

1972

Annual Report

BOARD OF PENSION COMMISSIONERS

**CITY OF LOS ANGELES
CALIFORNIA**



FOR THE FISCAL YEAR ENDED JUNE 30, 1972

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ELECTIVE OFFICERS OF THE CITY OF LOS ANGELES



SAM YORTY
Mayor

ROGER ARNEBERGH
City Attorney

CHARLES NAVARRO
City Controller

LOS ANGELES CITY COUNCIL

LOUIS R. NOWELL*
First District

JOEL WACHS
Second District

DONALD D. LORENZEN
Third District

JOHN FERRARO
Fourth District

EDMUND D. EDELMAN
Fifth District

PAT RUSSELL
Sixth District

ERNANI BERNARDI
Seventh District

BILLY G. MILLS
Eighth District

GILBERT W. LINDSAY
Ninth District

THOMAS BRADLEY
Tenth District

MARVIN BRAUDE
Eleventh District

ROBERT M. WILKINSON
Twelfth District

ROBERT J. STEVENSON*
Thirteenth District

ARTHUR K. SNYDER*
Fourteenth District

JOHN S. GIBSON, JR.
Fifteenth District

*Member Police, Fire and Civil Defense Committee

**BOARD OF PENSION COMMISSIONERS
1971-72 ANNUAL REPORT**

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, 1972, and submitted in accordance with the provisions of Section 64 of the City Charter.

For the 1972 year, Pension System assets increased 26%, to a total of approximately \$211 million at year end. Interest and dividend income for the year increased 29% above the prior year, while taxes, representing the City's contribution to the System, were held to an increase of only 4%. Member contributions rose 11% in keeping with salary increases, on which member contributions are based.

In addition to interest and dividend income, the System realized capital gains of more than \$4 million during the year, and this addition to assets helps to reduce the overall cost of the Pension System. At year end, the common stocks owned by the Pension System showed a market value of \$14 million above cost.

The ratio of assets on hand to total liabilities continued to improve, moving above 12% for the year just ended. The long-range objective of this ratio for a funded pension system is to have asset values that are 50% of total liabilities.

Respectfully submitted,

BOARD OF PENSION COMMISSIONERS

By

Edward F. Oliver

President

EFO:nf



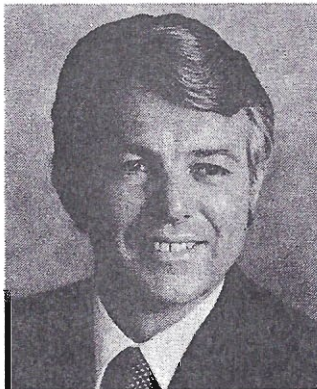
EDWARD F. OLIVER
President



ALFRED P. LOWY
Vice President



STANLEY M. BRUMMEL



SAM DIANNITTO



JACK HALSTEAD



MONROE RICHMAN, M.D.



RICHARD S. TRUGMAN

April 19, 1973

Board of Pension Commissioners
Room 501, City Hall South
111 East First Street
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, 1972. This report includes the statements of assets, liabilities and operations of Peat, Marwick, Mitchell & Company, who are employed by the Board under contract, to audit the financial position of the Department. In addition, there is provided a summary report by the Department's actuaries, Coates and Crawford, employed by the Board under contract to examine into the actuarial health of said Pension System, as required by Articles XVII and XVIII of the City Charter.

FINANCIAL CONDITION

Pension System assets increased 26% during the past year, to a total of approximately \$211 million, some 44 million above the prior year total. Permanent investments in the fund account for 88% of total assets.

Earnings for the year (interest and dividends) showed an increase of 29% above the prior year. Taxes, representing the City's contribution to the Systems, increased only 4%, while member contributions went up 11%.

In addition to interest and dividend income on investments, sales of securities during the year resulted in a realized capital gain of more than \$4 million. Changes in the investment portfolio included bond and stock purchases of more than \$56 million, and sales in excess of \$11 million. At the end of the year, common and preferred stocks at cost constituted more than 41% of the Department's portfolio, approaching the statutory limit of 50% of the fund that could be invested in stocks.

Yield Declines Slightly

The average purchase yield on the pension funds at fiscal year end showed a reduction in yield from 5.42% to 5.10% on the total fund. This decline was a statistical effect resulting from a greater preponderance of common stocks purchased during the year, relative to bonds.

The margin of market value above cost on common stocks was in excess of \$14 million, in contrast to an appreciation of only \$7 million in 1971.

Short-Term Investments

Temporary investments of the Pension System at year end were \$22,400,000, compared with \$21,500,000 for the prior year. For all funds in the Pension System, there were maturities or sales during the year of short-term securities including both U. S. Treasury Bills, and Commercial Paper, amounting to \$77 million, with earnings of \$903,000.

MEMBERSHIP

As of June 30, 1972, there were 3,068 firemen and 7,119 policemen as members of the system including members on leave of absence without pay, members on military leave and members on suspension. Of this number 478 are members of the Old Pension System, with 71 in the Fire Department and 407 in the Police Department. The following statement presents an analysis of length of service of such members:

	Fire	Police	Total
25 Year Members			
Members with less than 5 years	386	3,107	3,493
With less than 10 years	439	1,484	1,923
With less than 20 years	1,120	1,367	2,487
With 20 years and over	1,121	1,140	2,261
On Military Leave (eligibility dates not counted)	1	21*	22*
20 Years Members			
Members eligible to retire	1	---	1
TOTAL	3,068	7,119	10,187

*2 eligible to retire

Analysis of Membership

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

	1971-72	1970-71	1969-70	1968-69	1967-68
Total Membership July 1st	10,153	9,591	9,325	9,025	8,685
On Leave or Suspension	39	19	35	47	21
On Military Leave	32	17	42	52	53
	10,082	9,555	9,248	8,926	8,611
Additions:					
New Appointments	697	1,082	931	1,008	1,063
Reappointments	27	45	51	35	30
Restorations	3*	2*	6*	3*	4*
Reinstated	---	2**	---	---	---
Reactivated	6	23	27	---	---
Returned from Leave or Susp.	396	293	214	290	260
Restored from Military Leave	25	14	37	19	40
	11,236	11,016	10,514	10,281	10,008
Withdrawals:					
Service Retirements	315	227	235	337	464
Disability Retirements	39	22	49	25	26
Resigned	315	314	438	357	230
Discharged	11	10	13	6	12
Deaths	19	19	14	21	25
Leaves	401	313	198	278	286
Military Leaves Granted	15	29	12	9	39
Active Membership—June 30th	10,121	10,082	9,555	9,248	8,926
On Leave or Suspension	44	39	19	35	47
On Military Leave	22	32	17	42	52
Total Membership—June 30th	10,187	10,153	9,591	9,325	9,025

*Includes 2 disabilities granted after resignation and/or discharge in 1967-68; 2 in 1968-69; 5 in 1969-70; 2 in 1970-71 and 1 in 1971-72 and 2 restored to active duty from resignation.

**Includes 2 service pensions granted after discharge.

Appointed Fiscal Year 1971-1972

During the course of the year 731 members were appointed and became members of the system. Some 457, or 63% of such members were married at the date of entrance. Twenty-seven of such members were reappointees with an average age of 27. Six of such members are reactivated members with an average age of 49. Two members were restored from resignation and were above the age of 42. Of the 697 original appointees the median age was 24, the mode 21, and the average 25.

ELIGIBILITY

There were as of June 30, 1972, a total of 2,261 members eligible to retire. One of these was a 20-year member and 2,260 were 25-year members. Twenty-seven of these members are under the Old Pension System. The following schedule shows the number of members eligible to retire at the end of each fiscal year as indicated:

Fiscal Year	Fire	Police	Total
1961-1962	591	511	1,102
1962-1963	614	510	1,124
1963-1964	638	503	1,141
1964-1965	602	446	1,048
1965-1966	559	610	1,169
1966-1967	906	892	1,798
1967-1968	1,122	1,189	2,311
1968-1969	1,148	1,282	2,430
1969-1970	1,190	1,305	2,495
1970-1971	1,131	1,245	2,376
1971-1972	1,121	1,140	2,261

During the fiscal year 1972-1973, an additional 134 members will become eligible if their service is continuous. Fifty-six of these are firemen. Of this 134 there are 4 remaining under the Old Pension System.

Service of Present Eligibles

Years of Service	20 Year Members		25 Year Members		Total
	Fire	Police	Fire	Police	
20	---	---	137	63	200
21	---	---	34	39	73
22	---	---	109	123	232
23	---	---	97	202	299
24	---	---	296	313	609
25	---	---	290	199	489
26	---	---	1	98	99
27	---	---	---	9	9
28	---	---	27	24	51
29	---	---	39	26	65
30	---	---	38	30	68
31	---	---	35	10	45
32	---	---	---	---	---
33	---	---	---	1	1
34	---	---	3	---	3
35	---	---	8	2	10
36	---	---	2	---	2
37	---	---	4	---	4
38	---	---	---	---	---
39	---	---	---	---	---
40	---	---	1	1	2
47	1	---	---	---	1
	1	---	1,121	1,140	2,261

Eligibility by Ranks

The following tables show eligibility for retirement by ranks, in both the Fire and Police Departments, for the reason that this information has frequently been requested. The perusal of these tables show a continuing concentration of members with long service in the rank of Captain in the Fire Department and of Investigators in the Police Department, with the prospects of considerable movement of personnel in these ranks with any increase in number of retirements.

