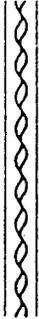
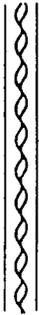


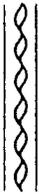
Annual Report



**LOS ANGELES COUNTY
EMPLOYEES RETIREMENT
ASSOCIATION**



*For the Year Ended
December 31, 1977*



COUNTY OF LOS ANGELES
EMPLOYEES RETIREMENT ASSOCIATION
BOARD OF RETIREMENT
437 HALL OF ADMINISTRATION
LOS ANGELES, CALIFORNIA 90012

TO THE MEMBERS

This Annual Report of the Los Angeles County Employees Retirement Association is provided to you to inform you of general, statistical, and financial information concerning your retirement system.

Its contents are based on all changes in the Retirement Law that have been enacted through the 1977 session of the Legislature. Each member should read it carefully to become aware of the many benefits provided by this law.

The law makes all individual records of members confidential. These records may not be disclosed to any one other than the member himself, except in the administration of the law or upon order of a court of competent jurisdiction.

Any member of the Retirement Association may call upon the Retirement Services Division of the Treasurer's Office at any time for information about retirement benefits to which he is entitled. When writing to request such information, be sure to give your employee number and home address. Please do not telephone about matters of confidential records. If you call at our office, please bring identification with you.

Sincerely yours,



Secretary
Board of Retirement

GENERAL INFORMATION – ACTIVE MEMBERS

MEMBERSHIP

Every employee appointed to a permanent position of three-quarter time or more in County service becomes a member of the Los Angeles County Employees Retirement Association (LACERA) on the first of the month following the month in which appointed. Appointees to positions in police, fire fighting and ocean life-guard classifications, under age 36, become safety members. All others become general members.

Employees (except CETA employees) appointed to nonpermanent positions who work 180 days in a calendar year may become optional members if they so elect before March 31 of the next year. All such optional members are general members, even though their position may be in police, firefighting or ocean lifeguard classifications.

CONTRIBUTIONS

Contributions to the Retirement Association are made by both the members and their employers. The rate of contribution for members is determined by age at nearest birthday anniversary at the time of entrance into the Retirement Association. (See Tables, Pages 8 & 9). The contribution rates of members who are covered under social security are reduced by one-third with respect to the first \$350.00 monthly salary. Contributions are discontinued when a person who entered membership before April 1, 1973 is credited with 30 years of service.

BENEFICIARY DESIGNATION

The name and relationship of a beneficiary is given by each member upon entry into the Retirement Association. A married member normally names the spouse as beneficiary because of the community property laws of California and the survivorship benefits available to a spouse in the event of the member's death.

The person named as beneficiary may be changed at any time that changes occur in the member's personal circumstances. Beneficiary Change Forms are available at departmental personnel and payroll offices or from the Retirement Services Division.

KEEP YOUR BENEFICIARY DESIGNATION UP-TO-DATE

CREDIT FOR PREVIOUS COUNTY SERVICE

Members who have worked in County service in a nonpermanent position before entering membership may obtain retirement credit for their nonmembership service. Members who have withdrawn from membership after terminating a previous period of County service may also obtain retirement credit for their previous service. Particulars applicable to each member entitled to these benefits may be obtained by written request addressed to the Retirement Services Division of the Office of County Treasurer.

CREDIT FOR PREVIOUS PUBLIC SERVICE

Members who have been previously employed by a qualified public agency in California may be entitled to retirement credit because of such service. Retirement credit may be obtained either from the retirement system of the agency where previously employed or from the Los Angeles County Employees' Retirement Association. Members who wish retirement credit for previous public service should contact the Retirement Services Division for particulars applicable to their individual circumstances. To receive credit for previous public service in the armed forces of the United States or for service as a civilian employee of the Federal Government, a member must have been an employee during the period between December 1, 1972 and July 1, 1974 and continuously a member since July 1, 1974.

Members who entered membership after January 1, 1976 are not eligible for retirement credit for previous public service.

QUALIFICATIONS FOR SERVICE RETIREMENT

General Members

A service retirement application may be filed by any general member who:

- a. Has retirement credit of 30 years of service other than public service regardless of age, (if in deferred retirement status, 30 or more years after membership entry date), or
- b. Is 50 years of age or older and has retirement credit for 10 or more years of service other than public service (if in deferred retirement status, age 50 and 10 or more years after membership entry date), or
- c. A member having less than ten years retirement credit at age 70 may receive a monthly allowance based upon actual service credited.

Safety Members

A service retirement application may be filed by any safety member who:

- a. Has retirement credit for 20 years of service other than public service, regardless of age, (if in deferred retirement status, 20 or more years after membership entry date), or
- b. Is 50 years of age or older and has retirement credit for 10 or more years of service other than public service (if in deferred retirement status, age 50 and 10 or more years after membership entry date). Safety members must retire at age 60.

QUALIFICATIONS FOR DISABILITY RETIREMENT

A disability retirement application may be filed by any member who becomes permanently disabled for the performance of his duties. Disabilities that result from a job-caused injury are termed service-connected and an application for retirement under these conditions may be filed regardless of age or length of service. Disabilities that are not caused by on-the-job injury are termed non-service-connected, and an application for retirement under these conditions may be filed by any member who has five or more years of retirement credit for service other than previous public service.

QUALIFICATIONS FOR DEFERRED RETIREMENT

Deferred retirement status is available to members who terminate County service with five or more years of retirement credit for service other than public service and who apply in writing to enter deferred retirement status within 180 days after termination. Terminating members should carefully read the waiver relating to deferred retirement that is printed on the reverse side of the "Withdrawal Certificate". Deferred members may receive a retirement allowance at any time after attaining age 50, provided at least 10 years have passed from their entry in the Retirement Association, or any age after 30 years from their entry date, or age 70.

APPROVAL OF APPLICATIONS FOR RETIREMENT BENEFITS

Each applicant for a service or disability retirement allowance or for deferred retirement status is individually approved by the Board of Retirement. A letter informing each applicant of the action taken by the Board with respect to his application is sent by its secretary. Applicants should contact the Retirement Services Division if such a letter is not received within a few days after the meeting of the Board at which their application was considered.

