

**1964  
Annual Report**

**BOARD OF PENSION COMMISSIONERS**

**CITY OF LOS ANGELES  
CALIFORNIA**



**FOR THE FISCAL YEAR ENDED JUNE 30, 1964**

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# CITY OF LOS ANGELES



**SAMUEL WM. YORTY**  
Mayor

## LOS ANGELES CITY COUNCIL

LOUIS R. NOWELL\*  
First District

ROSALIND WIENER WYMAN  
Fifth District

GILBERT W. LINDSAY  
Ninth District

JAMES HARVEY BROWN  
Thirteenth District

JAMES B. POTTER, JR.  
Second District

L. E. TIMBERLAKE  
Sixth District

THOMAS BRADLEY\*  
Tenth District

JOHN C. HOLLAND\*  
Fourteenth District

THOMAS D. SHEPARD  
Third District

ERNANI BERNARDI  
Seventh District

KARL L. RUNDBERG  
Eleventh District

JOHN S. GIBSON, JR.  
Fifteenth District

HAROLD A. HENRY  
Fourth District

BILLY G. MILLS  
Eighth District

JOHN P. CASSIDY  
Twelfth District

\*Member Police, Fire and Civil Defense Committee

# BOARD OF PENSION COMMISSIONERS 1963-64 ANNUAL REPORT

November 19, 1964

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, 1964, and submitted in accordance with the provisions of Section 64 of the City Charter.

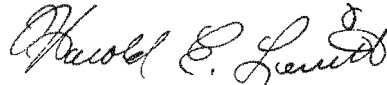
Of greatest significance is the turn around in the decline of pension assets that has existed since 1958, and for the first time since that year we have an increase in the Fire and Police Pension Fund of more than \$5,000,000.

With this increase in assets, this Board has seized the opportunity to make full use of the Charter authority to broaden the investments and, as you will note in the financial statements, the increase of some \$2,900,000 in permanent investments included \$1,500,000 invested in common stocks. With the average yield on the fund advancing from 2.83% to 3.26% for the steps taken thus far, substantial progress has been made toward solving the financial problems of the pension system.

To place the matter in sharper perspective, the improvement in the investment program has provided an increase in dividends and interest of almost 37% over the earnings from these sources in the prior fiscal year.

Still pending at year end is the thorough-going revision of the Fire and Police Pension System first called for by this Board more than a year ago. At the present time the City Administrative Officer has prepared a scheduled program for such revision, and it is expected that a new pension system will be submitted at an early date.

Respectfully submitted,  
BOARD OF PENSION COMMISSIONERS



President



HAROLD E. LEVITT  
President



JOHN W. GIVENS  
Vice President



LEO J. ADELSTEIN, M.D.



VINCENT M. BURKE



ARTHUR C. ELDRED

November 4, 1964

Board of Pension Commissioners  
Room 1108 City Hall  
Los Angeles, California 90012

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, 1964. Incorporated in this report are the statements of assets, liabilities and operations obtained from the report of Peat, Marwick, Mitchell & Co., who are employed by the Board under contract to audit the financial position of the Department. In addition there is provided the 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**

For the first time since 1958 assets of the Fire and Police Pension Fund increased during the past year, with the fund's operating surplus amounting to \$5,560,647 for the year. The net asset total at fiscal year end increased to \$13,177,921. In accordance with the 1959 Charter Amendments, authorizing annual increases in the amortization charges for the unfunded liability until 1969-1970, there will be increases in assets each year henceforth.

#### **Common Stocks Added to Portfolio**

The principal change in the investment structure of the Fund took place with the beginning of common stock investments in December, 1963 when the Board purchased 100 shares of duPont deNemours & Company in a pilot purchase to test the administrative procedures that had been established to acquire common stocks as part of the investments of the Fund. Following such pilot purchase, the Board conducted an aggressive policy in this investment area and at fiscal year end had purchased \$1,502,820 of common stocks at cost. In addition, the Board purchased \$1,353,000 in bonds. At fiscal year end certain cash reserves on deposit with the City Treasurer were earmarked for stock and bond purchases, which were completed after the June 30, 1964 close of the books.

#### **Improved Yield**

Average yield on the portfolio of bond investments of \$5,703,000 amounted to 3.24% while common and preferred stock investments of \$1,535,069 provided a yield of 3.33%. The over-all average of 3.26% represents a decided improvement over the average yield of 2.83% registered at this time last year. The major problem to overcome in the improvement of yield is the low coupon value of the bonds in portfolio which were purchased during the years when interest rates were in the range of 2½% to 3½%. Prospects of an increase in investment during the next fiscal year of some six million dollars, indicates that with a continuation of prevailing yield levels the Fund will soon be earning its actuarial requirement of 4%.

#### **NEW PENSION SYSTEM**

The Proposed New Pension System, developed by the Charter Amendment Committee of the Board of Pension Commissioners, was reviewed by

the City Administrative Officer and by the Police, Fire, and Civil Defense Committee of the City Council. In order to implement a study of the proposed new system, the Board requested that the City Council authorize an actuarial valuation of the cost of the system. After detailed consideration the City Council deferred action on the Board's request in order to refer the entire matter of a proposed new pension system to the City Administrative Officer for his study and preparation of proposals. At fiscal year end, the City Administrative Officer had completed his preliminary review of all proposals under consideration, and was preparing to engage actuaries and consultants for the preparation of a specific plan.

### ACTUARIAL STATUS

In accordance with Section 186.1 of the City Charter an actuarial valuation of the assets and liabilities of this Fund was made as of June 30, 1964, with the result that the actuaries recommended for the next fiscal year an entry age contribution rate of 15.1% of Fire and Police payrolls, the same as the prior year, and an amortization contribution rate of 19.6% of such payrolls for the City's payment on the unfunded liability. The amortization rate includes the regular escalation built in by the 1959 Charter amendment, but is four tenths of one per cent less than that projected in the 1963 valuation.

The actuarial report, set forth in detail in later pages, shows an increase in total liabilities of more than \$48,000,000. The increase in the unfunded liability of more than \$32,000,000 brought the total in this charge to just over \$500 million dollars. These increases are attributed to the higher salary base in the two departments, reflecting the salary increase effective July 1, 1964, and its effect on increased pensions to the 2,424 pensioners who receive fluctuating pensions, and to those active members who will take fixed pensions during the coming year.

### WORKMEN'S COMPENSATION PAYMENTS

The past year has seen an enormous increase in claims and litigation involving Workmen's Compensation. The principal suit, Morse vs. the City of Los Angeles, is discussed later in this report under the heading "Litigation"; however, review of the financial burden is required at this point.

In order to cope with the problem of paying workmen's compensation with funds that have not been commingled in the Fire and Police Pension Fund, the Board of Pension Commissioners on December 18, 1963 established the "Workmen's Compensation Fund for Fire & Police Pensioners" which, under an authorizing ordinance adopted by the City Council, was established under the City Attorney's control and utilized to pay workmen's compensation claims for Fire and Police pensioners held to have been entitled to such claims for the same cause or causes entitling them to their pensions. The Board authorized the City Controller to withhold certain tax revenues otherwise due the Fire and Police Pension Fund, and to pay such amounts into the special trust fund. At fiscal year end total transfers amounted to \$815,000. In addition, the Board authorized the transfer of \$101,000 as reimbursement to the general fund of the City for payments made to Fire and Police pensioners prior to the date of establishment of the trust fund.

