

**1959**  
**Annual Report**

**BOARD OF PENSION COMMISSIONERS**

**CITY OF LOS ANGELES**  
**CALIFORNIA**



**FOR THE FISCAL YEAR ENDED JUNE 30, 1959**

**with**

**CHARTER AND ORDINANCE PROVISIONS**  
**GOVERNING PENSION SYSTEM**

# CITY OF LOS ANGELES



**NORRIS POULSON**  
Mayor

## LOS ANGELES CITY COUNCIL

EVERETT G. BURKHALTER\*  
First District

EARLE D. BAKER  
Second District  
(outgoing)

C. LEMOINE BLANCHARD  
Second District  
(incoming)

PATRICK D. MCGEE  
Third District

HAROLD A. HENRY  
Fourth District

ROSALIND WIENER WYMAN\*  
Fifth District

L. E. TIMBERLAKE  
Sixth District

JAMES C. CORMAN  
Seventh District

GORDON R. HAHN  
Eighth District

EDWARD R. ROYBAL  
Ninth District

CHARLES NAVARRO  
Tenth District

KARL L. RUNDBERG  
Eleventh District

RANSOM M. CALLICOTT  
Twelfth District

ERNEST E. DEBS  
Thirteenth District  
(outgoing)

JAMES HARVEY BROWN  
Thirteenth District  
(incoming)

JOHN C. HOLLAND\*  
Fourteenth District

JOHN S. GIBSON, JR.  
Fifteenth District

\*Member Police, Fire and Traffic Committee

## BOARD OF PENSION COMMISSIONERS 1958-59 ANNUAL REPORT

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

Gentlemen:

Presented herewith is the annual report of the Board of Pension Commissioners for the fiscal year ended June 30, 1959, in accordance with the provisions of Section 64 of the City Charter. This report consists of financial statements, charter provisions and a narrative report from the Manager-Secretary, together with statistical tables that provide a comprehensive review of the operations of the Fire and Police Pension System.

The opinion audit by a private firm of certified public accountants, usually presented in this report, is deferred and will be submitted at a later date when the actuaries have completed their evaluation of this System, and their report of actuarial assets and liabilities is available for consideration by the auditors.

During this past year this System suffered an unprecedented financial setback in having to liquidate some \$10,000,000 in long term bond investments in order to meet the payments required by an adverse decision of the State Supreme Court. These payments were met when due but, because of declining bond market conditions, at considerable cost to the fund.

On the brighter side, the System was returned to an actuarial basis by a vote of the people on April 7, 1959, and in addition a new liberal provision was added to the investment provisions of the Charter to permit in the future a higher level of return on the pension fund. These revisions, brought about through your concern for the financial health of the System, encourage this Board in its efforts at administering the System on a sound and equitable basis.

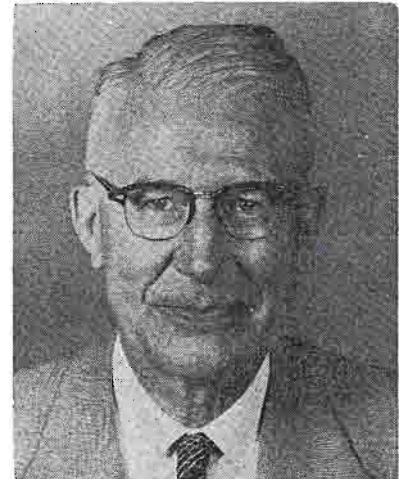
Respectfully submitted,  
BOARD OF PENSION COMMISSIONERS



President



AL TERRENCE  
President



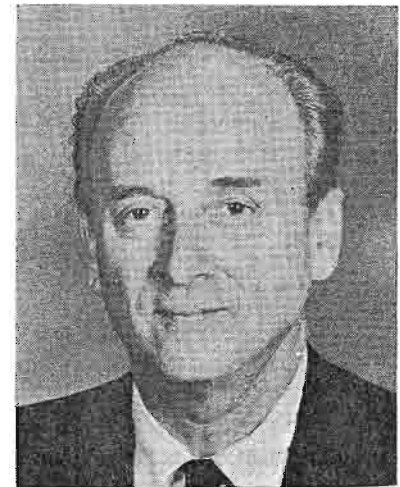
RICHARD O. BULLIS, M.D.  
Vice-President



LEO V. BUTLER



HARRIETT DAVENPORT



J. HERMAN, JR.

November 2, 1959

Board of Pension Commissioners  
Room 1108, City Hall  
Los Angeles 12, California

Gentlemen:

There is presented herewith the annual report on the affairs and operations of the Department of Pensions for the fiscal year ended June 30, 1959. The statements of assets, liabilities, operations and fund capital as contained herein were prepared by the chief accounting employee of this Department. The outside auditors' statement of condition will be reported at a later date, when the auditors have had an opportunity to review the actuarial valuation (called for in the April 7, 1959 municipal election) now under way.

### **FLUCTUATING PENSION DECISION**

The past year witnessed the most serious financial problems that the Fire and Police Pension System had ever encountered, as a result of a court decision favorable to plaintiffs contending for fluctuating pension benefits. The decision of the California Supreme Court on June 6, 1958, found that members of this system prior to July 1, 1925, and widows of members prior to January 17, 1927, were entitled to benefits that would fluctuate with changes in salary of active members. The judgment resulting from this decision became effective August 19, 1958. In addition to some 800 plaintiffs, claims were then filed by more than 1500 other eligible pensioners.

#### **Losses in Bond Liquidation**

Since payment for these claims could not be included in the 1958-1959 budget, on the basis of the opinion of the City Attorney to that effect, it was necessary for the department to liquidate bonds held for long-term investment in order to obtain funds for such payments. This task was accomplished and by June 30, 1959, more than \$8,000,000 in retroactive claims had been paid in accordance with the court decision. This liquidation was completed at a considerable loss to the Fire and Police Pension System because, although the bonds owned by the system were of the highest grade, a considerable portion of them were purchased in past years during periods of low interest rates. The court decision, unfortunately, became effective at a time when interest rates were approaching their highest levels in many years. As a result, bond liquidation in most cases had to be made at a discount from the principal value of bonds. Through painstaking coordination of investment counsel, the Board, the administrative staff, and the financial community, this emergency program of bond liquidation was carried out with minimum costs. Further details are set forth in the financial statements appearing herein.

#### **Monthly Pension Roll Increased**

In addition to the retroactive claim payments required by the court decision, the monthly pension roll was increased some \$450,000 per month, and these added costs also had to be financed through bond liquidation. Effective November 30, 1958, salaries of firemen and policemen were increased and, in accordance with the court decision, fluctuating pensions were again increased, adding some \$38,000 to the monthly pension roll.

### CHARTER AMENDMENTS

On April 7, 1959, the voters approved charter amendments making basic changes in the financial provisions of this system which will be of lasting value to the members and to the citizens of Los Angeles. These changes were presented to the electorate with the approval of the City Council, and as a result of recommendation made by Mayor Poulson's Citizens Committee on the Fire and Police Pension System. The proposed changes were also supported by the Fire and Police Protective League and financial leaders in the community.

#### Common Stock Investments Approved

The first basic change by such amendments provided for a revision in the law governing the investing of system funds to provide more flexibility. The existing charter provisions limited fund investments to bonds and securities authorized by law as legal investment for savings banks. This provision was broadened, in the new charter amendment, to permit investment in bonds rated in the three highest rating classifications by two standard rating services and, in addition, permitted up to 35% of the fund to be invested in equity securities, such as common and preferred stocks, with specified limitations. These changes were aimed at increasing the earnings level of the fund over a period of years.

#### System Returned to Actuarial Basis

The second basic change made by the charter amendments was to again place the Fire and Police Pension System on an actuarial basis, from which it had been removed in 1933. Since 1933 the fund had developed an unfunded liability estimated by the actuaries to approximate \$200,000,000, increased by the Supreme Court decision referred to above by an additional liability of some \$70,000,000. It was determined that steps to place this system immediately upon a fully funded basis would place too great a demand upon financial resources of the city. Therefore, in the charter amendments was a program which would accomplish the end sought over a period of fifty years. Under this program, amounts required to be applied to the unfunded liability will be small during the initial years, gradually increasing until with the eleventh and subsequent years the amounts paid on the unfunded liability will be sufficient to completely eliminate it at the end of fifty years. Because of this gradual step-up in meeting the unfunded liability requirements, some further liquidation of fund assets will be required during the initial two or three years of the new program. However, this added liquidation is estimated to require the sale of not more than \$4,000,000 to \$5,000,000 of fund bonds, unless further adverse court decisions are encountered. Beginning in the fiscal year 1961-1962, it is estimated that no further liquidation will be required, and that the fund will begin its growth anew.

### MEMBERSHIP

As of June 30, 1959, there were 2,993 firemen and 4,613 policemen as members of the system including members on leave of absence without pay, members on military leave and members on suspension. The following statement presents an analysis of the length of service of such members.

