

**1961
Annual Report**

BOARD OF PENSION COMMISSIONERS

**CITY OF LOS ANGELES
CALIFORNIA**



FOR THE FISCAL YEAR ENDED JUNE 30, 1961

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CITY OF LOS ANGELES



SAMUEL WM. YORTY
Mayor

LOS ANGELES CITY COUNCIL

EVERETT G. BURKHALTER
First District

ROSALIND WIENER WYMAN
Fifth District

EDWARD R. ROYBAL
Ninth District

JAMES HARVEY BROWN
Thirteenth District

C. LEMOINE BLANCHARD*
Second District

L. E. TIMBERLAKE
Sixth District

JOE HOLLINGSWORTH
Tenth District

JOHN C. HOLLAND*
Fourteenth District

TOM SHEPARD
Third District

ERNANI BERNARDI
Seventh District

KARL L. RUNDBERG*
Eleventh District

JOHN S. GIBSON, JR.
Fifteenth District

HAROLD A. HENRY
Fourth District

GORDON R. HAHN
Eighth District

RANSOM M. CALLICOTT
Twelfth District

*Member Police, Fire and Civil Defense Committee

**BOARD OF PENSION COMMISSIONERS
1960-61 ANNUAL REPORT**

January 4, 1962

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

Gentlemen:

Presented herewith is the annual report of the Board of Pension Commissioners for the fiscal year ended June 30, 1961. This report covers a period ending prior to the appointment of any of the present members of the Board, and is submitted in accordance with the provisions of Section 64 of the City Charter. It consists of financial statements, a narrative report from the Manager-Secretary, and the findings of the actuaries and auditors.

Your attention is called to the fact that the Pension Fund was reduced during the report year by some 3 million dollars, and that estimates for the ensuing 18 months indicate a further decrease of 7 million dollars because of possible adverse court judgments, and the fact that the funding program, adopted in 1959, does not yet provide revenues in excess of expenditures. Such estimates are conservative, and may require unfavorable revision as decisions are handed down in pending litigation.

Adding to the anticipated losses is the "cost-of-living" increase that was adopted at the May 31, 1961 municipal election, without specific provision for increased revenues to pay the 420 thousand dollars added annual cost. This cost will have to come from liquidation of bonds that, in the prevailing bond market, must be sold at a loss.

The Board of Pension Commissioners is presently formulating a program of inquiry and study of this Pension System's problems and it is expected that specific recommendations will be forthcoming during the 1961-62 fiscal year.

Respectfully submitted,
BOARD OF PENSION COMMISSIONERS



President



VINCENT J. BURKE
President



LEO J. ADELSTEIN, M.D.
Vice-President

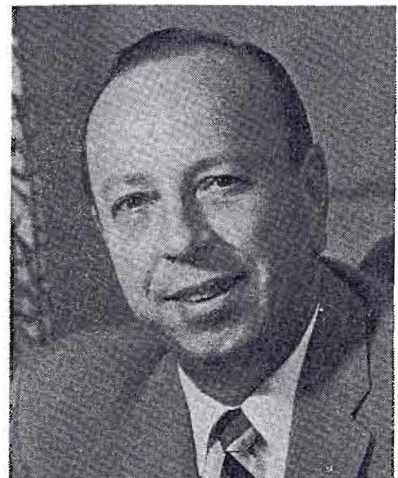
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HAROLD E. LEVITT



ARTHUR C. ELDRD



JOHN W. GIVENS

November 27, 1961

Board of Pension Commissioners
Room 1108, City Hall
Los Angeles 12, California

Gentlemen:

There is presented herewith the Manager's annual report on the affairs and operations of the Department of Pensions for the fiscal year ended June 30, 1961. Incorporated in this report are the statements of assets, liabilities, operations and fund capital obtained from the report of Peat, Marwick, Mitchell & Co., who were employed by the Board under contract to audit the financial position of the Department. In addition there is provided a summary report of the actuaries, Coates, Herfurth & England, who were also employed by the Board under contract to examine into the actuarial health of the Fire and Police Pension System as required by Section 186.1 of the City Charter.

FINANCIAL CONDITION

As may be noted from examination of the Balance Sheet, total assets of the Fire and Police Pension Fund suffered further erosion of more than \$3,000,000, for a net asset total at fiscal year end of \$11,100,628. This development took place partly because of increases in current pension payments, and partly because the new funding program, adopted by the voters on April 7, 1959, had not yet reached the point of supplying revenues in excess of expenditures. Such a break-even point is not expected to be reached until the 1962-1963 fiscal year. In such fiscal year, barring unexpected adverse Court judgments, pension income should exceed outgo, and this condition should continue to improve rapidly in succeeding fiscal years as the result of the 1959 provisions.

Under the new funding program, it was stipulated that for the 1959-1960 fiscal year there would be no contribution to the unfunded liability; that for the 1960-1961 fiscal year, the City would contribute one-tenth of that ultimately required on this liability on an annual basis; that for 1961-1962, the City would contribute two-tenths of that required annually; and that in subsequent years, the amount would increase by one-tenth each year, until for the eleventh through the fiftieth year of the program, the full amount needed to fund this liability would be paid in each year. During, and after, the 1962-1963 fiscal year this program should ensure that all costs are being met on a current basis and that the reserve fund may once more begin its growth, and its contribution toward lowering over-all pension costs.

During the past year, the increase in regular pension payments amounted to some \$1,100,000. In addition, approximately \$55,000 was paid out for retroactive claims. The balance of the excess expenditures may be attributed to the planned lag in the funding program described above. With total income not yet matching total expenditures, it was necessary to liquidate bonds from portfolio to meet requirements.

Further Bond Liquidation

During the year a total of \$3,459,000 par value of portfolio bonds were sold, with a net loss on such liquidation of \$916,050, and a realized net of \$2,542,950. These funds were utilized to meet necessary pension expenditures during the fiscal year, and to carry forward in short-term securities for pension expenditures required in the "dry period" of low tax receipts during July through November of the succeeding fiscal year.

At the beginning of this fiscal year, the Department's reserve for investment losses stood at \$852,915. As the result of the losses on liquidation, this account was wiped out, and the Department suffered an oper-

ating loss of \$63,135. The losses on investment liquidation, of course, are entirely the result of having to liquidate bonds, carrying 2½ to 3½% coupon rates, in a market where new bonds are sold with 4½ to 5% coupon rates. The low coupon bonds were purchased during the years when prevailing interest rates were in the 2½ to 3½% range.

Future Prospects

In the report for the prior fiscal year it was stated that estimates of future developments indicated the probability that fund assets would continue their decline to about \$6,000,000 during the fall months of 1962. The continued rise in pension expenditures, as described herein, gives reason to change that estimate of decline in fund assets to about \$4,000,000, even though the 1961-1962 fiscal year will see an increase in tax revenues of \$3,737,000. The reason is that anticipated losses from adverse judgments expected to be rendered by the Courts in pending litigation cases, plus resulting increases in pension expenditures, are expected to cause further erosion of the fund by about \$7,000,000. These estimates are subject to considerable revision in the light of actual experience, particularly in the event that the contentions in the Eaton case, reported on below, are upheld in the higher courts.

ACTUARIAL STATUS

The report of the actuaries is set forth beginning on Page 25 and shows that total actuarial liabilities of the System rose from \$459,681,700 as of June 30, 1960 to \$523,428,750. The valuation of the unfunded liability (the liability largely incurred between 1933 and 1959 when the System was not based on actuarial principles) rose from \$328,557,727 to a new total of \$380,971,613. These increases reflect the cost of living increase in disability pensions reported below, the increase in fluctuating pension amounts resulting from a salary increase to active members, and some growth in number of persons on active duty, and on retirement. The City's contribution rate for the 1962-1963 fiscal year for the "unfunded liability" is recommended to be 9.6%, while the recommended rate for "current service" remains at 11.6%, the same as for the past three years.

Eaton Report

Prior to the close of the fiscal year, there was received from the actuaries their report on the probable added cost to the System, and to the City of Los Angeles, in the event that higher Courts sustain the findings of the Superior Court in the case of Eaton et al vs. City of Los Angeles. This report was made on two bases:

1. On the assumption that there will be no increase in salaries of firemen and policemen for the entire period under study.
2. On the assumption that fireman and policeman salaries will continue to increase at an average rate of 3% per year, compounded.

The report advises that total additional actuarial liabilities, due only to the Eaton case, will amount under assumption #1 to \$70,219,297, while under assumption #2 these added liabilities will amount to \$304,755,894. In the case of both sets of figures, the retroactive cost alone is estimated to amount to \$35,535,805. The large retroactive amount is due principally to the so-called "Trust Fund Doctrine," which would permit claimants to avoid any statute of limitation, and thereby secure pension differences under the decision all the way back to the beginning of any difference. The large amount of future payments, resulting from the decision, arise from the finding that a 1947 amendment had the effect of re-creating fluctuating pensions for all those now retired on a fixed pension basis, and for all active members whenever they retire. At the end of the fiscal year this case was on appeal at the Appellate level in the Courts.

COST-OF-LIVING AMENDMENT

At the Municipal Election held May 31, 1961, the voters approved an amendment to the Charter provisions for this System, wherein a cost-of-living adjustment was adopted for service-connected disability pensioners, and for widows of service-connected disability pensioners or of men who suffered service-connected deaths.

This amendment became applicable for pension payments beginning July 1, 1961. By terms of the amendment, 622 pensioners had their pensions increased in an amount determined by the ratio which the Los Angeles Consumers Price Index, of the U. S. Bureau of Labor Statistics, for the base period ending July, 1960, bore to the Index for the base period in which retirement or death took place. The amount of pension increase varied from less than \$2.00 to more than \$200.00 per month depending upon the date of retirement; the average increase amounted to approximately \$50.00.

This change marks the first time that pensions for retired members of the System have been increased by specific amendment to the System.

MEMBERSHIP

As of June 30, 1961, there were 3,113 firemen and 4,711 policemen as members of the system including members on leave of absence without pay, members on military leave and members on suspension. The following statement presents an analysis of the length of service of such members:

	Fire	Police	Total
25 year Members			
Men with less than 5 years	764	914	1,678
With less than 10 years	439	594	1,033
With less than 20 years	1,430	2,881	4,311
With 20 years service and over	456	283	739
On Military Leave (Eligibility dates not counted)	6	11	17
20 Year Members			
Men eligible to retire	18	28	46
TOTAL	3,113	4,711	7,824

Analysis of Membership

The following schedule presents an analysis of the changes in membership of both Fire and Police Departments during the last five fiscal years:

	1960-61	1959-60	1958-59	1957-58	1956-57
Total Membership July 1st	7,725	7,606	7,469	7,259	7,070
On Leave or Suspension	17	18	22	11	10
On Military Leave	40	49	50	52	53
	7,668	7,539	7,397	7,196	7,007
Additions:					
New Appointments	391	372	385	452	394
Reappointments	15	4	10	5	5
Restorations	5*	3*	4*	5*	4*
Returned from Leave or Susp.	147	169	127	120	136
Restored from Military Leave	9	10	10	10	16
Discontinued on Military Leave	22	10	4	1	1
	8,257	8,107	7,937	7,789	7,563

Withdrawals:					
Service retirements	78	70	70	51	50
Disability retirements	83	63	65	58	35
Resigned	124**	92**	78	86	90**
Discharged	13	18	28	36	23
Deaths	14	17	21	21***	16
Leaves or suspensions	151	168	123	131	137
Military leaves granted	8	11	13	9	16
Active Membership—June 30th .	7,786	7,668	7,539	7,397	7,196
On Leave or Suspension	21	17	18	22	11
On Military Leave	17	40	49	50	52
Total Membership—June 30th ...	7,824	7,725	7,606	7,469	7,259

*Includes 2 disabilities granted after resignation and/or discharge in '56-57; 3 in '57-58; 3 in '58-59; 1 in '59-60 and 3 in '60-61.

