



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM



Board of Administration Agenda

REGULAR MEETING

TUESDAY, OCTOBER 11, 2022

TIME: 10:00 A.M.

MEETING LOCATION:

In accordance with Government Code Section 54953, subsections (e)(1) and (e)(3), and in light of the State of Emergency proclaimed by the Governor on March 4, 2020 relating to COVID-19 and ongoing concerns that meeting in person would present imminent risks to the health or safety of attendees and/or that the State of Emergency continues to directly impact the ability of members to meet safely in person, the LACERS Board of Administration's October 11, 2022 meeting will be conducted via telephone and/or videoconferencing.

Important Message to the Public

Information to call-in to listen and or participate:

Dial: (669) 254-5252 or (669) 216-1590

Meeting ID# 161 624 2107

Instructions for call-in participants:

- 1- Dial in and enter Meeting ID
- 2- Automatically enter virtual "Waiting Room"
- 3- Automatically enter Meeting
- 4- During Public Comment, **press *9** to raise hand
- 5- Staff will call out the last 3-digits of your phone number to make your comment

Information to listen only: Live Board Meetings can be heard at: (213) 621-CITY (Metro), (818) 904-9450 (Valley), (310) 471-CITY (Westside), and (310) 547-CITY (San Pedro Area).

President: Nilza R. Serrano

Vice President: Elizabeth Lee

Commissioners: Annie Chao
Thuy Huynh
Janna Sidley
Sung Won Sohn
Michael R. Wilkinson

Manager-Secretary: Neil M. Guglielmo

Executive Assistant: Ani Ghokassian

Legal Counsel: City Attorney's Office
Public Pensions General
Counsel Division

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

As a covered entity under Title II of the Americans with Disabilities Act, the City of Los Angeles does not discriminate on the basis of disability and, upon request, will provide reasonable accommodation to ensure equal access to its programs, services and activities.

Sign Language Interpreters, Communication Access Real-Time Transcription, Assistive Listening Devices, Telecommunication Relay Services (TRS), or other auxiliary aids and/or services may be provided upon request. To ensure availability, you are advised to make your request at least 72 hours prior to the meeting you wish to attend. Due to difficulties in securing Sign Language Interpreters, five or more business days' notice is strongly recommended. For additional information, please contact: Board of Administration Office at **(213) 855-9348** and/or email at ani.ghokassian@lacers.org.

Disclaimer to Participants

Please be advised that all LACERS Board and Committee Meeting proceedings are audio recorded.

- I. PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE BOARD'S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE AGENDA – *THIS WILL BE THE ONLY OPPORTUNITY FOR PUBLIC COMMENT - PRESS *9 TO RAISE HAND DURING PUBLIC COMMENT PERIOD*
- II. BOARD PRESIDENT VERBAL REPORT
- III. GENERAL MANAGER VERBAL REPORT
 - A. REPORT ON DEPARTMENT OPERATIONS
 - B. UPCOMING AGENDA ITEMS
 - C. RECOGNITION OF SERVICE FOR JAMES NAPIER
- IV. RECEIVE AND FILE ITEMS
 - A. [ETHICAL CONTRACT COMPLIANCE REPORT NOTIFICATION TO THE BOARD](#)
 - B. [BENEFITS PAYMENTS APPROVED BY GENERAL MANAGER](#)
 - C. [COMMISSIONER SERRANO BOARD EDUCATION EVALUATION ON INVESTMENT DIVERSITY ADVISORY COUNCIL NATIONAL SUMMIT, ATLANTA, GA; SEPTEMBER 14, 2022](#)
 - D. [GASB 68 AND GASB 75 VALUATIONS BASED ON JUNE 30, 2021 MEASUREMENT DATE FOR EMPLOYER REPORTING AS OF JUNE 30, 2022](#)
- V. CONSENT ITEMS
 - A. [APPROVAL OF MINUTES FOR THE REGULAR MEETING OF SEPTEMBER 13, 2022 AND POSSIBLE BOARD ACTION](#)
 - B. [FINDINGS TO CONTINUE TELECONFERENCE MEETINGS AND DETERMINATION THAT COVID-19 STATE OF EMERGENCY CONTINUES TO DIRECTLY IMPACT THE ABILITY OF MEMBERS TO MEET SAFELY IN PERSON AND POSSIBLE BOARD ACTION](#)
- VI. INVESTMENTS
 - A. CHIEF INVESTMENT OFFICER VERBAL REPORT INCLUDING DISCUSSION ON THE PORTFOLIO EXPOSURE TO GLOBAL EVENTS
- VII. DISABILITY RETIREMENT APPLICATION(S)
 - A. CONSIDERATION OF DISABILITY RETIREMENT APPLICATION FOR CECIL DU BOISE AND POSSIBLE BOARD ACTION
- VIII. LEGAL/LITIGATION

- A. **CLOSED SESSION TO CONFER WITH AND/OR RECEIVE ADVICE FROM LEGAL COUNSEL REGARDING A SIGNIFICANT EXPOSURE TO LITIGATION, PURSUANT TO GOVERNMENT CODE SECTION 54956.9(A), (D)(2), AND (E)(1) (ONE CASE): MEREDITH V. TALCOTT RESOLUTION ANNUITY SERVICE (Case no. 21STLC04707), AND POSSIBLE BOARD ACTION**

IX. OTHER BUSINESS

- X. NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, October 25, 2022 at 10:00 a.m. at LACERS, 202 West 1st Street, Suite 500, Los Angeles, CA 90012, and/or via telephone and/or videoconferencing. Please continue to view the LACERS website for updated information on public access to Board meetings while response to public health concerns relating to the novel coronavirus continue.

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
Bernstein Litowitz Berger & Grossmann LLP	Securities Monitoring/Litigation Counsel	N/A	N/A	City Attorneys
Bleichmar Fonti & Auld LLP	Securities Monitoring/Litigation Counsel	N/A	N/A	City Attorneys
Cohen Milstein Sellers & Toll PLLC	Securities Monitoring/Litigation Counsel	N/A	N/A	City Attorneys
Robbins Geller Rudman & Dowd LLP	Securities Monitoring/Litigation Counsel	N/A	N/A	City Attorneys
Saxena White, P.A.	Securities Monitoring/Litigation Counsel	N/A	N/A	City Attorneys
Anthem	Medical HMO & PPO	January 1, 2023	December 31, 2023	Health, Wellness, & Buyback
Kaiser	Medical HMO	January 1, 2023	December 31, 2023	Health, Wellness, & Buyback
SCAN	Medical HMO	January 1, 2023	December 31, 2023	Health, Wellness, & Buyback
United Healthcare	Medical HMO	January 1, 2023	December 31, 2023	Health, Wellness, & Buyback
Delta Dental	Dental PPO and HMO	January 1, 2023	December 31, 2023	Health, Wellness, & Buyback

Also viewable online [here](#).

**LACERS' ETHICAL CONTRACT COMPLIANCE REPORT
NOTIFICATION TO THE BOARD**

Name	Description	Inception	Expiration	Division
Anthem Blue View Vision	Vision Services Contract	January 1, 2023	December 31, 2023	Health, Wellness, & Buyback
Keenan & Associates	Health and Welfare Consultant	N/A	N/A	Health, Wellness, & Buyback
Moss Adams	External Auditing Consulting Services	July 1, 2020	June 30, 2023	Internal Audit
Townsend Holdings LLC	Real Estate Consulting Services	N/A	N/A	Investments
BlackRock Institutional Trust Company, N.A.	Multi Passive Index Portfolio Management	November 1, 2022	October 31, 2027	Investments
RhumbLine Advisers Limited Partnership	Multi Passive Index Portfolio Management	November 1, 2022	October 31, 2027	Investments
State Street Global Advisors Trust Company	Multi Passive Index Portfolio Management	November 1, 2022	October 31, 2027	Investments
The ForeFront Media	Videographer Services	N/A	N/A	Member Engagement
Box, Inc.	Retirement Application Portal Custom Consulting Services	December 1, 2021	November 30, 2022	Systems

Also viewable online [here](#).

**LACERS' ETHICAL CONTRACT COMPLIANCE REPORT
NOTIFICATION TO THE BOARD**

ACTIVE RFPs

Description	Respondents	Inception	Expiration	Division
Private Credit Consultant	Aksia LLC; Meketa Investment Group, Inc.; NEPC, LLC; Wilshire Advisors LLC	January 24, 2022	March 25, 2022	Investments
Transition Manager	Abel Noser, LLC, BlackRock Institutional Trust Company, N.A., Citi Global Markets Inc, Loop Capital Markets, Macquarie Capital (USA) Inc., The Northern Trust Company, Russell Investments Implementation Services, LLC, State Street Bank and Trust Company	February 14, 2022	August 31, 2022	Investments

Also viewable online [here](#).

