

1973

Annual Report

BOARD OF PENSION COMMISSIONERS

**CITY OF LOS ANGELES
CALIFORNIA**



FOR THE FISCAL YEAR ENDED JUNE 30, 1973

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ELECTIVE OFFICERS OF THE CITY OF LOS ANGELES



TOM BRADLEY
Mayor

BURT PINES
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

DAVID S. CUNNINGHAM
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
1972-73 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, 1973, and submitted in accordance with the provisions of Section 64 of the City Charter.

Pension System assets increased by 25% for the 1973 year to a total of \$265 million, more than \$53 million above the prior year. Earnings increased 21%, and taxes had the same amount of increase, representing the increased cost-of-living benefit adopted in the 1971 election. Member contributions rose 11% on the year.

Capital gains on sales of securities amounted to a net of approximately \$1.5 million, and earnings on temporary investments amounted to more than \$1 million. The continued favorable earnings of the Pension System permitted an increase in the assumed interest rate for the 1973 actuarial valuation, and resulted in a reduction in the rates to be applied for taxes in the 1974-75 fiscal year.

Respectfully submitted,

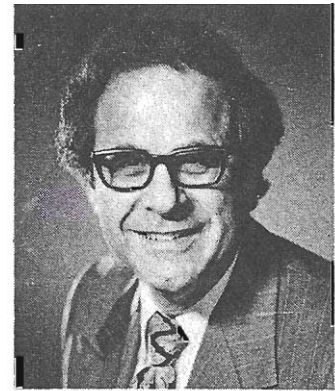
BOARD OF PENSION COMMISSIONERS

By



President

LS:em



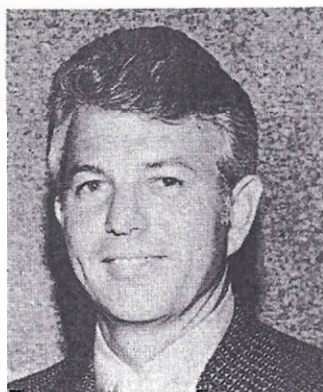
LEON SAVITCH
President



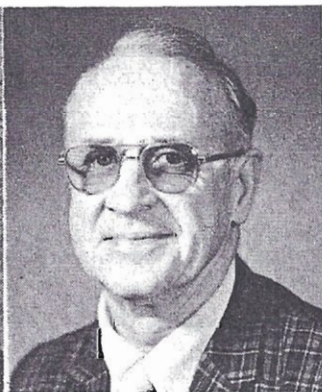
STEVEN D. GAVIN
Vice President



OLGA MARCUS



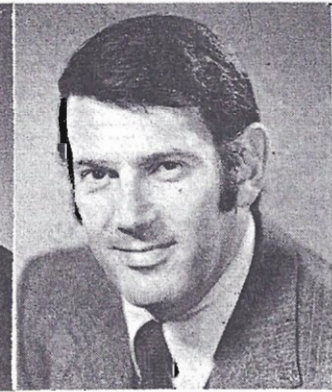
SAM DIANNITTO



KEN CARPENTER



JACK BORMAN



JOEL M. WINITZ

April 5, 1974

Board of Pension Commissioners
 Room 155, City Hall South
 111 East First Street
 Los Angeles, California 90012

Gentlemen:

prepared by

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, 1973. This report includes the statements of assets, liabilities and operations 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 a summary report by the Department's actuaries Coates and Crawford, employed by the Board under contract, to examine into the ~~actuarial~~ health of the Pension System, as required by Article XVII and XVIII of the City Charter.

~~FINANCIAL~~ CONDITION

Pension System assets increased 25% during the past year to a total of \$265 million, some \$53 million above the prior year total. The increase was almost equally divided between bonds and common stocks, while the small holding of preferred stocks was still further reduced.

Earnings for the year, comprised of interest and dividends, showed an increase of 21% above the prior year. Taxes, representing the City's contribution to the cost of the system, increased 21%, reflecting the increased cost of cost-of-living benefits adopted in the 1971 election. Member contributions increased 11% on the year.

Capital gains during the year, resulting from sales of securities, amounted to a net of approximately \$1,500,000. Portfolio changes during the year included bond and stock purchases of more than \$72,000,000 and sales in excess of \$21,000,000. At the end of the year, common and preferred stocks constituted 43% of the Department's portfolio.

Average Purchase Yield

Coates

The average purchase yield on the Pension Fund at fiscal year end amounted to 4.91%, representing a small decline from the 5.10% reported a year earlier. However, if realized gain were included in yield values, the average return would be reported at 5.52%.

At fiscal year end, in a strong bear market, the value at market of common stocks was greatly reduced from a year earlier, but continued to show a margin above cost of about \$7 million.

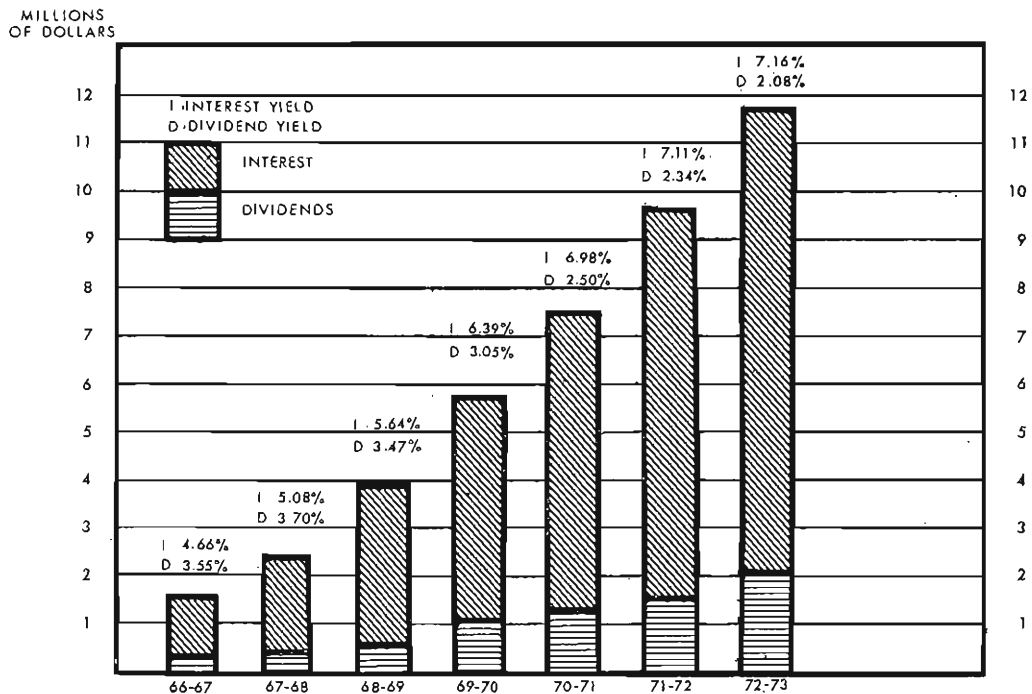
Short-term Earnings

Temporary investments of the Pension System at year end were \$22,650,000, not markedly different from the \$22,400,000 held at the close of the prior year. However, earnings on temporary investments for the year amounted \$1,181,000 as compared with \$903,000 in the prior year, demonstrating the increased intensity of use of temporary funds during the year. Maturities or sales during the year of short-term securities, which include both U.S. Treasury Bills and Commercial paper, amounted to \$105 million.

System Earnings

As shown in the following chart, earnings on the Pension funds are continuing to grow strongly. Bond earnings show an average yield of 7.16%. Common stocks show a yield of only 2.08%, but this dividend yield does not include realized capital gains of \$1½ million during the year. Since the origin of common stock investments in 1963, the System has realized a net capital gain of more than \$7 million.

PENSION SYSTEM EARNINGS



Year	66-67	67-68	68-69	69-70	70-71	71-72	72-73
CAPITAL GAINS (THOUSANDS OF DOLLARS)	51.6	52.9	695.9	470.2	487.4	4,045.6	1,453.8

ACTUARIAL REPORT

The report of the actuaries, set forth in detail later in this report, shows an increase of almost \$19 million in total liabilities of the systems, but a reduction of \$3.5 million in the unfunded liability.

