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SACRAMENTO CITY EMPLOYEES'
RETIREMENT SYSTEM

CITY OF SACRAMENTO
CALIFORNIA

801 NINTH STREET
ROOM 110
SACRAMENTO, CA
95814-2693

916-449-5665

RICHARD E. SNYDER
RETIREMENT SYSTEM
MANAGER

February 21, 1989

City Council
Sacramento, California

SUBJECT: Transmittal of Annual Financial Report of the Sacramento City
Employees' Retirement System for Fiscal Year Ended June 30, 1988

Summary.

The Administration, Investment and Fiscal Management Board (Board) hereby transmits to the City Council the Annual Financial Report of the Sacramento City Employees' Retirement System (SCERS) for the fiscal year ended June 30, 1988.

Background.

The SCERS' Annual Financial Report addresses Board membership, investment performance, policy matters, fund valuation, administration highlights and the actuarial report for the fiscal year ended June 30, 1988.

Financial Results.

For FY 1987-88, SCERS total net assets increased \$30 million, from \$289 million to \$319 million. The increased net assets resulted in an improved system funding ratio of 83.9% compared with 77.0% during the previous year. System funding is defined as that portion of the total actuarial obligation for which there are assets available for benefits.

Additionally, the SCERS' unfunded liability as of June 30, 1988 was \$78.2 million or approximately \$28.8 million less than estimated last fiscal year. The primary reason for this reduction was that interest income earnings were greater than the actuarial earning assumptions. In total, more than \$105 million of unfunded liability has been eliminated since January, 1977, which was the inception date of the Board. These significant savings, resulting primarily from the investment performance of SCERS, has directly reduced the City's General Fund payments to the SCERS Fund.

City Council
February 21, 1989
Page Two

David DeCamilla and Thomas Friery, Chairman and Vice Chairman of the Board, respectively, request to make a short presentation to the City Council regarding SCERS' highlights for FY 1987-88.

Recommendation

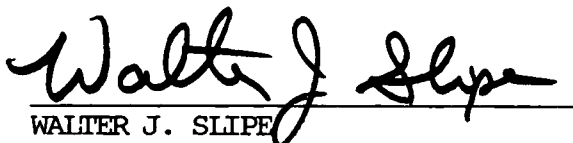
It is recommended that the City Council receive and file the SCERS' Annual Financial Report for the FY ended June 30, 1988.

Respectfully submitted,



RICHARD E. SNYDER
Secretary to the AIFM Board

RECOMMENDATION APPROVED:



WALTER J. SLIPE
City Manager

February 21, 1989
All Districts

APPROVED
BY THE CITY COUNCIL

FEB 21 1989

OFFICE OF THE
CITY CLERK

SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM

Sacramento, California



Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 1988

S A C R A M E N T O
C I T Y E M P L O Y E E S '
R E T I R E M E N T
S Y S T E M

Sacramento, California

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 1988

Prepared by the City of Sacramento Department of Finance
Accounting Division

INTRODUCTORY SECTION



SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM
ANNUAL FINANCIAL REPORT

JUNE 30, 1988

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SACRAMENTO CITY EMPLOYEES'
RETIREMENT SYSTEM

CITY OF SACRAMENTO
CALIFORNIA

801 NINTH STREET
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916-449-5005

RICHARD E. SNYDER
RETIREMENT SYSTEM
MANAGER

January 4, 1989

TO: Members of the Sacramento City Employee's Retirement System
Members of the Sacramento City Council

Transmitted herewith is the annual report of the Administration, Investment and Fiscal Management Board (Board) for the Sacramento City Employee's Retirement System (SCERS). This report addresses Board membership, investment performance, policy matters, fund valuation, administration highlights and the actuarial report for the fiscal year ended June 30, 1988.

BOARD MEMBERSHIP

The Board is comprised of the City Manager, City Treasurer, City Director of Finance (or their designates) and two residents of the City of Sacramento who are appointed for specific terms by the City Council. David DeCamilla, Account Executive, Dean Witter Reynolds, and citizen member, was elected as Chairman in January, 1988. Thomas P. Friery, City Treasurer, was re-elected to serve as Vice Chairman in January, 1988. Mr. Friery has served as Vice Chairman since May 1979 with the exception of the three year period (1-85 to 1-88). He served as Chairman during this period at the request of the Board due to the resignation of the previous Chairman and appointment of several new members to the Board. Betty Masuoka, Director of Finance, continued to serve on the Board. Terry Wolford, Director of Finance, Sacramento Housing and Redevelopment Agency, serves as the City Manager's designate. Jo Ann Frierson, Attorney and Public Affairs Consultant served as the other citizen member.

FINANCIAL RESULTS

For fiscal year 1987-88, SCERS Total Net Assets increased \$30 million, from \$289 million to \$319 million. The increased net assets resulted in an improved system funding ratio of 83.9% as compared with 77.0% during the previous year. System funding ratio is defined as that portion of the total actuarial obligation for which there are assets available for benefits.

Additionally, the unfunded liability as of June 30, 1988 was approximately \$78.2 million or approximately \$28.8 million less than estimated as of last fiscal year. The primary reason for this reduction was that interest income earnings were greater than the actuarial earnings assumptions. In total, more than \$105 million of unfunded liability has been eliminated since January 1977, which is the inception date of this Board. These significant savings, resulting primarily from the SCERS investment performance, has directly reduced the City's General Fund payments to the Fund.

MEMBERS' INTEREST CREDIT

Effective July 1, 1988, the interest credit to members' contributions increased on the Board's recommendation from 10.50% to 11.50%. This rate was determined by a formula which is related to the average cash investment return of the Portfolio over the three preceding years, less 1/5% and rounded downward to the nearest 1/4%. The cash investment return was 12.276%, 15.636%, and 7.844% for the fiscal year's ending June 30, 1987, June 30, 1986 and June 30, 1985 respectively. Application of the System's formula results in an interest credit of 11.50%, effective July 1, 1988.

ECONOMIC COMMENTARY

Most sectors of the economy experienced exceptional growth during the fiscal year ending June 30, 1988. Despite speculation about a recession resulting from the October 1987 Stock Market collapse, real growth as measured by GNP grew on average by 4.6% over the previous year. Nearly 80% of GNP growth came from increases in Personal Consumption Expenditures and Private Domestic Investment. Strong performing sectors of the economy included durable goods, services, manufacturers equipment, inventory accumulation, and exports.

CAPACITY & EMPLOYMENT --Strong economic growth was accompanied by upward pressure on capacity utilization and employment. Although the economy will likely continue to expand over the next year, the nation has approached the highest levels of capacity and employment in its current 5.5 year expansion. Capacity utilization for all industries rose from 79.9% to 83.0% during the year. Nonfarm employment grew by 3.9 million workers while unemployment dropped from 6.1% to 5.4% during the same period. Capacity utilization is expected to peak at about 85% in the June 1989 quarter while unemployment should continue to decline until mid 1989, rising thereafter.

TRADE DEFICIT --Exports grew by 20.3% during the year. Although import growth of 11.4% offset some of the gains made in export trade, the trade deficit improved by 14.7% from the previous year. A weaker dollar increased the competitiveness of domestic goods in foreign markets while expanding economies of major foreign industrial nations provided additional opportunity for domestic producers to compete abroad. The weighted average exchange value of the dollar against the 10 major currencies declined by 5%, with particular weakness experienced against the Japanese Yen (11.8%) and the Canadian Dollar (8.8%).

The 20.3% export growth experienced last year is not likely to continue at the same pace this year. Higher capacity utilization rates, lower unemployment and the likeliness of a strong dollar into 1989 should constrain export growth to moderate levels. Further, if export growth were to continue at last years' pace, the effect upon the economy could prove to be highly inflationary. Therefore, the trade deficit is expected to improve only slightly with moderate export gains being partially offset by import growth.

INFLATION —Inflation pressures mounted as evidenced by the change in CPI of 4.0% compared to 3.7% for the previous twelve months. Inflation pressures during the year came mainly from housing-related costs along with food and beverage price increases associated with the Midwest drought. Inflation was partially offset by a weaker oil market. Foreign oil prices fell from \$18 to \$13 per barrel while domestic oil prices declined from \$20 to \$17 per barrel. Inflation is expected to average about 5% during fiscal year 1988-89. The stronger economy, higher employment figures and the possibility of a price-wage spiral are of concern to the Federal Reserve and Federal Open Market Committee. Both have expressed their willingness to allow upward pressure on interest rates to occur as a way to slow mounting inflationary pressures.

INTEREST RATES —October 19, 1987 was marked by a dramatic drop in the stock market with the DJIA declining by more than 500 points to 1738. The October low represented a 984 point drop from the August high of 2722, only two months earlier. Market value loss to investors amounted to about \$500 billion. During the remainder of the year, the stock market recovered about 45% of the October loss, closing at 2142 on June 30.

Overall, bond prices were moderately bearish with yields moving up about +50 basis points (bp) to 10.4% in the corporate market and +41 bp to 9.0% for treasury bonds. Short term rates moved more dramatically as evidenced by an +83 bp increase of treasury bills to 6.63%, and a +72 bp increase of 30 day commercial paper. Further, the Prime moved up to 9.0% from 8.25% a year earlier while the Federal Funds rate increased from 6.75% to 8.0% during the same period. Overall, bond yields peaked in October, declined in response to the stock market collapse, but closed higher in June 1988 than the previous year.

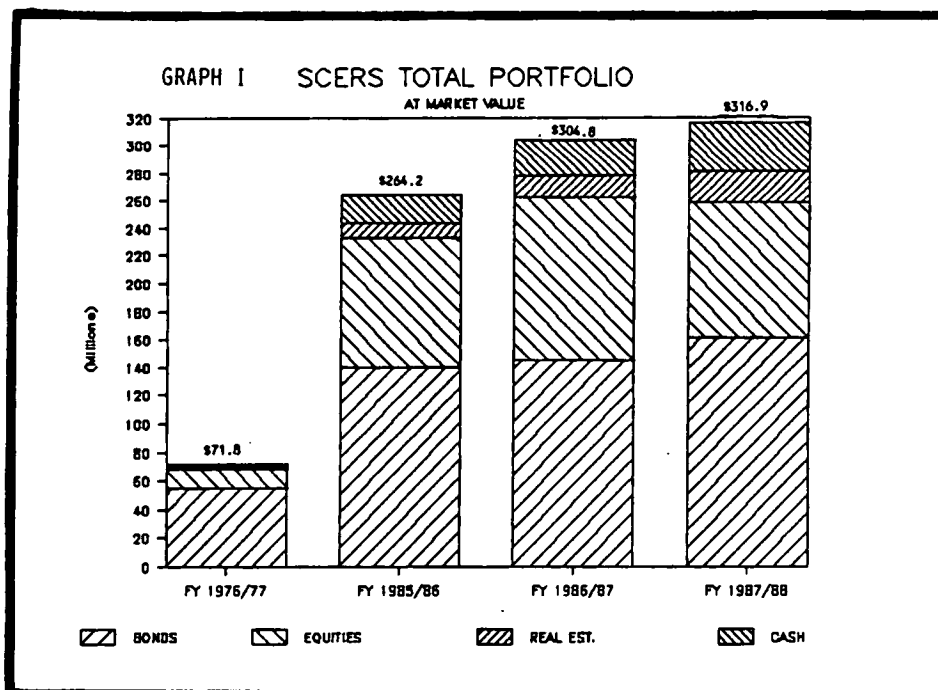
FORECASTS FOR 1988/89 —Forecasts for fiscal year 1988-89 include upward pressure on nonfarm payroll, decreasing unemployment, higher manufacturer capacity utilization and increasing inflationary pressures. In this environment the economy should slow down from the previous year's level but continue to perform well. GNP is expected to grow during the fiscal year at about 2.5%. The economy is expected to peak in early 1989, begin slowing in the June quarter, and experience slow or no growth during the latter half of 1989.

FISCAL YEAR 1987-88 PERFORMANCE RESULTS

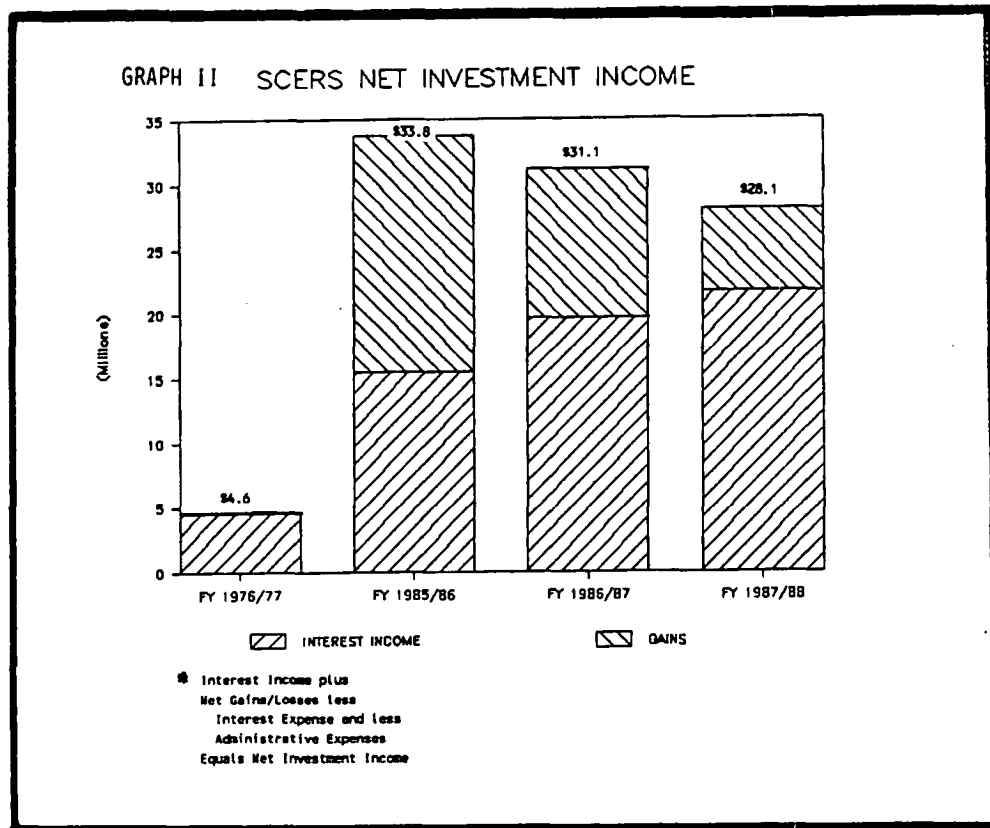
For the fiscal year (FY) ending June 30, 1988 the Net Cash Investment Income earned (excluding the net of unrealized gains/losses on securities held at year end) was approximately \$28 million and was equivalent to a Cash Rate of Return on investments of 9.66% based on the overall original investment cost. For purposes of the actuarial evaluation only the SCERS Cash Investment Income earned is used. The Cash Investment Income earned in the FY ending June 30, 1988 was approximately \$10 million greater than the actuarial projection and, therefore, resulted in a substantial reduction in the unfunded liability of the plan and simultaneously reduced the City of Sacramento General Fund contribution. In total, the unfunded liability for this fiscal year was \$28.8 million less than was estimated in last year's actuarial evaluation.

Furthermore, since the inception of the Board in the FY ending 1977, more than \$105 million of the unfunded liability has been eliminated. This is primarily the result of the increased earnings of investment income over the estimated actuarial earnings assumption. Therefore, this superior investment performance over the years has significantly added to the funding of the plan for members, while simultaneously reducing the cost to taxpayers through the savings to the City's General Fund by reducing the unfunded liability.

Graph I below, shows the composition of the SCERS Total Portfolio at market value, for varying periods. A review of this graph reveals that at \$316.9 million, the investment assets are the largest in the history of the SCERS. Further, by comparing the assets at market value in FY 1976-77 with the those in FY 1987-88, a growth of 4.4 times (\$71.8 million versus \$316.9 million) has occurred during this time period. Another item to note is the change in the asset diversification of the SCERS Portfolio, which is reflected in this graph.



Net Investment Income as shown in Graph II is comprised of Net Income and Net Gains. As shown, Net Interest Income (lower portion of the bars) from FY 1976-77 to FY 1987-88 increased 4.3 times - from \$4.5 million to \$19.6 million. Net Interest Income, which is composed of interest and dividends earned, has grown each year, with FY 1987-88 being a record year. Net Gains are represented by the upper portion of the bars. Net Gains include the net of gains or losses on sales, less the administrative expenses associated with the program for the time periods shown. Unlike interest income, gains are taken as the opportunity to do so arises. Since gains are a function of market timing, they are less predictable and more volatile than interest income.



Although the Cash Rate of Return is an important measure of the earning power of the SCERS Assets, nonetheless, it is not representative of the actual investment performance. What is excluded is the unrealized gains or losses that have accrued on assets during the reporting period. For performance measurement purposes, it is advisable to review total performance. The following represents total performance of the entire plan and the components of assets comprising this Portfolio.

TOTAL FUND PERFORMANCE

To accomplish the calculation of total investment return and investment performance measurement, the Board retained SEI in 1977 (formerly A. G. Becker). SEI is a fund evaluation and independent performance measurement service that calculates and reports the investment results of 4,000 managed pension investment portfolios in the U.S. The SEI database, which is the most comprehensive database available, calculates the investment results of the managed portfolios and compares such results to the database including the performance ranking of a particular fund to the overall percentile ranking in the database.

Table I listed below shows results for various periods ending June 30, 1988 of the SCERS Plan:

TABLE I
SCERS
Total Rate of Investment Return
TOTAL FUND
Annualized Compound Rate of Return
For Periods Ending FY June 30, 1988

	<u>1 year</u> <u>June 88</u>	<u>2 years</u> <u>June 87-88</u>	<u>3 years</u> <u>June 86-88</u>	<u>5 years</u> <u>June 84-88</u>
SCERS PERFORMANCE	0.9%	8.2%	14.6%	12.3%
SCERS SEI Percentile Ranking	44th	31st	22nd	58th
SEI Fund Eval. Top Quartile <u>1/</u>	3.0%	8.8%	14.3%	14.0%
Median Percentile	0.6%	6.7%	12.9%	12.7%
GNP Price Deflator	3.3%	3.4%	3.0%	3.2%

1/ The top quartile includes the top 25% of funds in the SEI database, whereas the median percentile includes the top 50% of funds.

A review of the Total Plan Investment performance for the fiscal year ending June 30, 1988, shows that the .9% overall return on SCERS Assets was slightly better than the SEI Median Fund performance of .6% and was ranked 44th overall in the SEI database. Further, it should be noted that over the longer term as listed in the above table, the overall SCERS Performance was ranked in the 31st, 22nd, and 58th percentile during these periods. With the exception of 1988, the SCERS Performance was substantially in excess of the GNP Deflator, which shows that investment performance for longer time periods is substantially greater than inflation.

The SCERS Performance ranking reflects a slightly better than average ranking when compared to the SEI database. Since investment objectives of pension plans differ, their investment performance will also differ. Performance is affected by asset diversification, plan objectives, and the unique characteristics of each plan.

The SCERS Plan is a closed fund, which means new entrants are not accepted and the ratio of retirees to working members increases each year. As a result, cash flow requirements of SCERS significantly differ from pension plans that accept new entrants.

FIXED INCOME PERFORMANCE

Based on Board Policy, 58% of SCERS Assets (approximately \$180 million) are allocated to fixed income investments. The diversification of these fixed income assets is as follows.

- 50.5% Corporate Bonds, private placements, second trust deeds and other short term investments awaiting permanent investment in some other form of fixed income investment. These assets are managed internally by the City Treasurer's Office.
- 5% Utility common stocks as a bond substitute program (approved and implemented May 15, 1986). These assets are also managed internally by the City Treasurer's Office.
- 2.5% Real Estate fixed mortgages. All investments are approved by the Board upon presentation by WJS Associates (consultants).

Table II on the following page reflects the SCERS Performance of All Fixed Income Investments and diversification as follows:

TABLE II
SCERS
 Total Rate of Investment Return
 FIXED INCOME
 Annualized Compound Rate of Return
For Periods Ending FY June 30, 1988

	<u>1 year</u> <u>June 88</u>	<u>2 years</u> <u>June 87-88</u>	<u>3 years</u> <u>June 86-88</u>	<u>5 years</u> <u>June 84-88</u>
SCERS PERFORMANCE				
Total Fixed Income	7.0%	6.7%	13.3%	13.5%
SCERS Performance Ranking (Total Fixed Income) SEI Database	81st	47th	1st	10th
SCERS - Bonds Only	7.6%	7.1%	13.6%	13.7%
SCERS Performance Ranking (Bonds Only) SEI Database	56th	33rd	1st	7th
Salomon Bros. Broad Invest.-Grade Bond Index	8.1%	6.9%	11.0%	12.6%
SEI Funds Eval. (Bonds Only) Top Quartile	8.6%	7.4%	11.6%	12.8%
Median Return ^{1/}	7.8%	6.6%	10.5%	11.7%
SCERS - Mortgages Only	5.3%	7.8%	11.9%	12.1%
SCERS Utility Stocks Only	2.1%	3.4%	N/A	N/A

^{1/} The top quartile includes the top 25% of funds in the SEI database, whereas the median percentile includes the top 50% of funds.

Fixed income investment is a broad term used to categorize investments that are purchased for their income potential as opposed to principal growth or equity (ownership) potential. As an example, fixed or variable rate bonds, notes, debentures, mortgages, etc., are generally recognized as the most common forms of fixed income investments. Different investment plans, however, may include other investment assets in this diversification mix such as public utility common stocks, second trust deeds, mortgages, short term interest bearing instruments, etc.

Therefore, when comparing the investment results of a plan to a universe, it is necessary to understand the composition and the diversification of these assets to the plan. Knowledge of these differences make it possible to better understand and evaluate the performance of these plans.

Table II reveals that all SCERS Fixed Income Investments produced a 7.0% total rate of return for the one year period ending June 30, 1988, which ranked in the 81st percentile of the SEI database. Further, this table reveals that "Bonds Only" produced a 7.6% rate of return, and was ranked in the 56th percentile of the SEI database, whereas the "Mortgages Only" produced a 5.3% rate of return and the "Utility Stocks Only" produced a 2.1% rate of return.

Therefore, Mortgages and Utility Stocks pulled down the SCERS Fixed Income Investment results during this one year period. However, the SCERS Utility Stock Program was established as a Bond Substitute Program with a long term investment perspective. The Stock Market Debacle in October 1987 dramatically reduced the market value of equities during this fiscal year. Meanwhile, the dividend yields on utility stocks have continued to increase. Therefore, longer term, we feel that this Bond Substitute Program will meet the long term objectives under which the program was established.

Our long term strategy is best reflected in the SCERS long term results. Over five years, the SCERS Total Fixed Income Program earned a 13.5% rate of return, which ranks in the top 10th percentile of the SEI database. Also, over three years, the Program has earned 13.3% rate of return, which ranks in the 1st percentile.

There are three other factors that contributed to the SCERS Fixed Income Performance during this year. First, the investment characteristics of the participants in the SEI Fixed Income database have recently focused on a shorter term investment strategy. According to data from SEI, the median fund had over 75% of their investment holdings in Government Securities with an estimated 7 year average life. Conversely, the SCERS Fixed Income Portfolio was diversified into 27% Government Securities and 73% Corporate Bonds with an estimated 17 year average life. Since the SCERS Fixed Income Fund had a longer term investment strategy than the SEI database median, the performance of SCERS was impacted more than the median by rising interest rates.

Secondly, US Treasury Bond interest rates increased about +41 basis points during the year while spreads on long corporate bonds increased about +50 basis points (see Economic Commentary). This resulted in a greater impact on the SCERS Fixed Income Fund because 73% of the Fund was invested in corporate bonds. However, looking at the Salomon Brothers Broad Investment-Grade Bond Index and the Shearson Lehman Govt/Bond Index, which produced rates of return of 8.1% and 7.1% respectively, reveals that the SCERS Bond Portfolio return of 7.6% compared quite favorably to these other long term indices.

Finally, of a lesser impact this fiscal year, but of serious concern now and in future years, is the effect of Leveraged Buy-Outs (LBO) on the Industrial Bond Sector. At 6/30/88, the SCERS Fund had approximately 24% of the SCERS Fund invested in Industrial Bonds. The significant increase in LBO's has created two problems. First, the merging of two publicly held companies reduces the number of

issues available to investors. Secondly, LBO's are creating an unknown EVENT risk exposure to bondholders. A bondholder expects that the companies issuing Industrial debt will have the ability to pay off that debt. However, the leveraging of newly issued debt is placing that ability in jeopardy as well as decreasing the market value of the previously issued debt. These transactions have increased the exposure on the SCERS Bond Portfolio and any other institutions or individuals who are holding previously issued debt. Until we see some regulation or written commitments on behalf of shareholders or protective legislation that this risk will be minimized or dealt with, the SCERS Bond Fund will de-emphasize Industrial Bonds and place more emphasis on government securities and other fixed income investments with less event risk exposure.

EQUITY INVESTMENT PERFORMANCE

Equity investments are a broad term used to categorize investments that are purchased for their growth of principal or ownership potential as opposed to merely their income potential. Common stocks, convertible bonds, equity mortgages, real estate ownership (landlord) as opposed to a lender are investments commonly referred to as equity investments. Other investments that could be characterized as equity investments are gold/silver, commodities, covered options, etc. However, not all of these investments are necessarily owned by all investment funds, but can be included in the asset diversification base of those funds that purchase these types of investments.

By Board policy, 42% of the SCERS Assets are in equity investments. The following is a listing of the Board equity investment asset diversification:

Equity Investments

Batterymarch Financial Management (retained 1/1/83 as a common stock manager)	9%
Delaware Investment Advisors (retained 6/1/86 as a common stock manager)	9%
Newbold's Asset Management (retained 6/1/86 as a common stock manager)	9%
Axe-Houghton Management (retained 4/1/88 as a common stock manager)	4%
Lexington Capital Management (retained 4/1/88 as a common stock manager)	4%
Real Estate Equity (retained 1/12/82 WJS Associates as real estate advisor)	6%
Hard Assets (Gold/Silver) (managed in-house since 5/15/82)	<u>1%</u>

42%

The overall equity performance of the SCERS Investment Assets for varying periods, the performance of the SCERS Total Equity Program, the performance as compared to the SEI database as well as the S&P 500, and the performance of the individual SCERS Equity Managers can be found in Table III below:

TABLE III
SCERS
Total Rate of Investment Return
EQUITY INVESTMENTS
Annualized Compound Rate of Return
For Periods Ending FY June 30, 1988

	<u>1 year</u> <u>June 88</u>	<u>2 years</u> <u>June 87-88</u>	<u>3 years</u> <u>June 86-88</u>	<u>5 years</u> <u>June 84-88</u>
SCERS TOTAL EQUITY PERFORMANCE	-1.8%	10.5%	16.4%	11.1% <u>2/</u>
SEI Fund Evaluation Total Equity Investments	23rd	14th	39th	75th
SCERS (Equities Only)	-6.9%	8.6%	15.7%	10.3%
SEI Percentile Ranking (Equities Only) <u>1/</u>	53rd	26th	53rd	79th
SEI Fund Evaluation (Equities Only)				
Top Quartile	-3.7%	8.8%	17.6%	16.0%
Median Return	-6.6%	6.3%	15.9%	13.3%
S&P 500 Index	-6.9%	7.9%	16.5%	14.6%
EQUITY MANAGERS - TOTAL EQUITY INVESTMENTS				
SCERS - Batterymarch	-4.3%	13.0%	16.0%	12.7%
SCERS - Newbold's	-9.6%	4.6%	N/A	N/A
SCERS - Delaware	-3.4%	11.0%	N/A	N/A
SCERS - Lexington	N/A	N/A	N/A	N/A
SCERS - Axe Houghton	N/A	N/A	N/A	N/A

1/ The top quartile includes the top 25% of funds in the SEI database, whereas, the median percentile includes the top 50% of funds.

2/ Includes any previous equity managers that have subsequently been terminated.

Table III shows that the overall SCERS Equity Assets (including cash) produced a rate of return of -1.8% for the FY ending June 30, 1988, which ranked in the 23rd percentile of the SEI database. Compared to other relative indices, this fund performed well, although it still performed negatively. As is mentioned in the Economic Commentary, the October 1987 Stock Market Collapse, resulted in a substantial loss of market value to all equity funds. The "SCERS Equities Only" earned a -6.9% rate of return, which ranked in the 53rd percentile of the SEI database. Additionally, each of the rankings of the individual equity managers has been presented.

As mentioned in last year's report, we were concerned with the poor performance results from Alliance Capital Management and Batterymarch. Since the last report, Alliance Capital Management has been terminated, while we chose to retain Batterymarch. Batterymarch fell into the 32nd percentile ranking with their -4.3% return for FY ending June 30, 1988.

Additionally, the removal of Alliance Capital Management resulted in the hiring of two new equity managers, Axe-Houghton Management and Lexington Capital Management. The previous equity commitment made to Alliance was divided approximately in half, with each of these managers receiving an equal portion of those funds. The April, 1988 hiring of Axe-Houghton Management and Lexington Capital Management was too late to measure their performance results for this fiscal year.

The Board continuously monitors and reviews investment performance of the managers and places emphasis on longer term performance to maintain continuity and maximize investment results of the SCERS Assets.

ACTUARIAL VALUATION

The actuarial valuation report for the SCERS system as of June 30, 1988 is presented elsewhere in this report. The system made substantial progress during fiscal year 1987-88, which resulted in a decrease of 2.02% of payroll from that which was previously recommended by the system's actuary. This decrease resulted from the following factors:

1. Investment experience was more favorable than expected and decreased contribution rates.
2. Total salary including PERS, increased more than expected, which increased the expected amortization payroll base and reduced contribution rates.
3. Actuarial experience with respect to retirement, termination, and mortality was more favorable than expected.

The system's actuary has continued to use the assumptions employed in the past eight valuations. In the aggregate, these assumptions are considered to be reasonable. Sections I through IV of the actuarial report provide a comprehensive review of the system's financial worth and are worthy of thoughtful reading.

INDEPENDENT AUDIT

The City receives an independent audit of the books of account, financial records and the annual financial report of the Sacramento City Employees' Retirement System. An external audit has been performed for the year ending June 30, 1988 and the auditor's opinion can be found on Page 1 of the report.

SYSTEM ADMINISTRATION HIGHLIGHTS

The Board took the following actions during fiscal year 1987-88.

