ 452,198
Milliman USA, Inc.	Actuarial services	268,684	—	—	268,684
William M. Mercer, Inc.	Compensation study	66,704	—	—	66,704
VISETA	Internet Web site consultant	47,115	—	—	47,115
Meta Group	Software consulting	42,513	—	—	42,513
Holbein Associates, Inc.	Investment performance review	—	42,000	—	42,000
Linda Haines Associates	Human resources consulting	25,958	—	—	25,958
R. A. Dennison, M.D.	Medical board services	23,310	—	—	23,310
KPMG LLP	Audit services	20,889	—	—	20,889
Ace Alsup, M.D.	Medical board services	19,980	—	—	19,980
John P. Vineyard, Jr., M.D.	Medical board services	19,980	—	—	19,980
Carolyn Oliver Communications	Board governance consulting	17,938	—	—	17,938
Sivart Resources, Inc.	State legislative consultant	17,580	—	—	17,580
ADP, Inc.	Check printing	17,481	—	—	17,481
Personix	Programming services	15,687	—	—	15,687
IBM Corporation	Disaster recovery	9,082	—	—	9,082
ePartners, Inc.	Software consulting	9,014	—	—	9,014
AAA Werlinger & Associates	Transcription services	7,813	—	—	7,813
WorldCom, Inc.	Web site hosting	7,668	—	—	7,668
Engineering Diagnostics, Inc.	Engineering study	—	—	5,200	5,200
Blue Plate Design	CAFR design consulting	4,798	—	—	4,798
Gray Company, LLC	Risk mgmt. consulting services	4,406	—	—	4,406
Accudata	Computer support	3,840	—	—	3,840
Berwyn Group	Death audit data	3,101	—	—	3,101
Various providers	Miscellaneous professional fees	8,222	—	—	8,222
<b>Total Professional/Consultant Fees and Services</b>		<b>\$ 948,148</b>	<b>\$ 122,188</b>	<b>\$ 90,825</b>	<b>\$ 1,161,161</b>

<sup>1</sup> Pursuant to GFOA guidelines, investment advisor expenses are shown only on the investment expenses schedule on the preceding page.

Note: The members of the TCDRS Board of Trustees serve without compensation and are reimbursed for actual out-of-pocket travel expenses incurred.

See accompanying independent auditor's report.

**CHANGES IN PLAN NET ASSETS BY FUND AND INTERFUND TRANSFERS****Pension Trust Fund**

Year Ended Dec. 31, 2002

	<b>Employees Saving Fund</b>	<b>Subdivision Accumulation Fund</b>
<b>ADDITIONS</b>		
Employee Deposits and Employer Contributions	\$ 224,387,814	\$ 291,313,309
Investment Income		
<i>From Investment Activities</i>		
Net Appreciation (Depreciation) in Fair Value of Investments	—	—
Interest and Dividends	—	—
Total Investment Activity Income	—	—
Less Investment Activity Expenses	—	—
Net Income from Investment Activities	—	—
<i>From Securities-Lending Activities</i>		
Securities-Lending Income	—	—
Less Securities-Lending Expenses:		
Borrower Rebates and Management Fees	—	—
Net Income From Securities-Lending Activities	—	—
Total Net Investment Income	—	—
Building Operations and Miscellaneous Income	—	—
<b>Total Additions</b>	<b>224,387,814</b>	<b>291,313,309</b>
<b>DEDUCTIONS</b>		
Benefit Allowances	—	106,352,344
Withdrawals	54,113,574	—
Interest Allocation to Supplemental Death Benefits Fund	—	—
Administrative and Building Operations Expenses	—	—
<b>Total Deductions</b>	<b>54,113,574</b>	<b>106,352,344</b>
<b>TRANSFER OF FUNDS</b>		
Retirement Allowances	(140,160,156)	(140,886,554)
Investment Income and Other	163,078,163	(425,467,974)
Escheated Accounts	(835,963)	—
Net Transfers	22,082,044	(566,354,528)
<b>Net Increase (Decrease) in Plan Net Assets</b>	<b>192,356,284</b>	<b>(381,393,563)</b>
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>		
<b>Beginning of Year</b>	<b>2,413,867,423</b>	<b>3,892,291,239</b>
<b>End of Year</b>	<b>\$ 2,606,223,707</b>	<b>\$ 3,510,897,676</b>

See accompanying independent auditor's report.



**CHANGES IN PLAN NET ASSETS BY FUND AND INTERFUND TRANSFERS, continued****Pension Trust Fund**

Year Ended Dec. 31, 2002

<b>Current Service Annuity Reserve Fund</b>	<b>Endowment Fund</b>	<b>Interest Fund</b>	<b>Expense Fund</b>	<b>Totals</b>
\$ —	\$ —	\$ —	\$ —	\$ 515,701,123
—	—	(288,549,293)	—	(288,549,293)
—	—	397,826,048	—	397,826,048
—	—	109,276,755	—	109,276,755
—	—	6,744,653	—	6,744,653
—	—	102,532,102	—	102,532,102
—	—	61,105,463	—	61,105,463
—	—	53,058,573	—	53,058,573
—	—	8,046,890	—	8,046,890
—	—	110,578,992	—	110,578,992
—	—	—	1,765,891	1,765,891
—	—	<b>110,578,992</b>	<b>1,765,891</b>	<b>628,046,006</b>
167,308,642	—	—	—	273,660,986
—	404,259	—	—	54,517,833
—	—	233,155	—	233,155
—	—	—	8,379,382	8,379,382
<b>167,308,642</b>	<b>404,259</b>	<b>233,155</b>	<b>8,379,382</b>	<b>336,791,356</b>
281,046,710	—	—	—	—
114,479,679	(1,612,707)	142,480,839	7,042,000	—
—	835,963	—	—	—
395,526,389	(776,744)	142,480,839	7,042,000	—
<b>228,217,747</b>	<b>(1,181,003)</b>	<b>252,826,676</b>	<b>428,509</b>	<b>291,254,650</b>
<b>1,615,421,387</b>	<b>212,166,885</b>	<b>461,743,677</b>	<b>15,154,230</b>	<b>8,610,644,841</b>
<b>\$ 1,843,639,134</b>	<b>\$ 210,985,882</b>	<b>\$ 714,570,353</b>	<b>\$ 15,582,739</b>	<b>\$ 8,901,899,491</b>

See accompanying independent auditor's report.

**CHANGES IN ENDOWMENT FUND****Pension Trust Fund**

Year Ended Dec. 31, 2002

	<b>General Reserves Account</b>	<b>Perpetual Endowment Account</b>	<b>Reserve for Expense Fund</b>	<b>Suspended Annuities Account</b>	<b>Total</b>
<b>ADDITIONS</b>					
Transfer From Interest Fund	\$ 3,749,423	\$ —	\$ 8,300,000	\$ —	\$ 12,049,423
Escheated Accounts	—	972,019	—	—	972,019
Transfers From SAF and CSARF	—	—	—	482,498	482,498
<b>Total Additions</b>	<b>3,749,423</b>	<b>972,019</b>	<b>8,300,000</b>	<b>482,498</b>	<b>13,503,940</b>
<b>DEDUCTIONS</b>					
Partial-Year Interest to Employee Savings Fund	4,259,544	—	—	—	4,259,544
Matching of Retirees Partial-Year Interest to SAF	2,843,084	—	—	—	2,843,084
Transfer to Expense Fund	—	—	7,042,000	—	7,042,000
Refunds of Escheated Accounts	—	404,259	—	—	404,259
Reinstatements of Escheated Accounts	—	136,056	—	—	136,056
<b>Total Deductions</b>	<b>7,102,628</b>	<b>540,315</b>	<b>7,042,000</b>	<b>—</b>	<b>14,684,943</b>
<b>Net Increase (Decrease) in Fund</b>	<b>(3,353,205)</b>	<b>431,704</b>	<b>1,258,000</b>	<b>482,498</b>	<b>(1,181,003)</b>
<b>Beginning of Year</b>	<b>201,973,422</b>	<b>3,111,167</b>	<b>7,042,000</b>	<b>40,296</b>	<b>212,166,885</b>
<b>End of Year</b>	<b>\$ 198,620,217</b>	<b>\$ 3,542,871</b>	<b>\$ 8,300,000</b>	<b>\$ 522,794</b>	<b>\$ 210,985,882</b>

See accompanying independent auditor's report.

**CHANGES IN INTEREST FUND****Pension Trust Fund**

Year Ended Dec. 31, 2002

	<b>Distributable Income Account</b>	<b>Nondistributable Income Account</b>	<b>Total</b>
<b>INVESTMENT RESULTS</b>			
Net Appreciation (Depreciation) in Fair Value of Investments	\$ (541,375,969)	\$ 252,826,676	\$ (288,549,293)
Interest and Dividends	397,826,048	—	397,826,048
Net Income From Securities- Lending Activities	8,046,890	—	8,046,890
Investment Activity Expenses	(6,744,653)	—	(6,744,653)
<b>Net Investment Results</b>	<b>(142,247,684)</b>	<b>252,826,676</b>	<b>110,578,992</b>
<b>STATUTORY ALLOCATIONS</b>			
Allocation of Current Year Interest:			
Employees Saving Fund	158,818,620	—	158,818,620
Current Service Annuity Reserve Fund	114,803,155	—	114,803,155
Supplemental Death Benefits Fund	233,155	—	233,155
<b>Total Statutory Allocations</b>	<b>273,854,930</b>	<b>—</b>	<b>273,854,930</b>
<b>BOARD OF TRUSTEES' ALLOCATIONS</b>			
Allocation to the Reserve for Expense Fund of the Endowment Fund	8,300,000	—	8,300,000
Allocation to the General Reserves Account of the Endowment Fund	3,749,423	—	3,749,423
Allocation to the Subdivision Accumulation Fund	(428,152,037)	—	(428,152,037)
<b>Total Board of Trustees' Allocations</b>	<b>(416,102,614)</b>	<b>—</b>	<b>(416,102,614)</b>
<b>Net Increase in Fund<sup>1</sup></b>	<b>—</b>	<b>252,826,676</b>	<b>252,826,676</b>
<b>Beginning of Year</b>	<b>—</b>	<b>461,743,677</b>	<b>461,743,677</b>
<b>End of Year</b>	<b>\$ —</b>	<b>\$ 714,570,353</b>	<b>\$ 714,570,353</b>

<sup>1</sup> Net Increase in Fund is equal to: Net Investment Results less Total Statutory Allocations and Total Board of Trustees' Allocations. For the year ended Dec. 31, 2002, the total net increase in fund calculation is: \$110,578,992 less (\$273,854,930 - 416,102,614) equals \$252,826,676.

See accompanying independent auditor's report.

**CHANGES IN EMPLOYEES SAVING FUND, continued on subsequent pages**

No.	Employer Name	Balances		Additions			Deductions			Balances Dec. 31, 2002
		Jan. 1, 2002	\$	Member Deposits	Partial-Year Interest	Annual Interest	Transfers to C.S.A.R.F. <sup>1</sup>	Withdrawals	Net Escheatments	
100	Anderson County	4,226,615	\$	422,605	1,432	292,200	466,750	70,366	1,070	4,404,666
101	Andrews County	8,552,173		314,606	25,578	529,611	1,088,879	173,630	36,473	8,122,986
102	Angelina County	6,454,329		623,799	11,149	425,384	581,904	192,206		6,740,551
103	Aransas County	2,075,264		250,615	2,861	138,415	108,707	104,276	558	2,253,613
104	Archer County	1,242,800		86,268	2,887	80,540	328,846	3,746		1,079,904
105	Armstrong County	361,267		34,542	458	24,357	136,872	16,180		267,573
106	Atascosa County	3,583,339		333,477	10,528	229,201	245,053	186,192		3,725,300
107	Austin County	3,851,769		257,945	2,917	264,075	91,667	40,774	2,678	4,241,587
108	Bailey County	769,040		70,806	3,208	45,426	97,339	29,587		761,553
109	Bandera County	1,310,991		209,170	1,877	87,947	17,142	65,804	2,504	1,524,535
110	Basin County	5,784,202		794,463	25,947	362,412	589,848	229,091	377	6,147,708
111	Baylor County	673,020		57,129	498	45,859	68,324	20,656		687,526
112	Bee County	2,709,237		323,286	2,755	183,889	299,164	63,152	68	2,856,782
113	Bell County	19,057,941		2,003,413	36,491	1,252,435	699,650	578,807	652	21,071,172
114	Bexar County	119,512,319		10,297,710	188,112	7,946,589	4,830,614	2,499,741	16,182	130,598,193
115	Blanco County	728,576		87,004	2,421	46,332	92,728	6,068		765,538
116	Borden County	575,109		31,003	2,061	34,868	101,642	8,264		533,135
117	Bosque County	842,000		91,325	1,508	56,226	36,984	27,428		926,648
118	Bowie County	7,680,652		513,134	18,964	469,797	898,657	438,606	8,590	7,336,694
119	Brazoria County	29,370,899		2,726,112	44,476	1,950,733	1,768,973	734,236	9,217	31,579,795
120	Brazos County	14,680,880		1,442,725	19,942	969,622	617,767	442,165	5,757	16,047,480
121	Brewster County	894,583		97,317	351	61,426	12,379	6,387		1,034,910
122	Briscoe County	218,413		25,321		15,289	12,005			247,018
123	Brooks County	1,229,754		135,901	1,415	80,711	21,836	59,347		1,366,597
124	Brown County	1,706,376		179,725	1,994	116,370	82,952	32,406		1,889,107
125	Burleson County	1,581,539		144,282	2,721	105,294	254,337	47,677		1,531,822
126	Burnet County	3,405,241		401,408	6,514	218,104	548,745	95,004	2,478	3,385,040
127	Caldwell County	1,645,383		204,178	2,666	106,670	140,625	61,249	981	1,756,043
128	Callahan County	4,035,259		344,052	9,930	260,215	684,487	73,706		3,891,263
129	Callison County	793,908		67,196	570	54,141	34,898	23,624	19	857,275
130	Cameron County	22,782,837		2,608,832	27,400	1,522,081	686,727	787,434	2,994	25,463,995
131	Camp County	885,297		78,136	2,292	55,660	160,192	24,181		837,011
132	Carson County	884,539		87,807	621	59,900	56,865	32,492	685	942,825
133	Cass County	3,181,523		303,123	13,331	193,141	330,643	137,768		3,222,707
134	Castro County	1,103,379		93,679	3,869	71,759	17,580	27,149		1,227,957
135	Chambers County	8,205,099		713,904	26,495	530,077	918,205	187,053	8,577	8,361,740
136	Cherokee County	4,203,438		357,711	4,889	281,989	209,328	102,705	1,602	4,534,392
137	Childress County	180,442		48,381	280	11,797	8,219	14,496	51	218,134
138	Clay County	1,849,581		106,923	4,076	121,931	148,685	3,674	337	1,929,815
139	Cochran County	1,186,563		92,333	289	82,682	143,794	6,397		1,211,676

<sup>1</sup> Current Service Annuity Reserve Fund



**CHANGES IN EMPLOYEES SAVING FUND, continued**

No.	Employer Name	Balances Jan. 1, 2002	Additions			Annual Interest	Transfers to C.S.A.R.F. <sup>1</sup>	Deductions		Balances Dec. 31, 2002
			Member Deposits	Partial- Year Interest	Annual Interest			Withdrawals	Net Escheat- ments	
140	Coke County	745,765	48,547	732	50,800	17,252				828,593
141	Coleman County	970,573	67,885	231	67,373			9,720		1,096,341
142	Collin County	28,576,256	3,850,549	46,160	1,901,778	1,909,075		450,128	8,396	32,007,144
143	Collingsworth County	155,020	29,173	308	9,794	7,384		2,547		184,364
144	Colorado County	1,889,119	207,039	4,053	115,972	198,174		91,098	183	1,926,729
145	Comal County	6,409,327	955,653	11,961	423,219	470,733		213,382	8,580	7,107,465
146	Comanche County	1,129,450	141,249	1,030	76,384	45,906		32,238	278	1,269,691
147	Concho County	320,374	52,810	176	22,152			5,856		389,656
148	Cooke County	3,286,145	323,428	4,567	219,368	188,286		75,247		3,569,975
149	Coryell County	2,925,991	299,027	4,363	186,359	177,187		105,861	273	3,132,419
150	Cottle County	225,337	23,698	827	14,750	36,799		884		226,929
151	Crane County	2,566,588	196,050	6,054	168,676	247,330		42,875		2,647,164
152	Crockett County	2,880,461	235,678	11,174	184,975	134,858		127,364	601	3,049,465
153	Crosby County	1,108,914	72,871	7,709	64,530	210,712		14,586		1,028,726
154	Culberson County	802,449	71,623	294	53,032	65,018		2,579		859,800
155	Dallam County	1,056,835	73,489	1,776	69,455	37,625		32,913		1,131,016
156	Dallas County	196,770,507	15,985,287	379,200	12,914,636	11,074,047		4,289,488	33,772	210,652,323
157	Dawson County	2,180,375	184,279	1,561	150,147	138,972		18,322		2,359,068
158	Deaf Smith County	2,892,743	213,900	10,784	183,207	376,480		69,910		2,854,245
159	Delta County	359,125	52,020	825	23,209	27,255		21,806		386,118
160	Denton County	21,831,345	3,705,082	31,303	1,453,336	736,709		683,211	9,308	25,591,837
161	Dewitt County	1,762,330	157,874	3,410	113,613	104,139		44,687		1,888,401
162	Dickens County	435,775	43,774	136	29,484	55,898		15,080		438,190
163	Dimmit County	468,213	75,192	1,043	28,930	37,416		23,975	182	511,805
164	Donley County	283,238	37,952	368	18,433	6,192		15,295	35	318,469
165	Duval County	1,198,376	133,265	1,821	80,415	10,847		43,581	114	1,359,336
166	Easland County	1,341,685	147,860	1,577	88,547	95,724		42,156	(3,378)	1,445,167
167	Ector County	23,313,248	1,147,426	75,004	1,490,238	2,040,964		370,356	4,489	23,610,107
168	Edwards County	161,588	30,597	368	10,251	8,190		8,834		185,779
169	Ellis County	5,612,587	850,515	7,109	375,280	245,479		147,196	92	6,452,725
170	El Paso County	50,849,111	6,448,636	56,757	3,390,351	2,508,015		1,113,789	28,601	57,094,449
171	Erath County	2,728,188	299,886	5,896	180,745	314,013		89,089		2,811,614
172	Falls County	1,887,844	164,940	8,664	117,374	228,055		41,919		1,908,848
173	Fannin County	1,991,688	219,251	3,967	123,175	219,685		24,799		2,093,597
174	Fayette County	4,898,442	350,857	2,163	338,101	82,407		65,059		5,442,097
175	Fisher County	834,185	51,836	4,367	49,675	313,864		34,037	2,603	589,560
176	Floyd County	1,078,211	95,309	1,568	70,296	55,749		56,618		1,133,017
178	Fort Bend County	41,026,046	4,005,993	37,089	2,768,976	1,375,124		467,525	26,120	45,969,334
179	Franklin County	1,030,609	102,065	604	69,429	165,694		30,464		1,006,550
180	Freestone County	2,415,104	227,010	3,176	162,969	293,752		12,471		2,502,035

<sup>1</sup> Current Service Annuity Reserve Fund

**CHANGES IN EMPLOYEES SAVING FUND, continued**

No.	Employer Name	Balances Jan. 1, 2002	Additions			Annual Interest	Transfers to C.S.A.R.F. <sup>1</sup>	Deductions		Balances Dec. 31, 2002
			Member Deposits	Partial- Year Interest	Annual Interest			Withdrawals	Net Escheat- ments	
181	Frio County	1,360,161	146,509	1,327	82,636	107,515	84,238		1,398,880	
182	Gaines County	4,115,253	260,874	4,213	274,868	552,796	100,684		4,001,728	
183	Galveston County	31,899,161	2,514,886	63,301	2,060,622	2,878,312	853,896	(4,981)	32,810,742	
184	Garza County	1,069,646	96,144	3,845	68,319	64,666	53,739		1,119,549	
185	Gillespie County	2,460,402	187,410	3,030	161,997	193,930	34,473		2,567,002	
186	Glasscock County	793,402	51,023	977	53,193	23,187	34,473		840,935	
187	Goliad County	1,637,241	139,502	10,402	99,368	202,925	107,317		1,576,270	
188	Gonzales County	1,525,701	160,819	2,693	99,414	155,239	76,322		1,557,067	
189	Gray County	2,508,162	241,519	3,279	163,821	240,407	71,701	1,861	2,602,811	
190	Grayson County	9,000,570	981,309	13,753	600,504	562,413	171,422	7,624	9,854,678	
191	Gregg County	13,375,270	1,030,801	21,759	874,510	1,075,429	279,342	103	13,947,465	
192	Grimes County	1,736,791	218,314	1,222	118,617	41,870	51,020	45	1,982,010	
193	Guadalupe County	5,091,496	787,834	7,841	332,341	432,038	209,354	664	5,577,456	
194	Hale County	3,521,743	323,045	4,393	235,389	103,899	71,033		3,909,640	
195	Hall County	721,060	53,439	2,848	40,527	193,457	14,398		610,020	
196	Hamilton County	587,801	71,860	922	39,776	41,255	23,121		635,983	
197	Hansford County	1,319,451	68,591	110	92,215		2,712		1,477,655	
198	Hardeman County	957,093	77,819	1,552	63,396	131,177	19,546		949,137	
199	Hardin County	4,343,596	456,110	20,405	264,026	452,036	178,122	1,398	4,452,581	
200	Harris County	500,925,787	37,648,047	818,116	32,972,548	25,254,492	7,332,415	112,925	539,664,665	
201	Harrison County	5,905,653	530,148	6,444	395,479	142,201	179,454		6,516,069	
202	Harley County	548,245	44,626	186	37,884	108,953	8,796		513,192	
203	Haskell County	873,405	71,688	89	60,616	66,104	8,646		931,048	
204	Hays County	11,587,299	1,473,245	17,176	772,516	669,414	299,846	27,305	12,853,671	
205	Hemphill County	1,958,204	105,343	2,761	132,933	224,402			1,974,838	
206	Henderson County	5,303,928	563,375	7,188	355,282	414,498	134,206	362	5,680,707	
207	Hidalgo County	30,387,284	3,850,271	72,353	1,958,906	2,326,702	1,187,414	4,397	32,750,301	
208	Hill County	2,652,518	261,865	2,499	182,097	88,805	64,161	832	2,945,181	
209	Hockley County	3,314,457	198,594	3,335	216,672	211,663	155,444		3,365,951	
210	Hood County	2,513,966	379,354	5,986	164,580	32,286	174,090		2,857,510	
211	Hopkins County	2,546,108	343,038	5,917	168,169	185,704	64,236	1,317	2,811,975	
212	Houston County	1,184,593	154,454	5,327	75,931	91,023	65,729	114	1,263,439	
213	Howard County	3,518,484	290,990	10,636	231,913	222,321	61,821		3,767,881	
214	Hudspeth County	716,061	73,650	5,793	41,772	53,449	67,769	2,461	713,596	
215	Hunt County	5,171,955	561,852	7,902	345,428	272,833	142,591	3,079	5,671,714	
216	Hutchinson County	4,314,716	281,485	2,120	297,244	203,017	56,546		4,632,924	
217	Irion County	586,302	41,582		40,793		3,549		665,127	
218	Jack County	1,311,924	116,986	1,391	88,997	182,195	9,983		1,327,120	
219	Jackson County	2,542,974	188,491	4,295	169,862	231,450	17,134	450	2,656,588	
220	Jasper County	2,994,913	303,085	6,073	190,139	406,305	24,832		3,063,074	

<sup>1</sup> Current Service Annuity Reserve Fund

**CHANGES IN EMPLOYEES SAVING FUND, continued**

No.	Employer Name	Balances Jan. 1, 2002	Additions			Annual Interest	Transfers to C.S.A.R.F. <sup>1</sup>	Deductions		Balances Dec. 31, 2002
			Member Deposits	Partial- Year Interest	Annual Interest			Withdrawals	Net Escheat- ments	
221	Jeff Davis County	269,909	27,444	108,005	18,894	74,517	926	9,584	240,803	
222	Jefferson County	45,878,309	3,287,753	980	2,998,669	4,298,488	567,950	178	47,396,715	
223	Jim Hogg County	1,013,901	119,531	6,207	66,943	79,686	34,092	6,290	1,087,399	
224	Jim Wells County	3,382,059	333,777	18,101	224,179	119,884	89,355	9,790	3,730,693	
225	Johnson County	6,759,588	926,189	779	432,952	519,870	309,228	2,400	7,297,942	
226	Jones County	1,442,521	131,973	4,898	98,362	56,545	26,235	2,039	1,588,456	
227	Kames County	1,584,116	147,448	10,965	102,094	236,620	23,718	773	1,578,217	
228	Kaufman County	5,130,518	555,261	2,230	337,023	311,434	137,586	2,063,691	5,582,707	
229	Kendall County	1,797,037	253,305	7,431	122,263	65,528	44,843	1,002,601	2,063,691	
230	Kenedy County	1,010,340	76,608	398	59,650	104,571	46,858	1,161,294	1,002,601	
231	Kent County	1,067,189	108,829	9,907	73,753	82,433	6,442	4,705,709	1,161,294	
232	Kerr County	4,323,752	524,526	310	276,841	263,358	6,651	441,242	4,705,709	
233	Kimble County	398,272	72,737	1,062	27,538	50,963	5,376	418,271	441,242	
234	King County	390,686	26,174	12,015	27,348	25,937	643,129	4,858,085	418,271	
235	Kinney County	562,827	73,453	2,935	37,312	26,149	203,573	464	643,129	
236	Kleberg County	4,581,705	450,329	3,614	296,031	277,958	27,558	252	4,858,085	
237	Knox County	506,664	52,338	2,566	30,658	48,641	105,232	49	516,144	
238	Lamar County	3,240,026	337,668	2,146	218,158	209,067	21,336	117	3,485,120	
239	Lamb County	1,895,060	154,072	394	125,487	87,254	36,220	575	2,068,478	
240	Lampasas County	1,409,024	148,457	5,945	93,648	41,056	6,522	901,864	1,575,998	
241	La Salle County	793,153	78,139	2,167	54,305	17,605	44,483	4,150,961	901,864	
242	Lavaca County	4,017,818	283,311	4,984	270,088	381,143	44,483	2,051,572	4,150,961	
243	Lee County	1,890,745	102,720	4,236	127,679	49,465	22,275	76	2,051,572	
244	Leon County	1,294,714	155,309	19,961	81,797	144,212	40,422	1,351,346	1,351,346	
245	Liberty County	5,707,917	557,476	553	358,403	549,986	110,378	1,961	5,981,432	
246	Limestone County	2,624,170	276,650	208	175,727	61,051	68,344	2,952,135	2,952,135	
247	Lipscomb County	1,230,542	76,324	324	84,022	60,253	32,057	1,299,132	1,299,132	
248	Live Oak County	1,527,697	128,060	3,945	92,063	290,261	36,378	1,425,127	1,425,127	
249	Llano County	1,958,956	204,749	1,257	133,545	19,091	59,964	77	2,219,375	
250	Loving County	513,233	28,994	28,957	35,677	406,490	5,867	572,246	2,219,375	
251	Lubbock County	16,221,060	1,807,936	28,957	1,067,167	406,490	694,463	18,024,168	18,024,168	
252	Lynn County	415,435	49,678	324	27,784	50,668	9,076	433,477	433,477	
253	McCulloch County	614,213	60,011	2,079	37,649	25,120	69,989	618,843	618,843	
254	McLennan County	20,936,010	1,804,338	39,332	1,348,597	1,433,909	413,557	22,276,547	22,276,547	
255	McMullen County	943,972	46,399	905	61,169	88,750	2,281	961,412	961,412	
256	Madison County	463,112	79,198	1,171	29,476	32,109	19,092	521,757	521,757	
257	Marion County	985,090	90,248	1,076	66,382	28,863	9,138	1,100,175	1,100,175	
258	Martin County	1,168,541	87,493	519	77,023	76,478	6,881	1,250,217	1,250,217	
259	Mason County	506,177	50,139	51	35,231	10,410	4,187	577,001	577,001	
260	Matagorda County	6,017,825	427,813	13,961	395,189	296,735	116,026	6,881	6,435,146	

<sup>1</sup> Current Service Annuity Reserve Fund



**CHANGES IN EMPLOYEES SAVING FUND, continued**

No.	Employer Name	Balances Jan. 1, 2002	Additions			Annual Interest	Transfers to C.S.A.R.F. <sup>1</sup>	Deductions		Balances Dec. 31, 2002
			Member Deposits	Partial- Year Interest	Withdrawals			Net Escheat- ments		
261	Maverick County	2,144,135	232,455	8,476	136,124	128,058	86,188	2,306,945		
262	Medina County	2,228,390	231,715	4,501	145,910	126,320	75,602	2,405,999		
263	Menard County	447,822	39,297	61	31,274	44,596	1,813	472,046		
264	Midland County	13,017,091	1,128,646	16,757	858,630	543,009	250,927	14,211,341		
265	Milam County	2,468,775	208,754	3,834	157,917	184,724	76,096	2,576,832		
266	Mills County	493,479	51,230	292	33,168	130,401	21,159	557,010		
267	Mitchell County	1,431,899	107,201	1,835	93,726	330,278	22,401	1,481,859		
268	Montague County	2,235,293	163,650	4,510	144,787	39,860	39,860	2,178,101		
269	Montgomery County	27,165,951	2,888,280	43,932	1,775,433	1,616,789	489,083	29,759,633		
270	Moore County	3,427,031	260,047	7,923	228,001	397,694	69,886	3,455,422		
271	Morris County	1,826,457	124,896	1,330	121,730	162,346	24,020	1,888,047		
272	Nacogdoches County	4,809,911	481,028	16,448	304,777	442,004	199,509	4,970,532		
273	Navarro County	5,894,295	594,429	3,376	400,240	284,245	95,881	6,511,361		
274	Newton County	1,094,765	122,013	2,740	67,515	72,703	122,230	1,092,100		
275	Nolan County	1,960,187	167,540	4,940	123,227	252,623	39,096	1,964,175		
276	Nueces County	38,757,470	2,856,994	70,450	2,545,700	2,509,118	1,132,845	40,587,528		
277	Ochiltree County	1,625,204	126,130	1,799	108,210	102,720	33,081	1,725,543		
278	Oldham County	798,265	56,795	1,508	49,566	99,186	20,975	785,973		
279	Orange County	10,716,145	963,478	17,976	683,215	964,260	185,603	11,230,574		
280	Palo Pinto County	3,140,125	279,174	6,698	200,699	286,726	87,649	3,251,901		
281	Panola County	3,918,577	295,834	7,936	259,893	319,414	51,550	4,111,276		
282	Parker County	5,359,519	630,912	9,720	349,357	422,859	150,781	5,772,106		
283	Parmer County	1,126,816	88,020	916	71,379	268,222	16,643	1,002,265		
284	Pecos County	6,885,830	809,612	9,591	459,268	142,927	265,778	7,754,996		
285	Polk County	4,141,969	482,252	9,245	268,123	345,353	123,257	4,426,306		
286	Potter County	15,469,100	1,312,449	43,720	996,520	1,114,712	427,854	16,275,237		
287	Presidio County	616,801	80,252	813	40,905	7,367	28,299	703,104		
288	Rains County	520,357	72,838	385	34,913	77,868	26,792	523,432		
289	Randall County	7,724,284	790,515	13,789	508,625	663,096	313,332	8,054,010		
290	Reagan County	1,204,016	102,614	305	83,546	69,007	6,906	1,314,566		
291	Real County	392,733	41,749	332	27,022	6,516	710	454,610		
292	Red River County	1,065,186	96,604	2,898	68,582	128,544	56,017	1,048,709		
293	Reeves County	5,026,434	1,046,572	9,175	327,866	268,192	395,668	5,745,785		
294	Refugio County	2,373,212	155,483	3,110	154,638	365,992	40,310	2,280,140		
295	Robert County	605,837	45,062	42,409	42,409	100,213	43,230	693,307		
296	Robertson County	1,933,983	199,966	3,637	128,230	228,739	110,042	2,122,373		
297	Rockwall County	2,964,139	480,734	4,885	192,403	26,438	34,287	3,290,926		
298	Runnels County	1,766,384	139,492	697	121,385	323,136	127,800	1,967,233		
299	Rusk County	4,910,101	432,853	6,686	323,136	366,044	127,800	5,178,840		
300	Sabine County	629,092	89,582	1,230	41,539	44,721	44,721	715,954		

<sup>1</sup> Current Service Annuity Reserve Fund



**CHANGES IN EMPLOYEES SAVING FUND, continued**

No.	Employer Name	Balances Jan. 1, 2002	Additions			Annual Interest	Transfers to C.S.A.R.F. <sup>1</sup>	Deductions		Balances Dec. 31, 2002
			Member Deposits	Partial- Year Interest	Annual Interest			Withdrawals	Net Escheat- ments	
302	San Augustine County	539,396	56,971	692	36,666	14,077	20,266	599,382		
303	San Jacinto County	1,647,308	189,058	4,317	107,340	64,384	90,290	1,791,923		
304	San Patricio County	10,387,064	814,457	17,536	686,487	906,720	377,716	10,620,961		
305	San Saba County	705,313	62,760	201	48,855	70,314	8,877	737,938		
306	Schleicher County	796,399	58,399	568	54,883	223,571	13,553	896,695		
307	Scarr County	5,685,429	630,414	10,996	368,219	23,861	285,031	6,186,073		
308	Shackelford County	500,424	47,199	133	34,147	173,909	14,499	543,543		
309	Shelby County	1,302,822	184,018	3,101	83,261	4,209	36,610	1,362,684		
310	Sherman County	1,124,217	74,309	434	77,197	125,682	4,209	1,146,266		
311	Smith County	12,792,815	1,422,513	39,844	806,805	1,251,072	466,121	13,342,487		
312	Somervell County	2,758,396	276,009	6,659	180,342	357,729	92,619	2,771,058		
313	Starr County	2,402,604	372,323	5,628	156,153	100,425	86,744	2,747,570		
314	Stephens County	1,355,451	83,101	1,469	93,033	50,306	23,277	1,459,471		
315	Sterling County	645,186	83,507	2,246	38,233	72,230	33,221	663,722		
316	Stonewall County	510,216	36,705	81	35,395	90,906	5,735	485,755		
317	Sutton County	1,566,091	116,246	2,568	103,193	51,892	45,261	1,690,945		
318	Swisher County	650,855	70,833	1,029	43,706	29,290	29,290	737,132		
319	Tarrant County	123,882,309	11,793,705	240,511	8,149,243	6,523,920	2,280,237	135,220,484		
320	Taylor County	12,150,680	1,057,723	11,331	824,580	337,565	278,538	13,427,430		
321	Terrell County	502,118	45,773	507	34,388	61,976	13,643	507,166		
322	Terry County	1,700,178	196,150	292	118,050	6,048	10,394	1,998,229		
323	Throckmorton County	391,253	36,426	23	27,348	33,436	1,269	420,344		
324	Titus County	2,349,144	221,092	3,581	149,646	237,088	100,620	2,385,447		
325	Tom Green County	9,324,720	977,463	20,700	609,831	397,172	343,859	10,189,405		
326	Travis County	108,319,543	11,390,220	150,891	7,265,731	3,842,063	1,798,733	121,437,263		
327	Trinity County	1,178,474	94,569	1,501	78,133	28,229	39,894	1,284,555		
328	Tyler County	1,901,098	178,943	3,622	118,812	150,546	74,390	1,971,560		
329	Upshur County	3,417,616	349,978	3,730	233,030	349,186	43,392	3,611,776		
330	Upton County	2,102,258	145,496	1,222	138,611	193,888	15,910	2,177,790		
331	Uvalde County	3,195,249	322,779	16,582	193,998	367,304	88,292	3,272,254		
332	Val Verde County	3,824,371	357,630	984	263,558	135,983	63,291	4,381,820		
333	Van Zandt County	2,616,401	305,636	3,575	173,939	112,620	112,620	2,846,937		
334	Victoria County	13,524,963	1,198,336	20,739	895,279	667,111	403,459	14,567,230		
335	Walker County	5,347,125	594,430	22,159	336,819	455,349	183,908	5,661,019		
336	Waller County	4,092,282	346,412	8,905	269,951	189,900	62,531	4,461,552		
337	Ward County	2,673,754	244,392	5,794	169,178	449,210	45,760	2,598,148		
338	Washington County	2,874,869	351,123	6,449	185,995	140,600	94,741	3,183,096		
339	Webb County	16,955,408	1,775,352	22,212	1,119,323	598,846	466,126	18,797,715		
340	Wharton County	4,998,821	374,634	5,256	342,028	97,931	120,319	5,502,489		
341	Wheeler County	1,058,198	78,432	1,906	68,586	144,192	16,945	1,045,984		

<sup>1</sup> Current Service Annuity Reserve Fund

**CHANGES IN EMPLOYEES SAVING FUND, continued**

No.	Employer Name	Balances Jan. 1, 2002	Additions			Annual Interest	Deductions			Balances Dec. 31, 2002
			Member Deposits	Partial- Year Interest	Transfers to C.S.A.R.F. <sup>1</sup>		Withdrawals	Net Escheat- ments		
342	Wichita County	10,918,012	969,603	20,233	704,307	817,214	317,449	1,216	11,476,277	
343	Wilbarger County	2,022,183	158,219	5,532	130,750	124,701	23,853		2,168,129	
344	Willacy County	2,141,341	157,583	9,768	130,803	168,603	125,713		2,145,179	
345	Williamson County	17,999,521	2,754,177	30,777	1,187,420	561,127	550,500	29,165	20,831,103	
346	Wilson County	2,135,126	235,693	5,102	131,521	255,156	96,471	1,531	2,154,283	
347	Winkler County	2,841,186	251,556	8,780	181,125	73,657	204,947	2,984	3,004,042	
348	Wise County	3,556,902	574,084	7,738	230,056	278,014	200,740	2,500	3,887,043	
349	Wood County	3,430,200	348,344	2,530	234,400	159,257	27,539	2,500	3,826,179	
350	Yoakum County	5,365,471	464,169	16,327	337,496	723,307	95,158	6,381	5,358,617	
351	Young County	2,590,734	177,530	15,017	153,574	416,099	78,716		2,442,039	
352	Zapata County	3,505,923	399,871	4,208	237,220	137,300	89,631	2,456	3,917,835	
353	Zavala County	937,595	66,099	1,018	63,933	138,050	27,357		903,237	
354	TCDRS	1,965,482	316,438	1,686	123,994	162,446	37,899	198	2,207,058	
638	Acton MUD	102,923	25,832	76	6,909		5,717		130,023	
615	Alamo Area COG	906,513	187,460	1,556	55,855	32,407	81,898	1,189	1,035,889	
502	Angelina Co. AD	587,000	31,225		41,090				659,315	
684	Angelina/Nacogdoches Co. WCID #1	0	2,338						2,338	
576	Angleton DD	256,918	23,333		17,984				298,235	
614	Aquilla WSD—Hill Co.	70,194	9,999	35	4,701		3,290		81,640	
459	Aransas Co. AD	310,364	15,751		21,725				347,840	
668	Aransas Co. ND #1	8,477	9,635		593				18,706	
503	Archer Co. AD	122,125	4,432		8,549				135,106	
551	Atascosa Co. AD	134,899	19,689		9,443		636		163,395	
461	Austin Co. AD	211,931	26,303		14,835				253,069	
597	Bacliff MUD	113,794	12,544	25	7,876		1,584		132,656	
685	Baylor Co. AD	0	2,414						2,414	
613	Bayview ID #11	56,876	5,724	8	3,835		2,105		64,337	
690	Bayview MUD	0	1,057						1,057	
506	Bell Co. AD	1,553,563	89,595	4,281	98,200	102,725	54,122		1,588,792	
418	Bell Co. WCID #1	839,500	9,083	13,733	38,519	297,134	25,387		578,314	
472	Bexar AD	6,842,025	462,328	5,190	461,297	193,596	62,677	10,898	7,503,669	
544	Bexar Co. WCID #10	105,871	11,050	112	7,248		2,915		121,367	
616	Bistone MWSD—Limestone Co.	130,132	15,745	97	8,642		7,354		147,263	
525	Borden Co. AD	29,088	776	170	2	29,296			739	
521	Bosque Co. CAD	163,239	12,883	55	10,857		8,472		178,562	
508	Brazoria Co. AD	1,044,220	86,336		72,918		2,532		1,200,942	
413	Brazoria Co. GRD #3	888,050	61,109		62,164	107,553			903,769	
424	Brazoria Co. DD #4	710,168	80,327	895	43,825	37,232	49,286		748,697	
681	Brazoria Co. DD #5	0	4,617						4,617	
689	Brazos Co. AD	0	12,946						12,946	

<sup>1</sup> Current Service Annuity Reserve Fund

**CHANGES IN EMPLOYEES SAVING FUND, continued**

No.	Employer Name	Balances Jan. 1, 2002	Additions			Annual Interest	Deductions		Balances Dec. 31, 2002
			Member Deposits	Partial- Year Interest	Transfers to C.S.A.R.F. <sup>1</sup>		Withdrawals	Net Escheat- ments	
600	Brazos Co. ECD	540,394	64,383		35,629			608,998	
581	Brewster Co. AD	43,295	4,781	217	2,597		7,126	43,763	
554	Brookshire—Katy DD	96,365	6,983		6,746			110,094	
522	Brookshire MWD	205,834	18,449		14,408			238,692	
649	Brushy Creek MUD—Williamson Co.	53,041	26,758	18	3,655		634	82,578	
609	Burnet Co. AD	309,702	37,177		21,679			368,557	
635	CAD of Johnson Co.	390,758	67,462	1,224	22,436		11,936	408,949	
602	CAD of Taylor Co.	664,719	69,970	638	45,000		25,505	754,821	
542	Callahan Co. AD	128,007	7,336		8,961			144,304	
618	Cameron Co. AD	1,368,864	96,073	36	95,582		4,308	1,556,247	
664	Cameron Co. DD #3	23,181	20,616		1,623			45,420	
686	Cameron Co. DD #5	0	2,776					2,776	
462	Cameron Co. ID #2	643,366	47,964	347	44,211		13,386	722,503	
590	Cameron Co. ID #6	86,236	16,168	179	5,672		373	102,679	
670	Camp CAD	9,854	9,470	90	426		5,193	14,647	
610	Cass Co. AD	157,645	20,715	50	10,441		8,543	180,307	
648	Cent. WCID—Angelina Co.	16,569	5,211		1,160			22,939	
531	Chambers Co. AD	306,848	30,668		21,479			358,996	
548	Chambers Co. Public HD	327,171	47,881	4,461	17,886		5,922	316,106	
511	Childress Co. AD	6,087	2,575	1	423		40	9,046	
582	Childress Co. HD	1,716,132	319,093	4,739	111,755		85,400	2,014,637	
465	Cisco HD	17,691			1,238			18,929	
485	Clay Co. Cent. Tax Auth.	150,775	9,973		10,408		2,097	169,059	
477	Cochran Co. AD	39,984	5,656		2,799			48,438	
457	Collin Co. CAD	2,563,472	178,664	3,543	174,104		2,517	2,789,971	
623	Comal AD	257,316	41,894	340	17,604		7,632	309,522	
636	Concho Co. HD	173,818	27,014	508	10,492		17,053	189,824	
487	Cooke Co. AD	315,928	28,858	1,242	20,137		6,115	334,634	
409	Crockett Co. WCID #1	373,619	20,170		26,153			419,942	
532	Crosby Co. AD	13,312	4,617	102	626		5,048	13,609	
603	Crosby MUD	96,547	21,974	534	4,979		29,550	94,484	
478	Culberson Co. Hosp.	56,699			3,969			60,668	
550	Culberson HD	268,412	28,350	650	17,053		26,435	287,695	
467	Dallas CAD	10,519,276	784,689	13,128	714,825		95,978	11,524,157	
430	Dallas Co. Park Cities MUD	827,873	60,839	6,123	43,256		152	719,215	
687	Dallas Co. WCID #6	0	23,550					23,550	
463	Dawson Co. CAD	188,117	9,675		13,168			210,960	
578	Deaf Smith Co. HD	1,110,273	226,392	2,036	71,379		76,358	1,315,485	
583	Denco Area 911 Dist.—Denton Co.	239,524	37,930		16,767			294,220	
482	Denton CAD	1,335,202	149,278	525	91,676		8,471	1,548,877	

<sup>1</sup> Current Service Annuity Reserve Fund

**CHANGES IN EMPLOYEES SAVING FUND, continued**

No.	Employer Name	Balances Jan. 1, 2002	Additions			Annual Interest	Deductions			Balances Dec. 31, 2002
			Member Deposits	Partial- Year Interest	Transfers to C.S.A.R.F. <sup>1</sup>		Withdrawals	Net Escheat- ments		
466	DeWitt Co. AD	231,183	12,092	4	16,174	263			259,189	
593	Eastland Co. AD	127,534	11,653		8,927				148,114	
624	ECD of Ector Co.	94,575	10,127		6,620				111,323	
580	Ector Co. HD	29,266,916	3,672,511	62,288	1,924,246	1,205,250	33,929		32,910,837	
448	Edwards Aquifer Auth.—Bexar Co.	1,263,483	81,696	5,463	74,665	1,244			1,220,528	
628	Edwards CAD	7,166	1,154		502				8,822	
567	El Paso Co. 911 Dist.	275,888	20,554	32,054	1,663,520	723,431	34,214		315,754	
541	El Paso Co. HD	25,187,555	2,837,803	657	11,911				28,294,216	
557	El Paso Co. WA	11,255	7,853	190	3,825	7,482			0	
563	Falls Co. AD	61,029	8,984	379	1,852	16,297			65,415	
644	Fannin Co. AD	40,981	66,957	2,610	36,857	57,569	68		35,900	
432	Fisher Co. HD	608,916	107,213	11,223	115,940	4,675			625,330	
474	Fort Bend CAD	1,903,349	16,242		17,275	259,224			1,873,827	
509	Frio Co. AD	246,785	117,671	925	94,052	54,633			280,302	
546	Galveston CAD	1,444,207	36,691		18,933				1,550,461	
547	Galveston Co. Consol. DD	270,478	20,523	1,204	3,361	38,106			326,102	
464	Galveston Co. DD #1	82,228	21,818	764	28,970	31,489			69,209	
433	Galveston Co. DD #2	444,172	18,672	124	7,081				464,234	
589	Galveston Co. ECD	101,152	87,054		68,255	4,093	1,370		126,905	
407	Galveston Co. WCID #1	978,123	4,994		2,990				1,128,093	
473	Garza CAD	42,714	15,893	45	9,514	2,489			50,698	
498	Gonzales Co. AD	137,051	20,847	566	17,058				160,014	
518	Gray Co. AD	276,005	59,001		51,383	32,881			281,596	
475	Grayson Co. AD	734,048	96,632		34,231	3,459			844,432	
528	Greater Harris Co. 911 Emerg. Net.	489,012	22,945		22,840				616,416	
429	Greenbell MWA—Donley Co.	326,290	17,789	701	20,686	21,539			372,075	
483	Grimes Co. AD	315,542	17,789		12,868				333,179	
587	Guadalupe Co. AD	184,659	22,469	53	12,868	1,475			218,574	
526	Gulf Coast WA—Galveston Co.	2,178,131	131,956	3,887	138,442	23,792			2,244,006	
585	Hansford Co. HD	931,994	134,540	3,608	56,453	73,419	8,577		990,357	
527	Hardin Co. AD	230,229	24,393		16,116				270,737	
571	Harlingen ID Cameron Co. #1	456,607	47,509	155	31,697	4,592			531,376	
598	Harris Co. AD	20,972,021	1,360,156	29,538	1,379,028	373,940	6,765		22,308,273	
569	Harris Co. WCID #1	277,900	26,752	39	19,260	2,494	308		321,149	
625	Harris Co. WCID #50	96,577	13,362	690	5,381	21,185			94,825	
520	Hartley Co. AD	42,591	3,616		2,981				49,188	
552	Haskell Mem. HD	550,494	59,362	741	35,922	23,868	328		605,273	
640	Hemphill Co. AD	34,649	8,718		1,291				28,079	
529	Hemphill Co. HD	879,653	97,395	112	61,267	6,537			1,031,889	
414	Hidalgo & Cameron Counties ID #9	1,124,204	55,507	2,204	75,652	47,981			1,209,586	

<sup>1</sup> Current Service Annuity Reserve Fund



**CHANGES IN EMPLOYEES SAVING FUND, continued**

No.	Employer Name	Balances Jan. 1, 2002	Additions			Annual Interest	Transfers to C.S.A.R.F. <sup>1</sup>	Deductions		Balances Dec. 31, 2002
			Member Deposits	Partial- Year Interest	Annual Interest			Withdrawals	Net Escheat- ments	
516	Hidalgo Co. AD	1,930,055	147,018	391	134,448	141,867	4,290		2,065,756	
401	Hidalgo Co. DD #1	743,194	129,336	736	48,854	29,372	18,179	83	874,486	
438	Hidalgo Co. ID #2	1,158,056	64,479	1,511	77,997	225,555	5,949		1,070,538	
486	Hidalgo Co. ID #6	355,533	36,092	11	24,868		955		415,549	
674	High Plains Underground WCD #1	0	33,231						33,231	
643	Homestead MUD—El Paso Co.	28,007	8,835	7	1,948		154	124	38,521	
661	Hopkins Co. AD	22,969	14,363		1,477		1,872		36,937	
592	Jack Co. AD	77,259	8,140	378	4,841	8,480			82,138	
441	Jackson Co. CountyWide DD	141,899	15,366		9,933				167,198	
657	Jasper Co. WCID #1	21,264	9,881		1,488				32,633	
404	Jefferson Co. DD #3	276,357	12,529		19,345				308,231	
408	Jefferson Co. DD #6	2,189,067	201,340	4,856	145,893	82,350	28,445		2,430,361	
405	Jefferson Co. DD #7	4,726,536	253,074	101	330,578	442,024	4,723		4,863,542	
451	Jefferson Co. WCID #10	136,051	22,582	884	7,402	33,258	245		133,416	
680	Jim Hogg Co. AD	0	3,172						3,172	
656	Jim Hogg Co. FD #2	4,525	1,631		317				6,473	
641	Jim Hogg Co. WCID #2	50,146	13,794		3,510				67,450	
584	Johnson Co. Fresh WSD #1	50,114	9,797	199	3,029	7,037			56,103	
496	Jones Co. AD	195,137	12,264		13,660				221,060	
524	Karnes Co. AD	62,953	7,440		4,607				74,799	
455	Karnes Co. HD	1,344,495	115,206	623	88,900	75,832	25,489		1,447,902	
662	Kaufman Co. AD	65,935	39,673	251	3,861	6,424	6,785		96,513	
671	Kendall AD	13,539	19,779		948				34,266	
619	Kendall Co. WCID #1	92,386	13,751		6,467				112,604	
594	Kent Co. Tax AD	43,561	5,086		3,049				51,696	
653	Kerr Emerg. 911 Net.	26,695	8,983		1,869				37,546	
579	Kinney Co. AD	32,480	4,977		2,274				39,731	
519	Knox Co. AD	53,454	3,345		3,742				60,541	
540	Laguna Madre WVD—Cameron Co.	1,129,494	132,761	4,351	74,222	103,458	1,926		1,235,443	
514	Lakeway MUD—Travis Co.	486,012	54,580	422	33,248		12,180		562,082	
650	Lampasas Co. AD	19,216	7,017		1,345				27,578	
439	Lavaca-Navidad River Auth.—Jackson Co.	1,095,385	119,289	636	70,035	128,073	5,477	366	1,151,429	
468	Leon Co. CAD	165,090	10,851		11,556				187,498	
481	Liberty Co. CAD	405,753	46,058	67	28,221	79,130	2,667		398,302	
591	Live Oak Co. AD	146,393	14,860	1,426	8,108	84,774			86,014	
431	Livingston HD	34,386			2,383		345		36,424	
654	Llano Co. Hosp. Auth.	320,302		684	19,350	23,177	21,386		295,772	
436	Llano Mem. Hosp.	830,226		2,096	53,852	51,985	11,015		823,173	
513	Loving Co. AD	19,762	1,904	461		20,529			1,599	
499	Lubbock CAD	1,868,176	115,491	1,661	116,863	195,892	7,172		1,899,128	

<sup>1</sup> Current Service Annuity Reserve Fund



**CHANGES IN EMPLOYEES SAVING FUND, continued**

No.	Employer Name	Balances Jan. 1, 2002	Additions			Annual Interest	Transfers to C.S.A.R.F. <sup>1</sup>	Deductions		Balances Dec. 31, 2002
			Member Deposits	Partial- Year Interest	Partial- Year Interest			Withdrawals	Net Escheat- ments	
425	Lubbock Co. WCID #1	73,280	16,999	24	5,048			1,713		93,638
558	Lubbock ECD	139,752	13,426		9,783					162,960
647	Lubbock Reese Redev. Auth.	84,156	19,955	660	4,219			26,082		82,907
639	Lumberlton MUD	106,190	27,788	353	6,770			10,641		130,460
497	Lynn Co. AD	24,940	2,708		1,746					29,394
442	Lynn Co. HD	720,715	105,153	648	48,959		5,052	20,717		849,708
630	Macedonia-Eylau MUD—Bowie Co.	88,549	15,653		6,198					110,401
500	Mackenzie MWA—Briscoe Co.	315,414	19,355		22,079					356,848
596	Madison Co. AD	49,575	4,550	49	3,387			1,769		55,791
434	Mainland Center Hosp.	6,644,438		11,217	437,238		497,082			6,595,811
675	Marion Co. AD	0	9,548							9,548
658	Marshall-Harrison Co. Health Dist.	32,669	15,880	332	1,875			8,258		42,497
595	Marlin Co. AD	33,152	4,362		2,321					39,835
678	Matagorda Co. DD	0	16,512							16,512
440	Matagorda Co. HD	5,375,779	450,846	16,922	339,117		363,748	386,187	4,268	5,428,462
677	Matagorda Co. ND #1	0	11,500					838		10,662
453	Maverick Co. WCID #1	741,584	36,776	1,097	42,926		51,696	78,365		692,321
452	McCamey Co. HD—Upton Co.	245,495	11,828	530	15,488		24,842		(458)	248,956
512	McCulloch Co. AD	112,742	6,420		7,892					127,054
491	McLennan Co. AD	1,838,213	92,358	12,281	98,145		449,304	6,218		1,585,476
679	McLennan Co. WCID #2	0	2,553							2,553
599	Med. Arts Hosp.—Dawson Co.	1,063,560	99,992	4,416	64,782		39,666	114,077	(449)	1,079,456
535	Medina Co. AD	275,905	18,512		19,313					313,730
419	Mem. Med. Center—Calhoun Co.	3,254,971	416,425	3,573	212,976		161,063	156,508	5,730	3,564,644
669	Mid. Rio Grande Dev. Council	301,436	328,308	935	19,317			38,646		611,350
492	Midland CAD	1,472,758	64,392	194	100,767		33,965			1,604,146
570	Midland ECD	107,289	9,208		7,510					124,007
617	Mills Co. AD	15,531	3,672		1,087					20,290
484	Mitchell Co. AD	42,775	5,408		2,994					51,177
504	Montague Co. Tax AD	204,757	10,223		14,333					229,314
605	Montgomery CAD	1,108,086	148,671	1,434	75,597		27,420	3,125		1,303,243
667	Montgomery Co. ECD	48,356	62,823	96	3,270			3,306		111,239
651	Montgomery Co. ESD #2	47,702	21,138		3,208			1,872		70,176
412	Moore Co. HD	2,925,211	500,734	11,910	175,685		197,916	301,126	567	3,113,931
515	Navarro CAD	353,865	22,838	1,216	23,149		25,557			375,512
572	Newton CAD	203,720	17,887		13,971			4,128		231,451
510	Newton Co. Mem. Hosp.	12,202			854					13,056
556	North Cent. Tex. MWA	244,247	17,785		17,097					279,128
415	North Plains HD	78,417		331	1,517		57,083			23,182
646	North Tex. Tollway Auth.	2,102,622	966,946	3,587	138,874		62,924	95,861		3,053,244

<sup>1</sup> Current Service Annuity Reserve Fund

**CHANGES IN EMPLOYEES SAVING FUND, continued**

No.	Employer Name	Balances Jan. 1, 2002	Additions			Annual Interest	Transfers to C.S.A.R.F. <sup>1</sup>	Deductions		Balances Dec. 31, 2002
			Member Deposits	Partial- Year Interest	Annual Interest			Withdrawals	Net Escheat- ments	
562	Northeast Tex. MWD	237,416	38,512		16,619					292,547
683	Nueces Co. AD	0	68,047							68,047
400	Nueces Co. DD #2	435,733	15,496	4,018	17,378	175,358	17,694	185		279,388
416	Nueces Co. WCID #3	1,088,120	46,303	641	68,474	247,173				956,365
450	Nueces Co. WCID #4	528,694	34,466		37,009					600,169
538	Nueces River Auth.—Uvalde Co.	204,186	8,254	675	12,674		24,656			201,132
517	Oldham Co. AD	84,991	3,203		5,949					94,143
490	Orange Co. AD	731,013	33,720	16	51,075		1,385			814,439
421	Orange Co. DD	1,105,250	104,147	26	77,168		4,649			1,281,941
665	Orange Co. ESD #1	7,474	7,854	14	466		834			14,975
660	Orange Co. Nav. & Port Dist.	236,199	18,464	886	11,220	76,794				189,975
631	Orange Co. WCID #1	203,931	52,466	63	14,148		2,357			268,252
494	Pecos Co. AD	103,216	11,868		7,225					122,309
673	Permian Reg. Med Ctr.	0	438,675			4,714	8,306			425,654
676	Port of Bay City Auth.	0	1,705							1,705
449	Port of Beaumont ND	2,050,417	108,529	2,803	136,801	98,914	980			2,198,656
620	Port of Corpus Christi Auth.	3,513,304	303,475	8,549	227,213	320,587	28,094			3,703,860
622	Port of Port Arthur ND	512,288	48,034	5,132	24,869	132,364	31,852			426,109
489	Potter Co. AD	765,465	10,627	3,119	49,840	106,117				712,307
560	Potter-Randall Co. ECD	82,630	1,639		5,784					99,042
626	Presidio AD	23,408	3,358		1,639					28,404
537	Rains Co. AD	84,548	11,624	141	5,707		3,164			98,855
564	Randall Co. AD	1,501,827	110,461	3,672	100,640	69,156	1,640			1,645,804
406	Rankin Co. HD—Upton Co.	527,457	50,070	376	35,583		23,163			590,321
445	Reagan HD	747,061	40,458		52,294	218,696				621,117
505	Red Bluff WPCD—Reeves Co.	34,790	8,790	112	1,988	6,501				39,179
435	Red River Auth.—Wichita Co.	716,102	64,505		50,127					830,735
588	Reeves Co. HD	1,580,100	200,642	2,093	102,995	113,313		49		1,772,467
543	Refugio Co. DD #1	65,718	9,122	90	4,242	5,211				73,961
480	Roberts Co. AD	105,116			7,358					112,475
612	Rusk Co. AD	41,155	6,685		2,881					50,721
568	Sabine Pass Port Auth.	104,017	10,500		7,281					121,798
553	San Jacinto Co. CAD	115,969	17,518	103	7,969		3,989			137,569
495	San Patricio Co. AD	290,450	17,293	7	20,290		941			327,099
426	San Patricio Co. DD	1,163,060	25,435	165	80,715	439,910	10,625			818,841
422	San Patricio MWD	660,154	95,626	118	46,061		2,262			799,697
470	Shackelford Co. AD	113,878	5,082		7,971					126,932
627	Shelby Co. AD	74,325	8,676	88	5,008		2,874			85,222
523	Shelby Co. Gen. Hosp.	32,783		1,138	930	20,638				14,213
469	Sherman Co. AD	122,461	6,796		8,572					137,829

<sup>1</sup> Current Service Annuity Reserve Fund

**CHANGES IN EMPLOYEES SAVING FUND, continued**

No.	Employer Name	Balances Jan. 1, 2002	Additions			Annual Interest	Deductions			Balances Dec. 31, 2002
			Member Deposits	Partial- Year Interest	Transfers to C.S.A.R.F. <sup>1</sup>		Withdrawals	Net Escheat- ments		
555	Smith Co. 911 Comm. Dist.	202,437	20,371		14,171				236,978	
606	Smith Co. AD	671,459	83,587	491	46,131		17,036		755,669	
632	Smith Co. Public Health Dist.	754,466	183,631	1,949	47,813		58,883	6,571	904,370	
507	Somervell Co. CAD	36,712	10,818		2,570		23,523		26,576	
645	South Tex. Dev. Council	197,236	40,647	414	13,250		7,900		241,983	
536	Starr Co. AD	304,311	19,789	1,337	17,643		15,914		288,390	
458	Stonewall Mem. HD	332,101	49,919	783	21,767		23,020	563	380,987	
539	Stratford HD—Sherman Co.	252,152	43,525	1,576	15,333		15,202		258,938	
573	Sutton Co. HD	300,652	29,000	1,832	17,477		52,059	4,093	292,809	
460	Swisher Co. AD	170,812	7,314		11,957				190,083	
534	Swisher Mem. HD	400,076	87,220	1,187	24,176		59,055	1,231	452,372	
607	Tarrant AD	5,062,488	567,927	2,399	347,631		47,693		5,872,453	
545	Tarrant Co. 911 EAD	570,756	65,133		39,953				675,842	
574	Tax AD of Cottle Co.	22,827	1,797		1,598				26,222	
402	Terry Mem. HD	2,157,561	192,059	6,329	135,385		143,037	11	2,200,096	
437	Tex. Assoc. of Counties	2,983,125	390,807	2,293	205,152		35,670		3,524,376	
634	Tex. Eastern 911 Net.	43,132	6,781		3,019				52,932	
501	Titus Co. Fresh WSD	236,476	23,432		16,553				276,461	
601	Travis CAD	2,631,519	285,038	1,428	179,852		45,713	264	3,030,336	
666	Travis Co. WCID—Point Venture	6,040	5,752	31	297		2,273		9,848	
549	Travis Co. WCID # 18	44,263			3,098		6,671		40,691	
659	Tri-Co. SUD	15,747	8,884	202	859		5,102		20,591	
633	Trinity Bay Cons. Dist.	271,392	49,737	544	17,500		14,083		315,499	
471	Tyler Co. AD	172,298	19,386	110	11,749		683		198,982	
561	United ID—Hidalgo Co.	334,463	54,918	115	23,221		3,945		408,772	
682	Upton Co. AD	0	7,457						7,457	
663	Valley MUD #2—Cameron Co.	19,947	12,509		1,396				33,852	
586	Valwood Imp. Auth.—Dallas Co.	132,283	13,373		9,260				154,916	
672	Van Zandt Co. AD	11,653	26,072	42	751		1,961		36,557	
420	Velasco DD—Brazoria Co.	1,409,022	70,681	88	98,536		3,196		1,575,131	
423	Victoria Co. DD #3	255,414	6,303		17,879				279,596	
637	Victoria Co. WCID # 1	24,437	4,742		1,711				30,890	
565	Ward Co. CAD	115,629	7,496		8,094				131,219	
444	Ward Mem. Hosp.	1,711,115	192,450	7,790	105,769		50,425	17,951	1,801,636	
604	Webb Co. AD	493,123	64,702	267	34,032		9,120		583,004	
443	West Cent. Tex. COG	1,968,596	217,780	2,787	124,252		28,667		2,111,189	
410	West Cent. Tex. MWD	470,796	43,186	4	32,934		308		546,611	
454	West Jefferson Co. MWD	258,427	16,870	785	16,520				268,221	
688	West Nueces-Las Moras Soil & WCD #236	0	1,097		993				1,097	
621	Wharton Co. WCID # 1	14,192	1,673						16,859	

<sup>1</sup> Current Service Annuity Reserve Fund



**CHANGES IN EMPLOYEES SAVING FUND, continued**

No.	Employer Name	Balances Jan. 1, 2002	Additions			Annual Interest	Transfers to C.S.A.R.F. <sup>1</sup>	Deductions		Balances Dec. 31, 2002
			Member Deposits	Partial- Year Interest	Annual Interest			Withdrawals	Net Escheat- ments	
476	Wheeler Co. AD	86,344	7,018		6,044					99,406
427	White River MWD—Dickens Co.	413,839	23,816	92	28,858			2,959		463,647
446	Wichita Co. WID #2	696,958	36,379	107	48,670			3,970		778,145
559	Wichita-Wilbarger 9111 Dist.	150,725	14,990		10,551					176,266
655	Wickson Creek SUD—Brazos Co.	50,979	19,422	238	3,116			8,336		65,419
530	Wilbarger Co. HD	1,742,409	197,609	2,479	116,259			92,487	905	1,965,364
575	Willacy Co. AD	96,438	7,104	359	5,919			13,182		96,638
652	Willacy Co. Housing Auth.	13,197	5,290		924					19,410
608	Williamson Co. AD	1,081,054	157,583	3,053	70,455	74,379		7,125		1,230,642
479	Wilson Co. AD	261,497	22,230	503	16,726	19,797		4,470		276,690
533	Winkler Co. AD	34,552	5,045		2,419					42,016
493	Wise Co. AD	222,034	27,686	17	15,343	1,225		3,055		260,800
649	Zapata Co. AD	18,080	5,978		1,266					25,323
566	Zavala Co. AD	87,493	12,764		6,125					106,382
<b>Totals</b>		<b>\$ 2,413,867,423</b>	<b>\$ 224,387,814</b>	<b>\$ 4,259,544</b>	<b>\$ 158,818,620</b>	<b>\$ 140,160,156</b>	<b>\$ 54,113,574</b>	<b>\$ 835,963</b>	<b>\$ 2,606,223,707</b>	

<sup>1</sup> Current Service Annuity Reserve Fund

Due to rounding, totals and detail may not equal.

