

DALLAS POLICE AND FIRE PENSION SYSTEM

ACTUARIAL VALUATION

AS OF JANUARY 1, 2004



Mellon

Human Resources & Investor Solutions

July 14, 2004

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, 2004

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, 2004.

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, 2004, the employer contribution rate needed in order to pay the normal cost and fund the Unfunded Actuarial Accrued Liability over 40 years is 27.25%. This amount is less than the 29.33% employer contribution calculated as of January 1, 2003. The current contribution rate covers the normal cost and the amortization of the Unfunded Actuarial Accrued Liability (UAAL) over 38 years.

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Benefit Provisions

The actuarial valuation reflects the benefit and contribution provisions set forth in the System's statutes. 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.

Assumptions and Methods

The actuarial assumptions and methods used in the valuation are presented in Schedule C. The valuation is based on the same actuarial assumptions as the previous valuation. 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, 2004 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 and Consulting Actuary

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Summary of Principal Results

	January 1, 2004	January 1, 2003
Membership		
Active	4,606	4,665
Terminated with deferred benefits	152	139
Retired members and beneficiaries	2,947	2,870
Compensation		
Total	\$ 265,226,676	\$ 270,199,284
Average	\$ 57,583	\$ 57,921
Assets		
Market value	\$ 2,183,058,868	\$ 1,660,210,281
Actuarial value	\$ 2,285,744,890	\$ 1,992,252,337
Valuation Results		
Unfunded actuarial accrued liability	\$ 603,180,958	\$ 745,776,422
Funding period	38	69
40-year funding cost (City)	27.25%	29.33%
Margin	0.25%	-1.83%
GASB No. 25		
Actuarial accrued liability (AAL)	\$ 2,888,925,848	\$ 2,738,028,759
Assets (actuarial)	\$ 2,285,744,890	\$ 1,992,252,337
GASB ratio	79.1%	72.8%
Unfunded AAL	\$ 603,180,958	\$ 745,776,422

Comments on the Valuation

Overview

The current contribution rates are sufficient to keep the System actuarially sound, 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 overall funding of the Plan remains sound. The funding period decreased to 38 years from 69 years. This decrease was primarily due to a significant gain on the actuarial value of assets. Due to the asset valuation method, losses on the actuarial value of assets may occur over the next few years unless the performance on the assets continues to improve.

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 27.25% compared with the City's actual contribution rate of 27.50% and with the 40-year funding cost in 2003 of 29.33%. Section 3 shows a reconciliation of the changes between the 2003 and 2004 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 38 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 2003 and 2004.

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 valuation is based on the same actuarial assumptions as the previous valuation. 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 27.25% will be required for the City to avoid showing an accrued pension liability on its financial statements for the fiscal year beginning in 2004 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 not 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 2003 and 2004 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 2003 are 31.65% and 14.85% 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 relatively flat and the total payroll for active members decreased during the last year. The active membership decreased from 4,665 members as of January 1, 2003 to 4,606 members as of January 1, 2004. The total active payroll decreased from \$270,199,284 to \$265,226,676 over the same period, a 1.8% decrease. 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, 2004</u>	<u>January 1, 2003</u>
1. Covered Payroll		
a. Active members excluding DROP	\$ 193,154,969	\$ 201,770,834
b. DROP members	\$ 72,071,707	\$ 68,428,450
c. Total	\$ 265,226,676	\$ 270,199,284
2. Actuarial value of future pay		
a. Active members excluding DROP	\$ 1,366,799,000	\$ 1,438,433,000
b. DROP members	\$ 931,192,700	\$ 939,715,800
c. Total	\$ 2,297,991,700	\$ 2,378,148,800
3. Current contribution rates		
a. City	27.50%	27.50%
b. Member	8.50%	8.50%
c. Total	36.00%	36.00%
4. Actuarial present value of future benefits	\$ 3,430,493,676	\$ 3,295,344,564
5. Actuarial present value of future normal costs		
a. Total	\$ 541,567,828	\$ 557,315,805
b. Member (3b x 2a)	\$ 116,177,915	\$ 122,266,805
c. City (5a - 5b)	\$ 425,389,913	\$ 435,049,000
6. Actuarial accrued liability (4 - 5a)	\$ 2,888,925,848	\$ 2,738,028,759
7. Actuarial value of assets	\$ 2,285,744,890	\$ 1,992,252,337
8. Unfunded actuarial accrued liability (UAAL) (6 - 7)	\$ 603,180,958	\$ 745,776,422
9. Normal cost		
a. Normal cost percentage (5a ÷ 2c)	23.57%	23.43%
b. Total normal cost (1c x 9a)	\$ 62,513,928	\$ 63,307,692
c. Member normal cost (1a x 3b)	\$ 16,418,172	\$ 17,150,521
d. City normal cost (9b - 9c)	\$ 46,095,756	\$ 46,157,171
e. City normal rate (9d ÷ [1c x 1.07])	16.24%	15.97%

Actuarial Cost, Margin and Funding Period
 (continued)

	<u>January 1, 2004</u>	<u>January 1, 2003</u>
10. 40-year funding cost*		
a. City normal cost rate	16.24%	15.97%
b. Amortization rate	<u>11.01%</u>	<u>13.36%</u>
c. Total	27.25%	29.33%
11. Margin over/(under) 40-year cost* (3a - 10c)	0.25%	-1.83%
12. Funding period to amortize UAAL	38	69

* 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 38 years.

