Los Angeles Fire and Police Pension Plan

Actuarial Valuation and Review of Pension and Other Postemployment Benefits (OPEB) as of June 30, 2007

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November 9, 2007

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, 2007 Actuarial Valuations

Dear Board Members:

Enclosed please find the June 30, 2007 actuarial valuations for the retirement and the health programs.

As requested by the System, 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

TXB/bqb
Enclosure

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Exhibit A

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

		June 30, 2007	June 30, 2006	Percent Change
I.	**Total Membership**			
	A. Current Active Members	13,218	12,903	2.44%
	B. Current Retirees, Beneficiaries, and Dependents	11,974	11,815	1.35%
II.	**Valuation Salary**			
	A. Total Annual Payroll	$1,135,591,951	$1,092,814,844	3.91%
	B. Average Monthly Salary	7,159	7,058	1.43%
III.	**Benefits to Current Retirees and Beneficiaries***			
	A. Total Annual Benefits	$616,766,136	$577,804,152	6.74%
	B. Average Monthly Benefit Amount	4,292	4,075	5.33%
IV.	**Total System Assets****			
	A. Actuarial Value	$13,902,764,838	$12,735,185,068	9.17%
	B. Market Value	15,529,850,010	13,503,160,876	15.01%
V.	**Unfunded Actuarial Accrued Liability (UAAL)**			
	A. Retirement Benefits	$108,421,170	$689,980,835	-84.29%
	B. Health Subsidy Benefits	969,556,769	1,017,405,273	-4.70%

* *Includes July COLA.*

** *Includes assets for Retirement and Health Benefits. The June 30, 2007 assets include $6,058,515 of discounted Harbor Port Police assets transferred in October 2007*

Exhibit A (continued)

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

		FY 2008-2009		FY 2007-2008		Change	
VI.	**Budget Items**	Beginning of Year	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	18.65%	19.41%	17.87%	18.58%	0.78%	0.83%
	2. Amortization of UAAL	0.54%	0.56%	3.39%	3.54%	-2.85%	-2.98%
	3. Total Retirement Contribution	19.19%	19.97%	21.26%	22.12%	-2.07%	-2.15%
	B. Health Subsidy Contribution*						
	1. Normal Cost as a Percent of Pay	3.21%	3.34%	3.20%	3.33%	0.01%	0.01%
	2. Amortization of UAAL	4.68%	4.86%	4.95%	5.15%	-0.27%	-0.29%
	3. Total Retirement Contribution	7.89%	8.20%	8.15%	8.48%	-0.26%	-0.28%
	C. Total Contribution (A+B)	27.08%	28.17%	29.41%	30.60%	-2.33%	-2.43%

		June 30, 2007	June 30, 2006	Change
VII	**Funded Ratio**			
	(Based on Valuation Value of Assets)*			
	A. Retirement Benefits	99.2%	94.6%	4.60%
	B. Healthy Subsidy Benefits	41.5%	37.6%	3.90%
	C. Total	92.8%	88.2%	4.60%

* *Before reflecting phase-in policy.*

** *Includes assets for Retirement and Health Benefits. The June 30, 2007 assets include $6,058,515 of discounted Harbor Port Police assets transferred in October 2007*

Exhibit B

City of Los Angeles Fire and Police Pension Plan
Computed Contribution Rates* – Historical Comparison

Valuation Date	Retirement	Health	Total	Valuation Payroll (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%**	30.65%	1,092,815
06/30/2007	19.97%	8.20%**	28.17%***	1,135,592

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

*** Before reflecting phase-in policy.*

**** Contribution rate payable on July 15, 2008 is 27.17% for 2007.*

City of Los Angeles Fire and Police Pension Plan

Actuarial Valuation and Review
as of June 30, 2007

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November 8, 2007

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, 2007. It summarizes the actuarial data used in the valuation, establishes the funding requirements for fiscal 2008/2009 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 Theodore J. Shively, 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*

HEM/hy

SECTION 1

VALUATION SUMMARY

Purpose i

Significant Issues in Valuation Year i

Summary of Key Valuation Results iii

Actuarial Certification iv

SECTION 2

VALUATION RESULTS

A. Member Data 1

B. Financial Information 4

C. Actuarial Experience 7

D. Recommended Contribution 12

E. Information Required by the GASB 18

SECTION 3

SUPPLEMENTAL INFORMATION

EXHIBIT A
Table of Plan Coverage 19

EXHIBIT B
Members in Active Service as of June 30, 2007 26

EXHIBIT C
Reconciliation of Member Data....... 33

EXHIBIT D
Summary Statement of Income and Expenses on an Actuarial Value Basis for All Retirement and Health Subsidy Benefits Assets 34

EXHIBIT E
Table of Financial Information for Retirement and Health Subsidy Benefits 35

EXHIBIT F
Development of the Fund Through June 30, 2007 for All Retirement and Health Subsidy Benefits Assets....... 36

EXHIBIT G
Development of Unfunded Actuarial Accrued Liability for Year Ended June 30, 2007 37

EXHIBIT H
Table of Amortization Bases 38

EXHIBIT I
Section 415 Limitations................... 42

EXHIBIT J
Definitions of Pension Terms 43

SECTION 4

REPORTING INFORMATION

EXHIBIT I
Summary of Actuarial Valuation Results 45

EXHIBIT II
Supplementary Information Required by the GASB – Schedule of Employer Contributions 47

EXHIBIT III
Supplementary Information Required by the GASB – Schedule of Funding Progress (Dollar Amounts in Thousands) 48

EXHIBIT IV
Supplementary Information Required by the GASB 49

EXHIBIT V
Actuarial Assumptions and Actuarial Cost Method 50

EXHIBIT VI
Summary of Plan Provisions............62

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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, 2007. 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, 2007, provided by LAFPP;
- The assets of the Plan as of June 30, 2007, provided by LAFPP;
- Economic assumptions regarding future salary increases and investment earnings;
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc.; and
- The discounted value of assets transferred from the Los Angeles City Employees' Retirement System (LACERS) in October, 2007 for certain Harbor Port Police Officers.

Significant Issues in Valuation Year

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

- The ratio of the valuation value of assets to actuarial accrued liabilities increased from 94.6% to 99.2% (also 99.2% for the funded ratio excluding the Harbor Port Police). The unfunded actuarial accrued liability has decreased from $690 million to $108 million. A complete reconciliation of the System's unfunded actuarial accrued liability is provided in Section 3, Exhibit G.
- Under the Board's funding policy, the 2006-2007 experience gain for Tiers 3, 4 and 5 would be amortized over a 15 year period. When combined with the amortization amounts from prior years, that would produce a net amortization amount which is less than the minimum required by GASB for calculating the "Annual Required Contribution" (ARC). In order for the employer contribution rate to meet the GASB ARC requirements, we recommend that the 2006-2007 experience gain for Tiers 3, 4 and 5 be amortized over 21 years instead of 15 years. We have incorporated that recommendation into the results in this report.

- The aggregate beginning-of-year employer rate calculated in this valuation has decreased from 21.18% of payroll to 19.19% of payroll. The decrease was due to: (i) changes in actuarial assumptions, (ii) higher than expected return on the valuation value of assets, and (iii) other actuarial experience.
- As indicated in Section 2, Subsection B of this report, the total unrecognized investment gain as of June 30, 2007 is $1,627,085,172 for the assets for Retirement and Health Subsidy Benefits. This investment gain 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 gains 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 decrease in each of the next few years.
- 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 (i.e., the City will prepay its contributions) or (2) throughout the year (i.e., the City will pay contributions at the end of every pay period). This year, at the request of LAFPP, we have also calculated the rate assuming payment on July 15, 2008. Those results are shown in footnotes throughout the report.
- The actuarial valuation report as of June 30, 2007 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.
- A separate rate group has been created for the Harbor Port Police Officers that transferred from LACERS in accordance with the provisions of Ordinance No. 177214. Assets were transferred from LACERS in October, 2007 and the estimated June 30, 2007 value of those assets (discounted at 8% per year for 4 months) was accrued as a receivable to the June 30, 2007 LAFPP assets. The contribution rate is based on a 30 year amortization of the initial unfunded liability. This produces the lowest contribution rate that would satisfy the GASB requirements.

Summary of Key Valuation Results

	2007	2006
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[2]	19.19%	21.26%[1]
At the end of each biweekly pay period	19.97%	22.12%[1]
Funding elements for plan year beginning July 1:		
Normal cost	$307,487,283	$296,935,649[1]
Market value of assets[3] [4]	15,529,850,010	13,503,160,876
Actuarial value of assets[3] [4]	13,902,764,838	12,735,185,068
Valuation value of retirement assets	13,215,668,458	12,121,402,902
Actuarial accrued liability	13,324,089,628	12,811,383,737
Unfunded actuarial accrued liability	108,421,170	689,980,835
Funded ratio	99.2%[5]	94.6%
GASB 25/27 for fiscal year ending June 30:		
Annual required contributions	$224,946,082	$143,945,802
Actual contributions	$224,946,082	$143,945,802
Percentage contributed	100.0%	100.0%
Demographic data for plan year beginning July 1:		
Number of retired members and beneficiaries	11,974	11,815
Number of vested former members	85	59
Number of active members	13,218	12,903
Projected total payroll	$1,135,591,951	$1,092,814,844
Projected average payroll	85,913	84,695

[1] *Revised to reflect non-Harbor Port Police payroll as of June 30, 2007.*
[2] *Rate for payment on July 15, 2008 is 19.25% for 2007 (24.88% for Harbor Port Police only and 19.23% for Tiers 1-5 excluding Harbor Port Police).*
[3] *Includes all assets for Retirement and Health Subsidy Benefits.*
[4] *Includes $6,058,515 of discounted Harbor Port Police assets transferred in October, 2007.*
[5] *99.2% excluding Harbor Port Police.*

Actuarial Certification

November 8, 2007

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, 2007, 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, 2006. 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 System'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.

Theodore J. Shively, ASA, MAAA, EA
Vice President and 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 four valuations can be seen in this chart.

CHART 1

Member Population: 2004 – 2007

Year Ended June 30	Active Members[1]	Vested Terminated Members	Retired Members and Beneficiaries	Ratio of Non-Actives to Actives
2004	12,649	0	11,782	0.93
2005	12,656	0	11,746	0.93
2006	12,903	59	11,815	0.92
2007	13,218	85	11,974	0.91

[1] *Includes 928, 1,178, 1,206 and 1,226 DROP members for years ended June 30, 2004, 2005, 2006 and 2007, respectively.*

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 13,218 active members with an average age of 40.5, average years of service of 13.7 years and average payroll of $85,913. The 12,903 active members in the prior valuation had an average age of 40.8, average service of 14.1 years and average payroll of $84,695.

Inactive Members
In this year's valuation, there were a total of 85 members with a vested right to a deferred or immediate vested benefit versus 59 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, 2007

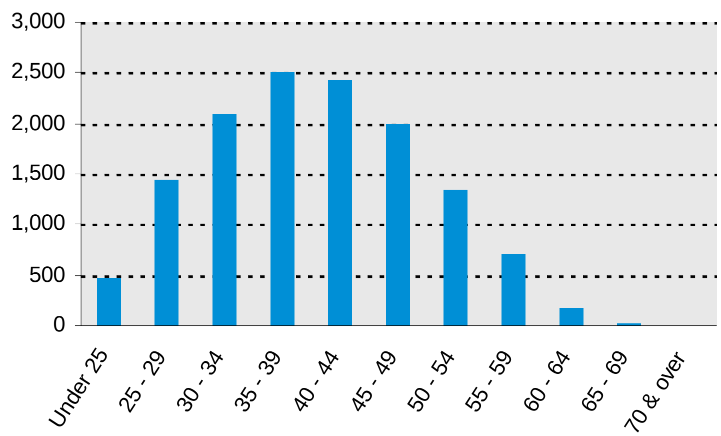
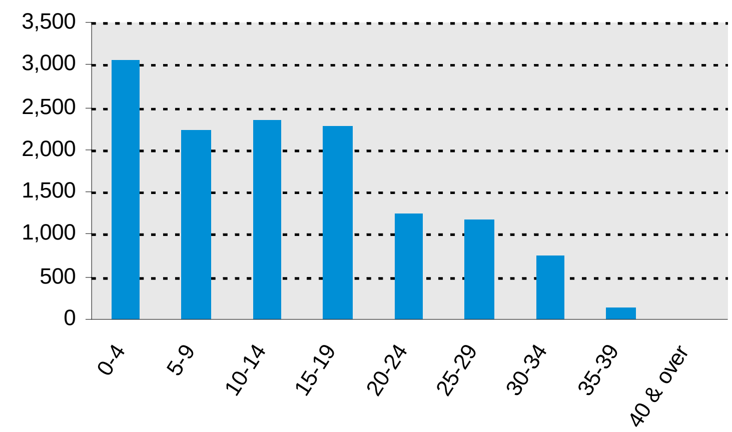


CHART 3

Distribution of Active Members (Including DROP) by Years of Service as of June 30, 2007



Retired Members and Beneficiaries

As of June 30, 2007, 9,604 retired members and 2,370 beneficiaries were receiving total monthly benefits of $51,397,178. For comparison, in the previous valuation, there were 9,424 retired members and 2,391 beneficiaries receiving monthly benefits of $48,150,346.

