AGENDA

BOARD OF FIRE AND POLICE PENSION COMMISSIONERS

November 19, 2015
8:30 a.m.

Los Angeles Times Building
202 W. First Street, Suite 500
Los Angeles, CA 90012

Commissioner Diannitto will participate telephonically from
4612 El Reposo Drive, Los Angeles, CA 90065

An opportunity for the public to address the Board or Committee about any item on today's agenda for which there has been no previous opportunity for public comment will be provided before or during consideration of the item. Members of the public who wish to speak on any item on today's agenda are requested to complete a speaker card for each item they wish to address, and present the completed card(s) to the commission executive assistant. Speaker cards are available at the commission executive assistant's desk.

In compliance with Government Code Section 54957.5, non-exempt writings that are distributed to a majority or all of the Board or applicable Committee of the Board in advance of their meetings may be viewed at the office of the Los Angeles Fire and Police Pension System (LAFPP), located at 360 East 2nd Street, 4th Floor, Los Angeles, California 90012, or by clicking on LAFPP's website at www.lafpp.com, or at the scheduled meeting. Non-exempt writings that are distributed to the Board or Committee at a scheduled meeting may be viewed at that meeting. In addition, if you would like a copy of any record related to an item on the agenda, please contact the commission executive assistant, at (213) 978-4555 or by e-mail at rhonda.ketay@lafpp.com.

Sign language interpreters, communication access real-time transcription, assistive listening devices, or other auxiliary aids and/or services may be provided upon request. To ensure availability, you are advised to make your request at least 72 hours prior to the meeting you wish to attend. Due to difficulties in securing sign language interpreters, five or more business days notice is strongly recommended. For additional information, please contact the Department of Fire and Police Pensions, (213) 978-4545 voice or (213) 978-4455 TDD.

A. ITEMS FOR BOARD ACTION

1. PRESENTATION OF HEALTH CARE PLAN OPTIONS FOR MEMBERS IN LACERS HEALTH PLANS OR PARTICIPANTS IN THE HIPR PROGRAM AND POSSIBLE BOARD ACTION

2. CONSIDERATION OF THE JULY 1, 2014 TO JUNE 30, 2015 PENSION AND HEALTH BENEFITS VALUATIONS AND POSSIBLE BOARD ACTION

3. AUDITED FINANCIAL STATEMENTS AS OF JUNE 30, 2015 AND POSSIBLE BOARD ACTION

B. REPORTS TO THE BOARD

1. Miscellaneous correspondence from money managers, consultants, etc. – Received and Filed.

2. General Manager's Report

    a. Monthly Report

    b. Marketing Cessation Information

    c. Benefits Actions approved by General Manager on November 5, 2015

    d. Other business relating to Department operations

C. COMMITTEE CALENDAR

1. Audit Committee – Last met: 10/01/15; next meeting: 01/21/16

2. Benefits Committee – Last met: 10/01/15; next meeting: 02/04/16

3. Governance Committee – Last met: 08/06/15; next meeting: 12/17/15

D. CONSIDERATION OF FUTURE AGENDA ITEMS

E. GENERAL PUBLIC COMMENT ON MATTERS WITHIN THE BOARD'S JURISDICTION

F. DISABILITY CASES

Alternative 2

Police Officer II Guadalupe Palomares. Officer Palomares will be represented by Thomas J. Wicke, Esq. of Lewis, Marenstein, Wicke, Sherwin and Lee.

G. CLOSED SESSION ITEMS FOR POSSIBLE BOARD ACTION

1. Closed Session pursuant to Government Code Section 54957

    Alternative 2

    Police Officer II Monika Rehder. Officer Rehder will be represented by Michael Treger of Straussner and Sherman.

2. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.81 TO CONSIDER THE PURCHASE OF TWO (2) PARTICULAR, SPECIFIC INVESTMENTS AND POSSIBLE BOARD ACTION

DEPARTMENT OF FIRE AND POLICE PENSIONS

360 East Second Street, Suite 400
Los Angeles, CA 90012
(213) 978-4545

REPORT TO THE BOARD OF FIRE AND POLICE PENSION COMMISSIONERS

DATE: NOVEMBER 19, 2015 **ITEM:** A.1

FROM: RAYMOND P. CIRANNA, GENERAL MANAGER

SUBJECT: PRESENTATION OF HEALTH CARE PLAN OPTIONS FOR MEMBERS IN LACERS HEALTH PLANS OR PARTICIPANTS IN THE HIPR PROGRAM AND POSSIBLE BOARD ACTION

RECOMMENDATION

That the Board consider the health care plan options presented by Keenan & Associates, and direct staff and the consultant to conduct further research and develop cost estimates on viable medical and dental coverage options identified.

DISCUSSION

A small group of LAFPP pensioners (total of 66 pensioners and 18 dependents currently enrolled) receive their coverage through Los Angeles City Employees' Retirement System-sponsored ("LACERS") health plans since LACERS took over civilian retiree health plan administration from the Personnel Department in 1999. Through an agreement with LACERS, LAFPP has continued to offer coverage through LACERS health plans for both Harbor Port Police who retired from LAFPP, as well as retired firefighters and police officers (and their qualified survivors) who either chose not to enroll in the Association-sponsored health plans or were not eligible to participate in plans offered by United Firefighters of Los Angeles City (UFLAC), Los Angeles Firemen's Relief Association (LAFRA), or Los Angeles Police Relief Association (LAPRA). The following table shows the total number of primary subscribers (retired members and qualified survivors) for each type of coverage by department:

	FIRE	POLICE	HARBOR	TOTAL
Medical Plan Coverage	44	13	9	66
Dental Plan Coverage	14	0	8	22
TOTAL:	58	13	17	88

LACERS has informed LAFPP that it wishes to end all LAFPP pensioner enrollment in its medical and dental plans as soon as possible, as they believe that LAFPP enrollees may be having a negative impact on their plan experience/renewals.

In addition, the Health Insurance Premium Reimbursement (HIPR) program allows pensioners who are eligible for a subsidy, but who do not have access to coverage under a Board-approved HMO plan or reside outside of California, to submit documentation of health plan premiums paid for reimbursement by LAFPP. LAFPP will pay the lesser of the premium paid or the pensioner's subsidy eligibility. Retired members in Medicare are limited in their HIPR reimbursement to the Maximum Medicare Health Subsidy, with no additional amount paid for dependent coverage.

Administrative Code Section 4.1152 states in part, "…the Board shall provide suitable health, medical, hospital or other plans as may be authorized by ordinance and shall have the power to adopt such rules as it deems necessary to administer the program." In seeking to provide suitable options for our members, staff also considered options such as leaving the group with LACERS, having these pensioners seek out their own individual medical coverage (i.e., all participate in HIPR) and obtain group coverage for dental and vision, or provide a group medical plan similar to the current plans available to them through LACERS. The presentation will discuss the pros and cons of these alternatives.

Project No. 8 of the 2015-16 LAFPP Business Plan, concerns Health Care Benefit Option Development and Education. The presentation at today's meeting by our health consultant, Keenan & Associates, is the first step in identifying potential medical and dental insurance options that would pose the least disruption and have comparable benefits for LAFPP pensioners currently enrolled in LACERS plans, as well as those who participate in the HIPR program.

In accordance with the 2015-16 Business Plan milestones, staff will report to the Board by March 31, 2016, with cost estimates for the medical and dental insurance coverage options identified by Keenan and deemed suitable by the Board.

Ms. Laurie LoFranco from Keenan & Associates will be present at today's meeting to discuss the medical and dental insurance coverage options identified and answer any questions.

BUDGET

No impact on the Fiscal Year 2015 – 2016 budget.

POLICY

No policy changes at this time.

This report was prepared by:

Robyn L. Wilder, Chief Benefits Analyst
Pensions Division

RPC:JS:RLW

Attachment: Presentation on Health Plan Options by Keenan & Associates

DEPARTMENT OF FIRE AND POLICE PENSIONS
360 East Second Street, Suite 400
Los Angeles, CA 90012
(213) 978-4545

REPORT TO THE BOARD OF FIRE AND POLICE PENSION COMMISSIONERS

DATE: NOVEMBER 19, 2015 **ITEM:** A.2

FROM: RAYMOND P. CIRANNA, GENERAL MANAGER

SUBJECT: CONSIDERATION OF THE JULY 1, 2014 TO JUNE 30, 2015 PENSION AND HEALTH BENEFITS VALUATIONS AND POSSIBLE BOARD ACTION

RECOMMENDATION

That the Board:

1. Adopt the attached pension and health valuation report submitted by The Segal Company (Segal) for the period ending June 30, 2015 (Attachment 1); and,

2. Adopt the attached Governmental Accounting Standards (GAS) 67 Actuarial Valuation as of June 30, 2015 (Attachment 2).

DISCUSSION

Annually, the Department engages the services of an actuary to perform a valuation study. These valuation studies report on the System's assets and liabilities, and establish the percent of sworn payroll used to calculate the required City contribution to fund the pension system. Segal, as in previous years, has completed the pension and health valuations for the period ending June 30, 2015.

The results of the study are positive again this year. The City's contribution rate will once again decrease for 2016-17, due to lower than expected COLA increases during 2014-15 for retirees, beneficiaries, and DROP members, lower than expected salary increases for active members, as well as a higher than expected return on the valuation value of assets (after smoothing). As such, the combined contribution rate will decrease by 1.97% of sworn payroll, from 46.51% to 44.54%. This combined rate is less than the 45.56% that was demonstrated for FY 2016-2017 in the most recent six-year illustration dated December 22, 2014. (The required contribution for the Harbor Department is discussed later in this report.)

<u>City's General Fund Contribution</u>

The following are significant items from the valuations:

- If made by July 15, 2016, the City contribution rate for FY 2016-17 pension benefits would decrease by 2.68% of sworn payroll, from 35.34% (FY 2015-16) to 32.66% (FY 2016-17).

The new contribution rate would result in a decrease of approximately $35.9 million when applied to the City's FY 2015-16 sworn budgeted payroll.

- If made by July 15, 2016, the contribution rate for FY 2016-17 health benefits would increase by 0.71% of sworn payroll, from 11.17% (FY 2015-16) to 11.88% (FY 2016-17). The new contribution rate would result in an increase of approximately $9.5 million when applied to the City's FY 2015-16 sworn budgeted payroll.

- For the period ending June 30, 2015, on an actuarial basis for pension benefits, the plan is 91.5% funded, up from 86.6%. As such, Tier 5 members will continue to contribute 9% of salary in FY 2016-17 since the actuarial funded status of pension benefits for all Tiers does not exceed 100%. (The inclusion of the Harbor Port Police Officers did not impact the plan remaining below the trigger-point.)

- Below is a chart reflecting historical funded status and City Contributions from June 30, 2002.

Valuation Year Ending	Pension % Funded	Health % Funded	Combined % Funded	City Contribution – Pension & Health	Received for Fiscal Year
06/30/2015	91.5	45.4	85.0	$596,659,720*	2016-2017*
06/30/2014	86.6	43.2	80.8	$623,414,600	2015-2016
06/30/2013	83.1	38.5	77.3	$624,974,315	2014-2015
06/30/2012	83.7	37.1	77.7	$575,941,380	2013-2014
06/30/2011	86.3	34.5	79.4	$506,086,262	2012-2013
06/30/2010	91.6	32.2	83.3	$441,860,515	2011-2012
06/30/2009	96.2	39.7	89.4	$385,704,037	2010-2011
06/30/2008	99.1	41.8	92.6	$355,157,134	2009-2010
06/30/2007	99.2	41.5	92.8	$328,511,331	2008-2009
06/30/2006	94.6	37.6	88.2	$326,656,184	2007-2008
06/30/2005	94.1	47.5	89.8	$274,526,459	2006-2007
06/30/2004	103.0	60.1	99.5	$159,388,000	2005-2006
06/30/2003	104.4	63.9	101.3	$128,489,129	2004-2005
06/30/2002	108.3	66.4	105.1	$86,973,375	2003-2004

* Estimated contribution for FY 2016-17 based on the City's budgeted sworn payroll for FY 2015-16 of $1,339,604,221 and a combined contribution rate of 44.54%.

- The City's actual contribution for FY 2016-17 will differ from the estimates in the valuation and in this report, based on the actual FY 2016-17 sworn payroll adopted by the Mayor and City Council.

<u>Harbor Department's Contribution</u>

This is the ninth year that the Harbor Port Police Officers have been included in the annual actuarial valuation for LAFPP. In accordance with the provisions of the governing Ordinance (No. 177214), a separate rate group was created for the Harbor Port Police Officers, including those that transferred from LACERS to Tier 5. Harbor members of Tier 6 have their own rate group as well.

The following are significant items from the valuations, which pertain to the Harbor Department:

- If made by July 15, 2016, the Harbor Department contribution rate for FY 2016-17 pension benefits would decrease by 1.63% of sworn payroll, from 28.41% (FY 2015-16) to 26.78%

(FY 2016-17). The new contribution rate would result in a decrease of approximately $199,000 in FY 2016-17 when applied to the Harbor's FY 2015-16 budgeted sworn payroll.

- If made by July 15, 2016, the Harbor Department contribution rate for FY 2016-17 health benefits would increase by 0.44% of sworn payroll, from 6.36% (FY 2015-16) to 6.80% (FY 2016-17). The new contribution rate would result in an increase of approximately $54,000 when applied to the Harbor's FY 2015-16 budgeted sworn payroll.

- Below is a chart reflecting historical Harbor Department contributions from June 30, 2007.

Valuation Year Ending	Harbor Contribution	Received for Fiscal Year
06/30/2015	$4,091,387*	2016-2017*
06/30/2014	$4,237,083	2015-2016
06/30/2013	$4,385,448	2014-2015
06/30/2012	$3,933,881	2013-2014
06/30/2011	$3,304,664	2012-2013
06/30/2010	$3,565,181	2011-2012
06/30/2009	$3,069,422	2010-2011
06/30/2008	$2,088,006	2009-2010
06/30/2007	$1,485,351	2008-2009

*Estimated contribution for FY 2016-17 based on the Harbor's budgeted sworn payroll for FY 2015-16 of $12,184,000 and a combined contribution rate of 33.58%.

- The Harbor Department's actual contribution for FY 2016-17 will differ from the estimates in the valuation and in this report, depending upon the actual FY 2016-17 sworn payroll.

<u>Significant Observations</u>

Below are some notable observations from the valuation:

- The valuation reflects the economic and non-economic changes adopted in July 2014. This includes the lowering of the assumed rate of return from 7.75% to 7.50% for future liabilities.

- Administrative expenses have been separately identified again this year in conjunction with GASB 67 reporting. These expenses are 0.97% of payroll (0.91% for pension benefits and 0.06% for health benefits).

- Due to smoothing of asset gains and losses, the total unrecognized gain as of June 30, 2015 is $622.7 million. Unless offset by future losses or unfavorable experience, the $622.7 million will be recognized over the next several years and have a positive impact on the future funded ratio and employer contributions.

- The asset volatility ratio (AVR) has increased slightly from 12.1 to 12.3. This volatility tends to increase as the plan becomes more mature. The 12.3 AVR means that a 1% asset gain or loss will translate to about 12.3% of one year's payroll. Given the Plan's amortization period of 20 years, there would be a 0.8% of payroll decrease/increase in the required contribution for each 1% asset gain/loss.

Governmental Accounting Standards (GAS 67) Valuation

The Governmental Accounting Standards Board (GASB) approved two new Statements affecting the reporting of pension liabilities for accounting purposes. Statement 67 replaced Statement 25 for plan reporting effective with the fiscal year ending June 30, 2014. Statement 68 replaced Statement 27 for employer reporting effective with the fiscal year ending June 30, 2015. The information provided in Attachment 2 is intended to be used (along with other information) in order to comply with Statement 67. GASB rules only redefine pension liability and expense for financial reporting purposes, and do not apply to contribution amounts for pension funding purposes. Employers and plans can still develop and adopt funding policies under current practices.

The adoption of the actuarial valuation is necessary for the completion of the audited financial statements, which are scheduled to be presented to the Board on November 19, 2015 as well.

Mr. Paul Angelo of The Segal Company will be present at today's Board meeting to discuss the reports in detail. He will also be prepared to discuss the Governmental Accounting Standards (GAS) 67 Actuarial Valuation as of June 30, 2015.

BUDGET

If adopted, the contribution rates detailed in the reports will be used to establish the pension and health benefit contributions due to the System for Fiscal Year 2016-17.

POLICY

There are no policy changes as a result of this report.

This report was prepared by:

Robyn L. Wilder, Chief Benefits Analyst
Pensions Division

RPC:JS:RLW

Attachments: 1. Pension and Health Valuation as of June 30, 2015 submitted by The Segal Company

2. Governmental Accounting Standards (GAS) 67 Actuarial Valuation as of June 30, 2015

ATTACHMENT 1

City of Los Angeles Fire and Police Pension Plan

Actuarial Valuation and Review Of Retirement and Other Postemployment Benefits (OPEB) as of June 30, 2015

This report has been prepared at the request of the Board of Commissioners to assist in administering the Fund. This valuation report may not otherwise be copied or reproduced in any form without the consent of the Board of Commissioners and may only be provided to other parties in its entirety. The measurements shown in this actuarial valuation may not be applicable for other purposes.

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Segal Consulting
100 Montgomery Street, Suite 500 San Francisco, CA 94104
T 415.263.8200 www.segalco.com

November 9, 2015

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, 2015 Actuarial Valuations

Dear Board Members:

Enclosed please find the June 30, 2015 actuarial valuations for the retirement and the health programs.

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

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

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

Sincerely,

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

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

EZY/hy
Enclosures

5402310v1/07916.002

Exhibit A

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

		June 30, 2015	June 30, 2014	Percent Change
I.	**Total Membership**			
	A. Current Active Members	13,068	13,097	-0.22%
	B. Current Vested Former Members[1]	112	131	-14.50%
	C. Current Retirees, Beneficiaries, and Dependents	12,593	12,502	0.73%
II.	**Valuation Salary**			
	A. Total Annual Payroll	$1,405,171,210	$1,402,715,039	0.18%
	B. Average Monthly Salary	8,961	8,925	0.40%
III.	**Benefits to Current Retirees and Beneficiaries[2]**			
	A. Total Annual Benefits	$802,218,609	$787,236,799	1.90%
	B. Average Monthly Benefit Amount	5,309	5,247	1.18%
IV.	**Total System Assets[3]**			
	A. Actuarial Value	$18,114,393,332	$16,879,354,713	7.32%
	B. Market Value	18,737,100,702	18,291,010,687[4]	2.44%
V.	**Unfunded Actuarial Accrued Liability (UAAL)**			
	A. Retirement Benefits	$1,567,447,049	$2,435,749,038	-35.65%
	B. Health Subsidy Benefits	1,618,369,578	1,582,408,441	2.27%

(1) *The June 30, 2015 valuation includes 67 terminated members due only a refund of member contributions. The June 30, 2014 valuation included 76 such members.*

(2) *Includes July COLA.*

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

(4) *Based on unaudited market value of assets. Subsequent to the June 30, 2014 valuation, the market value of assets was changed to $18,303,840,134.*

Exhibit A (continued)

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

VI. Budget Items	FY 2016-2017 Beginning of Year[1]	FY 2016-2017 July 15	FY 2015-2016 Beginning of Year	FY 2015-2016 July 15	Change Beginning of Year	Change July 15
A. Retirement Benefits						
1. Normal Cost as a Percent of Pay	18.68%	18.74%	18.72%	18.78%	-0.04%	-0.04%
2. Amortization of UAAL	12.92%	12.96%	15.51%	15.55%	-2.59%	-2.59%
3. Allocated amount for administrative expenses	0.91%	0.91%	0.91%	0.91%	0.00%	0.00%
4. Total Retirement Contribution	32.51%	32.61%	35.14%	35.24%	-2.63%	-2.63%
B. Health Subsidy Contribution						
1. Normal Cost as a Percent of Pay	4.36%	4.37%	4.12%	4.13%	0.24%	0.24%
2. Amortization of UAAL	7.38%	7.40%	7.03%	7.05%	0.35%	0.35%
3. Allocated amount for administrative expenses	0.06%	0.06%	0.06%	0.06%	0.00%	0.00%
4. Total Health Contribution	11.80%	11.83%	11.21%	11.24%	0.59%	0.59%
C. Total Contribution (A+B)	44.31%	44.44%	46.35%	46.48%	-2.04%	-2.04%

[1] *Alternative contribution payment date for FY 2016-2017:*	*Retirement*	*Health*	*Total*
End of Pay Periods	*33.70%*	*12.23%*	*45.93%*

Exhibit A (continued)

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

		June 30, 2015	June 30, 2014	Change
VII	**Funded Ratio**			
	(Based on Valuation Value of Assets)			
	A. Retirement Benefits	91.5%	86.6%	4.9%
	B. Health Subsidy Benefits	45.4%	43.2%	2.2%
	C. Total	85.0%	80.8%	4.2%

		June 30, 2015	June 30, 2014	Change
VIII	**Funded Ratio**			
	(Based on Market Value of Assets)			
	A. Retirement Benefits	94.6%	93.8%	0.8%
	B. Health Subsidy Benefits	46.9%	46.8%	0.1%
	C. Total	88.0%	87.5%	0.5%

Exhibit B

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

Valuation Date	Retirement	Health	Total	Valuation Payroll (In Thousands)
06/30/2006	22.12%	8.48%[2]	30.65%	$1,092,815
06/30/2007	19.95%[3]	8.20%[2],[3]	28.15%[3]	1,135,592
06/30/2008	20.58%	8.76%	29.34%	1,206,589
06/30/2009	22.26%	9.00%	31.26%	1,357,249
06/30/2010	28.20%[4]	12.27%[5]	40.47%	1,356,986
06/30/2011[2]	32.56%	11.34%	43.90%	1,343,963
06/30/2012[2]	35.93%	11.22%[6]	47.15%	1,341,914
06/30/2013	37.82%	11.69%	49.51%	1,367,237
06/30/2014	36.47%	11.50%	47.97%	1,402,715
06/30/2015	33.70%	12.23%	45.93%	1,405,171

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

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

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

(4) *Before reflecting the 2% additional employee contributions for unfrozen health subsidies.*

(5) *Before reflecting the freeze on the medical subsidy for certain employees retiring on or after July 15, 2011.*

(6) *After reflecting updated Tier 6 contribution rate as provided in Segal's letter dated February 27, 2013.*

ATTACHMENT 1

Segal Consulting

City of Los Angeles Fire and Police Pension Plan

Actuarial Valuation and Review as of June 30, 2015

This report has been prepared at the request of the Board of Commissioners to assist in administering the Fund. This valuation report may not otherwise be copied or reproduced in any form without the consent of the Board of Commissioners and may only be provided to other parties in its entirety. The measurements shown in this actuarial valuation may not be applicable for other purposes.

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November 9, 2015

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, 2015. It summarizes the actuarial data used in the valuation, establishes the funding requirements for fiscal 2016-2017 and analyzes the preceding year's experience.

This report was prepared in accordance with generally accepted actuarial principles and practices at the request of the Board to assist in administering the Plan. The census information and financial information on which our calculations were based was prepared by Los Angeles Fire & Police Pensions (LAFPP). That assistance is gratefully acknowledged. The actuarial calculations were completed under the supervision of Andy Yeung, ASA, MAAA, FCA, Enrolled Actuary.

The measurements shown in this actuarial valuation may not be applicable for other purposes. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and changes in plan provisions or applicable law.

We are Members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. To the best of our knowledge, the information supplied in the 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,

Segal Consulting, a Member of The Segal Group, Inc.

By:

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

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

JB/hy

SECTION 1

VALUATION SUMMARY

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SECTION 1: Valuation Summary for the City of Los Angeles Fire and Police Pension Plan

Purpose

This report has been prepared by Segal Consulting to present a valuation of the City of Los Angeles Fire and Police Pension Plan as of June 30, 2015. 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, 2015, provided by LAFPP;
- The assets of the Plan as of June 30, 2015, provided by LAFPP;
- Economic assumptions regarding future salary increases and investment earnings; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc.

Significant Issues in Valuation Year

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

Reference: Pg. 22 and Pg. 46

- The ratio of the valuation value of assets to actuarial accrued liabilities increased from 86.6% to 91.5%. On a market value of assets basis, the funded ratio increased from 93.8% to 94.6%. The Unfunded Actuarial Accrued Liability (UAAL) has decreased from $2.436 billion to $1.567 billion. Note that for this June 30, 2015 valuation, we requested information for current retirees who participated in the Survivor Benefit Purchase Program (SBP) or who elected an Optional Qualified Surviving Spouse (OQSS) benefit as well as current Tier 5 retirees who were former Tier 2 members, in order to refine our procedure for valuing the percent of continuance benefit to be paid to beneficiaries for these retirees. This refinement in procedure increased the actuarial accrued liability by about $43 million; however, that liability increase is more than offset by about $861 million in other net actuarial gains in this valuation. These other net actuarial gains include gains that were from (i) higher than expected return on the valuation value of assets (after smoothing), (ii) lower than expected salary increases for continuing active members, (iii) lower than expected COLAs granted to retirees, beneficiaries and DROP members, and (iv) other actuarial gains. A complete reconciliation of the Plan's unfunded actuarial accrued liability is provided in Section 3, Exhibit G.

Reference: Pg. 20

- The aggregate beginning-of-year employer rate calculated in this valuation has decreased from 35.14% of payroll to 32.51% of payroll. Using a projected annual payroll of $1.405 billion as of June 30, 2015, there would be a decrease in contributions from $494 million to $457 million. The decrease was due to: (i) higher than expected return on the valuation value of assets (after smoothing), (ii) lower than expected salary increases for continuing active members, and (iii) lower than expected COLAs granted to retirees, beneficiaries and DROP members, (iv) other actuarial gains, offset somewhat by (v) loss due to actual contributions less than expected, (vi) amortizing the prior year's UAAL over a smaller than expected projected total payroll, and (vii) refining procedure for valuing the percent of continuance benefit to be paid to beneficiaries for retirees who participate in the SBP/OQSS as well as current Tier 5 retirees who were former Tier 2 members. A complete reconciliation of the aggregate employer contribution is provided in Section 2, Chart 15.

- The employer contribution rates provided in this report have been developed assuming that they will be made by the City at either: (1) the beginning of the fiscal year, (2) on July 15, or (3) throughout the year (i.e., the City will pay contributions at the end of every pay period).

Reference: Pg. 5

- As indicated in Section 2, Subsection B of this report, the total unrecognized investment gain as of June 30, 2015 is $622.7 million 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. For comparison purposes, the total unrecognized investment gain as of June 30, 2014 was $1.412 billion.

- The unrecognized investment gains represent about 3.3% of the market value of assets. Unless offset by future investment losses or other unfavorable experience, the recognition of the $622.7 million market gains is expected to have an impact on the Plan's future funded ratio and the aggregate employer contributions. This potential impact may be illustrated as follows:

  - If the deferred gains were recognized immediately in the valuation value of assets, the funded percentage would increase from 91.5% to 94.6%.

  - If the deferred gains were recognized immediately in the valuation value of assets, the aggregate beginning-of-year employer contribution rate would decrease from 32.51% of payroll to 29.8% of payroll.

- The actuarial valuation report as of June 30, 2015 is based on financial and demographic information as of that date. Changes subsequent to that date are not reflected and will impact the actuarial cost of the Plan.

SECTION 1: Valuation Summary for the City of Los Angeles Fire and Police Pension Plan

Summary of Key Valuation Results

	2015	2014
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	32.51%	35.14%[1]
On July 15	32.61%	35.24%[1]
At the end of each biweekly pay period	33.70%	36.43%[1]
Funding elements for plan year beginning July 1:		
Normal cost	$396,943,582	$396,638,061[1]
Valuation value of retirement assets (VVA)	16,770,060,026	15,678,480,269
Market value of retirement assets	17,346,554,076	16,989,704,585
Actuarial accrued liability	18,337,507,075	18,114,229,307
Unfunded actuarial accrued liability on valuation value of retirement assets basis	1,567,447,049	2,435,749,038
Unfunded actuarial accrued liability on market value of retirement assets basis	990,952,999	1,124,524,722
Funded ratio on valuation value of retirement assets basis[2]	91.5%	86.6%
Funded ratio on market value of retirement assets basis	94.6%	93.8%
Demographic data for plan year beginning July 1:		
Number of retired members and beneficiaries	12,593	12,502
Number of vested former members[3]	112	131
Number of active members (includes DROP members)	13,068	13,097
Projected total payroll	$1,405,171,210	$1,402,715,039
Projected average payroll	107,528	107,102

(1) *Revised to reflect payroll as of June 30, 2015.*

(2) *The funded ratios on VVA basis excluding Harbor Port Police are 91.5% and 86.6% for 2015 and 2014, respectively.*

(3) *The June 30, 2015 valuation includes 67 terminated members due only a refund of member contributions. The June 30, 2014 valuation included 76 such members.*

Important Information about Actuarial Valuations

In order to prepare an actuarial valuation, Segal Consulting ("Segal") relies on a number of input items. These include:

- **Plan benefits** Plan provisions define the rules that will be used to determine benefit payments, and those rules, or the interpretation of them, may change over time. It is important to keep Segal informed with respect to plan provisions and administrative procedures, and to review the plan description in this report to confirm that Segal has correctly interpreted the plan of benefits.
- **Participant data** An actuarial valuation for a plan is based on data provided to the actuary by LAFPP. Segal does not audit such data for completeness or accuracy, other than reviewing it for obvious inconsistencies compared to prior data and other information that appears unreasonable. It is important for Segal to receive the best possible data and to be informed about any known incomplete or inaccurate data.
- **Assets** This valuation is based on the market value of assets as of the valuation date, as provided by LAFPP.
- **Actuarial assumptions** In preparing an actuarial valuation, Segal projects the benefits to be paid to existing plan participants for the rest of their lives and the lives of their beneficiaries. This projection requires actuarial assumptions as to the probability of death, disability, withdrawal, and retirement of each participant for each year. In addition, the benefits projected to be paid for each of those events in each future year reflect actuarial assumptions as to salary increases and cost-of-living adjustments. The projected benefits are then discounted to a present value, based on the assumed rate of return that is expected to be achieved on the plan's assets. There is a reasonable range for each assumption used in the projection and the results may vary materially based on which assumptions are selected. It is important for any user of an actuarial valuation to understand this concept. Actuarial assumptions are periodically reviewed to ensure that future valuations reflect emerging plan experience. While future changes in actuarial assumptions may have a significant impact on the reported results, that does not mean that the previous assumptions were unreasonable.

The user of Segal's actuarial valuation (or other actuarial calculations) should keep the following in mind:

- The valuation is prepared at the request of LAFPP. Segal is not responsible for the use or misuse of its report, particularly by any other party.
- An actuarial valuation is a measurement of the plan's assets and liabilities at a specific date. Accordingly, except where otherwise noted, Segal did not perform an analysis of the potential range of future financial measures. The actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan.

- If LAFPP is aware of any event or trend that was not considered in this valuation that may materially change the results of the valuation, Segal should be advised, so that we can evaluate it.
- Segal does not provide investment, legal, accounting, or tax advice. Segal's valuation is based on our understanding of applicable guidance in these areas and of the plan's provisions, but they may be subject to alternative interpretations. LAFPP should look to their other advisors for expertise in these areas.

As Segal Consulting has no discretionary authority with respect to the management or assets of LAFPP, it is not a fiduciary in its capacity as actuaries and consultants with respect to LAFPP.

Actuarial Certification

November 9, 2015

This is to certify that Segal Consulting has conducted an actuarial valuation of the City of Los Angeles Fire and Police Pension Plan retirement program as of June 30, 2015, in accordance with generally accepted actuarial principles and practices. In particular, it is our understanding that the assumptions and methods used for funding purposes meet the parameters set by the Actuarial Standards of Practice (ASOPs). Actuarial valuations are performed annually for this retirement program with the last valuation completed on June 30, 2014. 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 IV and on participant and financial data provided by LAFPP. Segal did not audit LAFPP's financial statements, but we conducted an examination of the participant data for reasonableness and we concluded that it was reasonable and consistent with the prior year's data.

The actuarial computations made are for funding plan benefits. Accordingly, additional determinations may be needed for other purposes, such as satisfying financial accounting requirements under Governmental Accounting Standards Board (GASB) Statements No. 67 and No. 68, and judging benefit security at termination of the plan.

Segal prepared all of the supporting schedules in the actuarial section of the Comprehensive Annual Financial Report (CAFR). A listing of the supporting schedules Segal prepared for inclusion in the financial section as Supplementary Information required by GASB is provided below:

1) Schedule of Net Pension Liability
2) Schedule of Changes in Net Pension Liability and Related Ratios
3) Schedule of Contribution History

LAFPP's staff prepared other trend data schedules in the statistical section based on information supplied in Segal's valuation report.

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

Andy Yeung

Andy Yeung, ASA, MAAA, FCA, 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 ten valuations can be seen in this chart.

CHART 1

Member Population: 2006 – 2015

Year Ended June 30	Active Members[1]	DROP Members	Vested Terminated Members[2]	Retired Members and Beneficiaries	Ratio of Non-Actives to Actives
2006	12,903	1,206	59	11,815	0.92
2007	13,218	1,226	85	11,974	0.91
2008	13,495	1,144	81	12,182	0.91
2009	13,802	1,024	61	12,327	0.90
2010	13,654	1,089	58	12,348	0.91
2011	13,432	1,314[3]	59	12,392[4]	0.93
2012	13,396	1,193	62	12,380	0.93
2013	13,224	1,191	133	12,432	0.95
2014	13,097	1,277	131	12,502	0.96
2015	13,068	1,359	112	12,593	0.97

(1) *Includes DROP members provided in the next column.*
(2) *Includes terminated members due only a refund of contributions (beginning with the June 30, 2013 valuation).*
(3) *Includes 113 members who made an election to participate in the DROP during the period July 1, 2011 to July 14, 2011.*
(4) *Includes 13 new retirees during the period July 1, 2011 to July 14, 2011.*

Active Members (Including DROP Members)
Plan costs are affected by the age, years of service and salaries of active members. In this year's valuation, there were 13,068 active members with an average age of 42.5, average years of service of 15.5 years and average salary of $107,528. The 13,097 active members in the prior valuation had an average age of 42.4, average service of 15.4 years and average salary of $107,102.

Inactive Members
In this year's valuation, there were 112 members with a vested right to a deferred or immediate vested benefit or a return of member contributions versus 131 members 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 Members) by Age as of June 30, 2015

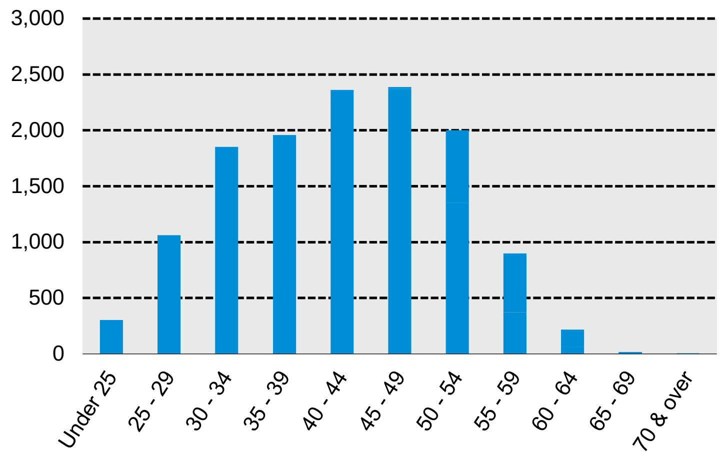
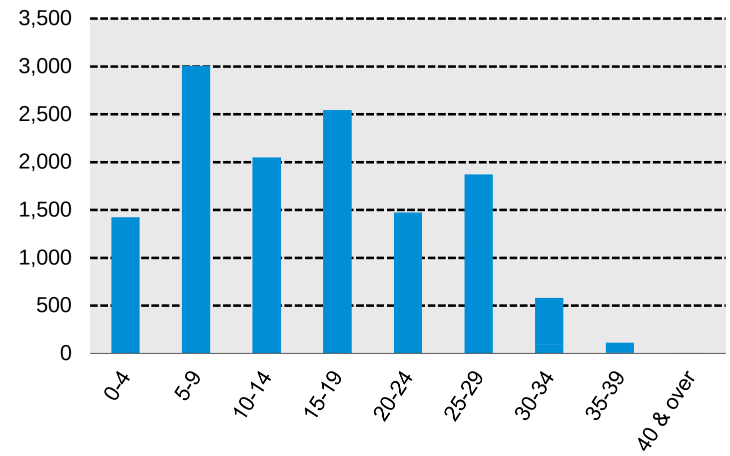


CHART 3

Distribution of Active Members (Including DROP Members) by Years of Service as of June 30, 2015



Retired Members and Beneficiaries
As of June 30, 2015, 10,153 retired members and 2,440 beneficiaries and survivors were receiving total monthly benefits of $66,851,551. For comparison, in the previous valuation there were 10,043 retired members and 2,459 beneficiaries and survivors receiving monthly benefits of $65,603,067.

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 ofpension.

CHART 4

Distribution of Retired Members by Type and by Monthly Amount as of June 30, 2015 (Includes July 1 COLA)

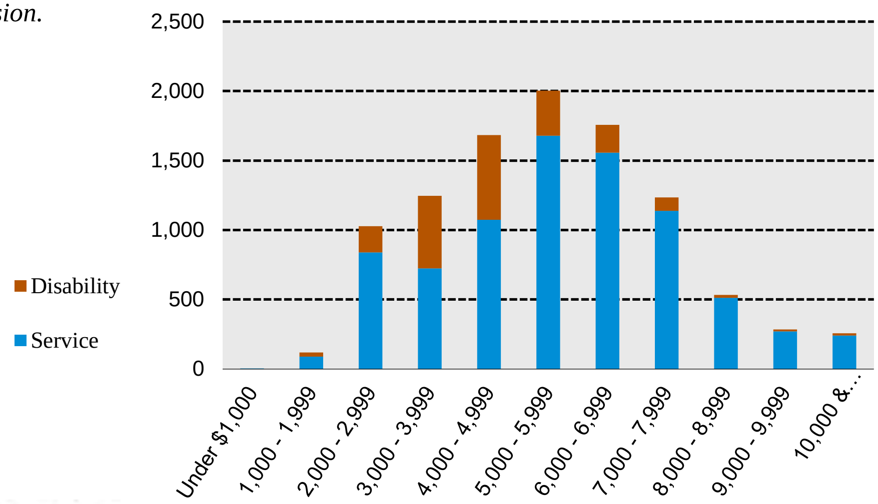
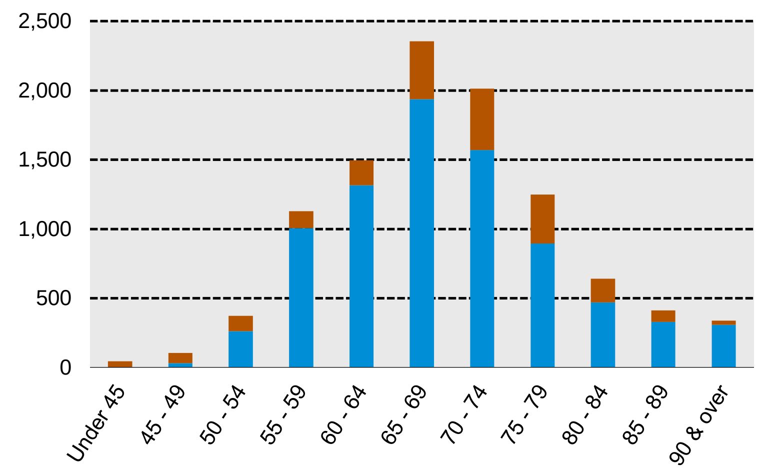


CHART 5

Distribution of Retired Members by Type and by Age as of June 30, 2015 (Includes July 1 COLA)



B. FINANCIAL INFORMATION

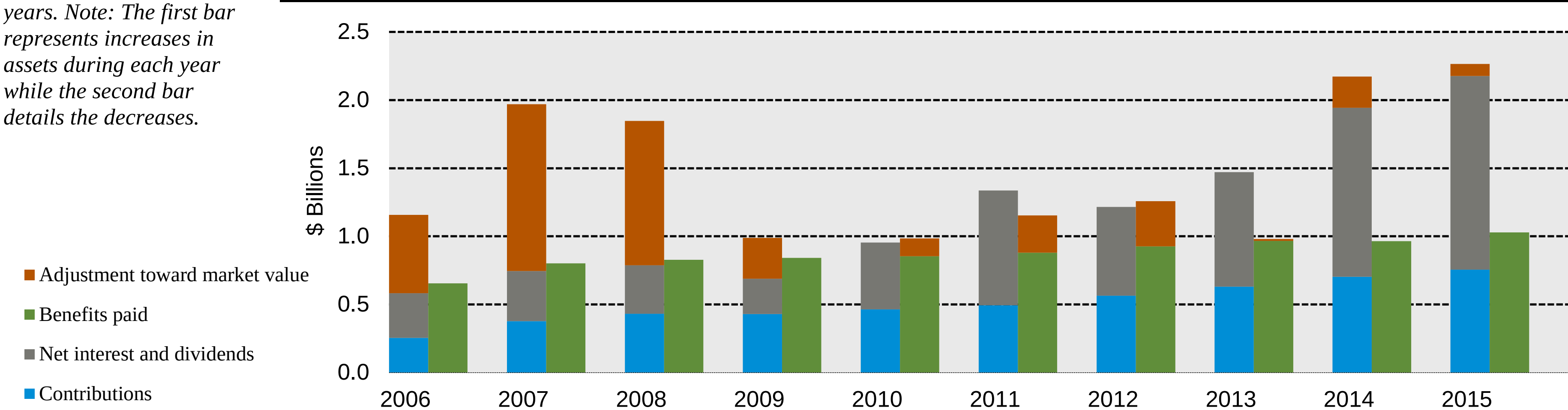
Retirement plan funding anticipates that, over the long term, both contributions and net investment earnings (less investment fees and administrative expenses) will be needed to cover benefit payments.

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 ten 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, 2006 – 2015



SECTION 2: Valuation Results for the City of Los Angeles Fire and Police Pension Plan

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, 2015

		Original Amount	Portion Not Recognized	Amount Not Recognized	
1.	Market value of assets (for Retirement and Health Subsidy Benefits)				$18,737,100,702
2.	Calculation of unrecognized return[1]				
	(a) Year ended June 30, 2015	-$643,447,599	6/7	-$551,526,513	
	(b) Year ended June 30, 2014	1,571,818,656	5/7	1,122,727,611	
	(c) Combined Net Deferred Gain as of June 30, 2013[2]	77,259,408	4/6	51,506,272	
	(d) Total unrecognized return				622,707,370
3.	Preliminary actuarial value: (1) - (2d)				18,114,393,332
4.	Adjustment to be within 40% corridor				0
5.	Final actuarial value of assets: (3) + (4)				$18,114,393,332
6.	Actuarial value as a percentage of market value: (5) ÷ (1)				96.7%
7.	Market value of retirement assets				$17,346,554,076
8.	Valuation value of retirement assets: (5) ÷ (1) x (7)				$16,770,060,026
9.	Deferred return recognized in each of the next 6 years (for Retirement and Health Subsidy Benefits):				
	(a) Amount recognized on June 30, 2016				$145,501,004
	(b) Amount recognized on June 30, 2017				145,501,004
	(c) Amount recognized on June 30, 2018				145,501,004
	(d) Amount recognized on June 30, 2019				145,501,004
	(e) Amount recognized on June 30, 2020				132,624,437
	(f) Amount recognized on June 30, 2021				-91,921,083
	(g) Subtotal (may not total exactly due to rounding)				$622,707,370

(1) *Total return minus expected return on a market value basis. Effective with the calculation for period ended June 30, 2015, both actual and expected returns on market value have been adjusted to exclude administrative expense paid during the plan year.*

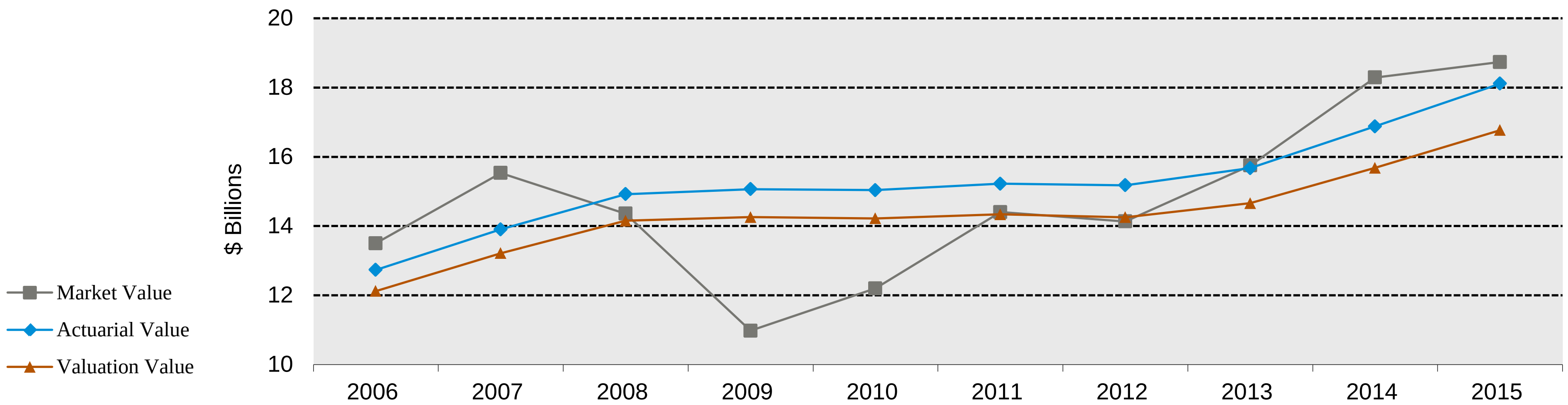
(2) *Net deferred unrecognized investment gains as of June 30, 2013 have been combined into a single layer to be recognized over the six-year period effective July 1, 2013*

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 multiplying the total actuarial value of assets by the ratio of market value of retirement assets to the market value of both retirement and health assets, 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 ten years.

CHART 8

Market Value of Assets*, Actuarial Value of Assets* and Valuation Value of Assets as of June 30, 2006 – 2015**



* *Retirement and Health assets*

** *Retirement only assets*

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 $861,234,436 was due mainly to less than expected COLA increases for retirees, beneficiaries, and DROP members, lower than expected salary increases for continuing active members, and an investment gain of $241,163,722 (after smoothing). 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, 2015

1.	Net gain from investments[(1)]	$241,163,722
2.	Net gain from other experience[(2)]	620,070,714
3.	Net experience gain: (1) + (2)	$861,234,436

(1) *Details in Chart 10.*

(2) *Details in Chart 13. The net gain is attributed to actual liability experience from June 30, 2014 to June 30, 2015, compared to the projected experience as predicted by the actuarial assumptions as of June 30, 2014.*

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 was 7.50% for the 2014-2015 plan year (based on the June 30, 2014 valuation). The actual rate of return on the actuarial value of assets basis for the 2014-2015 plan year was 8.98%.

Since the actual return for the year was greater than the assumed return, LAFPP experienced an actuarial gain during the year ended June 30, 2015 with regard to its investments.

This chart shows the gain due to investment experience.

CHART 10

Actuarial Value Investment Experience for Year Ended June 30, 2015

	All Assets[1]	Assets for Retirement Only
1. Actual return	$1,527,957,644	$1,421,200,389
2. Average value of assets	17,021,099,217	15,733,822,234
3. Actual rate of return: (1) ÷ (2)	8.98%	9.03%
4. Assumed rate of return	7.50%	7.50%
5. Expected return: (2) x (4)	$1,276,582,441	$1,180,036,667
6. Actuarial gain: (1) – (5)	$251,375,203	$241,163,722

[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 for the last ten years, including five-year and ten-year averages.

CHART 11

Investment Return[(1)] – Actuarial Value vs. Market Value: 2006 – 2015

Year Ended June 30	Actuarial Value Investment Return		Market Value Investment Return	
	Amount	Percent	Amount	Percent
2006	$901,268,460	7.44%	$1,520,383,435	12.40%
2007	1,590,968,304	12.57%	2,450,077,668	18.25%
2008	1,414,391,128	10.20%	-776,503,003	-5.01%
2009	557,346,783	3.75%	-2,968,762,917	-20.74%
2010	360,741,904	2.40%	1,612,772,227	14.74%
2011	568,411,044	3.78%	2,585,948,784	21.22%
2012	320,400,668	2.10%	93,546,777	0.65%
2013	827,790,619	5.43%	1,952,254,466	13.75%
2014	1,468,399,449	9.29%	2,802,796,015	17.65%
2015	1,527,957,644	8.98%	739,009,040	4.01%
Five-Year Average Return		5.88%		11.17%
Ten-Year Average Return		6.54%		6.91%

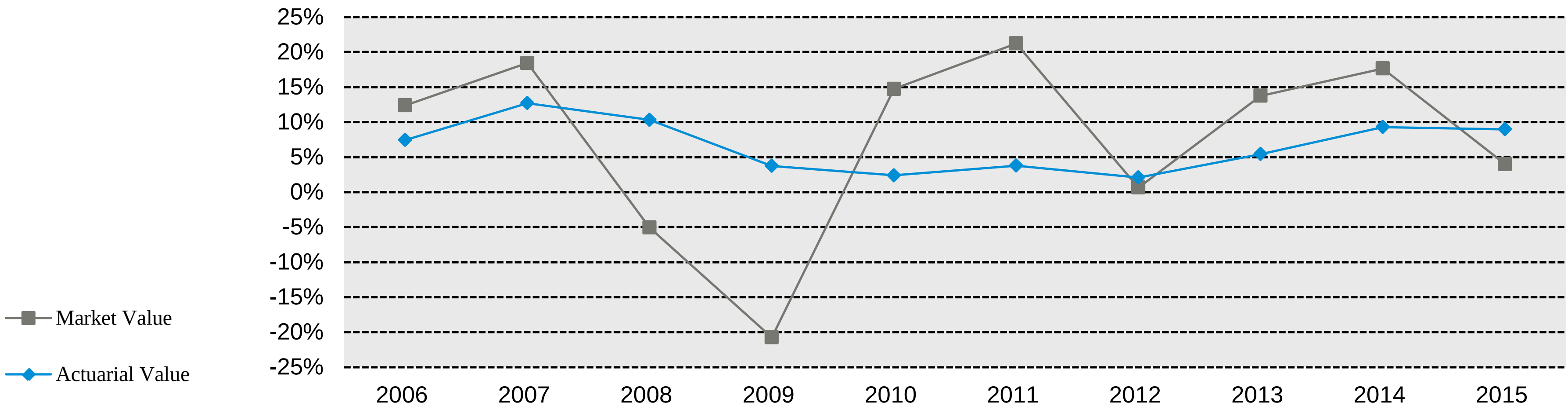
(1) *Includes all assets for Retirement and Health Subsidy Benefits*

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 2006 - 2015.