Analysis of Change in UAAL

1. UAAL as of January 1, 2003	\$ 745,776,422
2. Changes due to:	
a. Expected increase (negative amortization)	\$ 27,900,448
b. Actual contributions less than expected	2,133,535
c. Liability experience	(46,164,368)
d. Asset experience	(126,465,079)
e. Assumption change	0
f. Plan amendments	0
g. Total changes	\$ (142,595,464)
3. UAAL as of January 1, 2004	\$ 603,180,958

Analysis of Change in Funding Cost

1. 40-year funding cost* as of January 1, 2003	29.33%
2. Changes due to:	
a. Actual contributions less than expected	0.03
b. Liability experience	0.23
c. Asset experience	(2.34)
d. Assumption change	0.00
e. Plan amendments	<u>0.00</u>
f. Total	(2.08)
3. 40-year funding cost* as of January 1, 2004	27.25%

* 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 38 years.

Analysis of Change Funding Period

1. Funding period as of January 1, 2003	69
2. Changes due to:	
a. Passage of time	(1)
b. Actual contributions less than expected	1
c. Liability experience	11
d. Assumption change	0
e. Plan amendments	0
f. Asset experience	<u>(42)</u>
g. Total	(31)
3. Funding period as of January 1, 2004	38

Historical Trend Information

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

	Actuarial Value of <u>Assets</u>	Actuarial Accrued Liability (AAL) <u>Entry Age</u>	Unfunded AAL (UAAL)	Funded <u>Ratio</u>	Covered <u>Payroll</u>	UAAL as a Percentage of Covered <u>Payroll</u>
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%
January 1, 2004	2,286	2,889	603	79.1%	265	227.5%

**GASB #25 Schedule of Employer Contributions
 for Year Ending December 31, 2003**

<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
27.50% of Pay	100.0%

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

Accumulated Benefits at January 1, 2004

Vested benefits of participants and beneficiaries currently receiving payments		\$1,232,920,098
Other vested benefits		1,396,819,156
Nonvested benefits		<u>143,899,253</u>
Total benefits		\$2,773,638,507

FASB #35 Reconciliation

Accumulated benefits at January 1, 2003

Benefits accumulated and actuarial gains/losses	\$ 85,243,991	\$2,570,742,493
Interest	214,481,767	
Benefits paid	<u>(96,829,744)</u>	
Total Change		<u>202,896,014</u>
Accumulated benefits at January 1, 2004		\$2,773,638,507

Reconciliation of Fund Assets

	<u>Year Ending</u> <u>December 31, 2003</u>
1. Value of fund at beginning of year*	\$ 1,660,244,532
2. Contributions	
a. City	78,323,358
b. Member	<u>16,286,746</u>
c. Total	\$ 94,610,104
3. Benefit payments	(96,246,040)
4. Refunds	(583,704)
5. Earnings	538,768,498
6. Expenses	(13,734,522)
7. Value of assets at end of year	\$ 2,183,058,868
8. Estimated rate of return	31.65%

* The actual market value of assets as of December 31, 2002 are \$34,251 higher than those reported to us at the time last year's valuation was completed.

Determination of Excess Earnings To Be Deferred

	Year Ending December 31, 2003
1. Market value at beginning of year*	\$ 1,660,244,532
2. Net new investments	
a. Contributions	\$ 94,610,104
b. Benefit payments	(96,246,040)
c. Refunds	<u>(583,704)</u>
d. Total	\$ (2,219,640)
3. Market value at end of year	\$ 2,183,058,868
4. Yield (3 - 1 - 2d)	\$ 525,033,976
5. Average balance [1 + 1/2(2d)]	1,659,134,712
6. Assumed investment return rate	8.50%
7. Expected net return (5 x 6)	\$ 141,026,451
8. Gains/(losses) subject to deferral (4 - 7)	\$ 384,007,525

* The actual market value of assets as of December 31, 2002 are \$34,251 higher than those reported to us at the time last year's valuation was completed.

Calculation of Actuarial Value of Assets

1.	Market value of assets as of January 1, 2004			\$2,183,058,868	
2.	Deferral amounts				
		<u>Year</u>	<u>Total Gain/(Loss)</u>	<u>Percent Deferred</u>	<u>Deferral Amount</u>
a.		2003	\$ 384,007,525	80%	\$ 307,206,020
b.		2002	(392,459,397)	60%	(235,475,638)
c.		2001	(332,351,653)	40%	(132,940,661)
d.		2000	(207,378,713)	20%	(41,475,743)
e.		Total			\$ (102,686,022)
3.	Preliminary actuarial value of assets (1 - 2e)			2,285,744,890	
4.	80% of Market value			1,746,447,094	
5.	120% of Market value			2,619,670,642	
6.	Actuarial value of assets (3, not less than 4 or more than 5)			2,285,744,890	
7.	Rate of return on actuarial value of assets			14.85%	

