



2005 FIRE FIGHTER PENSION REPORT

**Lisa Ivie Miller, Commissioner
Office of the Fire Fighters' Pension Commissioner
P.O. Box 12577 Austin, TX 78711-2577**

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OFFICE OF THE
FIRE FIGHTERS' PENSION COMMISSIONER

June 9, 2006

The Honorable Rick Perry
Governor of Texas
P.O. Box 12428
Austin, TX 78711

The Honorable David Dewhurst
Lieutenant Governor
P.O. Box 12068
Austin, TX 78711-2068

The Honorable Tom Craddick
Speaker of the House of Representatives
P.O. Box 2910
Austin, TX 78768-2910

Dear Governor Perry, Governor Dewhurst and Speaker Craddick:

I am pleased to provide to you this biennial summary of activities of the Office of the Fire Fighters' Pension Commissioner for the year ending December 31, 2005. The Office of the Fire Fighters' Pension Commissioner supports the retirement and benefit activities of over 26,000 paid, part-paid and volunteer fire fighters representing over \$1.5 billion in assets. The authority for agency operations exists under two distinct statutory programs: the Texas Local Fire Fighters Retirement Act (TLFFRA), V.T.C.S. 6243(e) and the Texas Emergency Services Retirement System (TESRS), Title 8. Government Code, Subtitle H.

The agency's mission "To be a recognized leader and preferred provider for the emergency services community by delivering unequalled products and fiduciary services through a highly qualified staff of professionals with total commitment to integrity and excellence" is delivered daily through the activities of our staff of eight highly committed individuals that take personally their responsibility to the taxpayers of this state.

For your review, the report is divided into four distinct sections:

1. Introductory Section
2. Annual Financial Reports for Fiscal Years 2004 and 2005
3. Review of the Texas Emergency Services Retirement System
4. Review of the Texas Local Fire Fighter Retirement Act Systems

I would like to personally express my gratitude to my support staff, advisors and trustees for their diligence and support of this agency. It has been a pleasure to serve as this state's 7th Fire Fighters' Pension Commissioner and an appointee of Governor Perry. I appreciate your continued support of the fire fighters in this great state of Texas.

Sincerely,

Lisa Ivie Miller
Commissioner

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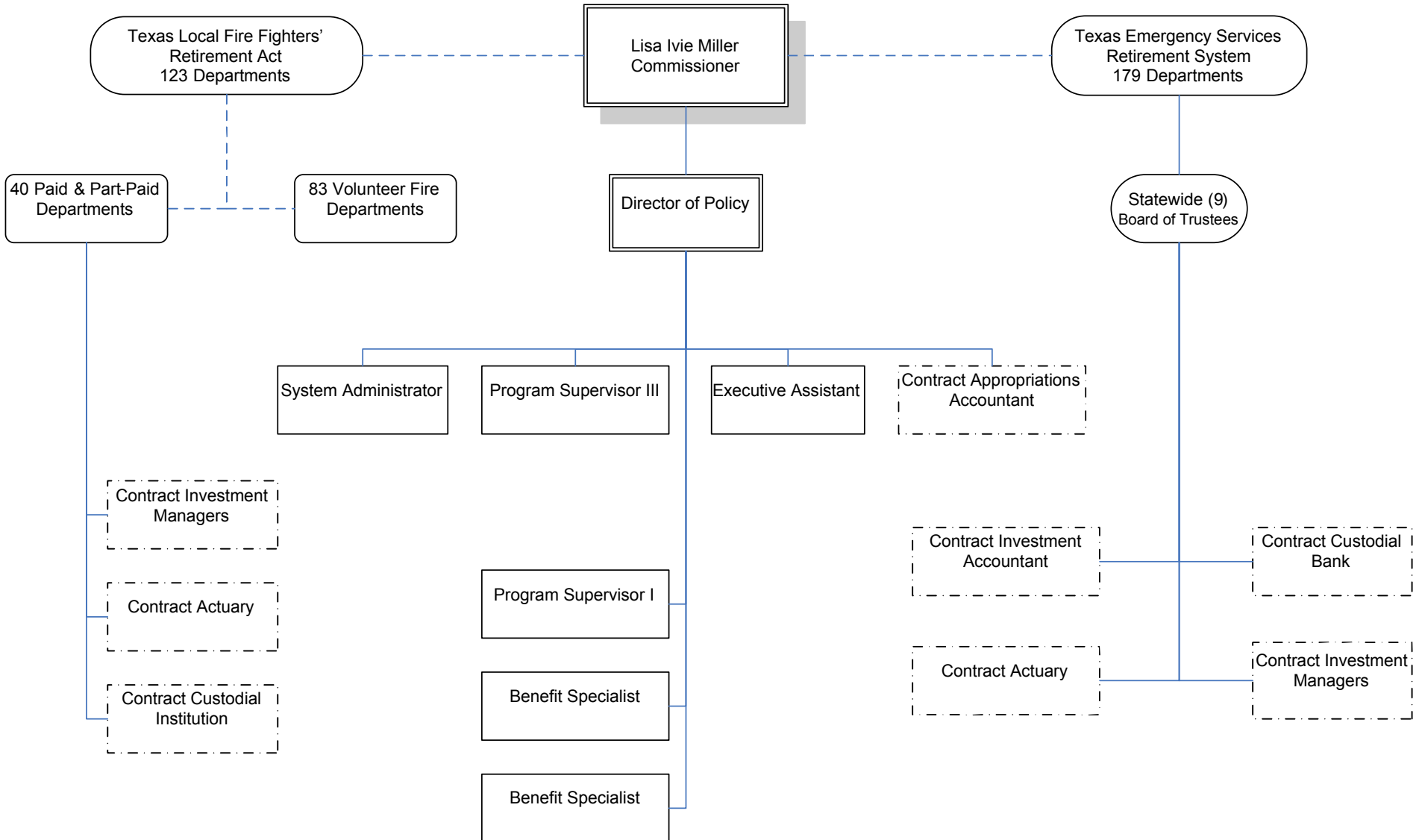


2005 Fire Fighter Pension Report Section 1: Introductory Section



Office of the Fire Fighters' Pension Commissioner

2005



ADMINISTRATIVE STAFF AND PROFESSIONAL ADVISORS

ADMINISTRATIVE STAFF

Director of Policy: Kevin Deiters

Contract Appropriations Accountant: Judy Johnson

Executive Assistant: Belinda Ramsey

Systems Analyst: George McCullough

PROGRAM STAFF

Texas Emergency Services Retirement System

Program Supervisor III: Elaine Rummel

Program Supervisor I: Linda Hajovsky

Retirement Systems Benefits Specialist: Anthony Alexander

Texas Local Fire Fighters' Retirement Act

Retirement Systems Benefits Specialist: Joey Evans

PROFESSIONAL ADVISORS

Legal Counsel: Melissa Juarez, Office of the Attorney General

Plan Design Consultant: Craig Hudgins

Investment Accountant: Jansen & Gregorczyk, CPA

Consulting Actuary: Robert May, Mark Fenlaw, Rudd and Wisdom Inc.

Investment Consultants: Charles Hodge, Ronald Jackson, Milliman USA, Inc.

Custodial Bank: State Street Bank and Trust

Investment Managers

Alliance Bernstein

Atlanta Capital Management

Brandes Investment Partners

PIMCO

Rice, Hall, James & Associates, L.L.C.

Pier Capital, L.L.C.

Computer & Network Support Services

Dr. IT

Indus Mokshum

HISTORICAL OVERVIEW

The Office of the Fire Fighters' Pension Commissioner was created in 1937 by House Bill No. 258 enacted by the Forty-fifth Legislature. Pursuant to this legislation, known as the Texas Local Fire Fighters Retirement Act (TLFFRA) codified as Tex. Rev. Civ. Stat. Ann. Art. 6243e (Vernon 1970, Supp. 1987 and recodified in 1989), the Commissioner was delegated the following responsibilities:

- Classify and coordinate the reports of the various Boards of Trustees.
- Verify any and all applications of the Boards of Trustees.
- Periodic examination of the accounts of such Boards.
- Hear appeals from local Board decisions and orders as provided by the Act.
- Conduct seminars or workshops for persons interested in issues pertaining to retirement systems under this Act.
- Issue a subpoena addressed to a sheriff or constable to require the production of books, records, or other documents that may be necessary to provide or determine compliance with the Act.

The Commissioner is appointed by the Governor, subject to Senate confirmation, to a four-year term beginning on July 1. The appointee is selected from a list of not less than three or more than ten nominees submitted by the State Firemen's and Fire Marshals' Association and the Texas State Association of Fire Fighters. The present Commissioner, Ms. Lisa Ivie Miller, was appointed by Governor Rick Perry on January 28th, 2004.

Senate Bill 411, enacted by the Sixty-fifth Legislature, created the Fire Fighters' Relief and Retirement Fund, effective August 29, 1977, to finance a pension system for fire fighters who serve without monetary compensation. This Act does not repeal the statutory authority for any existing pension plan. The Fire Fighters' Pension Commissioner was given added responsibility correspondent to this legislation. As codified in Section 19, Tex. Rev. Civ. Stat. Ann. Art. 6243e.3 (Vernon Supp. 1987), this includes the following duties:

- A. The Commissioner may not administer any fire fighters' pension plan other than the pension plan created by this Act and the system created by Chapter 125, Acts of the 45th Legislature, Regular Session 1937, as amended (Tex. Rev. Civ. Stat. Ann. article 6243e.3 [Vernon Supp. 1985]).
- B. The Commissioner may hear appeals from decisions of local boards in other pension plans.
- C. The Commissioner and the State Board of Trustees shall assemble and disseminate the information necessary for the disclosure requirements concerning the pension system as outlined in Section 16 of this Act.
- D. The Commissioner is responsible for recovering any fraudulently acquired benefits. If it appears that fraud has occurred, the Commissioner shall notify the Local Board and the Claimant and hold a hearing. If after the hearing the Commissioner decides that benefits have been or are being fraudulently acquired, he/she shall seek action in a court of appropriate jurisdiction.
- E. The Commissioner shall collect the revenues from the Local Boards of Trustees for the Fund.
- F. The Commissioner may request and administer additional State funds in an emergency.
- G. The Commissioner shall require annual reports from the Local Boards of Trustees.

- H. The Commissioner may at any reasonable time examine the records and accounts of Local Boards of Trustees.
- I. The Commissioner may recommend to the State Board of Trustees rules to implement this Act.
- J. The Commissioner shall keep a copy of all rules promulgated under this Act on file in the Commissioner's office. A copy of the rules shall be placed with each Local Board of Trustees and shall be made available for public inspection at any reasonable time.
- K. The Commissioner shall prepare the necessary forms for use by Local Boards of Trustees.
- L. The Commissioner shall prepare an annual report on the activity and status of the fund. The report shall go to the Governor, the Lieutenant Governor, and the Speaker of the House.
- M. The Commissioner shall oversee the distribution of all benefits. The Commissioner shall make benefit payments to Claimants after receiving a copy of a Local Board of Trustees' decision in favor of a claim and reviewing that decision.

This legislation also provides for a State Board of Trustees for the Fund. The Board is composed of nine persons appointed by the Governor, with the Senate's approval, to six-year, overlapping terms. Six trustees must be active members of the Fund, and three trustees must be persons who have experience in the fields of finance, securities investment, or pension administration. The six member trustees are appointee is selected from a list of three to five nominees submitted by the State Firemen's and Fire Marshals' Association of Texas.

Senate Bill 522, enacted by the Seventy-Ninth Legislature re-codified the previous Act and created the Texas Emergency Services Retirement System. The System's statutory authority is provided for in Title 8, Government Code, Subtitle H and became effective September 1, 2005.



**2005 Fire Fighter Pension Report
Section 2: Audited Financial Report**

Audited Annual Financial Report

For Year Ended August 31, 2005

Office of the Fire Fighters' Pension Commissioner



*Protection tomorrow,
for those who protect us today.*

**Lisa Ivie Miller
Commissioner**

920 Colorado Street, 11th Floor Austin TX 78701
www.ffpc.state.tx.us

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OFFICE OF THE
FIRE FIGHTERS' PENSION COMMISSIONER

December 14, 2005

The Honorable Rick Perry, Governor
The Honorable Carole Keeton Strayhorn, Texas Comptroller
Mr. John O'Brien, Deputy Director, Legislative Budget Board
Mr. John Keel, State Auditor

Lady and Gentlemen:

I am pleased to submit the Audited Annual Financial Report of the Office of the Fire Fighters' Pension Commissioner for the year ending August 31, 2005, in compliance with TX Government Code Ann §2101.011 and in accordance with the requirements established by the Comptroller of Public Accounts.

The State Auditor has audited the accompanying Annual Financial Report and their opinion of the financial statements is contained in this report.

If you have any questions, please contact Judy Johnson at (512) 936-3479 or Russell Gregorczyk at (512) 268-0070.

Thank you for your continued support of the fire service in the state of Texas.

Sincerely,

Lisa Ivie Miller
Commissioner

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INDEPENDENT AUDITOR'S REPORT

Texas Statewide Emergency Services Personnel Retirement Fund Board of Trustees:

Mr. Frank Torres, Chairman
Mr. Allen J. Scopel, Vice Chairman
Mr. Paul V. Loeffler, Secretary
Mr. Blevins (Oscar) Choate, Jr.
Mr. Kyle A. Donaldson
Ms. Gracie G. Flores
Mr. Rex W. Klesel
Mr. Maxie L. Patterson
Mr. Robert Weiss

Ms. Lisa Ivie Miller, Fire Fighters' Pension Commissioner

We have audited the basic financial statements, as listed in the table of contents of the *Audited Annual Financial Report*, of the Fire Fighters' Pension Commissioner (Commissioner) as of and for the year ended August 31, 2005. These financial statements are the responsibility of the Commissioner's management. Our responsibility is to express an opinion on these financial statements based on our audit. We previously audited and reported on the basic financial statements of the Commissioner as of and for the year ended August 31, 2004; the comparative totals from these statements are included for additional analysis only.

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

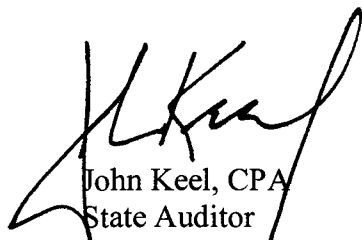
As discussed in Note 1.A, the basic financial statements of the Commissioner are intended to present the financial position and the changes in financial position and, where applicable, cash flows of only that portion of the State of Texas's governmental activities, business-type activities, each major fund, and the aggregate remaining fund information that is attributable to the transactions of the Commissioner. They do not purport to and do not present fairly the financial position of the State as of August 31, 2005, or the changes in the State's financial position and, where applicable, cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Commissioner as of August 31, 2005, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis and Required Supplementary Information described in the table of contents of the *Audited Annual Financial Report* are not a required part of the basic financial statements, but they are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of this information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Commissioner's basic financial statements. The information included in Schedules 1 through 3 listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. These schedules are the responsibility of the Commissioner's management. This information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we will also report on the Commissioner's internal control over financial reporting and on compliance and other matters in a separate report. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



John Keel, CPA
State Auditor

December 16, 2005

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis provides an overview of the financial activities of the Office of the Fire Fighters' Pension Commissioner for the year ending August 31, 2005. Please read it in conjunction with the Basic Financial Statements, which begin after this discussion.

Using this Annual Financial Report

The Office of the Fire Fighters' Pension Commissioner (the Office) administers two programs for fire fighter pensions in the State of Texas, the Texas Statewide Emergency Services Retirement Act (TSESRA) and the Texas Local Fire Fighters' Retirement Act (TLFFRA).

This discussion and analysis is intended to serve as an introduction to the TSESRA basic financial presentation. This information presents the net assets held in trust for pension benefits as of August 31, 2005, and summarizes the changes in net assets held in trust for pension benefits. The information available in each of these sections is briefly summarized below.

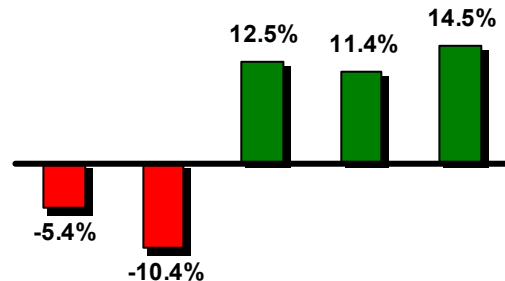
- **Fund Financial Statement** – Financial statements are presented for the TSESRA Fund as of August 31, 2005. These financial statements reflect the resources available to pay benefits to retirees and other beneficiaries for covered plan participants.
- **Notes to the Financial Statements** – The financial statement notes provide additional information that is essential to a full understanding of the data provided in the fund financial statements.
- **Required Supplementary Information** – Required supplementary information consists of schedules and related notes concerning the funding status of the pension plan and a schedule of employer contributions for the TSESRA plan, as well as information on the actuarial assumptions and methodology as of the latest actuarial valuation date.
- **Other Supplementary Schedules** – Other schedules include information on Fund investments, administrative expenses, investing expenses and Board Members.

Statement of Fiduciary Net Assets

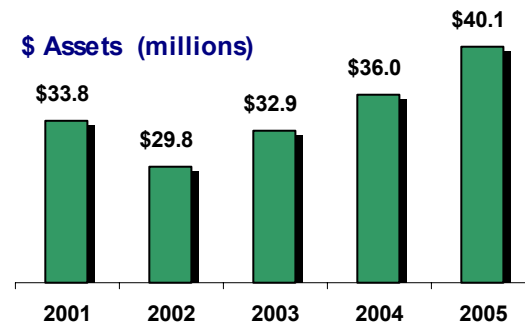
Net assets held in trust for pension benefits at fiscal year 2005 totaled \$40.1 million. Increases in plan net assets for the last two years were \$4.1 million in 2005 and \$3.1 million for 2004.

The overall financial condition of the fund improved during fiscal year 2005 primarily due to net investment income during the year of \$4.9 million – a 14.5% overall return. Net

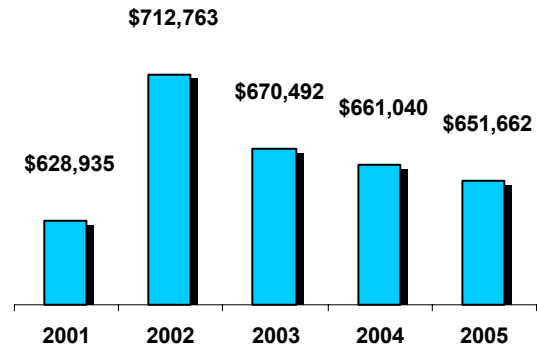
Investment Returns (2001-2005)



\$ Assets (millions)



Administrative Expenses



investment income for 2005 is comprised of appreciation in fair value of investments of \$3,762,277, treasury interest of \$12,455, and interest and investment income of \$1,349,052.

Asset allocations are reviewed by the Board on a quarterly basis and rebalanced as necessary when actual allocations fall outside of the target ranges. The year-end asset allocation stood at 25.4% domestic fixed income, 35.2% large cap equities, 15.9% small cap equities, and 23.5% international equities.

Statement of Changes in Fiduciary Net Assets of Pension Fund

Additions

The TSESRA Fund is a state pension fund for volunteer fire fighters and emergency services personnel financed by department contributions and investment income. Participating departments and governmental entities may contribute at least \$12 per member per month. Members are not allowed to contribute. Departments may also purchase prior service credit for members with service prior to the department's entry into the TSESRA pension.

The Office also administers the payment of TLFFRA retiree benefits for those departments that were paying retirees prior to merger into the TSESRA Fund. Although these departments pay the Office for the retirement payments on a pay-as-you-go basis, no additional charges are assessed to cover direct or indirect administrative costs.

The additions were as follows:

	August 31		Percent Increase (Decrease)
	2005	2004	
	\$	\$	%
Dues	1,286,389	1,712,382	-24.9%
Prior Service	189,676	178,861	6.1%
TLFFRA	454,605	478,019	-4.9%
Net Investment Income	4,914,299	3,538,067	38.9%
Settlement of Claims	130,694	0	
Total Additions	\$ 6,975,663	\$ 5,907,329	18.1%

The amount of dues paid by contributing departments decreased by 24.9% due to a change in the billing process. This year, the Office changed from a system that invoiced in advance to one that invoiced after services were rendered. Prior service contributions increased by 6.1%. Net investment income increased by 38.9% due to gains in the equities markets.

Deductions

Benefit payments are the primary expense of the retirement system. Total deductions are comprised of benefit payments and the cost of administering the system. The deductions were as follows:

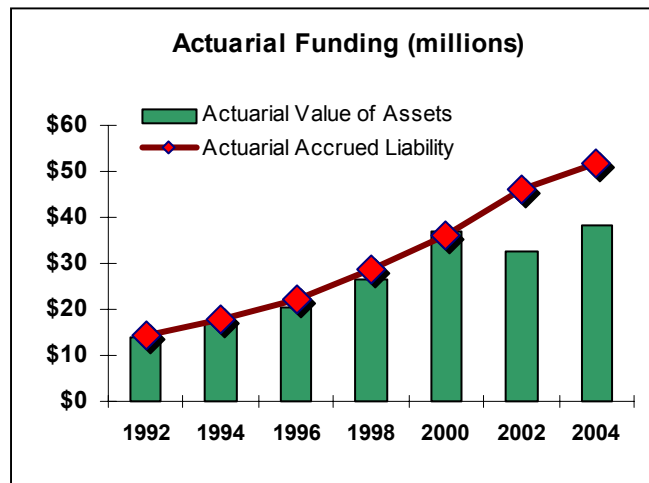
	August 31		Percent Increase (Decrease)
	2005	2004	
TSESRA *	\$	\$	%
Death Benefits	37,772	21,203	78.2%
Retirement Benefits	1,444,555	1,336,413	8.1%
Disability Benefits	42,217	39,235	7.6%
Survivor Benefits	242,939	233,433	4.1%
TLFFRA*			
Retirement Benefits	276,947	291,597	-5.0%
Disability Benefits	0	0	
Survivor Benefits	177,658	186,422	-4.7%
Administrative Expenses	651,662	661,040	-1.4%
Total Deductions	\$ 2,873,750	\$ 2,769,343	3.8%

Note: The individual benefits paid for TSESRA and TLFFRA have been combined in Exhibit IV so that the 2004 amounts for each plan are no longer visible.

Actuarial Status

On December 13, 2004, the Board received the August 31, 2004 actuarial valuation from Rudd and Wisdom, Inc. that determined that expected contributions are not adequate to pay the normal cost, falling short by \$15,252 each year. Although the funded ratio of the fund increased from 71% in 2002 to 74% in 2004, there is no annual amount available to amortize the unfunded actuarial accrued liability (UAAL) of \$13,426,925. The current financing arrangement is inadequate because the UAAL will never be amortized.

In comparing the August 31, 2004 valuation to the August 31, 2002 valuation, the most significant event was the shortfall in contributions during the two intervening years of almost \$2.1 million compared to the contributions required to have an adequate financing arrangement according to the prior actuarial valuation. The actual contributions for those two years totaled \$3.7 million, while the required contributions totaled \$5.8 million. The effect of this shortfall was to increase the unfunded actuarial accrued liability as of August 31, 2004 by \$1.99 million.



The latest actuarial valuation of the TSESRA Fund, as of August 31, 2004 is summarized as follows:

	August 31	
	2004	2002
	\$	\$
Actuarial Accrued Liability	51,567,426	45,976,387
Actuarial Value of Assets	38,140,501	32,797,262
Unfunded Actuarial Accrued Liability (UAAL)	13,426,925	13,179,125
Funded Ratio (Assets/Liabilities)	74%	71%

Required Contributions

	\$	\$
Total Normal Cost Due September 1 st	2,057,794	1,769,247
UAAL Cost Due September 1 st	1,148,506	1,127,310
Total Required Contributions for Next Fund Year	3,206,300	2,896,557
Expected Contributions	2,042,542	1,950,169
Total Contribution Deficiency	1,163,758	946,388
Required State Contribution *	680,847	650,056
Remaining Contribution Deficiency	482,911	296,332

Fund Amortization Period	Infinity	Infinity
--------------------------	----------	----------

*The state did not make any contributions to the fund as required by the Texas Statewide Emergency Services Retirement Act for fiscal years 2003, 2004, and 2005. Under the Texas Statewide Emergency Services Retirement Act Section 2(d), the state shall contribute the sum necessary to make the fund actuarially sound each year. The state's contribution may not exceed the amount of one-third of the total of all contributions by governing bodies in one year. See *Subsequent Event Note* pertaining to passage of Senate Bill 1 and Senate Bill 522 in the 79th Regular Legislative Session.

