LOS ANGELES COUNTY

EMPLOYEES RETIREMENT ASSOCIATION

ANNUAL

FOR THE YEARS ENDED

FINANCIAL

JUNE 30, 1995 AND

REPORT

JUNE 30, 1994

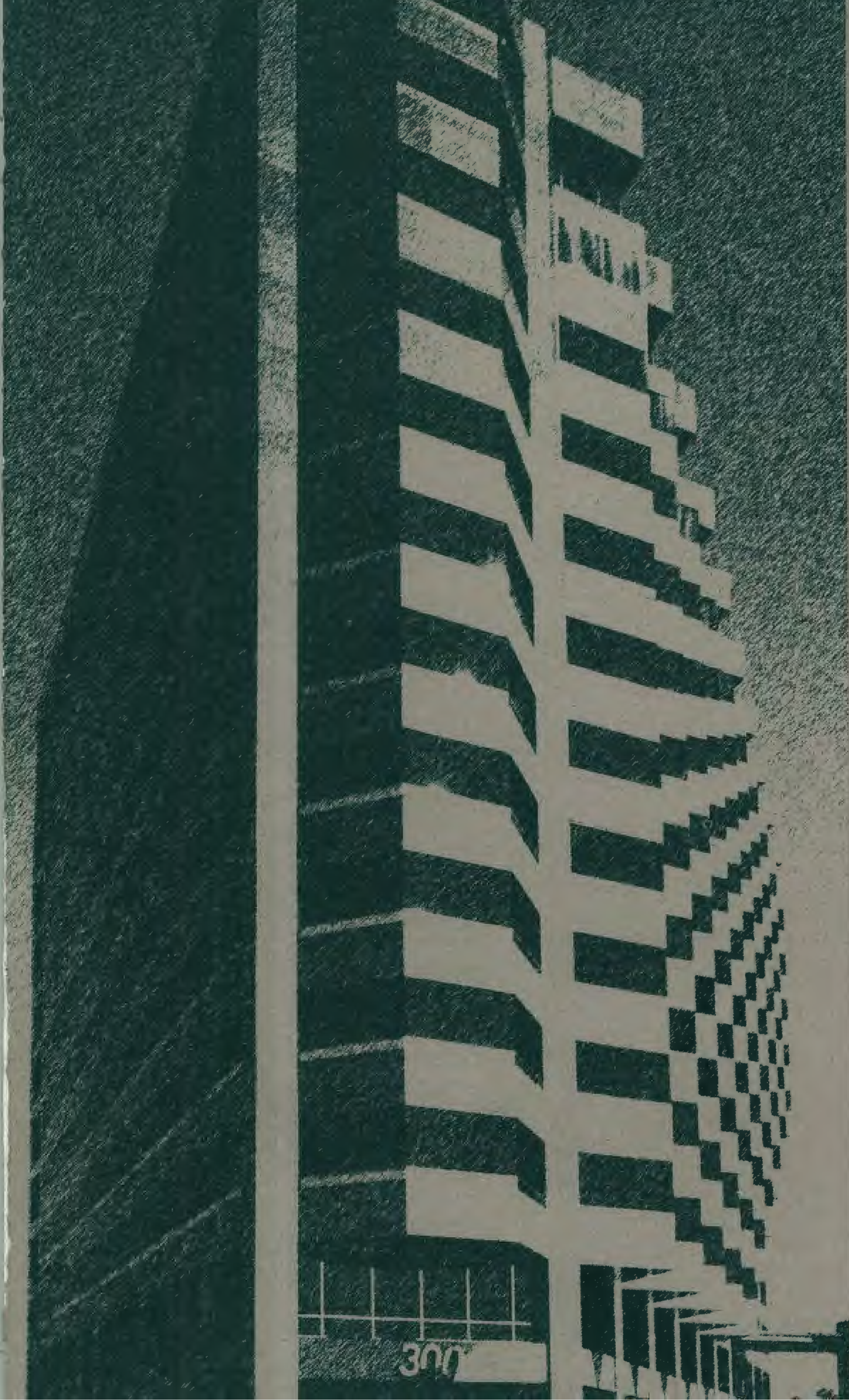
COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT

A Component
Unit of
Los Angeles
County

LACERA

LOS ANGELES COUNTY

EMPLOYEES RETIREMENT ASSOCIATION



ANNUAL FINANCIAL REPORT

FOR THE YEARS ENDED JUNE 30, 1995 AND JUNE 30, 1994

ISSUED BY

Marsha D. Richter
Chief Executive Officer

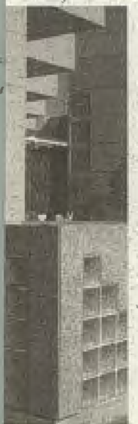
Jerry Hampton
Assistant Executive Officer

COMPREHENSIVE ANNUAL FINANCIAL REPORT

A Component Unit of Los Angeles County

LACERA

TABLE OF CONTENTS



INTRODUCTORY SECTION

FINANCIAL SECTION

TABLE OF CONTENTS

ACTUARIAL SECTION

STATISTICAL SECTION

INTRODUCTORY SECTION

LACERA'S VISION

EXCELLENCE

Our members deserve the best.

Therefore, we choose to be the best. We choose excellence through innovation. We choose to become unparalleled experts in retirement law; pension administration, and benefit solutions. We choose to be preeminent masters of portfolio management.

COMMITMENT

We are the best.

We will work together to provide the best service. We will continually strengthen our commitment to effective teamwork by contributing our individual strengths, learning new methods and skills, and anticipating the demands of the future.

TRUST

Our members place trust in LACERA.

Everyday, we will earn this trust by placing their interest first, by giving them easy-to-understand answers, by solving their problems quickly, and by safeguarding and maximizing their investment assets.

SERVICE

Our members deserve the best.

We pledge to improve our member service until 100% of members making inquiries receive courteous, professional, accurate answers with just one call. We have the ability to achieve this if each one of us will reach deep into our strengths and lend a hand. Our strengths are individual; collectively they are unstoppable.

Because members deserve the best,
LACERA will be the best.

REENGINEERING FOR EXCELLENCE

L/A/CERA Los Angeles County Employees Retirement Association
300 N. Lake Ave., Pasadena, CA 91101 ■ Mail to: PO Box 7060, Pasadena, CA 91109-7060 818/564-6000

October 20, 1995

Los Angeles County Employees Retirement Association
Board of Retirement
Board of Investments
Gateway Plaza
300 North Lake Avenue, Suite 820
Pasadena, California 91101

Dear Board Members:

I am pleased to present LACERA's Annual Financial Report for the Years Ended June 30, 1995 and 1994. We are proud of the achievements that we have accomplished during the year, and our renewed focus on improving service to our members and benefit recipients. Foremost among the year's initiatives, were our successful efforts to accelerate the plan's progress toward full funding.

In the area of benefit administration, LACERA has continued its commitment to finding new and innovative ways to deliver the highest quality customer service to our members. In an effort to improve member service levels, we are redesigning the delivery of services to our members, and developing new tools required to provide these enhanced services. Our entire organization is involved in identifying areas for improvement, generating new ideas, and creating innovative solutions to the challenges of building a level of service among the best in the business. Briefly discussed under Service Efforts and Accomplishments are the reengineering, Knowledge Base, document imaging, and service prototype programs, which will assist us in achieving our goal of improving member services until 100% of members making inquiries receive courteous, professional, accurate answers with just one call. LACERA's Vision for excellence, commitment, trust and service is the driving force of our Association, because LACERA's members deserve the best.

REPORT CONTENTS

LACERA management is responsible for the content of the Annual Report, and it is our intent to ensure that all material within the Annual Report is accurate and fair, and all material disclosures have been made. The Annual Report consists of four sections:

- **THE INTRODUCTORY SECTION** provides an overview of LACERA and the significant activities and events that occurred during fiscal year 1995. This section contains LACERA's Vision, this Letter of Transmittal, a listing of the Members of the Boards of Retirement and Investments, an overview of LACERA's administrative organization, and a list of professional organizations utilized by LACERA.
- **THE FINANCIAL SECTION** presents the financial condition and funding status of LACERA. The section contains the opinion of the contract accountants, Coopers & Lybrand L.L.P. and Simpson & Simpson, the financial statements and supplemental financial information.
- **THE ACTUARIAL SECTION** communicates the funding status and presents other actuarial related information. The section contains the certificate of the consulting actuary, Towers Perrin, actuarial statistics and general plan provisions.
- **THE STATISTICAL SECTION** presents information pertaining to LACERA's operations on a multi-year basis.

LACERA AND ITS SERVICES

LACERA provides retirement, disability and death benefits to its active safety and general members, and administers the plan sponsor's retiree health care benefit program. Safety membership includes law enforcement (Sheriff, Marshall, and District Attorney Investigators), fire fighting, forester, and lifeguard classifications. General membership is applicable to all other occupational classifications.

LACERA collects, deposits, invests and manages retirement trust funds solely in the interest of and for the exclusive purposes of providing benefits to members and their beneficiaries. LACERA acts as fiduciary agent for the accounting and control of member and employer contributions and investment income. Under the overall policy direction of the Boards of Retirement and Investments, LACERA staff identify, develop and advance legislation, rules and policies which promote the interest of the members and beneficiaries of LACERA.

The general management of LACERA is the responsibility of the Board of Retirement. The Board of Investments is responsible for determining the investment objectives, strategies, and policies. Each Board is composed of four elected members, four Los Angeles County Board of Supervisors appointed members, and the County Treasurer-Tax Collector as an ex-officio member. The Board of Retirement retains a fifth elected member as an alternate. The day-to-day management of LACERA is delegated to a Chief Executive Officer appointed by both Boards.

LACERA began operations on January 1, 1938, and is governed by the California Constitution, the County Employees Retirement Law of 1937, and the by-laws, procedures and policies adopted by the Boards of Retirement and Investments. The County Board of Supervisors may also adopt resolutions, as permitted by the Retirement Law of 1937, which may affect the benefits of LACERA members.

LACERA administers retirement plan provisions primarily for the County and the employees of the County. In addition, the following employers also participate in the retirement plan:

Little Lake Cemetery District
Local Agency Formation Commission
Los Angeles County Office of Education
South Coast Air Quality Management District

SERVICE EFFORTS AND ACCOMPLISHMENTS

LACERA attained one of the most momentous milestones in the life of a pension plan when it achieved full funding status through the County's lumpsum contribution of $1.97 billion. The Retirement System Funding Agreement, in which the County issued pension obligation bonds to eliminate the unfunded liability, also ensures adequate funding for the Supplemental Targeted Adjustment for Retirees program through calendar year 1998. Additional information concerning this can be found in the Actuarial section.

LACERA's efforts in improving member services have energized the Association. Our initial goal to improve member services through enhanced staff training, has evolved into a comprehensive plan to redesign our business process and restructure our organization to maximize the effectiveness of our servicing efforts.

Using a fresh start analysis method called reengineering, we have restructured the member contact process. Upon completion of the project, we should realize the benefit of having a single point of contact for member inquires and service. This is a departure from current operations where members may be "handed-off" from staff specialist to staff specialist in satisfying our member's request.

The Reengineering team is performing usability testing on a graphical user interface for our mainframe computer application for the processing of member requests. This interface will provide staff a powerful tool in navigating through the various input screens, and the ability to incorporate word processing capabilities during a mainframe session. Members will benefit through shorter contact times and more timely correspondence.

A Document Imaging team is addressing how this technology will be useful in serving our members. Staff is in the process of preparing the physical member document folders for imaging and archiving. We anticipate that a data base of critical documents will be created for current use and integrated into the graphic user interface workstation, thereby, further enhancing our delivery of service to our members.

LACERA is creating an electronic Knowledge Base of laws, regulations and operational policies used in administering the Association. The first phase of this project was completed during the fiscal year and included the Retirement Act of 1937, and a Quick Reference Guide. The next phase will focus on providing operational policies used in the servicing of member requests.

The Reengineering team is exploring the integration of Workflow technology into the member service process to facilitate the assignment and control of work, delivery of imaged documents during a work session, Knowledge Base access, and the integration of third party information, such as banking services.

LACERA staff added an additional resource to identify deceased retired members by attaining access to the Los Angeles County Registrar Recorder's On-Line Death Inquiry System. This additional tool has significantly expedited the resolution of death notification exceptions.

Through discussions with the plan actuary, staff determined the general ledger account structure was inefficient and did not facilitate the accumulation of data in a format usable by the plan actuary. Staff have finalized an implementation plan to revise the account and reporting structure. These changes will dramatically simplify the account and reporting structure, and allow the reassignment of staff resources to other membership needs.

The payment of Investment Manager fees was streamlined by delegating payment processing to LACERA's custodian bank, while maintaining authorization of payment within LACERA.

Retired members were invited to the fourth annual Wellness Fair coordinated by LACERA staff and sponsored by healthcare providers and healthcare organizations.

LACERA's Member Outreach Team participated in the Los Angeles County Job Career Fair by providing retirement counseling to attendees, and began holding special termination workshops at various worksites for employees anticipating layoffs.

LACERA conducted 188 outreach workshops and 52 in-house workshops to assist LACERA members understand their retirement benefits, assisted over 8,400 members at our on-site member assistance center, and responded to over 120,000 phone inquires.

Human Resources developed Learning Center and Partnership Training programs to assist in staff development for the purpose of improving member service.

At the request of Los Angeles County, LACERA is serving as paymaster for deferred Performance Based Pay (PBP) payments to retired members.

In conjunction with the Los Angeles County Risk Management group, LACERA developed an on-line workers compensation (WC) system. This WC system provides LACERA's disability investigators a tool to identify all WC claims filed by employees, thus, minimizing research time and enabling the investigator to improve the disability application audit.

Staff finalized a telecommunication vendor contract for improved long distance and toll free number service at a reduced cost.

Through diligent cost-saving efforts by LACERA's Board of Retirement, retirees and Los Angeles County enjoyed a one month insurance premium holiday.

LACERA's Board of Investments began a benefit liability and asset allocation study to ensure LACERA's portfolio is structured to maximize return while meeting the liquidity needs to make future benefit payments.

Staff completed the search for an Investment Consultant. The Frank Russell Company will be providing investment consulting services to LACERA's Board of Investments and internal investment staff.

LACERA's Investment Office staff began an evaluation of LACERA's Investment Policies and Guidelines.

Staff completed the transition to consolidate the domestic and international custodian services into a global custodian relationship with Mellon Trust.

Following the Board of Investments' adoption of an Emerging Manager Policy and issuance of a Request for Proposal (RFP), two investment management firms were selected for a manager of manager assignment and implementation of LACERA's Emerging Manager Program.

The investment of Healthcare Experience Reserves were brought under direct supervision of LACERA through the hiring of Mellon Bond Associates as the reserves investment manager. Previously, the investment control over the Healthcare Experience Reserves resided with the respective health insurance carriers.