Membership Data

	<u>January 1, 2004</u>	<u>January 1, 2003</u>
1. Active members (excluding DROP)		
a. Police and Fire		
1. Number	3,612	3,714
2. Covered payroll	\$ 193,154,969	\$ 201,770,834
3. Average annual pay	\$ 53,476	\$ 54,327
4. Average age	38.18	37.90
5. Average service (years)	12.11	11.86
b. Police		
1. Number	2,410	2,472
2. Covered payroll	\$ 128,741,808	\$ 133,115,880
3. Average annual pay	\$ 53,420	\$ 53,849
4. Average age	37.91	37.50
5. Average service (years)	11.78	11.39
c. Fire		
1. Number	1,202	1,242
2. Covered payroll	\$ 64,413,161	\$ 68,654,954
3. Average annual pay	\$ 53,588	\$ 55,278
4. Average age	38.72	38.70
5. Average service (years)	12.76	12.81

Membership Data
 (continued)

	January 1, 2004	January 1, 2003
2. Active members (DROP only)		
a. Police and Fire		
1. Number	994	951
2. Covered payroll	\$ 72,071,707	\$ 68,428,450
3. Average annual pay	\$ 72,507	\$ 71,954
4. Average age	53.91	53.75
5. Average service (years)	28.05	27.85
6. DROP account balance	\$ 175,552,289	\$ 150,992,598
b. Police		
1. Number	523	508
2. Covered payroll	\$ 37,992,443	\$ 36,605,926
3. Average annual pay	\$ 72,643	\$ 72,059
4. Average age	53.92	53.73
5. Average service (years)	27.61	27.34
6. DROP account balance	\$ 88,322,408	\$ 75,962,979
c. Fire		
1. Number	471	443
2. Covered payroll	\$ 34,079,264	\$ 31,822,524
3. Average annual pay	\$ 72,355	\$ 71,834
4. Average age	53.90	53.78
5. Average service (years)	28.54	28.44
6. DROP account balance	\$ 87,229,881	\$ 75,029,619

Membership Data
 (continued)

	January 1, 2004	January 1, 2003
3. Active members (including DROP)		
a. Police and Fire		
1. Number	4,606	4,665
2. Covered payroll	\$ 265,226,676	\$ 270,199,284
3. Average annual pay	\$ 57,583	\$ 57,921
4. Average age	41.57	41.13
5. Average service (years)	15.55	15.12
6. DROP account balance	\$ 175,552,289	\$ 150,992,598
b. Police		
1. Number	2,933	2,980
2. Covered payroll	\$ 166,734,251	\$ 169,721,806
3. Average annual pay	\$ 56,848	\$ 56,954
4. Average age	40.76	40.27
5. Average service (years)	14.60	14.11
6. DROP account balance	\$ 88,322,408	\$ 75,962,979
c. Fire		
1. Number	1,673	1,685
2. Covered payroll	\$ 98,492,425	\$ 100,477,478
3. Average annual pay	\$ 58,872	\$ 59,631
4. Average age	42.99	42.66
5. Average service (years)	17.20	16.92
6. DROP account balance	\$ 87,229,881	\$ 75,029,619

Membership Data
(continued)

	<u>January 1, 2004</u>	<u>January 1, 2003</u>
4. Inactive members		
a. Retired members	2,236	2,176
b. Beneficiaries	711	694
c. Number entitled to deferred benefits	<u>152</u>	<u>139</u>
d. Total number of inactive members	3,099	3,009
e. Total annual benefit	\$ 95,376,901	\$ 89,037,805
f. Average annual benefit	\$ 30,777	\$ 29,590

**Summary of Benefit Provisions
As of January 1, 2004
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% 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 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 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 for 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 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.

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, 2004)**

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, 1999 through December 31, 2003 shows that during this period there have been about 21% more terminations than expected. Since the difference in assumed terminations and actual terminations is small, we do not feel that any change in this assumption is necessary at this time.			
January 1, 1999 through December 31, 2003			
	<u>Actual</u>	<u>Expected</u>	<u>Actual/Expected</u>
Termination Prior to Retirement	440	363	121%

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, 1999 through December 31, 2003 shows that during this period there have been about 43% 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, 1999 through December 31, 2003			
	<u>Actual</u>	<u>Expected</u>	<u>Actual/Expected</u>
Disability Retirements	8	14	57%

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, 2003 shows that during this period there have been about 30% less retirements than expected. We do not feel that any change in this assumption is necessary at this time, since the period over which this assumption has been measured is short.</p>			
January 1, 2002 through December 31, 2003			
	<u>Actual</u>	<u>Expected</u>	<u>Actual/Expected</u>
Retirement	189	269	70%

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, 2003 shows that during this period the number of deaths has matched those expected. Since the difference in assumed deaths and actual deaths is small, we do not feel that any change in this assumption is necessary at this time.</p>			
January 1, 2000 through December 31, 2003			
	<u>Actual</u>	<u>Expected</u>	<u>Actual/Expected</u>
Death	325	326	100%

