

ANNUAL REPORT

BOARD of PENSION COMMISSIONERS

CITY OF LOS ANGELES
CALIFORNIA



FOR THE FISCAL YEAR ENDED JUNE 30, 1946

With

CHARTER AND ORDINANCE PROVISIONS
GOVERNING PENSION SYSTEM

ANNUAL REPORT

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GOVERNING PENSION SYSTEM

POLICE PRINTING BUREAU

September 13, 1946

To The Mayor and The City Council
of the City of Los Angeles

Gentlemen:

In accordance with the provisions of Section 63, 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, 1946. The report of the Manager concerning financial operations for this fiscal year has been approved and adopted and is made a part of this report.

It has been apparent for some time that the provisions of Article 17 of the City Charter should be completely redrafted and that such redraft be made as a result of mature consideration of the various viewpoints by all groups interested in both the benefits and costs of such plan. This Board, as an administrative body, does not believe that it should attempt to determine the exactitudes or scope of re-adjustment of a policy or plan fixed in the basic law but it is interested in both the nature and character of any re-adjustments that may be proposed and would like to have the opportunity of affording to those considering such proposals the benefits of its administrative experiences with the law as now written.

During the last six years 1888 new pensions have been authorized and 267 pensions terminated, leaving a net increase of 1621. This has increased the number of pensions paid by one hundred forty-three per cent and has more than doubled the account of the current tax levy required for this fund. It is estimated that the expenditure load will increase substantially for the next two fiscal years and will then decrease slightly until the twenty-five year men become eligible for retirement in 1952.

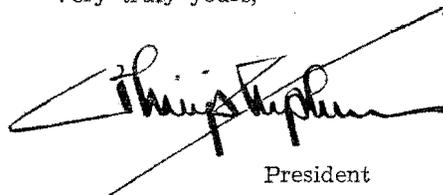
The fire and police pension fund operated upon an actuarial reserve basis between 1927 and 1932. Both prior and subsequent to this period the fund has operated upon a cash basis. At the present time the fund is operating upon a cash basis with the assistance of interest earnings upon the unexpendable reserve of some seventeen million dollars in reducing cash requirements upon tax sources.

The members of this Board believe that responsibility rests upon the City to see that a retirement or pension system is operated upon a sound financial basis that will insure that liabilities are provided for when incurred rather than at maturity. Each fiscal year should bear its proportionate share of the cost of the sum total of service which some day will entitle the employee to a retirement benefit. Pensions are ordinarily regarded as deferred compensation and it is inescapably reasonable that the full amount of compensation earned by all employees be paid from revenues accruing to each fiscal period.

Various studies have been made with the view of redrafting the provisions of Article 17 of the Charter which creates and governs the fire and police pension system. The Sub-Committee of the Citizens Charter Committee in 1940 made an extended analysis of this pension system but tentatively stopped its work in 1941 and reported only briefly upon its unfinished assignment. The Charter and Administrative Code Committee of the City Council undertook the redrafting of the Charter in 1943. The Board of Pension Commissioners did on October 24, 1943, present eleven administrative proposals for the consideration of this Committee, and presumably these proposals are still before the City Council.

This Board has for several years included in its annual report the recommendation that the provisions of the Charter with reference to dependents pensions be changed to the effect that the Board should have the right to hear and determine questions of fact relating to claims of alleged causal connection between injury or sickness incurred in line of duty and death. This recommendation is based upon the thought that this power has been given to the Board in hearing disability claims and has worked very satisfactorily.

Very truly yours,



President

PS:re

Four

Personnel of the
BOARD OF PENSION COMMISSIONERS

Philip Stephens, M. D., President
(Term expires July 1, 1948)

James Sheldon Riley, Vice President
(Term expires July 1, 1951)

Cornelius P. Hill
(Term expires July 1, 1947)

C. Jerome Cable
(Term expires July 1, 1949)

Geo. W. Jones, M. D.
(Term expires July 1, 1950)

BOARD OF PENSION COMMISSIONERS

ANNUAL REPORT

September 12, 1946

Board of Pension Commissioners
of the City of Los Angeles

Honorable Members:

The annual report of operations of the Pension Department for the fiscal year 1945-46 is submitted herewith in form sufficiently similar to prior years as to permit easy comparison. Included also are financial and operating statements of the Fire and Police Pension Fund for the fiscal year under consideration compared with operations of prior years. Operations are described particularly with regard to changes and developments in order that a clear understanding of summary operation may be had.

During the fiscal year ended June 30, 1946, 319 petitions for pensions were received. On July 1, 1945, 24 petitions were pending, making a total of 343 petitions to be acted upon, of which number 311 were granted, 7 denied, 3 withdrawn, 1 death pending, and 21 pending at June 30, 1946. During the same period 49 pensions were discontinued. Adding the net increase of 262 to the 2,489 existing at the close of the last fiscal year gives a total of 2,751 beneficiaries of the Fire and Police Pension Fund. These segregated into various classes and comparisons of the fiscal year ending June 30, 1945, are set forth below:

	1944-45			1945-46		
	Fire	Police	Fire and Police	Fire	Police	Fire and Police
Service	805	1,054	1,859	878	1,211	2,089
Disability	77	130	207	76	127	203
Widows	143	243	386	154	270	424
Minors and Dependents	14	23	37	13	22	35
TOTAL	1,039	1,450	2,489	1,121	1,690	2,751
					<i>1630</i>	

These changes in pension classifications are substantially analyzed as follows:

Service	Fire	Police	Total
Granted	86	176	262
Deaths	13	19	32
Withdrawn	1*	2*	3*
Death-Pending	---	1*	1*
TOTAL	73	157	230

Six

	Fire	Police	Total
Disability			
Granted	3	2	5
Deaths	4	5	9
Decreased	1*	4*	5*
TOTAL	-1	-3	-4
Widows			
Granted	14	29	43
Deaths	1	2	3
Remarried	2	---	2
Decreased	4*	6*	10*
Denied	---	5*	5*
TOTAL	11	27	38
Minors and Dependents			
Granted	1	---	1
Discontinued	2	1	3
Denied	1*	1*	2*
TOTAL	-1	-1	-2