At the end of June, 1964 continuing payments to more than 300 Fire and Police Pensioners on account of Workmen's Compensation amounted to some \$70,000 per month. This amount, in turn was being deducted from pensions paid to these pensioners. In addition to these monthly payments, there were amounts being paid to many of these same people from the special

trust fund in the form of retroactive payments for periods of time prior to the initiation of the compensation. To date no provision has been made for recovery of an amount equal to the retroactive payments, but the Board has requested the City Attorney to initiate in the courts an action in declaratory relief to determine the Board's authority for such recovery. At year end this action was in abeyance pending the outcome of appeals in the Morse case, discussed under Litigation.

### MEMBERSHIP

As of June 30, 1964, there were 3,352 firemen and 5,014 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			
Members with less than 5 years .....	694	1,282	1,976
With less than 10 years .....	656	720	1,376
With less than 20 years .....	1,347	2,478	3,825
With 20 years service and over .....	626	489	1,115
On Military Leave (eligibility dates not counted) .....	17	31	48
20 Year Members			
Members eligible to retire .....	12	14	26
<b>TOTAL</b> .....	<b>3,352</b>	<b>5,014</b>	<b>8,366</b>

### 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:

	1963-64	1962-63	1961-62	1960-61	1959-60
Total Membership July 1st .....	8,270	8,003	7,824	7,725	7,606
On Leave or Suspension .....	16	17	21	17	18
On Military Leave .....	37	62	17	40	49
	<u>8,217</u>	<u>7,924</u>	<u>7,787</u>	<u>7,668</u>	<u>7,539</u>
Additions:					
New Appointments .....	472	658	553	391	372
Reappointments .....	7	6	6	15	4
Restorations .....	7*	5	4*	5*	3*
Returned from Leave or Susp. ..	197	175	124	147	169
Restored from Military Leave ...	47	50	14	9	10
Discontinued on Military Leave				22	10
	<u>8,947</u>	<u>8,818</u>	<u>8,487</u>	<u>8,257</u>	<u>8,107</u>
Withdrawals:					
Service Retirements .....	142	158	143	78	70
Disability Retirements .....	70	79	87	83	63
Resigned .....	146	133	118	124**	92**
Discharged .....	16	18	19	13	18
Deaths .....	16	14	17	14	17
Leaves or Suspensions .....	193	174	120	151	168
Military Leaves Granted .....	58	25	59	8	11
	<u>8,306</u>	<u>8,217</u>	<u>7,924</u>	<u>7,786</u>	<u>7,668</u>
Active Membership—June 30th ...	8,306	8,217	7,924	7,786	7,668
On Leave or Suspension .....	12	16	17	21	17
On Military Leave .....	48	37	62	17	40
Total Membership—June 30th ...	<u>8,366</u>	<u>8,270</u>	<u>8,003</u>	<u>7,824</u>	<u>7,725</u>

\*Includes 2 disabilities granted after resignations and/or discharge in 1963-64 and 1961-62; 3 in 1960-61; and 1 in 1959-60.

\*\*Includes 10 in 1959-60 and 22 in 1960-61 on military leave.

**Appointed Fiscal Year 1963-1964**

During the course of the year 479 members were appointed and became members of the system. Some 287, or 60% of such members were married at the date of entrance. Seven of such members were re-appointees with an average age of 29. Five were restored from disability pension and were above the age of 27. Of the 479 original appointments the median age was 22, the mode 21 and the average was 24.

**ELIGIBILITY**

There were, as of June 30, 1964, a total of 1,141 members eligible to retire. Twenty-six of these were 20-year members and 1,115 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
1961-1962	591	511	1,102
1962-1963	614	510	1,124
1963-1964	638	503	1,141

During the fiscal year 1964-1965, an additional 45 twenty-five year members will become eligible if their service is continuous. All of these members are policemen.

Years of Service	20 Year Members		25 Year Members		Total
	Fire	Police	Fire	Police	
20	---	---	57	80	137
21	---	---	75	71	146
22	---	---	151	168	319
23	---	---	135	54	189
24	---	---	0	0	0
25	---	---	5	8	13
26	---	---	22	24	46
27	---	---	50	50	100
28	---	---	38	3	41
29	---	---	16	0	16
30	---	---	4	0	4
31	---	---	28	7	35
32	---	---	8	2	10
33	---	---	3	1	4
34	---	---	14	11	25
35	---	---	17	6	23
36	---	---	1	4	5
37	1	0	2	0	3
38	2	5	---	---	7
39	4	6	---	---	10
40	4	2	---	---	6
41	0	1	---	---	1
49	1	0	---	---	1
	12	14	626	489	1,141



### MILITARY LEAVES

On June 30, 1964 there were 48 members on military leave. The following schedule indicates the operation of military leave authorization during the fiscal year 1963-1964:

On Leave June 30, 1963 .....	37
Granted during 1963-1964 .....	58
	—
	95
Restored—Now Active .....	47
	—
On Leave June 30, 1964 .....	48

All of the 48 members on military leave are twenty-five year members. Forty-two of these members have less than five years service and six have more than five years service.

### PENSION ROLL CHANGES

On July 1, 1963, 43 applications were pending. During the course of the fiscal year 322 petitions were received. Of the total of 365 petitions 310 were granted, 1 death occurred while application was pending, 3 were withdrawn, 14 denied and 1 was filed, leaving 36 pending as of June 30, 1964. The details of the pensions granted and terminated during the course of the fiscal year 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 7-1-63 .....	1,652	769	599	108	1,141	55	25	13	4,362
Granted .....	6	136	53	17	89	3	5	1	310
Death-Pending .....	—	—	1**	—	—	—	—	—	1**
Deaths .....	72	7	16	1	33	—	—	—	129
Restored to Duty .....	—	—	4	1	—	—	—	—	5
Remarriage .....	—	—	—	—	6	3	—	—	9
Majority .....	—	—	—	—	—	—	3	3	6
Decreased .....	—	—	59*	—	15*	2*	—	—	76*
Increased .....	—	—	37*	—	—	—	—	—	76*
Redetermined .....	—	—	1	—1	—	—	—	—	—
Withdrawn .....	—	1*	2*	—	—	—	—	—	3*
Filed .....	—	—	1*	—	—	—	—	—	1*
Denied .....	—	—	11*	—	3*	—	—	—	14*
	1,586	898	633	122	1,191	55	27	11	4,523

\*Statistical—these figures do not affect pension roll.

