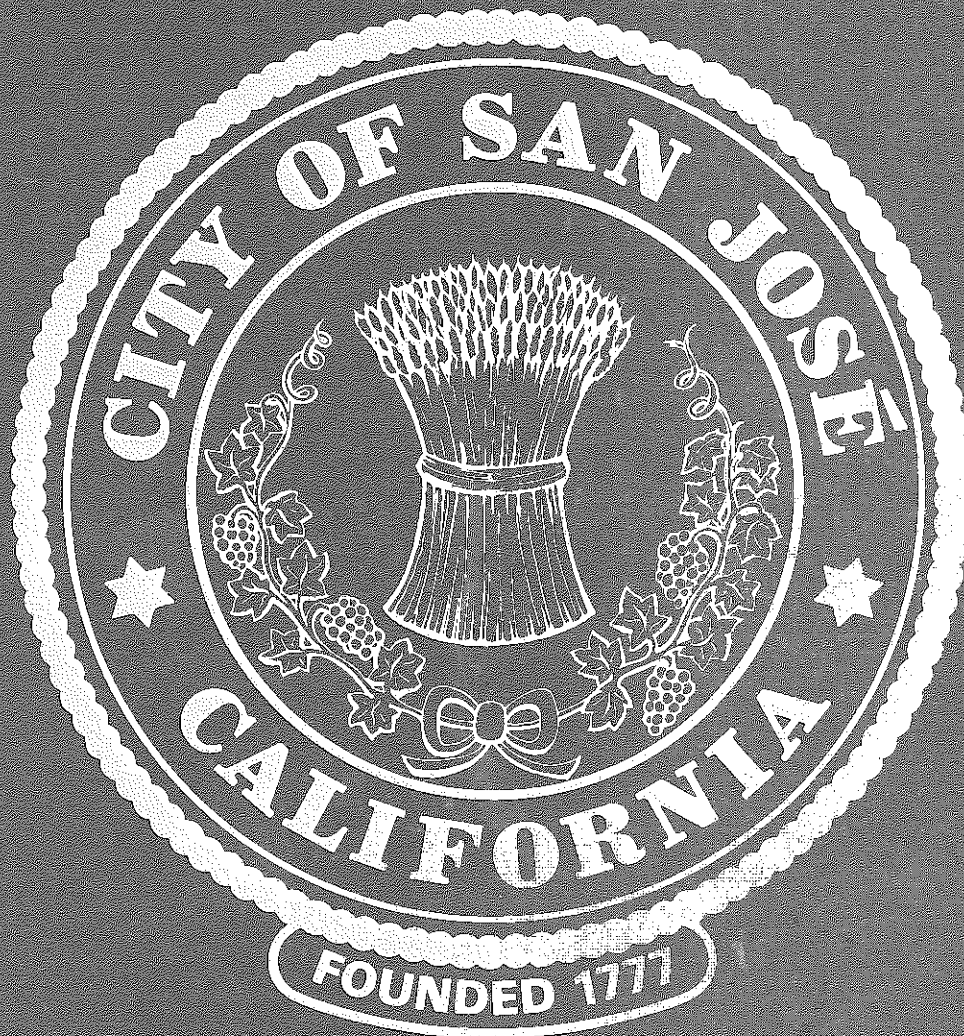


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# **POLICE & FIRE DEPARTMENT RETIREMENT PLAN**



Annual Report • July 1, 1984 to June 30, 1985 • City of San Jose, California



CITY OF SAN JOSE

801 NORTH FIRST STREET  
SAN JOSE, CALIFORNIA 95110

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BOARD OF ADMINISTRATION  
POLICE AND FIRE DEPARTMENT  
RETIREMENT PLAN

(408) 277-5137

The Honorable Mayor & City Council  
City of San Jose  
San Jose, California

Dear Mayor and Councilmembers:

The Board of Administration for the Police and Fire Department Retirement Plan is pleased to present its Annual Report for the period July 1, 1984, through June 30, 1985. Some of the significant events worthy of note were:

During fiscal year 1984-85, investment earnings increased by 19.4% over fiscal year 1983-84, while City and Employee contributions decreased by approximately 13%.

The Board approved an agreement with Bankers Trust Company to provide basic custody and security clearance for the Police & Fire Retirement Plan assets.

The Board appointed a subcommittee to conduct a search for a real estate advisor and for an equity advisor(s). The subcommittee established criteria, screened applicants, and conducted on-site interviews. The subcommittee recommended and the Board approved Norris, Beggs & Simpson as the real estate advisor. Loomis, Sayles & Company and Investment Advisors Incorporated were the recommended equity advisors selected by the Board.

The Board approved an actuarial evaluation of the Plan as of 6/30/85 to be performed by the actuarial firm of Martin E. Segal Company.

The Board requested the City Manager to present a Rehabilitation/Counseling Program for alcohol and drug abuse to the City Council. The staff is currently analyzing proposals from psychological services firms and hospitals. A presentation of the options will be made to Council in January, 1986.

The Board believes that the professional services rendered by the actuary, auditors, investment counselors, and the Fund performance evaluators have produced a sound fund capable of continued growth. The Board of Administration and its staff are available to provide additional information when requested.

Sincerely,

CARM J. GRANDE, Chairman  
Board of Administration

## POLICE AND FIRE DEPARTMENT RETIREMENT PLAN

### BOARD OF ADMINISTRATION

The Retirement Plan is administered by a five-member Board of Administration composed of two representatives from the City Council, a representative from the Civil Service Commission, and two representatives who are City employees; one from the Police Department and one from the Fire Department, in accordance with Section 2.08.400 of the San Jose Municipal Code.

As of June 30, 1985, the members of the Board were as follows:

- |                    |  |
|--------------------|--|
| CARMEN J. GRANDE   | - Chairman. Police Officer, elected in November 1980 as the employee representative for members of the Plan who are sworn police personnel. His term expires on November 30, 1985.                 |
| NANCY IANNI        | - She is a member of the City Council and is one of its official representatives on the Board. She became a member of the Board on January 1985.   |
| DONALD RAMOS       | - Elected as a representative of the employees of the Fire Department on December 1, 1982. His term expires on November 30, 1987.  |
| LU RYDEN           | - She is a member of the City Council and is one of its official representatives on the Board. She became a member of the Board in January 1981.   |
| FRANK P. NICOLETTI | - He is a member of the Civil Service Commission and serves on the Board at the pleasure of that body. He was selected by the members of the Commission on February 6, 1975 to serve on the Board. |

The Board of Administration engages the following consultants to assist in making investments and in developing a sound retirement plan:

- |                    |   |
|--------------------|---|
| ACTUARY            | - Martin E. Segal Company   |
| INVESTMENT COUNSEL | - Scudder, Stevens & Clark, Inc.; Smoot, Miller, Cheney & Company; Harris, Bretall, Sullivan & Smith Incorporated |
| AUDITOR            | - Peat, Marwick, Mitchell & Co.   |

The Board meets on the first Wednesday of each month and holds special meetings as the occasion demands. The meetings are currently held in the Room 204, City Hall, at 9:30 a.m. Members of the Retirement Plan may attend any of the meetings.

ANNUAL REPORT  
POLICE AND FIRE DEPARTMENT RETIREMENT PLAN

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AUDITED FINANCIAL REPORTS

BOARD OF ADMINISTRATION  
POLICE AND FIRE DEPARTMENT RETIREMENT PLAN  
INVESTMENT POLICY STATEMENT

Resolution No. 768 adopted on July 8, 1974, includes:

GENERAL ENVIRONMENT

It is the policy of the San Jose Police and Fire Department Retirement Plan to effect economy and efficiency in the public service by providing a means whereby employees who become super-annuated or otherwise incapacitated, without hardship or prejudice, may be replaced by more capable employees, and to that end provide a retirement plan consisting of retirement allowances and death benefits.

Investments in such Retirement Plan are subject to the restrictions specified in the San Jose Retirement Code 3.36.540. Further investment management guidelines are imposed by the Retirement Board.

INVESTMENT GUIDELINES

General

The Board Shall:

- (1) Require that the Retirement System be fully funded to assure that all disbursement obligations will be met.
- (2) Attempt to insure that investment earnings be sufficiently high to provide a funding source, along with contributions from City employees and the City, in order to offset liabilities in perpetuity.
- (3) Strive for the highest total return on invested funds consistent with safety in accordance with accepted investment practices.

Fixed Income

The Board shall require that the majority of the portfolio be invested in high quality, marketable bonds as provided in Section 3.36.540. Specifically, retirement funds may be invested only in bonds that meet one or more of the following criteria:

- (1) Securities which are legal investment for Savings Banks in California or Massachusetts or New York.
- (2) Bonds which are direct obligations of, or secured by the full faith and credit of, the Dominion of Canada or any of its provinces, cities or municipal corporations.
- (3) Bonds guaranteed by any solvent corporation which are not in default either as to principal and interest provided:
  - (a) In the case of public utilities, net earnings available for fixed charges for the previous five fiscal years have averaged



not less than two times average fixed charges after depreciation and taxes, and net earnings during either of the last two years have been not less than two times fixed charges.

- (b) In the case of finance companies, net earnings in the last five fiscal years have averaged one and one-half times average fixed charges, and during either of the last two years, net earnings have not been less than one and one-half times fixed charges.
- (c) In the case of any solvent institution other than those described above, the net earnings for its fixed charges for the last five fiscal years have averaged per year not less than three times its average annual fixed charges; and during either of the last two years, net earnings have not been less than three times its fixed charges.

(4) Public Improvement Bonds of San Jose.

Active bond management, including the use of bond swaps to improve total yield, is encouraged. In pursuing this objective, it is possible that certain transactions will temporarily lower the return or change the maturity of the portfolio. Transactions of this type are allowed as long as an optimum balance is achieved between yield to maturity, quality and marketability based on expected market changes.

Short-Term Investments

The Board of Administration will designate a member of the City's staff to make short-term investments of the Fund after consulting investment counsel to determine appropriate maturity.

Common Stock

The primary emphasis of the common stock portfolio will be on high quality, readily marketable securities offering potential for above average growth as protection against inflation. The maximum amount of common stock to be held is 40% of the Fund's assets valued at cost. Common stock investments are limited to those meeting all of the following criteria as set forth in Section 3.36.540:

- (1) 96% of stocks must be registered on a national exchange, although this is not required with preferred stocks or banks and insurance companies which have a net worth of at least \$50 million.
- (2) Corporation must have total assets of at least \$50 million or gross sales of at least \$150 million and at least 5 million shares of common stock outstanding.
- (3) 90% of stocks pay a cash dividend in each of five years next preceding the date of the investment.
- (4) Investment in any corporation shall not exceed 5% of the outstanding shares of the corporation.
- (5) Not more than 5% of the total assets at cost may be invested in preferred stocks.

- (6) Not more than 2% of the total fund at cost shall be invested in the common stock of any corporation.
- (7) Each common and preferred stock purchase must be approved by independent investment counsel.

#### Real Estate

The Board may elect to invest in commercial industrial and residential real estate or real estate related debt instruments provided that:

- (1) The real estate is defined as any real property within the United States improved by multifamily dwelling, industrial or commercial buildings.
- (2) Real estate related debt instruments shall be defined as conventional mortgage backed securities and first mortgages.
- (3) The fund shall at no time:
  - a. Invest directly or indirectly more than 25% of the fund's assets, valued at cost, in real estate investment as defined hereinabove; nor,
  - b. Invest directly or indirectly more than 5% of the fund's assets, valued at cost, in any one property, project, or debt instrument regardless of the manner of investment.
- (4) The investment advisors employed by the Board to assist in the location and acquisition of real estate must bring their proposal to the Board for approval. Any such proposal must be approved by an affirmative vote of four (4) of the Board members before any funds may be invested.

#### Credit Unions

No retirement fund monies shall be deposited in any such institution in excess of an amount insured by an agency of the Federal Government, and shall be made only if the rate of return and degree of safety offered are competitive through other investment opportunities.

#### Supervision

The Investment Counsel shall continually supervise the investment securities in the Fund, and shall initiate such recommendations for purchase, sale, substitution, redemption or conversion of securities as it should deem advisable.

#### Performance Goals

Investment performance will be measured quarterly, but it is not expected that the performance goals identified below will be satisfied in any single quarter or year. It is, however, expected that these goals will be satisfied over a full market cycle, or if shorter, a five-year period.

Common stocks will outperform the following two of the three measures:

- (1) Standard and Poor's 500 Index
- (2) New York Stock Exchange Index
- (3) SEI Median Fund (300 Institutional Funds)

Fixed income investments will outperform the following two measures:

- (1) Salomon Brothers High Grade Corporate Bond Index
- (2) Sheason Lehman Bond Index

#### Investment Reports

The Investment Counsel meets with the Board to discuss the economy and the security markets to assist the Board in determining and re-examining basic investment policies.

The Investment Counsel reviews the policies between meetings in light of changing market conditions or changes in the requirements of the Fund and recommend the appropriate action to the Board.

The Investment Counsel prepares quarterly appraisals giving a listing of securities held and showing the composition, average cost, and market values of the assets under supervision.



SUMMARY OF THE PRINCIPAL PROVISIONS OF  
THE POLICE AND FIRE DEPARTMENT RETIREMENT PLAN  
San Jose, California

MEMBERSHIP - Mandatory for all full-time employees.

MEMBER CONTRIBUTIONS - All members contribute 9.39% of base salary.

CITY'S CONTRIBUTIONS - The City contributes 28.15% of base salary.

INTEREST - Two percent annual interest is calculated each bi-weekly pay period and added to your contributions. This interest is derived from investments.

TERMINATION BENEFITS - Upon termination, the member shall be paid all of his accumulated contributions and interest in full satisfaction of all rights and benefits under this Retirement Plan. The City's contributions will not be refunded to the employee.

MILITARY LEAVE CREDIT - A member is entitled to credit for City service if military service was performed during: (1) a time of war, (2) a national emergency proclaimed by the President or the Congress, (3) or under orders requested by the United Nations outside the United States or territories, and/or (4) the time a National Conscription Act was in effect.

VESTING OF PENSION CREDIT - After 10 years of service you may resign your position with the Police and Fire Department and leave your contributions in the Retirement Plan.

SERVICE RETIREMENT - Retirement at age 55 with at least 20 years' service, or at any age with 30 years of service.

SERVICE-CONNECTED DISABILITY - Retirement resulting from the result of an injury or disease arising out of and in the course of such member's employment with the City. (No minimum period of service required.)

NON-SERVICE-CONNECTED DISABILITY - Retirement resulting from other than a service-connected disability with at least 2 years' service.

MANDATORY RETIREMENT - Age 70.

EARLY SERVICE RETIREMENT - Retirement at age 50 with at least 20 years' service. Member's retirement allowance shall be reduced by that amount which the value of such allowance as deferred to age 55 will purchase at the actual age of retirement.