July	Approved the \$10,000,000 equity purchase of Discovery Plaza Shopping Center, corner of Truxel and West El Camino Avenue, Sacramento, California. This transaction was completed by assuming a \$6,000,000 loan and using \$4,000,000 of the monies available in real estate equity.
	Approved the \$2,250,000 loan to Jackson & Ekstrom Properties on property located at the corner of Power Inn and Fruitridge Roads, Sacramento, California.
	Purchased an \$8,000,000 Negotiable Certificate of Deposit (NCD) with Letter of Credit (LOC) in connection with the Arco Arena.
August	Approved new service fee schedule with SEI.
October	Thomas P. Friery, City Treasurer, reviewed the impact of the October 1987 stock market debacle on SCERS Assets.
	Approved \$25,000 expenditure to remove and reseal roof area around the skylights at the 1414 K Street Building.
November	Received and adopted June 30, 1987 actuarial valuation from Towers, Perrin, Forster & Crosby, Inc.
December	\$2,450,000 Price Club Commercial Paper private placement investment purchased with fixed income funds.
January	Election of David DeCamilla as Chairman and Thomas P. Friery as Vice Chairman.
	Approved \$20,000 expenditure to split 21,600 sq. ft. into smaller bays at the Enterprise Building.
	Adopted resolution establishing dates and time for regular meetings, January through November and rescheduling the regular December meeting to the first working Monday of January.
	Adopted resolution authorizing the Vice Chairman, in absence of the Chairman, to execute documents.

January Initiated 1st CADA drawdown up to a maximum of \$450,000. All drawdowns to be completed by August 1, 1988.

February Received \$2,000,000 (additional collateral from ARCO/Arena transaction, associated with \$8,000,000 NCD-LOC)

Approved additional expenditures of \$303,478 to complete remodeling of second and third floor and to change corridor lighting on second through sixth floor at the 1414 K Street Building.

Revised the allocation percentages of the various categories of SCERS's Portfolio Assets as follows:

Fixed 58%

- a. Fixed Income - Bonds 50.5%
- Utility Stocks Bond Substitute 5%
- b. Residential Mortgages & Misc Fixed 2.5%

Equity 42%

Alliance	8%
Batterymarch	9%
Delaware	9%
Newbold's	9%
Hard Assets	1%
Real Estate Equity	6%

March Selected Axe-Houghton Management, Inc. and Lexington Capital Management, Inc. as equity core portfolio managers for the SCERS and terminated the services of Alliance Capital Management Corporation as a core equity portfolio manager.

Adopted resolution to continue to retain the actuarial services of Towers, Perrin, Forster & Crosby.

April Revised the allocation percentages of the various categories of SCERS Portfolio Assets as follows:

Fixed 58%

- a. Fixed Income - Bonds 50.5%
- Utility Stocks Bond Substitute 5%
- a. Fixed Income 55.5%
- b. Residential Mortgages & Misc Fixed 2.5%

Equity 42%

Axe-Houghton	4%
Lexington	4%
Batterymarch	9%
Delaware	9%
Newbold's	9%
Hard Assets	1%
Real Estate Equity	6%

April Adopted new interest rate credit to contributions from 10.50% to 11.50% effective July 1, 1988.

May The Arco Arena/Security Pacific National Bank NCD-LOC was completed.

Approved expenditure to install protective window coverings at the 1414 K Street Building.

Approved taking legal action against Natural Grocers and Diamond National, former tenants of the Enterprise Buildings, for failure to comply with their lease.

June Maturity of the Price Club Commercial Paper transaction.

CURRENT

August 1988 Issued \$450,000 CADA, 5 year note at 10.5%

September Adopted Private Placement Investment Resolution.

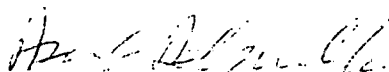
Approved expenditure of \$18,000 to dry wall interior walls on the new improvements at the Enterprise Building.

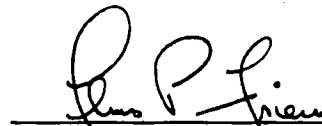
CONCLUSION

The continued interest and input from active members and retirees of the Sacramento City Employee's Retirement System greatly assists the Board in accomplishing our goals and is very much appreciated.

Regular meetings of the Board are held in Conference Room 103, 801 - 9th Street, at 1:30 p.m. the fourth working Monday of each month, January through November. No regular meeting of the Board is held during the month of December. An additional regular meeting of the Board is held at 1:30 p.m. on the first working Monday of January. In the event that the fourth Monday of the month falls on a recognized holiday, the regular meeting will be held on the third working Monday of that month.

Your ideas, comments and presence regarding areas of interest and concern will be appreciated.


David DeCamilla, Chairman
Administration, Investment and
Fiscal Management Board


Thomas P. Friery, Vice Chairman
Administration, Investment and
Fiscal Management Board

MEMBERS OF THE ADMINISTRATION, INVESTMENT
AND FISCAL MANAGEMENT BOARD
AND
DESIGNATED ALTERNATES

David DeCamilla, Chairman, Citizen Representative
Thomas Friery, Vice Chairman (Donald Sperling, designated alternate)
Betty Masuoka, (Mike Stamper, designated alternate)
Jo Ann Frierson, Citizen Representative
Walter J. Slipe (Terry Wolford, designated alternate)

POLICY STATEMENT

It is hereby resolved by the Administration, Investment and Fiscal Management Board that it is the policy of the Board to include the following schedules as addendum to the Annual Financial Report of the Sacramento City Employees' Retirement System:

- 1) A letter of transmittal to the City Council from the Chairperson of the Board
- 2) A certified public accountant's report
- 3) A statement of the Fund's financial position
- 4) A summary schedule of changes in the investment position during the year by security type
- 5) A detailed listing of investments (by security) as of the end of the fiscal year
- 6) A statement from the actuary showing the estimated position of the Fund based on latest actuarial projections
- 7) The policy statement of the Board. The Board shall notify recognized employee organizations and the City Council of any changes in the policy statement that are to be made.

Adopted May 1978

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FINANCIAL SECTION



December 7, 1988

Participants and Administration,
Investment and Fiscal Management Board
Sacramento City Employees' Retirement System
Sacramento, California

We have examined the balance sheets of the Sacramento City Employees' Retirement System as of June 30, 1988 and 1987, and the related statements of revenues, expenses and changes in fund balance and changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of the Sacramento City Employees' Retirement System as of June 30, 1988 and 1987, and the results of its operations and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Our examinations were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The data designated as additional information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information for the years ended June 30, 1988, 1987, and 1986 has been subjected to the auditing procedures applied in the examination of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. Information for years 1985 and prior has been subjected to the auditing procedures applied in the examination by other auditors of the basic financial statements for those years. Their reports on such information expressed the opinion that such information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Participants and Administration,
Investment and Fiscal Management Board
December 7, 1988
Page Two

The other data included in this report, designated as the statistical and actuarial valuation sections in the table of contents, were not audited by us and, accordingly, we do not express an opinion on such data.

Tomle Ross & Co.

Certified Public Accountants

SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM

BALANCE SHEETS

	<u>Fiscal Year Ended June 30,</u>	
	<u>1988</u>	<u>1987</u>
ASSETS		
Investments	\$286,211,265	\$260,276,481
Cash and short-term investments	36,312,857	26,850,897
Interest receivable	3,385,063	2,531,666
Contributions receivable	344,884	332,202
	<hr/>	<hr/>
Total assets	326,254,069	289,991,246
	<hr/>	<hr/>
LIABILITIES		
Benefits payable	1,145,301	1,170,099
Accounts payable	213,726	229,462
Note payable	6,000,000	
	<hr/>	<hr/>
Total liabilities	7,359,027	1,399,561
	<hr/>	<hr/>
Net assets available for benefits	\$318,895,042	\$288,591,685
	<hr/>	<hr/>
FUND BALANCE		
Actuarial present value of projected benefits payable to current retirees and beneficiaries	\$191,177,881	\$182,874,298
Actuarial present value of projected benefits payable to terminated vested participants	1,965,714	2,164,340
Actuarial present value of credited projected benefits for active employees:		
Member contributions	79,033,488	70,652,388
Employer-financed portion	107,616,284	119,106,655
	<hr/>	<hr/>
Total actuarial present value of credited projected benefits	379,793,367	374,797,681
Unfunded actuarial present value of credited projected benefits	(60,898,325)	(86,205,996)
	<hr/>	<hr/>
Total fund balance	\$318,895,042	\$288,591,685
	<hr/>	<hr/>

See notes to financial statements

SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE

	<u>Fiscal Year Ended June 30,</u>	
	<u>1988</u>	<u>1987</u>
Revenues:		
Investment Income:		
Dividends and interest	\$ 19,587,205	\$ 18,661,126
Net gain on sale of investments	8,542,403	12,576,797
Rental of real property	2,024,796	1,020,404
Miscellaneous income	31,077	
	<u>30,185,481</u>	<u>32,258,327</u>
Contributions:		
Members	4,232,702	4,178,699
City of Sacramento:		
Normal cost contribution	5,944,854	6,034,553
Amortization of prior service liabilities	7,814,005	9,049,193
Charter Section 175 and prior service plans	297,895	332,148
	<u>18,289,456</u>	<u>19,594,593</u>
Total revenues	<u>48,474,937</u>	<u>51,852,920</u>
Expenses		
Payment of benefits	15,431,643	14,457,747
Withdrawals by terminating employees	645,910	395,621
Administrative expenses	1,649,652	1,119,065
Interest	444,375	
Total expenses	<u>18,171,580</u>	<u>15,972,433</u>
Excess of revenues over expenses	30,303,357	35,880,487
Fund balance, beginning of year	288,591,685	252,711,198
Fund balance, end of year	<u>\$318,895,042</u>	<u>\$288,591,685</u>

See notes to financial statements

SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM

STATEMENTS OF CHANGES IN FINANCIAL POSITION

	<u>Fiscal Year Ended June 30,</u>	
	<u>1988</u>	<u>1987</u>
CASH WAS PROVIDED BY:		
Excess of revenues over expenses	\$ 30,303,357	\$ 35,880,487
Items not affecting cash:		
Gain on sale of investments	(8,542,403)	(12,576,797)
Amortization of premium on investments	164,257	211,739
	<hr/>	<hr/>
Cash provided by operations	21,925,211	23,515,429
Proceeds from sale of investments	138,654,803	207,244,674
Decrease (increase) in contributions receivable	(12,682)	38,806
(Decrease) increase in accounts/benefits payable	(40,534)	150,618
Increase in notes payable	6,000,000	
	<hr/>	<hr/>
Total sources of cash	166,526,798	230,949,527
CASH WAS USED FOR:		
Purchases of investments	156,211,441	224,588,097
Increase of interest receivable	853,397	273,942
	<hr/>	<hr/>
Total uses of cash	157,064,838	224,862,039
	<hr/>	<hr/>
Increase in cash and short-term investments	<u>\$ 9,461,960</u>	<u>\$ 6,087,488</u>

See notes to financial statements

SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS Fiscal Year Ended June 30, 1988

NOTE A - DESCRIPTION OF RETIREMENT PLANS

The City of Sacramento (City) sponsors and administers a defined benefit contributory pension plan known as the Sacramento City Employees' Retirement System (SCERS). It is a single employer plan and is accounted for as a separate pension trust fund and covers all City employees hired before January 29, 1977 (approximately 44% of employees). Employee contributions under this plan are generally frozen (with minor exceptions) and the City, pursuant to a 1976 ballot measure, is responsible for the actuarially determined unfunded obligation of the plan. The Sacramento City Employees' Retirement System consists of the following plans:

1. Charter Section 399 Plan - This defined benefit plan was established effective January 1, 1977 to provide retirement, disability and death benefits substantially identical to those of the Equal Shares Plan. At June 30, 1988 and June 30, 1987, 1433 and 1471 active employees were participating in this plan, contributing at a rate established in 1969, based upon entry age and type of employment. The City is required to fund all costs in excess of employees' contributions.
2. Equal Shares Plan - This defined benefit plan was established July 1, 1970 to provide retirement, disability and death benefits to all City employees electing coverage at that date and to all employees who were hired from that date through January 1, 1977. At June 30, 1988 and June 30, 1987, 2 and 2 active employees were participating in this plan, contributing at a rate (based upon entry age and type of employment) which became effective April 23, 1977, based on an actuarial valuation as of June 30, 1976. The City is required to match employee contributions.
3. Charter Section 175 Plans - These defined benefit plans were established in 1953 and provide for retirement, disability and death benefits at a lower amount than the successor Equal Shares Plan. At June 30, 1988 and June 30, 1987, 72 and 77 active employees were participating in these plans. The City is contributing sufficient amounts to fund plan benefits and costs in excess of employee contributions. Members' normal rates of contribution may be changed by the Board on the basis of periodic actuarial valuations and investigations.

4. Cost-of-Living Adjustment - This adjustment, established in 1969, provides for annual retirement benefit increases of up to 3% of normal benefits based on a corresponding rise in the consumer price index. Cost of living benefits are payable to retirees and beneficiaries of all of the above plans after one year of retirement. Members contribute (by Charter) for this adjustment at a rate of 6.7% of their normal retirement contributions and the City is required to fund all costs in excess of members' contributions.

At June 30, 1988 and June 30, 1987, 1,507 and 1,561 participants were receiving pension benefits under the various plans of the Sacramento City Employees' Retirement System.

City employees hired after January 28, 1977 are required to join the Public Employees' Retirement System of the State of California (PERS). At June 30, 1988 and June 30, 1987, 1,905 and 1,765 employees were participating in PERS.

The fiscal management of SCERS is vested in the five member Administration, Investment and Fiscal Management Board (Board) consisting of the City Manager, Director of Finance, and City Treasurer of the City of Sacramento and two public members (one having financial experience). Cash, bonds and investments in gold and silver are managed by the Treasurer of the City of Sacramento. Corporate stocks, stock options and real estate are managed by outside investment advisors. All investment transactions are reviewed by the Board.

Participant contribution rates and the method of computing benefits are generally fixed at the amount existing prior to the last electorate approved Charter change on November 2, 1976. The City assumes primary responsibility for the financing of all plan costs in excess of employee contributions. The manner in which the City costs are funded is determined by the five member board in accordance with actuarial advice and strict funding guidelines. SCERS's unfunded liabilities are (by Charter) being funded over the period from 1976 to 2007 (Note D).

At June 30, 1988 and June 30, 1987, active members' accumulated contributions including interest (for all plans) totalled approximately \$79 million and \$71 million. These employee contributions and their related vested benefits are included in the accompanying financial statements. For the fiscal years ended June 30, 1988 and June 30, 1987, interest was credited to members' contributions at the rate of 10.50% and 10.00%. Members have an option to withdraw their accumulated contributions, including interest, upon termination of their employment with the City.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PLAN ASSET MATTERS

Financial Statement Presentation

The accompanying financial statements are presented in accordance with the accounting and reporting principles set forth in National Council on Governmental Accounting (NOGA) Statement 6 "Pension Accounting and Financial

Reporting: Public Employee Retirement Systems and State and Local Government Employers", as interpreted by NOGA Interpretation 8.

Basis of Accounting

All accounting and personnel records for the SCERS are maintained by the City. Financial statements are prepared on the accrual basis of accounting. The accompanying financial statements report assets which are available for the payment of benefits to participants of the various retirement plans of SCERS excluding PERS assets. Contributions are recognized as revenues in the period in which services are performed.

Investments

Investments in bonds and debt securities are recorded at amortized cost (defined as cost net of bond premium and discount amortization). Premiums and discounts on bonds and mortgage loans are amortized over the terms of the applicable investment. Investments at amortized cost and at current market value are summarized in Note C. Gains and losses on sales of fixed income securities are recognized using the completed transaction method of accounting. Gold and silver is carried at cost, which approximates market. Real estate is stated at cost which is not in excess of market.

NOTE C - CASH AND INVESTMENTS

At June 30, 1988, SCERS deposits were entirely covered by federal depository insurance or by collateral pools. SCERS participates in the City of Sacramento cash and investment pool, which is managed by the City Treasurer. Deposits at June 30, 1988 consisted of the following:

Equity in pooled cash and investments of	
the City of Sacramento	\$ 22,598,482
Money market funds	13,714,375
	<hr/>
	\$ 36,312,857
	<hr/>

Investment standards for funds as set forth by the Board of SCERS authorize the City Treasurer to invest in debt securities, equity securities, promissory notes, real estate equities or other securities or investments deemed to be prudent by the Board.

Promissory notes cannot individually exceed 25% of the investment portfolio, while real estate equities and other securities or investments cannot exceed 10% and 25% of the total assets of SCERS, respectively. Investment purchases are also subject to certain criteria which include financial requirements for issuers of equity securities, limitations on the amount of any individual investment and types of assets which qualify as security on investments purchased.

SCERS investments are categorized below to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the City

or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the City's name.

	CATEGORY		CARRYING AMOUNT	MARKET VALUE
	1	2		
Government bonds and notes	\$ 13,864,730	\$	\$ 13,864,730	\$ 14,042,135
Corporate bonds	94,361,159		94,361,159	88,245,989
Mortgage-backed certificates	39,379,172		39,379,172	38,467,781
Equity securities	106,310,024		106,310,024	107,398,645
Gold and silver		3,020,675	3,020,675	2,530,215
Mortgage loans	7,190,049	33,531	7,223,580	7,368,795
Real estate	22,051,925		22,051,925	22,580,000
	<u>\$283,157,059</u>	<u>\$3,054,206</u>	<u>\$286,211,265</u>	<u>\$280,633,560</u>

NOTE D - FUNDING STATUS AND PROGRESS

On November 28, 1988, the Board accepted an actuarial valuation as of June 30, 1988 prepared by independent actuaries. The actuaries estimated that the total actuarial present value of credited projected benefits (pension benefit obligation) and the unfunded pension benefit obligation have changed from approximately \$374,798,000 and \$86,206,000 at June 30, 1987 to approximately \$379,793,000 and \$60,898,000 at June 30, 1988. The "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The "pension benefit obligation" essentially represents vested benefits because benefits fully vest after five years of service, and admission to the plan was restricted in 1976 and closed in 1980. The measure is independent of the actuarial funding method used to determine contributions to SCERS, discussed in Note E below.

The actuarial method utilized in this valuation is the projected unit credit method. Significant assumptions used by the actuarial firm in the preparation of the report are as follows:

1. Interest on investments at 7%, compounded annually.
2. Compensation increases of 5% per year.
3. Consumer price index increases of 3% per year.
4. Social security wage base increases of 4% per year.
5. Retirement, withdrawal and disability assumptions are based upon SCERS experience. Mortality assumptions are based in part upon the experience of other public systems and group annuity tables published by the Society of Actuaries.

NOTE E - CONTRIBUTIONS REQUIRED AND CONTRIBUTIONS MADE

SCERS funding policy provides for actuarially determined periodic contributions under the entry age normal method which are discounted and adjusted annually to assure that sufficient assets will be available to pay benefits when due. Since the plans included in SCERS are closed to new hires, the number of active members in the system is declining. Although member contributions will eventually decline as members leave the system, salary increases for active members have offset the salaries of those who have left, thereby stabilizing the amount of member contributions. Employer contributions have, and will continue to increase, as the payments made by the City are related to total payroll (including PERS members) which is increasing. The actuarial valuation report recommends that the City's contribution for the amortization of the unfunded obligation be 4.69% of total payroll (including PERS) through June 30, 2007.

The significant actuarial assumptions used to compute the actuarially determined contribution requirement are the same as those used to compute the pension benefit obligation as discussed in Note D above.

Contributions to SCERS for the year ended June 30, 1988 totalling \$18.3 million consisted of (a) \$10.5 million normal cost (20.4 percent of covered payroll) and (b) \$7.8 million amortization of the unfunded pension benefit obligation (15.1 percent of covered payroll). The City contributed \$14.1 million (27.4 percent of covered payroll) and members contributed \$4.2 million (8.1 percent of covered payroll).

NOTE F - NOTE PAYABLE

A 9.875% note is payable to Travelers Insurance Company in monthly installments of interest only to March 1, 1992, monthly installments of \$52,101, including principal and interest from April 1, 1992 to February 1, 1997, with remaining principal due in full on March 1, 1997, and is secured by land and building. Annual principal maturities are:

Year ended June 30:

1992	\$ 8,245
1993	35,085
Thereafter	5,956,670
	<hr/>
	\$6,000,000
	<hr/>

NOTE G - TEN YEAR HISTORICAL TREND INFORMATION

Ten year historical trend information designed to provide information about SCERS' progress made in accumulating sufficient assets to pay benefits when due is as follows:

Revenues by Source and Expenses by Type:

Fiscal Year	Revenues by Source				Total
	Employee Contributions	Employer Contributions	Investment Income	Other	
1979	\$3,259,653	\$ 3,210,229	\$ 7,110,002		\$13,579,884
1980	3,632,766	8,862,309	8,739,868		21,234,943
1981	3,871,011	10,316,322	11,564,557		25,754,521
1982	4,135,774	11,987,708	13,280,039		29,403,521
1983	3,783,072	12,519,400	20,557,602	\$ 107,662	36,967,736
1984	4,107,672	14,089,992	16,252,164	589,536	35,039,364
1985	3,945,606	13,974,285	16,317,222	642,171	34,880,284
1986	3,952,935	14,143,513	34,057,032	613,806	52,767,286
1987	4,178,699	15,415,894	31,237,923	1,020,404	51,852,920
1988	4,232,702	14,056,754	30,154,404	31,077	48,474,937

Fiscal Year	Expenses by Type				Total
	Benefits	Administrative Expenses	Withdrawals	Other	
1979	\$ 6,605,482	\$ 51,952	\$665,887	\$ 514,690	\$ 7,838,011
1980	7,324,925	59,233	524,312	1,862,015	9,770,485
1981	7,835,360	74,588	575,078	1,192,003	9,677,029
1982	8,504,909	77,757	573,565	158,635	9,314,866
1983	9,672,332	298,173	399,946	161,312	10,531,763
1984	10,891,152	839,535	531,720		12,262,407
1985	12,095,003	868,451	401,809	766,000	14,131,263
1986	13,261,740	903,646	782,247		14,947,633
1987	14,457,747	1,119,065	395,621		15,972,433
1988	15,431,643	1,649,652	645,910	444,375	18,171,580

Contributions were actuarially determined.

Analysis of Funding Progress:
(in millions of dollars)

<u>Fiscal Year</u>	<u>Net Assets Available for Benefits*</u>	<u>Pension Benefit Obligation **</u>	<u>Percentage Funded</u>	<u>Unfunded Pension Benefit Obligation</u>	<u>Annual Covered Payroll***</u>	<u>Unfunded Pension Benefit Obligation as a percentage of Covered Payroll</u>
1979	\$ 97.2	\$220.3	44.1%	\$123.1	\$ 53.3	230.9%
1980	108.7	244.9	44.4	136.2	62.7	217.2
1981	124.7	263.2	47.4	138.5	65.5	211.5
1982	144.8	280.5	51.6	135.7	67.7	200.4
1983	171.2	306.0	56.0	134.8	72.1	187.0
1984	194.1	333.2	58.3	139.1	76.2	182.5
1985	214.9	351.6	61.1	136.7	86.6	157.8
1986	252.7	368.5	68.6	115.8	95.2	121.6
1987	288.6	374.8	77.0	86.2	104.5	82.5
1988	318.9	379.8	83.9	60.9	111.1	54.8

Analysis of the dollar amounts of net assets available for benefits, pension benefit obligation, and unfunded pension benefit obligation in isolation can be misleading. Expressing the net assets available for benefits as a percentage of the pension benefit obligation provides one indication of SCERS funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the system. Trends in funded pension benefit obligation and annual covered payroll are both affected by inflation. Expressing the unfunded pension benefit obligation as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of SCERS progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the system.

* At cost (See Note B.)

** The pension benefit obligation for years prior to 1986 represents the present value of future contributions to be made by SCERS as determined under the actuarial funding method. The pension benefit obligation for 1986 and 1987 represent the actuarial present value of credited projected benefits as determined under the standardized measure (unit credit actuarial cost method) of such obligation.

*** Annual covered payroll includes total payroll costs for the City of Sacramento. The City Charter amendment of 1976 provides that the unfunded liability be amortized as a percentage of total payroll as opposed to covered payroll in determining contribution requirements.

ADDITIONAL INFORMATION SECTION



SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM

HISTORICAL SCHEDULE OF FUNDING RATIO

	June 30, 1988	June 30, 1987	June 30, 1986	June 30, 1985	July 6, 1984	July 1, 1983	July 2, 1982	June 30, 1981	June 30, 1980
	-----	-----	-----	-----	-----	-----	-----	-----	-----
Actuarial obligation (2)	\$379,793,367	\$374,797,681	\$368,489,849	\$351,592,196	\$333,245,314	\$306,044,694	\$280,456,322	\$263,227,300	\$244,886,773
Net assets available for benefits	318,895,042	288,591,685	252,711,198	214,891,545	194,142,524	171,248,312	144,812,339	124,723,684	108,645,823
	-----	-----	-----	-----	-----	-----	-----	-----	-----
Unfunded obligation	\$60,898,325	\$86,205,996	\$115,778,651	\$136,700,651	\$139,102,790	\$134,796,382	\$135,643,983	\$138,503,616	\$136,240,950
	=====	=====	=====	=====	=====	=====	=====	=====	=====
Funding ratio (1)	0.84:1	0.77:1	0.69:1	0.61:1	0.58:1	0.56:1	0.52:1	0.47:1	0.44:1

(1) The funding ratio represents that portion of the total actuarial obligation for which there are net assets available for benefits.

(2) The actuarial obligation for years prior to 1986 represents the present value of future payments to be made by the System as determined under the actuarial funding method. The actuarial obligation for 1986, 1987, and 1988 represents the actual present value of credited projected benefits as determined under the unit credit cost method.

SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM

EIGHT-YEAR SCHEDULE OF CONTRIBUTION INCOME

CITY OF SACRAMENTO

Fiscal Year	Members	Normal	Amortization of Unfunded Liability	Pay-as-you go	Total
1987 - 1988	\$4,232,702	\$5,944,854	\$7,814,005	\$297,895	\$18,289,456
1986 - 1987	4,178,699	6,034,553	9,049,193	332,148	19,594,593
1985 - 1986	3,952,935	5,569,443	8,198,118	375,952	18,096,448
1984 - 1985	3,945,606	5,521,734	8,049,000	403,551	17,919,891
1983 - 1984	4,107,672	5,953,979	7,708,687	427,326	18,197,664
1982 - 1983	3,783,072	5,602,252	6,473,397	443,751	16,302,472
1981 - 1982	4,135,774	5,825,858	5,673,275	488,575	16,123,482
1980 - 1981	3,871,011	5,468,338	4,332,438	515,546	14,187,333

SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM
SUMMARY OF INVESTMENTS

Investment Categories	Amortized Cost		Approximate Market		Percentage of Total Investments	
	1988	1987	1988	1987	1988	1987
	----	----	----	----	----	----
Government bonds and notes:						
United States Treasury Notes	\$4,483,200	\$8,487,493	\$4,916,395	\$9,479,990	1.57%	3.26%
United States Treasury Bonds	6,628,857	0	6,600,930	0	2.32%	.00%
United States Agencies	106,193	126,116	95,372	123,021	.04%	.05%
Canadian and Foreign	2,646,479	2,646,193	2,429,438	2,446,875	.92%	1.02%
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	13,864,730	11,259,802	14,042,135	12,049,886	4.84%	4.33%
	-----	-----	-----	-----	-----	-----
Corporate bonds:						
Public Utilities - Communications	5,984,694	5,548,810	5,106,563	4,696,775	2.09%	2.12%
Public Utilities - Electric	18,099,443	14,129,677	16,111,852	12,451,385	6.32%	5.43%
Public Utilities - Gas	1,131,501	1,131,465	1,054,466	1,060,417	.40%	.43%
Industrials	30,536,230	24,978,703	28,445,772	23,445,693	10.67%	9.60%
Bank and Finance	38,171,969	34,155,031	37,120,838	34,110,068	13.34%	13.13%
Transportation	47,000	1,415,898	44,298	1,504,401	.02%	.54%
Private Placements	390,321	649,200	362,200	632,238	.14%	.25%
Real Estate Short Term Investments	0	2,981,057	0	2,981,057	.00%	1.15%
	-----	-----	-----	-----	-----	-----
	94,361,159	84,989,841	88,245,989	80,882,034	32.97%	32.65%
	-----	-----	-----	-----	-----	-----
Total Bonds and Notes	108,225,889	96,249,643	102,288,124	92,931,920	37.81%	36.98%
	-----	-----	-----	-----	-----	-----
Mortgage-backed certificates	39,379,172	38,978,816	38,467,781	38,327,968	13.76%	14.97%
Equity securities	106,310,024	109,539,270	107,398,645	130,839,966	37.14%	42.08%
Gold and Silver	3,020,675	172,625	2,530,215	182,800	1.06%	.07%
Mortgage loans	7,223,580	3,998,996	7,368,795	4,395,857	2.52%	1.54%
Real estate	22,051,925	11,337,131	22,580,000	11,337,131	7.70%	4.36%
	-----	-----	-----	-----	-----	-----
	177,985,376	164,026,838	178,345,436	185,083,722	62.19%	63.02%
	-----	-----	-----	-----	-----	-----
Total Investments	\$286,211,265	\$260,276,481	\$280,633,560	\$278,015,642	100.00%	100.00%
	=====	=====	=====	=====	=====	=====

SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM
ANALYSIS OF NET INVESTMENT INCOME