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, 2003			
	<u>Actual</u>	<u>Expected</u>	<u>Actual/Expected</u>
Age at DROP	50.2	50.0	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			
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, 2003 has been 4.02%. We feel that given the history of inflation rates and reasonable expectations of the future that the 4% inflation rate assumption is reasonable.			
January 1, 1944 through December 31, 2003			
Inflation	<u>Actual</u> 4.02%	<u>Expected</u> 4.00%	<u>Actual/Expected</u> 101%

Salary Increases			
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. Based on our expectations of future promotional and merit salary increases and the assumed rate of inflation, we feel that the current salary increase rates are reasonable. A summary of the actual valuation earnings to the expected valuation earnings over the period January 1, 1999 through December 31, 2003 follows.			
January 1, 1999 through December 31, 2003			
Valuation Compensation	<u>Actual</u> \$1,186,720,213	<u>Expected</u> \$1,169,836,010	<u>Actual/Expected</u> 101%

Long-Term Rate of Return on Plan Assets

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, 2003 follows.

Period			Annualized Rate of Return
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)
1/1/2003	through	12/31/2003	31.65%
10/1/1988	through	12/31/2003	10.13%

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 10.58%. Last year's DROP interest rate was 9%. Therefore, the annual DROP interest rate for October 1, 2004 is 9.25%.

TABLE 1

THE NUMBER AND ANNUAL AVERAGE COMPENSATION OF ACTIVE
(excluding DROP) MEMBERS DISTRIBUTED BY FIFTH AGE AND SERVICE
AS OF JANUARY 1, 2004

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	30	37,788	49	38,437	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25 to 29	37	37,755	212	40,728	60	45,317	1	37,726	0	0	0	0	0	0	0	0	0	0	0	0
30 to 34	18	37,775	161	40,767	198	47,543	71	53,724	0	0	0	0	0	0	0	0	0	0	0	0
35 to 39	4	37,797	51	40,679	101	48,186	311	55,099	100	61,172	0	0	0	0	0	0	0	0	0	0
40 to 44	2	37,726	23	41,130	41	50,692	147	55,282	237	62,992	126	67,277	0	0	0	0	0	0	0	0
45 to 49	2	37,743	5	40,330	5	47,873	39	56,538	92	63,508	159	67,641	78	68,047	0	0	0	0	0	0
50 to 54	2	37,726	2	40,129	4	52,673	13	56,253	12	64,476	2	62,283	5	55,996	1	57,250	0	0	0	0
55 to 59	0	0	1	37,726	0	0	1	56,491	3	69,007	1	59,079	0	0	0	0	0	0	0	0
60 to 64	0	0	0	0	0	0	0	0	2	64,698	0	0	0	0	0	0	0	0	0	0
65 to 69	0	0	0	0	0	0	0	0	1	37,726	0	0	0	0	0	0	0	0	0	0
70 & up	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

TABLE 1

THE NUMBER AND ANNUAL AVERAGE COMPENSATION OF ACTIVE
(excluding DROP) MEMBERS DISTRIBUTED BY FIFTH AGE AND SERVICE
AS OF JANUARY 1, 2004

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	6	37,726	12	40,607	1	38,133	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25 to 29	14	37,726	118	39,607	30	44,293	1	37,726	0	0	0	0	0	0	0	0	0	0	0	0
30 to 34	13	37,726	88	40,249	97	47,039	32	52,424	0	0	0	0	0	0	0	0	0	0	0	0
35 to 39	3	37,726	27	39,412	46	47,160	69	53,389	52	61,452	1	64,123	0	0	0	0	0	0	0	0
40 to 44	1	37,726	6	38,725	16	47,918	51	52,953	172	61,624	59	65,681	0	0	0	0	0	0	0	0
45 to 49	0	0	2	90,767	1	50,274	18	55,289	78	60,729	111	65,787	58	67,351	1	77,436	0	0	0	0
50 to 54	0	0	1	44,220	1	59,831	5	54,880	1	56,462	3	67,477	2	66,540	3	61,239	0	0	0	0
55 to 59	0	0	0	0	0	0	0	0	2	57,021	0	0	0	0	0	0	0	0	0	0
60 to 64	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
65 to 69	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
70 & up	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

TABLE 1

THE NUMBER AND ANNUAL AVERAGE COMPENSATION OF ACTIVE
(excluding DROP) MEMBERS DISTRIBUTED BY FIFTH AGE AND SERVICE
AS OF JANUARY 1, 2004

