

**CITY of FRESNO FIRE and POLICE
RETIREMENT SYSTEM**

ANNUAL ACTUARIAL VALUATION

June 30, 2005

City of Fresno Fire and Police Retirement System

June 30, 2005 Actuarial Valuation

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October 17, 2005

Board of Retirement
Mr. Stanley McDivitt
City of Fresno Fire and Police Retirement System
2828 Fresno Street, Room 201
Fresno, CA 93721-1327

Members of the Board and Stan:

Results of the Annual Actuarial Valuation as of June 30, 2005 of City of Fresno Fire and Police Retirement System are summarized. The valuation is intended to provide a measure of the funding status of the retirement system. This valuation also forms the basis for the contribution rates for the year beginning July 1, 2006, subject to updating the Surplus Offset one year after the initial calculation. Please refer to Table 4 on page 17.

Fiscal Year End	<u>2005 Valuation</u>	<u>2004 Valuation</u>
	<u>2007</u>	<u>2006</u>
Tier 1	25.71%	25.12%
Tier 2	<u>17.43%</u>	<u>17.43%</u>
Aggregate	20.02%	20.19%
Surplus Offset	(8.09)%	(6.86)%
Prepaid Contribution	<u>(6.55)%</u>	<u>(13.33)%</u>
Required Contribution	5.38%	0%
Funded Ratio	126%	123%

The member statistical data on which the valuation was based was furnished by staff, together with pertinent data on financial operations. Data was reviewed for reasonableness, but was not audited by the actuary.

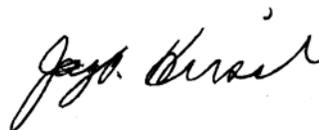
There was an overall actuarial gain of \$19.05 million, which reflects 3.0% of related actuarial accrued liabilities as of June 30, 2004.

The cooperation of staff in furnishing materials requested for this valuation is deeply acknowledged with appreciation.

Respectfully submitted,
GABRIEL, ROEDER, SMITH & COMPANY



Rick A. Roeder, E.A., F.S.A., M.A.A.A.



Jay D. Hirsch, E.A., F.S.A.

October 17, 2005

Board of Retirement
City of Fresno Fire and Police Retirement System
2828 Fresno Street, Room 201
Fresno, CA 93721-1327

Dear Members of the Board:

We are pleased to present the actuarial valuation for the City of Fresno Fire and Police Retirement System prepared as of June 30, 2005 by Gabriel, Roeder, Smith and Company. The report includes:

1. A determination of the City normal contribution rates under the current actuarial methods and assumptions;
2. A determination of the employee contribution rates under the current actuarial methods and assumptions; and
3. The distribution of actuarial surplus.

This report conforms with the requirements of the governing State and local statutes, accounting rules, and generally accepted actuarial principles and practices. The report reflects a refinement in the actuarial asset smoothing methodology.

The undersigned member of the American Academy of Actuaries and an ERISA Enrolled Actuary meets the Qualification Standards of the American Academy of Actuaries to render this actuarial opinion.

Sincerely,



Rick Roeder, E.A., F.S.A., M.A.A.A.

City of Fresno Fire and Police Retirement System

Summary of Significant Valuation Results

	<u>June 30, 2005</u>	<u>June 30, 2004</u>	<u>Percent Change</u>
I. Total Membership			
A. Tier 1 Actives	154	172	(10.5)%
B. Tier 2 Actives	740	670	10.4%
C. DROP members	171	175	(2.3)%
D. Pensioners	797	771	3.4%
E. Vested Deferreds	<u>31</u>	<u>21</u>	47.6%
F. Total	1,893	1,809	4.6%
II. Valuation Compensation at June 30			
A. Total Annual Payroll (including DROP)	\$73,422,505	\$68,483,491	7.2%
B. Average Annual Compensation	\$68,941	\$67,339	2.4%
III. Benefits to Current Pensioners and Beneficiaries			
A. Total Annual Benefits	\$29,211,279	\$27,671,189	5.6%
B. Average Monthly Benefit Amount	\$3,054	\$2,991	2.1%
IV. Total System Assets (Actuarial Value)	\$846,718,158	\$793,058,514	6.8%
V. Total System Liabilities	\$670,101,466	\$642,193,959	4.3%
VI. Prefunded Actuarial Accrued Liability: IV - V	\$176,616,692	\$150,864,555	17.1%
VII. Budget Items	FY 2006-2007	FY 2005-2006	
1. Tier 1 Normal Cost ¹	25.71%	25.12%	2.3%
2. Tier 2 Normal Cost ¹	17.43%	17.43%	0.0%
3. Overall Normal Cost ¹	20.02%	20.19%	(0.8)%
VIII. Funded Ratio (Based on Actuarial Value of Assets)	126%	123%	2.4%
IX. Funded Ratio (Based on Market Value of Assets Net of Excludable Reserves)	135%	131%	3.1%

¹ Percent is inclusive of DROP payroll

City of Fresno Fire and Police Retirement System

Comments & Recommendations

June 30, 2005

COMMENT A: This report determines the requirement for a City contribution to the plan for the 2006-2007 fiscal year of 5.38% of pension compensation. The computed normal cost of 20.02% (0.17% lower than last year) is partially offset by a surplus allocation and a reduction of the employer prepaid contribution.

COMMENT B: There was an increase in the funded ratio from 123.5% to 126.4% due to a significant actuarial gain of \$19.05 million. Principal components of the actuarial gain:

- 1) The actuarial rate of return was 10.02%. This is in excess of the 8.25% assumed investment return. The actuarial rate of return smoothes unexpected return over a five-year period.
- 2) Average pay increased only 2.4%. This is well below the System's 4.25% inflation assumption.
- 3) There was also a savings because the COLA adjustment for retirees was far less than the 4.25% assumption for Tier 1 retirees.

On a market value basis the funded ratio is now 135%. This is an increase over the 131% funded ratio in the June 30, 2004 valuation.

COMMENT C: The PRSB benefit increased in this valuation from \$269.43 to \$307.54. We have two observations. The number count provided by staff, 894, is slightly less than the members we are showing as currently being in pay status. We presume that the difference may be due to Alternate Payees who are receiving payment due to a domestic relations order. Also, staff has indicated that the monthly benefit of \$711 is unchanged from last year's valuation.

COMMENT D: We are valuing the same benefits as in the 2004 valuation.

**FINANCIAL PRINCIPLES
AND
OPERATIONAL TECHNIQUES**

City of Fresno Fire and Police Retirement System
Financial Principles and Operational Techniques

Promises Made, and To Be Paid For. As each year is completed, the Retirement System in effect hands an “IOU” to each member then acquiring a year of service credit – the “IOU” says: “City of Fresno Fire and Police Retirement System owes you one year’s worth of retirement benefits, payments in cash commencing when you qualify for retirement.”

The related key financial questions are:

Which generation of taxpayers contributes the money to cover the IOU?

The present taxpayers, who receive the benefit of the member’s present year of service?

Or the future taxpayers, who happen to be in City of Fresno at the time the IOU becomes a cash demand, years and decades later?

The principle of level percent of payroll financing intends that this year’s taxpayers contribute the money to cover the IOUs being handed out this year. By following this principle, the employer contribution rate will remain approximately level from generation to generation – our children and our grandchildren will contribute the same percents of active payroll we contribute now.

(There are systems which have a design for deferring contributions to future taxpayers, lured by a lower contribution rate now and putting aside the consequence that the contribution rate must then relentlessly grow much greater over decades of time.)

An inevitable by-product of the level-cost design is the accumulation of reserve assets, for decades, and income produced when the assets are invested. Invested assets are a by-product and not the objective. Investment income becomes, in effect, the 3rd contributor for benefits to employees, and is interlocked with the contribution amounts required from employees and employer.

(Concluded on next page)

City of Fresno Fire and Police Retirement System
Financial Principles and Operational Techniques

(Concluded)

Translated to actuarial terminology, this level-cost objective means that the contribution rates must total at least the following:

Current Cost (the cost of members' service being rendered this year) . . .

plus. . .

Interest on Prefunded Accrued Liabilities (Prefunded accrued liabilities are the difference between (i) liabilities for service already rendered and (ii) the accrued assets of the plan).

Computing Contributions To Support System Benefits. From a given schedule of benefits and from the employee data and asset data furnished, the actuary determines the contribution rates to support the benefits, by means of an actuarial valuation and a funding method.

An actuarial valuation has a number of ingredients such as: the rate of investment return which plan assets will earn; rates of withdrawal of active members who leave covered employment; rates of mortality; rates of disability; rates of pay increases; and the assumed age or ages at actual retirement. In an actuarial valuation assumptions must be made as to what the above rates will be, for the next year and for decades in the future. Only the subsequent actual experience of the plan can indicate the degree of accuracy of the assumptions.

Reconciling Differences Between Assumed Experience and Actual Experience. Once actual experience has occurred and been observed, it will not coincide exactly with assumed experience, regardless of the wisdom behind the various financial assumptions or the skill of the actuary and the millions of calculations made. The future can be predicted with considerable but not complete precision, except for inflation which defies reliable prediction.

The System copes with these continually changing differences by having annual actuarial valuations. Each actuarial valuation is a complete recalculation of assumed future experience, taking into account all past differences between assumed and actual experience. The result is continual adjustments in the computed employer contribution rates.

THE ACTUARIAL VALUATION PROCESS

The financing diagram on the following page shows the relationship between the two fundamentally different philosophies of paying for retirement benefits: the method where contributions match cash benefit payments (or barely exceed cash benefit payments, as in the Federal Social Security program) which is an increasing contribution method; and the level contribution method which equalizes contributions between the generations.

