

***CITY OF LOS ANGELES***

***WATER AND POWER EMPLOYEES'  
RETIREMENT, DISABILITY AND  
DEATH BENEFIT INSURANCE PLAN  
REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION***

***JUNE 30, 2001***

**CITY OF LOS ANGELES**  
**WATER AND POWER EMPLOYEES' RETIREMENT,**  
**DISABILITY AND DEATH BENEFIT INSURANCE PLAN**

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**CITY OF LOS ANGELES**  
**WATER AND POWER EMPLOYEES' RETIREMENT,**  
**DISABILITY AND DEATH BENEFIT INSURANCE PLAN**

INDEX TO FINANCIAL STATEMENTS AND EXHIBITS  
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## ***INDEPENDENT AUDITOR'S REPORT***

The Board of Administration  
City of Los Angeles Water and Power  
Employees' Retirement, Disability and  
Death Benefit Insurance Plan

We have audited the accompanying financial statements of the various funds of the City of Los Angeles Water and Power Employees' Retirement, Disability and Death Benefit Insurance Plan (Plan) as of June 30, 2001 and 2000, as listed in the accompanying index. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the statements referred to in the opening paragraph present fairly, in all material respects, the financial position of the Plan as of June 30, 2001 and 2000, and the results of its operations and its changes in financial position for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Los Angeles, California  
October 19, 2001

**CITY OF LOS ANGELES**  
**WATER AND POWER EMPLOYEES' RETIREMENT,**  
**DISABILITY AND DEATH BENEFIT INSURANCE PLAN**

RETIREMENT FUND

STATEMENT OF PLAN NET ASSETS

As of June 30

	<u>2001</u>	<u>2000</u>
<b>ASSETS</b>		
Cash (Notes 2 and 4)	\$ <u>235,579</u>	\$ <u>70,135</u>
Receivables		
Accrued investment income	41,082,117	40,413,326
Other	<u>8,660,570</u>	<u>4,845,232</u>
Total receivables	<u>49,742,687</u>	<u>45,258,558</u>
Investments, at fair market value (Notes 2, 3 and 4)		
Bonds (amortized cost \$1,352,548,330 in 2001 and \$1,307,545,290 in 2000)	1,450,541,564	1,354,494,022
Common stock (amortized cost \$1,232,243,192 in 2001 and \$1,168,795,033 in 2000)	3,623,361,493	3,490,328,856
Mortgage-backed securities (amortized cost \$336,238,593 in 2001 and \$380,407,038 in 2000)	350,464,000	383,861,674
Short-term investments (amortized cost approximates market)	687,509,325	621,914,693
Securities lending – short-term collateral investment pool (Notes 4 and 5)	<u>480,560,587</u>	<u>442,171,886</u>
Total investments	<u>6,592,436,969</u>	<u>6,292,771,131</u>
Total assets	<u>6,642,415,235</u>	<u>6,338,099,824</u>
<b>LIABILITIES</b>		
Payables – Department of Water and Power	(3,744,558)	(4,322,468)
Accounts payable	(904,578)	(3,841,374)
Securities lending – collateral payable (Note 5)	<u>(480,560,587)</u>	<u>(442,171,886)</u>
Total liabilities	<u>(485,209,723)</u>	<u>(450,335,728)</u>
Net assets	\$ <u><u>6,157,205,512</u></u>	\$ <u><u>5,887,764,096</u></u>

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

**CITY OF LOS ANGELES**  
**WATER AND POWER EMPLOYEES' RETIREMENT,**  
**DISABILITY AND DEATH BENEFIT INSURANCE PLAN**

RETIREMENT FUND

STATEMENT OF CHANGES IN PLAN NET ASSETS  
For the Years Ended June 30

	<u>2001</u>	<u>2000</u>
<b>ADDITIONS</b>		
Members' contributions	\$ 27,688,883	\$ 26,128,536
Installment payment from early retired employees	124,181	187,320
Department of Water & Power contributions towards:		
Benefit (net of reversions)	25,763,218	24,426,465
Administrative expenses	<u>2,282,401</u>	<u>2,374,325</u>
 Total contributions	 <u>55,858,683</u>	 <u>53,116,646</u>
 Investment income		
Net appreciation/(decline) in fair value of investments	259,512,870	(199,843,028)
Interest	171,364,518	162,719,913
Dividends	63,255,317	61,422,580
Options	-	-
Securities lending (Note 5)	<u>477,058</u>	<u>538,256</u>
 Total investment income	 494,609,763	 24,837,721
Less: investment expense	<u>(878,632)</u>	<u>(884,773)</u>
 Net investment income and market appreciation	 <u>493,731,131</u>	 <u>23,952,948</u>
 Total additions	 <u>549,589,814</u>	 <u>77,069,594</u>
<b>DEDUCTIONS</b>		
Retirement benefits paid	275,870,558	271,559,094
Refund of members' contributions	2,874,071	3,844,513
Administrative expenses	<u>1,403,769</u>	<u>1,489,552</u>
 Total deductions	 <u>280,148,398</u>	 <u>276,893,159</u>
 Other additions (Note 9)	 <u>-</u>	 <u>155,907,883</u>
 Net increase (decrease)	 <u>269,441,416</u>	 <u>(43,915,682)</u>
 Net assets – Beginning of year	 <u>5,887,764,096</u>	 <u>5,931,679,778</u>
 Net assets – End of year	 <u>\$ 6,157,205,512</u>	 <u>\$ 5,887,764,096</u>

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

**CITY OF LOS ANGELES**  
**WATER AND POWER EMPLOYEES' RETIREMENT,**  
**DISABILITY AND DEATH BENEFIT INSURANCE PLAN**

DISABILITY FUND

STATEMENT OF PLAN NET ASSETS

As of June 30

	<u>2001</u>	<u>2000</u>
<b>ASSETS</b>		
Cash (Notes 2 and 4)	\$ <u>1,395</u>	\$ <u>818</u>
Receivables		
Accrued investment income	911,514	875,154
Department of Water and Power	342,622	187,829
Other	529,773	494,695
Contingent disability benefit advance	<u>3,305,200</u>	<u>3,305,918</u>
Total receivables	<u>5,089,109</u>	<u>4,863,596</u>
Investments, at fair market value (Notes 2, 3 and 4)		
Bonds (amortized cost \$26,435,540 in 2001 and \$27,117,347 in 2000)	27,886,742	27,218,483
Mortgage-backed securities (amortized cost \$9,735,618 in 2001 and \$11,527,094 in 2000)	9,900,578	11,293,528
Short-term investments (amortized cost approximates market)	<u>3,435,252</u>	<u>1,816,139</u>
Total investments	<u>41,222,572</u>	<u>40,328,150</u>
Total assets	<u>46,313,076</u>	<u>45,192,564</u>
<b>LIABILITIES</b>		
Accounts payable	<u>(35,621)</u>	<u>(32,859)</u>
Total liabilities	<u>(35,621)</u>	<u>(32,859)</u>
Net assets	<u>\$ 46,277,455</u>	<u>\$ 45,159,705</u>