Rates Reduced

Entry age rates for current service in the systems were reduced dramatically from 19.8% of payroll in the New Pension System to 17.5% of payroll, with a comparable reduction in the old Fire Police Pension System. Amortization rates for past service rose in both systems, but the bottom line average rate showed a net reduction of about 1.5% of Fire and Police payrolls.

The reductions are the direct effect of the increase in the assumed interest rate for the calculation of system cost, and were utilized in this actuarial report. The assumed rate of interest was increased by the Board of Pension Commissioners from 4½%, used in the prior two years, to 5.0%. This rate is not the rate of actual earnings anticipated in the ensuing year, but is the average interest rate assumed to be realizable for a period of many years into the future.

Handwritten notes and signatures:
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 [Signature]

MEMBERSHIP

As of June 30, 1973, there were 2,936 firemen and 7,166 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 455 are members of the Old Pension System, with 66 in the Fire Department and 389 in the Police Department. The following statement presents an analysis of length of service of such members:

25 Year Members	Fire	Police	Total
Members with less than 5 years	359	2,725	3,084
With 5-9 years	302	1,865	2,167
With 10-19 years	1,277	1,533	2,810
With 20 years and over	998	1,043	2,041
On Military Leave (eligibility dates not counted)	1	9*	10*
TOTAL	2,936	7,166	10,102

*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.

	1972-73	1971-72	1970-71	1969-70	1968-69
Total Membership July 1st	10,190	10,153	9,591	9,325	9,025
On Leave or Suspension	44	39	19	35	47
On Military Leave	22	32	17	42	52
	<u>10,256</u>	<u>10,082</u>	<u>9,555</u>	<u>9,248</u>	<u>8,926</u>
Additions:					
New Appointments	590	697	1,082	931	1,008
Reappointments	30	27	45	51	35
Restorations	3*	3*	2*	6*	3*
Reinstated	---	---	2**	---	---
Reactivated	3	6	23	27	---
Returned from Leave or Susp... ..	256	396	293	214	290
Restored from Military Leave... ..	19	25	14	37	19
	<u>11,025</u>	<u>11,236</u>	<u>11,016</u>	<u>10,514</u>	<u>10,281</u>
Withdrawals:					
Service Retirements	321	315	227	235	337
Disability Retirements	72	39	22	49	25
Resigned	295	315	314	438	357
Discharged	8	11	10	13	6
Deaths	18	19	19	14	21
Leaves or Suspension	242	401	313	198	278
Military Leaves Granted	7	15	29	12	9
Active Membership-June 30th	10,062	10,121	10,082	9,555	9,248
On Leave or Suspension	30	44	39	19	35
On Military Leave	10	22	32	17	42
Total Membership-June 30th	10,102	10,187	10,153	9,591	9,325

*Includes 2 disabilities granted after resignation and/or discharge in 1968-69; 5 in 1969-70; 2 in 1970-71; 1 in 1971-72 and 2 restored to active duty from resignation; and 3 in 1972-73.

**Includes 2 service pensions granted after discharge.

Appointed Fiscal Year 1972-73

During the course of the year 623 members were appointed and became members of the system. Some 380, or 64% of such members were married at the date of entrance. Thirty of such members were reappointees with an average age of 28. Three of such members are reactivated members with an average age of 47. Of the 590 original appointees the median age was 25, the mode 21 and the average 24.

ELIGIBILITY

There were as of June 30, 1973, a total of 2,041 members eligible to retire. All are 25-year members. ~~Twenty-six 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
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
1972-1973	998	1,043	2,041
1973-1974	894	925	1,819

During the fiscal year 1973-74, an additional 157 members will become eligible if their service is continuous. ~~Forty-eight~~ of these are firemen. Of this ~~157~~ there are 40 remaining under the Old Pension System.

Service of Present Eligibles

Years of Service	25 Year Members		
	Fire	Police	Total
20	51	67	118
21	125	52	177
22	34	37	71
23	101	115	216
24	92	197	289
25	261	258	519
26	245	168	413
27	1	81	82
28	0	8	8
29	17	24	41
30	15	8	23
31	23	14	37
32	24	10	34
33	0	0	0
34	0	1	1
35	2	0	2
36	3	2	5
37	1	0	1
38	2	0	2
39	0	0	0
40	0	0	0
41	1	1	2
	998	1,043	2,041

Bonne

June

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. A perusal of these tables will show that in the Fire Department all Assistant and Deputy Chiefs are eligible to retire as are ~~82%~~ ^{78%} of the Battalion Chiefs, ~~50%~~ ^{50%} of the Captains and ~~56%~~ ^{56%} of the Engineers. In the Police Department ~~83%~~ ^{63%} Deputy Chiefs, ~~65%~~ ^{65%} of the Commanders, ~~43%~~ ^{43%} of the Captains and 40% of the Lieutenants are eligible for service retirement. At the other end of the service spectrum, the Fire Department has only ~~16%~~ ^{16%} of its members with less than 5 years service, while the Police Department has over ~~33%~~ ^{33%} of its members in this short service area.

ELIGIBILITY BY RANKS

June 30, 1973

FIRE

Use 14" paper sideways if you have to use more than one, glue them together

Years Service	Firemen	Auto Firemen	Fire Boat Mate	Fire Boat Pilot	Inspector	Engineer	Chief Engineer	Captain	Battalion Chief	Deputy Chief	Asst. Chief	Total
41	---	---	---	---	---	---	---	---	1	---	---	1
38	---	---	---	---	---	1	---	1	---	---	---	2
37	---	---	---	---	---	---	---	1	---	---	---	1
36	---	---	---	---	---	---	---	1	2	---	---	3
35	---	---	---	---	---	---	---	2	---	---	---	2
32	4	---	---	---	---	7	1	4	5	---	3	24
31	4	---	1	---	2	6	---	6	4	---	---	23
30	2	2	---	---	---	2	---	6	3	---	---	15
29	9	1	---	---	---	3	---	1	1	---	---	17
28	---	---	---	---	---	---	---	---	---	---	---	---
27	---	---	---	---	---	---	---	1	---	---	---	1
26	77	1	1	1	9	60	---	82	8	---	5	244
25	84	1	1	2	10	66	---	84	9	3	1	261
24	22	2	2	---	4	29	---	27	4	1	1	92
23	24	1	5	2	2	28	---	32	7	---	---	101
22	15	1	---	---	---	9	---	7	2	---	---	34
21	45	4	---	---	3	49	---	18	5	---	1	125
20	20	---	---	---	---	14	---	11	5	---	1	51
19	16	---	---	---	1	21	---	10	---	---	---	48
18	49	2	1	---	3	31	---	14	2	---	---	102
17	19	2	---	---	2	15	---	12	3	---	---	53
16	107	7	1	1	4	24	---	32	2	---	---	178
15	84	7	1	---	4	30	---	28	3	---	---	157
14	69	5	---	---	1	10	---	26	2	---	---	113
13	65	12	---	---	1	13	---	26	---	---	---	118
12	76	12	---	---	5	5	---	20	---	---	---	119
11	100	25	---	---	5	12	---	22	---	---	---	164
10	156	28	---	---	5	12	---	24	---	---	---	225
9	26	2	---	---	---	5	---	6	---	---	---	41
8	48	8	---	---	1	11	---	7	---	---	---	75
7	69	4	---	---	---	11	---	4	---	---	---	88
6	6	---	---	---	---	---	---	---	---	---	---	6
5	77	12	---	---	---	3	---	---	---	---	---	92
4	26	4	---	---	---	---	---	---	---	---	---	30
3	67	3	---	---	---	---	---	---	---	---	---	70
2	113	---	---	---	---	---	---	---	---	---	---	113
1	74	---	---	---	---	---	---	---	---	---	---	74
0	72	---	---	---	---	---	---	---	---	---	---	72
Totals	1,625	147	15	6	66	477	1	515	68	4	12	2,936
Art. XVII	50	3	---	---	6	2	---	4	1	---	---	66
Art. XVIII	1,575	144	15	6	60	475	1	511	67	4	12	2,870