The Board of Investments established a single-family housing investment program.

LACERA's Internal Audit staff gained valuable experience in working with Coopers & Lybrand L.L.P. and Simpson & Simpson on the attest audit. This experience will facilitate staff attaining their Certified Public Accountant certificates.

SUPPLEMENTAL TARGETED ADJUSTMENT FOR RETIREES

The Supplemental Targeted Adjustment for Retirees (STAR) is a supplemental cost-of-living benefit for retirees or their survivors who have lost 25% or more of the purchasing power of their original retirement benefit. On December 20, 1989, the Board of Retirement approved the STAR program pursuant to authority granted to them under the County Employees Retirement Law of 1937. Together, the Board of Retirement and Board of Investments have unanimously supported the STAR program through their annual program approval and fund appropriations. The STAR program benefit costs for calendar year 1994 were $57 million, and are anticipated to be similar for calendar year 1995. The benefit, currently being received by approximately 17,500 retirees, is a non-vested entitlement.

ACTUARIAL FUNDING STATUS

Actuarial valuations are performed on an annual basis by LACERA's plan actuary to monitor LACERA's funded status. The latest annual valuation was performed as of June 30, 1994 and determined LACERA funding status to be 99.8%. The increase in funding status is due to the receipt of $1.97 billion in pension obligation bond proceeds issued by the County of Los Angeles (County) as a lump sum payment towards the unfunded actuarially accrued liability (UAAL).

Triennially, an analysis is made on the appropriateness of all economic and non-economic assumptions. Recommendations are presented to LACERA's Board of Investments (Board) for consideration. The last triennial investigation was performed as of June 30, 1992, at which time changes to the non-economic assumptions were adopted by the Board. The next triennial investigation will be performed as of June 30, 1995.

The thirty-year UAAL funding period which was to end June 30, 2012 has been amended by the Board. As part of the Pension Obligation Bond Agreement with the County, the County agrees to maintain the funding level of LACERA at 97.5% through the completion of the June 30, 1999 actuarial valuation using a five-year rolling amortization period. For the actuarial valuations June 30, 1999 through June 30, 2008, the County will maintain LACERA at a 97.5% funding level using a five-year rolling amortization period, and will bring LACERA to a 100% funded status using a ten-year rolling period.

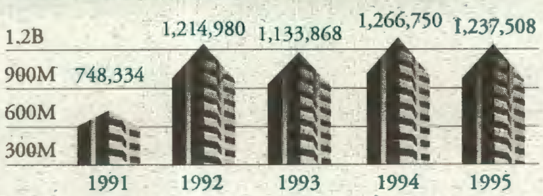
FINANCIAL INFORMATION

Management of LACERA is responsible for establishing and maintaining an internal control structure designed to ensure that the assets are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The accounting firms of Coopers & Lybrand L.L.P. and Simpson & Simpson provide both financial statement and internal control audit services. The financial attest audit ensures LACERA's financial statements are presented in conformity with generally accepted accounting principles and are free from material misstatement. The internal control agreed upon procedures audit ensures LACERA's operating policies and procedures are being adhered to and are sufficient to safeguard LACERA's assets. The scope of testing in the internal control audit is a joint effort between LACERA's Internal Audit Services, LACERA management, Coopers & Lybrand L.L.P. Simpson & Simpson, and the Los Angeles County Internal Audit Department.

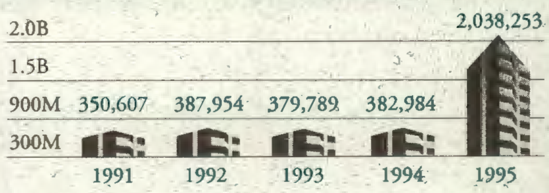
Revenue

The majority of LACERA's revenue comes from the earnings of the investment portfolio. Investment income includes interest, dividends, trading gains and losses, and distributions from real estate and alternative investment asset investments. During fiscal year 1995, the County of Los Angeles made a lump-sum deposit of nearly $2 billion as a contribution towards payment of the unfunded liability. (Amounts in thousands)

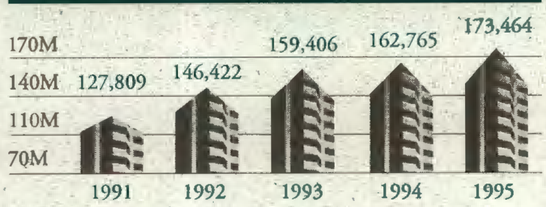
INVESTMENT INCOME



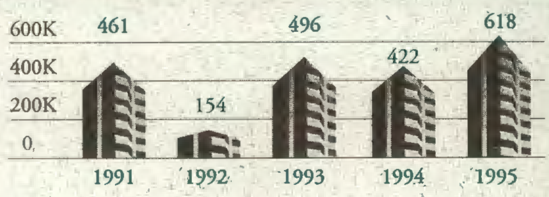
EMPLOYER CONTRIBUTIONS



MEMBER CONTRIBUTIONS



OTHER

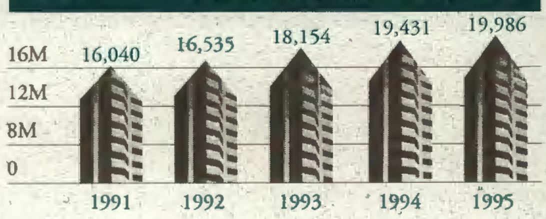


While interest income received during fiscal year ending 1995 was relatively constant with income received in the prior year, significant increases were realized in the domestic dividend income and distributions from alternative assets. Both the stock and bond portfolios experienced a decline in trading gains. The market value of the portfolio increased to $18.5 billion in fiscal year 1995 from $14.5 billion in fiscal year 1994.

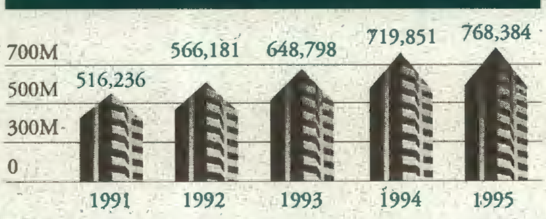
Expenses

The primary use of LACERA's assets is in the payment of benefits to retirees and their beneficiaries. LACERA is considered to be relatively young for a pension plan, and can expect rising retirement pension benefit costs into the future.

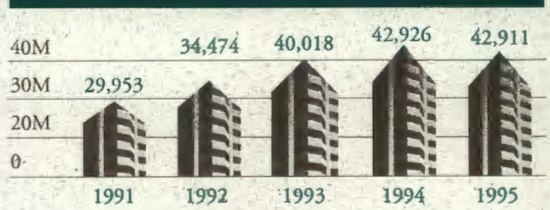
ADMINISTRATIVE EXPENSES



BENEFITS

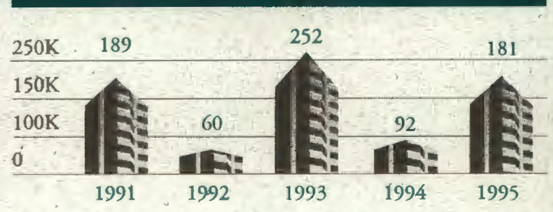


INVESTMENT EXPENSES



REFUNDS

OTHER



ECONOMIC CONDITION AND OUTLOOK

LACERA's well diversified portfolio generated a respectable investment return of 15.2% for the fiscal year ending June 30, 1995. The following discussion presents the market factors influencing the financial markets in which LACERA's portfolio is invested.

We will remember 1994 and most of 1995 as the year of Alan Greenspan and the Federal Reserve. Their changing monetary policy had a dramatic impact on the worldwide capital markets. Starting in February 1994, the Federal Reserve became very aggressive in fighting inflationary pressure by raising short term interest rates seven times in fifteen months, causing Federal Funds to rise from 3% to 6%!

The last interest rate increase occurred on February 1, 1995, when both Federal Funds and the Discount Rate were raised 50 basis points to their current levels. The interest rate sensitive sectors of the economy, specifically automobile and home sales, came under increasing sales pressure during the first half of fiscal year ending June 30, 1995, as a result of the higher interest rates. Although automobile and light truck sales have declined slightly during the past year, they still remain stable relative to prior years. Much of this is attributable to innovative financing techniques, such as leasing, to promote sales.

The devaluation of the peso caused a significant slowdown in the percentage of exports to Mexico, one of the United States' largest trading partners. This resulted in a 17% widening of the trade deficit and a backlog in production inventories. Industrial production fell to an annualized level of minus 2.93% during the second quarter of 1995. Gross Domestic Product (GDP) declined from a high of 5.1% in December 1994, to an annualized rate of 1.1% in June 1995.

Job growth was the driving force behind the economic expansion during fiscal year ending June 30, 1995. National unemployment fell from 6.5% in March 1994 to a low of 5.3% in December 1994. An estimated 3 million new jobs were created in the United States. Most recently, the national unemployment rate increased to 5.6% during the second quarter of 1995. This recent decline in job growth and productivity output resulted in a drop in consumer confidence from a level of 94.5 in December 1994, to a level of 91.7 in June 1995.

The strong economic growth that was prevalent during most of 1994 has begun to show signs of reversing itself. This is evidenced by the slowdown in industrial production, automobile and home sales during the first half of 1995. Many investors believe interest rate hikes are over, and perhaps the next move by the Federal Reserve will be to lower interest rates. This expectation has been the driving force behind the recent rally in the financial markets. Inflation remains moderate and the employment outlook is positive.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association (GFOA) awarded a Certificate for Excellence in Financial Reporting to LACERA for its annual financial report for the fiscal year ended June 30, 1994. LACERA is the only public pension plan in California to receive this award, and this marks the fifth consecutive year we have been awarded the prestigious designation. In order to be awarded a Certificate of Achievement, LACERA must publish an easily readable and efficiently organized annual financial report, whose content must both conform to program standards, satisfy generally accepted accounting principles and other legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual financial report continues to meet the Certificate of Achievement program's requirements and we are submitting it to the GFOA for consideration.

ACKNOWLEDGMENTS

The preparation of the annual financial report on a timely basis is made possible by the dedicated teamwork of LACERA staff. Each staff member who contributed to the team effort has my sincerest appreciation. I would like to thank our contract auditors, Coopers & Lybrand L.L.P. and Simpson & Simpson, for their professionalism and assistance.

On behalf of the LACERA staff, we wish to thank the Board of Retirement and the Board of Investments, without whose leadership and support the preparation of this report would not have been possible.

Respectfully submitted,

Marsha D. Richter

Marsha D. Richter
Chief Executive Officer

Certificate of Achievement for Excellence in Financial Reporting

Presented to
Los Angeles County Employees Retirement Association, California

For its Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 1994

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA CORPORATION SEAL CHICAGO

President

Executive Director

MEMBERS OF THE BOARD OF RETIREMENT AT JUNE 30, 1995

Chairman

ROBERT J. HERMANN

Sheriff's Department. Elected by safety members. Present term expires December 31, 1995. Elected Chairman of the Board, January 4, 1995.

Member

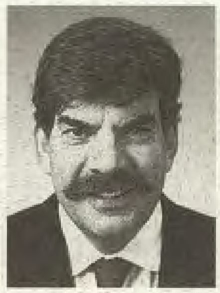
SIMON S. RUSSIN

Department of Health Services. Elected by general members. Present term expires December 31, 1997.

Vice Chairman

JACK M. THOMAS

Appointed by the Board of Supervisors. Present term expires December 31, 1996. Elected Vice Chairman of the Board, January 4, 1995.



Member

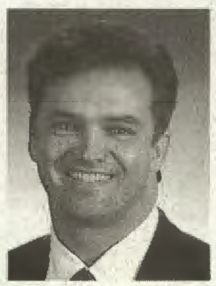
RICHARD N. SHUMSKY

Probation Department. Elected by general members. Present term expires December 31, 1996.

Secretary

ROBERT A. STOTELMEYER

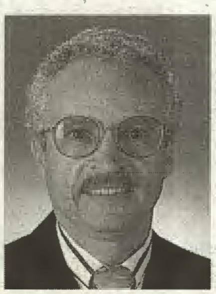
Retired. Elected by retired members. Present term expires December 31, 1996. Elected Secretary of the Board, January 4, 1995.



Member

ALEX SOTERAS

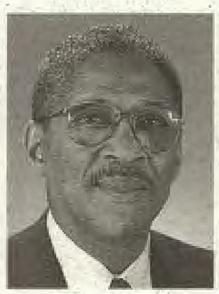
Appointed by the Board of Supervisors. Present term expires December 31, 1995.



Member

LARRY J. MONTEILH

Treasurer and Tax Collector. Ex-officio member.



Member

G. TOM THOMPSON

Appointed by the Board of Supervisors. Present term expires December 31, 1996.

Member

WARREN L. BENNETT

Appointed by the Board of Supervisors. Present term expires December 31, 1997.

Alternate Member

CODY FERGUSON

Los Angeles County Fire Department. Elected by safety members. Present term expires December 31, 1995.

MEMBERS OF THE BOARD OF INVESTMENTS AT JUNE 30, 1995

Chairman

MARVYN E. KAYE

Appointed by the Board of Supervisors. Present term expires December 31, 1995. Elected Chairman of the Board, January 11, 1995.

Member

JAMES A. JEFFS

Appointed by the Board of Supervisors. Present term expires December 31, 1996.

Vice Chairman

NORMAN S. JOHNSON

Retired. Elected by retired members. Present term expires December 31, 1996. Elected Vice Chairman of the Board, January 11, 1995.

Member

SIMON S. RUSSIN

Department of Health Services. Elected by general members. Present term expires December 31, 1996.

Secretary

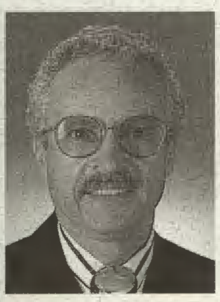
MICHAEL L. FALABRINO

Appointed by the Board of Supervisors. Present term expires December 31, 1996. Elected Secretary of the Board, January 11, 1995.

Member

RICHARD N. SHUMSKY

Probation Department. Elected by general members. Present term expires December 31, 1997.



Member

LARRY J. MONTEILH

Treasurer and Tax Collector. Ex-officio member.