The actuarial valuation is the mathematical process by which the level contribution rate is determined. The flow of activity constituting the valuation may be summarized as follows:

A. Covered people data, furnished by the System including:

Retired lives now receiving benefits

Former employees with vested benefits not yet payable

Active employees

B. + Asset data (cash & investments), furnished by the System

C. + Assumptions concerning future experience in various risk areas, which are established by the Board after consulting with the actuary

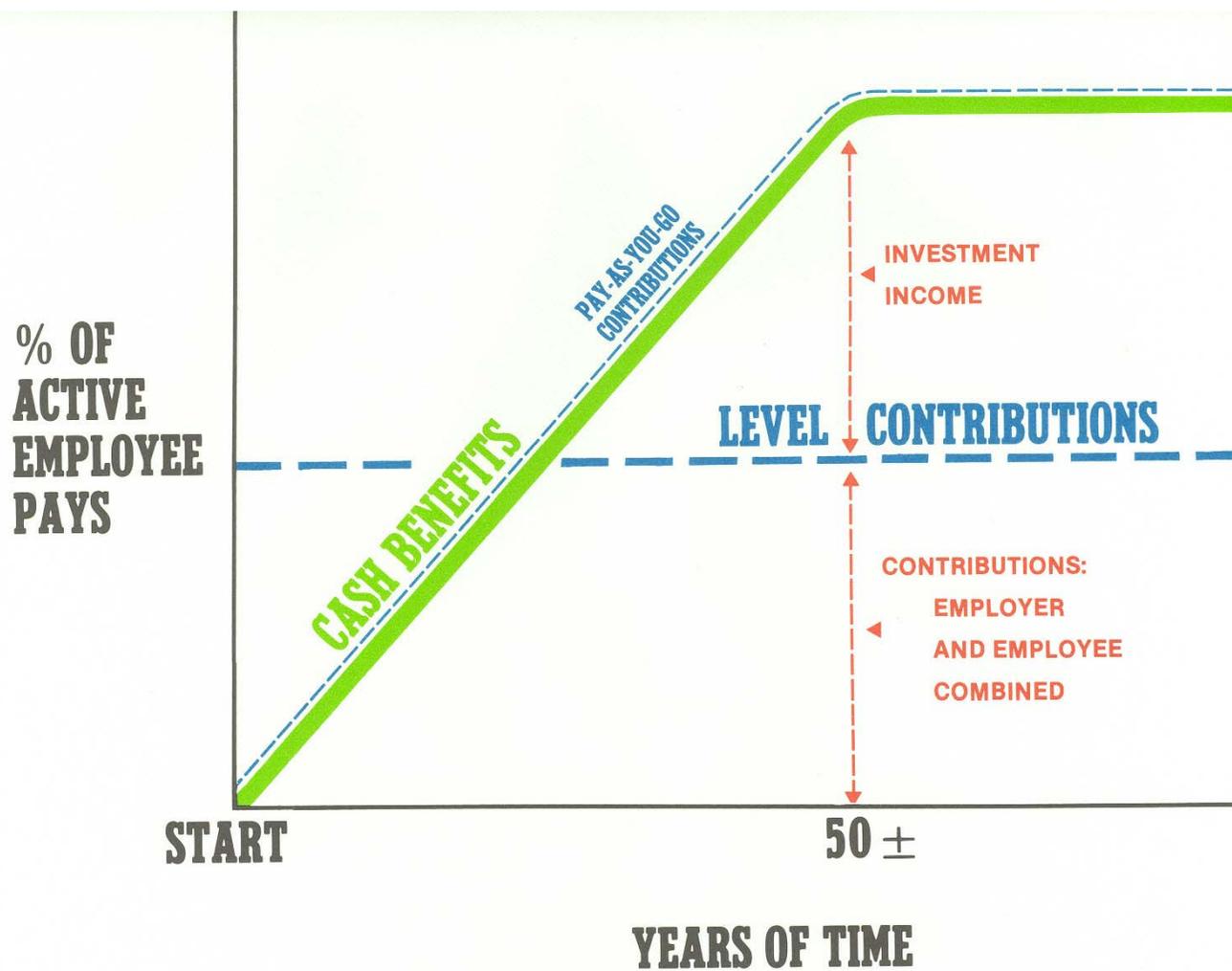
D. + The funding method for employer contributions (the long-term, planned pattern for employer contributions)

E. + Mathematically combining the assumptions, the funding method, and the data

F. = Determination of:

Plan Financial Position and/or

Employer's New Contribution Rate



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

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

Economic Risk Areas

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

Non-Economic Risk Areas

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

VALUATION RESULTS

City of Fresno Fire and Police Retirement System

June 30, 2005

FUNDING OBJECTIVE

The funding objective of the Retirement System is to establish and receive contributions, expressed as percents of active member payroll, which will remain approximately level from year to year and will not have to be increased for future generations of citizens.

CONTRIBUTION RATES

The System is supported by member contributions, employer contributions, and investment income from Fund assets.

Contributions which satisfy the funding objective are determined by the annual actuarial valuation and are intended to:

1. cover the actuarial present value of benefits allocated to the current year by the actuarial cost method (the normal cost); and
2. finance over a period of future years Any actuarial present value of benefits not covered by valuation assets and anticipated future normal costs (Prefunded actuarial accrued liability).

Computed contributions for the fiscal year beginning July 1, 2005 are shown on the following pages.

City of Fresno Fire and Police Retirement System

Computed Contribution Rates

(Expressed as Percents of Active Payroll)

Valuation Date	<u>2004</u>	<u>2005</u>
Fiscal Year End	2006	2007
1) Normal Cost	20.19%	20.02%
2) Surplus Offset	(6.86)%	(8.09)%
3) Prepaid Contribution	(13.33)%	(6.55)%
Net City Contribution (1) - (2) - (3)	0.00%	5.38%
Funded Ratio	123.5%	126.4%

Ongoing Surpluses are a byproduct of actuarial gains and losses, as well as benefit, assumption and methodology changes. Each valuation generates an actuarial gain (loss) for each group valued. Each year's gain (loss) becomes a factor in the Surplus determination for the year.

As long as there is a Surplus, there will be an offset against the normal cost rate determined in the valuation.

City of Fresno Fire and Police Retirement System

Computed Contribution Rates

June 30, 2005

(Expressed as Percents of Active Payroll)

Elements of Normal Cost

	<u>Tier 1</u>	<u>Tier 2</u>	<u>Overall</u>
Normal Retirement	20.02%	14.94%	16.53%
Vested Deferred Retirement	1.15%	0.46%	0.68%
Death-In-Service ¹	0.86%	0.85%	0.85%
Disability ¹	7.74%	9.76%	9.13%
Contribution Refunds	<u>0.29%</u>	<u>0.42%</u>	<u>0.38%</u>
Total Normal Costs	30.06%	26.43%	27.57%
Less			
Employee Contributions	<u>4.35%</u>	<u>9.00%</u>	<u>7.55%</u>
Equals			
Net Employer Normal Cost	25.71%	17.43%	20.02%

¹ These figures could be viewed as overstated, and Normal Retirement figures understated, since, in many cases, an active member, who dies or becomes disabled will have significant service credit accrued and may be eligible for service retirement at time of disability or death benefit grant.

City of Fresno Fire and Police Retirement System
Member Contributions as of June 30, 2005

Average Rates
(Percents of Pay)
All Active Members

	<u>2005</u>	<u>2004</u>
Tier 1	2.20%	2.28%
Tier 2	8.96%	8.96%

Members in DROP do not make contributions during their DROP period. The above averages weight the “zero” contribution for such DROPs.

Actual Member Contribution

Tier 1 Members

<u>Entry Age</u>	<u>Current Rate</u>
20	3.77%
25	4.87%
30	6.59%
35	6.21%
45	6.49%

See Appendix A for all rates

Tier 2 Members

All Entry Ages: 9.0%

City of Fresno Fire and Police Retirement System

Prefunded Actuarial Accrued Liability

June 30, 2005

Derivation of Experience Gain (Loss)

The actuarial gains or losses realized in the operation of the System provide an experience test. Gains and losses are expected to cancel each other over a period of years and sizable year-to-year fluctuations are common.

(1) PAAL ¹ at beginning of year	\$150,864,555
(2) Net City Contribution Offset for Normal Cost	(5,519,366)
(3) Interest Accrual: [(1) * .0825 + .04125 * (2)]	12,218,652
(4) Expected PAAL at end of year: (1) + (2) + (3)	157,563,841
(5) Actual End of Year PAAL	176,616,692
(6) Gain/(Loss) after Surplus Adjustment: (5) - (4)	\$19,052,851
(7) Gain/(Loss) as percentage actuarial accrued liabilities at beginning of year	3.0%

¹ Prefunded Actuarial Accrued Liability

City of Fresno Fire and Police Retirement System

Gain/Loss on Prefunded Accrued Liability

Components of Actuarial Gain/(Loss) for the Year Ending June 30, 2005

Estimated Gain/(Loss) attributed to pay increases	\$2,034,549
Estimated Gain/(Loss) attributed to COLA increase	5,838,610
Estimated Gain/(Loss) attributed to employee turnover, active life mortality, retirement incidence, and miscellaneous factors	(2,061,448)
Retiree Mortality and related date Gain/(Loss)	(606,108)
Estimated Gain/(Loss) attributed to investment experience	<u>13,847,248</u>
Total Estimated Experience Gain/(Loss)	\$19,052,851

Prefunded Actuarial Accrued Liability

Actuarial value of assets	\$846,718,158
LESS	
Actuarial value of liabilities	<u>670,101,466</u>
EQUALS	
Prefunded Actuarial Accrued Liability	\$176,616,692



City of Fresno Fire and Police Retirement System

Funding Progress Indicators

June 30, 2005

There is no single all-encompassing indicator which measures a retirement system's funding progress and current funded status. A traditional measure has been the relationship of valuation assets to Prefunded actuarial accrued liability – a measure that is influenced by the choice of actuarial cost method.

We believe a better understanding of funding progress and status can be achieved using the following indicators which are independent of the actuarial cost method.