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

**CITY OF LOS ANGELES**  
**WATER AND POWER EMPLOYEES' RETIREMENT,**  
**DISABILITY AND DEATH BENEFIT INSURANCE PLAN**

DISABILITY FUND

STATEMENT OF CHANGES IN PLAN NET ASSETS  
For the Years Ended June 30

	<u>2001</u>	<u>2000</u>
<b><i>ADDITIONS</i></b>		
Department of Water & Power contributions towards:	\$	\$
Temporary disability benefits	1,174,556	1,119,238
Permanent total disability benefits	-	-
Supplemental disability benefits	538,104	1,772,600
Administrative expenses	408,218	403,477
	<hr/>	<hr/>
Total department contributions	2,120,878	3,295,315
Contributions from members for:		
Temporary disability benefits	177,627	170,529
Permanent total disability benefits	176,671	169,844
	<hr/>	<hr/>
Total members' contribution	354,298	340,373
Net appreciation (decline) in the fair value of investments	1,746,034	(2,119,451)
Investment income	3,076,584	3,101,523
Less: investment expense	(10,789)	(11,477)
	<hr/>	<hr/>
Net investment income and market appreciation	4,811,829	970,595
	<hr/>	<hr/>
Total additions	7,287,005	4,606,283
<b><i>DEDUCTIONS</i></b>		
Benefits provided:		
Temporary disability	4,211,036	2,427,385
Permanent total disability	1,037,601	1,023,333
Supplemental disability	523,189	1,831,154
	<hr/>	<hr/>
Total benefits provided	5,771,826	5,281,872
Administrative expenses	397,429	392,000
	<hr/>	<hr/>
Total deductions	6,169,255	5,673,872
	<hr/>	<hr/>
Net increase (decrease)	1,117,750	(1,067,589)
Net assets – Beginning of year	45,159,705	46,227,294
	<hr/>	<hr/>
Net assets – End of year	\$ 46,277,455	\$ 45,159,705
	<hr/> <hr/>	<hr/> <hr/>

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



**CITY OF LOS ANGELES**  
**WATER AND POWER EMPLOYEES' RETIREMENT,**  
**DISABILITY AND DEATH BENEFIT INSURANCE PLAN**

DEATH BENEFIT FUND

STATEMENT OF PLAN NET ASSETS  
As of June 30

	<u>2001</u>	<u>2000</u>
<b>ASSETS</b>		
Cash (Notes 2 and 4)	\$ <u>4,111</u>	\$ <u>2,271</u>
Receivables		
Accrued investment income	274,372	210,695
Department of Water and Power	69,745	24,387
Other	<u>316,248</u>	<u>3,269,620</u>
Total receivables	<u>660,365</u>	<u>3,504,702</u>
Investments, at fair market value (Notes 2, 3 and 4)		
Bonds (amortized cost \$4,928,270 in 2001 and \$2,486,670 in 2000)	4,165,339	2,649,630
Mortgage-backed securities (amortized cost \$25,995,556 in 2001 and \$29,746,811 in 2000)	26,058,211	28,659,365
Short-term investments (amortized cost approximates market)	<u>8,533,214</u>	<u>3,971,145</u>
Total investments	<u>38,756,764</u>	<u>35,280,140</u>
Total assets	<u>39,421,240</u>	<u>38,787,113</u>
<b>LIABILITIES</b>		
Accounts payable	(62,488)	(69,758)
Death claims in process – insured lives	<u>(1,458,336)</u>	<u>(1,486,781)</u>
Total liabilities	<u>(1,520,824)</u>	<u>(1,556,539)</u>
Net assets	\$ <u><u>37,900,416</u></u>	\$ <u><u>37,230,574</u></u>

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

**CITY OF LOS ANGELES**  
**WATER AND POWER EMPLOYEES' RETIREMENT,**  
**DISABILITY AND DEATH BENEFIT INSURANCE PLAN**

DEATH BENEFIT FUND

STATEMENT OF CHANGES IN PLAN NET ASSETS  
For the Years Ended June 30

	<u>2001</u>	<u>2000</u>
<b>ADDITIONS</b>		
Department of Water & Power contributions towards:		
Contributing members	\$ -	\$ -
Retired members (non-contributing)	3,969,127	4,719,795
Survivors' optional allowances	-	-
Administrative expenses	<u>381,688</u>	<u>383,222</u>
Total department contributions	<u>4,350,815</u>	<u>5,103,017</u>
Contributions from members for:		
Insured lives' death benefit	177,155	170,319
Survivors' optional allowances	-	-
Supplemental family death benefits	<u>83,148</u>	<u>81,991</u>
Total members' contribution	<u>260,303</u>	<u>252,310</u>
Net appreciation (decline) in the fair value of investments	254,733	(8,532,095)
Investment income	2,585,368	2,480,720
Less: investment expense	<u>(11,928)</u>	<u>(10,666)</u>
Net investment income and market appreciation	<u>2,828,173</u>	<u>(6,062,041)</u>
Total additions (deductions)	<u>7,439,291</u>	<u>(706,714)</u>
<b>DEDUCTIONS</b>		
Benefits provided:		
Death benefit (active/retired members)	6,094,784	6,290,737
Survivors' optional allowances	-	-
Family allowances (Note 8)	<u>304,905</u>	<u>300,754</u>
Total benefits provided	<u>6,399,689</u>	<u>6,591,491</u>
Administrative expenses	<u>369,760</u>	<u>372,556</u>
Total deductions	<u>6,769,449</u>	<u>6,964,047</u>
Other deduction (Note 9)	<u>-</u>	<u>155,907,883</u>
Net increase (decrease)	<u>669,842</u>	<u>(163,578,644)</u>
Net assets – Beginning of year	<u>37,230,574</u>	<u>200,809,218</u>
Net assets – End of year	<u>\$ 37,900,416</u>	<u>\$ 37,230,574</u>

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

**CITY OF LOS ANGELES  
WATER AND POWER EMPLOYEES' RETIREMENT,  
DISABILITY AND DEATH BENEFIT INSURANCE PLAN**

NOTES TO FINANCIAL STATEMENTS

**NOTE 1 – PLAN DESCRIPTION**

The Retirement Board of Administration (Board) is the administrator of the Water and Power Employees' Retirement, Disability and Death Benefit Insurance Plan (Plan). The Plan was established in 1938 and is subject to provisions of the Charter of the City of Los Angeles and the regulations and instructions of the Board of Water and Power Commissioners. The Plan is considered an independent pension trust fund of the Department of Water and Power (Department) which is a proprietary department of the City of Los Angeles (City). The Plan operates as a single-employer benefit plan to provide pension benefits to eligible Department employees and also to provide disability and death benefits from the respective insurance funds.