Member

RICHARD M. TAFOYA

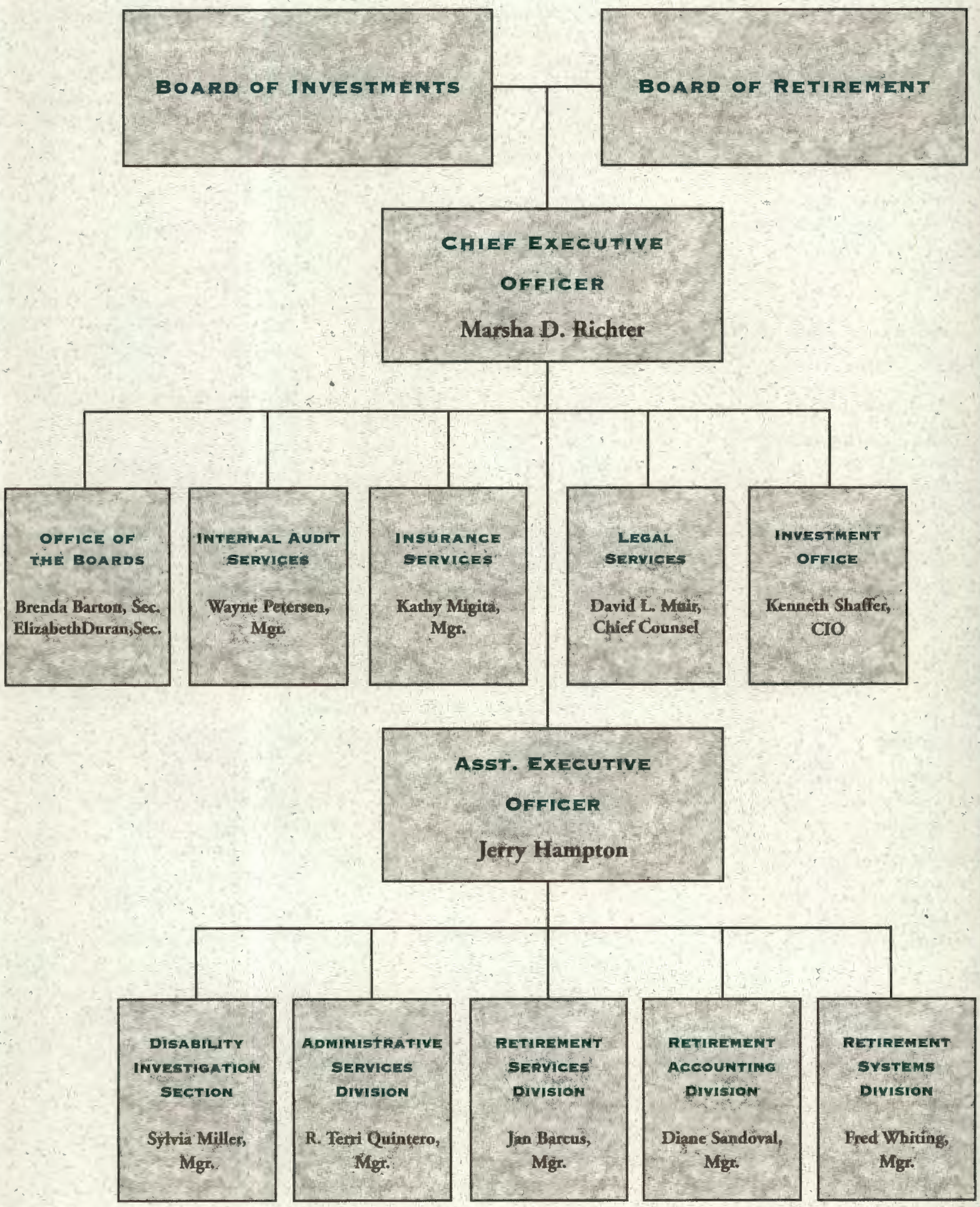
Appointed by the Board of Supervisors. Present term expires December 31, 1997.

Member

ROBERT J. HERMANN

Sheriff's Department. Elected by safety members. Present term expires December 31, ~~1995.~~

1998


Board of Investments
Board of Retirement
Chief Executive Officer
Marsha D. Richter
Office of the Boards
Brenda Barton, Sec.
ElizabethDuran,Sec.
Internal Audit Services
Wayne Petersen, Mgr.
Insurance Services
Kathy Migita, Mgr.
Legal Services
David L. Muir, Chief Counsel
Investment Office
Kenneth Shaffer, CIO
Asst. Executive Officer
Jerry Hampton
Disability Investigation Section
Sylvia Miller, Mgr.
Administrative Services Division
R. Terri Quintero, Mgr.
Retirement Services Division
Jan Barcus, Mgr.
Retirement Accounting Division
Diane Sandoval, Mgr.
Retirement Systems Division
Fred Whiting, Mgr.

LIST OF PROFESSIONAL CONSULTANTS

CONSULTING SERVICES

ACTUARY

Towers Perrin

INVESTMENT CONSULTANTS

Callan Associates, Inc.
Chancellor Capital Management, Inc.
Frank Russell Company
Progress Investment Management
RCB Trust Company
Strategic Investment Solutions, Inc.
The Townsend Group

GOVERNANCE CONSULTANTS

Institutional Shareholder Services, Inc.

LEGAL COUNSEL

Adams, Duque & Hazeltine
Baker & Hostetler
Gibson, Dunn & Crutcher
Graves, Roberson & Bourassa
Hufstedler, Kaus & Ettinger
Pillsbury, Madison & Sutro
Sidley & Austin

CUSTODIANS

Bank of America, NTSA
The Chase Manhattan Bank, NA
Mellon Trust

AUDITORS

Coopers & Lybrand, L.L.P.
Financial Controls Systems, Inc.
Simpson & Simpson

DATA PROCESING

Los Angeles County Department of Data Processing
Warner Information Center

INVESTMENT MANAGERS

EQUITY-DOMESTIC

Apodaca-Johnston Capital
Bankers Trust Company
Bramwell Capital Mangement
Capital Guardian Trust Company
Delta Asset Management
Edgar Lomax Company
Evergreen Capital Management
Geneva Capital Management
Globalt Inc.
Gries Financial
GW Capital
Hourglass Capital Management
ICM Asset Management
Invesco MIM, Inc.
Loomis, Sayles & Company
Mitchell Hutchins Institutional Investors, Inc.
Morgan Stanley Asset Management, Inc.
Pilgrim, Baxter & Associates
Putnam Advisory Company, Inc.
Radnor Capital Management
Rampart Investment Management
Sloate, Weisman Murray & Company
Stein Roe & Farnham
Sturdivant & Company, Inc.
TSA Capital Management
Twin Capital Management
Weiss, Peck & Greer Investments
Wilke/Thompson Capital Management

EQUITY-INTERNATIONAL

Bankers Trust Company
Capital Guardian Trust Company
Emerging Markets Growth Fund, Inc.
GAM International Management, Ltd.
Morgan Grenfell Capital Management, Inc.
Schroder Capital Management Intl., Ltd.
UBS Asset Management (New York), Inc.
UBS Phillips & Drew Intl. Investment, Ltd.

FIXED INCOME-DOMESTIC

Bankers Trust Company
Bradford & Marzec, Inc.
Brown Brothers Harriman & Company
Capital Guardian Trust Company
Mackay - Shields Financial Corporation
MFS Asset Management Group
Nicholas Applegate
TCW Asset Management Co.

FIXED INCOME-INTERNATIONAL

Brinson Partners, Inc.
Capital Guardian Trust Company
J.P. Morgan Investment Management
Morgan Grenfell Investment Services, Ltd.

CASH & SHORT TERM

Bankers Trust Company

REAL ESTATE

Equitable Real Estate Investment Management
Heitman/JMB Advisory Corporation
Invesco Realty Advisors
Jones Lang Wootton Realty Advisors
L & B Real Estate Counsel
Lowe Enterprise Investment Management, Inc.
Lowe Enterprise Residential Partners
Public Storage, Inc.
RREEF America Partners
Sentinel Real Estate Corporation
Shurgard, Inc.
TA Associates Realty
TCW Realty Advisors
Trammell Crow Ventures

MORTGAGE LOAN SERVICERS

GMAC Mortgage
Bank of America
Mellon Mortgage
Beverly Hills Security
First Interstate Mortgage
Great Western Bank
Lomas Mortgage
Chase Manhattan Mortgage

ALTERNATIVE ASSETS

Chancellor Capital Management, Inc.
Copley Venture Partners
E.M. Warburg, Pincus Capital Co., Inc.
GKH Partners
Prudential Equity Investors, Inc.
Syndicated Communications, Inc.
TA Communications Partners

FINANCIAL SECTION

Coopers & Lybrand

Coopers & Lybrand L.L.P.

a professional services firm

Simpson & Simpson

Boards of Retirement and Investments
Los Angeles County Employees Retirement Association

We have audited the accompanying statement of plan net assets of the Los Angeles County Employees Retirement Association (LACERA) as of June 30, 1995 and 1994, and related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of LACERA's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We have conducted our audit in accordance with generally accepted auditing standards and Governmental Auditing Standards issued by the Comptroller General of the United States. Those standards require that we perform and plan the audits to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts disclosed in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of LACERA at June 30, 1995 and 1994, and results of its operations for the years then ended in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary schedules listed in the accompanying table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements of LACERA. Such information has been subjected to auditing procedures applied in the audit of the basic financial statements and, in our opinion, based on our audits, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

As discussed in Note B to the financial statements, effective July 1, 1994, LACERA implemented GASB No. 25 and 26 and recorded certain prior-period adjustments, as more fully disclosed in Note B. The information included in the Actuarial and Statistical sections as listed in the accompanying table of contents, has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on these sections.

In accordance with Governmental Auditing Standards, we have also issued a report dated October 20, 1995 on our consideration of LACERA's internal control structure and a report dated October 20, 1995 on its compliance with the laws and regulations.

Coopers & Lybrand LLP

Simpson & Simpson

October 20, 1995
Los Angeles, California

STATEMENT OF PLAN NET ASSETS

As of June 30, 1995 and 1994
(Amounts in Thousands)

	1995	1994
Assets		
Cash	$47,289	$35,833
Receivables		
Accounts Receivable - Sale of Investments	241,895	725,416
Accrued Interest and Dividends	103,219	98,136
Contributions Receivable	23,518	39,802
Reimbursable Costs for Retiree Health Insurance and Death Benefits	9,497	9,225
Withholding Tax Refundable		4,077
Principal Due on Mortgages	858	2,164
Accounts Receivable - Other	1,400	3,886
Total Receivables	380,387	882,706
Investments at Fair Value - Notes H and N		
Stocks	9,412,568	7,367,583
Bonds	6,177,244	5,300,199
Short Term Investments	1,101,097	684,293
Real Estate	839,339	549,205
Alternative Assets	402,897	463,829
Mortgages	102,523	97,145
Total Investments	18,035,668	14,462,254
Fixed Assets Net of Depreciation	2,918	3,578
Total Assets	**18,466,262**	**15,384,371**
Liabilities		
Accounts Payable - Purchase of Investments	533,701	1,121,393
Retiree Payroll and Other Warrants Payable	30,199	37,509
Accrued Expenses	9,308	10,585
Leasehold Incentives	2,299	2,717
Tax Withholding Payable	7,031	
Accounts Payable - Other	1,718	728
Total Liabilities	**584,256**	**1,172,932**
Net Assets Held in Trust for Pension Benefits	**$17,882,006**	**$14,211,439**

The accompanying notes are an integral part of these financial statements.
A schedule of funding progress is presented on page 35.

STATEMENT OF CHANGES IN PLAN NET ASSETS

For the Years Ended June 30, 1995 and 1994
(Amounts in Thousands)

	1995	1994
Additions		
Contributions		
Employer	$2,038,253	$382,984
Member	173,464	162,765
Total Contributions	2,211,717	545,749
Investment Income		
Net Appreciation (Depreciation) in Fair Value of Investments	1,062,353	(617,347)
Investment Income	1,237,508	1,266,750
	2,299,861	649,403
Less Investment Expense	42,911	42,926
Net Investment Income	2,256,950	606,477
Miscellaneous	618	422
Total Additions	**4,469,285**	**1,152,648**
Deductions		
Retiree Payroll	767,425	719,061
Administrative Expense - Note B	19,764	19,431
Refunds	10,389	10,349
Lump Sum Death Benefits	959	790
Miscellaneous	181	92
Total Deductions	**798,718**	**749,723**
Net Increase	3,670,567	402,925
Net Assets Held in Trust for Pension Benefits		
Beginning of Year	14,211,439	13,808,514
End of Year	**$17,882,006**	**$14,211,439**

The accompanying notes are an integral part of these financial statements.

NOTE A
PLAN DESCRIPTION

LACERA began operations on January 1, 1938, and is governed by the California Constitution, the County Employees Retirement Law of 1937, and the By-laws, procedures and policies adopted by the Boards of Retirement and Investments. The County Board of Supervisors may also adopt resolutions, as permitted by the Retirement Law of 1937, which may affect the benefits of LACERA members. LACERA operates as a cost sharing multi-employer defined benefit plan for Los Angeles County (County) and four participating agencies: Little Lake Cemetery District, Local Agency Formation Commission, Los Angeles County Office of Education and South Coast Air Quality Management District. LACERA does not include non employer contributors.

Membership

LACERA provides retirement, disability and death benefits to its active safety and general members, and administers the plan sponsor's retiree health benefit program. Safety membership includes law enforcement (Sheriff, Marshall, and District Attorney Investigators), fire fighting, forester, and lifeguard classifications. General membership is applicable to all other occupational classifications. The retirement benefits within the plan are tiered based on the service entry date. General members may elect membership in a non-contributory plan tier upon entry into service. Additional information regarding the benefit structure is included in the Summary of Plan Provisions located on page 49 in the Actuarial section of this report.

At June 30, 1995 and 1994 LACERA membership consisted of:

	1995	**1994**
Active Members:		
Vested	46,974	44,483
Non-Vested	30,198	31,457
Total Active Members	77,172	75,940
Retired Members	39,935	39,744
Terminated Vested (Deferred)	3,416	3,293
Total	**119,983**	**118,977**

Benefit Provisions

Vesting occurs when a member accumulates five years creditable service under contributory plans or accumulates ten years of creditable service under the general service non-contributory plan. Benefits are based upon twelve or thirty-six months average compensation, depending on plan; age at retirement and length of service as of the retirement date, according to applicable statutory formulae. Service connected disability benefits may be granted regardless of length of service consideration. Five years of service is required for non-service connected disability eligibility according to applicable statutory formulae except for members of the non-contributory plan who are covered under separate long-term disability provisions not administered by LACERA.

NOTE A
PLAN DESCRIPTION *(continued)*

Cost-of-Living Adjustment

Under provisions in the California Government Code the Board of Retirement shall, before April 1st each year, determine whether there has been an increase or decrease in the cost-of-living, as shown by the Bureau of Labor Statistics Consumer Price Index (CPI) for All Urban Consumers for the area in which the county seat is situated, as of the preceding January 1st. Effective April 1st of each year, the Board must increase or decrease retirement and survivor allowances by a percentage of the total allowance to approximate to the nearest one-half of 1%, the percentage of annual increase or decrease in the cost-of-living as of the preceding January 1st for members and survivors who were retired prior to April 1st. Plan A members may receive a 3% maximum increase while Plan B, C, and D members may receive a 2% maximum increase. Any CPI cost-of-living increase or decrease in any year which is not met by the maximum annual change of 3% or 2% in allowances shall be accumulated to be met by increases or decreases in allowances for future years. The accumulated percentage carryover is known as the Cost-of-Living Adjustment Bank. There are no provisions for a cost-of-living increase for Plan E members.