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Bonnie

ELIGIBILITY BY RANKS

June 30, 1973

POLICE

Years Service	Policeman Policewoman	Investigator	Sergeant	Policewoman Sergeant	Lieutenant	Captain Commander	Chief Police	Deputy Chief	Total
41	---	---	---	---	---	---	---	1	1
36	---	---	---	---	---	---	1	---	2
35	---	---	---	---	---	---	---	---	0
34	---	---	---	---	1	---	---	---	1
33	---	---	---	---	---	---	---	---	0
32	---	2	1	---	2	1	2	1	10
31	3	5	1	---	4	1	---	---	14
30	---	4	2	---	1	---	1	---	8
29	5	7	4	1	3	2	2	---	24
28	3	3	---	---	1	---	---	1	8
27	27	36	7	---	7	2	2	---	81
26	59	61	19	---	19	7	2	---	168
25	102	91	32	---	20	13	---	---	258
24	60	75	34	---	13	9	4	2	197
23	24	42	21	1	12	7	2	6	115
22	15	12	5	---	4	1	---	---	37
21	12	19	7	1	11	2	---	---	52
20	14	27	13	---	10	2	1	---	67
19	30	34	21	---	19	4	1	---	109
18	39	40	28	1	17	2	3	---	130
17	23	34	27	---	18	3	---	---	105
16	29	33	15	---	16	3	2	---	92
15	38	59	40	1	19	3	---	---	158
14	38	64	39	---	13	1	---	---	155
13	30	48	58	---	10	2	---	---	148
12	40	61	43	1	15	2	---	---	162
11	61	83	64	---	9	---	---	---	217
10	67	94	83	2	11	---	---	---	257
9	110	86	76	---	5	---	---	---	277
8	137	50	66	---	---	---	---	---	253
7	210	48	51	---	---	---	---	---	309
6	291	46	21	---	---	---	---	---	358
5	628	22	18	---	---	---	---	---	668
4	641	3	7	---	---	---	---	---	651
3	541	---	---	---	---	---	---	---	541
2	718	---	---	---	---	---	---	---	718
1	413	---	---	---	---	---	---	---	413
0	402	---	---	---	---	---	---	---	402
Totals	4,810	1,189	803	8	252	67	23	13	7,166
Art. XVII	231	93	61	---	4	---	---	---	389
Art. XVIII	4,579	1,096	742	8	248	67	23	13	6,777

Members Becoming Eligible Next Ten Years

The following schedule indicates that 2,810 members of the Fire and Police Departments will become eligible to retire for years of service during the next ten fiscal years, of which 429 are under the Old Pension System.

Fiscal Year	Fire	Police	Total
1973-1974	48	109	157
1974-1975	102	130	232
1975-1976	53	105	158
1976-1977	178	92	270
1977-1978	157	158	315
1978-1979	113	155	268
1979-1980	118	148	266
1980-1981	119	162	281
1981-1982	164	217	381
1982-1983	225	257	482
TOTALS	1,277	1,533	2,810

*from
computer
print out*

Barney

Thus, in addition to ^{18%}~~26%~~ of the present active members already eligible to retire as indicated above, there will be an additional ^{27%}~~28%~~ of total Fire and Police present members who will become eligible to retire or will have retired by June 30, 1985. 1984

1974 MILITARY LEAVES

On June 30, ~~1973~~ there were ~~22~~ members on military leave. The following schedule indicates the operation of military leave authorization during the fiscal year 1972-1973:

On Leave June 30, 1972	22
Granted during 1972-1973	7
	29
Restored — Now Active	19
On Leave June 30, 1973	10

PENSION ROLL CHANGES

On July 1, 1972, 138 applications were pending. During the course of the fiscal year 543 petitions were received. Of the total of 681 petitions, 517 were granted, 30 withdrawn, 11 denied and 1 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		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	Article XVII	Article XVIII	Article XVII	Article XVIII	
7-1-72	983	4	1245	1522	635	104	145	13	1515	65	68	16	19	7	10	7	4620	1738	6358
Granted	1	—	6	321	4	59	4	4	81	20	—	8	3	2	3	1	102	415	517
Reinstated	—	—	—	—	—	—	—	—	1	—	—	—	—	—	—	—	1	—	1
Deaths	61	1	33	16	10	3	2	—	70	—	—	—	—	—	—	—	177	20	197
Reactivated	—	—	—	3	—	—	—	—	—	—	—	—	—	—	—	—	—	3	3
Withdrawn	—	—	—	8*	—	—	22*	—	—	—	—	—	—	—	—	—	—	30*	30*
Denied	—	—	—	—	2*	7*	—	—	1*	1*	—	—	—	—	—	—	3*	8*	11*
Decrease	—	—	—	—	2*	3*	—	—	8*	2*	2*	1*	—	—	—	—	12*	6*	18*
Increased	—	—	—	—	2*	3*	—	—	—	1*	—	—	—	—	—	—	2*	5*	7*
Remarriage	—	—	—	—	—	—	—	—	5	2	1	3	—	—	—	—	6	5	11
Majority	—	—	—	—	—	—	—	—	—	—	—	—	1	—	3	1	4	1	5
Pending	—	—	1*	55*	5*	53*	—	—	3*	5*	—	—	—	—	—	—	9*	113*	122*
	923	3	1218	1824	629	160	147	17	1522	83	66	21	21	9	10	7	4536	2124	6660

*Statistical—These figures do not affect pension roll.

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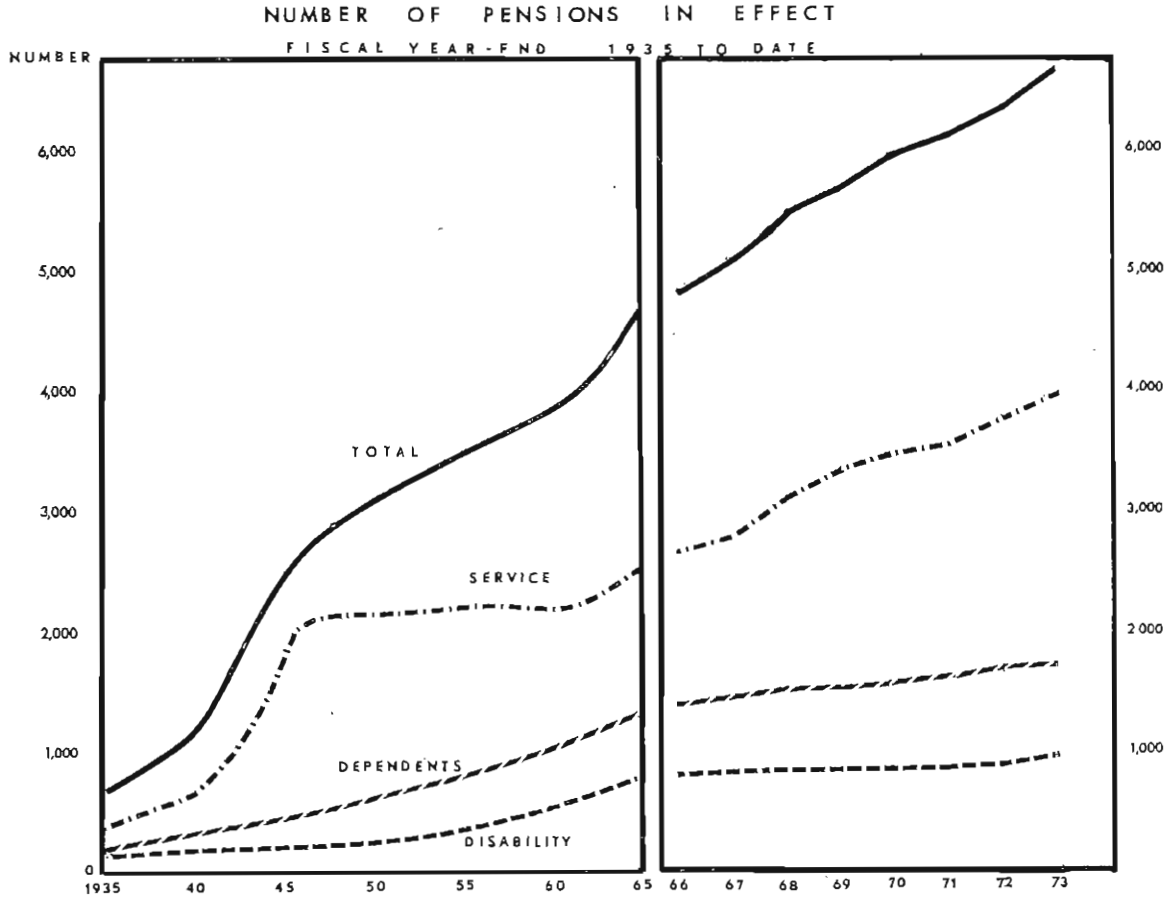
*1327 2055
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2058 2053
2057 2052
2056 2051
2050*

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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 5.7% (3754 to 3968). Dependent pensions went up 1.9% (1707 to 1739). Disability pensions increased 6% (897 to 953). The total of all pensions showed an increase of 4.7% (6358 to 6660).