BENEFIT PAYMENTS APPROVED BY GENERAL MANAGER: ITEM IV-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

<u>Member Name</u>	<u>Service</u>	<u>Department</u>	<u>Classification</u>
Wilson, Trenita Lavonce	38	Police Dept. - Civilian	Sr Systems Analyst
Huynh, Linda My	37	LACERS	Benefits Specialist
Moore, Gary Lee	37	PW - Engineering	City Engineer
Alloh, Emmanuel E	35	PW - Sanitation	Envrmntl Engineer
Griffith, Timothy	34	Dept. of Bldg. & Safety	Pr Inspector
Edralin, Annette S	34	ITA	Commun Info Rep
Fong, Peter	34	Library Dept.	Dept Chief Acct
Adams, Vernon Preston	33	PW - Sanitation	Ref Coll Truck Oper
Wang, Chaoyen	33	City Attorney's Office	Deputy City Atty
Tjia, Sulastrri Bahtiar	32	Dept. of Bldg. & Safety	Office Engrg Tech
Lahoree, Daoroong	32	Dept. of Airports	Financial Manager
Moran, Victor H	32	PW - Sanitation	Ref Coll Supervisor
Ogbeni, Adonis	32	PW - Sanitation	Envrmntl Engrg Assc
Sanchez, Fermin G	32	GSD - Public Bldgs.	Parking Attendant
Lopez, Javier	31	Dept. of Animal Svcs.	Animal Care Tech Supv
Puchalski, Mayra	30	Office of the City Clerk	Ch Management Analyst
Braviroff, Daniel C	30	GSD - Fleet Services	Equipmnt Mechanic
Batson, Marleen L	30	Dept. of Bldg. & Safety	Sr Administrative Clerk
Drones, Ronald Lynn	29	Police Dept. - Civilian	Sr Security Officer
Pelaez, Carlos M	28	LA Housing Dept.	Sr Housing Inspector
Bagnerise, Anthony C	28	Dept. of Rec. & Parks	Sr Park Maint Supvr
Seales, Ann	27	LACERS	Senior Benefits Analyst
Muntz, Paul David	27	PW - Resurf & Reconstr Div.	Field Engineer Aide
Martinez, Javier	27	Dept. of Rec. & Parks	Gardener Caretaker
Cruz, Joseph F	27	PW - St. Maint.	Asst Dir Bur Of St Mt
Kenard, Courtney Allison	26	Dept. of Airports	Property Manager
Setiarto, Benjamin	25	GSD - Public Bldgs.	Parking Manager
Henriquez, Carlos Edgardo	25	Dept. of Transportation	Transp Engrg Assc
Saad, Hana	25	ITA	Systems Programmer
Silva, Ricardo Enrique	23	GSD - Materials Mgmt.	Sr Administrative Clerk
Sevilla, Aurora R	23	Office of Finance	Accounting Clerk
Mosley, Joseph E	23	Dept. of Airports	Traf Pnt Sign Post
Baker, Carl N	22	PW - Contract Administration	Constr Inspector
Ayers, Randal A	22	Dept. of Airports	Security Officer
Napue, Trena D	22	GSD - Purchasing	Supply Services Payment
Aldredge, Marvin Huey	21	Dept. of Transportation	Parking Mtr Technician

Johnson, Harold	21	Dept. of Airports	Pr Public Relations Rep
Griffin, Eric	20	Dept. of Rec. & Parks	Recreation Fac Dir
Saiyan, Antranik G	20	PW - Sanitation	Envrmntl Engrg Assc
Boney, Bernita	20	PW - Sanitation	Administrative Clerk
Davis, Brenda Joyce	20	LA Housing Dept.	Housing Investigator
Valerio, Priscilla L	18	PW - Sanitation	Maintenance Laborer
Nonnemaker, Craig Anthony	17	PW - Engineering	Field Engineer Aide
Geere, Stacy T	17	Dept. of Airports	Airports Pub Rel Dir
Torres, Eleno	16	Dept. of Airports	Bus Operator
Calderon, Terry	16	Fire Dept. - Civilian	Administrative Clerk
Torres, Maritess Tan	15	PW - Accounting	Sr Accountant
Nabegh, Reza G	15	PW - Sanitation	Sr W/W Treatment Oper
Thomas, Darryl L	14	GSD - Bldg. Fac Mgmt.	Custodian Supervisor
Williams, Kenneth Eugene	13	Dept. of Transportation	Traf Officer
Jones, Mary Kate	13	Council	Council Aide
Jones III, Ernest	10	Dept. of Airports	Build Operating Engr
Ontiveros, Amanda Aguilar	9	Dept. of Rec. & Parks	Gardener Caretaker
Wong, Irene L	8	City Attorney's Office	Sr Legal Clerk
Gonzales, Jesse Raymond	7	Dept. of Rec. & Parks	Special Prog Asst
Arellano, Antonio Barrios	7	Dept. of Rec. & Parks	Special Prog Asst
Petterez, Martha Alexandra	5	City Attorney's Office	City Atty Investgtr
Slaughter, Dreda Mae	4	Dept. of Transportation	Crossing Guard
Esparza, David L	3	EWDD	Asst Gen Mgr Comty Dev
Sementelli, Gary	3	Dept. of Rec. & Parks	Recreation Asst.
Home, Maureen M	0.6	City Attorney's Office	Deputy City Atty

BENEFIT PAYMENTS APPROVED BY GENERAL MANAGER: ITEM IV-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

Retired

Adams, Richard C

Denise Lynn Lachman for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Anderson, Robert J

Traci Aguirre - Ayala for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Bailey, Lance C

Elsie Holtz for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance
Unused Contributions

Baltazar, George

Erlinda Baltazar for the payment of the
Accrued But Unpaid Disability Retirement Allowance
Burial Allowance

Berlin, Sharon S

Jack N Berlin for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Bermudes, Rudolph Margaret Ramirez for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Bolneo, Augusto Arsenal Erlinda Bucu Bolneo for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Delarmente, Adelaida Amor Antonio I Delarmente for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Dennis, Samuel Lewis Kimraye Dennis for the payment of the
Accrued But Unpaid Service Retirement Allowance

Dickinson, Charles Karen M Brown for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Evans, John L. Kim R Warren-Buck for the payment of the
Accrued But Unpaid Continuance Allowance

Flint, Hattie M Shirley Ann Flint for the payment of the
Accrued But Unpaid Continuance Allowance

Flucus, Shirley Jo Zindy Petty for the payment of the
Accrued But Unpaid Service Retirement Allowance

Franco, John M	David Franco for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
	Mark Franco for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Garcia, Pablo S	Apolonia Gomez Melchor for the payment of the Accrued But Unpaid Vested Retirement Allowance
Garrison, Andrew T	Florine V Garrison for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Garza, Jesus H	Christopher Garza for the payment of the Burial Allowance
	Jesus H Garza for the payment of the Burial Allowance
	Maria Garza for the payment of the Accrued But Unpaid Service Retirement Allowance
Geich, Ignatio B	Barbara A Geich for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Harrell, Gary D	Leslie M Rush for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance

Jenkins, Henry L	Christine R Jenkins for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Kryda, James	Frank Kryda for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Liao, Spring Chun-Liu	Annie Ling-Lih Wang for the payment of the DRO Lump Sum
Lutsey, Patricia A.	Nancy Lutsey for the payment of the Accrued But Unpaid Continuance Allowance
Mcdonald, Dorothy	Robert Mcdonald for the payment of the Accrued But Unpaid Continuance Allowance
Milstead, Cecil M	Joel Christopher Milstead for the payment of the Accrued But Unpaid Survivorship (Disability) Allowance
Moore, John	Sherlyn Medra Roberson for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Norseweather, Lorice	Otis Norseweather for the payment of the Accrued But Unpaid Continuance Allowance

Okamura, William K	Darryl K Okamura for the payment of the Burial Allowance Jesse H Tamashiro for the payment of the Burial Allowance Megan K Kanemaru for the payment of the Accrued But Unpaid Service Retirement Allowance
Reeder, Eleanore L	Joanne Irene Allor for the payment of the Accrued But Unpaid Continuance Allowance
Reichardt, Dwayne	Kirsten E Herold for the payment of the Accrued But Unpaid Service Retirement Allowance Rachael Herold for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Rico, Benjamin H	Esther Rico for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Riley-Oliver, Beatrice E	Ronald Eric Moore for the payment of the Accrued But Unpaid Vested Retirement Allowance Burial Allowance
Rocke, John C	Kathleen J Burns for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Rose, Wanda L	Anthony Givens for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance

Sharp, Takako Anita	Shawn L Sharp for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Steward, Melinda L	Toi Barnett for the payment of the Accrued But Unpaid Disability Retirement Allowance Burial Allowance
Stucker, Shirley A	Cheryl A Sonksen for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Tyler, Winston F	Margaret E Tyler for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Valencia, Carmen L	Ross Lopez Valencia for the payment of the Accrued But Unpaid Continuance Allowance
Warsaw, Sylvester	Carol J Warsaw for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance

TIER 3
NONE

BENEFIT PAYMENTS APPROVED BY GENERAL MANAGER: ITEM IV-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

Gage, Joann
(Deceased Active)

Aaron Vaughn Ganner for the payment of the
Disability Retirement Survivorship Allowance

Gonzalez, Cesar Anthony
(Deceased Active)

Gabriela A Gonzalez for the payment of the
Accumulated Contributions

Kitahara, Jason
(Deceased Active)

Keilyn Liu Kitahara for the payment of the
Limited Pension

Piontek, Edwin M
(Deceased Active)

Edwin Michael Piontek for the payment of the
Accumulated Contributions

Puga, Robert Stephen
(Deceased Active)

Stephanie Puga for the payment of the
Accumulated Contributions

Wade, Clifford G
(Deceased Active)

Tawanja Wade 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.

**LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM (LACERS)
TRAVEL/CONFERENCE EVALUATION REPORT**

Name of Attendee: Nilza Serrano	
Title of Conference/Seminar: IDAC Summit	
Location: Atlanta	No. of Education Hours: 8
Event Sponsor: IDAC	Date(s) Held: 9/14/2022

Report for:

- Travel
- Conference/Seminar Attendance Only

I. Nature/Purpose of Travel (if applicable):

Attend the IDAC Summit

II. Significant Information Gained:

Asset Owners Working Group

- only 2% currently goes to diverse managers
- align to investment team objectives and mandates
- tied to compensation if possible
- formal program policy
- open sourcing channels



III. Benefits to LACERS:

Create a program that will be beneficial to LACERS by expanding our reach to Emerging managers

IV. Additional Comments:



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM



REPORT TO BOARD OF ADMINISTRATION
From: Neil M. Guglielmo, General Manager

MEETING: OCTOBER 11, 2022
ITEM: IV – D

Neil M. Guglielmo

**SUBJECT: GASB 68 AND GASB 75 ACTUARIAL VALUATIONS BASED ON JUNE 30, 2021
MEASUREMENT DATE, FOR EMPLOYER REPORTING AS OF JUNE 30, 2022**

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board receive and file the attached GASB 68 and GASB 78 Actuarial Valuation Reports For Employer Reporting as of June 30, 2022 (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 Consulting (Segal), based on June 30, 2021 LACERS actuarial valuations, provide proportionate share of necessary pension information needed by the City, Department of Airports, and Harbor Department for their financial statements as of June 30, 2022. 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 9, 2021 together with the annual retirement and health actuarial valuations as of June 30, 2021.

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, 2022 financial statements for the City, Department of Airports, and Harbor Department.

Key findings from the Segal valuation reports based on the June 30, 2021 measurement date include:

- The Net Pension Liability (NPL), which is the difference between the Total Pension Liability (TPL) and the Retirement Plan Fiduciary Net Position, decreased from \$7.59 billion to \$4.36 billion, mainly due to the market return higher than the 7.0% assumed rate of return used in previous valuation. The \$4.36 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, 2022, as follows:

City	Airports	Harbor	Total
\$ 3,649,863,961	\$ 545,803,106	\$ 168,089,787	\$ 4,363,756,854

- Similarly, the Net OPEB Liability (NOL), which is the difference between the Total OPEB Liability (TOL) and the OPEB Plan Fiduciary Net Position, decreased from \$635.3 million to (\$261.6) million (a surplus of asset over liability) primarily due to higher market return compared to the assumed rate of return of 7.0% used in previous valuation and favorable premium renewal experience for calendar year 2022, offset to some degree by updated trend assumption used for medical premium projections after 2020/2021. The (\$261.6) 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, 2022, as follows:

City	Airports	Harbor	Total
\$ (221,088,863)	\$ (30,594,149)	\$ (9,890,597)	\$ (261,573,609)

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, 2021 financial statements as a note disclosure, pursuant to the GASB 67 and GASB 74.

Staff will be available for any questions the Board may have.

Prepared By: Jo Ann Peralta, Departmental Chief Accountant

NMG/TB:jp

Attachments: 1) GASB 68 Actuarial Valuation for June 30, 2022 Employer Reporting Issued by Segal
2) GASB 75 Actuarial Valuation for June 30, 2022 Employer Reporting Issued by Segal
3) Moss Adams Independent Auditor's Reports

BOARD Meeting: 10/11/22
Item **IV - D**
Attachment 1

Los Angeles City Employees' Retirement System (LACERS)

Governmental Accounting Standards Board Statement 68 (GAS 68)

Actuarial Valuation Based on June 30, 2021
Measurement Date for Employer Reporting
as of June 30, 2022



This report has been prepared at the request of the Board of Administration to assist the sponsors of the Fund in preparing their financial report for their liabilities associated with the LACERS pension plan. This valuation report may not otherwise be copied or reproduced in any form without the consent of the Board of Administration and may only be provided to other parties in its entirety, unless expressly authorized by Segal. The measurements shown in this actuarial valuation may not be applicable for other purposes.

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Segal



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

June 16, 2022

Board of Administration
Los Angeles City Employees' Retirement System
202 W. 1st Street, Suite 500
Los Angeles, CA 90012-4401

Dear Board Members:

We are pleased to submit this Governmental Accounting Standards (GAS) 68 Actuarial Valuation based on a June 30, 2021 measurement date for employer reporting as of June 30, 2022. 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.

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. Further, in our opinion, the assumptions as approved by the Board are reasonably related to the experience of and expectations for LACERS.

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

Sincerely,

Segal

A handwritten signature in black ink, appearing to read "Paul Angelo", written over a horizontal line.

Paul Angelo, FSA, MAAA, FCA, EA
Senior Vice President and Actuary

A handwritten signature in black ink, appearing to read "Andy Yeung", written over a horizontal line.

Andy Yeung, ASA, MAAA, FCA, EA
Vice President and Actuary

DNA/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, 2022. 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, 2021. 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, 2021, provided by LACERS;
- The assets of the Plan as of June 30, 2021, provided by LACERS;
- Economic assumptions regarding future salary increases and investment earnings adopted by the Board for the June 30, 2021 valuation; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc. that the Board has adopted for the June 30, 2021 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 still 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.

Section 1: Actuarial Valuation Summary

Highlights of the valuation

1. For this report, the reporting dates for the employer are June 30, 2022 and 2021. The NPL was measured as of June 30, 2021 and 2020 and determined based upon the results of the actuarial valuations as of June 30, 2021 and 2020, 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, 2021 and 2020 were not adjusted or rolled forward to the June 30, 2022 and 2021 reporting dates, respectively.
2. The NPL decreased from \$7.59 billion as of June 30, 2020 to \$4.36 billion as of June 30, 2021 mainly due to the return on the market value of retirement plan assets of 28.48%¹ during 2020/2021 that was more than the assumption of 7.00% used in the June 30, 2020 valuation (that gain was about \$3.23 billion). Changes in these values during the last two fiscal years ending June 30, 2020 and June 30, 2021 can be found in *Section 2, Schedule of changes in Net Pension Liability* on page 18.
3. There was a decrease in the total employer pension expense from \$999.0 million calculated last year to \$386.4 million calculated this year. The primary cause of the decrease was the 28.48% return on the market value of assets (net of investment expenses only) for the year ended June 30, 2021 that was more than the assumption of 7.00% used in the June 30, 2020 valuation. (The expensed portion of current-period differences between actual and projected earnings on plan investments resulted in a \$646.1 million decrease in this year's pension expense.)
4. The discount rate used to determine the TPLs and NPLs as of June 30, 2021 and 2020 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, 2021 can be found in *Section 3, Appendix A*. Various other information that is required to be disclosed can be found throughout *Section 2*.
5. The NPLs for the three employer categories in LACERS (i.e., the City, Airports, and Harbor) as of June 30, 2020 and June 30, 2021 are allocated based on the actual employer contributions made during 2019/2020 and 2020/2021, 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 22 and 23.
6. Results shown in this report exclude any employer contributions made after the measurement date of June 30, 2021. The employer should consult with their auditor to determine the deferred outflow that should be created for these contributions.

¹ Net of investment expenses only.

Section 1: Actuarial Valuation Summary

7. It is important to note that this actuarial valuation is based on plan assets as of June 30, 2021. Due to the COVID-19 pandemic, market conditions have changed significantly since the onset of the Public Health Emergency. 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. Moreover, this actuarial valuation does not include any possible short-term or long-term impacts on mortality of the covered population that may emerge after June 30, 2021. While it is impossible to determine how the pandemic will affect market conditions and other demographic experience of the plan in future valuations, Segal is available to prepare projections of potential outcomes upon request.

Section 1: Actuarial Valuation Summary

Summary of key valuation results¹

Reporting Date for Employer under GAS 68		June 30, 2022 ²	June 30, 2021 ³
Measurement Date for Employer under GAS 68		June 30, 2021	June 30, 2020
Disclosure elements for fiscal year ending June 30:	• Service cost ⁴	\$451,426,209	\$374,967,243
	• Total Pension Liability	23,281,892,854	22,527,195,295
	• Plan Fiduciary Net Position	18,918,136,000	14,932,404,300
	• Net Pension Liability	4,363,756,854	7,594,790,995
	• Pension expense	386,438,863	999,039,971
Schedule of contributions for fiscal year ending June 30:	• Actuarially determined contributions	\$554,855,906	\$553,118,173
	• Actual contributions	554,855,906	553,118,173
	• Contribution deficiency/(excess)	0	0
Demographic data for plan year ending June 30:	• Number of retired members and beneficiaries	22,012	20,423
	• Number of inactive vested members ⁵	9,647	9,207
	• Number of active members	25,176	27,490
Key assumptions as of June 30:	• Investment rate of return	7.00%	7.00%
	• Inflation rate	2.75%	2.75%
	• Projected salary increases ⁶	Ranges from 9.95% to 4.25%, based on years of service	Ranges from 9.95% to 4.25%, based on years of service

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, 2021.

