

CITY OF LOS ANGELES FIRE AND POLICE PENSION SYSTEM

FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES

JUNE 30, 2005 AND 2004

CITY OF LOS ANGELES FIRE AND POLICE PENSION SYSTEM

C O N T E N T S

	<u>Page No.</u>
INDEPENDENT AUDITORS' REPORT	1
EXHIBIT "A" - Statements of Plan Net Assets as of June 30, 2005 and 2004	2
EXHIBIT "B" - Statements of Changes in Plan Net Assets for the Years Ended June 30, 2005 and 2004	3
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2005 AND 2004	4-15
SUPPLEMENTAL SCHEDULES FOR THE SIX YEARS ENDED JUNE 30, 2005:	
SCHEDULE 1A - Supplemental Schedule of Funding Progress - Pension Plan	16
SCHEDULE 1B - Supplemental Schedule of Funding Progress - Health Subsidy Plan	16
SCHEDULE 2A - Supplemental Schedule of Employer Contributions - Pension Plan	17
SCHEDULE 2B - Supplemental Schedule of Employer Contributions - Health Subsidy Plan	17
NOTES TO SUPPLEMENTAL SCHEDULES OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS	18-20

MANNON KAPLAN, C.P.A.
GEORGE NADEL RIVIN, C.P.A.
EDWIN KANEMARU, C.P.A.
KENNETH R. HOLMER, C.P.A.
DOUGLAS S. WAITE, C.P.A.
CHARLES SCHNAID, C.P.A.
DONALD G. GARRETT, C.P.A.
CATHERINE C. GARDNER, C.P.A.
JEFFREY L. GOSS, C.P.A.
JOANNA BOLSKY, C.P.A.
RONALD D. CHANDLER, C.P.A.
MICHAEL G. KAPLAN, C.P.A.
MICHAEL J. QUACKENBUSH, C.P.A.

STANLEY L. MILLER, C.P.A. (1921 - 1995)
PAUL ARASE, C.P.A.*
*RETIRED



Miller, Kaplan, Arase & Co., LLP

CERTIFIED PUBLIC ACCOUNTANTS

SINCE 1941

4123 LANKERSHIM BOULEVARD
NORTH HOLLYWOOD, CALIFORNIA 91602-2828

(818) 769-2010

FAX (818) 769-3100

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
THE CALIFORNIA SOCIETY
OF CERTIFIED PUBLIC ACCOUNTANTS
BAKER TILLY INTERNATIONAL
EIN 95-2036255

OTHER OFFICES:
SAN FRANCISCO
LAS VEGAS



Independent Auditors' Report

To the Board of Fire and Police
Pension Commissioners
Los Angeles, California

Members of the Board:

We have audited the accompanying statements of plan net assets of the City of Los Angeles Fire and Police Pension System (the System) as of June 30, 2005 and 2004, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and *Governmental 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, information regarding the System's plan net assets as of June 30, 2005 and 2004, and changes therein for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The required supplemental schedules and the related notes are presented for the purpose of additional analysis and are not a part of the basic financial statements. Such additional information has been subjected to the auditing procedures applied in our audit of the financial statements and, in our opinion, is fairly presented, when considered in relation to the basic financial statements taken as a whole.


MILLER, KAPLAN, ARASE & CO., LLP

November 14, 2005, except for the Annual Actuarial
Valuation information which is December 12, 2005.

**CITY OF LOS ANGELES FIRE AND POLICE PENSION SYSTEM
STATEMENTS OF PLAN NET ASSETS**

	June 30, 2005			June 30, 2004
	Pension	Health Subsidy	Combined	Combined
ASSETS				
CASH	\$ 580,316	\$ 29,769	\$ 610,085	\$ 814,532
RECEIVABLES				
Accrued Interest and Dividends	\$ 45,634,135	\$ 2,340,960	\$ 47,975,095	\$ 46,628,223
Contributions	4,766,330	244,505	5,010,835	5,062,749
Due from Brokers	485,294,155	24,894,839	510,188,994	338,302,763
TOTAL RECEIVABLES	\$ 535,694,620	\$ 27,480,304	\$ 563,174,924	\$ 389,993,735
INVESTMENTS AT FAIR VALUE				
Temporary	\$ 504,334,143	\$ 25,871,561	\$ 530,205,704	\$ 569,114,300
U.S. Government Obligations	1,130,675,909	58,001,924	1,188,677,833	1,093,224,273
Domestic Corporate Bonds	2,088,551,627	107,139,466	2,195,691,093	1,568,575,205
Foreign Bonds	25,668,129	1,316,735	26,984,864	128,339,624
Domestic Stocks	5,091,885,995	261,205,871	5,353,091,866	5,495,426,877
Foreign Stocks	2,063,551,978	105,857,023	2,169,409,001	1,773,542,279
Real Estate	856,313,244	43,927,544	900,240,788	949,164,002
Alternative Investments	433,571,875	22,241,566	455,813,441	354,172,422
TOTAL INVESTMENTS	\$ 12,194,552,900	\$ 625,561,690	\$ 12,820,114,590	\$ 11,931,558,982
SECURITIES LENDING COLLATERAL	1,597,017,306	81,924,516	1,678,941,822	1,398,032,348
TOTAL ASSETS	\$ 14,327,845,142	\$ 734,996,279	\$ 15,062,841,421	\$ 13,720,399,597
LIABILITIES				
Accounts Payable and Accrued Expenses	\$ 7,637,179	\$ 391,775	\$ 8,028,954	\$ 6,829,349
Benefits in Process of Payment	10,116,369	127,250	10,243,619	5,377,855
Due to Brokers	643,628,799	33,017,161	676,645,960	452,468,558
Mortgages Payable	296,416,998	15,205,733	311,622,731	287,462,348
Securities Lending Collateral	1,597,017,306	81,924,516	1,678,941,822	1,398,032,348
TOTAL LIABILITIES	\$ 2,554,816,651	\$ 130,666,435	\$ 2,685,483,086	\$ 2,150,170,458
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS AND POST-EMPLOYMENT BENEFITS				
	\$ 11,773,028,491	\$ 604,329,844	\$ 12,377,358,335	\$ 11,570,229,139

