

ANNUAL REPORT
OF THE
BOARD of PENSION COMMISSIONERS

CITY OF LOS ANGELES
CALIFORNIA



FOR THE FISCAL YEAR ENDED JUNE 30, 1942

with

CHARTER AND ORDINANCE PROVISIONS
GOVERNING PENSION SYSTEM

ANNUAL REPORT
OF THE
Board of Pension Commissioners
OF THE
CITY OF LOS ANGELES
CALIFORNIA



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CHARTER AND ORDINANCE PROVISIONS
GOVERNING PENSION SYSTEM



September 23, 1942

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, 1942.

Respectfully submitted,

BOARD OF PENSION COMMISSIONERS,

John W. Donner,

Secretary.

Personnel of the
BOARD OF PENSION COMMISSIONERS

A. GAYLORD BEAMAN, President
(Term expires July 1, 1947)

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 1941-1942 is submitted herewith. Included therein are financial and operating statements of the Fire and Police Pension Fund for the period ended June 30, 1942, compared with corresponding figures for the fiscal year ended June 30, 1941. Certain brief comments are also given which are considered pertinent to a clear understanding of such items.

During the fiscal year ended June 30, 1942, 332 petitions for pensions were received. On July 1, 1941, seventeen petitions were pending, making a total of 349 petitions to be acted upon, of which number 315 were granted, ten denied, one filed, one withdrawn, and twenty-two were pending at June 30, 1942. During the same period, forty pensions were discontinued. Adding the net increase of 275 to the 1,265 existing at the close of the last fiscal year gives a total of 1,540 beneficiaries of the Fire and Police Pension Fund. These are segregated into various classes and comparative data for the fiscal year ended June 30, 1941 are set forth below:

	1940-1941			1941-1942		
	Fire	Police	Fire and Police	Fire	Police	Fire and Police
Service	438	315	753	505	491	996
Disability	70	103	173	75	115	190
Widows	108	203	311	119	207	326
Minors and Dependents.....	13	15	28	11	17	28
TOTAL.....	629	636	1,265	710	830	1,540

These changes in pension classifications are substantially analyzed as follows:

	Fire	Police	Total
Service			
Granted	79	185	264
Deaths	12	9	21
Withdrawn	---	1*	1*
	67	176	243

	Fire	Police	Total
Disability			
Granted	8	16	24
Denied	1*	4*	5*
Deaths	2	3	5
Restored	1 ³	1 [*]	2
Increased	1*	1*	2*
Decreased	23*	31*	54*
Filed	1*	---	1*
	5	12	17
Widows			
Granted	12	12	24
Deaths	---	8	8
Remarriage	1	---	1
Denied	1*	4*	5*
	11	4	15
Minors and Dependents			
Granted	1	2	3
Terminated	3	---	3
Denied	---	---	---
	-2	2	---

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

As of June 30, 1942, there were 115 members of the Fire Department, and 83 members of the Police Department eligible for retirement.

Financial and operating statements for the fiscal year ended June 30, 1942 are submitted herewith, compared with figures of the fiscal year ended June 30, 1941. Also a comparative statement of operations is shown for seven fiscal years. For the purpose of allowing 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 \$1,328,712

The amount of cash on hand at the end of the fiscal year shows a decrease of approximately \$1,517,000 from the balance of June 30, 1941. This change is explained by the fact that the proceeds of sales and maturities of bonds have been more fully reinvested.

Street Bonds—Unmatured \$ 608,900

This account represents unmatured principal coupons of bonds upon which payments have been made for at least eleven years. The majority of these bonds run for a period of twenty years and all of them are 7% bonds. These unmatured principal coupons are in excellent condition, and would bring substantial premiums upon the present market.

Street Bonds—Matured \$ 74,953

As shown in Schedule No. 7, this account is segregated between delinquent principal and principal payments being made under agreements. The

amount of \$74,953 represents the total of principal coupons delinquent, and not the face value of bonds upon which there were delinquencies. It is further noted that \$57,937 or 77.3% of these delinquencies are being redeemed under agreement payments and the values of such delinquent amounts must be considered relatively high. These agreements are not brought into the general accounts as such and should not be confused with agreements to redeem certificates and treasurer's deeds.

Bond Investments \$12,951,000

As shown in Schedule No. 5, this segregation represents general obligation, district, and corporate bonds. A recent appraisal of these securities by the investment counsellor indicated a market value of \$917,758, over and above the values as reflected on the books. It is noted that the sale of bonds has produced a substantial amount of profit over original cost and that re-investments are being made at a lower yield rate than that for which the original bonds were purchased. Good practice would allow 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 \$ 124,669

This segregation includes 64 certificates of sale upon which treasurer's deeds have not been taken. Forty-two foreclosures in the total amount of \$97,203 have been made in the course of the fiscal year. Redemption of one certificate of sale during the past year totaled \$120. One sheriff's certificate of sale was transferred to unimproved real property in the amount of \$763.

Assuming that payments of delinquent amounts on street improvement bonds that are under the installment agreements will be fully redeemed, 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. The work of determining the amount of other liens held on these certificates of sale and treasurer's deeds is now in progress, and will be completed by the end of this calendar year.

Treasurer's Deeds \$ 429,762

This segregation includes 200 treasurer's deeds upon which quiet title actions have not been completed in the amount of \$429,762. There were twenty-one transfers from certificates of sale and one transfer from agreements receivable during the fiscal period, amounting to \$68,878. One redemption of treasurer's deeds occurred during the year in the amount of \$357. Forty-seven treasurer's deeds were transferred to real property in the principal amount of \$57,592.

Mortgages \$ 834

This item represents a second mortgage received in connection with an exchange of street improvement bonds for Home Owners Loan Corporation

Eight

bonds during the fiscal year 1934-35. Principal and interest payments upon this mortgage are being paid currently.

Trust Deeds Receivable \$ 21,794

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. Payments of principal and interest on these trust deeds are paid currently and it is believed that such investments have excellent value. There were four new trust deeds received during this year.

Agreements Receivable \$ 24,174

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 \$39,717. During this fiscal year, this account has been reduced by \$15,543 and is considered as being in excellent condition. There were no new agreements entered into during this period.