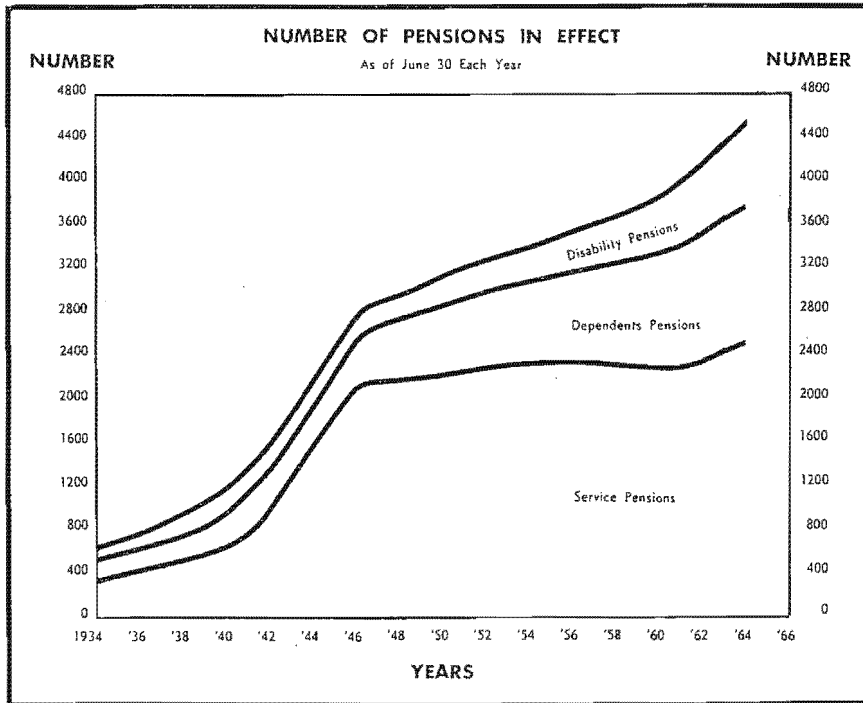
\*\*Death—while application being processed.

### 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 of 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 increased two and one-half percent (2421 to 2484). Dependent pensions went up four percent (1234 to 1284). Disability pensions continued to show the greatest increase with a rise of

seven percent (707 to 755). The total of all pensions showed an increase of some three percent.



**PENSIONS CLASSIFIED BY AMOUNTS**

The following schedule shows the classifications of pension paid by number of pensioners in \$40.00 brackets up to the monthly amount of \$900, and the average pension being paid in each classification:

Amounts	Service	Disability	Widows	Minors	Dependents	Total
100-139	85	20	17	2	---	124
140-179	152	29	35	6	---	222
180-219	107	30	51	1	1	190
220-259	114	75	64	11	---	264
260-299	159	109	41	8	---	317
300-339	191	99	35	1	---	326
340-379	673	86	520	4	2	1,285
380-419	278	105	199	1	---	583
420-459	193	70	110	1	---	374
460-499	202	56	98	---	---	356
500-539	133	36	3	---	---	172
540-579	64	25	42	---	---	131
580-619	45	8	---	---	---	53
620-659	23	4	---	---	---	27
660-699	8	1	21	---	---	30
700-739	28	---	---	---	---	28
740-779	1	---	---	---	---	1
780-819	4	---	---	---	---	4
820-859	2	1	7	---	---	10
860-889	1	---	---	---	---	1
900 or over	21	1	3	---	---	25
	<u>2,484</u>	<u>755</u>	<u>1,246</u>	<u>35</u>	<u>3</u>	<u>4,523</u>
Average Pension	374.27	354.78	376.94	252.28	306.21	370.76

The over-all average of \$370.76 is virtually unchanged from the average for the prior fiscal year of \$369.25. The averages and numbers of fluctuating pensions and of fixed pensions is reported as follows:

	Service	Disability	Widows	Minors	Dependents	Total
<b>Fluctuating</b>						
Number .....	1,395	82	941	4	2	2,424
Average Pension ..	444.64	412.21	410.96	394.88	367.50	430.32
<b>Fixed</b>						
Number .....	1,089	673	305	31	1	2,099
Average Pension ..	284.13	347.79	271.96	233.88	186.62	301.98

The total of 2,424 fluctuating pensions represents a net decrease of 37 during the fiscal year.

### AGES OF PENSIONERS

The following is an analysis of the ages of all pensioners at the close of June 30, 1964:

Ages	Service	Disability	Widows	Minors	Dependents	Total
0-17 .....	---	---	---	35	---	35
25-29 .....	---	8	3	---	---	11
30-34 .....	---	21	6	---	---	27
35-39 .....	---	83	22	---	---	105
40-44 .....	19	194	34	---	---	247
45-49 .....	167	144	46	---	---	357
50-54 .....	209	83	73	---	---	365
55-59 .....	179	66	145	---	---	390
60-64 .....	571	50	260	---	---	881
65-69 .....	695	68	253	---	---	1,016
70-74 .....	401	20	208	---	---	629
75-79 .....	182	12	107	---	1	302
80-84 .....	51	4	64	---	1	120
85-89 .....	8	2	20	---	---	30
90-94 .....	2	---	3	---	---	5
95-99 .....	---	---	2	---	1	3
	<u>2,484</u>	<u>755</u>	<u>1,246</u>	<u>35</u>	<u>3</u>	<u>4,523</u>
Average Age ...	64	50	65	13	87	---

### Average Age at Date of Retirement

Analysis of the average age of Firemen and Policemen at the time of retirement on Service Pension is set forth for the last nine fiscal years in the following table:

Fiscal Year	Average Age		
	Fire	Police	Combined
1955-1956 .....	54	57	56
1956-1957 .....	52	51	51
1957-1958 .....	56	52	54
1958-1959 .....	58	53	56
1959-1960 .....	60	55	58
1960-1961 .....	55	54	54
1961-1962 .....	52	49	50
1962-1963 .....	53	51	52
1963-1964 .....	54	51	51

### Number Retiring Above or Below Age 50

It is noted that Policemen have retired on Service Pension during most years at a younger age than did Firemen. The extent of this difference is accentuated when the comparison is made relative to age 50, as shown in the following table:

Fiscal Year	FIRE				POLICE			
	Under 50	Exactly 50	Over 50	Total	Under 50	Exactly 50	Over 50	Total
1955-1956	6	3	22	31	---	---	38	38
1956-1957	6	1	11	18	18	2	12	32
1957-1958	6	---	19	25	13	4	9	26
1958-1959	2	1	32	35	15	1	19	35
1959-1960	1	---	35	36	5	6	23	34
1960-1961	9	---	25	34	20	2	22	44
1961-1962	22	2	26	50	62	1	30	93
1962-1963	15	3	33	51	53	8	46	107
1963-1964	9	2	19	30	59	10	43	112
	76	12	222	310	245	34	242	521
Percent of Totals:	24%	4%	72%	100%	47%	7%	46%	100%

### Average Years of Service at Date of Retirement

Analysis of the years of service performed prior to service retirement is set forth for the last nine fiscal years in the following table:

Fiscal Year	Fire	Police	Combined
1955-1956	28	28	28
1956-1957	26	23	24
1957-1958	29	24	27
1958-1959	32	25	29
1959-1960	33	26	30
1960-1961	29	25	27
1961-1962	26	22	23
1962-1963	27	24	25
1963-1964	26	23	24

