

DALLAS POLICE AND FIRE PENSION SYSTEM
ACTUARIAL VALUATION
AS OF JANUARY 1, 2007



June 25, 2007

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, 2007

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, 2007.

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, 2007, the employer contribution rate for GASB 27 purposes needed in order to pay the normal cost and fund the Unfunded Actuarial Accrued Liability over 30 years is 25.85%. This amount is less than the 26.68% employer contribution rate calculated as of January 1, 2006. After reflecting the elimination of the Automatic Adjustment for Members hired after December 31, 2006, the current contribution rate covers the normal cost and the amortization of the Unfunded Actuarial Accrued Liability (UAAL) over 15 years.

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

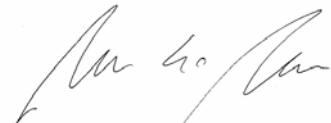
The actuarial assumptions and methods used in the valuation are presented in Schedule C. The salary increase assumption was changed to a service-based table that better reflects the revised compensation package adopted by the city council in 2006. All other assumptions are consistent with the last actuarial 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, 2007 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,



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

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Summary of Principal Results

	January 1, 2007	January 1, 2006
Membership		
Active	4,739	4,648
Terminated with deferred benefits	158	141
Retired members and beneficiaries	3,198	3,121
Compensation		
Total	\$ 305,610,668	\$ 294,986,390
Average	\$ 64,488	\$ 63,465
Assets		
Market value	\$ 3,131,265,222	\$ 2,745,954,071
Actuarial value	\$ 2,962,488,333	\$ 2,700,136,105
Valuation Results		
Unfunded actuarial accrued liability	\$ 408,079,026	\$ 582,084,793
Funding period	15	20
GASB No. 25		
Actuarial accrued liability (AAL)	\$ 3,370,567,359	\$ 3,282,220,898
Assets (actuarial)	\$ 2,962,488,333	\$ 2,700,136,105
GASB ratio	87.9%	82.3%
Unfunded AAL	\$ 408,079,026	\$ 582,084,793

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 15 years from 20 years. This decrease was primarily due to a gain on the actuarial value of assets and the less than expected pay increases during 2006.

Section 3 shows in more detail the changes to the 30-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 30-year funding cost. This is the City contribution rate required by GASB 27 to pay the normal cost and to amortize the UAAL over a 30-year period. This rate is currently 25.85% compared with the City's actual contribution rate of 27.50% and with the 30-year funding cost in 2006 of 26.68%. Section 3 shows a reconciliation of the changes between the 2006 and 2007 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. After reflecting the elimination of the Automatic Adjustment for Members hired after December 31, 2006, the current contribution rate is sufficient to pay the normal cost and amortize the UAAL over 15 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 2006 and 2007.

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 salary increase assumption was changed to a service-based table that better reflects the revised compensation package adopted by the city council in 2006. All other assumptions are consistent with the last actuarial 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

Initially, under GASB Statement No. 27, employers were required to determine a pension expense based on a 40-year amortization of the UAAL for fiscal years beginning after June 15, 1996. After the 10-year transition period, the required amortization period is now 30 years. The amortization can assume payroll growth due to inflation, but no membership growth. 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 25.85% will be required for the City to avoid showing an accrued pension liability on its financial statements for the fiscal year beginning in 2007. 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 2006 and 2007 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. For the 2005 valuation, the actuarial value of

assets was reset to the market value of assets and a five-year phase in of gains and losses will begin with the asset gains and losses that occur after December 31, 2005. For the 2007 valuation, 20% of the asset gain for 2006 and 40% of the asset gain for 2005 is reflected in the actuarial value of assets. The estimated rate of return for 2006 is 14.64% for the market value of assets, and 10.32% for the actuarial value of assets.

Membership Statistics

Data on active members and on retired members was supplied by the Administrator. Active membership and total payroll for active members both grew during the last year. The active membership increased from 4,648 members as of January 1, 2006 to 4,739 members as of January 1, 2007. The total active payroll increased from \$294,986,390 to \$305,610,668 over the same period, a 3.6% 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, 2007</u>	<u>January 1, 2006</u>
1. Covered Payroll		
a. Active members excluding DROP	213,880,363	212,052,320
b. DROP members	<u>91,730,305</u>	<u>82,934,070</u>
c. Total	305,610,668	294,986,390
2. Actuarial value of future pay		
a. Active members excluding DROP	1,635,073,500	1,490,851,870
b. DROP members	<u>1,194,116,000</u>	<u>1,134,387,500</u>
c. Total	2,829,189,500	2,625,239,370
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	4,128,898,566	3,887,670,934
5. Actuarial present value of future normal costs		
a. Total	758,331,207	605,450,036
b. Member (3b x 2a)	138,981,250	126,722,409
c. City (5a - 5b)	619,349,957	478,727,627
6. Actuarial accrued liability (4 - 5a)	3,370,567,359	3,282,220,898
7. Actuarial value of assets	2,962,488,333	2,700,136,105
8. Unfunded actuarial accrued liability (UAAL) (6 - 7)	408,079,026	582,084,793
9. Normal cost		
a. Normal cost percentage (5a ÷ 2c)	26.80%	23.06%
b. Total normal cost (1c x 9a)	81,903,659	68,023,862
c. Member normal cost (1a x 3b)	18,179,831	18,024,447
d. City normal cost (9b - 9c)	63,723,828	49,999,415
e. City normal rate (9d ÷ [1c x (1.11 or 1.07)*])	18.78%	15.84%

* The non-computation pay is assumed to be 11% of total pay for 2007 and 7% for 2006.

