

Funded Status

In order to determine whether Plan Net Assets will be sufficient to meet future obligations, the actuarial funded status needs to be calculated. An actuarial valuation is similar to an inventory process. On the valuation date, the assets available for the payment of retirement benefits are appraised. These assets are compared with the actuarial liabilities, which are the actuarial present value of all future benefits expected to be paid for each member. The purpose of the valuation is to determine what future contributions by the members and the County of Los Angeles are needed to pay all expected future benefits.

Valuation Date	Funded Ratio
June 30, 2007	93.8%
June 30, 2008	94.5%
June 30, 2009	88.9%
June 30, 2010	83.3%
June 30, 2011	80.6%

LACERA’s independent actuary, Milliman, performed an actuarial valuation as of June 30, 2011 and determined that the funded ratio of the actuarial assets to the actuarial accrued liability is 80.6 percent. For the fiscal year ended 2011, LACERA’s investment returns were significantly higher than the assumed rate of 7.70 percent. The strong investment return was offset by large deferred asset losses from prior years that were partially recognized in the current valuation under the actuarial asset smoothing method. This is the largest impact of any factors affecting the 2011 valuation results. It is Milliman’s opinion that LACERA continues in sound financial condition as of the June 30, 2011 actuarial valuation.

Award for Outstanding Achievement in Popular Annual Financial Reporting

The Government Finance Officers Association (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to LACERA for its Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2011. This prestigious international award recognizes conformance with the highest standards for preparation of state and local government popular reports and is valid for one year. LACERA’s PAFR has received a GFOA Award for the last 14 consecutive years. To receive this award, a government unit must publish a PAFR whose contents conform to program standards of creativity, presentation, understandability, and reader appeal. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA for consideration.



Marvin Adams
Board of Retirement
Appointed by the
Board of Supervisors
Term expires 12-31-14

Sadonya Antebi
Board of Retirement
Appointed by the
Board of Supervisors
Term expires 12-31-13

John M. Barger
Board of Retirement
Appointed by the
Board of Supervisors
Term expires 12-31-14

Yves Chery
Secretary, Board of
Retirement
Elected by General Members
Term expires 12-31-14

William de la Garza
Board of Retirement
Elected by Retired Members
Term expires 12-31-14

David Green
Board of Investments
Elected by General Members
Term expires 12-31-14

Shawn R. Kehoe
Alternate Member, Board of
Retirement
Elected by Safety Members
Term expires 12-31-13

Edward “Ed” C. Morris
Alternate Member, Board of
Retirement
Elected by Retired Members
Term expires 12-31-14

William R. Pryor
Board of Retirement
Board of Investments
Elected by Safety Members
Term expires 12-31-13

Les Robbins
Chair, Board of Retirement
Appointed by the Board of
Supervisors
Term expires 12-31-12

Simon S. Russin
Vice Chair, Board of
Retirement
Elected by General Members
Term expires 12-31-12

Mark J. Saladino
Board of Retirement
Board of Investments
Treasurer and Tax Collector
Ex officio Member

Herman Santos
Chair, Board of Investments
Elected by General Members
Term expires 12-31-12

Diane A. Sandoval
Secretary, Board of
Investments
Elected by Retired Members
Term expires 12-31-14

Michael S. Schneider
Board of Investments
Appointed by the
Board of Supervisors
Term expires 12-31-14

Leonard Unger
Vice Chair, Board of
Investments
Appointed by the
Board of Supervisors
Term expires 12-31-14

Estevan R. Valenzuela
Board of Investments
Appointed by the
Board of Supervisors
Term expires 12-31-12

Carolyn Widener
Board of Investments
Appointed by the
Board of Supervisors
Term expires 12-31-13



Gregg Rademacher
Chief Executive Officer

The LACERA Story — 75 Years in the Making

LACERA’s milestones over 75 years and our members’ service to the County for those many decades constitute the LACERA story. It’s a story that our employees record in every interaction with each LACERA member in the course of fulfilling our mission. It’s the success story of LACERA, along with the Board of Retirement and Board of Investments, in plotting a course, building a strong infrastructure, and prudently investing the funds in order to pay the promised benefits to the County workers, who ensure the welfare of Los Angeles County. In short, LACERA’s story is about the individuals who comprise our highly trained staff and the dedicated County employees LACERA serves, who have worked together since 1938 to construct and protect something that serves us all. It’s a story worth telling, through so many milestones along the way.