**CITY OF LOS ANGELES FIRE AND POLICE PENSION SYSTEM
STATEMENTS OF CHANGES IN PLAN NET ASSETS**

	July 1, 2004 to June 30, 2005		July 1, 2003 to June 30, 2004	
	<u>Pension</u>	<u>Health Subsidy</u>	<u>Combined</u>	<u>Combined</u>
<u>ADDITIONS</u>				
<u>CONTRIBUTIONS</u>				
City Contributions	\$ 135,853,688	\$ 31,541,933	\$ 167,395,621	\$ 136,202,867
Member Contributions	75,785,506	-	75,785,506	73,439,319
<u>TOTAL CONTRIBUTIONS</u>	\$ 211,639,194	\$ 31,541,933	\$ 243,181,127	\$ 209,642,186
<u>INVESTMENT INCOME</u>				
Net Appreciation in Fair Value of Plan Investments, Including Gains and Losses on Sales	\$ 809,175,525	\$ 42,180,463	\$ 851,355,988	\$ 1,410,905,593
Interest	147,427,102	7,685,036	155,112,138	179,917,019
Dividends	132,042,777	6,883,087	138,925,864	99,181,435
Net Real Estate Income	40,267,091	2,099,031	42,366,122	51,417,306
Income from Alternative Investments	12,820,733	668,315	13,489,048	5,494,248
Securities Lending Income	3,789,302	197,528	3,986,830	3,338,460
Other Income	1,759,749	91,732	1,851,481	828,518
<u>SUBTOTAL</u>	\$ 1,147,282,279	\$ 59,805,192	\$ 1,207,087,471	\$ 1,751,082,579
Less: Investment Manager Expense	(31,443,446)	(1,639,075)	(33,082,521)	(28,249,568)
<u>NET INVESTMENT INCOME</u>	\$ 1,115,838,833	\$ 58,166,117	\$ 1,174,004,950	\$ 1,722,833,011
<u>OTHER INCOME</u>				
Donations (Note 9)	\$ 7,405,244	\$ 386,018	\$ 7,791,262	\$ 14,402,308
Miscellaneous	757,324	39,478	796,802	1,356,075
<u>TOTAL OTHER INCOME</u>	\$ 8,162,568	\$ 425,496	\$ 8,588,064	\$ 15,758,383
<u>TOTAL ADDITIONS</u>	\$ 1,335,640,595	\$ 90,133,546	\$ 1,425,774,141	\$ 1,948,233,580
<u>DEDUCTIONS</u>				
Pension Benefits	\$ 552,436,651	\$ -	\$ 552,436,651	\$ 518,518,140
Payment of Medicare Reimbursement	-	4,721,424	4,721,424	3,934,369
Payment of Health Subsidy	-	48,727,547	48,727,547	41,278,175
Refund of Contributions	3,206,330	-	3,206,330	3,963,440
Administrative Expenses	9,079,690	473,303	9,552,993	9,130,663
<u>TOTAL DEDUCTIONS</u>	\$ 564,722,671	\$ 53,922,274	\$ 618,644,945	\$ 576,824,787
<u>NET INCREASE</u>	\$ 770,917,924	\$ 36,211,272	\$ 807,129,196	\$ 1,371,408,793
<u>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS AND POST-EMPLOYMENT BENEFITS</u>				
Beginning of Year	11,002,110,567	568,118,572	11,570,229,139	10,198,820,346
End of Year	\$ 11,773,028,491	\$ 604,329,844	\$ 12,377,358,335	\$ 11,570,229,139

CITY OF LOS ANGELES FIRE AND POLICE PENSION SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005 AND 2004

NOTE 1 - DESCRIPTION OF THE PLANS

The City of Los Angeles Department of Fire and Police Pensions operates under the provisions of the City of Los Angeles Charter and Administrative Code, which provide that the funding requirements of the City of Los Angeles Fire and Police Pension System (the System or the Plan), based on the results of actuarial valuation, will be satisfied by the City of Los Angeles.

Pension Plan

The System is a defined benefit single-employer pension plan covering all full-time active sworn firefighters and police officers of the City of Los Angeles. As of June 30, 2005, the System is composed of five tiers. Benefits are based on members' pension tier, pension salary base, and years of service. In addition, the System provides for disability benefits under certain conditions and benefits to eligible survivors.

Those members hired on or before January 28, 1967 participate in Tier 1. Tier 2 includes members hired on or after January 29, 1967, and Tier 1 members who transferred to Tier 2. Members hired on or after December 8, 1980 participate in Tier 3, and those hired on or after July 1, 1997 are in Tier 4. Tier 3 members were allowed to transfer to Tier 4 during an enrollment period. Also, Tier 4 members hired between July 1, 1997 and December 31, 1997 could elect to transfer to Tier 3 during an enrollment period. Tier 5 is the Tier established for all members hired on or after January 1, 2002. Active Members of Tiers 2, 3, & 4 were allowed to transfer to Tier 5 during the enrollment period of January 2, 2002 through December 31, 2002.

The System also covers those certified paramedics and civilian ambulance employees who transferred from the Los Angeles City Employees' Retirement System (LACERS) during the year ending June 30, 1983, or have since been hired.

Tier 1 and 2 members with 20 or more years of service are entitled to annual pension benefits equal to 40% of their final compensation, increasing for each year of service over 20 years, to a maximum of 66-2/3% in Tier 1 and 70% in Tier 2. Tiers 1 and 2 have no minimum age requirement. These Tiers provide for unlimited post-retirement cost-of-living adjustments based on the Consumer Price Index for Local Urban Consumers (CPI). Tier 1 and 2 members who were active as of July 1, 1982, and who terminate their employment after July 1, 1982, are entitled to a refund of their contributions plus Board approved interest if they do not qualify for a pension or if they waive their pension entitlements.