CHART 12

Market and Actuarial Rates of Return for Years Ended June 30, 2006 - 2015



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, 2015 amounted to $620,070,714, which is 3.4% of the actuarial accrued liability and within the range of reasonable expectations.

A brief summary of the demographic gain/(loss) experience of the LAFPP for the year ended June 30, 2015 is shown in the chart below.

The chart shows elements of the experience gain for the most recent year.

CHART 13

Experience Due to Changes in Demographics for Year Ended June 30, 2015

1.	Gain due to lower than expected COLA increases for retirees, beneficiaries, and DROP members	$344,310,523
2.	Gain due to lower than expected salary increases for continuing actives	225,087,603
3.	Miscellaneous gain	50,672,588
4.	Net gain	$620,070,714

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 contribution rate of 32.51% of payroll if paid at beginning of year.

CHART 14
Recommended Contribution

Tier 1 Members	June 30, 2015 Amount	June 30, 2015 % of Payroll	June 30, 2014 Amount	June 30, 2014 % of Payroll
1. Total normal cost	$0	N/A	$0	N/A
2. Expected employee contributions, discounted to beginning of year	0	N/A	0	N/A
3. Employer normal cost: (1) + (2)	0	N/A	0	N/A
4. Actuarial accrued liability	101,740,530		114,064,299	
5. Valuation value of assets	-69,166,589		-65,249,777	
6. Unfunded actuarial accrued liability	170,907,119		179,314,076	
7. Amortization of unfunded accrued liability	14,974,146	N/A	15,435,235	N/A
8. Allocated amount for admin expenses, calculated with payroll in (12)	0	N/A	0	N/A
9. Total recommended contribution, payable July 1	14,974,146	N/A	15,435,235	N/A
10. Total recommended contribution, payable July 15	15,019,337	N/A	15,481,817	N/A
11. Total recommended contribution, payable biweekly	15,525,525	N/A	16,003,592	N/A
12. Projected payroll used for developing normal cost rate	0		N/A	

Tier 2 Members	June 30, 2015 Amount	June 30, 2015 % of Payroll	June 30, 2014 Amount[2]	June 30, 2014 % of Payroll
1. Total normal cost	$791,845	25.57%	$787,217	25.42%
2. Expected employee contributions, discounted to beginning of year	-20,184	-0.65%	-9,291	-0.30%
3. Employer normal cost: (1) + (2)	771,661	24.92%	777,926	25.12%
4. Actuarial accrued liability	5,188,268,336		5,466,934,977	
5. Valuation value of assets	5,367,842,237		5,336,139,517	
6. Unfunded actuarial accrued liability	-179,573,901[3]		130,795,460	
7. Amortization of unfunded accrued liability[1]	10,819,196[3]	0.78%	29,119,102	2.09%
8. Allocated amount for admin expenses, calculated with payroll in (12)	28,076	0.91%	28,181	0.91%
9. Total recommended contribution, payable July 1	11,618,933	N/A	29,925,209	N/A
10. Total recommended contribution, payable July 15	11,653,998	N/A	30,015,520	N/A
11. Total recommended contribution, payable biweekly	12,046,766	N/A	31,027,117	N/A
12. Projected payroll used for developing normal cost rate	3,096,841		N/A	

(1) UAAL rate is calculated using the City's total payroll of $1,393,258,487.
(2) Amounts are revised to reflect payroll as of June 30, 2015.
(3) Even though the new actuarial gain recognized during the 2014/2015 plan year has caused the total UAAL for Tier 2 to become negative, we have not applied the surplus amortization provisions of the LAFPP funding policy because the Plan as a whole does not have an actuarial surplus.

CHART 14
Recommended Contribution (Continued)

Tier 3 Members	June 30, 2015 Amount	June 30, 2015 % of Payroll	June 30, 2014 Amount[2]	June 30, 2014 % of Payroll
1. Total normal cost	$23,958,744	25.48%	$24,039,220	25.57%
2. Expected employee contributions, discounted to beginning of year	-8,388,866	-8.92%	-8,433,000	-8.97%
3. Employer normal cost: (1) + (2)	15,569,878	16.56%	15,606,220	16.60%
4. Actuarial accrued liability	970,719,394		941,455,784	
5. Valuation value of assets	868,963,588		778,005,144	
6. Unfunded actuarial accrued liability	101,755,806		163,450,640	
7. Amortization of unfunded accrued liability[1]	32,156,794	2.31%	25,635,956	1.84%
8. Allocated amount for admin expenses, calculated with payroll in (12)	852,341	0.91%	855,522	0.91%
9. Total recommended contribution, payable July 1	48,579,013	N/A	42,097,698	N/A
10. Total recommended contribution, payable July 15	48,725,620	N/A	42,224,745	N/A
11. Total recommended contribution, payable biweekly	50,367,793	N/A	43,647,822	N/A
12. Projected payroll used for developing normal cost rate	94,013,374		N/A	

Tier 4 Members	June 30, 2015 Amount	June 30, 2015 % of Payroll	June 30, 2014 Amount[2]	June 30, 2014 % of Payroll
1. Total normal cost	$9,391,809	25.33%	$9,382,601	25.31%
2. Expected employee contributions, discounted to beginning of year	-2,966,980	-8.00%	-2,954,537	-7.97%
3. Employer normal cost: (1) + (2)	6,424,829	17.33%	6,428,064	17.34%
4. Actuarial accrued liability	498,048,177		486,428,955	
5. Valuation value of assets	396,900,701		363,378,216	
6. Unfunded actuarial accrued liability	101,147,476		123,050,739	
7. Amortization of unfunded accrued liability[1]	16,263,941	1.17%	13,514,607	0.97%
8. Allocated amount for admin expenses, calculated with payroll in (12)	336,089	0.91%	337,344	0.91%
9. Total recommended contribution, payable July 1	23,024,859	N/A	20,280,015	N/A
10. Total recommended contribution, payable July 15	23,094,346	N/A	20,341,218	N/A
11. Total recommended contribution, payable biweekly	23,872,682	N/A	21,026,767	N/A
12. Projected payroll used for developing normal cost rate	37,070,727		N/A	

(1) UAAL rate is calculated using the City's total payroll of $1,393,258,487.
(2) Amounts are revised to reflect payroll as of June 30, 2015.

CHART 14
Recommended Contribution (Continued)

Tier 5 Members (without Harbor Port Police)	June 30, 2015 Amount	June 30, 2015 % of Payroll	June 30, 2014 Amount[(1)]	June 30, 2014 % of Payroll
1. Total normal cost	$336,453,018	28.71%	$336,145,345	28.68%
2. Expected employee contributions, discounted to beginning of year	-112,601,363	-9.61%	-111,814,037	-9.54%
3. Employer normal cost: (1) + (2)	223,851,655	19.10%	224,331,308	19.14%
4. Actuarial accrued liability	*Tiers 5 and 6 are combined. See table on the next page.*		*Tiers 5 and 6 are combined. See table on the next page.*	
5. Valuation value of assets				
6. Unfunded actuarial accrued liability				
7. Amortization of unfunded accrued liability	99,178,204	8.46%	124,120,614	10.59%
8. Allocated amount for admin expenses, calculated with payroll in (12)	10,626,043	0.91%	10,665,700	0.91%
9. Total recommended contribution, payable July 1	333,655,902	28.47%	359,117,622	30.64%
10. Total recommended contribution, payable July 15	334,662,844	28.55%	360,201,405	30.73%
11. Total recommended contribution, payable biweekly	345,941,802	29.52%	372,341,075	31.77%
12. Projected payroll used for developing normal cost rate	1,172,054,899		N/A	

Tier 6 Members (without Harbor Port Police)	June 30, 2015 Amount	June 30, 2015 % of Payroll	June 30, 2014 Amount[(1)]	June 30, 2014 % of Payroll
1. Total normal cost	$22,830,053	26.23%	$22,765,124	26.16%
2. Expected employee contributions, discounted to beginning of year	-9,232,530	-10.61%	-9,233,103	-10.61%
3. Employer normal cost: (1) + (2)	13,597,523	15.62%	13,532,021	15.55%
4. Actuarial accrued liability	*Tiers 5 and 6 are combined. See table on the next page.*		*Tiers 5 and 6 are combined. See table on the next page.*	
5. Valuation value of assets				
6. Unfunded actuarial accrued liability				
7. Amortization of unfunded accrued liability	7,363,776	8.46%	9,215,698	10.59%
8. Allocated amount for admin expenses, calculated with payroll in (12)	788,962	0.91%	791,906	0.91%
9. Total recommended contribution, payable July 1	21,750,261	24.99%	23,539,625	27.05%
10. Total recommended contribution, payable July 15	21,815,901	25.07%	23,610,665	27.13%
11. Total recommended contribution, payable biweekly	22,551,150	25.91%	24,406,403	28.05%
12. Projected payroll used for developing normal cost rate	87,022,646		N/A	

(1) Amounts are revised to reflect payroll as of June 30, 2015.

CHART 14
Recommended Contribution (Continued)

Combined Tiers 5 and 6 UAAL Contribution Rate Calculations for the City	June 30, 2015				June 30, 2014	
	Tier 5	Tier 6	Combined Tiers 5 and 6		Combined Tiers 5 and 6	
			Amount	% of Payroll	Amount[1]	% of Payroll
4. Actuarial accrued liability	$11,505,479,709	$23,184,706	$11,528,664,415		$11,059,924,084	
5. Valuation value of assets			10,161,568,166		9,229,523,594	
6. Unfunded actuarial accrued liability			1,367,096,249		1,830,400,490	
7. Amortization of unfunded accrued liability			106,541,980	8.46%	133,336,312	10.59%
12. Projected payroll used for developing normal cost rate	1,172,054,899	87,022,646	1,259,077,545		N/A	

All Tiers Combined (without Harbor Port Police)	June 30, 2015		June 30, 2014	
	Amount	% of Payroll	Amount[1]	% of Payroll
1. Total normal cost	$393,425,469	28.24%	$393,119,507	28.22%
2. Expected employee contributions, discounted to beginning of year	-133,209,922	-9.56%	-132,443,968	-9.51%
3. Employer normal cost: (1) + (2)	260,215,547	18.68%	260,675,539	18.71%
4. Actuarial accrued liability	18,287,440,852		18,068,808,099	
5. Valuation value of assets	16,726,108,103		15,641,796,694	
6. Unfunded actuarial accrued liability	1,561,332,749		2,427,011,405	
7. Amortization of unfunded accrued liability	180,756,057	12.97%	217,041,212	15.58%
8. Allocated amount for admin expenses, calculated with payroll in (12)	12,631,511	0.91%	12,678,653	0.91%
9. Total recommended contribution, payable July 1	453,603,114	32.56%	490,395,404	35.20%
10. Total recommended contribution, payable July 15	454,972,046	32.66%	491,875,371	35.30%
11. Total recommended contribution, payable biweekly	470,305,718	33.76%	508,452,777	36.49%
12. Projected payroll used for developing normal cost rate	1,393,258,487		N/A	

(1) Amounts are revised to reflect payroll as of June 30, 2015.

CHART 14
Recommended Contribution (Continued)

Harbor Port Police Tier 5	June 30, 2015 Amount	June 30, 2015 % of Payroll	June 30, 2014 Amount[1]	June 30, 2014 % of Payroll
1. Total normal cost	$3,287,613	29.85%	$3,281,745	29.81%
2. Expected employee contributions, discounted to beginning of year	-1,135,270	-10.31%	-1,133,914	-10.30%
3. Employer normal cost: (1) + (2)	2,152,343	19.54%	2,147,831	19.51%
4. Actuarial accrued liability	*Tiers 5 and 6 are combined. See table on the next page.*		*Tiers 5 and 6 are combined. See table on the next page.*	
5. Valuation value of assets				
6. Unfunded actuarial accrued liability				
7. Amortization of unfunded accrued liability	726,236	6.60%	878,508	7.98%
8. Allocated amount for admin expenses, calculated with payroll in (12)	99,808	0.91%	100,181	0.91%
9. Total recommended contribution, payable July 1	2,978,387	27.05%	3,126,520	28.40%
10. Total recommended contribution, payable July 15	2,987,375	27.14%	3,135,956	28.49%
11. Total recommended contribution, payable biweekly	3,088,057	28.05%	3,241,645	29.45%
12. Projected payroll used for developing normal cost rate	11,008,872		N/A	

Harbor Port Police Tier 6	June 30, 2015 Amount	June 30, 2015 % of Payroll	June 30, 2014 Amount[1]	June 30, 2014 % of Payroll
1. Total normal cost	$230,500	25.50%	$236,809	26.20%
2. Expected employee contributions, discounted to beginning of year	-95,893	-10.61%	-95,899	-10.61%
3. Employer normal cost: (1) + (2)	134,607	14.89%	140,910	15.59%
4. Actuarial accrued liability	*Tiers 5 and 6 are combined. See table on the next page.*		*Tiers 5 and 6 are combined. See table on the next page.*	
5. Valuation value of assets				
6. Unfunded actuarial accrued liability				
7. Amortization of unfunded accrued liability	59,626	6.60%	72,127	7.98%
8. Allocated amount for admin expenses, calculated with payroll in (12)	8,194	0.91%	8,225	0.91%
9. Total recommended contribution, payable July 1	202,427	22.40%	221,262	24.48%
10. Total recommended contribution, payable July 15	203,038	22.46%	221,930	24.55%
11. Total recommended contribution, payable biweekly	209,881	23.22%	229,409	25.38%
12. Projected payroll used for developing normal cost rate	903,852		N/A	

(1) Amounts are revised to reflect payroll as of June 30, 2015.

CHART 14
Recommended Contribution (Continued)

Combined Tiers 5 and 6 UAAL Contribution Rate Calculations for the Harbor Port Police

	June 30, 2015				June 30, 2014	
	Tier 5	Tier 6	Combined Tiers 5 and 6		Combined Tiers 5 and 6	
			Amount	% of Payroll	Amount[(1)]	% of Payroll
4. Actuarial accrued liability	$49,966,144	$100,079	$50,066,223		$45,421,208	
5. Valuation value of assets			43,951,923		36,683,575	
6. Unfunded actuarial accrued liability			6,114,300		8,737,633	
7. Amortization of unfunded accrued liability			785,862	6.60%	950,635	7.98%
12. Projected payroll used for developing normal cost rate	11,008,872	903,852	11,912,724		N/A	

Harbor Port Police Combined (Tiers 5 and 6)	June 30, 2015 Amount	June 30, 2015 % of Payroll	June 30, 2014 Amount[(1)]	June 30, 2014 % of Payroll
1. Total normal cost	$3,518,113	29.53%	$3,518,554	29.53%
2. Expected employee contributions, discounted to beginning of year	-1,231,163	-10.33%	-1,229,813	-10.32%
3. Employer normal cost: (1) + (2)	2,286,950	19.20%	2,288,741	19.21%
4. Actuarial accrued liability	50,066,223		45,421,208	
5. Valuation value of assets	43,951,923		36,683,575	
6. Unfunded actuarial accrued liability	6,114,300		8,737,633	
7. Amortization of unfunded accrued liability	785,862	6.60%	950,635	7.98%
8. Allocated amount for admin expenses, calculated with payroll in (12)	108,002	0.91%	108,406	0.91%
9. Total recommended contribution, payable July 1	3,180,814	26.70%	3,347,782	28.10%
10. Total recommended contribution, payable July 15	3,190,413	26.78%	3,357,886	28.19%
11. Total recommended contribution, payable biweekly	3,297,938	27.68%	3,471,054	29.14%
12. Projected payroll used for developing normal cost rate	11,912,724		N/A	

(1) Amounts are revised to reflect payroll as of June 30, 2015.

CHART 14
Recommended Contribution (Continued)

All Tiers Combined	June 30, 2015 Amount	June 30, 2015 % of Payroll	June 30, 2014 Amount[1]	June 30, 2014 % of Payroll
1. Total normal cost	$396,943,582	28.25%	$396,638,061	28.23%
2. Expected employee contributions, discounted to beginning of year	-134,441,085	-9.57%	-133,673,781	-9.51%
3. Employer normal cost: (1) + (2)	262,502,497	18.68%	262,964,280	18.72%
4. Actuarial accrued liability	18,337,507,075		18,114,229,307	
5. Valuation value of assets	16,770,060,026		15,678,480,269	
6. Unfunded actuarial accrued liability	1,567,447,049		2,435,749,038	
7. Amortization of unfunded accrued liability	181,541,919	12.92%	217,991,847	15.51%
8. Allocated amount for admin expenses, calculated with payroll in (12)	12,739,513	0.91%	12,787,059	0.91%
9. Total recommended contribution, payable July 1	456,783,928	32.51%	493,743,186	35.14%
10. Total recommended contribution, payable July 15	458,162,459	32.61%	495,233,257	35.24%
11. Total recommended contribution, payable biweekly	473,603,656	33.70%	511,923,831	36.43%
12. Projected payroll used for developing normal cost rate	1,405,171,211		N/A	

(1) Amounts are revised to reflect payroll as of June 30, 2015.

If paid by the City at the beginning of the year, the calculated normal cost is 18.68% payroll, and the explicit contribution rate for administrative expense is 0.91% of payroll. The remaining contribution of 12.92% of payroll will amortize the unfunded actuarial accrued liability over an equivalent single amortization period of about 10.0 years.

The contribution rates as of June 30, 2015 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 Rate from June 30, 2014 to June 30, 2015

Recommended Contribution as of June 30, 2014 (Assuming Payment at the Beginning of the Year)	35.14%*
Effect of actual contributions less than expected**	0.13%
Effect of investment gain	-1.15%
Effect of difference in actual versus expected salary increases	-1.08%
Effect of amortizing prior year's UAAL over a smaller than expected projected total payroll	0.59%
Effect of lower than expected COLA increases for retirees, beneficiaries, and DROP members	-1.65%
Effect of gain layers being fully amortized	0.81%
Effect of other actuarial gains	-0.49%
Effect of refinement in procedure to value continuance percentages for current retirees	0.21%
Total change	-2.63%
Recommended Contribution as of June 30, 2015 (Assuming Payment at the Beginning of the Year)	32.51%

* *Revised using payroll as of June 30, 2015.*

** *Payroll increases less than expected by payroll growth assumption, offset to some degree by one-year delay in contribution rate reduction recommended in the June 30, 2014 valuation.*

E. FUNDED RATIO

A commonly reported piece of information regarding the Plan's financial status is the funded ratio. The ratios compare the valuation value of assets and the market value of assets to the actuarial accrued liabilities of the Plan as calculated. High ratios indicate a well-funded plan with assets sufficient to cover the plan's actuarial accrued liabilities. Lower ratios may indicate recent changes to benefit structures, funding of the plan below actuarial requirements, poor asset performance, or a variety of other factors. The chart below depicts a history of the funded ratios for this plan.

The funded status measures shown in this valuation are appropriate for assessing the need for or amount of future contributions. However, they are not necessarily appropriate for assessing the sufficiency of Plan assets to cover the estimated cost of settling the Plan's benefit obligations. As the chart below shows, the measures are different depending on whether the valuation or market value of assets is used.

CHART 16

Funded Ratio

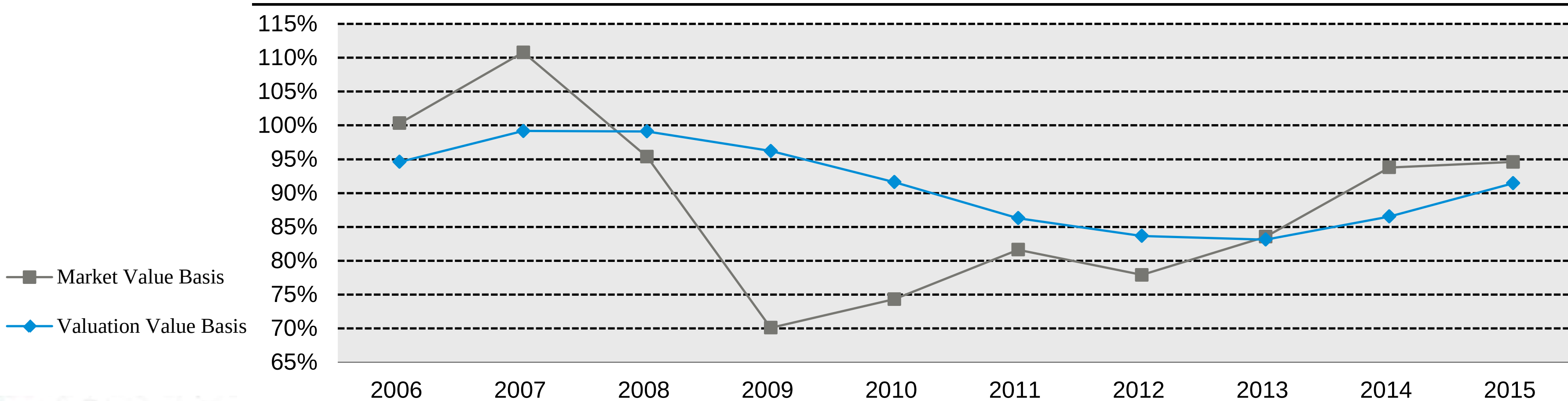


Chart 17

Schedule of Funding Progress

Retirement Benefits (Dollar Amounts in Thousands)

Actuarial Valuation Date	Valuation Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded/ (Overfunded) AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b) - (a)] / (c)
06/30/2008	$14,153,296	$14,279,116	$125,820	99.1%	$1,206,589	10.4%
06/30/2009	14,256,611	14,817,146	560,535	96.2%	1,357,249	41.3%
06/30/2010	14,219,581	15,520,625	1,301,044	91.6%	1,356,986	95.9%
06/30/2011	14,337,669	16,616,476	2,278,807	86.3%	1,343,963	169.6%
06/30/2012	14,251,913	17,030,833	2,778,920	83.7%	1,341,914	207.1%
06/30/2013	14,657,713	17,632,425	2,974,712	83.1%	1,367,237	217.6%
06/30/2014	15,678,480	18,114,229	2,435,749	86.6%	1,402,715	173.6%
06/30/2015	16,770,060	18,337,507	1,567,447	91.5%	1,405,171	111.5%

F. VOLATILITY RATIOS

Retirement plans are subject to volatility in the level of required contributions. This volatility tends to increase as retirement plans become more mature.

The Asset Volatility Ratio (AVR), which is equal to the market value of retirement assets divided by total payroll, provides an indication of the potential contribution volatility for any given level of investment volatility. A higher AVR indicates that the plan is subject to a greater level of contribution volatility. This is a current measure since it is based on the current level of assets.

For LAFPP, the current AVR is about 12.3. This means that a 1% asset gain/(loss) (relative to the assumed investment return) translates to about 12.3% of one-year's payroll. Since LAFPP amortizes actuarial gains and losses over a period of 20 years, there would be a 0.8% of payroll decrease/(increase) in the required contribution for each 1% asset gain/(loss).

The Liability Volatility Ratio (LVR), which is equal to the Actuarial Accrued Liability divided by payroll, provides an indication of the longer-term potential for contribution volatility for any given level of investment volatility. This is because, over an extended period of time, the plan's assets should track the plan's liabilities. For example, if a plan is 50% funded on a market value basis, the liability volatility ratio would be double the asset volatility ratio and the plan sponsor should expect contribution volatility to increase over time as the plan becomes better funded.

The LVR also indicates how volatile contributions will be in response to changes in the Actuarial Accrued Liability due to actual experience or to changes in actuarial assumptions.

For LAFPP, the current LVR is about 13.1. This is about 6% higher than the AVR. Therefore, we would expect that contribution volatility will increase over the long-term.

This chart shows how the asset and liability volatility ratios have varied over time.

CHART 18

Volatility Ratios for Years Ended June 30, 2009 – 2015

Year Ended June 30	Asset Volatility Ratio	Liability Volatility Ratio
2009	7.6	10.9
2010	8.5	11.4
2011	10.1	12.4
2012	9.9	12.7
2013	10.8	12.9
2014	12.1	12.9
2015	12.3	13.1

EXHIBIT A
Table of Plan Coverage
Total

Category	Year Ended June 30 2015	Year Ended June 30 2014	Change From Prior Year
Active members in valuation:			
Number	13,068	13,097	-0.2%
Average age	42.5	42.4	N/A
Average service	15.5	15.4	N/A
Projected total payroll	$1,405,171,210	$1,402,715,039	0.2%
Projected average payroll	$107,528	$107,102	0.4%
Account balances	$1,798,403,054	$1,732,229,015	3.8%
Total active vested members	4,462	4,385	1.8%
Vested terminated members:			
Number*	112	131	-14.5%
Average age**	46.0	46.3	N/A
Average monthly benefit at age 50**	$2,275	$2,094	8.6%
Retired members:			
Number in pay status	8,122	7,955	2.1%
Average age at retirement	51.7	51.6	N/A
Average age	69.6	69.6	N/A
Average monthly benefit (includes July COLA)	$5,822	$5,745	1.3%
Disabled members:			
Number in pay status	2,031	2,088	-2.7%
Average age at retirement	44.0	44.0	N/A
Average age	69.7	69.0	N/A
Average monthly benefit (includes July COLA)	$4,628	$4,622	0.1%
Beneficiaries:			
Number in pay status	2,440	2,459	-0.8%
Average age	76.6	76.3	N/A
Average monthly benefit (includes July COLA)	$4,166	$4,167	-0.0%

* *Includes terminated members due only a refund of member contributions.*

** *Excludes terminated members due only a refund of member contributions.*

EXHIBIT A

Table of Plan Coverage

i. Tier 1

Category	Year Ended June 30 2015	Year Ended June 30 2014	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 at age 50	N/A	N/A	N/A
Retired members:			
Number in pay status	77	90	-14.4%
Average age at retirement	46.3	46.2	N/A
Average age	86.1	86.0	N/A
Average monthly benefit (includes July COLA)	$2,349	$2,325	1.0%
Disabled members:			
Number in pay status	75	85	-11.8%
Average age at retirement	36.5	36.5	N/A
Average age	82.3	81.7	N/A
Average monthly benefit (includes July COLA)	$3,108	$3,098	0.3%
Beneficiaries:			
Number in pay status	292	323	-9.6%
Average age	84.6	84.9	N/A
Average monthly benefit (includes July COLA)	$2,584	$2,597	-0.5%

EXHIBIT A

Table of Plan Coverage

ii. Tier 2

Category	Year Ended June 30 2015	Year Ended June 30 2014	Change From Prior Year
Active members in valuation:			
Number	22	47	-53.2%
Average age	59.9	57.9	N/A
Average service	36.1	34.8	N/A
Projected total payroll	$3,096,841	$6,648,510	-53.4%
Projected average payroll	$140,766	$141,458	-0.5%
Account balances	$5,709,181	$11,779,651	-51.5%
Total active vested members	22	47	-53.2%
Vested terminated members:			
Number	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit at age 50	N/A	N/A	N/A
Retired members:			
Number in pay status	4,559	4,703	-3.1%
Average age at retirement	50.3	50.3	N/A
Average age	74.5	73.9	N/A
Average monthly benefit (includes July COLA)	$5,025	$4,995	0.6%
Disabled members:			
Number in pay status	1,540	1,589	-3.1%
Average age at retirement	45.1	45.2	N/A
Average age	73.2	72.4	N/A
Average monthly benefit (includes July COLA)	$4,875	$4,873	0.0%
Beneficiaries:			
Number in pay status	1,876	1,875	0.1%
Average age	78.6	78.3	N/A
Average monthly benefit (includes July COLA)	$4,288	$4,284	0.1%

SECTION 3: Supplemental Information for the City of Los Angeles Fire and Police Pension Plan

EXHIBIT A

Table of Plan Coverage

iii. Tier 3

Category	Year Ended June 30 2015	Year Ended June 30 2014	Change From Prior Year
Active members in valuation:			
Number	836	870	-3.9%
Average age	48.8	48.0	N/A
Average service	21.2	20.2	N/A
Projected total payroll	$94,013,374	$97,117,729	-3.2%
Projected average payroll	$112,456	$111,630	0.7%
Account balances	$144,328,775	$138,134,124	4.5%
Total active vested members	835	868	-3.8%
Vested terminated members:			
Number*	39	53	-26.4%
Average age**	45.6	46.0	N/A
Average monthly benefit at age 50**	$1,891	$1,842	2.7%
Retired members:			
Number in pay status	227	193	17.6%
Average age at retirement	52.9	52.8	N/A
Average age	60.3	60.2	N/A
Average monthly benefit (includes July COLA)	$2,888	$2,823	2.3%
Disabled members:			
Number in pay status	249	250	-0.4%
Average age at retirement	39.8	39.7	N/A
Average age	56.1	55.1	N/A
Average monthly benefit (includes July COLA)	$3,522	$3,496	0.7%
Beneficiaries:			
Number in pay status	83	89	-6.7%
Average age	53.3	50.7	N/A
Average monthly benefit (includes July COLA)	$3,880	$4,066	-4.6%

* *Includes terminated members due only a refund of member contributions.*

** *Excludes terminated members due only a refund of member contributions.*

EXHIBIT A

Table of Plan Coverage

iv. Tier 4

Category	Year Ended June 30 2015	Year Ended June 30 2014	Change From Prior Year
Active members in valuation:			
Number	323	350	-7.7%
Average age	45.6	45.0	N/A
Average service	20.7	20.3	N/A
Projected total payroll	$37,070,727	$40,032,133	-7.4%
Projected average payroll	$114,770	$114,378	0.3%
Account balances	$55,980,040	$57,902,656	-3.3%
Total active vested members	140	157	-10.8%
Vested terminated members:			
Number	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit at age 50	N/A	N/A	N/A
Retired members:			
Number in pay status	202	179	12.9%
Average age at retirement	46.5	46.1	N/A
Average age	54.3	53.6	N/A
Average monthly benefit (includes July COLA)	$4,745	$4,597	3.2%
Disabled members:			
Number in pay status	45	44	2.3%
Average age at retirement	42.2	42.1	N/A
Average age	53.4	52.5	N/A
Average monthly benefit (includes July COLA)	$4,525	$4,509	0.4%
Beneficiaries:			
Number in pay status	4	4	0.0%
Average age	35.2	36.4	N/A
Average monthly benefit (includes July COLA)	$6,803	$8,518	-20.1%

SECTION 3: Supplemental Information for the City of Los Angeles Fire and Police Pension Plan

EXHIBIT A

Table of Plan Coverage

v. Tier 5 (without Harbor Port Police)

Category	Year Ended June 30 2015	Year Ended June 30 2014	Change From Prior Year
Active members in valuation:			
Number	10,569	10,923	-3.2%
Average age	43.6	42.9	N/A
Average service	16.5	15.9	N/A
Projected total payroll	$1,172,054,899	$1,198,378,807	-2.2%
Projected average payroll	$110,896	$109,712	1.1%
Account balances	$1,574,959,881	$1,511,270,941	4.2%
Total active vested members	3,461	3,308	4.6%
Vested terminated members:			
Number*	47	52	-9.6%
Average age**	47.4	48.4	N/A
Average monthly benefit at age 50**	$4,052	$3,819	6.1%
Retired members:			
Number in pay status	3,046	2,780	9.6%
Average age at retirement	54.2	54.3	N/A
Average age	63.7	63.4	N/A
Average monthly benefit (includes July COLA)	$7,391	$7,401	-0.1%
Disabled members:			
Number in pay status	120	118	1.7%
Average age at retirement	43.6	43.6	N/A
Average age	50.9	50.2	N/A
Average monthly benefit (includes July COLA)	$4,745	$4,760	-0.3%
Beneficiaries:			
Number in pay status	185	168	10.1%
Average age	54.5	52.6	N/A
Average monthly benefit (includes July COLA)	$5,504	$5,839	-5.7%

* *Includes terminated members due only a refund of member contributions.*

** *Excludes terminated members due only a refund of member contributions.*

EXHIBIT A

Table of Plan Coverage

vi. Tier 6 (without Harbor Port Police)

Category	Year Ended June 30 2015	Year Ended June 30 2014	Change From Prior Year
Active members in valuation:			
Number	1,203	798	50.8%
Average age	28.2	27.7	N/A
Average service	1.1	1.1	N/A
Projected total payroll	$87,022,646	$49,200,011	76.9%
Projected average payroll	$72,338	$61,654	17.3%
Account balances	$8,715,512	$5,614,899	55.2%
Total active vested members	0	0	N/A
Vested terminated members:			
Number*	26	25	4.0%
Average age**	N/A	N/A	N/A
Average monthly benefit at age 50**	N/A	N/A	N/A
Retired members:			
Number in pay status	0	0	N/A
Average age at retirement	N/A	N/A	N/A
Average age	N/A	N/A	N/A
Average monthly benefit (includes July COLA)	N/A	N/A	N/A
Disabled members:			
Number in pay status	0	0	N/A
Average age at retirement	N/A	N/A	N/A
Average age	N/A	N/A	N/A
Average monthly benefit (includes July COLA)	N/A	N/A	N/A
Beneficiaries:			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit (includes July COLA)	N/A	N/A	N/A

* *Includes terminated members due only a refund of member contributions.*

** *Excludes terminated members due only a refund of member contributions.*

SECTION 3: Supplemental Information for the City of Los Angeles Fire and Police Pension Plan

EXHIBIT A
Table of Plan Coverage
vii. Harbor Port Police (Tier 5)

Category	Year Ended June 30 2015	Year Ended June 30 2014	Change From Prior Year
Active members in valuation:			
Number	103	105	-1.9%
Average age	39.4	38.5	N/A
Average service	9.7	8.9	N/A
Projected total payroll	$11,008,872	$11,105,605	-0.9%
Projected average payroll	$106,882	$105,768	1.1%
Account balances	$8,661,305	$7,494,811	15.6%
Total active vested members	4	5	-20.0%
Vested terminated members:			
Number*	0	1	-100.0%
Average age**	N/A	N/A	N/A
Average monthly benefit at age 50**	N/A	N/A	N/A
Retired members:			
Number in pay status	11	10	10.0%
Average age at retirement	54.8	55.1	N/A
Average age	59.6	59.4	N/A
Average monthly benefit (includes July COLA)	$6,397	$5,940	7.7%
Disabled members:			
Number in pay status	2	2	0.0%
Average age at retirement	40.1	40.1	N/A
Average age	50.1	49.1	N/A
Average monthly benefit (includes July COLA)	$4,914	$4,910	0.1%
Beneficiaries:			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit (includes July COLA)	N/A	N/A	N/A

* *Includes terminated members due only a refund of member contributions.*

** *Excludes terminated members due only a refund of member contributions.*

EXHIBIT A

Table of Plan Coverage

viii. Harbor Port Police (Tier 6)

Category	Year Ended June 30 2015	Year Ended June 30 2014	Change From Prior Year
Active members in valuation:			
Number	12	4	200.0%
Average age	32.4	28.7	N/A
Average service	0.5	0.3	N/A
Projected total payroll	$903,852	$232,244	289.2%
Projected average payroll	$75,321	$58,061	29.7%
Account balances	$48,359	$31,933	51.4%
Total active vested members	0	0	N/A
Vested terminated members:			
Number	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit at age 50	N/A	N/A	N/A
Retired members:			
Number in pay status	0	0	N/A
Average age at retirement	N/A	N/A	N/A
Average age	N/A	N/A	N/A
Average monthly benefit (includes July COLA)	N/A	N/A	N/A
Disabled members:			
Number in pay status	0	0	N/A
Average age at retirement	N/A	N/A	N/A
Average age	N/A	N/A	N/A
Average monthly benefit (includes July COLA)	N/A	N/A	N/A
Beneficiaries:			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit (includes July COLA)	N/A	N/A	N/A

EXHIBIT B

Members in Active Service and Projected Average Payroll as of June 30, 2015
By Age and Years of Service
Total

		Years of Service								
Age	Total	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
Under 25	303	303	- -	- -	- -	- -	- -	- -	- -	- -
	$65,028	$65,028	- -	- -	- -	- -	- -	- -	- -	- -
25 - 29	1,063	694	369	- -	- -	- -	- -	- -	- -	- -
	83,034	75,728	$96,774	- -	- -	- -	- -	- -	- -	- -
30 - 34	1,853	303	1,385	165	- -	- -	- -	- -	- -	- -
	96,236	80,580	98,688	$104,401	- -	- -	- -	- -	- -	- -
35 - 39	1,959	69	811	876	203	- -	- -	- -	- -	- -
	103,027	78,259	99,361	106,475	$111,221	- -	- -	- -	- -	- -
40 - 44	2,362	35	303	671	1,136	217	- -	- -	- -	- -
	109,536	86,211	98,579	106,705	112,662	$120,984	- -	- -	- -	- -
45 - 49	2,389	14	104	258	857	719	436	1	- -	- -
	115,380	85,743	97,706	106,639	112,467	120,019	$123,789	$117,656	- -	- -
50 - 54	2,002	3	31	67	250	432	990	223	6	- -
	120,770	80,512	102,164	107,454	111,857	117,697	123,820	129,911	$135,291	- -
55 - 59	898	2	3	11	75	91	365	285	66	- -
	124,247	128,845	100,297	109,732	109,091	116,646	122,616	127,728	149,302	- -
60 - 64	218	1	- -	2	22	15	72	69	34	3
	122,897	172,655	- -	112,735	107,584	118,817	119,621	121,983	141,897	$130,073
65 - 69	17	- -	- -	- -	1	1	7	2	5	1
	122,232	- -	- -	- -	97,616	102,925	120,571	129,634	129,813	125,079
70 & over	4	- -	- -	- -	1	- -	2	- -	- -	1
	114,576	- -	- -	- -	118,459	- -	110,692	- -	- -	118,459
Total	13,068	1,424	3,006	2,050	2,545	1,475	1,872	580	111	5
	$107,528	$75,115	$98,627	$106,460	$112,249	$119,249	$123,390	$127,873	$145,399	$126,751

EXHIBIT B

Members in Active Service and Projected Average Payroll as of June 30, 2015

By Age and Years of Service

i. Tier 1

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

EXHIBIT B

Members in Active Service and Projected Average Payroll as of June 30, 2015
By Age and Years of Service
ii. Tier 2

		Years of Service								
Age	**Total**	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30-34**	**35-39**	**40 & over**
Under 25	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
25 - 29	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
30 - 34	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
35 - 39	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
40 - 44	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
45 - 49	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
50 - 54	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
55 - 59	15	--	--	--	--	--	--	5	10	--
	$150,476	--	--	--	--	--	--	$165,678	$142,875	--
60 - 64	5	--	--	--	--	--	--	3	2	--
	116,302	--	--	--	--	--	--	116,820	115,523	--
65 - 69	1	--	--	--	--	--	--	--	1	--
	139,733	--	--	--	--	--	--	--	139,733	--
70 & over	1	--	--	--	--	--	--	--	--	1
	118,459	--	--	--	--	--	--	--	--	$118,459
Total	22	--	--	--	--	--	--	8	13	1
	$140,765	--	--	--	--	--	--	$147,356	$138,426	$118,459

EXHIBIT B

Members in Active Service and Projected Average Payroll as of June 30, 2015
By Age and Years of Service
iii. Tier 3

		Years of Service								
Age	**Total**	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30-34**	**35-39**	**40 & over**
Under 25	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
25 - 29	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
30 - 34	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
35 - 39	6	- -	- -	- -	6	- -	- -	- -	- -	- -
	$108,446	- -	- -	- -	$108,446	- -	- -	- -	- -	- -
40 - 44	217	- -	- -	- -	180	37	- -	- -	- -	- -
	110,800	- -	- -	- -	109,979	$114,792	- -	- -	- -	- -
45 - 49	309	- -	- -	1	152	113	43	- -	- -	- -
	113,280	- -	- -	$121,430	110,426	115,126	$118,325	- -	- -	- -
50 - 54	213	- -	1	2	44	69	91	6	- -	- -
	113,630	- -	$93,409	88,264	113,017	112,788	115,237	$115,258	- -	- -
55 - 59	58	- -	- -	- -	22	18	16	2	- -	- -
	110,652	- -	- -	- -	107,760	110,347	114,551	114,002	- -	- -
60 - 64	29	- -	- -	- -	10	10	8	1	- -	- -
	112,856	- -	- -	- -	104,728	118,008	115,466	121,717	- -	- -
65 - 69	2	- -	- -	- -	1	1	- -	- -	- -	- -
	100,271	- -	- -	- -	97,616	102,925	- -	- -	- -	- -
70 & over	2	- -	- -	- -	1	- -	1	- -	- -	- -
	110,692	- -	- -	- -	118,459	- -	102,925	- -	- -	- -
Total	836	- -	1	3	416	248	159	9	- -	- -
	$112,456	- -	$93,409	$99,319	$110,189	$114,146	$115,937	$115,696	- -	- -

EXHIBIT B

Members in Active Service and Projected Average Payroll as of June 30, 2015
By Age and Years of Service
iv. Tier 4

		Years of Service								
Age	**Total**	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30-34**	**35-39**	**40 & over**
Under 25	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
25 - 29	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
30 - 34	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
35 - 39	74	- -	- -	42	32	- -	- -	- -	- -	- -
	$106,505	- -	- -	$105,682	$107,586	- -	- -	- -	- -	- -
40 - 44	84	- -	- -	27	53	4	- -	- -	- -	- -
	108,216	- -	- -	106,680	108,210	$118,661	- -	- -	- -	- -
45 - 49	76	- -	- -	6	13	12	45	- -	- -	- -
	120,422	- -	- -	105,062	103,775	124,456	$126,203	- -	- -	- -
50 - 54	76	- -	- -	5	4	2	44	21	- -	- -
	120,948	- -	- -	111,409	106,684	107,404	120,707	$127,731	- -	- -
55 - 59	12	- -	- -	1	- -	- -	3	8	- -	- -
	135,549	- -	- -	111,298	- -	- -	121,665	143,788	- -	- -
60 - 64	1	- -	- -	- -	- -	- -	- -	1	- -	- -
	128,519	- -	- -	- -	- -	- -	- -	128,519	- -	- -
65 - 69	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
70 & over	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
Total	323	- -	- -	81	102	18	92	30	- -	- -
	$114,770	- -	- -	$106,392	$107,389	$121,274	$123,426	$132,039	- -	- -

EXHIBIT B

Members in Active Service and Projected Average Payroll as of June 30, 2015
By Age and Years of Service
v. Tier 5 (without Harbor Port Police)

		Years of Service								
Age	**Total**	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30-34**	**35-39**	**40 & over**
Under 25	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
25 - 29	462	100	362	- -	- -	- -	- -	- -	- -	- -
	$95,512	$90,672	$96,849	- -	- -	- -	- -	- -	- -	- -
30 - 34	1,609	88	1,357	164	- -	- -	- -	- -	- -	- -
	98,846	91,566	98,671	$104,200	- -	- -	- -	- -	- -	- -
35 - 39	1,790	12	782	831	165	- -	- -	- -	- -	- -
	103,799	92,872	99,365	106,495	$112,026	- -	- -	- -	- -	- -
40 - 44	2,016	11	291	638	900	176	- -	- -	- -	- -
	109,831	94,764	98,363	106,684	113,508	$122,339	- -	- -	- -	- -
45 - 49	1,983	5	100	247	689	593	348	1	- -	- -
	115,679	91,455	97,425	106,619	113,035	120,832	$124,152	$117,656	- -	- -
50 - 54	1,703	1	27	58	200	361	854	196	6	- -
	121,641	91,023	96,966	106,867	111,811	118,693	124,859	130,593	$135,291	- -
55 - 59	809	1	3	10	52	72	345	270	56	- -
	124,386	81,697	100,297	109,575	109,179	117,983	122,774	126,651	150,450	- -
60 - 64	182	- -	- -	2	12	5	64	64	32	3
	124,374	- -	- -	112,735	109,963	120,435	120,141	122,127	143,545	$130,073
65 - 69	14	- -	- -	- -	- -	- -	7	2	4	1
	124,120	- -	- -	- -	- -	- -	120,571	129,634	127,333	125,079
70 & over	1	- -	- -	- -	- -	- -	1	- -	- -	- -
	118,459	- -	- -	- -	- -	- -	118,459	- -	- -	- -
Total	10,569	218	2,922	1,950	2,018	1,207	1,619	533	98	4
	$110,896	$91,339	$98,544	$106,413	$112,924	$120,240	$124,054	$127,552	$146,324	$128,825

EXHIBIT B

Members in Active Service and Projected Average Payroll as of June 30, 2015
By Age and Years of Service
vi. Tier 6 (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	300	300	- -	- -	- -	- -	- -	- -	- -	- -
	$65,192	$65,192	- -	- -	- -	- -	- -	- -	- -	- -
25 - 29	591	588	3	- -	- -	- -	- -	- -	- -	- -
	73,510	73,423	$90,451	- -	- -	- -	- -	- -	- -	- -
30 - 34	215	215	- -	- -	- -	- -	- -	- -	- -	- -
	76,083	76,083	- -	- -	- -	- -	- -	- -	- -	- -
35 - 39	57	55	2	- -	- -	- -	- -	- -	- -	- -
	75,513	74,872	93,130	- -	- -	- -	- -	- -	- -	- -
40 - 44	28	24	1	2	1	- -	- -	- -	- -	- -
	84,611	82,290	96,665	$98,535	$100,391	- -	- -	- -	- -	- -
45 - 49	10	9	- -	1	- -	- -	- -	- -	- -	- -
	83,910	82,570	- -	95,968	- -	- -	- -	- -	- -	- -
50 - 54	2	2	- -	- -	- -	- -	- -	- -	- -	- -
	75,257	75,257	- -	- -	- -	- -	- -	- -	- -	- -
55 - 59	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
60 - 64	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
65 - 69	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
70 & over	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
Total	1,203	1,193	6	3	1	- -	- -	- -	- -	- -
	$72,338	$72,150	$92,380	$97,679	$100,391	- -	- -	- -	- -	- -

EXHIBIT B

Members in Active Service and Projected Average Payroll as of June 30, 2015
By Age and Years of Service
vii. 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	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
25 - 29	4	- -	4	- -	- -	- -	- -	- -	- -	- -
	$94,770	- -	$94,770	- -	- -	- -	- -	- -	- -	- -
30 - 34	29	- -	28	1	- -	- -	- -	- -	- -	- -
	100,810	- -	99,504	$137,369	- -	- -	- -	- -	- -	- -
35 - 39	31	1	27	3	- -	- -	- -	- -	- -	- -
	100,032	$73,377	99,687	112,022	- -	- -	- -	- -	- -	- -
40 - 44	17	- -	11	4	2	- -	- -	- -	- -	- -
	105,986	- -	104,481	114,360	$97,517	- -	- -	- -	- -	- -
45 - 49	11	- -	4	3	3	1	- -	- -	- -	- -
	114,158	- -	104,730	110,098	123,053	$137,369	- -	- -	- -	- -
50 - 54	8	- -	3	2	2	- -	1	- -	- -	- -
	135,032	- -	151,862	133,796	101,218	- -	$154,640	- -	- -	- -
55 - 59	3	- -	- -	- -	1	1	1	- -	- -	- -
	155,855	- -	- -	- -	133,796	133,796	199,973	- -	- -	- -
60 - 64	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
65 - 69	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
70 & over	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
Total	103	1	77	13	8	2	2	- -	- -	- -
	$106,882	$73,377	$102,345	$117,597	$112,553	$135,582	$177,307	- -	- -	- -

EXHIBIT B

Members in Active Service and Projected Average Payroll as of June 30, 2015
By Age and Years of Service
viii. Harbor Port Police (Tier 6)

		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	3	3	- -	- -	- -	- -	- -	- -	- -	- -
	$48,660	$48,660	- -	- -	- -	- -	- -	- -	- -	- -
25 - 29	6	6	- -	- -	- -	- -	- -	- -	- -	- -
	52,533	52,533	- -	- -	- -	- -	- -	- -	- -	- -
30 - 34	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
35 - 39	1	1	- -	- -	- -	- -	- -	- -	- -	- -
	94,029	94,029	- -	- -	- -	- -	- -	- -	- -	- -
40 - 44	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
45 - 49	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
50 - 54	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
55 - 59	1	1	- -	- -	- -	- -	- -	- -	- -	- -
	175,993	175,993	- -	- -	- -	- -	- -	- -	- -	- -
60 - 64	1	1	- -	- -	- -	- -	- -	- -	- -	- -
	172,655	172,655	- -	- -	- -	- -	- -	- -	- -	- -
65 - 69	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
70 & over	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
Total	12	12	- -	- -	- -	- -	- -	- -	- -	- -
	$75,321	$75,321	- -	- -	- -	- -	- -	- -	- -	- -

EXHIBIT C
Reconciliation of Member Data

	Active Members *	Vested Former Members**	Disableds	Retired Members	Beneficiaries	Total
Number as of June 30, 2014	13,097	131	2,088	7,955	2,459	25,730
New members	470	N/A	N/A	N/A	151	621
Terminations – with vested rights	-71	71	0	0	0	0
Refund of member contributions	-58	-71	0	0	0	-129
Retirements	-355	-16	N/A	371	N/A	0
New disabilities	-6	0	6	0	N/A	0
Died with or without beneficiary	-12	0	-64	-203	-155	-434
Rehired	3	-3	0	0	N/A	0
Certain period expired	N/A	N/A	0	0	-20	-20
Data adjustments	0	0	1	-1	5	5
Number as of June 30, 2015	13,068	112	2,031	8,122	2,440	25,773

* *Includes DROP members.*

** *Includes and 76 and 67 terminated members due only a refund of member contributions as of June 30, 2014 and June 30, 2015, respectively.*

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, 2015		Year Ended June 30, 2014	
Contribution income:				
Employer contributions	$628,808,763		$578,805,107	
Employee contributions	126,770,882		124,394,889	
Contribution income		$755,579,645		$703,199,996
Investment income:				
Interest, dividends and other income	$1,524,766,970		$1,325,729,463	
Recognition of capital appreciation	87,669,422		227,580,333	
Less investment fees*	-84,478,748		-84,910,347	
Net investment income		1,527,957,644		1,468,399,449
Total income available for benefits		$2,283,537,289		$2,171,599,445
Less benefit payments		-$1,029,319,785		-$963,356,954
Less administrative expenses		-19,178,885		0
Change in reserve for future benefits		$1,235,038,619		$1,208,242,491

* *Prior to 2015, administrative expenses were shown as part of investment and administrative fees.*

EXHIBIT E

Summary Statement of Assets for Retirement and Health Subsidy Benefits

	Year Ended June 30, 2015		Year Ended June 30, 2014	
Cash equivalents		$1,030,837		$1,449,555
Accounts receivable:				
Accrued interest and dividends	$53,667,875		$58,230,583	
Contributions	6,686,968		6,109,845	
Due from brokers	204,331,276		265,172,222	
Total accounts receivable		264,686,119		329,512,650
Investments:				
Equities	$13,533,110,602		$12,691,081,303	
Fixed income investments	3,843,514,633		4,311,621,954	
Real estate	1,581,094,151		1,419,813,952	
Total investments at market value		18,957,719,386		18,422,517,209
Total assets		$19,223,436,342		$18,753,479,414
Less accounts payable:				
Accounts payable and benefits in process	-$34,359,392		-$28,597,595	
Due to brokers	-245,774,104		-265,350,594	
Mortgage payable	-206,202,144		-168,520,538	
Total accounts payable		-$486,335,640		-$462,468,727
Net assets at market value		$18,737,100,702		$18,291,010,687*
Net assets at actuarial value		$18,114,393,332		$16,879,354,713
Net assets at valuation value (retirement benefits)		$16,770,060,026		$15,678,480,269

* *Based on unaudited market value of assets. Subsequent to the June 30, 2014 valuation, the market value of assets was changed to $18,303,840,134.*

EXHIBIT F

Development of the Fund Through June 30, 2015 for All Retirement and Health Subsidy Benefits Assets

Year Ended June 30	Employer Contributions	Employee Contributions	Net Investment Return[1]	Administrative Expenses	Benefit Payments	Actuarial Value of Assets at End of Year
2007	$286,167,278[2]	$91,263,474	$1,590,968,304	-	$800,819,286	$13,902,764,838
2008	333,672,743	98,074,219	1,414,391,128	-	827,959,245	14,920,943,683
2009	326,876,839	103,685,447	557,346,783	-	842,565,358	15,066,287,394
2010	357,165,140	106,411,630	360,741,904	-	853,749,429	15,036,856,639
2011	388,773,459	105,471,264	568,411,044	-	878,952,809	15,220,559,597
2012	444,565,284	120,099,124	320,400,668	-	926,349,506	15,179,275,167
2013	508,387,283	121,777,655	827,790,619	-	966,118,502	15,671,112,222
2014	578,805,107	124,394,889	1,468,399,449	-	963,356,954	16,879,354,713
2015	628,808,763	126,770,882	1,527,957,644	$19,178,885	1,029,319,785	18,114,393,332

(1) *Net of investment fees and administrative expenses prior to 2015. Starting in 2015, administrative expenses are shown separately.*

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

EXHIBIT G

Development of Unfunded Actuarial Accrued Liability for Year Ended June 30, 2015

1.	Unfunded actuarial accrued liability at beginning of year	$2,435,749,038
2.	Total normal cost at beginning of year[(1)]	409,453,216
3.	Expected contributions at beginning of year[(1)]	-626,119,974
4.	Interest	166,431,171
5.	Expected unfunded actuarial accrued liability: (1) + (2) + (3) + (4)	$2,385,513,451
6	Actuarial experience (gain)/loss :	
	(a) Loss due to actual contributions less than expected[(2)]	$26,698,050
	(b) Investment gain	-241,163,722
	(c) COLA increases less than expected for retirees, beneficiaries and DROP members	-344,310,523
	(d) Salary increases less than expected	-225,087,603
	(e) Other experience gain[(3)]	-77,370,638
	(f) Total experience (gain)/loss	-$861,234,436
7.	Refinement in procedure to value continuance percentages for current retirees	43,168,034
8.	Unfunded actuarial accrued liability at end of year: (5) + (6f) + (7)	$1,567,447,049

(1) Includes $12,717,245 in assumed administrative expenses (0.91% of projected payroll at beginning of the year).

