




Annual Report



**Los Angeles County
Employees Retirement
Association**



*For the Year Ended
December 31, 1976*

TO THE MEMBERS

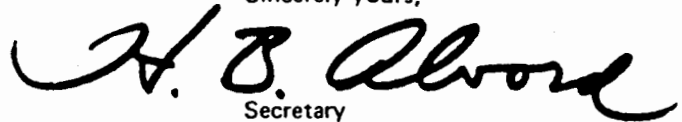
This Annual Report of the Los Angeles County Employees Retirement Association is provided to you to inform you of general, statistical, and financial information concerning your retirement system.

It's contents are based on all changes in the Retirement Law that have been enacted through the 1976 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 for 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 and if you call at our office, please bring identification with you.

Sincerely yours,

A handwritten signature in black ink that reads "H. B. Alvord". The signature is written in a cursive style with a large, sweeping initial "H".

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 lifeguard classifications, under age 36, become safety members. All others become general members.

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.

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 entrance into the Retirement Association. Effective 1/1/77 general member rates range from 3.64% of salary at age 16 to 7.69% of salary at age 54 or over. Safety member rates range from 5.61% of salary at age 21 to 7.24% of salary at age 35. The contribution rates of members who are covered under social security are reduced by one-third with respect to the first \$350.00 of 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 his beneficiary is given by each member when he enters the Retirement Association. A married member normally names his 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. Request to change beneficiary forms are available at departmental personnel and payroll offices or from the Retirement 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 a member during the period between December 1, 1972 and July 1, 1974, continuously 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. Is 50 years of age or older and has retirement credit for 10 or more years of service other than public service, or
- b. Has retirement credit of 30 years of service other than public service regardless of age. General members must retire at age 65. A member having less than ten years retirement credit at either mandatory retirement age or upon becoming eligible for a deferred retirement allowance will receive a monthly allowance based upon actual service credited.

Safety Members

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

- a. Is 50 years of age or older and has retirement credit for 10 or more years of service other than public service, or
- b. Has retirement credit for 20 years of service other than public service, regardless of age. 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 an 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 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, providing at least 10 years have passed from their entry in the Retirement Association or any age after 30 years from their entry date.

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

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 before leaving service for reciprocal benefits information applicable to their individual circumstances.

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 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 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 needed 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

All employees who became members of the Retirement Association on or after June 1, 1964, and all employees who elected OASDI coverage during the division of the Retirement Association are covered under social security. OASDI contributions (FICA taxes) are paid by these members on the first \$16,500 of salary paid them during the 1977 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 Division so that a refund warrant may be prepared.

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

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 four to six month period to obtain the required medical and other evidence of disability and to perform a medical review and report of 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 his surviving spouse, if marriage occurred a year or more before 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 of district activities.
- c. Payments for service as field deputy for registration of voters.

ENDORSEMENT OF RETIREMENT WARRANT

Personal endorsement of his 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 his bank account 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. Credit union loan repayments or savings deposits.
- c. Medicare premium payments.
- d. 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.

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 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 as 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.

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 service credited to the retiree when he retires. This ranges from 40% of the premium with ten full years of service to 100% of the premium with twenty-five or more full years of service.

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 plan is underwritten by the Occidental Life Insurance Company and by Blue Cross of California. Benefits under the indemnity plan are similar. Premiums are not identical, and the Board of Retirement premium payments for the indemnity plan 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 plan is underwritten by the Ross Loos Medical Group and 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

Effective on January 1, 1977, retirees, survivors, and their eligible dependents will be 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 when retirement occurs after January 1, 1977.

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 service credited to the retiree when he retires. This ranges from 40% of the premium with ten full years of service to 100% of the premium with twenty-five or more full years of service.