25-Year Members	Fire	Police	Total
Men with less than 5 years .....	688	830	1,518
With less than 10 years .....	449	610	1,059
With less than 20 years .....	1,448	2,834	4,282
With 20 years service and over .....	345	269	614
On Military Leave (eligibility dates not counted) .....	16	33	49
20 Year Members			
Men eligible to retire .....	47	37	84
TOTAL .....	2,993	4,613	7,606

### Analysis of Membership

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

	1958-59	1957-58	1956-57	1955-56	1954-55
Membership—July 1st .....	7,469	7,259	7,070	7,077	6,955
On Leave or Suspension .....	22	11	10	21	12
On Military Leave .....	50	52	53	71	86
Active Membership—June 30th	7,397	7,196	7,007	6,985	6,857
Additions:					
New Appointments .....	395	457	399	242	338
Restorations .....	4*	5*	4*	1	4
Returned from leave or suspension .....	127	120	136	107	111
Restored from military leave .....	10	10	16	16	30
Discontinued on military leave .....	4	1	1	16	3
	7,937	7,789	7,563	7,367	7,343
Withdrawals:					
Service retirements .....	70	51	50	69	92**
Disability retirements .....	65	58	35	25	34
Resigned .....	78	86	90**	110****	66**
Discharged .....	28	36	23	33	23**
Deaths .....	21	21***	16	13	5
Leaves or suspensions .....	123	131	137	96	120
Military leaves granted .....	13	9	16	14	18
Active Membership—June 30th	7,539	7,397	7,196	7,007	6,985
On Leave or Suspension .....	18	22	11	10	21
On Military Leave .....	49	50	52	53	71
Total Membership—June 30th	7,606	7,469	7,259	7,070	7,077

\*Includes 2 disabilities granted after resignation and/or discharge 56/57, 3 in 57-58 and 3 in 58-59

\*\*Includes 1 on military leave

\*\*\*Includes 1 on military leave

\*\*\*\*Includes 16 on military leave

### Appointed Fiscal Year 1958-1959

During the course of the year 396 members were appointed and became members of the system. 288 or 73% of such members were married at the date of entrance. Nine of such members were re-appointees with an average age of 31. One was restored from disability pension and was above the age of 31. Of the 396 original appointees the median age was 25, the mode 23 and the average was 23.

### ELIGIBILITY

There were as of June 30, 1959, 698 members eligible to retire. Eighty-four of these members were 20-year members and 614 were 25-year members. The following schedule shows the number of members eligible to retire at the end of each fiscal year as indicated:

	Fire	Police	Total
1943-1944 .....	218	138	356
1944-1945 .....	312	340	652
1945-1946 .....	310	312	622
1946-1947 .....	290	270	560
1947-1948 .....	256	234	490
1948-1949 .....	240	215	455

Eligibility—(Continued)	Fire	Police	Total
1949-1950 .....	392	367	759
1950-1951 .....	353	341	694
1951-1952 .....	350	316	666
1952-1953 .....	390	300	690
1953-1954 .....	365	266	631
1954-1955 .....	347	218	565
1955-1956 .....	368	192	560
1956-1957 .....	428	304	732
1957-1958 .....	428	331	759
1958-1959 .....	392	306	698

During the fiscal year 1959-1960, 4 twenty-five year members will become eligible if their service is continuous. Three of these members are firemen and one is a policeman.

Years of Service	20 Year Members		25 Year Members		Total
	Fire	Police	Fire	Police	
20 .....	---	---	9	12	21
21 .....	---	---	27	46	73
22 .....	---	---	76	105	181
23 .....	---	---	45	11	56
24 .....	---	---	25	2	27
25 .....	---	---	5	3	8
26 .....	---	---	47	15	62
27 .....	---	---	19	6	25
28 .....	---	---	8	9	17
29 .....	---	---	28	21	49
30 .....	---	---	41	13	54
31 .....	---	---	9	21	30
32 .....	2	---	6	5	13
33 .....	6	10	---	---	16
34 .....	16	16	---	---	32
35 .....	13	5	---	---	18
36 .....	2	4	---	---	6
37 .....	1	1	---	---	2
38 .....	2	---	---	---	2
39 .....	2	---	---	---	2
41 .....	1	---	---	---	1
43 .....	---	1	---	---	1
44 .....	2	---	---	---	2
TOTAL	47	37	345	269	698

### MILITARY LEAVES

On June 30, 1958, there were 50 members on military leave. The following schedule indicates the operation of military leave authorization during the fiscal year 1958-1959:

On Leave June 30, 1958 .....	50
Granted during 1958-1959 .....	13
	<hr/>
	63
Restored—Now Active .....	10
Resigned on Military Leave .....	1
Discharged on Military Leave .....	3
	<hr/>
On Leave June 30, 1959 .....	49

All of the 49 members on military leave are twenty-five year members. Fourteen of these members have less than five years service and thirty-five have more than five years service. It is noted that these members on military leave do not receive credit in the pension system for such service subsequent to June 25, 1955, but they are protected in seniority in the positions from which they were granted military leaves.

### PENSION ROLL CHANGES

On July 1, 1958, 16 applications were pending. During the course of the fiscal year 246 additional petitions were received. Of the total of 262 petitions 217 were granted, 1 reinstated, 7 denied and 1 withdrawn, leaving 36 pending as of June 30, 1959. The details of the pensions granted and terminated during the course of the fiscal year period are as follows:

	20 Yr. Serv.	20-25 Years Serv.	Serv. Disa.	Non- Serv. Disa.	Serv. Widows	Non- Serv. Widows	Serv. Depts.	Non- Serv. Depts.	Total
Balance 7-1-58 .....1938		364	343	75	880	35	26	9	3670
Granted .....	27	43	56	9	74	5	1	2	217
Deaths .....	78	11	5	2	26	---	1	---	123
Remarriage .....	---	---	---	---	4	1	---	---	5
Majority .....	---	---	---	---	---	---	4	1	5
Restored to Duty.....	---	---	---	1	---	---	---	---	1
Reinstated .....	---	---	---	---	1	---	---	---	1
Increased .....	---	---	5*	---	---	---	---	---	5*
Decreased .....	---	---	18*	---	12*	2*	---	---	32*
Denied .....	---	---	2*	---	5*	---	---	---	7*
Withdrawn .....	---	---	1*	---	---	---	---	---	1*
	1887	396	394	81	925	39	22	10	3754

\*Statistical—these figures do not affect pension roll.

### PENSIONS CLASSIFIED BY AMOUNTS

The following schedule shows the classification of pensions paid by number of pensioners in \$20.00 brackets up to the monthly amount of \$630.00, and also the average pension being paid in each classification:

Amounts	Service	Disability	Widows	Minors	Dependents	Total
70- 89 .....	---	2	7	---	1	10
90-109 .....	14	11	98	2	---	125
110-129 .....	104	27	58	3	---	192
130-149 .....	88	49	25	5	---	167
150-169 .....	74	33	37	8	---	152
170-189 .....	62	56	26	---	---	144
190-209 .....	74	55	23	7	---	159
210-229 .....	61	28	16	1	---	106
230-249 .....	37	15	17	---	---	69
250-269 .....	30	18	15	---	---	63
270-289 .....	727	26	301	2	2	1,058
290-309 .....	250	25	134	---	---	409
310-329 .....	110	15	8	---	---	133
330-349 .....	215	22	139	1	---	377
350-369 .....	110	28	---	---	---	138
370-389 .....	77	17	2	---	---	96
390-409 .....	83	24	1	---	---	108
410-429 .....	32	10	33	---	---	75
430-449 .....	23	5	---	---	---	28
450-469 .....	41	4	---	---	---	45
470-489 .....	4	2	---	---	---	6
490-509 .....	11	---	1	---	---	12
510-529 .....	3	1	14	---	---	18
530-549 .....	6	2	---	---	---	8
550-569 .....	19	---	---	---	---	19
570-589 .....	2	---	---	---	---	2
590-609 .....	1	---	---	---	---	1
610-629 .....	3	---	---	---	---	3
630 or over .....	22	---	9	---	---	31
	2,283	475	964	29	3	3,754
Average Pension .....	291.11	243.78	258.71	165.66	210.97	275.77

The over-all average of \$275.77 compares with the average for the prior fiscal year of \$157.35. This increase is almost entirely the result of the increases received by those entitled to fluctuating pensions.



### AGE OF PENSIONERS

The following is an analysis of the ages of all pensioners at the close of June 30, 1959:

Ages	Service	Disability	Widows	Minors	Dependents	Total
0- 18	---	---	---	29	---	29
20- 25	---	---	1	---	---	1
25- 30	---	2	3	---	---	5
30- 35	---	24	11	---	---	35
35- 40	---	76	21	---	---	97
40- 45	4	70	23	---	---	97
45- 50	44	49	43	---	---	136
50- 55	95	56	101	---	---	252
55- 60	478	59	180	---	---	717
60- 65	770	79	182	---	---	1,031
65- 70	507	30	171	---	---	708
70- 75	263	19	105	---	1	388
75- 80	88	6	77	---	1	172
80- 85	25	3	34	---	---	62
85- 90	8	1	8	---	---	17
90- 95	1	---	4	---	1	6
95-100	---	1	---	---	---	1
	2,283	475	964	29	3	3,754
Average Age	63	51	62	12	81	

### SERVICE PENSIONS

#### Pensions Granted

A total of seventy members of the Fire and Police Departments retired upon service pension during the fiscal year ended June 30, 1959 as follows:

#### Fire

Laurence J. Algyer	Charles Hodge	Burton J. Norbury
Walter Babecky	Malen Jacobs	George R. Pritchett
Harold Barkoff	Ben Johnson	John T. Robinson
Fred Billingsley	Clarence R. Johnson	Joseph C. Roeder
Harold F. Bradley	Hubert W. Johnson	William F. Smith
Robert G. Donnelly	Norman L. Kemp	Leonard A. Stewart
Harry Elliott	Louis F. W. Kuester	Homer J. Tesreau
Maynard Farnsworth	Grant J. Magill	Wendall A. Thompson
Robert J. Feather	William A. Mannix	Kenneth V. Winters
Jesse P. Fishburn	Thomas L. Morrissey	Ray L. Whitney
John H. Fitzpatrick	Frank E. Muller	Charles J. Wykoff
Paul C. Hammond	Lawrence E. Newton	