**Membership**

The Plan's membership consisted of the following at June 30, 2001 and 2000:

	2001	2000
Retirees, beneficiaries*	9,577	9,750
Terminated vested	718	704
Terminated non-vested	595	547
Inactive-non-contributing employees	110	101
Active-contributing employees:		
Vested	6,608	6,310
Non-vested	657	621
Total	18,265	18,033

\* The number of retirees, beneficiaries for the fiscal year ended June 30, 2001 and 2000 includes beneficiaries of the survivorship account.

**Benefit Provisions**

The retirement fund consists of both defined contribution and defined benefit elements. Members vest in the defined contribution element (annuity) after one year of service. Members vest in the defined benefit element (pension) only after qualifying for retirement and meeting the criteria for the formula pension. Generally, new or returning employees of the Department become eligible for Plan membership on the first day of the payroll period following entry into Department service. New eligible employees must complete 26 weeks of continuous service before becoming entitled to disability and/or

**CITY OF LOS ANGELES  
WATER AND POWER EMPLOYEES' RETIREMENT,  
DISABILITY AND DEATH BENEFIT INSURANCE PLAN**

NOTES TO FINANCIAL STATEMENTS  
(Continued)

**NOTE 1 – PLAN DESCRIPTION (continued)**

death benefits. The right to death benefits is effective upon an employee's date of membership. Qualification for disability benefits occurs one day after an employee's effective membership date and payment of premium.

Members are eligible for normal retirement at age 60 with at least five years of service. Early retirement at age 55 is generally available if the member has been with the Department for 10 of the last 12 years before retirement. Members with 30 or more years may retire at age 50 and receive unreduced benefits. Upon qualifying for retirement, members will also qualify for a formula pension if they have been employed by the Department for at least five years before retirement and have been a contributing member of the Plan for at least four of the five years immediately preceding retirement or while eligible to retire (or during any of those four years if they were receiving either disability benefits under the Plan or payments under any Workers' Compensation law). Eligible members are entitled to an annual retirement benefit, payable monthly for life, currently in an amount equal to 2.1% of their highest average salary, for each year of credited service, or \$9.50 times their years of service. "Highest average salary" is defined as the employee's average salary, excluding overtime, over the highest 26 consecutive payroll periods.

**Contributions**

Covered employees are required to contribute 6% of their annual covered payroll upon becoming a Plan member on or after June 1, 1984. Employees entering the Plan before June 1, 1984 contribute an amount based upon an entry-age percentage rate. If an employee leaves or dies while employed, employee contributions plus credited interest is refundable. After one year of membership, the employee may leave his or her contributions on account with the Plan along with the Department matching contributions and receive a money purchase allowance at retirement age. A surviving spouse of an employee who dies while eligible to retire or with at least 25 years of service may elect to receive a monthly allowance from the Death Benefit Fund for life rather than a refund of the employee's contributions and interest.

The Department contributes \$1.10 for each \$1.00 contributed by members plus an actuarially determined percentage of covered payroll. Contribution provisions are established and amended by the Board of Administration, upon the advice of the actuaries. Plan benefits are funded by earnings from investments and by contributions from the Department and members.

**CITY OF LOS ANGELES**  
**WATER AND POWER EMPLOYEES' RETIREMENT,**  
**DISABILITY AND DEATH BENEFIT INSURANCE PLAN**

NOTES TO FINANCIAL STATEMENTS  
(Continued)

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Method of Reporting

The Plan follows the accounting principles and reporting guidelines as set forth in the Statement 25 of the Governmental Accounting Standards Board, and the AICPA industry audit guide "Audit of Employee Benefit Plans" issued May 1994. The financial statements were prepared using the accrual basis of accounting and reflect the overall operations of the Plan. Members' and Department's contributions were recognized as revenues in the period in which the employee services were performed, and benefits and refunds are recognized when payable in accordance with the terms of each benefit fund.

Cash

Cash consists primarily of cash on deposit with the Treasurer of the City of Los Angeles.

Investments

The Plan's investments were reported at fair value. The Plan generally holds bond and mortgage-backed security investments to maturity. The fair values were derived by various methods. The stated fair value of investments was based on published market prices and quotations from major investment dealers. Short-term investments were reported at cost, which approximates market value. Securities traded on a national or international exchanges are valued at the last reported sales price at current exchange rates in effect at June 30. Mortgages are valued on the bases of future principal and interest payments, and are discounted at prevailing interest rates for similar investments. Private placement bonds were valued at the face value of the security subject to adjustments.

Unsettled investment trades as of the year end were reported in the financial statements on an accrual basis and reported in accounts receivable for a sale or accounts payable for a purchase.

Use of Estimates

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

**CITY OF LOS ANGELES  
WATER AND POWER EMPLOYEES' RETIREMENT,  
DISABILITY AND DEATH BENEFIT INSURANCE PLAN**

NOTES TO FINANCIAL STATEMENTS  
(Continued)

**NOTE 3 – SUMMARY OF INVESTMENT POLICIES**

Investment authority is granted to the Plan by the Charter of the City of Los Angeles and is exercised in accordance with the Board's investment policy. The Charter authorizes the form and type of investment vehicles which may be purchased. The Board may invest in bonds, treasury bills, stocks, mortgage-backed securities, short-term instruments and real estate, and it may utilize stock covered call options and securities lending. Real estate is the only authorized investment vehicle in which the Plan is not currently invested. There are no investment holdings of five (5) percent or more in any organization of each fund's net assets or in the aggregate, other than issued or guaranteed securities by the U.S. Government.

**NOTE 4 – CASH, INVESTMENTS AND SECURITIES LENDING**

Three categories of risk level have been developed by the Government Accounting Standards Board Statement 3 to disclose the various custodial risks associated with the cash and investments of the Plan.

Cash

Category 1 – Insured or collateralized with securities held by the entity or by its agent in the entity's name.

Category 2 – Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.

Category 3 – Uncollateralized.