RECIPROCITY WITH OTHER RETIREMENT SYSTEMS

Reciprocal retirement benefits are available to members who terminate County service to accept a position with another qualified public agency in California. Members contemplating taking such action should contact the Retirement Services Division if such a letter is not received within a few days after the meeting of the Board at which their application was considered.

DEATH AND SURVIVOR BENEFITS FOR ACTIVE MEMBERS

The death benefit payable to the beneficiary of a member who dies before retirement consists of:

- a. The member's contributions and interest credited to his account, plus,
- b. An amount equal to an average month's salary (based on the last twelve months) for each year of retirement credit, but not exceeding six month's salary.

The death benefit may be paid in a lump sum or in 120 equal payments at the option of the beneficiary.

When a member's death was not caused by an injury on the job and the member had five or more years of retirement credit for service other than public service, the surviving spouse or the guardian for the unmarried children under age 18 may elect a monthly allowance in lieu of the basic death benefit equal to 60% of the retirement allowance that the member would have received had he retired because of non-service connected disability on the date of death.

The surviving spouse may elect to receive a combined benefit in lieu of either of the benefits previously described. The combined benefit consists of a lump sum payment (six month's salary) plus a reduced monthly allowance for life.

Information required by a surviving spouse to make an informed election is furnished by the Retirement Services Division.

If the member's death was caused by an injury on the job, the surviving spouse or the guardian for the unmarried children under age 18 may elect a monthly allowance in lieu of the basic death benefit equal to the retirement allowance that the member would have received had he retired because of service-connected disability on the date of death. If the member's service-connected death resulted from external violence or physical force, the surviving spouse or other person having legal custody of the deceased member's children under age 18 may receive an additional allowance based on the number of children as follows:

1 child	25% of basic allowance
2 children	40% of basic allowance
3 or more children	50% of basic allowance

A combined benefit as previously described is also available to the surviving spouse of a member who dies in service from an injury or illness caused by his job.

In addition to all other benefits, the surviving spouse of a safety member who is killed by force or violence on the job receives a lump sum payment equal to twelve months pay.

SOCIAL SECURITY COVERAGE

General employees who became members of the Retirement Association or became eligible for membership on or after June 1, 1964, and all employees who selected OASDI coverage in May 1964 are covered under social security. OASDI contributions (FICA taxes) are paid by these members on the first \$17,700 of salary paid them during the 1978 calendar year, old age, survivor, disability, and health insurance benefits provided by the Social Security Act are payable to those members when they meet the eligibility requirements. Questions concerning eligibility for these benefits should be directed to the nearest social security office.

WITHDRAWAL OF CONTRIBUTIONS

When a member leaves County service, he may withdraw the contributions he has made to the Retirement Association plus the interest credited to his account. Contributions made for OASDI coverage (FICA taxes) are not refunded when a member terminates County service.

Withdrawal of contributions forms are initiated by the employing department during the termination process and forwarded to the Retirement Controls Division so that a refund warrant may be prepared;

When a member withdraws from membership he waives all retirement rights available to him from the Retirement Association.

APPLICATION FOR RETIREMENT

A retirement application is submitted to the Board of Retirement by each member who desires to retire. The Board of Retirement meets on the first Wednesday of each month to consider the applications for service retirement filed the preceding month.

The processing of applications for disability retirement usually entails a period of several months to obtain the required medical and other evidence of disability, have a medical examination and then report such evidence for consideration by the Board of Retirement.

AMOUNT OF RETIREMENT ALLOWANCE

The amount of retirement allowance that will be received by a retired member throughout his lifetime is dependent on the retirement plan or basis selected by the member when he files his application. A member may choose either the unmodified basis or one of four optional bases to determine his retirement income.

The unmodified basis provides both the maximum retirement allowance for the member and a continuation of 60% of that allowance to the surviving spouse, if marriage occurred a year or more before service retirement or non service-connected disability retirement. The unmodified basis for a service-connected disability retirement provides both the maximum retirement allowance for the member and a continuation of 100% of that allowance to the surviving spouse if married at the time of retirement. Unmarried members may choose one of the optional bases which provide a smaller retirement allowance for the member, but enable him to provide for a beneficiary in the event of his death. Detailed information about the optional bases is available from the Retirement Services Division.

GENERAL INFORMATION – RETIRED MEMBERS

COUNTY SERVICE AFTER RETIREMENT

A retired member may not be paid for service to the County, except as follows:

- a. Payments for service as juror or election officer.
- b. Payments for suggestions made for the improvement of County or district activities.
- c. Payments for service as field deputy for registration of voters.

ENDORSEMENT OF RETIREMENT WARRANT

Personal endorsement of the retirement warrant is required of each retired member. His mark witnessed by two persons who sign their names and give their addresses, is acceptable when the member is unable to sign his name.

A retired member may arrange to have his warrant deposited in a financial institution without his personal endorsement. The Retirement Services Division should be contacted to make the necessary arrangements. A retiree who may desire to use this service should seriously consider its implications. Although warrants are placed in the mail for delivery on the last day of each month, several days may elapse before a person's account is credited with the deposit. This delay can cause inconvenience and embarrassment to the retiree.

DEDUCTIONS FROM RETIREMENT ALLOWANCES

Deductions from retirement allowances may be authorized for the following purposes:

- a. Group Insurance.
- b. Dues - RELAC, Sheriff's Relief, POPA, Local 1014, LACEA
- c. Credit union loan repayments or savings deposits.
- d. Medicare premium payments.
- e. Federal and State income taxes.

FEDERAL AND STATE INCOME TAXES

Retirement allowance income of retired members is taxable under both Federal and State of California Income Tax laws. A statement showing the taxable income status of each retired member's retirement allowance is provided at the time of retirement. Questions concerning the applicability of the income tax laws to a member's personal situation should be directed to a tax advisor. We cannot provide such advice.