See accompanying independent auditor's report.

OTHER SUPPLEMENTARY INFORMATION: SUBDIVISION ACCUMULATION FUND

**CHANGES IN SUBDIVISION ACCUMULATION FUND, continued on subsequent pages**

No.	Employer Name	Balances		Additions		Deductions			Balances Dec. 31, 2002
		Jan. 1, 2002		Employer Contributions	Endowment Fund Transfers <sup>1</sup>	Allocated Net Gain or Loss	Transfers to C.S.A.R. <sup>2</sup>	Retirement Allowances	
100	Anderson County	\$ 5,013,355	\$ 482,977	\$ 551,469	\$ 466,750	\$ 150,631	\$ 4,327,481		
101	Andrews County	16,073,794	579,057	1,768,117	1,088,879	759,671	13,055,505		
102	Angelina County	8,857,041	836,578	974,275	581,904	420,088	7,722,790		
103	Aransas County	3,721,932	248,465	409,412	108,707	101,605	3,350,825		
104	Archer County	1,618,969	111,409	178,087	328,846	71,410	1,154,829		
105	Armstrong County	620,229	34,542	68,225	136,872	7,883	441,791		
106	Atascosa County	5,496,966	333,351	604,666	245,053	108,053	4,877,380		
107	Austin County	3,912,252	336,487	430,348	91,667	94,726	3,633,557		
108	Bailey County	807,503	79,709	88,825	97,339	54,486	649,322		
109	Bandera County	2,166,115	269,829	238,273	17,142	90,609	2,089,919		
110	Basitrap County	9,713,767	1,044,152	1,068,514	589,848	238,689	8,880,911		
111	Baylor County	819,718	67,004	90,169	68,324	32,569	695,660		
112	Bee County	3,955,943	322,134	435,154	292,729	49,470	3,501,679		
113	Bell County	33,435,244	2,707,019	3,677,877	690,035	1,094,132	30,703,235		
114	Bexar County	186,953,955	13,342,411	20,564,935	4,768,659	4,425,741	170,656,956		
115	Blanco County	911,631	87,625	100,279	92,728	34,462	774,016		
116	Borden County	589,579	40,437	64,854	101,642	25,923	439,389		
117	Bosque County	1,288,482	91,325	141,733	36,984	29,707	1,171,798		
118	Bowie County	13,967,981	576,172	1,536,478	882,276	343,282	11,793,082		
119	Brazoria County	44,095,615	3,509,164	4,850,518	1,741,220	1,183,456	39,854,974		
120	Brazos County	25,260,067	2,185,377	2,778,607	607,346	695,493	23,371,977		
121	Brewster County	1,122,313	126,512	123,454	12,379	43,638	1,069,627		
122	Briscoe County	279,043	18,738	30,695	12,005	10,084	244,997		
123	Brooks County	5,372,310	95,184	590,954	20,857	203,946	4,652,221		
124	Brown County	2,778,110	209,199	305,592	80,979	66,721	2,535,040		
125	Burleson County	1,590,857	165,718	174,994	254,337	77,637	1,251,223		
126	Burnet County	4,648,556	507,118	511,341	523,826	184,518	3,941,157		
127	Caldwell County	2,229,496	173,551	245,245	140,625	73,219	1,945,646		
128	Callahan County	5,306,977	435,962	583,767	678,658	164,285	4,324,099		
129	Callahan County	878,256	63,388	96,608	34,898	41,877	768,262		
130	Cameron County	38,520,505	2,873,458	4,237,256	671,765	1,037,971	35,454,420		
131	Camp County	1,347,956	100,349	148,275	160,192	51,052	1,089,685		
132	Carson County	854,955	98,970	94,045	56,865	57,623	745,391		
133	Cass County	4,155,819	346,574	457,140	330,643	188,057	3,535,266		
134	Castro County	1,797,939	106,524	197,773	17,580	36,852	1,653,078		
135	Chambers County	14,604,101	915,906	1,606,451	918,205	536,983	12,479,853		
136	Cherokee County	5,086,327	452,937	559,496	209,328	183,444	4,589,714		
137	Childress County	212,232	53,026	23,345	8,106	15,379	218,427		
138	Clay County	1,974,148	168,023	217,156	139,922	98,271	1,690,818		

<sup>1</sup> Transfers from the General Reserves Account of the Endowment Fund to match partial-year interest allocations to certain retiring employees.

<sup>2</sup> Current Service Annuity Reserve Fund

**CHANGES IN SUBDIVISION ACCUMULATION FUND, continued**

No.	Employer Name	Balances Jan. 1, 2002	Additions		Deductions			Balances Dec. 31, 2002
			Employer Contributions	Endowment Fund Transfers <sup>1</sup>	Allocated Net Gain or Loss	Transfers to C.S.A.R.F. <sup>2</sup>	Retirement Allowances	
139	Cochran County	1,501,611	145,939		165,177	143,794	98,482	1,290,097
	Lump-sum contribution		50,000					406,507
140	Coke County	416,845	72,820	732	45,853	17,252	20,786	989,019
141	Coleman County	1,071,903	70,697		117,909		35,672	48,543,515
142	Collin County	50,387,974	6,600,941	34,490	5,542,677	1,909,075	1,028,138	195,204
143	Collingsworth County	197,742	28,005	270	21,752	5,940	3,121	1,741,829
144	Colorado County	2,007,079	228,209	1,212	220,779	198,174	75,718	9,106,962
145	Comal County	9,822,159	1,104,462	5,303	1,080,438	470,733	273,790	1,432,217
146	Comanche County	1,567,509	145,015	259	172,426	45,906	61,693	669,069
	Late reporting penalty		(542)					3,838,325
147	Concho County	709,791	52,810		78,077		15,454	3,552,970
148	Cooke County	4,188,570	367,633	2,335	460,743	185,768	73,702	217,443
149	Coryell County	3,852,603	364,675	2,599	423,786	139,873	103,249	3,172,549
150	Cottle County	269,205	23,698	817	29,613	36,799	9,865	4,076,604
151	Crane County	3,780,658	181,133	5,367	415,872	240,081	138,656	748,275
152	Crockett County	4,656,138	272,713	7,491	512,175	134,581	212,980	1,142,430
153	Crosby County	1,022,994	102,437	7,382	112,529	210,712	61,296	1,210,962
154	Culberson County	1,301,861	71,604	247	143,205	65,018	23,060	291,208,191
155	Dallam County	1,367,120	85,428	410	150,383	34,091	57,521	1,507,525
156	Dallas County	331,020,493	15,977,226	265,030	36,412,254	10,882,527	8,759,776	3,267,925
157	Dawson County	1,674,021	262,728	1,086	184,142	138,972	107,196	424,334
158	Deaf Smith County	3,931,481	280,515	8,465	432,463	376,480	143,593	34,266,404
159	Delta County	478,991	52,763	105	52,689	25,737	29,099	1,800,437
160	Denton County	34,922,258	4,514,890	15,413	3,841,448	736,709	608,000	388,341
161	Dewitt County	2,044,411	168,023	2,294	224,885	104,139	85,266	869,869
162	Dickens County	449,630	56,530		49,459	55,898	12,462	334,205
163	Dimmit County	938,284	94,312	442	103,211	37,416	22,542	1,760,722
164	Donley County	369,280	37,952	190	40,621	4,392	28,204	1,973,094
165	Duval County	1,882,416	229,214	323	207,066	10,677	133,489	55,101,259
166	Eastland County	2,209,909	240,168	569	243,090	95,724	138,738	188,348
167	Ector County	65,218,021	1,586,448	65,427	7,173,982	2,040,964	2,829,612	8,481,231
	Transfer from Ector County HD #580		275,922					92,158,828
168	Edwards County	195,838	30,566	302	21,542	8,190	8,626	3,114,880
169	Ellis County	9,066,332	828,645	3,931	997,297	233,325	187,055	2,132,283
170	El Paso County	99,149,012	9,732,421	31,320	10,906,391	3,460,560	2,386,974	2,557,383
171	Erath County	3,598,143	282,750	3,506	395,796	311,960	61,764	5,260,197
172	Falls County	2,541,558	207,870	7,909	279,571	228,055	117,428	
173	Fannin County	2,869,844	287,537	3,340	315,683	199,324	88,332	
174	Fayette County	5,649,378	467,140	773	621,432	82,407	153,256	

<sup>1</sup> Transfers from the General Reserves Account of the Endowment Fund to match partial-year interest allocations to certain retiring employees.

<sup>2</sup> Current Service Annuity Reserve Fund



OTHER SUPPLEMENTARY INFORMATION: SUBDIVISION ACCUMULATION FUND

**CHANGES IN SUBDIVISION ACCUMULATION FUND, continued**

No.	Employer Name	Balances		Additions		Deductions			Balances Dec. 31, 2002
		Jan. 1, 2002	Employer Contributions	Endowment Fund Transfers <sup>1</sup>	Allocated Net Gain or Loss	Transfers to C.S.A.R.f. <sup>2</sup>	Retirement Allowances		
175	Fisher County	740,113	62,501	3,289	81,412	313,864	36,608	374,019	
176	Floyd County	1,037,140	135,611	593	114,085	55,749	53,026	950,484	
178	Fort Bend County	59,228,470	5,991,804	26,496	6,515,132	1,370,567	1,645,241	55,715,831	
179	Franklin County	1,942,538	114,021	132	213,679	164,264	66,770	1,611,978	
180	Freestone County	3,382,304	259,074	2,885	372,053	293,752	113,759	2,864,698	
181	Frio County	2,996,884	140,161	4,588	329,657	69,997	103,577	2,637,862	
	Late reporting penalty		(539)					3,416,514	
182	Gaines County	4,205,808	383,108	1,654	462,639	552,796	158,621	57,771,063	
183	Galveston County	68,877,233	3,661,039	51,629	7,576,496	5,028,448	2,213,895	1,398,751	
184	Garza County	1,580,906	96,275	2,046	173,900	64,666	41,911	2,371,392	
185	Gillespie County	2,679,345	256,751	1,489	294,728	193,930	77,535	807,206	
186	Glasscock County	878,397	82,291		96,624	23,187	33,671	2,362,940	
187	Goliad County	2,876,664	104,593	6,834	316,433	202,925	105,792	1,733,900	
188	Gonzales County	2,029,615	178,043	550	223,258	155,239	95,812	2,913,820	
189	Gray County	3,445,042	243,244	1,239	378,955	240,407	156,343	12,198,943	
190	Grayson County	13,109,805	1,540,428	9,050	1,442,079	561,775	456,487	15,163,422	
191	Gregg County	17,328,692	1,405,610	13,270	1,906,156	1,075,429	602,565	2,644,910	
192	Grimes County	2,857,818	218,267	68	314,360	41,870	75,013	6,710,233	
193	Guadalupe County	7,174,965	999,431	2,714	789,246	432,038	245,593	4,986,241	
194	Hale County	5,632,551	329,480	3,057	619,581	103,899	255,368	647,236	
195	Hall County	905,578	63,439	2,386	99,614	193,457	31,097	583,472	
196	Hamilton County	642,669	74,494		70,694	41,255	21,742	1,007,211	
197	Hansford County	1,075,482	99,877		118,303		49,844	985,344	
198	Hardeman County	1,195,013	77,819	1,199	131,451	131,177	26,059	5,833,022	
199	Hardin County	6,801,861	511,494	13,731	748,205	419,477	326,382	765,439,971	
200	Harris County	850,858,696	53,023,587	627,840	93,594,457	24,889,402	20,586,293	6,812,558	
201	Harrison County	7,359,862	740,733	3,838	809,585	124,461	357,829	788,570	
202	Hartley County	984,076	51,001		108,248	108,953	29,305	735,904	
203	Haskell County	856,402	93,196		94,204	66,104	53,387	17,856,010	
204	Hays County	19,089,128	1,867,028	8,297	2,099,804	667,348	341,291	2,471,190	
205	Hemphill County	2,966,689	179,233	2,761	326,336	224,402	126,755	9,074,276	
206	Henderson County	10,132,580	833,788	3,896	1,114,584	414,498	366,908	47,016,751	
207	Hidalgo County	51,910,084	4,408,433	39,624	5,710,109	2,325,413	1,305,869	2,788,313	
208	Hill County	3,001,042	304,200		330,115	88,805	98,010	3,070,865	
209	Hockley County	3,498,775	327,959	407	384,865	211,663	159,748	3,204,993	
210	Hood County	3,345,097	364,180	797	367,961	32,286	104,834	3,533,674	
211	Hopkins County	3,796,115	430,009	4,600	417,573	184,461	95,017	1,306,091	
212	Houston County	1,473,179	107,234	2,757	162,050	82,738	32,292	4,078,690	
213	Howard County	4,639,622	433,105	8,894	510,358	222,321	270,252		

<sup>1</sup> Transfers from the General Reserves Account of the Endowment Fund to match partial-year interest allocations to certain retiring employees.

<sup>2</sup> Current Service Annuity Reserve Fund



**CHANGES IN SUBDIVISION ACCUMULATION FUND, continued**

No.	Employer Name	Balances		Additions		Deductions			Balances Dec. 31, 2002
		Jan. 1, 2002	2002	Employer Contributions	Endowment Fund Transfers <sup>1</sup>	Allocated Net Gain or Loss	Transfers to C.S.A.R.f. <sup>2</sup>	Retirement Allowances	
214	Hudspeth County	1,091,099	73,650	3,048	120,021	53,449	32,326	962,001	
215	Hunt County	7,505,954	729,606	4,204	825,655	271,625	200,450	6,942,034	
216	Hutchinson County	5,547,738	309,231	172	610,251	203,017	153,053	4,890,821	
217	Irion County	1,018,533	40,691	1,191	112,039	182,195	9,895	937,291	
218	Jack County	1,919,906	134,533	3,738	211,190	231,450	82,822	1,579,422	
219	Jackson County	3,358,755	202,224	5,561	369,463	406,685	114,875	2,848,929	
220	Jasper County	4,064,731	627,988	90,553	447,120	249,966	281,383	3,594,509	
221	Jeff Davis County	382,229	27,444	404	42,045	74,517	11,727	281,383	
222	Jefferson County	56,753,682	4,842,281	404	6,242,905	4,274,515	2,085,211	49,083,884	
223	Jim Hogg County	1,268,107	167,342	3,758	139,492	78,886	73,699	1,143,777	
224	Jim Wells County	5,925,507	391,632	10,504	651,806	118,308	174,017	5,376,767	
225	Johnson County	11,469,812	912,962	4,027	1,261,679	519,324	324,964	10,287,310	
226	Jones County	2,032,345	188,341	8,024	223,558	54,387	118,610	1,824,131	
227	Karnes County	2,132,033	166,614	839	234,524	236,620	76,501	1,755,030	
228	Kaufman County	8,952,492	585,408	285	984,774	268,010	222,357	8,070,783	
229	Kendall County	2,101,227	277,685	6,022	231,135	65,528	76,593	2,006,495	
230	Kenedy County	975,808	76,911	285	107,339	104,571	14,674	826,135	
231	Kent County	973,708	124,843	285	107,108	77,724	36,447	877,556	
232	Kerr County	5,901,675	563,278	6,022	649,184	263,358	153,032	5,403,963	
	Late reporting penalty		(1,439)		61,130	50,963	13,099	477,192	
233	Kimble County	555,729	46,655	2,458	65,580	25,937	12,204	514,492	
234	King County	596,183	22,054	2,073	75,117	46,843	8,069	973,462	
	Late reporting penalty		(25)		116,573	26,149	14,155	9,746,295	
235	Kinney County	1,059,750	69,749	839	1,231,629	277,958	415,405	607,266	
236	Kleberg County	11,196,627	472,202	2,123	75,117	46,843	8,069	5,012,219	
237	Knox County	682,885	52,338	915	609,909	209,067	121,955	2,159,961	
238	Lamar County	5,544,623	407,611	2,123	263,303	87,254	91,285	1,686,960	
239	Lamb County	2,393,663	206,017	1,553	189,975	41,056	63,689	1,566,615	
240	Lampasas County	1,727,046	253,081	207	190,737	17,605	66,921	3,678,209	
241	La Salle County	1,733,970	108,737	4,396	468,227	368,864	73,542	2,088,757	
	Late reporting penalty		(1,036)		250,467	49,465	53,751	1,402,480	
242	Lavaca County	4,256,613	327,833	1,116	174,753	144,212	24,713	8,739,750	
243	Lee County	2,276,971	164,352	2,183	1,068,533	541,331	388,635	3,507,420	
244	Leon County	1,588,667	155,309	3,250	416,279	61,051	79,552	1,088,184	
245	Liberty County	9,713,940	1,007,437	2,886	134,861	60,253	37,241	1,554,722	
246	Limestone County	3,784,359	276,694	2,886	213,530	276,245	95,138	2,237,799	
247	Lipscomb County	1,226,009	94,531	2,886	260,039	19,091	74,915		
248	Live Oak County	1,941,186	195,564						
249	Itano County	2,363,988	227,856						

<sup>1</sup> Transfers from the General Reserves Account of the Endowment Fund to match partial-year interest allocations to certain retiring employees.

<sup>2</sup> Current Service Annuity Reserve Fund



OTHER SUPPLEMENTARY INFORMATION: SUBDIVISION ACCUMULATION FUND

**CHANGES IN SUBDIVISION ACCUMULATION FUND, continued**

No.	Employer Name	Balances		Additions		Deductions			Balances Dec. 31, 2002
		Jan. 1, 2002	2002	Employer Contributions	Endowment Fund Transfers <sup>1</sup>	Allocated Net Gain or Loss	Transfers to C.S.A.R.F. <sup>2</sup>	Retirement Allowances	
250	Loving County	625,786	56,001	56,001		68,836		33,302	579,649
251	Lubbock County	25,860,810	2,234,939	2,234,939	14,291	2,844,689	404,933	927,855	23,932,563
252	Lynn County	644,052	59,590	59,590	148	70,846	49,041	20,960	562,944
253	McCulloch County	1,138,838	60,011	60,011	174	125,272	22,252	35,508	1,015,992
254	McLennan County	35,748,014	3,682,287	3,682,287	30,287	3,932,281	1,433,909	1,641,489	32,452,908
255	McMullen County	799,390	62,641	62,641	848	87,933	88,750	7,205	678,990
256	Madison County	673,387	83,472	83,472	789	74,073	32,109	36,443	615,025
257	Marion County	2,082,429	111,263	111,263	629	229,067	27,669	102,116	1,835,469
258	Marin County	1,794,867	131,988	131,988	372	197,435	76,478	80,547	1,572,766
259	Mason County	551,174	50,139	50,139		60,629	10,410	10,902	519,372
260	Matagorda County	7,098,009	583,047	583,047	9,505	780,781	296,735	221,697	6,391,348
261	Maverick County	4,158,561	259,426	259,426	5,869	457,442	125,580	87,794	3,753,041
262	Medina County	3,228,496	270,335	270,335	2,080	355,135	99,324	91,185	2,955,268
263	Menard County	568,223	41,992	41,992		62,504	44,596	16,775	486,340
264	Midland County	20,577,807	1,497,762	1,497,762	14,536	2,263,559	535,874	742,098	18,548,575
265	Milam County	3,501,839	268,411	268,411	2,143	385,202	184,724	113,787	3,088,680
266	Mills County	695,091	52,340	52,340		76,460		29,300	641,671
267	Mitchell County	1,553,282	123,127	123,127	1,673	170,861	130,401	56,668	1,320,151
268	Montague County	2,612,363	280,533	280,533	3,951	287,360	329,841	72,445	2,207,201
269	Montgomery County	53,372,806	4,226,517	4,226,517	32,298	5,871,009	1,616,382	1,279,436	48,864,795
270	Moore County	4,530,686	351,064	351,064	5,435	498,375	397,694	171,367	3,819,749
271	Morris County	2,685,100	141,665	141,665	777	295,361	162,346	137,262	2,232,574
273	Nacogdoches County	7,164,608	579,302	579,302	11,373	788,107	433,353	175,392	6,358,432
274	Navarro County	7,827,631	686,517	686,517	1,732	861,039	284,245	138,962	7,231,634
275	Newton County	1,668,568	122,013	122,013	503	183,542	72,703	73,289	1,461,549
276	Nolan County	2,887,170	221,393	221,393	4,198	317,589	252,623	125,062	2,417,487
277	Nueces County	67,772,098	3,583,383	3,583,383	42,870	7,454,931	2,506,861	1,919,700	59,516,859
278	Ochiltree County	2,171,242	169,188	169,188	1,410	238,837	102,720	106,283	1,894,000
279	Oldham County	1,393,293	60,154	60,154	1,006	153,262	99,186	49,342	1,152,662
280	Orange County	17,733,330	1,384,654	1,384,654	13,822	1,950,666	945,332	737,414	15,498,395
281	Palo Pinto County	4,020,211	333,811	333,811	4,580	442,223	282,096	101,107	3,533,176
282	Panola County	3,682,554	638,580	638,580	6,430	405,081	319,414	248,918	3,354,152
283	Parker County	9,269,309	820,065	820,065	6,098	1,019,624	421,023	204,254	8,450,571
284	Parmer County	1,460,520	115,556	115,556	616	160,657	268,222	59,859	1,087,953
285	Pecos County	11,170,524	889,416	889,416	2,671	1,228,758	142,927	429,482	10,261,445
286	Polk County	9,368,060	437,455	437,455	6,097	1,030,487	345,353	187,319	8,248,453
287	Potter County	24,200,427	1,657,415	1,657,415	34,683	2,662,047	1,114,712	650,758	21,465,008
288	Presidio County	1,062,196	80,252	80,252	43	116,842	7,367	19,195	999,087
289	Rains County	1,048,003	73,017	73,017		115,280	77,868	30,278	897,595

<sup>1</sup> Transfers from the General Reserves Account of the Endowment Fund to match partial-year interest allocations to certain retiring employees.

<sup>2</sup> Current Service Annuity Reserve Fund

**CHANGES IN SUBDIVISION ACCUMULATION FUND, continued**

No.	Employer Name	Balances		Additions		Deductions			Balances Dec. 31, 2002
		Jan. 1, 2002		Employer Contributions	Endowment Fund Transfers <sup>1</sup>	Allocated Net Gain or Loss	Transfers to C.S.A.R.F. <sup>2</sup>	Retirement Allowances	
290	Randall County	12,142,796		963,298	5,292	1,335,708	663,096	293,828	10,818,755
291	Reagan County	1,528,137		161,250	160	168,095	69,007	57,624	1,394,821
292	Red County	1,146,662		51,078	325	126,133	6,516	41,941	1,023,475
293	Red River County	1,745,370		111,093	1,459	191,991	128,544	34,532	1,502,855
294	Reeves County	8,004,844		1,045,851	1,245	880,533	263,633	145,331	7,762,442
295	Refugio County	2,264,770		158,368	1,382	249,125	365,992	51,445	1,757,957
296	Roberts County	817,039		49,568		89,874		33,602	743,131
297	Robertson County	2,647,192		175,970	2,494	291,191	100,213	77,993	2,356,260
298	Rockwall County	4,240,088		523,330	1,893	466,410	228,739	114,528	3,955,635
299	Runnels County	1,551,149		135,869		170,626	26,438	39,932	1,450,022
300	Rusk County	6,284,344		385,236	3,902	691,278	366,044	171,698	5,444,462
301	Sabine County	1,365,502		37,240		150,205		20,773	1,231,764
302	San Augustine County	1,214,193		52,399		133,561	14,077	22,647	1,096,308
303	San Jacinto County	2,131,912		190,942	1,609	234,510	64,384	76,583	1,948,985
304	San Patricio County	14,894,891		878,447	7,103	1,638,438	906,720	285,606	12,949,678
305	San Saba County	1,044,090		65,807		114,850	70,314	22,585	902,148
306	Schleicher County	1,324,459		58,399		145,691		26,225	1,210,942
307	Scurry County	9,829,995		560,675	5,284	1,081,299	223,571	381,232	8,709,851
308	Shackelford County	732,655		45,042		80,592	23,861	24,643	648,600
309	Shelby County	2,067,649		205,575	2,756	227,441	164,909	92,229	1,791,401
310	Sherman County	1,370,962		172,821	316	150,806	125,682	37,142	1,230,469
311	Smith County	20,194,136		1,914,300	29,237	2,221,355	1,251,072	824,908	17,840,339
312	Somervell County	4,711,605		424,828	4,483	518,277	357,729	111,058	4,153,853
313	Starr County	3,656,844		530,932	3,327	402,253	95,994	208,724	3,484,133
314	Stephens County	2,004,617		116,349	342	220,508	48,184	63,865	1,788,750
315	Sterling County	1,229,249		83,507	1,460	135,217	72,230	37,034	1,069,735
316	Stonewall County	794,258		36,705		87,368	90,906	12,001	640,688
317	Sutton County	2,408,054		116,246	1,965	264,886	51,892	66,653	2,142,833
318	Swisher County	1,175,936		97,547		129,353		84,037	1,060,093
319	Tarrant County	182,975,366		16,853,535	174,406	20,127,290	6,383,498	5,825,874	167,666,644
320	Taylor County	14,380,109		1,281,362	3,283	1,581,812	337,565	482,668	13,262,710
321	Terrell County	419,680		61,205		46,165	61,976	27,521	345,223
322	Terry County	1,588,562		228,735	100	174,742	6,048	98,757	1,537,850
323	Throckmorton County	436,373		43,763		48,001	33,436	25,971	372,728
324	Titus County	5,265,862		259,623	1,552	579,245	232,981	142,262	4,572,550
325	Tom Green County	13,101,775		1,045,884	11,445	1,441,195	393,783	484,548	11,839,577
326	Travis County	193,975,724		14,991,535	101,374	21,337,330	4,582,041	3,500,895	179,648,367
327	Trinity County	1,263,477		130,233	322	138,982	27,707	59,688	1,167,655
328	Tyler County	3,315,934		196,498	1,386	364,753	150,546	108,480	2,890,039

<sup>1</sup> Transfers from the General Reserves Account of the Endowment Fund to match partial-year interest allocations to certain retiring employees.

<sup>2</sup> Current Service Annuity Reserve Fund



OTHER SUPPLEMENTARY INFORMATION: SUBDIVISION ACCUMULATION FUND

**CHANGES IN SUBDIVISION ACCUMULATION FUND, continued**

No.	Employer Name	Balances		Additions		Deductions			Balances Dec. 31, 2002
		Jan. 1, 2002	Employer Contributions	Endowment Fund Transfers <sup>1</sup>	Allocated Net Gain or Loss	Transfers to C.S.A.R.f. <sup>2</sup>	Retirement Allowances		
329	Upshur County	5,895,148	485,979	2,848	648,466	340,019	172,279	5,223,211	
330	Upton County	2,055,668	161,501		226,123	193,888	67,380	1,729,777	
331	Uvalde County	5,074,180	358,320	14,637	558,160	332,085	111,658	4,445,235	
332	Val Verde County	6,723,353	454,620		739,569		126,046	6,312,359	
333	Van Zandt County	3,817,180	308,257	1,243	419,890	135,983	124,398	3,446,409	
334	Victoria County	19,012,472	1,292,470	8,989	2,091,372	667,111	604,260	16,951,189	
335	Walker County	7,575,596	685,293	16,565	833,316	455,349	260,238	6,728,551	
336	Waller County	5,730,888	346,411	7,329	630,398	163,020	177,713	5,113,496	
337	Ward County	4,753,467	345,007	4,904	522,881	449,210	223,184	3,908,102	
338	Washington County	3,850,740	358,646	3,782	423,581	134,382	123,993	3,531,211	
339	Webb County	30,749,871	2,027,195	9,284	3,382,486	590,671	492,501	28,320,692	
340	Wharton County	6,576,126	585,732		723,374	97,931	340,647	5,999,906	
341	Wheeler County	1,240,286	105,100	1,481	136,431	144,192	62,266	1,003,977	
342	Wichita County	12,673,515	1,275,720	10,775	1,394,087	815,187	392,018	11,358,718	
343	Wilbarger County	2,927,731	232,128	4,788	322,050	121,954	118,488	2,602,155	
344	Willacy County	3,042,806	164,565	6,426	334,709	143,052	77,914	2,658,122	
345	Williamson County	28,769,533	3,922,674	16,233	3,164,649	542,473	638,882	28,362,436	
346	Wilson County	2,647,022	235,693	2,944	291,172	255,156	83,472	2,255,858	
347	Winkler County	5,145,542	333,658	3,047	566,010	73,657	295,934	4,546,645	
348	Wise County	6,061,977	665,938	2,963	666,818	273,891	181,470	5,608,700	
349	Wood County	4,715,990	481,117	1,799	518,759	153,389	190,576	4,336,183	
350	Yoakum County	8,167,057	648,256	13,394	898,376	723,307	457,328	6,749,696	
351	Young County	3,579,525	210,868	10,232	393,748	403,540	138,481	2,864,857	
352	Zapata County	7,027,985	420,331	1,218	773,078	137,300	39,554	6,499,601	
353	Zavala County	3,177,457	68,745		349,520	138,050	80,953	2,677,679	
354	TCDRS	3,508,893	371,038	474	385,978	153,095	143,042	3,198,289	
638	Acton MUD	148,446	25,186		16,329			157,303	
615	Alamo Area COG	1,851,086	318,684	367	203,619	32,407	70,224	1,863,886	
502	Angelina Co. AD	1,110,956	31,225		122,205		7,679	1,012,296	
684	Angelina/Nacogdoches Co. WCID # 1	0	3,105					3,105	
576	Angleton DD	274,639	28,466		30,210		11,115	261,779	
614	Aquilla WSD—Hill Co.	79,850	14,853		8,784		2,631	83,289	
459	Aranas Co. AD	513,317	18,339		56,465			475,192	
668	Aranas Co. ND #1 Lumpsum contribution	15,327	17,420		1,686			32,853	
503	Acher Co. AD	231,039	1,792		25,414		453	209,604	
551	Atascosa Co. AD	259,340	4,432		28,527		11,091	241,661	
461	Austin Co. AD	629,887	21,939		69,288		7,654	572,371	
597	Bacliff MUD	158,116	19,426		17,393			153,267	
			12,543						

<sup>1</sup> Transfers from the General Reserves Account of the Endowment Fund to match partial-year interest allocations to certain retiring employees.

<sup>2</sup> Current Service Annuity Reserve Fund

**CHANGES IN SUBDIVISION ACCUMULATION FUND, continued**

No.	Employer Name	Balances Jan. 1, 2002	Additions		Deductions			Balances Dec. 31, 2002
			Employer Contributions	Endowment Fund Transfers <sup>1</sup>	Allocated Net Gain or Loss	Transfers to C.S.A.R.F. <sup>2</sup>	Retirement Allowances	
411	Bandera Co. WCID #1	3,671			404		740	2,927
685	Baylor Co. AD	0	2,269					2,269
613	Bayview ID #11	41,547	7,296		4,570		4,141	
	Late reporting penalty		(504)					39,628
690	Bayview MUD	0	802					802
506	Bell Co. AD	2,171,484	113,274	3,351	238,863	102,725	40,907	1,905,613
418	Bell Co. WCID #1	1,254,670	63,655	12,502	138,014	297,134	62,684	832,994
472	Bexar AD	10,240,403	594,421	5,021	1,126,444	162,288	154,557	9,396,555
544	Bexar Co. WCID #10	121,896	11,049		13,409		7,219	112,317
616	Bistone MWSD—Limestone Co.	195,481	19,119		21,503			193,097
525	Borden Co. AD	32,995	776	170	3,629	29,296		1,015
521	Bosque Co. CAD	232,517	20,245		25,577		273	226,912
508	Brazoria Co. AD	1,668,467	86,336		183,531		34,081	1,537,191
413	Brazoria Co. CRD #3	1,053,411	81,799		115,875	107,553	21,982	889,800
424	Brazoria Co. DD #4	808,190	141,325	216	88,901	37,232	48,674	774,924
681	Brazoria Co. DD #5	0	3,047					3,047
689	Brazos Co. AD	0	22,784					22,784
600	Brazos Co. ECD	798,769	68,062	1,740	87,865	26,634	3,118	750,955
581	Brewster Co. AD	66,458	4,781		7,310		3,156	60,772
554	Brookshire-Katy DD	148,141	9,252		16,296		1,198	139,899
522	Brookshire MWWD	340,179	28,913		37,420		11,732	319,940
642	Brushy Creek MUD—Williamson Co.	85,170	43,214		9,369		8,357	110,660
609	Burnet Co. AD	412,399	54,703		45,364		895	420,843
635	CAD of Johnson Co.	445,857	99,554	783	49,044	60,995	10,143	426,013
602	CAD of Taylor Co.	799,151	99,257		87,907		31,857	778,644
542	Callahan Co. AD	133,145	5,680		14,646		3,559	120,620
618	Cameron Co. AD	1,118,421	124,575		123,026		1,413	1,118,557
664	Cameron Co. DD #3	19,097	14,675		2,101			31,671
686	Cameron Co. DD #5	0	2,181					2,181
462	Cameron Co. ID #2	647,321	47,964		71,205		29,345	594,735
590	Cameron Co. ID #6	130,815	11,110	176	14,390	5,203	4,749	117,760
670	Camp CAD	7,630	7,333		839			14,123
610	Cass Co. AD	182,374	19,413		20,061		4,743	176,982
648	Cent. WCID—Angelina Co.	18,027	4,523		1,983			20,567
531	Chambers Co. AD	504,239	61,336		55,466		3,312	
	Lump-sum contribution		4,300					511,096
548	Chambers Co. Public HD	765,845	27,483	4,304	84,243	75,371	7,762	630,256
511	Childress Co. AD	32,125	4,095		3,534		6,030	26,656
582	Childress Co. HD	2,726,481	205,474	1,497	299,913	47,353	26,283	2,559,903

<sup>1</sup> Transfers from the General Reserves Account of the Endowment Fund to match partial-year interest allocations to certain retiring employees.

<sup>2</sup> Current Service Annuity Reserve Fund





**CHANGES IN SUBDIVISION ACCUMULATION FUND, continued**

No.	Employer Name	Balances Jan. 1, 2002	Additions		Deductions			Balances Dec. 31, 2002
			Employer Contributions	Endowment Fund Transfers <sup>1</sup>	Allocated Net Gain or Loss	Transfers to C.S.A.R.F. <sup>2</sup>	Retirement Allowances	
465	Cisco HD	118,575			13,043		7,879	97,652
485	Clay Co. Cent. Tax Auth.	323,166	12,623		35,548		8,754	291,487
477	Cochran Co. AD	79,067	4,161		8,697		3,992	70,539
457	Collin Co. CAD	4,160,423	225,905	3,496	457,646	127,296	18,243	3,786,638
623	Comal AD	299,421	51,529		32,936		5,579	312,434
636	Concho Co. HD	284,657	43,872	248	31,312	3,341	20,402	273,721
487	Cooke Co. AD	762,340	35,207	1,133	83,857	25,416	18,722	670,684
409	Crockett Co. WCID #1	492,027	27,749		54,123		14,128	451,525
532	Crosby Co. AD	78,434	2,005		8,628		3,216	68,595
603	Crosby MUD	175,952	21,974		19,355		6,459	178,571
478	Culberson Co. Hosp.	165,631			18,219			140,953
550	Culberson HD	567,983	21,068		62,478		1,870	524,703
467	Dallas CAD	20,760,997	1,012,249	7,977	2,283,710	388,713	252,509	18,856,292
430	Dallas Co. Park Cities MUD	1,111,922	71,443	6,119	122,311	218,725	26,346	822,101
687	Dallas Co. WCID #6	0	17,286					17,286
463	Dawson Co. CAD	360,375	9,675		39,641		3,353	327,056
578	Deaf Smith Co. HD	2,441,317	18,174	407	268,545	18,235	41,621	2,130,942
	Late reporting penalty		(554)					
583	Denco Area 911 Dist.—Denton Co.	274,452	37,931		30,190			282,193
482	Denton CAD	2,376,409	205,912	324	261,405	19,333	13,601	2,288,306
466	DeWitt Co. AD	298,195	12,092		32,801		1,660	275,826
593	Easland Co. AD	186,171	21,474		20,479		2,251	184,915
624	ECD of Ector Co.	124,174	18,315		13,659			128,830
580	Ector Co. HD	45,279,135	5,562,893	25,581	4,980,705	760,292	451,632	44,399,057
	Transfer to Ector County #167		(275,922)					
448	Edwards Aquifer Auth.—Bexar Co.	1,722,131	61,068	5,446	189,434	198,838	15,617	1,384,755
628	Edwards CAD	14,778	337		1,626			
	Late reporting penalty		(500)					
567	El Paso Co. 911 Dist.	351,025	29,862		38,613			342,274
541	El Paso Co. HD	35,689,722	3,291,946	15,593	3,925,869	614,096	1,048,143	33,409,154
557	El Paso Co. WA	49,945		657	5,494	11,911	3,348	29,848
456	El Paso WCID Westway	17,913			1,970		845	15,098
563	Falls Co. AD	91,360	7,835		10,050		7,424	81,721
644	Fannin Co. AD	57,374	8,984		6,311			60,047
432	Fisher Co. HD	1,428,996	38,835	674	157,190	32,372	27,418	1,251,525
474	Fort Bend CAD	3,230,318	107,213	11,156	355,335	259,224	31,699	2,702,430
509	Frio Co. AD	389,610	22,510		42,857			369,263
546	Galveston CAD	2,539,329	125,740	300	279,326	51,762	26,485	2,307,796
547	Galveston Co. Consol. DD	352,327	50,371		38,756		6,842	357,101

<sup>1</sup> Transfers from the General Reserves Account of the Endowment Fund to match partial-year interest allocations to certain retiring employees.

<sup>2</sup> Current Service Annuity Reserve Fund

**CHANGES IN SUBDIVISION ACCUMULATION FUND, continued**

No.	Employer Name	Balances Jan. 1, 2002	Additions		Deductions			Balances Dec. 31, 2002
			Employer Contributions	Endowment Fund Transfers <sup>1</sup>	Allocated Net Gain or Loss	Transfers to C.S.A.R.F. <sup>2</sup>	Retirement Allowances	
464	Galveston Co. DD #1	358,171	18,890	1,204	39,399	38,106	15,335	285,426
433	Galveston Co. DD #2	798,434	31,479	764	87,828	31,489	23,500	687,861
589	Galveston Co. ECD	175,741	28,488		19,332			184,898
407	Galveston Co. WCID #1	1,643,148	125,980		180,746		106,060	1,482,323
473	Garza CAD	75,281	6,821		8,281		4,083	69,738
498	Gonzales Co. AD	282,866	15,893		31,115		511	267,133
518	Gray Co. AD	619,169	14,057	566	68,109	32,881	6,543	526,259
475	Grayson Co. AD	1,213,780	69,536		133,516		36,869	1,112,931
528	Greater Harris Co. 911 Emerg. Net.	729,292	160,548		80,222		13,733	795,885
429	Greenbelt MWA—Donley Co.	466,023	30,124		51,263		22,047	422,838
483	Grimes Co. AD	430,554	31,428	701	47,361	21,539	3,965	389,819
587	Guadalupe Co. AD	278,294	22,469		30,612		938	269,213
526	Gulf Coast VVA—Galveston Co. Lump-sum contribution	3,675,659	201,704	3,856	404,323	184,617	83,339	3,276,859
585	Hansford Co. HD	1,533,222	134,540	978	168,654	54,243	43,339	1,402,504
527	Hardin Co. AD	438,936	32,756		48,283		9,456	413,953
571	Harlingen ID Cameron Co. #1	505,703	47,509		55,627		9,408	488,177
598	Harris Co. AD	15,835,300	1,472,861	18,170	1,741,883	351,639	269,127	14,963,682
569	Harris Co. WCID #1	345,025	25,032		37,953		6,603	325,502
625	Harris Co. WCID #50	118,952	18,092	690	13,085	21,185	1,245	102,220
520	Hartley Co. AD	122,551	5,165		13,481		6,709	107,526
552	Haskell Mem. HD	891,659	59,362	193	98,083	17,050	14,385	821,697
640	Hemphill Co. AD	35,243	8,507		3,877	15,022	178	24,673
529	Hemphill Co. HD	1,641,809	97,397		180,599		18,956	1,539,652
414	Hidalgo & Cameron Counties ID #9	977,885	55,507		107,567		20,883	904,942
516	Hidalgo Co. AD	3,085,648	147,018	155	339,421	141,867	29,486	2,722,046
401	Hidalgo Co. DD #1	1,384,727	177,005	654	152,320	29,372	39,666	1,341,027
438	Hidalgo Co. ID #2	1,372,464	72,953	1,380	150,971	225,555	57,710	1,012,560
486	Hidalgo Co. ID #6	500,403	56,716		55,044		12,696	489,379
674	High Plains Underground WCD #1	0	26,585					26,585
643	Homestead MUD—El Paso Co.	49,918	8,835		5,491			53,262
661	Hopkins Co. AD	27,619	14,363		3,038			38,944
592	Jack Co. AD	108,308	8,139	378	11,914	8,480	4,299	92,133
441	Jackson Co. County-Wide DD	405,258	21,359		44,578		14,768	367,271
657	Jasper Co. WCID #1	22,280	9,180		2,451			29,009
404	Jefferson Co. DD #3	233,446	12,529		25,679		7,086	213,209
408	Jefferson Co. DD #6	4,580,163	283,889	4,536	503,818	82,350	170,438	4,111,983
405	Jefferson Co. DD #7	5,038,202	353,941		554,202	442,024	133,532	4,262,385
451	Jefferson Co. WCID #10	451,916	15,323	884	49,711	33,258	25,588	359,566

<sup>1</sup> Transfers from the General Reserves Account of the Endowment Fund to match partial-year interest allocations to certain retiring employees.

<sup>2</sup> Current Service Annuity Reserve Fund



OTHER SUPPLEMENTARY INFORMATION: SUBDIVISION ACCUMULATION FUND

**CHANGES IN SUBDIVISION ACCUMULATION FUND, continued**

No.	Employer Name	Balances Jan. 1, 2002	Additions		Deductions			Balances Dec. 31, 2002
			Employer Contributions	Endowment Fund Transfers <sup>1</sup>	Allocated Net Gain or Loss	Transfers to C.S.A.R.F. <sup>2</sup>	Retirement Allowances	
680	Jim Hogg Co. AD	0	3,172					3,172
656	Jim Hogg Co. FD #2	6,178	1,192		680			6,690
641	Jim Hogg Co. WCID #2	76,494	18,249		8,414		662	85,667
584	Johnson Co. Fresh WSD #1	90,873	14,705	199	9,996	7,037	4,868	83,877
496	Jones Co. AD	232,865	17,117		25,615		5,610	218,757
524	Karnes Co. AD	117,179	7,899		12,890		5,713	106,475
455	Karnes Co. HD	2,628,644	115,206	299	289,151	75,832	58,300	2,320,865
662	Kaufman Co. AD	143,338	52,086	113	15,767	6,424	4,020	169,327
671	Kendall AD	22,246	30,341		2,447			50,139
619	Kendall Co. WCID #1	132,825	18,740		14,611			136,955
594	Kent Co. Tax AD	58,671	8,471		6,454		2,728	57,961
653	Kerr Emerg. 911 Net.	41,266	8,983		4,539			45,710
579	Kinney Co. AD	41,935	6,093		4,613		2,079	41,337
519	Knox Co. AD	102,155	4,241		11,237		1,870	93,289
540	Laguna Madre WD—Cameron Co.	1,353,145	247,693	4,331	148,846	103,458	42,849	1,310,016
514	Lakeway MUD—Travis Co.	632,714	53,644		69,599		20,508	596,252
650	Lampasas Co. AD	21,878	5,445		2,407			24,916
439	Lavaca-Navidad River Auth.—Jackson Co.	1,593,407	182,312	533	175,275	128,073	36,004	1,436,900
468	Leon Co. CAD	229,263	667		25,219			204,711
481	Liberty Co. CAD	979,150	51,848		107,706	79,130	16,081	828,081
591	Live Oak Co. AD	234,623	27,810	1,426	25,808	84,774	2,104	151,172
431	Livingston HD	1,153,014			126,832		73,883	952,300
654	Ilano Co. Hosp. Auth.	1,033,490	384		113,684	23,177	7,702	
	Transfer to Ilano Mem Hosp #436		(40,816)					848,495
436	Ilano Mem. Hosp.	2,428,586		1,734	267,144	51,985	115,009	
	Transfer from Ilano Co. Hosp Auth. #654		40,816					2,036,998
513	Loving Co. AD	25,940	3,106	461	2,853	20,529	1,572	4,552
499	Lubbock CAD	3,168,449	150,138	1,518	348,529	195,892	48,993	2,726,692
425	Lubbock Co. WCID #1	323,928	10,345		35,632		14,692	283,948
558	Lubbock ECD	179,854	16,540		19,784			176,610
647	Lubbock Reese Redev. Auth.	139,091	11,973		15,300			135,764
639	Lumberton MUD	95,244	23,335		10,477			108,102
497	Lynn Co. AD	41,070	2,438		4,518		1,395	37,594
442	Lynn Co. HD	2,056,194	140,029	130	226,181	5,052	84,289	1,880,831
630	MacedoniaEylau MUD—Bowie Co.	130,505	17,889		14,356			134,039
500	Mackenzie MWA—Briscoe Co.	482,962	24,884		53,126		2,051	452,670
596	Madison Co. AD	58,422	4,550		6,426			56,545
675	Marion Co. AD	0	9,725					9,725
658	Marshall-Harrison Co. Health Dist.	35,805	14,700		3,939		68	46,499

<sup>1</sup> Transfers from the General Reserves Account of the Endowment Fund to match partial-year interest allocations to certain retiring employees.

<sup>2</sup> Current Service Annuity Reserve Fund

**CHANGES IN SUBDIVISION ACCUMULATION FUND, continued**

No.	Employer Name	Balances Jan. 1, 2002	Additions		Deductions			Balances Dec. 31, 2002
			Employer Contributions	Endowment Fund Transfers <sup>1</sup>	Allocated Net Gain or Loss	Transfers to C.S.A.R.F. <sup>2</sup>	Retirement Allowances	
595	Marlin Co. AD	41,151	4,711		4,527		2,733	38,603
678	Matagorda Co. DD	0	22,692					22,692
440	Matagorda Co. HD	10,336,704	207,389	5,834	1,137,037	363,748	288,517	8,760,625
677	Matagorda Co. ND #1	0	17,234					17,234
453	Maverick Co. WCID #1	682,620	36,776	298	75,088	51,696	22,057	570,852
512	McCamey Co. HD—Upton Co.	1,266,936	11,828	530	139,363	24,842	21,566	1,093,523
512	McCulloch Co. AD	190,718	7,337		20,979			177,076
491	McLennan Co. AD	2,759,397	161,099	12,115	303,534	449,304	73,543	2,106,230
679	McLennan Co. WCID #2	0	2,247					2,247
599	Med. Arts Hosp.—Dawson Co.	1,914,608	42,497	1,008	210,607	39,666	43,270	1,664,570
535	Medina Co. AD	314,652	26,040		34,612		3,270	302,809
419	Mem. Med. Center—Callhoun Co.	5,425,360	263,567	839	596,790	161,063	78,035	4,853,293
	Late reporting penalty		(586)					876,870
669	Mid. Rio Grande Dev. Council	452,998	473,701		49,830			2,114,888
492	Midland CAD	2,341,398	80,306	194	257,554	33,965	15,491	117,240
570	Midland ECD	120,394	10,090		13,243			41,746
617	Mills Co. AD	42,780	3,672		4,706			90,828
484	Mitchell Co. AD	99,329	6,358		10,926		3,934	314,338
504	Montague Co. Tax AD	345,461	15,773		38,001		8,896	
605	Montgomery CAD	1,458,556	212,387	1,368	160,441	27,420	24,267	1,480,183
	Lump-sum contribution		20,000					87,646
667	Montgomery Co. ECD	41,001	51,156		4,510			60,138
651	Montgomery Co. ESD #2	45,008	20,081		4,951			5,037,359
412	Moore Co. HD	5,710,198	238,896	4,699	628,122	197,916	90,396	466,793
515	Navarro CAD	520,117	33,679	1,216	57,213	25,557	5,449	286,411
572	Newton CAD	283,174	36,081		31,149		1,696	46,538
510	Newton Co. Mem. Hosp.	57,361			6,310		4,513	233,410
556	North Cent. Tex. MWA	245,054	24,644		26,956		9,333	956,570
415	North Plains HD	1,223,160		331	134,548	57,083	75,291	3,985,124
646	North Tex. Tollway Auth.	2,996,035	1,389,174	1,438	329,564	61,335	10,625	316,961
562	Northeast Tex. MWD	333,517	28,774		36,687		8,643	96,335
683	Nueces Co. AD	0	96,335					289,414
400	Nueces Co. DD #2	514,552	8,120	3,745	56,601	175,358	5,044	658,720
416	Nueces Co. WCID #3	980,331	46,303	641	107,836	247,173	13,547	865,380
450	Nueces Co. WCID #4	951,055	34,455		104,616		15,515	209,820
538	Nueces River Auth.—Uvalde Co.	227,410	8,254		25,015		829	110,799
517	Oldham Co. AD	118,017	5,764		12,982			1,174,678
490	Orange Co. AD	1,270,039	52,940		139,704		8,596	1,688,126
421	Orange Co. DD	1,792,096	168,867		197,131		75,706	

<sup>1</sup> Transfers from the General Reserves Account of the Endowment Fund to match partial-year interest allocations to certain retiring employees.

<sup>2</sup> Current Service Annuity Reserve Fund



OTHER SUPPLEMENTARY INFORMATION: SUBDIVISION ACCUMULATION FUND

**CHANGES IN SUBDIVISION ACCUMULATION FUND, continued**

No.	Employer Name	Balances Jan. 1, 2002	Additions		Deductions			Balances Dec. 31, 2002
			Employer Contributions	Endowment Fund Transfers <sup>1</sup>	Allocated Net Gain or Loss	Transfers to C.S.A.R.f. <sup>2</sup>	Retirement Allowances	
665	Orange Co. ESD #1	6,054	6,362		666		11,750	
660	Orange Co. Nav. & Port Dist.	46,926	18,148	886	5,162	10,657	48,620	
631	Orange Co. WCID #1	285,691	52,466		31,426		302,278	
494	Pecos Co. AD	244,256	8,699		26,868		221,948	
673	Permian Reg. Med Ctr.	0	538,943			4,714	534,229	
676	Port of Bay City Auth.	0	2,163				2,163	
449	Port of Beaumont ND	1,954,001	170,545	2,803	214,940	98,914	1,691,180	
620	Port of Corpus Christi Auth.	5,050,222	583,575	8,097	555,524	150,991	4,510,861	
622	Port of Port Arthur ND	662,085	55,171	4,406	72,829	44,649	561,622	
489	Potter Co. AD	1,492,564		3,119	164,182	106,117	1,180,977	
560	Potter-Randall Co. ECD	100,981	25,583		11,108		115,456	
626	Presidio AD	23,109	2,317		2,542		22,884	
537	Rains Co. AD	170,523	11,026		18,758		160,265	
564	Randall Co. AD	2,412,528	189,362	3,655	265,378	69,156	2,254,490	
406	Rankin Co. HD—Upton Co.	1,143,024	41,629		125,733		1,015,045	
445	Reagan HD	859,565	54,964		94,552	218,696	578,963	
505	Red Bluff VVPCD—Reeves Co.	38,010	7,371	112	4,181	6,501	30,753	
435	Red River Auth.—Wichita Co.	1,498,036	64,505		164,784		1,379,502	
588	Reeves Co. HD	2,474,410	200,642		272,185		2,396,530	
543	Refugio Co. DD #1	94,198	9,122		10,362		11,660	
	Late reporting penalty		(504)				80,794	
480	Roberts Co. AD	123,665			13,603		110,062	
612	Rusk Co. AD	46,177	8,308		5,080		46,827	
568	Sabine Pass Port Auth.	79,526	11,790		8,748		79,483	
553	San Jacinto Co. CAD	238,944	17,718		26,284		224,454	
495	San Patricio Co. AD	543,051	21,987		59,736		524,817	
	Lumpsum contribution		30,000				1,466,402	
426	San Patricio Co. DD	2,138,662	77,578		235,253	439,910	1,466,402	
422	San Patricio MWD	559,209	101,229		61,513		573,638	
470	Shackelford Co. AD	167,127	5,082		18,384		147,855	
627	Shelby Co. AD	77,572	8,676		8,533		76,299	
523	Shelby Co. Gen. Hosp.	194,943		1,138	21,444	20,638	135,358	
469	Sherman Co. AD	134,462	8,864		14,791		124,431	
555	Smith Co. 911 Comm. Dist.	280,680	26,017		30,875		275,822	
606	Smith Co. AD	1,223,258	167,173		134,558	28,963		
	Lumpsum contribution		100,000				1,326,910	
632	Smith Co. Public Health Dist.	1,151,956	203,087	392	126,715	18,035	1,205,527	
507	Somervell Co. CAD	124,706	16,278		13,718	23,523	99,230	
645	South Tex. Dev. Council	280,398	48,834	10	30,844	1,568	294,406	

<sup>1</sup> Transfers from the General Reserves Account of the Endowment Fund to match partial-year interest allocations to certain retiring employees.

