Los Angeles Fire and Police Pension Plan

Actuarial Valuation and Review of Pension and Other Postemployment Benefits (OPEB) as of June 30, 2009

SEGAL

THE SEGAL COMPANY
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November 9, 2009

Board of Fire and Police Pension Commissioners
City of Los Angeles Fire and Police Pension Plan
360 East Second Street, Suite 400
Los Angeles, CA 90012

Re: June 30, 2009 Actuarial Valuations

Dear Board Members:

Enclosed please find the June 30, 2009 actuarial valuations for the retirement and the health programs.

As requested by LAFPP, we have attached the following supplemental schedules:

- Exhibit A - Summary of significant results for the two programs.
- Exhibit B - History of computed contribution rates for the two programs.

We look forward to discussing the reports and the enclosed schedules with the Board.

Sincerely,

Paul Angelo, FSA, MAAA, FCA, EA
Senior Vice President and Actuary

Andy Yeung, ASA, MAAA, EA
Vice President and Associate Actuary

SUV/bqb
Enclosure

5057652v1/07916.002

Exhibit A

City of Los Angeles Fire and Police Pension Plan
Summary of Significant Valuation Results

		June 30, 2009	June 30, 2008	Percent Change
I.	**Total Membership**			
	A. Current Active Members	13,802	13,495	2.27%
	B. Current Vested Former Members	81	61	32.79%
	C. Current Retirees, Beneficiaries, and Dependents	12,327	12,182	1.19%
II.	**Valuation Salary**[1]			
	A. Total Annual Payroll	$1,357,248,936	$1,206,589,277	12.49%
	B. Average Monthly Salary	8,195	7,451	9.99%
III.	**Benefits to Current Retirees and Beneficiaries**[2]			
	A. Total Annual Benefits	$677,226,586	$655,753,895	3.27%
	B. Average Monthly Benefit Amount	4,578	4,486	2.05%
IV.	**Total System Assets**[3]			
	A. Actuarial Value	$15,066,287,394	$14,920,943,683	0.97%
	B. Market Value	10,976,368,738	14,357,134,724	-23.55%
V.	**Unfunded Actuarial Accrued Liability (UAAL)**			
	A. Retirement Benefits	$560,535,275	$125,819,620	345.51%
	B. Health Subsidy Benefits	1,228, 981,720	1,069,192,775	14.94%

[1] *2008 payroll was based on actual payroll reported by LAFPP for 2007-2008, but 2009 payroll was based on estimated payroll projected by Segal for 2009-2010.*

[2] *Includes July COLA.*

[3] *Includes all assets for Retirement and Health Subsidy Benefits.*

Exhibit A (continued)

City of Los Angeles Fire and Police Pension Plan
Summary of Significant Valuation Results

		FY 2010-2011		FY 2009-2010		Change	
VI.	**Budget Items**	Beginning of Year[1]	End of Pay Periods	Beginning of Year	End of Pay Periods	Beginning of Year	End of Pay Periods
	A. Retirement Benefits						
	1. Normal Cost as a Percent of Pay	18.28%	19.02%	19.21%	19.99%	-0.93%	-0.97%
	2. Amortization of UAAL	3.11%	3.24%	0.39%	0.41%	2.72%	2.83%
	3. Total Retirement Contribution	21.39%	22.26%	19.60%	20.40%	1.79%	1.86%
	B. Health Subsidy Contribution						
	1. Normal Cost as a Percent of Pay	3.49%	3.63%	3.47%	3.61%	0.02%	0.02%
	2. Amortization of UAAL	5.16%	5.37%	4.95%	5.15%	0.21%	0.22%
	3. Total Health Contribution	8.65%	9.00%	8.42%	8.76%	0.23%	0.24%
	C. Total Contribution (A+B)	30.04%	31.26%	28.02%	29.16%	2.02%	2.10%

		June 30, 2009	June 30, 2008	Change
VII	**Funded Ratio** (Based on Valuation Value of Assets) [2]			
	A. Retirement Benefits	96.2%	99.1%	-2.9%
	B. Health Subsidy Benefits	39.7%	41.8%	-2.1%
	C. Total	89.4%	92.6%	-3.2%

[1] *Total contribution rates payable on July 15, 2010 are 21.46% for retirement, 8.68% for health and 30.14% for both plans.*

[2] *Includes all assets for Retirement and Health Subsidy Benefits.*

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Exhibit B

City of Los Angeles Fire and Police Pension Plan
Computed Contribution Rates[1] – Historical Comparison

Valuation Date	Retirement	Health	Total	Valuation Payroll (In Thousands)
06/30/2000	8.68%	3.60%	12.29%	$845,426
06/30/2001	3.74%	3.32%	7.06%	882,758
06/30/2002	11.00%	2.98%	13.98%	946,037
06/30/2003	13.79%	3.09%	16.88%	970,727
06/30/2004	12.86%	2.83%	15.69%	1,001,004
06/30/2005	20.56%	5.03%	25.59%	1,037,445
06/30/2006	22.12%	8.48%[2]	30.65%	1,092,815
06/30/2007	19.95%[3]	8.20%[2], [3]	28.15%[3]	1,135,592
06/30/2008	20.58%	8.76%	29.34%	1,206,589
06/30/2009	22.26%	9.00%	31.26%	1,357,249

(1) *Contributions are assumed to be made at the end of the pay period.*

(2) *Before reflecting phase-in policy.*

(3) *Revised to recognize payment of Harbor Port Police June 30, 2007 UAAL during 2007-2008 fiscal year. This reduced the UAAL rate by 0.02% and 0.00% for the retirement plan and health plan, respectively.*

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City of Los Angeles Fire and Police Pension Plan

Actuarial Valuation and Review
as of June 30, 2009

The Segal Company
100 Montgomery Street, Suite 500 San Francisco, CA 94104
T 415.263.8200 F 415.263.8290 www.segalco.com

November 9, 2009

Board of Fire and Police Pension Commissioners
City of Los Angeles Fire and Police Pension Plan
360 East Second Street, Suite 400
Los Angeles, CA 90012

Dear Board Members:

We are pleased to submit this Actuarial Valuation and Review as of June 30, 2009. It summarizes the actuarial data used in the valuation, establishes the funding requirements for fiscal 2010/2011 and analyzes the preceding year's experience.

The census information on which our calculations were based and the financial information were provided by LAFPP. That assistance is gratefully acknowledged. The actuarial calculations were completed under the supervision of Andy Yeung, ASA, MAAA, Enrolled Actuary.

This actuarial valuation has been completed in accordance with generally accepted actuarial principles and practices. To the best of our knowledge, the information supplied in this actuarial valuation is complete and accurate. Further, in our opinion, the assumptions as approved by the Board of Commissioners are reasonably related to the experience of and the expectations for the Plan.

We look forward to reviewing this report at your next meeting and to answering any questions.

Sincerely,

THE SEGAL COMPANY

By:

Paul Angelo, FSA, MAAA, FCA, EA	*Andy Yeung, ASA, MAAA, EA*
Senior Vice President and Actuary	*Vice President and Associate Actuary*

AB/hy

SECTION 1

VALUATION SUMMARY

SECTION 2

VALUATION RESULTS

SECTION 3

SUPPLEMENTAL INFORMATION

SECTION 4

REPORTING INFORMATION

Purpose

This report has been prepared by The Segal Company to present a valuation of the City of Los Angeles Fire and Police Pension Plan as of June 30, 2009. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits. The contribution requirements presented in this report are based on:

- The benefit provisions of the Pension Plan, as administered by the Board of Commissioners;
- The characteristics of covered active members, inactive vested members, and retired members and beneficiaries as of June 30, 2009, provided by LAFPP;
- The assets of the Plan as of June 30, 2009, provided by LAFPP;
- Economic assumptions regarding future salary increases and investment earnings; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc.

Significant Issues in Valuation Year

The following key findings were the result of this actuarial valuation:

Reference: Pg. 37

- The ratio of the valuation value of assets to actuarial accrued liabilities decreased from 99.1% to 96.2%. The unfunded actuarial accrued liability has increased from $126 million to $561 million. A complete reconciliation of the System's unfunded actuarial accrued liability is provided in Section 3, Exhibit G.
- The Unfunded Actuarial Accrued Liability for the Harbor Port Police has increased by about $6.6 million during this valuation. Of this increase, about $4.8 million was due to the crediting of prior LACERS sworn service by LAFPP in the June 30, 2009 valuation for 20 members who are required to pay the $5,700 contributions required for such service to be recognized by LAFPP. The above liability, the UAAL and associated UAAL contribution rate for the Harbor Port Police have not been reduced to reflect $63,000 in total unpaid balance of the prerequisite $5,700 as of June 30, 2009.
- Under the Board's funding policy, the 2008-2009 experience loss for Tier 2 would be amortized over the shorter of 15 years or the remaining 28-year amortization period ending June 30, 2037. For Tiers 3, 4 and 5 a new separate 15-year amortization layer is established in the June 30, 2009 valuation for the 2008-2009 experience loss.

Reference: Pg. 17

- The aggregate beginning-of-year employer rate calculated in this valuation has increased from 19.60% of payroll to 21.39% of payroll. Using a projected annual payroll of $1,357 million as of June 30, 2009, there would be an increase in contribution from $266 million to $290 million. The increase was due to lower than expected returns on investments and higher than expected salary increases during 2008/2009 offset, somewhat, by lower than expected retiree COLA increases.

  During this valuation, we have also made two refinements to the valuation procedure:

  (1) In prior valuations, the total normal cost contribution rates had been calculated by spreading the dollar amount of the cost allocated to the year of the valuation over the aggregate actual payroll earned by all members for the plan year ending on the June 30 valuation date, as reported by LAFPP. In this valuation, the normal cost rates have been calculated using the projected payroll for the plan year following the date of the valuation.

  (2) In prior valuations, the employer's normal cost rates as of the beginning of the year had been developed by offsetting the total beginning of the year normal cost rates by the biweekly normal costs paid by the employees. In this year's valuation, we have applied an interest discount to the employee normal costs when determining the beginning of year employer rate, to reflect that employee contributions are made on a biweekly basis.

  The net impact of (1) and (2) is a net reduction in the aggregate employer normal cost rate by about 1.0% of payroll.

Reference: Pg. 5

- As indicated in Section 2, Subsection B of this report, the total unrecognized investment loss as of June 30, 2009 is $4,089.9 million for the assets for Retirement and Health Subsidy Benefits. This investment loss will be recognized in the determination of the actuarial value of assets for funding purposes in the next few years. This implies that earning the assumed rate of investment return of 8.00% per year (net of expenses) on a market value basis will result in investment losses on the actuarial value of assets in the next few years. Therefore, if the actual market return is equal to the assumed 8.00% rate and all other actuarial assumptions are met, the contribution requirements would increase in each of the next few years.

- The unrecognized investment losses represent about 37% of the market value of assets. Unless offset by future investment gains or other favorable experience, the recognition of the $4,089.9 million market losses is expected to have a significant impact on the Plan’s future funded ratio and the aggregate employer contributions. This potential impact may be illustrated as follows:
  - If the deferred losses were recognized immediately in the valuation value of assets, the funded percentage would decrease from 96.2% to 70.1%.
  - If the deferred losses were recognized immediately in the valuation value of assets, the aggregate employer contribution rate would increase from 21.39% of payroll to 45.46% of payroll.

Reference: Pg. 53

- As adopted by the Board, any investment gains/losses established after July 1, 2008 will be recognized over a seven-year period and the actuarial value of assets will be further adjusted, if necessary, to be within 40% of the market value of assets. A description of the actuarial assumptions and methods can be found in Section 4, Exhibit V of this report.
- The employer contribution rates provided in this report have been developed assuming that they will be made by the City at either: (1) the beginning of the fiscal year, (2) on July 15, or (3) throughout the year (i.e., the City will pay contributions at the end of every pay period).
- The actuarial valuation report as of June 30, 2009 is based on financial information as of that date. Changes in the value of assets subsequent to that date, to the extent that they exist, are not reflected. Declines in asset values will increase the actuarial cost of the Plan, while increases will decrease the actuarial cost of the Plan.

Summary of Key Valuation Results

	2009	2008
Contributions calculated as of June 30:		
Recommended as a percent of pay (note there is a 12-month delay until the rate is effective)		
At the beginning of year	21.39%	19.60%[1]
On July 15	21.46%	19.67%[1]
At the end of each biweekly pay period	22.26%	20.40%[1]
Funding elements for plan year beginning July 1:		
Normal cost	$360,386,169	$376,163,697[1]
Market value of assets[2]	10,976,368,738	14,357,134,724
Actuarial value of assets[2]	15,066,287,394	14,920,943,683
Valuation value of retirement assets	14,256,610,416	14,153,296,122
Actuarial accrued liability	14,817,145,691	14,279,115,742
Unfunded actuarial accrued liability	560,535,275	125,819,620
Funded ratio	96.2%[3]	99.1%[3]
GASB 25/27 for fiscal year ending June 30:		
Annual required contributions	$238,697,929	$261,635,491[4]
Actual contributions	238,697,929	261,635,491[4]
Percentage contributed	100.0%	100.0%
Demographic data for plan year beginning July 1:		
Number of retired members and beneficiaries	12,327	12,182
Number of vested former members	61	81
Number of active members	13,802	13,495
Projected total payroll[5]	$1,357,248,936	$1,206,589,277
Projected average payroll[5]	98,337	89,410

(1) *Revised to reflect payroll as of June 30, 2009.*
(2) *Includes all assets for Retirement and Health Subsidy Benefits.*
(3) *96.3% and 99.1% for 2009 and 2008, respectively, excluding Harbor Port Police.*
(4) *Figures for 2008 include amounts transferred and contributed during the fiscal year that were related to the transfer of certain Harbor Port Police members from the Los Angeles City Employees' Retirement System.*
(5) *2008 payroll was based on actual payroll reported by LAFPP for 2007-2008, but 2009 payroll was based on estimated payroll projected by Segal for 2009-2010.*

Actuarial Certification

November 9, 2009

This is to certify that The Segal Company has conducted an actuarial valuation of the City of Los Angeles Fire and Police Pension Plan retirement program as of June 30, 2009, in accordance with generally accepted actuarial principles and practices. Actuarial valuations are performed annually for this retirement program with the last valuation completed on June 30, 2008. The actuarial calculations presented in this report have been made on a basis consistent with our understanding of the historical funding methods used in determination of the liability for retirement benefits.

The actuarial valuation is based on the plan of benefits summarized in Exhibit VI and on participant and financial data provided by LAFPP.

The actuarial computations made are for funding plan benefits and for satisfying the financial accounting requirements under GASB Statements No. 25 and 27. Accordingly, additional determinations will be needed for other purposes, such as judging benefit security at termination.

In addition to all schedules that are shown in the actuarial section of the CAFR, a listing of supporting schedules included in the statistical and financial sections of the Plan's CAFR prepared by Segal is provided below:

1) Schedule of funding progress
2) Schedule of employer contributions
3) Supplementary Information Required by the GASB (Exhibit IV)

To the best of our knowledge, this report is complete and accurate and in our opinion presents the Plan's current funding information. The undersigned is a Member of the American Academy of Actuaries and meets the qualifications to provide the actuarial opinion herein.

Andy Yeung

Andy Yeung, ASA, MAAA, EA
Vice President and Associate Actuary

A. MEMBER DATA

The Actuarial Valuation and Review considers the number and demographic characteristics of covered members, including active members, non-vested members (entitled to a refund of member contributions) and vested terminated members, retired members and beneficiaries.

This section presents a summary of significant statistical data on these member groups.

More detailed information for this valuation year and the preceding valuation can be found in Section 3, Exhibits A, B, and C.

A historical perspective of how the member population has changed over the past six valuations can be seen in this chart.

CHART 1

Member Population: 2004 – 2009

Year Ended June 30	Active Members[1]	DROP Members	Vested Terminated Members	Retired Members and Beneficiaries	Ratio of Non-Actives to Actives
2004	12,649	928	0	11,782	0.93
2005	12,656	1,178	0	11,746	0.93
2006	12,903	1,206	59	11,815	0.92
2007	13,218	1,226	85	11,974	0.91
2008	13,495	1,144	81	12,182	0.91
2009	13,802	1,024	61	12,327	0.90

[1] Includes DROP members provided in the next column.

Active Members (Including DROP)
Plan costs are affected by the age, years of service and payroll of active members. In this year's valuation, there were 13,802 active members with an average age of 40.1, average years of service of 13.2 years and average payroll of $98,337. The 13,495 active members in the prior valuation had an average age of 40.3, average service of 13.4 years and average payroll of $89,410.

Inactive Members
In this year's valuation, there were a total of 61 members with a vested right to a deferred or immediate vested benefit versus 81 in the prior valuation.

These graphs show a distribution of active members by age and by years of service.

CHART 2

Distribution of Active Members (Including DROP) by Age as of June 30, 2009

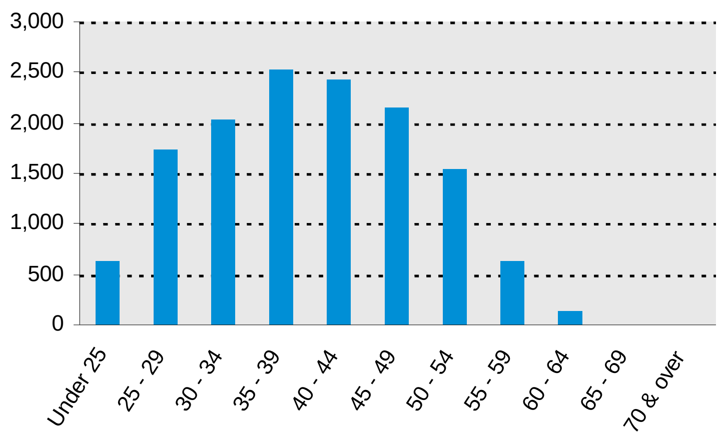
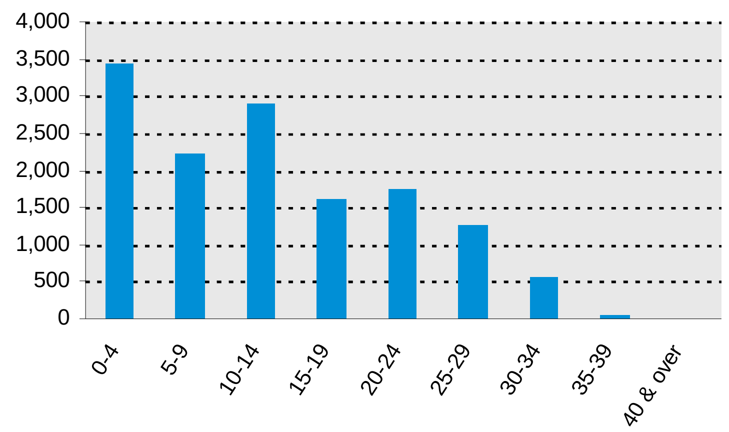


CHART 3

Distribution of Active Members (Including DROP) by Years of Service as of June 30, 2009



Retired Members and Beneficiaries

As of June 30, 2009, 9,916 retired members and 2,411 beneficiaries were receiving total monthly benefits of $56,435,549. For comparison, in the previous valuation, there were 9,763 retired members and 2,419 beneficiaries receiving monthly benefits of $54,646,158.

Please note that the monthly benefits provided have been adjusted for the COLA granted effective for the month of July.

These graphs show a distribution of the current retired members based on their monthly amount and age, by type of pension.