As of June 30, 2001 and 2000, the Plan's cash balances consist primarily of cash deposit with the Treasurer of the City of Los Angeles. Cash on deposit with another government agency is not required to be categorized for the purpose of custodial risk classification.

Investments

Category 1 – Insured or registered, or securities held by the entity or by its agent in the entity's name.

Category 2 – Uninsured or unregistered, with securities held by the counter-party, or by its trust department or agent but not in the entity's name.

Category 3 – Uninsured and unregistered, with securities held by the counter-party, or by its trust department or agent but not in the entity's name.

**CITY OF LOS ANGELES**  
**WATER AND POWER EMPLOYEES' RETIREMENT,**  
**DISABILITY AND DEATH BENEFIT INSURANCE PLAN**

NOTES TO FINANCIAL STATEMENTS  
(Continued)

**NOTE 4 – CASH, INVESTMENTS AND SECURITIES LENDING (continued)**

Investments by category, at June 30, 2001 and 2000 are composed of the following:

	2001		2000	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
<b><u>Category 1</u></b>				
Bonds:				
Not on securities loan	\$ 1,116,200,826	\$ 1,068,275,140	\$ 1,011,562,028	\$ 1,004,316,307
On securities loan with securities collateral			4,921,281	4,100,000
Common Stock:				
Not on securities loan	3,526,634,165	1,188,346,392	3,430,719,909	1,140,715,254
Mortgage-backed securities	386,422,789	371,969,767	423,814,567	421,680,943
Short-term investments	699,477,791	699,477,791	627,700,100	627,700,100
	<u>5,728,735,571</u>	<u>3,328,069,090</u>	<u>5,498,717,885</u>	<u>3,198,512,604</u>
 <b><u>Category 2</u></b>				
The Plan has no securities in this category				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
 <b><u>Category 3</u></b>				
The plan has no securities in this category				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
 <b><u>Not Categorized (See Note 5)</u></b>				
Investments held by broker under securities loan with cash collateral:				
Bonds	366,392,819	315,637,000	367,878,826	328,733,000
Common Stock	96,727,328	43,896,794	59,608,947	28,079,773
Securities lending—Short-term collateral investment pool	480,560,587	480,560,587	442,171,886	442,171,886
	<u>943,680,734</u>	<u>840,094,381</u>	<u>869,659,659</u>	<u>798,984,659</u>
	<u>\$ 6,672,416,305</u>	<u>\$ 4,168,163,471</u>	<u>\$ 6,368,377,544</u>	<u>\$ 3,997,497,263</u>

**CITY OF LOS ANGELES  
WATER AND POWER EMPLOYEES' RETIREMENT,  
DISABILITY AND DEATH BENEFIT INSURANCE PLAN**

NOTES TO FINANCIAL STATEMENTS  
(Continued)

**NOTE 5 – SECURITIES LENDING**

The Plan is authorized by the Charter of the City of Los Angeles and the Board's investment policy to lend its investment securities to various brokers. The lending is managed by the Plan's custodial bank. The Plan or the borrowers can terminate the contract with advance notice. The lending arrangements are collateralized by cash and marketable securities (guaranteed by the full faith and credit of the U.S. Government) at 102% of the underlying securities' market value. These arrangements provide for the return of the investments and a share of the interest earned on the collateral. The securities on loan to brokers remain the property of the Plan and continue to be included in their respective accounts on the Statement of Plan Assets. Securities on loan at year end with cash received as collateral are itemized as "not categorized" in the Schedule of Custodial Credit Risk in Note 4; and securities on loan with securities received as collateral are categorized in accordance with the category of the collateral received. At June 30, 2001, the Plan has no credit risk exposure because the value of the collateral received exceeded the value of the securities on loan and there were no borrower or lending agent default losses.

The Plan's custodian is the authorized agent to handle the Plan's securities' lending activity. The Plan's custodian may invest the cash collateral received in connection with loaned securities in investments permitted by the Plan. Effective December 1, 1994, the Plan bears sole risk of all losses of the invested collateral, including losses incurred in the event of liquidation of the permitted investments. The custodian bank is responsible for the return of loaned securities from the borrowers. The Plan does not have the ability to pledge or sell collateral assets unless the borrower is in default of its obligation.

The fair value of the underlying securities on loan, collateralized by cash and securities (backed by the full faith and credit of the U.S. Government), as of June 30, 2001 and 2000 is:

<u>Securities on Loan</u>	<u>2001</u>	<u>2000</u>
Bonds – U.S. Govt. & Agencies	\$ 320,932,256	\$ 325,243,441
Bonds – Domestic corporate	45,460,563	47,556,666
Equities – Domestic stocks	<u>96,727,328</u>	<u>59,608,947</u>
	<u>\$ 463,120,147</u>	<u>\$ 432,409,054</u>



**CITY OF LOS ANGELES  
WATER AND POWER EMPLOYEES' RETIREMENT,  
DISABILITY AND DEATH BENEFIT INSURANCE PLAN**

NOTES TO FINANCIAL STATEMENTS  
(Continued)

**NOTE 6 – ACTUARIAL VALUATION – RETIREMENT FUND**

The Plan engages an independent actuarial firm to conduct annual actuarial valuations to monitor the Plan's funding status for the Retirement Fund. The annual valuation performed as of June 30, 2001 and 2000 determined the funding status to be 109.9% and 110.3%, respectively.

**NOTE 7 – ACTUARIAL VALUATION – DISABILITY AND DEATH BENEFIT FUNDS**

Actuarial studies are performed bi-annually on the Death Benefit and Disability Funds to determine the appropriate contribution rates and the benefit reserves levels needed to fund the current and future benefit liabilities. The results of the most recent bi-annual actuarial reviews (fiscal year ended June 30, 2000 and June 30, 1999) for the Disability and Death Benefit Funds, respectively, found that both Funds' accumulated reserves had met the recommended reserve levels. The actuarial recommendations for the contribution rates, reserve levels, and general reserve transfers were approved by the Board.

**Death Benefit Fund**

For the Death Benefit Fund, the actuary recommended to suspend contributions to the contributing members' death benefits and change the contribution rate for non-contributing members' death benefits to \$1.50 per \$100 of retired payroll.

**Disability Fund**

For the Permanent and Total Disability Fund, the actuary recommended that the Department's contribution rate to remain at zero cents per \$100 of covered payroll. As for the Temporary Disability Fund, the actuary recommended an increase in contribution rate (members and Department) to 68 cents per \$100 of covered payroll.