DEATH AND SURVIVOR BENEFITS – SERVICE RETIREMENT OR NON-SERVICE-CONNECTED DISABILITY RETIREMENT

When death occurs after a member has retired under the unmodified plan of retirement, the surviving spouse or the guardian for the unmarried children under age 18 may be entitled to receive a monthly allowance equal to 60% of the retirement allowance received by the member before his death. To be eligible for this monthly allowance the member must have retired after September 21, 1951, and the surviving spouse must:

- a. Be named as beneficiary, and
- b. Have been married to the member at least one year before he retired.

DEATH AND SURVIVOR BENEFITS – SERVICE-CONNECTED DISABILITY RETIREMENT

The surviving spouse or the guardian for the unmarried children under age 18 continue to receive the same retirement allowance that the member received before his death. To be eligible for this benefit, the spouse must:

- a. Be named beneficiary, and
- b. Have been married to the member when he retired.

COST OF LIVING ADJUSTMENTS

Effective on April 1 of each year all retirement allowances then payable are adjusted in accordance with the change in the consumer price index during the preceding calendar year. The amount of any adjustment may not exceed 3% of the allowance then being received. The cost of living adjustment may not exceed 2% in the case of a retiree whose current membership entry date is on or after September 1, 1977.

BURIAL ALLOWANCE

A special death benefit or "burial allowance" of \$750.00 is paid to the named beneficiary or estate of each retiree who dies after retirement.

HOSPITAL AND MEDICAL INSURANCE

Full or partially-paid group hospital and medical insurance coverage has been made available to all retirees, survivors, and their eligible dependents by the Board of Retirement.

The amount of premium that is paid by the Board is dependent upon the number of years of retirement service credited to the retiree when he retires. This ranges from 40% of the premium with ten full years of service credit to 100% of the premium with twenty-five or more full years of service credit.

There are two different plans sponsored by the Board of Retirement. One plan is an "indemnity" plan whereby the retiree chooses his own doctor or hospital and his bills are paid by the insurance company underwriting the plan. The other is a "service" plan whereby the retiree must use the doctors and facilities offered by the service plan he chooses.

The indemnity plans are underwritten either by the Occidental Life Insurance Company or by Blue Cross of California. Benefits under the indemnity plans are similar. Premiums are not identical, and the Board of Retirement premium payments for the indemnity plans are limited to the premium charge by the Occidental Life Insurance Company. Retirees who did not previously have Blue Cross coverage as an active member may not choose this company to process their claims.

The service plans are underwritten either by the Ross Loos Medical Group or by Kaiser Permanente. Any retiree may choose Ross Loos regardless of previous coverage, but only those retirees previously covered by Kaiser Permanente as an active member may choose this service plan.

Survivors of retirees are also eligible to participate in these hospital/medical plans.

In addition to the Board-sponsored plans, retired firemen also may choose to remain covered under the hospital/medical plan offered by the Fire Fighters Union.

DENTAL/VISION CARE PLAN

Retirees, survivors, and their eligible dependents are eligible for fully or partially-paid coverage under a dental/vision care plan provided for the Board of Retirement by Blue Cross of Southern California.

The dental/vision care plan is separate and distinct from the various hospital and medical insurance plans that are also available to retirees.

A different enrollment card is required to participate in the dental/vision care plan regardless of the medical plan that a retiree may select. Enrollment must be made within 60 days after retirement to participate in the plan.

The plan is of the indemnity type which means that the retiree may choose his own dentist or eye doctor and be reimbursed for the covered portion of the costs of these services.

The amount of premium for this coverage that is paid by the Board of Retirement is dependent upon the number of years of retirement service credited to the retiree when he retires. This ranges from 40% of the premium with ten full years of service credit to 100 % of the premium with twenty-five or more full years of service credit.

**RATES OF CONTRIBUTION BY PAYROLL DEDUCTION
PERCENTAGE OF BASE SALARY
(Nearest Year of Age at Membership)**

GENERAL MEMBERS

Age	Membership Prior to 9/1/77	Membership 9/1/77 and After
	Current	Current
16	3.64	6.27
17	3.70	6.37
18	3.74	6.43
19	3.80	6.53
20	3.84	6.61
21	3.89	6.69
22	3.93	6.78
23	3.99	6.88
24	4.06	6.98
25	4.11	7.09
26	4.18	7.21
27	4.25	7.33
28	4.34	7.46
29	4.40	7.60
30	4.49	7.74
31	4.59	7.89
32	4.67	8.05
33	4.77	8.21
34	4.86	8.38
35	4.97	8.56
36	5.08	8.75
37	5.19	8.94
38	5.31	9.14
39	5.43	9.35
40	5.55	9.56
41	5.68	9.78
42	5.80	10.00
43	5.94	10.24
44	6.08	10.48
45	6.23	10.72
46	6.37	10.98
47	6.52	11.24
48	6.68	11.50
49	6.84	11.78
50	7.00	12.06
51	7.18	12.34
52	7.34	12.64
53	7.51	12.94
54 and over	7.69	13.25

1. When salary is not subject to social security, the retirement contribution is calculated by multiplying the applicable percentage times monthly salary.
2. When salary is subject to social security taxes, the retirement contribution is calculated by multiplying the applicable percentage times monthly salary less \$116.67.

HOW TO COMPUTE A RETIREMENT ALLOWANCE ESTIMATE

A retirement allowance is based on a percentage of the member's final compensation. "Final compensation" is defined as:

- a. The member's average monthly salary for the latest or highest paid one year of service, for those with a membership date prior to September 1977.
- b. The member's average monthly salary for the latest or highest paid three years of service, for those with a membership date of September 1977 or later.

Examples of calculating final compensation:

Membership Prior to 9/1/77:
 $\$715 \times 3 \text{ months} = \$2,145.00$
 $\$735 \times 9 \text{ months} = \$6,615.00$

 $12 \text{ months} = \$8,760.00$

Membership 9/1/77 and After:
 $\$655 \times 3 \text{ months} = \$ 1,965.00$
 $\$685 \times 12 \text{ months} = \$ 8,220.00$
 $\$715 \times 12 \text{ months} = \$ 8,580.00$
 $\$735 \times 9 \text{ months} = \$ 6,615.00$

 $36 \text{ months} = \$25,380.00$

AVERAGE SALARY = \$8,760
 $\$8,760 \div 12 = \730.00

AVERAGE SALARY =
 $\$25,380 \div 36 = \705.00

After calculating the final compensation, find the percent of final compensation applicable to your age at retirement from the chart on page 11. Multiply this percentage factor by the number of years of service you will have when you retire.