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	36	37,778	61	38,863	1	38,133	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25 to 29	51	37,747	330	40,327	90	44,975	2	37,726	0	0	0	0	0	0	0	0	0	0	0	0
30 to 34	31	37,755	249	40,584	295	47,378	103	53,320	0	0	0	0	0	0	0	0	0	0	0	0
35 to 39	7	37,767	78	40,240	147	47,865	380	54,788	152	61,268	1	64,123	0	0	0	0	0	0	0	0
40 to 44	3	37,726	29	40,633	57	49,913	198	54,682	409	62,417	185	66,768	0	0	0	0	0	0	0	0
45 to 49	2	37,743	7	54,741	6	48,273	57	56,143	170	62,233	270	66,879	136	67,750	1	77,436	0	0	0	0
50 to 54	2	37,726	3	41,493	5	54,104	18	55,871	13	63,860	5	65,399	7	59,008	4	60,242	0	0	0	0
55 to 59	0	0	1	37,726	0	0	1	56,491	5	64,212	1	59,079	0	0	0	0	0	0	0	0
60 to 64	0	0	0	0	0	0	0	0	2	64,698	0	0	0	0	0	0	0	0	0	0
65 to 69	0	0	0	0	0	0	0	0	1	37,726	0	0	0	0	0	0	0	0	0	0
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, 2004

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	30	37,788	49	38,437	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25 to 29	37	37,755	212	40,728	60	45,317	1	37,726	0	0	0	0	0	0	0	0	0	0	0	0
30 to 34	18	37,775	161	40,767	198	47,543	71	53,724	0	0	0	0	0	0	0	0	0	0	0	0
35 to 39	4	37,797	51	40,679	101	48,186	311	55,099	100	61,172	0	0	0	0	0	0	0	0	0	0
40 to 44	2	37,726	23	41,130	41	50,692	147	55,282	237	62,992	129	67,383	0	0	0	0	0	0	0	0
45 to 49	2	37,743	5	40,330	5	47,873	40	56,547	93	63,665	170	67,845	90	68,798	0	0	0	0	0	0
50 to 54	2	37,726	2	40,129	4	52,673	19	58,923	41	69,352	61	74,238	124	73,369	106	72,575	1	60,479	0	0
55 to 59	0	0	1	37,726	0	0	3	65,796	12	66,327	22	71,226	42	73,149	57	71,655	21	72,644	0	0
60 to 64	0	0	0	0	0	0	1	59,134	3	64,970	2	72,681	6	71,469	7	68,350	4	71,503	1	75,972
65 to 69	0	0	0	0	0	0	0	0	2	54,757	0	0	0	0	0	0	0	0	1	72,377
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, 2004

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	6	37,726	12	40,607	1	38,133	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25 to 29	14	37,726	118	39,607	30	44,293	1	37,726	0	0	0	0	0	0	0	0	0	0	0	0
30 to 34	13	37,726	88	40,249	97	47,039	32	52,424	0	0	0	0	0	0	0	0	0	0	0	0
35 to 39	3	37,726	27	39,412	46	47,160	69	53,389	52	61,452	1	64,123	0	0	0	0	0	0	0	0
40 to 44	1	37,726	6	38,725	16	47,918	51	52,953	172	61,624	59	65,681	0	0	0	0	0	0	0	0
45 to 49	0	0	2	90,767	1	50,274	18	55,289	78	60,729	123	66,484	68	68,261	1	77,436	0	0	0	0
50 to 54	0	0	1	44,220	1	59,831	8	59,553	18	71,655	49	70,644	130	70,487	103	73,066	0	0	0	0
55 to 59	0	0	0	0	0	0	0	0	5	62,062	7	72,789	36	72,247	73	72,438	11	76,559	2	89,574
60 to 64	0	0	0	0	0	0	0	0	0	0	0	0	3	71,320	8	75,829	6	78,719	3	78,556
65 to 69	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	75,197	1	107,108
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, 2004

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	36	37,778	61	38,863	1	38,133	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25 to 29	51	37,747	330	40,327	90	44,975	2	37,726	0	0	0	0	0	0	0	0	0	0	0	0
30 to 34	31	37,755	249	40,584	295	47,378	103	53,320	0	0	0	0	0	0	0	0	0	0	0	0
35 to 39	7	37,767	78	40,240	147	47,865	380	54,788	152	61,268	1	64,123	0	0	0	0	0	0	0	0
40 to 44	3	37,726	29	40,633	57	49,913	198	54,682	409	62,417	188	66,849	0	0	0	0	0	0	0	0
45 to 49	2	37,743	7	54,741	6	48,273	58	56,157	171	62,325	293	67,274	158	68,567	1	77,436	0	0	0	0
50 to 54	2	37,726	3	41,493	5	54,104	27	59,110	59	70,055	110	72,637	254	71,894	209	72,817	1	60,479	0	0
55 to 59	0	0	1	37,726	0	0	3	65,796	17	65,072	29	71,603	78	72,733	130	72,095	32	73,990	2	89,574
60 to 64	0	0	0	0	0	0	1	59,134	3	64,970	2	72,681	9	71,419	15	72,339	10	75,832	4	77,910
65 to 69	0	0	0	0	0	0	0	0	2	54,757	0	0	0	0	0	0	2	75,197	2	89,743
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, 2004