**CITY OF LOS ANGELES  
WATER AND POWER EMPLOYEES' RETIREMENT,  
DISABILITY AND DEATH BENEFIT INSURANCE PLAN**

NOTES TO FINANCIAL STATEMENTS  
(Continued)

**NOTE 8 – RESERVES AND DESIGNATED BALANCES**

Reserve accounts are established to cover all deferred liabilities as those liabilities accrued. Reserves are established from members' and Department's contributions and the accumulation of investment income after satisfying investment and administrative expenses. The Plan has four major classes of reserves and designated accounts.

Member contribution accounts represent the balance of member contributions. Additions include member contributions and interest and deductions include refunds of member contributions and transfers to the Reserve for Retirement Allowances, Death Benefit Reserves and transfers to the members' account at the City Employees' Retirement System under the Plan's reciprocity provision.

Department contribution accounts represent the balance of department contributions for future retirement payments to current active members. Additions include contributions from the Department and related earnings; and deductions include transfers to Retirement Reserves and Death Benefit Reserves.

Estimated Benefit Liabilities Reserves represent the balance of transfers from member contribution and/or department contribution accounts and related earnings less payments to retired members, members on disability and beneficiaries.

General Reserves represent reserves accumulated for future earning deficiencies, investment losses and other contingencies. Additions include investment income and other revenue; deductions include: investment expense, interest allocated to member and department contribution accounts, and to the estimated benefit liabilities reserves accounts.

**CITY OF LOS ANGELES**  
**WATER AND POWER EMPLOYEES' RETIREMENT,**  
**DISABILITY AND DEATH BENEFIT INSURANCE PLAN**

NOTES TO FINANCIAL STATEMENTS  
(Continued)

**NOTE 8 – RESERVES AND DESIGNATED BALANCES (continued)**

Reserves and designated balances for the years ended June 30, 2001 and 2000 are as follows:

	2001	2000
<u>Retirement Fund – Reserves and Designated Balances</u>		
Reserve for retirement allowances	\$ 3,445,150,799	\$ 3,408,139,712
Members' contributions	445,386,966	394,561,541
Department contributions	(444,629,634)	(403,506,043)
Total contributions	757,332	(8,944,502)
Reserve for investment gains & losses	5,541,524	4,565,754
General reserve	202,418,915	112,065,935
Total reserves and designated balances	3,653,868,570	3,515,826,899
Unrealized appreciation in the fair value of investments	2,503,336,942	2,371,937,197
Total reserves and designated balances at market value	\$ 6,157,205,512	\$ 5,887,764,096
<u>Disability Fund – Reserves and Designated Balances</u>		
Estimated liability for temporary and permanent disability cases	\$ 9,554,035	\$ 10,196,563
General reserve	35,107,258	35,095,572
Total reserves and designated balances	44,661,293	45,292,135
Unrealized appreciation (decline) in the fair value of investments	1,616,162	(132,430)
Total reserves and designated balances at market value	\$ 46,277,455	\$ 45,159,705
<u>Death Benefit Fund – Reserves and Designated Balances</u>		
Estimated liability for:		
Survivors optional allowances	\$ -	\$ -
Family allowances	3,058,285	2,988,013
Total estimated liability	3,058,285	2,988,013
Contribution accounts:		
Survivors optional allowances	-	-
Family allowances	8,556,053	7,978,936
Total contribution accounts	8,556,053	7,978,936
General reserve	26,986,354	27,188,111
Total reserves and designated balances	38,600,692	38,155,060
Unrealized appreciation (decline) in the fair value of investments	(700,276)	(924,486)
Total reserves and designated balances at market value	\$ 37,900,416	\$ 37,230,574

**CITY OF LOS ANGELES**  
**WATER AND POWER EMPLOYEES' RETIREMENT,**  
**DISABILITY AND DEATH BENEFIT INSURANCE PLAN**

NOTES TO FINANCIAL STATEMENTS  
(Continued)

**NOTE 9 – PLAN AMENDMENTS**

The Plan is periodically amended to meet changes in economic conditions and sound business practices. Since the implementation of the Focused Separation Program (FSP) in 1995, the Department has been making strides toward streamlining and restructuring the Department's operations to help lower costs and prepare for the contribution being ushered in the enactment of Assembly Bill 1890 which deregulates California's electric power industry. On December 19, 1997, the Los Angeles City Council authorized the Department's management to offer a workforce reduction package to Department employees in order to reduce the Department's workforce. The following is a summary of the more significant Plan amendments approved during the years ended June 30, 2001 and 2000.

Year Ended June 30, 2001

There were no significant Plan amendments for the year ended June 30, 2001.

Year Ended June 30, 2000

Plan Amendment to Eliminate Supplemental Non-Industrial Temporary Disability

This amendment eliminated Supplemental Temporary Disability for non-industrial disability claims.

Plan Amendment to Use Actuarial Value of Assets

The Plan adjusted its General Reserve to recognize the difference between the investments of the Retirement Fund as carried on books and the Actuarial Value of Assets used by the Board's Actuary.

Plan Amendment to Decrease Amortization Period

This amendment adjusted the Entry Age Normal Cost Funding Method used to determine the department contributions to the Retirement Fund from amortizing over a thirty-year period to fifteen-year period. Upon recommendation of the Actuary, the Board may adopt a separate period of not more than thirty years through resolution.

**CITY OF LOS ANGELES  
WATER AND POWER EMPLOYEES' RETIREMENT,  
DISABILITY AND DEATH BENEFIT INSURANCE PLAN**

NOTES TO FINANCIAL STATEMENTS

**NOTE 9 – PLAN AMENDMENTS (continued)**

Plan Amendment to Conform to New City Charter

This amendment updates the Plan to conform to the new City Charter and State Constitution. Most sections in this amendment deal with changes in Charter section reference or updating Plan language to conform to existing City, State and Federal laws.

Plan Amendment to Transfer Survivorship Reserve Account

This amendment transferred the survivorship reserve account from Death Benefit Fund to Retirement Fund. The survivorship reserve has been included in the Retirement Allowance Reserve.

**NOTE 10 – CONTINGENT LIABILITIES**

At June 30, 2001, several legal actions/divorces were pending against the Plan as codefendant. Counsel for the Department and the Plan has indicated that adverse decisions in these cases would not materially affect the financial statements. In the event of legal settlement, costs would be refunded by increased charges to the Department.

***INDEPENDENT AUDITOR'S REPORT ON  
SUPPLEMENTARY HISTORICAL TREND  
INFORMATION PURSUANT TO GOVERNMENTAL  
ACCOUNTING STANDARDS BOARD STATEMENT NO. 25***

The Board of Administration  
City of Los Angeles Water and Power  
Employees' Retirement, Disability and  
Death Benefit Insurance Plan

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information contained in the schedules at Exhibits I and II is presented for purposes of additional analysis. It is required as part of the disclosure requirements pursuant to GASB Statement 25. Such information has been subjected to the auditing procedure applied in the audits of the financial statements taken as a whole and, in our opinion, the schedules present fairly the information therein in conformity with accounting principles generally accepted in the United States of America.

