

ANNUAL REPORT
OF THE
BOARD of PENSION COMMISSIONERS

CITY OF LOS ANGELES
CALIFORNIA



FOR THE FISCAL YEAR ENDED JUNE 30, 1941

with

CHARTER AND ORDINANCE PROVISIONS
GOVERNING PENSION SYSTEM

ANNUAL REPORT

OF THE

Board of Pension Commissioners

OF THE

CITY OF LOS ANGELES

CALIFORNIA



FOR THE FISCAL YEAR ENDED JUNE 30, 1941

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CHARTER AND ORDINANCE PROVISIONS

GOVERNING PENSION SYSTEM

September 10, 1941

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

Gentlemen:

In accordance with the provisions of Section 64, Article 4 of the Charter of the City of Los Angeles, the Board of Pension Commissioners respectfully submits herewith its annual report for the fiscal year ended June 30, 1941.

Respectfully submitted,

BOARD OF PENSION COMMISSIONERS,

John W. Donner,

Secretary.

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Personnel of the
BOARD OF PENSION COMMISSIONERS

A. GAYLORD BEAMAN, President
(Term expires July 1, 1942)

DR. STEWART P. MacLENNAN
(Term expires July 1, 1941)

C. JEROME CABLE
(Term expires July 1, 1944)

EDWIN O. PALMER, M. D.
(Term expires July 1, 1945)

PHILIP STEPHENS, M. D.
(Term expires July 1, 1943)

BOARD OF PENSION COMMISSIONERS

ANNUAL REPORT

Board of Pension Commissioners
of the City of Los Angeles.

Honorable Members:

The Annual Report of the Pension Department for the fiscal year 1940-41 is submitted herewith. Included therein are financial and operating statements of the Fire and Police Pension Fund for the fiscal year ended June 30, 1941, compared with corresponding figures for the fiscal year ended June 30, 1940. Certain brief comments are also given which are considered pertinent to a clear understanding of such items.

During the fiscal year ended June 30, 1941, 192 petitions for pensions were received of which number 166 were granted, seventeen pending, six denied, one withdrawn, and two filed. During the same period thirty-one pensions were discontinued. Adding the net increase of 135 to the 1,130 existing at the close of the last fiscal year, gives a total of 1,265 beneficiaries of the Fire and Police Pension Fund. These are segregated into various classes and comparative data for the fiscal year ended June 30, 1940 are set forth below:

	1939-40			1940-41		
	Fire	Police	Fire and Police	Fire	Police	Fire and Police
Service	368	276	644	437	316	753
Disability	70	98	168	68	105	173
Widows	96	192	288	108	203	311
Minors and Dependents.....	12	18	30	13	15	28
TOTAL	546	584	1,130	626	639	1,265

These changes in pension classifications are substantially analyzed as follows:

	Fire	Police	Total
Service			
Granted	76	45	121
Deaths	7	5	12
Withdrawn	1*	.....	1*
	69	40	109

	Fire	Police	Total
Disability			
Granted	6	11	17
Denied	---	1*	1*
Deaths	2	4	6
Restored	6	---	6
Increased	1*	1*	2*
Decreased	6*	13*	19*
Filed	---	2*	2*
	-2	7	5
Widows			
Granted	12	14	26
Deaths	---	3	3
Denied	---	4*	4*
	12	11	23
Minors and Dependents			
Granted	---	2	2
Terminated	1	3	4
Denied	1*	---	1*
	-1	-1	-2

* These figures are statistical and are not included in totals which indicate net increases in active pensions.

As of June 30, 1941, there were 164 members of the Fire Department and 133 members of the Police Department eligible for retirement.

Financial and operating statements for the fiscal year ended June 30, 1941, are submitted herewith, along with comparative figures for the fiscal year ended June 30, 1940, and a statement of operations compared are shown for seven fiscal years. For the purpose of forwarding a comprehensive understanding of all assets and liabilities of the fund, together with a somewhat detailed discussion of the changes therein made during this year, the following discussions of such items are presented:

ASSETS

Cash \$ 2,845,507

The unusually large amount of cash on hand at the end of the fiscal year is explained by the various questions that were raised in connection with the legal basis of the budget of the department and the further fact that, in the diversification of the bond portfolio, the proceeds of sales and maturities of bonds had not been reinvested.

Street Bonds—Unmatured \$ 808,757

This account represents unmaturing principal coupons of bonds upon which payments have been made for at least ten years. The majority of these bonds run for a period of twenty years and all of them are 7% bonds.

It is believed that these unmatured principal coupons are in excellent condition, and would bring substantial premiums upon the present market.

Street Bonds—Matured \$ 106,596

This account represents delinquent principal coupons of bonds on which certificates of sale have not been taken and the unredeemed portion of principal coupons charged off in prior years in the original amount of \$9,552. The total sum of \$928 has been received in the form of redemptions of these bonds, which leaves a net balance of \$8,624. This principal sum involves some 190 bonds ranging in denomination from \$24 to \$84 and will require a considerable period of time to effect payment. It is noted that an evaluation reserve in this same amount has been established for this item.

As shown in Schedule No. 7 this account is also segregated between delinquent principal and principal under the moratorium act. The amount of \$106,596 represents the total of principal coupons delinquent, and not the face value of bonds upon which there were delinquencies. It is further noted that \$87,776.25 or 82.3% of these delinquencies are under the protection of the moratorium and the values of such apparent delinquent amounts must be considered relatively high.

The Moratorium Act of 1935 will expire September 14, 1941. The Manager has been given authority to execute agreements with property owners for the redemption of delinquencies upon the basis of paying 1-1/2% principal coupons each year together with earned interest at 7% per annum in addition to current interest and principal payments and keeping current taxes in good condition. These payments can be made by the instalment payment method. It is the understanding of the Board in granting this blanket authority that special cases, where the financial ability of the property owners will not permit compliance with such rule, will be presented to the Board for consideration.

Bond Investments \$10,879,000

As shown in Schedule No. 5 this segregation represents general obligation, district, and corporate bonds. An appraisal of these securities by the investment counsellor in June of 1941 indicated a market value of \$1,493,118 over and above the values as reflected on the books. It is noted that the sale of bonds has produced a substantial margin of profit over original cost and that reinvestments are being made at a materially lower yield rate than that for which the original bonds were purchased. Good practice would indicate the withholding of such profits from revenue and their amortization over the mean period of life of the bonds sold in order to stabilize the revenues which would accrue to such future years upon the basis of the yield rates computed at the time of the original purchase. There exists, however, a series of realized losses which have not been taken into account and, in consonance with such facts, these profits upon the sale of bonds have been credited to a reserve to cover losses upon investments that are accrued and for which no account representation has been made.

Certificates of Sale \$ 96,452

This segregation represents the amount of street bond foreclosures upon which treasurer's deeds have not been taken. Eighteen foreclosures in the

Eight

total amount of \$48,994 have been made in the course of the fiscal year. Redemption of two certificates of sale during the past year totaled \$374. One sheriff's certificate of sale was transferred to unimproved real property in the amount of \$632.

Assuming that arrangements will be made for payment of delinquent amounts on street improvement bonds that are under the moratorium act, it is estimated that any further foreclosures of street improvement bonds will be of minor importance. The values of certificates of sale and treasurer's deeds now held are considered to be fairly good. It is difficult to estimate the amount of other liens held on these certificates of sale and treasurer's deeds until such time as title search of the properties affected is completed.

Treasurer's Deeds \$ 418,834

The amount of certificates of sale which have been converted into treasurer's deeds and upon which quiet title actions have not been completed amounted to \$418,834. There were sixty-one transfers from certificates of sale during the fiscal period amounting to \$99,110. Two redemptions of treasurer's deeds occurred during the year in the amount of \$2,374. Seventy-six treasurer's deeds were transferred to real property in the amount of \$257,739.