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, 2007

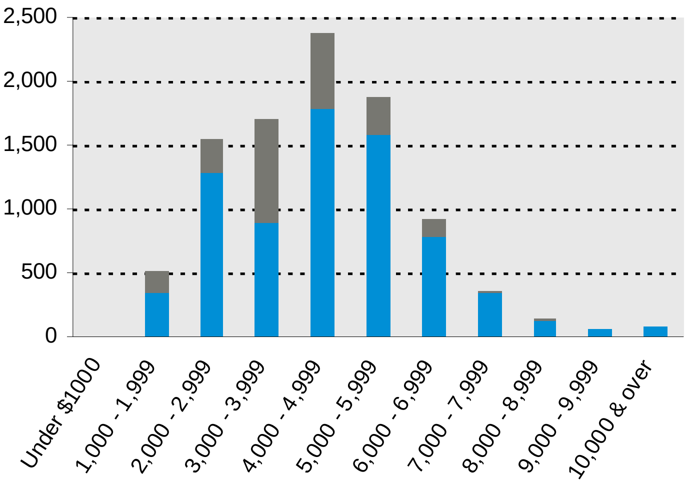
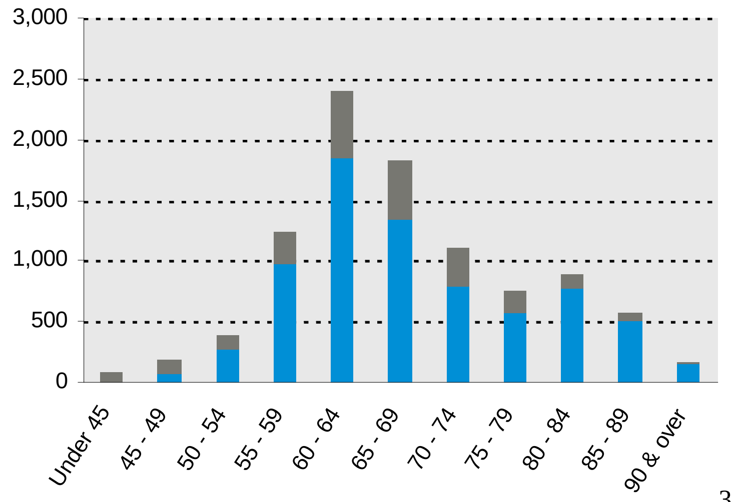


CHART 5

Distribution of Retired Members and by Type and by Age as of June 30, 2007



Disability
Service

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B. FINANCIAL INFORMATION

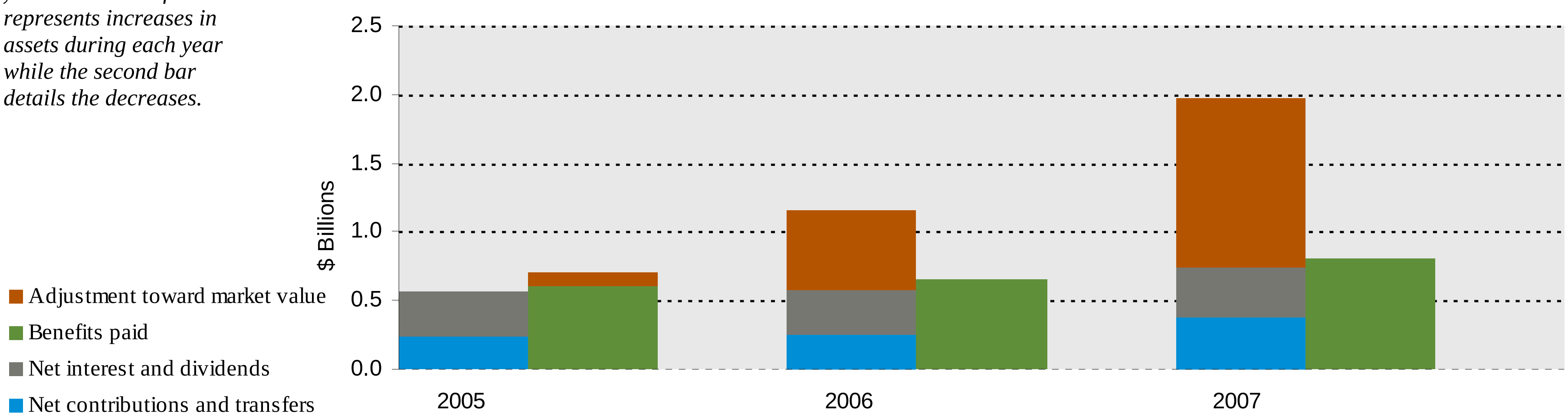
Retirement plan funding anticipates that, over the long term, both net contributions and net investment earnings (less investment fees and administrative expenses) will be needed to cover benefit payments.

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 three 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 – 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.

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, 2007

		Original Amount	Percent Not Recognized	Amount Not Recognized	
1.	Market value of assets*				$15,529,850,010
2.	Calculation of unrecognized return**				
	(a) Year ended June 30, 2007	$1,375,798,329	80%	$1,100,638,663	
	(b) Year ended June 30, 2006	477,862,344	60%	286,717,406	
	(c) Year ended June 30, 2005	161,741,566	40%	64,696,626	
	(d) Year ended June 30, 2004	875,162,380	20%	175,032,476	
	(e) Total unrecognized return				1,627,085,172
3.	Preliminary actuarial value: (1) - (2e)				13,902,764,838
4.	Adjustment to be within 20% corridor				0
5.	Final actuarial value of assets: (3) + (4)				$13,902,764,838
6.	Actuarial value as a percentage of market value: (5) ÷ (1)				89.5%
7.	Valuation value of retirement assets				$13,215,668,458

* *Includes $6,058,515 of discounted Harbor Port Police assets transferred in October, 2007.*

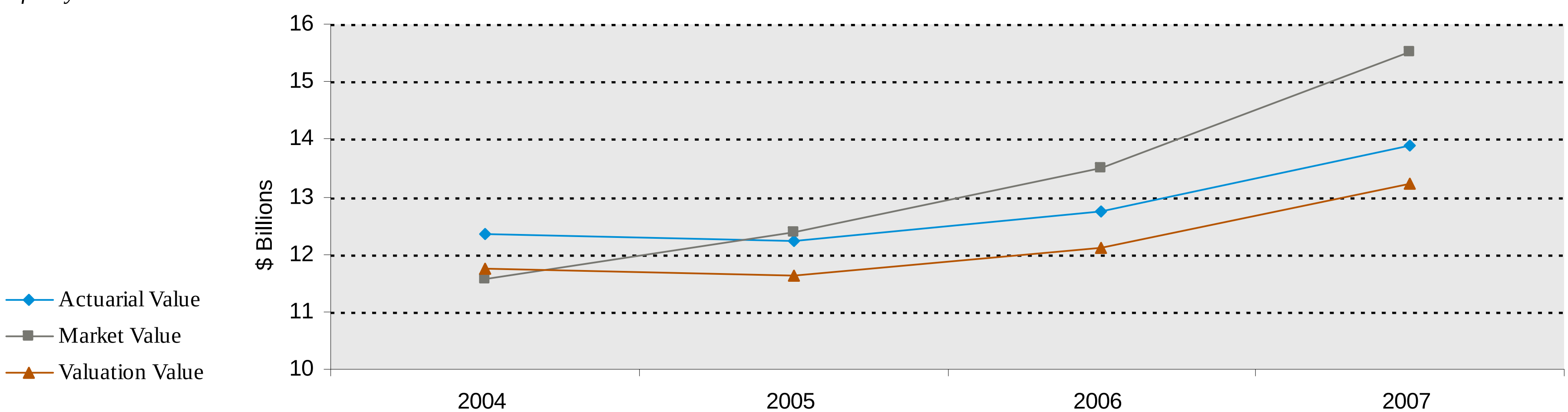
** *Total return minus expected return on a market value basis*

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 a prorated share of market value, 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 four years.

CHART 8

Actuarial Value of Assets vs. Market Value of Assets as of June 30, 2004 – 2007



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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 gain of $566,488,876 was due mainly to an investment gain of $549,575,456. The net experience variation from all sources was 4.23% 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, 2007

1.	Net gain/(loss) from investments[1]	$549,575,456
2.	Net gain/(loss) from other experience[2]	30,711,418
3.	Net loss from contributions less than anticipated due to one-year lag for new rate	-13,797,998
4.	Net experience gain/(loss): (1) + (2) + (3)	$566,488,876

[1] *Details in Chart 10.*

[2] *Details in Chart 13. The net gain is attributed to actual liability experience from June 30, 2006 through June 30, 2007, compared to the projected experience predicted by the actuarial assumptions as of June 30, 2006.*

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, 2006 valuation). The actual rate of return on the valuation value of assets basis for the 2007 plan year was 12.57%.

Since the actual return for the year was higher than the assumed return, LAFPP experienced an actuarial gain during the year ended June 30, 2007 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, 2007

	All Assets[1]	Assets for Retirement Only
1. Actual return	$1,590,968,304	$1,511,389,783
2. Average value of assets	12,660,515,925	12,022,679,089
3. Actual rate of return: (1) ÷ (2)	12.57%	12.57%
4. Assumed rate of return	8.00%	8.00%
5. Expected return: (2) x (4)	$1,012,841,274	$961,814,327
6. Actuarial gain/(loss): (1) – (5)	$578,127,030	$549,575,456

[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, 2007 valuation, we have maintained the investment return assumption at 8.00%.

CHART 11

Investment Return – Actuarial Value vs. Market Value: 2005 - 2007

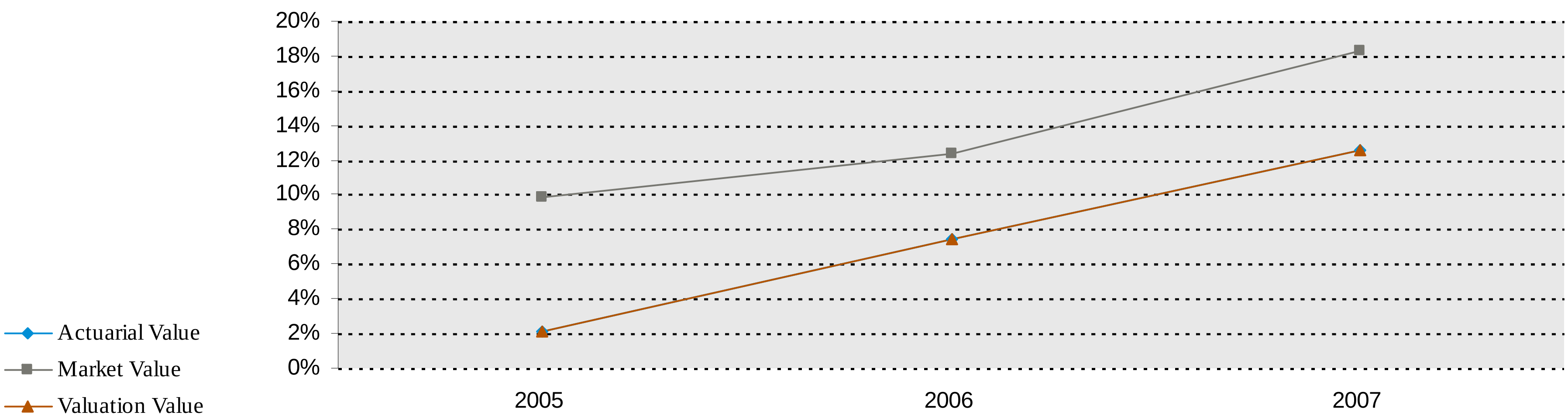
Year Ended June 30	Actuarial Value Investment Return		Market Value Investment Return	
	Amount	Percent	Amount	Percent
2005	$259,388,778	2.12%	$1,131,871,641	9.83%
2006	901,268,460	7.44%	1,520,383,435	12.40%
2007	1,590,968,304	12.57%	2,450,077,668	18.25%

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 - 2007 .

CHART 12

Market, Actuarial, and Valuation Rates of Return for Years Ended June 30, 2005 - 2007



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, 2007 amounted to $30,711,418, which is 0.2% of the actuarial accrued liability.

A brief summary of the demographic gain/(loss) experience of the LAFPP for the year ended June 30, 2007 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, 2007

1.	Gain due to lower than expected salary increases for continuing actives	$111,881,426
2.	Miscellaneous losses	-81,170,008
3.	Net gain/(loss)	$30,711,418

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 19.19% of payroll at beginning of year.

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

CHART 14

Recommended Contribution

	Year Beginning July 1			
	2007		2006	
	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	199,146,299		206,485,139	
5. Valuation value of assets	-29,145,150		-22,213,724	
6. Unfunded actuarial accrued liability	228,291,449		228,698,863	
7. Amortization of unfunded accrued liability	18,776,429	N/A	18,657,440	N/A
8. Total recommended contribution, beginning of year[3]	18,776,429	N/A	18,657,440	N/A
9. Total recommended contribution, biweekly	19,537,124	N/A	19,413,314	N/A
10. Projected payroll used for developing normal cost rate	N/A		N/A	
Tier 2 Members				
1. Total normal cost	$6,161,504	25.92%	$5,873,994	24.71%
2. Expected employee contributions	-952,896	-4.01%	-1,212,358	-5.10%
3. Employer normal cost: (1) + (2)	5,208,608	21.91%	4,661,636	19.61%
4. Actuarial accrued liability	6,188,348,000		6,171,837,838	
5. Valuation value of assets	6,609,642,656		6,298,169,078	
6. Unfunded actuarial accrued liability	-421,294,656		-126,331,240	
7. Amortization of unfunded accrued liability	-22,380,864	-1.97%[2]	-6,813,552	-0.60%[2]
8. Total recommended contribution, beginning of year[4]	-17,172,256	N/A	-2,151,916	N/A
9. Total recommended contribution, biweekly	-17,867,960	N/A	-2,239,097	N/A
10. Projected payroll used for developing normal cost rate	23,771,730		N/A	

(1) *For Tiers 2 through 5, amounts are revised to reflect payroll as of June 30, 2007.*
(2) *Percent of TOTAL payroll.*
(3) *Contributions payable on July 15, 2008 are $18,836,736 for 2007.*
(4) *Contributions payable on July 15, 2008 are -$17,227,411 for 2007.*

CHART 14

Recommended Contribution (Continued)