#### Police

Carey M. Buxton	Frank H. Jones	Joseph F. Quinn
W. W. Christopher	William Karat	Harold W. Seager
Walter M. Clark	Robert A. Lohrman	Stanley H. Sheldon
Haydon C. Clarke	James C. McDearman	Louis Siegel
Glenn A. Coffey	Frank L. McGlinchey	Frank Skiles
R. C. Danielson	Albert B. McMillan	Elizabeth E. Stone
Harry A. Dopp	Robert O. Merritt	Sam L. Thomas
George L. Evermann	John L. Morrison	William C. Tilden
Curtis D. Goodman	Vernon A. Morrow	Wallace N. Todd
Austin J. Grogan	Ted Morton	Everard C. Woodhull
John E. Hedgwood	Alfonso Ortiz	Harry B. Workman
Howard H. Hudson	Harold S. Ostrander	

**Pensions Discontinued**

During the course of this fiscal year a total of eighty-nine service pensions were discontinued on account of death. The following is a list of the names of those individuals:

**Fire**

Raymond Acosta	Thomas L. Gentry	Ralph W. Roberts
William P. Bowman	Olaf K. Halvorson	Jack E. Ross
Albert C. Campbell	Harry H. Holmer	Carlton F. Schiefer
Eli O. Carlsen	Archie S. Hudson	Howard W. Scott
Thos. A. Carmichael	Wendell L. Hunn	R. J. Scott
Edmund L. Casey	Daniel C. Johnson	Elmer J. Shockley
Harry Claiborne	William J. Keith	Clarence T. Singer
Clarence C. Coberly	Raymond Krause	Loren N. Stockton
V. Constantine	John E. Long	John G. Todd
Lelan H. Davis	Frank Manahan	John A. Wilson
George W. Dean	James Mecca	Carl L. Yager
James M. Ewing	Earl Molyneux	
James F. Frint	James E. Price	

**Police**

Frank D. Aiken	William J. Harper	Carl J. Myers
Bertha E. Arenburg	Walter R. Hewitt	Thomas F. O'Brien
Claude A. Arrington	James A. Houser	Edward H. Oefinger
Walter A. Aubrey	Frank L. James	Fred E. Rademaker
Calvin W. Baker	William E. Keogh	Edward J. Romero
Walter B. Barr	James C. Kleinfeld	Daniel L. Shea
James B. Blair	Frank C. Knotts	Thomas Sketchley
Harvey I. Burch	Gerald A. Lambert	Charles R. Smith
Joseph N. Cantin	Oscar H. Lide	Edwin C. Swanson
Perry E. Chambers	Daniel M. Long	Walter J. Tassej
Gregory Currie	D. W. Longuevan	Ray Underwood
T. O. Darnell	Ray Luke	W. B. Updegraph
Clyde O. Davis	Richard A. MacHale	Hubert J. Wallis
Francis A. Davis, Sr.	Andrew L. Mathews	Floyd M. Wilson
Joe M. Finn	John C. Mathiesen	Ola E. Wrinkle
Fred W. Forbes	James C. McDearmon	George C. Wurst
Adolph C. Geyer	Albert S. McMillan	
Richard A. Gilbert	Verner Merifield	

**Service Retirements by Years**

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

	F I R E		P O L I C E		Total
	20 Year	20-25 Year	20 Year	20-25 Year	
1947-1948 .....	33	5	43	16	97
1948-1949 .....	16	9	24	16	65
1949-1950 .....	23	12	35	30	100
1950-1951 .....	24	27	30	27	108
1951-1952 .....	17	11	20	23	71
1952-1953 .....	9	15	9	28	61
1953-1954 .....	13	14	9	21	57
1954-1955 .....	23	22	22	25	92
1955-1956 .....	19	12	20	18	69
1956-1957 .....	6	12	6	26	50
1957-1958 .....	12	13	4	22	51
1958-1959 .....	22	13	5	30	70

**DISABILITY PENSIONS****Pensions Granted**

A total of sixty-five members of the Fire and Police Departments were granted disability pensions during the fiscal year ended June 30, 1959 as follows:

**Fire**

Charles B. Adams	Darrell R. Dudley	George S. Prancevic
Robert P. Arce	Paul L. Egelund	James E. Rice
Lyle J. Bordner	Russell L. Ellis	Raymond W. Robinson
Francis E. Bowen	Sidney Fisher	Rudolph M. Stein
Anthony Brandelli	Clarence G. Hedrick	Edgar M. Stewart
Frank Christensen	Orville W. Kinder	Leslie A. Watson
Royal S. Dexter	Richard Ostrander	Edwin L. Webber
William B. Dodd	Frank J. Phaff, Jr.	Walter C. Weis

**Police**

Gerald R. Abbott	Sidney Goldman	Frank L. Lynch
George M. Angel	James R. Graff	Richard J. May
Frank J. Beeson	J. Everett Hagerty	Billie E. McClure
Marvin J. Blanch	Maurice R. Hausherr	Cletus V. McCoy
Albert H. Burgess, II	Earl F. Hayman	James W. Pond
George J. Cacic	Richard W. Hedrick	Dominick D. Razzano
Laura M. Churchill	Wilfred S. Hendra	Donald R. Sheriff
Wilson W. Coley	Morrie Henkin	Port A. Stevens
Francis V. DeNick	Floyd W. Horne	Charles G. Stropko
Robert M. Drummond	Burnice Houtchens	Homer A. Struthers
James E. Ellis	Charles Hutson, Jr.	Roy Tilden
Ramon Espinosa	Harry A. Jacobsen	Richard D. Whitley
Carl E. Gaddis	William A. Lambert	John B. Williams
Frederic C. Giere	Donald D. Leak	

**Pensions Discontinued**

Seven disability pensions were discontinued on account of death and one was restored to active duty from disability pension during the current fiscal year and the names of such individuals are listed as follows:

**Fire**

Jesse M. Ashby  
Everett Harris  
Raymond W. Mackinga\*  
Richard Pruessman

**Police**

Charles W. Cullen  
Orville D. Reed  
Richard D. Whitley  
Raymond Woody

\*Restoration

**Disability Retirements by Years**

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

	<b>F I R E</b>		<b>P O L I C E</b>		<b>Total</b>
	<b>Service</b>	<b>Non-Service</b>	<b>Service</b>	<b>Non-Service</b>	
1947-1948	3	4	8	6	21
1948-1949	3	5	4	6	18
1949-1950	13	---	14	9	36
1950-1951	8	1	17	2	28
1951-1952	11	1	16	4	32
1952-1953	15	3	17	2	37
1953-1954	7	1	13	3	24
1954-1955	10	7	14	3	34
1955-1956	7	3	9	6	25
1956-1957	8	2	14	11	35
1957-1958	16	1	29	12	58
1958-1959	23	1	33	8	65

**Analysis of Rates**

There are 394 service connected disability pensions and 81 non-service connected disability pensions classified by rates in the following schedule as of June 30, 1959:

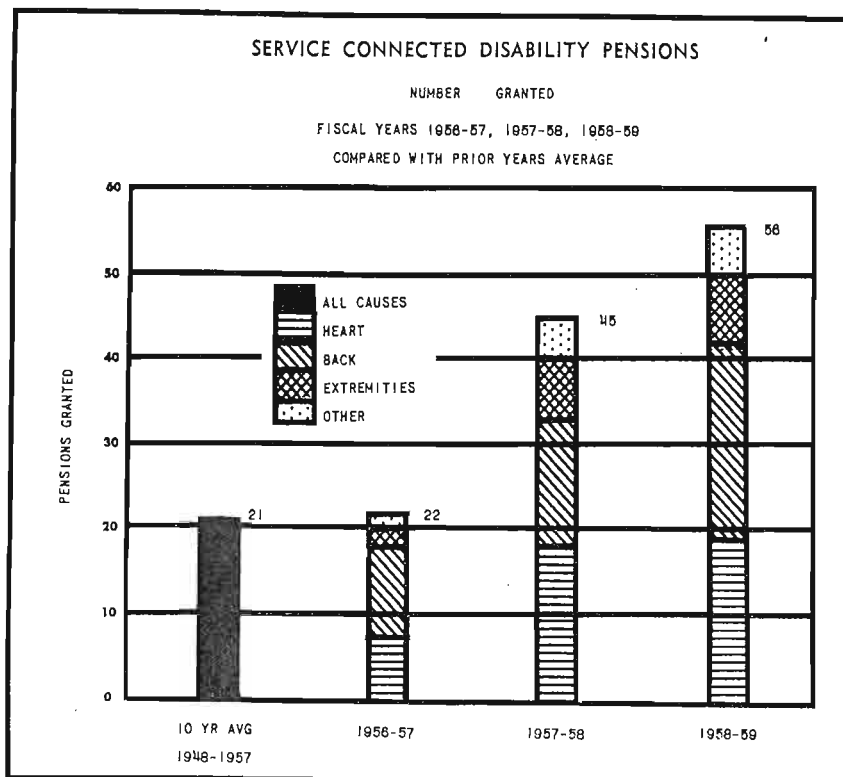
Rate	Fire	Police	Total
40% .....	23	60	83
50% .....	43	49	92
55% .....	13	17	30
57½% .....	1	---	1
60% .....	27	39	66
65% .....	53	88	141
66⅔% .....	1	---	1
70% .....	2	7	9
75% .....	8	25	33
80% .....	2	4	6
85% .....	2	2	4
90% .....	3	6	9
<b>TOTAL</b> .....	<b>178</b>	<b>297</b>	<b>475</b>

**Analysis of Disability Pensioners by Age**

Age	Fire	Police	Total
25- 29 .....	1	1	2
30- 34 .....	10	14	24
35- 39 .....	9	67	76
40- 44 .....	28	42	70
45- 49 .....	19	30	49
50- 54 .....	29	27	56
55- 59 .....	31	28	59
60- 64 .....	24	55	79
65- 69 .....	11	19	30
70- 74 .....	11	8	19
75- 79 .....	3	3	6
80- 84 .....	1	2	3
85- 89 .....	1	---	1
90- 99 .....	---	1	1
<b>TOTAL</b> .....	<b>178</b>	<b>297</b>	<b>475</b>
Average Age .....	53	50	51

### Increase in Disabilities

The accompanying chart illustrates a problem that has developed during the past two years in the very large increase of service connected disability pensions in the Fire and Police Pension System. As the chart shows, for the ten-year period ending with 1956-1957, the average number of service connected disability pensions granted each fiscal year was 21, with the final year numbering 22. But in 1957-1958 the number more than doubled to 45, and in the current fiscal year increased again to 56. As indicated within each bar of the chart, the service connected disabilities may be classified in broad groups as "heart", "back", "extremities", and "others".



