

CITY EMPLOYEES' RETIREMENT SYSTEM

City of Los Angeles

California

ANNUAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 1977

Room 505, City Hall South

111 East First Street

Los Angeles, California 90012

ELECTED OFFICIALS
of the
CITY OF LOS ANGELES

TOM BRADLEY
Mayor

BURT PINES
City Attorney

IRA REINER
City Controller

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First District

Joel Wachs
Second District

Joy Picus
Third District

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Fourth District

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Fifth District

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Sixth District

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Ninth District

David Cunningham
Tenth District

Marvin Braude
Eleventh District

Robert M. Wilkinson
Twelfth District

Peggy Stevenson
Thirteenth District

Arthur K. Snyder
Fourteenth District

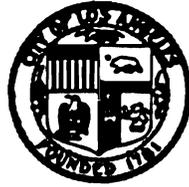
John S. Gibson, Jr.
Fifteenth District

BOARD OF ADMINISTRATION
CITY EMPLOYEES' RETIREMENT SYSTEM
of the
City of Los Angeles
California
FISCAL YEAR 1976-77

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JAMES B. McKENNA, Vice-President
HARRY JOHNSON
DONALD C. TILLMAN
ROLAND W. VINCENT
GORDON A. TURNBAUGH, Manager-Secretary

CITY OF LOS ANGELES

CALIFORNIA



TOM BRADLEY
MAYOR

**BOARD OF
ADMINISTRATION**

Jerry K. Fields

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VICE-PRESIDENT

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**CITY EMPLOYEES'
RETIREMENT SYSTEM**

ROOM 808, CITY HALL SOUTH

111 EAST 1ST STREET

LOS ANGELES, CALIF 90012

485-2824

GORDON A. TURNBAUGH

MANAGER-SECRETARY

To the Mayor and City Council
of the City of Los Angeles

Attached is the annual report of the Board of Administration of the City Employees' Retirement System for the fiscal year ended June 30, 1977, in accordance with the provisions of Section 64 of the City Charter.

FINANCIAL INFORMATION

Retirement System investments, in the 1976-77 fiscal year, increased in both book and market values as compared to the previous fiscal year. Book values at June 30, 1977 were \$23.4 million in short-term investments, \$409.0 million in long-term fixed-income investments, and \$120.9 million in stocks. This compares to June 30, 1976 investments of \$15.2 million, \$381.7 million, and \$93.1 million, respectively.

Comparing market value to amortized cost for fiscal 1976-77 and 1975-76, fixed-income investments on June 30, 1977 had a market value of 93.4% of amortized cost, and stocks had a market value of 93.2% of cost. These figures in 1975-76 were 87.66% and 103.2%, respectively. The relationship of bond values to cost continued to improve, reflecting a prolonged decline in interest rates, while stock values eroded somewhat in the generally lackluster equity environment. The Board, during fiscal 1976-77, did take advantage of changing market values to move out of some stocks and fixed-income holdings, realizing a net profit of \$709,660 in the process.

To the Mayor and City Council
of the City of Los Angeles

For the year ended June 30, 1977, the rate of return was 6.94% on fixed-income securities and 3.72% on stocks. This compares with 6.71% and 3.15%, respectively, for the previous fiscal year. It should be noted that the long-term fixed-income securities purchased during the 1976-77 fiscal year will yield the System approximately 7.88%, on average, as compared with 8.37% for purchases made during 1975-76, a year of generally higher interest rates. The yield on the fixed-income portfolio was significantly improved over and above the normal interest income, through continued operation of an active bond management program. During the year, \$97.6 million par value of fixed-income securities were exchanged under this aggressive program, producing more than \$250,000 in additional current income which would otherwise have been unattainable.

The yield on the System's short-term securities (less than one year maturity) was 5.07% for the 1976-77 fiscal year, as compared with 5.68% for the previous year. This lesser return was due to the continuing decline in short-term interest rates available in the marketplace.

The Board contracts with Becker Securities Corporation to monitor the System's investment performance. This service measures and compares the performance of a large number of investment funds and also provides a separate comparison with a selected group of public funds. For the fiscal year ended June 30, 1977, the overall investment performance of the portfolio (based on market prices) ranked in the top quarter of the more than 1,300 funds in the Becker survey having assets of over \$50 million each.