	Fiscal Year ended June 30, 1988			Fiscal Year ended June 30, 1987			Fiscal Year ended June 30, 1986		
Investments and Cash	Investment- Amortized Cost	Investment- Market	Investment- Revenues	Investment- Amortized Cost	Investment- Market	Investment- Revenues	Investment- Amortized Cost	Investment- Market	Investment- Revenues
Bonds	\$108,225,889	\$102,288,124	\$8,929,957	\$96,249,643	\$92,931,920	\$11,447,125	\$115,798,471	\$116,542,226	\$8,527,294
Mortgage-backed certificates	39,379,172	38,467,781	3,589,053	38,978,816	38,327,968	1,062,761	13,333,269	14,167,546	1,660,166
Equity securities	106,310,024	107,398,645	4,665,673	109,539,270	130,839,966	3,781,589	91,274,488	102,109,356	2,314,495
Mortgage loans	7,223,580	7,368,795	681,322	3,998,996	4,395,857	628,604	5,059,557	5,560,588	650,440
Gold and Silver	3,020,675	2,530,215		172,625	182,800		412,008	408,160	
Real estate	22,051,925	22,580,000	2,024,796	11,337,131	11,337,131	1,020,404	4,690,207	4,690,207	613,807
	286,211,265	280,633,560	19,890,802	260,276,481	278,015,642	17,940,483	230,568,000	243,478,083	13,766,202
Cash & short term investments	36,312,857	36,312,857	1,721,199	26,850,897	26,850,897	1,741,048	20,763,409	20,763,409	1,697,917
	\$322,524,122	\$316,946,417	21,612,001	\$287,127,378	\$304,866,539	19,681,531	\$251,331,409	\$264,241,492	15,464,119
	=====	=====		=====	=====		=====	=====	
Additional investment revenues (expenses):									
Miscellaneous income			31,077						
Net gain on disposition of assets			8,542,403			12,576,797			19,206,719
Real estate interest expense			(444,375)						
Administrative expenses			(1,649,652)			(1,119,065)			(903,646)
			-----			-----			-----
Net investment income			\$28,091,454			\$31,139,263			\$33,767,192
			=====			=====			=====
Net rate of return (3-year ave	12.524%		9.661%			12.276%			15.636%

I

Net rate of return = A + B - I

2 2

I = Net investment income

A = Beginning investable assets

B = Ending investable assets

SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN INVESTMENT POSITION
JUNE 30, 1988

Description	Balance	Additions	Disposals	Amortization	Balance	Market Value	
	June 30, 1987			of (Premium) or Discount	June 30, 1988	June 30, 1988	June 30, 1987
Bonds	\$96,249,643	\$33,526,128	(\$21,367,605)	(\$182,276)	\$108,225,889	\$102,288,124	\$92,931,920
Mortgage-backed certificates	38,978,816	2,013,837	(1,613,481)	0	39,379,172	38,467,781	38,327,968
Equity securities	109,539,270	98,307,921	(101,537,167)	0	106,310,024	107,398,645	130,839,966
Mortgage loans	3,998,996	5,989,964	(2,783,399)	18,019	7,223,580	7,368,795	4,395,857
Silver	172,625	5,658,798	(2,810,748)	0	3,020,675	2,530,215	182,800
Real Estate	11,337,131	10,714,793	0	0	22,051,925	22,580,000	11,337,131
	260,276,481	156,211,441	(130,112,400)	(164,257)	286,211,265	280,633,560	278,015,642
Cash	26,850,897	9,461,960			36,312,857	36,312,857	26,850,897
	\$287,127,378	\$165,673,401	(\$130,112,400)	(\$164,257)	\$322,524,122	\$316,946,417	\$304,866,539
	=====	=====	=====	=====	=====	=====	=====

SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM
BONDS AND NOTES
JUNE 30, 1988

Description	Coupon Rate	Maturity Date	Par Value (000's)	Amortized Cost	Average Book Yield	Market Value

Treasury Notes						

U. S. Treasury Note	10.500%	04/15/90	\$500	\$499,676	10.526%	\$520,155
U. S. Treasury Note	11.750%	11/15/93	1,000	1,001,468	11.323%	1,136,560
U. S. Treasury Note	11.750%	11/15/93	2,000	1,990,989	11.524%	2,273,120
U. S. Treasury Note	8.625%	08/15/97	1,000	991,068	8.800%	986,560
			-----	-----	-----	-----
Subtotal Treasury Notes			4,500	4,483,200	10.992%	4,916,395
			-----	-----	-----	-----
Treasury Bonds						

U. S. Treasury Bond	7.500%	11/15/16	1,000	886,702	8.780%	845,310
U. S. Treasury Bond	7.500%	11/15/16	1,000	879,086	8.884%	845,310
U. S. Treasury Bond	8.750%	05/15/17	1,000	996,732	8.621%	973,440
U. S. Treasury Bond	8.875%	08/15/17	1,000	990,005	9.003%	987,810
U. S. Treasury Bond	8.875%	08/15/17	1,000	969,304	9.254%	987,810
U. S. Treasury Bond	8.750%	05/15/17	1,000	1,021,050	8.341%	973,440
U. S. Treasury Bond	8.875%	08/15/17	1,000	885,979	10.322%	987,810
			-----	-----	-----	-----
Subtotal Treasury Bonds			7,000	6,628,857	9.112%	6,600,930
			-----	-----	-----	-----
Corporate Bonds						

Gen'l Motors Acceptance	8.875%	02/01/91	2,000	1,996,381	8.966%	2,012,500
Eastman Kodak Bonds	8.625%	06/15/16	3,000	2,887,389	9.015%	2,591,250
Eastman Kodak Bonds	8.625%	06/15/16	1,000	975,364	8.841%	863,750
Eastman Kodak Bonds	8.625%	06/15/16	1,000	980,047	8.769%	863,750
			-----	-----	-----	-----
Subtotal Corporate Bonds			7,000	6,839,181	9.027%	6,331,250
			-----	-----	-----	-----
Negotiable CD's						

Security Pacific Neg. CD	8.000%	12/12/88	8,000	8,000,000	8.201%	8,000,000
			-----	-----	-----	-----
Subtotal Negotiable CD's			8,000	8,000,000	8.201%	8,000,000
			-----	-----	-----	-----

SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM
BONDS AND NOTES
JUNE 30, 1988

Description	Coupon Rate	Maturity Date	Par Value (000's)	Amortized Cost	Average Book Yield	Market Value

U. S. Agencies						

FHL Mort. Gar. Cert.	8.050%	03/16/07	107	106,193	8.127%	95,372

Subtotal U. S. Agencies			107	106,193	8.110%	95,372

Banks and Finance						

Aetna Bonds	8.000%	01/15/17	2,000	1,727,542	9.569%	1,697,500
Aetna Corp Deb	8.000%	01/15/17	1,000	858,219	9.660%	848,750
Aetna Life & Cas Co Deb	8.125%	10/15/07	200	199,301	8.172%	175,500
Cameron Financial Corp Debs	7.500%	12/01/02	200	199,379	7.575%	175,500
Fireman's Fund	10.500%	01/15/18	2,000	2,091,000	9.957%	2,015,000
General Motors Accep Corp Deb	7.750%	10/01/94	350	349,107	7.869%	321,125
General Motors Accep Corp Deb	7.250%	03/01/95	200	199,566	7.337%	179,500
General Motors Accep Corp Deb	8.650%	02/15/08	100	100,000	8.656%	88,750
General Motors Accep Corp Deb	8.875%	06/01/99	100	99,820	8.948%	93,500
Great Western Med Term	9.600%	03/15/91	500	500,000	9.625%	502,780
Great Western Med Term	9.750%	06/15/91	850	850,000	9.776%	858,143
Great Western Med Term	10.450%	11/30/92	500	508,136	9.773%	527,590
Great Western Note	10.600%	12/06/93	2,000	2,000,000	10.628%	2,048,840
Great Western Note	8.750%	03/07/90	1,000	1,000,000	8.773%	990,720
Great Western Note	8.850%	03/07/91	1,000	1,000,000	8.873%	988,220
Great Western Med Term	10.450%	11/30/92	1,000	1,008,821	10.022%	1,055,180
Great Western Note	9.450%	02/26/93	4,200	4,200,000	9.475%	4,122,552
Great Western Note	8.070%	07/30/93	2,000	2,000,000	8.091%	1,879,340
J C Penney Finacial Corp Deb	7.875%	09/15/91	150	149,856	7.963%	145,500
Mercantile Bancorp Deb	8.500%	01/15/04	100	100,000	8.522%	84,375
Northwest Bancorp Deb	5.125%	10/15/90	50	49,966	5.177%	46,500
Old Republic Ins. Bonds	10.000%	02/01/18	2,000	1,992,076	10.080%	1,896,160
Travelers Corp Deb	8.700%	08/01/95	50	50,000	8.723%	48,188
Wells Fargo & Co Deb	7.875%	11/15/97	100	100,000	7.896%	90,375
Wells Fargo Note	8.750%	03/01/96	2,000	2,000,000	8.747%	1,910,000

Subtotal Banks and Finance			23,650	23,332,788	9.425%	22,789,588

SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM

BONDS AND NOTES

JUNE 30, 1988

Description	Coupon Rate	Maturity Date	Par Value (000's)	Amortized Cost	Average Book Yield	Market Value

Canadians and Foreign						

Alberta Govt Tel Commn	7.875%	09/01/96	100	99,897	7.926%	93,750
BC Hydro & Power Deb	5.625%	07/02/91	100	99,328	6.058%	92,500
BC Hydro Pwr Deb Ser DY	9.625%	06/01/05	200	199,699	9.660%	195,500
BC Hydro&Pwr Deb Ser EK	8.625%	12/01/06	200	200,000	8.646%	180,000
Int'l Bank Recon & Dev. Wash D.C.	5.375%	04/01/92	850	850,562	5.353%	755,438
Manitoba Hy&El BD Ser 3L	9.250%	01/15/06	200	198,716	9.370%	188,500
New Brunswick El Pwr Deb	8.750%	04/01/04	100	99,408	8.556%	89,750
New Brunswick Prov	8.375%	12/15/98	100	99,425	8.559%	92,000
Nova Scotia Pwr Corp Deb	8.125%	07/15/98	200	199,757	8.174%	181,750
Ontario Porv Cda Deb	8.875%	03/01/05	100	99,687	8.961%	92,500
Ontario Prov Cda Deb	10.250%	10/01/04	100	100,000	10.277%	102,750
Ontario Prov CDA Deb	8.400%	01/15/07	200	200,000	8.350%	177,000
Quebec Prov Cda Deb	9.200%	04/15/04	200	200,000	9.224%	188,000

Subtotal Canadians and Foreign

2,650	2,646,479	7.659%	2,429,438
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Industrials

Aluminum Co Amer Deb	9.000%	05/15/95	170	169,427	9.163%	163,413
Amoco Bonds	8.625%	12/15/16	2,000	1,871,953	9.316%	1,802,500
Amoco Debs	8.625%	12/15/16	5,000	4,963,994	8.502%	4,506,250
Anheuser Busch Inc Deb	9.200%	04/01/05	94	94,000	9.145%	90,593
Arco Debs	11.125%	06/01/15	1,000	992,109	11.202%	1,078,750
Ashland Oil Inc Deb	8.800%	02/15/00	100	100,000	8.812%	92,125
Bethlehem Steel Corp	6.875%	03/01/99	40	39,899	6.947%	29,800
Bethlehem Steel Corp Deb	9.000%	05/15/00	248	248,000	8.988%	214,520
Borg Warner Corp Deb	5.500%	03/01/92	88	88,000	5.498%	77,440
Bristol Myers Co Deb	8.625%	11/01/95	50	49,953	8.460%	48,125
Colgate Palmolive Bonds	9.625%	07/15/17	1,000	975,000	9.969%	941,250
Colgate Palmolive Bonds	9.625%	07/15/17	200	184,076	10.431%	188,250
Continental Oil Co Deb	7.500%	07/15/99	200	199,789	7.548%	173,500
Corn Prods Corp	5.750%	08/15/92	100	99,891	5.690%	89,125
Crown Zellerbach Co Deb	8.875%	03/15/00	195	195,204	8.800%	177,450
Dow Chemical Co Deb	8.875%	05/01/00	58	57,927	8.559%	55,463
Dow Chemical Co Deb	8.875%	05/01/00	250	206,926	12.816%	239,063
Dow Chemical Co Deb	8.900%	11/01/00	37	37,000	8.845%	35,520
Dow Chemical Co Deb	8.625%	02/15/08	100	99,421	8.669%	90,750
Dow Chemical Notes	8.625%	02/15/08	900	900,000	8.584%	816,750
Exxon Corp Deb	6.500%	07/15/98	100	100,000	6.508%	82,000
Exxon Pipeline Gtd	6.625%	12/01/98	275	275,000	6.641%	226,531

SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM
BONDS AND NOTES
JUNE 30, 1988

Description	Coupon Rate	Maturity Date	Par Value (000's)	Amortized Cost	Average Book Yield	Market Value

Industrials (cont.)						

General Electric Deb	7.500%	03/15/96	400	400,000	7.520%	362,500
General Electric Deb	8.500%	05/01/04	200	200,000	8.522%	181,250
General Motors Corp Deb	8.625%	04/01/05	200	199,374	9.637%	180,000
Georgia Pacific Bonds	9.750%	01/15/18	1,000	981,021	10.041%	930,010
Great Northern Nekoosa Deb	7.875%	07/15/98	90	89,437	8.057%	82,913
Gulf Oil Corp Deb	8.500%	11/15/95	125	124,776	8.587%	119,531
Gulf Oil Deb	6.625%	06/15/93	125	125,000	6.642%	114,219
IBM Corp. Bonds	9.375%	10/01/04	1,850	1,836,800	9.372%	1,836,125
Ingersoll Rand Co Deb	8.050%	03/01/04	100	100,000	8.066%	85,375
Intl Paper Co Deb	8.850%	03/15/95	100	100,000	8.836%	95,875
J C Penney Inc Deb	9.000%	06/15/99	88	88,000	9.024%	84,150
Kraft Inc. Bonds	8.500%	02/15/17	1,000	917,147	9.614%	880,000
Kraftco Corp Deb	8.375%	04/15/04	100	99,565	8.468%	90,000
Marathon Oil Co Deb	8.500%	02/01/00	100	99,888	8.553%	88,000
Marathon Oil Co Deb	8.500%	11/01/06	100	99,654	8.554%	87,500
Minnesota Mng & Mfg Co Deb	8.850%	04/01/05	200	200,000	8.873%	190,500
Moble Alaska Pipeline	8.450%	03/01/05	150	130,912	10.683%	135,188
Monsanto Co Deb	8.500%	06/15/00	200	199,480	8.565%	183,250
N L Inds Inc Deb	7.500%	12/15/95	200	200,250	7.372%	170,000
Phillips Petrol Deb	7.625%	03/15/01	200	199,548	7.701%	163,000
Phillips Petrol Deb	8.875%	11/15/00	200	199,146	8.971%	181,500
Pitney Bowes Deb	9.000%	10/15/95	19	18,967	9.049%	18,240
RJR Nabisco Bonds	8.625%	03/15/17	2,000	1,796,163	9.609%	1,690,000
Shell Oil Deb	8.500%	09/01/00	180	179,795	8.553%	165,825
Shell Oil Deb	8.750%	05/15/05	300	298,585	8.813%	283,500
Socony Mobil Oil Co Deb	4.250%	04/01/93	100	100,102	4.213%	82,625
Standard Brands Inc Deb	9.500%	12/15/04	100	99,854	9.502%	97,957
Standard Oil Co Ca Deb	5.750%	03/01/92	640	615,125	7.296%	580,000
Standard Oil Co Ca Deb	7.000%	04/01/96	325	312,230	8.060%	286,406
Standard Oil Co Ca Deb	8.750%	07/01/05	200	198,908	8.830%	186,750
Standard Oil Indiana Deb	9.200%	07/15/04	230	230,000	9.224%	223,388
Standard Oil Indiana Deb	8.375%	06/15/05	300	298,191	8.518%	270,375
Standard Oil Ohio Deb	7.600%	07/01/99	190	190,000	7.618%	172,900
Sun Inc Deb	7.125%	05/01/02	100	99,461	7.242%	82,625
Sun Oil Co Deb	8.500%	11/15/00	175	174,551	8.490%	161,219
Texaco Inc	8.875%	05/01/05	300	298,430	8.945%	257,250
Texaco Inc Deb	5.750%	07/15/97	200	200,000	5.735%	145,250
Texaco Inc Deb	7.750%	06/01/01	265	265,000	7.770%	213,325
Texas Gulf Inc Deb	8.500%	11/01/02	250	250,000	8.492%	200,000
Textron Inc Deb	7.500%	07/15/97	100	100,000	7.502%	86,125
Times Mirror Co Deb	5.000%	01/01/90	100	97,533	7.547%	95,500
TRW Inc Notes	8.750%	03/01/96	4,000	4,056,254	8.415%	3,840,000
U S Shoe Corp Deb	7.125%	02/15/94	50	49,571	7.247%	45,313
Union Carbide Corp Deb	5.300%	03/01/97	700	700,000	5.214%	511,875

SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM
BONDS AND NOTES
JUNE 30, 1988

Description	Coupon Rate	Maturity Date	Par Value (000's)	Amortized Cost	Average Book Yield	Market Value

Industrials (cont.)						

Union Oil Co Ca Deb	6.625%	06/01/98	275	273,712	6.774%	218,281
United Technology Bonds	8.875%	12/15/16	1,000	905,233	10.103%	895,000
Weyerhaeuser Co Deb	8.625%	10/01/00	91	91,000	8.604%	83,492
Weyerhaeuser Co SF Deb	7.650%	07/15/94	100	100,000	7.670%	92,500

Subtotal Industrials			31,223	30,536,230	8.889%	28,445,772

Public Utilities--Comm.						

AM Tel & Tel Co Deb	4.375%	10/01/96	500	488,912	4.852%	356,250
AM Tel & Tel Co Deb	5.625%	08/01/95	300	300,579	5.566%	242,250
Bell Tel Co Pa Deb	4.375%	02/01/03	100	100,782	4.262%	60,375
Bell Tel Co Pa Deb	8.000%	08/01/09	100	100,700	7.888%	84,500
Ches-Pot Tel Wash DC Deb	4.375%	02/01/98	75	75,373	4.264%	51,000
Ches-Pot Tel-VA Deb	7.250%	06/01/12	85	83,023	7.559%	66,406
Diamond St Tel Co Deb	8.200%	08/01/11	100	100,000	8.218%	85,875
Gen Tel Co Calif 1st Mtg	5.000%	12/01/95	25	25,021	4.974%	19,219
Gen Tel Co Ill 1st Mtg	8.250%	07/01/03	100	100,309	8.206%	88,000
Gen Tel Ind Inc 1st Mtg	9.000%	12/01/00	100	100,000	9.024%	94,000
Ill Bel Tel Co 1st Mtg	8.000%	06/01/05	250	252,509	7.765%	215,938
Ill Bell Tel Co Deb	8.000%	12/10/04	100	100,000	8.021%	86,500
Ill Bell Tel Co 1st Mtg	6.000%	07/01/98	150	150,000	5.986%	117,375
Indiana Bell Tel	8.125%	03/01/17	1,000	826,833	10.318%	840,000
Indiana Bell Tel Inc	4.750%	10/01/05	50	50,482	4.601%	30,313
Michigan Bell Tel Deb	7.750%	06/01/11	100	99,631	7.794%	82,625
Michigan Bell Tel Deb	9.125%	12/01/18	100	98,995	9.274%	92,125
Mountain State Tel&Tel Deb	5.500%	06/01/05	100	100,358	5.440%	66,625
Mountain States Tel&Tel Deb	5.000%	04/01/00	200	149,785	11.387%	138,250
Mountain States Tel&Tel Deb	8.625%	04/01/18	200	198,402	8.743%	175,000
New England Tel&Tel Deb	4.000%	04/01/93	50	50,010	3.944%	40,938
New England Tel&Tel Deb	4.625%	07/01/05	250	250,984	4.561%	149,688
New England Tel&Tel Deb	8.625%	09/01/09	100	99,836	8.673%	89,625
New York Tel Co Ref Mtg	4.125%	07/01/93	25	24,965	4.157%	20,219
New York Tel Co Ref Mtg	4.875%	01/01/06	50	50,000	4.875%	30,188
Pac Nwst Bell Tel Deb	8.625%	10/01/10	50	50,258	8.540%	44,313
Pac Tel&Tel Deb	4.625%	05/01/00	100	101,135	4.423%	65,500
Pac Tel&Tel Deb	6.000%	11/01/02	125	125,427	5.921%	90,156
Pac Tel&Tel Deb	9.000%	01/15/18	200	200,196	9.000%	179,000
Pac Tel&Tel Deb	9.500%	06/15/11	100	100,000	9.525%	95,125
So Bell Tel	8.250%	04/15/16	500	409,769	11.183%	426,250

SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM
BONDS AND NOTES
JUNE 30, 1988

Description	Coupon Rate	Maturity Date	Par Value (000's)	Amortized Cost	Average Book Yield	Market Value
Public Utilities--Comm. (cont.)						
Southern Bell Tel&Tel Deb	4.625%	12/01/93	50	50,130	4.531%	40,938
Southern Bell Tel&Tel Deb	6.000%	10/01/04	100	100,360	5.942%	71,625
Southwestern Bell Tel	8.500%	03/15/16	500	420,145	10.983%	428,125
Southwestern Bell Tel Deb	8.250%	09/01/05	100	100,653	8.076%	86,500
Southwestern Bell Tel Deb	5.375%	06/01/06	100	98,987	5.527%	63,875
Southwestern Bell Tel Deb	8.750%	08/01/07	50	50,143	8.715%	44,875
Wisconsin Tel Co Deb	6.250%	08/01/04	200	200,000	6.247%	147,000
Subtotal Public Utilities--Comm.			6,385	5,984,694	7.819%	5,106,563
Public Utilities--Electric						
Alabama Pwr Co 1st Mtg	8.500%	07/01/01	200	200,977	8.353%	178,500
Alabama Pwr Co 1st Mtg	8.875%	08/01/03	400	401,798	8.800%	362,500
Appalachian Pwr 1st Mtg	8.125%	07/01/03	200	201,391	7.961%	170,500
Atlantic City El 1st Mtg	5.125%	02/01/96	100	100,374	5.018%	76,500
Atlantic City Elec 1st Mtg	7.750%	06/01/03	100	98,531	8.009%	83,375
Baltimore Gas & Elec 1st Mtg	4.375%	07/15/92	200	200,604	4.258%	170,750
Baltimore Gas & Elec 1st Mtg	8.250%	09/15/99	100	100,449	8.114%	89,875
Boston Edison Co 1st Mtg	4.250%	06/01/92	100	99,973	4.243%	84,625
Boston Edison Co 1st Mtg	4.750%	11/01/95	50	50,199	4.632%	37,563
Boston Edison Co 1st Mtg	6.875%	11/01/98	100	100,397	6.719%	81,000
Boston Edison Co 1st Mtg	9.000%	12/01/99	50	50,216	8.529%	46,313
Carolina Pwr & Lt 1st Mtg	4.500%	07/01/94	175	166,144	6.376%	136,938
Carolina Pwr & Lt 1st Mtg	8.750%	01/01/00	100	100,232	8.668%	91,625
Central Ill Lt 1st Mtg	5.125%	02/01/96	100	100,232	5.053%	77,625
Cincinnati Gas & Elec 1st Mtg	7.375%	05/01/99	200	201,856	7.131%	165,000
Cincinnati Gas & Elec 1st Mtg	8.625%	12/01/00	50	50,182	8.550%	44,500
Cincinnati Gas & Elec 1st Mtg	8.125%	08/01/03	150	151,207	7.982%	126,188
Cincinnati Gas & Elec 1st Mtg	9.850%	05/01/05	100	100,000	9.819%	95,625
Commonwealth Ed 1st Mtg	5.250%	04/01/96	200	200,956	5.123%	150,250
Commonwealth Ed 1st Mtg	5.375%	04-01-97	100	89,506	8.412%	73,500
Commonwealth Edison Deb	8.000%	10/15/03	300	269,271	9.883%	247,500
Commonwealth Edison 1st Mtg	8.000%	10/15/03	500	451,649	9.703%	412,500
Commonwealth Edison 1st Mtg	9.125%	10/15/08	200	197,375	9.343%	177,000
Con Ed Elec & Pwr Bal 1st Mtg	9.375%	09/15/00	50	50,000	9.368%	48,500
Cons Ed NY inc 1st Mtg	6.850%	10/01/98	150	150,000	6.868%	123,938
Cons Ed NY Inc 1st Mtg	4.375%	06/01/92	350	349,741	4.374%	300,563
Cons Edison NY Inc 1st Mtg	5.000%	01/01/96	50	50,131	4.937%	38,688
Consumers Pwr Co Mtg	7.625%	06/01/99	200	200,000	7.626%	166,000
Consumers Pwr Co 1st Mtg	8.250%	11/01/99	50	49,876	8.316%	43,438

SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM
BONDS AND NOTES
JUNE 30, 1988

Description	Coupon Rate	Maturity Date	Par Value (000's)	Amortized Cost	Average Book Yield	Market Value
Public Utilities--Electric (cont.)						
Consumers Pwr Co 1st Mtg	8.125%	08/01/01	175	175,000	8.117%	148,750
Consumers Pwr Co 1st Mtg	8.625%	08/01/03	300	302,303	8.462%	263,625
Dallas Pwr & Lt 1st Mtg	5.375%	02/01/97	250	252,079	5.172%	184,688
Duke Pwr Co 1st Mtg	6.375%	02/01/98	25	25,071	6.267%	20,125
Duke Pwr Co 1st Mtg	7.000%	02/01/99	225	224,301	7.053%	186,469
Duke Pwr Co 1st Mtg	7.500%	03/01/01	50	50,237	7.386%	42,250
Florida Pwr & Lt 1st Mtg	5.000%	06/01/89	45	44,227	8.604%	43,875
Florida Pwr & Lt 1st Mtg	5.000%	12/01/95	50	50,327	4.805%	38,438
Florida Pwr & Lt 1st Mtg	6.000%	12/01/96	55	55,240	5.869%	43,931
Florida Pwr & Lt 1st Mtg	7.750%	09/01/01	100	100,865	7.554%	85,375
Florida Pwr & Lt 1st Mtg	9.625%	02/01/18	2,000	2,013,368	9.586%	1,927,500
Florida Pwr & Lt 1st Mtg	9.625%	02/01/18	1,000	998,750	9.602%	963,750
Georgia Pwr Co 1st Mtg	8.125%	09/01/99	100	100,118	8.112%	86,625
Georgia Pwr Co 1st Mtg	8.875%	09/01/00	82	82,404	8.729%	74,210
Georgia Pwr Co 1st Mtg	8.125%	06/01/01	100	100,131	8.070%	85,625
Gulf States Utils 1st Mtg	8.500%	08/01/03	400	400,000	8.522%	305,500
Hartford Elec Lt 1st Mtg	9.250%	05/01/00	50	50,117	9.185%	43,897
Houston Lt & Pwr 1st Mtg	8.375%	10/01/06	350	322,349	9.555%	298,813
Illinois Pwr Co 1st Mtg	5.850%	10/01/96	520	446,386	9.693%	404,950
Iowa Elec Lt & Pwr 1st Mtg	8.625%	11/01/99	100	100,121	8.579%	90,500
Iowa Ill Gas & Elec 1st Mtg	8.750%	09/01/00	50	49,914	8.762%	46,313
Kansas City Pwr & Lt 1st Mtg	8.750%	09/01/00	100	100,456	8.594%	92,625
Kansas Gas & Elec	9.625%	07/01/05	100	100,159	9.597%	94,250
Minnesota Power & Light	9.250%	04/01/08	500	477,799	9.939%	460,000
Monongahela Pwr 1st Mtg	5.500%	03/01/96	50	49,849	5.603%	39,375
New England Pwr 1st Mtg	7.625%	07/01/02	50	50,000	7.614%	42,000
Niagara Mohawk Pwr & Gas	9.125%	12/01/99	100	100,000	9.149%	92,875
Nor State Pwr Minn 1st Mtg	8.000%	10/01/99	150	147,488	8.476%	133,688
Northern States Power	9.750%	03/01/18	500	500,010	9.801%	480,550
Ohio Pwr Co 1st Mtg	5.000%	01/01/96	50	50,158	4.909%	37,875
Ohio Pwr Co 1st Mtg	8.375%	08/01/03	200	199,196	8.482%	172,750
Oklahoma Gas & Elec 1st Mtg	7.125%	01/01/02	125	123,732	7.315%	101,875
Oklahoma Gas & Elec 1st Mtg	8.625%	01/01/06	500	423,256	11.374%	449,375
Orange & Rockland Util Mtg	4.875%	08/15/95	50	50,379	4.670%	38,750
Pacific Pwr & Lt 1st Mtg	8.375%	01/01/04	100	100,000	8.366%	86,250
Pennsylvania Elec 1st Mtg	8.375%	07/01/03	100	100,768	8.202%	86,750
Pennsylvania Pwr & Lt 1st Mtg	8.125%	06/01/99	100	100,565	7.964%	87,750
PG&E 1st MST Ser 78A	9.375%	02/01/11	200	199,314	9.103%	185,500
PG&E 1st Mtg Ser XX	7.500%	12/01/03	150	150,000	7.277%	121,313
PG&E 1st Mtg Ser 74A	9.125%	06/01/06	500	497,705	9.246%	458,125
PG&E 1st Ref Mtg Ser EE	5.000%	06/01/91	200	188,905	9.287%	181,000
PG&E 1st Ref Mtg Ser HH	4.375%	06/01/94	150	150,151	4.307%	116,625
PG&E 1st Ref Mtg Ser II	4.250%	06/01/95	100	100,000	4.260%	73,875
Potomac Elec Pwr 1st Mtg	4.375%	02/15/98	100	100,772	4.217%	69,000

SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM
BONDS AND NOTES
JUNE 30, 1988

Description	Coupon Rate	Maturity Date	Par Value (000's)	Amortized Cost	Average Book Yield	Market Value

Public Utilities--Electric (cont.)						