### Years of Service at Retirement

It is noted that Policemen have retired on Service Pension during most years with less years of service than did Firemen, consistent with the average age table above. However, the extent to which Policemen tend to retire at exactly 20 years of service is accented in the following table:

Fiscal Year	FIRE					POLICE				
	Less 20	Exac. 25	Over 25	Over 25	Total	Less 20	Exac. 25	Over 25	Over 25	Total
	1955-1956	4	4	1	22	31	3	4	3	28
1956-1957	5	5	1	7	18	19	2	1	10	32
1957-1958	2	6	1	16	25	16	1	---	9	26
1958-1959	---	3	1	31	35	7	13	---	15	35
1959-1960	1	1	---	34	36	---	19	---	15	34
1960-1961	8	3	---	23	34	16	12	2	14	44
1961-1962	17	8	5	20	50	51	21	10	11	93
1962-1963	8	9	4	30	51	42	30	6	29	107
1963-1964	6	7	4	13	30	35	54	---	23	112
	51	46	17	196	310	189	156	22	154	521
Percent of Totals:	16%	15%	6%	63%	100%	36%	30%	4%	30%	100%

### Age and Service of Disability Pensioners

The average age and average number of years service of firemen and policemen who were retired upon disability pension during the last nine fiscal years are reflected in the following schedule. This reveals the same general pattern as shown in the past several years.

Fiscal Year	AVERAGE AGE			AVERAGE YEARS		
	Fire	Police	Combined	Fire	Police	Combined
1955-1956	43	39	41	15	13	14
1956-1957	44	39	41	17	12	14
1957-1958	44	41	42	16	14	14
1958-1959	45	41	42	18	14	15
1959-1960	45	41	42	18	14	15
1960-1961	42	41	42	16	15	15
1961-1962	46	40	41	20	15	16
1962-1963	45	39	41	17	13	15
1963-1964	42	40	40	16	14	14

### SERVICE PENSIONS

#### Pensions Granted

A total of one hundred forty-two members of the Fire and Police Departments retired upon service pension during the fiscal year ended June 30, 1964.

#### Pensions Discontinued

During the course of the fiscal year a total of seventy-nine service pensions were discontinued on account of death. These individuals were on the pension rolls an average of 20 years although the range of life after retirement varied from one year to thirty-eight years.

#### Service Retirements by Years

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

	FIRE		POLICE		Total
	20 Year	20-25 Year	20 Year	20-25 Year	
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
1961-1962	4	46	2	91	143
1962-1963	1	50	5	102	158
1963-1964	1	29	5	107	142

### DISABILITY PENSIONS

#### Pensions Granted

A total of seventy members of the Fire and Police Departments were granted disability pensions during the fiscal year ended June 30, 1964. Of these, fifty-three were granted on a service-connected basis while seventeen were nonservice.

#### Pensions Discontinued

Seventeen disability pensions were discontinued on account of death, and five by restoration to active duty from disability pension, during the past year.

#### 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. It is noted that during the fiscal year 1963-1964 one nonservice-connected disability pension granted during the previous year was redetermined to be service-connected and the figures for such year have been adjusted to reflect such change in the Fire group:

	F I R E		P O L I C E		Total
	Service	Non-Service	Service	Non-Service	
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
1961-1962	14	1	68	4	87
1962-1963	20	2	50	7	79
1963-1964	8	6	45	11	70

### Analysis of Rates

There are 633 service-connected disability pensions and 122 nonservice-connected disability pensions classified by rates in the following schedule as of June 30, 1964:

Rate	Fire	Police	Total
40%	32	90	122
50%	56	129	185
55%	16	44	60
57½%	1	—	1
60%	31	63	94
65%	52	103	155
66¾%	1	—	1
70%	7	27	34
75%	12	50	62
80%	5	11	16
85%	3	8	11
90%	2	12	14
<b>TOTAL</b>	<b>218</b>	<b>537</b>	<b>755</b>

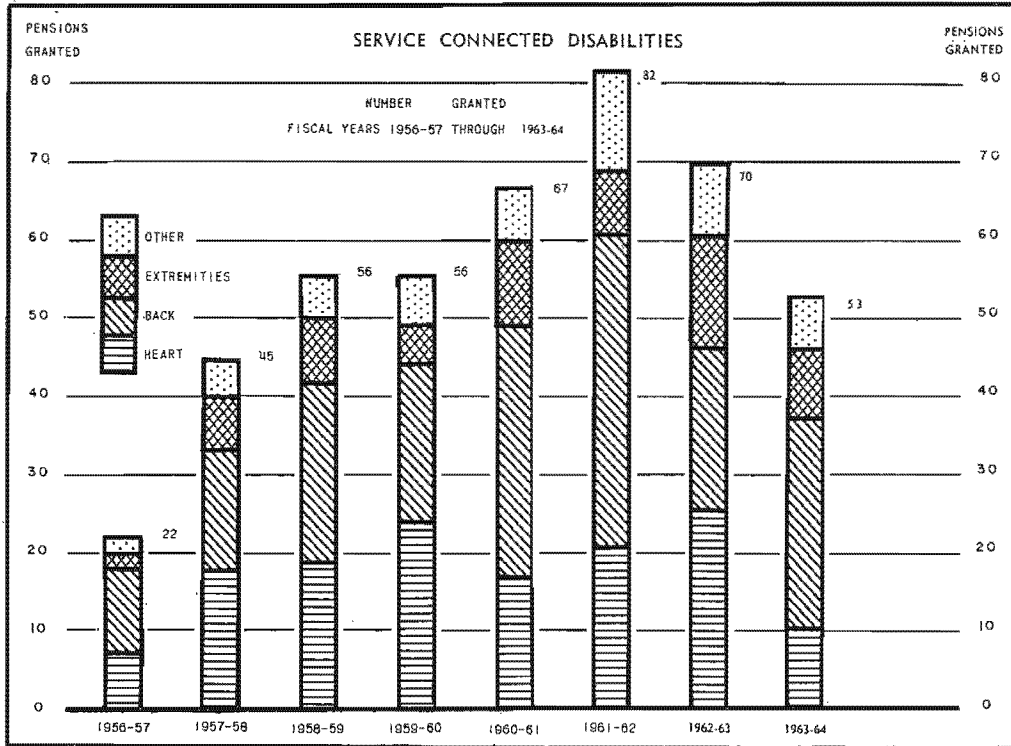
### Analysis of Disability Pensioners by Age

Age	Fire	Police	Total
25-29	1	7	8
30-34	2	19	21
35-39	21	62	83
40-44	27	167	194
45-49	34	110	144
50-54	35	48	83
55-59	34	32	66
60-64	27	23	50
65-69	22	46	68
70-74	7	13	20
75-79	5	7	12
80-84	2	2	4
85-89	1	1	2
<b>TOTAL</b>	<b>218</b>	<b>537</b>	<b>755</b>
Average Age	53	48	50

### Service-Connected Disability

New service-connected disability pensions declined substantially from the prior year to 53 new pensions from the 70 granted in 1962-1963. This is the smallest total, as shown on the accompanying chart, since 1958. If this

trend continues, with an up-trend in total members of the System, it may be possible by the date of the next actuarial investigation to secure a reduced City Contributions rate for this category of pension.