**Includes 1 on military leave '56-57; 10 in '59-60 and 22 in '60-61.

***Includes 1 death on military leave.

Appointed Fiscal Year 1960-1961

During the course of the year 408 members were appointed and became members of the system. 274 or 67% of such members were married at the date of entrance. Fifteen of such members were re-appointees with an average age of 27. Two were restored from disability pension and were above the age of 30. Of the 408 original appointees the median age was 24, the mode 21 and the average was 24.

ELIGIBILITY

There were as of June 30, 1961, 785 members eligible to retire. Forty-six of these members were 20-year members and 739 were 25-year members. The following schedule shows the number of members eligible to retire at the end of each fiscal year as indicated:

	Fire	Police	Total
1943-1944	218	138	356
1944-1945	312	340	652
1945-1946	310	312	622
1946-1947	290	270	560
1947-1948	256	234	490
1948-1949	240	215	455
1949-1950	392	367	759
1950-1951	353	341	694
1951-1952	350	316	666
1952-1953	390	300	690
1953-1954	365	266	631
1954-1955	347	218	565
1955-1956	368	192	560
1956-1957	428	304	732
1957-1958	428	331	759
1958-1959	392	306	698
1959-1960	353	265	618
1960-1961	474	311	785

During the fiscal year 1961-1962, 484 twenty-five year members will become eligible if their service is continuous, 178 of these members are firemen and 306 are policemen.

Years of Service	20-Year Members		25-Year Members		Total
	Fire	Police	Fire	Police	
20	---	---	155	82	237
21	---	---	1	0	1
22	---	---	8	11	19
23	---	---	26	38	64
24	---	---	73	79	152
25	---	---	44	7	51
26	---	---	25	2	27
27	---	---	5	2	7
28	---	---	37	11	48
29	---	---	16	4	20
30	---	---	6	4	10
31	---	---	18	16	34
32	---	---	35	9	44
33	---	---	3	14	17
34	1	---	4	4	9
35	3	8	---	---	11
36	6	12	---	---	18
37	5	3	---	---	8
38	1	3	---	---	4
39	1	1	---	---	2
45	---	1	---	---	1
46	1	---	---	---	1
TOTAL	18	28	456	283	739

MILITARY LEAVES

On June 30, 1960, there were 40 members on military leave. The following schedule indicates the operation of military leave authorization during the fiscal year 1960-1961:

On Leave June 30, 1960	40
Granted during 1960-1961	8
	<hr/>
	48
Restored—Now Active	9
Resigned on Military Leave	22
	<hr/>
On Leave June 30, 1961	17

All of the 17 members on military leave are twenty-five year members. Eleven of these members have less than five years' service, one has exactly five years' service and five have more than five years' service. It is noted that these members on military leave do not receive credit in the pension system for such service subsequent to June 25, 1955, but they are protected in seniority in the positions from which they were granted military leave.

PENSION ROLL CHANGES

On July 1, 1960, 25 applications were pending. During the course of the fiscal year 289 additional petitions were received. Of the total 314 petitions, 253 were granted, 15 denied and 2 withdrawn, leaving 44 pending as of June 30, 1961. The details of the pensions granted and terminated during the course of the fiscal year period are as follows:

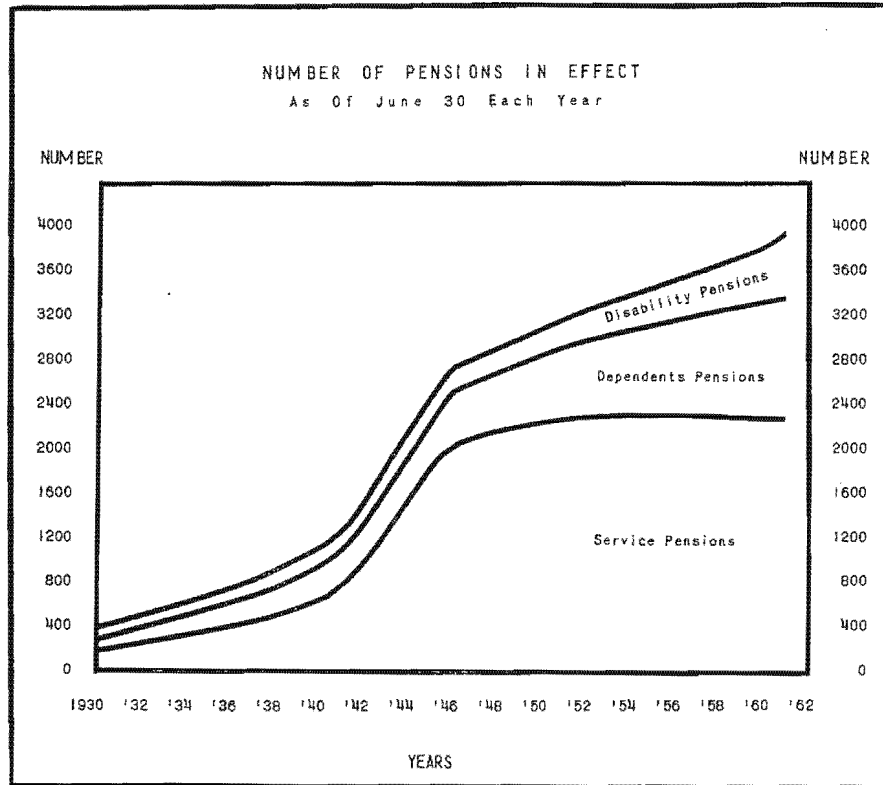
	20 Yr. Serv.	20-25 Years Serv.	Serv. Disa.	Non- Serv. Disa.	Serv. Widows	Non- Serv. Widows	Serv. Depts.	Non- Serv. Depts.	Total
Balance 7-1-60	1847	435	435	86	957	43	23	14	3840
Granted	13	65	67	16	77	6	2	4	250
Reinstated	---	---	---	---	3	---	---	---	3
Deaths	68	6	13	2	22	1	---	---	112
Remarriage	---	---	---	---	3	3	---	---	6
Discontinued	---	---	---	---	---	---	1	1	2
Restored to Duty	---	---	2	---	---	---	---	---	2
Withdrawn	---	2*	---	---	---	---	---	---	2*
Decreased	---	---	34*	---	13*	4*	---	---	51*
Increased	---	---	8*	---	---	---	---	---	8*
Denied	---	---	---	2*	13*	---	---	---	15*
	1792	494	487	100	1012	45	24	17	3971

*Statistical—these figures do not affect pension roll.

PENSIONS IN EFFECT — 1930 TO DATE

The accompanying chart illustrates the changing relationship of the different classifications of pensions in effect at year end for each fiscal year, 1930 to date. The lower line on the chart traces the number of service pensions from year to year, while the intermediate line shows the additive effect of dependent pensions, principally widows. The top line records the total number of pensions, including the additive effect of disability pensions.

During the year, service pensions remained virtually unchanged, increasing only two-tenths of one percent (2282 to 2286). Dependent pensions for the year went up by six percent (1037 to 1098). Disability pensions show the greatest increase, with a rise of thirteen percent (521 to 587).



PENSIONS CLASSIFIED BY AMOUNTS

The following schedule shows the classification of pensions paid by number of pensioners in \$20.00 brackets up to the monthly amount of \$650.00 and also the average pension being paid in each classification:

Amounts	Service	Disability	Widows	Minors	Dependents	Total
70- 89	---	2	8	---	1	11
90-109	12	9	97	1	---	119
110-129	95	24	62	2	---	183
130-149	86	47	26	11	---	170
150-169	73	32	36	2	---	143
170-189	59	53	30	6	---	148
190-209	71	28	20	5	---	124
210-229	61	43	27	3	---	134
230-249	43	36	20	3	---	102
250-269	51	22	15	---	---	88
270-289	30	23	13	---	---	66
290-309	27	35	13	---	---	75
310-329	683	32	328	4	2	1,049
330-349	228	25	144	---	---	397
350-369	98	24	4	---	---	126
370-389	177	39	149	1	---	366
390-409	107	38	4	---	---	149
410-429	132	11	3	---	---	146
430-449	29	33	---	---	---	62
450-469	61	9	---	---	---	70
470-489	29	8	33	---	---	70
490-509	55	5	---	---	---	60
510-529	6	---	---	---	---	6
530-549	9	2	---	---	---	11
550-569	5	4	---	---	---	9
570-589	2	1	15	---	---	18
590-609	4	1	---	---	---	5
610-629	22	---	---	---	---	22
630-649	2	---	---	---	---	2
650 or over	29	1	10	---	---	40
Average Pension	2,286	587	1,057	38	3	3,971
Pension	324.05	279.34	286.34	195.41	237.47	306.10

The over-all average of \$306.10 compares with an average for the prior fiscal year of \$304.34. This small increase is principally due to the increased number of disability pensioners. The averages and numbers of fluctuating pensions only is reported as follows:

	Service	Disability	Widows	Minors	Dependents	Total
Average Pension	1,587	18	666	4	2	2,277
Pension	373.20	324.06	351.82	328.56	312.25	366.42

The total of 2,277 fluctuating pensioners represents a net decrease of 19 during the fiscal year.