Real Property—Improved \$ 513,788

This account represents the amount of sheriff's certificates of sale and treasurer's deeds, together with other costs and the purchase of other liens 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. Included in this segregation are 71 parcels.

The net book value after deducting the reserve for interest charges amounts to \$422,991. Adding prior and subsequent bond liens and delinquent lighting assessments in terms of principal only amounting to \$18,016 and delinquent taxes amounting to \$30,630, a total of \$471,637 is shown. Appraisal shows the current market value of these properties to be \$374,975. Comparing the total of \$471,637 with the current market price shows a constructive loss of 20.5%.

It is noted that during the year, the sum of \$3,052 was expended for rehabilitation, and \$765 for fire insurance premium renewal for a five year period, and that the sum of \$15,074 was received from such properties in the form of rent. Buildings at six locations were demolished during the year due principally to structural instability.

Property sales during the fiscal year totaled \$5,400 for three pieces of property with a book loss of \$1,341. The appraisal showed the current market price of these properties to be \$5,000. This loss was partly sustained by the fact that it was necessary to pay other liens, street lighting assessments, delinquent taxes, commissions, and escrow charges in order to deliver a clear title to each sale.

Real Property—Unimproved \$ 788,321

This account represents the total cost of unimproved properties remaining unsold at the end of the fiscal year. This segregation includes two

hundred fifty-four parcels. Deducting the reserve for interest included in the cost of unimproved properties, the net book value is \$651,005. Adding prior and subsequent liens and street lighting assessments in terms of principal only in the amount of \$49,794, and delinquent taxes amounting to \$27,814, a total of \$728,613 is shown. The current market value of unimproved properties as appraised is \$494,075. A comparison of the total of \$728,613 with the current market value shows a constructive loss of 32.2%. During the year, the expense of lot cleaning and sidewalk repairs on unimproved properties amounted to \$632, and \$5,978 was received from such properties in the form of rent.

Sales of three parcels of unimproved property totaled \$2,200, showing a book profit of \$240. The appraisals showed the current market price of these properties to be \$1,800.

In considering the constructive loss of both improved and unimproved properties, this loss can in a large measure be accounted for by the fact that the original assessments were levied against these various properties during the peak years 1929-1931, when property values were much higher than at the present time.

During the year, \$23,624 was expended for 169 other bonds and cash assessments, \$762 for 2 tax deeds, and \$12 for 1 lighting assessment, the total of these purchases amounting to \$24,398, in connection with improved and unimproved properties owned by this Department. The unpaid principal of these other liens amounted to \$38,474, which indicates that these liens were purchased on a pro rata settlement for approximately 63.4% of their value. The sum of \$360 was expended for appraisal fees on improved and unimproved properties which remained unsold at the end of the fiscal year.

Bond Premiums and Discount \$ 773,032

This account represents premiums paid and discounts taken in connection with the purchase of all bonds except street improvement bonds and U. S. Government bonds that are purchased at par, and 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 \$ 191,429

This account is segregated between current and delinquent interest. Current interest amounted to \$138,735 for bond investments and \$42,620 for street improvement bonds. Delinquent interest amounted to the sum of \$1,753 for bond investments and \$8,321 for street improvement bonds.

Quiet Title Costs \$ 3,030

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 \$17,834,398

LIABILITIES

Accounts Payable \$ 254

This account is segregated into two items of expense which were in progress at the end of the fiscal year, \$14 of which covers repairs to office equipment and \$240 for reappraisals of certain pieces of improved and unimproved property.

Prepaid Payments \$ 952

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

Partial Payments \$ 10,291

In the course of the fiscal year 1932-33, the policy of accepting partial payments on installments of either principal or interest on street improvement bonds and other classes of investments that had been acquired through street bond foreclosures was established. 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 installment method. The balance in this account represents the amounts paid that have not been cleared against the actual asset affected. This account has shown a substantial increase since the end of the last fiscal year, which increase is due to establishing the policy of allowing owners of properties to pay past due principal amounts on bonds which were protected under the Moratorium Act of 1935, which expired on September 14, 1941, by the installment payment method.

Reserve—Bond Interest \$ 10,074

This amount represents interest delinquent at June 30, 1942 and is segregated so as to reflect in the earnings of the fiscal year in which these amounts accrued, without regard to the year in which collections are actually made.

Reserve—Interest on Other Investments \$ 341,812

Upon the foreclosure of the street improvement bond and the recording of the certificate 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, 1942, the reserve for certificates of sale amounted to \$25,139, treasurer's deeds \$88,560, and real property \$228,113. These items total \$341,812, and are herein treated as one account.

Reserve—Investment Losses \$ 691,803

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.

Referring to Schedule No. 4 of this report, an analysis of operation adjustments during the fiscal year is shown. The balance of this account on July 1, 1941 was \$439,326. Excess of the proceeds of sales of bonds over original cost amounted to \$261,033 for the year. This procedure of adjusting capital loss and gain against this reserve account, permits the surplus reserve account to be changed only by additions or deductions from the statement of operations as shown in Exhibit No. 2 of this report.

Surplus Reserve **\$16,779,212**

This account represents the amount of surplus funds accumulated from prior years operations to provide for excess pension requirements of future years. As shown in Exhibit No. 2, Statement of Operations Compared, this account has been adjusted during the course of this year and shows a net operating increase of \$85,271.

TOTAL LIABILITIES **\$17,834,398**

OPERATIONS

Investments

The changes in the classification of bonds other than street improvement bonds are indicated in Schedule No. 5. It is noted that in the diversification of the bond portfolio, sales of bonds totaled \$1,540,000 and bond purchases totaled \$3,623,000 in terms of par value. Bond sales made during the year resulted in a gross book profit of \$261,033 for \$1,490,000 par value, and the sale of \$50,000 par value in district bonds resulted in a loss of \$4,015, showing a net profit from the sale of bonds for the year in the amount of \$257,018.

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. Surplus monies may be invested only in bonds and securities authorized by law as legal investment for savings banks or in local improvement bonds.