<sup>2</sup> Current Service Annuity Reserve Fund



**CHANGES IN SUBDIVISION ACCUMULATION FUND, continued**

No.	Employer Name	Balances Jan. 1, 2002	Additions		Deductions			Balances Dec. 31, 2002
			Employer Contributions	Endowment Fund Transfers <sup>1</sup>	Allocated Net Gain or Loss	Transfers to C.S.A.R.F. <sup>2</sup>	Retirement Allowances	
536	Starr Co. AD	445,036	34,829	661	48,954	38,776	8,495	384,301
458	Stonewall Mem. HD	749,691	14,643		82,466		25,042	656,826
539	Stratford HD—Sherman Co.	419,215	23,068	1,152	46,114	38,447	492	358,383
573	Sutton Co. HD	691,718	3,625		76,089		4,216	615,038
460	Swisher Co. AD	280,395	9,852		30,843		3,928	255,476
534	Swisher Mem. HD	633,086	28,129		69,639		9,748	581,827
607	Tarrant AD	7,803,581	892,456	831	858,394	60,298	191,467	7,586,708
545	Tarrant Co. 911 EAD	635,354	65,133		69,889			630,598
574	Tax AD of Cotile Co.	22,431	1,797		2,467		279	21,481
402	Terry Mem. HD	5,698,869	94,108	2,882	626,876	148,190	183,480	4,837,313
437	Tex. Assoc. of Counties	4,574,275	521,447	721	503,170	21,329	15,969	4,555,975
634	Tex. Eastern 911 Net.	48,470	9,687		5,332			52,826
501	Titus Co. Fresh WSD	355,373	23,432		39,091		4,858	334,855
601	Travis CAD	3,226,894	348,560	1,051	354,588	21,522	59,523	3,140,500
666	Travis Co. WCID—Point Venture	7,115	6,776	31	783	2,273	1,021	9,846
549	Travis Co. WCID # 18	93,508			10,286	6,671		76,551
659	Tri-Co. SUD	14,678	7,498		1,615			20,562
633	Trinity Bay Cons. Dist.	601,796	110,169	305	66,198	9,591	22,678	613,802
471	Tyler Co. AD	511,225	19,386	110	56,235	3,879	1,858	468,749
561	United ID—Hidalgo Co.	473,867	54,918		52,125		15,748	460,912
682	Upton Co. AD	0	9,193					9,193
663	Valley MUD #2—Cameron Co.	21,075	12,165		2,318			30,922
586	Valwood Imp. Auth.—Dallas Co.	163,219	14,075		17,954			159,340
672	Van Zandt Co. AD	12,635	28,270		1,390			69,515
	Lump-sum contribution		30,000					1,357,202
420	Velasco DD—Brazoria Co.	1,477,476	86,837		162,522		44,589	1,357,202
423	Victoria Co. DD #3	280,437	4,943		30,848		4,917	249,616
637	Victoria Co. WCID # 1	34,770	3,569		3,825			34,514
565	Ward Co. CAD	164,136	5,922		18,055			152,002
444	Ward Mem. Hosp.	4,014,867	70,382	6,336	441,635	147,113	102,945	3,399,892
604	Webb Co. AD	601,750	57,030		66,193		4,502	588,086
443	West Cent. Tex. COG	4,174,098	342,226	2,379	459,151	173,558	120,153	3,765,840
410	West Cent. Tex. MWD	689,975	44,667		75,897		25,218	633,526
454	West Jefferson Co. MWD	427,427	36,241	785	47,017	24,381	15,803	377,253
688	West Nueces-Las Moras Soil & WCD #236	0	1,022					1,022
621	Wharton Co. WCID # 1	21,906	1,673		2,410			21,169
476	Wheeler Co. AD	170,894	9,354		18,798		3,929	157,520
427	White River MWD—Dickens Co.	526,916	23,816		57,961		12,849	479,923
446	Wichita Co. WID #2	623,779	45,629		68,616		20,490	580,303

<sup>1</sup> Transfers from the General Reserves Account of the Endowment Fund to match partial-year interest allocations to certain retiring employees.

<sup>2</sup> Current Service Annuity Reserve Fund



**CHANGES IN SUBDIVISION ACCUMULATION FUND, continued**

No.	Employer Name	Balances Jan. 1, 2002	Additions		Endowment Fund Transfers <sup>1</sup>	Allocated Net Gain or Loss	Deductions		Balances Dec. 31, 2002
			Employer Contributions				Transfers to C.S.A.R.F. <sup>2</sup>	Retirement Allowances	
559	Wichita - Wilbarger 9111 Dist.	191,026	26,897			21,013		865	196,045
655	Wickson Creek SUD—Brazos Co.	67,214	28,000			7,394			87,820
530	Wilbarger Co. HD	2,652,438	197,609			291,768		55,261	2,503,018
575	Willacy Co. AD	125,085	14,695			13,759			126,021
652	Willacy Co. Housing Auth.	13,786	5,290			1,517			17,560
608	Williamson Co. AD	1,576,932	313,593	3,042		173,462	74,379	44,720	1,601,005
479	Wilson Co. AD	423,756	29,154	340		46,613	19,797	9,614	377,226
533	Winkler Co. AD	50,540	7,863			5,559		2,513	50,331
493	Wise Co. AD	525,978	16,019			57,858	1,225	6,261	476,654
649	Zapata Co. AD	21,350	6,964			2,349			25,965
566	Zavala Co. AD	179,095	12,764			19,700		5,414	166,745
	<b>Totals</b>	<b>\$ 3,892,291,239</b>	<b>\$ 291,313,309</b>	<b>\$ 2,843,085</b>	<b>\$ 428,152,037</b>	<b>\$ 140,886,554</b>	<b>\$ 106,511,366</b>	<b>\$ 3,510,897,676</b>	

<sup>1</sup>Transfers from the General Reserves Account of the Endowment Fund to match partial-year interest allocations to certain retiring employees.

<sup>2</sup>Current Service Annuity Reserve Fund

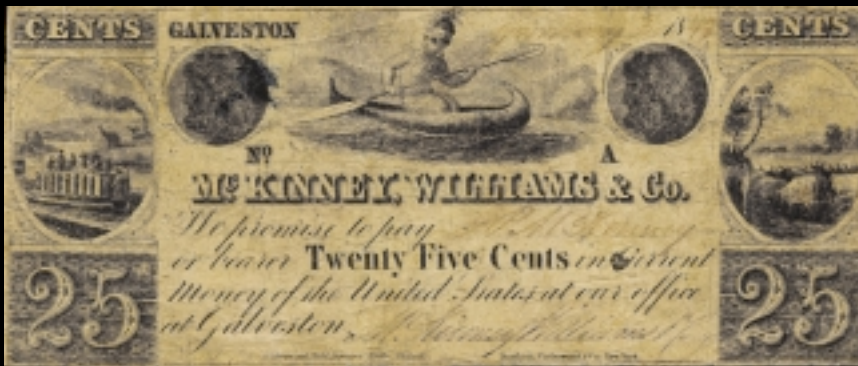
Due to rounding, totals and detail may not equal.

See accompanying independent auditor's report.

# INVESTMENT SECTION



In 1837, the Texas Congress restricted the use of notes issued by private firms and municipal corporations that competed with the republic-issued money. With the collapse of the Red Back Notes in Texas, the laws were largely ignored and private money came into extensive use. By the end of the Civil War in Texas, private currency and barter replaced any kind of national currency. Businesses such as mills, gins, general stores and saloons like the "First and Last Chance" in Houston (above) issued their own currency to keep the economy functioning.



Samuel May Williams came to Texas in 1822 and by 1836 had established the town of Quintana as a major shipping port at the mouth of the Brazos River. In 1848, he moved the base of his cotton exporting business to Galveston. There he opened the Commercial and Agricultural Bank, which printed its own money for use in loans to farmers and businesses. Image courtesy of the Texas History Museum and John Rowe.

John F. Torrey, a native of Connecticut, operated a successful trading company on the frontier that dealt with settlers and Indians. Over the course of his long business career in Texas, he owned businesses in Houston, San Marcos and New Braunfels, where in 1844 he established a successful milling and manufacturing operation. Torrey Mills of New Braunfels printed money to help farmers between harvests and to pay its employees until the businesses were destroyed by natural disasters in 1872.



Top and bottom images from the collection of John M. Davis Jr., Dallas.





May 2003

Board of Trustees  
Texas County and District Retirement System  
P.O. Box 2034  
Austin, Texas 78768-2034

To the Members of the Board:

It is a pleasure to report on the investment activities of the Texas County and District Retirement System (TCDRS) for 2002. Retained in 1996, Wilshire Associates provides on-going investment consulting services to the Board, including investment policy development and review, asset allocation analysis, asset class structure analysis, investment manager searches and performance evaluation. Wilshire Associates prepares and presents its performance measurement reports to TCDRS on a quarterly basis using time-weighted rates of return based on custodian market values. The methodology is in compliance with the Performance Presentation Standards of the Association of Investment Management and Research (AIMR).

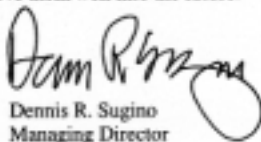
2002 marked the third consecutive year of negative performance for equity markets in the U.S. and abroad. Before this year, investors had not experienced three consecutive years of negative performance since 1941. The S&P 500 was down 22.1 percent and the international equity market was down 15.9 percent for the year. The Federal Reserve moved aggressively in the fourth quarter of 2002 and lowered the federal funds rate by 50 basis points to 1.25 percent. This level marked the 41-year low for short-term interest rates in the U.S.

In spite of adverse markets, the TCDRS' \$8.9 billion fund completed the year with a positive total return of 1.6 percent. This total return compared exceedingly well to the Wilshire median peer public fund return of negative 8.0 percent for 2002. TCDRS also ranked in the top 9 percent of the Wilshire public fund universe in 2002. The dollar cost averaging strategy of transitioning from a 100 percent bond portfolio to a more diversified portfolio dampened the portfolio from losses that other public plans suffered. TCDRS' 1.6 percent return also exceeded the Board's investment policy return of negative 0.4 percent for the year.

At the asset class level, the TCDRS staff-managed fixed income portfolio, representing 52.2 percent of the total fund, returned a positive 14.4 percent for the year versus the Lehman Aggregate Bond Index of 10.3 percent. The 14.4 percent return ranked TCDRS' internal fixed income performance in the top 1 percent of Wilshire's universe of institutional fixed income managers. TCDRS' passively managed US equities represented 27.6 percent of total fund assets and returned negative 21.2 percent for the year, approximating the targeted return of the Wilshire 5000 Index. At 8.4 percent of the total fund, the international equity asset class returned negative 15.5 percent, closely matching the benchmark MSCI EAFE's return. The actively managed high yield bond portfolio, representing 6.5 percent of the total fund produced a 4.2 percent return and exceeded the CS First Boston Developed Countries High Yield Index return of 3.1 percent for the year. The actively managed real estate investment trust investments also returned a positive 3.7 percent for the year versus the Wilshire RESI return of 2.6 percent and 3.6 percent for the Wilshire REIT Index.

Disciplined dollar cost averaging into the Board's approved strategic asset allocation continued throughout the year. The Board reviewed its Statement of Investment Policy and approved improvements in its governance policies and investment manager search and monitoring processes. An investment manager with a real estate investment trust mandate was terminated for performance reasons. The manager was replaced with Wellington Management Company (Boston) after a competitive search. The securities lending program managed by Metropolitan West (Los Angeles) was reviewed and the Board approved the retention of the program and manager.

TCDRS has weathered the three-year market downturn substantially better than other public pension plans. TCDRS has remained committed to its long-term investment policies and strategies to achieve investment objectives that meet the needs of participating employers and employees. This approach has served participants very well in the past and is likely to serve them well into the future.

  
Dennis R. Sugino  
Managing Director

Respectfully submitted,

  
Kathleen K. Barchick, CFA  
Managing Director

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### A: THE TCDRS ACT AND INVESTMENT POLICY

Texas County & District Retirement System (TCDRS or system) was established in 1967 by an act of the Texas Legislature. Investment decisions of the TCDRS Board of Trustees (board) are subject to the “prudent person” standard of care as outlined in Section 67, Article XVI of the Texas Constitution.

Additionally, the board has adopted and periodically reviews an investment policy that defines and restricts investment authority and emphasizes the importance of a long-term investment philosophy with minimization of risk.

### B: INVESTMENT PHILOSOPHY AND STRATEGY

In 1992, the TCDRS Board of Trustees targeted 8% as the investment return requirement. In 1996, the board concluded that a diversified portfolio would offer the best opportunity to produce the desired investment return of 8%. Accordingly, in addition to domestic, investment-grade, fixed-income securities (investment-grade bonds), the TCDRS portfolio now includes domestic equity securities; international equity securities; domestic, high-yield, fixed-income securities (high-yield bonds); and real estate investment trust (REIT) equity securities. For more information on these types of securities and investment terminology, please see the Glossary on page 84.

### C: ASSET ALLOCATION AND FUNDING

The board uses a long-term, strategic approach to asset allocation based upon capital market assumptions that are reviewed and adopted annually. The assumptions adopted in March 2003 are shown in Table 1. Included for each asset class are the long-

term, expected returns; the levels of risk associated with the expected returns (as represented by the standard deviation of returns); and the expected cash yield.

The board initially adopted a dollar-cost averaging strategy to implement portfolio diversification over a five-year period. During this period, cash derived from investment-grade bonds, together with net additional contributions, are to be allocated, based upon market values, within the limits specified in the Asset Allocation Targets shown in Table 2. In 2002, due to losses in the equity markets over the last three years, the board elected to extend the implementation horizon into 2004.

### D: ASSET CLASS INVESTMENT STYLES AND INVESTMENT MANAGERS

Investment-grade bonds are managed internally using a passive style. Domestic equities and one of the international equity portfolios are managed externally using passive styles, while the second international equity portfolio is managed externally using an active style. High-yield bonds and REITs are managed externally using active styles. Cash generated from any of these portfolios is held by the investment professional responsible for the portfolio in interest-bearing instruments or accounts until reinvested.

#### Externally Managed Holdings

The system’s domestic equities and a portion of its international equities are passively managed by State Street Global Advisors (SSgA) in a commingled Wilshire 5000 Index fund and in a commingled Morgan Stanley Capital International Europe, Australia and Far East (MSCI EAFE) Index fund. Capital Guardian Trust Company (Cap Guardian) actively manages a second international equity portfolio in a commingled fund.

**TABLE 1: CAPITAL MARKET ASSUMPTIONS**

Asset Category (Portfolio)	Expected Return	Standard Deviation	Expected Yield
Investment-Grade Bonds	5.25%	7%	5.25%
Domestic Equities	8.00	17	1.70
International Equities	8.00	20	2.80
High-Yield Bonds	7.00	10	7.00
REITs	6.75	16	5.25
Cash Equivalents <sup>1</sup>	3.00	1	3.00

<sup>1</sup> Cash equivalents are deposited with the system’s custodian and held either in cash or in short-term investments.

**TABLE 2: ASSET ALLOCATION TARGETS**

Asset Category	Allocation Percentages		
	Minimum	Maximum	Target
Investment-Grade Bonds	35%	100%	38%
Domestic Equities	0	40	35
International Equities	0	15	12
High-Yield Bonds	0	15	10
REITs	0	10	5
Cash Equivalents	0	15	0



Management of the system's high-yield bonds is divided between two investment managers: Oaktree Capital Management, LLC (Oaktree), and W. R. Huff Asset Management Co., LLC (Huff).

Management of the system's REITs is divided between two investment managers: Cohen & Steers Capital Management, Inc. (Cohen & Steers), and Wellington Management Company, LLP (Wellington). Wellington was retained during the third quarter of 2002 to replace the services of Fidelity Management Trust Company (Fidelity).

### Internally Managed Holdings

The system's investment-grade bonds are managed by the TCDRS investment officer, who allocates investments in each asset subclass according to the targets specified in the investment policy and shown in Table 3.

U.S. Treasury instruments are long-term securities issued by the United States Treasury. Collateralized mortgage obligations and real estate mortgage investment conduits (CMOs and REMICs) are securities guaranteed by agencies or instrumentalities of the United States government, since these instruments

represent ownership in mortgages that are guaranteed by such agencies. Likewise, GNMA/FHA project loans, pools and participation agreements (GNMA/FHA loans) represent ownership in mortgages guaranteed by those agencies. U.S. agency and government instrumentality fixed-income instruments (Agencies and Instrumentalities) are unsecured obligations of agencies and instrumentalities. Investment-grade corporate securities (Corporate Bonds) are debt instruments issued by domestic corporations that have earned an A or better rating from either Moody's Investors Service (Moody's) or the Standard & Poor's Corporation (S&P).

### E: INVESTMENT RESULTS

TCDRS retains two professional performance measurement consulting firms that regularly report investment performance to the board for specific investment managers, for the aggregate of all managers in each asset class and for the total portfolio.

#### Investment Manager Performance Reporting

Performance of each investment manager is measured against the performance of similar assets contained within a benchmark portfolio, as represented by a specific index. Comparisons indicate the value added by each manager, if any, in excess of the performance that was experienced by the specific benchmark index.

#### Asset Class Performance Reporting

When multiple investment managers are retained within a particular asset class, a benchmark portfolio is selected for measurement of the performance of the entire asset class. Table 4 relates the associated benchmark portfolio with each asset class contained within the TCDRS investment portfolio.

**TABLE 3: INVESTMENT-GRADE BOND SUBCLASS ALLOCATION TARGETS**

Category	Percentage (Based on Amortized Cost)	
	Minimum	Maximum
U.S. Treasury Instruments	25%	100%
CMOs and REMICs	0	50
GNMA/FHA Loans	0	50
Agencies and Instrumentalities	0	50
Corporate Bonds	0	5

**TABLE 4: BENCHMARK PORTFOLIOS FOR PERFORMANCE MEASUREMENT**

Asset Category	Benchmark Portfolio
Investment-Grade Bonds	Lehman Brothers Aggregate Index
Domestic Equities	Domestic Equity Index Wilshire 5000 Index (Jan. 2000 through Dec. 2002) S&P 500 Index (Jan. 1997 through Dec. 1999)
International Equities	MSCI EAFE Index
High-Yield Bonds	CSFB Developed Countries High Yield Index <sup>1</sup>
REITs	REIT Index Wilshire Real Estate Security Index (July 2002 through Dec. 2002) Wilshire REIT Index (Oct. 1998 through June 2002)

<sup>1</sup> Until mid-2001, this index was called "First Boston Domestic + High Yield Index."

### Total Portfolio Performance Reporting

According to Keith Ambachtsheer and Don Ezra in their book *Pension Fund Excellence: Creating Value for Stakeholders* (John Wiley & Sons, Inc., New York, N.Y., 1998), studies have shown that the asset allocation decision is the most important investment decision made by a portfolio's investment board.

Assessing the impact of the asset allocation decision on the performance of the entire TCDRS portfolio first requires construction of a portfolio (Policy Benchmark Portfolio) that contains only those asset classes authorized for investment and only in the proportion that such classes are authorized in the asset allocation plan. Once constructed, each asset class is assigned an appropriate index to track the passively managed growth of that asset class.

Performance of the Policy Benchmark Portfolio represents the performance of each asset class (as reflected by its index) weighted by the percentage of that asset class within the asset allocation plan.

Table 5 contains the weights given each asset class in the creation of the quarterly Policy Benchmark Portfolios for 2002. During the second quarter, the weights assigned to each asset class were revised to reflect the board's decision to extend the implementation horizon into 2004. As expected, the implementation horizon of the asset allocation plan is reflected in the quarterly construction of the Policy Benchmark Portfolios. Table 6 contains an approximation of the weights that are included in the Policy Benchmark Portfolios for the one, three, five, and ten-year periods ended Dec. 31, 2002.

**TABLE 5: POLICY BENCHMARK — PORTFOLIO COMPOSITION**

Calendar Quarters of 2002

Benchmark Portfolio	1st	2nd <sup>1</sup>	3rd	4th
Lehman Brothers Aggregate Index	48.50%	57.00%	54.65%	52.30%
Domestic Equity Index	31.50	25.00	26.25	27.50
MSCI EAFE Index	8.50	7.00	7.60	8.20
CSFB Developed Countries High Yield Index	6.50	6.00	6.50	7.00
REIT Index	5.00	5.00	5.00	5.00
<b>Total TCDRS Policy Benchmark Portfolio</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

<sup>1</sup> Percentages were adjusted to actual holdings to reflect extension of the implementation horizon.

**TABLE 6: POLICY BENCHMARK — PORTFOLIO ESTIMATED COMPOSITION**

Periods ended Dec. 31, 2002

Benchmark Portfolio	1 Year	3 Year	5 Year	10 Year
Lehman Brothers Aggregate Index	53.1%	59.0%	70.0%	84.6%
Domestic Equity Index	27.6	25.7	20.1	10.5
MSCI EAFE Index	7.8	5.7	3.5	1.7
CSFB Developed Countries High Yield Index <sup>1</sup>	6.5	5.0	3.3	1.6
REIT Index	5.0	4.6	3.1	1.6
<b>Total TCDRS Policy Benchmark Portfolio</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

<sup>1</sup> Until mid-2001, this index was called "First Boston Domestic + High Yield Index."

### Performance Results

As shown in Table 7, the TCDRS portfolio has outperformed the Policy Benchmark Portfolio over the investment horizons of one, three, five and ten years. The primary reason for the positive performance when compared to the Policy Benchmark Portfolio is the performance of investment-grade bonds. For example, the five-year performance of the system's entire portfolio was 5.3% compared to 4.1% for the Policy Benchmark Portfolio. Thus, performance of the total portfolio exceeded that of the Policy Benchmark Portfolio by 1.2%, which approximates the excess return experienced by investment-grade bonds (8.9%) when compared to its benchmark (7.5%).

The performance of investment-grade bonds in 2002 is explained by examining certain characteristics of TCDRS holdings with those of the

benchmark index. Specifically, the years to effective maturity, the effective duration, the yield to effective maturity and the current yield, as shown in Figures 1–4 of the Investment-Grade Bond Characteristics on page 79, provide insight into the relative value of this asset class within the TCDRS portfolio and to the performance deviation from its benchmark. As indicated in Figures 1–4, the investment-grade bond portfolio reflects the board's investment strategy. When compared to the Lehman Brothers Aggregate Index, the TCDRS investment-grade bond portfolio has a longer maturity and produces a higher yield on a current basis and until its effective maturity. These attributes are desirable over the longer term and, in the short term, magnify the effects of a shifting yield curve upon the underlying market value of the portfolio at the date of evaluation.

**TABLE 7: RESULTS FROM INVESTING ACTIVITIES<sup>1</sup>**

Periods Ended Dec. 31, 2002

TCDRS Portfolio/Benchmark Portfolio	2002 Return	Annualized Returns		
		3 Year	5 Year	10 Year
Total Fund	1.6%	4.6%	5.3%	7.3%
Policy Benchmark Portfolio <sup>2</sup>	- 0.4	2.4	4.1	5.8
Investment-Grade Bonds	14.4	12.4	8.9	8.8
Lehman Brothers Aggregate Index Benchmark Portfolio	10.3	10.1	7.5	7.5
Domestic Equities	-21.2	-14.5	- 0.2	—
Domestic Equity Index Benchmark Portfolio	-20.9	-14.4	- 0.4	—
International Equities	-15.5	-17.0	—	—
MSCI EAFE Index Benchmark Portfolio	-15.9	-17.3	—	—
High-Yield Bonds	4.2	3.8	—	—
CSFB Developed Countries High Yield Index <sup>3</sup> Benchmark Portfolio	3.1	0.9	—	—
REITs	3.7	14.1	—	—
REIT Index Benchmark Portfolio	2.9	14.9	—	—

<sup>1</sup> Calculations of performance were prepared using time-weighted rates of return based upon the market rates of return in accordance with AIMR's performance presentation standards.

<sup>2</sup> See Tables 5 and 6 on page 77 for composition of Policy Benchmark Portfolio.

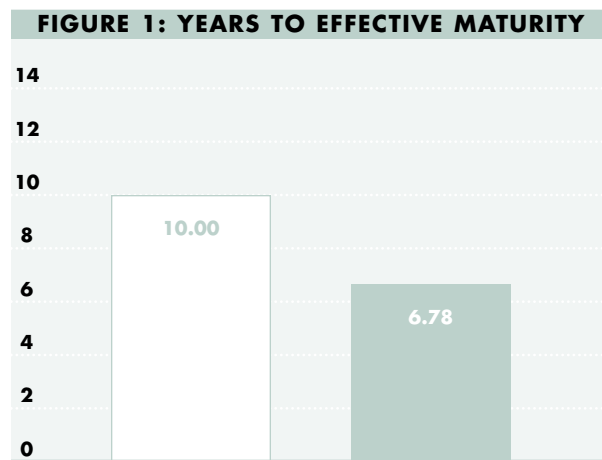
<sup>3</sup> Inception date of index is March 31, 1999; therefore, returns for periods exceeding 45 months are unavailable. Until mid-2001, this index was called "First Boston Domestic + High Yield Index."

Source: Wilshire Associates, Performance Report, December 2002

## INVESTMENT - GRADE BOND CHARACTERISTICS

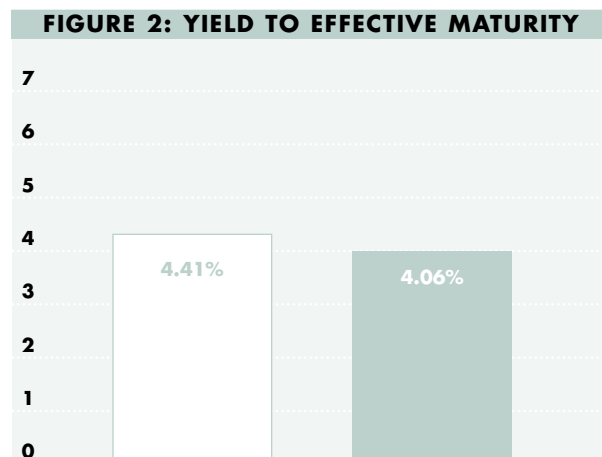
### Years to Effective Maturity

Figure 1 compares the years-to-effective-maturity characteristics of the TCDRS portfolio and the Lehman Brothers Aggregate Index. This characteristic reports the average maturity of a portfolio and considers both stated maturity and call provisions of each instrument. In general, as a portfolio's life increases, the risk associated with reinvestment of principal is postponed, thereby prolonging the current coupon payments. At year end, the years to effective maturity of the TCDRS portfolio and the Lehman Brothers Aggregate Index were 10 years and 6.78 years, respectively.



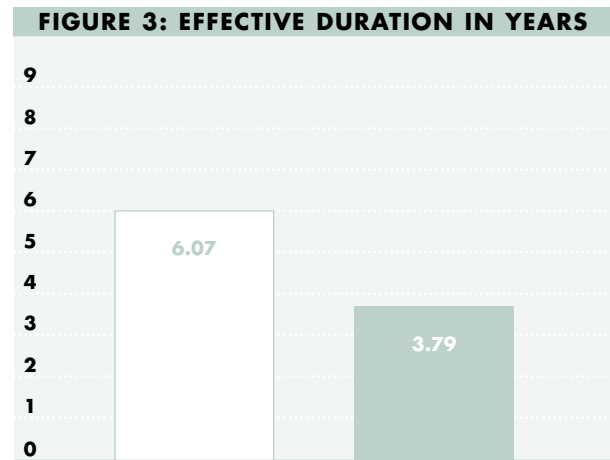
### Yield to Effective Maturity

Figure 2 compares the yields to effective maturity of the TCDRS portfolio and the Lehman Brothers Aggregate Index. This characteristic equates the present value of future cash flows expected from a portfolio to its market price. At year end, the yields to effective maturity on the TCDRS portfolio and the Lehman Brothers Aggregate Index were 4.41% and 4.06%, respectively.



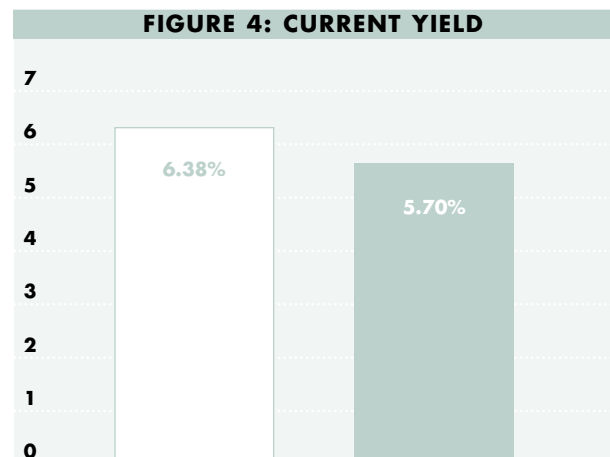
### Effective Duration

Figure 3 compares the effective-duration characteristics of the TCDRS portfolio and the Lehman Brothers Aggregate Index. The effective duration measures the time, expressed in years, needed for an investor to receive proceeds (both interest and principal payments) from investments equal to the market value of the investment. The effective duration is an indication of potential market price volatility due to changes in interest rates. At year end, the effective duration of the TCDRS portfolio and the Lehman Brothers Aggregate Index were 6.07 years and 3.79 years, respectively.



### Current Yield

Figure 4 compares the current yields of the TCDRS portfolio and the Lehman Brothers Aggregate Index. The current yield is calculated by dividing the portfolio's current income by its market price. At year end, the current yield of the TCDRS portfolio and the Lehman Brothers Aggregate Index was 6.38% and 5.70%, respectively.



TCDRS
  Lehman Brothers Aggregate Index

Source: Wilshire Associates, Performance Report, December 2002

## F: LISTS OF LARGEST HOLDINGS

### Externally Managed Holdings

Table 8 shows the externally managed holdings of TCDRS at year end.

### Internally Managed Holdings

The TCDRS investment officer manages the investment-grade bonds using a passive style. At Dec. 31, 2002, that portfolio contained 216 securities with an aggregate fair value of \$4,549,759,862 and an amortized cost of \$3,835,189,509. The 10 largest of these holdings are shown in Table 9. A complete listing of all securities TCDRS owned at Dec. 31, 2002, is available upon request.

## G: RESULTS OF SECURITIES-LENDING ACTIVITIES

TCDRS retains Metropolitan West Securities, Inc. as securities-lending agent to engage in lending securities from the investment-grade bond portfolio. The aggregate income and expenses attributable to this securities-lending activity and the net lending income of \$6.9 million are shown in Table 10.

Additionally, SSgA manages domestic and international equity portfolios of TCDRS in commingled funds. The securities in these funds participate in the securities-lending program of SSgA with TCDRS receiving a proportionate share of the securities-lending income generated from this activity. Also shown in Table 10 is TCDRS' share of the 2002 equity portfolios' securities-lending income of \$1.2 million.

**TABLE 8: EXTERNALLY MANAGED HOLDINGS**

At Dec. 31, 2002 (\$ Millions)

Description	Total Value <sup>1</sup>
SSgA Wilshire 5000 Index Fund	\$ 2,445.6
SSgA MSCI EAFE International Index Fund	654.8
Cap Guardian International Fund	87.1
Huff High-Yield Bond Fund	252.2
Oaktree High-Yield Bond Fund	320.8
Cohen & Steers REIT Equity Fund	238.1
Wellington REIT Equity Fund	232.7

<sup>1</sup> Includes interest and dividends receivable, and other net receivables.

**TABLE 10: SECURITIES-LENDING ACTIVITY**

Year Ended Dec. 31, 2002

Elements of Securities-Lending Activity	Amount
Investment-Grade Bond Portfolio	
Gross Earnings	\$ 59,915,617
Rebates Paid to Lenders and Lending Agent's Share of Income	53,058,573
Net Securities-Lending Income (Investment-Grade Bond Portfolio)	6,857,044
Equity Portfolios	
Net Securities-Lending Income (Equity Portfolios)	1,189,846
<b>Net Securities-Lending Income</b>	<b>\$ 8,046,890</b>

**TABLE 9: TEN LARGEST FIXED-INCOME HOLDINGS**

At Dec. 31, 2002 (\$ Millions)

Description	Maturity Date	Interest Rate	Par Value	Amortized Cost	Fair Value
U.S. Treasury Bond	5/15/2016	7.25%	\$ 425	\$ 385	\$ 544
U.S. Treasury Bond	2/15/2023	7.13	270	276	348
U.S. Treasury Bond	8/15/2022	7.25	225	230	293
U.S. Treasury Bond	11/15/2016	7.50	215	226	281
U.S. Treasury Bond	2/15/2006	9.38	160	163	195
FHLMC 1663 ZB	1/15/2024	6.75	93	89	99
FNMA G93-41 Z	12/25/2023	7.00	87	86	95
FNMA G93-41 ZQ	12/25/2023	7.00	87	85	95
U.S. Treasury Bond	2/15/2021	7.88	65	71	89
FNMA G93-29 Z	8/25/2023	7.00	80	78	85



## H: FEES AND COMMISSIONS

Table 11 presents the 2002 investment-manager fees TCDRS incurred, excluding securities-lending fees. During 2002, the average fair value of the system's domestic equity, international equity, high-yield bond and REIT investments was \$2,146.3 million, \$643.0 million, \$527.5 million and \$485.3 million, respectively. SSgA managed the domestic equities and most of the international equities at an average cost of 0.73 basis points and 2.74 basis points, respectively. The international equities managed by Cap Guardian averaged

\$80 million during the year at an average fee of 48.72 basis points. Huff and Oaktree managed the high-yield bonds at an average fee of 47.01 basis points. REITs were managed by Cohen & Steers, Wellington and, during the first part of the year, Fidelity at an average fee of 38.27 basis points (after recapture of commission costs discussed in the following paragraph). The TCDRS investment officer managed the system's investment-grade bonds at a cost of 2.30 basis points. The average fee expended for investment management of the entire portfolio was 7.09 basis points.

**TABLE 11: INVESTMENT MANAGERS' FEES**

Year Ended Dec. 31, 2002

Asset Class	Average of Fair Value (\$ Millions)	Fees	Cost Rate (in bps) <sup>1</sup>
Investment-Grade Bonds Plus Cash Equivalents <sup>2</sup>	\$ 4,889.3	\$ 1,123,068	2.30
Domestic Equities	2,146.3	155,613	0.73
International Equities	643.0	544,764	8.47
High-Yield Bonds	527.5	2,479,929	47.01
REITs	485.3	1,857,425	38.27
<b>Totals</b>	<b>\$ 8,691.4</b>	<b>\$ 6,160,799</b>	<b>7.09</b>

<sup>1</sup> One hundred basis points (bps) equal 1%.

<sup>2</sup> Fees represent the Investment department operating expenses shown in the Financial Section.

**TABLE 12: BROKER COMMISSIONS PAID BY REIT MANAGERS**

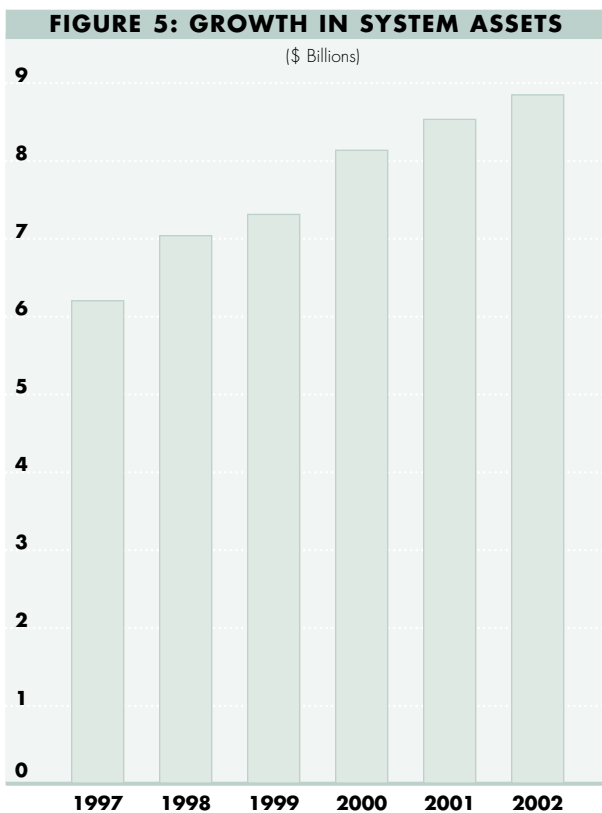
Year Ended Dec. 31, 2002

Brokerage Firm	Number of Shares Traded	Total Commissions	Commissions per Share
Lehman Bros.	2,643,780	\$ 141,466	\$ 0.05
Legg Mason	1,593,862	84,522	0.05
Jefferies & Company	1,314,700	77,841	0.06
B Trade Services	1,052,300	18,542	0.02
Banc of America Securities	810,100	40,350	0.05
Bear Stearns & Co.	638,060	21,590	0.03
Green Street Advisors	508,800	30,528	0.06
CS First Boston	458,700	20,772	0.05
Morgan Stanley	452,300	22,606	0.05
Reynders Grey	356,800	21,385	0.06
Merrill Lynch	346,705	13,695	0.04
CIBC World Mkts.	266,900	14,846	0.06
Summary of 40 other firms	2,082,567	92,171	0.04
<b>Totals</b>	<b>12,525,574</b>	<b>\$ 600,314</b>	<b>\$ 0.05</b>

Table 12 on page 81 presents the brokerage commissions paid by the system's REIT managers. The managers executed trades in excess of 12 million shares through 52 brokers. The commissions earned by these brokers represent \$.05 per share traded. Fidelity's commission recapture program resulted in reclaiming \$35,766 of commission costs.

Table 13 presents the total cost of investment-related fees (excluding securities-lending fees), which is just over \$6.7 million. Based upon an average market value of \$8.69 billion, this represents a cost of 7.76 basis points expended to manage and administer TCDRS' investment assets.

<b>TABLE 13: INVESTMENT-RELATED FEES</b>	
Year Ended Dec. 31, 2002	
	<b>Fees</b>
Investment Managers' Fees (Table 11)	\$ 6,160,799
Custodian	398,854
Investment Consultants	185,000
<b>Total Investment-Related Fees</b>	<b>\$ 6,744,653</b>

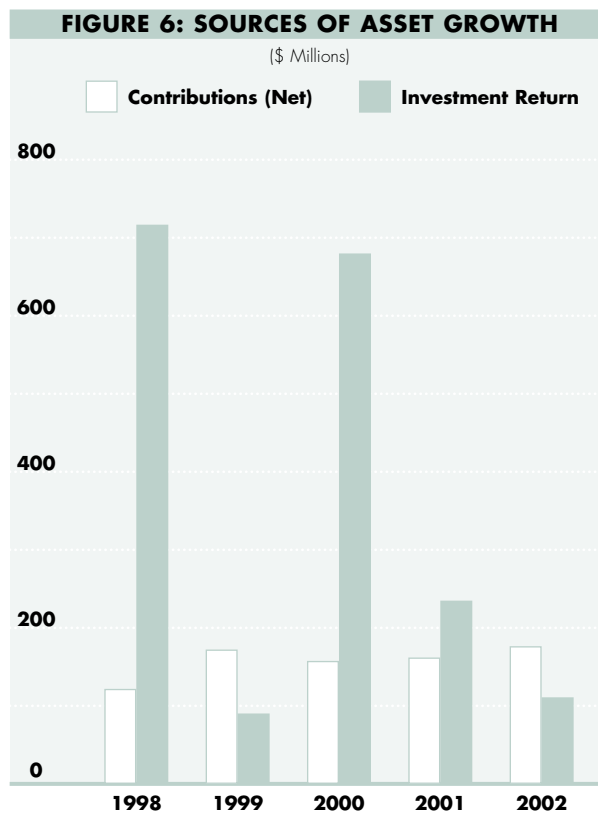


### I: ASSET GROWTH OF THE SYSTEM

As shown in Figure 5, the fair value of TCDRS investment assets, including accrued interest and dividends, has increased by \$2.61 billion over the past five years (from \$6.22 billion at Dec. 31, 1997, to \$8.83 billion at Dec. 31, 2002). Figure 6 identifies the components of investment asset growth, the largest of which is investment return that accounts for 70% of the portfolio growth (\$1.84 billion). The remaining component (\$770 million) is employee deposits and employer contributions net of pension payments and refunds.

### J: INVESTMENT SUMMARY

Based upon the total value of the portfolio (which is the sum of the fair value of the portfolio and accrued interest) at Dec. 31, 2002, Table 14 on page 83 reflects TCDRS diversification efforts with 27.6% invested in domestic equities, 8.4% invested in international equities, 6.5% invested in high-yield bonds and 5.3% invested in REITs. Additionally, the value of the investment-grade bonds exceeded their amortized cost by 19% (approximately \$715 million). The values shown in each portfolio under the column labeled "Fair Value" are the investment amounts presented in the Statements of Net Plan Assets shown on page 21 in the Financial Section of this CAFR.



**TABLE 14: INVESTMENTS BY ASSET SUBCLASS**

At Dec. 31, 2002

Type of Investment	Fair Value	Accrued Interest	Total Value	% of Total Value
Investment-Grade Bonds				
U.S. Treasury Instruments	\$ 1,894,258,203	\$ 30,402,570	\$ 1,924,660,773	21.7%
CMOs and REMICs	1,705,345,314	9,287,066	1,714,632,380	19.4
GNMA/FHA Loans	950,156,345	6,349,441	956,505,786	10.8
Total	4,549,759,862	46,039,077	4,595,798,939	51.9
Domestic Equities	2,445,625,945	0	2,445,625,945	27.6
International Equities	741,916,870	0	741,916,870	8.4
High-Yield Bonds	561,311,545	11,665,468	572,977,013	6.5
REITs	467,493,542	3,343,639	470,837,181	5.3
Total Investments Shown on Statement of Net Plan Assets	8,766,107,764	61,048,184	8,827,155,948	99.7
Cash and Short-Term Investments <sup>1</sup>	25,467,578	18,304	25,485,882	0.3
<b>Total Investments Subject to Performance Measurement</b>	<b>\$ 8,791,575,342</b>	<b>\$ 61,066,488</b>	<b>\$ 8,852,641,830</b>	<b>100.0%</b>

<sup>1</sup> Investment cash and short-term investments are presented on a trade-date basis and represent total cash and short-term investments (\$35,351,121) reduced by operational funds on deposit in the demand account (\$517,268) and in the mutual fund (\$9,540,370) and increased by \$174,095 for mortgage payments due before year end but received in 2003.

## GLOSSARY OF INVESTMENT TERMS

The following are definitions of TCDRS asset classes, authorized investment types, performance benchmark portfolios and investment terminology:

### AIMR

The Association for Investment Management Research (AIMR) is an international, nonprofit organization of more than 50,000 investment practitioners and educators in more than 100 countries. Its mission is to serve its members and investors as a global leader in educating and examining investment managers and analysts, and sustaining high standards of professional conduct. AIMR offers education services for investment professionals, enforces stringent codes of professional conduct and ethics, and promulgates strict requirements for reporting of investment performance.

### BENCHMARK PORTFOLIOS

Portfolios, represented by specific indices, that are created for the purpose of measuring the relative performance of investment managers, asset classes and, in the case of the Policy Benchmark Portfolio, the entire TCDRS portfolio. Data regarding performance of these benchmark portfolios during any period indicate the returns that were available during the period for comparable investments that were passively managed. Comparisons, then, indicate the value added by each manager, if any, in excess of the performance that was experienced by the specific benchmark index.

### CMOs

Collateralized mortgage obligations (CMOs) are fixed income instruments whose principal and interest payments are secured by payments made on mortgages that are held in trust. Like REMICs, securities created from CMOs may have different maturities and payment characteristics from those of the underlying mortgage collateral.

### CSFB DEVELOPED COUNTRIES HIGH YIELD INDEX

Credit Suisse First Boston calculates and publishes this index as a measure of the domestic, high-yield bond market's performance.

### HIGH-YIELD BONDS

Domestic, fixed-income securities that have not been highly rated by national rating agencies, such as Moody's Investors Service (Moody's) or Standard & Poor's (S&P). A security is considered a high-yield bond if it is rated below Baa by Moody's or below BBB by S&P.

### INVESTMENT-GRADE BONDS

To be an eligible security for inclusion into the TCDRS passively managed portfolio, a domestic, fixed-income instrument must be issued by the

U.S. government or its agencies or, in the case of corporate debt, must be rated as Aaa, Aa or A by Moody's and AAA, AA or A by S&P.

### LEHMAN BROTHERS AGGREGATE INDEX

This index incorporates all domestic debt issues with maturities greater than one year and in amounts greater than \$1 million. Included are publicly issued, nonconvertible, domestic debt issues of the U.S. government and its agencies; and corporations in industrial, utility or financial segments.

### MSCI EAFE INDEX

This index, prepared by Morgan Stanley Capital International (MSCI), captures performance of approximately 60% of the equity market activity in each country of the developed economies located in Europe, Australia and the Far East (EAFE).

### POLICY BENCHMARK PORTFOLIO

See Benchmark Portfolios.

### REITs

Domestic equity securities issued in the form of real estate investment trusts (REITs) afford the opportunity for many investors to combine capital to acquire and manage real estate. Income from these trusts is exempt from federal income tax if at least 75% of the trust's assets are invested in real estate; if at least 75% of the trust's gross income is derived from rents of real property or interest on mortgages of real property; and if at least 95% of the trust's taxable income is paid as dividends to investors.

### REMICs

Real estate mortgage investment conduits (REMICs) are mortgage pass-through entities that allow multiple classes of securities; each such security represents beneficial ownership interest in pools of mortgage loans. This fixed income security class enables the issuer to "repackage" mortgage payments into new securities whose maturities and payment characteristics differ from those of the underlying mortgage collateral.

### WILSHIRE 5000 INDEX

This index is one of the broadest measures of domestic equity performance since it is computed based upon all equity trades of U.S. stocks during any day. Each company included within the index is not equally weighted within the index but rather is weighted according to its market value among the market values of all U.S. companies.

### WILSHIRE REAL ESTATE SECURITIES INDEX

Wilshire Associates calculates and publishes this index as a measure of the real estate market's performance.

### WILSHIRE REIT INDEX

Wilshire Associates calculates and publishes this index as a measure of the REIT market's performance.



# ACTUARIAL SECTION

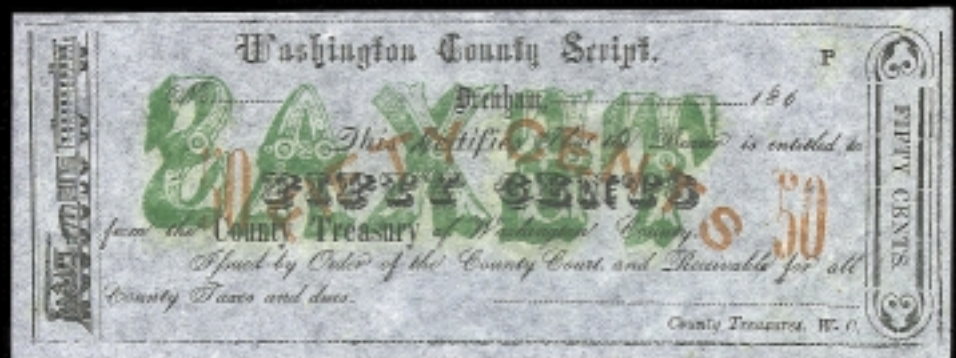
During the Civil War, comparatively small amounts of Confederate scrip made it to Texas. To fill the monetary void, local governments issued their own bills to pay soldiers and public debt.

Texas Treasury Warrants (left and below) issued in 1862 were used for military and civilian expenditures during the Civil War. These bills circulated alongside Confederate currency and Louisiana bank notes, though Mexican specie was the preferred medium of exchange. More than \$2 million of the warrants were issued. At the time of surrender, the Texas Treasury only had \$7,729.95 in coin to back up the warrants.



During the war, many Texas counties paid expenses with locally printed scrip, such as this one from Bastrop County (left). As the hardships of the war increased and the value of the notes dropped, troops resorted to lining their worn-out boots with these bills, nicknamed "shinplasters."

Money — and the paper it was printed on — was scarce during the Civil War. State warrants and county scrip were often printed on anything available, such as old maps, unused deeds and tablets. This Washington County Script (right), printed late in the war, was on paper so thin that the word "Texas" on the reverse side is visible from the front.







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April 30, 2003

Board of Trustees  
 Texas County & District Retirement System  
 Austin, Texas

Dear Trustees:

In accordance with the Texas County & District Retirement System (TCDRS) Act, the annual actuarial valuation of the assets and liabilities of TCDRS has been completed as of December 31, 2002. This valuation was performed using actuarial assumptions that were adopted by the Board in December 2001. These assumptions were developed by Milliman USA and reported to the Board in the 2001 Investigation of Experience Study report. We recommended these assumptions to the Board. We believe they individually and collectively represent reasonable expectations of experience over the long-term future. To test how well the financing objective for each plan is being achieved, annual actuarial valuations are made. These valuations recognize differences in the past year between the actuarial assumptions and the actual experience, and any benefit changes.

The financing objective for each TCDRS variable-rate plan is to provide retirement, death and disability benefits for a county's or a district's employees financed by an employer contribution rate. This rate is determined annually and is expected to remain approximately level as a percent of the employer's covered payroll. The employer contribution rate consists of the normal cost contribution rate plus the unfunded actuarial accrued liability contribution rate. The normal cost contribution rate is the average level percent of covered compensation needed to finance the projected benefits over a career. The unfunded actuarial accrued liability contribution rate is the level percent of covered payroll required to amortize the unfunded actuarial accrued liability over the plan's amortization period. The annual actuarial valuation is the basis for determining the employer contribution rate, increasing or decreasing each plan's rate as the case may be.

For fixed-rate plans, the annual actuarial valuation provides updated calculations for assessing the adequacy of each plan's financing arrangement. The employer contribution rate for a fixed-rate plan is, by law, equal to the contribution rate for all the employees of the employer as adopted by the governing body of each employer. If a plan has had adverse actuarial experience, the law has provisions which allow the employer to contribute above the regular rate or to reduce benefits earned in the future in order to cause the financing arrangement to be adequate. The financing objective for each TCDRS fixed-rate plan is to provide benefits for the employees that can be adequately financed by a fixed employer contribution rate. Part of each employer's fixed contribution rate is to finance the normal cost contribution rate, while the remaining portion is to amortize the unfunded actuarial accrued liability.

A separate actuarial valuation for each participating county and district was performed based on the plan of benefits in effect on January 1, 2003. The aggregate results of these valuations and of the actuarial valuation of system-wide assets and liabilities are presented in the Actuarial Section in the Summary Actuarial Valuation Results schedule, which is followed by the Actuarial Valuation Results by Employer schedules for each of the 535 plans in TCDRS. The assumptions and methods used in this valuation are summarized in the actuarial section and meet the parameters of Governmental Accounting Standards Board Statement No. 25. The member, annuitant and asset data used in the valuation were all prepared and furnished by TCDRS. We relied on that data after examining it for general reasonableness and year-to-year consistency. In addition, we prepared all of the supporting schedules in the actuarial section and the schedule of funding progress, the schedule of employer contributions and the notes to these schedules in the financial section of the comprehensive annual financial report.

Sincerely,

Karen I. Steffen, F.S.A., M.A.A.A.  
 Consulting Actuary

Nick J. Collier, A.S.A., M.A.A.A.  
 Consulting Actuary

**A: ACTUARIAL ASSUMPTIONS**

The actuarial assumptions were developed from an actuarial investigation of the experience of TCDRS over the four years 1997–2000. They were recommended by Milliman USA, Inc., adopted by the TCDRS Board of Trustees in 2001 and first used in the Dec. 31, 2001 actuarial valuation. For an explanation of terms used in this section refer to the glossary of actuarial terms beginning on page 151.

**Termination Rates**

The rates vary by length of service, entry-age group (age at hire), sex and termination group assignments. The rates exclude termination due to death or disability and assume that there is no termination after eligibility for retirement.

A sample of the rates for three of the seven termination groups is shown in Table 1.

The termination group assignments for an employer were based primarily upon the termination characteristics of the members of the employer during the four years 1997–2000 compared to the termination characteristics of all members of TCDRS during the same period.

**Probability of Withdrawal**

Members who terminate with at least four years of service may either elect to leave their account with TCDRS or withdraw their funds. The probability that a member elects a withdrawal varies by length of service and vesting schedule. Rates are shown in Table 2. For members with less than four years of service, 100% are assumed to elect a withdrawal. Note that the rates for a 12-year vesting requirement are the same as the 10-year requirement shown, except there is assumed to be a 100% probability of withdrawal with less than 12 years of service.

**Adjustment for Partial Lump-Sum Payment Option**

For plans that have adopted the partial lump-sum payment option, adjustments are made to the termination rates. Rates are reduced at ages near retirement as it is anticipated that a member would be less likely to take a withdrawal if the partial lump-sum payment option were available.

**Active Employee Mortality Rates**

Beneficiaries of members who die while in active service are eligible for certain benefits. Rates at which active members are assumed to die are shown in Table 3 on page 88.

**TABLE 1: SELECT TERMINATION RATES**

Entry Age	Service	Male			Female		
		Low	Mid	High	Low	Mid	High
20 to 29	0	.282	.353	.424	.313	.391	.469
	3	.132	.165	.198	.146	.183	.220
	6	.078	.097	.116	.086	.107	.128
	9	.054	.068	.082	.061	.076	.091
	12	.039	.049	.059	.043	.054	.065
30 to 39	15	.027	.034	.041	.030	.038	.046
	0	.224	.280	.336	.247	.309	.371
	3	.148	.131	.157	.116	.145	.174
	6	.062	.077	.092	.068	.085	.102
	9	.043	.054	.065	.048	.060	.072
40 to 49	12	.031	.039	.047	.034	.043	.052
	15	.022	.027	.032	.024	.030	.036
	0	.177	.221	.265	.195	.244	.293
	3	.082	.103	.124	.091	.114	.137
	6	.049	.061	.073	.054	.067	.080
	9	.034	.043	.052	.038	.047	.056
	12	.025	.031	.037	.027	.034	.041
	15	.017	.021	.025	.019	.024	.029

**TABLE 2: PROBABILITY OF WITHDRAWAL**

Service	Vesting Requirement	
	8 Years	10 Years
0	100%	100%
4	82	82
8	65	75
10	55	55
15	45	45
20	30	30
Over 24	0	0

**TABLE 3: ACTIVE EMPLOYEE MORTALITY RATES**

Age	Male	Female
20	.00123	.00030
25	.00079	.00032
30	.00073	.00034
35	.00091	.00042
40	.00116	.00063
45	.00181	.00100
50	.00270	.00157
55	.00473	.00236
60	.00901	.00344
65	.01452	.00506

**TABLE 4: DISABILITY RATES**

Age	Male and Female	Male and Female
	All Causes	Occupational
35	.00067	.00002
40	.00159	.00008
45	.00256	.00016
50	.00463	.00024
55	.00820	.00036
60	.00000	.00080

**TABLE 5: SERVICE RETIREMENT RATES**

Age	Male	Female
40-44	.04	.04
45-49	.08	.08
50-59	.14	.16
60	.18	.18
61	.18	.18
62	.35	.35
63	.20	.20
64	.20	.20
65	.42	.42
66-74	.28	.28
Over 74	1.00	1.00

**Disability Rates**

Members who become disabled are eligible to commence benefit payments regardless of age. Rates are shown in Table 4. The probability of disablement from all causes is applicable for members who are vested but not eligible for service retirement. Before a member is vested, only the occupational disability probabilities are applicable.

**Service Retirement Rates**

Members who are eligible for retirement are assumed to commence benefit payments based on age. For eligible members age 75 and older, retirement is assumed to commence immediately. The rates below age 50 only apply to plans that have adopted 20-year eligibility. Rates are shown in Table 5.

**Retiree and Beneficiary Mortality Rates**

For determining the amount of the monthly retirement benefit at the time of retirement, mortality rates are the UP-1984 Table with an age set back of five years for retirees and an age set back of 10 years for beneficiaries.

For calculating the actuarial accrued liability and normal cost, the UP-1994 Male Table with an age set forward of one year for males and the UP-1994 Female Table with no age adjustment for females are used for service retirees and beneficiaries of both service and disability retirees. For disabled retirees, rates equal to 70% of the 1965 Railroad Retirement Board Disabled Annuitants Mortality Table are used.

**Investment Return**

The components of the 8% investment return assumption are a 3.5% rate of inflation and a 4.5% real rate of return. This rate of 8% is net after investment expenses and is expected to enable the system to credit interest at the nominal annual rates shown below to the following major funds:

- Subdivision Accumulation Fund . . . . . 9%
- Employees Saving Fund. . . . . 7%
- Current Service Annuity Reserve Fund. . . . . 7%

Assuming interest will be credited at these nominal annual rates to the various funds, we have then assumed the following:

- An annual rate of 9% for calculating the actuarial accrued liability and normal cost contribution rate for the retirement plan of each participating employer.
- An annual rate of 7% according to the TCDRS Act for (1) accumulating current service credit and multiple matching credit after the valuation

date; (2) accumulating prior service credit after the valuation date; (3) determining the amount of the monthly benefit at future dates of retirement or disability; and (4) calculating the actuarial accrued liability of the systemwide Current Service Annuity Reserve Fund.

**Salary Increases**

The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 4.0% and a merit, promotion and longevity component ranging from 0.5% to 6.0%. The average annual increase over a member’s career is 5.5%. Refer to Table 6. Note that the wage inflation of 4.0% is based on the underlying price inflation assumption of 3.5% and 0.5% for assumed increases in productivity.

**Payroll Increase**

An annual increase of 4.0%, or such smaller percentage as is considered appropriate for each individual county or district (employer), is based primarily on prior experience, but adjusted to reflect the lower underlying inflation assumption. This assumption is for the aggregate covered payroll of an employer. The assumed percentage does not reflect an increase in the number of employees.

**Cost-of-Living Adjustment**

An annual increase of 0.0% cost-of-living adjustment is assumed. Variable-rate plans may elect to periodically increase annuity payments to retirees and beneficiaries within certain guidelines.

decrease while actuarial losses increase the unfunded actuarial accrued liability. The unfunded actuarial accrued liability is amortized over a period of time as a level percent of covered payroll. This actuarial cost method is standard for all plans beginning with the Dec. 31, 2001 actuarial valuation. It has been used for variable-rate plans since 1991.

For variable-rate plans, the period for amortizing a plan’s unfunded actuarial accrued liability is a 20-year open period. For variable-rate plans with an overfunded actuarial accrued liability, the amortization period is a 30-year open period. If a variable-rate plan is nonenrolling, the amortization period is based on the expected future service of the current members. For fixed-rate plans, the amortization period is determined based on the fixed employer contribution rate.

The method for determining the actuarial value of assets is the long-term appreciation with adjustment method. The actuarial value of assets for the Subdivision Accumulation Fund (SAF) is equal to the expected value of assets adjusted by 10% of the difference between the market-related value of the SAF and the expected value. The expected value at the current valuation date equals the actuarial value of assets as of the prior valuation date adjusted for contributions, benefit payments and transfers, plus investment return credited at the assumed rate of 9%. The market-related value is equal to the actual value of the SAF after the investment income allocation process as provided by statute. The actuarial value of assets for the Employees Saving Fund (ESF) is equal to the account balances. This method was adopted in 1997.

**B: ACTUARIAL METHODS**

The actuarial cost method used for all plans is the entry-age actuarial cost method. Actuarial gains

**C: CHANGE IN ACTUARIAL METHODS**

No changes have been made since the prior valuation.

**TABLE 6: ANNUAL RATE OF SALARY INCREASE**

Years of Service	Male				Female			
	Entry Age Group				Entry Age Group			
	< 30	30-39	40-49	≥ 50	< 30	30-39	40-49	≥ 50
1	10.2%	9.7%	9.2%	8.7%	10.2%	9.7%	9.2%	8.7%
3	8.4	7.9	7.4	6.9	8.4	7.9	7.4	6.9
5	7.1	6.6	6.1	5.6	7.1	6.6	6.1	5.6
10	6.2	5.7	5.1	4.6	5.9	5.4	4.9	4.5
15	5.7	5.1	4.6	4.5	5.5	4.8	4.5	4.5
20	5.4	4.8	4.5	4.5	5.1	4.5	4.5	4.5
25	5.1	4.5	4.5	4.5	4.8	4.5	4.5	4.5

**TABLE 7: RETIREE AND BENEFICIARY DATA**

Year Ended	New Accounts Added	Accounts Deleted	Net Increase in Accounts	Total Number of Accounts	Annual Rate of Benefit	Percent Increase in Annual Benefit	Average Annual Benefit
12/31/97	N/A	N/A	1,008	18,209	\$ 169,795,938	9.93%	\$ 9,325
12/31/98	N/A	N/A	1,294	19,503	191,658,313	12.88	9,827
12/31/99	N/A	N/A	1,152	20,655	209,514,166	9.32	10,144
12/31/00	1,841	599	1,242	21,897	233,857,358	11.62	10,680
12/31/01	1,811	576	1,235	23,130	258,557,604	10.56	11,177
12/31/02	2,397	667	1,730	24,862	291,725,288	12.83	11,734

The annual rate of benefit is 12 times the regular benefits paid in January following the valuation date.