STAR Program

In addition to cost-of-living increases, the California Government Code also provides the Board of Retirement the authority to grant supplemental cost-of-living increases. Under this program, known as the Supplemental Targeted Adjustment for Retirees (STAR), excess earnings have been used to restore retirement allowances to 75% of the purchasing power held by retirees at the time of retirement. The STAR program is subject to approval by the Board of Retirement on an annual basis as long as sufficient excess earnings are available as determined by the Board of Investments.

The STAR program is administered on a calendar year basis. The following represents the STAR program experience from inception through June 30, 1995 (amounts in thousands):

	Funding	Costs	Available for Future Benefits
Inception 1990	$201,200	($47,411)	$153,789
Program Year 1991		(50,994)	102,795
Program Year 1992	172,000	(57,776)	217,019
Program Year 1993	51,726	(56,542)	212,203
Program Year 1994		(56,895)	155,308
Program Year 1995 through June 30	165,815	(27,794)	293,329
Total	**$590,741**	**($297,412)**	

NOTE B
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

LACERA, with its own governing boards, is an independent governmental entity separate and distinct from the County of Los Angeles. LACERA's annual financial statements are included in the County of Los Angeles' Annual Financial Report as a pension trust fund. The specific elements of the oversight criteria considered in defining a reporting entity are financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. Application of the oversight criteria did not identify additional entities to be included in LACERA's annual report.

METHOD OF REPORTING

LACERA follows the accounting principles and reporting guidelines as set forth in Statement 25 of the Governmental Accounting Standards Board, and AICPA industry audit guide "Audit of Employee Benefit Plans" issued May 1994. The financial statements are prepared using the accrual basis of accounting and reflect the overall operations of LACERA. Member and employer contributions are recognized in the period in which the contributions are due, and benefits and refunds are recognized when payable in accordance with the terms of each plan.

ADMINISTRATIVE EXPENSES

LACERA's Board of Retirement and Board of Investments annually adopt the operating budget for the administration of LACERA. The administrative expenses are charged against LACER's earnings and are limited to eighteen hundredths of one percent as set forth under Government Code Section 31580.2. The following budget to actual analysis of administrative expenses is based upon the budget, as approved by the governing boards, and reflects actual administrative expenses (amounts in thousands):

Total Projected Asset Base as of December 31, 1994 at Market Value	$15,216,237
Maximum Allowable for Administrative Expenses (.0018 x $15,216,237)	27,389
Operating Budget for Fiscal Year 1994-1995	22,328
Actual Administrative Expenses for the Fiscal Year Ended June 30, 1995	19,764
Under Expended Operating Budget	$2,564

The administrative operating budget includes allocations for fixed assets. Fixed assets are capitalized upon purchase and depreciated over their useful lives.

NOTE B
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

IMPLEMENTATION OF NEW REPORTING MODEL

LACERA chose early implementation of the Governmental Accounting Standards Board's (GASB) Statement No. 25 Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans and Statement No. 26 Financial Reporting for Postemployment Healthcare Plans Administered by Defined Benefit Pension Plans.

Statement 25 establishes a financial reporting framework for defined benefit plans that distinguishes between two categories of information: (a) current financial information about plan assets and financial activities and (b) actuarially determined information, from a long term perspective, about the funded status of the plan and the progress being made in accumulating sufficient assets to pay benefits when due. The significant impact of implementing Statement 25 on LACERA's prior year reporting format are the assets of the portfolio are now being stated at fair market value and the corresponding unrealized appreciation is being recognized in the financial statements. The presentation of net investment income in the June 30, 1994 financial report has been restated in the June 30, 1995 financial report to separately disclose the gross investment income and investment expense. The following table presents the impact of including the change in depreciation in fair value of investments on the June 30, 1994 excess of revenues over expenses (amounts in thousands):

	June 30, 1994
Fiscal Year 1994 Excess of Revenues Over Expenses as Reported in the June 30, 1994 Financial Statements	$1,020,272
Change in the Fair Value of Investments due to Implementation of Statement 25	(617,347)
Fiscal Year 1994 Excess of Revenues Over Expenses as Reported in the June 30, 1995 Financial Statements	$402,925

LACERA continues to provide the actuarially determined information about the funded status of the plan, as provided in prior years and required by Statement 25. Reporting LACERA's funded status using the uniform reporting guidelines as set forth in Statement 5 has been appropriately discontinued.

Statement 26 establishes financial reporting standards for postemployment healthcare plans administered by state and local governmental defined benefit pension plans. As the County is funding this program on a "pay-as-you-go" basis, the statement of postemployment healthcare plan net assets and statement of changes in postemployment healthcare plan net assets have been condensed into the current year note disclosure Postemployment Healthcare Benefits.

NOTE B
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

FIXED ASSETS

Fixed assets are carried at cost less accumulated depreciation. Depreciation is calculated using the straight-line method with five-year useful life for equipment and ten-years for furniture, structures, and leasehold improvements. The cost and accumulated depreciation of fixed assets as of June 30, 1995 and 1994 were as follows (amounts in thousands):

	1995	1994
Furniture and Equipment	$3,664	$3,582
Structures and Improvements	2,829	2,829
Total Fixed Assets (at cost)	6,493	6,411
Less Accumulated Depreciation		
Furniture and Equipment	2,304	1,845
Structures and Improvements	1,271	988
Total	3,575	2,833
Total Fixed Assets Net of Depreciation	**$2,918**	**$3,578**

ACCRUED VACATION AND SICK LEAVE

Employees who resign or retire are entitled to full compensation for all unused vacation and a percentage of their unused sick leave. The accrued vacation and sick leave for LACERA employees as of June 30, 1995 and 1994 was $1,315,000 and $1,311,000 respectively.

CASH

Cash includes deposits with various financial institutions, the County of Los Angeles pooled trust fund, and international currency holdings translated to US dollars using the exchange rates in effect at June 30, 1995 and 1994.

INVESTMENTS

The cost of stocks and bonds is determined using the average cost method, while the cost for mortgage loans and short term investments is determined using the specific identification method. Premium or discount on long-term bonds is amortized using the constant-yield amortization or straight-line method, depending on the nature of the security. Premium or discount on mortgage loans is amortized using the straight-line method over a period of 120 months.

Unsettled investment trades as of year end are reported in the financial statements on an accrual basis. The corresponding funds receivable from a sale and funds payable for a purchase are reported in accounts receivable – sale of investment and accounts payable – purchase of investments, respectively.

NOTE B
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

Market values for investments are derived by various methods as indicated in the following table:

Stocks, publicly traded bonds, issues of the US Government and its agencies	Most recent sales price as of fiscal year end, international securities reflect currency exchange rates in effect at June 30, 1995 and 1994.
Mortgages	Equivalent pricing to comparable GNMA.
Real estate equity funds	Provided by real estate fund manager.
Real estate title holding corporations	Equity value of the investment subject to adjustment for conditions noted in either the property manager's valuations or the audited property financial statement.
Alternative assets	Provided by the fund's valuation committee. LACERA's alternative asset consultant reviews the market value information provided by funds without a valuation committee.
Private placement bonds	Face value of the security subject to adjustment for conditions noted in the respective audited financial statement.

Please refer to Note N, Deposits and Investments, for book and market values for fiscal year ending June 30, 1995 and 1994.

Reclassification of Prior Year Amounts

Certain amounts in the prior year financial statements have been reclassified to conform with the current year presentation.

NOTE C
CONTRIBUTIONS

The employers and members contribute to LACERA based on unisex rates recommended by an independent actuary and adopted by the Board of Investments and Board of Supervisors. Contributory plan members are required to contribute between 4% and 14% of their annual covered salary. Participating employers are required to contribute the remaining amounts necessary to finance the coverage of their employees (members) through monthly or annual prefunded contributions at actuarially determined rates. Member rates for the contributory plan tiers are based upon age at entry to the system and plan enrollment. As a result of collective bargaining, member rates for various plans have been reduced through additional employer contributions, known as a surcharge rate. Member and employer contributions received from the participating agencies are considered part of LACERA's plan as a whole.

NOTE D
RESERVES

The reserves represent the ownership of LACERA assets. Reserves are established from member and employer contributions and the accumulation of investment income after satisfying investment and administrative expenses. The reserves do not represent the present value of assets needed, as determined by actuarial valuation, to satisfy retirements and other benefits as they become due. LACERA has four major classes of reserves as follows:

- **MEMBER DEPOSIT RESERVES** represent the balance of member contributions. Additions include member contributions and related earnings; deductions include refunds of member contributions and transfers to Retired Member Reserves.
- **EMPLOYER RESERVES** represent the balance of employer contributions for future retirement payments to current active members. Additions include contributions from the employer and related earnings; deductions include transfers to Retired Member Reserves, lump sum death benefits, and supplemental disability payments.
- **RETIRED MEMBER RESERVES** represent the balance of transfers from Member Deposit Reserves and Employer Reserves and related earnings, less payments to retired members. Included in the Retired Member Reserves is the Board of Investment designation for the Supplemental Targeted Adjustments for Retirees (STAR).
- **CONTINGENCY RESERVES** represents reserves accumulated for future earning deficiencies, investment losses and other contingencies. Additions include investment income and other revenues; deductions include investment expenses, administrative expenses, interest allocated to other reserves, funding of the STAR reserve, and distribution of excess earnings to employer reserves. The Contingency Reserve is used to satisfy the California Government Code requirement for LACERA to reserve 1% of the assets against deficiencies in interest earnings in other years, losses on investments, and other contingencies. The balance of the Contingency Reserve of $374 and $573 million represent 2% and 4% of the Net Assets Held in Trust for Pension Benefits for fiscal years ending June 30, 1995 and 1994, respectively, and as such, the Contingency Reserve is considered fully funded.

NOTE D
RESERVES *(continued)*

Reserves and Designations as of June 30, 1995 and 1994 are as follows:

	1995	1994
Member Deposit Reserves		
Active Members	$2,155,074	$1,956,115
Unclaimed Deposits	354	402
Total Member Deposit Reserves	2,155,428	1,956,517
Employer Reserves	2,357,070	422,716
Retired Member Reserves		
Retired Members	10,468,039	9,903,901
Designated for the STAR Program	293,329	183,479
Total Retired Member Reserves	10,761,368	10,087,380
Contingency Reserve	373,901	572,940
Total Reserves at Book Value	15,647,767	13,039,553
Unrealized Investment Portfolio Appreciation	2,234,239	1,171,886
Total Reserves at Market Value	**$17,882,006**	**$14,211,439**

NOTE E
ACTUARIAL VALUATIONS

LACERA engages an independent actuarial firm, Towers Perrin, to conduct annual actuarial valuations to monitor LACERA's funding status. On a triennial basis, these valuations are updated for economic and non-economic assumptions as required by the California Government Code. The last triennial valuation was performed as of June 30, 1992 and determined the funding status to be 85.62%. The latest annual valuation was performed as of June 30, 1994 and determined the funding status to be 99.8%. Both the triennial and annual valuations use the entry age normal method, an actuarial 5 year smoothing of asset values, an 8% interest assumption, and a 6% salary assumption. The increase in funding status is due to the receipt of $1.97 billion in pension obligation bond proceeds issued by the County of Los Angeles. Although the pension obligation bond proceeds were received October 19, 1994, the actuary considered the pension obligation bond proceeds as a receivable asset in the June 30, 1994 actuarial valuation.

NOTE F
PARTIAL ANNUITIZATION OF BENEFIT PAYMENTS

As of January 1, 1987, LACERA purchased two annuity contracts from insurance carriers to provide benefit payments to a portion of the retired members. Under the terms of the annuity contracts, LACERA will continue to administer benefit payments to affected members, and is reimbursed monthly by the carriers for the gross amount of benefits disbursed. LACERA received $47.1 million and $47.2 million in related reimbursements during each of the years ended June 30, 1995 and 1994. Such amounts have reduced the pension and annuity payments in the financial statements. There is no effect on covered members. Covered members retain all benefits accorded other members, including rights to continuance of benefits to survivors, insurance subsidies, and cost-of-living increases.

NOTE G
POSTEMPLOYMENT HEATHCARE BENEFITS

Under an agreement with the County of Los Angeles (County) and participating agencies, LACERA sponsors a Healthcare Benefits Program (HBP) for retired members and their eligible dependents. Any LACERA member eligible to receive a retirement allowance may enroll in the HBP.

The LACERA sponsored HBP offers members a wide choice of medical plans, as well as a dental/vision plan. The medical plans are either HMO or indemnity plans, and some of them are designed to supplement Medicare benefits.

The cost for insurance varies according to the years of retirement service credit with LACERA and health plan chosen. The County contribution ranges from 10% of the benchmark medical and dental/vision plans with 10 years of service up to 100% with 25 years of service.

The Board of Retirement reserves the right to amend, revise or discontinue these plans and programs at any time.

The HBP is funded by the County and members on a pay-as-you-go basis. During fiscal year ending June 30, 1995, $121 million in premium payments were made to insurance carriers. These payments were funded by employer and participant contributions of $105 million and $16 million, respectively.

A summary of HBP participants is as follows:

	1995	1994
Medical Plans	29,527	29,218
Dental / Vision Plans	28,490	27,764
Total	**58,017**	**56,982**

NOTE H
SUMMARY OF INVESTMENT POLICIES

The County Employees Retirement Law of 1937 (Law) authorizes the Board of Investments (Board) with exclusive control over the investment of LACERA's investment portfolio. The Law allows for the Board to invest, or delegate the authority to invest, the investment portfolio through the purchase, holding, or sale of any form or type of investment, financial instrument or financial transaction when prudent in the informed opinion of the Board.

Additionally, the Law requires the Board and its officers and employees shall discharge their duties with respect to LACERA and the investment portfolio:

- Solely in the interest of, and for the exclusive purposes for providing benefits to, participants and their beneficiaries, minimizing employer contributions, and defraying reasonable expenses of administering LACERA.
- With the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims.
- Shall diversify the investment portfolio to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly prudent not to do so.

NOTE I
INDUSTRY CONCENTRATIONS OF PORTFOLIO ASSETS

The Board of Investments' (Board) policies and guidelines enable the portfolio to develop into numerous asset classes and to take advantage of professional investment managers with diverse management styles. The result is a well diversified portfolio. The investment portfolio contained no concentration of investments in any one organization (other than those issued or guaranteed by the US Government) that represented 5 percent or more of the total investment portfolio.