Another analysis was made of disabilities arising among firemen and policemen, using the total number of disability pensions in effect at the end of each fiscal year since 1950. This analysis shows that as of June 30, 1959, service connected disabilities among firemen had risen 90 per cent above the 1950 figures, while such disabilities among policemen had risen 80 per cent. The greater increase among firemen was balanced in the category of non-service connected disability pensions, where policemen had a greater rise. Thus, total disability pensions showed a 98 per cent increase among firemen, and a 97 per cent increase among policemen over this nine-year span. This extent of increase developed with only a 9 per cent increase in total active members over the same period.

The causes of increase are not clear and may, of course, stem from several things. The fact that the increase has been about the same in both departments indicates a common set of factors influencing the rise, rather than specific conditions in one department or the other. Studies are continuing to be made to identify the reasons for the increase.

## LITIGATION

**ABBOTT )**  
**ABNEY )**  
**ADAMS ) v. City of Los Angeles, etc., et al**  
**BEHRNS )**  
**MASON )**

These are the proceedings wherein approximately 800 petitioners prayed for a declaration of their pension rights and a peremptory writ of mandate to compel the City and the Board to pay them fluctuating instead of fixed pensions. Judgments for the defendants were granted in the trial court, which judgments were reversed by the Supreme Court on June 6, 1958. The City's petition for a rehearing was denied on July 2, 1958 and the judgment was paid on August 19, 1958. As a result of the decision rendered by the Supreme Court, additional questions are involved as to whether "longevity pay" for the rank of policeman, policewoman and fireman and "merit pay" for those in higher ranks are to be considered as part of the salary attached to the rank or position. It is the City's contention that such pay is not to be so considered and appeals have been filed to determine this question. Another question pending upon appeal now on file is whether the members who acquired status by virtue of having been on the City of Venice departments at the time of consolidation with the City of Los Angeles, which was subsequent to the adoption of the 1925 Charter, are entitled to fluctuating pensions. The City contends that such members are entitled to only fixed pensions now being paid. A variation of the Venice situation exists where there was a resignation and reentry into service after 1925. As of June 30th, the above appeals have not yet been perfected.

**ANDERSON )**  
**CODY )**  
**HOFFMAN )**  
**JOHNSON ) v. City of Los Angeles, etc., et al**  
**MAUSER )**  
**LANDEN )**  
**MRAKICH )**  
**PARSONS )**

These actions, filed in March of 1958 by 28 plaintiffs, are substantially the same as those above mentioned and involve various aspects relating to the basic question of fluctuating versus fixed pensions. The City's answers were served and filed on June 30, 1958 and a joint pre-trial conference was had on December 2, 1958. On January 1, 1959, judgments were entered in favor of the plaintiffs, from which judgments the City filed notices of appeal on March 13, 1959. As of June 30, 1959, the Clerk's and Reporter's Transcripts had been received but the appeals were not as yet perfected.

**ACKER )**  
**AHRENS )**  
**ARMSTRONG ) v. City of Los Angeles, etc., et al**  
**CASSELBERRY )**  
**HENRY )**

These cases, involving approximately 1024 plaintiffs, were filed in February of this year and are for money due on account of unpaid pension benefits and for declaratory and other relief.

In the **Acker** case it is alleged that each plaintiff member acquired a vested right to a service pension based upon a percentage of the "highest" salary currently provided for active employees of equal rank; the City

contends that plaintiffs are entitled to receive only a fluctuating monthly pension based upon the so-called basic salary currently provided by the pertinent provisions of the salary ordinances, exclusive of the "longevity" and "merit" pay as therein provided and that plaintiffs are entitled to such unpaid pension benefits as accrued within the period of six months immediately preceding the filing of their respective claims therefor instead of for three years prior to the filing of such claims, as prayed for.

In the **Ahrens** case plaintiffs, who are on disability pension, pray for a judgment ordering that each plaintiff is now and for at least three years prior to the filing of his rejected claim therefor, entitled to a fluctuating monthly pension in an amount equal to the applicable percentage of the highest salary currently provided for the rank or position previously held by the member whose service and disability form the basis of this action, in accordance with the formula provided in Article XI½ of the 1923 Los Angeles City Charter, and the provisions of Sec. 183 of the 1925 Charter, together with such additional disability or death benefits as were provided by the 1927 and 1947 amendments thereto; and that the Board is under contractual obligation to pay to each plaintiff a fluctuating monthly pension. The City contends: that prior to January 17, 1927, the pension statutes provided for a service connected disability pension of no more than 50% of the salary attached to the rank or position held by the member at the date of his retirement and provided for no additional pension because of minor children; that each plaintiff member and the deceased husband of each plaintiff widow applied for was granted and accepted a fixed service connected disability pension and that at some time after his retirement or at all times since his retirement has been paid a pension in a percentage greater than 50% of the salary attached to the rank held by him at the date of his retirement; that plaintiffs are estopped from now claiming that they are entitled to a fluctuating pension; that in no event are plaintiffs, or any of them, entitled to a fluctuating pension greater than 50% of the salary upon which the same may be based; that, in any event, only the first 50% of any such pension would fluctuate and any percentage thereof over 50% would remain upon a fixed basis; and that "longevity" and "merit" pay are not a part of the salary attached to any rank for the purpose of calculating fluctuating pensions.

In the **Casselberry** case, filed by plaintiffs who were appointed prior to July 1, 1925 and who retired on service pension subsequent thereto, the question involved is the period for which plaintiffs may recover back pensions on a fluctuating basis as against the fixed pensions which were paid. The City contends that plaintiffs are entitled to receive only a fluctuating pension based upon the salary rates currently provided for active members, exclusive of "longevity" and "merit" pay. The Board, after October 15, 1958, granted in part the claim of certain plaintiffs, allowing only the unpaid pension that had accrued within 6 months prior to filing the claims and a portion of the unpaid pension benefits which had accrued thereafter, namely, the difference between the fixed monthly pension that had been paid to such plaintiff through said period and the fluctuating monthly pension to which each was legally entitled throughout the same period but without "longevity" or "merit" pay.

The **Armstrong** case likewise involves the period for which plaintiffs may recover back pensions on a fluctuating basis as against the fixed pensions which were paid. Also to be determined is the question of when members, who acquired status by virtue of having been formerly with the City of Venice departments, acquired status with the City of Los Angeles upon the consolidation of Venice with Los Angeles.

In the **Henry** case, involving duties now found in a civilian classification, the City contends, among other things, that the causes of action stated in the complaint are barred by failure to comply with Sections 363 and 376 of the Charter. The City's answer was served and filed on October 10, 1958 and the case is set for pretrial conference with the above four cases.

Answers to the complaints in the above listed cases were served and filed in April of this year and, as of June 30, 1959, a pretrial conference had been set for August 12, 1959.

**EATON v. City of Los Angeles, etc., et al**

In this proceeding, filed in June of this year, approximately 140 plaintiffs seek to obtain fluctuating pensions for those not acquiring rights prior to 1925 on the theory that the 1925 pension system would not have been adopted if the voters knew it was unconstitutional as to those then presently employed. As of the close of this fiscal year, the answer to the complaint had not been prepared and filed.

**FARNELL )  
MORRIS ) v. City of Los Angeles, etc., et al**

These are cases in which a refund of salary deductions paid into the pension fund is sought. Neither case is at issue as of this time.

**COTTAM v. City of Los Angeles, etc., et al**

In this mandamus proceeding, filed in February of 1958, plaintiff, whose widow's pension was terminated upon her remarriage, seeks a resumption of the payment thereof, retroactive to May 3, 1956, the date of entry of a judgment annulling her second marriage. The City's return to the alternative writ was served and filed on August 20, 1958 and, after several continuances, the matter was taken under submission on December 19, 1958 upon briefs to be filed. Judgment for petitioner was rendered on April 14, 1959. The City filed objections to the proposed findings of fact and conclusions of law and the proposed judgment, which objections the court sustained as to the effective date for reinstatement of the pension benefits to May 7, 1956 instead of to December 20, 1954, the date of her marriage to her first husband, as originally requested by petitioner. Judgment for the plaintiff was entered on June 17, 1959 and the City is appealing therefrom.