As shown in the chart, new heart cases dropped to less than half the number in the previous year (26 to 10). Back disabilities increased (21 to 27) while both remaining categories dropped, the extremity group going from 14 to 9, and the miscellaneous group from 9 to 7. Over-all there were 17 fewer service-connected disability pensions granted than in the previous year, a drop of 23%.

**LITIGATION**

The status of each case hereinafter mentioned is reported as it was on June 30, 1964 unless otherwise indicated.

COFFEY )  
 FARNELL )  
 GRACE ) vs. City of Los Angeles, etc., et all.  
 MORRIS )  
 PARKER )

Plaintiffs, former members of the system, seek refunds of deductions which were made from their salaries and paid into the pension fund. The COFFEY case is not set for pretrial conference or trial, the FARNELL, MORRIS and PARKER cases are not at issue and the GRACE case is set for trial on July 9, 1964.

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

The Supreme Court, on August 27, 1963, determined that a former wife of a deceased member is not entitled to any portion of his widow's pension and that plaintiffs are entitled to recover, of and from defendants, interest before judgment upon pension payments which had accrued prior thereto, and such determinations now are final and conclusive.

<b>AHRENS</b>	)	
<b>AYRES</b>	)	
<b>CASEY (New Case)</b>	)	
<b>CASEY (Old Case)</b>	)	vs. City of Los Angeles, etc., et al.
<b>CLARK</b>	)	
<b>EATON</b>	)	
<b>HAGGMAN</b>	)	
<b>WATERFORD</b>	)	

The determination of the Supreme Court in the BENSON case with respect to interest before judgment upon pension payments which had accrued prior thereto is decisive of the only issue which remained in each of these cases.

<b>ARMSTRONG</b>	)	
<b>BURNS</b>	)	vs. City of Los Angeles, etc., et al.
<b>MITCHELL</b>	)	

Judgments were entered to the effect: that plaintiffs in the ARMSTRONG and MITCHELL cases are not entitled, by virtue of the April 18, 1957 amendment to Section 181½ of the City Charter, to greater fluctuating or fixed pensions based upon 20 to 30 years of service rather than to fixed pensions based upon 25 to 35 years of service; that plaintiff widows in the BURNS case are not entitled, by virtue of said amendment, to greater fluctuating or fixed pensions than the fixed pensions which they are receiving; that said plaintiffs in the BURNS case are not entitled to pensions based upon salaries in effect at date of death rather than at date of retirement of their respective deceased husbands; and that plaintiffs are entitled to interest on principal amounts of other pension benefits to the date upon which payments thereof were made to them prior to trial. Plaintiffs have appealed from the portions of the judgments which are adverse to them and defendants have done likewise.

**ABBOTT vs. City of Los Angeles, etc., et al.**

Plaintiffs seek fluctuating disability pensions rather than the fixed disability pensions which they are receiving. The case is not at issue.

<b>ALLEN</b>	)	
<b>ALBRIGHT</b>	)	vs. City of Los Angeles, etc., et al.

Plaintiffs in the ALLEN case seek the same benefits to which the trial court decided the plaintiffs in the ARMSTRONG and MITCHELL cases are not entitled, and plaintiff in the ALBRIGHT case seek the same benefits to which the trial court decided the plaintiffs in the BURNS case are not entitled. The cases are not at issue.

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

Plaintiffs, widows of members who were appointed prior to July 1, 1925, seek fluctuating pensions on the ground that they were married for at least one year prior to the date of death of their respective husbands.





**MORSE vs. City of Los Angeles, etc., et al.**

Prior to this fiscal year: the Industrial Accident Commission granted Mrs. Morse a Workmen's Compensation award and, in doing so, ruled that the City, under the provisions of Section 182½ of the City Charter, is not entitled to credit payments of her widow's service-connected death pension against said award; the City Attorney, in his report with respect thereto, advised the Board to reduce, but only upon the conditions therein stated, the amount of her monthly pension, and that of certain other pensioners, by the amount of Workmen's Compensation benefits which shall accrue to the pensioner during each month until such time as the pensioner's Workmen's Compensation benefits shall be paid in full; and the Board, acting upon such advice, reduced the amount of her pension and that of certain other pensioners.

Subsequent to the foregoing and during this fiscal year, the Industrial Accident Commission, upon Mrs. Morse's petition therefor and over the opposition of the City thereto, made an order, on September 16, 1963, commuting the final 182.384 weeks of benefits at \$70.00 per week accruing on and after September 29, 1963 to the present value thereof in the sum of \$11,266.27 and ordered the City to pay the same forthwith by depositing it in a specified savings and loan association. The District Court of Appeal, upon the City's petition therefor and over Mrs. Morse's opposition thereto, issued a Writ of Review in January of 1964 and, on June 12, 1964, ordered the annulment of the Commission's order of commutation. It is anticipated that further proceedings may be had in this matter.

**Opinions and Reports of the City Attorney**

A report advised the Board that one Thomas J. Davis, a retired Captain in the Fire Department to whom the Board had granted a nonservice-connected disability pension, was entitled to a service-connected disability pension and that it was incumbent upon the Board to grant such a pension to him.

A report advised the Board that, to the extent that it theretofore had reduced the pensions of certain pensioners because the pensioners also had received Workmen's Compensation awards or benefits, the Board was to reimburse the City's General Fund from the Fire and Police Pension Fund, and that it, by resolution, should direct the Controller to set aside, from future proceeds of the annual tax levy under Section 186.2 of the Charter when received by him, the amount estimated by the Board to be necessary to defray the cost of Workmen's Compensation benefits for pensioners, for reimbursement to the City Attorney's Fund, Workmen's Compensation Expense No. 908, instead of depositing the same in the Pension Fund.

An opinion advised the Mayor that he has the ministerial duty of executing, on behalf of the City, a deed for the sale of real property after the Board of Pension Commissioners has executed the same, and that the present members of the Board are bound by the actions of previous members thereof to sell real property.

**Guardianships**

Forty-nine accountings, as well as various petitions and other documents, were received and carefully examined. Fifteen requests for special notice were prepared, served and filed. Thirteen guardianships of incompetents were discontinued and ten were added. Six guardianships of minors were discontinued and six were added. There are sixty-five active guardianships, thirty covering incompetents and thirty-five covering sixty-one minors.

