

DALLAS POLICE AND FIRE PENSION SYSTEM

ACTUARIAL VALUATION

AS OF JANUARY 1, 2003

July 21, 2003

Mr. Richard L. Tettamant
Administrator
Dallas Police and Fire Pension System
2301 N. Akard Street, Suite 200
Dallas, TX 75201

Re: Dallas Police and Fire Pension System Actuarial Valuation as of January 1, 2003

Dear Mr. Tettamant:

We certify that the information contained in this report is accurate and fairly presents the actuarial position of the Dallas Police and Fire Pension System (the System) as of January 1, 2003.

Actuarial Valuation

The primary purpose of the valuation report is to determine the adequacy of the current City's contribution rate, to describe the current financial condition of the System, and to analyze changes in the System's condition. In addition, the report provides information required by the City of Dallas in connection with Governmental Accounting Standards Board Statements Number 25 and Number 27.

Basis for Funding

The member and City contribution rates are established by statute. The City's and the members' contributions are intended to be sufficient to pay the normal cost and to amortize the System's unfunded actuarial accrued liability.

Funding Progress

As of January 1, 2003, the employer contribution rate needed in order to pay the normal cost and fund the Unfunded Actuarial Accrued Liability over 40 years is 29.33%. This amount is more than the 23.85% employer contribution calculated as of January 1, 2002. The current contribution rate covers the normal cost and the amortization of the Unfunded Actuarial Accrued Liability (UAAL) over 69 years.

Benefit Provisions

The actuarial valuation reflects the benefit and contribution provisions set forth in the System's statutes. The valuation is based on the same benefit provisions as the previous valuation.

Assumptions and Methods

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The actuarial assumptions and methods used in the valuation are presented in Schedule C. The only change in assumptions from the previous valuation was the change in retirement rates. This change was made to better reflect expectations about future experience. The assumptions used are individually reasonable and reasonable in the aggregate.

Data

Asset information and member data for retired, active, and inactive members was supplied as of January 1, 2003 by the Administrator. We have not subjected this data to any auditing procedures, but have examined the data for reasonableness and consistency with the prior year's data.

Very truly yours,

Signed (RICHARD A. MACKESEY)

Richard A. Mackesey, F.S.A.
Principal, Consulting Actuary

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Summary of Principal Results

	January 1, 2003	January 1, 2002
Membership		
Active	4,665	4,560
Terminated with deferred benefits	139	121
Retired members and beneficiaries	2,870	2,813
Compensation		
Total	\$ 270,199,284	\$ 251,103,654
Average	\$ 57,921	\$ 55,067
Assets		
Market value	\$ 1,660,210,281	\$ 1,888,386,893
Actuarial value	\$ 1,992,252,337	\$ 2,158,395,018
Valuation Results		
Unfunded actuarial accrued liability	\$ 745,776,422	\$ 395,501,252
Funding period	69	19
40-year funding cost (City)	29.33%	23.85%
Margin	-1.83%	3.65%
GASB No. 25		
Actuarial accrued liability (AAL)	\$ 2,738,028,759	\$ 2,553,896,270
Assets (actuarial)	\$ 1,992,252,337	\$ 2,158,395,018
GASB ratio	72.8%	84.5%
Unfunded AAL	\$ 745,776,422	\$ 395,501,252

Comments on the Valuation

Overview

Based on the current membership data, the current financial data, the current benefit provisions and the actuarial assumptions and methods used to determine liabilities and costs, the current contribution rates are not sufficient to keep the System actuarially sound over a reasonable period of time

The funding period increased to 69 years from 19 years. This increase was due to a significant loss on the actuarial value of assets. Due to the asset valuation method, additional losses on the actuarial value of assets will continue to occur over the next few years unless the performance on the assets improves significantly.

Section 3 shows in more detail the changes to the 40-year funding cost and the funding period based on the current contribution rates.

Funding status

There are two significant measures of the funding status of the System. The first is the 40-year funding cost. This is the City contribution rate required to pay the normal cost and to amortize the UAAL over a 40-year period. This rate is currently 29.33% compared with the City's actual contribution rate of 27.50% and with the 40-year funding cost in 2002 of 23.85%. Section 3 shows a reconciliation of the changes between the 2002 and 2003 figures.

The other measure is the funding period. This is the length of time in years that will be required to amortize the current UAAL based on the current contribution rate. The current contribution rate is sufficient to pay the normal cost and amortize the UAAL over 69 years.

The UAAL is the excess of the liability assigned to prior years (the actuarial accrued liability) over the value of assets. Section 3 shows a reconciliation of this amount between 2002 and 2003.

GASB Statements

Section 4 provides the information required for reporting under GASB No. 25.

Benefit Provisions

Schedule B summarizes all the benefit provisions of the System. There are no significant benefits which were not taken into account in this valuation. The valuation is based on the same benefit provisions as the previous valuation.

Actuarial Assumptions and Methods

The actuarial assumptions and methods used in the valuation are presented in Schedule C. The only change in assumptions from the previous valuation was the change in retirement rates. This change was made to better reflect expectations about future experience. The assumptions used are individually reasonable and reasonable in the aggregate.

Schedule D compares the assumptions to the recent experience of the system and describes the adequacy of the assumptions.

GASB Statement No. 27

Under GASB Statement No. 27, which is effective for fiscal years beginning after June 15, 1997, employers must determine a pension expense based on a 40-year amortization of the UAAL. The amortization can assume payroll growth due to inflation, but no membership growth. After a 10-year transition period, the required amortization period will drop to 30 years. If the actual contribution rate is less than the rate required by GASB No. 27, the excess must be expensed. This will result in the employer showing an accrued but unpaid liability for pension benefits on its financial statements.

A City Contribution rate of 29.33% would be required for the City to avoid showing an accrued pension liability on its financial statements for the fiscal year beginning in 2003 if not for the fact that previous contributions have exceeded the GASB requirements. At the current rate of contribution, and assuming no other changes, the City will be required to show an accrued but unpaid pension liability for the System on its financial statement in the future.

Financial Data

The financial data used in this report was supplied by the System.

Section 5 reconciles the System's assets between 2002 and 2003 and shows the development of the actuarial value of assets (AVA). Rather than using the market value for cost calculations, an adjusted market value, which phases in gains and losses (compared to the assumed investment return rate) over five years, is used. This method is designed to reduce the volatility of the results. The estimated rates of return for 2002 are (12.26)% and (7.86)% for the market value of assets and the actuarial value of assets, respectively.

Membership Statistics

Data on active members and on retired members was supplied by the Administrator. Growth among active members was small and growth of the total payroll for active members was moderate during the last year. The active membership increased from 4,560 members as of January 1, 2002 to 4,665 members as of January 1, 2003. The total active payroll increased from \$251,103,654 to \$270,199,284 over the same period, a 7.6% increase. Schedule A shows a summary of the membership data.

Experience

Schedule D compares the actual experience of the system with the actuarial expectations.

Actuarial Cost, Margin and Funding Period

	<u>January 1, 2003</u>	<u>January 1, 2002</u>
1. Covered Payroll		
a. Active members excluding DROP	\$ 201,770,834	\$ 190,879,663
b. DROP members	\$ <u>68,428,450</u>	\$ <u>60,223,991</u>
c. Total	\$ 270,199,284	\$ 251,103,654
2. Actuarial value of future pay		
a. Active members excluding DROP	\$ 1,438,433,000	\$ 1,242,720,624
b. DROP members	\$ <u>939,715,800</u>	\$ <u>483,577,976</u>
c. Total	\$ 2,378,148,800	\$ 1,726,298,600
3. Current contribution rates		
a. City	27.50%	27.50%
b. Member	<u>8.50%</u>	<u>8.50%</u>
c. Total	36.00%	36.00%
4. Actuarial present value of future benefits	\$ 3,295,344,564	\$ 2,965,152,647
5. Actuarial present value of future normal costs		
a. Total	\$ 557,315,805	\$ 411,256,377
b. Member (3b x 2a)	\$ 122,266,805	\$ 105,631,253
c. City (5a - 5b)	\$ 435,049,000	\$ 305,625,124
6. Actuarial accrued liability (4 - 5a)	\$ 2,738,028,759	\$ 2,553,896,270
7. Actuarial value of assets	\$ 1,992,252,337	\$ 2,158,395,018
8. Unfunded actuarial accrued liability (UAAL) (6 - 7)	\$ 745,776,422	\$ 395,501,252
9. Normal cost		
a. Normal cost percentage (5a ÷ 2c)	23.43%	23.82%
b. Total normal cost (1c x 9a)	\$ 63,307,692	\$ 59,812,890
c. Member normal cost (1a x 3b)	\$ 17,150,521	\$ 16,224,771
d. City normal cost (9b - 9c)	\$ 46,157,171	\$ 43,588,119
e. City normal rate (9d ÷ [1c x 1.07])	15.97%	16.22%