Potomac Elec 1st Mtg	8.850%	02/15/05	50	50,000	8.862%	46,125
Pub Svc El & Gas 1st Ref Mtg	4.750%	09/01/95	50	50,083	4.684%	38,125
Public Svc Co Ind 1st Mtg	7.125%	01/01/99	200	200,807	7.003%	161,500
Public Svc Co N Mex 1st Mtg	7.250%	04/01/99	100	99,746	7.297%	81,250
Public Svc Elec & Gas Debs	8.125%	09/01/07	250	224,403	9.672%	211,875
Public Svc Elec & Gas 1st Mtg	9.125%	03/01/00	147	147,833	8.930%	138,731
Public Svc Elec & Gas 1st Mtg	8.375%	05/15/01	248	230,603	9.767%	220,720
Pugget Sound Pwr & Lt 1st Mtg	4.625%	02/01/91	90	89,932	4.670%	81,563
Pugget Sound Pwr & Lt 1st Mtg	4.625%	11/01/93	70	70,083	4.585%	56,438
San Diego Gas & Elec 1st Mtg	8.750%	02/01/00	250	250,842	8.655%	228,750
Southern Ca Ed 1st Mtg	8.875%	03/01/00	100	99,580	9.001%	93,250
Southern Ca Ed 1st Ref Mtg	5.250%	05/15/91	150	150,000	5.258%	137,625
Southern CA Ed 1st Ref Mtg	6.375%	02/15/93	50	50,038	6.308%	45,188
Southern CA Ed 1st Ref Mtg	8.125%	10/15/94	100	100,000	8.124%	93,875
Southwestern Elec & Pwr 1st Mtg	7.500%	10/01/01	75	75,000	7.448%	63,094
Tampa Elec Co 1st Mtg	5.500%	04/01/96	50	50,275	5.327%	39,500
Tampa Elec Co 1st Mtg	7.250%	01/01/01	100	100,633	7.085%	83,125
Texas Elec Svcs 1st Mtg	5.125%	02/01/96	100	100,597	4.957%	74,875
Texas Pwr & Lt Co 1st Mtg	5.000%	02/01/96	100	101,012	4.760%	74,500
Texas Pwr & Lt Co 1st Mtg	6.625%	01/01/98	45	43,276	7.444%	35,550
Texas Pwr & Lt Co 1st Mtg	9.500%	04/01/05	100	100,000	9.525%	92,500
Tucson Elec Pwr Co 1st Mtg	8.125%	09/01/01	275	275,000	8.108%	238,563
Union Elec Co 1st Mtg	7.375%	05/01/99	100	100,660	7.209%	83,125
Union Elec Co 1st Mtg	8.250%	10/01/99	100	100,656	8.055%	88,000
Union Elec Co 1st Mtg	8.125%	10/01/01	50	50,358	7.981%	43,000
United Illum Co Deb	8.250%	12/15/03	100	100,000	8.272%	82,625
Veeco 1st Mtg	7.750%	06/01/99	110	110,000	7.770%	95,838
Veeco 1st Mtg	9.000%	04/01/00	120	120,000	8.963%	112,200
West Penn Pwr Co 1st Mtg	4.875%	12/01/95	50	50,164	4.787%	38,313
Wisconsin El Pwr Co Deb	7.000%	11/15/93	100	100,000	7.018%	91,000
Wisconsin Elec Pwr 1st Mtg	8.375%	11/01/99	100	100,629	8.224%	91,000
Wisconsin Pwr & Lt 1st Mtg	8.000%	07/01/01	70	70,000	7.989%	61,775

Subtotal Public Utilities--Electric			18,427	18,099,443	8.216%	16,111,852

SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM
BONDS AND NOTES
JUNE 30, 1988

Description	Coupon Rate	Maturity Date	Par Value (000's)	Amortized Cost	Average Book Yield	Market Value

Public Utilities--Gas						

Mich Wisc Pipeline 1st Mtg	8.625%	08/15/93	200	199,670	8.721%	192,250
Minnesota Gas Co 1st Mtg	8.000%	06/01/94	291	291,000	7.984%	273,540
PL Gas Lt & Coke 1st Mtg	8.875%	09/15/95	98	98,234	8.787%	93,468
Tenneco Inc Deb	8.375%	04/01/02	200	199,693	8.423%	176,500
Tenneco Inc Deb	8.875%	04/15/03	200	199,673	8.918%	181,250
Wash Gas & Lt Co 1st Mgg	8.750%	10/01/94	143	143,232	8.661%	137,458
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Subtotal Public Utilities--Gas			1,132	1,131,501	8.531%	1,054,466
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Transportation						

Title II Moore McCormack	8.875%	07/15/01	47	47,000	8.890%	44,298
			-----	-----	-----	-----
Subtotal Transportation			47	47,000	8.898%	44,298
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Private Placement						

Chevron Stations Prom NT	5.100%	04/01/91	37	37,000	5.113%	37,000
Title 11-Foss & Tub Corp	9.000%	10/15/99	353	353,321	8.882%	325,200
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Subtotal Private Placement			390	390,321	8.785%	362,200
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Total Bonds/Notes			\$110,511	\$108,225,889		\$102,288,124
			=====	=====		=====

SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM
STOCKS
JUNE 30, 1988

Description	Number of Shares	Market Value	Original Cost
<hr/>			
Axe-Houghton Core-Equity Fund			
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ADT Ltd	20,000	440,000	410,000
Apple Computer Inc	7,500	346,875	304,050
Apollo Computers Inc	35,000	533,750	516,765
Applied Power Inc	6,500	234,000	206,125
Avery Intl Corp	15,000	367,500	355,603
Bio Rad Labs Inc	7,500	166,875	143,867
Cascade Corp	10,000	177,500	175,375
Chemical Waste Management Inc	12,500	325,000	316,425
Conner Peripherals Inc	15,000	144,375	124,130
First Wachovia Corp	7,500	296,250	281,850
Harman Intl Inds Inc	12,500	185,938	167,165
Home Office Reference Lab Inc	17,500	498,750	431,375
I C Inds Inc	15,000	483,750	484,325
Intl Dairy Queen Inc	5,000	165,000	143,250
Medco Containment Svcs Inc	12,500	214,063	216,625
Melville Corp	5,000	343,125	315,400
Morrison Inc	12,500	279,688	270,710
Natl Educational Corp	15,000	444,375	428,638
North Canadian Oils Ltd	17,500	282,188	286,850
PCS Inc	12,500	325,000	347,500
Pentair Inc	7,500	243,750	240,000
Renaissance Energy Ltd	20,000	259,600	272,200
Sanford Corp	11,250	286,875	254,063
Shorewood Packaging Corp	7,500	125,625	121,875
Stride Rite Corp	12,500	367,188	319,376
Tyco Laboratories Inc	15,000	513,750	488,987
Washington Post Co	2,000	411,000	454,806
Worthington Inds Inc	10,000	230,000	207,188
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Subtotal--Axe-Houghton		8,691,788	8,284,522
		<hr/>	<hr/>
Lexington Cap Core Equity Fund			
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Alberto Culver Co	8,500	299,625	254,543
Albertsons Inc	8,300	278,050	242,027
Amerada Hess Corp	8,000	207,000	238,000
Amdahl Corp	5,300	286,200	252,599
American Cyanamid Co	4,900	263,988	243,555
Atlantic Richfield Co	2,900	233,450	242,695
Bemis Co Inc	12,000	297,000	243,123

SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM
STOCKS
JUNE 30, 1988

Description	Number of Shares	Market Value	Original Cost

Lexington Cap Core Equity Fund (cont.)			

Boeing Co	4,400	258,500	240,465
Caterpillar Inc	4,200	284,550	261,975
Coleman Co Ltd	6,200	237,925	239,971
Compaq Computer Corp	5,100	332,138	249,671
Crane Co	8,300	259,375	251,739
Deere & Co	6,000	276,000	276,750
Dresser Inds Inc	7,300	212,613	252,719
Flour Corp	14,000	301,000	251,370
Ford Mtr Co Del	5,500	292,875	235,813
Giant Food Inc	13,400	274,700	249,911
Gillette Co	5,500	221,375	239,690
Grainger W W Inc	4,000	243,500	248,320
Gulf & Western Inc	5,500	246,125	242,440
Hilton Hotels Corp	5,400	268,650	248,766
Holiday Corp	9,200	242,650	240,558
Home Depot Inc	8,300	240,700	242,402
Honeywell Inc	3,200	226,800	239,056
Humana Inc	8,600	232,200	240,413
Inco Ltd	9,000	292,500	242,595
Ingersoll Rand Co	6,100	255,438	240,676
Intl Minerals & Chemical Corp	5,600	260,400	240,298
Johnson Controls Inc	6,600	234,300	238,953
Lin Broadcasting Corp	4,300	274,663	225,213
MCI Communications Corp	21,300	298,200	236,963
Merck & Co Inc	5,100	286,875	266,900
Monarch Machine Tool Co	3,000	61,500	70,334
Norwest Corp	9,000	427,500	252,480
Parker Hannifin Corp	7,100	257,375	257,375
Quantum Chemical Corp	3,100	317,750	238,173
Royal Dutch Pete Co	2,000	220,250	238,000
Snap-On Tools Corp	5,400	228,825	240,732
Tiger Intl Inc	17,400	241,425	252,767
Timken Co	3,100	242,963	241,411
UST Inc	7,800	237,900	244,374
Unilever N V New York Shares	4,000	219,500	235,820
Unocal Corp	7,000	239,750	245,560
Wells Fargo & Co	4,300	255,313	253,169
Wrigley WM Jr Co	6,200	237,925	239,182
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Subtotal--Lexington Cap Core		11,607,338	10,869,539
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SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM
STOCKS
JUNE 30, 1988

Description	Number of Shares	Market Value	Original Cost
<hr/>			
Batterymarch Core-Equity Fund--Domestic			
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Ask Computer Sys	9,400	143,350	115,437
Acme-Cleveland Corp	6,800	77,350	88,536
Aetna Life & Casualty Co	4,100	185,013	163,570
American Fructose Corp	6,000	43,500	47,370
American Tel & Teleg Co	16,500	441,375	561,330
Amoco Corp	6,900	501,975	396,888
Andrews Corp	4,400	74,800	78,100
Armco Inc	13,300	136,325	223,041
Barnes Group Inc	2,500	81,563	44,425
Bausch & Lomb Inc	1,300	60,775	58,689
Bearings Inc	3,150	128,363	74,046
Burndy Corp	5,200	67,600	91,806
Butler Mafg Co Del	7,000	229,250	187,750
CBI Inds Inc	6,700	205,188	187,801
Cigna Corp	15,600	731,250	823,765
Capital Holding Corp	10,300	329,600	319,219
Chevron Corp	4,600	208,725	161,667
Cobe Labs	9,600	273,600	80,270
Combustion Engineering Inc	6,700	241,200	284,047
Cubic Corp	4,300	67,725	90,924
DCNY Corp	500	10,500	9,948
Delta Air Lines Inc	5,300	291,500	288,956
Diamond Shamrock	43	667	950
Diebold Inc	8,800	358,600	326,876
Du Pond E I De Nemours & Co	8,100	752,288	363,462
Edison Brothers Stores Inc	4,300	114,488	164,604
EDO Corp	11,700	207,675	175,734
Empire District Electric Co	2,600	78,975	79,677
Engelhard Corp	300	5,963	7,469
Enron Corp	16,800	686,700	643,186
Figgie Intl Inc	650	44,200	13,917
Figgie Intl Inc	650	52,000	13,734
Flour Corp	34,000	731,000	639,568
Ford Mtr Co Del	5,400	287,550	79,911
Foster Wheeler Corp	21,900	364,088	307,679
Fruehauf Corp Del	225	1,857	336
Gencorp Inc	3,474	67,743	35,199
General Dynamics Corp	3,700	196,100	264,846
General Mtrs Corp	7,000	560,875	465,528
Green Tree Accep Inc	18,900	302,400	302,325
Grumman Corp	10,300	224,025	273,394
Guilford Mls Inc	8,625	208,078	249,470

SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM
STOCKS
JUNE 30, 1988

Description	Number of Shares	Market Value	Original Cost

Batterymarch Core-Equity Fund--Domestic (cont.)			

Home Group Inc	55,900	726,700	768,619
Homestake Mng Co	13,200	199,650	188,991
Honeywell	5,000	354,375	310,711
Household Intl Inc	9,800	574,525	551,346
Hughes Supply Inc	5,100	91,163	86,802
Integrated Resources Inc	15,900	260,363	269,664
IBM Corp	7,500	955,313	1,065,938
Intl Minerals & Chemical Corp	2,500	116,250	105,700
Johnson Controls Inc	7,800	276,900	289,731
K Mart Corp	5,800	203,725	163,179
Kemper Corp	8,400	199,500	274,218
Kerr-Mc Gee Corp	10,500	367,500	325,594
Lincoln Natl Corp Ind	5,100	239,700	204,877
Louisiana Land & Exploratn Co	7,800	240,825	192,656
M/A/Com Inc	11,700	125,775	187,434
M D C Hldgs Inc	12,800	62,400	72,384
MTS Sys Corp	3,700	92,500	83,787
Management Science America Inc	12,700	155,575	127,054
Martin-Marietta Corp	5,100	228,225	210,722
McDonnell Douglas Corp	11,500	737,438	722,818
Mead Corp	4,600	167,900	96,359
Mobil Corp	5,500	239,250	150,415
Murphy Oil Corp	8,700	270,788	204,624
NCR Corp	9,600	631,200	290,355
NL Inds Inc	12,900	87,075	205,046
Nashua Corp	2,800	103,950	81,956
Occidental Pete Corp	11,000	291,500	331,595
Orbit Instr Corp	13,800	70,725	71,001
Orion Cap Corp	4,700	81,663	75,294
Outboard Marine Corp	14,600	505,525	379,892
Pennwalt Corp	2,700	219,038	120,879
Phelps Dodge Corp	6,400	264,800	192,338
Procter & Gamble Co	2,500	193,750	241,925
Provident Life/Acidnt Ins Co	13,800	279,450	272,064
RJR Nabisco Inc	2,700	129,263	164,079
Recognition Equipment Inc	20,600	169,950	180,150
Reynolds & Reynolds Co	8,600	159,100	150,580
Ryland Group Inc	4,400	74,250	63,888
SPX Corp	5,000	186,875	184,475
Sheldahl Co	13,000	76,375	73,385
Sparton Corp	5,600	64,400	89,593
Standards Motor Prod Inc	4,200	56,700	81,459
Standex Intl Corp	4,700	105,163	88,266

SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM
STOCKS
JUNE 30, 1988

Description	Number of Shares	Market Value	Original Cost

Batterymarch Core-Equity Fund--Domestic (cont.)			

Sterling Software Inc	8,200	55,350	57,564
Stockholder Sys Inc	9,100	85,313	68,432
Stuarts Dept Stores Inc	22,600	76,275	73,450
Sun Electric Corp	6,700	115,575	91,422
TGI Fridays Inc	22,300	189,550	181,233
TNP Enterproses Inc	3,200	63,200	74,864
Tennant	2,900	82,650	89,958
Texaco Inc	5,800	271,875	196,612
Transco Energy Co	5,700	171,000	152,214
Travelers Corp	19,100	701,925	689,738
UNC Inc	11,800	120,950	77,054
Ultimate Corp	20,600	272,950	300,050
United Healthcare Inc	31,400	121,675	148,366
Unitrode Corp	7,500	63,750	90,150
Varian Associates Inc	5,000	154,375	184,475
Veeco Instruments Inc	5,900	120,950	105,868
Wyle Laboratories	6,875	74,766	94,548
Xidex Corp	4,700	25,850	31,819
		-----	-----
Subtotal--Batterymarch--Domestic		23,180,861	21,485,094
		-----	-----

Batterymarch Core-Equity Fund--Foreign
Mitsubishi Bank of California

Hooker Corp	22,800	39,917	30,014
Jones (David)	7,600	55,642	29,537
Petersville	17,900	35,042	29,044
Queensland	34,700	34,794	28,524
Santos Ord Aud	24,200	80,885	52,353
Smith (Howard)	21,230	52,374	60,392
TNT (Thomas Nationwide)	10,200	34,741	29,784
Tooth & Company	7,400	53,118	29,563
Bank of Montreal	2,400	55,306	60,945
BCE Inc	2,100	64,575	56,425
CAE Inds	10,400	82,379	64,895
EMCO NPV	6,600	67,221	63,768
HEES	3,400	68,558	64,772

SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM
STOCKS
JUNE 30, 1988

Description	Number of Shares	Market Value	Original Cost

Batterymarch Core-Equity Fund--Foreign			
Mitsubishi Bank of California (cont.)			

Loblaw	7,200	65,924	63,219
Royal Bank of Canada	2,300	60,573	54,730
Texaco Canada	2,800	78,750	57,072
Transcanada Pipeline Ltd	9,800	115,151	118,570
Floating rate notes	4,000	0	0
Baltica	200	15,407	13,265
Sophus	200	25,919	25,363
Afrique	100	23,675	32,162
Auxil	200	30,456	38,765
BIC	400	46,730	37,777
Club	400	31,632	29,287
Codetel	1,400	35,456	37,872
Docks De	100	28,757	45,133
Dumez	300	32,106	30,541
Fixextel	1,100	34,580	37,912
Fromageries	200	41,501	45,818
Locafrance	400	26,273	40,936
Nord-Est	1,300	24,427	36,697
OFP-Omnium Fin	200	40,194	40,625
Pretabail-Sico	200	36,763	38,641
Radar Frf	1,000	29,394	0
Radiotechnique (1,000) (129,895)	0
Skis Rossignol	200	27,450	40,166
Sovac-Credit	200	26,404	33,940
Spie-Batingnoll	400	29,737	38,146
TRT	200	37,155	51,382
Union Crd	600	18,028	33,676
Hang Seng Bank	16,125	58,066	39,637
Hongkong Shanghai Bkg Corp	46,530	36,969	40,157
Hutchison	27,000	31,140	29,203
Hysan Development	245,000	34,536	30,287
Winsor Inds	70,000	92,396	70,616
Aisin Seiki	6,000	58,500	64,774
Brother Inds	16,000	97,560	59,803
Citizen Watch	22,260	149,420	61,813
Daifuku	13,390	111,472	57,110
Ezaki Glico Co	9,000	87,750	50,565
House Food Inds	2,000	32,850	26,206
Kashiyama	8,240	115,566	60,657
Makita Elec Wk	6,300	82,688	52,518
Marudai Food Co	8,000	81,000	45,967
Nippon Shinpan	6,000	53,550	60,936

SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM
STOCKS
JUNE 30, 1988

Description	Number of Shares	Market Value	Original Cost

Batterymarch Core-Equity Fund--Foreign			
Mitsubishi Bank of California (cont.)			

Olympus Optical Co	7,000	58,275	61,583
Orient Leasing	3,150	80,561	69,804
Renown	667	4,752	0
Renown	13,350	95,119	58,835
Tokyo Style	2,000	27,000	21,142
Toyo Seikan	125	2,569	1,659
Yamaha	5,300	84,270	59,014
Yokogawa Elec	9,000	102,600	62,830
Yokogawa Elec	990	11,286	0
Aegon Ord	700	28,977	29,315
Amev Cva Ntfl	1,000	27,191	28,337
Amro Bank	900	31,809	31,219
Heineken	400	27,923	26,477
Hoogovens & Staalf Cva	1,400	32,804	29,594
Intl Muller Ntfl	1,100	31,520	28,796
Klm Royal Dutch Airlines	1,600	29,133	28,380
Kon Ned Papierfabriek	400	31,145	26,900
Kon Ned Papierfabriek	40	307	0
Nationale Nederlanden Cva	1,000	30,412	27,015
Ommeren Nv Cva	2,200	32,004	27,924
Philips Gloeil	2,100	33,727	26,949
Cash--Norway	0	1,021	1,038
Norsk Data	2,900	27,744	27,570
Cold Storage	11,000	11,516	20,054
Malayan Banking	9,000	23,107	18,189
Malayan Banking	900	2,331	0
Malayan Tobacco	12,000	23,452	20,121
Singapore Land	21,000	75,422	49,560
Tasek Cement	76,000	50,506	52,797
The Straits Trading Co	3,000	5,571	0
Straits Trading Co	3,000	5,571	0
Atlas Copco	1,100	36,674	29,948
Saab-Scania	1,100	32,287	31,518
Fischer	300	221,042	30,667
Winterthur Ptg	100	44,607	47,992
Cash--United Kingdom	0	634	634
Bank of Ireland	16,700	62,844	53,026
Coalite Group	23,100	134,738	109,217
Costain Group	13,200	71,123	53,593
Davy Corp	21,400	52,711	53,612
Delta Group	8,100	42,951	31,969
Guest Keen & Nettlfl	6,400	34,265	33,024

SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM
STOCKS
JUNE 30, 1988

Description	Number of Shares	Market Value	Original Cost

Batterymarch Core-Equity Fund--Foreign			
Mitsubishi Bank of California (cont.)			

Lonrho	1,946	8,122	0
Lonrho Ord	7,300	30,467	33,004
Mcalpine	8,600	60,312	54,029
Ocean Transport & Trading Ord	6,600	31,610	32,746
Pleasurama Ord	9,800	32,855	32,117
Rothschild Holdgs Ord	25,600	80,571	54,798
Simon Engineering	11,500	52,718	55,168
Ag Ind & Verkehr Agiv	200	38,216	44,135
Bayer Vereinsbank	100	18,282	22,471
Berliner Kraft	400	26,916	31,799
Bilfinger & Berger	200	25,771	26,789
Continental Gummiwk	200	27,368	36,453
Degussa	200	37,225	33,578
Didier-Werke	300	33,700	33,048
Dlw Ag	100	20,898	24,214
Dragerwerk Genusscheine	400	29,736	37,665
Flachglas Ag	100	24,670	16,150
Gold Schmidt	200	36,233	27,919
Hamburg Elektriwerk	300	21,228	18,525
Holsten-Brauer	200	39,537	42,637
Holzmann	100	21,393	26,550
Klockner-Humbo	200	14,372	20,270
Papierwerke	300	36,178	37,016
Preussag	400	38,326	40,159
Rheinmetall	200	32,489	31,542
Rutgerswerke	200	34,692	31,908
Suddeutsche	100	18,722	17,941
Varta Ag	200	30,727	37,181
Viag	300	36,261	29,510
Wurtt	200	23,678	20,442
Rhein-Westf Elec	200	23,073	25,239
Pending Foreign Transactions		20,779	20,779
		-----	-----
Subtotal--Batterymarch--Foreign		5,451,189	4,678,049
		-----	-----
Subtotal--Batterymarch (combined)		28,632,050	26,163,143
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SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM
STOCKS
JUNE 30, 1988

Description	Number of Shares	Market Value	Original Cost

Delaware Advisors Fund			

Aetna Life & Casualty Co	14,000	631,750	852,974
American Brands Inc	18,000	875,250	849,490
American Home Prods Corp	5,000	369,375	434,313
American Tel & Teleg Co	32,000	856,000	918,510
Avon Prods Inc	14,000	336,000	485,660
BCE Inc	15,000	461,250	492,025
British Pete Plc	5,600	294,000	225,848
Broken Hill Proprietary LTD	12,000	298,500	321,000
CSX Corp	16,000	430,000	489,320
Chase Manhattan Corp	11,000	328,625	452,155
Chemed Corp	8,000	266,000	292,418
Chevron Corp	10,000	453,750	454,183
Citicorp	32,000	796,000	846,074
Continental Corp	12,000	469,500	550,979
Du Pont E I De Nemours & Co	6,600	612,975	561,528
GTE Corp	11,000	430,375	421,630
General Mtrs Corp	7,000	560,875	535,548
General Signal Corp	9,000	500,625	421,177
B F Goodrich Co	5,300	297,463	194,414
Goulds Pumps Inc	16,700	384,100	334,260
W R Grace & Co	9,000	239,625	302,985
Interco Inc	6,000	268,500	243,480
IBM Corp	7,500	955,313	875,650
K Mart Corp	10,000	351,250	286,400
Lubrizol Corp	7,000	257,250	213,039
May Dept Stores Co	12,000	406,500	366,960
Mc Kesson Corp	34,000	1,211,250	1,068,518
Mobil Corp	12,000	522,000	509,985
Monsanto Co	6,000	523,500	402,354
Morgan J P & Co Inc	15,000	583,125	543,075
Norfolk Southn Corp	21,000	611,625	615,142
Occidental Pete Corp	18,000	477,000	533,640
Pacific Telesis Group	31,000	926,125	815,180
Penney J C Inc	13,000	632,125	618,415
Philip Morris Co Inc	5,000	419,375	464,150
Public SVC Enterprise Group	22,500	551,250	563,075
Questar Corp	13,000	453,375	489,580
RJR Nabisco Inc	10,000	478,750	588,300
ST Paul Companies Inc	15,000	648,750	737,425
Sears Roebuck & Co	15,000	553,125	703,700
Southwestern Bell Corp	17,000	673,625	651,360
Transamerica Corp	20,000	677,500	738,271
USX Corp	22,000	698,500	642,610

SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM
STOCKS
JUNE 30, 1988

Description	Number of Shares	Market Value	Original Cost
<hr/>			
Delaware Advisors Fund (cont.)			
<hr/>			
U S F & G Corp	13,000	409,500	558,345
Union Carbide Corp	28,000	630,000	635,280
United Telecommunications In	24,000	774,000	663,170
Williams Co	13,000	406,250	399,840
Xerox Corp	13,500	742,500	831,425
		<hr/>	<hr/>
Subtotal--Delaware Advisors		25,734,100	26,194,857
		<hr/>	<hr/>
Newbold Asset Management Fund			
<hr/>			
American Express Co	37,000	1,017,500	1,166,155
American Gen Corp	33,800	1,043,575	1,373,006
American Home Pords Corp	16,800	1,241,100	1,461,194
American Inf Technologies Co	3,100	282,100	291,648
Bell Atlantic Corp	4,250	305,469	324,934
Citicorp	19,600	487,550	605,934
Du Pond E I De Nemours & Co	5,800	538,675	473,889
Duke Pwr Co	13,700	625,063	603,584
Exxon Corp	37,000	1,678,875	1,114,818
General Elec Corp	6,400	280,800	256,512
Hanson Tr Plc	79,400	962,725	1,146,852
Imperial Chem Inds Plc	6,900	522,675	511,152
IBM Corp	11,300	1,439,338	1,278,454
K Mart Corp	7,700	270,463	265,279
May Dept Stores Co	7,400	250,675	265,142
Melville Corp	3,900	267,638	257,712
Morton Thiokol Inc	6,800	283,050	289,544
Norfolk Southn Corp	25,900	754,338	896,097
P N C Finl Corp	6,100	270,688	302,713
Pacificorp	16,400	590,400	583,262
Philip Morris Co Inc	2,500	209,688	221,450
RJR Nabisco Inc	24,200	1,158,575	1,375,500
Raytheon Co	3,600	237,600	248,638
Royal Dutch Pete Co	14,500	1,596,813	1,119,379
Smithkline Beckman Corp	25,600	1,142,400	1,250,063
Southwestern Bell Corp	21,300	844,013	822,414
United Technologies Corp	27,400	1,054,900	1,379,967
Whirlpool Corporation	32,100	922,875	1,160,391
		<hr/>	<hr/>
Subtotal--Newbold Asset Mgmt.		20,279,556	21,045,680
		<hr/>	<hr/>

SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM
STOCKS
JUNE 30, 1988

Description	Number of Shares	Market Value	Original Cost
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Utility Stock Fund			
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Alltel Corp	16,500	583,688	492,393
Bell Atlantic Corp	14,000	1,006,250	1,002,830
Bellsouth Corp	15,000	645,000	602,525
Boston Edison Co	20,800	325,000	546,916
CP Natl Corp	19,000	522,500	627,458
Central Ill Pub Svc Co	23,000	500,250	597,117
Columbia Gas System Inc	11,000	358,875	475,926
Dominion Res Inc VA	15,000	648,750	683,700
Hawaiian Elec Inds Inc	20,000	617,500	589,247
Kansas Pwr & Lt Co	24,400	594,750	682,449
Kentucky Util Co	24,000	444,000	460,825
Minnesota Pwr & Lt Co	20,000	497,500	564,749
Northern States Pwr Co	23,000	715,875	744,465
Pacific Enterprises	17,000	818,125	947,635
Pennsylvania Pwr & Lt Co	15,000	536,250	529,950
Portland Gen Corp	50,000	1,137,500	1,541,100
Potomac Elect Pwr Co	37,000	823,250	854,429
Sonat Inc	16,000	438,000	521,040
Tenneco Inc	5,000	238,750	212,329
WPL Holdings Inc	10,000	465,000	488,716
Wisconsin Pub Svc Corp	24,000	537,000	586,485
		<hr/>	<hr/>
Subtotal--Utility Stock Fund		12,453,813	13,752,284
		<hr/>	<hr/>
Total Stocks		\$107,398,645	\$106,310,024
		=====	=====

SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM
MORTGAGE-BACKED CERTIFICATES
JUNE 30, 1988

Description	Coupon Rate	Maturity Date	Par Value (000's)	Amortized Cost	Average Book Yield	Market Value

GNMA						

GNMA Pool 63595	10.500%	03/15/98	441	427,300	11.360%	459,788
GNMA Pool 63337	10.500%	03/15/98	748	724,619	11.385%	780,719
GNMA Pool 27166	9.000%	12/15/08	669	643,828	9.560%	634,631
FHLMC Mtg. Bks.	10.000%	10/01/09	685	680,193	10.052%	687,046
GNMA 150426	9.000%	05/15/16	957	972,341	8.784%	908,176
GNMA 150426	9.000%	05/15/16	957	972,341	8.784%	908,176
GNMA 160379	9.000%	05/15/16	935	917,987	9.167%	887,300
GNMA 161225	9.000%	05/15/16	984	999,952	8.784%	933,965
GNMA 164169	9.000%	06/15/16	977	958,692	9.167%	926,644
GNMA 157445	9.000%	06/15/16	986	1,001,339	8.784%	935,261
GNMA 166796	9.500%	07/15/16	958	993,038	9.047%	936,456
GNMA 167656	9.500%	07/15/16	947	981,402	9.047%	925,483
GNMA 168278	9.500%	07/15/16	975	1,010,141	9.047%	952,584
GNMA 167133	9.500%	08/15/16	985	1,021,503	9.047%	963,298
GNMA 167166	9.500%	08/15/16	949	984,024	9.047%	927,955
GNMA 167795	9.500%	08/15/16	988	1,024,105	9.047%	965,753
GNMA 158939	9.500%	11/15/16	992	1,028,624	9.049%	970,014
GNMA 168682	9.500%	11/15/16	900	933,204	9.049%	880,031
GNMA 165836	9.500%	11/15/16	883	915,560	9.049%	863,392
GNMA 167826	9.500%	11/15/16	969	1,004,351	9.049%	947,123
GNMA 187221	9.500%	01/15/17	990	973,664	9.868%	968,093
GNMA 195558	9.000%	03/15/17	1,000	1,015,390	8.787%	948,384
GNMA 208975	9.500%	04/15/17	993	999,392	9.381%	970,537
GNMA 198486	9.000%	04/15/17	924	938,215	8.787%	876,303
GNMA 211421	9.500%	04/15/17	995	1,002,004	9.375%	973,073

Subtotal GNMA			22,788	23,123,210		22,130,186

GNMA Backed PUT Notes						

PUT 01/01/89 Leader S&L	10.875%	01/01/92	2,000	1,995,000	10.927%	2,102,500
PUT 08/15/94 Imperial S&L	8.000%	08/15/11	4,000	4,035,000	7.919%	4,000,000
PUT 08/15/94 Imperial S&L	8.000%	08/15/11	1,500	1,515,000	7.907%	1,500,000
PUT 08/15/94 Imperial S&L	8.000%	08/15/11	6,000	5,977,500	8.034%	6,000,000