**TABLE 8: SOLVENCY TEST**

(\$ Millions)

Valuation Date	Actuarial Accrued Liabilities for			Actuarial Value of Assets	Portion of Actuarial Accrued Liabilities Covered by Net Assets		
	(1)	(2)	(3)		(1)	(2)	(3)
	Current Member Deposits	Retirees and Beneficiaries	Current Members (Employer-Financed Portion)				
12/31/97	\$ 1,743.0	\$ 1,545.5	\$ 2,845.1	\$ 5,417.0	100%	100%	74.8%
12/31/98	1,879.7	1,722.7	3,126.9	5,973.5	100	100	75.8
12/31/99	2,052.1	1,913.4	3,420.6	6,620.9	100	100	77.6
12/31/00	2,220.8	2,142.6	3,726.0	7,314.5	100	100	79.2
12/31/01	2,413.9	2,390.7	4,219.1	8,054.2	100	100	77.0
12/31/02	2,606.2	2,720.3	4,571.9	8,779.3	100	100	75.5

Presented above is one short-term means of checking a system's progress under its funding program. The present assets are compared with: (1) current member contributions on deposit; (2) the liabilities for future benefits to present retired lives; and (3) the employer-financed portion of the liabilities for service already rendered by current members. In a system that has been following the discipline of level percent of payroll financing, the liabilities for current member contributions on deposit (liability 1) and the liabilities for future benefits to present retired lives (liability 2) will be fully covered by present assets (except in rare circumstances). In addition, the employer-financed portion of liabilities for service already rendered by current members (liability 3) will be at least partially covered by the remainder of present assets. Generally, if a system has been using level cost financing, the funded portion of liability 3 will increase over time, if there are no changes in the plan benefits.

Each employer participating in TCDRS is financially responsible for its own plan. Therefore, the aggregate numbers shown above reflect only the aggregate condition of TCDRS and are not indicative of the status of any one plan.



**TABLE 9: CONTRIBUTION RATE INFORMATION****Distribution of TCDRS Plans by Year 2004 Required Employer Contribution Rate<sup>1</sup>**

Number of Depositing Members as of 12/31/2002	Year 2004 Required Employer Contribution Rate Based on the Plan of Benefits in Effect 1/1/2003						Total
	Under 5.00%	5.00%– 5.99%	6.00%– 6.99%	7.00%– 7.99%	8.00%– 8.99%	Over 8.99%	
1–5	25	7	9	8	7	15	71
6–15	20	11	13	14	11	22	91
16–30	11	3	4	11	8	11	48
31–50	10	7	9	9	7	25	67
51–85	9	5	5	7	14	24	64
86–150	6	5	8	15	12	19	65
151–250	6	5	6	8	10	14	49
251–500	0	0	3	8	10	9	30
Over 500	0	1	2	5	9	19	36
<b>Total</b>	<b>87</b>	<b>44</b>	<b>59</b>	<b>85</b>	<b>88</b>	<b>158</b>	<b>521</b>

<sup>1</sup> The valuation included 535 plans. This chart excludes 14 nondepositing plans.

**TABLE 10: PARTICIPATING EMPLOYERS AND DEPOSITING MEMBERS**

Valuation Date	Number of Active Employers	Depositing Members		Average Annual Pay	Percent Increase in Average Annual Pay	Employer Contributions <sup>1</sup>	Average Employer Rate
		Number	Annual Payroll				
12/31/97	480	90,633	\$ 2,330,989,355	\$ 26,267	3.4%	\$ 177,839,096	7.63%
12/31/98	488	93,120	2,512,805,293	27,350	4.1	195,998,879	7.80
12/31/99	492	95,630	2,708,581,470	28,324	3.6	249,038,681	9.19
12/31/00	496	96,739	2,852,807,364	29,490	4.1	255,474,082	8.96
12/31/01	503	98,753	3,050,214,053	30,887	4.7	270,644,950	8.87
12/31/02	521	101,415	3,274,086,404	32,284	4.5	291,313,309	8.90

<sup>1</sup> Employer contributions include optional nonrecurring lump-sum contributions for years 1999 and forward.

**TABLE 11: ANALYSIS OF FINANCIAL EXPERIENCE**

**Gains and Losses in Actuarial Accrued Liabilities Resulting From Differences Between Assumed Experience and Actual Experience**

(\$ Millions)

Source of Change	2002	2001
Age and Service Retirements	\$ 6.2	\$ 5.9
Death-in-Service Benefits	1.7	1.0
Other Termination	(6.7)	17.3
Pay Increases	(4.3)	(6.9)
Contribution Income	15.4	13.6
Investment Income	(111.1)	(14.7)
Death After Retirement	2.8	3.9
Other	(9.4)	(20.2)
<b>Gain (or Loss) During the Year From Financial Experience</b>	<b>(105.4)</b>	<b>(0.1)</b>
Less: Nonrecurring Items		
Plan Changes	15.1	29.7
Assumption Changes	0.0	50.0
Actuarial Cost Method Change	0.0	80.3
Total Nonrecurring Items	15.1	160.0
<b>Composite Gain (or Loss) for the Year</b>	<b>\$ (120.5)</b>	<b>\$ (160.1)</b>

**SUMMARY OF PLAN PROVISIONS**

**A: ORGANIZATION**

The Texas County & District Retirement System (TCDRS) is a statewide, agent multiple-employer, public trust fund that provides pension, disability and death benefits to eligible employees of the employers that have elected to participate. Each employer selects its own benefit plan provisions from those authorized by the TCERS Act and bears complete responsibility for funding its plan. TCERS administers each plan separately, but pools all assets for investment purposes. Each employee and employer account receives an annual distribution of investment return. This summary describes the plan provisions in general terms to assist the reader of this document. Any questions related to

the actual administration, provisions or policies of the retirement plans should be directed to TCERS.

**B: MEMBERSHIP**

An employee is generally required to become a TCERS member upon employment unless he or she is employed in a position that regularly requires less than 900 hours of work per year or is a temporary employee.

**C: TERMINATION OF MEMBERSHIP**

TCERS membership is terminated by death, retirement, withdrawal of account balance or absence from covered employment for five years before attaining four years of service.

**D: EMPLOYEE DEPOSITS**

The deposit rate for all employees of each employer is generally 4%, 5%, 6% or 7% as adopted by the employer. Interest is credited annually to the account of each employee in the amount of 7% of his or her beginning-of-the-year balance. A person no longer employed by a participating employer is eligible to withdraw his or her account balance including all interest earned.

**E: CREDITED SERVICE**

An employee generally receives a month of service for each month in which he or she makes a deposit to the plan. Under certain conditions, service may also be granted for TCDRS service previously forfeited, employment during periods prior to the participation of the employer, and for military or other public service.

**F: ELIGIBILITY REQUIREMENTS****Service Retirement Benefits**

Depending on the election by each employer, either 8, 10 or 12 years of service and the attainment of age 60 are required to become eligible for service retirement benefits. A member is also eligible for retirement with 30 years of credited service (or 20 years if the provision was adopted by the employer). In certain cases, the employee may also be eligible to retire when the sum of his or her age and years of service equals 75 or 80.

**Disability Retirement Benefits**

An employee with 8, 10 or 12 years of service (depending on the employer) and who is totally and permanently disabled is eligible for a disability retirement benefit. Employees with lesser amounts of service can also be eligible for disability retirement benefits if the disability was a result of an on-the-job injury.

**Vesting**

Generally, an employee is vested after earning either 8, 10 or 12 years of service. At that point, he or she has the right to retire at age 60 even if no additional service is earned. Withdrawal of the employee's account balance results in the forfeiture of vested rights.

**Death Benefits**

Under certain conditions, benefits are payable to the beneficiaries or estate of a deceased employee. The eligibility requirements for these benefits vary somewhat, but usually require four years of service.

**Service With Other Employers**

Within TCDRS, service credits with all employers can generally be combined to satisfy the various service requirements. Service credits with other statewide retirement plans may usually be combined to satisfy service retirement and vesting requirements.

**G: DETERMINATION OF RETIREMENT BENEFITS**

An employee's retirement benefit is calculated on the basis of his or her total accumulated retirement credits, which includes the personal account balance (all employee deposits and interest earned) plus all employer-provided credits. Each employer provides, at a minimum, a matching of the employee's personal account balance. Many employers also grant additional matching of the personal account balance and/or provide a credit for service before the employer joined TCDRS. This total accumulated credit is then converted to a monthly amount by dividing it by an actuarially determined factor that includes such variables as age, payment plan selected and future interest credits.

TCDRS has one standard payment plan and seven actuarially equivalent, optional forms of payment. All methods pay a guaranteed lifetime benefit to the employee; plus, the retired employee and his or her beneficiaries are guaranteed to receive total benefit payments at least equal to the employee's personal account balance at the time of retirement. The standard payment plan provides a benefit that ceases with the retired employee's death. Some of the optional forms of payment continue to pay, after the death of the retired employee, a lifetime benefit to a beneficiary designated at the time of retirement equal to 100%, 75% or 50% of the amount being paid to the retired employee. The member also may elect the 100% option with a "pop-up" feature. Other optional forms of payment continue the full benefit to a designated beneficiary for any remainder of a specified period (5, 10 or 15 years) beginning at retirement.

A partial lump-sum payment option was made available to all variable-rate plans and certain fixed-rate plans effective Dec. 31, 1999. This payment option allows a retiring member to receive a reduced monthly benefit and a lump-sum payment not to exceed his or her personal account balance in the Employees Savings Fund (ESF). This optional form of payment is elective for all employers.

## H: FUNDING PROVISIONS

### General

Contributions are made monthly by both the employees and the employers based on covered payroll. An employer's retirement plan is funded using one of two types of funding arrangements: either a fixed-rate plan or a variable-rate plan. All employers electing to participate after 1991 are funded under the variable-rate plan arrangement. Employers participating prior to 1992 are under the fixed-rate plan arrangement unless they have adopted the variable-rate plan. A majority of plans are presently funded under the variable-rate plan arrangement.

### Fixed-Rate Plan

Under this funding arrangement, the employer's contribution rate is initially the same as the employee deposit rate. This rate is not actuarially determined; however, at the time of adoption, the benefits were limited to those that the actuary determined could be adequately financed with future employer contributions equal to those of the employees. If a fixed-rate plan has had adverse actuarial experience, the employer may either make contributions above the regular rate at a fixed additional rate, elect a variable-rate plan, make a lump-sum contribution, or reduce benefits earned for future service so that the plan will be adequately financed.

If the employer takes no corrective action, the TCDRS Act requires that benefits earned in the future be reduced to a level that can be adequately funded with the existing employer contribution rate.

### Variable-Rate Plan

Under this funding arrangement, an employer adopts a plan of benefits from among the various options available. As a part of each valuation, the actuary determines the required contribution rate to adequately fund this benefit plan based on the employer's actuarial experience and future expectations. Employers may also elect to fund at a rate higher than the required rate and may also make additional lump-sum contributions. In determining an employer's rate, unfunded actuarial accrued liabilities are amortized over a 20-year period, while overfunded liabilities are amortized over a 30-year period.

## I: CHANGES IN PROVISIONS

There were several changes in the TCDRS Act as a result of legislation passed by the Texas Legislature in 2003. The 2002 actuarial valuation reflected these changes:

### Funding Requirements Strengthened

Amortization periods for fixed-rate plans were changed as follows:

- **Adequacy:** Fixed-rate plans with an amortization period of greater than 30 years (previously 40 years) are determined to be inadequate.
- **Election of options:** Fixed-rate plans are eligible to elect certain options if their amortization period remains 20 years or less (previously 25 years).
- **Funding remedy:** When an inadequate fixed-rate plan elects an optional plan to achieve an adequate funding arrangement, the new amortization period must be 20 years or less (previously 25 years).

<b>SUMMARY ACTUARIAL VALUATION RESULTS</b>		
	<b>Dec. 31, 2002</b>	<b>Dec. 31, 2001</b>
<b>Valuation Results for Employer Plans</b>		
1 Actuarial present value of future benefits		
Annuitants	\$ 954,931,303	\$ 846,549,734
Members	<u>8,764,703,291</u>	<u>8,119,061,551</u>
Total	9,719,634,594	8,965,611,285
2 Actuarial present value of future normal cost contributions	<u>1,586,520,608</u>	<u>1,486,114,123</u>
3 Actuarial accrued liability [1 - 2]	8,133,113,986	7,479,497,162
4 Actuarial value of assets		
Employees Saving Fund	2,606,223,707	2,413,867,423
Subdivision Accumulation Fund	<u>4,329,434,369</u>	<u>4,024,956,055</u>
Total	6,935,658,076	6,438,823,478
5 Total unfunded actuarial accrued liability (UAAL)	1,214,974,141	1,059,331,883
6 Total overfunded actuarial accrued liability (OAAL)	<u>(17,518,231)</u>	<u>(18,658,199)</u>
7 Unfunded actuarial accrued liability (UAAL), net of overfunded actuarial accrued liability (OAAL) [5 + 6]. Also equals [3 - 4].	1,197,455,910	1,040,673,684
<b>Valuation Results for Pooled Benefits</b>		
8 Actuarial present value of future benefits from the Current Service Annuity Reserve Fund for annuities in effect	1,765,326,402	1,544,112,234
9 Actuarial value of assets of the Current Service Annuity Reserve Fund	<u>1,843,639,134</u>	<u>1,615,421,387</u>
10 Overfunded actuarial accrued liability (OAAL) [8 - 9]	<u>(78,312,732)</u>	<u>(71,309,153)</u>
11 <b>Systemwide UAAL net of OAAL [7 + 10]</b>	<b>\$ 1,119,143,178</b>	<b>\$ 969,364,531</b>



ACTUARIAL VALUATION RESULTS BY EMPLOYER As of Dec. 31, 2002

Number	100	101	102	103	104
Name	Anderson County	Andrews County	Angelina County	Aransas County	Archer County
<b>Plan type</b>	Variable	Variable	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 1,410,109	\$ 6,926,292	\$ 3,618,705	\$ 886,952	\$ 714,161
Members	12,392,020	24,029,024	20,674,070	7,184,193	2,912,703
Total	13,802,129	30,955,316	24,292,775	8,071,145	3,626,864
<b>2 Actuarial present value of future normal cost contributions</b>	1,920,278	2,138,528	3,959,859	1,398,939	399,998
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	11,881,851	28,816,788	20,332,916	6,672,206	3,226,866
<b>4 Actuarial value of assets</b>	9,779,825	24,579,688	16,321,149	6,390,602	2,576,585
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 2,102,026	\$ 4,237,100	\$ 4,011,767	\$ 281,604	\$ 650,281
<b>6 Funded ratio [line 4 ÷ line 3]</b>	82.3%	85.3%	80.3%	95.8%	79.8%
<b>Required employer rates for 2004</b>					
Normal cost	5.19%	6.86%	6.07%	5.99%	4.92%
UAAL or (OAAL)	2.60	7.42	3.36	0.60	4.79
Total required rate	7.79%	14.28%	9.43%	6.59%	9.71%
<b>Elected rate</b>	8.25%	N/A	N/A	N/A	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	15.5	20.0	20.0	20.0	20.0
Number of annuitants	88	136	120	37	33
Number of members	302	408	393	197	74
Number of depositing members	213	139	324	137	58
Average age of depositing members	45.4	45.7	42.8	44.8	47.7
Average length of service of depositing members	7.9	9.9	7.9	6.9	8.9

Number	105	106	107	108	109
Name	Armstrong County	Atascosa County	Austin County	Bailey County	Bandera County
<b>Plan type</b>	Variable	Variable	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 148,029	\$ 959,686	\$ 705,341	\$ 438,505	\$ 722,155
Members	692,309	10,955,175	11,089,487	1,866,418	5,481,245
Total	840,338	11,914,861	11,794,828	2,304,923	6,203,400
<b>2 Actuarial present value of future normal cost contributions</b>	164,813	1,787,934	1,312,618	244,604	1,370,271
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	675,525	10,126,927	10,482,210	2,060,319	4,833,129
<b>4 Actuarial value of assets</b>	838,935	9,758,621	8,691,834	1,581,882	4,069,353
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ (163,410)	\$ 368,306	\$ 1,790,376	\$ 478,437	\$ 763,776
<b>6 Funded ratio [line 4 ÷ line 3]</b>	124.2%	96.4%	82.9%	76.8%	84.2%
<b>Required employer rates for 2004</b>					
Normal cost	4.80%	4.76%	5.12%	3.67%	6.85%
UAAL or (OAAL)	(3.36)	0.45	3.78	3.59	1.89
Total required rate	1.44%	5.21%	8.90%	7.26%	8.74%
<b>Elected rate</b>	7.00%	6.00%	N/A	N/A	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	0.0	5.1	20.0	20.0	20.0
Number of annuitants	12	55	57	26	38
Number of members	41	341	204	71	163
Number of depositing members	24	244	134	53	125
Average age of depositing members	44.9	42.4	44.5	47.7	45.4
Average length of service of depositing members	6.3	8.2	9.8	6.0	6.5

ACTUARIAL VALUATION RESULTS BY EMPLOYER As of Dec. 31, 2002

Number	110	111	112	113	114
<b>Name</b>	<b>Bastrop County</b>	<b>Baylor County</b>	<b>Bee County</b>	<b>Bell County</b>	<b>Bexar County</b>
<b>Plan type</b>	Variable	Variable	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 2,442,352	\$ 276,486	\$ 567,308	\$ 9,547,980	\$ 39,922,101
Members	23,584,743	1,873,134	9,040,982	74,822,772	434,507,302
Total	26,027,095	2,149,620	9,608,290	84,370,752	474,429,403
<b>2 Actuarial present value of future normal cost contributions</b>	5,978,982	290,990	1,758,376	13,262,539	73,316,349
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	20,048,113	1,858,630	7,849,914	71,108,213	401,113,054
<b>4 Actuarial value of assets</b>	17,065,798	1,554,796	7,183,893	58,821,179	340,478,485
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 2,982,315	\$ 303,834	\$ 666,021	\$ 12,287,034	\$ 60,634,569
<b>6 Funded ratio [line 4 ÷ line 3]</b>	85.1%	83.7%	91.5%	82.7%	84.9%
<b>Required employer rates for 2004</b>					
Normal cost	7.46%	5.59%	5.68%	6.70%	6.39%
UAAL or (OAAL)	1.90	2.97	1.16	3.14	3.04
Total required rate	9.36%	8.56%	6.84%	9.84%	9.43%
<b>Elected rate</b>	N/A	N/A	N/A	N/A	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	20.0	20.0	20.0	20.0	20.0
Number of annuitants	70	25	37	227	729
Number of members	547	45	246	1,105	5,634
Number of depositing members	402	39	208	942	4,460
Average age of depositing members	43.3	49.1	45.0	43.7	41.9
Average length of service of depositing members	6.6	8.9	9.7	9.0	10.3

Number	115	116	117	118	119
<b>Name</b>	<b>Blanco County</b>	<b>Borden County</b>	<b>Bosque County</b>	<b>Bowie County</b>	<b>Brazoria County</b>
<b>Plan type</b>	Variable	Variable	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 250,406	\$ 204,909	\$ 177,543	\$ 3,397,556	\$ 10,724,596
Members	2,215,680	1,275,919	2,319,406	23,645,080	102,680,888
Total	2,466,086	1,480,828	2,496,949	27,042,636	113,405,484
<b>2 Actuarial present value of future normal cost contributions</b>	418,697	139,071	354,282	3,136,609	18,781,974
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	2,047,389	1,341,757	2,142,667	23,906,027	94,623,510
<b>4 Actuarial value of assets</b>	1,730,373	1,096,158	2,370,304	22,073,265	80,696,834
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 317,016	\$ 245,599	\$ (227,637)	\$ 1,832,762	\$ 13,926,676
<b>6 Funded ratio [line 4 ÷ line 3]</b>	84.5%	81.7%	110.6%	92.3%	85.3%
<b>Required employer rates for 2004</b>					
Normal cost	5.74%	4.52%	3.08%	6.34%	6.83%
UAAL or (OAAL)	2.02	5.22	(0.99)	1.85	2.72
Total required rate	7.76%	9.74%	2.09%	8.19%	9.55%
<b>Elected rate</b>	N/A	N/A	5.00%	N/A	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	20.0	20.0	0.0	20.0	20.0
Number of annuitants	15	22	32	78	315
Number of members	66	22	121	395	1,483
Number of depositing members	51	20	80	265	1,178
Average age of depositing members	51.3	45.7	45.0	46.1	44.6
Average length of service of depositing members	8.7	11.0	6.7	10.4	8.9

ACTUARIAL VALUATION RESULTS BY EMPLOYER As of Dec. 31, 2002

Number	120	121	122	123	124
<b>Name</b>	<b>Brazos County</b>	<b>Brewster County</b>	<b>Briscoe County</b>	<b>Brooks County</b>	<b>Brown County</b>
<b>Plan type</b>	Variable	Variable	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 6,385,777	\$ 364,003	\$ 75,695	\$ 1,711,266	\$ 600,371
Members	60,947,090	3,160,132	639,214	5,433,854	6,253,468
Total	67,332,867	3,524,135	714,909	7,145,120	6,853,839
<b>2 Actuarial present value of future normal cost contributions</b>	10,275,628	592,402	119,586	1,179,605	1,184,598
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	57,057,239	2,931,733	595,323	5,965,515	5,669,241
<b>4 Actuarial value of assets</b>	44,733,516	2,338,393	550,509	7,155,701	5,009,218
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 12,323,723	\$ 593,340	\$ 44,814	\$ (1,190,186)	\$ 660,023
<b>6 Funded ratio [line 4 ÷ line 3]</b>	78.4%	79.8%	92.5%	120.0%	88.4%
<b>Required employer rates for 2004</b>					
Normal cost	6.94%	5.87%	4.82%	8.69%	4.67%
UAAL or (OAAL)	4.43	3.05	1.39	(3.67)	1.34
Total required rate	11.37%	8.92%	6.21%	5.02%	6.01%
<b>Elected rate</b>	N/A	N/A	N/A	N/A	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	20.0	20.0	20.0	30.0	20.0
Number of annuitants	98	19	13	53	45
Number of members	889	101	32	126	180
Number of depositing members	666	65	21	106	149
Average age of depositing members	41.9	44.1	44.8	46.8	44.6
Average length of service of depositing members	8.3	6.9	6.9	7.4	8.2

Number	125	126	127	128	129
<b>Name</b>	<b>Burleson County</b>	<b>Burnet County</b>	<b>Caldwell County</b>	<b>Calhoun County</b>	<b>Callahan County</b>
<b>Plan type</b>	Variable	Variable	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 610,698	\$ 1,839,488	\$ 563,221	\$ 1,615,925	\$ 312,834
Members	3,938,310	10,852,328	4,863,086	12,109,896	1,999,118
Total	4,549,008	12,691,816	5,426,307	13,725,821	2,311,952
<b>2 Actuarial present value of future normal cost contributions</b>	559,673	2,054,111	901,452	2,460,248	258,804
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	3,989,335	10,637,705	4,524,855	11,265,573	2,053,148
<b>4 Actuarial value of assets</b>	3,115,962	8,306,607	4,168,876	9,326,584	1,809,837
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 873,373	\$ 2,331,098	\$ 355,979	\$ 1,938,989	\$ 243,311
<b>6 Funded ratio [line 4 ÷ line 3]</b>	78.1%	78.1%	92.1%	82.8%	88.1%
<b>Required employer rates for 2004</b>					
Normal cost	4.46%	5.90%	3.35%	6.31%	3.74%
UAAL or (OAAL)	3.54	3.13	0.63	2.81	2.02
Total required rate	8.00%	9.03%	3.98%	9.12%	5.76%
<b>Elected rate</b>	N/A	N/A	N/A	N/A	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	20.0	20.0	20.0	20.0	20.0
Number of annuitants	36	60	44	75	23
Number of members	129	312	277	209	68
Number of depositing members	91	213	184	172	51
Average age of depositing members	45.4	46.3	41.5	44.0	49.3
Average length of service of depositing members	8.0	7.8	5.7	8.5	9.1

ACTUARIAL VALUATION RESULTS BY EMPLOYER As of Dec. 31, 2002

Number	130	131	132	133	134
Name	Cameron County	Camp County	Carson County	Cass County	Castro County
<b>Plan type</b>	Variable	Variable	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 9,061,417	\$ 467,781	\$ 401,760	\$ 1,552,738	\$ 306,125
Members	87,310,647	2,523,281	2,384,551	9,335,921	3,833,162
Total	96,372,064	2,991,062	2,786,311	10,888,659	4,139,287
<b>2 Actuarial present value of future normal cost contributions</b>	17,390,075	409,975	404,350	1,464,820	567,639
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	78,981,989	2,581,087	2,381,961	9,423,839	3,571,648
<b>4 Actuarial value of assets</b>	69,003,064	2,209,835	1,869,462	7,643,818	3,257,385
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 9,978,925	\$ 371,252	\$ 512,499	\$ 1,780,021	\$ 314,263
<b>6 Funded ratio [line 4 ÷ line 3]</b>	87.4%	85.6%	78.5%	81.1%	91.2%
<b>Required employer rates for 2004</b>					
Normal cost	6.04%	6.54%	4.82%	5.27%	7.00%
UAAL or (OAAL)	1.95	2.83	3.35	3.08	1.86
Total required rate	7.99%	9.37%	8.17%	8.35%	8.86%
<b>Elected rate</b>	N/A	N/A	N/A	N/A	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	20.0	20.0	20.0	20.0	20.0
Number of annuitants	233	27	38	67	16
Number of members	1,847	72	68	200	85
Number of depositing members	1,464	49	54	170	60
Average age of depositing members	39.2	51.0	47.7	47.5	47.8
Average length of service of depositing members	7.5	7.4	6.9	7.9	9.6

Number	135	136	137	138	139
Name	Chambers County	Cherokee County	Childress County	Clay County	Cochran County
<b>Plan type</b>	Variable	Variable	Variable	Fixed	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 5,085,177	\$ 1,561,150	\$ 150,298	\$ 751,219	\$ 941,707
Members	26,964,768	12,885,199	819,873	4,999,792	3,177,884
Total	32,049,945	14,446,349	970,171	5,751,011	4,119,591
<b>2 Actuarial present value of future normal cost contributions</b>	5,224,786	1,666,176	192,926	409,960	409,093
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	26,825,159	12,780,173	777,245	5,341,051	3,710,498
<b>4 Actuarial value of assets</b>	23,932,972	10,193,284	480,201	4,034,656	2,823,181
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 2,892,187	\$ 2,586,889	\$ 297,044	\$ 1,306,395	\$ 887,317
<b>6 Funded ratio [line 4 ÷ line 3]</b>	89.2%	79.8%	61.8%	75.5%	76.1%
<b>Required employer rates for 2004</b>					
Normal cost	6.88%	5.08%	2.71%	3.72%	5.24%
UAAL or (OAAL)	2.07	3.64	2.52	7.28	5.71
Total required rate	8.95%	8.72%	5.23%	11.00%	10.95%
<b>Elected rate</b>	N/A	N/A	N/A	N/A	12.00%
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	20.0	20.0	20.0	15.9	15.2
Number of annuitants	138	78	9	50	35
Number of members	406	274	61	79	71
Number of depositing members	341	207	47	61	51
Average age of depositing members	44.4	46.1	46.2	46.6	48.8
Average length of service of depositing members	8.5	9.0	6.3	10.1	9.6

ACTUARIAL VALUATION RESULTS BY EMPLOYER As of Dec. 31, 2002

Number	140	141	142	143	144
Name	Coke County	Coleman County	Collin County	Collingsworth County	Colorado County
<b>Plan type</b>	Fixed	Variable	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 135,877	\$ 264,836	\$11,696,257	\$ 20,810	\$ 606,422
Members	1,875,728	2,635,714	136,500,762	615,405	5,409,623
Total	2,011,605	2,900,550	148,197,019	636,215	6,016,045
<b>2 Actuarial present value of future normal cost contributions</b>	225,368	287,688	34,729,900	118,528	1,012,108
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	1,786,237	2,612,862	113,467,119	517,687	5,003,937
<b>4 Actuarial value of assets</b>	1,321,347	2,310,765	91,045,096	420,699	4,089,650
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 464,890	\$ 302,097	\$22,422,023	\$ 96,988	\$ 914,287
<b>6 Funded ratio [line 4 ÷ line 3]</b>	74.0%	88.4%	80.2%	81.3%	81.7%
<b>Required employer rates for 2004</b>					
Normal cost	4.80%	5.03%	8.26%	3.17%	5.12%
UAAL or (OAAL)	5.70	2.78	2.85	1.61	2.32
Total required rate	10.50%	7.81%	11.11%	4.78%	7.44%
<b>Elected rate</b>	N/A	N/A	12.00%	N/A	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	29.1	20.0	13.3	20.0	20.0
Number of annuitants	31	29	156	7	50
Number of members	58	52	1,667	57	159
Number of depositing members	43	44	1,373	41	126
Average age of depositing members	52.5	52.0	42.4	46.0	44.4
Average length of service of depositing members	8.5	10.9	9.0	8.4	7.4

Number	145	146	147	148	149
Name	Comal County	Comanche County	Concho County	Cooke County	Coryell County
<b>Plan type</b>	Variable	Variable	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 2,620,759	\$ 475,540	\$ 100,388	\$ 666,603	\$ 835,159
Members	25,597,763	3,860,884	1,373,171	10,758,067	9,857,863
Total	28,218,522	4,336,424	1,473,559	11,424,670	10,693,022
<b>2 Actuarial present value of future normal cost contributions</b>	6,434,446	578,974	303,711	1,634,074	1,995,861
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	21,784,076	3,757,450	1,169,848	9,790,596	8,697,161
<b>4 Actuarial value of assets</b>	18,269,175	3,032,111	1,207,929	8,286,168	7,488,585
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 3,514,901	\$ 725,339	\$ (38,081)	\$ 1,504,428	\$ 1,208,576
<b>6 Funded ratio [line 4 ÷ line 3]</b>	83.9%	80.7%	103.3%	84.6%	86.1%
<b>Required employer rates for 2004</b>					
Normal cost	6.53%	3.50%	6.83%	4.79%	6.44%
UAAL or (OAAL)	1.85	2.07	(0.36)	2.05	2.03
Total required rate	8.38%	5.57%	6.47%	6.84%	8.47%
<b>Elected rate</b>	N/A	N/A	7.00%	N/A	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	20.0	20.0	0.0	20.0	20.0
Number of annuitants	98	37	12	39	51
Number of members	542	188	74	233	185
Number of depositing members	462	127	44	187	158
Average age of depositing members	43.0	46.2	46.9	44.2	46.1
Average length of service of depositing members	7.0	7.9	7.8	8.3	9.0



ACTUARIAL VALUATION RESULTS BY EMPLOYER As of Dec. 31, 2002

Number	150	151	152	153	154
<b>Name</b>	<b>Cottle County</b>	<b>Crane County</b>	<b>Crockett County</b>	<b>Crosby County</b>	<b>Culberson County</b>
<b>Plan type</b>	Variable	Variable	Fixed	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 90,294	\$ 1,120,929	\$ 1,768,208	\$ 510,414	\$ 202,023
Members	565,504	6,986,229	9,040,681	2,619,497	2,381,232
Total	655,798	8,107,158	10,808,889	3,129,911	2,583,255
<b>2 Actuarial present value of future normal cost contributions</b>	78,284	1,063,889	947,550	327,009	349,778
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	577,514	7,043,269	9,861,339	2,802,902	2,233,477
<b>4 Actuarial value of assets</b>	501,041	6,619,919	8,107,148	1,994,150	2,274,698
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 76,473	\$ 423,350	\$ 1,754,191	\$ 808,752	\$ (41,221)
<b>6 Funded ratio [line 4 ÷ line 3]</b>	86.8%	94.0%	82.2%	71.1%	101.8%
<b>Required employer rates for 2004</b>					
Normal cost	4.35%	5.58%	4.14%	4.86%	5.01%
UAAL or (OAAL)	2.06	1.33	3.96	6.16	(0.41)
Total required rate	6.41%	6.91%	8.10%	11.02%	4.60%
<b>Elected rate</b>	7.00%	N/A	N/A	N/A	7.00%
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	12.6	20.0	29.5	Infinity	0.0
Number of annuitants	13	64	35	28	11
Number of members	32	136	199	47	62
Number of depositing members	21	100	151	45	48
Average age of depositing members	56.3	47.4	47.2	49.0	46.3
Average length of service of depositing members	8.9	7.8	8.5	9.8	10.8

Number	155	156	157	158	159
<b>Name</b>	<b>Dallam County</b>	<b>Dallas County</b>	<b>Dawson County</b>	<b>Deaf Smith County</b>	<b>Delta County</b>
<b>Plan type</b>	Variable	Fixed	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 399,748	\$79,077,541	\$ 933,601	\$ 1,311,751	\$ 173,219
Members	2,907,311	680,242,509	6,054,093	8,418,495	1,169,515
Total	3,307,059	759,320,050	6,987,694	9,730,246	1,342,734
<b>2 Actuarial present value of future normal cost contributions</b>	334,718	106,235,707	1,050,980	1,327,038	191,259
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	2,972,341	653,084,343	5,936,714	8,403,208	1,151,475
<b>4 Actuarial value of assets</b>	2,629,127	571,774,555	4,224,048	6,950,552	911,270
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 343,214	\$81,309,788	\$ 1,712,666	\$ 1,452,656	\$ 240,205
<b>6 Funded ratio [line 4 ÷ line 3]</b>	88.5%	87.5%	71.2%	82.7%	79.1%
<b>Required employer rates for 2004</b>					
Normal cost	4.44%	6.00%	4.86%	5.85%	4.73%
UAAL or (OAAL)	2.48	2.50	4.97	3.55	2.91
Total required rate	6.92%	8.50%	9.83%	9.40%	7.64%
<b>Elected rate</b>	N/A	N/A	N/A	N/A	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	20.0	22.1	20.0	20.0	20.0
Number of annuitants	20	1,418	46	53	18
Number of members	58	7,309	119	156	56
Number of depositing members	43	5,796	96	118	41
Average age of depositing members	46.6	42.8	44.9	42.1	50.5
Average length of service of depositing members	9.9	9.6	9.6	8.6	6.7

ACTUARIAL SECTION

ACTUARIAL VALUATION RESULTS BY EMPLOYER As of Dec. 31, 2002

Number	160	161	162	163	164
Name	Denton County	Dewitt County	Dickens County	Dimmit County	Donley County
<b>Plan type</b>	Variable	Variable	Variable	Variable	Fixed
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 5,516,317	\$ 668,186	\$ 105,294	\$ 206,531	\$ 194,547
Members	98,439,065	4,994,055	1,217,843	2,025,964	905,991
Total	103,955,382	5,662,241	1,323,137	2,232,495	1,100,538
<b>2 Actuarial present value of future normal cost contributions</b>	22,949,550	755,131	200,423	538,871	136,610
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	81,005,832	4,907,110	1,122,714	1,693,624	963,928
<b>4 Actuarial value of assets</b>	67,136,414	4,119,637	919,949	1,577,854	730,036
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 13,869,418	\$ 787,473	\$ 202,765	\$ 115,770	\$ 233,892
<b>6 Funded ratio [line 4 ÷ line 3]</b>	82.9%	84.0%	81.9%	93.2%	75.7%
<b>Required employer rates for 2004</b>					
Normal cost	6.52%	4.78%	5.88%	6.93%	3.90%
UAAL or (OAAL)	1.92	2.67	2.80	1.02	4.10
Total required rate	8.44%	7.45%	8.68%	7.95%	8.00%
<b>Elected rate</b>	N/A	N/A	N/A	N/A	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	20.0	20.0	20.0	20.0	17.6
Number of annuitants	148	57	13	12	11
Number of members	1,781	128	33	101	51
Number of depositing members	1,349	96	28	63	35
Average age of depositing members	42.1	45.1	52.1	44.4	49.9
Average length of service of depositing members	7.9	8.5	8.2	6.8	6.7

Number	165	166	167	168	169
Name	Duval County	Eastland County	Ector County	Edwards County	Ellis County
<b>Plan type</b>	Variable	Variable	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 1,027,202	\$ 1,243,297	\$ 25,259,220	\$ 63,578	\$ 1,635,773
Members	5,180,277	4,670,033	87,639,863	692,155	21,845,638
Total	6,207,479	5,913,330	112,899,083	755,733	23,481,411
<b>2 Actuarial present value of future normal cost contributions</b>	465,754	821,518	9,000,352	173,942	4,513,184
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	5,741,725	5,091,812	103,898,731	581,791	18,968,227
<b>4 Actuarial value of assets</b>	3,515,073	3,881,550	92,470,570	415,027	16,834,407
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 2,226,652	\$ 1,210,262	\$ 11,428,161	\$ 166,764	\$ 2,133,820
<b>6 Funded ratio [line 4 ÷ line 3]</b>	61.2%	76.2%	89.0%	71.3%	88.8%
<b>Required employer rates for 2004</b>					
Normal cost	2.09%	6.51%	7.79%	3.76%	6.00%
UAAL or (OAAL)	4.70	4.41	(0.84)	2.40	1.29
Total required rate	6.79%	10.92%	6.95%	6.16%	7.29%
<b>Elected rate</b>	N/A	11.00%	8.50%	N/A	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	20.0	19.4	0.0	20.0	20.0
Number of annuitants	55	38	439	4	76
Number of members	302	118	1,031	44	553
Number of depositing members	225	89	576	31	395
Average age of depositing members	48.9	46.3	43.6	46.9	43.7
Average length of service of depositing members	10.6	7.5	9.0	9.0	6.4

ACTUARIAL VALUATION RESULTS BY EMPLOYER As of Dec. 31, 2002

Number	170	171	172	173	174
<b>Name</b>	<b>El Paso County</b>	<b>Erath County</b>	<b>Falls County</b>	<b>Fannin County</b>	<b>Fayette County</b>
<b>Plan type</b>	Variable	Variable	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 22,226,772	\$ 663,702	\$ 942,054	\$ 687,658	\$ 1,234,717
Members	235,290,991	8,883,168	5,545,707	7,160,977	15,168,256
Total	257,517,763	9,546,870	6,487,761	7,848,635	16,402,973
<b>2 Actuarial present value of future normal cost contributions</b>	52,202,379	1,660,480	868,715	1,568,563	2,114,149
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	205,315,384	7,886,390	5,619,046	6,280,072	14,288,824
<b>4 Actuarial value of assets</b>	170,057,670	6,678,133	4,575,089	5,250,879	11,889,158
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 35,257,714	\$ 1,208,257	\$ 1,043,957	\$ 1,029,193	\$ 2,399,666
<b>6 Funded ratio [line 4 ÷ line 3]</b>	82.8%	84.7%	81.4%	83.6%	83.2%
<b>Required employer rates for 2004</b>					
Normal cost	7.70%	5.69%	5.51%	6.90%	5.39%
UAAL or (OAAL)	2.86	2.15	3.34	2.51	3.47
Total required rate	10.56%	7.84%	8.85%	9.41%	8.86%
<b>Elected rate</b>	N/A	N/A	N/A	N/A	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	20.0	20.0	20.0	20.0	20.0
Number of annuitants	370	46	56	37	53
Number of members	3,284	178	152	163	255
Number of depositing members	2,666	142	106	132	194
Average age of depositing members	39.8	43.7	44.8	44.4	43.3
Average length of service of depositing members	8.2	9.0	7.7	7.7	9.4

Number	175	176	178	179	180
<b>Name</b>	<b>Fisher County</b>	<b>Floyd County</b>	<b>Fort Bend County</b>	<b>Franklin County</b>	<b>Freestone County</b>
<b>Plan type</b>	Variable	Variable	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 281,372	\$ 321,198	\$ 14,533,456	\$ 629,809	\$ 1,036,178
Members	1,393,034	3,131,813	161,029,792	3,350,721	7,206,240
Total	1,674,406	3,453,011	175,563,248	3,980,530	8,242,418
<b>2 Actuarial present value of future normal cost contributions</b>	189,156	475,729	32,654,802	620,721	1,096,951
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	1,485,250	2,977,282	142,908,446	3,359,809	7,145,467
<b>4 Actuarial value of assets</b>	1,122,824	2,299,491	114,079,566	3,026,215	6,082,651
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 362,426	\$ 677,791	\$ 28,828,880	\$ 333,594	\$ 1,062,816
<b>6 Funded ratio [line 4 ÷ line 3]</b>	75.6%	77.2%	79.8%	90.1%	85.1%
<b>Required employer rates for 2004</b>					
Normal cost	4.66%	5.42%	6.91%	6.81%	5.48%
UAAL or (OAAL)	4.62	3.92	3.62	1.88	2.66
Total required rate	9.28%	9.34%	10.53%	8.69%	8.14%
<b>Elected rate</b>	N/A	N/A	N/A	N/A	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	20.0	20.0	20.0	20.0	20.0
Number of annuitants	37	32	248	30	45
Number of members	49	71	2,018	66	134
Number of depositing members	38	56	1,602	58	112
Average age of depositing members	49.8	46.6	42.1	47.4	48.5
Average length of service of depositing members	8.2	8.6	9.0	7.9	9.4

ACTUARIAL SECTION

ACTUARIAL VALUATION RESULTS BY EMPLOYER As of Dec. 31, 2002

Number	181	182	183	184	185
<b>Name</b>	<b>Frio County</b>	<b>Gaines County</b>	<b>Galveston County</b>	<b>Garza County</b>	<b>Gillespie County</b>
<b>Plan type</b>	Variable	Variable	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 802,418	\$ 1,399,985	\$ 18,634,260	\$ 365,226	\$ 739,116
Members	4,767,041	10,612,825	128,812,119	3,257,320	7,165,397
Total	5,569,459	12,012,810	147,446,379	3,622,546	7,904,513
<b>2 Actuarial present value of future normal cost contributions</b>	1,070,255	1,537,018	18,367,863	478,463	1,049,325
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	4,499,204	10,475,792	129,078,516	3,144,083	6,855,188
<b>4 Actuarial value of assets</b>	4,670,176	8,297,898	111,753,581	2,849,507	5,500,408
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ (170,972)	\$ 2,177,894	\$ 17,324,935	\$ 294,576	\$ 1,354,780
<b>6 Funded ratio [line 4 ÷ line 3]</b>	103.8%	79.2%	86.6%	90.6%	80.2%
<b>Required employer rates for 2004</b>					
Normal cost	5.69%	5.73%	7.29%	5.87%	5.60%
UAAL or (OAAL)	(0.46)	4.54	3.65	1.72	4.02
Total required rate	5.23%	10.27%	10.94%	7.59%	9.62%
<b>Elected rate</b>	N/A	N/A	N/A	N/A	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	30.0	20.0	20.0	20.0	20.0
Number of annuitants	29	85	644	16	36
Number of members	137	130	1,564	65	139
Number of depositing members	112	115	1,086	56	97
Average age of depositing members	41.8	47.4	42.8	49.5	46.1
Average length of service of depositing members	7.5	10.2	8.9	9.6	10.4

Number	186	187	188	189	190
<b>Name</b>	<b>Glasscock County</b>	<b>Goliad County</b>	<b>Gonzales County</b>	<b>Gray County</b>	<b>Grayson County</b>
<b>Plan type</b>	Variable	Variable	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 264,341	\$ 883,541	\$ 812,194	\$ 1,113,089	\$ 3,891,995
Members	2,344,942	4,303,587	4,579,918	7,121,053	35,272,121
Total	2,609,283	5,187,128	5,392,112	8,234,142	39,164,116
<b>2 Actuarial present value of future normal cost contributions</b>	198,838	704,811	655,572	1,164,652	6,804,553
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	2,410,445	4,482,317	4,736,540	7,069,490	32,359,563
<b>4 Actuarial value of assets</b>	1,831,705	4,545,350	3,716,491	6,248,972	24,792,073
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 578,740	\$ (63,033)	\$ 1,020,049	\$ 820,518	\$ 7,567,490
<b>6 Funded ratio [line 4 ÷ line 3]</b>	76.0%	101.4%	78.5%	88.4%	76.6%
<b>Required employer rates for 2004</b>					
Normal cost	4.63%	5.45%	4.31%	5.23%	7.20%
UAAL or (OAAL)	6.97	(0.21)	3.33	1.78	4.15
Total required rate	11.60%	5.24%	7.64%	7.01%	11.35%
<b>Elected rate</b>	N/A	N/A	N/A	7.03%	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	20.0	30.0	20.0	19.6	20.0
Number of annuitants	18	58	38	90	159
Number of members	38	116	156	174	545
Number of depositing members	31	82	115	134	433
Average age of depositing members	49.7	45.8	45.1	46.5	44.3
Average length of service of depositing members	12.2	7.0	8.3	8.0	8.6

ACTUARIAL VALUATION RESULTS BY EMPLOYER As of Dec. 31, 2002

Number	191	192	193	194	195
<b>Name</b>	<b>Gregg County</b>	<b>Grimes County</b>	<b>Guadalupe County</b>	<b>Hale County</b>	<b>Hall County</b>
<b>Plan type</b>	Variable	Variable	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 5,507,330	\$ 559,453	\$ 2,020,521	\$ 2,109,415	\$ 275,921
Members	40,562,393	5,510,248	20,656,142	11,076,582	1,660,108
Total	46,069,723	6,069,701	22,676,663	13,185,997	1,936,029
<b>2 Actuarial present value of future normal cost contributions</b>	6,477,670	983,235	5,456,174	1,666,534	225,125
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	39,592,053	5,086,466	17,220,489	11,519,463	1,710,904
<b>4 Actuarial value of assets</b>	32,785,251	5,225,163	13,784,157	10,088,345	1,447,194
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 6,806,802	\$ (138,697)	\$ 3,436,332	\$ 1,431,118	\$ 263,710
<b>6 Funded ratio [line 4 ÷ line 3]</b>	82.8%	102.7%	80.0%	87.6%	84.6%
<b>Required employer rates for 2004</b>					
Normal cost	5.84%	5.08%	6.82%	5.17%	5.62%
UAAL or (OAAL)	3.37	(0.41)	2.17	2.40	3.09
Total required rate	9.21%	4.67%	8.99%	7.57%	8.71%
<b>Elected rate</b>	9.55%	7.00%	N/A	N/A	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	17.2	0.0	20.0	20.0	20.0
Number of annuitants	176	35	98	78	26
Number of members	646	173	510	200	45
Number of depositing members	500	133	417	169	35
Average age of depositing members	43.1	44.9	43.3	43.6	52.6
Average length of service of depositing members	9.2	7.5	6.5	8.9	11.1

Number	196	197	198	199	200
<b>Name</b>	<b>Hamilton County</b>	<b>Hansford County</b>	<b>Hardeman County</b>	<b>Hardin County</b>	<b>Harris County</b>
<b>Plan type</b>	Variable	Variable	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 177,865	\$ 361,438	\$ 222,007	\$ 2,902,394	\$186,141,092
Members	1,772,988	3,380,173	2,460,437	13,399,264	1,849,013,713
Total	1,950,853	3,741,611	2,682,444	16,301,658	2,035,154,805
<b>2 Actuarial present value of future normal cost contributions</b>	307,394	280,387	322,461	2,382,554	323,899,464
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	1,643,459	3,461,224	2,359,983	13,919,104	1,711,255,341
<b>4 Actuarial value of assets</b>	1,353,223	2,716,988	2,184,489	11,724,972	1,484,207,932
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 290,236	\$ 744,236	\$ 175,494	\$ 2,194,132	\$227,047,409
<b>6 Funded ratio [line 4 ÷ line 3]</b>	82.3%	78.5%	92.6%	84.2%	86.7%
<b>Required employer rates for 2004</b>					
Normal cost	4.31%	4.30%	4.94%	5.35%	7.44%
UAAL or (OAAL)	2.14	6.31	1.21	2.44	3.09
Total required rate	6.45%	10.61%	6.15%	7.79%	10.53%
<b>Elected rate</b>	N/A	N/A	7.00%	N/A	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	20.0	20.0	8.8	20.0	20.0
Number of annuitants	22	23	15	87	3,041
Number of members	80	56	59	323	17,392
Number of depositing members	53	44	51	244	14,006
Average age of depositing members	46.9	48.5	48.0	45.4	42.9
Average length of service of depositing members	8.4	13.4	9.1	7.8	10.8

ACTUARIAL SECTION



ACTUARIAL VALUATION RESULTS BY EMPLOYER As of Dec. 31, 2002

Number	201	202	203	204	205
<b>Name</b>	<b>Harrison County</b>	<b>Hartley County</b>	<b>Haskell County</b>	<b>Hays County</b>	<b>Hemphill County</b>
<b>Plan type</b>	Variable	Variable	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 2,426,001	\$ 304,616	\$ 430,086	\$ 3,450,193	\$ 1,121,968
Members	19,666,770	1,593,821	2,381,404	48,071,518	5,810,270
Total	22,092,771	1,898,437	2,811,490	51,521,711	6,932,238
<b>2 Actuarial present value of future normal cost contributions</b>	3,427,358	275,643	285,053	10,803,633	578,768
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	18,665,413	1,622,794	2,526,437	40,718,078	6,353,470
<b>4 Actuarial value of assets</b>	14,878,012	1,508,404	1,846,506	34,691,077	5,072,154
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 3,787,401	\$ 114,390	\$ 679,931	\$ 6,027,001	\$ 1,281,316
<b>6 Funded ratio [line 4 ÷ line 3]</b>	79.7%	93.0%	73.1%	85.2%	79.8%
<b>Required employer rates for 2004</b>					
Normal cost	6.20%	6.70%	4.55%	6.90%	5.90%
UAAL or (OAAL)	3.70	1.75	5.36	2.08	7.19
Total required rate	9.90%	8.45%	9.91%	8.98%	13.09%
<b>Elected rate</b>	N/A	8.00%	N/A	N/A	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	20.0	20.0	20.0	20.0	20.0
Number of annuitants	104	15	30	80	34
Number of members	385	33	67	881	67
Number of depositing members	300	26	49	679	51
Average age of depositing members	44.2	49.0	48.6	40.6	50.0
Average length of service of depositing members	8.6	10.6	8.7	7.5	12.5

Number	206	207	208	209	210
<b>Name</b>	<b>Henderson County</b>	<b>Hidalgo County</b>	<b>Hill County</b>	<b>Hockley County</b>	<b>Hood County</b>
<b>Plan type</b>	Variable	Variable	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 3,337,217	\$ 12,636,130	\$ 732,516	\$ 1,341,002	\$ 829,181
Members	21,234,646	118,323,901	8,254,625	9,292,798	8,837,899
Total	24,571,863	130,960,031	8,987,141	10,633,800	9,667,080
<b>2 Actuarial present value of future normal cost contributions</b>	4,424,296	23,204,206	1,263,124	1,312,069	1,926,508
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	20,147,567	107,755,825	7,724,017	9,321,731	7,740,572
<b>4 Actuarial value of assets</b>	16,878,155	90,649,163	6,362,511	7,179,123	6,761,500
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 3,269,412	\$ 17,106,662	\$ 1,361,506	\$ 2,142,608	\$ 979,072
<b>6 Funded ratio [line 4 ÷ line 3]</b>	83.8%	84.1%	82.4%	77.0%	87.4%
<b>Required employer rates for 2004</b>					
Normal cost	7.56%	5.91%	4.63%	5.67%	4.80%
UAAL or (OAAL)	3.03	2.24	2.33	5.70	1.15
Total required rate	10.59%	8.15%	6.96%	11.37%	5.95%
<b>Elected rate</b>	N/A	N/A	N/A	N/A	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	20.0	20.0	20.0	20.0	20.0
Number of annuitants	100	285	45	56	29
Number of members	321	2,541	207	131	277
Number of depositing members	275	2,108	160	110	218
Average age of depositing members	43.5	39.0	47.8	45.9	45.6
Average length of service of depositing members	8.5	6.8	9.5	10.4	6.6

ACTUARIAL VALUATION RESULTS BY EMPLOYER As of Dec. 31, 2002

Number	211	212	213	214	215
Name	Hopkins County	Houston County	Howard County	Hudspeth County	Hunt County
<b>Plan type</b>	Variable	Variable	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 974,672	\$ 237,558	\$ 2,428,015	\$ 259,634	\$ 1,729,577
Members	9,796,807	3,295,553	10,701,873	2,091,237	19,031,663
Total	10,771,479	3,533,111	13,129,888	2,350,871	20,761,240
<b>2 Actuarial present value of future normal cost contributions</b>	2,070,545	617,743	1,563,911	364,880	3,711,960
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	8,700,934	2,915,368	11,565,977	1,985,991	17,049,280
<b>4 Actuarial value of assets</b>	7,137,840	2,878,310	8,838,000	1,906,039	14,192,590
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 1,563,094	\$ 37,058	\$ 2,727,977	\$ 79,952	\$ 2,856,690
<b>6 Funded ratio [line 4 ÷ line 3]</b>	82.0%	98.7%	76.4%	96.0%	83.2%
<b>Required employer rates for 2004</b>					
Normal cost	6.48%	4.47%	5.48%	3.83%	6.48%
UAAL or (OAAL)	2.56	0.13	5.10	0.38	2.56
Total required rate	9.04%	4.60%	10.58%	4.21%	9.04%
<b>Elected rate</b>	N/A	N/A	N/A	5.00%	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	20.0	20.0	20.0	4.5	20.0
Number of annuitants	50	40	66	26	73
Number of members	230	135	196	98	393
Number of depositing members	167	98	152	67	296
Average age of depositing members	43.8	45.7	45.2	43.1	43.1
Average length of service of depositing members	8.0	5.8	9.1	7.1	7.1

Number	216	217	218	219	220
Name	Hutchinson County	Irion County	Jack County	Jackson County	Jasper County
<b>Plan type</b>	Variable	Variable	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 1,283,152	\$ 83,603	\$ 798,621	\$ 967,398	\$ 2,457,186
Members	12,211,528	2,061,030	3,754,312	7,066,678	10,990,170
Total	13,494,680	2,144,633	4,552,933	8,034,076	13,447,356
<b>2 Actuarial present value of future normal cost contributions</b>	1,548,094	266,813	618,775	1,007,117	2,004,459
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	11,946,586	1,877,820	3,934,158	7,026,959	11,442,897
<b>4 Actuarial value of assets</b>	10,699,329	1,815,913	3,315,935	6,222,664	7,506,426
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 1,247,257	\$ 61,907	\$ 618,223	\$ 804,295	\$ 3,936,471
<b>6 Funded ratio [line 4 ÷ line 3]</b>	89.6%	96.7%	84.3%	88.6%	65.6%
<b>Required employer rates for 2004</b>					
Normal cost	5.67%	7.12%	5.52%	5.08%	7.44%
UAAL or (OAAL)	2.63	1.00	2.83	2.55	7.12
Total required rate	8.30%	8.12%	8.35%	7.63%	14.56%
<b>Elected rate</b>	N/A	N/A	N/A	N/A	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	20.0	20.0	20.0	20.0	20.0
Number of annuitants	60	9	24	68	58
Number of members	157	37	88	129	170
Number of depositing members	129	28	64	104	148
Average age of depositing members	48.9	49.5	46.1	45.9	47.1
Average length of service of depositing members	10.9	9.8	8.1	10.3	9.0

ACTUARIAL SECTION

ACTUARIAL VALUATION RESULTS BY EMPLOYER As of Dec. 31, 2002

Number	221	222	223	224	225
<b>Name</b>	<b>Jeff Davis County</b>	<b>Jefferson County</b>	<b>Jim Hogg County</b>	<b>Jim Wells County</b>	<b>Johnson County</b>
<b>Plan type</b>	Variable	Variable	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 101,430	\$18,200,618	\$ 567,356	\$ 1,423,531	\$ 2,903,720
Members	690,357	141,316,524	3,121,495	12,109,777	24,752,491
Total	791,787	159,517,142	3,688,851	13,533,308	27,656,211
<b>2 Actuarial present value of future normal cost contributions</b>	149,055	23,717,760	573,790	2,054,794	4,926,822
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	642,732	135,799,382	3,115,061	11,478,514	22,729,389
<b>4 Actuarial value of assets</b>	602,730	108,433,555	2,497,730	10,348,983	20,000,484
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 40,002	\$27,365,827	\$ 617,331	\$ 1,129,531	\$ 2,728,905
<b>6 Funded ratio [line 4 ÷ line 3]</b>	93.8%	79.8%	80.2%	90.2%	88.0%
<b>Required employer rates for 2004</b>					
Normal cost	5.83%	6.33%	3.11%	5.72%	5.98%
UAAL or (OAAL)	1.03	4.44	1.96	1.52	1.49
Total required rate	6.86%	10.77%	5.07%	7.24%	7.47%
<b>Elected rate</b>	7.00%	N/A	7.00%	N/A	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	15.4	20.0	7.2	20.0	20.0
Number of annuitants	11	416	41	62	136
Number of members	24	1,398	162	273	672
Number of depositing members	18	1,171	136	220	487
Average age of depositing members	48.5	43.5	43.9	46.7	43.7
Average length of service of depositing members	7.3	11.4	8.6	8.6	6.5

Number	226	227	228	229	230
<b>Name</b>	<b>Jones County</b>	<b>Karnes County</b>	<b>Kaufman County</b>	<b>Kendall County</b>	<b>Kenedy County</b>
<b>Plan type</b>	Variable	Variable	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 940,729	\$ 735,454	\$ 1,965,404	\$ 517,784	\$ 120,526
Members	4,652,741	4,573,265	18,114,102	6,225,246	3,391,825
Total	5,593,470	5,308,719	20,079,506	6,743,030	3,512,351
<b>2 Actuarial present value of future normal cost contributions</b>	701,491	879,035	3,109,405	1,291,031	591,200
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	4,891,979	4,429,684	16,970,101	5,451,999	2,921,151
<b>4 Actuarial value of assets</b>	3,843,539	3,781,639	15,534,151	4,508,301	2,032,304
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 1,048,440	\$ 648,045	\$ 1,435,950	\$ 943,698	\$ 888,847
<b>6 Funded ratio [line 4 ÷ line 3]</b>	78.6%	85.4%	91.5%	82.7%	69.6%
<b>Required employer rates for 2004</b>					
Normal cost	5.83%	5.78%	6.26%	4.45%	7.39%
UAAL or (OAAL)	4.34	2.42	1.34	1.70	7.32
Total required rate	10.17%	8.20%	7.60%	6.15%	14.71%
<b>Elected rate</b>	N/A	N/A	N/A	N/A	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	20.0	20.0	20.0	20.0	20.0
Number of annuitants	45	53	61	36	14
Number of members	129	150	432	199	58
Number of depositing members	85	106	290	150	39
Average age of depositing members	45.5	45.1	44.9	44.3	43.4
Average length of service of depositing members	7.6	7.6	7.7	7.5	9.1

ACTUARIAL VALUATION RESULTS BY EMPLOYER As of Dec. 31, 2002

Number	231	232	233	234	235
Name	Kent County	Kerr County	Kimble County	King County	Kinney County
<b>Plan type</b>	Variable	Variable	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 265,599	\$ 1,194,928	\$ 97,922	\$ 108,003	\$ 115,858
Members	2,949,924	15,296,436	1,290,289	1,124,923	2,129,287
Total	3,215,523	16,491,364	1,388,211	1,232,926	2,245,145
<b>2 Actuarial present value of future normal cost contributions</b>	518,694	3,036,239	365,998	135,558	416,389
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	2,696,829	13,455,125	1,022,213	1,097,368	1,828,756
<b>4 Actuarial value of assets</b>	2,247,805	11,344,919	1,035,103	1,058,381	1,838,336
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 449,024	\$ 2,110,206	\$ (12,890)	\$ 38,987	\$ (9,580)
<b>6 Funded ratio [line 4 ÷ line 3]</b>	83.3%	84.3%	101.3%	96.4%	100.5%
<b>Required employer rates for 2004</b>					
Normal cost	5.05%	5.97%	4.68%	4.84%	6.59%
UAAL or (OAAL)	2.45	2.00	(0.07)	0.82	(0.03)
Total required rate	7.50%	7.97%	4.61%	5.66%	6.56%
<b>Elected rate</b>	N/A	N/A	N/A	N/A	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	20.0	20.0	30.0	20.0	30.0
Number of annuitants	27	69	17	10	10
Number of members	85	378	53	18	64
Number of depositing members	62	287	44	14	49
Average age of depositing members	49.5	44.0	44.8	49.6	47.1
Average length of service of depositing members	7.7	7.0	6.4	11.7	7.1