Actuarial Cost, Margin and Funding Period

	<u>January 1, 2007</u>	<u>January 1, 2006</u>
10. 30-year funding cost*		
a. City normal cost rate**	18.78%	15.84%
b. Amortization rate	<u>7.07%</u>	<u>10.84%</u>
c. Total	25.85%	26.68%
11. Margin over/(under) 30-year cost* (3a - 10c)	1.65%	0.82%
12. Funding period to amortize UAAL	15	20

* 30-year funding cost is necessary for accounting purposes only. The actual funding period is calculated each year based on level contributions and reflects the elimination of the Automatic Adjustment for Members hired after December 31, 2006. On this basis, the period is 15 years.

** The city normal cost rate shown is for current active employees only. This rate will decrease over time as more active members become subject to the plan amendment that eliminates the Automatic Adjustment.

Analysis of Change in UAAL

1. UAAL as of January 1, 2006	\$ 582,084,793
2. Changes due to:	
a. Expected increase (negative amortization)	\$ 10,313,660
b. Actual contributions greater than expected	(3,332,604)
c. Liability experience	(53,883,152)
d. Asset experience	(48,952,374)
e. Assumption Change	<u>(78,151,297)</u>
f. Total changes	\$ (174,005,767)
3. UAAL as of January 1, 2007	\$ 408,079,026

Analysis of Change in Funding Cost

1. 30-year funding cost* as of January 1, 2006	26.68%
2. Changes due to:	
a. Resetting of amortization from prior year	(0.23)
b. Actual contributions greater than expected	(0.06)
c. Liability experience	(0.78)
d. Asset experience	(0.87)
e. Assumption Change	<u>1.11</u>
f. Total	(0.83)
3. 30-year funding cost* as of January 1, 2007	25.85%

* 30-year funding cost is necessary for accounting purposes only. The actual funding period is calculated each year based on level contributions and reflects the elimination of the Automatic Adjustment for Members hired after December 31, 2006. On this basis, the period is 15 years.

Analysis of Change in Funding Period

1. Funding period as of January 1, 2006	20
2. Changes due to:	
a. Passage of time	(1)
b. Actual contributions greater than expected	0
c. Liability experience	(2)
d. Assumption Change	0
e. Asset experience	<u>(2)</u>
f. Total	(5)
3. Funding period as of January 1, 2007	15

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, 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%
January 1, 2005	2,485	3,074	589	80.8%	282	208.9%
January 1, 2006	2,700	3,282	582	82.3%	295	197.3%
January 1, 2007	2,962	3,371	409	87.9%	306	133.7%

**GASB #25 Schedule of Employer Contributions
 for Year Ending December 31, 2006**

<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, 2007

Vested benefits of participants and beneficiaries currently receiving payments	\$ 1,518,240,160
Other vested benefits	1,627,549,856
Nonvested benefits	<u>139,319,175</u>
Total benefits	\$ 3,285,109,191

FASB #35 Reconciliation

Accumulated benefits at January 1, 2006		\$ 3,091,236,305
Benefits accumulated	\$ 59,734,327	
Interest	257,614,376	
Benefits paid	(123,475,817)	
Assumption change	0	
Plan amendments	<u>0</u>	
Total Change		<u>193,872,886</u>
Accumulated benefits at January 1, 2007		\$ 3,285,109,191

Reconciliation of Fund Assets

	<u>Year Ending</u> <u>December 31, 2006</u>
1. Value of fund at beginning of year	\$ 2,745,954,071
2. Contributions	
a. City	90,319,320
b. Member	<u>17,701,615</u>
c. Total	\$ 108,020,935
3. Benefit payments	(122,747,479)
4. Refunds	(728,338)
5. Earnings	405,385,619
6. Expenses	(4,619,586)
7. Value of assets at end of year	\$ 3,131,265,222
8. Estimated rate of return	14.64%

Determination of Excess Earnings To Be Deferred

	Year Ending December 31, 2006
1. Market value at beginning of year*	\$ 2,745,954,071
2. Net new investments	
a. Contributions	\$ 108,020,935
b. Benefit payments	(122,727,479)
c. Refunds	<u>(728,338)</u>
d. Total	\$ (15,454,882)
3. Market value at end of year	\$ 3,131,265,222
4. Yield (3 - 1 - 2d)	\$ 400,766,033
5. Average balance [1 + ½ x (2d)]	2,738,226,630
6. Assumed investment return rate	8.50%
7. Expected net return (5 x 6)	\$ 232,749,264
8. Gains/(losses) subject to deferral (4 - 7)	\$ 168,016,769
* The actual market value of assets as of December 31, 2005 are \$10,220,214 lower 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, 2007			\$3,131,265,222	
2.	Deferral amounts*				
		<u>Year</u>	<u>Total Gain/(Loss)</u>	<u>Percent Deferred</u>	<u>Deferral Amount</u>
a.		2006	\$ 168,016,769	80%	\$ 134,413,415
b.		2005	57,272,457	60%	34,363,474
c.		N/A	N/A	40%	N/A
d.		N/A	N/A	20%	N/A
e.		Total			\$ 168,776,889
3.	Preliminary actuarial value of assets (1 - 2e)			2,962,488,333	
4.	80% of Market value			2,505,012,178	
5.	120% of Market value			3,757,518,266	
6.	Actuarial value of assets (3, not less than 4 or more than 5)			2,962,488,333	
7.	Rate of return on actuarial value of assets			10.32%	

* This method is being phased in effective January 1, 2005.