CALCULATIONS FOR RETIREMENT ALLOWANCE

For a Vested Retirement, Service Retirement, Service-Connected Disability with 20 years' service, and Non-Service Connected Disability with 20 years' service:

CALCULATE:  $2\frac{1}{2}\% \times \text{years of service} \times \text{final compensation} = \text{monthly retirement allowance}$ . There is a maximum of 75% (30 years of service equals 75%).

For Service-Connected Disability with less than 20 years' service, any age:

CALCULATE: 50% X final compensation = monthly retirement allowance.

For Non-Service Connected Disability from 2 through 19 years of service, any age. There is no non-service connected disability retirement under 2 years' service. Thirty-two percent for first 2 years plus 1% interest for each year thereafter.

FINAL COMPENSATION - The meaning of "Final Compensation" is: The average monthly compensation during the highest 12 consecutive months of service; (usually the last 12 months) limited to 108% of the 12 months immediately preceding the last 12 months of service.

SURVIVORSHIP ALLOWANCE

- Death after retirement - If you:
1. had been retired for service, or
  2. had retired for service-connected disability.
- Death before retirement- If you:
3. die at age 55 or older with 20 years' service due to a non-service connected injury or illness, or
  4. you die at any age due to a service-connected injury or illness.

The Spouse	will receive 37-1/2% X final compensation.
1 Child	will receive 25% X final compensation.
2 Children	will receive 50% X final compensation.
3 or more Children	will receive 75% X final compensation.

SURVIVORSHIP ALLOWANCE

- Death after retirement - If you:
1. had been retired for non-service connected disability.
- Death before retirement- If you:
2. die before age 55 due to a non-service connected injury or illness with 2 or more years' service.

The Spouse	will receive 24% of final compensation for two years of service and 0.75% for each year thereafter. (Maximum 37-1/2%.)
1 Child	will receive 25% X final compensation.
2 Children	will receive 37-1/2% X final compensation.
3 or more Children	will receive 50% X final compensation.

The maximum family benefit is 75% of your final compensation.  
Dependent children are paid to age 18 or to age 22 if full-time student.

MANAGEMENT - The Plan is under the management of a Board of Administration of five members consisting of two City Councilpersons, a Civil Service Commissioner, and two elected employees who are members of the Retirement Plan.

The Board of Administration is a policy-making body and responsible for the proper operation of the Plan. The Plan operates as an independent trust, separate and distinct from the City and other entities. The administration of the Plan is under its guidance and direction and is subject to such rules, regulations and directives as it may adopt from time to time. Members serve without compensation. The City Attorney provides legal advice and counsel.

ADMINISTRATION - A full-time Retirement and Benefits Administrator is employed. He heads the Employee Services Division of the City Personnel Department and serves as Secretary and Executive Officer to the Board of Administration.

The City provides office space, administrative and clerical services of the Personnel Department and fiscal services of the Finance Department without any direct charge.

Bankers Trust is employed as custodian of fund assets and collector of investment income.

ACTUARIAL SOUNDNESS - Plan and benefit provisions are periodically reviewed by an enrolled actuary to assure continuing soundness.

INVESTMENT AUTHORITY AND POLICY - The investment authority is broad and flexible, allowing maximum utilization of the Plan's resources. Scudder, Stevens and Clark, Inc.; Harris, Bretall, & Sullivan, Inc.; and Smoot, Miller, Cheney & Company are retained for full-time investment counsel.

COST OF LIVING - Annually the Bureau of Labor Statistics index for the month of December is compared to the preceding December index number. The Board determines the change to be effective beginning April 1st each year. A maximum of 3% is granted with any excess accumulated for use in future years. A retiree draws no COL increase for the first year, then a pro-rata increase for the months before the next April 1st.

#### 1961 POLICE AND FIRE DEPARTMENT RETIREMENT PLAN

1. There were 1,635 contributing members in the Plan as of June 30, 1985.
2. Twenty members retired because of disabilities during the period of July 1, 1984 through June 30, 1985.
3. There are 345 members and 65 survivors receiving benefits from the Plan as of June 30, 1985.
4. During the reporting period, one Fire member and 27 Police members left the membership of the Retirement Plan and had their contributions refunded.
5. The Retirement Fund balance as of June 30, 1985 was \$202,756,000 in the Regular Fund and \$46,966,000 in the Cost-of-Living Fund.
6. Payment of pensions and survivors' benefits increased monthly from \$465,000 in June 1984 to \$485,600 for Pension and Survivor Benefits and \$48,100 for Medical for a total of \$533,700 in June 1985.
7. The annual time-weighted return for the entire portfolio was 9.3% as of June 30, 1985.
8. Interest, dividends and net gain on sale of investments for the period were \$23,263,000 and averaged about \$1,938,600 per month.

# 1961 POLICE AND FIRE DEPARTMENT RETIREMENT PLAN

The following persons were granted a monthly retirement allowance during the period of July 1, 1984 to June 30, 1985.

## SERVICE RETIREMENT

### POLICE DEPARTMENT

Hunt, Lyle W.  
Otter, Lorrence J.  
Sturdivant, Marcus

### FIRE DEPARTMENT

Webb, Robert L.

## NON-SERVICE CONNECTED DISABILITY

### POLICE DEPARTMENT

None

### FIRE DEPARTMENT

None

## SERVICE-CONNECTED DISABILITY RETIREMENTS

### POLICE DEPARTMENT

Cates, Lowell D.  
Gerdtz, Hans  
Moir, Robert C.  
Purser, Owen  
Wells, William J.  
Wien, William A.

### FIRE DEPARTMENT

Angell, Merrill R.  
Boozel, Benjamin  
Brunelli, Leonard C.  
Carroll, Richard E.  
Clet, Vincent  
Long, George  
Mayer, Nicholas  
Murray, William C.  
Samarron, Lawrence  
Schneickert Sr., Edward T.  
Schneickert Jr., Edward T.  
Spinler, Jack  
Steele, Edward T.  
Toney, Jerry A.

## DEATHS - AFTER RETIREMENT

### POLICE DEPARTMENT

Canuel, John B.	11-08-84
Hornbeck, Melvin A.	05-15-85
Adams, Harley	05-29-85

### FIRE DEPARTMENT

Miller, Emmett C.	11-02-84
Fisher, Raymond H.	12-16-84
Basile, Frank	01-02-85
Moody, Willey R.	02-22-85
Williams, Bob	04-01-85

## DEATHS - BEFORE RETIREMENT

### POLICE DEPARTMENT

Dupont, Peter	05-24-85
Molina, Jose	06-23-85

### FIRE DEPARTMENT

None

# MARTIN E. SEGAL COMPANY

SUITE 900  
57 POST STREET  
SAN FRANCISCO, CALIFORNIA 94104  
(415) 392-0930

## STATEMENT OF THE ACTUARY

We have prepared an actuarial valuation as of July 1, 1983 of the Police and Fire Department Retirement Plan for the City of San Jose. The actuarial method used was entry-age normal cost, with the unfunded supplemental present value amortized over 34 years from the valuation date. This method will produce stable contribution rates in relation to payroll because average entry age does not vary significantly from year to year. The next actuarial valuation will be as of July 1, 1985.

We wish to thank the Board of Administration's Secretary and his staff for provision of excellent data and their answers to our numerous questions.

The Plan was amended as of July 1, 1984 to allow members with 30 years of credit to retire for service with unreduced benefits. Payment of retiree health insurance premiums was also authorized.

The actuarial assumptions for mortality, withdrawal, disability and retirement were the same as used in the prior valuation (June 30, 1981), except that members eligible to retire with 30 years of service by age 55 are assumed to do so when first eligible. The interest assumption was increased to 8.00%, and the salary scale was changed to one that varies both by age and service, and averages 6.75% over a full career. The valuation report shows the effects of these changes in assumptions on the contribution rates and the present value of accumulated plan benefits. The effect of the Plan change on the value of vested benefits is shown in the A.P.B. Opinion Number 8 disclosure that follows.

The contribution rates for members and the City were computed in accordance with the City Charter. In our opinion, the recommended contribution rates are sufficient to maintain and improve the sound financial condition of the Retirement Plan.

# MARTIN E. SEGAL COMPANY

SUITE 900  
57 POST STREET  
SAN FRANCISCO, CALIFORNIA 94104  
(415) 392-0930

Information Required by Accounting Principles Board  
Opinion Number 8  
San Jose Police and Fire Department Retirement Plan  
For Year Beginning July 1, 1984

- 1) The amounts shown below were determined for the Plan based on the actuarial valuation as of July 1, 1983. Benefit improvements were approved by the City Council to

- a) Allow members with 30 years of service to retire with unreduced pensions regardless of age, and
- b) Pay part of the cost of retiree health insurance benefits.

These benefits are included in this statement.

- 2) The following range of the City's contributions under Opinion Number 8 (with percentages of payroll in parentheses) is based on application of results as of July 1, 1983 to covered payroll as of July 1, 1984.

a) Minimum

1) Normal cost retirement benefits	\$12,597,400	(23.03%)
2) Amortization of Unfunded Supplemental Present Value over 40 years	2,144,200	( 3.92%)
3) Retiree health insurance	410,200	( 0.75%)
Total	\$15,151,800	(27.70%)

b) Maximum

1) Normal Cost retirement benefits	\$12,597,400	(23.03%)
2) 10% of Unfunded Supplemental Present Value	5,128,500	( 9.38%)
3) Retiree health insurance	410,200	( 0.75%)
Total	\$18,136,100	(33.16%)

Amortization payment is on the basis of a level percentage of covered payroll assumed to increase 5% per annum. Contributions exclude the permanent cost-of-living benefits which are funded on a pay-as-you-go basis. Funding for retiree health benefits is ten-year term, level in relation to covered payroll, assuming future increases in premiums.

- 3) The present value of all vested benefits was \$154,807,000 as of July 1, 1983, against which there were assets of \$172,953,000 at market value. Hence assets exceeded the value of vested benefits. The improvement in (1) (a) above increased the present value of vested benefits as of July 1, 1983 by \$5,115,000 to the value shown. The present value of future retiree health insurance benefits is not included in present value of vested benefits.

In our opinion, the actuarial methods and assumptions are acceptable under Opinion Number 8.



POLICE AND FIRE DEPARTMENT RETIREMENT PLAN

INVESTMENT REPORT

of

SCUDDER, STEVENS & CLARK, INCORPORATED  
INVESTMENT COUNSEL

June 30, 1985

After a period of rapid growth in 1983 and early 1984, the economy has expanded at an average rate of under 2-1/2% over the last year. This pace is lower than that of the economy's growth potential, and the unemployment rate has risen slightly, suggesting the economy may be in a "growth recession". The principal causes of the slowdown in activity have been a cyclical inventory correction and a flattening of manufacturing activity.

By mid-1984, inventories had become somewhat top-heavy. Over the last several quarters, inventory investment has slowed, pulling down the economy's growth rate. This trend has been reinforced by high interest rates, which have kept the cost of carrying inventories high, and low inflation, which has dampened the incentive for purchasing agents to buy in advance.

The "growth recession" is most in evidence in the manufacturing sector. The level of industrial production is roughly the same as a year ago, and the number employed in manufacturing has been declining. Foreign competition is the primary reason why manufacturing is in the doldrums. The strong dollar, combined with sluggish growth abroad, has restrained U.S. production for export and eroded the domestic market share of U.S. manufacturers. Total U.S. consumption is growing, but our production has not kept pace.

Outside the manufacturing industry, the economy looks healthy. Employment in the private non-manufacturing sector has been rising at an annual rate of almost 3 million. Real consumer incomes are expanding. With the sharp drop in interest rates over the last year, interest-sensitive demands for autos and housing have been reviving.

Business activity in general may remain subdued over the next several months, but should strengthen late in the year. The economy is not faced with the imbalances that have characteristically preceded recessions --- high inflation, capacity shortages, and restrictive financial conditions. Indeed, the Federal Reserve, recognizing the severe dislocations that a recession would bring, has been easing monetary conditions in a deliberate effort to revive the sluggish business sector. Inventory investment should plateau, and we expect the foreign exchange value of the dollar to decline gradually, which should set the stage for some improvement in our trade position and manufacturing activity.

The principal economic benefit of restrained growth should be a continued moderate level of inflation, averaging between 4-5%. Wage increases, which have slowed dramatically over the last two years, are expected to remain subdued. Commodity prices, particularly energy, should remain soft, offsetting some price adjustment to the gradual drop in the foreign exchange value of the dollar.

This outlook for restrained growth and moderate inflation suggests that the expansion, now approaching the length of the average post-war business cycle, could continue for an extended period. This may prove the result. But we emphasize the considerable risk that the economy could veer off course. The reason lies in three structural imbalances --- the budget deficit, the trade deficit, and the heavy debt burden. We consider these distortions potentially destabilizing, and we expect little progress in resolving them over the next two years.

Given the uncertainties in the economy, we have structured the portfolio with an average maturity of approximately 8 years and a current yield of 10.60%. The most attractive areas of the fixed income markets on a risk-adjusted basis are intermediate term (2-7 years) U.S. governments and mortgage related securities, and purchases have been concentrated in these areas.

POLICE AND FIRE DEPARTMENT RETIREMENT PLAN

INVESTMENT REPORT

OF

SMOOT, MILLER, CHENEY, & CO.

JUNE 30, 1985

We are becoming increasingly more sanguine about the outlook for both the financial markets and the economy for the latter half of 1985 and, more particularly, as we approach 1986. While many observers have been calling for a recession this year, we do not see it this way and believe there is nothing sacred about expecting a recession every four years. Recessions are essentially the result of an outgrowth of excesses in the private sector that are responded to or accompanied by tightening of credit and a degree of credit crunch. We simply do not see major excesses at present. In fact, the opposite seems to be the case. Inventories are winding down, the operating rate of industry remains subdued (80.5% capacity), pricing of products remains steady, the dollar is beginning to weaken and credit remains plentiful at rates lower than many thought possible a year ago. The authorities seem to regard recession now as economically, politically and socially unacceptable and we believe they are quite properly reflecting the mood of the American public.

More to the point, money supply has been growing rapidly in recent months and we know of no instance in a major industrial country where an economy has failed to respond to generous money growth. Put bluntly, the Federal Reserve recognizes that the United States cannot afford a recession because it would balloon an already large federal budget deficit to which the Congress exasperatingly cannot seem to face up; make the repayment of bank loans by developing countries more difficult because they require U.S. growth for export growth of their products and would undermine the already fragile confidence in the banking and thrift sectors of the economy. While we admit to deep concerns over the specter of "protectionism" gaining momentum, we believe the Federal Reserve headed by Mr. Paul Volcker recognizes this risk and will provide sufficient further stimulation to our economy to prevent the current rising tide from getting out of hand.

Recognizing again that financial markets move on the availability of money, the near term implication of current Federal Reserve policy is constructive for financial asset prices and that the bias of the stock market is on the upside with only limited downside risk.

During the past year, the cyclical and basic industry sectors of the economy, which have borne that brunt of the adverse effects of slow economic growth and the strong U.S. dollar, have been in deep recession. But as the monetary stimulation referred to above begins to take affect later this year and into 1986, we would expect these cyclical issues, which we have been acquiring for the Plan, to perform very well over the current market cycle. In summary, a lower dollar, reasonable interest rate, leaner inventories and monetary stimulation will combine to catapult the U.S. economy toward a stronger phase going into 1986.