Subtotal GNMA Backed PUT Notes			13,500	13,522,500		13,602,500

SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM
MORTGAGE-BACKED CERTIFICATES
JUNE 30, 1988

Description	Coupon Rate	Maturity Date	Par Value (000's)	Amortized Cost	Average Book Yield	Market Value

Coll. Mort. Obligation						

CMO Trust 32 Class A	9.150%	04/25/05	1,352	1,341,816	9.257%	1,346,909
CMO Trust 32 Class A	9.150%	04/25/05	451	• 448,083	9.122%	449,302

Subtotal Coll. Mort. Obligation			1,803	1,789,899		1,796,210

Home Savings						

Home S&L Mgt. Bk. 4th Series	10.000%	07/01/09	978	943,562	10.619%	938,885

Subtotal Home Savings			978	943,562		938,885

Total Mortgaged Backed			39,069	39,379,172		38,467,781
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SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM
MORTGAGE LOANS
JUNE 30, 1988

Description	Rate	Maturity Date	Par Value (000's)	Amortized Cost	Average Book Yield	Market Value

Municipal Bonds-COPS						

C.O.P. Lease Rev. Bond	8.500%	07/15/88	30	30,000	8.522%	30,000
C.O.P. Lease Rev. Bond	8.500%	07/15/89	35	35,000	8.522%	35,000
C.O.P. Lease Rev. Bond	8.500%	07/15/90	40	40,000	8.522%	40,000
C.O.P. Lease Rev. Bond	8.500%	07/15/91	40	40,000	8.522%	40,000
C.O.P. Lease Rev. Bond	8.500%	07/15/92	45	45,000	8.522%	45,000
C.O.P. Lease Rev. Bond	9.000%	07/15/93	50	50,000	9.024%	50,000
C.O.P. Lease Rev. Bond	9.000%	07/15/94	55	55,000	9.024%	55,000
C.O.P. Lease Rev. Bond	9.000%	07/15/95	55	55,000	9.024%	55,000
C.O.P. Lease Rev. Bond	9.000%	07/15/96	65	65,000	9.024%	65,000
C.O.P. Lease Rev. Bond	9.000%	07/15/97	70	70,000	9.024%	70,000
C.O.P. Lease Rev. Bond	9.500%	07/15/98	75	75,000	9.525%	75,000
C.O.P. Lease Rev. Bond	9.500%	07/15/99	80	80,000	9.525%	80,000
C.O.P. Lease Rev. Bond	9.500%	07/15/00	90	90,000	9.525%	90,000
C.O.P. Lease Rev. Bond	9.500%	07/15/01	100	100,000	9.525%	100,000
C.O.P. Lease Rev. Bond	9.500%	07/15/02	105	105,000	9.525%	105,000

Subtotal Municipal Bonds-COPS			935	935,000	9.163%	935,000

2ND Trust (Granite)	17.625%	07/27/97	114	113,826		116,827
Capitol Area Development Authority	8.500%	08/01/88	369	369,240		369,240
Capital Square Parking	8.000%	12/01/89	332	331,564		326,988
D. B. Fite Properties	12.500%	06/22/93	2,105	2,105,475		2,120,214
FHA Title II	5.250%	10/28/94	34	33,531		30,584
Power Inn Industrial Park	10.375%	10/19/02	2,238	2,238,483		2,137,303
Atherton Industries (Lucky Stores)	13.750%	08/09/04	1,096	1,096,461		1,332,639

Total Mortgage Loans			7,224	7,223,580		7,368,795
			=====			

SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM
GOLD AND SILVER
JUNE 30, 1988

	Quantity (in oz)	Book Price	Amortized Cost	Market Price	Market Value
Gold	750	458.533	\$343,900	435.300	\$326,475
Silver	330,000	8.111	\$2,676,775	6.678	\$2,203,740
Total Gold and Silver			\$3,020,675		\$2,530,215

SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM
REAL ESTATE
JUNE 30, 1988

Description	Date Acquired	Original Cost
-----	-----	-----
1414 K Street Buiding	04/12/83	\$3,822,176
Improvements through 6/30/88		894,753

Subtotal 1414 K Street		4,716,929
 Larchmont Square Building	 06/29/83	 868,031
Enterprise Building	08/26/86	6,400,000
Discovery Plaza	09/14/87	10,066,965
 Total Real Estate		 ----- \$22,051,925 =====

SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM

SCHEDULE OF ADMINISTRATIVE EXPENSES

	Fiscal Year Ended June 30, 1988	Fiscal Year Ended June 30, 1987	Fiscal Year Ended June 30, 1986	Fiscal Year Ended June 30, 1985
Maintenance and Repair Expense	\$793,395	\$399,824	\$217,132	\$251,340
Utilities	26,180			
Banking and Fiscal Agent Fees:				
Wells Fargo Bank, master trust	63,497	76,259	109,395	119,572
Professional Services:				
Alliance Capital Mgmt Corp	\$111,302	\$144,033	\$147,890	\$144,148
Batterymarch Financial Mgmt	125,861	159,013	175,107	194,282
Lehman Management Co., Inc.	0	0	92,077	115,921
Loomis Sayles & Co.	0	0	62,400	0
Ravel Property Management	30,600			
W.J.S. & Associates	43,590	37,463	24,620	28,151
Western Union Telegraph	0	0	0	15
Telerate Systems, Inc	0	0	0	0
United Parcel Services	0	0	0	7,108
SEI Financial Systems	25,000	14,600	47,600	0
Bullen, McKune, McKinley, Gay, Pace	12,254	2,425	390	6,154
Dow Jones Information Systems	391	650	390	0
Newbolds Asset Mgmt't.	95,212	121,608	8,992	0
Lexington Capitol	15,903			
Axe-Houghton	10,471			
Delaware Advisors	161,840	632,424	162,816	642,608
			0	559,466
				0
Other Expenses:				
Computer System	125,000			
Miscellaneous	9,156	374	17,653	1,760
Total Administrative Expense	\$1,649,652	\$1,119,065	\$903,646	\$868,451

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STATISTICAL SECTION



SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM

RECAPITULATION

RETIREMENTS AND DEATHS
OF RETIREMENT SYSTEM MEMBERS
DURING FISCAL YEAR 1987-88

Service Retirements	31
Ordinary Disability Retirements	2
Industrial Disability Retirements	14
Death in the Line of Duty Retirement	0
Death After Qualification for Service	<u>0</u>
TOTAL MEMBERS RETIRED	47
Death of Active Members	5
Death of Retired Members	<u>47</u>
TOTAL DEATHS	52
<u>Beneficiaries:</u>	
Continuation Allowances	27
Removed from Rolls	10

SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM

MEMBERS RETIRED DURING FISCAL YEAR 1987-88

<u>NAME</u>	<u>DEPARTMENT</u>	<u>CLASSIFICATION</u>
Anderson, Alfred	Public Works	Water and Sewer Serviceworker
Blair, Jerrine	Finance	Account Clerk II
Brauntz, Michael	Police	Police Officer
Brisbane, Joseph	General Services	Equipment Mechanic II
Brown, Richard	Fire	Fire Captain
Chapman, Kelmer	Fire	Fire Apparatus Operator
Comarsh, Larry L.	Public Works	Flood Control and Sewer Div. Mgr.
DeAndrade, Manuel J.	Public Works	Maintenance Worker I
Dixon, Gary R.	General Services	Equipment Body Mechanic
Evans, Daniel	General Services	Painter
Felkey, Leonard	Public Works	Water & Sewer Leadworker
Fong, Maurice	General Services	Central Stores Supervisor
Freeman, David	Public Works	Electrician
Frink, Leslie M.	Public Works	Deputy Director
Goode, Norma J.	Police	Stenographer Clerk II
Gorski, Gilbert	Police	Police Officer
Guthrie, Robert L.	Parks & Community Services	Park Maintenance Worker II
Harmon, Joseph	General Services	Building Maintenance Worker
Hickey, John H.	Public Works	Clerk III
Hilliard, Tower	Public Works	Sanitation Worker I
Hoffman, Kenneth	Public Works	Water & Sewer Service Worker II
Holmes, John C.	Parks & Community Services	Park Maintenance Worker II
Houghton, Michael	Police	Police Officer
Kashiwagi, Tom K.	General Services	Equipment Maintenance Supervisor
Knight, Thomas	Fire	Fire Captain
Lambros, James J.	Fire	Fire Apparatus Operator
Maxwell, James	General Service	Building Attendant
Miller, Jimmie T.	Parks & Community Services	Sr. Tree Trimmer
Morris, Walter	Public Works	Equipment Operator I
Morris, William J.	Fire	Fire Apparatus Operator
Newton, Gary	Fire	Fire Apparatus Operator
O'Kane, Harold	Police	Police Captain
Oliver, William E.	Fire	Fire Apparatus Operator
Palermo, Oletha	Public Works	Parking Enforcement Officer
Paulson, Everett	Fire	Fire Service Worker
Pitts, James E.	Public Works	Sanitation Worker I
Rile, James L.	Public Works	Street Construction Equip. Opr.
Robbins, Richard	Fire	Firefighter
Semone, John	Parks & Community Services	Maintenance Worker I
Smith, Ollis	Public Works	Equipment Operator I
Smith, Winfred	Public Works	Sanitation Worker I
Sortomme, Gordon, Jr.	Fire	Fire Investigator
Swift, James W.	Public Works	Sanitation Worker II
Thomas, Charles	Public Works	Plant Operator II
Thornton, Wayne R.	Police	Police Officer
Ubben, Ned	Public Works	Light/Signals Supervisor
Woodcock, Donald E.	Police	Police Officer

SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM

MEMBERS RETIRED FOR SERVICE
DURING FISCAL YEAR 1987-88

<u>EFFECTIVE</u>	<u>NAME</u>	<u>AGE</u>	<u>YEARS OF SERVICE</u>	<u>SECTION</u>
87/07/07	Hilliard, Tower	65.75	18.950	34.300
87/07/11	Fong, Maurice	59.50	32.169	399 Misc.
87/07/11	Smith, Ollis	60.50	22.883	399 Misc.
87/07/23	Thomas, Charles	64.75	15.117	399 Misc.
87/07/24	Swift, James W.	60.00	23.710	399 Misc.
87/07/25	Maxwell, James	70.25	23.680	399 Misc.
87/07/31	Morris, William J.	55.75	26.799	399 Safety
87/08/01	Kashiwagi, Tom K.	62.00	38.386	399 Misc.
87/08/04	Robbins, Richard	52.75	22.661	399 Safety
87/08/12	Newton, Gary	58.00	30.181	399 Safety
87/08/28	Semone, John	69.50	17.830	34.300
87/08/29	Felkey, Leonard	60.50	27.230	399 Misc.
87/09/03	Anderson, Alfred	57.50	24.244	399 Misc.
87/10/03	Blair, Jerrine	58.25	24.261	399 Misc.
87/10/03	Comarsh, Larry L.	53.25	25.703	399 Misc.
87/11/26	Chapman, Kelmer	57.25	29.863	399 Safety
87/11/28	Harmon Joseph	62.25	24.530	399 Misc.
87/11/28	Ubben, Ned	69.25	25.530	399 Misc.
87/12/05	Freeman, David	50.00	12.387	399 Misc.
88/01/06	Paulson, Everett	65.75	26.492	399 Misc.
88/01/23	Morris, Walter	69.00	24.315	399 Misc.
88/01/23	Goode, Norma J.	65.25	17.710	399 Misc.
88/04/02	Frink, Leslie	58.00	15.876	399 Misc.
88/04/07	Miller, Jimmie T.	50.00	26.953	399 Misc.
88/04/30	DeAndrade, Manuel J.	63.25	17.350	399 Misc.
88/04/30	Hickey, John H.	60.00	28.288	399 Misc.
88/05/14	Oliver, William E.	53.25	30.476	399 Safety
88/05/17	Knight, Thomas J.	55.25	27.950	399 Safety
88/05/21	Lambros, James J.	57.25	30.300	399 Safety
88/06/01	Hoffman, Kenneth	63.50	17.000	399 Misc.
88/06/07	Brown, Richard	57.00	31.129	399 Safety

SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM

MEMBERS RETIRED FOR INDUSTRIAL DISABILITY
DURING FISCAL YEAR 1987-88

<u>EFFECTIVE</u>	<u>NAME</u>	<u>AGE</u>	<u>YEARS OF SERVICE</u>	<u>SECTION</u>
87/07/16	Sortomme, Gordon, Jr.	40.50	13.765	399 Safety
87/09/10	Brauntz, Michael	42.25	16.266	399 Safety
87/09/10	Brisbane, Joseph	56.25	12.413	399 Misc.
87/10/14	Evans, Daniel	47.75	12.864	399 Misc.
87/12/16	Smith, Winfred	39.00	08.103	399 Misc.
88/01/29	Gorski, Gilbert	46.75	22.856	399 Safety
88/02/29	Guthrie, Robert L.	47.00	19.630	399 Misc.
88/03/22	Palermo, Oletha	54.00	16.048	399 Misc.
88/04/09	Woodcock, Donald	57.25	23.569	399 Safety
88/04/14	Thornton, Wayne R.	51.50	19.992	34.400
88/05/11	Dixon, Gary R.	52.50	21.600	399 Misc.
88/05/24	Rile, James	40.75	17.331	399 Misc.
88/06/17	Houghton, Michael	41.00	16.898	399 Safety
88/06/16	Pitts, James E.	34.25	08.722	399 Misc.

SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM

MEMBERS RETIRED OR ORDINARY DISABILITY
DURING FISCAL YEAR 1987-88

<u>EFFECTIVE</u>	<u>NAME</u>	<u>AGE</u>	<u>YEARS OF SERVICE</u>	<u>SECTION</u>
87/01/11	O'Kane, Harold	47.75	26.619	399 Safety
88/04/14	Holmes, John C.	49.25	19.849	399 Misc.

SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM

DEATH OF ACTIVE MEMBERS
DURING FISCAL YEAR 1987-88

<u>NAME</u>	<u>DEPARTMENT</u>	<u>YEARS OF SERVICE</u>	<u>DATE OF DEATH</u>	<u>DATE OF BIRTH</u>
Gaston, Charles L.	Police	23.247	05/10/88	09/20/41
Grimble, Otis O.	Police	22.748	02/14/88	08/05/37
Henderson, James L.	Fire	27.240	03/20/88	04/27/42
Persinger, Ronald	Parks & Community Services	15.642	10/16/87	10/15/37
Shaw, Ronald	Police	26.000	05/05/88	05/07/39

SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM

DEATH OF RETIRED MEMBERS DURING FISCAL YEAR 1987-88

NAME	DEPARTMENT	DATE & TYPE OF RETIREMENT	DATE OF DEATH	DATE OF BIRTH
Heinrich, Mary	City Hall	Service 66/05/01	87/05/22	00/01/14
Taylor, Ruth	Public Works	Service 70/08/01	87/06/24	14/01/22
Thompson, Isaac	Police	Ind. Dis. 44/02/18	87/06/27	95/07/08
Tinburg, Ruby	Collector's Ofc.	Service 66/01/11	87/07/02	02/10/10
Finale, John	Parks & Comm. Svcs.	Service 69/11/01	87/07/08	99/10/28
Lockett, Clay	Assessor's Office	Service 60/04/01	87/07/09	92/08/27
Robbins, Richard	Fire	Service 87/08/04	87/08/06	34/10/23
Pattee, Henry J.	Parks & Comm. Svcs.	Service 73/05/12	87/08/31	16/05/03
Biddle, Chester O.	Parks & Comm. Svcs.	Service 85/03/01	87/09/04	22/02/13
Terlau, Edgar	Fire	Service 74/05/29	87/09/04	20/09/19
Seaton, Alfred	Fire	Service 69/04/01	87/09/22	12/05/22
Brazil, Francis	Police	Service 79/05/05	87/10/13	21/04/09
Bazlen, Fred	Fire	Service 66/01/06	87/11/07	99/07/06
Kinney, William	Police	Service 77/04/30	87/11/07	17/04/26
Williams, Dorothy	Library	Service 82/05/22	87/11/13	17/04/18
Rudnick, Frank	Facility Maint.	Ind. Dis. 82/06/04	87/11/16	14/06/14
Harder, George	Fire	Service 75/07/01	87/12/02	20/04/20
Gaut, Raymond	Fire	Service 55/02/01	87/12/03	1886/04/19
Collins, James	Water & Sewer	Service 78/07/01	87/12/07	17/12/24
Otwell, Kenneth	Police	Service 68/09/01	87/12/08	13/05/05
Culton, Carroll S.	Assessor's Ofc.	Service 58/06/21	87/12/20	1888/06/21
Whitt, David	Golf Division	Service 72/10/01	87/12/28	09/06/22
Lee, Fang J.	Library	Service 80/07/01	87/12/30	14/10/01
Sims, William	Art Gallery	Service 67/07/15	87/12/30	01/05/06
Bass, Willis	Public Works	Service 87/01/13	88/01/13	21/02/24
Congdon, Elmer	Auditorium	Service 56/09/01	88/01/13	03/10/14
Rooney, Joseph	Police	Service 69/09/01	88/01/13	06/09/01
Gillick, Donald	Police	Ord. Dis. 86/10/20	88/02/04	41/05/02
Feil, Loren	Police	Service 74/07/01	88/02/06	15/06/02
Dokes, Lawrence	Waste Removal	Ind. Dis. 71/01/28	88/02/18	35/02/04
Jackson, James	Street Maint.	Service 74/02/16	88/02/26	13/08/11
Neves, Gerald	Engineering	Service 81/07/18	88/03/02	20/05/27
Culver, Rose	Public Works	Service 86/05/17	88/03/04	26/06/16
Ghilarducci, Victor	Parks	Service 65/06/30	88/03/06	1900/03/15
Wilson, Harvey O.	Parks	Service 69/01/31	88/03/16	05/06/01
Word, William	Assessor's Offcie	Service 72/07/01	88/04/01	05/12/05
Weis, Harold	Collections	Service 68/10/31	88/04/03	98/10/06
Cascio, Mary	Library	Service 82/01/30	88/04/04	31/10/25
Clayton, Marion	Police	Service 61/01/19	88/04/06	91/01/19
Smith, Marjorie	Parks & Comm. Svcs.	Service 87/02/18	88/04/06	25/07/08
McCready, William	Fire	Service 86/11/01	88/04/09	31/03/28
Johnson, Elbert	Police	Ind. Dis. 85/04/03	88/05/03	32/09/06
McKinley, Gerald	Assesor's Office	Service 66/02/01	88/05/07	1900/11/20
Richardson, Ernest	Parks & Comm. Svcs.	Service 80/02/16	88/05/22	22/10/09
Scollan, Thomas	Parks & Comm. Svcs.	Service 76/06/26	88/05/25	12/04/04
Cooley, George L.	Corporation Yard	Service 63/01/16	88/06/02	96/02/20
Squires, Norman	Water	Service 68/07/31	88/06/15	04/01/30

SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM

BENEFICIARIES BEGINNING TO RECEIVE
CONTINUATION ALLOWANCES DURING FISCAL YEAR 1987-88

<u>EFFECTIVE</u>	<u>NAME</u>	<u>BENEFICIARY OF</u>	<u>DATE OF BIRTH</u>
87/08/07	Robbins, Margaret	Richard	10/01/36
87/09/01	Pattee, Thelma	Henry	05/03/16
87/09/23	Seaton, Carrie	Alfred	09/19/20
87/10/14	Brazil, Jennie	Francis	09/08/22
87/11/08	Bazlen, Mildred	Fred	11/27/06
87/11/08	Kinney, Bernice	William	04/17/14
87/11/17	Rudnick, Martha	Frank	09/12/33
87/12/03	Harder, Lucille	George	12/25/23
87/12/08	Collins, Margaret	James	03/23/22
87/12/09	Otwell, Rosemarie	Kenneth	09/18/14
87/12/31	Lee, Ellen	Fang	05/17/23
88/01/14	Rooney, Teresa	Joseph	08/17/10
88/01/14	Bass, Robbie	Willis	12/04/19
88/01/14	Congdon, Marian	Elmer	04/28/23
88/02/07	Feil, Dorothy	Loren	10/09/15
88/02/27	Jackson, Phyllis	James	10/18/17
88/03/03	Neves, June	Gerald	12/10/26
88/03/05	Culver, Robert	Rose	03/29/24
88/03/07	Ghilarducci, Corrina	Victor	03/15/1900
88/03/17	Wilson, Donna	Harvey	10/01/03
88/04/02	Word, Evelyn	William	02/25/10
88/04/07	Clayton, Alice	Marion	04/21/92
88/04/07	Smith, J. A. Gordon	Marjorie	03/24/21
88/04/10	McCready, Virginia	William	09/20/34
88/05/04	Johnson, Darlene	Elbert	04/23/35
88/05/08	McKinley, Claudia	Gerald	01/20/05
88/05/23	Richardson, Earline	Ernest	03/25/20

SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM

BENEFICIARIES REMOVED
DURING FISCAL YEAR 1987-88

<u>CAUSE OF REMOVAL</u>	<u>NAME</u>	<u>BENEFICIARY</u>	<u>DATE OF ACTION</u>	<u>DATE OF BIRTH</u>
Death	Buford, Helen	Irving	08/06/87	12/13/06
Death	Roberts, Anna	Elvyn •	09/07/87	05/10/02
Death	Steffany, Melissa	Eugene	09/14/87	01/01/10
Death	Kemper, Veda	Floyd	12/17/87	02/15/14
Death	Vrooman, Francis	Albert	12/25/87	12/31/13
Death	Kneeland, Marie	Harry	02/05/88	07/29/94
Death	Horstmeyer, E. Fern	Charles	03/31/88	04/06/01
Death	Silva, Belmira	Manuel	05/10/88	05/11/03
Death	Kinney, Dorothy A.	John	06/03/88	09/10/05
Death	Kerr, Bernice	Aaron	07/22/88	01/22/98

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ACTUARIAL VALUATION SECTION



ACTUARIAL VALUATION
OF THE SACRAMENTO CITY
EMPLOYEES' RETIREMENT SYSTEM

as of June 30, 1988

Suite 1500
1925 Century Park East
Los Angeles, CA 90067-2790
213 551-5600
Facsimile: 213 551-5757

TPF&C

a Towers Perrin company

November 17, 1988

Administration, Investment, and
Fiscal Management Board
Sacramento City Employees'
Retirement System
801 Ninth Street, Room 110
Sacramento, California 95814

Members of the Board:

We are pleased to submit our report giving the results of the valuation of your Retirement System as of June 30, 1988.

The valuation was based on financial statements furnished by the City's Department of Finance and employee data furnished by the Employee Services Division.

We would like to take this opportunity to express our appreciation for the courtesy and cooperation accorded us by the Department of Finance in the course of our work.

Sincerely,

TPF&C, a Towers Perrin Company



David C. LeSueur, F.S.A.
Principal

DCL:sef

Enclosure

Direct Dial: 213-551-5760

ACTUARIAL VALUATION
OF THE SACRAMENTO CITY
EMPLOYEES' RETIREMENT SYSTEM
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ACTUARIAL VALUATION
OF THE SACRAMENTO CITY
EMPLOYEES' RETIREMENT SYSTEM
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I. INTRODUCTION

In accordance with the Agreement for Actuarial Services between TPF&C and the City of Sacramento, we have completed an actuarial valuation of the Sacramento City Employees' Retirement System as of June 30, 1988. The results of this valuation are set forth in the following sections of this report. The most recent prior actuarial valuation was done as of June 30, 1987.

We have continued to use the same assumptions employed since the 1980 valuation. They continue to be reasonable in the aggregate; however, the experience of the plan has been more favorable than our assumptions in recent years. If this trend continues, it may be advisable to perform an actuarial investigation to study the actuarial assumptions.

The System's plan provisions are the same as for 1987.

Detailed employee information on all active and inactive members of the System as of the valuation date was provided to us by the Employee Services Division. Our recommendations for City contributions are stated in Section IIA. We are generally recommending a decrease of 2.02% of pay (\$2,162,000 based on 6/30/88 payroll) from what the previous valuation recommended. This decrease is the net result of the following factors:

- (1) Investment experience was more favorable than expected and decreased contribution rates.

- (2) Total salary, including PERS, increased more than expected, which increased the expected amortization payroll base and reduced contribution rates.
- (3) Actuarial experience with respect to retirement, termination, and mortality was more favorable than we expected.

SUMMARY OF MEMBERSHIP

The following tables are provided as a general indication of the current size of the System and how it has changed since the last valuation.

Active Participants

		<u>Number</u>	<u>Annual Salaries</u>	<u>Average Salary</u>
Miscellaneous members	6/30/88	909	\$27,472,169	\$30,222
	6/30/87	944	27,134,144	28,744
Percent increase		-3.7%	1.2%	+5.1%
Safety members	6/30/88	598	\$25,931,427	\$43,364
	6/30/87	617	24,829,543	40,242
Percent increase		-3.0%	+4.4%	+7.8%
Total covered members	6/30/88	1,507	\$53,403,596	\$35,437
	6/30/87	1,561	51,963,687	33,289
Percent increase		-3.5%	+2.8%	+6.5%
Noncovered employees (PERS)	6/30/88	1,905	\$53,614,134	N.A.
	6/30/87	1,765	45,846,842	N.A.
Grand total	6/30/88	3,412	\$107,017,730	N.A.
	6/30/87	3,326	97,810,529	N.A.
Percent increase		+2.6%	+9.4%	

Terminated Vesteds and Reciprocals

Miscellaneous members	6/30/88	56
	6/30/87	55
Safety members	6/30/88	11
	6/30/87	10
Total	6/30/88	67
	6/30/87	65

Retired Participants and Beneficiaries

		<u>Number</u>	<u>Annual Pension</u>	<u>Average Annual Pension</u>
Miscellaneous members	6/30/88	928	\$ 7,503,149	\$ 8,085
	6/30/87	916	7,095,573	7,746
Percent increase		+1.3%	+5.7%	+4.4%
Safety members	6/30/88	579	\$ 8,347,433	\$14,417
	6/30/87	571	7,917,991	13,867
Percent increase		+1.4%	+5.4%	+4.0%
Total	6/30/88	1,507	\$15,850,582	\$10,518
	6/30/87	1,487	15,013,564	10,096
Percent increase		+1.3%	+5.6%	+4.2%

More complete statistics on active members can be found in Section V of this report.

SECTION II
RESULTS OF VALUATION

Our valuation is based on the actuarial assumptions described in Section V and the following asset information provided by the City's Department of Finance. We accepted this statement of assets without audit.

	<u>Total</u>	<u>Miscellaneous</u>	<u>Safety</u>
	<u>(\$000s)</u>	<u>(\$000s)</u>	<u>(\$000s)</u>
Net assets reported in the 6/30/87 valuation report	\$288,508	\$109,119	\$179,389
Net assets as of 6/30/87 restated	288,592	109,151	179,441
Add:			
Member contributions	4,233	1,813	2,420
City's normal contributions	5,945	1,682	4,263
City's amortization contribution	7,814	4,550	3,264
City's pay-as-you-go contributions	298	113	185
Investment income	29,210	11,048	18,162
Deduct:			
Benefit expenditures	15,516	7,394	8,122
Contribution refunds	646	353	293
Administration expenses	772	292	480
Interest expense	<u>395</u>	<u>149</u>	<u>246</u>
Net assets as of 6/30/88	<u>\$318,763</u>	<u>\$120,167</u>	<u>\$198,596</u>

An analysis of assets shows the rate of investment return for fiscal 1987 was 10.1%, which exceeds the assumed rate of 7% per annum. This favorable experience decreased City contribution rates.

A. Actuarial Balance Sheet

Our first view of the funding of your System is shown by an Actuarial Balance Sheet on page 7. In this approach, we first determine the amount and timing of all future payments to be made by the System. We then

discount these payments at 7% per annum to the date of the valuation, thereby determining their present value. We see from the Balance Sheet that the total present value of benefits to be paid equals \$487 million. We title this present value the "liability" of the System. Second, we determine how these liabilities will be met. Item 1 in the Balance Sheet represents the amount of assets already accumulated by the System. Item 2 is the present value of the contributions to be received from the members; we find this to be about \$39 million. Item 3 is the present value of future normal costs. In layman's terms, the City is budgeting 6.1% of Miscellaneous payroll plus 17.1% of Safety payroll for "normal" contribution to the System. These contribution percentages are known as normal cost percentages. The present values of these contributions amount to almost \$51 million. There is a historical significance to the 6.1% and 17.1% figures, but they are only of academic interest now.

Finally, we compare existing assets plus the present value of future normal costs plus the present value of future member contributions with the present value of the benefits to be paid from the System. We see that we are "short" in assets by \$78 million (\$487 million - \$319 million - \$39 million - \$51 million but not including the effect of rounding).

ACTUARIAL BALANCE SHEET

<u>Assets (Income)</u>	<u>June 30, 1987</u>	<u>June 30, 1988</u>
(1) Total assets held	\$288,508,000	\$318,763,000
(2) Present value of future contributions by members	38,298,614	39,390,142
(3) Present value of future City contributions for normal costs (6.1% of covered Miscellaneous and 17.1% of covered Safety payroll)	49,116,077	50,978,798
(4) Present value of other future City contributions (i.e., Unfunded Actuarial Accrued Liability)	106,644,790	78,156,230*
(5) Total actuarial assets	482,567,481	487,288,170
<u>Liabilities (Outgo)</u>		
(6) Present value of benefits already granted (retirees and beneficiaries)	182,874,298	191,177,881
(7) Present value of benefits to vested terminated, reciprocal, and transferred members	2,164,340	1,965,714
(8) Present value of future disability benefits to current active members	48,952,788	62,323,433
(9) Present value of future death benefits to current active members	4,343,423	3,301,023
(10) Present value of future service retirement benefits to active members	233,909,765	218,303,175
(11) Present value of refunds of member contributions	10,322,867	10,216,944
(12) Total value of future benefits	482,567,481	487,288,170

*The June 30, 1987 estimate of the June 30, 1988 Unfunded Actuarial Accrued Liability was \$106,952,000. However, primarily as a result of more favorable investment earnings, the actual amount was \$78,156,230. See page 20 for a detailed explanation.

This shortfall (or balancing item) of \$78 million is known as the Unfunded Liability or Unfunded Actuarial Accrued Liability (UAAL) of your System. To bring the System into actuarial balance we must determine a source of income that has a present value of \$78 million.