	Year Beginning July 1			
	2007		2006	
	Amount	% of Payroll	Amount[1]	% of Payroll
Tier 3 Members				
1. Total normal cost	$22,726,435	25.19%	$22,417,708	24.84%
2. Expected employee contributions	-7,206,388	-7.99%	-7,210,849	-7.99%
3. Employer normal cost: (1) + (2)	15,520,047	17.20%	15,206,859	16.85%
4. Actuarial accrued liability	573,570,400		529,567,755	
5. Valuation value of assets	472,136,099		408,470,793	
6. Unfunded actuarial accrued liability	101,434,301		121,096,962	
7. Amortization of unfunded accrued liability	3,254,040	3.61%	3,131,620	3.47%
8. Total recommended contribution, beginning of year[2]	18,774,087	20.80%	18,338,479	20.32%
9. Total recommended contribution, biweekly	19,534,687	21.65%	19,087,541	21.15%
10. Projected payroll used for developing normal cost rate	90,248,421		N/A	
Tier 4 Members				
1. Total normal cost	$9,993,456	23.42%	$9,185,728	21.53%
2. Expected employee contributions	-3,413,183	-8.00%	-3,413,183	-8.00%
3. Employer normal cost: (1) + (2)	6,580,273	15.42%	5,772,545	13.53%
4. Actuarial accrued liability	281,902,777		259,607,452	
5. Valuation value of assets	239,031,929		207,853,664	
6. Unfunded actuarial accrued liability	42,870,848		51,753,788	
7. Amortization of unfunded accrued liability	933,807	2.19%	1,002,622	2.35%
8. Total recommended contribution, beginning of year[3]	7,514,080	17.61%	6,775,167	15.88%
9. Total recommended contribution, biweekly	7,818,500	18.33%	7,048,223	16.52%
10. Projected payroll used for developing normal cost rate	42,664,786		N/A	

[1] *For Tiers 2 through 5, amounts are revised to reflect payroll as of June 30, 2007.*

[2] *Contribution rate payable on July 15, 2008 is 20.87% for 2007.*

[3] *Contribution rate payable on July 15, 2008 is 17.67% for 2007.*

CHART 14

Recommended Contribution (Continued)

	Year Beginning July 1			
	2007		2006	
	Amount	% of Payroll	Amount[1]	% of Payroll
Tier 5 Members (without Harbor Port Police)				
1. Total normal cost	$267,298,506	27.43%	$259,458,219	26.63%
2. Expected employee contributions	-83,713,745	-8.59%	-83,011,041	-8.52%
3. Employer normal cost: (1) + (2)	183,584,761	18.84%	176,447,178	18.11%
4. Actuarial accrued liability	6,070,122,794		5,643,885,553	
5. Valuation value of assets	5,917,652,327		5,229,123,091	
6. Unfunded actuarial accrued liability	152,470,467		414,762,462	
7. Amortization of unfunded accrued liability	5,318,347	0.55%	22,409,084	2.30%
8. Total recommended contribution, beginning of year[2]	188,903,108	19.39%	198,856,262	20.41%
9. Total recommended contribution, biweekly	196,556,192	20.17%	206,845,587	21.23%
10. Projected payroll used for developing normal cost rate	974,307,994		N/A	
Harbor Port Police (Tier 5)				
1. Total normal cost	$1,307,382	28.43%	N/A	N/A
2. Expected employee contributions	-413,912	-9.00%	N/A	N/A
3. Employer normal cost: (1) + (2)	893,470	19.43%	N/A	N/A
4. Actuarial accrued liability	10,999,358		N/A	
5. Valuation value of assets	6,390,597		N/A	
6. Unfunded actuarial accrued liability	4,648,761		N/A	
7. Amortization of unfunded accrued liability	246,961	5.37%	N/A	N/A
8. Total recommended contribution, beginning of year[3]	1,140,431	24.80%	N/A	N/A
9. Total recommended contribution, biweekly	1,186,634	25.80%	N/A	N/A
10. Projected payroll used for developing normal cost rate	4,599,020		N/A	

[1] *For Tiers 2 through 5, amounts are revised to reflect payroll as of June 30, 2007.*
[2] *Contribution rate payable on July 15, 2008 is 19.45% for 2007.*
[4] *Contribution rate payable on July 15, 2008 is 24.88% for 2007.*

CHART 14

Recommended Contribution (Continued)

	Year Beginning July 1			
	2007		2006	
	Amount	% of Payroll	Amount[1]	% of Payroll
All Tiers Combined				
1. Total normal cost	$307,487,283	27.08%	$296,935,649	26.26%
2. Expected employee contributions	-95,700,124	-8.43%	-94,847,431	-8.39%
3. Employer normal cost: (1) + (2)	211,787,159	18.65%	202,088,218	17.87%
4. Actuarial accrued liability	13,324,089,628		12,811,383,737	
5. Valuation value of assets	13,215,668,458		12,121,402,902	
6. Unfunded actuarial accrued liability	108,421,170		689,980,835	
7. Amortization of unfunded accrued liability	6,148,720	0.54%	38,387,214	3.39%
8. Total recommended contribution, beginning of year[2]	217,935,879	19.19%	240,475,432	21.26%
9. Total recommended contribution, biweekly	226,765,175	19.97%	250,155,568	22.12%
10. Projected payroll used for developing normal cost rate	1,135,591,951		N/A	

(1) For Tiers 2 through 5, amounts are revised to reflect non-Harbor Port Police payroll as of June 30, 2007.

(2) Contribution rate payable on July 15, 2008 is 19.25% for 2007 (24.88% for Harbor Port Police only and 19.23% for Tiers 1-5 excluding Harbor Port Police).

If paid by the City at the beginning of the year, the calculated normal cost is 18.65% payroll. The remaining 0.54% of payroll will amortize the unfunded actuarial accrued liability over an equivalent single amortization period of 26.8 years.

The contribution rates as of June 30, 2007 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, 2006 to June 30, 2007

Recommended Contribution as of June 30, 2006	$240,475,432*
Increase on prior year amortization dollar amounts due to percentage of payroll amortization	$3,090,051
Effect of contributions (more)/less than recommended contribution	1,230,185
Effect of investment (gain)/loss	-32,785,011
Effect of other (gains) and losses	-1,710,084
Effect of change in actuarial assumptions	-1,639,275
Effect of Harbor Port Police transfer	1,140,431
Effect of payroll and demographic changes	8,134,150
Total change	-$22,539,553
Recommended Contribution as of June 30, 2007	$217,935,879

* *Revised using payroll as of June 30, 2007*

E. INFORMATION REQUIRED BY THE GASB

Governmental Accounting Standards Board (GASB) reporting information provides standardized information for comparative purposes of 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.

Although GASB requires that the actuarial value of assets be used to determine the funded ratio, Chart 17 shows the funded ratio calculated using the actuarial value of assets.

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

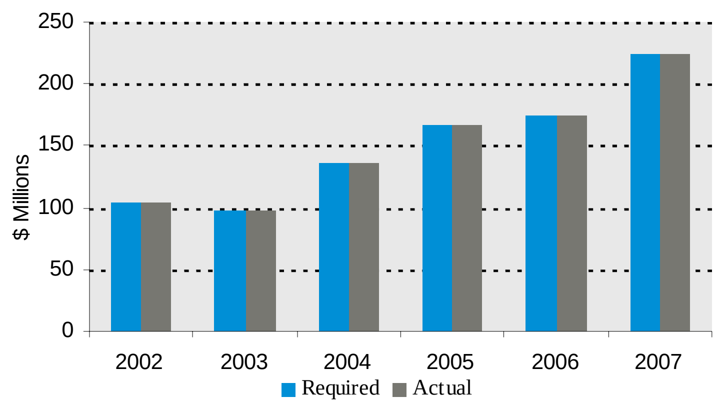


CHART 17

Funded Ratio

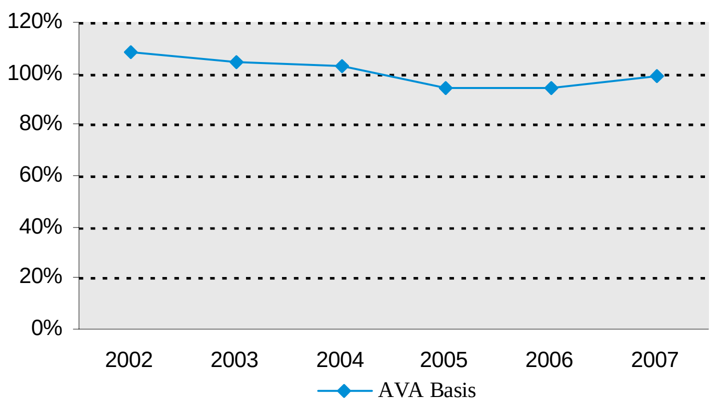


EXHIBIT A

Table of Plan Coverage

Total

Category	Year Ended June 30 2007	Year Ended June 30 2006	Change From Prior Year
Active members in valuation:			
Number	13,218	12,903	2.4%
Average age	40.5	40.8	N/A
Average service	13.7	14.1	N/A
Projected total payroll	$1,135,591,951	$1,092,814,844	3.9%
Projected average payroll	$85,913	$84,695	1.4%
Account balances	$1,236,583,314	$1,214,198,084	1.8%
Total active vested members	4,128	4,044	2.1%
Vested terminated members:			
Number	85	59	44.1%
Average age	43.5	44.7	N/A
Average monthly benefit	1,873	$1,631	14.8%
Retired members:			
Number in pay status	7,273	7,086	2.6%
Average age at retirement	51.2	51.1	N/A
Average age	68.4	68.4	N/A
Average monthly benefit (includes July COLA)	$4,646	$4,391	5.8%
Disabled members:			
Number in pay status	2,331	2,338	-0.3%
Average age at retirement	44.2	44.2	N/A
Average age	65.0	64.5	N/A
Average monthly benefit (includes July COLA)	$4,073	$3,932	3.6%
Beneficiaries:			
Number in pay status	2,370	2,391	-0.9%
Average age	76.2	75.9	N/A
Average monthly benefit (includes July COLA)	$3,424	$3,281	4.4%

EXHIBIT A

Table of Plan Coverage

i. Tier 1

Category	Year Ended June 30 2007	Year Ended June 30 2006	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	N/A	N/A	N/A
Projected average payroll	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	N/A	N/A	N/A
Retired members:			
Number in pay status	178	194	-8.2%
Average age at retirement	46.2	46.3	N/A
Average age	82.9	82.5	N/A
Average monthly benefit (includes July COLA)	$2,116	$2,045	3.5%
Disabled members:			
Number in pay status	182	201	-9.5%
Average age at retirement	37.7	37.8	N/A
Average age	78.9	78.0	N/A
Average monthly benefit (includes July COLA)	$2,519	$2,441	3.2%
Beneficiaries:			
Number in pay status	569	601	-5.3%
Average age	83.5	82.9	N/A
Average monthly benefit (includes July COLA)	$2,339	$2,285	2.4%

EXHIBIT A

Table of Plan Coverage

ii. Tier 2

Category	Year Ended June 30 2007	Year Ended June 30 2006	Change From Prior Year
Active members in valuation:			
Number	225	240	-6.3%
Average age	52.4	51.7	N/A
Average service	29.3	28.5	N/A
Projected total payroll	$23,771,730	$24,590,161	-3.3%
Projected average payroll	$105,652	$102,459	3.1%
Account balances	$44,523,512	$45,752,147	-2.7%
Total active vested members	225	240	-6.3%
Vested terminated members:			
Number	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit	N/A	N/A	N/A
Retired members:			
Number in pay status	5,813	5,981	-2.8%
Average age at retirement	50.6	50.7	N/A
Average age	70.0	69.4	N/A
Average monthly benefit (includes July COLA)	$4,404	$4,249	3.6%
Disabled members:			
Number in pay status	1,838	1,868	-1.6%
Average age at retirement	45.5	45.4	N/A
Average age	66.4	65.4	N/A
Average monthly benefit (includes July COLA)	$4,359	$4,207	3.6%
Beneficiaries:			
Number in pay status	1,690	1,693	-0.2%
Average age	75.5	75.0	N/A
Average monthly benefit (includes July COLA)	$3,727	$3,588	3.9%

EXHIBIT A

Table of Plan Coverage

iii. Tier 3

Category	Year Ended June 30 2007	Year Ended June 30 2006	Change From Prior Year
Active members in valuation:			
Number	1,030	1,077	-4.4%
Average age	41.7	40.7	N/A
Average service	13.2	12.3	N/A
Projected total payroll	$90,248,421	$90,311,641	-0.1%
Projected average payroll	$87,620	$83,855	4.5%
Account balances	$83,750,076	$79,013,165	6.0%
Total active vested members	863	717	20.4%
Vested terminated members:			
Number	76	56	35.7%
Average age	43.0	44.6	N/A
Average monthly benefit	1,651	$1,549	6.6%
Retired members:			
Number in pay status	89	72	23.6%
Average age at retirement	52.3	52.7	N/A
Average age	58.1	58.9	N/A
Average monthly benefit (includes July COLA)	$2,567	$2,621	-2.1%
Disabled members:			
Number in pay status	230	219	5.0%
Average age at retirement	39.3	39.2	N/A
Average age	49.2	48.6	N/A
Average monthly benefit (includes July COLA)	$3,034	$2,934	3.4%
Beneficiaries:			
Number in pay status	69	66	4.5%
Average age	46.5	45.0	N/A
Average monthly benefit (includes July COLA)	$3,635	$3,562	2.0%

EXHIBIT A
Table of Plan Coverage
iv. Tier 4

Category	Year Ended June 30 2007	Year Ended June 30 2006	Change From Prior Year
Active members in valuation:			
Number	470	489	-3.9%
Average age	39.6	38.8	N/A
Average service	15.2	14.3	N/A
Projected total payroll	$42,664,786	$42,595,593	0.2%
Projected average payroll	$90,776	$87,108	4.2%
Account balances	$48,057,378	$46,160,498	4.1%
Total active vested members	139	135	3.0%
Vested terminated members:			
Number	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit	N/A	N/A	N/A
Retired members:			
Number in pay status	77	69	11.6%
Average age at retirement	44.8	44.6	N/A
Average age	48.2	47.3	N/A
Average monthly benefit (includes July COLA)	$3,502	$3,344	4.7%
Disabled members:			
Number in pay status	37	30	23.3%
Average age at retirement	42.0	42.7	N/A
Average age	46.3	46.0	N/A
Average monthly benefit (includes July COLA)	$3,975	$3,924	1.3%
Beneficiaries:			
Number in pay status	3	3	0.0%
Average age	44.6	43.6	N/A
Average monthly benefit (includes July COLA)	$7,126	$6,683	6.6%