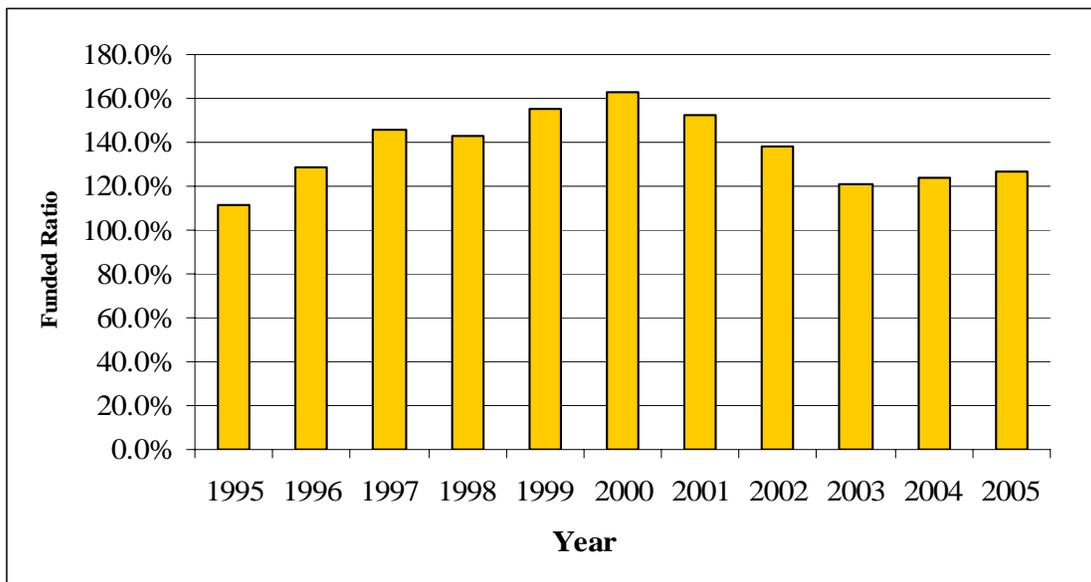
1. The ratio of valuation assets to the actuarial present value of credited projected benefits allocated in the proportion accrued service is to projected total service – a plan continuation indicator.
2. The ratio of the Prefunded actuarial present value of credited projected benefits to member payroll – a plan continuation indicator. In a soundly financed retirement system, the amount of the Prefunded actuarial present value of credited projected benefits will be controlled and prevented from increasing in the absence of benefit improvements, unexpected actuarial losses or strengthening of actuarial assumptions. However, in an inflationary environment it is seldom practical to impose this control on dollar amounts which are depreciating in value. The ratio is a relative index of condition where inflation is present in both items. The ratio is expected to decrease in the absence of benefit improvements or strengthening of actuarial assumptions.

City of Fresno Fire and Police Retirement System
Funding Progress Indicators – Historic Comparison

(\$ in Thousands)

Valuation Date	Valuation Assets	Actuarial Accrued Liability	Prefunded AAL	Funded Ratio	Member Payroll	PAAL Ratio to Payroll
6/30/95	\$450,529	\$403,788	\$46,641	111.6%	\$40,357	116%
6/30/96	512,889	399,543	113,346	128.4	41,739	272
6/30/97	601,693	413,962	187,731	145.3	45,759	410
6/30/98	695,258	487,804	207,454	142.5	47,608	436
6/30/99	779,518	501,273	278,245	155.5	55,947	501
6/30/00	852,444	522,798	329,646	163.1	57,996	568
6/30/01	859,123	562,131	296,992	152.8	60,985	487
6/30/02	814,680	590,855	223,825	137.9	64,937	347
6/30/03	749,505	617,879	131,626	121.3	65,247	202
6/30/04*	755,261	636,476	118,785	118.7	68,483	173
6/30/04	793,059	642,194	150,865	123.5	68,483	220
6/30/05	846,718	670,101	176,617	126.4	73,423	241

* Before assumption and asset smoothing methodology changes



City of Fresno Fire and Police Retirement System

Actuarial Balance Sheet – June 30, 2005

(\$ in Thousands)

Present Resources and Expected Future Resources

	<u>Tier 1</u>	<u>Tier 2</u>	<u>Total</u>
A. Actuarial value of system assets	\$709,569	\$137,149	\$846,718
B. Present value of expected future contributions			
1. For normal costs for present actives	15,961	89,252	105,213
	<u>(148,009)</u>		<u>(176,617)</u>
2. For Prefunded actuarial accrued liability)	<u>(28,608)</u>)
	(132,048		
3. Totals)	60,644	(71,404)
C. Present value of expected future member contributions	<u>1,870</u>	<u>45,912</u>	<u>47,782</u>
D. Total Present and Expected Future Resources	\$579,391	\$243,705	\$823,096

Present Value of Expected Future Benefit Payments and Reserve

A. To retirants and beneficiaries	\$468,265	\$35,897	\$504,162
B. To vested terminated members	4,553	678	5,231
C. To present active members			
1. Allocated to service rendered prior to valuation date	88,742	71,966	160,708
2. Allocated to service likely to be rendered after valuation date	<u>17,831</u>	<u>135,164</u>	<u>152,995</u>
3. Totals	106,573	207,130	313,703
D. Total Present Value of Expected Future Benefit Payments	\$579,391	\$243,705	\$823,096

Calculation of PRSB Reserve Account

Amortization of Actuarial Surplus

The actuarial surplus is being amortized over a fixed 15-year period. The 15-year period is roughly equal to the 8.25% expected investment return on surplus.

Summary of Surplus Allocation

Surplus as of 6/30/2005 (Table 1)	\$176,616,692
Actuarial Surplus (Table 1)	109,606,545
June 30, 2005 Distributable Actuarial Surplus (Table 2)	9,563,719
Allocation of June 30, 2005 Distributable Surplus:	
City Allocation (Table 3)	6,375,813
PRSB Allocation (Table 3)	<u>3,187,906</u>
Total	9,563,719
Allocation of Projected June 30, 2006 Distributable Surplus:	
City Allocation (Table 3)	6,322,547

The allocation of Distributable Actuarial Surplus is sufficient to:

- Offset the City's contribution requirement for the 2006-2007 fiscal year from \$15,644,417 to \$9,321,870 (Table 4); and
- Provide a PRSB benefit of \$307.54 per month over the 2006 calendar year (Table 5).

City of Fresno Fire and Police Retirement System

Calculation of PRSB Reserve Account

Table 1: Calculation of June 30, 2005 Actuarial Surplus

1. Actuarial Value of Assets as of 6/30/2005	\$846,718,158
2. Actuarial Accrued Liability as of 6/30/2005	670,101,466
3. Surplus as of 6/30/2005: (1) - (2)	176,616,692
4. Contingency Reserve: 10% of (2)	67,010,147
5. Actuarial Surplus: (3) - (4)	109,606,545

Table 2: Determination of June 30, 2005 Distributable Actuarial Surplus

1. June 30, 2005 Actuarial Surplus (Table 1)	109,606,545
2. Amortization of Balance of June 30, 2005 Actuarial Surplus:	
a. Amortization period	15
b. Amortization factor	0.087255
c. Amortization of balance of 6/30/2005 Actuarial Surplus (1) x (2b)	9,563,719
3. Projected June 30, 2006 Surplus 1.0825 x (1) - 1.04125 x (2c)	108,690,862
4. Amortization of Balance of June 30, 2006 Projected Actuarial Surplus:	
a. Amortization period	15
b. Amortization factor	0.087255
c. Amortization of balance of 6/30/2006 Actuarial Surplus: (3) x (4b)	9,483,821

Calculation of PRSB Reserve Account

Table 3: Allocation of June 30, 2005 Distributable Actuarial Surplus

1. June 30, 2005 Distributable Actuarial Surplus (Table 2)	9,563,719
2. City Allocation: (1) x 2/3	6,375,813
3. PRSB Allocation: (1) - (2)	3,187,906

The City Allocation (2) along with any City Surplus Reserve Account is available to reduce City contributions for the 2005 - 2006 fiscal year.

The PRSB Allocation (along with the PRSB Reserve Account) is available to provide retirees, beneficiaries and DROP participants as of June 30, 2005 a monthly PRSB benefit during 2006. The benefit is derived in Table 5.

4. June 30, 2006 Distributable Actuarial Surplus (Table 2)	9,483,821
5. City Allocation: (4) x 2/3	6,322,547

The City Allocation (5) along with any City Surplus Reserve Account is available to reduce City contributions for the 2006 - 2007 fiscal year. Table 4 provides the projected City contribution requirements from the June 30, 2005 actuarial valuation report net the City Allocation.

The actual (rather than projected) June 30, 2006 surplus will be used to determine the 2007 calendar year PRSB benefit.

City of Fresno Fire and Police Retirement System

Calculation of PRSB Reserve Account

Table 4: City Contribution Requirements for Fiscal Year 2006 - 2007

	Fiscal 06-07			Fiscal 05-06		
	<u>Tier 1</u>	<u>Tier 2</u>	<u>Total</u>	<u>Tier 1</u>	<u>Tier 2</u>	<u>Total</u>
1. City normal cost rate	25.71%	17.43%	20.02%	25.12%	17.43%	20.19%
2. Projected Annual Payroll	\$24,425,404	\$53,727,171	\$78,152,575	\$24,425,404	\$50,541,095	\$74,966,499
3. City Allocation of Distributable Actuarial Surplus (Table 3)	2,537,912	3,784,636	6,322,547	2,617,591	3,758,222	6,375,813
4. City Surplus Reserve Account (From Prior Years)	0	0	0	0	0	0
5. Total contribution offsets (3) + (4)	2,537,912	3,784,636	6,322,547	2,617,591	3,758,222	6,375,813
6. Total contribution requirement (1) * (2)	6,279,771	9,364,646	15,644,417	6,135,661	8,809,313	14,944,974
7. City contribution requirement prior to Prepaid Employer Contribution account (6) - (5), not less than 0	3,741,859	5,580,010	9,321,870	3,518,071	5,051,091	8,569,161
8. 2006 - 2007 City contribution after application of Prepaid Employer Contribution account	1,688,706	2,518,266	4,206,973	0	0	0
9. Estimated City Surplus Reserve Account for future years (Excess of (5) over (6))	0	0	0	0	0	0
10. Projected residual Prepaid Employer Contribution account at year end	0	0	0	0	0	5,114,897