(2) Payroll increases less than expected by payroll growth assumption, offset to some degree by one-year delay in contribution rate reduction recommended in the June 30, 2014 valuation.

(3) Includes a gain of about $31 million from more than expected deaths among retirees.

EXHIBIT H

Table of Amortization Bases

Tier 1

Type	Date Established	Initial Amount	Initial Period	Outstanding Balance	Years Remaining	Annual Payment[(1)]
Unfunded Actuarial Accrued Liability	06/30/2015	$170,907,119	22	$170,907,119	22	$14,974,146
Total				**$170,907,119**		**$14,974,146**

Tier 2

Type	Date Established	Initial Amount	Initial Period	Outstanding Balance	Years Remaining	Annual Payment[(2)]
Unfunded Actuarial Accrued Liability	06/30/2008	-$632,245,519	29	-$708,502,016	22	-$44,598,831
Experience Loss	06/30/2009	53,442,825	15	45,090,011	9	5,698,407
Experience Loss	06/30/2010	210,742,926	15	186,383,774	10	21,534,522
Assumption Change	06/30/2010	1,450,331	27	1,559,364	22	98,159
Experience Loss	06/30/2011	203,104,597	15	186,609,704	11	19,908,600
Assumption Change	06/30/2011	344,553,091	26	363,842,159	22	22,903,160
Experience Loss	06/30/2012	238,453,071	20	239,527,934	17	18,122,308
Experience Loss	06/30/2013	73,947,281	20	74,325,698	18	5,391,012
Experience Gain	06/30/2014	-212,930,921	20	-213,508,592	19	-14,891,008
Assumption Change	06/30/2014	-65,152,628	25	-65,987,717	24	-3,919,453
Experience Gain	06/30/2015	-288,914,220	20	-288,914,220	20	-19,427,680
Total				**-$179,573,901[(3)]**		**$10,819,196[(3)]**

(1) *Level dollar amortization.*

(2) *Level percentage of payroll amortization.*

(3) *Even though the new actuarial gain recognized during the 2014/2015 plan year has caused the total UAAL for Tier 2 to become negative, we have not applied the surplus amortization provisions of the LAFPP funding policy because the Plan as a whole does not have an actuarial surplus.*

EXHIBIT H

Table of Amortization Bases (Continued)

Tier 3

Type	Date Established	Initial Amount	Initial Period	Outstanding Balance	Years Remaining	Annual Payment[(1)]
Assumption Change	06/30/1989[(3)]	-$15,977,993	14	-$8,169,236	4	-$2,144,800
Plan Amendment	06/30/1990[(3)]	279,608	15	166,625	5	35,567
Assumption Change	06/30/1990[(3)]	-6,281,127	15	-3,743,077	5	-798,975
Assumption Change	06/30/1992[(3)]	2,454,735	17	1,803,591	7	283,932
Assumption Change	06/30/1995[(3)]	-20,329,471	20	-18,086,022	10	-2,089,634
Plan Amendment	06/30/1996[(3)]	2,832,341	21	2,637,271	11	281,359
Asset Method Change	06/30/1996[(3)]	-18,309,076	21	-17,048,086	11	-1,818,788
Plan Amendment	06/30/1998[(3)]	5,510,715	23	5,526,362	13	514,542
Assumption Change	06/30/1998[(3)]	9,268,417	23	9,294,733	13	865,404
Plan Amendment	06/30/2000[(3)]	949,873	25	1,009,291	15	83,969
Experience Gain	06/30/2001[(3)]	-39,924,972	11	-6,513,673	1	-6,513,673
Assumption Change	06/30/2001[(3)]	-29,148,684	26	-31,736,428	16	-2,513,088
Experience Loss	06/30/2002[(3)]	110,014,634	12	32,874,358	2	16,709,189
Experience Loss	06/30/2003[(3)]	151,681,782	13	62,698,016	3	21,594,795
Experience Loss	06/30/2004[(3)]	10,104,562	14	5,166,265	4	1,356,382
Assumption Change	06/30/2004[(3)]	-8,698,728	29	-10,055,165	19	-701,290
Experience Loss	06/30/2005[(3)]	21,605,884	15	12,875,476	5	2,748,323
Assumption Change	06/30/2005[(3)]	27,253,819	30	32,026,629	20	2,153,591
Experience Loss	06/30/2006	16,400,257	15	10,992,586	6	1,986,977
Assumption Change	06/30/2006	29,340,123	30	33,977,506	21	2,208,183
Experience Gain	06/30/2007	-20,934,587	21	-20,388,022	13	-1,898,265
Assumption Change	06/30/2007	-5,027,630	30	-5,761,499	22	-362,675

EXHIBIT H

Table of Amortization Bases (Continued)

Tier 3 (Continued)

Type	Date Established	Initial Amount	Initial Period	Outstanding Balance	Years Remaining	Annual Payment[1]
Experience Gain	06/30/2008	-$18,292,189	17	-$16,018,591	10	-$1,850,766
Assumption Change	06/30/2008	8,034,472	30	9,093,221	23	555,518
Experience Loss	06/30/2009	10,158,177	15	8,570,512	9	1,083,128
Experience Loss	06/30/2010	2,144,522	15	1,896,643	10	219,135
Assumption Change	06/30/2010	25,997,606	30	28,549,757	25	1,651,439
Plan Amendment[2]	06/30/2011	-18,044	30	-19,490	26	-1,100
Experience Loss	06/30/2011	1,095,451	15	1,006,485	11	107,378
Assumption Change	06/30/2011	25,593,931	30	27,643,126	26	1,559,561
Experience Loss	06/30/2012	10,983,184	20	11,032,691	17	834,716
Experience Loss	06/30/2013	6,011,719	20	6,042,484	18	438,275
Experience Gain	06/30/2014	-15,610,972	20	-15,653,324	19	-1,091,730
Assumption Change	06/30/2014	-3,528,915	25	-3,574,147	24	-212,293
Experience Gain	06/30/2015	-46,361,062	20	-46,361,062	20	-3,117,492
Total				**$101,755,806**		**$32,156,794**

(1) *Level percentage of payroll amortization.*

(2) *Gain due to new retirees from non-DROP status and new DROP members during 7/1/2011 – 7/14/2011.*

(3) *Initial amount and initial period were values as of 06/30/2005 (i.e., the year before Segal was appointed as the actuary starting with 6/30/2006).*

EXHIBIT H

Table of Amortization Bases (Continued)

Tier 4

Type	Date Established	Initial Amount	Initial Period	Outstanding Balance	Years Remaining	Annual Payment[1]
Assumption Change	06/30/1989[3]	-$6,262,457	14	-$3,201,873	4	-$840,639
Plan Amendment	06/30/1990[3]	109,592	15	65,309	5	13,940
Assumption Change	06/30/1990[3]	-2,461,841	15	-1,467,071	5	-313,152
Assumption Change	06/30/1992[3]	962,115	17	706,904	7	111,285
Assumption Change	06/30/1995[3]	-7,967,987	20	-7,088,682	10	-819,016
Plan Amendment	06/30/1996[3]	1,110,115	21	1,033,661	11	110,277
Asset Method Change	06/30/1996[3]	-7,176,108	21	-6,681,874	11	-712,861
Plan Amendment	06/30/1998[3]	2,159,884	23	2,166,018	13	201,671
Assumption Change	06/30/1998[3]	3,632,689	23	3,643,005	13	339,189
Plan Amendment	06/30/2000[3]	370,129	25	393,281	15	32,719
Experience Gain	06/30/2001[3]	-9,231,354	11	-1,506,076	1	-1,506,076
Assumption Change	06/30/2001[3]	-4,878,745	26	-5,311,867	16	-420,627
Experience Loss	06/30/2002[3]	18,536,288	12	5,538,977	2	2,815,319
Experience Loss	06/30/2003[3]	59,690,449	13	24,673,184	3	8,498,073
Experience Loss	06/30/2004[3]	10,147,466	14	5,188,202	4	1,362,141
Assumption Change	06/30/2004[3]	-5,220,974	29	-6,035,109	19	-420,914
Experience Loss	06/30/2005[3]	13,244,413	15	7,892,672	5	1,684,723
Assumption Change	06/30/2005[3]	14,033,320	30	16,490,896	20	1,108,910
Experience Loss	06/30/2006	6,063,600	15	4,064,244	6	734,637
Assumption Change	06/30/2006	14,561,746	30	16,863,317	21	1,095,940
Experience Gain	06/30/2007	-8,926,309	21	-8,693,261	13	-809,403
Assumption Change	06/30/2007	-3,015,790	30	-3,455,996	22	-217,548

EXHIBIT H

Table of Amortization Bases (Continued)

Tier 4 (Continued)

Type	Date Established	Initial Amount	Initial Period	Outstanding Balance	Years Remaining	Annual Payment[1]
Experience Gain	06/30/2008	-$4,429,445	17	-$3,878,895	10	-$448,162
Assumption Change	06/30/2008	10,599,393	30	11,996,135	23	732,862
Experience Loss	06/30/2009	11,924,683	15	10,060,922	9	1,271,484
Experience Loss	06/30/2010	4,794,050	15	4,239,921	10	489,875
Assumption Change	06/30/2010	12,948,180	30	14,219,285	25	822,504
Plan Amendment[2]	06/30/2011	1,483,135	30	1,601,883	26	90,375
Experience Loss	06/30/2011	5,867,945	15	5,391,388	11	575,184
Assumption Change	06/30/2011	12,753,767	30	13,774,906	26	777,148
Experience Loss	06/30/2012	9,377,426	20	9,419,696	17	712,679
Experience Loss	06/30/2013	6,625,380	20	6,659,284	18	483,013
Experience Gain	06/30/2014	-11,060,872	20	-11,090,879	19	-773,526
Assumption Change	06/30/2014	9,988,189	25	10,116,212	24	600,870
Experience Gain	06/30/2015	-16,640,244	20	-16,640,244	20	-1,118,953
Total				**$101,147,476**		**$16,263,941**

(1) *Level percentage of payroll amortization.*

(2) *Gain due to new retirees from non-DROP status and new DROP members during 7/1/2011 – 7/14/2011.*

(3) *Initial amount and initial period were values as of 06/30/2005 (i.e., the year before Segal was appointed as the actuary starting with 6/30/2006).*

EXHIBIT H
Table of Amortization Bases (Continued)

Tiers 5 and 6 (without Harbor Port Police)

Type	Date Established	Initial Amount	Initial Period	Outstanding Balance	Years Remaining	Annual Payment[1]
Original Base	06/30/2002[3]	-$157,564,364	27	-$175,359,657	17	-$13,267,437
Experience Gain	06/30/2003[3]	-314,459,851	13	-129,982,707	3	-44,769,357
Experience Loss	06/30/2004[3]	106,500,938	14	54,451,853	4	14,296,114
Assumption Change	06/30/2004[3]	-242,147,820	29	-279,907,155	19	-19,521,929
Experience Loss	06/30/2005[3]	241,854,245	15	144,126,876	5	30,764,476
Assumption Change	06/30/2005[3]	421,011,169	30	494,740,512	20	33,268,214
Experience Loss	06/30/2006	64,026,458	15	42,914,963	6	7,757,140
Assumption Change	06/30/2006	291,388,037	30	337,443,657	21	21,930,315
Experience Gain	06/30/2007	-200,979,530	21	-195,732,314	13	-18,224,028
Assumption Change	06/30/2007	-71,262,522	30	-81,664,512	22	-5,140,623
Experience Gain	06/30/2008	-79,435,149	17	-69,561,879	10	-8,037,083
Assumption Change	06/30/2008	312,669,142	30	353,871,292	23	21,618,528
Experience Loss	06/30/2009	357,256,711	15	301,419,495	9	38,092,937
Experience Loss	06/30/2010	207,594,800	15	183,599,531	10	21,212,834
Assumption Change	06/30/2010	277,673,454	30	304,932,284	25	17,638,581
Plan Amendment[2]	06/30/2011	5,693,576	30	6,149,437	26	346,937
Experience Loss	06/30/2011	125,215,079	15	115,045,890	11	12,273,760
Assumption Change	06/30/2011	244,615,700	30	264,201,033	26	14,905,607
Experience Loss	06/30/2012	248,617,082	20	249,737,761	17	18,894,767
Experience Loss	06/30/2013	115,390,840	20	115,981,341	18	8,412,390
Experience Gain	06/30/2014	-246,417,577	20	-247,086,097	19	-17,232,847
Assumption Change	06/30/2014	35,896,722	25	36,356,826	24	2,159,476

EXHIBIT H

Table of Amortization Bases (Continued)

Tiers 5 and 6 (without Harbor Port Police) (Continued)

Type	Date Established	Initial Amount	Initial Period	Outstanding Balance	Years Remaining	Annual Payment[1]
Experience Gain	06/30/2015	-$458,582,182	20	-$458,582,182	20	-$30,836,792
Total				**$1,367,096,249**		**$106,541,980**

(1) *Level percentage of payroll amortization.*

(2) *Gain due to new retirees from non-DROP status and new DROP members during 7/1/2011 – 7/14/2011.*

(3) *Initial amount and initial period were values as of 06/30/2005 (i.e., the year before Segal was appointed as the actuary starting with 6/30/2006).*

EXHIBIT H

Table of Amortization Bases (Continued)

Harbor Port Police (Tiers 5 and 6)

Type	Date Established	Initial Amount	Initial Period	Outstanding Balance	Years Remaining	[1] Annual Payment
Experience Gain	06/30/2008	-$169,104	17	-$148,085	10	-$17,110
Assumption Change	06/30/2008	126,433	30	143,093	23	8,742
Experience Loss	06/30/2009	6,588,231	15	5,558,527	9	702,478
Experience Loss	06/30/2010	1,742,728	15	1,541,291	10	178,079
Assumption Change	06/30/2010	1,043,633	30	1,146,086	25	66,295
Plan Amendment[2]	06/30/2011	41,208	30	44,508	26	2,511
Experience Gain	06/30/2011	-447,574	15	-411,224	11	-43,872
Assumption Change	06/30/2011	734,993	30	793,842	26	44,787
Experience Loss	06/30/2012	1,311,840	20	1,317,752	17	99,699
Experience Loss	06/30/2013	1,253,385	20	1,259,799	18	91,376
Experience Gain	06/30/2014	-2,336,763	20	-2,343,102	19	-163,418
Assumption Change	06/30/2014	-476,026	25	-482,128	24	-28,637
Experience Gain	06/30/2015	-2,306,059	20	-2,306,059	20	-155,068
Total				**$6,114,300**		**$785,862**

(1) *Level percentage of payroll amortization.*

(2) *Gain due to new retirees from non-DROP status and new DROP members during 7/1/2011 – 7/14/2011.*

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 $210,000 for 2015 and 2016. 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 2,440 beneficiaries in pay status)		12,593
2.	Members inactive during year ended June 30, 2015 with vested rights[(1)]		112
3.	Members active during the year ended June 30, 2015		13,068
	Fully vested	4,462	
	Not vested	8,606	

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

	Assets		
1.	Valuation value of retirement assets ($18,737,100,702 at market value[(2)] as reported by LAFPP and $18,114,393,332 at actuarial value[(2)])		$16,770,060,026
2.	Present value of future normal costs		
	Employee	$1,417,262,599	
	Employer	2,674,920,434	
	Total		$4,092,183,033
3.	Unfunded actuarial accrued liability		1,567,447,049
4.	Present value of current and future assets		$22,429,690,108
	Liabilities		
5.	Present value of future benefits		
	Retired members and beneficiaries	$10,105,567,038	
	Inactive members with vested rights	20,000,498	
	Active members	12,304,122,572	
	Total		$22,429,690,108

(1) *Includes 67 terminated members due only a refund of member contributions.*

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

EXHIBIT I (continued)
Summary of Actuarial Valuation Results

The determination of the recommended contribution is as follows:

1.	Total normal cost	$396,943,582
2.	Expected employee contributions	-134,441,085
3.	Employer normal cost: (1) + (2)	$262,502,497
4.	Payment on unfunded actuarial accrued liability	181,541,919
5.	Payment for administrative expenses	12,739,513
6.	Total recommended contribution: (3) + (4) + (5), payable beginning of year	$456,783,928
7.	Total recommended contribution: adjusted for July 15 payment	$458,162,459
8.	Total recommended contribution: adjusted for biweekly payment	$473,603,656
9.	Projected payroll	$1,405,171,211
10.	Item 6 as a percentage of projected payroll: (6) ÷ (9)	32.51%
11.	Item 7 as a percentage of projected payroll: (7) ÷ (9)	32.61%
12.	Item 8 as a percentage of projected payroll: (8) ÷ (9)	33.70%

EXHIBIT II
Schedule of Employer Contributions

Retirement Benefits

Plan Year Ended June 30	Actuarially Determined Contributions(1)	Actual Contributions	Percentage Contributed
2006	$143,945,802	$143,945,802	100.00%
2007	224,946,082	224,946,082	100.00%
2008(2)	261,635,491	261,635,491	100.00%
2009	238,697,929	238,697,929	100.00%
2010	250,516,858	250,516,858	100.00%
2011	277,092,251	277,092,251	100.00%
2012	321,593,433	321,593,433	100.00%
2013	375,448,092	375,448,092	100.00%
2014	440,698,260	440,698,260	100.00%
2015	480,332,251	480,332,251	100.00%

(1) Prior to plan year ending June 30, 2015, this amount was the Annual Required Contribution.

(2) Figures include amounts transferred and contributed during the fiscal year that were related to the transfer of certain Harbor Port Police members from the Los Angeles City Employees' Retirement System into LAFPP.

EXHIBIT III

Actuarial Assumptions and Actuarial Cost Method

Rationale for Assumptions: The information and analysis used in selecting each assumption that has a significant effect on this actuarial valuation is shown in the July 1, 2010 through June 30, 2013 Actuarial Experience Study dated July 3, 2014 and the Economic Actuarial Assumption Study for June 30, 2014 Actuarial Valuation dated July 3, 2014. Unless otherwise noted, all actuarial assumptions and methods shown below apply to all members. These assumptions have been adopted by the Board.

Demographic Assumptions:

Mortality Rates

Healthy: RP-2000 Combined Healthy Mortality Table (separate for males and females), projected to 2022 with scale BB set back one year for members.

RP-2000 Combined Healthy Mortality Table (separate for males and females), projected to 2022 with scale BB set forward one year for beneficiaries.

Disabled: RP-2000 Combined Healthy Mortality Table (separate for males and females), projected to 2022 with scale BB set forward one year.

The above mortality tables contain about a 10% margin, based on actual to expected deaths, as a provision appropriate to reasonably anticipate future mortality improvement, based on a review of mortality experience as of the measurement date.

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	0.07	0.04
40	0.10	0.06
45	0.13	0.10
50	0.19	0.15
55	0.30	0.22
60	0.52	0.36

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

Termination Rates Before Retirement (continued):

	Rate (%)	
	Disability*	
Age	Fire	Police
20	0.02	0.02
25	0.02	0.03
30	0.03	0.05
35	0.06	0.08
40	0.15	0.22
45	0.23	0.36
50	0.28	0.46
55	1.02	0.80
60	3.00	1.18

* *90% of disabilities are assumed to be service connected. Disability rates are not applied to members eligible to enter the DROP.*

Termination Rates Before Retirement (continued):

Rate (%) Termination (< 5 Years of Service)		
Years of Service	**Fire**	**Police**
0 - 1	8.00	8.00
1 - 2	2.50	3.00
2 – 3	1.50	2.50
3 – 4	0.75	2.50
4 – 5	0.50	1.75

Rate (%) Termination (5+ Years of Service) *		
Age	**Fire**	**Police**
20	1.00	2.00
25	1.00	2.00
30	0.85	1.70
35	0.54	1.20
40	0.37	0.85
45	0.17	0.66
50	0.02	0.24
55	0.00	0.00
60	0.00	0.00

* *No termination is assumed after a member is eligible for retirement. This includes all active members currently in Tier 2. Members in Tiers 3, 5 and 6 who are not eligible to receive a deferred vested retirement benefit are assumed to receive refund of member contributions.*

Retirement Rates:

	Rate(%)					
	Fire			Police		
Age	Tiers 2&4	Tiers 3&5	Tier 6	Tiers 2&4	Tiers 3&5	Tier 6
41	1.00	0.00	0.00	10.00	0.00	0.00
42	1.00	0.00	0.00	10.00	0.00	0.00
43	1.00	0.00	0.00	10.00	0.00	0.00
44	1.00	0.00	0.00	10.00	0.00	0.00
45	1.00	0.00	0.00	10.00	0.00	0.00
46	1.00	0.00	0.00	7.00	0.00	0.00
47	1.00	0.00	0.00	7.00	0.00	0.00
48	2.00	0.00	0.00	7.00	0.00	0.00
49	2.00	0.00	0.00	7.00	0.00	0.00
50	3.00	3.00	3.00	12.00	7.00	8.00
51	4.00	3.00	3.00	12.00	6.00	10.00
52	5.00	3.00	4.00	12.00	6.00	10.00
53	10.00	3.00	5.00	15.00	6.00	15.00
54	15.00	7.00	5.00	20.00	10.00	15.00
55	20.00	12.00	10.00	20.00	18.00	18.00
56	20.00	14.00	12.00	25.00	18.00	18.00
57	20.00	16.00	15.00	25.00	20.00	20.00
58	20.00	20.00	18.00	25.00	22.00	22.00
59	20.00	25.00	20.00	25.00	25.00	25.00
60	20.00	25.00	25.00	25.00	25.00	25.00
61	20.00	30.00	30.00	25.00	25.00	25.00
62	25.00	35.00	30.00	25.00	25.00	25.00
63	25.00	40.00	35.00	30.00	25.00	25.00
64	30.00	40.00	40.00	40.00	30.00	30.00
65	100.00	100.00	100.00	100.00	100.00	100.00

DROP Program: DROP participants are considered active members until they leave the DROP and begin receiving retirement benefits. Members are assumed to remain in the DROP for 5 years. Of all members expected to retire with a service retirement benefit, we project a 95% probability that members have elected the DROP before retirement if they will have also satisfied the requirements for participating in the DROP for 5 years.

Retirement Age and Benefit for Inactive Vested Participants:	For deferred vested members, retirement assumption is age 50.
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:	80% of male members, 60% of female members
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 3.25% per year; benefit increases due to CPI subject to a 3.0% maximum for Tiers 3 through 6.
Member Contribution and Matching Account Crediting Rate:	5.00%
Net Investment Return:	7.50%, net of investment expenses
Administrative Expenses:	Out of the total 1.00% of payroll in administrative expense, 0.94% of payroll payable bi-weekly is allocated to the Retirement Plan. This is equal to 0.91% of payroll payable at beginning of the year.

Salary Increases:

Annual Rate of Compensation Increase	
Inflation: 3.25% per year; plus 0.75% “across the board” salary increases; plus the following Merit and Longevity increases based on years of service.	
Years of Service	**Additional Salary Increase**
0	7.50%
1	6.50
2	5.00
3	4.75
4	3.75
5	3.00
6	2.25
7	2.00
8	1.75
9	1.75
10	1.25
11 or more	0.75

Service Connected Disability Benefits:

Years of Service	Benefit
Less than 20	55% of Final Average Salary
20 – 30	65% of Final Average Salary
More than 30	75% of Final Average Salary

Nonservice Connected Disability Benefits: 40% of Final Average Salary

Actuarial Value of Assets:	The market value of assets less unrecognized returns. Unrecognized return is equal to the difference between the actual and expected returns on a market value basis, and is recognized over a seven-year period. Deferred gains and losses as of June 30, 2013 have been combined and will be recognized in equal amounts over a period of six years from that date. The actuarial value of assets is further adjusted, if necessary, to be within 40% of the market value of assets.
Actuarial Cost Method:	Entry Age Normal Actuarial Cost Method. Entry Age is the current age minus Service Credit. Actuarial Accrued Liability is calculated on an individual basis and is based on costs allocated as a level percentage of compensation, with Normal Cost determined as if the current benefit accrual rate had always been in effect.
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 changes in Surplus or Unfunded Actuarial Accrued Liability due to actuarial gains or losses are amortized over separate twenty year periods as a level percentage of payroll. Any changes in Surplus or Unfunded Actuarial Accrued Liability from plan amendments are amortized over separate fifteen year periods as a level percentage of payroll. Any changes in Surplus or Unfunded Actuarial Accrued Liability from plan assumption changes are amortized over separate twenty-five 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 Tiers 2, 3 and 4, the Unfunded Actuarial Accrued Liability is amortized using level percent of payroll as a percent of total valuation payroll from the respective employer (i.e., the City or Harbor Port Police). For Tiers 5 and 6, the Unfunded Actuarial Accrued Liability is amortized using level percent of payroll as a percent of combined payroll for these tiers from the respective employer (i.e., City or Harbor Port Police).
Change in Actuarial Assumptions:	There were no assumption changes since the last valuation.

EXHIBIT IV
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 and Tier 6, the section codes are from the Los Angeles Charter. For Tier 5 and the DROP program, the section codes are from the Los Angeles Administrative Code.

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

Service Retirement Benefit:

Tier 1 (§ 1304)

Age & Service Requirement 20 years of service

Amount

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

Tier 2 (§ 1408)

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

Tier 3 (§ 1504)

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

Tier 4 (§ 1604)

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

Tier 5 (§ 4.2004)

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

Tier 6 (§ 1704)

Age & Service Requirement	Age 50 and 20 years of service	
Amount	Years of Service	Benefit
	20	40% of Final Average Salary
	21 to 25	Additional 3% of Final Average Salary for years 21 through 25
	26 to 30	Additional 4% of Final Average Salary for years 26 through 30
	31+	Additional 5% of Final Average Salary per year over 30, to a maximum of 90% of Final Average Salary

Deferred Retirement Option Plan (DROP) (§4.2100 - 4.2109):

Eligibility	Tier 2:	25 years of service
	Tier 3:	Age 50 and 25 years of service
	Tier 4:	25 years of service
	Tier 5:	Age 50 and 25 years of service
	Tier 6:	Age 50 and 25 years of service

Benefits under DROP: DROP benefits (calculated using age, service, and salary at the commencement date of participation in DROP) will be credited to a DROP account with interest at 5% annually. Members are required to make normal member contributions. DROP benefits receive annual COLA while in DROP (limited to 3% for all Tiers). Members may participate in DROP for up to five years.

Normal Pension Base:

Tier 1, 2 (§ 1302, § 1406)	Final monthly salary rate

Final Average Salary:

Tier 3, 4, 5 (§ 1502, § 1602, § 4.2002)	Highest monthly average salary actually received during any 12 consecutive months of service
Tier 6 (§ 1702)	Highest monthly average salary actually received during any 24 consecutive months of service

Cost of Living Adjustment (COLA):

Tier 1, 2 (§ 1328, § 1422)	Commencing July 1 based on changes to Los Angeles area consumer price index.
Tier 3, 4 (§ 1516, § 1616)	Commencing July 1 based on changes to Los Angeles area consumer price index to a maximum of 3% per year. COLA is prorated in the first year of retirement.
Tier 5, 6 (§ 4.2016, § 1716)	Commencing July 1 based on changes to Los Angeles area consumer price index to a maximum of 3% per year, excess banked. COLA is prorated in the first year of retirement.

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.
Tier 5 (§ 4.2008, § 4.2008.5)	If former Tier 2 member, see Tier 2. Otherwise, see Tier 3.
Tier 6 (§ 1708)	
Service Retirement	Pension equal to 70% 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 80% of the Final Average Salary. Otherwise, a pension equal to 80% of the pension received by the deceased Member immediately preceding the date of death.
Nonservice Connected Disability	Pension equal to 70% of the pension received by the deceased Member.

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	80% of service retirement Member would have received, not to exceed 40% of the Member's Final Average Salary.
Service Connected	
Service Requirement	None.
Amount	75% of the Member's Final Average Salary.

Nonservice Connected	
Service Requirement	5 years of service.
Amount	30% 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 members who are not former Tier 2, 40% of the Member's 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 members who are not former Tier 2, 30% 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 6 (§ 1708)	
Service Connected	
Service Requirement	None.
Amount	80% of the Member's Final Average Salary.
Nonservice Connected	
Service Requirement	5 years of service.
Amount	50% 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 two-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, 6 (§ 1506, § 1606, § 4.2006, § 1706)	
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	10 years of service. Receive service pension at age 50.
Amount	See Tier 3 Service Retirement.
Tier 5, Tier 6 (§ 4.2004, § 1704)	
Age & Service Requirement	20 years of service. Receive service pension at age 50.
Amount	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 and Tier 6. Members not in Tier 6 may pay a 2% contribution on their base salary retroactive to August 15, 2011 for a period of 25 years or until retired from the Plan to avoid a freeze on their retiree health subsidy.
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.
Tier 6 (§ 1714)	Normal contribution rate of 9%, plus 2% additional contributions to support funding of retiree health benefits. The additional 2% contributions shall not be required for members with more than 25 years of service.
Changes in Plan Provisions:	There have been no changes in plan provisions since the last valuation

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Segal Consulting

City of Los Angeles Fire and Police Pension Plan

Actuarial Valuation and Review of Other Postemployment Benefits (OPEB) as of June 30, 2015 in accordance with GASB Statements No. 43 and No. 45

This report has been prepared at the request of the Board of Commissioners to assist in administering the Fund. This valuation report may not otherwise be copied or reproduced in any form without the consent of the Board of Commissioners and may only be provided to other parties in its entirety. The measurements shown in this actuarial valuation may not be applicable for other purposes.

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November 9, 2015

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 90012-4203

Dear Board Members:

We are pleased to submit this Actuarial Valuation and Review of Other Postemployment Benefits (OPEB) as of June 30, 2015 under Governmental Accounting Standards Board Statements No. 43 and No. 45. The report summarizes the actuarial data used in the valuation, discloses the Net OPEB obligation (NOO) as of June 30, 2015, establishes the Annual Required Contribution (ARC) for the coming year, and analyzes the preceding year's experience. The census information and financial information on which our calculations were based was prepared by Los Angeles Fire and Police Pensions (LAFPP). That assistance is gratefully acknowledged. The actuarial calculations were completed under the supervision of Thomas Bergman, ASA, MAAA, Enrolled Actuary and Andy Yeung, ASA, MAAA, FCA, 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 used in this valution and described in Exhibit II are reasonably related to the experience of and the expectations for the Plan. The actuarial projections are based on these assumptions and the plan of benefits as summarized in Exhibit III.

Sincerely,

Segal Consulting, a Member of The Segal Group, Inc.

By:

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

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

TXB/hy

SECTION 1

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SECTION 2

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PURPOSE

This report presents the results of our actuarial valuation of retiree health benefits offered by the City of Los Angeles Fire and Police Pension Plan as of June 30, 2015. The results are in accordance with the Governmental Accounting Standards, which prescribe an accrual methodology for accumulating the value of other postemployment benefits (OPEB) over participants' active working lifetimes.

HIGHLIGHTS OF THE VALUATION

- In preparing the June 30, 2015 valuation, we have continued to assume that certain members who have not agreed to make an additional 2% member contribution would be subject to a freeze in the level of medical subsidy. Even though LAFPP has received a Court Order to no longer freeze the subsidy, that Court Order is currently being appealed by the City. LAFPP has directed Segal to continue to assume the freeze is in effect in the valuation until such legal action is completed. As further directed by LAFPP, we will provide the results without the subsidy freeze in a separate letter.
- The recommended contribution rate has increased from 11.13% of payroll ($156.1 million) to 11.83% of payroll ($166.3 million), assuming contributions are made by the City on July 15. A reconciliation of the employer's rate, if made at the beginning of the year, is provided in Section 3, Exhibit I.
- The employer contribution rates provided in this report have been developed assuming that they will be made by the City either (1) throughout the year (i.e. the City will pay contributions at the end of every pay period), (2) on July 15 or (3) the beginning of the year.
- The funded ratio has increased from 43.2% to 45.4% in this valuation. On a market value of asset basis, the funded ratio has increased from 46.8% to 46.9%. The unfunded actuarial accrued liability (UAAL) has increased from $1.582 billion to $1.618 billion. A reconciliation of the change in the UAAL is provided in Section 2, Chart 2.
- The discount rate for this valuation is 7.50%, and is based on the assumption that in the long term the City is paying a contribution that equals the ARC and 100% of benefits will be paid from the trust.
- The funding method used to develop the (ARC) is the Entry Age method, with the Normal Cost developed as a level percent of payroll. The contribution to amortize the UAAL is developed as a level percent of payroll.
- Contributions will generally increase with payroll growth. Other factors such as gains or losses, or changes in trend assumptions will also change the ARC for future years.
- As indicated in Section 3, Exhibit H of this report, the total unrecognized investment gain as of June 30, 2015 is $0.623 billion for the assets for Retirement and Health Subsidy Benefits. For comparison purposes, the total unrecognized investment gain as of June 30, 2014 was $1.412 billion.

- As required under the new Actuarial Standards of Practice No. 6, titled *Measuring Retiree Group Benefits Obligations and Determining Retiree Group Benefits Program Periodic Costs or Actuarially Determined Contributions*, we have adjusted the per capita costs on an age-specific basis for the first time in this valuation. This methodology change increased liabilities by about 2%, as shown in Chart 2.
- The deferred gain of $0.623 billion represents 3.3% of the market value of assets as of June 30, 2015. Unless offset by future investment losses, or other unfavorable experience, the recognition of the $0.623 billion market gain is expected to have an impact on the Health Plan's future funded percentage and contribution rate requirements. This potential impact may be illustrated as follows:
  - If the deferred gain were recognized immediately in the valuation value of assets, the funded percentage would increase from 45.4% to 46.9%.
  - If the deferred gain were recognized immediately in the valuation value of assets, the aggregate employer rate (payable throughout the fiscal year) would decrease from 12.23% to 12.00% of payroll.
- The actuarial valuation report as of June 30, 2015 is based on financial and demographic information as of that date. Changes subsequent to that date are not reflected and will impact the actuarial cost of the Plan.

SECTION 1: Executive Summary for City of Los Angeles Fire and Police Pension Plan June 30, 2015 Measurement Under GASB 43 and 45

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

SUMMARY OF VALUATION RESULTS

	June 30, 2015	June 30, 2014
Actuarial Accrued Liability (AAL)	$2,962,702,884	$2,783,282,885
Actuarial Value of Assets	1,344,333,306	1,200,874,444
Unfunded Actuarial Accrued Liability	$1,618,369,578	$1,582,408,441
Funded Ratio on Actuarial Value of Assets	45.38%	43.15%
Market Value of Assets	$1,390,546,626	$1,301,306,102
Funded Ratio on Market Value of Assets	46.94%	46.75%
Annual Required Contribution (ARC) for coming year		
Normal cost (beginning of year)	$61,291,559	$56,552,213*
Amortization of the unfunded actuarial accrued liability	103,668,175	98,278,461*
Allocated amount for administrative expenses	813,160	811,738*
Total Annual Required Contribution at beginning of year	$165,772,894	$155,642,412*
ARC as a percentage of pay at beginning of year	11.80%	11.10%*
Total Annual Required Contribution (payable throughout the year)	$171,876,995	$161,373,487*
ARC as a percentage of pay (payable throughout the year)	12.23%	11.50%*
Total Annual Required Contribution (payable July 15)	$166,273,181	$156,112,126*
ARC as a percentage of pay (payable July 15)	11.83%	11.13%*
Projected total payroll	$1,405,171,211	$1,402,715,039
Total Participants (including retirees/beneficiaries not receiving subsidy)	25,719	25,674
Total Participants (excluding retirees/beneficiaries not receiving subsidy)	23,617	23,562
Annual OPEB Cost (AOC) for Coming Year		
Annual Required Contributions (payable end of fiscal year)	$178,205,861	$167,315,593*
Interest on Net OPEB Obligations	9,877,344	10,099,735
ARC Adjustments	-9,068,911	-8,720,981
Total Annual OPEB Cost	$179,014,294	$168,694,347
AOC as percentage of pay	12.74%	12.03%

** Before reflecting payroll for the June 30, 2015 valuation.*

IMPORTANT INFORMATION ABOUT ACTUARIAL VALUATIONS

In order to prepare an actuarial valuation, Segal Consulting ("Segal") relies on a number of input items. These include:

- **Plan benefits** Plan provisions define the rules that will be used to determine benefit payments, and those rules, or the interpretation of them, may change over time. It is important to keep Segal informed with respect to plan provisions and administrative procedures, and to review the plan description in this report to confirm that Segal has correctly interpreted the plan of benefits.
- **Participant data** An actuarial valuation for a plan is based on data provided to the actuary by LAFPP. Segal does not audit such data for completeness or accuracy, other than reviewing it for obvious inconsistencies compared to prior data and other information that appears unreasonable. It is important for Segal to receive the best possible data and to be informed about any known incomplete or inaccurate data.
- **Assets** This valuation is based on the market value of assets as of the valuation date, as provided by LAFPP.
- **Actuarial assumptions** In preparing an actuarial valuation, Segal projects the benefits to be paid to existing plan participants for the rest of their lives and the lives of their beneficiaries. This projection requires actuarial assumptions as to the probability of death, disability, withdrawal, and retirement of each participant for each year. In addition, the benefits projected to be paid for each of those events in each future year reflect actuarial assumptions as to salary increases and cost-of-living adjustments. The projected benefits are then discounted to a present value, based on the assumed rate of return that is expected to be achieved on the plan's assets. There is a reasonable range for each assumption used in the projection and the results may vary materially based on which assumptions are selected. It is important for any user of an actuarial valuation to understand this concept. Actuarial assumptions are periodically reviewed to ensure that future valuations reflect emerging plan experience. While future changes in actuarial assumptions may have a significant impact on the reported results, that does not mean that the previous assumptions were unreasonable.
- The user of Segal's actuarial valuation (or other actuarial calculations) should keep the following in mind:
- The valuation is prepared at the request of LAFPP. Segal is not responsible for the use or misuse of its report, particularly by any other party.
- An actuarial valuation is a measurement of the plan's assets and liabilities at a specific date. Accordingly, except where otherwise noted, Segal did not perform an analysis of the potential range of future financial measures. The actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan.

- If LAFPP is aware of any event or trend that was not considered in this valuation that may materially change the results of the valuation, Segal should be advised, so that we can evaluate it.
- Segal does not provide investment, legal, accounting, or tax advice. Segal's valuation is based on our understanding of applicable guidance in these areas and of the plan's provisions, but they may be subject to alternative interpretations. LAFPP should look to their other advisors for expertise in these areas.
- As Segal Consulting has no discretionary authority with respect to the management or assets of LAFPP, it is not a fiduciary in its capacity as actuaries and consultants with respect to LAFPP.

November 9, 2015

ACTUARIAL CERTIFICATION

This is to certify that Segal Consulting has conducted an actuarial valuation of certain benefit obligations of the City of Los Angeles Fire and Police Pension Plan's other postemployment benefit program as of June 30, 2015, in accordance with generally accepted actuarial principles and practices. The actuarial calculations presented in this report have been made on a basis consistent with our understanding of GASB Statements 43 and 45 for the determination of the liability for postemployment benefits other than pensions.

The actuarial valuation is based on the plan of benefits verified by LAFPP and reliance on participant, premium, claims and expense data provided by LAFPP. Segal Consulting has not audited the data provided. The accuracy and comprehensiveness of the data is the responsibility of those supplying the data. Segal Consulting, however, has reviewed the data for reasonableness and consistency.

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

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

Thomas Bergman

Thomas Bergman, ASA, MAAA, EA
Associate Actuary

Andy Yeung

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

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

CHART 1

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

	Actuarial Present Value of Total Projected Benefits (APB)	
	June 30, 2015	**June 30, 2014**
Participant Category		
Current retirees, beneficiaries, and dependents	$1,723,668,446	$1,598,044,159
Current active members	1,874,010,156	1,771,524,262
Terminated members entitled but not yet eligible	7,805,065	8,804,946
Total	$3,605,483,667	$3,378,373,367

	June 30, 2015	**June 30, 2014**
Actuarial Balance Sheet		
The actuarial balance sheet as of the valuation date is as follows:		
Assets		
1. Actuarial value of assets	$1,344,333,306	$1,200,874,444
2. Present value of future normal costs	642,780,783	595,090,482
3. Unfunded actuarial accrued liability	1,618,369,578	1,582,408,441
4. Present value of current and future assets	$3,605,483,667	$3,378,373,367
Liabilities		
5. Actuarial Present Value of total Projected Benefits	$3,605,483,667	$3,378,373,367

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

CHART 2

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

	June 30, 2015	June 30, 2014
Participant Category		
Current retirees, beneficiaries, and dependents	$1,723,668,446	$1,598,044,159
Current active members	1,231,229,373	1,176,433,780
Terminated members entitled but not yet eligible	7,805,065	8,804,946
Total actuarial accrued liability	$2,962,702,884	$2,783,282,885
Actuarial value of assets	1,344,333,306	1,200,874,444
Unfunded actuarial accrued liability	$1,618,369,578	$1,582,408,441

Development of Unfunded Actuarial Accrued Liability for the Year Ended June 30, 2015

1.	Unfunded actuarial accrued liability at beginning of year	$1,582,408,441
2.	Normal cost from prior valuation	56,552,213
3.	Expected employer contributions during 2014/2015 fiscal year	155,642,413
4.	Interest on prior year UAAL, normal cost and contributions	111,248,868
5.	Expected unfunded actuarial accrued liability (1 + 2 – 3 + 4)	1,594,567,109
6.	Change due to investment gain	-10,211,481
7.	Change due to actual contributions less than expected	8,183,588
8.	Change due to health and starting cost assumption changes	5,158,682
9.	Change due to age-adjusted per-capita costs[1]	58,783,662
10.	Change due to miscellaneous demographic gains	-38,111,982
11.	Unfunded actuarial accrued liability at end of year	$1,618,369,578

[1] *This is required under the new Actuarial Standards of Practice No. 6 titled Measuring Retiree Group Benefits Obligations and Determining Retiree Group Benefits Programs Periodic Costs or Actuarially Determined Contributions*

The unfunded actuarial accrued liability may be amortized over periods of up to 30 years. Amortization payments may be calculated as level dollar amounts or as amounts designed to remain level as a percent of a growing payroll base. The City of Los Angeles Fire and Police Pension Plan has elected to amortize the unfunded actuarial accrued liability using the following rules:

On September 6, 2012, the Board adopted the following amortization policy for bases established after June 30, 2011:

Type of Base	Amortization Period (Closed)
Actuarial Gains or Losses*	20
Assumption or Method Changes	25
Plan Amendments	15
ERIPs	5
Actuarial Surplus	30

* *Retiree health assumption changes in this valuation are treated as gains and losses and amortized over 20 years.*

CHART 3

Table of Amortization Bases

Tier 1

Type	Date Established	Initial Balance	Initial Period	Outstanding Balance	Years Remaining	Annual Payment[1]
Combined Base	06/30/2011[2]	$26,295,692	25	$24,606,240	21	$2,198,067
Experience Gain	06/30/2012	-3,862,723	20	-3,579,233	17	-352,929
Experience Loss	06/30/2013	568,696	20	541,794	18	51,926
Experience Gain	06/30/2014	-116,336	20	-113,650	19	-10,616
Assumption change	06/30/2014	-170,349	25	-167,843	24	-14,216
Experience Gain	06/30/2015	-350,770	20	-350,770	20	-32,007
Total				$20,936,538		$1,840,225

Tier 2

Type	Date Established	Initial Balance	Initial Period	Outstanding Balance	Years Remaining	Annual Payment[3]
Combined Base	06/30/2011[2]	$892,673,992	25	$936,123,369	21	$60,838,246
Experience Gain	06/30/2012	-78,975,844	20	-79,331,840	17	-6,002,123
Experience Loss	06/30/2013	11,740,672	20	11,800,753	18	855,935
Experience Gain	06/30/2014	-19,495,604	20	-19,548,494	19	-1,363,396
Assumption change	06/30/2014	9,333,499	25	9,453,131	24	561,485
Experience Loss[4]	06/30/2015	34,495,425	20	34,495,425	20	2,319,602
Total				$892,992,344		$57,209,749

(1) *Level dollar amortization.*

(2) *Prior to the June 30, 2012 valuation, separate amortization layers were not maintained.*

(3) *Level percentage of payroll amortization.*

(4) *Tier 2 consists mostly of retirees. Average age of retirees for this tier is 5 years older than average for all other tier and adjusting per capita costs by age has the impact of reallocating the liability from the other younger tiers to the older tiers. In addition, Tier 2 has a funded ratio of under 5% so investment gains observed in the other tiers did not offset the increased liability due to age-adjustment per capita costs, resulting in Tier 2 being the only tier with an experience loss for 2015.*

CHART 3 - Table of Amortization Bases (Continued)

Tier 3

Type	Date Established	Initial Balance	Initial Period	Outstanding Balance	Years Remaining	Annual Payment[1]
Combined Base	06/30/2011[2]	$68,153,341	25	$71,470,588	21	$4,644,842
Experience Gain	06/30/2012	-4,428,062	20	-4,448,022	17	-336,530
Experience Loss	06/30/2013	13,070,888	20	13,137,776	18	952,913
Experience Gain	06/30/2014	-7,497,023	20	-7,517,362	19	-524,293
Assumption Change	06/30/2014	2,693,968	25	2,728,497	24	162,064
Experience Gain	06/30/2015	-1,747,416	20	-1,747,416	20	-117,503
Total				$73,624,061		$4,781,493

Tier 4

Type	Date Established	Initial Balance	Initial Period	Outstanding Balance	Years Remaining	Annual Payment[1]
Combined Base	06/30/2011[2]	$49,380,711	25	$51,784,234	21	$3,365,435
Experience Gain	06/30/2012	-3,240,833	20	-3,255,442	17	-246,302
Experience Loss	06/30/2013	1,622,876	20	1,631,180	18	118,313
Experience Gain	06/30/2014	-6,372,636	20	-6,389,925	19	-445,661
Assumption Change	06/30/2014	4,070,034	25	4,122,201	24	244,845
Experience Gain	06/30/2015	-3,458,772	20	-3,458,772	20	-232,581
Total				$44,433,476		$2,804,049

(1) *Level percentage of payroll amortization.*

(2) *Prior to the June 30, 2012 valuation, separate amortization layers were not maintained.*

CHART 3 - Table of Amortization Bases (Continued)

Tiers 5 and 6 (without Harbor Port Police)

Type	Date Established	Initial Balance	Initial Period	Outstanding Balance	Years Remaining	Annual Payment[1]
Combined Base	06/30/2011[2]	$635,657,540	25	$666,597,081	21	$43,321,851
Experience Gain	06/30/2012	-36,520,953	20	-36,685,577	17	-2,775,573
Experience Gain	06/30/2013	-195,938	20	-196,941	18	-14,285
Experience Gain	06/30/2014	-85,025,359	20	-85,256,029	19	-5,946,122
Assumption change	06/30/2014	45,164,286	25	45,743,175	24	2,716,994
Experience Gain	06/30/2015	-5,944,485	20	-5,944,485	20	-399,730
Total				$584,257,224		$36,903,135

Harbor Port Police (Tiers 5 and 6)

Type	Date Established	Initial Balance	Initial Period	Outstanding Balance	Years Remaining	Annual Payment[1]
Combined Base	06/30/2011[2]	$2,555,060	25	$2,679,422	21	$174,134
Experience Gain	06/30/2012	-481,777	20	-483,949	17	-36,615
Experience Gain	06/30/2013	-71,817	20	-72,185	18	-5,236
Experience Gain	06/30/2014	-232,604	20	-233,235	19	-16,267
Assumption change	06/30/2014	296,216	25	300,013	24	17,820
Experience Gain	06/30/2015	-64,131	20	-64,131	20	-4,312
Total				$2,125,935		$129,524

(1) *Level percentage of payroll amortization.*

(2) *Prior to the June 30, 2012 valuation, separate amortization layers were not maintained.*

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

The amortization payments are based on amortization of the Unfunded Actuarial Accrued Liability on a level percent of pay basis, except that Tier 1 is based on a level dollar basis.