Los Angeles, California  
October 19, 2001

**CITY OF LOS ANGELES**  
**WATER AND POWER EMPLOYEES' RETIREMENT**  
**DISABILITY AND DEATH BENEFIT INSURANCE PLAN**

RETIREMENT FUND – SCHEDULE OF FUNDING PROGRESS  
(Amounts in Millions)

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liabilities	(3) Unfunded Actuarial Accrued Liabilities UAAL/(Surplus) (2) - (1)	(4) Funded Ratio (1) Divided by (2)	(5) Annual Covered Payroll	(6) UAAL/(Surplus) As a Percentage of Covered Payroll (3) Divided by (5)
2001	\$5,833	\$5,306	(\$527)	109.93%	\$403	(130.77%)*
2000	\$5,606	\$5,083	(\$523)	110.29%	\$368	(142.12%)
1999	\$5,254	\$4,911	(\$343)	106.98%	\$355	(96.62%)
1998	\$4,514	\$4,340	(\$174)	104.01%	\$431	(40.37%)
1997	\$3,851	\$3,812	(\$39)	101.02%	\$430	(9.07%)
1996	\$3,400	\$3,699	\$299	91.92%	\$431	69.37%
1995	\$3,066	\$3,501	\$435	87.57%	\$469	92.75%
1994	\$2,756	\$3,309	\$553	83.29%	\$470	117.66%**
1993	\$2,263	\$3,151	\$888	71.82%	\$464	191.37%**
1992	\$2,085	\$3,037	\$952	68.65%	\$476	200.00%

\* The liability balance is from the actuary report that has not been adopted by the Board as of November 15, 2001.

\*\* The actuary recommended liability was not adopted by the Board until June 30, 1994. The previous actuarial valuation date's liability balance was used for the year ended.

**EXHIBIT II**

**CITY OF LOS ANGELES  
WATER AND POWER EMPLOYEES' RETIREMENT  
DISABILITY AND DEATH BENEFIT INSURANCE PLAN**

RETIREMENT FUND – SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended June 30	(1) Actual Covered Payroll	(2) Actuarial Determined Percentage	(3) Annual Required Contribution (1) times (2)	(4) Benefit Contribution Made	Percentage Contributed (4) divided by (3)
2001	\$403,265,472	10.59%	\$42,705,813	\$25,763,218	60.33%
2000	\$369,509,233	10.57%	\$39,057,126	\$24,426,465	62.54%
1999	\$355,148,948	9.64%	\$34,236,359	\$57,440,383	167.78% (A)
1998	\$430,526,044	7.32%	\$31,514,506	\$124,470,502	394.96% (B)
1997	\$429,971,528	21.81%	\$93,776,790	\$103,836,661	110.73%
1996	\$430,962,812	25.81%	\$111,231,502	\$108,871,249	97.88%
1995	\$468,527,110	27.19%	\$127,392,521	\$141,224,937	110.86%
1994	\$470,154,117	30.04%	\$141,234,297	\$141,041,193	99.86%
1993	\$464,152,694	29.65%	\$137,621,274	\$137,387,647	99.83%
1992	\$475,648,024	29.34%	\$139,555,130	\$139,536,446	99.99%

- (A) The benefit contribution made (Column 4) exceeded the required contribution (Column 3) in 1998-99 because the Retirement Board made the normal cost contribution determined by the Actuary based on its action in September 1998 after the stock market had declined and significantly reduced the market valuation of the assets. The Retirement Board reduced the contribution amount to zero for the defined benefit element of the Plan in March 1999 after the actuary confirmed that the cost of the Plan after the separation package would still be zero. The defined contribution employer match was still contributed after the defined contribution rate was reduced to zero.
- (B) The benefit contribution made (Column 4) exceeded the required contribution (Column 3) in 1997-98 because the Retirement Board determined that the rate adopted for 1996-97 would be continued until the full cost of the separation package was determined.



**CITY OF LOS ANGELES**  
**WATER AND POWER EMPLOYEES' RETIREMENT**  
**DISABILITY AND DEATH BENEFIT INSURANCE PLAN**

NOTES TO SUPPLEMENTARY INFORMATION

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at the dates indicated. Additional information as of the latest valuations follows:

Actuarial cost method	Entry-age normal
Amortization method and remaining amortization period	The June 30, 2000 Surplus Actuarial Accrued Liability is amortized over the fifteen-year period commencing July 1, 2000. Any subsequent changes in Surplus or Unfunded Actuarial Accrued Liability are amortized over separate fifteen-year periods.
Asset valuation method	Four-year smoothing method
Actuarial assumptions:	
Investment rate of return	A rate of return on the investment of present and future assets of 8% per year compounded annually,
Projected salary increase	Projected salary increases of 4.5% per year compounded annually, inflation plus real increases; additional projected salary increases of 1% per year, attributable to seniority/merit, and
Cost of living adjustment	Post-retirement benefit increases based on changes in the Consumer Price Index to a maximum of 3% per year.

The Plan is comprised of defined contribution and defined benefit elements. In the defined contribution element, the Department matches employee contribution at \$1.10 for each \$1.00 of employee contribution. In the defined benefit element, the Plan's funding policy provides for periodic Department contribution at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay the defined benefits when due based upon a level percentage of payroll. Department contribution rates to the defined benefit element are determined using the entry-age normal actuarial funding method. The June 30, 2000 Surplus Actuarial Accrued Liability is amortized over the fifteen-year period commencing July 1, 2000. Any subsequent changes in Surplus or Unfunded Actuarial Accrued Liability are amortized over separate fifteen-year periods.

The Department contribution for the fiscal year ended June 30, 2001 was made in accordance with the contribution requirements determined through the actuarial valuations performed at June 30, 2000. The contribution rate is equal to the rate needed to satisfy the matching employer contribution.

**INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY  
STATEMENTS OF CONTRIBUTION ACCOUNTS AND ESTIMATED  
LIABILITY FOR RETIREMENT ALLOWANCES, SURVIVORS'  
OPTIONAL ALLOWANCES, AND FAMILY ALLOWANCES,  
STATEMENTS OF CHANGES IN CASH BALANCES, AND  
SCHEDULE OF REVENUE BY SOURCE AND EXPENSES**

The Board of Administration  
City of Los Angeles Water and Power  
Employees' Retirement, Disability, and  
Death Benefit Insurance Plan

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information contained on the schedules at Exhibits III through VII is presented for purposes of additional analysis. It is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audits of the financial statements taken as a whole and, in our opinion, the schedules present fairly the information therein in conformity with accounting principles generally accepted in the United States of America.