ELIGIBILITY BY RANKS

June 30, 1972

Fire

Years Service	Firemen	Auto Firemen	Fire Boat Mate	Fire Boat Pilot	Inspector	Engineer	Chief Engineer	Captain	Battalion Chief	Deputy Chief	Asst. Chief	Total
48.....	---	---	---	---	---	1	---	---	---	---	---	1
40.....	---	---	---	---	---	---	---	---	1	---	---	1
37.....	---	---	---	---	---	1	---	1	1	---	1	4
36.....	---	---	---	---	---	---	---	1	1	---	---	2
35.....	1	---	---	---	---	1	---	2	3	---	1	8
34.....	---	---	---	---	---	---	---	2	1	---	---	3
31.....	5	---	---	---	---	10	1	9	7	---	3	35
30.....	7	---	1	---	2	8	---	15	4	1	---	38
29.....	7	4	2	---	1	5	---	16	4	---	---	39
28.....	15	1	---	---	2	4	---	4	1	---	---	27
27.....	---	---	---	---	---	---	---	---	---	---	---	---
26.....	---	---	---	---	---	---	---	1	---	---	---	1
25.....	95	3	1	1	11	74	---	91	9	1	4	290
24.....	97	2	1	2	12	75	---	96	7	2	2	296
23.....	23	2	2	---	5	29	---	30	4	1	1	97
22.....	30	1	5	1	2	30	---	35	5	---	---	109
21.....	16	1	---	---	---	9	---	8	---	---	---	34
20.....	51	4	---	---	5	50	---	23	4	---	---	137
19.....	24	---	---	---	---	15	---	11	6	---	---	56
18.....	17	---	---	---	2	21	---	9	---	---	---	49
17.....	51	2	---	---	4	31	---	13	1	---	---	102
16.....	21	2	---	---	2	16	---	11	3	---	---	55
15.....	110	10	1	1	4	24	---	28	2	---	---	180
14.....	87	8	1	---	4	28	---	30	2	---	---	160
13.....	74	7	---	---	2	11	---	21	1	---	---	116
12.....	72	16	1	---	1	10	---	18	---	---	---	118
11.....	85	10	---	---	5	3	---	17	---	---	---	120
10.....	114	24	---	---	5	5	---	16	---	---	---	164
9.....	169	31	---	---	6	6	---	16	---	---	---	228
8.....	30	5	---	---	2	3	---	1	---	---	---	41
7.....	55	10	---	---	1	8	---	2	---	---	---	76
6.....	72	8	---	---	---	8	---	---	---	---	---	88
5.....	6	---	---	---	---	---	---	---	---	---	---	6
4.....	90	2	---	---	1	1	---	---	---	---	---	94
3.....	30	---	---	---	---	---	---	---	---	---	---	30
2.....	71	1	---	---	---	---	---	---	---	---	---	72
1.....	115	---	---	---	---	---	---	---	---	---	---	115
0.....	76	---	---	---	---	---	---	---	---	---	---	76
Totals.....	1,716	154	15	5	79	487	1	527	67	5	12	3,068
Art. XVII ..	54	3	---	---	7	4	---	2	1	---	---	71
Art. XVIII ..	1,662	151	15	5	72	483	1	525	66	5	12	2,997

ELIGIBILITY BY RANKS

June 30, 1972

POLICE

Years Service	Policeman Policewoman	Investigator	Sergeant	Policewoman Sergeant	Lieutenant	Captain Commander	Chief Police	Deputy Chief	Total	
40	---	---	---	---	---	---	---	1	1	
35	---	---	---	---	---	1	---	2	2	
34	---	---	---	---	---	---	---	---	---	
33	---	---	---	---	1	---	---	---	1	
32	---	---	---	---	---	---	---	---	---	
31	---	2	1	---	2	1	2	1	10	
30	8	9	5	---	5	2	1	---	30	
29	3	14	7	---	1	---	1	---	26	
28	5	7	4	1	3	2	2	---	24	
27	3	3	---	---	2	---	---	1	9	
26	36	42	10	---	7	2	2	---	99	
25	72	73	24	---	19	7	2	2	199	
24	136	113	31	---	20	13	---	---	313	
23	67	74	35	---	12	9	4	---	203	
22	30	43	21	1	13	7	4	4	123	
21	16	12	5	---	4	2	---	---	39	
20	16	22	13	---	9	3	---	---	63	
19	20	28	16	---	11	3	---	---	78	
18	31	35	22	---	17	4	1	---	110	
17	41	38	30	1	17	3	2	---	132	
16	23	36	29	---	18	1	---	---	107	
15	32	32	15	---	10	2	2	---	93	
14	43	58	39	1	16	2	---	---	159	
13	44	60	42	---	11	---	---	---	157	
12	33	48	59	---	8	2	---	---	150	
11	44	58	45	1	13	1	---	---	162	
10	68	80	66	---	6	---	---	---	220	
9	75	91	85	2	8	---	---	---	261	
8	126	83	72	1	4	---	---	---	286	
7	163	39	59	---	---	---	---	---	261	
6	227	42	41	---	---	---	---	---	310	
5	324	31	11	---	---	---	---	---	366	
4	658	21	8	---	---	---	---	---	687	
3	663	1	4	---	---	---	---	---	668	
2	561	---	---	---	---	---	---	---	561	
1	754	---	---	---	---	---	---	---	754	
0	455	---	---	---	---	---	---	---	455	
Totals	4,777	1,195	799	8	237	66	24	1	12	7,119
Art. XVII	253	89	61	---	4	---	---	---	---	407
Art. XVIII	4,524	1,106	738	8	233	66	24	1	12	6,712

Members Becoming Eligible Next Ten Years

The following schedule indicates that 2,489 members of the Fire and Police Departments will become eligible to retire for years of service during the next ten fiscal years, of which 219 are under the Old Pension System.

Fiscal Year	Fire	Police	Total
1972-1973	56	78	134
1973-1973	49	110	159
1974-1975	102	132	234
1975-1976	55	108	163
1976-1977	180	93	273
1977-1978	160	159	319
1978-1979	116	157	273
1979-1980	118	150	268
1980-1981	120	162	282
1981-1982	164	220	384
TOTALS	1,120	1,369	2,489

Thus, in addition to 22% of the present active members already eligible to retire as indicated above, there will be an additional 24% of total Fire and Police present members who will become eligible to retire or will have retired by June 30, 1982.

Set forth below is the pattern of retirements among those newly eligible to retire; that is, the proportion of members retiring as soon as they reach 20 years of service. Policemen continue their lead in this measure, though the last five years has seen considerable reduction in this rate of such retirements.

RETIREMENTS OF NEW ELIGIBLES

5 YEAR PERIOD YEARS ENDING	NEW ELIGIBLES			RETIREMENTS			
	Fire	Police	Total	Fire	%	Police	%
6-30-57.....	259	202	461	17	7	24	12
6-30-62.....	392	487	879	24	6	77	16
6-30-67.....	564	1,119	1,683	28	5	269	24
6-30-72.....	796	1,285	2,081	43	5	238	19
TOTAL	2,011	3,093	5,104	112	6	608	20

MILITARY LEAVES

On June 30, 1972 there were 22 members on military leave. The following schedule indicates the operation of military leave authorization during the fiscal year 1971-1972:

On Leave June 30, 1971	32
Granted during 1971-1972	15
	47
Restored — Now Active	25
On Leave June 30, 1972	22

PENSION ROLL CHANGES

On July 1, 1971, 82 applications were pending. During the course of the fiscal year 571 petitions were received. Of the total of 653 petitions, 458 were granted, 38 withdrawn, 17 denied and 2 reinstated. The details of pensions granted and terminated during the course of the fiscal year are as follows:

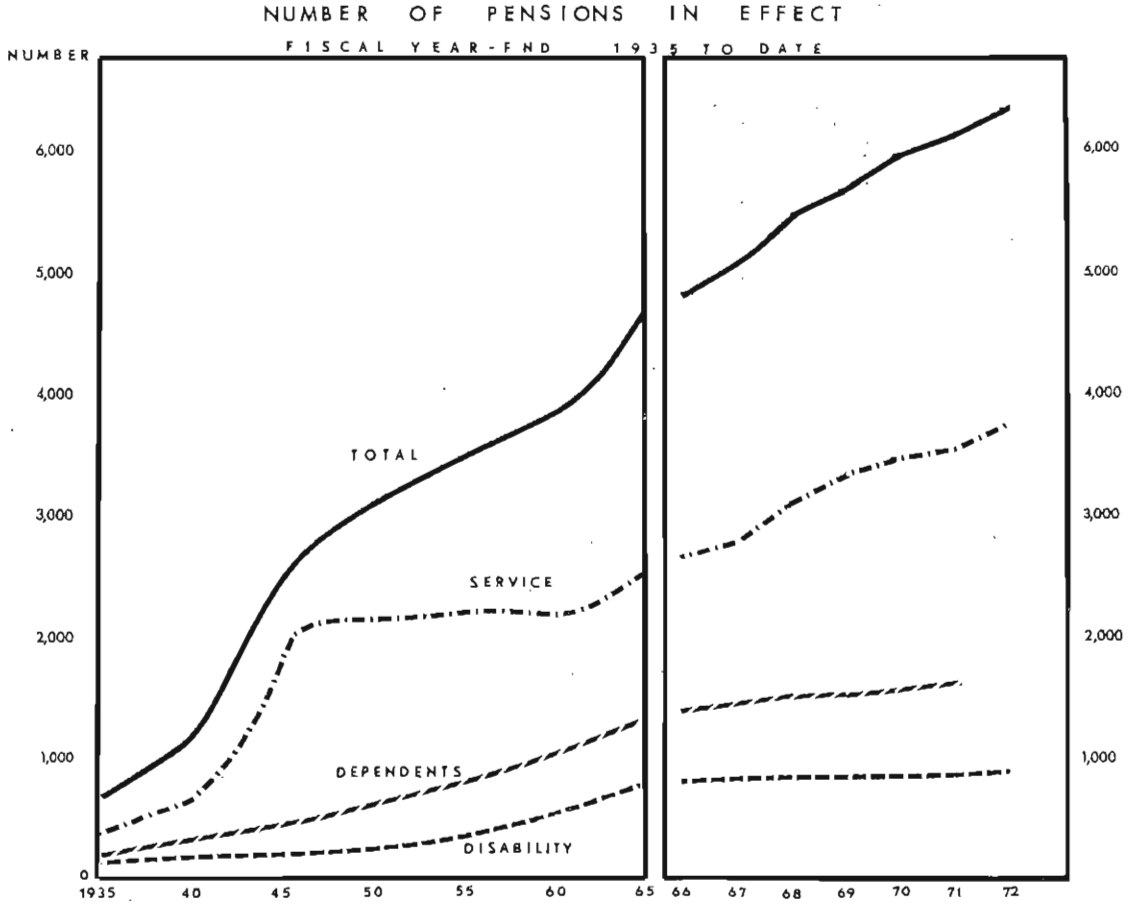
	20 Year Service		20-25 Year Service		Service Disability		Nonservice Disability		Service Widows		Nonservice Widows		Service Dependents		Nonservice Dependents		Total Article XVII	Total Article XVIII	Total System
	Article XVII	Article XVIII	Article XVII	Article XVIII	Article XVII	Article XVIII	Article XVII	Article XVIII	Article XVII	Article XVIII	Article XVII	Article XVIII	Article XVII	Article XVIII					
7-1-71	1050	4	1256	1239	643	73	147	11	1490	44	68	11	20	4	14	7	4688	1393	6081
Granted	1	---	9	298	3	33	1	2	75	23	2	5	2	3	1	---	94	364	458
Reinstated	---	---	---	---	---	---	---	---	2	---	---	---	---	---	---	---	2	0	2
Deaths	68	---	20	9	11	2	3	---	46	---	---	---	---	---	---	---	148	11	159
Reactivated	---	---	---	6	---	---	---	---	---	---	---	---	---	---	---	---	0	6	6
Withdrawn	---	---	---	25*	---	13*	---	---	---	---	---	---	---	---	---	---	0	38*	38*
Denied	---	---	---	---	5*	12*	---	---	---	---	---	---	---	---	---	---	5*	12*	17*
Increased	---	---	---	---	9*	---	---	---	1*	---	---	---	---	---	---	---	10*	0	10*
Decreased	---	---	---	---	4*	5*	---	---	16*	5*	2*	---	---	---	---	---	22*	10*	32*
Remarriage	---	---	---	---	---	---	---	---	6	2	2	---	---	---	---	---	8	2	10
Majority	---	---	---	---	---	---	---	---	---	---	---	---	3	---	5	---	8	0	8
	983	4	1245	1522	635	104	145	13	1515	65	68	16	19	7	10	7	4620	1738	6358

*Statistical—These figures do not affect pension roll.