CHART 4

Determination of Annual Required Contribution (ARC)

Cost Element		Determined as of June 30 2015 Amount	2015 Percentage of Compensation	2014 Amount	2014 Percentage of Compensation
1.	Normal cost	$61,291,559	4.36%	$56,552,213	4.03%
2.	Amortization of the unfunded actuarial accrued liability	103,668,175	7.38%	98,278,460	7.01%
3.	Allocated amount for administrative expenses	813,160	0.06%	811,738	0.06%
4.	Total Annual Required Contribution at beginning of year	$165,772,894	11.80%	$155,642,412	11.10%
5.	Adjustment for timing (payable throughout the year)	6,104,101	0.43%	5,731,075	0.40%
6.	Total Annual Required Contribution (payable throughout the year)	$171,876,995	12.23%	$161,373,487	11.50%
7.	Adjustment for timing (payable July 15)	500,287	0.03%	469,714	0.03%
8.	Total Annual Required Contribution (payable July 15)	$166,273,181	11.83%	$156,112,126	11.13%
9.	Projected Total Payroll	$1,405,171,211		$1,402,715,039	

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

CHART 4 (continued)

Determination of Annual OPEB Cost (AOC)

	Determined as of June 30	
Cost Element	**2015**	**2014**
	Amount	**Amount**
1. Annual Required Contribution (adjusted with interest to end of fiscal year)	$178,205,861	$167,315,593
2. Interest on Beginning of Year Net OPEB Obligation (NOO)	9,877,344	10,099,735
3. ARC adjustment	-9,068,911	-8,720,981
4. Annual OPEB Cost	$179,014,294	$168,694,347
5. AOC as percentage of pay	12.74%	12.03%
6. Projected Total Payroll	$1,405,171,211	$1,402,715,039

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

CHART 5

Required Supplementary Information – Schedule of Employer Contributions

GASB 43

Fiscal Year Ended June 30	Annual Required Contributions	Actual Contributions	Percentage Contributed
2010	$106,648,282[1]	$106,648,282[1]	100.00%
2011	111,681,208[1]	111,681,208[1]	100.00
2012	122,971,851[1]	122,971,851[1]	100.00
2013	132,939,191[1]	132,939,191[1]	100.00
2014	138,106,847[1]	138,106,847[1]	100.00
2015	148,476,512[1]	148,476,512[1]	100.00

Required Supplementary Information – Schedule of Employer Contributions

GASB 45

Fiscal Year Ended June 30	Annual OPEB Cost	Actual Contributions[2]	Percentage Contributed
2010	$127,604,379	$114,816,430	89.98%
2011	173,645,281	119,975,864	69.09
2012	159,777,456	132,105,073	82.68
2013	144,568,706[3]	142,812,695	98.79
2014	149,887,239[3]	148,348,025	98.97
2015	160,865,397[3]	159,486,643	99.14

(1) *Payable as of July 15.*

(2) *Shown with interest to end of year.*

(3) *Based on calculated expense as percent of pay and actual payroll.*

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

	(Amounts in $1,000s)					
Actuarial Valuation Date	**Actuarial Value of Assets (a)**	**Actuarial Accrued Liability (AAL) (b)**	**Unfunded AAL (UAAL) (b) - (a)**	**Funded Ratio (a) / (b)**	**Covered Payroll (c)**	**UAAL as a Percentage of Covered Payroll [(b) - (a) / (c)]**
06/30/2010	$817,276	$2,537,825	$1,720,549	32.20%	$1,356,986	126.79%
06/30/2011	882,890	2,557,607	1,674,716	34.52%	1,343,963	124.61%
06/30/2012	927,362	2,499,289	1,571,927	37.11%	1,341,914	117.14%
06/30/2013	1,013,400	2,633,793	1,620,393	38.48%	1,367,237	118.52%
06/30/2014	1,200,874	2,783,283	1,582,409	43.15%	1,402,715	112.81%
06/30/2015	1,344,333	2,962,703	1,618,370	45.38%	1,405,171	115.17%

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

CHART 7

Required Supplementary Information – Net OPEB Obligation (NOO)

Fiscal Year Beginning	Annual Required Contribution (a)	Interest on Existing NOO (b)	ARC Adjustment (c)	Annual OPEB Cost (a) + (b) + (c) (d)	Actual Contribution Amount[2] (e)	Net Increase in NOO (d) - (e) (f)	NOO as of End of Fiscal Year (g)
07/01/2007	$105,876,005[1][2]	$0	$0	$105,876,005	$84,517,914	$21,358,091	$21,358,091
07/01/2008	105,967,196[2][3]	1,708,647	-1,222,906	106,452,937	94,916,833	11,536,103	32,894,194
07/01/2009	126,897,238[2]	2,631,536	-1,924,395	127,604,379	114,816,430	12,787,949	45,682,143
07/01/2010	172,841,037[2]	3,654,571	-2,850,327	173,645,281	119,975,864	53,669,417	99,351,560
07/01/2011	158,264,914[2]	7,700,361	-6,187,819	159,777,456	132,105,073	27,672,383	127,023,943
07/01/2012	142,812,695[2][4]	9,844,356	-8,088,345	144,568,706	142,812,695	1,756,011	128,779,954
07/01/2013	148,348,025[2][4]	9,980,446	-8,441,233	149,887,239	148,348,025	1,539,214	130,319,167
07/01/2014	159,486,643[2][4]	10,099,735	-8,720,981	160,865,397	159,486,643	1,378,754	131,697,921

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

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

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

(4) *Based on calculated expense as percent of pay and actual payroll.*

EXHIBIT A

Summary of Participant Data – Includes Only Retirees and Beneficiaries Receiving Health Subsidy

	June 30, 2015	June 30, 2014
Retired members:		
Number of non-disabled retirees	7,441	7,277
Number of disabled retirees	1,386	1,410
Total Number of retirees	8,827	8,687
Average age of retirees	70.8	70.6
Number of spouses/domestic partners of retirees receiving subsidy	5,987	5,963
Average age of spouses/domestic partners of retirees receiving subsidy	66.8	66.5
Beneficiaries:		
Number	1,664	1,703
Average age	79.5	79.3
Active members in valuation:		
Number	13,068	13,097
Average age	42.5	42.4
Average years of service	15.5	15.4
Vested terminated members[1]:		
Number	58	75
Average age	45.7	45.7

(1) *Excludes terminated members not eligible for retiree health benefit due to service or due only a refund of member contributions.*

EXHIBIT A (Continued)

Summary of Participant Data – Includes All Retirees and Beneficiaries

	June 30, 2015	June 30, 2014
Retired members:		
Number of non-disabled retirees	8,122	7,955
Number of disabled retirees	2,031	2,088
Total Number of retirees	10,153	10,043
Average age of retirees	69.6	69.5
Number of spouses/domestic partners of retirees receiving subsidy	5,987	5,963
Average age of spouses/domestic partners of retirees receiving subsidy	66.8	66.5
Beneficiaries:		
Number	2,440	2,459
Average age	76.6	76.3
Active members in valuation:		
Number	13,068	13,097
Average age	42.5	42.4
Average years of service	15.5	15.4
Vested terminated members[1]:		
Number	58	75
Average age	45.7	45.7

[1] *Excludes terminated members not eligible for retiree health benefit due to service or due only a refund of member contributions.*

EXHIBIT B

Reconciliation of Participant Data with Pension Valuation

	June 30, 2015	June 30, 2014
Retired members:		
Pension valuation	8,122	7,955
Retirees with no subsidy due to service or decision not to enroll	-205	-232
Deferred retirees eligible for future health benefits	-476	-446
Health valuation	7,441	7,277
Disabled members:		
Pension valuation	2,031	2,088
Disableds with no subsidy due to service or decision not to enroll	-460	-469
Deferred disableds eligible for future health benefits	-185	-209
Health valuation	1,386	1,410
Beneficiaries:		
Pension valuation	2,440	2,459
Surviving spouses with no subsidy due to service or decision not to enroll	-595	-565
Deferred surviving spouses eligible for future health benefits	-181	-191
Health valuation	1,664	1,703
Active members:		
Pension valuation	13,068	13,097
Health valuation	13,068	13,097
Vested terminated members:		
Pension valuation*	112	131
Inactive vested with insufficient service or due only a refund of member contributions	54	-56
Health valuation	58	75

* *Includes terminated members due only a refund of member contributions.*

EXHIBIT C

Allocation of ARC by Tier

Tier 1 Members		June 30, 2015 Amount	June 30, 2015 % of Payroll	June 30, 2014 Amount	June 30, 2014 % of Payroll
1	Employer normal cost	$0	N/A	$0	N/A
2	Actuarial accrued liability	15,808,044		16,757,284	
3	Valuation value of assets	-5,128,494		-4,917,096	
4	Unfunded actuarial accrued liability	20,936,538		21,674,380	
5	Amortization of unfunded accrued liability	1,840,225	N/A	$1,872,233	N/A
6	Allocated amount for admin expenses, calculated with payroll in 10	0		0	
7	Total recommended contribution, July 1	1,840,225	N/A	$1,872,233	N/A
8	Total recommended contribution, July 15	1,845,779	N/A	1,877,883	N/A
9	Total recommended contribution, biweekly	1,907,986	N/A	1,941,172	N/A
10	Projected payroll used for developing normal cost rate	0		0	

Tier 2 Members		June 30, 2015 Amount	June 30, 2015 % of Payroll	June 30, 2014 Amount[2]	June 30, 2014 % of Payroll
1	Employer normal cost	$108,608	3.51%	$101,886	3.29%
2	Actuarial accrued liability	933,536,742		905,038,146	
3	Valuation value of assets	40,544,398		53,657,373	
4	Unfunded actuarial accrued liability	892,992,344		851,380,773	
5	Amortization of unfunded accrued liability[1]	57,209,749	4.11%	52,804,497	3.79%
6	Allocated amount for admin expenses, calculated with payroll in 10	1,792	0.06%	1,792	0.06%
7	Total recommended contribution, July 1	57,320,149	N/A	52,908,175	N/A
8	Total recommended contribution, July 15	57,493,136	N/A	53,067,847	N/A
9	Total recommended contribution, biweekly	59,430,795	N/A	54,856,363	N/A
10	Projected payroll used for developing normal cost rate	3,096,841		N/A	

(1) UAAL rate is calculated using the City's total payroll of $1,393,258,487.
(2) Amounts are revised to reflect payroll as of June 30, 2015.

SECTION 3: Valuation Details for the City of Los Angeles Fire and Police Pension Plan June 30, 2015 Measurement Under GASB 43 and 45

Tier 3 Members		June 30, 2015		June 30, 2014	
		Amount	% of Payroll	Amount[2]	% of Payroll
1	Employer normal cost	$4,139,444	4.40%	$3,882,752	4.13%
2	Actuarial accrued liability	171,033,853		157,623,229	
3	Valuation value of assets	97,409,792		82,799,654	
4	Unfunded actuarial accrued liability	73,624,061		74,823,575	
5	Amortization of unfunded accrued liability [1]	4,781,493	0.34%	4,737,079	0.34%
6	Allocated amount for admin expenses, calculated with payroll in 10	54,405	0.06%	54,405	0.06%
7	Total recommended contribution, payable July 1	8,975,342	N/A	8,674,236	N/A
8	Total recommended contribution, payable July 15	9,002,429	N/A	8,700,414	N/A
9	Total recommended contribution, payable biweekly	9,305,833	N/A	8,993,639	N/A
10	Projected payroll used for developing normal cost rate	94,013,374		N/A	

Tier 4 Members		June 30, 2015		June 30, 2014	
		Amount	% of Payroll	Amount[2]	% of Payroll
1	Employer normal cost	$1,556,705	4.20%	$1,449,465	3.91%
2	Actuarial accrued liability	88,815,964		85,119,288	
3	Valuation value of assets	44,382,488		37,648,522	
4	Unfunded actuarial accrued liability	44,433,476		47,470,766	
5	Amortization of unfunded accrued liability [1]	2,804,049	0.20%	2,925,843	0.21%
6	Allocated amount for admin expenses, calculated with payroll in 10	21,453	0.06%	21,453	0.06%
7	Total recommended contribution, payable July 1	4,382,207	N/A	4,396,761	N/A
7	Total recommended contribution, payable July 15	4,395,432	N/A	4,410,030	N/A
9	Total recommended contribution, payable biweekly	4,543,569	N/A	4,558,659	N/A
10	Projected payroll used for developing normal cost rate	37,070,727		N/A	

[1] *UAAL rate is calculated using the City's total payroll of $1,393,258,487.*
[2] *Amounts are revised to reflect payroll as of June 30, 2015.*

Tier 5 Members (without Harbor Port Police)

		June 30, 2015		June 30, 2014	
		Amount	% of Payroll	Amount[1]	% of Payroll
1	Employer normal cost	$49,011,395	4.18%	$45,592,936	3.89%
2	Actuarial accrued liability	*(Tiers 5 and 6 are combined. See table on the next page)*		*(Tiers 5 and 6 are combined. See table on the next page)*	
3	Valuation value of assets				
4	Unfunded actuarial accrued liability				
5	Amortization of unfunded accrued liability	34,353,371	2.93%	33,755,181	2.88%
6	Allocated amount for admin expenses, calculated with payroll in 10	678,258	0.06%	678,258	0.06%
7	Total recommended contribution, payable July 1	84,043,024	7.17%	80,026,375	6.82%
8	Total recommended contribution, payable July 15	84,296,658	7.19%	80,267,887	6.84%
9	Total recommended contribution, payable biweekly	87,137,662	7.43%	82,973,112	7.07%
10	Projected payroll used for developing normal cost rate	1,172,054,899		N/A	

Tier 6 Members (without Harbor Port Police)

		June 30, 2015		June 30, 2014	
		Amount	% of Payroll	Amount[1]	% of Payroll
1	Employer normal cost	$5,804,592	6.67%	$6,300,440	7.24%
2	Actuarial accrued liability	*(Tiers 5 and 6 are combined. See table on the next page)*		*(Tiers 5 and 6 are combined. See table on the next page)*	
3	Valuation value of assets				
4	Unfunded actuarial accrued liability				
5	Amortization of unfunded accrued liability	2,549,764	2.93%	2,506,252	2.88%
6	Allocated amount for admin expenses, calculated with payroll in 10	50,359	0.06%	50,359	0.06%
7	Total recommended contribution, payable July 1	8,404,715	9.66%	8,857,051	10.18%
8	Total recommended contribution, payable July 15	8,430,080	9.69%	8,883,780	10.21%
9	Total recommended contribution, payable biweekly	8,714,194	10.01%	9,183,185	10.55%
10	Projected payroll used for developing normal cost rate	87,022,646		N/A	

[1] *Amounts are revised to reflect payroll as of June 30, 2015.*

Combined Tiers 5 and 6 UAAL Contribution Rate Calculations for the City

		June 30, 2015				June 30, 2014	
		Tier 5	Tier 6	Combined Tiers 5 and 6		Combined Tiers 5 and 6	
				Amount	% of Payroll	Amount	% of Payroll
2	Actuarial accrued liability	$1,741,315,404	$3,517,573	$1,744,832,977		$1,611,134,074	
3	Valuation value of assets			1,160,575,753		1,026,241,087	
4	Unfunded actuarial accrued liability			584,257,224		584,892,987	
5	Amortization of unfunded accrued liability			36,903,135	2.93%	36,261,433	2.88%
	Projected payroll used for developing combined UAAL rate	1,172,054,899	87,022,646	1,259,077,545		N/A	

All Tiers Combined (without Harbor Port Police)

		June 30, 2015		June 30, 2014	
		Amount	% of Payroll	Amount[1]	% of Payroll
1	Employer normal cost	$60,620,744	4.35%	$57,327,479	4.11%
2	Actuarial accrued liability	2,954,027,580		2,775,672,021	
3	Valuation value of assets	1,337,783,937		1,195,429,540	
4	Unfunded actuarial accrued liability	1,616,243,643		1,580,242,481	
5	Amortization of unfunded accrued liability	103,538,651	7.43%	98,601,085	7.08%
6	Allocated amount for admin expenses, calculated with payroll in 10	806,267	0.06%	806,267	0.06%
7	Total recommended contribution, payable July 1	164,965,662	11.84%	156,734,831	11.25%
8	Total recommended contribution, payable July 15	165,463,513	11.88%	157,207,841	11.28%
9	Total recommended contribution, payable biweekly	171,040,039	12.28%	162,506,131	11.66%
10	Projected payroll used for developing normal cost rate	1,393,258,487		N/A	

[1] *Amounts are revised to reflect payroll as of June 30, 2015.*

Harbor Port Police Tier 5

		June 30, 2015		June 30, 2014	
		Amount	% of Payroll	Amount[1]	% of Payroll
1	Employer normal cost	$617,701	5.61%	$560,352	5.09%
2	Actuarial accrued liability	*(Tiers 5 and 6 are combined. See table on the next page)*		*(Tiers 5 and 6 are combined. See table on the next page)*	
3	Valuation value of assets				
4	Unfunded actuarial accrued liability				
5	Amortization of unfunded accrued liability	119,672	1.09%	125,501	1.14%
6	Allocated amount for admin expenses, calculated with payroll in 10	6,371	0.06%	6,371	0.06%
7	Total recommended contribution, payable July 1	743,744	6.76%	692,224	6.29%
8	Total recommended contribution, payable July 15	745,989	6.78%	694,313	6.31%
9	Total recommended contribution, payable biweekly	771,130	7.00%	717,713	6.52%
10	Projected payroll used for developing normal cost rate	11,008,872		N/A	

Harbor Port Police Tier 6

		June 30, 2015		June 30, 2014	
		Amount	% of Payroll	Amount[1]	% of Payroll
1	Employer normal cost	$53,114	5.88%	$70,681	7.82%
2	Actuarial accrued liability	*(Tiers 5 and 6 are combined. See table on the next page)*		*(Tiers 5 and 6 are combined. See table on the next page)*	
3	Valuation value of assets				
4	Unfunded actuarial accrued liability				
5	Amortization of unfunded accrued liability	9,852	1.09%	10,304	1.14%
6	Allocated amount for admin expenses, calculated with payroll in 10	523	0.06%	523	0.06%
7	Total recommended contribution, payable July 1	63,489	7.02%	81,508	9.02%
8	Total recommended contribution, payable July 15	63,681	7.05%	81,754	9.04%
9	Total recommended contribution, payable biweekly	65,827	7.28%	84,509	9.35%
10	Projected payroll used for developing normal cost rate	903,852		N/A	

[1] *Amounts are revised to reflect payroll as of June 30, 2015.*

Combined Tiers 5 and 6 UAAL Contribution Rate Calculations for Harbor Port Police

		June 30, 2015				June 30, 2014	
		Tier 5	*Tier 6*	*Combined Tiers 5 and 6*		*Combined Tiers 5 and 6*	
				Amount	% of Payroll	Amount	% of Payroll
2	Actuarial accrued liability	$8,656,647	$18,657	$8,675,304		$7,610,864	
3	Valuation value of assets			6,549,369		5,444,904	
4	Unfunded actuarial accrued liability			2,125,935		2,165,960	
5	Amortization of unfunded accrued liability			129,524	1.09%	135,805	1.14%
	Projected payroll used for developing combined UAAL rate	11,008,872	903,852	11,912,724		N/A	

Harbor Port Police Combined (Tiers 5 and 6)

		June 30, 2015		June 30, 2014	
		Amount	% of Payroll	Amount[1]	% of Payroll
1	Employer normal cost	$670,815	5.63%	$631,033	5.30%
2	Actuarial accrued liability	8,675,304		7,610,864	
3	Valuation value of assets	6,549,369		5,444,904	
4	Unfunded actuarial accrued liability	2,125,935		2,165,960	
5	Amortization of unfunded accrued liability	129,524	1.09%	135,805	1.14%
6	Allocated amount for admin expenses, calculated with payroll in 10	6,894	0.06%	6,894	0.06%
7	Total recommended contribution, payable July 1	807,233	6.78%	773,732	6.50%
8	Total recommended contribution, payable July 15	809,670	6.80%	776,067	6.51%
9	Total recommended contribution, payable biweekly	836,957	7.03%	802,222	6.73%
10	Projected payroll used for developing normal cost rate	11,912,724		N/A	

(1) *Amounts are revised to reflect payroll as of June 30, 2015.*

SECTION 3: Valuation Details for the City of Los Angeles Fire and Police Pension Plan June 30, 2015 Measurement Under GASB 43 and 45

All Tiers Combined		June 30, 2015		June 30, 2014	
		Amount	% of Payroll	Amount[1]	% of Payroll
1	Employer normal cost	$61,291,559	4.36%	$57,958,512	4.12%
2	Actuarial accrued liability	2,962,702,884		2,783,282,885	
3	Valuation value of assets	1,344,333,306		1,200,874,444	
4	Unfunded actuarial accrued liability	1,618,369,578		1,582,408,441	
5	Amortization of unfunded accrued liability	103,668,175	7.38%	98,736,890	7.03%
6	Allocated amount for admin expenses, calculated with payroll in 10	813,160	0.06%	813,160	0.06%
7	Total recommended contribution, payable July 1	165,772,894	11.80%	157,508,562	11.21%
8	Total recommended contribution, payable July 15	166,273,181	11.83%	157,983,908	11.24%
9	Total recommended contribution, payable biweekly	171,876,995	12.23%	163,308,352	11.62%
10	Projected payroll used for developing normal cost rate	1,405,171,211		N/A	

[1] *Amounts are revised to reflect payroll as of June 30, 2015.*

EXHIBIT D

Cash Flow Projections

The ARC generally exceeds the current pay-as-you-go ("paygo") cost of an OPEB plan. Over time the paygo cost will tend to grow and may even eventually exceed the ARC in a well-funded plan. The following table projects the paygo cost as the projected net fund payment over the next ten years.

Year Ending June 30	Projected Number of Retirees*			Projected Benefit Payments		
	Current	Future	Total	Current	Future	Total
2016	16,837	223	17,060	$115,709,167	$1,821,201	$117,530,368
2017	16,501	963	17,464	120,490,621	8,622,576	129,113,197
2018	16,164	1,439	17,603	125,513,604	13,579,178	139,092,782
2019	15,773	2,111	17,884	129,545,820	20,932,635	150,478,455
2020	15,367	3,063	18,430	133,205,034	31,925,830	165,130,864
2021	14,932	3,938	18,870	136,472,329	43,067,598	179,539,927
2022	14,478	4,478	18,956	139,090,771	51,157,190	190,247,961
2023	14,011	5,062	19,073	141,236,577	60,019,601	201,256,178
2024	13,522	5,646	19,168	143,048,118	69,248,505	212,296,623
2025	13,020	6,262	19,282	144,718,196	79,285,575	224,003,771

* *Includes spouses of retirees. Does not include retirees and spouses who have yet to commence retiree health benefits.*

EXHIBIT E

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

	Year Ended June 30, 2015		Year Ended June 30, 2014	
Contribution income:				
Employer contributions	$628,808,763		$578,805,107	
Employee contributions	126,770,882		124,394,889	
Net contribution income		$755,579,645		$703,199,996
Investment income:				
Interest, dividends and other income	$1,524,766,970		$1,325,729,463	
Recognition of capital appreciation	87,669,422		227,580,333	
Less investment and administrative fees	-84,478,748		-84,910,347	
Net investment fees*		1,527,957,644		1,468,399,449
Total income available for benefits		$2,283,537,289		$2,171,599,445
Less benefit payments		-$1,029,319,785		-$963,356,954
Less administrative expenses		-19,178,885		0
Change in reserve for future benefits		$1,235,038,619		$1,208,242,491

* *Prior to 2015, administrative expenses were shown as part of investment and administrative fees.*

EXHIBIT F

Summary Statement of Assets for Retirement and Health Subsidy Benefits

	Year Ended June 30, 2015		Year Ended June 30, 2014	
Cash equivalents		$1,030,837		$1,449,555
Accounts receivable:				
Accrued interest and dividends	$53,667,875		$58,230,583	
Contributions	6,686,968		6,109,845	
Due from brokers	204,331,276		265,172,222	
Total accounts receivable		264,686,119		329,512,650
Investments:				
Equities	$13,533,110,602		$12,691,081,303	
Fixed income investments	3,843,514,633		4,311,621,954	
Real estate	1,581,094,151		1,419,813,952	
Total investments at market value		18,957,719,386		18,422,517,209
Total assets		$19,223,436,342		$18,753,479,414
Less accounts payable:				
Accounts payable and benefits in process	-$34,359,392		-$28,597,595	
Due to brokers	-245,774,104		-265,350,594	
Mortgage payable	-206,202,144		-168,520,538	
Total accounts payable		-$486,335,640		-$462,468,727
Net assets at market value		$18,737,100,702		$18,291,010,687*
Net assets at actuarial value		$18,114,393,332		$16,879,354,713
Net assets at valuation value (health benefits)		$1,344,333,306		$1,200,874,444

* *Based on unaudited market value of assets. Subsequent to the June 30, 2014 valuation, the market value of assets was changed to $18,303,840,134.*

EXHIBIT G

Development of the Fund Through June 30, 2015 for All Retirement and Health Subsidy Benefits Assets

Year Ended June 30	Employer Contributions	Employee Contributions	Net Investment Return[(1)]	Administrative Expenses	Benefit Payments	Actuarial Value of Assets at End of Year
2007	$286,167,278[(2)]	$91,263,474	$1,590,968,304	-	$800,819,28	$13,902,764,838
2008	333,672,743	98,074,219	1,414,391,128	-	827,959,24	14,920,943,683
2009	326,876,839	103,685,447	557,346,783	-	842,565,35	15,066,287,394
2010	357,165,140	106,411,630	360,741,904	-	853,749,42	15,036,856,639
2011	388,773,459	105,471,264	568,411,044	-	878,952,80	15,220,559,597
2012	444,565,284	120,099,124	320,400,668	-	926,349,50	15,179,275,167
2013	508,387,283	121,777,655	827,790,619	-	966,118,50	15,671,112,222
2014	578,805,107	124,394,889	1,468,399,449	-	963,356,95	16,879,354,713
2015	628,808,763	126,770,882	1,527,957,644	$19,178,885	1,029,319,78	18,114,393,332

(1) *Net of investment fees and administrative expenses prior to 2015. Starting in 2015, administrative expenses are shown separately.*

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

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

The amount of the adjustment to recognize market value is treated as income, which may be positive or negative. Realized and unrealized gains and losses are treated equally and, therefore, the sale of assets has no immediate effect on the actuarial value.

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

EXHIBIT H

Determination of Actuarial Value of Assets for All Retirement and Health Subsidy Benefits

	Original Amount	Portion Not Recognized	Amount Not Recognized	
1. Market value of assets (for Retirement and Health Subsidy Benefits)				$18,737,100,702
2. Calculation of unrecognized return[1]				
(a) Year ended June 30, 2015	-$643,447,599	6/7	-$551,526,513	
(b) Year ended June 30, 2014	1,571,818,656	5/7	1,122,727,611	
(c) Combined base for year ended June 30, 2013[2]	77,259,408	4/6	51,506,272	
(d) Total unrecognized return				622,707,370
3. Preliminary actuarial value: (1) - (2d)				18,114,393,332
4. Adjustment to be within 40% corridor				0
5. Final actuarial value of assets: (3) + (4)				$18,114,393,332
6. Actuarial value as a percentage of market value: (5) ÷ (1)				96.7%
7. Market value of health assets				$1,390,546,626
8. Valuation value of health assets: (5) ÷ (1) x (7)				$1,344,333,306
9. Deferred return recognized in each of the next 6 years (for Retirement and Health Subsidy Benefits):				
(a) Amount recognized on June 30, 2016				$145,501,004
(b) Amount recognized on June 30, 2017				145,501,004
(c) Amount recognized on June 30, 2018				145,501,004
(d) Amount recognized on June 30, 2019				145,501,004
(e) Amount recognized on June 30, 2020				132,624,437
(f) Amount recognized on June 30, 2021				-91,921,083
(g) Subtotal (may not total exactly due to rounding)				$622,707,370

(1) *Total return minus expected return on a market value basis. Effective with the calculations for period ended June 30, 2015, both actual and expected returns on market value have been adjusted to exclude administrative expense paid during the plan year.*

(2) *Net deferred unrecognized investment gains as of June 30, 2013 have been combined into a single layer to be recognized over the six-year period effective July 1, 2013.*

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

EXHIBIT I

Reconciliation of Recommended Contribution from June 30, 2014 to June 30, 2015

Recommended Contribution as of June 30, 2014	11.10%[1]
Effect of amortizing prior year's UAAL over a smaller than expected projected total payroll	0.27%
Effect of actual contributions less than expected	0.04%
Effect of combined investment and demographic experience	0.02%
Effect of new per capita costs and other health assumptions	0.03%
Effect of age-adjusted per capita costs	0.31%
Effect of miscellaneous factors including change in active normal cost	0.03%
Recommended Contribution as of June 30, 2015	11.80%

(1) *Based on contributions at beginning of year.*

EXHIBIT I

Summary of Required Supplementary Information

Valuation date	June 30, 2015
Actuarial cost method	Entry age normal, level percent of pay
Amortization method	Closed amortization periods. On September 6, 2012, the Board adopted the following amortization policy:

Type of Base	Amortization Period (Closed)
Actuarial Gains or Losses[1]	20
Assumption or Method Changes	25
Plan Amendments	15
ERIPs	5
Actuarial Surplus	30

Asset valuation method	Market value of assets less unrecognized returns in each of the last seven 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 seven-year period. Deferred gains and losses as of June 30, 2013 have been combined and will be recognized over a period of six years from July 1, 2013. The actuarial value of assets is further adjusted, if necessary, to be within 40% of the market value of assets.
Actuarial assumptions:	
Investment rate of return	7.50%
Inflation rate	3.25%
Across-the-board pay increase	0.75%
Projected payroll increases	4.00%
Health care cost trend rate (to calculate following year's premium)	
• Medical	6.75% in 2015-2016, then decreasing by 0.25% for each year for seven years until it reaches an ultimate rate of 5%.
• Dental	5.00% for all years
• Medicare Part B Premium	5.00% for all years

(1) *Retiree health assumption changes are treated as gains and losses and amortized over 20 years.*

SECTION 4: Supporting Information for the City of Los Angeles Fire and Police Pension Plan June 30, 2015 Measurement Under GASB 43 and 45

Actuarial assumptions (continued):

• Medical Subsidy Trend	▪ For all non-Medicare retirees, increase at lesser of 7% or medical trend. ▪ For Medicare retirees with single party premium, increase with medical trend. ▪ For Medicare retirees with 2-party premium less than or equal to the maximum subsidy as of July 1, 2015 (e.g. Fire Kaiser), increase with medical trend. ▪ For Medicare retirees with 2-party premium greater than the maximum subsidy as of July 1, 2015 (e.g. Police Blue Cross PPO), increase with lesser of 7% or medical trend.

Plan membership – Excluding retirees and beneficiaries not receiving subsidy:	June 30, 2015	June 30, 2014
Current retirees and beneficiaries	10,491	10,390
Current active participants	13,068	13,097
Terminated participants entitled but not yet eligible	58	75
Total	23,617	23,562

EXHIBIT II

Actuarial Assumptions and Actuarial Cost Method

Rationale for Assumptions: The information and analysis used in selecting each assumption that has a significant effect on this actuarial valuation is shown in the July 1, 2010 through June 30, 2013 Actuarial Experience Study dated July 3, 2014 and the Economic Actuarial Assumption for June 30, 2014 Actuarial Valuation dated July 3, 2014. Unless otherwise noted, all actuarial assumptions and methods shown below apply to all members. These assumptions have been adopted by the Board.

Demographic Assumptions:

Mortality Rates

Healthy: RP-2000 Combined Healthy Mortality Table (separate for males and females), projected to 2022 with scale BB set back one year for members.

RP-2000 Combined Healthy Mortality Table (separate for males and females), projected to 2022 with scale BB set forward one year for beneficiaries.

Disabled: RP-2000 Combined Healthy Mortality Table (separate for males and females), projected to 2022 with scale BB set forward one year.

The above mortality tables contain about a 10% margin, based on actual to expected deaths, as a provision appropriate to reasonably anticipate future mortality improvement, based on a review of mortality experience as of the measurement date.

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	0.07	0.04
40	0.10	0.06
45	0.13	0.10
50	0.19	0.15
55	0.30	0.22
60	0.52	0.36

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

Termination Rates Before Retirement (continued):

	Rate (%)	
	Disability*	
Age	Fire	Police
20	0.02	0.02
25	0.02	0.03
30	0.03	0.05
35	0.06	0.08
40	0.15	0.22
45	0.23	0.36
50	0.28	0.46
55	1.02	0.08
60	3.00	1.18

* *90% of disabilities are assumed to be service connected. Disability rates are not applied to members eligible for DROP.*

Termination Rates Before Retirement (continued):

	Rate (%) Termination (< 5 Years of Service)	
Years of Service	**Fire**	**Police**
0 - 1	8.00%	8.00%
1 - 2	2.50	3.00
2 – 3	1.50	2.50
3 – 4	0.75	2.50
4 – 5	0.50	1.75

	Rate (%) Termination (5+ Years of Service) *	
Age	**Fire**	**Police**
20	1.00%	2.00%
25	1.00	2.00
30	0.85	1.70
35	0.54	1.20
40	0.37	0.85
45	0.17	0.66
50	0.02	0.24
55	0.00	0.00
60	0.00	0.00

* *No termination is assumed after a member is eligible for retirement. This includes all active members currently in Tier 2. Members in Tiers 3, 5 and 6 who are not eligible to receive a deferred vested retirement benefit are assumed to receive refund of member contributions.*

SECTION 4: Supporting Information for the City of Los Angeles Fire and Police Pension Plan June 30, 2015 Measurement Under GASB 43 and 45

Retirement Rates:

	Rate(%)					
	Fire			Police		
Age	Tiers 2&4	Tiers 3&5	Tier 6	Tiers 2&4	Tiers 3&5	Tier 6
41	1.00%	0.00%	0.00%	10.00%	0.00%	0.00%
42	1.00	0.00	0.00	10.00	0.00	0.00
43	1.00	0.00	0.00	10.00	0.00	0.00
44	1.00	0.00	0.00	10.00	0.00	0.00
45	1.00	0.00	0.00	10.00	0.00	0.00
46	1.00	0.00	0.00	7.00	0.00	0.00
47	1.00	0.00	0.00	7.00	0.00	0.00
48	2.00	0.00	0.00	7.00	0.00	0.00
49	2.00	0.00	0.00	7.00	0.00	0.00
50	3.00	3.00	3.00	12.00	7.00	8.00
51	4.00	3.00	3.00	12.00	6.00	10.00
52	5.00	3.00	4.00	12.00	6.00	10.00
53	10.00	3.00	5.00	15.00	6.00	15.00
54	15.00	7.00	5.00	20.00	10.00	15.00
55	20.00	12.00	10.00	20.00	18.00	18.00
56	20.00	14.00	12.00	25.00	18.00	18.00
57	20.00	16.00	15.00	25.00	20.00	20.00
58	20.00	20.00	18.00	25.00	22.00	22.00
59	20.00	25.00	20.00	25.00	25.00	25.00
60	20.00	25.00	25.00	25.00	25.00	25.00
61	20.00	30.00	30.00	25.00	25.00	25.00
62	25.00	35.00	30.00	25.00	25.00	25.00
63	25.00	40.00	35.00	30.00	25.00	25.00
64	30.00	40.00	40.00	40.00	30.00	30.00
65	100.00	100.00	100.00	100.00	100.00	100.00

DROP Program: DROP participants are considered active members until they leave DROP and begin receiving retirement benefits. Members are assumed to remain in the DROP for 5 years. Of all members expected to retire with a service retirement benefit, we project a 95% probability that members have elected DROP before retirement if they will have also satisfied the requirements for participating in the DROP for 5 years.

Salary Increases:

Annual Rate of Compensation Increase

Inflation: 3.25% per year; plus 0.75% "across the board" salary increases; plus the following Merit and Longevity increases based on years of service.

Years of Service	Additional Salary Increase
0	7.50%
1	6.50
2	5.00
3	4.75
4	3.75
5	3.00
6	2.25
7	2.00
8	1.75
9	1.75
10	1.25
11+	0.75

Measurement Date: June 30, 2015

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: Market value of assets less unrecognized returns in each of the last seven 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 seven-year period. Deferred gains and losses as of June 30, 2013 have been combined and will be recognized over a period of six years from July 1, 2013. The actuarial value of assets is further adjusted, if necessary, to be within 40% of the market value of assets.

Actuarial Cost Method: Entry Age Actuarial Cost Method. Entry Age is the current age minus Service Credit. Actuarial Accrued Liability is calculated on an individual basis and is based on costs allocated as a level percentage of compensation. Normal Cost and amortization of unfunded are computed as a percent of pay and applied to actual payroll.

Funding Policy: The City of Los Angeles Fire & Police Pension Plan makes contributions equal to the Normal Cost adjusted by amounts to amortize any Surplus or Unfunded Actuarial Accrued Liability (UAAL). Both the Normal Cost and the Actuarial Accrued Liability are determined under the Entry Age cost method. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis.

On September 6, 2012, the Board adopted the following amortization policy:

Type of Base	Amortization Period (Closed)
Actuarial Gains or Losses[1]	20
Assumption or Method Changes	25
Plan Amendments	15
ERIPs	5
Actuarial Surplus	30

[1] *Retiree health assumption changes are treated as gains and losses and amortized over 20 years.*

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

Future Benefit Accruals: 1.0 year of service per year.

Net Investment Return: 7.50%, net of investment expenses.

Administrative Expenses Out of the total 1.00% of payroll in administrative expense, 0.06% of payroll payable bi-weekly is allocated to the Retiree Health Plan. This is equal to 0.06% of payroll payable at beginning of the year.

Spouse Age Difference Husbands are assumed to be 3 years older than wives.

Participation

Service Range (Years)	Assumption for Future Retirees Under 65	Assumption for Future Retirees Over 65
10-14	45%	80%
15-19	60	85
20-24	75	90
25 and over	95	95

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

Dental Coverage 80% of future retirees are assumed to elect dental coverage.

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

Implicit Subsidy No implicit subsidy exists since retiree medical premiums are underwritten separately from active premiums, except for one small group (Fire Blue and Fire California Care) that has some active/retiree experience blending.

Per Capita Cost Development – Not Subject to Retiree Medical Freeze:

Retirees Under Age 65

Future retirees under age 65 are assumed, upon retirement, to elect carriers in the percentages and corresponding premiums and subsidies as noted in the table below. Current retirees and current eligible survivors under age 65 are assumed to continue to cover themselves (and their spouse or domestic partner) – but all children are assumed to age out at the valuation date.

2015 – 2016 Fiscal Year		**Single Party**			**Married/With Domestic Partner**			**Eligible Survivor**		
Carrier	**Assumed Election Percent**	**Monthly Premium**	**Maximum Subsidy**	**Subsidy**	**Monthly Premium**	**Maximum Subsidy**	**Subsidy**	**Monthly Premium**	**Maximum Subsidy**	**Subsidy**
Fire										
Fire Medical	75	$1,059.81	$1,435.13	**$1,059.81**	$1,518.17	$1,435.13	**$1,435.13**	$485.53	$787.87	**$485.53**
Fire Kaiser	15	$648.30	$1,435.13	**$648.30**	$1,286.58	$1,435.13	**$1,286.58**	$648.30	$787.87	**$648.30**
Fire Blue Cross	5	$1,372.98	$1,435.13	**$1,372.98**	$1,703.42	$1,435.13	**$1,435.13**	$1,157.51	$787.87	**$787.87**
Fire California Care	5	$1,344.38	$1,435.13	**$1,344.38**	$1,372.98	$1,435.13	**$1,372.98**	$828.97	$787.87	**$787.87**
Police										
Blue Cross PPO	65	$917.07	$1,435.13	**$917.07**	$1,737.78	$1,435.13	**$1,435.13**	$917.07	$787.87	**$787.87**
Blue Cross HMO	15	$702.79	$1,435.13	**$702.79**	$1,336.26	$1,435.13	**$1,336.26**	$702.79	$787.87	**$702.79**
Police Kaiser	20	$580.36	$1,435.13	**$580.36**	$1,149.96	$1,435.13	**$1,149.96**	$580.36	$787.87	**$580.36**

** *Members who are subject to the retiree medical subsidy freeze have monthly health insurance subsidy maximums fixed at the level in effect on July 1, 2011, as shown on page 43.*

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

Per Capita Cost Development – Not Subject to Retiree Medical Freeze:

Retirees Age 65 and Older

Future retirees and current retirees under age 65 are assumed, upon reaching age 65, to elect carriers in the percentages and corresponding premiums and subsidies as noted in the table below. Current retirees and current eligible survivors over age 65 are assumed to continue to cover themselves (and their spouse or domestic partner) – but all children are assumed to age out at the valuation date.

2015 – 2016 Fiscal Year		Single Party			Married/With Domestic Partner			Eligible Survivor		
Carrier	**Assumed Election Percent**	**Monthly Premium**	**Maximum Subsidy**	**Subsidy**	**Monthly Premium**	**Maximum Subsidy**	**Subsidy**	**Monthly Premium**	**Maximum Subsidy**	**Subsidy**
Fire										
Fire Medical	85	$578.65	$523.25	**$523.25**	$893.33	$837.93	**$837.93**	$501.15	$523.25	**$501.15**
Fire Kaiser	15	$384.28	$523.25	**$384.28**	$758.56	$758.56	**$758.56**	$384.28	$523.25	**$384.28**
Fire Blue Cross	0	$795.84	$523.25	**$523.25**	$1,659.95	$1,387.36	**$1,387.36**	$795.84	$523.25	**$523.25**
Fire California Care	0	$493.74	$523.25	**$493.74**	$1,399.09	$1,399.09	**$1,399.09**	$493.74	$523.25	**$493.74**
Police										
Blue Cross PPO	75	$544.07	$523.25	**$523.25**	$1,007.97	$987.15	**$987.15**	$544.07	$523.25	**$523.25**
Blue Cross HMO	10	$478.79	$523.25	**$478.79**	$995.29	$995.29	**$995.29**	$478.79	$523.25	**$478.79**
Police Kaiser	15	$256.70	$523.25	**$256.70**	$508.38	$508.38	**$508.38**	$256.70	$523.25	**$256.70**

** *Members who are subject to the retiree medical subsidy freeze have monthly health insurance subsidy maximums fixed at the level in effect on July 1, 2011, as shown on page 45.*

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

Per Capita Cost Development – Subject to Retiree Medical Subsidy Freeze:

	Single Party	Married/With Domestic Partner	Eligible Survivor
Under 65 – All Plans	$1,097.41	$1,097.41	$595.60
Over 65			
Fire Medical	$480.41	$795.09	$480.41
Fire Kaiser	$384.28*	$758.56	$384.28*
Fire Blue Cross	$480.41	$1,084.08	$480.41
Fire California Care	$480.41	$1,084.08	$480.41
Police Blue Cross PPO	$480.41	$848.75	$480.41
Police Blue Cross HMO	$478.79*	$972.41	$478.79*
Police Kaiser	$256.70*	$508.38	$256.70*

**Future single-party subsidy levels limited to $480.41.*

Adjustment of Per Capita Medical Costs for Age, Gender and Spouse Status

Applied to Per Capita Costs under Age 65 for 2015-2016

	Retiree		Spouse	
Age	Male	Female	Male	Female
55	0.8961	0.8961	0.8961	0.8961
60	1.0642	1.0642	1.0642	1.0642
64	1.2209	1.2209	1.2209	1.2209

Applied to Per Capita Costs Age 65 or Older for 2015-2016

	Retiree		Spouse	
Age	Male	Female	Male	Female
65	0.9137	0.9137	0.9137	0.9137
70	1.0590	1.0590	1.0590	1.0590
75	1.1413	1.1413	1.1413	1.1413
80+	1.2290	1.2290	1.2290	1.2290

Note that these factors have been revised since our assumptions letter dated August 27, 2015. The factors shown above should more closely align with the premiums as of the valuation on June 30, 2015.

Health Care Premium Cost Trend Rates:

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

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

First Fiscal Year (July 1, 2015 through June 30, 2016).

The fiscal year trend rates are the following:

	Trend (applied to calculate following year premium)	
Fiscal Year	**Non-Medicare**	**Medicare**
2015-2016	6.75%	6.75%
2016-2017	6.50%	6.50%
2017-2018	6.25%	6.25%
2018-2019	6.00%	6.00%
2019-2020	5.75%	5.75%
2020-2021	5.50%	5.50%
2021-2022	5.25%	5.25%
2022 and later	5.00%	5.00%

Dental Premium Trend	5.00% for all years
Medicare Part B Premium Trend	5.00% for all years

Health Care Reform: As stated in our June 30, 2011 retiree health report, based on direction provided to Segal, the impact of the excise tax that will be imposed in 2018 by the Affordable Care Act (ACA) and related statutes on certain health plans was not included in calculating the contribution rates for the employer. We understand that the recently adopted Statements No. 74 and 75 by the Governmental Accounting Standards Board (GASB) for financial reporting purposes is expected to require the inclusion of the excise tax in the liability. Statement No. 74 is effective for fiscal years beginning after June 15, 2016 for plan reporting and statement No. 75 is effective for fiscal years beginning after June 15, 2017 for employer reporting.

For the June 30, 2015 valuation, we have continued to exclude the projected excise tax from the valuation results (i.e., the projected excise tax has not been used to set the contribution rates for the employer).

Expected annual rate of increase in the Board's health subsidy amount: For employees not subject to freeze, we assume that the Board's health subsidy amount will increase at the same rate as medical trend.

Plan Design: Development of plan liabilities was based on the substantive plan of benefits in effect as described in Exhibit III.

Changes in Assumptions: Premiums and maximum subsidies were updated.

The participation assumption for future retirees under 65 with 20-24 years of service at retirement was updated.

Per capita costs were adjusted for age, gender and spouse status.

Medical election assumptions for future Fire retirees upon age 65 were updated.

EXHIBIT III

Summary of Plan

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

SUBSIDY FOR MEMBERS NOT ELIGIBLE FOR MEDICARE A & B

Eligibility	Retired Members who retired with 10 or more years of service. Benefits commence no earlier than age 55. Members who retired prior to July 1, 1998 are subject to an eligibility requirement of age 60 with 10 or more years of service. Subsidy is paid only to Members on service or disability retirements. Surviving spouses and surviving domestic partners are eligible for health benefits upon the Member's date of death if the Member had attained age 55 prior to death. Otherwise, health benefits for survivors shall commence on the date that the Member would have reached age 55. Basic subsidy is paid until age 65, or after age 65 if Member is not covered by Medicare Parts A and B.
Amount of Subsidy	4% per year of service, to a maximum of 100%, times Maximum Subsidy, subject to a maximum of the actual premium paid to the Board's approved health carrier.
Maximum Subsidy	As of July 1, 2015, maximum is $1,435.13 per month. For surviving spouse or domestic partner, the maximum subsidy is $787.87 per month.
Increase in Subsidy	For employees not subject to freeze, the Board's health subsidy amount may increase at lesser of 7% or medical trend as shown in Exhibit II - Healthcare Premium Cost Trend Rates.
Dependent Portion	Difference between basic subsidy maximum amount and single-party premium.

EXHIBIT III

Summary of Plan (continued)

SUBSIDY FOR MEMBERS ELIGIBLE FOR MEDICARE A & B

Eligibility

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

Amount of Subsidy to Participant:

For retirees, health subsidy is provided subject to the following vesting schedule:

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

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

Maximum Subsidy

As of July 1, 2015, the single coverage maximum subsidy for retirees and surviving spouse or domestic partner is $523.25. The multi-person coverage maximum subsidy is $1,399.09 and depends on the carrier elected.

The Board's health subsidy amount may:

- For Medicare retirees with single party premium, increase with medical trend as shown in Exhibit II - Healthcare Premium Cost Trend Rates.
- For Medicare retirees with 2-party premium less than or equal to the maximum subsidy as of July 1, 2015 (e.g, Fire Medical), increase with medical trend as shown shown in Exhibit II - Healthcare Premium Cost Trend Rates, and
- For Medicare retirees with 2-party premium greater than the maximum subsidy as of July 1, 2015 (e.g., Police Blue Cross), increase with lesser of 7% or medical trend as shown in Exhibit II - Healthcare Premium Cost Trend Rates.

EXHIBIT III

Summary of Plan (continued)

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/D only subsidy, whichever is greater, providing such subsidy does not exceed the civilian retiree dependent subsidy.

Subsidy Freeze: The retiree health benefits program was changed to freeze the medical subsidy for nonretired members not enrolled in the DROP as of July 14, 2011 who did not begin to contribute an additional 2% of employee contributions to the Pension Plan.

- The frozen subsidy is different for Medicare and non-Medicare retirees.
- The freeze applies to the medical subsidy limits in effect for the 2011/2012 plan year.
- The freeze does not apply to the dental subsidy or the Medicare Part B premium reimbursement.

EXHIBIT III

Summary of Plan (continued)

Medicare Part B -Related Subsidy

Medicare Part B Premium Reimbursement	For retired Members enrolled in Medicare A & B who are receiving a subsidy, the Plan provides payment of Part B premiums ($104.90 for calendar years 2015 and 2016, for all eligible retirees and beneficiaries).

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, 2015, maximum is $43.24 per month.

Retiree Contributions: To the extent the subsidies are less than the medical or dental premiums, the retiree contributes the cost difference.

EXHIBIT IV

Definitions of Terms

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

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

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

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

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

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

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

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

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

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

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

Net OPEB Obligation (NOO): The NOO is the cumulative difference between the annual OPEB cost and actual contributions made. If the plan is not pre-funded, the actual contribution would be equal to the annual benefit payments less retiree contributions.