City of Fresno Fire and Police Retirement System

Calculation of PRSB Reserve Account

Table 5: Calculation of PRSB for 2006 and PRSB Reserve Account

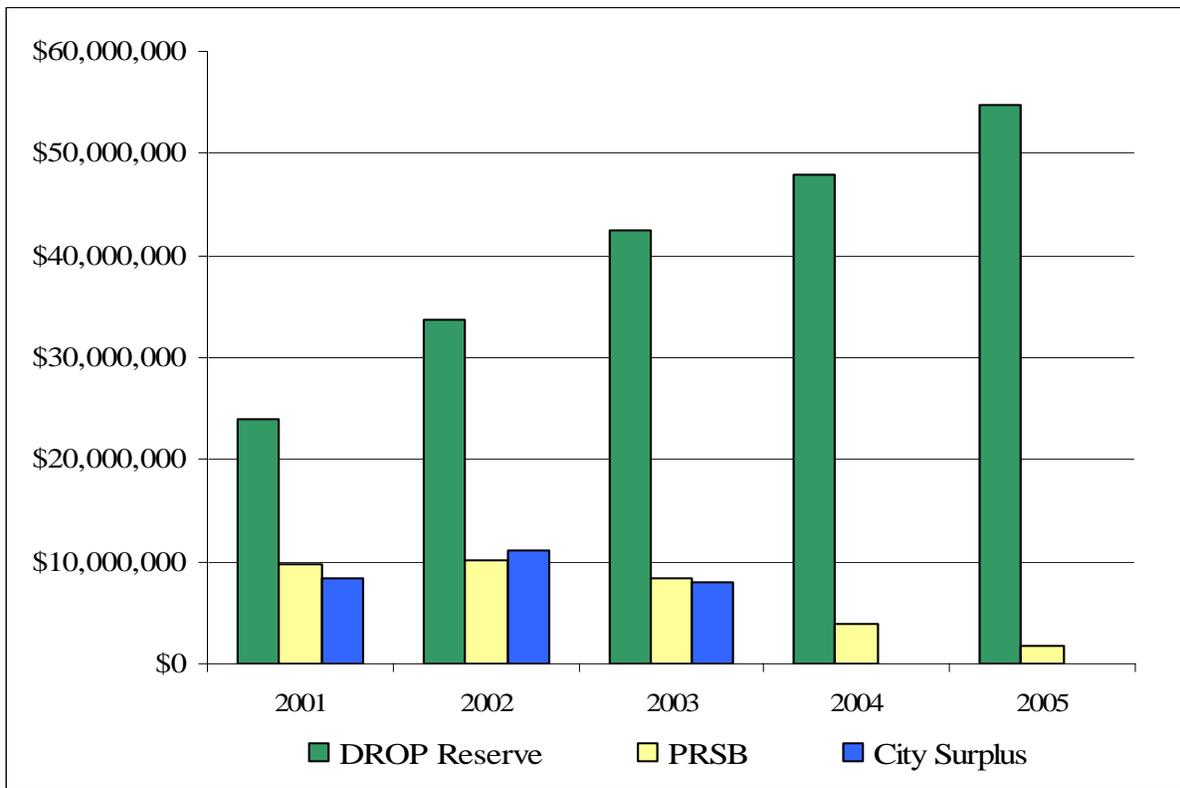
	<u>This Year</u>	<u>Last Year</u>
1. PRSB Allocation of 6/30/2005 Distributable Actuarial Surplus (Table 3)	\$3,187,906	\$2,520,074
2. 95% x (1)	\$3,028,511	\$2,394,070
3. Number of eligible participant on 6/30/2005 (Retirees, Beneficiaries & DROP Participants)	894	888
4. Preliminary Monthly PRSB Benefit: (2) / (3) / 12	\$282.30	\$224.67
5. 2006 Monthly Retiree Medical Trust Premium	\$711.00	\$711.00
6. Benefit Shortfall: (5) - (4)	\$428.70	\$486.33
7. PRSB Reserve Account (as of 6/30/2005)	\$1,716,000	\$3,823,000
8. Estimated 7/1/05 to 12/31/05 PRSB Payments	\$1,445,243	\$3,345,984
9. Net PRSB Reserve Account (as of 12/31/2006) (7) - (8)	\$270,757	\$477,016
10. Draw from PRSB Reserve Account (lesser of (9) / (3) / 12 or (6))	\$25.24	\$44.77
11. Final PRSB Benefit: (4) + (10)	\$307.54	\$269.43
12. Estimated PRSB Reserve Account at 12/31/2006: (1) + (9) - [(11) * (3) * 12]	\$159,374	\$126,004

The actual, rather than projected 2006 surplus, will be used to determine the 2007 calendar year PRSB benefit.

City of Fresno Fire and Police Retirement System

Historical Progress of Surplus Accounts

	<u>DROP Reserve</u>	<u>PRSB</u>	<u>City Surplus</u>
6/30/2001	\$23,889,000	\$9,813,714	\$8,460,805
6/30/2002	\$33,671,449	\$10,122,861	\$11,079,459
6/30/2003	\$42,433,791	\$8,419,701	\$8,051,766
6/30/2004	\$47,912,000	\$3,823,000	\$0
6/30/2005	\$54,749,000	\$1,716,000	\$0



SUMMARY OF BENEFIT PROVISIONS

&

VALUATION DATA SUBMITTED BY RETIREMENT SYSTEM

City of Fresno Fire and Police Retirement System
Brief Summary of Benefit Provisions Evaluated

Effective June 30, 2005

1. Membership Requirements – First day of employment for all Safety employees. Tier 1 members were hired prior to August 27, 1990.

2. Final Compensation for Benefit Determination

The highest average monthly compensation earnable by a member during any period of three consecutive years during his membership in the System, using the rate of pay in effect at the time of retirement. Some Tier 1 benefits are based on salary for rank average.

Service Requirement

A. Eligibility: Tier 1: Age 50 with 10 years of service or age 60
Tier 2: Age 50 with 5 years of service

B. Benefit Formula Per Year of Service

Tier 1: Final Compensation multiplied by the sum of 2.75% for each of the first 20 years of service before age 50 plus 2% of each of the first ten years after age 50.

Tier 2: Final Compensation multiplied by Years of Service and the following factor at retirement age:

<u>Age</u>	<u>Factor</u>	<u>Age</u>	<u>Factor</u>
50	2.00%	51	2.14%
52	2.28	53	2.42
54	2.56	55+	2.70

C. Deferred Retirement Option (DROP)

If eligible for service retirement, a member can elect DROP for a maximum of ten years while still working. Monthly deposits of foregone retirement allowances are made on such member's behalf based on the retirement allowance at date of DROP election.

D. Maximum Benefit – 75% of Final Average Compensation

Brief Summary of Benefit Provisions Evaluated

Effective June 30, 2005

(Continued)

3. Ordinary Disability

A. Eligibility – Ten years of service.

B. Benefit Formula – Greater of 1.65% (1.5% for Tier 2) of Final Compensation for each year of service or 36.67% (33 1/3% for Tier 2) of Final Compensation. Notwithstanding, the benefit shall not be less than any service retirement benefit eligible to be received at time of disability.

4. Duty Disability

A. Eligibility – Immediate

B. Benefit Formula – Minimum of 55% (50% for Tier 2) of Final Compensation or service retirement benefit eligible to be received at time of disability.

5. Pre-retirement Death Benefit

A. Eligibility – Before eligibility for disability (ten years of service) for Tier 1 and five years of service for Tier 2.

B. Benefit – Refund of employee contributions with interest plus one month of final compensation for each year of service to a maximum of six years

or

A1. Eligibility – Qualified for Retirement (10 years for Tier 1; 5 years for Tier 2).

B1. Benefit – Benefit based on benefit due on member's date of death. 2/3 of Retirement Benefit or Ordinary Disability Benefit.

If the death is duty related, the survivor shall receive a benefit of 55% (50% for Tier 2) of Final Compensation.

(Continued on Next Page)

Brief Summary of Benefit Provisions Evaluated

Effective June 30, 2005

(Continued)

6. Death After Retirement

A. Service or Disability Retirement

- 2/3rd of member's unmodified allowance

7. Withdrawal Benefits

A. Less than Ten Years (Five years for Tier 2) of Service

Refund of accumulated employee contributions with interest.

B. Ten (Five Years for Tier 2) or More Years of Service

If contributions left on deposit, entitled to earned benefits commencing at any time after eligible to retire.

8. Post-retirement Cost-of-Living Benefits

Tier 1: Based on increase in weighted mean average compensation, if benefit based average compensation; or based on increased salary in rank held if benefit based rank salary. Subject to a 5% maximum.

Tier 2: Each July 1, benefits are increased based on increases in the local CPI, subject to a 3% maximum increase.

9. Employer Contributions

Determined by Entry Age Normal cost method.

10. Member Contributions

See Appendix A for Tier 1 rates. Tier 2 rates are 9%.

NOTE: The summary of major plan provisions is designed to outline principal plan benefits. If retirement staff or the City should find the plan summary not in accordance with the actual provisions, the actuary should be IMMEDIATELY alerted so they can both be sure the proper provisions are valued.

City of Fresno Fire and Police Retirement System

System Assets

The following market value of assets was taken from the System's Annual Reports as of June 30, 2005 and June 30, 2004. We have not audited or verified the System financial statements.

	<u>June 30, 2005</u>	<u>June 30, 2004</u>	<u>Percent Change</u>
Market Value	\$957,810,330	\$889,966,606	7.62%
Actuarial Value	\$846,718,158	\$793,058,514	6.77%

The approximate rates of return on plan assets are shown below, based on the following analysis.

	<u>Market Value</u>	<u>Actuarial Value</u>
Value of Assets at 6/30/2004	\$889,966,606	\$793,058,514
Contributions:		
Employer	8,806,044	8,806,044
Members	4,963,353	4,963,353
Benefits Paid to Participants	(36,821,105)	(32,961,289)
Administrative Expenses Paid	<u>(865,665)</u>	<u>(865,665)</u>
Total Non-Investment Cash Flow	(23,917,373)	(20,057,557)
Investment Earnings (net of Investment Expenses)	91,761,097	73,717,200
Value of Assets at 6/30/2005	\$957,810,330	\$846,718,158
NET RATE OF RETURN (Net of Expenses)	10.45%	10.02%

City of Fresno Fire and Police Retirement System

Calculation of Actuarial Value of Assets

	5-Year Smoothing Plan Year Ended <u>6/30/05</u>
A. Actuarial Value Beginning of Year	\$793,058,514
B. Net Market Value End of Year	957,810,330
C. Net Market Value Beginning of Year	889,966,606
D1. Non-Investment Cash Flow (Market Value)	(23,917,373)
D2. Non-Investment Cash Flow (Actuarial Value)	(20,057,557)
E. Investment Income	
E1. Market Total = B - C - D	91,761,097
E2. Expected Return (8.25%)	64,599,953
E3. Phased-in Recognition	27,161,144
F. Phased-in Recognition	
F1. Current Year: 20% of E3	5,432,229
F2. First Prior Year: 20% of 80,487,543	16,097,509
F3. Second Prior Year: 25% of 5,269,653	1,317,413
F4. Third Prior Year: 1/3 of (26,999,709)	(8,999,903)
F5. Fourth Prior Year	0
F6. Total Recognized Gain	13,847,248
G. Preliminary Funding Value = A + D2 + E2 + F6	851,448,158
H. Excluded Assets	
H1. End of Year	56,465,000
H2. Beginning of Year	51,735,000
H3. Change = H1 - H2	4,730,000
I. Final Funding Value = G - H3	\$846,718,158

¹ The remaining smoothing periods for Items 6b-6c have been set so that the total amortization period for either layer will not exceed five years.