For example, if you are a general member, age 60, with 28 years of service:

Membership Prior to 9/1/77
% of final compensation 2.440%
Years of service $\times 28$

% of final compensation 68.32%
Final compensation $\times \$730$

Estimated retirement allowance \$498.74

Membership 9/1/77 and After
% of final compensation 2.182%
 $\times 28$

61.10%
 $\times \$705$

\$430.76

IF YOU ARE COVERED UNDER SOCIAL SECURITY, PLEASE TURN TO PAGE 12 TO COMPLETE THE CALCULATION OF YOUR RETIREMENT ALLOWANCE

The Retirement Services Division should not be contacted to verify the results of your calculation unless you have filed an application for retirement.

The retirement allowance calculated as demonstrated here is the amount payable to the member under the unmodified basis for service retirement. Disability retirement allowance estimates and optional basis retirement estimates will be computed by the Retirement Services Division when a retirement application is filed.

PERCENT OF FINAL COMPENSATION PER YEAR OF SERVICE

SAFETY MEMBER		GENERAL MEMBER		
Age	Percent	(Membership Prior to 9/1/77)		(Membership after 9/1/77)
		Age	Percent	Percent
46	1.645	46	1.176	.993
47	1.736	47	1.242	1.052
48	1.817	48	1.314	1.113
49	1.904	49	1.391	1.176
50	2.000	50	1.475	1.242
51	2.103	51	1.567	1.314
52	2.216	52	1.667	1.391
53	2.338	53	1.741	1.475
54	2.467	54	1.841	1.567
55	2.620	55	1.948	1.667
56	2.620	56	2.061	1.741
57	2.620	57	2.182	1.841
58	2.620	58	2.268	1.948
59	2.620	59	2.354	2.061
60	2.620	60	2.440	2.182
		61	2.526	2.268
		62	2.611	2.354
		63	2.611	2.440
		64	2.611	2.526
		65 and over	2.611	2.611

**REDUCTION FACTORS FOR RETIREMENT ALLOWANCES
OF MEMBERS COVERED UNDER SOCIAL SECURITY**

Age at Retirement	(Membership Prior to 9/1/77)	(Membership After 9/1/77)
	Reduction	Reduction
50	\$ 1.72	\$ 1.45
51	1.83	1.53
52	1.94	1.62
53	2.03	1.72
54	2.15	1.83
55	2.27	1.94
56	2.40	2.03
57	2.55	2.15
58	2.65	2.27
59	2.75	2.40
60	2.85	2.55
61	2.95	2.65
62	3.05	2.75
63	3.05	2.85
64	3.05	2.95
65 and over	3.05	3.05

This table assumes final compensation equal to or exceeding \$350.00

HOW TO COMPUTE A RETIREMENT ALLOWANCE ESTIMATE COORDINATED WITH SOCIAL SECURITY BENEFITS

Members who are covered by social security receive a reduced service retirement allowance from LACERA. The reduction is dependent on age at retirement, the number of years of social security coverage, and the membership date. These members receive social security benefits beginning at age 62, in addition to a retirement allowance from LACERA. An estimate of the reduced retirement income from LACERA may be computed as follows:

1. Compute the unmodified service retirement allowance.
(See Page 10).
2. Determine the reduction factor for age at retirement from the chart on page 11.
3. Determine the number of years of county service with social security coverage.
4. Multiply the reduction factor times the number of years of county service with social security coverage to obtain the amount of reduction.
5. Subtract the amount of reduction from the unmodified allowance to determine the reduced retirement allowance.

If a general member, with a membership date prior to September 1977, retires at age 60 with 28 years of service and had been covered by social security during the last 19 years of his county service, his reduced retirement allowance would be computed as follows:

Unmodified Retirement Allowance	\$498.74
(See Page 10)	
Reduction, 19 years x 2.85	- 54.15
Reduced Retirement Allowance	<u>\$444.59</u>

If a general member, with a membership entry date of September 1977 or later, retires at age 60 with 28 years of service, and has been covered by social security during all 28 years of service, his reduced retirement allowance would be computed as follows:

Unmodified Retirement Allowance	\$430.76
(See Page 10)	
Reduction, 28 years x 2.55	- 71.40
Reduced Retirement Allowance	<u>\$359.36</u>

GENERAL STATISTICS

	ACTIVE MEMBERS			DEFERRED MEMBERS		
	General	Safety	Total	General	Safety	Total
As of January 1, 1977	66,104	8,667	74,771	1,514	188	1,702
Additions	3,421	323	3,744	258	34	292
	<u>69,525</u>	<u>8,990</u>	<u>78,515</u>	<u>1,772</u>	<u>222</u>	<u>1,994</u>
Deductions:						
Withdrawals	9,287	395		60	7	
Retired	1,436	215		100	9	
Deferred	258	34				
Total Deductions	<u>10,981</u>	<u>644</u>	<u>11,625</u>	<u>160</u>	<u>16</u>	<u>176</u>
As of December 31, 1977	<u>58,544</u>	<u>8,346</u>	<u>66,890</u>	<u>1,612</u>	<u>206</u>	<u>1,818</u>
Unclaimed Accounts.....	1,993	19	2,012			

RETIRED MEMBERS

	SERVICE	DISABILITY	SURVIVORS	TOTAL
GENERAL				
As of January 1, 1977.....	12,129	1,779	2,227	16,135
Additions	1,245	261	220*	1,726
	<u>13,374</u>	<u>2,040</u>	<u>2,447</u>	<u>17,861</u>
Deductions	405	47	68	520
Total General Members as of December 31, 1977	<u>12,969</u>	<u>1,993</u>	<u>2,379</u>	<u>17,341</u>
SAFETY				
As of January 1, 1977	982	769	495	2,246
Additions	94	125	37**	256
	<u>1,076</u>	<u>894</u>	<u>532</u>	<u>2,502</u>
Deductions	22	14	12	48
Total Safety Members as of December 31, 1977.....	<u>1,054</u>	<u>880</u>	<u>520</u>	<u>2,454</u>
Total Retired Members as of December 31, 1977	14,023	2,873	2,899	19,795

* Includes survivors of 30 deceased active general members who receive life payments by election.