Annual OPEB Cost (AOC): Annual OPEB cost is the measure required by GASB 45 of a sole or agent employer's "cost" of participating in an OPEB plan. When an employer has no net OPEB obligation, annual OPEB cost is equal to the ARC. When a net OPEB obligation has a liability (positive) balance, annual OPEB cost is equal to (a) the ARC, plus (b) one year's interest on the beginning balance of the net OPEB obligation, less (c) an adjustment to the ARC to offset, approximately, the amount included in the ARC for amortization of the past contribution deficiencies. When a net OPEB obligation has an asset (negative) balance, the interest adjustment should be deducted from and the ARC adjustment should be added to the ARC, to determine annual OPEB cost.

ARC Adjustment: The ARC adjustment is an amortization payment based on the prior year NOO. The purpose of the interest and ARC adjustments is to avoid "double-counting" annual OPEB cost and liabilities. Without the adjustments, annual OPEB cost and the net OPEB obligation (liability) would be overstated by the portion of the amortization amount previously recognized in annual OPEB cost. With the adjustments, annual OPEB cost should be approximately equal to the ARC that would have been charged if all prior ARCs had been paid in full, plus one year's interest on the net OPEB obligation.

Employer Contributions: For the purposes of GASB 43/45, an employer has contributed to an OPEB plan if the employer has (a) provided benefits directly to retired plan members or their beneficiaries, (b) paid insurance premiums to insure the payment of benefits, or (c) irrevocably transferred assets to a qualifying trust, or equivalent arrangement, in which plan assets are dedicated to providing benefits to retirees and their beneficiaries in accordance with the terms of the plan and are legally protected from creditors of the employer(s) or plan administrator.

EXHIBIT V

Accounting Requirements

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

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

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

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

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

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

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

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

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ATTACHMENT 2

Segal Consulting

City of Los Angeles Fire and Police Pension Plan (LAFPP)

Governmental Accounting Standards (GAS) 67 Actuarial Valuation as of June 30, 2015

This report has been prepared at the request of the Board of Commissioners to assist LAFPP in administering the Fund. This valuation report may not otherwise be copied or reproduced in any form without the consent of the Board of Commissioners and may only be provided to other parties in its entirety. The measurements shown in this actuarial valuation may not be applicable for other purposes.

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November 9, 2015

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 Governmental Accounting Standards (GAS) 67 Actuarial Valuation as of June 30, 2015. It contains various information that will need to be disclosed in order to comply with GAS 67.

This report was prepared in accordance with generally accepted actuarial principles and practices at the request of the Board to assist in administering the Plan. The census and financial information on which our calculations were based was prepared by Los Angeles Fire & Police Pensions (LAFPP). That assistance is gratefully acknowledged.

The measurements shown in this actuarial valuation may not be applicable for other purposes. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and changes in plan provisions or applicable law.

The actuarial calculations were completed under the supervision of Andy Yeung, ASA, MAAA, FCA, Enrolled Actuary. We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. To the best of our knowledge, the information supplied in the actuarial valuation is complete and accurate. Further, in our opinion, the assumptions as approved by the Board are reasonably related to the experience of and expectations for the Plan.

We look forward to reviewing this report with you and to answering any questions.

Sincerely,

Segal Consulting, a Member of The Segal Group, Inc.

By:

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

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

JB/

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Purpose

This report has been prepared by Segal Consulting to present certain disclosure information required by Governmental Accounting Standards (GAS) 67 as of June 30, 2015. This valuation is based on:

- The benefit provisions of LAFPP, 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, 2014, provided by LAFPP;
- The assets of the Plan as of June 30, 2015, provided by LAFPP;
- Economic assumptions regarding future salary increases and investment earnings; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc.

Significant Issues in Valuation Year

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

- The Governmental Accounting Standards Board (GASB) rules only define pension liability and expense for financial reporting purposes, and do not apply to contribution amounts for pension funding purposes. Employers and plans can still develop and adopt funding policies under current practices.
- When measuring pension liability, GASB uses the same actuarial cost method (Entry Age method) and the same type of discount rate (expected return on assets) as LAFPP uses for funding. Note that, unrelated to the investment return assumption, the new GASB rules use a version of the Entry Age method where the Total Pension Liability (TPL) must be fully accrued by the time a member either enters the DROP or is expected to elect the DROP. This is in contrast to the version of the Entry Age method used for funding, where the Actuarial Accrued Liability (AAL) is not fully accrued until members retire from employment after participation in the DROP. Under GASB, actives who are expected to enroll in the DROP in the future would report an annual Service Cost that is higher than the Normal Cost used for funding, while members already in the DROP would report no Service Cost even though their Normal Cost continues to accrue.

  As the service retirement rates we use in the funding valuation have been developed based on the later date of exit from the DROP, we have adjusted those rates in this valuation so that they are based on the earlier date of first participation in the DROP. Those rates are provided in Appendix A.

- The Net Pension Liability (NPL) is equal to the difference between the TPL and the Plan's Fiduciary Net Position. The Plan's Fiduciary Net Position is equal to the market value of assets and therefore, the NPL measure is very similar to an Unfunded Actuarial Accrued Liability (UAAL) calculated on a market value basis.
- The NPL increased from $1.872 billion as of June 30, 2014 to $2.039 billion as of June 30, 2015 mainly due to the loss from an approximate return on the market value of assets of 4.0% during 2014/2015 that was less than the assumption of 7.50% used in the June 30, 2014 valuation (that loss was about $0.6 billion). That loss is offset somewhat by gains from lower than expected salary increases and COLA increases during 2013/2014 (because liabilities were rolled forward from June 30, 2013 to June 30, 2014, these gains are first reported in the June 30, 2015 results). Changes in these values during the last two fiscal years ending June 30, 2014 and June 30, 2015 can be found in Exhibit 3.
- The NPLs measured as of June 30, 2015 and 2014 have been determined by rolling forward the results of the actuarial valuations as of June 30, 2014 and June 30, 2013, respectively.
- The discount rate used to determine the TPL and NPL as of June 30, 2015 and 2014 was 7.50%, following the same assumption used by the Plan in the pension funding valuation as of June 30, 2014. Details on the derivation of the discount rate can be found in Exhibit 5 of Section 2. Various other information that is required to be disclosed can be found throughout Exhibits 1 through 4 in Section 2.

Summary of Key Valuation Results

	2015	2014
Disclosure elements for fiscal year ending June 30:		
Service cost[1]	$368,700,102	$368,017,648
Total pension liability	19,385,427,756	18,861,992,028
Plan fiduciary net position	17,346,554,076	16,989,704,585[4]
Net pension liability	2,038,873,680	1,872,287,443
Plan fiduciary net position as a percentage of the total pension liability	89.48%	90.07%
Schedule of contributions for fiscal year ending June 30:		
Actuarially determined contributions	$480,332,251	$440,698,260
Actual contributions	480,332,251	440,698,260
Contribution deficiency (excess)	0	0
Demographic data for plan year ending June 30:		
Number of retired members and beneficiaries	12,593	12,502
Number of vested terminated members[2]	112	131
Number of DROP members	1,359	1,277
Number of active members	11,709	11,820
Key assumptions as of June 30:		
Investment rate of return	7.50%	7.50%
Inflation rate	3.25%	3.25%
Projected salary increases[3]	Ranges from 4.75% to 11.50% based on years of service	Ranges from 4.75% to 11.50% based on years of service

(1) *Please note that service cost is always based on the previous year's assumptions, meaning the June 30, 2015 value is based on those assumptions shown as of June 30, 2014, whereas the June 30, 2014 value is based on the June 30, 2013 assumptions shown below:*

Key assumptions as of June 30, 2013:

Investment rate of return	7.75%
Inflation rate	3.50%
Projected salary increases*	Ranges from 5.25% to 12.25% based on years of service

* Includes inflation at 3.50% plus real across-the-board salary increases of 0.75% plus merit and promotional increases

(2) *Includes terminated members due only a refund of member contributions.*

(3) *Includes inflation at 3.25% plus real across the board salary increases of 0.75% plus merit and promotional increases.*

(4) *Plan fiduciary net position as of June 30, 2014 was based on unaudited market value of assets. Subsequent to the June 30, 2014 valuation, the Plan fiduciary net position was changed to $17,001,657,418.*

Important Information about Actuarial Valuations

In order to prepare an actuarial valuation, Segal Consulting ("Segal") relies on a number of input items. These include:

- **Plan benefits** Plan provisions define the rules that will be used to determine benefit payments, and those rules, or the interpretation of them, may change over time. It is important to keep Segal informed with respect to plan provisions and administrative procedures, and to review the plan description in this report to confirm that Segal has correctly interpreted the plan of benefits.
- **Participant data** An actuarial valuation for a plan is based on data provided to the actuary by LAFPP. Segal does not audit such data for completeness or accuracy, other than reviewing it for obvious inconsistencies compared to prior data and other information that appears unreasonable. It is important for Segal to receive the best possible data and to be informed about any known incomplete or inaccurate data.
- **Assets** This valuation is based on the market value of assets as of the valuation date, as provided by LAFPP.
- **Actuarial assumptions** In preparing an actuarial valuation, Segal projects the benefits to be paid to existing plan participants for the rest of their lives and the lives of their beneficiaries. This projection requires actuarial assumptions as to the probability of death, disability, withdrawal, and retirement of each participant for each year. In addition, the benefits projected to be paid for each of those events in each future year reflect actuarial assumptions as to salary increases and cost-of-living adjustments. The projected benefits are then discounted to a present value, based on the assumed rate of return that is expected to be achieved on the plan's assets. There is a reasonable range for each assumption used in the projection and the results may vary materially based on which assumptions are selected. It is important for any user of an actuarial valuation to understand this concept. Actuarial assumptions are periodically reviewed to ensure that future valuations reflect emerging plan experience. While future changes in actuarial assumptions may have a significant impact on the reported results, that does not mean that the previous assumptions were unreasonable.

The user of Segal's actuarial valuation (or other actuarial calculations) should keep the following in mind:

- The valuation is prepared at the request of LAFPP. Segal is not responsible for the use or misuse of its report, particularly by any other party.
- An actuarial valuation is a measurement of the plan's assets and liabilities at a specific date. Accordingly, except where otherwise noted, Segal did not perform an analysis of the potential range of future financial measures. The actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan.

- If LAFPP is aware of any event or trend that was not considered in this valuation that may materially change the results of the valuation, Segal should be advised, so that we can evaluate it.
- Segal does not provide investment, legal, accounting, or tax advice. Segal's valuation is based on our understanding of applicable guidance in these areas and of the plan's provisions, but they may be subject to alternative interpretations. LAFPP should look to their other advisors for expertise in these areas.

As Segal Consulting has no discretionary authority with respect to the management or assets of LAFPP, it is not a fiduciary in its capacity as actuaries and consultants with respect to LAFPP.

EXHIBIT 1

General Information – “Financial Statements”, Note Disclosures and Required Supplementary Information for a Single-Employer Pension Plan

Plan Description

Plan administration. The City of Los Angeles Fire and Police Pensions (LAFPP) was established by the City of Los Angeles in 1899. LAFPP is a single employer public employee retirement system whose main function is to provide retirement benefits to the safety members employed by the City of Los Angeles.

The Fire and Police Pension Plan is administered by a Board of Commissioners composed of five commissioners who are appointed by the Mayor, two commissioners elected by Police Members of the Plan and two commissioners elected by Fire Members of the Plan. Under provisions of the City Charter, the City Administrative Code and the State Constitution, the Board has the responsibility to administer the Plan.

Plan membership. At June 30, 2015, pension plan membership consisted of the following:

Retired members or beneficiaries currently receiving benefits	12,593
Vested terminated members entitled to, but not yet receiving benefits	112
DROP members	1,359
Active members	11,709
Total	25,773

Benefits provided. LAFPP provides service retirement, disability, death and survivor benefits to eligible sworn members of the Los Angeles Fire, Police and Harbor Departments. Sworn employees become members upon graduation from the Police Academy or Fire Drill Tower.

There are currently six tiers applicable to members of the LAFPP. Tier 1 includes members hired on or before January 28, 1967. Tier 2 includes members hired from January 29, 1967 through December 7, 1980, and those Tier 1 members who transferred to Tier 2 during the enrollment period of January 29, 1967 to January 29, 1968. Tier 3 includes members hired from December 8, 1980 through June 30, 1997 and those Tier 4 members hired during the period of July 1, 1997 through December 31, 1997 who elected to transfer to Tier 3 by the enrollment deadline of June 30, 1998. Tier 4 includes members hired from July 1, 1997 through December 31, 2001 and those Tier 3 members who elected to transfer to Tier 4 by the enrollment deadline of June 30, 1998. Tier 5 includes members hired from January 1, 2002 through June 30, 2011 and those active members of

Tiers 2, 3, or 4 who elected to transfer to Tier 5 during the enrollment period of January 2, 2002 through December 31, 2002. Tier 6 was established for all firefighters and police officers hired on or after July 1, 2011.

Tier 1, Tier 2, and Tier 4 members are eligible to retire once they attain 20 years of service. Tier 3 members are eligible to retire once they reach age 50 and have attained 10 or more years of service. Tier 5 and Tier 6 members are eligible to retire once they reach age 50 and have attained 20 or more years of service.

The Service Retirement benefit the member will receive is based upon age at retirement, final average compensation, years of retirement service credit and tier.

The Tier 1 Service Retirement benefit is calculated pursuant to the provisions of Section 1304 of the Los Angeles Charter. The monthly allowance for a member with between 20 to 25 years of service who retires from active status is equal to 40% of the average monthly rate of salary assigned to the ranks or positions held by the member during the three years immediately preceding the date of his retirement plus 2% of the average rate of salary for each year of service in excess of 20 years. The monthly allowance for a member with between 25 to 34 years of service who retires from active status is equal to 50% of the average monthly rate of salary assigned to the ranks or positions held by the member during the three years immediately preceding the date of his retirement plus 1 2/3% of the average rate of salary for each year of service in excess of 25 years. The monthly allowance for a member with 35 or more years of service who retires from active status is equal to 66 2/3% of the average monthly rate of salary assigned to the ranks or positions held by the member during the three years immediately preceding the date of his retirement.

The Tier 2 Service Retirement benefit is calculated pursuant to the provisions of Section 1408 of the Los Angeles Charter. The monthly allowance for a member with less than 25 years of service who retires from active status is equal to 2% of Normal Pension Base per year of service. The monthly allowance for a member with 25 or more years of service who retires from active status is equal to 55% of Normal Pension Base plus 3% of Normal Pension Base for each year of service in excess of 25 years, with a maximum of 70% of Normal Pension Base.

The Tier 3 Service Retirement benefit is calculated pursuant to the provisions of Section 1504 of the Los Angeles Charter. The monthly allowance for a member with less than 20 years of service who retires from active status is equal to 2% of Final Average Salary per year of service. The monthly allowance for a member with 20 or more years of service who retires from active status is equal to 40% of Final Average Salary plus 3% of Final Average Salary for each year of service in excess of 20 years, with a maximum of 70% of Final Average Salary.

The Tier 4 Service Retirement benefit is calculated pursuant to the provisions of Section 1604 of the Los Angeles Charter. The monthly allowance for a member who retires from active status is equal to 40% of Final Average Salary plus 3% per year of service over 20 years, with a maximum of 70% of Final Average Salary.

The Tier 5 Service Retirement benefit is calculated pursuant to the provisions of Section 4.2004 of the Los Angeles Administrative Code. The monthly allowance for a member who retires from active status is equal to 50% of Final Average Salary plus 3% per year of service over 20 years, except for the 30th year, where 4% is provided, with a maximum of 90% of Final Average Salary.

The Tier 6 Service Retirement benefit is calculated pursuant to the provisions of Section 1704 of the Los Angeles Charter. The monthly allowance for a member who retires from active status is equal to 40% of Final Average Salary, plus 3% of Final Average Salary per year of service from 21 through 25 years, 4% of Final Average Salary per year of service from 26 through 30 years, and 5% of Final Average Salary per year of service over 30 years, with a maximum of 90% of Final Average Salary.

Under Tier 1, pension benefits are calculated based on the average monthly rate of salary assigned to the ranks or positions held by the member during the three years immediately preceding the date of his retirement. Under Tier 2, pension benefits are calculated based on the Normal Pension Base, the final monthly salary rate. Under Tiers 3 – 6, pension benefits are calculated based on the Final Average Salary. Under Tiers 3 – 5, the Final Average Salary is the highest monthly average salary actually received during any 12 consecutive months of service. Under Tier 6 the Final Average Salary is the highest monthly average salary actually received during any 24 consecutive months of service.

LAFPP provides annual cost-of-living adjustments (COLAs) to retirees . The cost-of-living adjustments are made each July 1 and vary by Tier. Under Tier 1 and Tier 2, the COLA is based on the percentage change in the average of the Consumer Price Index for the Los Angeles-Riverside-Orange County Area--All Items For All Urban Consumers. Under Tier 3 and Tier 4, the COLA is the same as under Tier 1 and Tier 2 but is capped at 3%, with a prorated COLA in the first year of retirement. Under Tier 5 and Tier 6, the COLA is the same as under Tier 3 and Tier 4, with the excess of the COLA over 3% banked for future use when the COLA is under 3%.

The City of Los Angeles contributes to the retirement plan based upon actuarially determined contribution rates adopted by the Board of Commissioners based upon recommendations received from LAFPP’s actuary after the completion of the annual actuarial valuation. The average employer contribution rate for fiscal year 2014 – 2015 (based on the June 30, 2013 valuation) was 36.47% of compensation if paid on July 15, 2014.

All members are required to make contributions to LAFPP regardless of tier in which they are included. However, members are exempt from making contributions when their continuous service exceeds 30 years for Tiers 1 through 4, and 33 years for Tier 5 and Tier 6. The average member contribution rate for fiscal year 2014 – 2015 (based on the June 30, 2013 valuation) was 9.63% of compensation paid biweekly.

EXHIBIT 2

Net Pension Liability

The components of the net pension liability of LAFPP are as follows:

	June 30, 2015	June 30, 2014
Total pension liability	$19,385,427,756	$18,861,992,028
Plan fiduciary net position	17,346,554,076	16,989,704,585
Plan's net pension liability	$2,038,873,680	$1,872,287,443
Plan fiduciary net position as a percentage of the total pension liability	89.48%	90.07%

The net pension liability was measured as of June 30, 2015 and June 30, 2014 and determined based upon plan assets as of each measurement date and upon rolling forward to each measurement date the total pension liability from the actuarial valuations as of June 30, 2014 and 2013, respectively.

Actuarial assumptions. The Total Pension Liability as of June 30, 2015 was determined by actuarial valuation as of June 30, 2014. The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an experience study for the period from July 1, 2010 through June 30, 2013. They are the same as the assumptions used in the June 30, 2015 funding actuarial valuation for LAFPP. The assumptions are outlined on page 9 of this report. In particular, the following actuarial assumptions were applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	Ranges from 4.75% to 11.50% based on years of service, including inflation
Investment rate of return	7.50%, including inflation but net of Pension Plan investment expense
Other assumptions	See analysis of actuarial experience during the period July 1, 2010 through June 30, 2013 and Appendix A for the service retirement rates after they have been adjusted to be based on the earlier date of first participation in the DROP.

The long-term expected rate of return on Pension Plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and deducting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each measurement class, after deducting inflation, but before reduction for investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap U.S. Equity	23.00%	6.03%
Small Cap U.S. Equity	6.00%	6.71%
Developed International Equity	16.00%	6.71%
Emerging Markets Equity	5.00%	8.02%
U.S. Core Fixed Income	14.00%	0.52%
High Yield Bonds	3.00%	2.81%
Real Estate	10.00%	4.73%
TIPS	5.00%	0.43%
Commodities	5.00%	4.67%
Cash	1.00%	-0.19%
Unconstrained Fixed Income	2.00%	2.50%
Private Equity	10.00%	9.25%
Total Portfolio	100.00%	5.12%

Discount rate: The discount rate used to measure the total pension liability was 7.50% as of June 30, 2015 and June 30, 2014. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rates for each tier and that employer contributions will be made at rates equal to the actuarially determined contribution rates for each tier. For this purpose, only employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on Pension Plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of both June 30, 2015 and June 30, 2014.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of LAFPP as of June 30, 2015, calculated using the discount rate of 7.50%, as well as what LAFPP's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	**Current Discount Rate (7.50%)**	**1% Increase (8.50%)**
LAFPP's net pension liability as of June 30, 2015	$4,618,797,137	$2,038,873,680	($81,182,624)

EXHIBIT 3

Schedule of Changes in LAFPP Net Pension Liability – Last Two Fiscal Years

	2015	2014
Total pension liability		
Service cost	$368,700,102	$368,017,648
Interest	1,384,526,680	1,392,552,174
Change of benefit terms	0	0
Differences between expected and actual experience	-310,881,738	-234,637,547
Changes of assumptions	0	-69,482,273
Benefit payments, including refunds of employee contributions	-918,909,316	-858,986,055
Net change in total pension liability	$523,435,728	$597,463,947
Total pension liability – beginning	18,861,992,028	18,264,528,081
Total pension liability – ending (a)	$19,385,427,756	$18,861,992,028
Plan fiduciary net position		
Contributions – employer	$480,332,251	$440,698,260
Contributions – employee	126,770,882	124,394,889
Net investment income	686,470,123	2,617,089,650
Benefit payments, including refunds of employee contributions	-918,909,316	-858,986,055
Administrative expense	-17,814,449	-13,865,199
Other	0	0
Net change in plan fiduciary net position	$356,849,491	$2,309,331,545
Plan fiduciary net position – beginning	16,989,704,585	14,680,373,040
Plan fiduciary net position – ending (b)	$17,346,554,076	$16,989,704,585
Plan's net pension liability – ending (a) – (b)	$2,038,873,680	$1,872,287,443
Plan fiduciary net position as a percentage of the total pension liability	89.48%	90.07%
Covered employee payroll	$1,316,968,607	$1,308,148,504
Plan net pension liability as percentage of covered employee payroll	154.82%	143.12%

SECTION 2: GAS 67 Information for the City of Los Angeles Fire and Police Pension Plan

EXHIBIT 4

Schedule of Employer Contributions – Last Ten Fiscal Years

Year Ended June 30	Actuarially Determined Contributions[(1)]	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered-Employee Payroll[(2)]	Contributions as a Percentage of Covered Employee Payroll[(3)]
2006	$143,945,802	$143,945,802	0	N/A[(4)]	N/A[(4)]
2007	224,946,082	224,946,082	0	$1,130,296,904	19.90%
2008[(5)]	261,635,491	261,635,491	0	1,188,972,417	22.01%
2009	238,697,929	238,697,929	0	1,253,658,885	19.04%
2010	250,516,858	250,516,858	0	1,266,311,709	19.78%
2011	277,092,251	277,092,251	0	1,289,856,708	21.48%
2012	321,593,433	321,593,433	0	1,213,395,874	26.50%
2013	375,448,092	375,448,092	0	1,277,031,317	29.40%
2014	440,698,260	440,698,260	0	1,308,148,504	33.69%
2015	480,332,251	480,332,251	0	1,316,968,607	36.47%

See accompanying notes to this schedule on next page.

(1) *All "Actuarially Determined Contributions" through June 30, 2015 were determined as the "Annual Required Contribution" under GAS 25 and 27.*

(2) *Covered employee payroll represents the collective total of the LAFPP eligible wages of all LAFPP member categories.*

(3) *Contribution rate as a percentage of payroll reflects discount applied when the employer prepays its contributions. This rate has been "backed" into by dividing the actual contributions by the budgeted covered-employee payroll.*

(4) *Not available.*

(5) *Figures include amounts transferred and contributed during the fiscal year that were related to the transfer of certain Harbor Port Police members from the Los Angeles City Employees' Retirement System into LAFPP.*

Notes to Exhibit 4

Methods and used assumptions to establish "actuarially determined contribution" rates:	
Valuation date	Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported
Actuarial cost method	Entry Age Actuarial Cost Method
Amortization method	For Tier 1, level dollar amortization is used with last period ending on June 30, 2037. For Tiers 2, 3 and 4, level percent of payroll amortization with multiple layers is used as a percent of total valuation payroll from the respective employer (i.e., City or Harbor Port Police). For Tiers 5 and 6, level percent of payroll with multiple layers is used as a percent of combined payroll for these tiers from the respective employer (i.e., City or Harbor Port Police).
Remaining amortization period	Actuarial gains/losses are amortized over 20 years. Assumption changes are amortized over 25 years. Plan changes are amortized over 15 years.
Asset valuation method	The market value of assets less unrecognized returns. Unrecognized return is equal to the difference between the actual and the expected return on a market value basis, and is recognized over a seven-year period. Deferred gains and losses as of June 30, 2013 have been combined and will be recognized in equal amounts over a period of six years from July 1, 2013. The actuarial value of assets is further adjusted, if necessary, to be within 40% of the market value of assets.
Actuarial assumptions:	
Investment rate of return	7.50%
Inflation rate	3.25%
Real across-the-board salary increase	0.75%
Projected salary increases*	Ranges from 4.75% to 11.50% based on years of service
Cost of living adjustments	3.25% of Tiers 1 and 2 retirement income and 3.00% of Tiers 3, 4, 5, and 6 retirement income.
Other assumptions	Same as those used in the June 30, 2014 funding actuarial valuation.

* *Includes inflation at 3.25% plus across the board salary increases of 0.75% plus merit and promotional increases.*

EXHIBIT 5

Projection of Pension Plan's Fiduciary Net Position for Use in Calculation of Discount Rate as of June 30, 2015 ($ in millions)

Year Beginning July 1,	Projected Beginning Plan Fiduciary Net Position (a)	Projected Total Contributions (b)	Projected Benefit Payments (c)	Projected Administrative Expenses (d)	Projected Investment Earnings (e)	Projected Ending Plan Fiduciary Net Position (f) = (a) + (b) - (c) - (d) + (e)
2014	16,990	607	919	18	686	17,347
2015	17,347	632	970	13	1,306	18,302
2016	18,302	634	1,104	13	1,372	19,190
2017	19,190	609	1,050	13	1,439	20,176
2018	20,176	616	1,149	13	1,509	21,139
2019	21,139	586	1,267	12	1,574	22,019
2020	22,019	538	1,212	12	1,639	22,971
2021	22,971	537	1,283	12	1,707	23,920
2022	23,920	538	1,350	12	1,775	24,871
2023	24,871	539	1,416	12	1,844	25,825
2038	32,905	197	2,584	5	2,370	32,883
2039	32,883	214	2,667	4	2,366	32,791
2040	32,791	174	2,734	4	2,353	32,581
2041	32,581	91	2,785	3	2,329	32,213
2042	32,213	74	2,824	2	2,298	31,759
2082	1,097	0	290	0	70	877
2083	877	0	239	0	55	694
2084	694	0	194	0	44	543
2085	543	0	156	0	34	420
2086	420	0	124	0	26	322
2101	2	0	1	0	0 *	2
2102	2	0	1	0	0 *	1
2103	1	0	0 *	0	0 *	1
2115	0 *	0	0 *	0	0 *	0
2116	0 *	0	0 *	0	0 *	0
2117	0 *					
2117	Discounted Value: 0 *					

* *Less than $1 million, when rounded.*

EXHIBIT 5

Projection of Pension Plan's Fiduciary Net Position for Use in Calculation of Discount Rate as of June 30, 2015 ($ in millions) - continued

Notes:

(1) Amounts may not total exactly due to rounding.

(2) Amounts shown in the year beginning July 1, 2014 row are actual amounts, based on the information provided by LAFPP.

(3) Years 2024-3037, 2043-2081, 2087-2100, and 2104-2114 have been omitted from this table.

(4) Column (a): Except for the "discounted value" shown for 2117, none of the projected beginning plan fiduciary net position amounts shown have been adjusted for the time value of money.

(5) Column (b): Projected total contributions include employee and employer normal cost contributions based on closed group projections (based on covered active members as of June 30, 2014); plus employer contributions to the unfunded actuarial accrued liability; plus employer contributions to fund each year's annual administrative expenses. Contributions are assumed to occur beginning of the year.

(6) Column (c): Projected benefit payments have been determined in accordance with paragraph 39 of GASB Statement No. 67, and are based on the closed group of active, inactive vested, retired members, and beneficiaries as of June 30, 2014. The projected benefit payments reflect the cost of living increase assumptions to be used in the June 30, 2015 valuation report. The projected benefit payments are assumed to occur beginning of the month, on average.

(7) Column (d): Projected administrative expenses (payable at the beginning of the year) are calculated as 0.91% of projected payroll, based on the closed group of active members as of June 30, 2014. Projected administrative expenses are then adjusted to reflect the assumption that they occur halfway through the year, on average.

(8) Column (e): Projected investment earnings are based on the assumed investment rate of return of 7.50% per annum except for 2014/2015.

(9) As illustrated in this Exhibit, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments for current Plan members. In other words, there is no projected "cross-over date" when projected benefits are not covered by projected assets. Therefore, the long-term expected rate of return on Plan investments of 7.50% per annum was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2015 shown earlier in this report, pursuant to paragraph 44 of GASB Statement No. 67.

Appendix A

Retirement Rates After Adjustment for DROP Participation

As the service retirement rates we use in the funding valuation have been developed based on the later date of exit from the DROP, we have adjusted those rates in this GASB valuation so that they are based on the earlier date of first participation in the DROP. Retirement rates to be used in our June 30, 2015 funding valuation are shown on the next page. Please note that those rates are applicable in the GASB valuation for actives not eligible to enter the DROP. A sample of those rates used in the GASB valuation for an active eligible to enter the DROP at age 55 are as follows:

SECTION 3: Appendix A

Retirement Rates for funding valuation (Also applicable to actives not eligible to enter the DROP in GASB valuation)

Age	Fire Tiers 2&4	Fire Tiers 3&5	Fire Tier 6	Police Tiers 2&4	Police Tiers 3&5	Police Tier 6
41	1.00%	0.00%	0.00%	10.00%	0.00%	0.00%
42	1.00	0.00	0.00	10.00	0.00	0.00
43	1.00	0.00	0.00	10.00	0.00	0.00
44	1.00	0.00	0.00	10.00	0.00	0.00
45	1.00	0.00	0.00	10.00	0.00	0.00
46	1.00	0.00	0.00	7.00	0.00	0.00
47	1.00	0.00	0.00	7.00	0.00	0.00
48	2.00	0.00	0.00	7.00	0.00	0.00
49	2.00	0.00	0.00	7.00	0.00	0.00
50	3.00	3.00	3.00	12.00	7.00	8.00
51	4.00	3.00	3.00	12.00	6.00	10.00
52	5.00	3.00	4.00	12.00	6.00	10.00
53	10.00	3.00	5.00	15.00	6.00	15.00
54	15.00	7.00	5.00	20.00	10.00	15.00
55	20.00	12.00	10.00	20.00	18.00	18.00
56	20.00	14.00	12.00	25.00	18.00	18.00
57	20.00	16.00	15.00	25.00	20.00	20.00
58	20.00	20.00	18.00	25.00	22.00	22.00
59	20.00	25.00	20.00	25.00	25.00	25.00
60	20.00	25.00	25.00	25.00	25.00	25.00
61	20.00	30.00	30.00	25.00	25.00	25.00
62	25.00	35.00	30.00	25.00	25.00	25.00
63	25.00	40.00	35.00	30.00	25.00	25.00
64	30.00	40.00	40.00	40.00	30.00	30.00
65	100.00	100.00	100.00	100.00	100.00	100.00

<u>Sample</u> Retirement Rates for GASB valuation (For actives eligible to enter the DROP at 55)

Age	Fire Tiers 2&4	Fire Tiers 3&5	Fire Tier 6	Police Tiers 2&4	Police Tiers 3&5	Police Tier 6
41	1.00%	0.00%	0.00%	10.00%	0.00%	0.00%
42	1.00	0.00	0.00	10.00	0.00	0.00
43	1.00	0.00	0.00	10.00	0.00	0.00
44	1.00	0.00	0.00	10.00	0.00	0.00
45	1.00	0.00	0.00	10.00	0.00	0.00
46	1.00	0.00	0.00	7.00	0.00	0.00
47	1.00	0.00	0.00	7.00	0.00	0.00
48	2.00	0.00	0.00	7.00	0.00	0.00
49	2.00	0.00	0.00	7.00	0.00	0.00
50	3.00	3.00	3.00	12.00	7.00	8.00
51	4.00	3.00	3.00	12.00	6.00	10.00
52	5.00	3.00	4.00	12.00	6.00	10.00
53	10.00	3.00	5.00	15.00	6.00	15.00
54	15.00	7.00	5.00	20.00	10.00	15.00
55	26.23	21.06	20.49	26.01	25.47	25.47
56	27.70	26.20	25.81	32.42	27.00	27.00
57	31.92	32.30	30.46	34.77	30.84	30.84
58	34.71	41.79	38.90	40.44	35.38	35.38
59	41.79	51.69	48.62	52.03	45.33	45.33
60	90.43	88.44	88.89	89.56	90.23	90.23
61	1.00	1.50	1.50	1.25	1.25	1.25
62	1.25	1.75	1.50	1.25	1.25	1.25
63	1.25	2.00	1.75	1.50	1.25	1.25
64	1.50	2.00	2.00	2.00	1.50	1.50
65	100.00	100.00	100.00	100.00	100.00	100.00

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DEPARTMENT OF FIRE AND POLICE PENSIONS
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REPORT TO THE BOARD OF FIRE AND POLICE PENSION COMMISSIONERS

DATE: NOVEMBER 19, 2015 **ITEM:** A.3

FROM: RAYMOND P. CIRANNA, GENERAL MANAGER

SUBJECT: AUDITED FINANCIAL STATEMENTS AS OF JUNE 30, 2015 AND POSSIBLE BOARD ACTION

RECOMMENDATION

That the Board

1. Adopt the System's Audited Financial Statements as of June 30, 2015; and,
2. Direct staff to provide copies of the adopted Audited Financial Statements to the State Controller and City Controller before December 31, 2015.

BACKGROUND

Under the provisions of the State of California Government Code Sections 7501-7504, all California Public Retirement Systems are required to furnish audited financial statements to the State Controller annually, within six months of the close of each fiscal year. The City Controller requires the System's audited financial statement for inclusion in the City's Comprehensive Annual Financial Report (CAFR) before December 31, 2015.

DISCUSSION

Brown Armstrong Accountancy Corporation (Brown Armstrong) performed the audit of the System's financial statements for the fiscal year ending June 30, 2015. Brown Armstrong issued an unqualified opinion, also referred to as a "clean opinion" thereon, stating:

> *"In our opinion, the basic financial statements referred to above present fairly, in all material respects, the fiduciary net position of LAFPP as of June 30, 2015 and 2014, and the changes in fiduciary net position for the years then ended in conformity with accounting principles generally accepted in the United States of America."*

The attachments to this Board report include the following reports, statements, and conclusions.

- Financial Statements including the Independent Auditor’s Report indicate:
    - As of June 30, 2015, the net positions of the Pension Plan and Health Subsidy Plan were \$17.3 billion and \$1.4 billion, respectively.
    - As of June 30, 2015, the funding ratios of the Pension Plan and Health Subsidy Plan were 91.5% and 45.4%, respectively.

- Report to the Board including:
    - Required Communication to the Members of the Board of Fire and Police Pension Commissioners in Accordance with Professional Standards indicating:
        - Management corrected all material misstatements, specifically, an adjustment to record a mortgage payable in the amount of \$39,014,306.
        - All significant transactions have been recognized in the financial statements in the proper period.
        - Methods by which management estimates the fair value of investments are reasonable.
        - Financial statement disclosures are neutral, consistent, and clear.
        - No difficulties, uncorrected misstatements, disagreements, or other matters warranting communication to the Board were identified.
        - Required supplementary information is appropriate and complete.

    - Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance on Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* indicating:
        - No instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* were identified.

    - Agreed Upon Conditions Report Designed to Increase Efficiency, Internal Controls, and/or Financial Reporting:
        - Management concurs with two current year recommendations and has taken steps to implement both as follows:
            - That investment and loan transactions be closely reviewed by LAFPP’s Accounting Section.
                - Accounting will closely review all transactions going forward.
            - That the draft of the Information Security Policies document be finalized by Systems staff, and that Systems staff obtain management approval and implement the policy as soon as possible.
                - A comprehensive “Information Security Polices” has been finalized and forwarded to Management for review. As drafted, the proposed Policies address each of the items noted in… (a prior audit recommendation), as well as incorporate Citywide policies regarding internet/email usage and other areas specific to our operations. It is anticipated these Policies will be finalized and implemented by December 2015.
        - Of two prior year recommendations, one regarding review of capital assets was implemented, and the other is addressed as noted above by LAFPP’s comprehensive “Information Security Policies” to be implemented in December 2015.

BUDGET

There is no budget impact at this time.

This report was prepared by:

Erin J. Kenney
Departmental Audit Manager
Internal Audit Section

RPC:EJK

Attachments:
1. Presentation Agenda from Brown Armstrong
2. Financial Statements
3. Report to the Board of Fire and Police Pension Commissioners for the Year Ended June 30, 2015

BROWN ARMSTRONG
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BROWN ARMSTRONG
Certified Public Accountants

Los Angeles Fire and Police Pension System
Board of Fire and Police Pension Commissioners
presentation of the June 30, 2015 audit results
By: Andrew J. Paulden, CPA
and Alaina C. Sanchez, CPA
Brown Armstrong Accountancy Corporation
Date: November 19, 2015

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ATTACHMENT 2

LOS ANGELES FIRE AND POLICE PENSION SYSTEM

REPORT TO THE BOARD OF FIRE AND POLICE PENSION COMMISSIONERS

FOR THE YEAR ENDED JUNE 30, 2015

LOS ANGELES FIRE AND POLICE PENSION SYSTEM

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REQUIRED COMMUNICATION TO THE MEMBERS OF THE BOARD OF FIRE AND POLICE PENSION COMMISSIONERS IN ACCORDANCE WITH PROFESSIONAL STANDARDS

To the Board of Fire and Police Pension Commissioners
Los Angeles Fire and Police Pension System

We have audited the financial statements of the Los Angeles Fire and Police Pension System (LAFPP) for the year ended June 30, 2015, and have issued our report dated November 9, 2015. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 16, 2015. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by LAFPP are described in Note 2, Summary of Significant Accounting Policies, to the financial statements. LAFPP did not implement any new standards in 2015. We noted no transactions entered into by LAFPP during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting LAFPP's financial statements was the fair value of investments:

> Management's estimate of the fair value of investments was derived by various methods as detailed in Note 2, Summary of Significant Accounting Policies. We evaluated the key factors and assumptions used to develop the fair value of investments in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

> The disclosures for deposits and investments in Notes 2 and 6 to the financial statements, Summary of Significant Accounting Policies and Cash, Temporary Investments, and Other Investments, respectively, were derived from LAFPP's investment policy. Management's estimate of the fair value of investments was derived by various methods as detailed in the notes.

Additionally, the disclosure related to the funding policies, funding status, progress, actuarial method, and assumptions in Note 4 – Funded Status and Funding Progress was derived from actuarial valuations, which involve estimates of the value of reported amounts and probabilities about the occurrence of future events far into the future.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit
We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements
Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all material misstatements. Please note the attached schedule, which discloses the material misstatement that was corrected by management.

Disagreements with Management
For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations
We have requested certain representations from management that are included in the management representation letter dated November 9, 2015.

Management Consultations with Other Independent Accountants
In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to LAFPP's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as LAFPP's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters
With respect to the required supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

****

This information is intended solely for the use of the Board of Fire and Police Pension Commissioners and management of LAFPP and is not intended to be and should not be used by anyone other than these specified parties.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
November 9, 2015

Los Angeles Fire and Police Pension System
Summary of Material Adjusting Journal Entries
June 30, 2015

Adjusting Journal Entry 1

Adjustment is to record mortgage payable.

Real Estate Investment, Corp	$ 34,000,000	$ -
Real Estate Investment Corp - Health	2,507,153	-
Mortg Loan Payable - Non-Current	2,507,153	-
Mortg Loan Payable - Non-Current	-	34,000,000
Real Estate Investment, Corp	-	2,507,153
Mortgage Payable - Health	-	2,507,153
	$ 39,014,306	**$ 39,014,306**

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Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Fire and Police Pension Commissioners
Los Angeles Fire and Police Pension System

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Los Angeles Fire and Police Pension System (LAFPP), which comprise the statement of fiduciary net position, as of June 30, 2015, and the related statement of changes in fiduciary net position for the year then ended and the related notes to the financial statements, as of and for the year ended June 30, 2015, and have issued our report thereon dated November 9, 2015.

Internal Control Over Financial Reporting

Management of LAFPP is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit of the financial statements, we considered LAFPP's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of LAFPP's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of LAFPP's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether LAFPP's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain matters that we reported to management in a separate letter dated November 9, 2015.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of LAFPP's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering LAFPP's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
November 9, 2015

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AGREED UPON CONDITIONS REPORT DESIGNED TO INCREASE EFFICIENCY, INTERNAL CONTROLS, AND/OR FINANCIAL REPORTING

To the Board of Fire and Police Pension Commissioners
Los Angeles Fire and Police Pension System

We have audited the financial statements of the Los Angeles Fire and Police Pension System (LAFPP) for the year ended June 30, 2015, and have issued our report dated November 9, 2015. In planning and performing our audit of the financial statements of LAFPP, we considered its internal control structure over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of LAFPP's internal control. Accordingly, we do not express an opinion on the effectiveness of LAFPP's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. We did not identify any deficiencies in internal control that we considered to be material weaknesses.

However, during our audit we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. The recommendations that are listed in this report summarize our comments and suggestions regarding these matters.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various LAFPP personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Current Year Agreed Upon Conditions and Recommendations

Agreed Upon Condition 2015-1

During our audit procedures for real estate investments and mortgage payable, we noted Sentinel Town Center did not appear to have a mortgage recorded for $34,000,000 on the books as of June 30, 2015. After further inquiries, it was noted that this mortgage payable was refinanced during the fiscal year and the old loan was removed from the books, however, the new loan was not recorded. This resulted in an understatement of real estate investments and mortgage payable. Corrections have since been made to record the loan of $34,000,000 on the Statement of Fiduciary Net Position as of June 30, 2015.

Recommendation:

We recommend that investment and loan transactions be closely reviewed by LAFPP's Accounting Section.

Management Response:

LAFPP agrees with the recommendation. Accounting will closely review all transactions going forward.

Agreed Upon Condition 2015-2

Although an Information Security Policy defining security objectives and employee responsibilities has been drafted, it has not been finalized or approved by LAFPP management for implementation. This increases the risk that employees may not be aware of appropriate actions to be taken related to information security objectives including employee responsibilities and results in increased security risks of data loss or theft.

Recommendation:

It is recommended that the draft of the Information Security Policies document be finalized by Systems staff, and that Systems staff obtain management's approval and implement the policy as soon as possible. It is further recommended that the Information Security Policies include reference to the following topics at a minimum:

- Logical Access Control including granting, changing, and removing user access (with reference to timelines for such processes) and restrictions regarding administrative access permissions
- Physical Security
- Password Management
- Virus Protection
- Applications User Account Policy

Management Response:

A comprehensive "Information Security Policies" has been finalized and forwarded to Management for review. As drafted, the proposed Policies address each of the items noted in AUC 2014-2, as well as incorporate Citywide policies regarding internet/email usage and other areas specific to our operations. It is anticipated these Policies will be finalized and implemented by Dec. 2015.

Status of Prior Year Agreed Upon Conditions and Recommendations

Agreed Upon Condition 2014-1

During performance of audit procedures, we were made aware of the purchase of a building by LAFPP on July 24, 2013, that was not recorded as either an investment or capital asset. Through discussions with LAFPP, it was determined that LAFPP plans to fully occupy the building after completion of tenant improvements and recorded the building as a capital asset subject to depreciation. Due to pending valuation of land vs. building, LAFPP will book depreciation expense in FY 2015. The total adjustment made to record the building was in the amount of $12,740,857.

Recommendation:

We recommend that capital asset additions, improvements, and depreciation expense be closely reviewed by LAFPP's Accounting Section.

Management Response:

LAFPP agrees to the recommendation and has recorded the adjustment as indicated above. Accounting and Investment Sections are working together to monitor the progress of building improvements and other transactions related to the building.

Current Year Status:

LAFPP Accounting and Investment had received all reports related to the capital asset transactions. All transactions have been analyzed and recorded to date.

Agreed Upon Condition 2014-2

Update the Information Security Policy defining security objectives and user responsibilities to be implemented at LAFPP.

Recommendation:

It is recommended that LAFPP update the Information Security Policy, obtain management approval, and implement the policy. The Information Security Policy should include the following topics at a minimum:

- Logical Access Control including granting, changing, and removing user access and restrictions regarding administrative (superuser) access permissions
- Physical Security
- Password Management
- Virus Protection
- Application User Account Policy

Management Response:

LAFPP agrees to the recommendation and is working to finalize the draft Information Security Policies accordingly. The status of this recommendation will be reported to the Board to ensure implementation.

Current Year Status:

See current year Agreed Upon Condition 2015-2.

******

This report is intended solely for the information and use of the Board of Fire and Police Pension Commissioners and management of LAFPP and is not intended to be, and should not be, used by anyone other than these specified parties.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
November 9, 2015

ATTACHMENT 3

LOS ANGELES FIRE AND POLICE PENSION SYSTEM

FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

LOS ANGELES FIRE AND POLICE PENSION SYSTEM

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INDEPENDENT AUDITOR'S REPORT

Board of Fire and Police Pension Commissioners
Los Angeles Fire and Police Pension System

Report on the Financial Statements

We have audited the accompanying Statements of Fiduciary Net Position of the Los Angeles Fire and Police Pension System (LAFPP) as of June 30, 2015 and 2014, and the related Statements of Changes in Fiduciary Net Position for the years then ended, and the related notes to the financial statements, which collectively comprise LAFPP's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to LAFPP's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of LAFPP's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the basic financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the fiduciary net position of LAFPP as of June 30, 2015 and 2014, and the changes in fiduciary net position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 4 to the financial statements, the total pension liability of the participating employers as of June 30, 2015, was $19,385,427,756. The fiduciary net position as a percentage of the total liability as of June 30, 2015, was 89.48%. The actuarial valuations are very sensitive to the underlying actuarial assumptions, including a discount rate of 7.5%, which represents the long-term expected rate of return. Our opinion is not modified with respect to this matter.

Additionally, as discussed in Note 6 to the financial statements, the financial statements include investments that are not listed on a national exchange or for which quoted market prices are not available. These investments include private equity, real estate, and hedge funds. Such investments totaled $3,305,574,403 (17% of total assets) at June 30, 2015. Where a publicly listed price is not available, the management of LAFPP uses alternative sources of information including audited financial statements, unaudited interim reports, independent appraisals, and similar evidence to determine the fair value of the investments. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2015, on our consideration of LAFPP's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the LAFPP's internal control over financial reporting and compliance and should be considered in assessing the results of our audit.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
November 9, 2015

LOS ANGELES FIRE AND POLICE PENSION SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

This Management's Discussion and Analysis (MD&A) of the financial activities of the Los Angeles Fire and Police Pension System (LAFPP) is an overview of its fiscal operations for the year ended June 30, 2015. Readers are encouraged to consider the information presented here in conjunction with the Financial Statements and the Notes to the Financial Statements. Amounts contained in this discussion have been rounded to facilitate readability.

FINANCIAL HIGHLIGHTS

- Net position at the close of the fiscal year ended June 30, 2015, was $17.3 and $1.4 billion for the Pension Plan and Health Subsidy Plan, respectively. All of the net position was available to meet LAFPP's obligations to members and their beneficiaries.

- Net position increased by $344.9 million or 2.0% and increased by $88.4 million or 6.8% for the Pension Plan and Health Subsidy Plan, respectively.

- As of June 30, 2015, the date of the latest actuarial valuations, the funding ratios of the Pension Plan and Health Subsidy Plan were 91.5% and 45.4%, respectively.

- Additions to the Pension Plan's net position decreased by $1.9 billion or 59.9% from $3.2 billion to $1.3 billion, due primarily to the net depreciation in the fair value of investments in 2015.

- Deductions from the Pension Plan's net position increased by $63.9 million or 7.3% over the prior year from $872.9 million to $936.7 million.

- Additions to the Health Subsidy Plan's net position decreased by $130.8 million or 39.5% from $330.9 million to $200.1 million, due to the net depreciation in the fair value of investments in 2015.

- Deductions from the Health Subsidy Plan's net position increased by $6.4 million or 6.1% over the prior year from $105.4 million to $111.8 million in 2015.

GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STATEMENT NO. 67 IMPLEMENTATION

LAFPP's financial statements, notes to the financial statements, and required supplementary information were prepared in accordance with the reporting requirements of GASB Statement No. 67. The most recent actuarial valuation as of June 30, 2015, used the Entry Age Normal Cost Method in the preparation of the valuation.

The Total Pension Liability for the Pension Plan at June 30, 2015, was $19,385,427,756, and the Fiduciary Net Position was $17,346,554,076. Thus, the Net Pension Liability for the Pension Plan was $2,038,873,680, and the Plan Fiduciary Net Position as a percentage of the total pension liability was 89.48%.

The Notes to Financial Statements provide additional disclosures to comply with GASB Statement No. 67 implementation as follows:

- Plan Membership
- Investments (allocation by asset class, expected long-term rate of return by asset class, and the annual money-weighted rate of return)
- Investments greater than 5% of the Plan's Fiduciary Net Position
- Net Pension Liability (and the components of Net Pension Liability)
- Significant actuarial assumptions used to measure Total Pension Liability

OVERVIEW OF THE FINANCIAL STATEMENTS

The following discussion and analysis is intended to serve as an introduction to the financial statements of LAFPP, which are:

1. Statement of Fiduciary Net Position
2. Statement of Changes in Fiduciary Net Position
3. Notes to the Financial Statements

The Statement of Fiduciary Net Position is a snapshot of account balances at year-end. It indicates the amount of assets available for payment to retirees, beneficiaries, and any current liabilities owed at year-end.

The Statement of Changes in Fiduciary Net Position reports additions to and deductions from the fiduciary net position during the year.

The above statements are on a full accrual basis of accounting. Investment gains and losses are shown at trade date, and account balances are based on fair values recognizing both realized and unrealized gains and losses on investments.

Notes to the Financial Statements provide additional information essential to a full understanding of the data provided in the financial statements. These notes are presented in pages 13 to 37 of this report.