Membership Data

	<u>January 1, 2007</u>	<u>January 1, 2006</u>
1. Active members (excluding DROP)		
a. Police and Fire		
1. Number	3,658	3,592
2. Covered payroll	\$ 213,880,363	\$ 212,052,320
3. Average annual pay	\$ 58,469	\$ 59,035
4. Average age	38.28	38.42
5. Average service (years)	11.89	12.13
b. Police		
1. Number	2,499	2,416
2. Covered payroll	\$ 145,442,908	\$ 142,031,361
3. Average annual pay	\$ 58,200	\$ 58,788
4. Average age	38.06	38.23
5. Average service (years)	11.68	11.94
c. Fire		
1. Number	1,159	1,176
2. Covered payroll	\$ 68,437,455	\$ 70,020,959
3. Average annual pay	\$ 59,049	\$ 59,542
4. Average age	3,876	38.81
5. Average service (years)	12.35	12.52

Membership Data
 (continued)

	<u>January 1, 2007</u>	<u>January 1, 2006</u>
2. Active members (DROP only)		
a. Police and Fire		
1. Number	1,081	1,056
2. Covered payroll	\$ 91,730,305	\$ 82,934,070
3. Average annual pay	\$ 84,857	\$ 78,536
4. Average age	54.48	54.34
5. Average total service (years)	28.95	28.80
6. Average time in DROP (years)	4.48	4.28
7. DROP account balance	\$ 264,694,334	\$ 235,952,968
b. Police		
1. Number	557	556
2. Covered payroll	\$ 47,794,446	\$ 43,549,770
3. Average annual pay	\$ 85,807	\$ 78,327
4. Average age	54.37	54.33
5. Average total service (years)	28.53	28.48
6. Average time in DROP (years)	4.26	4.15
7. DROP account balance	\$ 124,668,697	\$ 116,441,681
c. Fire		
1. Number	524	500
2. Covered payroll	\$ 43,935,859	\$ 39,384,300
3. Average annual pay	\$ 83,847	\$ 78,769
4. Average age	54.59	54.36
5. Average service (years)	29.40	29.16
6. Average time in DROP (years)	4.71	4.42
7. DROP account balance	\$ 140,025,637	\$ 119,511,287

Membership Data
(continued)

	<u>January 1, 2007</u>	<u>January 1, 2006</u>
3. Active members (including DROP)		
a. Police and Fire		
1. Number	4,739	4,648
2. Covered payroll	\$ 305,610,668	\$ 294,986,390
3. Average annual pay	\$ 64,488	\$ 63,465
4. Average age	41.98	42.04
5. Average service (years)	15.78	15.92
6. DROP account balance	\$ 264,694,334	\$ 235,952,968
b. Police		
1. Number	3,056	2,972
2. Covered payroll	\$ 193,237,354	\$ 185,581,131
3. Average annual pay	\$ 63,232	\$ 62,443
4. Average age	41.03	41.24
5. Average service (years)	14.75	15.03
6. DROP account balance	\$ 124,668,697	\$ 116,441,681
c. Fire		
1. Number	1,683	1,676
2. Covered payroll	\$ 112,373,314	\$ 109,405,259
3. Average annual pay	\$ 66,770	\$ 65,278
4. Average age	43.69	43.45
5. Average service (years)	17.66	17.48
6. DROP account balance	\$ 140,025,637	\$ 119,511,287

Membership Data
(continued)

	<u>January 1, 2007</u>	<u>January 1, 2006</u>
4. Inactive members		
a. Retired members	2,380	2,380
b. Beneficiaries	818	741
c. Number entitled to deferred benefits	<u>158</u>	<u>141</u>
d. Total number of inactive members	3,356	3,262
e. Total annual benefit	\$ 113,184,975	\$ 107,482,545
f. Average annual benefit	\$ 33,726	\$ 32,950

**Summary of Benefit Provisions
As of January 1, 2007
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 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. New Members hired after December 31, 2006 will not be eligible for an automatic increase.

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, 2007)**

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	Annual Rate per 1,000 Members							
	Withdrawal		Mortality - Disableds		Mortality - Other		Disability	
	Police	Fire	Male	Female	Male	Female	Police	Fire
20	47.0	23.0	48.30	26.30	.51	.28	.35	.70
25	47.0	23.0	48.30	26.30	.66	.29	.37	.75
30	35.0	18.0	36.20	23.70	.80	.35	.42	.84
35	25.0	18.0	27.80	21.40	.85	.48	.48	.96
40	25.0	18.0	28.20	20.90	1.07	.71	.57	1.15
45	25.0	18.0	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:

Years of Service	Annual Rate of Salary Increase*
0	9.64%
5	9.19
10	7.72
15	5.82
20	4.56
25	4.08
30	4.00

* Due to the revised compensation package adopted by the City Council in 2006, the inflationary component of this increase has been ignored for salary increases expected in 2007.

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

Overtime and other non-computation pay are assumed to be 11% of base pay. The city contributes on total pay including non-computation pay. This assumption is based on the revised compensation package adopted by the city council in 2006.