In comparing the balances of the bond portfolio at June 30, 1942 with that of the fiscal year ended June 30, 1941, it is noted that the program of diversification during the year under review shows a decrease in California securities of approximately 14½%, investments in government bonds show an increase of approximately 13½% and public utilities show an increase of approximately 5%.

Due to the maturity of street improvement bonds bearing 7% interest and the fact that the yield at the present time of bond purchases will average less than 3%, the average yield of 3.32% as shown for the fiscal year 1941-42 will gradually be decreased to 3% or less in the next few years.

Accounting

Certain subsidiary accounts have been 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 is now being compiled. 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, 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 the record of the members of the Fire Department will be completed by the end of this calendar year, and the record of the members of the Police Department, which has a much larger personnel, will be completed by July 1, 1943.

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, certificate of sale and treasurer's deed, and a predetermination of the pertinent factors required for settlement or adjustment of such accounts. The work of developing 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 has been practically completed. These two record systems will be developed during the coming year, it is planned, to the extent that will permit their effective utilization.

Street Improvement Bonds

The status of street improvement bonds as of June 30, 1942 is shown in Schedule No. 7. In summarizing the operations of this account, from July 1, 1929 to June 30, 1931, total bond purchases amounted to \$6,521,223.79; the balance of principal of these bonds at June 30, 1942 was \$683,852.96; the difference representing principal coupons matured in the amount of \$5,837,370.83, disposition of which follows:

	Amount	Per Cent
Paid	\$4,058,974.09	69.53
Foreclosed	1,689,774.11	28.94
Charged Off	13,670.07	.23
Delinquent	74,952.56	1.3
	\$5,837,370.83	100.00

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. \$1,028 of this amount has since been recovered, leaving a balance of \$8,524 at the close of this fiscal year. This principal sum involves 185 bonds ranging in denomination of \$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. The remaining \$4,118.07 represents the amount of principal that was written off during the fiscal year 1934-35, when approximately twenty-three 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 agreement by the Board of Pension Commissioners and the Home Owners Loan Corporation making it necessary for the 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, 1942, it is noted that \$2,537,002.71 in interest coupons matured. Disposition of this amount is as follows:

	Amount	Per Cent
Paid	\$2,232,253.69	87.99
Foreclosed	291,275.25	11.48
Charged Off	5,152.82	.20
Delinquent	8,320.95	.33
	\$2,537,002.71	100.00

In addition, earned interest on unpaid principal amounted to \$173,498.73 and bonus on bonds paid in full before maturity amounted to \$40,209 from July 1, 1929 to June 30, 1942.

Other Liens

This Department began acquiring title to properties during the fiscal year 1935-36. Since that time, purchase of other liens against these properties totaled \$35,259. The unpaid principal of these other liens totaled \$68,374, showing that these liens were purchased for approximately 51.5% of their value in terms of principal.

In September, 1941, the Supreme Court finally determined the case of **Cullinan v. Grey**, in which it was held that Opening and Widening Bonds as such had no legal superiority over Improvement Bonds but that all bonds should take priority in the order of the time of their issuance. Pending this decision, the action on the question as to what we should or might do with reference to Improvement Bonds standing as liens against properties in which the Department was interested by virtue of its holding Opening and Widening Bonds had been held in abeyance, in the belief and on the opinion of our legal adviser that Opening and Widening Bonds might be held to have a legal priority over all Improvement Bonds, regardless of the time when such bonds were issued. The decision of the court as to the law of priority offered no real solution to the problem which confronts the Department with reference to other bonds, for the reason that it is practically impossible to secure a judgment against subsequent bonds because of the fact that the present holders thereof are unknown. Street bonds as such are transferable by delivery from hand to hand and there is no record, as to such transfers, of ownership. It is thus practically impossible to secure an adjudication and cancellation of these inferior bonds in a judicial proceeding.

As a result of this decision an investigation was made of the practice and procedures of other jurisdictions in California with reference to the handling of both prior and subsequent street improvement bond liens, and it was ascertained that rather uniformly the procedure had been established by other jurisdictions to purchase all such liens upon a pro rata basis without reference to priority in point of time. This Department then temporarily adopted the policy of purchasing liens against the properties in which it had an interest, on the basis of the pro rata adjustment of the total of all liens, compared to the actual market value of the properties involved. This procedure was adopted for the reason that our investment in such properties could not be recovered until and unless all titular difficulties were cleared and the properties restored to the current tax roll.

On this basis we have acquired approximately 166 such bonds. This has only been accomplished after considerable effort and time spent first in attempting to locate the bond and through correspondence and conferences

as to price with brokers, agents, and the attorneys of the holders of these bonds. In all instances it is not possible to secure an exact pro rata settlement; on the average, however, settlements ranged from 50% to 60% of the unpaid principal amount of such bond, all interest and penalties being forgiven. It has been necessary to make, during the current year, an analysis of the property as to existing delinquent liens, including bonds, lighting assessments, taxes, and the securing of appraisals of all such properties. Each negotiation is of course a separate transaction, requiring considerable time in its negotiation.

We have just reached an agreement with the Assessment Revolving Fund whereby delinquent lighting assessments may be discharged on a pro rata basis. There are delinquent lighting assessments affecting 212 parcels of property upon which the principal amount is \$38,369.00.—It is impossible to forecast what payment will have to be made on the priority basis, because, again, each parcel is a separate transaction. However, in the first such settlement involving 43 parcels, liens in the principal amount of \$12,155 were settled for \$5,679, or 46.72% of the principal.

During the year, no general taxes have been cancelled since the County Council has ruled that the Department is not entitled to such tax cancellation by virtue of its interest. Considerable time has been spent in negotiating with County officials on the question of the cancellation of taxes against properties which we acquire through foreclosures, and the City Attorney has been requested to give his opinion upon the law controlling this matter. At the present time this Department has 141 parcels of property against which there appears tax liens in the principal amount of \$58,444.