Members of Tier 3 must be age 50, with at least 10 years of service, to be entitled to a service pension. Annual pension benefits are equal to 20% of the monthly average of a member's salary during any 12 consecutive months of service as a Plan member (one-year average compensation), increasing for each year of service over 10 years, to a maximum of 70% for 30 years. Tier 3 provides for post-retirement cost-of-living adjustments based on the CPI to a maximum of 3% per year (COLA). The Los Angeles City Council (City Council) may grant an ad-hoc COLA no more than every three years. Members who terminate their employment are entitled to a refund of their contributions plus Board approved interest if they do not qualify for a pension or if they waive their pension entitlements.

Members of Tier 4 must have at least 20 years of service to be entitled to a service pension. There is no minimum age requirement. Annual pension benefits are equal to 40% of their one-year average compensation, increasing for each year of service over 20 years, to a maximum of 70% for 30 years. Tier 4 provides for post-retirement COLAs. The City Council may grant an ad-hoc COLA no more than every three years. Members who terminate their employment before they are eligible for pension benefits do not receive a refund of their contributions.

CITY OF LOS ANGELES FIRE AND POLICE PENSION SYSTEM

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2005 AND 2004

NOTE 1 - DESCRIPTION OF THE PLANS (Continued)

Pension Plan (Continued)

Members of Tier 5 must be age 50, with at least 20 years of service, to be entitled to a service pension. Annual pension benefits are equal to 50% of their one-year average compensation, increasing for each year of service over 20 years to a maximum of 90% for 33 years. Tier 5 provides for post-retirement COLAs. However, any increase in the CPI greater than 3% per year is placed into a COLA bank for use in years in which the increase in CPI is less than 3%. As of June 30, 2005, there was no COLA bank. The City Council may grant an ad-hoc COLA no more than every three years. Members who terminate their employment are entitled to a refund of their contributions plus Board approved interest if they do not qualify for a pension or if they waive their pension entitlements.

SINCE THE PLAN INCLUDES DETAILED PROVISIONS FOR EACH SITUATION, MEMBERS SHOULD REFER TO THE CITY CHARTER AND ADMINISTRATIVE CODE FOR MORE COMPLETE INFORMATION.

Health Subsidy Plan

Members of the System are entitled to post-retirement health subsidy benefits under Sections 1330, 1428, 1518 and 1618 of the City Charter, Section 4.2018 of the Administrative Code, and by related ordinance. Members who retire from the System with ten years of service are eligible for health subsidy benefits. For retirement effective dates prior to July 1, 1998, regular benefits began at age 60. Temporary subsidies are available to certain groups at earlier ages. For retirement effective dates after June 30, 1998, regular benefits begin at age 55.

The benefit paid is a percentage of a maximum subsidy for health care based on the lesser of the amount used by the LACERS (civilian retirees) and active Safety Members. Effective July 1, 2004, the maximum subsidy amount is \$668 per month. The City also reimburses Medicare Part B premiums for any pensioner receiving a subsidy and Medicare Parts A and B coverage.

Health Subsidy benefits are available to members and their spouses/domestic partners on disability and service retirement. Effective January 1, 2000, qualified surviving spouses/domestic partners are eligible for Health Subsidy benefits.

The System began pre-funding the health subsidy benefits effective with the 1989-1990 plan year. Full funding was phased in over four years.

At June 30, 2005, of \$12,377,358,335 in total net assets available for benefits, \$604,329,844 was determined to be available for the Health Subsidy Plan based on a percentage derived from the actuarial report dated December 12, 2005.

Health Insurance Premium Reimbursement Program

Effective January 1, 2001, members of the System are entitled to post-retirement health insurance premium reimbursements under Section 4.1163 of the Administrative Code.

Eligibility requirements for pensioners and qualified surviving spouses/domestic partners are as follows: The Pensioner (whether living or deceased) must have had at least ten years of sworn service as a fire or police pension member and must have met minimum age requirements on the effective date of retirement. The pensioner or qualified surviving spouse/domestic partner must reside either outside of California or in the state of California but not within a City-approved health plan zip code service area. They may not be enrolled in a City-approved plan.

CITY OF LOS ANGELES FIRE AND POLICE PENSION SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005 AND 2004

NOTE 1 - DESCRIPTION OF THE PLANS (Continued)

Health Insurance Premium Reimbursement Program (Continued)

The reimbursement paid is a percentage of a maximum subsidy for health care based on the lesser of the health subsidy in effect for LACERS (civilian retirees) and active Safety Members. Effective July 1, 2004, the maximum subsidy amount is \$668 per month. For members with Medicare Parts A and B, a different subsidy maximum is used. The City also reimburses Medicare Part B premiums for any pensioner receiving a subsidy and Medicare Parts A and B coverage.

Dental Subsidy Plan

Effective January 1, 2002, members of the System are entitled to post-retirement dental subsidy benefits under Section 4.1164 of the Administrative Code.

Members who retire from the System with 10 years of service, are at least 55 years old, and who are enrolled in a City approved dental plan, are eligible for dental subsidy benefits. Surviving spouses, domestic partners, and dependents are not covered by this subsidy.

The benefit paid is a percentage of a maximum subsidy for dental care based on the lesser of the health subsidy in effect for LACERS (civilian retirees) and active Safety Members. Effective January 1, 2005 the maximum subsidy amount is \$34.84 per month. In determining the dental subsidy, members receive 4% for each completed year of service, up to 100% of the subsidy.

Deferred Retirement Option Plan

Effective May 1, 2002 and through April 30, 2007, members of the System have the option to enroll in the Deferred Retirement Option Plan (DROP) under Section 4.2100 of the Administrative Code.

Members of Tiers 2 and 4 and who have at least 25 years of service, and members of Tiers 3 and 5 who have at least 25 years of service and who are at least age 50 are eligible for the DROP.

Members who enroll continue to work and receive their active salary up to 5 years. Enrolled members continue to contribute to the System until they have completed the maximum number of years required for their Tier but cease to earn additional retirement service and pay credits. Monthly pension benefits that would have been paid to enrolled members are credited into their DROP accounts. DROP account balances will earn interest at an annual rate of 5%.