City of Fresno Fire and Police Retirement System
System Accounting Assets, Reserves and Other Liabilities

	<u>2005</u>	<u>2004</u>
Assets:		
Cash	<u>\$887,115</u>	<u>\$703,568</u>
Receivables:		
Receivables for Investments Sold	30,261,328	5,064,579
Interest and Dividends	3,613,617	2,586,889
Other Receivables	<u>21,958,347</u>	<u>15,849,406</u>
Total Receivables	55,833,292	23,500,874
Investments at Fair Value		
Short Term Investments	33,496,762	24,473,362
Domestic Equity	364,654,174	420,809,870
Corporate Bonds	116,207,445	143,475,229
International Equity	165,544,098	144,522,504
Government Bonds	161,198,849	75,657,171
Emerging Market Equity	31,502,541	29,423,468
Real Estate	<u>89,827,017</u>	<u>74,229,247</u>
Total Investments	962,430,886	912,590,851
Collateral Held for Securities Lent	164,948,097	105,790,164
Fixed Assets	31,601	
Total Assets	<u>1,184,130,991</u>	<u>1,042,585,457</u>
Liabilities		
Collateral Held for Securities Lent	164,948,097	105,790,164
Prepaid Employer Contributions	13,684,059	21,020,472
Payable for Investments Purchased	25,284,937	8,892,762
Payable for Foreign Currency		
Purchased	21,292,415	15,852,978
Other Liabilities	<u>1,111,153</u>	<u>1,062,475</u>
Total Liabilities	<u>226,320,661</u>	<u>152,618,851</u>
Total Reserves	<u>\$957,810,330</u>	<u>\$889,966,606</u>
Total Reserves and Liabilities	<u>\$1,184,130,991</u>	<u>\$1,042,585,457</u>

City of Fresno Fire and Police Retirement System

Membership Summary

Active Members			
	June 30, 2005	June 30, 2004	Percent Change
1. Tier 1			
A. Number	154	172	(10.5)%
B. Average Age	45.98	45.45	1.2%
C. Average Years of Service	20.64	20.22	2.1%
D. Annual Salary			
i. Total	\$12,333,729	\$13,221,817	(6.7)%
ii. Average	\$80,089	\$76,871	4.2%
2. Tier 2			
A. Number	740	670	10.4%
B. Average Age	34.83	34.65	0.5%
C. Average Years of Service	5.88	5.63	4.4%
D. Annual Salary			
i. Total	\$48,789,501	\$42,673,614	14.3%
ii. Average	\$65,932	\$63,692	3.5%
3. Total			
A. Number	894	842	6.2%
B. Average Age	36.75	36.85	(0.3)%
C. Average Years of Service	8.42	8.61	(2.2)%
D. Annual Salary			
i. Total	\$61,123,230	\$55,895,431	9.4%
ii. Average	\$68,371	\$66,384	3.0%
4. DROP			
A. Number	171	175	(2.3)%
B. Average Age	54.4	54.2	0.4%
C. Average Years of Service	23.6	23.5	0.4%
D. Annual Salary			
i. Total	\$12,299,275	\$12,588,060	(2.3)%
ii. Average	\$71,926	\$71,932	(0.0)%
Retired Members			
	June 30, 2005	June 30, 2004	Percent Change
Retired Members			
A. Service Retirement			
i. Number	312	307	1.6%
ii. Annual Allowance			
Basic Only	\$10,357,285	\$10,214,159	1.4%
COLA	\$3,167,757	\$2,765,242	14.6%
Total	\$13,525,022	\$12,979,401	4.2%
Average Monthly Amount	\$3,612	\$3,523	2.5%
B. Disability Retirement			
i. Number	274	260	5.4%
ii. Annual Allowance			
Basic Only	\$8,747,300	\$8,275,789	5.7%
COLA	\$2,260,123	\$1,859,751	21.5%
Total	\$11,007,423	\$10,135,540	8.6%
Average Monthly Amount	\$3,348	\$3,249	3.1%
C. Beneficiaries			
i. Number	211	204	3.4%
ii. Annual Allowance			
Basic Only	\$3,604,765	\$3,598,712	0.2%
COLA	\$1,074,069	\$957,536	12.2%
Total	\$4,678,834	\$4,556,248	2.7%
Average Monthly Amount	\$1,848	\$1,861	(0.7)%
Inactive Vested Members			
A. Number	31	21	47.6%

City of Fresno Fire and Police Retirement System

Active Members

By Attained Ages and Years of Service

Tier 1

Age Group	Years of Service to Valuation Date											Total	
	0-1	1-2	2-3	3-4	4-5	5-9	10-14	15-19	20-24	25-29	30-34		35 & Up
20-24 NO.	0	0	0	0	0	0	0	0	0	0	0	0	0
TOT PAY	0	0	0	0	0	0	0	0	0	0	0	0	0
AVG PAY	0	0	0	0	0	0	0	0	0	0	0	0	0
25-29 NO.	0	0	0	0	0	0	0	0	0	0	0	0	0
TOT PAY	0	0	0	0	0	0	0	0	0	0	0	0	0
AVG PAY	0	0	0	0	0	0	0	0	0	0	0	0	0
30-34 NO.	0	0	0	0	0	0	0	0	0	0	0	0	0
TOT PAY	0	0	0	0	0	0	0	0	0	0	0	0	0
AVG PAY	0	0	0	0	0	0	0	0	0	0	0	0	0
35-39 NO.	0	0	0	0	0	0	2	3	0	0	0	0	5
TOT PAY	0	0	0	0	0	0	142,034	210,946	0	0	0	0	352,980
AVG PAY	0	0	0	0	0	0	71,017	70,315	0	0	0	0	70,596
40-44 NO.	0	0	0	0	0	0	0	31	7	0	0	0	38
TOT PAY	0	0	0	0	0	0	0	2,538,329	629,117	0	0	0	3,167,445
AVG PAY	0	0	0	0	0	0	0	81,882	89,874	0	0	0	83,354
45-49 NO.	0	0	0	0	0	0	2	39	25	24	0	0	90
TOT PAY	0	0	0	0	0	0	150,463	2,904,122	2,036,946	2,074,508	0	0	7,166,038
AVG PAY	0	0	0	0	0	0	75,232	74,465	81,478	86,438	0	0	79,623
50-54 NO.	0	0	0	0	0	0	1	9	1	7	3	0	21
TOT PAY	0	0	0	0	0	0	71,236	703,564	76,154	513,597	282,715	0	1,647,266
AVG PAY	0	0	0	0	0	0	71,236	78,174	76,154	73,371	94,238	0	78,441
55-59 NO.	0	0	0	0	0	0	0	0	0	0	0	0	0
TOT PAY	0	0	0	0	0	0	0	0	0	0	0	0	0
AVG PAY	0	0	0	0	0	0	0	0	0	0	0	0	0
60-64 NO.	0	0	0	0	0	0	0	0	0	0	0	0	0
TOT PAY	0	0	0	0	0	0	0	0	0	0	0	0	0
AVG PAY	0	0	0	0	0	0	0	0	0	0	0	0	0
65-99 NO.	0	0	0	0	0	0	0	0	0	0	0	0	0
TOT PAY	0	0	0	0	0	0	0	0	0	0	0	0	0
AVG PAY	0	0	0	0	0	0	0	0	0	0	0	0	0
TOT NO.	0	0	0	0	0	0	5	82	33	31	3	0	154
TOT AMT	0	0	0	0	0	0	363,734	6,356,960	2,742,216	2,588,105	282,715	0	12,333,729
AVG AMT	0	0	0	0	0	0	72,747	77,524	83,097	83,487	94,238	0	80,089

City of Fresno Fire and Police Retirement System

Active Members

By Attained Ages and Years of Service

Tier 2

Age Group	Years of Service to Valuation Date												Total
	0-1	1-2	2-3	3-4	4-5	5-9	10-14	15-19	20-24	25-29	30-34	35 & Up	
20-24 NO.	16	11	3	0	0	0	0	0	0	0	0	0	30
TOT PAY	724,884	578,836	167,694	0	0	0	0	0	0	0	0	0	1,471,414
AVG PAY	45,305	52,621	55,898	0	0	0	0	0	0	0	0	0	49,047
25-29 NO.	29	34	25	7	15	12	0	0	0	0	0	0	122
TOT PAY	1361349	854,558	1,472,916	453,574	1,034,854	836,983	0	0	0	0	0	0	7,014,233
AVG PAY	46,943	54,546	58,917	64,796	68,990	69,749	0	0	0	0	0	0	57,494
30-34 NO.	19	29	28	10	9	99	7	1	0	0	0	0	202
TOT PAY	859248	626,243	1,713,304	677,954	616,004	7,017,772	544,787	73,211	0	0	0	0	13,128,523
AVG PAY	45,224	56,077	61,189	67,795	68,445	70,887	77,827	73,211	0	0	0	0	64,993
35-39 NO.	12	15	12	9	10	117	55	2	0	0	0	0	232
TOT PAY	537,779	832,863	751,880	576,947	658,165	8,374,745	4,135,397	144,693	0	0	0	0	16,012,470
AVG PAY	44,815	55,524	62,657	64,105	65,816	71,579	75,189	72,346	0	0	0	0	69,019
40-44 NO.	0	5	8	6	3	41	36	0	0	0	0	0	99
TOT PAY	0	288,257	478,384	399,376	205,130	3,031,249	2,759,288	0	0	0	0	0	7,161,684
AVG PAY	0	57,651	59,798	66,563	68,377	73,933	76,647	0	0	0	0	0	72,340
45-49 NO.	0	1	5	0	0	16	19	0	0	0	0	0	41
TOT PAY	0	58,029	295,150	0	0	1,178,444	1,412,893	0	0	0	0	0	2,944,516
AVG PAY	0	58,029	59,030	0	0	73,653	74,363	0	0	0	0	0	71,817
50-54 NO.	0	2	0	0	0	5	5	0	0	0	0	0	12
TOT PAY	0	175,297	0	0	0	352,192	365,763	0	0	0	0	0	893,252
AVG PAY	0	87,649	0	0	0	70,438	73,153	0	0	0	0	0	74,438
55-59 NO.	0	0	0	0	0	1	1	0	0	0	0	0	2
TOT PAY	0	0	0	0	0	71,837	91,572	0	0	0	0	0	163,409
AVG PAY	0	0	0	0	0	71,837	91,572	0	0	0	0	0	81,704
60-64 NO.	0	0	0	0	0	0	0	0	0	0	0	0	0
TOT PAY	0	0	0	0	0	0	0	0	0	0	0	0	0
AVG PAY	0	0	0	0	0	0	0	0	0	0	0	0	0
65-99 NO.	0	0	0	0	0	0	0	0	0	0	0	0	0
TOT PAY	0	0	0	0	0	0	0	0	0	0	0	0	0
AVG PAY	0	0	0	0	0	0	0	0	0	0	0	0	0
TOT NO.	76	97	81	32	37	291	123	3	0	0	0	0	740
TOT AMT	3,483,261	414,083	4,879,327	2,107,851	2,514,153	20,863,222	9,309,700	217,904	0	0	0	0	48,789,501
AVG AMT	45,832	55,815	60,239	65,870	67,950	71,695	75,689	72,635	0	0	0	0	65,932