The Board, in seeking to improve the rate of return on its equity portfolio, contracted with two new investment counselors to divide the management of the System's stock portfolio, beginning July 1, 1977. These new counselors were selected after an extensive search made by the Board and upon a perceived ability to achieve high rates of return as compared with other counselors and the market averages.

As a further step toward augmenting the rate of return on equities, the Board approved implementation of a covered call option writing program. It is expected that the selling of calls on a portion of the equity portfolio will provide an additional source of income to the fund and assist the Board in making sales of securities at preestablished target prices.

To the Mayor and City Council
of the City of Los Angeles

BENEFIT IMPROVEMENTS

During the 1976-77 fiscal year, the City Council, under authority of Charter Section 512.2, adopted several ordinances improving the benefits available to members and their families. The electorate also approved a Charter amendment which eliminated mandatory retirement at age 70.

1. A new Section of the Administrative Code, effective February 17, 1977, authorized temporary monthly payments to disability retirement applicants while their applications are pending. This new procedure is intended to alleviate potential hardship during the period normally required to process and approve a disability retirement application. Under this Section, payments equal to 75% of the expected monthly disability allowance are advanced to the applicant from his or her retirement contributions, and the subsequent retirement allowance is adjusted to compensate for these advances. If the application is not granted and the applicant returns to work, the amounts paid in temporary payments must be redeposited.

2. Retirement allowances were increased by 8% for System members represented by the Recreation Unit. Effective October 8, 1976, Beta formula benefits were extended to this Unit, as they had been previously to all other units (except the Medical Services Unit) on October 12, 1975. The Beta formula provides 2.16% of final compensation for each year of City service rather than the 2% previously available. Through this action, retirement benefits were standardized for all members of the System except those represented by the Medical Services Unit which continued under the old 2% formula.

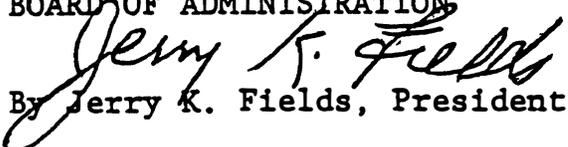
To the Mayor and City Council
of the City of Los Angeles

3. A one-year open period was established, beginning June 16, 1977, to permit members to purchase retirement service credit for periods of previous employment with the City of Ontario Department of Airports and the El Pueblo de Los Angeles Historic Monument. Since these two agencies had been absorbed by the City of Los Angeles, this action was taken to allow their former employees to acquire appropriate retirement service credit within the City Employees' Retirement System.
4. On May 9, 1977, the City Council approved an ordinance to provide a special cost-of-living adjustment on July 1 to retirement allowances which had become effective prior to April 1, 1976, amounting in most cases to an additional 3%. This additional 3%, in fact, offset the loss of a special temporary 3% cost-of-living adjustment granted to all who retired prior to April 1, 1976, which was scheduled to expire June 30, 1977. In addition to this "offsetting" adjustment, retirees also received the annual cost-of-living adjustment (to a maximum of 3%) which became applicable July 1, 1977.
5. On April 5, 1977, the electorate approved an amendment to the City Charter which eliminated the requirement that members retire at age 70. Under the revised Charter provisions, members may continue to work indefinitely past age 70, subject only to annual examinations to verify their continuing physical and mental competence.

We appreciate your consideration of this report and would welcome any comments or suggestions regarding the Retirement System's operations.

Respectfully submitted,

BOARD OF ADMINISTRATION


By Jerry K. Fields, President

CITY EMPLOYEES' RETIREMENT SYSTEM

GENERAL STATISTICS

Active Membership

	<u>June 30, 1977</u>	<u>June 30, 1976</u>	<u>Increase or (Decrease)</u>
Males	16,201	16,586	(385)
Females	<u>5,401</u>	<u>5,528</u>	<u>(127)</u>
Total	21,602	22,114	(512)

Retirement Roll

	<u>June 30, 1977</u>		<u>June 30, 1976</u>	
	<u>Number</u>	<u>Average Monthly Allowance</u>	<u>Number</u>	<u>Average Monthly Allowance</u>
Service Retirements	4,789	\$487	4,394	\$449
Disability Retirements	465	289	434	270
Survivorships	284	362	256	341
Limited Pensions	13	514	11	565
Family Death Benefit Plan Beneficiaries	<u>177</u>	246	<u>157</u>	237
Total	5,728		5,252	