Actuarial Cost, Margin and Funding Period
 (continued)

	<u>January 1, 2003</u>	<u>January 1, 2002</u>
10. 40-year funding cost*		
a. City normal cost rate	15.97%	16.22%
b. Amortization rate	<u>13.36%</u>	<u>7.63%</u>
c. Total	29.33%	23.85%
11. Margin over/(under) 40-year cost* (3a - 10c)	-1.83%	3.65%
12. Funding period to amortize UAAL	69	19

* 40-year funding cost is necessary for accounting purposes only. The actual funding period is calculated each year based on level contributions and is currently 69 years.

Analysis of Change in UAAL

1. UAAL as of January 1, 2002	\$ 395,501,252
2. Changes due to:	
a. Expected increase (negative amortization)	\$ 1,372,749
b. Actual contributions greater than expected	(3,385,227)
c. Liability experience	36,722,127
d. Asset experience	353,376,156
e. Assumption change	(37,810,635)
f. Plan amendments	<u>0</u>
g. Total changes	\$ 350,275,170
3. UAAL as of January 1, 2003	\$ 745,776,422

Analysis of Change in Funding Cost

1. 40-year funding cost* as of January 1, 2002	23.85%
2. Changes due to:	
a. Actual contributions greater than expected	(0.06)
b. Liability experience	0.58
c. Asset experience	6.06
d. Assumption change	<u>(1.10)</u>
e. Total	5.48
3. 40-year funding cost* as of January 1, 2003	29.33%

* 40-year funding cost is necessary for accounting purposes only. The actual funding period is calculated each year based on level contributions and is currently 69 years.

Analysis of Change in Funding Period

1. Funding period as of January 1, 2002	19
2. Changes due to:	
a. Passage of time	(1)
b. Actual contributions greater than expected	0
c. Liability experience	2
d. Assumption change	(3)
e. Asset experience	<u>52</u>
f. Total	50
3. Funding period as of January 1, 2003	69

Historical Trend Information

(As required by GASB #25 - Amounts are in millions of dollars)

	<u>Actuarial Value of Assets</u>	<u>Actuarial Liability (AAL) Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
January 1, 1998	1,307	1,782	475	73.3%	193	246.1%
January 1, 1999	1,503	1,958	455	76.8%	205	222.0%
January 1, 2000	1,772	2,094	322	84.6%	213	151.2%
January 1, 2001	2,005	2,328	323	86.1%	224	144.2%
January 1, 2002	2,158	2,554	396	84.5%	251	157.8%
January 1, 2003	1,992	2,738	746	72.8%	270	276.3%

**GASB #25 Schedule of Employer Contributions
 for Year Ending December 31, 2002**

<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
27.50% of Pay	100%

**Summary of Accumulated Benefits
(FASB #35)**

Accumulated Benefits at January 1, 2003

Vested benefits of participants and beneficiaries currently receiving payments	\$1,139,400,459
Other vested benefits	1,298,187,238
Nonvested benefits	<u>133,154,796</u>
Total benefits	\$2,570,742,493

FASB #35 Reconciliation

Accumulated benefits at January 1, 2002		\$2,366,619,080
Benefits accumulated	\$ 109,071,409	
Interest	197,426,320	
Benefits paid	(89,743,031)	
Assumption change	<u>(12,631,285)</u>	
Total Change		<u>204,123,413</u>
Accumulated benefits at January 1, 2003		\$2,570,742,493

Reconciliation of Fund Assets

	<u>Year Ending</u> <u>December 31, 2002</u>
1. Value of fund at beginning of year	\$ 1,888,386,893
2. Contributions	
a. City	77,085,173
b. Member	<u>16,274,068</u>
c. Total	\$ 93,359,241
3. Benefit payments	(88,891,103)
4. Refunds	(851,928)
5. Earnings	(217,225,889)
6. Expenses	(14,566,933)
7. Value of assets at end of year	\$ 1,660,210,281
8. Estimated rate of return	-12.26%

Determination of Excess Earnings To Be Deferred

	Year Ending December 31, 2002
1. Market value at beginning of year	\$ 1,888,386,893
2. Net new investments	
a. Contributions	\$ 93,359,241
b. Benefit payments	(88,891,103)
c. Refunds	<u>(851,928)</u>
d. Total	\$ 3,616,210
3. Market value at end of year	\$ 1,660,210,281
4. Yield (3 - 1 - 2d)	\$ (231,792,822)
5. Average balance [1 + 1/2(2d)]	1,890,194,998
6. Assumed investment return rate	8.50%
7. Expected net return (5 x 6)	\$ 160,666,575
8. Gains/(losses) subject to deferral (4 - 7)	\$ (392,459,397)

Calculation of Actuarial Value of Assets

1.	Market value of assets as of January 1, 2003			\$1,660,210,281	
2.	Deferral amounts				
		<u>Year</u>	<u>Total Gain/(Loss)</u>	<u>Percent Deferred</u>	<u>Deferral Amount</u>
a.		2002	\$ (392,459,397)	80%	\$ (313,967,518)
b.		2001	(332,351,653)	60%	(199,410,992)
c.		2000	(207,378,713)	40%	(82,951,485)
d.		1999	264,873,251	20%	52,974,650
e.		Total			\$ (543,355,345)
3.	Preliminary actuarial value of assets (1 - 2e)			2,203,565,626	
4.	80% of Market value			1,328,168,225	
5.	120% of Market value			1,992,252,337	
6.	Actuarial value of assets (3, not less than 4 or more than 5)			1,992,252,337	
7.	Rate of return on actuarial value of assets			-7.86%	

Membership Data

	<u>January 1, 2003</u>	<u>January 1, 2002</u>
1. Active members (excluding DROP)		
a. Police and Fire		
1. Number	3,714	3,700
2. Covered payroll	\$ 201,770,834	\$ 190,879,663
3. Average annual pay	\$ 54,327	\$ 51,589
4. Average age	37.90	38.01
5. Average service (years)	11.86	12.23
b. Police		
1. Number	2,472	2,437
2. Covered payroll	\$ 133,115,880	\$ 124,725,329
3. Average annual pay	\$ 53,849	\$ 51,180
4. Average age	37.50	37.56
5. Average service (years)	11.39	11.74
c. Fire		
1. Number	1,242	1,263
2. Covered payroll	\$ 68,654,954	\$ 66,154,334
3. Average annual pay	\$ 55,278	\$ 52,379
4. Average age	38.70	38.87
5. Average service (years)	12.81	13.17

Membership Data
 (continued)

	<u>January 1, 2003</u>	<u>January 1, 2002</u>
2. Active members (DROP only)		
a. Police and Fire		
1. Number	951	860
2. Covered payroll	\$ 68,428,450	\$ 60,223,991
3. Average annual pay	\$ 71,954	\$ 70,028
4. Average age	53.75	53.69
5. Average service (years)	27.85	27.72
6. DROP account balance	\$ 150,992,598	\$ 126,014,451
b. Police		
1. Number	508	463
2. Covered payroll	\$ 36,605,926	\$ 32,346,260
3. Average annual pay	\$ 72,059	\$ 69,862
4. Average age	53.73	53.77
5. Average service (years)	27.34	27.24
6. DROP account balance	\$ 75,962,979	\$ 65,294,662
c. Fire		
1. Number	443	397
2. Covered payroll	\$ 31,822,524	\$ 27,877,731
3. Average annual pay	\$ 71,834	\$ 70,221
4. Average age	53.78	53.59
5. Average service (years)	28.44	28.28
6. DROP account balance	\$ 75,029,619	\$ 60,719,789