Water

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	1,205	346	344	2	32	1,929
385-424	318	117	61	—	5	501
425-464	202	92	59	—	2	355
465-504	125	52	30	—	3	210
505-544	99	70	31	1	1	202
545-584	92	43	21	—	—	156
585-624	131	36	19	—	—	186
625-664	378	31	637	—	—	1,046
665-704	194	43	96	—	—	333
705-744	170	21	13	—	—	204
745-784	159	23	98	—	—	280
785-824	152	14	102	—	1	269
825-864	76	13	5	—	—	94
865-904	135	6	93	—	—	234
905-944	131	14	2	—	—	147
945-984	63	9	20	—	—	92
985-1024	73	7	24	—	—	104
1025 or over	265	16	37	—	—	318
Totals	3,968	953	1,692	3	44	6,660
Average Pension	\$608.63	\$504.35	\$626.70	\$419.64	\$394.30	\$597.07

The overall average of \$597.07 is approximately nine percent over the average for the prior fiscal year of \$560.59. The average number of fluctuating pensions, cost of living pensions and of fixed pensions is reported as follows (Note: Fluctuating pensions are those that fluctuate with changes in salary of active members; cost of living pensions are those receiving the cost of living formula which is applicable on July 1st of each year; fixed pensions are those not yet eligible for cost of living adjustment):

Fluctuating	Service	Disability	Widows	Dependents	Minors	Total
Number	791	50	1,074	—	1	1,916
Average Pension	\$805.20	\$711.23	\$735.09	—	\$806.49	\$763.45
Cost of Living						
Number	2,331	720	567	1	29	3,648
Average Pension	\$547.90	\$443.64	\$427.14	\$362.53	\$368.90	\$507.09
Fixed						
Number	846	183	51	2	14	1,096
Average Pension	\$592.14	\$686.65	\$562.79	\$448.20	\$417.45	\$585.82

The total fluctuating pensions represents a net decrease of 67 during the fiscal year. Cost of living pensions increased by 555 and fixed pensions decreased by 189.

AGES OF PENSIONERS

The following is an analysis of the ages of all pensioners at the close of June 30, 1973.

Ages	Service	Disability	Widows	Dependents	Minors	Total
0-17	---	---	---	---	44	44
20-24	---	---	1	1	---	2
25-29	---	10	2	---	---	12
30-34	---	29	10	---	---	39
35-39	---	49	15	---	---	64
40-44	15	78	17	---	---	110
45-49	487	202	66	---	---	755
50-54	856	248	98	---	---	1,202
55-59	707	135	119	---	---	961
60-64	489	82	160	---	---	731
65-69	256	33	297	1	---	587
70-74	525	42	387	---	---	954
75-79	413	28	278	---	---	719
80-84	171	10	184	1	---	366
85-89	39	6	48	---	---	93
90-94	10	1	8	---	---	19
95-99	---	---	2	---	---	2
Totals	3,968	953	1,692	3	44	6,660
Average Age	61	53	68	58	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
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
1972-1973	53	51	52

Number Retiring Above or Below Age 50

It is noted that the average age of those retiring on service pension decreased for both Firemen and Policemen. Of the 118 members becoming eligible to retire during the year (51 Fire; 67 Police) 19% of them retired with the minimum service. The net effect on age and service is indicated in the following table:

Fiscal Year	F I R E				P O L I C E			
	Under 50	Exactly 50	Over 50	Total	Under 50	Exactly 50	Over 50	Total
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
1972-1973	36	7	107	150	58	13	106	177
	199	37	603	839	1,100	112	577	1,789
Percent of Totals	24%	5%	71%	100%	62%	6%	32%	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
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
1972-1973	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. Again this year, there has been an increase in the number of retirements from both the Fire and Police Departments.

NUMBER OF FIREMEN AND POLICEMEN

Fiscal Year 20	FIRE				POLICE					
	Less 25	Exac. 25	Over 25	Total	20	Less 25	Exac. 25	Over 25	Total	
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
1972-1973	7	14	52	77	150	15	24	73	65	177
	102	130	130	477	839	757	502	195	335	1,789
Percent of Totals	12%	15.5%	15.5%	57%	100%	42%	28%	11%	19%	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 1972-73 shows an increase in average age of Firemen as well as in years of active service. Policemen show a decrease in both age and years of active service.

Fiscal Year	AVERAGE AGE			AVERAGE YEARS		
	Fire	Police	Combined	Fire	Police	Combined
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
1972-1973	48	36	43	22	11	16

SERVICE PENSIONS

Pensions Granted

A total of 327 members of the Fire and Police Departments retired upon service pension during the fiscal year ended June 30, 1973. Of the total number, 320 retired under the New Pension System.

Reactivated

During the fiscal year 1972-73, two requests for return to active duty were received. Both such requests were approved by the Board of Pension Commissioners and both members were reactivated, together with one member whose request for reactivation was pending action by the Police Department from a prior year. There remains one request pending action by the employing Department at the close of June 30, 1973. 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	68	66	2	10	55	1

Pensions Discontinued

During the fiscal year a total of 111 service pensions were discontinued on account of death. These individuals were on the pension rolls an average of twenty years although the range of life after retirement varied from five months to forty-two years. In addition thereto, three service pensions were discontinued by reactivation to the Police Department. These individuals were on the pension rolls for an average of less than two 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	FIRE		POLICE		Total
	20 Year	20-25 Year	20 Year	20-25 Year	
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
1972-1973	1	149	—	177	327

DISABILITY PENSIONS

Pensions Granted

A total of 71 members of the Fire and Police Departments were granted disability pensions during the fiscal year ended June 30, 1973. Of these 63 were granted on a service-connected basis while 8 were non-service.

Pensions Discontinued

Fifteen 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	
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
1972-1973	36	3	27	5	71

Years on Pension

Fiscal Year	FIRE		POLICE		Total
	Service	Nonservice	Service	Nonservice	
1910-1914	---	---	1	---	1
1920-1924	1	---	1	---	2
1924-1929	2	---	1	---	3
1929-1934	5	---	6	---	11
1934-1939	5	---	14	---	19
1939-1944	6	---	11	---	17
1944-1949	3	3	9	5	20
1949-1954	19	4	36	10	69
1954-1959	41	8	70	28	147
1959-1964	50	11	219	31	311
1964-1969	28*	5	107	36*	176*
1969-1973	81*	10*	73*	13*	177*

*Includes 177 under Article XVIII

Analysis of Rates

There are 789 service-connected disability pensions and 164 non-service-connected pensions classified by rates in the following schedule as of June 30, 1973. Of this number 160 service-connected and 17 non-service-connected disability pensioners were granted under the New Pension System.