Applications Processed to Completion

	<u>1976-77</u>	<u>1975-76</u>	<u>Increase or (Decrease)</u>
Service Retirements	498	433	65
Disability Retirements	47	43	4
Family Death Benefit Plan	23	23	0
Death Benefits			
Active Employees			
Limited Pensions with Refund of Contributions	27	22	5
Survivorships	27	33	(6)
Refund of Contributions	35	34	1
Retired Employees			
Death Payments	220	189	31
Refund of Contributions to Former Members	1,552	1,330	222

November 28, 1977
(June 6, 1978, as to Notes 2, 3 and 4
pertaining to actuarial amounts)

Honorable Members of the City Council
of the City of Los Angeles, California

And

Board of Administration
City Employees' Retirement System

We have examined the balance sheets of the City of Los Angeles City Employees' Retirement System as of June 30, 1977 and 1976, and the related statements of changes in net assets available for plan benefits and city contributions (deficits) available for future retirees 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.

As described in Note 2 to the financial statements, an actuarial investigation and valuation of the City of Los Angeles City Employees' Retirement System was conducted by the System's consulting actuary as of June 30, 1977. Certain of the assumptions utilized in the valuation were different from those used in the prior year. The actuarial report from the System's consulting actuary has not been adopted by the Board of Administration of the City of Los Angeles City Employees' Retirement System; however, the accompanying financial statements reflect the results of the 1977 investigation and valuation.

In our opinion, subject to the adoption of the actuarial report described in the preceding paragraph by the Board of Administration, the financial statements referred to above present fairly the financial position of the City of Los Angeles City Employees' Retirement System at June 30, 1977 and 1976, and the changes in net assets available for plan benefits and city contributions (deficits) available for future retirees for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Touche Ross & Co.

Ferguson, Leung & Co.

Certified Public Accountants

CITY OF LOS ANGELES
CITY EMPLOYEES' RETIREMENT SYSTEM

BALANCE SHEETS

ASSETS:

Cash

Receivables:

Accrued interest and dividend income

Due from other funds

Proceeds from sale of investments

Investments (Note 1):

Temporary short term

Bonds

Common stocks

ACCOUNTS PAYABLE AND ACCRUED EXPENSES

NET ASSETS AVAILABLE FOR PLAN BENEFITS

(See Note 2 regarding unfunded prior and
past service liability, vested benefits and
benefits earned to date)

MEMBERS' CONTRIBUTIONS

RESERVE FOR RETIREMENT ALLOWANCES FOR RETIRED
MEMBERS AT ACTUARIAL VALUATION

CITY CONTRIBUTIONS (DEFICITS) AVAILABLE FOR
FUTURE RETIREES (Note 3)

TOTAL

See notes to financial statements.

June 30

1977	1976
\$ 732,269	\$ 1,466,977
\$ 8,037,049	\$ 6,750,371
1,615,675	1,530,644
<u>21,191</u>	<u>501,001</u>
9,673,915	8,782,016
23,400,000	15,200,000
408,967,202	381,656,970
<u>120,889,457</u>	<u>93,115,820</u>
553,256,659	489,972,790
563,662,843	500,221,783
(354,077)	(3,594,568)
<u>\$563,308,766</u>	<u>\$496,627,215</u>
\$180,236,615	\$173,434,847
411,547,967	367,957,344
(28,475,816)	(44,764,976)
<u>\$563,308,766</u>	<u>\$496,627,215</u>