RATES OF CONTRIBUTION BY PAYROLL DEDUCTION

PERCENTAGE OF BASE SALARY

Effective 1/1/77

Nearest Year of Age at Membership

GENERAL MEMBERS				SAFETY MEMBERS	
Age		Age		Age	
16	3.64	36	5.08	21	5.61
17	3.70	37	5.19	22	5.71
18	3.74	38	5.31	23	5.80
19	3.80	39	5.43	24	5.90
20	3.84	40	5.55	25	6.01
21	3.89	41	5.68	26	6.11
22	3.93	42	5.80	27	6.22
23	3.99	43	5.94	28	6.34
24	4.06	44	6.08	29	6.46
25	4.11	45	6.23	30	6.58
26	4.18	46	6.37	31	6.70
27	4.25	47	6.52	32	6.84
28	4.34	48	6.68	33	6.97
29	4.40	49	6.84	34	7.11
30	4.49	50	7.00	35	7.24
31	4.59	51	7.18		
32	4.67	52	7.34		
33	4.77	53	7.51		
34	4.86	54	7.69		
35	4.97	and over			

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

Retirement allowances are based on a percentage of the average monthly salary for the latest or highest paid year of service. This average monthly salary is called final compensation. Determine final compensation by adding the monthly salary for the latest or highest 12 months and dividing the sum by 12. For example:

$$\begin{array}{r r r r r} \$715 & \times & 3 & = & \$2145.00 \\ 735 & \times & 9 & = & \underline{6615.00} \\ & & 12 & & \$8760.00 \end{array}$$

$$\text{AVERAGE SALARY} = \$8760.00 \div 12 = \$730.00$$

After computing the average salary, find the percentage that applies to your age at retirement as shown on the chart on page 11. Multiply this percentage by the number of years of service you will have when you retire. For example, if you are 55 years old and a safety member with 30 years of service, multiply 2.620 X 30. The result is 78.6%. Your retirement allowance will be 78.6% of your average salary. If you are a general member age 60 with 28 years of service, multiply 2.440 X 28. The result is 68.32%. Your retirement allowance will be 68.32% of your average salary.

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 in this way 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.

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

PERCENT OF FINAL COMPENSATION PER YEAR OF SERVICE
System Effective January 1, 1977

SAFETY		GENERAL	
AGE	MALE & FEMALE	AGE	MALE & FEMALE
46	1.645	46	1.176
47	1.736	47	1.242
48	1.817	48	1.314
49	2.904	49	1.391
50	2.000	50	1.475
51	2.103	51	1.567
52	2.216	52	1.667
53	2.338	53	1.741
54	2.467	54	1.841
55	2.620	55	1.948
56	2.620	56	2.061
57	2.620	57	2.182
58	2.620	58	2.268
59	2.620	59	2.354
60	2.620	60	2.440
		61	2.526
		62 and over	2.611

HOW TO COMPUTE A RETIREMENT ALLOWANCE ESTIMATE CO-ORDINATED 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 and the number of years of social security coverage. 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.
2. Determine the reduction factor for age at retirement from the following chart.
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 who retired at age 60 with 28 years of service had been covered by social security during the last 18 years of his County service, his reduced retirement allowance would be computed as follows:

Unmodified Retirement Allowance	\$498.74
Reduction, 18 years X 2.85	<u>- 51.30</u>
Reduced Retirement Allowance	<u><u>\$447.44</u></u>

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

AGE AT RETIREMENT	REDUCTION
50	\$1.72
51	1.83
52	1.94
53	2.03
54	2.15
55	2.27
56	2.40
57	2.55
58	2.65
59	2.75
60	2.85
61	2.95
62 and over	3.05

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

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION
STATEMENT OF FINANCIAL CONDITION
December 31, 1976

ASSETS

CASH AND ACCRUED ASSETS

Cash		\$ 677,028.67
Accrued Assets		
Accrued Interest Receivable	\$ 16,184,883.59	
Accrued Interest – Commercial		
Loans	4,663.64	
Accrued Dividends Receivable	1,604,787.56	
Proceeds Receivable – Sale of		
Common Stocks	2,691,302.29	
Accrued Members Contributions		
Receivable	4,234,038.79	
Accrued Employers Contributions		
Receivable	13,787,626.36	
Unclassified Accounts		
Receivable	3,053,349.32	
Reimbursable Insurance and		
Other Advances.	83,184.50	
Total Accrued Assets		41,643,836.05