In November 2003, the Board commissioned Milliman USA to conduct an asset-liability study to determine the optimal asset allocation to meet long-term liabilities. In May 2004, Milliman USA advised the Board that that the Fund has a serious funding problem and department contributions are not expected to be enough to keep the Fund actuarially sound. The findings include:

- The actuarial funding ratio, currently about 70%, is expected to deteriorate to about 46% by 2013 and to 13% by 2023 in the absence of state contributions.
- There is roughly a 29% chance that the Fund will be exhausted within the next 20 years.
- Changes to the current asset allocation mix would provide incremental benefit but are not expected to significantly alter the long-term funding situation.

Request for Information

This financial report is designed to provide a general overview of the Texas Statewide Emergency Services Personnel Retirement Fund finances for all those with an interest in the system's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to:

The Office of the Fire Fighters' Pension Commissioner
P. O. Box 12577
Austin, Texas 78711-2577

Information is also provided on-line at www.ffpc.state.tx.us.

AUDITED

Fire Fighters' Pension Commissioner
Exhibit I - Governmental Fund Balance Sheet/Statement of Net Assets
August 31, 2005 (With Comparative Totals for August 31, 2004)

	General Fund			
	Balance Sheet 2005	Adjustments*	Statement of Net Assets 2005	Statement of Net Assets 2004
ASSETS				
Current Assets:				
Legislative Appropriations	\$ 34,453		\$ 34,453	\$ 30,807
Due From Other Funds	250		250	
Consumable Inventories	1,675		1,675	1,565
Total Current Assets	<u>\$ 36,378</u>		<u>\$ 36,378</u>	<u>\$ 32,372</u>
Non-Current Assets:				
Capital Assets:				
Depreciable:				
Other Capital Assets	\$ -	\$ 6,937	\$ 6,937	\$ 6,937
Less Accumulated Depreciation		<u>(2,775)</u>	<u>(2,775)</u>	<u>(1,387)</u>
Total Non-Current Assets	<u>\$ -</u>	<u>\$ 4,162</u>	<u>\$ 4,162</u>	<u>\$ 5,550</u>
Total Assets	<u>\$ 36,378</u>	<u>\$ 4,162</u>	<u>\$ 40,540</u>	<u>\$ 37,922</u>
LIABILITIES AND FUND BALANCES/NET ASSETS				
Liabilities:				
Current Liabilities:				
Accounts Payable	\$ 23,049		\$ 23,049	\$ 14,710
Employees' Compensable Leave		4,469	4,469	1,937
Total Current Liabilities	<u>\$ 23,049</u>	<u>\$ 4,469</u>	<u>\$ 27,518</u>	<u>\$ 16,647</u>
Non-Current Liabilities:				
Employees' Compensable Leave	\$ -	\$ 1,197	\$ 1,197	
Total Non-Current Liabilities	<u>\$ -</u>	<u>\$ 1,197</u>	<u>\$ 1,197</u>	<u>\$ -</u>
Total Liabilities	<u>\$ 23,049</u>	<u>\$ 5,666</u>	<u>\$ 28,715</u>	<u>\$ 16,647</u>
FUND BALANCES/NET ASSETS				
Fund Balances (Deficits):				
Unreserved:				
Designated for Inventories	\$ 1,675	\$ (1,675)	\$ -	
Undesignated	11,654	(11,654)	-	
Total Fund Balances	<u>\$ 13,329</u>	<u>\$ (13,329)</u>	<u>\$ -</u>	
Net Assets:				
Invested in Capital Assets, Net of Related Debt		\$ 4,162	\$ 4,162	\$ 5,550
Unrestricted		7,663	7,663	15,725
Total Net Assets		<u>\$ 11,825</u>	<u>\$ 11,825</u>	<u>\$ 21,275</u>
Total Liabilities and Fund Balances/Net Assets	<u>\$ 36,378</u>	<u>\$ 4,162</u>	<u>\$ 40,540</u>	<u>\$ 37,922</u>

* Adjustments represent Capital Assets and the liability for Compensable Leave, and the conversion from Fund Balance to Net Assets.

AUDITED

Fire Fighters' Pension Commissioner
Exhibit II - Statement of Governmental Fund Revenues, Expenditures,
and Changes in Fund Balances/Statement of Activities
For the Fiscal Year Ended August 31, 2005
(With Comparative Totals for August 31, 2004)

	General Fund			
	Statement of Revenues, Expenditures, and Changes in Fund Balance		Statement of Activities	
	2005	Adjustments*	2005	2004
REVENUES				
Legislative Appropriations:				
Original Appropriations	\$ 112,286		\$ 112,286	\$ 112,286
Additional Appropriations	33,249		33,249	35,636
Other Revenue	23,775		23,775	32,050
Total Revenues	<u>\$ 169,310</u>		<u>\$ 169,310</u>	<u>\$ 179,972</u>
EXPENDITURES/EXPENSES				
Salaries and Wages	\$ 85,067	\$ 3,730	\$ 88,797	\$ 86,727
Payroll Related Costs	32,918		32,918	36,533
Professional Fees and Services	27,073		27,073	31,633
Travel	3,964		3,964	2,171
Materials and Supplies	6,922	(110)	6,812	8,751
Communication and Utilities	2,606		2,606	1,281
Repairs and Maintenance	689		689	
Rentals & Leases	7,377		7,377	4,429
Printing and Reproduction	159		159	3,125
Other Expenditures	6,978		6,978	2,181
Capital Outlay			-	
Depreciation Expense		1,387	1,387	1,387
Total Expenditures/Expenses	<u>\$ 173,753</u>	<u>\$ 5,007</u>	<u>\$ 178,760</u>	<u>\$ 178,218</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (4,443)</u>	<u>\$ (5,007)</u>		
OTHER FINANCING SOURCES (USES)				
Transfers In	0			
Net Change in Reserve for Inventories	\$ 110	\$ (110)	\$ (0)	
Total Other Financing Sources and Uses	<u>\$ 110</u>	<u>\$ (110)</u>	<u>\$ -</u>	<u>\$ -</u>
Excess (Deficiency) of revenues and transfers in over expenditures and transfers out	<u>\$ (4,333)</u>	<u>\$ 4,333</u>	<u>\$ -</u>	<u>\$ -</u>
Change in Net Assets		\$ (9,450)	\$ (9,450)	\$ 1,754
FUND BALANCES/NET ASSETS				
Fund Balances/Net Assets--Beginning of Year	\$ 17,662		\$ 21,275	\$ 19,525
Restatements	-			-
Fund Balances/Net Assets, Beginning of Year, as Restated	<u>\$ 17,662</u>		<u>\$ 21,275</u>	<u>\$ 19,525</u>
Appropriations Lapsed				<u>\$ (4)</u>
Fund Balances/Net Assets--End of Year	<u>\$ 13,329</u>	<u>\$ -</u>	<u>\$ 11,825</u>	<u>\$ 21,275</u>

*Adjustments are associated with compensable leave and capital outlay, and the conversion from Fund Balance to Net Assets.

AUDITED

Fire Fighters' Pension Commissioner
Exhibit III - Statement of Fiduciary Net Assets
Pension Trust Funds
August 31, 2005 (With Comparative Totals for August 31, 2004)

	Pension Trust		Totals (Memorandum Only)	
	TSESRA	TLFFRA	2005	2004
ASSETS				
Current Assets:				
Cash and Cash Equivalents:				
Cash in State Treasury	\$ 223,737	\$ 20,353	\$ 244,090	\$ 529,578
Short Term Investments (Schedule 1)	847,278		847,278	417,332
Receivables:				
Retirement System Contributions	536,423	94,707	631,130	36,583
Interest and Dividends	27,679		27,679	21,663
Sale of Investments	34,345		34,345	54,813
Total Current Assets	<u>\$ 1,669,462</u>	<u>\$ 115,060</u>	<u>\$ 1,784,522</u>	<u>\$ 1,059,969</u>
Non-Current Assets:				
Investments (Schedule 1)				\$ 35,419,545
Corporate Equity	\$ 19,429,619		\$ 19,429,619	
Other Investments	19,280,545		19,280,545	
Capital Assets:				
Depreciable:				
Furniture and Equipment	31,985		31,985	39,394
Accumulated Depreciation	(31,985)		(31,985)	(32,164)
Total Non-Current Assets	<u>\$ 38,710,164</u>	<u>\$ -</u>	<u>\$ 38,710,164</u>	<u>\$ 35,426,775</u>
Total Assets	<u>\$ 40,379,626</u>	<u>\$ 115,060</u>	<u>\$ 40,494,686</u>	<u>\$ 36,486,744</u>
LIABILITIES				
Current Liabilities:				
Payables:				
Accounts Payables	\$ 90,061		\$ 90,061	\$ 119,316
Investment Purchases Payable	122,794		122,794	36,705
Retirement System Benefits Payable	11,933	\$ 404	12,337	23,641
Retirement Benefits		114,656	114,656	249,416
Due To Other Funds	250		250	
Employees' Compensable Leave	12,264		12,264	15,672
Capital Lease Obligations			-	
Total Current Liabilities	<u>\$ 237,302</u>	<u>\$ 115,060</u>	<u>\$ 352,362</u>	<u>\$ 444,750</u>
Non-Current Liabilities				
Employees' Compensable Leave	\$ 10,965		\$ 10,965	\$ 12,177
Total Non-Current Liabilities	<u>\$ 10,965</u>	<u>\$ -</u>	<u>\$ 10,965</u>	<u>\$ 12,177</u>
Total Liabilities	<u>\$ 248,267</u>	<u>\$ 115,060</u>	<u>\$ 363,327</u>	<u>\$ 456,927</u>
NET ASSETS				
Held in trust for:				
Pension Benefits and Other	<u>\$ 40,131,359</u>	<u>\$ -</u>	<u>\$ 40,131,359</u>	<u>\$ 36,029,817</u>
(A schedule of funding progress is presented on page 24)				

AUDITED

Fire Fighters' Pension Commissioner
Exhibit IV - Statement of Changes in Fiduciary Net Assets

Pension Trust Funds

Year Ended August 31, 2005 (With Comparative Totals for August 31, 2004)

	Pension Trust		Totals (Memorandum Only)	
	TSESRA	TLFFRA	2005	2004
ADDITIONS				
Contributions:				
Dues	\$ 1,286,389		\$ 1,286,389	\$ 1,712,382
Prior Service	189,676		189,676	178,861
TLFFRA		\$ 454,605	454,605	478,019
Total Contributions	<u>\$ 1,476,065</u>	<u>\$ 454,605</u>	<u>\$ 1,930,670</u>	<u>\$ 2,369,262</u>
Investment Income:				
From Investing Activities				
Net Appreciation (Depreciation) in Fair Value of Investments	\$ 3,762,277		\$ 3,762,277	\$ 3,074,489
Treasury Interest	12,455		12,455	10,288
Interest and Investment Income	1,349,052		1,349,052	678,778
Total Investing Income	<u>\$ 5,123,784</u>	<u>\$ -</u>	<u>\$ 5,123,784</u>	<u>\$ 3,763,555</u>
Less Investing Activities Expense (Schedule 3)	(209,485)		(209,485)	(225,488)
Net Income from Investing Activities	<u>\$ 4,914,299</u>	<u>\$ -</u>	<u>\$ 4,914,299</u>	<u>\$ 3,538,067</u>
Other Additions:				
Settlement of Claims	\$ 130,694		\$ 130,694	
Total Other Additions	<u>\$ 130,694</u>		<u>\$ 130,694</u>	
Total Additions	<u>\$ 6,521,058</u>	<u>\$ 454,605</u>	<u>\$ 6,975,663</u>	<u>\$ 5,907,329</u>
DEDUCTIONS				
Retirement System Benefits Paid:				
Death Benefits	\$ 37,772		\$ 37,772	\$ 21,203
Retirement Benefits	1,444,555	\$ 276,947	1,721,502	1,628,010
Disability Benefits	42,217		42,217	39,235
Survivor's Benefits	242,939	177,658	420,597	419,855
Administrative Expenses (Schedule 2)	651,662		651,662	661,040
Total Deductions	<u>\$ 2,419,145</u>	<u>\$ 454,605</u>	<u>\$ 2,873,750</u>	<u>\$ 2,769,343</u>
NET INCREASE (DECREASE)	<u>\$ 4,101,913</u>	<u>\$ -</u>	<u>\$ 4,101,913</u>	<u>\$ 3,137,986</u>
Net Assets- Beginning of the Year	\$ 36,029,816		\$ 36,029,816	\$ 32,891,831
Restatements	(370)		(370)	-
Beginning of Year, As Restated	<u>\$ 36,029,446</u>	<u>\$ -</u>	<u>\$ 36,029,446</u>	<u>\$ 32,891,831</u>
Net Assets - End of the Year	<u>\$ 40,131,359</u>	<u>\$ -</u>	<u>\$ 40,131,359</u>	<u>\$ 36,029,817</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The Office of the Fire Fighters' Pension Commissioner (FFPC) is an agency of the State of Texas and its financial records comply with state statutes and regulations. The nine-member State Board of Trustees, appointed by the Governor, establishes policy for the administration of the Texas Statewide Emergency Services Personnel Retirement Fund.

The FFPC was created in 1937 and operates under the authority of Tex. Rev. Civ. Stat. Ann. art. 6243e (Vernon 1970 and Supp. 1988) which has been subsequently amended. The primary function of the FFPC is to oversee the statewide Texas Local Fire Fighters Retirement Act (TLFFRA) and administer the Texas Statewide Emergency Services Retirement Act (TSESRA) for emergency services personnel who serve without monetary compensation. For financial reporting purposes, the State of Texas is considered the primary reporting government. FFPC's financial statements are included in the State's Comprehensive Annual Financial Report.

This report includes all activities and organizations for which FFPC exercises fiscal control and responsibility and includes all funds that comprise its legal entity. No blended or discretely presented component units have been identified as having a relationship to the FFPC.

B. BASIS OF ACCOUNTING

The accounts of FFPC are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a complete set of self-balancing accounts that comprise its assets, liabilities, additions, deductions, revenues and expenses/expenditures. Separate financial statements are provided for each fund. The following fund types are used to reflect its transactions:

GOVERNMENTAL FUND TYPE

The general fund Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance is reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. The general fund Statement of Net Assets and Statement of Activities are maintained on the full accrual basis of accounting and the economic resources measurement focus.

FIDUCIARY FUND TYPES

The fiduciary funds report assets held in a trustee or agency capacity on behalf of others. Financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Additions are recognized when earned, and deductions are recognized when the liability is incurred, regardless of the timing of related cash flows. Contributions are recognized immediately upon billing, reflecting actual participation in the department during the quarter. Benefits are recognized when due and payable in accordance with the terms of the plan. All economic resources, including financial and capital assets, and related liabilities, both current and long-term,

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd.

and the changes therein are reported in the funds' financial statements. Capital assets are depreciated.

- TSESRA Fund - is used to account for the unpaid emergency service personnel's retirement system administered by the State. Administrative expenses are paid for by the fund.
- TLFFRA Fund - is used to account for the benefit payments for vested members of former TLFFRA plans that have merged with the TSESRA plan. There are no reserves required in the TLFFRA retirement program. Fund assets are always offset by an equal amount of fund liabilities in accordance with the statutory requirements of the TLFFRA retirement program.

C. COMPARATIVE TOTALS

Total columns on the financial statements do not represent consolidated financial information. These totals are not necessary for a fair presentation of the financial statements, but are presented to facilitate financial analysis.

D. BUDGETS AND BUDGETARY ACCOUNTING

The budget is prepared biennially and represents appropriations authorized by the Legislature and approved by the Governor.

Encumbrance accounting is employed for budgetary control purposes. Unencumbered appropriations are generally subject to lapse 60 days after the end of the fiscal year for which they were appropriated.

E. ASSETS, LIABILITIES AND FUND BALANCES/NET ASSETS

ASSETS

Cash and Cash Equivalents

The category Cash and Cash Equivalents includes cash on hand, cash in state treasury, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments are reported at fair value. The fair value of investments is based on market prices provided by the fund custodian, State Street Bank and Trust.

Accounts Receivable

Accounts receivable represents contributions due to the TSESRA and TLFFRA Funds and investment income earned but not received as of August 31, 2005.

Inventories and Prepaid Items

Inventories, shown on the balance sheet at cost, consist of inventories of consumable office supplies and postage at August 31, 2005. The consumption method of accounting is used to account for inventories and prepaid items that appear in the

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd.

governmental fund types. The cost of these items is expensed when the items are consumed.

Capital Assets

Capital assets are presented at historical cost or, if not purchased, at appraised fair value as of the date of acquisition. Depreciation is charged to operations of the funds over the estimated useful lives of the assets. Accumulated depreciation is reported on the Statement of Fiduciary Net Assets and the Governmental Fund Statement of Net Assets. Depreciation has been provided over the estimated useful lives, using the straight-line method. The estimated useful life of furniture, equipment, and computer software is five years.

Buybacks and Prior Service Costs

Pursuant to Senate Bill No. 411, 65th Legislature, Regular Session (1977) - TSESRA Fund, sponsors of current pension plans that elect to participate in the pension system administered by the FFPC must make contributions to the pension system to fund the unfunded prior service costs applicable to their volunteer emergency service personnel. The sponsors of current pension plans have the option of funding these contributions during a period not to exceed 20 years measured from the date of merger. The FFPC has entered into written contracts with these merging sponsors, establishing the terms of the funding of the buybacks and unfunded prior service costs. The contracts specify interest on the unpaid balance.

The accounts receivable and the equal, offsetting deferred revenue relating to these contracts are not shown on the Statement of Fiduciary Net Assets. This treatment of past service liability is consistent with industry standards.

LIABILITIES

Payables

Accounts Payable represents the liability for the value of assets or services received at the balance sheet date for which payment is pending, as well as unpaid retirement obligations of the TSESRA Fund.

Retirement Benefits

Retirement Benefits represent the liability that the FFPC has to pay future retirement benefits that are prepaid by local governing bodies under the TLFFRA retirement program.

Employees' Compensable Leave

Employees' Compensable Leave Balances represent the liability that becomes "due" upon the occurrence of relevant events such as resignations, retirements, and uses of leave balances by covered employees. Liabilities are reported separately as either current or noncurrent in the Statement of Fiduciary Net Assets and the Governmental Fund Statement of Net Assets.

FUND BALANCE / NET ASSETS

The difference between fund assets and liabilities is 'Net Assets' on the fiduciary fund statements and the Governmental Fund Statements of Net Assets and Activities. "Fund

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd.

Balance” is the difference between fund assets and liabilities on the Governmental Fund Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance.

Designated for Inventories

This represents the amount of supplies and postage to be used in the next fiscal year.

Unreserved/Undesignated

This represents the funds that can be carried forward for future operations.

Invested in Capital Assets, Net of Related Debt

This represents the total amount of net assets invested in capital assets less the associated accumulated depreciation.

Unrestricted

Consists of net assets that do not meet the definition of Invested in Capital Assets, Net of Related Debt.

NET ASSETS HELD IN TRUST FOR PENSION BENEFITS

TSESRA Reserves

This represents reserves available to fund future retirement, death, and survivor benefits.

TLFFRA Reserves

There are no reserves required in the TLFFRA retirement program. Fund assets are always offset by an equal amount of fund liabilities in accordance with the statutory requirements of the TLFFRA retirement program.

F. INTERFUND TRANSACTIONS AND BALANCES

The FFPC has the following type of transactions between funds:

- (1) Due from other funds: Represents the receivable for the value of assets or services rendered at the balance sheet date for which payment is pending.
- (2) Due to other funds: Represents the liability for the value of assets or services received at the balance sheet date for which payment is pending.

The composition of the FFPC's interfund receivables and payables at August 31, 2005 is presented in Note 5.

G. CHANGE IN ACCOUNTING METHODS

The Office made changes to the billing methodology during FY2005 to standardize the collection of pension contributions from participating departments. The Office had previously billed participating departments three to twelve months in advance for pension contributions. Revenue was recognized at the time payments were received because the high turnover of volunteer departments made the actual recognition of revenue impractical.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd.

As a result of the billing changes implemented in FY2005, all participating departments pay pension contributions in arrears on a quarterly basis based upon the state fiscal quarters. Revenue is now recognized immediately upon billing, reflecting actual participation in the department during the quarter. As a result of these changes, Contributions Receivable went up from \$36,583 in FY2004 to \$631,130 in FY2005. Revenue (Dues) decreased from \$1,712,382 in FY2004 to \$1,286,389 in FY2005.

NOTE 2: CAPITAL ASSETS

A summary of changes in Capital Assets for the year ended August 31, 2005, is presented below for the Pension Trust Fund:

Asset Type	Balance 9/1/2004	Adjustments	Additions	Deletions	Balance 08/31/05
Furniture & Equipment	\$39,394			(\$7,409)	\$31,985
Accumulated Depreciation	(\$32,164)		(\$6,860)	\$7,039	\$31,985

A summary of changes in Capital Assets for the year ended August 31, 2005, is presented below for the Governmental Fund:

Asset Type	Balance 9/1/2004	Adjustments	Additions	Deletions	Balance 08/31/05
Other Capital Assets	\$6,937				\$6,937
Accumulated Depreciation	(\$1,387)		(\$1,387)		(\$2,775)

NOTE 3: DEPOSITS AND INVESTMENTS

The Texas Statewide Emergency Services Retirement Act (TSESRA), Article 6243.e, revised in the 75th Legislature, 1997, states, "In making investments of the fund, the commissioner and the state board of trustees shall exercise the judgment and care, under the circumstances prevailing at the time of the investment, that persons of ordinary prudence, discretion, and intelligence exercise in the management of their own affairs, not in speculation but when making a permanent disposition of their funds, considering the probable income from the disposition and the probable safety of their capital."

The FFPC contracts with State Street Bank and Trust for custodial services and Milliman, USA for investments consulting services. The FFPC contracts with four money managers to manage the fixed income and equity portfolios. The money managers are Rice, Hall, James & Associates Investment Counsel; Atlanta Capital Management Co, LLC.; Sanford Bernstein & Co., Inc.; and SEB Asset Management America. The FFPC also invests with two mutual funds—Pacific Investment Management Company LLC (PIMCO) and Brandes Investment Partners.

NOTE 3: DEPOSITS AND INVESTMENTS cont'd.

A. DEPOSITS

The carrying amount of \$244,090 is deposited in the State Treasury. The State Treasury invests funds in time deposits, repurchase and reverse repurchase agreements, obligations of the United States, and obligations of various federal credit organizations. The State Treasury has an arrangement with financial institutions to collateralize state deposits in excess of depository insurance.

B. INVESTMENTS

As of August 31, 2005, the fair value of investments are as presented below:

Fiduciary Funds	Fair Value
Equity	\$19,429,619
Fixed Income Money Market and Bond Mutual Fund	\$10,019,207
Other Commingled Funds	\$10,108,616
Total	\$39,557,442

C. CREDIT RISK

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Although, FFPC's Fixed Income Mutual Fund itself is not rated, the average credit quality of the fund's security holdings is AAA. The high average credit quality is a function of the higher weighting in AAA governments and MBS investments, and underweight in corporate bond issuers.

Moody's

Fund Type	GAAP Fund	Investment Type	Not Rated
Pension Trust	976	Fixed Income Money Market and Bond Mutual Fund	\$10,019,207

Standard & Poor's

Fund Type	GAAP Fund	Investment Type	Not Rated
Pension Trust	976	Fixed Income Money Market and Bond Mutual Fund	\$10,019,207

Fitch

Fund Type	GAAP Fund	Investment Type	Not Rated
Pension Trust	976	Fixed Income Money Market and Bond Mutual Fund	\$10,019,207

NOTE 3: DEPOSITS AND INVESTMENTS cont'd.