Los Angeles, California  
October 19, 2001

**CITY OF LOS ANGELES**  
**WATER AND POWER EMPLOYEES' RETIREMENT**  
**DISABILITY AND DEATH BENEFIT INSURANCE PLAN**

RETIREMENT FUND

STATEMENT OF CONTRIBUTION ACCOUNTS AND ESTIMATED LIABILITY FOR RETIREMENT ALLOWANCES  
For the Years Ended June 30, 2001 and 2000  
(Continued)

	RETIREMENT FUND							
	STATEMENT OF CONTRIBUTION ACCOUNTS AND ESTIMATED LIABILITY FOR RETIREMENT ALLOWANCES							
	For the Years Ended June 30, 2001 and 2000							
	Contribution Accounts							Est. Liabilities for Retirement Allowances
	Department of Water & Power					Members' Total	Combined Total	
	Current Service	Minimum Pensions	Cost-of-Living Adjustments	Continuance to Eligible Spouse	Dept. of Water & Power Total			
Balance at June 30, 1999	\$ 341,669,185	\$ (543,868,154)	\$ (155,396,263)	\$ 23,397,300	\$ (334,197,932)	\$ 353,416,668	\$ 19,218,736	\$ 3,181,086,569
Contributions received	28,667,906	-	-	-	28,667,906	26,128,536	54,796,442	-
Contributions refunded	(4,241,441)	-	-	-	(4,241,441)	(3,844,513)	(8,085,954)	-
Net contribution	<u>24,426,465</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,426,465</u>	<u>22,284,023</u>	<u>46,710,488</u>	<u>-</u>
Transfers from contribution accounts for retiring members	(9,207,442)	(33,823,065)	(20,522,249)	(1,983,065)	(65,535,821)	(9,867,146)	(75,402,967)	75,402,967
Installment payment from early retired employees	-	-	-	-	-	-	-	187,320
Transfers to / (from) reserve for retirement allowances (from) / to contribution accounts for actuarial adjustments	-	-	-	-	-	-	-	-
Retirement allowances paid	-	-	-	-	-	-	-	(271,559,094)
Transfers (to) / from general reserve	-	-	-	-	-	-	-	-
Interest at 8% per annum	27,943,563	(44,751,817)	(13,188,859)	1,798,358	(28,198,755)	28,727,996	529,241	267,114,067
Survivorship allowances reclassified from Death Benefit Fund	-	-	-	-	-	-	-	155,907,883
Balance at June 30, 2000	<u>384,831,771</u>	<u>(622,443,036)</u>	<u>(189,107,371)</u>	<u>23,212,593</u>	<u>(403,506,043)</u>	<u>394,561,541</u>	<u>(8,944,502)</u>	<u>3,408,139,712</u>
Contributions received	28,530,889	-	-	-	28,530,889	27,688,883	56,219,772	-
Contributions refunded	(2,767,671)	-	-	-	(2,767,671)	(2,874,071)	(5,641,742)	-
Net contributions	<u>25,763,218</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,763,218</u>	<u>24,814,812</u>	<u>50,578,030</u>	<u>-</u>
Transfers from contribution accounts for retiring members	(5,945,152)	(16,207,937)	(10,901,357)	(891,278)	(33,945,724)	(6,231,651)	(40,177,375)	40,177,375
Installment payment from early retired employees	-	-	-	-	-	-	-	124,181
Transfers to / (from) reserve for retirement allowances (from) / to contribution accounts for actuarial adjustments	-	-	-	-	-	-	-	-
Retirement allowances paid	-	-	-	-	-	-	-	(275,870,558)
Transfers (to) / from general reserve	-	-	-	-	-	-	-	-
Interest at 8% per annum	31,547,715	(50,629,868)	(15,671,919)	1,812,987	(32,941,085)	32,242,264	(698,821)	272,580,089
Balance at June 30, 2001	\$ <u>436,197,552</u>	\$ <u>(689,280,841)</u>	\$ <u>(215,680,647)</u>	\$ <u>24,134,302</u>	\$ <u>(444,629,634)</u>	\$ <u>445,386,966</u>	\$ <u>757,332</u>	\$ <u>3,445,150,799</u>

**CITY OF LOS ANGELES**  
**WATER AND POWER EMPLOYEES' RETIREMENT**  
**DISABILITY AND DEATH BENEFIT INSURANCE PLAN**

DEATH BENEFIT FUND – SURVIVORS OPTIONAL ALLOWANCES

STATEMENT OF CONTRIBUTION ACCOUNTS AND  
ESTIMATED LIABILITY FOR SURVIVORS' OPTIONAL ALLOWANCES  
For the Years Ended June 30, 2001 and 2000

	<u>Members</u>	<u>Department of Water &amp; Power</u>	<u>Combined Total</u>	<u>Estimated Liability for Survivors Optional Allowances</u>
Balances at June 30, 1999	\$ -	\$ 59,667,876	\$ 59,667,876	\$ 44,344,905
Survivorship allowances reclassified to Retirement Fund	-	(59,667,876)	(59,667,876)	(44,344,905)
Balance at June 30, 2000	0	0	0	0
Balance at June 30, 2001	\$ 0	\$ 0	\$ 0	\$ 0

**CITY OF LOS ANGELES**  
**WATER AND POWER EMPLOYEES' RETIREMENT**  
**DISABILITY AND DEATH BENEFIT INSURANCE PLAN**

DEATH BENEFIT FUND – FAMILY ALLOWANCES

STATEMENT OF CONTRIBUTION ACCOUNTS AND  
ESTIMATED LIABILITY FOR FAMILY ALLOWANCES  
For the Years Ended June 30, 2001 and 2000

	<u>Members</u>	<u>Department of Water &amp; Power</u>	<u>Combined Total</u>	<u>Estimated Liability for Family Allowances</u>
Balances at June 30, 1999	\$ 2,122,721	\$ 5,469,643	\$ 7,592,364	\$ 2,771,561
Contributions received	81,992	-	81,992	-
Transfers to estimated liability for family allowances from contribution accounts for members deceased during the Year	-	(295,684)	(295,684)	295,684
Family allowances paid	-	-	-	(300,754)
Interest transferred from general reserve at 8% per annum	173,297	426,968	600,265	221,522
Balances at June 30, 2000	2,378,010	5,600,927	7,978,937	2,988,013
Contributions received	83,148	-	83,148	-
Transfers to estimated liability for family allowances from contribution accounts for members deceased during the Year	-	(142,627)	(142,627)	142,627
Family allowances paid	-	-	-	(304,905)
Interest transferred from general reserve at 8% per annum	193,814	442,781	636,595	232,550
Balances at June 30, 2001	\$ 2,654,972	\$ 5,901,081	\$ 8,556,053	\$ 3,058,285