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	2%	48	2%	58	20%
39	2	49	2	59	20
40	2	50	4	60	20
41	2	51	3	61	20
42	2	52	3	62	20
43	2	53	3	63	20
44	2	54	3	64	20
45	2	55	25	65	100
46	2	56	20		
47	2	57	20		

Rates are applied when a 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. Any active members who satisfy this criteria and have not entered DROP are assumed to never join DROP.

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 for eligible Members

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.

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 is being phased in effective January 1, 2005. Asset gains or losses prior to January 1, 2005, 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, 2005 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, 2004 through December 31, 2006 shows that during this period there have been about 19% more terminations than expected.			
January 1, 2004 through December 31, 2006			
	<u>Actual</u>	<u>Expected</u>	<u>Actual/Expected</u>
Termination Prior to Retirement	268	226	119%

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, 2002 through December 31, 2006 shows that during this period there have been about 8% more of disability retirements as expected. Since there is little difference between the assumed disability retirements and actual disability retirements, we do not feel that any change in this assumption is necessary at this time.			
January 1, 2002 through December 31, 2006			
	<u>Actual</u>	<u>Expected</u>	<u>Actual/Expected</u>
Disability Retirements	13	12	108%

Retirement (Leaving Active Service)			
<p>This assumption was changed as of January 1, 2005 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, 2004 through December 31, 2006 shows that during this period there have been about 15% less retirements than expected.</p>			
January 1, 2004 through December 31, 2006			
	<u>Actual</u>	<u>Expected</u>	<u>Actual/Expected</u>
Retirement	339	401	85%

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, 2002 through December 31, 2006 shows that during this period there have been the same number of deaths as expected. It is generally desirable to have some margin in this assumption for mortality improvement. If the actual and expected deaths remain close, this assumption should be changed.</p>			
January 1, 2002 through December 31, 2006			
	<u>Actual</u>	<u>Expected</u>	<u>Actual/Expected</u>
Death	441	441	100%

Age at DROP			
<p>This assumption has not changed since the implementation of DROP in 1993. The actual age at DROP is the same as the assumed age of 50. We do not feel any change in assumption is necessary at this time since there is no difference in the assumed age at DROP and the actual age at DROP.</p>			
January 1, 1996 through December 31, 2006			
	<u>Actual</u>	<u>Expected</u>	<u>Actual/Expected</u>
Age at DROP	50.0	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, 2006 has been 3.81%. 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, 1947 through December 31, 2006			
Inflation	<u>Actual</u> 3.81%	<u>Expected</u> 4.00%	<u>Actual/Expected</u> 95%

Salary Increases			
The salary increase assumption used to value the liabilities of the System varies by the service of the Member. This assumption was last changed as of January 1, 2007 to reflect the expected change in future pay increases. 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, 2006 through December 31, 2006 follows.			
January 1, 2006 through December 31, 2006			
Valuation Compensation	<u>Actual</u> \$293,570,071	<u>Expected</u> \$298,419,783	<u>Actual/Expected</u> 98%

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, 2006 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)
1/1/2003	through	12/31/2003	31.65
1/1/2004	through	12/31/2004	13.96
1/1/2005	through	12/31/2005	10.81
1/1/2006	through	12/31/2006	14.64
10/1/1988	through	12/31/2006	10.80%

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 10.14%. Last year's DROP interest rate was 9.75%. Therefore, the annual DROP interest rate for October 1, 2007 is 10.00%.

TABLE 1

THE NUMBER AND ANNUAL AVERAGE COMPENSATION OF ACTIVE
(excluding DROP) MEMBERS DISTRIBUTED BY FIFTH AGE AND SERVICE
AS OF JANUARY 1, 2007

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	70	40,638	44	42,117	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25 to 29	103	40,605	174	44,856	63	49,599	3	45,448	0	0	0	0	0	0	0	0	0	0	0	0
30 to 34	32	40,554	111	45,406	225	51,762	42	57,348	0	0	0	0	0	0	0	0	0	0	0	0
35 to 39	12	40,703	70	45,373	125	52,739	178	59,898	148	66,109	2	61,037	0	0	0	0	0	0	0	0
40 to 44	7	40,326	27	46,656	34	53,035	85	61,017	309	67,811	96	73,315	0	0	0	0	0	0	0	0
45 to 49	1	39,606	9	48,139	16	53,129	30	60,595	134	68,413	202	73,618	95	74,603	0	0	0	0	0	0
50 to 54	2	43,456	1	76,303	2	44,412	4	63,862	16	66,817	6	72,250	10	73,564	0	0	0	0	0	0
55 to 59	0	0	2	70,224	1	51,677	0	0	6	69,391	0	0	0	0	1	86,661	0	0	0	0
60 to 64	0	0	1	48,481	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, 2007

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	13	39,966	2	40,099	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25 to 29	23	40,341	72	43,338	31	50,575	0	0	0	0	0	0	0	0	0	0	0	0	0	0
30 to 34	12	39,942	90	44,173	129	52,338	21	58,767	1	50,193	0	0	0	0	0	0	0	0	0	0
35 to 39	4	39,606	29	44,595	72	52,391	99	61,230	20	67,687	1	84,411	0	0	0	0	0	0	0	0
40 to 44	0	0	12	43,913	18	51,480	55	62,502	81	69,731	83	72,149	0	0	0	0	0	0	0	0
45 to 49	1	39,606	5	41,180	0	0	24	59,831	48	69,785	136	72,791	54	73,816	1	71,130	0	0	0	0
50 to 54	0	0	0	0	1	50,957	2	62,568	9	70,681	2	68,115	4	68,021	0	0	0	0	0	0
55 to 59	0	0	0	0	0	0	2	66,631	0	0	1	65,502	0	0	1	72,016	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, 2007