This LACERA Popular Annual Financial Report (PAFR) summarizes the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2012; it does not replace the CAFR. Financial data presented herein is derived from the CAFR and is consistent with U.S. Generally Accepted Accounting Principles (GAAP).* The CAFR will be available on lacera.com in January 2013.

*LACERA prepared the CAFR in conformity with GAAP and reporting guidelines as set forth by the Governmental Accounting Standards Board.

Financial Report Issued By:

Gregg Rademacher
Chief Executive Officer

Robert R. Hill
Assistant Executive Officer

JJ Popowich
Assistant Executive Officer

All figures presented herein apply to the 2011-2012 fiscal year, which ended June 30, 2012.
The 2012 Annual Report was designed by LACERA’s Communications Division.

Investments

LACERA’s investment program objective is to provide LACERA participants with retirement benefits, as required by the County Employees Retirement Law of 1937.

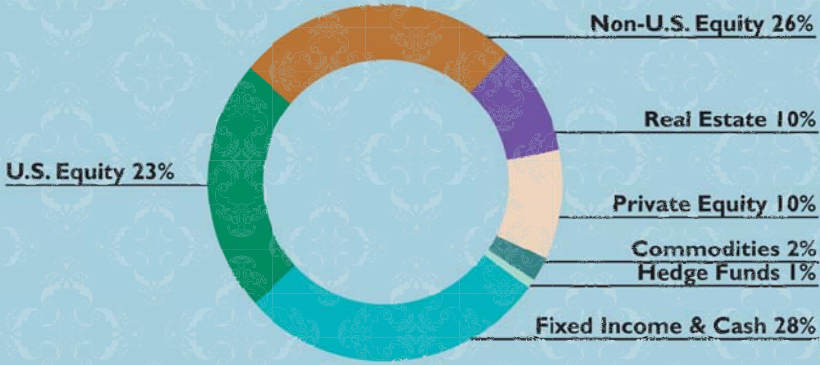
The Board of Investments (Board) has exclusive control of all retirement system investments. There are nine Board members: four are elected by the active and retired members, and four are appointed by the Los Angeles County Board of Supervisors. The County Treasurer and Tax Collector serves as an ex officio member.

The Board adopted an Investment Policy Statement, which provides a framework for the management of LACERA’s investments. This Statement establishes LACERA’s investment policies and objectives and defines the principal duties of the Board, investment staff, investment managers, master custodian, and consultants.

A pension fund’s strategic asset allocation policy is generally recognized to have the most impact on a fund’s investment performance. The Board implements the asset allocation plan by hiring investment managers to invest assets on LACERA’s behalf, subject to investment guidelines incorporated into each manager’s investment management contract.

2012 Actual Asset Allocation

As of June 30, 2012



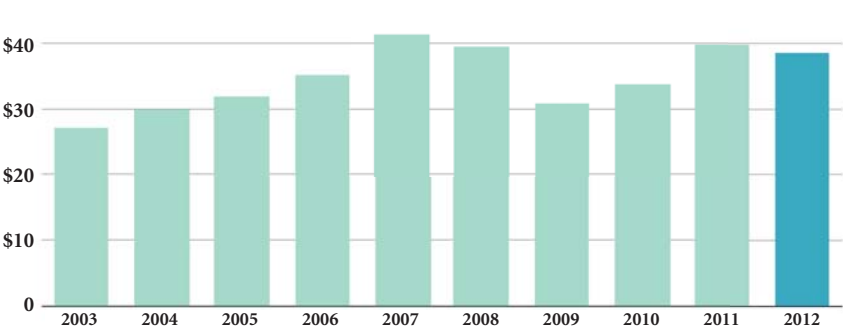
Fiscal Year Fund Return

For this fiscal year, the total fund returned 0.3 percent (gross of fees), which is reflective of a global growth recession. LACERA’s three-year and five-year annualized returns were 10.5 percent and 1.7 percent respectively, gross of fees. The 2012 fiscal year was marked by dramatic swings in investor sentiment. The U.S. economy provided some positive signals for long-term prospects. However, factors such as the European financial crisis and recession; the uncertainty of future tax and spending policy; and a pending presidential election may have limited this growth.