INVESTMENTS

Bonds – Book Value		1,027,846,665.98
Common Stocks at Cost	\$450,434,556.36	
Common Stocks Receivable		
from Stockbroker	3,341,803.50	
Preferred Stocks at Cost	8,103,591.00	
Stocks – Book Value (See Note)		461,879,950.86
Real Estate Projects at Cost.	\$262,955,585.75	
(See Schedule 1)		
Less: Accumulated Amortization	22,632,365.30	
Real Estate Projects –		
Book Value		240,323,220.45
F.H.A. and V.A. Insured		
Mortgages – Book Value.		114,290,183.73
Conventional Mortgages,		
Commercial – Book Value		10,175,207.05
Conventional Mortgages,		
Residential – Book Value.		920,751.09
Total Assets		\$1,897,756,843.88

Note: Market Value of Stocks is \$526,958,911.39

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

LIABILITIES AND RESERVES

CURRENT LIABILITIES

Mortgage Loan Payments		
Collected in Advance	\$	32,724.69
Unclassified Accounts Payable		3,336,838.95
Vouchers Payable		<u>3,341,803.50</u>
Total Current Liabilities	\$	6,711,367.14

MEMBERS DEPOSIT RESERVES

General Members Reserve	\$393,059,218.72	
Safety Members Reserve	124,257,128.38	
Unclaimed Deposits of		
Former Members	<u>760,632.44</u>	
Total Members Deposit Reserves		518,076,979.54

COUNTY ADVANCE RESERVES

General Members	\$101,248,770.58	
Safety Members	<u>101,718,296.15</u>	
Total County Advance Reserves		202,967,066.73

RETIRED MEMBERS RESERVES

General Members Reserve	\$749,664,139.35	
Safety Members Reserve	228,769,725.54	
Death Benefit Reserve	1,084,682.46	
Retired Members Medical		
Insurance Reserve	<u>16,175,318.66</u>	
Total Retired Members Reserves		995,693,866.01

COST-OF-LIVING RESERVES

Active Members Reserve	\$ 53,673,094.83	
County Advance Reserve	46,584,063.34	
Retired Members Reserve	<u>22,356,479.64</u>	
Total Cost-of-Living Reserves		122,613,637.81
Reserve for Earnings Deficiencies, Investment Losses and other Contingencies		<u>51,693,926.65*</u>
Total Liabilities and Reserves		<u>\$1,897,756,843.88</u>

*On February 16, 1977, the Board of Investments ordered \$32,500,000 transferred from this reserve as follows:

TO: Retired Members Cost-Of-Living Reserve:	\$21,100,000
Retired Members Death Benefit Reserve:	400,000
Retired Members Medical Plan Reserve:	8,000,000
Retired Members Dental/Vision Plan Reserve:	3,000,000