PENSIONS IN EFFECT — 1935 TO DATE

The accompanying chart illustrates the changing relationship of the different classifications of pensions in effect at year end since 1935.

During the year, service pensions increased 5.8% (3549 to 3754). Dependent pensions went up 3% (1658 to 1707). Disability pensions increased 2.6% (874 to 897). The total of all pensions showed an increase of 4.5%.



PENSIONS CLASSIFIED BY AMOUNTS

The following schedule shows the classification of pensions paid by number of pensioners in \$40.00 brackets up to the monthly amount of \$1,025, and the average pension being paid in each classification:

Amounts	Service	Disability	Widows	Dependents	Minors	Total
345-384	1,312	394	346	---	33	2,085
385-424	291	105	62	1	5	464
425-464	193	79	52	---	1	325
465-504	127	58	30	---	2	217
505-544	87	58	18	1	---	164
545-584	103	38	21	---	---	162
585-624	217	38	265	---	---	520
625-664	363	41	450	---	---	854
665-704	157	24	36	---	---	217
705-744	122	19	104	---	---	245
745-784	145	10	103	---	---	258
785-824	84	6	9	---	---	99
825-864	100	7	85	---	---	192
865-904	127	6	21	---	---	154
905-944	53	5	1	---	---	59
945-984	55	4	24	---	---	83
985-1024	26	1	---	---	---	27
1025 or over	192	4	37	---	---	233
Totals	3,754	897	1,664	2	41	6,358
Average Pension	\$567.94	\$462.35	\$601.83	\$448.20	\$368.82	\$560.59

The overall average of \$560.59 is approximately nine and one-half percent over the average for the prior fiscal year of \$511.90. The average number of fluctuating pensions, cost of living pensions and of fixed pensions is reported as follows: Cost of living pensions are eligible for application of the cost of living formula described above, which is applicable on July 1st of each year. There are 1,538 of these pensions classified as cost of living pensions because they received the minimum pension adjustment.

Fluctuating	Service	Disability	Widows	Dependents	Minors	Total
Number	846	52	1,085	---	---	1,983
Average Pension	\$767.18	\$680.73	\$699.23	---	---	\$727.73

Cost of Living

Number	1,897	684	482	---	28	3,091
Average Pension	\$494.27	\$418.35	\$396.60	---	\$358.54	\$461.00

Fixed

Number	1,011	161	97	2	13	1,284
Average Pension	\$539.47	\$578.76	\$532.14	\$448.20	\$398.98	\$542.20

The total fluctuating pensions represents a net decrease of 57 during the fiscal year, while cost of living pensions increased by 732. Fixed pensions decreased by 398 due to the new minimum level of \$350.00, placing more members in the cost of living bracket.

AGES OF PENSIONERS

The following is an analysis of the ages of all pensioners at the close of June 30, 1972:

Ages	Service	Disability	Widows	Dependents	Minors	Total
0-17	---	---	---	---	41	41
20-24	---	---	3	1	---	4
25-29	---	6	5	---	---	11
30-34	---	20	12	---	---	32
35-39	---	53	11	---	---	64
40-44	34	67	16	---	---	117
45-49	531	225	80	---	---	836
50-54	740	229	87	---	---	1,056
55-59	592	117	119	---	---	828
60-64	432	70	163	---	---	665
65-69	247	25	307	1	---	580
70-74	601	45	375	---	---	1,021
75-79	379	24	270	---	---	673
80-84	159	11	151	---	---	321
85-89	32	4	53	---	---	89
90-94	7	1	10	---	---	18
95-99	---	---	2	---	---	2
Totals	3,754	897	1,664	2	41	6,358
Average Age	61	53	68	45	11	

Average Age at Date of Retirement

An analysis of the average age of Firemen and Policemen at the time of retirement on service pension is set forth for the last ten fiscal years in the following table:

Fiscal Year	Fire	Average Age	
		Police	Combined
1962-1963	53	51	52
1963-1964	54	51	51
1964-1965	55	53	53
1965-1966	56	48	49
1966-1967	53	47	48
1967-1968	55	48	50
1968-1969	54	48	49
1969-1970	52	47	49
1970-1971	56	50	53
1971-1972	54	52	53

Number Retiring Above or Below Age 50

It is noted that the average age of those retiring on service pension decreased for Firemen and increased for Policemen. Of the 220 members becoming eligible to retire during the year (146 Fire; 74 Police) 8% of them retired with the minimum service. The net effect on age and service is indicated in the following tables:

Fiscal Year	FIRE				POLICE			
	Under 50	Exactly 50	Over 50	Total	Under 50	Exactly 50	Over 50	Total
1962-1963	15	3	33	51	53	8	43	107
1963-1964	9	2	19	30	59	10	43	112
1964-1965	8	1	23	32	38	9	52	99
1965-1966	3	---	38	41	141	8	37	186
1966-1967	16	---	37	53	138	15	24	177
1967-1968	39	5	105	149	223	15	77	315
1968-1969	26	5	55	86	178	17	56	251
1969-1970	24	5	37	66	131	5	33	169
1970-1971	12	2	76	90	70	9	58	137
1971-1972	26	10	106	142	64	11	91	166
	178	33	529	740	1,095	107	517	1,719
Percent of Totals	24%	4%	72%	100%	64%	6%	30%	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 ten fiscal years:

Fiscal Years	Average Years		
	Fire	Police	Combined
1962-1963	27	24	25
1963-1964	26	23	24
1964-1965	29	25	26
1965-1966	29	22	23
1966-1967	26	21	22
1967-1968	27	22	24
1968-1969	27	22	23
1969-1970	26	22	23
1970-1971	28	24	26
1971-1972	27	25	26

Years of Service at Retirement

It is again noted that Policemen have retired on service pension during every year with less years of service than did Firemen, consistent with the average age table above. It is noted, below, that retirements increased considerably during the year in both Fire and Police.

NUMBER OF FIREMEN AND POLICEMEN

Fiscal Year	FIRE					POLICE				
	Less	Exac.	Over	Total	20	Less	Exac.	Over	Total	
1962-1963	8	9	4	30	51	42	30	6	29	107
1963-1964	6	7	4	13	30	35	54	---	23	112
1964-1965	1	12	---	19	32	13	56	1	29	99
1965-1966	---	12	2	27	41	121	44	4	17	186
1966-1967	17	5	9	22	53	131	30	7	9	177
1967-1968	36	12	12	89	149	190	63	18	44	315
1968-1969	14	13	6	53	86	135	73	9	34	251
1969-1970	7	23	1	35	66	85	58	---	26	169
1970-1971	3	19	---	68	90	17	64	23	33	137
1971-1972	11	13	44	74	142	15	36	60	55	166
	103	125	82	430	740	784	508	128	299	1,719
Percent of Totals	14%	17%	11%	58%	100%	46%	30%	7%	17%	100%

Age and Service of Disability Pensioners

The average age and average number of years of service of Firemen and Policemen who were retired upon disability pension during the last ten fiscal years are reflected in the following schedules. The data for 1971-1972 shows an increase in average age of Firemen as well as in years of active service. Policemen show an increase in both age and years of active service, consistent with the drop in number of new eligibles.

Fiscal Year	AVERAGE AGE			AVERAGE YEARS		
	Fire	Police	Combined	Fire	Police	Combined
1962-1963	45	39	41	17	13	15
1963-1964	42	40	40	16	14	14
1964-1965	45	41	41	20	15	16
1965-1966	41	41	41	15	16	16
1966-1967	42	42	42	16	16	16
1967-1968	42	40	40	12	13	13
1968-1969	37	40	39	9	14	13
1969-1970	48	40	45	21	14	18
1970-1971	39	41	40	15	16	15
1971-1972	48	38	41	20	13	16

SERVICE PENSIONS**Pensions Granted**

A total of 308 members of the Fire and Police Departments retired upon service pension during the fiscal year ended June 30, 1972. Of the total number, 298 retired under the New Pension System.

Reactivated

During the fiscal year 1971-1972, 8 requests for return to active duty were received of which 8 were approved by the Board of Pension Commissioners. Of the 8 approved, 4 were reactivated, 2 were denied reactivation by the employing Department and 2 were pending at the close of June 30, 1972. The following schedule represents activity in requests for reactivation since its inception on May 2, 1969:

Dept.	Requests Received	Pension Board Approved	Pension Board Disapproved	Denied Return By Active Department	Total Reactivated	Pending
Fire	3	3	0	0	3	0
Police	66	64	2	10	52	2

Pensions Discontinued

During the fiscal year a total of 97 service pensions were discontinued on account of death. These individuals were on the pension rolls an average of twenty-two and one-half years although the range of life after retirement varied from nine months to forty years. In addition thereto, six service pensions were discontinued by reactivation to the Police Department. These individuals were on the pension rolls for an average of three years.

Service Retirements by Years

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

Fiscal Year	F I R E		P O L I C E		Total
	20 Year	20-25 Year	20 Year	20-25 Year	
1962-1963	1	50	5	102	158
1963-1964	1	29	5	107	142
1964-1965	1	31	6	93	131
1965-1966	2	39	1	185	227
1966-1967	2	51	---	177	230
1967-1968	3	146	2	313	464
1968-1969	2	84	1	250	337
1969-1970	---	66	2	167	235
1970-1971	---	90	---	137	227
1971-1972	---	142	1	165	308

DISABILITY PENSIONS**Pensions Granted**

A total of 39 members of the Fire and Police Departments were granted disability pensions during the fiscal year ended June 30, 1972. Of these 36 were granted on a service-connected basis while 3 were nonservice.