** Includes survivors of 5 deceased active safety members who receive life payments by election.

**LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION
COMPARATIVE STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 1976 AND 1977**

ASSETS

CURRENT ASSETS	1976	1977
Cash	\$ 677,028.67	\$ 488,166.83
Bonds - Short Term - Book Value	28,962,321.39	67,819,000.00
Accrued Assets:		
Accrued Interest Receivable	16,184,883.59	20,790,471.01
Accrued Interest - Commercial Loans	4,663.64	4,438.77
Accrued Dividends Receivable	1,604,787.56	1,932,366.73
Proceeds Receivable - Sale of Common Stocks	2,691,302.29	2,571,372.67
Accrued Members Contributions Receivable	4,234,038.79	4,468,570.90
Accrued Employers Contributions Receivable	13,787,626.36	14,121,878.54
Unclassified Accounts Receivable	3,053,349.32	1,439,597.12
Reimbursable Insurance & Other Advances	83,184.50	1,192,169.78
Total Current Assets	\$ 71,283,186.11	\$ 114,828,032.35
 INVESTMENTS		
Bonds - Long Term - Book Value	\$ 998,884,344.59	1,156,300,578.39
Stocks:		
Common Stocks - At Cost	\$ 450,434,556.36	489,089,508.00
Common Stocks - Receivable	3,341,803.50	4,815,128.01
Preferred Stocks - At Cost	8,103,591.00	6,025,491.00
Total Stocks - At Cost (See Note)	\$ 461,879,950.86	499,930,127.01
Real Estate Projects At Cost	\$ 262,955,585.75	\$ 262,955,301.91
Less: Accumulated Amortization	22,632,365.30	27,191,935.31
Total Real Estate Projects - Book Value	\$ 240,323,220.45	\$ 235,763,366.60
FHA & VA Insured Mortgages - Book Value	\$ 114,290,183.73	\$ 114,138,211.34
Conventional Mortgages (Commercial) - Book Value	10,175,207.05	10,007,390.74
Conventional Mortgages (Residential) - Book Value	920,751.09	804,446.18
Total Investments - Book Value	\$ 1,826,473,657.77	\$ 2,016,944,120.26
Total Assets	\$ 1,897,756,843.88	\$ 2,131,772,152.61

Note: Market Value of Stocks is \$501,183,834.46

**LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION
COMPARATIVE STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 1976 AND 1977**

LIABILITIES AND RESERVES

	1976	1977
CURRENT LIABILITIES		
Retirement Allowances Payable	\$ -0-	\$ 8,712,229.33
Vouchers Payable	3,341,803.50	4,815,128.01
Unclassified Accounts Payable ...	3,336,838.95	5,157,289.04
Mortgage Loan Payments Collected In Advance	32,724.69	23,890.00
Total Current Liabilities.....	\$ 6,711,367.14	\$ 18,708,536.38
MEMBERS DEPOSIT RESERVES		
General Members	\$ 393,059,218.72	\$ 407,827,077.22
Safety Members	124,257,128.38	131,247,884.01
Unclaimed Deposits of Former Members	760,632.44	605,738.32
Total Members Deposit Reserves	\$ 518,076,979.54	\$ 539,680,699.55
COUNTY ADVANCE RESERVES		
General Members	\$ 101,248,770.58	\$ 89,234,344.06
Safety Members	101,718,296.15	108,495,945.35
Total County Advance Reserves	\$ 202,967,066.73	\$ 197,730,289.41
RETIRED MEMBERS RESERVES		
General Members	\$ 749,664,139.35	\$ 866,088,012.55
Safety Members	228,769,725.54	270,298,430.35
Death Benefit Reserve	1,084,682.46	1,121,440.28
Retired Members Med. Insurance	16,175,318.66	17,704,724.41
Retired Members Dental/Vision	-0-	1,525,393.21
Total Retired Members Reserves	\$ 995,693,866.01	\$1,156,738,000.80
COST-OF-LIVING RESERVES		
Active Members	\$ 53,673,094.83	\$ 66,375,746.63
County Advance Reserve	46,584,063.34	56,755,201.25
Retired Members	22,356,479.64	33,123,871.33
Total Cost-of-Living Reserves	\$ 122,613,637.81	\$ 156,254,819.21
Reserve for Earnings Deficiencies, Investment Losses, and Other Contingencies	51,693,926.65	62,659,807.26*
Total Liabilities and Reserves	\$1,897,756,843.88	\$2,131,772,152.61

*On February 15, 1978, the Board of Investments ordered \$41,250,000.00 transferred from this reserve as follows

Retired Members Cost-of-Living	\$ 35,000,000.00
Retired Members Death Benefit	250,000.00
Retired Members Medical Insurance	3,000,000.00
Retired Members Dental/Vision	3,000,000.00

Total	\$ 41,250,000.00
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**LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION
STATEMENT OF REAL ESTATE PROJECTS**