All investments are registered and held in the name of the TSESRA or in the name of the Agency's custodian, which was established through a custodial agreement.

The Agency has contracted with State Street Bank & Trust, to serve as a custodian of the Agency's securities. The Agency has authorized their four money managers to invest cash in money market funds pending completion of an investment settlement.

NOTE 4: SUMMARY OF LONG TERM LIABILITIES

Changes in Long-Term Liabilities

During the year ended August 31, 2005, the following changes occurred in long-term liabilities.

Governmental Activities	Balance 9/1/2004	Additions	Reductions	Balance 8/31/2005	Amounts Due Within One Year
Compensable Leave	\$1,937	\$ 5,849	\$2,120	\$5,666	\$4,469
Total Governmental Activities	\$1,937	\$ 5,849	\$2,120	\$5,666	\$4,469

Pension Activities	Balance 9/1/2004	Additions	Reductions	Balance 8/31/2005	Amounts Due Within One Year
Compensable Leave	\$ 27,849	\$	\$4,620	\$ 23,229	\$ 12,264
Total Pension Activities	\$ 27,849	\$	\$4,620	\$ 23,229	\$ 12,264

Employees' Compensable Leave

A state employee is entitled to be paid for all unused vacation time accrued, in the event of the employee's resignation, dismissal, or separation from employment, provided the employee has had continuous employment with the State for six months. Expenditures for accumulated annual leave balances are recognized in the period paid or taken in Fiduciary and governmental fund types. The liability for unpaid benefits is recorded in the Statement of Fiduciary Net Assets and the Governmental Fund Statement of Net Assets. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

NOTE 5: INTERFUND BALANCES/ACTIVITIES

As explained in Note 1, on Interfund Transactions and Balances, there are transactions between funds. Individual balances and activity at August 31, 2005 follows:

	Due From Other Funds	Due To Other Funds
General Revenue (01)	\$250	
TSESRA (976)		\$250
Total Due From/To Other Funds	\$250	\$250

NOTE 6: EMPLOYEES' RETIREMENT PLAN

The State provides a defined benefit retirement plan for its employees. The FFPC participates in the plan administered by the Employees Retirement System of Texas (the System). Future pension costs are the liabilities of the System. The System does not account for each state agency separately. Annual financial reports prepared by the System include audited financial statements and actuarial assumptions and conclusions.

NOTE 7: DEFERRED COMPENSATION

State employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in the TEX. GOV'T. CODE ANN., sec 609.001. Two plans are available for employee's deferred compensation plan (457 and 401k). Both plans are administered by the Employees Retirement System.

NOTE 8: CONTINGENT LIABILITIES

Sick Leave, the accumulation of which is unlimited, is earned at the rate of eight hours per month and is paid to the employee only in the event of illness. In the event of an employee's death, a payment is made to the employee's estate for one-half of the employee's accumulated leave or 336 hours, whichever is less. The FFPC's policy is to recognize the cost of any sick leave when paid. No liability is recorded since experience indicates the probability of a material effect on any given year's operations, as a result of death or abnormally high rate of illness, is minimal.

NOTE 9: CONTINUANCE SUBJECT TO REVIEW

Under the Texas Sunset Act, FFPC will be abolished effective September 1, 2011, unless continued in existence by the Legislature as provided by the Act. If abolished, the agency may continue until September 1, 2012 to close out its operations.

NOTE 10: RISK FINANCING AND RELATED INSURANCE

The FFPC is exposed to a variety of civil claims resulting from the performance of its duties. It is the FFPC's policy to periodically assess the proper combination of commercial insurance and retention of risk to cover losses to which it may be exposed.

The FFPC assumes substantially all risks associated with tort claims and liability claims due to the performance of its duties. The FFPC's liabilities are reported when it is both probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Liabilities are reevaluated periodically to consider current settlements, frequency of claims, past experience and economic factors. Because of the low statewide incident of claims, the FFPC has cancelled its fidelity dishonesty insurance coverage.

Changes in the balances of the FFPC's claims liabilities during fiscal 2004 and 2005 were as follows:

NOTE 10: RISK FINANCING AND RELATED INSURANCE cont'd.

	Beginning of Fiscal Year Liability	Current Year Clams and Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
2004	\$ -0-	\$ -0-	\$ -0-	\$ -0-
2005	\$ -0-	\$ -0-	\$ -0-	\$ -0-

NOTE 11: RESTATEMENT OF FUND BALANCES/RETAINED EARNINGS

During FY2005, one adjustment was made which required the restatement of the amounts in fund balances and fund equity. An asset and its related accumulated depreciation was written off which was not on the agency's premises as of 8/31/04. This amount is the recognized loss on that write off.

	Pension Trust Fund	Total
Fund Bal/Equity 8/31/04	\$36,029,816	\$36,029,816
Restatement	\$ (370)	\$ (370)
Fund Bal/Equity 9/1/04 as Restated	\$36,029,446	\$36,029,446

NOTE 12: PENSION DISCLOSURES

A. PLAN DESCRIPTION AND CONTRIBUTION INFORMATION

TSESRA FUND

The FFPC is the administrator of the Texas Statewide Emergency Services Retirement Act (TSESRA), a cost-sharing multiple employer pension system established and administered by the State of Texas to provide pension benefits for emergency services personnel who serve without monetary remuneration. At August 31, 2005, there were 178 member fire departments participating in the pension system.

At August 31, 2005, the pension system membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	1,625
Terminated Members Entitled to Benefits but Not Yet Receiving Them	1,988
Current Participants (Vested and Nonvested)	4,548

Senate Bill 411, 65th Legislature, Regular Session (1977), created the TSESRA Fund, and established the applicable benefit provisions. These benefit provisions include retirement benefits as well as death and disability benefits.

Eligible participants include volunteer emergency services personnel who are members in good standing of a qualifying fire fighting department. Members are vested beginning with the fifth year of service, at 5% per year of service for the first ten years and 10% for each of the next five years of service.

Upon reaching age 55, each vested member may retire and receive a monthly pension equal to his vested percentage multiplied by six times the governing body's average monthly contribution over the years of service. For years of service in excess of 15 years, this monthly benefit is increased at the rate of 7% compounded annually.

On and off duty death benefits and on duty disability benefits are dependent on whether or not the member was engaged in the performance of duties at the time of death or

NOTE 12: PENSION DISCLOSURES cont'd.

disability. Death benefits include a lump sum amount and may include continuing monthly payments to a member's surviving spouse and/or dependents.

Contribution requirements were established by S.B. 411, 65th Legislature, Regular Session (1977). No contributions are required by volunteer emergency services personnel. The governing bodies of plan members are required to contribute at least \$12 per month for each member. Additional contributions may be necessary to pay for unfunded prior service costs and buybacks of up to 15 years of qualified service. The State may also be required to make a limited amount of annual contributions to make the fund actuarially sound.

TLFFRA FUND

When a department under a statewide Texas Local Fire Fighters Retirement Act (TLFFRA) pension plan elects to participate in the TSESRA pension system, the TLFFRA pension plan is merged with the TSESRA pension system. On the date of the merger, all assets and liabilities of the TLFFRA pension plan related to prior service are transferred to the TSESRA pension system and become an allocated part of the system. The FFPC administers the agent multiple employer TLFFRA pension plans which represent the vested pension benefits accrued by plan members prior to the merger. At August 31, 2005, there were 112 plans merged with the TSESRA pension system. A separate account is maintained for each plan. Those members vested under the TLFFRA pension plan will be paid by the FFPC with funds received from the local governing bodies on a pay-as-you-go basis. The liabilities of the TLFFRA pension fund are always equal to the assets and therefore, there is no fund balance. There are no legally required reserves.

At August 31, 2005, the pension system membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	628
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Membership of this plan consists of only retirees and beneficiaries as determined by the local governing bodies of the former TLFFRA plans. Benefit determinations of TLFFRA plans which have merged with the TSESRA plan are determined by each local governing board.

B. FUNDING STATUS AND PROGRESS

TSESRA FUND

The "actuarial accrued liability" is a standardized disclosure measure, which represents the value of the portion of the member's anticipated retirement; death, disability and termination benefits accrued as of the valuation date. The entry age actuarial cost method is used for determining the actuarial accrued liability. Projected salary increases and any step rate benefits are not applicable.

Benefits are not based on salaries of the member. The actuarial accrued liability is intended to help users assess the pension system's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among public employee retirement systems. This measure is the same as the actuarial funding method used to perform the actuarial valuation.

NOTE 12: PENSION DISCLOSURES cont'd.

The last actuarial valuation was conducted as of August 31, 2004. Significant actuarial assumptions used include (a) rate of return on investment of present and future assets of 8.00 percent per year, and (b) the future contribution level will be the same as the current contribution level for each member.

TLFFRA FUND

When a department under a TLFFRA pension plan elects to participate in the TSESRA pension system, the TLFFRA pension plan is merged with the TSESRA pension system. The costs of the TLFFRA pension plan are determined on an actuarially sound basis. The costs must be certified by a qualified actuary as of the effective date of the merger or within two years following the date of merger. Payments are funded by local governing bodies of the former TLFFRA plans on a pay-as-you-go basis. Currently, funding status is not actuarially determined.

C. CONTRIBUTIONS REQUIRED AND CONTRIBUTIONS MADE

TSESRA FUND

The contribution requirement of at least \$12 per member emergency services personnel per month is not actuarially determined. Rather, the contribution amount was established by S.B. 411, 65th Legislature, Regular Session (1977).

For the fiscal year ending August 31, 2005, total contributions (dues and prior service) of \$1,476,065 were paid into the Fund by the political subdivisions served by the member volunteer emergency services personnel. Contributions made were equal to the contributions required by state statute.

TLFFRA FUND

Currently, contributions are not actuarially determined. Contributions are made by local governing bodies of the former TLFFRA plans on a pay-as-you-go basis. For the fiscal year ended August 31, 2005, total contributions were \$454,605.

D. SIX-YEAR HISTORICAL TREND INFORMATION

TSESRA FUND

The Required Supplementary Information (RSI) located immediately following the Notes provides indicators and trends which may be useful in assessing progress made in accumulating sufficient assets to pay benefits when due. The RSI presented is for the TSESRA Fund.

TLFFRA FUND

No RSI is presented for the TLFFRA Fund. It is not cost beneficial to obtain actuarial valuations for the TLFFRA plans, which are pay-as-you-go. Local municipal governments are liable or required to make the payments.

NOTE 13: SUBSEQUENT EVENTS

The 79th regular session of the State Legislature passed SB522 which allows the board of the Texas Statewide Emergency Services Retirement System to make administrative changes and would codify the law in the Government Code in the same manner as the other statewide public retirement systems. The bill includes provisions allowing the state board of trustees to establish retirement eligibility and vesting rules, minimum contribution rates, and benefit formulas.

To address funding problems with the pension system, the Legislature appropriated \$2.2 million in additional state general revenue funding for 2006-2007 Biennium. The Legislature appropriated \$1.4 million to meet the statutory funding requirement found in Texas Statewide Emergency Services Retirement Act Section 2(d). To relieve the administrative burden placed upon the pension fund, the Legislature appropriated general revenues of \$795 thousand for administrative expenses formally financed with pension assets.

Required Supplementary Information

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability ¹ (AAL) – Entry Age (b)	Unfunded AAL (UAAL) (b) – (a)	Funded Ratio (a/b)	Total Members Covered (c)	UAAL Per Member Covered (b-a)/(c)
8/31/2000	36,767,553	36,048,771	(718,782)	102.0	7,114	(101)
8/31/2002 ²	32,797,262	45,976,387	13,179,125	71.3	7,669	1,718
8/31/2004	38,140,501	51,567,426	13,426,925	74.0	7,994	1,680

Notes:

¹The actuarial accrued liability is based upon the entry age actuarial cost method.

²Actuarial assumptions and methodology were changed for the August 31, 2002 valuation.

Schedule of Employer Contributions

Fiscal year Ending Aug. 31,	Annual Required Contributions	Actual Contributions	Percentage Contributed
2000	\$1,469,777	\$1,469,777	100%
2001	1,738,084	1,738,084	100
2002	1,768,059	1,768,059	100
2003	2,896,557	1,833,310	63
2004	2,896,557	1,891,243	65
2005	3,206,300	1,476,065	46

Notes to Required Supplementary Information

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Actuarial assumptions and methodology as of the latest actuarial valuation follows.

Valuation date	August 31, 2004
Actuarial cost method	Entry Age
Amortization method	Level dollar, open
Remaining amortization period	Infinity
Asset valuation method	Market value smoothed by a 5-year deferred recognition method with a 90%/110% corridor on market value

Actuarial assumptions:

Investment rate of return*	8.00% per year
Projected salary increases	N/A
* Includes inflation at	4.00%
Cost-of-living adjustments	None

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Fire Fighters' Pension Commissioner (325)
Schedule 1
Market Value of Investments
August 31, 2005 (With comparative totals for August 31, 2004)

	Market Value As of August 31, 2005	Market Value As of August 31, 2004
	Amount	Amount
MONEY MARKET MUTUAL FUND		
Money Market Securities	\$ 847,278	\$ 417,332
Total Money Market Mutual Fund	\$ 847,278	\$ 417,332
BOND FUNDS		
Pimco Total Return Fund	\$ 10,019,207	\$ 9,535,181
Total Bond Funds	\$ 10,019,207	\$ 9,535,181
Equity Funds		
Brandes Equity Fund	\$ 9,261,338	\$ 8,740,111
Total Equity Funds	\$ 9,261,338	\$ 8,740,111
3M CO		\$ 98,832
AARON RENTS INC	\$ 24,365	
ABBOTT LABS	13,539	12,507
ABERCROMBIE AND FITCH CO	41,708	26,600
ABM INDS INC	34,703	34,124
ACE LTD	31,087	26,985
ACUITY BRANDS INC	56,107	46,480
ADC TELECOMMUNICATIONS INC	26,615	19,046
ADMINISTAFF INC	46,761	
ADVANCE AMER CASH ADVANCE	30,330	
ADVANCED NEUROMODULATION SYS	33,469	
AFFILIATED MANAGERS GROUP INC	67,164	42,919
AFLAC INC	73,474	56,140
AGERE SYS INC	19,697	
AIR PRODS + CHEMS INC	105,260	109,998
ALBERTO CULVER CO	110,596	124,347
ALCAN INC		38,979
ALCOA INC		19,428
ALLIED WASTE INDUSTRIES INC	53,466	
ALLSCRIPTS HEATHCARE SOLUT	47,117	
ALLSTATE CORP	61,831	51,931
ALTRIA GROUP INC	141,400	97,900
AMERICAN AXLE + MFG HLDGS INC	18,172	23,723
AMERICAN ELEC PWR INC	55,770	49,095
AMERICAN EXPRESS CO	143,624	65,026
AMERICAN GREETINGS CORP	85,183	86,652
AMERICAN INTL GROUP INC	68,435	207,023
AMERIGROUP CORP	33,818	
AMGEN INC	283,645	229,749
AMKOR TECHNOLOGY INC		8,360
ANGIODYNAMICS INC	22,680	
APACHE CORP	114,592	134,070
AQUANTIVE INC		21,217
ARCHER DANIELS MIDLAND CO	15,757	54,921

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Fire Fighters' Pension Commissioner (325)
Schedule 1
Market Value of Investments
August 31, 2005 (With comparative totals for August 31, 2004)

	Market Value As of August 31, 2005 Amount	Market Value As of August 31, 2004 Amount
ARROW ELECTRS INC		\$ 36,788
ARTHROCARE CORP	\$ 32,733	
ASSET ACCEP CAP CORP		24,542
ATMEL CORP		11,168
AUDIO CODES LTD		23,793
AUTOLIV	8,900	92,950
AVOCENT CORP	61,142	
BANK AMER CORP	129,090	143,936
BANK NEW YORK INC	51,969	
BARD C R INC		78,540
BARRETT BILL CORP	27,016	
BEACON ROOFING SUPPLY INC	48,750	
BED BATH + BEYOND INC	158,145	145,938
BELLSOUTH CORP		8,028
BIG LOTS INC		45,225
BIOMET INC	92,225	109,560
BLUE COAT SYS INC	57,188	
BLUE NILE INC	28,739	
BLUEGREEN CORP		19,975
BOEING CO	73,722	57,442
BORG WARNER INC	23,384	35,792
BORLAND SOFTWARE CORP		45,528
BOSTON PRIVATE FINL HLDGS INC		19,488
BP PLC	47,866	37,590
BRIGGS + STRATTON CORP	65,313	
BRIGHT HORIZONS FAMILY SOLUT	27,524	
BRINKER INTL INC		82,215
BRINKS CO	96,633	74,880
BRISTOL MYERS SQUIBB CO	7,341	7,119
BROOKSTONE INC		18,900
BROOKTROUT INC		24,766
BUCYRUS INTL INC NEW		27,752
BUFFALO WILD WINGS INC		19,425
BUNGE LIMITED	35,232	
BURLINGTON NORTHN SANTA FE	21,208	14,320
CACHE INC	27,376	
CALIFORNIA PIZZA KITCHEN INC	25,152	
CAPITAL ONE FINL CORP	65,792	
CARNIVAL CORP	108,548	
CBRL GROUP INC	56,771	54,196
CDW CORP	85,666	131,625
CELESTICA INC	22,667	18,590
CENTENE CORP DEL	28,956	21,747
CHAMPION ENTERPRISES INC		39,483
CHEVRON CORP	110,520	
CHEVRONTEXACO CORP		117,000
CHUBB CORP	60,872	47,607

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Fire Fighters' Pension Commissioner (325)
Schedule 1
Market Value of Investments
August 31, 2005 (With comparative totals for August 31, 2004)

	Market Value As of August 31, 2005	Market Value As of August 31, 2004
	Amount	Amount
CISCO SYS INC	\$ 318,922	\$ 232,624
CITI TRENDS INC	27,190	
CITIGROUP INC	179,457	190,978
CLOROX CO	40,299	
COCA COLA CO	35,200	35,768
COGNEX CORP	64,409	
COGNIZANT TECHNOLOGY SOLUTIONS	56,913	43,872
COHERENT INC	67,872	
COLGATE PALMOLIVE CO	84,000	
COMCAST CORP NEW	83,025	76,059
COMERICA INC	54,441	54,135
COMMERCIAL VEH GROUP INC		26,424
CONOCOPHILLIPS	98,910	78,152
COOPER INDUSTRIES LTD	39,864	33,132
COOPER TIRE + RUBR CO	15,210	
CORNING INC	80,838	40,986
COST PLUS INC CALIF	44,096	
COSTCO WHSL CORP NEW	95,568	164,680
COTHERIX INC	29,274	
COUNTRYWIDE FINL CORP	16,895	
CSG SYS INTL INC	75,137	56,433
CSX CORP	48,323	34,738
CTRIIP COM INTL ADR		20,508
DANA CORP		20,757
DEL MONTE FOODS CO	70,103	
DELL INC	277,680	261,300
DELTA + PINE LD CO	50,491	53,361
DENTSPLY INTL INC NEW		101,900
DICKS SPORTING GOODS INC	41,132	
DIRECT GEN CORP		44,109
DOLLAR THRIFTY AUTOMOTIVE GRP	48,719	
DOMINOS PIZZA INC		51,728
DONNELLEY R R + SONS CO		43,022
DOVER CORP	73,260	67,914
DU PONT E I DE NEMOURS + CO	39,570	
EASTMAN CHEM CO	28,782	41,877
EATON CORP	38,352	36,210
EBAY INC	129,568	
ECOLLEGE COM		9,512
EDGE PETE CORP DEL	27,566	20,580
EDUCATE INC	41,259	
EDWARDS A G INC		59,126
ELECTRONIC DATA SYS CORP NEW	42,560	36,518
EMAGEON INC	28,273	
EMC CORP	32,150	
EMERSON ELEC CO	114,376	105,825
ENERSYS	37,672	36,894

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Fire Fighters' Pension Commissioner (325)
Schedule 1
Market Value of Investments
August 31, 2005 (With comparative totals for August 31, 2004)

	Market Value As of August 31, 2005 Amount	Market Value As of August 31, 2004 Amount
ENTERGY CORP		\$ 36,180
ENTERGY CORP NEW	44,946	
EPIX MED INC		19,850
EV3 INC	33,966	
EXPEDITORS INTL WA INC	83,265	
EXPRESS SCRIPTS INC	77,532	56,880
EXXON MOBIL CORP	206,655	152,130
FARO TECHNOLOGIES INC	25,825	
FEDERAL HOME LN MTG CORP	60,380	67,120
FEDERAL NATL MTG ASSN	66,352	85,618
FEDERATED DEPT STORES INC DEL		39,060
FIRST DATA CORP	144,594	147,030
FIRSTENERGY CORP	20,412	
FISERV INC	121,149	135,642
FLEXTRONICS INTERNATIONAL LTD	41,792	39,712
FOOT LOCKER INC		60,399
FOREST LABS INC	106,560	
FORMFACTOR INC	25,812	
FOXHOLLOW TECHNOLOGIES INC	50,490	
FPIC INS GROUP INC	27,992	
FRANKLIN RES INC	56,308	90,559
GAMESTOP CORP	28,688	
GAP INC	38,020	
GARTNER INC	57,717	65,247
GENENTECH INC	65,758	
GENERAL DYNAMICS CORP	17,189	14,646
GENERAL ELEC CO	512,553	398,399
GENERAL MLS INC	46,120	
GENERAL MTRS CORP		24,786
GENTEX CORP	59,064	44,642
GENWORTH FINL INC	54,689	38,641
GEORGIA PAC CORP	35,299	37,378
GFI GROUP INC	24,810	
GLAXOSMITHKLINE PLC	48,720	41,140
GLOBALSANTAFE CORPORATION	46,880	
GOLDMAN SACHS GROUP INC	77,826	62,755
GOODRICH CORP	50,402	34,936
GREATBATCH INC	30,000	
GREEN MTN COFFEE ROASTERS	33,014	
GUITAR CTR INC	28,700	22,528
HANOVER COMPRESSOR CO	50,694	
HARRIS INTERACTIVE INC		19,701
HARTFORD FINANCIAL SVCS GRP	58,440	48,928
HCA INC	49,300	15,524
HEALTH MGMT ASSOC		116,632
HEARTLAND PMT SYS INC	29,187	
HEIDRICK + STRUGGLES INTL INC	31,369	

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Fire Fighters' Pension Commissioner (325)
Schedule 1
Market Value of Investments
August 31, 2005 (With comparative totals for August 31, 2004)

	Market Value As of August 31, 2005	Market Value As of August 31, 2004
	Amount	Amount
HEWLETT PACKARD CO	\$ 124,920	\$ 161,010
HOLOGIC INC	65,111	
HOME DEPOT INC	56,448	51,184
HONEYWELL INTL INC		17,990
HUGHES SUPPLY INC	82,923	84,826
HUNTINGTON BANCSHARES INC	33,586	
ICU MEDICAL INC	40,696	36,666
ILLINOIS TOOL WKS INC	168,560	155,193
INGERSOLL RAND COMPANY LIMITED	31,848	26,004
INGRAM MICRO INC	40,273	34,086
INTEGRATED CIRCUIT SYS INC		57,148
INTEL CORP	390,944	178,836
INTERLINE BRANDS INC	27,902	
INTERNATIONAL BUSINESS MACHS	112,868	59,283
INTERPUBLIC GROUP COS INC	32,751	28,485
INVITROGEN CORP		34,650
IPAYMENT INC	52,448	15,840
IVILLAGE INC		18,011
JACUZZI BRANDS INC	29,875	64,380
JOHNSON + JOHNSON	361,323	185,920
JONES APPAREL GROUP INC	28,180	35,690
JOS A BANK CLOTHIERS INC		23,599
JOURNAL COMMUNICATIONS INC	61,363	68,671
JOY GLOBAL INC		48,496
JPMORGAN CHASE + CO	44,057	124,440
KENEXA CORP	29,920	
KEY ENERGY SVCS INC		73,657
KEYCORP NEW	46,368	43,890
KEYSTONE AUTOMOTIVE INDS INC		17,760
KNIGHT TRADING GROUP INC		18,573
KOHL'S CORP	152,105	168,232
KORN / FERRY INTL	29,730	23,101
KROGER CO	49,350	41,325
LABORATORY CORP AMER HLDGS	39,456	
LASERSCOPE	19,013	47,520
LAUDER ESTEE COS INC	100,975	35,160
LCA VISION INC	24,630	
LEAR CORP	30,160	43,104
LEHMAN BROTHERS HLDGS INC	52,830	51,723
LEXMARK INTL INC	56,682	
LIFE TIME FITNESS INC	26,800	53,428
LIFECELL CORP	50,358	20,600
LILLY ELI + CO	71,526	171,315
LIMITED BRANDS INC	39,564	
LIZ CLAIBORNE INC		11,421
LKQ CORP		20,976
LOWES COS INC	192,930	124,250