AGES OF PENSIONERS

The following is an analysis of the ages of all pensioners at the close of June 30, 1961:

Ages	Service	Disability	Widows	Minors	Dependents	Total
0- 18	---	---	---	38	---	38
20- 25	---	---	2	---	---	2
25- 30	---	5	2	---	---	7
30- 35	---	15	12	---	---	27
35- 40	---	108	18	---	---	126
40- 45	11	109	25	---	---	145
45- 50	45	69	46	---	---	160
50- 55	95	73	87	---	---	255
55- 60	283	37	174	---	---	494
60- 65	809	97	220	---	---	1,126
65- 70	594	40	194	---	---	828
70- 75	313	16	131	---	---	460
75- 80	99	13	89	---	2	203
80- 85	27	4	38	---	---	69
85- 90	9	1	14	---	---	24
90- 95	1	---	5	---	---	6
95-100	---	---	---	---	1	1
	<u>2,286</u>	<u>587</u>	<u>1,057</u>	<u>38</u>	<u>3</u>	<u>3,971</u>
Average Age	64	50	63	12	84	

SERVICE PENSIONS

Pensions Granted

A total of seventy-eight members of the Fire and Police Departments retired upon service pension during the fiscal year ended June 30, 1961 as follows:

Fire

Arthur R. Baersch
Henry J. Brown
William R. Carr
Charles H. Clark
Gordon G. Davis
Lester A. Dowdall
William H. Earley
Leonard Eggleston
Hugh V. Elliott
Homer L. Hall
A. L. Hartsfield, Jr.
Earl Johnson

Robert A. Joyce
Arthur W. Kelly
John R. Long
Alton T. Marshall
John T. Martin
John A. Maxfield
Robert McCormick
Harry J. Miller
Maxwell E. Nelson
Leland F. Norton
John T. Palmer
Louis C. Picinich

Alfred M. Reed
John H. Rucker
Henry S. Shively
Samuel H. Shockley
Alfred J. Spaeter
Walter J. Stokes
Charles K. Sumner
Wilber A. Sweeters
Edward S. Taylor
Frederick Winegar

Police

Furman F. Anderson
Robert R. Beck
Harold W. Berg
Raymond D. Boring
Edwin O. Both
Billie B. Brower
Francis M. Burch
Eugene V. Burns
Roye R. Christopher
Orville Clutterham
Fred G. Collani
Fernando J. Collins
Harold V. Cooper
Albert L. Damron
L. M. Deinert

Jerry DeVine
Edward H. Drager
Fred F. Earl
Nathan E. Finn
Robert D. Frary
Abraham R. Golden
G. Bruce Gourley
Arthur C. Hohmann
Elmer V. Jackson
Daniel C. McCauley
Joseph F. Meade
Earl P. Mooradian
Marvin D. Moran
Voris A. Newstetter
Chas. M. O'Connor, Jr.

John J. O'Mara
John C. Passons
Clyde A. Peters
Delbert T. Phegley
Mario A. Pozzo
Walter Redepenning
Verne Schlotzhauer
Adam M. Sheets
Herbert A. Splaine
Wayman E. Stanley
Raymond J. Taggart
Louis P. Walter
Arthur E. Winter
Clarence W. Young

Pensions Discontinued

During the course of the fiscal year a total of seventy-four service pensions were discontinued on account of death. The following is a list of the names of those individuals:

Fire

Hans E. Anderson	Joe L. Kelly	Thomas E. Stockton
John H. Anderson	Levi P. Magill	Harry C. Taber
Louis G. Berger	David Main	Elbert Taylor
Edmond Burke	James Marietich	Horace Thomas
Lawrence J. Clarke	Donald T. McDonald	Frank E. Tuttle
Arthur W. Dominguez	Frank R. McNeil	Walter F. Unfried
Edward R. Dunn	George H. Nichols	Henry C. VanKeuren
William H. Earley	Robert L. Phipps	Lloyd H. Wade
Scott F. Edwards	Victor R. Powell	Thomas Y. Weinell
Roy L. Finn	Peter F. Rowe	Frank E. Winkler
Harry M. Frum	George A. Smith	Palmer J. Zehner.
Alex H. Hatfield	Robert F. Smith	
Marvin C. Johnson	Daniel W. Stagg	

Police

Archie G. Allum	Curtis D. Goodman	Charles M. Pitts
Frank Armstrong	Harry C. Hickok	John A. Pyon
Roy E. Bergeson	Clemence B. Horrall	Martin T. Rouse
James N. Bligh	Grandon H. Kellogg	William J. Saager
Clarence E. Clarke	John G. Landers	William C. Shannon
David P. Connelly	William B. Lincoln	Alonzo B. Stewart
Thomas M. Danaher	George Littlejohn	William A. Thompson
Jerry DeVine	Hugh C. Lomax	Francis A. Whaling
Vernon C. Dillingham	Elmer C. Maxell	Arthur J. White
Henry M. Dunn	Charles M. McBride	George W. Winget
Rufus H. Edwards	Guy D. Millam	Henry T. Young
F. Florentin	Alvin Nelson	
William W. Foster	Thomas K. Parry	

These individuals were on the pension rolls an average of 17 years although the range of life after retirement varied from three months to thirty-five years.

Service Retirements by Years

The total number of members who have retired upon service pension is presented by departments for the last twelve fiscal years in the following statement:

	F I R E		P O L I C E		Total
	20 Year	20-25 Year	20 Year	20-25 Year	
1949-1950	23	12	35	30	100
1950-1951	24	27	30	27	108
1951-1952	17	11	20	23	71
1952-1953	9	15	9	28	61
1953-1954	13	14	9	21	57
1954-1955	23	22	22	25	92
1955-1956	19	12	20	18	69
1956-1957	6	12	6	26	50
1957-1958	12	13	4	22	51
1958-1959	22	13	5	30	70
1959-1960	20	16	5	29	70
1960-1961	9	25	4	40	78

DISABILITY PENSIONS**Pensions Granted**

A total of eighty-three members of the Fire and Police Departments were granted disability pensions during the fiscal year ended June 30, 1961 as follows:

Fire

Chas. W. Anderson	Murrell J. Evans	Steven R. Lewis
Richard H. Blast	Melvin D. Flamm	Julius Mosley, Jr.
Leonard L. Bice	Thomas B. Fuller	Ernest F. Peterson
Carl E. Brush	Thomas M. Gill	Arthur L. Price
David E. Callender	Hedrick W. Harris	C. L. Pritchett
Leland C. Davidson	Theodore L. Jones	Donald L. Proctor
E. H. Elchenberger	William H. Keller	

Police

Pete A. Alberico	Effie L. Gibbons	Thomas C. Myers
Malcolm Alexander	Harry Gregory	Robert L. Nisbett
Francis B. Aungst	William J. Griffin	Robert G. Nolan
Edward R. Barrett	Elmer V. Gardiner	Richard L. O'Connell
Theodore G. Benglen	Julius J. Grossman	Maurice D. O'Connor
Robert H. Bergman	Edwin O. Hall	Marilyn G. Owen
William Bottorff	Kenneth I. Harris	Richard G. Perea
Earl A. Brunner	Edward F. Helm	Charles E. Pierson
Walter R. Buchanan	Floyd H. Johnson	Robert D. Phillips
Charles Burgin, Jr	Wendell B. Johnson	Loy L. Rackley
Clarence C. Carroll	Paul C. Labbee	William T. Sandefur
Bernard G. Casper	Lloyd L. Lane	T. K. Shannon, Jr.
Gaylord A. Chrichton	John B. Leland	Carl Soderquist
A. Christopherson	Joseph A. Letterman	Warren Stanfield
Victor R. Cochran	A. J. Linahan, Jr.	George W. Stockley
William F. Coleman	Gerda M. MacGregor	James R. Swann
Josephine Collier	John F. March	Knox E. Weaver
Joe M. Cuellar, Jr.	Jack I. Massey	George S. Westcott
Byron S. Diller	Dennis S. McCarthy	Glen P. White
Benjamin H. Dries	Griffin R. McKay	George D. Woodard
Percy W. Fenton	Frederick H. Miller	Roger C. Young

Pensions Discontinued

Seventeen disability pensions were discontinued on account of death or restoration to active duty from disability pension during the current fiscal year and the names of such individuals are listed as follows:

Fire

Noah W. Albright	Ernest E. Leisure
Frank Bryan	George E. Lewis
Sam Diannitto, Jr*	Gordon F. Saunders*
Everett C. Droubay	Conrad J. Webb
George W. Glascock	Harry L. Wood
Harold Kashare	

Police

F. M. Dyke	Robert H. Malone
Henry L. Evans	Howard B. Rich
Floyd H. Johnson	Charles S. Young

***Restorations**

Particular notice may be taken in respect to former policeman F. M. Dyke. After 16 years of service, Mr. Dyke was granted a disability pension in 1909. His death occurred a few months prior to his 100th birthday.

Disability Retirements by Years

The total number of members retiring upon disability pension is represented by departments for the last twelve fiscal years in the following statement:

	F I R E		P O L I C E		Total
	Service	Non-Service	Service	Non-Service	
1949-1950	13	---	14	9	36
1950-1951	8	1	17	2	28
1951-1952	11	1	16	4	32
1952-1953	15	3	17	2	37
1953-1954	7	1	13	3	24
1954-1955	10	7	14	3	34
1955-1956	7	3	9	6	25
1956-1957	8	2	14	11	35
1957-1958	16	1	29	12	58
1958-1959	23	1	33	8	65
1959-1960	9	2	47	5	63
1960-1961	15	5	52	11	83

Analysis of Rates

There are 487 service-connected disability pensions and 100 non-service-connected disability pensions classified by rates in the following schedule as of June 30, 1961:

Rate	Fire	Police	Total
40%	28	74	102
50%	43	59	102
55%	15	28	43
57½%	1	---	1
60%	26	46	72
65%	56	116	172
66½%	1	---	1
70%	3	12	15
75%	14	44	58
80%	1	4	5
85%	2	4	6
90%	3	7	10
TOTAL	193	394	587

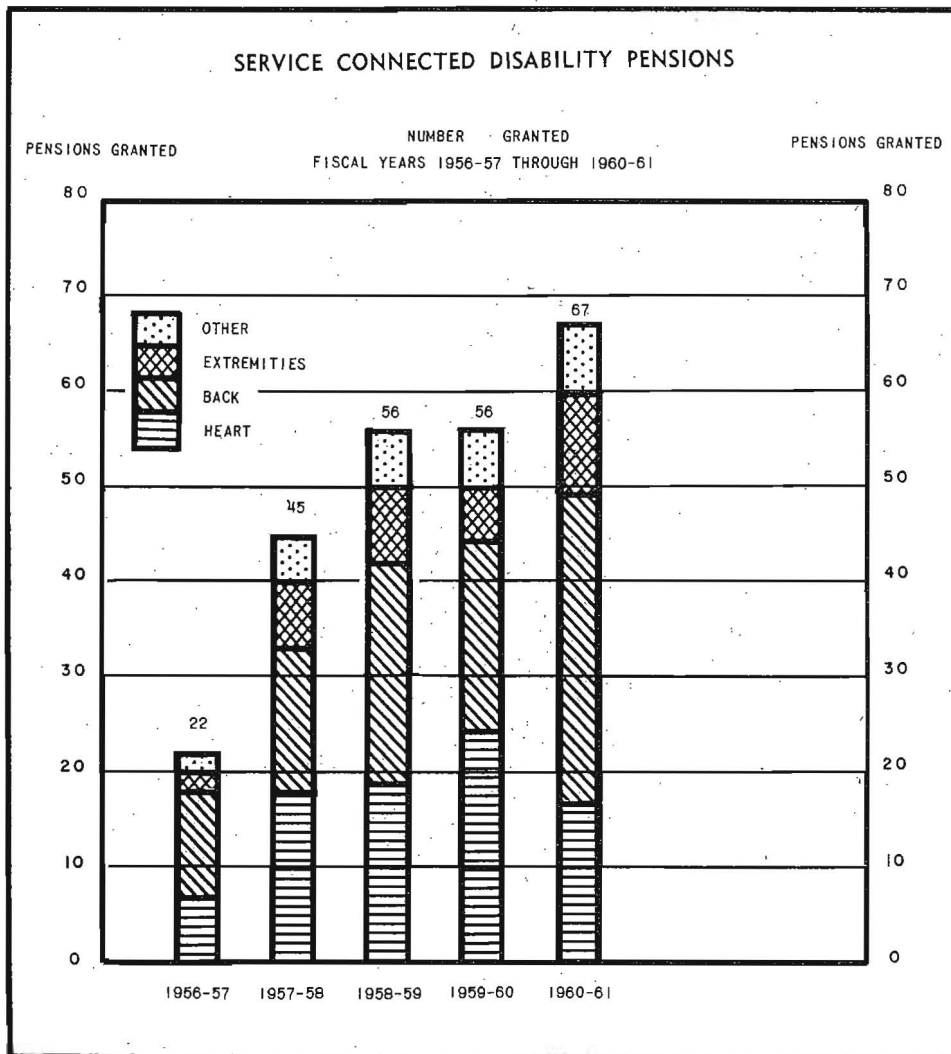
Analysis of Disability Pensioners by Age