Once the DROP participation period ends, enrolled members must terminate active employment. They then receive proceeds from their DROP account and a monthly benefit based on their service and salary at the beginning date of the DROP, plus applicable COLA's.

At June 30, 2005 and 2004, 1,217 and 1,120 pensioners, respectively, were enrolled in the DROP program, with total estimated values of all DROP accounts of \$193,000,000 and \$131,000,000, respectively.

Membership

The components of the System's membership were as follows at June 30, 2005 and 2004:

	<u>2005</u>	<u>2004</u>
Active Nonvested:		
Tier 1	-	-
Tier 2	1	1
Tier 3	575	709
Tier 4	383	430
Tier 5	7,759	7,700
	<u>8,718</u>	<u>8,840</u>

CITY OF LOS ANGELES FIRE AND POLICE PENSION SYSTEM

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2005 AND 2004

NOTE 1 - DESCRIPTION OF THE PLANS (Continued)

<u>Membership (Continued)</u>	<u>2005</u>	<u>2004</u>
Active Vested:		
Tier 1	-	-
Tier 2	272	293
Tier 3	554	467
Tier 4	130	109
Tier 5	<u>2,982</u>	<u>2,940</u>
	<u>3,938</u>	<u>3,809</u>
Pensioners and beneficiaries:		
Tier 1	1,077	1,183
Tier 2	9,647	9,810
Tier 3	334	314
Tier 4	84	64
Tier 5	<u>604</u>	<u>411</u>
	<u>11,746</u>	<u>11,782</u>
	 <u>24,402</u>	 <u>24,431</u>

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accompanying financial statements are prepared using the accrual basis of accounting. Contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the System.

B. Financial Reporting

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, as outlined in the Governmental Accounting Standards Board (GASB).

C. Cash

Cash consists primarily of an undivided interest in the cash held by the Treasurer of the City of Los Angeles. These monies are pooled with the monies of other City agencies and invested by the City Treasurer's office.

D. Investments

The System is authorized to make temporary investments in instruments rated A-1 by Standard & Poor's Corporation and P-1 by Moody's Commercial Paper Record.

Temporary investments, consisting primarily of bankers' acceptances, commercial paper, certificates of deposit, pooled temporary investments, U.S. Treasury bills and repurchase agreements along with bonds, stocks and alternative investments are reported at fair value.

CITY OF LOS ANGELES FIRE AND POLICE PENSION SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005 AND 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Investments (Continued)

Pooled temporary investments represent funds invested in a custodian-managed discretionary short-term investment fund. This fund invests in a variety of U.S. and foreign securities rated A-1 or P-1, or equivalent quality as determined by the Custodian.

Investments denominated in foreign currencies are translated to the U.S. dollar at the rate of exchange in effect at the System's year-end. Resulting gains or losses are included in the pension plan statement of changes in plan net assets.

The stated market value of securities investments is generally based on published market prices or quotations from major investment dealers.

Alternative investments are comprised predominantly of limited partnerships that invest in private equity companies. The fair values of alternative investments are estimated by the General Partners based on consideration of various factors, including current net asset valuations of underlying investments in limited partnerships, the financial statements of investee limited partnerships prepared in accordance with accounting principles generally accepted in the United States of America, and other financial information provided by the General Partners of investee limited partnerships.

Real estate investments are recorded in the financial statements under the equity method and are carried at fair value as determined by an annual external appraisal. The fair values of real estate investment funds are provided by the individual real estate fund managers.

Investment transactions are accounted for on the date the securities are purchased or sold (trade date). Unsettled investment trades as of fiscal year-end are reported in the financial statements on the accrual basis. The corresponding proceeds due from sales are reported on the statement of plan net assets as receivables and labeled due from brokers, and amounts payable for purchases are reported as liabilities and labeled due to brokers. Dividend income, recorded on ex-dividend date, and interest income are accrued as earned.

E. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting years. Actual results could differ from those estimates.

NOTE 3 - FUNDING POLICY

As a condition of participation, members are required to contribute a percentage of their salaries to the System. Tier 1 members were required by the City Charter to contribute 6% of salary. The System's actuary recommended that Tier 2 members contribute 1% in addition to the 6% rate provided in the City Charter, for a total of 7% of salary. Tiers 3 and 4 members are required to contribute 8% of salary. Tier 5 members are required to contribute 9% of salary. However, the City shall pay the 1% of Tier 5 contributions contingent on the System remaining at least 100% actuarially funded for pension benefits. For the year ended June 30, 2005, Tier 5 members were required to contribute 8% of salary.

CITY OF LOS ANGELES FIRE AND POLICE PENSION SYSTEM

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2005 AND 2004

NOTE 3 - FUNDING POLICY (Continued)

The Charter of the City of Los Angeles specifies that the City will make the following contributions each year:

- A. An amount equal to the City's share of defined entry-age normal costs.
- B. For members of Tiers 1 and 2, a dollar amount or percentage necessary to amortize the "unfunded liability" of the System over a 70-year period, beginning with the fiscal year commencing July 1, 1967. Under Tiers 3, 4 and 5, any "unfunded liability" shall be amortized over a 30-year period, and actuarial experience gains and losses shall be amortized over a 15-year period.
- C. An amount to provide for health plan subsidies.

Accordingly, the actuary for the System has determined the contributions for items A, B, and C above for the year ended June 30, 2005 to be as follows:

	<u>Percentage of Members' Salaries</u>				
	<u>(Tier 1)</u>	<u>(Tier 2)</u>	<u>(Tier 3)</u>	<u>(Tier 4)</u>	<u>(Tier 5)</u>
Entry-Age Normal Cost Contribution	N/A	22.43%	15.42%	12.45%	16.73%
Amortization of Unfunded Liability	\$23.7M	\$(8.1)M	\$13.0M	\$3.6 M	\$103.3M
Health Plan Subsidy *	\$ 2.1M	\$21.3M	\$(3.5)M	\$(.9)M	\$11.9M

*Stated as required dollar amount. Does not include the 1% Tier 5 City contribution portion.