Pensions Discontinued

Sixteen disability pensioners were discontinued on account of death during the past year. There were no restorations to active duty.

Disability Retirements by Years

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

Fiscal Year	FIRE		POLICE		Total
	Service	Nonservice	Service	Nonservice	
1962-1963	19	3	50	7	79
1963-1964	8	6	45	11	70
1964-1965	9	—	23	15	47
1965-1966	7	—	29	12	48
1966-1967	10	5	32	11	58
1967-1968	3	—	19	4	26
1968-1969	3	2	15	5	25
1969-1970	23	6	16	4	49
1970-1971	12	—	8	2	22
1971-1972	12	1	24	2	39

Years on Pension

Fiscal Year	FIRE		POLICE		Total
	Service	Nonservice	Service	Nonservice	
1910-1914	—	—	1	—	1
1920-1924	1	—	1	—	2
1925-1929	2	—	1	—	3
1930-1934	5	—	6	—	11
1935-1939	5	—	15	—	20
1940-1944	6	—	12	—	18
1945-1949	3	3	9	5	20
1950-1954	19	4	37	10	70
1955-1959	42	8	71	29	150
1960-1964	52	12	220	31	315
1965-1969	29*	5	109*	36*	179*
1970-1972	46*	7*	47*	8*	108*

*Includes 117 under Article XVIII

Analysis of Rates

There are 739 service-connected disability pensions and 158 nonservice-connected pensions classified by rates in the following schedule as of June 30, 1972. Of this number 104 service-connected and 13 nonservice-connected disability pensioners were granted under the New Pension System.

Rate	Fire	Police	Total
40%	39	119	158
50%	64	217	281
52%	—	1	1
55%	25	67	92
57½%	1	—	1
58%	1	—	1
60%	34	76	110
61%	3	—	3
64%	1	—	1
65%	46	85	131
66⅔%	1	—	1
69%	—	1	1
70%	17	26	43
75%	9	27	36
77½%	—	1	1
80%	5	11	16
85%	3	6	9
90%	—	11	11
Total	249	648	897

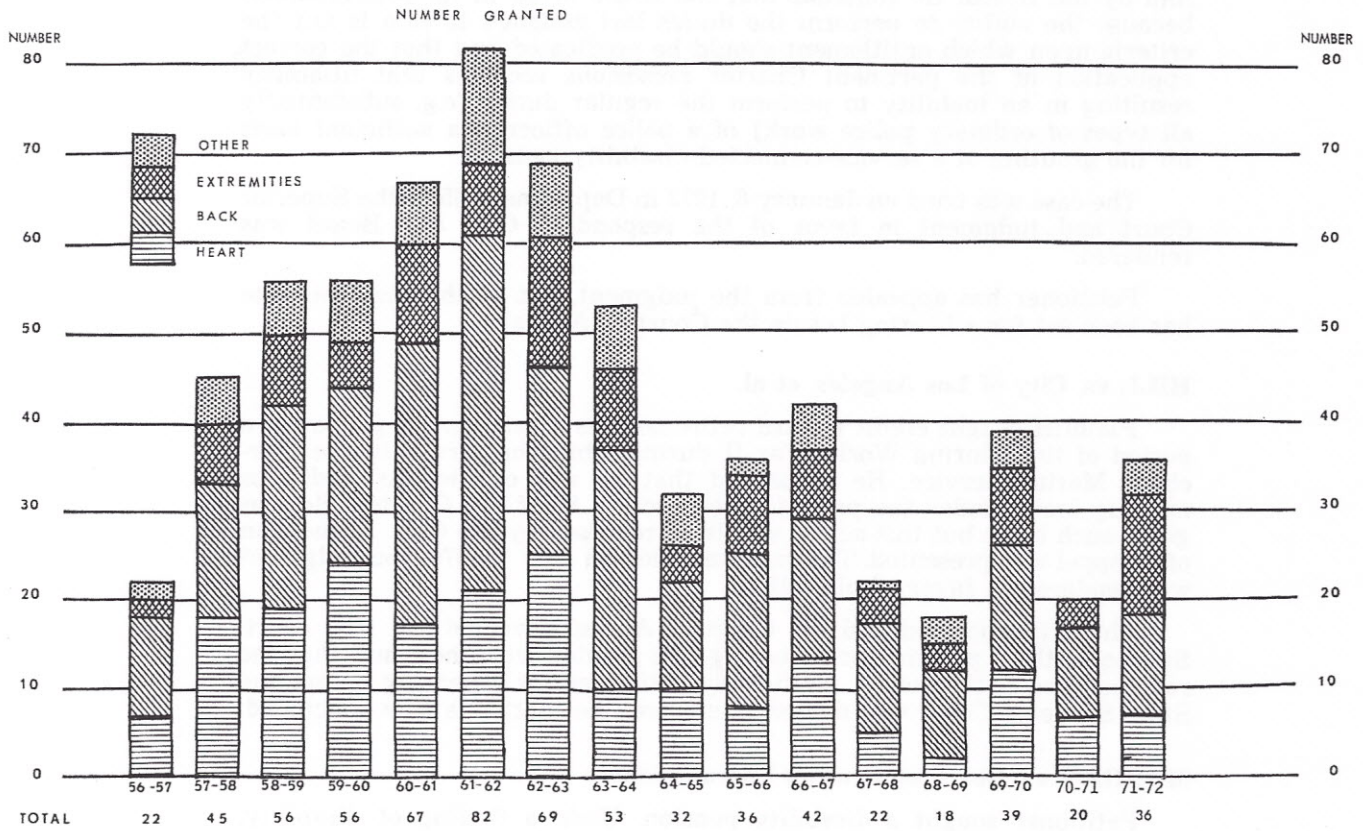
Analysis of Disability Pensioners by Age

Age	Fire	Police	Total
24-29	1	5	6
30-34	3	17	20
35-39	12	41	53
40-44	21	46	67
45-49	44	181	225
50-54	43	186	229
55-59	45	72	117
60-64	32	38	70
65-69	18	7	25
70-74	19	26	45
75-79	6	18	24
80-84	3	8	11
85-89	2	2	4
90-94	---	1	1
Total	249	648	897
Average Age	55	52	53

Service-Connected Disability

New service-connected disability pensions increased from 20 to 36 in 1971-1972. This number is a substantial increase from the prior year and is reflected in the accompanying chart.

SERVICE CONNECTED DISABILITIES



LITIGATION

The status of each case is stated as of June 30, 1972 unless otherwise indicated.

ALBRIGHT, et al.)
BROWN, et al.) vs. City of Los Angeles, et al.

Plaintiffs in BROWN, service pensioners, contend that they are entitled, by virtue of the April 18, 1957 amendment to Section 181½ of the City Charter, to greater fluctuating or fixed pensions based up 20 to 30 years of service. Plaintiffs in ALBRIGHT, widows, contend that they also are entitled, by virtue of said amendment, to greater fluctuating or fixed pensions and, further, that their pensions are to be calculated upon salaries in effect at date of death rather than at date of retirement of their respective husbands. Plaintiffs in each case further contend that they had not waived interest upon principal amounts of other pension benefits which had been made to and accepted by them in 1962. In other cases, the exact same issues were raised by the plaintiffs therein and all of the same, by the decision of the Court of Appeal filed on January 26, 1966 and which heretofore has become final and conclusive, were decided adversely to said plaintiffs except that the issue with respect to the waiver of interest was decided favorably to them. Plaintiffs in each case heretofore have been paid all moneys to which they were entitled by reason of the decision in said other cases with respect to the issue of waiver of interest. None of the cases is set for trial.

CRAVER vs. City of Los Angeles, et al.

Petitioner is seeking to obtain a disability pension previously denied him by the Board. He contends that the Board erred in its determination because the ability to perform the duties last assigned to him is not the criteria upon which entitlement should be predicated and that the correct application of the pertinent Charter provisions requires that disability resulting in an inability to perform the regular duties (e.g. substantially all types of ordinary police work) of a police officer is a sufficient basis for the granting of a service-connected disability pension.

The case was tried on January 6, 1972 in Department 65 of the Superior Court and judgment in favor of the respondent City and Board was rendered.

Petitioner has appealed from the judgment, but at this time no date has been set for a hearing before the Court of Appeal.

HILL vs. City of Los Angeles, et al.

Plaintiff sought credit toward retirement as a sergeant of police for a period of time during World War II during which he served in the Merchant Marine Service. He contended that he was entitled to credit for military leave under the provisions of Section 17 of the Charter. He was given such leave but this action was later reversed by the City. A question of estoppel was presented. The case was tried on July 6, 1970, and judgment was rendered in favor of plaintiff.

The City appealed and the Court of Appeal reversed the trial court. Subsequently, a petition for rehearing was granted with the result that the reversal was confirmed. A petition by petitioner for a hearing before the State Supreme Court was denied; therefore, the matter is now concluded.

MORGAN vs. Board of Pension Commissioners

Petitioner sought a disability pension. Upon a finding of disability,

but nonservice-connected causation thereof by the Board, the petitioner was held to be ineligible to receive a nonservice-connected disability pension because of Pension Department records indicating a length of service of less than five years in the aggregate as required under Section 182 $\frac{1}{4}$ of the Charter.

The Superior Court held that petitioner was entitled to 54 sick days credited by the Police Department but not previously paid to her and that with those days added to her record petitioner had completed five years of service in the aggregate and was, therefore, eligible to receive a nonservice-connected disability pension in light of the Board's previous finding of the existence of a disability. No appeal was taken in this case and the judgment was paid; therefore, the case is now concluded.

MYERS vs. City of Los Angeles

Petitioner, widow of a police officer and receiving a widow's pension pursuant to Section 190.13(a)(6) of Article XVIII of the Charter, contends that the provisions of Section 190.15 allowing for a reduction of all but service pensions by the total amount of a workmen's compensation award do not apply with respect to her type of pension because her husband would, at the time of his death, have been eligible for a service pension pursuant to Section 190.11 and that, consequently, her rights should be deemed derived from those enjoyed by her husband before his demise. The matter went to trial in the Superior Court and judgment was rendered in favor of the City. Petitioner has appealed from the trial court's determination, but, at this time, no hearing date has been set by the Court of Appeal.