Age	Fire	Police	Total
25-29	1	4	5
30-34	7	8	15
35-39	19	89	108
40-44	20	89	109
45-49	26	43	69
50-54	27	46	73
55-59	26	11	37
60-64	40	57	97
65-69	12	28	40
70-74	7	9	16
75-79	5	8	13
80-84	2	2	4
85-89	1	---	1
TOTAL	193	394	587
Average Age	53	49	50

Disability Pensions Resume Rise

The accompanying chart illustrates the continuance of the high level of service-connected disability pensions arising under this System, with another increase this past year in new disability pensions.

As indicated in the chart, heart cases decreased markedly, from 24 to 17. However, back cases rose from 20 to 32 and disabilities affecting the extremities rose from 5 to 11 cases. Overall, there were 11 more service-connected disability pensions granted than there were in each of the two prior fiscal years, and more than three times the number granted in 1956-57.





LITIGATION

ACKER)
AHRENS)
ARMSTRONG) vs. City of Los Angeles, etc., et al.
CASSELBERRY)
HENRY)

These cases came on for trial on November 16, 1959 and were decided by the trial court during the last fiscal year.

In **Acker** and **Casselberry**, the court determined the issues of longevity pay and merit pay in accordance with the decision of the District Court of Appeal in **Abbott vs. City of Los Angeles, etc., et al**, 178 Cal. App. 2d 204 (hereinafter referred to merely as "**Abbott**"), and judgments were entered in favor of plaintiffs, who were already receiving fluctuating pensions, for the accrued difference between the total amount which each had received, excluding longevity pay or merit pay, and the total amount which each should have received, including such pay, from six months prior to the filing of their claims therefor and not, as contended by them, from three years prior thereto. Said judgments were paid and satisfactions thereof filed of record. The court also determined that the widow of each member plaintiff would, upon his death, be entitled to a fluctuating pension if married to him for at least one year prior to his death, as was provided prior to July 1, 1925, and that the change effective as of said date requiring the widow to be married for at least one year prior to the retirement of the member is invalid and unconstitutional as to plaintiffs. Plaintiffs have appealed from the portions of the judgments which limited their recovery of such difference from six months, rather than three years, prior to the filing of their claims and defendants have appealed from the portions of the judgments which determined that each member plaintiff's widow, upon his death, would be entitled to a pension if married to him for at least one year prior to his death instead of for at least one year prior to his retirement. As of the close of the fiscal year, plaintiffs and defendants had filed their opening briefs upon their respective appeals.

In **Henry**, neither longevity pay nor merit pay was an issue because the salary of the position held by plaintiff, who was not a regular fireman, was provided in a different salary ordinance containing no provision therefor. The court decided, in accordance with the decision in **Abbott**, that plaintiff, because he retired upon the basis of the highest salary then attached to his position, is entitled to have his fluctuating pension, which he was already receiving, calculated upon the highest salary now attached to the position and judgment was entered in his favor for the accrued difference between that which he had received and that which he should have received from three years prior to the filing of his complaint. Defendants have paid only the portion thereof applicable to the recovery of such difference from six months prior to the filing of this claim and a partial satisfaction thereof was filed of record. Defendants have appealed from the portion of said judgment which holds that plaintiff is entitled to recover for a longer period than that for which defendants paid him and also from that portion thereof which makes the same determination as to the pension rights of plaintiff's widow, upon his death, as was made in **Acker** and **Casselberry**. As of the close of the fiscal year, defendants had filed their opening brief on appeal.

In **Armstrong**, the determinations of the court are too numerous to herein explain in full. However, its major determinations are: that, as was decided in **Abbott**, plaintiffs who had breaks in service or who were appointed subsequent to July 1, 1925 upon the consolidation of the City of Venice or the City of Watts with the City of Los Angeles are not entitled

to fluctuating pensions; that some of said plaintiffs are entitled to fixed pensions based upon the salary attached to the rank held one year prior to the date of retirement should they be greater than those which they have been receiving; that some of said plaintiffs are entitled to fixed pensions based upon the salaries in effect at date of retirement for the average ranks held by them during the three years immediately preceding such date should they be greater than those which they have been receiving or those based upon the salary attached to the rank held one year prior to the date of retirement; that widows who are plaintiffs are entitled to fluctuating pensions and are not estopped from claiming the same because they applied for and accepted greater fixed pensions than 50% by reason of there being minor children of deceased members; that such widows were and are entitled to the additional benefits provided for minor children; and that the widow's basic pension of 50% fluctuates but that any additional percentage for minor children is upon a fixed basis. The money portion of the judgment has not been paid. Plaintiffs and defendants both have appealed from all portions of the judgment which are adverse to them, respectively. As of the close of the fiscal year, defendants had filed their opening brief on appeal whereas plaintiffs had not.

In **Ahrens**, the court determined: that plaintiffs are entitled to fluctuating pensions and are not estopped from claiming the same because they or the deceased husbands of the widows plaintiff applied for and accepted greater fixed service-connected disability pensions than 50%; that the member plaintiffs were and are and the deceased husbands of the widows plaintiff were entitled to the additional disability benefits in excess of 50%; that the first 50% of such disability pensions fluctuates but that any additional percentage thereof is upon a fixed basis; and that one such plaintiff was a member of the Police Department for the purposes of vested pension rights even though he, on July 1, 1925, had only an emergency appointment as a policeman rather than a permanent one. Plaintiffs and defendants both have appealed from all portions of the judgment which are adverse to them, respectively. As of the close of the fiscal year, plaintiffs and defendants had filed their opening appeal briefs upon their respective appeals.

COTTAM vs. City of Los Angeles, etc., et al.

As of the beginning of the fiscal year, this case was in the District Court of Appeal on defendants' appeal from a judgment to the effect that plaintiff, whose widow's pension was terminated upon her remarriage, was entitled to the reinstatement of her pension as a result of the annulment of such marriage. On September 12, 1960, said Court affirmed the judgment and did so primarily upon the ground that defendants had not attacked the evidentiary matter upon which plaintiff's decree of annulment was based. Defendants could not have attacked the same because such matter fully supported said decree. In view thereof, defendants took no further steps in the proceeding and reinstated plaintiff's pension in accordance with the judgment.

CLARK vs. City of Los Angeles, etc., et al.

As of the beginning of the fiscal year, this case was in the District Court of Appeal on defendants' appeal from a judgment to the effect that plaintiff, whose widow's pension was terminated upon her remarriage, was entitled to the reinstatement of her pension as a result of the annulment of such marriage. Differently than in **Cottam**, defendants, upon the trial of the action, attacked the evidentiary matter upon which plaintiff's decree of annulment was based upon the ground that such matter did not establish that she was entitled to said decree but, at the very most, established that she was entitled to only a decree of divorce. On December 29, 1960, the District Court of Appeal affirmed the judgment and, by its de-

cision, determined that such evidentiary matter did establish that plaintiff was entitled to her annulment decree. Defendants' petition for rehearing in said court was denied on January 25, 1961 and their petition for hearing in the Supreme Court was denied on February 21, 1961 and, therefore, defendants reinstated plaintiff's pension in accordance with the judgment.

EATON vs. City of Los Angeles, etc., et al.

Plaintiffs in this proceeding were appointed subsequent to July 1, 1925 and prior to January 17, 1927 and, upon the trial thereof, contended: that they are entitled to fluctuating pensions on the ground that the July 1, 1925 change from fluctuating to fixed pensions is invalid and unconstitutional as to them; that they, if not entitled to fluctuating pensions, are entitled to fixed pensions based upon the salary attached to the rank held one year prior to date of retirement should they be greater than those which they have been receiving or, in the alternative, to fixed pensions based upon the salary at the date of retirement of the average ranks held during the three years immediately preceding such date should they be greater than either of the others; and that the pension fund is a trust fund to which statutes of limitation and city charter claims provisions do not apply and that, therefore, they are entitled to recover, from date of retirement, any difference between the pensions which it may be determined they are entitled to and the pensions which they have been receiving. The trial court rendered judgment to the effect: that the July 1, 1925 change from fluctuating to fixed pensions is valid and constitutional as to plaintiffs and that they are not entitled to fluctuating pensions under the pension provisions as they existed prior to said date; that plaintiffs have been entitled, from date of retirement to June 16, 1947, to fixed pensions based upon the salary attached to the rank held one year prior to date of retirement should they be greater than those which they have been receiving; that the June 16, 1947 change in the language of Section 181 of the City Charter created fluctuating pensions and that plaintiffs have been entitled, since said date, to fluctuating pensions based upon the current salary, as it may change from time to time, of the average ranks held during the three years immediately preceding date of retirement; that the pension fund is a trust fund to which statutes of limitation and city charter claims provisions do not apply and that, therefore, plaintiffs are entitled to recover, from date of retirement, the difference between the pensions which the court determined they have been entitled to and those which they have been receiving; and that, upon the death of any plaintiff, his widow shall be entitled to the same fluctuating pension as her deceased husband by reason of the same change having been made in the language of Section 183 of the City Charter on June 16, 1947 as was made in Section 181 thereof. It is to be noted that plaintiffs never contended that they are or that their widows would be entitled to fluctuating pensions by reason of the June 16, 1947 change in the language of Section 181 and Section 183 of the City Charter, respectively, but merely contended that, by reason thereof, they would be entitled to greater fixed pensions. As of the close of the fiscal year, the case is in the District Court of Appeal on defendants' appeal from all portions of the judgment which are adverse to them.