POLICE AND FIRE

AGE	NUMBER	BENEFIT	AVERAGE BENEFIT
43	1	\$ 4,746	\$ 4,746
44	2	51,636	25,818
45	1	33,100	33,100
46	3	77,891	25,964
47	2	39,793	19,897
48	6	136,032	22,672
49	8	216,319	27,040
50	10	259,812	25,981
51	13	436,615	33,586
52	24	928,591	38,691
53	26	866,812	33,339
54	33	1,120,901	33,967
55	45	1,515,532	33,678
56	88	3,336,696	37,917
57	103	4,062,332	39,440
58	85	3,183,739	37,456
59	71	2,651,262	37,342
60	88	3,563,581	40,495
61	102	4,054,680	39,752
62	74	3,026,770	40,902
63	102	3,959,774	38,821
64	87	3,540,226	40,692
65	91	3,868,850	42,515
66	76	3,200,912	42,117
67	64	2,478,913	38,733
68	71	2,648,098	37,297
69	70	2,501,931	35,742
70	72	2,462,282	34,198
71	68	2,534,643	37,274
72	69	2,202,053	31,914
73	68	2,277,361	33,491
74	63	1,992,962	31,634
75	56	1,798,139	32,110
76	48	1,633,803	34,038

TABLE 3

THE NUMBER AND ANNUAL RETIREMENT
ALLOWANCE OF RETIRED MEMBERS
BY AGE AS OF JANUARY 1, 2004
CONTINUED

POLICE AND FIRE

AGE	NUMBER	BENEFIT	AVERAGE BENEFIT
77	35	\$ 1,178,198	\$ 33,663
78	37	1,158,618	31,314
79	39	1,256,681	32,223
80	24	787,281	32,803
81	14	420,395	30,028
82	15	455,346	30,356
83	22	696,783	31,672
84	19	581,938	30,628
85	6	194,231	32,372
86	10	304,527	30,453
87	5	160,987	32,197
88	2	61,566	30,783
89	1	30,819	30,819
90	1	28,341	28,341
91	1	30,603	30,603
92	1	30,819	30,819
93	2	58,071	29,036
96	1	30,771	30,771
TOTAL	2,025	\$ 74,132,762	\$ 36,609
POLICE	1,173	\$ 40,715,050	\$ 34,710
FIRE	852	\$ 33,417,712	\$ 39,223

TABLE 4

THE NUMBER AND ANNUAL RETIREMENT
ALLOWANCE OF DISABLED MEMBERS
BY AGE AS OF JANUARY 1, 2004

POLICE AND FIRE

AGE	NUMBER	BENEFIT	AVERAGE BENEFIT
36	1	\$ 26,400	\$ 26,400
39	1	26,400	26,400
40	3	82,513	27,504
41	2	52,800	26,400
42	2	44,649	22,325
43	3	80,413	26,804
44	1	27,616	27,616
46	3	82,344	27,448
47	4	112,606	28,152
48	2	42,222	21,111
49	5	143,656	28,731
50	2	57,350	28,675
51	1	29,529	29,529
52	6	196,485	32,748
53	6	188,518	31,420
54	6	234,439	39,073
55	6	175,409	29,235
56	7	235,930	33,704
57	4	97,066	24,267
58	2	40,393	20,197
59	6	183,621	30,604
60	2	68,638	34,319
61	4	170,567	42,642
62	3	87,412	29,137
63	7	258,420	36,917
64	13	529,904	40,762
65	7	274,732	39,247
66	8	287,514	35,939
67	7	211,302	30,186
68	5	192,167	38,433
69	7	271,668	38,810
70	4	123,446	30,862
71	4	135,410	33,853
72	6	197,112	32,852

TABLE 4

THE NUMBER AND ANNUAL RETIREMENT
ALLOWANCE OF DISABLED MEMBERS
BY AGE AS OF JANUARY 1, 2004
CONTINUED

POLICE AND FIRE

AGE	NUMBER	BENEFIT	AVERAGE BENEFIT
73	7	\$ 280,520	\$ 40,074
74	7	221,808	31,687
75	4	131,967	32,992
76	4	122,796	30,699
77	6	183,882	30,647
78	6	183,534	30,589
79	5	162,869	32,574
80	4	119,589	29,897
81	7	205,295	29,328
82	4	116,070	29,018
83	2	61,398	30,699
84	1	30,579	30,579
86	2	59,994	29,997
91	1	30,723	30,723
100	1	30,819	30,819
TOTAL	211	\$ 6,910,494	\$ 32,751
POLICE	76	\$ 2,232,171	\$ 29,371
FIRE	135	\$ 4,678,323	\$ 34,654

TABLE 5

THE NUMBER AND ANNUAL RETIREMENT
ALLOWANCE OF BENEFICIARIES
BY AGE AS OF JANUARY 1, 2004

POLICE AND FIRE

AGE	NUMBER	BENEFIT	AVERAGE BENEFIT
3	2	\$ 12,136	\$ 6,068
4	2	17,708	8,854
5	1	4,848	4,848
6	1	4,508	4,508
7	3	13,851	4,617
9	2	18,698	9,349
10	2	21,161	10,581
11	2	11,941	5,970
12	3	24,224	8,075
13	2	29,071	14,535
14	6	92,849	15,475
15	3	38,588	12,863
16	6	49,351	8,225
17	2	10,024	5,012
18	7	60,746	8,678
19	2	32,829	16,414
20	1	3,300	3,300
30	2	28,027	14,014
32	2	32,906	16,453
33	1	13,524	13,524
34	2	28,932	14,466
35	1	13,391	13,391
36	1	13,200	13,200
37	2	27,600	13,800
38	1	14,400	14,400
39	1	14,400	14,400
41	1	32,389	32,389
42	2	34,930	17,465
43	3	42,297	14,099
44	3	53,474	17,825
45	3	45,222	15,074
46	4	66,228	16,557
47	3	44,685	14,895
48	4	63,204	15,801
49	6	100,411	16,735
50	7	119,396	17,057