Number	236	237	238	239	240
Name	Kleberg County	Knox County	Lamar County	Lamb County	Lampasas County
<b>Plan type</b>	Variable	Variable	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 3,443,320	\$ 56,990	\$ 1,151,378	\$ 710,567	\$ 473,178
Members	17,356,742	1,201,560	12,048,041	5,874,147	5,147,512
Total	20,800,062	1,258,550	13,199,419	6,584,714	5,620,690
<b>2 Actuarial present value of future normal cost contributions</b>	2,921,373	171,138	2,186,653	836,766	871,335
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	17,878,689	1,087,412	11,012,766	5,747,948	4,749,355
<b>4 Actuarial value of assets</b>	16,967,569	1,265,785	9,659,686	4,732,035	3,624,721
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 911,120	\$ (178,373)	\$ 1,353,080	\$ 1,015,913	\$ 1,124,634
<b>6 Funded ratio [line 4 ÷ line 3]</b>	94.9%	116.4%	87.7%	82.3%	76.3%
<b>Required employer rates for 2004</b>					
Normal cost	6.67%	4.15%	6.79%	5.42%	7.03%
UAAL or (OAAL)	1.06	(1.87)	2.11	3.32	4.44
Total required rate	7.73%	2.28%	8.90%	8.74%	11.47%
<b>Elected rate</b>	N/A	7.00%	N/A	N/A	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	20.0	0.0	20.0	20.0	20.0
Number of annuitants	97	14	52	38	26
Number of members	365	47	227	119	110
Number of depositing members	264	39	180	90	82
Average age of depositing members	41.2	53.4	44.4	46.6	49.9
Average length of service of depositing members	7.7	9.3	8.1	8.6	8.8

ACTUARIAL SECTION

ACTUARIAL VALUATION RESULTS BY EMPLOYER As of Dec. 31, 2002

Number	241	242	243	244	245
Name	La Salle County	Lavaca County	Lee County	Leon County	Liberty County
<b>Plan type</b>	Variable	Variable	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 432,189	\$ 749,694	\$ 417,670	\$ 168,898	\$ 3,672,129
Members	3,387,934	11,141,127	5,778,944	3,309,234	22,797,790
Total	3,820,123	11,890,821	6,196,614	3,478,132	26,469,919
<b>2 Actuarial present value of future normal cost contributions</b>	602,590	1,562,766	630,228	615,768	4,140,042
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	3,217,533	10,328,055	5,566,386	2,862,364	22,329,877
<b>4 Actuarial value of assets</b>	2,835,552	8,722,507	4,616,300	3,087,237	16,757,275
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 381,981	\$ 1,605,548	\$ 950,086	\$ (224,873)	\$ 5,572,602
<b>6 Funded ratio [line 4 ÷ line 3]</b>	88.1%	84.5%	82.9%	107.9%	75.0%
<b>Required employer rates for 2004</b>					
Normal cost	7.52%	5.37%	4.11%	4.40%	8.00%
UAAL or (OAAL)	2.61	3.00	3.42	(0.89)	5.08
Total required rate	10.13%	8.37%	7.53%	3.51%	13.08%
<b>Elected rate</b>	N/A	N/A	8.00%	7.00%	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	20.0	20.0	16.2	0.0	20.0
Number of annuitants	17	47	26	28	98
Number of members	71	207	105	112	389
Number of depositing members	52	160	86	89	296
Average age of depositing members	41.7	45.1	46.9	47.0	45.3
Average length of service of depositing members	7.6	11.4	11.5	6.6	8.1

Number	246	247	248	249	250
Name	Limestone County	Lipscomb County	Live Oak County	Llano County	Loving County
<b>Plan type</b>	Variable	Variable	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 633,150	\$ 315,319	\$ 775,278	\$ 494,699	\$ 222,195
Members	8,283,900	3,155,401	4,436,329	6,356,169	1,537,173
Total	8,917,050	3,470,720	5,211,607	6,850,868	1,759,368
<b>2 Actuarial present value of future normal cost contributions</b>	1,377,948	390,975	761,885	998,668	139,714
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	7,539,102	3,079,745	4,449,722	5,852,200	1,619,654
<b>4 Actuarial value of assets</b>	7,257,638	2,643,656	3,391,207	4,952,221	1,283,100
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 281,464	\$ 436,089	\$ 1,058,515	\$ 899,979	\$ 336,554
<b>6 Funded ratio [line 4 ÷ line 3]</b>	96.3%	85.8%	76.2%	84.6%	79.2%
<b>Required employer rates for 2004</b>					
Normal cost	5.30%	5.28%	6.20%	5.67%	6.24%
UAAL or (OAAL)	0.42	3.33	4.38	2.26	7.63
Total required rate	5.72%	8.61%	10.58%	7.93%	13.87%
<b>Elected rate</b>	7.00%	N/A	N/A	N/A	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	3.5	20.0	20.0	20.0	20.0
Number of annuitants	42	28	35	46	13
Number of members	195	60	98	153	18
Number of depositing members	151	45	84	122	15
Average age of depositing members	46.6	49.7	46.2	48.6	55.9
Average length of service of depositing members	8.5	9.8	8.3	8.6	15.5



ACTUARIAL VALUATION RESULTS BY EMPLOYER As of Dec. 31, 2002

Number	251	252	253	254	255
Name	Lubbock County	Lynn County	McCulloch County	McLennan County	McMullen County
<b>Plan type</b>	Variable	Variable	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 7,722,006	\$ 122,775	\$ 304,058	\$ 13,862,852	\$ 66,706
Members	60,593,743	1,101,183	1,741,105	84,261,564	2,299,262
Total	68,315,749	1,223,958	2,045,163	98,124,416	2,365,968
<b>2 Actuarial present value of future normal cost contributions</b>	10,572,864	200,080	295,939	15,769,082	182,015
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	57,742,885	1,023,878	1,749,224	82,355,334	2,183,953
<b>4 Actuarial value of assets</b>	47,383,259	1,131,988	1,874,848	62,279,842	1,807,129
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 10,359,626	\$ (108,110)	\$ (125,624)	\$ 20,075,492	\$ 376,824
<b>6 Funded ratio [line 4 ÷ line 3]</b>	82.1%	110.6%	107.2%	75.6%	82.7%
<b>Required employer rates for 2004</b>					
Normal cost	5.96%	2.92%	5.40%	8.19%	4.56%
UAAL or (OAAL)	2.94	(1.04)	(1.12)	5.63	4.89
Total required rate	8.90%	1.88%	4.28%	13.82%	9.45%
<b>Elected rate</b>	N/A	6.00%	7.00%	N/A	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	20.0	0.0	0.0	20.0	20.0
Number of annuitants	197	17	16	257	10
Number of members	1,113	58	55	1,009	38
Number of depositing members	864	49	40	806	35
Average age of depositing members	41.8	45.0	44.6	43.7	52.9
Average length of service of depositing members	7.4	6.5	6.7	9.6	14.0

Number	256	257	258	259	260
Name	Madison County	Marion County	Martin County	Mason County	Matagorda County
<b>Plan type</b>	Variable	Variable	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 326,527	\$ 701,526	\$ 601,439	\$ 76,135	\$ 1,814,248
Members	1,675,223	3,512,080	3,782,309	1,497,058	18,221,487
Total	2,001,750	4,213,606	4,383,748	1,573,193	20,035,735
<b>2 Actuarial present value of future normal cost contributions</b>	326,553	546,830	494,931	232,967	2,407,761
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	1,675,197	3,666,776	3,888,817	1,340,226	17,627,974
<b>4 Actuarial value of assets</b>	1,277,965	3,375,086	3,202,279	1,212,296	14,326,403
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 397,232	\$ 291,690	\$ 686,538	\$ 127,930	\$ 3,301,571
<b>6 Funded ratio [line 4 ÷ line 3]</b>	76.3%	92.0%	82.3%	90.5%	81.3%
<b>Required employer rates for 2004</b>					
Normal cost	4.11%	7.00%	6.10%	5.12%	5.69%
UAAL or (OAAL)	1.97	1.74	4.59	1.53	4.17
Total required rate	6.08%	8.74%	10.69%	6.65%	9.86%
<b>Elected rate</b>	N/A	N/A	N/A	7.00%	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	20.0	20.0	20.0	13.9	20.0
Number of annuitants	23	27	25	24	85
Number of members	108	80	77	59	317
Number of depositing members	73	66	54	36	223
Average age of depositing members	52.3	48.8	48.0	48.5	44.2
Average length of service of depositing members	7.2	8.1	9.0	7.7	8.8

ACTUARIAL SECTION

ACTUARIAL VALUATION RESULTS BY EMPLOYER As of Dec. 31, 2002

Number	261	262	263	264	265
<b>Name</b>	<b>Maverick County</b>	<b>Medina County</b>	<b>Menard County</b>	<b>Midland County</b>	<b>Milam County</b>
<b>Plan type</b>	Variable	Variable	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 904,627	\$ 710,630	\$ 150,387	\$ 6,041,663	\$ 959,523
Members	8,292,004	7,366,024	1,283,475	45,012,666	7,543,272
Total	9,196,631	8,076,654	1,433,862	51,054,329	8,502,795
<b>2 Actuarial present value of future normal cost contributions</b>	1,751,380	1,346,122	200,584	5,782,826	1,110,124
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	7,445,251	6,730,532	1,233,278	45,271,503	7,392,671
<b>4 Actuarial value of assets</b>	6,932,856	6,041,116	1,078,968	37,084,091	6,404,099
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 512,395	\$ 689,416	\$ 154,310	\$ 8,187,412	\$ 988,572
<b>6 Funded ratio [line 4 ÷ line 3]</b>	93.1%	89.8%	87.5%	81.9%	86.6%
<b>Required employer rates for 2004</b>					
Normal cost	5.01%	5.08%	5.69%	5.34%	6.03%
UAAL or (OAAL)	0.91	1.24	2.76	3.85	2.47
Total required rate	5.92%	6.32%	8.45%	9.19%	8.50%
<b>Elected rate</b>	N/A	7.00%	N/A	N/A	9.00%
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	20.0	10.7	20.0	20.0	14.9
Number of annuitants	32	54	11	149	53
Number of members	263	228	40	763	178
Number of depositing members	202	179	26	565	133
Average age of depositing members	40.7	42.9	49.7	43.3	47.5
Average length of service of depositing members	7.6	6.5	10.9	8.3	8.5

Number	266	267	268	269	270
<b>Name</b>	<b>Mills County</b>	<b>Mitchell County</b>	<b>Montague County</b>	<b>Montgomery County</b>	<b>Moore County</b>
<b>Plan type</b>	Variable	Variable	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 206,116	\$ 419,816	\$ 760,633	\$ 12,361,887	\$ 1,481,012
Members	1,516,655	3,810,973	6,771,801	117,960,966	10,169,141
Total	1,722,771	4,230,789	7,532,434	130,322,853	11,650,153
<b>2 Actuarial present value of future normal cost contributions</b>	241,923	516,365	951,499	23,546,703	1,678,472
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	1,480,848	3,714,424	6,580,935	106,776,150	9,971,681
<b>4 Actuarial value of assets</b>	1,345,458	3,126,817	4,933,260	89,840,344	8,231,829
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 135,390	\$ 587,607	\$ 1,647,675	\$ 16,935,806	\$ 1,739,852
<b>6 Funded ratio [line 4 ÷ line 3]</b>	90.9%	84.2%	75.0%	84.1%	82.6%
<b>Required employer rates for 2004</b>					
Normal cost	4.66%	5.14%	6.77%	6.73%	6.15%
UAAL or (OAAL)	1.21	2.89	5.64	2.54	3.66
Total required rate	5.87%	8.03%	12.41%	9.27%	9.81%
<b>Elected rate</b>	6.00%	N/A	N/A	N/A	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	16.8	20.0	20.0	20.0	20.0
Number of annuitants	21	30	48	248	43
Number of members	50	77	139	1,791	147
Number of depositing members	37	65	91	1,401	124
Average age of depositing members	48.9	48.2	47.1	43.1	44.9
Average length of service of depositing members	8.1	9.4	8.7	8.3	9.5

ACTUARIAL VALUATION RESULTS BY EMPLOYER As of Dec. 31, 2002

Number	271	273	274	275	276
<b>Name</b>	<b>Morris County</b>	<b>Nacogdoches County</b>	<b>Navarro County</b>	<b>Newton County</b>	<b>Nolan County</b>
<b>Plan type</b>	Variable	Variable	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 1,210,522	\$ 1,610,946	\$ 1,262,186	\$ 539,304	\$ 1,090,137
Members	4,890,415	15,935,348	20,474,418	3,018,862	5,862,644
Total	6,100,937	17,546,294	21,736,604	3,558,166	6,952,781
<b>2 Actuarial present value of future normal cost contributions</b>	505,117	2,707,059	3,940,889	557,538	854,328
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	5,595,820	14,839,235	17,795,715	3,000,628	6,098,453
<b>4 Actuarial value of assets</b>	4,685,639	12,827,700	15,379,049	2,909,575	4,989,500
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 910,181	\$ 2,011,535	\$ 2,416,666	\$ 91,053	\$ 1,108,953
<b>6 Funded ratio [line 4 ÷ line 3]</b>	83.7%	86.4%	86.4%	97.0%	81.8%
<b>Required employer rates for 2004</b>					
Normal cost	3.76%	6.11%	6.31%	4.88%	5.53%
UAAL or (OAAL)	4.33	2.16	2.09	0.26	3.53
Total required rate	8.09%	8.27%	8.40%	5.14%	9.06%
<b>Elected rate</b>	N/A	N/A	N/A	7.00%	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	20.0	20.0	20.0	1.6	20.0
Number of annuitants	40	64	62	26	42
Number of members	93	337	313	99	121
Number of depositing members	67	263	275	83	98
Average age of depositing members	45.9	42.9	44.3	46.7	47.0
Average length of service of depositing members	9.7	7.2	9.0	7.4	7.5

Number	277	278	279	280	281
<b>Name</b>	<b>Nueces County</b>	<b>Ochiltree County</b>	<b>Oldham County</b>	<b>Orange County</b>	<b>Palo Pinto County</b>
<b>Plan type</b>	Variable	Variable	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 17,436,999	\$ 806,271	\$ 389,252	\$ 6,424,329	\$ 909,870
Members	130,353,309	4,649,876	2,308,118	37,103,411	9,602,479
Total	147,790,308	5,456,147	2,697,370	43,527,740	10,512,349
<b>2 Actuarial present value of future normal cost contributions</b>	18,360,482	618,873	338,425	6,743,700	1,445,222
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	129,429,826	4,837,274	2,358,945	36,784,040	9,067,127
<b>4 Actuarial value of assets</b>	114,375,315	4,083,039	2,235,845	30,458,436	7,625,230
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 15,054,511	\$ 754,235	\$ 123,100	\$ 6,325,604	\$ 1,441,897
<b>6 Funded ratio [line 4 ÷ line 3]</b>	88.4%	84.4%	94.8%	82.8%	84.1%
<b>Required employer rates for 2004</b>					
Normal cost	6.06%	5.37%	6.47%	6.70%	5.90%
UAAL or (OAAL)	2.93	3.56	1.40	3.42	2.71
Total required rate	8.99%	8.93%	7.87%	10.12%	8.61%
<b>Elected rate</b>	N/A	N/A	N/A	N/A	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	20.0	20.0	20.0	20.0	20.0
Number of annuitants	416	41	20	156	38
Number of members	1,785	84	39	475	179
Number of depositing members	1,354	63	31	408	141
Average age of depositing members	43.2	47.0	47.4	43.3	46.5
Average length of service of depositing members	9.5	9.6	10.5	9.5	8.5

ACTUARIAL SECTION

ACTUARIAL VALUATION RESULTS BY EMPLOYER As of Dec. 31, 2002

Number	282	283	284	285	286
Name	Panola County	Parker County	Parmer County	Pecos County	Polk County
<b>Plan type</b>	Variable	Variable	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 2,205,934	\$ 2,080,240	\$ 553,921	\$ 3,375,161	\$ 1,907,699
Members	14,112,647	21,477,099	2,786,351	24,178,823	15,865,094
Total	16,318,581	23,557,339	3,340,272	27,553,984	17,772,793
<b>2 Actuarial present value of future normal cost contributions</b>	2,489,859	4,603,700	378,577	4,620,841	3,424,236
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	13,828,722	18,953,639	2,961,695	22,933,143	14,348,557
<b>4 Actuarial value of assets</b>	8,236,726	16,167,123	2,395,835	20,379,737	14,645,943
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 5,591,996	\$ 2,786,516	\$ 565,860	\$ 2,553,406	\$ (297,386)
<b>6 Funded ratio [line 4 ÷ line 3]</b>	59.6%	85.3%	80.9%	88.9%	102.1%
<b>Required employer rates for 2004</b>					
Normal cost	7.99%	6.24%	5.27%	5.95%	7.13%
UAAL or (OAAL)	10.04	1.95	3.64	1.65	(0.25)
Total required rate	18.03%	8.19%	8.91%	7.60%	6.88%
<b>Elected rate</b>	N/A	N/A	N/A	N/A	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	20.0	20.0	20.0	20.0	30.0
Number of annuitants	92	66	29	135	60
Number of members	207	525	81	519	349
Number of depositing members	165	359	53	399	268
Average age of depositing members	44.7	42.8	49.0	44.8	43.8
Average length of service of depositing members	9.0	7.0	9.2	7.9	7.4

Number	287	288	289	290	291
Name	Potter County	Presidio County	Rains County	Randall County	Reagan County
<b>Plan type</b>	Variable	Variable	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 6,217,460	\$ 135,881	\$ 252,125	\$ 2,861,292	\$ 439,459
Members	53,553,106	2,456,141	1,437,854	27,218,142	4,248,488
Total	59,770,566	2,592,022	1,689,979	30,079,434	4,687,947
<b>2 Actuarial present value of future normal cost contributions</b>	8,615,138	626,762	312,354	5,442,201	776,189
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	51,155,428	1,965,260	1,377,625	24,637,233	3,911,758
<b>4 Actuarial value of assets</b>	42,861,629	1,923,920	1,644,011	21,433,246	3,030,945
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 8,293,799	\$ 41,340	\$ (266,386)	\$ 3,203,987	\$ 880,813
<b>6 Funded ratio [line 4 ÷ line 3]</b>	83.8%	97.9%	119.3%	87.0%	77.5%
<b>Required employer rates for 2004</b>					
Normal cost	6.46%	5.75%	5.16%	6.64%	6.71%
UAAL or (OAAL)	3.27	0.23	(2.14)	2.10	4.84
Total required rate	9.73%	5.98%	3.02%	8.74%	11.55%
<b>Elected rate</b>	N/A	6.00%	7.00%	N/A	11.00%
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	20.0	17.3	0.0	20.0	20.0
Number of annuitants	155	11	16	81	26
Number of members	700	88	78	427	71
Number of depositing members	554	61	52	344	53
Average age of depositing members	41.8	39.4	49.5	41.7	43.4
Average length of service of depositing members	9.2	5.7	5.5	8.4	9.1

ACTUARIAL VALUATION RESULTS BY EMPLOYER As of Dec. 31, 2002

Number	292	293	294	295	296
<b>Name</b>	<b>Real County</b>	<b>Red River County</b>	<b>Reeves County</b>	<b>Refugio County</b>	<b>Roberts County</b>
<b>Plan type</b>	Variable	Variable	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 363,561	\$ 382,319	\$ 1,238,913	\$ 435,221	\$ 211,424
Members	1,755,766	3,252,741	21,147,936	5,505,828	1,758,260
Total	2,119,327	3,635,060	22,386,849	5,941,049	1,969,684
<b>2 Actuarial present value of future normal cost contributions</b>	369,564	540,326	6,712,216	732,799	221,468
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	1,749,763	3,094,734	15,674,633	5,208,250	1,748,216
<b>4 Actuarial value of assets</b>	1,720,402	2,917,667	15,183,188	4,523,392	1,607,950
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 29,361	\$ 177,067	\$ 491,445	\$ 684,858	\$ 140,266
<b>6 Funded ratio [line 4 ÷ line 3]</b>	98.3%	94.3%	96.9%	86.9%	92.0%
<b>Required employer rates for 2004</b>					
Normal cost	8.60%	6.29%	6.05%	4.67%	5.49%
UAAL or (OAAL)	0.45	1.06	0.26	2.42	1.78
Total required rate	9.05%	7.35%	6.31%	7.09%	7.27%
<b>Elected rate</b>	N/A	N/A	7.00%	N/A	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	20.0	20.0	3.0	20.0	20.0
Number of annuitants	16	19	46	53	18
Number of members	44	93	742	139	46
Number of depositing members	34	64	602	104	33
Average age of depositing members	45.9	43.6	39.8	46.0	49.3
Average length of service of depositing members	8.8	6.3	4.8	8.6	8.6

Number	297	298	299	300	301
<b>Name</b>	<b>Robertson County</b>	<b>Rockwall County</b>	<b>Runnels County</b>	<b>Rusk County</b>	<b>Sabine County</b>
<b>Plan type</b>	Variable	Variable	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 557,143	\$ 965,854	\$ 292,527	\$ 1,653,122	\$ 158,546
Members	5,911,163	12,005,901	4,540,118	13,928,911	2,080,673
Total	6,468,306	12,971,755	4,832,645	15,582,033	2,239,219
<b>2 Actuarial present value of future normal cost contributions</b>	1,075,004	2,798,080	563,333	2,075,276	396,776
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	5,393,302	10,173,675	4,269,312	13,506,757	1,842,443
<b>4 Actuarial value of assets</b>	5,036,724	8,130,016	3,742,436	11,953,859	2,234,495
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 356,578	\$ 2,043,659	\$ 526,876	\$ 1,552,898	\$ (392,052)
<b>6 Funded ratio [line 4 ÷ line 3]</b>	93.4%	79.9%	87.7%	88.5%	121.3%
<b>Required employer rates for 2004</b>					
Normal cost	5.34%	6.24%	4.44%	5.17%	5.48%
UAAL or (OAAL)	1.00	2.17	1.99	1.85	(2.03)
Total required rate	6.34%	8.41%	6.43%	7.02%	3.45%
<b>Elected rate</b>	N/A	N/A	N/A	N/A	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	20.0	20.0	20.0	20.0	30.0
Number of annuitants	31	39	42	84	17
Number of members	117	273	106	290	75
Number of depositing members	99	199	92	234	60
Average age of depositing members	45.6	43.1	50.3	46.4	47.7
Average length of service of depositing members	8.5	6.3	10.3	8.5	6.6

ACTUARIAL SECTION



ACTUARIAL VALUATION RESULTS BY EMPLOYER As of Dec. 31, 2002

Number	302	303	304	305	306
Name	San Augustine County	San Jacinto County	San Patricio County	San Saba County	Schleicher County
<b>Plan type</b>	Variable	Variable	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 154,582	\$ 666,161	\$ 2,686,275	\$ 173,234	\$ 174,350
Members	2,089,285	4,976,527	31,061,635	2,156,172	2,871,498
Total	2,243,867	5,642,688	33,747,910	2,329,406	3,045,848
<b>2 Actuarial present value of future normal cost contributions</b>	312,724	811,447	4,565,210	332,928	456,322
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	1,931,143	4,831,241	29,182,700	1,996,478	2,589,526
<b>4 Actuarial value of assets</b>	1,950,591	4,186,995	26,695,180	1,859,758	2,388,929
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ (19,448)	\$ 644,246	\$ 2,487,520	\$ 136,720	\$ 200,597
<b>6 Funded ratio [line 4 ÷ line 3]</b>	101.0%	86.7%	91.5%	93.2%	92.3%
<b>Required employer rates for 2004</b>					
Normal cost	5.05%	5.50%	5.61%	6.14%	7.07%
UAAL or (OAAL)	(0.11)	1.82	1.60	1.35	1.98
Total required rate	4.94%	7.32%	7.21%	7.49%	9.05%
<b>Elected rate</b>	N/A	N/A	N/A	N/A	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	30.0	20.0	20.0	20.0	20.0
Number of annuitants	9	43	113	19	15
Number of members	75	168	588	48	43
Number of depositing members	56	118	443	38	37
Average age of depositing members	46.7	48.3	44.1	47.2	46.5
Average length of service of depositing members	5.7	6.3	9.2	7.5	10.5

Number	307	308	309	310	311
Name	Scurry County	Shackelford County	Shelby County	Sherman County	Smith County
<b>Plan type</b>	Variable	Variable	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 2,949,212	\$ 199,445	\$ 840,542	\$ 415,981	\$ 7,698,471
Members	18,327,824	1,479,962	4,400,188	3,841,727	45,958,144
Total	21,277,036	1,679,407	5,240,730	4,257,708	53,656,615
<b>2 Actuarial present value of future normal cost contributions</b>	3,254,209	233,067	886,347	485,585	7,992,458
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	18,022,827	1,446,340	4,354,383	3,772,123	45,664,157
<b>4 Actuarial value of assets</b>	16,963,915	1,345,724	3,593,145	2,664,058	35,428,427
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 1,058,912	\$ 100,616	\$ 761,238	\$ 1,108,065	\$ 10,235,730
<b>6 Funded ratio [line 4 ÷ line 3]</b>	94.1%	93.0%	82.5%	70.6%	77.6%
<b>Required employer rates for 2004</b>					
Normal cost	5.47%	5.46%	5.42%	8.39%	5.99%
UAAL or (OAAL)	0.92	1.44	2.39	8.26	3.72
Total required rate	6.39%	6.90%	7.81%	16.65%	9.71%
<b>Elected rate</b>	N/A	N/A	N/A	N/A	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	20.0	20.0	20.0	20.0	20.0
Number of annuitants	147	11	44	21	184
Number of members	479	44	110	60	921
Number of depositing members	332	33	88	43	711
Average age of depositing members	43.1	48.6	46.1	52.4	41.8
Average length of service of depositing members	6.0	7.5	8.1	9.9	7.6

ACTUARIAL VALUATION RESULTS BY EMPLOYER As of Dec. 31, 2002

Number	312	313	314	315	316
<b>Name</b>	<b>Somervell County</b>	<b>Starr County</b>	<b>Stephens County</b>	<b>Sterling County</b>	<b>Stonewall County</b>
<b>Plan type</b>	Variable	Variable	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 1,208,893	\$ 1,881,872	\$ 509,503	\$ 335,529	\$ 243,484
Members	10,426,746	10,316,134	4,246,878	2,122,100	1,232,465
Total	11,635,639	12,198,006	4,756,381	2,457,629	1,475,949
<b>2 Actuarial present value of future normal cost contributions</b>	2,354,585	1,751,576	432,286	481,530	165,130
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	9,281,054	10,446,430	4,324,095	1,976,099	1,310,819
<b>4 Actuarial value of assets</b>	7,916,030	6,996,449	3,668,936	1,991,308	1,292,985
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 1,365,024	\$ 3,449,981	\$ 655,159	\$ (15,209)	\$ 17,834
<b>6 Funded ratio [line 4 ÷ line 3]</b>	85.3%	67.0%	84.8%	100.8%	98.6%
<b>Required employer rates for 2004</b>					
Normal cost	8.17%	3.08%	6.07%	6.51%	4.87%
UAAL or (OAAL)	2.68	3.67	4.41	(0.11)	0.20
Total required rate	10.85%	6.75%	10.48%	6.40%	5.07%
<b>Elected rate</b>	N/A	N/A	N/A	7.00%	6.00%
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	20.0	20.0	20.0	0.0	2.0
Number of annuitants	38	74	22	27	12
Number of members	157	592	47	98	45
Number of depositing members	136	418	41	55	35
Average age of depositing members	44.4	41.4	50.0	48.7	51.3
Average length of service of depositing members	7.5	8.7	12.9	4.7	8.5

Number	317	318	319	320	321
<b>Name</b>	<b>Sutton County</b>	<b>Swisher County</b>	<b>Tarrant County</b>	<b>Taylor County</b>	<b>Terrell County</b>
<b>Plan type</b>	Variable	Variable	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 554,481	\$ 629,981	\$ 51,612,636	\$ 4,105,474	\$ 198,746
Members	4,638,979	2,256,563	450,387,174	39,274,797	1,282,646
Total	5,193,460	2,886,544	501,999,810	43,380,271	1,481,392
<b>2 Actuarial present value of future normal cost contributions</b>	763,863	434,906	84,175,421	4,545,023	207,486
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	4,429,597	2,451,638	417,824,389	38,835,248	1,273,906
<b>4 Actuarial value of assets</b>	4,347,491	2,053,276	341,305,887	29,721,199	940,376
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 82,106	\$ 398,362	\$ 76,518,502	\$ 9,114,049	\$ 333,530
<b>6 Funded ratio [line 4 ÷ line 3]</b>	98.1%	83.8%	81.7%	76.5%	73.8%
<b>Required employer rates for 2004</b>					
Normal cost	5.62%	6.48%	6.73%	4.00%	4.77%
UAAL or (OAAL)	0.30	3.31	3.31	4.49	4.84
Total required rate	5.92%	9.79%	10.04%	8.49%	9.61%
<b>Elected rate</b>	7.00%	N/A	N/A	N/A	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	2.9	20.0	20.0	20.0	20.0
Number of annuitants	22	35	962	114	19
Number of members	77	64	4,795	678	30
Number of depositing members	58	50	4,045	552	29
Average age of depositing members	43.6	50.2	44.5	43.6	48.2
Average length of service of depositing members	10.3	6.4	9.7	9.4	10.4

ACTUARIAL SECTION

ACTUARIAL VALUATION RESULTS BY EMPLOYER As of Dec. 31, 2002

Number	322	323	324	325	326
Name	Terry County	Throckmorton County	Titus County	Tom Green County	Travis County
<b>Plan type</b>	Variable	Variable	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 723,977	\$ 220,632	\$ 996,794	\$ 4,209,986	\$ 35,144,501
Members	5,046,078	1,013,627	8,748,200	30,313,495	458,325,696
Total	5,770,055	1,234,259	9,744,994	34,523,481	493,470,197
<b>2 Actuarial present value of future normal cost contributions</b>	813,366	132,348	1,512,769	4,737,009	97,345,079
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	4,956,689	1,101,911	8,232,225	29,786,472	396,125,118
<b>4 Actuarial value of assets</b>	3,868,356	886,166	8,067,925	24,798,454	341,802,422
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 1,088,333	\$ 215,745	\$ 164,300	\$ 4,988,018	\$ 54,322,696
<b>6 Funded ratio [line 4 ÷ line 3]</b>	78.0%	80.4%	98.0%	83.3%	86.3%
<b>Required employer rates for 2004</b>					
Normal cost	4.49%	3.90%	7.44%	4.84%	7.39%
UAAL or (OAAL)	2.93	3.89	0.40	2.68	2.43
Total required rate	7.42%	7.79%	7.84%	7.52%	9.82%
<b>Elected rate</b>	N/A	N/A	N/A	N/A	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	20.0	20.0	20.0	20.0	20.0
Number of annuitants	53	12	27	138	540
Number of members	122	37	168	744	5,071
Number of depositing members	105	28	118	571	4,079
Average age of depositing members	47.4	48.6	43.7	42.0	41.8
Average length of service of depositing members	7.4	8.1	8.6	7.7	8.9

Number	327	328	329	330	331
Name	Trinity County	Tyler County	Upshur County	Upton County	Uvalde County
<b>Plan type</b>	Variable	Variable	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 449,860	\$ 936,088	\$ 1,830,357	\$ 476,167	\$ 1,028,489
Members	3,495,609	6,281,600	12,498,517	5,315,775	10,791,923
Total	3,945,469	7,217,688	14,328,874	5,791,942	11,820,412
<b>2 Actuarial present value of future normal cost contributions</b>	457,977	1,158,458	2,471,219	707,605	1,939,044
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	3,487,492	6,059,230	11,857,655	5,084,337	9,881,368
<b>4 Actuarial value of assets</b>	2,716,340	5,561,404	10,081,487	4,339,232	8,778,494
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 771,152	\$ 497,826	\$ 1,776,168	\$ 745,105	\$ 1,102,874
<b>6 Funded ratio [line 4 ÷ line 3]</b>	77.9%	91.8%	85.0%	85.3%	88.8%
<b>Required employer rates for 2004</b>					
Normal cost	5.10%	6.63%	7.00%	4.81%	6.23%
UAAL or (OAAL)	4.31	1.51	2.63	2.74	1.77
Total required rate	9.41%	8.14%	9.63%	7.55%	8.00%
<b>Elected rate</b>	N/A	N/A	N/A	N/A	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	20.0	20.0	20.0	20.0	20.0
Number of annuitants	25	46	58	41	37
Number of members	75	138	236	90	227
Number of depositing members	60	113	194	69	179
Average age of depositing members	47.3	45.2	45.1	46.4	44.7
Average length of service of depositing members	9.9	8.4	7.5	10.0	8.4

ACTUARIAL VALUATION RESULTS BY EMPLOYER As of Dec. 31, 2002

Number	332	333	334	335	336
<b>Name</b>	<b>Val Verde County</b>	<b>Van Zandt County</b>	<b>Victoria County</b>	<b>Walker County</b>	<b>Waller County</b>
<b>Plan type</b>	Variable	Variable	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 1,016,675	\$ 1,066,794	\$ 5,172,225	\$ 2,395,170	\$ 1,451,294
Members	15,015,854	8,477,705	43,242,953	18,010,526	12,299,433
Total	16,032,529	9,544,499	48,415,178	20,405,696	13,750,727
<b>2 Actuarial present value of future normal cost contributions</b>	2,236,833	1,411,658	7,246,641	3,489,958	1,791,059
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	13,795,696	8,132,841	41,168,537	16,915,738	11,959,668
<b>4 Actuarial value of assets</b>	12,105,734	7,095,020	35,551,549	13,980,733	10,783,533
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 1,689,962	\$ 1,037,821	\$ 5,616,988	\$ 2,935,005	\$ 1,176,135
<b>6 Funded ratio [line 4 ÷ line 3]</b>	87.8%	87.2%	86.4%	82.6%	90.2%
<b>Required employer rates for 2004</b>					
Normal cost	6.66%	5.42%	5.33%	6.04%	5.17%
UAAL or (OAAL)	2.40	1.77	2.38	2.57	1.76
Total required rate	9.06%	7.19%	7.71%	8.61%	6.93%
<b>Elected rate</b>	N/A	N/A	N/A	N/A	7.00%
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	20.0	20.0	20.0	20.0	18.7
Number of annuitants	41	63	106	78	84
Number of members	254	266	755	417	267
Number of depositing members	206	180	563	278	181
Average age of depositing members	44.9	44.2	41.2	41.6	43.7
Average length of service of depositing members	10.0	5.8	8.7	7.5	9.2

Number	337	338	339	340	341
<b>Name</b>	<b>Ward County</b>	<b>Washington County</b>	<b>Webb County</b>	<b>Wharton County</b>	<b>Wheeler County</b>
<b>Plan type</b>	Variable	Variable	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 2,082,504	\$ 1,023,692	\$ 4,273,797	\$ 2,595,178	\$ 491,974
Members	8,485,219	9,976,015	72,368,953	16,361,977	2,804,839
Total	10,567,723	10,999,707	76,642,750	18,957,155	3,296,813
<b>2 Actuarial present value of future normal cost contributions</b>	1,542,655	2,155,923	16,888,356	2,796,737	413,900
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	9,025,068	8,843,784	59,754,394	16,160,418	2,882,913
<b>4 Actuarial value of assets</b>	7,505,720	7,520,423	53,575,361	12,890,714	2,309,905
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 1,519,348	\$ 1,323,361	\$ 6,179,033	\$ 3,269,704	\$ 573,008
<b>6 Funded ratio [line 4 ÷ line 3]</b>	83.2%	85.0%	89.7%	79.8%	80.1%
<b>Required employer rates for 2004</b>					
Normal cost	6.59%	5.62%	6.17%	5.66%	5.45%
UAAL or (OAAL)	3.49	1.84	1.32	4.02	4.38
Total required rate	10.08%	7.46%	7.49%	9.68%	9.83%
<b>Elected rate</b>	N/A	N/A	N/A	N/A	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	20.0	20.0	20.0	20.0	20.0
Number of annuitants	75	47	169	105	26
Number of members	165	236	1,548	267	57
Number of depositing members	130	186	1,287	223	48
Average age of depositing members	44.4	41.5	40.3	45.6	47.2
Average length of service of depositing members	7.6	7.1	8.7	10.4	8.9

ACTUARIAL SECTION

ACTUARIAL VALUATION RESULTS BY EMPLOYER As of Dec. 31, 2002

Number	342	343	344	345	346
Name	Wichita County	Wilbarger County	Willacy County	Williamson County	Wilson County
<b>Plan type</b>	Variable	Variable	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 3,258,402	\$ 894,573	\$ 563,499	\$ 5,747,648	\$ 681,788
Members	33,719,144	6,699,657	6,299,771	87,440,419	6,157,295
Total	36,977,546	7,594,230	6,863,270	93,188,067	6,839,083
<b>2 Actuarial present value of future normal cost contributions</b>	5,211,652	921,672	938,738	24,196,221	1,255,170
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	31,765,894	6,672,558	5,924,532	68,991,846	5,583,913
<b>4 Actuarial value of assets</b>	25,497,847	5,388,387	5,444,373	55,171,355	4,967,078
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 6,268,047	\$ 1,284,171	\$ 480,159	\$ 13,820,491	\$ 616,835
<b>6 Funded ratio [line 4 ÷ line 3]</b>	80.3%	80.8%	91.9%	80.0%	89.0%
<b>Required employer rates for 2004</b>					
Normal cost	5.61%	6.29%	5.79%	7.88%	5.31%
UAAL or (OAAL)	3.36	4.40	1.52	2.47	1.40
Total required rate	8.97%	10.69%	7.31%	10.35%	6.71%
<b>Elected rate</b>	N/A	N/A	N/A	N/A	7.00%
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	20.0	20.0	20.0	20.0	14.8
Number of annuitants	136	37	32	128	37
Number of members	684	95	157	1,479	192
Number of depositing members	512	87	126	1,161	146
Average age of depositing members	42.8	48.4	42.7	41.8	43.5
Average length of service of depositing members	8.8	10.1	9.3	6.9	7.1

Number	347	348	349	350	351
Name	Winkler County	Wise County	Wood County	Yoakum County	Young County
<b>Plan type</b>	Variable	Variable	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 2,298,855	\$ 1,577,594	\$ 1,626,757	\$ 4,132,843	\$ 1,166,091
Members	9,278,186	15,072,713	11,904,202	15,555,209	6,870,624
Total	11,577,041	16,650,307	13,530,959	19,688,052	8,036,715
<b>2 Actuarial present value of future normal cost contributions</b>	1,337,404	3,871,288	2,207,915	2,109,767	964,003
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	10,239,637	12,779,019	11,323,044	17,578,285	7,072,712
<b>4 Actuarial value of assets</b>	8,639,206	10,758,754	9,153,851	13,838,984	6,059,710
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 1,600,431	\$ 2,020,265	\$ 2,169,193	\$ 3,739,301	\$ 1,013,002
<b>6 Funded ratio [line 4 ÷ line 3]</b>	84.4%	84.2%	80.8%	78.7%	85.7%
<b>Required employer rates for 2004</b>					
Normal cost	5.73%	6.83%	6.10%	5.11%	5.44%
UAAL or (OAAL)	3.69	1.78	3.29	4.45	3.06
Total required rate	9.42%	8.61%	9.39%	9.56%	8.50%
<b>Elected rate</b>	N/A	N/A	9.67%	N/A	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	20.0	20.0	17.5	20.0	20.0
Number of annuitants	86	56	76	94	49
Number of members	179	356	220	272	134
Number of depositing members	139	290	182	225	107
Average age of depositing members	44.7	41.9	44.9	45.7	46.1
Average length of service of depositing members	7.8	6.2	8.4	8.2	8.3



ACTUARIAL VALUATION RESULTS BY EMPLOYER As of Dec. 31, 2002

Number	352	353	354	638	615
<b>Name</b>	<b>Zapata County</b>	<b>Zavala County</b>	<b>TCDRS</b>	<b>Acton MUD</b>	<b>Alamo Area COG</b>
<b>Plan type</b>	Variable	Variable	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 440,680	\$ 915,083	\$ 1,381,111	\$ 0	\$ 573,403
Members	14,455,776	3,641,146	8,179,846	541,254	4,958,957
Total	14,896,456	4,556,229	9,560,957	541,254	5,532,360
<b>2 Actuarial present value of future normal cost contributions</b>	3,271,482	527,094	2,230,752	204,665	1,351,308
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	11,624,974	4,029,135	7,330,205	336,589	4,181,052
<b>4 Actuarial value of assets</b>	11,891,091	4,250,127	6,146,865	317,830	3,281,767
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ (266,117)	\$ (220,992)	\$ 1,183,340	\$ 18,759	\$ 899,285
<b>6 Funded ratio [line 4 ÷ line 3]</b>	102.3%	105.5%	83.9%	94.4%	78.5%
<b>Required employer rates for 2004</b>					
Normal cost	7.48%	7.94%	7.13%	3.35%	3.78%
UAAL or (OAAL)	(0.28)	(1.49)	2.17	0.28	1.75
Total required rate	7.20%	6.45%	9.30%	3.63%	5.53%
<b>Elected rate</b>	7.36%	7.00%	9.50%	N/A	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	0.0	0.0	17.3	20.0	20.0
Number of annuitants	21	15	8	0	11
Number of members	363	72	112	47	239
Number of depositing members	316	50	81	22	161
Average age of depositing members	41.0	44.6	42.8	41.7	43.4
Average length of service of depositing members	7.6	7.5	6.2	2.5	5.2

Number	684	502	576	614	459
<b>Name</b>	<b>Angelina/ Nacogdoches Co. WCID #1</b>	<b>Angelina Co. AD</b>	<b>Angleton DD</b>	<b>Aquilla WSD— Hill Co.</b>	<b>Aransas Co. AD</b>
<b>Plan type</b>	Variable	Variable	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 0	\$ 77,921	\$ 52,247	\$ 16,051	\$ 0
Members	73,324	2,002,447	818,832	293,507	1,126,883
Total	73,324	2,080,368	871,079	309,558	1,126,883
<b>2 Actuarial present value of future normal cost contributions</b>	56,283	241,271	144,252	57,168	93,657
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	17,041	1,839,097	726,827	252,390	1,033,226
<b>4 Actuarial value of assets</b>	5,443	1,904,761	618,135	181,765	930,531
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 11,598	\$ (65,664)	\$ 108,692	\$ 70,625	\$ 102,695
<b>6 Funded ratio [line 4 ÷ line 3]</b>	31.9%	103.6%	85.0%	72.0%	90.1%
<b>Required employer rates for 2004</b>					
Normal cost	5.28%	7.57%	4.80%	4.32%	7.86%
UAAL or (OAAL)	1.20	(0.96)	3.32	4.29	5.01
Total required rate	6.48%	6.61%	8.12%	8.61%	12.87%
<b>Elected rate</b>	N/A	7.00%	N/A	N/A	12.42%
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	20.0	0.0	20.0	20.0	20.0
Number of annuitants	0	2	5	2	0
Number of members	3	19	11	6	7
Number of depositing members	3	13	9	6	6
Average age of depositing members	46.6	50.0	43.8	47.4	48.3
Average length of service of depositing members	9.7	13.4	11.4	12.1	17.7

ACTUARIAL SECTION

ACTUARIAL VALUATION RESULTS BY EMPLOYER As of Dec. 31, 2002

Number	668	503	551	461	597
<b>Name</b>	<b>Aransas Co. ND #1</b>	<b>Archer Co. AD</b>	<b>Atascosa Co. AD</b>	<b>Austin Co. AD</b>	<b>Bacliff MUD</b>
<b>Plan type</b>	Variable	Variable	Variable	Variable	Fixed
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 0	\$ 3,269	\$ 95,223	\$ 56,737	\$ 0
Members	251,682	417,065	563,766	934,809	484,609
Total	251,682	420,334	658,989	991,546	484,609
<b>2 Actuarial present value of future normal cost contributions</b>	173,069	53,609	154,889	252,144	74,692
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	78,613	366,725	504,100	739,402	409,917
<b>4 Actuarial value of assets</b>	54,318	393,215	460,162	958,855	318,814
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 24,295	\$ (26,490)	\$ 43,938	\$ (219,453)	\$ 91,103
<b>6 Funded ratio [line 4 ÷ line 3]</b>	69.1%	107.2%	91.3%	129.7%	77.8%
<b>Required employer rates for 2004</b>					
Normal cost	6.96%	7.44%	6.87%	8.39%	2.82%
UAAL or (OAAL)	1.01	(2.97)	1.67	(3.63)	2.88
Total required rate	7.97%	4.47%	8.54%	4.76%	5.70%
<b>Elected rate</b>	N/A	7.00%	N/A	N/A	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	20.0	0.0	20.0	30.0	22.6
Number of annuitants	0	1	4	2	0
Number of members	8	10	16	18	9
Number of depositing members	7	3	12	13	8
Average age of depositing members	46.0	35.4	46.5	44.7	44.5
Average length of service of depositing members	9.0	6.5	5.5	5.9	15.6

Number	411	685	613	690	506
<b>Name</b>	<b>Bandera Co. WCID #1</b>	<b>Baylor Co. AD</b>	<b>Bayview ID #11</b>	<b>Bayview MUD</b>	<b>Bell Co. AD</b>
<b>Plan type</b>	Fixed	Variable	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 3,755	\$ 0	\$ 23,268	\$ 0	\$ 393,980
Members	0	41,847	155,773	49,143	4,529,761
Total	3,755	41,847	179,041	49,143	4,923,741
<b>2 Actuarial present value of future normal cost contributions</b>	0	30,944	20,933	45,651	488,382
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	3,755	10,903	158,108	3,492	4,435,359
<b>4 Actuarial value of assets</b>	3,322	4,683	112,582	1,859	3,949,267
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 433	\$ 6,220	\$ 45,526	\$ 1,633	\$ 486,092
<b>6 Funded ratio [line 4 ÷ line 3]</b>	88.5%	43.0%	71.2%	53.2%	89.0%
<b>Required employer rates for 2004</b>					
Normal cost	0.00%	5.68%	3.90%	3.01%	5.06%
UAAL or (OAAL)	0.00	0.91	5.34	0.13	3.62
Total required rate	0.00%	6.59%	9.24%	3.14%	8.68%
<b>Elected rate</b>	N/A	N/A	N/A	N/A	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	0.0	20.0	20.0	20.0	20.0
Number of annuitants	2	0	2	0	17
Number of members	0	3	4	3	60
Number of depositing members	0	3	4	3	46
Average age of depositing members	0.0	53.1	50.5	44.4	43.9
Average length of service of depositing members	0.0	6.5	14.3	3.8	14.0

ACTUARIAL VALUATION RESULTS BY EMPLOYER As of Dec. 31, 2002

Number	418	472	544	616	525
<b>Name</b>	<b>Bell Co. WCID #1</b>	<b>Bexar AD</b>	<b>Bexar Co. WCID #10</b>	<b>Bistone MWSD —Limestone Co.</b>	<b>Borden Co. AD</b>
<b>Plan type</b>	Variable	Variable	Fixed	Variable	Fixed
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 699,578	\$ 1,251,258	\$ 61,632	\$ 0	\$ 0
Members	1,675,954	22,724,682	302,782	549,524	9,326
Total	2,375,532	23,975,940	364,414	549,524	9,326
<b>2 Actuarial present value of future normal cost contributions</b>	234,225	2,965,618	49,005	121,460	7,405
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	2,141,307	21,010,322	315,409	428,064	1,921
<b>4 Actuarial value of assets</b>	1,676,877	19,065,221	259,225	380,817	8,675
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 464,430	\$ 1,945,101	\$ 56,184	\$ 47,247	\$ (6,754)
<b>6 Funded ratio [line 4 ÷ line 3]</b>	78.3%	90.7%	82.2%	89.0%	451.6%
<b>Required employer rates for 2004</b>					
Normal cost	3.06%	5.84%	3.27%	5.81%	5.17%
UAAL or (OAAL)	3.60	2.87	2.73	2.18	1.83
Total required rate	6.66%	8.71%	6.00%	7.99%	7.00%
<b>Elected rate</b>	9.00%	9.00%	N/A	N/A	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	9.1	16.1	31.4	20.0	0.0
Number of annuitants	17	30	3	0	1
Number of members	41	244	7	7	1
Number of depositing members	33	181	6	6	1
Average age of depositing members	43.2	43.0	46.8	43.8	43.0
Average length of service of depositing members	7.3	12.3	10.5	12.2	7.8

Number	521	508	413	424	681
<b>Name</b>	<b>Bosque Co. CAD</b>	<b>Brazoria Co. AD</b>	<b>Brazoria Co. CRD #3</b>	<b>Brazoria Co. DD #4</b>	<b>Brazoria Co. DD #5</b>
<b>Plan type</b>	Variable	Fixed	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 0	\$ 260,968	\$ 238,523	\$ 386,614	\$ 0
Members	570,987	3,593,707	2,614,760	3,160,940	37,719
Total	570,987	3,854,675	2,853,283	3,547,554	37,719
<b>2 Actuarial present value of future normal cost contributions</b>	96,071	541,112	429,258	865,442	30,106
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	474,916	3,313,563	2,424,025	2,682,112	7,613
<b>4 Actuarial value of assets</b>	453,841	3,089,623	2,014,004	1,692,574	7,664
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 21,075	\$ 223,940	\$ 410,021	\$ 989,538	\$ (51)
<b>6 Funded ratio [line 4 ÷ line 3]</b>	95.6%	93.2%	83.1%	63.1%	100.7%
<b>Required employer rates for 2004</b>					
Normal cost	8.57%	5.55%	6.08%	9.06%	2.81%
UAAL or (OAAL)	1.01	1.45	4.42	7.41	(0.05)
Total required rate	9.58%	7.00%	10.50%	16.47%	2.76%
<b>Elected rate</b>	11.00%	N/A	N/A	N/A	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	4.8	Infinity	20.0	20.0	30.0
Number of annuitants	0	9	13	14	0
Number of members	10	49	31	38	5
Number of depositing members	8	40	26	38	5
Average age of depositing members	53.9	44.9	42.4	43.1	35.6
Average length of service of depositing members	8.4	10.0	10.1	8.4	1.1

ACTUARIAL SECTION

ACTUARIAL VALUATION RESULTS BY EMPLOYER As of Dec. 31, 2002

Number	689	600	581	554	522
<b>Name</b>	<b>Brazos Co. AD</b>	<b>Brazos Co. ECD</b>	<b>Brewster Co. AD</b>	<b>Brookshire-Katy DD</b>	<b>Brookshire MWD</b>
<b>Plan type</b>	Variable	Variable	Fixed	Fixed	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 0	\$ 31,850	\$ 19,360	\$ 8,331	\$ 112,108
Members	678,049	2,078,011	138,124	335,867	722,768
Total	678,049	2,109,861	157,484	344,198	834,876
<b>2 Actuarial present value of future normal cost contributions</b>	417,276	500,806	31,108	39,040	93,326
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	260,773	1,609,055	126,376	305,158	741,550
<b>4 Actuarial value of assets</b>	35,730	1,526,151	118,484	280,940	629,819
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 225,043	\$ 82,904	\$ 7,892	\$ 24,218	\$ 111,731
<b>6 Funded ratio [line 4 ÷ line 3]</b>	13.7%	94.8%	93.8%	92.1%	84.9%
<b>Required employer rates for 2004</b>					
Normal cost	8.33%	6.38%	3.80%	3.54%	5.25%
UAAL or (OAAL)	2.95	0.88	3.20	1.76	4.50
Total required rate	11.28%	7.26%	7.00%	5.30%	9.75%
<b>Elected rate</b>	N/A	N/A	N/A	N/A	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	20.0	20.0	2.5	11.7	20.0
Number of annuitants	0	1	1	1	1
Number of members	21	37	6	5	13
Number of depositing members	21	24	4	5	7
Average age of depositing members	45.6	36.8	39.9	53.5	44.9
Average length of service of depositing members	14.0	8.8	7.9	14.0	18.2

Number	642	609	542	618	664
<b>Name</b>	<b>Brushy Creek MUD—Williamson Co.</b>	<b>Burnet Co. AD</b>	<b>Callahan Co. AD</b>	<b>Cameron Co. AD</b>	<b>Cameron Co. DD #3</b>
<b>Plan type</b>	Variable	Fixed	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 72,337	\$ 8,223	\$ 31,067	\$ 13,158	\$ 0
Members	545,461	1,211,978	315,268	4,048,510	192,605
Total	617,798	1,220,201	346,335	4,061,668	192,605
<b>2 Actuarial present value of future normal cost contributions</b>	319,584	149,620	38,246	578,254	93,971
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	298,214	1,070,581	308,089	3,483,414	98,634
<b>4 Actuarial value of assets</b>	210,626	874,781	292,878	2,906,580	80,698
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 87,588	\$ 195,800	\$ 15,211	\$ 576,834	\$ 17,936
<b>6 Funded ratio [line 4 ÷ line 3]</b>	70.6%	81.7%	95.1%	83.4%	81.8%
<b>Required employer rates for 2004</b>					
Normal cost	4.38%	3.75%	4.06%	4.55%	4.16%
UAAL or (OAAL)	0.96	6.55	1.41	3.62	0.61
Total required rate	5.34%	10.30%	5.47%	8.17%	4.77%
<b>Elected rate</b>	N/A	N/A	N/A	N/A	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	20.0	6.2	20.0	20.0	20.0
Number of annuitants	2	1	1	2	0
Number of members	42	25	7	64	18
Number of depositing members	19	18	5	53	17
Average age of depositing members	40.5	48.8	49.5	43.8	49.6
Average length of service of depositing members	2.9	11.8	11.1	10.8	7.4

ACTUARIAL VALUATION RESULTS BY EMPLOYER As of Dec. 31, 2002

Number	686	462	590	670	610
<b>Name</b>	<b>Cameron Co. DD #5</b>	<b>Cameron Co. ID #2</b>	<b>Cameron Co. ID #6</b>	<b>Camp CAD</b>	<b>Cass Co. AD</b>
<b>Plan type</b>	Variable	Fixed	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 0	\$ 232,185	\$ 36,124	\$ 0	\$ 38,566
Members	70,626	1,577,923	273,823	76,137	594,432
Total	70,626	1,810,108	309,947	76,137	632,998
<b>2 Actuarial present value of future normal cost contributions</b>	64,043	193,851	67,935	45,585	105,692
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	6,583	1,616,257	242,012	30,552	527,306
<b>4 Actuarial value of assets</b>	4,957	1,454,274	247,740	30,143	395,301
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 1,626	\$ 161,983	\$ (5,728)	\$ 409	\$ 132,005
<b>6 Funded ratio [line 4 ÷ line 3]</b>	75.3%	90.0%	102.4%	98.7%	75.0%
<b>Required employer rates for 2004</b>					
Normal cost	5.30%	3.47%	3.93%	4.16%	5.60%
UAAL or (OAAL)	0.20	3.53	(0.18)	0.00	4.47
Total required rate	5.50%	7.00%	3.75%	4.16%	10.07%
<b>Elected rate</b>	N/A	N/A	N/A	N/A	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	20.0	7.7	30.0	20.0	20.0
Number of annuitants	0	30	9	0	2
Number of members	2	51	14	6	14
Number of depositing members	2	33	12	5	12
Average age of depositing members	39.5	43.4	47.7	44.5	48.9
Average length of service of depositing members	1.7	11.2	10.2	4.2	12.1

Number	635	602	648	531	548
<b>Name</b>	<b>CAD of Johnson Co.</b>	<b>CAD of Taylor Co.</b>	<b>Cent. WCID—Angelina Co.</b>	<b>Chambers Co. AD</b>	<b>Chambers Co. Public HD</b>
<b>Plan type</b>	Variable	Variable	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 117,443	\$ 254,263	\$ 0	\$ 32,294	\$ 128,974
Members	1,823,451	2,352,894	148,444	1,458,143	1,213,413
Total	1,940,894	2,607,157	148,444	1,490,437	1,342,387
<b>2 Actuarial present value of future normal cost contributions</b>	550,787	330,737	54,768	290,312	380,561
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	1,390,107	2,276,420	93,676	1,200,125	961,826
<b>4 Actuarial value of assets</b>	926,014	1,699,585	47,154	974,406	1,106,687
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 464,093	\$ 576,835	\$ 46,522	\$ 225,719	\$ (144,861)
<b>6 Funded ratio [line 4 ÷ line 3]</b>	66.6%	74.7%	50.3%	81.2%	115.1%
<b>Required employer rates for 2004</b>					
Normal cost	6.96%	3.83%	4.17%	8.45%	4.72%
UAAL or (OAAL)	4.67	5.73	4.44	4.86	(1.30)
Total required rate	11.63%	9.56%	8.61%	13.31%	3.42%
<b>Elected rate</b>	N/A	N/A	N/A	14.00%	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	20.0	20.0	20.0	14.8	30.0
Number of annuitants	3	8	0	2	8
Number of members	41	33	4	11	31
Number of depositing members	33	27	4	11	23
Average age of depositing members	42.1	46.3	41.0	42.6	39.8
Average length of service of depositing members	9.4	13.0	13.7	11.4	5.8

ACTUARIAL SECTION



ACTUARIAL VALUATION RESULTS BY EMPLOYER As of Dec. 31, 2002

Number	511	582	465	485	477
<b>Name</b>	<b>Childress Co. AD</b>	<b>Childress Co. HD</b>	<b>Cisco HD</b>	<b>Clay Co. Cent. Tax Auth.</b>	<b>Cochran Co. AD</b>
<b>Plan type</b>	Variable	Variable	Fixed	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 45,986	\$ 242,775	\$ 55,144	\$ 71,420	\$ 25,601
Members	45,228	6,387,969	80,422	530,907	125,879
Total	91,214	6,630,744	135,566	602,327	151,480
<b>2 Actuarial present value of future normal cost contributions</b>	28,577	1,477,182	0	62,557	27,392
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	62,637	5,153,562	135,566	539,770	124,088
<b>4 Actuarial value of assets</b>	42,490	5,142,202	141,778	529,939	135,667
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 20,147	\$ 11,360	\$ (6,212)	\$ 9,831	\$ (11,579)
<b>6 Funded ratio [line 4 ÷ line 3]</b>	67.8%	99.8%	104.6%	98.2%	109.3%
<b>Required employer rates for 2004</b>					
Normal cost	2.98%	4.42%	0.00%	7.91%	5.66%
UAAL or (OAAL)	3.13	0.02	0.00	0.82	(1.26)
Total required rate	6.11%	4.44%	0.00%	8.73%	4.40%
<b>Elected rate</b>	N/A	N/A	N/A	N/A	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	20.0	20.0	0.0	20.0	30.0
Number of annuitants	3	16	7	3	2
Number of members	3	203	4	8	4
Number of depositing members	3	176	0	6	3
Average age of depositing members	41.4	42.7	0.0	56.4	51.3
Average length of service of depositing members	4.6	7.3	0.0	11.3	6.6

Number	457	623	636	487	409
<b>Name</b>	<b>Collin Co. CAD</b>	<b>Comal AD</b>	<b>Concho Co. HD</b>	<b>Cooke Co. AD</b>	<b>Crockett Co. WCID #1</b>
<b>Plan type</b>	Variable	Variable	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 286,840	\$ 52,875	\$ 167,173	\$ 174,948	\$ 82,949
Members	8,891,058	1,103,797	682,062	1,204,548	1,063,140
Total	9,177,898	1,156,672	849,235	1,379,496	1,146,089
<b>2 Actuarial present value of future normal cost contributions</b>	1,262,144	215,692	143,375	253,263	114,532
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	7,915,754	940,980	705,860	1,126,233	1,031,557
<b>4 Actuarial value of assets</b>	7,453,106	683,832	522,489	1,165,237	974,820
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 462,648	\$ 257,148	\$ 183,371	\$ (39,004)	\$ 56,737
<b>6 Funded ratio [line 4 ÷ line 3]</b>	94.2%	72.7%	74.0%	103.5%	94.5%
<b>Required employer rates for 2004</b>					
Normal cost	7.61%	5.68%	2.68%	8.11%	4.56%
UAAL or (OAAL)	1.54	4.29	2.45	(0.69)	1.78
Total required rate	9.15%	9.97%	5.13%	7.42%	6.34%
<b>Elected rate</b>	N/A	N/A	N/A	N/A	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	20.0	20.0	20.0	30.0	20.0
Number of annuitants	5	3	7	6	8
Number of members	88	23	44	28	14
Number of depositing members	68	19	30	16	12
Average age of depositing members	49.7	48.6	44.8	43.7	45.2
Average length of service of depositing members	11.6	12.6	7.1	7.4	10.7