Growth of Investments

Ten Years Ending June 30

(Dollars in Billions)



The LACERA Story: Accomplishments for Fiscal Year 2011-2012*

Administering retirement benefits to 156,000+ members requires the dedication and expertise of a diversified team of LACERA specialists. The graphic below depicts some of our accomplishments and reflects the substantial volume of customer service and work performed during the fiscal year. These transactions reflect a broad variety of services covering all member demographics from new hires to retirees.

*Stats as of June 30, 2012.

Plan Net Assets

As of June 30, 2012, Net Assets Held in Trust for Pension Benefits totaled \$38.3 billion and represents the assets available for future payments to retirees and their beneficiaries. This amount represents a decrease of \$1.1 billion, or 2.9 percent, from the prior year.

The primary sources that finance the promised benefits LACERA provides are investment income and the collection of member (employee) and plan sponsor (employer) retirement contributions. For fiscal year 2012, Total Additions amounted to an increase of \$1.3 billion, achieved primarily through member and employer contributions.

The primary uses of LACERA’s assets include the payment of promised benefits to members and their beneficiaries, the refund of contributions to terminated employees, and the cost of administering the Plan. Total Deductions for fiscal year 2012 totaled \$2.4 billion.

The LACERA Boards of Retirement (Board of Retirement) and Investments (Board of Investments) jointly approve the annual budget, which controls administrative expenses and represents approximately 0.13 percent of total Plan Net Assets.

Additions and Deductions to Plan Net Assets

For the Years Ended June 30, 2012 and 2011

(Dollars in Millions)

	2012	2011	2010
Contributions and Miscellaneous Income	\$ 1,587	\$ 1,409	\$ 1,275
Net Investment Income/(Loss)	(291)	6,930	3,840
Total Additions	1,296	8,339	5,115
Benefits Payments and Refunds	(2,391)	(2,270)	(2,131)
Administrative and Miscellaneous Expenses	(50)	(51)	(49)
Total Deductions	(2,441)	(2,321)	(2,180)
Net Increase/(Decrease) During the Year	(1,145)	6,018	2,935
Plan Net Assets at Beginning of Year	39,452	33,434	30,499
Plan Net Assets at End of Year	\$38,307	\$39,452	\$33,434

LACERA Membership

For the Last Five Fiscal Years Ended June 30

	2012	2011	2010	2009	2008
Service Retirement	39,738	38,449	37,398	36,437	35,868
Disability Retirement	8,931	8,947	8,990	8,996	9,018
Survivors	8,083	7,975	7,783	7,636	7,464
Total Retired Members	56,752	55,371	54,171	53,069	52,350
Active Members	91,952	92,786	94,410	95,788	94,492
Terminated Vested/Deferred	7,859	7,888	7,938	8,051	11,834
Total Membership	156,563	156,045	156,519	156,908	158,676

Member Services	Member Services	Member Services	Administrative Services	Administrative Services	Claims Processing	Claims Processing	lacera.com	lacera.com	lacera.com	Retiree Healthcare	Retiree Healthcare
600 Workshops & Benefits Fairs	34,500 One-to-one Counseling Sessions	134,000 Call Center Phone Calls	395,526 Pieces of Mail Processed	635,344 Pages of Member Documents Scanned & Indexed	56,816 Monthly Retirement Allowances Paid	3,184 New Retirees	31,314 My LACERA Registered Members	45,852 My LACERA Retirement Benefit Estimates	56,000 Visits to My LACERA	48,000 Retiree Healthcare Call Center Phone Calls	42,000 Insurance Packages Mailed for 2012