Rate	Fire	Police	Total
40%	41	123	164
50%	69	220	289
52%	---	1	1
55%	25	64	89
57½%	1	---	1
58%	1	---	1
60%	38	76	114
61%	3	---	3
64%	1	---	1
65%	54	98	152
66½%	1	---	1
69%	---	1	1
70%	27	31	58
72½%	1	---	1
75%	10	29	39
80%	6	11	17
85%	3	6	9
90%	1	11	12
Total	282	671	953

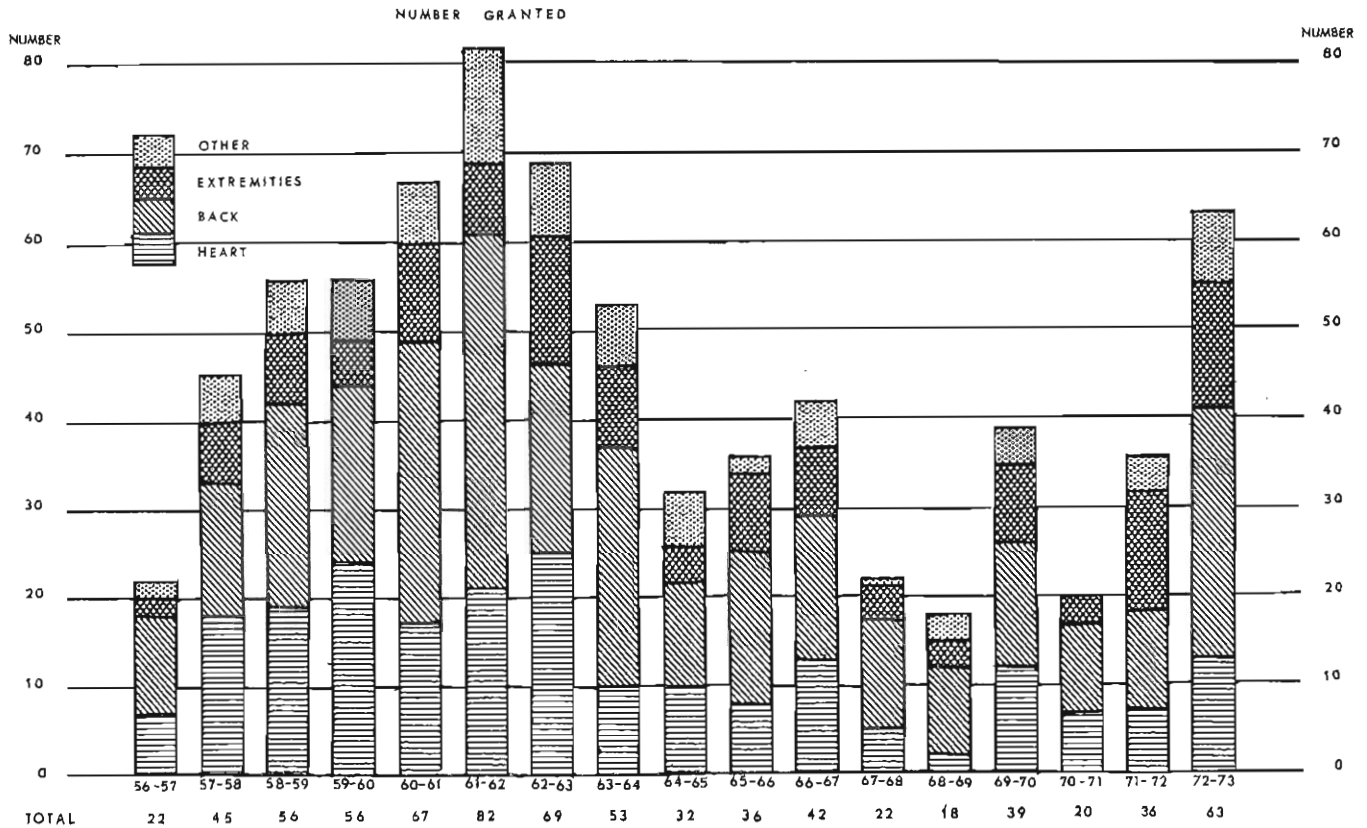
Analysis of Disability Pensioners by Age

Age	Fire	Police	Total
24-29	---	10	10
30-34	5	17	22
35-39	11	38	49
40-44	28	50	78
45-49	47	155	202
50-54	51	197	248
55-59	44	91	135
60-64	41	41	82
65-69	22	19	41
70-74	21	20	41
75-79	7	21	28
80-84	2	8	10
85-89	3	3	6
90-94	---	1	1
Total	282	671	953
Average Age	54	52	53

Service-Connected Disability

New service-connected disability pensions increased from 36 to 63 in 1972-73. 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 hereinafter mentioned is stated as of June 30, 1973 unless otherwise indicated.

ALBRIGHT, et al) vs. City of Los Angeles, et al.
BROWN, 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 upon 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 judgement, but at this time no date has been set for a hearing before the Court of Appeal.

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 judgement was rendered in favor of the City.

Petitioner appealed from the judgment and, on May 8, 1973, the case was heard in Division 4 of the Court of Appeal. On May 15, 1973, the Opinion of the Court of Appeal was filed, sustaining the trial court's determination, thereby upholding the Board of Pension Commissioners' posi-

tion. The decision of the Court of Appeal has now become final as to that court, however, the time to petition for a hearing in the Supreme Court has not run as of June 30, 1973.

McLEOD vs. Board of Pension Commissioners

Petitioner, a former policeman, seeks a disability pension. His contention is 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 in fact has 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.

GUARDIANSHIP OF THE ESTATE OF CARLA L. JACOBS

It has for many years been the practice of the legal section to closely scrutinize the periodic accountings rendered by guardians on behalf of wards receiving benefits under Articles XVII or XVIII of the Charter. In the above entitled matter, a first current account of receipts and expenditures was received pursuant to the authority contained in Section 1600 of the Probate Code and was found to be so much out of line with respect to the charges against the minor child's estate that we felt compelled to file objections in the Probate Court. Two court appearances have already been made and the matter has now been set for hearing on the objections.

HOHMANN, et al vs. City of Los Angeles, et al.

In this case, a class action brought against the City and the Board, a group of retired deputy chiefs, assistant chiefs and widows of deputy chiefs or assistant chiefs of police, all on a fluctuating pension, have brought suit to seek judicial determination regarding the proper basis for their pension which, according to a City Attorney opinion, is to be predicated on the salary currently received by a Deputy Chief of Police I. Plaintiffs maintain that the appropriate basis for their pensions should be the highest salary paid within the class title of deputy chief, meaning the salary received by a Deputy Chief of Police II. In brief, the city's position is that inasmuch as a Deputy Chief II is subject to reassignment to the lower pay grade of Deputy Chief I and inasmuch as a Deputy Chief II serves as the Acting Chief of Police whenever the latter is gone, the basis for fluctuating pensions presently applied is appropriate.

PRAYER vs. Board of Pension Commissioners, et al.

The petitioner in this case brought an action because his service pension, pursuant to the provisions of Section 190.11 of the Charter, had been computed on the basis of a salary in effect on December 31, 1970. On January 1, 1971, a new salary ordinance for firemen and policemen became effective and petitioner alleged that ordinance to be controlling with respect to his normal pension base. Petitioner had no choice regarding the date of his retirement inasmuch as he had, during the month of December 1970, reached the age of 65 which, pursuant to the requirements set forth in Section 190.11 and in the absence of an extension authorized by the

employing department, meant that he would have to be mandatorily retired "effective not later than the first day of the month following the month during which he shall have attained such age" (65). Our position was that the termination notice issued by the Fire Department indicating December 31, 1970 as petitioner's last day on the job was controlling with respect to petitioner's rights. The Court, however, held that the language of Section 190.11 implied if it did not in fact state that petitioner could be retired at any time during January 1, 1971, that the Board's action and not the Fire Department's action terminated employment and that, furthermore, the record in the case reflected that the Board intended 0800 hours of January 1, 1971 to be the effective time of the retirement at which time the new ordinance had already taken effect. Upon re-examination of the entire case, we decided to refrain from taking an appeal in this particular case. The pension base of former Captain Prayer having been adjusted in accordance with the writ of mandate issued by the Superior Court, the matter is now concluded.

WEISSMMAN vs. Board of Pension Commissioners

A petition for a writ of mandate is pending in this case but no hearing has been had as yet. Petitioner alleges that the finding of no disability by the Board is not supported by substantial evidence and, secondly, that the Board should be bound by the conclusion of a Board of Rights proceeding resulting in her termination which was to the effect that she was psychologically unfit to be a policewoman, which said conclusion it is alleged was based on the same medical reports that were in evidence before the Board.

WILLICK vs. City of Los Angeles et al.

This case presented a question of substantial evidence in support of the Board's denial of a service-connected disability pension and the Court denied the issuance of a writ of mandate, thereby upholding the Board. Petitioner not having taken an appeal within the prescribed time period, the matter is now concluded.

IN RE THE ESTATE OF LOUISE L. PEGLAU

Mrs. Peglau, now deceased, made a bequest of \$10,000 to the Fire and Police Pension Systems. One of the beneficiaries under the will filed a will contest and the Board was joined in the action. Upon hearing in the Probate Court, the matter resulted in a voluntary dismissal upon a stipulation that the executrix would not enforce a disinheritance clause contained in the will.

