Board of Administration Agenda

REGULAR MEETING

TUESDAY, OCTOBER 8, 2024

TIME: 10:00 A.M.

MEETING LOCATION:

LACERS Boardroom
977 N. Broadway
Los Angeles, California 90012

Important Message to the Public

An opportunity for the public to address the Board in person from the Boardroom and provide comment on items of interest that are within the subject matter jurisdiction of the Board or on any agenda item will be provided at the beginning of the meeting and before consideration of items on the agenda.

Members of the public who do not wish to attend the meeting in person may listen to the live meeting via one-way audio on Council Phone by calling (213) 621-CITY (Metro), (818) 904-9450 (Valley), (310) 471-CITY (Westside) or (310) 547-CITY (San Pedro Area).

Disclaimer to Participants

Please be advised that all LACERS Board meetings are recorded.

LACERS Website Address/link:
www.LACERS.org

In compliance with Government Code Section 54957.5, non-exempt writings that are distributed to a majority or all of the Board in advance of the meeting may be viewed by clicking on LACERS website at www.LACERS.org, at LACERS' offices, or at the scheduled meeting. In addition, if you would like a copy of a public record related to an item on the agenda, please call (213) 855-9348 or email at lacers.board@lacers.org.

Notice to Paid Representatives

If you are compensated to monitor, attend, or speak at this meeting, City law may require you to register as a lobbyist and report your activity. See Los Angeles Municipal Code §§ 48.01 *et seq*. More information is available at ethics.lacity.org/lobbying. For assistance, please contact the Ethics Commission at (213) 978-1960 or ethics.commission@lacity.org.

Request for Services

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Si requiere servicios de traducción, llámenos tres días (72 horas) antes de la reunión o evento al (800) 779-8328.

For additional information, please contact: Board of Administration Office at ***(213) 855-9348*** and/or email at ***lacers.board@lacers.org.***

CLICK HERE TO ACCESS BOARD REPORTS

I. PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE BOARD'S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE AGENDA

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B. BENEFITS PAYMENTS APPROVED BY GENERAL MANAGER

C. GASB 68 AND 75 VALUATIONS BASED ON JUNE 30, 2023 MEASUREMENT DATE FOR EMPLOYER REPORTING AS OF JUNE 30, 2024

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IX. OTHER BUSINESS

X. NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, October 22, 2024, at 10:00 a.m., in the LACERS Boardroom, at 977 N. Broadway, Los Angeles, CA 90012.

XI. ADJOURNMENT

LACERS' ETHICAL CONTRACT COMPLIANCE REPORT
NOTIFICATION TO THE BOARD

RESTRICTED SOURCES

The Board's Ethical Contract Compliance Policy was adopted in order to prevent and avoid the appearance of undue influence on the Board or any of its Members in the award of investment-related and other service contracts. Pursuant to this Policy, this notification procedure has been developed to ensure that Board Members and staff are regularly apprised of firms for which there shall be no direct marketing discussions about the contract or the process to award it; or for contracts in consideration of renewal, no discussions regarding the renewal of the existing contract.

Name	Description	Inception	Expiration	Division
Graphic Talent, Inc.	Graphic Design Services	N/A	N/A	Communications + Stakeholders
BC Design Haus Inc.	Graphic Design & Website Services	N/A	N/A	Communications + Stakeholders
Straw to Gold	Graphic Design, Website, & Videography Services	N/A	N/A	Communications + Stakeholders
Showreel International dba Shot Glass	Videography Services	N/A	N/A	Communications + Stakeholders
Frasco, Inc.	Investigative Services	October 1, 2021	September 30, 2024	Retirement
TruView BSI, LLC	Investigative Services	October 1, 2021	September 30, 2024	Retirement
BlackRock Institutional Trust Company, N.A.	Multi Passive Index Portfolio Management	November 1, 2022	October 31, 2027	Investments
Axiom Investors, LLC	Active Growth Non-U.S. Emerging Markets Equities	January 1, 2023	December 31, 2024	Investments

LACERS’ ETHICAL CONTRACT COMPLIANCE REPORT
NOTIFICATION TO THE BOARD

ACTIVE RFPs

Description	Respondents	Inception	Expiration	Division
Educational Programs for Older Adults		September 16, 2024	October 4, 2024	Retirement
Insurance Brokers (RFI)	Alliant Insurance Services, Inc., Gallagher, Segal Select Insurance Services, Inc., Willis Towers Watson Insurance Services West, Inc.	August 27, 2024	September 20, 2024	Administration
Tabletop Exercise Consulting Services	AARC Consultants, LLC, Algora Solutions Inc, Business Contingency Group, Chloeta, Constant Associates, Inc., Guidepost Solutions LLC, High Street Consulting, LLC, Kimble & Associates dba Kuma, LMG Security, Norwich University Applied Research Institutes (NUARI), Plante Moran	April 22, 2024	May 13, 2024	Administration
Master Trust / Custodial Services and Securities Lending	The Northern Trust Company, State Street Bank and Trust Company	September 11, 2023	November 28, 2023	Investments

BENEFIT PAYMENTS APPROVED BY GENERAL MANAGER: ITEM III-B

Pursuant to the authority delegated to the General Manager under Board Rule GMA 1, General Manager Authorization, adopted by the Board of Administration on June 14, 2016, the following benefit payments have been approved by the General Manager:

SERVICE RETIREMENTS

Member Name	Service	Department	Classification
Clark, James T	43	PW - Sanitation	Wastewater Treatment
Castro, Danny	41	PW - Sanitation	Refuse Collection Truck
Corrales, Donna Anne	39	Police Dept. - Civilian	Executive Administrative
Torres Gil, Nelson E	38	Library Dept.	Library Assistant
Duarte, Salvador	36	PW - Sanitation	Equipment Operator
Gomez, Leticia	36	Fire Dept. - Civilian	Commission Exec Assistant
Robinson, Anna P	35	PW - Street Use Inspection	Street Services Investigator
Irish, Gregory Paul	34	Mayor's Office	Mayoral Aide
Heap, Galen E	34	PW - Sanitation	Wastewater Treatment Oper
Jordan, Lisa M	33	Dept. of Airports	Senior Management Analyst
Masud, Evangelina R	33	Fire & Police Pensions	Commission Executive
Kindig, Edward Paul	31	PW - Sanitation	Equipment Operator
Sanford, Kimberly	31	City Attorney's Office	City Attorney Administrative
Jamison, James Arnold	29	Dept. of Transportation	Traffic Officer
Recchio, Ian M	28	Zoo Dept.	Zoo Curator Of Reptiles
Garrison, James D	27	Dept. of Bldg. & Safety	Chief Inspector
Hidalgo, Leticia	26	Dept. of Transportation	Crossing Guard
White, Kenneth	26	Dept. of Airports	Bus Operator
Williams, De Undra	26	Dept. of Transportation	Communications Info Rep
Tranzow, William K	26	Dept. of Animal Svcs.	Sr Animal Control Officer
Charles, Efrem K	25	Dept. of Airports	Security Officer
McLurkin, Jane Miller	25	Police Dept. - Civilian	Crime & Intelligence Analyst
Gonzales, Ann Marie	25	Police Dept. - Civilian	Senior Administrative Clerk
Borgwardt, Javen C	25	Police Dept. - Civilian	Mechanical Repairer
Tobin, Desiree Jane	25	Police Dept. - Civilian	Police Service Rep
McGroarty, William J	25	PW - Street Maint	Equipment Operator
Talley, Chavele I	23	Dept. of Airports	Security Officer
Rizo, Irma	23	PW - Sanitation	Administrative Clerk
Aguilera, Renato	23	PW - Accounting	Senior Accountant
Kuehn, William Aaron	23	Dept. of Bldg. & Safety	Building Mechanical Inspector
Garst, Terri J	22	Library Dept.	Library Assistant
Kutsch, Donald E	22	PW - Sanitation	Welder
Gillespie, James J	22	Dept. of Transportation	Traffic Officer
Sanchez, Edwin	22	GSD - Public Bldgs.	Carpenter
Fretheim, Nancy L	21	Personnel Dept.	Background Investigator
Fuller, Napoleon	21	GSD - Mail/Messenger Svcs.	Delivery Driver

Cash, Curtis Lorne	19	PW - Sanitation	Senior Water Biologist
Lopez, Emily Dunklin	19	Library Dept.	Librarian
Simmons, Jacqueline Ann	19	Police Dept. - Civilian	Senior Administrative Clerk
Guthrie, H Douglas	18	LA Housing Dept.	G M Housing Prsrv/Prod
Lubeley, David N	18	Personnel Dept.	Background Investgr
Ngo, Phong T	16	Harbor Dept.	Civil Engrg Assoc
Tom, Richard	15	City Attorney's Office	Assistant City Attorney
Tilk, Michael E	15	Dept. of Bldg. & Safety	Senior Electrical Inspector
Garcia, Rafael R	12	PW - Sanitation	Gardener Caretaker
Garcia, Edward Vince	11	Dept. of Airports	Gardener Caretaker
Crockett, Albert Bernard	11	PW - Sanitation	Machinist Supervisor
Yanes, Robert Louis	10	PW - Sanitation	Wastewater Treatment Elec
Hoag, Grant Eric	10	Public Accountability	Utility Rates And Policy Spe
McMichael, Jerald K	9	Dept. of Airports	Security Officer
Louis, Anat	8	Dept. of Aging	Social Worker
Jackson, Sandy	8	Dept. of Transportation	Crossing Guard
Hsyu, Por D	7	Library Dept.	Librarian
Ndjongo, Jean	6	Dept. of Airports	Instrument Mech
Rodrigues, Maria P	4	Library Dept.	Librarian

BENEFIT PAYMENTS APPROVED BY GENERAL MANAGER: ITEM III-B

Pursuant to the authority delegated to the General Manager under Board Rule GMA 1, General Manager Authorization, adopted by the Board of Administration on June 14, 2016, the following benefit payments have been approved by the General Manager:

Approved Death Benefit Payments

Deceased	Beneficiary/Payee
TIER 1	
Adler, Phyllis	Douglas Adler for the payment of the Accrued But Unpaid Survivorship (Retirement) Allowance
Arnold Heon, Glenda E	The Glenda E. Arnold-Heon Special Needs Trust for the payment of the Accrued But Unpaid Vested Retirement Allowance
Battle, Louis C	Letha Mae Rivers for the payment of the Accrued But Unpaid Service Retirement Allowance
Birl, Betty J	Fonda Smith for the payment of the Accrued But Unpaid Continuance Allowance
Bond, Nanci O	Mark Bond for the payment of the Accrued But Unpaid Service Retirement Allowance

Bryant, Ernest W	Lisa Elaine Bryant for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Buck, Donald L	Valerie A Buck for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Burnett, Daniel A	Patricia Burnett for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Carpenter, Ulric D	Theresa Marie Carpenter for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Clayson, Hal S	Phillip Scott Clayson for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Estrella, Emilia G	Pedro Muniz for the payment of the Accrued But Unpaid Service Retirement Allowance
Ferguson, Alton K	Thomas Shawn Ferguson for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Fernandez, Teresita Milan	Teresa Marie Whitaker for the payment of the Accrued But Unpaid Continuance Allowance

Garrett, Carolyn J	Charles Allen Garrett for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Griffin, Marsha A	Adrian Marie Griffin for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Grimes, David W	Betty D Harris for the payment of the Accrued But Unpaid Service Retirement Allowance
Guadalupe, Dolores D	Gordon A Guadalupe for the payment of the Accrued But Unpaid Service Retirement Allowance
Guzman, Pedro	Gilberto Guzman for the payment of the Burial Allowance
Hamilton, Helen R	Latanya D Walker for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Holt, Lewis B	Billie Ruth Holt for the payment of the Burial Allowance
Hsu, Steven Huilan	Jennifer T Hsu for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance

Javier, Remberto R	Sonia L Javier for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Johnson, Emerson	Wyvetta G Sexton for the payment of the Accrued But Unpaid Service Retirement Allowance
Johnson, Irene	Antwan Brewer for the payment of the Accrued But Unpaid Service Retirement Allowance
Katz, Lia	Louis Katz for the payment of the Accrued But Unpaid Continuance Allowance
Lane, John C	John C And Mabel E Lane Family Trust for the payment of the Burial Allowance
Lea, Bruce W	Eleanor B Lea for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Lee, Jameson C	Qian Li for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Lilly, Albert	Peggy F Lilly for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance

Lindley, Charles C	Barbara Mracek for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance Michael Lindley for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Lindsay, Dan B	Martha C Lindsay for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Lisenko, Andre S	Jacqueline S Lisenko for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Loquet, Louis J	Deborah A Pattillo for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Maier, Paul	Dorothy Maier for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Martin, Antoinette M.	Shannon Langbehn for the payment of the Accrued But Unpaid Continuance Allowance
Matsuura, Walter W	Walter W Matsuura Revocable Trust for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance

Mckay, James L	Doris Mckay for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Moore, Herbert C	Sharon Rappaport for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Morgan, Merrill H	Doris S Morgan for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Murray, Linda M	Alonzo O Murray for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Negandhi, Nitin J	Malti Negandhi for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Oshiba, Edward E	Helen Oshiba for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Perez, Carol F	Manuel J Perez for the payment of the Accrued But Unpaid Service Retirement Allowance
Proctor, Richard P	Proctor Family Trust for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance

Quiocho, Josefina Torres	Rowena Q Ramos for the payment of the Burial Allowance
Ramos, Romulo V	Angelita A Ramos for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Rodriguez, Robert A	Blanca A Rodriguez for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Salazar, Miguel A	Miguel Salazar for the payment of the Burial Allowance
Severan, Bertha L	Francia T Lyons for the payment of the Accrued But Unpaid Disability Continuance Allowance Accrued But Unpaid Service Retirement Allowance Burial Allowance
Sims, Roy L	Judy Joanne Sims for the payment of the Accrued But Unpaid Vested Retirement Allowance Burial Allowance
Smith, Ray	Elois Smith for the payment of the Burial Allowance
Stevenson, Joe	Jacqueline W Stevenson for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance

Streeter, Vernon	Rachel M Streeter for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Suttle, Curtis Andrew	Shahid Suttle for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Taylor, Flora J	Arnette E Taylor for the payment of the Accrued But Unpaid Survivorship (Retirement) Allowance
Tubbs, Louise E	Camilla Louise Kodama for the payment of the Accrued But Unpaid Continuance Allowance Christopher J Tubbs for the payment of the Accrued But Unpaid Continuance Allowance
Tung, Guang Min	Thao-Zong Chen for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Vega, Mike V	Cynthia M Vega for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance Silverrae M Vega for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance

Watson, James M	Sharon L Watson for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Wiggs, Ruth	Valerie Dukes for the payment of the Accrued But Unpaid Continuance Allowance
Wolters, Louis G	Diana Lee Papillon for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Yomjinda, Anuchit	Maria De Los Angeles Yomjinda for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Young-Carter, William	Victoria Maidment for the payment of the Burial Allowance
Zink, Raymond A	Leslie J Leaf for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance

TIER 3
NONE

BENEFIT PAYMENTS APPROVED BY GENERAL MANAGER: ITEM III-B

Pursuant to the authority delegated to the General Manager under Board Rule GMA 1, General Manager Authorization, adopted by the Board of Administration on June 14, 2016, the following benefit payments have been approved by the General Manager:

Approved Death Benefit Payments

Deceased	Beneficiary/Payee
TIER 1	
Active	
Ary, Todd K (Deceased Active)	Ariah Ary for the payment of the Accumulated Contributions
Macias, Mario (Deceased Active)	Lessly Macias for the payment of the Service Retirement Survivorship Allowance
Njoku, Okey W (Deceased Active)	Grace Ndugbu-Njoku for the payment of the Service Retirement Survivorship Allowance
Peoples, James (Deceased Active)	Christy M Peoples for the payment of the Accumulated Contributions

TIER 3
NONE

Disclaimer: The names of members who are deceased may appear more than once due to multiple beneficiaries being paid at different times.

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

REPORT TO BOARD OF ADMINISTRATION | **MEETING: OCTOBER 8, 2024**
From: Neil M. Guglielmo, General Manager | **ITEM: III - C**

Neil M. Guglielmo

SUBJECT: **GASB 68 AND 75 ACTUARIAL VALUATIONS BASED ON JUNE 30, 2023 MEASUREMENT DATE FOR EMPLOYER REPORTING AS OF JUNE 30, 2024**

ACTION: ☐ CLOSED: ☐ CONSENT: ☐ RECEIVE & FILE: ☒

Recommendation

That the Board receive and file the attached Governmental Accounting Standards Board (GASB) Statement 68 and GASB Statement 75 Actuarial Valuations for Employer Reporting as of June 30, 2024 (Attachments 1 and 2).

Executive Summary

The Governmental Accounting Standards Board (GASB) requires pension plan sponsors to report certain pension information in their financial statements for fiscal periods beginning on or after June 2014. The attached valuation reports prepared by LACERS' independent actuary, Segal, based on June 30, 2023 LACERS actuarial valuations, provide the proportionate share of necessary pension information needed by the City, Department of Airports, and Harbor Department for their financial statements as of June 30, 2024. LACERS' external auditor, Moss Adams, has conducted audit procedures and issued unmodified opinions on the allocation schedules presented in the GASB 68 and GASB 75 valuation reports (Attachment 3).

Discussion

Accounting standards in financial reporting on pension liabilities of governmental pension plans and their sponsors were issued in 2012 and 2015 by GASB, an accounting standard setting body. GASB Statement No. 67 (GASB 67) and GASB Statement No. 74 (GASB 74) are financial reporting requirements of the plan (LACERS) for its pension benefits and other post-employment benefits (OPEB), while GASB Statement No. 68 (GASB 68) and GASB Statement No. 75 (GASB 75) are financial reporting requirements of the plan sponsor (the City) for the LACERS pension benefits and OPEB. Segal presented the GASB 67 and GASB 74 valuations to the Board on November 14, 2023 together with the annual retirement and health actuarial valuations as of June 30, 2023.

The attached GASB 68 and GASB 75 valuations were prepared by Segal to provide the proportional share of net pension liability and net OPEB liability along with other information required to be disclosed in the

June 30, 2024 financial statements for the City, Department of Airports, and Harbor Department. Key findings from the Segal valuation reports based on the June 30, 2023 measurement date include:

- The Net Pension Liability (NPL[i]), which is the difference between the Total Pension Liability (TPL) and the Retirement Plan Fiduciary Net Position, increased from $7.07 billion to $7.35 billion, mainly due to the higher-than-expected salary increases for active members and cost-of-living-adjustment increases for payees, somewhat offset by the market value return of 7.35% more than the 7.00% assumed rate of return and the impact of changes in the actuarial assumptions. The $7.35 billion NPL is allocated based on retirement contributions to LACERS, and will be reflected in the plan sponsors' Statement of Net Position/Balance Sheet as of June 30, 2024, as follows:

City	Airports	Harbor	Total
$ 6,210,179,300	$ 863,878,701	$ 272,186,550	$ 7,346,244,551

- The Net OPEB Liability (NOL[ii]) which is the difference between the Total OPEB Liability (TOL) and the OPEB Plan Fiduciary Net Position, decreased from $232.92 million to ($135.30) million (a surplus of asset over liability) primarily due to lower than expected 2024 premiums' underlying claims estimates and subsidy levels, savings from the Medicare plan premiums and from overall impact of the updated trend assumptions and changes in assumptions based on the triennial experience study. The ($135.30) million Net OPEB Asset also is allocated based on OPEB contributions to LACERS, and will be reflected in the plan sponsors' Statement of Net Position/Balance Sheet as of June 30, 2024, as follows:

City	Airports	Harbor	Total
$ (115,528,064)	$ (14,859,912)	$ (4,909,608)	$ (135,297,584)

Prepared By: Jo Ann Peralta, Departmental Chief Accountant IV

NMG/TB:jp

Attachments:
1) GASB 68 Actuarial Valuation for June 30, 2024 Employer Reporting Issued by Segal
2) GASB 75 Actuarial Valuation for June 30, 2024 Employer Reporting Issued by Segal
3) Moss Adams Independent Auditor's Report

[i], [ii] NPL/NOL - The Plan Fiduciary Net Position is equal to the market value of plan assets and therefore, the NPL/NOL measure is very similar to the Unfunded Actuarial Accrued Liability (UAAL) calculated on a market value basis. The NPL/NOL reflects all investment gains and losses as of the measurement date. This is different from the UAAL calculated on an actuarial value of assets basis in the funding valuation that reflects investment gains and losses over a seven-year period. NPL/NOL amounts were reported in LACERS June 30, 2023 financial statements as a note disclosure, pursuant to GASB 67 and GASB 74.

BOARD Meeting 10/08/24
Item: III-C
Attachment: 1

Los Angeles City Employees' Retirement System (LACERS)

Governmental Accounting Standards Board Statement 68 (GAS 68) Actuarial Valuation of Pension Benefits

Actuarial Valuation Based on June 30, 2023
Measurement Date for Employer Reporting
as of June 30, 2024

Segal

180 Howard Street, Suite 1100
San Francisco, CA 94105-6147
segalco.com
T 415.263.8200

June 21, 2024

Board of Administration
Los Angeles City Employees' Retirement System
977 N. Broadway
Los Angeles, CA 90012-1728

Dear Board Members:

We are pleased to submit this Governmental Accounting Standards (GAS) 68 Actuarial Valuation based on a June 30, 2023 measurement date for employer reporting as of June 30, 2024. It contains various information that will need to be disclosed in order for the three employer categories in LACERS (i.e., the City, Airports, and Harbor) to comply with GAS 68. Please refer to the funding Actuarial Valuation and Review of Pension (or Retirement) Benefits as of June 30, 2023 for the data, assumptions, and plan of benefits underlying these calculations.

This report was prepared in accordance with generally accepted actuarial principles and practices at the request of the Board to assist the sponsors in preparing their financial report for their liabilities associated with the LACERS pension plan. The census and financial information on which our calculations were based was provided by LACERS. That assistance is gratefully acknowledged.

The measurements shown in this actuarial valuation may not be applicable for other purposes. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and changes in plan provisions or applicable law.

The actuarial calculations were completed under the supervision of Andy Yeung, ASA, MAAA, FCA, Enrolled Actuary. We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. To the best of our knowledge, the information supplied in the actuarial valuation is complete and accurate. The assumptions used in this actuarial valuation were selected by the Board based upon our analysis and recommendations. In our opinion, the assumptions are reasonable and take into account the experience of the Plan and reasonable expectations. In addition, in our opinion, the combined effect of these assumptions is expected to have no significant bias. Segal makes no representation or warranty as to the future status of the Plan and does not guarantee any particular result. This document does not constitute legal, tax, accounting or investment advice or create or imply a fiduciary relationship. The Board is encouraged to discuss any issues raised in this report with the Plan’s legal, tax and other advisors before taking, or refraining from taking, any action.

Board of Administration
June 21, 2024

We look forward to reviewing this report with you and to answering any questions.

Sincerely,

Segal

Paul Angelo, FSA, MAAA, FCA, EA Senior Vice President and Actuary	Andy Yeung, ASA, MAAA, FCA, EA Vice President and Actuary	Todd Tauzer, FSA, MAAA, FCA, CERA Senior Vice President and Actuary

bts/jl

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Section 1: Actuarial Valuation Summary

Purpose and basis

This report has been prepared by Segal to present certain disclosure information required by Governmental Accounting Standards (GAS) 68 for employer reporting as of June 30, 2024. The results used in preparing this GAS 68 report are comparable to those used in preparing the Governmental Accounting Standards (GAS) 67 report for the Plan based on a reporting date and a measurement date as of June 30, 2023. This valuation is based on:

- The benefit provisions of the Pension Plan, as administered by the Board of Administration;
- The characteristics of covered active members, inactive vested members, and retired members and beneficiaries as of June 30, 2023, provided by LACERS;
- The assets of the Plan as of June 30, 2023, provided by LACERS;
- Economic assumptions regarding future salary increases and investment earnings adopted by the Board for the June 30, 2023 valuation; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc. that the Board has adopted for the June 30, 2023 valuation.

General observations on GAS 68 actuarial valuation

1. The Governmental Accounting Standards Board (GASB) rules only define pension liability and expense for financial reporting purposes, and do not apply to contribution amounts for pension funding purposes. Employers and plans should develop and adopt funding policies under current practices.
2. When measuring pension liability, GASB uses the same actuarial cost method (Entry Age) and the same type of discount rate (expected return on assets) as LACERS uses for funding. This means that the Total Pension Liability (TPL) measure for financial reporting shown in this report is determined on the same basis as LACERS' Actuarial Accrued Liability (AAL) measure for funding. We note that the same is true for the Normal Cost component of the annual plan cost for funding and financial reporting.
3. The Net Pension Liability (NPL) is equal to the difference between the TPL and the Plan Fiduciary Net Position. The Plan Fiduciary Net Position is equal to the market value of assets and therefore, the NPL measure is very similar to the Unfunded Actuarial Accrued Liability (UAAL) calculated on a market value basis. The NPL reflects all investment gains and losses as of the measurement date. This is different from the UAAL calculated on an actuarial value of assets basis in the funding valuation that reflects investment gains and losses over a seven-year period.

Highlights of the valuation

1. For this report, the reporting dates for the employer are June 30, 2024 and 2023. The NPL was measured as of June 30, 2023 and 2022 and determined based upon the results of the actuarial valuations as of June 30, 2023 and 2022, respectively. The Plan Fiduciary Net Position (plan assets) and the TPL were valued as of the measurement dates. Consistent with the provisions of GAS 68, the assets and liabilities measured as of June 30, 2023 and 2022 were not adjusted or rolled forward to the June 30, 2024 and 2023 reporting dates, respectively.
2. The NPL increased from $7.07 billion as of June 30, 2022 to $7.35 billion as of June 30, 2023 mainly due to (a) higher than expected salary increases for continuing active members (that loss was about $255.4 million), (b) higher than expected cost-of-living adjustment increases for payees (that loss was about $236.9 million), offset somewhat by (c) the return on the market value of retirement plan assets of 7.35%[1] during 2022/2023 that was more than the assumption of 7.00% used in the June 30, 2022 valuation (that gain was about $59.9 million) and (d) changes in the actuarial assumptions (that decrease was about $112.7 million). Changes in these values during the last two fiscal years ending June 30, 2022 and June 30, 2023 can be found in *Section 2, Schedule of changes in Net Pension Liability* on page 20.
3. There was an increase in the total employer pension expense from $796.4 million calculated last year to $986.2 million calculated this year. The primary cause of the increase was a reduction in the projected earnings on plan investments. (There was over a 10% reduction in the beginning of year plan assets which prompted a reduction in the projected earnings. The reduction in the projected earnings resulted in a $129.4 million increase in this year's pension expense, compared to last year's.)
4. The discount rate used to determine the TPLs and NPLs as of June 30, 2023 and 2022 was 7.00% following the same assumption used by the System in the pension funding valuations as of the same dates. The detailed calculations used in the derivation of the discount rate of 7.00% used in the calculation of the TPL and NPL as of June 30, 2023 can be found in *Section 3, Appendix A*. Various other information that is required to be disclosed can be found throughout *Section 2*.

[1] For the June 30, 2023 valuation, the investment return calculated for the Retirement Plan was 7.35% (net of investment expenses only) which is lower than the 8.05% investment return calculated for the OPEB Plan. (We note that for the June 30, 2022 valuation, the investment return calculated for the Retirement Plan was -8.11% while the investment return for the OPEB Plan was -9.52%.) Both of these returns have been calculated by Segal on a dollar-weighted basis taking into account the beginning of year assets, contributions, and benefit cash flows made during the year. In backing into a rate of return using actual investment income and investment expense as provided by LACERS, we sometimes could come up with a different return for the two Plans if: (a) the timing of the actual cash flows (especially the benefit payments) are different from what we assumed and/or (b) the actual income and expense allocated are different when compared to the proportion of the assets in the two Plans.

5. The NPLs for the three employer categories in LACERS (i.e., the City, Airports, and Harbor) as of June 30, 2022 and June 30, 2023 are allocated based on the actual employer contributions made during 2021/2022 and 2022/2023, respectively. The steps we used for the allocation are as follows:
   a. First calculate the ratio of the employer category's contributions to the total contributions.
   b. Then multiply this ratio by the NPL to determine the employer category's proportionate share of the NPL. The NPL allocation can be found in *Section 2, Determination of proportionate share* on pages 24 and 25.
6. Results shown in this report exclude any employer contributions made after the measurement date of June 30, 2023. The employer should consult with their auditor to determine the deferred outflow that should be created for these contributions.
7. It is important to note that this actuarial valuation is based on plan assets as of June 30, 2023. The Plan's funded status does not reflect short-term fluctuations of the market, but rather is based on the market values on the last day of the plan year. Segal is available to prepare projections of potential outcomes of market conditions and other demographic experience upon request.

Summary of key valuation results[1]

Reporting Date for Employer under GAS 68		June 30, 2024[2]	June 30, 2023[3]
Measurement Date for Employer under GAS 68		**June 30, 2023**	**June 30, 2022**
Disclosure elements for fiscal year ending June 30:	• Service cost[4]	$412,247,235	$413,862,737
	• Total Pension Liability	25,299,537,118	24,078,751,303
	• Plan Fiduciary Net Position	17,953,292,567	17,013,091,063
	• Net Pension Liability	7,346,244,551	7,065,660,240
	• Pension expense	986,220,574	796,387,770
Schedule of contributions for fiscal year ending June 30:	• Actuarially determined contributions	$669,391,196	$591,234,354
	• Actual contributions	669,391,196	591,234,354
	• Contribution deficiency/(excess)	0	0
Demographic data for plan year ending June 30:	• Number of retired members and beneficiaries	22,510	22,399
	• Number of inactive vested members[5]	11,148	10,379
	• Number of active members	25,875	24,917
Key assumptions as of June 30:	• Investment rate of return	7.00%	7.00%
	• Inflation rate	2.50%	2.75%
	• Real across-the-board salary increase	0.50%	0.50%
	• Projected salary increases[6]	Ranges from 9.00% to 4.00%, based on years of service	Ranges from 9.95% to 4.25%, based on years of service
	• Cost-of-living adjustments		
	– Tier 1	2.75%	2.75%
	– Tier 3	2.00%	2.00%

[1] The assets and liabilities throughout this report are for the Retirement Plan only, and exclude amounts for the Health, Family Death Benefit and Larger Annuity Plans.

[2] The reporting date and measurement date for the Plan are June 30, 2023.

[3] The reporting date and measurement date for the Plan are June 30, 2022.

[4] The service cost is based on the previous year's valuation, meaning the June 30, 2023 and June 30, 2022 measurement date values are based on the valuations as of June 30, 2022 and June 30, 2021, respectively. Both measurement date service costs have been calculated using the actuarial assumptions shown in the June 30, 2022 measurement date column, as there had been no changes in the actuarial assumptions between the June 30, 2021 and June 30, 2022 valuations.

[5] Includes terminated members due a refund of employee contributions.

[6] Includes inflation at 2.50% plus real across-the-board salary increase of 0.50%, plus merit and promotion increases.

Important information about actuarial valuations

An actuarial valuation is a budgeting tool with respect to the financing of future projected obligations of a pension plan. It is an estimated forecast – the actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan.

In order to prepare a valuation, Segal relies on a number of input items. These include:

Plan provisions	Plan provisions define the rules that will be used to determine benefit payments, and those rules, or the interpretation of them, may change over time. Even where they appear precise, outside factors may change how they operate. It is important to keep Segal informed with respect to plan provisions and administrative procedures, and to review the plan description in this report (as well as the plan summary included in our funding valuation report) to confirm that Segal has correctly interpreted the plan of benefits.
Participant information	An actuarial valuation for a plan is based on data provided to the actuary by the System. Segal does not audit such data for completeness or accuracy, other than reviewing it for obvious inconsistencies compared to prior data and other information that appears unreasonable. It is important for Segal to receive the best possible data and to be informed about any known incomplete or inaccurate data.
Financial information	This valuation is based on the market value of assets as of the valuation date, as provided by the System. The System uses an "actuarial value of assets" that differs from market value to gradually reflect year-to-year changes in the market value of assets in determining contribution requirements.
Actuarial assumptions	In preparing an actuarial valuation, Segal starts by developing a forecast of the benefits to be paid to existing plan participants for the rest of their lives and the lives of their beneficiaries. This requires actuarial assumptions as to the probability of death, disability, withdrawal, and retirement of participants in each year, as well as forecasts of the plan's benefits for each of those events. In addition, the benefits forecasted for each of those events in each future year reflect actuarial assumptions as to salary increases and cost-of-living adjustments. The forecasted benefits are then discounted to a present value, typically based on an estimate of the rate of return that will be achieved on the plan's assets. All of these factors are uncertain and unknowable. Thus, there will be a range of reasonable assumptions, and the results may vary materially based on which assumptions are selected within that range. That is, there is no right answer (except with hindsight). It is important for any user of an actuarial valuation to understand and accept this constraint. The actuarial model may use approximations and estimates that will have an immaterial impact on our results. In addition, the actuarial assumptions may change over time, and while this can have a significant impact on the reported results, it does not mean that the previous assumptions or results were unreasonable or wrong.

Models	Segal valuation results are based on proprietary actuarial modeling software. The actuarial valuation models generate a comprehensive set of liability and cost calculations that are presented to meet regulatory, legislative and client requirements. Our Actuarial Technology and Systems unit, comprised of both actuaries and programmers, is responsible for the initial development and maintenance of these models. The models have a modular structure that allows for a high degree of accuracy, flexibility and user control. The client team programs the assumptions and the plan provisions, validates the models, and reviews test lives and results, under the supervision of the responsible actuary.

The user of Segal's actuarial valuation (or other actuarial calculations) should keep the following in mind:

The actuarial valuation is prepared at the request of the Board to assist the sponsors of the Fund in preparing items related to the pension plan in their financial reports. Segal is not responsible for the use or misuse of its report, particularly by any other party.
An actuarial valuation is a measurement at a specific date – it is not a prediction of the plan's future financial condition. Accordingly, Segal did not perform an analysis of the potential range of financial measures, except where otherwise noted.
If the System is aware of any event or trend that was not considered in this valuation that may materially change the results of the valuation, Segal should be advised, so that we can evaluate it.
Segal does not provide investment, legal, accounting, or tax advice. Segal's valuation is based on our understanding of applicable guidance in these areas and of the plan's provisions, but they may be subject to alternative interpretations. The Board should look to their other advisors for expertise in these areas.
While Segal maintains extensive quality assurance procedures, an actuarial valuation involves complex computer models and numerous inputs. In the event that an inaccuracy is discovered after presentation of Segal's valuation, Segal may revise that valuation or make an appropriate adjustment in the next valuation.
Segal's report shall be deemed to be final and accepted by the Fund upon delivery and review. The System should notifiy Segal immediately of any questions or concers about the final content.