CHART 4

Distribution of Retired Members by Type and by Monthly Amount as of June 30, 2009

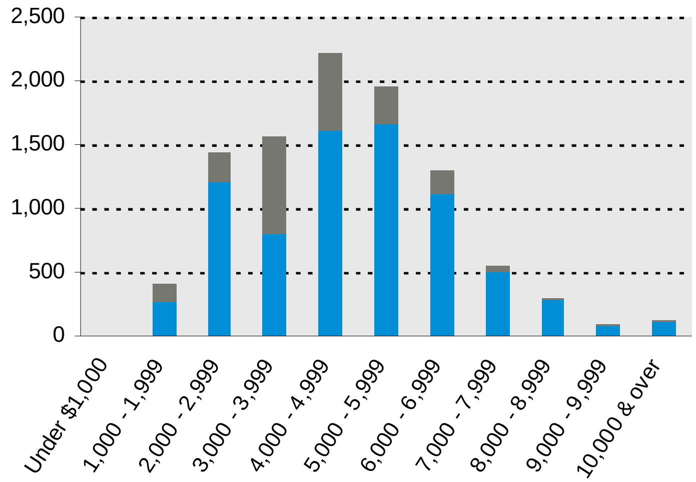
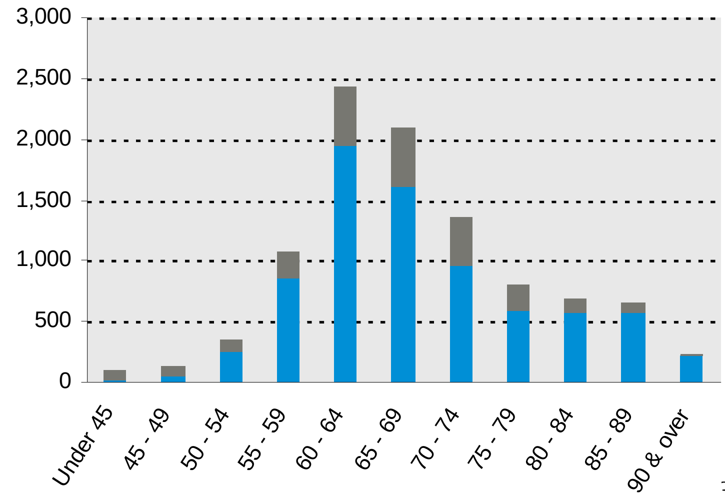


CHART 5

Distribution of Retired Members and by Type and by Age as of June 30, 2009



Disability
Service

B. FINANCIAL INFORMATION

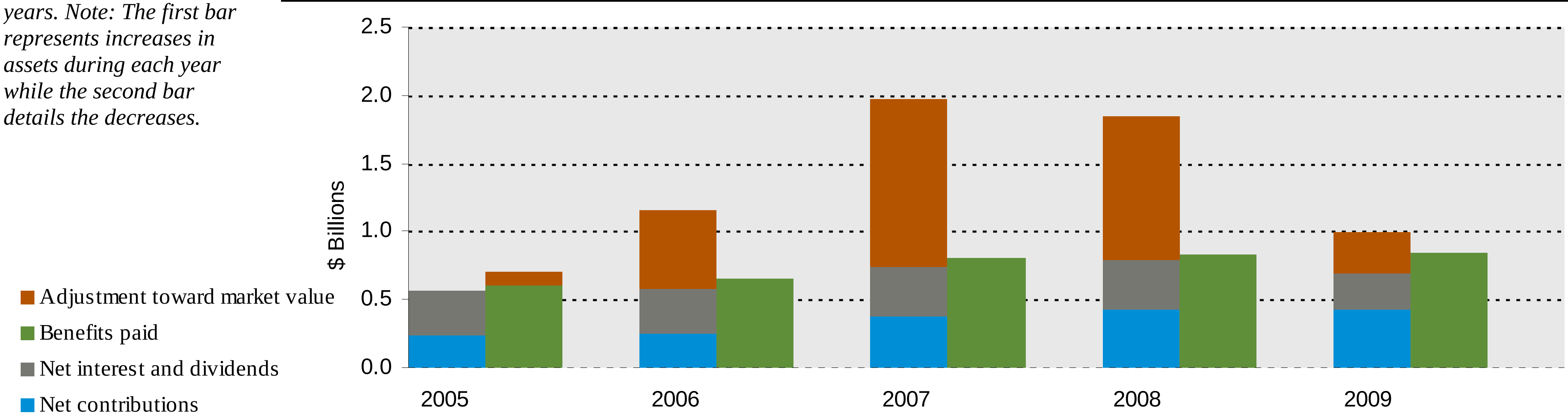
Retirement plan funding anticipates that, over the long term, both net contributions and net investment earnings (less investment fees and administrative expenses) will be needed to cover benefit payments.

Retirement plan assets change as a result of the net impact of these income and expense components. Additional financial information, including a summary of these transactions for the valuation year, is presented in Section 3, Exhibits D, E and F.

The chart depicts the components of changes in the actuarial value of assets over the last five years. Note: The first bar represents increases in assets during each year while the second bar details the decreases.

CHART 6

Comparison of Increases and Decreases in the Actuarial Value of Assets for Years Ended June 30, 2005 – 2009



It is desirable to have level and predictable plan costs from one year to the next. For this reason, the Board of Commissioners has approved an asset valuation method that gradually adjusts to market value. Under this valuation method, the full value of market fluctuations is not recognized in a single year and, as a result, the asset value and the plan costs are more stable.

The amount of the adjustment to recognize market value is treated as income, which may be positive or negative.

Realized and unrealized gains and losses are treated equally and, therefore, the sale of assets has no immediate effect on the actuarial value.

As adopted by the Board, any investment gains/losses established after July 1, 2008 will be recognized over a seven-year period and the actuarial value of assets will be further adjusted, if necessary, to be within 40% of the market value of assets.

The chart shows the determination of the actuarial value of assets as of the valuation date.

CHART 7

Determination of Actuarial Value of Assets for Year Ended June 30, 2009

		Original Amount	Percent Not Recognized	Amount Not Recognized	
1.	Market value of assets (for Retirement and Health Subsidy Benefits)				$10,976,368,735
2.	Calculation of unrecognized return[(1)]				
	(a) Year ended June 30, 2009	-$4,113,928,646	86%	-$3,526,224,554	
	(b) Year ended June 30, 2008	-2,015,976,509	60%	-1,209,585,906	
	(c) Year ended June 30, 2007	1,375,798,329	40%	550,319,332	
	(d) Year ended June 30, 2006	477,862,344	20%	95,572,469	
	(e) Total unrecognized return				-4,089,918,659
3.	Preliminary actuarial value: (1) - (2e)				15,066,287,394
4.	Adjustment to be within 40% corridor				0
5.	Final actuarial value of assets: (3) + (4)				$15,066,287,394
6.	Actuarial value as a percentage of market value: (5) ÷ (1)				137.3%
7.	Valuation value of retirement assets (for Retirement Benefits)				$14,256,610,416

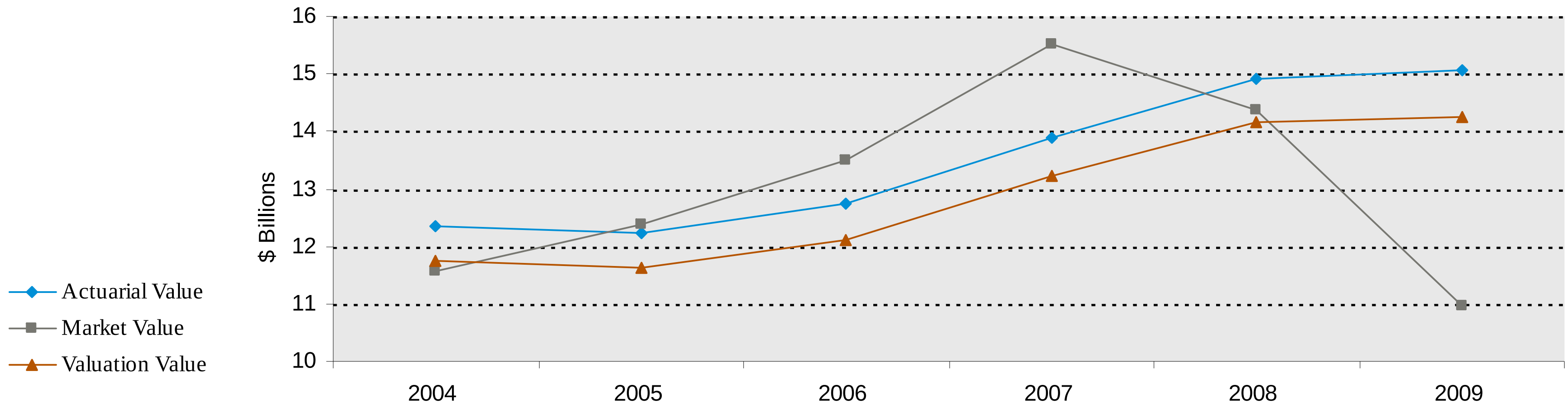
[(1)] *Total return minus expected return on a market value basis*

The actuarial value, market value and valuation value of assets are representations of LAFPP's financial status. As investment gains and losses are gradually taken into account, the actuarial value of assets tracks the market value of assets. The portion of the total actuarial value of assets allocated for retirement benefits, based on rolling forward the valuation value of assets used in the prior year's valuation with adjustments for contributions and benefit payments, is shown as the valuation value of assets. The valuation value of assets is significant because LAFPP's liabilities are compared to these assets to determine what portion, if any, remains unfunded. Amortization of the unfunded actuarial accrued liability is an important element in determining the contribution requirement.

This chart shows the change in the actuarial value of assets versus the market value over the past six years.

CHART 8

Actuarial Value of Assets vs. Market Value of Assets as of June 30, 2004 – 2009



C. ACTUARIAL EXPERIENCE

To calculate the required contribution, assumptions are made about future events that affect the amount and timing of benefits to be paid and assets to be accumulated. Each year actual experience is measured against the assumptions. If overall experience is more favorable than anticipated (an actuarial gain), the contribution requirement will decrease from the previous year. On the other hand, the contribution requirement will increase if overall actuarial experience is less favorable than expected (an actuarial loss).

Taking account of experience gains or losses in one year without making a change in assumptions reflects the belief that the single year's experience was a short-term development and that, over the long term, experience will return to the original assumptions. For contribution requirements to remain stable, assumptions should approximate experience.

If assumptions are changed, the contribution requirement is adjusted to take into account a change in experience anticipated for all future years.

The total net loss of $429,261,013 was due mainly to an investment loss of $598,909,728. The net experience variation from all sources was 2.9% of the actuarial accrued liability. A discussion of the major components of the actuarial experience is on the following pages.

This chart provides a summary of the actuarial experience during the past year.

CHART 9

Actuarial Experience for Year Ended June 30, 2009

1.	Net gain/(loss) from investments[1]	-$598,909,728
2.	Net gain/(loss) from other experience[2]	169,648,715
3.	Net experience gain/(loss): (1) + (2)	-$429,261,013

(1) *Details in Chart 10.*

(2) *Details in Chart 13. The net gain is attributed to actual liability experience from June 30, 2008 to June 30, 2009, compared to the projected experience as predicted by the actuarial assumptions as of June 30, 2008.*

Investment Rate of Return
A major component of projected asset growth is the assumed rate of return. The assumed return should represent the expected long-term rate of return, based on LAFPP's investment policy. For valuation purposes, the assumed rate of return on the actuarial value of assets is 8.00% (based on the June 30, 2008 valuation). The actual rate of return on the actuarial value of assets basis for the 2009 plan year was 3.75%.

Since the actual return for the year was lower than the assumed return, LAFPP experienced an actuarial loss during the year ended June 30, 2009 with regard to its investments.

This chart shows the gain/(loss) due to investment experience.

CHART 10

Actuarial Value Investment Experience for Year Ended June 30, 2009

	All Assets[1]	Assets for Retirement Only
1. Actual return	$557,346,783	$525,994,664
2. Average value of assets	14,878,380,566	14,061,304,901
3. Actual rate of return: (1) ÷ (2)	3.75%	3.74%
4. Assumed rate of return	8.00%	8.00%
5. Expected return: (2) x (4)	$1,190,270,445	$1,124,904,392
6. Actuarial gain/(loss): (1) – (5)	-$632,923,662	-$598,909,728

(1) *Includes all assets for Retirement and Health Subsidy Benefits.*

Because actuarial planning is long term, it is useful to see how the assumed investment rate of return has followed actual experience over time. The chart below shows the rate of return on an actuarial basis compared to the market value investment return for all Retirement and Health Subsidy Benefits assets.

Based on the assumptions adopted by the Board for the June 30, 2009 valuation, we have maintained the investment return assumption at 8.00%.

CHART 11

Investment Return – Actuarial Value vs. Market Value: 2005 – 2009

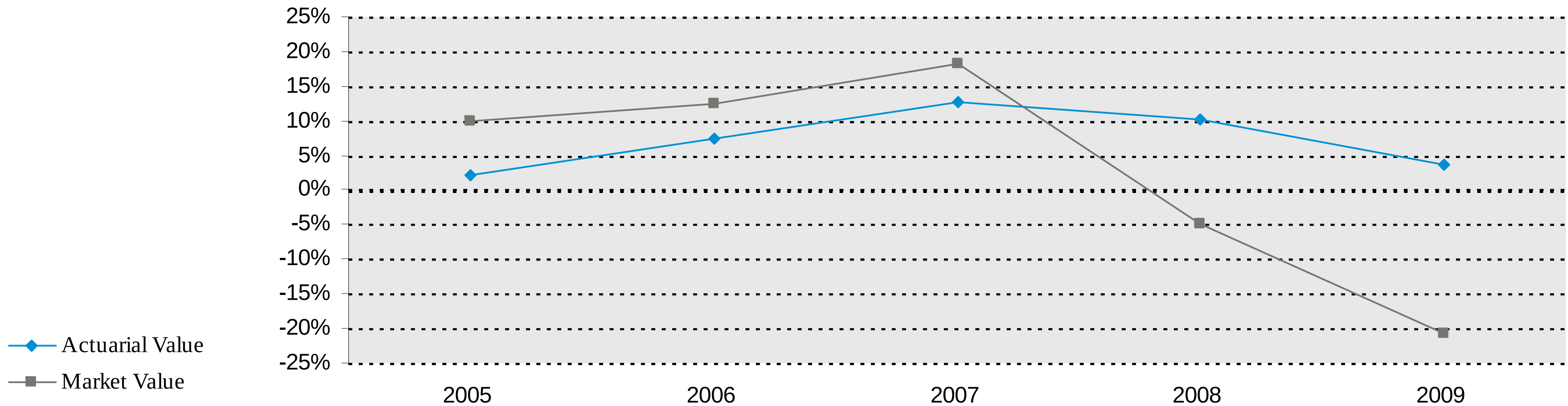
Year Ended June 30	Actuarial Value Investment Return		Market Value Investment Return	
	Amount	Percent	Amount	Percent
2005	$259,388,778	2.12%	$1,131,871,641	9.83%
2006	901,268,460	7.44%	1,520,383,435	12.40%
2007	1,590,968,304	12.57%	2,450,077,668	18.25%
2008	1,414,391,128	10.20%	-776,503,003	-5.01%
2009	557,346,783	3.75%	-2,968,762,917	-20.74%

Subsection B described the actuarial asset valuation method that gradually takes into account fluctuations in the market value rate of return. The effect of this is to stabilize the actuarial rate of return, which contributes to leveling pension plan costs.

This chart illustrates how this leveling effect has actually worked over the years 2005 - 2009.

CHART 12

Market and Actuarial Rates of Return for Years Ended June 30, 2005 - 2009



Other Experience
There are other differences between the expected and the actual experience that appear when the new valuation is compared with the projections from the previous valuation. These include:

- the extent of turnover among the participants,
- retirement experience (earlier or later than expected),
- mortality (more or fewer deaths than expected),
- the number of disability retirements, and
- salary increases different than assumed.

The net gain from this other experience for the year ended June 30, 2009 amounted to $169,648,715, which is 1.1% of the actuarial accrued liability.

A brief summary of the demographic gain/(loss) experience of the LAFPP for the year ended June 30, 2009 is shown in the chart below.

The chart shows elements of the experience gain/(loss) for the most recent year.

CHART 13

Experience Due to Changes in Demographics for Year Ended June 30, 2009

1.	Loss due to higher than expected salary increases for continuing actives	-$14,772,720
2.	Gain due to lower than expected COLA for continuing retirees and beneficiaries	227,531,572
3.	Miscellaneous losses	-43,110,137
4.	Net gain/(loss)	$169,648,715

D. RECOMMENDED CONTRIBUTION

The amount of annual contribution required to fund the Plan is comprised of an employer normal cost payment and a payment on the unfunded actuarial accrued liability, separately for each Tier. The total amount is then divided by the projected payroll for active members to determine the funding rate of 21.39%% of payroll at beginning of year.

The chart compares this valuation's recommended contribution with the prior valuation.