³ The reporting date and measurement date for the Plan are June 30, 2020.

⁴ The service cost is based on the previous year's valuation, meaning the June 30, 2021 and June 30, 2020 measurement date values are based on the valuations as of June 30, 2020 and June 30, 2019, respectively. The June 30, 2021 measurement date service cost has been calculated using the actuarial assumptions shown in the June 30, 2020 measurement date column and the June 30, 2020 measurement date service cost has been calculated using the following assumptions:

Key assumptions as of June 30, 2019:

Investment rate of return	7.25%
Inflation rate	3.00%
Projected salary increases*	Range from 10.00% to 3.90%, based on years of service

*Includes inflation of 3.00% plus real across the board salary increases of 0.50% plus merit and promotional increases.

⁵ Includes terminated members due a refund of employee contributions.

⁶ Includes inflation at 2.75% plus real across the board salary increase of 0.50%, plus merit and promotion increases.

Section 1: Actuarial Valuation Summary

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 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. It is important to keep Segal informed with respect to plan provisions and administrative procedures, and to review the plan summary included 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 data	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.
Assets	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 projects the benefits to be paid to existing plan participants for the rest of their lives and the lives of their beneficiaries. This projection requires actuarial assumptions as to the probability of death, disability, termination, and retirement of each participant for each year. In addition, the benefits projected to be paid for each of those events in each future year reflect actuarial assumptions as to salary increases and cost-of-living adjustments. The projected benefits are then discounted to a present value, based on the assumed rate of return that is expected to be achieved on the plan’s assets. There is a reasonable range for each assumption used in the projection and the results may vary materially based on which assumptions are selected. It is important for any user of an actuarial valuation to understand this concept. Actuarial assumptions are periodically reviewed to ensure that future valuations reflect emerging plan experience. While future changes in actuarial assumptions may have a significant impact on the reported results, that does not mean that the previous assumptions were unreasonable.
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.

Section 1: Actuarial Valuation Summary

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 of the plan's assets and liabilities at a specific date. Accordingly, except where otherwise noted, Segal did not perform an analysis of the potential range of future financial measures. 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.

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

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, 2021, pension plan membership consisted of the following:

Retired members or beneficiaries currently receiving benefits	22,012
Inactive vested members entitled to but not yet receiving benefits ¹	9,647
Active members	<u>25,176</u>
Total	56,835

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 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).

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

Section 2: GAS 68 Information

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

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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.

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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, 2021 was 24.37% 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, 2019 funding valuation which established funding requirements for fiscal year 2020/2021. The schedule of contributions in Section 2 of this report provides details on how this rate was calculated.

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Net Pension Liability

The components of the Net Pension Liability were as follows:

Reporting Date for Employer under GAS 68	June 30, 2022	June 30, 2021
Measurement Date for Employer under GAS 68	June 30, 2021	June 30, 2020
Total Pension Liability	\$23,281,892,854	\$22,527,195,295
Plan Fiduciary Net Position	(18,918,136,000)	(14,932,404,300)
Net Pension Liability	\$4,363,756,854	\$7,594,790,995
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	81.26%	66.29%

The NPL was measured as of June 30, 2021 and 2020. 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, 2021 and 2020, respectively.

Plan provisions. The plan provisions used in the measurement of the NPL as of June 30, 2021 and 2020 are the same as those used in the LACERS funding valuations as of June 30, 2021 and 2020, respectively.

Actuarial assumptions. The TPLs as of June 30, 2021 and June 30, 2020 were determined by actuarial valuations as of June 30, 2021 and June 30, 2020, respectively. The actuarial assumptions used in both the June 30, 2021 and June 30, 2020 valuations 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, 2021 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 pension plan investment expense and including inflation
Other assumptions:	Same as those used in the June 30, 2021 actuarial valuation

Section 2: GAS 68 Information

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) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation but before deducting investment expenses, are summarized in the following table. These values were used in the derivation of the long-term expected investment rate of return assumption that was used in the actuarial valuation as of June 30, 2021. This information is subject to 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	15.01%	5.54%
Small/Mid Cap U.S. Equity	3.99%	6.25%
Developed International Large Cap Equity	17.01%	6.61%
Developed International Small Cap Equity	2.97%	6.90%
Emerging International Large Cap Equity	5.67%	8.74%
Emerging International Small Cap Equity	1.35%	10.63%
Core Bonds	13.75%	1.19%
High Yield Bonds	2.00%	3.14%
Bank Loans	2.00%	3.70%
TIPS	4.00%	0.86%
Emerging Market Debt (External)	2.25%	3.55%
Emerging Market Debt (Local)	2.25%	4.75%
Core Real Estate	4.20%	4.60%
Non-Core Real Estate	2.80%	5.76%
Cash	1.00%	0.03%
Commodities	1.00%	3.33%
Private Equity	14.00%	8.97%
Private Credit/Debt	3.75%	6.00%
REITS	1.00%	5.98%
Total	100.00%	5.50%

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Discount rate. The discount rate used to measure the TPL was 7.00% as of June 30, 2021 and June 30, 2020. 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, 2021 and June 30, 2020.

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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, 2021, 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	\$6,248,541,042	\$3,649,863,961	1,500,457,097
Airports	934,411,021	545,803,106	224,379,361
Harbor	<u>287,768,515</u>	<u>168,089,787</u>	<u>69,101,620</u>
Total for all Employer Categories	\$7,470,720,578	\$4,363,756,854	\$1,793,938,078

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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, 2022 June 30, 2021	June 30, 2021 June 30, 2020
Total Pension Liability		
• Service cost ¹	\$451,426,209	\$374,967,243
• Interest	1,570,784,315	1,499,208,335
• Change of benefit terms	0	0
• Differences between expected and actual experience	(189,821,814)	308,183,796
• Changes of assumptions	0	530,720,225
• Benefit payments, including refunds of member contributions	(1,077,691,151)	(979,305,447)
Net change in Total Pension Liability	\$754,697,559	\$1,733,774,152
Total Pension Liability – beginning	22,527,195,295	20,793,421,143
Total Pension Liability – ending	\$23,281,892,854	\$22,527,195,295
Plan Fiduciary Net Position		
• Contributions – employer	\$554,855,906	\$553,118,173
• Contributions – employee	252,122,737	259,816,657
• Net investment income ²	4,283,202,296	306,712,445
• Benefit payments, including refunds of member contributions	(1,077,691,151)	(979,305,447)
• Administrative expense	(26,758,088)	(23,530,369)
• Other	0	0
Net change in Plan Fiduciary Net Position	\$3,985,731,700	\$116,811,459
Plan Fiduciary Net Position – beginning	14,932,404,300	14,815,592,841
Plan Fiduciary Net Position – ending	\$18,918,136,000	\$14,932,404,300
Net Pension Liability – ending	\$4,363,756,854	\$7,594,790,995
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	81.26%	66.29%
Covered payroll³	\$2,276,768,292	\$2,271,038,575
Net Pension Liability as percentage of covered payroll	191.66%	334.42%

¹ The service cost is based on the previous year's valuation, meaning the June 30, 2021 and 2020 measurement date values are based on the valuations as of June 30, 2020 and June 30, 2019, respectively. The June 30, 2021 measurement date service cost have been calculated using the actuarial assumptions shown in the June 30, 2020 measurement date column on page 7 and the June 30, 2020 measurement date service cost has been calculated using the following assumptions:

Key assumptions as of June 30, 2019:

Investment rate of return	7.25%
Inflation rate	3.00%
Projected salary increases*	Range from 10.00% to 3.90%, based on years of service

*Includes inflation of 3.00% plus real across the board salary increases of 0.50% plus merit and promotional increases.

² Includes building lease and other income.

³ Covered payroll is defined as the payroll on which contributions to a pension plan are based.

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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
2012	\$308,539,905	\$308,539,905	\$0	\$1,715,197,133	17.99%
2013	346,180,852	346,180,852	0	1,736,112,598	19.94%
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%

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.

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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.

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Actuarial assumptions:	
Valuation Date:	June 30, 2021
Investment rate of return:	7.00%
Inflation rate:	2.75%
Real across-the-board salary increase:	0.50%
Projected salary increases:¹	Ranges from 9.95% to 4.25%, 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 2.75% 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-2019.
Other assumptions:	Same as those used in the June 30, 2021 funding actuarial valuation

¹ Includes inflation at 2.75% plus across the board salary increases of 0.50% plus merit and promotion increases.