The *Required Supplementary Information* (RSI) section includes the following six schedules:

- Schedule of Funding Progress – Health Subsidy Plan
- Schedule of Employer Contributions – Health Subsidy Plan
- Schedule of Employer's Net Pension Liability
- Schedule of Changes in Employer's Net Pension Liability and Related Ratios
- Schedule of Employer Contributions – Pension Plan
- Schedule of Investment Returns

FINANCIAL ANALYSIS

Pension Plan

Fiduciary Net Position

A summary of the Pension Plan's net position and changes in net position is presented below:

Condensed Statement of Fiduciary Net Position
(In Thousands)

	2015	2014	Change	% Change
Cash	$ 955	$ 1,347	$ (392)	-29.1%
Receivables/Prepayments	237,392	299,184	(61,792)	-20.7%
Investments	18,916,665	18,518,838	397,827	2.1%
Capital Assets	12,613	11,835	778	6.6%
Total Assets	19,167,625	18,831,204	336,421	1.8%
Liabilities	1,821,071	1,829,547	(8,476)	-0.5%
Net Position	$ 17,346,554	$ 17,001,657	$ 344,897	2.0%

Net position increased by $344.9 million (2%) to $17.3 billion from the prior fiscal year. Assets increased in value by $336.4 million when compared with the prior fiscal year, attributable to appreciation of investments due to favorable market conditions.

Condensed Statement of Plan Net Position
(In Thousands)

	2014	2013	Change	% Change
Cash	$ 1,347	$ 6,244	$ (4,897)	-78.4%
Receivables/Prepayments	299,184	413,824	(114,640)	-27.7%
Investments	18,518,838	16,151,828	2,367,010	14.7%
Capital Assets	11,835	-	11,835	100.0%
Total Assets	18,831,204	16,571,896	2,259,308	13.6%
Liabilities	1,829,547	1,891,523	(61,976)	-3.3%
Net Position	$ 17,001,657	$ 14,680,373	$ 2,321,284	15.8%

Pension Plan (Continued)

Changes in Fiduciary Net Position

Condensed Statement of Changes in Fiduciary Net Position
(In Thousands)

	2015	2014	Change	% Change
Additions				
Employer Contributions	$ 480,332	$ 440,698	$ 39,634	9.0%
Member Contributions	126,771	124,395	2,376	1.9%
Net Investment Income	669,668	2,626,143	(1,956,475)	-74.5%
Other Income	4,849	2,899	1,950	67.3%
Total Additions	1,281,620	3,194,135	(1,912,515)	-59.9%
Deductions				
Pension Benefits	915,163	856,036	59,127	6.9%
Refund of Contributions	3,746	2,950	796	27.0%
Administrative Expenses	17,814	13,865	3,949	28.5%
Total Deductions	936,723	872,851	63,872	7.3%
Net Increase	344,897	2,321,284	(1,976,387)	-85.1%
Net Position, Beginning of Year	17,001,657	14,680,373	2,321,284	15.8%
Net Position, End of Year	$ 17,346,554	$ 17,001,657	$ 344,897	2.0%

Additions to Fiduciary Net Position

Additions needed to fund benefit payments are accumulated through employer and member contributions, and from income generated from the Plan's investing activities.

Contributions for fiscal year 2015 totaled $607.1 million, up by $42.0 million or 7.4% over fiscal year 2014. The increase in contributions was due to an increase in the actuarially determined contribution rate. The employer contribution rate for fiscal year 2015 was 36.54% of covered payroll compared to 34.72% of covered payroll for fiscal year 2014.

Net investment income amounted to $669.7 million, a decrease in net investment income of $1.9 billion or 74.5% when compared with $2.6 billion from the prior fiscal year. Investment income decreased in 2015 due to unfavorable capital markets.

Deductions from Fiduciary Net Position

Costs associated with the Pension Plan include benefit payments to members, refund of contributions due to termination and member death, and administrative expenses.

Deductions for the fiscal year ended June 30, 2015, totaled $936.7 million, an increase of $63.9 million over 2014. The increase was due primarily to the increase in retiree benefit payments resulting from an increase in the number of pensioners and beneficiaries.

Pension Plan (Continued)

Changes in Fiduciary Net Position (Continued)

Condensed Statement of Changes in Plan Net Position
(In Thousands)

	2014	2013	Change	% Change
Additions				
Employer Contributions	$ 440,698	$ 375,448	$ 65,250	17.4%
Member Contributions	124,395	121,778	2,617	2.1%
Net Investment Income	2,626,143	1,705,251	920,892	54.0%
Other Income	2,899	2,525	374	14.8%
Total Additions	3,194,135	2,205,002	989,133	44.9%
Deductions				
Pension Benefits	856,036	856,237	(201)	0.0%
Refund of Contributions	2,950	3,267	(317)	-9.7%
Administrative Expenses	13,865	12,200	1,665	13.6%
Total Deductions	872,851	871,704	1,147	0.1%
Net Increase	2,321,284	1,333,298	987,986	74.1%
Net Position, Beginning of Year	14,680,373	13,347,075	1,333,298	10.0%
Net Position, End of Year	$ 17,001,657	$ 14,680,373	$ 2,321,284	15.8%

LOS ANGELES FIRE AND POLICE PENSION SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

Health Subsidy Plan

A summary of the Health Subsidy Plan's net position and changes in net position is presented below:

Fiduciary Net Position

Condensed Statement of Fiduciary Net Position
(In Thousands)

	2015	2014	Change	% Change
Cash	$ 76	$ 102	$ (26)	-25.5%
Receivables/Prepaids	27,294	30,520	(3,226)	-10.6%
Investments	1,505,961	1,408,826	97,135	6.9%
Capital Assets	1,004	900	104	11.6%
Total Assets	1,534,335	1,440,348	93,987	6.5%
Liabilities	143,788	138,165	5,623	4.1%
Net Position	$ 1,390,547	$ 1,302,183	$ 88,364	6.8%

Net position increased by $88.3 million (6.8%) to $1.39 billion when compared to $1.30 billion of the prior fiscal year due to an increase in the actuarially determined employer contribution towards health benefits and prepayment of the Health Subsidy.

Condensed Statement of Plan Net Position
(In Thousands)

	2014	2013	Change	% Change
Cash	$ 102	$ 454	$ (352)	-77.5%
Receivables/Prepaids	30,520	37,444	(6,924)	-18.5%
Investments	1,408,826	1,174,916	233,910	19.9%
Capital Assets	900	-	900	100.0%
Total Assets	1,440,348	1,212,814	227,534	18.8%
Liabilities	138,165	136,163	2,002	1.5%
Net Position	$ 1,302,183	$ 1,076,651	$ 225,532	20.9%

Health Subsidy Plan (Continued)

Changes in Fiduciary Net Position

Condensed Statement of Changes in Fiduciary Net Position
(In Thousands)

	2015	2014	Change	% Change
Additions				
Contributions	$ 148,477	$ 138,107	$ 10,370	7.5%
Net Investment Income	51,291	192,600	(141,309)	-73.4%
Other Income	371	213	158	74.2%
Total Additions	200,139	330,920	(130,781)	-39.5%
Deductions				
Benefit Payments	110,411	104,371	6,040	5.8%
Administrative Expenses	1,364	1,017	347	34.1%
Total Deductions	111,775	105,388	6,387	6.1%
Net Increase	88,364	225,532	(137,168)	-60.8%
Net Position, Beginning of Year	1,302,183	1,076,651	225,532	20.9%
Net Position, End of Year	$ 1,390,547	$ 1,302,183	$ 88,364	6.8%

Additions to Fiduciary Net Position

Total additions to net position decreased $130.8 million compared to fiscal year 2014. This is due primarily to a decrease in net investment income by $141.3 million, mostly attributed to unfavorable capital markets, and an increase in contributions of $10.4 million or 7.5% over fiscal year 2014. For fiscal year 2015, the employer contribution rate is 11.3% of covered payroll compared to 10.57% for fiscal year 2014.

Deductions from Fiduciary Net Position

Deductions represent medical and dental insurance premiums paid for the pensioners and beneficiaries and administrative expenses. Current year deductions were $111.8 million or 6.1% more than the total deductions of the prior year. This is due primarily to an increase in the medical and dental insurance premiums and an increase in the number of pensioners and beneficiaries.

Health Subsidy Plan (Continued)

Condensed Statement of Changes in Fiduciary Net Position
(In Thousands)

	2014	2013	Change	% Change
Additions				
Contributions	$ 138,107	$ 132,939	$ 5,168	3.9%
Net Investment Income	192,600	118,124	74,476	63.0%
Other Income	213	175	38	21.7%
Total Additions	330,920	251,238	79,682	31.7%
Deductions				
Benefit Payments	104,371	98,306	6,065	6.2%
Administrative Expenses	1,017	845	172	20.4%
Total Deductions	105,388	99,151	6,237	6.3%
Net Increase	225,532	152,087	73,445	48.3%
Net Position, Beginning of Year	1,076,651	924,564	152,087	16.4%
Net Position, End of Year	$ 1,302,183	$ 1,076,651	$ 225,532	20.9%

Debt Administration Mortgage Payable

At June 30, 2015, LAFPP had a combined total of $206.2 million in mortgage payable for the Pension Plan and Health Subsidy Plan. LAFPP paid down $25.3 million and added $63.0 million during the year for an ending balance of $206.2 million.

Current Year Changes

GASB issued the *Implementation Guide* for GASB Statement No. 68 in late January 2014. LAFPP, through our professional organizations, management, and consultants, worked together with our plan sponsors to evaluate and implement these new requirements as prescribed within the required time frame.

REQUEST FOR INFORMATION

This financial report is designed to provide the Board of Fire and Police Pension Commissioners, members, investment managers, and creditors with a general overview of LAFPP's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Raymond P. Ciranna, General Manager
Los Angeles Fire and Police Pension System
360 E. Second Street, Suite 400
Los Angeles, CA 90012

LOS ANGELES FIRE AND POLICE PENSION SYSTEM
STATEMENTS OF FIDUCIARY NET POSITION
JUNE 30, 2015 AND 2014

	2015			2014		
	Pension	Health Subsidy	Combined	Pension	Health Subsidy	Combined
ASSETS						
Cash	$ 954,823	$ 76,014	$ 1,030,837	$ 1,347,076	$ 102,479	$ 1,449,555
Receivables						
Accrued Interest and Dividends	49,710,417	3,957,458	53,667,875	46,466,784	3,534,971	50,001,755
Contributions	6,686,968	-	6,686,968	6,109,845	-	6,109,845
Due from Brokers	180,990,731	14,408,716	195,399,447	246,602,831	18,760,368	265,363,199
Total Receivables	237,388,116	18,366,174	255,754,290	299,179,460	22,295,339	321,474,799
Prepaid Health Subsidy	3,737	8,928,092	8,931,829	4,232	8,224,596	8,228,828
Investments at Fair Value						
Temporary	650,292,676	51,769,958	702,062,634	797,305,321	60,655,189	857,960,510
U.S. Government Obligations	1,949,302,525	155,184,448	2,104,486,973	1,871,171,885	142,349,838	2,013,521,723
Domestic Corporate Bonds	1,610,722,591	128,230,016	1,738,952,607	1,331,856,288	101,321,278	1,433,177,566
Foreign Bonds	18,172	1,447	19,619	6,326,552	481,294	6,807,846
Domestic Stocks	6,790,804,582	540,617,603	7,331,422,185	6,935,869,711	527,647,909	7,463,517,620
Foreign Stocks	3,484,205,332	277,378,433	3,761,583,765	3,378,350,372	257,008,793	3,635,359,165
Real Estate	1,451,891,514	115,585,436	1,567,476,950	1,319,437,440	100,376,511	1,419,813,951
Alternative Investments	1,609,930,495	128,166,958	1,738,097,453	1,479,783,920	112,574,908	1,592,358,828
Total Investments	17,547,167,887	1,396,934,299	18,944,102,186	17,120,101,489	1,302,415,720	18,422,517,209
Capital Assets	12,613,071	1,004,129	13,617,200	11,835,315	900,374	12,735,689
Securities Lending Collateral	1,369,497,118	109,025,998	1,478,523,116	1,398,736,181	106,409,182	1,505,145,363
TOTAL ASSETS	19,167,624,752	1,534,334,706	20,701,959,458	18,831,203,753	1,440,347,690	20,271,551,443
LIABILITIES						
Accounts Payable and Accrued Expenses	12,157,055	904,019	13,061,074	9,875,685	688,063	10,563,748
Benefits in Process of Payment	20,739,437	527,080	21,266,517	17,646,356	387,491	18,033,847
Due to Brokers	227,650,771	18,123,333	245,774,104	246,591,117	18,759,477	265,350,594
Mortgage Payable	190,996,840	15,205,305	206,202,145	156,606,650	11,913,887	168,520,537
Security Deposit	29,455	2,345	31,800	90,347	6,873	97,220
Securities Lending Collateral	1,369,497,118	109,025,998	1,478,523,116	1,398,736,181	106,409,182	1,505,145,363
TOTAL LIABILITIES	1,821,070,676	143,788,080	1,964,858,756	1,829,546,336	138,164,973	1,967,711,309
NET POSITION IN TRUST FOR PENSION AND OTHER POST-EMPLOYMENT BENEFITS	$ 17,346,554,076	$ 1,390,546,626	$ 18,737,100,702	$ 17,001,657,417	$ 1,302,182,717	$ 18,303,840,134

The accompanying notes are an integral part of these financial statements.

LOS ANGELES FIRE AND POLICE PENSION SYSTEM
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015			2014		
	Pension	Health Subsidy	Combined	Pension	Health Subsidy	Combined
ADDITIONS						
Contributions						
Employer Contributions	$ 480,332,251	$ 148,476,512	$ 628,808,763	$ 440,698,260	$ 138,106,847	$ 578,805,107
Member Contributions	126,770,882	-	126,770,882	124,394,889	-	124,394,889
Total Contributions	607,103,133	148,476,512	755,579,645	565,093,149	138,106,847	703,199,996
Investment Income (Loss)						
Net Appreciation in Fair Value of Investments, Including Gain and Loss on Sales	189,380,584	14,504,946	203,885,530	2,274,456,889	166,807,499	2,441,264,388
Interest	105,684,530	8,094,538	113,779,068	103,466,280	7,588,164	111,054,444
Dividends	214,597,751	16,436,367	231,034,118	209,258,753	15,346,929	224,605,682
Net Real Estate Income	67,776,657	5,191,117	72,967,774	59,874,324	4,391,152	64,265,476
Income from Alternative Investments	29,306,707	2,244,645	31,551,352	33,417,573	2,450,828	35,868,401
Securities Lending Income	8,013,539	613,769	8,627,308	7,947,591	582,872	8,530,463
Less: Securities Lending Expense	(799,855)	(61,262)	(861,117)	(793,457)	(58,192)	(851,649)
Other Income	126,083,194	9,656,903	135,740,097	3,759,251	275,702	4,034,953
Subtotal	740,043,107	56,681,023	796,724,130	2,691,387,204	197,384,954	2,888,772,158
Less: Investment Manager Expense	(70,374,872)	(5,390,118)	(75,764,990)	(65,243,367)	(4,784,915)	(70,028,282)
Net Investment Income	669,668,235	51,290,905	720,959,140	2,626,143,837	192,600,039	2,818,743,876
Other Income						
Miscellaneous	4,849,056	371,397	5,220,453	2,898,644	212,586	3,111,230
Total Other Income	4,849,056	371,397	5,220,453	2,898,644	212,586	3,111,230
TOTAL ADDITIONS	1,281,620,424	200,138,814	1,481,759,238	3,194,135,630	330,919,472	3,525,055,102
DEDUCTIONS						
Pension Benefits	915,163,279	-	915,163,279	856,035,663	-	856,035,663
Payment of Health Subsidy	-	100,933,453	100,933,453	-	95,076,096	95,076,096
Payment of Medicare Reimbursement	-	9,477,016	9,477,016	-	9,294,803	9,294,803
Refund of Contributions	3,746,037	-	3,746,037	2,950,391	-	2,950,391
Administrative Expenses	17,814,449	1,364,436	19,178,885	13,865,199	1,016,867	14,882,066
TOTAL DEDUCTIONS	936,723,765	111,774,905	1,048,498,670	872,851,253	105,387,766	978,239,019
NET INCREASE	344,896,659	88,363,909	433,260,568	2,321,284,377	225,531,706	2,546,816,083
NET POSITION HELD IN TRUST FOR PENSION AND OTHER POST-EMPLOYMENT BENEFITS						
Beginning of Year	17,001,657,417	1,302,182,717	18,303,840,134	14,680,373,040	1,076,651,011	15,757,024,051
End of Year	$ 17,346,554,076	$ 1,390,546,626	$ 18,737,100,702	$ 17,001,657,417	$ 1,302,182,717	$ 18,303,840,134

The accompanying notes are an integral part of these financial statements.

NOTE 1 – DESCRIPTION OF THE PLANS

The Los Angeles Fire and Police Pension System (the System or LAFPP) operates under the City of Los Angeles Charter and Administrative Code provisions, which provide that the funding requirements of the System will be satisfied by the City of Los Angeles (the City). The funding requirements of the System are determined by the result of annual actuarial valuations.

Pension Plan

The System's Pension Plan is a defined benefit single-employer pension plan covering all full-time active sworn firefighters, police officers, and certain Harbor Port Police officers of the City of Los Angeles. The System also covers those certified paramedics and civilian ambulance employees who transferred from the Los Angeles City Employees' Retirement System (LACERS) during the year ended June 30, 1983, or have since been hired. The System is composed of six tiers. Effective July 1, 2011, a new pension tier, Tier 6, was added. Benefits are based on the member's pension tier, pension salary base, and years of service. In addition, the System provides for disability benefits under certain conditions and benefits to eligible survivors.

Tier 1 includes members hired on or before January 28, 1967. Tier 2 includes members hired from January 29, 1967 through December 7, 1980, and those Tier 1 members who transferred to Tier 2 during the enrollment period of January 29, 1967 to January 29, 1968. Tier 3 includes members hired from December 8, 1980 through June 30, 1997, and those Tier 4 members hired during the period of July 1, 1997 through December 31, 1997 who elected to transfer to Tier 3 by the enrollment deadline of June 30, 1998. Tier 4 includes members hired from July 1, 1997 through December 31, 2001, and those Tier 3 members who elected to transfer to Tier 4 by the enrollment deadline of June 30, 1998. Tier 5 includes members hired from January 1, 2002 through June 30, 2012, and those Active members of Tiers 2, 3, and 4 who elected to transfer to Tier 5 during the enrollment period of January 2, 2002 through December 31, 2002. Tier 6 was established for all firefighters and police officers hired on or after July 1, 2011.

Tier 6 is also the current tier for all Harbor Port Police officers hired on or after July 1, 2011. Tier 5 was the tier for all Harbor Port Police officers hired on or after January 8, 2006 through June 30, 2012. Harbor Port Police officers hired before January 8, 2006, who were members of LACERS were allowed to transfer to Tier 5 during the enrollment period of January 8, 2006 to January 5, 2007.

Tier 1 members hired prior to January 17, 1927, with 20 years of service are entitled to annual pension benefits equal to 50%, increasing for each year of service over 20 years, to a maximum of 66-2/3% of the average monthly rate of salary assigned to the ranks or positions held by the member during the three years immediately preceding the date of retirement. Tier 1 members hired on or after January 17, 1927, with 20 or more years of service are entitled to annual pension benefits equal to 40%, increasing for each year of service over 20 years, to a maximum of 66-2/3% of the average monthly rate of salary assigned to the ranks or positions held by the member during the three years immediately preceding the date of retirement. Tier 1 has no minimum age requirement and provides for unlimited post-employment cost-of-living adjustments (COLA) based on the Consumer Price Index (CPI). Tier 1 members who were active as of July 1, 1982, and who terminated their employment after July 1, 1982, were entitled to a refund of contributions plus Board of Fire and Police Pension Commissioners (Board) approved interest if they did not qualify for a pension or if they waived their pension entitlements.

Tier 2 members with 20 or more years of service are entitled to annual pension benefits equal to 40% of their final compensation, increasing for each year of service over 20 years, to a maximum of 70% for 30 years. Tier 2 has no minimum age requirement and provides for unlimited post-employment COLAs based on the CPI. Tier 2 members who were active as of July 1, 1982, and who terminate their employment after July 1, 1982, are entitled to a refund of contributions plus Board-approved interest if they do not qualify for a pension or if they waive their pension entitlements.

NOTE 1 – <u>DESCRIPTION OF THE PLANS</u> (Continued)

Pension Plan (Continued)

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

Tier 4 members must have at least 20 years of service to be entitled to a service pension. There is no minimum age requirement. Annual pension benefits are equal to 40% of their one-year average compensation, increasing for each year of service over 20 years, to a maximum of 70% for 30 years. Tier 4 provides for post-employment COLAs based on the CPI to a maximum of 3% per year. The City Council may grant an ad-hoc COLA no more than every three years, subject to certain conditions. Members who terminate their employment before they are eligible for pension benefits do not receive a refund of contributions.

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

Tier 6 members must be at least age 50, with 20 or more years of service, to be entitled to a service pension. Annual pension benefits are equal to 40% of their two-year average compensation, increasing for each year of service over 20 years, to a maximum of 90% for 33 years. Tier 6 provides for post-employment COLAs based on the CPI to a maximum of 3% per year. However, any increase in the CPI greater than 3% per year is placed into a COLA bank for use in years in which the increase in CPI is less than 3%. The City Council may also grant a discretionary ad-hoc COLA no more than every three years, subject to certain conditions. Members who terminate their employment are entitled to a refund of their contributions plus Board-approved interest if they do not qualify for a pension or if they waive their pension entitlements.

Health Subsidy Plan

Members of the System are entitled to post-employment health subsidy benefits under Sections 1330, 1428, 1518, 1618, and 1718 of the City Charter; Section 4.2018 of the Administrative Code; and related ordinances. Members who retire from the System with at least 10 years of service are eligible for health subsidy benefits. For retirement effective dates prior to July 1, 1998, regular benefits began at age 60.

Temporary subsidies are available to certain groups at earlier ages. For retirement effective dates on or after July 1, 1998, regular benefits begin at age 55.

Administrative Code Section 4.1154 (e) provides that, on an annual basis beginning in 2006, the System's Board is authorized to make discretionary changes to the maximum monthly subsidy, so long as no increase exceeds the lesser of a 7% increase or the actuarial assumed rate for medical inflation for pre-65 health benefits established by the Board for the applicable fiscal year. Effective July 1, 2014, the maximum subsidy amount is $1,344.38 per month. The maximum monthly subsidy for fiscal years 2014 and 2013 was $1,256.43 and $1,174.23, respectively. The System also reimburses Medicare Part B premiums for any pensioner enrolled in Medicare Parts A and B, and eligible to receive a subsidy.

NOTE 1 – DESCRIPTION OF THE PLANS (Continued)

Health Subsidy Plan (Continued)

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

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

At June 30, 2015 and 2014, total net position in the amounts of $1,390,546,626 and $1,302,182,717, respectively, was available for the Health Subsidy Plan. Effective July 1, 2008, actual employer contributions and benefit payments relating to health subsidy benefits are separately accounted for in order to comply with Internal Revenue Code Section 401 (h).

Health Insurance Premium Reimbursement Program

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

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

The reimbursement paid is a percentage of the maximum subsidy for health care. The maximum monthly subsidy for fiscal years 2015 and 2014 was $1,344.38 and $1,256.43, respectively. For members with Medicare Parts A and B, a different subsidy maximum is used. The System also reimburses basic Medicare Part B premiums for any pensioner eligible to receive a subsidy and enrolled in Medicare Parts A and B.

Dental Subsidy Plan

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

The benefit paid is a percentage of a maximum subsidy for dental care based on the lower of the dental subsidy in effect for LACERS (civilian retirees) or active Safety Members. The maximum monthly subsidy amount was $42.80 for the period of January 1, 2014, through December 31, 2014, and $43.24 for the period of January 1, 2015, through June 30, 2015. In determining the dental subsidy, members receive 4% for each completed year of service, up to 100% of the subsidy.

Deferred Retirement Option Plan

Effective May 1, 2002, members of the System have the option to enroll in the Deferred Retirement Option Plan (DROP) under Section 4.2100 of the Administrative Code. Members of Tiers 2 and 4 who have at least 25 years of service, and members of Tiers 3, 5, and 6 who have at least 25 years of service and who are at least age 50 are eligible for DROP. The Administrative Code was amended August 8, 2014, to add Tier 6 members.

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

NOTE 1 – DESCRIPTION OF THE PLANS (Continued)

Deferred Retirement Option Plan (Continued)

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

At June 30, 2015 and 2014, 1,359 and 1,277 pensioners, respectively, were enrolled in the DROP program, with total estimated values of the DROP accounts of approximately $280,813,494 and $284,935,292, respectively.

Two Percent Opt-In

On July 15, 2011, the City Council adopted an ordinance to permanently freeze the retiree health subsidies and reimbursements for members of the System who retired or entered DROP on or after July 15, 2011. This ordinance added language to the Los Angeles Administrative Code to freeze the maximum monthly non-Medicare subsidy at the July 1, 2011, rate of $1,097.41 per month, and freeze the maximum monthly Medicare subsidy as of the January 1, 2011, rate of $480.41 per month. However, the ordinance also provided that members may make an irrevocable election to contribute towards vesting increases in the maximum medical subsidy, as allowed by an applicable Memorandum of Understanding.

Members who opted-in to make additional pension contributions are entitled to the current maximum medical subsidy benefit and all future subsidy increases once they retire and become eligible to receive a subsidy. The opt-in period for the majority of the members began August 15, 2011, and closed September 29, 2011.

SINCE THE PENSION PLAN INCLUDES DETAILED PROVISIONS FOR EACH SITUATION, MEMBERS SHOULD REFER TO THE LEGAL TEXT OF THE CITY CHARTER AND LOS ANGELES CITY ADMINISTRATIVE CODE FOR MORE COMPLETE INFORMATION.

NOTE 1 – DESCRIPTION OF THE PLANS (Continued)

Membership

The components of the System's membership at June 30, 2015 and 2014, are as follows:

	2015	2014
Active Nonvested:		
Tier 1	-	-
Tier 2	-	-
Tier 3	1	2
Tier 4	183	193
Tier 5	7,207	7,715
Tier 6	1,215	802
	8,606	8,712
Active Vested:		
Tier 1	-	-
Tier 2	22	47
Tier 3	835	868
Tier 4	140	157
Tier 5	3,465	3,313
Tier 6	-	-
	4,462	4,385
Pensioners and Beneficiaries:		
Tier 1	444	498
Tier 2	7,975	8,167
Tier 3	559	532
Tier 4	251	227
Tier 5	3,364	3,078
Tier 6	-	-
	12,593	12,502
	25,661	25,599

Capital Assets

Capital assets are items that benefit more than one fiscal year. LAFPP's capital asset represents the land and the building acquired that will serve as its headquarters. Improvements to the building are in progress before it will be put to use and will be capitalized and subject to depreciation.

Fiduciary Net Position

There are no additional capital assets acquired for this fiscal year other than the Capital Improvement Project for the System's headquarters.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the System.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Reporting

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

Investments and Method Used to Value Investments

Temporary investments, consisting primarily of bankers' acceptances, commercial paper, certificates of deposit, pooled temporary investments, U.S. Treasury bills, and repurchase agreements along with bonds, stocks, and alternative investments, are reported at fair value. Pooled temporary investments represent funds invested in a custodian-managed discretionary short-term investment fund. This fund invests in a variety of U.S. and foreign securities rated A1 or P-1 by Moody's Investors Service and Standard & Poor's, respectively, or equivalent quality as determined by the custodian.

Investments denominated in foreign currencies are translated to the U.S. dollar at the rate of exchange in effect at the System's year-end. Resulting gains or losses are included in the System's Statements of Changes in Fiduciary Net Position.

The category of alternative investments includes private equity and hedge funds. Private equity investments are composed predominantly of limited partnerships that invest mainly in privately-owned companies. Hedge funds are pooled investment programs that invest in a wide variety of asset classes and use a wide variety of approaches to do so. The use of leverage and short selling is a common characteristic.

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

Investments are carried at fair value. The fair value of securities investments is generally based on published market prices or quotations from major investment dealers. Investments for which market quotations are not readily available are valued at their estimated fair value. The fair values of private equity investments are estimated by the investment managers based on consideration of various factors, including current net position valuations of underlying investments in limited partnerships, the financial statements of investee limited partnerships prepared in accordance with accounting principles generally accepted in the United States of America, and other financial information provided by the investment managers of investee limited partnerships. The sole hedge fund investment is valued by the fund manager based upon the information received from individual hedge funds in which monies are invested. Real estate investments are recorded in the financial statements under the equity method and are carried at fair value as determined by a periodic external appraisal. The fair values of real estate investment funds are provided by the individual real estate fund managers with periodic external valuations.

Cash

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

Use of Estimates

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

NOTE 3 – FUNDING POLICY AND CONTRIBUTION INFORMATION

As a condition of participation, members are required to contribute a percentage of their salaries to the System. Tier 1 members were required by the City Charter to contribute 6% of salary. The System's actuary recommended that Tier 2 members contribute 1% in addition to the 6% rate provided in the City Charter, for a total of 7% of salary. Tiers 3 and 4 members are required to contribute 8% of salary. Tier 5 members are required to contribute 9% of salary. However, the City shall pay 1% of the Tier 5 required contribution rate contingent on the System remaining at least 100% actuarially funded for pension benefits. Since July 1, 2006, Tier 5 members have been required to contribute 9% of salary because the System has remained less than 100% actuarially funded for pension benefits as determined by the System's actuary. Tier 6 members are required to contribute 9% of salary for regular pension contributions. Tier 6 members are also required to make an additional pension contribution of 2% of salary to support the City's ability to fund retiree health benefits.

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

A. An amount equal to the City's share of defined entry age normal costs.

B. For members of Tiers 1 and 2, a dollar amount or percentage necessary to amortize the "unfunded liability" of the System over a 70-year period, beginning with the fiscal year commencing July 1, 1967. Under Tiers 3, 4, and 5, any "unfunded liability" resulting from plan amendments shall be amortized over a 25-year period, and actuarial experience gains and losses shall be amortized over a 20-year period. For Tier 6, the unfunded liabilities shall be funded in accordance with the actuarial funding method adopted by the Board upon the advice of the consulting actuary. Charter Amendment G, effective April 8, 2011, now provides that with the advice of the consulting actuary, the Board shall establish amortization policies for unfunded actuarial accrued liabilities and surpluses for all Tiers.

C. An amount to provide for the Health Subsidy Plan.

Accordingly, the City's contributions as determined by the System's actuary for items A, B, and C above, net of early payment discount, for the fiscal years ended June 30, 2015 and 2014, were to be as follows ($ in millions):

Fiscal Year Ended June 30, 2015

	Fire and Police						Harbor Port Police	
	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5	Tier 6	Tier 5	Tier 6
Entry age normal cost	$ -	$ 1.98	$16.22	$ 6.34	$224.44	$4.72	$ 2.46	$ 0.02
Unfunded supplemental present value amount	$ 16.42	$ 43.62	$ 18.10	$ 10.03	$ 131.90	$ 3.48	$ 1.15	$ 0.01
Health subsidy entry age normal cost	$ -	$ 0.27	$ 3.99	$ 1.44	$ 45.14	$2.09	$ 0.59	$ 0.01
Health subsidy unfunded actuarial accrued liability annual amount	$ 1.94	$ 49.35	$ 4.69	$ 2.86	$ 35.04	$ 0.93	$ 0.13	$ -

Fiscal Year Ended June 30, 2014

	Fire and Police						Harbor Port Police	
	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5	Tier 6	Tier 5	Tier 6
Entry age normal cost	$ -	$ 2.62	$16.35	$6.72	$223.41	$2.63	$ 2.34	$ 0.01
Unfunded supplemental present value amount	$ 16.24	$ 31.51	$ 12.58	$ 7.39	$ 117.33	$ 1.72	$ 0.91	$ 0.01
Health subsidy entry age normal cost	$ -	$ 0.36	$ 3.89	$1.50	$ 43.39	$1.18	$ 0.54	$ -
Health subsidy unfunded actuarial accrued liability annual amount	$ 1.83	$ 46.03	$ 3.63	$ 2.59	$ 32.60	$ 0.46	$ 0.11	$ -

NOTE 3 – FUNDING POLICY AND CONTRIBUTION INFORMATION (Continued)

During fiscal year 2015, total contributions of $628,808,763 from the employer and $126,770,882 from the members were made, with respect to the Pension Plan and Health Subsidy Plan, in accordance with actuarially determined contribution requirements determined through an actuarial valuation performed at June 30, 2013. For the Pension Plan, fiscal year 2015 employer contributions included $256.2 million for entry age normal cost and $224.7 million for the unfunded supplemental present value annual amount. For the Health Subsidy Plan, fiscal year 2015 employer contributions consisted of $53.5 million for entry age normal cost and $94.9 million for the unfunded actuarial accrued liability annual amount.

During fiscal year 2014, total contributions of $578,805,107 from the employer and $124,394,889 from the members were made, with respect to the Pension Plan and Health Subsidy Plan, in accordance with actuarially determined contribution requirements determined through an actuarial valuation performed at June 30, 2012. For the Pension Plan, fiscal year 2014 employer contributions included $254.1 million for entry age normal cost and $187.7 million for the unfunded supplemental present value annual amount. For the Health Subsidy Plan, fiscal year 2014 employer contributions consisted of $50.9 million for entry age normal cost and $87.3 million for the unfunded actuarial accrued liability annual amount.

NOTE 4 – FUNDED STATUS AND FUNDING PROGRESS

The System engages an actuarial firm to conduct annual actuarial valuations of the Pension Plan and Health Subsidy Plan to monitor the System's funding status and funding integrity.

Pension Plan

The June 30, 2015 and 2014 annual valuations determined the funding status to be 91.5% and 86.6%, respectively. For 2015, if the deferred gains were recognized immediately in the valuation value of assets, the funded percentage would increase from 91.5% to 94.6%.

The funded status of the Pension Plan as of June 30, 2015, the most recent actuarial valuation date, is as follows:

Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b) – (a)) / (c)
$ 16,770,060,026	$ 18,337,507,075	$ 1,567,447,049	91.5%	$ 1,405,171,210	111.5%

Additional information as of the latest actuarial valuation is as follows:

Valuation Date	June 30, 2015
Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	For Tier 1, level dollar amortization is used ending on June 30, 2037. For Tiers 2, 3, and 4, level percent of payroll amortization with multiple layers is used as a percent of TOTAL valuation payroll from the respective employer (i.e., City or Harbor Port Police). For Tiers 5 and 6, level percent of payroll with multiple layers is used as a percent of combined payroll for these tiers from the respective employer (i.e., City or Harbor Port Police). Actuarial gains/losses are amortized over 20 years. Assumption changes are amortized over 25 years. Plan changes are amortized over 15 years.

NOTE 4 – FUNDED STATUS AND FUNDING PROGRESS (Continued)

Pension Plan (Continued)

Asset Valuation Method	The market value of assets less unrecognized returns. Unrecognized return is equal to the difference between the actual and expected returns on a market value basis, and is recognized over a seven-year period. Deferred gains and losses as of June 30, 2013, have been combined and will be recognized in equal amounts over a period of six years from that date. The actuarial value of assets is further adjusted, if necessary, to be within 40% of the market value of assets.
Actuarial Assumptions:	
Investment Return Rate	7.50%, net of investment expenses
Inflation Rate	3.25%
Real Across-the-Board Salary Increase	0.75%
Projected Salary Increase	Ranges from 4.75 to 11.50% based on service.
COLAs	3.25% of Tiers 1 and 2 retirement income and 3.00% of Tiers 3, 4, 5, and 6 retirement income.
Mortality Rates:	
Healthy	RP-2000 Combined Healthy Mortality Table (separate for males and females) projected to 2022 with scale BB set back one year for members. RP-2000 Combined Health Mortality Table (separate for males and females) projected to 2022 with scale BB set forward one year for beneficiaries.
Disabled	RP-2000 Combined Health Mortality Table (separate for males and females) projected to 2022 with scale BB set forward one year.

Health Subsidy Plan

The June 30, 2015 and 2014 annual valuations determined the funding status to be 45.4% and 43.2%, respectively. If the deferred gains were recognized immediately in the valuation value of assets, the funded percentage would increase from 45.4% to 46.9% for 2015.

The funded status of the Health Subsidy Plan as of June 30, 2015, the most recent actuarial valuation date, is as follows:

Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b) – (a)) / (c)
$ 1,344,333,306	$ 2,962,702,884	$ 1,618,369,578	45.5%	$ 1,405,171,211	115.2%

The schedule of funding progress, presented as RSI following the notes to financial statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

NOTE 4 – FUNDED STATUS AND FUNDING PROGRESS (Continued)

Health Subsidy Plan (Continued)

Additional information as of the latest actuarial valuation is as follows:

Valuation Date	June 30, 2015
Actuarial Cost Method	Entry Age Normal, Level Percent of Pay
Amortization Method	Closed amortization periods. On September 6, 2012, the Board adopted the following amortization policy:

Type of Base	Amortization Period (Closed)
Actuarial Gains or Losses[1]	20
Assumption or Method Changes	25
Plan Amendments	15
Early Retirement Incentive Programs (ERIPs)	5
Actuarial Surplus	30

[1] Retiree health assumption changes are treated as gains and losses and amortized over 20 years.

Remaining Amortization Period: As of June 30, 2015:

19 years for bases established on June 30, 2014
24 years for assumption change base established on June 30, 2014
20 years for bases established on June 30, 2015

Asset Valuation Method: Market value of assets less unrecognized returns in each of the last seven 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 seven-year period. Deferred gains and losses as of June 30, 2013, have been combined and will be recognized over a period of six years from July 1, 2013. The actuarial value of assets is further adjusted, if necessary, to be within 40% of the market value of assets.

Actuarial Assumptions:

Investment Rate of Return	7.50%
Inflation Rate	3.25%
Across-the-Board Pay Increase	0.75%
Projected Salary Increase	4.00%

NOTE 4 – FUNDED STATUS AND FUNDING PROGRESS (Continued)

Health Subsidy Plan (Continued)

Health Care Cost Trend Rate (to calculate following year's premium):

Medical	6.75% in 2015-2016, then decreasing by 0.25% for each year for seven years until it reaches an ultimate rate of 5%.
Dental	5% for all years
Medicare Part B Premium	5% for all years
Medical Subsidy Trend	For employees not subject to freeze: For all non-Medicare retires, increase at lesser of 7% or medical trend. For Medicare retirees with single party premium, increase with medical trend. For Medicare retirees with 2-party premium less than or equal to the maximum subsidy as of July 1, 2015 (e.g., Fire Kaiser), increase with medical trend. For Medicare retirees with 2-party premium greater than the maximum subsidy as of July 1, 2015 (e.g., Police Blue Cross PPO), increase with lesser of 7% or medical trend.

The following assumptions were adopted by the System's Board based on the actuarial experience study as of June 30, 2013, and the economic assumptions study as of June 30, 2014:

Data	Detailed census data and the System's financial data for post-employment benefits were provided by the System.
Actuarial Cost Method	Entry age normal, level percent of pay.
Administrative Expenses	Out of the total of 1.00% of payroll in administrative expense, 0.06% of payroll payable bi-weekly is allocated to the Retiree Health Plan. This is equal to 0.06% of payroll payable at the beginning of the year.
Spouse Age Difference	Husbands are assumed to be 3 years older than wives.

Participation

Service Range (Years)	Assumption for Future Retirees Under 65 (Percentage)	Assumption for Future Retirees Over 65 (Percentage)
10-14	45	80
15-19	60	85
20-24	75	90
25 and over	95	95

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

NOTE 4 – FUNDED STATUS AND FUNDING PROGRESS (Continued)

Health Subsidy Plan (Continued)

Dental Coverage	80% of future retirees are assumed to elect dental coverage.
Spousal Coverage	Of future retirees receiving a medical subsidy, 80% are assumed to elect coverage for married and surviving spouses or domestic partners. For those retired on valuation date, spousal/domestic partner coverage is based on census data.
Implicit Subsidy	No implicit subsidy exists since retiree medical premiums are underwritten separately from active premiums, except for one small group (Fire Blue and Fire California Care) that has some active/retiree experience blending.

Other actuarial assumptions on mortality rates, termination rates, retirement rates, net investment return, and future benefit accruals are the same as for Pension Plan benefits.

The per capita cost assumptions were based on premium, subsidy, and census data provided by the System and are summarized as follows:

For Participants under Age 65:

Plan	Assumed Election Percentage	Maximum Subsidies: Single	Maximum Subsidies: Married	Maximum Subsidies: Surviving Spouse / Domestic Partner
Fire Medical PPO	75	$ 1,435.13	$ 1,435.13	$ 787.87
Fire Kaiser	15	1,435.13	1,435.13	787.87
Fire Blue Cross HMO	5	1,435.13	1,435.13	787.87
Fire California Care HMO	5	1,435.13	1,435.13	787.87
Police Blue Cross PPO	65	1,435.13	1,435.13	787.87
Police Blue Cross HMO	15	1,435.13	1,435.13	787.87
Police Kaiser	20	1,435.13	1,435.13	787.87
Dental	80	43.24	43.24	-

Note: The fund pays the lower of the member's subsidy or member's medical plan premium.

For Participants Age 65 and Over:

Plan	Assumed Election Percentage	Maximum Subsidies: Single	Maximum Subsidies: Married	Maximum Subsidies: Surviving Spouse / Domestic Partner
Fire Medical PPO	85	$ 523.25	$ 837.93	$ 523.25
Fire Kaiser	15	523.25	758.56	523.25
Fire Blue Cross HMO	0	523.25	1,387.36	523.25
Fire California Care HMO	0	523.25	1,399.09	523.25
Police Blue Cross PPO	75	523.25	987.15	523.25
Police Blue Cross HMO	10	523.25	995.29	523.25
Police Kaiser	15	523.25	508.38	523.25
Dental	80	43.24	43.24	-
Medicare B	100	104.90	104.90	104.90

Note: The fund pays the lower of the member's subsidy or member's medical plan premium.

NOTE 4 – FUNDED STATUS AND FUNDING PROGRESS (Continued)

Net Pension Liability

GASB Statement No. 67 requires public pension plans to provide a net pension liability. The net pension liability is measured as the total pension liability less the amount of the pension plan's fiduciary net position. The net pension liability is an accounting measurement for financial statement reporting purposes. The components of LAFPP's net pension liability at June 30, 2015 and 2014, were as follows:

Schedule of Net Pension Liability
For the Year Ended June 30

	2015	2015
Total Pension Liability	$ 19,385,427,756	$ 18,861,992,028
Less: Fiduciary Net Position	17,346,554,076	16,989,704,585
Net Pension Liability	$ 2,038,873,680	$ 1,872,287,443
Fiduciary Net Position as a Percentage of the Total Pension Liability	89.48%	90.07%

Fiduciary Net Position – The fiduciary net position is calculated based on financial information available to the actuary for the presentation of the actuarial valuation and does not include subsequent adjustments. Subsequent adjustments resulted in a net increase of $11,952,832 which represents 0.07% of LAFPP's fiduciary net position as of June 30, 2014.

Sensitivity Analysis. In accordance with GASB Statement No. 67, changes to the total pension liability and net pension liability must be reported as of June 30, 2015 and 2014. The net pension liability changes when there are changes in the discount rate. The following, from page 6 of Segal Consulting's GASB Statement No. 67 report, presents the net pension liability, calculated using the discount rate of 7.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.50 percent) or 1-percentage point higher (8.50 percent) than the current rate (7.50 percent).

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of LAFPP as of June 30, 2015 and 2014, calculated using the discount rate of 7.50%, as well as what LAFPP's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
LAFPP's Net Pension Liability as of June 30, 2015	$ 4,618,797,137	$ 2,038,873,680	$ (81,182,624)
LAFPP's Net Pension Liability as of June 30, 2014	$ 4,386,029,023	$ 1,872,287,443	$ (192,812,153)

NOTE 5 – SECURITIES LENDING

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

NOTE 5 – **SECURITIES LENDING** (Continued)

Upon direction of the Board, the custodian may loan securities to brokers or dealers or other borrowers upon such terms and conditions, as it deems advisable. Collateral for the securities on loan will be maintained at a level of at least 102 percent of their fair value plus any accrued interest for U.S. securities lending and 105 percent of the fair value plus any accrued interest for non-U.S. securities lending. At year-end, the System has no credit risk exposure to borrowers because the amounts the System owes the borrowers exceed the amounts the borrowers owe the System.

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

These agreements provide the return of the securities and revenue determined by the type of collateral received (from which the custodian's fee is deducted). The securities on loan to brokers are shown at their fair value on the System's Statements of Fiduciary Net Position.

As required by GASB, cash received as collateral on securities lending transactions is reported as an asset, and the liabilities from these transactions are reported in the Statements of Fiduciary Net Position. The System cannot pledge or sell non-cash collateral unless the borrower defaults.

As of June 30, 2015 and 2014, the fair value of securities lent was $1,629,911,635 and $1,610,850,465, respectively, and the fair value of collateral received was $1,673,918,158 and $1,653,458,227, respectively. Of the $1,673,918,158 collateral received as of June 30, 2015, $1,478,523,116 was cash collateral and $195,395,042 represented the fair value of non-cash collateral; and of the $1,653,458,227 collateral received as of June 30, 2014, $1,505,145,363 was cash collateral and $148,312,864 represented the fair value of non-cash collateral. Non-cash collateral, which the System does not have the ability to pledge or sell unless the borrower defaults, is not reported in the Statements of Fiduciary Net Position.

The following represents the balances relating to the securities lending transactions as of June 30, 2015 and 2014.

Fair value of collateral received for loaned securities as of June 30, 2015:

Loaned Securities	Cash	Non-Cash	Total Collateral Securities
U.S. Government and Agency Securities	$ 69,479,923	$ 115,570,390	$ 185,050,313
Domestic Corporate Fixed Income Securities	138,925,755	5,117,640	144,043,395
International Stocks	1,270,117,438	74,707,012	1,344,824,450
	$ 1,478,523,116	$ 195,395,042	$ 1,673,918,158

NOTE 5 – SECURITIES LENDING (Continued)

Fair value of loaned securities as of June 30, 2015:

Loaned Securities	Cash	Non-Cash	Total Fair Value of Underlying Securities
U.S. Government and Agency Securities	$ 64,649,502	$ 107,455,215	$ 172,104,717
Domestic Corporate Fixed Income Securities	136,005,033	5,012,581	141,017,614
International Stocks	1,243,616,133	73,173,171	1,316,789,304
	$ 1,444,270,668	$ 185,640,967	$ 1,629,911,635

Fair value of collateral received for loaned securities as of June 30, 2014:

Loaned Securities	Cash	Non-Cash	Total Collateral Securities
U.S. Government and Agency Securities	$ 83,978,605	$ 113,972,099	$ 197,950,704
Domestic Corporate Fixed Income Securities	94,043,912	674,300	94,718,212
International Stocks	1,327,122,846	33,666,465	1,360,789,311
	$ 1,505,145,363	$ 148,312,864	$ 1,653,458,227

Fair value of loaned securities as of June 30, 2014:

Loaned Securities	Cash	Non-Cash	Total Fair Value of Underlying Securities
U.S. Government and Agency Securities	$ 78,551,470	$ 106,816,931	$ 185,368,401
Domestic Corporate Fixed Income Securities	92,040,204	661,283	92,701,487
International Stocks	1,299,772,762	33,007,815	1,332,780,577
	$ 1,470,364,436	$ 140,486,029	$ 1,610,850,465

For the fiscal years ended June 30, 2015 and 2014, securities lending income amounted to $8,627,308 and $8,530,463, respectively, while securities lending expenses amounted to $861,117 and $851,649, respectively.

NOTE 6 – CASH, TEMPORARY INVESTMENTS, AND OTHER INVESTMENTS

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

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

The System considers investments purchased with a maturity of 12 months or less to be temporary investments. At June 30, 2015, cash and temporary investments consisted of $1,030,837 cash held by the City Treasurer's office and $702,062,634 in collective short-term investment funds (STIF). At June 30, 2014, cash and temporary investments consisted of $1,449,555 cash held by the City Treasurer's office and $857,960,510 in collective STIF. Cash held by the City Treasurer's office is pooled with funds of other City agencies and is not individually identifiable.

Credit Risk

Credit risk is the risk that an issuer or a counterparty to an investment will not fulfill its obligations. The System seeks to maintain a diversified portfolio of fixed income securities in order to obtain the highest total return at an acceptable level of risk within this asset class.

As of June 30, 2015, the quality ratings of the System's fixed income investments in U.S. Government obligations and domestic corporate and foreign bonds are as follows:

Quality Rating per Standard & Poor's	Fair Value	Percentage
AAA	$ 1,662,215,812	48.86%
AA	92,569,862	2.72%
A	396,504,222	11.65%
BBB	551,206,854	16.20%
BB	234,969,108	6.90%
B	234,765,036	6.90%
CCC	68,039,456	2.00%
CC	10,096,881	0.30%
C	1,617,042	0.05%
Not Rated	150,324,548	4.42%
Subtotal	3,402,308,821	100.00%
U.S. Government Issued or Guaranteed Securities	441,150,378	
Total Fixed Income Investments	$ 3,843,459,199	

As of June 30, 2014, the quality ratings of the System's fixed income investments in U.S. Government obligations and domestic corporate and foreign bonds are as follows:

Quality Rating per Standard & Poor's	Fair Value	Percentage
AAA	$ 1,551,036,490	51.63%
AA	78,108,606	2.60%
A	263,364,762	8.77%
BBB	477,905,029	15.91%
BB	214,403,697	7.13%
B	232,553,783	7.74%
CCC	55,108,160	1.83%
CC	8,019,735	0.27%
C	548,175	0.02%
Not Rated	123,097,238	4.10%
Subtotal	3,004,145,675	100.00%
U.S. Government Issued or Guaranteed Securities	449,361,460	
Total Fixed Income Investments	$ 3,453,507,135	

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

Custodial Credit Risk

For deposits, custodial credit risk is the risk that, in the event of a bank failure, the System's deposits and collateral securities in the possession of an outside party would not be recoverable. Deposits are exposed if they are not insured or are not collateralized. As of June 30, 2015 and 2014, the System's exposure to custodial credit risk comprised of foreign currencies held outside the custodial bank amounted to $16,388,935 and $15,778,549, respectively.

For investment securities, custodial credit risk is the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if they are not insured, or are not registered in the System's name, and held by the counterparty. As of June 30, 2015 and 2014, the System's investments in publicly traded stocks and bonds were not exposed to custodial risk since they are all held by the custodian and are registered in the System's name. As of June 30, 2015 and 2014, the System's sole hedge fund investment of $94,401,493 and $92,572,645, private equity of $1,643,695,970 and $1,499,786,183, and commingled real estate funds of $844,297,078 and $744,051,612, were exposed to custodial credit risk, respectively.