EXHIBIT A

Table of Plan Coverage
v. Tier 5 (without Harbor Port Police)

Category	Year Ended June 30 2007	Year Ended June 30 2006	Change From Prior Year
Active members in valuation:			
Number	11,431	11,097	3.0%
Average age	40.2	40.7	N/A
Average service	13.4	13.9	N/A
Projected total payroll	$974,307,994	$935,317,449	4.2%
Projected average payroll	$85,234	$84,286	1.1%
Account balances	$1,058,429,833	$1,043,272,275	1.5%
Total active vested members	2,894	2,952	-2.0%
Vested terminated members:			
Number	9	3	200.0%
Average age	47.9	46.4	N/A
Average monthly benefit	$3,744	$3,153	18.7%
Retired members:			
Number in pay status	1,115	770	44.8%
Average age at retirement	55.6	55.7	N/A
Average age	60.0	59.1	N/A
Average monthly benefit (includes July COLA)	$6,554	$6,339	3.4%
Disabled members:			
Number in pay status	43	20	115.0%
Average age at retirement	43.7	44.6	N/A
Average age	45.9	46.9	N/A
Average monthly benefit (includes July COLA)	$4,085	$4,113	-0.7%
Beneficiaries:			
Number in pay status	39	28	39.3%
Average age	52.5	53.1	N/A
Average monthly benefit (includes July COLA)	$5,466	$5,133	6.5%

EXHIBIT A

Table of Plan Coverage

vi. Harbor Port Police (Tier 5)

Category	Year Ended June 30 2007	Year Ended June 30 2006	Change From Prior Year
Active members in valuation:			
Number	62	N/A	N/A
Average age	36.6	N/A	N/A
Average service	4.9	N/A	N/A
Projected total payroll	$4,599,020	N/A	N/A
Projected average payroll	$74,178	N/A	N/A
Account balances	$1,822,515	N/A	N/A
Total active vested members	7	N/A	N/A
Vested terminated members:			N/A
Number	0	N/A	N/A
Average age	N/A	N/A	N/A
Average monthly benefit	N/A	N/A	N/A
Retired members:			N/A
Number in pay status	1	N/A	N/A
Average age at retirement	57.0	N/A	N/A
Average age	58.0	N/A	N/A
Average monthly benefit (includes July COLA)	$5,674	N/A	N/A
Disabled members:			N/A
Number in pay status	1	N/A	N/A
Average age at retirement	32.0	N/A	N/A
Average age	37.5	N/A	N/A
Average monthly benefit (includes July COLA)	$2,808	N/A	N/A
Beneficiaries:			N/A
Number in pay status	0	N/A	N/A
Average age	N/A	N/A	N/A
Average monthly benefit (includes July COLA)	N/A	N/A	N/A

EXHIBIT B

Members in Active Service as of June 30, 2007
By Age, Years of Service, and Average Payroll
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	482	482	- -	- -	- -	- -	- -	- -	- -	- -
	$55,654	$55,654	- -	- -	- -	- -	- -	- -	- -	- -
25 - 29	1,441	1,276	165	- -	- -	- -	- -	- -	- -	- -
	64,983	63,104	$79,518	- -	- -	- -	- -	- -	- -	- -
30 - 34	2,094	801	972	321	- -	- -	- -	- -	- -	- -
	76,362	66,028	81,334	$87,091	- -	- -	- -	- -	- -	- -
35 - 39	2,516	363	737	1,152	262	2	- -	- -	- -	- -
	84,332	67,584	81,987	88,876	$94,041	$98,644	- -	- -	- -	- -
40 - 44	2,436	111	255	603	1,243	222	2	- -	- -	- -
	91,302	68,322	82,381	88,692	95,078	98,915	$99,166	- -	- -	- -
45 - 49	1,995	19	76	193	598	690	415	4	- -	- -
	96,702	69,692	85,152	88,071	94,835	98,517	103,706	$100,148	- -	- -
50 - 54	1,346	5	18	52	156	277	567	271	- -	- -
	100,823	82,568	90,054	86,511	94,543	97,256	103,041	107,241	- -	- -
55 - 59	703	- -	4	13	16	51	168	381	70	- -
	101,798	- -	90,437	85,949	96,049	97,059	98,872	103,716	$106,740	- -
60 - 64	184	- -	3	3	2	9	16	93	56	2
	100,003	- -	107,345	89,150	110,022	92,709	95,096	98,983	102,670	$140,066
65 - 69	19	- -	1	1	1	- -	1	5	6	4
	96,766	- -	98,175	85,535	83,032	- -	89,644	92,403	101,020	103,509
70 & over	2	- -	- -	- -	- -	- -	- -	- -	- -	2
	102,216	- -	- -	- -	- -	- -	- -	- -	- -	102,216
Total	13,218	3,057	2,231	2,338	2,278	1,251	1,169	754	132	8
	$85,913	$63,490	$81,794	$88,447	$94,873	$98,208	$102,551	$104,305	$104,753	$112,325

EXHIBIT B

Members in Active Service as of June 30, 2007
By Age, Years of Service, and Average Payroll
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 as of June 30, 2007
By Age, Years of Service, and Average Payroll
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	67	--	--	--	--	--	66	1	--	--
	$104,231	--	--	--	--	--	$104,473	$88,257	--	--
50 - 54	108	--	--	--	--	--	75	33	--	--
	106,911	--	--	--	--	--	106,841	107,070	--	--
55 - 59	42	--	--	--	--	--	9	31	2	--
	106,463	--	--	--	--	--	97,518	109,418	$100,918	--
60 - 64	7	--	--	--	--	--	1	3	3	--
	96,028	--	--	--	--	--	90,760	96,940	96,871	--
65 - 69	1	--	--	--	--	--	--	1	--	--
	98,175	--	--	--	--	--	--	98,175	--	--
70 & over	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
Total	225	--	--	--	--	--	151	69	5	--
	$105,652	--	--	--	--	--	$105,144	$107,283	$98,490	--

EXHIBIT B

Members in Active Service as of June 30, 2007
By Age, Years of Service, and Average Payroll
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	118	1	44	73	- -	- -	- -	- -	- -	- -
	$83,486	$60,006	$82,689	$84,287	- -	- -	- -	- -	- -	- -
35 - 39	340	- -	62	247	31	- -	- -	- -	- -	- -
	86,132	- -	81,441	86,855	$89,752	- -	- -	- -	- -	- -
40 - 44	321	2	29	128	150	12	- -	- -	- -	- -
	88,524	62,770	82,601	86,718	91,294	$91,780	- -	- -	- -	- -
45 - 49	148	- -	13	53	58	23	1	- -	- -	- -
	90,045	- -	96,941	86,302	90,536	93,179	$98,175	- -	- -	- -
50 - 54	75	- -	9	26	29	10	1	- -	- -	- -
	90,213	- -	94,928	85,272	92,319	91,927	98,024	- -	- -	- -
55 - 59	16	- -	3	10	3	- -	- -	- -	- -	- -
	90,260	- -	92,752	86,949	98,803	- -	- -	- -	- -	- -
60 - 64	9	- -	3	3	1	2	- -	- -	- -	- -
	99,155	- -	107,345	89,150	121,868	90,520	- -	- -	- -	- -
65 - 69	3	- -	1	1	1	- -	- -	- -	- -	- -
	88,914	- -	98,175	85,535	83,032	- -	- -	- -	- -	- -
70 & over	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
Total	1,030	3	164	541	273	47	2	- -	- -	- -
	$87,620	$61,848	$84,733	$86,358	$91,231	$92,442	$98,099	- -	- -	- -

EXHIBIT B

Members in Active Service as of June 30, 2007
By Age, Years of Service, and Average Payroll
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	35	- -	35	- -	- -	- -	- -	- -	- -	- -
	$78,173	- -	$78,173	- -	- -	- -	- -	- -	- -	- -
30 - 34	109	2	103	4	- -	- -	- -	- -	- -	- -
	80,162	$86,370	79,704	$88,851	- -	- -	- -	- -	- -	- -
35 - 39	69	3	31	10	25	- -	- -	- -	- -	- -
	86,729	80,258	78,895	92,758	$94,807	- -	- -	- -	- -	- -
40 - 44	145	3	9	- -	100	33	- -	- -	- -	- -
	96,237	85,462	77,264	- -	96,945	$100,247	- -	- -	- -	- -
45 - 49	100	1	3	- -	2	58	36	- -	- -	- -
	100,129	86,015	80,268	- -	94,167	99,808	$103,024	- -	- -	- -
50 - 54	11	- -	- -	- -	- -	3	8	- -	- -	- -
	104,855	- -	- -	- -	- -	94,920	108,580	- -	- -	- -
55 - 59	1	- -	- -	- -	- -	1	- -	- -	- -	- -
	86,140	- -	- -	- -	- -	86,140	- -	- -	- -	- -
60 - 64	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
65 - 69	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
70 & over	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
Total	470	9	181	14	127	95	44	- -	- -	- -
	$90,776	$83,991	$79,157	$91,642	$96,480	$99,662	$104,034	- -	- -	- -

EXHIBIT B

Members in Active Service as of June 30, 2007
By Age, Years of Service, and Average Payroll
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	480	480	- -	- -	- -	- -	- -	- -	- -	- -
	$55,656	$55,656	- -	- -	- -	- -	- -	- -	- -	- -
25 - 29	1,388	1,258	130	- -	- -	- -	- -	- -	- -	- -
	64,705	63,137	$79,880	- -	- -	- -	- -	- -	- -	- -
30 - 34	1,854	785	825	244	- -	- -	- -	- -	- -	- -
	75,778	66,034	81,465	$87,901	- -	- -	- -	- -	- -	- -
35 - 39	2,100	355	642	895	206	2	- -	- -	- -	- -
	83,988	67,353	82,209	89,390	$94,594	$98,644	- -	- -	- -	- -
40 - 44	1,961	100	215	474	993	177	2	- -	- -	- -
	91,404	66,694	82,545	89,210	95,461	99,151	$99,166	- -	- -	- -
45 - 49	1,675	17	60	139	537	607	312	3	- -	- -
	96,800	68,342	82,841	88,693	95,325	98,585	103,640	$104,112	- -	- -
50 - 54	1,146	3	8	26	127	262	482	238	- -	- -
	100,913	69,119	83,292	87,751	95,051	97,488	102,384	107,265	- -	- -
55 - 59	642	- -	1	3	13	50	158	349	68	- -
	101,824	- -	83,491	82,615	95,413	97,278	98,973	103,232	$106,911	- -
60 - 64	168	- -	- -	- -	1	7	15	90	53	2
	100,214	- -	- -	- -	98,175	93,335	95,385	99,051	102,998	$140,066
65 - 69	15	- -	- -	- -	- -	- -	1	4	6	4
	98,243	- -	- -	- -	- -	- -	89,644	90,961	101,020	103,509
70 & over	2	- -	- -	- -	- -	- -	- -	- -	- -	2
	102,216	- -	- -	- -	- -	- -	- -	- -	- -	102,216
Total	11,431	2,998	1,881	1,781	1,877	1,105	970	684	127	8
	$85,234	$63,351	$81,785	$89,048	$95,301	$98,323	$102,104	$104,017	$105,000	$112,325

EXHIBIT B

Members in Active Service as of June 30, 2007
By Age, Years of Service, and Average Payroll
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	2	2	- -	- -	- -	- -	- -	- -	- -	- -
	$55,188	$55,188	- -	- -	- -	- -	- -	- -	- -	- -
25 - 29	18	18	- -	- -	- -	- -	- -	- -	- -	- -
	60,810	60,810	- -	- -	- -	- -	- -	- -	- -	- -
30 - 34	13	13	- -	- -	- -	- -	- -	- -	- -	- -
	63,021	63,021	- -	- -	- -	- -	- -	- -	- -	- -
35 - 39	7	5	2	- -	- -	- -	- -	- -	- -	- -
	76,181	76,385	$75,673	- -	- -	- -	- -	- -	- -	- -
40 - 44	9	6	2	1	- -	- -	- -	- -	- -	- -
	88,607	88,729	84,535	$96,018	- -	- -	- -	- -	- -	- -
45 - 49	5	1	- -	1	1	2	- -	- -	- -	- -
	91,550	76,304	- -	95,338	$82,233	$101,938	- -	- -	- -	- -
50 - 54	6	2	1	- -	- -	2	1	- -	- -	- -
	99,195	102,741	100,286	- -	- -	97,032	$95,338	- -	- -	- -
55 - 59	2	- -	- -	- -	- -	- -	1	1	- -	- -
	95,570	- -	- -	- -	- -	- -	95,121	$96,018	- -	- -
60 - 64	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
65 - 69	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
70 & over	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
Total	62	47	5	2	1	4	2	1	- -	- -
	$74,178	$68,517	$84,140	$95,678	$82,233	$99,485	$95,230	$96,018	- -	- -

EXHIBIT C
Reconciliation of Member Data

	Active Members	Vested Former Members	Disableds	Retired Members	Beneficiaries	Total
Number as of June 30, 2006	12,903	59	2,338	7,086	2,391	24,777
New members	909	N/A	N/A	N/A	N/A	909
Terminations – with vested rights	-24	24	0	0	0	0
Retirements	-374	-11	N/A	385	N/A	0
New disabilities	-41	0	42	-1	N/A	0
Died with or without beneficiary	-15	0	-52	-201	-21	-289
Refund of member contributions	-153	0	0	0	0	-153
Rehired	0	0	0	0	N/A	0
Data adjustments	13	13	3	4	0	33
Number as of June 30, 2007*	13,218	85	2,331	7,273	2,370	25,277

**Harbor Port Police members are included in the June 30, 2007 data.*

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, 2007		Year Ended June 30, 2006	
Contribution income:				
Employer contributions	$280,108,763		$175,359,083	
Employee contributions	91,263,474		79,402,694	
Net contribution income		$371,372,237		$254,761,777
Investment income:				
Interest, dividends and other income	$427,020,011		$380,882,179	
Recognition of capital appreciation	1,223,337,528		572,893,465	
Less investment and administrative fees	-59,389,235		-52,507,184	
Net investment income		1,590,968,304		901,268,460
Total income available for benefits		$1,962,340,541		1,156,030,237
Less benefit payments		$800,819,286		-$652,157,960
Change in reserve for future benefits		$1,161,521,255		$503,872,277

Note: Does not include $6,058,515 of discounted Harbor Port Police assets transferred in October, 2007.