The actuarially determined unfunded liability of the System was \$1,383,716,330 and \$57,348,136 at June 30, 2005 and 2004, respectively, (which takes into account the present values of future normal cost contributions by both the members and the City). In accordance with the City charter, the amount at June 30, 2005 is to be amortized over the next 32 years** through contributions to be made by the City.

**Amortization to be completed by year 2037.

Contributions totaling \$243,181,127 (\$167,395,621 City and \$75,785,506 member) were made during the year ending June 30, 2005 with respect to the pension plan and health subsidy plan, in accordance with actuarially determined contribution requirements determined through an actuarial valuation performed at June 30, 2003. These contributions included City contributions of approximately \$159,700,000 normal cost, (\$30,600,000) amortization of the unfunded actuarial accrued liability for the aggregate pension plans, and \$6,800,000 relating to the 1% Tier 5 City contribution. For the health plan subsidy, they consisted of approximately \$22,600,000 normal cost, \$7,700,000 amortization of the unfunded actuarial accrued liability, and \$1,200,000 relating to the 1% Tier 5 City contribution.

NOTE 4 - SECURITIES LENDING

The System has entered into various short-term arrangements with its Custodian, whereby investments are loaned to various brokers, as selected by the Custodian. The lending arrangements are collateralized by cash, letters of credit and marketable securities, held on the System's behalf by the Custodian. These agreements provide for the return of the investments and for a payment of: a) a fee when the collateral is marketable securities or letters of credit, or b) interest earned when the collateral is cash on deposit.

CITY OF LOS ANGELES FIRE AND POLICE PENSION SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005 AND 2004

NOTE 4 - SECURITIES LENDING (Continued)

The City Charter permits the System to use investments of the System to enter into securities lending transactions - loans of securities to broker-dealers and other entities for collateral with a simultaneous agreement to return the collateral for the same securities in the future. Upon direction of the Board, the Custodian may loan securities to brokers or dealers or other borrowers upon such terms and conditions, as it deems advisable. Collateral for the securities on loan will be maintained at a level of at least 102 percent of their market value plus any accrued interest for U.S. securities lending and 105 percent of the market value plus any accrued interest for non U.S. securities lending. At year-end, the System has no credit risk exposure to borrowers because the amounts the System owes the borrowers exceed the amounts the borrowers owe the System.

The borrower has all incidents of ownership with respect to borrowed securities and collateral including the right to vote and transfer or loan borrowed securities to others. The System is entitled to receive all distributions, which are made by the issuer of the borrowed securities, directly from the borrower. Under the agreement, the Custodian will indemnify the System as a result of the Custodian's failure to: (1) make a reasonable determination of the creditworthiness of a potential borrower before lending and, during the term of the loan or loans, the borrower files a petition of bankruptcy or similar action, (2) demand adequate collateral, or (3) otherwise maintain the securities lending program in compliance with the *Federal Financial Institutions Examinations Council Supervisory Policy on Securities Lending*.

These agreements provide the return of the securities and revenue determined by the type of collateral received (from which the Custodian's fee is deducted). The securities on loan to brokers are shown at their market value on the System's plan net assets.

As required by GASB, cash received as collateral on securities lending transactions is reported as assets, and the liabilities from these transactions are reported in the statement of plan net assets. Additionally, the costs of securities lending transactions, such as borrower rebates and fees, are netted against securities lending income.

The market value of total securities lent was \$1,633,380,266 and \$1,357,500,856 as of June 30, 2005 and 2004, respectively. The collateralized value of cash and securities was \$1,678,941,822 and \$1,398,032,348 as of June 30, 2005 and 2004, respectively.

NOTE 5 - CONTINGENCIES

A. Termination Rights

All members who were active on or after July 1, 1982 have a vested right to their past contributions and accrued interest in the event of their termination prior to retirement, except Tier 4 members. The dollar amount of contributions and interest subject to this right was \$1,132,860,818 and \$1,057,559,214 as of June 30, 2005 and 2004, respectively.

The Charter of the City of Los Angeles provides that member contributions earn interest at a rate based on return from investments, exclusive of gains and losses.

B. Investment Commitment

The System has commitments to contribute capital for real estate and alternative investments in the aggregate amount of approximately \$423,100,000 at June 30, 2005.

CITY OF LOS ANGELES FIRE AND POLICE PENSION SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005 AND 2004

NOTE 6 - CASH, TEMPORARY INVESTMENTS AND OTHER INVESTMENTS

The Board is responsible for adopting an investment policy using the "prudent person standard" per Article XI, Section 1106 (c) of the City Charter. Investments are made with care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of a like character and with like aims.

The System considers investments purchased with a maturity of 12 months or less to be temporary investments. The carrying value of cash and temporary investments at June 30, 2005 on the statement of plan net assets includes \$610,085 held by the City Treasurer's office and \$530,205,704 in short-term investment funds (STIF). The amounts held by the City Treasurer's office are pooled with funds of other City agencies and are not individually identifiable. Short-term investments are comprised of \$529,572,845 in collective STIF and \$632,859 in operating accounts of several real estate corporations owned by the System.

Credit Risk

Credit risk is the risk that an issuer or a counter party to an investment will not fulfill its obligations. The System seeks to maintain a diversified portfolio of fixed income securities comprising a minimum of 20% of the Fund's assets. As of June 30, 2005, the quality ratings of the System's fixed income investments in U.S. Government obligations, domestic corporate and foreign bonds are as follows:

<u>Credit Rating</u>	<u>Fair Value</u>	<u>Percentage of Fixed Income</u>
AAA	\$ 673,697,260	30.31 %
AA	56,774,421	2.55
A	454,833,946	20.46
BBB	263,273,840	11.84
BB	293,294,797	13.20
B	335,218,425	15.08
CCC	46,624,605	2.10
CC	845,625	0.04
C	3,004,688	0.14
D	22,495,926	1.01
Not Rated	72,612,424	3.27
	<u>\$ 2,222,675,957</u>	<u>100.00 %</u>
U.S. Government Issued or Guaranteed Securities	<u>1,188,677,833</u>	
<u>Total Fixed Income Investments</u>	<u>\$ 3,411,353,790</u>	

Custodial Credit Risk

For deposits, custodial credit risk is the risk that, in the event of a bank failure, the System's deposits and collateral securities in the possession of an outside party would not be recoverable. Deposits are exposed if they are not insured or are not collateralized. As of June 30, 2005, the System's exposure to such risk was \$4,932,313, comprised of foreign currencies held outside the custodial bank.