CHART 14

Recommended Contribution

	June 30			
	2009		2008	
	Amount	% of Payroll	Amount[1]	% of Payroll
Tier 1 Members				
1. Total normal cost	$0	N/A	$0	N/A
2. Expected employee contributions	0	N/A	0	N/A
3. Employer normal cost: (1) + (2)	0	N/A	0	N/A
4. Actuarial accrued liability	164,772,185		180,287,862	
5. Valuation value of assets	-44,561,060		-38,422,748	
6. Unfunded actuarial accrued liability	209,333,245		218,710,610	
7. Amortization of unfunded accrued liability	17,539,200	N/A	18,148,634	N/A
8. Total recommended contribution, beginning of year	17,539,200	N/A	18,148,634	N/A
9. Total recommended contribution, July 15	17,595,533	N/A	18,206,925	N/A
10. Total recommended contribution, biweekly	18,249,770	N/A	18,883,895	N/A
11. Projected payroll used for developing normal cost rate	N/A		N/A	
Tier 2 Members				
1. Total normal cost	$5,165,439	25.39%	$5,435,576	26.72%
2. Expected employee contributions	-518,237	-2.55%[2]	-705,893	-3.47%
3. Employer normal cost: (1) + (2)	4,647,202	22.84%	4,729,683	23.25%
4. Actuarial accrued liability	5,918,326,906		6,140,234,115	
5. Valuation value of assets	6,510,729,862		6,772,479,634	
6. Unfunded actuarial accrued liability	-592,402,956		-632,245,519	
7. Amortization of unfunded accrued liability	-31,185,320	-2.30%[3]	-38,545,870	-2.84%[3]
8. Total recommended contribution, beginning of year	-26,538,118	N/A	-33,816,187	N/A
9. Total recommended contribution, July 15	-26,623,354	N/A	-33,924,800	N/A
10. Total recommended contribution, biweekly	-27,613,264	N/A	-35,186,191	N/A
11. Projected payroll used for developing normal cost rate	20,342,725		N/A	

[1] *For Tiers 2 through 5, amounts are revised to reflect payroll as of June 30, 2009.*

[2] *Employee contribution rate shown above has been discounted with interest to the beginning of year based on a biweekly contribution rate of 2.65%.*

[3] *Percent of TOTAL payroll.*

CHART 14

Recommended Contribution (Continued)

	June 30			
	2009		2008	
	Amount	% of Payroll	Amount[1]	% of Payroll
Tier 3 Members				
1. Total normal cost	$24,285,318	24.40%	$25,623,750	25.74%
2. Expected employee contributions	-7,653,789	-7.69%[2]	-7,963,869	-8.00%
3. Employer normal cost: (1) + (2)	16,631,529	16.71%	17,659,881	17.74%
4. Actuarial accrued liability	673,723,503		629,348,734	
5. Valuation value of assets	565,321,184		533,571,769	
6. Unfunded actuarial accrued liability	108,402,319		95,776,965	
7. Amortization of unfunded accrued liability	5,386,880	5.41%	5,236,244	5.26%
8. Total recommended contribution, beginning of year	22,018,409	22.12%	22,896,125	23.00%
9. Total recommended contribution, July 15	22,089,129	22.19%	22,965,808	23.07%
10. Total recommended contribution, biweekly	22,910,447	23.01%	23,821,924	23.93%
11. Projected payroll used for developing normal cost rate	99,548,367		N/A	
Tier 4 Members				
1. Total normal cost	$10,613,182	22.97%	$11,165,662	24.16%
2. Expected employee contributions	-3,548,997	-7.68%[3]	-3,697,239	-8.00%
3. Employer normal cost: (1) + (2)	7,064,185	15.29%	7,468,423	16.16%
4. Actuarial accrued liability	348,027,397		320,113,204	
5. Valuation value of assets	282,830,326		268,651,252	
6. Unfunded actuarial accrued liability	65,197,071		51,461,952	
7. Amortization of unfunded accrued liability	3,042,677	6.58%	2,292,288	4.96%
8. Total recommended contribution, beginning of year	10,106,862	21.87%	9,760,711	21.12%
9. Total recommended contribution, July 15	10,139,323	21.94%	9,793,062	21.19%
10. Total recommended contribution, biweekly	10,516,324	22.75%	10,158,164	21.98%
11. Projected payroll used for developing normal cost rate	46,215,489		N/A	

(1) *For Tiers 2 through 5, amounts are revised to reflect payroll as of June 30, 2009.*
(2) *Employee contribution rate shown above has been discounted with interest to the beginning of year based on a biweekly contribution rate of 8.00%.*
(3) *Employee contribution rate shown above has been discounted with interest to the beginning of year based on a biweekly contribution rate of 7.99%.*

CHART 14

Recommended Contribution (Continued)

	June 30			
	2009		2008	
	Amount	**% of Payroll**	**Amount[1]**	**% of Payroll**
Tier 5 Members (without Harbor Port Police)				
1. Total normal cost	$317,660,720	26.89%	$331,140,619	28.03%
2. Expected employee contributions	-99,729,498	-8.44%[2]	-102,189,310	-8.65%
3. Employer normal cost: (1) + (2)	217,931,222	18.45%	228,951,309	19.38%
4. Actuarial accrued liability	7,689,646,616		6,995,473,518	
5. Valuation value of assets	6,926,189,954		6,603,315,235	
6. Unfunded actuarial accrued liability	763,456,662		392,158,283	
7. Amortization of unfunded accrued liability	46,878,205	3.97%	18,193,241	1.54%
8. Total recommended contribution, beginning of year	264,809,427	22.42%	247,144,550	20.92%
9. Total recommended contribution, July 15	265,659,957	22.49%	247,971,516	20.99%
10. Total recommended contribution, biweekly	275,537,724	23.32%	257,186,275	21.77%
11. Projected payroll used for developing normal cost rate	1,181,379,305		N/A	
All Tiers Combined (without Harbor Port Police)				
1. Total normal cost	$357,724,659	26.55%	$373,365,607	27.70%
2. Expected employee contributions	-111,450,521	-8.27%[3]	-114,556,311	-8.50%
3. Employer normal cost: (1) + (2)	246,274,138	18.28%	258,809,296	19.20%
4. Actuarial accrued liability	14,794,496,607		14,265,457,433	
5. Valuation value of assets	14,240,510,266		14,139,595,142	
6. Unfunded actuarial accrued liability	553,986,341		125,862,291	
7. Amortization of unfunded accrued liability	41,661,642	3.09%	5,324,537	0.40%
8. Total recommended contribution, beginning of year	287,935,780	21.37%	264,133,833	19.60%
9. Total recommended contribution, July 15	288,860,588	21.44%	265,012,512	19.67%
10. Total recommended contribution, biweekly	299,601,001	22.23%	274,864,067	20.40%
11. Projected payroll used for developing normal cost rate	1,347,485,886		N/A	

[1] *For Tiers 2 through 5, amounts are revised to reflect payroll as of June 30, 2009.*

[2] *Employee contribution rate shown above has been discounted with interest to the beginning of year based on a biweekly contribution rate of 8.78%.*

[3] *Employee contribution rate shown above has been discounted with interest to the beginning of year based on a biweekly contribution rate of 8.61%.*

CHART 14
Recommended Contribution (Continued)

	June 30			
	2009		2008	
	Amount	% of Payroll	Amount[1]	% of Payroll
Harbor Port Police (Tier 5)				
1. Total normal cost	$2,661,510	27.26%	$2,798,090	28.66%
2. Expected employee contributions	-835,779	-8.56%[2]	-878,675	-9.00%
3. Employer normal cost: (1) + (2)	1,825,731	18.70%	1,919,415	19.66%
4. Actuarial accrued liability	22,649,084		13,658,309	
5. Valuation value of assets	16,100,150		13,700,980	
6. Unfunded actuarial accrued liability	6,548,934		-42,671	
7. Amortization of unfunded accrued liability	549,430	5.63%	-8,787	-0.09%
8. Total recommended contribution, beginning of year	2,375,161	24.33%	1,910,628	19.57%
9. Total recommended contribution, July 15	2,382,790	24.41%	1,916,487	19.63%
10. Total recommended contribution, biweekly	2,471,387	25.31%	1,916,487	20.36%
11. Projected payroll used for developing normal cost rate	9,763,050		N/A	
All Tiers Combined				
1. Total normal cost	$360,386,169	26.55%	$376,163,697	27.72%
2. Expected employee contributions	-112,286,300	-8.27%[3]	-115,434,986	-8.51%
3. Employer normal cost: (1) + (2)	248,099,869	18.28%	260,728,711	19.21%
4. Actuarial accrued liability	14,817,145,691		14,279,115,742	
5. Valuation value of assets	14,256,610,416		14,153,296,122	
6. Unfunded actuarial accrued liability	560,535,275		125,819,620	
7. Amortization of unfunded accrued liability	42,211,072	3.11%	5,315,750	0.39%
8. Total recommended contribution, beginning of year	290,310,941	21.39%	266,044,461	19.60%
9. Total recommended contribution, July 15	291,243,378	21.46%	266,928,998	19.67%
10. Total recommended contribution, biweekly	302,072,388	22.26%	276,851,824	20.40%
11. Projected payroll used for developing normal cost rate	1,357,248,936		N/A	

(1) *For Tiers 2 through 5, amounts are revised to reflect payroll as of June 30, 2009.*
(2) *Employee contribution rate shown above has been discounted with interest to the beginning of year based on a biweekly contribution rate of 8.91%.*
(3) *Employee contribution rate shown above has been discounted with interest to the beginning of year based on a biweekly contribution rate of 8.61%.*

If paid by the City at the beginning of the year, the calculated normal cost is 18.28% payroll. The remaining 3.11% of payroll will amortize the unfunded actuarial accrued liability over an equivalent single amortization period of about 17.5 years.

The contribution rates as of June 30, 2009 are based on all of the data described in the previous sections, the actuarial assumptions described in Section 4, and the Plan provisions adopted at the time of preparation of the Actuarial Valuation.

Reconciliation of Recommended Contribution

The chart below details the changes in the recommended contribution from the prior valuation to the current year's valuation.

The chart reconciles the contribution from the prior valuation to the amount determined in this valuation.

CHART 15

Reconciliation of Recommended Contribution from June 30, 2008 to June 30, 2009

Recommended Contribution as of June 30, 2008	$266,044,461*
Increase on prior year amortization dollar amounts due to percentage of payroll amortization	-$1,153,322
Effect of contributions (more)/less than recommended contribution	239,773
Effect of investment (gain)/loss	50,543,270
Effect of difference in actual versus expected salary increase	1,246,673
Effect of retiree COLA more/(less) than assumed	-19,197,810
Effect of other actuarial (gains)/losses and change in procedures	-7,412,104
Total change	$24,266,480
Recommended Contribution as of June 30, 2009	$290,310,941

* *Revised using payroll as of June 30, 2009.*

E. INFORMATION REQUIRED BY THE GASB

Governmental Accounting Standards Board (GASB) reporting information provides standardized information for comparative purposes for governmental pension plans. This information allows a reader of the financial statements to compare the funding status of one governmental plan to another on relatively equal terms.

Critical information to GASB is the historical comparison of the GASB required contribution to the actual contributions. This comparison demonstrates whether a plan is being funded on an actuarially sound basis and in accordance with the GASB funding requirements. Chart 16 below presents a graphical representation of this information for the Plan.

The other critical piece of information regarding the Plan's financial status is the funded ratio. This ratio compares the actuarial value of assets to the actuarial accrued liabilities of the plan as calculated under GASB. High ratios indicate a well-funded plan with assets sufficient to pay most benefits. Lower ratios may indicate recent changes to benefit structures, funding of the plan below actuarial requirements, poor asset performance, or a variety of other changes.

The details regarding the calculations of these values and other GASB numbers may be found in Section 4, Exhibits II, III, and IV.

These graphs show key GASB factors.

CHART 16

Required Versus Actual Contributions

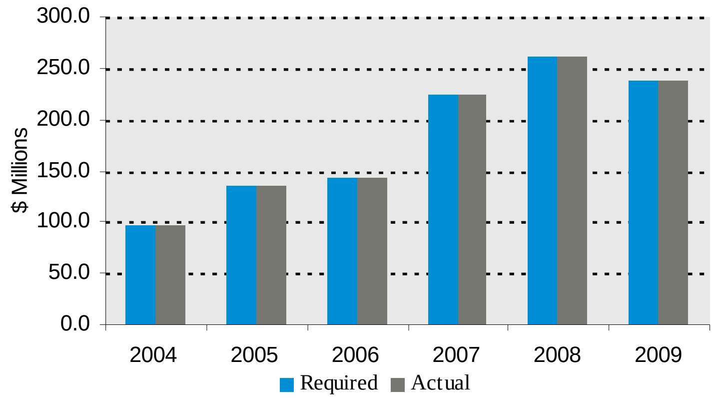


CHART 17

Funded Ratio

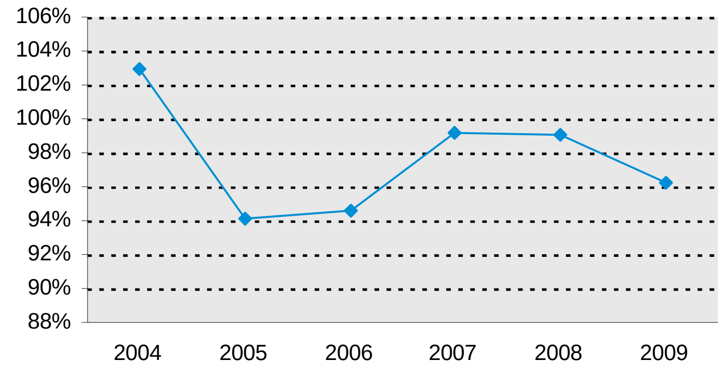


EXHIBIT A

Table of Plan Coverage

Total

Category	Year Ended June 30 2009	Year Ended June 30 2008	Change From Prior Year
Active members in valuation:			
Number	13,802	13,495	2.3%
Average age	40.1	40.3	N/A
Average service	13.2	13.4	N/A
Projected total payroll[1]	$1,357,248,936	$1,206,589,277	12.5%
Projected average payroll[1]	$98,337	$89,410	10.0%
Account balances	$1,340,594,249	$1,287,893,924	4.1%
Total active vested members	4,468	4,289	4.2%
Vested terminated members:			
Number	61	81	-24.7%
Average age	44.6	43.8	N/A
Average monthly benefit at age 50	$1,708	$1,797	-5.0%
Retired members:			
Number in pay status	7,612	7,438	2.3%
Average age at retirement	51.4	51.3	N/A
Average age	68.7	68.5	N/A
Average monthly benefit (includes July COLA)	$4,995	$4,869	2.6%
Disabled members:			
Number in pay status	2,304	2,325	-0.9%
Average age at retirement	44.1	44.2	N/A
Average age	66.1	65.5	N/A
Average monthly benefit (includes July COLA)	$4,215	$4,209	0.1%
Beneficiaries:			
Number in pay status	2,411	2,419	-0.3%
Average age	76.8	76.5	N/A
Average monthly benefit (includes July COLA)	$3,610	$3,573	1.0%

[1] *2008 payroll was based on actual payroll reported by LAFPP for 2007-2008 but 2009 payroll was based on estimated payroll projected by Segal for 2009-2010.*

EXHIBIT A

Table of Plan Coverage

i. Tier 1

Category	Year Ended June 30 2009	Year Ended June 30 2008	Change From Prior Year
Active members in valuation:			
Number	0	0	N/A
Average age	N/A	N/A	N/A
Average service	N/A	N/A	N/A
Projected total payroll[1]	N/A	N/A	N/A
Projected average payroll[1]	N/A	N/A	N/A
Account balances	N/A	N/A	N/A
Total active vested members	N/A	N/A	N/A
Vested terminated members:			
Number	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit at age 50	N/A	N/A	N/A
Retired members:			
Number in pay status	153	162	-5.6%
Average age at retirement	46.2	46.2	N/A
Average age	83.9	83.1	N/A
Average monthly benefit (includes July COLA)	$2,151	$2,140	0.5%
Disabled members:			
Number in pay status	157	167	-6.0%
Average age at retirement	37.4	37.5	N/A
Average age	80.0	79.4	N/A
Average monthly benefit (includes July COLA)	$2,634	$2,622	0.5%
Beneficiaries:			
Number in pay status	499	539	-7.4%
Average age	84.3	83.8	N/A
Average monthly benefit (includes July COLA)	$2,426	$2,420	0.2%

[1] *2008 payroll was based on actual payroll reported by LAFPP for 2007-2008 but 2009 payroll was based on estimated payroll projected by Segal for 2009-2010.*

EXHIBIT A

Table of Plan Coverage

ii. Tier 2

Category	Year Ended June 30 2009	Year Ended June 30 2008	Change From Prior Year
Active members in valuation:			
Number	167	182	-8.2%
Average age	53.6	52.7	N/A
Average service	30.7	29.8	N/A
Projected total payroll[(1)]	$20,342,725	$20,312,124	0.2%
Projected average payroll[(1)]	$121,813	$111,605	9.1%
Account balances	$36,129,703	$37,675,684	-4.1%
Total active vested members	167	182	-8.2%
Vested terminated members:			
Number	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit at age 50	N/A	N/A	N/A
Retired members:			
Number in pay status	5,528	5,671	-2.5%
Average age at retirement	50.6	50.6	N/A
Average age	71.3	70.6	N/A
Average monthly benefit (includes July COLA)	$4,556	$4,544	0.3%
Disabled members:			
Number in pay status	1,788	1,819	-1.7%
Average age at retirement	45.4	45.5	N/A
Average age	68.1	67.2	N/A
Average monthly benefit (includes July COLA)	$4,492	$4,501	-0.2%
Beneficiaries:			
Number in pay status	1,764	1,750	0.8%
Average age	76.9	76.2	N/A
Average monthly benefit (includes July COLA)	$3,855	$3,857	-0.1%

(1) 2008 payroll was based on actual payroll reported by LAFPP for 2007-2008 but 2009 payroll was based on estimated payroll projected by Segal for 2009-2010.

EXHIBIT A

Table of Plan Coverage

iii. Tier 3

Category	Year Ended June 30 2009	Year Ended June 30 2008	Change From Prior Year
Active members in valuation:			
Number	977	996	-1.9%
Average age	43.4	42.5	N/A
Average service	15.3	14.3	N/A
Projected total payroll[(1)]	$99,548,367	$91,456,553	8.8%
Projected average payroll[(1)]	$101,892	$91,824	11.0%
Account balances	$99,025,662	$91,166,171	8.6%
Total active vested members	967	976	-0.9%
Vested terminated members:			
Number	56	74	-24.3%
Average age	44.4	43.5	N/A
Average monthly benefit at age 50	$1,579	$1,619	-2.5%
Retired members:			
Number in pay status	116	103	12.6%
Average age at retirement	52.7	52.5	N/A
Average age	58.8	58.4	N/A
Average monthly benefit (includes July COLA)	$2,450	$2,507	-2.3%
Disabled members:			
Number in pay status	238	238	0.0%
Average age at retirement	39.5	39.5	N/A
Average age	51.0	50.0	N/A
Average monthly benefit (includes July COLA)	$3,175	$3,160	0.5%
Beneficiaries:			
Number in pay status	73	73	0.0%
Average age	48.0	47.3	N/A
Average monthly benefit (includes July COLA)	$3,700	$3,673	0.7%

(1) *2008 payroll was based on actual payroll reported by LAFPP for 2007-2008 but 2009 payroll was based on estimated payroll projected by Segal for 2009-2010.*

EXHIBIT A

Table of Plan Coverage

iv. Tier 4

Category	Year Ended June 30 2009	Year Ended June 30 2008	Change From Prior Year
Active members in valuation:			
Number	435	452	-3.8%
Average age	41.2	40.4	N/A
Average service	16.7	15.9	N/A
Projected total payroll(1)	$46,215,489	$43,074,214	7.3%
Projected average payroll(1)	$106,243	$95,297	11.5%
Account balances	$52,208,166	$50,072,553	4.3%
Total active vested members	185	155	19.4%
Vested terminated members:			
Number	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit at age 50	N/A	N/A	N/A
Retired members:			
Number in pay status	106	94	12.8%
Average age at retirement	45.1	45.1	N/A
Average age	49.4	48.8	N/A
Average monthly benefit (includes July COLA)	$3,777	$3,733	1.2%
Disabled members:			
Number in pay status	40	38	5.3%
Average age at retirement	42.1	42.1	N/A
Average age	48.0	47.2	N/A
Average monthly benefit (includes July COLA)	$4,215	$4,123	2.2%
Beneficiaries:			
Number in pay status	3	3	0.0%
Average age	46.6	45.6	N/A
Average monthly benefit (includes July COLA)	$7,399	$7,202	2.7%

(1) *2008 payroll was based on actual payroll reported by LAFPP for 2007-2008 but 2009 payroll was based on estimated payroll projected by Segal for 2009-2010.*

EXHIBIT A

Table of Plan Coverage

v. Tier 5 (without Harbor Port Police)

Category	Year Ended June 30 2009	Year Ended June 30 2008	Change From Prior Year
Active members in valuation:			
Number	12,108	11,777	2.8%
Average age	39.6	39.9	N/A
Average service	12.7	13	N/A
Projected total payroll[(1)]	$1,181,379,305	$1,045,017,580	13.0%
Projected average payroll[(1)]	$97,570	$88,734	10.0%
Account balances	$1,149,935,194	$1,106,371,364	3.9%
Total active vested members	3,138	2,969	5.7%
Vested terminated members:			
Number	5	7	-28.6%
Average age	46.6	47.0	N/A
Average monthly benefit at age 50	$3,151	$3,675	-14.3%
Retired members:			
Number in pay status	1,708	1,407	21.4%
Average age at retirement	55.1	55.3	N/A
Average age	61.1	60.5	N/A
Average monthly benefit (includes July COLA)	$6,917	$6,740	2.6%
Disabled members:			
Number in pay status	79	62	27.4%
Average age at retirement	43.5	43.3	N/A
Average age	46.7	46.0	N/A
Average monthly benefit (includes July COLA)	$4,204	$4,031	4.3%
Beneficiaries:			
Number in pay status	72	54	33.3%
Average age	53.9	54.8	N/A
Average monthly benefit (includes July COLA)	$5,551	$5,550	0.0%

(1) *2008 payroll was based on actual payroll reported by LAFPP for 2007-2008 but 2009 payroll was based on estimated payroll projected by Segal for 2009-2010.*

EXHIBIT A

Table of Plan Coverage

vi. Harbor Port Police (Tier 5)

	Year Ended June 30		Change From
Category	**2009**	**2008**	**Prior Year**
Active members in valuation:			
Number	115	88	30.7%
Average age	35.1	35.1	N/A
Average service	5.5	4.6	N/A
Projected total payroll(1)	$9,763,050	$6,728,806	45.1%
Projected average payroll(1)	$84,896	$76,464	11.0%
Account balances	$3,295,525	$2,608,151	26.4%
Total active vested members	11	7	57.1%
Vested terminated members:			
Number	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit at age 50	N/A	N/A	N/A
Retired members:			
Number in pay status	1	1	0.0%
Average age at retirement	57.0	57.0	N/A
Average age	60.0	59.0	N/A
Average monthly benefit (includes July COLA)	$5,879	$5,844	0.6%
Disabled members:			
Number in pay status	2	1	100.0%
Average age at retirement	40.1	32.0	N/A
Average age	44.2	38.5	N/A
Average monthly benefit (includes July COLA)	$4,506	$2,892	55.8%
Beneficiaries:			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit (includes July COLA)	N/A	N/A	N/A

(1) 2008 payroll was based on actual payroll reported by LAFPP for 2007-2008 but 2009 payroll was based on estimated payroll projected by Segal for 2009-2010.