Membership Data
 (continued)

	<u>January 1, 2003</u>	<u>January 1, 2002</u>
3. Active members (including DROP)		
a. Police and Fire		
1. Number	4,665	4,560
2. Covered payroll	\$ 270,199,284	\$ 251,103,654
3. Average annual pay	\$ 57,921	\$ 55,067
4. Average age	41.13	40.96
5. Average service (years)	15.12	15.15
6. DROP account balance	\$ 150,992,598	\$ 126,014,451
b. Police		
1. Number	2,980	2,900
2. Covered payroll	\$ 169,721,806	\$ 157,071,589
3. Average annual pay	\$ 56,954	\$ 54,163
4. Average age	40.27	40.15
5. Average service (years)	14.11	14.21
6. DROP account balance	\$ 75,962,979	\$ 65,294,662
c. Fire		
1. Number	1,685	1,660
2. Covered payroll	\$ 100,477,478	\$ 94,032,065
3. Average annual pay	\$ 59,631	\$ 56,646
4. Average age	42.66	42.39
5. Average service (years)	16.92	16.78
6. DROP account balance	\$ 75,029,619	\$ 60,719,789

Membership Data
(continued)

	<u>January 1, 2003</u>	<u>January 1, 2002</u>
4. Inactive members		
a. Retired members	2,176	2,140
b. Beneficiaries	694	673
c. Number entitled to deferred benefits	<u>139</u>	<u>121</u>
d. Total number of inactive members	3,009	2,934
e. Total annual benefit	\$ 89,037,805	\$ 83,872,896
f. Average annual benefit	\$ 29,590	\$ 28,587

**Summary of Benefit Provisions
As of January 1, 2003
For Actuarial Calculations**

Group A

Definitions

Base Pay: The annualized maximum monthly civil service pay established by the City for a police officer or fire fighter exclusive of any and all other forms of compensation.

City Service Incentive Pay: Additional annualized salary granted to Member under the authority of the City Charter.

Longevity Pay (Service Pay): Additional annualized salary granted to Member under provisions of Section 141.032, Local Government Code, for each year of service completed by such Member.

Pension Service: Time in years (prorated for fractional years) that Member made contributions under the terms of the Combined Pension Plan or under any Pension Plan within the Pension System.

Pension System: The Dallas Police and Fire Pension System

Qualified Surviving Spouse: The Member's legal spouse at time of death providing the marriage occurred prior to the Member's termination of employment (entering DROP is not considered termination of employment) and continued until the member's death.

Qualified Surviving Children: All surviving unmarried children under 19 years of age (23 for a disabled child) provided they were born or adopted before Member terminated his employment.

Contribution Rates

The Member contribution rate is 6.5%. Members contribute for a maximum of 32 years.

The City's contribution rate is a function of the highest Member contribution rate of any pension plan within the Pension System (currently Group B) as follows:

<u>City</u>	<u>Member</u>
28.5%	9.0%
27.5	8.5
26.0	8.0
24.5	7.5
23.0	7.0
21.5	6.5

Service Retirement Benefits

Annual Normal Retirement Pension

Greater of I or II:

I. Condition for Retirement: Age 50 with 20 years of Pension Service.

Amount of Pension Benefit: 50% of Base Pay, plus 50% of Longevity Pay, plus 50% of City Service Incentive Pay. Pension is increased annually to reflect changes in the rate of Longevity Pay and City Service Incentive Pay based on Member's Pension Service and status at date of retirement.

Member may retire as early as age 45 with 20 years of Pension Service. Pension benefit will be reduced by $\frac{2}{3}$ of 1% per month of retirement prior to age 50.

II. Condition for Retirement: Age 55 with 20 years of Pension Service.

Amount of Pension Benefit: 3% of Base Pay for each year of Pension Service (maximum of 32 years), plus 50% of Longevity Pay, plus 50% of City Service Incentive Pay. Pension is increased annually by 4% of the original pension benefit.

Member may retire as early as age 50 with 20 years of Pension Service. Pension benefit will be reduced by $\frac{2}{3}$ of 1% for each month of retirement prior to age 55.

Disability Retirement Benefits

Condition for Retirement: Disability preventing Member from performing his or her duties with his or her department and lasting for a period of not less than 90 days.

Annual Amount of Pension

Greater of I or II:

I. Same as Normal Retirement Pension (I).

II. Depending on Source of Disability

- a. Service Related Disability: 3% of Base Pay for each year of Pension Service (minimum of 20 years, maximum of 32 years), plus 50% of Longevity Pay, plus 50% of City Service Incentive Pay. Benefit is increased annually by 4% of the original amount, or
- b. Non-Service Related Disability: 3% of Base Pay for each year of Pension Service (maximum 32 years), plus 50% of Longevity Pay, plus 50% of City Service Incentive Pay. Benefit is increased annually by 4% of the original amount.

Survivor Benefits

Survivor Benefits for Qualified Surviving Spouse: Death in Active Service: 50% of Service Retirement Pension calculated with a minimum of 20 years of Pension Service.

Survivor Benefits when no Qualified Surviving Spouse: Death in Active Service: 50% of Service Retirement Pension calculated with a minimum of 20 years of Pension Service. The benefit will be paid as a lump sum equal to the value of the lesser of a 10-year benefit or the remainder of the 10-year period if Qualified Surviving Children receive benefit.

Survivor Benefits After Retirement: The Qualifying Surviving Spouse shall receive 50% of any benefits paid to the Member. The percentage is increased if the Qualified Surviving Spouse has attained age 55, there are no Qualified Surviving Children who are eligible for death benefits, the member retired after age 55 with 20 years of Pension Service or the Member's age plus Pension Service at retirement was at least 78 and the Member was receiving a benefit based on the former Plan A formulas.

Survivor Benefits After Retirement or Termination for a Non-Qualifying Surviving Spouse: The Surviving Spouse shall receive 50% of any benefits paid to the Member. However, the Member's benefit will be reduced for this coverage.

Survivor Benefits for Qualified Surviving Children: An amount equal to the amount paid to the Qualified Surviving Spouse divided among the Qualified Surviving Children. Amount paid as long as one or more children continue to qualify.

Survivor Benefits After December 17, 2001: For Members leaving active service after December 17, 2001, a Member may elect to receive an actuarially reduced benefit in order to provide a greater survivor percentage to the qualified spouse. Minimum benefits do not apply.

Minimum Benefits

The minimum benefit is \$2,200 monthly for 20 years of Pension Service at retirement, and \$1,200 monthly for Qualified Surviving Spouses, if there are no Qualified Surviving Children receiving benefits. The minimum benefit is \$1,100 monthly for Qualified Surviving Children and Qualified Surviving Spouses if Qualified Surviving Children are receiving benefits. This minimum does not affect the base benefit. The benefit will not increase until the base retirement benefit with annual increases exceeds the minimum.

Benefit Supplement

If a Member retires with 20 years of Pension Service or if a Member is receiving a service related disability the Member or the Member's Qualified Surviving Spouse is entitled to receive the greater of \$75 or 3% of the monthly benefit payable to the member when the Member or the Qualified Surviving Spouse attains age 55. This supplement is also available for both the Member or the Member's Non-Qualifying Surviving Spouse for a member who has elected a reduced benefit to obtain coverage for a Non-Qualifying Surviving Spouse.

Group B

Definitions

Computation Pay: The annualized monthly rate of pay for the highest civil service rank held by a Member plus Educational Incentive Pay plus Longevity Pay plus City Service Incentive Pay.

Average Computation Pay: Computation Pay averaged over 36 months.

City Service Incentive Pay: Additional annualized salary granted to Member under the authority of the City Charter.

Longevity Pay: Additional annualized salary granted to Members under a provision of Section 141.032, Local Government Code, for each year of service completed by such Member.

Pension Service: The period, in years, months, and days, during which the Member made contributions under the terms of the Combined Plan or any Pension Plan within the Pension System.

Qualified Surviving Spouse: The Member's legal spouse at the time of death providing the marriage occurred prior to the Member's termination of employment (entering DROP is not considered termination of employment).

Pension System: The Dallas Police and Fire Pension System.

Qualified Surviving Children: All surviving unmarried children under 19 years of age (23 for a disabled child) provided they were born or adopted before the Member terminated his employment.