For investment securities, custodial credit risk is the risk that, in the event of the failure of the counter party, the System will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if they are not insured, or are not registered in the System's name, and held by the counter party. The System's investments are not exposed to custodial risk since they are all held by the custodian and are registered in the System's name.

CITY OF LOS ANGELES FIRE AND POLICE PENSION SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005 AND 2004

NOTE 6 - CASH, TEMPORARY INVESTMENTS AND OTHER INVESTMENTS (Continued)

Concentration of Credit Risk

Concentration of credit risk exists when the System has investments in a single issuer totaling 5% or more of the total investment portfolio. As of June 30, 2005, the System's investment portfolio contained no such concentrations. Securities issued or guaranteed by the U.S. Government are exempt from this limitation.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. One of the ways the System manages its exposure to interest rate risk is by requiring a fixed income investment manager to maintain the effective duration of their portfolio within a specified range of (1) the Lehman Brothers Aggregate Index for core fixed income investments, (2) the Lehman Brothers Long Term Government/Corporate Index for long duration investments, and (3) the First Boston High Yield Index for high yield investments. The longer the duration, the greater the sensitivity to interest rate changes. Information about the sensitivity of the System's investments to interest rate fluctuations is provided in the following table that shows the weighted average effective duration of the System's fixed income investments by investment type.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Effective Duration (in Years)</u>
Asset Backed Securities	\$ 115,382,213	6.90
Commercial Mortgages	50,791,842	16.59
Corporate Bonds	1,433,234,145	5.68
Government Agencies	92,186,495	2.65
Government Bonds	490,355,983	8.84
Government Mortgage Back Securities	514,514,236	7.06
Government Issued Commercial Mortgage Backed Index Linked Government Bonds	7,198,943	6.97
Non-Government Backed Collateralized Mortgage Obligations	109,893,860	14.00
Bond Index Fund	36,216,474	15.76
	<u>561,579,599</u>	4.16
<u>Total Fixed Income Investments</u>	<u>\$ 3,411,353,790</u>	

Investments that are highly sensitive to interest rate risk as of June 30, 2005 are as follows:

<u>Investment Type</u>	<u>Fair Value</u>
Asset Backed Securities	\$ 115,382,213
Commercial Mortgages	50,791,842
Government Agencies	92,186,495
Government Mortgage Back Securities	514,514,236
Government Issued Commercial Mortgage Backed Non-Government Backed Collateralized Mortgage Obligations	7,198,943
	<u>36,216,474</u>
	<u>\$ 816,290,203</u>

CITY OF LOS ANGELES FIRE AND POLICE PENSION SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005 AND 2004

NOTE 6 - CASH, TEMPORARY INVESTMENTS AND OTHER INVESTMENTS (Continued)

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair values of deposits or investments. The majority of the System's currency exposure comes from its holdings of foreign stocks. The System's foreign investment holdings, including foreign currencies and temporary investments as of June 30, 2005 are as follows:

<u>Foreign Currency Type</u>	<u>Fair Value</u>
Argentine Peso	\$ 4,841
Australian Dollar	51,224,562
Brazilian Real	30,970,570
British Pound	347,526,587
Canadian Dollar	28,209,725
Czeck Koruna	9,756,337
Danish Krone	3,770,381
Egyptian Pound	3,176,336
Euro	789,268,312
Hongkong Dollar	48,059,927
Hungarian Forint	23,029,468
Indonesian Rupiah	7,036,222
Israeli Shekel	4,967,032
Japanese Yen	387,690,848
Korean Won	82,567,472
Lithuanian Litas	109,349
Malaysian Ringgit	4,987,774
Mexican Peso	14,480,684
New Zealand Dollar	18,441,130
Norwegian Krone	35,272,789
Philippine Peso	4,619,218
Polish Zloty	16,650,739
Singapore Dollar	20,610,948
South African Rand	24,567,850
Swedish Krona	26,619,879
Swiss Franc	139,518,003
Taiwan New Dollar	54,743,343
Thai Baht	6,301,683
Turkish New Lira	20,181,091
	<u>\$ 2,204,363,100</u>

NOTE 7 - MORTGAGES PAYABLE

Mortgages are secured by real estate. Interest rates range from 2.53% to 8.26% per annum. Monthly principal and interest payments range from \$21,964 to \$190,800. The mortgages mature from June 2006 to July 2034. Principal and interest payments due under such mortgages are as follows for the years ended June 30:

CITY OF LOS ANGELES FIRE AND POLICE PENSION SYSTEM

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2005 AND 2004

NOTE 7 - MORTGAGES PAYABLE (Continued)

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 11,717,471	\$ 19,062,420	\$ 30,779,891
2007	15,443,041	15,877,894	31,320,935
2008	29,928,464	16,807,692	46,736,156
2009	47,714,849	12,913,786	60,628,635
2010	2,555,864	11,337,934	13,893,798
2011 through 2015	158,607,606	37,461,118	196,068,724
2016 through 2020	11,009,006	13,433,298	24,442,304
2021 through 2025	15,057,797	9,373,826	24,431,623
2026 through 2030	15,470,994	3,953,004	19,423,998
2031 through 2035	4,117,639	303,636	4,421,275
	<u>\$ 311,622,731</u>	<u>\$ 140,524,608</u>	<u>\$ 452,147,339</u>

NOTE 8 - OPERATING LEASE

The System leases office space under an operating lease that expires on December 31, 2011.