EXHIBIT E

Table of Financial Information for Retirement and Health Subsidy Benefits

	Year Ended June 30, 2007		Year Ended June 30, 2006	
Cash equivalents		$5,044,693		$712,400
Accounts receivable:				
Accrued interest and dividends	$52,399,617		$48,570,637	
Contributions	5,797,976		5,640,840	
Due from brokers	269,370,711		339,017,755	
Total accounts receivable		327,568,304		393,229,232
Investments:				
Equities	$10,660,124,425		$8,731,050,622	
Fixed income investments	4,236,024,050		4,180,897,607	
Real estate	1,179,505,370		1,034,390,568	
Securities lending collateral	3,081,125,634		2,492,659,412	
Total investments at market value		19,156,779,479		16,438,998,209
Total assets		$19,489,392,476		$16,832,939,841
Less accounts payable:				
Accounts payable and benefits in process	-$45,225,183		-$21,778,255	
Due to brokers	-499,127,569		-505,682,310	
Mortgage payable	-340,122,595		-309,658,988	
Securities lending collateral	-3,081,125,634		-2,492,659,412	
Total accounts payable		-$3,965,600,981		-$3,329,778,965
Net assets at market value		$15,523,791,495		$13,503,160,876
Net assets at actuarial value		$13,896,706,323		$12,735,185,068
Net assets at valuation value (retirement benefits)		$13,210,398,977		$12,121,402,902

Note: Does not include $6,058,515 of discounted Harbor Port Police assets transferred in October, 2007.

EXHIBIT F

Development of the Fund Through June 30, 2007 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
2002	$103,447,209	$60,805,614	$5,617,283	$500,387,023	$12,078,876,212
2003	98,529,049	73,270,752	563,234,852	530,621,472	12,283,289,393
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

[1] *Net of investment fees and administrative expenses*

[2] *Includes $6,058,515 of discounted Harbor Port Police assets transferred in October, 2007.*

EXHIBIT G

Development of Unfunded Actuarial Accrued Liability for Year Ended June 30, 2007

1.	Unfunded actuarial accrued liability at beginning of year	$689,980,835
2.	Normal cost at beginning of year	286,705,749
3.	Total non-Harbor Port Police contributions	314,980,319
4.	Interest	56,537,872
5.	Expected unfunded actuarial accrued liability: (1) + (2) – (3) + (4)	718,244,137
6.	Changes due to experience gain[1]	-580,286,874
7.	Changes in actuarial assumptions	-34,184,854
8.	Changes due to Harbor Port Police transfer	4,648,761
9.	Unfunded actuarial accrued liability at end of year: (5) + (6) + (7) + (8)	$108,421,170

[1] *Excludes loss from contributions less than anticipated due to one-year lag of new rates. That loss 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	07/01/2007	$18,776,429	30	$228,291,449
Total		$18,776,429		$228,291,449

Tier 2

Type	Date Established	Annual Payment[2]	Years Remaining	Outstanding Balance
Unfunded Actuarial Accrued Liability	07/01/2007	-$22,380,864	30	-$421,294,656
Total		-$22,380,864		-$421,294,656

[1] *Level dollar amortization*

[2] *Level percentage of payroll amortization*

EXHIBIT H
Table of Amortization Bases (Continued)

Tier 3

Type	Date Established	Annual Payment[2]	Years Remaining	Outstanding Balance
Assumption Change	07/01/1989	-$1,554,363	12	-$15,472,059
Plan Amendment	07/01/1990	25,801	13	273,710
Assumption Change	07/01/1990	-579,605	13	-6,148,641
Assumption Change	07/01/1992	206,378	15	2,445,515
Experience Gain	07/01/1993	-2,299,671	1	-2,299,671
Experience Loss	07/01/1994	446,236	2	876,978
Experience Gain	07/01/1995	-537,038	3	-1,555,821
Assumption Change	07/01/1995	-1,523,183	18	-20,646,388
Experience Gain	07/01/1996	-34,747	4	-131,916
Plan Change	07/01/1996	205,278	19	2,891,166
Asset Method Change	07/01/1996	-1,326,980	19	-18,689,340
Experience Gain	07/01/1997	-2,323,219	5	-10,836,946
Experience Gain	07/01/1998	-3,559,089	6	-19,584,458
Plan Change	07/01/1998	376,087	21	5,674,513
Assumption Change	07/01/1998	632,536	21	9,543,907
Experience Gain	07/01/1999	-5,398,704	7	-34,074,435
Experience Gain	07/01/2000	-6,192,554	8	-43,920,333
Plan Change	07/01/2000	61,482	23	985,188
Experience Gain	07/01/2001	-4,706,081	9	-36,924,747
Assumption Change	07/01/2001	-1,841,669	24	-30,327,852
Experience Loss	07/01/2002	12,084,770	10	103,611,681
Experience Loss	07/01/2003	15,634,216	11	145,023,637
Experience Loss	07/01/2004	982,987	12	9,784,607
Assumption Change	07/01/2004	-515,218	27	-9,123,553
Experience Loss	07/01/2005	1,993,730	13	21,150,156

Assumption Change	07/01/2005	1,583,468	28	28,650,111
Experience Loss	07/01/2006	1,442,843	14	16,217,534
Assumption Change	07/01/2006	1,624,908	19	30,003,975
Experience Gain	07/01/2007	-1,387,471	21	-20,934,587
Assumption Change	07/01/2007	-267,088	30	-5,027,630
Total		$3,254,040		$101,434,301

Tier 4

Type	Date Established	Annual Payment(2)	Years Remaining	Outstanding Balance
Assumption Change	07/01/1989	-$609,221	12	-$6,064,160
Plan Amendment	07/01/1990	10,113	13	107,280
Assumption Change	07/01/1990	-227,172	13	-2,409,913
Assumption Change	07/01/1992	80,888	15	958,501
Experience Gain	07/01/1993	-901,339	1	-901,339
Experience Loss	07/01/1994	174,899	2	343,726
Experience Gain	07/01/1995	-210,488	3	-609,793
Assumption Change	07/01/1995	-597,000	18	-8,092,200
Experience Gain	07/01/1996	-13,619	4	-51,703
Plan Change	07/01/1996	80,457	19	1,133,172
Asset Method Change	07/01/1996	-520,100	19	-7,325,150
Experience Gain	07/01/1997	-910,569	5	-4,247,462
Experience Gain	07/01/1998	-1,394,959	6	-7,675,984
Plan Change	07/01/1998	147,404	21	2,224,084
Assumption Change	07/01/1998	247,918	21	3,740,666
Experience Gain	07/01/1999	-2,115,982	7	-13,355,225
Experience Gain	07/01/2000	-2,427,126	8	-17,214,253
Plan Change	07/01/2000	23,957	23	383,889
Experience Gain	07/01/2001	-1,088,128	9	-8,537,649
Assumption Change	07/01/2001	-308,248	24	-5,076,107
Experience Loss	07/01/2002	2,036,154	10	17,457,458
Experience Loss	07/01/2003	6,152,442	11	57,070,308
Experience Loss	07/01/2004	987,160	12	9,826,152

Assumption Change	07/01/2004	-309,234	27	-5,475,954
Experience Loss	07/01/2005	1,222,157	13	12,965,052
Assumption Change	07/01/2005	815,347	28	14,752,288
Experience Loss	07/01/2006	533,456	14	5,996,042
Assumption Change	07/01/2006	806,455	29	14,891,221
Experience Gain	07/01/2007	-591,604	21	-8,926,329
Assumption Change	07/01/2007	-160,211	30	-3,015,790
Total		$933,807		$42,870,848

Tier 5 (without Harbor Port Police)

Type	Date Established	Annual Payment[2]	Years Remaining	Outstanding Balance
Original Base	07/01/2002	-$9,731,040	25	-$164,413,706
Experience Gain	07/01/2003	-32,412,154	11	-300,656,485
Experience Loss	07/01/2004	10,360,568	12	103,128,649
Assumption Change	07/01/2004	-14,342,211	27	-253,973,722
Experience Loss	07/01/2005	22,317,632	13	236,752,876
Assumption Change	07/01/2005	24,461,082	28	442,580,795
Experience Loss	07/01/2006	5,632,845	14	63,313,110
Assumption Change	07/01/2006	16,137,590	29	297,981,002
Experience Gain	07/01/2007	-13,320,214	21	-200,979,530
Assumption Change	07/01/2007	-3,785,751	30	-71,262,522
Total		$5,318,347		$152,470,467

[1] *Level dollar amortization*

[2] *Level percentage of payroll amortization*

Harbor Port Police (Tier 5)

Type	Date Established	Annual Payment[2]	Years Remaining	Outstanding Balance
Original Base	07/01/2007	$246,961	30	$4,648,761
Total		$246,961		$4,648,761

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 $180,000 for 2006 and $185,000 for 2008. 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 2,370 beneficiaries in pay status)		11,974
2.	Members inactive during year ended June 30, 2007 with vested rights		85
3.	Members active during the year ended June 30, 2007		13,218
	Fully vested	4,128	
	Not vested	9,090	

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

	Assets		
1.	Valuation value of retirement assets ($15,529,850,010 at market value[1] and $13,902,764,838 at actuarial value[1] as reported by LAFPP)		$13,215,668,458
2.	Present value of future normal costs		
	Employee	$ 953,024,004	
	Employer	2,265,650,334	
	Total		$3,218,674,338
3.	Unfunded actuarial accrued liability		108,421,170
4.	Present value of current and future assets		$16,542,763,966
	Liabilities		
5.	Present value of future benefits		
	Retired members and beneficiaries	$7,836,708,025	
	Inactive members with vested rights	21,121,595	
	Active members	8,684,934,346	
	Total		$16,542,763,966

[1] *Includes all assets for Retirement and Health Subsidy Benefits and $6,058,515 of discounted Harbor Port Police assets transferred in October, 2007.*

EXHIBIT I (continued)

Summary of Actuarial Valuation Results

The determination of the recommended contribution is as follows:

1.	Total normal cost	$307,487,283
2.	Expected employee contributions	-95,700,124
3.	Employer normal cost: (1) + (2)	$211,787,159
4.	Payment on projected unfunded actuarial accrued liability	6,148,720
5.	Total recommended contribution: (3) + (4), not adjusted for biweekly payment	217,935,879
6.	Total recommended contribution: (3) + (4), adjusted for biweekly payment	226,765,175
7.	Projected payroll	$1,135,591,951
8.	Total recommended contribution as a percentage of projected payroll: (5) ÷ (7)	19.19%
9.	Total recommended contribution as a percentage of projected payroll, adjusted for timing: (6) ÷ (7)	19.97%

Note: Item 8 is 19.25% if adjusted for payment on July 15, 2008 instead of beginning of year.

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
2002	$73,120,666	$73,120,666	100.00%
2003	64,634,125	64,634,125	100.00%
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%

EXHIBIT III

Supplementary Information Required by the GASB – Schedule of Funding Progress (Dollar Amounts in Thousands)

Retirement Benefits

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)
06/30/2002	$11,491,922	$10,606,825	$(885,097)	108.3%	$946,037	(93.6)%
06/30/2003	11,690,750	11,203,558	(487,192)	104.3%	970,727	(50.2%)
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]	1,135,592	9.5%

[1] *99.2% excluding Harbor Port Police.*

EXHIBIT IV

Supplementary Information Required by the GASB

Valuation date	June 30, 2007
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. For other Tiers, level percent of payroll with multiple layers. Actuarial gains/losses are amortized over 15 years (21 years for gains/losses at June 30, 2007). 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.
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	11,974
Terminated members entitled to, but not yet receiving benefits	85
Active members	13,218
Total	25,277

** 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

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

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%

DROP Program: For this valuation, in the final numbers presented in this report, we continue to assume the DROP plan is cost neutral. DROP members are treated as active employees until the end of their DROP period. This approach is unchanged from previous valuations.

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. The actuarial value of assets can not be less than 80% or greater than 120% 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. The Normal Cost is calculated on an aggregate basis by taking the Present Value of Future Normal Costs divided by the Present Value of Future Salaries to obtain a normal cost rate. This normal cost rate is then multiplied by the total of current salaries.

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.
Changes in Assumptions:	Based on the June 30, 2007 Experience Study, several assumptions were changed. Previously, those assumptions were as follows:
Mortality Rates:	
After Service Retirement:	1994 Uninsured Pensioner Mortality Table for males set back two years for members.
	1994 Uninsured Pensioner Mortality Table for males set back four years for spouses.
After Disability Retirement	1994 Uninsured Pensioner Mortality Table for males set forward two years for members.

Changes in Assumptions (Continued)

Termination Rates before Retirement:

Pre-Retirement Mortality:

	Rate (%) Mortality					
	Fire			Police		
Age	Ordinary	Service	Other*	Ordinary	Service	Other*
20	0.00	0.01	0.00	0.06	0.01	0.03
25	0.00	0.02	0.00	0.06	0.02	0.02
30	0.01	0.02	0.02	0.06	0.02	0.02
35	0.01	0.03	0.02	0.06	0.03	0.03
40	0.02	0.03	0.04	0.08	0.03	0.04
45	0.02	0.04	0.04	0.08	0.04	0.05
50	0.03	0.04	0.04	0.09	0.04	0.05
55	0.04	0.05	0.06	0.12	0.05	0.07
60	0.05	0.05	0.08	0.15	0.05	0.08

** Death while eligible for service and disability retirement*

Changes in Assumptions (Continued)

Termination Rates before Retirement (Continued):

	Rate (%) Disability			
	Fire		Police	
Age	Ordinary	Service	Ordinary	Service
20	0.00	0.02	0.00	0.02
25	0.00	0.02	0.00	0.02
30	0.00	0.02	0.02	0.03
35	0.02	0.05	0.02	0.07
40	0.02	0.11	0.03	0.20
45	0.03	0.27	0.03	0.37
50	0.03	0.60	0.03	0.53
55	0.04	2.00	0.03	1.07
60	0.05	4.67	0.03	1.33

Changes in Assumptions (Continued)

Termination Rates before Retirement (Continued):

	Rate (%) Withdrawal (< 5 Years of Service)	
Age	**Fire**	**Police**
20	5.50	8.40
25	5.50	6.22
30	5.50	5.50
35	5.50	5.50
40	5.50	5.50
45	5.50	5.50
50	5.50	5.50
55	5.50	5.50
60	5.50	5.50

	Rate (%) Withdrawal (5+ Years of Service) *	
Age	**Fire**	**Police**
20	7.75	8.40
25	3.78	6.22
30	1.99	4.24
35	1.11	2.65
40	0.54	1.69
45	0.26	1.50
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.