Educational Incentive Pay: Additional annualized salary granted to reward completion of college credits.

Contribution Rates

The City's contribution percentage is a function of the Member's contribution percentage as shown below:

<u>City</u>	<u>Member</u>
28.5%	9.0%
27.5	8.5
26.0	8.0
24.5	7.5
23.0	7.0
21.5	6.5

The Member contribution rate is currently 8.50%. Members contribute for a maximum of 32 years.

Service Retirement Benefits

Annual Normal Retirement Pension

Condition for Retirement: Attainment of age 50 and five years of Pension Service.

Amount for Allowance: 3% of Average Computation Pay for each year of Pension Service to a maximum of 32 such years.

Early Retirement Pension

Condition for Retirement:

- a. Attainment of age 45 and five years of Pension Service.

Amount of Pension: 3% of Average Computation Pay for each year of Pension Service reduced 2/3 of 1% for each month by which retirement precedes age 50.

- b. 20 years of Pension Service

Amount of Pension: 20 & Out multiplier of Average Compensation Pay for each year of Pension Service.

<u>Age</u>	<u>20 & Out Multiplier</u>
50 & above	3.00%
49	3.00% reduced by 2/3 of 1% for each month prior to age 50
48	2.75%
47	2.50
46	2.25
45 & below	2.00

Special Rule for Members of former Old Plan or Plan A

Group B Members who formerly were Members of either the former Old Plan or Plan A may elect to receive Group A benefits and receive a reimbursement of the additional contributions paid under Group B provisions in excess of the contributions that would have been made under Group A.

Disability Retirement Benefits

Service-Related Disability

Condition for Retirement: Disability preventing the Member from performing his or her duties with his or her department and lasting for a period of not less than 90 days.

Amount of Pension: 60% plus 3% for each year of Pension Service (maximum of 32 years) over 20, of Average Computation Pay.

Non-Service Related Disability

Condition for Retirement: Disability preventing the Member from performing his or her duties with his or her department and lasting for a period of not less than 90 days.

Amount of Pension: 3% of Average Computation Pay for each year of Pension Service (maximum 32 years).

Survivor Benefits

Survivor Benefits for Qualified Surviving Spouse: Death in Active Service: 1.50% of the Member's Average Computation Pay for each year of Pension Service with a minimum of 20 such years and a maximum of 32 such years.

Survivor Benefits When no Qualified Surviving Spouse: Death in Active Service: 50% of Service Retirement Pension calculated with a minimum of 20 years of Pension Service. The benefit will be paid as a lump sum equal to the value of the lesser of a 10-year benefit or the remainder of the 10-year period if Qualifying Surviving Children receive benefit.

Survivor Benefits After Retirement: The Qualified Surviving Spouse shall receive 50% of any benefits paid to the Member. The percentage is increased if the Qualified Surviving Spouse has attained age 55, there are no Qualified Surviving Children who are eligible for death benefits and the Member retired after age 55 with 20 years of Pension Service or if the Member's age plus Pension Service at retirement was at least 78.

Survivor Benefits After Retirement or Termination for a Non-Qualifying Surviving Spouse: The Surviving Spouse shall receive 50% of any benefits paid to the Member. However, the Member's benefit will be reduced for this coverage.

Survivor Benefits for Qualified Surviving Children: An amount equal to the amount paid to a Qualified Surviving Spouse is divided among the Qualified Surviving Children and continues to be paid as long as one or more of the children continue to qualify.

Survivor Benefits After December 17, 2001: For Members leaving active service after December 17, 2001, a Member may elect to receive an actuarially reduced benefit in order to provide a greater survivor percentage to the qualified spouse. Minimum benefits do not apply.

Post-Retirement Cost of Living Adjustments

Annually, on the first day of October, benefits in pay status will be increased by an amount equal to 4% of the original pension amount.

Minimum Benefits

The minimum benefit for normal retirement is \$2,200 monthly (prorated if less than 20 years at retirement) and \$1,200 monthly for Qualified Surviving Spouses, if there are no Qualified Surviving Children receiving benefits. The minimum benefit is \$1,100 monthly for Qualified Surviving Children and Qualified Surviving Spouses if Qualified Surviving Children are receiving benefits. This benefit does not affect the base benefit. The benefit will not increase until the base retirement benefit with annual increases exceeds the minimum.

Benefit Supplement

If a Member retires with 20 years of Pension Service or if a Member is receiving a service related disability the Member or the Member's Qualified Surviving Spouse is entitled to receive the greater of \$75 or 3% of the monthly benefit payable to the Member when the Member or the Qualified Surviving Spouse attains age 55. This supplement is also available for the Member or the Member's Non-Qualifying Surviving Spouse for a member who has elected a reduced benefit to obtain coverage for a Non-Qualifying Surviving Spouse.

Deferred Retirement Option Plan

As of January 1, 1993, at normal retirement age, a member may elect to enter the Deferred Retirement Option Plan (DROP). As of January 1, 1999, a member may also elect to enter DROP after 20 years of Pension Service. Retirement benefits will be calculated as if the Member retired on that date. Employee contributions made under the Combined Pension Plan will cease as will accruals under the Combined Pension Plan. Each month, the retirement benefit will be accumulated in an account earning interest based on a ten-year weighted average of the System's actual market return. Upon termination of employment, the Member will have the balance in account in addition to the monthly benefit payable as though the Member retired at the date the Member entered DROP.

**Statement of Actuarial Methods and Assumptions
 (Effective as of January 1, 2003)**

Investment Return: 8.50% per annum, compounded annually, net all expenses including administrative expenses. This rate reflects an underlying inflation rate of 4.00% and a real rate of return of 4.50%.

DROP balances are assumed to earn 9.00% per annum.

Separations Before Normal Retirement: Representative values of the assumed annual rates of withdrawal, death, and disability are as follows:

Age	<u>Annual Rate per 1,000 Members</u>							
	<u>Withdrawal</u>		<u>Mortality - Disableds</u>		<u>Mortality - Other</u>		<u>Disability</u>	
	<u>Police</u>	<u>Fire</u>	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>	<u>Police</u>	<u>Fire</u>
20	43.0	21.0	48.30	26.30	.51	.28	.35	.70
25	43.0	21.0	48.30	26.30	.66	.29	.37	.75
30	32.0	16.0	36.20	23.70	.80	.35	.42	.84
35	23.0	16.0	27.80	21.40	.85	.48	.48	.96
40	23.0	16.0	28.20	20.90	1.07	.71	.57	1.15
45	23.0	16.0	32.20	22.40	1.58	.97	.79	1.58
50	NA	NA	38.30	25.70	2.58	1.43	NA	NA
60	NA	NA	60.30	33.10	7.98	4.44	NA	NA
70	NA	NA	73.90	41.10	23.73	13.73	NA	NA
75	NA	NA	84.20	49.20	37.21	22.69	NA	NA

Salary Increases: Representative values of the assumed annual rates of future salary increase attributable to seniority and promotion are as follows:

Age	Annual Rate of Salary Increase
20	10.00%
30	5.23
40	4.57
50	4.37
60	4.33

Total payroll is assumed to increase 4.00% per year. New hires are assumed to replace terminations.

Overtime is assumed to be 7% of base pay. The city contributes on total pay including overtime. This assumption is consistent with past experience and the city's budget.

Retirement Rates: The percentage of population assumed to retire at various ages is as follows:

<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>
38	5%	48	5%	58	10%
39	5	49	5	59	15
40	5	50	10	60	20
41	5	51	7.5	61	25
42	5	52	7.5	62	60
43	5	53	7.5	63	70
44	5	54	7.5	64	80
45	5	55	10	65	100
46	5	56	10		
47	5	57	10		

Rates are only applied when member is eligible to retire. That is, age 50 with five years or 20 years for Plan B, age 55 with 20 years for Plan A, and age 50 with 20 years for Old Plan.

Postretirement Mortality: According to the 1994 Group Annuity Mortality Table for males and females.

DROP Election: Members are assumed to elect DROP at age 50 with five years for Plan B, age 55 with 20 years for Plan A, and age 50 with 20 years for Old Plan.

Spouses: 80% of active members are assumed to be married with the male three years older than the female. The age of the youngest child is assumed to be one year.