The annual lease payments during fiscal year ending June 30, 2005 were \$780,414 and the minimum lease commitments for future fiscal years are as follows:

2006	\$ 417,158
2007	895,071
2008	966,048
2009	988,716
2010	1,016,364
2011	1,050,215
2012	<u>534,431</u>
	<u>\$ 5,868,003</u>

NOTE 9 - DONATIONS

From 1999 to 2002, the System received donations of non-voting common stock of non-public corporations, pursuant to repurchase agreements, between the System and the donors, structured entirely by the donors' tax advisers. Under the terms of the agreements, the System, although the owner of the donated common stock, acknowledged that: the non-voting common shares have not been registered under the Federal Securities Act of 1933 or qualified under the California Corporate Securities Law of 1968; that no public market exists with respect to the non-voting common shares; and, that the common shares are subject to a right of first refusal prohibiting the System from selling or otherwise disposing of any common shares without first offering to sell them to the donor. The shares are recorded at carry and market values of zero for the following reasons: (1) there is no public market for the shares, (2) the System does not have the right to sell or otherwise dispose of the shares until the agreed upon future date, and (3) the shares were received as a donation for no consideration. Donation income is only recorded if proceeds are received upon sale and if cash dividends are received from the stock while in the possession of the System.

CITY OF LOS ANGELES FIRE AND POLICE PENSION SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005 AND 2004

NOTE 9 - DONATIONS (Continued)

The System has been informed that the Internal Revenue Service is investigating the tax treatment claimed by the donors in connection with these donations of stock. There have been no allegations of inappropriate activity by the System. The last donation of private equity accepted by the System was in 2002. The System has received the following income from these donations: \$2,685,000 in 2002; \$2,918,066 in 2003; \$14,402,308 in 2004; and \$7,791,262 in 2005.

CITY OF LOS ANGELES FIRE AND POLICE PENSION SYSTEM

SUPPLEMENTAL SCHEDULES

FOR THE SIX YEARS ENDED JUNE 30, 2005

**CITY OF LOS ANGELES FIRE AND POLICE PENSION SYSTEM
SUPPLEMENTAL SCHEDULE OF FUNDING PROGRESS - PENSION PLAN**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	UAAL	Funded Ratio	Total System Payroll	UAAL as a % of Payroll
June 30, 2000	\$ 10,985,936,206	\$ 9,604,173,677	\$ (1,381,762,529)	114.4%	\$ 845,426,191	(163.4%)
June 30, 2001	11,835,548,939	9,954,056,461	(1,881,492,478)	118.9%	882,758,282	(213.1%)
June 30, 2002	11,491,922,362	10,606,825,276	(885,097,086)	108.3%	946,037,252	(93.6%)
June 30, 2003	11,690,750,393	11,203,558,461	(487,191,932)	104.3%	970,726,720	(50.2%)
June 30, 2004	11,735,696,180	11,389,980,813	(345,715,367)	103.0%	1,001,003,937	(34.5%)
June 30, 2005	11,634,113,683	12,357,524,467	723,410,784	94.1%	1,037,444,701	69.7%

SCHEDULE 1B

SUPPLEMENTAL SCHEDULE OF FUNDING PROGRESS - HEALTH SUBSIDY PLAN

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	UAAL	Funded Ratio	Total System Payroll	UAAL as a % of Payroll
June 30, 2000	\$ 519,240,573	\$ 791,337,962	\$ 272,097,389	65.6%	\$ 845,426,191	32.2%
June 30, 2001	573,844,190	840,287,944	266,443,754	68.3%	882,758,282	30.2%
June 30, 2002	586,953,850	884,371,214	297,417,364	66.4%	946,037,252	31.4%
June 30, 2003	592,539,000	926,760,943	334,221,943	63.9%	970,726,720	34.4%
June 30, 2004	605,998,904	1,009,062,407	403,063,503	60.1%	1,001,003,937	40.3%
June 30, 2005	597,199,108	1,257,504,654	660,305,546	47.5%	1,037,444,701	63.6%

(See accompanying Independent Auditors' Report and notes to supplemental schedules of funding progress and employer contributions)

SCHEDULE 2A

CITY OF LOS ANGELES FIRE AND POLICE PENSION SYSTEM
SUPPLEMENTAL SCHEDULE OF EMPLOYER CONTRIBUTIONS - PENSION PLAN

<u>Fiscal Years Ending</u>	<u>Annual Required Contribution</u>	<u>Percent Contributed</u>
2000	\$ 163,380,843	100%
2001	113,849,004	100%
2002	73,120,666	100%
2003	64,634,125	100%
2004	97,465,612	100%
2005	135,853,688	100%

SCHEDULE 2B

SUPPLEMENTAL SCHEDULE OF EMPLOYER CONTRIBUTIONS - HEALTH SUBSIDY PLAN

<u>Fiscal Years Ending</u>	<u>Annual Required Contribution</u>	<u>Percent Contributed</u>
2000	\$ 27,456,320	100%
2001	25,084,169	100%
2002	30,326,543	100%
2003	33,894,924	100%
2004	38,737,255	100%
2005	31,541,933	100%

CITY OF LOS ANGELES FIRE AND POLICE PENSION SYSTEM
NOTES TO SUPPLEMENTAL SCHEDULES OF FUNDING
PROGRESS AND EMPLOYER CONTRIBUTIONS

The information presented in the required supplementary schedules for the Pension and Health Subsidy Plan was determined as part of the actuarial valuations as of June 30, 2005. Additional information as of June 30, 2005 follows:

PENSION PLAN

Funding Method - Entry Age Normal Actuarial Funding Method

Asset Valuation Method - The actuarial value of assets is determined by phasing in, over five years, the difference between the actual and expected realized and unrealized appreciation. The expected appreciation is based on the assumed rate of return. The actuarial value of assets can be no less than 80% and no greater than 120% of the market value of assets.