The source is, of course, the City and the pattern of payments to amortize the UAAL is specified by the City Charter as a series of payments which increase in accordance with the actuarial salary assumption (5% per annum). The UAAL is to be amortized over the period ending June 30, 2007. The contribution rate to amortize the UAAL that fits the pattern specified by the Charter and that has a present value of \$78 million is 4.69% of total payroll (including PERS). The contribution rate is the same whether the contribution is made on a fiscal or a calendar year basis. Since 1983, City contributions have been made on a calendar year basis. The previous amortization contribution rate recommended by TPF&C was 6.71%.

For expense purposes, the amortization contribution rate of 4.69% of total payroll is equivalent to 3.60% of Miscellaneous and 6.73% of Safety payroll. The previous recommended amortization contribution rates were 5.94% of Miscellaneous payroll and 8.08% of Safety payroll.

The total recommended City contribution for this System is the UAAL amortization as above plus the normal cost, which is 6.1% of Miscellaneous plus 17.1% of Safety payroll. For normal cost, only payroll covered by this System is included, i.e., PERS payroll is excluded.

To summarize, the recommended and existing City contribution rates are as follows:

	<u>Miscellaneous</u>		<u>Safety</u>	
	<u>Recommended</u>	<u>Existing</u>	<u>Recommended</u>	<u>Existing</u>
Normal cost Percentage of <u>covered</u> payroll	6.10%	6.10%	17.10%	17.10%
Amortization of UAAL Percentage of <u>total</u> payroll	3.60%	5.94%	6.73%	8.08%

As we have already noted, the decrease in the amortization contribution rate was due to favorable investment experience, a higher than expected payroll base for amortization, and favorable actuarial experience.

The Board has requested that we include an indication of the effect on contribution rates of various hypothetical variations in experience. In particular, what would have been the difference in contribution rates if salary increases had been 1% of pay higher, if an ad hoc retiree increase of 1% had been granted, and if investment earnings had been 1% of assets higher?

If salary increases for all members including PERS had been 1% of pay higher, the UAAL would increase by \$2,128,718. The amortization contribution rate would increase by 0.04% of pay for Miscellaneous members and by 0.16% of pay for Safety members. Also, the dollar amount of normal cost would increase 1%. The effect on PERS costs is not included.

If an ad hoc cost-of-living increase of 1% had been granted to existing retirees, the UAAL would increase \$1,911,779. The amortization contribution rate would increase .08% of pay for Miscellaneous members and .18% of pay for Safety members. There would have been no effect on normal cost.

If investment earnings had been 1% of assets higher, the UAAL would decrease \$3,187,630. The amortization contribution rate would decrease by .11% of pay for Miscellaneous members and .34% of pay for Safety members.

B. Funding Ratio - Traditional

Our second view of your System's funding is to measure the present value of accrued (earned) benefits and then compare it with accumulated assets.

This view focuses on benefits earned to date and does not project that any benefits will be earned in the future as does the balance sheet view.

There is more than one way to define benefits earned to date. We will use the "traditional" definition in this section and the Financial Accounting Standards Board (FASB) definition in the next section. The traditional view has been used in your preceding valuation reports. In particular, the traditional definition of an accrued benefit assumes future salary increases. The following example should be helpful. In a plan providing 2% of final pay at age 60, a person now age 50 who entered the plan at age 30 is two-thirds of the way to retirement and therefore has earned two-thirds of his projected benefit expected at age 60. If his current monthly salary were, say, \$1,000, his projected final salary would be about

\$1,600 and his total earned or accrued monthly benefit would be \$640 ($\$1,600 \times 2\% \times 30 \text{ years} \times 2/3$). We then determine the present value of \$640 per month, taking into account the probability he will receive the benefit, the likely duration of the benefit, and any cost-of-living increases expected.

Applying the above methodology to your system, we have determined the following:

	<u>June 30, 1987</u>	<u>June 30, 1988</u>
(1) Present value of accrued benefits	\$374,797,681	\$379,793,367
(2) Assets	288,508,000	\$318,763,000
(3) Percent funded: (2)/(1)	77.0%	83.9%

The present funded status is interesting in itself but is not as important as the trend over the years. The trend, which was downward for several years, is now upward for the seventh consecutive year. There are two main reasons for the trend's reversal:

- (1) For some time, the City had been phasing in full actuarial contributions; this caused the funding ratio to decline in the past. However, the phase-in ended on January 1, 1983 and the funding ratio can now be expected to increase steadily if assumptions are met in the aggregate.
- (2) Investment returns have exceeded those assumed. This results in greater assets than expected and offsets salary losses, if any.

C. Funding Ratio - Financial Accounting Standards Board

This approach is similar to that in Paragraph B and was promulgated by the Financial Accounting Standards Board (FASB) in its Opinion No. 35. The FASB has decided that if the plan's financial statement is to be compiled in accordance with generally accepted accounting principles (GAAP), the statement must contain the "present value of accumulated benefits" determined in accordance with FASB No. 35.

FASB No. 35 requires a straightforward determination of the present value of accrued benefits except one change to the definition used in the "traditional" view of Paragraph B: that is, that no projection of future salary increases be made. Returning to our example, the person's accrued benefit under this definition would be \$400 ($\$1,000 \times 2\% \times 30 \text{ years} \times 2/3$). We see that the earned benefit and in turn the present value is decreased more than 33%. For younger members the differences are even larger; however, for retired members the two methods produce the same results. Using the FASB approach we have determined the following:

	<u>June 30, 1987</u>	<u>June 30, 1988</u>
(1) Present value of accrued benefits	\$339,120,444	\$346,516,561
(2) Assets	288,508,000	318,763,000
(3) Percent funded: (2)/(1)	85.1%	92.0%

The trend in percent funded has shown consistent funding progress for several years for the same reasons as the traditional funding ratio. The value of assets shown above is based on book value. The present value of accrued benefits is based on the actuarial assumptions described in Section V, including an interest rate of 7%.

As an alternative, one could calculate the percent funded on the basis of the market value of assets and a current market interest rate. This approach, which is favored by FASB, has not been used here for the following reasons:

- Fluctuations in market values from one year to another tend to obscure the trend in the percent funded.
- Under current market conditions the use of market values and market interest rates would decrease both assets and present value so that the effect on the percent funded would tend to be offset anyway.

Nevertheless, the Administration, Investment and Fiscal Management Board should be aware that if FASB standards become required for reporting on governmental pension plans (which is highly unlikely), it may be necessary to produce the above items on a market value basis.

As of June 30, 1988, we estimated that the Present Value of Vested Benefits is essentially equal to the Present Value of Accumulated Benefits.

D. Funding Ratio - Quick Liability Measure

A final simple measure of a plan's condition is to compare the liability for members who are no longer actively employed plus member deposits of active employees versus accumulated assets. This comparison is as follows:

	<u>June 30, 1987</u>	<u>June 30, 1988</u>
(1) Liability for retired, vested terminations, reciprocals, and transfers	\$185,038,638	\$193,143,595
(2) Accumulated active member deposits with interest	70,207,411	78,573,972
(3) Total: (1)+(2)	255,246,049	271,717,567
(4) Assets	288,508,000	318,763,000
(5) Percent funded: (4)/(3)	113.0%	117.3%

In a well-funded system, the assets should at least exceed the liability for members no longer providing services plus the active members' "own" money. By this definition, the System is meeting this first prerequisite for a well-funded system.

E. Funding - Overall Considerations

There are two basic considerations in contemplating the funding rates of a system. The first is how much assets have been accumulated to pay benefits and how they compare with the current liability for benefits already earned. Paragraphs B, C, and D above evaluate this aspect of funding.

However, the second consideration is normally more important: what is the financial commitment of the plan sponsor to continue to fund both benefits earned to date and benefits to be earned in the future, and does the plan sponsor have the financial resources to meet future budgetary obligations? (See Paragraph A of this section.)

F. Effect on the Retirement System of Decline in Number of Active Members

Since the Sacramento City Employees' Retirement System is closed to new hires, the number of active members in the system is declining. This has a number of implications for the System, some of which are discussed below.

Member contributions to the System will eventually decline from their current level of \$4.2 million per year to zero as they all leave the system. However, in recent years, the salary increases for active members remaining in the system have offset the salaries of those who left, so that the dollar amount of member contributions has been relatively stable. We expect that to continue for at least the next five years.

City contributions are increasing gradually, mainly because the amortization payment is expressed as a percentage of total payroll (including PERS members) and total payroll is growing. Eventually, of course, City contributions will be zero as well, although we expect that they will continue to grow slightly over the next five years.

Benefit payments and expenses are growing each year and will continue to grow as more active members retire each year. The chart below shows a history of member contributions, City contributions, and benefit payments, along with a five-year projection:

<u>Year Ending</u>	<u>Member Contributions</u>	<u>City Contributions</u>	<u>Benefit Payments and Expenses</u>
6/30/82	\$4,146,000	\$11,978,000	\$ 9,157,000
6/30/83	3,783,000	12,519,000	10,535,000
6/30/84	4,108,000	14,091,000	11,975,000
6/30/85	4,021,000	14,240,000	13,113,000
6/30/86	3,953,000	14,143,000	14,693,000
6/30/87	4,178,000	15,415,000	15,973,000
6/30/88	4,233,000	14,057,000	17,400,000
6/30/89*	3,900,000	11,126,000	18,400,000
6/30/90*	3,900,000	11,460,000	19,500,000
6/30/91*	3,900,000	11,800,000	20,500,000
6/30/92*	3,900,000	12,200,000	21,700,000
6/30/93*	3,900,000	12,500,000	23,000,000

*Projected

Beginning this year, disbursements from the System are expected to exceed contributions from members and the City. For the first time, the System will be required to use investment income to pay benefits. You will need to be certain that enough investment income will be generated to cover the required payments, or that some investments are liquid enough to be sold if necessary. Investment income was \$29.2 million last year, which means that you may not need to change any investment strategy in the near future.

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If current trends continue, you might expect that by the late 1990s more significant amounts of investment income will be needed to help pay benefit payments. You will want to be sure by then that your asset allocation is adequate to generate the necessary income. In addition, most plan sponsors want less risk in this investment portfolio when most of the plan members are already retired.

III. MEMBER CONTRIBUTIONS

Contribution percentages for the Section 399 plan are specified by the City Charter. For the Section 175 plans, contribution rate formulas are specified by the City Charter, but in this case the rates have been fixed on the basis of a previous valuation. The City Charter also specifies a method for calculating contribution rates for members of the Equal Shares Plan. We believe at most a small variation in contributions would arise if we were to make a formal study of the Equal Shares Plan. Also, the Equal Shares group is very small. We believe the cost of administering a change in rates would outweigh any cost savings to the City. Consequently, we recommend that current Equal Shares member contribution rates be maintained indefinitely.

IV. OTHER RESULTS

Under the Entry Age Normal Actuarial Cost Method used to determine contributions for your plan, the UAAL is at best a poor measure of the plan's funding. However, it does have value as a measure of actuarial experience versus that expected by the actuarial assumptions. With this in mind, on the following page we provide an analysis of the change in the UAAL over the last year.

The analysis of UAAL shows that, due to favorable experience, your UAAL has decreased as a dollar amount despite its method of amortization.

The method of amortizing the UAAL causes it to increase as a dollar amount because the ultimate scheduled payments will not meet or exceed the "interest requirement" (item (2) below) until about 1991. Inspection of items (1) through (4) provides the details on the "change in the UAAL if all assumptions were met." Even though the UAAL is scheduled to increase, these scheduled increases have already been anticipated and will not of themselves cause any increase to the City's contribution when viewed as a percentage of pay.

CHANGE IN UAAL FROM JULY 1, 1987 TO JUNE 30, 1988

(1) UAAL as of July 1, 1987	\$106,645,000
(2) Interest at 7% on (1) for one year	7,465,000
(3) City contribution for amortization of the UAAL	7,814,000
(4) Expected UAAL as of June 30, 1988: (1)+(2)-(3)	106,296,000
(5) Estimated actuarial gain due to salary increases greater than expected	(3,746,000)
(6) Estimated actuarial gain due to investment earnings greater than expected	9,705,000
(7) Estimated actuarial gain due to other experience being more favorable than expected	22,181,000
(8) Actual UAAL as of June 30, 1988: (4)-(5)-(6)-(7)	78,156,000

For the next scheduled valuation, you can expect an increase in the UAAL if all assumptions are met. The expected increase is developed as follows:

(1) UAAL as of June 30, 1988	\$ 78,156,000
(2) Interest at 7% of (1) for one year	5,471,000
(3) Approximate City contribution for amortization of the UAAL	5,016,000
(4) Expected UAAL as of June 30, 1989: (1)+(2)-(3)	78,611,000

As shown on the previous page, last year's plan experience caused the UAAL to be lower than expected. Next year's plan experience may not be as favorable as last year's; if, for example, asset returns are less than the 7% assumption, the UAAL could well rise to more than the projected \$78,611,000.

SECTION V - STATISTICAL AND MISCELLANEOUS INFORMATIONA. Actuarial Assumptions

Assumptions apply to all Sections of the City Charter unless specified.

1. Interest: 7% per annum.
2. Salary scale: 5% per annum.
3. Consumer Price Index: Increase of 3% per annum.
4. Social Security Wage Base: Increase of 4% per annum.
5. Spouses and dependents: 85% of male employees and 60% of female employees assumed married at retirement, with wives assumed four years younger than husbands.
6. Rehire of former employees: Assumed not to be rehired.
7. Asset valuation: Asset values taken directly from statements furnished by the City.
8. Rates of termination of employment: As shown in Tables I and II which follow.
9. Rates of death after retirement: As shown in Table III which follows.

RATES OF TERMINATION OF EMPLOYMENT

The following pages indicate the probability of termination of employment for each of the nine separate sources of termination:

- Ordinary withdrawal: member terminates and elects refund of member contributions.
- Vested withdrawal: member terminates and contributions are left on deposit.
- Ordinary death: member dies before becoming eligible for retirement; death not employment-related.
- Ordinary disability: member receives disability retirement where the member's disability is not employment-related.
- Service retirement: member retires after satisfaction of requirements of age and/or service for reasons other than disability.
- Service disability: member receives disability retirement as the result of employment-related disability.
- Service death: member dies before retirement as the result of performance of assigned duties.

The probability shown for each cause of termination represents the probability that a given member will terminate at a particular age for the indicated reason. For example, if the probability of ordinary withdrawal at age 25 is .1000, then we are assuming that 10% of the active members at age 25 will terminate without vested rights during the next year.

TABLE I

SAFETY EMPLOYEES

<u>Age</u>	<u>Withdrawal</u>	<u>Job-Related Death</u>	<u>Ordinary Death</u>	<u>Job-Related Disability</u>	<u>Ordinary Disability</u>
20	.0310	.00034	.00039	.00153	0
21	.0294	.00034	.00039	.00155	0
22	.0280	.00034	.00039	.00155	0
23	.0268	.00034	.00039	.00162	0
24	.0256	.00035	.00040	.00170	0
25	.0244	.00036	.00040	.00186	.00009
26	.0222	.00036	.00040	.00203	.00009
27	.0220	.00037	.00041	.00222	.00012
28	.0218	.00038	.00041	.00254	.00012
29	.0206	.00039	.00041	.00305	.00012
30	.0194	.00040	.00042	.00366	.00018
31	.0172	.00042	.00042	.00434	.00018
32	.0160	.00044	.00044	.00507	.00021
33	.0150	.00047	.00045	.00587	.00024
34	.0140	.00050	.00048	.00674	.00030
35	.0130	.00055	.00050	.00767	.00036
36	.0120	.00060	.00053	.00866	.00039
37	.0110	.00065	.00057	.00971	.00048
38	.0102	.00071	.00062	.01082	.00060
39	.0094	.00078	.00067	.01199	.00069
40	.0086	.00085	.00072	.01322	.00084
41	.0078	.00094	.00079	.01448	.00099
42	.0070	.00103	.00086	.01581	.00111
43	.0062	.00113	.00094	.01719	.00129
44	.0054	.00124	.00103	.01860	.00150
45	.0046	.00136	.00113	.02006	.00174
46	.0038	.00148	.00123	.02156	.00201
47	.0030	.00162	.00135	.02310	.00234
48	.0020	.00176	.00147	.02466	.00273
49	.0010	.00191	.00161	.02625	.00321
50	.0000	.00207	.00175	.02786	.00378
51		.00223	.00191	.02949	.00447
52		.00241	.00208	.03114	.00525
53		.00259	.00225	.03282	.00618
54		.00277	.00244	.03450	¹ .00729
55		.00298	.00264	.03620	.00861
56		.00318	.00286	.03791	.01017
57		.00339	.00308	.03962	.01200
58		.00360	.00331	.04136	.01413
59		.00382	.00356	.04308	.01659
60		.00405	.00382	.04482	.01941
61			.00409		
62			.00437		
63			.00466		
64			.00496		
65			.00527		

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TABLE I
(continued)

SAFETY EMPLOYEES

<u>Age</u>	<u>Service Retirement</u>
Under 50	0
50	.0300
51	.0400
52	.0600
53	.1200
54	.2000
55	.3500
56	.2500
57	.2700
58	.3800
59	.6000
60 and over	1.0000

TABLE II

MISCELLANEOUS EMPLOYEES (Sections 399 & 302)

Age	Withdrawal		Job-Related Death Male & Female	Ordinary Death	
	Male	Female		Male	Female
20	.1720	.2000	0	.00057	.00049
21	.1600	.1900		.00060	.00049
22	.1500	.1800		.00062	.00049
23	.1420	.1700		.00065	.00051
24	.1340	.1600		.00067	.00052
25	.1260	.1500		.00071	.00054
26	.1180	.1400		.00074	.00055
27	.1100	.1300		.00078	.00057
28	.1052	.1244		.00082	.00060
29	.1004	.1188		.00087	.00062
30	.0956	.1132		.00092	.00065
31	.0908	.1076		.00098	.00067
32	.0860	.1020		.00105	.00071
33	.0804	.0966		.00112	.00074
34	.0748	.0912		.00119	.00078
35	.0692	.0858		.00128	.00082
36	.0636	.0804		.00137	.00087
37	.0580	.0750		.00148	.00092
38	.0536	.0694		.00159	.00098
39	.0492	.0638		.00172	.00105
40	.0448	.0582		.00186	.00112
41	.0404	.0526		.00204	.00119
42	.0360	.0470		.00228	.00128
43	.0316	.0416		.00258	.00137
44	.0272	.0362		.00293	.00148
45	.0228	.0308		.00334	.00159
46	.0184	.0254		.00379	.00172
47	.0140	.0200		.00429	.00186
48	.0080	.0100		.00483	.00204
49	.0020	.0050		.00541	.00228
50	.0000	.0000		.00603	.00258
51				.00670	.00293
52				.00740	.00334
53				.00814	.00379
54				.00891	.00429
55				.00972	.00483
56				.01057	.00541
57				.01146	.00603
58				.01239	.00670
59				.01340	.00740
60				.01449	.00814
61				.01571	.00891
62				.01710	.00972
63				.01870	.01057
64				.02056	.01146
65				.02275	.01239

TABLE II
(continued)

MISCELLANEOUS EMPLOYEES (Sections 399 & 302)

<u>Age</u>	<u>Job-Related Disability</u>		<u>Ordinary Disability</u>	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
20	.00003	.00003	.00009	.00003
21	.00003	.00003	.00009	.00003
22	.00003	.00003	.00009	.00003
23	.00003	.00003	.00009	.00003
24	.00003	.00003	.00009	.00003
25	.00003	.00003	.00012	.00003
26	.00006	.00003	.00012	.00003
27	.00006	.00003	.00015	.00003
28	.00006	.00003	.00018	.00003
29	.00006	.00003	.00021	.00006
30	.00009	.00003	.00021	.00009
31	.00009	.00006	.00024	.00012
32	.00009	.00006	.00030	.00018
33	.00012	.00009	.00036	.00024
34	.00015	.00012	.00045	.00033
35	.00021	.00015	.00057	.00045
36	.00027	.00021	.00075	.00057
37	.00036	.00027	.00096	.00069
38	.00045	.00030	.00126	.00087
39	.00057	.00039	.00159	.00102
40	.00075	.00045	.00204	.00123
41	.00093	.00054	.00255	.00144
42	.00114	.00063	.00315	.00168
43	.00138	.00072	.00378	.00195
44	.00162	.00081	.00450	.00222
45	.00192	.00093	.00525	.00252
46	.00222	.00108	.00609	.00297
47	.00252	.00126	.00696	.00342
48	.00285	.00141	.00783	.00393
49	.00318	.00162	.00876	.00441
50	.00351	.00180	.00966	.00495
51	.00384	.00198	.01083	.00549
52	.00417	.00219	.01143	.00597
53	.00444	.00237	.01221	.00651
54	.00471	.00255	.01299	.00699
55	.00501	.00273	.01374	.00747
56	.00528	.00288	.01452	.00792
57	.00555	.00303	.01530	.00837
58	.00585	.00321	.01605	.00879
59	.00612	.00336	.01683	.00924
60	.00639	.00351	.01761	.00969

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TABLE II
(continued)

MISCELLANEOUS EMPLOYEES

<u>Age</u>	<u>Service Retirement</u>			
	<u>Sections 399 & 302</u>		<u>Section 175</u>	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
50	.00563	.01779	0	0
51	.00524	.02758	0	0
52	.00483	.02735	0	0
53	.00447	.02712	0	0
54	.00412	.03694	0	0
55	.01384	.04676	.06415	.19727
56	.00362	.05660	.03362	.05660
57	.05342	.06645	.05342	.06645
58	.06316	.09639	.06316	.09639
59	.07291	.14641	.07291	.14641
60	.11290	.20651	.11290	.20651
61	.17310	.20635	.17310	.20635
62	.23333	.20619	.23333	.20619
63	.23306	.23618	.23306	.23618
64	.33374	.31645	.33374	.31645
65	1.00000	1.00000	1.00000	1.00000

TABLE III

POSTRETIREMENT MORTALITY

<u>Age</u>	<u>Disability Retirement</u>		<u>Nondisability Retirement</u>	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
20	.00287		.00057	.00047
21	.00340		.00060	.00048
22	.00394		.00062	.00049
23	.00443		.00065	.00051
24	.00496		.00067	.00052
25	.00550		.00071	.00054
26	.00604		.00074	.00055
27	.00657	.00287	.00078	.00057
28	.00711	.00340	.00082	.00060
29	.00765	.00394	.00087	.00062
30	.00818	.00443	.00092	.00065
31	.00872	.00496	.00098	.00067
32	.00926	.00550	.00105	.00071
33	.00979	.00604	.00112	.00074
34	.01038	.00657	.00119	.00078
35	.01107	.00711	.00128	.00082
36	.01177	.00765	.00137	.00087
37	.01251	.00818	.00148	.00092
38	.01325	.00872	.00159	.00098
39	.01399	.00926	.00172	.00105
40	.01474	.00979	.00186	.00112
41	.01534	.01038	.00204	.00119
42	.01624	.01107	.00220	.00128
43	.01713	.01177	.00258	.00137
44	.01808	.01251	.00293	.00148
45	.01908	.01325	.00334	.00159
46	.02008	.01399	.00379	.00172
47	.02113	.01474	.00429	.00186
48	.02231	.01534	.00483	.00204
49	.02343	.01624	.00541	.00220
50	.02472	.01713	.00603	.00258
51	.02612	.01808	.00670	.00293
52	.02761	.01908	.00740	.00334
53	.02900	.02008	.00814	.00379
54	.03048	.02113	.00891	.00429
55	.03212	.02231	.00972	.00483
56	.03386	.02343	.01057	.00541
57	.03559	.02472	.011 6	.00603
58	.03742	.02612	.01239	.00670
59	.03916	.02761	.01340	.00740

TABLE III
(continued)

POSTRETIREMENT MORTALITY

<u>Age</u>	<u>Disability Retirement</u>		<u>Nondisability Retirement</u>	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
60	.04099	.02900	.01449	.00814
61	.04288	.03048	.01571	.00891
62	.04476	.03212	.01710	.00972
63	.04696	.03386	.01870	.01057
64	.04916	.03559	.02056	.01146
65	.05156	.03742	.02275	.01239
66	.05417	.03916	.02534	.01340
67	.05674	.04099	.02806	.01449
68	.05922	.04288	.03073	.01571
69	.06195	.04476	.03349	.01710
70	.06493	.04696	.03662	.01870
71	.06822	.04916	.04052	.02056
72	.07161	.05156	.04487	.02275
73	.07539	.05417	.04958	.02534
74	.07908	.05674	.05471	.02806
75	.08363	.05922	.06026	.03073
76	.08868	.06195	.06661	.03349
77	.09450	.06493	.07392	.03662
78	.09860	.06822	.08212	.04052
79	.10320	.07161	.09117	.04487
80	.10850	.07539	.10085	.04958
81	.11500	.07908	.11104	.05471
82	.121662	.08363	.12166	.06026
83	.132654	.08868	.13265	.06661
84	.144016	.09450	.14402	.07392
85	.155717	.09860	.15572	.08212
86	.167895	.10320	.16790	.09117
87	.180601	.10850	.18060	.10085
88	.193932	.11500	.19393	.11104
89	.207993	.121662	.20799	.12166
90	.222882	.132654	.22288	.13265
91	.234813	.144016	.23617	.14402
92	.246809	.155717	.25017	.15572
93	.258385	.167895	.26502	.16790
94	.270246	.180601	.28085	.18060
95	.281839	.193932	.29780	.19393
96	.295694	.207993	.31606	.20799
97	.306714	.222882	.33580	.22288
98	.319916	.234813	.35724	.23617
99	.333150	.246809	.38058	.25017

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TABLE III
(continued)

POSTRETIREMENT MORTALITY

<u>Age</u>	<u>Disability Retirement</u>		<u>Nondisability Retirement</u>	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
100	.346794	.258385	.40606	.26502
101	.366556	.270246	.43393	.28085
102	.386244	.281839	.46442	.29780
103	1.000000	1.000000	.50010	.31606
104			.54355	.33580
105			.59733	.35724
106			.66401	.38058
107			.74616	.40606
108			.84635	.43393
109			.96713	.46442
110			1.00000	1.00000

B. Actuarial Method

The actuarial method employed is the entry age normal cost method (EANC) under which normal cost percentages are obtained on the basis of the most recent entrants into the System.

This actuarial method (EANC) produces a normal cost (current cost) which is expected to be a constant percentage of covered payroll. When actuarial assumptions or plan provisions are changed, the normal cost percentage may change.

Since there are no more new entrants to the System, the normal cost as a percentage of payroll was frozen in 1980.

The unfunded liability may also change when plan provisions or actuarial assumptions change; it will reflect differences between the actual experience under the System and assumed experience.

The City Charter amendment of 1976 provides that unfunded liability be amortized as a percentage of total payroll, not covered payroll. This is because the unfunded liability, which developed when the System covered all regular employees, could not be amortized efficiently as a proportion of the declining payroll of covered employees. This proportion would have needed to be a very high percentage of covered payroll to reflect its drastic reduction before the end of the amortization period.

C. Summary of Principal Plan Provisions

This section summarizes the provisions of the Sacramento City Employees' Retirement System as described in the Sacramento City Charter, Article XVII, and the Sacramento City Code, Chapter 34. This summary is limited to those provisions that are material to the valuation.

SECTION 175 - MISCELLANEOUS MEMBERS

Retirement:

Eligibility Requirements - Members may elect to retire at age 70.

Members may elect to retire at age 55 with 20 years of service.

Retirement Benefits - The monthly allowance is equal to 1/60 of the average monthly salary in the three years before retirement, multiplied by years of service and multiplied by a factor which is determined by age at retirement. Examples of such factors are:

<u>Age</u>	<u>Factor</u>
55	.661651
60	1.000000
65 and over	1.463854

Minimum Retirement Benefit - For retirement after age 65 with 20 years of service, the minimum monthly allowance is \$60.

Payment Period - Lifetime of the member; member may elect to receive actuarially determined reduced payments with subsequent payments to beneficiary upon the member's death.

Disability:

Eligibility Requirements - 10 years of service.

Disability Benefit - For members with at least 16-2/3 years of service, the monthly allowance is equal to 1-1/2% of average monthly salary in the three years before disability, multiplied by years of service to disability. For members with less than 16-2/3 years of service, the monthly allowance is equal to the lesser of 1-1/2% of such monthly average, multiplied by years of service member would have earned at age 60, or 25% of such monthly average.

Payment Period - Lifetime of the member, with same options available as for retirement.

Lump Sum Death:

Eligibility Requirements - Death of member for any cause, either before or after retirement.

Lump Sum Death Benefit - For death before retirement, the benefit payable is equal to return of member's contributions plus interest plus an amount equal to 1/12 of average salary in the year preceding death, multiplied by the lesser of the member's years of service and 6. For death after retirement, the benefit payable is \$500.

Death While Eligible for Retirement:

Eligibility Requirements - Death of member after qualifying for retirement, but before retiring, with spouse, children under 18, or dependent parents.

Death Benefit - A monthly allowance equal to one-half of the member's allowance if the member had retired at the time of death.

Payment Period - For lifetime of spouse, or until remarriage. If no spouse is receiving the benefit, children under 18 receive benefit until age 18, death, or marriage. If no child under 18 or spouse is receiving the benefit, dependent parents may receive the benefit. Before the first monthly payment, the eligible beneficiary may elect to receive the lump sum death benefit, described above, in lieu of the monthly allowance.

Termination of Employment:

Eligibility Requirements - Member terminates employment with the City for any cause other than death, retirement, or disability.

Benefit - Return of member's contributions plus interest. However, if such value exceeds \$500, the member may elect to leave such value in the system. The benefits for such members are as follows:

(a) disability benefits continue in effect except the 10 years of service requirement no longer applies; (b) retirement and disability

benefits will become payable when other eligibility requirements are satisfied; and (c) lump sum benefits will become payable upon death, based on the member's salary at termination.

Member Basic Contributions:

Basis - Determined as a rate of pay, based on the member's entry age, which would provide one-half of the member's retirement benefit.

Workers' Compensation Reduction:

Application - No reduction is applied to benefits payable under this section of the Code.

SECTION 175 - SAFETY MEMBERSRetirement:

Eligibility Requirements - Members may elect to retire at age 70.

Members may elect to retire at age 55 with 20 years of service.

Retirement Benefit - Upon satisfying the eligibility requirements, members are entitled to a monthly allowance equal to 50% of average monthly salary in the three years before to retirement.

Payment Period - Lifetime of the member; the member may elect to receive actuarially determined reduced amounts with subsequent payments to beneficiary upon the member's death.