City of Fresno Fire and Police Retirement System

DROP Members

As of June 30, 2005

Age Group	Years of Participation									Total
	<u>0-1</u>	<u>1-2</u>	<u>2-3</u>	<u>3-4</u>	<u>4-5</u>	<u>5-6</u>	<u>6-7</u>	<u>7-8</u>	<u>8+</u>	
50-54 NO.	15	32	24	20	21	0	0	0	0	112
AVG DEPOSIT	44,779	45,025	40,896	40,468	42,300	0	0	0	0	42,783
55-59 NO.	0	1	1	1	4	17	10	12	0	46
AVG DEPOSIT	0	60,587	20,582	23,544	30,346	43,249	44,062	44,601	0	42,112
60-64 NO.	0	0	0	0	0	0	0	13	0	13
AVG DEPOSIT	0	0	0	0	0	0	0	56,884	0	56,884
65 + NO.	0	0	0	0	0	0	0	0	0	0
AVG DEPOSIT	0	0	0	0	0	0	0	0	0	0
TOTAL	15	33	25	21	25	17	10	25	0	171
	44,779	45,497	40,084	39,662	40,387	43,249	44,062	50,988	0	43,674

Total DROP Deposits **\$7,468,335**

Average Age **54.4**

Average DROP Service **3.9**

City of Fresno Fire and Police Retirement System

Service Retirees

As of June 30, 2005

Age Group	Years of Retirement									Total
	<u>0-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25-29</u>	<u>30-34</u>	<u>35-39</u>	<u>40+</u>	
50-54 NO.	20	0	0	0	0	0	0	0	0	20
AVG PAY	31,948	0	0	0	0	0	0	0	0	31,948
55-59 NO.	28	14	0	0	0	0	0	0	0	42
AVG PAY	42,034	39,464	0	0	0	0	0	0	0	41,177
60-64 NO.	7	10	14	0	0	0	0	0	0	31
AVG PAY	48,782	40,274	34,426	0	0	0	0	0	0	39,554
65-69 NO.	3	13	10	13	0	0	0	0	0	39
AVG PAY	54,780	57,423	48,156	40,838	0	0	0	0	0	49,315
70-74 NO.	0	4	8	15	24	0	0	0	0	51
AVG PAY	0	66,548	61,069	48,262	38,683	0	0	0	0	47,198
75-79 NO.	0	0	2	9	11	36	0	0	0	58
AVG PAY	0	0	48,508	54,387	44,336	42,064	0	0	0	44,629
80-84 NO.	0	0	0	1	5	14	27	0	0	47
AVG PAY	0	0	0	52,937	49,483	43,135	37,618	0	0	40,850
85-89 NO.	0	0	0	0	0	6	8	5	0	19
AVG PAY	0	0	0	0	0	52,777	46,196	38,974	0	46,374
90+ NO.	0	0	0	0	0	0	2	1	2	5
AVG PAY	0	0	0	0	0	0	49,758	39,821	35,596	42,106
TOT NO.	58	41	34	38	40	56	37	6	2	312
AVG AMT	40,030	47,998	45,562	47,296	41,588	43,480	40,129	39,115	35,596	43,349

Total Benefit **\$13,525,022**
Average Age **71.38**
Average No. of Years Since Retirement **17.68**

City of Fresno Fire and Police Retirement System

Disabled Retirees

As of June 30, 2005

Age Group	Years of Retirement									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
25-29 NO.	1	0	0	0	0	0	0	0	0	1
AVG PAY	32,951	0	0	0	0	0	0	0	0	32,951
30-34 NO.	5	0	0	0	0	0	0	0	0	5
AVG PAY	33,947	0	0	0	0	0	0	0	0	33,947
35-39 NO.	12	5	0	0	0	0	0	0	0	17
AVG PAY	33,520	30,784	0	0	0	0	0	0	0	32,715
40-44 NO.	10	8	4	0	0	0	0	0	0	22
AVG PAY	35,132	33,765	35,174	0	0	0	0	0	0	34,643
45-49 NO.	8	4	4	3	0	0	0	0	0	19
AVG PAY	36,461	35,931	34,979	35,204	0	0	0	0	0	35,839
50-54 NO.	6	4	10	2	2	2	0	0	0	26
AVG PAY	39,089	33,831	35,482	36,437	35,712	34,690	0	0	0	36,090
55-59 NO.	32	14	11	2	5	4	0	0	0	68
AVG PAY	44,689	38,072	35,816	36,444	35,767	35,880	0	0	0	40,474
60-64 NO.	16	13	9	6	5	6	0	0	0	55
AVG PAY	48,346	45,676	40,913	34,792	36,518	35,052	0	0	0	42,495
65-69 NO.	1	5	12	7	5	2	0	0	0	32
AVG PAY	62,858	59,456	50,387	35,375	38,627	29,247	0	0	0	45,751
70-74 NO.	0	1	7	4	4	4	3	0	0	23
AVG PAY	0	36,462	56,964	45,615	38,429	37,709	36,634	0	0	44,875
75-79 NO.	0	0	0	0	0	4	0	0	1	5
AVG PAY	0	0	0	0	0	44,811	0	0	19,195	37,288
80+ NO.	0	0	0	0	0	0	1	0	0	1
AVG PAY	0	0	0	0	0	0	95,085	0	0	95,085
TOT NO.	91	54	57	24	21	22	4	0	1	274
AVG AMT	41,197	40,067	42,123	37,092	37,129	36,354	51,247	0	19,195	40,173

Total Benefit **\$11,007,423**
Average Age **57.59**
Average No. of Years Since Retirement **10.86**

City of Fresno Fire and Police Retirement System
Beneficiaries and Alternate Payees
As of June 30, 2005

Age Group	Years of Retirement										Total	
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	*		
0-39 NO.	4	0	0	0	0	0	0	0	0	0	0	4
AVG PAY	15,435	0	0	0	0	0	0	0	0	0	0	15,435
40-44 NO.	5	1	0	0	0	0	0	0	0	0	1	7
AVG PAY	7,859	35,222	0	0	0	0	0	0	0	0	37,211	15,961
45-49 NO.	12	4	0	0	0	0	0	0	0	0	0	16
AVG PAY	9,421	15,113	0	0	0	0	0	0	0	0	0	10,844
50-54 NO.	16	1	1	0	1	0	0	0	0	0	0	19
AVG PAY	10,646	847	16,619	0	32,797	0	0	0	0	0	0	11,610
55-59 NO.	10	14	3	2	1	0	1	0	0	0	1	32
AVG PAY	22,741	12,212	7,739	19,359	15,640	0	48,372	0	0	0	25,488	17,182
60-64 NO.	4	4	3	2	1	1	0	0	0	0	0	15
AVG PAY	30,922	17,158	17,039	12,763	24,411	16,748	0	0	0	0	0	20,675
65-69 NO.	2	6	2	0	2	1	0	1	0	0	0	14
AVG PAY	25,194	19,861	18,590	0	16,824	14,843	0	19,971	0	0	0	19,657
70-74 NO.	8	3	5	1	3	0	2	0	0	0	2	24
AVG PAY	26,115	19,502	37,494	29,627	20,274	0	29,054	0	0	0	29,942	27,639
75-79 NO.	5	8	3	4	2	1	0	2	0	0	2	27
AVG PAY	27,633	25,566	23,204	31,797	37,947	74,732	0	25,039	0	0	38,714	30,282
80-84 NO.	4	7	1	2	2	0	4	0	2	2	2	24
AVG PAY	24,518	26,602	30,404	26,734	37,026	0	32,447	0	13,390	29,048	0	27,370
85-89 NO.	0	1	3	4	3	2	0	2	2	0	0	17
AVG PAY	0	26,304	25,240	27,132	29,166	36,020	0	23,340	32,663	0	0	28,358
90+ NO.	2	3	2	0	1	3	0	1	0	0	0	12
AVG PAY	38,491	26,277	24,210	0	21,826	36,144	0	21,727	0	0	0	29,685
TOT NO.	72	52	23	15	16	8	7	6	4	8	8	211
AVG AMT	18,167	19,417	23,468	25,537	26,662	35,849	33,753	23,076	23,026	32,263	0	22,175

Total Benefit **\$4,678,834**
Average Age **67.87**
Average No. of Years Since Retirement **11.30**

* Beneficiaries with unknown dates of retirement

City of Fresno Fire and Police Retirement System

Summary of Monthly Allowances Being Paid

	Monthly Allowance			
	<u>Number</u>	<u>Basic</u>	<u>Cost of Living</u>	<u>Total</u>
Service Retirement				
Unmodified	176	\$497,845	\$150,142	\$647,986
Option 1	103	271,462	89,740	361,202
Option 2 & 3	<u>33</u>	<u>93,800</u>	<u>24,097</u>	<u>117,897</u>
Total	312	863,107	263,978	1,127,085
Disability Retirement				
Unmodified	209	567,949	147,805	715,754
Option 1	46	111,671	28,133	139,804
Option 2 & 3	<u>19</u>	<u>49,321</u>	<u>12,406</u>	<u>61,727</u>
Total	274	728,942	188,344	917,285
Beneficiaries				
Total	<u>211</u>	<u>300,397</u>	<u>89,506</u>	<u>389,903</u>
Total	797	\$1,892,446	\$541,827	\$2,434,273

ACTUARIAL COST METHODS, ACTUARIAL ASSUMPTIONS

AND

DEFINITIONS OF TECHNICAL TERMS

City of Fresno Fire and Police Retirement System

Actuarial Cost Methods - June 30, 2005

Normal cost and the allocation of benefit values between service rendered before and after the valuation date were determined using an entry age normal actuarial cost method. Future, anticipated compensation increases are incorporated into this method.