An important aspect of the Board's policies and guidelines is for the portfolio to maintain industry diversity. Concentrations of investments within an industry may occur and still remain within a prudent range. The investment portfolio industry concentrations were below 7 percent as of June 30, 1995 and 1994.

Concentrations may occur in a grouping of industries, commonly known as an economic sector. The domestic stock portfolio demonstrated a minor concentration in the financial services and technology sectors as of June 30, 1995 and 1994.

NOTE J
STOCKS AND BONDS ON LOAN

LACERA's custodial bank, Mellon Trust (Mellon), is authorized to lend specified domestic and international stock and bond securities that are being held in custody to various borrowers, such as, banks and brokers.

Securities on loan must be collateralized with a value equal to 102%, in the case of securities of United States issuers, and 105%, in the case of securities of non-United States issuers, of the market value of any security loaned, plus any accrued interest. Collateral received may include cash, irrevocable letters of credit, or securities which are direct obligations or guaranteed by the US Government.

Mellon has agreed to hold LACERA harmless for borrower default from the loss of securities or income, or from any litigation arising from these loans. Consequently, the securities on loan at June 30, 1995 and 1994 are not shown separately on the Statement of Plan Net Assets but are included in their respective accounts on that statement.

The market value of the stocks and bonds on loan as of June 30, 1995 through Mellon and as of June 30, 1994 through Bank of America and Chase Manhattan Bank were (amounts in thousands):

	1995	1994
Stocks		
Domestic	$413,329	$1,189,130
International	200,025	294,161
Total Stocks	613,354	1,483,291
Bonds		
Domestic	965,331	1,476,177
International	163,227	
Total Bonds	1,128,558	1,476,177
Total		
Domestic	1,378,660	2,665,307
International	363,252	294,161
Total Stocks and Bonds	**$1,741,912**	**$2,959,468**

NOTE K
FINANCIAL FUTURES

Financial futures contracts are an efficient means of controlling market exposure. All financial futures contracts are collateralized by underlying portfolio assets. As with any investment, financial futures contracts are subject to various types of market risk. Notably, these would include the possible inability of a counter-party to meet the terms of the contract or changes in the market value of the underlying collateral security. Gains and losses on the financial futures contracts are realized on a daily basis. There were no financial future contracts outstanding as of June 30, 1995. Financial futures contracts outstanding for fiscal year ending June 30, 1994 totaled $12,461,000.

NOTE L
FORWARD CURRENCY CONTRACTS AND FOREIGN CURRENCY

Forward currency contracts are used to control currency exposure and facilitate the settlement of international security purchase and sale transactions. Included in net investment income are gains and losses from foreign currency transactions. The net foreign currency losses for fiscal year 1995 and 1994 are $108,098,080 and $35,401,000, respectively. At June 30, 1995, forward currency contracts payable and receivable totaled $1,625,731,454 and $1,599,588,233, respectively.

NOTE M
TITLE HOLDING CORPORATIONS

LACERA's real estate portfolio includes fifteen wholly owned Title Holding Corporations (THC). The THC's invest in commercial properties located throughout the United States. LACERA accounts for these investments using the equity method. The following is a summary of the THC's financial position as of June 30, 1995 and 1994 (amounts in thousands):

	1995	1994
Assets	$568,266	$215,954
Less Liabilities	48,791	3,702
Shareholder Equity	$519,475	$212,252
Net Income	$ 25,713	$ 9,416

NOTE N
DEPOSITS AND INVESTMENTS

Three categories of risk level have been developed by the Government Accounting Standards Board (Statement 3) to disclose the various custodial risks associated with the deposits and investments of LACERA:

Deposits

- **CATEGORY 1.** Insured or collateralized with securities held by the entity or by its agent in the entity's name.
- **CATEGORY 2.** Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.
- **CATEGORY 3.** Uncollateralized. (This includes any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the entity's name.)

Investments

- **CATEGORY 1.** Insured or registered, or securities held by the entity or its agent in the entity's name.
- **CATEGORY 2.** Uninsured and unregistered, with securities held by the counter party's trust department or agent in the entity's name.
- **CATEGORY 3.** Uninsured and unregistered, with securities held by the counter party, or by its trust department or agent but not in the entity's name. (This includes the portion of the carrying amount of any underlying securities.)

NOTE N
DEPOSITS AND INVESTMENTS *(continued)*

Based on these criteria, LACERA's deposits and investments as of June 30, 1995 are classified as follows (amounts in thousands):

	Category 1		Category 3		Total	
	Book Value	Bank Balance	Book Value	Bank Balance	Book Value	Bank Balance
Deposits						
Cash	$22,427	$22,427	$23,088	$23,088	$45,515	$45,515
Overnight Deposits			5,303	5,303	5,303	5,303
Certificates of Deposit	50,000	50,000			50,000	50,000
Total Categorized Deposits	72,427	72,427	28,391	28,391	100,818	100,818
	Book Value	**Market Value**			**Book Value**	**Market Value**
Investments						
US Government and Agency Instruments	2,557,369	2,625,515			2,557,369	2,625,515
Domestic Corporate Bonds	2,310,162	2,441,888			2,310,162	2,441,888
Global Bonds	1,006,620	1,087,612			1,006,620	1,087,612
Private Placement Bonds	22,229	22,229			22,229	22,229
Total Bonds	5,896,380	6,177,244			5,896,380	6,177,244
Domestic Stocks	5,456,721	6,998,580			5,456,721	6,998,580
Global Stocks	2,074,749	2,388,077			2,074,749	2,388,077
Domestic Convertible Debentures	14,155	15,542			14,155	15,542
Global Convertible Debentures	9,847	10,369			9,847	10,369
Total Stocks & Convertibles	7,555,472	9,412,568			7,555,472	9,412,568
Corporate and Government	714,216	714,794			714,216	714,794
Repurchase Agreements	331,000	331,000			331,000	331,000
Total Short Term Investments	1,045,216	1,045,794			1,045,216	1,045,794
Total Categorized Investments	14,497,068	16,635,606			14,497,068	16,635,606
Investments not considered securities for purposes of custodial risk classification are as follows:						
Real Estate					837,427	839,339
Alternative Assets					318,777	402,897
Mortgages					92,854	102,523
LA County Treasurer Investment Pool					1,774	1,774
Total Uncategorized Investments					1,250,832	1,346,533
Total Deposits and Investments	**$14,569,495**	**$16,708,033**	**$28,391**	**$28,391**	**$15,848,718**	**$18,082,957**

Note: LACERA has no deposits and investments under Category 2.

NOTE N
DEPOSITS AND INVESTMENTS *(continued)*

Based on these criteria, LACERA's deposits and investments as of June 30, 1994 are classified as follows (amounts in thousands):

	Category 1		Category 3		Total	
	Book Value	Bank Balance	Book Value	Bank Balance	Book Value	Bank Balance
Deposits						
Cash	$614	$614	$32,656	$32,656	$33,270	$33,270
Overnight Deposits			16,305	16,305	16,305	16,305
Certificates of Deposit	59,960	60,452			59,960	60,452
Total Categorized Deposits	60,574	61,066	48,961	48,961	109,535	110,027
	Book Value	**Market Value**			**Book Value**	**Market Value**
Investments						
US Government and Agency Instruments	3,215,746	3,146,330			3,215,746	3,146,330
Domestic Corporate Bonds	1,219,884	1,178,618			1,219,884	1,178,618
Global Bonds	951,644	944,356			951,644	944,356
Private Placement Bonds	30,244	30,895			30,244	30,895
Total Bonds	5,417,518	5,300,199			5,417,518	5,300,199
Domestic Stocks	4,521,972	5,280,899			4,521,972	5,280,899
Global Stocks	1,637,949	2,033,540			1,637,949	2,033,540
Domestic Convertible Debentures	47,195	46,961			47,195	46,961
Global Convertible Debentures	6,227	6,183			6,227	6,183
Total Stocks & Convertibles	6,213,343	7,367,583			6,213,343	7,367,583
Corporate and Government	520,245	507,738			520,245	507,738
Repurchase Agreements	99,798	99,798			99,798	99,798
Total Short Term Investments	620,043	607,536			620,043	607,536
Total Categorized Investments	12,250,904	13,275,318			12,250,904	13,275,318

Investments not considered securities for purposes of custodial risk classification are as follows:

Real Estate					549,205	549,205
Alternative Assets					320,334	463,829
Mortgages					93,660	97,145
LA County Treasurer Investment Pool					2,563	2,563
Total Uncategorized Investments					965,762	1,112,742
Total Deposits and Investments	**$12,311,478**	**$13,336,384**	**$48,961**	**$48,961**	**$13,326,201**	**$14,498,087**

Note: LACERA has no deposits and investments under Category 2.

NOTE O
RELATED PARTY TRANSACTIONS

LACERA, as the sole shareholder, formed a Title Holding Corporation (THC) to acquire Gateway Plaza. In January 1991, LACERA entered into a lease agreement with the THC to occupy approximately 85,000 square feet. Under the terms of the agreement, LACERA's base rent is abated, however, LACERA is required to pay its proportionate share of the building's operating expenses as defined in the lease. The agreement includes a $4 million lease incentive which LACERA used for build-out and other occupancy costs. These costs were capitalized and are being depreciated over the life of the lease. The lease incentive liability is being recognized over the life of the lease as a reduction to rent expense. Total operating expenses charged to LACERA were $638,339 and $631,463 for the years ended June 30, 1995 and 1994, respectively.

NOTE P
COMMITMENTS AND CONTINGENCIES

Litigation

LACERA is a defendant in various lawsuits and other claims arising in the ordinary course of its operations. LACERA's management and legal counsel estimate that the ultimate outcome of such litigation will not have a material effect on LACERA's financial statements.

Operating Leases

LACERA leases equipment and property under operating leases which expire over the next eight years. Annual commitments under such leases approximate $112,000 per year. The building space lease agreement entered into January 1991 requires that LACERA pay a portion of the building's operating expenses based on square footage occupied as discussed in related party footnote O. The lease incentives, which LACERA used for build-out and other occupancy costs, will be recognized over the life of the lease as a reduction of LACERA's portion of the building's operating expense.

Total rent expense for all operating leases, prior to the recognition of the lease incentive, was $749,493 and $718,000 in fiscal years 1995 and 1994, respectively. The lease incentive recognized in both 1995 and 1994, as a reduction in rent expense, was $418,000.

Capital Commitments

As of June 30, 1995, outstanding capital commitments to various investment managers, as approved by the Board of Investments, totaled $523,985,530. Subsequent to June 30, 1995, LACERA funded $15,520,175 of these capital commitments.

REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF FUNDING PROGRESS

(Amounts in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
30-Jun-81	$2,924,206	$5,632,139	$2,707,933	51.9%	$1,600,618	169.2%
30-Jun-83	3,875,049	6,608,302	2,733,253	58.6%	1,623,137	168.4%
30-Jun-86	5,827,845	8,104,634	2,276,789	71.9%	1,837,244	123.9%
30-Jun-89	8,960,463	10,471,851	1,511,388	85.6%	2,309,674	65.4%
30-Jun-90	9,999,929	11,412,704	1,412,775	87.6%	2,587,888	54.6%
30-Jun-91	10,628,716	12,433,288	1,804,572	85.5%	2,922,157	61.8%
30-Jun-92	11,698,662	13,663,894	1,965,232	85.6%	3,218,040	61.1%
30-Jun-93	12,721,364	15,048,857	2,327,493	84.5%	3,337,583	69.7%
30-Jun-94	15,542,200	15,573,829	31,629	99.8%	3,391,441	0.9%

Note: The asset valuation method was changed, effective June 30, 1989, from book value to five-year smoothing of market value.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

(Amounts in Thousands)

Fiscal Year	Annual Required Contribution	Percentage Contributed
1993	$365,952	103.8%
1994	384,848	99.5%
1995	462,698	440.5%

NOTES TO REQUIRED SUPPLEMENTAL SCHEDULES

FOR FISCAL YEAR ENDED JUNE 30, 1995

The information presented in the required supplementary schedules was determined as part of the actuarial valuations as of the dates indicated. Additional information as of the latest actuarial valuation dated June 30, 1994 is as follows:

- **ACTUARIAL COST METHOD:** Entry Age Normal.

- **ASSET VALUATION METHOD:** 5 year smoothing of market value.

Amortization of unfunded liability: As part of the Pension Obligation Bond Agreement the County of Los Angeles (County) agrees to hold the funding level of LACERA at 97.5% through the completion of the June 30, 1999 actuarial valuation. Should LACERA's actuary determine the funded status of LACERA is below 97.5% during this time, the County will make annual contributions to LACERA, in addition to the normal cost, to achieve a 97.5% funded status using a five-year rolling amortization period. For the actuarial valuations June 30, 1999 through June 30, 2008, the County will make additional contributions to bring LACERA to a 97.5% funding status using a five-year rolling amortization period, and will make additional contributions to bring LACERA to a 100% funded status using a ten-year rolling amortization period.

- **AMORTIZATION OF GAINS AND LOSSES:** Experience gains and losses are amortized over the same period as the unfunded actuarial accrued liability.

- **INVESTMENT RATE OF RETURN:** 8% per annum, 3% real and 5% inflation.

- **PROJECTED SALARY INCREASES:** 6% per annum, 1% merit increase and 5% inflation.

- **COST-OF-LIVING ADJUSTMENTS:** 0%-3% based on plan maximums tied to the change in the Consumer Price Index. No cost-of-living adjustments for Plan E.

- **CONSUMER PRICE INDEX:** Increase of 5% per annum.

- **TAXABLE WAGE BASE INCREASES:** 6% per annum (Plan E only).

- **SPOUSES AND DEPENDENTS:** 85% of male employees with 60% of female employees assumed married at retirement, with wives assumed four years younger than husbands.

- **REHIRE OF FORMER EMPLOYEES:** Assumed not to be rehired.

- **RATES OF TERMINATION OF EMPLOYMENT:** 0%-14%, see tables in Actuarial section.

- **EXPECTATION OF LIFE AFTER RETIREMENT:** 1983 Group Annuity Mortality.

- **EXPECTATION OF LIFE AFTER DISABILITY:** 1981 Group Annuity Mortality.