FARNELL vs. City of Los Angeles, etc., et al.

Plaintiffs in this case, commenced in 1957, seek a refund of salary deductions paid into the pension fund. The case, however, was not at issue as of the close of the fiscal year.

MORRIS, vs. City of Los Angeles, etc., et al.

Plaintiff in this case, commenced in 1958, seeks a refund of salary deductions paid into the pension fund. The case, however, was not at issue as of the close of the fiscal year.

JONES vs. City of Los Angeles, etc., et al.

In this case, commenced prior to this fiscal year, plaintiff, a discharged policeman, seeks to compel defendants to pay him a disability pension, his application therefor having been denied by the Board prior to his bringing suit. As of the close of the fiscal year, the case had not been set for trial.

ATWELL)
BOWERS) vs. City of Los Angeles, etc., et al.
CASEY)

These cases were commenced prior to this fiscal year. The plaintiffs in **Atwell** are retired members who were appointed prior to July 1, 1925 and the plaintiffs in **Bowers** and **Casey** are widows of deceased members who were appointed prior thereto.

In **Atwell**, the trial court rendered judgment to the effect that, upon plaintiffs' deaths, their widows will be entitled to pensions if they were married to plaintiffs for at least one year prior to date of death, as was provided prior to July 1, 1925, and that the change effective as of said date requiring widows to have been married for at least one year prior to date of retirement is invalid and unconstitutional as to plaintiffs.

In **Bowers** and **Casey**, said court rendered judgments to the effect that plaintiffs, all of whom were married to their deceased husbands after their retirements but for at least one year prior to date of death, are entitled to pensions because the July 1, 1925 change mentioned in **Atwell** is invalid and unconstitutional as to their deceased husbands.

Defendants have appealed from said judgments and, as of the close of the fiscal year, had filed their opening briefs on appeal.

MURDY vs. City of Los Angeles, etc., et al.

In this case, the trial court rendered judgment to the effect that plaintiffs are entitled, under the provisions of the Military and Veterans Code, to credit toward retirement for the time served by them in the armed forces during 1957 and 1958. The court rejected defendants' contention that the provisions of Section 17 of the City Charter are controlling and that plaintiffs are not thereunder entitled to such credit since their service in the armed forces was subsequent to June 25, 1955 and not during time of war. Defendants have appealed from said judgment and, as of the close of the fiscal year, defendants' opening brief on appeal and plaintiffs' answering brief on appeal had been filed.

PETERSEN vs. City of Los Angeles, etc., et al.

In this proceeding, commenced during the fiscal year, the trial court rendered judgment in favor of respondents denying the Petition of petitioner, a discharged policeman, for a peremptory Writ of Mandate to compel the Board of Pension Commissioners to grant him a disability pension upon his application therefor which had been denied by the Board. As of the close of the fiscal year, petitioner had not appealed from the judgment.

WATERFORD vs. City of Los Angeles, etc., et al.

In this case, commenced during the fiscal year, plaintiffs, who are disability pensioners receiving fixed pensions or widows of deceased disability pensioners receiving fixed pensions, contend that they, since the effective dates of their respective pensions, have been, now are and in the future will be entitled to fluctuating pensions and seek recovery, to such effective dates, of the difference between such fluctuating pensions and those which they have been receiving. Defendants contend: that plaintiffs, because they or their deceased husbands received greater than 50% disability pensions,

which were never provided prior to January 17, 1927, are not entitled to fluctuating pensions; that, if they are, they are not entitled to pensions greater than 50%; and that, if they are, nothing in excess of 50% fluctuates. As of the close of the fiscal year, the case had not been set for trial.

DRISCOLL vs City of Los Angeles, etc., et al.

In this case, commenced during the fiscal year, plaintiffs are in the same position as are the plaintiffs in **Bowers** and **Casey** and seek the same relief upon the same theory. As of the close of the fiscal year, the case had not been set for trial.

HAGGMAN vs. City of Los Angeles, etc., et al.

In this proceeding, commenced during the fiscal year, petitioners, whose fluctuating disability pensions had been reduced by the Board of Pension Commissioners from 75% to 50% in order to correct the mistakes which had been made when they had been granted more than 50%, seek a Peremptory Writ of Mandate to compel the Board to reinstate such pensions at 75%. As of the close of the fiscal year, defendants had not filed their Return by Way of Answer to the Petition for such writ.

BENSON vs. City of Los Angeles, etc., et al.

In this case, commenced during the fiscal year, plaintiffs Olive M. Benson and Carrie Mae Knabe are in the same position as are the plaintiffs in **Bowers** and **Casey** and seek the same relief upon the same theory. Defendants and cross-complainants Teresa G. Benson and Pearl Knabe seek pensions from defendants upon the grounds that, as to each of them, the divorce obtained from her by the deceased member outside the State of California is void and that she, since the date of her marriage to him, has always been his wife and is now his widow. As of the close of the fiscal year, the case had not been set for trial.

ARMSTRONG vs. City of Los Angeles, etc., et al.

In this case, commenced during the fiscal year, plaintiffs are retired members of the Fire or Police Department who were appointed therein on or subsequent to January 17, 1927 and who, since the date of retirement, have been receiving fixed service pensions under the provisions of Section 181 in the percentage applicable to their respective years of service for members appointed on or subsequent to said date, to wit, 50% of the average monthly rate of salary received during the three years immediately preceding the date of retirement for 25 years of service, plus an additional 1 $\frac{2}{3}$ % thereof for each year of service over 25 to a maximum, however of 66 $\frac{2}{3}$ % thereof for 35 years of service. Such members are administratively referred to as "25-year men." Members who were appointed prior to said date are referred to as "20-year men" because they were to receive 50% for only 20 years of service, plus an additional 1 $\frac{2}{3}$ % for each year of service over 20 to a maximum of 66 $\frac{2}{3}$ % for only 30 years of service. Plaintiffs contend: that they have always been entitled to fluctuating pensions; that, if not, they have been entitled to fluctuating pensions since the April 18, 1957 amendment to Section 181 $\frac{1}{2}$; that, if not, they have been entitled to fluctuating pensions since the June 16, 1947 amendment to Section 181; that, if not, they have always been entitled to fixed pensions based on the salary at the date of retirement of the rank held at that time; that they have been 20-year men instead of 25-year men since the April 18, 1957 amendment to Section 181 $\frac{1}{2}$ and, by reason thereof, that they, whether entitled to fluctuating or fixed pensions, are entitled to have their pensions recalculated as 20-year men; and that the Fire and Police Pension Fund is a trust fund to which statutes of limitation and charter claims provisions are not applicable and that they, therefore, are entitled to recover, back to the date of retirement, any differences between the pensions

to which the court may determine they are entitled and the pensions which they have been receiving. As of the close of the fiscal year, the case had not been set for trial.

BURNS vs. City of Los Angeles, etc., et al.

In this case, commenced during the fiscal year, plaintiffs are widows of deceased retired members of the Fire or Police Department and have been receiving fixed pensions since the deaths of their respective husbands. They contend: that they have always been entitled to fluctuating pensions; that, if not, they have always been entitled to fixed pensions based on the salary at the dates of the retirements of their husbands, respectively, instead of the fixed pensions based upon the average salary received during the three years preceding retirement; and that certain plaintiffs have always been entitled to 50% pensions instead of the pensions which they have been receiving in lesser percentages. They also make the same contention as to recovery upon the trust fund theory as plaintiffs contend in **Armstrong**. As of the close of the fiscal year, the case had not been set for trial.

MILLER vs. City of Los Angeles, etc., et al.

In this case, commenced during the fiscal year, plaintiffs are retired members of the Fire or Police Department who have been receiving fixed disability pensions. Plaintiffs contend that they have always been entitled to fluctuating disability pensions and make the same contention as to recovery upon the trust fund theory as plaintiffs contend in **Armstrong**. As of the close of the fiscal year, the case had not been set for trial.

MITCHELL vs. City of Los Angeles, etc., et al.

In this case, commenced during the fiscal year, plaintiffs are in the same position as are the plaintiffs in **Armstrong** and make all of the same contentions as do the plaintiffs therein. As of the close of the fiscal year, the case had not been set for trial.

JAMES vs. City of Los Angeles, etc., et al.

As of the beginning of the fiscal year, this case was set for trial on September 28, 1960. The facts established upon the trial are to the effect that plaintiff was married to the deceased member for many years before and after his retirement, that he divorced plaintiff without her consent to or participation in the divorce action and married another woman, that he then divorced his second wife and remarried plaintiff only 26 days after he divorced her and that he thereafter lived with her for almost 10 years to the date of his death. Defendants contended that plaintiff was not eligible to a widow's pension because the marriage required by the charter provisions to be in existence for at least one year prior to the member's retirement must be a continuing one until his death and that plaintiff obtained no pension rights as a result of her remarriage to the member after his retirement. The trial court rejected such contention of defendants and gave judgment in plaintiff's favor. In view of the extenuating facts and circumstances, defendants decided not to test their contention upon appeal in this particular case and, therefore, granted plaintiff a pension in accordance with the judgment.

OPINION

An opinion was received by the Board to the effect that: longevity pay is part of the highest salary attached to the rank of policeman or fireman for the purpose of calculating a fixed pension under either Section 182¼ or 182½ of the Charter; and that neither merit pay nor longevity pay is a part of the salary attached to the rank for the purpose of calculating a fluctuating pension which is based on a salary less than the highest salary attached thereto.

Guardianships

Forty-two accountings were received and carefully examined, as well as various petitions and other documents. 15 requests for special notice were prepared, served and filed. 5 guardianships of incompetents were discontinued and 9 were added. 2 guardianships of minors were discontinued and 6 were added. As of the close of the fiscal year, there were 71 active guardianships, 38 covering 67 minors and 33 covering incompetents.

Miscellaneous**Contracts:**

Lionel D. Edie & Company, Investment Counsel
Coates, Herfurth & England, Actuaries
Peat, Marwick, Mitchell & Co., Auditors

OPERATIONS

The cash balance at June 30, 1961 was \$148,192 with remaining liquid funds being invested in Treasury Bills to the extent of \$2,371,456. The Treasury Bills carried maturity dates which would permit the realized funds to be utilized for pension roll purposes during the July to November "dry period" of low tax receipts in the succeeding fiscal year. The bond portfolio showed a further decrease of \$3,459,000 (valued at par) with a total par value of \$8,465,000 and an appraised value of \$7,697,878.

Review of Revenues and Expenditures

The Statement of Revenues and Expenditures in Exhibit II shows an increase of some \$2,175,000 in tax monies as a result of a higher total payroll in the Fire and Police Departments subject to the pension levy for current service, and initial application of the pension levy for the unfunded liabilities. Interest income declined further because of the continued liquidation in bonds. Changes were minor in other revenue accounts.