Changes in Assumptions (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	6.00	0.00
44	1.10	0.00	6.00	0.00
45	1.15	0.00	6.00	0.00
46	1.20	0.00	7.16	0.00
47	1.25	0.00	8.32	0.00
48	1.40	0.00	9.47	0.00
49	1.60	0.00	10.63	0.00
50	2.00	20.00	11.79	25.00
51	2.75	18.00	12.95	22.50
52	3.60	16.00	14.11	20.00
53	4.70	14.00	15.26	18.00
54	5.75	12.00	16.42	16.00
55	7.30	10.00	17.58	15.42
56	8.86	8.86	18.74	16.11
57	9.85	9.85	19.89	16.84
58	10.94	10.94	21.05	17.60
59	12.16	12.16	22.21	18.40
60	13.52	13.52	23.37	19.23
61	15.03	15.03	24.53	20.10
62	16.70	16.70	25.68	21.01
63	18.56	18.56	26.84	21.96
64	20.63	20.63	28.00	22.95
65	100.00	100.00	100.00	100.00

Changes in Assumptions (Continued)

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	5.25%
25	4.25%
30	3.25%
35	2.25%
40	1.25%
45	1.00%
50	0.75%
55	0.75%
60	0.75%

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, 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
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 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 30th year where 4% is provided, to a maximum of 90% Final Average Salary

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. This valuation recognizes, for the first time, the transfer of certain Harbor Port Police Officers from the Los Angeles City Employees' Retirement System. Assets transferred in October, 2007 have been discounted for 4 months of 8% interest and accrued to the June 30, 2007 LAFPP assets for determination of the plan's unfunded actuarial accrued liability.

Los Angeles Fire and Police Pension Plan

Actuarial Valuation and Review of Other Postemployment Benefits (OPEB) as of June 30, 2007
In accordance with GASB Statements No. 43 and No. 45

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November 9, 2007

Board of Fire and Police Pension Commissioners
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 report on our actuarial valuation of postemployment welfare benefits for the year ending June 30, 2007 under GASB Statements Number 43 and 45. It establishes the liabilities of the other postemployment benefits in accordance with GASB for the current year. It also summarizes the actuarial data used in this valuation.

This report is based on information received from the Fire and Police Pension Plan. The actuarial projections were based on the assumptions and methods described in Exhibit V and on the plan of benefits as summarized in Exhibit VI.

We look forward to discussing this material with you at your convenience.

Sincerely,

THE SEGAL COMPANY

By: ____________________________

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

TXB/RPT/hy

SECTION 1

INTRODUCTION

Purpose 1

Accounting Requirements 2

SECTION 2

VALUATION RESULTS

Highlights of the Valuation 3

Summary of Valuation Results 4

Development of Unfunded Actuarial Accrued Liability for the Year Ended June 30, 2007 5

Actuarial Certification 6

SECTION 3

VALUATION DETAILS

CHART 1
Table of Financial Information for Retirement and Health Benefits ... 7

CHART 2
Summary Statement of Income and Expenses on an Actuarial Value Basis for Retirement and Health Benefits 8

CHART 3
Determination of Actuarial Value of Assets for Year Ended June 30, 2007 9

CHART 4
Determination of Annual Required Contribution 10

CHART 5
Required Supplementary Information – Schedule of Employer Contributions 11

CHART 6
Required Supplementary Information – Schedule of Funding Progress ($000s) 12

CHART 7
Required Supplementary Information – Net OPEB Obligation (NOO) 13

CHART 8
Required Supplementary Information 14

CHART 9
Table of Amortization Bases 15

SECTION 4

SUPPORTING INFORMATION

EXHIBIT I
Summary of Participant Data..... 16

EXHIBIT II
Actuarial Balance Sheet for Year Ended June 30, 2007.................. 17

EXHIBIT III
Actuarial Experience for Year Ended June 30, 2007.................. 18

EXHIBIT IV
Reconciliation of Recommended Contribution.............................. 19

EXHIBIT V
Actuarial Assumptions and Actuarial Cost Method............... 20

EXHIBIT VI
Summary of Plan 35

PURPOSE

This report presents the results of our actuarial valuation of Los Angeles Fire and Police Pension Plan post retirement medical and dental benefits as of June 30, 2007. The results are in accordance with the Governmental Accounting Standards, which prescribes an accrual methodology for accumulating the value of other postemployment benefits (OPEB) over participants' active working lifetimes.

Actuarial computations under GASB are for purposes of fulfilling certain welfare fund accounting requirements. The calculations reported in this report have been made on a basis consistent with our understanding of GASB. Determinations for purposes other than meeting the financial accounting requirements of GASB may differ significantly from the results reported here.

Calculations are based on the benefits 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 does not incorporate the potential effect of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future.

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.

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 Los Angeles Fire and Police Pension Plan is required to implement a funding policy to satisfy the projected expense.

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.

ACCOUNTING REQUIREMENTS

The Governmental Accounting Standards Board (GASB) issued Statement Number 43 -- *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.* Under this statement, all plans of 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 statement includes 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. These benefits, referred to as OPEB, are typically financed on a pay-as-you-go basis. The new standard introduces 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, turnovers, mortality, disability, retirement, health care trends, and other actuarial assumptions. This amount is then discounted to determine the actuarial present value of the projected cost of these 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) is required. This information includes historical information about the UAAL and the progress in funding the Plan.

HIGHLIGHTS OF THE VALUATION

- The recommended contribution rate has decreased from 8.15% of payroll ($89.1 million), assuming contributions are made by the City at the beginning of the plan year. The increase in the recommended contribution amount is due to an increase in payroll.
- 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 (i.e. the City will prepay its contributions) or (2) throughout the year (i.e. the City will pay contributions at the end of every pay period). This year, at the request of LAFPP, we have also calculated the rate assuming payment on July 15, 2008. Those results are shown in footnotes throughout the report.
- **The Board adopted a phase-in policy for recognizing the contribution increases due to changes in assumptions from the prior valuation. The phase-in results for both the June 30, 2006 and the June 30, 2007 valuations will be shown in a separate report.**
- 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 at the beginning of the year, for fiscal year 2007/2008 is $89.5 million. Once the actual contributions for 2007/2008 are known, the disclosure information in Chart 5 can be completed.
- The assumption for the discount rate is 8.00%, and is based on the assumption that in the long term the City is paying a contribution that equals the ARC 100% of benefits will be paid from the trust.
- The funding method used to develop the actuarial required contribution (ARC) is Entry Age Normal, with the normal cost developed as a level percent of payroll. The contribution to amortize the unfunded actuarial accrued liability (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.
- Last year, the Board adopted a policy of amortizing the entire Unfunded Actuarial Accrued Liability (UAAL) as of June 30, 2006 over a fixed period of 30 years beginning June 30, 2006. In this report, the June 30, 2007 UAAL is amortized over the 29 years left in the 2006 amortization schedule.
- A separate rate group has been created for the Harbor Port Police Officers that transferred from LACERS in accordance with the provisions of Ordinance No. 177214. Assets were transferred from LACERS in October 2007 and the estimated June 30, 2007 value of assets (discounted at 8% per year for 4 months) was accrued as a receivable to the June 30, 2007 LAFPP assets. The contribution rate is based on a 29-year amortization of the unfunded liability as of June 30, 2007, consistent with amortizing the total UAAL over a period of 29 years as of June 30, 2007.

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

SUMMARY OF VALUATION RESULTS

	June 30, 2007	June 30, 2006
Actuarial Accrued Liability by Participant Category		
Current retirees, beneficiaries and dependents	$ 1,003,043,279	$973,704,591
Current active members	653,609,870	657,482,848
Total	$ 1,656,653,149	$1,631,187,439
Actuarial Value of Assets[(1)]	$687,096,380	$613,782,166
Unfunded Actuarial Accrued Liability	$969,556,769	$1,017,405,273
Funded Ratio	41.5%	37.6%
Annual Required Contribution		
Normal cost	$ 36,415,392	$35,001,436
Amortization of the unfunded actuarial accrued liability	53,119,923	54,048,654
Total annual required contribution, beginning of the year[(2)]	$89,535,315	$89,050,090
Adjustment for timing (payable throughout the year)	3,581,413	3,607,711
Total annual required contribution, including adjustment for timing	$93,116,728	$92,657,801

(1) The June 30, 2007 assets include $789,034 of discounted Harbor Port Police health assets transferred in October 2007.
(2) The required contribution on July 15, 2008, is $89,822,890 for 2007.

DEVELOPMENT OF UNFUNDED ACTUARIAL ACCRUED LIABILITY FOR THE YEAR ENDED JUNE 30, 2007

1.	Unfunded actuarial accrued liability at beginning of year	$1,017,405,273
2.	Normal cost at beginning of year	35,001,436
3.	Total (contributions), payable as of beginning of year	(55,162,681)
4.	Interest	79,779,522
5.	Expected unfunded actuarial accrued liability (1) + (2) + (3) + (4)	$1,077,023,550
6.	Gain from investment return	(28,551,574)
7.	Gain from demographic changes and premium changes	(52,721,119)
8.	Unfunded actuarial accrued liability before assumption changes (5) + (6) + (7)	$995,750,857
9.	Decrease due to assumption changes	(26,194,088)
10.	Unfunded actuarial accrued liability at end of year (8) + (9)	$969,556,769

* *Please refer to Section 4, Exhibit III for a detailed explanation of the experience (gain).*

November 9, 2007

ACTUARIAL CERTIFICATION

This is to certify that The Segal Company has conducted an actuarial valuation of certain benefit obligations of Los Angeles Fire and Police Pension Plan other postemployment benefit programs as of June 30, 2007, 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 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 Los Angeles Fire and Police Pension Plan and on participant, claims and expense data provided by the Los Angeles Fire and Police Pension Plan.

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

To the best of our knowledge, this report is complete and accurate and in our opinion presents the information necessary to comply with GASB with respect to the benefit obligations addressed.

Andy Yeung

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

Patrick Twomey

Patrick Twomey, ASA, MAAA, EA
Assistant Actuary

CHART 1

Table of Financial Information for Retirement and Health Benefits

	Year Ended June 30, 2007		Year Ended June 30, 2006	
Cash equivalents		$5,044,693		$712,400
Accounts receivable:				
Accrued interest and dividends	$52,399,617		$48,570,637	
Contributions	5,797,976		5,640,840	
Due from brokers	269,370,711		339,017,755	
Total accounts receivable		327,568,304		393,229,232
Investments:				
Equities	$10,660,124,425		$8,731,050,622	
Fixed income investments	4,236,024,050		4,180,897,607	
Real estate	1,179,505,370		1,034,390,568	
Securities lending collateral	3,081,125,634		2,492,659,412	
Total investments at market value		19,156,779,479		16,438,998,209
Total assets		$19,489,392,476		$16,832,939,841
Less accounts payable:				
Accounts payable and benefits in process	-$45,225,183		-$21,778,255	
Due to brokers	-499,127,569		-505,682,310	
Mortgage payable	-340,122,595		-309,658,988	
Securities lending collateral	-3,081,125,634		-2,492,659,412	
Total accounts payable		-$3,965,600,981		-$3,329,778,965
Net assets at market value		$15,523,791,495		$13,503,160,876
Net assets at actuarial value		$13,896,706,323		$12,735,185,068
Net assets at valuation value (health benefits)		$686,307,346		$613,782,166

Note: Does not include $6,058,515 of discounted Harbor Port Police assets transferred in October, 2007.

CHART 2

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

	Year Ended June 30, 2007		Year Ended June 30, 2006	
Contribution income:				
Employer contributions	$280,108,763		$175,359,083	
Employee contributions	91,263,474		79,402,694	
Net contribution income		$371,372,237		$254,761,777
Investment income:				
Interest, dividends and other income	$427,020,011		$380,882,179	
Recognition of capital appreciation	1,223,337,528		572,893,465	
Less investment and administrative fees	-59,389,235		-52,507,184	
Net investment income		1,590,968,304		901,268,460
Total income available for benefits		$1,962,340,541		$1,156,030,237
Less benefit payments		$800,819,286		-$652,157,960
Change in reserve for future benefits		$1,161,521,255		$503,872,277

Note: Does not include $6,058,515 of discounted 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 Administration 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.