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

As of June 30, 1946, there were 315 members of the Fire Department and 320 members of the Police Department eligible for retirement. In addition there were 2 members of the Fire Department and 2 members of the Police Department on military leave who are eligible for retirement. It is interesting to note the change in the number of members eligible for retirement at the end of each fiscal year. The following statement represents by department the number eligible as of June 30, of the last six fiscal years:

	Fire	Police	Total
June 30, 1941.....	164	133	297
June 30, 1942.....	115	83	198
June 30, 1943.....	83	98	181
June 30, 1944.....	233	169	402
June 30, 1945.....	312	332	644
June 30, 1946.....	317	322	639

The following statement shows the number of actual retirements upon service pensions for the fiscal year ending:

	Fire	Police	Total
June 30, 1941.....	76	45	121
June 30, 1942.....	79	185	264
June 30, 1943.....	74	203	277
June 30, 1944.....	151	194	345
June 30, 1945.....	106	215	321
June 30, 1946.....	86	176	262

During the fiscal year 1946-47, 18 members of the Fire Department and 20 members of the Police Department will become eligible for retirement.

Military Leaves

As shown in the schedule below, a total of 922 men were called into military service during the six fiscal years beginning July 1, 1940, and ending June 30, 1946; 801 men have returned from military leave and 19 men died while in military service. The balance of 102 indicates the number of men on military leave at the close of June 30, 1946.

	Fire	Police	Total
1940-41	12	19	31
1941-42	40	90	130
1942-43	210	369	579
1943-44	47	70	117
1944-45	28	36	64
1945-46	1	.....	1
TOTAL	338	584	922

	Fire	Police	Total
Retired while on military leave	8	22	30
Returned from military leave	287	484	771
Died in military service	9	10	19
Not returned from military leave	34	68	102
TOTAL	338	584	922

ASSETS

Cash \$ 1,617,456

The balance of cash on hand shows an increase of \$765,572 over the balance of June 30, 1945. During the month of July, 1946, \$1,000,000 was invested in United States Certificates of Indebtedness, 7/8%, maturing in October, November and December, 1946.

Accounts Receivable \$ 169

This account represents the balance due on a judgment, the original amount of which was \$1,069. A payment of \$500 was received during the previous fiscal year and \$400 during this fiscal period and credited to revenues. The remaining balance due is \$169.

Taxes Receivable \$ 1,455,802

This amount represents the excess of expenditures over revenues for the fiscal year, the detail of which is shown in Exhibit I. Section 186 of the Charter provides that in the event tax revenues in any year are not sufficient to pay expenditures for such year, additional tax revenues must be levied in the succeeding year in order to meet such excess expenditures.

Street Bonds—Unmatured \$ 185,718

This account represents unmaturred principal coupons on street improvement bonds, on which payments have been made for the past nineteen years. Distribution by issues is shown in Schedule No. 7.

Street Bonds—Matured \$ 16,657

Segregation of delinquent principal, and principal payments being made under partial payment agreements, is shown in Schedule No. 7. The total amount of \$16,657 represents the principal delinquent, and not the face value of bonds upon which there were delinquencies. Street bonds of the various issues that show matured principal delinquent in Schedule 7, will be foreclosed in this calendar year, unless principal payments are made current.

Bond Investments \$14,914,000

Schedule No. 6 presents a distribution of the bond portfolio, at the close of the fiscal year 1945-46. An analysis of bonds classified, showing changes in the portfolio since July 1, 1940 is presented in Schedule No. 5. Holdings in government securities was increased \$425,000 during the fiscal period under review, while corporate bond holdings were decreased \$604,000 of which amount \$210,000 par value in corporate bonds were called. The sale of bonds during the year has produced a profit in the sum of \$128,160 over the unamortized portion of the original cost. These amounts have been credited to a reserve for investment losses for which no actual account representation has as yet been made. An appraisal of the bond portfolio by the investment counsellor, dated June 30, 1946, shows a market value of \$485,833 over the book value of these securities.

Certificates of Sale \$ 26,552

The total of \$26,552 is the stated face value of certificates of sale. After deducting the reserve for interest, in the sum of \$5,048, the balance of principal is \$21,504. At the beginning of the year, there were twenty-eight certificates of sale, and thirty-five certificates of sale that had been charged off by board action in 1932 were reinstated, making the total sixty-three. Six certificates of sale were transferred to real property after acquiring quitclaim deeds to the property; three of the remaining certificates of sale are under agreement for redemption by the owner of the property; two certificates overlap property upon which this department holds treasurer's deeds and were transferred to the deed account; and three certificates were sold or redeemed during the year. Forty-nine certificates of sale are to be processed into treasurer's deeds, after which quiet title actions will be instituted.

Treasurer's Deeds \$ 221,613

This account includes 132 treasurer's deeds on which redemptions have not been made and on which title has not been acquired. Tax deeds have been purchased on 55 of these deeds, and applications for tax deeds are pending on the major portion of the remaining treasurer's deeds. The face value of these treasurer's deeds is \$221,613 and, after deducting the reserve for interest, in the amount of \$38,438, the balance of principal is \$183,175. At the beginning of the year, there were 118 treasurer's deeds. One deed was added by reason of default in agreement to redeem, six treasurer's deeds were transferred to real property and ten treasurer's deeds were paid in full. To this total of 103 was added 29 deeds of the Avenue 60 issue that were reinstated, making the total 132.

Trust Deeds Receivable \$ 193,403

This account represents the unpaid principal on deeds of trust which were secured by properties sold. These deeds of trust bear interest at the rate of 7% per annum. During the year 66 new trust deeds were received from property sales completed, and 50 such deeds were paid in full. There remained open 87 trust deeds at the close of the fiscal year.

Agreements Receivable \$ 3,686

This account was created as a record of the agreements between the Board of Pension Commissioners and the original owners of the properties on which this department held certificates of sale or treasurer's deeds. The agreements bear interest at the rate of 7% per annum. This account has been reduced from \$11,189 to \$3,686 during this fiscal year, the balance representing four open accounts. It is anticipated that this agreement account will be entirely liquidated by the end of the next fiscal period.