**MAXWELL v. City of Los Angeles, etc., et al**

In this proceeding filed in May of 1958 by the widow of a former disability pensioner, petitioner's application for such pension had been denied by the Board for the reason that, on the record, she had not been validly married to the pensioner at least one year prior to his retirement and that, therefore, she did not meet the eligibility requirement of the City Charter; on July 2, 1958 the City's motion to set aside and vacate the court's ruling that plaintiff is entitled to a widow's pension as the "putative" wife of the deceased disability pensioner, on the ground that pension rights of the plaintiff as a putative wife were not in issue upon the trial of the case, and to reopen the case for further evidence in connection therewith was granted, and plaintiff's motion to file her proposed amended petition was denied, with leave to file an amended petition more particularly setting forth the allegations to the effect that she was such putative wife. An amended petition for writ of mandate was received, the return thereto was serviced and filed on February 9, 1959 and, on March 3, 1959, judgment was granted in favor of the plaintiff and entered



on March 6, 1959. The City has appealed from the judgment but, as of this date, the appeal has not been perfected.

### OPINIONS

An opinion was written to the effect that in cases of service connected disability pensions, all former and present provisions for ratings of over 50% of the salary attached to the rank held by a member have always been and still are applicable only to fixed pensions and not to fluctuating pensions and that, therefore, the fluctuating pensions of six retired members who had been receiving over 50% of such salary should be reduced to 50% thereof.

An opinion was written to the effect that a policeman who resigned while on military leave and subsequently was appointed from an eligible list did not return from such leave and was not entitled to retirement credit therefor.

### Guardianships

During the fiscal year, 29 accountings were received and carefully examined; 1 return of sale of real property and 2 returns of sale of personal property were received; in addition, the following petitions were received: 2 for expenditures for support, 1 for authority to withdraw funds for education, 1 for the amendment of an oil and gas lease, and 1 for an order of confirmation of sale of real property; 10 requests for special notice were prepared, served and filed; 6 guardianships of incompetents were discontinued on account of death and 11 guardianships of incompetents were added; 5 guardianships of minors were discontinued upon attaining majority and 3 guardianships of minors were added; at the close of the present fiscal year, there were 55 active guardianships, 29 covering 42 minors and 26 covering incompetents.

### OPERATIONS

The cash balance at June 30, 1959, was \$350,102 as compared to \$426,469 on June 30, 1958. The bond portfolio showed a decrease of \$10,101,000 with a total par value of \$19,040,000 and an appraisal value of \$16,414,868. The decrease represented partial liquidation of the portfolio in order to meet the increased costs of the pension roll as a result of the decision handed down by the State Supreme Court on June 6, 1958. In addition, a net loss of \$941,313 was suffered in the liquidation.

### Real Property

Two parcels of property were sold during the year and two reconveyances were prepared and executed after the notes which were secured by deeds of trust had been fully paid. One was sold at a profit of \$162.40, and the other at a loss of \$136.06. There were 93 properties on hand at the end of the fiscal year.

### Surety Bonds

Twelve individuals were employed in the Department including one Assistant City Attorney. Eleven employees were under bond as follows:

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

**Administrative Costs**

During the past year administrative expenses increased more than \$17,000, the bulk of which is attributable to two experiences: (1) the continued heavy increase in new disability pensions, which swelled the costs of medical examinations by some \$3,700, and (2) the special costs attendant upon the adverse Supreme Court decision of June 6, 1958, which accounted for many other administrative cost increases. For example, litigation expense increased almost \$3,500 because the fund was required to pay the legal costs for the suit lost in the Supreme Court. Contractual services increased considerably because of the very heavy tabulating expenses in preparing the calculations and lists for judgments to be paid plaintiffs in the suit for the fluctuating pension. Similarly, audit costs and printing costs increased because of additional expenses attendant upon verifying payments made and sending notices to pensioners.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "M. Edwin Thompson".

Manager-Secretary

MLT:GW

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

**BALANCE SHEET  
As of June 30, 1959 and 1958**

**EXHIBIT I  
ASSETS**

Cash:	<u>June 30, 1959</u>		<u>June 30, 1958</u>	
Deposits with City Treasurer.....	\$ 350,102		\$ 426,469	
Cash Revolving Funds .....	325		325	
Cash in Suspense .....		\$ 350,427	71	\$ 426,865
		<u>          </u>		<u>          </u>
<b>Investments:</b>				
Bond Investments—General				
at Par .....	\$19,040,000		\$29,141,000	
Street Improvement Bonds				
at Par .....	1,578		3,909	
Treasurers Deeds—at Par .....	657		658	
Trust Deeds Receivable				
—at Cost .....	3,627		5,006	
Real Property—at Cost .....	18,731		18,300	
	<u>\$19,064,593</u>		<u>\$29,168,873</u>	
Bond Premiums (Less				
Discounts) .....	54,184	19,118,777	108,320	29,277,193
Accrued Interest .....		170,871		254,699
		<u>\$19,640,075</u>		<u>\$29,958,757</u>

**LIABILITIES**

Accounts Payable .....	\$ 2,966		\$ 851	
Unpaid Pensions .....			6,590,000	
Deferred Credits				
Prepaid Payments—				
Street Bonds .....		1,361		1,361
<b>Fund Capital:</b>				
Accumulated Surplus .....	\$18,108,996		\$20,898,506	
Reserve for Investment Losses ..	1,526,752	19,635,748	2,468,039	23,366,545
		<u>\$19,640,075</u>		<u>\$29,958,757</u>

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

**STATEMENT OF OPERATIONS COMPARED  
Fiscal Years Ended June 30, 1959 and 1958**

**EXHIBIT II**

Revenues:	1958-59	1957-58
Taxes .....	\$ 6,083,666	\$ 5,514,475
Interest .....	676,055	847,969
Members' Contributions .....	3,032,073	2,845,139
Sales of Unclaimed Property .....	47,569	45,499
Bonus .....	14	26
Donations .....	362	343
Miscellaneous .....	10,000	2,776
	<u>          </u>	<u>          </u>
TOTAL REVENUES Available for current years' expenditures .....	\$ 9,849,739	\$ 9,256,227
	<u>          </u>	<u>          </u>
<b>Expenditures</b>		
Pensions Paid:		
Service .....	\$13,782,501	\$ 4,219,932
Disability .....	1,092,934	875,570
Widows .....	3,883,492	1,380,813
Minors .....	41,985	37,476
Dependents .....	10,342	4,841
Non-Service:		
Disability .....	174,181	149,320
Widows .....	105,541	84,872
Minors .....	23,445	19,722
	<u>          </u>	<u>          </u>
TOTAL PENSIONS .....	\$19,114,421	\$ 6,772,546
Administrative Expense .....	114,828	97,535
	<u>          </u>	<u>          </u>
TOTAL EXPENDITURES .....	\$19,229,249	\$ 6,870,081
	<u>          </u>	<u>          </u>
EXCESS OF EXPENDITURES OVER REVENUES	\$ 9,379,510	\$ 2,386,146*
	<u>          </u>	<u>          </u>

\*EXCESS OF REVENUES OVER EXPENDITURES

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

**STATEMENT OF FUND CAPITAL  
Fiscal Years Ended June 30, 1959 and 1958**

**EXHIBIT III**

	Fiscal Year Ended June 30, 1959			Fiscal Year Ended June 30, 1958		
	Accumulated Surplus	Reserve for Investments Losses	TOTAL	Accumulated Surplus	Reserve for Investments Losses	TOTAL
Balance as of Beginning of Period .....	\$27,488,506	\$ 2,468,039	\$29,956,545	\$25,102,360	\$ 2,480,452	\$27,582,812
<b>Add:</b>						
Excess of Revenues over Expenditures .....				2,386,146		2,386,146
<b>Deduct:</b>						
Net loss on Disposition of Investment .....		941,287	941,287		12,413	12,413
Excess of Expenditures over Revenues .....	9,379,510		9,379,510			
	\$18,108,996	\$ 1,526,752	\$19,635,748	\$27,488,506	\$ 2,468,039	\$29,956,545

**CITY OF LOS ANGELES  
FIRE AND POLICE PENSION FUND  
ADMINISTRATIVE EXPENSE COMPARED**

**SCHEDULE 1**

<b>OPERATING EXPENSE</b>	<b>1958-59</b>	<b>1957-58</b>	<b>1956-57</b>	<b>1955-56</b>	<b>1954-55</b>	<b>1953-54</b>	<b>1952-53</b>
Salaries .....	\$ 80,441	\$76,044	\$70,382	\$69,086	\$63,499	\$62,152	\$60,100
Communications .....	982	714	592	633	621	550	597
Insurance and Bond Premiums .....	383	358	417	515	284	1,302	366
Office Equipment .....	1,253	1,341	610	246	603	555	294
Office Supplies .....	968	776	756	772	494	467	763
Printing and Binding .....	1,564	1,156	1,123	1,063	1,030	1,052	863
Traveling .....	669	600	401	216	43	269	665
Contractual Services .....	6,995	3,315	3,000	3,000	3,000	3,000	3,000
Field Equipment .....	412	200	150	20	29	185	313
Maintenance and Repairs .....	150	123	75	14	17	20	—
Petroleum Products .....	212	152	150	62	87	—	—
Transportation .....	84	25	7	72	14	85	1
Annual Audit .....	1,750	1,002	934	950	795	766	937
Governmental Meetings .....	—	29	—	—	—	—	—
Litigation .....	3,691	209	888	831	620	481	148
Mailing Service .....	665	338	151	290	295	229	184
Medical Services .....	12,480	8,766	6,883	7,207	6,924	6,966	7,147
Miscellaneous .....	—	9	52	—	8	310	194
Actuarial Investigation .....	—	—	—	636	—	—	7,050
Equipment, Furniture and Fixtures.....	2,129	2,378	1,012	1,757	186	1,576	765
	<u>\$114,828</u>	<u>\$97,535</u>	<u>\$87,583</u>	<u>\$87,370</u>	<u>\$78,549</u>	<u>\$79,965</u>	<u>\$83,387</u>