ACTUARIAL VALUATION RESULTS BY EMPLOYER As of Dec. 31, 2002

Number	532	603	478	550	467
<b>Name</b>	<b>Crosby Co. AD</b>	<b>Crosby MUD</b>	<b>Culberson Co. Hosp.</b>	<b>Culberson HD</b>	<b>Dallas CAD</b>
<b>Plan type</b>	Variable	Variable	Fixed	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 34,926	\$ 0	\$ 34,866	\$ 8,775	\$ 2,681,079
Members	61,045	414,149	183,797	880,343	41,226,173
Total	95,971	414,149	218,663	889,118	43,907,252
<b>2 Actuarial present value of future normal cost contributions</b>	33,607	136,386	0	196,865	6,407,909
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	62,364	277,763	218,663	692,253	37,499,343
<b>4 Actuarial value of assets</b>	100,742	309,475	236,679	931,201	34,742,301
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ (38,378)	\$ (31,712)	\$ (18,016)	\$ (238,948)	\$ 2,757,042
<b>6 Funded ratio [line 4 ÷ line 3]</b>	161.5%	111.4%	108.2%	134.5%	92.6%
<b>Required employer rates for 2004</b>					
Normal cost	5.21%	5.61%	0.00%	3.99%	7.41%
UAAL or (OAAL)	(3.45)	(1.21)	0.00	(2.30)	2.30
Total required rate	1.76%	4.40%	0.00%	1.69%	9.71%
<b>Elected rate</b>	N/A	7.00%	N/A	N/A	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	30.0	0.0	0.0	30.0	20.0
Number of annuitants	2	0	4	3	37
Number of members	3	11	4	58	337
Number of depositing members	3	9	0	29	244
Average age of depositing members	43.3	42.7	0.0	44.4	43.2
Average length of service of depositing members	2.9	4.6	0.0	4.2	10.1

Number	430	687	463	578	583
<b>Name</b>	<b>Dallas Co. Park Cities MUD</b>	<b>Dallas Co. WCID #6</b>	<b>Dawson Co. CAD</b>	<b>Deaf Smith Co. HD</b>	<b>Denco Area 911 Dist.—Denton Co.</b>
<b>Plan type</b>	Variable	Variable	Fixed	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 256,350	\$ 0	\$ 25,227	\$ 271,828	\$ 0
Members	2,230,340	330,944	643,896	3,733,126	878,985
Total	2,486,690	330,944	669,123	4,004,954	878,985
<b>2 Actuarial present value of future normal cost contributions</b>	479,325	239,266	95,550	739,795	246,043
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	2,007,365	91,678	573,573	3,265,159	632,942
<b>4 Actuarial value of assets</b>	1,774,107	40,836	613,674	3,960,626	633,172
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 233,258	\$ 50,842	\$ (40,101)	\$ (695,467)	\$ (230)
<b>6 Funded ratio [line 4 ÷ line 3]</b>	88.4%	44.5%	107.0%	121.3%	100.0%
<b>Required employer rates for 2004</b>					
Normal cost	6.61%	2.75%	6.96%	1.83%	4.66%
UAAL or (OAAL)	2.44	0.42	0.04	(0.98)	(0.23)
Total required rate	9.05%	3.17%	7.00%	0.85%	4.43%
<b>Elected rate</b>	N/A	N/A	N/A	N/A	7.00%
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	20.0	20.0	0.0	30.0	0.0
Number of annuitants	9	0	2	14	0
Number of members	23	35	7	269	11
Number of depositing members	22	31	6	192	10
Average age of depositing members	47.3	38.0	42.2	41.3	39.3
Average length of service of depositing members	9.5	4.6	11.1	6.0	8.0

ACTUARIAL SECTION

ACTUARIAL VALUATION RESULTS BY EMPLOYER As of Dec. 31, 2002

Number	482	466	593	580	448
Name	Denton CAD	DeWitt Co. AD	Eastland Co. AD	Ector Co. HD	Edwards Aquifer Auth. —Bexar Co.
<b>Plan type</b>	Variable	Fixed	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 129,090	\$ 8,241	\$ 21,018	\$ 4,708,055	\$ 177,440
Members	6,273,011	698,269	543,644	126,926,348	3,459,854
Total	6,402,101	706,510	564,662	131,634,403	3,637,294
<b>2 Actuarial present value of future normal cost contributions</b>	1,421,185	74,650	51,985	22,176,915	612,070
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	4,980,916	631,860	512,677	109,457,488	3,025,224
<b>4 Actuarial value of assets</b>	4,331,157	597,603	371,619	86,758,805	2,966,351
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 649,759	\$ 34,257	\$ 141,058	\$22,698,683	\$ 58,873
<b>6 Funded ratio [line 4 ÷ line 3]</b>	87.0%	94.6%	72.5%	79.3%	98.1%
<b>Required employer rates for 2004</b>					
Normal cost	7.35%	5.09%	5.39%	6.17%	3.62%
UAAL or (OAAL)	2.50	1.91	8.54	5.82	0.44
Total required rate	9.85%	7.00%	13.93%	11.99%	4.06%
<b>Elected rate</b>	N/A	N/A	N/A	N/A	2.99%
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	20.0	24.1	20.0	20.0	20.0
Number of annuitants	6	2	1	147	4
Number of members	87	8	5	2,033	65
Number of depositing members	68	7	5	1,443	42
Average age of depositing members	43.4	46.0	51.7	42.8	41.5
Average length of service of depositing members	9.9	17.1	18.2	8.3	5.9

Number	628	567	541	557	456
Name	Edwards CAD	El Paso Co. 911 Dist.	El Paso Co. HD	El Paso Co. WA	El Paso WCID Westway
<b>Plan type</b>	Variable	Variable	Variable	Fixed	Fixed
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 0	\$ 0	\$ 9,471,758	\$ 33,861	\$ 5,721
Members	32,424	1,023,125	91,771,141	0	0
Total	32,424	1,023,125	101,242,899	33,861	5,721
<b>2 Actuarial present value of future normal cost contributions</b>	18,371	149,676	14,493,765	0	0
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	14,053	873,449	86,749,134	33,861	5,721
<b>4 Actuarial value of assets</b>	24,911	731,134	69,186,328	40,458	18,894
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ (10,858)	\$ 142,315	\$17,562,806	\$ (6,597)	\$ (13,173)
<b>6 Funded ratio [line 4 ÷ line 3]</b>	177.3%	83.7%	79.8%	119.5%	330.3%
<b>Required employer rates for 2004</b>					
Normal cost	3.73%	7.57%	3.49%	0.00%	0.00%
UAAL or (OAAL)	(2.12)	4.89	2.28	0.00	0.00
Total required rate	1.61%	12.46%	5.77%	0.00%	0.00%
<b>Elected rate</b>	N/A	N/A	N/A	N/A	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	30.0	20.0	20.0	0.0	0.0
Number of annuitants	0	0	204	4	1
Number of members	4	9	2,223	0	0
Number of depositing members	2	6	1,559	0	0
Average age of depositing members	39.2	48.6	40.8	0.0	0.0
Average length of service of depositing members	3.6	7.7	8.1	0.0	0.0

ACTUARIAL VALUATION RESULTS BY EMPLOYER As of Dec. 31, 2002

Number	624	563	644	432	474
<b>Name</b>	<b>ECD of Ector Co.</b>	<b>Falls Co. AD</b>	<b>Fannin Co. AD</b>	<b>Fisher Co. HD</b>	<b>Fort Bend CAD</b>
<b>Plan type</b>	Variable	Variable	Variable	Variable	Fixed
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 0	\$ 54,366	\$ 0	\$ 216,374	\$ 420,439
Members	401,863	156,738	116,876	2,156,448	5,903,219
Total	401,863	211,104	116,876	2,372,822	6,323,658
<b>2 Actuarial present value of future normal cost contributions</b>	90,931	34,186	36,851	463,946	883,468
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	310,932	176,918	80,025	1,908,876	5,440,190
<b>4 Actuarial value of assets</b>	265,825	166,336	107,684	2,177,467	5,253,803
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 45,107	\$ 10,582	\$ (27,659)	\$ (268,591)	\$ 186,387
<b>6 Funded ratio [line 4 ÷ line 3]</b>	85.5%	94.0%	134.6%	114.1%	96.6%
<b>Required employer rates for 2004</b>					
Normal cost	9.41%	3.76%	2.33%	3.67%	7.19%
UAAL or (OAAL)	3.18	0.66	(1.53)	(1.13)	0.81
Total required rate	12.59%	4.42%	0.80%	2.54%	8.00%
<b>Elected rate</b>	N/A	7.00%	4.00%	N/A	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	20.0	2.1	0.0	30.0	Infinity
Number of annuitants	0	3	0	17	9
Number of members	3	8	17	76	61
Number of depositing members	3	6	10	58	50
Average age of depositing members	49.6	41.4	45.0	43.6	46.4
Average length of service of depositing members	18.2	7.1	2.6	6.7	12.0

Number	509	546	547	464	433
<b>Name</b>	<b>Frio Co. AD</b>	<b>Galveston CAD</b>	<b>Galveston Co. Consol. DD</b>	<b>Galveston Co. DD #1</b>	<b>Galveston Co. DD #2</b>
<b>Plan type</b>	Variable	Variable	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 0	\$ 239,327	\$ 78,428	\$ 150,389	\$ 225,708
Members	900,419	5,367,293	1,173,353	335,276	1,318,073
Total	900,419	5,606,620	1,251,781	485,665	1,543,781
<b>2 Actuarial present value of future normal cost contributions</b>	116,394	807,552	272,741	142,381	156,672
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	784,025	4,799,068	979,040	343,284	1,387,109
<b>4 Actuarial value of assets</b>	730,935	4,392,043	756,412	430,521	1,316,811
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 53,090	\$ 407,025	\$ 222,628	\$ (87,237)	\$ 70,298
<b>6 Funded ratio [line 4 ÷ line 3]</b>	93.2%	91.5%	77.3%	125.4%	94.9%
<b>Required employer rates for 2004</b>					
Normal cost	6.26%	7.46%	7.32%	8.27%	5.83%
UAAL or (OAAL)	2.04	2.61	4.50	(2.28)	2.01
Total required rate	8.30%	10.07%	11.82%	5.99%	7.84%
<b>Elected rate</b>	N/A	N/A	N/A	N/A	10.10%
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	20.0	20.0	20.0	30.0	5.7
Number of annuitants	0	11	3	4	8
Number of members	12	57	16	11	11
Number of depositing members	11	47	14	10	11
Average age of depositing members	49.7	46.4	46.4	47.7	38.5
Average length of service of depositing members	13.0	11.9	9.1	5.4	13.3

ACTUARIAL SECTION

ACTUARIAL VALUATION RESULTS BY EMPLOYER As of Dec. 31, 2002

Number	589	407	473	498	518
Name	Galveston Co. ECD	Galveston Co. WCID #1	Garza CAD	Gonzales Co. AD	Gray Co. AD
<b>Plan type</b>	Variable	Variable	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 0	\$ 865,867	\$ 30,198	\$ 4,611	\$ 48,406
Members	617,558	3,492,113	158,198	574,542	909,677
Total	617,558	4,357,980	188,396	579,153	958,083
<b>2 Actuarial present value of future normal cost contributions</b>	202,108	620,446	33,336	137,086	155,090
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	415,450	3,737,534	155,060	442,067	802,993
<b>4 Actuarial value of assets</b>	348,120	2,959,973	136,184	486,247	937,874
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 67,330	\$ 777,561	\$ 18,876	\$ (44,180)	\$ (134,881)
<b>6 Funded ratio [line 4 ÷ line 3]</b>	83.8%	79.2%	87.8%	110.0%	116.8%
<b>Required employer rates for 2004</b>					
Normal cost	9.17%	6.00%	6.49%	7.56%	7.56%
UAAL or (OAAL)	2.57	4.99	2.72	(1.22)	(2.83)
Total required rate	11.74%	10.99%	9.21%	6.34%	4.73%
<b>Elected rate</b>	N/A	N/A	N/A	7.00%	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	20.0	20.0	20.0	0.0	30.0
Number of annuitants	0	17	2	1	4
Number of members	5	60	3	16	12
Number of depositing members	5	41	3	11	9
Average age of depositing members	45.0	38.8	51.6	44.7	47.7
Average length of service of depositing members	11.6	7.3	9.7	7.9	9.3

Number	475	528	429	483	587
Name	Grayson Co. AD	Greater Harris Co. 911 Emerg. Net.	Greenbelt MIWA—Donley Co.	Grimes Co. AD	Guadalupe Co. AD
<b>Plan type</b>	Variable	Variable	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 316,222	\$ 131,944	\$ 165,762	\$ 43,136	\$ 6,113
Members	2,476,166	2,969,218	991,031	1,033,904	672,877
Total	2,792,388	3,101,162	1,156,793	1,077,040	678,990
<b>2 Actuarial present value of future normal cost contributions</b>	341,375	1,103,224	126,430	131,493	98,630
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	2,451,013	1,997,938	1,030,363	945,547	580,360
<b>4 Actuarial value of assets</b>	2,214,103	1,567,383	896,067	812,780	545,759
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 236,910	\$ 430,555	\$ 134,296	\$ 132,767	\$ 34,601
<b>6 Funded ratio [line 4 ÷ line 3]</b>	90.3%	78.5%	87.0%	86.0%	94.0%
<b>Required employer rates for 2004</b>					
Normal cost	5.51%	8.04%	5.10%	6.36%	1.96%
UAAL or (OAAL)	2.70	2.67	3.70	4.48	0.48
Total required rate	8.21%	10.71%	8.80%	10.84%	2.44%
<b>Elected rate</b>	N/A	N/A	N/A	N/A	4.00%
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	20.0	20.0	20.0	20.0	2.5
Number of annuitants	7	3	7	2	1
Number of members	45	26	12	10	26
Number of depositing members	26	26	11	9	20
Average age of depositing members	45.5	40.4	43.8	48.5	38.6
Average length of service of depositing members	9.2	7.8	13.9	12.4	10.5

ACTUARIAL VALUATION RESULTS BY EMPLOYER As of Dec. 31, 2002

Number	526	585	527	571	598
<b>Name</b>	<b>Gulf Coast WA—Galveston Co.</b>	<b>Hansford Co. HD</b>	<b>Hardin Co. AD</b>	<b>Harlingen ID Cameron Co. #1</b>	<b>Harris Co. AD</b>
<b>Plan type</b>	Variable	Variable	Variable	Fixed	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 918,356	\$ 376,921	\$ 78,196	\$ 89,878	\$ 2,666,320
Members	6,544,232	2,842,777	924,411	1,336,153	49,999,297
Total	7,462,588	3,219,698	1,002,607	1,426,031	52,665,617
<b>2 Actuarial present value of future normal cost contributions</b>	845,777	518,325	163,475	197,874	6,704,798
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	6,616,811	2,701,373	839,132	1,228,157	45,960,819
<b>4 Actuarial value of assets</b>	6,289,506	2,712,748	776,595	1,124,978	40,589,452
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 327,305	\$ (11,375)	\$ 62,537	\$ 103,179	\$ 5,371,367
<b>6 Funded ratio [line 4 ÷ line 3]</b>	95.1%	100.4%	92.5%	91.6%	88.3%
<b>Required employer rates for 2004</b>					
Normal cost	5.03%	2.28%	8.00%	2.74%	4.53%
UAAL or (OAAL)	1.74	(0.20)	1.87	2.26	2.64
Total required rate	6.77%	2.08%	9.87%	5.00%	7.17%
<b>Elected rate</b>	7.00%	4.00%	N/A	N/A	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	15.0	0.0	20.0	5.0	20.0
Number of annuitants	18	17	2	11	55
Number of members	48	295	13	49	641
Number of depositing members	41	150	12	47	524
Average age of depositing members	43.1	42.3	54.1	48.6	43.8
Average length of service of depositing members	12.5	6.4	10.8	12.5	10.7

Number	569	625	520	552	640
<b>Name</b>	<b>Harris Co. WCID #1</b>	<b>Harris Co. WCID #50</b>	<b>Hartley Co. AD</b>	<b>Haskell Mem. HD</b>	<b>Hemphill Co. AD</b>
<b>Plan type</b>	Variable	Variable	Fixed	Fixed	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 61,677	\$ 23,026	\$ 54,175	\$ 100,232	\$ 1,918
Members	840,040	304,887	158,825	1,434,117	178,689
Total	901,717	327,913	213,000	1,534,349	180,607
<b>2 Actuarial present value of future normal cost contributions</b>	101,334	48,022	28,949	234,125	116,107
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	800,383	279,891	184,051	1,300,224	64,500
<b>4 Actuarial value of assets</b>	718,766	221,712	184,149	1,613,853	59,945
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 81,617	\$ 58,179	\$ (98)	\$ (313,629)	\$ 4,555
<b>6 Funded ratio [line 4 ÷ line 3]</b>	89.8%	79.2%	100.1%	124.1%	92.9%
<b>Required employer rates for 2004</b>					
Normal cost	3.60%	3.17%	6.09%	2.66%	6.05%
UAAL or (OAAL)	2.06	2.23	3.91	2.34	0.26
Total required rate	5.66%	5.40%	10.00%	5.00%	6.31%
<b>Elected rate</b>	N/A	N/A	N/A	N/A	6.83%
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	20.0	20.0	0.0	0.0	3.8
Number of annuitants	2	1	1	13	1
Number of members	13	8	2	67	5
Number of depositing members	11	8	2	49	5
Average age of depositing members	45.0	46.1	41.3	46.6	41.2
Average length of service of depositing members	16.1	16.6	12.4	7.8	9.8



ACTUARIAL VALUATION RESULTS BY EMPLOYER As of Dec. 31, 2002

Number	529	414	516	401	438
<b>Name</b>	<b>Hemphill Co. HD</b>	<b>Hidalgo &amp; Cameron Counties ID #9</b>	<b>Hidalgo Co. AD</b>	<b>Hidalgo Co. DD #1</b>	<b>Hidalgo Co. ID #2</b>
<b>Plan type</b>	Fixed	Fixed	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 121,094	\$ 205,267	\$ 397,743	\$ 353,280	\$ 510,346
Members	3,890,235	2,541,238	6,642,768	3,735,422	2,586,625
Total	4,011,329	2,746,505	7,040,511	4,088,702	3,096,971
<b>2 Actuarial present value of future normal cost contributions</b>	844,203	220,091	1,068,668	1,264,611	327,765
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	3,167,126	2,526,414	5,971,843	2,824,091	2,769,206
<b>4 Actuarial value of assets</b>	2,914,900	2,324,846	5,435,442	2,503,475	2,375,697
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 252,226	\$ 201,568	\$ 536,401	\$ 320,616	\$ 393,509
<b>6 Funded ratio [line 4 ÷ line 3]</b>	92.0%	92.0%	91.0%	88.6%	85.8%
<b>Required employer rates for 2004</b>					
Normal cost	7.73%	3.86%	5.79%	8.46%	4.69%
UAAL or (OAAL)	1.77	3.14	2.57	1.38	4.60
Total required rate	9.50%	7.00%	8.36%	9.84%	9.29%
<b>Elected rate</b>	N/A	N/A	N/A	N/A	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	23.4	10.0	20.0	20.0	20.0
Number of annuitants	7	24	8	21	24
Number of members	64	40	92	92	42
Number of depositing members	51	40	74	77	39
Average age of depositing members	44.5	49.7	42.6	47.0	45.9
Average length of service of depositing members	7.5	13.0	11.9	6.6	12.9

Number	486	674	643	661	592
<b>Name</b>	<b>Hidalgo Co. ID #6</b>	<b>High Plains Underground WCD #1</b>	<b>Homestead MUD—El Paso Co.</b>	<b>Hopkins Co. AD</b>	<b>Jack Co. AD</b>
<b>Plan type</b>	Fixed	Variable	Variable	Variable	Fixed
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 68,746	\$ 0	\$ 0	\$ 0	\$ 50,779
Members	1,231,514	225,912	160,811	154,188	210,149
Total	1,300,260	225,912	160,811	154,188	260,928
<b>2 Actuarial present value of future normal cost contributions</b>	190,763	121,961	93,626	61,247	26,089
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	1,109,497	103,951	67,185	92,941	234,839
<b>4 Actuarial value of assets</b>	1,008,948	59,816	102,053	81,270	196,920
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 100,549	\$ 44,135	\$ (34,868)	\$ 11,671	\$ 37,919
<b>6 Funded ratio [line 4 ÷ line 3]</b>	90.9%	57.5%	151.9%	87.4%	83.9%
<b>Required employer rates for 2004</b>					
Normal cost	5.01%	2.71%	3.81%	4.97%	3.66%
UAAL or (OAAL)	1.99	0.64	(1.86)	0.39	3.34
Total required rate	7.00%	3.35%	1.95%	5.36%	7.00%
<b>Elected rate</b>	N/A	4.00%	5.00%	7.00%	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	15.1	6.0	0.0	2.0	Infinity
Number of annuitants	7	0	0	0	2
Number of members	26	17	28	12	5
Number of depositing members	25	16	8	10	4
Average age of depositing members	46.6	48.5	43.8	48.8	43.4
Average length of service of depositing members	12.7	12.5	2.9	12.6	10.3

ACTUARIAL VALUATION RESULTS BY EMPLOYER As of Dec. 31, 2002

Number	441	657	404	408	405
<b>Name</b>	<b>Jackson Co. Co.-Wide DD</b>	<b>Jasper Co. WCID #1</b>	<b>Jefferson Co. DD #3</b>	<b>Jefferson Co. DD #6</b>	<b>Jefferson Co. DD #7</b>
<b>Plan type</b>	Variable	Variable	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 132,504	\$ 0	\$ 57,269	\$ 1,656,489	\$ 1,230,412
Members	647,240	136,172	660,570	8,825,665	12,692,395
Total	779,744	136,172	717,839	10,482,154	13,922,807
<b>2 Actuarial present value of future normal cost contributions</b>	147,708	44,432	69,321	1,818,788	1,502,792
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	632,036	91,740	648,518	8,663,366	12,420,015
<b>4 Actuarial value of assets</b>	619,646	66,080	570,422	7,506,851	10,182,933
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 12,390	\$ 25,660	\$ 78,096	\$ 1,156,515	\$ 2,237,082
<b>6 Funded ratio [line 4 ÷ line 3]</b>	98.0%	72.0%	88.0%	86.7%	82.0%
<b>Required employer rates for 2004</b>					
Normal cost	9.86%	3.62%	4.38%	7.69%	5.42%
UAAL or (OAAL)	0.64	1.77	4.42	3.07	4.99
Total required rate	10.50%	5.39%	8.80%	10.76%	10.41%
<b>Elected rate</b>	N/A	6.00%	8.50%	N/A	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	20.0	10.9	20.0	20.0	20.0
Number of annuitants	4	0	5	18	43
Number of members	9	5	10	73	76
Number of depositing members	8	5	8	71	72
Average age of depositing members	54.3	43.1	47.0	44.3	45.4
Average length of service of depositing members	7.9	14.9	11.9	11.3	15.5

Number	451	680	656	641	584
<b>Name</b>	<b>Jefferson Co. WCID #10</b>	<b>Jim Hogg Co. AD</b>	<b>Jim Hogg Co. FD #2</b>	<b>Jim Hogg Co. WCID #2</b>	<b>Johnson Co. Fresh WSD #1</b>
<b>Plan type</b>	Variable	Variable	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 260,519	\$ 0	\$ 0	\$ 4,460	\$ 43,175
Members	430,966	51,004	21,526	279,925	216,386
Total	691,485	51,004	21,526	284,385	259,561
<b>2 Actuarial present value of future normal cost contributions</b>	122,420	41,596	9,189	55,808	82,567
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	569,065	9,408	12,337	228,577	176,994
<b>4 Actuarial value of assets</b>	587,893	6,344	14,429	168,780	158,748
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ (18,828)	\$ 3,064	\$ (2,092)	\$ 59,797	\$ 18,246
<b>6 Funded ratio [line 4 ÷ line 3]</b>	103.3%	67.4%	117.0%	73.8%	89.7%
<b>Required employer rates for 2004</b>					
Normal cost	5.36%	5.26%	3.01%	3.79%	3.92%
UAAL or (OAAL)	(0.60)	0.37	(0.45)	2.62	0.33
Total required rate	4.76%	5.63%	2.56%	6.41%	4.25%
<b>Elected rate</b>	N/A	7.00%	N/A	N/A	9.00%
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	30.0	2.2	30.0	20.0	0.6
Number of annuitants	4	0	0	1	3
Number of members	13	3	2	11	12
Number of depositing members	9	3	2	10	9
Average age of depositing members	38.3	41.8	58.2	50.2	41.8
Average length of service of depositing members	5.7	4.9	4.7	21.1	4.8

ACTUARIAL SECTION

ACTUARIAL VALUATION RESULTS BY EMPLOYER As of Dec. 31, 2002

Number	496	524	455	662	671
<b>Name</b>	<b>Jones Co. AD</b>	<b>Karnes Co. AD</b>	<b>Karnes Co. HD</b>	<b>Kaufman Co. AD</b>	<b>Kendall AD</b>
<b>Plan type</b>	Variable	Variable	Fixed	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 46,706	\$ 50,205	\$ 538,445	\$ 47,826	\$ 0
Members	573,591	239,767	4,620,817	615,842	290,476
Total	620,297	289,972	5,159,262	663,668	290,476
<b>2 Actuarial present value of future normal cost contributions</b>	67,460	63,762	861,599	201,110	154,032
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	552,837	226,210	4,297,663	462,558	136,444
<b>4 Actuarial value of assets</b>	488,540	205,887	4,321,722	294,683	88,409
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 64,297	\$ 20,323	\$ (24,059)	\$ 167,875	\$ 48,035
<b>6 Funded ratio [line 4 ÷ line 3]</b>	88.4%	91.0%	100.6%	63.7%	64.8%
<b>Required employer rates for 2004</b>					
Normal cost	5.40%	4.77%	5.26%	5.18%	5.65%
UAAL or (OAAL)	3.72	1.71	0.74	3.01	1.11
Total required rate	9.12%	6.48%	6.00%	8.19%	6.76%
<b>Elected rate</b>	N/A	N/A	N/A	N/A	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	20.0	20.0	0.0	20.0	20.0
Number of annuitants	2	2	17	2	0
Number of members	6	5	82	20	16
Number of depositing members	5	5	75	19	13
Average age of depositing members	52.2	39.7	43.0	44.8	50.3
Average length of service of depositing members	11.2	9.9	8.6	9.8	8.0

Number	619	594	653	579	519
<b>Name</b>	<b>Kendall Co. WCID #1</b>	<b>Kent Co. Tax AD</b>	<b>Kerr Emerg. 911 Net.</b>	<b>Kinney Co. AD</b>	<b>Knox Co. AD</b>
<b>Plan type</b>	Variable	Variable	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 0	\$ 24,400	\$ 0	\$ 14,059	\$ 11,371
Members	411,933	149,986	138,053	125,033	190,719
Total	411,933	174,386	138,053	139,092	202,090
<b>2 Actuarial present value of future normal cost contributions</b>	65,490	21,539	63,022	21,572	19,994
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	346,443	152,847	75,031	117,520	182,096
<b>4 Actuarial value of assets</b>	277,020	121,841	91,544	89,758	175,269
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 69,423	\$ 31,006	\$ (16,513)	\$ 27,762	\$ 6,827
<b>6 Funded ratio [line 4 ÷ line 3]</b>	80.0%	79.7%	122.0%	76.4%	96.3%
<b>Required employer rates for 2004</b>					
Normal cost	4.58%	8.15%	5.40%	4.61%	5.49%
UAAL or (OAAL)	3.50	4.31	(1.88)	3.90	1.09
Total required rate	8.08%	12.46%	3.52%	8.51%	6.58%
<b>Elected rate</b>	N/A	N/A	7.00%	N/A	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	20.0	20.0	0.0	20.0	20.0
Number of annuitants	0	2	0	1	1
Number of members	6	2	5	4	5
Number of depositing members	6	2	4	3	4
Average age of depositing members	47.2	61.2	43.0	54.2	55.9
Average length of service of depositing members	15.6	11.7	3.3	3.4	14.0

ACTUARIAL VALUATION RESULTS BY EMPLOYER As of Dec. 31, 2002

Number	540	514	650	439	468
<b>Name</b>	<b>Laguna Madre WD— Cameron Co.</b>	<b>Lakeway MUD —Travis Co.</b>	<b>Lampasas Co. AD</b>	<b>Lavaca-Navidad River Auth.— Jackson Co.</b>	<b>Leon Co. CAD</b>
<b>Plan type</b>	Variable	Variable	Variable	Fixed	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 460,156	\$ 132,746	\$ 0	\$ 389,140	\$ 0
Members	4,570,149	1,675,368	186,399	3,966,836	403,607
Total	5,030,305	1,808,114	186,399	4,355,976	403,607
<b>2 Actuarial present value of future normal cost contributions</b>	873,258	337,102	84,315	936,086	48,574
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	4,157,047	1,471,012	102,084	3,419,890	355,033
<b>4 Actuarial value of assets</b>	2,826,125	1,290,688	56,937	2,920,407	440,463
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 1,330,922	\$ 180,324	\$ 45,147	\$ 499,483	\$ (85,430)
<b>6 Funded ratio [line 4 ÷ line 3]</b>	68.0%	87.7%	55.8%	85.4%	124.1%
<b>Required employer rates for 2004</b>					
Normal cost	6.48%	4.92%	6.95%	6.34%	3.75%
UAAL or (OAAL)	6.59	2.26	3.22	4.36	(3.47)
Total required rate	13.07%	7.18%	10.17%	10.70%	0.28%
<b>Elected rate</b>	N/A	N/A	N/A	N/A	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	20.0	20.0	20.0	7.8	30.0
Number of annuitants	15	3	0	11	0
Number of members	75	27	7	69	7
Number of depositing members	69	21	6	55	5
Average age of depositing members	43.0	39.3	43.2	38.3	47.5
Average length of service of depositing members	14.8	7.9	11.2	6.5	12.9

Number	481	591	431	654	436
<b>Name</b>	<b>Liberty Co. CAD</b>	<b>Live Oak Co. AD</b>	<b>Livingston HD</b>	<b>Llano Co. Hosp. Auth.</b>	<b>Llano Mem. Hosp.</b>
<b>Plan type</b>	Variable	Variable	Fixed	Variable	Fixed
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 241,762	\$ 97,275	\$ 583,842	\$ 77,763	\$ 983,701
Members	1,537,107	381,184	135,344	791,796	2,536,294
Total	1,778,869	478,459	719,186	869,559	3,519,995
<b>2 Actuarial present value of future normal cost contributions</b>	396,230	93,139	0	0	0
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	1,382,639	385,320	719,186	869,559	3,519,995
<b>4 Actuarial value of assets</b>	1,434,740	285,867	1,236,979	1,363,715	3,385,278
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ (52,101)	\$ 99,453	\$ (517,793)	\$ (494,156)	\$ 134,717
<b>6 Funded ratio [line 4 ÷ line 3]</b>	103.8%	74.2%	172.0%	156.8%	96.2%
<b>Required employer rates for 2004</b>					
Normal cost	8.25%	5.82%	0.00%	0.00%	0.00%
UAAL or (OAAL)	(0.48)	5.48	0.00	0.00	0.00
Total required rate	7.77%	11.30%	0.00%	0.00%	0.00%
<b>Elected rate</b>	N/A	N/A	N/A	N/A	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	30.0	20.0	0.0	0.0	0.0
Number of annuitants	5	2	16	20	35
Number of members	45	15	7	120	80
Number of depositing members	29	7	0	0	0
Average age of depositing members	43.8	39.6	0.0	0.0	0.0
Average length of service of depositing members	6.6	1.9	0.0	0.0	0.0

ACTUARIAL SECTION

ACTUARIAL VALUATION RESULTS BY EMPLOYER As of Dec. 31, 2002

Number	513	499	425	558	647
<b>Name</b>	<b>Loving Co. AD</b>	<b>Lubbock CAD</b>	<b>Lubbock Co. WCID #1</b>	<b>Lubbock ECD</b>	<b>Lubbock Reese Redev. Auth.</b>
<b>Plan type</b>	Variable	Fixed	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 18,110	\$ 442,968	\$ 71,848	\$ 0	\$ 0
Members	28,328	5,985,116	364,721	529,254	229,915
Total	46,438	6,428,084	436,569	529,254	229,915
<b>2 Actuarial present value of future normal cost contributions</b>	23,438	853,226	117,927	129,128	90,036
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	23,000	5,574,858	318,642	400,126	139,879
<b>4 Actuarial value of assets</b>	11,555	5,297,546	446,121	376,940	247,260
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 11,445	\$ 277,312	\$ (127,479)	\$ 23,186	\$ (107,381)
<b>6 Funded ratio [line 4 ÷ line 3]</b>	50.2%	95.0%	140.0%	94.2%	176.8%
<b>Required employer rates for 2004</b>					
Normal cost	7.87%	6.36%	8.00%	5.14%	2.98%
UAAL or (OAAL)	4.31	2.74	(4.04)	0.87	(2.53)
Total required rate	12.18%	9.10%	3.96%	6.01%	0.45%
<b>Elected rate</b>	N/A	N/A	N/A	N/A	3.00%
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	20.0	7.3	30.0	20.0	0.0
Number of annuitants	2	13	6	0	0
Number of members	1	67	17	10	18
Number of depositing members	1	52	11	7	10
Average age of depositing members	46.0	45.0	47.9	42.4	46.7
Average length of service of depositing members	5.9	11.9	5.5	5.1	3.0

Number	639	497	442	630	500
<b>Name</b>	<b>Lumberton MUD</b>	<b>Lynn Co. AD</b>	<b>Lynn Co. HD</b>	<b>Macedonia-Eylau MUD—Bowie Co.</b>	<b>Mackenzie MWA—Briscoe Co.</b>
<b>Plan type</b>	Variable	Variable	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 0	\$ 12,872	\$ 733,310	\$ 0	\$ 15,189
Members	459,535	85,364	3,609,025	382,134	969,683
Total	459,535	98,236	4,342,335	382,134	984,872
<b>2 Actuarial present value of future normal cost contributions</b>	177,676	22,644	865,103	69,275	57,869
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	281,859	75,592	3,477,232	312,859	927,003
<b>4 Actuarial value of assets</b>	258,021	75,616	3,162,108	271,460	910,510
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 23,838	\$ (24)	\$ 315,124	\$ 41,399	\$ 16,493
<b>6 Funded ratio [line 4 ÷ line 3]</b>	91.5%	100.0%	90.9%	86.8%	98.2%
<b>Required employer rates for 2004</b>					
Normal cost	2.90%	4.93%	6.77%	3.70%	4.29%
UAAL or (OAAL)	0.34	0.00	1.77	1.59	0.15
Total required rate	3.24%	4.93%	8.54%	5.29%	4.44%
<b>Elected rate</b>	N/A	N/A	N/A	8.00%	9.00%
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	20.0	20.0	20.0	4.2	0.3
Number of annuitants	2	1	14	0	2
Number of members	35	2	93	8	8
Number of depositing members	26	2	71	7	8
Average age of depositing members	38.2	53.9	41.6	43.9	56.3
Average length of service of depositing members	4.8	8.6	6.0	12.3	14.9

ACTUARIAL VALUATION RESULTS BY EMPLOYER As of Dec. 31, 2002

Number	596	675	658	595	678
<b>Name</b>	<b>Madison Co. AD</b>	<b>Marion Co. AD</b>	<b>Marshall-Harrison Co. Health Dist.</b>	<b>Martin Co. AD</b>	<b>Matagorda Co. DD</b>
<b>Plan type</b>	Variable	Variable	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 0	\$ 0	\$ 616	\$ 24,680	\$ 0
Members	168,342	100,311	207,573	101,941	179,724
Total	168,342	100,311	208,189	126,621	179,724
<b>2 Actuarial present value of future normal cost contributions</b>	16,741	68,475	107,114	21,233	105,702
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	151,601	31,836	101,075	105,388	74,022
<b>4 Actuarial value of assets</b>	124,496	19,273	96,118	87,052	39,204
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 27,105	\$ 12,563	\$ 4,957	\$ 18,336	\$ 34,818
<b>6 Funded ratio [line 4 ÷ line 3]</b>	82.1%	60.5%	95.1%	82.6%	53.0%
<b>Required employer rates for 2004</b>					
Normal cost	2.52%	5.55%	6.03%	3.57%	6.65%
UAAL or (OAAL)	2.38	0.85	0.24	2.55	1.31
Total required rate	4.90%	6.40%	6.27%	6.12%	7.96%
<b>Elected rate</b>	N/A	7.13%	N/A	N/A	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	20.0	6.8	20.0	20.0	20.0
Number of annuitants	0	0	1	2	0
Number of members	9	6	11	3	8
Number of depositing members	4	6	10	3	8
Average age of depositing members	49.2	49.7	45.1	50.1	48.6
Average length of service of depositing members	21.0	7.6	4.3	10.2	12.0

Number	440	677	453	452	512
<b>Name</b>	<b>Matagorda Co. HD</b>	<b>Matagorda Co. ND #1</b>	<b>Maverick Co. WCID #1</b>	<b>McCamey Co. HD—Upton Co.</b>	<b>McCulloch Co. AD</b>
<b>Plan type</b>	Variable	Variable	Fixed	Fixed	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 2,498,588	\$ 0	\$ 188,282	\$ 113,171	\$ 0
Members	14,707,628	131,539	1,513,802	1,023,436	340,591
Total	17,206,216	131,539	1,702,084	1,136,607	340,591
<b>2 Actuarial present value of future normal cost contributions</b>	1,891,239	102,426	142,148	228,384	33,749
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	15,314,977	29,113	1,559,936	908,223	306,842
<b>4 Actuarial value of assets</b>	16,384,633	27,896	1,409,194	1,609,399	344,056
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ (1,069,656)	\$ 1,217	\$ 150,742	\$ (701,176)	\$ (37,214)
<b>6 Funded ratio [line 4 ÷ line 3]</b>	107.0%	95.8%	90.3%	177.2%	112.1%
<b>Required employer rates for 2004</b>					
Normal cost	4.08%	9.16%	2.34%	16.56%	3.60%
UAAL or (OAAL)	(1.37)	(0.05)	2.66	(9.56)	(3.60)
Total required rate	2.71%	9.11%	5.00%	7.00%	0.00%
<b>Elected rate</b>	N/A	N/A	N/A	N/A	8.00%
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	30.0	30.0	12.3	0.0	0.0
Number of annuitants	94	0	16	9	0
Number of members	360	7	45	10	4
Number of depositing members	237	6	34	4	4
Average age of depositing members	44.7	57.3	46.0	52.0	40.8
Average length of service of depositing members	8.2	5.3	10.9	14.0	13.2

ACTUARIAL SECTION



ACTUARIAL VALUATION RESULTS BY EMPLOYER As of Dec. 31, 2002

Number	491	679	599	535	419
<b>Name</b>	<b>McLennan Co. AD</b>	<b>McLennan Co. WCID #2</b>	<b>Med. Arts Hosp.— Dawson Co.</b>	<b>Medina Co. AD</b>	<b>Mem. Med. Center — Calhoun Co.</b>
<b>Plan type</b>	Variable	Variable	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 817,386	\$ 0	\$ 367,925	\$ 22,258	\$ 706,516
Members	4,810,059	26,659	2,803,357	862,950	9,908,815
Total	5,627,445	26,659	3,171,282	885,208	10,615,331
<b>2 Actuarial present value of future normal cost contributions</b>	500,669	19,535	370,999	105,587	2,055,723
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	5,126,776	7,124	2,800,283	779,621	8,559,608
<b>4 Actuarial value of assets</b>	4,281,590	4,800	3,146,625	682,645	9,559,421
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 845,186	\$ 2,324	\$ (346,342)	\$ 96,976	\$ (999,813)
<b>6 Funded ratio [line 4 ÷ line 3]</b>	83.5%	67.4%	112.4%	87.6%	111.7%
<b>Required employer rates for 2004</b>					
Normal cost	6.51%	3.05%	2.22%	4.38%	5.23%
UAAL or (OAAL)	6.49	0.39	(1.84)	3.32	(1.22)
Total required rate	13.00%	3.44%	0.38%	7.70%	4.01%
<b>Elected rate</b>	N/A	N/A	1.70%	N/A	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	20.0	20.0	0.0	20.0	30.0
Number of annuitants	17	0	16	1	36
Number of members	39	3	132	14	299
Number of depositing members	35	2	78	10	177
Average age of depositing members	51.3	46.2	47.0	46.3	45.0
Average length of service of depositing members	14.7	6.7	10.7	14.7	5.9

Number	669	492	570	617	484
<b>Name</b>	<b>Mid. Rio Grande Dev. Council</b>	<b>Midland CAD</b>	<b>Midland ECD</b>	<b>Mills Co. AD</b>	<b>Mitchell Co. AD</b>
<b>Plan type</b>	Variable	Variable	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 0	\$ 97,331	\$ 0	\$ 0	\$ 19,712
Members	5,903,572	4,724,773	350,962	63,705	201,086
Total	5,903,572	4,822,104	350,962	63,705	220,798
<b>2 Actuarial present value of future normal cost contributions</b>	3,301,514	454,257	62,122	19,680	68,222
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	2,602,058	4,367,847	288,840	44,025	152,576
<b>4 Actuarial value of assets</b>	1,569,760	4,209,719	266,318	70,932	162,860
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 1,032,298	\$ 158,128	\$ 22,522	\$ (26,907)	\$ (10,284)
<b>6 Funded ratio [line 4 ÷ line 3]</b>	60.3%	96.4%	92.2%	161.1%	106.7%
<b>Required employer rates for 2004</b>					
Normal cost	8.67%	7.22%	5.70%	3.16%	9.59%
UAAL or (OAAL)	2.39	1.76	1.77	(2.03)	(0.92)
Total required rate	11.06%	8.98%	7.47%	1.13%	8.67%
<b>Elected rate</b>	N/A	N/A	N/A	4.00%	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	Infinity	20.0	20.0	0.0	30.0
Number of annuitants	0	4	0	0	1
Number of members	200	28	4	5	4
Number of depositing members	173	25	3	4	4
Average age of depositing members	40.8	50.2	44.1	53.0	58.1
Average length of service of depositing members	6.6	15.9	11.1	5.5	7.3

ACTUARIAL VALUATION RESULTS BY EMPLOYER As of Dec. 31, 2002

Number	504	605	667	651	412
<b>Name</b>	<b>Montague Co. Tax AD</b>	<b>Montgomery CAD</b>	<b>Montgomery Co. ECD</b>	<b>Montgomery Co. ESD #2</b>	<b>Moore Co. HD</b>
<b>Plan type</b>	Fixed	Variable	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 71,526	\$ 222,117	\$ 0	\$ 0	\$ 688,560
Members	665,093	6,012,748	654,428	464,167	9,585,067
Total	736,619	6,234,865	654,428	464,167	10,273,627
<b>2 Actuarial present value of future normal cost contributions</b>	72,492	1,085,730	292,720	321,763	2,269,366
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	664,127	5,149,135	361,708	142,404	8,004,261
<b>4 Actuarial value of assets</b>	616,180	3,088,333	206,265	139,213	9,348,448
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 47,947	\$ 2,060,802	\$ 155,443	\$ 3,191	\$ (1,344,187)
<b>6 Funded ratio [line 4 ÷ line 3]</b>	92.8%	60.0%	57.0%	97.8%	116.8%
<b>Required employer rates for 2004</b>					
Normal cost	6.00%	7.03%	4.03%	6.04%	4.97%
UAAL or (OAAL)	4.80	9.63	1.61	0.11	(1.31)
Total required rate	10.80%	16.66%	5.64%	6.15%	3.66%
<b>Elected rate</b>	N/A	17.50%	N/A	N/A	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	8.9	16.3	20.0	20.0	30.0
Number of annuitants	2	7	0	0	34
Number of members	9	79	30	9	476
Number of depositing members	6	63	27	9	248
Average age of depositing members	46.7	46.6	44.0	32.4	40.9
Average length of service of depositing members	14.2	12.0	5.2	3.7	4.9

Number	515	572	510	556	415
<b>Name</b>	<b>Navarro CAD</b>	<b>Newton CAD</b>	<b>Newton Co. Mem. Hosp.</b>	<b>North Cent. Tex. MWA</b>	<b>North Plains HD</b>
<b>Plan type</b>	Variable	Variable	Fixed	Fixed	Fixed
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 66,304	\$ 13,614	\$ 25,262	\$ 91,604	\$ 616,779
Members	1,124,330	825,650	51,590	682,599	65,517
Total	1,190,634	839,264	76,852	774,203	682,296
<b>2 Actuarial present value of future normal cost contributions</b>	125,820	129,695	0	80,453	0
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	1,064,814	709,569	76,852	693,750	682,296
<b>4 Actuarial value of assets</b>	950,913	576,724	71,805	563,695	1,239,183
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 113,901	\$ 132,845	\$ 5,047	\$ 130,055	\$ (556,887)
<b>6 Funded ratio [line 4 ÷ line 3]</b>	89.3%	81.3%	93.4%	81.3%	181.6%
<b>Required employer rates for 2004</b>					
Normal cost	6.54%	6.62%	0.00%	3.81%	0.00%
UAAL or (OAAL)	3.47	5.23	0.00	5.89	0.00
Total required rate	10.01%	11.85%	0.00%	9.70%	0.00%
<b>Elected rate</b>	10.58%	N/A	N/A	N/A	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	14.2	20.0	0.0	14.3	0.0
Number of annuitants	2	1	5	3	18
Number of members	11	10	2	10	27
Number of depositing members	10	10	0	9	0
Average age of depositing members	51.4	48.4	0.0	46.4	0.0
Average length of service of depositing members	13.2	12.2	0.0	14.1	0.0

ACTUARIAL SECTION

ACTUARIAL VALUATION RESULTS BY EMPLOYER As of Dec. 31, 2002

Number	646	562	683	400	416
<b>Name</b>	<b>North Tex. Tollway Auth.</b>	<b>Northeast Tex. MWD</b>	<b>Nueces Co. AD</b>	<b>Nueces Co. DD #2</b>	<b>Nueces Co. WCID #3</b>
<b>Plan type</b>	Variable	Variable	Variable	Variable	Fixed
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 148,953	\$ 57,591	\$ 0	\$ 51,256	\$ 124,642
Members	20,763,105	861,078	1,451,491	680,691	2,180,549
Total	20,912,058	918,669	1,451,491	731,947	2,305,191
<b>2 Actuarial present value of future normal cost contributions</b>	12,056,525	177,940	839,140	84,691	211,521
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	8,855,533	740,729	612,351	647,256	2,093,670
<b>4 Actuarial value of assets</b>	7,642,367	679,118	164,382	676,940	1,820,350
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 1,213,166	\$ 61,611	\$ 447,969	\$ (29,684)	\$ 273,320
<b>6 Funded ratio [line 4 ÷ line 3]</b>	86.3%	91.7%	26.8%	104.6%	86.9%
<b>Required employer rates for 2004</b>					
Normal cost	8.12%	4.07%	6.54%	3.25%	4.15%
UAAL or (OAAL)	0.69	1.14	2.23	(0.75)	2.85
Total required rate	8.81%	5.21%	8.77%	2.50%	7.00%
<b>Elected rate</b>	N/A	N/A	N/A	N/A	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	20.0	20.0	20.0	30.0	39.7
Number of annuitants	16	1	0	7	8
Number of members	660	16	63	21	24
Number of depositing members	591	15	62	17	20
Average age of depositing members	42.6	48.5	46.3	45.1	44.7
Average length of service of depositing members	3.5	11.8	14.6	10.9	14.0

Number	450	538	517	490	421
<b>Name</b>	<b>Nueces Co. WCID #4</b>	<b>Nueces River Auth.— Uvalde Co.</b>	<b>Oldham Co. AD</b>	<b>Orange Co. AD</b>	<b>Orange Co. DD</b>
<b>Plan type</b>	Fixed	Fixed	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 137,543	\$ 6,510	\$ 0	\$ 22,183	\$ 683,741
Members	1,841,254	480,552	255,351	2,439,608	4,144,822
Total	1,978,797	487,062	255,351	2,461,791	4,828,563
<b>2 Actuarial present value of future normal cost contributions</b>	251,388	42,880	10,936	190,696	829,332
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	1,727,409	444,182	244,415	2,271,095	3,999,231
<b>4 Actuarial value of assets</b>	1,666,908	458,294	229,653	2,255,289	3,353,266
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 60,501	\$ (14,112)	\$ 14,762	\$ 15,806	\$ 645,965
<b>6 Funded ratio [line 4 ÷ line 3]</b>	96.5%	103.2%	94.0%	99.3%	83.8%
<b>Required employer rates for 2004</b>					
Normal cost	5.52%	2.95%	3.87%	7.39%	7.19%
UAAL or (OAAL)	1.48	1.05	2.02	0.28	3.97
Total required rate	7.00%	4.00%	5.89%	7.67%	11.16%
<b>Elected rate</b>	N/A	N/A	9.00%	N/A	11.35%
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	10.9	0.0	4.5	20.0	18.1
Number of annuitants	4	1	0	1	14
Number of members	17	4	5	21	62
Number of depositing members	17	3	4	15	44
Average age of depositing members	43.2	52.8	58.4	53.0	44.6
Average length of service of depositing members	13.9	16.7	16.9	15.0	8.5

ACTUARIAL VALUATION RESULTS BY EMPLOYER As of Dec. 31, 2002

Number	665	660	631	494	673
<b>Name</b>	<b>Orange Co. ESD #1</b>	<b>Orange Co. Nav. &amp; Port Dist.</b>	<b>Orange Co. WCID #1</b>	<b>Pecos Co. AD</b>	<b>Permian Reg. Med Ctr.</b>
<b>Plan type</b>	Variable	Variable	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 0	\$ 18,617	\$ 37,677	\$ 27,632	\$ 4,331
Members	84,411	380,991	836,145	407,916	5,212,580
Total	84,411	399,608	873,822	435,548	5,216,911
<b>2 Actuarial present value of future normal cost contributions</b>	46,330	85,512	217,678	81,614	3,270,770
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	38,081	314,096	656,144	353,934	1,946,141
<b>4 Actuarial value of assets</b>	27,815	247,863	629,497	395,433	959,883
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 10,266	\$ 66,233	\$ 26,647	\$ (41,499)	\$ 986,258
<b>6 Funded ratio [line 4 ÷ line 3]</b>	73.0%	78.9%	95.9%	111.7%	49.3%
<b>Required employer rates for 2004</b>					
Normal cost	2.72%	4.20%	3.85%	7.05%	6.72%
UAAL or (OAAL)	0.56	2.51	0.04	(1.68)	1.09
Total required rate	3.28%	6.71%	3.89%	5.37%	7.81%
<b>Elected rate</b>	N/A	N/A	7.00%	N/A	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	20.0	20.0	0.1	30.0	20.0
Number of annuitants	0	1	2	2	1
Number of members	6	7	28	6	246
Number of depositing members	5	6	25	5	223
Average age of depositing members	36.2	49.5	45.8	48.9	41.8
Average length of service of depositing members	5.7	9.6	11.2	9.2	5.8

Number	676	449	620	622	560
<b>Name</b>	<b>Port of Bay City Auth.</b>	<b>Port of Beaumont ND</b>	<b>Port of Corpus Christi Auth.</b>	<b>Port of Port Arthur ND</b>	<b>Potter-Randall Co. ECD</b>
<b>Plan type</b>	Variable	Variable	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 0	\$ 869,986	\$ 3,802,287	\$ 400,264	\$ 0
Members	37,783	5,019,866	11,992,188	1,073,829	453,792
Total	37,783	5,889,852	15,794,475	1,474,093	453,792
<b>2 Actuarial present value of future normal cost contributions</b>	32,871	464,979	1,702,621	201,016	155,428
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	4,912	5,424,873	14,091,854	1,273,077	298,364
<b>4 Actuarial value of assets</b>	3,868	4,312,556	9,277,397	1,126,860	235,466
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 1,044	\$ 1,112,317	\$ 4,814,457	\$ 146,217	\$ 62,898
<b>6 Funded ratio [line 4 ÷ line 3]</b>	78.7%	79.5%	65.8%	88.5%	78.9%
<b>Required employer rates for 2004</b>					
Normal cost	8.15%	3.97%	3.83%	4.15%	12.73%
UAAL or (OAAL)	0.40	6.84	6.58	2.11	2.96
Total required rate	8.55%	10.81%	10.41%	6.26%	15.69%
<b>Elected rate</b>	N/A	11.00%	11.00%	N/A	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	20.0	18.7	17.1	20.0	20.0
Number of annuitants	0	22	59	3	0
Number of members	1	40	164	15	6
Number of depositing members	1	35	129	14	4
Average age of depositing members	33.0	46.5	48.4	48.4	57.2
Average length of service of depositing members	4.3	14.4	12.1	10.4	6.2

ACTUARIAL SECTION

ACTUARIAL VALUATION RESULTS BY EMPLOYER As of Dec. 31, 2002

Number	489	626	537	564	406
<b>Name</b>	<b>Potter Co. AD</b>	<b>Presidio AD</b>	<b>Rains Co. AD</b>	<b>Randall Co. AD</b>	<b>Rankin Co. HD —Upton Co.</b>
<b>Plan type</b>	Variable	Variable	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 497,076	\$ 0	\$ 18,720	\$ 200,596	\$ 365,153
Members	1,770,698	78,193	289,344	5,682,881	1,756,729
Total	2,267,774	78,193	308,064	5,883,477	2,121,882
<b>2 Actuarial present value of future normal cost contributions</b>	0	18,839	49,688	789,852	296,658
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	2,267,774	59,354	258,376	5,093,625	1,825,224
<b>4 Actuarial value of assets</b>	2,217,500	56,085	294,782	4,404,365	1,849,478
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 50,274	\$ 3,269	\$ (36,406)	\$ 689,260	\$ (24,254)
<b>6 Funded ratio [line 4 ÷ line 3]</b>	97.8%	94.5%	114.1%	86.5%	101.3%
<b>Required employer rates for 2004</b>					
Normal cost	0.00%	2.01%	6.85%	7.61%	6.72%
UAAL or (OAAL)	0.00	0.41	(3.19)	4.30	(0.31)
Total required rate	0.00%	2.42%	3.66%	11.91%	6.41%
<b>Elected rate</b>	N/A	N/A	N/A	12.00%	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	0.0	20.0	30.0	19.0	30.0
Number of annuitants	15	0	2	8	12
Number of members	22	5	10	51	27
Number of depositing members	0	4	3	44	19
Average age of depositing members	0.0	36.5	38.6	47.3	49.5
Average length of service of depositing members	0.0	8.6	7.7	14.9	7.6

Number	445	505	435	588	543
<b>Name</b>	<b>Reagan HD</b>	<b>Red Bluff WPCD—Reeves Co.</b>	<b>Red River Auth.—Wichita Co.</b>	<b>Reeves Co. HD</b>	<b>Refugio Co. DD #1</b>
<b>Plan type</b>	Variable	Variable	Fixed	Fixed	Fixed
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 253,663	\$ 31,112	\$ 145,610	\$ 38,579	\$ 75,555
Members	1,607,332	129,468	2,510,399	4,464,129	175,733
Total	1,860,995	160,580	2,656,009	4,502,708	251,288
<b>2 Actuarial present value of future normal cost contributions</b>	223,368	49,878	424,971	833,509	50,381
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	1,637,627	110,702	2,231,038	3,669,199	200,907
<b>4 Actuarial value of assets</b>	1,380,607	83,212	2,527,524	4,685,739	174,698
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 257,020	\$ 27,490	\$ (296,486)	\$ (1,016,540)	\$ 26,209
<b>6 Funded ratio [line 4 ÷ line 3]</b>	84.3%	75.2%	113.3%	127.7%	87.0%
<b>Required employer rates for 2004</b>					
Normal cost	5.69%	4.98%	6.01%	3.06%	3.92%
UAAL or (OAAL)	5.03	2.21	0.99	2.94	3.08
Total required rate	10.72%	7.19%	7.00%	6.00%	7.00%
<b>Elected rate</b>	N/A	N/A	N/A	N/A	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	20.0	20.0	0.0	0.0	7.7
Number of annuitants	12	6	6	5	6
Number of members	31	4	33	217	10
Number of depositing members	22	4	28	124	8
Average age of depositing members	46.8	49.3	45.1	44.6	38.9
Average length of service of depositing members	9.2	4.0	10.3	7.9	4.7

ACTUARIAL VALUATION RESULTS BY EMPLOYER As of Dec. 31, 2002

Number	480	612	568	553	495
Name	Roberts Co. AD	Rusk Co. AD	Sabine Pass Port Auth.	San Jacinto Co. CAD	San Patricio Co. AD
<b>Plan type</b>	Fixed	Fixed	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 0	\$ 22,793	\$ 16,620	\$ 57,222	\$ 81,672
Members	244,491	138,384	295,259	492,752	1,000,583
Total	244,491	161,177	311,879	549,974	1,082,255
<b>2 Actuarial present value of future normal cost contributions</b>	0	40,504	38,570	167,023	100,153
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	244,491	120,673	273,309	382,951	982,102
<b>4 Actuarial value of assets</b>	248,566	107,122	217,743	413,935	965,585
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ (4,075)	\$ 13,551	\$ 55,566	\$ (30,984)	\$ 16,517
<b>6 Funded ratio [line 4 ÷ line 3]</b>	101.7%	88.8%	79.7%	108.1%	98.3%
<b>Required employer rates for 2004</b>					
Normal cost	0.00%	5.64%	4.14%	7.30%	6.41%
UAAL or (OAAL)	0.00	3.06	3.76	(0.92)	0.61
Total required rate	0.00%	8.70%	7.90%	6.38%	7.02%
<b>Elected rate</b>	N/A	N/A	N/A	N/A	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	0.0	4.7	20.0	30.0	20.0
Number of annuitants	0	1	3	3	3
Number of members	2	2	7	30	11
Number of depositing members	0	2	7	12	11
Average age of depositing members	0.0	54.4	50.3	38.4	50.0
Average length of service of depositing members	0.0	7.5	11.7	2.6	13.6

Number	426	422	470	627	523
Name	San Patricio Co. DD	San Patricio MWD	Shackelford Co. AD	Shelby Co. AD	Shelby Co. Gen. Hosp.
<b>Plan type</b>	Variable	Variable	Fixed	Variable	Fixed
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 1,309,053	\$ 196,594	\$ 51,092	\$ 7,772	\$ 137,382
Members	2,463,721	2,245,489	287,547	229,083	37,105
Total	3,772,774	2,442,083	338,639	236,855	174,487
<b>2 Actuarial present value of future normal cost contributions</b>	76,358	574,601	12,845	35,424	0
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	3,696,416	1,867,482	325,794	201,431	174,487
<b>4 Actuarial value of assets</b>	2,740,050	1,489,003	309,983	177,631	191,169
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 956,366	\$ 378,479	\$ 15,811	\$ 23,800	\$ (16,682)
<b>6 Funded ratio [line 4 ÷ line 3]</b>	74.1%	79.7%	95.1%	88.2%	109.6%
<b>Required employer rates for 2004</b>					
Normal cost	2.07%	4.94%	3.50%	2.10%	0.00%
UAAL or (OAAL)	17.68	2.32	3.50	1.01	0.00
Total required rate	19.75%	7.26%	7.00%	3.11%	0.00%
<b>Elected rate</b>	N/A	N/A	N/A	4.00%	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	20.0	20.0	Infinity	6.7	0.0
Number of annuitants	11	9	1	1	10
Number of members	15	33	5	13	1
Number of depositing members	15	30	2	8	0
Average age of depositing members	48.4	44.1	43.6	47.0	0.0
Average length of service of depositing members	16.6	7.5	15.5	11.8	0.0