Real Property, Improved \$ 60,169

This segregation includes 13 parcels of improved property, of which number 7 parcels have been sold but the escrows have not been completed. The book value of the 7 parcels that have been sold is \$25,723.98 and \$34,445.43 for the six remaining parcels. After deducting \$6,218 reserve for interest charges, the net book value is \$53,951.

Ten

Real Property, Unimproved \$ 148,331

This segregation includes 59 parcels of unimproved property, of which number 30 parcels have been authorized for sale and the escrows have not been completed. The book value of the 30 parcels that have been sold is \$79,357.54 and \$68,973.37 for the 29 remaining parcels. After deducting \$34,199 reserve for interest charges, the net book value is \$114,132.

Bond Premiums and Discounts \$ 114,227

These premiums and discounts are being amortized over the life of the bond 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 \$ 60,421

As reflected in the balance sheet, this account is segregated between current and delinquent interest. Current interest amounted to \$42,983 for bond investments and \$12,999 for street improvement bonds. Delinquent interest amounted to \$4,439 for street improvement bonds. Total accrued interest shows a decrease of \$21,708 from the amount reported at June 30, 1945. This decrease is attributable to two factors.

- (1) Maturity and redemptions in full of street improvement bonds during the year reduced investments \$87,029 on which interest would be accrued at the rate of 7% per annum.
- (2) Changes effected in interest dates by reason of sales and purchases of government bonds.

Total Assets \$19,018,204

LIABILITIES

Accounts Payable \$ 397

This account is segregated into two items of expense, as follows: Miscellaneous expense \$287; Office equipment \$110.

Prepaid Payments \$ 1,207

This is a suspense account for cash payments received during this fiscal year and in prior years to apply on installment payments of principal and interest on street improvement bonds.

Partial Payments \$ 274

The balance of this account represents the amounts paid that have not been cleared against the actual asset affected. This account shows a decrease of \$875 since the close of the last fiscal year, and is being gradually liquidated.

Deposits on Real Property \$ 6,070

This account represents deposits made on offers to purchase, which have not been given final consideration and also authorized real property sales in which escrows have not been closed.

Reserve, Accounts Receivable \$ 169

This reserve set up for accounts receivable represents the balance due on a judgment, the original amount of which was \$1,069.

Reserve For Bond Interest \$ 4,439

Reserve for bond interest represents the amount of interest delinquent on street improvement bonds at June 30, 1946, which 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. \$ 77,684

Upon the foreclosure of a street improvement bond and the recording of the certificate of sale, distribution is made as follows:

- (1) Unpaid principal on 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 2 is then created and this amount is carried to treasurer's deed and real property as the transfer between the various classes of investment is made. At June 30, 1946, the reserve for certificates of sale was \$5,047, treasurer's deeds \$38,438, and real property \$34,199. These items total \$77,684 and are herein treated as one account.

Reserve, Investment Losses \$ 2,141,517

This account represents the net profits and losses from the sale of investments and can be regarded as an evaluation reserve. These moneys are fully reinvested which increases the interest earnings to the fund and in turn reduces requirements from taxes to pay pensions. Referring to Schedule No. 4 an analysis of operation adjustments during the fiscal year is shown. The balance of this account on June 30, 1945 was \$2,142,674.

Surplus Reserve \$16,786,447

This account represents the amount of surplus accumulated from prior years operations to provide for excess pension requirements in future years. This account was increased during this fiscal period, due to the reinstatement of street improvement bonds, certificates of sale and treasurer's deeds that have been held in an inactive status.

Total Liabilities \$19,018,204

OPERATIONS

Surplus moneys may be invested in bonds and securities authorized by law as legal investment for savings banks, or in local improvement bonds. The investment of these surplus funds is supervised by a nationally recognized investment counsellor as to the class of investments and changes to be made in the bond portfolio to obtain safety of principal, diversification, and yield.

Schedule No. 5 shows the changes in the classification of bonds other than street improvement bonds. This schedule covers a six year period beginning July 1, 1940, and ending June 30, 1946. Attention is called to the fact that in the maturity column is included a total of \$851,000 which represents the par value of municipal and corporate bonds called. All of the amounts in this schedule are stated in terms of par value.

In reviewing the appraisal of the investment counsellor, dated June 30, 1946, it is shown that all such investments with the exception of the Los Angeles Chamber of Commerce bonds are excellent in quality and stability. Investments in government bonds shows holdings of 80.63% of the total portfolio, public utility bonds 16.65% and railroad bonds 2.18%.

Interest Earnings

Referring to the balance sheet, it is shown that we are entering into a new fiscal year with a cash balance of \$1,617,456, \$1,609,508 of this amount being advanced from surplus and under ordinary conditions would be reinvested in revenue producing bonds. \$1,000,000 of this cash balance will be invested in short term U. S. Certificates of Indebtedness, $\frac{7}{8}\%$, maturing before December, 1946, but the interest return on these investments will be small. Due to the fact that the first tax allocation will not be paid into the fund until January, 1947, it is necessary to use this surplus cash balance to discharge current payments of pensions and administrative expense. As shown in exhibit No. 1, expenditures for the fiscal year 1945-46 exceeded revenues in the amount of \$1,455,802, and it is estimated that this amount for the fiscal year 1946-47 will be \$1,518,000. The necessity of carrying this cash balance is one factor in considering the decrease in earnings from bond investments.

A second factor in considering the decrease in interest income is the maturity and redemption of street improvement bonds bearing interest at the rate of 7% per annum, while the reinvestment of these maturities will show a yield of approximately $2\frac{1}{2}\%$. The balance of unmatured principal of street improvement bonds at June 30, 1940, was \$1,143,184. On June 30, 1946, this balance had decreased to \$194,307, or a reduction of \$948,877 in this class of investment, during the six year period.

Street Improvement Bonds

In Schedule No. 7 is shown the status of street improvement bond principal at June 30, 1946. Summarizing the operations of this class of investment from July 1, 1929, to June 30, 1931, bond purchases totaled \$6,521,233.79; the balance of unmatured principal of these bonds at June

30, 1946 was \$185,717.78; the difference representing principal coupons matured in the amount of \$6,355,516.01, disposition of which follows:

	Amount	Per Cent
Paid	\$4,622,484.56	73. %
Foreclosed	1,691,946.31	26.7
Charged off	4,418.07	.06
Delinquent	16,657.07	.24
	\$6,335,506.01	100.00%

The item of \$4,418.07, shown as charged off, represents the amount of principal that was charged off during the fiscal year 1934-35, when twenty-three street improvement bonds were exchanged for Home Owners Loan Corporation Bonds.