Schedule 1
December 31, 1977

<u>Projects</u>	<u>Date of Lease</u>	<u>Lease Period (Years)</u>	<u>Original Investment</u>		<u>Return of Principal</u>		<u>Investment Dec. 31, 1977</u>
			\$	\$	\$	\$	
Beverly Hills Municipal Court Fac.	01-01-72	30	5,573,206.44	503,531.11	5,069,675.33		
Central District Health Center	05-24-68	30	1,588,533.08	235,573.65	1,352,959.43		
Civic Center Mall I	12-20-66	30	9,465,247.25	1,378,494.11	8,086,753.14		
Civic Center Mall II	11-01-71	30	10,193,754.76	744,638.02	9,449,116.74		
Criminal Courts Facility	11-01-73	30	38,570,332.16	1,907,714.95	36,662,617.21		
County Downey Admin. Center	07-01-74	30	7,190,119.23	273,581.38	6,916,537.85		
Downey Educational Center	07-01-74	5	2,827,021.00	1,475,741.54	1,351,279.46		
East District (Pomona) Court Facility	06-24-69	30	7,636,167.09	1,423,473.61	6,212,693.48		
Hall of Administration Building	06-25-63	42	28,381,494.34	7,711,613.53	20,669,880.81		
Health Administration Building	02-01-72	30	13,087,984.89	1,083,071.47	12,004,913.42		
Malibu Administration Center	06-22-71	30	3,408,884.73	383,384.15	3,025,500.58		
Mechanical Department, Parking and Service Garage	12-01-72	30	2,703,523.83	163,339.48	2,540,184.35		
Mechanical Department, Phase II	06-01-75	30	19,113,540.47	419,210.01	18,694,330.46		
Mens Central Jail	12-10-63	40	17,027,664.24	2,595,000.90	14,432,663.34		
Mens Central Jail Addition	01-01-77	26-8/12	41,624,734.21	509,548.24	41,115,185.97		
Municipal Traffic Court	11-01-73	30	17,653,582.10	979,736.27	16,673,845.83		
Northeast District Court (Pasadena)	07-06-71	30	7,124,359.39	814,753.38	6,309,606.01		
Northeast District Court-Parking Structure	04-01-68	30	2,459,023.13	218,406.26	2,240,616.87		
San Pedro Court Facility	06-24-69	30	1,506,377.53	118,315.54	1,388,061.99		
Southeast District Court (Norwalk)	06-24-69	30	8,076,387.09	1,337,398.92	6,738,988.17		
Southwest District Court (Torrance)	10-29-68	30	5,365,667.07	778,930.09	4,586,736.98		
Lakewood Golf Course	07-08-69	20	5,463,610.00	1,171,318.21	4,292,291.79		
Los Amigos Golf Course	05-31-67	30	2,884,148.15	247,635.61	2,636,512.54		
Los Verdes Golf Course	05-18-65	30	2,797,681.64	467,425.91	2,330,255.73		
Marshall Canyon Golf Course	05-31-67	30	1,232,258.09	250,098.97	982,159.12		
TOTAL			\$ 262,955,301.91	\$ 27,191,935.31	\$ 235,763,366.60		

**LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION
COMPARATIVE STATEMENT OF CHANGES IN SURPLUS
FOR THE YEARS ENDING DECEMBER 31, 1976 AND 1977**

	1976	1977
Surplus Balance January 1,	\$ -0-	\$ -0-
INCREASES		
Net Interest From Securities	67,096,364.98	79,398,957.29
Dividends	19,511,472.21	22,672,805.98
Net Income From Real Estate Projects	13,516,823.49	13,827,843.99
Net Income From Mortgage Loans	8,921,523.63	8,878,236.20
Net Amortization of Bond Discount and Premium	536,643.88	448,260.05
Miscellaneous Income	37,338.49	69,869.73
Total Increases	\$ 109,620,166.68	\$ 125,295,973.24
DECREASES		
Interest Credited to Members		
Deposit Reserves	\$ 23,955,411.95	\$ 24,992,620.45
Interest Credited to County		
Advance Reserves	10,480,676.09	9,252,011.13
Interest Credited to Retired		
Members Reserves.....	42,305,129.09	51,863,012.25
Interest Credited to Cost-of-Living		
Reserves	5,176,950.21	6,733,698.71
<i>Investment</i> (Interest) Counsel Expense and Misc.		
Charge to Surplus	345,328.69	383,786.36
Total Decreases	\$ 82,263,496.03	\$ 93,225,128.90
Net Increase For Year	\$ 27,356,670.65	\$ 32,070,844.34
Transfer to Reserve for Earnings Deficiencies, Investment Losses, and Other Contingencies	\$ 27,356,670.65	\$ 32,070,844.34
Surplus Balance December 31,	\$ -0-	\$ -0-

**LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION
STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDING DECEMBER 31, 1977**

	Members Deposit Reserves	County Advance Reserves
Balance January 1, 1977	\$ 518,076,979.54	\$ 202,967,066.73
CONTRIBUTIONS:		
Employees	41,561,467.82	
Employers		157,684,602.77
Miscellaneous Receipts		
OTHER ADDITIONS:		
Gain on Bonds Sold		
Miscellaneous Adjustments	878.61	
Interest Credited to Various Reserves	24,992,620.45	9,252,011.13
DISBURSEMENTS:		
Refunds to Terminated Members	(12,337,146.06)	
Lump Sum Death Benefits		(744,733.21)
Interest & Payments Under Sec. 31725.5		(160,294.27)
Pension & Annuity Payments		
Medical Insurance Plan		
Dental/Vision Plan		
Retired Members Death Benefits		
Miscellaneous Payments		
OTHER DEDUCTIONS:		
Net Amount of Prem. & Discount - Bonds		
Miscellaneous Adjustments	(231.35)	
TRANSFERS BETWEEN RESERVES:		
Cost of Future Benefits for Members		
Retiring During The Year	(32,610,758.88)	(171,280,086.95)
Transfer From Reserve for Earnings Def.		
Miscellaneous Transfers	(3,110.58)	11,723.21
TRANSFER FROM SURPLUS:		
Net Gains on Investments Transferred To Reserve For Earnings Deficiencies, Etc.		
Balance December 31, 1977	\$ 539,680,699.55	\$ 197,730,289.41

Retired Members Reserves	COST OF LIVING RESERVES		Retired Members	Res. for Earnings Def., Investment Losses, etc.
	Members	County		
\$ 995,693,866.01	\$ 53,673,094.83	\$ 46,584,063.34	\$ 22,356,479.64	\$ 51,693,926.65
41,763.57	14,163,047.64	9,973,766.42	2,706.41	32,584.23
197.69	338.88			1,265,065.76 939.94
51,863,012.25	2,753,293.60	2,445,453.54	1,534,951.57	
	(1,966,072.53)			
(97,816,229.78)			(16,366,430.39)	
(6,495,589.05)				
(1,476,623.54)				
(363,242.18)				(87,447.05)
	(89.22)			(87,516.70) 1,522.43)
203,890,845.83	(2,248,082.05)	(2,248,082.05)	4,496,164.10	(32,500,000.00)
11,400,000.00	215.48		21,100,000.00	(8,828.11)
				32,070,844.34
				10,281,760.63
<u>\$1,156,738,000.80</u>	<u>\$66,375,746.63</u>	<u>\$56,755,201.25</u>	<u>\$33,123,871.33</u>	<u>\$62,659,807.26</u>

**LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION
COMPARATIVE STATEMENT OF CASH RECEIPTS
FOR THE YEAR ENDING DECEMBER 31, 1976 and 1977**

	1976	1977
Cash Balance - January 1	\$ 763,391.53.	\$ 677,028.67
RECEIPTS		
Members Normal Contributions		
General Members	\$ 31,780,415.66	\$ 31,825,212.15
Safety Members	7,880,481.12	8,499,932.99
	<u>\$ 39,660,896.78</u>	<u>\$ 40,325,145.14</u>
Members Other Contributions		
General Members	\$ 853,278.08	\$ 982,043.03
Safety Members	43,574.96	64,307.02
	<u>\$ 896,853.04</u>	<u>\$ 1,046,350.05</u>
Contributions by Employers		
General Members	\$ 104,644,674.66	\$ 113,964,991.83
Safety Members	37,702,401.16	43,413,977.84
	<u>\$ 142,347,075.82</u>	<u>\$ 157,378,969.67</u>
Cost of Living Contributions		
Members	\$ 13,818,148.53	\$ 14,117,962.51
Employers	9,783,015.35	9,945,147.34
	<u>\$ 23,601,163.88</u>	<u>\$ 24,063,109.85</u>
Interest Collected on Securities		
Long-Term Investments	\$ 66,442,291.34	\$ 78,506,776.91
Short-Term Investments	1,393,932.81	2,451,340.44
Short-Term Discount	1,417,129.24	469,045.58
Savings Account	33,342.49	37,060.62
	<u>\$ 69,286,695.88</u>	<u>\$ 81,464,223.55</u>
Dividends Received on Stock		
Common Stock	\$ 17,694,080.75	\$ 19,539,576.00
Preferred Stock	632,550.00	559,856.40
	<u>\$ 18,326,630.75</u>	<u>\$ 20,099,432.40</u>
Debts, Securities Sold/Matured		
Long-Term Investments	\$ 146,376,634.59	\$ 327,623,137.15
Short-Term Investments	1,415,307,870.76	3,498,072,848.60
	<u>\$ 1,561,684,505.35</u>	<u>\$ 3,825,695,985.75</u>
Equity Securities Sold		
Common Stock	\$ 27,054,785.60	\$ 113,456,284.09
Preferred Stock	4,111,075.12	2,548,017.66
	<u>\$ 31,165,860.72</u>	<u>\$ 116,004,301.75</u>
Current OASDI Contributions	\$ 74,857,047.88	\$ 76,763,237.98
Rents and Return of Investments	17,378,252.00	18,387,414.00
Interest and Return of Investments		
Mortgages	22,278,855.00	25,254,430.53
Members Contributions		
Medical Premiums	30,277.01	24,994.80
Members Contributions		
Dental/Vision	-	2,016.75
Collection of Reimbursable		
Disbursements	1,085,593.90	1,294,467.09
Unclassified Receipts	252,819.14	115,826.45
Total Miscellaneous	<u>\$ 115,882,844.93</u>	<u>\$ 121,842,387.60</u>
Total Receipts	<u>\$ 2,002,852,527.15</u>	<u>\$ 4,387,919,905.76</u>
TOTAL CASH AVAILABLE	<u>\$ 2,003,615,918.68</u>	<u>\$ 4,388,596,934.43</u>

**LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION
COMPARATIVE STATEMENT OF CASH DISBURSEMENTS
FOR THE YEARS ENDING DECEMBER 31, 1976 and 1977**

	1976	1977
DISBURSEMENTS		
Refunds to Terminated Members		
General Members	\$ 9,741,514.26	\$ 11,351,230.92
Safety Members	736,776.86	985,915.14
Members Cost of Living	1,373,986.89	1,966,072.53
	<u>\$ 11,852,278.01</u>	<u>\$ 14,303,218.59</u>
Lump Sum Death Benefits	\$ 959,215.79	\$ 744,733.21
Retirement Allowances		
General Members	\$ 66,626,310.85	\$ 72,530,718.48
Safety Members	16,271,971.38	17,806,316.93
Cost of Living	13,546,115.93	14,950,384.08
	<u>\$ 96,444,398.16</u>	<u>\$ 105,287,419.49</u>
Retired Members Death Benefits	\$ 365,317.54	\$ 363,242.18
Investments		
Bonds - Par Value	\$ 1,666,145,739.28	\$4,024,722,358.63
Net Premium/Discount	(442,390.30)	(2,397,217.25)
	<u>\$ 1,665,703,348.98</u>	<u>\$ 4,022,325,141.38</u>
Accrued Interest on Bonds	\$ 3,304,397.15	\$ 6,364,264.56
Common Stocks	\$ 121,531,911.50	\$ 134,622,803.36
Preferred Stocks	2,378,591.00	\$ 744,773.50
	<u>\$ 123,910,502.50</u>	<u>\$ 135,367,576.86</u>
Real Estate Projects	\$ 6,108,755.46	\$ 852.07
Mortgage Loans	12,966,430.48	15,454,221.65
Accrued Interest on Mortgage Loans	72,364.16	75,505.78
OASDI Contributions	74,865,761.41	76,768,996.11
Reimbursable Disbursements	1,130,940.67	2,403,452.37
Medical Insurance Premium.....	4,802,116.25	6,495,589.05
Dental/Vision Plan	-	1,476,623.54
Investment Counsel Expense	350,112.78	353,518.06
Unclassified Expenditures	102,950.67	324,412.70
Total Disbursements	<u>\$ 2,002,938,890.01</u>	<u>\$ 4,388,108,767.60</u>
Cash Balance, December 31,	<u>\$ 677,028.67</u>	<u>\$ 488,166.83</u>
Total Disbursements plus Ending Cash Balance	<u>\$ 2,003,615,918.68</u>	<u>\$ 4,388,596,934.43</u>

**LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 1977**

Note 1 - Summary of Significant Accounting Policies

The County Employees Retirement Law of 1937, Government Code Sections 31450 through 31898, authorizes the formation and operation of the Los Angeles County Employees Retirement Association (LACERA). The County of Los Angeles and its employees contribute to the Fund based on rates recommended by the Fund's actuary and adopted by the Board of Investments and Board of Supervisors.