Early Retirement - A member with 20 years of service may, upon attaining age 50, elect to receive an actuarially reduced allowance, equivalent in value to the allowance that would be payable at age 55, based on salary and service at early retirement.

Industrial Disability:

Eligibility Requirements - Member disabled while in the performance of duty.

Industrial Disability Benefit - If member is not eligible for retirement benefit, monthly allowance is 50% of average monthly salary in the three years before disability. If member is eligible for retirement benefit, monthly allowance is larger of retirement allowance or 50% of average monthly salary in the three years before disability.

Ordinary Disability:

Eligibility Requirements - Member is disabled, but not in the performance of duty, with 10 years of service.

Ordinary Disability Benefit - The monthly allowance is the larger of 1-1/2% of salary in the three years before disability, multiplied by years of service, or 25% of average monthly salary in the three years before disability.

Payment Period - Lifetime of the member, with the same options available as for retirement.

Industrial Death:

Eligibility Requirements - The member dies in performance of duty, with a spouse, children under 18, or dependent parents.

Industrial Death Benefit - If the member is eligible for retirement benefits, the monthly allowance is equal to the larger of retirement benefit or 50% of average monthly salary in the three years before death. If the member is not eligible for retirement benefits, the Code is silent. However, by analogy to the industrial disability benefit, the monthly benefit would be 50% of average monthly salary in the three years before death.

Payment Period - Lifetime of spouse, or until remarriage. If no spouse is receiving the benefit, children under 18 receive the benefit until age 18, death, or marriage. If no child under 18 or spouse, dependent parents may receive the benefit.

Postretirement Death:

Eligibility Requirements - Member dies (but not in performance of duty), following retirement, industrial disability, or after qualifying for retirement, with spouse, children under 18, or dependent parents.

Postretirement Death Benefits - One-half of the monthly allowance paid to the member or to which the member is entitled.

Payment Period - The lifetime of the spouse, or until remarriage. If no spouse is receiving the benefit, children under 18 receive benefit until age 18, death, or marriage. If no spouse or child under 18, dependent parents may receive the benefit. Before the first monthly payment, the eligible beneficiary may elect to receive the lump sum death benefit, described below, in lieu of the monthly allowance.

Lump Sum Death:

Eligibility Requirements - Member dies before retirement, but not in the performance of duty or after retirement for any cause.

Lump Sum Death Benefit - For death before retirement, the benefit payable is equal to the return of the member's contributions plus interest plus an amount equal to $1/12$ of average salary in the year before death multiplied by the lesser of years of service and six. For death after retirement, the benefit payable is \$500.

Termination of Employment:

Eligibility Requirements - Member terminates employment with the City for any cause other than death, retirement, or disability.

Benefit - Return of member's contributions plus interest. However, if such value exceeds \$500, the member may elect to leave such value in the System. The benefits for such members are as follows:

(a) disability benefits continue in effect except that the 10 years of service requirement no longer applies; (b) retirement and disability

benefits will become payable when other eligibility requirements are satisfied; and (c) lump sum death benefits will become payable upon death, based on the member's salary at termination.

Workers' Compensation Reduction:

Application - Any death, retirement, or disability benefit provided by the City's contributions will be reduced by Workers' Compensation benefits, provided such benefit became payable on account of the industrial death or disability that led to the workers' compensation benefits.

Member Basic Contributions:

Basic - Member contributions are determined as a rate of pay, based on the member's entry age into the System, which would provide one-half of the member's retirement benefit.

SECTION 399 & FORMER SECTION 302 - MISCELLANEOUS AND SAFETY MEMBERS

(All provisions except member contributions apply to all plans.)

Retirement:

Eligibility Requirements - Members may elect to retire at age 70.

Members with five years of service may elect to retire at age 50.

Retirement Benefit - Members are entitled to a monthly allowance equal to a percentage of average monthly salary in the three years before retirement, multiplied by years of service. Examples of the percentages are:

<u>Age</u>	<u>Percentages</u>	
	<u>Safety</u>	<u>Miscellaneous</u>
50	1.7500%	1.1000%
55	2.4000	1.7500
60 and over	2.4000	2.4000

The maximum retirement benefit is 75% of the member's average monthly salary in the three years before retirement.

Payment Period - Lifetime of the member. The member may elect to receive actuarially reduced amounts with subsequent payments to be made to beneficiary upon the member's death.

Industrial Disability:

Eligibility Requirements - Member disabled while in performance of duty.

Industrial Disability Benefit - If member is not eligible for retirement benefit, monthly allowance is 50% of average monthly salary in the three years before disability. If member is eligible for retirement benefit, monthly allowance is larger of retirement allowance or 50% of average monthly salary in the three years before disability.

Payment Period - For the member's lifetime, with same options available as for retirement.

Ordinary Disability:

Eligibility Requirements - Member is disabled, but not in the performance of duty, with 10 years of service.

Ordinary Disability Benefit - For Safety Members not eligible for retirement, the monthly allowance is the larger of 1-1/2% of salary in the three years before disability, multiplied by years of service, or 25% of average monthly salary in the three years before disability. For Miscellaneous members not eligible for retirement, the monthly allowance is the smaller of 1-1/2% of salary in the three years before disability, multiplied by years of service, or the percentage of salary in the three years before disability to which the member would be entitled upon retirement at age 50. The minimum benefit for such Miscellaneous members is 25% of average monthly salary in the three years before disability. For all members eligible for retirement, the monthly allowance is the larger of the retirement allowance or 25% of average salary in the three years before disability.

Payment Period - Lifetime of the member, with the same options as for retirement.

Industrial Death:

Eligibility Requirements - Member dies in performance of duty, with spouse, children under 18, or dependent parents.

Industrial Death Benefits - If the member is eligible for retirement, the monthly allowance equals the larger of retirement benefit or 50% of average monthly salary in the three years before death. If the member is not eligible for retirement, the monthly allowance is 50% of average monthly salary in the three years before death.

Payment Period - Lifetime of the spouse, or until remarriage. If no spouse is receiving the benefit, children under 18 receive the benefit until age 18, death, or marriage. If no spouse or child under 18, dependent parents may receive the benefit.

Postretirement Death:

Eligibility Requirements - Member dies following retirement, disability, or after qualifying for retirement (but not in performance of duty), with spouse, children under 18, or dependent parents.

Postretirement Death Benefit - One-half of the monthly allowance being paid to the member or to which the member is entitled.

Payment Period - Lifetime of the spouse, or until remarriage. If no spouse is receiving the benefit, children under 18 receive benefit until age 18, death, or marriage. If no spouse or child under 18 is receiving the benefit, dependent parents may receive the benefit. Before the first monthly payment, the eligible beneficiary may elect to receive the lump sum death benefit, described below, in lieu of the monthly allowance.

Lump Sum Death:

Eligibility Requirements - Member dies before retirement, but not in the line of duty, or after retirement for any cause.

Lump Sum Death Benefits - For death before retirement, the benefit payable is equal to the return of the member's contributions plus interest plus an amount equal to $1/12$ of average salary in the year before death multiplied by the lesser of years of service and six. For death after retirement, the benefit payable is \$500.

Termination of Employment:

Eligibility Requirements - Member terminates employment with the City for any cause other than death, retirement, or disability.

Benefit - Return of member's contributions plus interest. However, if the member has five years of service, the member may elect to leave the money in the System. The benefits for such members are as follows: (a) retirement benefits become payable when eligibility

requirements are satisfied; (b) if member is disabled while eligible for retirement, retirement benefit becomes payable; (c) if member is disabled, but not eligible for retirement, the benefit is the lesser of 1-1/2% of average monthly compensation in the three years before termination, multiplied by years of service, or the retirement benefit the member would be entitled to at age 50; (d) if the member dies while eligible for retirement, following retirement, or following disability, one-half of the monthly allowance being paid to the member or to which the member is entitled is payable to the spouse, children under 18, or dependent parents (a lump sum benefit may be elected in lieu of a monthly allowance); and (e) if the member dies before retirement, disability, or eligibility for retirement, a lump sum death benefit equal to the member's contributions plus interest plus 1/12 of average salary in the year before termination, multiplied by the lesser of years of service and six, is payable to the beneficiary.

Workers' Compensation Reduction:

Application - Any death, retirement, or disability benefit provided by the City's contributions will be reduced by workers' compensation benefits provided such benefit became payable because of the industrial death or disability that led to the workers' compensation benefits.

Member Basic Contributions:

Basis - The Equal Shares Plan is to be funded on a share-and-share-alike basis by the members of the plan and the City. Costs are to be determined under the premises that all people entering City employment

after August 16, 1977 will become members of the plan and that all members of the plan on August 16, 1977 who elect to join the Section 399 plan instead remain in the Equal Shares Plan. Under these premises the actuary computes a unique rate for Safety members and a unique rate for Miscellaneous members which, when multiplied by certain entry-age factors, provide one-half of the plan's costs. Examples of these entry-age factors are as follows:

<u>Entry Age</u>	<u>Factor for Safety Member</u>	<u>Factor for Miscellaneous Member</u>
25	.892	.861
35	1.120	.984
45	1.348	1.106
55	1.439	1.216

These factors, which may be revised occasionally, are based on each employee's age at entry into the System. The factor is multiplied by the unique rate developed by the actuary to give the employee's contribution rate.

Contribution rates for members of the Section 399 Plan are taken from a table in the Charter, Section 403, based on the employee's age at entry into the System. Examples of these entry-age rates are as follows:

<u>Entry Age</u>	<u>Entry-Age Rate For Safety Member</u>	<u>Entry-Age Rate For Miscellaneous Member</u>
25	9.01%	6.94%
35	11.31%	7.93%
45	13.61%	.91%
55	14.53%	9.80%

Members are permitted to make voluntary contributions for extra benefits.

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ADDITIONAL PROVISIONS WHICH APPLY TO ALL PLANSEmployees Transferred to County (Code 34.700)

Eligibility Requirements - Employee transfers to Sacramento County and becomes a member of Sacramento County Employees' Retirement System and elects to remain in City System; must be an employee of the City Health Department or employed on or after January 1, 1963 with employment commencing on or before November 4, 1974.

Benefits for Such Employees - Retirement and disability benefits are, for the most part, computed as though service continued with the City. The benefit thus calculated would be reduced by any benefit payable under the County System with the resulting difference payable by the City. Termination of employment benefits are determined by the relevant provisions of the City System. Death benefits are those payable under the City System under the premise that service continued with the City, reduced by the actuarial equivalent of the County's benefits, subject to a minimum benefit equal to the member's City contributions with interest.

Benefits From Excess City Contributions - The City contributes to each member's account an amount equal to the excess of the member's required contributions under the City System over the member's required contributions under the County System. The value of this account is payable at retirement as a lump sum or an additional retirement allowance.

Equal Shares Treatment - Transferees on or before July 1, 1970 may elect to be substantially covered by the Equal Shares Plan provided certain retroactive contribution adjustments are paid to the City System.

Government Employees Transferred to City (Code 34.800)

Treatment of Such Employees - A member of the City System who was in service with a public agency whose functions were taken over by the City may elect to receive prior service credit for service with the public agency by making a lump sum payment for contributions which would have been paid during the period of past service.

Increase in Retirement Benefits (Code 34.900)

Adjustments - As of each July 1, allowances payable since the preceding July 1 are adjusted at the same rate as the Consumer Price Index for San Francisco-Oakland changed for the preceding calendar year. 1968 and 1969 adjustments were limited to 2%; subsequent adjustments were limited to 3%. Any carry-over to the adjustment would be accumulated. The allowance would not be permitted to decrease below the allowance on benefit commencement, or July 1, 1968, if later.

Member Contributions - 6.7% of contributions otherwise made to the System.

Social Security Coverage (Code 34.1000)

Coordination of Retirement System and Social Security - Applies only to Miscellaneous members of the Retirement System. Only retirement benefits and disability benefits (for disability benefits after age 55) are coordinated.

Social Security Reduction - Applicable at later of age 62 or actual retirement age. The amount of the reduction is equal to one-half of the member's Primary Insurance Amount multiplied by the ratio of salary earned from the City (used in the calculation of the Primary Insurance Amount) to the salary earned from all sources (used in the calculation of the Primary Insurance Amount).

Reduction in Member Contributions - A member may reduce normal contributions to the System by an amount equal to the taxes paid for Social Security coverage.

Reduction in Allowance on Account of Reduction in Member Contributions
- If the member elects to reduce member contributions as provided above, any allowance payable by the System will be reduced by the actuarial equivalent of the accumulated value of the reduction of contributions.

Minimum Benefit - A member's allowance (after Social Security Reduction and Reduction in Allowance on Account of Reduction in Member Contributions) plus his Primary Social Security benefit cannot be less than what his allowance would have been before such reductions.

Reciprocity (Code 34.1600)

Reciprocal Provisions with PERS - The City System provides for portability of service and benefits between itself and the PERS.

PERS

Membership - Effective 1977, all new employees of the City enter the PERS. These employees will not be eligible to enter the City System.

UNISEX OPERATING FACTORS

For the portion of a member's benefit earned after July 1, 1983, the actuarial factor used to calculate the reduction in allowance due to the reduction account or the optional settlement forms is whichever of the sex-related factors would give a higher benefit.

AGE/SERVICE DISTRIBUTION SECTION 175-MISC MEMBERS-INTEGRATED

AGE		** SERVICE **													
.....		0-1	1-2	2-3	3-4	4-5	5-9	10-14	15-19	20-24	25-29	30-34	35-	TOTAL	
.....		
15-19	*NO. *	0	0	0	0	0	0	0	0	0	0	0	0	0	
	TOT. AMT	0	0	0	0	0	0	0	0	0	0	0	0	0	
	AVE. AMT*	0	0	0	0	0	0	0	0	0	0	0	0	0	
20-24	*NO. *	0	0	0	0	0	0	0	0	0	0	0	0	0	
	TOT. AMT	0	0	0	0	0	0	0	0	0	0	0	0	0	
	AVE. AMT*	0	0	0	0	0	0	0	0	0	0	0	0	0	
25-29	*NO. *	0	0	0	0	0	0	0	0	0	0	0	0	0	
	TOT. AMT	0	0	0	0	0	0	0	0	0	0	0	0	0	
	AVE. AMT*	0	0	0	0	0	0	0	0	0	0	0	0	0	
30-34	*NO. *	0	0	0	0	0	0	0	0	0	0	0	0	0	
	TOT. AMT	0	0	0	0	0	0	0	0	0	0	0	0	0	
	AVE. AMT*	0	0	0	0	0	0	0	0	0	0	0	0	0	
35-39	*NO. *	0	0	0	0	0	0	0	0	0	0	0	0	0	
	TOT. AMT	0	0	0	0	0	0	0	0	0	0	0	0	0	
	AVE. AMT*	0	0	0	0	0	0	0	0	0	0	0	0	0	
40-44	*NO. *	0	0	0	0	0	0	0	3	7	0	0	0	10	
	TOT. AMT	0	0	0	0	0	0	0	100135	201126	0	0	0	301261	
	AVE. AMT*	0	0	0	0	0	0	0	33378	28732	0	0	0	30126	
45-49	*NO. *	0	0	0	0	0	0	0	6	4	1	0	0	11	
	TOT. AMT	0	0	0	0	0	0	0	170303	135953	25703	0	0	331959	
	AVE. AMT*	0	0	0	0	0	0	0	28384	33988	25703	0	0	30178	
50-54	*NO. *	0	0	0	0	0	0	0	1	4	4	0	0	9	
	TOT. AMT	0	0	0	0	0	0	0	30588	105434	102841	0	0	238863	
	AVE. AMT*	0	0	0	0	0	0	0	30588	26359	25710	0	0	26540	
55-59	*NO. *	0	0	0	0	0	0	0	3	6	0	0	0	9	
	TOT. AMT	0	0	0	0	0	0	0	77037	161354	0	0	0	238391	
	AVE. AMT*	0	0	0	0	0	0	0	25679	26892	0	0	0	26488	
60-64	*NO. *	0	0	0	0	0	0	0	2	2	3	0	0	7	
	TOT. AMT	0	0	0	0	0	0	0	65940	47609	76704	0	0	190253	
	AVE. AMT*	0	0	0	0	0	0	0	32970	23805	25568	0	0	27179	
65-	*NO. *	0	0	0	0	0	0	1	0	1	1	0	0	3	
	TOT. AMT	0	0	0	0	0	0	23213	0	25703	26139	0	0	75055	
	AVE. AMT*	0	0	0	0	0	0	23213	0	25703	26139	0	0	25018	
TOTAL	*NO. *	0	0	0	0	0	0	1	15	24	9	0	0	49	
	TOT. AMT	0	0	0	0	0	0	23213	444003	677179	231387	0	0	1375782	
	AVE. AMT*	0	0	0	0	0	0	23213	29600	28216	25710	0	0	28077	

AVERAGE AGE * 52.4 * AVERAGE SERVICE * 21.5 *

AGE/SERVICE DISTRIBUTION SECTION 175-MISC MEMBERS-NONINTEGRATED

AGE *****	** SERVICE **												TOTAL *****
	0-1 *****	1-2 *****	2-3 *****	3-4 *****	4-5 *****	5-9 *****	10-14 *****	15-19 *****	20-24 *****	25-29 *****	30-34 *****	35- *****	
15-19 *NO. *	0	0	0	0	0	0	0	0	0	0	0	0	0
TOT. AMT	0	0	0	0	0	0	0	0	0	0	0	0	0
AVE. AMT*	0	0	0	0	0	0	0	0	0	0	0	0	0
20-24 *NO. *	0	0	0	0	0	0	0	0	0	0	0	0	0
TOT. AMT	0	0	0	0	0	0	0	0	0	0	0	0	0
AVE. AMT*	0	0	0	0	0	0	0	0	0	0	0	0	0
25-29 *NO. *	0	0	0	0	0	0	0	0	0	0	0	0	0
TOT. AMT	0	0	0	0	0	0	0	0	0	0	0	0	0
AVE. AMT*	0	0	0	0	0	0	0	0	0	0	0	0	0
30-34 *NO. *	0	0	0	0	0	0	0	0	0	0	0	0	0
TOT. AMT	0	0	0	0	0	0	0	0	0	0	0	0	0
AVE. AMT*	0	0	0	0	0	0	0	0	0	0	0	0	0
35-39 *NO. *	0	0	0	0	0	0	0	0	0	0	0	0	0
TOT. AMT	0	0	0	0	0	0	0	0	0	0	0	0	0
AVE. AMT*	0	0	0	0	0	0	0	0	0	0	0	0	0
40-44 *NO. *	0	0	0	0	0	0	0	0	0	0	0	0	0
TOT. AMT	0	0	0	0	0	0	0	0	0	0	0	0	0
AVE. AMT*	0	0	0	0	0	0	0	0	0	0	0	0	0
45-49 *NO. *	0	0	0	0	0	0	0	0	0	0	0	0	0
TOT. AMT	0	0	0	0	0	0	0	0	0	0	0	0	0
AVE. AMT*	0	0	0	0	0	0	0	0	0	0	0	0	0
50-54 *NO. *	0	0	0	0	0	0	0	0	0	0	0	0	0
TOT. AMT	0	0	0	0	0	0	0	0	0	0	0	0	0
AVE. AMT*	0	0	0	0	0	0	0	0	0	0	0	0	0
55-59 *NO. *	0	0	0	0	0	0	0	0	0	0	1	0	1
TOT. AMT	0	0	0	0	0	0	0	0	0	0	33927	0	33927
AVE. AMT*	0	0	0	0	0	0	0	0	0	0	33927	0	33927
60-64 *NO. *	0	0	0	0	0	0	0	0	0	0	1	1	2
TOT. AMT	0	0	0	0	0	0	0	0	0	0	26139	30894	57033
AVE. AMT*	0	0	0	0	0	0	0	0	0	0	26139	30894	28517
65- *NO. *	0	0	0	0	0	0	0	0	0	0	0	0	0
TOT. AMT	0	0	0	0	0	0	0	0	0	0	0	0	0
AVE. AMT*	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL *NO. *	0	0	0	0	0	0	0	0	0	0	2	1	3
TOT. AMT	0	0	0	0	0	0	0	0	0	0	60066	30894	90960
AVE. AMT*	0	0	0	0	0	0	0	0	0	0	30033	30894	30320

AVERAGE AGE * 61.7 * AVERAGE SERVICE * 32.0 *

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AGE/SERVICE DISTRIBUTION SECTION 175-SAFETY MEMBERS

AGE *****	** SERVICE **												TOTAL *****
	0-1 *****	1-2 *****	2-3 *****	3-4 *****	4-5 *****	5-9 *****	10-14 *****	15-19 *****	20-24 *****	25-29 *****	30-34 *****	35- *****	
15-19 *NO. *	0	0	0	0	0	0	0	0	0	0	0	0	0
TOT. AMT	0	0	0	0	0	0	0	0	0	0	0	0	0
AVE. AMT*	0	0	0	0	0	0	0	0	0	0	0	0	0
20-24 *NO. *	0	0	0	0	0	0	0	0	0	0	0	0	0
TOT. AMT	0	0	0	0	0	0	0	0	0	0	0	0	0
AVE. AMT*	0	0	0	0	0	0	0	0	0	0	0	0	0
25-29 *NO. *	0	0	0	0	0	0	0	0	0	0	0	0	0
TOT. AMT	0	0	0	0	0	0	0	0	0	0	0	0	0
AVE. AMT*	0	0	0	0	0	0	0	0	0	0	0	0	0
30-34 *NO. *	0	0	0	0	0	0	0	0	0	0	0	0	0
TOT. AMT	0	0	0	0	0	0	0	0	0	0	0	0	0
AVE. AMT*	0	0	0	0	0	0	0	0	0	0	0	0	0
35-39 *NO. *	0	0	0	0	0	0	0	0	0	0	0	0	0
TOT. AMT	0	0	0	0	0	0	0	0	0	0	0	0	0
AVE. AMT*	0	0	0	0	0	0	0	0	0	0	0	0	0
40-44 *NO. *	0	0	0	0	0	0	0	0	0	0	0	0	0
TOT. AMT	0	0	0	0	0	0	0	0	0	0	0	0	0
AVE. AMT*	0	0	0	0	0	0	0	0	0	0	0	0	0
45-49 *NO. *	0	0	0	0	0	0	0	0	1	0	0	0	1
TOT. AMT	0	0	0	0	0	0	0	0	37860	0	0	0	37860
AVE. AMT*	0	0	0	0	0	0	0	0	37860	0	0	0	37860
50-54 *NO. *	0	0	0	0	0	0	0	1	5	1	0	0	7
TOT. AMT	0	0	0	0	0	0	0	43750	216486	40697	0	0	300933
AVE. AMT*	0	0	0	0	0	0	0	43750	43297	40697	0	0	42990
55-59 *NO. *	0	0	0	0	0	0	0	0	9	2	0	0	11
TOT. AMT	0	0	0	0	0	0	0	0	372070	75414	0	0	447484
AVE. AMT*	0	0	0	0	0	0	0	0	41341	37707	0	0	40680
60-64 *NO. *	0	0	0	0	0	0	0	0	0	1	0	0	1
TOT. AMT	0	0	0	0	0	0	0	0	0	43750	0	0	43750
AVE. AMT*	0	0	0	0	0	0	0	0	0	43750	0	0	43750
65- *NO. *	0	0	0	0	0	0	0	0	0	0	0	0	0
TOT. AMT	0	0	0	0	0	0	0	0	0	0	0	0	0
AVE. AMT*	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL *NO. *	0	0	0	0	0	0	0	1	15	4	0	0	20
TOT. AMT	0	0	0	0	0	0	0	43750	626416	159861	0	0	830027
AVE. AMT*	0	0	0	0	0	0	0	43750	41761	39965	0	0	41501

AVERAGE AGE * 54.7 * AVERAGE SERVICE * 23.3 *

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AGE/SERVICE DISTRIBUTION EQUAL SHARES-MISC MEMBERS-INTEGRATED

AGE *****	** SERVICE **												TOTAL *****
	0-1 *****	1-2 *****	2-3 *****	3-4 *****	4-5 *****	5-9 *****	10-14 *****	15-19 *****	20-24 *****	25-29 *****	30-34 *****	35- *****	
15-19 *NO. *	0	0	0	0	0	0	0	0	0	0	0	0	0
TOT. AMT	0	0	0	0	0	0	0	0	0	0	0	0	0
AVE. AMT*	0	0	0	0	0	0	0	0	0	0	0	0	0
20-24 *NO. *	0	0	0	0	0	0	0	0	0	0	0	0	0
TOT. AMT	0	0	0	0	0	0	0	0	0	0	0	0	0
AVE. AMT*	0	0	0	0	0	0	0	0	0	0	0	0	0
25-29 *NO. *	0	0	0	0	0	0	0	0	0	0	0	0	0
TOT. AMT	0	0	0	0	0	0	0	0	0	0	0	0	0
AVE. AMT*	0	0	0	0	0	0	0	0	0	0	0	0	0
30-34 *NO. *	0	0	0	0	0	0	0	0	0	0	0	0	0
TOT. AMT	0	0	0	0	0	0	0	0	0	0	0	0	0
AVE. AMT*	0	0	0	0	0	0	0	0	0	0	0	0	0
35-39 *NO. *	0	0	0	0	0	0	0	0	0	0	0	0	0
TOT. AMT	0	0	0	0	0	0	0	0	0	0	0	0	0
AVE. AMT*	0	0	0	0	0	0	0	0	0	0	0	0	0
40-44 *NO. *	0	0	0	0	0	0	1	1	0	0	0	0	2
TOT. AMT	0	0	0	0	0	0	28852	23017	0	0	0	0	51869
AVE. AMT*	0	0	0	0	0	0	28852	23017	0	0	0	0	25935
45-49 *NO. *	0	0	0	0	0	0	0	0	0	0	0	0	0
TOT. AMT	0	0	0	0	0	0	0	0	0	0	0	0	0
AVE. AMT*	0	0	0	0	0	0	0	0	0	0	0	0	0
50-54 *NO. *	0	0	0	0	0	0	0	0	0	0	0	0	0
TOT. AMT	0	0	0	0	0	0	0	0	0	0	0	0	0
AVE. AMT*	0	0	0	0	0	0	0	0	0	0	0	0	0
55-59 *NO. *	0	0	0	0	0	0	0	0	0	0	0	0	0
TOT. AMT	0	0	0	0	0	0	0	0	0	0	0	0	0
AVE. AMT*	0	0	0	0	0	0	0	0	0	0	0	0	0
60-64 *NO. *	0	0	0	0	0	0	0	0	0	0	0	0	0
TOT. AMT	0	0	0	0	0	0	0	0	0	0	0	0	0
AVE. AMT*	0	0	0	0	0	0	0	0	0	0	0	0	0
65 *NO. *	0	0	0	0	0	0	0	0	0	0	0	0	0
TOT. AMT	0	0	0	0	0	0	0	0	0	0	0	0	0
AVE. AMT*	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL *NO. *	0	0	0	0	0	0	1	1	0	0	0	0	2
TOT. AMT	0	0	0	0	0	0	28852	23017	0	0	0	0	51869
AVE. AMT*	0	0	0	0	0	0	28852	23017	0	0	0	0	25935

AVERAGE AGE * 42.5 * AVERAGE SERVICE * 14.5 *

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AGE/SERVICE DISTRIBUTION SECTION 399-MISC MEMBERS-INTEGRATED

AGE	** SERVICE **												TOTAL
	0-1	1-2	2-3	3-4	4-5	5-9	10-14	15-19	20-24	25-29	30-34	35-	
15-19 *NO. *	0	0	0	0	0	0	0	0	0	0	0	0	0
TOT. AMT	0	0	0	0	0	0	0	0	0	0	0	0	0
AVE. AMT*	0	0	0	0	0	0	0	0	0	0	0	0	0
20-24 *NO. *	0	0	0	0	0	0	0	0	0	0	0	0	0
TOT. AMT	0	0	0	0	0	0	0	0	0	0	0	0	0
AVE. AMT*	0	0	0	0	0	0	0	0	0	0	0	0	0
25-29 *NO. *	0	0	0	0	0	0	0	0	0	0	0	0	0
TOT. AMT	0	0	0	0	0	0	0	0	0	0	0	0	0
AVE. AMT*	0	0	0	0	0	0	0	0	0	0	0	0	0
30-34 *NO. *	0	2	4	3	0	11	29	1	0	0	0	0	50
TOT. AMT	0	42755	91820	74674	0	291583	718391	46295	0	0	0	0	1265518
AVE. AMT*	0	21378	22955	24891	0	26508	24772	46295	0	0	0	0	25310
35-39 *NO. *	2	2	7	3	1	14	83	24	0	0	0	0	136
TOT. AMT	35934	45267	162136	62030	29016	332254	2244489	695991	0	0	0	0	3607117
AVE. AMT*	17967	22634	23162	20677	29016	23732	27042	29000	0	0	0	0	26523
40-44 *NO. *	1	0	3	0	2	12	69	79	13	1	0	0	180
TOT. AMT	24669	0	76906	0	48968	368934	2181302	2382760	442101	24968	0	0	5550608
AVE. AMT*	24669	0	25635	0	24484	30745	31613	30162	34008	24968	0	0	30837
45-49 *NO. *	0	0	1	2	0	4	39	42	31	15	0	0	134
TOT. AMT	0	0	26709	48222	0	108035	1182562	1317377	1047816	485704	0	0	4216425
AVE. AMT*	0	0	26709	24111	0	27009	30322	31366	33801	32380	0	0	31466
50-54 *NO. *	2	1	0	1	0	3	23	33	29	37	0	0	129
TOT. AMT	33284	26139	0	23213	0	108863	687074	1147855	896075	1196450	0	0	4118953
AVE. AMT*	16642	26139	0	23213	0	36288	29873	34783	30899	32336	0	0	31930
55-59 *NO. *	0	0	0	1	2	4	25	35	30	22	3	1	123
TOT. AMT	0	0	0	23213	45868	125838	834367	1133889	1061541	670289	100462	32417	4027884
AVE. AMT*	0	0	0	23213	22934	31460	33375	32397	35385	30468	33487	32417	32747
60-64 *NO. *	0	0	0	1	0	1	7	27	14	8	1	1	60
TOT. AMT	0	0	0	51239	0	20900	211625	823771	449716	232213	28739	40791	1858994
AVE. AMT*	0	0	0	51239	0	20900	30232	30510	32123	29027	28739	40791	30983
65- *NO. *	1	0	0	0	0	0	3	6	2	0	0	0	12
TOT. AMT	17091	0	0	0	0	0	68969	159543	60824	0	0	0	306427
AVE. AMT*	17091	0	0	0	0	0	22990	26591	30412	0	0	0	25536
TOTAL *NO. *	6	5	15	11	5	49	278	247	119	83	4	2	824
TOT. AMT	110978	114161	357571	282591	123852	1356407	8128779	7707481	3958073	2609624	129201	73208	24951926
AVE. AMT*	18496	22832	23838	25690	24770	27682	29240	31204	33261	31441	32300	36604	30281