Property Taxes

During the course of the fiscal year the sum of \$2,654.77 was paid on county contracts for tax deeds covering 18 parcels on which this department had acquired title, and \$10,302.24 was paid on 55 parcels on which the department holds a treasurer's deed.

Other Bonds

During the year 51 overlapping bonds were purchased, and in some cases redemptions in full of principal and interest were necessary in order to allow immediate sales. The total cost of these 51 bonds was \$6,472.14 or an average of one hundred and one percent of the balance of principal. In addition 15 overlapping bonds were purchased on properties on which we hold treasurer's deeds for the sum of \$2,226.21, or an average of approximately fifty-eight per cent of the balance of principal. In summary other bonds in the principal sum of \$116,951.55 have been purchased at a cost of \$72,290.13, or approximately 61.8% of principal and interest involved.

Real Property Sales

Schedule 8 recounts statistically the sales of real property for the past nine years. All sales authorized wherein the escrow has not been closed have been arbitrarily closed upon an estimated basis in order to compare the results of the year's operations. The figures contained in this schedule are statistical only and are not to be compared with the accounts of actual loss and profits shown in other schedules of this report.

One hundred seventy-five parcels were authorized for sale during the course of the fiscal year at a total of \$497,688 as compared to a cost of \$573,913 of such properties to the department resulting in a book loss of \$76,225. Included in this item of cost was sales commission on 121 parcels in the gross amount of \$18,651. Thirty-five pieces of property upon which title is clear remain unsold and 30 escrows were still open at the end of the fiscal year.

In summary, title has been cleared on 495 parcels of which 460 have been authorized for sale. Escrows have been completed on 425 parcels and sales commissions have been paid on 215 parcels in the sum of \$35,366. Sales commissions paid comprise 2.48 percent of total sales. Total sales amount to \$1,422,357 and included in the cost of such properties are the

principal invested in street bonds in the total amount of \$1,297,748, and the sum of \$18,342.75 paid for delinquent street lighting assessments. It is noted that street lighting assessments have been purchased upon a pro-rata basis with the approval of the City Council which is a procedure which has allowed the acquisition of these liens for approximately 67% of the actual amount of such liens.

Litigation

During the period covered by this report, two new pension cases were commenced by the widows of policemen, after their respective applications for widows' pensions had been denied by the Board of Pension Commissioners.

In the first case, the widow alleged that her husband's death from carcinoma of the right kidney with metastasis, was the result of injuries received during the performance of his duties. The trial court found that his death was the result of service-connected injuries and granted judgment in favor of the widow.

In the second case, the widow brought two causes of action, one alleging that her husband's death, from cerebral apoplexy due to arteriosclerosis, was the result of injuries received during the performance of his duties and the other alleging that her husband, as of the date of his death, was eligible for service retirement. A new question of law, which may affect many policemen and firemen, was presented by this widow's claim that overtime hours worked by the deceased should be included in computing aggregate service time. The court, as of the close of the period covered by this report, has this latter cause of action under submission.

Three cases were heard which were commenced prior to the period covered by this report.

The appeal of the widow of a police officer who committed suicide, from a judgment of the trial court sustaining the action of the Board of Pension Commissioners in denying her application, was determined by the District Court of Appeal when it affirmed the judgment of the trial court. Her application for a hearing before the Supreme Court was denied.

The action brought by Mr. Giese, Superintendent of Automotive Equipment in the Fire Department, seeking to establish his eligibility to membership in the Fire and Police Pension System, was decided in his favor by the trial court. As of the close of the period covered by this report, an appeal, taken by the Board of Pension Commissioners and other defendants, is still pending.

An action brought by the widow of a police officer, who died of a hemorrhage due to atherosclerotic aneurysm of the descending aorta, resulted in a judgment of the trial court sustaining the action of the Board of Pension Commissioners in denying her application for a widow's pension.

Condemnation Cases

Two condemnation actions were brought by the State during the period covered by this report, both of which affected property in which the Board of Pension Commissioners had or has an interest and, in both cases, the Board was made a party defendant. Answers were filed in both actions and, in one of them, we received judgment for the amount due upon the bond and received payment therefor. The other action is still at issue.

Guardianships

During the course of the year, the number of guardianships decreased to thirty-two and the number of individuals under guardianship decreased from forty to thirty-six, made up of seven incompetents and twenty-nine minors. The policy of following the annual accounts to determine the ultimate disposition of the funds is being continued.

Personnel

The normal performance of work has been handicapped by inability to properly fill vacant positions. We have ten positions filled, including a personnel of four in the legal division, and five vacant positions. The difficulty in filling positions is due substantially to the changing of classifications and the lowering of the grade of classifications by the Department of Civil Service. The anticipated taking over of the machine work in connection with our pension rolls will afford some relief, and a detailed study of work actually performed and responsibilities assumed is now being made with the thought that classification difficulties may be overcome.

Respectfully submitted,



Manager-Secretary.

JWD: MEH

**CITY OF LOS ANGELES
FIRE AND POLICE PENSION FUND
BALANCE SHEET**
At June 30, 1946, as compared with June 30, 1945

Sixteen

	ASSETS			
	June 30, 1946		June 30, 1945	
Cash.				
Deposits with Treasurer	\$ 1,617,406		\$ 851,834	
Petty Cash	50		50	
Total Cash		\$ 1,617,456		\$ 851,884
Accounts Receivable		169		569
Taxes Receivable		1,455,802		1,190,426
Investments				
Street Bonds—Unmatured	\$ 185,718		\$ 269,386	
Street Bonds—Matured (Less Reserve).....	16,657	\$ 202,375	11,950	\$ 281,336
Bond Investments		14,914,000		15,093,000
Certificates of Sale		26,552		44,365
Treasurer's Deeds		221,613		231,849
Trust Deeds Receivable.....		193,403		160,252
Agreements Receivable		3,686		11,189
Real Property, Improved		60,169		368,331
Real Property, Unimproved		148,331		664,269
Total Investments		\$15,770,129		\$16,854,591
Bond Premiums and Discounts		114,227		193,821
Total Investments		15,884,356		17,048,412
Accrued Interest				
Current	\$ 55,982		\$ 77,088	
Delinquent	4,439	60,421	5,041	82,129
Quiet Title Cost, Prepaid				2,753
TOTAL ASSETS		\$19,018,204		\$19,176,173