Mortgages \$ 840

This item represents a second mortgage received in connection with an exchange of street improvement bonds for Home Owners Loan Corporation bonds during the fiscal year 1934-35. It is noted that interest payments upon this mortgage are being paid currently.

Trust Deeds Receivable \$ 23,834

This account represents the unpaid balance upon properties which have been sold by the department under trust deeds. All such items were cleared through escrow and bear interest at the rate of 7% per annum. It is believed that such investments have an excellent valuation.

Agreements Receivable \$ 39,717

This segregation represents the principal amount involved in agreements made with the owners of properties for the redemption of either certificates of sale, treasurer's deeds or real property. These agreements are now made only with the original owners of the properties concerned, and such agreements bear a rate of interest of 7% per annum. At the beginning of the fiscal year this account amounted to \$64,434. During this fiscal year this account has been reduced by \$24,717, and is considered as being in excellent condition.

Real Property—Improved \$ 505,109

This account represents the amount of treasurer's deeds, together with other costs in connection with properties on which title has been quieted,

that remain unsold on the books of the department at the end of the fiscal year. This segregation includes 75 parcels.

The net book value after deducting the reserve for interest charges amounts to \$414,409. Adding prior and subsequent liens and delinquent lighting assessments in terms of principal only, which amounts to \$28,566, and delinquent taxes amounting to \$43,315, shows a total of \$486,291. Appraisal shows the current market value of these properties to be \$372,575. Comparing the total of \$486,291 with the current market price shows a constructive loss of 23.4%.

It is noted that the sum of \$3,978 was expended for rehabilitation of these properties during the course of the year, and that the sum of \$15,236 was received from such properties in the form of rent. Buildings at five locations were ordered demolished during the year due principally to structural instability.

Property sales during the fiscal year totaled \$17,073.98 for seven pieces of property with a book loss of \$2,612.55. The appraisal showed the current market price of these properties to be \$17,375. This loss is partly sustained due to the fact that it was necessary to pay other liens, street lighting assessments, commissions, and escrow charges in order to deliver a clear title with each sale.

Real Property—Unimproved \$ 716,340

This account represents the total cost of unimproved properties remaining unsold at the end of the fiscal year. This segregation includes two hundred fourteen parcels. Deducting the reserve for interest included in the cost of unimproved properties, the net book value is \$590,160. Adding prior and subsequent liens and street lighting assessments in terms of principal only in the amount of \$56,726, and delinquent taxes amounting to \$35,022, a total of \$681,908 is shown. The current market value of unimproved properties as appraised is \$435,235. A comparison of the total of \$681,908 with the current market value shows a constructive loss of 36.2%. In considering the constructive loss of both improved and unimproved properties, this loss is somewhat accounted for by the fact that the original assessments were levied against these various properties during the peak years 1929 and 1931, when property values were much higher than at the present time.

The cost of lot cleaning and burning of weeds and the grading of one parcel of property for use as a parking lot amounted to \$492. \$5,671 was received in the form of rent from unimproved properties. Sales of six parcels of unimproved property amounted to \$11,150, showing a book loss of \$4,997.18. The current market value of these properties as appraised totaled \$12,500. This loss is partly attributed to the fact that it was necessary to pay other liens, street lighting assessments, commissions, and escrow charges in order to deliver a clear title with each sale.

During the year \$5,223 was expended for the purchase of other bonds and \$510 for appraisal fees on improved and unimproved properties which remained unsold at the end of the fiscal year.

Bond Premiums and Discount \$ 832,092

This account represents premiums paid and discounts taken in connection with the purchase of all bonds except street improvement bonds, and

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is being prorated over the life of the issues affected in order that earnings upon such investments will be adjusted to the rates for which such bonds were purchased to yield.

Accrued Interest \$ 201,333

This account is segregated between current and delinquent interest. Current interest amounted to \$125,119 for bond investments and \$56,609 for street improvement bonds. Delinquent interest amounted to the sum of \$3,253 for bond investments and \$16,352 for street improvement bonds.

Quiet Title Costs \$ 3,862

This account represents the actual filing fees and regular costs of quiet title actions on properties on which judgments have not been entered.

TOTAL ASSETS \$17,478,273

LIABILITIES

Reserve—Interest on Other Investments \$ 323,085

Upon the foreclosure of the street improvement bond and the recording of the certificates of sale, segregation is made as follows:

- (1) Unpaid principal in the bond foreclosed.
- (2) Matured and unpaid interest from the last date of principal payment.
- (3) Foreclosure costs.

A reserve for the total of item two is then created and this amount carried to treasurer's deeds and real property as the transfer between the various classes of investments is made. At June 30, 1941, the reserve for certificates of sale amounted to \$20,893, treasurer's deeds \$85,312, and real property \$216,880. These items total \$323,085 and are herein treated as one account.

Reserve—Bond Interest \$ 19,605

This amount represents interest delinquent at June 30, 1941, and is segregated so as to not reflect in the earnings of any fiscal year other than the fiscal years in which these interest amounts were accrued.

Surplus Reserve \$16,693,941

This account represents the amount of surplus funds accumulated from prior years operations to provide for excess pension requirements of future years. This account has not been adjusted during the course of this year for the reason that all capital losses have been adjusted against book profits resulting from the sale of municipal and district bonds which have been credited to a reserve for investment losses.

Prepaid Payments \$ 944

This is a suspense account for cash payments received to apply on instalment payments of principal and interest on street improvement bonds.

Partial Payments \$ 1,372

The policy of accepting partial payments on instalments of either principal or interest, both on street improvement bonds and other classes of investments that had been acquired through street bond foreclosures, was established during the fiscal year 1932-33. At that time the City Treasurer was required by law to accept only payments in the full amount and it was believed that delinquencies would be greatly reduced if the property owners were permitted to pay past due and current amounts of principal and interest of street improvement bonds by the instalment method. The balance in this account represents the amounts paid that have not been cleared against the actual asset affected. It is noted that this account is being reduced each year and in the course of the next few years should be entirely eliminated by reason of the fact that the street improvement bonds, for which payments are being handled through this account, will mature.

Reserve for Investment Losses \$ 439,326

This account represents net profits from the sale of bonds carried over to the future years as a reserve against losses accruing in other investments. The balance in this account on July 1, 1940 was \$32,566. Excess of the proceeds of sales of bonds over original cost amounted to \$526,021 for the year. The sum of \$102,140 of this excess was credited to current revenues, the sum of \$17,121 was allowed for the absorption of realized investment losses, the difference in the amount of \$406,760 was credited to this reserve account to cover unrealized accrued losses. This procedure of adjusting capital losses against this reserve account permits the general surplus account to remain the same as reflected at the end of the prior fiscal year.

TOTAL LIABILITIES \$17,478,273

OPERATIONS

Investments

The changes in the classification of bonds other than street improvement bonds are indicated in Schedule No. 5. It is noted that bond sales made during this year resulted in a gross book profit of \$526,021, and that losses upon issues which were called amounted to \$3,925.

The investment of monies in the fund is supervised by a nationally recognized investment counsellor as to the classes of investments and changes to be made in the portfolio in order to obtain desirable diversification. It is noted that surplus monies may be invested only in bonds and securities authorized by law as legal investment for savings banks or in local improvement bonds.

Twelve

At the end of the fiscal year 1939-40, approximately 62% of the total of this class of investment was in the State of California. During the fiscal year this percentage has been reduced to approximately 37% of the total.

Due to the maturity of street improvement bonds bearing 7% interest and the fact that the yield at present of bond purchases will average a maximum of 3%, the average yield of 3.74% as shown for the fiscal year 1940-41 will gradually be decreased to 3% or slightly less in the next few years.

Accounting

Certain subsidiary accounts were created during the year for the purpose of providing timely data required for administrative usage. A detailed record of contributions of all members of the system since its inception has been started and remains uncompleted. Regular employees have put their spare time in upon developing this record and in addition thereto a substantial amount of work has been performed during the evenings, on Saturdays, and holidays. The small number of employees in the office and the volume of work entailed in this record has not permitted its completion, but it is estimated that with the assistance of one additional employee this record can be finished by March 1, 1942.