As Segal has no discretionary authority with respect to the management or assets of LACERS, it is not a fiduciary in its capacity as actuaries and consultants with respect to LACERS.

Section 2: GAS 68 Information

General information about the pension plan

Plan Description

Plan administration. The Los Angeles City Employees' Retirement System (LACERS) was established by City Charter in 1937. LACERS is a single employer public employee retirement system whose main function is to provide retirement benefits to the civilian employees of the City of Los Angeles.

Under the provisions of the City Charter, the Board of Administration (the "Board") has the responsibility and authority to administer the Plan and to invest its assets. The Board members serve as trustees and must act in the exclusive interest of the Plan's members and beneficiaries. The Board has seven members: four members, one of whom shall be a retired member of the System, shall be appointed by the Mayor subject to the approval of the Council; two members shall be active employee members of the System elected by the active employee members; one shall be a retired member of the System elected by the retired members of the System.

Plan membership. At June 30, 2023, pension plan membership consisted of the following:

Retired members or beneficiaries currently receiving benefits	22,510
Inactive vested members entitled to but not yet receiving benefits[1]	11,148
Active members	25,875
Total	**59,533**

[1] Includes terminated members due a refund of employee contributions.

Benefits provided. LACERS provides service retirement, disability, death and survivor benefits to eligible retirees and beneficiaries. Employees of the City become members of LACERS on the first day of employment in a position with the City in which the employee is not excluded from membership. Members employed prior to July 1, 2013 are designated as Tier 1. All Tier 2 employees who became members between July 1, 2013 and February 21, 2016 were transferred to Tier 1 effective February 21, 2016. All Tier 1 Airport Peace Officers (including certain fire fighters) appointed to their positions before January 7, 2018 who elected to remain at LACERS after January 6, 2018, and who paid their mandatory additional contribution of $5,700 to LACERS before January 8, 2019, or prior to their retirement date, whichever was earlier, are designated as Tier 1 Enhanced. Those employed on or after February 21, 2016 are designated as Tier 3 (unless a specific exception applies to the employee, providing a right to Tier 1 status).

Section 2: GAS 68 Information

Tier 1 and Tier 1 Enhanced members are eligible to retire for service with a normal retirement benefit once they attain the age of 70, or the age of 60 with 10 or more years of continuous City service, or the age of 55 with 30 or more years of City service. Tier 3 members are eligible to retire for service with a normal retirement benefit at 1.50% of final average monthly compensation per year of service credit once they attain the age of 60 with 10 years of service (but with less than 30 years of service), including 5 years of continuous City service, or at 2.00% of final average monthly compensation per year of service credit once they attain the age of 60 with 30 years of service, including 5 years of continuous City service.

Tier 1 and 3 members are eligible to retire for disability once they have 5 or more years of continuous service. Tier 1 Enhanced members are eligible to retire for service-connected disability without a service requirement, and once they have 5 or more years of continuous service for a nonservice-connected disability.

Under the Tier 1 formula, the monthly service retirement allowance at normal retirement age is 2.16% of final average monthly compensation per year of service credit. Under the Tier 1 Enhanced formula, the monthly service retirement allowance at normal retirement age is 2.30% of final average monthly compensation per year of service credit. Reduced retirement allowances are available for early retirement for Tier 1 and Tier 1 Enhanced members reaching age 55 with 10 or more years of continuous City service, or with 30 or more years of City service at any age. The Tier 1 and Tier 1 Enhanced early retirement reduction factors, for retirement below age 60, are as follows:

Age	Factor
45	0.6250
46	0.6550
47	0.6850
48	0.7150
49	0.7450
50	0.7750
51	0.8050
52	0.8350
53	0.8650
54	0.8950
55	0.9250
56	0.9400
57	0.9550
58	0.9700
59	0.9850
60	1.0000

Section 2: GAS 68 Information

Under the Tier 3 formula, the monthly service retirement allowance at normal retirement age is 2.00% of final average monthly compensation per year of service credit. Reduced retirement allowances are available for early retirement for Tier 3 members prior to reaching age 60 with 30 years of service, including 5 years of continuous City service. The Tier 3 early retirement reduction factors, for retirement below age 60, are as follows:

Age	Factor
45	0.6250
46	0.6550
47	0.6850
48	0.7150
49	0.7450
50	0.7750
51	0.8050
52	0.8350
53	0.8650
54	0.8950
55 - 60	1.0000

Tier 3 members are eligible to retire with an enhanced retirement benefit at 2.00% of final average monthly compensation per year of service credit once they attain the age of 63 with 10 years of service (but with less than 30 years of service), including 5 years of continuous City service, or at 2.10% of final average monthly compensation per year of service credit once they attain the age of 63 with 30 years of service, including 5 years of continuous City service.

Under Tier 1 and Tier 1 Enhanced, pension benefits are calculated based on the highest average salary earned during a 12-month period (including base salary plus regularly assigned pensionable bonuses or premium pay). Under Tier 3, pension benefits are calculated based on the highest average salary earned during a 36-month period (limited to base salary and any items of compensation that are designated as pension based). The IRC Section 401(a)(17) compensation limit applies to all employees who began membership in LACERS after June 30, 1996.

For Tier 1 and Tier 1 Enhanced members, the maximum monthly retirement allowance is 100% of the final average monthly compensation. For Tier 3 members, the maximum monthly retirement allowance is 80% of the final average monthly compensation, except when the benefit is based solely on the annuity component funded by the member's contributions.

In lieu of the service retirement allowance under the Tier 1, Tier 1 Enhanced, and Tier 3 formulas ("unmodified option"), the member may choose an optional retirement allowance. The unmodified option provides the highest monthly benefit and a 50% continuance to an eligible surviving spouse or domestic partner for Tier 1, Tier 1 Enhanced, and Tier 3 members. The optional retirement allowances require a reduction in the unmodified option amount in order to allow the member the ability to provide various benefits to a surviving spouse, domestic partner, or named beneficiary.

Section 2: GAS 68 Information

LACERS provides annual cost-of-living adjustments (COLAs) to all retirees. The cost-of-living adjustments are made each July 1 based on the percentage change in the average of the Consumer Price Index for the Los Angeles-Long Beach-Anaheim Area -- All Items For All Urban Consumers. It is capped at 3.0% for Tier 1 and Tier 1 Enhanced, and at 2.0% for Tier 3.

The City of Los Angeles contributes to the retirement plan based upon actuarially determined contribution rates adopted by the Board of Administration. Employer contribution rates are adopted annually based upon recommendations received from LACERS' actuary after the completion of the annual actuarial valuation. The combined employer contribution rate as of June 30, 2023 was 29.01% of compensation.[1]

All members are required to make contributions to LACERS regardless of the tier in which they are included. Currently, all Tier 1 members contribute at 11.0% or 11.5% of compensation, and all Tier 1 Enhanced and Tier 3 members contribute at 11.0% of compensation.

[1] Based on the June 30, 2021 funding valuation which established funding requirements for fiscal year 2022/2023. The schedule of contributions in Section 2 of this report provides details on how this rate was calculated.

Net Pension Liability

The components of the Net Pension Liability were as follows:

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	**June 30, 2023**	**June 30, 2022**
Total Pension Liability	$25,299,537,118	$24,078,751,303
Plan Fiduciary Net Position	(17,953,292,567)	(17,013,091,063)
Net Pension Liability	**$7,346,244,551**	**$7,065,660,240**
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	70.96%	70.66%

The NPL was measured as of June 30, 2023 and 2022. The Plan Fiduciary Net Position was valued as of the measurement date, while the TPL was determined based upon the results of the actuarial valuations as of June 30, 2023 and 2022, respectively.

Plan provisions. The plan provisions used in the measurement of the NPL as of June 30, 2023 and 2022 are the same as those used in the LACERS funding valuations as of June 30, 2023 and 2022, respectively.

Actuarial assumptions. The TPL as of June 30, 2023 was determined by an actuarial valuation as of June 30, 2023. The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an experience study for the period from July 1, 2019 through June 30, 2022. They are the same as the assumptions used in the June 30, 2023 funding actuarial valuation for LACERS. In particular, the following actuarial assumptions were applied to all periods included in the measurement:

Investment rate of return:	7.00%, net of pension plan investment expense and including inflation
Inflation:	2.50%
Real across-the-board salary increase:	0.50%
Projected salary increases:	Ranges from 9.00% to 4.00% based on years of service, including inflation and real across-the-board salary increase
Cost-of-living adjustments:	2.75% for Tier 1; 2.00% for Tier 3. (Actual increases are contingent upon CPI increases with a 3.00% maximum for Tier 1 and a 2.00% maximum for Tier 3. For Tier 1 members with a sufficient COLA bank, withdrawals from the bank can be made to increase the retiree COLA up to 3% per year.)
Other assumptions:	Same as those used in the June 30, 2023 actuarial valuation

Section 2: GAS 68 Information

The TPL as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2022. The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an experience study for the period from July 1, 2016 through June 30, 2019. They are the same as the assumptions used in the June 30, 2022 funding actuarial valuation for LACERS. In particular, the following actuarial assumptions were applied to all periods included in the measurement:

Investment rate of return:	7.00%, net of pension plan investment expense and including inflation
Inflation:	2.75%
Real across-the-board salary increase:	0.50%
Projected salary increases:	Ranges from 9.95% to 4.25% based on years of service, including inflation and real across-the-board salary increase
Cost-of-living adjustments:	2.75% for Tier 1; 2.00% for Tier 3. (Actual increases are contingent upon CPI increases with a 3.00% maximum for Tier 1 and a 2.00% maximum for Tier 3. For Tier 1 members with a sufficient COLA bank, withdrawals from the bank can be made to increase the retiree COLA up to 3% per year.)
Other assumptions:	Same as those used in the June 30, 2022 actuarial valuation

Determination of discount rate and investment rates of return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation and, beginning with June 30, 2023, any applicable investment management expenses) are developed for each major asset class. These returns are combined to produce the long-term expected arithmetic rate of return for the portfolio by weighting the expected arithmetic real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses (beginning with June 30, 2023 including only investment consulting fees, custodian fees and other miscellaneous investment expenses) and a risk margin. Beginning with June 30, 2023, this portfolio return is further adjusted to an expected geometric real rate of return for the portfolio. The target allocation and projected arithmetic real rates of return for each major asset class (after deducting inflation) are shown in the following table. These values are after deducting applicable investment management expenses. This information was used in the derivation of the long-term expected investment rate of return assumption in the June 30, 2023 actuarial valuation. This information will change every three years based on the actuarial experience study.

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
Large Cap U.S. Equity	15.00%	6.00%
Small/Mid Cap U.S. Equity	6.00%	6.65%
Developed International Large Cap Equity	15.00%	7.01%
Developed International Small Cap Equity	3.00%	7.34%
Emerging Markets Equity	6.67%	8.80%
Core Bonds	11.25%	1.97%
High Yield Bonds	1.50%	4.63%
Bank Loans	1.50%	4.07%
TIPS	3.60%	1.77%
Emerging Market External Debt	2.00%	4.72%
Emerging Market Local Currency Debt	2.00%	4.53%
Real Estate - Core	4.20%	3.86%
Cash & Equivalents	1.00%	0.63%
Private Equity	16.00%	9.84%
Private Credit (Private Debt)	5.75%	6.47%
Emerging Market Small-Cap Equity	1.33%	11.10%
REIT	1.40%	6.80%
Real Estate – Non Core	2.80%	5.40%
Total	**100.00%**	**6.27%**

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Discount rate. The discount rate used to measure the TPL was 7.00% as of June 30, 2023 and June 30, 2022. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employee and employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Pension Plan Fiduciary Net Position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL as of both June 30, 2023 and June 30, 2022.

Discount rate sensitivity

Sensitivity of the Net Pension Liability to changes in the discount rate. The following presents the Net Pension Liability of LACERS as of June 30, 2023, which is allocated to all employer categories, calculated using the discount rate of 7.00%, as well as what LACERS' Net Pension Liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
City	$9,020,299,243	$6,210,179,300	$3,886,574,255
Airports	1,254,785,734	863,878,701	540,649,240
Harbor	395,351,569	272,186,550	170,345,039
Total for all Employer Categories	**$10,670,436,546**	**$7,346,244,551**	**$4,597,568,534**

Schedule of changes in Net Pension Liability – last two fiscal years

Reporting Date for Employer under GAS 68 Measurement Date for Employer under GAS 68	June 30, 2024 June 30, 2023	June 30, 2023 June 30, 2022
Total Pension Liability		
• Service cost[1]	$412,247,235	$413,862,737
• Interest	1,671,683,353	1,617,800,746
• Change of benefit terms	0	0
• Differences between expected and actual experience	469,171,461	(66,172,296)
• Changes of assumptions	(112,700,660)	0
• Benefit payments, including refunds of member contributions	(1,219,615,574)	(1,168,632,738)
Net change in Total Pension Liability	**$1,220,785,815**	**$796,858,449**
Total Pension Liability – beginning	**24,078,751,303**	**23,281,892,854**
Total Pension Liability – ending	**$25,299,537,118**	**$24,078,751,303**
Plan Fiduciary Net Position		
• Contributions – employer	$669,391,196	$591,234,354
• Contributions – employee	257,967,487	241,875,691
• Net investment income[2]	1,261,073,040	(1,542,473,179)
• Benefit payments, including refunds of member contributions	(1,219,615,574)	(1,168,632,738)
• Administrative expense	(28,614,645)	(27,032,894)
• Other[3]	0	(16,171)
Net change in Plan Fiduciary Net Position	**$940,201,504**	**$(1,905,044,937)**
Plan Fiduciary Net Position – beginning	**17,013,091,063**	**18,918,136,000**
Plan Fiduciary Net Position – ending	**$17,953,292,567**	**$17,013,091,063**
Net Pension Liability – ending	**$7,346,244,551**	**$7,065,660,240**
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	**70.96%**	**70.66%**
Covered payroll[4]	**$2,307,335,751**	**$2,155,005,471**
Net Pension Liability as percentage of covered payroll	**318.39%**	**327.87%**

[1] The service cost is based on the previous year's valuation, meaning the June 30, 2023 and 2022 measurement date values are based on the valuations as of June 30, 2022 and June 30, 2021, respectively. Both measurement date service costs have been calculated using the actuarial assumptions shown in the June 30, 2022 measurement date column on page 8, as there had been no changes in the actuarial assumptions between the June 30, 2021 and June 30, 2022 valuations.

[2] Includes building lease and other income.

[3] For the June 30, 2022 measurement date, this is a prior period adjustment (adjustment made to beginning of year assets in order to match the June 30, 2021 Plan Fiduciary Net Position restated by LACERS after the completion of the June 30, 2021 GAS 67 valuation report).

[4] Covered payroll is defined as the payroll on which contributions to a pension plan are based.

Schedule of contributions – last ten fiscal years

Year Ended June 30	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency / (Excess)	Covered Payroll[1]	Contributions as a Percentage of Covered Payroll
2014	$357,649,232	$357,649,232	$0	$1,802,931,195	19.84%
2015	381,140,923	381,140,923	0	1,835,637,409	20.76%
2016	440,546,011	440,546,011	0	1,876,946,179	23.47%
2017	453,356,059	453,356,059	0	1,973,048,633	22.98%
2018	450,195,254	450,195,254	0	2,057,565,478	21.88%
2019	478,716,953	478,716,953	0	2,108,171,088	22.71%
2020	553,118,173	553,118,173	0	2,271,038,575	24.36%
2021	554,855,906	554,855,906	0	2,276,768,292	24.37%
2022	591,234,354	591,234,354	0	2,155,005,471	27.44%
2023	669,391,196	669,391,196	0	2,307,335,751	29.01%

[1] Covered payroll is defined as the payroll on which contributions to a pension plan are based.

See accompanying notes to this schedule on the next page.

Section 2: GAS 68 Information

Notes to Schedule:

Methods and assumptions used to establish "actuarially determined contribution" rates:

Valuation date:	Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported
Actuarial cost method:	Entry Age Cost Method (individual basis)
Amortization method:	Level percent of payroll
Amortization period:	Multiple layers, closed amortization periods. Actuarial gains/losses are amortized over 15 years. Assumption or method changes are amortized over 20 years. Plan changes, including the 2009 ERIP, are amortized over 15 years. Future ERIPs will be amortized over 5 years. Actuarial surplus is amortized over 30 years. The existing layers on June 30, 2012, except those arising from the 2009 ERIP and the two (at that time) GASB 25/27 layers, were combined and amortized over 30 years.
Asset valuation method:	Market value of assets less unrecognized returns in each of the last seven years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a seven-year period. The actuarial value of assets cannot be less than 60% or greater than 140% of the market value of assets.

Section 2: GAS 68 Information

Actuarial assumptions:

Valuation Date:	**June 30, 2023**
Investment rate of return:	7.00%
Inflation rate:	2.50%
Real across-the-board salary increase:	0.50%
Projected salary increases:[1]	Ranges from 9.00% to 4.00%, based on years of service
Cost of living adjustments:	2.75% for Tier 1; 2.00% for Tier 3. (Actual increases are contingent upon CPI increases with a 3.00% maximum for Tier 1 and a 2.00% maximum for Tier 3. For Tier 1 members with a sufficient COLA bank, withdrawals from the bank can be made to increase the retiree COLA up to 3% per year.)
Mortality:	Healthy: Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Tables (separate tables for males and females) with rates increased by 10% for males, projected generationally with the two-dimensional mortality improvement scale MP-2021.
Other assumptions:	Same as those used in the June 30, 2023 funding actuarial valuation

[1] Includes inflation at 2.50% plus across-the-board salary increases of 0.50% plus merit and promotion increases.

Determination of proportionate share

Actual Employer Contributions by Employer Category
July 1, 2021 to June 30, 2022

Employer Category	Contributions	Percentage[1]
City	$494,649,620	83.664%
Airports	73,970,797	12.511%
Harbor	22,613,937	3.825%
Total for all Employer Categories	**$591,234,354**	**100.000%**

[1] The unrounded percentages are used in the allocation of the NPL amongst employer categories.

Allocation of June 30, 2022 Net Pension Liability (NPL)

Employer Category	NPL	Percentage
City	$5,911,405,738	83.664%
Airports	884,002,284	12.511%
Harbor	270,252,218	3.825%
Total for all Employer Categories	**$7,065,660,240**	**100.000%**

Notes:

1. Based on the July 1, 2021 through June 30, 2022 employer contributions as provided by LACERS.
2. The Net Pension Liability is the Total Pension Liability minus the Plan Fiduciary Net Position (plan assets).
3. The NPL is allocated based on the actual contributions from each employer category. The steps used for the allocation are as follows:
   - First calculate the ratio of the contributions from the employer category to the total contributions.
   - Then multiply this ratio by the NPL to determine the employer category's proportionate share of the NPL.

Determination of proportionate share (continued)

Actual Employer Contributions by Employer Category
July 1, 2022 to June 30, 2023

Employer Category	Contributions	Percentage[1]
City	$565,872,715	84.536%
Airports	78,716,791	11.759%
Harbor	24,801,690	3.705%
Total for all Employer Categories	**$669,391,196**	**100.000%**

[1] The unrounded percentages are used in the allocation of the NPL amongst employer categories.

Allocation of June 30, 2023 Net Pension Liability (NPL)

Employer Category	NPL	Percentage
City	$6,210,179,300	84.536%
Airports	863,878,701	11.759%
Harbor	272,186,550	3.705%
Total for all Employer Categories	**$7,346,244,551**	**100.000%**

Notes:

1. Based on the July 1, 2022 through June 30, 2023 employer contributions as provided by LACERS.
2. The Net Pension Liability is the Total Pension Liability minus the Plan Fiduciary Net Position (plan assets).
3. The NPL is allocated based on the actual contributions from each employer category. The steps used for the allocation are as follows:
   - First calculate the ratio of the contributions from the employer category to the total contributions.
   - Then multiply this ratio by the NPL to determine the employer category's proportionate share of the NPL.

Determination of proportionate share (continued)

For purposes of the above results, the reporting date for the employer under GAS 68 is June 30, 2024. The reporting date and measurement date for the Plan under GAS 67 are June 30, 2023. Consistent with the provisions of GAS 68, the assets and liabilities measured as of June 30, 2023 are not adjusted or rolled forward to the June 30, 2024 reporting date. Other results, such as the total deferred inflows and outflows would also be allocated based on the same proportionate shares determined above.

The following items are allocated based on the corresponding proportionate share:

1. Net Pension Liability
2. Service cost
3. Interest on the Total Pension Liability
4. Expensed portion of current-period benefit changes
5. Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability
6. Expensed portion of current-period changes of assumptions or other inputs
7. Member contributions
8. Projected earnings on plan investments
9. Expensed portion of current-period differences between actual and projected earnings on plan investments
10. Administrative expense
11. Recognition of beginning of year deferred outflows of resources as pension expense
12. Recognition of beginning of year deferred inflows of resources as pension expense

Pension expense

Total for All Employer Categories

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	**June 30, 2023**	**June 30, 2022**
Components of Pension Expense		
• Service cost	$412,247,235	$413,862,737
• Interest on the Total Pension Liability	1,671,683,353	1,617,800,746
• Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	0	0
• Expensed portion of current-period benefit changes	0	0
• Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	99,823,715	(13,700,268)
• Expensed portion of current-period changes of assumptions or other inputs	(23,978,864)	0
• Member contributions	(257,967,487)	(241,875,691)
• Projected earnings on plan investments	(1,201,162,172)	(1,330,547,711)
• Expensed portion of current-period differences between actual and projected earnings on plan investments	(11,982,174)	574,604,178
• Administrative expense	28,614,645	27,032,894
• Other expense	0	16,171
• Recognition of beginning of year deferred outflows of resources as pension expense	975,399,164	503,073,966
• Recognition of beginning of year deferred inflows of resources as pension expense	(706,456,841)	(753,879,252)
• Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	0	0
Pension Expense	**$986,220,574**	**$796,387,770**

Pension expense (continued)

City

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	**June 30, 2023**	**June 30, 2022**
Components of Pension Expense		
• Service cost	$348,494,966	$346,253,637
• Interest on the Total Pension Liability	1,413,164,683	1,353,514,929
• Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	11,420,039	289,373
• Expensed portion of current-period benefit changes	0	0
• Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	84,386,405	(11,462,176)
• Expensed portion of current-period changes of assumptions or other inputs	(20,270,635)	0
• Member contributions	(218,073,920)	(202,362,596)
• Projected earnings on plan investments	(1,015,407,588)	(1,113,187,885)
• Expensed portion of current-period differences between actual and projected earnings on plan investments	(10,129,182)	480,736,169
• Administrative expense	24,189,513	22,616,769
• Other expense	0	13,529
• Recognition of beginning of year deferred outflows of resources as pension expense	824,557,862	420,891,216
• Recognition of beginning of year deferred inflows of resources as pension expense	(597,206,317)	(630,724,657)
• Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	14,161,598	14,531,093
Pension Expense	**$859,287,424**	**$681,109,401**

Pension expense (continued)

Airports

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	**June 30, 2023**	**June 30, 2022**
Components of Pension Expense		
• Service cost	$48,478,049	$51,779,397
• Interest on the Total Pension Liability	196,580,938	202,407,065
• Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(9,850,836)	44,442
• Expensed portion of current-period benefit changes	0	0
• Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	11,738,730	(1,714,075)
• Expensed portion of current-period changes of assumptions or other inputs	(2,819,785)	0
• Member contributions	(30,335,584)	(30,261,668)
• Projected earnings on plan investments	(141,250,187)	(166,468,125)
• Expensed portion of current-period differences between actual and projected earnings on plan investments	(1,409,039)	71,890,154
• Administrative expense	3,364,928	3,382,152
• Other expense	0	2,023
• Recognition of beginning of year deferred outflows of resources as pension expense	114,701,676	62,940,832
• Recognition of beginning of year deferred inflows of resources as pension expense	(83,075,511)	(94,319,704)
• Net amortization of deferred amounts from changes in proportion and differences between employer’s contributions and proportionate share of contributions	(14,697,848)	(14,500,479)
Pension Expense	**$91,425,531**	**$85,182,014**

Pension expense (continued)

Harbor

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	**June 30, 2023**	**June 30, 2022**
Components of Pension Expense		
• Service cost	$15,274,220	$15,829,703
• Interest on the Total Pension Liability	61,937,732	61,878,752
• Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(1,569,203)	(333,815)
• Expensed portion of current-period benefit changes	0	0
• Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	3,698,580	(524,017)
• Expensed portion of current-period changes of assumptions or other inputs	(888,444)	0
• Member contributions	(9,557,983)	(9,251,427)
• Projected earnings on plan investments	(44,504,397)	(50,891,701)
• Expensed portion of current-period differences between actual and projected earnings on plan investments	(443,953)	21,977,855
• Administrative expense	1,060,204	1,033,973
• Other expense	0	619
• Recognition of beginning of year deferred outflows of resources as pension expense	36,139,626	19,241,918
• Recognition of beginning of year deferred inflows of resources as pension expense	(26,175,013)	(28,834,891)
• Net amortization of deferred amounts from changes in proportion and differences between employer’s contributions and proportionate share of contributions	536,250	(30,614)
Pension Expense	**$35,507,619**	**$30,096,355**

Deferred outflows of resources and deferred inflows of resources

Total for All Employer Categories

Reporting Date for Employer under GAS 68 Measurement Date for Employer under GAS 68	June 30, 2024 June 30, 2023	June 30, 2023 June 30, 2022
Deferred Outflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions[1]	$69,769,812	$44,008,901
• Changes of assumptions or other inputs	105,293,189	233,804,932
• Net excess of projected over actual earnings on Pension Plan investments (if any)	539,449,062	719,790,431
• Difference between actual and expected experience in the Total Pension Liability	430,490,422	129,508,654
• **Total Deferred Outflows of Resources**	**$1,145,002,485**	**$1,127,112,918**
Deferred Inflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions[1]	$69,769,812	$44,008,901
• Changes of assumptions or other inputs	88,721,796	0
• Net excess of actual over projected earnings on Pension Plan investments (if any)	N/A	N/A
• Difference between expected and actual experience in the Total Pension Liability	115,604,400	175,952,473
• **Total Deferred Inflows of Resources**	**$274,096,008**	**$219,961,374**
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:		
Reporting date for employer under GAS 68, year ended June 30:		
2024	N/A	$268,942,323
2025	$263,213,383	199,350,706
2026	(59,005,238)	(122,867,915)
2027	625,589,107	561,726,430
2028	41,109,225	0
2029	0	0
Thereafter	0	0

[1] Calculated in accordance with Paragraphs 54 and 55 of GAS 68.

Deferred outflows of resources and deferred inflows of resources (continued)

City

Reporting Date for Employer under GAS 68		June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68		**June 30, 2023**	**June 30, 2022**
Deferred Outflows of Resources			
• Changes in proportion and differences between employer's contributions and proportionate share of contributions[1]		$65,235,836	$37,143,294
• Changes of assumptions or other inputs		89,010,048	195,610,286
• Net excess of projected over actual earnings on Pension Plan investments (if any)		456,025,576	602,204,626
• Difference between actual and expected experience in the Total Pension Liability		363,916,922	108,351,969
• **Total Deferred Outflows of Resources**		**$974,188,382**	**$943,310,175**
Deferred Inflows of Resources			
• Changes in proportion and differences between employer's contributions and proportionate share of contributions[1]		$0	$0
• Changes of assumptions or other inputs		75,001,351	0
• Net excess of actual over projected earnings on Pension Plan investments (if any)		N/A	N/A
• Difference between expected and actual experience in the Total Pension Liability		97,726,675	147,208,672
• **Total Deferred Inflows of Resources**		**$172,728,026**	**$147,208,672**
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:			
Reporting date for employer under GAS 68, year ended June 30:			
	2024	N/A	$239,169,190
	2025	$246,720,027	179,575,969
	2026	(28,881,767)	(93,217,544)
	2027	540,876,214	470,573,888
	2028	42,745,882	0
	2029	0	0
	Thereafter	0	0

[1] Calculated in accordance with Paragraphs 54 and 55 of GAS 68.

Deferred outflows of resources and deferred inflows of resources (continued)

Airports

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	**June 30, 2023**	**June 30, 2022**
Deferred Outflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions[1]	$125,772	$296,519
• Changes of assumptions or other inputs	12,381,911	29,251,915
• Net excess of projected over actual earnings on Pension Plan investments (if any)	63,436,297	90,054,767
• Difference between actual and expected experience in the Total Pension Liability	50,623,350	16,203,149
• **Total Deferred Outflows of Resources**	**$126,567,330**	**$135,806,350**
Deferred Inflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions[1]	$62,812,537	$41,233,041
• Changes of assumptions or other inputs	10,433,204	0
• Net excess of actual over projected earnings on Pension Plan investments (if any)	N/A	N/A
• Difference between expected and actual experience in the Total Pension Liability	13,594,453	22,013,850
• **Total Deferred Inflows of Resources**	**$86,840,194**	**$63,246,891**
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:		
Reporting date for employer under GAS 68, year ended June 30:		
2024	N/A	$18,950,193
2025	$6,689,670	10,529,294
2026	(28,195,127)	(26,777,904)
2027	63,293,953	69,857,876
2028	(2,061,360)	0
2029	0	0
Thereafter	0	0

[1] Calculated in accordance with Paragraphs 54 and 55 of GAS 68.

Deferred outflows of resources and deferred inflows of resources (continued)

Harbor

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	**June 30, 2023**	**June 30, 2022**
Deferred Outflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions[1]	$4,408,204	$6,569,088
• Changes of assumptions or other inputs	3,901,230	8,942,731
• Net excess of projected over actual earnings on Pension Plan investments (if any)	19,987,189	27,531,038
• Difference between actual and expected experience in the Total Pension Liability	15,950,150	4,953,536
• **Total Deferred Outflows of Resources**	**$44,246,773**	**$47,996,393**
Deferred Inflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions[1]	$6,957,275	$2,775,860
• Changes of assumptions or other inputs	3,287,241	0
• Net excess of actual over projected earnings on Pension Plan investments (if any)	N/A	N/A
• Difference between expected and actual experience in the Total Pension Liability	4,283,272	6,729,951
• **Total Deferred Inflows of Resources**	**$14,527,788**	**$9,505,811**
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:		
Reporting date for employer under GAS 68, year ended June 30:		
2024	N/A	$10,822,940
2025	$9,803,686	9,245,443
2026	(1,928,344)	(2,872,467)
2027	21,418,940	21,294,666
2028	424,703	0
2029	0	0
Thereafter	0	0

[1] Calculated in accordance with Paragraphs 54 and 55 of GAS 68.

Deferred outflows of resources and deferred inflows of resources (continued)

There are changes in each employer category's proportionate share of the total Net Pension Liability during the measurement period ended June 30, 2023. The net effect of the change on the employer category's proportionate share of the collective Net Pension Liability and collective deferred outflows of resources and deferred inflows of resources is recognized over the average of the expected remaining service lives of all employees that are provided with pensions through LACERS which is 4.70 years determined as of June 30, 2022 (the beginning of the measurement period ending June 30, 2023).

In addition, the difference between the actual employer contributions and the proportionate share of the employer contributions during the measurement period ended June 30, 2023 is recognized over the same period.

The average of the expected service lives of all employees is determined by:

- Calculating each active employee's expected remaining service life as the present value of $1 per year of future service at zero percent interest.
- Setting the remaining service life to zero for each nonactive or retired member.
- Dividing the sum of the above amounts by the total number of active employees, nonactive and retired members.

Schedule of proportionate share of the Net Pension Liability

Total for All Employer Categories

Reporting Date for Employer under GAS 68 as of June 30	Proportion of the Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Payroll[1]	Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	100.000%	$4,457,773,626	$1,802,931,195	247.25%	72.57%
2016	100.000%	4,989,426,361	1,835,637,409	271.81%	70.49%
2017	100.000%	5,615,666,914	1,876,946,179	299.19%	67.77%
2018	100.000%	5,277,672,228	1,973,048,633	267.49%	71.41%
2019	100.000%	5,709,348,530	2,057,565,478	277.48%	71.37%
2020	100.000%	5,977,828,302	2,108,171,088	283.56%	71.25%
2021	100.000%	7,594,790,995	2,271,038,575	334.42%	66.29%
2022	100.000%	4,363,756,854	2,276,768,292	191.66%	81.26%
2023	100.000%	7,065,660,240	2,155,005,471	327.87%	70.66%
2024	100.000%	7,346,244,551	2,307,335,751	318.39%	70.96%

[1] Covered payroll is defined as the payroll on which contributions to a pension plan are based.

Schedule of proportionate share of the Net Pension Liability (continued)

City

Reporting Date for Employer under GAS 68 as of June 30	Proportion of the Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Payroll[1]	Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	81.972%	$3,654,125,793	$1,477,663,755	247.29%	72.57%
2016	81.869%	4,084,786,762	1,504,659,940	271.48%	70.49%
2017	82.271%	4,620,035,451	1,540,925,299	299.82%	67.77%
2018	82.423%	4,350,001,537	1,625,808,930	267.56%	71.41%
2019	82.473%	4,708,641,301	1,701,304,099	276.77%	71.37%
2020	82.591%	4,937,107,456	1,749,621,444	282.18%	71.25%
2021	82.876%	6,294,231,550	1,895,552,279	332.05%	66.29%
2022	83.640%	3,649,863,961	1,918,677,086	190.23%	81.26%
2023	83.664%	5,911,405,738	1,818,039,081	325.15%	70.66%
2024	84.536%	6,210,179,300	1,964,398,935	316.14%	70.96%

[1] Covered payroll is defined as the payroll on which contributions to a pension plan are based.

Schedule of proportionate share of the Net Pension Liability (continued)

Airports

Reporting Date for Employer under GAS 68 as of June 30	Proportion of the Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Payroll[1]	Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	13.804%	$615,348,678	$249,227,877	246.90%	72.57%
2016	13.979%	697,482,231	255,014,220	273.51%	70.49%
2017	13.789%	774,356,211	260,929,145	296.77%	67.77%
2018	13.700%	723,062,142	271,035,342	266.78%	71.41%
2019	13.754%	785,272,253	278,681,843	281.78%	71.37%
2020	13.717%	819,996,210	280,595,646	292.23%	71.25%
2021	13.450%	1,021,523,208	292,405,953	349.35%	66.29%
2022	12.508%	545,803,106	270,630,444	201.68%	81.26%
2023	12.511%	884,002,284	255,761,313	345.64%	70.66%
2024	11.759%	863,878,701	258,018,846	334.81%	70.96%

[1] Covered payroll is defined as the payroll on which contributions to a pension plan are based.