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Fire Fighters' Pension Commissioner (325)
Schedule 1
Market Value of Investments
August 31, 2005 (With comparative totals for August 31, 2004)

	Market Value As of August 31, 2005 Amount	Market Value As of August 31, 2004 Amount
LUCENT TECHNOLOGIES INC		\$ 10,016
MAGNA INTL INC	\$ 18,365	37,240
MANNING GREG AUCTIONS INC		23,460
MANULIFE FINL CORP		33,144
MARATHON OIL CORP	83,603	47,151
MARTIN MARIETTA MATLS INC	28,928	26,994
MASCO CORP	30,680	
MAXIM INTEGRATED PRODS INC	98,095	
MAY DEPT STORES CO		33,089
MBIA INC	7,246	44,384
MCDONALDS CORP	64,900	54,040
MEDCO HEALTH SOLUTIONS INC	49	31
MEDTRONIC INC	190,950	231,338
MERCANTILE BANKCORP		31,911
MERCK + CO INC	76,221	179,880
MERCURY GEN CORP	79,579	70,210
MERRILL LYNCH + CO INC	168,622	94,480
METLIFE INC	63,674	48,425
MGIC INVT CORP WIS		47,789
MICREL INC		15,536
MICROCHIP TECHNOLOGY INC	102,696	65,975
MICROSEMI CORP		17,804
MICROSOFT CORP	441,140	458,640
MILLENNIUM CHEMICALS INC		37,300
MINDSPEED TECHNOLOGIES INC	29,790	
MIPS TECHNOLOGIES INC COM	23,513	
MOLEX INC	103,026	64,958
MOMENTA PHARMACEUTICALS INC		13,175
MORGAN STANLEY	20,348	40,584
MOTOROLA INC	113,776	
MPS GROUP INC	38,434	33,041
MSC INDL DIRECT INC		20,196
NATIONAL CITY CORP	32,967	60,464
NATIONAL OILWELL INC		44,850
NATIONAL OILWELL VARCO INC	51,368	
NATURES SUNSHINE PRODS INC		23,664
NESS TECHNOLOGIES INC	29,478	
NETFLIX COM INC		4,883
NETMANAGE INC		12,420
NEWELL RUBBERMAID INC	35,145	
NOBLE CORPORATION	49,910	
NOBLE ENERGY INC	90,784	92,664
NORDSTROM INC	33,580	18,565
NORFOLK SOUTHN CORP	56,976	45,440
NOVATEL WIRELESS INC		19,650
NU SKIN ENTERPRISES INC		27,111
O CHARLEYS INC		19,488

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Fire Fighters' Pension Commissioner (325)
Schedule 1
Market Value of Investments
August 31, 2005 (With comparative totals for August 31, 2004)

	Market Value As of August 31, 2005	Market Value As of August 31, 2004
	Amount	Amount
O REILLY AUTOMOTIVE INC	\$ 59,276	\$ 78,820
O2MICRO INTERNATIONAL LIMITED	30,951	33,635
OCCIDENTAL PETE CORP	70,576	61,980
ODYSSEY HEALTHCARE INC		47,844
OFFICE DEPOT INC	54,000	28,818
OHIO CAS CORP		82,615
OMNICOM GROUP	104,572	89,453
ON SEMICONDUCTOR CORP		17,433
OPTION CARE INC		18,876
ORACLE CORP	9,079	6,979
ORBITAL SCIENCES CORP	37,378	36,278
OSHKOSH TRUCK CORP	62,171	61,152
P F CHANGS CHINA BISTRO INC		39,824
PACER INTL INC TN		20,150
PAREXEL INTL CORP		22,138
PARLUX FRAGRANCES INC	28,233	
PATTERSON UTI ENERGY INC	98,998	
PEETS COFFEE AND TEA INC	43,778	
PEP BOYS MANNY MOE + JACK	49,628	
PEPSICO INC	87,760	65,000
PERFORMANCE FOOD GROUP CO		17,600
PERKINELMER INC	65,516	
PEROT SYS CORP		61,026
PFIZER INC	185,931	431,244
PHARMACEUTICAL PROD DEV INC	119,855	72,993
PHOTRONICS INC	49,848	
PIKE ELEC CORP	30,741	
PIONEER DRILLING CO	28,080	
POLYONE CORP		29,465
PPG INDS INC	37,788	
PPL CORP		33,481
PRA INTL	27,930	
PROCTER AND GAMBLE CO	38,836	123,134
PROVIDENCE SVC CORP	26,541	23,925
PRUDENTIAL FINL INC	38,622	
PSS WORLD MED INC	28,256	
PSYCHIATRIC SOLUTIONS INC		19,719
QC HLDGS INC		19,516
QLOGIC CORP		54,831
QUALCOMM INC	13,899	13,318
QUALITY DISTR INC FLA		11,761
QUANTA SERVICES INC	67,740	
RADIATION THERAPY SVCS INC	29,546	
RADIO ONE INC	29,358	
RAYMOND JAMES FINANCIAL INC		45,413
REEBOK INTL LTD		84,925
REGIS CORP MINNESOTA	10,197	

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Fire Fighters' Pension Commissioner (325)
Schedule 1
Market Value of Investments
August 31, 2005 (With comparative totals for August 31, 2004)

	Market Value As of August 31, 2005	Market Value As of August 31, 2004
	Amount	Amount
REPUBLIC SVCS INC	\$ 103,074	\$ 83,850
RESTORATION HARDWARE INC DEL		19,499
REYNOLDS + REYNOLDS CO	75,916	69,854
RF MONOLITHICS INC		12,798
ROWAN COS INC	40,920	
SAFEWAY INC	42,714	36,360
SAKS INC		21,384
SANMINA SCI CORP	26,364	21,452
SANOFI SYNTHELABO		42,720
SAPIENT CORP		30,000
SBC COMMUNICATIONS INC	14,448	23,211
SCHERING PLOUGH CORP	104,909	108,914
SCHOLASTIC CORP	57,623	49,433
SEARS ROEBUCK + CO		30,624
SEI INVESTMENTS CO	83,168	68,628
SEMPRA ENERGY		36,150
SHAW GROUP INC	32,705	
SILICON IMAGE INC	30,474	
SIRF TECHNOLOGY HLDGS INC		15,469
SIRVA INC		46,596
SMITHFIELD FOODS INC	74,081	71,960
SMURFIT STONE CONTAINER CORP	15,456	35,480
SOLECTRON CORP	33,210	41,796
SONOSITE INC	28,640	
SPEEDWAY MOTORSPORTSINC	61,885	80,675
SPHERION CORP		16,104
SPINNAKER EXPL CO		20,484
SPRINT CORP		49,200
SPRINT NEXTEL CORP	82,976	
SPX CORP	31,878	
STAPLES INC	171,288	149,136
STARBUCKS CORP	78,464	
STEINER LEISURE LTD	23,123	
STERIS CORP		68,640
SUNGARD DATA SYS INC		117,300
SUNTRUST BKS INC	21,084	54,480
SUPERVALU INC	45,240	34,268
SWIFT TRANSN INC	50,747	
SYMMETRY MED INC	27,610	
SYNERON MEDICAL LTD	27,690	20,230
SYSCO CORP		83,564
T HQ INC	28,569	
TAKE TWO INTERACTIVE SOFTWARE	26,180	
TALBOTS INC		61,663
TARGET CORP	64,500	
TARO PHARMA INDS		9,329
TECH DATA CORP	21,966	30,128

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Fire Fighters' Pension Commissioner (325)
Schedule 1
Market Value of Investments
August 31, 2005 (With comparative totals for August 31, 2004)

	Market Value As of August 31, 2005	Market Value As of August 31, 2004
	Amount	Amount
TECHNE CORP	\$ 31,334	
TELLABS INC	40,005	\$ 40,815
TEREX CORP NEW		23,485
TETRA TECH INC NEW		48,690
TEXAS ROADHOUSE INC	26,416	
TEXTRON INC	42,780	38,094
THE ST PAUL TRAVELERS COS INC	51,612	24,283
THERMA WAVE INC		12,070
TIDEWATER INC	100,660	70,032
TIMCO AVIATION SVCS INC	31	45
TIME WARNER INC NEW	82,432	40,875
TORCHMARK INC	15,822	51,480
TOREADOR RES CORP	33,443	
TRACTOR SUPPLY CO		38,302
TRANSACTION SYS ARCHITECTS INC	87,838	59,555
TRIDENT MICROSYSTEMS INC	63,216	
TUPPERWARE CORP		47,028
TYCO INTL LTD	22,264	75,168
UNILEVER N V	34,600	30,030
UNITED NAT FOODS INC	56,100	
UNITED PARCEL SVC INC	17,723	18,263
UNITED STATIONERS INC		28,654
UNITED STS STL CORP NEW	41,920	36,910
UNITEDHEALTH GROUP INC	164,800	
UNIVERSAL COMPRESSION HLDGS	10,588	
UNIVERSAL HEALTH SVCS INC	91,998	
US BANCORP DEL	35,064	35,400
UST INC	53,200	50,150
VALASSIS COMMUNICATIONS INC	149,834	73,476
VALSPAR CORP	56,523	56,748
VARIAN MED SYS INC	135,388	62,985
VENTIV HEALTH INC		19,591
VERIFONE HLDGS INC	32,925	
VERINT SYS INC		21,525
VERIZON COMMUNICATIONS	86,682	37,288
VIACOM INC	42,488	4,997
VIASYS HEALTHCARE INC	28,277	
VISHAY INTERTECHNOLOGY INC		24,225
WACHOVIA CORP 2ND NEW	148,860	51,601
WAL MART STORES INC	62,944	105,340
WALGREEN CO	106,559	131,220
WASHINGTON MUT INC	41,580	62,128
WASTE CONNECTIONS INC	24,738	
WCI CMNTYS INC	65,771	55,993
WELLCARE HEALTH PLANS INC	30,080	31,025
WELLS FARGO + CO NEW	28,320	27,906
WERNER ENTERPRISES INC		62,020

AUDITED

Fire Fighters' Pension Commissioner (325)
Schedule 1
Market Value of Investments
August 31, 2005 (With comparative totals for August 31, 2004)

	Market Value As of August 31, 2005 Amount	Market Value As of August 31, 2004 Amount
WIND RIV SYS INC	\$ 24,309	
WINTRUST FINL CORP		\$ 27,440
WRIGHT EXPRESS CORP	62,590	
WRIGHT MED GROUP INC	27,796	
WYETH	27,474	21,942
XL CAPITAL LTD	41,700	42,120
ZEBRA TECHNOLOGIES CORP	88,730	60,008
ZILOG INC		37,056
ZORAN CORP	32,308	
ZUMIEZ INC	32,980	
Grand Total	<u>\$ 19,429,619</u>	<u>\$ 17,144,253</u>
 TOTAL INVESTMENTS	 <u><u>\$ 39,557,442</u></u>	 <u><u>\$ 35,836,877</u></u>

AUDITED

**Fire Fighters' Pension Commissioner
Schedule 2
Administrative Expenses for TSESRA Trust Fund
August 31, 2005**

Category	Expenses
Salaries & Wages	\$ 251,772
Payroll Related Costs	50,868
Professional Fees and Services:	
Capital Computer Services	\$ 580
Craig Hudgins	12,500
Dr. IT	12,713
Escalade	65,123
EWTG	38
iCaught	3,100
Iron Mountain	148
Lawson and Fields	613
Rudd & Wisdom	62,218
Jansen & Gregorczyk	87,020
State & Local Records Management	83
State Auditor's Office	21,300
Total Professional Fees and Services	265,435
Travel	27,291
Materials and Supplies	13,930
Communication and Utilities	6,024
Repairs and Maintenance	1,466
Rentals & Leases	21,264
Printing & Reproduction	365
Depreciation Expense	6,860
Other Expense	6,388
Total Administrative Expenses	<u>\$ 651,662</u>

Fire Fighters' Pension Commissioner
Schedule 3
Investing Activity Expenses
August 31, 2005

<u>Category</u>	<u>Expenses</u>
Atlanta Capital Management	\$ 46,938
Milliman USA	35,000
Rice, Hall, James & Assoc.	28,400
Pier Capital	33,663
Alliance Bernstein & Co.	41,116
State Street Bank & Trust	24,368
Total Investing Activities Expenses	<u>\$ 209,485</u>

UNAUDITED

**Fire Fighters' Pension Commissioner
Schedule 4
Board Members
August 31, 2005**

Name and Address	Term Expires September 1,
Frank Torres, Chairman 1876 South 7th St. Raymondville, Texas 78580	2005
Allen J. Scopel, Vice-Chairman 3814 Marilyn Rosenberg, Texas 77471	2005
Paul Loeffler, Secretary P.O. Box 1407 Alpine, Texas 79831	2007
Oscar Choate, Trustee 4411 Sartain Mineral Wells, TX 76067	2007
Kyle A. Donaldson, Trustee 125 E. Castle Hills Rd. Sonora, Texas 76950	2009
Gracie G. Flores, Trustee 425 Ashland Dr. Corpus Christi, TX 78412	2009
Rex W. Klesel, Trustee P.O. Box 715 Alvin, TX 77512	2009
Maxie Patterson, Trustee 4225 Interwood N. Parkway Houston, Texas 77032	2007
Robert Weiss, Trustee 1508 West Main Street Brenham, Texas 77833	2005

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2005 Fire Fighter Pension Report
Section 3: Texas Emergency Services Retirement System

2005 Fire Fighter Pension Report
 Section 3: Texas Emergency Services Retirement System

EXECUTIVE SUMMARY

The Texas Emergency Services Retirement System Board of Trustees and the Office of the Fire Fighters' Pension Commissioner have made a concerted effort to correct the underlying problems causing the inadequate financing arrangement of the plan. In 2005, the Legislature gave the Board the authority to establish vesting periods, contribution levels, benefit formulas, and eligibility requirements. The 79th Legislature also approved \$2.2 million in State funding for 2006-2007 for the pension fund. Title 8, Government Code, Subtitle H. Texas Emergency Services Retirement System.

Although three years of outstanding investment returns have helped, the Board commissioned the System actuary to study the actuarial impact of contribution increases, benefit reductions, and longer minimum vesting periods. As a result of this analysis, the Board voted on May 16, 2006 to reduce benefits and increased minimum contribution rates.

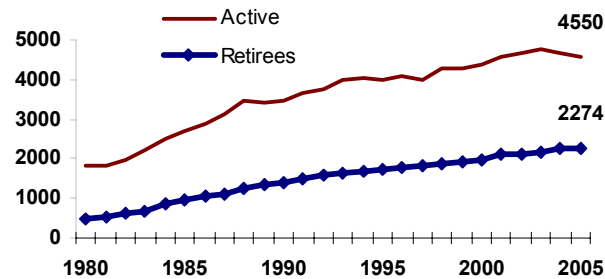
Recognizing the need to reduce expenses, the Office reduced administrative expenses for the third year in a row. During the past year alone, the Office has developed a pension website, revamped the contribution collection process, and subcontracted pension accounts receivable operations. A department can now log-on to FFPC On-line to maintain their pension rosters, file annual reports, and review contribution invoices. To further reduce administrative costs, the Office is collecting pension contributions from municipalities by electronic debit.

Preparations for the 80th Legislative Session are currently being made. Further refinement of the law governing the System will be proposed in order to strengthen and clarify plan disability provisions. The Office will continue to seek State funding as required by the law and additional funding sources to correct historic plan design problems.

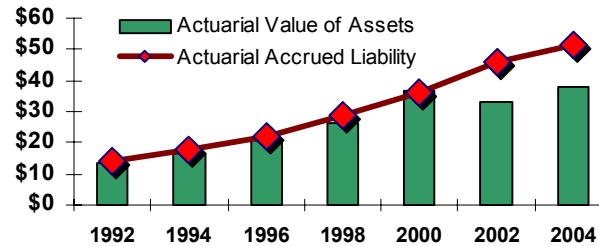
BOARD OF TRUSTEES

- FRANK TORRES, CHAIRMAN
- ALLEN J. SCOPEL, VICE CHAIRMAN
- PAUL LOEFFLER, SECRETARY
- OSCAR CHOATE
- KYLE DONALDSON
- GRACIE FLORES
- REX KLESEL
- MAX PATTERSON
- ROBERT WEISS

Pension Members



Actuarial Funding (millions)



\$ Assets (millions)



SYSTEM OVERVIEW

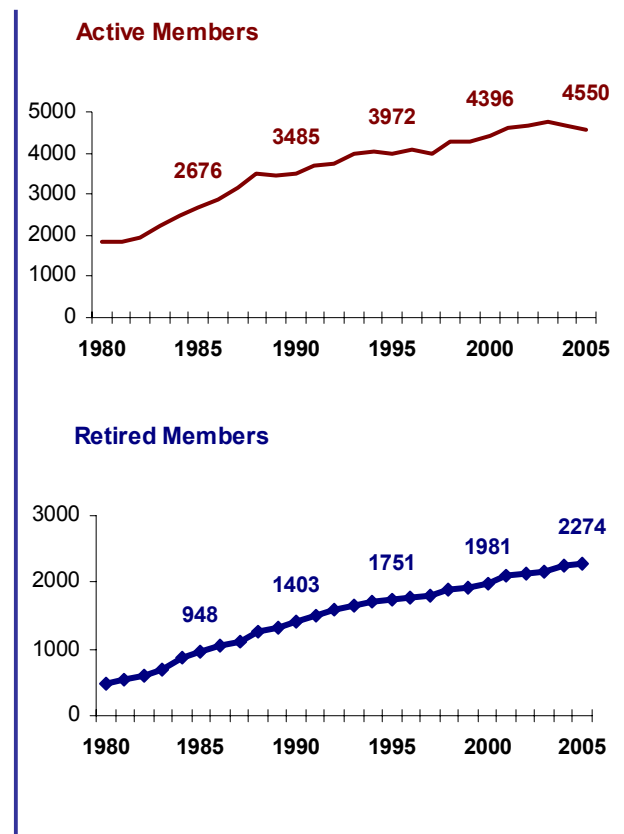
The Fund was created by the State of Texas in 1977 to finance a pension system for volunteer fire fighters. The System is administered by the State of Texas through the Office of the Firefighters' Pension Commissioner and is overseen by a State Board of Trustees. The System provides a cost-effective means for small volunteer departments to belong to a professionally managed fund for the benefit of their local volunteer fire and EMS personnel. The System serves 179 departments, 4,550 active members and 2,274 retirees.

The agency administers the Texas Emergency Services Retirement System under the authority of the Title 8, Government Code, Subtitle H. Texas Emergency Services Retirement System. As the administrator of the System, the FFPC collects contributions of participating department members, invests the proceeds, calculates benefits, and issues payments to retirees and their beneficiaries.

CHANGES ENACTED BY THE 79TH LEGISLATURE

In 2005, the 79th Texas Legislature gave the Board the authority to make administrative changes by rule, and establishing the following:

- periods for full and partial vesting of benefits;
- a minimum contribution level;
- a multiplier or formula to be used in computing benefits;
- the method for providing an increase in benefits for service in excess of the vesting period;
- an increase in local contributions for the purpose of funding the plan's unfunded actuarial accrued liability within 30 years;
- a lump-sum payment for certain annuities if it would be more cost-efficient or if it were necessary to maintain actuarial soundness;
- provide a five-year period after the date of an election to participate for a department to revoke participation. No revocation could occur for a department joining after September 1, 2005;
- broaden the definition of "qualified service" to include other kinds of training besides drills;
- prevent two administrative hearings on the same issue and to prevent appeal of a board decision to a district court; and
- continue the requirement for the State obligation, by statute, of up to one-third of the aggregate departmental contributions if the plan becomes actuarially unsound.



ACTUARIAL OVERVIEW

The Fire Fighters' Pension Commissioner and State Board are required by State law to certify the actuarial and financial soundness of the System every two years.

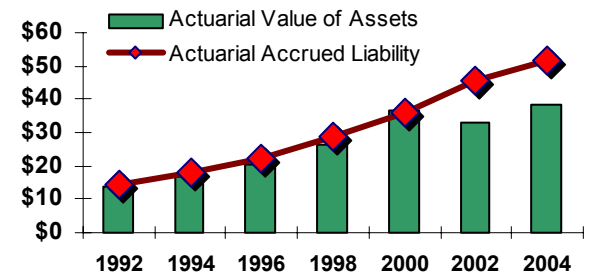
On December 14, 2004, the Board received a valuation report from the actuarial firm of Rudd and Wisdom, Inc. stating that the \$38.1 million pension fund was not financed on an actuarially sound basis. Despite positive investment returns of 12.5% in 2003 and 11.4% in 2004, the Fund had unfunded actuarial liabilities of over \$13.4 million. As a result, the actuary determined that the unfunded actuarial liabilities could not be amortized and that the Board could not certify the actuarial soundness of the Fund.

The State is required to contribute the sum necessary to make the Fund actuarially sound each year. The State's contribution may not exceed the amount of one-third of the total of all contributions by governing bodies in one year.

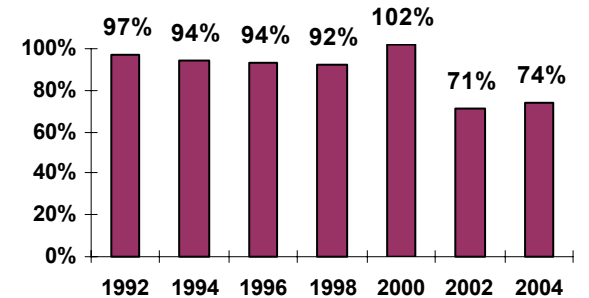
To help address this problem, the Commissioner submitted a legislative appropriation request to protect the vested benefits of volunteer emergency services personnel by addressing the long-term actuarial soundness of the System. In response, the 79th Legislature approved \$2.2 million in State funding for 2006-2007 for the System and the Agency. The Legislature also gave the Board the authority to establish vesting periods, contribution levels, benefit formulas, and eligibility requirements.

The next actuarial valuation for the System will be conducted August 31, 2006.

Actuarial Funding (millions)



Funded Ratio



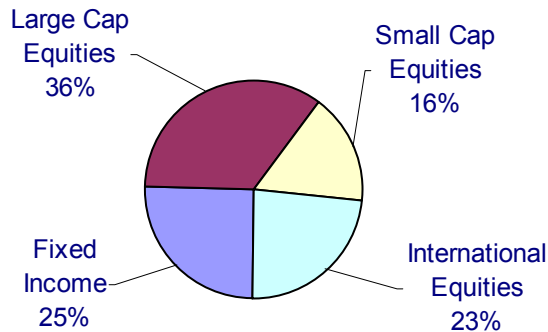
INVESTMENT OVERVIEW

One of the most important responsibilities of the Board of Trustees is to prudently invest the assets of the Fund to meet long-term pension liabilities. In fiscal year 2005, the Fund had an investment return of 14.5 percent and total assets in excess of \$40 million.

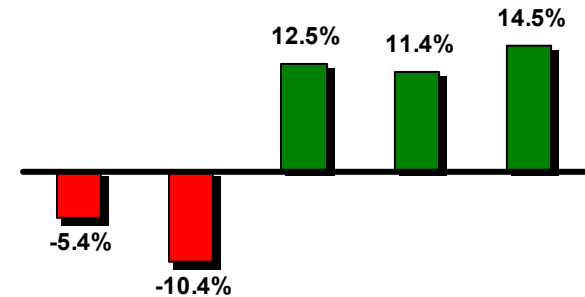
The Board of Trustees is responsible for hiring external investment managers, an investment consultant, and custodial bank. The Fund currently has six investment managers on contract. The Board evaluates the performance of each investment manager on a quarterly basis. Managers that do not perform according to their benchmarks are placed on a "watch-list" and then terminated if their performance does not improve.