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	83	40,532	46	42,029	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25 to 29	126	40,556	246	44,412	94	49,921	3	45,448	0	0	0	0	0	0	0	0	0	0	0	0
30 to 34	44	40,387	201	44,854	354	51,972	63	57,821	1	50,193	0	0	0	0	0	0	0	0	0	0
35 to 39	16	40,429	99	45,145	197	52,612	277	60,374	168	66,297	3	68,828	0	0	0	0	0	0	0	0
40 to 44	7	40,326	39	45,812	52	52,497	140	61,600	390	68,209	179	72,774	0	0	0	0	0	0	0	0
45 to 49	2	39,606	14	45,654	16	53,129	54	60,255	182	68,775	338	73,285	149	74,318	1	71,130	0	0	0	0
50 to 54	2	43,456	1	76,303	3	46,594	6	63,431	25	68,208	8	71,216	14	71,980	0	0	0	0	0	0
55 to 59	0	0	2	70,224	1	51,677	2	66,631	6	69,391	1	65,502	0	0	2	79,339	0	0	0	0
60 to 64	0	0	1	48,481	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 2

THE NUMBER AND ANNUAL AVERAGE COMPENSATION OF ACTIVE
(including DROP) MEMBERS DISTRIBUTED BY FIFTH AGE AND SERVICE
AS OF JANUARY 1, 2007

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	70	40,638	44	42,117	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25 to 29	103	40,605	174	44,856	63	49,599	3	45,448	0	0	0	0	0	0	0	0	0	0	0	0
30 to 34	32	40,554	111	45,406	225	51,762	42	57,348	0	0	0	0	0	0	0	0	0	0	0	0
35 to 39	12	40,703	70	45,373	125	52,739	178	59,898	148	66,109	2	61,037	0	0	0	0	0	0	0	0
40 to 44	7	40,326	27	46,656	34	53,035	85	61,017	309	67,811	97	73,428	0	0	0	0	0	0	0	0
45 to 49	1	39,606	9	48,139	16	53,129	30	60,595	134	68,413	216	73,985	113	76,547	1	73,787	0	0	0	0
50 to 54	2	43,456	1	76,303	2	44,412	5	63,778	36	77,219	66	84,672	145	86,919	81	89,470	7	79,886	0	0
55 to 59	0	0	2	70,224	1	51,677	0	0	20	74,837	21	85,291	37	82,605	67	85,294	43	81,229	1	67,687
60 to 64	0	0	1	48,481	0	0	0	0	2	75,393	4	77,831	6	83,655	4	80,550	16	86,927	2	74,548
65 to 69	0	0	0	0	0	0	0	0	0	0	1	71,395	0	0	1	120,145	0	0	1	84,335
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, 2007

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	13	39,966	2	40,099	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25 to 29	23	40,341	72	43,338	31	50,575	0	0	0	0	0	0	0	0	0	0	0	0	0	0
30 to 34	12	39,942	90	44,173	129	52,338	21	58,767	1	50,193	0	0	0	0	0	0	0	0	0	0
35 to 39	4	39,606	29	44,595	72	52,391	99	61,230	20	67,687	1	84,411	0	0	0	0	0	0	0	0
40 to 44	0	0	12	43,913	18	51,480	55	62,502	81	69,731	86	72,367	0	0	0	0	0	0	0	0
45 to 49	1	39,606	5	41,180	1	39,606	24	59,831	48	69,785	164	73,606	65	74,468	1	71,130	0	0	0	0
50 to 54	0	0	0	0	1	50,957	2	62,568	20	75,961	55	84,034	120	83,235	58	88,363	8	81,159	0	0
55 to 59	0	0	0	0	1	58,000	3	71,864	2	65,574	8	74,299	56	84,879	94	79,842	37	86,126	0	0
60 to 64	0	0	0	0	0	0	0	0	0	0	0	0	2	66,912	12	87,503	14	84,209	7	110,128
65 to 69	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	79,823
70 & up	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	106,009

TABLE 2

THE NUMBER AND ANNUAL AVERAGE COMPENSATION OF ACTIVE
(including DROP) MEMBERS DISTRIBUTED BY FIFTH AGE AND SERVICE
AS OF JANUARY 1, 2007

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	83	40,532	46	42,029	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25 to 29	126	40,556	246	44,412	94	49,921	3	45,448	0	0	0	0	0	0	0	0	0	0	0	0
30 to 34	44	40,387	201	44,854	354	51,972	63	57,821	1	50,193	0	0	0	0	0	0	0	0	0	0
35 to 39	16	40,429	99	45,145	197	52,612	277	60,374	168	66,297	3	68,828	0	0	0	0	0	0	0	0
40 to 44	7	40,326	39	45,812	52	52,497	140	61,600	390	68,209	183	72,929	0	0	0	0	0	0	0	0
45 to 49	2	39,606	14	45,654	17	52,333	54	60,255	182	68,775	380	73,821	178	75,788	2	72,459	0	0	0	0
50 to 54	2	43,456	1	76,303	3	46,594	7	63,432	56	76,770	121	84,382	265	85,251	139	89,008	15	80,565	0	0
55 to 59	0	0	2	70,224	2	54,839	3	71,864	22	73,995	29	82,259	93	83,974	161	82,111	80	83,494	1	67,687
60 to 64	0	0	1	48,481	0	0	0	0	2	75,393	4	77,831	8	79,470	16	85,765	30	85,659	9	102,221
65 to 69	0	0	0	0	0	0	0	0	0	0	1	71,395	0	0	1	120,145	0	0	3	81,327
70 & up	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	106,009