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

CHART 3

Determination of Actuarial Value of Assets for Year Ended June 30, 2007

		Original Amount	Percent Not Recognized	Amount Not Recognized	
1.	Market value of assets*				$15,529,850,010
2.	Calculation of unrecognized return**				
	(a) Year ended June 30, 2007	$1,375,798,329	80%	$1,100,638,663	
	(b) Year ended June 30, 2006	477,862,344	60%	286,717,406	
	(c) Year ended June 30, 2005	161,741,566	40%	64,696,626	
	(d) Year ended June 30, 2004	875,162,380	20%	175,032,476	
	(e) Total unrecognized return				1,627,085,172
3.	Preliminary actuarial value: (1) - (2e)				13,902,764,838
4.	Adjustment to be within 20% corridor				0
5.	Final actuarial value of assets: (3) + (4)				$13,902,764,838
6.	Actuarial value as a percentage of market value: (5) ÷ (1)				89.5%
7.	Valuation value of health assets				$687,096,380

* *Includes $6,058,515 of discounted Harbor Port Police assets transferred in October, 2007.*
** *Total return minus expected return on a market value basis*

CHART 4

Determination of Annual Required Contribution

Cost Element	Determined as of June 30 2007 Amount	2007 Percent of Compensation[1]	2006 Amount	2006 Percent of Compensation
1. Normal cost	$36,415,392	3.21%	$35,001,436	3.20%
2. Amortization of the unfunded actuarial accrued liability over 29 years[2]	53,119,923	4.68%	54,048,654	4.95%
3. Total annual required contribution, beginning of year[3]	$89,535,315	7.89%	89,050,090	8.15%
4. Adjustment for timing (payable throughout the year)	3,581,413	0.31%	3,607,711	0.33%
5. Total annual required contribution	$93,116,728	8.20%	$92,657,801	8.48%

[1] *Estimated compensation for the 2007/2008 plan year of $1,135,591,951 as reported by Los Angeles Fire and Police Pension Plan.*
[2] *The unfunded actuarial accrued liability is being amortized as a level percent of pay with an amortization period of 29 years as of June 30, 2007.*
[3] *The required contribution on July 15, 2008, is $89,822,890, or 7.92% of payroll, for 2007.*

Cost Element	Determined as of June 30, 2007 Tier 1	Tier 2	Tier 3	Tier 4	Tier 5 (Without Harbor Port Police)	Tier 5 (Harbor Port Police)
1. Normal cost	$0	$626,135	$3,151,825	$1,284,743	$31,179,006	$173,683
2. Amortization of the unfunded actuarial accrued liability 29 years	1,762,400	33,975,987	2,970,901	1,739,711	12,643,161	27,763
3. Total annual required contribution, beginning of year	$1,762,400	$34,602,122	$6,122,726	$3,024,454	$43,822,167	$201,446
4. Percent of compensation	N/A	3.05%	6.78%	7.09%	4.50%	4.38%
5. Adjustment for timing (payable throughout the year)	70,496	1,384,085	244,909	120,978	1,752,887	8,058
6. Total annual required contribution	$1,832,896	$35,986,207	$6,367,635	$3,145,432	$45,575,054	$209,504
7. Percent of compensation	N/A	3.17%	7.06%	7.37%	4.68%	4.56%
8. Payroll	N/A	$1,135,591,951[4]	$90,248,421	$42,664,786	$974,307,994	$4,599,020

[4] *Tier 2 normal cost rate based on total payroll.*

CHART 5

Required Supplementary Information – Schedule of Employer Contributions

Plan Year Ended June 30	Annual Required Contributions[1]	Actual Contributions	Percentage Contributed
2002	$30,326,543	$30,326,543	100.00%
2003	33,894,924	33,894,924	100.00%
2004	38,737,255	38,737,255	100.00%
2005	31,541,933	31,541,933	100.00%
2006	31,413,281	31,413,281	100.00%
2007	55,162,681	55,162,681	100.00%
2008	92,657,801[2]	Not made yet	N/A

(1) Payable throughout the plan 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 rate of 8.48% of compensation calculated in the June 30, 2006 valuation before the phase-in. The actual dollar contribution should be based on the actual payroll for plan year 2007/2008 and after reflecting the phase-in.

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 ($000s)

Actuarial Valuation Date	Actuarial 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)]
June 30, 2002	$586,954	$884,371	$297,417	66.4%	$946,037	31.4%
June 30, 2003	592,539	926,761	334,222	63.9%	970,727	34.4%
June 30, 2004	605,999	1,009,062	403,064	60.1%	1,001,004	40.3%
June 30, 2005	597,199	1,257,505	660,306	47.5%	1,037,445	63.6%
June 30, 2006	613,782	1,631,187	1,017,405	37.6%	1,092,814	93.1%
June 30, 2007	687,096	1,656,653	969,557	41.5%	1,135,592(1)	85.4%

(1) *Estimated compensation for the 2007/2008 plan year of $1,135,591,951 as reported by Los Angeles Fire and Police Pension Plan.*
Note: All numbers prior to June 30, 2006 provided by GRS.

CHART 7

Required Supplementary Information – Net OPEB Obligation (NOO)

Fiscal Year Beginning	Annual Required Contribution[1] (a)	Interest on Existing NOO (b)	ARC Adjustment (c)	Annual OPEB Cost (a) + (b) + (c) (d)	Actual Contribution Amount (e)	Net Increase in NOO (d) - (e) (f)	NOO as of End of Year (g)
July 1, 2007	$89,050,090[1]	0	0	$89,050,090	Not made yet	N/A	N/A
July 1, 2008	$89,535,315[2]	N/A	N/A	N/A	N/A	N/A	N/A

[1] *Payable at beginning of the plan year.*

[2] *Based on the rate of 7.89% of compensation calculated in the June 30, 2007 valuation. The actual dollar contribution should be based on the actual payroll for plan year 2008/2009. The required contribution on July 15, 2008, is $89,822,890, or 7.92% of payroll.*

CHART 8

Required Supplementary Information

Valuation date	June 30, 2007
Actuarial cost method	Entry age normal, level percent of pay
Amortization method	30 years, level percent of pay (with the exception of Tier 1 that is amortized as a level dollar)
Remaining amortization period	29 years as of June 30, 2007
Asset valuation method	The actuarial value of assets is a five-year smoothed market value of assets. This method recognizes 20 percent of the year's investment earnings in excess of (or less than) expected investment earnings in the current year and each of the four prior years. The expected value of assets for the year is the market value of assets at the beginning of the prior year brought forward with interest at the assumed rate of return to the end of the current year plus contributions minus benefit disbursements, all adjusted with interest at the assumed rate of return to the end of the current year.
Actuarial assumptions:	
Discount rate	8.00%
Inflation rate	3.75%
Across-the-board pay increase	0.50%
Projected payroll increases	4.25%
Heath care cost trend rate (to calculate following year's premium)	
• Medical	9.0% in 2007-2008, decreasing by 0.5% for each year for eight years until it reaches an ultimate rate of 5%.
• Dental	5%
• Medicare Part B Premium	4.07% in 2007-2008 based on actual Medicare Part B premium increase, then 5% for all years.

Plan membership:	**June 30, 2007[1]**	**June 30, 2006[1]**
Current retirees, beneficiaries, and dependents	11,974	11,815
Current active members	13,218	12,903
Total	25,192	24,718

[1] *Includes all retirees and surviving spouses or domestic partners whether they are receiving a subsidy.*

CHART 9

Table of Amortization Bases

Type	Date Established	Initial Year	Initial Amount	Annual Payment*	Years Remaining	Outstanding Balance
Tier 1*						
Combined Bases	06/30/2006	30	$24,466,082	$1,762,400	29	$21,238,817
Total			$24,466,082	$1,762,400		$21,238,817
Tier 2**						
Combined Bases	06/30/2006	30	$653,100,516	$33,975,987	29	$627,367,449
Total			$653,100,516	$33,975,987		$627,367,449
Tier 3**						
Combined Bases	06/30/2006	30	$48,141,902	$2,970,901	29	$54,857,766
Total			$48,141,902	$2,970,901		$54,857,766
Tier 4**						
Combined Bases	06/30/2006	30	$28,161,779	$1,739,711	29	$32,123,813
Total			$28,161,779	$1,739,711		$32,123,813
Tier 5 (Non-Harbor)**						
Combined Bases	06/30/2006	30	$263,534,994	$12,643,160	29	$233,456,273
Total			$263,534,994	$12,643,160		$233,456,273
Tier 5 (Harbor)						
Initial Base	06/30/2007	29	$512,651	$27,763	29	$512,651
Total			$512,651	$27,763		$512,651

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

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

EXHIBIT I

Summary of Participant Data

	June 30, 2007	June 30, 2006
Retirees		
Non-disabled	7,273	7,086
Disabled	2,331	2,338
Total	9,604	9,424
Average age	67.6	67.4
Beneficiaries		
Number	2,370	2,391
Average age	76.2	75.9
Active Participants		
Number	13,218	12,903
Average age	40.5	40.8
Average years of service	13.7	14.1

EXHIBIT II

Actuarial Balance Sheet for Year Ended June 30, 2007

The actuarial balance sheet as of the valuation date is as follows:

	Assets	
1.	Valuation value of assets ($15,523,791,495 at market value* and $13,896,706,323 at actuarial value* as reported by LAFPP)	$687,096,380
2.	Present value of future normal costs	$388,376,155
3.	Unfunded actuarial accrued liability	$969,556,769
4.	Present value of current and future assets	$2,045,029,304
	Liabilities	
5.	Present value of future benefits	
	Retired members and beneficiaries	$1,003,043,279
	Active members	$1,041,986,025
	Total	$2,045,029,304

* *Includes assets for Retirement and Health Benefits.*

EXHIBIT III

Actuarial Experience for Year Ended June 30, 2007

1.	Net (gain) from investment return	$(28,551,574)
2.	Net (gain) from demographic changes and premium changes*	$(52,721,119)
3.	Net experience (gain): (1) + (2)	$(81,272,693)

* *The net gain is attributed to actual liability experience from July 1, 2006 through June 30, 2007 compared to the actuarial assumptions as of June 30, 2006.*

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).

The differences between the expected and the actual experience are provided in the table above. These include:

- Actual rate of return from investment,
- Demographic experience (e.g., turnover, retirement, mortality, disability, etc.), relative to the prior assumptions,
- Updated subsidy levels (starting per capita cost), and
- Updated trend rates.

EXHIBIT IV

Reconciliation of Recommended Contribution (in millions)

Recommended Contributions as of June 30, 2006 (Contributions made at Beginning of Year)	$ 89.1
Effect of investment gains	(1.5)
Effect of other gains on accrued liability	(0.3)
Effect of change in actuarial assumptions	(0.6)
Effect of change in composition of active population	2.8
Total change	0.4
Recommended Contributions as of June 30, 2007 (Contributions made at Beginning of Year)	$ 89.5

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 Economic Assumptions Study of June 30, 2006.

Data:	Detailed census data and financial data for postemployment benefits were provided by 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 3 years older than wives.
Participation	80% of all eligible retirees under age 65 are assumed to receive a subsidy for an approved health carrier. 90% of all eligible future retirees age 65 and older are assumed to receive a subsidy for an approved health carrier.
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 65% 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 premium are underwritten separately from active premiums.

EXHIBIT V

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 Los Angeles Fire and Police Pension Plan and are summarized in the tables below:

2007-2008 Fiscal Year		Under Age 65								
		Single Party			Married			Surviving Spouse or Domestic Partner		
CARRIER	Assumed Election Percent	Monthly Premium	Maximum Subsidy	Subsidy	Monthly Premium	Maximum Subsidy	Subsidy	Monthly Premium	Maximum Subsidy	Subsidy
Fire Medical	15	$735.20	$837.21	$735.20	$954.10	$837.21	$837.21	$735.20	$492.36	$492.36
Blue Cross PPO	55	$700.64	$837.21	$700.34	$1,215.99	$837.21	$837.21	$700.64	$492.36	$492.36
California Care	15	$337.41	$837.21	$337.41	$706.52	$837.21	$706.52	$337.41	$492.36	$337.41
Fire Kaiser	0	$409.80	$837.21	$409.80	$809.60	$837.21	$809.60	$409.80	$492.36	$409.80
Police Kaiser	15	$327.49	$837.21	$327.49	$649.33	$837.21	$649.33	$327.49	$492.36	$327.49

For the valuation of current retirees, subsidies valued are based on actual subsidies based on data reported by client.

EXHIBIT V

Actuarial Assumptions and Actuarial Cost Method (continued)

Per Capita Cost Development:

2007-2008 Fiscal Year		Age 65 and Over								
		Single Party			Married			Surviving Spouse or Domestic Partner		
CARRIER	**Assumed Election Percent**	Monthly Premium	Maximum Subsidy	**Subsidy**	Monthly Premium	Maximum Subsidy	**Subsidy**	Monthly Premium	Maximum Subsidy	**Subsidy**
Fire Medical	35	$366.82	$364.22	$364.22	$599.71	$597.11	$597.11	$366.82	$364.22	$364.22
Blue Cross PPO	45	$353.67	$353.67	$353.67	$646.93	$696.09	$646.93	$353.67	$353.67	$353.67
California Care	5	$307.92	$307.92	$307.92	$628.05	$628.05	$628.05	$307.92	$307.92	$307.92
Fire Kaiser	5	$343.97	$343.97	$343.97	$677.94	$743.77	$677.94	$343.97	$343.97	$343.97
Police Kaiser	10	$210.54	$210.54	$210.54	$418.66	$532.38	$418.66	$210.54	$210.54	$210.54

EXHIBIT V

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 V

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

EXHIBIT V

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 V

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 V

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; 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%

EXHIBIT V

Actuarial Assumptions and Actuarial Cost Method (continued)

Measurement Date:	June 30, 2007
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. The actuarial value of assets can not be less than 80% or greater than 120% 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 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, 2007 UAAL over a 29 year period. Historically, any subsequent change in Surplus or Unfunded Actuarial Accrued Liability due to actuarial gains or losses were amortized over separate fifteen year periods, while any change in Surplus or Unfunded Actuarial Accrued Liability from plan amendments or plan assumption changes were amortized over separate thirty year periods.

EXHIBIT V

Actuarial Assumptions and Actuarial Cost Method (continued)

Health Care Cost Subsidy 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, 2007 through June 30, 2008).

The fiscal year trend rates are the following:

Fiscal Year	Trend (applied to calculate following year premium)
2007-2008	9.00%
2008-2009	8.50%
2009-2010	8.00%
2010-2011	7.50%
2011-2012	7.00%
2012-2013	6.50%
2013-2014	6.00%
2014-2015	5.50%
2016 and later	5.00%

Dental Premium Trend: 5.00% for all years.

Medicare Part B Premium Trend: The 2008-2009 fiscal year premium is assumed to be 4.07% higher than the 2007-2008 fiscal year premium. Premiums after 2008-2009 are assumed to increase with 5% annual trend.

EXHIBIT V

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 VI.

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

CHANGES IN ASSUMPTIONS: Based on the June 30, 2007 Experience Study, several assumptions were changed. Previously, those assumptions were as follows:

Mortality Rates:

After Service Retirement: 1994 Uninsured Pensioner Mortality Table for males set back two years for members.