EXHIBIT B

Members in Active Service and Projected Average Payroll as of June 30, 2009
By Age and Years of Service
Total

		Years of Service								
Age	Total	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
Under 25	624	624	- -	- -	- -	- -	- -	- -	- -	- -
	$66,588	$66,588	- -	- -	- -	- -	- -	- -	- -	- -
25 - 29	1,731	1,517	214	- -	- -	- -	- -	- -	- -	- -
	76,266	73,878	$93,190	- -	- -	- -	- -	- -	- -	- -
30 - 34	2,024	836	967	221	- -	- -	- -	- -	- -	- -
	87,971	75,798	95,812	$99,705	- -	- -	- -	- -	- -	- -
35 - 39	2,529	318	717	1,378	116	- -	- -	- -	- -	- -
	97,773	74,879	96,130	102,794	$111,044	- -	- -	- -	- -	- -
40 - 44	2,435	113	253	887	828	354	- -	- -	- -	- -
	104,323	74,646	95,424	101,754	109,479	$114,535	- -	- -	- -	- -
45 - 49	2,146	27	63	285	527	937	306	1	- -	- -
	110,363	77,229	94,579	100,744	107,842	113,724	$119,478	$130,539	- -	- -
50 - 54	1,541	3	9	98	129	351	697	250	4	- -
	115,466	70,050	97,369	101,307	106,714	112,046	117,407	125,727	$139,975	- -
55 - 59	632	1	1	22	11	76	229	258	34	- -
	116,085	64,449	97,377	101,041	106,335	109,603	113,950	120,928	123,157	- -
60 - 64	130	- -	- -	6	2	13	26	59	22	2
	116,385	- -	- -	103,707	115,319	112,345	109,735	119,355	121,880	$120,149
65 - 69	9	- -	- -	2	- -	-	1	1	4	1
	108,098	- -	- -	102,424	- -	-	102,537	104,963	107,818	129,266
70 & over	1	- -	- -	- -	- -	1	- -	- -	- -	- -
	95,259	- -	- -	- -	- -	95,259	- -	- -	- -	- -
Total	13,802	3,439	2,224	2,899	1,613	1,732	1,259	569	64	3
	$98,337	$73,160	$95,590	$101,977	$108,821	$113,348	$117,111	$122,862	$122,811	$123,188

EXHIBIT B

Members in Active Service and Projected Average Payroll as of June 30, 2009
By Age and Years of Service
i. Tier 1

		Years of Service								
Age	Total	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
Under 25	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
25 - 29	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
30 - 34	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
35 - 39	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
40 - 44	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
45 - 49	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
50 - 54	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
55 - 59	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
60 - 64	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
65 - 69	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
70 & over	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
Total	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -

EXHIBIT B

Members in Active Service and Projected Average Payroll as of June 30, 2009
By Age and Years of Service
ii. Tier 2

		Years of Service								
Age	Total	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
Under 25	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
25 - 29	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
30 - 34	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
35 - 39	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
40 - 44	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
45 - 49	11	- -	- -	- -	- -	- -	11	- -	- -	- -
	$114,215	- -	- -	- -	- -	- -	$114,215	- -	- -	- -
50 - 54	114	- -	- -	- -	- -	- -	59	55	- -	- -
	122,735	- -	- -	- -	- -	- -	123,984	$121,395	- -	- -
55 - 59	33	- -	- -	- -	- -	- -	6	25	2	- -
	120,604	- -	- -	- -	- -	- -	108,229	122,488	$134,181	- -
60 - 64	8	- -	- -	- -	- -	- -	- -	5	3	- -
	125,592	- -	- -	- -	- -	- -	- -	118,589	137,262	- -
65 - 69	1	- -	- -	- -	- -	- -	- -	- -	1	- -
	109,892	- -	- -	- -	- -	- -	- -	- -	109,892	- -
70 & over	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
Total	167	- -	- -	- -	- -	- -	76	85	6	- -
	$121,813	- -	- -	- -	- -	- -	$121,327	$121,551	$131,674	- -

EXHIBIT B

Members in Active Service and Projected Average Payroll as of June 30, 2009
By Age and Years of Service
iii. Tier 3

		Years of Service								
Age	**Total**	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30-34**	**35-39**	**40 & over**
Under 25	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
25 - 29	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
30 - 34	24	- -	1	23	- -	- -	- -	- -	- -	- -
	$99,251	- -	$93,388	$99,505	- -	- -	- -	- -	- -	- -
35 - 39	283	1	2	260	20	- -	- -	- -	- -	- -
	100,238	$90,665	90,327	99,886	$106,291	- -	- -	- -	- -	- -
40 - 44	335	- -	2	180	126	27	- -	- -	- -	- -
	102,400	- -	96,046	99,263	106,044	$106,770	- -	- -	- -	- -
45 - 49	203	1	3	55	79	62	3	- -	- -	- -
	102,737	63,610	83,018	99,804	102,689	106,391	$115,033	- -	- -	- -
50 - 54	93	- -	- -	47	24	18	4	- -	- -	- -
	103,002	- -	- -	102,572	101,560	106,241	102,131	- -	- -	- -
55 - 59	27	- -	- -	13	5	8	1	- -	- -	- -
	103,496	- -	- -	98,535	106,048	109,097	110,424	- -	- -	- -
60 - 64	9	- -	- -	6	1	2	- -	- -	- -	- -
	107,298	- -	- -	103,707	137,082	103,178	- -	- -	- -	- -
65 - 69	2	- -	- -	2	- -	- -	- -	- -	- -	- -
	102,424	- -	- -	102,424	- -	- -	- -	- -	- -	- -
70 & over	1	- -	- -	- -	- -	1	- -	- -	- -	- -
	95,259	- -	- -	- -	- -	95,259	- -	- -	- -	- -
Total	977	2	8	586	255	118	8	- -	- -	- -
	$101,892	$77,138	$89,399	$99,905	$104,724	$106,489	$108,006	- -	- -	- -

EXHIBIT B

Members in Active Service and Projected Average Payroll as of June 30, 2009
By Age and Years of Service
iv. Tier 4

		Years of Service								
Age	**Total**	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30-34**	**35-39**	**40 & over**
Under 25	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
25 - 29	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
30 - 34	106	- -	83	23	- -	- -	- -	- -	- -	- -
	$96,075	- -	$95,655	$97,591	- -	- -	- -	- -	- -	- -
35 - 39	74	- -	34	36	4	- -	- -	- -	- -	- -
	97,929	- -	93,908	100,211	$111,575	- -	- -	- -	- -	- -
40 - 44	112	- -	10	6	45	51	- -	- -	- -	- -
	110,621	- -	97,541	95,784	111,905	$113,798	- -	- -	- -	- -
45 - 49	108	- -	3	4	2	65	34	- -	- -	- -
	113,146	- -	98,052	96,459	110,460	112,933	$117,005	- -	- -	- -
50 - 54	34	- -	- -	- -	- -	1	33	- -	- -	- -
	119,278	- -	- -	- -	- -	107,612	119,632	- -	- -	- -
55 - 59	1	- -	- -	- -	- -	- -	1	- -	- -	- -
	120,003	- -	- -	- -	- -	- -	120,003	- -	- -	- -
60 - 64	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
65 - 69	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
70 & over	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
Total	435	- -	130	69	51	117	68	- -	- -	- -
	$106,243	- -	$95,398	$98,735	$111,823	$113,265	$118,324	- -	- -	- -

EXHIBIT B

Members in Active Service and Projected Average Payroll as of June 30, 2009
By Age and Years of Service
v. Tier 5 (without Harbor Port Police)

		Years of Service								
Age	Total	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
Under 25	617	617	- -	- -	- -	- -	- -	- -	- -	- -
	$66,532	$66,532	- -	- -	- -	- -	- -	- -	- -	- -
25 - 29	1,694	1,482	212	- -	- -	- -	- -	- -	- -	- -
	76,232	73,817	$93,114	- -	- -	- -	- -	- -	- -	- -
30 - 34	1,872	814	883	175	- -	- -	- -	- -	- -	- -
	87,535	75,856	95,830	$100,010	- -	- -	- -	- -	- -	- -
35 - 39	2,152	304	675	1,081	92	- -	- -	- -	- -	- -
	97,571	74,670	96,286	103,582	$112,055	- -	- -	- -	- -	- -
40 - 44	1,979	111	239	697	656	276	- -	- -	- -	- -
	104,327	74,427	95,391	102,449	109,964	$115,430	- -	- -	- -	- -
45 - 49	1,815	23	55	225	445	808	258	1	- -	- -
	111,034	72,421	94,635	101,102	108,792	114,337	$120,079	$130,539	- -	- -
50 - 54	1,292	3	9	50	104	329	598	195	4	- -
	115,630	70,050	97,369	99,879	107,839	112,189	116,844	126,949	$139,975	- -
55 - 59	568	1	1	9	6	67	220	232	32	- -
	116,465	64,449	97,377	104,661	106,574	109,846	114,111	120,801	122,468	- -
60 - 64	113	- -	- -	- -	1	11	26	54	19	2
	116,457	- -	- -	- -	93,555	114,012	109,735	119,426	119,451	$120,149
65 - 69	6	- -	- -	- -	- -	- -	1	1	3	1
	109,691	- -	- -	- -	- -	- -	102,537	104,963	107,127	129,266
70 & over	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
Total	12,108	3,355	2,074	2,237	1,304	1,491	1,103	483	58	3
	$97,570	$73,054	$95,626	$102,622	$109,514	$113,861	$116,875	$123,117	$121,894	$123,188

EXHIBIT B

Members in Active Service and Projected Average Payroll as of June 30, 2009
By Age and Years of Service
vi. Harbor Port Police (Tier 5)

		Years of Service								
Age	Total	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
Under 25	7	7	- -	- -	- -	- -	- -	- -	- -	- -
	$71,472	$71,472	- -	- -	- -	- -	- -	- -	- -	- -
25 - 29	37	35	2	- -	- -	- -	- -	- -	- -	- -
	77,809	76,475	$101,169	- -	- -	- -	- -	- -	- -	- -
30 - 34	22	22	0	- -	- -	- -	- -	- -	- -	- -
	73,648	73,648	0	- -	- -	- -	- -	- -	- -	- -
35 - 39	20	13	6	1	- -	- -	- -	- -	- -	- -
	84,032	78,570	93,036	$101,019	- -	- -	- -	- -	- -	- -
40 - 44	9	2	2	4	1	- -	- -	- -	- -	- -
	96,803	86,801	88,135	101,706	$114,533	- -	- -	- -	- -	- -
45 - 49	9	3	2	1	1	2	- -	- -	- -	- -
	108,851	118,630	105,173	89,105	86,591	$118,865	- -	- -	- -	- -
50 - 54	8	- -	- -	1	1	3	3	- -	- -	- -
	114,114	- -	- -	113,200	113,329	132,694	$96,101	- -	- -	- -
55 - 59	3	- -	- -	- -	- -	1	1	1	- -	- -
	106,364	- -	- -	- -	- -	97,363	110,340	$111,390	- -	- -
60 - 64	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
65 - 69	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
70 & over	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
Total	115	82	12	7	3	6	4	1	- -	- -
	$84,896	$77,415	$95,598	$101,450	$104,818	$122,196	$99,661	$111,390	- -	- -

EXHIBIT C
Reconciliation of Member Data

	Active Members	Vested Former Members	Disableds	Retired Members	Beneficiaries	Total
Number as of June 30, 2008	13,495	81	2,325	7,438	2,419	25,758
New members	863	N/A	N/A	N/A	N/A	863
Terminations – with vested rights	-2	2	0	0	0	0
Retirements	-341	-8	N/A	349	N/A	0
New disabilities	-22	0	22	0	N/A	0
Died with or without beneficiary	-10	0	-45	-174	-8	-237
Refund of member contributions	-183	0	0	0	0	-183
Rehired	2	-2	0	0	N/A	0
Data adjustments	0	-12	2	-1	0	-11
Number as of June 30, 2009	13,802	61	2,304	7,612	2,411	26,190

EXHIBIT D

Summary Statement of Income and Expenses on an Actuarial Value Basis for All Retirement and Health Subsidy Benefits Assets

	Year Ended June 30, 2009		Year Ended June 30, 2008	
Contribution income:				
Employer contributions	$326,876,839		$339,892,819	
Employee contributions	103,685,447		98,074,219	
Net contribution income		$430,562,286		$437,967,038
Investment income:				
Interest, dividends and other income	$325,640,062		$427,413,537	
Recognition of capital appreciation	299,128,674		1,058,101,014	
Less investment and administrative fees	-67,421,953		-71,123,423	
Net investment income		557,346,783		1,414,391,128
Total income available for benefits		$987,909,069		$1,852,196,605
Less benefit payments		-$842,565,358		-$827,959,245
Change in reserve for future benefits		$145,343,711		$1,024,237,360

EXHIBIT E

Summary Statement of Assets for Retirement and Health Subsidy Benefits

	Year Ended June 30, 2009		Year Ended June 30, 2008	
Cash equivalents		$1,274,686		$686,712
Accounts receivable:				
Accrued interest and dividends	$43,657,544		$47,147,517	
Contributions	7,279,113		6,526,522	
Due from brokers	155,504,291		275,114,543	
Total accounts receivable		206,440,948		328,788,582
Investments:				
Equities	$7,199,002,334		$9,778,349,884	
Fixed income investments	3,070,686,821		3,881,442,261	
Real estate	1,003,947,049		1,288,669,862	
Securities lending collateral	273,474,449		2,532,999,733	
Total investments at market value		11,547,110,653		17,481,461,740
Total assets		$11,754,826,287		$17,810,937,034
Less accounts payable:				
Accounts payable and benefits in process	-$22,294,858		-$47,413,823	
Due to brokers	-193,625,426		-569,750,784	
Mortgage payable	-289,062,819		-303,637,970	
Securities lending collateral	-273,474,449		-2,532,999,733	
Total accounts payable		-$778,457,552		-$3,453,802,310
Net assets at market value		$10,976,368,735		$14,357,134,724
Net assets at actuarial value		$15,066,287,394		$14,920,943,683
Net assets at valuation value (retirement benefits)		$14,256,610,416		$14,153,296,122

EXHIBIT F

Development of the Fund Through June 30, 2009 for All Retirement and Health Subsidy Benefits Assets

Year Ended June 30	Employer Contributions	Employee Contributions	Net Investment Return[1]	Benefit Payments	Actuarial Value of Assets at End of Year
2004	$136,202,866	$76,608,611	$411,364,871	$565,770,657	$12,341,695,084
2005	167,364,751	75,652,949	251,274,616	604,674,609	12,231,312,791
2006	175,359,083	79,402,694	901,268,460	652,157,960	12,735,185,068
2007	286,167,278[2]	91,263,474	1,590,968,304	800,819,286	13,902,764,838
2008	333,672,743	98,074,219	1,414,391,128	827,959,245	14,920,943,683
2009	326,876,839	103,685,447	557,346,783	842,565,358	15,066,287,394

(1) *Net of investment fees and administrative expenses*

(2) *Includes $6,220,076 (discounted to $6,058,515) of Harbor Port Police assets transferred in October, 2007.*

EXHIBIT G

Development of Unfunded Actuarial Accrued Liability for Year Ended June 30, 2009

1.	Unfunded actuarial accrued liability at beginning of year	$125,819,620
2.	Normal cost at beginning of year	334,273,797
3.	Total contributions	342,383,376
4.	Interest	13,564,221
5.	Expected unfunded actuarial accrued liability: (1) + (2) – (3) + (4)	131,274,262
6.	Changes due to investment loss	598,909,728
7.	Changes due to salary loss	14,772,720
8.	Changes due to retiree COLA less than expected	-227,531,572
9.	Changes due to other experience loss	43,110,137
10.	Unfunded actuarial accrued liability at end of year: (5) + (6) + (7) + (8) + (9)	$560,535,275

[(1)] *Excludes loss from contributions more than anticipated due to one-year lag of new rates. That gain is already included in the development of item 5.*

EXHIBIT H

Table of Amortization Bases

Tier 1

Type	Date Established	Annual Payment[1]	Years Remaining	Outstanding Balance
Unfunded Actuarial Accrued Liability	07/01/2009	$17,539,200	28	$209,333,245
Total		$17,539,200		$209,333,245

Tier 2

Type	Date Established	Annual Payment[2]	Years Remaining	Outstanding Balance
Unfunded Actuarial Accrued Liability	07/01/2009	-$35,695,373	28	-$645,845,781
Experience Loss	07/01/2009	4,510,053	15	53,442,825
Total		-$31,185,320		-$592,402,956

(1) *Level dollar amortization*

(2) *Level percentage of payroll amortization*

EXHIBIT H

Table of Amortization Bases (Continued)

Tier 3

Type	Date Established	Annual Payment[1]	Years Remaining	Outstanding Balance
Assumption Change	07/01/1989	-$1,689,291	10	-$14,483,541
Plan Amendment	07/01/1990	28,041	11	260,111
Assumption Change	07/01/1990	-629,918	11	-5,843,147
Assumption Change	07/01/1992	224,292	13	2,379,368
Experience Gain	07/01/1995	-583,656	1	-583,656
Assumption Change	07/01/1995	-1,655,404	16	-20,590,355
Experience Gain	07/01/1996	-37,764	2	-74,216
Plan Amendment	07/01/1996	223,098	17	2,901,697
Asset Method Change	07/01/1996	-1,442,170	17	-18,757,410
Experience Gain	07/01/1997	-2,524,888	3	-7,314,700
Experience Gain	07/01/1998	-3,868,040	4	-14,684,811
Plan Amendment	07/01/1998	408,733	19	5,756,648
Assumption Change	07/01/1998	687,445	19	9,682,051
Experience Gain	07/01/1999	-5,867,345	5	-27,368,972
Experience Gain	07/01/2000	-6,730,106	6	-37,033,485
Plan Amendment	07/01/2000	66,819	21	1,008,188
Experience Gain	07/01/2001	-5,114,598	7	-32,281,276
Assumption Change	07/01/2001	-2,001,537	22	-31,152,749
Experience Loss	07/01/2002	13,133,803	8	93,150,747
Experience Loss	07/01/2003	16,991,364	9	133,317,257
Experience Loss	07/01/2004	1,068,316	10	9,159,464
Assumption Change	07/01/2004	-559,943	25	-9,460,678
Experience Loss	07/01/2005	2,166,799	11	20,099,314
Assumption Change	07/01/2005	1,720,923	26	29,787,705
Experience Loss	07/01/2006	1,568,090	12	15,608,704