McLEOD vs. Board of Pension Commissioners

Petitioner, a former policeman, seeks a disability pension. His contention is that the fact of his having been able to perform the regular duties of a police officer, up to the time of his resignation from the Police Department, is immaterial if an injury sustained by him while on duty subsequently—and after his employment has been terminated—results in disability and inability to perform the duties of a police officer. He also contends that, at the time of the Board's last denial of his application, there was no evidence in the record to support a finding that petitioner at that time was not disabled and contends furthermore that the Board has in fact admitted his disability at the time the aforementioned action was taken.

Upon review in the Superior Court, judgment was rendered in favor of the Board. Petitioner has appealed from the trial court's determination, but, at this time, no hearing date has been set by the Court of Appeal.

NELSON and YOUNG vs. City of Los Angeles

On June 2, 1970, the California Constitution was amended by adopting Section 10 of Article XI thereof, which provides that:

"A local government body may not grant extra compensation or extra allowance to a public officer, public employee, or contractor after service has been rendered or a contract has been entered into and performed in whole or in part, or pay a claim under an agreement made without authority of law."

When the electorate of the City adopted certain Charter amendments providing benefit increases for both retired and active members of the City's two fire and police pension systems at the May 25, 1971 Special Municipal Election, the City Attorney advised the Board not to pay the benefit increases to persons already retired on the effective date of the amendments until a judicial determination had first been made interpret-

ing the above quoted constitutional prohibition as being inapplicable to the retroactive pension increases.

Petitioners filed a petition for writ of mandamus in the State Supreme Court. The High Court referred the matter to the Court of Appeal which, after hearing, issued a peremptory writ of mandate compelling the Board to pay the Proposition 2 increases to retired members. A petition by respondents for a hearing before the State Supreme Court was denied; therefore the matter is now concluded.

RECOVERY FROM THIRD PARTIES

During the fiscal year 1971-1972, the Department of Pensions received a total of \$210,571.80, representing amounts recovered by the City Attorney from third parties, thereby reimbursing the system and its funds for pension liabilities incurred on account of disabilities or death of three System Members.

SMITH vs. County of Los Angeles

John C. Smith, a police officer, was killed while on duty, in a collision with a Los Angeles County-owned vehicle. An action for wrongful death against the county was commenced by the heirs of Officers Smith, as well as by the City of Los Angeles. The case went before the Court of Appeal after judgment of the Superior Court. Out of the amounts recovered, \$53,791.16 was received by the Department of Pensions.

The interesting aspect of the case was the issue of whether or not recovery could be made of the amount representing the present cost of the system's future pension obligations to Officer Smith's eligible survivors. The Court of Appeal held that a third party tortfeasor is liable for all the wrong his tortfeasance brought about, which includes both the damage to the employee and payments made or required to be made by the employer, and that the difficulties of actuarial computation, because of the contingent nature of future benefits, or of computation of the ratio of dependency pension attributable to the employee's contribution as compared to that provided by the city, cannot be said to preclude a judgment including an award for future payments.

HINMAN vs. Westinghouse Electric Co.

Plaintiff, a policeman, while standing on the center divider of the freeway inspecting a possible road hazard, was struck by a car driven by defendant's employee. Plaintiff applied for and was granted a service-connected disability pension and sued defendant to recover for personal injuries sustained. The city intervened. The trial court found in favor of defendant, but on appeal the State Supreme Court reversed the lower court's determination, as a result of which the city recovered \$120,000, of which \$108,158 was transferred to the Department of Pensions, representing the present value of the total (including future) pension obligation to the System Member.

VOLZ vs. Foremost Dairies

This case involved a police officer whose pre-existing back problem was aggravated by a traffic accident, as a result of which the officer was placed on a service-connected disability pension. The matter was not brought to trial, inasmuch as the City Attorney obtained a favorable settlement in the sum of \$65,000, of which \$48,622.64 was transferred to the New

Pension System. The settlement figure was predicated in part on the concepts developed in the **Smith vs. County of Los Angeles** case and utilized in the case of **Hinman vs. Westinghouse Electric Co.**

DOMESTIC RELATIONS LITIGATION

Recent appellate cases have held that a spouse can assert her/his community property interest in a pension allowance received by the other party to the marriage. These cases have resulted in the Board's increased involvement in dissolution of marriage proceedings because the California Rules of Court, in concert with the Family Law Act, now provide a method whereby a respondent or petitioner, as the case may be, may apply to the Court for an ex parte order commanding a claimant third party, such as the Board or the Department of Pensions who holds property subject to the Court's jurisdiction, to be joined as a party to the divorce proceeding.

However, the law is in a state of uncertainty as to whether or not a court can retain continuing jurisdiction over the respective interests of spouses in a future pension allowance when, at the time of trial, the employee has no vested right, but a mere expectancy, to a pension allowance.

Opinions and Reports

On July 13, 1971, and as a result of a request by Mr. M. Lewis Thompson, an opinion was released concerning the effect on fire and police pensions of Proposition 2 at the May 25, 1971 Special Municipal Election. One of the more prominent issues analyzed in the opinion was the question of the applicability of the constitutional prohibition contained in Section 10 of Article XI of the California Constitution against the retroactive granting of extra compensation or allowances to pension benefits. The conclusion submitted in the opinion resulted in the litigation hereinbefore referred to in the report on the case of **NELSON and YOUNG vs. City of Los Angeles**.

The return to duty of a police officer who had received workmen's compensation benefits at the State Rate of \$87.50 per week for temporary disability after his I.O.D. time was exhausted and while his application for a disability pension was pending, led to a request for an opinion by the Chairman of the Personnel Committee concerning the authority of the City Council to pay the officer the difference between the salary established by ordinance and the \$87.50 State Rate. In the opinion, the Committee was advised that the City Council could increase I.O.D. benefits by ordinance but that under present I.O.D. provisions no authority existed to take action favorable to the officer.

On March 14, 1972, Dr. C. Erwin Piper, City Administrative Officer, requested an opinion as to whether or not voluntary deductions can be legally taken from pensioners' retirement allowance. On June 19, 1972, an opinion was released stating that the authority to do so is contained in Section 1157.3 of the Government Code and that if it were the desire of the City Council to authorize certain voluntary deductions, as prescribed by said authority, it would be legal for it to do so.

On July 19, 1971, Mr. M. Lewis Thompson requested an opinion as to when a bond rated "A" or better by only one standard rating service would qualify as a legal investment under Articles XVII and XVIII of the Charter. On September 3, 1971, an opinion was released to the effect that as long as said bond is rated "A" or better at the time the investment is made by Moody's Investors Service, Inc. without Standard & Poor's Corporation having rated said obligation or is rated by Standard & Poor's Corporation but not by Moody's Investors Service, Inc., then said bond would be a legal investment for the Department of Pensions.

On September 17, 1971, Mr. M. Lewis Thompson requested that the City Attorney render an opinion as to whether or not the Board of Pension Commissioners can hold title to its stocks in the name of a nominee partnership consisting of employees of its department.

This opinion was precipitated by reason that the Treasurer requires, on the sale of stock, that all such shares be paid in full prior to their being released out of the Treasurer's vault, even though such stock certificates have not been signed by a transfer agent. This procedure has occasioned stock brokers to pay a high interest cost on their money since it usually takes several weeks until such shares clear their respective stock transfer agents so that the broker can legally be entitled to receive the sale price from the buyer's broker. In addition, due to the corporate form of registration of the Board's securities, the Board has been unable to make "good delivery" of such shares within 5 days from the transaction date. It was suggested that such shares be in "nominee" form so that "good delivery" can be effectuated at the time such shares are delivered out of the Treasurer's vault. In response to Mr. Thompson's query, the City Attorney, on November 23, 1971, advised that the Board can hold title to its stocks in the name of a nominee partnership consisting of employees of its department.

The enactment of Section 10505 of the Government Code, requiring the governing boards of retirement systems of local agencies to submit periodic reports at intervals set forth in said section to the Joint Legislative Audit Committee on fund investments, was cause for the opinion requested by Mr. M. Lewis Thompson on the subject of whether or not the fire and police pension systems of the City of Los Angeles are obligated to abide by the provisions of Section 10505 Gov't Code, which said question was answered by advising that the reporting requirements do apply to the investments over which the Board exercises control.

On May 23, 1972, an opinion was rendered pertaining to the personal liability of the members of the Board for expenditures resulting from an unlawful delegation of the Board's charter authority, e.g. a submission of the handling of grievances to binding arbitration as provided for in the "Employee Relations Ordinance" (No. 141527) of February 2, 1971, the provisions of which ordinance had previously been adopted by resolution excluding therein the binding arbitration requirements contained in the ordinance. The opinion was to the effect that individual members of the Board could be held personally liable for the cost of binding arbitration of grievances or for the cost of an award resulting therefrom where the action of the Board authorizing such binding arbitration was tantamount to an unlawful delegation of power.

Guardianships

This office also examined fifty-one probate accountings, as well as various petitions and other documents which were received by the Department, and thirteen requests for special notice were prepared, served and filed. Sixteen guardianships and conservatorships were discontinued and thirteen were added. There are eight-one active guardianships, forty covering incompetents and forty-one covering minors.

Miscellaneous

Contracts were prepared for the fiscal year 1971-1972, and approved as to form, between the Board and

Lionel D. Edie & Company Incorporated (Investment Counsel)

Coates & Crawford (Actuaries)

Peat, Marwick, Mitchell & Co. (Auditors)

OPERATIONS

Expenditures

Expenditures for pensions increased by nearly \$5 million as a result of increases in numbers of pensioners, higher pensions derived from slightly higher salaries of active members, and the increased pension costs reflecting the effect of Proposition 2 on the May 25, 1971 ballot, which was placed into effect during the fiscal year. The increased cost of Proposition 2 pension changes amounted to \$108,805 on a monthly basis, while the retro-active payment to July 1, 1971 amounted to \$1,151,699.

Administrative Expense

Administrative Expense of the Fire and Police Pension System increased approximately 24% over the prior fiscal year, with the principal items described below. Over all, administrative expenses of the Department of Pensions continue to represent approximately one-half of one percent of the Department's total Budget.

Salaries Salary expense for the year was approximately 20% higher than in the prior year, representing the increase from the across-the-board, cost-of-living salary increase of 5½% and, in addition, the creation of new positions to reflect the increased workload of the Department in handling pension benefits, investment transactions, and accounting.