Section 2: GAS 68 Information

Determination of proportionate share

Actual Employer Contributions by Employer Category July 1, 2019 to June 30, 2020

Employer Category	Contributions	Percentage ¹
City	\$458,400,219	82.876%
Airports	74,396,129	13.450%
Harbor	<u>20,321,825</u>	<u>3.674%</u>
Total for all Employer Categories	\$553,118,173	100.000%

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

Allocation of June 30, 2020 Net Pension Liability (NPL)

Employer Category	NPL	Percentage
City	\$6,294,231,550	82.876%
Airports	1,021,523,208	13.450%
Harbor	<u>279,036,237</u>	<u>3.674%</u>
Total for all Employer Categories	\$7,594,790,995	100.000%

Notes:

1. Based on the July 1, 2019 through June 30, 2020 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.

Section 2: GAS 68 Information

Determination of proportionate share (continued)

Actual Employer Contributions by Employer Category July 1, 2020 to June 30, 2021

Employer Category	Contributions	Percentage ¹
City	\$464,083,734	83.640%
Airports	69,399,393	12.508%
Harbor	<u>21,372,779</u>	<u>3.852%</u>
Total for all Employer Categories	\$554,855,906	100.000%

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

Allocation of June 30, 2021 Net Pension Liability (NPL)

Employer Category	NPL	Percentage
City	\$3,649,863,961	83.640%
Airports	545,803,106	12.508%
Harbor	<u>168,089,787</u>	<u>3.852%</u>
Total for all Employer Categories	\$4,363,756,854	100.000%

Notes:

1. Based on the July 1, 2020 through June 30, 2021 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.

Section 2: GAS 68 Information

Determination of proportionate share (continued)

For purposes of the above results, the reporting date for the employer under GAS 68 is June 30, 2022. The reporting date and measurement date for the Plan under GAS 67 are June 30, 2021. Consistent with the provisions of GAS 68, the assets and liabilities measured as of June 30, 2021 are not adjusted or rolled forward to the June 30, 2022 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

Section 2: GAS 68 Information

Pension expense

Total for All Employer Categories

Reporting Date for Employer under GAS 68	June 30, 2022	June 30, 2021
Measurement Date for Employer under GAS 68	June 30, 2021	June 30, 2020
Components of Pension Expense		
• Service cost	\$451,426,209	\$374,967,243
• Interest on the Total Pension Liability	1,570,784,315	1,499,208,335
• 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	(37,663,058)	61,760,280
• Expensed portion of current-period changes of assumptions or other inputs	0	106,356,759
• Member contributions	(252,122,737)	(259,816,657)
• Projected earnings on plan investments	(1,052,658,457)	(1,085,626,226)
• Expensed portion of current-period differences between actual and projected earnings on plan investments	(646,108,768)	155,782,756
• Administrative expense	26,758,088	23,530,369
• Other expense	0	0
• Recognition of beginning of year deferred outflows of resources as pension expense	557,773,352	408,781,408
• Recognition of beginning of year deferred inflows of resources as pension expense	(231,750,081)	(285,904,296)
• Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	0	0
Pension Expense	\$386,438,863	\$999,039,971

Section 2: GAS 68 Information

Pension expense (continued)

	City	
Reporting Date for Employer under GAS 68	June 30, 2022	June 30, 2021
Measurement Date for Employer under GAS 68	June 30, 2021	June 30, 2020
Components of Pension Expense		
• Service cost	\$377,574,716	\$310,756,500
• Interest on the Total Pension Liability	1,313,810,383	1,242,478,484
• Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	9,289,152	3,245,357
• 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	(31,501,534)	51,184,227
• Expensed portion of current-period changes of assumptions or other inputs	0	88,143,843
• Member contributions	(210,876,481)	(215,324,714)
• Projected earnings on plan investments	(880,447,810)	(899,719,670)
• Expensed portion of current-period differences between actual and projected earnings on plan investments	(540,407,998)	129,105,954
• Administrative expense	22,380,573	19,500,944
• Other expense	0	0
• Recognition of beginning of year deferred outflows of resources as pension expense	466,523,897	338,780,203
• Recognition of beginning of year deferred inflows of resources as pension expense	(193,836,709)	(236,945,012)
• Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	<u>7,357,622</u>	<u>6,552,446</u>
Pension Expense	\$339,865,811	\$837,758,562

Section 2: GAS 68 Information

Pension expense (continued)

Airports

Reporting Date for Employer under GAS 68	June 30, 2022	June 30, 2021
Measurement Date for Employer under GAS 68	June 30, 2021	June 30, 2020
Components of Pension Expense		
• Service cost	\$56,462,776	\$50,434,269
• Interest on the Total Pension Liability	196,468,086	201,648,223
• Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(11,450,036)	(3,036,741)
• 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	(4,710,761)	8,306,951
• Expensed portion of current-period changes of assumptions or other inputs	0	14,305,318
• Member contributions	(31,534,611)	(34,946,155)
• Projected earnings on plan investments	(131,662,756)	(146,020,132)
• Expensed portion of current-period differences between actual and projected earnings on plan investments	(80,812,975)	20,953,269
• Administrative expense	3,346,806	3,164,908
• Other expense	0	0
• Recognition of beginning of year deferred outflows of resources as pension expense	69,764,297	54,982,381
• Recognition of beginning of year deferred inflows of resources as pension expense	(28,986,472)	(38,455,024)
• Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	(4,186,346)	(1,837,588)
Pension Expense	\$32,698,008	\$129,499,679

Section 2: GAS 68 Information

Pension expense (continued)

Harbor

Reporting Date for Employer under GAS 68	June 30, 2022	June 30, 2021
Measurement Date for Employer under GAS 68	June 30, 2021	June 30, 2020
Components of Pension Expense		
• Service cost	\$17,388,717	\$13,776,474
• Interest on the Total Pension Liability	60,505,846	55,081,628
• Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	2,160,884	(208,616)
• 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	(1,450,763)	2,269,102
• Expensed portion of current-period changes of assumptions or other inputs	0	3,907,598
• Member contributions	(9,711,645)	(9,545,788)
• Projected earnings on plan investments	(40,547,891)	(39,886,424)
• Expensed portion of current-period differences between actual and projected earnings on plan investments	(24,887,795)	5,723,533
• Administrative expense	1,030,709	864,517
• Other expense	0	0
• Recognition of beginning of year deferred outflows of resources as pension expense	21,485,158	15,018,824
• Recognition of beginning of year deferred inflows of resources as pension expense	(8,926,900)	(10,504,260)
• Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	(3,171,276)	(4,714,858)
Pension Expense	\$13,875,044	\$31,781,730

Section 2: GAS 68 Information

Deferred outflows of resources and deferred inflows of resources

Total for All Employer Categories

Reporting Date for Employer under GAS 68	June 30, 2022	June 30, 2021
Measurement Date for Employer under GAS 68	June 30, 2021	June 30, 2020
Deferred Outflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$59,948,644	\$21,574,399
• Changes of assumptions or other inputs	443,677,613	708,249,680
• Net excess of projected over actual earnings on Pension Plan investments (if any)	N/A	531,127,873
• Difference between actual and expected experience in the Total Pension Liability	<u>218,792,675</u>	<u>308,076,696</u>
• Total Deferred Outflows of Resources	\$722,418,932	\$1,569,028,648
Deferred Inflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$59,948,644	\$21,574,399
• Changes of assumptions or other inputs	0	0
• Net excess of actual over projected earnings on Pension Plan investments (if any)	2,076,846,227	N/A
• Difference between expected and actual experience in the Total Pension Liability	<u>175,222,487</u>	<u>74,435,577</u>
• Total Deferred Inflows of Resources	\$2,312,017,358	\$96,009,976
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:		
2022	N/A	\$326,023,271
2023	\$(250,805,286)	432,966,540
2024	(291,961,587)	391,810,239
2025	(361,553,204)	322,218,622
2026	(683,771,825)	0
2027	(1,506,524)	0
Thereafter	0	0

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

Section 2: GAS 68 Information

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

	City	
Reporting Date for Employer under GAS 68	June 30, 2022	June 30, 2021
Measurement Date for Employer under GAS 68	June 30, 2021	June 30, 2020
Deferred Outflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$50,566,089	\$20,395,538
• Changes of assumptions or other inputs	371,093,758	586,966,447
• Net excess of projected over actual earnings on Pension Plan investments (if any)	N/A	440,175,617
• Difference between actual and expected experience in the Total Pension Liability	<u>182,999,082</u>	<u>255,320,530</u>
• Total Deferred Outflows of Resources	\$604,658,929	\$1,302,858,132
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	0	0
• Net excess of actual over projected earnings on Pension Plan investments (if any)	1,737,082,622	N/A
• Difference between expected and actual experience in the Total Pension Liability	<u>146,556,800</u>	<u>61,688,959</u>
• Total Deferred Inflows of Resources	\$1,883,639,422	\$61,688,959
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:		
2022	N/A	\$277,551,491
2023	\$(195,243,468)	364,065,727
2024	(230,325,633)	329,298,311
2025	(289,902,515)	270,253,644
2026	(562,620,381)	0
2027	(888,496)	0
Thereafter	0	0