Other subsidiary records are being developed in accordance with the amount of office time available therefor. These records include a detailing of the accounts for each street improvement bond, certificates of sale and treasurer's deeds, and a predetermination of the pertinent factors required for settlement or adjustment of such accounts. This work also includes the development of a comprehensive record upon each piece of real property owned by the department showing the position, cost, value, zoning, and surroundings of each piece of property together with all operative data pertinent thereto. These two record systems will be developed during the coming year, it is planned, to the extent that will permit their utilization.

All profits and losses realized in connection with bonds and securities and properties, have been closed against the reserve established for investment losses, with the result that net operations for the fiscal year under review permit the reflection of accumulated surplus in the same amount as last year.

Street Improvement Bonds

The status of street improvement bonds as of June 30, 1941 is shown in Schedule No. 7. In summarizing the operations of this account from July 1, 1929 to June 30, 1941, total bond purchases amounted to \$6,521,223.79; the balance of principal at June 30, 1941 was \$915,353.72; the difference representing principal coupons matured in the amount of \$5,605,870.07, disposition of which follows:

	Amount	Percent
Paid	\$3,872,683.18	69.08
Foreclosed	1,612,920.29	28.77
Charged Off	13,670.07	.25
Delinquent	106,596.53	1.9
	<u>\$5,605,870.07</u>	<u>100.00</u>

In considering the amount of \$13,670.07 charged off it must be remembered that \$9,552 of this item was carried in a reserve for matured bonds, covering the Avenue 60, Series 3 issue. \$928 of this amount has since been recovered, leaving a balance of \$8,624 at the close of this fiscal year. The remaining \$4,118.07 represents the amount of principal that was written off during the fiscal year 1934-35, when approximately twenty Street Improvement Bonds were exchanged for Home Owners Loan Corporation Bonds. An appraisal by the Home Owners Loan Corporation of the properties covered by this exchange of bonds resulted in an arrangement between the Board of Pension Commissioners and the Home Owners Loan Corporation making it necessary for this Board to charge off balances of Street Improvement Bonds in order to complete these exchanges.

In considering the earnings on street improvement bonds from July 1, 1929 to June 30, 1941, it is noted that \$2,480,393.94 in interest coupons matured. Disposition of this amount is as follows:

	Amount	Percent
Paid	\$2,132,421.28	87.98
Delinquent	16,352.11	.66
Foreclosed	276,467.73	11.15
Charged Off	5,152.82	.21
	\$2,480,393.94	100.00

In addition, earned interest on unpaid principal amounted to \$166,416 and bonus on bonds paid in full before maturity amounted to \$37,746 from July 1, 1929 to June 30, 1941.

Guardianships

Pensions are paid to thirty-two guardianships. Eleven of these are estates of incompetents, and the remaining twenty-one are minors. Two guardianships were closed during the last fiscal year. During this period, every guardian or his attorney was contacted, and a conference held relative to the disbursements on behalf of, and the care given, to the particular ward. In the case of minors stress was laid upon physical health and present education; in addition, thought was given to the creation and building up of a financial reserve for future education and maintenance expense to cover the period after the termination of the pension.

An examination of all guardianships indicated that some cases necessitated attention with reference to the matter of annual accounts. The Department of Pensions had no legal right to require or demand reports or accounts of guardians. To remedy this condition, this department in cooperation with the office of the City Attorney was instrumental in having the passage of Assembly Bill 1111 which amended Section 1600 of the Probate Code. This Bill was passed by the legislature and becomes effective September 13, 1941. By reason of this new provision, the Department of Pensions has a legal right to obtain copies of guardian's accounts and notices of other matters affecting each guardianship. It is believed that this procedure will be instrumental to some degree in conserving and protecting the estates of minors and incompetents.

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Other Liens

The ensuing year will undoubtedly see a decided development so far as street bond liens and properties acquired through their foreclosure are concerned arising out of the fact that the question of street bond priorities has just been determined by the Supreme Court. The exact effect of this decision so far as the fund is concerned cannot be stated until a survey of the situation has been made in the light of the court's declaration for a legal priority in the order of the time in which street improvement bonds were issued. This problem, together with the situation which has arisen out of the declaration of the County Counsel that taxes upon properties acquired through foreclosure of street improvement bonds may not be cancelled, will require considerable work and study before the ultimate effect upon the fund can be stated. It will be necessary to survey the entire situation for the purpose of determining which properties or liens are worth protecting so far as the matter of other bonds and taxes are concerned and which are not. This work should, however, be accomplished during the ensuing fiscal year.

Rehabilitation

In the early part of 1940 the State Vocational Bureau was contacted and arrangements were made whereby any disability pensioner who was unable to perform the duties of a policeman or fireman but could do specialized or sedentary work was interviewed by the State Rehabilitation Officer. In those cases where the individual was willing to cooperate, his education, physical and mental capacities were evaluated and he was given training in an accredited trade school in the vocation best suited to his qualifications. This training was given at no cost to the pensioner.

Personal calls and investigations have been made on all disability pensioners at least once during the past three years. Due to the limited personnel in the Department, it has not been possible to build up comprehensive case histories on which to base an opinion as to the degree of success obtainable in these cases. However, several individuals have taken advantage of this training and are showing very definite improvement both mentally and physically and have been able, in a small measure, to add to their pension income by profitably applying the results of such training.

If more detailed investigation could be made and a comprehensive case history built up, it is believed that substantial benefits would be received from this program.

ORGANIZATION

The Department of Pensions is governed by the provisions of Article 17 of the Charter of the City of Los Angeles. The Board of Pension Commissioners is an administrative body consisting of five members and having broad judicial powers in pension matters. The manager is the executive officer and serves also in the capacity as secretary to the Board. The per-

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sonnel consists of the manager and ten persons classified as one accountant, one general clerk, one senior stenographer, three junior stenographers, two legal stenographers, and two deputy city attorneys.

The membership of the Board and their term of office is presented at the beginning of this report.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "John W. Linn".

Manager-Secretary

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

At June 30, 1941 as compared with June 30, 1940

Sixteen

	ASSETS			
	June 30, 1941		June 30, 1940	
Cash				
Deposits with Treasurer.....	\$ 2,845,457		\$ 1,174,180	
Petty Cash	50		50	
Total Cash		\$ 2,845,507		\$ 1,174,230
Investments				
Street Bonds—Unmatured	\$ 808,757		\$ 1,025,087	
Street Bonds—Matured	\$115,220	\$ 126,745		
Less:				
Reserve, Bonds Matured	8,624	106,596	118,097	
Bond Investments		10,879,000	11,989,675	
Certificates of Sale		96,452	147,366	
Treasurers' Deeds		418,834	579,997	
Mortgages		840	840	
Trust Deeds Receivable		23,834	15,875	
Agreements Receivable		39,717	64,434	
Real Property, Improved		505,109	402,155	
Real Property, Unimproved		716,340	585,923	
		13,595,479	14,929,449	
Bond Premiums and Discounts		832,092	878,982	
TOTAL INVESTMENTS		14,427,571		15,808,431
Accrued Interest				
Current	\$ 181,728		\$ 234,445	
Delinquent	19,605	201,333	23,576	258,021
Quiet Title Cost, Prepaid		3,862		5,572
TOTAL ASSETS		\$17,478,273		\$17,246,254

LIABILITIES			
Accounts Payable			\$ 1,197
Deferred Income			
Prepaid Payments, Street Bonds		944	1,186
Partial Payments, Street Bonds	\$	1,372	3,054
Taxes 1940-41			75,495
Balance carried forward, 1939-40			95,222
Reserve, Bond Interest	\$	19,605	\$ 23,576
Reserve, Interest, Other Investments		323,085	320,017
Reserve, Investment Losses		439,326	32,566
Surplus—Reserve		16,693,941	16,693,941
		<u>17,475,957</u>	<u>17,070,100</u>
TOTAL LIABILITIES		<u><u>\$17,478,273</u></u>	<u><u>\$17,246,254</u></u>