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

The Board's desire to implement a multiphasic health testing program in order to reduce disability pension costs through early discovery and possible prevention of cardio-vascular inefficiencies or disabling diseases led to a request for a City Attorney opinion concerning the questions of whether or not the Department of Pensions could legally reimburse the Personnel department for any expenditures incurred for such testing of present and prospective uniformed employees of the Fire and Police Departments and whether or not the Department of Pensions could itself administer such proposed program. On October 2, 1972, the City Attorney's office rendered an opinion to the effect that the expenditure involved in the program could not be characterized as an "administrative expense" under either Article XVII or XVIII of the Charter, and that it would not qualify as a legally justifiable incidental expense to maintain the Fire and Police Pension Systems. With respect to the administration of the program, our conclusion was that the administration of the program by the Department of Pensions would in effect be a delegation of discretionary powers now vested in the Board of Civil Service Commissioners and that such delegation was not legal.

The fact of former Commissioner John T. LaFollette's position as an attorney for the Los Angeles Fire & Police Protective League and Commissioner Jack Halstead's official capacity as an officer of the League precipitated the question as to whether or not the position or office of the two aforementioned Commissioners respectively would create a conflict of interest. On December 12, 1972, we submitted the conclusion that both Commissioner LaFollette's, as well as Commissioner Halstead's activities were at least with respect to the adjudication of disability matters brought before them as Commissioners, incompatible with such status of Commissioner and, therefore, unless the two Commissioners resigned from their respective position or office, all matters of disability adjudications brought before them would have to be transferred for hearing to the Board of Referred Powers pursuant to Section 28 and 28.1 of the Charter.

Upon the Board's request to render a report concerning the effect of the Economic Stabilization Act of 1970 on the Department of Pensions' ability to pay higher fees to its examining physicians, the City Attorney's office responded on March 1, 1973 by advising the Board that as far as the Board was concerned, there would be no violation of the aforementioned Act if higher fees were paid to physicians and that the only restrictions it imposed were those compelling the physicians to keep their examination fees within the parameters of said Act.

In a letter dated December 21, 1972, Mr. M. Lewis Thompson, Manager-Secretary, expressed the Board's concern with the question of whether or not both appointive as well as employee-elected Commissioners would be entitled to coverage under the Workmen's Compensation Act while performing functions in their official capacity. On March 5, 1973, the City Attorney's office rendered an opinion answering in the affirmative the question as to the coverage for all Commissioners, pointing out, however, that as long as the City did not provide transportation or pay transportation necessary to go to and return from Board functions, the principles of the "coming and going rule" would apply and that during these periods there was no coverage for workmen's compensation purposes.

The conclusion with respect to the applicability of the so-called "coming and going rule" led to a further request for an opinion concerning the legality of reimbursing Commissioners of the City for expenses in traveling to and from a regular meeting place. On May 16, 1973, the office of the City Attorney concluded that appointive members of the Board could not receive reimbursement for expenses incurred in traveling to and from the Board's regular meeting place and that such expenses are of a "personal" nature, that they as such have no nexus with "City business" and are, therefore, not subject to reimbursement. However, with regard to "employee" members of the Board, the conclusion was presented that where such members occupy "on duty" status while in transit to and from the Board's regular meeting places, they would be entitled under Section 4.221.1 of the Los Angeles Administrative Code to reimbursement of travel expenses as a consequence of which, employee Commissioners injured in transit to or from a regular Board meeting while "on duty," would be entitled to workmen's compensation benefits.

Inasmuch as we had previously advised that under Chapter 2.5 (Joinder of Parties) of the California Rules of Court, the Board could not only be joined in a dissolution of marriage proceeding, but could in fact be lawfully compelled to pay part of a pension payment directly to a non-member former spouse, the question arose as to whether or not the same result could be accomplished by a voluntary assignment of pension rights representing a community property interest of the system member's former spouse, to which the City Attorney's office, on June 1, 1973, responded that where the community property interest in a pension has been judicially determined, the community property interest of the spouse of a pensioner may be assigned by the pensioner to such spouse as an incident to, resulting from, or subsequent to a dissolution of marriage proceeding.

GUARDIANSHIPS

This office also examined eighty-nine probate accountings, as well as various petitions and other documents which were received by the Department, and twenty requests for special notice were prepared, served and filed. Fourteen guardianships and conservatorships were discontinued and twenty-three were added. There are ninety active guardianships, forty-six covering minors and forty-four covering incompetents.

CONTRACTS

The City Attorney also prepared and approved as to form and legality for the fiscal year 1972-73 contracts between the Board and:

- Lionel D. Edie & Company Incorporated (Investment Counsel)
- Coates & Crawford (Actuaries)
- LAFAP (Nominee Partnership)
- NESPO (Nominee Partnership)

ORDINANCES

An ordinance (No. 144,546) pertaining to voluntary deductions from pension payments to persons receiving a pension pursuant to Articles XVII, XVIII or XXXIV of the Charter for the benefit of certain organizations not theretofore considered in the Administrative Code as authorized recipients of such deductions was drafted by the City Attorney's office, submitted to the City Council and adopted at its meeting of March 14, 1973.

OPERATIONS

Expenditures

Expenditures for pensions increased some \$5½ million as a result of increases in numbers of pensioners, higher pensions derived from higher salary levels and increased pension benefit costs, reflecting the delayed effect of the cost-of-living provisions of Proposition 2 on the May 25, 1971 ballot which became applicable to retired pensioners during the fiscal year.

Administrative Expenses

Administrative expense of the Fire and Police Pension System increased only about 5.5% over the prior fiscal year and represented less than one-half of 1% of the Department's total budget.

Salaries

Salary expense for the year rose 11% above the prior year, representing an across-the-board cost of living pay increase, and a small increase in occupied positions. Twenty-five individuals were employed by the Department, including one Division Chief Deputy City Attorney and one Deputy City Attorney IV.

Travel Expense

Travel expense for the year was some 50% higher than the prior year because, with the attendance of staff and Board members at conferences, the increased size of the Board required larger travel funds. Conferences and meetings were primarily for training and informational purposes, such as the Institutional Investor's Conference in New York.

Contractual Services

Contractual services increased less than 10% over the prior year, attributable primarily to the increase in the cost of investment counseling service, which is directly related to size of portfolio; as the portfolio grows, the cost of advisory service will rise.

Medical Services

This account again for this year showed a substantial increase in cost amounting to nearly 30% above the prior year. This cost reflects the rise in disability pension claims, and increases in fees to medical examiners.

Health Insurance

The increase of nearly 60% in this item reflected primarily an increase in rates for health insurance and some increase in number of employees covered by the insurance program.

Equipment, Furniture and Fixtures

This account showed a substantial reduction from the prior year of more than 80%, reflecting the fact that in the prior year equipment expenditures provided the necessary equipment for the Department's current level of operations.

Surety Bonds

Surety bonds were carried on Department personnel in the following amounts:

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

Respectfully submitted,



M. LEWIS THOMPSON
Manager-Secretary

MLT:wms

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

October 25, 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, 1973.

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, 1973
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 which established the New Pension System.

As of June 30, 1973, there were 455 active members and 4,531 retired persons covered under Article XVII of the Charter (hereinafter referred to as the Fire and Police Pension System) and there were 9,647 active members and 2,123 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, 1973 are shown on the following Actuarial Balance Sheet. These valuations 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 5% interest assumption (the June 30, 1972 valuations were based on a 4 $\frac{5}{8}$ % 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 pension payable to members receiving fluctuating pensions will be reflected in future valuations as they occur.