**Miscellaneous**

## Contracts:

Calvin Bullock, Ltd., Investment Counsel  
Coates, Herfurth & England, Actuaries  
Peat, Marwick, Mitchell & Co., Auditors

**OPERATIONS****Revenues**

Revenues for the year increased nearly \$7,000,000, largely accruing from the increase in taxes because of the annual increase in the amortization of the unfunded liability of the system. Total revenues were \$25,795,250 and exceeded expenditures by \$5,560,647 for the year. A problem has developed in portraying revenues in that a considerable portion of the tax money arising from the annual tax levy is diverted, as explained earlier in this report, into the "Special Trust Fund for Fire and Police Pensioners," and thereby does not flow into and out of the pension fund itself. Nevertheless, such revenue is a part of the Pension tax levy, and must necessarily be identified with the system, and its use accounted for in the books of the department. This matter is commented on in the footnotes to the financial statements. Interest income was improved by active use of short term investments in treasury bills, which are purchased from time to time to spread tax revenues forward over the months when no tax receipts are available for pension rolls. In all, \$9,600,000 par value of Treasury Bills were purchased at a net interest advantage to the Fund of \$81,107.

**Expenditures**

Expenditures for pensions are also affected by the developments in Workmen's Compensation payments, since all current payments of such compensation are deducted from pensions otherwise payable to beneficiaries of the system. Thus, although the operating statement shows a decline in pensions paid in the last fiscal year to widows, in fact total payments, including Workmen's Compensation to the same individuals, increased. Clarification of comparative costs is set forth in the footnotes to the financial statements.

**Administrative Expense**

Total Administrative costs for the year were up \$29,376 over the prior year. Salaries were up \$11,000 as a result of the effect for a full year of salary increases in effect for only part of the prior fiscal year, as well as the cost of filling a position of clerk typist to aid in processing disability files and reports, and investigation reports. Litigation cost virtually doubled, rising more than \$7,000 due to the increased cost of hearing reporters to record the detail of disability hearings and board meetings during the year. The largest increase in operating expenses came in the cost of medical services, a rise of \$11,500, reflecting the increased fees paid for medical examinations of disability cases coming before the Board, as well as the continued heavy use of special medical tests to permit the medical examiners to reach a firm diagnosis in problem cases.

Reductions in expenses were shown in several accounts. Office equipment cost was down, resulting from a reduction in the need for new checks since the bulk of expenses for new check forms was met in the previous

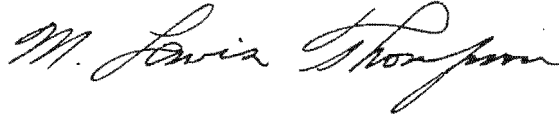
fiscal year. Printing and binding costs were down as a result of a reduction in the number of service certificates printed, and cost reduction in printing the annual report. The reduction in travel expense resulted primarily from lower transportation costs, since the conferences attended by pension department representatives were located closer to Los Angeles than was the case in the prior year. Over-all, administrative expense amounted to eight tenths of one per cent of total budget.

#### Surety Bonds

Fifteen individuals were employed by the Department including one Assistant City Attorney. Fourteen 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

MLT:GW:ar

OFFICES IN  
SAN FRANCISCO  
PASADENA  
DENVER

COATES, HERFURTH & ENGLAND  
CONSULTING ACTUARIES  
325 NORTH LAKE AVENUE  
PASADENA, CALIFORNIA 91101

TELEPHONE  
MURRAY 1-4455

September 16, 1964

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, 1964.

Respectfully submitted,  
COATES, HERFURTH & ENGLAND  
Consulting Actuaries

By /S/ Robert H. Little

RHL:th

**ACTUARIAL VALUATION  
OF THE  
FIRE AND POLICE PENSION SYSTEM  
OF THE  
CITY OF LOS ANGELES  
AS OF  
JUNE 30, 1964**

**SECTION I  
RESULTS OF VALUATION**

The results of the Actuarial Valuation of the Fire and Police Pension System as of June 30, 1964, are shown on the following 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 December 31, 1961, and, pursuant to the City Charter as amended and Resolution adopted by the Board of Pension Commissioners, upon a 4% interest assumption. These actuarial assumptions are discussed in detail in our report to the Board of Commissioners dated May 4, 1962.

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. It should be noted that the City's portion of the entry age cost is 15.1% of compensation. The entry age rate changes only when there is a change in the actuarial assumptions or a change in the average age at which new members enter the System.

Items 5 and 6 were taken directly from the Accounting Balance Sheet.

Items 7 through 11 show the actuarially computed liability for all benefits that will be paid under the System as it is presently constituted.

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 increases in pensions for members receiving fluctuating pensions when they occur.

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

**ACTUARIAL BALANCE SHEET**

**As of June 30, 1964**

**ASSETS**

1. Assets from Accounting Balance Sheet .....		\$ 12,680,910
2. Present Value of Future Contributions by Members of 6% of Compensation .....		52,301,518
3. Present Value of Future Compensatiions by the City for:		
(a) Entry Age Cost (15.1% of Compensation) .....	\$131,625,487	
(b) Fifty Year Amortization of "Unfunded Liability" .....	500,061,297	631,686,784
4. Total Assets .....		<u>\$696,669,212</u>

**LIABILITIES**

5. Accounts Payable and Deposits on Sale of Real Property .....		\$ 13,623
6. Reserve for Investment Losses .....		10,600
7. Present Value of Present Pensions to Pensioners now on Pension Roll:		
(a) Service .....	\$105,333,360	
(b) Disability .....	40,014,744	
(c) Dependents .....	63,656,386	209,004,490
8. Present Value of Prospective Pensions to Dependents of Present Pensioners:		
(a) Service .....	\$ 44,984,764	
(b) Disability .....	12,942,474	57,927,238
9. Present Value of Prospective Pensions to Presently Active Members:		
(a) Service .....	\$204,607,776	
(b) Disability .....	99,603,785	304,211,561
10. Present Value of Prospective Pensions to Dependents of Presently Active Members who will die in Active Service .....		24,696,599
11. Present Value of Prospective Pensions to Dependents of Presently Active Members who will die after Retirement:		
(a) Service .....	\$ 66,067,197	
(b) Disability .....	34,737,904	100,805,101
12. Total Liabilities .....		<u>\$696,669,212</u>

## SECTION II

### RECOMMENDED CITY CONTRIBUTIONS

Section 186.2 of Article XVII of the Charter of the City of Los Angeles specified 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's contributions for the fiscal year commencing July 1, 1965, be as follows:

1. An Entry Age Contribution equal to 15.1% of the total payroll of members; plus
2. An amortization contribution equal to 19.6% 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 CONTRIBUTIONS TO AMORTIZE UNFUNDED LIABILITY BASED UPON ACTUARIAL VALUATION MADE AS OF JUNE 30, 1964

Year of Amortization Program	Fiscal Year Beginning July	Contribution as Percentage of Member's Compensation
7	1965	19.6%
8	1966	22.9%
9	1967	26.2%
10	1968	29.4%
11 through 50	1969 through 2008	32.7%



PEAT, MARWICK, MITCHELL & CO  
CERTIFIED PUBLIC ACCOUNTANTS  
629 SOUTH SPRING STREET  
LOS ANGELES, CALIF. 90014

### 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, 1964 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 pension aggregating \$499,564,286 represents the present values of amounts required to pay pensions related to service prior to June 30, 1964 as they mature and are presented in accordance with a report certified by Coates, Herfurth & England, the consulting actuary of the fund.