## POLICE AND FIRE DEPARTMENT

## RETIREMENT FUND PORTFOLIO

June 30, 1985

Maturity Value	Security	Percent	Maturing	Total Cost	Market Value
<u>CASH &amp; CASH EQUIVALENTS</u>					
976,400	Investment FD-State Treas			1,928,500	1,928,500
1,175,900	Commercial Paper	7.50	07/02/85	1,175,900	1,175,900
3,993,200	Bankers TR Interest Bearing	7.310	07/03/85	3,993,200	3,993,200
3,177,000	Commercial Paper		07/05/85	3,154,051	3,154,051
1,000,000	Bankers Acceptance	8.00	07/08/85	986,222	986,222
915,400	Sears Savings Bank C/D	7.500	07/08/85	915,400	915,400
2,000,000	Commercial Paper		07/16/85	1,975,300	1,975,300
4,045,800	Commercial Paper		07/26/85	4,021,357	4,021,357
376,700	Commercial Paper		07/31/85	369,585	369,585
76,000	Muni Credit Union T/D C/D	12.000	08/22/85	76,000	76,000
1,500,000	United States Treas Nts	10.875	02/28/86	1,497,422	1,530,000
TOTAL CASH & CASH EQUIVALENTS				<u>\$20,092,937</u>	<u>\$20,125,515</u>

INTERMEDIATE TERM BONDS

1,000,000	United States Treas Nts	12.625	07/31/86	998,880	1,045,000
1,300,000	United States Treas Nts	8.000	08/15/86	1,327,188	1,300,000
2,500,000	United States Treas Nts	10.375	11/30/86	2,492,187	2,562,500
2,500,000	United States Treas Nts	10.250	03/31/87	2,482,031	2,562,500
2,700,000	US Treasury Nts	10.750	03/31/87	2,702,109	2,794,500
1,000,000	United States Treas Nts	12.625	11/15/87	996,580	1,075,000
2,500,000	United States Treas Nts	10.375	02/15/88	2,498,438	2,575,000
2,000,000	United States Treas Nts	9.875	05/15/88	2,022,500	2,040,000
6,500,000	United States Treas Nts	10.500	08/15/88	6,376,641	6,727,500
1,000,000	United States Treas Nts	10.625	12/31/88	1,000,000	1,040,000
2,500,000	United States Treas Nts	11.375	02/15/89	2,503,125	2,650,000
4,500,000	United States Treas Nts	11.750	05/15/89	4,489,861	4,815,000
2,000,000	Texas Commerce Bk C/D	12.000	09/01/89	1,999,060	2,125,000
2,500,000	United States Treas Nts	11.875	10/15/89	2,493,070	2,687,500
2,500,000	United States Treas Nts	12.750	11/15/89	2,493,750	2,762,500
2,700,000	United States Treas Nts	10.500	01/15/90	2,720,625	2,781,000
2,500,000	United States Treas Nts	11.000	02/15/90	2,489,844	2,612,500
2,500,000	United States Treas Nts	11.375	05/15/90	2,478,516	2,650,000
2,500,000	United States Treas Nts	10.750	07/15/90	2,470,703	2,600,000
2,500,000	United States Treas Nts	10.750	08/15/90	2,513,281	2,600,000
2,000,000	United States Treas Nts	11.750	01/15/91	2,000,080	2,150,000
4,000,000	FHLMC Coll Mtg Oblig Ser D2	12.375	05/01/91	3,964,375	4,205,000

Maturity Value	Security	Percent	Maturing	Total Cost	Market Value
1,000,000	United States Treas Nts	13.750	05/15/92	998,930	1,165,000
1,000,000	Untl Bk Recon & Dev.	14.750	06/01/92	1,000,000	1,200,000
1,500,000	Prov of Ontario Nts F/R NC	14.625	08/31/92	1,500,000	1,800,000
500,000	GMAC DEB F/R NC82	7.125	09/01/92	448,125	420,000
TOTAL INTERMEDIATE TERM BONDS				<u>\$59,459,899</u>	<u>\$62,945,500</u>

#### LONG TERM BONDS

2,500,000	Fed Hm Ln Mtg Corp CMO SER C3	11.875	01/31/94	2,514,062	2,593,750
1,000,000	United States Treas Bds	9.000	02/15/94	999,630	935,000
200,000	Weyerhaeuser Co SF DEB FR NR79	7.650	07/15/94	200,000	169,000
500,000	Ford Motor Credit DEBS FR NC85	9.500	01/15/95	496,250	477,500
200,000	Alum Co of Amer SF DEB FR NR80	9.000	05/15/95	198,000	171,000
500,000	Household Finance Deb F/R	7.500	08/01/95	500,000	410,000
400,000	Alum Co of Amer DEB F/R NR81	7.450	11/15/96	400,000	294,000
650,000	Prov of Manitoba DEB F/R NC94	14.750	03/15/97	608,400	793,000
300,000	Goodyear Tire&Rub SF F/R NR82	7.350	09/15/97	300,000	237,000
250,000	Std Oil Ind SF DEB F/R NR78	6.000	01/15/98	247,500	166,875
350,000	Exxon DEB F/R NR/78	6.500	07/15/98	350,000	253,750
1,652,443	FNMA P/T Pool #15848 F/R	11.500	08/01/98	1,636,148	1,666,900
200,000	Duke Power 1st&REF Mtg F/R	7.000	02/01/99	198,500	142,000
200,000	Beth Steel SF DEB FR	6.875	03/01/99	198,750	112,000
300,000	Dow Chem DEB F/R NR7/79	7.750	07/15/99	300,000	226,500
1,000,000	Gen Mtrs Acc Corp DEB FR NC86	8.750	02/01/00	995,000	825,000
500,000	Monsanto Co SF DEB FR NC85	8.500	06/15/00	497,500	405,000
500,000	Ford Motor Cred SF DEB FR NC85	9.700	07/15/00	498,750	445,000
500,000	Inland Stl 1st SER Q FR NR85	9.500	09/01/00	497,500	407,500
500,000	Amer Cyanamid Co SF DEB F/R	7.375	04/15/01	495,000	367,500
1,000,000	Ford Motor Cred SF DEB FR NC86	9.125	06/01/01	997,500	845,000
500,000	Texaco S F DEB F/R NR81	7.750	06/01/01	500,000	375,000
1,000,000	Gen Mtrs Acc Corp DEB F/R NC86	8.750	06/15/01	945,800	815,000
500,000	Mobil Oil Co DEB F/R NR81	7.375	10/01/01	500,000	372,500
300,000	Firestone Tire SF DEB F/R NR81	7.300	10/15/01	300,000	210,000
500,000	Shell Oil DEB F/R NR82	7.250	02/15/02	500,000	360,000
500,000	Sun Inc. DEB F/R	7.125	05/01/02	495,000	365,000
500,000	Procter & Gamble SF DB FR NR82	7.000	05/15/02	495,000	365,000
244,661	GNMA Pass/Thru #2733 F/R	6.500	06/15/03	212,855	193,282
500,000	Consumers Pwr 1st Mtg F/R NR78	8.625	08/01/03	506,745	340,000
1,000,000	Illinois Bell Tel DEB F/R NC78	8.000	12/10/04	992,500	750,000
500,000	Dow Chem SF DEB FR NR85	8.500	02/01/05	500,000	390,000
1,200,000	Prov of Ontario DEB FR NC 90	8.875	03/01/05	1,151,069	990,000
500,000	Bethlehem Steel SF DEB FR NR85	8.450	03/01/05	500,000	310,000
1,000,000	United States Treas Bds C00	8.250	05/15/05	999,688	820,000
1,250,000	Sears Roebuck SF DEB FR NR86	8.000	04/01/06	1,224,553	950,000
629,604	GNMA Pass/Thru #14197 F/R	8.000	12/15/06	645,345	527,294
493,322	GNMA Pass/Thru #12752 F/R	8.000	12/15/06	505,655	413,157
591,871	GNMA Pass/Thru #15117 F/R	8.000	12/15/06	588,357	495,692
614,463	GNMA Pass/Thru #14264 F/R	8.000	01/15/07	629,824	514,613
176,371	GNMA Pass/Thru #16970M F/R	7.500	05/15/07	170,447	143,081

Maturity Value	Security	Percent	Maturing	Total Cost	Market Value
926,175	Fed Hm Ln Mtg Corp PC #18-8243	8.000	06/01/07	775,672	792,899
2,355,588	FNMA Pass/Thru Pool #391	6.500	09/01/08	1,710,746	1,860,900
2,573,504	Fedl Hm Ln Mtg Corp Pc#1833328	8.500	10/01/08	2,078,104	2,245,382
200,000	New York Tel REF Mtg F/R NC74	7.500	03/01/09	197,500	138,000
809,357	GNMA Pass/Thru #31275 F/R	9.000	03/15/09	749,541	716,281
897,440	GNMA Pass/Thru #31190 F/R	9.000	05/15/09	831,114	794,235
2,576,626	Fed Hm Ln Mtg PC 18-6449	10.000	11/01/09	2,415,587	2,422,029
907,770	Fedl Hm Ln Mtg Corp PC18-1213	10.250	11/01/09	775,008	865,831
500,000	Pacific Tel&Tel DEBS F/R NC79	9.500	06/15/11	500,000	422,500
500,000	New Yk Tel 1 REF SER W FR NR78	8.300	08/15/12	505,800	372,500
906,820	GNMA Pass/Thru #68307 F/R	11.500	06/15/13	876,215	914,755
957,153	GNMA Pass/Thru #68308 F/R	11.500	06/15/13	924,849	965,528
2,887,438	GNMA Pass/Thru #64340	11.500	06/15/13	2,762,917	2,912,703
2,219,771	FNMA Pass/Thru GRP#3343	10.250	07/01/13	1,836,861	2,144,587
2,419,857	GNMA Pass/Thru #66878 F/R	11.500	07/15/13	2,371,460	2,441,031
1,853,689	GNMA Pass/Thru #66613 F/R	11.500	07/15/13	1,816,615	1,869,908
2,427,783	GNMA Pass/Thru #66614 F/R	11.500	07/15/13	2,381,351	2,449,026
1,970,849	FNMA Pass/Thru Pool #5850	11.750	08/01/13	1,874,770	1,994,795
1,337,204	Fed Hm Ln Mtg PC#25-3081	10.500	08/01/13	1,226,884	1,300,431
500,000	So Cent Bell Tel FR NR78	8.250	08/01/13	497,700	370,000
2,382,449	Fed Hm Ln Mtg Corp PC18-8797	12.000	02/01/14	2,447,222	2,436,054
1,000,000	Pacific G & E 1st&Ref FR NR85	16.250	02/01/14	980,000	1,205,000
2,475,363	GNNA P/T Pool #107715	12.000	04/15/14	2,513,267	2,543,436
1,000,000	Pacific Tel&Tel DEB F/R NC83	9.625	11/01/14	1,000,000	850,000
1,510,953	GNMA P/T Pool #128705	11.000	03/15/15	1,374,022	1,495,843
999,352	GNMA P/T Pool #127752 F/R	11.000	04/15/15	908,786	989,359
1,500,000	GNMA P/T Pool #130668 F/R	12.000	06/15/15	1,511,719	1,541,250
2,000,000	New York Tel DEB F/R NC81	8.250	10/15/15	1,828,400	1,470,000
2,000,000	Southern Bell T&T DEB FR NC82	8.125	05/01/17	1,790,730	1,460,000
1,000,000	New Jersey Bell DEB F/R NC 83	8.750	06/01/18	963,750	785,000
1,000,000	Southern Bell T&T FR NC83	8.625	09/01/18	959,380	770,000
1,000,000	So Westrn Bell Tel DEBF/R NC84	9.625	03/15/19	882,500	840,000
1,000,000	Mt States T&T DEB F/R NC84	11.250	11/01/19	1,000,000	965,000

TOTAL LONG TERM BONDS

\$70,759,798 \$66,987,157

BOND & PREFERRED CONVERTIBLES

350,000	US Steel Corp CV SUB DEB FR	5.750	07/01/01	<u>\$342,875</u>	<u>\$225,750</u>
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TOTAL BOND & PREFERRED CONVERTIBLES

\$342,875 \$225,750

COMMON STOCKS

	Cash & Cash Equivalents	\$14,766,821	\$14,766,821
18,200	Caterpillar Tractor Co.	615,706	602,875
19,400	Deere & Co.	588,402	584,425
10,000	General Elec. Co.	449,876	618,750
9,800	Honeywell Inc.	590,362	603,925
6,800	Minnesota Mng. & Mfg. Co.	578,687	530,400



Shares	Description	Total Cost	Market Value
15,200	Union Camp Corp.	585,550	564,300
27,200	American Express Co.	1,207,563	1,292,000
8,800	Dun & Bradstreet Corp.	590,920	697,400
24,400	Merrill Lynch & Co. Inc.	1,058,759	789,950
7,800	Schlumberger Ltd.	401,106	301,275
17,400	AMP Inc.	584,292	561,150
7,000	International Business Mach.	909,007	866,250
15,800	Motorola Inc.	595,044	539,175
31,400	Baxter Travenol Labs Inc.	944,330	482,775
12,000	Bristol Myers Co.	619,244	736,500
18,000	Pfizer Inc.	704,778	891,000
6,700	Dayton Hudson Corp.	192,658	283,075
11,400	Eastman Kodak Co.	573,116	504,450
6,900	General Mtrs. Corp.	570,492	496,800
13,440	Levi Strauss & Co.	672,529	473,760
29,400	Payless Cashways Inc.	684,644	540,225
8,000	American Intl. Group Inc.	576,208	680,000
18,600	Consolidated Edison Co. N	560,325	690,525
3,400	Pacific Telesis Group	198,832	266,475
35,600	Pacific Gas & Elec. Co.	566,930	698,650
15,672	Reynolds R J Inds. Inc.	431,997	497,586
24,500	Southern Calif. Edison Co.	595,595	655,375
3,400	Southwestern Bell Corp.	196,707	285,600
6,000	Allied Corporation	186,858	255,750
13,000	American Genl Cp.	443,040	453,375
5,000	Amoco Corp.	249,052	320,625
20,000	Borden Inc.	282,470	840,000
26,000	Brush Wellman Inc.	586,906	832,000
35,000	Colgate-Palmolive Co.	623,700	931,875
25,000	Commonwealth Edison Co.	516,875	771,875
19,500	Eastman Kodak Co.	958,940	862,875
15,000	Eaton Corp.	770,100	768,750
30,000	Engelhard Corp.	949,947	787,500
30,000	Freeport-McMoran Inc.	593,910	581,250
17,000	General Elec. Co.	942,191	1,051,875
12,000	Great Nthn. Nekoosa	326,514	462,000
27,000	Hercules Inc.	689,292	951,750
7,000	Intl. Business Machines	756,350	866,250
40,000	M/A-Com Inc.	765,450	780,000
18,000	Macy R H & co. Inc.	766,170	931,500
8,000	Merck & Co. Inc.	605,418	901,000
10,000	Mobil Corp.	269,556	301,250
14,000	Monsanto Co.	737,240	677,250
14,000	Panhandle Eastn. Corp.	288,942	507,500
30,000	Parker-Hannifin Corp.	896,284	1,001,250
19,000	Penney J C Inc.	945,763	978,500
12,000	Philip Morris Inc.	706,440	1,024,500
18,000	Ralston Purina Co.	291,680	801,000
30,000	Reynolds R J Inds. Inc.	367,696	952,500
12,000	Safeway Stores	254,622	406,500
20,000	Schlumberger Ltd.	818,897	772,500