Financing of Prefunded Actuarial Accrued Liability. Each year's actuarial gain (loss) impacts the PRSB account and the PRSB reserve. As part of this calculation, 15-year amortization is assumed. Currently, there is an excess of the actuarial value of assets over the actuarial value of liabilities which is part of a computation to derive an offset to the normal cost rate.

Active member payroll in aggregate is assumed to increase 4.25% a year for the purpose of determining the level percent contributions, although individual annual pay increase rates will increase by greater percentages per year for the purpose of projecting individual pays.

Deferred Member Actuarial Accrued Liability. Data provided includes date of hire, date of birth, date of termination, and last pay. Service credit, highest average salary, and deferred retirement age were estimated, based on the data provided. The estimates were used to compute the retirement benefit, upon which the liabilities are based.

Actuarial Assumptions Used for the June 30, 2005 Valuation

The contribution requirements and benefit values of the Fund are calculated by applying actuarial assumptions to the benefit provisions and member information furnished, using the actuarial cost methods described on the previous page.

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

- (i) long-term rates of investment return to be generated by the assets of the Fund.
- (ii) patterns of pay increases to members.
- (iii) rates of mortality among members, retirants, and beneficiaries.
- (iv) rates of withdrawal of active members (without entitlement to a retirement benefit).
- (v) rates of disability among members.
- (vi) the age patterns of actual retirements.

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

Actual experience of the System will not coincide exactly with assumed experience, regardless of the choice of the assumptions, the skill of the actuary and the precision of the many calculations made. Each valuation provides a complete recalculation of assumed future experience and takes into account all past differences between assumed and actual experience. The result is a continual series of adjustments (usually small) to the computed contribution rate. From time to time it becomes appropriate to modify one or more of the assumptions, to reflect experience trends (but not random year-to-year fluctuations).

(Continued on Next Page)

City of Fresno Fire and Police Retirement System

Actuarial Assumptions Used for the June 30, 2005 Valuation

(Continued)

The Entry Age Normal Actuarial Cost Method was used in conjunction with the following actuarial assumptions.

The investment return rate used for the actuarial valuation calculations was 8.25% a year, net of administrative expenses, compounded annually. This assumption, used to equate the value of payments due at different points in time, is adopted by the Retirement Board. The rate is comprised of two elements:

General Inflation	4.25%
Real Rate of Return	<u>4.00%</u>
Total	8.25%

The general inflation rate used for the actuarial valuation calculations was 4.25% per year, compounded annually. It represents the difference between the investment return rate and the assumed real rate of return.

Inflation actually experienced, as measured by the Consumer Price Index for urban wage earners, has been as follows:

Consumer Price Index
Urban Wage Earners and Clerical Workers Before 1978
All Urban Consumers After 1977
10 Year Moving Averages

June 30, 1965	1.7 %
June 30, 1975	5.4%
June 30, 1985	7.2%
June 30, 1995	3.5%
June 30, 2005	2.5%

50-Year Average 4.1%

City of Fresno Fire and Police Retirement System
Actuarial Assumptions Used for the June 30, 2005 Valuation

(Continued)

Compensation increase rates used to project current pays to those, upon which a benefit will be based, are represented by the following table.

Annual Rate of Compensation Increase

General Inflation 4.25%

plus

Merit & Longevity See Table Below

Less than 5 years service 5.25%

More than 5 years of service

<u>Age</u>	<u>Annual Increase</u>
25-29	1.65%
30-34	1.25%
35-39	1.05%
40-44	0.50%
45-49	0.25%
50+	0.00%

There will be a one-shot compensation increase of 0.75% at time of retirement to reflect the weighted average leave cash outs for management employees.

City of Fresno Fire and Police Retirement System

Actuarial Assumptions Used for the June 30, 2005 Valuation

(Continued)

Rates of separation from active membership are shown below. This assumption measures the probabilities of members remaining in employment.

WITHDRAWAL

Tier 1

<u>Age</u>	<u>Less Than 4 Years</u>	<u>4-10 Years</u>	<u>More Than 10 Years</u>
20	4.473%	2.873%	2.873%
25	4.473%	2.873%	2.873%
30	4.473%	1.951%	1.770%
35	4.473%	0.834%	0.576%
40	4.473%	0.380%	0.202%
45	4.473%	0.197%	0.030%
50	4.473%	0.00%	0.00%
55	4.473%	0.00%	0.00%
60	0.00%	0.00%	0.00%

Tier 2

<u>Age</u>	<u>Less Than 1 Year</u>	<u>1-2 Years</u>	<u>2-3 Years</u>	<u>3-4 Years</u>	<u>4-10 Years</u>	<u>More Than 10 Years</u>
20	8.94%	4.47%	3.00%	2.50%	2.50%	2.50%
25	8.94%	4.47%	3.00%	2.50%	2.50%	2.50%
30	8.94%	4.47%	3.00%	2.50%	1.95%	1.77%
35	8.94%	4.47%	3.00%	2.50%	0.83%	0.58%
40	8.94%	4.47%	3.00%	2.50%	0.38%	0.20%
45	8.94%	4.47%	3.00%	2.50%	0.20%	0.03%
50	8.94%	4.47%	3.00%	2.50%	0.00%	0.00%
55	8.94%	4.47%	3.00%	2.50%	0.00%	0.00%
60	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

City of Fresno Fire and Police Retirement System

Actuarial Assumptions Used for the June 30, 2005 Valuation

(Continued)

% of Active Members

Separating Within Next Year

<u>Sample Ages</u>	<u>Terminated Vested</u>		<u>Non-Duty Disability</u>		<u>Duty Disability</u>	
	<u>Tier 1</u>	<u>Tier 2</u>	<u>Tier 1</u>	<u>Tier 2</u>	<u>Tier 1</u>	<u>Tier 2</u>
20	0.7%	0.7%	0%	0%	.09%	.30%
25	0.7%	0.7%	.01%	.01%	.28%	.42%
30	0.7%	0.7%	.01%	.01%	.31%	.60%
35	0.7%	0.7%	.03%	.03%	.70%	1.12%
40	0.7%	0.6%	.12%	.12%	.95%	1.62%
45	0.6%	0.4%	.25%	.25%	1.3%	1.76%
50	0.0%	0.0%	.20%	.20%	2.5%	1.71%
55	0.0%	0.0%	0%	0%	7.0%	2.53%
60	0.0%	0.0%	0%	0%	0%	--%

Non-Duty Death

Duty Death

<u>Sample Ages</u>	<u>Non-Duty Death</u>		<u>Duty Death</u>	
	<u>Tier 1</u>	<u>Tier 2</u>	<u>Tier 1</u>	<u>Tier 2</u>
20	.04%	.04%	.04%	.04%
25	.05%	.04%	.04%	.04%
30	.05%	.05%	.05%	.04%
35	.06%	.06%	.06%	.05%
40	.06%	.07%	.07%	.07%
45	.08%	.12%	.12%	.12%
50	.11%	.17%	.17%	.17%
55	.19%	0%	0%	0%
60	0%	0%	0%	0%

City of Fresno Fire and Police Retirement System

Actuarial Assumptions Used for the June 30, 2005 Valuation

(Continued)

The post-retirement mortality tables used were the 1994 Group Annuity Mortality Basic Tables for Males (Uninsured Pensioner) setback 2 years; and the 1994 Group Annuity Mortality Basic Table for Females (Uninsured Pensioner), set forward one year. This assumption is used to measure the probabilities of members dying after retirement and the probabilities of each benefit payment being made after retirement. The 1984 Disabled Life Mortality Table (Safety) are used for disabilitants, with a five-year setback. Related values are shown below.

<u>Sample Ages</u>	<u>Future Life Expectancy (Years)</u>		<u>% Dying With Next Year</u>	
	<u>Non-Disabled Retirees</u>		<u>Non-Disabled Retirees</u>	
	<u>Males</u>	<u>Females</u>	<u>Males</u>	<u>Females</u>
50	31.9	33.3	0.23%	0.17%
55	27.3	28.7	0.39%	0.28%
60	22.9	24.1	0.68%	0.55%
65	18.8	19.9	1.23%	1.04%
70	15.1	16.1	2.14%	1.61%
75	11.9	12.5	3.35%	2.72%

<u>Sample Ages</u>	<u>Future Life Expectancy (Years)</u>	<u>% Dying Within Next Year</u>
	<u>Disabled Retirees</u>	<u>Disabled Retirees</u>
45	31.8	0.51%
50	27.6	0.67%
55	23.6	0.92%
60	19.8	1.50%
65	16.6	2.80%
70	14.1	3.68%
75	11.7	4.37%

City of Fresno Fire and Police Retirement System
Actuarial Assumptions Used for the June 30, 2005 Valuation

(Continued)

The rates of retirement used to measure the probability of eligible members retiring during the next year.

<u>Retirement Ages</u>	<u>Tier 1</u>	<u>Tier 2</u>
50	12.719%	5.311%
51	7.631	4.124
52	7.631	4.635
53	5.087	14.280
54	5.087	16.735
55	10.598	19.456
56	13.768	11.718
57	14.030	7.820
58	16.662	9.687
59	29.672	9.171
60	100.000	100.000

<u>DROP Assumption:</u>	<u>Tier 1</u>	<u>Tier 2</u>
First Year Eligible	100%	50%
Next Year	0%	25%
Following Year	0%	10%
Thereafter	0%	0%

It is assumed members remain in DROP 3 years.

COLA Assumptions:

Tier 1 members: 4.25%

Tier 2 members: 2.75%

For current deferred vested members, we assume that benefits will commence at the later of age 50 or the current attained age. We assume that none of the deferred vested members are reciprocal.

Survivor Benefits. Marital status and spouses' census data were imputed with respect to active and deferred members.

Marital Status - 85% of members are assumed to be married at retirement.

Spouse Census - Spouses are assumed to be 4 years younger than members.