22,356,480

**LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION
STATEMENT OF REAL ESTATE PROJECTS**

Schedule 1
December 31, 1976

Project	Cost	Accumulated Amortization	Book Value
Beverly Hills Municipal			
Court Facility	\$ 5,573,206.44	\$ 408,804.15	\$ 5,164,402.29
Central District Health			
Center	1,588,533.08	206,301.76	1,382,231.32
Civic Center Mall I	9,465,247.25	1,230,041.37	8,235,205.88
Civic Center Mall II	10,193,754.76	609,688.25	9,584,066.51
Criminal Courts Facility	38,570,332.16	1,405,580.58	37,164,751.58
County Downey Adminis- tration Center	7,190,119.23	189,479.94	7,000,639.29
Downey Educational Center	2,827,021.00	1,008,583.27	1,818,437.73
East District (Pomona)			
Court Facility	7,636,167.09	1,206,413.52	6,429,753.57
Hall of Administration	28,381,494.34	7,082,205.26	21,299,289.08
Health Administration Building	13,087,984.89	876,346.84	12,211,638.05
Malibu Administration Center	3,408,884.73	317,690.07	3,091,194.66
Mechanical Department Parking/Service Garage	2,703,523.83	126,934.03	2,576,589.80
Mechanical Department Phase II	19,112,688.40	247,934.47	18,864,753.93
Men's Central Jail	17,027,664.24	2,354,711.99	14,672,952.25
Men's Central Jail Addition	41,625,870.12	-	41,625,870.12
Municipal Traffic Court	17,653,582.10	721,375.64	16,932,206.46
Northeast District Court (Pasadena)	7,124,359.39	677,870.80	6,446,488.59
Northeast District Court Parking	2,459,023.13	191,118.66	2,267,904.47
San Pedro Court Facility	1,506,377.53	101,957.12	1,404,420.41
Southeast District Court (Norwalk)	8,076,387.09	1,139,711.75	6,936,675.34
Southwest District Court (Torrance)	5,365,667.07	679,469.48	4,686,197.59
Lakewood Golf Course	5,463,610.00	990,639.99	4,472,970.01
Los Amigos Golf Course	2,884,148.15	218,617.85	2,665,530.30
Los Verdes Golf Course	2,797,681.64	419,941.54	2,377,740.10
Marshall Canyon Golf Course	1,232,258.09	220,946.97	1,011,311.12
Total	\$262,955,585.75	\$22,632,365.30	\$240,323,220.45

**LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION
ANALYSIS OF CHANGES IN SURPLUS
Calendar Year 1976**

SURPLUS BALANCE--January 1, 1976	-0-
INCREASES	
Interest on Securities	
Interest Received during 1976	\$69,286,695.88
Interest Purchased during 1976	3,295,982.50
Net Interest Received during 1976	\$ 65,990,713.38
Interest Accrued December 31, 1975	15,079,231.99
	<u>\$50,911,481.39</u>
Interest Accrued December 31, 1976	16,184,883.59
	\$ 67,096,364.98
Dividends	19,511,472.21
Income from Real Estate Projects	
Rent Received during 1976	\$17,345,262.00
Credits to Amortization of	
Real Estate Projects	3,828,438.51
	13,516,823.49
Net Income from Mortgage Loans	8,921,523.63
Net Amortization of Bond	
Discount/Premium	536,643.88
Unclassified Income	37,338.49
Total Increases	<u>\$109,620,166.68</u>
 DECREASES	
Interest Credited to Members	
Deposit Reserves	\$ 26,086,433.05
Interest Credited to County	
Advance Reserves	12,425,869.34
Interest Credited to Retired	
Members Reserves	43,405,864.95
Unclassified Charges to Surplus and	
Investment Counsel Expense	345,328.69
Total Decreases	<u>\$ 82,263,496.03</u>
NET INCREASE	\$ 27,356,670.65
 TRANSFER to Reserve for Earnings	
Deficiencies, Investment Losses, and other Contingencies	<u>27,356,670.65</u>
SURPLUS BALANCE, December 31, 1976	<u><u>\$ -0-</u></u>

**LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION
STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDING DECEMBER 31, 1976**

	Balance January 1, 1976	Contributions Adjustments and Transfers
Members Deposit Reserves	\$ 504,279,449.43	\$ 40,623,059.92
County Advance Reserves	241,337,460.92	154,473,069.56
Retired Members Reserves		
General Members Retirements	584,842,230.72	11,660.66
Safety Members Retirements	191,641,013.84	4,901.74
Death Benefits Reserve	973,828.47	
Medical Insurance Reserve	13,493,164.86	30,277.01
Cost of Living Reserves		
Active Members Reserve	41,347,862.65	13,846,806.97
County Advance Reserve	37,076,314.76	9,800,072.54
Retired Members Reserve	17,095,997.22	1,475.94
**Reserve for Earnings Deficiencies, Investment Losses and Other Contingencies	<u>38,512,382.24</u>	<u>34,521,973.45</u>
TOTALS	<u>\$1,670,599,705.11</u>	<u>\$253,313,297.79</u>