Shares	Description	Total Cost	Market Value
2,400	Sea-Land Corp.	22,433	54,900
7,000	TRW Inc.	275,182	524,125
19,000	Union Pac. Corp.	850,531	907,250
25,000	Warner-Lambert Co.	741,375	1,084,375
35,000	Westinghouse Elec. Corp.	564,208	1,203,125
TOTAL COMMON STOCKS & CASH EQUIVALENTS		<u>\$50,654,512</u>	<u>\$56,048,267</u>

COST-OF-LIVING FUND

CASH & CASH EQUIVALENTS

631,200	Investment FD-State Treasury			\$ 631,200	\$ 631,200
955,200	GE Credit	7.506	07/02/85	955,200	955,200
271,800	Bankers Tr Interest Bearing	7.310	07/03/85	271,800	271,800
303,800	Commercial Paper		07/05/85	301,605	301,605
47,100	Sears Savings Bank C/D	7.500	07/08/85	47,100	47,100
200,000	Commercial Paper		07/16/85	197,530	197,530
894,900	Commercial Paper		07/26/85	889,493	889,493
764,000	Commercial Paper		07/31/85	749,569	749,569
250,000	United States Treas Nts	10.875	02/28/86	249,570	255,000
TOTAL CASH & CASH EQUIVALENTS				<u>\$4,293,067</u>	<u>\$4,298,497</u>

Maturity Value	Security	Percent	Maturing	Total Cost	Market Value
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INTERMEDIATE TERM BONDS

500,000	Fed Farm Cr Bk	15.150	07/21/86	487,188	537,500
750,000	United States Treas Nts	10.375	11/30/86	750,312	768,750
500,000	United States Treas Nts	10.250	03/31/87	496,406	512,500
850,000	US Treasury Nts	10.750	03/31/87	850,664	879,750
100,000	United States Treas Nts	7.625	11/15/87	99,469	98,000
500,000	United States Treas Nts	12.625	11/15/87	498,290	537,500
750,000	United States Treas Nts	10.375	02/15/88	749,531	772,500
500,000	United States Treas Nts	9.875	05/15/88	505,625	510,000
1,250,000	United States Treas Nts	10.500	08/15/88	1,225,000	1,293,750
500,000	United States Treas Nts	10.625	12/31/88	500,000	520,000
500,000	United States Treas Nts	11.375	12/15/89	500,625	530,000
1,000,000	United States Treas Nts	11.750	05/15/89	996,884	1,070,000
500,000	Texas Commerce Bk C/D	12.000	09/01/89	499,765	531,250
500,000	United States Treas Nts	11.875	10/15/89	498,335	537,500
750,000	United States Treas Nts	12.750	11/15/89	748,125	828,750
800,000	United States Treas Nts	10.500	01/15/90	800,000	824,000
750,000	United States Treas Nts	11.000	02/15/90	746,953	783,750
500,000	United States Treas Nts	10.500	04/15/90	499,844	515,000
750,000	United States Treas Nts	11.375	05/15/90	743,555	795,000
1,000,000	United States Treas Nts	10.750	07/15/90	968,203	1,040,000
750,000	United States Treas Nts	10.750	08/15/90	744,453	780,000
500,000	United States Treas Nts	11.750	01/15/91	500,020	537,500

Maturity Value	Security	Percent	Maturing	Total Cost	Market Value
1,000,000	FHLMC Coll Mtg Oblig Ser D2	12.375	05/01/91	991,094	1,051,250
200,000	Southern Cal Ed 1st F/R R86	15.250	05/15/91	194,500	216,000
500,000	United States Treas Nts	13.750	05/15/92	499,465	582,500
500,000	Prov of Ontario Nts F/R NC	14.625	08/31/92	500,000	600,000
TOTAL INTERMEDIATE TERM BONDS				<u>\$16,594,306</u>	<u>\$17,652,750</u>
LONG TERM BONDS					
500,000	Fed Hm Ln Mtg Corp CMO SER C3	11.875	01/31/94	502,812	518,750
100,000	United States Treas BDS	9.000	02/15/94	99,963	93,500
1,000,000	Sal Bros II CMO 84-1 CLB	8.125	11/01/96	815,625	920,000
25,000	Alum Co of Amer DEB F/R NR81	7.450	11/15/96	25,000	18,375
25,000	Goodyear Tire&Rub SF F/R NR82	7.350	09/15/97	25,000	19,750
997,394	FNMA P/T Pool #15848 F/R	11.500	08/01/98	987,732	1,006,121
50,000	Monsanto Co SF DEB FR NC85	8.500	06/15/00	49,750	40,500
50,000	Ford Motor Cred SF DEB FR NC85	9.700	07/15/00	49,700	44,500
25,000	Amer Cyanamid Co SF DEB F/R	7.375	04/15/01	24,750	18,375
25,000	Texaco S F DEB F/R NR81	7.750	06/01/01	25,000	18,750
50,000	Gen Mtrs Acc Corp DEB F/R NC86	8.750	06/15/01	47,290	40,750
25,000	Mobil Oil Co DEB F/R NR81	7.375	10/01/01	25,000	18,625
25,000	Firestone Tire SF DEB F/R NR81	7.300	10/15/01	25,000	17,500
25,000	Shell Oil DEB F/R NR82	7.250	02/15/02	25,000	18,000
50,000	Sun Inc DEB F/R	7.125	05/01/02	49,500	36,500
500,000	United States Treas BDS	10.750	05/15/03	503,750	505,000
50,000	Pacific Gas & El 1st F/R NR76	8.000	06/01/03	39,940	36,750
25,000	Consumers PWR 1st Mtg F/R NR78	8.625	08/01/03	25,337	17,000
50,000	Sears Roebuck SF DEB FR NR86	8.000	04/01/06	50,224	38,000
857,835	Fedl Hm Ln Mtg Corp PC #183328	8.500	10/01/08	692,702	748,461
182,495	GNMA Pass/Thru #30303 F/R	9.000	03/15/09	169,007	161,508
907,770	Fedl Hm Ln Mtg Corp PC18-1213	10.250	11/01/09	775,008	865,831
900,177	FNMA Pass Thru Pool #1003	8.000	01/01/10	716,766	753,898
200,000	Dow Chemical SF DEB F/R NR90	11.250	07/15/10	187,000	193,000
25,000	Pacific Tel&Tel DEBS F/R NC79	9.500	06/15/11	25,000	21,125
767,132	FNMA Pass/Thru #23 F/R	8.500	08/01/11	609,870	661,644
25,000	New Yk Tel 1 REF SER W FR NR78	8.300	08/15/12	25,290	18,625
995,684	GNMA Pass/Thru #68306 F/R	11.500	06/15/13	923,430	964,046
443,954	FNMA Pass/Thru GRP#3343	10.250	07/01/13	367,372	428,917
949,801	GNMA Pass/Thru #66612	11.000	07/15/13	908,841	940,303
762,254	FNMA Pass/Thru Pool #5850	11.750	08/01/13	725,094	771,516
998,897	Fed Hm Ln Mtg Pc #25-3081	10.500	08/01/13	916,488	971,427
952,980	Fed Hm Ln Mtg Corp Pc 18-8797	12.000	02/01/14	978,889	974,422
150,000	Pacific G&E 1st&REF FR NR85	16.250	02/01/14	146,625	180,750
496,344	GNMA P/T Pool #107715 F/R	12.000	04/15/14	503,944	509,993
497,796	GNMA P/T Pool #111769 F/R	11.000	05/15/14	452,683	492,818
50,000	Pacific Tel&Tel DEB F/R NC83	9.625	11/01/14	50,000	42,500
500,000	GNMA P/T Pool #130668	12.000	06/15/15	503,906	513,750
100,000	So Cent Bell Tel DEB FR NC82	8.250	11/01/15	95,666	74,000
50,000	Southern Bell T&T DEB FR NC82	8.125	05/01/17	44,099	36,500
50,000	Southern Bell T&T FR NC83	8.625	09/01/18	47,969	38,500
100,000	So Westrn Bell Tel DEBF/R NC84	9.625	03/15/19	88,250	84,000
100,000	Mt States T&T DEB F/R NC84	11.250	11/01/19	100,000	96,500
TOTAL LONG TERM BONDS				<u>\$13,450,272</u>	<u>\$13,970,780</u>

Shares	Description	Total Cost	Market Value
<u>COMMON STOCKS</u>			
	Cash & Cash Equivalents	\$4,790,411	\$4,790,411
7,300	Caterpillar Tractor Co.	246,959	241,813
7,700	Deere & Co.	233,541	231,963
2,000	General Elec. Co.	84,090	123,750
3,900	Honeywell Inc.	234,940	240,338
2,700	Minnesota Mng. & Mfg. Co.	229,773	210,600
6,100	Union Camp Corp.	234,990	226,463
8,600	American Express Co.	380,847	408,500
3,500	Dun & Bradstreet	235,025	277,375
8,000	Merrill Lynch & Co. Inc.	346,963	259,000
2,900	Schlumberger Ltd.	149,463	112,012
7,000	AMP Inc.	235,060	225,750
3,000	International Business Mach.	390,299	371,250
6,300	Motorola Inc.	237,264	214,987
10,000	Baxter Travenol Labs Inc.	300,747	153,750
4,800	Bristol Myers Co.	247,698	294,600
7,000	Pfizer Inc.	273,733	346,500
2,600	Dayton Hudson Corp.	74,763	109,850
4,650	Eastman Kodak Co.	233,771	205,762
2,700	General Mtrs. Corp.	223,236	194,400
5,363	Levi Strauss & Co.	263,570	189,046
9,000	Payless Cashways Inc.	211,350	165,375
3,200	American Intl. Group Inc.	230,483	272,000
7,400	Consolidated Edison Co. N	222,925	274,725
1,300	Pacific Telesis Group	76,024	101,887
14,200	Pacific Gas & Elec. Co.	226,135	278,675
6,270	Reynolds R J Inds. Inc.	172,826	199,072
9,800	Southern Calif. Edison Co.	238,238	262,150
1,300	Southwestern Bell Corp.	75,212	109,200
	TOTAL COMMON STOCKS & CASH EQUIVALENTS	<u>\$11,100,336</u>	<u>\$11,091,204</u>

TOTALS

	<u>TOTAL COST</u>	<u>MARKET VALUE</u>
<u>RETIREMENT FUND</u>		
Cash & Cash Equivalents	\$ 20,092,937	\$ 20,125,515
Intermediate Bonds	59,459,899	62,945,500
Long Term Bonds	70,759,798	66,987,157
Bond & Preferred Convertibles	342,875	225,750
Common Stocks & Cash Equivalents	50,654,512	56,048,267
Amortization	<u>408,103</u>	
TOTAL RETIREMENT FUND	\$201,718,124	\$206,332,189
<u>COST-OF-LIVING FUND</u>		
Cash & Cash Equivalents	\$ 4,293,067	\$ 4,298,497
Intermediate Bonds	16,594,306	17,652,750
Long Term Bonds	13,450,272	13,970,780
Common Stocks & Cash Equivalents	11,100,336	11,091,204
Amortization	<u>121,617</u>	
TOTAL COST-OF-LIVING FUND	\$ 45,559,598	\$ 47,013,231
COMBINED TOTAL	<u>\$247,277,722</u>	<u>\$253,345,420</u>

POLICE AND FIRE DEPARTMENT RETIREMENT PLAN

PORTFOLIO PERFORMANCE REPORT

	Period Ending	Portfolio Value-Cost	Annual Income	Income Rate of Return
Scudder	06/30/85	\$185,522,874	\$18,978,604	10.2%
Harris	06/30/85	37,239,450	1,381,265	3.7%
Smoot	06/30/85	24,515,398	941,282	3.8%

	Period Ending	Ending Market Value	Beginning Market Value	Time Weighted Yield
Scudder	06/30/85	\$186,205,949	\$137,694,828	32.9%
Harris	06/30/85	37,121,330	24,081,207	29.4%
Smoot	06/30/85	30,018,141	23,767,349	23.4%

MARKET PERFORMANCE DATA

Standard and Poor's 500	31.0%
SEI Median Fund	30.3%
Salomon Bros. Bond Index	41.9%
New York Stock Exchange	25.7%
Shearson Lehman Bond Index	28.7%

POLICE & FIRE DEPARTMENT RETIREMENT PLAN

INDUSTRY ANALYSIS OF EQUITIES

	<u>Market Value</u>	<u>% of Portfolio</u>
<u>CAPITAL EQUIPMENT</u>		
Aerospace	-0-	
Electrical & Office Equipment	9,791,950	20.6
Machinery	832,000	1.8
TOTAL CAPITAL EQUIPMENT	10,623,950	22.4%
<u>CONSUMER DURABLES</u>		
Automotive Equipment	691,200	1.5
Machinery	2,429,826	5.1
TOTAL CONSUMER DURABLES	3,121,026	6.6%
<u>CONSUMER NON-DURABLES</u>		
Cosmetics & Soap	931,875	2.0
Drugs & Hospital Supplies	4,890,500	10.3
Grocery Products	1,708,500	3.6
Photography	1,573,087	3.3
Retail & Sales	3,008,525	6.3
Entertainment & Leisure	2,673,658	5.6
Miscellaneous	2,204,806	4.6
TOTAL CONSUMER NON-DURABLES	16,990,951	35.7%
<u>ENERGY</u>		
Oil-Domestic & Crude	1,458,875	3.1
Oil-Equipment & Service	1,185,787	2.5
Oil-International	-0-	
TOTAL ENERGY	2,644,662	5.6%
<u>FINANCIAL</u>		
Insurance & Finance	1,405,375	3.0
Miscellaneous Finance	3,724,225	7.8
TOTAL FINANCIAL	5,129,600	10.8%
<u>INTERMEDIATES</u>		
Chemicals & Fertilizers	1,629,000	3.4
Paper	790,763	1.6
Metals	787,500	1.6
Miscellaneous Industries	-0-	
TOTAL INTERMEDIATES	3,207,263	6.6%
<u>TRANSPORTATION</u>		
Railroads	907,250	1.9
Air	-0-	
Shipping & Freight	54,900	.1
TOTAL TRANSPORTATION	962,150	2.0%
<u>UTILITIES</u>		
Gas & Electric	4,139,475	8.7
Communications	763,162	1.6
TOTAL UTILITIES	4,902,637	10.3%
 TOTAL EQUITIES	 47,582,239	 100.0%



# POLICE AND FIRE DEPARTMENT RETIREMENT PLAN

## PLAN REVENUES

The Plan's Retirement Fund has three principal sources of income. One is the payments made by the employer (City Government). Another is the payments made by the City employee members of the Plan. The third is the interest earnings from the monies invested in bonds and other securities.