Employee and employer contributions are invested and the proceeds and contributions are used for monthly payments to retired County employees. Expenditures for salaries, services and supplies, and fixed assets are made by the County of Los Angeles, Department of Treasurer and Tax Collector.

Investments

Bonds and mortgages are carried at cost less net amortized premium or discount. Premium or discount on long term bonds is amortized using the constant yield method of amortization while premium or discount on mortgage loans is amortized by the straight line method over a period of 120 months. Stocks are carried at cost. All gains or losses on investments are charged directly to the Reserve for Earnings Deficiencies, Investment Losses, and Other Contingencies.

Real Estate and Related Income

LACERA currently has investments in 25 real estate projects which are mainly leased to the County of Los Angeles, one being leased to the County Board of Education. The leases are generally for thirty year periods and provide an option to purchase at the end of the fifteenth and each succeeding year. Rental income is determined by multiplying a given interest rate applicable to each project against the book value thereof (cost less accumulated amortization). The excess of monthly rental less rental income is recorded as amortization of investment.

LACERA has recently ascertained that such investments must be accounted for in accordance with Financial Accounting Standards Board Statement No. 13 "Accounting for Leases", and is now in the process of converting applicable accounting processes to conform with that statement.

This change will result in the presentation of the real estate project investments being changed from the cost of each project less accumulated amortization (return of investment) to aggregate rentals receivable offset by unearned lease income, and in rental income being determined by use of an implicit interest rate. The changed presentation will appear in the 1978 Financial Statements.

Reserves

The Fund has four major classes of reserves, each of which is credited with interest semiannually:

1. Member deposit reserves represent the balance of active member's contributions. Additions include member's contributions and deductions include refunds to terminating members and transfers to the retired member reserves.
2. County advance reserve represents the County's contributions for future retirement payments of currently active members. Additions include contributions from the County and deductions include transfers to the retired member reserves.
3. Retired member reserves represent transfers from the members deposit reserves and the County advance reserve less payments to retired members. (The medical insurance plan reserve, death benefit reserve, and dental/vision plan reserve are not credited with interest.)
4. Cost-of-living reserves relate to each of the above reserves. The purpose of these reserves is to provide for cost-of-living increases in retirement allowances.

Reserves are established from employee and employer contributions and appropriations of surplus. Reserves do not represent the present value of assets needed, as determined by actuarial evaluation, to satisfy retirements and other benefits as they become due.

Actuarial Investigation and Valuation

The County Employees Retirement Law of 1937 requires the Los Angeles County Employees Retirement Association to have an actuarial valuation every three years. Towers, Perrin Forster & Crosby, consulting actuaries, conducted an actuarial investigation and valuation of the fund as of June 30, 1977.

MEMBERS OF THE BOARD OF INVESTMENTS

JANUARY 1978

CHAIRMAN

NORMAN R. SHAFFER, Supervising Air Pollution Engineer II, South Coast Air Quality Management District. Elected by general members. Elected Chairman of the Board, January 11, 1978. Present term expires December 31, 1978.

SECRETARY

H.B. ALVORD, County Treasurer and Tax Collector, Ex-officio member of the Board of Investments by law. Elected Secretary of the Board on January 11, 1978.

MEMBERS

LEO B. BABICH, Retired Vice President, Bank of America. Appointed by the Board of Supervisors. Present term expires December 31, 1978.

CODY FERGUSON, Fire Captain, Forester and Fire Warden's Department. Elected by safety members. Present term expires December 31, 1980.

S. JON KREEDMAN, President-Chairman of the Board, American City Bank. Appointed by the Board of Supervisors. Present term expires December 31, 1979.

RAY E. LEE, Retired, Elected by the retired members. Present term expires December 31, 1979.

ALAN G. LOWY, Appointed by the Board of Supervisors. Present term expires December 31, 1980.

RICHARD E. PACHTMAN, Head, Major Fraud Division, District Attorney. Elected by general members. Present term expires December 31, 1979.

J. LAWRENCE STONE, Insurance Broker. Appointed by the Board of Supervisors. Present term expires December 31, 1978.

MEMBERS OF THE BOARD OF RETIREMENT

JANUARY 1978

CHAIRMAN

RICHARD E. PACHTMAN, Head, Major Fraud Division, District Attorney. Elected by general members. Present term expires December 31, 1979. Elected Chairman of the Board, January 4, 1978.

SECRETARY

H.B. ALVORD, County Treasurer and Tax Collector. Ex-officio member of the Board of Retirement by law. Elected Secretary of the Board, January 4, 1978.

MEMBERS

DONLEY L. BRADY, Appointed by the Board of Supervisors. Present term expires December 31, 1978.

CODY FERGUSON, Fire Captain, Forester and Fire Warden's Department. Elected by safety members. Present term expires December 31, 1980.

MARY ANN HOLLIBAUGH, Appointed by the Board of Supervisors. Present term expires December 31, 1978.

RAY E. LEE, Retired. Elected by the retired members. Present term expires December 31, 1978.

NORMAN R. SHAFFER, Supervising Air Pollution Engineer II, South Coast Air Quality Management District. Elected by general members. Present term expires December 31, 1978.

LESLIE N. SHAW, Appointed by the Board of Supervisors. Present term expires December 31, 1980.

JACK A. WOOD, Appointed by the Board of Supervisors. Present term expires December 31, 1980.

PAUL A. STROHMAN, Inspector, Sheriff's Department. Elected by the safety members. Present term expires December 31, 1980. (Alternate)

000503



**LOS ANGELES COUNTY EMPLOYEES
RETIREMENT ASSOCIATION**

Room 440, Hall of Administration

500 West Temple Street

Los Angeles, California 90012

000504