**CITY OF LOS ANGELES**  
**STATEMENT OF CASH RECEIPTS AND SOURCES THEREOF**  
**Fiscal Years 1952-53 to 1958-59 Compared**

**SCHEDULE 2**

	1958-59	1957-58	1956-57	1955-56	1954-55	1953-54	1952-53
Total Receipts and Revenue .....	\$21,149,506	\$11,900,388	\$9,655,119	\$8,962,055	\$11,467,307	\$8,036,760	\$7,182,667
<b>DEDUCT</b>							
Revenue (Exhibit II) .....	\$ 9,849,739	\$ 9,256,227	\$8,457,475	\$7,660,035	\$ 7,324,860	\$6,866,355	\$6,386,990
<b>ADJUSTMENTS</b>							
Accrued Interest .....	83,827	9,195*	115,252*	58,093	23,995*	18,114*	1,659*
Prepaid Interest .....		16,552	20,567	23,600	20,790	9,028	3,263
Bond Premiums Amortized .....	11,268*	7,245*	657	25,637	7,427	5,554	7,595
Miscellaneous .....	3,920	305*	383	6,742	241	2,226	116
<b>TOTAL REVENUE RECEIPTS</b> .....	<b>\$ 9,926,218</b>	<b>\$ 9,256,034</b>	<b>\$8,363,830</b>	<b>\$7,774,107</b>	<b>\$ 7,329,323</b>	<b>\$6,865,049</b>	<b>\$6,396,305</b>
<b>CAPITAL RECEIPTS</b> .....	<b>\$11,223,288</b>	<b>\$ 2,644,354</b>	<b>\$1,291,289</b>	<b>\$1,187,948</b>	<b>\$ 4,137,984</b>	<b>\$1,171,711</b>	<b>\$ 786,362</b>
<b>Analysis Capital Receipts:</b>							
Bond Investments .....	\$11,217,981	\$ 2,635,000	\$1,285,350	\$1,169,000	\$ 4,129,156	\$1,150,859	\$ 759,288
Street Improvement Bonds .....	2,331	3,209	3,649	6,630	4,671	8,501	9,946
Real Property .....	1,526	1,960	106	1,955	750	2,715	4,873
Trust Deed Installments .....	1,379	3,585	2,184	10,363	3,407	9,636	12,255
Miscellaneous .....	71	600					
	<u>\$11,223,288</u>	<u>\$ 2,644,354</u>	<u>\$1,291,289</u>	<u>\$1,187,948</u>	<u>\$ 4,137,984</u>	<u>\$1,171,711</u>	<u>\$ 786,362</u>

\*Deductions

**CITY OF LOS ANGELES**  
**STATEMENT OF CASH DISBURSEMENTS AND OBJECTIVES THEREOF**  
**Fiscal Years 1952-53 to 1958-59 Compared**

**SCHEDULE 3**

	1958-59	1957-58	1956-57	1955-56	1954-55	1953-54	1952-53
Total Disbursements .....	\$21,225,873	\$11,785,230	\$10,549,243	\$9,743,681	\$10,401,440	\$8,855,922	\$6,273,659
<b>Deduct:</b>							
Expenditures (Exhibit II) .....	\$19,229,249	\$ 6,870,081	\$ 6,544,225	\$6,304,857	\$ 5,995,430	\$5,700,324	\$5,520,293
<b>Adjustments:</b>							
Prepaid Interest .....	—	16,552	20,567	23,600	20,790	9,028	3,263
Expense Abatements .....	3,896	42	345	895	56	2,248	52
Accounts Payable .....	2,967*	852*	819*	362*	217*	327*	4,811*
Interest Earned .....	7,110*	3,867*	1,747*	20,674	1,198*	2,119*	—
Miscellaneous .....	734	361	177	206	114	4,689	43*
<b>TOTAL OPERATING DEDUCTIONS</b> .....	<u>\$19,223,802</u>	<u>\$ 6,882,317</u>	<u>\$ 6,562,748</u>	<u>\$6,349,870</u>	<u>\$6 014,975</u>	<u>\$5,713,843</u>	<u>\$5,518,754</u>
<b>CAPITAL OPERATIONS</b> .....	<u>\$ 2,002,071</u>	<u>\$ 4,902,913</u>	<u>\$ 3,986,495</u>	<u>\$3,393,811</u>	<u>\$ 4,386,465</u>	<u>\$3,142,079</u>	<u>\$ 754,905</u>
<b>Analysis—Bond Operations:</b>							
Bond Investments .....	\$ 2,000,000	\$ 4,902,369	\$ 3,986,250	\$3,393,200	\$ 4,385,980	\$3,141,885	\$ 754,770
Real Property .....	1,930	433	22	104	87	94	70
Unapplied Charges Investments .....	141	111	223	507	398	100	65
<b>TOTALS</b> .....	<u>\$ 2,002,071</u>	<u>\$ 4,902,913</u>	<u>\$ 3,986,495</u>	<u>\$3,393,811</u>	<u>\$ 4,386,465</u>	<u>\$3,142,079</u>	<u>\$ 754,905</u>

\*Deductions



**CITY OF LOS ANGELES  
FIRE AND POLICE PENSION FUND  
STATEMENT OF OPERATIONS COMPARED  
Fiscal Years 1952-53 to 1958-59**

**SCHEDULE 4**

REVENUES	1958-59	1957-58	1956-57	1955-56	1954-55	1953-54	1952-53
Taxes .....	\$ 6,083,666	\$5,514,475	\$5,052,812	\$4,680,767	\$4,420,757	\$4,184,617	\$3,832,736
Interest .....	676,055	847,969	737,261	669,184	616,513	563,509	531,973
Rental of Property .....						150	180
Members Contributions .....	3,032,073	2,845,139	2,599,947	2,293 139	2,247,588	2,100,587	2,004,618
Sales of Unclaimed Property .....	47,569	45,499	66,351	16,197	38,945	16,793	9,557
Bonus .....	14	26	35	110	35	161	174
Donations .....	362	343	435	352	757	101	40
Miscellaneous .....	10,000	2,776	634	286	266	437	7,712
<b>TOTAL REVENUES Available for current years' expenditures .....</b>	<b>\$ 9,849,739</b>	<b>\$9,256,227</b>	<b>\$8,457,475</b>	<b>\$7,660,035</b>	<b>\$7,324,861</b>	<b>\$6,866,355</b>	<b>\$6,386,990</b>
<b>EXPENDITURES</b>							
<b>Pensions Paid</b>							
Service .....	\$13,782,501	\$4,219,932	4,161,635	\$4,096,813	\$3,909,343	\$3,787,430	\$3,736,833
Disability .....	1,092,934	875,570	750,143	712,129	681,389	612,099	547,713
Widows .....	3,883,492	1,380,813	1,294,678	1,197,976	1,141,720	1,062,308	1,013,865
Minors .....	41,985	37,476	35,049	34,618	38,549	31,310	27,706
Dependents .....	10,342	4,841	6,339	7,010	7,010	8,025	10,528
<b>Non-Service</b>							
Disability .....	174,181	149,320	126,255	100,380	81,925	67,867	60,887
Widows .....	105,541	84,872	65,506	54,649	46,358	43,089	29,536
Minors .....	23,445	19,722	17,037	13,912	10,587	8,230	9,838
<b>TOTAL PENSIONS .....</b>	<b>\$19,114,421</b>	<b>\$6,772,546</b>	<b>\$6,456,642</b>	<b>\$6,217,487</b>	<b>\$5,916,881</b>	<b>\$5,620,358</b>	<b>\$5,436,906</b>
Administrative Expense .....	114,828	97,535	87,583	87,370	78,549	79,966	83,387
<b>TOTAL EXPENDITURES .....</b>	<b>\$19,229,249</b>	<b>\$6,870,081</b>	<b>\$6,544,225</b>	<b>\$6,304,857</b>	<b>\$5,995,430</b>	<b>\$5,700,324</b>	<b>\$5,520,293</b>
<b>EXCESS OF EXPENDITURES OVER REVENUES .....</b>	<b>\$ 9,379,510</b>	<b>\$2,386,146*</b>	<b>\$1,913,250*</b>	<b>\$1,355,178*</b>	<b>\$1,329,431*</b>	<b>\$1,166,031*</b>	<b>\$ 866,697*</b>

\*EXCESS OF REVENUES OVER EXPENDITURES

**CITY OF LOS ANGELES  
FIRE AND POLICE PENSION FUND  
BOND DISTRIBUTION**

June 30, 1959

**SCHEDULE 5**

UNITED STATES GOVERNMENT	Rate	Maturity	Par Value	
Federal Land Bank .....	2¼	1960	\$200,000	\$
Federal Land Bank .....	3½	1971	300,000	
Federal Land Bank .....	4½	1972	400,000	
Federal National Mortgage Assn. ....	4¾	1965	700,000	
U. S. Treasury Notes .....	4	1969	100,000	
U. S. Savings "G" .....	2½	1960	900,000	
U. S. Treasury .....	2½	1967/62	500,000	
U. S. Treasury .....	2½	1968/63	400,000	
U. S. Treasury .....	2½	1969/64	50,000	
U. S. Treasury .....	3¼	1983/78	200,000	
Average Yield 3.15			\$ 3,750,000	