TABLE 3

THE NUMBER AND ANNUAL RETIREMENT
ALLOWANCE OF RETIRED MEMBERS
BY AGE AS OF JANUARY 1, 2007

POLICE AND FIRE

AGE	NUMBER	BENEFIT	AVERAGE BENEFIT
44	1	\$ 31,178	\$ 31,178
45	3	96,191	32,064
46	3	70,435	23,478
47	14	388,488	27,749
48	6	182,453	30,409
49	10	347,664	34,766
50	6	183,203	30,534
51	17	585,789	34,458
52	19	701,340	36,913
53	20	659,618	32,981
54	21	889,539	42,359
55	45	2,068,020	45,956
56	51	2,377,398	46,616
57	84	4,143,497	49,327
58	94	4,057,063	43,160
59	122	5,308,657	43,514
60	125	5,560,251	44,482
61	92	3,919,366	42,602
62	81	3,342,453	41,265
63	88	3,929,359	44,652
64	109	4,642,432	42,591
65	70	3,195,274	45,647
66	98	4,168,034	42,531
67	79	3,595,355	45,511
68	88	3,976,179	45,184
69	73	3,308,900	45,327
70	62	2,535,237	40,891
71	64	2,631,624	41,119
72	66	2,512,369	38,066
73	63	2,306,855	36,617
74	61	2,471,512	40,517
75	64	2,194,639	34,291
76	57	1,978,448	34,710
77	55	1,846,479	33,572

TABLE 3

THE NUMBER AND ANNUAL RETIREMENT
ALLOWANCE OF RETIRED MEMBERS
BY AGE AS OF JANUARY 1, 2007
CONTINUED

POLICE AND FIRE

AGE	NUMBER	BENEFIT	AVERAGE BENEFIT
78	48	\$ 1,679,645	\$ 34,993
79	38	1,386,289	36,481
80	27	947,911	35,108
81	27	879,427	32,571
82	34	1,180,735	34,728
83	23	794,808	34,557
84	11	370,581	33,689
85	12	378,634	31,553
86	17	585,920	34,466
87	15	480,062	32,004
88	3	107,595	35,865
89	8	253,447	31,681
90	4	137,081	34,270
91	1	32,254	32,254
93	1	29,971	29,971
94	1	32,385	32,385
96	1	27,300	27,300
TOTAL	2,182	\$ 89,509,344	\$ 41,022
POLICE	1,283	\$ 50,492,453	\$ 39,355
FIRE	899	\$ 39,016,891	\$ 43,400

TABLE 4

THE NUMBER AND ANNUAL RETIREMENT
ALLOWANCE OF DISABLED MEMBERS
BY AGE AS OF JANUARY 1, 2007

POLICE AND FIRE

AGE	NUMBER	BENEFIT	AVERAGE BENEFIT
30	1	\$ 26,464	\$ 26,464
34	2	59,790	29,895
38	1	27,312	27,312
39	2	56,744	28,372
40	1	28,641	28,641
41	1	34,017	34,017
42	2	58,972	29,486
43	3	85,814	28,605
44	3	89,972	29,991
45	2	48,936	24,468
46	3	83,174	27,725
47	2	70,538	35,269
49	2	60,680	30,340
50	4	115,643	28,911
51	3	84,681	28,227
52	5	151,322	30,264
53	2	60,003	30,002
54	1	31,800	31,800
55	6	218,778	36,463
56	6	205,674	34,279
57	6	263,876	43,979
58	6	192,269	32,045
59	7	255,880	36,554
60	4	104,609	26,152
61	2	41,890	20,945
62	6	196,424	32,737
63	2	74,318	37,159
64	4	184,232	46,058
65	3	91,724	30,575
66	7	276,546	39,507
67	12	522,924	43,577
68	6	238,698	39,783
69	6	227,311	37,885
70	6	181,708	30,285

TABLE 4

THE NUMBER AND ANNUAL RETIREMENT
ALLOWANCE OF DISABLED MEMBERS
BY AGE AS OF JANUARY 1, 2007
CONTINUED

POLICE AND FIRE

AGE	NUMBER	BENEFIT	AVERAGE BENEFIT
71	5	\$ 197,383	\$ 39,477
72	5	192,232	38,446
73	4	130,078	32,520
74	4	136,370	34,093
75	4	119,095	29,774
76	5	215,821	43,164
77	5	168,713	33,743
78	4	130,021	32,505
79	4	128,817	32,204
80	6	192,905	32,151
81	4	128,990	32,248
82	5	171,624	34,325
83	3	91,882	30,627
84	4	117,304	29,326
85	2	59,578	29,789
86	2	64,408	32,204
87	1	32,081	32,081
89	1	31,784	31,784
94	1	32,229	32,229
TOTAL	198	\$ 6,792,679	\$ 34,306
POLICE	74	\$ 2,223,904	\$ 30,053
FIRE	124	\$ 4,568,775	\$ 36,845