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

Section 2: GAS 68 Information

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

Airports

Reporting Date for Employer under GAS 68	June 30, 2022	June 30, 2021
Measurement Date for Employer under GAS 68	June 30, 2021	June 30, 2020
Deferred Outflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$652,583	\$1,178,861
• Changes of assumptions or other inputs	55,493,610	95,261,803
• Net excess of projected over actual earnings on Pension Plan investments (if any)	N/A	71,438,365
• Difference between actual and expected experience in the Total Pension Liability	<u>27,365,806</u>	<u>41,437,282</u>
• Total Deferred Outflows of Resources	\$83,511,999	\$209,316,311
Deferred Inflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$56,259,798	\$14,714,277
• Changes of assumptions or other inputs	0	0
• Net excess of actual over projected earnings on Pension Plan investments (if any)	259,764,501	N/A
• Difference between expected and actual experience in the Total Pension Liability	<u>21,916,202</u>	<u>10,011,819</u>
• Total Deferred Inflows of Resources	\$337,940,501	\$24,726,096
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:		
2022	N/A	\$39,664,806
2023	\$(45,870,307)	55,184,914
2024	(51,259,801)	49,407,452
2025	(59,678,191)	40,333,043
2026	(96,973,771)	0
2027	(646,432)	0
Thereafter	0	0

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

Section 2: GAS 68 Information

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

Harbor

Reporting Date for Employer under GAS 68	June 30, 2022	June 30, 2021
Measurement Date for Employer under GAS 68	June 30, 2021	June 30, 2020
Deferred Outflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$8,729,972	\$0
• Changes of assumptions or other inputs	17,090,245	26,021,430
• Net excess of projected over actual earnings on Pension Plan investments (if any)	N/A	19,513,891
• Difference between actual and expected experience in the Total Pension Liability	<u>8,427,787</u>	<u>11,318,884</u>
• Total Deferred Outflows of Resources	\$34,248,004	\$56,854,205
Deferred Inflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$3,688,846	\$6,860,122
• Changes of assumptions or other inputs	0	0
• Net excess of actual over projected earnings on Pension Plan investments (if any)	79,999,104	N/A
• Difference between expected and actual experience in the Total Pension Liability	<u>6,749,485</u>	<u>2,734,799</u>
• Total Deferred Inflows of Resources	\$90,437,435	\$9,594,921
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:		
2022	N/A	\$8,806,974
2023	\$(9,691,511)	13,715,899
2024	(10,376,153)	13,104,476
2025	(11,972,498)	11,631,935
2026	(24,177,673)	0
2027	28,404	0
Thereafter	0	0

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

Section 2: GAS 68 Information

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, 2021. 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 5.04 years determined as of June 30, 2020 (the beginning of the measurement period ending June 30, 2021).

In addition, the difference between the actual employer contributions and the proportionate share of the employer contributions during the measurement period ended June 30, 2021 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.

Section 2: GAS 68 Information

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
2014	100.000%	\$4,727,177,064	\$1,736,112,598	272.29%	68.23%
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	191.67%	81.26%

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

Section 2: GAS 68 Information

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
2014	81.453%	\$3,850,425,590	\$1,414,115,080	272.29%	68.23%
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%

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

Section 2: GAS 68 Information

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
2014	14.299%	\$675,950,764	\$248,251,046	272.29%	68.23%
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%

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

Section 2: GAS 68 Information

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
2014	4.248%	\$200,800,710	\$73,746,472	272.29%	68.23%
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%

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

Section 2: GAS 68 Information

Schedule of reconciliation of Net Pension Liability

Total for All Employer Categories

Reporting Date for Employer under GAS 68	June 30, 2022	June 30, 2021
Measurement Date for Employer under GAS 68	June 30, 2021	June 30, 2020
Beginning Net Pension Liability	\$7,594,790,995	\$5,977,828,302
• Pension Expense	386,438,863	999,039,971
• Employer Contributions	(554,855,906)	(553,118,173)
• New Net Deferred Inflows/Outflows	(2,736,593,827)	1,293,918,007
• 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	(326,023,271)	(122,877,112)
• Recognition of Prior Deferred Flows Due to Change in Proportion	<u>0</u>	<u>0</u>
Ending Net Pension Liability	\$4,363,756,854	\$7,594,790,995

Section 2: GAS 68 Information

Schedule of Reconciliation of Net Pension Liability (continued)

City

Reporting Date for Employer under GAS 68	June 30, 2022	June 30, 2021
Measurement Date for Employer under GAS 68	June 30, 2021	June 30, 2020
Beginning Net Pension Liability	\$6,294,231,550	\$4,937,107,456
• Pension Expense	339,865,811	837,758,562
• Employer Contributions	(464,083,734)	(458,400,219)
• New Net Deferred Inflows/Outflows	(2,288,898,197)	1,072,342,812
• Change in Allocation of Prior Deferred Inflows/Outflows	11,265,168	861,603
• New Net Deferred Flows Due to Change in Proportion	37,528,173	12,948,973
• Recognition of Prior Deferred Inflows/Outflows	(272,687,188)	(101,835,191)
• Recognition of Prior Deferred Flows Due to Change in Proportion	<u>(7,357,622)</u>	<u>(6,552,446)</u>
Ending Net Pension Liability	\$3,649,863,961	\$6,294,231,550

Section 2: GAS 68 Information

Schedule of Reconciliation of Net Pension Liability (continued)

Airports

Reporting Date for Employer under GAS 68	June 30, 2022	June 30, 2021
Measurement Date for Employer under GAS 68	June 30, 2021	June 30, 2020
Beginning Net Pension Liability	\$1,021,523,208	\$819,996,210
• Pension Expense	32,698,008	129,499,679
• Employer Contributions	(69,399,393)	(74,396,129)
• New Net Deferred Inflows/Outflows	(342,283,371)	174,036,031
• Change in Allocation of Prior Deferred Inflows/Outflows	(13,885,722)	(806,218)
• New Net Deferred Flows Due to Change in Proportion	(46,258,145)	(12,116,596)
• Recognition of Prior Deferred Inflows/Outflows	(40,777,825)	(16,527,357)
• Recognition of Prior Deferred Flows Due to Change in Proportion	<u>4,186,346</u>	<u>1,837,588</u>
Ending Net Pension Liability	\$545,803,106	\$1,021,523,208

Section 2: GAS 68 Information

Schedule of Reconciliation of Net Pension Liability (continued)

Harbor

Reporting Date for Employer under GAS 68	June 30, 2022	June 30, 2021
Measurement Date for Employer under GAS 68	June 30, 2021	June 30, 2020
Beginning Net Pension Liability	\$279,036,237	\$220,724,636
• Pension Expense	13,875,044	31,781,730
• Employer Contributions	(21,372,779)	(20,321,825)
• New Net Deferred Inflows/Outflows	(105,412,259)	47,539,164
• Change in Allocation of Prior Deferred Inflows/Outflows	2,620,554	(55,385)
• New Net Deferred Flows Due to Change in Proportion	8,729,972	(832,377)
• Recognition of Prior Deferred Inflows/Outflows	(12,558,258)	(4,514,564)
• Recognition of Prior Deferred Flows Due to Change in Proportion	<u>3,171,276</u>	<u>4,714,858</u>
Ending Net Pension Liability	\$168,089,787	\$279,036,237

Section 2: GAS 68 Information

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:								
			2021	2022	2023	2024	2025	2026	2027	Thereafter	
2016	\$(135,821,076)	5.42	\$(10,524,881)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2017	(300,812,751)	5.24	(57,407,014)	(13,777,681)	0	0	0	0	0	0	0
2018	(146,474,065)	5.17	(28,331,541)	(28,331,541)	(4,816,360)	0	0	0	0	0	0
2019	144,224,403	5.24	27,523,741	27,523,741	27,523,741	6,605,698	0	0	0	0	0
2020	(46,035,243)	4.97	(9,262,624)	(9,262,624)	(9,262,624)	(8,984,747)	0	0	0	0	0
2021	308,183,796	4.99	61,760,280	61,760,280	61,760,280	61,760,280	61,142,676	0	0	0	0
2022	(189,821,814)	5.04	N/A	(37,663,058)	(37,663,058)	(37,663,058)	(37,663,058)	(37,663,058)	(1,506,524)	0	0
Net increase (decrease) in pension expense			\$(16,242,039)	\$249,117	\$37,541,979	\$21,718,173	\$23,479,618	\$(37,663,058)	\$(1,506,524)	\$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:								
			2021	2022	2023	2024	2025	2026	2027	Thereafter	
2016	\$0	5.42	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2017	0	5.24	0	0	0	0	0	0	0	0	0
2018	340,717,846	5.17	65,902,872	65,902,872	11,203,486	0	0	0	0	0	0
2019	483,717,164	5.24	92,312,436	92,312,436	92,312,436	22,154,984	0	0	0	0	0
2020	0	4.97	0	0	0	0	0	0	0	0	0
2021	530,720,225	4.99	106,356,759	106,356,759	106,356,759	106,356,759	105,293,189	0	0	0	0
2022	0	5.04	N/A	0	0	0	0	0	0	0	0
Net increase (decrease) in pension expense			\$264,572,067	\$264,572,067	\$209,872,681	\$128,511,743	\$105,293,189	\$0	\$0	\$0	\$0

As described on page 33, 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, 2020 (the beginning of the measurement period ending June 30, 2021) is 5.04 years.

Amortization amounts prior to June 30, 2021 have been omitted from this exhibit. These amounts can be found in prior year's GAS 68 reports.