Schedule of proportionate share of the Net Pension Liability (continued)

Harbor

Reporting Date for Employer under GAS 68 as of June 30	Proportion of the Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Payroll[1]	Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	4.224%	$188,299,155	$76,039,563	247.63%	72.57%
2016	4.152%	207,157,368	75,963,249	272.71%	70.49%
2017	3.940%	221,275,252	75,091,735	294.67%	67.77%
2018	3.877%	204,608,549	76,204,361	268.50%	71.41%
2019	3.773%	215,434,976	77,579,536	277.70%	71.37%
2020	3.692%	220,724,636	77,953,998	283.15%	71.25%
2021	3.674%	279,036,237	83,080,343	335.86%	66.29%
2022	3.852%	168,089,787	87,460,762	192.19%	81.26%
2023	3.825%	270,252,218	81,205,077	332.80%	70.66%
2024	3.705%	272,186,550	84,917,970	320.53%	70.96%

[1] Covered payroll is defined as the payroll on which contributions to a pension plan are based.

Schedule of reconciliation of Net Pension Liability

Total for All Employer Categories

Reporting Date for Employer under GAS 68	**June 30, 2024**	**June 30, 2023**
Measurement Date for Employer under GAS 68	**June 30, 2023**	**June 30, 2022**
Beginning Net Pension Liability	**$7,065,660,240**	**$4,363,756,854**
• Pension Expense	986,220,574	796,387,770
• Employer Contributions	(669,391,196)	(591,234,354)
• New Net Deferred Inflows/Outflows	232,697,256	2,245,944,684
• Change in Allocation of Prior Deferred Inflows/Outflows	0	0
• New Net Deferred Flows Due to Change in Proportion	0	0
• Recognition of Prior Deferred Inflows/Outflows	(268,942,323)	250,805,286
• Recognition of Prior Deferred Flows Due to Change in Proportion	0	0
Ending Net Pension Liability	**$7,346,244,551**	**$7,065,660,240**

Schedule of reconciliation of Net Pension Liability (continued)

City

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	**June 30, 2023**	**June 30, 2022**
Beginning Net Pension Liability	**$5,911,405,738**	**$3,649,863,961**
• Pension Expense	859,287,424	681,109,401
• Employer Contributions	(565,872,715)	(494,649,620)
• New Net Deferred Inflows/Outflows	196,711,622	1,879,044,540
• Change in Allocation of Prior Deferred Inflows/Outflows	7,906,234	(373,190)
• New Net Deferred Flows Due to Change in Proportion	42,254,140	1,108,298
• Recognition of Prior Deferred Inflows/Outflows	(227,351,545)	209,833,441
• Recognition of Prior Deferred Flows Due to Change in Proportion	(14,161,598)	(14,531,093)
Ending Net Pension Liability	**$6,210,179,300**	**$5,911,405,738**

Schedule of reconciliation of Net Pension Liability (continued)

Airports

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	**June 30, 2023**	**June 30, 2022**
Beginning Net Pension Liability	**$884,002,284**	**$545,803,106**
• Pension Expense	91,425,531	85,182,014
• Employer Contributions	(78,716,791)	(73,970,797)
• New Net Deferred Inflows/Outflows	27,363,941	280,995,711
• Change in Allocation of Prior Deferred Inflows/Outflows	(6,819,856)	(57,315)
• New Net Deferred Flows Due to Change in Proportion	(36,448,091)	170,214
• Recognition of Prior Deferred Inflows/Outflows	(31,626,165)	31,378,872
• Recognition of Prior Deferred Flows Due to Change in Proportion	14,697,848	14,500,479
Ending Net Pension Liability	**$863,878,701**	**$884,002,284**

Schedule of reconciliation of Net Pension Liability (continued)

Harbor

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	**June 30, 2023**	**June 30, 2022**
Beginning Net Pension Liability	**$270,252,218**	**$168,089,787**
• Pension Expense	35,507,619	30,096,355
• Employer Contributions	(24,801,690)	(22,613,937)
• New Net Deferred Inflows/Outflows	8,621,693	85,904,433
• Change in Allocation of Prior Deferred Inflows/Outflows	(1,086,378)	430,505
• New Net Deferred Flows Due to Change in Proportion	(5,806,049)	(1,278,512)
• Recognition of Prior Deferred Inflows/Outflows	(9,964,613)	9,592,973
• Recognition of Prior Deferred Flows Due to Change in Proportion	(536,250)	30,614
Ending Net Pension Liability	**$272,186,550**	**$270,252,218**

Schedule of recognition of changes in total Net Pension Liability

Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Differences between Actual and Expected Experience on Total Pension Liability

Reporting Date for Employer under GAS 68, Year Ended June 30	Differences Between Actual and Expected Experience	Recognition Period (Years)	Reporting Date for Employer under GAS 68, Year Ended June 30: 2023	2024	2025	2026	2027	2028	2029	Thereafter
2018	$(146,474,065)	5.17	$(4,816,360)	$0	$0	$0	$0	$0	$0	$0
2019	144,224,403	5.24	27,523,741	6,605,698	0	0	0	0	0	0
2020	(46,035,243)	4.97	(9,262,624)	(8,984,747)	0	0	0	0	0	0
2021	308,183,796	4.99	61,760,280	61,760,280	61,142,676	0	0	0	0	0
2022	(189,821,814)	5.04	(37,663,058)	(37,663,058)	(37,663,058)	(37,663,058)	(1,506,524)	0	0	0
2023	(66,172,296)	4.83	(13,700,268)	(13,700,268)	(13,700,268)	(13,700,268)	(11,371,224)	0	0	0
2024	469,171,461	4.70	N/A	99,823,715	99,823,715	99,823,715	99,823,715	69,876,601	0	0
Net increase (decrease) in pension expense			**$23,841,711**	**$107,841,620**	**$109,603,065**	**$48,460,389**	**$86,945,967**	**$69,876,601**	**$0**	**$0**

Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Assumption Changes

Reporting Date for Employer under GAS 68, Year Ended June 30	Effects of Assumption Changes	Recognition Period (Years)	Reporting Date for Employer under GAS 68, Year Ended June 30: 2023	2024	2025	2026	2027	2028	2029	Thereafter
2018	$340,717,846	5.17	$11,203,486	$0	$0	$0	$0	$0	$0	$0
2019	483,717,164	5.24	92,312,436	22,154,984	0	0	0	0	0	0
2020	0	4.97	0	0	0	0	0	0	0	0
2021	530,720,225	4.99	106,356,759	106,356,759	105,293,189	0	0	0	0	0
2022	0	5.04	0	0	0	0	0	0	0	0
2023	0	4.83	0	0	0	0	0	0	0	0
2024	(112,700,660)	4.70	N/A	(23,978,864)	(23,978,864)	(23,978,864)	(23,978,864)	(16,785,204)	0	0
Net increase (decrease) in pension expense			**$209,872,681**	**$104,532,879**	**$81,314,325**	**$(23,978,864)**	**$(23,978,864)**	**$(16,785,204)**	**$0**	**$0**

As described on page 35, the average of the expected remaining service lives of all employees that are provided with pensions through LACERS (active and inactive employees) determined as of June 30, 2022 (the beginning of the measurement period ending June 30, 2023) is 4.70 years.

Amortization amounts prior to June 30, 2023 have been omitted from this exhibit. These amounts can be found in prior year's GAS 68 reports.

Schedule of recognition of changes in total Net Pension Liability (continued)

Increase (Decrease) in Pension Expense Arising from the Recognition of Differences between Projected and Actual Earnings on Pension Plan Investments

Reporting Date for Employer under GAS 68, Year Ended June 30	Differences Between Projected and Actual Earnings	Recognition Period (Years)	Reporting Date for Employer under GAS 68, Year Ended June 30: 2023	2024	2025	2026	2027	2028	2029	Thereafter
2018	$(621,748,969)	5.00	$0	$0	$0	$0	$0	$0	$0	$0
2019	(280,142,210)	5.00	(56,028,442)	0	0	0	0	0	0	0
2020	240,672,541	5.00	48,134,508	48,134,509	0	0	0	0	0	0
2021	778,913,781	5.00	155,782,756	155,782,756	155,782,757	0	0	0	0	0
2022	(3,230,543,839)	5.00	(646,108,768)	(646,108,768)	(646,108,768)	(646,108,767)	0	0	0	0
2023	2,873,020,890	5.00	574,604,178	574,604,178	574,604,178	574,604,178	574,604,178	0	0	0
2024	(59,910,868)	5.00	N/A	(11,982,174)	(11,982,174)	(11,982,174)	(11,982,174)	(11,982,172)	0	0
Net increase (decrease) in pension expense			**$76,384,232**	**$120,430,501**	**$72,295,993**	**$(83,486,763)**	**$562,622,004**	**$(11,982,172)**	**$0**	**$0**

The differences between projected and actual earnings on pension plan investments are recognized over a five-year period per Paragraph 33b. of GAS 68

Total Increase (Decrease) in Pension Expense

Reporting Date for Employer under GAS 68, Year Ended June 30	Total Differences	Reporting Date for Employer under GAS 68, Year Ended June 30: 2023	2024	2025	2026	2027	2028	2029	Thereafter
2018	$(427,505,188)	$6,387,126	$0	$0	$0	$0	$0	$0	$0
2019	347,799,357	63,807,735	28,760,682	0	0	0	0	0	0
2020	194,637,298	38,871,884	39,149,762	0	0	0	0	0	0
2021	1,617,817,802	323,899,795	323,899,795	322,218,622	0	0	0	0	0
2022	(3,420,365,653)	(683,771,826)	(683,771,826)	(683,771,826)	(683,771,825)	(1,506,524)	0	0	0
2023	2,806,848,594	560,903,910	560,903,910	560,903,910	560,903,910	563,232,954	0	0	0
2024	296,559,933	N/A	63,862,677	63,862,677	63,862,677	63,862,677	41,109,225	0	0
Net increase (decrease) in pension expense		**$310,098,624**	**$332,805,000**	**$263,213,383**	**$(59,005,238)**	**$625,589,107**	**$41,109,225**	**$0**	**$0**

Allocation of changes in total Net Pension Liability

In addition to the amounts shown in the *Schedule of Recognition of Changes in Total Net Pension Liability*, there are changes in each employer's proportionate share of the total Net Pension Liability during the measurement period ending on June 30, 2023. The net effect of the change on the employer's proportionate share of the collective Net Pension Liability and collective deferred outflows of resources and deferred inflows of resources is also recognized over the average of the expected remaining service lives of all employees shown above. The difference between the actual employer contributions and the proportionate share of the employer contributions during the measurement period ending on June 30, 2023 is recognized over the same periods. These amounts are shown below. While these amounts are different for each employer, they sum to zero over the entire LACERS.

Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of the Change in Proportion and Change in Employer Contributions for the Year Ended June 30, 2024

	Total Change to be Recognized	Recognition Period (Years)	Reporting Date for Employer under GAS 68, Year Ended June 30:					
			2024	2025	2026	2027	2028	2029
City	$53,674,179	4.70	$11,420,039	$11,420,039	$11,420,039	$11,420,039	$7,994,023	$0
Airports	(46,298,927)	4.70	(9,850,836)	(9,850,836)	(9,850,836)	(9,850,836)	(6,895,583)	0
Harbor	(7,375,252)	4.70	(1,569,203)	(1,569,203)	(1,569,203)	(1,569,203)	(1,098,440)	0
Total for all Employer Categories	**$0**		**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

Allocation of changes in total Net Pension Liability (continued)

Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of the Change in Proportion and Change in Employer Contributions for the Year Ended June 30, 2023

	Total Change to be Recognized	Recognition Period (Years)	Reporting Date for Employer under GAS 68, Year Ended June 30: 2023	2024	2025	2026	2027	2028
City	$1,397,671	4.83	$289,373	$289,373	$289,373	$289,373	$240,179	$0
Airports	214,656	4.83	44,442	44,442	44,442	44,442	36,888	0
Harbor	(1,612,327)	4.83	(333,815)	(333,815)	(333,815)	(333,815)	(277,067)	0
Total for all Employer Categories	**$0**		**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of the Change in Proportion and Change in Employer Contributions for the Year Ended June 30, 2022

	Total Change to be Recognized	Recognition Period (Years)	Reporting Date for Employer under GAS 68, Year Ended June 30: 2022	2023	2024	2025	2026	2027
City	$46,817,325	5.04	$9,289,152	$9,289,152	$9,289,152	$9,289,152	$9,289,152	$371,565
Airports	(57,708,181)	5.04	(11,450,036)	(11,450,036)	(11,450,036)	(11,450,036)	(11,450,036)	(458,001)
Harbor	10,890,856	5.04	2,160,884	2,160,884	2,160,884	2,160,884	2,160,884	86,436
Total for all Employer Categories	**$0**		**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

Allocation of changes in total Net Pension Liability (continued)

Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of the Change in Proportion and Change in Employer Contributions for the Year Ended June 30, 2021

	Total Change to be Recognized	Recognition Period (Years)	Reporting Date for Employer under GAS 68, Year Ended June 30: 2021	2022	2023	2024	2025	2026
City	$16,194,330	4.99	$3,245,357	$3,245,357	$3,245,357	$3,245,357	$3,212,902	$0
Airports	(15,153,337)	4.99	(3,036,741)	(3,036,741)	(3,036,741)	(3,036,741)	(3,006,373)	0
Harbor	(1,040,993)	4.99	(208,616)	(208,616)	(208,616)	(208,616)	(206,529)	0
Total for all Employer Categories	**$0**		**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of the Change in Proportion and Change in Employer Contributions for the Year Ended June 30, 2020

	Total Change to be Recognized	Recognition Period (Years)	Reporting Date for Employer under GAS 68, Year Ended June 30: 2020	2021	2022	2023	2024	2025
City	$6,255,065	4.97	$1,258,565	$1,258,565	$1,258,565	$1,258,565	$1,220,805	$0
Airports	(1,956,330)	4.97	(393,628)	(393,628)	(393,628)	(393,628)	(381,818)	0
Harbor	(4,298,735)	4.97	(864,937)	(864,937)	(864,937)	(864,937)	(838,987)	0
Total for all Employer Categories	**$0**		**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

Allocation of changes in total Net Pension Liability (continued)

Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of the Change in Proportion and Change in Employer Contributions for the Year Ended June 30, 2019

	Total Change to be Recognized	Recognition Period (Years)	Reporting Date for Employer under GAS 68, Year Ended June 30:					
			2019	2020	2021	2022	2023	2024
City	$2,552,476	5.24	$487,113	$487,113	$487,113	$487,113	$487,113	$116,911
Airports	2,757,695	5.24	526,278	526,278	526,278	526,278	526,278	126,305
Harbor	(5,310,171)	5.24	(1,013,391)	(1,013,391)	(1,013,391)	(1,013,391)	(1,013,391)	(243,216)
Total for all Employer Categories	**$0**		**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of the Change in Proportion and Change in Employer Contributions for the Year Ended June 30, 2018

	Total Change to be Recognized	Recognition Period (Years)	Reporting Date for Employer under GAS 68, Year Ended June 30:					
			2018	2019	2020	2021	2022	2023
City	$7,630,406	5.17	$1,475,900	$1,475,900	$1,475,900	$1,475,900	$1,475,900	$250,906
Airports	(4,450,747)	5.17	(860,879)	(860,879)	(860,879)	(860,879)	(860,879)	(146,352)
Harbor	(3,179,659)	5.17	(615,021)	(615,021)	(615,021)	(615,021)	(615,021)	(104,554)
Total for all Employer Categories	**$0**		**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

Section 3: Actuarial Assumptions and Methods and Appendices

Actuarial assumptions and methods

For June 30, 2023 Measurement Date and Employer Reporting as of June 30, 2024

Rationale for Assumptions

The information and analysis used in selecting each assumption that has a significant effect on this actuarial valuation is shown in the July 1, 2019 through June 30, 2022 Actuarial Experience Study dated June 21, 2023. Unless otherwise noted, all actuarial assumptions and methods shown below apply to both Tier 1 and Tier 3 members. These assumptions have been adopted by the Board.

Economic Assumptions

Net Investment Return:	7.00%; net of investment expenses.
Employee Contribution Crediting Rate:	Based on average of 5-year Treasury note rate. An assumption of 2.50% is used to approximate that crediting rate in this valuation.
Cost of Living Adjustments:	2.75% for Tier 1; 2.00% for Tier 3. (Actual increases are contingent upon CPI increases with a 3.00% maximum for Tier 1 and a 2.00% maximum for Tier 3. For Tier 1 members with a sufficient COLA bank, withdrawals from the bank can be made to increase the retiree COLA up to 3% per year.)
Payroll Growth:	Inflation of 2.50% per year plus real "across-the-board" salary increases of 0.50% per year, used to amortize the UAAL as a level percentage of payroll.
Increase in Internal Revenue Code Section 401(a)(17) Compensation Limit:	Increase of 2.50% per year from the valuation date.

Salary Increases:

The annual rate of compensation increase includes: inflation at 2.50%, plus "across-the-board" salary increases of 0.50% per year, plus the following merit and promotion increases:

Merit and Promotion Increases

Years of Service	Rate (%)
Less than 1	6.00
1 – 2	5.90
2 – 3	5.40
3 – 4	4.20
4 – 5	3.50
5 – 6	2.80
6 – 7	2.50
7 – 8	2.10
8 – 9	1.80
9 – 10	1.60
10 – 11	1.50
11 – 12	1.40
12 – 13	1.30
13 – 14	1.20
14 – 15	1.10
15 & Over	1.00

Demographic Assumptions

Post-Retirement Mortality Rates:

Healthy Members

- Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Tables with rates increased by 10% for males, projected generationally with the two-dimensional mortality improvement scale MP-2021.

Disabled Members

- Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Tables with rates increased by 5% for males and decreased by 5% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.

Beneficiaries

- **Beneficiaries not currently in pay status:** Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Tables with rates increased by 10% for males, projected generationally with the two-dimensional mortality improvement scale MP-2021.
- **Beneficiaries currently in pay status:** Pub-2010 Contingent Survivor Amount-Weighted Above-Median Mortality Tables with rates increased by 5% for males and increased by 10% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.

The Pub-2010 mortality tables and adjustments as shown above reasonably reflect the mortality experience as of the measurement date. These mortality tables were adjusted to future years using the generational projection to reflect future mortality improvement between the measurement date and those years.

Pre-Retirement Mortality Rates:

- Pub-2010 General Employee Amount-Weighted Above-Median Mortality Tables with rates increased by 10% for males and females, projected generationally with the two-dimensional mortality improvement scale MP-2021.

	Rate (%)	
Age	**Male**	**Female**
20	0.04	0.01
25	0.03	0.01
30	0.03	0.01
35	0.05	0.02
40	0.06	0.04
45	0.09	0.06
50	0.14	0.08
55	0.21	0.12
60	0.30	0.19
65	0.45	0.30

Generational projections beyond the base year (2010) are not reflected in the above mortality rates.

For Tier 1 Enhanced, 100% of pre-retirement death benefits are assumed to be service-connected.

Disability Incidence:

Disability Incidence

Age	Rate (%)
25	0.01
30	0.02
35	0.03
40	0.05
45	0.10
50	0.14
55	0.15
60	0.16
65	0.20

For Tier 1 Enhanced, 90% of disability retirements are assumed to be service-connected with service-connected disability benefits based on years of service, as follows:

Years of Service	Benefit
Less than 20	55% of Final Average Monthly Compensation
20 – 30	65% of Final Average Monthly Compensation
More than 30	75% of Final Average Monthly Compensation

For Tier 1 Enhanced, 10% of disability retirements are assumed to be nonservice-connected with nonservice-connected disability benefits equal to 40% of Final Average Monthly Compensation.

Termination:

Years of Service	Rate (%)
Less than 1	10.50
1 – 2	10.00
2 – 3	9.00
3 – 4	7.75
4 – 5	6.25
5 – 6	5.25
6 – 7	5.00
7 – 8	4.75
8 – 9	4.50
9 – 10	4.25
10 – 11	4.00
11 – 12	3.75
12 – 13	3.50
13 – 14	3.00
14 – 15	2.75
15 & over	2.50

No termination is assumed after a member is eligible for retirement (as long as a retirement rate is present).

Retirement Rates:

Rate (%)

Age	Tier 1 Non-55/30	Tier 1 55/30	Tier 1 Enhanced Non-55/30	Tier 1 Enhanced 55/30	Tier 3 Non-55/30	Tier 3 55/30
50	5.0	0.0	6.0	0.0	5.0	0.0
51	3.0	0.0	5.0	0.0	3.0	0.0
52	3.0	0.0	5.0	0.0	3.0	0.0
53	3.0	0.0	5.0	0.0	3.0	0.0
54	18.0	0.0	18.0	0.0	17.0	0.0
55	6.0	27.0	10.0	30.0	0.0[1]	26.0
56	6.0	18.0	10.0	22.0	0.0[1]	17.0
57	6.0	18.0	10.0	22.0	0.0[1]	17.0
58	6.0	18.0	10.0	22.0	0.0[1]	17.0
59	6.0	18.0	10.0	22.0	0.0[1]	17.0
60	9.0	18.0	11.0	22.0	8.0	17.0
61	9.0	18.0	11.0	22.0	8.0	17.0
62	9.0	18.0	11.0	22.0	8.0	17.0
63	9.0	18.0	11.0	22.0	8.0	17.0
64	9.0	18.0	11.0	22.0	8.0	17.0
65	16.0	21.0	20.0	26.0	15.0	20.0
66	16.0	21.0	20.0	26.0	15.0	20.0
67	16.0	21.0	20.0	26.0	15.0	20.0
68	16.0	21.0	20.0	26.0	15.0	20.0
69	16.0	21.0	20.0	26.0	15.0	20.0
70 & Over	100.0	100.0	100.0	100.0	100.0	100.0

[1] Not eligible to retire under the provisions of the Tier 3 plan at these ages with less than 30 years of service. If a member has at least 30 years of service at these ages, they would be subject to the "55/30" rates.

Retirement Age and Benefit for Inactive Vested Members: Pension benefit paid at the later of age 60 or the current attained age for members retiring from deferred status and at the later of age 59 and the current attained age for members retiring from reciprocal status. For reciprocals, 4.00% compensation increases per annum.

Other Reciprocal Service: 5% of future inactive vested members will work at a reciprocal system.

Service:	Benefit service is used for benefit calculation purposes. For eligibility determination purposes, employment service is used for currently active members and vesting service is used for currently inactive members.
Future Benefit Accruals:	1.0 year of service credit per year.
Unknown Data for Members:	Same as those exhibited by members with similar known characteristics. If not specified, members are assumed to be male.
Form of Payment:	All active and inactive Tier 1 and Tier 3 members who are assumed to be married or with domestic partners at retirement are assumed to elect the 50% Joint and Survivor Cash Refund Annuity. For Tier 1 Enhanced, the continuance percentage is 70% for service retirement and nonservice-connected disability, and 80% for service-connected disability. Those members who are assumed to be un-married or without domestic partners are assumed to elect the Single Cash Refund Annuity.
Percent Married/Domestic Partner:	For all active and inactive members, 76% of male participants and 52% of female participants are assumed to be married or with domestic partner at pre-retirement death or retirement.
Age and Gender of Spouse:	For all active and inactive members, male members are assumed to have a female spouse who is 3 years younger than the member and female members are assumed to have a male spouse who is 2 years older than the member.

Actuarial Methods

Actuarial Cost Method:	Entry Age Cost Method, level percent of salary. Entry age is calculated as age on the valuation date minus years of benefit service rounded down to the number of completed years. Both the normal cost and the actuarial accrued liability are calculated on an individual basis.
Actuarial Value of Assets:	Market value of assets (MVA) less unrecognized returns in each of the last seven years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a seven-year period. The actuarial value of assets (AVA) is limited by a 40% corridor; the AVA cannot be less than 60% of MVA, nor greater than 140% of MVA.
Expected Remaining Service Lives:	The average of the expected service lives of all employees is determined by: • Calculating each active employee's expected remaining service life as the present value of $1 per year of future service at zero percent interest. • Setting the remaining service life to zero for each nonactive or retired member. • Dividing the sum of the above amounts by the total number of active employees, nonactive and retired members.

Changes in Actuarial Assumptions

Based on the July 1, 2019 through June 30, 2022 Actuarial Experience Study, the following actuarial assumptions were changed. Previously, these assumptions were:

Economic Assumptions

Employee Contribution Crediting Rate:	Based on average of 5-year Treasury note rate. An assumption of 2.75% is used to approximate that crediting rate in this valuation.
Payroll Growth:	Inflation of 2.75% per year plus real "across-the-board" salary increases of 0.50% per year, used to amortize the UAAL as a level percentage of payroll.
Increase in Internal Revenue Code Section 401(a)(17) Compensation Limit:	Increase of 2.75% per year from the valuation date.

Salary Increases:	The annual rate of compensation increase includes: inflation at 2.75%, plus “across-the-board” salary increases of 0.50% per year, plus the following merit and promotion increases:

Merit and Promotion Increases

Years of Service	Rate (%)
Less than 1	6.70
1 – 2	6.50
2 – 3	5.80
3 – 4	4.00
4 – 5	3.00
5 – 6	2.20
6 – 7	2.00
7 – 8	1.80
8 – 9	1.60
9 – 10	1.40
10 & Over	1.00

Demographic Assumptions

Post-Retirement Mortality Rates:

Healthy Members

- Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Tables with rates increased by 10% for males, projected generationally with the two-dimensional mortality improvement scale MP-2019.

Disabled Members

- Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Tables with rates increased by 10% for males and decreased by 5% for females, projected generationally with the two-dimensional mortality improvement scale MP-2019.

Beneficiaries

- Pub-2010 Contingent Survivor Amount-Weighted Above-Median Mortality Tables with rates increased by 10% for males and females, projected generationally with the two-dimensional mortality improvement scale MP-2019.

The Pub-2010 mortality tables and adjustments as shown above reasonably reflect the mortality experience as of the measurement date. These mortality tables were adjusted to future years using the generational projection to reflect future mortality improvement between the measurement date and those years.

Pre-Retirement Mortality Rates:

- Pub-2010 General Employee Amount-Weighted Above-Median Mortality Tables with rates increased by 10%, projected generationally with the two-dimensional mortality improvement scale MP-2019.

	Rate (%)	
Age	**Male**	**Female**
20	0.04	0.01
25	0.03	0.01
30	0.03	0.01
35	0.05	0.02
40	0.06	0.04
45	0.09	0.06
50	0.14	0.08
55	0.21	0.12
60	0.30	0.19
65	0.45	0.30

Generational projections beyond the base year (2010) are not reflected in the above mortality rates.

For Tier 1 Enhanced, 100% of pre-retirement death benefits are assumed to be service-connected.

Disability Incidence:

Disability Incidence

Age	Rate (%)
25	0.01
30	0.02
35	0.04
40	0.06
45	0.12
50	0.16
55	0.18
60	0.18
65	0.22

For Tier 1 Enhanced, 90% of disability retirements are assumed to be service-connected with service-connected disability benefits based on years of service, as follows:

Years of Service	Benefit
Less than 20	55% of Final Average Monthly Compensation
20 – 30	65% of Final Average Monthly Compensation
More than 30	75% of Final Average Monthly Compensation

For Tier 1 Enhanced, 10% of disability retirements are assumed to be nonservice-connected with nonservice-connected disability benefits equal to 40% of Final Average Monthly Compensation.

Termination:

Less Than Five Years of Service

Years of Service	Rate (%)
Less than 1	11.50
1 – 2	10.00
2 – 3	8.50
3 – 4	7.75
4 – 5	7.00

Five or More Years of Service

Age	Rate (%)
25	7.00
30	6.70
35	5.30
40	3.75
45	3.10
50	3.00
55	3.00
60	3.00

No termination is assumed after a member is eligible for retirement (as long as a retirement rate is present).

Retirement Rates:

	Rate (%)					
	Tier 1		Tier 1 Enhanced		Tier 3	
Age	**Non-55/30**	**55/30**	**Non-55/30**	**55/30**	**Non-55/30**	**55/30**
50	5.0	0.0	7.0	0.0	5.0	0.0
51	3.0	0.0	5.0	0.0	3.0	0.0
52	3.0	0.0	5.0	0.0	3.0	0.0
53	3.0	0.0	5.0	0.0	3.0	0.0
54	18.0	0.0	20.0	0.0	17.0	0.0
55	6.0	27.0	8.0	30.0	0.0[1]	26.0
56	6.0	18.0	8.0	22.0	0.0[1]	17.0
57	6.0	18.0	8.0	22.0	0.0[1]	17.0
58	6.0	18.0	8.0	22.0	0.0[1]	17.0
59	6.0	18.0	8.0	22.0	0.0[1]	17.0
60	7.0	18.0	9.0	22.0	6.0	17.0
61	7.0	18.0	9.0	22.0	6.0	17.0
62	7.0	18.0	9.0	22.0	6.0	17.0
63	7.0	18.0	9.0	22.0	6.0	17.0
64	7.0	18.0	9.0	22.0	6.0	17.0
65	14.0	21.0	16.0	26.0	13.0	20.0
66	14.0	21.0	16.0	26.0	13.0	20.0
67	14.0	21.0	16.0	26.0	13.0	20.0
68	14.0	21.0	16.0	26.0	13.0	20.0
69	14.0	21.0	16.0	26.0	13.0	20.0
70 & Over	100.0	100.0	100.0	100.0	100.0	100.0

[1] Not eligible to retire under the provisions of the Tier 3 plan at these ages with less than 30 years of service. If a member has at least 30 years of service at these ages, they would be subject to the "55/30" rates.

Retirement Age and Benefit for Inactive Vested Members: Pension benefit paid at the later of age 59 or the current attained age. For reciprocals, 4.25% compensation increases per annum.

Service: Employment service is used for eligibility determination purposes. Benefit service is used for benefit calculation purposes.

Actuarial Funding Policy

Actuarial Cost Method:	Entry Age Cost Method, level percent of salary. Entry age is calculated as age on the valuation date minus years of employment service. Both the normal cost and the actuarial accrued liability are calculated on an individual basis.

Appendix A: Projection of Plan Fiduciary Net Position for use in the calculation of discount rate as of June 30, 2023 ($ in millions)

Year Beginning July 1,	Projected Beginning Plan's Fiduciary Net Position (a)	Projected Total Contributions (b)	Projected Benefit Payments (c)	Projected Administrative Expenses (d)	Projected Investment Earnings (e)	Projected Ending Plan's Fiduciary Net Position (f) = (a) + (b) - (c) - (d) + (e)
2022	$17,013	$927	$1,220	$29	$1,261	$17,953
2023	17,953	1,008	1,404	30	1,236	18,764
2024	18,764	978	1,396	32	1,292	19,607
2025	19,607	997	1,457	33	1,349	20,463
2026	20,463	1,012	1,521	34	1,407	21,327
2027	21,327	1,018	1,586	36	1,466	22,188
2028	22,188	1,049	1,650	37	1,524	23,075
2029	23,075	1,089	1,719	39	1,585	23,992
2030	23,992	1,126	1,792	40	1,648	24,934
2049	32,246	188	2,752	54	2,155	31,782
2050	31,782	176 *	2,778	53	2,121	31,248
2051	31,248	166 *	2,795	53	2,083	30,649
2052	30,649	155 *	2,807	52	2,040	29,985
2053	29,985	145 *	2,816	50	1,993	29,256
2086	2,705	23 *	581	5	167	2,310
2087	2,310	21 *	514	4	142	1,956
2088	1,956	19 *	452	3	120	1,640
2089	1,640	17 *	393	3	100	1,361
2090	1,361	15 *	339	2	83	1,118
2106	15	1 *	6	0	1	11
2107	11	1 *	4	0	1	8
2108	8	1 *	3	0	0	6
2109	6	1 *	2	0	0	4
2110	4	0 *,**	2	0	0	3
2111	3	0 *,**	1	0	0	2
2112	2	0 *,**	1	0	0	2
2113	2	0 *,**	1	0	0	1
2114	1	0 *,**	1	0	0	1
2115	1	0 *,**	0 **	0	0	1
2116	1	0 *,**	0 **	0	0	0
2117	0	0 *,**	0 **	0	0	0
2118	0	0 *,**	0 **	0	0	0
2119	0	0 *,**	0 **	0	0	0
2120	0	0 *,**	0 **	0	0	0
2121	0	0 *,**	0 **	0	0	0

* Mainly attributable to employer contributions to fund each year's annual administrative expenses.

** Less than $1 million, when rounded.

Note that in preparing the above projections, we have not taken into consideration the one-year delay between the date of the contribution rate calculation and the implementation.

Notes:

(1) Amounts may not total exactly due to rounding.

(2) Amounts shown for the year beginning July 1, 2022 row are actual amounts, based on the unaudited financial statements provided by LACERS.

(3) Years 2031-2048, 2054-2085, and 2091-2105 have been omitted from this table.

(4) Column (a): None of the projected beginning Plan's Fiduciary Net Position amounts shown have been adjusted for the time value of money.

(5) Column (b): Projected total contributions include employee and employer normal cost contributions based on closed group projections (based on covered active members as of June 30, 2023); plus employer contributions to the unfunded actuarial accrued liability; plus contributions to fund each year's annual administrative expenses reflecting a 15-year amortization schedule. Contributions are assumed to occur halfway through the year, on average.

(6) Column (c): Projected benefit payments have been determined in accordance with paragraph 39 of GASB Statement No. 67, and are based on the closed group of active, inactive vested, retired members, and beneficiaries as of June 30, 2023. The projected benefit payments reflect the cost of living increase assumptions used in the June 30, 2023 funding valuation report. Benefit payments are assumed to occur halfway through the year, on average. In accordance with paragraph 31.b.(1)(e) of GASB Statement No. 67, the long-term expected rate of return on Plan investments of 7.00% was applied to all periods of projected benefit payments to determine the discount rate.

(7) Column (d): Projected administrative expenses are calculated as approximately 0.17% of the projected beginning Plan's Fiduciary Net Position amount. The 0.17% portion was based on the actual fiscal year 2022 - 2023 administrative expenses as a percentage of the beginning Plan's Fiduciary Net Position amount as of July 1, 2022. Administrative expenses are assumed to occur halfway through the year, on average.

(8) Column (e): Projected investment earnings are based on the assumed investment rate of return of 7.00% per annum.

(9) As illustrated in this Exhibit, the Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments for current Plan members. In other words, there is no projected 'cross-over date' when projected benefits are not covered by projected assets. Therefore, the long-term expected rate of return on Plan investments of 7.00% per annum was applied to all periods of projected benefit payments to determine the Total Pension Liability as of June 30, 2023 shown earlier in this report, pursuant to paragraph 44 of GASB Statement No. 67.

(10) This projection is based on a model developed by our Actuarial Technology and Systems unit, comprised of both actuaries and programmers. The model allows the client team, under the supervision of the responsible actuary, control over the entry of future expected contribution income, benefit payments and administrative expenses. The projection of fiduciary net position and the discounting of benefits is part of the model.