The Board's most critical task in managing the assets of the Fund is the development of an asset allocation that will meet the long term funding needs of the pension fund with the appropriate level of risk. The Board and the Fund actuary have assumed future liabilities and assets will grow at a rate of 8 percent. As a result, the Board of Trustees must maintain an asset allocation that is designed to meet or exceed that rate of return over the long-term.

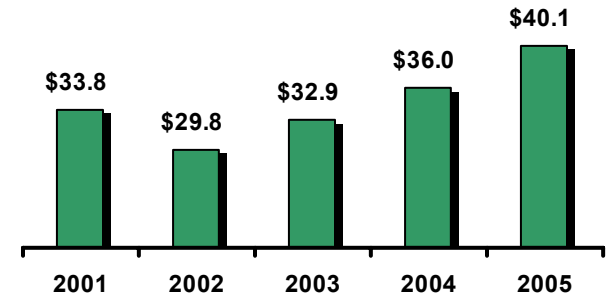
2005 Asset Allocation



Investment Returns (2001-2005)



\$ Assets (millions)



OVERVIEW OF SYSTEM BENEFITS AS OF JANUARY 1, 2007

On May 16, 2006, the Board adopted amendments to 34 Texas Administrative Code Chapter 308 governing benefits from the Texas Emergency Services Retirement System. The rule amendments adopted by the Board will protect the vested accrued benefits of current members while improving the ability of the System to pay future pension benefits. The adoption of the higher contribution rates will allow the System to provide qualified fire fighters and emergency services personnel with higher pension, disability, and death benefits. The public benefit anticipated as a result of the adoption of the new rules will be to provide participating departments with improved benefits to recruit volunteer fire fighters and emergency services personnel to protect local communities.

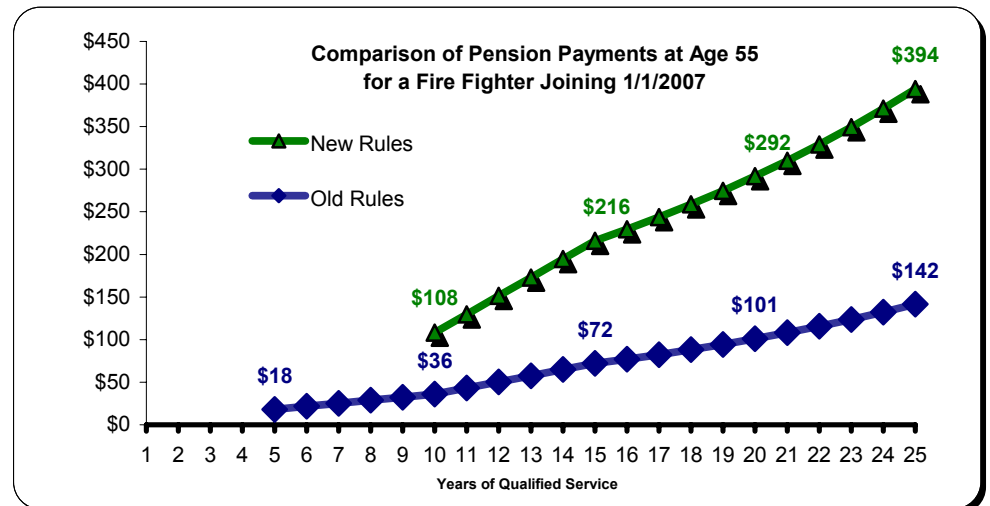
The benefit reductions and contribution increases adopted by the Board were needed to address funding problems of the System. As of August 31, 2004, Rudd and Wisdom, Inc. reported that the Fund was not adequately financed on an actuarially sound basis and that the Fund had an annual contribution deficiency of \$1.2 million for the year beginning September 1, 2004. By special actuarial study of February 27, 2006, Rudd and Wisdom, Inc. estimated that the proposed amendments would reduce the annual required contributions for a 30-year amortization of the System’s unfunded actuarial accrued liability by \$282,642. This would result in just slightly more reduction in the required contributions than necessary to have an amortization period of exactly 30 years anticipating maximum State contributions for 30 years.

Protection of Accrued Benefits: Rule §308.1(d) protects accrued pension benefits by “grandfathering” vested accrued benefits for retirement, termination, or death as of December 31, 2006 for each vested active member. The System will calculate the amount of every vested member’s vested accrued benefit as of December 31, 2006 and keep a record of this amount as each person’s minimum benefit. Upon termination, death, or retirement, the System would pay the larger of the benefits under the new reduced benefit formula and the minimum benefit. Vested terminated members at the effective date of the changes would not be affected by the rule amendment.

Increases in Minimum Contribution Rates: The amendment to Rule §310.6 increases the minimum pension contribution rates by \$4 per month per member in each of the years following September 1, 2006 until the minimum rate reaches \$36 in September 2011. This is the first mandated increase in minimum contribution rates since the pension fund was created in 1977.

Elimination of Partial Vesting for less than 10 years of Qualified Service: The Board amended Rule §308.1(b) to eliminate partial vesting for active members with less than 10 years of qualified service effective January 1, 2007. Under the previous vesting schedule, members with between 5 and 10 years of qualified service were eligible to receive a pension at age 55. Under the amended rule, members with less than 10 years of qualified service will not receive a pension.

Reductions in Benefit Formula for Qualified Service Over 15 years: The Board did not change the normal service retirement formula. Members with 15 years of qualified service will continue to be eligible to receive a pension for life starting at age 55 that is equal to six times the average contribution rate paid by the governing entity over the member’s period of qualified service. To improve the actuarial status of the System, the Board reduced the benefit formula compound interest rate from 7% to 6.2% for all years of qualified service over 15 years.



2005 Fire Fighter Pension Report
Section 3: Texas Emergency Services Retirement System

On-Duty Disability Benefit: If a member is injured while on-duty, the member receives at least \$300 a month as long as the member is unable to perform his/her duties for the participating department and the duties of any other occupation for which the person is reasonably suited by education, training, and experience. Both criteria must be met. The amount of the monthly disability increases \$50 for every \$12 increase in dues paid for the member by the department. The minimum contribution rate will equal \$400 per member per month in September 2011 because of mandated increases in minimum contributions.

On-Duty Death Benefits: The beneficiaries receive a lump-sum payment of \$60,000. This is in addition to State and Federal benefits for an on-duty death. In addition to the lump-sum benefit for on-duty death, the spouse and minor children share equally in a monthly pension of two-thirds of the member's retirement. If the member has less than 15 years of service and is killed in the line of duty, the member is automatically vested with 15 years of service. As long as both spouse and one or more dependents survive, an additional one-third of the monthly retirement annuity shall be paid to the minor children in equal shares.

Off-Duty Death Benefits: The beneficiaries receive a lump-sum payment of at least \$2,160. The amount of this lump-sum payment will increase to \$6,480 by 2011 as a result of higher contribution rates. If the active member is vested and of retirement age at the time of off-duty death, the surviving spouse is entitled to receive two-thirds of the monthly pension the decedent would have received if the decedent had retired on the date of death. When a terminated vested member dies before retirement, the spouse is eligible to receive two thirds of the member's pension effective the date of the member's 55th birthday.

2005 Fire Fighter Pension Report
 Section 3: Texas Emergency Services Retirement System

PARTICIPATING DEPARTMENTS (MAY 31, 2006)

Department Name	Contribution Rate	Active Members
ALAMO	\$ 12.00	13
ALPINE	\$ 15.00	17
ALVARADO	\$ 12.00	16
ALVIN	\$ 115.00	55
ANDREWS	\$ 12.00	33
ANGLETON	\$ 35.00	40
BALLINGER	\$ 30.00	36
BERTRAM	\$ 12.00	15
BRADY	\$ 15.00	16
BRAZORIA	\$ 35.00	24
BRENHAM	\$ 140.00	47
BRIDGE CITY	\$ 12.00	36
BRIDGEPORT	\$ 12.00	20
BROWNFIELD	\$ 24.00	23
BURKBURNETT	\$ 12.00	24
BURLESON	\$ 40.00	17
BURNET	\$ 24.00	17
CACTUS	\$ 12.00	4
CAMERON	\$ 24.00	32
CANADIAN	\$ 100.00	26
CANYON	\$ 54.00	31
CARTHAGE	\$ 12.00	26
CENTER	\$ 60.00	20
CLARKSVILLE	\$ 30.00	26
CLAUDE	\$ 15.00	21
CLUTE	\$ 30.00	28
COLUMBUS	\$ 24.00	35

Department Name	Contribution Rate	Active Members
CROCKETT	\$ 12.00	16
CROSBYTON	\$ 12.00	26
CUERO	\$ 25.00	41
DAINGERFIELD	\$ 12.00	19
DALHART	\$ 12.00	29
DALLAS CO.	\$ 24.00	4
DAYTON	\$ 12.00	33
DEER PARK	\$ 50.00	76
DENVER CITY	\$ 48.00	31
DIBOLL	\$ 24.00	32
DICKINSON	\$ 32.00	33
DIMMITT	\$ 12.00	14
DUMAS	\$ 12.00	16
EAGLE LAKE	\$ 24.00	24
EDCOUCH	\$ 12.00	19
EDGECLIFF VILLAGE	\$ 12.00	11
EDNA	\$ 12.00	23
EL CAMPO	\$ 36.00	57
EL PASO CO ESD #1	\$ 12.00	45
EL PASO CO ESD #2	\$ 12.00	179
ELECTRA	\$ 25.00	24
FAIRFIELD	\$ 12.00	21
FARMERSVILLE	\$ 12.00	23
FERRIS	\$ 16.00	19
FLATONIA	\$ 12.00	22
FORNEY	\$ 12.00	30
FORT STOCKTON	\$ 12.00	36

2005 Fire Fighter Pension Report
 Section 3: Texas Emergency Services Retirement System

Department Name	Contribution Rate	Active Members
FREDERICKSBURG	\$ 25.00	36
FREEPORT	\$ 30.00	18
FREER	\$ 12.00	23
FRIENDSWOOD	\$ 60.00	85
FRISCO	\$ 12.00	29
GAINESVILLE	\$ 12.00	3
GALENA PARK	\$ 25.00	5
GIDDINGS	\$ 20.00	27
GILMER	\$ 20.00	22
GONZALES	\$ 12.00	33
GRANBURY	\$ 115.00	34
GRAND PRAIRIE	\$ 22.00	9
GRAND SALINE	\$ 12.00	20
GRANDVIEW	\$ 12.00	18
GROESBECK	\$ 12.00	42
GROVES	\$ 12.00	27
GUN BARREL CITY	\$ 12.00	3
HALLETTSVILLE	\$ 12.00	45
HAWKINS	\$ 12.00	23
HEARNE	\$ 12.00	22
HEREFORD	\$ 50.00	24
HIDALGO	\$ 12.00	7
HUMBLE	\$ 50.00	9
HUNTSVILLE	\$ 36.00	39
IOWA PARK	\$ 50.00	18
IRAAN	\$ 12.00	14
JASPER	\$ 65.00	27
JEFFERSON	\$ 12.00	22
KATY	\$ 12.00	22
KERMIT	\$ 24.00	31

Department Name	Contribution Rate	Active Members
KINGSVILLE	\$ 12.00	17
LA GRANGE	\$ 24.00	32
LA PORTE	\$ 55.00	87
LAKE JACKSON ESD	\$ 50.00	10
LAKE JACKSON VFD	\$ 100.00	44
LEAGUE CITY	\$ 72.00	124
LEVELLAND	\$ 12.00	19
LINDALE	\$ 12.00	28
LITTLEFIELD	\$ 12.00	17
LLANO	\$ 12.00	29
LOCKHART	\$ 12.00	6
LOUISE	\$ 24.00	16
LUCAS	\$ 30.00	28
MADISONVILLE	\$ 12.00	23
MATHIS	\$ 12.00	17
MCCAMEY	\$ 24.00	18
MERCEDES	\$ 12.00	23
MERKEL	\$ 12.00	13
MIDLOTHIAN	\$ 96.00	2
MINEOLA	\$ 12.00	25
MINERAL WELLS	\$ 12.00	33
MISSION	\$ 12.00	27
MONT BELVIEU	\$ 25.00	23
MORTON	\$ 16.00	14
MOUNT VERNON	\$ 12.00	20
MULESHOE	\$ 30.00	24
MURPHY	\$ 20.00	2
ODEM	\$ 12.00	25
ORANGE CO ESD #1	\$ 12.00	18
OVILLA	\$ 36.00	11

2005 Fire Fighter Pension Report
 Section 3: Texas Emergency Services Retirement System

Department Name	Contribution Rate	Active Members
PALACIOS	\$ 36.00	20
PASADENA	\$ 100.00	168
PEARLAND	\$ 60.00	59
PEARSALL	\$ 15.00	17
PERRYTON	\$ 100.00	17
PILOT POINT	\$ 12.00	11
PORT ARANSAS	\$ 12.00	18
PRINCETON	\$ 12.00	22
QUANAH	\$ 12.00	29
QUITMAN	\$ 12.00	22
RAYMONDVILLE	\$ 36.00	24
RICHMOND	\$ 12.00	25
RIVER OAKS	\$ 36.00	29
ROBY	\$ 12.00	14
ROCKWALL	\$ 100.00	39
ROSENBERG	\$ 42.00	13
ROTAN	\$ 17.00	19
SAN AUGUSTINE	\$ 18.00	25
SAN JUAN	\$ 12.00	23
SAN MARCOS	\$ 12.00	5
SAN SABA	\$ 12.00	24
SANGER	\$ 12.00	21
SANTA FE	\$ 35.00	49
SCHULENBURG	\$ 65.00	31
SEABROOK	\$ 24.00	20
SEGUIN	\$ 24.00	12
SEMINOLE	\$ 70.00	32
SEYMOUR	\$ 22.00	25
SHINER	\$ 12.00	47
SINTON	\$ 12.00	4

Department Name	Contribution Rate	Active Members
SLATON	\$ 24.00	25
SNYDER	\$ 12.00	22
SONORA	\$ 48.00	20
SPEARMAN	\$ 15.00	13
SPUR	\$ 12.00	19
SUNRAY	\$ 12.00	19
SWEENY	\$ 30.00	18
TAHOKA	\$ 12.00	21
TEAGUE	\$ 12.00	26
TOMBALL	\$ 12.00	26
TRAVIS CO ESD# 6	\$ 84.00	7
TRINITY	\$ 13.00	30
UVALDE	\$ 120.00	26
WEBSTER	\$ 100.00	9
WEIMAR	\$ 12.00	37
WEST COLUMBIA	\$ 25.00	32
WHARTON	\$ 45.00	30
WILD PEACH	\$ 15.00	21
WILLS POINT	\$ 32.00	22
WINDCREST	\$ 100.00	25
WOLFFORTH	\$ 12.00	29
WOODVILLE	\$ 12.00	29
YOAKUM	\$ 17.00	23
YORKTOWN	\$ 12.00	31
Total Members (5/31/2006)		4,537
Average Department Contribution Rate (5/31/2006)	\$ 28.26	



2005 Fire Fighter Pension Report
Section 4: Texas Local Fire Fighters Retirement Act

2005 FIRE FIGHTER PENSION REPORT
SECTION 4: TEXAS LOCAL FIRE FIGHTERS RETIREMENT ACT (TLFFRA)

EXECUTIVE SUMMARY

The Texas Local Fire Fighters Retirement Act (TLFFRA) allows for 123 participating cities to administer their own local pension funds. These funds vary in assets from zero, or pay as you go, to \$131 million. The combined market balance of these funds ending December 31, 2005 exceeded \$1 billion with 6,070 active members and 3,321 beneficiaries. The role of this office is to provide administrative support by way of:

- **Oversight:** Interpret governing statutes and provide technical assistance for pension board trustees, administrators, and TLFFRA fire fighters and their dependants.
- **Records Administration:** Reporting, auditing, storage, annual review of financial reports, review benefit and refund applications and calculate benefit determinations.
- **Appeals with the assistance of the State Office of Administrative Hearings:** oversee appeals process through final determination.
- **Education:** Provide an annual conference and continuing education for fund administrators and boards of trustees with training by qualified entities in the fields of investment management and administration.

In an effort to help stabilize this program of 9,391 members and to increase efficiencies and services to the fire fighters participating in this program, the Commissioner has created committees to address the needs of TLFFRA systems. These committees may meet quarterly or as often as necessary and advise the Commissioner on best execution in areas of interest proposed by the Commissioner or the individual funds under TLFFRA.

Members of committees must be in good standing with the Office of the Fire Fighters' Pension Commissioner and the State Pension Review Board, and serve at the discretion of the Commissioner. The current committee structures and charges are as follows:

- **Commissioner's Committee on Peer Review**

The role of the Committee is to create model policies and procedures to assist systems under TLFFRA in the day-to-day operations of pension system management and operation. The Committee will review, assist, advise and address issues relating to the TLFFRA law, scope of practice, historical analysis, and best management practices. The Committee may be called on by the Commissioner and/or an individual pension system to address issues relative to that particular system. The Committee will contain members based on a geographical placement throughout the state.

- **Commissioner's Committee on Conference Planning and Education**

The role of the Committee is to assist the Commissioner on topics, interests and planning of the annual TLFFRA Conference and consists of members who have hosted the previous, current and future conferences. The Committee will review and make recommendations regarding proposed sites and assist in best practices solutions for continuing conference education and training opportunities.

- **Commissioner's Special Committee on Pooled Investment Funds (PIF)**

The role of the Pooled Investment Fund Committee is to determine if a voluntary PIF is a viable option for TLFFRA systems. The Committee will address statutory issues, governance, selection processes, investment practices and policies, asset allocations, cost accounting methods and professional services issues. The Committee will examine other existing investment alternatives and models currently existing in other states. Once the legal, administrative and investment issues are identified, the Committee will identify the conditions under which a TLFFRA system would consider participating in a pooled investment fund. The Committee is composed of TLFFRA systems of small, medium and large member departments.

2005 FIRE FIGHTER PENSION REPORT

SECTION 4: TEXAS LOCAL FIRE FIGHTERS RETIREMENT ACT (TLFFRA)

The agency, while continuing to improve the quality of service and increase efficiencies to the fire fighters participating under TLFFRA, is continuing its plan to:

- A. Provide for procurement and contracting of outside vendors for fund oversight and management creating a higher level of fiduciary support for departments.
- B. Provide secure on-line access of audited pension documents in a streamlined format for all of the 123 pension boards. Pension funds would be able to store and retrieve their pension fund records securely and in accordance with the Health Insurance Portability and Accountability Act (HIPAA). This would eliminate the need for the local funds to pay for storing their pension fund records (which have to be maintained for 95 years) and would provide a more accurate picture of fund structures.

The Commissioner and staff are working toward providing sound administrative systems and services to support and enhance the services currently being provided by the agency and to create a better agency for the fire service and our members in the State of Texas.

SUMMARY OF THE TOTAL NUMBER OF FIRE DEPARTMENTS AND FIRE FIGHTERS PARTICIPATING IN THE TEXAS LOCAL FIRE FIGHTERS RETIREMENT ACT (TLFFRA) AND FUND ASSETS AS OF DECEMBER 31, 2005			
	<u>FIRE DEPTS.</u>	<u>FIRE FIGHTERS</u>	<u>ASSETS</u>
Fully Paid Departments	37	4,700	\$1,125,066,976
Part Paid Departments	3	240	\$18,099,282
Volunteer Departments	83	1,130	\$2,320,417
GRAND TOTALS	123	6,070	\$1,145,486,675

2005 FIRE FIGHTER PENSION REPORT
SECTION 4: TEXAS LOCAL FIRE FIGHTERS RETIREMENT ACT (TLFFRA)

REVENUES AND DISBURSEMENTS FOR YEAR ENDING DECEMBER 31, 2005		
BEGINNING MARKET BALANCES AS OF JANUARY 1, 2005		\$1,078,221,938
REVENUES	Number	
Investment Income		\$75,474,176
Miscellaneous Income		\$563,795
Unrealized Gains (Losses)		\$3,092,025
Paid Fire Fighters Contributions	4,915	\$28,741,003
Volunteer Fire Fighters Dues	1,125	\$30,962
City Contributions (Paid Depts.)	40	\$33,850,592
City Contributions (Vol. Depts.)	52	\$309,214
TOTAL REVENUES		\$142,061,767
BENEFIT PAYMENTS		
Paid Service Retirements	1,715	\$45,571,552
Paid Lump Sum "DROP" Distributions	65	\$5,113,478
Paid Spouses Benefits	532	\$6,605,257
Paid Disability Benefits	150	\$3,372,837
Paid Contributions Refunded	111	\$1,446,330
Paid Off-Duty Disability	69	\$1,336,029
Qualified Domestic Relation Order Benefits Paid	54	\$530,812
Paid Children Benefits	48	\$217,996
Volunteer Service Retirements	345	\$240,589
Volunteer Spouses Benefits	214	\$96,956
Volunteer Disability and Child Benefits	4	\$1,044
	<u>3,307</u>	<u>\$64,532,880</u>
EXPENSES		
Investment Expense		\$5,496,722
Administrative Expenses (Salaries, Legal, Accounting, etc.)		\$950,658
Actuarial Expense		\$338,477
Audit Expense		\$139,196
Pension Board Travel & Expense		\$235,887
		<u>\$7,160,940</u>
TOTAL BENEFIT PAYMENTS AND EXPENSES		\$71,693,820
ENDING MARKET BALANCES AS OF DECEMBER 31, 2005		\$1,148,589,885

2005 FIRE FIGHTER PENSION REPORT
SECTION 4: TEXAS LOCAL FIRE FIGHTERS RETIREMENT ACT (TLFFRA)

PAID DEPARTMENT DEMOGRAPHICS AND CONTRIBUTION RATES FOR YEAR ENDING DECEMBER 31, 2005							
CITY	DEPT TYPE	FY END	COUNTY	POPULATION	FIREFIGHTERS	FIRE FIGHTERS	CITY
Abilene	Paid	Sep-30	Taylor	115,225	178	13.20%	14.69%
Amarillo	Paid	Dec-31	Potter / Randall	177,010	231	10.00%	14.5%
Atlanta	Part Paid	Dec-31	Cass	5,640	35	9.00%	9.00%
Beaumont	Paid	Dec-31	Orange	112,871	231	13.00%	13.00%
Big Spring	Paid	Dec-31	Howard	24,798	68	11.00%	11.00%
Brownwood	Paid	Dec-31	Brown	19,093	36	13.65%	13.65%
Cleburne	Paid	Dec-31	Johnson	27,492	53	12.00%	17.66%
Conroe	Paid	Dec-31	Montgomery	39,065	69	10.00%	12.51%
Corpus Christi	Paid	Dec-31	Nueces	278,520	416	10.00%	12.50%
Corsicana	Paid	Dec-31	Ellis	25,187	60	12.00%	10.00%
Denison	Paid	Dec-31	Grayson	23,169	57	12.00%	15.00%
Denton	Paid	Dec-31	Denton	90,349	156	12.00%	10.00%
Galveston	Paid	Dec-31	Galveston	57,247	125	12.50%	14.00%
Greenville	Paid	Dec-31	Hunt	24,500	64	13.20%	13.20%
Harlingen	Paid	Dec-31	Cameron	84,832	117	12.00%	12.00%
Irving	Paid	Dec-31	Dallas	191,615	311	10.00%	14.26%
Killeen	Part Paid	Sep-30	Bell	92,707	146	10.00%	10.86%
Laredo	Paid	Sep-30	Webb	191,538	344	14.00%	17.65%
Longview	Paid	Dec-31	Gregg	74,330	164	14.00%	14.00%
Lubbock	Paid	Dec-31	Lubbock	203,715	302	12.43%	19.94%