Assumption as to Choice of Plan Provisions: Those Members eligible to elect between Plan B and the Old Plan are assumed to elect in a manner which maximizes the benefit they receive.

Assumed Post Retirement Cost of Living:

Plan A and Plan B: 4% of original pension annually
Old Plan: 4% compounded annually

Future Expenses: All expenses, investment and administration, are paid from the Fund. The 8.50% assumed rate of return is net of these expenses.

Valuation Method: The method used to determine Normal Cost and Accrued Actuarial Liability is the Entry Age Normal Cost Method. Under the Entry Age Normal Cost Method, an annual Normal Cost is determined for each covered active Member which is the contribution required to provide all the projected pension benefits assuming this contribution is payable over a period ending on the date of retirement (separation from active service) and expressed as a level percentage of compensation. The Actuarial Accrued Liability is determined as the excess of the total present value of all pension benefits over the total present value of future Normal Costs. The Unfunded Actuarial Accrued Liability as of the valuation date is determined as the excess of the Actuarial Accrued Liability over the assets of the Fund.

The Normal Cost and Accrued Actuarial Liability are derived by making certain assumptions as to the rates of interest, mortality, turnover, etc., which are assumed to reflect experience for many

years into the future. Since actual experience will differ from the assumptions, the costs determined must be regarded as estimates of the true costs of the Plan. The effects of any actuarial gains or losses are immediately reflected in the Unfunded Actuarial Accrued Liability and the Normal Cost.

Actuarial Value of Assets: The actuarial value of assets is calculated based on the following formula:

$$MV - (4/5) \times G/(L)_1 - (3/5) \times G/(L)_2 \\ - (2/5) \times G/(L)_3 - (1/5) \times G/(L)_4$$

where:

MV = the market value of assets as of the valuation date

$G/(L)_i$ = the asset gain or (loss) (i.e., actual return on assets less expected return on assets) for the i-th year preceding the valuation date.

This method was phased in beginning January 1, 1995. Asset gains or losses prior to January 1, 1994, are fully reflected in the calculation of the Actuarial Value of Assets. In no event is the actuarial value of assets less than 80% nor more than 120% of the market value of assets.

**Comparison of Actual Experience
 and Actuarial Expectations**

Demographic Assumptions

The demographic assumptions used to value the liabilities of the System are used to estimate the timing and duration of the member contributions and benefit payments of the System. The main demographic assumptions used to value the liabilities of the System consist of termination prior to retirement, disability, retirement, death and DROP age. A comparison of the actual experience of the System to each of these assumptions follows.

Terminations Prior to Retirement			
This assumption was last changed as of January 1, 1999 to better reflect the actual experience of the System and to better anticipate future expectations. The ratio of actual terminations prior to retirement to the expected terminations prior to retirement for the period January 1, 1998 through December 31, 2002 shows that during this period there have been about 17% more terminations than expected. Since the difference in assumed terminations and actual terminations is small and the period over which this assumption has been measured is short, we do not feel that any change in this assumption is necessary at this time.			
January 1, 1998 through December 31, 2002			
	<u>Actual</u>	<u>Expected</u>	<u>Actual/Expected</u>
Termination Prior to Retirement	426	365	117%

Disability			
This assumption was last changed as of January 1, 1999 to better reflect the actual experience of the System and to better anticipate future expectations. The ratio of actual disability retirements to the expected disability retirements for the period January 1, 1998 through December 31, 2002 shows that during this period there have been about 29% less disability retirements than expected. Since the difference in assumed disability retirements and actual disability retirements is small, we do not feel that any change in this assumption is necessary at this time.			
January 1, 1998 through December 31, 2002			
	<u>Actual</u>	<u>Expected</u>	<u>Actual/Expected</u>
Disability Retirements	10	14	71%

Retirement (Leaving Active Service)			
<p>This assumption was changed as of January 1, 2003 to better reflect the actual experience of the System and to better anticipate future expectations. The ratio of actual retirements to the expected retirements using the new retirement rates for the period January 1, 2002 through December 31, 2002 shows that during this period there have been about 35% less retirements than expected.</p>			
January 1, 2002 through December 31, 2002			
Retirement	<u>Actual</u> 84	<u>Expected</u> 130	<u>Actual/Expected</u> 65%

Death			
<p>This assumption was last changed as of January 1, 2001 to better reflect the actual experience of the System and to better anticipate future expectations. The ratio of actual deaths to the expected deaths for the period January 1, 2000 through December 31, 2002 shows that during this period there have been about 2% less deaths than expected. Since the difference in assumed deaths and actual deaths is small and the period over which the assumption has been measured is short, we do not feel that any change in this assumption is necessary at this time.</p>			
January 1, 2000 through December 31, 2002			
Death	<u>Actual</u> 234	<u>Expected</u> 240	<u>Actual/Expected</u> 98%

Age at DROP			
<p>This assumption has not changed since the implementation of DROP in 1993. The actual age at DROP is only slightly higher than the assumed age of 50. We do not feel that any change of assumption is necessary at this time since the difference in the assumed age at DROP and the actual age at DROP is very small.</p>			
January 1, 1996 through December 31, 2002			
Age at DROP	<u>Actual</u> 50.2	<u>Expected</u> 50.0	<u>Actual/Expected</u> 100%

Economic Assumptions

The economic assumptions used to value the liabilities of the System are used to estimate the amount and cost of the benefit payments of the System. Economic assumptions are generally based on a building block approach with the inflation rate used as the initial basis. For example, in setting the long-term rate of return, the expected inflation rate is added to the expected real-rate of return to determine the nominal rate of return. This nominal rate of return is then used to determine the present value of future benefit payment amounts. The main economic assumptions used to value the liabilities of the System consist of inflation, long-term rate of return and salary increase rate. A discussion of these assumptions follows.

Inflation			
<p>The inflation assumption used to value the liabilities of the System is 4%. This assumption was last changed as of January 1, 1999 to better anticipate future expectations. The average annual inflation rate (as measured by CPI-U) over the 60 years ending December 31, 2002 has been 4.04%. We feel that given the history of inflation rates and reasonable expectations of the future that the 4% inflation rate assumption is reasonable.</p>			
January 1, 1943 through December 31, 2002			
Inflation	<u>Actual</u> 4.04%	<u>Expected</u> 4.00%	<u>Actual/Expected</u> 101%

Salary Increases			
<p>The salary increase assumption used to value the liabilities of the System varies by the age of the Member. This assumption was last changed as of January 1, 1999 to reflect the change in the inflation rate. Recent pay increases have increased the ratio of actual to expected experience to almost 103%. A ratio this high warrants close monitoring of the assumption. At this time, based on the expectation of future experience, we do not feel that a change in assumption is necessary. However, if this ratio continues to stay high, an increase in the salary increase assumption may be warranted. A summary of the actual valuation earnings to the expected valuation earnings over the period January 1, 1998 through December 31, 2002 follows.</p>			
January 1, 1998 through December 31, 2002			
Valuation Compensation	<u>Actual</u> \$1,089,244,508	<u>Expected</u> \$1,058,998,321	<u>Actual/Expected</u> 103%

Long-Term Rate of Return on Plan Assets			
<p>The long-term rate of return on plan assets used to value the liabilities of the System is 8.5%. This assumption was last changed as of January 1, 1999 to better anticipate future expectations and to reflect the change in the inflation rate. Based on the asset allocation policy, expectations of future real rates of return and the expected administrative expenses of the System, we feel that an 8.5% long-term rate of return is reasonable. A summary of the nominal rates of return over the period October 1, 1988 through December 31, 2002 follows.</p>			
<u>Period</u>			<u>Annualized Rate of Return</u>
10/1/1988	through	9/30/1989	25.40%
10/1/1989	through	9/30/1990	(6.53)
10/1/1990	through	12/31/1991	20.73
1/1/1992	through	12/31/1992	2.94
1/1/1993	through	12/31/1993	14.06
1/1/1994	through	12/31/1994	2.78
1/1/1995	through	12/31/1995	24.33
1/1/1996	through	12/31/1996	16.69
1/1/1997	through	12/31/1997	13.84
1/1/1998	through	12/31/1998	13.68
1/1/1999	through	12/31/1999	24.39
1/1/2000	through	12/31/2000	(1.52)
1/1/2001	through	12/31/2001	(7.76)
1/1/2002	through	12/31/2002	(12.26)%
10/1/1988	through	12/31/2002	8.67%

Effective for years beginning on October 1, 2002 and each October 1 thereafter, the DROP interest rate will be determined at a daily rate based on the arithmetic average of the annual market return on the System's investments for the preceding ten calendar years. However, the rate shall not be more than 25 basis points different from the prior year and shall not be less than 8% nor more than 10%. The ten-year arithmetic average of the annual market return on the System's investments for the preceding ten calendar years is 8.82%. Last year's DROP interest rate was 9.25%. Therefore, the annual DROP interest rate for October 1, 2003 is 9%.