TABLE 5

THE NUMBER AND ANNUAL RETIREMENT
ALLOWANCE OF BENEFICIARIES
BY AGE AS OF JANUARY 1, 2004
CONTINUED

POLICE AND FIRE

AGE	NUMBER	BENEFIT	AVERAGE BENEFIT
51	3	\$ 49,280	\$ 16,427
52	6	118,496	19,749
53	6	104,017	17,336
54	6	111,662	18,610
55	14	245,505	17,536
56	10	222,343	22,234
57	15	268,378	17,892
58	12	244,448	20,371
59	5	83,201	16,640
60	14	282,822	20,202
61	8	177,414	22,177
62	12	201,007	16,751
63	8	133,264	16,658
64	20	443,085	22,154
65	18	345,371	19,187
66	16	407,973	25,498
67	14	303,632	21,688
68	17	308,248	18,132
69	16	303,274	18,955
70	16	256,435	16,027
71	20	344,909	17,245
72	15	257,932	17,195
73	26	418,854	16,110
74	19	299,131	15,744
75	25	490,476	19,619
76	23	370,775	16,121
77	25	423,824	16,953
78	14	244,115	17,437
79	29	458,220	15,801
80	27	455,532	16,872
81	19	333,759	17,566
82	24	419,174	17,466
83	11	171,735	15,612
84	17	266,943	15,703
85	17	267,885	15,758
86	8	123,522	15,440

TABLE 5

THE NUMBER AND ANNUAL RETIREMENT
ALLOWANCE OF BENEFICIARIES
BY AGE AS OF JANUARY 1, 2004
CONTINUED

POLICE AND FIRE

AGE	NUMBER	BENEFIT	AVERAGE BENEFIT
87	12	\$ 186,826	\$ 15,569
88	10	195,493	19,549
89	12	188,799	15,733
90	5	79,163	15,833
91	3	46,958	15,653
92	4	63,364	15,841
93	5	78,628	15,726
94	2	31,610	15,805
95	4	62,853	15,713
96	1	15,300	15,300
102	1	15,823	15,823
103	1	15,859	15,859
TOTAL	711	\$ 12,171,765	\$ 17,119
POLICE	385	\$ 6,385,124	\$ 16,585
FIRE	326	\$ 5,786,641	\$ 17,750

TABLE 6

THE NUMBER AND ANNUAL RETIREMENT
ALLOWANCE OF RETIRED MEMBERS,
DISABLED MEMBERS AND BENEFICIARIES
BY AGE AS OF JANUARY 1, 2004

POLICE AND FIRE

AGE	NUMBER	BENEFIT	AVERAGE BENEFIT
3	2	\$ 12,136	\$ 6,068
4	2	17,708	8,854
5	1	4,848	4,848
6	1	4,508	4,508
7	3	13,851	4,617
9	2	18,698	9,349
10	2	21,161	10,581
11	2	11,941	5,970
12	3	24,224	8,075
13	2	29,071	14,535
14	6	92,849	15,475
15	3	38,588	12,863
16	6	49,351	8,225
17	2	10,024	5,012
18	7	60,746	8,678
19	2	32,829	16,414
20	1	3,300	3,300
30	2	28,027	14,014
32	2	32,906	16,453
33	1	13,524	13,524
34	2	28,932	14,466
35	1	13,391	13,391
36	2	39,600	19,800
37	2	27,600	13,800
38	1	14,400	14,400
39	2	40,800	20,400
40	3	82,513	27,504
41	3	85,189	28,396
42	4	79,579	19,895
43	7	127,456	18,208
44	6	132,726	22,121
45	4	78,322	19,581
46	10	226,463	22,646
47	9	197,084	21,898
48	12	241,458	20,122

TABLE 6

THE NUMBER AND ANNUAL RETIREMENT
ALLOWANCE OF RETIRED MEMBERS,
DISABLED MEMBERS AND BENEFICIARIES
BY AGE AS OF JANUARY 1, 2004
CONTINUED