AVERAGE AGE * 47.0 * AVERAGE SERVICE * 15.9 *

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AGE/SERVICE DISTRIBUTION SECTION 399-MISC MEMBERS-NONINTEGRATED

AGE *****	** SERVICE **												TOTAL *****
	0-1 *****	1-2 *****	2-3 *****	3-4 *****	4-5 *****	5-9 *****	10-14 *****	15-19 *****	20-24 *****	25-29 *****	30-34 *****	35- *****	
15-19 *NO. *	0	0	0	0	0	0	0	0	0	0	0	0	0
TOT. AMT	0	0	0	0	0	0	0	0	0	0	0	0	0
AVE. AMT*	0	0	0	0	0	0	0	0	0	0	0	0	0
20-24 *NO. *	0	0	0	0	0	0	0	0	0	0	0	0	0
TOT. AMT	0	0	0	0	0	0	0	0	0	0	0	0	0
AVE. AMT*	0	0	0	0	0	0	0	0	0	0	0	0	0
25-29 *NO. *	0	0	0	0	0	0	0	0	0	0	0	0	0
TOT. AMT	0	0	0	0	0	0	0	0	0	0	0	0	0
AVE. AMT*	0	0	0	0	0	0	0	0	0	0	0	0	0
30-34 *NO. *	0	0	0	0	0	0	0	0	0	0	0	0	0
TOT. AMT	0	0	0	0	0	0	0	0	0	0	0	0	0
AVE. AMT*	0	0	0	0	0	0	0	0	0	0	0	0	0
35-39 *NO. *	0	0	0	0	0	0	0	0	0	0	0	0	0
TOT. AMT	0	0	0	0	0	0	0	0	0	0	0	0	0
AVE. AMT*	0	0	0	0	0	0	0	0	0	0	0	0	0
40-44 *NO. *	0	0	0	0	0	0	0	0	0	0	0	0	0
TOT. AMT	0	0	0	0	0	0	0	0	0	0	0	0	0
AVE. AMT*	0	0	0	0	0	0	0	0	0	0	0	0	0
45-49 *NO. *	0	0	0	0	0	0	0	0	0	0	0	0	0
TOT. AMT	0	0	0	0	0	0	0	0	0	0	0	0	0
AVE. AMT*	0	0	0	0	0	0	0	0	0	0	0	0	0
50-54 *NO. *	0	0	0	0	0	0	0	0	0	2	10	0	12
TOT. AMT	0	0	0	0	0	0	0	0	0	69145	332119	0	401264
AVE. AMT*	0	0	0	0	0	0	0	0	0	34573	33212	0	33439
55-59 *NO. *	0	0	0	0	0	0	0	0	0	3	10	0	13
TOT. AMT	0	0	0	0	0	0	0	0	0	88568	346310	0	434878
AVE. AMT*	0	0	0	0	0	0	0	0	0	29523	34631	0	33452
60-64 *NO. *	0	0	0	0	0	0	0	0	0	0	2	2	4
TOT. AMT	0	0	0	0	0	0	0	0	0	0	71323	48240	119563
AVE. AMT*	0	0	0	0	0	0	0	0	0	0	35662	24120	29891
65- *NO. *	0	0	0	0	0	0	0	0	0	0	1	1	2
TOT. AMT	0	0	0	0	0	0	0	0	0	0	20900	25027	45927
AVE. AMT*	0	0	0	0	0	0	0	0	0	0	20900	25027	22964
TOTAL *NO. *	0	0	0	0	0	0	0	0	0	5	23	3	31
TOT. AMT	0	0	0	0	0	0	0	0	0	157713	770652	73267	1001632
AVE. AMT*	0	0	0	0	0	0	0	0	0	31543	33507	24422	32311

AVERAGE AGE * 56.4 * AVERAGE SERVICE * 31.9 *

TPF&C

a Towers Perrin company

AGE/SERVICE DISTRIBUTION SECTION 399-SAFETY MEMBERS

AGE *****	** SERVICE **												TOTAL *****
	0-1 *****	1-2 *****	2-3 *****	3-4 *****	4-5 *****	5-9 *****	10-14 *****	15-19 *****	20-24 *****	25-29 *****	30-34 *****	35- *****	
15-19 *NO. *	0	0	0	0	0	0	0	0	0	0	0	0	0
TOT. AMT	0	0	0	0	0	0	0	0	0	0	0	0	0
AVE. AMT*	0	0	0	0	0	0	0	0	0	0	0	0	0
20-24 *NO. *	0	0	0	0	0	0	0	0	0	0	0	0	0
TOT. AMT	0	0	0	0	0	0	0	0	0	0	0	0	0
AVE. AMT*	0	0	0	0	0	0	0	0	0	0	0	0	0
25-29 *NO. *	0	0	0	0	0	0	0	0	0	0	0	0	0
TOT. AMT	0	0	0	0	0	0	0	0	0	0	0	0	0
AVE. AMT*	0	0	0	0	0	0	0	0	0	0	0	0	0
30-34 *NO. *	0	0	0	1	0	3	7	0	0	0	0	0	11
TOT. AMT	0	0	0	35437	0	114104	280933	0	0	0	0	0	430474
AVE. AMT*	0	0	0	35437	0	38035	40133	0	0	0	0	0	39134
35-39 *NO. *	0	0	0	0	0	3	51	23	0	0	0	0	77
TOT. AMT	0	0	0	0	0	113741	2133909	956977	0	0	0	0	3204627
AVE. AMT*	0	0	0	0	0	37914	41841	41608	0	0	0	0	41619
40-44 *NO. *	0	1	0	0	1	3	29	123	30	0	0	0	187
TOT. AMT	0	39738	0	0	35437	128359	1204461	5096461	1280282	0	0	0	7784738
AVE. AMT*	0	39738	0	0	35437	42786	41533	41435	42676	0	0	0	41630
45-49 *NO. *	0	1	0	0	0	2	7	40	90	25	0	0	165
TOT. AMT	0	37860	0	0	0	91547	287188	1637878	4059446	1178102	0	0	7292021
AVE. AMT*	0	37860	0	0	0	45774	41027	40947	45105	47124	0	0	44194
50-54 *NO. *	0	0	0	0	1	0	0	13	37	52	2	0	105
TOT. AMT	0	0	0	0	37860	0	0	536209	1639608	2460323	122704	0	4796704
AVE. AMT*	0	0	0	0	37860	0	0	41247	44314	47314	61352	0	45683
55-59 *NO. *	0	0	0	0	0	0	0	0	7	17	3	1	28
TOT. AMT	0	0	0	0	0	0	0	0	286594	781913	189895	49461	1307863
AVE. AMT*	0	0	0	0	0	0	0	0	40942	45995	63298	49461	46709
60-64 *NO. *	0	0	0	0	0	0	0	0	0	3	0	2	5
TOT. AMT	0	0	0	0	0	0	0	0	0	159953	0	125023	284976
AVE. AMT*	0	0	0	0	0	0	0	0	0	53318	0	62512	56995
65- *NO. *	0	0	0	0	0	0	0	0	0	0	0	0	0
TOT. AMT	0	0	0	0	0	0	0	0	0	0	0	0	0
AVE. AMT*	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL *NO. *	0	2	0	1	2	11	94	199	164	97	5	3	578
TOT. AMT	0	77598	0	35437	73297	447751	3906491	8227525	7265930	4580291	312599	174484	25101403
AVE. AMT*	0	38799	0	35437	36649	40705	41558	41344	44304	47219	62520	58161	43428

AVERAGE AGE * 45.2 * AVERAGE SERVICE * 19.3 *

TPF&C

a Towers Perrin company

AGE/SERVICE DISTRIBUTION TOTAL NONPERS MEMBERS

AGE *****	** SERVICE **												TOTAL *****
	0-1 *****	1-2 *****	2-3 *****	3-4 *****	4-5 *****	5-9 *****	10-14 *****	15-19 *****	20-24 *****	25-29 *****	30-34 *****	35- *****	
15-19 *NO. *	0	0	0	0	0	0	0	0	0	0	0	0	0
TOT. AMT	0	0	0	0	0	0	0	0	0	0	0	0	0
AVE. AMT*	0	0	0	0	0	0	0	0	0	0	0	0	0
20-24 *NO. *	0	0	0	0	0	0	0	0	0	0	0	0	0
TOT. AMT	0	0	0	0	0	0	0	0	0	0	0	0	0
AVE. AMT*	0	0	0	0	0	0	0	0	0	0	0	0	0
25-29 *NO. *	0	0	0	0	0	0	0	0	0	0	0	0	0
TOT. AMT	0	0	0	0	0	0	0	0	0	0	0	0	0
AVE. AMT*	0	0	0	0	0	0	0	0	0	0	0	0	0
30-34 *NO. *	0	2	4	4	0	14	36	1	0	0	0	0	61
TOT. AMT	0	42755	91820	110111	0	405687	999324	46295	0	0	0	0	1695992
AVE. AMT*	0	21378	22955	27528	0	28978	27759	46295	0	0	0	0	27803
35-39 *NO. *	2	2	7	3	1	17	134	47	0	0	0	0	213
TOT. AMT	35934	45267	162136	62030	29016	445995	4378398	1652968	0	0	0	0	6811744
AVE. AMT*	17967	22634	23162	20677	29016	26235	32675	35170	0	0	0	0	31980
40-44 *NO. *	1	1	3	0	3	15	99	206	50	1	0	0	379
TOT. AMT	24669	39738	76906	0	84405	497293	3414615	7602373	1923509	24968	0	0	13688476
AVE. AMT*	24669	39738	25635	0	28135	33153	34491	36905	38470	24968	0	0	36117
45-49 *NO. *	0	1	1	2	0	6	46	88	126	41	0	0	311
TOT. AMT	0	37860	26709	48222	0	199582	1469750	3125558	5281075	1689509	0	0	11878265
AVE. AMT*	0	37860	26709	24111	0	33264	31951	35518	41913	41208	0	0	38194
50-54 *NO. *	2	1	0	1	1	3	23	48	75	96	12	0	262
TOT. AMT	33284	26139	0	23213	37860	108863	687074	1758402	2857603	3869456	454823	0	9856717
AVE. AMT*	16642	26139	0	23213	37860	36288	29873	36633	38101	40307	37902	0	37621
55-59 *NO. *	0	0	0	1	2	4	25	38	52	44	17	2	185
TOT. AMT	0	0	0	23213	45868	125838	834367	1210926	1881559	1616184	670594	81878	6490427
AVE. AMT*	0	0	0	23213	22934	31460	33375	31866	36184	36731	39447	40939	35083
60-64 *NO. *	0	0	0	1	0	1	7	29	16	15	4	6	79
TOT. AMT	0	0	0	51239	0	20900	211625	889711	497325	512620	126201	244948	2554569
AVE. AMT*	0	0	0	51239	0	20900	30232	30680	31083	34175	31550	40825	32336
65- *NO. *	1	0	0	0	0	0	4	6	3	1	1	1	17
TOT. AMT	17091	0	0	0	0	0	92182	159543	86527	26139	20900	25027	427409
AVE. AMT*	17091	0	0	0	0	0	23046	26591	28842	26139	20900	25027	25142
TOTAL *NO. *	6	7	15	12	7	60	374	463	322	198	34	9	1507
TOT. AMT	110978	191759	357571	318028	197149	1804158	12087335	16445776	12527598	7738876	1272518	351853	53403599
AVE. AMT*	18496	27394	23838	26502	28164	30069	32319	35520	38906	39085	37427	39095	35437

AVERAGE AGE * 46.8 * AVERAGE SERVICE * 17.8 *

TPF&C

a Towers Perrin company

AGE/SERVICE DISTRIBUTION PERS MISC. MEMBERS

AGE		** SERVICE **											TOTAL	
*****		0-1	1-2	2-3	3-4	4-5	5-9	10-14	15-19	20-24	25-29	30-34	35-	*****
15-19	*NO. *	2	1	0	0	0	0	0	0	0	0	0	0	3
	TOT. AMT	29688	17135	0	0	0	0	0	0	0	0	0	0	46823
	AVE. AMT*	14844	17135	0	0	0	0	0	0	0	0	0	0	15608
20-24	*NO. *	36	47	30	23	2	1	0	0	0	0	0	0	139
	TOT. AMT	680011	931494	606712	484512	37914	21056	0	0	0	0	0	0	2761699
	AVE. AMT*	18889	19819	20224	21066	18957	21056	0	0	0	0	0	0	19868
25-29	*NO. *	53	93	68	45	26	48	0	0	0	0	0	0	333
	TOT. AMT	1223589	2155010	1628316	1035037	622100	1109431	0	0	0	0	0	0	7773483
	AVE. AMT*	23087	23172	23946	23001	23927	23113	0	0	0	0	0	0	23344
30-34	*NO. *	38	88	71	50	31	90	5	0	0	0	0	0	373
	TOT. AMT	906128	2308595	1812998	1428888	835309	2484819	143044	0	0	0	0	0	9919781
	AVE. AMT*	23845	26234	25535	28578	26945	27609	28609	0	0	0	0	0	26595
35-39	*NO. *	30	58	38	43	32	82	14	0	0	0	0	0	297
	TOT. AMT	717732	1540206	998878	1143803	917278	2391999	430336	0	0	0	0	0	8140232
	AVE. AMT*	23924	26555	26286	26600	28665	29171	30738	0	0	0	0	0	27408
40-44	*NO. *	17	31	36	27	19	67	16	0	0	0	0	0	213
	TOT. AMT	512319	864514	921847	750239	565890	2134460	565759	0	0	0	0	0	6315028
	AVE. AMT*	30136	27888	25607	27787	29784	31858	35360	0	0	0	0	0	29648
45-49	*NO. *	12	15	14	13	16	31	7	0	0	0	0	0	108
	TOT. AMT	331466	442591	367086	363155	532105	1017348	318065	0	0	0	0	0	3371816
	AVE. AMT*	27622	29506	26220	27935	33257	32818	45438	0	0	0	0	0	31221
50-54	*NO. *	4	17	9	13	5	20	10	0	0	0	0	0	78
	TOT. AMT	114169	406902	262367	357909	189806	644032	370456	0	0	0	0	0	2345641
	AVE. AMT*	28542	23935	29152	27531	37961	32202	37046	0	0	0	0	0	30072
55-59	*NO. *	1	4	7	3	3	13	2	0	0	0	0	0	33
	TOT. AMT	23358	108626	142311	82043	81443	406671	54068	0	0	0	0	0	898520
	AVE. AMT*	23358	27157	20330	27348	27148	31282	27034	0	0	0	0	0	27228
60-64	*NO. *	4	5	2	1	4	8	0	0	0	0	0	0	24
	TOT. AMT	110863	108835	47338	21861	98293	254045	0	0	0	0	0	0	641235
	AVE. AMT*	27716	21767	23669	21861	24573	31756	0	0	0	0	0	0	26718
65-	*NO. *	2	1	0	0	0	2	1	0	0	0	0	0	6
	TOT. AMT	51319	15338	0	0	0	56381	31720	0	0	0	0	0	154758
	AVE. AMT*	25660	15338	0	0	0	28191	31720	0	0	0	0	0	25793
TOTAL	*NO. *	199	360	275	218	138	362	55	0	0	0	0	0	1607
	TOT. AMT	4700642	8899246	6787853	5667447	3880138	10520242	1913448	0	0	0	0	0	42369016
	AVE. AMT*	23621	24720	24683	25997	28117	29061	34790	0	0	0	0	0	26365

AVERAGE AGE * 35.4 * AVERAGE SERVICE * 3.3 *

TPF&C

a Towers Perrin company

AGE/SERVICE DISTRIBUTION PERS SAFETY MEMBERS

AGE		** SERVICE **												TOTAL	
.....		0-1	1-2	2-3	3-4	4-5	5-9	10-14	15-19	20-24	25-29	30-34	35-		
.....		
15-19	*NO. *	0	0	0	0	0	0	0	0	0	0	0	0	0	
	TOT. AMT	0	0	0	0	0	0	0	0	0	0	0	0	0	
	AVE. AMT*	0	0	0	0	0	0	0	0	0	0	0	0	0	
20-24	*NO. *	0	0	2	6	1	1	0	0	0	0	0	0	10	
	TOT. AMT	0	0	59388	196446	32965	29694	0	0	0	0	0	0	318493	
	AVE. AMT*	0	0	29694	32741	32965	29694	0	0	0	0	0	0	31849	
25-29	*NO. *	0	0	8	12	11	31	0	0	0	0	0	0	62	
	TOT. AMT	0	0	260042	389584	362184	1113568	0	0	0	0	0	0	2125378	
	AVE. AMT*	0	0	32505	32465	32926	35922	0	0	0	0	0	0	34280	
30-34	*NO. *	0	0	3	13	8	59	22	0	0	0	0	0	105	
	TOT. AMT	0	0	95588	443924	293190	2262967	900563	0	0	0	0	0	3996232	
	AVE. AMT*	0	0	31863	34148	36649	38355	40935	0	0	0	0	0	38059	
35-39	*NO. *	0	0	5	10	7	32	27	0	0	0	0	0	81	
	TOT. AMT	0	0	181044	362951	263735	1285165	1130262	0	0	0	0	0	3223157	
	AVE. AMT*	0	0	36209	36295	37676	40161	41862	0	0	0	0	0	39792	
40-44	*NO. *	0	0	0	3	3	14	7	0	0	0	0	0	27	
	TOT. AMT	0	0	0	105362	107284	546146	300750	0	0	0	0	0	1059542	
	AVE. AMT*	0	0	0	35121	35761	39010	42964	0	0	0	0	0	39242	
45-49	*NO. *	0	0	0	1	2	3	3	0	0	0	0	0	9	
	TOT. AMT	0	0	0	37846	87557	120751	118124	0	0	0	0	0	364278	
	AVE. AMT*	0	0	0	37846	43779	40250	39375	0	0	0	0	0	40475	
50-54	*NO. *	0	0	0	0	0	3	0	0	0	0	0	0	3	
	TOT. AMT	0	0	0	0	0	119942	0	0	0	0	0	0	119942	
	AVE. AMT*	0	0	0	0	0	39981	0	0	0	0	0	0	39981	
55-59	*NO. *	0	0	0	0	0	1	0	0	0	0	0	0	1	
	TOT. AMT	0	0	0	0	0	38096	0	0	0	0	0	0	38096	
	AVE. AMT*	0	0	0	0	0	38096	0	0	0	0	0	0	38096	
60-64	*NO. *	0	0	0	0	0	0	0	0	0	0	0	0	0	
	TOT. AMT	0	0	0	0	0	0	0	0	0	0	0	0	0	
	AVE. AMT*	0	0	0	0	0	0	0	0	0	0	0	0	0	
65-	*NO. *	0	0	0	0	0	0	0	0	0	0	0	0	0	
	TOT. AMT	0	0	0	0	0	0	0	0	0	0	0	0	0	
	AVE. AMT*	0	0	0	0	0	0	0	0	0	0	0	0	0	
TOTAL	*NO. *	0	0	18	45	32	144	59	0	0	0	0	0	298	
	TOT. AMT	0	0	596062	1536113	1146915	5516329	2449699	0	0	0	0	0	11245118	
	AVE. AMT*	0	0	33115	34136	35841	38308	41520	0	0	0	0	0	37735	

AVERAGE AGE * 33.4 * AVERAGE SERVICE * 6.7 *

TPF&C

a Towers Perrin company

AGE/SERVICE DISTRIBUTION TOTAL PERS MLMBERS

AGE	** SERVICE **													TOTAL
.....	0-1	1-2	2-3	3-4	4-5	5-9	10-14	15-19	20-24	25-29	30-34	35-	
15-19	*NO. *	2	1	0	0	0	0	0	0	0	0	0	3	
	TOT. AMT	29688	17135	0	0	0	0	0	0	0	0	0	46823	
	AVE. AMT*	14844	17135	0	0	0	0	0	0	0	0	0	15608	
20-24	*NO. *	36	47	32	29	3	2	0	0	0	0	0	149	
	TOT. AMT	680011	931494	666100	680958	70879	50750	0	0	0	0	0	3080192	
	AVE. AMT*	18889	19819	20816	23481	23626	25375	0	0	0	0	0	20672	
25-29	*NO. *	53	93	76	57	37	79	0	0	0	0	0	395	
	TOT. AMT	1223589	2155010	1888358	1424621	984284	2222999	0	0	0	0	0	9898861	
	AVE. AMT*	23087	23172	24847	24993	26602	28139	0	0	0	0	0	25060	
30-34	*NO. *	38	88	74	63	39	149	27	0	0	0	0	478	
	TOT. AMT	906128	2308595	1908586	1872812	1128499	4747786	1043607	0	0	0	0	13916013	
	AVE. AMT*	23845	26234	25792	29727	28936	31864	38652	0	0	0	0	29113	
35-39	*NO. *	30	58	43	53	39	114	41	0	0	0	0	378	
	TOT. AMT	717732	1540206	1179922	1506754	1181013	3677164	1560598	0	0	0	0	11363389	
	AVE. AMT*	23924	26555	27440	28429	30282	32256	38063	0	0	0	0	30062	
40-44	*NO. *	17	31	36	30	22	81	23	0	0	0	0	240	
	TOT. AMT	512319	864514	921847	855601	673174	2680606	866509	0	0	0	0	7374570	
	AVE. AMT*	30136	27888	25607	28520	30599	33094	37674	0	0	0	0	30727	
45-49	*NO. *	12	15	14	14	18	34	10	0	0	0	0	117	
	TOT. AMT	331466	442591	367086	401001	619662	1138099	436189	0	0	0	0	3736094	
	AVE. AMT*	27622	29506	26220	28643	34426	33474	43619	0	0	0	0	31932	
50-54	*NO. *	4	17	9	13	5	23	10	0	0	0	0	81	
	TOT. AMT	114169	406902	262367	357909	189806	763974	370456	0	0	0	0	2465583	
	AVE. AMT*	28542	23935	29152	27531	37961	33216	37046	0	0	0	0	30439	
55-59	*NO. *	1	4	7	3	3	14	2	0	0	0	0	34	
	TOT. AMT	23358	108626	142311	82043	81443	444767	54068	0	0	0	0	936616	
	AVE. AMT*	23358	27157	20330	27348	27148	31769	27034	0	0	0	0	27548	
60-64	*NO. *	4	5	2	1	4	8	0	0	0	0	0	24	
	TOT. AMT	110863	108835	47338	21861	98293	254045	0	0	0	0	0	641235	
	AVE. AMT*	27716	21767	23669	21861	24573	31756	0	0	0	0	0	26718	
65-	*NO. *	2	1	0	0	0	2	1	0	0	0	0	6	
	TOT. AMT	51319	15338	0	0	0	56381	31720	0	0	0	0	154758	
	AVE. AMT*	25660	15338	0	0	0	28191	31720	0	0	0	0	25793	
TOTAL	*NO. *	199	360	293	263	170	506	114	0	0	0	0	1905	
	TOT. AMT	4700642	8899246	7383915	7203560	5027053	16036571	4363147	0	0	0	0	53614134	
	AVE. AMT*	23621	24720	25201	27390	29571	31693	38273	0	0	0	0	28144	

AVERAGE AGE * 35.1 * AVERAGE SERVICE * 3.8 *

TPF&C

a Towers Perrin company

DISTRIBUTION OF PENSIONERS BY YEAR OF RETIREMENT AND BY ATTAINED AGE AS OF 6/88

MISCELLANEOUS

ATTAINED AGE	PRE '68 ...	** YEAR OF RETIREMENT **																				TOTAL	AVG AMT
		'68 ...	'69 ...	'70 ...	'71 ...	'72 ...	'73 ...	'74 ...	'75 ...	'76 ...	'77 ...	'78 ...	'79 ...	'80 ...	'81 ...	'82 ...	'83 ...	'84 ...	'85 ...	'86 ...	'87 ...		
0- 29		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
30- 34	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	1	0	1	3	7872
35- 39	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	1	0	0	1	0	3	11404
40- 44	0	0	0	0	0	0	0	0	0	2	0	0	0	0	1	1	2	0	1	0	2	9	7041
45- 49	0	0	0	1	0	0	1	0	3	1	0	0	1	0	0	1	0	1	2	1	2	14	8081
50- 54	0	0	0	0	0	0	2	1	1	2	2	2	0	1	1	1	3	1	1	1	6	25	7696
55- 59	0	0	0	0	1	2	1	2	1	2	0	2	3	5	5	4	4	5	5	11	4	57	7816
60- 64	0	0	0	2	0	1	0	4	0	1	5	9	4	4	15	19	16	7	21	17	9	134	12205
65- 69	2	0	0	2	1	6	4	3	4	10	10	30	15	19	19	15	21	15	14	15	4	209	8728
70- 74	5	0	0	9	7	15	14	15	23	15	15	20	15	12	11	2	5	1	1	3	4	192	7630
75- 79	14	0	3	23	8	26	12	10	8	11	9	6	2	1	2	0	0	0	0	0	0	135	6285
80- 84	23	7	6	29	10	5	6	0	2	2	1	1	0	0	0	0	0	0	0	0	0	92	6144
85- 89	28	2	4	4	1	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	41	5525
90- 94	11	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	11	4952
95- 99	3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3	3823
100-104	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
105-999	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOT NUM	86	9	13	70	28	57	40	35	42	46	42	70	40	42	55	43	53	30	46	49	32	928	
AVG AMT	4795	6611	4418	7603	5636	6187	6403	6744	7022	6816	6314	8867	6826	7554	9710	11101	10321	10343	11771	12134	10928		

* AVG AMT * 8085

* TOT.PEN. 7503149 *

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DISTRIBUTION OF PENSIONERS BY YEAR OF RETIREMENT AND BY ATTAINED AGE AS OF 6/88

SAFETY MEMBERS

ATTAINED AGE	PRE '68 ...	** YEAR OF RETIREMENT **																				TOTAL	AVG AMT	
		'68 ...	'69 ...	'70 ...	'71 ...	'72 ...	'73 ...	'74 ...	'75 ...	'76 ...	'77 ...	'78 ...	'79 ...	'80 ...	'81 ...	'82 ...	'83 ...	'84 ...	'85 ...	'86 ...	'87 ...			
0- 29	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
30- 34	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
35- 39	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	1	0	3	12625	
40- 44	0	0	0	0	0	0	0	0	0	0	1	1	2	0	1	2	5	2	2	3	3	22	13350	
45- 49	1	0	0	0	0	0	0	0	1	4	2	5	1	1	2	1	1	3	7	3	2	34	11224	
50- 54	2	2	0	0	0	0	0	0	1	4	2	1	2	2	3	2	5	4	1	7	4	42	13794	
55- 59	1	0	1	0	3	1	1	2	5	2	1	1	3	5	5	5	7	12	10	5	6	76	18252	
60- 64	0	0	1	2	0	0	1	2	3	10	6	9	8	5	8	14	24	9	7	4	0	113	20625	
65- 69	5	3	0	1	2	6	5	6	6	14	6	14	1	6	3	3	2	0	0	0	0	83	14618	
70- 74	8	3	3	8	16	17	14	6	4	9	5	1	0	0	1	0	0	0	0	0	0	95	12534	
75- 79	12	1	3	13	6	4	0	1	0	0	1	0	0	0	0	0	0	0	0	0	0	41	9944	
80- 84	20	2	4	8	2	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	37	8605	
85- 89	20	0	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	22	6763	
90- 94	6	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	7	5518	
95- 99	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4	4882	
100-104	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
105-999	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
TOT NUM	79	11	14	32	29	29	21	17	20	43	24	32	17	19	23	27	44	30	30	23	15	579		
AVG AMT	5940	6285	8681	11793	10183	12355	15195	12296	11601	12969	14314	15029	15063	15879	18185	20532	22230	31967	9204	9220	3412	1976		

* AVG AMT * 14417

* TOT. PEN. 8347433 *

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DISTRIBUTION OF PENSIONERS BY YEAR OF RETIREMENT AND BY ATTAINED AGE AS OF 6/88

TOTAL OF ALL MEMBERS

ATTAINED AGE *****	PRE '68 ***	** YEAR OF RETIREMENT **																				TOTAL *****	AVG AMT *****
		'68 ***	'69 ***	'70 ***	'71 ***	'72 ***	'73 ***	'74 ***	'75 ***	'76 ***	'77 ***	'78 ***	'79 ***	'80 ***	'81 ***	'82 ***	'83 ***	'84 ***	'85 ***	'86 ***	'87 ***		
0- 29	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
30- 34	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	1	0	1	3	7872
35- 39	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	1	0	2	2	0	6	12015
40- 44	0	0	0	0	0	0	0	0	0	2	1	1	2	0	2	3	7	2	3	3	5	31	11518
45- 49	1	0	0	1	0	0	1	0	4	5	2	5	2	1	2	2	1	4	9	4	4	48	10307
50- 54	2	2	0	0	0	0	2	1	2	6	4	3	2	3	4	3	8	5	2	8	10	67	11519
55- 59	1	0	1	0	4	3	2	4	6	4	1	3	6	10	10	9	11	17	15	16	10	133	13780
60- 64	0	0	1	4	0	1	1	6	3	11	11	18	12	9	23	33	40	16	28	21	9	247	16057
65- 69	7	3	0	3	3	12	9	9	10	24	16	44	16	25	22	18	23	15	14	15	4	292	10402
70- 74	13	3	3	17	23	32	28	21	27	24	20	21	15	12	12	2	5	1	1	3	4	287	9253
75- 79	26	1	6	36	14	30	12	11	8	11	10	6	2	1	2	0	0	0	0	0	0	176	7138
80- 84	43	9	10	37	12	6	6	0	2	2	1	1	0	0	0	0	0	0	0	0	0	129	6850
85- 89	48	2	6	4	1	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	63	5957
90- 94	17	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	18	5172
95- 99	7	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	7	4428
100-104	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
105-999	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOT NUM	165	20	27	102	57	86	61	52	62	89	66	102	57	61	78	70	97	60	76	72	47	1507	
AVG AMT	5343	6432	6628	8918	7949	8267	9430	8560	8499	9789	9223	10800	9282	10147	12209	14739	15756	15011	15213	14756	14454		

* AVG AMT * 10518

* TOT. PEN. 15850434 *

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