ACTUARIAL SECTION



ACTUARIAL VALUATION RESULTS BY EMPLOYER As of Dec. 31, 2002

Number	469	555	606	632	507
<b>Name</b>	<b>Sherman Co. AD</b>	<b>Smith Co. 911 Comm. Dist.</b>	<b>Smith Co. AD</b>	<b>Smith Co. Public Health Dist.</b>	<b>Somervell Co. CAD</b>
<b>Plan type</b>	Variable	Variable	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 31,194	\$ 0	\$ 78,959	\$ 43,712	\$ 61,917
Members	328,981	791,338	3,142,206	3,746,816	151,287
Total	360,175	791,338	3,221,165	3,790,528	213,204
<b>2 Actuarial present value of future normal cost contributions</b>	24,328	172,584	528,341	1,423,596	74,709
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	335,847	618,754	2,692,824	2,366,932	138,495
<b>4 Actuarial value of assets</b>	290,420	571,328	2,334,037	2,346,996	151,820
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 45,427	\$ 47,426	\$ 358,787	\$ 19,936	\$ (13,325)
<b>6 Funded ratio [line 4 ÷ line 3]</b>	86.5%	92.3%	86.7%	99.2%	109.6%
<b>Required employer rates for 2004</b>					
Normal cost	3.88%	6.62%	6.59%	5.20%	7.76%
UAAL or (OAAL)	4.76	1.40	2.45	0.05	(0.78)
Total required rate	8.64%	8.02%	9.04%	5.25%	6.98%
<b>Elected rate</b>	N/A	N/A	14.00%	N/A	7.00%
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	20.0	20.0	3.7	20.0	0.0
Number of annuitants	2	0	1	7	2
Number of members	4	10	54	192	8
Number of depositing members	4	8	34	149	5
Average age of depositing members	51.9	44.7	43.9	44.9	48.6
Average length of service of depositing members	17.2	5.4	11.2	4.5	9.4

Number	645	536	458	539	573
<b>Name</b>	<b>South Tex. Dev. Council</b>	<b>Starr Co. AD</b>	<b>Stonewall Mem. HD</b>	<b>Strafford HD —Sherman Co.</b>	<b>Sutton Co. HD</b>
<b>Plan type</b>	Variable	Variable	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 23,649	\$ 92,577	\$ 189,430	\$ 26,169	\$ 30,709
Members	1,088,381	951,788	967,349	812,416	817,476
Total	1,112,030	1,044,365	1,156,779	838,585	848,185
<b>2 Actuarial present value of future normal cost contributions</b>	141,584	174,684	108,340	233,432	148,430
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	970,446	869,681	1,048,439	605,153	699,755
<b>4 Actuarial value of assets</b>	593,736	765,458	1,199,082	704,762	1,053,843
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 376,710	\$ 104,223	\$ (150,643)	\$ (99,609)	\$ (354,088)
<b>6 Funded ratio [line 4 ÷ line 3]</b>	61.2%	88.0%	114.4%	116.5%	150.6%
<b>Required employer rates for 2004</b>					
Normal cost	3.60%	6.47%	1.98%	3.72%	2.82%
UAAL or (OAAL)	5.95	3.65	(1.70)	(0.93)	(2.82)
Total required rate	9.55%	10.12%	0.28%	2.79%	0.00%
<b>Elected rate</b>	N/A	N/A	N/A	N/A	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	20.0	20.0	30.0	30.0	30.0
Number of annuitants	1	3	11	2	4
Number of members	28	17	50	70	69
Number of depositing members	16	14	33	47	28
Average age of depositing members	49.7	40.3	44.0	42.8	43.2
Average length of service of depositing members	17.1	9.7	6.2	3.6	6.6

ACTUARIAL VALUATION RESULTS BY EMPLOYER As of Dec. 31, 2002

Number	460	534	607	545	574
<b>Name</b>	<b>Swisher Co. AD</b>	<b>Swisher Mem. HD</b>	<b>Tarrant AD</b>	<b>Tarrant Co. 911 EAD</b>	<b>Tax AD of Cottle Co.</b>
<b>Plan type</b>	Variable	Variable	Variable	Variable	Fixed
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 30,813	\$ 73,714	\$ 1,752,178	\$ 0	\$ 896
Members	553,582	1,189,675	19,629,927	1,692,145	65,630
Total	584,395	1,263,389	21,382,105	1,692,145	66,526
<b>2 Actuarial present value of future normal cost contributions</b>	46,129	315,804	2,472,785	334,514	10,022
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	538,266	947,585	18,909,320	1,357,631	56,504
<b>4 Actuarial value of assets</b>	504,369	1,166,998	15,091,579	1,438,370	52,380
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 33,897	\$ (219,413)	\$ 3,817,741	\$ (80,739)	\$ 4,124
<b>6 Funded ratio [line 4 ÷ line 3]</b>	93.7%	123.2%	79.8%	105.9%	92.7%
<b>Required employer rates for 2004</b>					
Normal cost	6.85%	2.02%	4.70%	4.68%	5.24%
UAAL or (OAAL)	3.34	(0.65)	4.61	(0.83)	1.76
Total required rate	10.19%	1.37%	9.31%	3.85%	7.00%
<b>Elected rate</b>	N/A	N/A	11.00%	7.00%	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	20.0	30.0	10.7	0.0	16.1
Number of annuitants	3	12	30	0	1
Number of members	5	136	225	15	2
Number of depositing members	4	85	193	13	2
Average age of depositing members	53.2	44.7	48.6	46.7	52.1
Average length of service of depositing members	14.3	4.5	12.8	8.8	15.4

Number	402	437	634	501	601
<b>Name</b>	<b>Terry Mem. HD</b>	<b>Tex. Assoc. of Counties</b>	<b>Tex. Eastern 911 Net.</b>	<b>Titus Co. Fresh WSD</b>	<b>Travis CAD</b>
<b>Plan type</b>	Variable	Variable	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 1,471,936	\$ 213,221	\$ 0	\$ 72,966	\$ 534,238
Members	6,969,677	12,795,149	144,908	729,734	9,074,930
Total	8,441,613	13,008,370	144,908	802,700	9,609,168
<b>2 Actuarial present value of future normal cost contributions</b>	964,651	2,844,697	36,578	105,711	1,174,799
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	7,476,962	0,163,673	108,330	696,989	8,434,369
<b>4 Actuarial value of assets</b>	8,250,429	9,032,513	115,678	685,576	6,841,757
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ (773,467)	\$ 1,131,160	\$ (7,348)	\$ 11,413	\$ 1,592,612
<b>6 Funded ratio [line 4 ÷ line 3]</b>	110.3%	88.9%	106.8%	98.4%	81.1%
<b>Required employer rates for 2004</b>					
Normal cost	3.98%	7.65%	5.61%	5.11%	3.71%
UAAL or (OAAL)	(1.55)	1.54	(1.18)	0.17	3.97
Total required rate	2.43%	9.19%	4.43%	5.28%	7.68%
<b>Elected rate</b>	N/A	N/A	10.00%	7.00%	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	30.0	20.0	0.0	0.9	20.0
Number of annuitants	41	6	0	2	16
Number of members	274	138	3	10	142
Number of depositing members	137	105	3	10	108
Average age of depositing members	43.7	47.5	53.9	53.1	46.4
Average length of service of depositing members	7.6	9.0	9.4	12.4	11.7

ACTUARIAL SECTION

ACTUARIAL VALUATION RESULTS BY EMPLOYER As of Dec. 31, 2002

Number	666	549	659	633	471
<b>Name</b>	<b>Travis Co. WCID—Point Venture</b>	<b>Travis Co. WCID #18</b>	<b>Tri-Co. SUD</b>	<b>Trinity Bay Cons. Dist.</b>	<b>Tyler Co. AD</b>
<b>Plan type</b>	Variable	Fixed	Variable	Variable	Fixed
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 14,856	\$ 2,187	\$ 0	\$ 241,707	\$ 19,871
Members	105,764	121,459	95,242	1,814,802	700,060
Total	120,620	123,646	95,242	2,056,509	719,931
<b>2 Actuarial present value of future normal cost contributions</b>	85,350	0	41,401	242,586	150,461
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	35,270	123,646	53,841	1,813,923	569,470
<b>4 Actuarial value of assets</b>	20,975	136,923	44,081	1,053,411	774,784
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 14,295	\$ (13,277)	\$ 9,760	\$ 760,512	\$ (205,314)
<b>6 Funded ratio [line 4 ÷ line 3]</b>	59.5%	110.7%	81.9%	58.1%	136.1%
<b>Required employer rates for 2004</b>					
Normal cost	3.67%	0.00%	3.07%	2.86%	7.62%
UAAL or (OAAL)	0.97	0.00	0.60	5.48	(0.62)
Total required rate	4.64%	0.00%	3.67%	8.34%	7.00%
<b>Elected rate</b>	N/A	N/A	N/A	N/A	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	20.0	0.0	20.0	20.0	0.0
Number of annuitants	1	1	0	4	2
Number of members	5	3	6	43	11
Number of depositing members	4	0	6	38	11
Average age of depositing members	37.9	0.0	45.5	46.2	51.1
Average length of service of depositing members	2.3	0.0	5.5	13.3	9.5

Number	561	682	663	586	672
<b>Name</b>	<b>United ID—Hidalgo Co.</b>	<b>Upton Co. AD</b>	<b>Valley MUD #2—Cameron Co.</b>	<b>Valwood Imp. Auth.—Dallas Co.</b>	<b>Van Zandt Co. AD</b>
<b>Plan type</b>	Fixed	Variable	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 124,706	\$ 0	\$ 0	\$ 0	\$ 0
Members	1,045,784	97,074	156,985	481,982	263,731
Total	1,170,490	97,074	156,985	481,982	263,731
<b>2 Actuarial present value of future normal cost contributions</b>	221,024	73,440	57,362	105,287	112,383
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	949,466	23,634	99,623	376,695	151,348
<b>4 Actuarial value of assets</b>	969,060	16,650	68,823	348,224	108,346
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ (19,594)	\$ 6,984	\$ 30,800	\$ 28,471	\$ 43,002
<b>6 Funded ratio [line 4 ÷ line 3]</b>	102.1%	70.4%	69.1%	92.4%	71.6%
<b>Required employer rates for 2004</b>					
Normal cost	3.70%	7.83%	2.27%	3.22%	4.98%
UAAL or (OAAL)	3.30	0.46	0.96	0.82	0.98
Total required rate	7.00%	8.29%	3.23%	4.04%	5.96%
<b>Elected rate</b>	N/A	N/A	N/A	N/A	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	0.0	20.0	20.0	20.0	20.0
Number of annuitants	11	0	0	0	0
Number of members	46	5	13	9	18
Number of depositing members	37	5	11	8	15
Average age of depositing members	45.7	54.3	46.6	43.8	49.7
Average length of service of depositing members	7.6	15.1	10.6	10.4	10.3

ACTUARIAL VALUATION RESULTS BY EMPLOYER As of Dec. 31, 2002

Number	420	423	637	565	444
<b>Name</b>	<b>Velasco DD— Brazoria Co.</b>	<b>Victoria Co. DD #3</b>	<b>Victoria Co. WCID # 1</b>	<b>Ward Co. CAD</b>	<b>Ward Mem. Hosp.</b>
<b>Plan type</b>	Fixed	Variable	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 388,557	\$ 28,743	\$ 0	\$ 0	\$ 929,710
Members	3,656,447	596,114	101,289	351,414	5,727,119
Total	4,045,004	624,857	101,289	351,414	6,656,829
<b>2 Actuarial present value of future normal cost contributions</b>	330,165	18,575	30,653	41,453	1,185,287
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	3,714,839	606,282	70,636	309,961	5,471,542
<b>4 Actuarial value of assets</b>	3,241,992	588,153	72,592	317,587	6,048,061
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 472,847	\$ 18,129	\$ (1,956)	\$ (7,626)	\$ (576,519)
<b>6 Funded ratio [line 4 ÷ line 3]</b>	87.3%	97.0%	102.8%	102.5%	110.5%
<b>Required employer rates for 2004</b>					
Normal cost	3.40%	2.83%	4.60%	4.14%	5.80%
UAAL or (OAAL)	5.20	1.48	(0.25)	(0.48)	(1.78)
Total required rate	8.60%	4.31%	4.35%	3.66%	4.02%
<b>Elected rate</b>	N/A	N/A	N/A	N/A	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	13.4	20.0	30.0	30.0	30.0
Number of annuitants	12	2	0	0	34
Number of members	23	6	4	8	149
Number of depositing members	23	4	3	4	83
Average age of depositing members	43.2	56.9	50.3	46.0	40.5
Average length of service of depositing members	15.5	20.7	11.5	11.7	5.7

Number	604	443	410	454	688
<b>Name</b>	<b>Webb Co. AD</b>	<b>West Cent. Tex. COG</b>	<b>West Cent. Tex. MWD</b>	<b>West Jefferson Co. MWD</b>	<b>West Nueces— Las Moras Soil &amp; WCD #236</b>
<b>Plan type</b>	Variable	Variable	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 37,796	\$ 1,238,942	\$ 219,175	\$ 147,626	\$ 0
Members	1,666,671	8,396,185	1,487,732	912,229	31,695
Total	1,704,467	9,635,127	1,706,907	1,059,855	31,695
<b>2 Actuarial present value of future normal cost contributions</b>	234,695	1,979,733	227,560	142,311	26,124
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	1,469,772	7,655,394	1,479,347	917,544	5,571
<b>4 Actuarial value of assets</b>	1,296,096	6,757,581	1,324,921	734,861	2,119
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 173,676	\$ 897,813	\$ 154,426	\$ 182,683	\$ 3,452
<b>6 Funded ratio [line 4 ÷ line 3]</b>	88.2%	88.3%	89.6%	80.1%	38.0%
<b>Required employer rates for 2004</b>					
Normal cost	3.48%	8.36%	5.46%	6.18%	5.20%
UAAL or (OAAL)	2.01	2.08	2.17	6.64	1.04
Total required rate	5.49%	10.44%	7.63%	12.82%	6.24%
<b>Elected rate</b>	N/A	11.00%	N/A	N/A	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	20.0	13.7	20.0	20.0	20.0
Number of annuitants	2	21	9	6	0
Number of members	52	116	26	9	2
Number of depositing members	31	92	20	8	2
Average age of depositing members	42.0	44.2	47.3	46.3	37.0
Average length of service of depositing members	9.3	7.8	9.0	12.3	3.9

ACTUARIAL SECTION

ACTUARIAL VALUATION RESULTS BY EMPLOYER As of Dec. 31, 2002

Number	621	476	427	446	559
<b>Name</b>	<b>Wharton Co. WCID #1</b>	<b>Wheeler Co. AD</b>	<b>White River MWD—Dickens Co.</b>	<b>Wichita Co. WID #2</b>	<b>Wichita-Wilbarger 911 Dist.</b>
<b>Plan type</b>	Variable	Variable	Fixed	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 0	\$ 35,059	\$ 102,149	\$ 125,904	\$ 7,036
Members	43,602	307,940	1,019,421	1,924,184	587,550
Total	43,602	342,999	1,121,570	2,050,088	594,586
<b>2 Actuarial present value of future normal cost contributions</b>	4,591	29,855	98,562	180,868	93,077
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	39,011	313,144	1,023,008	1,869,220	501,509
<b>4 Actuarial value of assets</b>	42,595	293,761	1,054,139	1,489,031	411,952
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ (3,584)	\$ 19,383	\$ (31,131)	\$ 380,189	\$ 89,557
<b>6 Funded ratio [line 4 ÷ line 3]</b>	109.2%	93.8%	103.0%	79.7%	82.1%
<b>Required employer rates for 2004</b>					
Normal cost	3.84%	7.45%	3.68%	4.57%	8.45%
UAAL or (OAAL)	(1.18)	1.98	3.32	7.41	4.24
Total required rate	2.66%	9.43%	7.00%	11.98%	12.69%
<b>Elected rate</b>	5.00%	N/A	N/A	N/A	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	0.0	20.0	0.0	20.0	20.0
Number of annuitants	0	2	3	9	1
Number of members	4	3	9	17	5
Number of depositing members	2	3	9	14	5
Average age of depositing members	61.1	58.6	47.1	47.1	57.0
Average length of service of depositing members	17.8	15.7	14.8	16.6	11.1

Number	655	530	575	652	608
<b>Name</b>	<b>Wickson Creek SUD—Brazos Co.</b>	<b>Wilbarger Co. HD</b>	<b>Willacy Co. AD</b>	<b>Willacy Co. Housing Auth.</b>	<b>Williamson Co. AD</b>
<b>Plan type</b>	Variable	Variable	Variable	Variable	Variable
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 0	\$ 444,355	\$ 0	\$ 0	\$ 540,510
Members	401,648	5,347,352	358,655	91,914	5,162,221
Total	401,648	5,791,707	358,655	91,914	5,702,731
<b>2 Actuarial present value of future normal cost contributions</b>	143,998	662,753	36,880	45,245	1,230,370
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	257,650	5,128,954	321,775	46,669	4,472,361
<b>4 Actuarial value of assets</b>	166,553	5,022,596	248,635	39,759	3,158,740
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 91,097	\$ 106,358	\$ 73,140	\$ 6,910	\$ 1,313,621
<b>6 Funded ratio [line 4 ÷ line 3]</b>	64.6%	97.9%	77.3%	85.2%	70.6%
<b>Required employer rates for 2004</b>					
Normal cost	5.32%	2.43%	5.67%	5.27%	7.23%
UAAL or (OAAL)	3.20	0.03	7.21	0.65	5.66
Total required rate	8.52%	2.46%	12.88%	5.92%	12.89%
<b>Elected rate</b>	N/A	5.00%	N/A	6.00%	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	20.0	0.1	20.0	15.2	20.0
Number of annuitants	0	18	0	0	11
Number of members	10	168	5	7	84
Number of depositing members	9	122	4	6	56
Average age of depositing members	37.2	43.6	47.1	49.6	44.7
Average length of service of depositing members	7.5	8.7	14.2	15.6	8.6

ACTUARIAL VALUATION RESULTS BY EMPLOYER As of Dec. 31, 2002

Number	479	533	493	649	566
Name	Wilson Co. AD	Winkler Co. AD	Wise Co. AD	Zapata Co. AD	Zavala Co. AD
<b>Plan type</b>	Variable	Variable	Variable	Variable	Fixed
<b>1 Actuarial present value of future benefits</b>					
Annuitants	\$ 73,884	\$ 25,533	\$ 51,635	\$ 0	\$ 46,335
Members	878,285	148,370	856,574	117,843	276,624
Total	952,169	173,903	908,209	117,843	322,959
<b>2 Actuarial present value of future normal cost contributions</b>	156,452	52,875	214,553	40,700	57,550
<b>3 Actuarial accrued liability [line 1 - line 2]</b>	795,717	121,028	693,656	77,143	265,409
<b>4 Actuarial value of assets</b>	742,672	102,885	847,917	55,586	310,629
<b>5 Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] [line 3 - line 4]</b>	\$ 53,045	\$ 18,143	\$ (154,261)	\$ 21,557	\$ (45,220)
<b>6 Funded ratio [line 4 ÷ line 3]</b>	93.3%	85.0%	122.2%	72.1%	117.0%
<b>Required employer rates for 2004</b>					
Normal cost	6.47%	7.93%	6.13%	2.98%	3.84%
UAAL or (OAAL)	1.72	2.53	(2.45)	1.38	3.16
Total required rate	8.19%	10.46%	3.68%	4.36%	7.00%
<b>Elected rate</b>	N/A	N/A	N/A	N/A	N/A
<b>Years (beginning in 2004) required to amortize the UAAL or OAAL</b>	20.0	20.0	30.0	20.0	0.0
Number of annuitants	3	2	5	0	1
Number of members	14	5	22	7	8
Number of depositing members	11	3	15	7	7
Average age of depositing members	48.9	49.4	41.0	41.8	45.0
Average length of service of depositing members	10.6	9.1	7.5	14.4	8.5

**Explanatory Notes**

**Bolded** text in the notes below indicates a reference to a specific line in the Actuarial Valuation Results by Employer section.

1. If an **elected rate** is shown, the **years (beginning in 2004) required to amortize the UAAL or OAAL** (amortization period) reflects the elected contribution rate and the calculated **unfunded actuarial accrued liability rate for 2004** reflects a 20-year amortization period (30-year amortization period if there is an **overfunded actuarial accrued liability** amount).
2. If an **elected rate** is shown, but it is less than the **total required rate for 2004**, the TCDRS Act requires the employer to contribute at the higher required rate.
3. Plans with a **total required rate for 2004** or an **elected rate** greater than 11.00%, the statutory maximum rate, have adopted a waiver. Variable-rate plans that have not adopted a waiver and have a calculated rate greater than 11.00% are shown with an amortization period of infinity.
4. For fixed-rate plans, if the **years (beginning in 2004) required to amortize the UAAL or OAAL** (amortization period) are greater than 30 years, the **total required rate for 2004** does not provide an adequate financing arrangement.
5. For variable-rate plans that have an OAAL, an amortization period of 30 years indicates that the employer is using the overfunded amount to reduce the normal cost rate over a period of 30 years. If this type of plan has an amortization period of zero, it indicates that the plan is contributing at a rate in excess of the required rate. Fixed-rate plans that have an OAAL also have an amortization period of zero.

Further discussion is provided in the following Footnotes for Selected Participating Employers.



**A:**

The unfunded actuarial accrued liability contribution rate shown in the actuarial valuation results for the Ector County plan and the amortization period shown in the actuarial valuation results for the Ector County Hospital District plan were determined considering the commitment by the Ector County Hospital District to assume the obligation within the Ector County plan attributable to services performed by certain hospital district employees while they were county employees. This commitment is being carried out by an annual transfer of employer contributions from the hospital district's account in the Subdivision Accumulation Fund (SAF) to the county's account in the SAF.

**B:**

The Llano County Hospital Authority plan assumed the obligations of the inactive Llano Memorial Hospital plan. The obligation is attributable to services performed by the former Memorial Hospital employees before they became employees of the Hospital Authority. This commitment is being carried out by an annual transfer from the Hospital Authority's account in the SAF to Memorial Hospital's account in the SAF.

**C:**

During 2000, Galveston County consolidated the SAF account for the inactive Mainland Hospital plan into its own SAF account. Under this funding arrangement, all obligations and benefits for members of the former hospital plan remain the same as they were before the consolidation, but are included for reporting and funding purposes in the Galveston County obligations. This consolidation prevented a further reduction in benefits to the members of the inactive Mainland Hospital plan.

**D:**

For the 2002 valuation, there are six fixed-rate plans with an inadequate financing arrangement (i.e., an amortization period in excess of 30 years shown in the actuarial valuation results). For these plans, the amortization period will be reduced by Jan. 1, 2004 to no more than 20 years, which will cause the financing arrangement to be adequate. The reduction in amortization period will be the result of an increase in the total employer contribution rate, a reduction in future benefit accruals, a lump-sum contribution, or some combination of the three. The TCDRS Act provides that upon written notice to the employer of an inadequate financing arrangement, the employer has until the next Jan. 1 to adopt an action. If the employer takes no action by Jan. 1, 2004, the TCDRS Act requires that future benefit accruals be reduced to the level determined by the actuary to be necessary to have an adequate financing arrangement.

**E:**

For the 2002 valuation, there were two variable-rate plans with inadequate financing arrangements. That is, their required contribution rate exceeds 11% and they have not elected a waiver of the TCDRS maximum rate. The two plans will need to adopt a waiver or reduce future benefits. If the employer takes no action by the following Jan. 1, the TCDRS Act requires that future benefit accruals be reduced to the level necessary to make the calculated rate not exceed 11%.

The following definitions include excerpts from a list adopted in 1994 by the major actuarial organizations in the United States. In some cases, the definitions have been modified for specific applicability to TCDRS and include terms used exclusively by TCDRS. Defined terms are capitalized in this glossary.

**Accrued Benefit**

The amount of an individual's benefit (whether or not vested) as of a specific date, determined in accordance with the terms of a pension plan and based on compensation and service to that date.

**Actuarial Accrued Liability**

That portion, as determined by a particular actuarial cost method, of the Actuarial Present Value of pension plan benefits and expenses that is not provided for by future Normal Costs.

**Actuarial Assumptions**

Assumptions as to the occurrence of future events affecting pension costs, such as: mortality, termination, disablement and retirement; changes in compensation; rates of investment earnings and asset appreciation or depreciation; procedures used to determine the Actuarial Value of Assets; and other relevant items.

**Actuarial Gain (Loss)**

A measure of the difference between actual experience and that expected based on a set of Actuarial Assumptions during the period between two Actuarial Valuation dates, as determined in accordance with a particular actuarial cost method.

**Actuarial Present Value**

The value of an amount or series of amounts payable or receivable at various times, determined as of a given date by the application of a particular set of Actuarial Assumptions.

**Actuarial Valuation**

The determination, as of a Valuation Date, of the Normal Cost, Actuarial Accrued Liability, Actuarial Value of Assets and related Actuarial Present Values for a pension plan.

**Actuarial Value of Assets**

The value of cash, investments and other property belonging to a pension plan, as used by the actuary for the purpose of an Actuarial Valuation.

**Actuarially Equivalent**

Of equal Actuarial Present Value, determined as of a

given date with each value based on the same set of Actuarial Assumptions.

**Average Age of Contributing Members**

The average attained age as of the Valuation Date, weighted by the average monthly deposit for the year preceding the Valuation Date.

**Average Length of Service of Contributing Members**

The average length of total credited service in TCDRS as of the Valuation Date, weighted by the average monthly deposit for the year preceding the Valuation Date.

**Current Service Benefits**

Benefits attributable to the member's accumulated deposits and usually a matching amount provided by the employer.

**Employer Contribution Rate**

The sum of the Normal Cost Contribution Rate and the Unfunded Actuarial Accrued Liability Contribution Rate. Both rates are expressed as a percentage of compensation. The calculated Employer Contribution Rate will go into effect one year after the Valuation Date.

**Entry-Age Actuarial Cost Method**

An actuarial cost method under which the Actuarial Present Value of the Projected Benefits of each individual included in an Actuarial Valuation is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit ages. The portion of this Actuarial Present Value allocated to a valuation year is called the Normal Cost. The portion of this Actuarial Present Value not provided for at a Valuation Date by the Actuarial Present Value of future Normal Costs is called the Actuarial Accrued Liability.

**Fixed-Rate Plan**

A plan of retirement, death and disability benefits for which the employer adopts an employee deposit rate (4%, 5%, 6% or 7%), which also becomes the Employer Contribution Rate. The actuary determines the plan of benefits that can be adequately financed by the commitment of the employer to contribute the same amount as the member employees. The plan of benefits, adopted at plan inception and when benefit increases are adopted, is limited by statute to benefits that allow the Unfunded Actuarial Accrued Liability to be amortized over a period of no more than 20 years. If a plan has had adverse experience (predominantly actuarial losses over time), the law has provisions

that allow the employer to contribute at a rate above the employee deposit rate or to reduce benefits accruing in the future.

**Multiple Matching Benefits**

Benefits attributable to an amount provided by the employer as a percentage of the member's accumulated deposits in excess of the Current Service Benefit matching amount.

**Normal Cost**

That portion of the Actuarial Present Value of pension plan benefits and expenses that is allocated to a valuation year by the actuarial cost method.

**Normal Cost Contribution Rate**

A rate equal to the Actuarial Present Value at hire of Projected Benefits divided by the Actuarial Present Value at hire of anticipated future compensation. It is calculated for each contributing member, and the average is determined, weighted by compensation.

**Plan Year**

A 12-month period beginning Jan. 1 and ending Dec. 31.

**Prior Service Benefits**

Benefits attributable to an amount provided by the employer for service rendered by an employee prior to the date of participation of the employer in TCDRS.

**Projected Benefits**

Those pension plan benefit amounts that are expected to be paid at various future times under a particular set of Actuarial Assumptions, taking into account such items as the effect of advancement in age and past and anticipated future compensation and service credits.

**Overfunded Actuarial Accrued Liability (OAAL)**

The excess, if any, of the Actuarial Value of Assets over the Actuarial Accrued Liability. Standard actuarial terminology defines this as the "Funding Excess." TCDRS uses the term "Overfunded Actuarial Accrued Liability."

**Unfunded Actuarial Accrued Liability (UAAL)**

The excess, if any, of the Actuarial Accrued Liability over the Actuarial Value of Assets.

**Unfunded Actuarial Accrued Liability Contribution Rate**

Variable-rate plans: The level percent of covered payroll to amortize the Unfunded Actuarial Accrued Liability over an open period of 20 years. If the plan has an Overfunded Actuarial Accrued Liability, it is amortized over an open period of 30 years as a negative Unfunded Actuarial Accrued Liability, and the resulting negative Unfunded Actuarial Accrued Liability Contribution Rate is offset against the Normal Cost Contribution Rate.

Fixed-rate plans: The fixed Employer Contribution Rate minus the Normal Cost Contribution Rate.

**Valuation Date**

The date upon which the Normal Cost, Actuarial Accrued Liability and Actuarial Value of Assets are determined. Generally, the Valuation Date will coincide with the ending of a Plan Year.

**Variable-Rate Plan**

A plan of retirement, death and disability benefits adopted by the employer for which the actuary annually determines the Employer Contribution Rate so that the rate is expected to remain approximately level as a percent of the employer's covered payroll from year to year. If there are predominantly actuarial gains over time, the rate will decrease from year to year. Conversely, predominantly actuarial losses over time will cause the rate to increase from year to year.



# STATISTICAL SECTION

When Texas joined the Union in 1846, currency was issued by state-chartered banks with no federal regulation. In 1863, the U.S. Congress passed the National Banking Act, which substantially changed our monetary system. From 1863 to 1935, more than 14,000 national banks around the country issued currency that was backed by the federal government. Although the design of the bills was the same from bank to bank, the National Currency notes included the bank name and charter number.



During the 72 years of the national bank era, 917 banks representing 448 towns in Texas received charters and issued bills. Over the years there were four major designs and two different sizes. Each design reflected a different charter period, which typically lasted 20 years.



The First Charter Period ran from 1863 to 1882, but notes of the First Charter (left) were circulating until 1902. Surviving bills from this era are quite rare and are among the most ornate of U.S. currency. This note's face features the vignette "Battle of Lexington" on the left and Loyalty on the right. On the back was a rendition of the "Baptism of Pocahontas."

The Second Charter Notes (left) were issued between 1882 and 1902. There were three types of bills issued during this period, but the most abundant were those known as "brown backs" because the reverse side was printed in brown ink. The notes were in circulation until all Nationals were recalled in 1922.

The Third Charter Notes (upper left) were issued between 1902 and 1922. They looked much like the Second Charter bills, except more decorative. The back of the \$10 bill was dominated by the image of Liberty holding a fasces and flanked by a battleship and a merchant ship (above). In 1914, Federal Reserve Notes began to replace the National Bank Notes.

Small Size Nationals (bottom left) were issued from 1922 until 1935 when all bills were converted to Federal Reserve Notes. The currency resembles the bills that were in circulation until the 1996 redesign.

*Images courtesy of Heritage Numismatics, Dallas.*

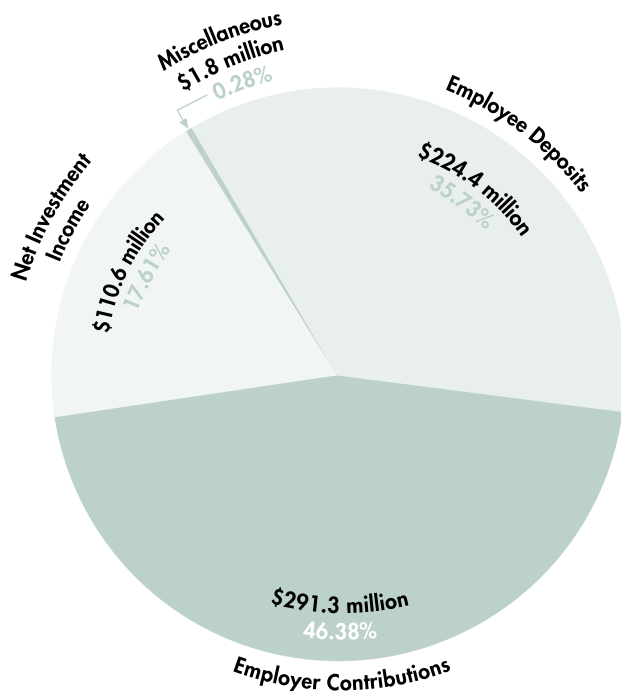
**TABLE 1: REVENUES BY SOURCE**

Year	Employee Deposits	Employer Contributions		Net Investment Income	Miscellaneous	Total
		Dollars	% of Annual Covered Payroll			
1997	\$ 157,961,739	\$ 177,836,096	7.63%	\$ 774,954,976	\$ 1,456,635	\$ 1,112,209,446
1998	170,573,346	195,998,879	7.80	712,584,377	1,468,661	1,080,625,263
1999	184,276,393	249,038,681	9.19	93,065,829	1,594,117	527,975,020
2000	195,266,734	255,470,236	8.91	687,848,475	1,808,005	1,140,393,450
2001	208,517,277	270,644,950	8.84	238,488,998	1,766,188	719,417,413
2002	224,387,814	291,313,309	8.87	110,578,992	1,765,891	628,046,006

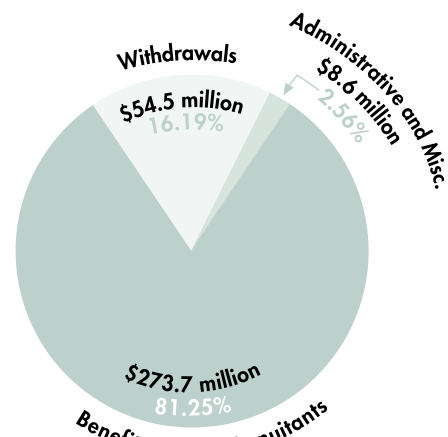
**TABLE 2: EXPENSES BY TYPE**

Year	Benefits Paid to Annuitants	Withdrawals Paid to Terminated Employees	Administrative Expenses	Miscellaneous	Total
1997	\$ 161,787,686	\$ 59,220,943	\$ 6,108,761	\$ 130,823	\$ 227,248,213
1998	177,499,514	58,546,490	6,532,111	168,313	242,746,428
1999	200,117,106	60,857,742	7,034,098	183,782	268,192,728
2000	218,504,691	64,857,527	7,368,849	214,085	290,945,152
2001	246,881,133	61,976,126	8,135,163	243,342	317,235,764
2002	273,660,986	54,517,833	8,379,382	233,155	336,791,356

**FIGURE 1: REVENUES BY SOURCE — 2002**



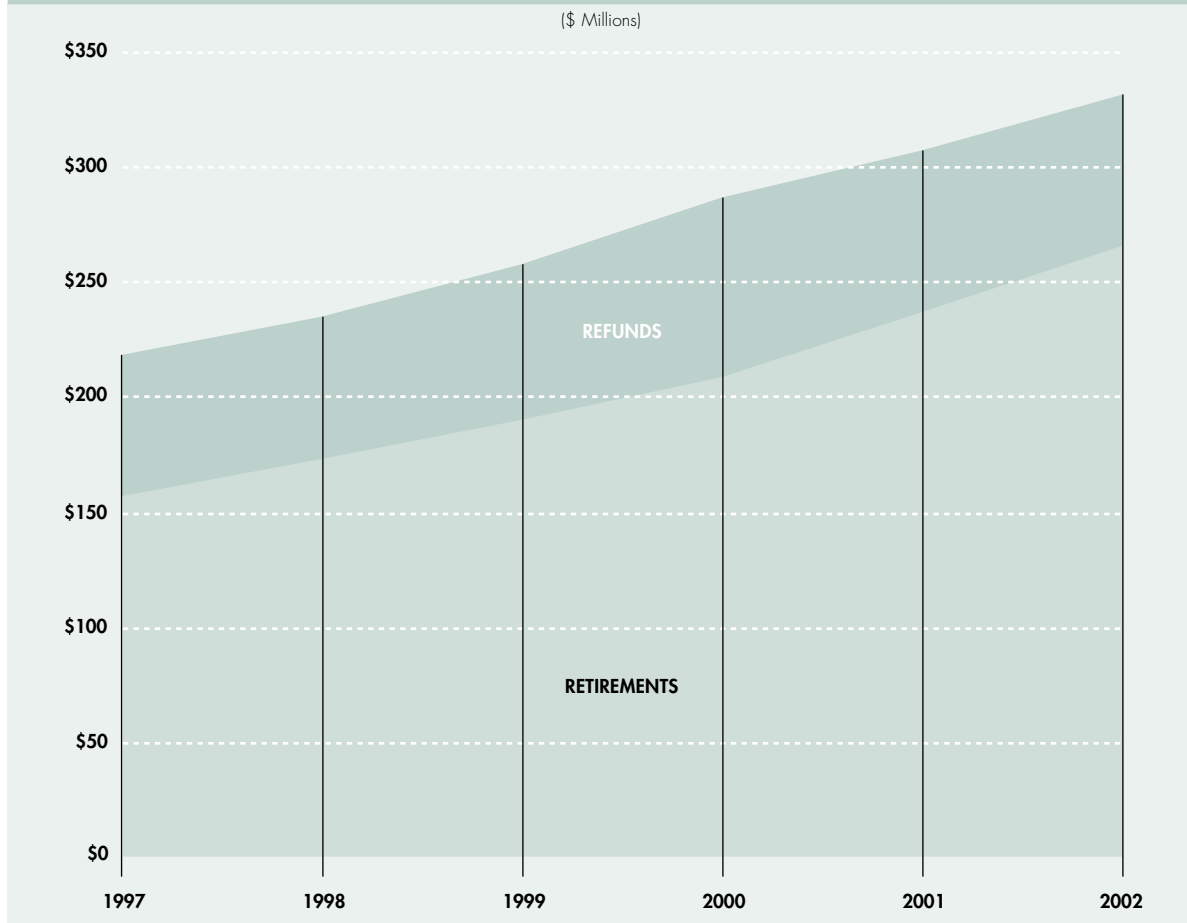
**FIGURE 2: EXPENSES BY TYPE — 2002**



**TABLE 3: BENEFIT EXPENSES BY TYPE**

Year	Retirements			Refunds		Total Benefit Payments
	Service	Disability	Distributive Benefit Payments	Withdrawals	Death	
1998	170,575,862	6,923,652	1,239	57,352,923	1,192,328	236,046,004
1999	192,332,893	7,784,213	—	59,646,578	1,211,164	260,974,848
2000	210,095,346	8,409,345	—	64,007,655	849,872	283,362,218
2001	237,686,898	9,194,235	—	61,063,274	912,852	308,857,259
2002	263,809,988	9,850,998	—	53,802,941	714,892	328,178,819

**FIGURE 3: BENEFIT EXPENSES BY TYPE**



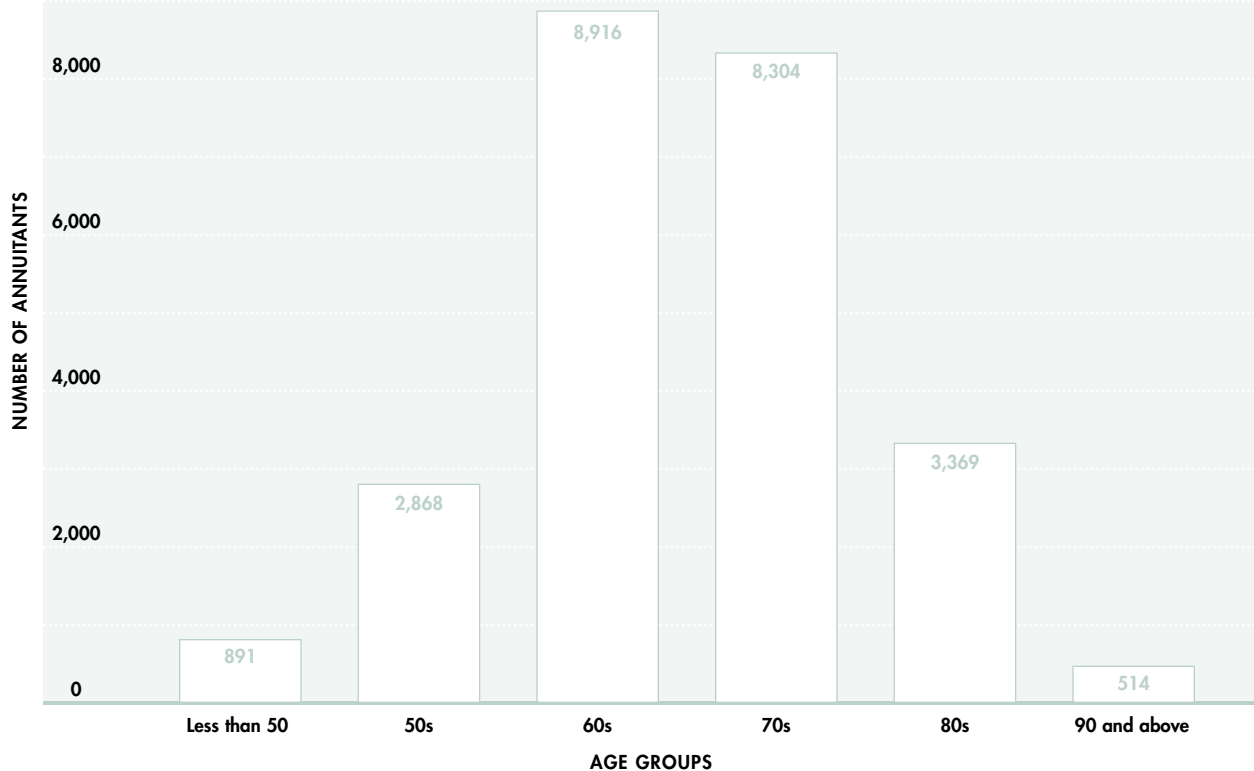


**TABLE 4: AVERAGE BENEFIT PAYMENTS**

This schedule reports the number of annuitants and average monthly benefit grouped by years of credited service and year of retirement.

	Years of Credited Service						
	0-5	5-10	10-15	15-20	20-25	25-30	30+
<b>1997</b>							
Number of Annuitants	52	249	426	269	224	122	84
Average Monthly Benefit	\$ 164	410	624	1,145	1,534	1,994	2,135
<b>1998</b>							
Number of Annuitants	80	311	468	354	302	200	123
Average Monthly Benefit	\$ 193	395	697	1,106	1,521	2,176	2,585
<b>1999</b>							
Number of Annuitants	56	301	440	332	258	145	102
Average Monthly Benefit	\$ 166	407	666	1,065	1,655	2,138	2,034
<b>2000</b>							
Number of Annuitants	73	310	425	409	318	230	114
Average Monthly Benefit	\$ 180	409	705	1,187	1,640	2,212	2,804
<b>2001</b>							
Number of Annuitants	62	248	456	357	352	210	106
Average Monthly Benefit	\$ 168	416	685	1,211	1,696	2,481	2,553
<b>2002</b>							
Number of Annuitants	174	362	480	404	473	235	147
Average Monthly Benefit	\$ 211	479	794	1,235	1,804	2,712	3,041

**FIGURE 4: NUMBER OF ANNUITANTS GROUPED BY AGE**



**TABLE 5: ANNUITANTS BY TYPE OF BENEFIT**

Amount of Monthly Benefit	Annuitants				Retirement Option Selected							
	Retiree	Beneficiary	Life Only	100% to Beneficiary	100% to Beneficiary With Pop-Up	75% to Beneficiary	50% to Beneficiary	25% to Beneficiary	15-Year Guarantee	10-Year Guarantee	5-Year Guarantee	
\$ 0-499	6,824	2,303	2,994	3,398	106	242	654	202	711	562	258	
500-999	6,103	1,091	2,587	2,485	101	208	546	138	575	349	205	
1,000-1,499	3,264	394	1,247	1,220	81	149	321	95	297	156	92	
1,500-1,999	1,820	189	651	646	48	99	214	75	130	84	62	
2,000-2,499	1,115	89	368	426	24	50	151	26	94	37	28	
2,500-2,999	596	48	215	200	17	42	65	12	53	27	13	
3,000-3,499	383	30	138	134	12	26	40	11	27	17	8	
3,500-3,999	229	11	78	81	5	16	23	8	19	5	5	
4,000-4,499	129	4	27	43	6	15	21	4	7	6	4	
4,500-4,999	61	6	18	21	1	3	8	5	7	3	1	
5,000-5,499	51	1	12	13	3	7	14	0	1	1	1	
5,500-5,999	29	2	8	10	0	3	3	1	3	3	0	
6,000 & Over	82	8	19	27	4	9	7	8	12	4	0	
Subtotals	20,686	4,176	8,362	8,704	408	869	2,067	585	1,936	1,254	677	
<b>Totals</b>	<b>24,862</b>				<b>24,862</b>							

**RETIREMENT PAYMENT OPTIONS**

All retirement payment options pay the retiree a monthly benefit for life and in the event of premature death guarantees that the total benefit paid will equal, at a minimum, the total accumulated contributions of the retiree.

A new option, 100% to Beneficiary With Pop-Up, was added for retirements on or after Dec. 31, 2001. For retirements after Nov. 30, 2001, the 25% to Beneficiary option is no longer available.

**Life Only**

Payments cease upon the death of the retiree.

**100% to Beneficiary**

At the death of the retiree, the beneficiary will receive 100% of the monthly amount paid to the retiree throughout the beneficiary's life.

**100% to Beneficiary With Pop-Up**

If the beneficiary survives the retiree, monthly payments equal to 100% of the monthly amount paid to the retiree continue to the beneficiary for life. If the retiree outlives the beneficiary, the monthly payment amount will increase ("pop-up") after the beneficiary's death to the higher amount of the Life-Only option.

**75% to Beneficiary**

At the death of the retiree, the beneficiary will

receive three-fourths of the retiree's monthly payment throughout the beneficiary's life.

**50% to Beneficiary**

At the death of the retiree, the beneficiary will receive one-half of the retiree's monthly payment throughout the beneficiary's life.

**25% to Beneficiary**

At the death of the retiree, the beneficiary receives one-fourth of the retiree's monthly allowance throughout the beneficiary's life. This option is not available to new retirees.

**15-Year Guarantee**

If the retiree dies within 15 years of retirement, the beneficiary will receive the same monthly payment as the retiree for the balance of the 15-year period, at which time payments cease.

**10-Year Guarantee**

If the retiree dies within 10 years of retirement, the beneficiary will receive the same monthly payment as the retiree for the balance of the 10-year period, at which time payments cease.

**5-Year Guarantee**

If the retiree dies within five years of retirement, the beneficiary will receive the same monthly payment as the retiree for the balance of the five-year period, at which time payments cease.

RETIREMENT PLANS OF PARTICIPATING EMPLOYERS As of Jan. 1, 2003

Employer Number	Employer Name	Participation Date	Initial Variable-Rate Plan Date	Employee Deposit Rate	Allocated Prior Service Credit Percentage	Employer Current Service Matching Pct. / (Ratio to \$1.00)	Most Recent Annuitant CPI-Based COLA Year	Most Recent Annuitant COLA Pct.
100	Anderson County	01/68	01/96	7%	105%	160% \$1.60		
101	Andrews County	01/68	01/98	7%	170%	200% \$2.00		
102	Angelina County	01/77	01/92	7%	135%	175% \$1.75	1999	40%
103	Aransas County	01/69	01/96	7%	120%	190% \$1.90		
104	Archer County	12/75	01/97	7%	115%	125% \$1.25		
105	Armstrong County	02/73	01/95	7%	110%	125% \$1.25		
106	Atascosa County	06/71	01/95	6%	135%	175% \$1.75		
107	Austin County	01/68	01/93	7%	125%	150% \$1.50		
108	Bailey County	10/71	01/99	7%	115%	100% \$1.00		
109	Bandera County	01/68	01/92	7%	150%	200% \$2.00	2001	50%
110	Bastrop County	01/68	01/98	7%	140%	230% \$2.30		
111	Baylor County	01/72	01/95	7%	125%	150% \$1.50		
112	Bee County	01/73	01/95	7%	135%	175% \$1.75	1999	30%
113	Bell County	01/68	01/93	7%	165%	225% \$2.25		
114	Bexar County	01/68	01/93	7%	155%	200% \$2.00	1998	30%
115	Blanco County	02/81	01/92	7%	125%	150% \$1.50	1995	80%
116	Borden County	09/70	01/95	7%	105%	130% \$1.30		
117	Bosque County	03/74	01/95	5%	115%	130% \$1.30	2002	30%
118	Bowie County	11/70	01/95	7%	165%	200% \$2.00		
119	Brazoria County	01/68	01/98	7%	130%	200% \$2.00		
120	Brazos County	01/68	01/98	7%	120%	225% \$2.25		
121	Brewster County	08/69	01/92	7%	135%	175% \$1.75	1995	50%
122	Briscoe County	01/86	01/92	7%	20%	125% \$1.25	1994	40%
123	Brooks County	02/68	01/96	7%	175%	250% \$2.50		
124	Brown County	01/71	01/93	5%	150%	200% \$2.00		
125	Burleson County	01/81	01/92	7%	100%	125% \$1.25		
126	Burnet County	01/72	01/92	7%	140%	175% \$1.75	2003	40%
127	Caldwell County	10/80	01/92	5%	125%	150% \$1.50		
128	Calhoun County	01/70	01/96	7%	95%	175% \$1.75		
129	Callahan County	07/82	01/95	6%	65%	110% \$1.10		
130	Cameron County	01/69	01/97	7%	160%	200% \$2.00		
131	Camp County	01/74	01/95	7%	135%	175% \$1.75		
132	Carson County	01/68	01/92	7%	110%	125% \$1.25	1995	30%
133	Cass County	01/68	01/95	7%	150%	150% \$1.50		
134	Castro County	03/71	01/93	7%	150%	200% \$2.00		
135	Chambers County	01/68	01/98	7%	145%	190% \$1.90		
136	Cherokee County	01/68	01/96	7%	145%	150% \$1.50		
137	Childress County	10/96	10/96	5%	100%	100% \$1.00		
138	Clay County	08/70		7%	140%	110% \$1.10		
139	Cochran County	06/79	01/92	7%	125%	150% \$1.50	1994	80%
140	Coke County	01/68		7%	85%	120% \$1.20		
141	Coleman County	05/73	01/93	7%	110%	125% \$1.25		
142	Collin County	01/70	01/92	7%	175%	250% \$2.50	1999	80%
143	Collingsworth County	11/93	11/93	6%	50%	100% \$1.00		
144	Colorado County	03/68	01/92	7%	125%	150% \$1.50		
145	Comal County	03/75	01/92	7%	150%	200% \$2.00	2003	50%
146	Comanche County	10/84	01/92	5%	125%	150% \$1.50	2003	80%

Most Recent Annuitant Flat-Rate COLA Year	COLA Pct.	Years of Service for Vesting for Retirement	Alternate Retirement Eligibility With Satisfaction of Rule of ...	Years of Service for Retirement at Any Age (Other Than 30)	Partial Lump-Sum Payment	Supplemental Death Benefits	Qualified Military Service Credit Eligibility Years	District Judge Participation	Prosecuting Attorney Participation	Employer Number
2003	3%	8	75	20			10	Yes	Yes	100
		8	75			Active Only	10	Yes	Yes	101
2003	5%	8	75		Yes		8	Yes	Yes	102
		10	75				10	Yes		103
		8	75				10			104
		8	80			Active & Retired	10			105
2000	4%	8	75				10	Yes		106
		8	75			Active Only	10			107
		10	80				10			108
2000	6%	8	75			Active & Retired	10	Yes		109
		8	75				10			110
		8	75			Active Only	10			111
		8	75			Active & Retired	10	Yes		112
		8	75				8	Yes	Yes	113
2002	2%	8	75				10	Yes	Yes	114
		8	75			Active & Retired	10			115
		10	75				10		Yes	116
		8	75			Active Only	10	Yes		117
		10	75			Active & Retired	10	Yes	Yes	118
		8	75				10	Yes	Yes	119
2000	3%	8	75				8	Yes	Yes	120
2003	3%	8	75			Active Only	10			121
		8	75			Active & Retired	10			122
		8	75		Yes	Active & Retired	10	Yes		123
		8	75				10			124
		8	75		Yes	Active & Retired	10			125
		8	75	20	Yes	Active & Retired	10			126
		8	75				10	Yes		127
		8	75			Active Only	10	Yes		128
		8	75		Yes	Active & Retired	10			129
		8	75				10	Yes	Yes	130
2003	4%	8	75		Yes		10			131
		8	75			Active Only	10			132
		8	75				10			133
		8	75				10			134
		8	75			Active Only	10	Yes	Yes	135
		8	75				10	Yes	Yes	136
		8	80							137
		10	80				10			138
		10	80			Active & Retired	10	Yes		139
		10	80				10		Yes	140
		8	75	20			10			141
2003	8%	8	75		Yes	Active & Retired	8	Yes	Yes	142
		8	75			Active Only	10			143
2002	1%	8	75	20			10	Yes		144
		8	75			Active & Retired	10	Yes	Yes	145
		8	75			Active & Retired	10	Yes	Yes	146

RETIREMENT PLANS OF PARTICIPATING EMPLOYERS As of Jan. 1, 2003

Employer Number	Employer Name	Participation Date	Initial Variable-Rate Plan Date	Employee Deposit Rate	Allocated Prior Service Credit Percentage	Employer Current Service Matching Pct. / (Ratio to \$1.00)	Most Recent Annuitant CPI-Based COLA Year	Pct.
147	Concho County	01/68	01/96	7%	135%	200% \$2.00		
148	Cooke County	04/72	01/95	6%	120%	180% \$1.80		
149	Coryell County	04/75	01/95	7%	135%	175% \$1.75	1998	50%
150	Cottle County	03/89	01/95	7%	40%	100% \$1.00		
151	Crane County	04/68	01/95	7%	125%	150% \$1.50		
152	Crockett County	01/68		7%	160%	140% \$1.40		
153	Crosby County	01/77	01/98	7%	115%	125% \$1.25		
154	Culberson County	02/81	01/96	7%	120%	140% \$1.40		
155	Dallam County	07/68	01/98	7%	130%	125% \$1.25		
156	Dallas County	01/68		7%	150%	200% \$2.00		
157	Dawson County	01/76	01/92	7%	110%	125% \$1.25	2000	40%
158	Deaf Smith County	12/69	01/92	7%	140%	175% \$1.75		
159	Delta County	01/87	01/95	7%	110%	125% \$1.25		
160	Denton County	01/68	01/95	7%	160%	220% \$2.20	2003	80%
161	Dewitt County	01/68	01/98	7%	80%	125% \$1.25		
162	Dickens County	07/77	01/95	7%	110%	150% \$1.50		
163	Dimmit County	03/91	01/97	7%	65%	200% \$2.00		
164	Donley County	06/88		7%	110%	100% \$1.00		
165	Duval County	11/92	11/92	4%	95%	100% \$1.00		
166	Eastland County	01/74	01/92	7%	150%	200% \$2.00	1998	30%
167	Ector County	12/68	01/95	7%	210%	250% \$2.50		
168	Edwards County	10/93	10/93	5%	35%	150% \$1.50		
170	El Paso County	01/71	01/94	7%	175%	250% \$2.50	1999	80%
169	Ellis County	01/68	01/92	7%	150%	200% \$2.00	1992	30%
171	Erath County	07/68	01/96	7%	140%	175% \$1.75		
172	Falls County	12/70	01/95	7%	135%	175% \$1.75	2001	30%
173	Fannin County	01/68	01/92	7%	150%	200% \$2.00		
174	Fayette County	01/68	01/97	7%	120%	150% \$1.50	2003	50%
175	Fisher County	10/74	01/95	7%	100%	120% \$1.20		
176	Floyd County	01/71	01/96	7%	125%	150% \$1.50		
178	Fort Bend County	01/72	01/98	7%	165%	200% \$2.00	2003	50%
179	Franklin County	01/81	01/97	7%	145%	190% \$1.90		
180	Freestone County	01/73	01/95	7%	135%	150% \$1.50	1995	30%
181	Frio County	01/68	01/93	6%	150%	200% \$2.00	1998	30%
182	Gaines County	01/69	01/92	7%	125%	150% \$1.50		
183	Galveston County	05/73	01/96	7%	160%	225% \$2.25		
184	Garza County	10/79	01/96	7%	125%	160% \$1.60		
185	Gillespie County	12/80	01/99	7%	115%	150% \$1.50		
186	Glasscock County	02/80	01/92	7%	125%	125% \$1.25	1994	80%
187	Goliad County	01/77	01/95	7%	120%	150% \$1.50		
188	Gonzales County	11/85	01/97	7%	110%	125% \$1.25		
189	Gray County	01/70	01/96	7%	125%	150% \$1.50		
190	Grayson County	01/68	01/94	7%	160%	225% \$2.25		
191	Gregg County	01/68	01/96	7%	135%	170% \$1.70		
192	Grimes County	06/70	01/96	7%	105%	150% \$1.50	2003	40%
193	Guadalupe County	05/74	01/92	7%	150%	200% \$2.00	2003	50%
194	Hale County	01/69	01/98	7%	130%	160% \$1.60	2003	60%

Most Recent Annuitant Flat-Rate COLA Year Pct.	Years of Service for Vesting for Retirement	Alternate Retirement Eligibility With Satisfaction of Rule of ...	Years of Service for Retirement at Any Age (Other Than 30)	Partial Lump-Sum Payment	Supplemental Death Benefits	Qualified Military Service Credit Eligibility Years	District Judge Participation	Prosecuting Attorney Participation	Employer Number
	8	75				10			147
	8	75				10			148
	8	75			Active & Retired	10	Yes	Yes	149
	8	80							150
2001	1%	8	75		Active & Retired	10	Yes	Yes	151
	12					10	Yes		152
	8	80			Active & Retired	10		Yes	153
	8	75		Yes	Active & Retired				154
	8	80				10			155
	10	80				10	Yes	Yes	156
2003	5%	8	80	Yes	Active & Retired	10	Yes	Yes	157
	8	75			Active Only	10			158
	8	75			Active & Retired				159
	8	75	20		Active Only	10	Yes	Yes	160
	8	75			Active & Retired	10	Yes		161
	8	75			Active & Retired	10			162
	8	80				10			163
	10	80							164
	10	80				10	Yes	Yes	165
2003	2%	8	75	20	Active & Retired	10	Yes	Yes	166
	8	75				10	Yes	Yes	167
	8	80				10			168
2002	3%	8	75	20		8	Yes	Yes	170
2003	3%	8	75	20	Active Only	10	Yes	Yes	169
	8	75	20		Active Only	10		Yes	171
	8	75			Active Only	10			172
	8	75			Active Only	8			173
	8	75				8			174
	8	75			Active & Retired	10			175
	8	75			Active Only	10			176
2001	3%	8	75			10	Yes	Yes	178
	8	75			Active & Retired				179
	8	75			Active & Retired	10	Yes	Yes	180
2001	3%	8	75		Active & Retired	10	Yes		181
	10	80				10	Yes		182
2001	2%	8	75		Active & Retired	10	Yes	Yes	183
	8	75			Active Only	10			184
2003	3%	8	75	Yes		10			185
	8	75			Active & Retired	10		Yes	186
	8	75				10	Yes		187
2003	5%	8	75			10	Yes		188
	8	75			Active Only	10	Yes		189
	8	75			Active Only	8	Yes		190
2002	2%	8	75	Yes		10	Yes	Yes	191
	8	75			Active & Retired	10	Yes		192
2001	3%	8	75	20	Yes	10	Yes		193
	8	75			Active Only	10			194