Contractual Services Contractual services increased approximately 60% over the prior year reflecting a substantial increase in the cost of Investment Counsel services, which are directly related to size of portfolio; the installation of an electronic device to permit the monitoring of investment transactions; election expense of some \$11,000 occasioned by the election to the Board for the first time of employee members of the System; utilization of contractual computer services; and, increased cost of duplicating machine service to provide copying capacity for legal activities and provision of duplicate materials at hearings to all Board members. Bank services for the year showed a substantial reduction in expense.

Medical Services This account showed a substantial increase of nearly \$6,000 for the year, returning to the level of expense found in 1969-1970 and reflecting the rise in disability pension claims.

Actuarial Expense This account showed a reduction of \$6,500, reflecting the fact that for the year a single actuarial report was required, as contrasted with two reports the prior year.

Equipment, Furniture, and Fixtures This account showed a substantial increase of some \$14,000, reflecting the installation of automated equipment to handle the records of active members and pensioners and to conserve space in the Department. In addition, the Department replaced an automobile.

Surety Bonds

Twenty-two individuals were employed by the Department, including one Division Chief Deputy City Attorney and one Deputy City Attorney IV.

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

Respectfully submitted,

M Lewis Thompson

MLT:GRW

Manager-Secretary

A SHORT HISTORY OF FIRE AND POLICE PENSION SYSTEM

1899-1901. A pension system for policemen was authorized by the California State Legislature and became effective in the City of Los Angeles on June 7, 1899. A pension system for firemen, similarly authorized, became effective on June 10, 1901. Basic retirement provisions were one-half of salary of rank held after 20 years of service and attainment of age 60, and a service-connected pension of one-half of the salary of the rank held at the date of retirement. There were also dependent benefits.

1913-1919. The Los Angeles City Council, by ordinances effective September 16, 1913, adopted the substance of the systems authorized by statute, but reduced the minimum retirement age to 55 and eliminated contributions. In 1919 such ordinances were amended to provide for a pension of one-half of the salary attached to the rank after 20 years of service, without limitation as to age.

1923-25. Effective January 29, 1923, the substance of these two ordinances was adopted into the Charter. The system was placed upon an actuarial basis. Also $1\frac{2}{3}\%$ for each year of service, in addition to the minimum of 20 required, was authorized up to a maximum pension of $\frac{2}{3}$ of the salary of the rank held. This was continued in the new City Charter which became effective July 1, 1925. Added was a provision that service and disability pensions would remain fixed amounts.

1927. Effective January 17, 1927, the Charter was amended to provide that all members entering the service after that date would receive 50% of the average salary during the last three years for 25 years' service, plus $1\frac{2}{3}\%$ for each of the next 10 years of service. This amendment imposed a limit upon service pensions at a pension of \$1800 per year. Members' contributions to the cost of the system were set at 4% of salaries. Pensions for widows were made fixed amounts.

1933. Effective May 15, 1933, the Charter was amended to eliminate the actuarial requirements and place the system essentially upon a "pay-as-you-go" basis of operation.

1947. Effective June 16, 1947, the Charter was amended to create an off duty disability pension of 40% of the highest salary attached to the rank of fireman or policeman. A nonservice dependent's pension provided a pension of 40% of the highest salary attached to the rank of fireman or policeman at the date of death. Additional percentages were allowed the widow for minor children under 18 and unmarried. Members entering subsequent to January 17, 1927, could retire after 20 years' service upon 40% of the average salary for the last three years of service. In addition, they would receive 2% for each of the next five years of service, and $1\frac{2}{3}\%$ for each of the next ten years of service. The maximum pension of $\frac{2}{3}$ of average salary was retained, but the 1927 limitation was raised to accord with salary level of a police captain or fire battalion chief. Contributions were increased from 4% to 6% of salaries.

1957. Effective April 18, 1957, an amendment removed the maximum limit attached to rank on service pensions.

1958. The California Supreme Court ruled that the 1925 Charter provisions for fixed pensions did not apply to members employed prior to July 1, 1925, nor to widows of members employed prior to January 17, 1927.

1959. Effective May 6, 1959, the Charter was amended to re-establish the System on an actuarial basis, with a 50-year amortization period for the unfunded liabilities, and the investment provisions were changed to permit investing up to 35% of the fund in common stocks.

1961. Effective July 1, 1961, a Charter amendment provided a one time cost of living increase on all members' or widows' pensions that were based on service-connected disability or death.

1967. Article XVII was extensively amended, and a New Pension System in Article XVIII was adopted, effective January 29, 1967, to provide: annual cost of living adjustments to all members' or widows' pensions that were based on length of service retirement; an increase in the percentage of salary for service retirement, to 55% at 25 years of service, plus 3% per year for a maximum of 70% at 30 years of service; a minimum pension of \$250.00 per month, to be adjusted each year by the cost of living formula; an extension of the funding period to 70 years; changes in the investment authority to provide for mortgage investments and public improvement financing; and other changes.

1968. Articles XVII and XVIII were amended to exclude overtime compensation from computation, either for contributions or for benefits.

1969. Articles XVII and XVIII were amended effective May 2, 1969, to apply cost of living adjustments to disability pensioners and to their dependents' pensions. Service pensioners were authorized to apply for return to active duty under specified limitations. The authorized limit for common stock investments was raised to 50% of the funds.

1971. Articles XVII and XVIII were amended effective July 1, 1971, to remove the 2% per year cost of living ceiling from all pensions eligible for cost of living increases; to increase the minimum pension to \$350.00 per month; to grant pension credit for partial years of service; to bring into closer agreement certain provisions that were different in the two articles; and to add two employee members to the Board of Pension Commissioners.

EDWARD L. CHAPIN
HARRY M. CHURCH
BARRETT N. COATES, JR
ANGUS L. CRAWFORD
ROBERT H. LITTLE

PASADENA
SAN FRANCISCO

COATES AND CRAWFORD
CONSULTING ACTUARIES
301 EAST COLORADO BLVD.
PASADENA, CALIFORNIA 91101
(213) 681-4455

April 10, 1973

Board of Pension Commissioners
City of Los Angeles
Room 501, City Hall South
111 E. 1st Street
Los Angeles, California 90012

Gentlemen:

We are pleased to transmit herewith our Report setting forth the results of the valuations of the Fire and Police Pension System and New Pension System of the City of Los Angeles, as of June 30, 1972.

Respectfully submitted,

COATES AND CRAWFORD
Consulting Actuaries

By /s/ Harry M. Church

HMC:th

**ACTUARIAL VALUATIONS
OF THE
FIRE AND POLICE PENSION SYSTEM
AND
NEW PENSION SYSTEM
OF THE
CITY OF LOS ANGELES
AS OF
JUNE 30, 1972**

**SECTION I
RESULTS OF VALUATIONS**

The "Proposed Charter Amendment P" which was approved by the electors in the November 8, 1966 election amended Article XVII of the City Charter to increase benefits, and added Article XVIII. The "Proposed Charter Amendments No. 2" which was approved by the electors in the April 1, 1969 election extended cost of living benefits to members and dependents who were previously excluded. These changes have been reflected in the current valuations.

The "Proposed Charter Amendment No. 2" which was approved by the electors in the May 25, 1971 election amended the two Systems in a number of areas. The most significant, from a cost standpoint, are as follows:

Item 1. Applicable to Persons Receiving Allowances as of July 1, 1971

- (a) The minimum monthly benefit is increased from \$250 to \$350.
- (b) The cost of living benefit currently being paid is to be adjusted to reflect past cost of living increases to a maximum of 3% per year (previously 2%).
- (c) Future cost of living adjustments are to reflect the full change in the Consumer Price Index (previously limited to 2% per year).

Item 2. Applicable to Active Members as of July 1, 1971

- (a) Future cost of living adjustments are to reflect the full change in the Consumer Price Index (previously limited to 2% per year).

We received a letter dated November 15, 1971 from the Manager-Secretary in which he informed us that the City Attorney had rendered an opinion to the effect that the increases referred to in Item 1 above should not be paid until directed to do so by the Courts. Accordingly, the June 30, 1971 valuations reflected the increases referred to in the foregoing Item 2 but not the increases referred to in Item 1. The Courts subsequently ruled that benefits under Item 1 should be paid and the current valuation reflects the benefits referred to in both Item 1 and Item 2.

As of June 30, 1972, there were 478 active members and 4,620 retired persons covered under Article XVII of the Charter (hereinafter referred to as the Fire and Police Pension System) and there were 9,709 active members and 1,738 retired persons covered under Article XVIII of the Charter (hereinafter referred to as the New Pension System).

The results of the Actuarial Valuation of the two systems as of June 30, 1972 are shown on the following Actuarial Balance Sheet. These valua-

tions were carried out on the basis of the actuarial assumptions adopted as the result of the investigation that was made as of December 31, 1970, and, pursuant to the Resolution adopted by the Board of Pension Commissioners, upon a $4\frac{1}{8}\%$ interest assumption. The actuarial assumptions are discussed in detail in our report to the Board of Pension Commissioners dated June 9, 1971.

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 contributions, amounting to 6% of salary for members under the Fire and Police Pension System and 7% of salary for members under the New Pension System, that will be received from the present members of the Systems. 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 Systems. Each portion of the City's contribution is also broken down between that portion attributable to "Basic Benefits" and that portion attributable to "Cost of Living Benefits."

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 including Cost of Living benefits.

The City Charter specifies that Cost of Living adjustments will be made to certain pensions in the event the Consumer Price Index changes. For the current valuations, we have assumed that persons eligible for unlimited increases will receive 3%, per annum, future cost of living increases.

In keeping with our past practice, any future increases in pensions payable to members receiving fluctuating pensions will be reflected in future valuations as they occur.