July 29, 2003

Mr. Richard L. Tettamant
Administrator
Dallas Police and Fire Pension System
2301 N. Akard Street, Suite 200
Dallas, TX 75201

Re: Dallas Police and Fire Pension System Actuarial Valuation as of January 1, 2003

Dear Richard:

Enclosed are 20 bound copies and one unbound copy of both the Actuarial Valuation of the Dallas Police and Fire Pension System and the Dallas Police and Fire Pension System Supplemental Plan as of January 1, 2003.

Very truly yours,

Richard A. Mackesey, F.S.A.
Principal, Consulting Actuary

RAM:km
POLIVAL2003PLAN.DOC

Enclosures

TABLE 8

THE NUMBER, ANNUAL RETIREMENT
ALLOWANCE AND ACCOUNT BALANCE
OF DROP MEMBERS
BY AGE AS OF JANUARY 1, 2003

POLICE AND FIRE
DROP

AGE	NUMBER	BENEFIT	AVERAGE BENEFIT	ACCOUNT BALANCE	AVERAGE ACCOUNT BALANCE
42	1	\$ 23,894	\$ 23,894	\$ 47,296	\$ 47,296
43	2	47,965	23,983	63,248	31,624
46	2	40,173	20,087	83,894	41,947
47	3	81,265	27,088	143,383	47,794
48	15	598,302	39,887	180,589	12,039
49	17	680,657	40,039	649,065	38,180
50	118	5,620,802	47,634	3,664,001	31,051
51	133	5,784,991	43,496	9,193,105	69,121
52	126	5,340,286	42,383	13,113,056	104,072
53	123	5,272,574	42,866	17,930,602	145,777
54	118	4,653,392	39,436	21,537,589	182,522
55	105	4,170,111	39,715	22,877,208	217,878
56	66	2,699,839	40,907	17,088,868	258,922
57	31	1,264,846	40,801	9,428,685	304,151
58	30	1,229,240	40,975	11,054,289	368,476
59	26	1,012,147	38,929	10,322,399	397,015
60	12	468,198	39,017	4,931,345	410,945
61	6	255,050	42,508	2,522,474	420,412
62	8	268,772	33,597	2,402,317	300,290
63	4	142,590	35,648	1,509,894	377,474
64	1	17,629	17,629	131,596	131,596
65	2	106,055	53,028	1,370,993	685,497
66	2	122,143	61,072	746,702	373,351
TOTAL	951	\$ 39,900,921	\$ 41,957	\$ 150,992,598	\$ 158,772
POLICE	508	\$ 20,976,064	\$ 41,291	\$ 75,962,979	\$ 149,533
FIRE	443	\$ 18,924,857	\$ 42,720	\$ 75,029,619	\$ 169,367

TABLE 2

THE NUMBER AND ANNUAL AVERAGE COMPENSATION OF ACTIVE
(including DROP) MEMBERS DISTRIBUTED BY FIFTH AGE AND SERVICE
AS OF JANUARY 1, 2003

POLICE

ATTAINED AGE	YEARS OF SERVICE																			
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 & up	
	#	Avg Comp	#	Avg Comp	#	Avg Comp	#	Avg Comp	#	Avg Comp	#	Avg Comp	#	Avg Comp	#	Avg Comp	#	Avg Comp	#	Avg Comp
Under 25	50	36,016	45	37,500	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25 to 29	69	36,240	203	40,699	54	45,271	0	0	0	0	0	0	0	0	0	0	0	0	0	0
30 to 34	51	36,588	138	40,881	186	47,535	123	53,953	0	0	0	0	0	0	0	0	0	0	0	0
35 to 39	16	35,967	33	40,488	91	47,448	336	55,471	100	62,883	0	0	0	0	0	0	0	0	0	0
40 to 44	9	36,013	17	41,506	32	50,651	155	56,107	224	65,911	147	69,515	0	0	0	0	0	0	0	0
45 to 49	4	40,331	3	39,204	4	47,462	46	57,431	86	66,094	141	69,949	82	70,088	2	73,335	0	0	0	0
50 to 54	0	0	2	49,476	2	53,727	22	57,167	33	69,449	70	71,742	137	72,440	104	72,840	1	65,707	0	0
55 to 59	1	36,417	1	45,124	0	0	5	62,503	8	69,070	21	74,407	44	73,625	53	70,870	11	77,508	0	0
60 to 64	0	0	0	0	0	0	1	50,729	3	83,390	1	35,929	5	75,915	3	68,020	4	76,990	0	0
65 to 69	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	74,875
70 & up	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

TABLE 2

THE NUMBER AND ANNUAL AVERAGE COMPENSATION OF ACTIVE
(including DROP) MEMBERS DISTRIBUTED BY FIFTH AGE AND SERVICE
AS OF JANUARY 1, 2003

FIRE

ATTAINED AGE	YEARS OF SERVICE																			
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 & up	
	#	Avg Comp	#	Avg Comp	#	Avg Comp	#	Avg Comp	#	Avg Comp	#	Avg Comp	#	Avg Comp	#	Avg Comp	#	Avg Comp	#	Avg Comp
Under 25	10	36,295	17	37,517	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25 to 29	32	37,190	115	40,113	20	45,508	1	37,471	0	0	0	0	0	0	0	0	0	0	0	0
30 to 34	19	36,662	76	40,716	98	48,104	17	54,528	0	0	0	0	0	0	0	0	0	0	0	0
35 to 39	4	36,520	25	40,745	46	49,201	75	55,479	85	63,561	0	0	0	0	0	0	0	0	0	0
40 to 44	1	37,641	3	38,848	17	49,131	42	56,030	170	63,942	63	67,494	1	66,530	0	0	0	0	0	0
45 to 49	1	36,542	2	37,721	2	49,424	20	55,996	82	64,550	131	67,672	50	69,262	4	75,511	0	0	0	0
50 to 54	0	0	1	42,386	2	55,344	10	59,379	21	64,365	57	70,334	126	69,786	97	72,266	1	65,314	0	0
55 to 59	0	0	0	0	0	0	0	0	3	65,018	9	71,453	39	70,329	57	74,986	16	83,739	0	0
60 to 64	0	0	0	0	0	0	0	0	0	0	0	0	2	81,437	4	74,932	5	71,556	3	86,335
65 to 69	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	77,328	1	112,025
70 & up	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

TABLE 2

THE NUMBER AND ANNUAL AVERAGE COMPENSATION OF ACTIVE
(including DROP) MEMBERS DISTRIBUTED BY FIFTH AGE AND SERVICE
AS OF JANUARY 1, 2003

POLICE AND FIRE

ATTAINED AGE	YEARS OF SERVICE																			
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 & up	
	#	Avg Comp	#	Avg Comp	#	Avg Comp	#	Avg Comp	#	Avg Comp	#	Avg Comp	#	Avg Comp	#	Avg Comp	#	Avg Comp	#	Avg Comp
Under 25	60	36,062	62	37,504	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25 to 29	101	36,541	318	40,487	74	45,335	1	37,471	0	0	0	0	0	0	0	0	0	0	0	0
30 to 34	70	36,608	214	40,823	284	47,732	140	54,023	0	0	0	0	0	0	0	0	0	0	0	0
35 to 39	20	36,077	58	40,599	137	48,036	411	55,472	185	63,194	0	0	0	0	0	0	0	0	0	0
40 to 44	10	36,176	20	41,107	49	50,124	197	56,091	394	65,062	210	68,909	1	66,530	0	0	0	0	0	0
45 to 49	5	39,573	5	38,611	6	48,116	66	56,996	168	65,341	272	68,852	132	69,775	6	74,786	0	0	0	0
50 to 54	0	0	3	47,112	4	54,535	32	57,859	54	67,472	127	71,110	263	71,168	201	72,563	2	65,511	0	0
55 to 59	1	36,417	1	45,124	0	0	5	62,503	11	67,965	30	73,521	83	72,076	110	73,003	27	81,201	0	0
60 to 64	0	0	0	0	0	0	1	50,729	3	83,390	1	35,929	7	77,493	7	71,970	9	73,971	3	86,335
65 to 69	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	77,328	2	93,450
70 & up	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