In our opinion, based on our examination and on the report of consulting actuary as to the reserve for pensions, the accompanying balance sheet and statements of operations and fund capital present fairly the financial position of the City of Los Angeles Fire and Police Pension Fund at June 30, 1964 and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Peat, Marwick, Mitchell & Co.

Los Angeles, California  
October 30, 1964

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

**BALANCE SHEET**

June 30, 1964

with comparative figures for 1963

<b>ASSETS</b>			
Cash and temporary investments:	1964	1963	
Deposits with Treasurer of the City of Los Angeles .....	\$ 1,055,616	\$	297,866
Cash revolving funds .....	325		325
United States Treasury Bills— at cost (par value, 1964, \$4,797,000) ..	4,738,106	\$ 5,794,047	2,872,817
Receivable from City of Los Angeles ..	41,008		\$ 3,171,008
<b>Investments:</b>			
Bonds—at par (quoted market, 1964, \$5,257,145) (note 1) .....	\$ 5,703,000	\$	4,350,000
Preferred stock—at cost (quoted market, 1964, \$31,725) .....	32,249		
Common stock—at cost (quoted market, 1964, \$1,576,199) .....	1,502,820		
Trust deed receivable .....	2,256		2,565
Treasurer's deeds—at cost .....	657		657
Real property—at cost .....	17,009		20,407
	\$ 7,257,991		\$ 4,373,629
Bond premiums and discounts, net of amortization (note 1) .....	11,375	7,269,366	9,769
Accrued interest .....		73,500	47,070
		<u>\$ 13,177,921</u>	<u>\$ 7,601,476</u>
<b>LIABILITIES</b>			
Accounts payable .....	\$ 13,623	\$	8,426
Unpaid pensions, estimated .....			166,000
Reserve for pensions at actuarial valuation (note 2) .....	499,564,286		467,242,944
	\$499,577,909		\$467,417,370
Fund capital:			
Accumulated surplus (deficit) .....	\$(486,907,600)		(459,815,894)
Workmen's compensation fund for fire and police pensioners (note 3) ..	497,011		
Reserve for investment losses .....	10,601	(486,399,988)	
Contingent liabilities (note 4) .....			
		<u>\$ 13,177,921</u>	<u>\$ 7,601,476</u>

See accompanying notes to financial statements.

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

**STATEMENT OF OPERATIONS  
Fiscal Year Ended June 30, 1964  
with comparative figures for 1963**

Revenue:	1964	1963
Taxes .....	\$ 20,990,559	\$ 14,530,197
Interest .....	236,807	181,874
Dividends .....	12,222	-----
Members' contributions .....	4,482,305	4,088,863
Sales of unclaimed property .....	63,036	51,341
Donations .....	1,480	590
Miscellaneous .....	8,841	6,843
Revenues .....	\$ 25,795,250	\$ 18,859,708
 <b>Expenditures:</b>		
Pensions paid (notes 3 and 5):		
Service .....	\$ 11,120,195	\$ 10,832,990
Disability .....	2,824,396	2,746,971
Widows .....	5,461,317	5,703,292
Minors .....	81,808	71,496
Dependents .....	11,023	10,783
Non-service:		
Disability .....	312,997	256,086
Widows .....	177,413	177,459
Minors .....	37,917	30,726
Administrative expenses .....	20,027,066 207,537	19,829,803 178,160
Excess of revenues over expenditures, cash basis .....	\$ 5,560,647	\$ (1,148,255)
Provision for estimated unpaid pensions:		
Provisions during year .....	\$ -----	\$ 166,000
Less pensions provided for in prior year .....	\$ 166,000	1,250,000
Excess of revenues over expenditures, accrual basis .....	\$ 5,726,647	\$ ( 64,255)
Additional reserve requirements due to increase in unfunded liabilities (note 2) .....	32,321,342	40,591,467
Deficiency for the year .....	\$ 26,594,695	\$ 40,655,722

See accompanying notes to financial statements.

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

**STATEMENT OF FUND CAPITAL  
Fiscal Year Ended June 30, 1964  
with comparative figures for 1963**

	1964			Total	1963
	Accumulated Surplus (Deficit)	Workmen's Compensa- tion Fund (Note 3)	Reserve for Investment Losses		Accumulated Surplus (Deficit)
Balance at beginning of year .....	\$(459,815,894)	\$ .....	\$ .....	\$(459,815,894)	\$(419,160,172)
Deficiency for the year .....	( 27,091,706)	497,011	.....	( 26,594,695)	( 40,655,722)
Gain on disposition of investments .....	.....	.....	10,601	10,601	.....
Balance at end of year .....	<u>\$(486,907,600)</u>	<u>\$497,011</u>	<u>\$10,601</u>	<u>\$(486,399,988)</u>	<u>\$(459,815,894)</u>

See accompanying notes to financial statements.

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

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**Notes to Financial Statements**

**June 30, 1964**

- (1) 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. Bond premiums and discounts are amortized to maturity date.
  
- (2) 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, 1964. 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 provide assets 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 December 31, 1961 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 reserve for pensions, \$499,564,286, 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."

The increase of \$32,321,342 in the reserve for pensions as of June 30, 1964 is the result of actuarial adjustments to the unfunded liability due to a combination of factors. The primary factor is the upward salary adjustments to active policemen and firemen which resulted in an increase to both fluctuating and fixed pension liabilities.

- (3) The Workmen's Compensation Fund for Fire and Police Pensioners was established during December 1963. Tax revenues are deposited

directly into this fund by the City Controller and Workmen's Compensation benefits to pensioners of the Fire and Police Pension System, as determined by the City Attorney or Industrial Accident Commission, are paid therefrom. Payments of \$317,988.81 thus made during the year ended June 30, 1964 are included under pensions paid.

- (4) There were a number of legal actions pending at June 30, 1964 contesting the method of computing pensions of certain members. Pending completion of the legal actions and final determination of the liability, if any, no provision has been made therefor in the accounts.
- (5) The expenditures for regular and retroactive pension payments during the year ended June 30, 1964, with comparative figures for 1963, were as follows:

Regular monthly pension payments:	1963-64	1962-63
Service .....	\$11,102,932	\$10,452,993
Disability .....	2,793,585	2,594,637
Widows .....	5,350,944	5,004,098
Minors .....	81,808	70,728
Dependents .....	11,023	10,783
Non-service .....	528,327	464,271
	<u>\$19,868,619</u>	<u>\$18,597,510</u>
 Retroactive pension payments:		
Service .....	\$ 17,263	\$ 379,997
Disability .....	30,811	152,334
Widows .....	110,373	699,194
Minors .....	-----	768
	<u>\$ 158,447</u>	<u>\$ 1,232,293</u>
	<u>\$20,027,066</u>	<u>\$19,829,803</u>