Concentration of Credit Risk

Concentration of credit risk exists when the System has investments in a single issuer totaling 5% or more of the total investment portfolio. As of June 30, 2015 and 2014, the System's investment portfolio contained no such concentrations. Securities issued or guaranteed by the U.S. Government are exempt from this limitation.

Interest Rate Risk

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

Fiscal Year 2015

Investment Type	Fair Value	Weighted Average Maturity (in Years)
Asset Backed Securities	$ 48,312,810	16.06
Commercial Mortgages	31,303,306	29.31
Corporate Bonds	1,568,964,619	24.93
Government Agencies Bonds	68,252,384	10.11
Government Bonds	812,774,864	10.82
Government Mortgage Backed Securities	360,552,616	25.20
Index Linked Government Bonds	864,570,166	9.64
Non-Government Backed Collateralized Mortgage Obligations	50,384,435	18.76
Bond Index Fund	38,343,999	N/A
Total Fixed Income Investments	$ 3,843,459,199	

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

Interest Rate Risk (Continued)

Fiscal Year 2014

Investment Type	Fair Value	Weighted Average Maturity (in Years)
Asset Backed Securities	$ 30,749,093	12.21
Commercial Mortgages	42,816,225	29.49
Corporate Bonds	1,327,267,704	16.54
Government Agencies Bonds	75,075,133	9.29
Government Bonds	780,898,434	8.09
Government Mortgage Backed Securities	355,296,636	25.66
Index Linked Government Bonds	810,769,340	9.53
Non-Government Backed Collateralized Mortgage Obligations	2,342,080	22.05
Bond Index Fund	28,292,490	N/A
Total Fixed Income Investments	$ 3,453,507,135	

Highly sensitive investments are certain debt investments whose terms may cause their fair value to be highly sensitive to market interest rate changes. The following are asset-backed investments by investment type:

Fiscal Year 2015

Investment Type	Fair Value
Asset Backed Securities	$ 48,312,810
Commercial Mortgages	31,303,306
Government Agencies Bonds	68,252,384
Government Mortgage Backed Securities	360,552,616
Index Linked Government Bonds	864,570,166
Non-Government Backed Collateralized Mortgage Obligations	50,384,435
Total Asset-Backed Investments	$ 1,423,375,717

Fiscal Year 2014

Investment Type	Fair Value
Asset Backed Securities	$ 30,749,093
Commercial Mortgages	42,816,225
Government Agencies Bonds	75,075,133
Government Mortgage Backed Securities	355,296,636
Index Linked Government Bonds	810,769,340
Non-Government Backed Collateralized Mortgage Obligations	2,342,080
Total Asset-Backed Investments	$ 1,317,048,507

NOTE 6 – **CASH, TEMPORARY INVESTMENTS, AND OTHER INVESTMENTS** (Continued)

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair values of deposits or investments. The System's asset allocation policy sets a target of 18% of the total portfolio for non-U.S. investments in equities. The majority of the System's currency exposure comes from its holdings of foreign stocks.

The System's foreign investment holdings, including foreign currencies in temporary investments as of June 30, 2015, are as follows:

Foreign Currency Type	Fair Value
Australian Dollar	$ 134,416,997
Brazilian Real	61,246,089
British Pound Sterling	752,673,535
Canadian Dollar	74,717,478
Chilean Peso	4,557,430
Colombian Peso	1,903,380
Czech Koruna	4,908,206
Danish Krone	57,220,071
Egyptian Pound	264,536
Euro	807,506,169
Hong Kong Dollar	267,133,299
Hungarian Forint	3,559,997
Indian Rupee	86,544,415
Indonesian Rupiah	26,690,641
Japanese Yen	627,167,328
Malaysian Ringgit	15,932,527
Mexican Peso	25,271,361
New Israeli Shekel	10,116,741
New Taiwan Dollar	120,116,155
New Zealand Dollar	4,134,894
Nigerian Naira	2,357,230
Norwegian Krone	21,233,784
Philippine Peso	7,529,593
Polish Zloty	12,563,320
Qatari Rial	106,447
Singapore Dollar	39,815,255
South African Rand	86,923,631
South Korean Won	156,144,814
Swedish Krona	74,339,607
Swiss Franc	234,346,714
Thai Baht	16,908,748
Turkish Lira	23,252,992
	$ 3,761,603,384

Note: The foreign currency total comprises foreign stocks, foreign bonds, and currency holdings.

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

Foreign Currency Risk (Continued)

The System's foreign investment holdings, including foreign currencies in temporary investments as of June 30, 2014, are as follows:

Foreign Currency Type	Fair Value
Australian Dollar	$ 132,010,519
Brazilian Real	59,565,590
British Pound Sterling	709,216,698
Canadian Dollar	44,200,412
Chilean Peso	5,024,528
Colombian Peso	3,125,648
Czech Koruna	4,785,204
Danish Krone	49,520,219
Euro	849,981,479
Hong Kong Dollar	245,199,693
Hungarian Forint	4,263,469
Indian Rupee	72,862,127
Indonesian Rupiah	31,450,563
Japanese Yen	623,544,987
Malaysian Ringgit	23,262,574
Mexican Peso	27,390,390
New Israeli Shekel	7,256,567
New Taiwan Dollar	119,039,641
New Zealand Dollar	3,586,906
Nigerian Naira	5,045,379
Norwegian Krone	18,468,717
Philippine Peso	6,215,424
Polish Zloty	12,759,218
Singapore Dollar	36,544,690
South African Rand	78,006,672
South Korean Won	153,262,867
Swedish Krona	88,204,111
Swiss Franc	181,746,597
Thai Baht	19,802,229
Turkish Lira	26,823,894
	$ 3,642,167,012

Note: The foreign currency total is comprised of foreign stocks and foreign bonds.

Discount Rate

The actuary, Segal Consulting, defines Investment Return (discount rate) as the rate of earnings of the Pension Plan from its investments, including interest, dividends, and capital gain and loss of adjustments, computed as a percentage of the average value of the fund. For actuarial purposes, the investment return often reflects a smoothing of the capital gains and losses to avoid significant swings in the value of assets from one year to the next. (LAFPP's June 30, 2015 Other Post-Employment Benefits (OPEB) Report from Segal Consulting, page 57).

The discount rate for the June 30, 2015 and 2014 valuations is 7.50%. Additional details regarding the calculation of the discount rate can be found in the Actuarial Assumptions section of the Required Supplementary Information Notes.

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

Money-Weighted Rate of Return

The money-weighted rate of return expresses investment performance, gross of investment expense, adjusted for the changing amounts actually invested. The annual money-weighted rate of return on Pension Plan investments, gross of Pension Plan investment expense, for the years ended June 30, 2015 and 2014, was 4.14% and 17.84%, respectively. The source for the rate of return was the June 30, 2015 and 2014 Investment Hierarchy provided by the custodian bank, Northern Trust.

NOTE 7 – DERIVATIVE INSTRUMENTS

The System, through its outside investment managers, holds investments in swaps, options, rights, and warrants and enters into futures and forward foreign currency contracts to manage portfolio risk or use them as substitutes for owning securities. Forward contracts are subject to credit risk if the counter-parties to the contracts are unable to meet the terms of the contract. Futures contracts have little credit risk, as organized exchanges are the guarantors. Due to the level of risk associated with derivative investments, it is reasonably possible that changes in the values of these investments will occur in the near term and that such changes could materially affect the amount reported in the financial statements.

The fair values of the futures that are traded on various exchanges are determined by the price on that exchange. Fair values for the currency forward contracts are determined by the exchange rate of the reference currency on the last day of the reporting period. For options, swaps, rights, and warrants pricing would come from the exchange they are traded on if they are exchange traded securities. They can also trade as over the counter securities and the market values would then be determined by the value of a reference security or value that would typically be publicly priced. For assets traded over the counter and held at the custodian bank an independent pricing service is involved in calculating the price of the derivative security using the value of the reference security or reference value.

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2015, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the 2015 financial statements are as follows ($ in thousands):

	Changes in Fair Value		Fair Value at June 30, 2015		Notional
Type	Classification	Amount	Classification	Amount	Amount
Investment Derivatives:					
Futures - Shorts		$ -	Investment	$ -	$ (25,131)
Futures - Longs	Investment Loss	2,862	Investment	-	16,258
Forwards	Investment Loss	688	Investment	680	-
Options	Investment Loss	206	Investment	65	-
Rights and Warrants	Investment Revenue	(741)	Investment	195	-
Swaps	Investment Revenue	(344)	Investment	55	-

At June 30, 2015, the System held futures – shorts and futures – longs with a notional value of $(25,131,497) and $(16,258,301), respectively, with a realized loss of $2,862,268 for the fiscal year. The System held forwards with a fair value of $680,443, options with a fair value of $64,825, rights and warrants with a fair value of $195,384, and swaps with the fair value of $54,613. Losses of $688,202 were reported for the fiscal year for forwards and $206,210 for swaps, and earnings of $740,865 were reported for rights and warrants and $344,323 for swaps for the fiscal year.

NOTE 7 – DERIVATIVE INSTRUMENTS (Continued)

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2014, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the 2014 financial statements are as follows ($ in thousands):

	Changes in Fair Value		Fair Value at June 30, 2014		Notional
Type	Classification	Amount	Classification	Amount	Amount
Investment Derivatives:					
Futures - Shorts		$ -	Investment	$ -	$ (98)
Futures - Longs	Investment Revenue	(1,551)	Investment	-	1,571
Forwards	Investment Loss	393	Investment	6	-
Rights and Warrants	Investment Revenue	(934)	Investment	160	-

At June 30, 2014, the System held futures – shorts and futures – longs with a notional value of $(98,085) and $(1,571,286), respectively, with a realized gain of $1,550,949 for the fiscal year. The System held forwards with a fair value of $6,526 and rights and warrants with a fair value of $159,770. A loss of $392,887 was reported for the fiscal year for forwards and earnings of $934,301 were reported for rights and warrants for the fiscal year.

NOTE 8 – CAPITAL ASSETS

The System's capital assets comprise land and a building that was acquired in July 2013 for $12,735,689, and a capital improvement program which totaled $881,511 as of June 30, 2015. This building will become the System's headquarters that will provide long-term control over its future space needs and lease costs. A capital improvement program is in process as of June 30, 2015, to address the seismic, HVAC, tenant improvements, and other needs before the move from the existing lease space.

NOTE 9 – MORTGAGES PAYABLE

Mortgages are secured by real estate. For fiscal year 2015, interest rates range from 2.94% to 7.50% per annum. The average monthly principal and interest payments range from $14,653 to $185,292. For fiscal year 2014, interest rates range from 2.94% to 7.50% per annum. The average monthly principal and interest payments range from $72,603 to $679,752.

The mortgages mature from February 2016 to June 2031. Principal and interest payments due under such mortgages are as follows for the years ending June 30:

Year Ending	Principal	Interest	Total
2016	$ 11,964,843	$ 8,985,884	$ 20,950,727
2017	27,951,544	7,360,947	35,312,491
2018	15,957,762	6,841,096	22,798,858
2019	34,791,399	6,887,335	41,678,734
2020	1,932,333	4,877,475	6,809,808
2021-2025	108,418,103	11,492,441	119,910,544
2026-2030	4,427,516	1,258,646	5,686,162
2031-2034	758,644	35,525	794,169
	$ 206,202,144	$ 47,739,349	$ 253,941,493

The mortgages are secured by real estate that was purchased with the funds.

NOTE 9 – MORTGAGES PAYABLE (Continued)

The following is a summary of mortgage payable activity for the year ended June 30, 2015:

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
Mortgage Payable	$ 168,520,537	$ 63,050,000	$ 25,368,393	$ 206,202,144

NOTE 10 – OPERATING LEASE

The System leases office space under an operating lease that can be discontinued with appropriate notice to the building management. The annual lease payments for the fiscal years ended June 30, 2015 and 2014, were $854,071 and $869,768, respectively.

The minimum lease commitment for future fiscal years is as follows:

Year Ended June 30	
2016	$ 430,000 [1]
	$ 430,000

[1] LAFPP can discontinue its current lease with appropriate notice to the building management. Due to LAFPP's anticipated move to the new headquarters in calendar year 2015, LAFPP has budgeted half the 2015 amount to cover lease expenses for July 2015 to December 2015.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

Termination Rights

All members who were active on or after July 1, 1982, have a vested right to their past contributions and accrued interest in the event of their termination prior to retirement, except Tier 4 members. The dollar amount of contributions and interest subject to this right were $1,742,423,013 and $1,674,326,359 as of June 30, 2015 and 2014, respectively.

The Charter and the Administrative Code of the City of Los Angeles provide that member contributions as of June 30 and December 31 of each year earn interest at a rate based on investment earnings, exclusive of gains and losses on principal resulting from sales of securities.

Investment Commitment

LAFPP has commitments to contribute capital for real estate and alternative investments in the aggregate amount of approximately $1,208,200,000 and $1,419,000,000 at June 30, 2015 and 2014, respectively.

The Patient Protection and Affordable Care Act (PPACA) of 2010

The PPACA of 2010 contains a provision that would impose a forty percent excise tax on the annual value of health plan costs that exceed certain dollar thresholds beginning in 2018. If there is no change in the law or the System plan provisions between now and 2018, and if the current medical cost trend stays substantially the same during the same period, some of the System post-employment health care plans will be subject to the excise tax in 2018. GASB has not yet issued any guidance on accounting or financial reporting of this potential future liability.

NOTE 12 – DONATIONS

From 1999 to 2002, the System received donations of non-voting common stock of non-public corporations, pursuant to repurchase agreements between the System and the donors, structured entirely by the donors' tax advisers. Under the terms of the agreements, the System, although the owner of the donated common stock, acknowledged that: the non-voting common shares have not been registered under the Federal Securities Act of 1933 or qualified under the California Corporate Securities Law of 1968; that no public market exists with respect to the non-voting common shares; and that the common shares are subject to a right of first refusal prohibiting the System from selling or otherwise disposing of any common shares without first offering to sell them to the donor.

The shares are recorded at carry and market values of zero for the following reasons: (1) there is no public market for the shares, (2) the System does not have the right to sell or otherwise dispose of the shares until the agreed upon future date, and (3) the shares were received as a donation for no consideration. Donation income is only recorded if cash dividends are received from the stock while in the possession of the System or when the stock is sold.

As previously reported in fiscal year ending June 30, 2005, the System has been informed that the Internal Revenue Service is disputing the tax treatment claimed by the donors in connection with these donations of stock. There have been no allegations of inappropriate activity by the System. The last donation of private equity accepted by the System was in 2002. The System has sold or returned the majority of donated private equity since August 2005. The System has received the following income from these donations: $2,685,000 in 2002; $2,918,066 in 2003; $14,402,308 in 2004; $7,791,262 in 2005; none in 2006; $864,281 in 2007; $67,568 in 2008; $50,676 in 2009; and no dividends in 2010, 2011, 2012, 2013, 2014, or 2015.

NOTE 13 – RISKS AND UNCERTAINTIES

The System invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the Statements of Fiduciary Net Position.

NOTE 14 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 9, 2015, which is the date the financial statements were issued. In addition to those noted below, there were no additional subsequent events to disclose.

Retiree Health Subsidy Freeze Litigation

Fry, et al. v. City of Los Angeles concerns the City's ordinance freezing the retiree health subsidy benefit by the City for those active LAFPP members who retired or entered DROP on or after July 15, 2011, and who did not elect to contribute an extra 2% of their salary. At that time, approximately 30% of the active membership did not choose to contribute the extra 2% of salary. The petitioners sued the City and argued that the City's "freeze ordinance" illegally impaired their vested rights to a retiree health subsidy that would increase over time.

On July 28, 2014, the Court ruled that the petitioners have a vested right to a "non-frozen" health subsidy in retirement. The Court ruled that petitioners had a right to the Board exercising its discretion in setting the subsidy rate, but not a right to any particular amount of subsidy. However, the ruling did <u>not</u> address: 1) whether members who elected to contribute the additional 2% would be entitled to a refund, or 2) whether retirees who had to make up the difference in premiums in excess of the 2011 subsidy level would be entitled to a refund.

REQUIRED SUPPLEMENTARY INFORMATION

NOTE 14 – SUBSEQUENT EVENTS (Continued)

Retiree Health Subsidy Freeze Litigation (Continued)

On September 5, 2014, the Los Angeles County Superior Court issued an official Writ restoring the Board's authority to provide the current "non-frozen" subsidy to pensioners who were impacted by the City's "freeze" ordinance. Accordingly, on the October 31st pension payments, LAFPP provided the current "non-frozen" subsidy to pensioners who were impacted by the freeze. Subsequently, the City filed a Notice of Appeal on October 29, 2014, and a Verified Petition for Writ of Mandate and Request for Immediate Stay on November 3, 2014.

On November 12, 2014, the Court of Appeal granted a stay on the Writ issued by the trial court on September 5th. As a result of the stay, beginning with the November 30th pension payments and until otherwise ordered by the court, LAFPP will once again provide a frozen subsidy to those pensioners and to any future retirees who did not elect to contribute the additional 2% of their salary.

LOS ANGELES FIRE AND POLICE PENSION SYSTEM
SCHEDULE OF FUNDING PROGRESS – HEALTH SUBSIDY PLAN
(UNAUDITED)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Total System Payroll	UAAL as a % of Payroll
June 30, 2006	$ 613,782,166	$ 1,631,187,439	$ 1,017,405,273	37.6%	$ 1,092,814,844	93.1%
June 30, 2007	687,096,380	1,656,653,149	969,556,769	41.5%	1,135,591,951	85.4%
June 30, 2008	767,647,562	1,836,840,337	1,069,192,775	41.8%	1,206,589,277	88.6%
June 30, 2009	809,676,978	2,038,658,698	1,228,981,720	39.7%	1,357,248,936	90.5%
June 30, 2010	817,275,977	2,537,825,016	1,720,549,039	32.2%	1,356,986,475	126.8%
June 30, 2011	882,890,188	2,557,606,524	1,674,716,336	34.5%	1,343,963,356	124.6%
June 30, 2012	927,361,635	2,499,288,516	1,571,926,881	37.1%	1,341,913,739	117.1%
June 30, 2013	1,013,399,583	2,633,792,545	1,620,392,962	38.5%	1,367,236,866	118.5%
June 30, 2014	1,200,874,444	2,783,282,885	1,582,408,441	43.2%	1,402,715,039	112.8%
June 30, 2015	1,344,333,306	2,962,702,884	1,618,369,578	45.5%	1,405,171,211	115.2%

LOS ANGELES FIRE AND POLICE PENSION SYSTEM
SCHEDULE OF EMPLOYER CONTRIBUTIONS – HEALTH SUBSIDY PLAN
(UNAUDITED)

Fiscal Years Ending	Annual Required Contribution	Actual Contribution	Percent Contributed
2006	$ 31,413,281 (1)	$ 31,413,281	100.00%
2007	55,162,681 (1)	55,162,681	100.00%
2008	98,033,338 (2)	78,257,328	79.83%
2009	98,444,833 (3)	88,178,910	89.57%
2010	106,648,282	106,648,282	100.00%
2011	111,681,208	111,681,208	100.00%
2012	122,971,851	122,971,851	100.00%
2013	132,939,191	132,939,191	100.00%
2014	138,106,847	138,106,847	100.00%
2015	148,476,512	148,476,512	100.00%

(1) Payable at the beginning of the year. For years 2007 and prior, Annual Required Contribution may not have been determined in compliance with GASB Statements No. 43 and No. 45 due to maximum amortization period and/or for the medical trend rate employed.

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

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

LOS ANGELES FIRE AND POLICE PENSION SYSTEM
SCHEDULE OF EMPLOYER'S NET PENSION LIABILITY

NET PENSION LIABILITY
(Amounts in 000's)

Date*	Discount Rate	Total Pension Liability (TPL)	Fiduciary Net Position (FNP)[1]	Net Pension Liability (NPL)*	Funded Status (FNP/TPL)	Covered Payroll	NPL as % of Covered Payroll
6/30/2015	7.50%	$19,385,428	$17,346,554	$ 2,038,874	89.5%	$1,316,969	155%
6/30/2014	7.50%	18,861,992	16,989,705	1,872,287	90.1%	1,308,149	143%
6/30/2013	7.75%	18,264,528	14,680,373	3,584,155	80.4%	1,277,031	281%

Source: June 30, 2015 and 2014 actuarial valuations prepared by the System actuary, Segal Consulting.

* GASB Statement No. 67 requires this information be reported for 10 years. Additional years will be displayed as the information is available.

1 Fiduciary Net Position – The fiduciary net position is calculated based on financial information available to the actuary for the presentation of the actuarial valuation and does not include subsequent adjustments. Subsequent adjustments resulted in a net increase of $11,952,832 which represents 0.07% of LAFPP's fiduciary net position as of June 30, 2014.

LOS ANGELES FIRE AND POLICE PENSION SYSTEM
SCHEDULE OF CHANGES IN EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS

CHANGES IN TOTAL PENSION LIABILITY
(Amounts in 000's)

	June 30, 2015	June 30, 2014
Total Pension Liability:		
Service Cost	$ 368,700	$ 368,018
Interest	1,384,527	1,392,552
Benefit Payments	(918,909)	(858,986)
Administrative Expenses	-	-
Experience Losses (Gains)	(310,882)	(234,638)
Assumption Changes	-	(69,482)
Benefit Changes	-	-
Net Change	523,436	597,464
Total Pension Liability at Beginning of Year	18,861,992	18,264,528
Total Pension Liability at End of Year (a)	$ 19,385,428	$ 18,861,992

CHANGES IN FIDUCIARY NET POSITION
(Amounts in 000's)

	June 30, 2015	June 30, 2014
Fiduciary Net Position:		
Employer Contributions	$ 480,332	$ 440,698
Member Contributions	126,771	124,395
Net Investment Income	686,470	2,617,090
Benefit Payments	(918,909)	(858,986)
Administrative Expenses	(17,815)	(13,865)
Net Change (Gain)	356,849	2,309,332
Fiduciary Net Position at Beginning of Year	16,989,705	14,680,373
Fiduciary Net Position at End of Year* (b)[1]	$ 17,346,554	$ 16,989,705
Net Pension Liability (a)-(b)	$ 2,038,874	$ 1,872,287
Fiduciary Net Position as a Percentage of the Total Pension Liability	89.48%	90.07%
Covered Payroll	$ 1,316,968,607	$ 1,308,148,504
Net Pension Liability as a Percentage of Covered Payroll	154.82%	143.12%

Source: June 30, 2015 actuarial valuation prepared by the System actuary, Segal Consulting. Segal Consulting's GASB 67 report is available online at www.lafpp.com.

* GASB Statement No. 67 requires this information be reported for 10 years. Additional years will be displayed as the information is available.

1 Fiduciary Net Position – The fiduciary net position is calculated based on financial information available to the actuary for the presentation of the actuarial valuation and does not include subsequent adjustments. Subsequent adjustments resulted in a net increase of $11,952,832 which represents 0.07% of LAFPP's fiduciary net position as of June 30, 2014.

LOS ANGELES FIRE AND POLICE PENSION SYSTEM
SCHEDULE OF EMPLOYER CONTRIBUTIONS – PENSION PLAN

Fiscal Year Ending*	Actuarially Determined Contribution**	Actual Fiscal Year Contribution	Deficiency (Excess)	Covered Payroll	Contribution as % of Covered Payroll [3]
6/30/2015	$ 480,332	$ 480,332	$ -	$ 1,316,696	36%
6/30/2014	440,698	440,698	-	1,308,149	34%
6/30/2013	375,448	375,448	-	1,277,031	29%
6/30/2012	321,593	321,593	-	1,213,396	27%
6/30/2011	277,092	277,092	-	1,289,857	21%
6/30/2010	250,517	250,517	-	1,266,312	20%
6/30/2009	238,698	238,698	-	1,253,659	19%
6/30/2008[1]	261,635	261,635	-	1,188,972	22%
6/30/2007	224,946	224,946	-	1,130,297	20%
6/30/2006	143,946	143,946	-	N/A[2]	N/A[2]

Source is the June 30, 2015 and 2014 actuarial valuations prepared by the System actuary, Segal Consulting.

* GASB Statement No. 67 requires this information be reported for 10 years.

** As required by applicable Contribution Agreements with the City.

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

(2) Not Available.

(3) Contribution rate as a percentage of covered payroll reflects discount applied when the employer prepays its contributions. This rate has been "backed" into by dividing the actual contributions by the budgeted covered payroll.

LOS ANGELES FIRE AND POLICE PENSION SYSTEM
SCHEDULE OF INVESTMENT RETURNS

	2015*	2014*
Annual money-weighted rate of return, gross of investment expense	4.14%(**)	17.84%(**)

Source is the June 30, 2015 and 2014 Investment Hierarchy provided by the System's custodian bank, Northern Trust.

* GASB Statement No. 67 requires this information be reported for 10 years. Additional years will be displayed as they become available.

** The money-weighted rate of return expresses investment performance, gross of investment expense, adjusted for the changing amounts actually invested. The annual money-weighted rate of return on pension plan investments, gross of pension plan investment expense, for the years ended June 30, 2015 and 2014, was 4.14% and 17.84%, respectively. The source for the rate of return was the June 30, 2015 and 2014 Investment Hierarchy provided by the custodian bank, Northern Trust. For the fiscal years 2015 and 2014, the custodian bank did not have all information related to investment expense to calculate the money-weighted rate of return net of investment expense.

Summary of Significant Accounting Policies

Implementation of Governmental Accounting Standards Board (GASB) 67. The Los Angeles Fire and Police Pension System (LAFPP) implemented GASB Statement No. 67 (GASB 67), *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*, effective fiscal year ending June 30, 2014. GASB 67 replaces the requirements of GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Benefit Plans*, and also replaces the requirements of GASB Statement No. 50, *Pension Disclosures – an amendment of GASB Statements No. 25 and No. 27*. The objective of GASB 67 is to improve financial reporting by state and local government pension plans.

Asset Allocation Policy and Expected Long-Term Rate of Return by Asset Class. The allocation of investment assets within the LAFPP portfolio is approved by the Board of Fire and Police Pension Commissioners (Board) as outlined in the Board Investment Policies. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans.

The long-term expected rate of return on Pension Plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and deducting expected investment expenses. The target allocation and projected arithmetic real rates of return for each measurement class, after deducting inflation, but before reduction for investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return 2015	Long-Term Expected Real Rate of Return 2014
Large Cap U.S. Equity	23.00%	6.03%	6.03%
Small Cap U.S. Equity	6.00%	6.71%	6.71%
Developed International Equity	16.00%	6.71%	6.71%
Emerging Markets Equity	5.00%	8.02%	8.02%
U.S. Core Fixed Income	14.00%	0.52%	0.52%
High Yield Bonds	3.00%	2.81%	2.81%
Real Estate	10.00%	4.73%	4.73%
Treasury Inflation Protected Securities (TIPS)	5.00%	0.43%	0.43%
Commodities	5.00%	4.67%	4.67%
Cash	1.00%	-0.19%	-
Unconstrained Fixed Income	2.00%	2.50%	2.50%
Private Equity	10.00%	9.25%	9.25%
Total Portfolio	100.00%	5.12%	5.12%

Rate of Return. For the years ended June 30, 2015 and 2014, the annual money-weighted rate of return on pension plan investments, gross of pension plan investment expense, was 4.14% and 17.84%, respectively. The money-weighted rate of return expresses investment performance, gross of investment expense, adjusted for the changing amounts actually invested.

Summary of Significant Accounting Policies (Continued)

Concentrations. If the Pension Plan held investments (other than those issued or explicitly guaranteed by the U.S. government) in any one organization that represent 5 percent or more of the Pension Plan's fiduciary net position, the Pension Plan should disclose information as required by paragraph 30b(3) of GASB 67. As of June 30, 2015 and 2014, LAFPP's investment portfolio contained no such concentrations.

Net Pension Liability

The components of the net pension liability of the Pension Plan at June 30, 2015 and 2014, were as follows:

Net Pension Liability (in millions)

	2015	2014
Total pension liability	$ 19,385	$ 18,862
Fiduciary net position*	17,347	16,990
Net pension liability	$ 2,038	$ 1,872

Fiduciary net position as a percentage of the total pension liability is 89.48% and 90.07% for 2015 and 2014, respectively.

**Fiduciary Net Position – The fiduciary net position is calculated based on financial information available to the actuary for the presentation of the actuarial valuation and does not include subsequent adjustments. Subsequent adjustments resulted in a net increase of $11,952,832 which represents 0.07% of LAFPP's net position as of June 30, 2014.*

Actuarial Assumptions. The total pension liability as of June 30, 2015 and 2014, was remeasured as of June 30, 2015 and 2014, to reflect the following actuarial assumptions that the Board has approved for use in the pension funding valuation as of June 30, 2015 and 2014:

Inflation	3.25%
Salary increases	Ranges from 4.75% to 11.50% based on years of service, including inflation
Investment rate of return	7.50%, including inflation but net of Pension Plan investment expense
Other assumptions	See analysis of actuarial experience during the period July 1, 2010, through June 30, 2013, and Appendix A of that report for the service retirement rates after they have been adjusted to be based on the earlier date of first participation in the Deferred Retirement Option Plan (DROP).

Summary of Significant Accounting Policies (Continued)

Discount Rate: The discount rates used to measure the total pension liability were 7.50% and 7.50% as of June 30, 2015 and 2014, respectively. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rates for each tier and that employer contributions will be made at rates equal to the actuarially determined contribution rates for each tier. For this purpose, only employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on Pension Plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2015 and 2014.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of LAFPP as of June 30, 2015 and 2014, calculated using the discount rate of 7.50%, as well as what LAFPP's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	**Current Discount Rate (7.50%)**	**1% Increase (8.50%)**
LAFPP's Net Pension Liability as of June 30, 2015	$ 4,618,797,137	$ 2,038,873,680	$ (81,182,624)
LAFPP's Net Pension Liability as of June 30, 2014	$ 4,386,029,023	$ 1,872,287,443	$ (192,812,153)

DEPARTMENT OF FIRE AND POLICE PENSIONS
360 East Second Street, Suite 400
Los Angeles, CA 90012
(213) 978-4545

REPORT TO THE BOARD OF FIRE AND POLICE PENSION COMMISSIONERS

DATE: **NOVEMBER 19, 2015** **ITEM: B.2.a**

FROM: **RAYMOND P. CIRANNA, GENERAL MANAGER**

SUBJECT: **OCTOBER 2015 MONTHLY REPORT AND UPDATE**

THIS REPORT IS PROVIDED FOR INFORMATIONAL PURPOSES

DISCUSSION

The October 2015 Monthly Report includes the following notable items:

1) Board Educational Off-site Meeting – On October 1, 2015 the Board approved the 2016 Board Meeting Schedule that indicated the Board Educational Off-site Meeting will be held on February 18, 2016. However, staff recently confirmed with the California Endowment, where the Offsite Meeting will be held, that the meeting is scheduled for March 3, 2016. Staff have updated the 2016 Board Meeting Schedule on Box.com for your reference.

2) Pension Administration System Replacement – The second of seven monthly requirements gathering sessions has been completed which focused on core pension calculations related to Active Termination, Retirement/DROP, and Disability. Weekly meetings with the project management team are also being conducted to review and track the status of various deliverables. The system is expected to be completely implemented by August 2018.

3) 2014-15 Annual Report – Staff have developed a compressed timeline to release the Annual Report sooner than it has been released in the past. Based on this timeline, the Annual Report is on schedule to be available for electronic distribution by January 31, 2016.

4) The following searches and firms are within the (new) Marketing Cessation Period Policy*:

Vendor / Contract	Contract Start Date	Contract Expiration Date	Market Cessation Start Date
Northern Trust Investments, Inc. (Fixed Income)	12/01/12	11/30/15	09/01/15
Scout Investments, Inc. – Reams Asset Management Division (Fixed Income)	12/01/12	11/30/15	09/01/15
Glass, Lewis, & Co., LLC (Proxy Voting Services)	01/01/13	12/31/15	10/02/15
Heitman Capital Management, LLC (Real Estate Separate Account)	01/01/13	12/31/15	10/02/15

Vendor / Contract	Contract Start Date	Contract Expiration Date	Market Cessation Start Date
Northern Trust Investments, Inc. (International Equity)	0101/13	12/31/15	10/02/15
Sentinel Trust Company (Real Estate Separate Account)	01/01/13	12/31/15	10/02/15
R.V. Kuhns & Associates, Inc. (General Consultant)	03/18/13	02/28/6	11/30/15

*Marketing Cessation: In accordance with Section 9.0 of the Investment Policy, from the time the search begins with the Board's approval of the minimum criteria for the search until the search ends with the selection of the firm(s) to receive contract(s), all direct marketing contact with firms that meet the search criteria will be limited to meetings with the Consultant, information sent to the Consultant or Department, questions about the search directed to the Staff or Consultant, one meeting at the Department's office with Staff and any site visits. The Board members, Department Staff or Consultant will accept no entertainment or gifts of any kind from any firm qualifying for the search. This policy does not prohibit contact with potential interview candidates at group social events, educational seminars, conferences, or charitable events so long as there is no direct marketing.

During the three months prior to the renewal of a contract with a firm currently under contract, the Board Members, Department Staff and Consultant will accept no entertainment or gifts from that firm until the contract has been renewed or terminated by the Board. Firms who currently have contracts with LAFPP are allowed to continue contact related to the existing contract with Staff and the Consultant.

Attachment

Item: B.2.a

MONTHLY REPORT

OCTOBER 2015

STATUS REPORT OF BOARD ASSIGNMENTS TO STAFF

11/19/15

MEETING DATE	ASSIGNMENT	STAFF PERSON	DATE DUE TO THE BOARD	STATUS
09/03/15	Disability closed session representation	Alan Manning	Pending	Clarification regarding union representation during closed session items. The General Manager will also be meeting with the employee representation units.
10/01/15	Discussion of Disability Rating Worksheet	Chris Annala	January 2016	Preparing background on the development of the Worksheet and analysis of implementing possible changes.

BOARD COMMITTEE ASSIGNMENTS

11-19-15

DATE ASSIGNED	AUDIT COMMITTEE	STAFF PERSON	DUE DATE TO COMMITTEE	STATUS
04/03/14	HEK Audit recommendations: 4 recommendations assigned to the Audit Committee.	Erin Kenney (1)	October 2015	The Board approved the status of the four recommendations on June 19, 2014 as follows: No Action – 1 Completed – 2 In Progress – 1 The remaining active recommendation marked “In Progress” regarding a comprehensive security plan for the new building will be presented to the Committee once the plan is more fully developed.
DATE ASSIGNED	**BENEFITS COMMITTEE**	**STAFF PERSON**	**DUE DATE TO COMMITTEE**	**STATUS**
	None.			
DATE ASSIGNED	**GOVERNANCE COMMITTEE**	**STAFF PERSON**	**DUE DATE TO COMMITTEE**	**STATUS**
04/03/14	HEK Audit recommendations: 2 recommendations assigned to the Governance Committee.	William Raggio (1)	December 17, 2015	The Board approved the status of the two recommendations on October 2, 2014 as follows: Completed – 1 In Progress – 1 The one remaining active recommendation marked “In Progress” will be presented to the Committee at the next Governance Committee.

Los Angeles Fire and Police Pensions

Portfolio as of October 30, 2015

EQUITIES	STOCKS	BONDS	CASH	TOTAL	ALLOC.
Alliance Capital (S&P 500 Index)	2,119.0	-	4.9	2,123.9	
Alliance Capital (Russell 1000 Value Index)	125.8	-	0.8	126.6	
Alliance Capital (Russell 1000 Growth Index)	969.2	-	1.9	971.2	
Chicago Equity (Enh. Index-Core)	314.3	-	2.6	316.9	
LA Capital (Enh. Index-Growth)	246.1	-	0.9	247.0	
Research Affiliates (Enh. Index-Value)	489.6	-	2.1	491.7	
Robeco (Value)	535.9	-	15.2	551.1	
OakBrook Investments (Large Cap-Core)	27.4	-	0.1	27.5	
Redwood Invstments (Large Cap - Core)	26.0	-	0.6	26.5	
FIS (Mgr of Emerging Mgrs) Dom./New Accts.	0.0	-	0.0	0.0	
Core Equity Managers (23%)	4,853.4	-	29.1	4,882.5	25.99%
Target Differential	2.99%				562.1
Frontier Capital Mgt (Growth)	539.9	-	34.8	574.8	
Daruma (Value)	461.0	-	27.1	488.1	
Channing Capital Mgt (Small Cap)	51.3	-	1.6	52.9	
Phocas Financial (Small Cap)	49.6	-	2.1	51.7	
Granite Investment Partners (Micro Cap)	24.9	-	0.7	25.6	
Attucks (Mgr of Emerging Mgrs)/New Accts.	-	-	0.0	0.0	
Small Cap. Equity Mgrs (6%)	1,126.7	-	66.3	1,193.0	6.35%
Target Differential	0.35%				66.0
Brandes (Value)	875.5	-	56.0	931.5	
Fisher (Core)	431.4	-	5.2	436.6	
Blackrock (Core Passive)	690.7	-	1.6	692.3	
Baille Gifford (Growth)	518.9	-	11.3	530.2	
Boston Common (ESG)	27.4	-	0.6	27.9	
Northern Trust (Int'l Small Cap Index)	329.3	-	4.0	333.4	
FIS (Mgr of Emerging Mgrs) International	92.1	-	1.9	94.1	
Terminated Int'l Equity Managers	0.0	-	0.0	0.0	
Int'l Equity Mgrs (16%)	2,965.3	-	80.6	3,045.9	16.22%
Target Differential	0.22%				40.5
Harding Loevner	312.2	0.0	7.6	319.8	
Dimensional Fund Advisors	395.6	0.0	4.7	400.4	
Terminated Int'l Emerg. Mkts. Mgrs.	0.0	-	0.4	0.4	
Int'l Emerg. Mkts Mgrs (5.0%)	707.8	0.0	12.8	720.6	3.84%
Target Differential	(1.16)%				(218.6)
TOTAL EQUITIES MGRS (50.0%)	9,653.2	0.0	188.8	9,842.0	52.40%
Int'l Tax Reclaims	-	-	0.3	0.3	

FIXED INCOME	STOCKS	BONDS	CASH	TOTAL	ALLOC.
Northern Trust (Fixed Income Index)	-	671.4	1.8	673.2	
Reams Asset Mgmt. (Opportunistic)	-	677.1	6.1	683.2	
LM Capital (Opportunistic)	-	331.7	4.1	335.8	
GIA Partners (Opportunistic)	-	24.8	0.2	25.0	
Loomis Sayles (Long Duration)	-	616.7	1.6	618.3	
CA Comm. Mort. Fund	-	1.6	-	1.6	
Bridgewater (TIPS)	-	333.6	-	333.6	
Reams Asset Mgmt. (Passive TIPS)	-	504.7	0.6	505.3	
Bridgewater Pure Alpha	-	64.6	-	64.6	
Semper Capital Mgt.	-	24.1	0.5	24.6	
Core Bond Mgrs (19.0%)	-	3,250.4	15.0	3,265.4	17.38%
Target Differential	(1.62)%				(303.5)
MacKay Shields	1.8	484.9	16.9	503.7	
High Yield Bond Mgrs (3.0%)	1.8	484.9	16.9	503.7	2.68%
Target Differential	(0.32)%				(59.8)
Reams Asset Mgmt. (Unconstrained)	-	185.1	-	185.1	
Payden & Rygel (Unconstrained)		187.6	-	187.6	
Unconstrained Fixed Income (2.0%)		372.6	-	372.6	1.98%
Target Differential	(0.02)%				(3.1)
TOTAL FIXED INCOME MGRS (24.0%)	1.8	4,108.0	31.9	4,141.7	22.05%

PRIVATE EQUITY	STOCKS / EQUITY / RE	BONDS	CASH	TOTAL	ALLOC.
Abbott Capital	74.1	-	-	74.1	
Hamilton Lane	23.0	-	-	23.0	
PCA	63.9	-	-	63.9	
Portfolio Advisors	1,011.3	-	-	1,011.3	
Aldus Equity	292.3	-	-	292.3	
Stepstone Group	147.9	-	-	147.9	
TOTAL PRIVATE EQUITY MGRS (10%)	1,612.5	-	-	1,612.5	8.58%
Target Differential	(1.42)%				(265.9)
REAL ESTATE					
Alliance Capital Global REIT	108.5	-	0.6	109.1	
Principal Global REIT	168.9	-	2.5	171.4	
Principal U.S. REIT	315.8	-	6.7	322.5	
Terminated REIT Managers	0.0	-	0.3	0.4	
REIT Managers (3.0%)	593.3	-	10.1	603.4	3.21%
Target Differential	0.21%				39.9
REAL ESTATE COMMINGLED FUNDS SUMMARY					
Total Pooled Funds	878.6	-	-	878.6	4.68%
REAL ESTATE SEPARATE ACCT. SUMMARY BY MANAGER					
Heitman	239.9	-	-	239.9	
Sentinel	270.4	-	-	270.4	
Real Estate Equity Mgrs	510.3	-	-	510.3	2.72%
TOTAL REAL ESTATE (10%)	1,982.2	-	10.1	1,992.3	10.61%
Target Differential	0.61%				113.9
COMMODITIES					
Alliance (Commodities, Public Equity)	273.4	-	0.7	274.1	
Gresham Invest. Mgmt. (Commodities, Active)	86.7	-	8.3	95.0	
Goldman Sachs (Commodities, Enhanced Index)	97.2	-	-	97.2	
Kleinwort Benson (Commodities, Public Equity)	86.3	-	1.6	87.8	
Mellon Capital (Commodities, Public Equity)	68.9	-	1.3	70.2	
PA (Commodities, Private Equity)	46.3	-	-	46.3	
TOTAL COMMODITIES (5.0%)	658.7	-	11.9	670.5	3.57%
Target Differential	(1.43)%				(280.5)
CASH					
HOUSE ACCOUNTS					
Tier 1 (Article 17)	-	-	3.4	3.4	
Tier 2 (Article 18)	-	-	388.9	388.9	
Tier 3 (Article 35)	-	-	26.5	26.5	
Tier 4 (New)	-	-	6.6	6.6	
Tier 5 (New)	-	-	89.3	89.3	
Tier 6 (New)	-	-	9.9	9.9	
CASH SUMMARY					
Unallocated Cash Reserve (1%)	-	-	524.6	524.6	2.79%
Target Differential	1.79%				336.8
Transition	-	-	0.0	0.0	

TOTAL FUND

	COMMODITIES	PRIVATE EQUITY	STOCKS	BONDS	REAL ESTATE	CASH	TOTAL
ACTUAL ASSET MIX							
Current Month	658.7	1,612.5	9,655.0	4,108.0	1,982.2	767.7	18,784.0
	3.51%	8.58%	51.40%	21.87%	10.55%	4.09%	100.00%
Last Month	612.8	1,610.3	9,019.0	4,019.3	1,923.4	866.7	18,051.6
% Change	7.48%	0.14%	7.05%	2.21%	3.05%	-11.43%	4.06%

Subtotals & totals may not sum up exactly due to rounding.
Data is unaudited.
Note: Data is unaudited
Dollars expressed in Millions.

Note: City Pension Contribution received on 7/15/15

Los Angeles
Fire and Police Pensions

Private Equity Commitment Summary

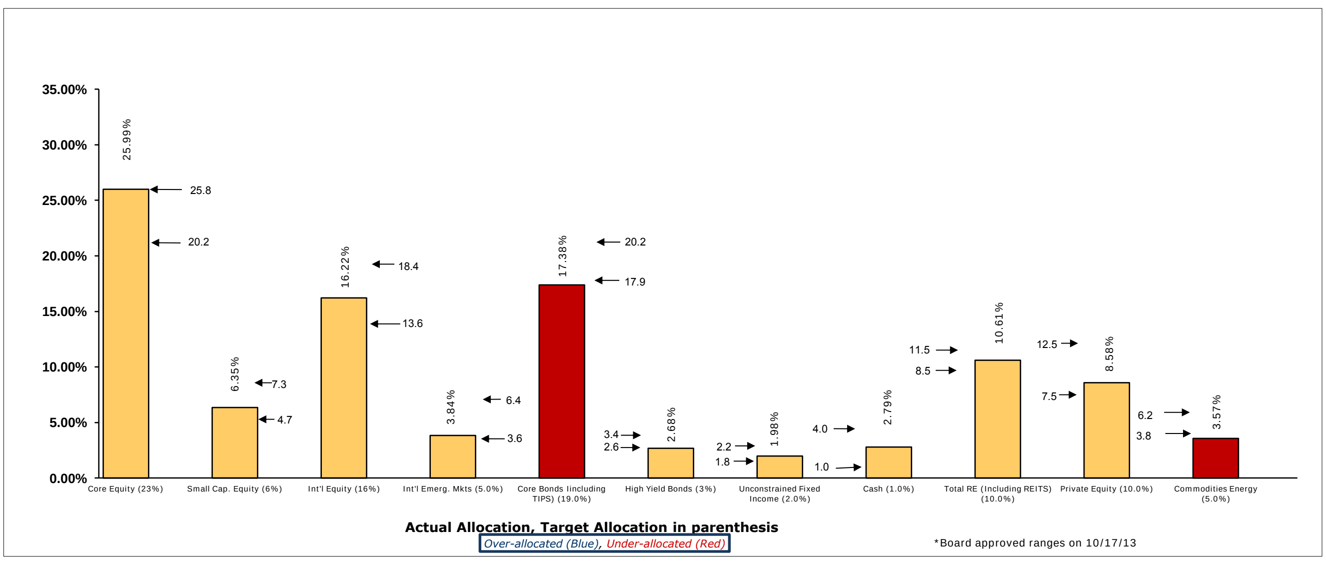
	Venture Capital		Buy-out		Special Situations		Percentage
Total	$704,573	**21.79%**	$1,604,319	**49.62%**	$924,008	**28.58%**	100.00%
Commitment Total							**$3,232,900**

Private Equity Funding Summary

	Total Commitment	Contributions	Remaining Commitment	Percent Funded
Abbott	$351,638,198	$338,104,755	$13,533,443	96.15%
Hamilton Lane	$192,979,920	$184,286,726	$8,693,194	95.50%
Portfolio Advisors Legacy	$251,713,100	$240,122,558	$11,590,542	95.40%
Portfolio Advisors Current	$1,533,886,952	$666,112,182	$867,774,770	43.43%
PCA	$193,440,099	$180,153,848	$13,286,251	93.13%
Stepstone Group	$197,450,550	$167,294,493	$30,156,057	84.73%
Aldus Equity	$511,790,552	$455,611,924	$56,178,628	89.02%
Total	$3,232,899,371	$2,231,686,486	$1,001,212,885	69.03%
Unfunded Commitment			**$1,001,212,885**	

Source: BOARD OF FIRE AND POLICE PENSION COMMISSIONERS
Data as of March 31, 2015
Data is based only on current/active funds whaich are funds that have remailing commitment or residual value.