At the close of the fiscal year, outstanding liens against properties in which this Department has an interest were as follows: 144 bonds issued prior to bonds owned by this Department with an unpaid principal in the amount of \$11,665; 98 bonds issued subsequent to street improvement bonds owned by this Department with an unpaid principal amounting to \$17,632; delinquent street lighting assessments affecting 212 pieces of property owned by this Department with an unpaid principal in the amount of \$38,369; delinquent taxes affecting 141 pieces of property owned by this Department in the amount of \$58,444. The total amount of these outstanding liens is \$126,110.

Litigation

During the past year, litigation over pension matters has consumed an unprecedented amount of time and effort, in addition to that involved in the conduct of our quiet title actions. As to the latter items, action was taken during the year in 112 such proceedings, 35 of which were concluded by judgment, in addition to which 42 foreclosure proceedings were had in the office of the Treasurer and 22 such proceedings concluded by the issuance of Treasurer's Deeds on sales heretofore made.

The case of **City of Los Angeles v. Greve** was carried to a successful conclusion on appeal. This action was of importance in that it was sought, in a quiet title action, to challenge the proceedings leading up to the issuance of the Opening and Widening Bonds, not only as to the power of the City to conduct the particular proceedings at all, but also as to the amount which had been assessed against the particular property involved and for which the bond had been issued. An adverse decision here would have resulted in

a vast amount of litigation because practically all of our street bonds are Opening and Widening Bonds issued in connection with the Major Traffic Street Plan of the City.

The litigation of pension matters in the trial and appellate courts arises out of cases determined by the Board sometime prior to the current year. The proceedings in the appellate courts are particularly important in that principles of law applicable to all future cases have been and will be determined. In the case of **Dillon v. Board of Pension Commissioners**, the Supreme Court has definitely established a statute of limitations on actions to compel the allowance of a pension after denial by the Board. The court, on rehearing, has fixed this period at three years after such denial.

The cases of **Knoll, Haas and McKeag v. the City**, should settle finally the question as to which employees of the Fire Department are eligible for membership in the Pension System. This question has been one of considerable discussion and argument for many years. It is now pending in the Supreme Court after decision by the District Court of Appeal.

The case of **Faber v. Board of Pension Commissioners** was tried and an appeal from an adverse judgment was taken and perfected. This case should determine the law where the claim of a widow is founded upon death by suicide following an alleged injury in line of duty. Several such cases have occurred and the appeal here is prosecuted in order that the law on this subject may be determined.

In addition to the foregoing, the action of the Board in denying claims for widows' and children's pensions in six cases was challenged. In four cases trials were had and appeals taken; two of these appeals were concluded, while two are now under submission in the appellate court. The other two proceedings are ready for trial and await their place on the trial court's calendar.

In the case of **Lawrence v. Board of Pension Commissioners**, where a widow's claim was denied on the ground that death was caused by intoxication rather than injury in the discharge of duty, the action of the Board was sustained in the trial and appellate courts.

In the case of **Dillard v. Board of Pension Commissioners**, where it was questionable whether death was caused by intoxication or by an aggravation of a bad heart condition, the action of the Board in denying a widow's pension was sustained in the trial and appellate court, but these determinations were completely reversed by the Supreme Court. The court bases its decision upon the ground of a liberal interpretation of the pension law. This rule of liberal construction, so it seems to us, at least, has for practical purposes about reached the point where the courts will award a pension where a possibility of a causal connection between death and some injury or illness in the discharge of duty can be shown. From the administrative standpoint, this situation is most unsatisfactory not only from the viewpoint of the administrators of the System, but from the viewpoint of the beneficiaries themselves. If pensions are to be awarded on the basis of possibility, rather than probability as established by a preponderance of the evidence, there can be no uniform operation of the System in the case of widows' pensions. One widow will receive a pension where the cause of death is identical with that in which another has been denied because in the one may be found some circumstance tending to indicate the possibility of a causal

connection between the cause of death and service in the Fire or Police Department.

It is suggested that early consideration should be given to the question providing affirmatively in the charter for the allowance of a pension in all death cases, or by providing specifically therein for the contingencies upon which such pensions will be paid. In the latter event and in conformity with the procedure now established for disability cases it is suggested that there should be vested in the Board of Pension Commissioners the power to hear and determine the questions of fact in each case and whether a pension should be paid.

ADMINISTRATION

Quiet Title Actions

During the course of the year 35 quiet title actions were completed by the legal division of the Department of Pensions as the result of the foreclosure of street improvement bonds, and based upon the Treasurer's Deeds previously acquired. In addition there were 77 other quiet title actions pending upon which it has been necessary to take certain procedural steps from time to time as the actions required. In many instances it has been exceedingly difficult and in some cases impossible to locate former record owners of properties against which quiet title actions have been filed. As a result a considerable amount of time is expended in endeavoring to locate the former record owners, in explaining to such record owners if located the basis of the action and the possibilities of redemption as they may exist in each particular situation if the owner is interested in redemption, and filing supplementary actions against estates where the record owners are deceased, and in preparing affidavits and obtaining orders for the publication of summons where the owners can not be located or the fact of their demise can not be ascertained to have occurred.

Guardianships

Pensions are paid in 29 guardianships. Of these 19 are estates of minors and the remaining 10 are the estates of incompetents. During the course of the fiscal year there were 33 guardianships, four having been discontinued.

During the fiscal year requests for special notice of proceedings in compliance with Sec. 1600 of the Probate Code were filed in each of the guardianships. As a result of these requests it was necessary for numerous conferences to be held with the guardians and attorneys of record representing the estates as a means of ascertaining whether the accounts were properly made and reports submitted to the Court on all matters affecting the estates. Numerous court appearances were required on matters affecting guardianships for both minors and incompetents relative to the question of authorized expenditures and on the question of increased allowances for minors and incompetents. These steps were undertaken by this department as a means of conserving the estate of both incompetents and minors but without placing an undue hardship or restriction upon either. The policy of the department has been to encourage both guardians and attorneys for estates to build up and conserve a reserve fund to take care of any emergency which may arise requiring unusual expenditure for accident or illness in the case

of incompetents. With reference to minors, a reserve is recommended as a means of building up a fund for such minors in order that they will have an estate for educational or vocational development in those years when such fund may be of the greatest assistance to them.