**Note 1 -

Amount shown as "Contributions" is \$27,356,670.65 transferred from Surplus on December 31, 1976 plus gain on sale of bonds \$346,358.07, gain on sales of stock \$6,622,424.25 plus other gains in the amount of \$196,520.48.

Note 2 -

Amount shown as disbursements is statutory interest payments to Disability Retirees of \$8,178.34.

Note 3 -

\$21,512,382.53 shown under deductions was transferred to various retired reserves as ordered on March 24, 1976 by Board of Investments.

Disbursements Adjustments and Transfers	Interest Credited	Transfers Between Reserves		Balance December 31, 1971
		Additions	Deductions	
\$ 10,478,291.12	\$23,955,411.95	\$	\$ 40,302,650.64	\$ 518,076,979.54
1,094,091.00	10,480,676.09	9,649.97	202,239,698.81	202,967,066.73
66,498,275.91	32,166,743.86	199,141,780.02		749,664,139.35
16,266,477.56	10,138,385.23	43,251,902.29		228,769,725.54
365,317.54		476,171.53		1,084,682.46
5,154,959.21		7,806,836.00		16,175,318.66
1,373,986.89	2,131,021.10		2,278,609.00	53,673,094.83
	1,945,193.25		2,237,517.21	46,584,063.34
13,546,115.93	1,100,735.86	17,704,386.55		22,356,479.64
<u>8,178.34</u>		<u>180,131.83</u>	<u>21,512,382.53</u>	<u>51,693,926.65</u>
<u>\$114,785,693.50</u>	<u>\$81,918,167.34</u>	<u>\$268,570,858.19</u>	<u>\$268,570,858.19</u>	<u>\$1,891,045,476.74</u>

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION
STATEMENT OF RECEIPTS
Calendar Year 1976

Cash on Hand, January 1, 1976	\$	763,391.53
Members Normal Contributions		
General Members	\$	31,780,415.66
Safety Members		7,880,481.12
		<u>39,660,896.78</u>
Members Other Contributions		
General Members	\$	853,278.08
Safety Members		43,574.96
		<u>896,853.04</u>
Contributions by Employers		
General Members	\$	104,644,674.66
Safety Members		37,702,401.16
		<u>142,347,075.82</u>
Cost-of-Living Contributions		
Members	\$	13,818,148.53
Employers		9,783,015.35
		<u>23,601,163.88</u>
Interest Collected on Securities		
Long Term	\$	66,442,291.34
Short Term		1,393,932.81
Short Term Discount/Interest (Below)		1,417,129.24
Savings Account		33,342.49
		<u>69,286,695.88</u>
Dividends Received on Stock		
Common	\$	17,694,080.75
Preferred		632,550.00
		<u>18,326,630.75</u>
Debt Securities Sold/Matured		
Long Term	\$	146,376,634.59
Short Term		1,416,725,000.00
Total		<u>\$1,563,101,634.59</u>
Less: Short Term Discount/ Interest (Above)		<u>1,417,129.24</u>
		1,561,684,505.35
Equity Securities Sold		
Common Stock	\$	27,054,785.60
Preferred Stock		4,111,075.12
		<u>31,165,860.72</u>
Current OASDI Contributions		74,857,047.88
Rents and Return of Investments		
Real Estate Projects		17,378,252.00
Interest and Return of Investments		
Mortgage Loans		22,278,855.00
Members Contributions — Medical		
Premiums		30,277.01
Collection of Reimbursable		
Disbursements		1,085,593.90
Unclassified Receipts		<u>252,819.14</u>
Total Beginning Cash Balance		
Plus Receipts		<u><u>\$2,003,615,918.68</u></u>