STATEMENT OF OPERATIONS COMPARED

Fiscal Years 1934-35 to 1940-41 Inclusive

EXHIBIT II

	1940-41	1939-40	1938-39	1937-38	1936-37	1935-36	1934-35
Revenue							
Taxes	\$ 757,118	\$ 63,801	\$1,232,676	\$1,023,285	\$1,013,712	\$ 891,628	\$ 786,389
Interest	548,547	594,734	648,729	620,491	609,494	600,263	644,990
Rental of Property	20,907	20,913	18,512	14,479	5,766	.....	.....
Members Contributions	392,937	392,498	406,188	408,062	396,107	385,193	358,820
Sales—Unclaimed Property	4,801	5,765	5,374	5,005	4,097	3,894	3,830
Bonus	3,385	1,267	2,084	3,152	3,982	3,359	1,520
Donations	608	692	595	602	594	602	632
Miscellaneous	119,677	327	255	3,269	79	41,539	109
TOTAL REVENUES	\$1,847,980	\$1,079,997	\$2,314,413	\$2,078,345	\$2,033,831	\$1,926,478	\$1,796,290
Balance from Prior Years	\$ 96,419	\$ 749,967	\$	\$	\$	\$	\$
TOTAL Available Resources	\$1,944,399	\$1,829,964	\$2,314,413	\$2,078,345	\$2,033,831	\$1,926,478	\$1,796,290
Expenditures							
Pensions Paid:							
Service	\$1,114,127	\$ 946,322	\$ 818,557	\$ 753,739	\$ 697,834	\$ 638,756	\$ 591,521
Disability	314,336	315,378	308,680	296,931	273,473	255,394	248,250
Widows	386,488	356,046	329,837	297,684	266,611	230,334	203,089
Minors	53,729	49,038	45,325	39,509	31,133	24,475	20,143
Dependents	10,032	9,607	14,532	7,449	7,842	7,842	8,046
Total Pensions	\$1,878,712	\$1,676,391	\$1,516,931	\$1,395,312	\$1,276,893	\$1,156,801	\$1,071,049
Total Administrative Expense (Schedule 1).....	\$ 48,566	\$ 40,905	\$ 39,333	\$ 36,469	\$ 31,824	\$ 27,291	\$ 25,980
TOTAL EXPENDITURES	\$1,927,278	\$1,717,296	\$1,556,264	\$1,431,781	\$1,308,717	\$1,184,092	\$1,097,029
SURPLUS	\$ 17,121	\$ 112,668	\$ 758,149	\$ 646,564	\$ 725,114	\$ 742,386	\$ 699,261
Operating Adjustments	17,121	16,249	8,182	220,210	8,814	74,045	19,115
NET OPERATING SURPLUS	\$	\$ 96,419*	\$ 749,967*	\$ 426,354	\$ 716,300	\$ 668,341	\$ 680,146

*Balance carried forward to next fiscal year

ADMINISTRATIVE EXPENSE, COMPARED
SCHEDULE 1

OPERATING EXPENSE	1940-41	1939-40	1938-39	1937-38	1936-37	1935-36	1934-35
Salaries	\$ 29,257	\$ 25,972	\$ 26,048	\$ 25,005	\$ 22,912	\$ 19,702	\$ 16,898
Office	689	499	430	266	304	274	211
Printing	516	392	616	459	415	383	327
Postage	160	163	139	160	129	120	110
Surety and Insurance Premiums	978	939	1,531	1,186	920	956	931
Medical Examinations	4,220	5,457	5,022	4,164	3,787	3,494	2,581
Mileage	150	1	12	197	14	32	103
Telephone	620	257	257	269	230	226	232
Gas, Oil, Service	253	194	238	308	133	84	.....
Miscellaneous	633	480	867	1,603	902	624	271
Litigation Cost	432	376	.....	1,471	1,230	720	2,835
Property Maintenance	4,470	2,156	3,229	1,181	209	.....	.....
Investment Expense	3,000	3,000	.....	.....	.....	.....	.....
Equipment, Furniture & Fixtures	3,188	1,019	944	200	639	676	1,481
TOTAL EXPENSE	\$ 48,566	\$ 40,905	\$ 39,333	\$ 36,469	\$ 31,824	\$ 27,291	\$ 25,980

STATEMENT OF CASH RECEIPTS AND DISPOSITION THEREOF

Fiscal Years 1934-35 to 1940-41 Compared

SCHEDULE 2

Twenty

	1940-41	1939-40	1938-39	1937-38	1936-37	1935-36	1934-35
Total Receipts and Revenue	\$6,706,511	\$2,610,293	\$2,676,085	\$2,708,569	\$2,511,139	\$3,018,028	\$2,121,071
Revenue (Schedule 2)	\$1,728,719	\$1,079,997	\$2,314,413	\$2,078,345	\$2,033,831	\$1,926,478	\$1,796,290
Bond Receipts	\$4,977,792	\$1,530,296	\$ 361,672	\$ 630,224	\$ 477,308	\$1,091,550	\$ 324,781
Add:							
Adjustments:							
Accrued Interest	57,633*	59,379*	43,354*	51,409*	57,786*	66,702*	10,095
Surplus Reserve .....	.....	69*	443*	5,042	2,157*	4,853	2,982*
Bond Premiums, Amortized	30,543*	.....	.....	.....	.....	.....	.....
Refunds, Advertising Cost	55*	.....	5*	80*	75*	117*	.....
Refund, Quiet Title Cost	22*	.....	112*	45*	67*	45*	.....
Taxes 1940-41 .....	.....	75,495*	.....	.....	.....	.....	.....
Reserve, Investment Losses .....	.....	32,566*	.....	.....	.....	.....	.....
Taxes 1940-41	75,495	.....	.....	.....	.....	.....	.....
Bonus, Street Improvement Bonds	245	.....	.....	.....	.....	.....	.....
INVESTMENT RECEIPTS	\$4,965,279	\$1,362,787	\$ 317,758	\$ 583,732	\$ 417,223	\$1,029,539	\$ 331,894
Analysis—Investment Receipts							
Bond Investments (Par Value)	\$4,035,675	\$1,055,975	\$ 32,375	\$ 228,675	\$ 23,375	\$ 674,875	\$ 51,375
Bond Investment Bond Premiums	173,061	101,406	.....	.....	.....	9,018	1,390
Street Improvement Bonds (Par Value)	184,419	166,710	258,169	329,939	370,741	319,122	277,418
Certificates of Sale Redeemed	374	3,293	8,373	13,250	14,920	26,524	1,592
Treasurer's Deeds Redeemed	1,916	.....	10,184	422	2,826	.....	.....
Real Property Sales	15,351	18,358	4,623	5,000	.....	.....	.....
Agreements Instalments	19,098	5,902	4,024	6,088	5,148	.....	.....
Partial Payments—S.I.B.	9,364	11,143	.....	.....	.....	.....	.....
Pension Rebates .....	.....	.....	10	358	213	.....	119
Reserve, Investment Losses	526,021	.....	.....	.....	.....	.....	.....
TOTALS	\$4,965,279	\$1,362,787	\$ 317,758	\$ 583,732	\$ 417,223	\$1,029,539	\$ 331,894

*Deduction

STATEMENT OF CASH DISBURSEMENTS AND OBJECTIVES THEREOF
Fiscal Years 1934-35 to 1940-41, Compared