**CORPORATES**

Aluminum Co. of America .....	3	1979	\$300,000
American Telephone & Telegraph ...	2¾	1975	100,000
American Telephone & Telegraph ...	2¾	1980	200,000
Atlantic Refining .....	3¼	1979	100,000
Baltimore Gas & Electric .....	2⅞	1981	150,000
Bethlehem Steel .....	2¾	1970	150,000
Bethlehem Steel .....	3	1979	250,000
California Oregon Power .....	3⅞	1974	100,000
Central Illinois Light .....	2⅝	1979	100,000
Central Maine Power .....	3½	1970	141,000
Consolidated Edison .....	3	1979	150,000
Consumers Power .....	3	1984	80,000
Continental Oil .....	3	1984	300,000
Dallas Power and Light .....	2⅞	1979	150,000
Deere & Co. ....	3⅞	1977	300,000
Deere & Co. ....	2¾	1965	25,000
Delaware Power & Light .....	2⅞	1979	150,000
Detroit Edison .....	2¾	1985	200,000
Diamond Gardner .....	4	1983	210,000
Duke Power .....	2⅞	1979	250,000
Duquesne Light .....	2¾	1977	200,000
Firestone Tire .....	3¼	1977	244,000
General Electric .....	3½	1976	300,000
General Motors Acceptance .....	3⅝	1975	200,000
General Motors Acceptance .....	2¾	1964	400,000
General Motors Acceptance .....	5	1977	100,000
Illinois Bell Telephone .....	2¾	1981	150,000
Illinois Central R. R. ....	4½	1969	100,000
Illinois Central R. R. ....	4½	1968	200,000
Illinois Power .....	2⅞	1979	100,000
Inland Steel .....	3½	1981	300,000
Inland Steel .....	4¾	1987	200,000
Kimberly Clark .....	3¾	1983	300,000
Long Island Lighting .....	3¼	1972	100,000
Metropolitan Edison .....	2¾	1980	200,000
Michigan Bell Telephone .....	3⅞	1988	200,000
Mountain States Telephone .....	2⅝	1986	100,000
National Steel .....	3⅞	1982	250,000
National Steel .....	3⅞	1986	200,000
New Jersey Bell Telephone .....	3⅞	1988	250,000
New York State Electric & Gas ....	3¼	1984	200,000
New York Telephone .....	3	1989	200,000
Norfolk & Western R. R. ....	3⅞	1964	50,000
Norfolk & Western R. R. ....	3⅞	1965	50,000
Norfolk & Western R. R. ....	3⅞	1966	100,000

**CITY OF LOS ANGELES  
FIRE AND POLICE PENSION FUND  
BOND DISTRIBUTION**

June 30, 1959

**SCHEDULE 5**

<b>CORPORATES—(Continued)</b>	<b>Rate</b>	<b>Maturity</b>	<b>Par Value</b>
Norfolk & Western R. R. ....	3 <sup>7</sup> / <sub>8</sub>	1970	200,000
Norfolk & Western R. R. ....	3 <sup>7</sup> / <sub>8</sub>	1971	100,000
Norfolk & Western R. R. ....	4 <sup>1</sup> / <sub>8</sub>	1965	100,000
Northern States Power (Minn.) ..	2 <sup>3</sup> / <sub>4</sub>	1975	200,000
Ohio Edison .....	2 <sup>7</sup> / <sub>8</sub>	1980	200,000
Owens Illinois Glass .....	3 <sup>3</sup> / <sub>4</sub>	1988	65,000
Pacific Gas & Electric .....	3	1979	200,000
Pacific Gas & Electric .....	3	1983	30,000
Pacific Great Eastern Ry. ....	4 <sup>3</sup> / <sub>8</sub>	1982	200,000
Pacific Telephone & Telegraph ..	3 <sup>1</sup> / <sub>8</sub>	1983	150,000
Pennsylvania Power & Light .....	3	1975	150,000
Pennsylvania Salt Mfg. ....	3.45	1981	200,000
Phillips Petroleum .....	2 <sup>3</sup> / <sub>4</sub>	1964	100,000
Potomac Electric Power .....	2 <sup>7</sup> / <sub>8</sub>	1984	200,000
Potomac Electric Power .....	2 <sup>3</sup> / <sub>4</sub>	1985	100,000
Public Service Electric & Gas ..	2 <sup>7</sup> / <sub>8</sub>	1979	197,000
Public Service Electric & Gas ..	2 <sup>3</sup> / <sub>4</sub>	1980	100,000
Public Service of Indiana .....	3	1979	100,000
San Diego Gas & Electric .....	2 <sup>7</sup> / <sub>8</sub>	1984	100,000
Shell Union Oil .....	2 <sup>1</sup> / <sub>2</sub>	1971	400,000
Southern Bell Telephone .....	3	1979	150,000
Southwestern Bell Telephone .....	3 <sup>1</sup> / <sub>8</sub>	1983	100,000
Southwestern Public Service .....	3.20	1979	196,000
Standard Oil New Jersey .....	2 <sup>3</sup> / <sub>4</sub>	1974	500,000
Swift & Co. ....	2 <sup>5</sup> / <sub>8</sub>	1972	152,000
Union Oil of California .....	2 <sup>3</sup> / <sub>4</sub>	1970	400,000
Union Pacific Ry. ....	2 <sup>7</sup> / <sub>8</sub>	1976	500,000
U. S. Steel .....	2.60	1962	300,000
Virginia Electric Power .....	3	1978	100,000
Westinghouse .....	3 <sup>1</sup> / <sub>2</sub>	1981	200,000
Average Yield 3.13			\$13,790,000
<b>MISCELLANEOUS</b>			
British Columbia Power Comm. ....	4 <sup>3</sup> / <sub>8</sub>	1987	200,000
Dominion of Canada .....	2 <sup>3</sup> / <sub>4</sub>	1974	200,000
International Bank .....	3 <sup>1</sup> / <sub>2</sub>	1969	100,000
Province of Ontario .....	3 <sup>7</sup> / <sub>8</sub>	1981	200,000
Province of Ontario .....	4	1983	200,000
Province of Saskatchewan .....	4 <sup>3</sup> / <sub>4</sub>	1977	300,000
Quebec Hydro Electric .....	3 <sup>1</sup> / <sub>2</sub>	1981	300,000
Average Yield 3.91			\$ 1,500,000
			<u>\$19,040,000</u>
Book Value .....			\$19,094,184
Appraised Value .....			16,414,868
Average Yield .....	3.19		

### A SHORT HISTORY OF FIRE AND POLICE PENSION SYSTEM

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

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

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

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

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

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

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

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

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

(Note: Over the entire period, not less than 74 changes have been made in the System. This summary sets forth only a few of such changes.)

# CHARTER AND ORDINANCE PROVISIONS GOVERNING PENSION SYSTEM

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## ARTICLE XVII DEPARTMENT OF PENSIONS

Sections 180 and 186 of the Charter of The City of Los Angeles are amended and Sections 186.1 and 186.2 are added thereto, to read:

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 is hereinafter created and established; provided, however, that any money in such fund shall be kept on deposit in the City Treasury or be invested as herein provided. In making investment of moneys in said fund and in continuing to hold property in which such moneys are invested, the board shall exercise the same degree of judgment, care, good faith, reasonable prudence, discretion and intelligence as is required of a trustee by the provisions of Subdivisions (1) and (2) of Section 2261 of the California Civil Code, as amended to November 4, 1958 but not subsequent thereto. The board may invest not more than thirty-five percent of the fund in equity-type securities, such as common and preferred stocks but not limited thereto, determined on a cost basis, and sixty-five percent or more of the fund in debt-type securities, such as bonds and debentures but not limited thereto, determined on a cost basis. The board shall retain competent investment counsel to guide it in its investments and such counsel shall be a member in good standing of the Investment Counsel Association of America or a similar association with equivalent standards of membership.

The board shall also in its investments be governed by the following standards:

### **Equity-type Securities — Common**

To be eligible, stocks shall be registered in a national securities exchange and as provided in the Federal Securities Exchange Act, any amendment thereto or any subsequent legislation in place thereof, except for stocks of banks which are members of the Federal Deposit Insurance Corporation or any successor thereof, life insurance companies, and fire or casualty insurance companies. Further, any stock to be eligible shall have paid dividends for not less than five consecutive years next preceding the date of investment. Not more than two percent of the fund, determined on a cost basis, shall be invested in the common stock of a single corporation nor shall the total number of shares held in any single corporation exceed five percent of the issued and outstanding common shares of such corporation.

### **Equity-type Securities — Preferred**

To be eligible, the issuing corporation, for a period of not less than three years next preceding the date of investment, shall have had net income, before fixed charges and taxes on income, equal to at least one and one-half times the sum of the average annual fixed charges plus preferred dividend requirements for such period (as used herein, fixed charges shall mean interest on funded or unfunded debt, amortization of debt discount and expense, and expense and rentals for leased property and, in

the case of consolidated earnings statements of parent and subsidiary corporations shall include all fixed charges and preferred dividend requirements, if any such stock be held by others than the consolidated companies, of the subsidiaries); the issuing corporation shall not have defaulted in the payment of the principal or interest on any of its bonds or other evidence of indebtedness at any time during five years prior to the date of investment and, at the date of investment, shall not be in arrears in the payment of preferred stock dividends.

#### **Debt-type Securities**

To be eligible, such securities shall at the date of investment be rated, either provisionally or finally, within the three highest classifications established by at least two standard rating services, or be legal for investment by savings banks or pension and retirement funds under the provisions of the Financial Code of the State of California.