## RETIREMENT PLANS OF PARTICIPATING EMPLOYERS As of Jan. 1, 2003

Employer Number	Employer Name	Participation Date	Initial Variable-Rate Plan Date	Employee Deposit Rate	Allocated Prior Service Credit Percentage	Employer Current Service Matching Pct. / (Ratio to \$1.00)	Most Recent Annuitant CPI-Based COLA Year	Most Recent Annuitant COLA Pct.
195	Hall County	01/70	01/92	7%	125%	150% \$1.50	1996	50%
196	Hamilton County	10/77	01/92	6%	110%	150% \$1.50	1998	50%
197	Hansford County	01/72	01/98	7%	105%	120% \$1.20		
198	Hardeman County	12/72	01/96	7%	80%	140% \$1.40		
199	Hardin County	12/68	01/95	7%	155%	150% \$1.50	2003	50%
200	Harris County	01/68	01/95	7%	160%	220% \$2.20		
201	Harrison County	01/69	01/95	7%	135%	180% \$1.80	1998	30%
202	Hartley County	06/68	01/95	7%	135%	175% \$1.75		
203	Haskell County	03/81	01/93	7%	110%	125% \$1.25	1994	30%
204	Hays County	01/71	01/95	7%	175%	225% \$2.25	2002	60%
205	Hemphill County	01/76	01/93	7%	135%	150% \$1.50	2003	50%
206	Henderson County	01/68	01/95	7%	155%	225% \$2.25		
207	Hidalgo County	01/68	01/98	7%	160%	200% \$2.00		
208	Hill County	07/75	01/92	6%	125%	150% \$1.50	2000	80%
209	Hockley County	09/68	01/92	7%	135%	150% \$1.50	1992	50%
210	Hood County	10/84	01/95	6%	125%	160% \$1.60	2001	50%
211	Hopkins County	01/68	01/93	7%	160%	200% \$2.00	2001	40%
212	Houston County	01/68	01/95	7%	115%	130% \$1.30		
213	Howard County	01/69	01/92	7%	135%	150% \$1.50	2002	30%
214	Hudspeth County	02/72	01/92	5%	135%	175% \$1.75		
215	Hunt County	11/70	01/01	7%	155%	200% \$2.00		
216	Hutchinson County	01/70	01/95	7%	125%	150% \$1.50		
217	Irion County	05/77	01/95	7%	150%	200% \$2.00	1995	30%
218	Jack County	12/76	01/95	7%	100%	160% \$1.60	1995	30%
219	Jackson County	01/68	01/92	7%	125%	150% \$1.50		
220	Jasper County	01/79	01/92	7%	160%	225% \$2.25	2002	50%
221	Jeff Davis County	05/68	01/96	7%	115%	150% \$1.50		
222	Jefferson County	01/68	01/97	7%	135%	175% \$1.75	1999	30%
223	Jim Hogg County	10/84	01/98	5%	105%	125% \$1.25		
224	Jim Wells County	03/72	01/96	6%	150%	200% \$2.00		
225	Johnson County	01/68	01/93	7%	155%	200% \$2.00		
226	Jones County	03/68	01/93	7%	135%	175% \$1.75		
227	Karnes County	03/74	01/92	7%	125%	150% \$1.50	1994	50%
228	Kaufman County	01/68	01/99	7%	150%	200% \$2.00		
229	Kendall County	06/82	01/94	6%	125%	150% \$1.50	1994	80%
230	Kenedy County	01/84	01/96	7%	15%	200% \$2.00	1998	80%
231	Kent County	07/72	01/92	7%	110%	125% \$1.25	1995	70%
232	Kerr County	10/70	01/96	7%	145%	190% \$1.90		
233	Kimble County	11/72	01/96	7%	105%	120% \$1.20	1996	30%
234	King County	09/69	01/95	6%	130%	150% \$1.50		
235	Kinney County	07/69	01/92	7%	150%	200% \$2.00	1993	80%
236	Kleberg County	01/68	01/92	7%	180%	225% \$2.25	1996	30%
237	Knox County	01/82	01/95	7%	50%	100% \$1.00		
241	La Salle County	01/68	01/97	7%	165%	250% \$2.50		
238	Lamar County	01/68	01/95	7%	160%	220% \$2.20		
239	Lamb County	12/68	01/92	7%	140%	150% \$1.50		
240	Lampasas County	02/74	01/95	7%	150%	200% \$2.00	2003	50%

Most Recent Annuitant Flat-Rate COLA Year	COLA Pct.	Years of Service for Vesting for Retirement	Alternate Retirement Eligibility With Satisfaction of Rule of ...	Years of Service for Retirement at Any Age (Other Than 30)	Partial Lump-Sum Payment	Supplemental Death Benefits	Qualified Military Service Credit Eligibility Years	District Judge Participation	Prosecuting Attorney Participation	Employer Number
		8	75				10			195
2003	4%	8	75	20		Active Only	10			196
		8	75				10			197
		8	75				10			198
		8	75			Active Only	10	Yes		199
		8	75			Active & Retired	10	Yes		200
2002	2%	8	75			Active Only	8	Yes	Yes	201
		8	75		Yes	Active Only	10			202
		8	75				10			203
2003	2%	8	75				10	Yes		204
		8	80		Yes	Active Only	10	Yes		205
2003	3%	8	75			Active Only	10	Yes	Yes	206
		8	75	20	Yes		10	Yes		207
2002	4%	8	75			Active & Retired	10			208
		8	80			Active Only	8	Yes		209
2003	3%	8	75	20		Active Only				210
2003	3%	8	75				10			211
		8	75				10	Yes		212
		8	75	20	Yes	Active & Retired	10		Yes	213
		10	75				10			214
		8	75				8			215
		8	75			Active & Retired	10	Yes	Yes	216
		8	75				10			217
		8	75				10			218
		10	80				10	Yes	Yes	219
		8	75			Active & Retired	10	Yes	Yes	220
		10	75				10	Yes		221
2002	3%	8	75				8	Yes		222
		8	80			Active & Retired	8	Yes		223
		8	75			Active & Retired	10	Yes		224
		8	75	20			10	Yes	Yes	225
2003	3%	8	75				10			226
		8	75		Yes		10	Yes		227
2001	3%	8	75			Active & Retired	10	Yes	Yes	228
2000	2%	8	75		Yes		10			229
		8	75			Active Only	10			230
		8	75			Active & Retired	10			231
		8	75				8			232
		8	75			Active Only	10			233
		8	75			Active Only	10			234
		8	75	20			10	Yes		235
		8	75		Yes		8	Yes		236
		8	75							237
		8	75	20	Yes	Active & Retired	10	Yes	Yes	241
		8	75				10			238
		8	75				10			239
		8	75	20			10			240

RETIREMENT PLANS OF PARTICIPATING EMPLOYERS As of Jan. 1, 2003

Employer Number	Employer Name	Participation Date	Initial Variable-Rate Plan Date	Employee Deposit Rate	Allocated Prior Service Credit Percentage	Employer Current Service Matching Pct. / (Ratio to \$1.00)	Most Recent Annuitant CPI-Based COLA Year	Pct.
242	Lavaca County	07/70	01/92	7%	125%	150% \$1.50	2001	60%
243	Lee County	01/70	01/96	5%	135%	150% \$1.50		
244	Leon County	01/71	01/95	7%	105%	110% \$1.10		
245	Liberty County	01/70	01/92	7%	175%	250% \$2.50	1992	30%
246	Limestone County	10/77	01/95	7%	125%	150% \$1.50		
247	Lipscomb County	11/72	01/95	7%	115%	130% \$1.30		
248	Live Oak County	01/76	01/95	7%	135%	175% \$1.75	1995	80%
249	llano County	12/74	01/95	7%	85%	160% \$1.60		
250	Loving County	01/75	01/92	7%	125%	150% \$1.50	2003	80%
251	Lubbock County	08/68	01/99	7%	165%	200% \$2.00		
252	Lynn County	01/78	01/95	5%	100%	110% \$1.10		
256	Madison County	01/90	01/92	6%	110%	125% \$1.25	2003	30%
257	Marion County	04/68	01/95	7%	150%	200% \$2.00		
258	Martin County	01/70	01/92	7%	150%	200% \$2.00	2002	50%
259	Mason County	01/68	01/95	7%	55%	125% \$1.25		
260	Matagorda County	01/68	01/98	7%	125%	175% \$1.75		
261	Maverick County	01/70	01/97	5%	160%	225% \$2.25		
253	McCulloch County	01/68	01/95	7%	100%	160% \$1.60	2003	80%
255	McMullen County	10/83	01/98	7%	75%	110% \$1.10		
254	McLennan County	01/69	01/95	7%	60%	250% \$2.50	2003	50%
262	Medina County	01/68	01/99	6%	110%	180% \$1.80		
263	Menard County	04/68	01/02	7%	115%	150% \$1.50		
264	Midland County	04/69	01/97	7%	155%	175% \$1.75		
265	Milam County	01/70	01/93	7%	135%	175% \$1.75	1994	70%
266	Mills County	03/74	01/96	6%	95%	150% \$1.50		
267	Mitchell County	01/70	01/97	7%	120%	140% \$1.40		
268	Montague County	01/68	01/95	7%	125%	200% \$2.00		
269	Montgomery County	02/71	01/95	6%	185%	250% \$2.50	2002	30%
270	Moore County	01/70	01/98	7%	135%	170% \$1.70	1999	60%
271	Morris County	01/68	01/92	7%	140%	100% \$1.00	1993	50%
273	Nacogdoches County	01/71	01/94	7%	150%	200% \$2.00		
274	Navarro County	02/70	01/94	7%	145%	175% \$1.75		
275	Newton County	01/79	01/95	7%	120%	140% \$1.40	2001	30%
276	Nolan County	02/69	01/98	7%	130%	170% \$1.70		
277	Nueces County	01/68	01/93	7%	160%	200% \$2.00		
278	Ochiltree County	04/72	01/92	7%	125%	150% \$1.50	1996	50%
279	Oldham County	07/72	01/95	7%	135%	175% \$1.75		
280	Orange County	04/68	01/94	7%	150%	200% \$2.00	2000	50%
281	Palo Pinto County	01/68	01/92	7%	135%	175% \$1.75	2000	40%
282	Panola County	12/77	01/92	7%	160%	225% \$2.25	2003	80%
283	Parker County	02/75	01/95	6%	160%	240% \$2.40	1999	30%
284	Parmer County	09/73	01/98	7%	90%	150% \$1.50		
285	Pecos County	01/68	01/97	7%	140%	180% \$1.80		
286	Polk County	01/68	01/95	7%	160%	220% \$2.20		
287	Potter County	01/68	01/95	7%	155%	210% \$2.10		
288	Presidio County	01/68	01/92	6%	135%	200% \$2.00	2003	80%
289	Rains County	10/84	01/97	7%	100%	130% \$1.30		

Most Recent Annuitant Flat-Rate COLA Year Pct.	Years of Service for Vesting for Retirement	Alternate Retirement Eligibility With Satisfaction of Rule of ...	Years of Service for Retirement at Any Age (Other Than 30)	Partial Lump-Sum Payment	Supplemental Death Benefits	Qualified Military Service Credit Eligibility Years	District Judge Participation	Prosecuting Attorney Participation	Employer Number
2003	3%	8	75		Active & Retired	10	Yes	Yes	242
2002	4%	8	75			10			243
		8	75	20	Yes	Active & Retired	10		244
		8	75	20	Yes	Active & Retired	8	Yes	245
2001	3%	8	75		Yes	Active & Retired	10	Yes	246
		8	75		Yes	Active Only	10	Yes	247
		8	75	20	Yes	Active & Retired	10	Yes	248
		8	75	20		10			249
		8	75		Yes	Active & Retired	10		250
		8	75			10	Yes	Yes	251
		8	75		Yes	10			252
		8	75			10	Yes		256
		8	75			Active & Retired	10		257
		10	80			10			258
		8	75		Yes	10			259
		8	75			Active & Retired	10	Yes	260
2003	3%	8	75		Yes	Active & Retired	10		261
		8	75		Yes	10			253
		8	80		Yes	10	Yes		255
		8	75				Yes		254
		8	75			10			262
2003	2%	10	75			10			263
		8	75			Active & Retired	10	Yes	264
		8	75			Active & Retired	10	Yes	265
2001	8%	8	75			Active Only	10		266
2002	5%	8	75			Active Only	10		267
		8	75			10			268
2003	2%	8	75			10	Yes	Yes	269
2003	3%	8	75			Active Only			270
		10	80			10			271
		8	75			Active Only	10	Yes	273
		8	75			10	Yes	Yes	274
		8	80			10	Yes		275
		10	75			10			276
		10	80			10	Yes	Yes	277
		8	75			10			278
2000	2%	8	75			Active Only	10		279
2002	2%	8	75	20		8	Yes	Yes	280
2003	3%	8	75			Active & Retired	10	Yes	281
		8	75			Active & Retired	10	Yes	282
		8	75			Active & Retired	10	Yes	283
		8	80			Active Only	10		284
2002	5%	8	75			Active & Retired	10	Yes	285
2003	1%	8	75			10	Yes		286
		8	75	20		Active Only	8	Yes	287
		8	75		Yes	Active Only	10	Yes	288
		8	75		Yes	Active & Retired			289

RETIREMENT PLANS OF PARTICIPATING EMPLOYERS As of Jan. 1, 2003

Employer Number	Employer Name	Participation Date	Initial Variable-Rate Plan Date	Employee Deposit Rate	Allocated Prior Service Credit Percentage	Employer Current Service Matching Pct. / (Ratio to \$1.00)	Most Recent Annuitant CPI-Based COLA Year	Most Recent Annuitant COLA Pct.
290	Randall County	01/68	01/95	7%	150%	200% \$2.00		
291	Reagan County	06/73	01/96	7%	130%	200% \$2.00		
292	Real County	01/68	01/92	7%	175%	250% \$2.50	2003	30%
293	Red River County	02/73	01/97	7%	115%	200% \$2.00		
294	Reeves County	03/71	01/01	7%	130%	190% \$1.90		
295	Refugio County	01/68	01/95	7%	110%	125% \$1.25		
296	Roberts County	12/70	01/98	7%	120%	140% \$1.40		
297	Robertson County	08/68	01/92	7%	125%	150% \$1.50		
298	Rockwall County	01/70	01/97	7%	165%	200% \$2.00	2000	30%
299	Runnels County	01/68	01/97	7%	105%	110% \$1.10		
300	Rusk County	01/69	01/92	7%	125%	150% \$1.50	2003	40%
301	Sabine County	04/70	01/95	7%	120%	160% \$1.60		
302	San Augustine County	04/68	01/93	5%	175%	225% \$2.25	1994	50%
303	San Jacinto County	08/78	01/96	7%	130%	160% \$1.60		
304	San Patricio County	01/68	01/97	7%	140%	180% \$1.80		
305	San Saba County	01/70	01/95	7%	135%	175% \$1.75	1995	40%
306	Schleicher County	07/68	01/93	7%	125%	200% \$2.00		
307	Scurry County	08/69	01/93	7%	135%	175% \$1.75		
308	Shackelford County	01/68	01/92	7%	125%	150% \$1.50	1999	30%
309	Shelby County	01/82	01/95	7%	105%	170% \$1.70		
310	Sherman County	12/68	01/95	7%	160%	225% \$2.25	2002	30%
311	Smith County	01/68	01/95	7%	110%	200% \$2.00		
312	Somervell County	11/73	01/95	7%	175%	225% \$2.25		
313	Starr County	12/90	01/94	5%	110%	125% \$1.25		
314	Stephens County	07/71	01/95	7%	110%	180% \$1.80		
315	Sterling County	04/68	01/97	7%	115%	175% \$1.75	2003	40%
316	Stonewall County	01/80	01/95	7%	110%	125% \$1.25		
317	Sutton County	01/70	01/96	7%	125%	150% \$1.50		
318	Swisher County	04/68	01/92	7%	135%	175% \$1.75	1992	50%
319	Tarrant County	01/68	01/92	7%	150%	200% \$2.00	2003	80%
320	Taylor County	01/68	01/99	7%	160%	125% \$1.25		
321	Terrell County	01/80	01/92	7%	110%	125% \$1.25	2003	50%
322	Terry County	09/77	01/92	7%	110%	125% \$1.25	1998	40%
323	Throckmorton County	06/84	01/93	7%	115%	100% \$1.00		
324	Titus County	03/72	01/95	7%	175%	250% \$2.50		
325	Tom Green County	01/68	01/96	7%	160%	150% \$1.50		
326	Travis County	01/68	01/95	7%	175%	225% \$2.25	1995	30%
327	Trinity County	01/77	01/93	7%	125%	150% \$1.50		
328	Tyler County	03/75	01/95	7%	145%	190% \$1.90		
329	Upshur County	01/68	01/92	7%	160%	200% \$2.00	1994	60%
330	Upton County	01/68	01/92	7%	110%	125% \$1.25	1996	50%
331	Uvalde County	01/69	01/95	7%	140%	200% \$2.00	1995	50%
332	Val Verde County	06/69	01/96	7%	160%	225% \$2.25		
333	Van Zandt County	01/68	01/92	7%	135%	175% \$1.75		
334	Victoria County	01/72	01/92	7%	135%	150% \$1.50	2003	80%
335	Walker County	01/68	01/95	7%	130%	190% \$1.90	2003	40%
336	Waller County	01/68	01/95	7%	130%	160% \$1.60		

Most Recent Annuitant Flat-Rate COLA Year	COLA Pct.	Years of Service for Vesting for Retirement	Alternate Retirement Eligibility With Satisfaction of Rule of ...	Years of Service for Retirement at Any Age (Other Than 30)	Partial Lump-Sum Payment	Supplemental Death Benefits	Qualified Military Service Credit Eligibility Years	District Judge Participation	Prosecuting Attorney Participation	Employer Number
		8	75	20			10	Yes		290
		8	75				8	Yes		291
		8	75				10	Yes	Yes	292
		8	75			Active Only	10			293
		8	80				10	Yes		294
		8	75		Yes		10	Yes		295
		8	75				10	Yes		296
		8	75			Active & Retired	10		Yes	297
2003	2%	8	75				10			298
		8	75			Active & Retired	10		Yes	299
		8	75				10	Yes	Yes	300
		8	75				10			301
		8	75				10			302
		8	75			Active & Retired	10	Yes		303
		10	80				10	Yes	Yes	304
		8	75			Active & Retired	10			305
		10	80			Active & Retired	10			306
		8	80				10			307
2003	3%	8	75			Active & Retired	10			308
		8	80				10			309
		8	75			Active & Retired	10			310
		8	75	20		Active & Retired	10	Yes		311
		8	75	20		Active & Retired	10	Yes	Yes	312
		8	75	20			10	Yes	Yes	313
		8	75				10			314
2001	5%	8	75				10			315
		8	75			Active & Retired	10			316
		8	75				10			317
2000	3%	10	80			Active & Retired	10			318
		8	75				10	Yes	Yes	319
		10	80				10	Yes	Yes	320
		8	80			Active & Retired	10			321
		8	75				10	Yes	Yes	322
		10	75				10			323
		8	75				10			324
		8	75				10	Yes	Yes	325
2003	3%	8	75				10	Yes	Yes	326
		8	75				10			327
		8	75				10	Yes	Yes	328
		8	75				10	Yes		329
		8	75		Yes		10	Yes		330
		8	75				10	Yes		331
		8	75				10			332
		8	75	20			10			333
2002	3%	8	75	20		Active & Retired	8	Yes	Yes	334
		8	75	20			10	Yes	Yes	335
		8	75			Active & Retired	10			336



RETIREMENT PLANS OF PARTICIPATING EMPLOYERS As of Jan. 1, 2003

Employer Number	Employer Name	Participation Date	Initial Variable-Rate Plan Date	Employee Deposit Rate	Allocated Prior Service Credit Percentage	Employer Current Service Matching Pct. / (Ratio to \$1.00)	Most Recent Annuitant CPI-Based COLA Year	Most Recent Annuitant COLA Pct.
337	Ward County	01/70	01/92	7%	150%	200% \$2.00	1992	40%
338	Washington County	01/68	01/95	7%	135%	175% \$1.75		
339	Webb County	12/69	01/95	6%	70%	225% \$2.25		
340	Wharton County	01/68	01/92	6%	135%	175% \$1.75	1998	40%
341	Wheeler County	12/76	01/95	7%	125%	150% \$1.50		
342	Wichita County	01/68	01/98	7%	125%	175% \$1.75		
343	Wilbarger County	01/68	01/95	7%	95%	175% \$1.75		
344	Willacy County	03/71	01/92	7%	135%	175% \$1.75		
345	Williamson County	01/69	01/94	7%	175%	250% \$2.50	2003	60%
346	Wilson County	01/69	01/96	7%	125%	150% \$1.50	2003	80%
347	Winkler County	10/68	01/95	7%	150%	175% \$1.75		
348	Wise County	01/72	01/92	7%	165%	225% \$2.25		
349	Wood County	01/68	01/92	7%	135%	175% \$1.75		
350	Yoakum County	01/68	01/95	7%	150%	150% \$1.50	2000	50%
351	Young County	01/68	01/93	7%	135%	150% \$1.50		
352	Zapata County	08/69	01/97	7%	155%	225% \$2.25		
353	Zavala County	12/72	01/01	7%	215%	250% \$2.50		
354	TCDRS	04/68	01/93	7%	210%	200% \$2.00	2003	80%
638	Acton MUD	07/95	07/95	4%	100%	150% \$1.50		
615	Alamo Area COG	01/92	01/92	4%	70%	200% \$2.00		
691	Anderson County CAD	01/03	01/03	6%	0%	100% \$1.00		
684	Angelina/Nacogdoches Counties WCID #1	07/02	07/02	5%	10%	150% \$1.50		
502	Angelina County AD	03/82	01/97	7%	150%	200% \$2.00		
576	Angleton DD	07/89	01/92	7%	110%	125% \$1.25		
614	Aquilla WSD—Hill County	11/91	01/99	6%	115%	130% \$1.30	1999	40%
459	Aransas County AD	11/80	01/98	7%	150%	225% \$2.25		
668	Aransas County ND #1	01/01	01/01	5%	10%	200% \$2.00		
503	Archer County AD	03/82	01/97	7%	150%	225% \$2.25		
551	Atascosa County AD	10/86	01/93	7%	140%	175% \$1.75		
461	Austin County AD	11/80	01/95	7%	160%	225% \$2.25		
597	Bacliff MUD	01/91		4%	100%	150% \$1.50		
685	Baylor County AD	07/02	07/02	7%	10%	100% \$1.00		
613	Bayview ID #11	10/91	01/01	7%	20%	100% \$1.00		
690	Bayview MUD	10/02	10/02	4%	0%	100% \$1.00		
506	Bell County AD	03/82	01/95	7%	150%	150% \$1.50		
418	Bell County WCID #1	01/72	01/03	6%	110%	100% \$1.00		
472	Bexar AD	02/81	01/99	7%	150%	175% \$1.75		
544	Bexar County WCID #10	01/86		6%	70%	100% \$1.00		
616	Bistone MWSD—Limestone County	01/92	01/92	7%	25%	175% \$1.75		
525	Borden County AD	07/83		7%	100%	100% \$1.00		
521	Bosque County CAD	01/83	01/00	7%	150%	200% \$2.00		
508	Brazoria County AD	05/82		7%	150%	160% \$1.60		
413	Brazoria County CRD #3	03/70	01/95	7%	115%	175% \$1.75		
424	Brazoria County DD #4	05/72	01/95	7%	70%	250% \$2.50	1995	30%
681	Brazoria County DD #5	04/02	04/02	5%	10%	100% \$1.00		
600	Brazos County ECD	01/91	01/02	7%	150%	200% \$2.00		
689	Brazos County AD	10/02	10/02	7%	0%	250% \$2.50		

Most Recent Annuitant Flat-Rate COLA Year	COLA Pct.	Years of Service for Vesting for Retirement	Alternate Retirement Eligibility With Satisfaction of Rule of ...	Years of Service for Retirement at Any Age (Other Than 30)	Partial Lump-Sum Payment	Supplemental Death Benefits	Qualified Military Service Credit Eligibility Years	District Judge Participation	Prosecuting Attorney Participation	Employer Number
		8	75				10	Yes		337
2003	3%	8	75				8			338
		8	75	20			10	Yes		339
		8	75				10	Yes		340
		8	75				10			341
		8	75	20		Active Only	8	Yes		342
		8	75				10	Yes		343
		8	75			Active Only	10	Yes		344
		8	75				10	Yes	Yes	345
		8	75			Active & Retired	10	Yes		346
		8	75	20	Yes	Active Only	10	Yes	Yes	347
		8	75			Active Only	10			348
		8	75				10			349
2003	2%	8	75	20			8	Yes	Yes	350
		8	75				10			351
		8	75	20			10	Yes		352
		10	75				10	Yes		353
		8	75	20	Yes	Active & Retired	8			354
		10	80			Active & Retired	10			638
2003	3%	10	80		Yes		10			615
		10	80							691
		10	80							684
2001	3%	10	75			Active & Retired	10			502
		8	75			Active Only	10			576
		10	75			Active Only				614
		10	75	20						459
		10	75		Yes	Active Only				668
		10	80							503
		8	75			Active & Retired				551
		8	75							461
		10	80			Active & Retired				597
		8	75			Active Only				685
		10	80			Active Only				613
		10	80							690
		8	75				10			506
		10	80			Active Only	10			418
		10	75				10			472
		10	80			Active Only				544
		10	80			Active Only	10			616
		10	80							525
		8	80							521
		10	80							508
		8	75			Active Only	10			413
2003	4%	8	75			Active & Retired	10			424
		10	80		Yes					681
		8	75				8			600
		8	75	20	Yes					689

STATISTICAL SECTION

RETIREMENT PLANS OF PARTICIPATING EMPLOYERS As of Jan. 1, 2003

Employer Number	Employer Name	Participation Date	Initial Variable-Rate Plan Date	Employee Deposit Rate	Allocated Prior Service Credit Percentage	Employer Current Service Matching Pct. / (Ratio to \$1.00)	Most Recent Annuitant CPI-Based COLA Year	Pct.
581	Brewster County AD	01/90		7%	40%	100% \$1.00		
554	Brookshire—Katy DD	02/87		4%	110%	160% \$1.60		
522	Brookshire MWD	04/83	01/02	7%	150%	150% \$1.50		
642	Brushy Creek MUD—Williamson County	10/96	10/96	4%	150%	200% \$2.00		
609	Burnet County AD	07/91		7%	100%	100% \$1.00		
635	CAD of Johnson County	01/95	01/95	7%	30%	200% \$2.00		
602	CAD of Taylor County	04/91	01/99	7%	100%	100% \$1.00		
542	Callahan County AD	01/86	01/92	7%	105%	100% \$1.00		
618	Cameron County AD	04/92	04/92	6%	125%	150% \$1.50		
664	Cameron County DD #3	07/00	07/00	7%	0%	100% \$1.00		
462	Cameron County ID #2	12/80		7%	25%	100% \$1.00		
590	Cameron County ID #6	05/90	01/00	7%	10%	100% \$1.00		
686	Cameron County DD #5	07/02	07/02	7%	10%	100% \$1.00		
692	Cameron County DD #1	01/03	01/03	7%	10%	100% \$1.00		
670	Camp CAD	01/01	01/01	7%	0%	100% \$1.00		
610	Cass County AD	07/91	01/98	7%	45%	150% \$1.50		
648	Cent. WCID—Angelina County	01/98	01/98	6%	50%	100% \$1.00		
531	Chambers County AD	01/85	01/93	7%	135%	250% \$2.50		
548	Chambers County Public HD	08/86	01/96	5%	150%	200% \$2.00		
511	Childress County AD	05/82	01/01	4%	150%	100% \$1.00		
582	Childress County HD	01/90	01/02	7%	75%	125% \$1.25		
485	Clay County Cent. Tax Auth.	05/81	01/92	7%	150%	200% \$2.00		
477	Cochran County AD	03/81	01/99	7%	115%	130% \$1.30		
457	Collin County CAD	11/80	01/95	7%	150%	200% \$2.00		
623	Comal AD	01/93	01/93	7%	80%	150% \$1.50		
636	Concho County HD	01/95	01/95	4%	50%	125% \$1.25		
487	Cooke County AD	07/81	01/92	7%	160%	225% \$2.25	1995	80%
409	Crockett County WCID #1	10/68	01/00	7%	110%	125% \$1.25		
532	Crosby County AD	04/85	01/00	7%	110%	125% \$1.25		
603	Crosby MUD	04/91	01/00	7%	120%	150% \$1.50		
550	Culberson HD	08/86	01/95	4%	150%	200% \$2.00		
467	Dallas CAD	01/81	01/92	7%	175%	250% \$2.50	2003	80%
430	Dallas County Park Cities MUD	03/74	01/95	7%	110%	175% \$1.75		
687	Dallas County WCID #6	07/02	07/02	5%	0%	100% \$1.00		
463	Dawson County CAD	12/80		7%	150%	200% \$2.00		
578	Deaf Smith County HD	08/89	01/01	4%	55%	100% \$1.00		
583	Denco Area 911 Dist.—Denton County	01/90	01/95	7%	105%	125% \$1.25		
482	Denton CAD	04/81	01/93	6%	175%	250% \$2.50	2003	80%
466	DeWitt County AD	01/81		7%	130%	160% \$1.60		
593	Eastland County AD	09/90	01/96	7%	90%	150% \$1.50		
624	ECD of Ector County	01/93	01/93	7%	150%	200% \$2.00		
580	Ector County HD	12/89	01/03	7%	0%	225% \$2.25		
628	Edwards CAD	07/93	07/93	5%	100%	100% \$1.00		
567	El Paso County 911 Dist.	11/88	01/92	7%	150%	200% \$2.00		
541	El Paso County HD	10/85	01/97	5%	140%	180% \$1.80		
563	Falls County AD	01/88	01/01	7%	85%	100% \$1.00		
644	Fannin County AD	04/97	04/97	4%	20%	100% \$1.00		

Most Recent Annuitant Flat-Rate COLA Year	Pct.	Years of Service for Vesting for Retirement	Alternate Retirement Eligibility With Satisfaction of Rule of ...	Years of Service for Retirement at Any Age (Other Than 30)	Partial Lump-Sum Payment	Supplemental Death Benefits	Qualified Military Service Credit Eligibility Years	District Judge Participation	Prosecuting Attorney Participation	Employer Number
		10	80			Active Only				581
		10	80							554
		10	80	20	Yes	Active & Retired				522
		8	80							642
		10	80							609
		8	75				10			635
2000	4%	10	80			Active & Retired				602
		10	80				10			542
		8	75				8			618
		10	80		Yes					664
		10	80		Yes					462
		10	80							590
		10	75							686
		10	80							692
		10	80		Yes					670
		8	75			Active Only	10			610
		8	80							648
		10	75	20	Yes		10			531
		10	75							548
		10	80							511
		8	75							582
		10	80				10			485
		8	80			Active & Retired				477
2003	3%	8	75		Yes		10			457
		8	75	20	Yes		10			623
		8	75			Active & Retired	10			636
2002	6%	8	75				10			487
		10	80			Active & Retired	10			409
		10	75			Active Only				532
		10	75							603
		8	75				10			550
		10	80				10			467
		10	80				10			430
		8	75	20	Yes					687
		10	80							463
		8	75							578
		8	75							583
		8	75			Active Only	10			482
		10	80							466
		10	75		Yes	Active & Retired				593
		8	75				10			624
		10	75			Active Only	10			580
		8	80				10			628
		8	75	20		Active Only	10			567
		8	75				10			541
2003	3%	10	80			Active Only				563
		10	80			Active & Retired				644

RETIREMENT PLANS OF PARTICIPATING EMPLOYERS As of Jan. 1, 2003

Employer Number	Employer Name	Participation Date	Initial Variable-Rate Plan Date	Employee Deposit Rate	Allocated Prior Service Credit Percentage	Employer Current Service Matching Pct. / (Ratio to \$1.00)	Most Recent Annuitant CPI-Based COLA Year	Most Recent Annuitant COLA Pct.
432	Fisher County HD	03/75	01/92	4%	155%	200% \$2.00	2002	30%
474	Fort Bend CAD	02/81		7%	150%	200% \$2.00		
693	Freestone County AD	01/03	01/03	7%	0%	175% \$1.75		
509	Frio County AD	05/82	01/98	6%	150%	200% \$2.00		
546	Galveston CAD	05/86	01/95	7%	160%	225% \$2.25	1995	80%
547	Galveston County Consolidated DD	07/86	01/96	7%	120%	200% \$2.00	2003	80%
464	Galveston County DD #1	01/81	01/96	7%	150%	200% \$2.00		
433	Galveston County DD #2	10/75	01/00	7%	135%	175% \$1.75		
589	Galveston County ECD	05/90	01/97	7%	135%	250% \$2.50		
407	Galveston County WCID #1	05/68	01/94	7%	150%	200% \$2.00	2003	60%
473	Garza CAD	02/81	01/96	7%	130%	160% \$1.60		
498	Gonzales County AD	01/82	01/95	7%	135%	200% \$2.00		
518	Gray County AD	01/83	01/96	7%	150%	200% \$2.00	2002	80%
475	Grayson County AD	03/81	01/99	7%	150%	150% \$1.50		
528	Greater Harris County 911 Emerg. Net.	09/84	01/96	7%	115%	225% \$2.25		
429	Greenbelt MIWA—Donley County	01/74	01/92	7%	125%	150% \$1.50		
483	Grimes County AD	04/81	01/03	6%	150%	200% \$2.00		
587	Guadalupe County AD	04/90	01/96	4%	100%	100% \$1.00		
526	Gulf Coast WA—Galveston County	03/84	01/03	7%	150%	150% \$1.50		
585	Hansford County HD	01/90	01/98	4%	80%	125% \$1.25		
527	Hardin County AD	07/84	01/96	7%	130%	200% \$2.00		
571	Harlingen ID Cameron County #1	01/89		5%	25%	100% \$1.00		
598	Harris County AD	01/91	01/94	7%	110%	125% \$1.25	2003	80%
569	Harris County WCID #1	01/89	01/95	7%	35%	100% \$1.00		
625	Harris County WCID #50	01/93	01/93	5%	15%	125% \$1.25		
520	Hartley County AD	01/83		7%	150%	180% \$1.80		
552	Haskell Mem. HD	11/86		5%	25%	100% \$1.00		
640	Hemphill County AD	07/96	07/96	7%	100%	125% \$1.25		
529	Hemphill County HD	09/84		7%	130%	230% \$2.30		
414	Hidalgo & Cameron Counties ID #9	07/70		7%	50%	100% \$1.00		
516	Hidalgo County AD	11/82	01/03	7%	150%	175% \$1.75		
401	Hidalgo County DD #1	01/68	01/98	7%	110%	225% \$2.25		
438	Hidalgo County ID #2	04/76	01/92	7%	110%	125% \$1.25		
486	Hidalgo County ID #6	07/81		7%	40%	150% \$1.50		
674	High Plains Underground WCD #1	01/02	01/02	5%	0%	100% \$1.00		
643	Homestead MUD—El Paso County	10/96	10/96	5%	100%	100% \$1.00		
661	Hopkins County AD	01/00	01/00	7%	0%	125% \$1.25		
694	Houston County AD	01/03	01/03	7%	0%	125% \$1.25		
592	Jack County AD	07/90		7%	100%	100% \$1.00		
441	Jackson County County-Wide DD	09/76	01/92	7%	135%	250% \$2.50		
657	Jasper County WCID #1	01/99	01/99	7%	10%	100% \$1.00		
404	Jefferson County DD #3	02/68	01/03	7%	60%	110% \$1.10		
408	Jefferson County DD #6	06/68	01/92	7%	160%	225% \$2.25	1998	80%
405	Jefferson County DD #7	03/68	01/97	7%	125%	150% \$1.50		
451	Jefferson County WCID #10	01/79	01/99	7%	135%	150% \$1.50		
656	Jim Hogg County FD #2	01/99	01/99	4%	0%	100% \$1.00		
641	Jim Hogg County WCID #2	10/96	10/96	6%	15%	125% \$1.25		

Most Recent Annuitant Flat-Rate COLA Year	COLA Pct.	Years of Service for Vesting for Retirement	Alternate Retirement Eligibility With Satisfaction of Rule of ...	Years of Service for Retirement at Any Age (Other Than 30)	Partial Lump-Sum Payment	Supplemental Death Benefits	Qualified Military Service Credit Eligibility Years	District Judge Participation	Prosecuting Attorney Participation	Employer Number
		10	80				10			432
		10	80			Active & Retired				474
		10	80							693
2003	3%	8	75			Active Only				509
		8	75			Active Only	10			546
		8	75			Active & Retired	8			547
		8	75		Yes					464
		8	75	20	Yes		10			433
		8	75	20	Yes					589
2000	3%	8	75			Active & Retired	10			407
		10	80							473
		10	75							498
		8	75		Yes		10			518
		8	75			Active & Retired				475
		8	75			Active & Retired				528
		10	80	20			10			429
		10	75							483
		8	75							587
		10	80			Active & Retired				526
		8	75							585
		8	75			Active Only	10			527
		10	80							571
		8	75			Active & Retired	10			598
		8	75		Yes	Active Only				569
		8	75		Yes	Active & Retired	10			625
		10	80							520
		10	80							552
		10	80			Active & Retired				640
		10	80			Active Only				529
		10	80				10			414
		10	80		Yes					516
		10	80	20	Yes		10			401
		10	80				10			438
		10	80				10			486
		8	80		Yes					674
		8	75							643
		8	75							661
		10	80							694
		10	80							592
		10	80				10			441
		10	80							657
		10	80		Yes		10			404
2002	2%	8	75			Active & Retired	10			408
		8	75			Active & Retired	10			405
2000	4%	8	75			Active & Retired	10			451
		8	75							656
		10	80							641

STATISTICAL SECTION



RETIREMENT PLANS OF PARTICIPATING EMPLOYERS As of Jan. 1, 2003

Employer Number	Employer Name	Participation Date	Initial Variable-Rate Plan Date	Employee Deposit Rate	Allocated Prior Service Credit Percentage	Employer Current Service Matching Pct. / (Ratio to \$1.00)	Most Recent Annuitant CPI-Based COLA Year Pct.	
680	Jim Hogg County AD	04/02	04/02	7%	10%	100%	\$1.00	
584	Johnson County Fresh WSD #1	01/90	01/96	7%	70%	100%	\$1.00	
496	Jones County AD	01/82	01/95	7%	145%	130%	\$1.30	
524	Karnes County AD	09/83	01/98	6%	110%	160%	\$1.60	
455	Karnes County HD	01/80		6%	150%	200%	\$2.00	
662	Kaufman County AD	01/00	01/00	7%	30%	150%	\$1.50	
671	Kendall AD	04/01	04/01	5%	10%	200%	\$2.00	
619	Kendall County WCID #1	04/92	04/92	7%	85%	125%	\$1.25	
594	Kent County Tax AD	10/90	01/93	7%	135%	150%	\$1.50	
653	Kerr Emerg. 911 Net.	07/98	07/98	7%	100%	100%	\$1.00	
579	Kinney County AD	10/89	01/93	7%	100%	100%	\$1.00	
519	Knox County AD	01/83	01/00	5%	150%	200%	\$2.00	
540	Laguna Madre WD—Cameron County	10/85	01/96	7%	40%	200%	\$2.00	1998 50%
514	Lakeway MUD—Travis County	10/82	01/01	7%	115%	150%	\$1.50	
650	Lampasas County AD	04/98	04/98	7%	10%	200%	\$2.00	
439	Lavaca-Navidad River Auth.—Jackson County	06/76		7%	165%	190%	\$1.90	
468	Leon County CAD	01/81	01/94	7%	100%	100%	\$1.00	
481	Liberty County CAD	03/81	01/94	7%	160%	225%	\$2.25	
695	Limestone County AD	01/03	01/03	7%	0%	175%	\$1.75	
591	Live Oak County AD	06/90	01/00	7%	125%	150%	\$1.50	
513	Loving County AD	08/82	01/92	7%	110%	150%	\$1.50	2003 80%
499	Lubbock CAD	01/82		7%	150%	200%	\$2.00	
425	Lubbock County WCID #1	01/73	01/99	7%	125%	200%	\$2.00	
558	Lubbock ECD	10/87	01/92	5%	150%	200%	\$2.00	
647	Lubbock Reese Redev. Auth.	01/98	01/98	5%	0%	100%	\$1.00	
639	Lumberton MUD	01/96	01/96	4%	0%	150%	\$1.50	
497	Lynn County AD	12/81	01/93	5%	110%	125%	\$1.25	
442	Lynn County HD	01/77	01/95	6%	200%	250%	\$2.50	
630	Macedonia-Eylau MUD—Bowie County	08/93	08/93	7%	65%	100%	\$1.00	
500	Mackenzie MWA—Briscoe County	01/82	01/99	7%	150%	100%	\$1.00	
596	Madison County AD	01/91	01/03	4%	40%	125%	\$1.25	
675	Marion County AD	01/02	01/02	7%	10%	100%	\$1.00	
658	Marshall-Harrison County Health Dist.	04/99	04/99	7%	0%	150%	\$1.50	
595	Martin County AD	10/90	01/97	6%	30%	100%	\$1.00	
678	Matagorda County DD	01/02	01/02	7%	0%	175%	\$1.75	
440	Matagorda County HD	07/76	01/96	6%	130%	160%	\$1.60	
677	Matagorda County ND #1	01/02	01/02	7%	0%	175%	\$1.75	
453	Maverick County WCID #1	09/79		5%	100%	100%	\$1.00	
512	McCulloch County AD	07/82	01/99	7%	150%	100%	\$1.00	
491	McLennan County AD	10/81	01/98	7%	150%	175%	\$1.75	
679	McLennan County WCID #2	04/02	04/02	4%	10%	100%	\$1.00	
535	Medina County AD	03/85	01/01	6%	125%	150%	\$1.50	
419	Mem. Med. Center—Calhoun County	01/72	01/95	7%	110%	150%	\$1.50	1999 80%
669	Mid. Rio Grande Dev. Council	01/01	01/01	7%	10%	250%	\$2.50	
492	Midland CAD	09/81	01/92	7%	150%	200%	\$2.00	2003 50%
570	Midland ECD	01/89	01/92	7%	125%	150%	\$1.50	
617	Mills County AD	01/92	01/92	4%	110%	125%	\$1.25	

Most Recent Annuitant Flat-Rate COLA Year	COLA Pct.	Years of Service for Vesting for Retirement	Alternate Retirement Eligibility With Satisfaction of Rule of ...	Years of Service for Retirement at Any Age (Other Than 30)	Partial Lump-Sum Payment	Supplemental Death Benefits	Qualified Military Service Credit Eligibility Years	District Judge Participation	Prosecuting Attorney Participation	Employer Number
		10	80							680
2003	3%	8	80			Active Only	8			584
2003	5%	10	80			Active & Retired				496
		10	80							524
		12					10			455
		10	75							662
		8	75		Yes					671
		10	80				10			619
		10	80				10			594
		8	75				10			653
		10	75				10			579
		10	80							519
2002	5%	8	75							540
2001	5%	8	80		Yes	Active Only				514
		10	80		Yes	Active & Retired				650
		10	80			Active Only	10			439
		10	80				10			468
		8	75			Active & Retired	10			481
		10	75		Yes					695
		10	80	20						591
		8	75			Active & Retired	10			513
		10	80							499
		8	75		Yes	Active & Retired	10			425
		10	80				10			558
		8	75							647
		8	80							639
2003	3%	8	80				10			497
		8	75				10			442
		10	75			Active & Retired	10			630
		10	75	20			10			500
		10	80		Yes					596
		8	75							675
		10	80							658
		10	80							595
		8	75			Active Only	10			678
		8	75				10			440
		8	75			Active Only	10			677
		12								453
		10	80							512
2001	3%	10	75		Yes		10			491
		10	80							679
		10	80							535
2003	3%	8	75				10			419
		8	75	20	Yes	Active Only	10			669
		10	80				10			492
		8	75			Active Only				570
		10	80				10			617

RETIREMENT PLANS OF PARTICIPATING EMPLOYERS As of Jan. 1, 2003

Employer Number	Employer Name	Participation Date	Initial Variable-Rate Plan Date	Employee Deposit Rate	Allocated Prior Service Credit Percentage	Employer Current Service Matching Pct. / (Ratio to \$1.00)	Most Recent Annuitant CPI-Based COLA Year Pct.	
484	Mitchell County AD	05/81	01/92	7%	135%	175%	\$1.75	
504	Montague County Tax AD	03/82		7%	150%	170%	\$1.70	
605	Montgomery CAD	06/91	01/94	7%	150%	200%	\$2.00	
667	Montgomery County ECD	01/01	01/01	7%	35%	100%	\$1.00	
651	Montgomery County ESD #2	07/98	07/98	7%	110%	125%	\$1.25	
696	Montgomery County ESD	01/03	01/03	4%	0%	100%	\$1.00	
412	Moore County HD	01/70	01/98	7%	115%	170%	\$1.70	
515	Navarro CAD	09/82	01/99	7%	145%	175%	\$1.75	
572	Newton CAD	04/89	01/00	7%	135%	175%	\$1.75	
556	North Cent. Tex. MWA	04/87		7%	90%	100%	\$1.00	
646	North Tex. Tollway Auth.	09/97	09/97	6%	0%	250%	\$2.50	2002 50%
562	Northeast Tex. MWD	01/88	01/92	7%	50%	100%	\$1.00	
400	Nueces County DD #2	01/68	01/92	5%	110%	125%	\$1.25	
416	Nueces County WCID #3	01/71		7%	60%	120%	\$1.20	
450	Nueces County WCID #4	11/78		7%	125%	170%	\$1.70	
683	Nueces County AD	07/02	07/02	7%	0%	200%	\$2.00	
517	Oldham County AD	12/82	01/99	5%	150%	100%	\$1.00	
490	Orange County AD	08/81	01/93	7%	150%	200%	\$2.00	1995 80%
421	Orange County DD	02/72	01/95	7%	155%	200%	\$2.00	2003 50%
665	Orange County ESD #1	01/01	01/01	5%	10%	100%	\$1.00	
660	Orange County Nav. & Port Dist.	10/99	10/99	7%	35%	100%	\$1.00	
631	Orange County WCID #1	10/93	10/93	7%	15%	100%	\$1.00	
494	Pecos County AD	10/81	01/01	7%	145%	190%	\$1.90	
673	Permian Regional Medical Center	01/02	01/02	7%	0%	200%	\$2.00	
697	Polk CAD	01/03	01/03	7%	0%	225%	\$2.25	
676	Port of Bay City Auth.	01/02	01/02	7%	0%	175%	\$1.75	
449	Port of Beaumont ND	08/78	01/95	7%	110%	100%	\$1.00	2001 50%
620	Port of Corpus Christi Auth.	07/92	07/92	7%	100%	100%	\$1.00	
622	Port of Port Arthur ND	08/92	08/92	7%	35%	100%	\$1.00	
560	Potter-Randall County ECD	01/88	01/99	7%	100%	250%	\$2.50	
626	Presidio AD	04/93	04/93	4%	100%	100%	\$1.00	
537	Rains County AD	04/85	01/94	7%	135%	200%	\$2.00	
564	Randall County AD	07/88	01/92	7%	150%	225%	\$2.25	1992 70%
406	Rankin County HD—Upton County	01/68	01/92	7%	135%	175%	\$1.75	1992 50%
445	Reagan HD	10/77	01/95	7%	125%	150%	\$1.50	1998 30%
505	Red Bluff WPCD—Reeves County	03/82	01/99	7%	15%	125%	\$1.25	
435	Red River Auth.—Wichita County	01/76		7%	140%	180%	\$1.80	
588	Reeves County HD	04/90		6%	100%	100%	\$1.00	
543	Refugio County DD #1	01/86		7%	45%	100%	\$1.00	
698	Rockwall CAD	01/03	01/03	7%	25%	125%	\$1.25	
612	Rusk County AD	07/91		7%	25%	100%	\$1.00	
568	Sabine Pass Port Auth.	01/89	01/92	7%	50%	100%	\$1.00	
553	San Jacinto County CAD	01/87	01/97	7%	125%	200%	\$2.00	1997 80%
495	San Patricio County AD	12/81	01/99	7%	150%	175%	\$1.75	
426	San Patricio County DD	02/73	01/94	4%	225%	100%	\$1.00	
422	San Patricio MWD	03/72	01/92	7%	105%	125%	\$1.25	1992 50%
470	Shackelford County AD	01/81		7%	150%	100%	\$1.00	

Most Recent Annuitant Flat-Rate COLA Year Pct.	Years of Service for Vesting for Retirement	Alternate Retirement Eligibility With Satisfaction of Rule of ...	Years of Service for Retirement at Any Age (Other Than 30)	Partial Lump-Sum Payment	Supplemental Death Benefits	Qualified Military Service Credit Eligibility Years	District Judge Participation	Prosecuting Attorney Participation	Employer Number
	10	80				10			484
	10	80							504
2000 4%	8	75				10			605
	8	75		Yes	Active Only				667
	8	75		Yes					651
	10	80			Active Only				696
	8	75			Active Only	10			412
	10	80	20			10			515
	10	80			Active Only				572
	10	80		Yes	Active & Retired				556
	10	75							646
	10	80			Active & Retired	10			562
2001 3%	10	75			Active & Retired	10			400
	10	80			Active Only				416
	10	80			Active Only	10			450
	10	75	20			10			683
	10	80		Yes	Active Only				517
2003 3%	8	75			Active & Retired				490
	8	75			Active & Retired	10			421
	8	75		Yes					665
	10	80							660
	8	75				10			631
	10	80			Active & Retired				494
	8	75			Active Only	10			673
	8	75			Active Only	8			697
	8	75			Active Only	10			676
2000 6%	8	75		Yes		10			449
2002 3%	10	80							620
	8	75		Yes	Active Only				622
	10	80			Active Only	10			560
	10	80				10			626
	8	75				10			537
2001 4%	8	75				10			564
2001 3%	8	75				10			406
	8	75							445
	8	80							505
	10	80			Active & Retired	10			435
	10	80							588
	10	80							543
	10	80							698
	10	80							612
	8	75				10			568
	8	75			Active & Retired				553
	10	75							495
	10	80			Active Only	10			426
	8	80			Active Only	10			422
	10	80							470

RETIREMENT PLANS OF PARTICIPATING EMPLOYERS As of Jan. 1, 2003

Employer Number	Employer Name	Participation Date	Initial Variable-Rate Plan Date	Employee Deposit Rate	Allocated Prior Service Credit Percentage	Employer Current Service Matching Pct. / (Ratio to \$1.00)	Most Recent Annuitant CPI-Based COLA Year	Pct.
627	Shelby County AD	04/93	04/93	4%	30%	100% \$1.00		
469	Sherman County AD	01/81	01/92	7%	150%	100% \$1.00		
555	Smith County 911 CD	04/87	01/95	7%	135%	175% \$1.75		
606	Smith County AD	06/91	01/95	7%	120%	200% \$2.00		
632	Smith County Public Health Dist.	10/94	10/94	5%	0%	200% \$2.00		
507	Somervell County CAD	04/82	01/01	7%	150%	200% \$2.00		
699	Somervell County WD	01/03	01/03	7%	100%	100% \$1.00		
645	South Tex. Dev. Council	07/97	07/97	7%	30%	100% \$1.00		
536	Starr County AD	03/85	01/00	7%	150%	200% \$2.00		
458	Stonewall Mem. HD	11/80	01/92	4%	135%	100% \$1.00	1992	80%
539	Straford HD—Sherman County	10/85	01/94	5%	125%	150% \$1.50		
573	Sutton County HD	04/89	01/92	4%	125%	150% \$1.50		
460	Swisher County AD	11/80	01/92	7%	150%	175% \$1.75		
534	Swisher Mem. HD	02/85	01/98	4%	30%	100% \$1.00		
607	Tarrant AD	07/91	01/92	7%	95%	125% \$1.25	2003	80%
545	Tarrant County 911 EAD	04/86	01/95	7%	105%	110% \$1.10		
574	Tax AD of Cottle County	07/89		7%	20%	100% \$1.00		
402	Terry Mem. HD	02/68	01/96	5%	195%	180% \$1.80	1996	30%
437	Tex. Assoc. of Counties	04/76	01/95	7%	145%	220% \$2.20	2003	40%
634	Tex. Eastern 911 Net.	01/95	01/95	7%	35%	100% \$1.00		
501	Titus County Fresh WSD	02/82	01/03	7%	85%	125% \$1.25	2003	80%
601	Travis CAD	04/91	01/99	7%	100%	100% \$1.00		
666	Travis County WCID—Point Venture	01/01	01/01	5%	40%	100% \$1.00		
659	Tri-County SUD	08/99	08/99	5%	55%	100% \$1.00		
633	Trinity Bay Cons. Dist.	01/95	01/95	4%	125%	150% \$1.50		
471	Tyler County AD	01/81		7%	150%	200% \$2.00		
561	United ID—Hidalgo County	01/88		7%	20%	100% \$1.00		
682	Upton County AD	04/02	04/02	7%	0%	150% \$1.50		
663	Valley MUD #2—Cameron County	04/00	04/00	4%	10%	100% \$1.00		
586	Valwood Imp. Auth.—Dallas County	04/90	01/00	4%	125%	150% \$1.50		
672	Van Zandt County AD	07/01	07/01	7%	10%	125% \$1.25		
420	Velasco DD—Brazoria County	01/72		7%	120%	100% \$1.00		
423	Victoria County DD #3	04/72	01/93	5%	80%	100% \$1.00	2000	30%
637	Victoria County WCID # 1	07/95	07/95	6%	20%	100% \$1.00		
565	Ward County CAD	07/88	01/97	6%	110%	125% \$1.25		
444	Ward Mem. Hosp.	08/77	01/95	7%	100%	190% \$1.90		
604	Webb County AD	05/91	01/95	7%	75%	100% \$1.00		
443	West Cent. Tex. COG	05/77	01/00	7%	175%	250% \$2.50		
410	West Cent. Tex. MWD	11/68	01/96	7%	120%	150% \$1.50		
454	West Jefferson County MWD	09/79	01/99	6%	165%	200% \$2.00		
688	West Nueces-Las Moras Soil & WCD #236	07/02	07/02	7%	30%	100% \$1.00		
621	Wharton County WCID #1	07/92	07/92	5%	80%	100% \$1.00		
476	Wheeler County AD	03/81	01/96	7%	150%	175% \$1.75		
427	White River MWD—Dickens County	11/73		7%	100%	100% \$1.00		
446	Wichita County WID #2	09/77	01/01	7%	110%	125% \$1.25		
559	Wichita-Wilbarger 911 Dist.	10/87	01/94	7%	135%	200% \$2.00	1999	80%
655	Wickson Creek SUD—Brazos County	10/98	10/98	6%	75%	175% \$1.75		

Most Recent Annuitant Flat-Rate COLA Year Pct.	Years of Service for Vesting for Retirement	Alternate Retirement Eligibility With Satisfaction of Rule of ...	Years of Service for Retirement at Any Age (Other Than 30)	Partial Lump-Sum Payment	Supplemental Death Benefits	Qualified Military Service Credit Eligibility Years	District Judge Participation	Prosecuting Attorney Participation	Employer Number
	10	80				10			627
	10	80			Active Only	10			469
	8	75	20		Active & Retired				555
	8	75							606
	8	75			Active & Retired	10			632
	8	75							507
	8	75	20						699
	10	80							645
	10	80							536
	10	80				10			458
	8	80			Active Only	10			539
	10	80			Active Only	10			573
	10	80			Active Only	10			460
	10	80							534
	8	75				10			607
	8	75	20	Yes					545
	10	80							574
	8	75				10			402
	10	75			Active Only	10			437
	8	75				10			634
	8	80				8			501
	10	80							601
	10	80		Yes					666
	8	75							659
	10	75			Active Only	10			633
	10	80							471
	10	80							561
	8	75							682
	8	75		Yes					663
	8	75							586
	8	75		Yes	Active Only	10			672
	12				Active Only	10			420
	10	80				10			423
	8	75		Yes		10			637
	8	75				8			565
	8	75				10			444
	8	75							604
	10	75			Active & Retired	10			443
	8	75	20		Active Only	10			410
	10	75				10			454
	8	75							688
	10	80				10			621
	10	75							476
	12								427
	10	80			Active & Retired	10			446
2003	5%	8	75			10			559
		10	75						655



RETIREMENT PLANS OF PARTICIPATING EMPLOYERS As of Jan. 1, 2003

Employer Number	Employer Name	Participation Date	Initial Variable-Rate Plan Date	Employee Deposit Rate	Allocated Prior Service Credit Percentage	Employer Current Service Matching Pct. / (Ratio to \$1.00)	Most Recent Annuitant CPI-Based COLA Year	Pct.
530	Wilbarger County HD	01/85	01/96	5%	100%	100%	\$1.00	
575	Willacy County AD	07/89	01/00	7%	125%	150%	\$1.50	
652	Willacy County Housing Auth.	07/98	07/98	5%	0%	150%	\$1.50	
608	Williamson County AD	07/91	01/95	7%	125%	200%	\$2.00	
479	Wilson County AD	03/81	01/94	7%	150%	175%	\$1.75	
533	Winkler County AD	02/85	01/95	7%	125%	150%	\$1.50	
493	Wise County AD	10/81	01/96	7%	140%	180%	\$1.80	
700	Wood County AD	01/03	01/03	7%	0%	175%	\$1.75	
649	Zapata County AD	04/98	04/98	4%	5%	150%	\$1.50	
566	Zavala County AD	10/88		7%	125%	100%	\$1.00	

Most Recent Annuitant Flat-Rate COLA Year Pct.	Years of Service for Vesting for Retirement	Alternate Retirement Eligibility With Satisfaction of Rule of ...	Years of Service for Retirement at Any Age (Other Than 30)	Partial Lump-Sum Payment	Supplemental Death Benefits	Qualified Military Service Credit Eligibility Years	District Judge Participation	Prosecuting Attorney Participation	Employer Number
	8	75				10			530
	8	75		Yes					575
	8	75		Yes					652
	8	75				8			608
	10	80				10			479
	8	75							533
	10	80			Active Only				493
	8	80	20						700
	8	75				10			649
	10	80							566

Employer Number	Employer Name	Initial Participation Date	Reduced Participation Date	Employee Deposit Rate <sup>1</sup>	Allocated Prior Service Credit Percentage <sup>2</sup>	Employer Current Service Matching Pct. / (Ratio to \$1.00) <sup>2</sup>	Most Recent Annuitant CPI-Based COLA Year	Pct.
411	Bandera Co. WCID #1	01/70	01/83		24%	100%		\$1.00
465	Cisco HD	01/81	02/83		81%	142%		\$1.42
478	Culberson Co. Hosp.	03/81	12/85		150%	200%		\$2.00
448	Edwards Aquifer Auth.—Bexar Co.	02/78	01/02	4%	140%	180%		\$1.80
557	El Paso Co. WA	04/87	08/95		48%	100%		\$1.00
456	El Paso WCID Westway	03/80	03/94		105%	110%		\$1.10
431	Livingston HD	08/74	11/86		256%	363%		\$3.63
654	Ilano Co. Hosp. Auth.	06/98	02/01		0%	225%		\$2.25
436	Ilano Mem. Hosp.	01/76	06/98		175%	270%		\$2.70
452	McCamey Co. HD—Upton Co.	02/79	04/88	7%	310%	340%		\$3.40
599	Med. Arts Hosp.—Dawson Co.	01/91	01/01	4%	50%	100%		\$1.00
510	Newton Co. Mem. Hosp.	05/82	01/90		41%	100%		\$1.00
415	North Plains HD	10/70	03/84		161%	227%		\$2.27
538	Nueces River Auth.—Uvalde Co.	10/85	01/00	4%	40%	100%		\$1.00
489	Potter Co. AD	07/81	06/88		150%	200%		\$2.00
480	Roberts Co. AD	03/81	12/91		68%	145%		\$1.45
523	Shelby Co. Gen. Hosp.	04/83	08/87		53%	100%		\$1.00
549	Travis Co. WCID #18	08/86	10/92		120%	140%		\$1.40

**Explanatory Notes**

**<sup>1</sup> Employee deposit rate for plans with reduced participation**

An employer with no employee deposit rate shown has no current employees who are TCDRS members. The plan includes either former employees who maintained their accounts with TCDRS, retirees still receiving monthly benefits from TCDRS, or both. These type plans are considered nondepositing.

An employer with an employee deposit rate shown has discontinued enrollment of new employees, but continues making contributions for employees who were TCDRS members before the date the plan's participation was reduced. Plans of this type are considered nonenrolling.

**<sup>2</sup> Allocated prior service credit percentage and employer current service matching percentage/ratio for plans with reduced participation**

Employer plans with reduced participation may have had plan liabilities altered from the original benefit calculation formula. Because future contributions to these plans have been either reduced or eliminated, plan assets may not be sufficient to pay expected liabilities under the current service matching percentage and allocated prior service credit percentage selected by the employer. In these cases, the percentages have been reduced for both current and future retirees by using a reduction ratio. For McCamey Co. HD the current service matching percentage and allocated prior service credit percentage were increased in 1991 based on excess plan assets. The law has since been changed to preclude any future increases in benefit levels for plans with reduced participation.

Most Recent Annuitant Flat-Rate COLA Year Pct.	Years of Service for Vesting for Retirement	Alternate Retirement Eligibility With Satisfaction of Rule of ...	Partial Lump-Sum Payment	Supplemental Death Benefits	Qualified Military Service Credit Eligibility Years	District Judge Participation	Prosecuting Attorney Participation	Employer Number
					10			411
								465
	12							478
	8	75	Yes		10			448
		80						557
		80			10			456
					10			431
		75			10			654
		80			10			436
		80			10			452
	8	75						599
		80						510
								415
	10	80						538
		75						489
		80						480
								523
		80						549

READER'S NOTES









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