POLICE AND FIRE

AGE	NUMBER	BENEFIT	AVERAGE BENEFIT
49	19	\$ 460,386	\$ 24,231
50	19	436,558	22,977
51	17	515,424	30,319
52	36	1,243,572	34,544
53	38	1,159,347	30,509
54	45	1,467,002	32,600
55	65	1,936,446	29,791
56	105	3,794,969	36,143
57	122	4,427,776	36,293
58	99	3,468,580	35,036
59	82	2,918,084	35,586
60	104	3,915,041	37,645
61	114	4,402,661	38,620
62	89	3,315,189	37,249
63	117	4,351,458	37,192
64	120	4,513,215	37,610
65	116	4,488,953	38,698
66	100	3,896,399	38,964
67	85	2,993,847	35,222
68	93	3,148,513	33,855
69	93	3,076,873	33,085
70	92	2,842,163	30,893
71	92	3,014,962	32,771
72	90	2,657,097	29,523
73	101	2,976,735	29,473
74	89	2,513,901	28,246
75	85	2,420,582	28,477
76	75	2,127,374	28,365
77	66	1,785,904	27,059
78	57	1,586,267	27,829
79	73	1,877,770	25,723
80	55	1,362,402	24,771
81	40	959,449	23,986
82	43	990,590	23,037
83	35	929,916	26,569

TABLE 6

THE NUMBER AND ANNUAL RETIREMENT
ALLOWANCE OF RETIRED MEMBERS,
DISABLED MEMBERS AND BENEFICIARIES
BY AGE AS OF JANUARY 1, 2004
CONTINUED

POLICE AND FIRE

AGE	NUMBER	BENEFIT	AVERAGE BENEFIT
84	37	\$ 879,460	\$ 23,769
85	23	462,116	20,092
86	20	488,043	24,402
87	17	347,813	20,460
88	12	257,059	21,422
89	13	219,618	16,894
90	6	107,504	17,917
91	5	108,284	21,657
92	5	94,183	18,837
93	7	136,699	19,528
94	2	31,610	15,805
95	4	62,853	15,713
96	2	46,071	23,036
100	1	30,819	30,819
102	1	15,823	15,823
103	1	15,859	15,859
TOTAL	2,947	\$ 93,215,022	\$ 31,630
POLICE	1,634	\$ 49,332,345	\$ 30,191
FIRE	1,313	\$ 43,882,676	\$ 33,422

TABLE 7

THE NUMBER AND FUTURE ANNUAL
ALLOWANCE OF TERMINATED MEMBERS
ENTITLED TO A FUTURE BENEFIT
BY AGE AS OF JANUARY 1, 2004

POLICE AND FIRE

AGE	NUMBER	BENEFIT	AVERAGE BENEFIT
29	1	\$ 6,190	\$ 6,190
31	1	7,173	7,173
32	5	43,773	8,755
33	6	45,877	7,646
34	11	91,147	8,286
35	5	48,036	9,607
36	5	62,188	12,438
37	9	83,860	9,318
38	11	114,612	10,419
39	7	112,601	16,086
40	12	190,264	15,855
41	12	205,063	17,089
42	10	147,199	14,720
43	12	203,646	16,971
44	6	99,148	16,525
45	7	114,881	16,412
46	8	138,736	17,342
47	9	95,989	10,665
48	4	106,933	26,733
49	8	211,887	26,486
50	3	32,677	10,892
TOTAL	152	\$ 2,161,880	\$ 14,223
POLICE	121	\$ 1,713,613	\$ 14,162
FIRE	31	\$ 448,267	\$ 14,460

TABLE 8

THE NUMBER, ANNUAL RETIREMENT
ALLOWANCE AND ACCOUNT BALANCE
OF DROP MEMBERS
BY AGE AS OF JANUARY 1, 2004

POLICE AND FIRE
DROP

AGE	NUMBER	BENEFIT	AVERAGE BENEFIT	ACCOUNT BALANCE	AVERAGE ACCOUNT BALANCE
43	1	\$ 24,779	\$ 24,779	\$ 76,747	\$ 76,747
44	2	48,198	24,099	119,506	59,753
46	1	34,575	34,575	2,881	2,881
47	2	52,075	26,038	134,168	67,084
48	22	851,692	38,713	613,567	27,889
49	22	939,745	42,716	929,697	42,259
50	99	4,828,581	48,774	3,189,246	32,215
51	137	6,643,843	48,495	9,989,722	72,918
52	132	5,916,883	44,825	15,295,763	115,877
53	125	5,500,970	44,008	19,580,089	156,641
54	120	5,298,580	44,155	24,042,096	200,351
55	102	4,285,727	42,017	23,855,244	233,875
56	84	3,370,635	40,127	22,941,076	273,108
57	53	2,195,419	41,423	16,251,320	306,629
58	22	921,856	41,903	7,777,697	353,532
59	23	940,942	40,911	9,190,570	399,590
60	22	873,110	39,687	10,193,114	463,323
61	9	366,429	40,714	4,435,355	492,817
62	2	97,421	48,711	1,116,292	558,146
63	6	190,396	31,733	1,909,908	318,318
64	3	105,723	35,241	1,194,370	398,123
65	1	18,180	18,180	162,183	162,183
66	2	109,085	54,543	1,608,155	804,078
67	2	126,194	63,097	943,522	471,761
TOTAL	994	\$ 43,741,038	\$ 44,005	\$ 175,552,288	\$ 176,612
POLICE	523	\$ 22,728,496	\$ 43,458	\$ 88,322,407	\$ 168,876
FIRE	471	\$ 21,012,542	\$ 44,613	\$ 87,229,881	\$ 185,201