REVENUES BY SOURCE AND EXPENSES BY TYPE

(Amounts in Thousands)

Revenues by Source

Fiscal Year	Employer Contributions	Member Contributions	Net Investment Income	Miscellaneous Revenues	Total
1986	$335,754	$82,356	$879,042	$310	$1,297,462
1987	336,533	86,790	892,749	145	1,316,217
1988	352,076	93,862	652,731	82	1,098,751
1989	383,820	103,879	820,633	84	1,308,416
1990	364,600	117,249	821,368	140	1,303,357
1991	350,607	127,309	718,381	461	1,196,758
1992	387,954	146,422	1,180,506	154	1,715,036
1993	379,789	159,406	1,093,850	496	1,633,541
1994	382,984	162,765	1,223,824	422	1,769,995
1995	2,038,253	173,464	1,194,597	618	3,406,932

Expenses by Type

Fiscal Year	Benefits	Administrative Expenses	Refunds	Miscellaneous Expenses	Total
1986	$326,186	$6,689	$6,700	$298	$339,873
1987	336,117	6,606	18,152	142	361,017
1988	345,924	8,234	7,918	78	362,154
1989	389,949	12,581	16,147	40	418,717
1990	441,834	15,143	11,029	144	468,150
1991	516,236	16,040	15,587	189	548,052
1992	566,181	16,535	14,070	60	596,846
1993	648,798	18,154	18,746	252	685,950
1994	719,851	19,431	10,349	92	749,723
1995	768,384	19,764	10,389	181	798,718

INVESTMENT SUMMARY

For the Years Ended June 30, 1995 and 1994
(Amounts in Thousands)

	1994					1995		
	Book Value	**Market Value**	**Purchases**	**Sales and Redemptions**	**Amort. Accretion Adjustments**	**Book Value**	**Market Value**	**% Market**
Stocks	$6,213,344	$7,367,583	$4,636,478	($3,212,384)	($81,966)	$7,555,472	$9,412,568	52.1%
Bonds	5,417,517	5,300,199	21,202,198	(19,304,269)	(1,419,066)	5,896,380	6,177,244	34.2%
Cash and Short Term	732,141	720,126	201,304,721	(200,958,737)	69,683	1,147,808	1,148,386	6.4%
Real Estate	549,205	549,205	355,992		(67,770)	837,427	839,339	4.6%
Alternative Assets	320,334	463,829	240,472		(242,029)	318,777	402,897	2.2%
Mortgages	93,660	97,145	7,184		(7,990)	92,854	102,523	0.6%
Total	**$13,326,201**	**$14,498,087**	**$227,747,045**	**($223,475,390)**	**($1,749,138)**	**$15,848,718**	**$18,082,957**	**100.0%**

ADMINISTRATIVE EXPENSES

For the Years Ended June 30, 1995 and 1994
(Amounts in Thousands)

	1995	1994
Personnel Services		
Salaries and Wages	$8,721	$8,154
Employee Benefits	2,951	2,569
Total Personnel Services	11,672	10,723
Office Expenses		
Computer Equipment and Supplies	590	604
Postage	327	352
Office Furniture	22	172
Stationery and Forms	124	107
Other	203	133
Total Office Expenses	1,266	1,368
Other Services and Charges		
Data Center Processing Charges	1,220	1,132
Computer Software Services and Support	531	372
Network System Consulting Fees	38	228
County Data Processing Charges	13	10
Disability Medical Fees	545	687
Disability Hearing Officer Fees	250	124
Disability Stenographic Fees	26	31
Disability Attorney Fees	79	18
Organization Consulting Services	232	976
Temporary Personnel Services	687	519
Other Professional Services	255	375
Investment Audit Services	379	350
Rents and Leases	332	300
Telecommunications	156	216
Maintenance	168	200
Educational Expenses	209	155
Parking Fees	168	146
Audit Fees	166	139
Legislative and Other Legal Services	100	129
Transportation and Travel	113	122
Actuarial Consulting Fees	59	91
Other County Department Charges	139	87
Insurance	99	79
Administrative Support	22	40
Other Charges	98	81
Total Other Services and Charges	6,084	6,607
Depreciation-Fixed Assets	742	733
Total Administrative Expenses	**$19,764**	**$19,431**

FEES AND OTHER INVESTMENT EXPENSES

For the Years Ended June 30, 1995 and 1994
(Amounts in Thousands)

	1995	1994
Investment Manager Fees		
Stock Managers		
Domestic	$10,393	$10,414
International	4,075	3,710
Bond Managers		
Domestic	5,904	6,067
International	2,261	1,935
Alternative Assets Managers	8,789	8,551
Real Estate Managers	5,983	4,679
Cash and Short Term Managers	477	623
Mortgage Loan Servicers	281	325
Total Investment Manager Fees	38,163	36,304
Other Investment Expense		
Foreign Income Tax	1,960	3,299
Investment Custodians	1,763	2,325
Investment Consultants	667	662
Legal Counsel	27	167
Actuarial Valuations	70	29
Other	261	140
Total Other Investment Expense	4,748	6,622
Total Fees and Other Investment Expenses	**$42,911**	**$42,926**

ACTUARIAL SECTION

David C. LeSueur, FSA
Principal

One Tabor Center
1200 Seventeenth Street, Suite 1200
Denver, CO 80202-5812
303-628-4000

Towers Perrin

October 20, 1995

Board of Investments
Los Angeles County Employees Retirement Association
300 North Lake Avenue
Pasadena, CA 91101

Members of the Board:

The financing objective of the Los Angeles County Employees Retirement Association (LACERA) has been to reduce the unfunded actuarial accrued liability (UAAL) to zero over a thirty-year period commencing July 1, 1978 while maintaining contribution rates that remain approximately the same from generation to generation. The progress made toward the realization of the financing objective was greatly accelerated during fiscal year 1994-1995 through the receipt of the proceeds of pension obligation bonds issued by the County of Los Angeles (County). The June 30, 1994 actuarial valuation, which accounts for the then pending receipt of bond proceeds, determined the funding status of LACERA to be 99.8% using the entry age normal method with a five-year smoothing market value of assets.

The thirty-year UAAL funding period which was to end June 30, 2012 has been amended by the Board of Investments (Board). As part of the Retirement System Funding Agreement under which the County issued the pension obligation bonds, the County agreed to maintain the funding level of LACERA at 97.5% through the completion of the June 30, 1998 actuarial valuation using a five-year rolling amortization period. For the actuarial valuations June 30, 1999 through June 30, 2008, the County agreed to discharge the remaining UAAL component as identified in the June 30, 1999 actuarial valuation, by making annual contributions to LACERA over a ten-year period commencing July 1, 2000, thus bringing LACERA to a 100% funded status. In addition, the County agreed to discharge any additional UAAL identified in the June 30, 1999 through June 30, 2008 actuarial valuations by making additional contributions to LACERA over a rolling five-year amortization schedule.

Actuarial valuations are performed on an annual basis to monitor LACERA's funded status. Triennially, an analysis is made on the appropriateness of all economic and non-economic assumptions. Recommendations are presented to the Board for consideration. The last triennial investigation was performed as of June 30, 1992, at which time changes to the non-economic assumptions were adopted by the Board. The next triennial investigation will be performed as of June 30, 1995.

On the basis of the June 30, 1994 valuation, it is our opinion that LACERA continues to be in sound condition in accordance with the actuarial principles of level cost financing.

Respectfully submitted,

David C. LeSueur

David C. LeSueur, FSA, MAAA
Principal

RETIRANTS AND BENEFICIARIES ADDED TO AND REMOVED FROM RETIREE PAYROLL

	Number of Members						
Fiscal Year	At Beginning of Year	Added During Year	Removed During Year	At End of Year	Retiree Payroll (In Thousands)	% Increase in Retiree Payroll	Average Annual Allowance
1986	30,269	2,097	(992)	31,374	$325,056	8.88%	$10,361
1987	31,374	1,990	(1,110)	32,254	334,969	3.05%	10,385
1988	32,254	1,880	(1,015)	33,119	344,501	2.85%	10,402
1989	33,119	2,110	(1,132)	34,097	388,680	12.82%	11,399
1990	34,097	2,424	(1,380)	35,141	440,434	13.32%	12,533
1991	35,141	1,561	(500)	36,202	514,978	16.93%	14,225
1992	36,202	2,103	(1,204)	37,101	564,582	9.63%	15,217
1993	37,101	3,583	(1,151)	39,533	647,696	14.72%	16,384
1994	39,533	1,590	(1,379)	39,744	719,061	11.02%	18,092
1995	39,744	1,812	(1,621)	39,935	767,425	6.73%	19,217

ACTIVE MEMBER VALUATION DATA

Valuation Date	Plan Type	Number	Annual Salary	Average Annual Salary	% Increase in Average Salary
30-Jun-81	General	61,970	$1,347,433,759	$21,743	N/A
	Safety	8,371	253,184,348	30,245	N/A
	Total	70,341	1,600,618,107	22,755	N/A
30-Jun-83	General	57,273	1,325,988,376	23,152	6.48%
	Safety	9,098	297,148,480	32,661	7.99%
	Total	66,371	1,623,136,856	24,456	7.47%
30-Jun-86	General	58,148	1,485,597,144	25,549	10.35%
	Safety	9,241	351,647,208	38,053	16.51%
	Total	67,389	1,837,244,352	27,263	11.48%
30-Jun-89	General	58,734	1,836,722,813	31,272	22.40%
	Safety	10,112	472,950,806	46,771	22.91%
	Total	68,846	2,309,673,619	33,548	23.05%
30-Jun-90	General	62,628	2,066,351,705	32,994	5.51%
	Safety	10,583	521,536,111	49,281	5.37%
	Total	73,211	2,587,887,816	35,348	5.37%
30-Jun-91	General	65,640	2,331,565,378	35,520	7.66%
	Safety	10,817	590,592,043	54,599	10.79%
	Total	76,457	2,922,157,421	38,220	8.12%
30-Jun-92	General	67,485	2,565,702,972	38,019	7.03%
	Safety	11,284	652,337,160	57,811	5.88%
	Total	78,769	3,218,040,132	40,854	6.89%
30-Jun-93	General	67,073	2,672,622,408	39,846	4.81%
	Safety	10,959	664,961,088	60,677	4.96%
	Total	78,032	3,337,583,496	42,772	4.69%
30-Jun-94	General	65,413	2,725,672,524	41,669	4.57%
	Safety	10,527	665,768,796	63,244	4.23%
	Total	75,940	3,391,441,320	44,659	4.41%

ACTUARY SOLVENCY TEST

(Amounts In Thousands)

	Actuarial Accrued Liability (AAL)					Percentage of AAL Covered by Assets		
Valuation Date	(1) Active Members	(2) Retired/Vested Members	(3) Employer Financed Portion	Total	Actuarial Value of Assets	(1) Active	(2) Retired	(3) Employer
30-Jun-81	$610,943	$2,420,747	$2,600,479	$5,632,169	$2,924,206	100%	96%	0%
30-Jun-83	794,893	3,117,241	2,696,168	6,608,302	3,875,049	100%	99%	0%
30-Jun-86	1,001,382	3,819,047	3,284,205	8,104,634	5,827,845	100%	100%	31%
30-Jun-89	1,233,188	4,929,645	4,309,018	10,471,851	8,960,463	100%	100%	65%
30-Jun-90	1,324,609	5,385,378	4,702,717	11,412,704	9,999,929	100%	100%	70%
30-Jun-91	1,420,733	5,670,213	5,342,342	12,433,288	10,628,716	100%	100%	66%
30-Jun-92	1,733,080	6,229,881	5,700,933	13,663,894	11,698,662	100%	100%	66%
30-Jun-93	1,702,809	7,561,981	5,784,067	15,048,857	12,721,364	100%	100%	60%
30-Jun-94	1,859,718	8,348,646	5,365,465	15,573,829	15,542,200	100%	100%	99%

ACTUARIAL ANALYSIS OF FINANCIAL EXPERIENCE

(Amounts in Millions)

	1989	1990	1991	1992	1993	1994
Prior Valuation Unfunded Actuarial Accrued Liability	$2,277	$1,512	$1,413	$1,804	$1,965	$2,327
Expected Increase from Prior Valuation	110	15	9	36	81	96
Salary Increases Greater (Less) than Expected	200	100	265	200	70	(95)
Terminations Fewer (Greater) than Expected	100	35			150	
Change in Assumptions	85			28		
Transfer of Assets from Undistributed Earnings	(522)	(250)		(240)		
Change in Asset Valuation Method	(872)					
Asset Return Less (Greater) than Expected			98	(17)	(220)	(98)
Retirements Greater (Fewer) than Expected					250	(150)
Pension Obligation Bond Proceeds						(1,965)
All Other Experience	134	1	19	154	31	(83)
Ending Unfunded Actuarial Accrued Liability	**$1,512**	**$1,413**	**$1,804**	**$1,965**	**$2,327**	**$32**

Age Nearest	Ordinary Withdrawal	Vested Withdrawal	Ordinary Death	Ordinary Disability	Service Retirement	Service Disability	Service Death	DWE Svc. Ret.	DWE Dis. Ret.
Plan A, B, C & D General Members - Male									
20	0.1303	0.0000	0.0004	0.0000	0.0000	0.0002	0.0000	0.0000	0.0000
30	0.0957	0.0000	0.0009	0.0001	0.0000	0.0004	0.0000	0.0000	0.0001
40	0.0437	0.0000	0.0011	0.0003	0.0000	0.0022	0.0000	0.0000	0.0004
50	0.0189	0.0000	0.0020	0.0024	0.0300	0.0045	0.0000	0.0000	0.0010
60	0.0165	0.0000	0.0044	0.0064	0.0910	0.0079	0.0000	0.0000	0.0025
70	0.0000	0.0000	0.0000	0.0000	1.0000	0.0000	0.0000	0.0000	0.0000
Plan A, B, C & D General Members - Female									
20	0.1457	0.0000	0.0002	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
30	0.0983	0.0000	0.0004	0.0001	0.0000	0.0004	0.0000	0.0000	0.0000
40	0.0528	0.0000	0.0006	0.0008	0.0000	0.0013	0.0000	0.0000	0.0002
50	0.0328	0.0000	0.0013	0.0024	0.0250	0.0026	0.0000	0.0000	0.0003
60	0.0000	0.0000	0.0033	0.0071	0.0620	0.0055	0.0000	0.0000	0.0005
70	0.0000	0.0000	0.0000	0.0000	1.0000	0.0000	0.0000	0.0000	0.0000
Plan A & B Safety Members									
20	0.0972	0.0000	0.0001	0.0000	0.0000	0.0002	0.0001	0.0000	0.0000
30	0.0342	0.0000	0.0002	0.0001	0.0000	0.0057	0.0001	0.0000	0.0002
40	0.0149	0.0000	0.0004	0.0017	0.0000	0.0192	0.0002	0.0000	0.0005
50	0.0006	0.0000	0.0015	0.0020	0.0657	0.0374	0.0014	0.0000	0.0008
60	0.0006	0.0000	0.0000	0.0000	0.2048	0.0767	0.0000	0.0000	0.0000
70	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

Membership

Government Code Sections

ELIGIBILITY:

Permanent employees who work 3/4 time or more. (31551, 31552, By-laws)

Employees eligible for safety membership (law enforcement become Safety Members on the first of the month after date of hire). (31552)

All other employees become General Members on the first of the month after date of hire or they make an election of either Plan D or Plan E, depending on the law at that time. (31493, 31493.5, 31493.6)

Elective officers become members on first of month after filing declaration with Board. (31553, 31562)

General Members in Plan E who transfer to Plan D. (31494.1, 31494.3)

Service Retirement Allowance

Allowance at retirement may not exceed 100% of final compensation.