CITY OF LOS ANGELES  
FIRE AND POLICE PENSION FUND

ADMINISTRATIVE EXPENSE COMPARED

Operating Expense	1963-64	1962-63	1961-62	1960-61	1959-60	1958-59	1957-58
Salaries .....	\$125,081	\$114,186	\$100,340	\$ 91,475	\$ 88,515	\$ 80,441	\$76,044
Communications .....	1,147	946	1,188	1,073	761	982	714
Insurance and Bond Premiums .....	372	359	365	400	424	383	358
Office Equipment .....	1,222	1,771	1,043	711	937	1,253	1,341
Office Supplies .....	1,634	1,559	1,607	1,389	865	968	776
Printing and Binding .....	1,842	2,267	3,138	2,115	1,471	1,564	1,156
Traveling .....	1,397	2,250	3,105	723	1,372	669	600
Contractual Services .....	11,545	11,042	18,548	6,220	5,114	6,995	3,315
Field Equipment .....	150	300	150	150	250	412	200
Maintenance and Repairs .....	-----	-----	-----	393	-----	150	123
Petroleum Products .....	150	151	230	150	153	212	152
Transportation .....	1,058	1,324	300	284	292	84	25
Annual Audit .....	2,000	1,850	1,850	1,750	1,500	1,750	1,002
Governmental Meetings .....	-----	19	-----	-----	-----	-----	29
Litigation .....	15,827	8,474	11,136	2,391	2,039	3,691	209
Mailing Services .....	842	539	678	472	470	665	338
Medical Services .....	35,949	24,439	20,656	18,504	13,456	12,480	8,766
Miscellaneous .....	94	38	143	174	9	-----	9
Actuarial Expense .....	4,500	4,500	9,500	10,000	5,000	-----	-----
Equipment, Furniture and Fixtures .....	2,727	2,146	2,281	1,095	4,214	2,129	2,378
	<u>\$207,537</u>	<u>\$178,160</u>	<u>\$176,258</u>	<u>\$139,469</u>	<u>\$126,842</u>	<u>\$114,828</u>	<u>\$97,535</u>

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

**STATEMENT OF OPERATIONS COMPARED  
Fiscal Years 1957-58 to 1963-64**

<b>REVENUES</b>	<b>1963-64</b>	<b>1962-63</b>	<b>1961-62</b>	<b>1960-61</b>	<b>1959-60</b>	<b>1958-59</b>	<b>1957-58</b>
Taxes .....	\$ 20,990,559	\$ 14,530,198	\$ 12,247,624	\$ 8,476,006	\$ 6,301,170	\$ 6,083,666	\$5,514,475
Dividends .....	12,222	-----	-----	-----	-----	-----	-----
Interest .....	236,806	181,874	277,003	337,662	546,769	676,055	847,969
Members' Contributions .....	4,482,305	4,088,863	3,854,325	3,403,660	3,300,677	3,032,073	2,845,139
Sales of Unclaimed Property .....	63,036	51,341	46,996	54,250	55,913	47,569	45,499
Donations .....	1,480	589	1,280	427	367	362	343
Miscellaneous .....	8,842	6,843	33,586	7,537	7,827	10,014	2,802
<b>TOTAL REVENUES</b>	<b>-----</b>	<b>-----</b>	<b>-----</b>	<b>-----</b>	<b>-----</b>	<b>-----</b>	<b>-----</b>
Available for current year's expenditures .....	\$ 25,795,250	\$ 18,859,708	\$ 16,460,814	\$ 12,279,542	\$ 10,212,723	\$ 9,849,739	\$9,256,227
<b>EXPENDITURES</b>							
<b>Pensions Paid</b>							
Service .....	\$ 11,120,195	\$ 10,832,990	\$ 9,825,781	\$ 8,953,096	\$ 9,544,655	\$ 13,782,501	\$4,219,932
Disability .....	2,824,396	2,746,971	2,833,567	1,584,573	1,343,438	1,092,934	875,570
Widows .....	5,461,317	5,703,292	5,364,626	3,417,479	3,459,800	3,883,492	1,380,813
Minors .....	81,808	71,496	67,627	52,638	52,648	41,985	37,476
Dependents .....	11,023	10,783	10,555	8,549	9,287	10,342	4,841
<b>Non-Service</b>							
Disability .....	312,997	256,086	238,621	229,301	187,035	174,181	149,320
Widows .....	177,413	177,459	145,079	140,088	122,693	105,541	84,872
Minors .....	37,917	30,726	30,760	39,902	28,640	23,445	19,722
<b>TOTAL PENSIONS</b> .....	<b>\$ 20,027,066</b>	<b>\$ 19,829,803</b>	<b>\$ 18,516,616</b>	<b>\$ 14,425,626</b>	<b>\$ 14,748,196</b>	<b>\$ 19,114,421</b>	<b>\$6,772,546</b>
Administrative Expense .....	\$ 207,537	\$ 178,160	\$ 176,258	\$ 139,469	\$ 126,842	\$ 114,828	\$ 97,535
<b>TOTAL EXPENDITURES</b> .....	<b>\$ 20,234,603</b>	<b>\$ 20,007,963</b>	<b>\$ 18,692,874</b>	<b>\$ 14,565,095</b>	<b>\$ 14,875,038</b>	<b>\$ 19,229,249</b>	<b>\$6,870,081</b>
<b>EXCESS OF REVENUE</b>							
<b>OVER EXPENDITURES</b> .....	<b>\$ 5,560,647</b>	<b>\$( 1,148,255)*</b>	<b>\$( 2,232,060)*</b>	<b>\$( 2,285,553)*</b>	<b>\$( 4,662,315)*</b>	<b>\$( 9,379,510)*</b>	<b>\$2,386,146</b>
Provision for unpaid pensions .....	166,000	-----	( 1,250,000)	-----	-----	-----	-----
Less: Provision for prior year .....	-----	1,084,000	-----	-----	-----	-----	-----
Loss on sale of investments .....	-----	-----	( 124,628)	( 63,135)	-----	-----	-----
<b>EXCESS OF REVENUES</b>							
<b>OVER EXPENDITURES</b> .....	<b>\$ 5,726,647</b>	<b>\$( 64,255)</b>	<b>\$( 3,606,688)</b>	<b>\$( 2,348,688)</b>	<b>\$( 4,662,315)</b>	<b>\$( 9,379,510)</b>	<b>\$2,386,146</b>
Additional Actuarial Reserve .....	( 32,321,342)	( 40,591,467)	( 45,679,864)	( 52,413,886)	( 623,700)	-----	-----
Deficit for the year .....	\$( 26,594,695)	\$( 40,655,722)	\$( 49,286,552)	\$( 54,762,574)	\$( 5,286,015)	\$( 9,379,510)	-----
Fund Deficit at beginning of year .....	(459,815,894)	(419,160,172)	(369,873,620)	(315,111,046)	(309,825,031)	(300,445,521)	-----
Fund Deficit at end of year .....	<b>\$(486,410,589)</b>	<b>\$(459,815,894)</b>	<b>\$(419,160,172)</b>	<b>\$(369,873,620)</b>	<b>\$(315,111,046)</b>	<b>\$(309,825,031)</b>	-----

\*Excess of Expenditures Over Revenues.