TABLE 3

THE NUMBER AND ANNUAL RETIREMENT
ALLOWANCE OF RETIRED MEMBERS
BY AGE AS OF JANUARY 1, 2003

POLICE AND FIRE

AGE	NUMBER	BENEFIT	AVERAGE BENEFIT
42	1	\$ 4,587	\$ 4,587
43	1	27,257	27,257
45	1	28,130	28,130
46	1	11,531	11,531
47	6	112,861	18,810
48	5	106,106	21,221
49	6	140,348	23,391
50	8	248,690	31,086
51	19	616,919	32,469
52	23	702,054	30,524
53	31	995,471	32,112
54	35	1,073,533	30,672
55	67	2,391,867	35,700
56	84	3,167,934	37,714
57	75	2,674,349	35,658
58	64	2,253,927	35,218
59	84	3,304,682	39,341
60	96	3,721,941	38,770
61	74	2,965,302	40,072
62	101	3,793,693	37,561
63	87	3,430,843	39,435
64	92	3,796,813	41,270
65	78	3,181,019	40,782
66	64	2,409,045	37,641
67	71	2,563,984	36,112
68	72	2,476,932	34,402
69	72	2,385,870	33,137
70	71	2,535,533	35,712
71	71	2,182,808	30,744
72	72	2,311,743	32,108
73	65	1,973,789	30,366
74	57	1,752,250	30,741
75	48	1,570,343	32,715
76	35	1,138,298	32,523

TABLE 3

THE NUMBER AND ANNUAL RETIREMENT
ALLOWANCE OF RETIRED MEMBERS
BY AGE AS OF JANUARY 1, 2003
CONTINUED

POLICE AND FIRE

AGE	NUMBER	BENEFIT	AVERAGE BENEFIT
77	37	\$ 1,112,900	\$ 30,078
78	40	1,235,105	30,878
79	26	818,010	31,462
80	17	493,434	29,026
81	18	523,945	29,108
82	21	653,445	31,116
83	20	588,246	29,412
84	6	186,335	31,056
85	11	321,376	29,216
86	8	259,217	32,402
87	2	58,772	29,386
88	2	58,844	29,422
89	1	27,797	27,797
90	2	57,324	28,662
91	1	29,422	29,422
92	2	56,674	28,337
93	1	14,147	14,147
95	2	58,796	29,398
TOTAL	1,954	\$ 68,604,241	\$ 35,110
POLICE	1,136	\$ 37,697,239	\$ 33,184
FIRE	818	\$ 30,907,002	\$ 37,784

TABLE 4

THE NUMBER AND ANNUAL RETIREMENT
ALLOWANCE OF DISABLED MEMBERS
BY AGE AS OF JANUARY 1, 2003

POLICE AND FIRE

AGE	NUMBER	BENEFIT	AVERAGE BENEFIT
35	1	\$ 26,400	\$ 26,400
38	1	26,400	26,400
39	3	81,412	27,137
40	2	52,800	26,400
41	2	43,220	21,610
42	3	79,493	26,498
43	1	26,804	26,804
45	3	80,761	26,920
46	4	111,593	27,898
47	2	41,051	20,526
48	5	141,642	28,328
49	2	56,466	28,233
50	1	30,551	30,551
51	5	161,868	32,374
52	6	183,783	30,631
53	6	227,189	37,865
54	6	168,757	28,126
55	7	225,501	32,214
56	4	94,600	23,650
57	2	38,996	19,498
58	6	177,518	29,586
59	2	66,744	33,372
60	5	193,983	38,797
61	3	83,363	27,788
62	7	250,587	35,798
63	13	515,271	39,636
64	8	298,148	37,269
65	8	277,759	34,720
66	8	233,223	29,153
67	5	185,508	37,102
68	7	262,348	37,478
69	5	147,695	29,539
70	4	130,132	32,533
71	6	189,026	31,504

TABLE 4

THE NUMBER AND ANNUAL RETIREMENT
ALLOWANCE OF DISABLED MEMBERS
BY AGE AS OF JANUARY 1, 2003
CONTINUED

POLICE AND FIRE

AGE	NUMBER	BENEFIT	AVERAGE BENEFIT
72	7	\$ 271,763	\$ 38,823
73	7	215,146	30,735
74	4	128,170	32,043
75	4	117,208	29,302
76	6	175,500	29,250
77	7	204,262	29,180
78	5	156,370	31,274
79	4	115,398	28,850
80	8	226,123	28,265
81	5	142,458	28,492
82	2	58,604	29,302
83	1	29,182	29,182
84	1	27,300	27,300
85	3	84,500	28,167
88	1	29,302	29,302
89	2	58,844	29,422
90	1	29,326	29,326
99	1	29,422	29,422
TOTAL	222	\$ 7,009,470	\$ 31,574
POLICE	81	\$ 2,306,832	\$ 28,479
FIRE	141	\$ 4,702,638	\$ 33,352

TABLE 5

THE NUMBER AND ANNUAL RETIREMENT
ALLOWANCE OF BENEFICIARIES
BY AGE AS OF JANUARY 1, 2003

POLICE AND FIRE

AGE	NUMBER	BENEFIT	AVERAGE BENEFIT
2	1	\$ 5,231	\$ 5,231
3	1	4,400	4,400
4	1	4,668	4,668
5	1	4,400	4,400
6	1	6,992	6,992
8	2	18,431	9,216
9	1	13,200	13,200
10	2	11,516	5,758
11	3	23,411	7,804
12	2	17,473	8,737
13	5	61,216	12,243
14	3	37,756	12,585
15	4	36,792	9,198
16	1	3,300	3,300
17	6	56,543	9,424
18	3	41,268	13,756
19	5	71,740	14,348
29	2	27,329	13,665
31	1	19,109	19,109
32	1	13,200	13,200
33	2	28,550	14,275
35	1	13,200	13,200
36	2	27,600	13,800
37	1	13,200	13,200
38	1	14,400	14,400
40	1	31,190	31,190
41	2	33,513	16,757
42	2	26,897	13,449
43	3	52,168	17,389
44	2	28,601	14,301
45	4	64,838	16,210
46	3	44,232	14,744
47	4	62,113	15,528
48	5	85,343	17,069
49	6	96,098	16,016
50	3	48,303	16,101

TABLE 5

THE NUMBER AND ANNUAL RETIREMENT
ALLOWANCE OF BENEFICIARIES
BY AGE AS OF JANUARY 1, 2003
CONTINUED

POLICE AND FIRE

AGE	NUMBER	BENEFIT	AVERAGE BENEFIT
51	5	\$ 63,521	\$ 12,704
52	6	101,484	16,914
53	5	73,182	14,636
54	14	235,990	16,856
55	8	154,198	19,275
56	16	278,418	17,401
57	11	221,003	20,091
58	5	81,421	16,284
59	13	252,019	19,386
60	8	172,936	21,617
61	11	179,722	16,338
62	8	129,798	16,225
63	18	379,552	21,086
64	18	323,804	17,989
65	17	412,781	24,281
66	13	280,402	21,569
67	17	299,806	17,636
68	15	278,419	18,561
69	16	252,007	15,750
70	16	276,508	17,282
71	16	265,325	16,583
72	25	392,303	15,692
73	18	275,512	15,306
74	24	463,911	19,330
75	24	375,565	15,649
76	24	396,512	16,521
77	13	221,956	17,074
78	28	430,196	15,364
79	25	412,417	16,497
80	19	324,794	17,094
81	21	340,326	16,206
82	12	182,700	15,225
83	18	275,185	15,288
84	19	291,355	15,334
85	9	135,000	15,000
86	13	198,230	15,248