SCHEDULE 3

	1940-41	1939-40	1938-39	1937-38	1936-37	1935-36	1934-35
Total Disbursements	\$5,035,234	\$2,267,630	\$1,898,813	\$2,749,808	\$2,523,357	\$3,048,046	\$2,154,281
Deduct:							
Expenditures (Schedule 2)	1,927,278	1,717,296	1,556,264	1,431,781	1,308,717	1,184,092	1,097,029
Adjustments:							
Prepaid Interest	13,868	1,682	4,785	7,455	7,143	13,298	9,243
Furniture and Fixtures .....	.....	.....	.....	393	244	460	.....
Refund, Partial Payments	20	.....	.....	.....	.....	.....	.....
Refund, Prepaid Payments	243	.....	.....	.....	.....	.....	.....
Miscellaneous	70,000	1,532	726	165	90	46	562
CAPITAL INVESTMENTS	\$3,023,825	\$ 547,120	\$ 337,038	\$1,310,014	\$1,207,163	\$1,850,150	\$1,047,447

ANALYSIS—CAPITAL INVESTMENTS

Bond Investments, Par Value	\$2,855,000	\$ 530,000	\$ 299,000	\$1,150,000	\$ 996,000	\$1,632,000	\$ 930,000
Bond Investments, Bond Premiums	162,799	6,747	34,071	156,105	205,335	216,046	115,735
Certificate of Sale Cost	172	.....	86	324	990	773	32
Treasurer's Deed Cost	122	.....	14	162	294	466	.....
Purchase Other Bonds, Real Property	5,222	9,698	.....	.....	.....	.....	.....
Real Property Cost	510	.....	2,404	768	209	150	.....
Quiet Title Cost .....	.....	675	1,463	2,655	4,335	715	1,680
TOTAL	\$3,023,825	\$ 547,120	\$ 337,038	\$1,310,014	\$1,207,163	\$1,850,150	\$1,047,447

OPERATION ADJUSTMENTS
SCHEDULE 4

DEDUCTIONS:

Loss, Sale of Real Property.....	\$ 8,663.13	
Loss, General Obligation Bond Premiums, Bonds called.....	4,500.00	
Loss, General Obligation Bond Premiums, Account Refunding.....	1,941.25	
Street Imp. Bond Interest, Foreclosed (Coupons due July 1, 1940).....	2,191.41	
	<hr/>	
Payments in Default.....	1,499.90	\$18,795.69

ADDITIONS:

Profit, Sale of Real Property.....	\$ 1,102.90	
Interest Reserve, Real Property Transferred to Trust Deeds.....	496.39	
Interest Reserve, Bond Interest Collected.....	75.06	\$ 1,674.35
	<hr/>	
NET ADJUSTMENTS, Deducted.....		<u>\$17,121.34</u>

**ANALYSIS OF BONDS, CLASSIFIED
EXCLUSIVE OF STREET BONDS
June 30, 1941
SCHEDULE 5**

	Balance 6-30-1940	Purchases	Sales	Maturities	Balance 6-30-1941	Percent
Los Angeles General Obligation.....	\$ 1,290,000	\$	\$ 346,000	\$	\$ 944,000	8.68
Los Angeles Chamber of Commerce.....	80,000	.....	.....	.....	80,000	.74
Los Angeles City School District.....	1,323,500	.....	578,500	13,000	732,000	6.73
Metropolitan Water District.....	249,000	.....	.....	.....	249,000	2.29
California Municipalities.....	898,375	.....	160,375	6,000	732,000	6.73
Municipal Improvement Districts.....	448,000	.....	393,500	39,500	15,000	.14
State of California.....	1,305,000	.....	1,175,000	.....	130,000	1.19
California School Districts.....	926,400	.....	508,400	13,000	405,000	3.72
California Districts.....	875,000	.....	135,000	.....	740,000	6.80
	<u>\$ 7,395,275</u>	<u>\$</u>	<u>\$3,296,775</u>	<u>\$ 71,500</u>	<u>\$ 4,027,000</u>	<u>37.02</u>
Eastern Districts.....	\$ 200,000	\$	\$	\$ 50,000*	\$ 200,000	1.83
Eastern Municipalities.....	1,816,000	150,000	90,000	100,000	1,726,000	15.86
Southern Municipalities.....	165,000	.....	115,000	.....	50,000	.46
U. S. Government.....	2,413,400	330,000	87,400	.....	2,656,000	24.41
Corporates .....	.....	2,375,000	.....	155,000*	2,220,000	20.42
	<u>\$11,989,675</u>	<u>\$2,855,000</u>	<u>\$3,589,175</u>	<u>\$376,500</u>	<u>\$10,879,000**</u>	<u>100.00%</u>

*Bonds called

**Book value as of 6-30-41 was \$11,711,092
Appraised market value was \$13,204,210

BOND DISTRIBUTION

SCHEDULE 6

Twenty-four

LOS ANGELES CITY GENERAL OBLIGATIONS.....			\$ 944,000
Los Angeles Bridge 4-3/4's	1950/57	\$ 45,000	
Los Angeles City Hall 4-1/2's	1964	15,000	
Los Angeles Fireboat 4-3/4's	1949/57	55,000	
Los Angeles Harbor Improvements 4-3/4's	1946/61	460,000	
Los Angeles Playground 4-3/4's	1950/56	69,000	
Los Angeles Sewer Disposal 5's	1959/62	40,000	
Los Angeles Viaduct 4-3/4's	1951/60	75,000	
Los Angeles Water 4-3/4's	1950/72	150,000	
Los Angeles Water 5's	1961	35,000	
LOS ANGELES CHAMBER OF COMMERCE 4's	1957		80,000
LOS ANGELES CITY SCHOOL			732,000
Huntington Park City School District 5's	1946/66	177,000	
Huntington Park Union High School District 5's	1947/57	168,000	
Jefferson School District 5's	1946/61	31,000	
Los Angeles School District 4-3/4's	1950/62	95,000	
Los Angeles School District 5-1/2's	1953/59	70,000	
Los Angeles High School District 4-3/4's	1955/61	48,000	
Los Angeles High School District 5's	1954/63	43,000	
Maywood School District 5-1/2's	1955/64	50,000	
Venice School District 5's	1948/54	25,000	
Venice Union High School District 5's	1948/59	25,000	
METROPOLITAN WATER DISTRICT 4's	1979/80		249,000
CALIFORNIA MUNICIPALITIES			732,000
Arcadia Water 5's	1961/66	30,000	
Culver City Municipal Improvement 5-3/4's	1946/64	95,000	
Montebello Park and Natatorium 5's	1946/66	36,000	
Monterey Park Water Works 6's	1954/61	38,000	
Pomona Water Plant 5's	1949/60	101,000	
Sacramento Municipal Utility District 3's	1961/69	85,000	
San Francisco Hetch Hetchy 4-1/2's	1964/74	130,000	
San Francisco Hetch Hetchy 5's	1959/69	73,000	
San Francisco Spring Valley 4-1/2's	1962/68	60,000	
San Francisco Water 4-1/2's	1963	84,000	

STATE OF CALIFORNIA			130,000
State of California Highway 4-1/2's	1961/64	80,000	
State of California Highway 4-3/4's	1961/62	20,000	
State of California University Building 4-1/4's	1963/64	30,000	
SOUTHERN MUNICIPALITIES			50,000
New Orleans, Louisiana 4-1/2's	1971	50,000	
CALIFORNIA DISTRICTS			740,000
East Bay Utility District 5's	1969/72	260,000	
Golden Gate Bridge and Highway 4-3/4's	1963/71	50,000	
County of Imperial R. I. D. 6's	1943/44	50,000	
County of Los Angeles Flood Control 5's	1943/61	209,000	
County of Los Angeles Sanitation District No. 1 5-1/2's	1944/65	56,000	
County of Los Angeles Sanitation District No. 2 5-1/2's	1955/65	65,000	
County of Los Angeles Sanitation District No. 5 5's	1960/63	20,000	
County of Los Angeles Sanitation District No. 5 5-1/2's	1949/56	30,000	
MUNICIPAL IMPROVEMENT DISTRICTS			15,000
City of Pasadena, M. I. D. No. 4 5-1/2's	1957	15,000	
UNITED STATES GOVERNMENT			2,656,000
U. S. Treasury Bonds 2-1/2's	1958/56	200,000	
U. S. Treasury Bonds 2-1/2's	1953	50,000	
U. S. Treasury Bonds 2-3/4's	1959/56	140,000	
U. S. Treasury Bonds 2-7/8's	1960/55	425,000	
U. S. Treasury Bonds 3-1/8's	1949/46	350,000	
U. S. Treasury Bonds 4-1/4's	1952/47	1,267,000	
U. S. Government Home Loan Bonds 2's	1950/48	24,000	
U. S. Treasury Bonds 3-1/8's	1952/49	200,000	
CALIFORNIA SCHOOL DISTRICTS			405,000
Beverly Hills School District 5's	1965/66	20,000	
Burbank School District 5's	1954/57	38,000	
Burbank High School District 5's	1946/62	91,000	
Glendale School District 5's	1954/62	45,000	
La Ballona School District 5's	1946/66	105,000	
Ranchito School District 5-1/2's	1942/55	52,000	
San Francisco School District 5's	1953/56	54,000	