Total pension costs for the year showed a slight decline of \$323,000. However, such decline is apparent only because of the inclusion in the prior years figure of considerably higher retroactive pension payments, on account of a court judgment paid in the prior year. As noted in footnote 5 to the financial statements, when compared on a current basis, monthly pension payments increased approximately \$1,100,000 for the year.

Real Estate Transactions

During the year one parcel of property was sold for \$400. This property originally cost the Department \$78.60.

Street Improvement Bonds

Special note should be taken with reference to an item in the balance sheet shown in Exhibit I of the financial statements, wherein street improvement bonds are shown with zero value at the end of the fiscal year, for the reason that the final bond in that investment account was paid up.

Administrative Costs

Administrative expenses increased for the year by a total amount of \$12,627. The principal factors were an increase in salaries of \$3,000, an increase in medical expenses of \$5,000 and an increase in actuarial expense of \$5,000. Other expense items show both increases and decreases, offsetting each other, with the remaining principal items being an increase of \$1,100 in contractual expense, and a decrease of \$3,100 in equipment costs. The increase in salaries was occasioned by the effect for a full fiscal year of the salary increase of September 6, 1959, and the full year cost of the new position of accountant which was added toward the close of the prior fiscal year. The increase in medical expense resulted from the increase

in the new disability pension cases. The actuarial expense increase was occasioned by the decision to secure a special actuarial valuation of the probable cost of the Eaton decision. This was done to have a dependable estimate of such cost, and in the expectation that such a report could be utilized as one defense measure against the imposition of the enormous liability represented by the Eaton case.

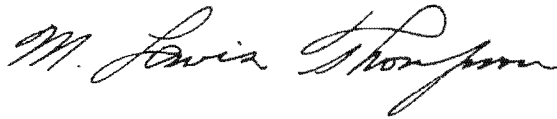
Over-all administrative expenses were less than one percent of total pension expenditures.

Surety Bonds

Thirteen individuals were employed in the Department including one Assistant City Attorney. Twelve employees were under bond as follows:

Position	Amount of Bond
Manager-Secretary	\$50,000
Chief Accountant	25,000
All others, each	5,000

Respectfully submitted,



Manager-Secretary

**CONDENSED
REPORT
ON THE
ACTUARIAL VALUATION
OF THE
FIRE AND POLICE PENSION SYSTEM
OF THE
CITY OF LOS ANGELES
AS OF
JUNE 30, 1961**

Made to the Board of Pension Commissioners
as of
June 30, 1961

OFFICES IN
SAN FRANCISCO
DENVER
PASADENA

COATES, HERFURTH & ENGLAND
CONSULTING ACTUARIES
325 NORTH LAKE AVENUE
PASADENA, CALIFORNIA

TELEPHONE
MURRAY 1 4455

November 16, 1961

Board of Pension Commissioners
Fire and Police Pension System of
the City of Los Angeles
1108 City Hall
Los Angeles 12, California

Gentlemen:

We are pleased to transmit herewith our Report setting forth the results of the valuation of the Fire and Police Pension System of the City of Los Angeles as of June 30, 1961.

The valuation was based upon financial statements and employee data furnished by the Pension Department Office and we would like to express our appreciation for the splendid cooperation shown by the Pension Department Office staff in this work.

We will welcome the opportunity to discuss this Report with you at your convenience.

Respectfully submitted,

COATES, HERFURTH & ENGLAND
Consulting Actuaries

By /S/ Robert H. Little

RHL:ie

SECTION I INTRODUCTION

Under the terms of the contract between the City of Los Angeles and the firm of Coates, Herfurth & England, we have undertaken an Actuarial Valuation of the Fire and Police Pension System as of June 30, 1961. We will set forth in this Report the results of this valuation.

The reader is referred to Article XVII of the Charter of the City of Los Angeles and to related Ordinances for a detailed statement of the provisions of the Fire and Police Pension System.

We would like to call attention to the amendment to the City Charter that became effective since the Valuation that was made as of June 30, 1960. We refer to the amendment to Article XVII of the City Charter adding Section 184-1/2 which provides for a "cost of living" increase in pensions for 622 pensioners, effective July 1, 1961. The liability for such increases is included in this valuation of the System.

An across-the-board salary increase of approximately 11% became effective July 1, 1961. The persons receiving fluctuating pensions also received an increase in their pensions as of July 1, 1961 corresponding to the salary increase of active members. The current valuation reflects both the increase in salaries of active members and the increase in pensions to persons retired that became effective July 1, 1961.

We have been informed that there are several areas of controversy which have yet to be resolved by the Court. The current valuation, however, has been carried out on the basis of the issues that have already been decided. Future valuations of the System will take into consideration future rulings by the Court.

To provide a basis for our valuation of the System as of June 30, 1961, we were furnished with IBM punch cards containing the necessary information with respect to each individual who was an active policeman or fireman as of June 30, 1961 and for each individual who was retired as of June 30, 1961.

In addition to the data described above which refers to members of the System, we were furnished with an Accounting Balance Sheet setting forth the assets and liabilities of the System as of June 30, 1961. No physical audit of the assets shown in the balance sheet was made by us and our calculations are based upon the balance sheet as submitted.

We will set forth in the following Section II of this Report the results of the current valuation of the System, while in Section III we set forth our recommendations with respect to contributions that will be required from the City.

SECTION II RESULTS OF VALUATION

Our valuation of the Fire and Police Pension System as of June 30, 1961, was based upon the Accounting Balance Sheet furnished by the Pension Department Office. As indicated earlier in this Report, this statement of the assets of the System was accepted by us without audit.

The results of the Actuarial Valuation of the Fire and Police Pension System as of June 30, 1961, are shown on the Actuarial Balance Sheet. This valuation was carried out on the basis of the actuarial assumptions adopted

as the result of the investigation that was made as of June 30, 1957, and, pursuant to the City Charter as amended, upon a 4% interest assumption. These actuarial assumptions are discussed in detail in our report to the Board of Pension Commissioners dated March 17, 1958.

**CITY OF LOS ANGELES
FIRE AND POLICE PENSION FUND
ACTUARIAL BALANCE SHEET
As of June 30, 1961**

ASSETS

1. Assets from Accounting Balance Sheet		\$ 11,100,628
2. Present Value of Future Contributions by Members of 6% of Compensation		44,780,628
3. Present Value of Future Contributions by the City for		
(a) Entry Age Cost (11.6% of Compensation)	\$ 86,575,881	
(b) Fifty-Year Amortization of "Unfunded Liability"	380,971,613	467,547,494
4. Total Assets		<u>\$523,428,750</u>

LIABILITIES

5. Accounts Payable		\$ 2,635
6. Present Value of Present Pensions to Pensioners Now on Pension Roll:		
(a) Service	\$ 88,947,684	
(b) Disability	26,319,132	
(c) Dependents	45,628,777	160,895,593
7. Present Value of Prospective Pensions to Dependents of Present Pensioners:		
(a) Service	\$ 33,766,735	
(b) Disability	6,848,112	40,614,847
8. Present Value of Prospective Pensions to Presently Active Members:		
(a) Service	\$186,356,916	
(b) Disability	45,912,713	232,269,629
9. Present Value of Prospective Pensions to Dependents of Presently Active Members who will die in Active Service		20,151,115
10. Present Value of Prospective Pensions to Dependents of Presently Active Members who will die after Retirement:		
(a) Service	\$ 54,356,446	
(b) Disability	15,138,485	69,494,931
11. Total Liabilities		<u>\$523,428,750</u>

The following comments may facilitate a review of the items shown on the Actuarial Balance Sheet:

Item 1 shows the assets on hand and was taken from the Accounting Balance Sheet.

Item 2 shows the present value of future "6% of compensation" contributions that will be received from the present members of the system.

Item 3 shows the present value of future contributions that will be received from the City and is broken down into that portion attributable

to the City's share of the entry age cost and that portion attributable to the amortization of the Unfunded Liability of the System. You will note that the City's portion of the entry age cost is the same 11.6% of compensation referred to in our report on the valuation of the System as of June 30, 1957. This entry age rate will not change until there is a change in the actuarial assumptions or in the average age at which new members enter the System.

Items 6 through 10 show the actuarially computed liability for various classifications of members and dependents under the System. It will be noted that the total liability shown in Item 11 is approximately \$64,000,000 greater than it was as of June 30, 1960. This increase can be attributed to the aforementioned amendment to the City Charter providing for the cost of living increase in pensions, the increase in salary that became effective July 1, 1961, and the increase in pensions of persons receiving fluctuating pensions that became effective July 1, 1961.

In keeping with our practice of not reflecting salary increases due to changing economic conditions, we have assumed that amounts now payable to present pensioners will continue throughout the remainder of the pensioner's lifetime. Future valuations of the System will take into account the increases in pensions as they occur.

SECTION III RECOMMENDED CITY CONTRIBUTIONS

Section 186.2 of Article XVII of the Charter of the City of Los Angeles specifies that the City will make the following contributions to the Fund each year:

1. An amount equal to the City's share of a defined Entry Age Cost.
2. An amount equal to a percentage of the salaries of all members necessary to amortize the "Unfunded Liability" of the System over a 50-year period beginning with the fiscal year immediately succeeding the effective date of Section 186.2 (1959-1960), with no contribution during the first year (1959-1960); a contribution of one-tenth of the ultimate contribution rate for such amortization in the second year, and increasing thereafter by one-tenth (1/10) of such ultimate contribution rate each year so that in the 11th and all subsequent years the full amortization payment will be made.
3. An amount to provide for Administration Expense.

Pursuant to Subparagraphs 1 and 2 above, we recommend that the City contributions for the fiscal year commencing July 1, 1962, be as follows:

1. An Entry Age Contribution equal to 11.6% of the total payroll of members; plus
2. An amortization contribution equal to 9.6% of the total payroll of members. (The following schedule sets forth the amortization contribution developed by this valuation for each year in the amortization period.)

In our opinion, if these recommendations are adopted, the Fire and Police Pension System will be maintained on a sound actuarial basis in compliance with the Charter of the City of Los Angeles.

**CITY OF LOS ANGELES
FIRE AND POLICE PENSION FUND**

**CITY CONTRIBUTIONS TO AMORTIZE UNFUNDED LIABILITY
BASED UPON ACTUARIAL VALUATION MADE AS OF JUNE 30, 1961**

Year of Amortization Program	Fiscal Year Beginning July	Contribution as Percentage of Members' Compensation
4	1962	9.6%
5	1963	12.8
6	1964	16.0
7	1965	19.2
8	1966	22.4
9	1967	25.6
10	1968	28.8
11 through 50	1969 through 2008	32.0

PEAT, MARWICK, MITCHELL & CO.
CERTIFIED PUBLIC ACCOUNTANTS
629 SOUTH SPRING STREET
LOS ANGELES 14, CALIF.

ACCOUNTANTS' REPORT

To the Board of Pension Commissioners
of the City of Los Angeles:

We have examined the balance sheet of the City of Los Angeles Fire and Police Pension Fund as of June 30, 1961 and the related statements of operations and fund capital for the year then ended. Our examination was 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.