The pattern of revenues for the last decade is shown in the following table:

Fiscal Year Ending In June	Employer Payments	Employee Payments	Interest and Other Income	Total
1985	\$16,544,000	\$5,440,000	\$23,263,000	\$45,247,000
1984	19,349,000	5,664,000	19,472,000	44,485,000
1983	18,058,000	5,496,000	17,442,000	40,996,000
1982	15,425,000	4,651,000	12,397,000	32,473,000
1981	12,000,000	3,069,000	8,652,000	23,721,000
1980	7,764,000	2,500,000	6,049,000	16,313,000
1979	6,872,000	2,079,000	4,843,000	13,794,000
1978	6,337,000	1,871,000	3,806,000	12,014,000
1977	6,047,000	1,738,000	3,199,000	10,984,000
1976	4,751,000	1,246,000	2,621,000	8,618,000
10 Year Total	\$113,147,000	\$33,754,000	\$101,744,000	\$248,645,000

## SIZE OF SYSTEM

	<u>6/77</u>	<u>6/78</u>	<u>6/79</u>	<u>6/80</u>	<u>6/81</u>	<u>6/82</u>	<u>6/83</u>	<u>6/84</u>	<u>6/85</u>
Active	1,351	1,407	1,385	1,375	1,523	1,527	1,580	1,576	1,635
Retired	218	234	245	272	286	303	313	338	345
Survivors	37	38	49	47	52	60	63	68	65
TOTAL	1,606	1,679	1,679	1,694	1,861	1,890	1,956	1,982	2,045

# POLICE AND FIRE DEPARTMENT RETIREMENT PLAN

## CONTRIBUTIONS AND REVENUE

Each member of the Retirement Plan contributes the following percentage of pay:

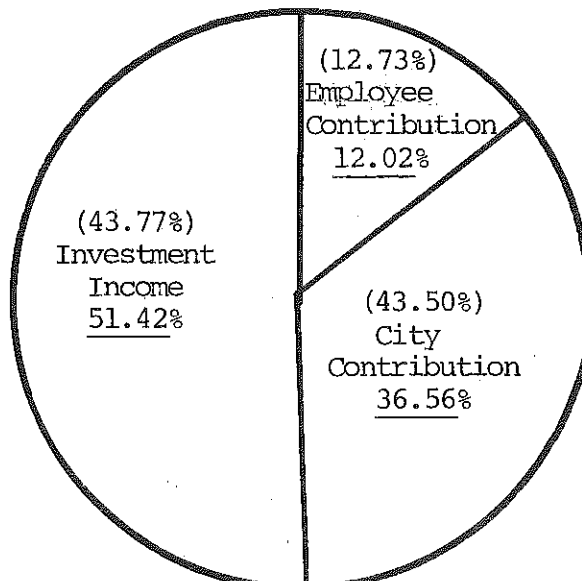
	<u>Effective</u> <u>07/02/84</u>	<u>Effective</u> <u>08/26/84</u>
Medical		.75%
Current Service	6.52%	6.31%
Cost of Living	<u>3.21%</u>	<u>2.33%</u>
TOTAL	9.73%	9.39%

The City contributes to the Retirement Plan the following percentage of payroll:

	<u>Effective</u> <u>07/02/84</u>	<u>Effective</u> <u>08/26/84</u>
Medical		.75%
Current Service	17.38%	16.83%
Prior Service	3.49%	1.15%
Cost of Living	<u>9.97%</u>	<u>9.42%</u>
TOTAL	30.84%	28.15%

The following sources contributed their share of the revenues received by the Retirement Fund in 1982-83:

Employee Contribution	12.02%	\$ 5,440,000
City Contribution	36.56%	16,544,000
Investment Income	<u>51.42%</u>	<u>23,263,000</u>
TOTAL REVENUE	100.00%	\$45,247,000



POLICE & FIRE EMPLOYEES' RETIREMENT SYSTEM  
RETIREES AND BENEFICIARIES AS OF JUNE 30, 1985

NAME	YRS SERV	DATE RET/DTH	MONTHLY BASE	COL	TOTAL
D MAULDIN, WILLIAM P	17	9/26/44	97.89	308.03	4,764.66
D BASILE, FRANK	28	1/14/52	186.85	354.99	3,251.04
MATRANGA, JOHN	22	2/01/53	170.65	318.84	5,745.54
ADAMS, HARLEY	27	7/14/53	197.69	377.90	6,180.65
GUPTILL, LOVELL E	24	7/01/54	217.67	383.72	7,059.00
ANDERSON, ERNEST D	26	8/01/55	226.54	405.13	7,414.44
JONES, IVOR A	34	8/21/57	216.42	410.73	7,361.37
MORSS, KENNETH G	30	9/21/57	217.31	389.02	7,117.02
D MAC LEAN, ARTHUR A	16	11/27/57	250.86	343.68	6,978.60
MILLER, EMMETT C	30	11/01/59	284.89	411.61	2,786.00
GARCIA, SIMON	30	2/27/62	278.02	402.07	7,982.79
EDES, HUGH A	36	7/01/62	325.50	475.72	9,404.58
CAMPBELL, LAWRENCE B	31	2/01/63	417.58	512.31	10,914.96
QUAIN, RALPH C	22	4/01/63	336.44	395.94	8,596.59
S ANDERSON, IRENE C	17	6/13/63	156.44	121.37	3,260.91
FLESNER, FREDERICK J	25	7/28/63	342.48	417.74	8,923.38
PRACNA, EDWARD S	36	9/13/63	431.27	551.69	11,537.85
S SAWYER, BARBARA E	18	1/01/64	224.69	248.43	5,553.42
PARKER, HAROLD C	22	5/01/64	440.09	466.85	10,645.50
D BATTI, GEORGE J	34	5/11/64	352.28	466.42	9,609.75
D EMERY, LOUIS W	15	8/20/64	282.94	304.99	6,901.08
BROWDER, SAMUEL D	22	4/01/65	364.86	397.80	8,952.03
GRAY, RAYMOND T	37	4/01/65	326.78	454.12	9,166.14
S LUNS FORD, PHYLLIS M	37	6/25/65	345.38	363.38	8,319.36
DAVIS, HARVEY	39	9/01/65	371.32	498.81	10,213.50
D HOFFMAN, VERNON D	20	12/06/65	341.08	368.67	8,330.97
BOSQUE, CHARLES J	20	5/03/66	301.42	330.23	7,414.20
D HAAS, CARL G	21	6/07/66	337.89	362.17	8,217.21
D MATTERN, JOHN A	16	7/16/66	391.56	372.54	8,968.86
KIDDER, DONALD R	29	9/01/66	398.52	451.05	9,972.18
S RUSSO, JOSEPHINE	39	2/09/67	159.89	243.93	4,740.00
S VITEK, HILVIE A	42	2/11/67	281.81	272.60	3,326.46
D CREAMER, WILLIAM M	23	4/15/67	368.40	352.89	8,466.39
D FUSCO, GEORGE W	22	6/10/67	352.07	337.36	8,092.44
S WAKEMAN, LELA C	31	9/08/67	207.15	242.86	5,282.13
D ANDERSON, WILLIAM E	09	11/14/67	377.00	278.89	7,698.78
D TURNAGE, GORDON E	08	3/08/68	365.59	266.32	7,417.23
D BARTOLINI, HERBERT R	08	4/01/68	366.77	267.03	7,439.46
D FISHER, RAYMOND H	22	1/01/69	382.48	334.24	3,583.60
D BREWER, GLENN J	10	2/10/69	385.15	289.48	7,918.71
S BONE, NADALIE M	36	3/10/69	344.39	310.11	6,373.46
CHEW, ARNOLD W	01	4/21/69	373.41	208.36	6,828.78
D OSTERFEIER, CLIFFORD C	05	5/20/69	384.77	242.95	7,368.12
D BARR, JACK L	21	7/14/69	394.05	338.68	8,600.70
D HART, JAMES H	01	12/03/69	383.42	219.57	7,077.84
MC CAY, E D	27	2/01/70	999.77	710.57	20,075.70
ERLANDSON, JOHN K	25	7/01/70	595.43	444.89	12,211.14
ANKENBAUER, FRANK J	24	7/05/70	576.31	429.49	11,805.90
D MATSON, ROBERT K	08	8/01/70	461.00	280.22	8,700.33
D STENZEL, EUGENE F	08	8/01/70	461.00	280.22	8,700.33

POLICE & FIRE EMPLOYEES' RETIREMENT SYSTEM  
RETIREES AND BENEFICIARIES AS OF JUNE 30, 1985

NAME	YRS SERV	DATE RET/DTN	MONTHLY BASE	COL	TOTAL
D DAVIS, DALE D	38	9/01/70	461.00	280.22	8,700.33
D STOUT, BERNARD	24	9/01/70	569.48	426.00	11,684.85
WILSON, JACK E	34	9/01/70	955.53	679.33	19,189.74
CONNETT, THERON F	31	10/01/70	835.79	601.36	16,869.06
D ANDERSON, CLARENCE W	23	12/21/70	545.36	408.06	11,191.11
FISHER, VERN	25	1/03/71	599.87	447.19	12,290.22
D CANUEL, JOHN B	25	1/05/71	766.40	362.44	5,378.68
D TRUE, ROBERT	31	1/11/71	1,147.89	760.38	22,399.02
D CROSBY, JAMES	29	1/14/71	839.24	591.77	16,797.00
D CANNELL, GEORGE H	33	1/16/71	1,486.60	944.34	28,534.08
S GIBSON, HENRIETTA	25	2/04/71	345.75	246.91	6,956.58
D COOMER, SAM D	09	2/09/71	376.90	242.98	7,276.11
D BATTEN, RUSSELL L	28	3/01/71	1,105.24	721.70	21,444.39
D TANNER, FRANCIS	20	5/01/71	546.62	369.26	10,750.44
BLACKMORE, JOHN R	42	5/17/71	1,953.51	152.89	36,462.48
D MASON, ROLAND S	07	6/22/71	511.45	279.24	9,281.01
D ROLSTON, CHAD C	26	7/01/71	680.42	465.86	13,454.85
D KNAPP, JOHN F	30	7/15/71	1,484.00	865.03	27,572.58
D LOWE, WILLIAM C	22	7/15/71	662.48	434.85	12,880.32
D EVANS, CARL L	26	8/01/71	655.23	454.10	13,021.17
D KENNEDY, EDWIN	24	8/01/71	744.57	484.64	14,428.32
D PLACE, ROBERT R	11	8/01/71	413.82	256.11	7,863.57
D RICKETTS, EDWARD B	21	9/01/71	583.10	392.00	11,445.60
D FLAIR, GARY L	09	10/12/71	506.35	288.17	9,325.98
D HOULIHAN, EARL E	08	11/11/71	510.71	284.52	9,334.32
D BIBBY, RICHARD A	15	12/01/71	508.13	320.77	9,729.54
D MANTHEY, JAMES E	19	12/01/71	648.63	411.36	12,442.05
D MILLER, HERBERT W	35	1/03/72	973.81	654.26	19,110.06
D CURTISS, MARVIN W	27	1/04/72	766.04	511.65	14,997.39
S CECIL, GEORGIA L	18	1/26/72	318.63	279.85	7,024.89
D GREEN, LEON R	35	2/01/72	824.68	510.15	15,668.04
GREEN, MARJORIE	35	2/01/72	494.81	306.10	9,400.95
D FRIES, JOSEPH J	22	2/15/72	691.49	448.45	13,380.48
D HIGGINS JR, THOMAS J	24	3/01/72	1,040.20	623.16	19,524.27
D LESLIE, SEAN R	08	3/01/72	530.28	293.72	9,672.00
MARALI, MANUEL G	40	3/01/72	769.75	586.94	15,924.60
D WESTERHOUSE, JAMES	27	3/01/72	857.69	554.60	16,577.31
D SCARPACE, SAM J	30	4/01/72	771.56	531.23	15,291.93
D TOLLENAAR, CORNEAL S	20	4/01/72	647.13	416.36	12,483.06
D MILLER, ARTHUR R	24	5/01/72	815.35	482.92	15,238.95
D MC CARGAR, JOHN W	02	6/06/72	308.10	142.49	5,289.00
D MILLER, DAVID P	31	7/02/72	944.25	402.01	15,802.23
CARDONA, VELIMA F	20	7/16/72	351.67	149.73	5,885.40
D BERNARDO, C DONALD	27	8/01/72	753.53	320.82	12,610.59
D PETERSEN, GUNNER	26	8/01/72	845.49	359.99	14,149.77
D TOUSSAINT, HAROLD P	29	8/01/72	1,013.45	431.49	16,960.47
S HALLER, JEAN M	25	9/06/72	544.62	231.88	9,114.42
D LAMB, WILLIAM J	19	9/15/72	637.31	271.33	10,665.45
S COLLINS, ANTOINETTE N	26	11/20/72	449.36	191.33	7,520.34
D MILLER, JESSE E	25	12/01/72	884.28	376.49	14,798.76