Section 2: GAS 68 Information

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:								
			2021	2022	2023	2024	2025	2026	2027	Thereafter	
2016	\$583,701,643	5.00	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2017	874,539,255	5.00	174,907,851	0	0	0	0	0	0	0	0
2018	(621,748,969)	5.00	(124,349,794)	(124,349,793)	0	0	0	0	0	0	0
2019	(280,142,210)	5.00	(56,028,442)	(56,028,442)	(56,028,442)	0	0	0	0	0	0
2020	240,672,541	5.00	48,134,508	48,134,508	48,134,508	48,134,509	0	0	0	0	0
2021	778,913,781	5.00	155,782,756	155,782,756	155,782,756	155,782,756	155,782,757	0	0	0	0
2022	(3,230,543,839)	5.00	N/A	(646,108,768)	(646,108,768)	(646,108,768)	(646,108,768)	(646,108,768)	(646,108,767)	0	0
Net increase (decrease) in pension expense			\$198,446,879	\$(622,569,739)	\$(498,219,946)	\$(442,191,503)	\$(490,326,011)	\$(646,108,767)	\$0	\$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:								
		2021	2022	2023	2024	2025	2026	2027	Thereafter	
2016	\$447,880,567	\$(10,524,881)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2017	573,726,504	117,500,837	(13,777,681)	0	0	0	0	0	0	0
2018	(427,505,188)	(86,778,463)	(86,778,462)	6,387,126	0	0	0	0	0	0
2019	347,799,357	63,807,735	63,807,735	63,807,735	28,760,682	0	0	0	0	0
2020	194,637,298	38,871,884	38,871,884	38,871,884	39,149,762	0	0	0	0	0
2021	1,617,817,802	323,899,795	323,899,795	323,899,795	323,899,795	322,218,622	0	0	0	0
2022	(3,420,365,653)	N/A	(683,771,826)	(683,771,826)	(683,771,826)	(683,771,826)	(683,771,825)	(1,506,524)	0	0
Net increase (decrease) in pension expense		\$446,776,907	\$(357,748,555)	\$(250,805,286)	\$(291,961,587)	\$(361,553,204)	\$(683,771,825)	\$(1,506,524)	\$0	\$0

Section 2: GAS 68 Information

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, 2021. 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, 2021 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, 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	<u>10,890,856</u>	5.04	<u>2,160,884</u>	<u>2,160,884</u>	<u>2,160,884</u>	<u>2,160,884</u>	<u>2,160,884</u>	<u>86,436</u>
Total for all Employer Categories	\$0		\$0	\$0	\$0	\$0	\$0	\$0

Section 2: GAS 68 Information

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

Section 2: GAS 68 Information

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	<u>(5,310,171)</u>	5.24	<u>(1,013,391)</u>	<u>(1,013,391)</u>	<u>(1,013,391)</u>	<u>(1,013,391)</u>	<u>(1,013,391)</u>	<u>(243,216)</u>
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	<u>(3,179,659)</u>	5.17	<u>(615,021)</u>	<u>(615,021)</u>	<u>(615,021)</u>	<u>(615,021)</u>	<u>(615,021)</u>	<u>(104,554)</u>
Total for all Employer Categories	\$0		\$0	\$0	\$0	\$0	\$0	\$0

Section 2: GAS 68 Information

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, 2017

	Total Change to be Recognized	Recognition Period (Years)	Reporting Date for Employer under GAS 68, Year Ended June 30:					
			2017	2018	2019	2020	2021	2022
City	\$19,446,722	5.24	\$3,711,207	\$3,711,207	\$3,711,207	\$3,711,207	\$3,711,207	\$890,687
Airports	(9,200,091)	5.24	(1,755,743)	(1,755,743)	(1,755,743)	(1,755,743)	(1,755,743)	(421,376)
Harbor	(10,246,631)	5.24	(1,955,464)	(1,955,464)	(1,955,464)	(1,955,464)	(1,955,464)	(469,311)
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, 2021 Measurement Date and Employer Reporting as of June 30, 2022

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, 2016 through June 30, 2019 Actuarial Experience Study dated June 17, 2020. 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 2.75% is used to approximate that crediting rate in this valuation.
Consumer Price Index (CPI):	Increase of 2.75% per year; benefit increases due to CPI subject to 2.75% maximum for Tier 1 and 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 2.75% 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.

Section 3: Actuarial Assumptions and Methods and Appendices

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

Section 3: Actuarial Assumptions and Methods and Appendices

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.

Age	Rate (%)	
	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.

Section 3: Actuarial Assumptions and Methods and Appendices

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.

Section 3: Actuarial Assumptions and Methods and Appendices

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).

Section 3: Actuarial Assumptions and Methods and Appendices

Retirement Rates:

Age	Rate (%)					
	Tier 1		Tier 1 Enhanced		Tier 3	
	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.

Other Reciprocal Service:

5% of future inactive vested members will work at a reciprocal system.

Section 3: Actuarial Assumptions and Methods and Appendices

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.
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.

Section 3: Actuarial Assumptions and Methods and Appendices

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 employment service. 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: <ul style="list-style-type: none">• 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.

Section 3: Actuarial Assumptions and Methods and Appendices

Appendix A: Projection of Plan Fiduciary Net Position for use in the Calculation of Discount Rate as of June 30, 2021 (\$ 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)
2020	\$14,932	\$807	\$1,078	\$27	\$4,283	\$18,918
2021	18,918	892	1,268	34	1,305	19,813
2022	19,813	856	1,272	36	1,366	20,728
2023	20,728	822	1,326	37	1,427	21,613
2024	21,613	743	1,380	39	1,484	22,421
2025	22,421	714	1,434	40	1,537	23,198
2026	23,198	682	1,493	42	1,588	23,933
2027	23,933	640	1,555	43	1,636	24,611
2028	24,611	625	1,617	44	1,680	25,255
2047	30,203	172 *	2,579	54	2,018	29,760
2048	29,760	163 *	2,600	53	1,986	29,256
2049	29,256	153 *	2,621	52	1,949	28,685
2050	28,685	143 *	2,639	51	1,908	28,045
2051	28,045	133 *	2,648	50	1,863	27,343
2084	2,671	23 *	550	5	166	2,306
2085	2,306	21 *	491	4	143	1,975
2086	1,975	19 *	435	4	122	1,677
2087	1,677	17 *	383	3	103	1,412
2088	1,412	16 *	334	3	86	1,177
2104	18	1 *	7	0	1	12
2105	12	1 *	5	0	1	9
2106	9	1 *	4	0	1	6
2107	6	1 *	3	0	0	5
2108	5	0 ***	2	0	0	4
2109	4	0 **	1	0	0	3
2110	3	0 ***	1	0	0	2
2111	2	0 **	1	0	0	1
2112	1	0 ***	1	0	0	1
2113	1	0 **	1	0	0	1
2114	1	0 ***	0 **	0	0	0
2115	0	0 ***	0 **	0	0	0
2116	0	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

* 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.

Section 3: Actuarial Assumptions and Methods and Appendices

Notes:

- (1) Amounts may not total exactly due to rounding.
- (2) Amounts shown for the year beginning July 1, 2020 row are actual amounts, based on the unaudited financial statements provided by LACERS.
- (3) Years 2029-2046, 2052-2083, and 2089-2103 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, 2021); 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, 2021. The projected benefit payments reflect the cost of living increase assumptions used in the June 30, 2021 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 0.18% of the projected beginning Plan's Fiduciary Net Position amount. The 0.18% portion was based on the actual fiscal year 2020 - 2021 administrative expenses as a percentage of the beginning Plan's Fiduciary Net Position amount as of July 1, 2020. 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, 2021 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.

Section 3: Actuarial Assumptions and Methods and Appendices

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.

Section 3: Actuarial Assumptions and Methods and Appendices

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:	<p>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:</p> <ol style="list-style-type: none"> 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.

Section 3: Actuarial Assumptions and Methods and Appendices

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.

BOARD Meeting: 10/11/22
Item **IV-D**
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, 2021
Measurement Date for Employer Reporting
as of June 30, 2022

This report has been prepared at the request of the Board of Administration to assist the sponsors of the Fund in preparing the financial report for their liabilities associated with the LACERS OPEB plan. This valuation report may not otherwise be copied or reproduced in any form without the consent of the Board of Administration and may only be provided to other parties in its entirety, unless expressly authorized by Segal. The measurements shown in this actuarial valuation may not be applicable for other purposes.

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June 16, 2022

Board of Administration
Los Angeles City Employees' Retirement System
202 W. 1st Street, Suite 500
Los Angeles, CA 90012-4401

Dear Board Members:

We are pleased to submit this Governmental Accounting Standards (GAS) 75 Actuarial Valuation based on a June 30, 2021 measurement date for employer reporting as of June 30, 2022. 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 prepared 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. 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

A handwritten signature in black ink, appearing to read "Paul Angelo", written over a horizontal line.

Paul Angelo, FSA, MAAA, FCA, EA
Senior Vice President and Actuary

A handwritten signature in black ink, appearing to read "Andy Yeung", written over a horizontal line.