EXHIBIT H

Table of Amortization Bases (Continued)

Tier 3

Type	Date Established	Annual Payment[1]	Years Remaining	Outstanding Balance
Assumption Change	07/01/2006	1,765,961	27	31,271,859
Experience Gain	07/01/2007	-1,507,912	19	-21,237,603
Assumption Change	07/01/2007	-290,273	28	-5,251,982
Experience Gain	07/01/2008	-1,466,173	16	-18,236,651
Assumption Change	07/01/2008	444,963	29	8,216,261
Experience Loss	07/01/2009	857,251	15	10,158,177
Total		$5,386,880		$108,402,319

[1] *Level percentage of payroll amortization*

EXHIBIT H
Table of Amortization Bases (Continued)

Tier 4

Type	Date Established	Annual Payment(1)	Years Remaining	Outstanding Balance
Assumption Change	07/01/1989	-$662,105	10	-$5,676,720
Plan Amendment	07/01/1990	10,991	11	101,949
Assumption Change	07/01/1990	-246,892	11	-2,290,177
Assumption Change	07/01/1992	87,910	13	932,576
Experience Gain	07/01/1995	-228,761	1	-228,761
Assumption Change	07/01/1995	-648,824	16	-8,070,238
Experience Gain	07/01/1996	-14,801	2	-29,087
Plan Amendment	07/01/1996	87,442	17	1,137,300
Asset Method Change	07/01/1996	-565,248	17	-7,351,830
Experience Gain	07/01/1997	-989,611	3	-2,866,943
Experience Gain	07/01/1998	-1,516,050	4	-5,755,604
Plan Amendment	07/01/1998	160,200	19	2,256,277
Assumption Change	07/01/1998	269,439	19	3,794,810
Experience Gain	07/01/1999	-2,299,663	5	-10,727,068
Experience Gain	07/01/2000	-2,637,816	6	-14,515,004
Plan Amendment	07/01/2000	26,037	21	392,852
Experience Gain	07/01/2001	-1,182,585	7	-7,463,997
Assumption Change	07/01/2001	-335,006	22	-5,214,174
Experience Loss	07/01/2002	2,212,905	8	15,694,903
Experience Loss	07/01/2003	6,686,513	9	52,463,564
Experience Loss	07/01/2004	1,072,852	10	9,198,356
Assumption Change	07/01/2004	-336,077	25	-5,678,296
Experience Loss	07/01/2005	1,328,248	11	12,320,886
Assumption Change	07/01/2005	886,124	26	15,338,049
Experience Loss	07/01/2006	579,764	12	5,770,942

EXHIBIT H
Table of Amortization Bases (Continued)

Tier 4

Type	Date Established	Annual Payment[1]	Years Remaining	Outstanding Balance
Assumption Change	07/01/2006	876,461	27	15,520,483
Experience Gain	07/01/2007	-642,959	19	-9,055,513
Assumption Change	07/01/2007	-174,118	28	-3,150,366
Experience Gain	07/01/2008	-355,033	16	-4,415,997
Assumption Change	07/01/2008	587,013	29	10,839,216
Experience Loss	07/01/2009	1,006,327	15	11,924,683
Total		$3,042,677		$65,197,071

[1] *Level percentage of payroll amortization*

EXHIBIT H

Table of Amortization Bases (Continued)

Tier 5 (without Harbor Port Police)

Type	Date Established	Annual Payment[1]	Years Remaining	Outstanding Balance
Original Base	07/01/2002	-$10,575,755	23	-$169,465,684
Experience Gain	07/01/2003	-35,225,732	9	-276,387,343
Experience Loss	07/01/2004	11,259,931	10	96,539,725
Assumption Change	07/01/2004	-15,587,204	25	-263,358,299
Experience Loss	07/01/2005	24,254,942	11	224,989,847
Assumption Change	07/01/2005	26,584,456	26	460,154,101
Experience Loss	07/01/2006	6,121,811	12	60,936,241
Assumption Change	07/01/2006	17,538,434	27	310,572,844
Experience Gain	07/01/2007	-14,476,492	19	-203,888,597
Assumption Change	07/01/2007	-4,114,378	28	-74,442,528
Experience Gain	07/01/2008	-6,366,964	16	-79,193,970
Assumption Change	07/01/2008	17,316,175	29	319,743,614
Experience Loss	07/01/2009	30,148,981	15	357,256,711
Total		$46,878,205		$763,456,662

[1] *Level percentage of payroll amortization*

EXHIBIT H

Table of Amortization Bases (Continued)

Harbor Port Police (Tier 5)

Type	Date Established	Annual Payment[1]	Years Remaining	Outstanding Balance
Experience Gain	07/01/2008	-$13,554	16	-$168,590
Assumption Change	07/01/2008	7,002	29	129,293
Experience Loss	07/01/2009	555,982	15	6,588,231
Total		$549,430		$6,548,934

[1] *Level percentage of payroll amortization*

EXHIBIT I

Section 415 Limitations

Section 415 of the Internal Revenue Code (IRC) specifies the maximum benefits that may be paid to an individual from a defined benefit plan and the maximum amounts that may be allocated each year to an individual's account in a defined contribution plan.

A qualified pension plan may not pay benefits in excess of the Section 415 limits. The ultimate penalty for non-compliance is disqualification: active participants could be taxed on their vested benefits and the IRS may seek to tax the income earned on the plan's assets.

In particular, Section 415(b) of the IRC limits the maximum annual benefit payable at the Normal Retirement Age to a dollar limit of $160,000 indexed for inflation. That limit is $195,000 for 2009 and 2010. Normal Retirement Age for these purposes is age 62. These are the limits in simplified terms. They must be adjusted based on each participant's circumstances, for such things as age at retirement, form of benefits chosen and after tax contributions.

Benefits in excess of the limits may be paid through a qualified governmental excess plan that meets the requirements of Section 415(m).

Legal Counsel's review and interpretation of the law and regulations should be sought on any questions in this regard.

EXHIBIT J

Definitions of Pension Terms

The following list defines certain technical terms for the convenience of the reader:

Assumptions or Actuarial Assumptions: The estimates on which the cost of the Plan is calculated including:

(a) Investment return — the rate of investment yield that the Plan will earn over the long-term future;

(b) Mortality rates — the death rates of employees and pensioners; life expectancy is based on these rates;

(c) Retirement rates — the rate or probability of retirement at a given age; and

(d) Turnover rates — the rates at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement.

Normal Cost: The amount of contributions required to fund the cost of benefits allocated to the current year of service.

Actuarial Accrued Liability For Actives: The equivalent of the accumulated normal costs allocated to the years before the valuation date.

Actuarial Accrued Liability For Pensioners: The single sum value of lifetime benefits to existing pensioners. This sum takes account of life expectancies appropriate to the ages of the pensioners and the interest that the sum is expected to earn before it is entirely paid out in benefits.

Unfunded Actuarial Accrued Liability: The extent to which the actuarial accrued liability of the Plan exceeds the assets of the Plan. There is a wide range of approaches to paying off the unfunded actuarial accrued liability, from meeting the interest accrual only to amortizing it over a specific period of time.

Amortization of the Unfunded Actuarial Accrued Liability:	Payments made over a period of years equal in value to the Plan's unfunded actuarial accrued liability.
Investment Return:	The rate of earnings of the Plan from its investments, including interest, dividends and market gain and loss adjustments, computed as a percentage of the average value of the fund. For actuarial purposes, the investment return often reflects a smoothing of the market gains and losses to avoid significant swings in the value of assets from one year to the next.

EXHIBIT I

Summary of Actuarial Valuation Results

The valuation was made with respect to the following data supplied to us:

1.	Retired members as of the valuation date (including 2,411 beneficiaries in pay status)		12,327
2.	Members inactive during year ended June 30, 2009 with vested rights		61
3.	Members active during the year ended June 30, 2009		13,802
	Fully vested	4,468	
	Not vested	9,334	

The actuarial factors as of the valuation date are as follows:

	Assets		
1.	Valuation value of retirement assets ($10,976,368,735 at market value[1] as reported by LAFPP and $15,066,287,394 at actuarial value[1])		$14,256,610,416
2.	Present value of future normal costs		
	Employee	$1,218,790,780	
	Employer	2,591,643,166	
	Total		$3,810,433,946
3.	Unfunded actuarial accrued liability		560,535,275
4.	Present value of current and future assets		$18,627,579,637
	Liabilities		
5.	Present value of future benefits		
	Retired members and beneficiaries	$8,371,203,802	
	Inactive members with vested rights	14,568,363	
	Active members	10,241,807,472	
	Total		$18,627,579,637

[1]*Includes all assets for Retirement and Health Subsidy Benefits.*

EXHIBIT I (continued)

Summary of Actuarial Valuation Results

The determination of the recommended contribution is as follows:

1.	Total normal cost	$360,386,169
2.	Expected employee contributions	-112,286,300
3.	Employer normal cost: (1) + (2)	$248,099,869
4.	Payment on projected unfunded actuarial accrued liability	42,211,072
5.	Total recommended contribution: (3) + (4), payable beginning of year	$290,310,941
6.	Total recommended contribution: adjusted for July 15 payment	$291,243,378
7.	Total recommended contribution: adjusted for biweekly payment	$302,072,388
8.	Projected payroll	$1,357,248,936
9.	Item 5 as a percentage of projected payroll: (5) ÷ (8)	21.39%
10.	Item 6 as a percentage of projected payroll: (6) ÷ (8)	21.46%
11.	Item 7 as a percentage of projected payroll: (7) ÷ (8)	22.26%

EXHIBIT II

Supplementary Information Required by the GASB – Schedule of Employer Contributions

Retirement Benefits

Plan Year Ended June 30	Annual Required Contributions	Actual Contributions	Percentage Contributed
2004	$97,465,612	$97,465,612	100.00%
2005	135,853,688	135,853,688	100.00%
2006	143,945,802	143,945,802	100.00%
2007	224,946,082	224,946,082	100.00%
2008[1]	261,635,491	261,635,491	100.00%
2009	238,697,929	238,697,929	100.00%

[1] *Figures include amounts transferred and contributed during the fiscal year that were related to the transfer of certain Harbor Port Police members from the Los Angeles City Employees' Retirement System.*

EXHIBIT III

Supplementary Information Required by the GASB – Schedule of Funding Progress

Retirement Benefits (Dollar Amounts in Thousands)

Actuarial Valuation Date	Valuation Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded/ (Overfunded) AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b) - (a)] / (c)
06/30/2004	$11,735,696	$11,389,981	$(345,715)	103.0%	$1,001,004	(34.5)%
06/30/2005	11,634,114	12,357,524	723,411	94.1%	1,037,445	69.7%
06/30/2006	12,121,403	12,811,384	689,981	94.6%	1,092,815	63.1%
06/30/2007	13,215,668	13,324,089	108,421	99.2%	1,135,592	9.5%
06/30/2008	14,153,296	14,279,116	125,820	99.1%	1,206,589	10.4%
06/30/2009	14,256,611	14,817,146	560,535	96.2%	1,357,249	41.3%

EXHIBIT IV

Supplementary Information Required by the GASB

Valuation date	June 30, 2009
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	For Tier 1, level dollar amortization is used ending on June 30, 2037. For Tier 2, level percent of payroll amortization is used ending on June 30, 2037 as a percent of TOTAL valuation payroll. Actuarial losses are amortized over the shorter of 15 years or the remaining amortization period ending June 30, 2037. For other Tiers, level percent of payroll with multiple layers. Actuarial gains/losses are amortized over 15 years (21 and 17 years for gains/losses emerging at the June 30, 2007 and June 30, 2008 valuations, respectively). Plan and assumption changes are amortized over 30 years.
Asset valuation method	Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a five-year period. Unrecognized return established after July 1, 2008 is recognized over a seven-year period. The actuarial value of assets is further adjusted, if necessary, to be within 40% of the market value of assets.
Actuarial assumptions:	
Investment rate of return	8.00%
Inflation rate	3.75%
Real across-the-board salary increase	0.50%
Projected salary increases*	Ranges from 4.90% to 10.09% based on age.
Cost of living adjustments	3.75% of Tiers 1 and 2 retirement income and 3.00% of Tiers 3, 4, and 5 retirement income.

Plan membership:	
Retired members and beneficiaries receiving benefits	12,327
Terminated members entitled to, but not yet receiving benefits	61
Active members	13,802
Total	26,190

** See Exhibit V for these increases.*

EXHIBIT V
Actuarial Assumptions and Actuarial Cost Method

The following assumptions were adopted by the Board based on the Actuarial Experience Study as of June 30, 2007 and the Economics Assumptions Study as of June 30, 2006.

Mortality Rates

Healthy: RP-2000 Combined Healthy Mortality Table (separate for males and females) set back two years for members.

RP-2000 Combined Healthy Mortality Table (separate for males and females) for beneficiaries.

Disabled: RP-2000 Combined Healthy Mortality Table (separate for males and females) set forward one year.

Termination Rates Before Retirement:

Pre-Retirement Mortality:

	Rate (%)	
	Mortality	
Age	Male	Female
20	0.03	0.02
25	0.04	0.02
30	0.04	0.02
35	0.06	0.04
40	0.10	0.06
45	0.13	0.09
50	0.19	0.14
55	0.29	0.22
60	0.53	0.39

All pre-retirement deaths are assumed to be service connected.

Termination Rates Before Retirement (continued):

Rate (%)		
Disability*		
Age	Fire	Police
20	0.02	0.01
25	0.02	0.04
30	0.03	0.11
35	0.06	0.17
40	0.15	0.31
45	0.29	0.49
50	0.56	0.58
55	2.08	1.14
60	6.00	1.59

* *90% of disabilities are assumed to be service connected.*

Termination Rates Before Retirement (continued):

	Rate (%) Withdrawal (< 5 Years of Service)	
Service	Fire	Police
0 - 1	8.00	8.00
1 - 2	4.00	4.50
2 – 3	3.00	3.50
3 – 4	2.00	3.50
4 – 5	2.00	3.00

	Rate (%) Withdrawal (5+ Years of Service) *	
Age	Fire	Police
20	2.00	3.00
25	2.00	3.00
30	1.52	2.70
35	0.90	2.20
40	0.55	1.70
45	0.30	1.20
50	0.00	0.00
55	0.00	0.00
60	0.00	0.00

* *No withdrawal is assumed after a member is eligible for retirement.*

Retirement Rates:

	Rate(%)			
	Fire		Police	
Age	Tiers 2&4	Tiers 3&5	Tiers 2&4	Tiers 3&5
41	1.00%	0.00%	6.00%	0.00%
42	1.00	0.00	6.00	0.00
43	1.00	0.00	10.00	0.00
44	1.00	0.00	10.00	0.00
45	1.00	0.00	8.00	0.00
46	1.00	0.00	8.00	0.00
47	1.00	0.00	8.00	0.00
48	2.00	0.00	9.00	0.00
49	2.00	0.00	9.00	0.00
50	2.00	8.00	8.00	15.00
51	2.00	8.00	8.00	15.00
52	4.00	8.00	8.00	15.00
53	4.00	8.00	15.00	15.00
54	4.00	8.00	15.00	15.00
55	6.00	10.00	15.00	15.00
56	10.00	10.00	15.00	15.00
57	10.00	10.00	15.00	18.00
58	10.00	12.00	25.00	20.00
59	10.00	15.00	25.00	25.00
60	20.00	20.00	25.00	25.00
61	20.00	20.00	25.00	25.00
62	20.00	20.00	25.00	25.00
63	25.00	25.00	25.00	25.00
64	30.00	30.00	30.00	30.00
65	100.00	100.00	100.00	100.00

DROP Program: For this valuation, of all members expected to retire with a service retirement benefit, we assume a 90% DROP utilization rate if they also satisfy the requirements for participating in the DROP. Members are assumed to remain in the DROP for 4 years.

Retirement Age and Benefit for Inactive Vested Participants:	For deferred vested members, retirement assumption is age 50.
	We assume that all deferred vested members receive a deferred vested benefit.
Unknown Data for Members:	Same as those exhibited by members with similar known characteristics. If not specified, members are assumed to be male.
Exclusion of Inactive Vesteds:	All inactive participants are included in the valuation.
Definition of Active Members:	First day of biweekly payroll following employment for new department employees or immediately following transfer from other city department.
Percent Married/Domestic Partner:	86%
Age of Spouse:	Wives are 3 years younger than their husbands.
Future Benefit Accruals:	1.0 year of service per year.
Consumer Price Index:	Increase of 3.75% per year; benefit increases due to CPI subject to a 3.0% maximum for Tiers 3 through 5.
Member Contribution and Matching Account Crediting Rate:	5.00%
Net Investment Return:	8.00%, net of investment and administrative expenses

Salary Increases:

Annual Rate of Compensation Increase

Inflation: 3.75% per year; plus 0.50% “across the board” salary increases; plus the following Merit and Longevity increases based on age.

Age	Additional Salary Increase
20	5.84%
25	4.99%
30	3.87%
35	2.75%
40	1.75%
45	1.17%
50	0.87%
55	0.69%
60	0.65%

Actuarial Value of Assets: The market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual and expected returns on a market value basis and is recognized over a five year period. Unrecognized return established after July 1, 2008 is recognized over a seven-year period. The actuarial value of assets is further adjusted, if necessary, to be within 40% of the market value of assets.

Actuarial Cost Method: Entry Age Normal Actuarial Cost Method. Entry Age is the current age minus Service Credit. Actuarial Accrued Liability is calculated on an individual basis and is based on costs allocated as a level percentage of compensation.

Funding Policy:	The City of Los Angeles Fire & Police Pension Plan makes contributions equal to the Normal Cost adjusted by amount to amortize any Surplus or Unfunded Actuarial Accrued Liability. Both the Normal Cost and the Actuarial Accrued Liability are determined under the Entry Age Normal cost method. Any change in Surplus or Unfunded Actuarial Accrued Liability due to actuarial gains or losses are amortized over separate fifteen year periods as a level percentage of payroll. Any change in Surplus or Unfunded Actuarial Accrued Liability from plan amendments or plan assumption changes are amortized over separate thirty year periods as a level percentage of payroll. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are allocated by service. For Tier 1, the Unfunded Actuarial Accrued Liability is amortized using level dollar amortization ending on June 30, 2037. For Tier 2, the Unfunded Actuarial Accrued Liability is amortized using level percent of payroll amortization ending on June 30, 2037 as a percent of total valuation payroll. Under the Board's funding policy, experience loss for Tier 2 would be amortized over the shorter of 15 years or the remaining amortization period ending June 30, 2037.
Changes in Assumptions:	The following are changes in actuarial assumptions since the previous actuarial valuation.
Actuarial Value of Assets:	In the prior valuation, the actuarial value of assets was the market value of assets less unrecognized returns in each of the last five years. Unrecognized return was equal to the difference between the actual and expected returns on a market value basis and was recognized over a five year period. The actuarial value of assets was further adjusted, if necessary, to be within 20% of the market value of assets.