The reserve for pensions aggregating \$380,971,613 represents the present values of amounts required to pay pensions for service prior to June 30, 1959 as they mature and are presented in accordance with a report certified by Coates, Herfurth & England, the consulting actuary of the fund. This reserve was established as of June 30, 1959 to comply with an amendment to the Charter of the City of Los Angeles, effective May 6, 1959, which placed the fund on a reserve basis.

Legal actions pending at June 30, 1961 contesting the method of computing pensions of certain members could, in the event of final judgments in favor of the plaintiffs, result in material additional liabilities as more fully explained in Note 4 of notes to financial statements. It is not possible to estimate the full liability existing at June 30, 1961 until such actions are adjudicated and a revised actuarial valuation is completed. No provision has been made therefor in the accounts.

The accompanying balance sheet of City of Los Angeles Fire and Police Pension Fund as of June 30, 1961 and the related statements of operations and fund capital have been prepared in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. However, having regard to the possible material effect of the matters referred to in the preceding paragraph upon the financial position and results of operations of the Fund we are precluded from expressing an opinion with respect to the fairness of the presentation until such matters have been resolved.

Peat, Marwick, Mitchell & Co.

Los Angeles, California
December 5, 1961

CITY OF LOS ANGELES
FIRE AND POLICE PENSION FUND

BALANCE SHEET

June 30, 1961

with comparative figures for 1960

ASSETS

Cash and temporary investments:	June 30, 1961		June 30, 1960	
Deposits with Treasurer of the City of Los Angeles	\$	147,867	\$	779,505
Cash revolving funds		325		325
United States Treasury Bills — at cost (par value \$2,400,000 and \$1,430,000, respectively)		2,371,456	\$	2,203,456
		\$ 2,519,648		\$ 2,203,456
Investments:				
Bond investments, general — at par (value based on mar- ket quotations, \$7,697,878 and \$10,070,579, respectively)	\$	8,465,000	\$	11,924,000
Street improvement bonds—at par .		-		386
Treasurer's deeds—at cost		657		657
Trust deeds receivable—at cost		3,154		3,392
Real property—at cost		19,644		18,991
	\$	8,488,455	\$	11,947,426
Bond premiums, less discounts of \$31,804 and \$44,838, respectively .		2,650	8,491,105	48,141
Accrued interest			89,875	11,995,567
			\$ 11,100,628	\$ 14,301,491

LIABILITIES

Accounts payable	\$	2,635	\$	1,895
Reserve for pensions at actuarial valuation (Note 1)		380,971,613		328,557,727
Fund Capital:				
Accumulated surplus (deficit) (Note 2)	(\$369,873,620)		(\$315,111,046)	
Reserve for investment losses (Note 3)		(369,873,620)	852,915	(314,258,131)
Contingent liabilities (Note 4)		\$ 11,100,628		\$ 14,301,491

See accompanying notes to financial statements.

CITY OF LOS ANGELES
FIRE AND POLICE PENSION FUND

STATEMENT OF OPERATIONS
Fiscal Year Ended June 30, 1961
with comparative figures for 1960

Revenue:	<u>June 30, 1961</u>	<u>June 30, 1960</u>
Taxes	\$ 8,476,006	\$ 6,301,170
Interest	337,662	546,769
Members' Contributions	3,403,660	3,300,677
Sales of Unclaimed Property	54,250	55,913
Donations	427	367
Miscellaneous	7,537	7,827
Revenues	<u>\$12,279,542</u>	<u>\$10,212,723</u>
Expenditures:		
Pensions Paid (Note 5):		
Service	\$ 8,953,096	\$ 9,544,655
Disability	1,584,573	1,343,438
Widows	3,417,479	3,459,800
Minors	52,638	52,648
Dependents	8,549	9,287
Non-Service:		
Disability	229,301	187,035
Widows	140,088	122,693
Minors	39,902	28,640
	<u>\$14,425,626</u>	<u>\$14,748,196</u>
Administrative Expenses	<u>139,469</u>	<u>126,842</u>
Excess of Expenditures Over Revenues	\$ 2,285,553	\$ 4,662,315
Loss on Sale of Investments in excess of Reserve for Investment Losses (Note 3)	63,135	-----
Additional Reserve Requirements Due to Increase in Actuarial Liabilities (Note 1)	52,413,886	623,700
Deficit for the Year	<u>\$54,762,574</u>	<u>\$ 5,286,015</u>

See accompanying notes to financial statements.

CITY OF LOS ANGELES
 FIRE AND POLICE PENSION FUND

STATEMENT OF FUND CAPITAL

Fiscal Year Ended June 30, 1961
 with comparative figures for 1960

	June 30, 1961			June 30, 1960		
	Accumulated Surplus (Deficit) (Note 2)	Reserve for Investment Losses (Note 3)	TOTAL	Accumulated Surplus (Deficit) (Note 2)	Reserve for Investment Losses (Note 3)	TOTAL
Balance at beginning of period.....	(\$315,111,046)	\$ 852,915	(\$314,258,131)	(\$309,825,031)	\$1,526,752	(\$308,298,279)
Deduct:						
Deficit for the year.....	54,762,574	.....	54,762,574	5,286,015	.....	5,286,015
Loss on Disposition of Investments (Note 3) .....	.....	852,915	852,915	.....	673,837	673,837
Balance at end of period	<u>(\$369,873,620)</u>	<u>.....</u>	<u>(\$369,873,620)</u>	<u>(\$315,111,046)</u>	<u>\$ 852,915</u>	<u>(\$314,258,131)</u>

See accompanying notes to financial statements.

City of Los Angeles
FIRE AND POLICE PENSION FUND

Notes to Financial Statements

June 30, 1961

- (1) The Charter of the City of Los Angeles as amended, effective May 6, 1959, provides that the Fire and Police Pension Fund be maintained on a reserve basis which shall be determined in accordance with accepted actuarial methods. Accordingly, the reserve for pensions has been adjusted to the liability as determined by the actuarial valuation as of June 30, 1961. Such liability represents computed amounts which, with additions from future contributions to be received to cover current service costs and with interest on fund investments compounded annually at a certain assumed rate, are calculated to be sufficient to meet the pension obligations. The valuation was determined on the basis of the actuarial assumptions adopted as a result of the actuarial investigation that was made as of June 30, 1957 and upon a 4% interest assumption. The assumed rate of interest was established by the Board of Pension Commissioners, with the advice of the investment counselor, based on the experience and prospective earnings on the investments of the fund.

The increase of \$52,413,886 in the reserve for pensions as of June 30, 1961 can be attributed to the "cost of living" increase in pensions resulting from Charter amendment and the effect of the 11% salary increase to active policemen and firemen which resulted in an increase to both fluctuating pensions and fixed pension liabilities. The "cost of living" and salary adjustments became effective July 1, 1961.

- (2) The accumulated deficit, \$369,873,620, is the unfunded actuarial liability of the pension system and in accordance with the City Charter as amended is to be amortized over fifty years, beginning July 1, 1959, through contributions to be made by the City. The Charter further stipulates "a ten-year modification program whereby there will be no contribution on account of such amortization during the first year; a contribution of one-tenth of the ultimate contribution for such amortization in the second year, and increasing thereafter by one-tenth of such ultimate contribution each year so that in the eleventh and all subsequent years the full amortization payment will be made."
- (3) It is the accounting policy of the fund not to provide for the fluctuation in market value of bonds as such investments are usually held to maturity and if so held they should be substantially redeemed at par.

The reserve for investment losses was comprised substantially of the net gains realized from investment transactions consummated after June 30, 1940. Investment transactions during the year ended June 30, 1961 resulted in losses of \$916,050 of which \$63,135, the amount in excess of the reserve for investment losses, was charged to operations.

Subsequent to June 30, 1961, bond investments of \$1,860,000 par value were sold at a net loss of \$93,343 to provide funds for pension payments and it is anticipated that further bond sales may be required.

- (4) There were a number of legal actions pending at June 30, 1961 contesting the method of computing pensions of certain members. Several of these actions are on appeal from the trial court's judgments in favor of plaintiffs.

The amount of additional liability at June 30, 1961 for all pending actions is indeterminable. The retroactive payments under one of the judgments, which is on appeal, have been determined by management to be approximately \$35,500,000 as of July 31, 1960. The present assets of the fund are not adequate to make such payments and a liquidation of investments to pay a portion of such liabilities would, should present bond market conditions prevail, also result in substantial losses. In addition, an actuarial valuation as of July 31, 1960 indicates future costs under the same judgment would be approximately \$34,700,000 without assuming future salary increases (an 11% increase was granted effective July 1, 1961) or would be approximately \$269,000,000 under an assumption of additional salary increases of 3% per annum.

Pending completion of the legal actions and final determination of the liability, no provision has been made therefor in the accounts.

- (5) Expenditures for regular monthly pension payments increased as compared with the preceding year, however the decrease in retroactive pension payments resulting from court decisions caused a decrease in total pension expenditures. The expenditures for regular and retroactive pension payments during the year ended June 30, 1961, with comparative figures for 1960, were as follows:

Regular monthly pension payments:	1960-61	1959-60
Service	\$ 8,938,361	\$ 8,418,892
Disability	1,584,573	1,337,972
Widows	3,401,582	3,112,477
Minors	52,638	50,670
Dependents	8,549	7,989
Non-service	384,924	338,368
	<u>14,370,627</u>	<u>13,266,368</u>
 Retroactive pension payments:		
Service	14,735	1,125,763
Disability	-----	5,466
Widows	15,897	347,323
Minors	-----	1,978
Dependents	-----	1,298
Non-service	24,367	-----
	<u>54,999</u>	<u>1,481,828</u>
	<u>\$14,425,626</u>	<u>\$14,748,196</u>

CITY OF LOS ANGELES
FIRE AND POLICE PENSION FUND
ADMINISTRATIVE EXPENSE COMPARED

SCHEDULE 1

OPERATING EXPENSE	1960-61	1959-60	1958-59	1957-58	1956-57	1955-56	1954-55
Salaries	\$ 91,475	\$ 88,515	\$ 80,441	\$76,044	\$70,382	\$69,086	\$63,499
Communications	1,073	761	982	714	592	633	621
Insurance and Bond Premiums	400	424	383	358	417	515	284
Office Equipment	711	937	1,253	1,341	610	246	603
Office Supplies	1,389	865	968	776	756	772	494
Printing and Binding	2,115	1,471	1,564	1,156	1,123	1,063	1,030
Traveling	723	1,372	669	600	401	216	43
Contractual Services	6,220	5,114	6,995	3,315	3,000	3,000	3,000
Field Equipment	150	250	412	200	150	20	29
Maintenance and Repairs	393	---	150	123	75	14	17
Petroleum Products	150	153	212	152	150	62	87
Transportation	284	292	84	25	7	72	14
Annual Audit	1,750	1,500	1,750	1,002	934	950	795
Governmental Meetings	---	---	---	29	---	---	---
Litigation	2,391	2,039	3,691	209	888	831	620
Mailing Service	472	470	665	338	151	290	295
Medical Services	18,504	13,456	12,480	8,766	6,883	7,207	6,924
Miscellaneous	174	9	---	9	52	---	8
Actuarial Expense	10,000	5,000	---	---	---	636	---
Equipment, Furniture and Fixtures	1,095	4,214	2,129	2,378	1,012	1,757	186
	<u>\$139,469</u>	<u>\$126,842</u>	<u>\$114,828</u>	<u>\$97,535</u>	<u>\$87,583</u>	<u>\$87,370</u>	<u>\$78,549</u>