Total Fund Portfolio Allocation



Los Angeles
Fire and Police Pensions

Real Estate Summary

COMMINGLED FUNDS	EQUITY	POOLED	CASH	TOTAL	ALLOC.
ABR Chesapeake Fund III	NA	15.7	-	15.7	
AEW Core	NA	69.2	-	69.2	
AEW Partners V	NA	0.8	-	0.8	
AEW Value Investors II	NA	4.5	-	4.5	
Almanac Securities Realty VII	NA	11.5	-	11.5	
Berkshire Multifamily IncomeRealty Fund	NA	26.1	-	26.1	
Buchanan Fund IV	NA	13.6	-	13.6	
Calif Smart Growth IV	NA	11.7	-	11.7	
Capri Urban Investors	NA	17.1	-	17.1	
CIM Real Estate Fund III	NA	33.2	-	33.2	
CIM Urban REIT, LLC	NA	36.4	-	36.4	
CityView LA Urban Land Fund	NA	12.3	-	12.3	
Clarion Lion	NA	81.4	-	81.4	
Colony VIII	NA	7.3	-	7.3	
CPI Capital Europe (A	NA	4.4	-	4.4	
Forum Asian Realty II	NA	4.6	-	4.6	
Gerrity Retail Fund II	NA	9.6		9.6	
Genesis Workforce Fund II	NA	8.8	-	8.8	
Guggenheim RE III	NA	0.0	-	0.0	
Hampshire Partners VI	NA	1.2	-	1.2	
Heitman Value Partners II	NA	15.5	-	15.5	
Heitman American Realty Trust (HART)	NA	66.8	-	66.8	
Jamestown Premier	NA	76.5	-	76.5	
Kennedy Wilson II	NA	3.2	-	3.2	
LaSalle Asia Opp. II	NA	0.1	-	0.1	
Legg Mason Chesapeake RE	NA	0.4	-	0.4	
Legg Mason II	NA	12.0	-	12.0	
Metlife Core Property	NA	77.2	-	77.2	
Noble Hospitality	NA	22.3	-	22.3	
Oaktree Capital RE Opp. III	NA	2.7	-	2.7	
Praedium Fund VII	NA	1.0	-	1.0	
Principal Green I	NA	2.8	-	2.8	
Prudential PRISA	NA	75.2	-	75.2	
Prudential PRISA II	NA	10.6	-	10.6	
Prudential PRISA III	NA	13.6	-	13.6	
Prudential RE Fund II	NA	0.5	-	0.5	
Rothschild Five Arrows Realty V (Almanac)	NA	16.8	-	16.8	
Savanna Real Estate Fund III	NA	21.1	-	21.1	
Starwood Distressed Opp IX	NA	22.2	-	22.2	
Standard Life Investments	NA	21.4	-	21.4	
Unico Partners I	NA	30.5	-	30.5	
Urdang Value-Added Fund II (CenterSquare)	NA	8.5	-	8.5	
Value Enhancement IV (Ares)	NA	0.0	-	0.0	
Value Enhancement V (Ares)	NA	8.2	-	8.2	4.68%
Total		878.6	-	878.6	

SEPARATE ACCOUNT PROPERTIES	EQUITY	POOLED	CASH	TOTAL	ALLOC.
Heitman - Galleria Palms Apts.	27.4	NA	-	27.4	
Heitman - 121 W. Chestnut	66.9	NA	-	66.9	
Heitman - Palm Valley Pavilions	54.5	NA	-	54.5	
Heitman - Woodland Plaza	27.9	NA	-	27.9	
Heitman - Twin Creeks Village	28.6	NA	-	28.6	
Heitman - Sea Isle, Inc.	34.5	NA	-	34.5	
Sentinel - Corridor Park Pointe	6.6	NA	-	6.6	
Sentinel - Riverplace	32.5	NA	-	32.5	
Sentinel - Windward Place Apts.	27.5	NA	-	27.5	
Sentinel - Jefferson Town Center Apts	41.8	NA	-	41.8	
Sentinel - Shoppes @ Broad Street	0.3	NA	-	0.3	
Sentinel - St. Louis Industrial	44.1	NA	-	44.1	
Sentinel - NorthPointe Exec. Park	19.6	NA	-	19.6	
Sentinel - Aerial Center Exec. Park	28.7	NA	-	28.7	
Sentinel (Urdang) - Cobalt Office Building	0.0	NA	-	0.0	
Sentinel (Urdang) - Shadeland Station	44.3	NA	-	44.3	
Sentinel (Urdang) - Exelon Building	24.9	NA	-	24.9	
Real Estate Managers Total Committed					
Heitman				239.9	
Sentinel				201.2	
Sentinel (Urdang)				69.1	2.72%
Total				510.3	

Los Angeles
Fire and Police Pensions

Preliminary Return Information as of October 31, 2015

Manager	1-month	3-month	1-year	3-years	5-years	FYTD
Total Fund	4.41 %	-1.65 %	3.07 %	9.61 %	8.92 %	-1.28 %
S & P 500 Index	8.44 %	-0.63 %	5.20 %	16.20 %	14.33 %	1.45 %
Total Equity	7.52 %	-3.06 %	2.05 %	12.55 %	10.19 %	-2.57 %
S & P 500 Index	8.44 %	-0.63 %	5.20 %	16.20 %	14.33 %	1.45 %
Total Domestic Equity	7.37 %	-2.21 %	3.86 %	15.98 %	13.89 %	-1.05 %
Russell 3000 Index	7.90 %	-1.57 %	4.49 %	16.09 %	14.14 %	0.08 %
Total Large Cap Equity	8.15 %	-0.83 %	5.42 %	16.54 %	14.53 %	1.18 %
S & P 500 Index	8.44 %	-0.63 %	5.20 %	16.20 %	14.33 %	1.45 %
Total Small Cap	4.33 %	-7.63 %	-2.22 %	13.88 %	11.16 %	-9.49 %
Russell 2000 Index	5.63 %	-5.86 %	0.34 %	13.90 %	12.06 %	-6.96 %
Total International Equity	7.77 %	-4.43 %	-0.87 %	6.92 %	3.66 %	-5.02 %
MSCI ACWI ex-US	7.46 %	-5.30 %	-4.26 %	5.14 %	3.06 %	-5.55 %
Total International Developed Markets	7.98 %	-4.31 %	2.16 %	9.10 %	5.06 %	-3.82 %
MSCI ACWI ex-US	7.46 %	-5.30 %	-4.26 %	5.14 %	3.06 %	-5.55 %
Total International Emerging Markets	7.19 %	-4.95 %	-12.51 %	-1.62 %	-2.50 %	-10.17 %
MSCI Emerging Markets Index	7.14 %	-5.41 %	-14.22 %	-2.53 %	-2.47 %	-11.91 %
Total Fixed Income	0.74 %	-0.02 %	1.37 %	1.62 %	4.60 %	0.62 %
Barclays Universal	0.32 %	0.42 %	1.67 %	1.89 %	3.32 %	1.00 %
Total Core Fixed Income	0.49 %	0.44 %	2.04 %	2.08 %	4.76 %	1.49 %
Barclays Aggregate	0.02 %	0.55 %	1.96 %	1.65 %	3.03 %	1.25 %
Total High Yield	2.45 %	-0.58 %	2.16 %	5.21 %	7.02 %	-0.88 %
LAFPP HY Benchmark[1]	2.72 %	-1.69 %	-2.03 %	4.11 %	6.25 %	-2.29 %
Total REITs	5.57 %	1.80 %	6.19 %	11.19 %	11.93 %	6.91 %
LAFPP REIT Benchmark[2]	5.79 %	1.82 %	4.81 %	9.73 %	10.88 %	6.61 %
Total Commodities	4.78 %	-5.53 %	-16.08 %	N/A	N/A	-10.84 %
Bloomberg Commodities Index TR	-0.45 %	-4.73 %	-25.72 %	N/A	N/A	-14.85 %

Footnote:

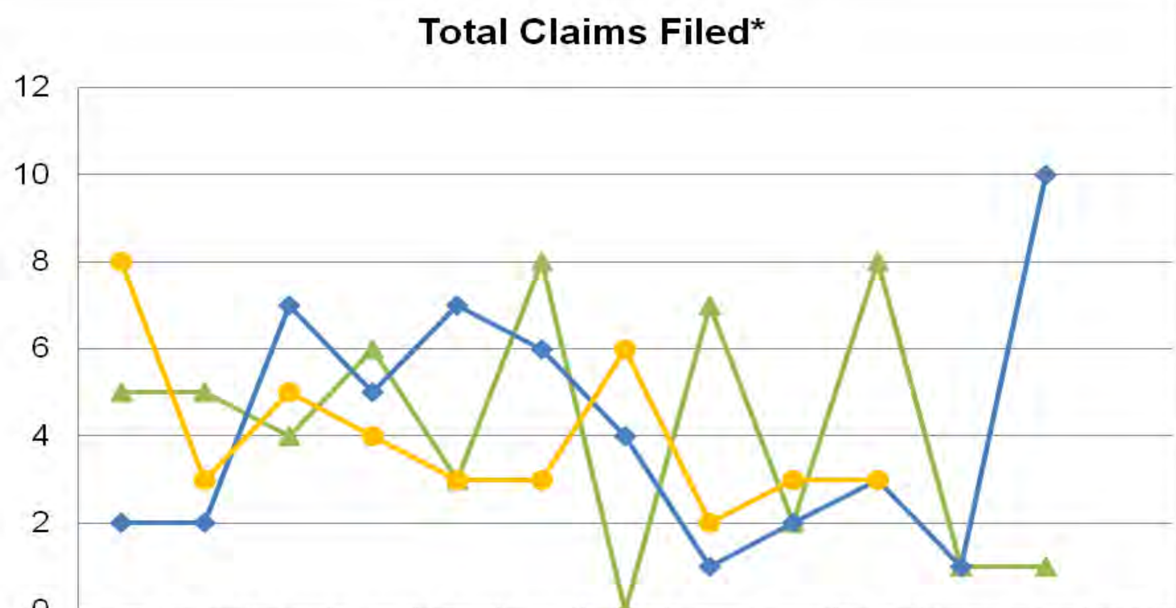
[1] LAFPP HY Benchmark: CS HY Index thru 12/31/11 & BofA ML US HY Master II Cnst Index thereafter.

[2] LAFPP REIT Benchmark: Dow Jones US Select RE Securities Index thru 12/31/13, 50% FTSE EPRA/NAREIT Global RE Index & 50% Dow Jones US Select RE Securities Index thereafter.

PENSIONS DIVISION

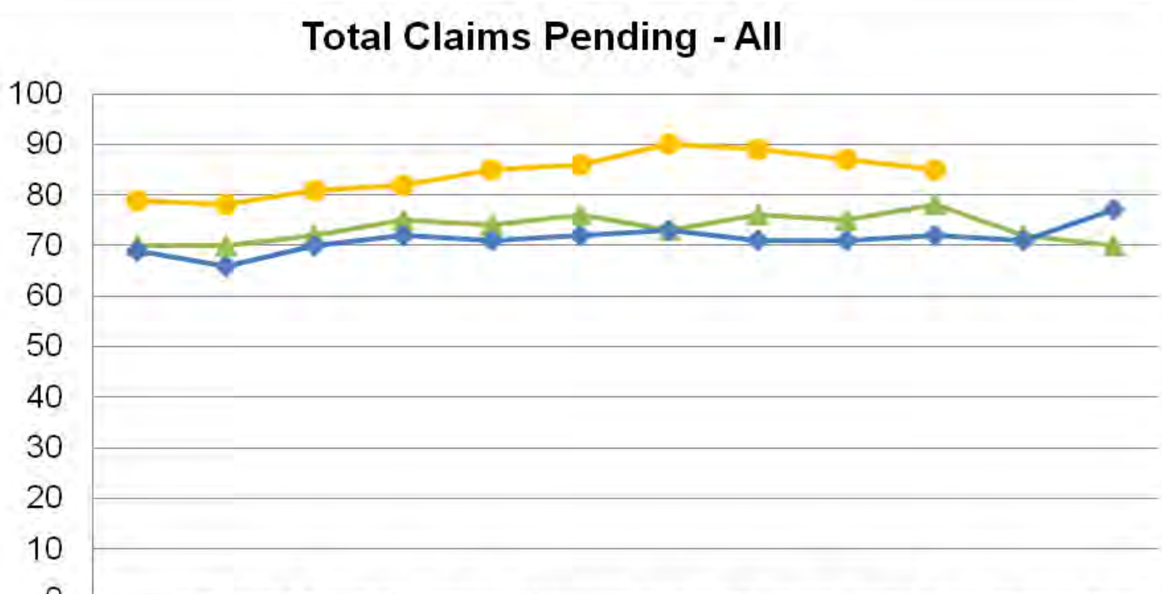
(Data through October 31, 2015)

DISABILITY PENSIONS



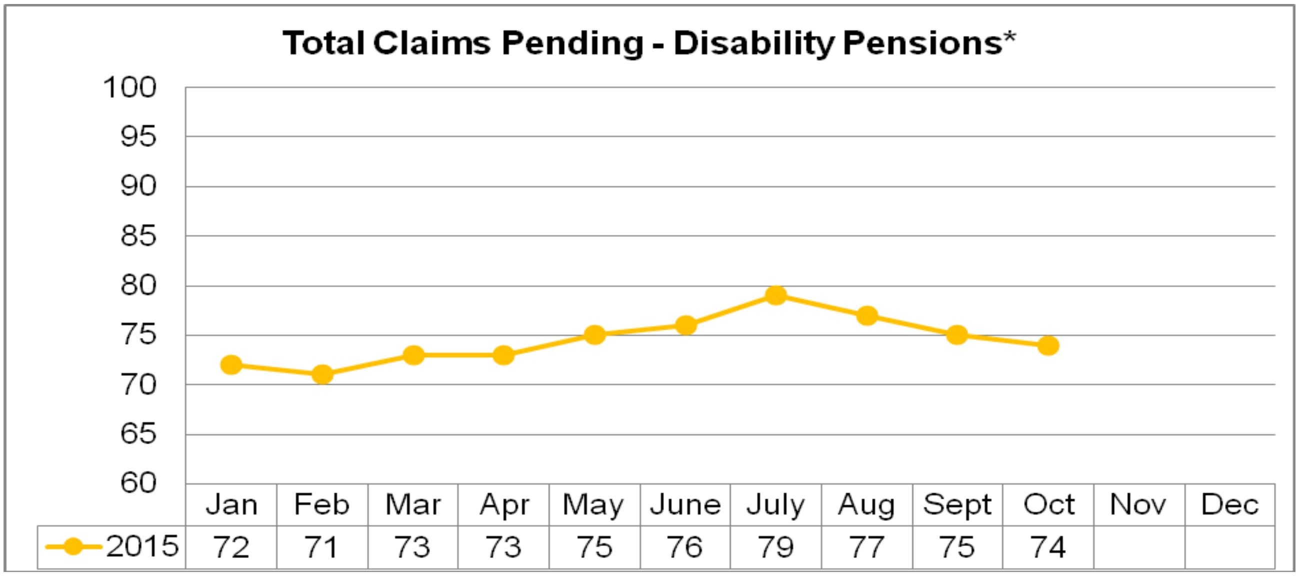
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	YTD
2013	5	5	4	6	3	8	0	7	2	8	1	1	50
2014	2	2	7	5	7	6	4	1	2	3	1	10	50
2015	8	3	5	4	3	3	6	2	3	3			40

*Claims filed include the following: Disability, Active Member Death, Dependent Child.



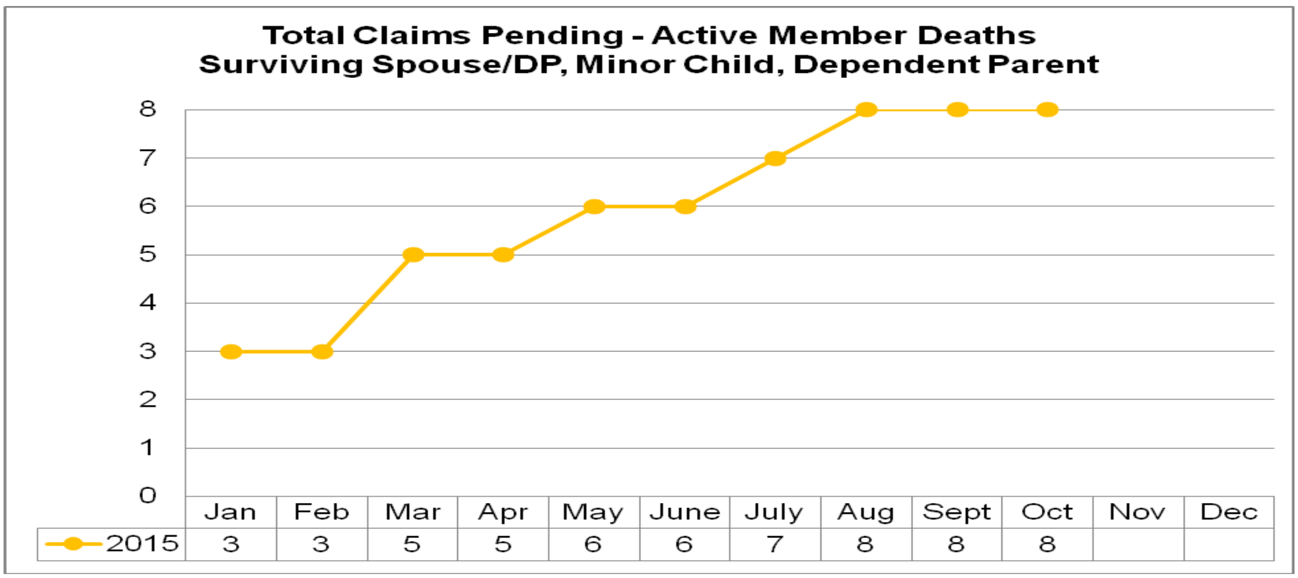
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
2013	70	70	72	75	74	76	73	76	75	78	72	70
2014	69	66	70	72	71	72	73	71	71	72	71	77
2015	79	78	81	82	85	86	90	89	87	85		

PENSIONS DIVISION



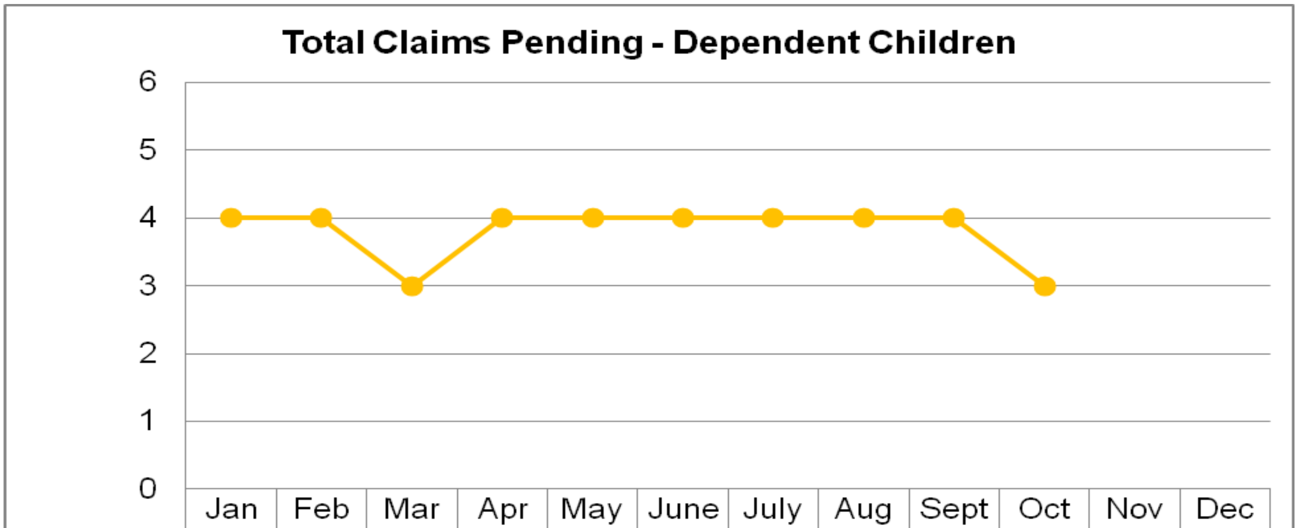
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
2015	72	71	73	73	75	76	79	77	75	74		

* Claims include new applications and reviews.

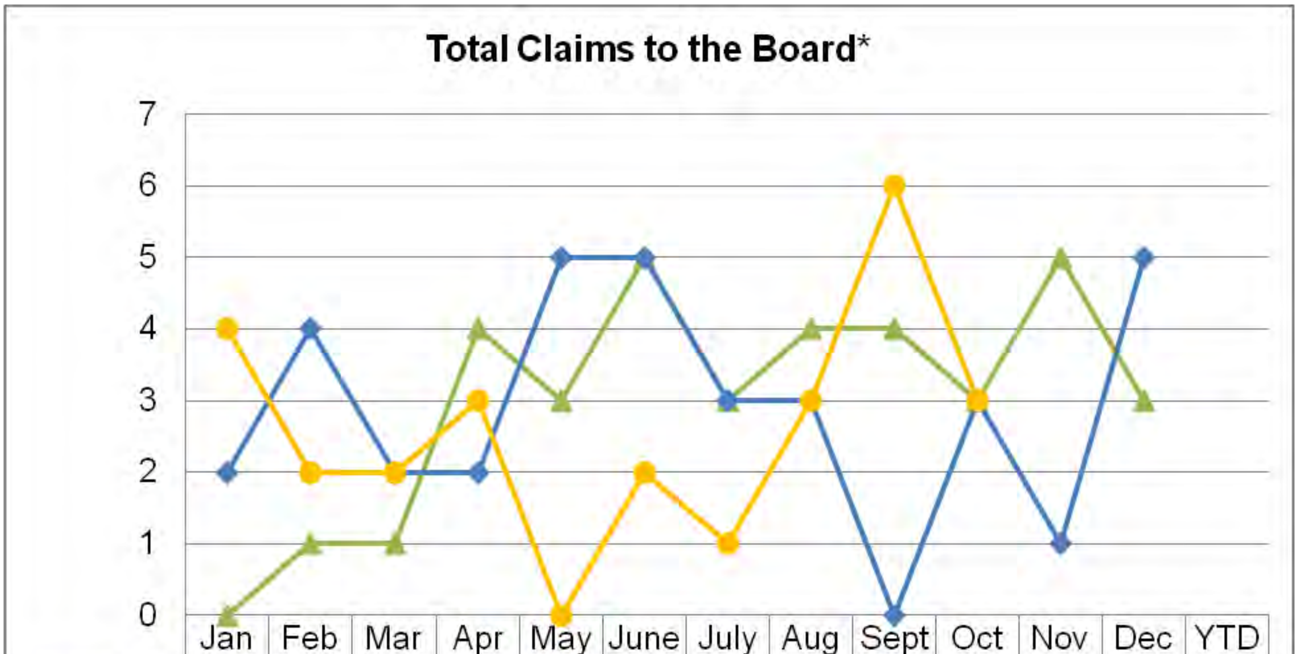


	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
2015	3	3	5	5	6	6	7	8	8	8		

PENSIONS DIVISION



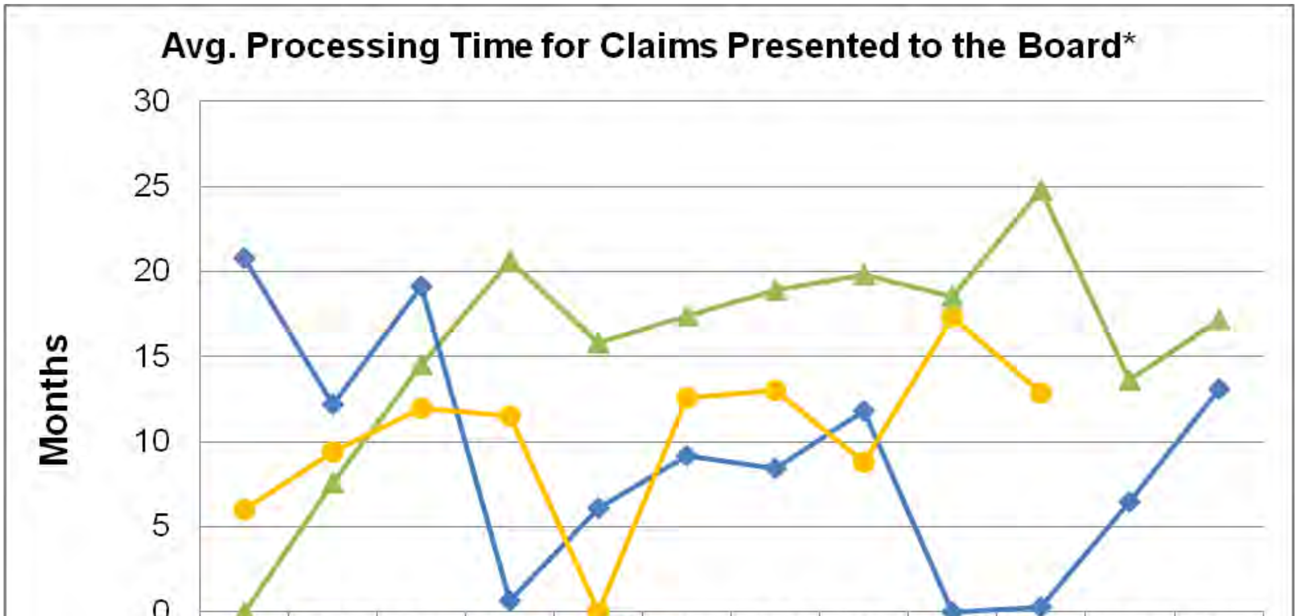
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
2015	4	4	3	4	4	4	4	4	4	3		



	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	YTD
2013	0	1	1	4	3	5	3	4	4	3	5	3	36
2014	2	4	2	2	5	5	3	3	0	3	1	5	35
2015	4	2	2	3	0	2	1	3	6	3			26

*Claims include the following: Disability, Active Member Death, Dependent Child.

PENSIONS DIVISION



	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
2013	0	7.6	14.5	20.6	15.8	17.4	18.9	19.8	18.5	24.8	13.6	17.2
2014	20.8	12.2	19.1	0.7	6.1	9.2	8.4	11.8	0	0.3	6.5	13.1
2015	6	9.4	12	11.5	0	12.6	13	8.8	17.3	12.9		

*Claims include the following: Disability, Active Member Death, Dependent Child. Months with zero (0) indicate no claims presented to the Board that month.

PENSIONS DIVISION

DROP ENTRIES/EXITS

DROP Entries

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2013	12	62	21	21	31	22	20	21	10	14	5	7	246
2014	15	77	32	41	45	22	41	29	14	12	6	16	350
2015	16	43	46	55	37	34	48	12	19	18			328

DROP Exits

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2013	36	64	21	10	13	17	43	16	14	13	5	3	255
2014	35	11	20	20	16	22	21	17	13	15	6	5	201
2015	42	53	31	29	31	24	18	24	16	8			276
Projected 2015											2	1	
Projected 2016	38	28	19	17									

DROP PARTICIPATION

DROP Participants

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2013	1,142	1,141	1,138	1,150	1,168	1,174	1,151	1,157	1,153	1,154	1,154	1,159
2014	1,138	1,205	1,218	1,240	1,271	1,271	1,290	1,302	1,305	1,302	1,303	1,311
2015	1,285	1,275	1,292	1,322	1,332	1,342	1,378	1,369	1,375	1,398		

PENSIONS DIVISION

SERVICE PENSIONS

	Current Month	Fiscal Year To Date	12 Month Moving Avg.
Service Pensions by Effective Date	6	24*	6

*Corrected total based on revised September data.

SURVIVORSHIP PENSIONS

	Current Month	Fiscal Year To Date	12 Month Moving Avg.
Surviving Spouse/Domestic Partner Pension Applications Processed	15	62*	15
Survivor Benefit Purchase Program	0	4	1
Total Surviving Spouse/DP Applications Processed and Survivor Benefit Purchase Program Granted	15	66	

*Includes two applications not captured in the previous month's total.

ACTIVE MEMBER SERVICES

Refund of Contributions (Number Leaving Without Vesting)	Current Month	Fiscal Year To Date	12 Month Moving Avg.
Fire	0	0	0
Police	2	13	5
Harbor	0	0	0
Completed Basic Training Purchases			
Fire	8	32	8
Police	38	163	41
Harbor	0	0	0
Public Service Purchases (PSP) Completed Purchases	0	2	1
Avg. Years of Service (YOS) Purchased	N/A	3	2.6
Avg. Cost per YOS Purchased	N/A	$49,762	$55,871
OPS Service Purchases			
Completed Purchases	0	4	4

MEDICAL & DENTAL TRANSACTIONS

October 2015 (PPE October 31, 2015)

	Current Month*	Fiscal YTD*	Last 12 Mos*
Total Subsidies Paid	$8,957,596	$35,971,110	$103,412,830
Total Medicare Part B Reimbursements Paid	$774,267	$3,160,886	$9,502,034

*Includes Quarterly HIPR Payment(s)

PENSIONS DIVISION

OUTREACH ACTIVITIES

Date	Type of Outreach	Number of Participants	Tier
October 7, 2015	Financial Planning Education Seminar: DROP Exit – Grace Simons Lodge	39	5
October 15, 2015	Information Table: LAPD Health Fair – LAPD PAB	44	multiple
October 21, 2015	Financial Planning Education Seminar: Late Career – Grace Simons Lodge	42	5
October 22, 2015	Information Table: LAPPL Outreach – Harbor	28	multiple
October 26, 2015	New Recruit Talk: LAPD Graduates – Westchester ARTC	46	6
Upcoming Events			
November 4, 2015	Financial Planning Education Seminar: DROP Exit – Grace Simons Lodge	TBD	multiple
November 5, 2015	Information Table: LAPPL Outreach – West Valley Division	TBD	multiple
November 19, 2015	New Recruit Talk: LAPD Graduates – Westchester ARTC	TBD	6
November 19, 2015	Information Table: LAPPL Outreach – Southeast	TBD	multiple

Outreach Activity Totals		
	Current Month	**Fiscal Year to Date**
Members Reached	199	838
-# of Recruit Talks	1	6
-# of Financial Planning Education Seminars	2	7
-# of Other Outreach Events	2	8

Note: The number of participants for "Information Table" events is an estimate. Staff is available to answer questions, check personal information and collect forms at these events.

UPDATED PROJECTS

2014-15 ANNUAL REPORT

Staff prepared a project timeline for the Annual Report. Management is continuing to review draft updates for their respective sections. The General Manager approved a design layout on September 16, 2015. Staff will provide draft sections to the graphics designer in November. The Annual Report is expected to be completed and available for electronic distribution by January 31, 2016.

[UPDATE:** Management has reviewed the first round of drafts. The next round of reviews includes staff's responses to management's comments, scheduled for late November.**]

PENSIONS DIVISION

PENSION PERSPECTIVES – ACTIVE MEMBERS

Staff began drafting the newsletter for active members, which will continue to be distributed electronically. The issue will include articles on purchasing service credit before entering DROP, announcement of the updated Summary Plan Descriptions for Tiers 3 and 4, the System's quarterly review of investments, the Pension Administration System Replacement Project, and the election of Board Officers. The target distribution date is November 2015.

[UPDATE: *Staff compiled statistical data regarding the membership for inclusion in the newsletter.**]***

LAFPP STRATEGIC PLAN GOALS PAMPHLET

In February 2015, the Board approved the 2015-18 Three-Year Strategic Plan that will be used to develop, monitor and implement various projects to achieve the Board's long-term goals. Staff began drafting a Strategic Plan Goals pamphlet for distribution and posting to the LAFPP website. The pamphlet will provide information regarding LAFPP's Vision, Mission, Values and strategic plan goals. Staff received various design options from the graphics designer and the General Manager approved a final design layout. Staff is working to print a small number of the pamphlets to distribute to LAFPP employees. After moving to the new headquarters facility, additional pamphlets will be printed with LAFPP's new address and contact information.

[UPDATE: *The graphics designer is preparing a final document for reproduction that will be sent to the City's print shop.**]***

IRC OPERATIONAL COMPLIANCE AUDIT

Staff began working with The Segal Company, our IRC operational compliance auditor, in late January/early February. Staff provided a large number of documents to Segal in early February, including Summary Plan Descriptions for the various tiers, desk manuals, policies and procedures, and pertinent Charter/Administrative Code sections. Segal conducted onsite interviews with key staff members on March 23 and 24.

[UPDATE: *Segal presented the final audit report to the Board on October 1, 2015. The Board reviewed, received and filed the report and directed staff to analyze and/or implement the recommendations as noted in the IRC Operational Compliance Audit Recommendation Log. Staff will report back to the Board in January with the implementation status of Segal's recommendations.**]***

ADMINISTRATIVE OPERATIONS DIVISION

UPDATED PROJECTS

PENSION ADMINISTRATION SYSTEM REPLACEMENT

The first of seven monthly requirements gathering sessions with Xerox and staff Subject Matter Experts from impacted business units have been completed to develop the specifications for the configuration and customization of the CPAS system.

Weekly meetings with the project management team (LAFPP, Xerox, and LRWL consultant) are also being conducted to review and check on the progress of various deliverables, including planning documents, data mapping and conversion, hosting services, as well as the implementation of the new imaging solution to replace Documentum.

[UPDATE: The second requirements gathering session has been completed which focused on the core pension calculations related to Active Termination, Retirement/DROP, and Disability. Deliverables for the Work Plan Development phase of the project have also been completed allowing staff to focus on the various action items from the two completed requirements gathering sessions.]

ELECTRONIC DOCUMENTS MANAGEMENT (DOCUMENTUM & DOCUSHARE)

The scanning of 581 boxes of onsite historical files (“backfile documents”) by ViaTRON into our document imaging system (Documentum) is now substantially complete. After the payment of the final invoices are processed, LAFPP will terminate its contractual relationship with ViaTRON.

LAFPP still warehouses more than 2000 boxes of historical documents at off-site facilities. Scanning of these historical documents at off-site facilities is not a priority for the Department at this time until other major projects are completed. Instead, staff are now focusing their efforts on expediting the scanning of day-forward documents prior to the move to the new headquarters facility to minimize the amount of hardcopy files that will need to be relocated. A backlog of day-forward documents has been created as a result of Quality Assurance (QA) issues associated with the backfile conversion project and because the volume of day-forward documents has increased as a result of staff preparing for the move.

Also, staff are working on the successful implementation of Docushare, a Xerox electronic document imaging system, which will replace Documentum. Docushare’s projected implementation date is December 1, 2015, with complete migration of Documentum files anticipated for March 2016.

[UPDATE: While progress has been made on Docushare, staff have pushed back the December 1, 2015 Go-Live Docushare date to December 15, 2015 to ensure sufficient time for configuration and training. Staff continue to catch up on the backlog of day-forward documents.]

ADMINISTRATIVE OPERATIONS DIVISION

UNCHANGED PROJECTS

PERFORMANCE METRICS

As part of the Mayor's "Back to Basics" philosophy, the Mayor has directed departments to submit performance metrics that will measure the effectiveness of the departments in key areas. Monthly, staff submits performance metrics and business plan project updates to Mayoral staff including data in following areas: payment of pension payments; disability applications; customer satisfaction; contractor disclosure; and investment benchmarks.

In addition, the General Manager has expanded the use of performance metrics to better measure and track performance and assist management decision making, taking into consideration resource requirements needed to compile and analyze the data.

DEPARTMENT OF FIRE AND POLICE PENSIONS
BUDGET TO ACTUAL - RECEIPTS AND EXPENSES
As of October 31, 2015 (33% of year)

	BUDGET	ACTUAL YEAR TO DATE	YEAR END PROJECTIONS	DIFFERENCE (UNDER)/OVER PROJECTED	VARIANCE % (UNDER)/OVER PROJECTED
RECEIPTS					
General Fund	$ 622,851,100	$ 622,851,100	$ 622,851,100	$ -	0%
Special Fund (Harbor)	4,237,083	4,237,083	4,237,083	$ -	0%
Excess Benefit Plan (1)	563,500	1,018,273	1,018,273	$ (454,773)	-81%
Member Contributions (2)	136,835,823	44,034,400	131,393,757	$ 5,442,066	4%
Earnings on Investments	355,440,000	102,906,110	355,440,000	$ -	0%
Miscellaneous (3)	1,000,000	989,449	1,000,000	$ -	0%
Total Receipts	**$ 1,120,927,506**	**$ 776,036,415**	**$ 1,115,940,212**	**$ 4,987,293**	**0%**
EXPENSES					
Service Pensions	$ 566,000,000	$ 189,567,643	$ 569,503,483	$ (3,503,483)	-1%
Service Pensions - DROP payout	176,000,000	28,729,819	$ 175,000,000	$ 1,000,000	1%
Disability Pensions	120,000,000	37,618,534	$ 112,874,926	$ 7,125,074	6%
Surviving Spouse Pensions	122,000,000	39,073,139	$ 117,443,531	$ 4,556,469	4%
Minor/Dependent Pensions	2,000,000	780,001	$ 2,123,745	$ (123,745)	-6%
Refund of Contributions	3,500,000	1,026,299	$ 3,841,907	$ (341,907)	-10%
Health Insurance Subsidy	108,000,000	34,412,228	$ 103,418,924	$ 4,581,076	4%
Dental Insurance Subsidy	4,100,000	1,283,287	$ 3,862,399	$ 237,601	6%
Medicare Reimbursement	11,750,000	3,159,255	$ 9,344,991	$ 2,405,009	20%
Health Insurance Reimbursement	1,300,000	260,836	$ 1,043,344	$ 256,656	20%
Investment Management Expenses	88,221,204	330,506	$ 88,221,204	$ -	0%
Administrative Expenses (4)	25,195,535	13,431,243	$ 24,495,789	$ 699,746	3%
Total Expenses	**$ 1,228,066,739**	**$ 349,672,790**	**$ 1,211,174,243**	**$ 16,892,496**	**1%**
RECEIPTS OVER EXPENSES	**$ (107,139,233)**	**$ 426,363,625**			

	CURRENT MONTH	YTD MOVING AVERAGE
PENSION PAYROLL	$ 79,568,904	$ 83,721,186

(1) Represents the City of Los Angeles General Fund earmarked to pay excess benefits incldng associated administrative costs in compliance with IRC Section 415.
In FY 2015-16, funds totaling $454,773 were re-appropriated from prior-years' available funds in addition to original budget of $563,500 for Excess Benefits Plan.

(2) Includes FY 14-15 Pay Period 26 and up to FY 15-16 Pay Period 8.

(3) Represents receipts from purchase of prior years' lost service time and recovery of prior years' pension overpayment.

(4) Actual Year to Date reflects Year to Date commitments (encumbrances) and expenditures..

BUDGET TO ACTUAL - ADMINISTRATIVE AND INVESTMENT MANAGEMENT EXPENSES

As of October 31, 2015 (33% of year)

ADMINISTRATIVE EXPENSE ACCOUNT TITLE	(A) ADOPTED BUDGET	(B) BUDGET CHANGES	(C) ADJUSTED BUDGET (A + B = C)	(D) YEAR TO DATE TOTAL COMMITTED	(E) REMAINING BALANCE (C - D = E)	(F) YR END PROJECTED EXPENSES	(G) DIFFERENCE (UNDER)/OVER PROJECTED (C - F = G)	(H) VARIANCE % (1) (G / C = H)
Salaries-General (2)	10,952,000		10,952,000	3,073,060	7,878,940	10,800,000	152,000	1%
Salaries-As-Needed (2)	111,000		111,000	31,366	79,634	164,000	(53,000)	-48%
Overtime (2)	89,515		89,515	20,988	68,527	117,000	(27,485)	-31%
Printing & Binding	36,154		36,154	36,154	-	36,154	-	0%
Travel	162,635		162,635	26,514	136,121	112,635	50,000	31%
Transportation (2)	6,000		6,000	1,750	4,250	6,000	-	0%
Contractual Services	6,581,312	153,000	6,734,312	5,700,796	1,033,516	6,400,000	334,312	5%
Medical Services	200,000		200,000	200,000	-	300,000	(100,000)	-50%
Health Insurance	1,360,000		1,360,000	298,411	1,061,589	1,200,000	160,000	12%
Dental Insurance	55,000		55,000	13,056	41,944	52,000	3,000	5%
Other Employee Benefits	40,000		40,000	12,201	27,799	38,000	2,000	5%
Retirement Contribution	3,108,000		3,108,000	3,036,752	71,248	3,108,000	-	0%
Medicare Contribution	160,000		160,000	-	160,000	139,000	21,000	13%
Office & Administrative	771,919	16,000	787,919	211,608	576,311	710,000	77,919	10%
Tuition Reimbursement	20,000		20,000	1,587	18,413	10,000	10,000	50%
Election	-		-	-	-	-	-	0%
Furniture, Office & Tech	-	1,103,000	1,103,000	767,000	336,000	1,103,000	-	0%
Unappropriated Balance	270,000		270,000	-	270,000	200,000	70,000	26%
TOTAL ADMINISTRATIVE EXPENSES	**$ 23,923,535**	**$ 1,272,000**	**$ 25,195,535**	**$ 13,431,243**	**$ 11,764,292**	**$ 24,495,789**	**$ 699,746**	**3%**
TOTAL INVESTMENT MANAGEMENT EXPENSES	**$ 88,221,204**	**$ -**	**$ 88,221,204**	**$ 330,506**	**$87,890,698**	**$ 88,221,204**	**$ -**	**0%**

(1) Percentage difference between projected expenses and the adjusted budget.

(2) Year to Date Committed based on Pay Period 8 ending October 17th.

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Contract	Vendor / Services	Contract Term		Market Cessation Start Date[1]	Board Authorization Date			Comments
		Start Date	Expiration Date		New Search Date	Vendor / Candidate Finalist Date	Contract Award / Renewal Date	
INVESTMENTS								
562PEN	Northern Trust Investments, Inc. (Fixed Income)	12/01/12	11/30/15	09/01/15	n/a	n/a	10/01/15	New Contract No. 642PEN is effective 12/01/15 pending negotiation and execution.
563PEN	Scout Investments, Inc. - Reams Asset Management Division (Fixed Income)	12/01/12	11/30/15	09/01/15	n/a	n/a	10/01/15	New Contract No. 643PEN is effective 12/01/15 pending negotiation and execution.
566PEN	Glass, Lewis, & Co., LLC (Proxy Voting Services)	01/01/13	12/31/15	10/02/15	n/a	n/a	11/05/15	New Contract No. 647PEN is effective 01/01/16 pending negotiation and execution.
567PEN	Heitman Capital Management, LLC (Real Estate Separate Account)	01/01/13	12/31/15	10/02/15	n/a	n/a	11/05/15	New Contract No. 644PEN is effective 01/01/16 pending negotiation and execution.
565PEN	Northern Trust Investments, Inc. (International Equity)	01/01/13	12/31/15	10/02/15	n/a	n/a	11/05/15	New Contract No. 646PEN is effective 01/01/16 pending negotiation and execution.
568PEN	Sentinel Trust Company (Real Estate Separate Account)	01/01/13	12/31/15	10/02/15	n/a	n/a	11/05/15	New Contract No. 645PEN is effective 01/01/16 pending negotiation and execution.
569PEN	R.V. Kuhns & Associates, Inc. (General Consultant)	03/18/13	02/28/16	11/30/15				
584PEN	Portfolio Advisors, LLC (Private Equity - Specialized)	04/01/13	03/31/16					
570PEN	Portfolio Advisors, LLC (Private Equity)	04/01/13	03/31/16					
578PEN	Brandes Investment Partners, LP (International Equity)	08/01/13	07/31/16					
576PEN	Daruma Asset Management, Inc. (Domestic Equity)	08/01/13	07/31/16					
577PEN	Fisher Asset Management, LLC (International Equity)	08/01/13	07/31/16					
583PEN	Scout Investments, Inc. - Reams Asset Management Division (Fixed Income - TIPS)	09/01/13	08/31/16					
582PEN	AllianceBernstein, LP (Commodities)	10/01/13	09/30/16					
580PEN	Northern Trust Company (Custodian Bank)	10/01/13	09/30/16					
586PEN	Robeco Investment Management, Inc. (Boston Partners) (Domestic Equity)	11/01/13	10/31/16					
589PEN	Principal Global Investors, LLC (Global REIT Manager)	12/01/13	11/30/16					
587PEN	Principal Global Investors, LLC (U.S. REIT Manager)	12/01/13	11/30/16					
590PEN	AllianceBernstein, LP (Domestic Equity)	01/01/14	12/31/16					
585PEN	Harding Loevner (International Emerging Markets)	02/01/14	01/31/17					
535PEN	The Townsend Group (Real Estate Consultant)	02/01/14	01/31/17					
595PEN	FIS Group, Inc. (International Manager of Emerging Managers)	07/01/14	06/30/17					
596PEN	MacKay Shields, LLC (Fixed Income - High Yield Bond)	07/01/14	06/30/17					
598PEN	Chicago Equity Partners LLC (Domestic Equity)	08/01/14	07/31/17					
599PEN	Los Angeles Capital Management and Equity Research, Inc. (Domestic Equity)	08/01/14	07/31/17					
602PEN	Payden & Rygel (Unconstrained Fixed Income Manager)	08/01/14	07/31/17					
600PEN	Research Affiliates LLC (Domestic Equity)	08/01/14	07/31/17					
601PEN	Scout Investments, Inc. - Reams Asset Management Division (Unconstrained Fixed Income Manager)	08/01/14	07/31/17					
604PEN	Kleinwort Benson Investors (Commodities Active Equity Manager)	10/01/14	09/30/17					
605PEN	Mellon Capital (Commodities Active Equity Manager)	10/01/14	09/30/17					
613PEN	Dimensional Fund Advisors LP (International Emerging Markets)	01/01/15	12/31/17					
614PEN	BlackRock Institutional Trust Company (International Equity)	02/01/15	01/31/18					
615PEN	Baillie Gifford Overseas Limited (International Equity)	03/01/15	02/28/18				01/15/15	
618PEN	AllianceBernstein, L.P. (Global REIT)	03/02/15	02/28/18					

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Contract	Vendor / Services	Contract Term: Start Date	Contract Term: Expiration Date	Market Cessation Start Date[1]	Board Authorization Date: New Search Date	Board Authorization Date: Vendor / Candidate Finalist Date	Board Authorization Date: Contract Award / Renewal Date	Comments
624PEN	Frontier Capital Management Company, LLC (Domestic Equity)	07/01/15	06/30/18				05/07/15	
622PEN	Goldman Sachs Asset Management (Enhanced Index Commodity)	07/16/15	07/15/18				03/05/15	
621PEN	Gresham Investment Management (Enhanced Index Commodity Manager)	07/28/15	06/30/18				03/05/15	
629PEN	LM Capital Group, LLC (Fixed Income)	09/01/15	08/31/18				07/02/15	
638PEN	Boston Common Asset Management, LLC (International Equity Emerging Manager)	10/01/15	09/30/18				08/06/15	
639PEN	Loomis, Sayles & Co. LP (Fixed Income)	10/01/15	09/30/18				08/20/15	
633PEN	Channing Capital Management, LLC (Domestic Equity)	10/01/15	09/30/18				07/02/15	
636PEN	GIA Partners, LLC (Domestic Fixed Income)	10/01/15	09/30/18				06/18/15	
635PEN	Granite Investment Partners (Domestic Equity)	10/01/15	09/30/18				07/02/15	
631PEN	OakBrook Investments, Inc. (Domestic Equity)	10/01/15	09/30/18				07/02/15	
634PEN	PHOCAS Financial Corporation (Domestic Equity)	10/01/15	09/30/18				07/02/15	
632PEN	Redwood Investments, LLC (Domestic Equity)	10/01/15	09/30/18				07/02/15	
637PEN	Semper Capital Management, L.P. (Fixed Income)	10/01/15	09/30/18				06/18/15	
ADMINISTRATIVE OPERATIONS								
640PEN	Blackman & Holberton (HQ Move Consulting Services)	09/01/15	08/31/16					
641PEN	Haworth, Inc. (HQ Furniture)	08/01/15	12/31/16				07/16/15	
ADMINISTRATIVE SERVICES								
608PEN	Iron Mountain Secure Shredding, Inc. (Secure Document Shredding)	07/01/15	06/30/16					
65515	JPPF 360 E SECOND, L.P. (Building Lease)	12/15/86	04/14/17					
COMMUNICATIONS AND SPECIAL PROJECTS								
RFP	Financial Planning Education and Counseling Services	tbd	tbd		06/04/15	n/a	11/05/15	Board approved Staff's recommendation to select Four Square Financial Literacy Partners, Inc. to provide financial planning education.
560PEN	Cambridge Financial Partners (Financial Planning Education Consultant)	11/15/12	11/14/15					Contract services out to bid; see RFP above.
571PEN	FiftyX, Inc. (Graphic Design)	03/15/13	03/14/16					
630PEN	Something Special (Catering)	07/16/15	07/15/16					
607PEN	The Cherry Hill (Website Design and Support)	10/01/14	09/30/17					
DISABILITY PENSION								
623PEN	U.S. Legal Support (Court Reporting)	07/01/15	06/30/16					
627PEN	Alpha-One Investigations, Inc. (Investigative Services Contractor)	09/15/15	09/14/18				08/06/15	
628PEN	Examination Management Services, Inc. dba ICS Merrill (Investigative Services Contractor)	09/15/15	09/14/18				08/06/15	
INTERNAL AUDIT								
555PEN	Brown Armstrong Accountancy Corporation	07/19/12	07/18/16				05/07/15	
LEGAL SERVICES								
-	Berstein Liebhard (Securities Litigation/Monitoring Services)	03/15/08	03/14/11					
C-113252	Kaplan Fox & Kilsheimer, LLP (Securities Litigation/Monitoring Services)	03/15/08	03/14/11					
-	Kessler Topaz Meltzer & Check (Securities Litigation/Monitoring Services)	03/15/08	03/14/11					
-	Robbins Geller Rudman & Dowd (Securities Litigation/Monitoring Services)	03/15/08	03/14/11					
C-123109	Foster Pepper, PLLC (Investment Services)	06/16/13	06/15/16					
C-123047	Nossaman, LLP (Investment Services)	08/01/13	07/31/16					

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C-123757	Reed Smith, LLP (Fiduciary Services)	10/01/13	09/30/16					
C-125199	Nossaman, LLP (Fiduciary Services)	11/10/14	11/09/17					
C-126341	Ice Miller, LLP (Tax Services)	06/16/15	06/15/18				06/18/15	
C-126452	Steptoe & Johnson LLP (Tax Services)	09/21/15	09/20/18				06/18/15	
C-123569	Nossaman, LLP (Legal Representation)	09/15/13	until completion					
C-121678	Reed Smith, LLP (Legal Representation)	08/02/12	until completion					
MEDICAL AND DENTAL BENEFITS								
N/A	Los Angeles City Employee Retirement System (Health and Dental Plan Subgroups)	08/22/11	07/31/14					Contract currently under negotiation.
N/A	Los Angeles Firemen's Relief Association (Medical Insurance Administration)	07/01/14	06/30/17				04/16/15	
N/A	Los Angeles Police Relief Association (Medical and Dental Insurance Administration)	07/01/14	06/30/17				03/19/15	
N/A	Los Angeles Police Protective League (Dental Insurance Administration)	08/01/14	07/31/17					
N/A	United Firefighters of Los Angeles City (Medical and Dental Insurance Administration)	09/01/14	08/31/17				10/15/15	
574PEN	Keenan & Associates, Inc. (Health Consulting Services)	03/01/13	02/29/16					
573PEN	ViaTRON Systems, Inc.	03/07/13	03/06/16					
PENSIONS DIVISION (EXECUTIVE)								
609PEN	Segal Consulting (Internal Revenue Operational Compliance Audit)	01/01/15	12/31/15					
625PEN	The Segal Company (Western States), Inc. (Actuarial Consulting Services)	07/01/15	06/30/18				03/19/15	
SYSTEMS								
521PEN	Northern Trust Company (Benefit Payment System)	05/20/13	05/19/16					
603PEN	Center for Internet Security, Inc. (Network Security Monitoring)	03/01/14	02/28/17					
610PEN	EMC Corporation (Documentum)	10/01/14	09/30/17					
611PEN	Verizon Terremark (Disaster Recovery Services)	12/04/14	12/03/17					
552PEN	Buck Consultants, LLC (OnPoint Software)	05/01/12	04/30/18				04/02/15	
616PEN	AT&T (CALNET3 Phone)	11/15/13	06/30/18					
617PEN	AT&T (CALNET3 Data)	11/15/13	06/30/18					
619PEN	Verizon (CALNET3 Phone)	11/15/13	06/30/18					
620PEN	Verizon (CALNET3 Data)	03/26/14	06/30/18					
575PEN	LRWL, Inc. (Pension Administration System Consulting Services)	06/01/13	12/31/18				05/21/15	
626PEN	Xerox State and Local Solutions, Inc. (Pension Administration System)	07/02/15	07/01/23				05/21/15	
HEDGE FUND OF FUNDS PARTNERSHIP AGREEMENTS[2]								
Subscription Agreements	Bridgewater Associates, Inc. (TIPS and Pure Alpha)	07/31/08	n/a	on-going				

[1] Marketing Cessation: The purpose of this policy is to prevent, and avoid the appearance of, undue influence on the Board or any of its members in the award of all contracts. In accordance with Section 9.0 of the Investment Policy, from the time the search begins with the Board's approval of the minimum criteria for the search until the search ends with the selection of the firm(s) to receive the contract(s), all direct marketing contact with firms that meet the search criteria will be limited to meetings with the Consultant, information sent to the Consultant or Department, questions about the search directed to the Staff or Consultant, one meeting at the Department's office with Staff and any site visits. The Board members, Department Staff or Consultant will accept no entertainment or gifts of any kind from any firm qualifying for the search. This policy does not prohibit contact with potential interview candidates at group social events, educational seminars, conferences, or charitable events so long as there is no direct marketing.

During the three months prior to the renewal of a contract with a firm currently under contract, the Board Members, Department Staff and Consultant will accept no entertainment or gifts from that firm until the contract has been renewed or terminated by the Board. Firms who currently have contracts with the Los Angeles Fire and Police Pension System are allowed to continue contact related to the existing contract with Staff and Consultant.

[2] Hedge Fund of Funds do not have contracts like our other managers. They have limited partnership agreements that do not have a fixed expiration date. They are on this list to include them in our regular three-year manager review process.

*Expired contracts are listed in red. Expired Investments contracts will remain on the list if the market cessation period is active and until a new contract is awarded.