CITY OF LOS ANGELES
CITY EMPLOYEES' RETIREMENT SYSTEM

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS

	<u>Year ended June 30</u>	
	<u>1977</u>	<u>1976</u>
REVENUES:		
Taxes	\$ 44,513,931	\$ 37,001,084
Independent department contributions	3,621,987	2,956,512
Comprehensive Employment Training Act	996,256	1,727,674
Defrayal of portion of members' contributions (Note 5)	7,473,826	5,437,998
Members' contributions	11,964,347	14,504,531
Family death benefit insurance plan premiums	869,332	494,732
Interest income (Note 1)	27,925,295	24,358,770
Dividend income (Note 1)	3,853,335	2,482,769
Stock option premiums	7,923	
Miscellaneous	320	43
	<u>101,226,552</u>	<u>88,964,113</u>
EXPENDITURES:		
Pensions:		
Retirement allowances	30,501,858	24,745,637
Family death benefit insurance allowances	516,334	437,648
Refund of members' contributions	3,357,065	3,277,518
Transfer of retirement liability to Los Angeles County (Note 6)		982,530
Administrative expenses:		
Salary	487,111	423,013
Other	392,293	317,118
	<u>35,254,661</u>	<u>30,183,464</u>
EXCESS OF REVENUES OVER EXPENDITURES BEFORE GAIN ON DISPOSITION OF INVESTMENTS	65,971,891	58,780,649
GAIN ON DISPOSITION OF INVESTMENTS	<u>709,660</u>	<u>88,600</u>
EXCESS OF REVENUES OVER EXPENDITURES	66,681,551	58,869,249
NET ASSETS AVAILABLE FOR PLAN BENEFITS, July 1	<u>496,627,215</u>	<u>437,757,966</u>
NET ASSETS AVAILABLE FOR PLAN BENEFITS, June 30	<u>\$563,308,766</u>	<u>\$496,627,215</u>

STATEMENTS OF CITY CONTRIBUTIONS (DEFICITS) AVAILABLE FOR FUTURE RETIREES

BALANCE, July 1	(\$ 44,764,976)	\$ 5,765,454
Add excess of revenue over expenditures for the year	66,681,551	58,869,249
Less net increases in members' contributions and reserve for retirement allowances for the year	(50,392,391)	(109,399,679)
BALANCE, June 30	<u>(\$ 28,475,816)</u>	<u>(\$ 44,764,976)</u>

See notes to financial statements.

CITY OF LOS ANGELES
CITY EMPLOYEES' RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 1977 AND 1976

Note 1 - Summary of Significant Accounting Policies:

Investments

Temporary investments, consisting primarily of commercial paper and certificates of deposits, are carried at cost which approximated market at June 30, 1977 and 1976.

Investments in bonds are carried at amortized cost. Bonds that are held to maturity are redeemed at par. Exchanges of bonds are accounted for pursuant to the deferral and amortization method, whereby the amortized cost of the bonds disposed of is transferred as the cost of the bonds acquired, plus or minus any cash principal differentials. Resulting premiums and discounts are recorded as yield adjustments and amortized against investment income to be realized from the bonds acquired. During the years ended June 30, 1977 and 1976, bond investments with an aggregate amortized cost of approximately \$97,600,000 and \$54,300,000, respectively, were exchanged in this manner.

Investments in stocks are carried at cost and had quoted market values of \$112,700,000 and \$96,000,000 at June 30, 1977 and 1976, respectively.

Reserve for Retirement Allowances

As provided in the Los Angeles City Charter, the City Employees' Retirement System (the System) is maintained on a reserve basis, determined in accordance with accepted actuarial methods.

Income from Investments

The Charter of the City of Los Angeles provides that income from investments, exclusive of capital gains or losses, shall be credited to member contribution accounts and to the City's actuarial reserve accounts. Realized capital gains and losses on bonds are recognized in the City's actuarial reserve accounts. Net cumulative gains and losses on stocks, in excess of 5% of book value at year-end, are treated in the same manner.

Note 2 - Retirement Plan and Actuarial Valuation:

The retirement plan of the System is a defined benefit plan to which contributions are made by members and by the City of Los Angeles.

Benefit payments are made for service and disability retirements, death benefits, surviving spouse continuances and family death benefit insurance and health insurance subsidies.

CITY OF LOS ANGELES
CITY EMPLOYEES' RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 1977 AND 1976

(Continued)

Members of the System have a vested right to their own contributions. After five years of employment, members are eligible for future retirement benefits, which increase with length of service. If a member with five or more years of service terminates employment, the member has the option of receiving retirement benefits when eligible or withdrawing from the System and having his or her contributions refunded.

The System engages a consulting actuary to prepare an actuarial valuation on a yearly basis. The valuation is made using assumptions that are based upon prior historical trends and statistical data developed during an actuarial investigation. An actuarial investigation was performed as of June 30, 1977. Valuation results reflect all plan modifications that have an impact on actuarial calculations.