2005 FIRE FIGHTER PENSION REPORT
SECTION 4: TEXAS LOCAL FIRE FIGHTERS RETIREMENT ACT (TLFFRA)

PAID DEPARTMENT DEMOGRAPHICS AND CONTRIBUTION RATES FOR YEAR ENDING DECEMBER 31, 2005							
CITY	DEPT TYPE	FY END	COUNTY	POPULATION	FIREFIGHTERS	FIRE FIGHTERS	CITY
Lufkin	Paid	Dec-31	Angelina	32,748	95	10.90%	11.58%
Marshall	Paid	Dec-31	Harrison	23,977	46	12.00%	14.00%
McAllen	Paid	Sep-30	Hidalgo	113,877	145	10.13%	11.00%
Midland	Paid	Dec-31	Midland	95,829	191	13.20%	18.00%
Odessa	Paid	Dec-31	Ector	90,961	177	13.00%	14.86%
Orange	Paid	Dec-31	Orange	18,198	43	8.57%	11.73%
Paris	Paid	Dec-31	Lamar	26,212	45	10.00%	12.78%
Plainview	Paid	Dec-31	Hale	21,916	36	14.00%	13.00%
Port Arthur	Paid	Dec-31	Jefferson	56,885	106	11.52%	13.64%
San Angelo	Paid	Dec-31	Tom Green	87,423	161	13.20%	20.58%
San Benito	Paid	Dec-31	Cameron	24,068	29	9.00%	9.00%
Sweetwater	Paid	Dec-31	Nolan	10,937	23	15.00%	15.00%
Temple	Paid	Sep-30	Bell	54,447	102	14.00%	14.52%
Texarkana	Paid	Dec-31	Bowie	35,205	79	12.03%	13.69%
Texas City	Paid	Dec-31	Galveston	43,063	62	14.00%	12.00%
Tyler	Paid	Dec-31	Smith	87,030	132	12.00%	11.50%
University Park	Paid	Dec-31	Dallas	23,817	37	10.00%	15.23%
Waxahachie	Paid	Sep-30	Ellis	23,059	45	12.00%	12.3%
Weslaco	Part Paid	Dec-31	Hidalgo	29,094	59	9.00%	9.00%
Wichita Falls	Paid	Dec-31	Wichita	102,926	150	11.00%	10.46%
Average						11.76%	13.37%

2005 FIRE FIGHTER PENSION REPORT
SECTION 4: TEXAS LOCAL FIRE FIGHTERS RETIREMENT ACT (TLFFRA)

PAID DEPARTMENT REVENUES AND DISBURSEMENTS FOR YEAR ENDING DECEMBER 31, 2005

DEPT NAME	DEPT TYPE	FY END	REVENUE	DISBURSEMENTS	MARKET BALANCE	RETURN RATE
Abilene	Paid	Sep-30	\$4,674,634	\$2,402,486	\$37,103,373	11.2%
Amarillo	Paid	Dec-31	\$9,143,576	\$4,910,625	\$97,005,554	6.6%
Atlanta	Part Paid	Dec-31	\$174,660	\$98,941	\$1,977,391	6.6%
Beaumont	Paid	Dec-31	\$8,485,976	\$4,175,573	\$72,255,571	5.8%
Big Spring	Paid	Dec-31	\$830,151	\$639,900	\$8,554,312	7.4%
Brownwood	Paid	Dec-31	\$412,227	\$351,176	\$2,082,170	3.8%
Cleburne	Paid	Dec-31	\$1,219,096	\$837,449	\$10,605,601	3.3%
Conroe	Paid	Dec-31	\$1,342,152	\$367,814	\$7,111,854	7.9%
Corpus Christi	Paid	Dec-31	\$10,229,586	\$8,016,682	\$89,401,693	5.5%
Corsicana	Paid	Dec-31	\$1,045,812	\$205,353	\$4,087,961	4.4%
Denison	Paid	Dec-31	\$1,755,882	\$782,918	\$11,957,995	9.9%
Denton	Paid	Dec-31	\$3,342,826	\$1,828,078	\$33,207,448	4.1%
Galveston	Paid	Dec-31	\$2,589,225	\$602,159	\$31,247,796	2.9%
Greenville	Paid	Dec-31	\$1,755,651	\$1,260,536	\$11,056,867	5.2%
Harlingen	Paid	Dec-31	\$1,873,342	\$1,160,581	\$17,840,652	8.7%
Irving	Paid	Dec-31	\$10,848,835	\$3,118,354	\$93,780,551	6.3%
Killeen	Part Paid	Sep-30	\$1,172,731	\$987,701	\$14,824,830	14.2%
Laredo	Paid	Sep-30	\$8,551,916	\$2,888,888	\$50,522,867	10.2%
Longview	Paid	Dec-31	\$4,012,184	\$2,814,474	\$36,417,536	4.6%
Lubbock	Paid	Dec-31	\$13,849,882	\$7,903,700	\$131,852,124	8.6%
Lufkin	Paid	Dec-31	\$1,308,023	\$1,516,903	\$10,465,089	3.6%

2005 FIRE FIGHTER PENSION REPORT
SECTION 4: TEXAS LOCAL FIRE FIGHTERS RETIREMENT ACT (TLFFRA)

PAID DEPARTMENT REVENUES AND DISBURSEMENTS FOR YEAR ENDING DECEMBER 31, 2005

DEPT NAME	DEPT TYPE	FY END	REVENUE	DISBURSEMENTS	MARKET BALANCE	RETURN RATE
Marshall	Paid	Dec-31	\$721,837	\$485,106	\$5,246,951	5.0%
McAllen	Paid	Sep-30	\$3,239,793	\$1,627,862	\$27,854,703	12.8%
Midland	Paid	Dec-31	\$8,482,693	\$3,228,868	\$59,131,558	9.0%
Odessa	Paid	Dec-31	\$6,873,001	\$3,289,299	\$45,352,530	11.0%
Orange	Paid	Dec-31	\$923,125	\$655,511	\$7,966,530	5.9%
Paris	Paid	Dec-31	\$1,868,202	\$1,025,156	\$6,584,476	7.1%
Plainview	Paid	Dec-31	\$785,340	\$484,671	\$5,016,425	7.6%
Port Arthur	Paid	Dec-31	\$2,697,901	\$1,347,604	\$26,107,925	4.7%
San Angelo	Paid	Dec-31	\$5,614,052	\$2,686,318	\$39,554,940	8.2%
San Benito	Paid	Dec-31	\$355,777	\$52,068	\$1,460,330	7.8%
Sweetwater	Paid	Dec-31	\$849,331	\$430,748	\$6,467,743	7.4%
Temple	Paid	Sep-30	\$2,412,708	\$1,189,020	\$25,105,846	10.7%
Texarkana	Paid	Dec-31	\$2,697,688	\$1,185,609	\$20,403,593	8.9%
Texas City	Paid	Dec-31	\$1,877,742	\$982,122	\$11,317,137	10.1%
Tyler	Paid	Dec-31	\$4,287,019	\$2,560,610	\$38,602,021	5.9%
University Park	Paid	Dec-31	\$1,285,578	\$768,654	\$7,858,713	8.8%
Waxahachie	Paid	Sep-30	\$1,045,245	\$373,655	\$5,425,395	9.6%
Weslaco	Part Paid	Dec-31	\$669,268	\$125,056	\$3,013,037	9.7%
Wichita Falls	Paid	Dec-31	\$3,282,073	\$2,038,846	\$32,760,797	5.1%
TOTALS			\$138,586,739	\$71,407,070	\$1,148,589,885	

2005 FIRE FIGHTER PENSION REPORT
SECTION 4: TEXAS LOCAL FIRE FIGHTERS RETIREMENT ACT (TLFFRA)

VOLUNTEER DEPARTMENT REVENUES AND DISBURSEMENTS FOR YEAR ENDING DECEMBER 31, 2005

CITY	FY END	COUNTY	BEGINNING BALANCE	REVENUES	DISBURSEMENTS	ENDING BALANCE
Arlington	Sep-30	Tarrant	\$1,419	\$3,000	\$3,000	\$1,419
Bay City	Dec-31	Matagorda	\$6,855	\$2,210	\$2,844	\$6,221
Beeville	Dec-31	Bee	\$858	\$7,065	\$7,065	\$858
Belton	Dec-31	Bell	\$18,097	\$2,414	\$1,485	\$19,026
Benavides	No Report	Kleberg				
Bowie	Dec-31	Montague	\$0	\$3,000	\$3,000	\$0
Bremond	Dec-31	Robertson	\$97,964	\$8,352	\$8,200	\$98,117
Bronte	No Report	Coke				
Caddo Mills	No Report	Hunt				
Chillicothe	Dec-31	Hardeman	\$148	\$255	\$400	\$3
Cisco	No Report	Eastland				
Clifton	Dec-31	Bosque	\$0	\$5,010	\$5,005	\$5
Cockrell Hill	No Report	Dallas				
Colorado City	Dec-31	Mitchell	\$7,456	\$451	\$974	\$6,932
Comanche	Dec-31	Comanche	\$13,038	\$820	\$3,900	\$9,958
Commerce	No Report	Hunt				
Cooper	Sep-30	Delta	\$571	\$3,936	\$2,400	\$2,107
Decatur	Sep-30	Wise	\$57,456	\$1,333	\$3,360	\$55,429
Dekalb	Dec-31	Bowie	\$2,786	\$2,548	\$2,716	\$2,617
Deport	No Report	Red River				
Donna	No Report	Willacy				
Eden	Dec-31	Concho	\$34	\$825	\$825	\$34
Edinburg	Sep-30	Hidalgo	\$904,312	\$138,136	\$102,770	\$939,678
Elgin	No Report	Bastrop				
Elsa	No Report	Hidalgo				
Ennis	No Report	Ellis				
Floresville	Dec-31	Wilson	\$26,925	\$4,885	\$4,500	\$27,310

2005 FIRE FIGHTER PENSION REPORT
SECTION 4: TEXAS LOCAL FIRE FIGHTERS RETIREMENT ACT (TLFFRA)

VOLUNTEER DEPARTMENT REVENUES AND DISBURSEMENTS FOR YEAR ENDING DECEMBER 31, 2005

CITY	FY END	COUNTY	BEGINNING BALANCE	REVENUES	DISBURSEMENTS	ENDING BALANCE
Franklin	Dec-31	Robertson	\$41,310	\$1,297	\$1,104	\$41,503
Gatesville	No Report	Coryell				
Granger	No Report	Williamson				
Grapeland	Dec-31	Houston	\$18	\$1,000	\$1,000	\$18
Hamlin	No Report	Jones				
Hemphill	No Report	Sabine				
Henderson	Dec-31	Rusk	\$2,515	\$2,824	\$2,850	\$2,488
Henrietta	Dec-31	Clay	\$90,331	\$7,430	\$5,871	\$91,889
Hughes Springs	Dec-31	Cass	\$15,219	\$110	\$1,200	\$14,129
Jacksboro	Dec-31	Jack	\$0	\$600	\$600	\$0
Junction	Dec-31	Kimble	\$164	\$3,413	\$3,383	\$194
Karnes City	Dec-31	Karnes	\$31	\$988	\$983	\$36
Kaufman	Dec-31	Kaufman	\$32,636	\$544	\$1,259	\$31,922
Kenedy	Dec-31	Karnes	\$352	\$3,000	\$2,962	\$390
Lampasas	Dec-31	Lampasas	\$1,180	\$2,850	\$2,775	\$1,255
Leonard	Dec-31	Fannin	\$0	\$1,520	\$1,520	\$0
Los Fresnos	No Report	Cameron				
Mart	No Report	McLennan				
Mason	Dec-31	Mason	\$14,697	\$2,439	\$2,145	\$14,991
McGregor	Dec-31	McLennan	\$0	\$460	\$4,192	-\$3,732
McLean	Dec-31	Gray	\$0	\$215	\$215	\$0
Memphis	Dec-31	Hall	\$559	\$1,400	\$1,290	\$669
Monahans	Dec-31	Ward	\$9,474	\$967	\$975	\$9,466
Mt. Pleasant	Dec-31	Titus	\$0	\$1,900	\$1,900	\$0
Muenster	No Report	Cooke				
Navasota	No Report	Grimes				
Nocona	Dec-31	Montague	\$16,502	\$2,398	\$5,900	\$13,000
Olney	Dec-31	Archer	\$0	\$2,150	\$2,150	\$0

2005 FIRE FIGHTER PENSION REPORT
SECTION 4: TEXAS LOCAL FIRE FIGHTERS RETIREMENT ACT (TLFFRA)

VOLUNTEER DEPARTMENT REVENUES AND DISBURSEMENTS FOR YEAR ENDING DECEMBER 31, 2005						
CITY	FY END	COUNTY	BEGINNING BALANCE	REVENUES	DISBURSEMENTS	ENDING BALANCE
Paducah	Dec-31	Cottle	\$716	\$2,511	\$800	\$2,427
Pecos	Sep-01	Reeves	\$150,381	\$29,685	\$20,022	\$160,044
Pharr	No Report	Hidalgo				
Pittsburg	Dec-31	Camp	\$227	\$615	\$400	\$442
Port Lavaca	Dec-31	Calhoun	\$0	\$240	\$3,900	-\$3,660
Ralls	Dec-31	Crosby	\$1,883	\$0	\$0	\$1,883
Robert Lee	Dec-31	Coke	\$21,917	\$3,810	\$2,963	\$22,763
Robstown	No Report	Nueces				
Rockdale	Dec-31	Milam	\$118,827	\$10,745	\$5,033	\$124,539
Runge	Dec-31	Karnes	\$6,076	\$9,297	\$11,232	\$4,141
Rusk	Sep-01	Anderson	\$42,384	\$17,006	\$17,775	\$41,615
Sealy	Dec-31	Austin	\$53,677	\$5,591	\$3,169	\$56,100
Silsbee	No Report	Hardin				
Silverton	Dec-31	Briscoe	\$21,539	\$1,688	\$905	\$22,322
Smithville	Oct-31	Bastrop	\$35,760	\$4,279	\$3,359	\$36,680
South Houston	Dec-31	Harris	\$168,487	\$46,911	\$10,530	\$204,868
Stephenville	No Report	Erath				
Taft	Dec-31	San Patricio	\$89,546	\$18,705	\$4,908	\$103,343
Three Rivers	Dec-31	Live Oak	\$1,125	\$1,583	\$1,483	\$1,225
Throckmorton	Dec-31	Throckmorton	\$0	\$0	\$1,927	-\$1,927
Tulia	Dec-31	Swisher	\$0	\$500	\$500	\$0
Valley Mills	Dec-31	Bosque	\$10,259	\$314	\$1,050	\$9,522
Weatherford	Dec-31	Parker	\$2,146	\$2,500	\$2,100	\$2,546
Wellington	Dec-31	Collingsworth	\$147,491	\$5,283	\$9,025	\$143,749
White Deer	Dec-31	Carson	\$0	\$0	\$0	\$0
Winters	Dec-31	Runnels	\$0	\$0	\$0	\$0
TOTAL			\$2,235,348	\$383,005	\$297,799	\$2,320,554

2005 FIRE FIGHTER PENSION REPORT

SECTION 4: TEXAS LOCAL FIRE FIGHTERS RETIREMENT ACT (TLFFRA)

VOLUNTEER FIRE DEPARTMENTS FAILING TO FILE 2005 ANNUAL PENSION REPORT

As of December 31, 2005 there were 123 departments participating in the Texas Local Fire Fighters Retirement Act (TLFFRA). The Pension Boards in the following twenty-two (22) cities did not submit a 2005 Annual Report or corrections to the report were not received by our deadline of May 25, 2006. Therefore, information for the following cities was not included in our report:

	Name of City	Last Year Reported	Fund Ending Balance
1	Bronte	2004	\$31,520
2	Caddo Mills	2003	\$364
3	Cisco	2004	\$20
4	Cockrell Hill	1999	\$0
5	Comanche	2002	\$11,475
6	Commerce	2001	\$25,119
7	Deport	2004	\$136
8	Donna	1994	\$0
9	Elgin	2001	\$148
10	Elsa	2002	\$57,354
11	Gatesville	1998	\$45
12	Granger	2003	\$51
13	Hamlin	2004	\$0
14	Hemphill	2004	\$0
15	Los Fresnos	1999	\$13,409
16	Mart	1993	\$628
17	Muenster	2000	\$2,833
18	Navasota	2002	\$35,609
19	Pharr	1998	\$132,999
20	Robstown	2004	\$376
21	Silsbee	1998	\$61,915
22	Stephenville	2004	\$0

2005 FIRE FIGHTER PENSION REPORT
SECTION 4: TEXAS LOCAL FIRE FIGHTERS RETIREMENT ACT (TLFFRA)

ABILENE

Rodney Goodman, ChairmanPhone: (325) 676-6686
P. O. Box 60 Abilene, TX 79604Fax: (325) 676-6285

Actuary..... John M. Crider, Jr.
Consultant..... Wachovia Securities LLC
Custodian Assante Capital Management, Inc.
CustodianBank Of America
Investment Manager..... Golden Capital Management
Investment Manager.....Lotsoff Capital Management
Investment Manager..... Maplewood Associates Management II, LLC
Investment Manager..... PIA, LP
Investment Manager.....Atlantic Trust (Stein Roe Investment Counsel)

RETIREMENT BENEFIT CALCULATIONS: A STANDARD BENEFIT EQUAL TO 3% OF THE MEMBER'S HIGHEST 36-MONTH AVERAGE SALARY MULTIPLIED BY THE NUMBER OF YEARS OF CREDITED SERVICE NOT TO EXCEED 20 YEARS. PLUS, AN ADDITIONAL SERVICE BENEFIT EQUAL TO THE YEARS OF CREDITED SERVICE IN EXCESS OF 20 YEARS MULTIPLIED BY THE GREATER OF \$80.00 PER MONTH OR 1% OF THE HIGHEST 36-MONTH AVERAGE SALARY.

A MEMBER CAN ELECT TO PARTICIPATE IN THE DEFERRED RETIREMENT OPTION PLAN (DROP) AFTER REACHING AGE 53 AND COMPLETING 23 YEARS OF CREDITED SERVICE.

AMARILLO

Joe Neely, Chairman.....Phone: (806) 378-4209
P. O. Box 1971 Amarillo, TX 79106.....Fax: (806) 378-3018

Actuary..... John M. Crider, Jr.
Custodian J P Morgan Chase
Consultant..... Wachovia Securities LLC
Investment Manager.....Luther King Capital Management

RETIREMENT BENEFIT CALCULATIONS: A STANDARD BENEFIT EQUAL TO 3.45% OF THE MEMBER'S HIGHEST 3-YEAR AVERAGE SALARY MULTIPLIED BY THE COMPLETED YEARS, MONTHS, AND DAYS OF CONTINUOUS EMPLOYMENT.

A MEMBER CAN ELECT TO PARTICIPATE IN THE DEFERRED RETIREMENT OPTION PLAN (DROP) AFTER REACHING AGE 53 AND COMPLETING 23 YEARS OF CREDITED SERVICE.

2005 FIRE FIGHTER PENSION REPORT
SECTION 4: TEXAS LOCAL FIRE FIGHTERS RETIREMENT ACT (TLFFRA)

ATLANTA

Ricky Draper, ChairmanPhone: (903) 796-2303
P. O. Box 669 Atlanta, TX 75551Fax: (903) 799-4072

Actuary..... Rudd And Wisdom, Inc.
Custodian Westwood Holdings Group
Consultant..... Westwood Holdings Group
Investment Manager..... Westwood Holdings Group

RETIREMENT BENEFIT CALCULATIONS: A STANDARD BENEFIT EQUAL TO 59.75% OF THE MEMBER'S HIGHEST 60-MONTH AVERAGE SALARY, BUT NOT LESS THAN \$1,000. PLUS, AN ADDITIONAL BENEFIT IN AN AMOUNT EQUAL TO \$82.00 PER MONTH FOR EACH YEAR OF PAID SERVICE IN EXCESS OF 20 YEARS OF TOTAL SERVICE (PARTIAL CREDIT GIVEN BASED ON THE NUMBER OF MONTHS COMPLETED IN EXCESS OF WHOLE YEARS).
A MEMBER CAN ELECT TO PARTICIPATE IN THE RETROACTIVE DEFERRED RETIREMENT OPTION PLAN (RETRO DROP) AFTER REACHING AGE 53.5 AND COMPLETING 23.5 YEARS OF CREDITED SERVICE.

BEAUMONT

TED HILLIN, CHAIRMAN PHONE: (409) 866-2711
1515 CORNERSTONE COURT BEAUMONT, TX 77706 FAX: (409) 866-1536

Actuary..... Rudd And Wisdom, Inc.
Custodian Wells Fargo Bank
Consultant..... UBS Paine Webber
Consultant..... Prime Asset Consulting
Investment Manager..... Alliance Bernstein
Investment Manager..... Atlanta Capital Management Company, LLC
Investment Manager..... Delaware Capital Advisors
Investment Manager..... Private Capital Management, Inc.
Investment Manager..... State Street Global Advisors
Investment Manager..... Orleans Capital
Investment Manager..... Hillswick Asset Management

RETIREMENT BENEFIT CALCULATIONS: A STANDARD BENEFIT EQUAL TO 62.85% OF THE MEMBER'S HIGHEST 60-MONTH AVERAGE SALARY. PLUS, AN ADDITIONAL BENEFIT IN AN AMOUNT EQUAL TO \$103.00 PER MONTH FOR EACH WHOLE YEAR OF SERVICE IN EXCESS OF 20 YEARS OF SERVICE (PARTIAL YEAR OF SERVICE WILL BE GIVEN PARTIAL CREDIT BASED ON THE NUMBER OF MONTHS AND DAYS COMPLETED IN EXCESS OF WHOLE YEARS).
A MEMBER CAN ELECT TO PARTICIPATE IN THE RETROACTIVE DEFERRED RETIREMENT OPTION PLAN (RETRO DROP) AFTER REACHING AGE 51.5 AND COMPLETING 21.5 YEARS OF CREDITED SERVICE.

2005 FIRE FIGHTER PENSION REPORT
SECTION 4: TEXAS LOCAL FIRE FIGHTERS RETIREMENT ACT (TLFFRA)

BIG SPRING

Paul R. Brown, ChairmanPhone: (432) 230-1767
1203 Todd Rd. Big Spring, TX 79720-2657Fax: (432) 264-2399

Actuary..... Dean & Company
Custodian Westwood Trust Company
Consultant..... Investment Strategies
Investment Manager..... Westwood Trust Company

RETIREMENT BENEFIT CALCULATIONS: A STANDARD BENEFIT EQUAL TO 2.55% TIMES YEARS OF SERVICE TIMES THE MEMBER'S AVERAGE MONTHLY SALARY (HIGHEST 36 CONSECUTIVE MONTHS).

A MEMBER CAN ELECT TO PARTICIPATE IN THE DEFERRED RETIREMENT OPTION PLAN (DROP) AFTER REACHING AGE 50 AND COMPLETING 20 YEARS OF CREDITED SERVICE.

BROWNWOOD

Walter Middleton, Chairman.....Phone: (325) 646-5775
501 Center Street Brownwood, TXFax: (325) 646-0938

Actuary.....Rudd & Wisdom
Custodian Citigroup Smith-Barney
Consultant.....Tim Sharpe, Citigroup Smith-Barney
Investment Manager..... Oak Associates
Investment Manager.....Delaware International
Investment Manager..... Baird
Investment Manager..... Allegiance
Investment Manager.....Cambiar Investors
Investment Manager.....Kayne

RETIREMENT BENEFIT CALCULATIONS: A STANDARD BENEFIT EQUAL TO 54.00% OF THE MEMBER'S HIGHEST 60-MONTH AVERAGE SALARY. PLUS, AN ADDITIONAL BENEFIT IN AN AMOUNT EQUAL TO \$50.00 PER MONTH FOR EACH WHOLE YEAR OF SERVICE IN EXCESS OF 20 YEARS OF SERVICE (PARTIAL YEAR OF SERVICE WILL BE GIVEN PARTIAL CREDIT BASED ON THE NUMBER OF MONTHS COMPLETED IN EXCESS OF WHOLE YEARS).

A MEMBER CAN ELECT TO PARTICIPATE IN THE RETROACTIVE DEFERRED RETIREMENT OPTION PLAN (RETRO DROP) AFTER REACHING AGE 52 AND COMPLETING 20 YEARS OF CREDITED SERVICE.