**ACTUARIAL BALANCE SHEET
AS OF JUNE 30, 1972**

ASSETS

	Fire and Police Pension System	New Pension System	Combined
1. Assets from Accounting Balance Sheet	\$ 37,289,913	\$ 174,721,685	\$ 212,011,598
2. Present Value of Future Contributions by Members	4,657,876	110,246,840	114,904,716
3. Present Value of Future Contributions by the City for:			
(a) Entry Age Cost:			
(i) Basic Benefits	10,324,959	222,068,636	232,393,595
(ii) Cost of Living Benefits	4,347,351	89,772,427	94,119,778
(iii) Total	\$ 14,672,310	\$ 311,841,063	\$ 326,513,373
(b) Seventy Year Amortization of "Unfunded Liability":			
(i) Basic Benefits	\$305,413,666	\$ 505,081,257	\$ 810,494,923
(ii) Cost of Living Benefits	66,597,991	195,483,002	262,080,993
(iii) Total	\$372,011,657	\$ 700,564,259	\$1,072,575,916
4. Total Assets	<u>\$428,631,756</u>	<u>\$1,297,373,847</u>	<u>\$1,726,005,603</u>

LIABILITIES

5. Accounts Payable	\$	\$ 49,956	\$ 49,956
6. Reserve for Investment Losses	2,142,568	3,536,522	5,679,090
7. Present Value of Present Pensions to Pensioners now on Pension Roll:			
(a) Service	139,665,576	189,969,660	329,635,236
(b) Disability	57,019,524	15,173,449	72,192,973
(c) Dependents	116,018,871	11,260,781	127,279,652
(d) Total	\$312,703,971	\$ 216,403,890	\$ 529,107,861
8. Present Value of Propective Pensions to Dependents of Present Pensioners:			
(a) Service	\$ 49,758,800	\$ 41,859,251	\$ 91,618,051
(b) Disability	16,851,128	4,474,157	21,325,285
(c) Total	\$ 66,609,928	\$ 46,333,408	\$ 112,943,336
9. Present Value of Prospective Pensions to Presently Active Members:			
(a) Service	\$ 28,182,834	\$ 663,000,425	\$ 691,183,259
(b) Disability	8,402,633	142,021,843	150,424,476
(c) Total	\$ 36,585,467	\$ 805,022,268	\$ 841,607,735
10. Present Value of Prospective Pensions to Dependents of Presently Active Members who will die in Active Service	\$ 2,088,562	\$ 41,691,051	\$ 43,779,613
11. Present Value of Prospective Pensions to Dependents of Presently Active Members who will die after Retirement:			
(a) Service	\$ 6,306,942	\$ 146,520,729	\$ 152,827,671
(b) Disability	2,194,318	37,816,023	40,010,341
(c) Total	\$ 8,501,260	\$ 184,336,752	\$ 192,838,012
12. Total Liabilities	<u>\$428,631,756</u>	<u>\$1,297,373,847</u>	<u>\$1,726,005,603</u>

SECTION II RECOMMENDED CONTRIBUTIONS

Section 186.2 of Article XVII and Section 190.09 of Article XVIII of the Charter of the City of Los Angeles specify that the City will make the following contributions 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 Systems over a 70-year period beginning with the fiscal year commencing July 1, 1967, with specified contributions for the first year (1967-1968).
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, 1973, be as follows:

	Percentages of Members' Salaries of:	
	Fire and Police Pension System	New Pension System
1. Entry Age Contribution:		
(a) Basic Benefits	13.3%	14.1%
(b) Cost of Living Benefits	5.6	5.7
(c) Total	18.9%	19.8%
2. Unfunded Past Service Contribution:		
(a) Basic Benefits	195.3%	16.1%
(b) Cost of Living Benefits	42.6	6.2
(c) Total	237.9%	22.3%
3. Total Contribution:		
(a) Basic Benefits	208.6%	30.2%
(b) Cost of Living Benefits	48.2	11.9
(c) Total	256.8%	42.1%

It should be noted that the disproportionately large City contribution rate for the Fire and Police Pension System stems from the fact that the System consists of a closed group of 478 active members and 4,620 retired persons, as of June 30, 1972, and the City Charter requires that the City contribution rate be expressed as a percentage of active members' salaries.

Section 190.10 of the City Charter refers to Cost of Living contributions by New Pension System members as follows:

"That percentage of the amount of salary, as shown on each such payroll, of each System Member whose name appears thereon, but not to exceed 1% thereof, which shall be equal to $\frac{1}{2}$ of the cost of the benefits provided by Section 190.14 as shall be determined by the Board upon an actuarial valuation obtained by it pursuant to Section 190.08, . . ."

The total cost of Cost of Living Benefits amounts to 12.9%. Accordingly, we recommend that New System Members contribute 1% in addition to the 6% rate provided in the City Charter, for a total of 7% of salary. Fire and Police Pension System Members are required by the City Charter to contribute 6% of salary.

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

PEAT, MARWICK, MITCHELL & CO.
CERTIFIED PUBLIC ACCOUNTANTS
555 SOUTH FLOWER STREET
LOS ANGELES, CALIFORNIA 90071

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

We have examined the statement of assets, liabilities, reserves and fund capital (deficit) of the City of Los Angeles Fire and Police Pension System as of June 30, 1972 and the related statements of revenues and expenditures, fund capital (deficit) and source and application of cash and temporary investments 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. We have been furnished the report of independent actuaries which states that the reserve for pensions represents the present values of amounts required to pay pensions related to service prior to June 30, 1972 as they mature.

In our opinion, based on our examination and on the report of consulting actuaries as to the reserve for pensions, the accompanying statements of assets, liabilities, reserves and fund capital (deficit), revenues and expenditures, fund capital (deficit), and source and application of cash and temporary investments present fairly the financial position of the City of Los Angeles Fire and Police Pension System at June 30, 1972 and the results of its operations and the source and application of its cash and temporary investments 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.

September 20, 1972

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

**STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND CAPITAL (Deficit)**

June 30, 1972

with comparative figures for 1971

	ASSETS	
	1972	1971
Cash and temporary investments:		
Deposits with Treasurer of the City of Los Angeles	\$ 792,356	\$ 1,001,818
Cash revolving funds	325	325
Temporary short-term investments—at cost plus interest (approximate market)	22,195,862	21,288,209
	22,988,543	22,290,352
Interest and dividends receivable	1,995,258	1,682,085
Taxes receivable	1,365,000	1,203,000
Investments:		
Bonds—at amortized cost (quoted market, 1972, \$104,867,670) (note 1) ..	\$ 107,883,618	\$ 92,140,344
Preferred stock—at cost (quoted market, 1972, \$866,000)	862,461	1,453,866
Common stock—at cost (quoted market, 1972, \$91,045,741)	76,897,847	47,598,232
Treasurer's deeds—at cost	735	735
Real property—at cost	18,136	18,136
	\$ 212,011,598	\$ 166,386,750
LIABILITIES, RESERVES AND FUND CAPITAL (Deficit)		
Accounts payable	\$ 49,957	\$ 25,484
Reserve for pensions—at actuarial valuation (note 2)	1,072,575,916	888,164,553
	\$1,072,625,873	\$ 888,190,037
Fund capital (deficit):		
Accumulated deficit	\$(866,473,063)	\$(723,557,962)
Workmen's Compensation Fund (note 3)	179,699	133,279
Reserve for investment losses	5,679,089	(860,614,275)
Contingent liability (note 4)	\$ 212,011,598	\$ 166,386,750

See accompanying notes to financial statements.

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

STATEMENT OF REVENUES AND EXPENDITURES

Year ended June 30, 1972

with comparative figures for 1971

	1972	1971
Revenues:		
Taxes	\$ 63,381,284	\$59,491,069
Interest	8,087,889	6,255,043
Dividends	1,530,367	1,206,340
Members' contributions	9,797,464	8,848,302
Sales of unclaimed property	145,903	155,170
Donations	320	360
Miscellaneous	222,148	38,802
Total revenues	83,165,375	75,995,086
 Expenditures:		
Pensions paid (notes 3 and 5):		
Service	\$24,248,061	\$21,204,493
Disability	4,259,810	3,854,915
Widows	11,094,078	9,972,000
Minors	128,698	98,120
Dependents	6,120	---
Nonservice:		
Disability	648,863	518,878
Widows	712,368	606,872
Minors	89,022	91,291
Dependents	4,637	---
	41,191,657	36,346,569
Administrative expenses	431,036	348,086
	41,622,693	36,694,655
Excess of revenues over expendi- tures before gain on disposition of investments and additional reserve requirements	41,542,682	39,300,431
Gain on disposition of investments	4,057,693	472,948
	45,600,375	39,773,379
Additional reserve requirements due to increase in actuarial liability (note 2) ..	(184,411,363)	(84,401,166)
Deficiency for the year	\$(138,810,988)	\$44,627,787

See accompanying notes to financial statements.

CITY OF LOS ANGELES
FIRE AND POLICE PENSION SYSTEM

STATEMENT OF FUND CAPITAL (Deficit)

Year ended June 30, 1972
with comparative figures for 1971

	1972			1971	
	Accumulated (deficit)	Workmen's Compensation Fund (note 3)	Reserve for investment losses	Total	Accumulated fund capital (deficit)
Balance (deficit) at beginning of year	\$(723,557,962)	\$133,279	\$1,621,396	\$(721,803,287)	\$(677,175,500)
Income (deficiency) for the year	<u>(142,915,101)</u>	<u>46,420</u>	<u>4,057,693</u>	<u>(138,810,988)</u>	<u>(44,627,787)</u>
Balance (deficit) at end of year	<u><u>\$(866,473,063)</u></u>	<u><u>\$179,699</u></u>	<u><u>\$5,679,089</u></u>	<u><u>\$(860,614,275)</u></u>	<u><u>\$(721,803,287)</u></u>

See accompanying notes to financial statements.

CITY OF LOS ANGELES
FIRE AND POLICE PENSION SYSTEM

STATEMENT OF SOURCE AND APPLICATION
OF CASH AND TEMPORARY INVESTMENTS

Year ended June 30, 1972

with comparative figures for 1971

	<u>1972</u>	<u>1971</u>
Source of cash and temporary investments:		
Excess of revenues over expenditures before gain on disposition of investments and additional reserve requirements	\$41,542,682	\$39,300,431
Gain on disposition of investments credited to reserve for investment losses	4,057,693	472,948
Net decrease in preferred stock investments	591,405	---
Increase in accounts payable	24,473	---
	<u>46,216,253</u>	<u>39,773,379</u>
Application of cash and temporary investments:		
Net increase in investments:		
Bonds	15,743,274	24,150,410
Preferred stock	---	599,253
Common stock	29,299,615	11,042,084
Increase in interest and dividends receivable	313,173	508,547
Increase in taxes receivable	162,000	517,000
Decrease in accounts payable	---	16,369
	<u>45,518,062</u>	<u>36,833,663</u>
Net increase in cash and temporary investments ...	698,191	2,939,716
Cash and temporary investments balances:		
July 1	22,290,352	19,350,636
June 30	<u>\$22,988,543</u>	<u>\$22,290,352</u>

See accompanying notes to financial statements.

CITY OF LOS ANGELES
FIRE AND POLICE PENSION SYSTEM

Notes to Financial Statements

June 30, 1972

(1) Investments

It is the accounting policy of the system 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 redeemed substantially at par. Bond premiums and discounts are amortized to maturity date by adjusting the nominal interest rate to the increase or decrease in the book basis of the bonds each year computed at the yield basis upon which they were acquired.