City of Fresno Fire and Police Retirement System

Comparison of Selected Actuarial Assumptions To Actual Experience

(Continued)

The salary increase assumptions project annual increases in total member payroll of 4.25%, the inflation portion of the individual pay increase assumptions. In effect, this assumes no change in the number of active members. Changes actually experienced in areas related to these assumptions have been as follows:

	Year Ended				3-year Average	4-year Average
	<u>6/30/05</u>	<u>6/30/04</u>	<u>6/30/03</u>	<u>6/30/02</u>		
Inflation ¹	2.5%	3.3%	2.1%	1.1%	2.6%	2.2%
Assumed					4.25 ²	4.25 ²
Average Pay Increase	2.4	1.1	(2.9)	4.8	0.2	1.3
Assumed					4.25 ²	4.25 ²
Merit & Longevity Increase	(0.1)	(2.2)	(5.0)	3.7	(2.4)	(0.9)
Assumed					0.5	0.5
Total Payroll	7.2	5.0	0.5	6.5	4.2	4.8
Assumed					4.25 ²	4.25 ²
Investment Return Rate ⁴	10.0	4.1	(4.2)	(2.1)	3.1	1.8
Assumed					8.25	8.25
Real Rate of Investment Return ⁴	7.5	0.8	(6.3)	(3.2)	0.5	(0.4)
Assumed					4.0 ³	4.0 ³

¹ Based on Consumer Price Index for All Urban Consumers.

² Reduced from 4.5% for 2004 valuation.

³ Increased from 3.75% for 2004 valuation.

⁴ Based on actuarial value of assets NOT market value or book value.

Definitions of Technical Terms

Actuarial Accrued Liability. The difference between the actuarial present value of system benefits and the actuarial value of future normal costs. Also referred to as "accrued liability" or "actuarial liability".

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

Accrued Service. Service credited under the System which was rendered before the date of the actuarial valuation.

Actuarial Equivalent. A single amount or series of amounts of equal actuarial value to another single amount or series of amounts, computed on the basis of appropriate actuarial assumptions.

Actuarial Cost Method. A mathematical budgeting procedure for allocating the dollar amount of the actuarial present value of retirement system benefits between future normal cost and actuarial accrued liability. Sometimes referred to as the "actuarial funding method".

Actuarial Gain (Loss). The difference between actual experience and actuarial assumption anticipated experience during the period between two actuarial valuation dates.

Actuarial Present Value. The amount of funds currently required to provide a payment or series of payments in the future. It is determined by discounting future payments at predetermined rates of interest, and by probabilities of payment.

Amortization. Paying off an interest-discounted amount with periodic payments of interest and principal -- as opposed to paying off with lump sum payment.

Normal Cost. The actuarial present value of retirement system benefits allocated to the current year by the actuarial cost method.

Prefunded Actuarial Accrued Liability. The difference between actuarial accrued liability and valuation assets. Sometimes referred to as "Prefunded actuarial liability" or "Prefunded accrued liability".

**DISCLOSURES REQUIRED BY
STATEMENTS NO. 25 AND 27 OF
THE GOVERNMENTAL ACCOUNTING STANDARDS BOARD**

City of Fresno Fire and Police Retirement System

GASB No. 25 Disclosure
Schedule of Employer Contributions
Retirement Benefits
(in thousands)

<u>Valuation Date</u>	<u>Valuation Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Prefunded AAL</u>	<u>Funded Ratio</u>	<u>Member Payroll</u>	<u>PAAL Ratio to Payroll</u>
6/30/95	\$450,529	\$403,788	\$46,641	111.6%	\$40,357	116%
6/30/96	512,889	399,543	113,346	128.4	41,739	272
6/30/97	601,693	413,962	187,731	145.3	45,759	410
6/30/98	695,258	487,804	207,454	142.5	47,608	436
6/30/99	779,518	501,273	278,245	155.5	55,947	501
6/30/00	852,444	522,798	329,646	163.1	57,996	568
6/30/01	859,123	562,131	296,992	152.8	60,985	487
6/30/02	814,680	590,855	223,825	137.9	64,937	347
6/30/03	749,505	617,879	131,626	121.3	65,247	202
6/30/04	793,059	642,194	150,865	123.5	68,483	220
6/30/05	846,718	670,101	176,617	126.4	73,422	241

<u>Year Ended June 30</u>	<u>Actuarially Required Contributions (ARC)</u>	<u>Contributions Made</u>
2000	0	0
2001	0	0
2002	0	0
2003	0 ¹	0
2004	728 ¹	728
2005	8,806 ¹	8,806

1 May vary depending on City's expensing policy. Contributions made were actually reallocated from a Prepaid Employer Contribution reserve.

City of Fresno Fire and Police Retirement System

Solvency Test
(in thousands)

Valuation Date	Aggregate Accrued Liabilities For				Portion of Accrued Liabilities Covered by Reported Assets		
	(1)	(2)	(3)	Actuarial Value of Assets	(1)	(2)	(3)
	Active Member Contributions	Retirees and Beneficiaries*	Active Members (Employer Financed Portion)				
6/30/2005	53,011	508,568	108,522	846,718	100%	100%	100%
6/30/2004	47,981	492,227	101,986	793,059	100%	100%	100%
6/30/2003	46,881	461,688	109,310	749,505	100%	100%	100%
6/30/2002	44,161	443,037	103,657	814,680	100%	100%	100%
6/30/2001	40,392	420,969	100,770	859,123	100%	100%	100%
6/30/2000	39,133	381,062	102,603	852,444	100%	100%	100%
6/30/1999	37,816	366,529	96,928	779,518	100%	100%	100%
6/30/1998	32,261	358,814	96,729	695,258	100%	100%	100%
6/30/1997	45,412	254,805	113,745	601,693	100%	100%	100%
6/30/1996	42,424	247,231	109,888	512,889	100%	100%	100%
6/30/1995	43,083	242,180	118,525	450,429	100%	100%	100%
6/30/1993	34,526	224,361	131,709	242,036	100%	92.49%	0%

* Includes Deferred Vesteds



APPENDIX A

MEMBER CONTRIBUTION RATES

Members' Contribution Rates

Tier 1 Member Contribution Rates

Age	Exact Age		1/4 Year Age		1/2 Year Age		3/4 Year Age	
	Rate	Dependent Portion	Rate	Dependent Portion	Rate	Dependent Portion	Rate	Dependent Portion
20	3.77%	0.05003	3.82%	0.05003	3.87%	0.05003	3.91%	0.05003
21	3.96%	0.05003	4.01%	0.05003	4.06%	0.05003	4.11%	0.05003
22	4.16%	0.05003	4.22%	0.05003	4.27%	0.05003	4.33%	0.05003
23	4.38%	0.05003	4.44%	0.05003	4.50%	0.05003	4.55%	0.05003
24	4.61%	0.05003	4.68%	0.05003	4.74%	0.05003	4.81%	0.05003
25	4.87%	0.05003	4.94%	0.05003	5.01%	0.05003	5.08%	0.05003
26	5.15%	0.05003	5.23%	0.05003	5.31%	0.05003	5.38%	0.05003
27	5.46%	0.05003	5.55%	0.05003	5.63%	0.05003	5.72%	0.05003
28	5.80%	0.05003	5.90%	0.05003	5.99%	0.05003	6.09%	0.05003
29	6.18%	0.05003	6.28%	0.05003	6.39%	0.05003	6.49%	0.05003
30	6.59%	0.05003	6.57%	0.05099	6.55%	0.05195	6.53%	0.05291
31	6.51%	0.05388	6.49%	0.05484	6.47%	0.05580	6.46%	0.05676
32	6.44%	0.05772	6.42%	0.05868	6.40%	0.05965	6.38%	0.06061
33	6.36%	0.06157	6.34%	0.06253	6.32%	0.06349	6.30%	0.06445
34	6.28%	0.06541	6.26%	0.06638	6.24%	0.06734	6.22%	0.06830
35	6.21%	0.06926	6.19%	0.07022	6.17%	0.07118	6.15%	0.07214
36	6.13%	0.07311	6.11%	0.07407	6.09%	0.07503	6.07%	0.07599
37	6.05%	0.07695	6.03%	0.07791	6.01%	0.07888	5.99%	0.07984
38	5.97%	0.08080	5.95%	0.08176	5.94%	0.08272	5.92%	0.08368
39	5.90%	0.08464	5.88%	0.08561	5.86%	0.08657	5.84%	0.08753
40	5.82%	0.08849	5.85%	0.08849	5.89%	0.08849	5.92%	0.08849
41	5.95%	0.08849	5.98%	0.08849	6.02%	0.08849	6.05%	0.08849
42	6.08%	0.08849	6.11%	0.08849	6.15%	0.08849	6.18%	0.08849
43	6.21%	0.08849	6.25%	0.08849	6.28%	0.08849	6.32%	0.08849
44	6.35%	0.08849	6.39%	0.08849	6.42%	0.08849	6.46%	0.08849
45	6.49%	0.08849	6.53%	0.08849	6.57%	0.08849	6.61%	0.08849
46	6.65%	0.08849	6.69%	0.08849	6.73%	0.08849	6.77%	0.08849
47	6.81%	0.08849	6.85%	0.08849	6.90%	0.08849	6.94%	0.08849
48	6.98%	0.08849	7.03%	0.08849	7.07%	0.08849	7.12%	0.08849
49	7.16%	0.08849	7.21%	0.08849	7.26%	0.08849	7.30%	0.08849
50	7.35%	0.08849	7.40%	0.08849	7.45%	0.08849	7.50%	0.08849
51	7.55%	0.08849	7.61%	0.08849	7.67%	0.08849	7.72%	0.08849
52	7.78%	0.08849	7.79%	0.08849	7.81%	0.08849	7.82%	0.08849
53	7.83%	0.08849	7.86%	0.08849	7.88%	0.08849	7.91%	0.08849
54	7.93%	0.08849	7.97%	0.08849	8.01%	0.08849	8.04%	0.08849
55	8.08%	0.08849	8.07%	0.08849	8.06%	0.08849	8.04%	0.08849
56	8.03%	0.08849	8.02%	0.08849	8.01%	0.08849	8.00%	0.08849
57	7.99%	0.08849	7.98%	0.08849	7.97%	0.08849	7.95%	0.08849
58	7.94%	0.08849	7.93%	0.08849	7.92%	0.08849	7.91%	0.08849
59	7.90%	0.08849	5.93%	0.08849	3.95%	0.08849	1.98%	0.08849

NOTE: Dependent portion refers to the portion of the member's rate attributable to the survivor continuation.

For example: the dependent portion of the age 20 rate is 3.77% x .05003 = 0.19%.

Mortality: Member - 1994 GAM (Uninsured Pensioners) set back two years

Beneficiary - 1994 GAF (Uninsured Pensioners) set forward one year

Interest: 8.25%

Salary Scale: 9.50% per year with service less than 5 years thereafter graded from 5.90% depending on age.