Rehabilitation

The procedure of interesting all pensioners in productive work of a nature suited to their own cases has been continued. The assistance of the State Vocational Bureau in providing vocational advice and approved training has also continued. Acknowledgement is made to the Bureau for its very valuable contribution in this respect and to its members for the courteous and considerate treatment of our cases.

The Emergency has created a condition whereby the Pension Department has acted as a clearing house for the recruitment of trained firemen and policemen from our list of retirements to supervise emergency fire and police activities in defense plants. Considerable effort has been expended in these directions with what is considered very adequate returns for such efforts.

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 personnel consists of the manager and twelve persons classified as one accountant, two senior clerks, two senior stenographers, 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,



Manager-Secretary.

**CITY OF LOS ANGELES
FIRE AND POLICE PENSION FUND
BALANCE SHEET
At June 30, 1942 as Compared With June 30, 1941
EXHIBIT I**

Eighteen

	ASSETS			
	June 30, 1942		June 30, 1941	
Cash				
Deposits with Treasurer.....	\$ 1,328,662		\$ 2,845,457	
Petty Cash.....	50		50	
Total Cash.....		\$ 1,328,712		\$ 2,845,507
Investments				
Street Bonds—Unmatured.....	\$ 608,900		\$ 808,757	
Street Bonds—Matured.....	83,477	\$ 115,220		
Less:				
Reserve, Bonds Matured.....	8,524	74,953	8,624	106,596
Bond Investments.....		12,951,000		10,879,000
Certificates of Sale.....		124,669		96,452
Treasurer's Deeds.....		429,762		418,834
Mortgages.....		834		840
Trust Deeds Receivable.....		21,794		23,834
Agreements Receivable.....		24,174		39,717
Real Property, Improved.....		513,788		505,109
Real Property, Unimproved.....		788,321		716,340
		15,538,195		13,595,479
Bond Premiums and Discounts.....		773,032		832,092
TOTAL INVESTMENTS.....		16,311,227		14,427,571
Accrued Interest				
Current.....	\$ 181,355		\$ 181,728	
Delinquent.....	10,074	191,429	19,605	201,333
Quiet Title Cost, Prepaid.....		3,030		3,862
TOTAL ASSETS.....		\$17,834,398		\$17,478,273

LIABILITIES

Accounts Payable.....		\$	254		
Deferred Income					
Prepaid Payments, Street Bonds.....			952		\$ 944
Partial Payments, Street Bonds.....			10,291		1,372
Reserve, Bond Interest.....	\$	10,074		\$	19,605
Reserve, Interest, Other Investments.....		341,812			323,085
Reserve, Investment Losses.....		691,803			439,326
Surplus—Reserve.....		16,779,212			16,693,941
			<u>17,822,901</u>		<u>17,475,957</u>
TOTAL LIABILITIES.....			<u><u>\$17,834,398</u></u>		<u><u>\$17,478,273</u></u>

STATEMENT OF OPERATIONS COMPARED

Fiscal Years 1935-36 to 1941-42 Inclusive

EXHIBIT II

Twenty

	1941-42	1940-41	1939-40	1938-39	1937-38	1936-37	1935-36
Revenue							
Taxes.....	\$1,346,011	\$ 757,118	\$ 63,801	\$1,232,676	\$1,023,285	\$1,013,712	\$ 891,628
Interest.....	492,739	548,547	594,734	648,729	620,491	609,494	600,263
Rental of Property.....	21,052	20,907	20,913	18,512	14,479	5,766	.....
Members Contributions.....	406,263	392,937	392,498	406,188	408,062	396,107	385,193
Sales—Unclaimed Property.....	6,827	4,801	5,765	5,374	5,005	4,097	3,894
Bonus.....	2,466	3,385	1,267	2,084	3,152	3,982	3,359
Donations.....	617	608	692	595	602	594	602
Miscellaneous.....	257	119,677	327	255	3,269	79	41,539
TOTAL REVENUES.....	\$2,276,232	\$1,847,980	\$1,079,997	\$2,314,413	\$2,078,345	\$2,033,831	\$1,926,478
Balance from Prior Years.....	\$	\$ 96,419	\$ 749,967	\$	\$	\$	\$
TOTAL Available Resources.....	\$2,276,232	\$1,944,399	\$1,829,964	\$2,314,413	\$2,078,345	\$2,033,831	\$1,926,478
Expenditures							
Pensions Paid:							
Service.....	\$1,347,008	\$1,114,127	\$ 946,322	\$ 818,557	\$ 753,739	\$ 697,834	\$ 638,756
Disability.....	321,781	314,336	315,378	308,680	296,931	273,473	255,394
Widows.....	408,570	386,488	356,046	329,837	297,684	266,611	230,334
Minors.....	49,772	53,729	49,038	45,325	39,509	31,133	24,475
Dependents.....	10,032	10,032	9,607	14,532	7,449	7,842	7,842
Total Pensions.....	\$2,137,163	\$1,878,712	\$1,676,391	\$1,516,931	\$1,395,312	\$1,276,893	\$1,156,801
Total Administrative Expense (Schedule 1).....	\$ 53,798	\$ 48,566	\$ 40,905	\$ 39,333	\$ 36,469	\$ 31,824	\$ 27,291
TOTAL EXPENDITURES.....	\$2,190,961	\$1,927,278	\$1,717,296	\$1,556,264	\$1,431,781	\$1,308,717	\$1,184,092
SURPLUS.....	\$ 85,271	\$ 17,121	\$ 112,668	\$ 758,149	\$ 646,564	\$ 725,114	\$ 742,386
Operating Adjustments.....	.....	17,121	16,249	8,182	220,210	8,814	74,045
NET OPERATING SURPLUS.....	\$ 85,271	\$	\$ 96,419*	\$ 749,967*	\$ 426,354	\$ 716,300	\$ 668,341

* Balances carried forward to next fiscal year.