TABLE 5

THE NUMBER AND ANNUAL RETIREMENT
ALLOWANCE OF BENEFICIARIES
BY AGE AS OF JANUARY 1, 2003
CONTINUED

POLICE AND FIRE

AGE	NUMBER	BENEFIT	AVERAGE BENEFIT
87	11	\$ 205,336	\$ 18,667
88	11	169,094	15,372
89	6	91,800	15,300
90	4	61,200	15,300
91	5	76,500	15,300
92	5	76,500	15,300
93	5	76,500	15,300
94	5	76,500	15,300
95	2	30,600	15,300
98	1	14,400	14,400
100	1	15,300	15,300
101	1	15,300	15,300
102	1	15,300	15,300
TOTAL	694	\$ 11,500,809	\$ 16,572
POLICE	371	\$ 5,977,684	\$ 16,112
FIRE	323	\$ 5,523,125	\$ 17,099

TABLE 6

THE NUMBER AND ANNUAL RETIREMENT
ALLOWANCE OF RETIRED MEMBERS,
DISABLED MEMBERS AND BENEFICIARIES
BY AGE AS OF JANUARY 1, 2003

POLICE AND FIRE

AGE	NUMBER	BENEFIT	AVERAGE BENEFIT
2	1	\$ 5,231	\$ 5,231
3	1	4,400	4,400
4	1	4,668	4,668
5	1	4,400	4,400
6	1	6,992	6,992
8	2	18,431	9,216
9	1	13,200	13,200
10	2	11,516	5,758
11	3	23,411	7,804
12	2	17,473	8,737
13	5	61,216	12,243
14	3	37,756	12,585
15	4	36,792	9,198
16	1	3,300	3,300
17	6	56,543	9,424
18	3	41,268	13,756
19	5	71,740	14,348
29	2	27,329	13,665
31	1	19,109	19,109
32	1	13,200	13,200
33	2	28,550	14,275
35	2	39,600	19,800
36	2	27,600	13,800
37	1	13,200	13,200
38	2	40,800	20,400
39	3	81,412	27,137
40	3	83,990	27,997
41	4	76,733	19,183
42	6	110,977	18,496
43	5	106,229	21,246
44	2	28,601	14,301
45	8	173,729	21,716
46	8	167,356	20,920
47	12	216,025	18,002
48	15	333,091	22,206

TABLE 6

THE NUMBER AND ANNUAL RETIREMENT
ALLOWANCE OF RETIRED MEMBERS,
DISABLED MEMBERS AND BENEFICIARIES
BY AGE AS OF JANUARY 1, 2003
CONTINUED

POLICE AND FIRE

AGE	NUMBER	BENEFIT	AVERAGE BENEFIT
49	14	\$ 292,912	\$ 20,922
50	12	327,544	27,295
51	29	842,308	29,045
52	35	987,321	28,209
53	42	1,295,842	30,853
54	55	1,478,280	26,878
55	82	2,771,566	33,800
56	104	3,540,952	34,048
57	88	2,934,348	33,345
58	75	2,512,866	33,505
59	99	3,623,445	36,600
60	109	4,088,860	37,512
61	88	3,228,387	36,686
62	116	4,174,078	35,983
63	118	4,325,666	36,658
64	118	4,418,765	37,447
65	103	3,871,559	37,588
66	85	2,922,670	34,384
67	93	3,049,298	32,788
68	94	3,017,699	32,103
69	93	2,785,572	29,952
70	91	2,942,173	32,332
71	93	2,637,159	28,357
72	104	2,975,809	28,614
73	90	2,464,447	27,383
74	85	2,344,331	27,580
75	76	2,063,116	27,146
76	65	1,710,310	26,312
77	57	1,539,118	27,002
78	73	1,821,671	24,954
79	55	1,345,825	24,470
80	44	1,044,351	23,735
81	44	1,006,729	22,880
82	35	894,749	25,564
83	39	892,613	22,888

TABLE 6

THE NUMBER AND ANNUAL RETIREMENT
ALLOWANCE OF RETIRED MEMBERS,
DISABLED MEMBERS AND BENEFICIARIES
BY AGE AS OF JANUARY 1, 2003
CONTINUED

POLICE AND FIRE

AGE	NUMBER	BENEFIT	AVERAGE BENEFIT
84	26	\$ 504,990	\$ 19,423
85	23	540,876	23,516
86	21	457,447	21,783
87	13	264,108	20,316
88	14	257,240	18,374
89	9	178,441	19,827
90	7	147,850	21,121
91	6	105,922	17,654
92	7	133,174	19,025
93	6	90,647	15,108
94	5	76,500	15,300
95	4	89,396	22,349
98	1	14,400	14,400
99	1	29,422	29,422
100	1	15,300	15,300
101	1	15,300	15,300
102	1	15,300	15,300
TOTAL	2,870	\$ 87,114,520	\$ 30,353
POLICE	1,588	\$ 45,981,755	\$ 28,956
FIRE	1,282	\$ 41,132,765	\$ 32,085

TABLE 7

THE NUMBER AND FUTURE ANNUAL
ALLOWANCE OF TERMINATED MEMBERS
ENTITLED TO A FUTURE BENEFIT
BY AGE AS OF JANUARY 1, 2003

POLICE AND FIRE

AGE	NUMBER	BENEFIT	AVERAGE BENEFIT
30	2	\$ 12,788	\$ 6,394
31	2	12,927	6,464
32	4	29,825	7,456
33	9	70,048	7,783
34	5	43,627	8,725
35	4	43,595	10,899
36	7	63,009	9,001
37	11	114,612	10,419
38	5	71,939	14,388
39	10	140,268	14,027
40	11	168,214	15,292
41	8	95,605	11,951
42	13	221,292	17,022
43	4	54,938	13,735
44	7	114,881	16,412
45	8	122,222	15,278
46	9	95,989	10,665
47	4	106,933	26,733
48	9	237,027	26,336
49	6	88,373	14,729
50	1	14,861	14,861
TOTAL	139	\$ 1,922,973	\$ 13,834
POLICE	110	\$ 1,524,971	\$ 13,863
FIRE	29	\$ 398,002	\$ 13,724

TABLE 8

THE NUMBER, ANNUAL RETIREMENT
ALLOWANCE AND ACCOUNT BALANCE
OF DROP MEMBERS
BY AGE AS OF JANUARY 1, 2003

POLICE AND FIRE
DROP

AGE	NUMBER	BENEFIT	AVERAGE BENEFIT	ACCOUNT BALANCE	AVERAGE ACCOUNT BALANCE
42	1	\$ 23,894	\$ 23,894	\$ 47,296	\$ 47,296
43	2	47,965	23,983	63,248	31,624
46	2	40,173	20,087	83,894	41,947
47	3	81,265	27,088	143,383	47,794
48	15	598,302	39,887	180,589	12,039
49	17	680,657	40,039	649,065	38,180
50	118	5,620,802	47,634	3,664,001	31,051
51	133	5,784,991	43,496	9,193,105	69,121
52	126	5,340,286	42,383	13,113,056	104,072
53	123	5,272,574	42,866	17,930,602	145,777
54	118	4,653,392	39,436	21,537,589	182,522
55	105	4,170,111	39,715	22,877,208	217,878
56	66	2,699,839	40,907	17,088,868	258,922
57	31	1,264,846	40,801	9,428,685	304,151
58	30	1,229,240	40,975	11,054,289	368,476
59	26	1,012,147	38,929	10,322,399	397,015
60	12	468,198	39,017	4,931,345	410,945
61	6	255,050	42,508	2,522,474	420,412
62	8	268,772	33,597	2,402,317	300,290
63	4	142,590	35,648	1,509,894	377,474
64	1	17,629	17,629	131,596	131,596
65	2	106,055	53,028	1,370,993	685,497
66	2	122,143	61,072	746,702	373,351
TOTAL	951	\$ 39,900,921	\$ 41,957	\$ 150,992,598	\$ 158,772
POLICE	508	\$ 20,976,064	\$ 41,291	\$ 75,962,979	\$ 149,533
FIRE	443	\$ 18,924,857	\$ 42,720	\$ 75,029,619	\$ 169,367