The report on the actuarial investigation and valuation has been presented to the Board of Administration of the City Employees' Retirement System but has not yet been adopted. The Board of Administration has retained a second actuarial firm to analyze the report on actuarial investigation and valuation of the System as of June 30, 1977. A written analysis of the original report is to be provided to the Board at a later date.

The report on the actuarial investigation and valuation reflected changes in certain assumptions from those used in the preceding year. The change in the accrued actuarial liability because of the changes in actuarial assumptions has not been determined.

The more significant assumptions underlying the actuarial computations are as follows:

- Interest rate - The assumed rate of return on investments is 5-3/4%. The rate assumed during the prior actuarial valuation was 5-1/4%.
- Salary increases and scales - The year-end valuations reflect salary increases that take effect July 1 of the following fiscal year. The salary scale used by the actuary in making the actuarial valuation consists of two elements, one element for service, merit and promotion (1%) and another element for increases arising from future inflation (2-1/2%). The salary scales used in the prior actuarial valuation included only the element for service, merit and promotion (1%).
- Mortality after service and disability retirements - The valuation is based upon the use of the 1971 Group Annuity Mortality Table and the 1973 Disability Mortality Table. The same tables were used in the prior actuarial valuation.

CITY OF LOS ANGELES
CITY EMPLOYEES' RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 1977 AND 1976

(Continued)

- Employee turnover and retirement - As a result of the actuarial investigation, new expected rates of employer turnover and retirement have been developed based on the most recent system experience. These expected rates will be used until the next actuarial investigation.
- Funding Method - The entry age normal cost funding method is used in the actuarial valuation.
- Funding of Prior and Past Service Costs - The costs are generally being funded over a thirty-year period ending June 30, 2004. The 1977 actuarial valuation recommends that these costs generally be funded as a level percentage of salary. Through June 30, 1977, these costs were being funded as a level dollar amount.

As a result of the actuarial investigation and valuation, the System's consulting actuary recommended increases of members' contribution rates ranging from 13% to 77% higher than the rates currently in use. The increase in employee contributions averages about 55%.

Actuarial valuations performed by the consulting actuary contained the following balances:

- The actuarially determined unfunded prior and past service liability of the System was \$642,556,667 and \$465,377,462 at June 30, 1977 and 1976, respectively.
- The actuarially computed value of vested benefits for both retired and active members was \$1,066,726,859 and \$749,454,208 at June 30, 1977 and 1976, respectively. Vested benefits include the reserve for retirement allowances for retired members (\$411,547,967 at June 30, 1977, and \$367,957,344 at June 30, 1976), and were in excess of net assets available for plan benefits by \$503,418,093 and \$252,826,993 at June 30, 1977 and 1976, respectively. In determining the value of vested benefits, members with less than five years of service were treated as having no vested service retirement and only their contributions were considered vested.
- The actuarially computed value of benefits earned to date for both retired and active members was \$1,097,039,983 and \$767,266,792 at June 30, 1977 and 1976, respectively. Earned benefits were in excess of net assets available for plan benefits by \$533,731,217 and \$270,639,577 at June 30, 1977 and 1976, respectively. This calculation includes projected service retirement benefits earned for members with less than five years of service, rather than including only their contributions.

CITY OF LOS ANGELES
CITY EMPLOYEES' RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 1977 AND 1976

(Continued)

Note 3 - City Contributions (Deficits) Available for Future Retirees:

This amount represents the difference between the System's net assets available for plan benefits and the reserve for retirement allowances for retired members (actuarial valuation) plus members' contributions. Upon retirement, a member's contributions are transferred to the reserve for retirement allowances for retired members.

The net assets available for plan benefits were \$28,475,816 and \$44,764,976 less than the amounts required for members' contributions and retirement allowances for retired members at June 30, 1977 and 1976, respectively.

The calculation of these amounts assumes that future experience will be consistent with actuarial assumptions (see Note 2).

Note 4 - Property Tax Limitation Initiative:

On June 6, 1978, the California electorate approved a constitutional amendment, Proposition 13, which placed stringent limitations on ad valorem property taxation. The effect of this amendment, if any, on the System's actuarial obligation and funding thereof cannot be determined at this time.