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION
STATEMENT OF DISBURSEMENTS
Calendar Year 1976

Refunds to Terminated Members		
General Members	\$ 9,741,514.26	
Safety Members	736,776.86	
Members Cost of Living	<u>1,373,986.89</u>	\$11,852,278.01
Lump Sum Death Benefits		959,215.79
Retirement Allowances		
General Members	\$ 66,626,310.85	
Safety Members	16,271,971.38	
Cost of Living	<u>13,546,115.93</u>	96,444,398.16
Retired Members Death Benefits		365,317.54
Investments		
Bond — Par Value	\$1,666,145,739.28	
Net Premium/Discount	<u>(442,390.30)</u>	1,665,703,348.98
Accrued Interest on Bonds		3,304,397.15
Common Stocks	\$ 121,531,911.50	
Preferred Stocks	<u>2,378,591.00</u>	123,910,502.50
Real Estate Projects		6,108,755.46
Mortgage Loans		12,966,430.48
Accrued Interest on Mortgage		
Loans		72,364.16
OASDI Contributions		74,865,761.41
Reimbursable Disbursements		1,130,940.67
Medical Insurance Premium		4,802,116.25
Investment Counsel Expense		350,112.78
Unclassified Expenditures		102,950.67
Cash on Hand, December 31, 1976		<u>677,028.67</u>
Total Disbursements plus		
Ending Cash Balance		<u><u>\$2,003,615,918.68</u></u>

**LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1976**

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 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 invests in real estate projects by contracting for the construction of buildings and golf courses. These projects are leased to the County of Los Angeles, generally for a period of thirty years. At the end of the fifteenth and each succeeding year, the County has the option to purchase the project at cost net accumulated amortization.

LACERA uses the financing method of accounting for all of its real estate projects. Under this method rental income is determined by multiplying book value (cost less accumulated amortization), by a given interest rate. The interest rate is the rate of return on funds invested in the project (rate of return ranged from 4½% to 8½% on completed projects). The excess of the monthly cash received over rental income, as calculated above, is recorded as amortization.

Cost, accumulated amortization, and book value are as shown in Schedule I.

Reserves

The Fund has four major classes of reserves which are credited with interest semi-annually:

1. Member deposit reserves represent the balance of active members' 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 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. Little, Church, and Chapin, Inc., Consulting Actuaries, conducted an actuarial investigation and valuation of the Fund as of December 31, 1974.

GENERAL STATISTICS

	ACTIVE MEMBERS			DEFERRED MEMBERS		
	General	Safety	Total	General	Safety	Total
As of January 1, 1976	69,786	8,653	78,439	1,417	183	1,600
Additions	3,300	320	3,620	292	38	330
	<u>73,086</u>	<u>8,973</u>	<u>82,059</u>	<u>1,709</u>	<u>221</u>	<u>1,930</u>
Deductions:						
Withdrawals	4,814	85		106	28	
Retired	1,783	181		89	5	
Deferred	292	38		0	0	
Deceased	93	2		0	0	
Total Deductions	<u>6,982</u>	<u>306</u>	<u>7,288</u>	<u>195</u>	<u>33</u>	<u>228</u>
As of December 31, 1976 . .	<u>66,104</u>	<u>8,667</u>	<u>74,771</u>	<u>1,514</u>	<u>188</u>	<u>1,702*</u>
Unclaimed Accounts	1,731	10	1,741			