POLICE & FIRE EMPLOYEES' RETIREMENT SYSTEM  
RETIREES AND BENEFICIARIES AS OF JUNE 30, 1985

NAME	YRS SERV	DATE RET/DTH	MONTHLY BASE	COL	TOTAL
KLEIN, ELMER L	32	1/03/73	1,643.50	699.74	27,504.63
D LARSEN, JAMES D	13	1/15/73	605.17	257.67	10,127.91
S SHANNON, MARJORIE D	35	1/26/73	651.44	277.38	10,902.39
D SCHAEFFER, CHARLES L	29	2/14/73	904.83	385.23	15,142.59
D BRENNEMAN JR, VIRGIL A	06	2/15/73	535.00	227.78	8,953.38
D SADLER, BERNICE L	24	2/15/73	546.03	232.47	9,137.97
D DONOHUE, JAMES W	06	3/04/73	387.73	165.07	6,488.70
S FERNANDEZ, BEVERLY J	23	3/11/73	610.52	405.72	11,928.48
D GILBERT, GEORGE	27	3/15/73	731.12	311.30	12,235.80
D GRAY, LOREN B	30	4/01/73	853.13	363.23	14,277.45
D HOWARD, ORRIN J	20	4/01/73	575.00	244.83	9,623.04
D JONES, JOHN W	34	4/01/73	2,164.79	921.69	36,228.66
D LENNON, JOHN F	20	4/01/73	590.70	251.47	9,885.27
D MOODY, WILLEY R	30	4/01/73	987.00	379.25	10,930.00
D SANCHEZ, JOSEPH X	14	4/01/73	658.00	280.15	11,011.92
D TUMA, FRANK J	27	4/01/73	776.12	330.43	12,988.53
D WALTON, J C	04	4/01/73	527.18	224.44	8,822.43
S GILCHREST, DOROTHY M	24	5/16/73	387.31	249.36	7,473.18
D HOFFMAN, FRED	29	6/01/73	1,031.78	396.44	16,764.24
S LA COUR, JOYCE	12	6/15/73	492.69	189.32	8,005.38
D BRUCE, GORDON J	05	7/01/73	601.42	231.09	9,771.87
D EVANS, DAVID T	26	8/01/73	955.34	367.10	15,522.60
D HARRIS, COY M	27	9/12/73	810.23	311.33	13,164.69
S VASQUEZ, LUPE	22	9/25/73	564.38	216.85	9,170.01
D MARKS JR, LEONARD G	18	10/01/73	1,062.50	408.26	17,263.56
D SILVA, EDWARD N	25	10/01/73	870.38	334.42	14,141.79
D SATARIANO, ANTHONY S	27	11/14/73	807.78	310.37	13,124.67
D CORDONI, JULIUS L	11	12/01/73	664.20	255.21	10,791.90
D BIAS, JAMES B	13	1/02/74	594.64	228.48	9,661.71
D CRAWFORD, JAMES L	14	1/02/74	688.00	264.36	11,178.66
D GOULD, MICHAEL L	09	1/02/74	649.49	249.55	10,552.77
D NUFER, JOSEPH M	14	1/02/74	688.00	264.36	11,178.66
D TORGUSON, DONALD L	11	1/02/74	558.96	214.76	9,081.78
CONROW, DAN R	28	1/05/74	974.21	374.32	15,828.84
HORNBECK, MELVIN A	36	1/06/74	1,462.97	562.14	21,745.39
D WILLIS, RONALD L	10	1/15/74	478.61	183.90	7,776.42
D MARTINELLI, WALTER L	28	2/01/74	843.22	324.02	13,700.88
D SILFVAST, ROBERT E	17	2/01/74	703.59	270.34	11,431.83
D CHOYCE, JAMES A	14	3/01/74	603.25	231.80	9,801.72
D COLLINS, BARTON L	38	3/01/74	1,709.63	656.90	27,777.99
D GARRINGER, ESTIEL L	26	3/01/74	965.43	370.95	15,686.28
PROVASI, DANTE C	27	3/01/74	868.46	333.67	14,110.47
MAC KENZIE, WILLIAM H	29	4/01/74	1,549.13	595.23	25,170.18
D STEFANINI, MARIO P	29	4/01/74	939.06	360.83	15,257.94
S REBHAN, ETHEL M	21	4/23/74	210.56	217.12	5,020.02
S GARCIA, JENNIE S	27	5/07/74	535.99	184.34	8,455.14
S BUCK, LILLIAN M	20	5/15/74	557.90	191.88	8,800.80
BAKER, BERNICE M	25	6/01/74	392.86	135.12	6,197.34
FAVORITE, LAWRENCE R	35	6/12/74	1,074.00	369.37	16,942.08
D COBURN, JIMMIE C	18	6/15/74	619.86	213.18	9,778.14

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NAME	YRS SERV	DATE RET/DTH	MONTHLY BASE	COL	TOTAL
D BERNARDO, RALPH H	30	7/10/74	873.24	300.33	13,775.22
S CAROTTA, SHIRLEY R	29	11/05/74	549.38	339.42	10,432.59
D NURISTO, LOUIS G	14	12/01/74	663.37	228.15	10,464.51
D LIMA, SAM	28	1/02/75	846.83	291.22	13,358.25
D DEVITT, FRANCIS M	28	2/01/75	1,051.73	361.70	16,590.63
D SAPENA, TONY R	29	3/01/75	1,509.82	519.24	23,816.82
D KINCAID, RICHARD R	32	3/27/75	984.49	338.57	15,529.86
D ANGELO, ANTHONY E	24	4/01/75	801.11	275.51	12,637.20
D DONALD, PEGGY J	24	4/01/75	535.28	184.09	8,443.89
D FONSECA, CHARLES	30	4/01/75	1,140.75	392.32	17,994.99
D KINNEY, THOMAS R	29	4/01/75	1,161.73	399.52	18,325.77
D SAWYER, HOWARD D	13	4/01/75	657.32	226.06	10,368.99
SILVA, RAYMOND J	23	4/01/75	774.72	266.43	12,220.92
D SINNOTT, GLENN V	28	4/01/75	869.53	299.04	13,716.48
D AZZARELLO, JOSEPH S	33	5/01/75	1,600.25	487.70	24,508.11
D RICHARDS, JOHN K	14	5/01/75	796.34	242.72	12,196.38
S DONALD, PEGGY J	28	5/15/75	1,010.52	307.97	15,476.28
D JACOBSON, GEORGE A	15	6/01/75	771.48	235.12	11,815.32
D RAMBOER, LEO M	28	6/01/75	883.98	269.42	13,538.49
D CUFFARO, MARCO S	26	6/10/75	1,040.01	316.96	15,927.96
S CARDONA, VELMA F	30	7/08/75	547.94	210.54	8,902.95
S HOLDEN, GERTRUDE	16	8/18/75	157.75	177.10	3,930.45
S PERRY, LUCILLE A	27	8/25/75	518.46	199.20	8,423.82
D ROBERTSON, HARRY A	36	9/06/75	708.69	216.00	10,853.91
D KEITH, GARY L	13	10/18/75	700.91	213.64	9,952.80
D DONALD, HOWARD C	28	1/01/76	1,740.78	530.55	26,660.52
KEISER, BETTY J	20	1/02/76	390.67	119.06	5,983.11
HILSCHER, ARTHUR J	29	1/03/76	1,433.45	436.87	21,953.52
D KOSIK, VICTOR A	28	1/03/76	1,039.81	316.90	15,924.84
D FERNANDEZ, GABRIEL J	29	1/06/76	948.11	288.95	14,520.45
D BLOOMFIELD, HAROLD E	24	1/25/76	800.38	243.93	12,257.94
HALLER, LEWIS A	34	2/07/76	1,706.66	520.17	26,138.22
KUEHNIS, FLOYD E	34	2/07/76	1,475.52	449.70	22,598.01
D SULLIVAN, MARIS S	24	3/20/76	1,026.50	312.85	15,721.11
D NELSON, ROBERT P	30	3/21/76	993.62	302.82	15,217.44
D SEIBERT, SAM H	29	3/28/76	1,216.75	370.84	18,634.92
D MURTHA, WILLIAM J	09	4/01/76	663.30	202.16	10,158.63
D RICCI, FRANK J	28	4/01/76	940.03	286.49	14,396.76
D COLE, VERNON S	24	6/13/76	1,033.41	275.68	15,365.91
D MOGILEFSKY, ARTHUR A	09	7/04/76	755.16	201.44	11,228.46
MADDOX, WILLIAM A	28	8/14/76	1,239.51	330.66	18,430.47
S CONVERSA, JESSIE C	30	8/29/76	637.37	194.25	9,761.46
D KEYSER, ORVILLE J	28	9/19/76	1,222.16	326.02	18,172.35
D STEGENMILLER, JAMES R	22	10/18/76	1,242.97	331.60	18,482.10
S SCRIBNER, BETTY J	28	11/14/76	747.77	257.18	11,795.97
D SEKANY, GREGORY A	06	1/03/77	765.70	204.26	11,385.27
D ELORREAGA, PAUL	14	1/12/77	792.82	211.49	11,788.47
S HEEREN, MILDRED	31	2/21/77	385.78	271.27	7,712.34
S AMBURGEY, DORINE	35	2/28/77	801.16	341.10	13,407.69
D LEE, RAYMOND W	29	3/14/77	1,376.86	367.32	20,472.96



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NAME	YRS SERV	DATE RET/DTH	MONTHLY BASE	COL	TOTAL
D KLEIN, THEODORE P	31	3/19/77	1,881.55	501.94	27,977.10
D CAMPBELL, WILLIAM C	25	3/20/77	1,182.62	315.48	17,584.53
D CLEARY, ROBERT	28	3/20/77	1,676.11	447.13	24,922.32
D DWYER, GEORGE J	27	3/20/77	1,264.22	337.27	18,798.03
D KASICH, ROBERT C	39	4/11/77	790.82	181.78	11,416.23
D DEVENS, LEE E	28	4/17/77	1,671.95	384.33	24,136.35
HICKEY, JANET S	31	4/23/77	1,213.72	279.00	17,521.32
D BRUNE, RALPH F	29	6/01/77	1,390.32	319.59	20,070.72
D ADAMS, VIRGINIA S	22	6/14/77	825.44	189.75	11,916.15
DE CAMP, HOWARD	24	7/06/77	1,114.57	256.21	16,089.99
D BOLTON, HILBERT	30	7/12/77	1,369.66	314.84	19,772.46
D JONES, ROBERT A	10	7/12/77	733.07	168.50	10,582.50
D NELSON, MURRAY E	31	9/02/77	1,185.95	272.63	17,120.64
D CAPURSO, FRANK J	14	9/06/77	788.89	181.36	11,388.66
S BELL, CHERYL J	02	9/11/77	767.45	176.41	11,078.91
D SHANNON, CLARENCE M	22	9/11/77	979.86	225.26	14,145.54
D ZENAHLIK, THOMAS P	09	12/14/77	841.81	193.50	12,152.37
D ROORDA, JAMES R	37	12/18/77	818.44	188.13	11,814.96
D WHEATLEY, MERLIN W	30	1/05/78	1,698.59	390.46	24,520.95
D VITTOE, JOSEPH B	29	1/07/78	1,230.11	282.77	17,758.02
D BENNETT, WILLIAM G	08	1/10/78	844.85	194.22	12,196.50
D PAPA, RICK L	03	1/11/78	731.55	168.17	10,560.75
S MC CUISTION, EVELYNN M	18	1/20/78	688.33	158.23	9,936.78
GERHARD, JOHN K	30	3/04/78	2,832.64	651.14	40,892.13
D WARNING, DONALD A	22	3/14/78	946.48	217.57	13,663.50
D WINDISCH, STEPHEN F	30	3/31/78	1,987.32	456.84	28,689.21
D ALLEN, ROBERT L	21	4/01/78	1,631.93	375.15	23,558.82
D TAMBELLINI, LAWRENCE J	26	4/01/78	1,532.87	352.38	22,128.81
S MURTHA, MARY F	27	4/07/78	188.17	217.33	4,759.71
D OZGA, JAN	10	5/09/78	831.98	161.44	11,660.67
D WELCH, BRADFORD M	05	5/13/78	859.09	166.71	12,040.68
D HOLMES, DANNY R	11	5/14/78	832.53	161.56	11,668.53
D ROBERTSON, ROBERT A	29	6/13/78	1,243.36	241.27	17,426.40
D NEIBAUR, RICHARD J	21	7/08/78	1,060.24	205.74	14,859.93
S HEANEY, CHARLOTTE B	27	9/20/78	298.29	114.63	4,246.77
D JONES, RAYMOND E	32	10/01/78	1,911.04	370.84	26,784.42
D ESCOBAR, JOSEPH R	21	10/14/78	531.68	103.17	7,451.79
ESCOBAR, PATRICIA M	21	10/14/78	531.67	103.17	7,451.67
D SARGEANT, GREGORY S	30	10/14/78	1,738.26	337.30	24,362.67
D EDWARDS, DONALD E	23	10/15/78	1,339.74	259.98	18,777.33
S SIEBENTHALL, ROBYN J	08	10/28/78	632.93	122.82	8,870.91
S MILLER, LAURA L	14	11/03/78	865.65	167.99	12,132.69
S GUERIN, HELEN M	22	11/11/78	197.47	204.47	4,717.89
D VAN DYCK, JON M	16	11/14/78	1,001.37	194.32	14,034.81
D WILLIAMS, RONALD T	13	11/14/78	1,001.37	187.62	13,956.21
S CISELL, JANE M	15	12/09/78	505.88	173.97	8,950.00
D SHANNON, GRETAAANN	13	1/01/79	720.88	139.89	10,103.61
D RALSTON, LLOYD W	30	1/06/79	1,502.06	291.48	21,052.32
D FUNK, HAROLD S	24	1/14/79	1,185.54	230.05	16,616.01
D NOSEWORTHY, ALEC	31	2/15/79	1,257.92	244.11	17,630.61

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NAME	YRS SERV	DATE RET/DTH	MONTHLY BASE	COL	TOTAL
S POELLE, JEAN A	17	2/16/79	312.33	236.94	6,447.24
BALLARD, BUCK B	24	2/17/79	1,238.06	240.25	17,352.18
D MC KAY, EDWARD D	32	3/17/79	2,329.43	452.02	32,648.31
D MARSH, LEONARD H	16	3/18/79	971.60	188.54	13,617.57
D MITCHELL, JAMES W	23	3/18/79	1,520.33	295.02	21,308.37
D VAN EYEN, DAVID	31	3/18/79	1,905.82	369.83	26,711.28
D WIEN, WILLIAM A	27	3/30/79	1,397.10	271.11	19,581.21
D URBANI, EDWARD	31	3/31/79	1,457.39	282.81	20,426.19
D KING, JAMES R	27	4/01/79	1,156.51	224.43	16,209.30
D JOST, FRANKLIN D	20	4/29/79	1,014.36	161.55	13,802.67
S LORENZ, RUTH H	25	5/23/79	216.42	201.60	4,906.62
S SIMS, ETHEL J	23	6/14/79	344.70	257.40	7,067.34
S STANLEY, RUTH M	23	6/19/79	204.11	188.47	4,608.09
D MOSS, GENE D	19	7/14/79	1,002.33	159.64	13,639.08
WARNING, LOREN R	22	8/01/79	725.24	115.51	9,868.59
D PIPKINS, ROBERT W	20	8/04/79	990.59	157.78	13,479.39
D EVANS I, HAROLD H	28	8/14/79	1,397.28	222.56	19,013.46
D MC GREW, JAMES M	08	9/09/79	865.65	137.88	12,297.31
D TENBRINK, ROBERT	09	9/11/79	844.90	134.58	11,496.99
D THOMPSON, GARY R	16	9/11/79	1,002.51	159.68	13,641.63
D DE LUCA, PETER P	31	9/15/79	1,301.18	207.26	17,705.82
S MURRAY, VERA E	32	10/04/79	179.87	240.84	4,938.27
D PINCK, GREGORY J	09	10/09/79	843.90	134.41	11,483.31
D GREER, DENNY R	28	10/14/79	1,391.65	221.65	18,936.69
S BAROZZI-RASH, MARYANN	26	10/23/79	449.50	191.37	7,522.41
RAGSDALE, ELWIN G	28	11/11/79	1,022.91	162.93	13,919.22
D GERMANO, EUGENE J	32	1/12/80	1,675.15	266.79	22,794.24
D ROY, CHARLES D	24	1/12/80	1,430.19	227.79	19,461.15
D JURADO, JOHN J	19	2/19/80	1,024.49	163.17	13,940.61
D NAGENGAST, THOMAS C	25	3/11/80	1,315.26	209.49	17,897.31
D CUNNINGHAM, ELIZABETH J	23	3/15/80	979.74	156.04	13,331.64
D KEENEY, WILLIAM H	24	3/15/80	1,101.14	175.39	14,983.74
D POLLOCK, DAVID A	19	3/15/80	1,206.88	192.22	16,422.45
D MILLER, DOROTHY H	20	3/16/80	842.39	134.17	11,462.76
D RIST, WAYNE W	25	3/29/80	1,335.07	212.64	18,166.80
D CIRAULO, SALVADOR J	33	3/30/80	1,556.84	247.98	21,184.71
D COTTLE, EDWARD M	26	3/30/80	1,396.64	222.45	19,004.64
D DE LISE, JOSEPH S	23	3/30/80	1,082.04	172.35	14,723.82
D LUCCHESI, GEORGE	28	3/30/80	1,504.12	239.57	20,467.17
D SAN FILIPPO, ROY F	25	3/30/80	1,332.57	212.24	18,132.81
D ONZO, JOSEPH J	24	4/13/80	1,107.69	173.94	15,043.59
D WIENS, GEORGE M	24	4/13/80	1,277.75	200.65	17,353.26
D JAEGER, GEORGE N	10	4/20/80	911.80	143.17	12,383.07
D DORR, DONALD R	20	5/13/80	943.28	144.94	12,773.34
LAIL, HAROLD A	24	5/25/80	987.47	151.72	13,371.66
D WALLACE, GORDON M	25	6/08/80	1,319.76	199.80	17,836.38
D PARADISO, JOSEPH	33	7/05/80	1,586.08	234.76	21,372.81
D RAIKES, FOSTER P	17	7/06/80	873.09	129.23	11,765.13
D BARNETT, JAMES E	30	7/12/80	1,622.22	240.11	21,859.80
S WARRICK, ANTOINETTE D	27	8/11/80	448.41	291.14	8,680.74