ADMINISTRATIVE EXPENSE, COMPARED
SCHEDULE 1

OPERATING EXPENSE

	1941-42	1940-41	1939-40	1938-39	1937-38	1936-37	1935-36
Salaries.....	\$ 32,062	\$ 29,257	\$ 25,972	\$ 26,048	\$ 25,005	\$ 22,912	\$ 19,702
Office.....	656	689	499	430	266	304	274
Printing.....	595	516	392	616	459	415	383
Postage.....	200	160	163	139	160	129	120
Surety and Insurance Premiums.....	921	978	939	1,531	1,186	920	956
Medical Examinations.....	6,392	4,220	5,457	5,022	4,164	3,787	3,494
Mileage.....	243	150	1	12	197	14	32
Telephone.....	753	620	257	257	269	230	226
Auto Repairs and Supplies.....	303	253	194	238	308	133	84
Miscellaneous.....	29	633	480	867	1,603	902	624
Litigation Cost.....	4,449	4,470	2,156	3,229	1,471	1,230	720
Property Maintenance.....	2,163	432	376	.....	1,181	209	.....
Investment Expense.....	4,000	3,000	3,000	.....	.....	.....	.....
Investigation Expense.....	395	.....	.....	.....	.....	.....	.....
Equipment, Furniture and Fixtures.....	637	3,188	1,019	944	200	639	676
TOTAL EXPENSE.....	\$ 53,798	\$ 48,566	\$ 40,905	\$ 39,333	\$ 36,469	\$ 31,824	\$ 27,291

STATEMENT OF CASH RECEIPTS AND DISPOSITION THEREOF

Fiscal Years 1935-36 to 1941-42 Compared

SCHEDULE 2

	1941-42	1940-41	1939-40	1938-39	1937-38	1936-37	1935-36
Total Receipts and Revenue.....	\$4,452,887	\$6,706,511	\$2,610,293	\$2,676,085	\$2,708,569	\$2,511,139	\$3,018,028
Deduct:							
Revenue (Exhibit II).....	2,276,232	1,728,719	1,079,997	2,314,413	2,078,345	2,033,831	1,926,478
Adjustments:							
Accrued Interest.....	3,199*	57,633	59,379	43,354	51,409	57,786	66,702
Surplus Reserve.....	-----	-----	69	443	5,042*	2,157	4,853*
Bond Premiums Amortized.....	28,228	30,543	-----	-----	-----	-----	-----
Refunds, Advertising Cost.....	39	55	-----	5	80	75	117
Refund, Quiet Title Cost.....	-----	22	-----	112	45	67	45
Reserve, Investment Losses.....	-----	-----	32,566	-----	-----	-----	-----
Taxes 1941-42.....	-----	75,495*	75,495	-----	-----	-----	-----
Bonus, Street Improvement Bonds.....	50	245*	-----	-----	-----	-----	-----
Total Operating Receipts.....	\$2,301,350	\$1,741,232	\$1,247,506	\$2,358,327	\$2,124,837	\$2,093,916	\$1,988,489
INVESTMENT RECEIPTS.....	\$2,151,537	\$4,965,279	\$1,362,787	\$ 317,758	\$ 583,732	\$ 417,223	\$1,029,539
Analysis—Investment Receipts							
Bond Investments (Par Value).....	\$1,547,400	\$4,035,675	\$1,055,975	\$ 32,375	\$ 228,675	\$ 23,375	\$ 674,875
Bond Investment Bond Premiums.....	149,159	173,061	101,406	-----	-----	-----	9,018
Street Improvement Bonds (Par Value).....	150,939	184,419	166,710	258,169	329,939	370,741	319,122
Certificates of Sale Redeemed.....	120	374	3,293	8,373	13,250	14,920	26,524
Treasurer's Deeds Redeemed.....	291	1,916	-----	10,184	422	2,826	-----
Real Property Sales.....	2,772	15,351	18,358	4,623	5,000	-----	-----
Agreements, Instalments.....	21,478	19,098	5,902	4,024	6,088	5,148	-----
Partial Payments—S.I.B.....	18,345	9,364	11,143	-----	-----	-----	-----
Pension Rebates.....	-----	-----	-----	10	358	213	-----
Reserve, Investment Losses.....	261,033	526,021	-----	-----	-----	-----	-----
TOTALS.....	\$2,151,537	\$4,965,279	\$1,362,787	\$ 317,758	\$ 583,732	\$ 417,223	\$1,029,539

* Additions

STATEMENT OF CASH DISBURSEMENTS AND OBJECTIVES THEREOF

Fiscal Years 1935-36 to 1941-42 Compared

SCHEDULE 3

	1941-42	1940-41	1939-40	1938-39	1937-38	1936-37	1935-36
Total Disbursements.....	\$5,969,681	\$5,035,234	\$2,267,630	\$1,898,813	\$2,749,808	\$2,523,357	\$3,048,046
Deduct:							
Expenditures Less Encumbrances \$254.00 (Exhibit 2).....	2,190,707	1,927,278	1,717,296	1,556,264	1,431,781	1,308,717	1,184,092
Adjustments:							
Prepaid Interest.....	11,170	13,868	1,682	4,785	7,455	7,143	13,298
Furniture and Fixtures.....	.....	.....	.....	.....	393	244	460
Refund, Partial Payments.....	71	20	.....	.....	.....	.....	.....
Refund, Prepaid Payments.....	.....	243	.....	.....	.....	.....	.....
Miscellaneous.....	135	70,000	1,532	726	165	90	46
Total Operating Deductions.....	2,202,083	2,011,409	1,720,510	1,561,775	1,439,794	1,316,194	1,197,896
CAPITAL INVESTMENTS.....	\$3,767,598	\$3,023,825	\$ 547,120	\$ 337,038	\$1,310,014	\$1,207,163	\$1,850,150

ANALYSIS—CAPITAL INVESTMENTS

Bond Investments, Par Value.....	\$3,623,000	\$2,855,000	\$ 530,000	\$ 299,000	\$1,150,000	\$ 996,000	\$1,632,000
Bond Investments, Bond Premiums.....	115,419	162,799	6,747	34,071	156,105	205,335	216,046
Certificate of Sale Cost.....	275	172	.....	86	324	990	773
Treasurer's Deed Cost.....	44	122	.....	14	162	294	466
Purchase Other Bonds, Real Property.....	28,383	5,222	9,698	.....	.....	.....	.....
Real Property Cost.....	360	510	.....	2,404	768	209	150
Quiet Title Cost.....	117	.....	675	1,463	2,655	4,335	715
TOTAL.....	\$3,767,598	\$3,023,825	\$ 547,120	\$ 337,038	\$1,310,014	\$1,207,163	\$1,850,150