BOND DISTRIBUTION (Continued)

SCHEDULE 6

Twenty-six

EASTERN MUNICIPALITIES			1,726,000
Montgomery County, Maryland 4-1/2's	1950/65	102,000	
City of New York 4's	1959/80	130,000	
City of New York 4-1/4's	1964/81	652,000	
City of New York 4-1/2's	1965/79	557,000	
Port of New York 3's	1981	50,000	
County of Westchester, New York 4's	1970/77	50,000	
County of Westchester, New York 4-1/4's	1970/75	85,000	
City of New York 3's	1980	100,000	
 EASTERN DISTRICTS			 200,000
Triborough Bridge Authority 3-1/4's	1980	200,000	
 CORPORATES			 2,220,000
American Tel & Tel 3-1/4's	1966	50,000	
Bell Tel of Penn. 5's	1960	10,000	
Boston Edison 2-3/4's	1970	100,000	
Central Maine Power 3-1/2's	1970	115,000	
Cleveland Electric Illuminating 3's	1970	150,000	
Commonwealth Edison 3-1/4's	1968	150,000	
Consolidated Gas of Baltimore 3's	1969	150,000	
Consumers Power 3-1/4's	1969	150,000	
Detroit Edison 3's	1970	150,000	
Duluth, Missabe and Iron Range 3-1/2's	1962	145,000	
Illinois Bell Tel 2-3/4's	1981	150,000	
Jersey Central Power 3-1/2's	1970	150,000	
Pennsylvania Power & Light 3-1/2's	1969	150,000	
Southern Bell Tel 3's	1979	150,000	
Texas Corporation 3's	1965	250,000	
Union Pacific R. R. 1st, 3-1/2's	1980	50,000	
Wisconsin Public Service 2-3/4's	1981	150,000	
			<u>\$10,879,000</u>

STREET IMPROVEMENT BONDS

June 30, 1941

SCHEDULE 7

	Year of Maturity	Matured Principal Delinquent	Matured Prin- cipal under Moratorium	Unmatured Principal
Vermont Avenue, Series 25.....	1941/57	\$ 68.52	\$ 1,352.58	\$ 12,192.64
Gower Street, Series 7.....	1941/57			4,286.05
Myra Avenue, Series 3.....	1941/57	400.28		6,183.45
Fourth Street, Series 25.....	1941/57			18,409.29
Avenue 60, Series 3.....		137.83	2,486.21	
Olive Street, Series 9.....	1941/58	2,496.06	7,403.53	21,484.20
Olive Street, Series 10.....	1941/58	1,119.88	16,273.85	44,051.21
La Brea Avenue, Series 13.....	1941/58		805.20	31,418.00
Virgil Avenue, Series 11.....	1941/58	1,979.32	1,613.08	64,274.26
Western Avenue, Series 19.....	1941/59	2,644.78	3,829.98	57,694.75
Broadway, Series 16.....	1941/59	1,455.10	8,966.52	78,266.51
Beverly Boulevard, Series 13.....	1941/59	718.38	4,107.13	20,522.22
Washington Street, Series 15.....	1941/59	1,433.60	16,378.53	112,895.83
Manchester Avenue, Series 6.....	1941/59	376.08	3,751.54	91,110.87
Franklin Avenue, Series 12.....	1941/59	75.00		3,084.04
Coldwater Canyon, Series 1.....			9,292.08	
Windward Avenue, Series 1.....		3,862.51	1,832.87	
Flower Street, Series 7.....	1941/60			3,869.89
Franklin Avenue, Series 13.....	1941/60			1,516.70
Silver Lake Boulevard, Series 3.....	1941/60	365.37	1,357.95	13,835.65
LaBrea Avenue, Series 20.....	1941/60	13.60	345.15	41,841.18
Echo Park Terrace, Series 1.....	1941/50		176.07	586.89
Slauson Avenue, Series 10.....	1941/60		659.40	45,611.18
Temple Street, Series 12.....	1941/60	1,634.35	6,355.52	117,876.60
Sepulveda Boulevard, Series 2.....	1941/61	20.27	374.16	7,622.63
Figueroa Street, Series 24.....	1941/60	19.35	414.90	10,123.15
		<u>\$18,820.28</u>	<u>\$87,776.25</u>	<u>\$808,757.19</u>

Note—Total of matured Coupons as of June 30, 1941 amounted to \$106,596.53

CHARTER AND ORDINANCE PROVISIONS GOVERNING PENSION SYSTEM

ARTICLE XVII

DEPARTMENT OF PENSIONS

Sec. 180. The Board of Pension Commissioners shall administer the fire and police pension system of the city, and have exclusive control of the administration and investment of the fire and police pension fund which may be established as hereinafter provided; provided, however, that any money in such fund shall be kept on deposit in the City Treasury or be invested in bonds and securities authorized by law as legal investment for savings banks, or in local improvement bonds issued upon any assessment levied against property in the City of Los Angeles, or in bonds of local districts of the City of Los Angeles, such bonds or other securities purchased as aforesaid to be placed in the custody of the Treasurer, who is hereby directed to act as a depository for such bonds or securities. All interest and earnings from such investments shall accrue and be deposited to the credit of the fire and police pension fund.

Sec. 181. Any member of the Fire or Police Department who shall have served in such department for thirty-five years in the aggregate in any capacity or rank whatever, on his request, or by order of the board, if it be deemed for the good of the department, shall be retired from further service in such department, and such member shall thereafter, during his lifetime, be paid in equal monthly installments from said fund a pension equal to two-thirds ($\frac{2}{3}$) of the average monthly rate of salary which such member shall have received in such department during the three years immediately preceding the date of his retirement. Provided, that after twenty-five years' of aggregate service, on request of such member, or by the board for the good of the department, such member shall be retired and paid in equal monthly installments from said fund a limited pension as follows: For twenty-five years' aggregate service, fifty per cent (50%) of the average monthly rate of salary which such member shall have received during the three years immediately preceding the date of his retirement; and an additional one and two-thirds per cent ($1\frac{2}{3}\%$) of such average rate of salary for each year over twenty-five years and less than thirty-five years in the aggregate served by such member before retirement. Provided, further, however, that any such member of the Fire or Police Department who shall have become a member of such department prior to the taking effect of this amendment who shall have served in such department for thirty years in the aggregate in any capacity or rank whatever, shall on his request, or by order of the

board, if it be deemed for the good of the department be retired from further service in such department, and he shall thereafter, during his lifetime, be paid in equal monthly installments from said fund a pension equal to two-thirds ($2/3$) of the average monthly rate of salary which such member shall have received in such department during the three years immediately preceding the date of his retirement. Provided, that after twenty years' aggregate service, on request of such member who shall have become a member of such department prior to the taking effect of this amendment, or by the board for the good of the department, such member shall be retired and paid in equal monthly installments from said fund a limited pension as follows: For twenty years' aggregate service fifty per cent (50%) of the average monthly rate of salary which such member shall have received during the three years immediately preceding the date of his retirement; and an additional one and two-thirds per cent ($1\frac{2}{3}\%$) of such average rate of salary for each year over twenty years and less than thirty years in the aggregate served by such member before retirement.