EXHIBIT VI
Summary of Plan Provisions

This exhibit summarizes the major provisions of the City of Los Angeles Fire & Police Pension Plan included in the valuation. It is not intended to be, nor should it be interpreted as, a complete statement of all plan provisions. For Tiers 1 through 4, the section codes are from the Los Angeles Charter. For Tier 5 and the DROP program, the section codes are from the Los Angeles Administrative Code.

Plan Year:	July 1 through June 30
Census Date:	June 30

Service Retirement Benefit:

Tier 1 (§ 1304)

Age & Service Requirement — 20 years of service

Amount

Years of Service	Benefit
20	40% of Normal Pension Base
20 to 25	Additional 2% for each year over 20 and under 25
25	50% of Normal Pension Base
25 to 35	Additional 1 2/3% for each year over 25 and under 35
35+	66 2/3% of Normal Pension Base

Tier 2 (§ 1408)

Age & Service Requirement	20 years of service	
Amount		
	Years of Service	Benefit
	Less than 25	2% of Normal Pension Base per year of service
	25+	55% plus 3% per year over 25 to a maximum of 70% of Normal Pension Base

Tier 3 (§ 1504)

Age & Service Requirement	Age 50 and 10 years of service	
Amount		
	Years of Service	Benefit
	Less than 20	2% of Final Average Salary per year of service
	20+	For each additional year over 20, 3% of Final Average Salary per year over 20 to a maximum of 70% Final Average Salary

Tier 4 (§ 1604)

Age & Service Requirement	20 years of service	
Amount		
	Years of Service	Benefit
	20	40% of Final Average Salary
	20+	For each additional year over 20, 3% of Final Average Salary per year over 20 to a maximum of 70% Final Average Salary

Tier 5 (§ 4.2004)

Age & Service Requirement	Age 50 and 20 years of service	
Amount		
	Years of Service	Benefit
	20	50% of Final Average Salary
	20+	For each additional year over 20, 3% of Final Average Salary per year over 20, except 30^{th} year where 4% is provided, to a maximum of 90% Final Average Salary

Deferred Retirement Option Plan (DROP) (§4.2100 - 4.2109):		
Eligibility	Tier 2:	25 years of service
	Tier 3:	Age 50 and 25 years of service
	Tier 4:	25 years of service
	Tier 5:	Age 50 and 25 years of service
Benefits under DROP	DROP benefits (calculated using age, service, and salary at the commencement date of participation in DROP) will be credited to a DROP account with interest at 5% annually. Members are required to make normal member contributions. DROP benefits receive annual COLA while in DROP (limited to 3% for all Tiers). Members may participate in DROP for up to five years.	
Normal Pension Base:		
Tier 1, 2 (§ 1302, § 1406)	Final monthly salary rate	
Final Average Salary:		
Tier 3, 4, 5 (§1502, §1602, §4.2002)	Monthly average salary actually received during any 12 consecutive months of service	
Cost of Living Benefit:		
Tier 1 (§ 1328)	Based on changes to Los Angeles area consumer price index.	
Tier 2 (§ 1422)	Based on changes to Los Angeles area consumer price index.	
Tier 3 (§ 1516)	Based on changes to Los Angeles area consumer price index to a maximum of 3% per year.	
Tier 4 (§ 1616)	Based on changes to Los Angeles area consumer price index to a maximum of 3% per year.	
Tier 5 (§ 4.2016)	Based on changes to Los Angeles area consumer price index to a maximum of 3% per year, excess banked.	

Death After Retirement:

Tier 1 (§ 1314, § 1316)	
Service Retirement	Pension equal to the same percentage of the Member’s Normal Pension Base to a maximum of 50%.
Service Connected Disability	50% of Member’s Normal Pension Base.
Nonservice Connected Disability	40% of highest monthly salary as of Member’s retirement for basic rank of Police Officer III or Firefighter III, and the highest length of service pay.
Tier 2 (§ 1414)	
Service Retirement	Pension equal to the same percentage of the Member’s Normal Pension Base to a maximum of 55%.
Service Connected Disability	50% of the Member’s Normal Pension Base, or 55% of the Member’s Normal Pension Base if Member had at least 25 years of service at the date of death.
Nonservice Connected Disability	40% of highest monthly salary as of Member’s retirement for basic rank of Police Officer III or Firefighter III, and the highest length of service pay (nonservice connected pension base).
Tier 3, 4 (§ 1508, § 1608)	
Service Retirement	Pension equal to 60% of the pension received by the deceased Member.
Service Connected Disability	If death occurs within three years of the Member’s effective date of pension, then the eligible spouse or designated beneficiary shall receive 75% of the Final Average Salary. Otherwise, a pension equal to 60% of the pension received by the deceased Member immediately preceding the date of death.
Nonservice Connected Disability	Pension equal to 60% of the pension received by the deceased Member immediately preceding the date of death.
Tier 5 (§ 4.2008, § 4.2008.5)	If former Tier 2 member, see Tier 2. Otherwise, see Tier 3.

Death Before Retirement:	
Tier 1 (§ 1314, § 1316)	
Eligible for Service Retirement	
Service Requirement	20 years of service.
Amount	100% of Member's accrued service retirement Member would have received, not to exceed 50% of Normal Pension Base.
Service Connected	
Service Requirement	None.
Amount	50% of Member's Normal Pension Base.
Nonservice Connected	
Service Requirement	5 years of service.
Amount	40% of highest monthly salary as of Member's retirement for basic rank of Police Officer III or Firefighter III, and the highest length of service pay.
Tier 2 (§ 1414)	
Eligible for Service Retirement	
Service Requirement	20 years of service.
Amount	100% of Member's accrued service retirement Member would have received, not to exceed 55% of Normal Pension Base.
Service Connected	
Service Requirement	None.
Amount	50% of the Member's Normal Pension Base, or 55% of the Member's Normal Pension Base if Member had at least 25 years of service at the date of death.

Nonservice Connected	
Service Requirement	5 years of service.
Amount	40% of highest monthly salary as of Member's retirement for basic rank of Police Officer III or Firefighter III, and the highest length of service pay (nonservice connected pension base).
Tier 3, 4 (§ 1508, § 1608)	
Eligible for Service Retirement	
Service Requirement	10 years of service for Tier 3, 20 years of service for Tier 4.
Amount	Higher of 30% of Final Average Salary or, if eligible to retire based on years of service, 80% of the pension the Member would have received not to exceed 40% of Final Average Salary.
Service Connected	
Service Requirement	None.
Amount	75% of the Member's Final Average Salary payable to an eligible spouse or designated beneficiary.
Nonservice Connected	
Service Requirement	5 years of service.
Amount	30% of the Member's Final Average Salary, or 80% of the service pension if the Member was eligible to retire to a maximum of 40% of the Member's Final Average Salary.
Basic Death Benefit	If Member has at least one year of service, in addition to return of contributions, beneficiary receives the Member's one-year average monthly salary times years of completed service (not to exceed 6 years).

Tier 5 (§ 4.2008, § 4.2008.5)	
Eligible for Service Retirement	
Service Requirement	20 years of service.
Amount	For former Tier 2, 100% of Member's accrued service retirement Member would have received, not to exceed 55% of Normal Pension Base. For former Tier 3, 4, or 5, per section 1508(2), if member was eligible to retire based on years of service, 80% of service retirement Member would have been entitled to or 30% of Member's Final Average Salary, not to exceed 40% of Final Average Salary.
Service Connected	
Service Requirement	None.
Amount	75% of the Member's Final Average Salary payable to an eligible spouse or designated beneficiary.
Nonservice Connected	
Service Requirement	5 years of service.
Amount	For former Tier 2, 40% of highest monthly salary as of Member's retirement for basic rank of Police Officer III or Firefighter III, and the highest length of service pay. For former Tier 3, 4, or 5, if member was eligible to retire based on years of service, 80% of service retirement Member would have been entitled to or 30% of Member's Final Average Salary; not to exceed 40% of Final Average Salary.
Basic Death Benefit	If Member has at least one year of service, in addition to return of contributions, beneficiary receives the Member's one-year average monthly salary times years of completed service (not to exceed 6 years).

Disability:

Tier 1 (§ 1310, § 1312)

Service Connected	
Service Requirement	None.
Amount	50% to 90% of Normal Pension Base depending on severity of disability, with a minimum of Member's service pension percentage rate.
Nonservice Connected	
Service Requirement	5 years of service.
Amount	40% of highest monthly salary as of Member's retirement for basic rank of Police Officer III or Firefighter III, and the highest length of service pay.

Tier 2 (§ 1412)

Service Connected	
Service Requirement	None.
Amount	50% to 90% of Normal Pension Base depending on severity of disability, with a minimum of Member's service pension percentage rate.
Nonservice Connected	
Service Requirement	5 years of service.
Amount	40% of highest monthly salary as of Member's retirement for basic rank of Police Officer III or Firefighter III, and the highest length of service pay.

Tier 3, 4, 5 (§ 1506, § 1606, § 4.2006)

Service Connected	
Service Requirement	None.
Amount	30% to 90% of Final Average Salary depending on severity of disability with a minimum of 2% of Final Average Salary per year of service.
Nonservice Connected	
Service Requirement	5 years of service.
Amount	30% to 50% of Final Average Salary depending on severity of disability.

Deferred Withdrawal Retirement Benefit (Vested):

Tier 3 (§ 1504)	
Age & Service Requirement	Age 50 with 10 years of service.
Amount	See Tier 3 Service Retirement.
Tier 5 (§ 4.2004)	
Age & Service Requirement	Age 50 and 20 years of service.
Amount	See Tier 5 Service Retirement. Member is entitled to receive a service pension using Tier 3 retirement formula.

Member Normal Contributions: Members are exempt from making contributions if their continuous service exceeds 30 years for Tiers 1 through 4, and 33 years for Tier 5.

Tier 1 (§ 1324)	Normal contribution rate of 6%.
Tier 2 (§ 1420)	Normal contribution rate of 6% plus half of the cost of the cost of living benefit to a maximum of 1%.
Tier 3 (§ 1514)	Normal contribution rate of 8%.
Tier 4 (§ 1614)	Normal contribution rate of 8%.
Tier 5 (§ 4.2014)	Normal contribution rate of 9% with the City of Los Angeles paying 1% provided that the LAFPP is at least 100% actuarially funded for pension benefits.

Changes in Plan Provisions: There have been no changes in plan provisions, benefit amounts and eligibility requirements since the last valuation.

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City of Los Angeles Fire and Police Pension Plan

Actuarial Valuation and Review of Other Postemployment Benefits (OPEB) as of June 30, 2009
In accordance with GASB Statements No. 43 and No. 45

SEGAL

THE SEGAL COMPANY
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November 9, 2009

Board of Fire and Police Commissioners
City of Los Angeles Fire and Police Pension Plan
360 East Second Street, Suite 400
Los Angeles, CA 90012-4203

Dear Board members:

We are pleased to submit this Actuarial Valuation and Review of Other Postemployment Benefits (OPEB) as of June 30, 2009 under Governmental Accounting Standards Board Statements 43 and 45. The report summarizes the actuarial data used in the valuation, discloses the Net OPEB obligation (NOO) as of June 30, 2009, establishes the Annual Required Contribution (ARC) for the coming year, and analyzes the preceding year's experience. This report was based on the census data provided by the Fire and Police Pension Plan. The actuarial calculations were completed under the supervision of Patrick Twomey and Dave Bergerson.

This actuarial valuation has been completed in accordance with generally accepted actuarial principles and practices. To the best of our knowledge, the information supplied in this actuarial valuation is complete and accurate. Further, in our opinion, the assumptions used in this valution and described in Exhibit II are reasonably related to the experience of and the expectations for the Plan. The actuarial projections are based on these assumptions and the plan of benefits as summarized in Exhibit III.

Sincerely,

THE SEGAL COMPANY

Paul Angelo, FSA, MAAA, FCA, EA
Senior Vice President and Actuary

Andy Yeung, ASA, MAAA, EA
Vice President and Associate Actuary

VP/hy

SECTION 1

EXECUTIVE SUMMARY

SECTION 2

VALUATION RESULTS

SECTION 3

VALUATION DETAILS

SECTION 4

SUPPORTING INFORMATION

PURPOSE

This report presents the results of our actuarial valuation of City of Los Angeles (the "Employer") OPEB plan for Fire and Police members as of June 30, 2009. The results are in accordance with the Governmental Accounting Standards, which prescribe an accrual methodology for accumulating the value of other postemployment benefits (OPEB) over participants' active working lifetimes.

HIGHLIGHTS OF THE VALUATION

- The recommended contribution rate has increased from 8.45% of payroll ($101.9 million) to 8.68% of payroll ($117.9 million), assuming contributions are made by the City on July 15. The increase in the recommended contribution amount is due to both an increase in payroll and an increase in the rate from the 2008/2009 actuarial experience.
- The employer contribution rates provided in this report have been developed, assuming that they will be made by the City either (1) throughout the year (i.e. the City will pay contributions at the end of every pay period) or (2) on July 15.
- The funded ratio has decreased from 41.8% to 39.7% in this valuation. The unfunded actuarial accrued liability (UAAL) has increased from $1,069 million to $1,229 million. A reconciliation of the change in the UAAL is provided on page 6, Section 2.
- The City of Los Angeles Fire and Police Pension Plan is required to comply with GASB 43 effective with fiscal year 2006/2007. The City is required to include the GASB 45 results in its financial statements effective with fiscal year 2007/2008.
- The annual required contribution (ARC), if made on July 15, for fiscal year 2010/2011 is 8.68% of payroll. Once the actual contributions for 2009/2010 are known, the disclosure information in Chart 5 can be completed.
- The discount rate for this valuation is 8.00%, and is based on the assumption that in the long term the City is paying a contribution that equals the ARC and 100% of benefits will be paid from the trust.
- The funding method used to develop the (ARC) is Entry Age Normal, with the normal cost developed as a level percent of payroll. The contribution to amortize the UAAL is developed as a level percent of payroll.
- Contributions will generally increase with payroll growth. Other factors such as gains or losses, or changes in trend assumptions will also change the ARC for future years.
- The adjustment to include prior service transferred from LACERS as reported in the June 30, 2009 valuation by the Pension Plan for twenty active members of the Harbor Port Police increased obligations by about $679,000.
- Two years ago, the Board adopted a policy of amortizing the entire UAAL as of June 30, 2006 over a fixed period of 30 years beginning June 30, 2006. In this report, the entire June 30, 2009 UAAL is amortized over the 27 years remaining in the 2006 amortization schedule. The Board has requested Segal to perform a review of its funding policy, including a review of the amortization period for experience gains and losses, changes in per capita cost and changes in the healthcare trend rate.

- As adopted by the Board, any investment gains/losses incurred on or after July 1, 2008 relative to the assumed return (currently 8% per year) would be recognized over a period of 7 years in developing the actuarial value of assets. In addition, the actuarial value of assets is further adjusted, if necessary, so that it will stay within 40% of the market value of assets.

- In prior valuations, the total normal cost contribution rate was calculated by spreading the dollar amount of the cost allocated to the year of the valuation over the aggregate actual payroll earned by all members for the plan year ending on the June 30 valuation date, as reported by LAFPP. In this valuation, the normal cost rates have been calculated using the projected payroll for the plan year following the date of the valuation, consistent with the payroll on which contributions will be made while we would expect this to produce a decrease in the normal cost rate, increases in subsidy rates plus adjustments to future trend rates kept the normal cost constant as a percent of payroll.

- As indicated in Section 3, Exhibit 7 of this report, the total unrecognized investment loss as of June 30, 2009 is $4,089.9 million for the assets for Retirement and Health Subsidy Benefits. The investment loss will be recognized in the determination of the actuarial value of assets in the next few years. This implies that earning the assumed rate of investment return of 8.00% per year (net of expense) on a market value basis will result in investment losses on the actuarial value of assets in the next few years. Therefore, if the actual market return is equal to the assumed 8.00% rate and all other actuarial assumptions are met, the contribution requirements would increase in each of the next few years.

- The deferred losses of $4,089.9 million represent 37% of the market value of assets as of June 30, 2009. Unless offset by future investment gains, or other favorable experience, the recognition of the $4,089.9 million market losses is expected to have a significant impact on the Pension Plan's future funded percentage and contribution rate requirements. This potential impact may be illustrated as follows:
  - If the deferred losses were recognized immediately in the valuation value of assets, the funded percentage would decrease from 39.72% to 29.26%.
  - If the deferred losses were recognized immediately in the valuation value of assets, the aggregate employer rate (payable at the end of each pay period) would increase from 9.00% to 9.92% of payroll.

The key valuation results for the current and prior years are shown.

SUMMARY OF VALUATION RESULTS

	June 30, 2009	June 30, 2008
Actuarial Accrued Liability (AAL)	$2,038,658,698	$1,836,840,337
Actuarial Value of Assets	809,676,978	767,647,562
Unfunded Actuarial Accrued Liability	1,228,981,720	1,069,192,775
Funded Ratio	39.72%	41.79%
Market Value of Assets	$596,582,321	N/A
Annual Required Contribution (ARC) for coming year		
Normal cost (beginning of year)	$47,396,298	$41,847,725
Amortization of the unfunded actuarial accrued liability	70,101,145	59,764,238
Adjustment for timing (payable throughout the year)	4,699,898	4,064,479
Total Annual Required Contribution (payable throughout the year)	$122,197,341	$105,676,442
ARC as a percentage of pay	9.00%	8.76%
Covered payroll	$1,357,248,936	$1,206,589,277
Total Annual Required Contribution (payable July 15)	117,889,101	101,950,670
ARC as a percentage of pay (payable July 15)	8.68%	8.45%
Total Participants	25,559	25,103
Annual OPEB Cost (AOC) for Coming Year		
Annual Required Contributions	$126,897,238	$105,967,196
Interest on Net OPEB Obligations	2,631,536	1,708,647
ARC Adjustments	-1,924,395	-1,222,906
Total Annual OPEB Cost	$127,604,379	$106,452,937

November 9, 2009

ACTUARIAL CERTIFICATION

This is to certify that The Segal Company has conducted an actuarial valuation of certain benefit obligations of City of Los Angeles Fire and Police Pension Plan's other postemployment benefit programs as of June 30, 2009, in accordance with generally accepted actuarial principles and practices. The actuarial calculations presented in this report have been made on a basis consistent with our understanding of GASB Statements 43 and 45 for the determination of the liability for postemployment benefits other than pensions.

The actuarial valuation is based on the plan of benefits verified by the Pension Plan and on participant, premium, claims and expense data provided by the Pension Plan.

The actuarial computations made are for purposes of fulfilling plan accounting and funding requirements. Determinations for purposes other than meeting financial accounting and funding requirements may be significantly different from the results reported here. Accordingly, additional determinations may be needed for other purposes, such as judging benefit security at termination of the plan, or determining short-term cash flow requirements.

To the best of our knowledge, this report is complete and accurate and in our opinion presents the information necessary to comply with GASB Statements 43 and 45 with respect to the benefit obligations addressed. The signing actuaries are Members of the Society of Actuaries, the American Academy of Actuaries, and other professional actuarial organizations and collectively meet their "General Qualification Standards for Statements of Actuarial Opinions" to render the actuarial opinion contained herein.