PLAN A (member prior to September 1977)

ELIGIBILITY:

Age 50 with 10 years of County service, or any age with 30 years of service (20 years for Safety Members). (31672, 31663.25)

ALLOWANCE:

General Members: 1/60 x final compensation x years of service x age factor. (For those years of service in which the member is covered by Social Security, substitute 1/90 for 1/60 for compensation up to $350 per month.) The above formula is also applicable for compensation in excess of $350 per month. (31676.14, 31808)

Safety Members: 1/50 x final compensation x years of service x age factor. (The factors are all functions of attained age only.) (31664)

Final compensation is final one-year average monthly compensation if member does not elect a different period. (31462.1)

PLAN B (new General Members after August 1977 through September 1978 and all new Safety Members after August 1977)

ELIGIBILITY:

Same as Plan A.

ALLOWANCE:

General Members: 1/60 x final compensation x years of service x age factor. (For those years of service in which the member is covered by Social Security, substitute 1/90 for 1/60 for compensation up to $350 per month.) The above formula is also applicable for compensation in excess of $350 per month. (31676.11, 31808)

Final compensation is final three-years' average monthly compensation if member does not elect a different period. (31462)

Safety Members: Same as Plan A, except that final compensation is final three-years' average monthly compensation if the member does not elect a different period. (31462)

PLAN C (new General Members after September 1978 through May 1979)

Same eligibility and allowances as for Plan B. (31676.1, 31808)

PLAN D (new General Members after May 1979)

Same eligibility, age factors, and allowances as for Plan C except $350 figure replaced by $1,050. (31676.1, 31808)

For Plans A, B, C, and D, service prior to membership is generally credited at the non-integrated rate, i.e., 1/60 and not 1/90.

For Plans A, B, C, and D, final compensation means three consecutive 12-month periods (as elected by member), average annual earnable compensation, or last three-years' average if member does not elect otherwise. (Use total career earnings÷(months of service x 12) if less than three years of service.) For Plan A substitute one year for three years. (31462, 31462.1)

Unmodified and Optional Forms of Benefit

The unmodified form is a life allowance to the retired member calculated as shown above with a continuance benefit of 60% of the unmodified allowance payable to spouse or eligible children on member's death. To receive this continuance the spouse must be named as sole beneficiary and have been married to the member at least one year prior to retirement. (31760.1)

The continuance of a service-connected disability benefit to the surviving spouse (or eligible children) of a retired member is 100% of the member's allowance. To receive this allowance the spouse must be named beneficiary and have been married to the member prior to retirement. Eligible children are unmarried children below the age of 18 (below 22 if full-time student in an accredited school). (31786)

All allowances are made on a pro rata basis (based on the number of days in that month) if not in effect for the entire month as in the month of death or the month of retirement. (31600)

Optional Forms (The option must be elected before first payment is made; if any option is elected, the 60% continuance benefit described above is forfeited.)

Option I	Cash Refund Annuity	(31761)
Option II	100% Joint and Contingent Annuity (joint annuitant must have an insurable interest)	(31762)
Option III	50% Joint and Contingent Annuity (joint annuitant must have an insurable interest)	(31763)
Option IV	Other % Joint and Contingent Annuity (joint annuitants must have an insurable interest)	(31764)

The automatic 60% continuance for spouses of members who elected the Social Security Level Income Option (31810) is based on the unmodified allowance the member would have received instead of the option. (31811)

All options except Social Security Level Income are actuarially equivalent to the unmodified life allowance without continuance. (31760)

Deferred Vested Benefits

ELIGIBILITY:

General and Safety members.

DEFINITION:

0% vested with fewer than five years of service; 100% vested with five or more years of service (years of service for determining eligibility for retirement include reciprocal service with all reciprocal agencies). (31700)

Members may elect to retire at any time they could have retired had they remained in County service in a full-time position. (31700)

ALLOWANCE:

Allowance calculated according to formula under service retirement at time of retirement (factor based on actual retirement age). (31703, 31704, 31705)

For member to receive allowance, member contributions must be left on deposit and the member must apply for deferred retirement benefits within 180 days of termination. (31700)

If terminated member dies while deferring retirement, the death benefit is the accumulated contributions. (31702)

Service-Connected Disability Retirement Allowance

ELIGIBILITY:

Any age; disability must result from occupational injury or disease. (31720, 31720.5)

DEFINITION OF DISABILITY:

Permanently incapacitated for performance of duty; application for benefit must be made within four months of separation from service or any time thereafter while continuously incapacitated to perform duties. (31720, 31722)

ALLOWANCE:

Allowances begin from the date of application or the day following the last day of regular compensation, if later. (31724)

The monthly allowance would be 50% of final compensation or the service retirement (if eligible) allowance, if greater. (31727.4)

Upon death of member while service-disabled, 100% of allowance continues to eligible spouse or child (see unmodified form description). (31786)

Member may elect optional forms of benefit in lieu of the 100% continuance. (31760)

Nonservice-Connected Disability Retirement Allowance

ELIGIBILITY:

Any age, with five years of County or reciprocal service. (31720)

DEFINITION OF DISABILITY:

Permanently incapacitated for performance of duty; application must be made within four months of separation from service or any time thereafter while continuously incapacitated to perform duties. (31720, 31722)

ALLOWANCE:

A General Member, or a Safety Member receives a service retirement allowance, otherwise allowance equals the greater of a) or b) where: (31726, 31726.5)

a) is .9 x 1/60 x years of service x final compensation if allowance exceeds 1/3 of final compensation, or (31727(a))

b) is .9 x 1/60 x years of service projected to age 65 x final compensation if allowance does not exceed 1/3 of final compensation. (Members are eligible for the amount determined by using b) only if they are eligible to retire without relying upon service in another retirement system.) (31727(b))

For Safety Members 1/60 is replaced by 1/50 and 65 is replaced by 55 in a) and b) above. (31727.2)

Upon death of member while eligible to receive or currently receiving non-service-connected disability retirement benefits, 60% of allowance continues to eligible spouse or child (see unmodified form description). (31760.1, 31781.1, 31785)

Member may elect optional forms of benefit in lieu of the 60% continuance. (31760)

Change of Position in Lieu of Disability Retirement Allowance

A member, incapacitated and thereby eligible for either a service connected or nonservice-connected disability retirement under his former position, may accept a lower paying position for which he is not disabled. In such cases, LACERA pays an amount that equals the difference in salary between the member's current and former position, not to exceed the amount of the disability allowance to which the member would otherwise be entitled. Such payments and related interest in lieu of a disability retirement allowance are considered a charge against the Employer Reserves. (31725.5, 31725.6)

Nonservice-Connected Death Benefits

ELIGIBILITY:

All active members who die. (31780)

DEATH BENEFIT (LUMP SUM):

The member's accumulated normal contributions plus 1/12 of compensation earned in preceding 12 months x the number of completed years of service (benefit not to exceed 50% of the 12 months' compensation). (31781)

FIRST OPTIONAL DEATH BENEFIT:

If a member who would have been entitled to nonservice-connected disability retirement benefit dies prior to retirement as a result of such disability, spouse or eligible children may elect to receive 60% of what the disability benefit would have been under normal continuance definition in lieu of nonservice-connected death benefit. (31781.1)

SECOND OPTIONAL DEATH BENEFIT:

In lieu of nonservice-connected death benefit and if member has 10 years of service, a surviving spouse may leave money on deposit and elect to receive the 60% continuance of the normal retirement benefit at the earliest date the member would have been eligible to retire had death not occurred. (31781.2)

THIRD OPTIONAL DEATH BENEFIT:

A surviving spouse of a member who dies after five years of service may elect: (31781.3)

a) The lump sum salary benefit (1/12 of compensation x service, etc.) described above, and

b) The 60% continuance entitled to by nonservice-connected disability retirement (or the 50% salary continuance entitled to be service-connected disability)less the actuarial equivalent of a) above.

FOURTH OPTIONAL DEATH BENEFIT (DEATH WHILE ELIGIBLE):

If member dies while eligible for service retirement and if spouse is designated beneficiary, spouse may elect to receive a normal 60% continuance of the service retirement allowance that would have been payable at the member's date of death. (31765.1)

Note: The person to whom any lump sum death benefit is payable may optionally elect to receive monthly installments (not to exceed 10 years) plus interest on the unpaid balance. (31784)

Service-Connected Death Benefits

ELIGIBILITY:

All active members.

All members who die as a result of injury or disease arising out of and in the course of employment. Spouse or eligible child does not have to be designated beneficiary. Spouse or guardian of child may elect this service-connected death benefit in lieu of the nonservice-connected death benefit. (31787)

ALLOWANCE:

Annual allowance payable monthly of 50% of member's final compensation or service retirement allowance if greater. Allowance continues as normal continuance to spouse or children below 18, etc. (31727.4, 31787)

ADDITIONAL ALLOWANCE:

If member dies as result of an accident or an injury caused by external violence or physical force, the allowance previously described is increased by 25% (i.e., to 62-1/2% of final compensation) for one child, by 40% for two children, and by 50% for three or more children. (31787.5)

A surviving spouse of a Safety Member would also receive a lump sum death benefit equal to 12 x monthly rate of compensation at time of member's death. (31787.6)

Post-retirement Death Benefit

ELIGIBILITY:

All members while receiving a retirement allowance from the System. (31789.1)

DEATH BENEFIT:

$750 (one-time lump sum). This is in addition to any other death or survivor benefits. Amount may be paid from surplus earnings of the System, if any, but is currently paid by the County based on agreement with LACERA. It is payable to the named beneficiary or if no named beneficiary, to the estate. (31789.1)

Member Contributions

Member contributions are based on the nearest entry age of each member and are required of all members in Plans A, B, C, or D. A member is defined as a permanent employee who works 3/4 time or more. A different rate of contributions is applicable above and below the integration level ($350 for Plans A, B, and C; $1,050 for D). Contributions cease after they have been made for 30 years of service, if a member on March 7, 1973. (31620, 31625.2, 31639.1, 31808)

Service may be purchased if eligible for certain previous military service (if hired before July 1, 1974), US Federal Government service (if hired before July 1, 1974), prior service (if hired before December 1, 1975), or other public agency service (if hired before October 1, 1974). The contributions for such service would be double those that would have been contributed, ncluding interest (except for public agency service where carpenter's salary is used). The "purchase price" for such service may be amortized over a period up to five years, but must be made before actual retirement. Additional service is purchasable under By-law regulations. (31641.1, resolutions adopted by the Board of Supervisors and By-laws adopted by the Board of Retirement)

Elective officers whose terms expire may contribute for a full month and receive a full month of service if their term covers at least 20 days in their last month. (31648.6)

Any member may redeposit accumulated normal contributions plus interest from date of withdrawal. Redeposit may be by lump sum or installment payments. Membership would be same as if unbroken except that future contributions would be based on age at reentrance. (31652)

Interest is compounded semiannually at an interest rate set by the Board of Investments. Only amounts that have been on deposit for at least six months earn interest. No interest is credited after termination unless deferred retirement is elected. The contributions are deducted monthly from wage warrants. (31591, 31625)

The County may make contributions for all members. The contributions are not added to the members' accounts in this case. (31581.1)

Effective August 1, 1983, under a local ordinance, and in accordance with Internal Revenue Code Section 414(h)(2), member contributions are considered to be employer contributions for tax purposes only. (31581.1)

For disability beneficiaries who are determined to be no longer incapacitated and immediately return to active service, contributions are based on age at reentry and accumulated contributions are set equal to actuarial value of annuity less amounts already paid. (31733)

A member, upon filing a withdrawal application, receives accumulated normal contributions if termination is by other than death or retirement. If no applications filed by member, a notice is sent by registered mail within 90 days; if money is not claimed within 10 years (five years if a new member after January 1, 1976), the money becomes a part of the Employer Reserves. (31628, 31629)

Service and Breaks in Service

Service means uninterrupted employment of any person appointed or elected for that period: (31641)

a) For which deductions are made from earnable compensation from the County or district for such service by a member of the System.

b) In military service for which the County or district or member is authorized by other provisions of the CERL to make, and does make, contributions.

c) For which credit is received for County service or for public service or for both under the provisions of Article 7 in the CERL.

d) Allowed for prior service.

The following are not considered as breaking service continuity: (31642)

a) A temporary layoff because of illness, economy, suspension, or dismissal, followed by reinstatement or reemployment within one year.

b) A leave of absence followed by reinstatement or reemployment within one year after the termination of the leave of absence.

c) A resignation to enter, followed by entrance into, the armed forces of the United States, followed by reemployment by the County or district within six months after the termination of such service.

d) Resignation of a member who has elected in writing to come within the provisions of Article 9 followed by reemployment before withdrawal of any accumulated contributions.

Note: The withdrawal of accumulated normal contributions followed by the redeposit of the contributions upon reentrance into service does not constitute a break in service continuity. (31652)

When service for which a member receives credit, either before or during membership, is on a tenure which is temporary, seasonal, intermittent, or part-time only, the member will receive credit for the time such position was held proportionate to the time required to perform the same duties in a full-time position. A "year of service" in such position means the time during which the member has earned one full year of credit, calculated as provided in this section. (31640.5)

Reciprocity

Final compensation may be based on service with PERS or other county plan, if higher. (31835)

All PERS and other county service counts for benefit eligibility if compensation for such service constitutes compensation earnable. (31836)

Deferred vested members are eligible for disability benefits from this System if disabled while a member of PERS or other county plan. In no event will the benefits be larger than if all service was spent with one system. (31837, 31838, 31838.5)

Deferred vested members are eligible for death benefits from this System if they die while a member of PERS or other county plan. Death benefit would be return of accumulated normal contributions only if the death is service-related; if death is nonservice-related, benefit equals accumulated contributions plus amount necessary to bring total county plus PERS benefit up to 50% of final 12 months' compensation. (31839, 31840)

Deferred vested members who are members of PERS or other county plan are eligible for service retirement benefits in accordance with the provisions of the CERL on the date of retirement.