(2) Reserve for Pensions

The Charter of the City of Los Angeles provides that the Fire and Police Pension System 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, 1972. Such liability represents computed amounts that, 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 actuarial assumptions adopted as a result of an investigation made as of December 31, 1970, and upon a 4 $\frac{5}{8}$ % assumed rate of interest.

The reserve for pensions, \$1,072,575,916, is the unfunded actuarial liability of the pension system and, in accordance with the City Charter, is to be amortized over the next sixty-five years, through contributions to be made by the City. The Charter of the City of Los Angeles specifies that the City will make the following contributions each year:

- (1) An amount equal to the City's share of defined entry age costs;
- (2) An amount equal to a percentage of salaries of all members necessary to amortize the "unfunded liability" of the systems over a seventy-year period beginning with the fiscal year commencing July 1, 1967, with specified contributions for the first year (1967-68); and
- (3) An amount to provide for administrative expenses.

Accordingly, the actuaries for the Fire and Police Pension System have determined the contributions for items 1 and 2 above for the fiscal year commencing July 1, 1973 to be as presented below:

	Percentages of Members' Salaries of:	
	Fire and Police Pension System	New Pension System
(1) Entry age contribution	18.9%	19.8%
(2) Unfunded past service	237.9%	22.3%
Total contribution	256.8%	42.1%

The primary factor in the \$184,411,363 addition to the unfunded actuarial liability was an increase in the cost-of-living benefits as a result of Charter Amendment No. 2 approved by the electorate on May 25, 1971, but not entirely provided for at June 30, 1971 based upon an opinion of the City Attorney. All remaining increases relating to the amendment have been provided for during the current year (see note 5). Another factor attributing to the increase in the unfunded actuarial liability was salary increases of approximately 12%.

The disparity of the percentages of City contributions to members' salaries required to amortize the unfunded past service cost is due to the unfunded past service liability of the Fire and Police Pension System, amounting to \$372,011,657 as of June 30, 1972, being amortized at a rate applicable to the current payroll of approximately 475 active members compared to the unfunded past service liability of the New Pension System, amounting to \$700,564,259 as of June 30, 1972, being amortized at a rate applicable to the current payroll of approximately 9,700 active members.

(3) Workmen's Compensation Fund

Tax revenues are deposited directly into the Workmen's Compensation Fund for Fire and Police pensioners by the City Controller, and Workmen's Compensation benefits to pensioners of the Fire and Police Pension System are paid therefrom. Payments of \$353,580 made during year ended June 30, 1972 are included under pensions paid.

(4) Contingent Liability

Several legal actions were pending at June 30, 1972. Counsel for the Fire and Police Pension System believes there is a possibility of only nominal liability upon completion of the litigation; however, if appeals of decisions already decided in favor of the Fire and Police Pension Systems are reversed, they could lead to cost increases of some consequence.

(5) Pension Payments

The expenditures for regular and retroactive pension payments during the year ended June 30, 1972, with comparative figures for 1971, were as follows:

Regular monthly pension payments:	<u>1972</u>	<u>1971</u>
Service	\$23,588,342	\$21,204,493
Disability	4,119,648	3,854,915
Widows	10,903,520	9,842,150
Minors	121,866	98,120
Dependents	6,120	-----
Nonservice	1,300,462	1,217,041
	<u>\$40,039,958</u>	<u>\$36,216,719</u>
 Retroactive pension payments:		
Service	659,719	-----
Disability	140,162	-----
Widows	190,558	129,850
Minors	6,832	-----
Nonservice	154,428	-----
	<u>\$ 1,151,699</u>	<u>\$ 129,850</u>
	<u>\$41,191,657</u>	<u>\$36,346,569</u>

Based upon an opinion of the City Attorney, the actuarial computation at June 30, 1971 did not include increases in benefits applicable to persons receiving allowances as of July 1, 1971 as provided in Charter Amendment No. 2 approved by the electorate on May 25, 1971. On February 2, 1972, the State Supreme Court denied a hearing to a decision made by the Court of Appeal Second Appellate District requiring retroactive pension payments as provided in Charter Amendment No. 2. Approximately \$1,140,000 of the above retroactive pension payments relate to that decision.

PENSION DEPARTMENT
ADMINISTRATIVE EXPENSE COMPARED

Schedule 1

Operating Expense	1971-72	1970-71	1969-70	1968-69	1967-68	1966-67	1965-66
Salaries	\$249,940	\$208,560	\$198,038	\$168,829	\$157,343	\$133,477	\$130,623
Office and Administrative Expense	13,572	11,878	9,631	9,013	8,180	8,203	5,447
Operating Supplies and Expense	---	2,000	2,000	---	---	387	---
Printing and Binding	6,671	9,344	5,892	5,107	7,544	3,937	2,700
Traveling	4,908	4,434	4,798	4,471	3,182	1,845	1,030
Contractual Services	82,906	51,748	46,686	39,191	31,940	26,574	22,937
Field Equipment	250	150	300	229	150	50	100
Petroleum Products	204	207	205	246	103	111	105
Transportation	233	215	195	211	115	104	1,117
Annual Audit	3,621	3,250	2,750	2,750	2,500	2,500	2,500
Governmental Meetings	42	18	220	---	---	---	---
Litigation	8,165	9,593	10,837	10,001	12,670	12,343	12,144
Medical Services	24,529	18,807	26,768	28,859	23,130	27,000	20,939
Actuarial Expense	6,500	13,000	6,500	6,500	11,500	9,500	4,500
Health Insurance	4,077	3,722	---	---	---	---	---
Equipment, Furniture & Fixtures	25,418	11,160	15,206	4,579	4,726	5,007	2,909
	<u>\$431,036</u>	<u>\$348,086</u>	<u>\$330,026</u>	<u>\$279,986</u>	<u>\$263,083</u>	<u>\$231,038</u>	<u>\$207,051</u>

**PENSION DEPARTMENT
STATEMENT OF OPERATIONS COMPARED**

Fiscal Years 1965-66 to 1971-72

Schedule 2

REVENUES	1971-72	1970-71	1969-70	1968-69	1967-68	1966-67	1965-66
Taxes	\$ 63,381,284	\$ 59,491,069	\$ 50,573,717	\$ 49,826,636	\$ 36,993,830	\$ 31,674,601	\$ 28,102,144
Dividends	1,530,367	1,206,340	1,035,283	621,296	418,561	274,856	181,148
Interest	8,087,889	6,255,043	4,720,395	3,153,521	1,977,077	1,311,910	794,239
Members' Contributions	9,797,464	8,848,302	7,455,724	6,677,287	5,786,094	5,040,255	4,892,547
Sales of Unclaimed Property	145,903	155,170	158,851	72,807	117,625	101,922	72,008
Donations	320	360	168	526	274	1,130	950
Miscellaneous	222,148	38,802	7,457	6,657	16,697	6,140	5,925
TOTAL REVENUES available for current year's expenditures	<u>\$ 83,165,375</u>	<u>\$ 75,995,086</u>	<u>\$ 63,951,595</u>	<u>\$ 60,358,730</u>	<u>\$ 45,310,158</u>	<u>\$ 38,410,814</u>	<u>\$ 34,048,961</u>
EXPENDITURES							
Pensions Paid							
Service	\$ 24,248,061	\$ 21,204,493	\$ 19,356,718	\$ 17,770,007	\$ 15,818,310	\$ 13,338,323	\$ 12,408,934
Disability	4,259,810	3,854,915	3,633,379	3,348,590	3,325,270	3,189,455	2,964,464
Widows	11,094,078	9,972,000	8,660,182	7,793,515	7,329,947	7,368,353	6,215,766
Minors	128,698	98,120	104,086	81,195	80,708	70,475	68,626
Dependents	6,120	-----	-----	-----	-----	2,956	5,835
Nonservice							
Disability	648,863	518,878	540,346	476,632	445,611	443,787	412,454
Widows	712,368	606,872	572,570	551,778	464,247	235,312	207,215
Minors	89,022	91,291	94,129	81,258	69,438	64,218	54,136
Dependents	4,637	-----	-----	-----	-----	-----	-----
TOTAL PENSIONS	<u>\$ 41,191,657</u>	<u>\$ 36,346,569</u>	<u>\$ 32,961,410</u>	<u>\$ 30,102,975</u>	<u>\$ 27,533,531</u>	<u>\$ 24,712,949</u>	<u>\$ 22,337,430</u>
Administrative Expense	\$ 431,036	\$ 348,086	\$ 330,026	\$ 279,986	\$ 263,083	\$ 231,038	\$ 207,051
TOTAL EXPENDITURES	<u>\$ 41,622,693</u>	<u>\$ 36,694,655</u>	<u>\$ 33,291,436</u>	<u>\$ 30,382,961</u>	<u>\$ 27,796,614</u>	<u>\$ 24,943,987</u>	<u>\$ 22,544,481</u>
EXCESS OF REVENUES OVER EXPENDITURES	\$ 41,542,682	\$ 39,300,431	\$ 30,660,159	\$ 29,975,769	\$ 17,513,544	\$ 13,466,827	\$ 11,504,480
Gain (Loss) on Sale of Investments	4,057,693	472,948	470,440	445,069	54,914	(50,504)	217,769
Adjustment to recognize taxes receivable	-----	-----	-----	-----	-----	-----	638,000
EXCESS OF REVENUES OVER EXPENDITURES	\$ 45,600,375	\$ 39,773,379	\$ 31,130,599	\$ 30,420,838	\$ 17,568,458	\$ 13,416,323	\$ 12,360,249
Additional Actuarial Reserve	(184,411,363)	(84,401,166)	(61,890,773)	(43,586,828)	(43,712,313)	(97,937,902)	(40,817,827)
Deficit for the year	\$(138,810,988)	\$(44,627,787)	\$(30,760,174)	\$(13,165,930)	\$(26,143,855)	\$(84,521,579)	\$(28,457,578)
Fund deficit at beginning of year	(721,803,287)	(677,175,500)	(646,415,326)	(633,249,336)	(607,105,481)	(522,583,902)	(494,126,324)
Fund deficit at end of year	<u>\$(860,614,275)</u>	<u>\$(721,803,287)</u>	<u>\$(677,175,500)</u>	<u>\$(646,415,326)</u>	<u>\$(633,249,336)</u>	<u>\$(607,105,481)</u>	<u>\$(522,583,902)</u>