Appendix B: Definition of terms

Definitions of certain terms as they are used in Statement 68. The terms may have different meanings in other contexts.

Actuarial Present Value of Projected Benefit Payments:	Projected benefit payments discounted to reflect the expected effects of the time value (present value) of money and the probabilities of payment.
Actuarial Valuation:	The determination, as of a point in time (the actuarial valuation date), of the service cost, Total Pension Liability, and related actuarial present value of projected benefit payments for pensions performed in conformity with Actuarial Standards of Practice unless otherwise specified by the GASB.
Actuarial Valuation Date:	The date as of which an actuarial valuation is performed.
Actuarially Determined Contribution:	A target or recommended contribution to a defined benefit pension plan for the reporting period, determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted.
Ad Hoc Cost-of-Living Adjustments (Ad Hoc COLAs):	Cost-of-living adjustments that require a decision to grant by the authority responsible for making such decisions.
Ad Hoc Postemployment Benefit Changes:	Postemployment benefit changes that require a decision to grant by the authority responsible for making such decisions.
Automatic Cost-of-Living Adjustments (Automatic COLAs):	Cost-of-living adjustments that occur without a requirement for a decision to grant by a responsible authority, including those for which the amounts are determined by reference to a specified experience factor (such as the earnings experience of the pension plan) or to another variable (such as an increase in the consumer price index).
Automatic Postemployment Benefit Changes:	Postemployment benefit changes that occur without a requirement for a decision to grant by a responsible authority, including those for which the amounts are determined by reference to a specified experience factor (such as the earnings experience of the pension plan) or to another variable (such as an increase in the consumer price index).
Cost-of-Living Adjustments:	Postemployment benefit changes intended to adjust benefit payments for the effects of inflation.
Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Cost-Sharing Pension Plan):	A multiple-employer defined benefit pension plan in which the pension obligations to the employees of more than one employer are pooled and pension plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.
Covered Payroll:	Payroll on which contributions to the pension plan are based.
Defined Benefit Pension Plans:	Pension plans that are used to provide defined benefit pensions.

Defined Benefit Pensions:	Pensions for which the income or other benefits that the employee will receive at or after separation from employment are defined by the benefit terms. The pensions may be stated as a specified dollar amount or as an amount that is calculated based on one or more factors such as age, years of service, and compensation. (A pension that does not meet the criteria of a defined contribution pension is classified as a defined benefit pension for purposes of Statement 67.)
Defined Contribution Pension Plans:	Pension plans that are used to provide defined contribution pensions.
Defined Contribution Pensions:	Pensions having terms that (1) provide an individual account for each employee; (2) define the contributions that an employer is required to make (or the credits that it is required to provide) to an active employee's account for periods in which that employee renders service; and (3) provide that the pensions an employee will receive will depend only on the contributions (or credits) to the employee's account, actual earnings on investments of those contributions (or credits), and the effects of forfeitures of contributions (or credits) made for other employees, as well as pension plan administrative costs, that are allocated to the employee's account.
Discount Rate:	The single rate of return that, when applied to all projected benefit payments, results in an actuarial present value of projected benefit payments equal to the total of the following: 1. The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the pension Plan Fiduciary Net Position is projected (under the requirements of Statement 67) to be greater than the benefit payments that are projected to be made in that period and (b) pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term expected rate of return, calculated using the long-term expected rate of return on pension plan investments. 2. The actuarial present value of projected benefit payments not included in (1), calculated using the municipal bond rate.
Entry Age Actuarial Cost Method:	A method under which the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit age(s). The portion of this actuarial present value allocated to a valuation year is called the normal cost. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future normal costs is called the actuarial accrued liability.
Inactive Employees:	Terminated individuals that have accumulated benefits but are not yet receiving them, and retirees or their beneficiaries currently receiving benefits.
Multiple-Employer Defined Benefit Pension Plan:	A defined benefit pension plan that is used to provide pensions to the employees of more than one employer.
Net Pension Liability (NPL):	The liability of employers and non-employer contributing entities to employees for benefits provided through a defined benefit pension plan.

Other Postemployment Benefits:	All postemployment benefits other than retirement income (such as death benefits, life insurance, disability, and long-term care) that are provided separately from a pension plan, as well as postemployment healthcare benefits, regardless of the manner in which they are provided. Other postemployment benefits do not include termination benefits.
Pension Plans:	Arrangements through which pensions are determined, assets dedicated for pensions are accumulated and managed and benefits are paid as they come due.
Pensions:	Retirement income and, if provided through a pension plan, postemployment benefits other than retirement income (such as death benefits, life insurance, and disability benefits). Pensions do not include postemployment healthcare benefits and termination benefits.
Plan Members:	Individuals that are covered under the terms of a pension plan. Plan members generally include (1) employees in active service (active plan members) and (2) terminated employees who have accumulated benefits but are not yet receiving them and retirees or their beneficiaries currently receiving benefits (inactive plan members).
Postemployment:	The period after employment.
Postemployment Benefit Changes:	Adjustments to the pension of an inactive employee.
Postemployment Healthcare Benefits:	Medical, dental, vision, and other health-related benefits paid subsequent to the termination of employment.
Projected Benefit Payments:	All benefits estimated to be payable through the pension plan to current active and inactive employees as a result of their past service and their expected future service.
Public Employee Retirement System:	A special-purpose government that administers one or more pension plans; also may administer other types of employee benefit plans, including postemployment healthcare plans and deferred compensation plans.
Real Rate of Return:	The rate of return on an investment after adjustment to eliminate inflation.
Service Costs:	The portions of the actuarial present value of projected benefit payments that are attributed to valuation years.
Single-Employer Defined Benefit Pension Plan (Single-Employer Pension Plan):	A defined benefit pension plan that is used to provide pensions to employees of only one employer.
Termination Benefits:	Inducements offered by employers to active employees to hasten the termination of services, or payments made in consequence of the early termination of services. Termination benefits include early-retirement incentives, severance benefits, and other termination-related benefits.
Total Pension Liability (TPL):	The portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service in conformity with the requirements of Statement 68.

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BOARD Meeting 10/08/24
Item: III-C
Attachment: 2

Los Angeles City Employees' Retirement System (LACERS)

Governmental Accounting Standards Board Statement 75 (GAS 75) Actuarial Valuation of Other Postemployment Benefits (OPEB)

Actuarial Valuation Based on June 30, 2023 Measurement Date for Employer Reporting as of June 30, 2024

Segal

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May 21, 2024

Board of Administration
Los Angeles City Employees' Retirement System
977 N. Broadway
Los Angeles, CA 90012-1728

Dear Board Members:

We are pleased to submit this Governmental Accounting Standards (GAS) 75 Actuarial Valuation based on a June 30, 2023 measurement date for employer reporting as of June 30, 2024. It contains various information that will need to be disclosed in order for the three employer categories in LACERS (i.e., the City, Airports, and Harbor) to comply with GAS 75.

This report was prepared in accordance with generally accepted actuarial principles and practices at the request of the Board to assist the sponsors in preparing their financial report for their liabilities associated with the LACERS Other Postemployment Benefits (OPEB) plan. The census and financial information on which our calculations were based was provided by LACERS. That assistance is gratefully acknowledged.

The measurements shown in this actuarial valuation may not be applicable for other purposes. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and changes in plan provisions or applicable law.

The actuarial calculations were completed under the supervision of Andy Yeung ASA, MAAA, FCA and Mehdi Riazi, FSA, MAAA, FCA, EA. The health care trend and other related medical assumptions have been reviewed by Mary Kirby, FSA, MAAA, FCA. We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. To the best of our knowledge, the information supplied in the actuarial valuation is complete and accurate. Further, in our opinion, the assumptions as approved by the Board are reasonably related to the experience of and expectations for the System.

We look forward to reviewing this report with you and to answering any questions.

Sincerely,

Segal

Paul Angelo, FSA, MAAA, FCA, EA Senior Vice President and Actuary	Andy Yeung, ASA, MAAA, FCA, EA Vice President and Actuary
Todd Tauzer, FSA, MAAA, FCA, CERA Senior Vice President and Actuary	Mehdi Riazi, FSA, MAAA, FCA, EA Vice President and Actuary

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Segal

Section 1: Actuarial Valuation Summary

Purpose and basis

This report has been prepared by Segal to present certain disclosure information required by Governmental Accounting Standards (GAS) 75 for employer reporting as of June 30, 2024. The results used in preparing this GAS 75 report are comparable to those used in preparing the Governmental Accounting Standards (GAS) 74 report for the Plan based on a measurement date and a reporting date as of June 30, 2023. This valuation is based on:

- The benefit provisions of the OPEB Plan, as administered by the Board of Administration;
- The characteristics of covered active members, inactive vested members, and retired members and surviving spouses as of June 30, 2023, provided by LACERS;
- The assets of the Plan as of June 30, 2023, provided by LACERS;
- Economic assumptions regarding future salary increases and investment earnings; and
- Other (health and non-health) actuarial assumptions, regarding employee terminations, retirement, death, health care trend and enrollment, etc. that the Board has adopted for the June 30, 2023 valuation.

This valuation does not reflect the potential impact of any future changes due to prior or pending legislations. Because the 2025 Final CY 2025 Part D Redesign Program Instructions were released by the Centers for Medicare and Medicaid Services (CMS) several months after the June 30, 2023 measurement date, the trend rate assumptions do not reflect the anticipated impact of the Inflation Reduction Act of 2022 on the plan’s 2025 Medicare plan premiums.

General observations on GAS 75 actuarial valuation

1. The Governmental Accounting Standards Board (GASB) rules only define OPEB liability and expense for financial reporting purposes, and do not apply to contribution amounts for OPEB funding purposes. Employers and plans still develop and adopt funding policies under current practices.
2. When measuring OPEB liability, GASB uses the same actuarial cost method (Entry Age) and, for benefits that are being fully funded on an actuarial basis, the same expected return on Plan assets as used for funding. This means that the Total OPEB Liability (TOL) measure for financial reporting shown in this report is determined on the same basis as the Actuarial Accrued Liability (AAL) measure for funding. We note that the same is true for the Normal Cost component of the annual plan cost for funding and financial reporting.

3. The Net OPEB Liability (NOL) is equal to the difference between the TOL and the Plan Fiduciary Net Position. The Plan Fiduciary Net Position is equal to the market value of assets and therefore, the NOL measure is the same as the Unfunded Actuarial Accrued Liability (UAAL) calculated on a market value basis. The NOL reflects all investment gains and losses as of the measurement date. This is different from the UAAL calculated on an actuarial value of assets basis in the funding valuation that reflects investment gains and losses over a seven-year period.

Highlights of the valuation

1. For this report, the reporting dates for the employer are June 30, 2024 and 2023. The NOL was measured as of June 30, 2023 and 2022, and determined based upon the results of the actuarial valuations as of June 30, 2023 and 2022, respectively. The Plan Fiduciary Net Position (plan assets) and the TOL were valued as of the measurement dates. Consistent with the provisions of GAS 75, the assets and liabilities measured as of June 30, 2023 and 2022 were not adjusted or rolled forward to the June 30, 2024 and 2023 reporting dates, respectively.
2. The NOL has decreased from a liability of $232.9 million as of June 30, 2022 to a surplus of $(135.3) million as of June 30, 2023 mainly due to (i) 2024 premiums, underlying claims estimates and subsidy levels were overall lower than expected; the savings produced by the Medicare plan premiums (which either remained level or decreased) more than offset the losses which resulted from the larger than expected premium increases for the non-Medicare plan premiums; updates to the actuarial spread factor methodology also contributed to the savings (ii) reflecting assumptions based on the triennial experience study, and (iii) the overall impact of the updated trend assumptions produced savings for the plan; although the trend rates for 2025 and after were slightly increased, the first year trend assumption for fiscal year 2023/2024 was lower than expected due to the 2024 premium experience.
3. There was a decrease in the total employer OPEB expense from $14.3 million calculated last year to $(1.8) million, an OPEB income, calculated this year. The decrease was driven by this year's assumption changes, mainly the updated retiree claims and subsidy estimates. The decrease was partially offset by a lower credit for projected investment returns. A breakdown of the OPEB expenses for this year and last year can be found in *Section 2, OPEB Expense* on page 25.
4. The investment return calculated for the OPEB Plan was 8.05% (net of investment expenses only). This is higher than the 7.35% investment return calculated for the Retirement Plan.[1] Both of these returns have been calculated by Segal on a dollar-weighted basis taking into account the beginning of year assets, contributions, and benefit cash flows made during the year. In backing into a rate of return using actual investment income and investment expense as provided by LACERS, we sometimes could come up with a different return for the two Plans if: (a) the timing of the actual cash flows (especially the benefit payments) are

[1] We note that for the June 30, 2022 valuation, the investment return calculated for the OPEB Plan was -9.52% while the investment return calculated for the Retirement Plan was -8.11%.

different from what we assumed and/or (b) the actual income and expense allocated are different when compared to the proportion of the assets in the two Plans.

5. The discount rates used in the valuations for financial disclosure purposes as of June 30, 2023 and 2022 are the assumed investment returns on Plan assets (i.e. 7.00% for the funding valuations as of the same dates). As contributions that are required to be made by the City to amortize the Unfunded Actuarial Accrued Liability in the funding valuation are determined on an actuarial basis, the future Actuarially Determined Contributions and current Plan assets, when projected in accordance with the method prescribed by GAS 75, are expected to be sufficient to make all benefit payments to current members.

6. The NOLs for the three employer categories in LACERS (i.e., the City, Airports, and Harbor) as of June 30, 2022 and June 30, 2023 are allocated based on the actual employer contributions made during 2021/2022 and 2022/2023, respectively. The steps we used for the allocation are as follows
   a. First calculate the ratio of the employer category's contributions to the total contributions.
   b. Then multiply this ratio by the NOL to determine the employer category's proportionate share of the NOL. The NOL allocation can be found in *Section 2, Determination of proportionate share* on pages 22 and 23.

7. Results shown in this report exclude any employer contributions made after the measurement date of June 30, 2023. Employers should consult with their auditors to determine any deferred outflow that should be created for these contributions.

Summary of key valuation results[1]

Reporting Date for Employer under GAS 75 Measurement Date for Employer under GAS 75		June 30, 2024[2] June 30, 2023	June 30, 2023[3] June 30, 2022
Disclosure elements for fiscal year ending June 30:	• Service cost[4]	$81,027,749	$81,415,128
	• Total OPEB Liability	3,405,088,528	3,580,696,288
	• Plan Fiduciary Net Position	3,540,386,112	3,347,771,350
	• Net OPEB Liability	(135,297,584)	232,924,938
	• OPEB Expense	(1,782,984)	14,311,483
Schedule of contributions for fiscal year ending June 30:	• Actuarially determined contributions	$90,580,892	$91,622,720
	• Actual contributions	90,580,892	91,622,720
	• Contribution deficiency / (excess)	0	0
Demographic data for plan year ending June 30:	• Number of retired members and surviving spouses[5]	17,759	17,753
	• Number of vested terminated members	1,617	1,537
	• Retired members and surviving spouses entitled but not yet eligible for health benefits.	132	139
	• Number of active members	25,875	24,917
Key assumptions as of June 30:	• Discount rate	7.00%	7.00%
	• Health care premium trend rates		
	Non-Medicare medical plans	Actual premium increase in first year, then graded from 7.12% to ultimate 4.50% over 11 years	Actual premium increase in first year, then graded from 7.12% to ultimate 4.50% over 11 years
	Medicare medical plans	Actual premium increase in first year, then graded from 6.37% to ultimate 4.50% over 8 years	Actual premium increase in first year, then graded from 6.37% to ultimate 4.50% over 8 years
	Dental	Actual premium increase in first year, then 3.00%	3.00%
	Medicare Part B	Actual premium increase in first year, then 4.50%	Actual premium increase in the first year, then 4.50%

1 The assets and liabilities throughout this report are for the OPEB Plan only, and exclude amounts for the Retirement, Family Death benefit and Larger Annuity Plans.
2 The reporting date and measurement date for the Plan are June 30, 2023.
3 The reporting date and measurement date for the Plan are June 30, 2022.
4 The service cost is based on the previous year's valuation, meaning the June 30, 2023 and 2022 measurement date values are based on the valuations as of June 30, 2022 and June 30, 2021, respectively. The key assumptions used in the June 30, 2021 valuation are as follows:

Discount rate	7.00%
Health care premium trend rates	
Non-Medicare medical plan	Actual premium increase in first year, then graded from 7.37% to ultimate 4.50% over 12 years
Medicare medical plan	Actual premium increase in first year, then graded from 6.37% to ultimate 4.50% over 8 years
Dental	4.00%
Medicare Part B	4.50%

5 The total number of participants, including married dependents, receiving benefits is 23,696 as of June 30, 2023 and 23,798 as of June 30, 2022.

Important information about actuarial valuations

An actuarial valuation is a budgeting tool with respect to the financing of future projected obligations of an OPEB plan. It is an estimated forecast – the actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan.

In order to prepare a valuation, Segal relies on a number of input items. These include:

Plan of benefits	Plan provisions define the rules that will be used to determine benefit payments, and those rules, or the interpretation of them, may change over time. Even where they appear precise, outside factors may change how they operate. It is important to keep Segal informed with respect to plan provisions and administrative procedures, and to review the plan description in this report (as well as the plan summary included in our funding valuation report) to confirm that Segal has correctly interpreted the plan provisions.
Participant data	An actuarial valuation for a plan is based on data provided to the actuary by LACERS. Segal does not audit such data for completeness or accuracy, other than reviewing it for obvious inconsistencies compared to prior data and other information that appears unreasonable. It is important for Segal to receive the best possible data and to be informed about any known incomplete or inaccurate data.
Assets	This valuation is based on the market value of assets as of the measurement date, as provided by LACERS.
Actuarial assumptions	In preparing an actuarial valuation, Segal starts by developing a forecast of the benefits to be paid to existing plan participants for the rest of their lives and the lives of their beneficiaries. To determine the future costs of benefits, Segal collects claims, premiums, and enrollment data in order to establish a baseline cost for the valuation measurement, and then develops short- and long-term health care cost trend rates to project increases in costs in future years. This forecast also requires actuarial assumptions as to the probability of death, disability, withdrawal, and retirement of each participant for each year, as well as forecasts of the plan's benefits for each of those events. The forecasted benefits are then discounted to a present value, typically based on an estimate of the rate of return that will be achieved on the plan's assets or, if there are no assets, a rate of return based on a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). All of these factors are uncertain and unknowable. Thus, there will be a range of reasonable assumptions, and the results may vary materially based on which assumptions the actuary selects within that range. That is, there is no right answer (except with hindsight). It is important for any user of an actuarial valuation to understand and accept this constraint. The actuarial model necessarily uses approximations and estimates that may lead to significant changes in our results but will have no impact on the actual cost of the plan. In addition, the actuarial assumptions may change over time, and while this can have a significant impact on the reported results, it does not mean that the previous assumptions or results were unreasonable or wrong.

Section 1: Actuarial Valuation Summary

Models	Segal valuation results are based on proprietary actuarial modeling software. The actuarial valuation models generate a comprehensive set of liability and cost calculations that are presented to meet regulatory, legislative and client requirements. Our Actuarial Technology and Systems unit, comprised of both actuaries and programmers, is responsible for the initial development and maintenance of these models. The models have a modular structure that allows for a high degree of accuracy, flexibility and user control. The client team programs the assumptions and the plan provisions, validates the models, and reviews test lives and results, under the supervision of the responsible actuary. Our per capita cost assumptions are based on proprietary modeling software as well as models that were developed by others. These models generate demographic factors that are used in our valuation software. Our Health Technical Services Unit, comprised of actuaries and programmers, is responsible for the initial development and maintenance of our health models. They are also responsible for testing models that we purchase from other vendors for reasonableness. The client team inputs the demographic data, enrollments, plan provisions and assumptions into these models and reviews the results for reasonableness, under the supervision of the responsible actuary.

The user of Segal's actuarial valuation (or other actuarial calculations) should keep the following in mind:

The actuarial valuation is prepared at the request of the Board to assist the sponsors of the Fund in preparing items related to the pension plan in their financial reports. Segal is not responsible for the use or misuse of its report, particularly by any other party.
An actuarial valuation is a measurement at a specific date – it is not a prediction of the plan's future financial condition. Accordingly, Segal did not perform an analysis of the potential range of financial measures, except where otherwise noted.
If the System is aware of any event or trend that was not considered in this valuation that may materially change the results of the valuation, Segal should be advised, so that we can evaluate it.
Segal does not provide investment, legal, accounting, or tax advice. Segal's valuation is based on our understanding of applicable guidance in these areas and of the plan's provisions, but they may be subject to alternative interpretations. The Board should look to their other advisors for expertise in these areas.
While Segal maintains extensive quality assurance procedures, an actuarial valuation involves complex computer models and numerous inputs. In the event that an inaccuracy is discovered after presentation of Segal's valuation, Segal may revise that valuation or make an appropriate adjustment in the next valuation.
Segal's report shall be deemed to be final and accepted by the Fund upon delivery and review. The System should notifiy Segal immediately of any questions or concers about the final content.

As Segal has no discretionary authority with respect to the management or assets of LACERS, it is not a fiduciary in its capacity as actuaries and consultants with respect to LACERS.

Section 2: GAS 75 Information

General information about the OPEB plan

Plan Description

Plan administration. The Los Angeles City Employees' Retirement System (LACERS) was established by City Charter in 1937. LACERS is a single employer public employee retirement system whose main function is to provide retirement benefits to the civilian employees of the City of Los Angeles.

Under the provisions of the City Charter, the Board of Administration (the "Board") has the responsibility and authority to administer the Plan and to invest its assets. The Board members serve as trustees and must act in the exclusive interest of the Plan's members and surviving spouses. The Board has seven members: four members, one of whom shall be a retired member of the System, shall be appointed by the Mayor subject to the approval of the Council; two members shall be active employee members of the System elected by the active employee members; one shall be a retired member of the System elected by the retired members of the System.

Plan membership. At June 30, 2023, OPEB plan membership consisted of the following:

Retired members or surviving spouses currently receiving benefits[1]	17,759
Vested terminated members entitled to, but not yet receiving benefits	1,617
Retired members and surviving spouses entitled but not yet eligible for health benefits	132
Active members	25,875
Total	**45,383**

1 The total number of participants, including married dependents, receiving benefits is 23,696.

Section 2: GAS 75 Information

Benefits provided. LACERS provides benefits to eligible retirees and beneficiaries:

Membership Eligibility:	
Tier 1 (§4.1002(a))	All employees who became members of the System before July 1, 2013, and certain employees who became members of the System on or after July 1, 2013. In addition, pursuant to Ordinance No. 184134, all Tier 2 employees who became members of the System between July 1, 2013 and February 21, 2016 were transferred to Tier 1 effective February 21, 2016.
Tier 3 (§4.1080.2(a))	All employees who became members of the System on or after February 21, 2016, except as provided otherwise in Section 4.1080.2(b) of the Los Angeles Administrative Code.
Benefit Eligibility:	
Tier 1 (§4.1111(a)) *and Tier 3 (§4.1126(a))*	Retired age 55 or older with at least 10 years of service (including deferred vested members who terminate employment and receive a retirement benefit from LACERS), or if retirement date is between October 2, 1996, and September 30, 1999 at age 50 or older with at least 30 years of service. Benefits are also payable to spouses, domestic partners, or other qualified dependents while the retiree is alive. Please note that the health subsidy is not payable to a service or disabled retiree before the member reaches age 55.
Medical Subsidy for Members Not Subject to Cap:	
Under Age 65 or Over Age 65 Without Medicare Part A	
Tier 1 (§4.1111(d)) *and Tier 3 (§4.1126(c))*	The System will pay 4% of the maximum health subsidy (limited to actual premium) for each year of Service Credit, up to 100% of the maximum health subsidy. As of July 1, 2023, the maximum health subsidy is \$1,962.20 per month. As of January 1, 2024, the maximum health subsidy is \$2,187.58. This amount includes coverage of dependent premium costs.

Over Age 65 and Enrolled in Both Medicare Parts A and B	
Tier 1 (§4.1111(e)) and Tier 3 (§4.1126(d))	For retirees, a maximum health subsidy shall be paid in the amount of the single-party monthly premium of the approved Medicare supplemental or coordinated plan in which the retiree is enrolled, subject to the following vesting schedule:
Subsidy Cap for Tier 1:	
(§4.1111(b))	As of the June 30, 2011 valuation, the retiree health benefits program was changed to cap the medical subsidy for non-retired members who do not contribute an additional 4% or 4.5% of employee contributions to the Pension Plan. The capped subsidy is different for Medicare and non-Medicare retirees. The cap applies to the medical subsidy limits at the 2011 calendar year level. The cap does not apply to the dental subsidy or the Medicare Part B premium reimbursement.
Dependents:	
Tier 1 (§4.1111(e)(4)) and Tier 3 (§4.1126(d)(4))	An additional amount is added for coverage of dependents which shall not exceed the amount provided to a retiree not enrolled in Medicare Parts A and B and covered by the same medical plan with the same years of service. The combined member and dependent subsidy shall not exceed the actual premium. This refers to dependents of retired members with Medicare Parts A and B. It does not apply to those without Medicare or Part B only.
Dental Subsidy for Members:	
Tier 1 (§4.1114(b)) and Tier 3 (§4.1129(b))	The System will pay 4% of the maximum dental subsidy (limited to actual premium) for each year of Service Credit, up to 100% of the maximum dental subsidy. As of July 1, 2023, the maximum dental subsidy is $43.81 per month; decreasing to $42.93 per month in calendar year 2024. There is no subsidy available to spouses or domestic partners or for dependent coverage. There is also no reimbursement for dental plans not sponsored by the System.

Vesting schedule (Tier 1 and Tier 3, over age 65):

Completed Years of Service	Vested Percentage
10-14	75%
15-19	90%
20+	100%

Section 2: GAS 75 Information

Medicare Part B Reimbursement for Members:	
Tier 1 (§4.1113) and *Tier 3 (§4.1128)*	If a retiree is eligible for a health subsidy, covered by both Medicare Parts A and B, and enrolled in a LACERS medical plan or participates in the LACERS Retiree Medical Premium Reimbursement Program, LACERS will reimburse the retiree the basic Medicare Part B premium.
Surviving Spouse Medical Subsidy:	
Tier 1 (§4.1115) and *Tier 3 (§4.1129.1)*	The surviving spouse or domestic partner will be entitled to a health subsidy based on the member's years of service and the surviving dependent's eligibility for Medicare.
Under Age 65 or Over Age 65 Without Medicare Part A	The maximum health subsidy available for survivors is the lowest cost plan available (currently Kaiser) single-party premium ($939.09 per month as of July 1, 2023 and $1,051.78 per month as of January 1, 2024).
Over Age 65 and Enrolled in Both Medicare Parts A and B	For survivors, a maximum health subsidy limited to the single-party monthly premium of the plan in which the survivor is enrolled, is provided subject to the following vesting schedule:

Completed Years of Service	Vested Percentage
10-14	75%
15-19	90%
20+	100%

Note that a new Tier 1 Enhanced Plan providing a higher retirement benefit was adopted pursuant to Ordinance No. 184853. However, other than Segal applying higher retirement rate assumptions to anticipate somewhat earlier retirement, there are no differences between the retiree health benefits paid by LACERS to those members.

Net OPEB Liability

The components of the Net OPEB Liability were as follows:

Reporting Date for Employer under GAS 75	**June 30, 2024**	**June 30, 2023**
Measurement Date for Employer under GAS 75	**June 30, 2023**	**June 30, 2022**
Components of the Net OPEB Liability		
Total OPEB Liability	$3,405,088,528	$3,580,696,288
Plan Fiduciary Net Position	(3,540,386,112)	(3,347,771,350)
Net OPEB Liability	**$(135,297,584)**	**$232,924,938**
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	103.97%	93.49%

The NOL was measured as of June 30, 2023 and 2022. The Plan Fiduciary Net Position (plan assets) was valued as of the measurement date, while the TOL was determined based upon the results of the actuarial valuations as of June 30, 2023 and 2022, respectively.

Plan provisions. The plan provisions used in the measurement of the NOL as of June 30, 2023 and 2022 are the same as those used in the LACERS funding valuations as of June 30, 2023 and 2022, respectively.

Section 2: GAS 75 Information

Actuarial assumptions. The TOL as of June 30, 2023 was determined by an actuarial valuation as of June 30, 2023. The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an experience study for the period from July 1, 2019 through June 30, 2022 dated June 21, 2023 and retiree health assumptions letter dated September 18, 2023. They are the same as the assumptions used in the June 30, 2023 funding actuarial valuation for LACERS. In particular, the following actuarial assumptions were applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	Ranges from 9.00% to 4.00% based on years of service, including inflation
Investment rate of return	7.00%, net of OPEB plan investment expense and including inflation
Health care trend	Non-Medicare: Actual premium increase in first year, then graded from 7.12% to ultimate 4.50% over 11 years Medicare: Actual premium increase in first year, then graded from 6.37% to ultimate 4.50% over 8 years
Other assumptions	Same as those used in the June 30, 2023 funding valuation

The TOL as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2022. The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an experience study for the period from July 1, 2016 through June 30, 2019, dated June 17, 2020, and the retiree health assumptions letter dated September 22, 2022. They are the same as the assumptions used in the June 30, 2022 funding actuarial valuation for LACERS. In particular, the following actuarial assumptions were applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	Ranges from 9.95% to 4.25% based on years of service, including inflation
Investment rate of return	7.00%, net of OPEB plan investment expense and including inflation
Health care trend	Non-Medicare: Actual premium increases in the first year and then 7.12% graded to ultimate 4.50% over 11 years Medicare: Actual premium increases in the first year and then 6.37% graded to ultimate 4.50% over 8 years
Other assumptions	Same as those used in the June 30, 2022 funding valuation

Determination of discount rate and investment rates of return

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation and, beginning with June 30, 2023, any applicable investment management expenses) are developed for each major asset class. These returns are combined to produce the long-term expected arithmetic rate of return for the portfolio by weighting the expected arithmetic real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses (beginning with June 30, 2023 including only investment consulting fees, custodian fees and other miscellaneous investment expenses) and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class (after deducting inflation) are shown in the following table. These values are after deducting applicable investment management expenses. This information was used in the derivation of the long-term expected investment rate of return assumption in the June 30, 2023 actuarial valuation. This information will change every three years based on the actuarial experience study

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
Large Cap U.S. Equity	15.00%	6.00%
Small/Mid Cap U.S. Equity	6.00%	6.65%
Developed International Large Cap Equity	15.00%	7.01%
Developed International Small Cap Equity	3.00%	7.34%
Emerging Markets Equity	6.67%	8.80%
Core Bonds	11.25%	1.97%
High Yield Bonds	1.50%	4.63%
Bank Loans	1.50%	4.07%
TIPS	3.60%	1.77%
Emerging Market External Debt	2.00%	4.72%
Emerging Market Local Currency Debt	2.00%	4.53%
Real Estate - Core	4.20%	3.86%
Cash & Equivalents	1.00%	0.63%
Private Equity	16.00%	9.84%
Private Credit (Private Debt)	5.75%	6.47%
Emerging Market Small-Cap Equity	1.33%	11.10%
REIT	1.40%	6.80%
Real Estate – Non Core	2.80%	5.40%
Total	**100.00%**	**6.27%**

Section 2: GAS 75 Information

Discount rate. The discount rates used to measure the TOL was 7.00% as of June 30, 2023 and 2022. The projection of cash flows used to determine the discount rate assumed employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the OPEB Plan Fiduciary Net Position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the TOL as of both June 30, 2023 and June 30, 2022.

Discount rate and trend sensitivity

Sensitivity of the Net OPEB Liability to changes in the discount rate. The following presents the Net OPEB Liability of LACERS as of June 30, 2023, calculated using the discount rate of 7.00%, as well as what LACERS' Net OPEB Liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
City	$270,224,461	$(115,528,064)	$(434,413,155)
Airports	34,757,890	(14,859,912)	(55,876,825)
Harbor	11,483,756	(4,909,608)	(18,461,300)
Total for all Employer Categories	**$316,466,107**	**$(135,297,584)**	**$(508,751,280)**

Sensitivity of the Net OPEB Liability to changes in the healthcare cost trend rates. The following presents the Net OPEB Liability of LACERS as of June 30, 2023, calculated using the current trend rates as well as what LACERS' Net OPEB Liability would be if it were calculated using trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rates:

	1% Decrease	Current Trend Rates[1]	1% Increase
City	$(466,279,319)	$(115,528,064)	$318,039,697
Airports	(59,975,642)	(14,859,912)	40,908,173
Harbor	(19,815,520)	(4,909,608)	13,515,765
Total for all Employer Categories	**$(546,070,481)**	**$(135,297,584)**	**$372,463,635**

1 Current trend rates: Actual premium increases in the first year and then 7.12% graded to ultimate 4.50% over 11 years for Non-Medicare medical plan costs and 6.37% graded down to 4.50% over 8 years for Medicare medical plan costs. Actual premium increase in first year, then 3.00% thereafter for Dental and 4.50% thereafter for Medicare Part B subsidy cost.

Schedule of changes in Net OPEB Liability – Last two fiscal years

Reporting Date for Employer under GAS 75 Measurement Date for Employer under GAS 75	June 30, 2024 June 30, 2023	June 30, 2023 June 30, 2022
Total OPEB Liability		
• Service cost[1]	$81,027,749	$81,415,128
• Interest	250,837,724	246,694,076
• Change of benefit terms	0	0
• Differences between expected and actual experience	(12,047,528)	(369,459)
• Changes of assumptions	(336,074,645)	(109,877,440)
• Benefit payments	(159,351,060)	(157,244,471)
Net change in Total OPEB Liability	**$(175,607,760)**	**$60,617,834**
Total OPEB Liability – beginning	**3,580,696,288**	**3,520,078,454**
Total OPEB Liability – ending (a)	**$3,405,088,528**	**$3,580,696,288**
Plan Fiduciary Net Position		
• Contributions – employer	$90,580,892	$91,622,720
• Contributions – employee	0	0
• Net investment income[2]	269,610,945	(360,636,412)
• Benefit payments	(159,351,060)	(157,244,471)
• Administrative expense	(8,226,015)	(7,618,828)
• Other[3]	0	(3,722)
Net change in Plan Fiduciary Net Position	**$192,614,762**	**$(433,880,713)**
Plan Fiduciary Net Position – beginning	**3,347,771,350**	**3,781,652,063**
Plan Fiduciary Net Position – ending (b)	**$3,540,386,112**	**$3,347,711,350**
Net OPEB Liability – ending (a) – (b)	**$(135,297,584)**	**$232,924,938**
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	**103.97%**	**93.49%**
Covered payroll[4]	**$2,307,335,751**	**$2,155,005,471**
Net OPEB Liability as percentage of covered payroll	**-5.86%**	**10.81%**

1 The service cost is based on the previous year's valuation, meaning the June 30, 2023 and 2022 measurement date values are based on the valuations as of June 30, 2022 and June 30, 2021, respectively.