Transfers

For members who have transferred between Safety and General classification, the benefit percentage to which they would be entitled is based on Safety service times Safety formula plus General service x General formula. (31664.65)

Cost-of-Living Increases

Members of Plan A are limited to a maximum 3% Consumer Price Index (CPI) increase per year with a bank, whereas Plans B, C, and D are limited to a maximum 2% CPI increase with a bank. (31870, 31870.1)

The CPI increases are applied to all retirement allowances (service and disability), optional death allowances, and annual death allowance. The increases are made effective April 1 each year, based on the increase from the previous January 1 to the current January 1 to the nearest 1/2 of 1%. The CPI is based on the Bureau of Labor Statistics CPI for the area including the County seat. (31870, 31870.1)

No CPI decrease will decrease the allowance below the allowance on the effective date of retirement or the date of the CPI amendment to the CERL, whichever is later. (31870, 31870.1)

SUMMARY OF PLAN PROVISIONS PLAN E

Membership

Government Code Sections

ELIGIBILITY:

All persons eligible for general membership, employed after the effective date of Plan E and who elect Plan E. (31487, 31493, 31493.5, 31493.6, By-laws)

Existing General Members who transferred to Plan E. (31487)

General Member means an employee hired on a monthly permanent basis of at least 3/4 time, except an employee eligible for Safety membership. (31488)

Transferring members waive all previously available vested or accrued retirement, survivor, disability, and death benefits. (31494)

Service Retirement Allowance

ELIGIBILITY - NORMAL RETIREMENT:

Age 65 with 10 years of service. (31491)

NORMAL RETIREMENT ALLOWANCE:

2% x final compensation x years of service not in excess of 35 years plus 1% x final compensation x years of service in excess of 35, not to exceed 10 additional years, reduced by the estimated Primary Insurance Amount (PIA) x a fraction, the numerator of which is the number of years of service with the employer subject to coverage under the federal system not to exceed 35 years, and the denominator of which is 35. (31491)

Final compensation is average of last or selected three years (whether or not consecutive). (31488)

Estimated PIA is based on the member's age and salary as of the date of retirement or the date of termination of a vested member, assuming that: (31488)

Prior career earnings have been subject to the federal system and have increased at a yearly rate equal to the average wages reported by the Social Security Administration, and (31488)

For those members who have not attained the normal retirement age under the federal system: (31488)

a) Future earnings continue at the pay rate as of retirement or termination date

b) Future wage bases, as defined by the federal system, continue at the level in effect in the year of retirement or termination

c) Cost-of-living increases in the year of retirement and delayed retirement credit provided under the federal system are not included.

Adjustments will be made for members receiving a normal retirement allowance upon presentation of the actual PIA. (31488)

MAXIMUM NORMAL RETIREMENT ALLOWANCE:

The sum of the normal retirement allowance and the estimated PIA cannot exceed 70% of final compensation for a member with 35 or less years of service and cannot exceed 80% of final compensation if service exceeds 35 years. (31491)

ELIGIBILITY - EARLY RETIREMENT:

Age 55 with 10 years of service. (31491)

EARLY RETIREMENT ALLOWANCE:

The actuarial equivalent of the normal retirement allowance. (31491)

Unmodified and Optional Forms of Benefit

The unmodified form is a life allowance to the retired member; a continuance benefit of 50% of the unmodified allowance is payable to spouse or eligible children on death of member. (31492)

To receive this continuance the spouse must have been married to the member at least one year before retirement date. (31492)

Eligible children are unmarried children below the age of 18 (below 22 if full-time student in an accredited school). (31492)

OPTIONAL FORMS:

In lieu of the normal or early retirement allowance, a retired member may elect to have a lesser amount (actuarial equivalent of the unmodified life allowance) paid during the retired member's life and a survivor allowance continued to a designated joint annuitant having an insurable interest in the life of the retired member. (31492)

Options must be elected before first payment is made and are the actuarial equivalent of the unmodified life allowance without continuance. (31492)

Deferred Vested Benefits

Ten years of service must be completed to become 100% vested under Plan E. There is no vesting prior to completing 10 years of service. (31491)

Vested benefits are payable at normal retirement or in an actuarially equivalent reduced amount at early retirement. (31491)

Service-Connected Disability Allowance

Not available under Plan E. (31487)

Nonservice-Connected Disability Allowance

Not available under Plan E. (31487)

Change of Position in Lieu of Disability Retirement Allowance

Not available under Plan E. (31487)

Nonservice-Connected Death Benefits

Not available under Plan E. (31487)

Optional Death Benefits

Not available under Plan E. (31487)

Service-Connected Death Benefits

Not available under Plan E. (31487)

Post-Retirement Death Benefits

The only death benefits payable are continuance or survivor allowances as described under Unmodified and Optional Forms of Benefit. (31492)

Member Contributions

There are no member contributions under Plan E. (31489)

Service and Breaks in Service

Service means uninterrupted employment of a member and the time in which a member or former member is totally disabled and is receiving (or is eligible to receive) disability benefits under a disability plan provided by the County. (31488)

Except as otherwise provided, a member will not be credited with service for benefit purposes for any period, in excess of 22 consecutive workdays, in which the member is absent without pay. An unpaid leave of absence not exceeding one year, or a leave of absence for which a member received any benefit, is not considered an interruption of service for vesting purposes. (31490)

Service does not include military or public service other than service with the County. Transferring members will receive credit for public service before the transfer, including service with the County, military service, and other public service for which the member is otherwise eligible. (31488, 31494.1, 31494.3)

Reciprocity

The provisions are the same as for Plans A, B, C, and D except those provisions dealing with disability retirement, death benefits and the requirement relating to the deposit of accumulated member contributions. (31487)

Cost-of-Living Increases

Not available under Plan E. (31487)

STATISTICAL SECTION

ACTIVE, DEFERRED AND UNCLAIMED MEMBERS

	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
Active Vested										
General			34,527	34,485	33,735	34,393	36,856	36,426	36,235	38,145
Safety			7,312	7,628	7,542	7,458	7,636	7,830	8,248	8,829
Total			41,839	42,113	41,277	41,851	44,492	44,256	44,483	46,974
Active Non Vested										
General			23,834	24,249	28,893	31,247	30,629	30,647	29,178	28,383
Safety			2,148	2,484	3,041	3,359	3,648	3,129	2,279	1,815
Total			25,982	26,733	31,934	34,606	34,277	33,776	31,457	30,198
Total Active Members										
General	58,148	59,781	58,361	58,734	62,628	65,640	67,485	67,073	65,413	66,528
Safety	9,241	9,313	9,460	10,112	10,583	10,817	11,284	10,959	10,527	10,644
Grand Total	**67,389**	**69,094**	**67,821**	**68,846**	**73,211**	**76,457**	**78,769**	**78,032**	**75,940**	**77,172**
Deferred Members										
General	1,813	1,992	2,492	2,639	2,794	3,374	3,164	3,076	3,204	3,314
Safety	92	89	89	86	84	101	78	74	89	102
Total	**1,905**	**2,081**	**2,581**	**2,725**	**2,878**	**3,475**	**3,242**	**3,150**	**3,293**	**3,416**
Unclaimed Accounts										
General	2,910	2,733	2,008	1,447	1,258	1,137	1,005	787	381	310
Safety	86	94	84	69	61	61	48	35	14	11
Total	**2,996**	**2,827**	**2,092**	**1,516**	**1,319**	**1,198**	**1,053**	**822**	**395**	**321**

RETIRED MEMBERS BY TYPE OF RETIREMENT

	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
Service										
General	19,569	20,025	20,507	21,115	21,658	22,387	22,685	24,563	24,582	24,610
Safety	1,797	1,858	1,949	2,007	2,039	2,131	2,150	2,256	2,215	2,247
Total	21,366	21,883	22,456	23,122	23,697	24,518	24,835	26,819	26,797	26,857
Disability										
General	3,503	3,597	3,614	3,673	3,815	3,861	4,012	4,067	4,033	4,047
Safety	2,074	2,192	2,301	2,378	2,555	2,724	2,934	3,067	3,128	3,291
Total	5,577	5,789	5,915	6,051	6,370	6,585	6,946	7,134	7,161	7,338
Survivors										
General	3,699	3,823	3,958	4,106	4,227	4,202	4,431	4,637	4,814	4,775
Safety	732	759	790	818	847	897	889	943	972	965
Total	4,431	4,582	4,748	4,924	5,074	5,099	5,320	5,580	5,786	5,740
Total Retired Members										
General	26,771	27,445	28,079	28,894	29,700	30,450	31,128	33,267	33,429	33,432
Safety	4,603	4,809	5,040	5,203	5,441	5,752	5,973	6,266	6,315	6,503
Total	**31,374**	**32,254**	**33,119**	**34,097**	**35,141**	**36,202**	**37,101**	**39,533**	**39,744**	**39,935**

BENEFIT EXPENSES BY TYPE

(Amounts in Thousands)

	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
Service Retiree Payroll										
General	$208,314	$213,582	$218,807	$247,021	$277,882	$324,548	$352,667	$412,314	$462,614	$489,177
Safety	38,477	36,027	33,027	39,037	44,223	53,539	57,949	65,281	73,873	80,061
Total	246,791	249,609	251,834	286,058	322,105	378,087	410,616	477,595	536,487	569,238
Disability Retiree Payroll										
General	39,024	42,022	44,808	48,969	55,104	62,855	69,615	75,596	77,811	82,304
Safety	39,241	43,338	47,859	53,653	63,225	74,036	84,351	94,505	104,763	115,883
Total	78,265	85,360	92,667	102,622	118,329	136,891	153,966	170,101	182,574	198,187
Total Retiree Payroll										
General	247,338	255,604	263,615	295,990	332,986	387,403	422,282	487,910	540,425	571,481
Safety	77,718	79,365	80,886	92,690	107,448	127,575	142,300	159,786	178,636	195,944
Total	325,056	334,969	344,501	388,680	440,434	514,978	564,582	647,696	719,061	767,425
Lump Sum Death Benefits										
General	995	981	994	990	1,249	1,034	1,433	1,070	715	848
Safety	135	167	429	279	151	224	166	32	75	111
Total	1,130	1,148	1,423	1,269	1,400	1,258	1,599	1,102	790	959
Total Benefit Expense										
General	248,333	256,585	264,609	296,980	334,235	388,437	423,715	488,980	541,140	572,329
Safety	77,853	79,532	81,315	92,969	107,599	127,799	142,466	159,818	178,711	196,055
Total	**$326,186**	**$336,117**	**$345,924**	**$389,949**	**$441,834**	**$516,236**	**$566,181**	**$648,798**	**$719,851**	**$768,384**

PARTICIPATING EMPLOYERS AND ACTIVE MEMBERS

	1991	1992	1993	1994	1995
County of Los Angeles					
General Members	65,598	67,443	67,031	65,382	66,496
Safety Members	10,817	11,284	10,959	10,527	10,644
Total	76,415	78,727	77,990	75,909	77,140
Participating Agencies (General Members)					
South Coast Air Quality Management District	22	20	19	10	10
Los Angeles County Office of Education	15	15	14	13	14
Little Lake Cemetery District	4	4	4	3	3
Local Agency Formation Commission	1	3	5	5	5
Total	42	42	42	31	32
Active Members					
General Members	65,640	67,485	67,073	65,413	66,528
Safety Members	10,817	11,284	10,959	10,527	10,644
Total	**76,457**	**78,769**	**78,032**	**75,940**	**77,172**

EMPLOYER CONTRIBUTION RATES

County of Los Angeles and Local Agency Formation Commission

	General					Safety	
Effective Date	**Plan A**	**Plan B**	**Plan C**	**Plan D**	**Plan E**	**Plan A**	**Plan B**
1 Jul 80 to 30 Jun 81	20.84%	9.73%	7.97%	7.44%		33.59%	17.50%
1 Jul 81 to 30 Jun 82	21.76%	17.09%	16.01%	16.26%	13.84%	35.52%	27.56%
1 Jul 82 to 31 Aug 84	19.11%	14.66%	14.19%	14.09%	12.97%	29.30%	22.05%
1 Sep 84 to 31 Dec 86	19.21%	15.32%	15.11%	15.02%	13.68%	32.09%	24.31%
1 Jan 87 to 31 Aug 87	18.01%	14.12%	13.91%	13.82%	12.48%	29.40%	21.62%
1 Sep 87 to 31 Jan 90	18.64%	15.05%	14.75%	14.63%	13.28%	27.04%	19.31%
1 Feb 90 to 30 Jun 92	15.18%	11.59%	11.29%	11.17%	9.82%	21.02%	13.29%
1 Jul 92 to 30 Jun 93	13.76%	10.49%	10.14%	10.36%	9.62%	19.25%	11.73%
1 Jul 93 to 30 Sep 94	13.82%	10.58%	10.11%	10.40%	9.34%	20.86%	13.17%
1 Oct 94 to 30 Jun 95	10.82%	7.58%	7.11%	7.40%	6.34%	19.56%	11.87%

Plan E was approved by the Los Angeles County Board of Supervisors on December 8, 1981.

EMPLOYER CONTRIBUTION RATES

Los Angeles County Office of Education and Little Lake Cemetary District

Effective Date	General Plan A	General Plan B	General Plan D
1 Jul 80 to 30 Jun 81	18.79%	8.19%	7.44%
1 Jul 81 to 30 Apr 82	20.45%	16.37%	16.26%
1 May 82 to 30 Jun 82	16.35%	12.27%	12.16%
1 Jul 82 to 30 Sep 82	20.45%	16.37%	16.26%
1 Oct 82 to 31 Aug 84	18.46%	14.55%	14.09%
1 Sep 84 to 31 Dec 86	18.56%	15.21%	15.02%
1 Jan 87 to 31 Aug 87	17.36%	14.01%	13.82%
1 Sep 87 to 31 Jan 90	17.91%	14.89%	14.63%
1 Feb 90 to 31 Aug 93	14.45%	11.43%	11.17%
1 Sep 93 to 30 Sep 94	13.09%	10.42%	10.40%
1 Oct 94 to 30 Jun 95	10.09%	7.42%	7.40%

EMPLOYER CONTRIBUTION RATES

South Coast Air Quality Management District

Effective Date	General Plan A	General Plan B	General Plan C
1 Nov 81 to 30 Apr 82	20.45%	16.37%	16.01%
1 May 82 to 30 Jun 82	16.35%	12.27%	11.91%
1 Jul 82 to 31 Oct 82	20.45%	16.37%	16.01%
1 Nov 82 to 30 Jun 83	20.11%	16.56%	16.21%
1 Jul 83 to 31 Aug 84	21.61%	18.57%	18.23%
1 Sep 84 to 31 Dec 86	21.66%	19.24%	19.18%
1 Jan 87 to 31 Aug 87	20.46%	18.04%	17.98%
1 Sep 87 to 31 Jan 90	20.87%	19.20%	19.08%
1 Feb 90 to 31 Aug 93	17.41%	15.74%	15.62%
1 Sep 93 to 30 Sep 94	17.32%	14.89%	14.61%
1 Oct 94 to 30 Jun 95	14.32%	11.89%	11.61%

LACERA

LOS ANGELES COUNTY

EMPLOYEES RETIREMENT ASSOCIATION

300 North Lake Avenue
Pasadena, California 91101