Note 5 - Defrayal of Portion of Members' Contributions:

A City ordinance became effective in October 1975, which permits the City to subsidize and pay a portion of certain employee contributions. Payments made by the City in this manner are not refundable to members upon their withdrawal, prior to retirement, from the system. Therefore, the City does not have to contribute the total amount of employee contributions that it subsidizes. The amount payable by the City, based upon the June 30, 1976, actuarial valuation is approximately 75% of subsidized employee contributions. For the years ended June 30, 1977 and 1976, the City contributed \$7,473,826 and \$5,437,998 in this manner, respectively. The 1977 actuarial valuation, which has not yet been adopted by the Board of Administration, recommends an amount payable by the City of 72% of subsidized employee contributions.

CITY OF LOS ANGELES
CITY EMPLOYEES' RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 1977 AND 1976

(Continued)

Note 6 - Transfer of Retirement Liability to Los Angeles County:

Under the terms of a Joint Powers Agreement between the City of Los Angeles and Los Angeles County, lifeguard and beach maintenance personnel were transferred from City to County employment.

Pursuant to this transfer, the City paid the County \$982,530 during the year ended June 30, 1976, which represents the excess of the actuarially determined present value of benefits earned to date less applicable members' contributions for those employees who selected to transfer employment.

INVESTMENT PORTFOLIO

	<u>June 30, 1977</u>	<u>June 30, 1976</u>	<u>Increase (Decrease)</u>
Short-term Investments (at Par)	\$ 23,400,000.00	\$ 15,200,000.00	\$ 8,200,000.00
Fixed Income (at Amortized Cost)	408,967,202.42	381,656,969.48	27,310,232.94
Stocks (at Cost)	<u>120,889,456.61</u>	<u>93,115,820.18</u>	<u>27,773,636.43</u>
	<u>\$553,256,659.03</u>	<u>\$489,972,789.66</u>	<u>\$ 63,283,869.37</u>

DISTRIBUTION OF INVESTMENT PORTFOLIO

	<u>June 30, 1977</u>	<u>June 30, 1976</u>
Short-term Investments	4.23%	3.10%
Fixed Income	73.92	77.89
Stocks	<u>21.85</u>	<u>19.01</u>
	<u>100.00%</u>	<u>100.00%</u>

DISTRIBUTION OF SECURITIES BY TYPE AND CLASS

	<u>June 30, 1977</u>	<u>June 30, 1976</u>
Short-term Investments:		
U.S. Treasury Bills	--	--
Commercial Paper	82.05%	73.68%
Certificate of Deposit	<u>17.95</u>	<u>26.32</u>
	<u>100.00%</u>	<u>100.00%</u>
Fixed-Income:		
U.S. Government	8.26%	8.26%
Industrials	30.33	26.77
Public Utilities	29.45	32.07
Railroads	7.35	9.00
Miscellaneous	<u>24.61</u>	<u>23.90</u>
	<u>100.00%</u>	<u>100.00%</u>

DISTRIBUTION OF SECURITIES BY TYPE AND CLASS (continued)

	<u>June 30, 1977</u>	<u>June 30, 1976</u>
Stocks:		
Common Stocks		
Automotive	2.69%	1.68%
Banks and Finance	2.05	2.66
Chemical	7.05	4.94
Cosmetics and Soaps	2.35	2.39
Drugs and Medical Supply	9.36	10.45
Electrical Equipment	6.54	7.44
Electronics	2.56	1.71
Food and Beverage	5.96	6.60
Insurance	1.60	2.08
Lodging and Food Service	1.85	2.13
Machinery	2.86	5.29
Metals and Mining	5.35	4.76
Office Equipment	14.56	16.06
Oil and Oil Service	10.18	8.55
Photographic	2.61	2.42
Public Utilities	4.99	3.34
Retail Trade	8.27	8.99
Telephone	3.71	4.04
Miscellaneous	<u>5.46</u>	<u>4.47</u>
	<u>100.00%</u>	<u>100.00%</u>

YIELD ON INVESTMENTS

	<u>Year Ended June 30, 1977</u>	<u>Year Ended June 30, 1976</u>
Fixed Income	6.94%	6.71%
Stocks	3.72	3.15
Fixed Income and Stocks	6.27	6.04
Short-term Securities	5.07	5.68
Total Portfolio	6.24	6.03