2 Includes building lease and other income.

3 Adjustment made to beginning of year assets in order to match the June 30, 2021 Plan Fiduciary Net Position restated by LACERS after the completion of the June 30, 2021 GAS 74 valuation report.

4 Covered payroll is defined as the payroll on which contributions to an OPEB plan are based.

Schedule of contributions – Last ten fiscal years

Year Ended June 30	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency / (Excess)	Covered Payroll[1]	Contributions as a Percentage of Covered Payroll
2014	$97,840,554	$97,840,554	$0	$1,802,931,195	5.43%
2015	100,466,945	100,466,945	0	1,835,637,409	5.47%
2016	105,983,112	105,983,112	0	1,876,946,179	5.65%
2017	97,457,455	97,457,455	0	1,973,048,633	4.94%
2018	100,909,010	100,909,010	0	2,057,565,478	4.90%
2019	107,926,949	107,926,949	0	2,108,171,088	5.12%
2020	112,136,429	112,136,429	0	2,271,038,575	4.94%
2021	103,454,114	103,454,114	0	2,276,768,292	4.54%
2022	91,622,720	91,622,720	0	2,155,005,471	4.25%
2023	90,580,892	90,580,892	0	2,307,335,751	3.93%

See accompanying notes to this schedule on the next page.

[1] Covered payroll is defined as the payroll on which contributions to an OPEB plan are based.

Notes to Schedule:

Methods and assumptions used to establish "actuarially determined contribution" (ADC) rates:

Valuation date:	Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported
Actuarial cost method:	Entry Age Cost Method (individual basis)
Amortization method:	Level percent of payroll
Remaining amortization period:	Multiple layers, closed amortization periods. The unfunded actuarial accrued liability as of June 30, 2020 is amortized over a fixed period of 21 years beginning June 30, 2021. Assumption changes resulting from the triennial experience study will be amortized over 20 years. Health trend and premium assumption changes, plan changes, and gains and losses will be amortized over 15 years. Any actuarial surplus is amortized over 30 years on an open (non-decreasing) basis.
Asset valuation method:	Market value of assets less unrecognized returns in each of the last seven years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a seven-year period. The actuarial value of assets cannot be less than 60% or greater than 140% of the market value of assets.

Actuarial assumptions:

Valuation date:	June 30, 2023
Investment rate of return	7.00%
Inflation rate	2.50%
Real across-the-board salary increase	0.50%
Projected salary increases[1]	Ranges from 9.00% to 4.00%, based on years of service
Medical cost trend rates	
Non-Medicare medical plans	Actual premium increase in first year, then graded from 7.12% to ultimate 4.50% over 11 years
Medicare medical plans	Actual premium increase in first year, then graded from 6.37% to ultimate 4.50% over 8 years
Dental	Actual premium increase in first year, then 3.00% thereafter
Medicare Part B	Actual premium increase in first year, then 4.50% thereafter
Other assumptions:	Same as those used in the June 30, 2023 funding actuarial valuation.

[1] Includes inflation at 2.50% plus across the board salary increases of 0.50% plus merit and promotional increases

Determination of proportionate share

Actual Employer Contributions by Employer Category
July 1, 2021 to June 30, 2022

Employer Category	Contributions	Percentage[1]
City	$77,353,306	84.426%
Airports	10,816,395	11.805%
Harbor	3,453,019	3.769%
Total for all Employer Categories	**$91,622,720**	**100.000%**

[1] The unrounded percentages are used in the allocation of the NOL amongst employer categories.

Allocation of June 30, 2022 Net OPEB Liability (NOL)

Employer Category	Total NOL	Percentage
City	$196,648,975	84.426%
Airports	27,497,635	11.805%
Harbor	8,778,328	3.769%
Total for all Employer Categories	**$232,924,938**	**100.000%**

Notes:

1. Based on the July 1, 2021 through June 30, 2022 employer contributions as provided by LACERS.
2. The Net OPEB Liability is the Total OPEB Liability minus the Plan Fiduciary Net Position (plan assets).
3. The NOL is allocated based on the actual contributions from each employer category. The steps used for the allocation are as follows:
   - First calculate the ratio of the contributions from the employer category to the total contributions.
   - Then multiply this ratio by the NOL to determine the employer category’s proportionate share of the NOL.

Determination of proportionate share (continued)

Actual Employer Contributions by Employer Category
July 1, 2022 to June 30, 2023

Employer Category	Contributions	Percentage[1]
City	$77,345,321	85.388%
Airports	9,948,619	10.983%
Harbor	3,286,952	3.629%
Total for all Employer Categories	**$90,580,892**	**100.000%**

[1] The unrounded percentages are used in the allocation of the NOL amongst employer categories.

Allocation of June 30, 2023 Net OPEB Liability (NOL)

Employer Category	Total NOL	Percentage
City	$(115,528,064)	85.388%
Airports	(14,859,912)	10.983%
Harbor	(4,909,608)	3.629%
Total for all Employer Categories	**$(135,297,584)**	**100.000%**

Notes:

1. Based on the July 1, 2022 through June 30, 2023 employer contributions as provided by LACERS.
2. The Net OPEB Liability is the Total OPEB Liability minus the Plan Fiduciary Net Position (plan assets).
3. The NOL is allocated based on the actual contributions from each employer category. The steps used for the allocation are as follows:
   - First calculate the ratio of the contributions from the employer category to the total contributions.
   - Then multiply this ratio by the NOL to determine the employer category's proportionate share of the NOL.

Determination of proportionate share (continued)

For purposes of the above results, the reporting date for the employer under GAS 75 is June 30, 2024. The reporting date and measurement date for the Plan under GAS 74 are June 30, 2023. Consistent with the provisions of GAS 75, the assets and liabilities measured as of June 30, 2023 are not adjusted or rolled forward to the June 30, 2024 reporting date. Other results, such as the total deferred inflows and outflows would also be allocated based on the same proportionate shares determined above.

The following items are allocated based on the corresponding employer allocation percentage or proportionate share shown above within each tier.

1. Net OPEB Liability
2. Service cost
3. Interest on the Total OPEB Liability
4. Expensed portion of current-period benefit changes
5. Expensed portion of current-period difference between expected and actual experience in the Total OPEB Liability
6. Expensed portion of current-period changes of assumptions or other inputs
7. Member contributions
8. Projected earnings on plan investments
9. Expensed portion of current-period differences between actual and projected earnings on plan investments
10. Administrative expense
11. Recognition of beginning of year deferred outflows of resources as OPEB expense
12. Recognition of beginning of year deferred inflows of resources as OPEB expense

OPEB expense

Total for All Employer Categories

Reporting Date for Employer under GAS 75	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 75	**June 30, 2023**	**June 30, 2022**
Components of OPEB Expense		
• Service cost	$81,027,749	$81,415,128
• Interest on the Total OPEB Liability	250,837,724	246,694,076
• Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	0	0
• Expensed portion of current-period benefit changes	0	0
• Expensed portion of current-period difference between expected and actual experience in the Total OPEB Liability	(1,971,772)	(59,783)
• Expensed portion of current-period changes of assumptions or other inputs	(55,004,034)	(17,779,521)
• Member contributions	0	0
• Projected earnings on plan investments	(234,555,265)	(265,091,526)
• Expensed portion of current-period differences between actual and projected earnings on plan investments	(7,011,136)	125,145,586
• Administrative expense	8,226,015	7,618,828
• Other expense	0	3,722
• Recognition of beginning of year deferred outflows of resources as OPEB expense	200,213,326	80,144,237
• Recognition of beginning of year deferred inflows of resources as OPEB expense	(243,545,591)	(243,779,264)
• Net amortization of deferred amounts from changes in proportion and differences between employer’s contributions and proportionate share of contributions	0	0
OPEB Expense	**$(1,782,984)**	**$14,311,483**

OPEB expense (continued)

City

Reporting Date for Employer under GAS 75	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 75	**June 30, 2023**	**June 30, 2022**
Components of OPEB Expense		
• Service cost	$69,188,071	$68,735,454
• Interest on the Total OPEB Liability	214,185,617	208,273,694
• Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	572,872	(69,030)
• Expensed portion of current-period benefit changes	0	0
• Expensed portion of current-period difference between expected and actual experience in the Total OPEB Liability	(1,683,659)	(50,472)
• Expensed portion of current-period changes of assumptions or other inputs	(46,966,910)	(15,010,521)
• Member contributions	0	0
• Projected earnings on plan investments	(200,282,331)	(223,805,907)
• Expensed portion of current-period differences between actual and projected earnings on plan investments	(5,986,678)	105,655,287
• Administrative expense	7,024,040	6,432,264
• Other expense	0	3,143
• Recognition of beginning of year deferred outflows of resources as OPEB expense	170,958,396	67,662,494
• Recognition of beginning of year deferred inflows of resources as OPEB expense	(207,959,002)	(205,812,838)
• Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	2,058,798	2,270,575
OPEB Expense	**$1,109,214**	**$14,284,143**

OPEB expense (continued)

Airports

Reporting Date for Employer under GAS 75	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 75	**June 30, 2023**	**June 30, 2022**
Components of OPEB Expense		
• Service cost	$8,899,385	$9,611,352
• Interest on the Total OPEB Liability	27,549,839	29,123,132
• Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(489,527)	77,918
• Expensed portion of current-period benefit changes	0	0
• Expensed portion of current-period difference between expected and actual experience in the Total OPEB Liability	(216,563)	(7,058)
• Expensed portion of current-period changes of assumptions or other inputs	(6,041,166)	(2,098,937)
• Member contributions	0	0
• Projected earnings on plan investments	(25,761,515)	(31,295,018)
• Expensed portion of current-period differences between actual and projected earnings on plan investments	(770,042)	14,773,891
• Administrative expense	903,474	899,430
• Other expense	0	439
• Recognition of beginning of year deferred outflows of resources as OPEB expense	21,989,694	9,461,318
• Recognition of beginning of year deferred inflows of resources as OPEB expense	(26,748,934)	(28,779,028)
• Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	(1,921,947)	(2,090,904)
OPEB Expense	**$(2,607,302)**	**$(323,465)**

OPEB expense (continued)

Harbor

Reporting Date for Employer under GAS 75	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 75	**June 30, 2023**	**June 30, 2022**
Components of OPEB Expense		
• Service cost	$2,940,293	$3,068,322
• Interest on the Total OPEB Liability	9,102,268	9,297,250
• Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(83,345)	(8,888)
• Expensed portion of current-period benefit changes	0	0
• Expensed portion of current-period difference between expected and actual experience in the Total OPEB Liability	(71,550)	(2,253)
• Expensed portion of current-period changes of assumptions or other inputs	(1,995,958)	(670,063)
• Member contributions	0	0
• Projected earnings on plan investments	(8,511,419)	(9,990,601)
• Expensed portion of current-period differences between actual and projected earnings on plan investments	(254,416)	4,716,408
• Administrative expense	298,501	287,134
• Other expense	0	140
• Recognition of beginning of year deferred outflows of resources as OPEB expense	7,265,236	3,020,425
• Recognition of beginning of year deferred inflows of resources as OPEB expense	(8,837,655)	(9,187,398)
• Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	(136,851)	(179,671)
OPEB Expense	**$(284,896)**	**$350,805**

Deferred outflows of resources and deferred inflows of resources

Total for All Employer Categories

Reporting Date for Employer under GAS 75	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 75	**June 30, 2023**	**June 30, 2022**
Deferred Outflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions[1]	$8,382,953	$7,815,906
• Changes of assumptions or other inputs	48,650,401	85,646,415
• Net excess of projected over actual earnings on OPEB Plan investments (if any)	63,584,615	95,470,280
• Difference between actual and expected experience in the Total OPEB Liability	5,630,054	8,510,969
• **Total Deferred Outflows of Resources**	**$126,248,023**	**$197,443,570**
Deferred Inflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions[1]	$8,382,953	$7,815,906
• Changes of assumptions or other inputs	438,539,436	200,069,369
• Net excess of actual over projected earnings on OPEB Plan investments (if any)	0	0
• Difference between expected and actual experience in the Total OPEB Liability	86,027,193	120,401,208
• **Total Deferred Inflows of Resources**	**$532,949,582**	**$328,286,483**
Deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as follows:		
Reporting Date for Employer under GAS 75 Year Ended June 30:		
2024	N/A	$(43,332,265)
2025	$(122,819,775)	(58,832,833)
2026	(146,034,587)	(82,047,645)
2027	18,532,413	82,519,355
2028	(89,925,392)	(25,938,450)
2029	(60,186,881)	(3,211,075)
2030	(6,267,337)	0
Thereafter	0	0

[1] Calculated in accordance with Paragraphs 64 and 65 of GAS 75.

Deferred outflows of resources and deferred inflows of resources (continued)

City

Reporting Date for Employer under GAS 75	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 75	**June 30, 2023**	**June 30, 2022**
Deferred Outflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions[1]	$7,539,404	$6,739,857
• Changes of assumptions or other inputs	41,541,663	72,307,757
• Net excess of projected over actual earnings on OPEB Plan investments (if any)	54,293,708	80,601,643
• Difference between actual and expected experience in the Total OPEB Liability	4,807,399	7,185,462
• **Total Deferred Outflows of Resources**	**$108,182,174**	**$166,834,719**
Deferred Inflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions[1]	$288,545	$357,575
• Changes of assumptions or other inputs	374,460,581	168,910,365
• Net excess of actual over projected earnings on OPEB Plan investments (if any)	0	0
• Difference between expected and actual experience in the Total OPEB Liability	73,457,003	101,649,804
• **Total Deferred Inflows of Resources**	**$448,206,129**	**$270,917,744**
Deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as follows:		
Reporting Date for Employer under GAS 75 Year Ended June 30:		
2024	N/A	$(34,524,857)
2025	$(102,477,776)	(47,847,299)
2026	(122,765,806)	(67,911,953)
2027	17,318,801	70,589,158
2028	(75,978,629)	(21,664,670)
2029	(50,831,999)	(2,723,404)
2030	(5,288,546)	0
Thereafter	0	0

[1] Calculated in accordance with Paragraphs 64 and 65 of GAS 75.

Deferred outflows of resources and deferred inflows of resources (continued)

Airports

Reporting Date for Employer under GAS 75	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 75	**June 30, 2023**	**June 30, 2022**
Deferred Outflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions[1]	$325,698	$403,616
• Changes of assumptions or other inputs	5,343,338	10,110,870
• Net excess of projected over actual earnings on OPEB Plan investments (if any)	6,983,582	11,270,614
• Difference between actual and expected experience in the Total OPEB Liability	618,354	1,004,751
• **Total Deferred Outflows of Resources**	**$13,270,972**	**$22,789,851**
Deferred Inflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions[1]	$7,370,083	$6,868,463
• Changes of assumptions or other inputs	48,165,365	23,618,916
• Net excess of actual over projected earnings on OPEB Plan investments (if any)	0	0
• Difference between expected and actual experience in the Total OPEB Liability	9,448,480	14,213,800
• **Total Deferred Inflows of Resources**	**$64,983,928**	**$44,701,179**
Deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as follows:		
Reporting Date for Employer under GAS 75 Year Ended June 30:		
2024	N/A	$(7,037,478)
2025	$(15,751,886)	(8,718,331)
2026	(17,975,378)	(11,132,702)
2027	487,883	8,683,681
2028	(10,645,469)	(3,341,445)
2029	(7,085,906)	(365,053)
2030	(742,200)	0
Thereafter	0	0

[1] Calculated in accordance with Paragraphs 64 and 65 of GAS 75.

Deferred outflows of resources and deferred inflows of resources (continued)

Harbor

Reporting Date for Employer under GAS 75		June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 75		**June 30, 2023**	**June 30, 2022**
Deferred Outflows of Resources			
• Changes in proportion and differences between employer's contributions and proportionate share of contributions[1]		$517,851	$672,433
• Changes of assumptions or other inputs		1,765,400	3,227,788
• Net excess of projected over actual earnings on OPEB Plan investments (if any)		2,307,325	3,598,023
• Difference between actual and expected experience in the Total OPEB Liability		204,301	320,756
• **Total Deferred Outflows of Resources**		**$4,794,877**	**$7,819,000**
Deferred Inflows of Resources			
• Changes in proportion and differences between employer's contributions and proportionate share of contributions[1]		$724,325	$589,868
• Changes of assumptions or other inputs		15,913,490	7,540,088
• Net excess of actual over projected earnings on OPEB Plan investments (if any)		0	0
• Difference between expected and actual experience in the Total OPEB Liability		3,121,710	4,537,604
• **Total Deferred Inflows of Resources**		**$19,759,525**	**$12,667,560**
Deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as follows:			
Reporting Date for Employer under GAS 75 Year Ended June 30:			
	2024	N/A	$(1,769,930)
	2025	$(4,590,113)	(2,267,203)
	2026	(5,293,403)	(3,002,990)
	2027	725,729	3,246,516
	2028	(3,301,294)	(932,335)
	2029	(2,268,976)	(122,618)
	2030	(236,591)	0
	Thereafter	0	0

[1] Calculated in accordance with Paragraphs 64 and 65 of GAS 75.

Deferred outflows of resources and deferred inflows of resources (continued)

There are changes in each employer category's proportionate share of the total Net OPEB Liability during the measurement period ended June 30, 2023. The net effect of the change on the employer category's proportionate share of the collective Net OPEB Liability and collective deferred outflows of resources and deferred inflows of resources is recognized over the average of the expected remaining service lives of all employees that are provided with OPEB benefits through LACERS which is 6.11 years[1] determined as of June 30, 2022 (the beginning of the measurement period ending June 30, 2023).

In addition, the difference between the actual employer contributions and the proportionate share of the employer contributions during the measurement period ended June 30, 2023 is recognized over the same period.

The average of the expected service lives of all employees is determined by:

- Calculating each active employee's expected remaining service life as the present value of $1 per year of future service at zero percent interest.
- Setting the remaining service life to zero for each nonactive or retired member.
- Dividing the sum of the above amounts by the total number of active employee, nonactive and retired members.

[1] The remaining service lives of all employees of 6.11 years used here for GAS 75 is different from the 4.70 years used for GAS 68 because the number of payees (with 0 years of expected remaining service lives) receiving health benefits under the Plan is less than the number of payees receiving pension benefits.

Schedule of proportionate share of the Net OPEB Liability

Total for All Employer Categories

Reporting Date for Employer under GAS 75 as of June 30	Proportion of the Net OPEB Liability	Proportionate Share of Net OPEB Liability	Covered Payroll[1]	Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2017	100.000%	$658,811,838	$1,876,946,179	35.10%	76.42%
2018	100.000%	566,944,384	1,973,048,633	28.73%	81.14%
2019	100.000%	580,456,232	2,057,565,478	28.21%	82.18%
2020	100.000%	522,200,681	2,108,171,088	24.77%	84.34%
2021	100.000%	635,325,858	2,271,038,575	27.98%	81.78%
2022	100.000%	(261,573,609)	2,276,768,292	(11.49)%	107.43%
2023	100.000%	232,924,938	2,155,005,471	10.81%	93.49%
2024	100.000%	(135,297,584)	2,307,335,751	(5.86)%	103.97%

1 Covered payroll is defined as the payroll on which contributions to a OPEB plan are based.

Schedule of proportionate share of the Net OPEB Liability (continued)

City

Reporting Date for Employer under GAS 75 as of June 30	Proportion of the Net OPEB Liability	Proportionate Share of Net OPEB Liability	Covered Payroll[1]	Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2017	82.227%	$541,721,269	$1,540,925,299	35.16%	76.42%
2018	82.454%	467,468,218	1,625,808,930	28.75%	81.14%
2019	82.753%	480,346,441	1,701,304,099	28.23%	82.18%
2020	83.129%	434,101,068	1,749,621,444	24.81%	84.34%
2021	83.615%	531,226,775	1,895,552,279	28.02%	81.78%
2022	84.523%	(221,088,863)	1,918,677,086	(11.52)%	107.43%
2023	84.426%	196,648,975	1,818,039,081	10.82%	93.49%
2024	85.388%	(115,528,064)	1,964,398,935	(5.88)%	103.97%

[1] Covered payroll is defined as the payroll on which contributions to a OPEB plan are based.

Schedule of proportionate share of the Net OPEB Liability (continued)

Airports

Reporting Date for Employer under GAS 75 as of June 30	Proportion of the Net OPEB Liability	Proportionate Share of Net OPEB Liability	Covered Payroll[1]	Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2017	13.826%	$91,088,903	$260,929,145	34.91%	76.42%
2018	13.681%	77,566,434	271,035,342	28.62%	81.14%
2019	13.494%	78,324,326	278,681,843	28.11%	82.18%
2020	13.216%	69,014,460	280,595,646	24.60%	84.34%
2021	12.766%	81,105,566	292,405,953	27.74%	81.78%
2022	11.696%	(30,594,149)	270,630,444	(11.30)%	107.43%
2023	11.805%	27,497,635	255,761,313	10.75%	93.49%
2024	10.983%	(14,859,912)	258,018,846	(5.76)%	103.97%

[1] Covered payroll is defined as the payroll on which contributions to a OPEB plan are based.

Schedule of proportionate share of the Net OPEB Liability (continued)

Harbor

Reporting Date for Employer under GAS 75 as of June 30	Proportion of the Net OPEB Liability	Proportionate Share of Net OPEB Liability	Covered Payroll[1]	Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2017	3.947%	$26,001,666	$75,091,735	34.63%	76.42%
2018	3.865%	21,909,732	76,204,361	28.75%	81.14%
2019	3.753%	21,785,465	77,579,536	28.08%	82.18%
2020	3.655%	19,085,153	77,953,998	24.48%	84.34%
2021	3.619%	22,993,517	83,080,343	27.68%	81.78%
2022	3.781%	(9,890,597)	87,460,762	(11.31)%	107.43%
2023	3.769%	8,778,328	81,205,077	10.81%	93.49%
2024	3.629%	(4,909,608)	84,917,970	(5.78)%	103.97%

[1] Covered payroll is defined as the payroll on which contributions to a OPEB plan are based.

Schedule of reconciliation of Net OPEB Liability

Total for All Employer Categories

Reporting Date for Employer under GAS 75	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 75	**June 30, 2023**	**June 30, 2022**
Beginning Net OPEB Liability	**$232,924,938**	**$(261,573,609)**
• OPEB Expense	(1,782,984)	14,311,483
• Employer Contributions	(90,580,892)	(91,622,720)
• New Net Deferred Inflows/Outflows	(319,190,911)	408,174,757
• Change in Allocation of Prior Deferred Inflows/Outflows	0	0
• New Net Deferred Flows Due to Change in Proportion	0	0
• Recognition of Prior Deferred Inflows/Outflows	43,332,265	163,635,027
• Recognition of Prior Deferred Flows Due to Change in Proportion	0	0
Ending Net OPEB Liability	**$(135,297,584)**	**$232,924,938**

Schedule of reconciliation of Net OPEB Liability (continued)

City

Reporting Date for Employer under GAS 75	**June 30, 2024**	**June 30, 2023**
Measurement Date for Employer under GAS 75	**June 30, 2023**	**June 30, 2022**
Beginning Net OPEB Liability	**$196,648,975**	**$(221,088,863)**
• OPEB Expense	1,109,214	14,284,143
• Employer Contributions	(77,345,321)	(77,353,306)
• New Net Deferred Inflows/Outflows	(272,551,119)	344,605,213
• Change in Allocation of Prior Deferred Inflows/Outflows	(1,258,996)	679,594
• New Net Deferred Flows Due to Change in Proportion	2,927,375	(357,575)
• Recognition of Prior Deferred Inflows/Outflows	37,000,606	138,150,344
• Recognition of Prior Deferred Flows Due to Change in Proportion	(2,058,798)	(2,270,575)
Ending Net OPEB Liability	**$(115,528,064)**	**$196,648,975**

Schedule of reconciliation of Net OPEB Liability (continued)

Airports

Reporting Date for Employer under GAS 75	**June 30, 2024**	**June 30, 2023**
Measurement Date for Employer under GAS 75	**June 30, 2023**	**June 30, 2022**
Beginning Net OPEB Liability	**$27,497,635**	**$(30,594,149)**
• OPEB Expense	(2,607,302)	(323,465)
• Employer Contributions	(9,948,619)	(10,816,395)
• New Net Deferred Inflows/Outflows	(35,057,159)	48,186,514
• Change in Allocation of Prior Deferred Inflows/Outflows	1,075,831	(767,100)
• New Net Deferred Flows Due to Change in Proportion	(2,501,485)	403,616
• Recognition of Prior Deferred Inflows/Outflows	4,759,240	19,317,710
• Recognition of Prior Deferred Flows Due to Change in Proportion	1,921,947	2,090,904
Ending Net OPEB Liability	**$(14,859,912)**	**$27,497,635**

Schedule of reconciliation of Net OPEB Liability (continued)

Harbor

Reporting Date for Employer under GAS 75	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 75	**June 30, 2023**	**June 30, 2022**
Beginning Net OPEB Liability	**$8,778,328**	**$(9,890,597)**
• OPEB Expense	(284,896)	350,805
• Employer Contributions	(3,286,952)	(3,453,019)
• New Net Deferred Inflows/Outflows	(11,582,633)	15,383,030
• Change in Allocation of Prior Deferred Inflows/Outflows	183,165	87,506
• New Net Deferred Flows Due to Change in Proportion	(425,890)	(46,041)
• Recognition of Prior Deferred Inflows/Outflows	1,572,419	6,166,973
• Recognition of Prior Deferred Flows Due to Change in Proportion	136,851	179,671
Ending Net OPEB Liability	**$(4,909,608)**	**$8,778,328**

Schedule of recognition of changes in Total Net OPEB Liability

Increase (Decrease) in OPEB Expense Arising from the Recognition of the Effects of Differences between Actual and Expected Experience on Total OPEB Liability

Reporting Date for Employer under GAS 75 Year Ended June 30	Differences Between Actual and Expected Experience	Recognition Period (Years)	Reporting Date for Employer under GAS 75 Year Ended June 30:[1]								
			2023	2024	2025	2026	2027	2028	2029	2030	Thereafter
2018	$19,666,471	6.39	$3,077,695	$1,200,301	$0	$0	$0	$0	$0	$0	$0
2019	(7,321,481)	6.52	(1,122,927)	(1,122,927)	(583,919)	0	0	0	0	0	0
2020	(134,052,778)	6.21	(21,586,599)	(21,586,599)	(21,586,599)	(4,533,184)	0	0	0	0	0
2021	(135,719,690)	6.26	(21,680,462)	(21,680,462)	(21,680,462)	(21,680,462)	(5,636,918)	0	0	0	0
2022	10,671,896	6.35	1,680,614	1,680,614	1,680,614	1,680,614	1,680,614	588,212	0	0	0
2023	(369,459)	6.18	(59,783)	(59,783)	(59,783)	(59,783)	(59,783)	(59,783)	(10,761)	0	0
2024	(12,047,528)	6.11	N/A	(1,971,772)	(1,971,772)	(1,971,772)	(1,971,772)	(1,971,772)	(1,971,772)	(216,896)	0
Net Increase/(Decrease) in OPEB Expense			**$(39,691,462)**	**$(43,540,628)**	**$(44,201,921)**	**$(26,564,587)**	**$(5,987,859)**	**$(1,443,343)**	**$(1,982,533)**	**$(216,896)**	**$0**

As described in *Section 2, Schedule of Deferred Outflows of Resources and Deferred Inflows of Resources*, the average of the expected remaining service lives of all employees that are provided with OPEB through LACERS (active and inactive employees) determined as of July 1, 2022 (the beginning of the measurement period ending June 30, 2023) is 6.11 years.

[1] The amortization amounts prior to June 30, 2023 have been omitted from this Schedule. Those amounts can be found in prior years' GAS 75 reports.

Schedule of recognition of changes in Total Net OPEB Liability (continued)

Increase (Decrease) in OPEB Expense Arising from the Recognition of the Effects of Assumption Changes

Reporting Date for Employer under GAS 75 Year Ended June 30	Effects of Assumption Changes	Recognition Period (Years)	Reporting Date for Employer under GAS 75 Year Ended June 30:[1]								
			2023	2024	2025	2026	2027	2028	2029	2030	Thereafter
2018	$33,511,927	6.39	$5,244,433	$2,045,329	$0	$0	$0	$0	$0	$0	$0
2019	92,177,641	6.52	14,137,675	14,137,675	7,351,591	0	0	0	0	0	0
2020	33,939,702	6.21	5,465,330	5,465,330	5,465,330	1,147,722	0	0	0	0	0
2021	96,076,478	6.26	15,347,680	15,347,680	15,347,680	15,347,680	3,990,398	0	0	0	0
2022	(157,613,496)	6.35	(24,821,023)	(24,821,023)	(24,821,023)	(24,821,023)	(24,821,023)	(8,687,358)	0	0	0
2023	(109,877,440)	6.18	(17,779,521)	(17,779,521)	(17,779,521)	(17,779,521)	(17,779,521)	(17,779,521)	(3,200,314)	0	0
2024	(336,074,645)	6.11	N/A	(55,004,034)	(55,004,034)	(55,004,034)	(55,004,034)	(55,004,034)	(55,004,034)	(6,050,441)	0
Net Increase/(Decrease) in OPEB Expense			**$(2,405,426)**	**$(60,608,564)**	**$(69,439,977)**	**$(81,109,176)**	**$(93,614,180)**	**$(81,470,913)**	**$(58,204,348)**	**$(6,050,441)**	**$0**

As described in *Section 2, Schedule of Deferred Outflows of Resources and Deferred Inflows of Resources*, the average of the expected remaining service lives of all employees that are provided with OPEB through LACERS (active and inactive employees) determined as of July 1, 2022 (the beginning of the measurement period ending June 30, 2023) is 6.11 years.

[1] The amortization amounts prior to June 30, 2023 have been omitted from this Schedule. Those amounts can be found in prior years' GAS 75 reports.

Schedule of recognition of changes in Total Net OPEB Liability (continued)

Increase (Decrease) in OPEB Expense Arising from the Recognition of Differences between Projected and Actual Earnings on OPEB Plan Investments

Reporting Date for Employer under GAS 75 Year Ended June 30	Differences Between Projected and Actual Earnings	Recognition Period (Years)	Reporting Date for Employer under GAS 75 Year Ended June 30:[1]								
			2023	2024	2025	2026	2027	2028	2029	2030	Thereafter
2018	$(168,243,825)	5.00	$0	$0	$0	$0	$0	$0	$0	$0	$0
2019	(90,364,893)	5.00	(18,072,977)	0	0	0	0	0	0	0	0
2020	30,039,319	5.00	6,007,864	6,007,863	0	0	0	0	0	0	0
2021	145,914,731	5.00	29,182,946	29,182,946	29,182,947	0	0	0	0	0	0
2022	(782,476,379)	5.00	(156,495,276)	(156,495,276)	(156,495,276)	(156,495,276)	0	0	0	0	0
2023	625,727,938	5.00	125,145,586	125,145,588	125,145,588	125,145,588	125,145,588	0	0	0	0
2024	(35,055,680)	5.00	N/A	(7,011,136)	(7,011,136)	(7,011,136)	(7,011,136)	(7,011,136)	0	0	0
Net Increase/(Decrease) in OPEB Expense			**$(14,231,857)**	**$(3,170,015)**	**$(9,177,877)**	**$(38,360,824)**	**$118,134,452**	**$(7,011,136)**	**$0**	**$0**	**$0**

The difference between projected and actual earnings on OPEB plan investments are recognized over a five-year period per Paragraph 43b. of GAS 75.

[1] The amortization amounts prior to June 30, 2023 have been omitted from this Schedule. Those amounts can be found in prior years' GAS 75 reports.

Schedule of recognition of changes in Total Net OPEB Liability (continued)

Total Increase (Decrease) in OPEB Expense

Reporting Date for Employer under GAS 75 Year Ended June 30	Total Differences	Reporting Date for Employer under GAS 75 Year Ended June 30:[1]								
		2023	2024	2025	2026	2027	2028	2029	2030	Thereafter
2018	$(115,065,427)	$8,322,128	$3,245,630	$0	$0	$0	$0	$0	$0	$0
2019	(5,508,733)	(5,058,229)	13,014,748	6,767,672	0	0	0	0	0	0
2020	(70,073,757)	(10,113,405)	(10,113,406)	(16,121,269)	(3,385,462)	0	0	0	0	0
2021	106,271,519	22,850,164	22,850,164	22,850,165	(6,332,782)	(1,646,520)	0	0	0	0
2022	(929,417,979)	(179,635,685)	(179,635,685)	(179,635,685)	(179,635,685)	(23,140,409)	(8,099,146)	0	0	0
2023	515,481,039	107,306,282	107,306,284	107,306,284	107,306,284	107,306,284	(17,839,304)	(3,211,075)	0	0
2024	(383,177,853)	N/A	(63,986,942)	(63,986,942)	(63,986,942)	(63,986,942)	(63,986,942)	(56,975,806)	(6,267,337)	0
Net Increase/(Decrease) in OPEB Expense		**$(56,328,745)**	**$(107,319,207)**	**$(122,819,775)**	**$(146,034,587)**	**$18,532,413**	**$(89,925,392)**	**$(60,186,881)**	**$(6,267,337)**	**$0**

[1] The amortization amounts prior to June 30, 2023 have been omitted from this Schedule. Those amounts can be found in prior years' GAS 75 reports.

Allocation of changes in Total Net OPEB Liability

In addition to the amounts shown in *Section 2, Schedule of Recognition of Changes in Total Net OPEB Liability*, there are changes in each entity's proportionate share of the total Net OPEB Liability (NOL) during the measurement period ending on June 30, 2023. The net effect of the change on the entity's proportionate share of the collective NOL and collective deferred outflows of resources and deferred inflows of resources is also recognized over the average of the expected remaining service lives of all employees shown previously. The differences between the actual employer contributions and the proportionate share of the employer contributions during the measurement period ending on June 30, 2023 are recognized over the same period. These amounts are shown below. While these amounts are different for each entity, they sum to zero for the entire Plan.