1994 Uninsured Pensioner Mortality Table for males set back four years for spouses.

After Disability Retirement 1994 Uninsured Pensioner Mortality Table for males set forward two years for members.

Rate (%)
Mortality

	Fire			Police		
Age	**Ordinary**	**Service**	**Other***	**Ordinary**	**Service**	**Other***
20	0.00	0.01	0.00	0.06	0.01	0.03
25	0.00	0.02	0.00	0.06	0.02	0.02
30	0.01	0.02	0.02	0.06	0.02	0.02
35	0.01	0.03	0.02	0.06	0.03	0.03
40	0.02	0.03	0.04	0.08	0.03	0.04
45	0.02	0.04	0.04	0.08	0.04	0.05
50	0.03	0.04	0.04	0.09	0.04	0.05
55	0.04	0.05	0.06	0.12	0.05	0.07
60	0.05	0.05	0.08	0.15	0.05	0.08

** Death while eligible for service and disability retirement*

EXHIBIT V

Actuarial Assumptions and Actuarial Cost Method (continued)

Changes in Assumptions (Continued)

Termination Rates before Retirement (Continued):

	Rate (%) Disability			
	Fire		Police	
Age	Ordinary	Service	Ordinary	Service
20	0.00	0.02	0.00	0.02
25	0.00	0.02	0.00	0.02
30	0.00	0.02	0.02	0.03
35	0.02	0.05	0.02	0.07
40	0.02	0.11	0.03	0.20
45	0.03	0.27	0.03	0.37
50	0.03	0.60	0.03	0.53
55	0.04	2.00	0.03	1.07
60	0.05	4.67	0.03	1.33

EXHIBIT V

Actuarial Assumptions and Actuarial Cost Method (continued)

Changes in Assumptions (Continued)

Termination Rates before Retirement (Continued):

Age	Rate (%) Withdrawal (< 5 Years of Service) Fire	Police
20	5.50	8.40
25	5.50	6.22
30	5.50	5.50
35	5.50	5.50
40	5.50	5.50
45	5.50	5.50
50	5.50	5.50
55	5.50	5.50
60	5.50	5.50

Age	Rate (%) Withdrawal (5+ Years of Service) * Fire	Police
20	7.75	8.40
25	3.78	6.22
30	1.99	4.24
35	1.11	2.65
40	0.54	1.69
45	0.26	1.50
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 V

Actuarial Assumptions and Actuarial Cost Method (continued)

Changes in Assumptions (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	6.00	0.00
44	1.10	0.00	6.00	0.00
45	1.15	0.00	6.00	0.00
46	1.20	0.00	7.16	0.00
47	1.25	0.00	8.32	0.00
48	1.40	0.00	9.47	0.00
49	1.60	0.00	10.63	0.00
50	2.00	20.00	11.79	25.00
51	2.75	18.00	12.95	22.50
52	3.60	16.00	14.11	20.00
53	4.70	14.00	15.26	18.00
54	5.75	12.00	16.42	16.00
55	7.30	10.00	17.58	15.42
56	8.86	8.86	18.74	16.11
57	9.85	9.85	19.89	16.84
58	10.94	10.94	21.05	17.60
59	12.16	12.16	22.21	18.40
60	13.52	13.52	23.37	19.23
61	15.03	15.03	24.53	20.10
62	16.70	16.70	25.68	21.01
63	18.56	18.56	26.84	21.96
64	20.63	20.63	28.00	22.95
65	100.00	100.00	100.00	100.00

EXHIBIT V

Actuarial Assumptions and Actuarial Cost Method (continued)

Changes in Assumptions (Continued)

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	5.25%
25	4.25%
30	3.25%
35	2.25%
40	1.25%
45	1.00%
50	0.75%
55	0.75%
60	0.75%

EXHIBIT VI

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 plan 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	Lesser of monthly amount paid to active Fire and Police Members and retired CERS Members. As of July 1, 2007, maximum is $837.21 per month. For surviving spouse or domestic partner, the maximum subsidy is $492.36 per month.
Increase in Subsidy	Based on subsidy increases to active Fire and Police Members, providing increased subsidy maximum does not exceed civilian retiree subsidy maximum, subject to Board approval.
Dependent Portion	Difference between Basic Subsidy maximum amount and single-party premium.

EXHIBIT VI

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, 2007, the single coverage maximum subsidy for retirees and surviving spouse or domestic partner is $364.22. The multi-person coverage maximum subsidy is $743.77.

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 VI

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 ($93.50 per month for calendar year 2007 and $96.40 per month for calendar year 2008).

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, 2007, maximum is $37.18 per month
Retiree Contributions:	To the extent the subsidies are less than the medical or dental premiums, the retiree contributes the cost difference.

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THE SEGAL COMPANY
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VIA E-MAIL

November 14, 2007

Ms. Robyn Barnes
City of Los Angeles Fire and Police Pension Plan
360 East Second Street, Suite 400
Los Angeles, CA 90012

Re: City's Contribution Rates for Fiscal Year 2008/2009

Dear Robyn:

In our June 30, 2007 actuarial valuation reports for the retirement and health programs, we have calculated the City's recommended contribution rates by taking into consideration the minimum Annual Required Contributions (ARC) required by the Government Accounting Standards Board (GASB) to pay off the Unfunded Actuarial Accrued Liability (UAAL). This letter discusses those requirements in relation to the corresponding Board funding policy.

Retirement Plan

For the retirement program, under the Board's current funding policy, the contribution rates to payoff the UAAL have been set using different periods to amortize the different layers of the UAAL. There is a layer associated with the initial or original UAAL that has been amortized over 30 years or 70 years depending on the tier. For Tiers 3, 4 and 5, changes in the UAAL due to changes in actuarial assumptions or plan benefit provisions have been amortized over 30 years. Experience gains or losses due to differences between actual and expected actuarial experience have been amortized over 15 years.

GASB does allow the layered approach to amortize the UAAL; however, the resulting current UAAL payment for the entire plan has to be at least enough to amortize the plan's entire UAAL over a single period of 30 years.

The recommended contribution rates that we provided in our June 30, 2007 valuation report have been prepared so as to meet the minimum 30-year GASB requirement. In particular, the experience gains for Tiers 3, 4 and 5 during the 2006/2007 plan year have been amortized over 21 years instead of 15 years so that the resulting total payment will comply with the GASB requirement.

As requested by your office, we have provided in the attached Schedule A the current funding policy contribution rates calculated using 15 years instead of 21 years to amortize the experience gain for 2006/2007 plan year.

The City's contribution requirement is lowered under the 15-year amortization schedule. However, if the City were to contribute the lower amount (and assuming that the City is deemed a single employer plan) then the difference between the contribution rates provided in our June 30, 2007 valuation report and rates in Schedule A will have to be accrued as a liability called the Net Pension Obligation in the City's financial statement. The plan and the City should consult with the auditors on this issue.

Health Plan

Historically, the same policy used to determine the UAAL rate for the retirement plan has also been followed in determining the UAAL rate for the health plan. However, with the method and assumption changes adopted by the Board in the June 30, 2006 valuation, the Board decided to combine all the previous UAAL layers into a single layer, and to amortize the entire UAAL for the health plan over 30 years effective June 30, 2006.

In determining the recommended contribution rates in the June 30, 2007 valuation report, we have taken the changes in the UAAL from the changes in the assumptions, the plan amendment to allow Harbor Port Police to join the plan and the experience gain during the 2006/2007 plan year and combined them with the outstanding balance of the UAAL from the June 30, 2006 valuation and amortized the entire UAAL over a single period of 29 years. This produces an amount that meets the minimum payment, 30-year GASB requirement, and also is consistent with the decision to restart the total UAAL amortization last year.

As requested by your office, we have provided in the attached Schedule B the contribution rates calculated using 15 years to amortize the experience gain for the 2006/2007 plan year and 30 years to amortize the plan amendment and the assumption changes.

Again, the City's contribution rate requirement is lower with the use of the layered approach but the contribution rates will be less than that required under the minimum GASB requirement. As with pensions, the difference between the two amounts will have to be accrued as a liability called the Net OPEB Obligation and accrued as a liability in the City's financial statement.

Please note that it is possible to calculate a GASB compliant City contribution rate that is less than that provided in our June 30, 2007 valuation by taking the entire UAAL as of June 30, 2007 and amortizing that over 30 years effective June 30, 2007 (instead of 29 years as we stated in our report). Because this would not appear to be consistent with the decision to reamortize the UAAL on a 30-year schedule starting last year. We have not recommended this alternative to the Board.

We look forward to discussing this with you and your Board. Please let us know if you have any questions.

Sincerely,

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

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

AYY:jc

Schedule A –City's Contribution Rates for the Retirement Plan Calculated Using a 15-Year Period or a 21-Year Period to Amortize the Experience Gain for the 2006/2007 Plan Year

		2006/2007 Experience Gain Amortized Over 15 Years		2006/2007 Experience Gain Amortized Over 21 Years	
	Total Employers Combined	Amount	% of Payroll	Amount	% of Payroll
1.	Total normal cost	$307,487,283	27.08%	$307,487,283	27.08%
2.	Expected employee contributions	-95,700,124	-8.43%	-95,700,124	-8.43%
3.	Employer normal cost: (1) + (2)	211,787,159	18.65%	211,787,159	18.65%
4.	Actuarial accrued liability	13,324,089,628		13,324,089,628	
5.	Valuation value of assets	13,215,668,458		13,215,668,458	
6.	Unfunded actuarial accrued liability	108,421,170		108,421,170	
7.	Amortization of unfunded accrued liability	1,967,329	0.17%	6,148,720	0.54%
8.	Total recommended contribution, not adjusted for timing	213,754,488	18.82%(1)	217,935,879	19.19%(2)
9.	Total recommended contribution, adjusted for timing*	222,414,383	19.59%	226,765,175	19.97%
10.	Projected payroll used for developing normal cost rate	1,135,591,951		1,135,591,951	

(1) Contribution rate payable on July 15, 2008 is 18.88% for 2007.

(2) Contribution rate payable on July 15, 2008 is 19.25% for 2007.

Schedule B –City's Contribution Rates for the Health Plan Calculated Using 15 and 30-Year Periods or a 29-Year Period to Amortize the Changes in UAAL for the 2006/2007 Plan Year

		2006/2007 Changes in UAAL Amortized Over 30 and 15 Years		2006/2007 Changes in UAAL Amortized Over 29 Years	
	Total Employers Combined	Amount	% of Payroll	Amount	% of Payroll
1.	Total normal cost	$36,415,392	3.21%	$36,415,392	3.21%
2.	Amortization of unfunded accrued liability	51,889,241	4.57%	53,119,923	4.68%
3.	Total recommended contribution, not adjusted for timing	88,304,633	7.78%(1)	89,535,315	7.89%(2)
4.	Total recommended contribution, adjusted for timing*	91,836,818	8.09%	93,116,728	8.20%
5.	Projected payroll used for developing normal cost rate	1,135,591,951		1,135,591,951	

(1) Contribution rate payable on July 15, 2008 is 7.80% for 2007.

(2) Contribution rate payable on July 15, 2008 is 7.92% for 2007.

SEGAL

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November 9, 2007

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

Re: FY 2008-2009 Retiree Health Plan Contribution
Three-Year Phase-in of City Contribution Rates

Dear Members of the Board:

On December 7, 2006, the Board elected to phase in over three years the impact of new actuarial assumptions on the City's retiree health plan contribution commencing with the 2007-08 fiscal year. The recommended (i.e., pre-phase-in) contribution rates for Fiscal Year 2007-08 were contained in Segal's December 12, 2006 report entitled *Actuarial Valuation and Review of Other Postemployment Benefits (OPEB) as of June 30, 2006.* This letter provides the second year of the "phased-in" contribution rates for the 2008-09 fiscal year.

Phase-in Contribution Rates for 2008-09

The schedule on the following page shows the full impact, by Tier, of the adoption of the June 30, 2006 actuarial assumptions on the City's retiree health plan beginning-of-year contributions for fiscal year 2007-08 before the phase-in. This is the portion of the increase from the then current contribution rates that will be phased-in over three years. Depending on the tier, the impact is measured as a dollar amount or as a percentage of payroll, consistent with Page 10 of the June 30, 2006 actuarial report. The phased-in City contribution rates for 2008-09 (which only excludes one-third of the Impact of the New Actuarial Assumptions) are provided on the attached table.

Tier:	Impact of New Actuarial Assumptions:
Tier 1	$219,643
Tier 2	0.76% of Total payroll
Tier 3	2.07% of Tier 3 payroll
Tier 4	1.92% of Tier 4 payroll
Tier 5	1.70% of Tier 5 payroll (without Harbor Port Police [HPP])

Please let us know if you have any questions.

Sincerely,

Paul Angelo, FSA, EA, MAAA

RPT/bqb
Enclosure

Attachment

2008-2009 Fiscal Year Contribution Requirements (Adjusted for Three Year Phase-in)

	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5 (W/O-HPP)	Tier 5 HPP
Normal cost	$0	$626,135	$3,151,825	$1,284,743	$31,179,006	$173,683
29-year amortization of the UAAL	$1,689,149	$31,112,204	$2,349,858	$1,466,589	$7,137,530	$27,763
Total annual required contribution, beginning of year	$1,689,149	$31,738,339	$5,501,683	$2,751,332	$38,316,536	$201,446
Percent of compensation	N/A	2.79%	6.10%	6.45%	3.93%	4.38%
Adjustment for timing (payable throughout the year)	$67,566	$1,269,534	$220,067	$110,053	$1,532,661	$8,058
Total annual required contribution	$1,756,715	$33,007,873	$5,721,750	$2,861,385	$39,849,197	$209,504
Percent of compensation	N/A	2.91%	6.34%	6.71%	4.09%	4.56%
Payroll	N/A	$1,135,591,951	$90,248,421	$42,664,786	$974,307,994	$4,599,020

Note: *The total rate for all tiers combined is: (1) 7.06% of payroll, if paid at the beginning of year, or (2) 7.34% of payroll, if paid throughout the year, or (3) 7.08% of payroll if paid on July 15, 2008.*