**CITY OF LOS ANGELES
FIRE AND POLICE PENSION FUND
BALANCE SHEET—(Continued)
at June 30, 1946, as compared with June 30, 1945**

LIABILITIES

	June 30, 1946	June 30, 1945
Accounts Payable	\$ 397	\$ 40
Deferred Income:		
Prepaid Payments, Street Bonds	1,207	952
Partial Payments, Street Bonds	274	1,149
Deposits, Real Property Sales	6,070	19,815
Reserve, Accounts Receivable	\$ 169	\$ 569
Reserve, Bond Interest	4,439	5,041
Reserve, Interest Other Investments	77,684	226,721
Reserve, Investment Losses	2,141,517	2,142,674
Surplus—Reserve	16,786,447	16,779,212
	19,010,256	19,154,217
TOTAL LIABILITIES	\$19,018,204	\$19,176,173

STATEMENT OF OPERATIONS COMPARED
Fiscal Years 1939-40 to 1945-46 Inclusive
EXHIBIT I

Revenues	1945-46	1944-45	1943-44	1942-43	1941-42	1940-41	1939-40
Taxes	\$2,737,131	\$2,117,422	\$1,757,574	\$1,437,760	\$1,346,011	\$ 681,623	\$ 139,296
Interest	396,246	353,580	397,367	457,069	492,739	548,547	594,734
Rental of Property	10,620	20,862	20,424	19,178	21,052	20,907	20,913
Members' Contributions	456,587	440,819	424,817	407,478	406,263	392,937	392,498
Sales—Unclaimed Property	13,212	11,772	10,469	9,528	6,827	4,801	5,765
Bonus	1,497	2,744	1,313	1,556	2,466	3,385	1,267
Donations	597	611	602	592	617	608	692
Miscellaneous	1,177	135	136	84	257	416	327
TOTAL REVENUES	\$3,617,067	\$2,947,945	\$2,612,702	\$2,333,245	\$2,276,232	\$1,653,224	\$1,155,492
ADD: Amount carried forward from prior years for current use.....	\$	\$	\$	\$	\$	\$ 291,175*	\$ 749,967
DEDUCT: Amount applicable to prior year's expenditures (Charter, Sec. 186).....	1,190,426	701,994	273,224	.....	.....	.....	.....
Revenues available for current year's expenditures.....	\$2,426,641	\$2,245,951	\$2,339,478	\$2,333,245	\$2,276,232	\$1,1,944,399	\$1,905,459
Expenditures							
Pensions Paid:							
Service	\$2,880,806	\$2,478,489	\$2,116,279	\$1,717,071	\$1,347,008	\$1,114,217	\$ 946,322
Disability	341,454	341,310	339,513	321,088	321,781	314,336	315,378
Widows	550,595	506,950	464,573	453,256	408,570	386,488	356,046
Minors	55,314	52,614	57,113	51,238	49,772	53,729	49,038
Dependents	11,844	11,769	11,465	11,003	10,032	10,032	9,607
Total Pensions	\$3,840,013	\$3,391,132	\$2,988,943	\$2,553,656	\$2,137,163	\$1,878,712	\$1,676,391
Administrative Expense (Schedule I).....	42,430	45,245	52,529	52,813	53,798	48,566	40,905
TOTAL EXPENDITURES	\$3,882,443	\$3,436,377	\$3,041,472	\$2,606,469	\$2,190,961	\$1,927,278	\$1,717,296
Excess of Revenues					\$ 85,271	\$ 17,121	\$ 188,163
Less: Operating adjustments and transfers ..					.....	17,121	16,249
NET EXCESS OF REVENUES					\$ 85,271	\$	\$ 171,914
Excess of Expenditures							
[To be reimbursed from taxes levied in following year. (Charter, Sec. 186)].....	\$1,445,802	\$1,190,426	\$ 701,994	\$ 273,224			

* Includes \$119,261 transferred from Reserve for Investment Losses.

ADMINISTRATIVE EXPENSE COMPARED
SCHEDULE 1

OPERATING EXPENSE

	1945-46	1944-45	1943-44	1942-43	1941-42	1940-41	1939-40
Salaries	\$ 30,778	\$ 32,718	\$ 34,685	\$ 35,001	\$ 32,062	\$ 29,257	\$ 25,972
Office	517	447	563	711	656	689	499
Printing	688	973	772	656	595	516	392
Postage	180	180	175	160	200	160	163
Surety and Insurance Premiums	906	870	1,061	1,019	921	978	939
Medical Examinations	2,216	2,445	2,533	4,757	6,392	4,220	5,457
Mileage .....	.....	.....	194	197	243	150	1
Telephone	483	395	542	716	753	620	257
Auto Repairs and Supplies	278	218	215	214	303	253	194
Miscellaneous	287	82	27	.....	29	633	480
Litigation Cost	1,303	998	1,424	2,204	2,163	432	376
Property Maintenance	978	2,920	5,380	1,982	4,449	4,470	2,156
Lot Cleaning	283	467	329	555	.....	.....	.....
Investment Expense	2,500	2,500	4,000	4,000	4,000	3,000	3,000
Investigation Expense	810	32	545	387	395	.....	.....
Equipment, Furniture and Fixtures	223	.....	84	254	637	3,188	1,019
TOTAL EXPENSE	\$ 42,430	\$ 45,245	\$ 52,529	\$ 52,813	\$ 53,798	\$ 48,566	\$ 40,905

STATEMENT OF CASH RECEIPTS AND DISPOSITION THEREOF
Fiscal Years 1939-40 to 1945-46 Compared
SCHEDULE 2