**ACTUARIAL BALANCE SHEET
AS OF JUNE 30, 1973**

ASSETS

	Fire and Police Pension System	New Pension System	Combined
1. Assets from Accounting Balance Sheet	\$ 37,359,970	\$ 228,137,727	\$ 265,497,697
2. Present Value of Future Contributions by Members	4,421,777	112,461,002	116,882,779
3. Present Value of Future Contributions by the City for:			
(a) Entry Age Cost:			
(i) Basic Benefits	8,475,071	199,216,634	207,691,705
(ii) Cost of Living Benefits	3,832,206	81,935,874	85,768,080
(iii) Total	\$ 12,307,277	\$ 281,152,508	\$ 293,459,785
(b) Seventy Year Amortization of "Unfunded Liability":			
(i) Basic Benefits	\$292,188,378	\$ 501,902,207	\$ 794,090,585
(ii) Cost of Living Benefits	68,123,069	206,795,580	274,918,649
(iii) Total	\$360,311,447	\$ 708,697,787	\$1,069,009,234
4. Total Assets	<u>\$414,400,471</u>	<u>\$1,330,449,024</u>	<u>\$1,744,849,495</u>

LIABILITIES

5 Accounts Payable	\$	25,902	\$ 25,902
6. Reserve for Investment Losses	2,854,559	4,323,892	7,178,451
7. Present Value of Present Pensions to Pensioners now on Pension Roll:			
(a) Service	132,583,765	241,117,904	373,701,669
(b) Disability	55,964,744	24,715,675	80,680,419
(c) Dependents	116,787,116	14,208,103	130,995,219
(d) Total	\$305,335,625	\$ 280,041,682	\$ 585,377,307
8. Present Value of Prospective Pensions to Dependents of Present Pensioners:			
(a) Service	\$ 46,197,532	\$ 50,649,281	\$ 96,846,813
(b) Disability	15,936,956	6,634,106	22,571,062
(c) Total	\$ 62,134,488	\$ 57,283,387	\$ 119,417,875
9. Present Value of Prospective Pensions to Presently Active Members:			
(a) Service	\$ 26,746,996	\$ 637,923,722	\$ 664,670,718
(b) Disability	7,717,593	140,690,683	148,408,276
(c) Total	\$ 34,464,589	\$ 778,614,405	\$ 813,078,994
10. Present Value of Prospective Pensions to Dependents of Presently Active Members who will die in Active Service	\$ 1,958,249	\$ 39,909,377	\$ 41,867,626
11. Present Value of Prospective Pensions to Dependents of Presently Active Members who will die after Retirement:			
(a) Service	\$ 5,713,637	\$ 134,889,619	\$ 140,603,256
(b) Disability	1,939,324	35,360,760	37,300,084
(c) Total	7,652,961	170,250,379	177,903,340
12. Total Liabilities	<u>\$414,400,471</u>	<u>\$1,330,449,024</u>	<u>\$1,744,849,495</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, 1974, be as follows:

	Percentages of Members' Salaries of:	
	Fire and Police Pension System	New Pension System
1. Entry Age Contribution:		
(a) Basic Benefits	11.5%	12.4%
(b) Cost of Living Benefits	5.2	5.1
(c) Total	16.7%	17.5%
2. Unfunded Past Service Contribution:		
(a) Basic Benefits	198.3%	16.3%
(b) Cost of Living Benefits	46.2	6.7
(c) Total	244.5%	23.0%
3. Total Contribution:		
(a) Basic Benefits	209.8%	28.7%
(b) Cost of Living Benefits	51.4	11.8
(c) Total	261.2%	40.5%

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 455 active members and 4,531 retired persons, as of June 30, 1973, 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 ½ 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 11.8%. 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, 1973 and the related statements of revenues and expenditures, changes in 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, 1973 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, changes in 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, 1973 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.

October 30, 1973

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

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

June 30, 1973

with comparative figures for 1972

ASSETS

	1973	1972
Cash and temporary investments:		
Deposits with Treasurer of the City of Los Angeles -----	\$ 2,514,849	\$ 792,356
Cash revolving funds -----	500	325
Temporary short-term investments - at cost, plus interest (approximate market) -----	22,454,096	22,195,862
	24,969,445	22,988,543
Interest and dividends receivable -----	2,489,906	1,995,543
Taxes receivable -----	1,322,000	1,365,000
Accounts receivable -----	37,564	-----
Investments		
Bonds—at amortized cost (quoted market, \$126,404,021, \$104,867,670 in 1972) (note 1)		
Preferred stock—at cost (quoted market, \$196,000 \$866,000 in 1972)	\$ 131,814,447	\$ 107,883,618
Common stock—at cost (quoted market, \$111,544,049, \$91,045,741 in 1972)	211,659	862,461
Treasurer's deeds—at cost 735	104,634,020	76,897,847
Real property—at cost 18,136	735	735
	236,678,997	185,662,797
	\$ 265,497,696	\$ 212,011,598

LIABILITIES, RESERVES AND FUND CAPITAL (Deficit)

	1973	1972
Accounts payable -----	\$ 25,902	\$ 49,957
Reserve for pensions—at actuarial valuation (notes 1 and 2) -----	1,069,009,234	1,072,575,916
	\$1,069,035,136	\$1,072,625,873
Fund capital (deficit):		
Accumulated deficit -----	\$ (810,812,690)	\$(866,473,063)
Workmen's Compensation Fund (note 3) -----	96,799	179,699
Reserve for investment losses (note 1) -----	7,178,451	(803,537,440)
	(803,537,440)	5,679,089
Contingent liability (note 4) -----	(860,614,275)	(860,614,275)
	\$ 265,497,696	\$ 212,011,598

See accompanying notes to financial statement.

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

STATEMENT OF REVENUES AND EXPENDITURES

Year ended June 30, 1973
with comparative figures for 1972

	1973		1972
Revenues:			
Taxes	\$76,790,463		\$63,381,284
Interest	9,680,994		8,087,889
Dividends	1,950,933		\$1,530,367
Members' contributions	10,678,323		9,797,464
Sales of unclaimed property	60,098		145,903
Donations	524		320
Miscellaneous	31,689		222,148
Total revenues	99,193,024		83,165,375
 Expenditures:			
Pensions paid (notes 3 and 5):			
Service	\$28,191,298		\$24,248,061
Disability	4,872,093		4,259,810
Widows	11,993,722		11,094,078
Minors	123,874		128,698
Dependents	11,485		6,120
Nonservice:			
Disability	674,479		648,863
Widows	771,278		712,368
Minors	84,334		89,022
Dependents	4,637		4,637
	46,727,200		41,191,657
Administrative expenses	455,033	47,182,233	41,622,693
Excess of revenues over expenditures before gain on disposition of investments and reduction of reserve requirements	52,010,791		41,542,682
Gain on disposition of investments (note 1)	1,499,362		4,057,693
Reduction of (addition to) reserve requirements due to change in actuarial liability (notes 1 and 2)	53,510,153		45,600,375
	3,566,682		(184,411,363)
Income (deficiency) for the year	\$57,076,835		\$(138,810,988)

See accompanying notes to financial statements.

CITY OF LOS ANGELES
FIRE AND POLICE PENSION SYSTEM

STATEMENT OF CHANGES IN FUND CAPITAL (Deficit)

Year ended June 30, 1973
with comparative figures for 1972

	1973			1972	
	Accumulated (deficit)	Workmen's Compensation Fund (note 3)	Reserve for investment losses	Total	Accumulated fund capital (deficit)
Balance (deficit) at beginning of year	\$(866,473,063)	\$179,699	\$5,679,089	\$(860,614,275)	\$(721,803,287)
Income (deficiency) for the year	55,660,373	(82,900)	1,499,362	57,076,835	(138,810,988)
Balance (deficit) at end of year	<u>\$(810,812,690)</u>	<u>\$ 96,799</u>	<u>\$7,178,451</u>	<u>\$(803,537,440)</u>	<u>\$(860,614,275)</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, 1973

with comparative figures for 1972

	<u>1973</u>	<u>1972</u>
Source of cash and temporary investments:		
Excess of revenues over expenditures before gain on disposition of investments and reduction of reserve requirements	\$52,010,791	\$41,542,682
Gain on disposition of investments credited to reserve for investment losses (note 1)	1,499,362	4,057,693
Net decrease in preferred stock investments	650,802	591,405
Increase in accounts payable	-----	24,473
Decrease in taxes receivable	43,000	-----
	<u>54,203,955</u>	<u>46,216,253</u>
Application of cash and temporary investments:		
Net increase in investments:		
Bonds	23,930,829	15,743,274
Common stock	27,736,173	29,299,615
Increase in interest and dividends receivable	494,432	313,173
Increase in taxes receivable	-----	162,000
Increase in accounts receivable	37,564	-----
Decrease in accounts payable	24,055	-----
	<u>52,223,053</u>	<u>45,518,062</u>
Net increase in cash and temporary investments	1,980,902	698,191
Cash and temporary investments balances:		
July 1	22,988,543	22,290,352
June 30	<u>\$24,969,445</u>	<u>\$22,988,543</u>

See accompanying notes to financial statements.