2005 FIRE FIGHTER PENSION REPORT
SECTION 4: TEXAS LOCAL FIRE FIGHTERS RETIREMENT ACT (TLFFRA)

CLEBURNE

Eddie Norton, Chairman.....Phone: (817) 645-0964
114 West Wardville St. Cleburne, TX 76033.....Fax: (817) 645-0967

Actuary..... Rudd and Wisdom, Inc.
Custodian Loring Ward Securities, Inc.
Consultant..... Byrd Capital Mortgage
Investment Manager..... Byrd Capital Mortgage

RETIREMENT BENEFIT CALCULATIONS: A STANDARD BENEFIT EQUAL TO 68% OF THE MEMBER'S FINAL 36-MONTH DEPARTMENTAL AVERAGE SALARY. PLUS, AN ADDITIONAL BENEFIT IN AN AMOUNT EQUAL TO \$70.00 PER MONTH FOR EACH WHOLE YEAR OF SERVICE IN EXCESS OF 20 YEARS OF SERVICE (PARTIAL YEAR OF SERVICE WILL BE GIVEN PARTIAL CREDIT BASED ON THE NUMBER OF MONTHS COMPLETED IN EXCESS OF WHOLE YEARS).

A MEMBER CAN ELECT TO PARTICIPATE IN THE RETROACTIVE DEFERRED RETIREMENT OPTION PROGRAM (RETRO DROP) AFTER QUALIFYING FOR NORMAL SERVICE RETIREMENT.

CONROE

Will Wilkinson, Chairman.....Phone: (936) 522-3080
P. O. Box 497 Conroe, TX 77305.....Fax: (936) 525-4774

Actuary..... Rudd And Wisdom, Inc.
Custodian Oppenheimer & Company
Consultant..... Oppenheimer & Company
Investment Manager..... Allegiance
Investment Manager..... Congress Asset Management
Investment Manager..... Delaware Capital Management
Investment Manager..... Rittenhouse
Investment Manager..... Thompson, Siegel & Walmsley

RETIREMENT BENEFIT CALCULATIONS: A STANDARD BENEFIT EQUAL TO 67.50% OF THE MEMBER'S HIGHEST 60-MONTH AVERAGE SALARY (PARTIAL YEAR OF SERVICE WILL BE GIVEN PARTIAL CREDIT BASED ON THE NUMBER OF MONTHS COMPLETED IN EXCESS OF WHOLE YEARS). PLUS, AN ADDITIONAL BENEFIT IN AN AMOUNT EQUAL TO \$69.00 PER MONTH FOR EACH WHOLE YEAR OF SERVICE IN EXCESS OF 20 YEARS OF SERVICE (PARTIAL YEAR OF SERVICE WILL BE GIVEN PARTIAL CREDIT BASED ON THE NUMBER OF MONTHS COMPLETED IN EXCESS OF WHOLE YEARS).

A MEMBER CAN ELECT TO PARTICIPATE IN THE RETROACTIVE DEFERRED RETIREMENT OPTION PLAN (RETRO DROP) FOLLOWING THE DATE OF ATTAINMENT OF AGE 54 AND THE COMPLETION OF 24 YEARS OF SERVICE.

2005 FIRE FIGHTER PENSION REPORT
SECTION 4: TEXAS LOCAL FIRE FIGHTERS RETIREMENT ACT (TLFFRA)

CORPUS CHRISTI

Andres Barboza, ChairmanPhone: (361) 882-1486
711 N. Carancahua, Ste 724 Corpus Christi, TX 78475.....Fax: (361) 882-1488

Actuary..... Rudd And Wisdom, Inc.
Custodian Frost Bank
Consultant..... UBS Prime Asset Consulting
Investment Manager..... ABN Amro Asset Management
Investment Manager..... LSV Asset Management
Investment Manager..... Montag And Caldwell
Investment Manager..... Private Capital Management, Inc.
Investment Manager..... State Street Global Advisors
Investment Manager..... Templeton

RETIREMENT BENEFIT CALCULATIONS: A STANDARD BENEFIT EQUAL TO \$128.00 MULTIPLIED BY THE NUMBER OF COMPLETED YEARS OF SERVICE (INCLUDING FRACTIONAL YEARS OF SERVICE). THE MINIMUM MONTHLY SERVICE RETIREMENT BENEFIT FOR A RETIREE WITH TWENTY YEARS OF SERVICE IS \$2,560.00.

AN ELIGIBLE SERVICE RETIREE OR A TOTALLY DISABLED PARTICIPANT CAN ELECT TO PARTICIPATE IN THE RETROACTIVE DEFERRED RETIREMENT OPTION PLAN (RETRO DROP) AFTER REACHING AGE 54 AND COMPLETING 20 YEARS OF SERVICE.

CORSICANA

Derek Kamp, ChairmanPhone: (903) 654-4955
612 Kerens, TX 75144Fax: (903) 654-4003

Actuary.....Actuarial Business Consultants, Inc.
CustodianSmith Barney
Consultant..... Tim Sharpe & Tim Ng (Smith Barney Consulting Group)
Investment Manager.....Allegiance Capital
Investment Manager..... Baird Investment Management
Investment Manager.....Cambiar Investors
Investment Manager..... Penn Capital
Investment Manager..... Delaware Investments

RETIREMENT BENEFIT CALCULATIONS: A STANDARD BENEFIT EQUAL TO 50.00% OF THE MEMBER'S HIGHEST 60-MONTH AVERAGE SALARY (PARTIAL YEAR OF SERVICE WILL BE GIVEN PARTIAL CREDIT BASED ON THE NUMBER OF MONTHS COMPLETED IN EXCESS OF WHOLE YEARS). PLUS, AN ADDITIONAL BENEFIT IN AN AMOUNT EQUAL TO \$70.00 PER MONTH FOR EACH WHOLE YEAR OF SERVICE IN EXCESS OF 20 YEARS OF SERVICE (PARTIAL YEAR OF SERVICE WILL BE GIVEN PARTIAL CREDIT BASED ON THE NUMBER OF MONTHS COMPLETED IN EXCESS OF WHOLE YEARS).

A MEMBER CAN ELECT TO PARTICIPATE IN THE RETROACTIVE DEFERRED RETIREMENT OPTION PLAN (RETRO DROP) FOLLOWING THE DATE OF ATTAINMENT OF AGE 54 AND THE COMPLETION OF 24 YEARS OF SERVICE.

2005 FIRE FIGHTER PENSION REPORT
SECTION 4: TEXAS LOCAL FIRE FIGHTERS RETIREMENT ACT (TLFFRA)

DENISON

Troy Baker, ChairmanPhone: (903) 464-4427
P.O. Box 347 Denison, TX 75021Fax: (903) 465-3806

Actuary..... John M. Crider, Jr.
CustodianUBS Paine Webber
Consultant..... N/A
Investment Manager.....Fiduciary Financial Services Of The Southwest

RETIREMENT BENEFIT CALCULATIONS: A STANDARD BENEFIT EQUAL TO 2.65% OF THE MEMBER'S HIGHEST 24-MONTH AVERAGE SALARY MULTIPLIED BY HIS/HER NUMBER OF YEARS OF CREDITED SERVICE AT RETIREMENT (NOT IN EXCESS OF 20 YEARS). PLUS, AN ADDITIONAL BENEFIT EQUAL TO 3% OF THE MEMBER'S HIGHEST 24-MONTH AVERAGE SALARY MULTIPLIED BY HIS/HER NUMBER OF YEARS OF CREDITED SERVICE AT RETIREMENT IN EXCESS OF 20 YEARS (MAXIMUM BENEFIT ALLOWED IS \$3,190 PER MONTH).

DENTON

John Steger, ChairmanPhone: (940) 349-8104
P. O. Box 2375 Denton, TX 76202.....Fax: (940) 349-8596

Actuary..... Rudd And Wisdom, Inc.
CustodianTexas Bank
Consultant..... Kirk Securities Corporation
Investment Manager..... N/A

RETIREMENT BENEFIT CALCULATIONS: A STANDARD BENEFIT EQUAL TO 2.41% OF THE MEMBER'S HIGHEST 36-MONTH AVERAGE SALARY FOR EACH WHOLE YEAR OF SERVICE (PARTIAL YEAR OF SERVICE WILL BE GIVEN PARTIAL CREDIT BASED ON THE NUMBER OF MONTHS AND DAYS COMPLETED IN EXCESS OF WHOLE YEARS).
A MEMBER CAN ELECT TO PARTICIPATE IN THE RETROACTIVE DEFERRED RETIREMENT OPTION PLAN (RETRO DROP) FOLLOWING THE DATE OF ATTAINMENT OF AGE 52 AND THE COMPLETION OF 22 YEARS OF SERVICE.

2005 FIRE FIGHTER PENSION REPORT
SECTION 4: TEXAS LOCAL FIRE FIGHTERS RETIREMENT ACT (TLFFRA)

GALVESTON

Brian Streck, ChairmanPhone: (409) 740-0881
6511 Stewart Rd. 4 B Galveston, TX 77551Fax: (409) 740-0881

Actuary..... John M. Crider, Jr.
Custodian..... Moody National Bank
Consultant.....Adam Diamont / Wachovia Securities LLC
Investment Manager.....Davis Hamilton Jackson
Investment Manager..... Davis Select Advisers
Investment Manager..... Vanguard Group

RETIREMENT BENEFIT CALCULATIONS: A STANDARD BENEFIT EQUAL TO 3% OF THE MEMBER'S HIGHEST 60-MONTH AVERAGE SALARY FOR EACH WHOLE YEAR OF SERVICE (PARTIAL YEAR OF SERVICE WILL BE GIVEN PARTIAL CREDIT BASED ON THE NUMBER OF MONTHS AND DAYS COMPLETED IN EXCESS OF WHOLE YEARS).

A MEMBER CAN ELECT TO PARTICIPATE IN THE RETROACTIVE DEFERRED RETIREMENT OPTION PLAN (RETRO DROP) AFTER REACHING AGE 51.5 AND AFTER THE COMPLETION OF 21.5 YEARS OF SERVICE.

GREENVILLE

Greg McDonald, ChairmanPhone: (903) 457-2945
P. O. Box 1049 Greenville, TX 75403-1049Fax: (903) 457-2967

Actuary..... John M. Crider, Jr.
Custodian.....Fidelity Investment Advisor Group
Consultant..... N/A
Investment Manager..... Eagle Global Advisors, LLC
Investment Manager..... Salient Partners

RETIREMENT BENEFIT CALCULATIONS: A STANDARD BENEFIT EQUAL TO 63% OF THE MEMBER'S HIGHEST 36-MONTH AVERAGE SALARY. PLUS, AN ADDITIONAL BENEFIT IN AN AMOUNT EQUAL TO \$63.00 PER MONTH FOR EACH WHOLE YEAR OF SERVICE IN EXCESS OF 20 YEARS OF SERVICE (PARTIAL YEAR OF SERVICE WILL BE GIVEN BASED ON THE MEMBER'S NUMBER OF MONTHS OF SERVICE COMPLETED IN EXCESS OF WHOLE YEARS).

A MEMBER CAN ELECT TO PARTICIPATE IN THE DEFERRED RETIREMENT OPTION PLAN (DROP) ON OR AFTER THE DATE THE MEMBER HAS REACHED AGE 53 AND HAS COMPLETED 23 YEARS OF SERVICE.

2005 FIRE FIGHTER PENSION REPORT
SECTION 4: TEXAS LOCAL FIRE FIGHTERS RETIREMENT ACT (TLFFRA)

HARLINGEN

Michael Rinaldi, ChairmanPhone: (956) 427-8880
P. O. Box 2207 Harlingen, TX 78550Fax: (956) 427-8715

Actuary.....Actuarial Business Consultants, Inc.
Custodian Westwood Trust
Consultant..... Westwood Trust
Investment Manager..... Westwood Trust

RETIREMENT BENEFIT CALCULATIONS: A STANDARD BENEFIT EQUAL TO 65.5% OF THE MEMBER'S HIGHEST 60-MONTH AVERAGE SALARY. PLUS, AN ADDITIONAL BENEFIT IN AN AMOUNT EQUAL TO \$65.00 PER MONTH FOR EACH WHOLE YEAR OF SERVICE IN EXCESS OF 20 YEARS OF SERVICE (PARTIAL YEAR OF SERVICE WILL BE GIVEN BASED ON THE MEMBER'S NUMBER OF MONTHS COMPLETED IN EXCESS OF WHOLE YEARS).

A MEMBER CAN ELECT TO PARTICIPATE IN THE DEFERRED RETIREMENT OPTION PROVISION (DROP) AS LONG AS THE MEMBER IS ELIGIBLE FOR A SERVICE RETIREMENT BENEFIT. IF THE MEMBER ELECTS TO PARTICIPATE IN THE DROP PLAN, HE/SHE IS PRECLUDED FROM PARTICIPATING IN THE REVERSE DROP PLAN. A MEMBER CAN ELECT TO PARTICIPATE IN THE REVERSE DEFERRED RETIREMENT OPTION PROVISION (DROP) AFTER REACHING AGE 52 AND COMPLETING 20 YEARS OF CREDITED SERVICE.

IRVING

Robert Willingham, Chairman.....Phone: (972) 721-2564
845 West Irving Boulevard Irving, TX 75060Fax: (972) 721-2795

Actuary..... John M. Crider, Jr.
Custodian ADP Automatic Data Processing, Inc.
Consultant..... Tim Sharpe/CitiGroup Smith Barney
Investment Manager..... J & W Seligman
Investment Manager..... Brandywine
Investment Manager.....Delaware International
Investment Manager.....Allegiance
Investment Manager..... Congress

RETIREMENT BENEFIT CALCULATIONS: A STANDARD BENEFIT EQUAL TO 3.175% OF THE MEMBER'S AVERAGE SALARY (HIGHEST 78 CONSECUTIVE PAY PERIODS) TIMES THE MEMBER'S WHOLE YEARS OF SERVICE NOT IN EXCESS OF 21 FULL YEARS OF SERVICE. PLUS, AN ADDITIONAL BENEFIT IN AN AMOUNT EQUAL TO \$60.00 PER MONTH FOR EACH WHOLE YEAR OF SERVICE IN EXCESS OF 21 YEARS OF SERVICE (WHOLE MONTHS OF SERVICE WILL BE CREDITED BASED ON THE MEMBER'S NUMBER OF MONTHS OF SERVICE IN EXCESS OF WHOLE YEARS).

A MEMBER CAN ELECT TO PARTICIPATE IN THE FORWARD DEFERRED RETIREMENT OPTION PROGRAM (DROP) OR THE REVERSE DROP AFTER REACHING AGE 51 AND COMPLETING 20 YEARS OF SERVICE.

2005 FIRE FIGHTER PENSION REPORT
SECTION 4: TEXAS LOCAL FIRE FIGHTERS RETIREMENT ACT (TLFFRA)

KILLEEN

Jerry Don Sutton, Chairman.....Phone: (254) 501-7676
201 South 28th Street Killeen, TX 76541Fax: (254) 634-4211

Actuary..... Rudd And Wisdom, Inc.
Custodian Comerica
Consultant Dain Rauscher

RETIREMENT BENEFIT CALCULATIONS: A STANDARD BENEFIT EQUAL TO 58.40% OF THE MEMBER'S HIGHEST 60-MONTH AVERAGE SALARY. PLUS, AN ADDITIONAL BENEFIT IN AN AMOUNT EQUAL TO 2.20% OF THE MEMBER'S HIGHEST 60-MONTH AVERAGE SALARY FOR EACH YEAR OF SERVICE IN EXCESS OF 20 YEARS OF SERVICE (A PARTIAL YEAR OF SERVICE WILL BE GIVEN PARTIAL CREDIT BASED ON THE NUMBER OF MONTHS COMPLETED IN EXCESS OF WHOLE YEARS).

A MEMBER CAN ELECT TO PARTICIPATE IN THE RETROACTIVE DEFERRED RETIREMENT OPTION PLAN (RETRO DROP) 3.5 YEARS FOLLOWING THE FIREFIGHTER'S EARLIEST ELIGIBILITY FOR RETIREMENT (AGE 55 WITH 20 YEARS OF SERVICE OR AGE 50 WITH 25 YEARS OF SERVICE).

LAREDO

Jose R. Cazares, Chairman.....Phone: (956) 795-2153
323 St. Julien Dr., Laredo Tx 78041Fax: (956) 717-8019

Actuary..... Rudd And Wisdom, Inc.
Custodian Wells Fargo Bank
Consultant Fund Evaluation Group
Investment Manager..... Bahl & Gaynor
Investment Manager.....Ishares Russell 2000 Value
Investment Manager.....NWQ Investment Management Company
Investment Manager..... Private Capital
Investment Manager..... Waddell And Reed

RETIREMENT BENEFIT CALCULATIONS: A STANDARD BENEFIT EQUAL TO THE MEMBER'S NUMBER OF YEARS OF CONTINUOUS EMPLOYMENT MULTIPLIED BY THE FINAL AVERAGE MONTHLY SALARY (HIGHEST 78 BIWEEKLY PAY PERIODS OUT OF THE 208 BIWEEKLY PAY PERIODS PRECEDING THE DATE OF RETIREMENT DIVIDED BY 36) MULTIPLIED BY 3.03% IF HIRED PRIOR TO 1-1-88 OR 2.88% IF HIRED AFTER 1-1-88.

A MEMBER CAN ELECT TO PARTICIPATE IN THE RETROACTIVE DEFERRED RETIREMENT OPTION PLAN (RETRO DROP) THE FIRST DAY OF THE MONTH FOLLOWING THE DATE THE FIREFIGHTER ATTAINS AGE 52 AND THE COMPLETION OF 22 YEARS OF SERVICE.

2005 FIRE FIGHTER PENSION REPORT
SECTION 4: TEXAS LOCAL FIRE FIGHTERS RETIREMENT ACT (TLFFRA)

LONGVIEW

Thomas Mock, ChairmanPhone: (903) 239-5534
P.O. Box 1952 Longview, TX 75606Fax: (903) 234-8919

Actuary.....Actuarial Business Consultants, Inc.
Custodian Regions Morgan Keegan
Consultant..... N/A
Investment Manager..... N/A

RETIREMENT BENEFIT CALCULATIONS: A STANDARD BENEFIT EQUAL TO 80.0% OF THE MEMBER'S HIGHEST 36-MONTH AVERAGE SALARY. PLUS, AN ADDITIONAL BENEFIT IN AN AMOUNT EQUAL TO \$80.00 PER MONTH FOR EACH WHOLE YEAR OF SERVICE IN EXCESS OF 20 YEARS OF SERVICE (A PARTIAL YEAR OF SERVICE WILL BE GIVEN PARTIAL CREDIT BASED ON THE NUMBER OF MONTHS COMPLETED IN EXCESS OF WHOLE YEARS).

LUBBOCK

Randy Butcher, ChairmanPhone: (806) 794-3439
#15 Briercroft Office Park Lubbock, TX 79412Fax: (806) 762-1591

Actuary..... Rudd And Wisdom, Inc.
CustodianAmerican State Bank
Consultant..... Milliman USA
Investment Manager.....Luther King Capital Mgt
Investment Manager.....Westwood Holdings Group
Investment Manager.....CDK Realty Advisors

RETIREMENT BENEFIT CALCULATIONS: A STANDARD BENEFIT EQUAL TO 70.02% OF THE MEMBER'S FINAL 48-MONTH AVERAGE SALARY. PLUS, AN ADDITIONAL BENEFIT IN AN AMOUNT EQUAL TO \$335.05 PER MONTH FOR EACH WHOLE YEAR OF SERVICE IN EXCESS OF 20 YEARS OF SERVICE (A PARTIAL YEAR OF SERVICE WILL BE GIVEN PARTIAL CREDIT BASED ON THE NUMBER OF MONTHS COMPLETED IN EXCESS OF WHOLE YEARS).

A MEMBER CAN ELECT TO PARTICIPATE IN THE RETROACTIVE DEFERRED RETIREMENT OPTION PLAN (RETRO DROP) AFTER TURNING AGE 51 AND COMPLETING 21 YEARS OF SERVICE.

LUFKIN

Tino Villasana, Chairman.....Phone: (936) 633-0390
P. O. Box 190 Lufkin, TX 75902Fax: (936) 633-0400

Actuary.....Actuarial Business Consultants, Inc.
Custodian Merrill Lynch
Consultant..... Merrill Lynch
Investment Manager..... Merrill Lynch

RETIREMENT BENEFIT CALCULATIONS: A STANDARD BENEFIT EQUAL TO 3.35% OF THE MEMBER'S HIGHEST 60-MONTH AVERAGE SALARY MULTIPLIED BY THE LESSER OF (I) THE MEMBER'S YEARS OF SERVICE (INCLUDING FRACTIONS) OR (II) 20 YEARS. PLUS, AN ADDITIONAL BENEFIT IN AN AMOUNT EQUAL TO \$66.00 PER MONTH FOR EACH WHOLE YEAR OF SERVICE IN EXCESS OF 20 YEARS OF SERVICE (A PARTIAL YEAR OF SERVICE WILL BE GIVEN PARTIAL CREDIT BASED ON THE NUMBER OF MONTHS COMPLETED IN EXCESS OF WHOLE YEARS).

2005 FIRE FIGHTER PENSION REPORT
SECTION 4: TEXAS LOCAL FIRE FIGHTERS RETIREMENT ACT (TLFFRA)

MARSHALL

Jack Hanson, ChairmanPhone: (903) 935-4588
P. O. Box 698 Marshall, TX 75671Fax: (903) 934-7827

Actuary.....Actuarial Business Consultants, Inc.
Custodian.....Hibernia National Bank
Consultant..... Hibernia Private Client Group
Investment Manager.....Hibernia Asset Management

RETIREMENT BENEFIT CALCULATIONS: A STANDARD BENEFIT EQUAL TO 3.125% OF THE MEMBER'S FINAL 36-MONTH AVERAGE SALARY MULTIPLIED BY THE LESSER OF (I) THE MEMBER'S YEARS OF PENSION SERVICE OR (II) 20 YEARS. PLUS, AN ADDITIONAL BENEFIT IN AN AMOUNT EQUAL TO \$63.00 PER MONTH FOR EACH WHOLE YEAR OF SERVICE IN EXCESS OF 20 YEARS OF SERVICE (PARTIAL YEARS OF PENSION SERVICE WILL BE GIVEN PARTIAL CREDIT BASED ON THE NUMBER OF MONTHS COMPLETED IN EXCESS OF WHOLE YEARS).

MCALLEN

Joe Fernandez, Chairman.....Phone: (956) 972-7500
1521 Galveston Mc Allen, TX 78501Fax: (956) 682-0377

Actuary..... John M. Crider, Jr.
Custodian..... Wells Fargo Bank
Consultant..... Consulting Service Group
Investment Manager..... Austin Capital
Investment Manager..... Brandes International
Investment Manager.....Meridian Horizon
Investment Manager..... Hillswick Asset Management
Investment Manager..... Eagle Asset Management
Investment Manager..... Strong High-Yield Fund
Investment Manager..... Westwood
Investment Manager.....Calamos Investments
Investment Manager.....Ironwood

RETIREMENT BENEFIT CALCULATIONS: A STANDARD BENEFIT EQUAL TO 58% OF THE MEMBER'S HIGHEST 60-MONTH AVERAGE SALARY. PLUS, AN ADDITIONAL BENEFIT IN AN AMOUNT EQUAL TO THE GREATER OF (I) 2.9% OF THE MEMBER'S AVERAGE MONTHLY SALARY; OR (II) \$58.00 PER MONTH FOR EACH OF THE MEMBER'S 21ST AND 22ND WHOLE YEAR OF SERVICE. A PARTIAL YEAR OF SERVICE WILL BE GIVEN PARTIAL CREDIT BASED ON THE NUMBER OF MONTHS AND DAYS COMPLETED IN EXCESS OF WHOLE YEARS.

A MEMBER CAN ELECT TO PARTICIPATE IN THE DEFERRED RETIREMENT OPTION PLAN (DROP) AFTER TURNING AGE 53 AND COMPLETING 20 YEARS OF SERVICE.