Twenty

	1945-46	1944-45	1943-44	1942-43	1941-42	1940-41	1939-40
Total Receipts and Revenue	\$9,380,227	\$13,038,343	\$7,577,769	\$6,185,240	\$4,452,887	\$6,706,511	\$2,610,293
Deduct:							
Revenue (Exhibit 1)	2,426,641	2,245,951	2,339,478	2,333,245	2,276,232	1,728,719	1,079,997
Adjustments:							
Accrued Interest	27,513	51,976	42,520	25,090	3,199*	57,633	59,379
Surplus Reserve							69
Bond Premiums Amortized	4,741	6,538	12,084	18,576	28,228	30,543	
Refunds, Advertising Cost					39	55	
Refunds, Quiet Title Cost	22		22			22	
Reserve, Investment Losses							32,566
Taxes, Receivable	1,190,426	701,994	273,225			75,495*	75,495
Bonus, Street Improvement Bonds					50	245*	
Expense Abatements	1,119	1,792	201				
Prior Year Pensions Cancelled		720					
TOTAL REVENUE RECEIPTS	\$3,650,462	\$ 3,008,971	\$2,667,530	\$2,376,911	\$2,301,350	\$1,741,232	\$1,247,506
CAPITAL RECEIPTS	\$5,729,765	\$10,029,372	\$4,910,239	\$3,808,329	\$2,151,537	\$4,965,279	\$1,362,787
Analysis—Capital Receipts:							
Bond Investments (Par Value)	\$4,854,000	\$ 9,036,000	\$3,687,000	\$3,087,000	\$1,547,400	\$4,035,675	\$1,055,975
Bond Investments—Premiums	71,808	154,224	237,349	228,408	149,159	173,061	101,406
Street Improvement Bonds (Par Value)	79,928	130,560	89,731	118,025	150,939	184,419	166,710
Certificates of Sale	6,842		8,000	271	120	374	3,293
Treasurer's Deeds	4,127	75	118		291	1,916	
Real Property Sales, Escrow Balance	391,622	282,238	21,036	4,223	2,772	15,351	18,358
Agreements, Installments	148,602	33,307	19,534	21,297	21,478	19,098	5,902
Partial Payments—S.I.B.	7,912	8,495	10,226	23,588	18,345	9,364	11,143
Pension Rebates	19			183			
Reserve, Investment Losses	128,160	331,987	823,505	325,334	261,033	526,021	
Street Bond Principal, Recovered	304		195				
Deposits on Real Property Sales	34,309	52,486	9,735				
Profit, Real Property Sold	9		3,810				
Profit, Treasurer's Deed Sales	1,609						
Profit, Certificate of Sale, Sales	514						
TOTALS	\$5,729,765	\$10,029,372	\$4,910,239	\$3,808,329	\$2,151,537	\$4,965,279	\$1,362,787
*Additions							

STATEMENT OF CASH DISBURSEMENTS AND OBJECTIVES THEREOF
Fiscal Years 1939-40 to 1945-46 Compared
SCHEDULE 3

	1945-46	1944-45	1943-44	1942-43	1941-42	1940-41	1939-40
Total Disbursements	\$8,614,656	\$13,024,700	\$7,492,907	\$6,761,734	\$5,969,681	\$5,035,234	\$2,267,630
Deduct:							
Expenditures (Exhibit 2)	3,882,443	3,436,377	3,041,472	2,606,469	2,190,961	1,927,278	1,717,296
Adjustments:							
Prepaid Interest	7,592	18,573	3,821	9,929	11,170	13,868	1,682
Expense Abatements	1,119	2,512	1,397	.....	.....	.....	.....
Refund, Partial Payments .....	.....	.....	.....	44	71	263	.....
Refund, Deposit on Sales	850	300	.....	.....	.....	.....	.....
Encumbrances	41*	1,614	1,665*	35*	254*	.....	.....
Miscellaneous	3,600	77	12	.....	135	70,000	1,532
TOTAL OPERATING DEDUCTIONS	\$3,895,645	\$ 3,459,453	\$3,045,037	\$2,616,407	\$2,202,083	\$2,011,409	\$1,720,510
CAPITAL OPERATIONS	\$4,719,011	\$ 9,565,247	\$4,447,870	\$4,145,327	\$3,767,598	\$3,023,825	\$ 547,120
Analysis—Capital Operations							
Bond Investments (Par Value)	\$4,675,000	\$ 9,480,000	\$4,392,000	\$4,083,000	\$3,623,000	\$2,855,000	\$ 530,000
Bond Investments—Premiums	18,528	16,183	35,880	40,276	115,419	162,799	6,747
Certificate of Sale Cost	540	.....	12	24	275	172	.....
Treasurer's Deeds Cost .....	.....	.....	8	90	44	122	.....
Purchase Other Bonds, Real Property	2,470	2,993	17,380	20,284	28,383	5,222	9,698
Appraisals, Real Property	680	1,104	980	150	360	510	.....
Quiet Title Cost	248	105	1,340	1,463	117	.....	675
Real Property, (Quit Claim Deeds)	2,750	100	.....	.....	.....	.....	.....
Treasurer's Deeds, Quit Claim Deeds	160	10	230	.....	.....	.....	.....
Certificates of Sale, Quit Claim Deeds.....	.....	250	40	40	.....	.....	.....
Purchase Other Bonds, Treasurer's Deeds.....	2,027	.....	.....	.....	.....	.....	.....
Purchase Other Bonds, Certificates of Sale.....	125	.....	.....	.....	.....	.....	.....
-Treasurer's Deeds, Taxes.....	8,780	.....	.....	.....	.....	.....	.....
-Real Property, Taxes.....	3,847	40,490	.....	.....	.....	.....	.....
Appraisals, Treasurer's Deeds.....	280	420	.....	.....	.....	.....	.....
Real Property, Street Lighting Assessments.....	690	17,606	.....	.....	.....	.....	.....
Treasurer's Deeds, Street Lighting Assess.....	1,319	4,392	.....	.....	.....	.....	.....
Real Property, Escrow Charges.....	1,567	1,594	.....	.....	.....	.....	.....
TOTALS	\$4,719,011	\$ 9,565,247	\$4,447,870	\$4,145,327	\$3,767,698	\$3,023,825	\$ 547,120