RESERVE, INVESTMENT LOSSES

Operation Adjustments

SCHEDULE 4

Balance, June 30, 1941.....		\$439,325.68
DEDUCTIONS:		
Loss, Principal District Bonds Sold	\$ 3,600.00	
Loss, Premiums District Bonds Sold	415.04	
Loss, Accrued Interest District Bonds Sold.....	1,500.00	
Loss, Sale of Real Property	1,615.69	
Agreements Cancelled, Principal Adjusted	64.36	
Street Imp. Bond Interest, Foreclosed (Coupons due July 1, 1941).....	4,290.49	
		11,485.58
TOTAL DEDUCTIONS		<u>\$427,840.10</u>
ADDITIONS:		
Interest Reserve, Bond Interest Collected	\$ 3.34	
Street Imp. Bond Principal Recovered	82.05	
Real Property No. 101, Reopened	2,329.74	
Profit, Sale of Real Property	514.24	
Profit, Sale of Other Bond Investments	261,033.23	
		263,962.60
Balance, June 30, 1942		<u><u>\$691,802.70</u></u>

**ANALYSIS OF BONDS CLASSIFIED
EXCLUSIVE OF STREET BONDS**

June 30, 1942

SCHEDULE 5

	Balance 6-30-41	Purchases	Sales	Maturities	Balance 6-30-42	Percent
Los Angeles General Obligation.....	\$ 944,000	\$	\$ 210,000	\$	\$ 734,000	5.67%
Los Angeles Chamber of Commerce.....	80,000	.....	.....	.....	80,000	.61
Los Angeles City School Dist.....	732,000	.....	86,000	.....	646,000	4.99
Metropolitan Water District.....	249,000	.....	.....	.....	249,000	1.92
California Municipalities.....	732,000	.....	459,000	1,000	272,000	2.1
Municipal Improvement Dist.....	15,000	.....	.....	.....	15,000	.12
State of California.....	130,000	.....	130,000	.....	.....	.....
California School Districts.....	405,000	.....	94,000	2,000	309,000	2.38
California Districts.....	740,000	.....	110,000	.....	630,000	4.86
	<u>\$ 4,027,000</u>	<u>\$</u>	<u>\$ 1,089,000</u>	<u>\$ 3,000</u>	<u>\$ 2,935,000</u>	<u>22.65%</u>
Eastern Districts.....	\$ 200,000	\$	\$	\$	\$ 200,000	1.54%
Eastern Municipalities.....	1,726,000	.....	145,000	.....	1,581,000	12.2
Southern Municipalities.....	50,000	.....	.....	.....	50,000	.4
U. S. Government.....	2,656,000	2,550,000	291,000	.....	4,915,000	37.96
Industrials.....	250,000	.....	.....	.....	250,000	1.93
Public Utilities.....	1,775,000	1,065,000	15,000	.....	2,825,000	21.81
Railroads.....	195,000	8,000	.....	8,000*	195,000	1.51
	<u>\$10,879,000</u>	<u>\$ 3,623,000</u>	<u>\$ 1,540,000</u>	<u>\$ 11,000</u>	<u>\$12,951,000**</u>	<u>100.00%</u>

*Bonds Called

**Book Value as of 6-30-42 was \$13,724,032
Appraised Market Value was \$14,641,790

**BOND DISTRIBUTION
SCHEDULE 6**

Twenty-six

LOS ANGELES CITY GENERAL OBLIGATIONS.....			\$ 734,000
Los Angeles City Hall 4½'s	1964	\$ 15,000	
Los Angeles Fireboat 4¾'s	1950/57	55,000	
Los Angeles Harbor Improvements 4¾'s	1953/61	345,000	
Los Angeles Playground 4¾'s	1950/56	69,000	
Los Angeles Sewer Disposal 5's	1959/62	40,000	
Los Angeles Viaduct 4¾'s	1960	25,000	
Los Angeles Water 4¾'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 DISTRICT.....			 646,000
Huntington Park City School District 5's	1952/66	153,000	
Huntington Park Union High School District 5's	1953/57	120,000	
Jefferson School District 5's	1951/61	27,000	
Los Angeles School District 4¾'s	1953/62	95,000	
Los Angeles School District 5½'s	1953/59	70,000	
Los Angeles High School District 4¾'s	1954/61	48,000	
Los Angeles High School District 5's	1954/63	43,000	
Maywood School District 5½'s	1955/64	50,000	
Venice School District 5's	1948/54	25,000	
Venice Union High School District 5's	1958/59	15,000	
 METROPOLITAN WATER DISTRICT 4's	 1979/80		 249,000
 CALIFORNIA MUNICIPALITIES			 272,000
Arcadia Water 5's	1961/66	30,000	
Montebello Park and Natatorium 5's	1942/66	35,000	
Monterey Park Water Works 6's (\$500 bonds).....	1954/61	38,000	
Sacramento Municipal Utility District 3's	1961/69	85,000	
San Francisco Water 4½'s	1963	84,000	
 MUNICIPAL IMPROVEMENT DISTRICTS.....			 15,000
City of Pasadena, M.I.D. No. 4 5½'s	1957	15,000	