Dave Bergerson

Dave Bergerson, FCA, ASA, MAAA, EA
Vice President & Actuary

Patrick Twomey

Patrick Twomey, ASA, MAAA, EA
Assistant Actuary

The actuarial present value of total projected benefits uses the actuarial assumptions disclosed in Section 4 to calculate the value today of all benefits expected to be paid to current actives and retired plan members. The actuarial balance sheet shows the expected breakdown of how these benefits will be financed.

CHART 1

Actuarial Present Value of Total Projected Benefits (APB) and Actuarial Balance Sheet

	Actuarial Present Value of Total Projected Benefits (APB)	
	2009	**2008**
Participant Category		
Current retirees, beneficiaries, and dependents	$1,189,757,437	$1,114,590,122
Current active members	1,362,243,109	1,173,919,258
Total as of June 30	$2,552,000,546	$2,288,509,380

	2009	**2008**
Actuarial Balance Sheet		
The actuarial balance sheet as of the valuation date is as follows:		
Assets		
1. Actuarial value of assets	$809,676,978	$767,647,562
2. Present value of future normal costs	513,341,848	451,669,043
3. Unfunded actuarial accrued liability	1,228,981,720	1,069,192,775
4. Present value of current and future assets	2,552,000,546	2,288,509,379
Liabilities		
5. Actuarial present value of total projected benefits	$2,552,000,546	$2,288,509,379

The actuarial accrued liability shows that portion of the APB (Chart 1) allocated to periods prior to the valuation date by the actuarial cost method. The chart below shows the portion of the liability for active and inactive members, and reconciles the unfunded actuarial accrued liability from last year to this year.

CHART 2

Actuarial Accrued Liability (AAL) and Unfunded AAL (UAAL)

	June 30, 2009	June 30, 2008
Participant Category		
Current retirees, beneficiaries, and dependents	$1,189,757,437	$1,114,590,122
Current active members	848,901,261	722,250,215
Total Actuarial Accrued Liability	$2,038,658,698	$1,836,840,337
Unfunded Actuarial Accrued Liability		
Net actuarial accrued liability	$2,038,658,698	$1,836,840,337
Actuarial value of assets	809,676,978	767,647,562
Unfunded actuarial accrued liability	$1,228,981,720	$1,069,192,775
Development of Unfunded Actuarial Accrued Liability for the Year Ended June 30, 2009		
1. Unfunded actuarial accrued liability at beginning of year		$1,069,192,775
2. Employer normal cost at beginning of year		41,847,725
3. Total employer contributions at beginning of year		88,178,910
4. Interest		82,129,653
5. Expected unfunded actuarial accrued liability		$1,104,991,243
6. Change due to the combined effect of experience gains and updated assumptions and methods		123,990,477
7. Unfunded actuarial accrued liability at end of year		$1,228,981,720

The unfunded actuarial accrued liability may be amortized over periods of up to 30 years. Amortization payments may be calculated as level dollar amounts or as amounts designed to remain level as a percent of a growing payroll base. City of Los Angeles Fire and Police Pension Plan has elected to amortize the unfunded actuarial accrued liability using the following rules: Tier 1 is 30-year closed, level dollar as of June 30, 2006, Tiers 2 through 5 are 30-year closed, level percent of pay as of June 30, 2006.

CHART 3

Table of Amortization Bases

Type	Date Established	Initial Year	Initial Amount	Current Balance	Years Remaining	Annual Payment
Tier 1*	06/30/2006	30	$24,466,082	$24,785,534	27	$2,098,694
Tier 2**	06/30/2006	30	653,100,516	706,969,913	27	39,923,467
Tier 3**	06/30/2006	30	48,141,902	57,539,554	27	3,249,330
Tier 4**	06/30/2006	30	28,161,779	39,205,497	27	2,213,983
Tier 5 - Non-Harbor**	06/30/2006	30	263,534,994	399,261,633	27	22,546,799
Tier 5 – Harbor	06/30/2007	29	512,651	1,219,589	27	68,872
Total				$1,228,981,720		$70,101,145

* *Restarted June 30, 2006 with a 30 year, level dollar schedule.*

** *Restarted June 30, 2006 with a 30 year, level percent of pay schedule.*

The Annual Required Contribution (ARC) is the amount calculated to determine the annual cost of the OPEB plan for accounting purposes on an accrual basis. The calculation consists of adding the Normal Cost of the plan to an amortization payment. Both are determined as of the start of the accounting period and adjusted as if the annual cost were to be contributed throughout the fiscal year or on July 15th.

The amortization payment is based on a 27-year amortization of the Unfunded Actuarial Accrued Liability on a level percent of pay basis, except that Tier 1 is based on a level dollar basis.

CHART 4

Determination of Annual Required Contribution (ARC)

	Cost Element	Determined as of June 30: 2009 Amount	2009 Percentage of Compensation	2008 Amount	2008 Percentage of Compensation
1.	Normal cost	$47,396,298	3.49%	$41,847,725	3.47%
2.	Amortization of the unfunded actuarial accrued liability (27 years)	70,101,145	5.16%	59,764,238	4.95%
3.	Adjustment for timing (payable throughout year)	4,699,898	0.35%	4,064,479	0.34%
4.	Total Annual Required Contribution (payable throughout the year)	$122,197,341	9.00%	$105,676,442	8.76%
5.	Total Compensation	$1,357,248,936		$1,206,589,277	
6.	Adjustment for timing (payable July 15)	391,658	0.03%	338,707	0.03%
7.	Total Annual Required Contribution (payable July 15)	117,889,101	8.68%	101,950,670	8.45%

The Annual OPEB Cost (AOC) adjusts the ARC for any past differences between the ARC and contributions in relation to the ARC as tracked in the Net OPEB Obligation (NOO). The AOC is the cost of OPEB actually booked as an expense for the Fiscal Year under GASB 45.

CHART 4 (continued)

Determination of Annual OPEB Cost (AOC)

	Determined as of June 30	
Cost Element	**2009**	**2008**
	Amount	**Amount**
1. Annual Required Contribution (end of year)	$126,897,238	$105,967,196
2. Interest on Beginning of Year Net OPEB Obligation (NOO)	2,631,536	1,708,647
3. ARC adjustment	-1,924,395	-1,222,906
4. Annual OPEB Cost	$127,604,379	$106,452,937

For GASB 43 (plan reporting) purposes, the schedule of employer contributions compares actual contributions to the ARC. For GASB 45 (employer reporting) purposes, the schedule of employer contributions compares actual contributions to the AOC.

CHART 5

Required Supplementary Information – Schedule of Employer Contributions

GASB 43

Fiscal Year Ended June 30	Annual Required Contributions	Actual Contributions	Percentage Contributed
2004	$38,737,255[1]	$38,737,255[1]	100.00%
2005	31,541,933[1]	31,541,933[1]	100.00
2006	31,413,281[1]	31,413,201[1]	100.00
2007	55,162,681[1]	55,162,681[1]	100.00
2008	98,033,338[1]	78,257,328[1]	79.83
2009	98,444,833[2]	88,178,910[2]	89.57

Required Supplementary Information – Schedule of Employer Contributions

GASB 45

Fiscal Year Ended June 30	Annual OPEB Cost	Actual Contributions[3]	Percentage Contributed
2004	$38,737,255[1]	$38,737,255[1]	100.00%
2005	31,541,933[1]	31,541,933[1]	100.00
2006	31,413,281[1]	31,413,201[1]	100.00
2007	55,162,681[1]	55,162,681[1]	100.00
2008	105,876,005	84,517,914	79.83
2009	106,452,937	94,916,833	89.16

[1] *Shown at beginning of year. For years 2007 and prior, it appears that the ARC developed by the Plan's prior actuary may not have been determined in compliance with GASB 43/45 due to the maximum amortization period and/or the medical trend rate employed.*
[2] *Shown with interest to July 15.*
[3] *Shown with interest to end of year.*

This schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

CHART 6

Required Supplementary Information – Schedule of Funding Progress (in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b) - (a) / (c)]
06/30/2004	$605,999	$1,009,062	$403,064	60.06%	$1,001,004	40.27%
06/30/2005	597,199	1,257,505	660,306	47.49%	1,037,445	63.65%
06/30/2006	613,782	1,631,187	1,017,405	37.63%	1,092,814	93.10%
06/30/2007	687,096	1,656,653	969,557	41.47%	1,135,592	85.38%
06/30/2008	767,647	1,836,840	1,069,193	41.79%	1,206,589	88.61%
06/30/2009	809,677	2,038,659	1,228,982	39.72%	1,357,249	90.55%

Note: All numbers prior to June 30, 2006 provided by the prior actuary.

The Net OPEB obligation measures the accumulated differences between the annual OPEB cost and the actual contributions in relation to the ARC.

CHART 7

Required Supplementary Information – Net OPEB Obligation (NOO)

Fiscal Year Beginning	Annual Required Contribution (a)	Interest on Existing NOO (b)	ARC Adjustment (c)	Annual OPEB Cost (a) + (b) + (c) (d)	Actual Contribution Amount[3] (e)	Net Increase in NOO (d) - (e) (f)	NOO as of End of Fiscal Year (g)
07/01/2006	$55,162,681[1]	$0	$0	$55,162,681	$55,162,681	$0	$0
07/01/2007	105,876,005[2][3]	0	0	105,876,005	84,517,914	21,358,091	21,358,091
07/01/2008	105,967,196[4][3]	1,708,647	-1,222,906	106,452,937	94,916,833	11,536,103	32,894,194

(1) *Payable at the beginning of the year. For years 2007 and prior it appears that the ARC may not have been determined in compliance with GASB 43 and 45 due to the maximum amortization period and/or the medical trend rate employed. All results for 2007 and prior years were provided by the Plan based on valuations by the prior actuary.*

(2) *Based on the beginning of year contribution rate of 8.15% of compensation calculated in the June 30, 2006 valuation before the phase-in. The ARC dollar amount has been approximated by applying the ratio of the contribution before the phase-in to the contribution after the phase-in as determined in the June 30, 2006 valuation to the actual contributions made during 2007/2008.*

(3) *With interest to end of year.*

(4) *Based on the beginning of year contribution rate of 7.89% of compensation calculated in the June 30, 2007 valuation before the phase-in. The ARC dollar amount has been approximated by applying the ratio of the contribution before the phase-in to the contribution after the phase-in made during 2008/2009 as determined in the June 30, 2007 valuation to the actual contributions.*

This exhibit summarizes the participant data used for the current and prior valuations.

EXHIBIT A

Summary of Participant Data

	June 30, 2009	June 30, 2008
Retirees		
Number of non-disabled	7,609	7,438
Number of disabled	1,890	1,903
Total number of retirees	9,499	9,341
Average age of retirees	68.4	68.1
Number of spouses/domestic partners	6,079	5,901
Average age of spouses/domestic partners	64.5	64.5
Surviving spouses/domestic partners		
Number	2,258	2,267
Average age	77.7	77.3
Active Participants		
Number	13,802	13,495
Average age	40.1	40.3
Average years of service	13.2	13.4

EXHIBIT B
Allocation of ARC by Tier

Cost Element	Determined as of June 30, 2009					
	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5 (Without HPP)	Tier 5 (HPP)
1 Normal cost	$0	$583,404	$3,645,548	$1,513,917	$41,268,026	$385,403
2 Amortization of the unfunded actuarial accrued liability over 27 years	$2,098,694	$39,923,467	$3,249,330	$2,213,983	$22,546,799	$68,872
3 Total annual required contribution, beginning of year	$2,098,694	$40,506,871	$6,894,878	$3,727,900	$63,814,825	$454,275
4 Percent of compensation	N/A	2.98%	6.93%	8.07%	5.40%	4.65%
5 Adjustment for timing (payable throughout the year)	$83,948	$1,620,275	$275,795	$149,116	$2,552,593	$18,171
6 Total annual required contribution	$2,182,642	$42,127,146	$7,170,673	$3,877,016	$66,367,418	$472,446
7 Percent of compensation	N/A	3.10%	7.20%	8.39%	5.62%	4.84%
8 Payroll	N/A	$1,357,248,936	$99,548,367	$46,215,489	$1,181,379,305	$9,763,050
9. Total annual required contribution (payable July 15)	$2,105,690	$40,641,894	$6,917,861	$3,740,326	$64,027,542	$455,788
10 Percent of compensation	N/A	2.99%	6.95%	8.09%	5.42%	4.67%

Tier 2 normal cost rate based on total payroll.

EXHIBIT C

Summary Statement of Income and Expenses on an Actuarial Value Basis for All Retirement and Health Subsidy Benefits Assets

	Year Ended June 30, 2009		Year Ended June 30, 2008	
Contribution income:				
Employer contributions	$326,876,839		$339,892,819	
Employee contributions	103,685,447		98,074,219	
Net contribution income		$430,562,286		$437,967,038
Investment income:				
Interest, dividends and other income	$325,640,062		$427,413,537	
Recognition of capital appreciation	299,128,674		1,058,101,014	
Less investment and administrative fees	-67,421,953		-71,123,423	
Net investment income		557,346,783		1,414,391,128
Total income available for benefits		$987,909,069		$1,852,196,605
Less benefit payments		-$842,565,358		-$827,959,245
Change in reserve for future benefits		$145,343,711		$1,024,237,360

EXHIBIT D

Summary Statement of Assets for Retirement and Health Subsidy Benefits

	Year Ended June 30, 2009		Year Ended June 30, 2008	
Cash equivalents		$1,274,686		$686,712
Accounts receivable:				
Accrued interest and dividends	$43,657,544		$47,147,517	
Contributions	7,279,113		6,526,522	
Due from brokers	155,504,291		275,114,543	
Total accounts receivable		206,440,948		328,788,582
Investments:				
Equities	$7,199,002,334		$9,778,349,884	
Fixed income investments	3,070,686,821		3,881,442,261	
Real estate	1,003,947,049		1,288,669,862	
Securities lending collateral	273,474,449		2,532,999,733	
Total investments at market value		11,547,110,653		17,481,461,740
Total assets		$11,754,826,287		$17,810,937,034
Less accounts payable:				
Accounts payable and benefits in process	-$22,294,858		-$47,413,823	
Due to brokers	-193,625,426		-569,750,784	
Mortgage payable	-289,062,819		-303,637,970	
Securities lending collateral	-273,474,449		-2,532,999,733	
Total accounts payable		-$778,457,552		-$3,453,802,310
Net assets at market value		$10,976,368,735		$14,357,134,724
Net assets at actuarial value		$15,066,287,394		$14,920,943,683
Net assets at valuation value (health benefits)		$809,676,978		$767,647,562

EXHIBIT E

Development of the Fund Through June 30, 2009 for All Retirement and Health Subsidy Benefits Assets

Year Ended June 30	Employer Contributions	Employee Contributions	Net Investment Return[1]	Benefit Payments	Actuarial Value of Assets at End of Year
2004	$136,202,866	$76,608,611	$411,364,871	$565,770,657	$12,341,695,084
2005	167,364,751	75,652,949	251,274,616	604,674,609	12,231,312,791
2006	175,359,083	79,402,694	901,268,460	652,157,960	12,735,185,068
2007	286,167,278[2]	91,263,474	1,590,968,304	800,819,286	13,902,764,838
2008	333,672,743	98,074,219	1,414,391,128	827,959,245	14,920,943,683
2009	326,876,839	103,685,447	557,346,783	842,565,358	15,066,287,394

(1) *Net of investment fees and administrative expenses*

(2) *Includes $6,220,076 (discounted to $6,058,515) of Harbor Port Police assets transferred in October, 2007.*

It is desirable to have level and predictable plan costs from one year to the next. For this reason, the Board of Commissioners has approved an asset valuation method that gradually adjusts to market value. Under this valuation method, the full value of market fluctuations is not recognized in a single year and, as a result, the asset value and the plan costs are more stable.

The amount of the adjustment to recognize market value is treated as income, which may be positive or negative.

Realized and unrealized gains and losses are treated equally and, therefore, the sale of assets has no immediate effect on the actuarial value.

As adopted by the Board, any investment gains/losses established after July 1, 2008 will be recognized over a seven-year period and the actuarial value of assets will be further adjusted, if necessary, to be within 40% of the market value.

The chart shows the determination of the actuarial value of assets as of the valuation date.

EXHIBIT F

Development of the Actuarial Value of Assets for All Retirement and Health Subsidy Benefits

	Original Amount	Percent Not Recognized	Amount Not Recognized	
1. Market value of assets				$10,976,368,735
2. Calculation of unrecognized return[1]				
(a) Year ended June 30, 2009	-$4,113,928,646	86%	-$3,526,224,554	
(b) Year ended June 30, 2008	-2,015,976,509	60%	-1,209,585,906	
(c) Year ended June 30, 2007	1,375,798,329	40%	550,319,332	
(d) Year ended June 30, 2006	477,862,344	20%	95,572,469	
(e) Total unrecognized return				-4,089,918,659
3. Preliminary actuarial value: (1) - (2e)				15,066,287,394
4. Adjustment to be within 40% corridor				0
5. Final actuarial value of assets: (3) + (4)				$15,066,287,394
6. Actuarial value as a percentage of market value: (5) ÷ (1)				137.3%
7. Valuation value of health assets				$809,676,978

[1] *Total return minus expected return on a market value basis*

EXHIBIT G

Actuarial Experience for Year Ended June 30, 2009

1	Net losses from investment return	$34,013,935
2	Net losses from demographic changes and premium changes*	21,105,631
3	Net experience losses: (1) + (2)	$55,119,566

**The net loss is attributed to actual liability experience from July 1, 2008 through June 30, 2009 compared to the actuarial assumptions as of June 30, 2008.*

EXHIBIT I

Summary of Required Supplementary Information

Valuation date	June 30, 2009	
Actuarial cost method	Entry age normal, level percent of pay	
Amortization method	30 years closed, level percent of pay (with the exception of Tier 1 that is amortized as a level dollar amount)	
Remaining amortization period	27 years as of June 30, 2009	
Asset valuation method	Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a five-year period. Unrecognized return established after July 1, 2008 is recognized over a seven-year period. The actuarial value of assets is further adjusted, if necessary, to be within 40% of the market value of assets.	
Actuarial assumptions:		
Investment rate of return	8.00%	
Inflation rate	3.75%	
Across-the-board pay increase	0.50%	
Projected payroll increases	4.25%	
Health care cost trend rate (to calculate following year's premium)		
• Medical	9.00% in 2009-2010, decreasing by 0.5% for each year for eight years until it reaches an ultimate rate of 5%.	
• Dental	5.00%	
• Medicare Part B Premium	The 2010-2011 fiscal year premium is assumed to be 2.5% greater than the 2009-2010 fiscal year premium, based on actual 2010 calendar year premium. The 2011-2012 and all subsequent fiscal year premiums are assumed to be 5% greater than the prior year premiums.	
• Medical Subsidy Trend	Lesser of 7.00% or medical premium trend.	
Plan membership:	June 30, 2009[(1)]	June 30, 2008[(1)]
Current retirees, beneficiaries, and dependents	11,757	11,608
Current active participants	13,802	13,495
Total	25,559	25,103

[(1)] *Includes all eligible retirees and surviving spouse or domestic partners whether or not they are receiving a subsidy.*

EXHIBIT II

Actuarial Assumptions and Actuarial Cost Method

The following assumptions were adopted by the Board based on the actuarial experience study as of June 30, 2007 and the Economic Assumptions Study of June 30, 2006.

Data: Detailed census data and financial data for postemployment benefits were provided by the City of Los Angeles Fire and Police Pension Plan.

Actuarial Cost Method Entry age normal, level percent of pay.

Administrative Expenses No administrative expenses were valued separately from the claim costs.

Spouse Age Difference Husbands are assumed to be 4 years older than wives.