TABLE 5

THE NUMBER AND ANNUAL RETIREMENT
ALLOWANCE OF BENEFICIARIES
BY AGE AS OF JANUARY 1, 2007

POLICE AND FIRE

AGE	NUMBER	BENEFIT	AVERAGE BENEFIT
3	1	\$ 4,727	\$ 4,727
6	2	21,004	10,502
7	3	22,083	7,361
8	4	30,916	7,729
9	4	23,205	5,801
10	6	36,584	6,097
12	4	34,581	8,645
13	2	31,145	15,573
14	4	26,457	6,614
15	5	57,876	11,575
16	3	66,266	22,089
17	6	104,510	17,418
18	4	64,207	16,052
19	2	13,213	6,607
23	1	13,200	13,200
33	2	29,191	14,596
35	3	48,878	16,293
36	1	14,923	14,923
37	3	35,548	11,849
38	1	14,936	14,936
39	3	46,791	15,597
40	2	27,600	13,800
41	1	14,400	14,400
42	3	47,145	15,715
44	1	37,488	37,488
45	3	57,865	19,288
46	5	68,804	13,761
47	6	102,003	17,001
48	5	94,519	18,904
49	4	69,633	17,408
50	3	47,029	15,676
51	6	91,183	15,197
52	11	201,569	18,324
53	9	184,774	20,530

TABLE 5

THE NUMBER AND ANNUAL RETIREMENT
ALLOWANCE OF BENEFICIARIES
BY AGE AS OF JANUARY 1, 2007
CONTINUED

POLICE AND FIRE

AGE	NUMBER	BENEFIT	AVERAGE BENEFIT
54	6	\$ 97,956	\$ 16,326
55	11	211,663	19,242
56	11	220,725	20,066
57	13	224,692	17,284
58	19	362,092	19,057
59	14	308,495	22,035
60	23	446,099	19,396
61	18	330,531	18,363
62	11	191,077	17,371
63	18	375,762	20,876
64	16	330,655	20,666
65	18	352,611	19,590
66	17	264,984	15,587
67	30	640,495	21,350
68	20	443,169	22,158
69	17	462,648	27,215
70	17	375,686	22,099
71	24	479,047	19,960
72	20	366,984	18,349
73	18	298,147	16,564
74	25	415,891	16,636
75	18	372,247	20,680
76	25	419,508	16,780
77	23	387,486	16,847
78	31	621,659	20,054
79	23	387,743	16,858
80	29	517,120	17,832
81	18	322,412	17,912
82	28	463,447	16,552
83	22	397,341	18,061
84	15	280,384	18,692
85	19	339,098	17,847
86	9	147,319	16,369
87	14	227,808	16,272

TABLE 5

THE NUMBER AND ANNUAL RETIREMENT
ALLOWANCE OF BENEFICIARIES
BY AGE AS OF JANUARY 1, 2007
CONTINUED

POLICE AND FIRE

AGE	NUMBER	BENEFIT	AVERAGE BENEFIT
88	15	\$ 245,329	\$ 16,355
89	9	144,519	16,058
90	9	146,834	16,315
91	6	140,199	23,367
92	6	98,729	16,455
93	1	16,593	16,593
94	3	48,426	16,142
95	3	49,731	16,577
96	1	16,581	16,581
97	1	16,593	16,593
98	1	16,593	16,593
TOTAL	818	\$ 14,807,361	\$ 18,102
POLICE	457	\$ 8,005,901	\$ 17,518
FIRE	361	\$ 6,801,460	\$ 18,841

TABLE 6

THE NUMBER AND ANNUAL RETIREMENT
ALLOWANCE OF RETIRED MEMBERS,
DISABLED MEMBERS AND BENEFICIARIES
BY AGE AS OF JANUARY 1, 2007

POLICE AND FIRE

AGE	NUMBER	BENEFIT	AVERAGE BENEFIT
3	1	\$ 4,727	\$ 4,727
6	2	21,004	10,502
7	3	22,083	7,361
8	4	30,916	7,729
9	4	23,205	5,801
10	6	36,584	6,097
12	4	34,581	8,645
13	2	31,145	15,573
14	4	26,457	6,614
15	5	57,876	11,575
16	3	66,266	22,089
17	6	104,510	17,418
18	4	64,207	16,052
19	2	13,213	6,607
23	1	13,200	13,200
30	1	26,464	26,464
33	2	29,191	14,596
34	2	59,790	29,895
35	3	48,878	16,293
36	1	14,923	14,923
37	3	35,548	11,849
38	2	42,248	21,124
39	5	103,535	20,707
40	3	56,241	18,747
41	2	48,417	24,209
42	5	106,117	21,223
43	3	85,814	28,605
44	5	158,638	31,728
45	8	202,992	25,374
46	11	222,413	20,219
47	22	561,029	25,501
48	11	276,972	25,179
49	16	477,977	29,874
50	13	345,875	26,606

TABLE 6

THE NUMBER AND ANNUAL RETIREMENT
ALLOWANCE OF RETIRED MEMBERS,
DISABLED MEMBERS AND BENEFICIARIES
BY AGE AS OF JANUARY 1, 2007
CONTINUED