RETIRED MEMBERS

	SERVICE	DISABILITY	SURVIVORS	TOTAL
GENERAL				
As of January 1, 1976	10,820	1,622	2,117	14,559
Additions	1,644	239	104**	1,987
	<u>12,464</u>	<u>1,861</u>	<u>2,221</u>	<u>16,546</u>
Deductions.	<u>352</u>	<u>35</u>	<u>50</u>	<u>437</u>
Total General Members as of December 31, 1976.	<u>12,112</u>	<u>1,826</u>	<u>2,171</u>	<u>16,109</u>
SAFETY				
As of January 1, 1976	883	739	471	2,093
Additions	91	90	45**	226
	<u>974</u>	<u>829</u>	<u>516</u>	<u>2,319</u>
Deductions.	<u>21</u>	<u>5</u>	<u>21</u>	<u>47</u>
Total Safety Members as of December 31, 1976.	<u>953</u>	<u>824</u>	<u>495**</u>	<u>2,272</u>
Total Retired Members as of December 31, 1976	13,065	2,650	2,666	18,381

* Includes 326 members deferred with reciprocal benefits.

** Includes survivors of 61 deceased active members who receive life payments by election.

COUNTY TREASURER
H.B. Alvord
Secretary, Board of Retirement

Susan Launer
Secretary

E.J. Martin
Retirement Systems Manager

Janis Termine
Secretary

**Retirement Accounting and
Data Processing Division**

C.L. Spencer, Chief
974-2071

Donna Williams
Secretary

Diane Sandoval
Assistant Chief
974-2073

Accounting Section
Paul Peterson, Supervisor
974-2076

**Data Processing
Control Section**
Rickie Regalado, Supervisor
974-2078

**Deferred Compensation
Program**
William Jackson
974-2082

Mortgage Loan Examiner
Alice Genda
974-2077

Retirement Services Division

E.C. Morris, Chief
974-2153

Billie Maben
Secretary

Gordon Greenaway
Retirement Benefits Officer
974-2149

Active Members Section
Lois Bolden, Supervisor
974-2141

Disability Retirement Section
Alice Natale
Disability Retirement Representative
974-2146

Retired Members Section
Marie Butler, Supervisor
974-2154

MEMBERS OF THE BOARD OF INVESTMENTS

CHAIRMAN

NORMAN R. SHAFFER, Supervising Air Pollution Engineer II, Air Pollution Control District. Elected Chairman of the Board, January 14, 1976. Present term expires December 31, 1978.

SECRETARY

H. B. ALVORD, County Treasurer and Tax Collector, Ex-officio member of the Board of Investment by Law. Elected Secretary to the Board on January 14, 1976.

MEMBERS

RICHARD E. PACHTMAN, Head, Major Fraud Division, District Attorney. Elected by general members. Present term expires December 31, 1976. *

PAUL A. STROHMAN, Inspector. Sheriff's Department. Elected by safety members. Present term expires December 31, 1977.

ALAN G. LOWY, Appointed by the Board of Supervisors. Present term expires December 31, 1977.

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

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

* Richard E. Pachtman was subsequently elected to a term expiring December 31, 1979.

MEMBERS OF THE BOARD OF RETIREMENT

CHAIRMAN

RICHARD E. PACHTMAN, Head, Major Fraud Division, District Attorney. Elected by general members. Present term expires December 31, 1976. Elected Chairman of the Board, January 7, 1976.

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 7, 1976.

MEMBERS

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

MRS. MARY ANN HOLLIBAUGH, Housewife. Appointed by the Board of Supervisors. Has served since January 1, 1959. Present term expires December 31, 1976. *

LESLIE N. SHAW, Appointed by the Board of Supervisors. Present term expires December 31, 1977.

JACK A. WOOD, Appointed by the Board of Supervisors. Present term expires December 31, 1977.

PAUL A. STROHMAN, Inspector, Sheriff's Department. Elected by the safety members. Present term expires December 31, 1977.

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

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

KENNETH A. PHILLIPS, JR., Fire Captain, Forester and Fire Warden's Department. Elected by safety members. Present term expires December 31, 1977.

Mrs. Hollibaugh was subsequently reappointed to a term expiring December 31, 1979.



**LOS ANGELES COUNTY EMPLOYEES
RETIREMENT ASSOCIATION**

Room 440, Hall of Administration

500 West Temple Street

Los Angeles, California 90012

000476