The board may adopt rules and regulations, and may change or amend the same, with respect to its investment policies which, however, shall be subject to the above limitations and not inconsistent with the provisions of this section. Such bonds or other securities purchased as aforesaid shall be placed in the custody of the Treasurer, who is hereby directed to act as a depository for such bonds and 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 twenty years or more 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 as follows: for twenty years' aggregate service, forty per cent (40%) of the average monthly rate of salary assigned to the ranks or positions held by such member during the three years immediately preceding the date of his retirement; and an additional two per cent (2%) of such average rate of salary for each year over twenty and less than twenty-five years in the aggregate served by such member before retirement; for twenty-five years' aggregate service, fifty per cent (50%) of the average monthly rate of salary assigned to the ranks or positions held by such member 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-five and less than thirty-five years in the aggregate served by such member before retirement; for thirty-five years or more aggregate service, two-thirds (2/3) of the average monthly rate of salary assigned to the ranks or positions held by such member during the three years immediately preceding the date of his 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 January 17, 1927, 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 assigned to the ranks or positions held by such member 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 January 17, 1927, 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 assigned to the ranks or positions held by such member 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.

In computing the aggregate period of service of a member of the Fire or Police Department for the purposes of this section, there shall be included the period or periods of time, if any, while such member was on disability retirement pursuant to the provisions of Sections 182 or 182 $\frac{1}{4}$  of this charter.

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

Sec. 181 $\frac{1}{2}$ . The limitations of the amount of maximum pension payable pursuant to Section 181 of this Article shall apply uniformly to all members of the Fire and Police Departments.

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 fifty per cent (50%), 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. 182 $\frac{1}{4}$ . Any member of the Fire or Police Department who shall have served in such department for five years or more in the aggregate from the date of his last appointment to such department and who has become physically or mentally incapacitated by reason of injuries or sickness other than injuries received or sickness caused by the discharge of the duties of such person in such department, and who is incapable as a

result thereof from performing his duties, shall be retired upon written application of such person or of any person acting in his behalf or of the head of the department in which such member is employed.

The board shall cause such member to be examined by and a written report thereon rendered by three regularly licensed, practicing physicians selected by said board, and shall hear such other evidence relating to such disability of such member as may be presented to said board. If, upon considering the report of such physicians and such other evidence as shall have been presented to it, said board finds that said member has become physically or mentally incapacitated by reason of the injuries or sickness other than injuries received or sickness caused by the discharge of the duties of such member in such department, and he is incapable as a result thereof of performing his duties, and if said board finds that such disability was not due to or caused by the moral turpitude of such member, he shall 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 equal to forty per cent (40%) of the highest salary (exclusive of any amount payable by reason of assignment to special duty) attached to the rank of policeman or fireman 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 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 employment 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.

This section shall be applicable only where a member is not entitled to a disability pension under the provisions of Section 182.

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 assigned to the ranks or positions held by such member 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 assigned to the ranks or positions held by such member 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. Provided, however, that the pension payable hereunder to the widow, child or children or dependent parent or parents of a member of the Fire or Police Department who became a member of such department on or subsequent to January 17, 1927, who, after retirement on account of years of service, but having served less than twenty-five years in the aggregate prior to the time of such retirement, or who, while eligible to retirement from such department on account of years of service, but prior to having served twenty-five years in the aggregate shall die from causes other than those arising out of or from the performance of his duties, shall not exceed the amount of the pension which such retired member was receiving at the time of his death or which such member eligible for retirement would have been eligible to receive at the date of his death under the provisions of Section 181 and 181 $\frac{1}{2}$  of this charter, and the additional amount payable to such widow on account of children pursuant to the provisions of this section shall be the applicable percentage hereinabove set forth of a pension in such maximum amount.

Sec. 183 $\frac{1}{2}$ . Whenever any member of the Fire or Police Department (other than a member retired on account of years of service or a member

eligible to retirement on account of years of service, but including a member retired on account of disability pursuant to the provisions of Section 182 $\frac{1}{4}$  of this charter) who shall have served in such department for five years or more in the aggregate from the date of his last appointment to such department, shall die from causes other than those arising out of or from the performance of his duties, 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 forty per cent (40%) of the highest salary (exclusive of any amount payable by reason of assignment to special duty) attached to the rank of policeman or fireman at the date of such member's death. Said pension shall be paid to the widow during her lifetime or until she remarries, and thereafter a pension in the same amount shall be paid in equal monthly installments 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 shall be entitled to a pension pursuant to the provisions of this section 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 no widow of a member who shall die while on disability retirement pursuant to the provisions of Section 182 $\frac{1}{4}$  of this charter shall be entitled to a pension pursuant to the provisions of this section unless she shall have been married to such deceased member for at least one year prior to the date of his retirement.

Sec. 184. That all pensions granted in accordance with the provisions of section 181, 182, 182 $\frac{1}{4}$ , 183 and 183 $\frac{1}{2}$  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 Department 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 to perform the duties of a regular fireman 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.

In addition to the receipts from taxes levied pursuant to the provisions of Section 186.2 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 Departments for violations of rules and regulations of said departments;
- (d) All proceeds from the sale of unclaimed property.

Sec. 186.1. Said fire and police pension fund shall be maintained on a reserve basis which, for the purpose of this article, shall mean one which provides for the accumulation and maintenance of a fund which will at all times be equal to the difference between the present value of the obligations assumed and the present value of the money to be received for paying such obligations, where such present values are estimated in accordance with accepted actuarial methods and on the basis of an assumed rate of interest and the mathematical probabilities of the occurrence of such contingencies as affect both the payment of the assumed obligations and the receipt of money with which they are to be paid in accordance with the provisions of Sections 186.2 and 186½.

The Board of Pension Commissioners shall, as soon as practicable after the effective date of this section, secure an actuarial valuation showing the cost of maintaining said fire and police pension system and fund on such reserve basis and shall at intervals of not to exceed five years thereafter, cause to be made an actuarial investigation including, but not limited to, the mortality, service and compensation experience of the members and beneficiaries and shall further cause to be made annually an actuarial valuation of the assets and liabilities of said fund.

The assumed rate of interest with respect to the first actuarial valuation shall be four percent per annum. Thereafter, the board shall from time to time, with the advice of the investment counselor, establish such rate as in its judgment seems proper in the light of the experience and prospective earnings on the investments of the fund.

Said board shall retain a consulting actuary for the purpose of making the necessary actuarial studies and reports on the required investigations and valuations and shall keep in convenient form such data as may be necessary for said purposes. Such actuary shall be a Fellow in good standing of the Society of Actuaries or have equivalent membership status in a similar organization with equivalent standards of membership.

With the advice of the consulting actuary and the investment counselor, the board shall, for the purpose of the actuarial valuations, provide

by rule for the manner and the extent to which any unrealized profits or losses in the equity-type investments of the fund shall be taken into account.

Sec. 186.2. Said board shall annually prepare and transmit to the Mayor, Council and Controller a budget setting forth the estimated cost of maintaining said pension fund, which said budget shall include therein separate items as follows:

(1) A sum equal to that percentage of the salaries of all members of said pension system shown in the last rendered actuarial valuation to be required to cover the entry age cost to be paid by the City on account of new entrants into the system, said entry age cost being defined as the level percentage of compensation of new entrants which must be paid into the fund from their date of entry in order to provide the benefits under the system, less the contributions to be made by such new entrants during the period of their membership as provided in Section 186½; provided, however, that should the board be unable or deem it to be impracticable to obtain, subsequent to the effective date of this section, an actuarial valuation in time for it to prepare and transmit a budget based thereon, as hereinabove provided, for the fiscal year 1959-1960, then, and in that event, the board shall include in the budget for said fiscal year a sum equal to 11.6 percent 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 said fiscal year.

(2) A sum equal to that percentage of the salaries of all members of said pension system shown in the last rendered actuarial valuation to be required to amortize the unfunded liabilities of the system; said unfunded liabilities being defined as the present value of all of the assumed obligations of the system, less the present value of the future contributions to be made by the City under the preceding subsection and by the members under Section 186½, plus the assets of the pension fund. The amortization period shall be fifty years beginning with the fiscal year immediately succeeding the effective date of this section, with a ten-year modification program whereby there will be no contribution on account of such amortization during the first year; a contribution of one-tenth of the ultimate contribution for such amortization in the second year, and increasing thereafter by one-tenth of such ultimate contribution each year so that in the eleventh and all subsequent years the full amortization payment will be made.

(3) Administration expense.

For the purpose of providing funds to meet the budget of said fire and police pension fund the Council or Controller shall annually levy, in addition to all other taxes levied by the City, a tax clearly sufficient to provide the total amount of all items in said budget.

Sec. 186½. Each member of the Fire and 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 six per cent (6%) 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. 188. The positions of general manager of the department and of secretary to the board may be consolidated, in the discretion of the board.

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### ORDINANCE No. 95,021

An ordinance amending Ordinance No. 67,778 by amending Sections 1 and 2 thereof.

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

Section 1. Sections 1 and 2 of Ordinance No. 67,778 entitled "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," approved September 20, 1930, are amended to read as follows:

Section 1. Definition "Member." The term "member" of the Fire 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 to perform the duties of a regular fireman of the City of Los Angeles and all persons, other than regular firemen, who were so appointed in said Department under such rules and regulations and who became members of the Fire and Police Pension System of the City of Los Angeles prior to June 16, 1947, 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 term "member" of the Police Department as used herein shall refer to, mean and include all persons duly and regularly appointed in the Police Department 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 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.

Section 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, regardless of whether such aggregate number of years of service shall have been completed prior or shall be completed subsequent to the effective date of this ordinance, 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; provided, 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 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.

Section 3. The City Clerk shall certify to the passage of this ordinance and cause the same to be published in some daily newspaper printed and published in the City of Los Angeles.

I hereby certify that the foregoing ordinance was passed by the Council of the City of Los Angeles, at its meeting of June 9, 1949.

WALTER C. PETERSON,  
City Clerk.

By A. M. Morris, Deputy.

Approved this 15th day of June, 1949.

FLETCHER BOWRON,  
Mayor.