CALIFORNIA SCHOOL DISTRICTS			309,000
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	1950/66	85,000	
Ranchito School District 5½'s	1949/55	30,000	
CALIFORNIA DISTRICTS			630,000
East Bay Utility District 5's	1969/72	260,000	
County of Los Angeles Flood Control 5's	1956/61	204,000	
County of Los Angeles Sanitation District No. 1 5½'s	1952/65	51,000	
County of Los Angeles Sanitation District No. 2 5½'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 5½'s	1949/56	30,000	
EASTERN DISTRICTS			200,000
Triborough Bridge Authority 3¼'s	1980	200,000	
EASTERN MUNICIPALITIES			1,581,000
Montgomery County, Md. 4½'s	1950/65	102,000	
City of New York 4's	1977/80	85,000	
City of New York 4¼'s	1964/81	652,000	
City of New York 4½'s	1965/79	557,000	
Port of New York 3's	1975	50,000	
County of Westchester, N.Y. 4's	1970/77	50,000	
County of Westchester, N.Y. 4¼'s	1970/75	85,000	
SOUTHERN MUNICIPALITIES			50,000
New Orleans, La. 4½'s	1971	50,000	
UNITED STATES GOVERNMENT			4,915,000
U. S. Treasury Bonds 2½'s	1972/67	1,500,000	
U. S. Treasury Bonds 2½'s	1958/56	300,000	
U. S. Treasury Bonds 2½'s (Defense Savings)	1953/54	100,000	
U. S. Treasury Bonds 2¾'s	1959/56	140,000	
U. S. Treasury Bonds 2⅞'s	1960/55	425,000	
U. S. Treasury Bonds 3⅞'s	1949/46	350,000	
U. S. Treasury Bonds 4¼'s	1952/47	1,000,000	
U. S. Treasury Bonds 3⅞'s	1952/49	200,000	
U. S. Treasury Bonds 2¼'s	1955/52	400,000	
U. S. Treasury Bonds 2½'s (Registered)	1967/62	500,000	

BOND DISTRIBUTION (Continued)

SCHEDULE 6

PUBLIC UTILITIES			\$ 2,825,000
American Tel. & Tel. (Convertible Deb.) 3's	1956	\$200,000	
American Tel. & Tel. 3¼'s	1966	150,000	
American Tel. & Tel. 3¼'s	1961	100,000	
Boston Edison 2¾'s	1970	100,000	
Central Maine Power 3½'s	1970	150,000	
Cleveland Elec. Illuminating 3's	1970	150,000	
Commonwealth Edison 3½'s	1968	150,000	
Consolidated Gas of Baltimore 3's	1969	150,000	
Consumers Power 3¼'s	1969	150,000	
Cumberland Power & Light 3½'s	1966	150,000	
Detroit Edison 3's	1970	150,000	
Illinois Bell Tel. 2¾'s	1981	150,000	
Jersey Central Power 3½'s	1965	150,000	
Pacific Gas & Elec. 3¾'s	1961	100,000	
Pennsylvania Power & Light 3½'s	1969	150,000	
Public Service Elec. & Gas 3's	1972	75,000	
Public Service of Colo. 3½'s	1964	150,000	
Southern Bell Tel. 3's	1979	150,000	
Wisconsin Power & Light 3¼'s	1971	150,000	
Wisconsin Public Service 3¼'s	1971	150,000	
 INDUSTRIALS			 250,000
Texas Corporation 3's	1965	250,000	
 RAILROADS			 195,000
Duluth, Missabe and Iron Range 3½'s	1962	145,000	
Union Pacific R.R. 1st, 3½'s	1980	50,000	
			<u>\$12,951,000</u>

Twenty-eight

STREET IMPROVEMENT BONDS

June 30, 1942

SCHEDULE 7

	Year of Maturity	Matured Principal Delinquent	Matured Principal Under Agreements	Unmatured Principal	Total
Vermont Ave., Series 25	1942/57	\$	\$ 1,295.91	\$ 10,400.05	\$ 11,695.96
Gower Street, Series 7	1942/57	.....	.....	2,508.07	2,508.07
Myra Avenue, Series 3	1942/57	120.54	.....	3,598.12	3,718.66
Fourth Street, Series 25	1942/57	.....	.....	13,779.54	13,779.54
Avenue 60, Series 3 .....	.....	10.00	951.60	.....	961.60
Olive Street, Series 9	1942/58	2,852.64	7,403.53	19,489.04	29,745.21
Olive Street, Series 10	1942/58	.....	16,273.85	25,432.83	41,706.68
La Brea Avenue, Series 13	1942/58	.....	805.20	22,933.77	23,738.97
Virgil Avenue, Series 11	1942/58	404.14	88.39	49,875.65	50,368.18
Western Ave., Series 19	1942/59	1,521.33	.....	45,272.27	46,793.60
Broadway, Series 16	1942/59	2,614.23	733.11	43,172.96	46,520.30
Beverly Blvd., Series 13	1942/59	.....	1,542.05	17,757.52	19,299.57
Washington Street, Series 15	1942/59	2,003.44	15,010.72	87,811.09	104,825.25
Manchester Ave., Series 6	1942/59	735.28	1,355.32	79,551.92	81,642.52
Franklin Ave., Series 12	1942/59	.....	.....	2,921.73	2,921.73
Coldwater Canyon, Series 1 .....	.....	.....	6,680.30	.....	6,680.30
Windward Ave., Series 1 .....	.....	4,415.47	1,047.68	.....	5,463.15
Flower Street, Series 7	1942/60	.....	.....	3,590.47	3,590.47
Franklin Avenue, Series 13	1942/60	.....	.....	1,402.31	1,402.31
Silver Lake Blvd., Series 3	1942/60	85.07	174.80	11,779.82	12,039.69
La Brea Avenue, Series 20	1942/60	.....	.....	36,709.84	36,709.84
Echo Park Terrace, Series 1	1942/50	.....	.....	528.20	528.20
Slauson Ave., Series 10	1942/60	.....	414.27	28,195.74	28,610.01
Temple Street, Series 12	1942/60	2,192.04	3,719.35	88,740.45	94,651.84
Sepulveda Blvd., Series 2	1942/61	44.37	.....	5,969.19	6,013.56
Figueroa St., Series 24	1942/60	17.00	440.93	7,479.82	7,937.75
		<u>\$ 17,015.55</u>	<u>\$ 57,937.01</u>	<u>\$608,900.40</u>	<u>\$683,852.96</u>

Note: Total of matured Coupons as of June 30, 1942 amounted to: \$74,952.56

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

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. Inoperative.

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 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.

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.