Increase (Decrease) in OPEB Expense Arising from the Recognition of the Effects of the Change in Proportion and Change in Employer Contributions for the Year Ended June 30, 2024

	Total Change to be Recognized	Recognition Period (Years)	Reporting Date for Employer under GAS 75 Year Ended June 30						
			2024	2025	2026	2027	2028	2029	2030
City	$3,500,247	6.11	$572,872	$572,872	$572,872	$572,872	$572,872	$572,872	$63,015
Airports	(2,991,012)	6.11	(489,527)	(489,527)	(489,527)	(489,527)	(489,527)	(489,527)	(53,850)
Harbor	(509,235)	6.11	(83,345)	(83,345)	(83,345)	(83,345)	(83,345)	(83,345)	(9,165)
Total	**$0**		**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

Increase (Decrease) in OPEB Expense Arising from the Recognition of the Effects of the Change in Proportion and Change in Employer Contributions for the Year Ended June 30, 2023

	Total Change to be Recognized	Recognition Period (Years)	Reporting Date for Employer under GAS 75 Year Ended June 30						
			2023	2024	2025	2026	2027	2028	2029
City	$(426,605)	6.18	$(69,030)	$(69,030)	$(69,030)	$(69,030)	$(69,030)	$(69,030)	$(12,425)
Airports	481,534	6.18	77,918	77,918	77,918	77,918	77,918	77,918	14,026
Harbor	(54,929)	6.18	(8,888)	(8,888)	(8,888)	(8,888)	(8,888)	(8,888)	(1,601)
Total	**$0**		**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

Allocation of Changes in Total Net OPEB Liability (continued)

Increase (Decrease) in OPEB Expense Arising from the Recognition of the Effects of the Change in Proportion and Change in Employer Contributions for the Year Ended June 30, 2022

	Total Change to be Recognized	Recognition Period (Years)	Reporting Date for Employer under GAS 75 Year Ended June 30						
			2022	2023	2024	2025	2026	2027	2028
City	$5,499,652	6.35	$866,087	$866,087	$866,087	$866,087	$866,087	$866,087	$303,130
Airports	(6,481,249)	6.35	(1,020,669)	(1,020,669)	(1,020,669)	(1,020,669)	(1,020,669)	(1,020,669)	(357,235)
Harbor	981,597	6.35	154,582	154,582	154,582	154,582	154,582	154,582	54,105
Total	**$0**		**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

Increase (Decrease) in OPEB Expense Arising from the Recognition of the Effects of the Change in Proportion and Change in Employer Contributions for the Year Ended June 30, 2021

	Total Change to be Recognized	Recognition Period (Years)	Reporting Date for Employer under GAS 75 Year Ended June 30						
			2021	2022	2023	2024	2025	2026	2027
City	$2,994,931	6.26	$478,423	$478,423	$478,423	$478,423	$478,423	$478,423	$124,393
Airports	(2,775,498)	6.26	(443,370)	(443,370)	(443,370)	(443,370)	(443,370)	(443,370)	(115,278)
Harbor	(219,433)	6.26	(35,053)	(35,053)	(35,053)	(35,053)	(35,053)	(35,053)	(9,115)
Total	**$0**		**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

Increase (Decrease) in OPEB Expense Arising from the Recognition of the Effects of the Change in Proportion and Change in Employer Contributions for the Year Ended June 30, 2020

	Total Change to be Recognized	Recognition Period (Years)	Reporting Date for Employer under GAS 75 Year Ended June 30						
			2020	2021	2022	2023	2024	2025	2026
City	$2,425,804	6.21	$390,629	$390,629	$390,629	$390,629	$390,629	$390,629	$82,030
Airports	(1,790,760)	6.21	(288,367)	(288,367)	(288,367)	(288,367)	(288,367)	(288,367)	(60,558)
Harbor	(635,044)	6.21	(102,262)	(102,262)	(102,262)	(102,262)	(102,262)	(102,262)	(21,472)
Total	**$0**		**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

Allocation of Changes in Total Net OPEB Liability (continued)

Increase (Decrease) in OPEB Expense Arising from the Recognition of the Effects of the Change in Proportion and Change in Employer Contributions for the Year Ended June 30, 2019

	Total Change to be Recognized	Recognition Period (Years)	Reporting Date for Employer under GAS 75 Year Ended June 30						
			2019	2020	2021	2022	2023	2024	2025
City	$1,965,296	6.52	$301,426	$301,426	$301,426	$301,426	$301,426	$301,426	$156,740
Airports	(1,233,967)	6.52	(189,259)	(189,259)	(189,259)	(189,259)	(189,259)	(189,259)	(98,413)
Harbor	(731,329)	6.52	(112,167)	(112,167)	(112,167)	(112,167)	(112,167)	(112,167)	(58,327)
Total	**$0**		**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

Increase (Decrease) in OPEB Expense Arising from the Recognition of the Effects of the Change in Proportion and Change in Employer Contributions for the Year Ended June 30, 2018

	Total Change to be Recognized	Recognition Period (Years)	Reporting Date for Employer under GAS 75 Year Ended June 30						
			2018	2019	2020	2021	2022	2023	2024
City	$1,495,323	6.39	$234,010	$234,010	$234,010	$234,010	$234,010	$234,010	$91,263
Airports	(953,634)	6.39	(149,239)	(149,239)	(149,239)	(149,239)	(149,239)	(149,239)	(58,200)
Harbor	(541,689)	6.39	(84,771)	(84,771)	(84,771)	(84,771)	(84,771)	(84,771)	(33,063)
Total	**$0**		**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

Section 3: Actuarial Assumptions and Methods and Appendices

Actuarial assumptions and methods

For June 30, 2023 Measurement Date and Employer Reporting as of June 30, 2024

Rationale for Assumptions

The information and analysis used in selecting each assumption that has a significant effect on this actuarial valuation is shown in the July 1, 2019 through June 30, 2022 Actuarial Experience Study dated June 21, 2023 and retiree health assumptions letter dated September 18, 2023. Unless otherwise noted, all actuarial assumptions and methods shown below apply to both Tier 1 and Tier 3 members. These assumptions have been adopted by the Board.

Economic Assumptions

Net Investment Return:	7.00%; net of investment expenses.
Payroll Growth:	Inflation of 2.50% per year plus real “across the board” salary increases of 0.50% per year, used to amortize the UAAL as a level percentage of payroll.

Salary Increases:

The annual rate of compensation increase includes: inflation at 2.50%, plus "across the board" salary increases of 0.50% per year, plus the following merit and promotion increases:

Merit and Promotion Increases

Years of Service	Rate (%)
Less than 1	6.00
1 – 2	5.90
2 – 3	5.40
3 – 4	4.20
4 – 5	3.50
5 – 6	2.80
6 – 7	2.50
7 – 8	2.10
8 – 9	1.80
9 – 10	1.60
10 – 11	1.50
11 – 12	1.40
12 – 13	1.30
13 – 14	1.20
14 – 15	1.10
15 & Over	1.00

Demographic Assumptions

Post-Retirement Mortality Rates:	*Healthy Members* • Pub-2010 General Healthy Retiree Headcount-Weighted Above-Median Mortality Table (separate tables for males and females), with rates increased by 10% for males, projected generationally with the two-dimensional mortality improvement scale MP-2021. *Disabled Members* • Pub-2010 Non-Safety Disabled Retiree Headcount-Weighted Mortality Table (separate tables for males and females), with rates increased by 5% for males and decreased by 5% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021. *Beneficiaries not currently in-Pay Status* • Pub-2010 General Healthy Retiree Headcount-Weighted Above-Median Mortality Table (separate tables for males and females), with rates increased by 10% for males, projected generationally with the two-dimensional mortality improvement scale MP-2021. *Beneficiaries currently in-Pay Status* • Pub-2010 Contingent Survivor Headcount-Weighted Above-Median Mortality Table (separate tables for males and females), with rates increased by 5% for males and increased by 10% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021. The Pub-2010 mortality tables and adjustments as shown above reasonably reflect the mortality experience as of the measurement date. These mortality tables were adjusted to future years using the generational projection to reflect future mortality improvement between the measurement date and those years.

Pre-Retirement Mortality Rates:	Pub-2010 General Employee Headcount-Weighted Above-Median Mortality Table (separate tables for males and females), with rates increased by 10% for males and females, projected generationally with the two-dimensional mortality improvement scale MP-2021.

	Rate (%)	
Age	**Male**	**Female**
20	0.04	0.02
25	0.04	0.02
30	0.05	0.02
35	0.08	0.04
40	0.09	0.05
45	0.11	0.06
50	0.14	0.08
55	0.21	0.13
60	0.33	0.20
65	0.47	0.29

Generational projections beyond the base year (2010) are not reflected in the above mortality rates.

For Tier 1 Enhanced, 100% of pre-retirement death benefits are assumed to be service-connected.

Disability Incidence:

Disability Incidence

Age	Rate (%)
25	0.01
30	0.02
35	0.03
40	0.05
45	0.10
50	0.14
55	0.15
60	0.16
65	0.20

Termination:

Years of Service	Rate (%)
Less than 1	10.50
1 – 2	10.00
2 – 3	9.00
3 – 4	7.75
4 – 5	6.25
5 – 6	5.25
6 – 7	5.00
7 – 8	4.75
8 – 9	4.50
9 – 10	4.25
10 – 11	4.00
11 – 12	3.75
12 – 13	3.50
13 – 14	3.00
14 – 15	2.75
15 and over	2.50

No termination is assumed after a member is eligible for retirement (as long as a retirement rate is present).

Retirement Rates:

	Rate (%)					
	Tier 1		Tier 1 Enhanced		Tier 3	
Age	**Non-55/30**	**55/30**	**Non-55/30**	**55/30**	**Non-55/30**	**55/30**
50	5.0	0.0	6.0	0.0	5.0	0.0
51	3.0	0.0	5.0	0.0	3.0	0.0
52	3.0	0.0	5.0	0.0	3.0	0.0
53	3.0	0.0	5.0	0.0	3.0	0.0
54	18.0	0.0	18.0	0.0	17.0	0.0
55	6.0	27.0	10.0	30.0	0.0[1]	26.0
56	6.0	18.0	10.0	22.0	0.0[1]	17.0
57	6.0	18.0	10.0	22.0	0.0[1]	17.0
58	6.0	18.0	10.0	22.0	0.0[1]	17.0
59	6.0	18.0	10.0	22.0	0.0[1]	17.0
60	9.0	18.0	11.0	22.0	8.0	17.0
61	9.0	18.0	11.0	22.0	8.0	17.0
62	9.0	18.0	11.0	22.0	8.0	17.0
63	9.0	18.0	11.0	22.0	8.0	17.0
64	9.0	18.0	11.0	22.0	8.0	17.0
65	16.0	21.0	20.0	26.0	15.0	20.0
66	16.0	21.0	20.0	26.0	15.0	20.0
67	16.0	21.0	20.0	26.0	15.0	20.0
68	16.0	21.0	20.0	26.0	15.0	20.0
69	16.0	21.0	20.0	26.0	15.0	20.0
70 & Over	100.0	100.0	100.0	100.0	100.0	100.0

[1] Not eligible to retire under the provisions of the Tier 3 plan at these ages with less than 30 years of service. If a member has at least 30 years of service at these ages, they would be subject to the "55/30" rates.

Retirement Age and Benefit for Inactive Vested Members: OPEB benefit will be paid at the later of age 59 or the current attained age.

Service: Employment service is used for eligibility determination purposes. Benefit service is used for benefit calculation purposes.

Future Benefit Accruals: 1.0 year of service credit per year.

Unknown Data for Members: Same as those exhibited by members with similar known characteristics. If not specified, members are assumed to be male.

Retiree Health Assumptions

Per Capita Cost Development:	The assumed costs on a composite basis are the future costs of providing postemployment health care benefits at each age. To determine the assumed costs on a composite basis, historical premiums are reviewed and adjusted for increases in the cost of health care services.
Per Capita Cost Development - Maximum Dental Subsidy:	

Carrier	Election Percent (%)	Monthly 2023/2024 Fiscal Year Subsidy
Delta Dental PPO	81.5	$43.37
DeltaCare USA	18.5	15.10

Per Capita Cost Development - Medicare Part B Premium Subsidy:

	Single Monthly Premium
Actual monthly premium for calendar year 2023	$164.90
Projected monthly premium for calendar year 2024	174.70
Projected average monthly premium for plan year 2023/2024	169.80

LACERS will not reimburse Medicare Part B premiums for Spouse/Domestic Partners, unless they are LACERS retired Members with Medicare Parts A and B enrolled as a dependent in a LACERS medical plan. This valuation does not reflect Medicare Part B reimbursement for any (married or surviving) spouse/domestic partners enrolled in Medicare Parts A and B.

For retirees age 65 and over on the valuation date, we valued the Medicare Part B premium subsidy as reported in the data. For current and future retirees under age 65, we will assume 100% of those electing a medical subsidy will be eligible for the Medicare Part B premium subsidy.

Per Capita Cost Development – Medical Subsidy:	Tier 1 members not subject to medical subsidy cap and all Tier 3 members.

- **Participant Under Age 65 or Not Eligible for Medicare A&B**

2023-2024 Fiscal Year		Single Party			Married/With Domestic Partner			Eligible Survivor		
Carrier	Observed and Assumed Election Rate (%)*	Monthly Premium	Maximum Subsidy	Subsidy	Monthly Premium	Maximum Subsidy	Subsidy	Monthly Premium	Maximum Subsidy	Subsidy
Kaiser HMO	61.3	$995.44	$2,074.89	$995.44	$1,990.87	$2,074.89	$1,990.87	$995.44	$995.44	$995.44
Anthem Blue Cross PPO	21.5	1,528,.98	2,074.89	1,528,.98	3,052.93	2,074.89	2,074.89	1,528,.98	995.44	995.44
Anthem Blue Cross HMO	17.2	1,221.39	2,074.89	1,221.39	2,437.74	2,074.89	2,074.89	1,221.39	995.44	995.44

** The observed election percentages are based on raw census data as of June 30, 2023.*

- **Participant Eligible for Medicare A&B**

2023-2024 Fiscal Year		Single Party			Married/With Domestic Partner			Eligible Survivor		
Carrier	Observed and Assumed Election Rate (%)*	Monthly Premium	Maximum Subsidy	Subsidy	Monthly Premium	Maximum Subsidy	Subsidy	Monthly Premium	Maximum Subsidy	Subsidy
Kaiser Senior Advantage HMO	56.3	$262.47	$262.47	$262.47	$524.94	$524.94	$524.94	$262.47	$262.47	$262.47
Anthem Blue Cross Medicare Supplement / Anthem Medicare Preferred (PPO)	33.7	464.97	464.97	464.97	924.90	924.90	924.90	464.97	464.97	464.97
UHC California Medicare Advantage Plan	10.0	267.78	267.78	267.78	530.33	530.33	530.33	267.78	267.78	267.78

* *The observed election percentages are based on raw census data as of June 30, 2023.*

The monthly premiums provided above include vision premiums and are the plan's member rates; which do not necessarily equal the rates charged by the carriers. Differences between member rates and carrier rates are due to LACERS' premium rate stabilization policies and are expected to be short-term.

Note that there are three plans (SCAN, UHC Medicare Advantage HMO for Arizona and Nevada) offered by LACERS that are not included above because we assume a 0% participation rate for each of those plans. On average, their premiums are close to the UHC California Medicare Advantage plan.

Per Capita Cost Development – Medical Subsidy:	Tier 1 members who are subject to the retiree medical subsidy cap will have monthly health insurance subsidy maximums capped at the levels in effect at July 1, 2011, as shown in the table below. We understand that no active members are subject to the cap but that some inactive members may be subject to the cap.

Retiree Plan	Single Party	Married/With Domestic Partner	Eligible Survivor
Under 65 – All Plans	$1,190.00	$1,190.00	$593.62
Over 65			
Kaiser Senior Advantage	$203.27	$406.54	$203.27
Anthem Medicare Preferred (PPO)	478.43	478.43*	478.43
UHC Medicare Adv. HMO	219.09	433.93	219.09

* The reason the subsidy is only at the single party amount is that there is no excess subsidy to cover a dependent.

Per Capita Cost Development – Medical Subsidy:

Adjustments to per capita costs (as shown on page 56-57) are as follows:

	Retiree & Spouse	
Age	Male	Female
55	0.6807	0.6914
60	0.7837	0.7495
64	0.9524	0.8137
65	1.0000	0.8306
70	1.1232	0.9292
75	1.2407	0.9769
80	1.2991	1.0427
85+	1.3603	1.1129

Health Care Cost Subsidy Trend Rates:	Trend is to be applied to premium for shown fiscal year to calculate next fiscal year's projected premium. First Fiscal Year is July 1, 2023 through June 30, 2024.

	Rate (%)					
Plan	**Anthem Blue Cross PPO, Under Age 65**	**Anthem Blue Cross Medicare Supplement / Anthem Medicare Preferred (PPO)**	**Kaiser HMO, Under Age 65**	**Kaiser Senior Advantage**	**Anthem Blue Cross HMO, Under 65**	**UHC CA Medicare Advantage**
Trend to be applied to 2023-2024 Fiscal Year premium	8.01	-3.35	9.49	3.25	8.01	-4.51

The fiscal year trend rates are based on the following calendar year trend rates:

	Approximate Trend Rate (%)			**Trend Applied to Calculate Following Year Premium Rate (%)**	
Fiscal Year	**Non-Medicare**	**Medicare**	**Calendar Year**	**Non-Medicare**	**Medicare**
2024-2025	7.12	6.37	2024	7.25[1]	6.50[1]
2025-2026	6.87	6.12	2025	7.00	6.25
2026-2027	6.62	5.87	2026	6.75	6.00
2027-2028	6.37	5.62	2027	6.50	5.75
2028-2029	6.12	5.37	2028	6.25	5.50
2029-2030	5.87	5.12	2029	6.00	5.25
2030-2031	5.62	4.87	2030	5.75	5.00
2031-2032	5.37	4.62	2031	5.50	4.75
2032-2033	5.12	4.50	2032	5.25	4.50
2033-2034	4.87	4.50	2033	5.00	4.50
2034-2035	4.62	4.50	2034	4.75	4.50
2035 and later	4.50	4.50	2035	4.50	4.50

1 *For example, the 7.25% assumption when applied to the 2023 non-Medicare medical premiums would provide the projected 2025 non-Medicare medical premiums. This trend would also be applied to the maximum medical subsidy, based on the non-Medicare Kaiser premium.*

Health Care Cost Subsidy Trend Rates (continued):	Trend is to be applied to premium for shown fiscal year to calculate next fiscal year's projected premium. First Fiscal Year is July 1, 2023 through June 30, 2024. Dental Premium Trend 1.50%, then 3.00% thereafter Medicare Part B Premium Trend 5.20%, then 4.50% thereafter
Spouse/Domestic Partner Coverage:	For all active and inactive members, 60% of male participants and 35% of female participants who receive a retiree health subsidy are assumed to be married or have a qualified domestic partner and elect dependent coverage. Of these covered spouses/domestic partners, 100% are assumed to continue coverage if the retiree predeceases the spouse/domestic partner. Male retirees are assumed to be 4 years older than their female spouses/domestic partners. Female retirees are assumed to be 2 years younger than their male spouses/domestic partners.
Participation:	Retiree Medical and Dental Coverage Election: (see table below)

Service Range (Years)	Percent Covered[1] (%)
10 – 14	60
15 – 19	80
20 – 24	90
25 and over	95

[1]For deferred vested members, we assume an election percent of 50% of these rates.

Health Care Reform:	This valuation does not reflect the potential impact of any future changes due to prior or pending legislations. Because the 2025 Final CY 2025 Part D Redesign Program Instructions were released by the Centers for Medicare and Medicaid Services (CMS) several months after the June 30, 2023 measurement date, the trend rate assumptions do not reflect the anticipated impact of the Inflation Reduction Act of 2022 on the plan's 2025 Medicare plan premiums.
Administrative Expenses:	No administrative expenses were valued separately from the premium costs.
Plan Design:	Development of plan liabilities was based on the substantive plan of benefits in effect as described in Section 2.

Actuarial Methods

Actuarial Cost Method:	Entry Age Actuarial Cost Method, level percent of salary. Entry age is calculated as age on the valuation date minus years of employment service. Both the normal cost and the actuarial accrued liability are calculated on an individual basis.
Expected Remaining Service Lives:	The average of the expected service lives of all employees is determined by: • Calculating each active employee's expected remaining service life as the present value of $1 per year of future service at zero percent interest. • Setting the remaining service life to zero for each nonactive or retired member. • Dividing the sum of the above amounts by the total number of active employee, nonactive and retired members.

Changes in Actuarial Assumptions

The following assumptions were changed since the prior valuation:

- Per capita costs and associated trend assumptions were updated to reflect 2024 calendar year premiums/subsidies and updated trend assumptions for 2025 and after. The actuarial factors used to estimate individual retiree and spouse costs by age and gender were updated. The new factors are based on a review of historical claims experience by age, gender, and status (active vs. retired) from Segal's claims data warehouse. The updated claims and associated trend assumptions had a combined impact of reducing the actuarial accrued liability.
- Medical carrier election assumptions were updated based on more recent data.
- Economic and demographic assumptions have been updated based on the July 1, 2019 through June 30, 2022 Actuarial Experience Study. The assumptions changes from the 2022 Actuarial Experience Study had a combined impact of reducing the actuarial accrued liability and increasing the plan's normal cost.

Appendix A: Definition of Terms

Definitions of certain terms as they are used in Statement 75. The terms may have different meanings in other contexts.

Actuarially Determined Contribution:	A target or recommended contribution to an OPEB plan for the reporting period based on the most recent measurement available.
Assumptions or Actuarial Assumptions:	The estimates on which the cost of the Plan is calculated including: a) Investment return — the rate of investment yield that the Plan will earn over the long-term future; b) Mortality rates — the death rates of employees and pensioners; life expectancy is based on these rates; c) Retirement rates — the rate or probability of retirement at a given age; d) Turnover rates — the rates at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement.
Covered Employee Payroll:	The payroll of the employees that are provided OPEB benefits.
Discount Rate:	The single rate of return, that when applied to all projected benefit payments results in an actuarial present value that is the sum of the following: 1) the actuarial present value of projected benefit payments projected to be funded by plan assets using a long term rate of return, and 2) the actuarial present value of projected benefit payments that are not included in (1) using a yield or index rate for 20 year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher.
Entry Age Actuarial Cost Method:	An actuarial cost method where the present value of the projected benefits for an individual is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit age.
Healthcare Cost Trend Rates:	The rate of change in per capita health costs over time.
Net OPEB Liability:	The Total OPEB Liability less the Plan Fiduciary Net Position.
Plan Fiduciary Net Position:	Market Value of Assets
Real Rate of Return:	The rate of return on an investment after removing inflation.
Service Cost:	The amount of contributions required to fund the benefit allocated to the current year of service.
Total OPEB Liability:	Present value of all future benefit payments for current retirees and active employees taking into account assumptions about demographics, turnover, mortality, disability, retirement, health care trends, and other actuarial assumptions.
Valuation Date:	The date at which the actuarial valuation is performed.

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BOARD Meeting 10/08/24
Item: III-C
Attachment: 3

Report of Independent Auditors and
Schedules of Employer Allocations
and Pension Amounts by Employer

Los Angeles City Employees' Retirement System Retirement Plan

June 30, 2023
(For Employer Reporting as of June 30, 2024)

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Report of Independent Auditors

The Board of Administration
Los Angeles City Employees' Retirement System Retirement Plan

Report on the Audit of the Schedules

Opinion

We have audited the schedule of employer allocations and the total for all employers of the columns titled net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense (specified column totals) included in the accompanying schedule of pension amounts by employer of Los Angeles City Employees' Retirement System Retirement Plan (the Plan) as of and for the year ended June 30, 2023, and the related notes.

In our opinion, the accompanying schedules referred to above present fairly, in all material respects, the employer allocations as of June 30, 2023 and the totals for all participating Los Angeles City Employees' Retirement System Retirement Plan employers of the columns titled net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense as of and for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Schedules section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Schedules

Management is responsible for the preparation and fair presentation of the schedules in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Schedules

Our objectives are to obtain reasonable assurance about whether the schedules as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the schedules.

In performing an audit in accordance with GAAS, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the schedules, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the schedules.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the schedules.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Other Matter

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Los Angeles City Employees' Retirement System as of and for the year ended June 30, 2023, and our report thereon dated December 5, 2023, expressed an unmodified opinion on those financial statements.

Restriction on Use

Our report is intended solely for the information and use of the management, members of the Board of Administration, and the Plan's participating employers and their auditors, and is not intended to be and should not be used by anyone other than these specified parties.

Moss Adams LLP

El Segundo, California
September 27, 2024

Los Angeles City Employees' Retirement System Retirement Plan
Schedule of Employer Allocations
As of and for the Year Ended June 30, 2023

Employer	Total Employer Contributions	Employer Allocation Percentage
City	$ 565,872,715	84.536%
Airports	78,716,791	11.759%
Harbor	24,801,690	3.705%
	$ 669,391,196	100.000%

See accompanying notes.

Los Angeles City Employees' Retirement System Retirement Plan

Schedule of Pension Amounts by Employer

As of and for the Year Ended June 30, 2023

		Deferred Outflows of Resources					Deferred Inflows of Resources				Pension Expense		
Employer	Net Pension Liability	Difference Between Expected and Actual Experience	Changes of Assumptions	Net Difference Between Expected and Actual Investment Experience	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Outflows of Resources	Difference Between Expected and Actual Experience	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Changes of Assumptions	Total Deferred Inflows of Resources	Proportionate Share of Plan Pension Expense	Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contribution and Proportionate Share of Contributions	Net Pension Expense
City	$ 6,210,179,300	$ 363,916,922	$ 89,010,048	$ 456,025,576	$ 65,235,836	$ 974,188,382	$ 97,726,675	$ -	$ 75,001,351	$ 172,728,026	$ 833,705,787	$ 25,581,637	$ 859,287,424
Airports	863,878,701	50,623,350	12,381,911	63,436,297	125,772	126,567,330	13,594,453	62,812,537	10,433,204	86,840,194	115,974,215	(24,548,684)	91,425,531
Harbor	272,186,550	15,950,150	3,901,230	19,987,189	4,408,204	44,246,773	4,283,272	6,957,275	3,287,241	14,527,788	36,540,572	(1,032,953)	35,507,619
	$ 7,346,244,551	$ 430,490,422	$ 105,293,189	$ 539,449,062	$ 69,769,812	$ 1,145,002,485	$ 115,604,400	$ 69,769,812	$ 88,721,796	$ 274,096,008	$ 986,220,574	$ -	$ 986,220,574

See accompanying notes.

Note 1 – Plan Description

The Los Angeles City Employees' Retirement System (LACERS) is under the exclusive management and control of its Board of Administration (the Board), whose authority is granted by statute in Article XVI, Section 17 of the California State Constitution, and Article XI of the Los Angeles City Charter. LACERS is a component unit of the Municipality of the City of Los Angeles (the City). LACERS financial statements are included in the City's annual comprehensive financial report as a pension trust fund.

The Los Angeles City Employees' Retirement System Retirement Plan (the Plan) is a single employer defined benefit retirement plan administered by LACERS that provides for service and disability retirement benefits, as well as death benefits. Changes to the benefit terms require approval by the City Council.

The Plan covers all full-time personnel and department-certified part-time employees of the City, except for sworn employees of the fire and police departments, Department of Water and Power employees, elected officials who elected to participate in an alternative defined contribution plan, certain port police officers of the Harbor Department, and certain airport peace officers who elected to opt out of the Plan.

As of June 30, 2023, the Plan's membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	22,510
Terminated vested members not receiving benefits	11,148
Active members	25,875
	59,533

Note 2 – Summary of Significant Accounting Policies

Basis of accounting – The schedules are presented in accordance with the standards issued by the Governmental Accounting Standards Board (GASB), which is the standard setting body for establishing accounting principles generally accepted in the United States of America for governmental entities. As prescribed by GASB, the schedules are reported using the economic resources measurement focus and the accrual basis of accounting.

Employer and member contributions are recognized as revenues when due, pursuant to formal commitments, as well as statutory and contractual requirements that coincide with the period in which employee services are performed. Deductions from the Plan's assets are recorded when corresponding liabilities are incurred, regardless of when paid. Benefits and refunds are recognized when due and are payable in accordance with LACERS policy.

For purposes of measuring net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense, information about the fiduciary net position of the Plan and additions to and deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Employer contributions – LACERS funding policy under Article XI Sections 1158 and 1160 of the City Charter provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate the required assets to pay benefits when due. Based on actual payroll, the effective rate for the Plan was 29.01% during the year ended June 30, 2023.

Employer allocations – For the presentation of the schedule of employer allocations and schedule of pension amounts by employer (collectively, the Schedules), the City has requested the allocation of pension amounts among three individual entities: City, Airports, and Harbor (the Employers). The Schedules present amounts that are elements of the financial statements of the Plan or of the Employers. The Schedules do not purport to be a complete presentation of the financial position or changes in financial position of LACERS or the Employers.

The Employers are required to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The employer allocation percentages presented in the schedule of employer allocations and applied to amounts presented in the schedule of pension amounts by employer are based on the ratio of each employer's contribution to the LACERS total employer contributions during the measurement period from July 1, 2022 through June 30, 2023.

Use of estimates – The preparation of the Schedules in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain amounts and disclosures. Actual results could differ from those estimates.

Note 3 – Net Pension Liability

The actuarial valuation and measurement of the net pension liability and other pension amounts was performed by the Plan's independent actuary as of June 30, 2023. The components of the Plan's net pension liability are summarized as follows:

Total pension liability	$ 25,299,537,118
Plan fiduciary net position	(17,953,292,567)
Employers' net pension liability	$ 7,346,244,551
Plan fiduciary net position as a percentage of the total pension liability	70.96%

Note 4 – Actuarial Assumptions

The total pension liability was determined based on the June 30, 2023 actuarial valuation using the following actuarial assumptions:

Valuation Date	June 30, 2023
Investment Rate of Return	7.00%, including inflation and net of expenses
Projected Salary Increases	4.00% to 9.00%, including inflation, based on years of service
Inflation	2.50%
Cost-of-Living Adjustments	Tier 1: 2.75%, Tier 3: 2.00%, Actual increases are contingent upon Consumer Price Index (CPI) increases with a 3.00% maximum for Tier 1 and a 2.00% maximum for Tier 3. For Tier 1 members with a sufficient COLA bank, withdrawals from the bank can be made to increase the retiree COLA up to 3% per year.
Mortality	Healthy: Pub-2010 General Healthy Retiree Amount-Weighted Above Median Mortality Tables (separate tables for males and females), with rates increased by 10% for males, projected generationally with the two-dimensional mortality improvement scale MP-2021.

For pre-retirement mortality, withdrawal rates, disability rates, and service retirement rates, the rates vary by age, gender, and/or service.

Long-term expected rate of return by asset class – The long-term expected rate of return on retirement plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation and, beginning with June 30, 2023 any applicable investment management expenses) are developed for each major asset class. These returns are combined to produce the long-term expected arithmetic rate of return for the portfolio by weighting the expected arithmetic real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses (beginning with June 30, 2023 including only investment consulting fees, custodian fees and other miscellaneous investment expenses) and a risk margin. Beginning with June 30, 2023, this portfolio return is further adjusted to an expected geometric real rate of return for the portfolio. The target allocation and projected arithmetic real rates of return for each major asset class (after deducting inflation) are shown in the following table. These values are after deducting applicable investment management expenses. This information was used in the derivation of the long-term expected investment rate of return assumption in the June 30, 2023 actuarial valuation.

Investment Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
U.S. large cap equity	15.00%	6.00%
U.S. small cap equity	6.00%	6.65%
Developed international large cap equity	15.00%	7.01%
Developed international small cap equity	3.00%	7.34%
Emerging markets equity	6.67%	8.80%
Core bonds	11.25%	1.97%
High yield bond	1.50%	4.63%
Bank loan	1.50%	4.07%
TIPS	3.60%	1.77%
Emerging market debt (external)	2.00%	4.72%
Emerging market debt (local)	2.00%	4.53%
Core real estate	4.20%	3.86%
Non-core real estate	2.80%	5.40%
Cash	1.00%	0.63%
Private equity	16.00%	9.84%
Private credit/debit	5.75%	6.47%
Emerging market small-cap equity	1.33%	11.10%
REITS	1.40%	6.80%
	100.00%	

Discount rate – The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employee and employer contributions that are intended to fund benefits for current members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future members and their beneficiaries, as well as projected contributions from future members, are not included. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on the Plan's investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2023.

Sensitivity of the net pension liability – The following presents the net pension liability, calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% point lower (6.00%) or 1% point higher (8.00%) than the current rate:

1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
$ 10,670,436,546	$ 7,346,244,551	$ 4,597,568,534

The Employers should multiply their employer allocation percentage by these amounts to calculate their portion of the sensitivity amounts.

Note 5 – Pension Expense

The collective pension expense includes changes in the collective net pension liability, projected earnings on pension plan investments, and the amortization of deferred outflows of resources for the current period. Components of pension expense for the year ended June 30, 2023 are summarized as follows:

Service cost	$ 412,247,235
Interest on the total pension liability	1,671,683,353
Expensed portion of current period difference between actual and expected experience	99,823,715
Expensed portion of current period changes of assumptions or other inputs	(23,978,864)
Member contributions	(257,967,487)
Expected return on investments	(1,201,162,172)
Expensed portion of current period difference between actual and expected return on investments	(11,982,174)
Administrative expenses	28,614,645
Other expense	-
Recognition of beginning of year deferred balances	268,942,323
Net pension expense	$ 986,220,574

Note 6 – Average Remaining Service Life

Changes arising from differences between expected and actual experience and from changes in actual assumptions are recognized in net pension expense over the average remaining service life of all employees provided with benefits through the pension plan (active and inactive). These differences are considered on a pooled basis, rather than an individual basis, in order to reflect the expected remaining service life of the entire pool of employees, with the understanding that inactive employees have no remaining service period. As of June 30, 2023, the average of the expected remaining service lives of all employees as calculated by the Plan's independent actuaries was 4.70 years.

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Report of Independent Auditors and
Schedules of Employer Allocations
and OPEB Amounts by Employer

Los Angeles City Employees' Retirement System
Postemployment Health Care Plan

June 30, 2023
(For Employer Reporting as of June 30, 2024)

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Report of Independent Auditors

The Board of Administration
Los Angeles City Employees' Retirement System Retirement Plan

Report on the Audit of the Schedules

Opinion

We have audited the schedule of employer allocations and the total for all employers of the columns titled net OPEB asset, total deferred outflows of resources, total deferred inflows of resources, and net OPEB expense (income) (specified column totals) included in the accompanying schedule of OPEB amounts by employer of Los Angeles City Employees' Retirement System Retirement Plan (the Plan) as of and for the year ended June 30, 2023, and the related notes.