POLICE AND FIRE

AGE	NUMBER	BENEFIT	AVERAGE BENEFIT
51	26	\$ 761,653	\$ 29,294
52	35	1,054,231	30,121
53	31	904,395	29,174
54	28	1,019,295	36,403
55	62	2,498,461	40,298
56	68	2,803,797	41,232
57	103	4,632,065	44,972
58	119	4,611,424	38,751
59	143	5,873,032	41,070
60	152	6,110,959	40,204
61	112	4,291,787	38,320
62	98	3,729,954	38,061
63	108	4,379,439	40,550
64	129	5,157,319	39,979
65	91	3,639,609	39,996
66	122	4,709,564	38,603
67	121	4,758,774	39,329
68	114	4,658,046	40,860
69	96	3,998,859	41,655
70	85	3,092,631	36,384
71	93	3,308,054	35,570
72	91	3,071,585	33,754
73	85	2,735,080	32,177
74	90	3,023,773	33,597
75	86	2,685,981	31,232
76	87	2,613,777	30,043
77	83	2,402,678	28,948
78	83	2,431,325	29,293
79	65	1,902,849	29,275
80	62	1,657,936	26,741
81	49	1,330,829	27,160
82	67	1,815,806	27,102
83	48	1,284,031	26,751
84	30	768,269	25,609

TABLE 6

THE NUMBER AND ANNUAL RETIREMENT
ALLOWANCE OF RETIRED MEMBERS,
DISABLED MEMBERS AND BENEFICIARIES
BY AGE AS OF JANUARY 1, 2007
CONTINUED

POLICE AND FIRE

AGE	NUMBER	BENEFIT	AVERAGE BENEFIT
85	33	\$ 777,310	\$ 23,555
86	28	797,647	28,487
87	30	739,951	24,665
88	18	352,924	19,607
89	18	429,750	23,875
90	13	283,915	21,840
91	7	172,453	24,636
92	6	98,729	16,455
93	2	46,564	23,282
94	5	113,040	22,608
95	3	49,731	16,577
96	2	43,881	21,941
97	1	16,593	16,593
98	1	16,593	16,593
TOTAL	3,198	\$ 111,109,384	\$ 34,743
POLICE	1,814	\$ 60,722,258	\$ 33,474
FIRE	1,384	\$ 50,387,126	\$ 36,407

TABLE 7

THE NUMBER AND FUTURE ANNUAL
ALLOWANCE OF TERMINATED MEMBERS
ENTITLED TO A FUTURE BENEFIT
BY AGE AS OF JANUARY 1, 2007

POLICE AND FIRE

AGE	NUMBER	BENEFIT	AVERAGE BENEFIT
29	6	\$ 20,614	\$ 3,436
30	4	22,541	5,635
31	2	8,301	4,151
32	4	35,366	8,842
33	2	17,524	8,762
34	4	39,071	9,768
35	3	27,939	9,313
36	9	84,991	9,443
37	11	120,462	10,951
38	8	111,768	13,971
39	7	102,925	14,704
40	6	55,418	9,236
41	14	163,838	11,703
42	7	129,066	18,438
43	9	123,451	13,717
44	16	334,524	20,908
45	9	99,338	11,038
46	9	159,420	17,713
47	6	143,993	23,999
48	6	79,719	13,287
49	6	75,662	12,610
50	6	63,546	10,591
51	1	11,095	11,095
52	1	18,825	18,825
53	1	21,164	21,164
57	1	4,997	4,997
TOTAL	158	\$ 2,075,558	\$ 13,136
POLICE	129	\$ 1,742,606	\$ 13,509
FIRE	29	\$ 332,952	\$ 11,481

TABLE 8

THE NUMBER, ANNUAL RETIREMENT
ALLOWANCE AND ACCOUNT BALANCE
OF DROP MEMBERS
BY AGE AS OF JANUARY 1, 2007

POLICE AND FIRE
DROP

AGE	NUMBER	BENEFIT	AVERAGE BENEFIT	ACCOUNT BALANCE	AVERAGE ACCOUNT BALANCE
42	2	\$ 59,635	\$ 29,818	\$ 56,737	\$ 28,369
43	1	28,254	28,254	38,609	38,609
44	1	28,172	28,172	45,916	45,916
45	1	25,500	25,500	28,073	28,073
46	4	102,078	25,520	257,352	64,338
47	6	180,911	30,152	430,508	71,751
48	16	737,013	46,063	301,092	18,818
49	31	1,380,732	44,540	1,127,842	36,382
50	68	3,340,434	49,124	3,137,496	46,140
51	97	4,861,114	50,115	6,288,118	64,826
52	121	6,102,542	50,434	14,376,280	118,812
53	105	5,288,714	50,369	17,390,809	165,627
54	116	6,171,017	53,198	26,928,925	232,146
55	127	6,510,138	51,261	35,511,161	279,615
56	93	4,304,263	46,282	27,940,797	300,439
57	82	3,773,905	46,023	29,494,008	359,683
58	57	2,454,787	43,066	22,143,350	388,480
59	58	2,444,223	42,142	25,908,972	446,706
60	38	1,472,852	38,759	17,273,535	454,567
61	20	897,960	44,898	11,229,731	561,487
62	12	566,253	47,188	7,894,954	657,913
63	11	455,554	41,414	6,897,983	627,089
64	8	349,264	43,658	5,582,836	697,855
66	2	80,105	40,053	1,845,036	922,518
67	2	42,718	21,359	681,836	340,918
69	1	56,258	56,258	1,219,641	1,219,641
71	1	87,302	87,302	662,745	662,745
TOTAL	1,081	\$ 51,801,698	\$ 47,920	\$ 264,694,342	\$ 244,861
POLICE	557	\$ 26,558,531	\$ 47,681	\$ 124,668,707	\$ 223,822
FIRE	524	\$ 25,243,167	\$ 48,174	\$ 140,025,635	\$ 267,224