Participation

Service Range (Years)	Assumption for Future Retirees Under 65	Assumption for Future Retirees Over 65
10-14	45%	80%
15-19	60	85
20-24	70	90
25 and over	95	95

Medicare Coverage 100% of future retirees are assumed to elect Medicare Parts A & B.

Dental Coverage 70% of future retirees are assumed to elect dental coverage.

Spousal Coverage Of future retirees receiving a medical subsidy 80% are assumed to elect coverage for married and surviving spouses or domestic partners. For those retired on valuation date, spousal coverage is based on census data.

Implicit Subsidy No implicit subsidy exists since retiree medical premiums are underwritten separately from active premiums.

EXHIBIT II

Actuarial Assumptions and Actuarial Cost Method (continued)

Per Capita Cost Development:

The per capita cost assumptions were based on premium, subsidy, and census data provided by the Los Angeles Fire and Police Pension Plan and are summarized in the tables below:

2009 – 2010 Fiscal Year		Under Age 65								
		Single Party			Married/With Domestic Partner			Eligible Survivor		
Carrier	Assumed Election Percent	Monthly Premium	Maximum Subsidy	Subsidy	Monthly Premium	Maximum Subsidy	Subsidy	Monthly Premium	Maximum Subsidy	Subsidy
Fire Medical	15	$818.13	$958.52	$818.13	$1,061.72	$958.52	$958.52	$413.04	$560.78	$413.04
Blue Cross PPO	55	$795.58	$958.52	$795.58	$1,369.57	$958.52	$958.52	$795.58	$560.78	$560.78
California Care	15	$396.56	$958.52	$396.56	$828.40	$958.52	$828.40	$396.56	$560.78	$396.56
Fire Kaiser	0	$474.22	$958.52	$474.22	$938.44	$958.52	$938.44	$474.22	$560.78	$474.22
Police Kaiser	15	$382.64	$958.52	$382.64	$756.51	$958.52	$756.51	$382.64	$560.78	$382.64

For the valuation of current retirees, subsidies valued are based on actual subsidies provided in the data reported by the Pension Plan.

EXHIBIT II

Actuarial Assumptions and Actuarial Cost Method (continued)

Per Capita Cost Development:

2009-2010 Fiscal Year		Age 65 and Over								
		Single Party			Married / with Domestic Partner			Eligible Survivor		
CARRIER	Assumed Election Percent	Monthly Premium	Maximum Subsidy	Subsidy	Monthly Premium	Maximum Subsidy	Subsidy	Monthly Premium	Maximum Subsidy	Subsidy
Fire Medical	30	$408.19	$434.44	$408.19	$667.36	$667.36	$667.36	$353.53	$434.44	$353.53
Blue Cross PPO	50	$404.63	$434.44	$404.63	$738.43	$738.43	$738.43	$404.63	$434.44	$404.63
California Care	5	$362.04	$434.44	$362.04	$713.17	$713.17	$713.17	$362.04	$434.44	$362.04
Fire Kaiser	5	$345.63	$434.44	$345.63	$681.26	$681.26	$681.26	$345.63	$434.44	$345.63
Police Kaiser	10	$221.95	$434.44	$221.95	$438.87	$438.87	$438.87	$221.95	$434.44	$221.95

For the valuation of current retirees, subsidies valued are based on actual subsidies provided in the data reported by the Pension Plan.

EXHIBIT II

Actuarial Assumptions and Actuarial Cost Method (continued)

The following assumptions were adopted by the Board based on the Actuarial Experience Study as of June 30, 2007 and the Economics Assumptions Study as of June 30, 2006.

Mortality Rates

Healthy: RP-2000 Combined Healthy Mortality Table (separate for males and females) set back two years for members.

RP-2000 Combined Healthy Mortality Table (separate for males and females) for beneficiaries.

Disabled: RP-2000 Combined Healthy Mortality Table (separate for males and females) set forward one year.

Termination Rates Before Retirement:

	Rate (%)	
	Mortality	
Age	Male	Female
20	0.03	0.02
25	0.04	0.02
30	0.04	0.02
35	0.06	0.04
40	0.10	0.06
45	0.13	0.09
50	0.19	0.14
55	0.29	0.22
60	0.53	0.39

All pre-retirement deaths are assumed to be service connected.

EXHIBIT II

Actuarial Assumptions and Actuarial Cost Method (continued)

Termination Rates Before Retirement (continued):

	Rate (%)	
	Disability*	
Age	Fire	Police
20	0.02	0.01
25	0.02	0.04
30	0.03	0.11
35	0.06	0.17
40	0.15	0.31
45	0.29	0.49
50	0.56	0.58
55	2.08	1.14
60	6.00	1.59

**90% of disabilities are assumed to be service-connected.*

EXHIBIT II

Actuarial Assumptions and Actuarial Cost Method (continued)

Termination Rates Before Retirement (continued):

	Rate (%) Withdrawal (< 5 Years of Service)	
Service	**Fire**	**Police**
0 - 1	8.00	8.00
1 - 2	4.00	4.50
2 – 3	3.00	3.50
3 – 4	2.00	3.50
4 – 5	2.00	3.00

	Rate (%) Withdrawal (5+ Years of Service) *	
Age	**Fire**	**Police**
20	2.00	3.00
25	2.00	3.00
30	1.52	2.70
35	0.90	2.20
40	0.55	1.70
45	0.30	1.20
50	0.00	0.00
55	0.00	0.00
60	0.00	0.00

**No withdrawal is assumed after a member is eligible for retirement.*

EXHIBIT II

Actuarial Assumptions and Actuarial Cost Method (continued)

Retirement Rates:

Rate(%)

	Fire		Police	
Age	Tiers 2&4	Tiers 3&5	Tiers 2&4	Tiers 3&5
41	1.00%	0.00%	6.00%	0.00%
42	1.00	0.00	6.00	0.00
43	1.00	0.00	10.00	0.00
44	1.00	0.00	10.00	0.00
45	1.00	0.00	8.00	0.00
46	1.00	0.00	8.00	0.00
47	1.00	0.00	8.00	0.00
48	2.00	0.00	9.00	0.00
49	2.00	0.00	9.00	0.00
50	2.00	8.00	8.00	15.00
51	2.00	8.00	8.00	15.00
52	4.00	8.00	8.00	15.00
53	4.00	8.00	15.00	15.00
54	4.00	8.00	15.00	15.00
55	6.00	10.00	15.00	15.00
56	10.00	10.00	15.00	15.00
57	10.00	10.00	15.00	18.00
58	10.00	12.00	25.00	20.00
59	10.00	15.00	25.00	25.00
60	20.00	20.00	25.00	25.00
61	20.00	20.00	25.00	25.00
62	20.00	20.00	25.00	25.00
63	25.00	25.00	25.00	25.00
64	30.00	30.00	30.00	30.00
65	100.00	100.00	100.00	100.00

EXHIBIT II

Actuarial Assumptions and Actuarial Cost Method (continued)

Future Benefit Accruals: 1.0 year of service per year.

Consumer Price Index: Increase of 3.75% per year.

Net Investment Return: 8.00%, net of investment and administrative expenses

Salary Increases:

Annual Rate of Compensation Increase

Inflation: 3.75% per year; plus 0.50% "across the board" salary increases; plus the following Merit and Longevity increases based on age.

Age	Additional Salary Increase
20	5.84%
25	4.99
30	3.87
35	2.75
40	1.75
45	1.17
50	0.87
55	0.69
60	0.65

EXHIBIT II

Actuarial Assumptions and Actuarial Cost Method (continued)

Measurement Date:	June 30, 2009
Unknown Data for Members:	Same as those exhibited by members with similar known characteristics. If not specified, members are assumed to be male.
Definition of Active Members:	First day of biweekly payroll following employment for new department employees or immediately following transfer from other city department.
Actuarial Value of Assets:	The market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual and expected returns on a market value basis and is recognized over a five year period. Unrecognized return established after July 1, 2008 is recognized over a seven-year period. The actuarial value of assets is further adjusted, if necessary, to be within 40% of the market value of assets.
Actuarial Cost Method:	Entry Age Normal Actuarial Cost Method. Entry Age is the current age minus Vesting Credit. Actuarial Accrued Liability is calculated on an individual basis and is based on costs allocated as a level percentage of compensation.
Funding Policy:	The City of Los Angeles Fire & Police Pension Plan makes contributions equal to the Normal Cost adjusted by amounts to amortize any Surplus or Unfunded Actuarial Accrued Liability (UAAL). Both the Normal Cost and the Actuarial Accrued Liability are determined under the Entry Age Normal cost method. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis. All the amortization bases on or before June 30, 2006 were combined and amortized over 30 years effective June 30, 2006. This valuation continues that amortization schedule by amortizing the entire June 30, 2009 UAAL over a 27 year period.

EXHIBIT II

Actuarial Assumptions and Actuarial Cost Method (continued)

Health Care Premium Cost Trend Rates:

Trends to be applied in following fiscal years, to all health plans.

Trend is to be applied to premium for shown fiscal year to calculate next fiscal year's projected premium.

First Fiscal Year (July 1, 2009 through June 30, 2010).

The fiscal year trend rates are the following:

Fiscal Year	Trend (applied to calculate following year premium)
2009-2010	9.00%
2010-2011	8.50
2011-2012	8.00
2012-2013	7.50
2013-2014	7.00
2014-2015	6.50
2015-2016	6.00
2017-2018	5.50
2018 and later	5.00

Medical Subsidy Trend: Lesser of 7.00% or medical premium trend

Dental Premium Trend: 5.00% for all years.

Medicare Part B Premium Trend: The 2010-2011 fiscal year premium is assumed to be 2.5% greater than the 2009-2010 fiscal year premium, based on actual 2010 calendar year premium. The 2011-2012 and all subsequent fiscal year premiums are assumed to be 5% greater than the prior year premiums.

EXHIBIT II

Actuarial Assumptions and Actuarial Cost Method (continued)

Plan Design:	Development of plan liabilities was based on the substantive plan of benefits in effect as described in Exhibit III.
Administrative Expenses:	No administrative expenses were valued separately from the claim costs.
Changes in Assumptions:	Future health care trend rates were updated. Premiums and maximum subsidies were updated. Spouse coverage assumption was changed from 70% to 80%. Spouse age difference assumption was changed as follows: Husbands are 4 years older than their wives (previously 3 years). The participation assumption for medical coverage was changed to a new structure that is based on age and service. The health subsidy is assumed to increase at 7% or the medical trend rate, whichever is less.

EXHIBIT III

Summary of Plan

This exhibit summarizes the major benefit provisions as included in the valuation. To the best of our knowledge, the summary represents the substantive plans as of the measurement date. It is not intended to be, nor should it be interpreted as, a complete statement of all benefit provisions.

SUBSIDY FOR MEMBERS NOT ELIGIBLE FOR MEDICARE A & B

Eligibility	Retired Members who retired with 10 or more years of service. Benefits commence no earlier than age 55. Members who retired prior to July 1, 1998 are subject to an eligibility requirement of age 60 with 10 or more years of service. Subsidy is paid only to Members on service or disability retirements. Surviving spouses and surviving domestic partners are eligible for health benefits upon the Member's date of death if the Member had attained age 55 prior to death. Otherwise, health benefits for survivors shall commence on the date that the Member would have reached age 55. Basic subsidy is paid until age 65, or after age 65 if Member is not covered by Medicare Parts A and B.
Amount of Subsidy	4% per year of service, to a maximum of 100%, times Maximum Subsidy, subject to a maximum of the actual premium paid to City approved health carrier.
Maximum Subsidy	As of July 1, 2009, maximum is $958.52 per month. For surviving spouse or domestic partner, the maximum subsidy is $560.78 per month.
Increase in Subsidy	Based on subsidy increases to active Fire and Police Members, subject to Board approval.
Dependent Portion	Difference between Basic Subsidy maximum amount and single-party premium.

EXHIBIT III

Summary of Plan (continued)

SUBSIDY FOR MEMBERS ELIGIBLE FOR MEDICARE A & B

Eligibility: Retired Members over age 65 with 10 or more years of service who participate in Medicare Parts A & B.

Amount of Subsidy to Participant: For retirees, health subsidy is provided subject to the following vesting schedule:

Completed Years of Service	Vested Percentage
10-14	75%
15-19	90%
20+	100%

Surviving spouses or surviving domestic partners are eligible for benefits upon the death of the Member.

Maximum Subsidy: As of July 1, 2009, the single coverage maximum subsidy for retirees and surviving spouse or domestic partner is $434.44. The multi-person coverage maximum subsidy is $738.43.

Dependent Portion: Calculation based on Board of Fire and Police Pension Commissioners Resolution No. 9320: equal to the amount payable on behalf of the dependents of a retired member in the same plan, with the same years of service, who qualifies for an under 65 or Part B only subsidy, whichever is greater, providing such subsidy does not exceed the civilian retiree dependent subsidy.

SPECIAL SUBSIDY

Eligibility: Various, based on effective date of retirement, rank at retirement, years of service and type of pension.

Amount of Subsidy: Flat Amount Based on Years of Service

20-24 years	$75 - $150 per month
25-29 years	$150 - $225 per month
30 and over	$225 - $300 per month

EXHIBIT III

Summary of Plan (continued)

Medicare Part B -Related Subsidy

Medicare Part B Premium Reimbursement	For retired Members enrolled in Medicare A & B who are receiving a subsidy, the Plan provides payment of Part B premiums ($96.40 per month for calendar year 2009 and $96.40/$110.50* for calendar year 2010, depending on method of payment).
Dental Subsidy	
Eligibility	Retired Members who retired with 10 or more years of service. Benefits commence no earlier than age 55. Subsidy is paid only to Members on service or disability retirements. Surviving spouses/domestic partners are not eligible for benefits upon the death of the Member.
Amount of Subsidy	4% per year of service, to a maximum of 100%, times Maximum Subsidy, subject to a maximum of the single-party premium paid to City approved dental carrier.
Maximum Subsidy	Lesser of monthly amount paid to active Fire and Police Members and retired CERS Members. Effective July 1, 2009, maximum is $36.16 per month
Retiree Contributions:	To the extent the subsidies are less than the medical or dental premiums, the retiree contributes the cost difference.

* *It is assumed in this valuation that $96.40 will be paid in 2010*

EXHIBIT IV
Definitions of Terms

The following list defines certain technical terms for the convenience of the reader:

Assumptions or Actuarial Assumptions: The estimates on which the cost of the Plan is calculated including:

(a) Investment return — the rate of investment yield that the Plan will earn over the long-term future;

(b) Mortality rates — the death rates of employees and pensioners; life expectancy is based on these rates;

(c) Retirement rates — the rate or probability of retirement at a given age; and

(d) Turnover rates — the rates at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement.

Actuarial Present Value of Total Projected Benefits (APB): Present value of all future benefit payments for current retirees and active employees taking into account assumptions about demographics, turnover, mortality, disability, retirement, health care trends, and other actuarial assumptions.

Normal Cost: The amount of contributions required to fund the benefit allocated to the current year of service.

Actuarial Accrued Liability For Actives: The equivalent of the accumulated normal costs allocated to the years before the valuation date.

Actuarial Accrued Liability For Retirees: The single sum value of lifetime benefits to existing retirees. This sum takes account of life expectancies appropriate to the ages of the retirees and of the interest which the sum is expected to earn before it is entirely paid out in benefits.

Actuarial Value of Assets (AVA):	The value of assets used by the actuary in the valution. These may be at market value or some other method used to smooth variations in market value from one valuation to the next.
Funded Ratio:	The ratio AVA/AAL.
Unfunded Actuarial Accrued Liability (UAAL):	The extent to which the actuarial accrued liability of the Plan exceeds the assets of the Plan. There is a wide range of approaches to paying off the unfunded actuarial accrued liability, from meeting the interest accrual only to amortizing it over a specific period of time.
Amortization of the Unfunded Actuarial Accrued Liability:	Payments made over a period of years equal in value to the Plan's unfunded actuarial accrued liability.
Investment Return (discount rate):	The rate of earnings of the Plan from its investments, including interest, dividends and capital gain and loss adjustments, computed as a percentage of the average value of the fund. For actuarial purposes, the investment return often reflects a smoothing of the capital gains and losses to avoid significant swings in the value of assets from one year to the next. If the plan is funded on a pay-as-you-go basis, the discount rate is tied to the expected rate of return on day-to-day employer funds.
Covered Payroll:	Annual reported salaries for all active participants on the valuation date.
ARC as a Percentage of Covered Payroll:	The ratio of the annual required contribution to covered payroll.
Health Care Cost Trend Rates:	The annual rate of increase in net claims costs per individual benefiting from the Plan.
Annual Required Contribution (ARC):	The ARC is equal to the sum of the normal cost and the amortization of the unfunded actuarial accrued liability.

Net OPEB Obligation (NOO): The NOO is the cumulative difference between the ARC and actual contributions made. If the plan is not pre-funded, the actual contribution would be equal to the annual benefit payments less retiree contributions. There are additional adjustments in the NOO calculations to adjust for timing differences between cash and accrual accounting, and to prevent double counting of OPEB plan costs.

EXHIBIT V

Accounting Requirements

The Governmental Accounting Standards Board (GASB) issued Statement Number 43 -- *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and Statement Number 45 – *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.* Under these statements, all state and local government entities that provide other post employment benefits (OPEB) are required to report the cost of these benefits on their financial statements. The accounting standards supplement cash accounting, under which the expense for postemployment benefits is equal to benefit and administrative costs paid on behalf of retirees and their dependents (*i.e.*, a pay-as-you-go basis).

The statements cover postemployment benefits of health, prescription drug, dental, vision and life insurance coverage for retirees; long-term care coverage, life insurance and death benefits that are *not* offered as part of a pension plan; and long-term disability insurance for employees. The benefits valued in this report are limited to those described in Exhibit III of Section 4, which are based on those provided under the terms of the substantive plan in effect at the time of the valuation and on the pattern of sharing costs between the employer and plan members. The projection of benefits is not limited by legal or contractual limits on funding the plan unless those limits clearly translate into benefit limits on the substantive plan being valued.

The new standards introduce an accrual-basis accounting requirement, thereby recognizing the employer cost of postemployment benefits over an employee's career. The standards also introduce a consistent accounting requirement for both pension and non-pension benefits.

The total cost of providing postemployment benefits is projected, taking into account assumptions about demographics, turnover, mortality, disability, retirement, health care trends, and other actuarial assumptions. These assumptions are summarized in Exhibit II of Section 4. This amount is then discounted to determine the actuarial present value of the total projected benefits (APB). The actuarial accrued liability (AAL) is the portion of the present value of the total projected benefits allocated to years of employment prior to the measurement date. The unfunded actuarial accrued liability (UAAL) is the difference between the AAL and actuarial value of assets in the Plan.

Once the UAAL is determined, the Annual Required Contribution (ARC) is determined as the normal cost (the APB allocated to the current year of service) and the amortization of the UAAL. This ARC is compared to actual contributions made and any difference is reported as the Net OPEB Obligation (NOO). In addition, Required Supplementary Information (RSI) must be reported, including historical information about the UAAL and the progress in funding the Plan. Exhibit IV of Section 4 contains a definition of terms as well as more information about GASB 43/45 concepts.

The calculation of an accounting obligation does not, in and of itself, imply that there is any legal liability to provide the benefits valued, nor is there any implication that the Employer is required to implement a funding policy to satisfy the projected expense.

Actuarial calculations reflect a long-term perspective, and the methods and assumptions use techniques designed to reduce short term volatility in accrued liabilities and the actuarial value of assets, if any.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and the actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

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