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NAME	YRS SERV	DATE RET/DTM	MONTHLY BASE	COL	TOTAL
S WARRICK, MARIA	27	8/11/80	298.94	143.19	3,537.04
D CONYERS JR, FRANCIS E	24	9/13/80	1,278.51	182.05	17,143.86
D NEWMAN, DON M	21	9/14/80	975.00	138.84	13,074.12
S GADSBY, MARY E	22	10/24/80	193.34	223.57	4,893.66
D MEAGHER, ROBERT W	24	1/01/81	1,146.07	150.29	15,216.48
D STRUTHERS, RICHARD M	25	1/01/81	1,384.31	181.54	18,379.71
D BOHN, THEODORE M JR	20	1/06/81	1,434.65	188.13	19,047.93
D MULLINS, FRED R	14	1/12/81	952.00	124.83	12,639.72
D BORCH, HENRY H	25	1/13/81	1,788.64	234.56	23,748.03
D BROWN, WILLIAM J	29	1/17/81	2,172.83	284.94	28,848.93
D PETERSON, COURTNEY	21	2/01/81	1,163.64	149.97	15,418.98
S ANGER, ROBYNNE	10	2/22/81	1,449.88	186.87	19,211.97
D GUIDO, JAMES J JR	25	2/28/81	1,162.15	173.52	17,357.94
GUIDO, WILMA E	25	2/28/81	240.00	7.20	1,221.60
D GARINO, KENNETH J	21	3/03/81	1,012.88	127.13	13,381.32
D MOORE, SHARON A	14	3/03/81	686.25	86.14	9,066.18
D HILL, RICHARD N	25	3/31/81	1,661.18	208.50	21,946.02
S GOMES, GRACE	22	4/07/81	240.11	214.33	5,334.12
D HALL, RICHARD R	25	4/12/81	1,867.12	169.17	23,901.69
D BUSH, WILBERT E	16	6/03/81	992.32	60.43	12,357.06
S CRAWFORD, DAWN L	10	6/04/81	193.18	106.55	1,198.92
S CRAWFORD, IDA M	10	6/04/81	217.32	157.25	4,396.65
D MC VEA, IRVIN G	24	7/07/81	1,218.23	100.04	15,473.64
D SHANNON, RONALD D	25	7/07/81	1,196.57	98.26	15,198.57
D CANCELLA, JOSEPH	24	7/12/81	1,210.96	99.45	15,381.39
S ERICKSON, MICHAEL S	13	8/25/81	391.80	31.34	4,966.80
S ERICKSON, SCOTT G	13	8/25/81	391.80	31.34	4,966.80
D JOHNS, MERLE W	26	9/01/81	1,580.79	121.43	19,980.42
S ANDERSON, ELSIE H	09	9/06/81	474.50	192.18	7,825.38
D DOYLE, PATRICK B	14	10/06/81	1,031.36	78.75	13,143.32
D MAZZONE, RICHARD T	13	11/03/81	1,083.64	77.49	13,629.18
D WILLIAMS, BOB	04	12/01/81	1,017.51	38.91	9,507.78
D MOORE, ANN C	21	1/05/82	1,205.76	79.82	15,090.00
D MUSSER, MARILYN J	12	1/05/82	967.82	64.08	12,112.26
D SCHAAR, JOHN G	31	1/05/82	1,548.29	102.50	19,376.76
D WARTHAN, LLOYD C	31	1/05/82	1,949.67	129.08	24,400.05
D MOORE, DONALD E	28	1/09/82	1,855.52	122.84	23,221.74
D FANUCCHI, ROSCOE	32	1/16/82	1,974.05	130.69	24,705.18
D GIVIN, WILBUR	27	1/16/82	1,549.83	102.61	19,396.11
S SCHWANDT, CATHERINE M	34	2/01/82	116.48	205.38	3,777.99
D ERICKSON, RICHARD A	29	2/02/82	1,695.42	108.66	21,176.01
S GUSTAFSON, MARTHA	15	2/06/82	414.50	94.50	5,974.53
S HALL, BENITA	15	2/06/82	621.74	168.23	9,272.55
D BOND, WILLIAM R	23	3/02/82	1,339.88	81.60	16,685.16
D NORTON, PHILLIP O	20	3/02/82	1,570.47	95.64	19,556.55
D RYAN, ELLSWORTH J	25	4/10/82	1,669.68	101.68	20,792.01
D SCOTT, JOHN N	25	4/11/82	1,470.29	89.54	18,309.09
D CALTABIANO, ROBERT A	11	6/06/82	1,168.81	71.18	14,554.80
S CONYERS, EVELYN	32	6/09/82	185.52	243.28	5,033.19

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NAME	YRS SERV	DATE RET/DTH	MONTHLY BASE	COL	TOTAL
S EMERY, GRETCHEN	29	6/16/82	68.86	99.37	3,553.76
S BERTOTTI, CAROL	22	6/22/82	1,206.77	73.49	15,027.51
S BERTOTTI, JENNIFER	22	6/22/82	804.51	24.14	828.65
D STAGG, KENNETH E	28	8/06/82	2,314.83	140.97	28,825.83
D BRADFORD, GEORGE H	37	8/07/82	2,064.06	125.70	25,703.10
D ANASTACIO, OLIVER J	29	8/08/82	1,628.90	99.20	20,284.23
D EWING, DONALD E	27	9/11/82	2,232.61	135.97	27,802.05
D GRAY, LYLE L	09	10/05/82	1,280.25	77.97	15,942.60
S SMITH, WILLIAM	10	10/31/82	934.32	56.90	11,634.81
D FRATES, CHARLES W	27	11/02/82	1,879.44	114.45	23,404.05
D TERRY, GLENN	24	1/04/83	1,773.71	108.02	22,087.47
D GREEN, ROBERT H	27	1/06/83	1,673.91	101.94	20,844.72
D BAZIUK, LEO	25	1/08/83	2,273.85	138.48	28,315.62
D ROMO-LEROUX, GONZALO A	01	1/15/83	954.09	58.10	11,880.96
D OWEN, LESLIE B	25	2/01/83	1,571.13	95.68	19,564.77
D KEY, BILLY P	24	3/05/83	1,563.23	95.20	19,466.46
S POWERS, ANNETTE	39	4/07/83	156.20	254.77	4,823.91
D BLACKSTOCK, M CARROLL	21	4/09/83	1,604.16	94.39	19,937.37
S URZI, LAURA J	21	4/10/83	205.92	183.79	4,574.37
D WEESNER, STEVEN LEE	12	4/24/83	1,299.24	76.45	16,147.65
D EARNSHAW, JOSEPH W JR	22	6/07/83	1,496.76	80.37	18,512.10
D WHALEN, RICHARD J	30	6/07/83	2,209.91	118.65	27,332.34
D CASTLIO, GLEN	21	6/15/83	1,643.89	88.26	20,331.75
D PLINSKI, LEO G	26	6/17/83	1,758.84	94.43	21,753.42
D DYE, DONALD A	25	7/10/83	1,899.38	96.11	23,384.81
D GREEN, NORMAN W	19	7/30/83	1,331.05	67.35	16,387.61
D BRAZIL, LA VERN F	30	8/02/83	1,958.37	95.06	24,032.37
D SEATON, CHARLES	15	8/02/83	1,325.31	64.34	16,263.76
D LANE, GAYLORD R	24	8/28/83	1,582.84	76.83	19,424.00
D SPAULDING, BENJAMIN W	27	9/11/83	1,634.08	74.27	19,978.83
D GEPPERT, KENNETH J	12	10/04/83	1,414.16	61.36	17,245.90
D ANDERSON, ALGIE	29	11/30/83	2,007.00	80.88	24,406.92
D GRANT, ROBERT A	14	12/06/83	1,567.07	59.93	19,022.25
S MURPHY, EVE I	42	1/11/84	458.00	355.38	9,519.84
D WHEELER, HENRY A	28	1/29/84	1,964.63	69.05	23,802.35
D PULLIAM, NORVEL	25	2/07/84	2,331.97	77.17	28,222.15
D ZAMZOW, JAMES W	28	2/12/84	2,011.62	66.56	24,345.15
S MILLER, JANICE E	24	3/01/84	841.68	33.92	10,277.70
D CHAMBERS, ROYCE R	15	3/06/84	1,402.69	42.08	16,958.52
D HASLEMANN, JOE J	20	3/06/84	1,381.58	41.45	16,703.31
D BELL, ROBERT M	22	4/03/84	2,143.06	60.01	25,836.74
D HOUSTON, HERRELL J	20	4/03/84	1,631.38	45.68	19,667.92
D SHACKELFORD, JEFF	24	4/03/84	2,003.08	56.09	24,149.14
D TOWNEND, STEWART	24	4/03/84	1,707.20	47.80	20,582.00
S BLEDSOE, LINDSEY	03	4/17/84	602.89	16.88	6,062.66
S BONHAM, PRISCILLA J	03	4/17/84	602.89	.00	1,205.78
D MOORE, BRUCE	27	5/01/84	2,600.03	65.00	31,265.36
S ALVARES, VIRGINIA	23	6/05/84	187.60	189.75	4,528.20
D SCHNEICKERT, EDWARD T SR	27	7/14/84	2,282.81	.00	26,436.41
D MAYER, NICK S	31	9/09/84	2,153.43	.00	20,960.05

**POLICE & FIRE EMPLOYEES' RETIREMENT SYSTEM  
RETIREEES AND BENEFICIARIES AS OF JUNE 30, 1985**

NAME	YRS SERV	DATE RET/DTH	MONTHLY BASE	COL	TOTAL
D ANGELL, MERRIL K	21	11/06/84	1,825.59	.00	14,300.46
D CLET, VINCENT H	21	11/06/84	3,070.94	.00	24,055.70
D TONEY, JERRY A	22	11/18/84	1,663.28	.00	12,363.71
D CATES, LOWELL D	12	12/04/84	1,439.54	.00	9,937.56
D PURSER, OWEN	21	12/04/84	1,769.65	.00	12,216.29
S FISHER, PEARL	22	12/17/84	286.86	223.84	3,681.23
STURDIVANT, MARCUS	26	1/12/85	2,213.02	.00	12,492.85
D GERDTS, HANS R	30	2/05/85	2,531.18	.00	12,294.30
D MOIR, ROBERT C	30	2/09/85	2,920.20	.00	13,766.66
S MOODY, NORMA J	30	2/23/85	493.50	189.63	2,586.13
D SAMARRON, LAWRENCE L	27	3/05/85	2,146.64	.00	8,309.57
D SPINLER, JACK	30	3/05/85	2,203.40	.00	8,529.29
OTTER, LORRENCE J	31	3/07/85	3,411.23	.00	12,984.68
HUNT, LYLE W	31	3/09/85	3,408.08	.00	12,752.82
D MURRAY, WILLIAM C	26	3/10/85	2,879.42	.00	10,681.72
D LONG, GEORGE	21	3/23/85	1,411.17	.00	4,643.20
D SCHNEICKERT, EDWARD T JR	17	4/02/85	1,550.59	.00	4,600.08
D WELLS, WILLIAM J	31	4/02/85	2,553.98	.00	7,576.81
D STEELE, EDWARD T	33	4/07/85	2,563.81	.00	7,178.67
D BOOZEL, BENJAMIN F	21	5/07/85	1,421.99	.00	2,568.76
D BRUNELLI, LEONARD	25	5/07/85	2,224.04	.00	4,017.62
WEBB, ROBERT L	28	5/07/85	2,129.96	.00	3,847.67
S HORNBECK, ESTHER M	36	5/21/85	372.19	281.07	653.26
S DUPONT, EDNA J	13	5/25/85	2,211.59	.00	2,211.59
S DUPONT, SAMANTHA R	13	5/25/85	516.67	.00	516.67
D CARROLL, RICHARD	37	6/04/85	1,199.12	.00	1,199.12
<b>TOTAL RETIREES</b>	<b>426</b>		<b>431,050.83</b>	<b>99,984.06</b>	<b>5,828,571.32</b>

**CODES:**

D = DISABILITY  
S = SURVIVOR  
# = NOT ENTITLED TO COST-OF-LIVING

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**AUDITED  
FINANCIAL  
REPORTS**

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CITY OF SAN JOSE  
POLICE AND FIRE DEPARTMENT RETIREMENT PLAN

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Peat, Marwick, Mitchell & Co.  
Certified Public Accountants  
55 South Market Street  
San Jose, California 95113  
408-279-2000

Board of Administration  
City of San Jose  
Police and Fire Department  
Retirement Plan:

We have examined the accompanying balance sheets of the City of San Jose Police and Fire Department Retirement Plan (the Plan) as of June 30, 1985 and 1984 and the related statements of revenues, expenses and fund balances 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 aforementioned financial statements present fairly the financial position of the Plan at June 30, 1985 and 1984 and the results of its operations and the changes in its fund balance 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 supplementary information included in Schedules 1 through 3 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the examinations 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.