2005 FIRE FIGHTER PENSION REPORT
SECTION 4: TEXAS LOCAL FIRE FIGHTERS RETIREMENT ACT (TLFFRA)

MIDLAND

Alan Myers, Chairman.....Phone: (432) 685-7213
1500 W. Wall Midland, TX 79701Fax: (432) 685-7436

Actuary.....The Segal Company
Custodian.....Frost National Bank
Consultant..... Investment Manager Hines
Investment Manager..... Federated
Investment Manager..... Lazard Asset Management
Investment Manager.....McKinley Capital Management, Inc.
Investment Manager.....Pier Capital, LLC
Investment Manager..... Westwood Management Corp.
Investment Manager..... Eaton Vance
Investment Manager..... Templeton
Investment Manager..... Hillswick Asset Management

RETIREMENT BENEFIT CALCULATIONS: A STANDARD BENEFIT EQUAL TO 75% OF THE MEMBER'S HIGHEST 60-MONTH AVERAGE SALARY. PLUS, AN ADDITIONAL BENEFIT IN AN AMOUNT EQUAL TO \$80.00 PER MONTH FOR EACH WHOLE YEAR OF SERVICE IN EXCESS OF 20 YEARS OF SERVICE (A PARTIAL YEAR OF SERVICE WILL BE GIVEN CREDIT BASED ON THE NUMBER OF MONTHS COMPLETED IN EXCESS OF WHOLE YEARS). \$500 A MONTH SUPPLEMENT AFTER AGE 50 AT RETIREMENT.

A MEMBER CAN ELECT TO PARTICIPATE IN THE FORWARD DEFERRED RETIREMENT OPTION PLAN (DROP), REVERSE DROP, RETROACTIVE DROP, OR COMBINED DROP (ENTER MIDWAY BETWEEN A FORWARD DROP AND A RETROACTIVE DROP). A MEMBER IS ELIGIBLE FOR A DROP BENEFIT AT ANY AGE UPON RETIREMENT WITH 25 YEARS OF ACTIVE SERVICE OR AFTER ATTAINING AGE 50 WITH 20 YEARS OF SERVICE.

2005 FIRE FIGHTER PENSION REPORT
SECTION 4: TEXAS LOCAL FIRE FIGHTERS RETIREMENT ACT (TLFFRA)

ODESSA

Kavin Tinney, ChairmanPhone: (432) 335-4663
P. O. Box 4398 Odessa, TX 79760.....Fax: (432) 335-3208

Actuary..... John M. Crider, Jr.
Custodian.....J.P. Morgan Chase
Consultant.....Consulting Services Group
Investment Manager.....Advisory Research, Inc.
Investment Manager.....Austin Capital Management
Investment Manager..... Ironwood Capital Management
Investment Manager.....Pier Capital, LLC
Investment Manager..... Sands Capital Management, Inc.
Investment Manager..... Orleans Capital Management
Investment Manager..... Westwood Trust
Investment Manager..... Trust Fund International
Investment Manager..... Morgan Keegan

RETIREMENT BENEFIT CALCULATIONS: A STANDARD BENEFIT EQUAL TO 3.6% OF THE MEMBER'S AVERAGE SALARY MULTIPLIED BY THE NUMBER OF YEARS OF CREDITED SERVICE NOT TO EXCEED 20 YEARS. PLUS, AN ADDITIONAL BENEFIT IN AN AMOUNT EQUAL TO \$107.00 PER MONTH FOR EACH WHOLE YEAR OF SERVICE IN EXCESS OF 20 YEARS (A PARTIAL YEAR OF SERVICE WILL BE GIVEN PARTIAL CREDIT BASED ON THE NUMBER OF WHOLE MONTHS COMPLETED).

A MEMBER CAN ELECT TO PARTICIPATE IN THE DEFERRED RETIREMENT OPTION PLAN (DROP) AFTER TURNING AGE 50 AND COMPLETING 20 YEARS OF SERVICE. OR, A MEMBER CAN ELECT TO PARTICIPATE IN THE RETROACTIVE DEFERRED RETIREMENT OPTION PLAN (RETRO DROP) AFTER TURNING AGE 52 OR AFTER COMPLETING 20 YEARS OF SERVICE.

2005 FIRE FIGHTER PENSION REPORT
SECTION 4: TEXAS LOCAL FIRE FIGHTERS RETIREMENT ACT (TLFFRA)

ORANGE

Kenneth Parsons, Chairman.....Phone: (409) 883-1040
P. O. Box 520 Orange, TX 77631Fax: (409) 883-1965

Actuary..... Rudd And Wisdom, Inc.
Custodian Smith Barney Citigroup
Consultant..... Tim Sharpe
Investment Manager..... Allegiance
Investment Manager..... Congress Asset Management
Investment Manager..... Delaware Capital Management
Investment Manager..... J & W Seligman And Company, Inc.
Investment Manager..... Penn Capital

RETIREMENT BENEFIT CALCULATIONS: A STANDARD BENEFIT EQUAL TO 51.50% OF THE MEMBER'S HIGHEST 60-MONTH AVERAGE SALARY. PLUS, AN ADDITIONAL BENEFIT IN AN AMOUNT EQUAL TO \$74.00 PER MONTH FOR EACH WHOLE YEAR OF SERVICE IN EXCESS OF 20 YEARS OF SERVICE (A PARTIAL YEAR OF SERVICE WILL BE GIVEN PARTIAL CREDIT BASED ON THE NUMBER OF MONTHS COMPLETED IN EXCESS OF WHOLE YEARS).

A MEMBER CAN ELECT TO PARTICIPATE IN THE RETROACTIVE DEFERRED RETIREMENT OPTION PLAN (RETRO DROP) AFTER TURNING AGE 53 AND COMPLETING 23 YEARS OF SERVICE.

PARIS

Bob Rast, Chairman.....Phone: (903) 784-4870
1444 North Main St. Paris, TX 75460.....Fax: (903) 784-5304

Actuary..... John M. Crider, Jr.
Custodian Raymond James Financial Services, Inc.
Consultant..... John R. Lovett, Jr.
Investment Manager..... Atlanta Capital Management
Investment Manager..... Delaware Investment, Invesco
Investment Manager..... Eagle Asset Management
Investment Manager..... Neuberger Berman
Investment Manager..... Wood Asset Management

RETIREMENT BENEFIT CALCULATIONS: A STANDARD BENEFIT EQUAL THE SUM OF (A) AND (B), WHERE (A) IS THE GREATER OF (I) 2% OF THE FIREFIGHTER'S HIGHEST 5-YEAR AVERAGE SALARY OR (II) \$85.50, MULTIPLIED BY THE FIREFIGHTER'S YEARS OF SERVICE AT RETIREMENT NOT IN EXCESS OF 3 YEARS; AND (B) IS \$85.50 MULTIPLIED BY THE FIREFIGHTER'S YEARS OF SERVICE AT RETIREMENT IN EXCESS OF 3 YEARS.

A MEMBER CAN ELECT TO PARTICIPATE IN THE DEFERRED RETIREMENT OPTION PLAN (DROP). THE MEMBER'S DROP ELIGIBILITY DATE IS THE LATER OF (A) THE FIREFIGHTER'S NORMAL RETIREMENT DATE, OR (B) THE DATE 2 YEARS PRIOR TO THE DATE THE MEMBER ACTUALLY RETIRES.

2005 FIRE FIGHTER PENSION REPORT
SECTION 4: TEXAS LOCAL FIRE FIGHTERS RETIREMENT ACT (TLFFRA)

PLAINVIEW

Albert Perez, ChairmanPhone: (806) 291-1247
901 Broadway Plainview, TX 79072..... Fax: (806)296-1125

Actuary.....Actuarial Business Consultants, Inc.
CustodianOppenheimer & Company
Consultant.....John Willhite/Thomas Daman
Investment Manager..... J & W Seligman
Investment Manager..... Congress Asset Management
Investment Manager.....Delaware Capital Management
Investment Manager.....New Bridge
Investment Manager..... Penn Capital
Investment Manager.....Allegiance Capital

RETIREMENT BENEFIT CALCULATIONS: A STANDARD BENEFIT EQUAL TO 63.75% OF THE MEMBER'S HIGHEST 60-MONTH AVERAGE SALARY. PLUS, AN ADDITIONAL BENEFIT IN AN AMOUNT EQUAL TO \$78.00 PER MONTH FOR EACH WHOLE YEAR OF SERVICE IN EXCESS OF 20 YEARS OF SERVICE, SUBJECT TO A MAXIMUM OF 15 YEARS OF SERVICE IN EXCESS OF 20 YEARS. A PARTIAL YEAR OF SERVICE WILL BE CREDIT BASED ON THE NUMBER OF MONTHS COMPLETED IN EXCESS OF WHOLE YEARS.

A MEMBER CAN ELECT TO PARTICIPATE IN THE RETROACTIVE DEFERRED RETIREMENT OPTION PLAN (RETRO DROP) AFTER TURNING AGE 50 AND COMPLETING 20 YEARS OF SERVICE.

PORT ARTHUR

John Avery, Chairman.....Phone: (409) 983-8734
6394 Pat Avenue Port Arthur, TX 77640..... Fax: (409) 983-8291

Actuary John M. Crider, Jr.
CustodianJP Morgan Chase & Vanguard Fiduciary Trust
ConsultantN/A
Investment Manager..... Vanguard Group

RETIREMENT BENEFIT CALCULATIONS: A STANDARD BENEFIT EQUAL TO 2.7% OF THE MEMBER'S AVERAGE MONTHLY SALARY, TIMES HIS YEARS AND PARTIAL YEARS OF SERVICE, NOT TO EXCEED 20. PLUS, AN ADDITIONAL BENEFIT IN AN AMOUNT EQUAL TO \$100.00 A MONTH FOR EACH WHOLE YEAR OF SERVICE IN EXCESS OF 20 YEARS OF SERVICE (A PARTIAL YEAR OF SERVICE WILL BE GIVEN PARTIAL CREDIT BASED ON THE NUMBER OF MONTHS COMPLETED IN EXCESS OF WHOLE YEARS).

A MEMBER CAN ELECT TO PARTICIPATE IN THE DEFERRED RETIREMENT OPTION PLAN (DROP) AFTER ATTAINING AGE 53 AND COMPLETING 20 YEARS OF SERVICE.

2005 FIRE FIGHTER PENSION REPORT
SECTION 4: TEXAS LOCAL FIRE FIGHTERS RETIREMENT ACT (TLFFRA)

SAN ANGELO

Curtis Hensley, Chairman.....Phone: (325) 657-4283
2909 Briargrove Lane San Angelo, TX 76904.....Fax: (325) 657-4335

ActuaryActuarial Business Consultants, Inc.
Custodian First Financial Trust & Asset Management
Consultant N/A
Investment Manager..... Westwood Capital Management

RETIREMENT BENEFIT CALCULATIONS: A STANDARD BENEFIT EQUAL TO 67.50% OF THE MEMBER'S HIGHEST 48-MONTH AVERAGE SALARY, FOR A MEMBER WHO WAS EMPLOYED BEFORE MAY 1, 1986. FOR A MEMBER EMPLOYED ON OR AFTER MAY 1, 1986, THE STANDARD BENEFIT WOULD BE 66.00% OF THE MEMBER'S HIGHEST 48-MONTH AVERAGE SALARY. PLUS, AN ADDITIONAL SERVICE BENEFIT EQUAL TO \$81.00 PER MONTH FOR EACH WHOLE YEAR OF SERVICE IN EXCESS OF 20 YEARS OF SERVICE.

A MEMBER CAN ELECT TO PARTICIPATE IN THE RETROACTIVE DEFERRED RETIREMENT OPTION PLAN (RETRO DROP) THE FIRST DAY OF THE MONTH FOLLOWING THE DATE THE FIRE FIGHTER ATTAINS EITHER (I) AGE 49 WITH 20 YEARS OF CREDITED SERVICE (NORMAL RETIREMENT ELIGIBILITY); (II) EARLY RETIREMENT ELIGIBILITY WITH 20 YEARS OF SERVICE; OR (III) AT LEAST AGE 49 WITH AT LEAST 10 YEARS OF SERVICE.

SAN BENITO

Raul R. Zuniga, Jr., Chairman.....Phone: (956) 361-3850
P. O. Box 1870 San Benito, TX 78586Fax: (956) 361-3852

Actuary N/A
Custodian First National Bank of Edinburg
Consultant Smith Barney Citigroup
Investment Manager.....Citigroup Global MKTS INC
Investment Manager..... N/A

RETIREMENT BENEFIT CALCULATIONS: A STANDARD BENEFIT EQUAL TO 33.00% OF THE MEMBER'S HIGHEST 60-MONTH AVERAGE SALARY. PLUS, AN ADDITIONAL BENEFIT IN AN AMOUNT EQUAL TO \$25.00 PER MONTH FOR EACH WHOLE YEAR OF SERVICE IN EXCESS OF 20 YEARS OF SERVICE (PARTIAL YEAR OF SERVICE WILL BE GIVEN PARTIAL CREDIT BASED ON THE NUMBER OF MONTHS COMPLETED IN EXCESS OF WHOLE YEARS).

SWEETWATER

Kerry Baker, ChairmanPhone: (325) 235-4304
P.O. Box Sweetwater, TX 79556Fax: (325) 235-1507

Actuary John M. Crider, Jr.
Custodian Westwood Trust
Consultant Kim Calhoun
Investment Manager..... N/A

RETIREMENT BENEFIT CALCULATIONS: A STANDARD BENEFIT EQUAL TO 79.0% OF THE MEMBER'S HIGHEST 36-MONTH AVERAGE SALARY AND \$50.00 PER MONTH FOR EACH YEAR OF CREDITED SERVICE IN EXCESS OF 20 YEARS.

A MEMBER CAN ELECT TO PARTICIPATE IN THE DEFERRED RETIREMENT OPTION PLAN (DROP) ON OR AFTER REACHING AGE 53 AND COMPLETING 23 YEARS OF SERVICE.

2005 FIRE FIGHTER PENSION REPORT
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TEMPLE

Scott Hoelscher, Chairman.....Phone: (254) 298-5682
P. O. Box 6101 Temple, TX 76503-6101.....Fax: (254) 298-5466

Actuary.....Rudd & Wisdom
Custodian.....Extraco Banks
Consultant..... Dain Rauscher, Inc.
Investment Manager..... Ariel Capital Management
Investment Manager..... Capstone Asset Management
Investment Manager.....Davis NY Venture
Investment Manager..... Dodge & Cox
Investment Manager..... Glenmede
Investment Manager..... SEB Investment Management

RETIREMENT BENEFIT CALCULATIONS: A STANDARD BENEFIT EQUAL TO 65.75% OF THE MEMBER'S HIGHEST FIVE-YEAR AVERAGE SALARY. PLUS, AN ADDITIONAL BENEFIT IN AN AMOUNT EQUAL TO \$89.00 PER MONTH FOR EACH WHOLE YEAR OF SERVICE IN EXCESS OF 20 YEARS OF SERVICE.

A MEMBER CAN ELECT TO PARTICIPATE IN THE DEFERRED RETIREMENT OPTION PLAN (DROP) ON OR AFTER REACHING AGE 53 AND COMPLETING 23 YEARS OF SERVICE.

TEXARKANA

Tim Martin, ChairmanPhone: (903) 798-3983
P. O. Box 277 Bloomburg, TX 75556Fax: (903) 798-3933

Actuary Rudd And Wisdom, Inc.
CustodianMellon Bank
CustodianHibernia National Bank
Consultant..... N/A
Investment Manager..... Hillswick Asset Management, LLC
Investment ManagerWestwood Trust, Inc.
Investment ManagerPier Capital, LLC

RETIREMENT BENEFIT CALCULATIONS: A STANDARD BENEFIT EQUAL TO 2.94% OF THE MEMBER'S HIGHEST 36-MONTH AVERAGE SALARY FOR EACH WHOLE YEAR AND PARTIAL YEAR OF SERVICE (A PARTIAL YEAR OF SERVICE WILL BE CREDITED BASED ON THE NUMBER OF MONTHS COMPLETED IN EXCESS OF WHOLE YEARS).

A MEMBER CAN ELECT TO PARTICIPATE IN THE RETROACTIVE DEFERRED RETIREMENT OPTION PLAN (RETRO DROP) AFTER REACHING 52.5 AND COMPLETING 22.5 YEARS OF SERVICE.

2005 FIRE FIGHTER PENSION REPORT
SECTION 4: TEXAS LOCAL FIRE FIGHTERS RETIREMENT ACT (TLFFRA)

TEXAS CITY

Brian Ringleben, Chairman.....Phone: (409) 643-5741
7905 Melody Lane Dickinson, TX 77539Fax: (409) 643-5718

Actuary.....Actuarial Business Consultants, Inc.
CustodianCitigroup Smith Barney
ConsultantTim Sharpe
Investment ManagerAllegiance Cap
Investment ManagerDelaware Intl
Investment ManagerCongress Asset Mgmt
Investment ManagerMetwest Capital Mgmt
Investment ManagerTCW
Investment ManagerTurner Inv Partners
Investment ManagerWestcap Investments

RETIREMENT BENEFIT CALCULATIONS: A STANDARD BENEFIT EQUAL TO 70.00% OF THE MEMBER'S HIGHEST 5-YEAR AVERAGE SALARY. PLUS, AN ADDITIONAL BENEFIT AMOUNT EQUAL TO \$116.00 PER MONTH FOR EACH WHOLE YEAR OF SERVICE IN EXCESS OF 20 YEARS (A PARTIAL YEAR OF SERVICE WILL BE GIVEN PARTIAL CREDIT BASED ON THE NUMBER OF MONTHS COMPLETED IN EXCESS OF WHOLE YEARS).

A MEMBER CAN ELECT TO PARTICIPATE IN THE RETROACTIVE DEFERRED RETIREMENT OPTION PLAN (RETRO DROP) THE FIRST DAY OF THE MONTH FOLLOWING THE DATE OF ATTAINMENT OF AGE 52.5 AND THE COMPLETION OF 22.5 YEARS OF SERVICE.

TYLER

Tim Johnson, ChairmanPhone: (903) 535-1180
1718 W Houston Tyler, TX 75702Fax: (903) 535-0011

ActuaryRudd And Wisdom, Inc.
CustodianWells Fargo Bank
Consultant.....N/A
Investment ManagerLuther King Capital Management
Investment Manager.....Wells Fargo Bank

RETIREMENT BENEFIT CALCULATIONS: A STANDARD BENEFIT EQUAL TO 71.50% OF THE MEMBER'S HIGHEST 60-MONTH AVERAGE SALARY. PLUS, AN ADDITIONAL BENEFIT IN AN AMOUNT EQUAL TO \$113.00 PER MONTH FOR EACH YEAR OF SERVICE IN EXCESS OF 20 YEARS OF SERVICE (A PARTIAL YEAR OF SERVICE WILL BE CREDITED BASED ON THE NUMBER OF MONTHS COMPLETED IN EXCESS OF WHOLE YEARS).

A MEMBER CAN ELECT TO PARTICIPATE IN THE RETROACTIVE DEFERRED RETIREMENT OPTION PLAN (RETRO DROP) AT AGE 52.5 AND THE COMPLETION 25 YEARS OF SERVICE OR AT AGE 55 WITH 20 YEARS OF CREDITED SERVICE.

2005 FIRE FIGHTER PENSION REPORT
SECTION 4: TEXAS LOCAL FIRE FIGHTERS RETIREMENT ACT (TLFFRA)

UNIVERSITY PARK

Kent Austin, ChairmanPhone: (214) 987-5310
3800 University Blvd University Park, TX 75205.Fax: (214) 987-5324

ActuaryRudd & Wisdom
CustodianFidelity Investments
Consultant..... N/A
Investment Manager..... Fiduciary Financial Services Of The Southwest

RETIREMENT BENEFIT CALCULATIONS: A STANDARD BENEFIT EQUAL TO 60.00% OF THE MEMBER'S HIGHEST 60-MONTH AVERAGE SALARY. PLUS, AN ADDITIONAL SERVICE BENEFIT IN AN AMOUNT EQUAL TO \$80.00 PER MONTH FOR EACH WHOLE YEAR OF SERVICE IN EXCESS OF 20 YEARS OF SERVICE (A PARTIAL YEAR OF SERVICE WILL BE GIVEN PARTIAL CREDIT BASED ON THE NUMBER OF MONTHS COMPLETED IN EXCESS OF WHOLE YEARS).

A MEMBER CAN ELECT TO PARTICIPATE IN THE RETROACTIVE DEFERRED RETIREMENT OPTION PLAN (RETRO DROP) THE FIRST DAY OF THE MONTH FOLLOWING THE DATE THE MEMBER TURNS AGE 53 AND UPON COMPLETING 23 YEARS OF SERVICE.

WAXAHACHIE

Gary Myers, ChairmanPhone: (972) 937-1200
P. O. Box 757 Waxahachie, TX 75168Fax: (972) 937-8507

ActuaryActuarial Business Consultants, Inc.
CustodianSmith Barney and Citigroup
ConsultantTim Sharpe
Investment Manager.....Allegiance Capital
Investment Manager..... Delaware Capital Management
Investment Manager..... Penn Capital Management
Investment Manager.....Westcap Advisors

RETIREMENT BENEFIT CALCULATIONS: A STANDARD BENEFIT EQUAL TO 2.60% OF THE MEMBER'S HIGHEST 60-MONTH AVERAGE SALARY MULTIPLIED BY THE LESSER OF (I) THE MEMBER'S YEARS OF SERVICE (INCLUDING FRACTIONS) OR (II) 24 YEARS. PLUS, AN ADDITIONAL SERVICE BENEFIT IN AN AMOUNT EQUAL TO \$73.00 PER MONTH FOR EACH WHOLE YEAR OF SERVICE IN EXCESS OF 24 YEARS OF SERVICE (A PARTIAL YEAR OF SERVICE WILL BE GIVEN PARTIAL CREDIT BASED ON THE NUMBER OF MONTHS COMPLETED IN EXCESS OF WHOLE YEARS).

2005 FIRE FIGHTER PENSION REPORT
SECTION 4: TEXAS LOCAL FIRE FIGHTERS RETIREMENT ACT (TLFFRA)

WESLACO

Tom Dimas, ChairmanPhone: (956) 968-7581
901 N. Airport Drive Weslaco, TX 78596.....Fax: (956) 968-7621

Actuary..... Rudd And Wisdom, Inc.
CustodianFirst National Bank
Consultant..... Tony Deleon, NYLIFE Securities
Investment Manager..... N/A

RETIREMENT BENEFIT CALCULATIONS: A STANDARD BENEFIT EQUAL TO 42.25% OF THE MEMBER'S HIGHEST 60-MONTH AVERAGE SALARY BUT NOT LESS THAN \$1000. PLUS, AN ADDITIONAL BENEFIT IN AN AMOUNT EQUAL TO \$60.00 PER MONTH FOR EACH WHOLE YEAR OF SERVICE IN EXCESS OF 20 YEARS (A PARTIAL YEAR OF SERVICE WILL BE GIVEN PARTIAL CREDIT BASED ON THE NUMBER OF MONTHS COMPLETED IN EXCESS OF WHOLE YEARS).

WICHITA FALLS

Donald Hughes, ChairmanPhone: (940) 322-9430
624 Indiana Avenue, Ste 305 Wichita Falls, TX 76301.....Fax: (940) 322-9450

Actuary John M. Crider, Jr.
Custodian American National Bank
Consultant..... N/A
Investment Manager..... Intercontinental Real Estate
Investment Manager..... Herbert R. Smith Investment Advisors
Investment Manager..... Hillswick Asset Management
Investment Manager..... CNL Real Estate
Investment Manager..... Westwood

RETIREMENT BENEFIT CALCULATIONS: A STANDARD BENEFIT EQUAL TO 2.55% OF THE MEMBER'S "HIGHEST THREE YEAR AVERAGE SALARY" (EQUAL TO AVERAGE COMPENSATION OVER THE 78 CONSECUTIVE PAY PERIODS DURING THE CAREER COVERED BY THE FUND, WHICH PRODUCES THE HIGHEST AVERAGE, MULTIPLIED BY 2.167). OR MONTHLY AVERAGE SALARY BASED ON HIGHEST 3 YR CONTINUOUS SALARY.

A MEMBER CAN ELECT TO PARTICIPATE IN THE DEFERRED RETIREMENT OPTION PLAN (DROP) AT AGE 55 AND AFTER COMPLETING 25 YEARS OF CREDITED SERVICE.