The provisions of this section are subject to the further conditions set forth in section 181 $\frac{1}{2}$ of this charter.

Sec. 181 $\frac{1}{2}$. No member of said department entering said departments after this amendment becomes effective shall receive a pension from said Fire and Police Pension Fund, pursuant to the provisions of Section 181 of this Article, in an amount greater than eighteen hundred dollars (\$1,800.00) annually; provided, however, that an additional one and two-thirds per cent ($1\frac{2}{3}\%$) of the average monthly rate of salary which such member shall have received in such department during the three years immediately preceding the date of his retirement shall be paid to any such member so retired who shall have entered such department subsequent to the taking effect of this amendment for each year over twenty-five (25) years and less than thirty-five (35) years in the aggregate served by such member before retirement.

Sec. 182. Whenever any member of the Fire or Police Department shall become so physically or mentally disabled by reason of bodily injuries received in, or by reason of sickness caused by, the discharge of the duties of such person in such department as to render necessary his retirement from active service, the board shall order and direct that such member be retired from further service in such department; and thereafter such member so retired shall, during his lifetime, be paid from said pension fund a pension in an amount to be determined by the said board, but which pension shall be equal to not less than ten per cent (10%), nor more than ninety per cent (90%), of the salary attached to the rank or position held by him in such department at the date of such retirement order. Such pension shall be paid in equal monthly installments. Provided, however, that any pension granted to any member of the Fire or Police Department for disability or sickness, as provided for in this section, shall cease when the disability or sickness ceases and such member shall, subject to civil service and other provisions of this charter governing the appointment of city employees, have been restored to active duty in such department of which such person was a member at the time of retirement to the same rank or position which such person held at said time. Provided, further, that the Board

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of Pension Commissioners shall have the power to hear and determine all matters pertaining to the granting and termination of any pension award as provided for in this section. Said Board shall make its findings in writing, based upon the report of at least three regularly licensed, practicing physicians, and such other evidence concerning such disability as it may have before it. Said Board shall determine the degree of disability and such determination shall govern the amount of pension to be awarded to such disabled member as hereinabove provided; and provided, further, that upon the written request of any such retired member, or upon its own motion, said Board shall have the power, at any time prior to the restoration of such retired member to active service, to consider new evidence pertaining to the case of any such retired member, and to increase or decrease the amount of such pension award to be thereafter paid.

Sec. 182½. If at any time any member of the Fire or of the Police Department or the widow, child or children, or dependent parent or parents of any such member, or any other person hereafter entitled under the provisions of this Article to pension benefits, shall be granted, because of the sickness, injury or death of such member, any compensation or award, under any general law providing for compensation or indemnity in case of the sickness, injury or death arising out of the performance of duty of such member, then and in that event any payments made pursuant to the provisions of this Article to such member or to such widow, child or children, dependent parent or parents or other person, shall be construed to be and shall be payments of such compensation or award under such general law, and any payments made under the provisions of this Article shall be first applied to payment of such compensation or award and any balance of such payments made pursuant to the provisions of this Article shall be deemed to be pension payments; and it is hereby provided that the pension provided for in this Article for such member or such widow, child or children, dependent parent or parents, or such other person in case of any such award under such general law, shall be reduced in amount to the difference between the amount of pension provided for in this Article, and the total amount of such compensation or award granted and paid under such general law until the total amount awarded under such general law shall have been fully paid.

After payment of the total amount of such compensation or award granted under such general law the payments herein provided for shall continue as pension benefits subject to the provisions of this Article.

Sec. 183. Whenever any member of the Fire or Police Department shall die as a result of any injury received during the performance of his duty, or from sickness caused by the discharge of such duty, or after retirement, or while eligible to retirement from such department on account of years of service, then an annual pension shall be paid in equal monthly installments to his widow, or child or children, or dependent parent or parents, in an amount equal to one-half (½) of the average monthly rate of salary which such deceased member shall have received in such department during the three years immediately preceding the time of his death or the date of his retirement from active duty in such department. Said pension shall be paid to the widow during her life-

time or until she remarries, and thereafter a pension shall be paid in equal monthly installments, in an amount equal to one-half ($\frac{1}{2}$) of the average monthly rate of salary which such deceased member shall have received in such department during the three years immediately preceding the time of his death or the date of his retirement from active duty in such department to the legally appointed guardian of the child or children of such deceased member until such child or children shall have attained the age of eighteen years, or to his child or children should there be no widow until such child or children shall have attained the age of eighteen years, or to his dependent parent or parents during their lifetime or during such dependence, should there be no widow or child. Provided, however, that during the lifetime of such widow or until she shall remarry, an additional amount shall be paid to such widow for each child during the lifetime of such child, or until such child shall have married or reached the age of eighteen years, as follows: For one child twenty-five per cent (25%) of the pension allowed as hereinabove set forth; for two children forty per cent (40%) of such pension; and for three or more children fifty per cent (50%) of such pension. Provided, further, however, that no widow of a pensioner shall be entitled to a pension unless she shall have been married to such deceased pensioner at least one year prior to the date of his retirement; and provided, further, that no widow of a member of the Fire or Police Department eligible for retirement from such department, who dies from causes other than those arising out of or from the performance of his duties, shall be entitled to a pension unless she shall have been married to such deceased member for at least one year prior to the date of his death, and provided, further, that if such widow, child or children shall marry, then the pension paid to the person so marrying shall cease, and provided, further, that should the dependency of such parent or parents terminate, then the pension paid to such dependent parent or parents shall cease.

Sec. 184. That all pensions granted in accordance with the provisions of Sections 181, 182 and 183 hereof shall remain in full force and effect for the period granted, and any increase or decrease of salaries of active members of the Fire and Police Departments shall not in anywise affect the amount of the pensions to be paid to retired members of such departments, or to any other person pensioned pursuant to the provisions of this Article, nor shall the amount of such pensions be changed for any other reason, except as otherwise specifically provided in this Article.

Sec. 185. For the purpose of the provisions contained herein, the Fire Department shall consist of all persons duly and regularly appointed in the Fire Department under civil service rules and regulations whose duty it is to prevent or extinguish fires in the City of Los Angeles, under whatever designation they may be described in any salary or departmental ordinance providing compensation for said Fire Department; and the Police Department shall consist of all members of such Police Department appointed under civil service rules and regulations and sworn in, as provided by law, to perform the duties of a regular police officer of the City of Los Angeles, under whatever designation that they may be described in any salary or departmental ordinance providing compensation for the members of said Police Department. The provisions as herein in this charter contained shall apply to all members of the Fire and Police Departments

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as in this section defined, and to all members of said departments who have been heretofore granted pensions.

Section 186 of the City Charter is hereby amended to read as follows:

Sec. 186. For the purpose of providing for the payment of pensions, the expense of said Department of Pensions, and maintaining a reserve for said purposes henceforth, a fund is hereby created, to be known as the Fire and Police Pension Fund, which shall consist of all moneys heretofore paid into and all moneys, property, and investments now in the Fire and Police Pension Fund, and all moneys hereafter paid into said fund in accordance with the provisions of this Charter and of this section.

In order that the Council may be advised as to the amount of the tax levy required to be made by the provisions of this section, the Board of Pension Commissioners shall annually and not later than the first day of June of each year prepare and transmit to the Council a statement consisting of and including only the following items:

(1) The estimated requirements for the next succeeding fiscal year to pay and discharge (a) disability pensions, (b) widows' pensions, (c) minors' pensions, (d) dependents' pensions, and (e) the expense of said Department of Pensions; and,

(2) A sum equal to four per centum of the estimated total payrolls of the Fire and Police Departments for those members of said departments included within the pension provisions of this article for the next succeeding fiscal year.