*Deductions

**RESERVE, INVESTMENT LOSSES
OPERATION ADJUSTMENTS**

SCHEDULE 4

Balance, June 30, 1945.....		\$ 2,142,674.05
DEDUCTIONS:		
Loss, Sale of Real Property.....	\$ 111,800.35	
Loss, General Obligation Bonds Called (Premiums).....	21,982.97	
TOTAL DEDUCTIONS.....		133,783.32
		\$ 2,008,890.73
ADDITIONS:		
Profit, Sale of Other Bond Investments.....	\$ 128,160.30	
Profit, Sale of Treasurer's Deeds.....	1,239.25	
Profit, Sale of Certificates of Sale.....	513.98	
Treasurer's Deeds Reinstated.....	2,383.26	
Street Improvement Bond Principal, recovered.....	304.05	
Certificate of Sale Principal, recovered.....	25.00	
		132,625.84
Balance, June 30, 1946.....		\$ 2,141,516.57

ANALYSIS OF BONDS CLASSIFIED EXCLUSIVE OF STREET BONDS

July 1, 1940 to June 30, 1946

SCHEDULE 5

	Balance 7-1-40	Purchases	Sales	Maturities	Balance 6-30-46	Per-Cent
Los Angeles General Obligation.....	\$ 1,290,000	\$	\$ 1,290,000	\$ .....	\$ .....	.....
Los Angeles Chamber of Commerce.....	80,000	.....	.....	.....	80,000	.54%
Los Angeles City School District.....	1,323,500	.....	1,310,500	13,000	.....	.....
Metropolitan Water District.....	249,000	.....	249,000	.....	.....	.....
California Municipalities.....	898,375	.....	889,375	9,000	.....	.....
Municipal Improvement Districts.....	448,000	.....	408,500	39,500	.....	.....
State of California.....	1,305,000	.....	1,305,000	.....	.....	.....
California School Districts.....	926,400	.....	911,400	15,000	.....	.....
California Districts.....	875,000	.....	875,000	.....	.....	.....
	<u>\$ 7,395,275</u>	<u>\$</u>	<u>\$ 7,238,775</u>	<u>\$ 76,500</u>	<u>\$ 80,000</u>	<u>.54%</u>
Eastern Districts.....	200,000	.....	200,000	.....	.....	.....
Eastern Municipalities.....	1,816,000	150,000	1,816,000	150,000*	.....	.....
Southern Municipalities.....	165,000	.....	165,000	.....	.....	.....
U. S. Government.....	2,413,400	23,410,000	13,798,400	.....	12,025,000	80.63%
Industrials.....	.....	250,000	250,000	.....	.....	.....
Public Utilities.....	.....	4,790,000	1,547,000	759,000**	2,484,000	16.65%
Railroads.....	.....	508,000	141,000	42,000***	325,000	2.18%
	<u>\$11,989,675</u>	<u>\$29,108,000</u>	<u>\$25,156,175</u>	<u>\$ 1,027,500</u>	<u>\$14,914,000</u>	<u>100.00%</u>

*\$ 50,000 called
 **\$759,000 called
 ***\$ 42,000 called

Book Value as of 6-30-46 was \$15,028,227.42
 Appraised Market Value was \$15,514,060.00

BOND DISTRIBUTION
SCHEDULE 6

Twenty-four

LOS ANGELES CHAMBER OF COMMERCE, 4's.....	1957		\$ 80,000
UNITED STATES GOVERNMENT			
U. S. Treasury Bonds 2½'s.....	1967/72	\$ 4,750,000	12,025,000
U. S. Treasury Bonds 2½'s (Defense Savings).....	1953/58	550,000	
U. S. Treasury Bonds 2½'s (Registered).....	1967/62	500,000	
U. S. Treasury Bonds 2¼'s.....	1959/62	6,000,000	
U. S. Treasury Bonds 1½'s.....	1950	225,000	
			2,809,000
CORPORATES			
Atlantic Coast Line R. R. 4½'s.....	1964	100,000	
American Tel. & Tel., 2¾'s.....	1980	200,000	
American Tel. & Tel., 2¾'s.....	1975	300,000	
Boston Edison, 2¾'s.....	1970	100,000	
California Oregon Power, 3½'s.....	1974	50,000	
Central Maine Power, 3½'s.....	1970	143,000	
Cleveland Elec., Illuminating, 3's.....	1970	150,000	
Consolidated Gas of Baltimore, 3's.....	1969	150,000	
Detroit Edison, 3's.....	1970	150,000	
Duluth, Missabe and Iron Range, 3½'s.....	1962	75,000	
Illinois Bell Tel., 2¾'s.....	1981	150,000	
Northern Indiana Public Service, 3½'s.....	1973	100,000	
Pacific Gas & Electric, 3's.....	1979	150,000	
Pennsylvania Power and Light, 3's.....	1975	200,000	
Public Service Electric & Gas, 3's.....	1972	75,000	
Public Service of New Hampshire 3¼'s.....	1973	199,000	
Southern Bell Telephone, 3's.....	1979	150,000	
Southern Railway Co., 4's.....	1956	150,000	
Wisconsin Power & Light, 3¼'s.....	1971	75,000	
Wisconsin Public Service, 3¼'s.....	1971	142,000	
			\$14,914,000
TOTAL PAR VALUE			