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

Notes to Financial Statements
June 30, 1973

(1) **Summary of Significant Accounting Policies**

(A) **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 yield basis upon which they were acquired.

(B) **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.

(C) **Reserve for Investment Losses**

Gains or losses on the disposition of investments are credited or charged to the reserve for investment losses.

(2) **Reserve for Pensions**

The reserve for pensions has been adjusted to the liability as determined by the actuarial valuation as of June 30, 1973. 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 5% assumed rate of interest.

The reserve for pensions, \$1,069,009,234, is the unfunded actuarial liability of the pension system and, in accordance with the City Charter, is to be amortized over the next sixty-four 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, 1974 to be as follows:

	Percentages of Members' Salaries of:	
	Fire and Police Pension System	New Pension System
1. Entry age contribution	16.7%	17.5%
2. Unfunded past service	244.5	23.0
Total contribution	261.2%	40.5%

The primary factor in the \$3,566,682 reduction in the unfunded actuarial liability was an increase in the assumed rate of interest from 4½% to 5%.

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 \$360,311,447 as of June 30, 1973, being amortized at a rate applicable to the current payroll of approximately 450 active members compared to the unfunded past service liability of the New Pension System, amounting to \$708,697,787 as of June 30, 1973, being amortized at a rate applicable to the current payroll of approximately 9,650 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 \$282,900 made during the year ended June 30, 1973 are included under pensions paid.

(4) Contingent Liability

Several legal actions were pending at June 30, 1973. Counsel for the Fire and Police Pension System believes that adverse decisions in several of these cases could result in future pension cost increases of some consequence. However, such cost increases would be funded by increased tax revenues under the authority of the City Charter.

(5) Pension Payments

The expenditures for regular and retroactive pension payments during the year ended June 30, 1973, with comparative figures for 1972, were as follows:

Regular monthly pension payments:	<u>1973</u>	<u>1972</u>
Service	\$28,191,298	\$23,588,342
Disability	4,872,093	4,119,648
Widows	11,993,722	10,903,520
Minors	123,874	121,866
Dependents	11,485	6,120
Nonservice	1,534,728	1,300,462
Total	<u>\$46,727,200</u>	<u>\$40,039,958</u>
Retroactive pension payments:		
Service	-----	659,719
Disability	-----	140,162
Widows	-----	190,558
Minors	-----	6,832
Nonservice	-----	154,428
Total	<u>-----</u>	<u>1,151,699</u>
Total	<u>\$46,727,200</u>	<u>\$41,191,657</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 of 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 1972 retroactive pension payments relate to that decision.

PENSION DEPARTMENT
ADMINISTRATIVE EXPENSE COMPARED

Schedule 1

Operating Expense	1972-73	1971-72	1970-71	1969-70	1968-69	1967-68	1966-67
Salaries	\$277,373	\$249,940	\$208,560	\$198,038	\$168,829	\$157,243	\$133,477
Office and Administrative Expense	11,891	13,572	11,878	9,631	9,013	8,180	8,203
Operating Supplies and Expense	50	.....	2,000	2,000	.....	.....	387
Printing and Binding	6,215	6,671	9,344	5,892	5,107	7,544	3,937
Traveling	7,363	4,908	4,434	4,798	4,471	3,182	1,845
Contractual Services	90,661	82,906	51,748	46,686	39,191	31,940	26,574
Field Equipment	460	250	150	300	229	150	50
Petroleum Products	216	204	207	205	246	103	111
Transportation	410	233	215	195	211	115	104
Annual Audit	3,412	3,621	3,250	2,750	2,750	2,500	2,500
Governmental Meetings	100	42	18	220	.....	.....	.....
Litigation	7,983	8,165	9,593	10,837	10,001	12,670	12,343
Medical Services	31,447	24,529	18,807	26,768	28,859	23,130	27,000
Actuarial Expense	6,500	6,500	13,000	6,500	6,500	11,500	9,500
Health Insurance	6,464	4,077	3,722	.....	.....	.....	.....
Equipment, Furniture & Fixtures	4,488	25,418	11,160	15,206	4,579	4,726	5,007
	<u>\$455,033</u>	<u>\$431,036</u>	<u>\$348,086</u>	<u>\$330,026</u>	<u>\$279,986</u>	<u>\$263,083</u>	<u>\$231,038</u>

PENSION DEPARTMENT
STATEMENT OF OPERATIONS COMPARED

Fiscal Years 1966-67 to 1972-73

Schedule 2

REVENUES	1972-73	1971-72	1970-71	1969-70	1968-69	1967-68	1966-67
Taxes	\$ 76,790,463	\$ 63,381,284	\$ 59,491,069	\$ 50,573,717	\$ 49,826,636	\$ 36,993,830	\$ 31,674,601
Dividends	1,950,933	1,530,367	1,206,340	1,035,283	621,296	418,561	274,856
Interest	9,680,994	8,087,889	6,255,043	4,720,395	3,153,521	1,977,077	1,311,910
Members' Contributions	10,678,323	9,797,464	8,848,302	7,455,724	6,677,287	5,786,094	5,040,255
Sales of Unclaimed Property	60,098	145,903	155,170	158,851	72,807	117,625	101,922
Donations	524	320	360	168	526	274	1,130
Miscellaneous	31,689	222,148	38,802	7,457	6,657	16,697	6,140
TOTAL REVENUES available for current year's expenditures	\$ 99,193,024	\$ 83,165,375	\$ 75,995,086	\$ 63,951,595	\$ 60,358,730	\$ 45,310,158	\$ 38,410,814
EXPENDITURES							
Pensions Paid							
Service	\$ 28,191,298	\$ 24,248,061	\$ 21,204,493	\$ 19,356,718	\$ 17,770,007	\$ 15,818,310	\$ 13,338,393
Disability	4,872,093	4,259,810	3,854,915	3,633,379	3,348,590	3,325,270	3,189,455
Widows	11,993,722	11,094,078	9,972,000	8,660,182	7,793,515	7,329,947	7,368,353
Minors	123,874	128,698	98,120	104,086	81,195	80,708	70,475
Dependents	11,485	6,120	-----	-----	-----	-----	2,956
Nonservice							
Disability	674,479	648,863	518,878	540,346	476,632	445,611	443,787
Widows	771,278	712,368	606,872	572,570	551,778	464,247	235,312
Minors	84,334	89,022	91,291	94,129	81,258	69,438	64,218
Dependents	4,637	4,637	-----	-----	-----	-----	-----
TOTAL PENSIONS	\$ 46,727,200	\$ 41,191,657	\$ 36,346,569	\$ 32,961,410	\$ 30,102,975	\$ 27,533,531	\$ 24,712,949
Administrative Expense	\$ 455,033	\$ 431,036	\$ 348,086	\$ 330,026	\$ 279,986	\$ 263,083	\$ 231,038
TOTAL EXPENDITURES	\$ 47,182,233	\$ 41,622,693	\$ 36,694,655	\$ 33,291,436	\$ 30,382,961	\$ 27,796,614	\$ 24,943,987
EXCESS OF REVENUES OVER EXPENDITURES	\$ 52,010,791	\$ 41,542,682	\$ 39,300,431	\$ 30,660,159	\$ 29,975,769	\$ 17,513,544	\$ 13,466,827
Gain (Loss) on Sale of Investments	1,499,362	4,057,693	472,948	470,440	445,069	54,914	(50,504)
EXCESS OF REVENUES OVER EXPENDITURES	\$ 53,510,153	\$ 45,600,375	\$ 39,773,379	\$ 31,130,599	\$ 30,420,838	\$ 17,568,458	\$ 13,416,323
Reduction of (Addition To) Actuarial Reserve	3,566,682	(184,411,363)	(84,401,166)	(61,890,773)	(43,586,828)	(43,712,313)	(97,937,902)
Income (Deficit) for the year	\$ 57,076,835	\$(138,810,988)	\$(44,627,787)	\$(30,760,174)	\$(13,165,990)	\$(26,143,855)	\$(84,521,579)
Fund deficit at beginning of year	(860,614,275)	(721,803,287)	(677,175,500)	(646,415,326)	(633,249,336)	(607,105,481)	(522,583,902)
Fund deficit at end of year	\$(803,537,440)	\$(860,614,275)	\$(721,803,287)	\$(677,175,500)	\$(646,415,326)	\$(633,249,336)	\$(607,105,481)