In our opinion, the accompanying schedules referred to above present fairly, in all material respects, the employer allocations as of June 30, 2023 and the totals for all Los Angeles City Employees' Retirement System Retirement Plan employers of the columns titled net OPEB asset, total deferred outflows of resources, total deferred inflows of resources, and net OPEB expense (income) as of and for the year ended June 30, 2023, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Schedules section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Schedules

Management is responsible for the preparation and fair presentation of the schedules in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Schedules

Our objectives are to obtain reasonable assurance about whether the schedules as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the schedules.

In performing an audit in accordance with GAAS, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the schedules, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the schedules.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the schedules.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Other Matter

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Los Angeles City Employees' Retirement System as of and for the year ended June 30, 2023, and our report thereon dated December 5, 2023, expressed an unmodified opinion on those financial statements.

Restriction on Use

Our report is intended solely for the information and use of the management, members of the Board of Administration, and the Plan's participating employers and their auditors, and is not intended to be and should not be used by anyone other than these specified parties.

Moss Adams LLP

El Segundo, California
September 27, 2024

Los Angeles City Employees' Retirement System
Postemployment Health Care Plan
Schedule of Employer Allocations
As of and for the Year Ended June 30, 2023

Employer	Total Employer Contributions	Employer Allocation Percentage
City	$ 77,345,321	85.388%
Airports	9,948,619	10.983%
Harbor	3,286,952	3.629%
	$ 90,580,892	100.000%

See accompanying notes.

Los Angeles City Employees' Retirement System
Postemployment Health Care Plan
Schedule of OPEB Amounts by Employer
As of and for the Year Ended June 30, 2023

		Deferred Outflows of Resources					Deferred Inflows of Resources				OPEB (Income) Expense		
Employer	Net OPEB Asset	Differences Between Expected and Actual Experience	Changes of Assumptions	Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Outflows of Resources	Differences Between Expected and Actual Experience	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Inflows of Resources	Proportionate Share of Plan OPEB Expense	Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer's Contribution and Proportionate Share of Contributions	Net OPEB Expense (Income)
City	$ (115,528,064)	$ 4,807,399	$ 41,541,663	$ 54,293,708	$ 7,539,404	$ 108,182,174	$ 73,457,003	$ 374,460,581	$ 288,545	$ 448,206,129	$ (1,522,456)	$ 2,631,670	$ 1,109,214
Airports	(14,859,912)	618,354	5,343,338	6,983,582	325,698	13,270,972	9,448,480	48,165,365	7,370,083	64,983,928	(195,828)	(2,411,474)	(2,607,302)
Harbor	(4,909,608)	204,301	1,765,400	2,307,325	517,851	4,794,877	3,121,710	15,913,490	724,325	19,759,525	(64,700)	(220,196)	(284,896)
	$ (135,297,584)	$ 5,630,054	$ 48,650,401	$ 63,584,615	$ 8,382,953	$ 126,248,023	$ 86,027,193	$ 438,539,436	$ 8,382,953	$ 532,949,582	$ (1,782,984)	$ -	$ (1,782,984)

See accompanying notes.

Note 1 – Plan Description

The Los Angeles City Employees' Retirement System (LACERS) is under the exclusive management and control of its Board of Administration (the Board), whose authority is granted by statute in Article XVI, Section 17 of the California State Constitution, and Article XI of the Los Angeles City Charter. LACERS is a component unit of the Municipality of the City of Los Angeles (the City). LACERS financial statements are included in the City's annual comprehensive financial report as a pension trust fund.

The Los Angeles City Employees' Retirement System Postemployment Health Care Plan (the Plan) is a plan within the single employer defined benefit retirement plan administered by LACERS. The Plan provides other postemployment health care benefits (OPEB) to eligible retirees and their eligible spouses or domestic partners. Changes to the benefit terms require approval by the City Council.

The Plan covers all personnel who participate in the LACERS defined benefit retirement plan regardless of their membership tier. Eligibility in the Plan requires the member 1) be at least age 55; 2) have at least ten complete years of service with LACERS; and 3) be enrolled in a system-sponsored medical or dental plan or be a participant in the Medical Premium Reimbursement Program (MPRP). The health care plans available include medical, dental, and vision benefits, or participation in the MPRP if the member resides in an area not covered by the available medical plans.

As of June 30, 2023, the Plan's membership consisted of the following:

Retirees or surviving spouses currently receiving benefits	17,759
Terminated vested members not receiving benefits	1,617
Retired members and surviving spouses entitled but not yet eligible for health benefits	132
Active members	25,875
	45,383

Note 2 – Summary of Significant Accounting Policies

Basis of accounting – The schedules are presented in accordance with the standards issued by the Governmental Accounting Standards Board (GASB), which is the standard setting body for establishing accounting principles generally accepted in the United States of America for governmental entities. As prescribed by GASB, the schedules are reported using the economic resources measurement focus and the accrual basis of accounting.

Employer contributions are recognized as revenues when due, pursuant to formal commitments, as well as statutory and contractual requirements that coincide with the period in which employee services are performed. Deductions from the Plan's assets are recorded when corresponding liabilities are incurred, regardless of when paid. Benefits are recognized when due and are payable in accordance with LACERS policy.

For purposes of measuring net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense, information about the fiduciary net position of the Plan and additions to and deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Employer contributions – LACERS funding policy under Article XI Sections 1158 and 1160 of the City Charter provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate the required assets to pay benefits when due. Based on actual payroll, the effective rate for the Plan was 3.93% during the year ended June 30, 2023.

Employer allocations – For the presentation of the schedule of employer allocations and schedule of OPEB amounts by employer (collectively, the Schedules), the City has requested the allocation of pension amounts among three individual entities: City, Airports, and Harbor (the Employers). The Schedules present amounts that are elements of the financial statements of the Plan or of the Employers. The Schedules do not purport to be a complete presentation of the financial position or changes in financial position of LACERS or the Employers.

The Employers are required to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense. The employer allocation percentages presented in the schedule of employer allocations and applied to amounts presented in the schedule of OPEB amounts by employer are based on the ratio of each employer's contribution to the LACERS total employer contributions during the measurement period from July 1, 2022 through June 30, 2023.

Use of estimates – The preparation of the Schedules in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain amounts and disclosures. Actual results could differ from those estimates.

Note 3 – Net OPEB Asset

The actuarial measurement of the net OPEB asset and other OPEB amounts was performed by LACERS' independent actuary as of June 30, 2023. The components of the Plan's net OPEB asset as of June 30, 2023 are summarized as follows:

Total OPEB liability	$ 3,405,088,528
Plan fiduciary net position	(3,540,386,112)
Employers' net OPEB asset	$ (135,297,584)
Plan fiduciary net position as a percentage of total OPEB liability	103.97%

Note 4 – Actuarial Assumptions

The total OPEB asset was determined based on the June 30, 2023 actuarial valuation using the following actuarial assumptions:

Valuation date	June 30, 2023
Investment rate of return	7.00%, including inflation and net of expenses
Projected salary increases	4.00% to 9.00%, including inflation, based on years of service
Inflation	2.50%
Medical cost trend rates	7.12% graded down to 4.5% over 11 years for Non-Medicare Medical Plan; 6.37% graded down to 4.5% over 8 years for Medicare Medical Plan; and 4.5% for Medicare Part B.
Mortality	Healthy retirees: Pub-2010 General Healthy Retiree Headcount-Weighted Above-Median Mortality Tables with rates increased by 10% for males and projected generationally with two-dimensional mortality improvement scale MP-2021. Disabled retirees: Pub-2010 Non-Safety Disabled Retiree Headcount-Weighted Mortality Tables with rates increased by 5% for males and decreased by 5% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.

For pre-retirement mortality, withdrawal rates, disability rates, and service retirement rates, the rates vary by age, gender, and/or service.

Long-term expected rate of return by asset class – The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation and, beginning with June 30, 2023, any applicable investment management expense) are developed for each major asset class. These returns are combined to produce the long-term expected arithmetic rate of return for the portfolio by weighting the expected arithmetic real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses (beginning with June 30, 2023 including only investment consulting fees, custodian fees and other miscellaneous investment expenses) and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class (after deducting inflation) are shown in the following table. These values are after deducting applicable investment management expense. This information was used in the derivation of the long-term expected investment rate of return assumption in the June 30, 2023 actuarial valuation.

Investment Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
U.S. large cap equity	15.00%	6.00%
U.S. small/mid cap equity	6.00%	6.65%
Developed international large cap equity	15.00%	7.01%
Developed international small cap equity	3.00%	7.34%
Emerging markets equity	6.67%	8.80%
Core bonds	11.25%	1.97%
High yield bond	1.50%	4.63%
Bank loan	1.50%	4.07%
TIPS	3.60%	1.77%
Emerging market debt (external)	2.00%	4.72%
Emerging market debt (local)	2.00%	4.53%
Core real estate	4.20%	3.86%
Non-core real estate	2.80%	5.40%
Cash	1.00%	0.63%
Private equity	16.00%	9.84%
Private credit/debit	5.75%	6.47%
Emerging markets small-cap equity	1.33%	11.10%
REITS	1.40%	6.80%
	100.00%	

Discount rate – The discount rate used to measure the total OPEB asset was 7.00% as of June 30, 2023. As contributions that are required to be made by the City to amortize the unfunded actuarial accrued liability in the funding valuation are determined on an actuarial basis, the future actuarially determined contributions and current plan assets, when projected in accordance with the method prescribed by GASB Statement No. 74, are expected to be sufficient to make all benefit payments to current members. Therefore, the long-term expected rate of return on the Plan's investments was applied to all periods of projected benefit payments to determine the total OPEB asset as of June 30, 2023.

Sensitivity of the net OPEB asset – The following presents the net OPEB asset, calculated using the discount rate of 7.00%, as well as what the net OPEB (asset) liability would be if it were calculated using a discount rate that is 1-percent lower (6.00%) or 1-percent higher (8.00%) than the current rate:

1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
$ 316,466,107	$ (135,297,584)	$ (508,751,280)

The following presents the net OPEB (asset) liability, calculated using the current health trend rates as of June 30, 2023, as well as what the net OPEB (asset) liability would be if it were calculated using a health cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the health cost trend rates used:

1% Decrease	Current Trend Rate	1% Increase
$ (546,070,481)	$ (135,297,584)	$ 372,463,635

The Employers should multiply their employer allocation percentage by the amounts to calculate their portion of the sensitivity amounts.

Note 5 – OPEB Income

The collective OPEB income includes changes in the collective net OPEB asset, projected earnings on the Plan's investments, and the amortization of deferred outflows of resources for the current period. Components of OPEB income for the year ended June 30, 2023 are summarized as follows:

Service cost	$ 81,027,749
Interest on the total pension liability	250,837,724
Expensed portion of current period changes of assumptions or other inputs	(55,004,034)
Expensed portion of current period difference between actual and expected experience	(1,971,772)
Expected return on investments	(234,555,265)
Expensed portion of current period difference between actual and expected return on investments	(7,011,136)
Administrative expenses	8,226,015
Other expense	-
Recognition of beginning of year deferred balances	(43,332,265)
Net OPEB income	$ (1,782,984)

Note 6 – Average Remaining Service Life

Changes arising from differences between expected and actual experience and from changes in actual assumptions are recognized in net OPEB income over the average remaining service life of all employees provided with benefits through the Plan. These differences are considered on a pooled basis, rather than an individual basis, to reflect the expected remaining service life of the entire pool of employees, with the understanding that inactive employees have no remaining service period. As of June 30, 2023, the average of the expected remaining service lives of all employees as calculated by the Plan's independent actuaries was 6.11 years.

MOSSADAMS

Agenda of:	**Oct. 8, 2024**
Item No:	**IV-A**

MINUTES OF THE REGULAR MEETING
BOARD OF ADMINISTRATION
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

September 10, 2024

10:01 a.m.

PRESENT:	President:		Annie Chao
	Vice President:		Janna Sidley
	Commissioners:	(arrived at 11:01 a.m.)	Thuy Huynh
			Elizabeth Lee
			Gaylord “Rusty” Roten
			Sung Won Sohn
			Michael R. Wilkinson
	Legal Counselor:		Miguel Bahamon
	Manager-Secretary:		Neil M. Guglielmo
	Executive Assistant:		Ani Ghoukassian

The Items in the Minutes are numbered to correspond with the Agenda.

I

PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE BOARD’S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE AGENDA – President Chao asked if any persons wanted to make a general public comment to which there were no public comment cards received.

II

GENERAL MANAGER VERBAL REPORT

A. REPORT ON DEPARTMENT OPERATIONS – Neil M. Guglielmo, General Manager, advised the Board of the following items:

- Government Finance Officers Association (GFOA) Popular Annual Financial Reporting (PAFR) Award to LACERS
- Human Resources Payroll (HRP) Status Update
- Benefit Operations Update

B. UPCOMING AGENDA ITEMS – Neil M. Guglielmo, General Manager, advised the Board of the following items:

- Board Meeting on September 24, 2024: Assumptions for the June 30, 2024 Retiree Health Actuarial Valuation
- Board and Benefits Administration Committee Meeting on October 8, 2024: 2023 Anthem Blue Cross Medical, Blue View Vision, and Delta Dental PPO Year End Accounting

III

RECEIVE AND FILE ITEMS

A. ETHICAL CONTRACT COMPLIANCE REPORT NOTIFICATION TO THE BOARD – This report was received by the Board and filed.

B. BENEFITS PAYMENTS APPROVED BY GENERAL MANAGER – This report was received by the Board and filed.

C. EDUCATION AND TRAVEL EXPENDITURE REPORT FOR THE QUARTER ENDING JUNE 30, 2024 – This report was received by the Board and filed.

IV

Commissioner Wilkinson moved approval of Consent Agenda Item IV-A, and seconded by Commissioner Roten, and adopted by the following vote: Ayes, Commissioners Lee, Roten, Sohn, Wilkinson, Vice President Sidley, and President Chao -6. Nays; None.

CONSENT ITEM(S)

A. APPROVAL OF MINUTES FOR THE REGULAR MEETING OF AUGUST 13, 2024 AND POSSIBLE BOARD ACTION

V

President Chao recessed the Regular meeting at 10:30 a.m. to convene in closed session.

Commissioner Huynh arrived at the meeting at 11:01 a.m.

CLOSED SESSION

A. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b)(1): GENERAL MANAGER 2023-24 PERFORMANCE EVALUATION AND POSSIBLE BOARD ACTION

President Chao reconvened the Regular meeting at 11:55 a.m.

VI

BOARD/DEPARTMENT ADMINISTRATION

A. CONSIDERATION OF 2024 GENERAL MANAGER'S MERIT PAY AND POSSIBLE BOARD ACTION – Commissioner Sidley moved approval of the following resolution:

SALARY COMPENSATION FOR
GENERAL MANAGER NEIL M. GUGLIELMO

RESOLUTION 240910 - A

WHEREAS, the Board of Administration has authorization to set the salary for the position of General Manager-LACERS; and

WHEREAS, the salary is consistent with the range allowable and set by City Council;

BE IT RESOLVED, that the Board of Administration approves a yearly salary at 5% higher than the current salary for Neil M. Guglielmo, General Manager, to be effective on July 1, 2024, pursuant to Charter Section 1108(c).

Which motion was seconded by Commissioner Sohn, and adopted by the following vote: Ayes, Commissioners Huynh, Lee, Roten, Sohn, Wilkinson, Vice President Sidley, and President Chao -7; Nays, None.

B. PRESENTATION OF REQUIRED AUDIT COMMUNICATIONS FOR FISCAL YEAR ENDED JUNE 30, 2024 BY EXTERNAL AUDITORS, MOSS ADAMS LLP – Colin Tran, Internal Auditor III, Aaron Hamilton, CPA, Audit Senior Manager, and Kory Hoggan, CPA, Engagement Partner, with Moss Adams LLP, presented and discussed this item with the Board for 10 minutes. This report was received by the Board and filed.

VII

INVESTMENTS

A. CHIEF INVESTMENT OFFICER VERBAL REPORT – Rod June, Chief Investment Officer, reported on the portfolio value of $24.345 billion as of September 9, 2024; and Volatility Index at 19.15. Rod June discussed the following items:

Operational
1. Managers on Watch List effective Aug 30, 2024
   a. Loomis Sayles – High Yield Bonds
   b. Oberweis – Non-US Small Cap Equities
   c. Segall Bryan Hamill – U.S. Small Cap Value Equities
   d. DFA – TIPS
   e. SSgA – Emerging Markets Index

Global Issues
1. No material change in the valuation of Russia, Ukraine, Israel
2. China exposure is down approximately 4%; current market value of $205 million (~83 bps) since Aug 23, 2024
3. China tech down approximately 6%; current market value of $20.4 million (~8.3 bps) since Aug 23, 2024

Future Agenda Items
1. Continued discussion of the asset allocation mixes
2. Private Equity Commitment Notifications

3. Real Estate Opportunity

Announcements

1. Carolyn Smith, Partner and primary consultant on the LACERS account, is retiring from NEPC at end of the calendar year;
2. Kevin Novak, currently the NEPC secondary consultant, is proposed as the primary consultant; Rose Dean, currently the back-up consultant, is proposed as the secondary consultant;
3. Staff described the selection process to fill the back-up consultant to include staff's interviews of at least three proposed candidates and a recommendation for Board consideration and approval.

B. PRESENTATION BY NEPC, LLC OF THE PORTFOLIO PERFORMANCE REVIEW FOR THE QUARTER ENDING JUNE 30, 2024 – Carolyn Smith, Partner, with NEPC, LLC, presented and discussed this item with the Board for 45 minutes.

VIII

OTHER BUSINESS – There was no other business.

IX

NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, September 24, 2024, at 10:00 a.m., in the LACERS Boardroom, at 977 N. Broadway, Los Angeles, California 90012-1728.

X

ADJOURNMENT – There being no further business before the Board, President Chao adjourned the Meeting at 12:47 p.m.

Annie Chao
President

Neil M. Guglielmo
Manager-Secretary

REPORT TO BOARD OF ADMINISTRATION
From: Ferralyn Sneed, Chief Benefits Analyst
Ferralyn Sneed

MEETING: OCTOBER 8, 2024
ITEM: V - B

SUBJECT: **APPROVAL OF DISABILITY RETIREMENT APPLICATION OF BRENTON GARDNER FOR SERVICE-CONNECTED DISABILITY RETIREMENT OF 53% AND POSSIBLE BOARD ACTION**

ACTION: ☒ CLOSED: ☐ CONSENT: ☒ RECEIVE & FILE: ☐

Recommendation

That it be the finding of the Board that:

1. Brenton Gardner is incapable of performing the duties of an Airport Police Officer II; and,

2. There is clear and convincing evidence that demonstrates the discharge of Brenton Gardner's duties as an Airport Police Officer II is the predominant cause of the incapacity; and,

3. That Brenton Gardner be granted a Service-Connected disability retirement, with a rating of 53%, based on his claimed disabling condition and the supporting medical evidence contained in the administrative record, which includes reports by three licensed, practicing physicians.

Background

Brenton Gardner (Officer) is an Airport Police Officer II in the Department of Los Angeles World Airports (LAWA) with 13.92105 years of City Service. The Officer applied for Service-Connected disability retirement on April 12, 2023.

The Officer's last day on active payroll was June 2, 2022. If approved, the Officer's retirement effective date will be June 3, 2022.

Accommodation

Because Physician 1 opined no accommodations would allow the Officer to return to work, no inquiries were made with the Officer's employing department.

Basis for Disability Rating Recommendation

Disability Type: Service-Connected
Percentage: 53%
Limitations: Limitations fall within the Moderate category

Fiscal Impact

Upon approval, the Officer will receive a Service-Connected disability retirement allowance of approximately $4,852.00 per month, which is equal to 53% of his Final Compensation, and a retroactive payment covering 28 months of approximately $135,856.00.

Prepared By: Carol Rembert, Benefits Analyst, Retirement Services Division
Susann Hernandez, Sr. Benefits Analyst I, Retirement Services Division

FS:SH:cr

Attachment 1: Proposed Resolution

APPROVAL OF SERVICE-CONNECTED DISABILITY RETIREMENT BENEFIT FOR BRENTON GARDNER

PROPOSED RESOLUTION

WHEREAS, the General Manager presented certain medical reports and other evidence, and reported that the application filed was in regular and proper form;

WHEREAS, Physicians 1, 2, and 3 examined and concluded Brenton Gardner is unable to perform his usual and customary duties as an Airport Police Officer II with the City of Los Angeles;

WHEREAS, after some discussion and consideration of the evidence received, it was the finding and determination of this Board that the clear and convincing evidence demonstrates that the discharge of Brenton Gardner's duties as an Airport Police Officer II is the predominant cause of the incapacity pursuant to the definition in Los Angeles Administrative Code § 4.1008.1(b) and he is not capable of performing his duties as an Airport Police Officer II;

WHEREAS, an investigation of the employment record established the age, final compensation, and period of continuous service in accordance with the Los Angeles Administrative Code, and such disability is not the result of the Officer's intemperance or willful misconduct;

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves the Service-Connected disability retirement benefit for Brenton Gardner of 53% of his Final Average Compensation based upon his claimed disabling condition.

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

REPORT TO BOARD OF ADMINISTRATION
From: Ferralyn Sneed, Chief Benefits Analyst
Ferralyn Sneed

MEETING: OCTOBER 8, 2024
ITEM: V - C

SUBJECT: **APPROVAL OF DISABILITY RETIREMENT APPLICATION OF YVES DIDIER FOR SERVICE-CONNECTED DISABILITY RETIREMENT OF 72% AND POSSIBLE BOARD ACTION**

ACTION: ☒ CLOSED: ☐ CONSENT: ☒ RECEIVE & FILE: ☐

Recommendation

That it be the finding of the Board that:

1. Yves Didier is incapable of performing the duties of an Airport Police Officer III; and,

2. There is clear and convincing evidence that demonstrates the discharge of Yves Didier's duties as an Airport Police Officer III is the predominant cause of the incapacity; and,

3. That Yves Didier be granted a Service-Connected Disability Retirement, with a rating of 72%, based on his claimed disabling conditions and the supporting medical evidence contained in the administrative record, which includes reports by three licensed, practicing physicians and permanently exclude him from future re-examination.

Background

Yves Didier (Officer) was a former Airport Police Officer III in the Department of Los Angeles World Airports (LAWA) with 19.02160 years of City Service. The Officer applied for Service-Connected Disability Retirement on June 1, 2023.

The Officer is currently on active payroll. If approved, the Officer's retirement effective date will be October 8, 2024.

Accommodation

Because Physician 1 opined no accommodations would allow the Officer to return to work, no inquiries were made with the Officer's employing department.

Basis for Disability Rating Recommendation

Disability Type:	Service-Connected
Percentage:	72%
Limitations:	Limitations fall within the “Severe” category

Fiscal Impact

Upon approval, the Officer will receive a Service-Connected Disability Retirement allowance of approximately $7,479.00 per month, which is equal to 72% of his Final Compensation.

Prepared By: Carol Rembert, Benefits Analyst, Retirement Services Division
Susann Hernandez, Sr. Benefits Analyst I, Retirement Services Division

FS/SH:cr

Attachment 1: Proposed Resolution

APPROVAL OF SERVICE-CONNECTED DISABILITY RETIREMENT BENEFIT FOR YVES DIDIER

PROPOSED RESOLUTION

WHEREAS, the General Manager presented certain medical reports and other evidence, and reported that the application filed was in regular and proper form;

WHEREAS, Physicians 1, 2, and 3 examined and concluded Yves Didier is unable to perform his usual and customary duties as an Airport Police Officer III with the City of Los Angeles;

WHEREAS, after some discussion and consideration of the evidence received, it was the finding and determination of this Board that the clear and convincing evidence demonstrates that the discharge of Yves Didier’s duties as an Airport Police Officer III is the predominant cause of the incapacity pursuant to the definition in Los Angeles Administrative Code § 4.1008.1(b) and he is not capable of performing his duties as an Airport Police Officer III;

WHEREAS, an investigation of the employment record established the age, final compensation, and period of continuous service in accordance with the Los Angeles Administrative Code, and such disability is not the result of the Officer’s intemperance or willful misconduct;

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves the Service-Connected disability retirement benefit for Yves Didier of 72% of his Final Average Compensation based upon his claimed disabling conditions.

REPORT TO BOARD OF ADMINISTRATION
From: <u>Benefits Administration Committee</u>
Michael R. Wilkinson, Chair
Thuy Huynh
Sung Won Sohn

MEETING: OCTOBER 8, 2024
ITEM: VI - A

SUBJECT: **BOARD RULES RELATED TO MEMBER AND BENEFITS ADMINISTRATION AND POSSIBLE BOARD ACTION**

ACTION: ☒ CLOSED: ☐ CONSENT: ☐ RECEIVE & FILE: ☐

Recommendation

That the Board approve and adopt the proposed Board Rules related to Benefits Administration.

Executive Summary

Adoption of the proposed Board Rules will further streamline and add efficiency to the Retirement Services Division process.

Discussion

On October 8, 2024, staff presented the proposed changes to Board of Administration Board Rules related to Benefits Administration to the Benefits Administration Committee. The Committee will verbally report at the Board meeting its recommendation to approve or deny staff's recommendation.

Prepared By: Carol Rembert, Benefits Analyst, Retirement Services Division
Susann Hernandez, Senior Benefits Analyst, Retirement Services Division
Ferralyn Sneed, Chief Benefits Analyst, Retirement Services Division

NG:FS:IC:SH:cr

Attachment 1: Benefits Administration Committee Report dated October 8, 2024

REPORT TO BENEFITS ADMINISTRATION COMMITTEE **MEETING: OCTOBER 8, 2024**
From: Neil M. Guglielmo, General Manager **ITEM: III**

SUBJECT: **BOARD RULES RELATED TO MEMBER AND BENEFITS ADMINISTRATION AND POSSIBLE COMMITTEE ACTION**

ACTION: ☒ CLOSED: ☐ CONSENT: ☐ RECEIVE & FILE: ☐

Recommendation

That the Committee recommends the Board adopt the proposed Board Rules related to Benefits Administration.

Executive Summary

The Board Rules related to Benefits Administration are regularly reviewed to assess the need for new rules or amendments due to changes in LACERS' plan provisions, case law, or other areas affecting the administration of retirement benefits. Reviews of Board Rules also seek to identify those rules that are no longer applicable or in need of revision.

Board Rules also work in conjunction with authoritative plan documents such as the Los Angeles Administrative Code (LAAC), and City Charter (LACC), as well as State or Federal law, the Internal Revenue Code, and pension best practices to provide the necessary administrative framework to carry out the delivery of LACERS' retirement benefits. Additionally, Board Rules provide clarification and implementation guidelines for executing administrative procedures not specifically detailed within the authoritative plan documents, legislative guidelines, or regulatory provisions.

Under Section 1106 of the LACC, the Board of Administration is authorized to adopt rules governing the administration of benefits under the LACERS Plan. The proposed rules contained herein and detailed in Attachment 1 address needed changes in the general delegation authority for the General Manager and processes related to benefits administration for Members.

Discussion

DISABILITY LOAN

The purpose of the loan program for Disability Applicants, pursuant to the LAAC Sections 4.1008 (i), 4.1080.8(i), 4.1008.1(n), 4.1008.2(n), and 4.1080.8.1(n), is to provide financial assistance for Members going through the application process. However, there have been occasions when Members, by action or their own admission, misused the program by (1) applying for a disability retirement, (2) applying for and obtaining a loan, (3) withdrawing from the disability retirement application process, and (4) repaying the loan. Such actions are contrary to the intended purpose of the disability loan program and constitute a misuse of City resources. The proposed Board Rule DL-7 would authorize LACERS management to deny a loan application if the Member has demonstrated a pattern of behavior similar to the circumstances described above or demonstrates through other conduct that a loan is being sought for purposes other than receiving financial assistance during the disability application process.

SURVIVOR BENEFITS

Payments Upon Death of Member before Retirement

After LACERS is notified of the death of an active Member, a thorough review of the Member's account is conducted. Benefits are then paid in accordance with LAAC Section 4.1010(a)(1) which stipulates payment to survivors be based on the Member's written designation. However, when there is no written designation on file, namely a Designation of Beneficiary For Active Members form, the benefits are paid to the surviving spouse (also known as the "eligible survivor"), children, parents, or the estate, i.e., in order of designated succession. Currently, the LAAC does not specify how to pay the benefits due in the event the surviving spouse dies before making an election of benefit

The benefits payable to a surviving spouse for an active Member's death are the Member's accumulated contributions and a limited pension. However, if the Member was eligible to retire at the time of his/her death, the surviving spouse can elect to forego those two benefits in favor of receiving an optional retirement allowance, which is payable for the surviving spouse's lifetime.[1]

While LAAC Section 4.1010(c)(1) provides instructions on how to pay the unused contributions when the surviving spouse of a retired Member dies prior to electing to receive a retirement allowance, an equivalent provision does not exist for the surviving spouse in the case of an active death. Therefore, LACERS staff is recommending a Board rule to provide comparable/corresponding instruction for active death cases/situations. LACERS would pay the Member's accumulated contributions and the limited pension due to the surviving spouse's estate.

The proposed rules have been reviewed by the Office of the City Attorney as to form.

<u>Prepared By</u>: Carol Rembert, Benefits Analyst, Retirement Services Division
Susann Hernandez, Senior Benefits Analyst I, Retirement Services Division
Ferralyn Sneed, Chief Benefits Analyst, Retirement Services Division

NG:FS:IC:SH:cr

Attachment 1: Proposed Board Rules

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[1] Los Angeles Administrative Code Sections 4.1010 (a)(1), 4.1010(a)(2), 4.1010(a)(3)

ATTACHMENT 1

SOURCE DOCUMENT – BOARD MANUAL

SECTION 4.0 BENEFITS ADMINISTRATION

(October 8, 2024)

4.1 PROPOSED BOARD RULE CHANGES AND ADDITIONS

DISABILITY LOAN (DL):

DL 7: Pursuant to the Los Angeles Administrative Code (LAAC), the purpose of the loan program is to support members through the application process. If it is determined that the member has misused the loan process, and does not intend to retire on disability, future requested disability loans shall be denied.

SURVIVOR BENEFITS (SB):

SB2: In the event an active Member, who is eligible for retirement, dies without submitting a Designation of Beneficiary Form and the surviving spouse, who is eligible to receive the Member's survivor benefits, dies prior to filing the required benefit election packet or Designation of Beneficiary Form, then LACERS will pay the accumulated contributions and any benefits due to the estate of the surviving spouse.

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

REPORT TO BOARD OF ADMINISTRATION

From: Benefits Administration Committee
Michael R. Wilkinson, Chair
Thuy Huynh
Sung Won Sohn

MEETING: OCTOBER 8, 2024
ITEM: VI – B

SUBJECT: **LACERS 2023 ANTHEM BLUE CROSS MEDICAL, BLUE VIEW VISION, AND DELTA DENTAL PPO YEAR-END ACCOUNTING AND POSSIBLE BOARD ACTION**

ACTION: ☒ CLOSED: ☐ CONSENT: ☐ RECEIVE & FILE: ☐

Recommendation

That the Board approve the 2023 Year-End Accounting for the Anthem Blue Cross (Anthem) medical plan, the self-funded Anthem Blue View Vision (Blue View Vision) plan, and the self-funded Delta Dental PPO plan.

Discussion

At the October 8, 2024, Benefits Administration Committee meeting preceding the Board meeting, staff will present recommendations regarding the year-end accountings for Anthem Blue Cross medical plans, Blue View Vision, and Delta Dental PPO as described in the attached Committee report. Should the Committee approve staff's recommendation, this report on the Year-End Accounting will move forward to the Board for approval.

LACERS' Year End Accounting results for the plan year ending 2023 are:

- Anthem medical plans' adjusted deficits amounted to $38,346 and will be subtracted from the interest amount of $72,930.
- The Anthem Blue View Vision, for plan year 2023, budgeted premium exceeded total cost creating a surplus position of $225,064.
- The self-funded Delta Dental PPO plan ended 2023 with a premium surplus of $515,777.

For future reporting, LACERS has asked the carriers to include in their report any refunds of premiums paid or credits for a plan year as required by the Affordable Care Act (ACA) Medical Loss Ratio (MLR), Contract Performance Guarantees, Medicare Part D Pharmacy Credit or others. The ACA MLR sets a minimum requirement of 85% of premiums collected be spent on healthcare services or activities to enhance healthcare quality. If the plan spends less than 85%, then the difference is refunded to the plan sponsor, i.e. LACERS. This will assist LACERS with future reconciliation of accounts regarding funds owed to LACERS.

<u>Prepared By:</u> Vi Duong, Senior Benefits Analyst, Health, Wellness and Buyback Division

NMG/DWN/KF/vd

Attachments:
1. October 8, 2024, Benefits Administration Committee Report
2. Proposed Resolution

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

REPORT TO BENEFITS ADMINISTRATION COMMITTEE **MEETING: OCTOBER 8, 2024**
From: Neil M. Guglielmo, General Manager **ITEM: IV**

SUBJECT: **LACERS 2023 ANTHEM BLUE CROSS MEDICAL, BLUE VIEW VISION, AND DELTA DENTAL PPO YEAR-END ACCOUNTING AND POSSIBLE COMMITTEE ACTION**

ACTION: ☒ CLOSED: ☐ CONSENT: ☐ RECEIVE & FILE: ☐

Recommendation

That the Committee forward a recommendation to the Board to approve the 2023 Year-End Accounting for the Anthem Blue Cross (Anthem) medical plan, the self-funded Anthem Blue View Vision (Blue View Vision) plan, and the self-funded Delta Dental PPO plan.

Executive Summary

LACERS requires its health plans that are experience-rated, dividend-eligible participating and self-funded[1] contracts to report year-end accounting (YEA) results. The YEA indicates a surplus or deficit from total premium payments, claims costs, and administrative expenses for a Plan Year. The YEA results for Plan Year 2023 are:

- Anthem medical plans' adjusted deficits amounted to $38,346 and will be subtracted from the earned interest amount of $72,930.
- The Anthem Blue View Vision's budgeted premium exceeded total cost, thus creating a surplus position of $225,064.
- The self-funded Delta Dental PPO plan ended 2023 with a premium surplus of $515,777.

For future reporting, LACERS has asked the carriers to include in their report any refund of premiums paid or credit for a plan year required by the Affordable Care Act (ACA) Medical Loss Ratio (MLR), Contract Performance Guarantees, Medicare Part D Pharmacy Credit and others. The ACA MLR sets a minimum requirement of 85% of premiums collected be spent on healthcare services or activities to enhance healthcare quality. If the plan spends less than 85%, then the difference is refunded to the plan sponsor, i.e. LACERS. This will assist LACERS with future reconciliation of accounts regarding funds owed to LACERS.