In addition to the foregoing, in the event that all payments made and to be made from said Fire and Police Pension Fund during any current fiscal year shall exceed the total amount paid into said fund from all sources, then there shall be included in such statement a sum equal to the difference between the amount of moneys paid and estimated to be paid from said Fire and Police Pension Fund during the said current fiscal year and all moneys received and anticipated to be received into said fund during said fiscal year.

The Council shall annually levy a tax clearly sufficient to produce a sum in the total amount of all of the items set forth in the statement required to be prepared by the Board of Pension Commissioners as hereinabove provided.

In addition to the receipts from taxes levied pursuant to the provisions of this section and the deductions from the salaries of the members of the Fire and Police Departments as provided for in Section 186½ hereof, there shall be paid into said Fire and Police Pension Fund the following moneys, to-wit:

- (a) All interest and earnings from the investment of said funds;
- (b) All contributions and donations to the Fire and Police Departments for services by any member or members thereof, except amounts of money donated to provide for any medal or permanent competitive award;

- (c) All fines imposed upon members of the Fire and Police Department for violations of rules and regulations of said departments;
- (d) All proceeds from the sale of unclaimed property.

All moneys paid into said fund during any fiscal year and not expended during said fiscal year for the payment of pensions or the expense of the Department of Pensions shall become a part of and be added to said reserve in said fund.

Sec. 186½. Each member of the Fire and of the Police Department included within the pension provisions of this Article shall contribute to said Fire and Police Pension Fund in the manner as hereinafter in this section provided.

The administrative head of each such department shall cause to be shown on each and every payroll of said department a deduction of four percent (4%) of the amount of salary, as shown on each such payroll, of each such member whose name appears thereon, and shall certify to the Controller on each such payroll the amount to be deducted from the compensation of each such member whose name appears thereon, and shall cause to be drawn a payroll check in favor of the Board of Pension Commissioners for the total amount of deduction shown on each payroll of such department, and said board shall deposit said payroll check to the credit of the Fire and Police Pension fund. It shall be the duty of the administrative head of each department to cause to be furnished a copy of each and every such payroll hereinbefore mentioned to the said Board of Pension Commissioners.

Each member shall be deemed to consent and agree to each deduction made as provided for herein, and the payment of each payroll check to such member shall be a full and complete discharge and acquittance of all claims and demands whatsoever for the services rendered by such member during the period covered by such payroll, except such claims as such member may have to the benefits provided for in this Article.

Sec. 187. The Board of Pension Commissioners shall, within six (6) months after this charter takes effect, prepare a pension plan for all city employees not under the police and fire pension system. Such plan shall be submitted to the Council in the form of an ordinance approved as to form by the City Attorney. The Council shall submit said ordinance, without alteration, to the voters of the city for their approval or rejection at the next general or special election thereafter. If adopted by the voters, said ordinance shall not be amended or repealed except by a vote of the people. Such pension plan may be retroactive from the date of the adoption of this charter.

Sec. 188. The positions of general manager of the department and of secretary to the board may be consolidated, in the discretion of the board.

Sec. 189. In computing the time of service for retirement the amount of time served in the United States Army, Navy, Marine Corps, or any division thereof, in time of war, by any member of the Fire or Police

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Department, who shall have left such department to enter the United States Army, Navy, Marine Corps, or any division thereof, and who shall have returned to such department within a period of one year after having been honorably discharged from such service, shall be counted as a part of the aggregate service required for a retirement pension.

Sec. 17. Notwithstanding any other provision of this charter, every officer or employee called into active service in the armed forces of this state or of the United States, during time of war or for ordinary periods of training or for extended periods of training during the time of any limited or other national emergency as declared by the President or the Congress of the United States or the Governor of the State of California, shall, during the period of such service, but not exceeding five years of such service, and for a period of ninety (90) days from and after his discharge or release from such service; be considered as being on leave of absence from the service of the City of Los Angeles, provided that no such leave of absence shall be allowed in the case of any person who is dishonorably discharged from the service to which he was called. Such leave shall be designated as "military leave" and shall be so noted on all records of the employment of said officer or employee. Every such officer or employee returning to the service of the city from military leave within the time hereinabove designated shall be restored to the same rank and position held by him at the time of the commencement of his military leave, or to such other rank and position to which he would be or would have been entitled under the provisions of Section 125 of this charter in the event any change of personnel within the contemplation of said charter section has occurred during the period of his military leave, it being the intent of this provision to provide for the reemployment of persons absent on account of military leave, without prejudice on account of their absence from the city service during the period of such leave; provided, nevertheless, that any such person is not, upon such return, either physically or mentally incapacitated from performing the duties of the office or position to which he is entitled to be restored. All military leave herein provided for shall be without pay or compensation except to the extent that such pay or compensation is now or may hereafter be authorized and provided for by state law, this charter, or by ordinance.

In addition to credit for time served in the United States Army, Navy, Marine Corps, and any division thereof, in time of war as allowed under the existing provisions of Sec. 189 and subdivision (d) of Sec. 513, credit shall be given for periods of military leave as provided in this section to the same extent and with like force and effect as now allowed for war service under the charter sections hereinabove mentioned.

ORDINANCE No. 67,778

An Ordinance providing for the issuance of a certificate of service to members of the Fire Department and Police Department who have conformed with the pension provisions of the Charter of the City of Los Angeles.

The people of the City of Los Angeles do ordain as follows:

Section 1. Definition "Member." The term "member" of the Fire Department or Police Department as used herein shall refer to, mean and include all persons duly and regularly appointed in the Fire Department under civil service rules and regulations, whose duty it is to prevent or extinguish fires in the City of Los Angeles, under whatever designation they may be described in any salary or departmental ordinance providing compensation for said Fire Department; and, all members of the Police Department appointed under civil service rules and regulations and sworn in, as provided by law, to perform the duties of a regular police officer of the City of Los Angeles, under whatever designation they may be described in any salary or departmental ordinance providing compensation for the members of said Police Department.

The provisions herein in this ordinance contained shall apply to all members of the Fire Department or Police Department as in this section defined.

Sec. 2. As soon as possible, and in any event within five (5) days after a member of the Fire Department or Police Department shall have served in such department the aggregate number of years entitling him to retirement as provided in Section 181 of the Charter of the City of Los Angeles, there shall be issued to each such member a certificate showing the total number of years served by such member in such department, which certificate shall be irrevocable and shall serve as evidence of such service; providing, however, that if such member shall continue in the service of such department thereafter, such certificate shall be continuing in effect, and each year, and/or portion or portions of a year, thereafter served by such member in such department shall be added to such certificate and made part thereof the same and as fully as if said additional period or periods of service were actually entered thereon.

It shall be, and it is hereby made the duty of the Board of Pension Commissioners to sign and issue such certificate to such member affected by the provisions of this section.

Sec. 3. Upon the completion of the period of service mentioned in Section 181 of the Charter of the City of Los Angeles, entitling such member to retire under its provisions, such member shall be entitled to retire at any time thereafter from active service from such department in accordance with the provisions of said Section 181 hereinabove referred to, which right shall be a fully matured, absolute, vested property right, reserved for such member as a constituted and granted right to retire; and no event or occurrence of whatsoever kind or nature, whether prior, pending or subsequent, shall ever operate as a forfeiture or divestiture thereof; provided, however, that if such member shall continue in the service of said department, he shall nevertheless be entitled to all the benefits of the additional percentage as provided for by said Section 181 herein referred to, in computing the aggregate number of years of service in such department up to the time of his actual retirement.

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Sec. 4. The City Clerk shall certify to the passage of this ordinance by a unanimous vote and cause the same to be published once in The Los Angeles Daily Journal.

I hereby certify that the foregoing ordinance was passed by the Council of the City of Los Angeles by the unanimous vote of all members of said Council present, there being not less than twelve members present, at its meeting of September 15, 1930.

ROBT. DOMINGUEZ,
City Clerk.

Approved this 20th day of September, 1930.

JOHN C. PORTER,
Mayor.