Investment Return Rate: 8.50%

Annual Salary Scale Increase:

Individually	(Varies by age)
Age:	
Under 25	10.00%
25-29	9.00%
30-34	8.00%
35-39	7.00%
40-44	6.00%
45-49	5.75%
50 and Over	5.50%

Annual Cost-of-Living Increase:

Tiers 1 and 2:	
Accrued for All Subsequent Service) [Subject to Any Applicable Caps]	5.00%
Tiers 3, 4 and 5	3.00%

Mortality among retirees - The valuation for those on service retirement is based upon the 1994 Group Annuity Mortality Basic Table. The valuation for those on disability retirement is based upon the 1994 Group Annuity Basic Table.

Mortality among spouses - The valuation is based upon the 1994 Group Annuity Mortality Basic Table.

HEALTH SUBSIDY PLAN

Funding Method - Entry Age Normal Actuarial Funding Method

Asset Valuation Method - The actuarial value of assets is determined by phasing in, over five years, the difference between the actual and expected realized and unrealized appreciation. The expected appreciation is based on the assumed rate of return. The actuarial value of assets can be no less than 80% and no greater than 120% of the market value of assets.

CITY OF LOS ANGELES FIRE AND POLICE PENSION SYSTEM
NOTES TO SUPPLEMENTAL SCHEDULES OF FUNDING
PROGRESS AND EMPLOYER CONTRIBUTIONS

HEALTH SUBSIDY PLAN (Continued)

Graded Medical and Dental Cost Rate Increases:	
Pre-65 Premiums	6.50%*
Post-65 Premiums	6.50%*
Dental	6.50%*
Medicare Part B	6.50%*

*Decreasing gradually to 5.0% in 2013 and beyond

85% of all retirees over age 65 are assumed to receive a subsidy for an approved health carrier. 75% of retirees under age 65 are assumed to receive a subsidy.

86% of retirees who receive a subsidy are assumed to be married or have a qualified domestic partner and elect dependent coverage, with members being three years older than spouses/domestic partners.

90% of retirees are assumed to elect Medicare Parts A and B.

65% of retirees are assumed to elect dental coverage.

With regard to members who are currently alive, 70% of eligible spouses or domestic partners are assumed to elect continued health coverage after the member's death. With regard to deceased members, 70% of the current eligible survivors are assumed to elect health coverage.

All other assumptions used are the same as for retirement benefits.

The following methodology is used to develop blended subsidy amounts to be used in the valuation of current actives health subsidies. The participation percentages for carrier elections are assumed to be the same as the current retiree participation rates. These participation percentages are used to determine a blend of different carrier amounts. Utilization assumption factors are then applied to the blended rates. Service is prorated to determine the portion subsidized. This methodology is done separately for those with and without Medicare Parts A and B coverage, and for single, married, and surviving spouse coverage as shown.

For Participants Without Medicare Parts A and B

Plan	Participation Percentage	Maximum Subsidies			Utilization
		Single	Married	Surviving Spouse	
Fire Medical	15.9%	\$ 679.80	\$ 735.28	\$ 436.08	75.0%
Blue Cross PPO	53.7%	603.91	735.38	436.08	75.0%
California Care	15.8%	301.89	631.87	301.89	75.0%
Fire Kaiser	14.6%	309.34	613.41	309.34	75.0%
Dental	100.0%	34.84	34.84	0.00	65.0%

Coverage Type	Blended Monthly Premiums						
	Fire Medical	Blue Cross	California Care	Fire Kaiser	Dental	Medicare	Sum
Single Coverage	\$ 81.07	\$ 243.22	\$ 35.77	\$ 33.87	\$ 22.65	\$ 0.00	\$ 416.58
Married Coverage	87.69	296.17	74.88	67.17	22.65	0.00	548.56
Surviving Spouse	52.00	175.63	35.77	33.87	0.00	0.00	297.27

CITY OF LOS ANGELES FIRE AND POLICE PENSION SYSTEM
NOTES TO SUPPLEMENTAL SCHEDULES OF FUNDING
PROGRESS AND EMPLOYER CONTRIBUTIONS

HEALTH SUBSIDY PLAN (Continued)

For Participants With Medicare Parts A and B

<u>Plan</u>	<u>Participation Percentage</u>	<u>Maximum Subsidies</u>			<u>Utilization</u>
		<u>Single</u>	<u>Married</u>	<u>Surviving Spouse</u>	
Fire Medical	35.3%	\$ 356.91	\$ 624.80	\$ 356.91	85.0%
Fire Kaiser	5.4%	342.25	674.50	342.25	85.0%
Blue Cross PPO	42.5%	356.91	627.55	356.91	85.0%
California Care	3.8%	307.25	607.72	307.25	85.0%
Police Kaiser	13.0%	224.31	446.40	224.31	85.0%
Dental	100.0%	34.84	34.84	0.00	65.0%
Medicare B	100.0%	78.20	78.20	78.20	100.0%

<u>Coverage Type</u>	<u>Blended Monthly Premiums</u>							
	<u>Fire Kaiser</u>	<u>Fire Medical</u>	<u>Blue Cross</u>	<u>California Care</u>	<u>Police Kaiser</u>	<u>Dental</u>	<u>Medicare</u>	<u>Sum</u>
Single Coverage	\$ 107.09	\$ 15.71	\$ 128.93	\$ 9.92	\$ 24.79	\$ 22.65	\$ 78.20	\$ 387.29
Married Coverage	187.47	30.96	226.70	19.63	49.33	22.65	78.20	614.94
Surviving Spouse	107.09	15.71	128.93	9.92	24.79	0.00	78.20	364.64

For the valuation of current retirees, subsidies valued are based on actual average subsidies shown below. Averages are calculated on a health participant basis and include medical, dental, and Medicare Part B premium subsidies.

Monthly Average Retiree Subsidies

	<u>Pre-65</u>	<u>Post-65</u>
Single	\$ 497.00	\$ 430.00
Married	633.00	660.00
Surviving Spouse	349.00	391.00