**CITY OF LOS ANGELES
FIRE AND POLICE PENSION FUND**

**STATEMENT OF CASH RECEIPTS AND SOURCES THEREOF
Fiscal Years 1954-55 to 1960-61 Compared**

SCHEDULE 2

	1960-61	1959-60	1958-59	1957-58	1956-57	1955-56	1954-55
Total Receipts and Revenue	\$22,515,115	\$19,357,700	\$21,149,506	\$11,900,388	\$9,655,119	\$8,962,055	\$11,467,307
DEDUCT							
Revenue (Exhibit II)	\$12,279,542	\$10,212,723	\$ 9,849,739	\$ 9,256,227	\$8,457,475	\$7,660,035	\$ 7,324,860
ADJUSTMENTS							
Accrued Interest	12,593	68,404	83,827	9,195*	115,252*	58,093	23,995*
Prepaid Interest	20,413			16,552	20,567	23,600	20,790
Bond Premiums Amortized	7,127	16,696*	11,268*	7,245*	657	25,637	7,427
Miscellaneous	2,955	488	3,920	305*	383	6,742	241
TOTAL REVENUE RECEIPTS	\$12,322,630	\$10,264,919	\$ 9,926,218	\$ 9,256,034	\$8,363,830	\$7,774,107	\$ 7,329,323
CAPITAL RECEIPTS	\$10,192,485	\$ 9,092,781	\$11,223,288	\$ 2,644,354	\$1,291,289	\$1,187,948	\$ 4,137,984
ANALYSIS OF CAPITAL RECEIPTS							
Bond Investments	\$10,191,510	\$ 9,090,799	\$11,217,981	\$ 2,635,000	\$1,285,350	\$1,169,000	\$ 4,129,156
Street Improvement Bonds	386	1,192	2,331	3,209	3,649	6,630	4,671
Real Property	351	555	1,526	1,960	106	1,955	750
Trust Deed Installments	238	235	1,379	3,585	2,184	10,363	3,407
Miscellaneous			71	600			
	<u>\$10,192,485</u>	<u>\$ 9,092,781</u>	<u>\$11,223,288</u>	<u>\$ 2,644,354</u>	<u>\$1,291,289</u>	<u>\$1,187,948</u>	<u>\$ 4,137,984</u>

*Deductions

**CITY OF LOS ANGELES
FIRE AND POLICE PENSION FUND**

STATEMENT OF CASH DISBURSEMENTS AND OBJECTIVES THEREOF

Fiscal Years 1954-55 to 1960-61 Compared

SCHEDULE 3

	1960-61	1959-60	1958-59	1957-58	1956-57	1955-56	1954-55
Total Disbursements	\$23,146,753	\$18,928,297	\$21,225,873	\$11,785,230	\$10,549,243	\$9,743,681	\$10,401,440
DEDUCT							
Expenditures (Exhibit II)	\$14,565,095	\$14,875,038	\$19,229,249	\$ 6,870,081	\$ 6,544,225	\$6,304,857	\$ 5,995,430
ADJUSTMENTS							
Prepaid Interest	20,413			16,552	20,567	23,600	20,790
Expense Abatements	3,468	3,028	3,896	42	345	895	56
Accounts Payable	2,635*	1,895*	2,967*	852*	819*	362*	217*
Interest Earned	3,422	18,985*	7,110*	3,867*	1,747*	20,674	1,198*
Miscellaneous	1,383	1,739	734	361	177	206	114
TOTAL OPERATING DEDUCTIONS	\$14,591,146	\$14,858,925	\$19,223,802	\$ 6,882,317	\$ 6,562,748	\$6,349,870	\$ 6,014,975
CAPITAL OPERATIONS	\$ 8,555,607	\$ 4,069,372	\$ 2,002,071	\$ 4,902,913	\$ 3,986,495	\$3,393,811	\$ 4,386,465
ANALYSIS CAPITAL OPERATIONS							
Bond Investments	\$ 8,554,925	\$ 4,068,626	\$ 2,000,000	\$ 4,902,369	\$ 3,986,250	\$3,393,200	\$ 4,385,980
Real Property	682	699	1,930	433	22	104	87
Unapplied Charges—Investments		47	141	111	223	507	398
	<u>\$ 8,555,607</u>	<u>\$ 4,069,372</u>	<u>\$ 2,002,071</u>	<u>\$ 4,902,913</u>	<u>\$ 3,986,495</u>	<u>\$3,393,811</u>	<u>\$ 4,386,465</u>

*Deductions

**CITY OF LOS ANGELES
FIRE AND POLICE PENSION FUND
STATEMENT OF OPERATIONS COMPARED
Fiscal Years 1954-55 to 1960-61**

SCHEDULE 4

REVENUES	1960-61	1959-60	1958-59	1957-58	1956-57	1955-56	1954-55
Taxes	\$ 8,476,006	\$ 6,301,170	\$ 6,083,666	\$5,514,475	\$5,052,812	\$4,680,767	\$4,420,757
Interest	337,662	546,769	676,055	847,969	737,261	669,184	616,513
Members' Contributions	3,403,660	3,300,677	3,032,073	2,845,139	2,599,947	2,293,139	2,247,588
Sales of Unclaimed Property	54,250	55,913	47,569	45,499	66,351	16,197	38,945
Bonus		5	14	26	35	110	35
Donations	427	367	362	343	435	352	757
Miscellaneous	7,537	7,822	10,000	2,776	634	286	266
TOTAL REVENUES Available for Current Years' Expenditures	\$12,279,542	\$10,212,723	\$ 9,849,739	\$9,256,227	\$8,457,475	\$7,660,035	\$7,324,861
EXPENDITURES							
Pensions Paid							
Service	\$ 8,953,096	\$ 9,544,655	\$13,782,501	\$4,219,932	\$4,161,635	\$4,096,813	\$3,909,343
Disability	1,584,573	1,343,438	1,092,934	875,570	750,143	712,129	681,389
Widows	3,417,479	3,459,800	3,883,492	1,380,813	1,294,678	1,197,976	1,141,720
Minors	52,638	52,648	41,985	37,476	35,049	34,618	38,549
Dependents	8,549	9,287	10,342	4,841	6,339	7,010	7,010
Non-service							
Disability	229,301	187,035	174,181	149,320	126,255	100,380	81,925
Widows	140,088	122,693	105,541	84,872	65,506	54,649	46,358
Minors	39,902	28,640	23,445	19,722	17,037	13,912	10,587
TOTAL PENSIONS	\$14,425,626	\$14,748,196	\$19,114,421	\$6,772,546	\$6,456,642	\$6,217,487	\$5,916,881
Administrative Expense	\$ 139,469	\$ 126,842	\$ 114,828	\$ 97,535	\$ 87,583	\$ 87,370	\$ 78,549
TOTAL EXPENDITURES	\$14,565,095	\$14,875,038	\$19,229,249	\$6,870,081	\$6,544,225	\$6,304,857	\$5,995,430
EXCESS OF EXPENDITURES OVER REVENUES	\$ 2,285,553	\$ 4,662,315	\$ 9,379,510	\$2,386,146*	\$1,913,250*	\$1,355,178*	\$1,329,431*
ADDITIONAL RESERVE FOR PENSIONS	52,413,886	623,700					
Losses on Investments in Excess of Reserve	63,135						
DEFICIT FOR THE YEAR	\$54,762,574	\$ 5,286,015	\$ 9,379,510	\$	\$	\$	\$

*EXCESS OF REVENUE OVER EXPENDITURES

**CITY OF LOS ANGELES
FIRE AND POLICE PENSION FUND
BOND DISTRIBUTION**

June 30, 1961

SCHEDULE 5

Issue	Rate	Maturity Date	Par Value	Total
UNITED STATES GOVERNMENT				
Federal Land Bank	3½	1971	\$ 300,000	\$
Federal Land Bank	4½	1972	400,000	
Federal National Mortgage Assn.	4¾	1965	150,000	
U. S. Treasury	2½	1967/62	500,000	
U. S. Treasury	2½	1968/63	400,000	
U. S. Treasury	2½	1969/64	50,000	
U. S. Treasury	3¼	1983/78	200,000	
U. S. Treasury Bonds	2½	11/15/61	650,000	
U. S. Treasury Notes	4	8/ 1/61	600,000	
U. S. Treasury Bills		7/27/61	1,000,000	
U. S. Treasury Bills		8/31/61	400,000	
U. S. Treasury Bills		10/16/61	1,000,000	
Average Yield 3.17*				\$ 5,650,000
CORPORATES				
Aluminum Co. of America	3	1979	300,000	
Deere & Company	3½	1977	300,000	
Deere & Company	2¾	1965	25,000	
Diamond Gardner	4	1983	210,000	
General Motors Acceptance	3¾	1975	200,000	
General Motors Acceptance	2¾	1964	400,000	
Illinois Bell Telephone	2¾	1981	150,000	
Inland Steel	3½	1981	300,000	
Long Island Lighting	3¼	1972	100,000	
Mountain States Telephone	2¾	1986	100,000	
Norfolk & Western Ry.	3¾	1964	50,000	
Norfolk & Western Ry.	3¾	1965	50,000	
Norfolk & Western Ry.	3¾	1966	100,000	
Norfolk & Western Ry.	3¾	1970	200,000	
Norfolk & Western Ry.	3¾	1971	100,000	
Norfolk & Western Ry.	4½	1965	80,000	
Northern States Power (Minn.)	2¾	1975	100,000	
Pennsylvania Power & Light	3	1975	50,000	
Pennsylvania Salt Mfg.	3.45	1981	200,000	
Phillips Petroleum	2¾	1964	100,000	
Shell Union Oil	2½	1971	400,000	
Standard Oil N. J.	2¾	1974	500,000	
Union Oil California	2¾	1970	400,000	
Union Pacific R.R.	2¾	1976	500,000	
Average Yield 3.10				4,915,000
MISCELLANEOUS				
Government of Canada	2¾	1974	200,000	
International Bank	3½	1969	100,000	
Average Yield 3.01.....				300,000
				<u>\$10,865,000</u>
Appraised Value	\$10,097,878			
Book Value	10,897,414			
Yield	3.11			

*U. S. Treasury Bills \$2,400,000 and Treasury short term Notes and Bonds \$1,280,000, not included in yield calculations.