[1] In participating experience-rated plans, dividends or rate credits are paid at the end of each policy year equal to the excess of premiums collected over claims incurred and administrative and other charges made according to the insurer's formulas where the premium charged is based on the projection of future claims from past experience. A self-funded plan is one in which the employer assumes the risk of providing health care benefits and is responsible for paying for claims.

Discussion

Anthem Blue Cross Medical Plans

LACERS has experience-rated refunding contracts with Anthem for its under-65 and Medicare Part B-only Commercial HMO plan, under-65 and Medicare Part B-only Commercial PPO plan, and 2021 Anthem Life & Health Medicare (Medicare Supplement) plan. All of which requires reconciliation through YEA. At the end of each plan year, Anthem reviews and compares its actual annual costs with the annual premium[2] amount paid by LACERS and its Members.

In Plan Year 2022, LACERS discontinued the Anthem Life & Health Medicare (Medicare Supplement) plan and replaced it with the Anthem Medicare Preferred (Medicare Advantage) PPO plan. Therefore, for this year's YEA report the Medicare Supplement plan only shows adjustments. The Anthem Life & Health Medicare (Medicare Supplement) plan was brought back in Plan Year 2024 and would be part of future YEA reports.

The Medicare Advantage plan is not included in the report since it is dependent, in part, on Medicare funding and is not dividend (surplus) eligible; thus, does not require a YEA.

Any deficits that may be found in the YEA are funded by LACERS' Claims Stabilization Fund (CSF)[3] held by Anthem. The required funding level is determined by Anthem at the beginning of each plan year and the recommended amount is added to the YEA report. For 2023, Anthem required the CSF balance to be increased from $1,700,000 to $1,734,584, a difference of $34,584. This difference will be pulled from the 2023 interest earned amount of $72,930 minus the deficit of $38,346.

LACERS' Health and Welfare Consultant, AP Keenan (Keenan), reviewed Anthem's YEA for 2023 (Attachment 1). All YEA takes place at least six months after the end of the plan year, December 31, 2023. Highlights of Keenan's findings include:

Total Premium Paid	$39,027,691
Claims/Expenses	($39,066,037)
Deficit	($38,346)
Interest	$72,930
Increase to CSF	$34,584
2023 Year-End CSF Balance	**$ 1,734,584**

[2] Anthem plan premiums are based on projected costs for the next plan year.

[3] The CSF is held in an interest-earning account based on the 12-month London Interbank Offered Rate (LIBOR) Index. The LIBOR Index is a benchmark interest rate at which major global banks lend to one another in the international interbank market for short-term loans.

In the 2024 renewal, Anthem requested increasing the minimum CSF to 7.2% or $2,809,994. The CSF at the end of 2023 is $1,734,584, resulting in a difference of $1,075,410. This difference will be made from any surplus realized in the 2024 Anthem YEA. LACERS will not be required to provide additional funding from other sources should the 2024 surplus be inadequate to fund the entire difference. Any CSF funding balance would be incorporated into the 2025 Anthem YEA.

Blue View Vision

Blue View Vision became self-funded effective January 1, 2022. The Blue View Vision premiums are paid to LACERS from the 401(h) account, and together with the Members' premium deductions are deposited into the 115 Trust Fund account. LACERS is responsible for paying all related provider claims and administration fees from the 115 Trust Fund account. When premiums exceed claims cost, LACERS retains the surplus premium dollars in the 115 Trust Fund account; however, when premiums are not sufficient to cover all claims cost, the deficit must be resolved by LACERS and paid from the 115 Trust Fund.

LACERS pays Blue View Vision an administration fee to process the claims, and LACERS is invoiced the claims cost each month.

On an annual basis, Keenan reviews the claims and conducts a year-end accounting. Keenan performed a year-end accounting of the self-funded Blue View Vision plan for 2023 (Attachment 2). The budgeted premium exceeded the total cost creating a surplus position of $225,064:

Total Premiums Paid	$895,358
Claims/Expenses	($670,294)
2023 Year-End Balance	**$225,064**

Blue View Vision premium surpluses are held in LACERS' 115 Trust Fund account and comply with the premium reserve funding policy to maintain a minimum balance of 15% of the experience-rated refunding or self-funded health plan's projected premium cost for the coming year.

Delta Dental PPO

Delta Dental PPO has been self-funded since Plan Year 2019. The Delta Dental PPO premiums are paid to LACERS from the 401(h) account, and together with the Members' premium deductions are deposited into the 115 Trust Fund account. LACERS is responsible for paying all related provider claims and administration fees from the 115 Trust Fund account. When premiums exceed claims costs, LACERS retains the surplus premium dollars in the 115 Trust Fund account; however, when premiums are not sufficient to cover all claims cost, the deficit must be resolved by LACERS and paid from the 115 Trust Fund account.

LACERS pays Delta Dental PPO an administration fee to process the claims, and they invoice LACERS the claims cost each month.

On an annual basis, Keenan reviews the claims and conducts a year-end accounting. Keenan performed a year-end accounting of the self-funded Delta Dental PPO plan for 2023 (Attachment 3). The budgeted premium exceeded the total cost creating a surplus position of $515,777:

Total Premiums Paid	$12,024,809
Claims/Expenses	($11,509,032)
2023 Year-End Balance	**$ 515,777**

Delta Dental PPO premium surpluses are held in LACERS' 115 Trust Fund account and comply with the premium reserve funding policy to maintain a minimum balance of 15% of the experience-rated refunding or self-funded health plan's projected premium cost for the coming year.

Prepared By: Vi Duong, Senior Benefits Analyst I, Health, Wellness and Buyback Division

NMG/DWN/KF/vd

Attachments: 1. Keenan Report - 2023 Anthem Year-End Accounting
2. Keenan Report - 2023 Blue View Vision Year-End Accounting
3. Keenan Report - 2023 Delta Dental Year-End Accounting

BAC Meeting 10/08/24
Item: IV
Attachment: 1

Los Angeles City Employees' Retirement System
2023 Anthem Year-End Accounting
October 8, 2024

Respectfully Submitted by:
Ju Anderson, Vice President | Bordan Darm, Senior Consultant
Erin Robinson, Service Consultant | James Takamatsu, Vice President and Actuary

Table of Contents

Executive Summary

- 2023 produced a Year-End Accounting (YEA) deficit of $38,346
- Anthem's CSF is now funded at $1,734,584 as of December 31, 2023
    - from $1,700,000 on December 31, 2022
    - an increase to the CSF of $34,584
        - $72,930 from interest (12-month LIBOR Index)
        - Minus $38,346 from 2023 YEA deficit
- 2023 did not produce any excess funding above the CSF funding.
- LACERS did not accumulate an excess reserve and therefore there is no excess premium being returned to LACERS for 2023.
- The Medicare Supplemental PPO plan may show on the 2023 YEA but only for adjustments prior to 2022.

2023 Anthem Accounting Summary

- The YEA provides LACERS with the difference between total costs incurred for the policy period and the respective premium remitted. The balance is expressed as a surplus or deficit position
- The Claims Stabilization Fund (CSF) is set and held by Anthem and funded by LACERS. It is to fund any deficit of a given policy period
- With the 2019 YEA, the Premium Stabilization Reserve (PSR) held by Anthem was discontinued and all surplus funds have been returned to LACERS.
  - The purpose of the Premium Stabilization Reserve (PSR) fund was to build reserves from the surplus of each policy period after meeting the funding requirement in the CSF, and to provide additional security should a period's deficit be greater than the CSF
  - LACERS determined interest on the PSR would be better managed by LACERS.

Policy Year	2017	2018	2019	2020	2021	2022	2023
YEA	$4,140,949	$1,114,664	$2,366,139	$2,255,347	$2,426,892	$3,334,641	($38,346)
Surplus/(Deficit)	surplus	surplus	surplus	surplus	surplus	surplus	deficit
% of Premium	8.20%	2.00%	4.23%	4.13%	3.70%	9.07%	-0.10%
Required CSF	$1,251,114	$1,405,423	$1,452,172	$1,515,734	$1,675,806	$1,700,000	$1,734,584
$ Adjustment*	$121,714	$154,309	$46,749	$63,562	$160,072	$24,194	$34,584
% Adjustment*	10.80%	12.30%	3.22%	4.19%	9.55%	1.42%	1.99%
PSR w/YEA	$16,334,836	$11,956,924	$0	$0	$0	$0	$0
$ Adjustment	($3,336,794)	($4,497,714)	($11,956,924)	$0	$0	$0	$0

2023 Claims Stabilization Fund (CSF)

CSF Accounting	2016	2017	2018	2019	2020	2021	2022	2023
1/1 CSF Balance	$1,129,400	$1,129,400	$1,251,114	$1,405,423	$1,452,172	$1,515,734	$1,675,806	$1,700,000
Interest Earned	$15,496	$20,209	$34,507	$33,382	$11,184	$4,540	$133,232	$72,930
Interest Yield	1.37%	1.79%	2.76%	2.38%	0.77%	0.30%	7.95%	4.29%
YEA Fund Transfer	$0	$0	$0	$0	$0	$0	$0	$0
Surplus Transfer*	($15,496)	$101,505	$119,802	$13,367	$52,378	$155,532	$0	($38,346)
Required CSF	$1,129,400	$1,251,114	$1,405,423	$1,452,172	$1,515,734	$1,675,806	$1,700,000	$1,734,584

- The January 1, 2023, beginning balance was $1,700,000
- The $72,930 Interest Yield is based on 12-month LIBOR Index
- Effective January 1, 2023, Anthem required that the CSF be increased 1.99% or $34,584
- The balance of the interest earnings was used to offset the deficit of $38,346

2023 Anthem Financial Accounting Summary By Plan

LOS ANGELES CITY EMPLOYEES RETIREMENT SYSTEM

Annual Accounting
Case No. C22357
January 1, 2023 through December 31, 2023

	HMO	PPO	Medicare Supplement	Medicare D	Total
Income Reported	$17,086,108	$21,941,583	$0	$0	$39,027,692
CMS Revenue (Medicare D)	$0	$0	$0	$0	$0
Total Income Received	$17,086,108	$21,941,583	$0	$0	$39,027,692
Paid Claims	$9,615,160	$21,984,159	$0	($10,553)	$31,588,766
+ Ending Reserve	$858,175	$1,902,406	$0	($380)	$2,760,201
- Beginning Reserve	($746,873)	($1,726,514)	($205,251)	($49,426)	($2,728,064)
+ Large Claim Charge	$883,225	$1,494,873	$0	$0	$2,378,098
- Large Claim Credit	($403,930)	($2,470,253)	$0	$0	($2,874,184)
Incurred Claims	$10,205,757	$21,184,671	($205,251)	($60,359)	$31,124,818
Retention	$606,109	$815,749	$0	$0	$1,421,857
HMC Programs	$4,582	$5,661	$0	$0	$10,243
Silver Sneakers Program	$103,492	$91,885	$0	$0	$195,377
Premium Tax	$0	$139,348	$0	$46,449	$185,797
ACA Insurer Fee	$0	$0	$0	$0	$0
Capitation Expenses	$6,098,611	$0	$0	$0	$6,098,611
Consortium Fees	$0	$8,160	$0	$0	$8,160
SB510 Settlement Claims	$24,184	$0	$0	$0	$24,184
Part D Credit Final Settlement ReOpening - 2018	$0	$0	$0	($3,010)	($3,010)
Part D Coverage Gap Discount True-Up - 2021	$0	$0	$0	$0	$0
Part D Credit Final Settlement - 2021	$0	$0	$0	$0	$0
Part D Estimated Coverage Gap Discount - 2021	$0	$0	$0	$0	$0
Part D Credit Final Settlement ReOpening - 2017	$0	$0	$0	$0	$0
Total Expense	$17,042,735	$22,245,473	($205,251)	($16,920)	$39,066,037
Expense Ratio	99.75%	101.38%	0.00%	0.00%	100.10%
Accumulated Surplus/(Deficit) at December 31, 2023	$43,373	($303,889)	$205,251	$16,920	($38,346)
Amount Allocated to Claims Stabilization Fund	$0	$0	$0	$0	$0
Ending Surplus/(Deficit)	$43,373	($303,889)	$205,251	$16,920	($38,346)

2023 Anthem Claim Stabilization Fund Accounting Summary

4-Jan-2024

Anthem BlueCross

LOS ANGELES CITY EMPLOYEES RETIREMENT SYSTEM

Claims Stabilization Fund
Case No. C22357
January 1, 2023 through December 31, 2023

Claims Stabilization Fund as of January 1, 2023	**$1,700,000**
Interest Earned based on average of the 12-month LIBOR Index	**$72,930**
Amount of Deficit Deducted from the Stabilzation Fund	**($38,346)**
Claims Stabilization Fund at December 31, 2023	**$1,734,584**

Note: Required Minimum Fund Level as of January 1, 2024 is $2,809,994

2023 Anthem Accounting Summary -
Accounting History

	2017	2018	2019	2020	2021	2022	2023
Annual Amount							
Total Income	$51,421,751	$55,132,694	$55,927,235	$54,664,982	$65,618,714	$36,755,305	$39,027,692
Total Expenses	$47,280,802	$54,018,030	$53,561,096	$52,409,635	$63,191,822	$33,420,663	$39,066,037
Surplus / (Deficit)	$4,140,949	$1,114,664	$2,366,139	$2,255,347	$2,426,892	$3,334,641	($38,346)
Expense Ratio	91.95%	97.98%	95.77%	95.87%	96.30%	90.93%	100.10%
Contracts	4,734	4,930	4,920	5,149	5,505	2,088	2,032
Per Retiree Per Month Amount							
Total Income	$905.19	$931.93	$947.34	$884.79	$993.33	$1,466.81	$1,600.35
Total Expenses	$832.29	$913.08	$907.26	$848.29	$956.60	$1,333.73	$1,601.92
Surplus / (Deficit)	$72.89	$18.84	$40.08	$36.50	$36.74	$133.08	($1.57)

CSF for 2024

- In the Anthem 2024 renewal Anthem requested increasing the minimum Claim Stabilization Fund (CSF) to 7.2% or $2,809,994
  - The 2023 Year-End Accounting position is $1,734,584
  - The difference in CSF funding is $1,075,410
  - The increase in CSF funding will be done from any surplus realized in the 2024 Anthem YEA
  - Should the surplus be inadequate to fund 100% of the increase, the CSF will be partially funded from the surplus
    - LACERS will not be required to provide additional funding from other sources
    - Any CSF funding balance would be incorporated into the 2025 Anthem YEA to be funded out of any surplus balance realized for 2025

CSF for 2024 (cont.)

The Required Minimum Fund Level is the minimum level of funds which must be maintained in the Claims Stabilization Fund. This amount is based on an Actuarial table.

For the 2023 renewal due to the absence of Claims Fluctuation Margin in the renewal projections, Anthem required $1,734,584 as a minimum CSF requirement balance, which equated to about 4.5% of the premium.

This minimum amount is reviewed and determined during the year end accounting.

Acknowledgement

Keenan & Associates would like to thank Ms. Karen Freire and the LACERS Health Benefits Administration staff for providing the necessary data and engaging in this year end accounting process. Their cooperation and guidance have been extremely valuable.

Questions and Answers

BAC Meeting 10/08/24
Item: IV
Attachment: 2

Los Angeles City Employees' Retirement System
2023 Vision Year End Accounting
October 8, 2024

Respectfully Submitted by:

Ju Anderson, Vice President | Bordan Darm, Senior Consultant
Erin Robinson, Service Consultant | James Takamatsu, Vice President and Actuary

Executive Summary

- LACERS self-funded its vision plan effective January 1, 2022
- For 2022, budgeted premium exceeded total cost creating a surplus position of $223,850 with loss ratio of 74.5%
- For 2023, budgeted premium exceeded total cost creating a surplus position of $225,064 with loss ratio of 74.9%
- The two-year total surplus position amounts to $448,914 with loss ratio of 74.7%
- The year-end accounting was prepared by Keenan based on information provided by Anthem Blue View Vision. LACERS' auditing team may have more accurate numbers based on fluctuations in enrollment or other debits and credits.

2023 Anthem Vision Accounting Summary

2022	Susbscribers	Paid Amount	Administration	Total Expenses	Premium	Surplus / Deficit	Total Cost Loss Ratio
Jan-22	6,947	$58,621	$4,654	$63,276	$72,929	$9,653	86.8%
Feb-22	6,927	$42,889	$4,641	$47,530	$72,744	$25,214	65.3%
Mar-22	6,931	$44,718	$4,644	$49,362	$72,770	$23,409	67.8%
Apr-22	6,943	$44,395	$4,652	$49,047	$72,830	$23,783	67.3%
May-22	6,956	$48,022	$4,661	$52,683	$72,925	$20,242	72.2%
Jun-22	6,955	$44,448	$4,660	$49,108	$72,882	$23,775	67.4%
Jul-22	6,967	$47,310	$4,668	$51,977	$72,967	$20,990	71.2%
Aug-22	7,001	$53,478	$4,691	$58,168	$73,348	$15,180	79.3%
Sep-22	7,007	$57,541	$4,695	$62,236	$73,405	$11,169	84.8%
Oct-22	6,996	$59,364	$4,687	$64,051	$73,265	$9,214	87.4%
Nov-22	7,013	$49,823	$4,699	$54,522	$73,417	$18,895	74.3%
Dec-22	7,011	$46,335	$4,697	$51,032	$73,360	$22,328	69.6%
Total 2022	**83,654**	**$596,944**	**$56,048**	**$652,992**	**$876,842**	**$223,850**	**74.5%**
2023	**Susbscribers**	**Paid Amount**	**Administration**	**Total Expenses**	**Premium**	**Surplus / Deficit**	**Total Cost Loss Ratio**
Jan-23	7,067	$53,789	$4,735	$58,524	$74,215	$15,691	78.9%
Feb-23	7,077	$31,881	$4,742	$36,623	$74,320	$37,697	49.3%
Mar-23	7,082	$53,549	$4,745	$58,294	$74,372	$16,079	78.4%
Apr-23	7,086	$49,327	$4,748	$54,075	$74,414	$20,340	72.7%
May-23	7,101	$58,415	$4,758	$63,172	$74,572	$11,400	84.7%
Jun-23	7,100	$44,405	$4,757	$49,162	$74,561	$25,400	65.9%
Jul-23	7,105	$59,734	$4,760	$64,494	$74,614	$10,120	86.4%
Aug-23	7,119	$47,432	$4,770	$52,202	$74,761	$22,559	69.8%
Sep-23	7,133	$49,850	$4,779	$54,629	$74,908	$20,279	72.9%
Oct-23	7,134	$63,623	$4,780	$68,403	$74,919	$6,515	91.3%
Nov-23	7,129	$38,218	$4,776	$42,995	$74,866	$31,871	57.4%
Dec-23	7,126	$62,947	$4,774	$67,721	$74,835	$7,113	90.5%
Total 2023	**85,259**	**$613,170**	**$57,124**	**$670,293**	**$895,358**	**$225,064**	**74.9%**

Acknowledgement

Keenan & Associates would like to thank Ms. Karen Freire, and the LACERS Health Benefits Administration staff for providing the necessary data and engaging in this year-end accounting process. Their cooperation and guidance have been extremely valuable.

Questions and Answers

BAC Meeting 10/08/24
Item: IV
Attachment: 3

Los Angeles City Employees' Retirement System
2023 Delta Dental Year End Accounting
October 8, 2024

Respectfully Submitted by:
Ju Anderson, Vice President | Bordan Darm, Senior Consultant
Erin Robinson, Service Consultant | James Takamatsu, Vice President and Actuary

Executive Summary

- LACERS self-funded its dental plan effective January 1, 2019
- For 2021, budgeted premium exceeded total cost creating a surplus position of $1,808,410
- For 2022, budgeted premium exceeded total cost creating a surplus position of $861,743
- In 2023, budgeted premium exceeded total cost creating a surplus position of $515,777
- The three-year total surplus position amounts to $3,185,930 with loss ratio of 91.0%
- The year-end accounting was prepared by Keenan based on information provided by Delta Dental. LACERS' auditing team may have more accurate numbers based on fluctuations in enrollment or other debits and credits.

2023 Delta Dental Accounting Summary

2021	Number of Claims	Paid Amount	Administration	Total Expenses	Premium	Surplus / Deficit	Total Cost Loss Ratio
2021 Total	**43,617**	**$8,904,931**	**$826,904**	**$9,731,835**	**$11,540,244**	**$1,808,410**	**84.3%**
2022	**Number of Claims**	**Paid Amount**	**Administration**	**Total Expenses**	**Premium**	**Surplus / Deficit**	**Total Cost Loss Ratio**
Jan-22	3,133	$690,889	$70,967	$761,856	$991,714	$229,858	76.8%
Feb-22	3,940	$931,991	$71,211	$1,003,202	$992,751	-$10,451	101.1%
Mar-22	4,921	$1,109,723	$71,216	$1,180,939	$992,562	-$188,377	119.0%
Apr-22	3,858	$835,246	$71,206	$906,453	$991,277	$84,825	91.4%
May-22	4,054	$903,689	$71,191	$974,880	$990,336	$15,457	98.4%
Jun-22	4,637	$924,011	$71,252	$995,264	$990,742	-$4,521	100.5%
Jul-22	3,333	$702,167	$71,283	$773,449	$990,762	$217,313	78.1%
Aug-22	3,657	$761,069	$71,318	$832,387	$992,222	$159,835	83.9%
Sep-22	4,565	$930,776	$71,415	$1,002,191	$991,551	-$10,640	101.1%
Oct-22	3,822	$742,825	$71,349	$814,174	$991,132	$176,958	82.1%
Nov-22	3,733	$768,306	$71,369	$839,675	$990,448	$150,773	84.8%
Dec-22	4,327	$876,130	$71,262	$947,392	$988,106	$40,714	95.9%
2022 Total	**47,980**	**$10,176,822**	**$855,041**	**$11,031,862**	**$11,893,605**	**$861,743**	**92.8%**
2023	**Number of Claims**	**Paid Amount**	**Administration**	**Total Expenses**	**Premium**	**Surplus / Deficit**	**Total Cost Loss Ratio**
Jan-23	3,323	$745,582	$72,185	$817,767	$1,004,385	$186,618	81.4%
Feb-23	4,410	$969,407	$72,221	$1,041,628	$1,004,573	-$37,055	103.7%
Mar-23	5,108	$1,171,507	$72,359	$1,243,866	$1,004,600	-$239,266	123.8%
Apr-23	3,963	$888,418	$72,104	$960,522	$1,003,038	$42,516	95.8%
May-23	3,934	$824,968	$72,114	$897,082	$1,001,450	$104,368	89.6%
Jun-23	4,836	$1,047,390	$72,058	$1,119,447	$1,000,392	-$119,055	111.9%
Jul-23	3,400	$737,598	$72,027	$809,626	$999,658	$190,033	81.0%
Aug-23	4,998	$1,014,120	$72,206	$1,086,326	$1,001,988	-$84,338	108.4%
Sep-23	3,662	$750,572	$72,384	$822,956	$1,002,477	$179,521	82.1%
Oct-23	4,016	$792,776	$72,420	$865,196	$1,002,106	$136,910	86.3%
Nov-23	4,692	$923,962	$72,379	$996,341	$1,001,218	$4,877	99.5%
Dec-23	3,945	$776,058	$72,216	$848,274	$998,922	$150,648	84.9%
2023 Total	**50,287**	**$10,642,358**	**$866,674**	**$11,509,032**	**$12,024,809**	**$515,777**	**95.7%**

2023 Delta Dental Enrollment Summary

2021	Total Primary Enrollees	Enrollee Only	Enrollee + Spouse	Enrollee + 1 Child	Enrollee + Children	Family	Total Primary Enrollees	Adult Dependents	Child Dependents	Total Members
Average 2021	**13,518**	**8,546**	**4,321**	**206**	**30**	**414**	**13,518**	**4,735**	**905**	**19,158**
2022	**Total Primary Enrollees**	**Enrollee Only**	**Enrollee + Spouse**	**Enrollee + 1 Child**	**Enrollee + Children**	**Family**	**Total Primary Enrollees**	**Adult Dependents**	**Child Dependents**	**Total Members**
Jan-22	13,929	8,789	4,467	216	28	429	13,929	4,896	928	19,753
Feb-22	13,954	8,817	4,466	216	31	424	13,954	4,890	928	19,772
Mar-22	13,962	8,836	4,459	213	30	424	13,962	4,883	926	19,771
Apr-22	13,958	8,849	4,446	214	29	420	13,958	4,866	922	19,746
May-22	13,957	8,863	4,433	215	27	419	13,957	4,852	916	19,725
Jun-22	13,967	8,876	4,431	213	28	419	13,967	4,850	914	19,731
Jul-22	13,972	8,883	4,435	210	27	417	13,972	4,852	908	19,732
Aug-22	13,992	8,897	4,439	209	27	420	13,992	4,859	911	19,762
Sep-22	13,994	8,909	4,437	207	26	415	13,994	4,852	896	19,742
Oct-22	13,991	8,905	4,446	206	26	408	13,991	4,854	886	19,731
Nov-22	13,990	8,913	4,446	201	25	405	13,990	4,851	876	19,717
Dec-22	13,973	8,919	4,432	199	25	398	13,973	4,830	864	19,667
Average 2022	**13,970**	**8,871**	**4,445**	**210**	**27**	**417**	**13,970**	**4,861**	**906**	**19,737**
2023	**Total Primary Enrollees**	**Enrollee Only**	**Enrollee + Spouse**	**Enrollee + 1 Child**	**Enrollee + Children**	**Family**	**Total Primary Enrollees**	**Adult Dependents**	**Child Dependents**	**Total Members**
Jan-22	14,161	8,988	4,535	200	26	412	14,161	4,947	886	19,994
Feb-22	14,164	8,993	4,535	195	26	415	14,164	4,950	885	19,999
Mar-22	14,171	9,003	4,536	195	27	410	14,171	4,946	879	19,996
Apr-22	14,150	8,989	4,535	192	27	407	14,150	4,942	867	19,959
May-22	14,138	8,991	4,527	192	27	401	14,138	4,928	859	19,925
Jun-22	14,130	8,995	4,517	191	26	401	14,130	4,918	853	19,901
Jul-22	14,130	9,006	4,514	187	26	397	14,130	4,911	840	19,881
Aug-22	14,167	9,037	4,518	186	25	401	14,167	4,919	842	19,928
Sep-22	14,185	9,060	4,517	186	25	397	14,185	4,914	838	19,937
Oct-22	14,191	9,075	4,517	182	25	392	14,191	4,909	826	19,926
Nov-22	14,187	9,081	4,514	179	25	388	14,187	4,902	818	19,907
Dec-22	14,165	9,076	4,505	178	25	381	14,165	4,886	811	19,862
Average 2023	**14,162**	**9,025**	**4,523**	**189**	**26**	**400**	**14,162**	**4,923**	**850**	**19,935**

Acknowledgement

Keenan & Associates would like to thank Ms. Karen Freire, and the LACERS Health Benefits Administration staff for providing the necessary data and engaging in this year-end accounting process. Their cooperation and guidance have been extremely valuable.

Questions and Answers

ANTHEM BLUE CROSS 2023 YEAR- END ACCOUNTING

PROPOSED RESOLUTION

WHEREAS the Los Angeles Administrative Code establishes that the Los Angeles City Employees' Retirement System (LACERS) provide health and welfare programs for retired employees and their eligible dependents;

WHEREAS LACERS contracts with Anthem Blue Cross (Anthem) for its under-65 and Medicare Part B only Commercial HMO plan, under-65 and Medicare Part B only Commercial PPO plan, and 2021 Anthem Life & Health Medicare (Medicare Supplement) plan. These contracts are experience-rated, dividend-eligible participating contracts which means that at the end of each plan year, an accounting is performed to review and compare Anthem's actual annual costs with the annual premium amount paid by LACERS and its Members;

WHEREAS, if the year-end accounting results in a deficit of premium funds, LACERS must pay Anthem the shortfall; if the accounting results in a surplus, those funds may be returned to LACERS;

WHEREAS the 2023 Anthem year-end accounting shows an adjusted premium deficit of $38,346;

WHEREAS the 2023 premium deficit of $38,346 will be subtracted from the interest amount of $72,930 earned in 2023, the remaining interest of $34,584 was added to the Claims Stabilization Fund for 2023, and no excess premiums were returned to LACERS; and,

NOW, THEREFORE, BE IT RESOLVED, that the Board to approve the 2023 year-end accounting of the Anthem Blue Cross medical plan.

October 8, 2024

BOARD Meeting 10/08/24
Item: VI-C

carelon

CarelonRx Pharmacy Update

Agenda

Introductions

CarelonRx Pharmacy ‘24 Journey

Review of ‘24 Challenges

Looking Forward - Member Experience

CarelonRx Pharmacy ‘24 Journey

The CarelonRx Pharmacy has seen continuous improvements from an overall service perspective. We continue to focus on the member experience through pharmacy quality and efficiency, call center excellence (first call resolution, handle times, etc.), improved digital experience and several continuous improvement initiatives.

Pharmacy Processing

Turnaround times continue to improve month over month from the point of prescription receipt to shipped (carrier pick-up). We have improved from 92% in 4 days in Q1 to 98% in 2 days 9/15/24.

Call Center

Call Center wait times have reduced significantly for both Pharmacy Care Associates and Pharmacists. Both service areas are consistently answering member calls in less than 30 seconds on average.

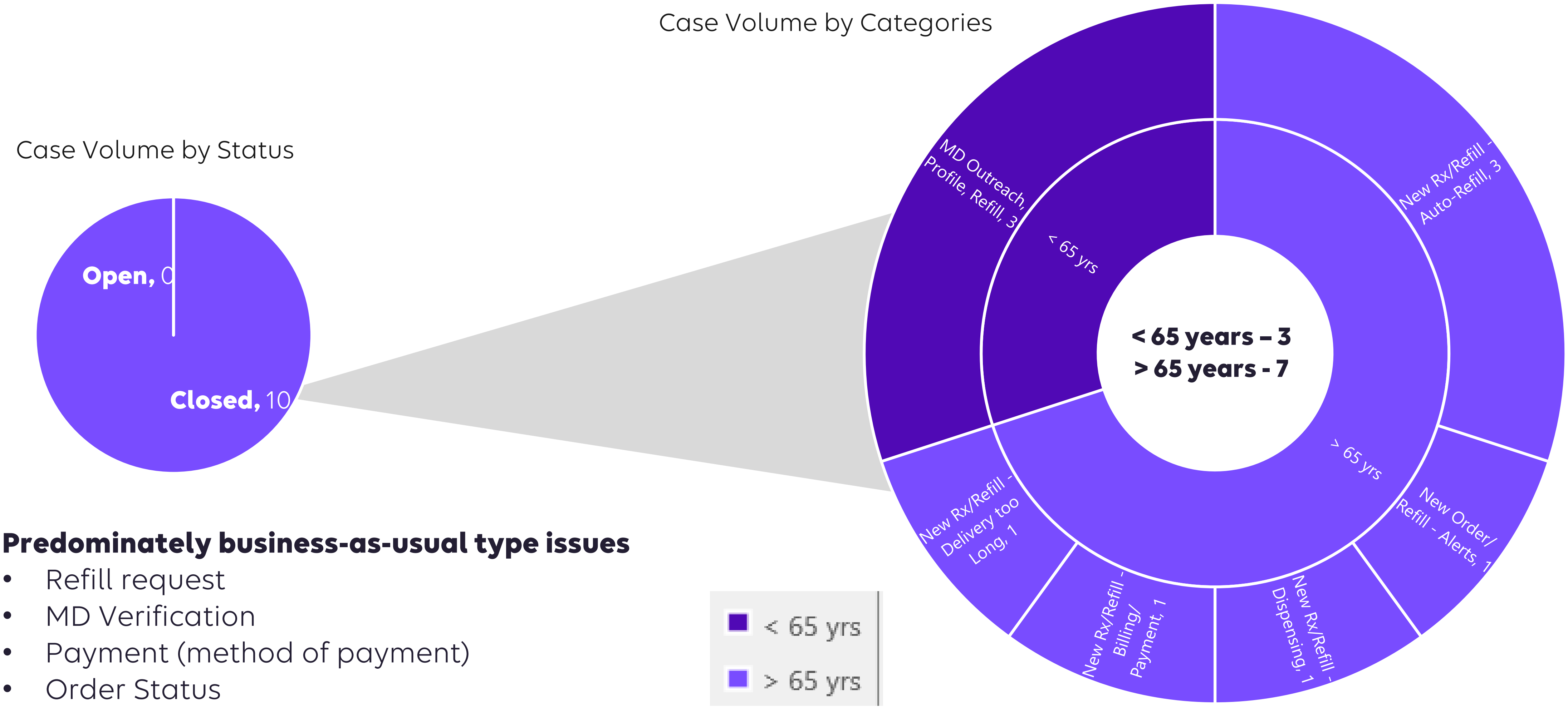
Member Escalations

There has been a significant decrease (~70%) in the volume of escalations since Q1. Today, cases are worked within 24 hours and tracked for closure.

CarelonRx | Case Breakdown

LACERS - Cases

We have 0 open documented cases out of 10



Predominately business-as-usual type issues

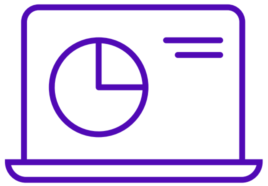
- Refill request
- MD Verification
- Payment (method of payment)
- Order Status

'24 Challenges - Four Main Categories of Issues

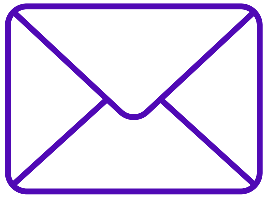
Category	Subcategory Examples	Root Cause	Fix/Enhancement Dates
Making Payments	• Payment processing error messages • Payment information system retention • Paper check processing	• System designed to be a digital first experience with credit card as primary payment. Better member communication needed with initial limitations.	July 2024
Service Experience	• Additional upskilling / refresher training requirements • Service status gaps	• New systems required more intensive and repeat training which led to longer handle times • Initial call volume higher than forecast	May 2024
System Enhancements	• Prescription status syncing gaps • Mismatched refill eligibility date between systems • Outbound communication fixes & enhancements • Auto refill linkage with duplicate script (August 2024)	• Rx status in certain cases not matching between the backend systems used to validate for fulfilling the prescription • Backend systems have different logic to calculate the refill too soon • Inability to honor multi channel request • Missed requirement to link member preference for auto refill to continue on to renewals	July/Aug 2024
Member Education	• Rx dosage changes • Prior authorization required • Provider / script clarification needed • Inventory challenges / Out of Stock	• Lack of focused member communications on expected experience changes on 1/1 • Continued reinforcement with call center agents	Ongoing

Member Experience Focus Moving Forward

Digital



Communications



Call Center

Member Education