**CITY OF LOS ANGELES  
WATER AND POWER EMPLOYEES' RETIREMENT  
DISABILITY AND DEATH BENEFIT INSURANCE PLAN**

**ALL FUNDS**

**STATEMENT OF CHANGES IN CASH BALANCES  
For the Years Ended June 30, 1999 and 1998  
(Continued)**

	<u>Retirement Fund</u>		<u>Disability Fund</u>		<u>Death Benefit Fund</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
<i>Source of Cash:</i>						
Contributions from Department of Water & Power for:						
Current service (net of revisions during year)	\$ 25,763,218	\$ 24,426,465	\$ -	\$ -	\$ -	\$ -
Minimum pensions	-	-	-	-	-	-
Cost-of-living adjustments	-	-	-	-	-	-
Continuance to eligible spouse	-	-	-	-	-	-
Operating expenses	2,282,401	2,374,324	408,218	403,477	381,688	383,222
Disability and death benefits	-	-	1,713,378	2,721,570	3,969,127	4,719,795
Contributions from members (net of withdrawals)	24,814,812	22,284,023	354,298	340,373	260,303	252,310
Installment payment from early retired employees	124,181	187,320	-	-	-	-
Interest and dividends collected on investments	234,428,102	217,406,291	3,040,224	3,022,488	2,521,691	5,658,653
Decrease in investments (net)	-	1,722,010	851,612	-	-	-
Accounts receivable at beginning of year - collected during year	4,845,232	5,669,306	682,524	793,381	3,294,007	1,379,490
Deduct accounts receivable at end of year	(8,660,570)	(4,845,232)	(872,395)	(682,524)	(385,993)	(3,294,007)
Total Sources of Cash	<u>283,597,376</u>	<u>269,224,507</u>	<u>6,177,859</u>	<u>6,598,765</u>	<u>10,040,823</u>	<u>9,099,463</u>
<i>Uses of Cash:</i>						
Allowances and benefits to members or beneficiaries	275,870,558	271,559,094	5,771,826	5,281,872	6,428,134	6,233,917
Operating expenses	2,282,401	2,374,325	408,218	403,477	381,688	383,222
Increase in investments (net)	1,764,267	-	-	917,260	3,221,891	2,418,816
Accounts payable at beginning of year - paid during the year	8,163,842	3,470,403	32,859	29,885	69,758	152,858
Deduct accounts payable at end of year	(4,649,136)	(8,163,842)	(35,621)	(32,859)	(62,488)	(69,758)
Total Uses of Cash	<u>283,431,932</u>	<u>269,239,980</u>	<u>6,177,282</u>	<u>6,599,635</u>	<u>10,038,983</u>	<u>9,119,055</u>
<i>Increases (decreases) in cash during the year</i>	165,444	(15,473)	577	(870)	1,840	(19,592)
<i>Cash balances at beginning of year</i>	<u>70,135</u>	<u>85,608</u>	<u>818</u>	<u>1,688</u>	<u>2,271</u>	<u>21,863</u>
<i>Cash balances at end of year</i>	\$ <u>235,579</u>	\$ <u>70,135</u>	\$ <u>1,395</u>	\$ <u>818</u>	\$ <u>4,111</u>	\$ <u>2,271</u>

**CITY OF LOS ANGELES**  
**WATER AND POWER EMPLOYEES' RETIREMENT**  
**DISABILITY AND DEATH BENEFIT INSURANCE PLAN**

RETIREMENT FUND

REVENUES BY SOURCE AND EXPENSES BY TYPE

Revenues by Source

Fiscal Year	Members' Contributions	Department Contributions*	Investment Income**	Total
2001	\$ 27,688,883	\$ 30,813,290	\$ 235,096,893	\$ 293,599,066
2000	\$ 26,128,536	\$ 31,042,231	\$ 224,680,749	\$ 281,851,516
1999	\$ 24,781,774	\$ 68,848,769	\$ 205,607,813	\$ 299,238,356
1998	\$ 25,732,201	\$ 129,347,361	\$ 253,236,351	\$ 408,315,913
1997	\$ 22,061,056	\$ 107,559,632	\$ 211,293,953	\$ 340,914,641
1996	\$ 20,943,835	\$ 115,390,112	\$ 218,629,777	\$ 354,963,724
1995	\$ 22,258,209	\$ 146,830,695	\$ 208,557,506	\$ 377,646,410
1994	\$ 23,120,805	\$ 146,539,832	\$ 176,359,452	\$ 346,020,089
1993	\$ 21,413,453	\$ 141,928,866	\$ 140,313,351	\$ 303,655,670
1992	\$ 22,112,379	\$ 144,577,461	\$ 153,441,355	\$ 320,131,195

Expenses by Type

Fiscal Year	Benefits	Administrative Expenses***	Refunds****	Total
2001	\$ 275,870,558	\$ 2,282,401	\$ 5,641,742	\$ 283,794,701
2000	\$ 271,559,094	\$ 2,374,325	\$ 8,085,954	\$ 282,019,373
1999	\$ 254,253,462	\$ 2,660,477	\$ 17,374,946	\$ 274,288,885
1998	\$ 198,859,447	\$ 2,025,373	\$ 9,739,210	\$ 210,624,030
1997	\$ 196,142,682	\$ 2,030,872	\$ 7,148,793	\$ 205,322,347
1996	\$ 189,840,150	\$ 1,788,958	\$ 9,877,886	\$ 201,506,994
1995	\$ 163,261,490	\$ 1,831,603	\$ 7,404,815	\$ 172,497,908
1994	\$ 156,574,928	\$ 1,739,533	\$ 7,897,802	\$ 166,212,263
1993	\$ 149,067,870	\$ 1,732,224	\$ 6,137,472	\$ 156,937,566
1992	\$ 140,506,895	\$ 2,138,720	\$ 6,058,692	\$ 148,704,307

\* Represents Department contribution before reversions and includes contributions towards administrative expenses

\*\* Represents "booked" investment income and excludes "net appreciation in fair value of investment"

\*\*\* Represents investment and administrative expenses

\*\*\*\* Represents both refunds on members' contributions and reversions on Department contributions