*Peat, Marwick, Mitchell & Co.*

October 14, 1985



CITY OF SAN JOSE  
POLICE AND FIRE DEPARTMENT RETIREMENT PLAN

Balance Sheets

June 30, 1985 and 1984

(in thousands of dollars)

<u>Assets</u>	<u>1985</u>	<u>1984</u>
Cash	\$ 372	304
Receivable from City of San Jose:		
Employee contributions	212	228
Employer contributions	633	743
Due from other funds	17	-
Accrued interest	4,043	4,420
Receivable from broker	-	1,207
Investments, at cost (note 4)	247,278	201,843
Securities purchased under agreements to resell	-	3,000
	<u>\$ 252,555</u>	<u>211,745</u>
 <u>Liabilities and Fund Balances</u>		
Liabilities:		
Accounts payable	\$ 3	-
Payable to broker	2,421	-
Bank overdraft	378	275
Payable to terminated employees	30	28
Total liabilities	<u>2,832</u>	<u>303</u>
Fund balances:		
Employee contributions	37,291	32,271
Employer contributions and general	212,432	179,171
Total fund balances	<u>249,723</u>	<u>211,442</u>
	<u>\$ 252,555</u>	<u>211,745</u>

See accompanying notes to financial statements.

CITY OF SAN JOSE  
POLICE AND FIRE DEPARTMENT RETIREMENT PLAN

Statements of Revenues, Expenses and Fund Balances

Years ended June 30, 1985 and 1984

(in thousands of dollars)

	<u>1985</u>	<u>1984</u>
Operating revenues:		
Contributions	\$ 21,985	25,274
Interest	20,023	16,641
Dividends	1,703	1,353
Net gain on sales of investments	<u>1,537</u>	<u>1,485</u>
Total	<u>45,248</u>	<u>44,753</u>
Operating expenses:		
Refunds to terminated employees	277	261
Death benefits paid	1	-
Retirement benefits paid	5,828	5,319
Health insurance premiums paid	575	-
Professional fees	262	208
Other	<u>24</u>	<u>-</u>
Total	<u>6,967</u>	<u>5,788</u>
Excess of revenues over expenses	<u>38,281</u>	<u>38,965</u>
Fund balances at beginning of year	<u>211,442</u>	<u>172,477</u>
Fund balances at end of year	\$ <u>249,723</u>	<u>211,442</u>

See accompanying notes to financial statements.

CITY OF SAN JOSE  
POLICE AND FIRE DEPARTMENT RETIREMENT PLAN

Notes to Financial Statements

June 30, 1985 and 1984

(1) Description of Plan

(a) General

The City of San Jose Police and Fire Department Retirement Plan (the Plan) was established to provide retirement benefits for employees of the Police and Fire Departments of the City of San Jose (the City). The Plan is administered by the Retirement and Benefits Administrator, an employee of the City, under the direction of the Board of Administration. Costs of administration other than outside professional fees, service bureau charges, and investment training seminars and conferences for members of the Board are borne by the City.

All sworn officers of the City's Police and Fire Departments, are required to be members of the Plan. There are approximately 1,600 participants in the Plan at June 30, 1985 and 1984.

The Plan is not subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

(b) Pension Benefits

Employees with 10 or more years of service are entitled to annual pension benefits beginning at normal retirement age (55) or those at any age who have 30 years of service equal to 2-1/2% of their final compensation for each year of service up to a maximum benefit of 75% of final average salary. Final compensation is the average monthly compensation during the highest 12 consecutive months of service limited to 108% of compensation the 12 months immediately preceding the last 12 months of service. In addition, retirement benefits are adjusted for annual cost of living allowances. The current maximum increase to the retirement allowance is 3% per year.

If employees terminate employment before 10 years of service, they forfeit the right to receive the portion of their accumulated plan benefits attributable to the City's contributions; however the employees' accumulated contribution plus 2% interest per year is refunded.

(c) Medical Benefits

Retired employees with 15 years or more of service or their survivors, or those retired employees who are receiving at least 37.5% of final compensation are entitled to payment of a portion of their medical insurance premiums.

(Continued)

CITY OF SAN JOSE  
POLICE AND FIRE DEPARTMENT RETIREMENT PLAN

Notes to Financial Statements

(d) Death Benefits

If an employee's death, before retirement, is service related an annuity of 37.5% of employee's final compensation is payable to the surviving spouse. A benefit amount for dependent children is paid at a rate of 25% of final compensation per child with a maximum family benefit of 75% of final compensation. These benefits are payable for service related death, and for death after service or service-connected disability retirement.

If a vested employee dies after retirement, a continuing benefit of 1.875% of final compensation times the years of service is payable to a spouse. For surviving children, the benefit payable is 1.25% (1.875% for two, or 2.58% for three children) times final compensation times the years of service.

If an employee's death prior to retirement is non-service related, and the employee has at least two years of service, a pension benefit of 24% of final compensation for the first two years of service, plus .75% for each year thereafter, to a maximum of 37.5% of final compensation is payable to a surviving spouse. Benefits for dependent children are:

- 1 Child - 25% of final compensation
- 2 Children - 37.5% of final compensation
- 3 or more Children - 50% of final compensation

The maximum benefit payable to a family under any circumstances is 75% of final compensation.

(e) Disability Benefits

If an employee, before retirement, suffers a service related disability, a benefit of 50% of final compensation or 2.50% of final compensation times years of service (maximum of 30 years) if greater is payable.

If an employee with at least 2 years of service suffers a non-service related disability, an annual benefit of 32% of final compensation is payable for the first 2 years of service plus 1% for each year thereafter, up to 50% for 20 years of service is payable. For employees with more than 20 years of service, the benefit is 2.50% of final compensation times years of service (maximum 30 years).

(f) Investments

Investment recommendations are made by the investment counselors and acted upon by the Board of Administration. Substantially all investments are held by Bankers Trust, custodian. The net assets and operations of the Retirement System are accounted for as a Trust and Agency Fund of the City of San Jose.

(g) Plan Termination

In the event the Plan is terminated, there is no plan for the distribution of net assets.

(Continued)

CITY OF SAN JOSE  
POLICE AND FIRE DEPARTMENT RETIREMENT PLAN

Notes to Financial Statements

(2) Basis of Financial Statement Presentation

The Plan requires that transactions be accounted for in two funds: (1) the Retirement Fund and (2) the Cost of Living Fund.

The financial statements are prepared on the accrual basis of accounting.

In March 1980, the Financial Accounting Standards Board (FASB) promulgated Statement No. 35, entitled "Accounting and Reporting by Defined Benefit Pension Plans". Requirements of Statement No. 35 include that investments be carried at fair market value and that a new format for financial statement presentation be followed. This Statement was to be effective for plan years beginning after December 15, 1980 but for state and local governmental units was deferred in June 1984 to plan years beginning after June 15, 1985.

In December 1982, the National Council on Governmental Accounting (NCGA) issued Statement No. 6, entitled "Pension Accounting and Financial Reporting: Public Employee Retirement Systems and State and Local Government Employers." This Statement requires that equity security investments be presented at cost and that all pension obligations be presented as "the actuarial present value of credited projected benefits." The NCGA has extended indefinitely the effective date of this statement.

The Retirement System has not elected early adoption of either FASB Statement No. 35 or NCGA Statement No. 6.

(3) Summary of Accounting Policies

(a) Investments

Investments in debt securities are stated at original cost, adjusted for amortization of premiums or discounts (differences between purchase cost and maturity value) on a straight-line basis over the remaining life of the issue. In the event of a permanent impairment of value of the debt securities, a provision would be made to reduce the carrying value to market value. Investments in equity securities are recorded at cost. Gains or losses relative to individual securities are recognized only upon sale, on a first-in, first-out basis. Generally, it is management's intention to hold government obligations and corporate bonds until maturity.

(b) Allocation of Investment Income

Earnings on investments of the Plan and gains and losses upon sale of investments are initially credited to the Undistributed Earnings Reserve. A monthly allocation is made therefrom to the Employee Contributions reserve based on the balance in that account at an annual rate of earnings of 2%, as specified by the Municipal Code.

(Continued)

CITY OF SAN JOSE  
POLICE AND FIRE DEPARTMENT RETIREMENT PLAN

Notes to Financial Statements

(4) Investments

Investments, at amortized cost, consist of:

	<u>1985</u>	<u>1984</u>
	(in thousands of dollars)	
Cash equivalents:		
Deposit with Treasurer of the State of California	\$ 5,000	4,617
Negotiable certificates of deposit	7,599	27,593
Bankers acceptances	<u>10,381</u>	<u>13,282</u>
Total cash equivalents	<u>22,980</u>	<u>45,492</u>
Debt securities:		
Commercial paper	21,715	2,849
U.S. Treasury bonds and notes	68,820	52,457
U.S. Government-sponsored agency	58,058	28,979
International agencies	1,000	1,347
Canadian Government (denominated in U.S. dollars)	3,759	3,809
Corporate bonds	28,218	36,145
Accumulated amortization and accretion of premium and discount	<u>530</u>	<u>333</u>
Total debt securities	<u>182,100</u>	<u>125,919</u>
Equity securities	<u>42,198</u>	<u>30,432</u>
	<u>\$ 247,278</u>	<u>201,843</u>

The approximate market value of the Plan's investments were as follows:

	<u>1985</u>	<u>1984</u>
	(in thousands of dollars)	
Cash equivalents	\$ 23,138	45,492
Debt securities	182,625	110,366
Equity securities	<u>47,582</u>	<u>29,685</u>
	<u>\$ 253,345</u>	<u>185,543</u>

(5) Funding Policy

As a condition of participation, employees were required to contribute 9.39% of their base salary to the Plan. The City contributed at a rate of 28.15% of the base salary of all members. The City rate is the percentage of salary necessary, on an actuarial basis, to provide for the payment of the benefits, also taking into account the contributions being made by the members. These rates are changed in accordance with each actuarial study.

(Continued)

CITY OF SAN JOSE  
POLICE AND FIRE DEPARTMENT RETIREMENT PLAN

Notes to Financial Statements

(6) Actuarial Data and Contribution Rates

The estimated present value of accumulated plan benefits at July 1, 1983 was calculated in accordance with the provisions of FASB #35 and is approximately \$211,619,000. Accumulated plan benefits are those future benefit payments that are attributable under the Retirement Plan's provisions to employees' service rendered to the benefit information date. The vested benefits (benefits to which participants are entitled, regardless of future services with the City) which are included in such amount total \$149,692,000.

The more significant assumptions underlying the actuarial computations used in the July 1, 1983 and July 1, 1981 valuations are as follows:

	Valuation Date	
	<u>July 1, 1983</u>	<u>July 1, 1981</u>
Assumed rate of re- turn on investments	8.00%	7.25%
Post-retirement mortality	Same as July 1, 1981	1971 Group Annu- ity Mortality Tables with a five year setback for females
Pre-retirement mortality	Same as July 1, 1981	Based upon experi- ence rates
Employee turnover	Same as July 1, 1981	Based upon experi- ence rates
Service retirement	Based upon experience rates.	50% at age 55 in- creasing to 100% at age 65
Disability rate		
- Non service	Same as July 1, 1981	Based upon experi- ence rates
- Service	Same as July 1, 1981	Based upon experi- ence rates

CITY OF SAN JOSE  
POLICE AND FIRE DEPARTMENT RETIREMENT PLAN

Schedule 1

Combining Schedule of Assets, Liabilities  
and Fund Balances

June 30, 1985

(in thousands of dollars)

<u>Assets</u>	<u>Retirement Fund</u>	<u>Cost of Living Fund</u>	<u>Total</u>
Cash	\$ -	372	372
Receivable from City of San Jose:			
Employee contributions	159	53	212
Employer contributions	421	212	633
Receivable from other fund	12	5	17
Accrued interest	3,269	774	4,043
Investments, at cost	<u>201,719</u>	<u>45,559</u>	<u>247,278</u>
	\$ <u>205,580</u>	<u>46,975</u>	<u>252,555</u>
 <u>Liabilities and Fund Balances</u>			
Liabilities:			
Accounts payable	\$ 3	-	3
Payable to brokers	2,421	-	2,421
Bank overdraft	378	-	378
Payable to terminated employees	<u>21</u>	<u>9</u>	<u>30</u>
Total liabilities	<u>2,823</u>	<u>9</u>	<u>2,832</u>
Fund balances:			
Employee contributions	27,742	9,549	37,291
Employer contributions and general	<u>175,015</u>	<u>37,417</u>	<u>212,432</u>
Total fund balances	<u>202,757</u>	<u>46,966</u>	<u>249,723</u>
	\$ <u>205,580</u>	<u>46,975</u>	<u>252,555</u>



CITY OF SAN JOSE  
POLICE AND FIRE DEPARTMENT RETIREMENT PLAN

Combining Schedule of Revenues, Expenses  
and Fund Balances

Year ended June 30, 1985

(in thousands of dollars)

	Retirement <u>Fund</u>	Cost of Living <u>Fund</u>	<u>Total</u>
Operating revenues:			
Contributions	\$ 15,111	6,874	21,985
Interest	16,139	3,884	20,023
Dividends	1,484	219	1,703
Net gain on sales of investments	<u>1,249</u>	<u>288</u>	<u>1,537</u>
Total	<u>33,983</u>	<u>11,265</u>	<u>45,248</u>
Operating expenses:			
Refunds to terminated employees	198	79	277
Death benefits paid	1	-	1
Retirement benefits paid	4,852	976	5,828
Health insurance premiums paid	575	-	575
Professional fees	262	-	262
Other	<u>24</u>	<u>-</u>	<u>24</u>
Total	<u>5,912</u>	<u>1,055</u>	<u>6,967</u>
Excess of revenues over expenses	<u>28,071</u>	<u>10,210</u>	<u>38,281</u>
Fund balances at beginning of year	<u>174,686</u>	<u>36,756</u>	<u>211,442</u>
Fund balances at end of year	\$ <u>202,757</u>	<u>46,966</u>	<u>249,723</u>

CITY OF SAN JOSE  
POLICE AND FIRE DEPARTMENT RETIREMENT PLAN

Combining Schedule of Changes in Fund Balances

Year ended June 30, 1985

(in thousands of dollars)

	Retirement Fund		Cost of Living Fund		Total	
	Employee Contri- butions	Employer Contributions and General	Employee Contri- butions	Employer Contributions and General	Employee Contri- butions	Employer Contributions and General
Balances at beginning of year	\$ 24,067	150,619	8,204	28,552	32,271	179,171
Employee contributions, net of refunds	3,824	-	1,339	-	5,163	-
Employer contributions, net of refunds	-	11,089	-	5,456	-	16,545
Investment income, net of gain or loss on sales of investments	-	18,872	-	4,391	-	23,263
Allocation of investment income	531	(531)	183	(183)	714	(714)
Retirement benefits paid	-	(4,852)	-	(976)	-	(5,828)
Health insurance premiums paid	-	(575)	-	-	-	(575)
Death benefits paid	-	(1)	-	-	-	(1)
Transfers upon retirement of employees	(680)	680	(177)	177	(857)	857
Professional fees and other expenses	-	(286)	-	-	-	(286)
Balances at end of year	\$ <u>27,742</u>	<u>175,015</u>	<u>9,549</u>	<u>37,417</u>	<u>37,291</u>	<u>212,432</u>