STREET IMPROVEMENT BONDS

June 30, 1946

SCHEDULE 7

	Principal Amount Purchased	Principal Amount Paid	Principal Amount Foreclosed	Principal Charged Off	Principal Unmatured	Principal Matured Delinquent	Principal Balance
First Alley No. of Rowena, Series 1...\$	1,726.33	\$ 172.62	\$ 1,553.71	\$	\$	\$	\$
Avenue 60, Series 3.....	234,239.49	188,771.47	36,827.62	611.89	.....	8,078.51	8,078.51
Beverly Boulevard, Series 13.....	99,378.55	84,094.41	15,264.73	.....	19.41	.....	19.41
Coldwater Canyon, Series 1.....	80,972.68	77,075.29	3,083.72	.....	.....	813.67*	813.67
Figeroa Street, Series 24.....	59,935.34	43,185.92	14,532.39	.....	2,217.03	.....	2,217.03
Fourth Street, Series 25.....	103,545.23	95,615.92	5,650.81	.....	2,278.50	.....	2,278.50
Broadway, Series 16.....	851,542.85	314,439.77	523,489.58	293.12	13,320.38	.....	13,320.38
Gower Street, Series 7.....	84,950.40	79,998.32	4,952.08	.....	.....	.....	.....
LaBrea Avenue, Series 13.....	107,264.44	97,446.68	4,025.89	.....	5,791.87	.....	5,791.87
LaBrea Avenue, Series 20.....	233,302.60	191,237.74	28,261.30	.....	13,803.56	.....	13,803.56
Manchester Avenue, Series 6.....	616,370.45	369,694.15	222,975.62	2,414.06	21,286.62	.....	21,286.62
Myra Avenue, Series 3.....	150,141.13	132,213.36	16,510.27	162.41	1,134.55	120.54	1,255.09
Olive Street, Series 9.....	315,189.79	283,565.16	23,214.21	.....	4,131.46	4,278.96	8,410.42
Olive Street, Series 10.....	515,424.12	384,112.31	124,031.84	.....	7,279.97	.....	7,279.97
Sepulveda Boulevard, Series 2.....	57,023.90	28,154.86	24,576.99	.....	4,251.55	40.50	4,292.05
Silver Lake Boulevard, Series 3.....	210,107.91	173,393.30	32,149.10	222.79	4,342.72	.....	4,342.72
Slauson Avenue, Series 10.....	146,960.92	111,388.62	28,869.68	.....	6,702.62	.....	6,702.62
Temple Street, Series 12.....	589,764.29	406,449.46	149,880.44	586.56	31,843.28	1,004.55	32,847.83
Vermont Avenue, Series 24.....	108,504.18	108,427.03	77.15	.....	.....	.....	.....
Vermont Avenue, Series 25.....	314,233.10	305,315.80	6,186.66	.....	2,730.64	.....	2,730.64
Virgil Avenue, Series 11.....	519,563.24	346,904.05	153,944.81	78.28	18,636.10	.....	18,636.10
Washington Street, Series 15.....	471,673.62	328,534.59	113,872.82	48.96	29,017.57	199.68	29,217.25
Western Avenue, Series 19.....	386,672.74	294,657.50	76,411.35	.....	15,119.69	484.20	15,603.89
Windward Avenue, Series 1.....	110,150.39	98,665.47	9,848.46	.....	.....	1,636.46	1,636.46
Flower Street, Series 7.....	80,543.71	7,811.54	71,118.54	.....	1,613.63	.....	1,613.63
Franklin Avenue, Series 13.....	12,278.53	12,081.90	.....	.....	196.63	.....	196.63
Echo Park Terrace, Series 1.....	5,078.70	5,078.70	.....	.....	.....	.....	.....
Franklin Avenue, Series 12.....	43,142.29	43,067.29	75.00	.....	.....	.....	.....
Gaffey Street, Series 10.....	11,492.87	10,931.33	561.54	.....	.....	.....	.....
	<u>\$6,521,223.79</u>	<u>\$4,622,484.56</u>	<u>\$1,691,946.31</u>	<u>\$ 4,418.07</u>	<u>\$185,717.78</u>	<u>\$ 16,657.07</u>	<u>\$202,374.85</u>

* Being redeemed under partial payment agreement.

REAL PROPERTY SALES AUTHORIZED*

SCHEDULE 8

Fiscal Year	Number Parcels	Original Bond Principal	Over-lapping Bonds	Street Lighting	Taxes	Costs	Sales Commission	Total	Sales Price	Profit	Loss
1937-38	6	\$ 17,855	\$ 436	\$ 262	\$ 17	\$ 487	\$ 275	\$ 19,332	\$ 14,400	\$	\$ 4,932
1938-39	12	15,109	603	55	.....	676	653	17,096	19,900	2,804	.....
1939-40	9	29,935	1,536	745	3	639	330	33,188	25,195	.....	7,993
1940-41	11	27,963	1,173	613	7	875	777	31,408	26,224	.....	5,184
1941-42	7	7,749	452	281	227	569	.....	9,278	7,250	.....	2,028
1942-43	27	24,160	3,024	632	1,173	1,452	545	30,986	36,325	5,339	.....
1943-44	56	119,794	8,527	2,949	9,304	4,627	2,100	147,301	160,413	13,112	.....
1944-45	157	571,371	23,424	13,150	26,891	13,210	12,035	660,081	634,962	.....	25,119
1945-46	175	483,812	11,219	30,534	13,231	16,466	18,651	573,913	497,688	.....	76,225
TOTAL		\$1,297,748	\$ 50,394	\$ 49,221	\$ 50,853	\$ 39,001	\$ 35,366	\$1,522,583	\$1,422,357	\$ 21,255	\$121,481

* This statement is based upon estimates and cannot be reconciled with the accounting records which take results into account only when escrows are closed.

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 ($2/3$) 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 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 181½ of this charter.

Sec. 181½. No member of said departments 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 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 ($\frac{1}{2}$) 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. Said pension shall be paid to the widow during her lifetime 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 as in this section defined, and to all members of said departments who have been heretofore granted pensions.

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 fund;
- (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 Departments 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 per cent (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 provisions of this charter, every officer or employee who heretofore and subsequent to January 1, 1940, has entered the service of the armed forces of the United States, or who hereafter and during the existence of any of the wars in which the United States is now engaged shall enter the service of the armed forces of the United States, shall, during the period of such service and for a period of six months from and after his honorable discharge or release from such service, be considered as being on leave of absence from the service of the City of Los Angeles; provided, however, that such leave of absence shall ipso facto cease and terminate in the case of any person who is dishonorably discharged from the armed forces. 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 may have been promoted during such military leave or to which he would be or would have been entitled under the provisions of Section 125 of this charter in the event any change in 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 re-employment 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 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, by ordinance, or by resolution of the board of any department having control of its own revenue and funds.

The period of such military leave up to but not exceeding one year from the date of the cessation of hostilities between the United States and all of the nations with which the United States is now at war as fixed by Proclamation of the President of the United States or resolution of The Congress shall be counted as part of the aggregate service required for retirement purposes under any provision of this charter. Any person who while on Military leave is or becomes eligible to retire on pension or is or becomes entitled to any benefits under any pension or retirement system established by or pursuant to the provisions of this charter may exercise such right or claim such benefits while on military leave.

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.

Thirty-four

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.