Andy Yeung, ASA, MAAA, FCA, EA
Vice President and Actuary

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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) 75 for employer reporting as of June 30, 2022. 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, 2021. 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 beneficiaries as of June 30, 2021, provided by LACERS;
- The assets of the Plan as of June 30, 2021, 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, 2021 valuation.

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 the same type of discount rate (expected return on assets) as LACERS uses 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's Fiduciary Net Position. The Plan's 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.

Section 1: Actuarial Valuation Summary

Highlights of the valuation

1. For this report, the reporting dates for the employer are June 30, 2022 and 2021. The NOL was measured as of June 30, 2021 and 2020, and determined based upon the results of the actuarial valuations as of June 30, 2021 and 2020, respectively. The Plan's 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, 2021 and 2020 were not adjusted or rolled forward to the June 30, 2022 and 2021 reporting dates, respectively.
2. The NOL has decreased from \$635.3 million as of June 30, 2020 to (\$261.6) million (a surplus of assets over liability) as of June 30, 2021 mainly due to (a) an investment gain from actual returns of about 34% compared to an expected return of 7.00% and (b) 2021/2022 premium and subsidy levels lower than expected from favorable premium renewal experience for calendar year 2022, offset to some degree by (c) updated trend assumption for projecting medical premiums after 2020/2021.
3. There was an decrease in the total employer OPEB expense from \$101.3 million calculated last year to (\$61.3) million, an OPEB income, calculated this year. The primary causes of the decrease were the favorable return on the market value of assets for the year ended June 30, 2021 and the favorable premium renewal experience for calendar year 2022. Those decreases were offset to some extent by recognition of prior years' outflows. 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 discount rates used in the valuations for financial disclosure purposes as of June 30, 2021 and 2020 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.
5. The NOLs for the three employer categories in LACERS (i.e., the City, Airports, and Harbor) as of June 30, 2020 and June 30, 2021 are allocated based on the actual employer contributions made during 2019/2020 and 2020/2021, 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.
6. Results shown in this report exclude any employer contributions made after the measurement date of June 30, 2021. Employers should consult with their auditors to determine any deferred outflow that should be created for these contributions.

Section 1: Actuarial Valuation Summary

7. It is important to note that this actuarial valuation is based on plan assets as of June 30, 2021. Since the onset of the Public Health Emergency, market conditions have varied significantly. 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. Also, this valuation does not include any possible short-term or long-term impacts on mortality of the covered population that may emerge after June 30, 2021. While it is impossible to determine how the pandemic will continue to affect market conditions and other demographic experience of the Plan prior to next year's valuation, Segal is available to prepare projections of potential outcomes upon request.

Section 1: Actuarial Valuation Summary

Summary of key valuation results

Reporting Date for Employer under GAS 75 Measurement Date for Employer under GAS 75		June 30, 2022 ¹ June 30, 2021	June 30, 2021 ² June 30, 2020
Disclosure elements for fiscal year ending June 30:	• Service cost ³	\$84,817,265	\$76,422,769
	• Total OPEB Liability	3,520,078,454	3,486,530,510
	• Plan's Fiduciary Net Position	3,781,652,063	2,851,204,652
	• Net OPEB Liability	(261,573,609)	635,325,858
	• OPEB Expense	(61,311,167)	101,341,978
Schedule of contributions for fiscal year ending June 30:	• Actuarially determined contributions	\$103,454,114	\$112,136,429
	• Actual contributions	103,454,114	112,136,429
	• Contribution deficiency / (excess)	0	0
Demographic data for plan year ending June 30:	• Number of retired members and beneficiaries ⁴	17,500	16,107
	• Number of inactive vested members	1,554	1,526
	• Retired members and beneficiaries entitled but not yet eligible for health benefits.	141	142
	• Number of active members	25,176	27,490
Key assumptions as of June 30:	• Discount rate	7.00%	7.00%
	• Health care premium trend rates		
	<i>Non-Medicare medical plans</i>	Actual premium increase in first year, then graded from 7.37% to ultimate 4.50% over 12 years	Actual premium increase in first year, then graded from 6.62% to ultimate 4.50% over 9 years
	<i>Medicare medical plans</i>	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 6.12% to ultimate 4.50% over 7 years
	<i>Dental</i>	4.00%	4.00%
	<i>Medicare Part B</i>	4.50%	4.50%

¹ The reporting date and measurement date for the Plan are June 30, 2021.

² The reporting date and measurement date for the Plan are June 30, 2020.

³ The service cost is based on the previous year's valuation, meaning the June 30, 2021 and 2020 measurement date values are based on the valuations as of June 30, 2020 and June 30, 2019, respectively. The key assumptions used in the June 30, 2019 valuation are as follows:

Discount rate	7.25%
Health care premium trend rates	
Non-Medicare medical plan	Actual premium increase in first year, then graded from 6.62% to ultimate 4.50% over 9 years
Medicare medical plan	Actual premium increase in first year, then graded from 6.12% to ultimate 4.50% over 7 years
Dental	4.00%
Medicare Part B	4.50%

⁴ The total number of participants, including married dependents, receiving benefits is 23,579 as of June 30, 2021 and 21,572 as of June 30, 2020.

Section 1: Actuarial Valuation Summary

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. 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 projects the benefits to be paid to existing plan participants for the rest of their lives and the lives of their beneficiaries. This projection requires actuarial assumptions as to the probability of death, disability, termination, and retirement of each participant for each year. In addition, the benefits projected to be paid for each of those events in each future year reflect actuarial assumptions as to health care trends and member enrollment in retiree health benefits. The projected benefits are then discounted to a present value, based on the assumed rate of return that is expected to be achieved on the plan's assets. There is a reasonable range for each assumption used in the projection and the results may vary materially based on which assumptions are selected. It is important for any user of an actuarial valuation to understand this concept. Actuarial assumptions are periodically reviewed to ensure that future valuations reflect emerging plan experience. While future changes in actuarial assumptions may have a significant impact on the reported results, that does not mean that the previous assumptions were unreasonable.

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 valuation is prepared at the request of LACERS. Segal is not responsible for the use or misuse of its report, particularly by any other party.

An actuarial valuation is a measurement of the plan's assets and liabilities at a specific date. Accordingly, except where otherwise noted, Segal did not perform an analysis of the potential range of future financial measures. 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.

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. LACERS should look to their other advisors for expertise in these areas.

Sections of this report include actuarial results that are not rounded, but that does not imply precision.

Critical events for a plan include, but are not limited to, decisions about changes in benefits and contributions. The basis for such decisions needs to consider many factors such as the risk of changes in plan enrollment, emerging claims experience, health care trend, and investment losses, not just the current valuation results

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.

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 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, 2021, OPEB plan membership consisted of the following:

Retired members or beneficiaries currently receiving benefits ¹	17,500
Inactive vested members entitled to, but not yet receiving benefits	1,554
Retired members and beneficiaries entitled but not yet eligible for health benefits	141
Active members	<u>25,176</u>
Total	44,371

¹ The total number of participants, including married dependents, receiving benefits is 23,579.

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:	
<i>Tier 1 (§4.1111(a)) and Tier 3 (§4.1126(a))</i>	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 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	
<i>Tier 1 (§4.1111(d)) and Tier 3 (§4.1126(c))</i>	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, 2021, the maximum health subsidy is \$1,790.80 per month. As of January 1, 2022, the maximum health subsidy is \$1,884.50. This amount includes coverage of dependent premium costs

Section 2: GAS 75 Information

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:								
	<table border="1"> <thead> <tr> <th data-bbox="762 396 1472 440">Completed Years of Service</th> <th data-bbox="1472 396 1902 440">Vested Percentage</th> </tr> </thead> <tbody> <tr> <td data-bbox="762 440 1472 488">1-14</td> <td data-bbox="1472 440 1902 488">75%</td> </tr> <tr> <td data-bbox="762 488 1472 537">15-19</td> <td data-bbox="1472 488 1902 537">90%</td> </tr> <tr> <td data-bbox="762 537 1472 586">20+</td> <td data-bbox="1472 537 1902 586">100%</td> </tr> </tbody> </table>	Completed Years of Service	Vested Percentage	1-14	75%	15-19	90%	20+	100%
Completed Years of Service	Vested Percentage								
1-14	75%								
15-19	90%								
20+	100%								
Subsidy Cap for Tier 1:									
§4.1111(b))	<p>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.</p> <p>The capped subsidy is different for Medicare and non-Medicare retirees.</p> <p>The cap applies to the medical subsidy limits at the 2011 calendar year level.</p> <p>The cap does not apply to the dental subsidy or the Medicare Part B premium reimbursement.</p>								
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))	<p>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, 2021, the maximum dental subsidy is \$44.60 per month; remaining unchanged in calendar year 2022.</p> <p>There is no subsidy available to spouses or domestic partners or for dependent coverage.</p> <p>There is also no reimbursement for dental plans not sponsored by the System.</p>								

Section 2: GAS 75 Information

Medicare Part B Reimbursement for Members:

*Tier 1 (§4.1113) and
Tier 3 (§4.1128)*

If a Retiree is 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. LACERS does not reimburse Survivors or dependents any part of their 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 (\$853.39 per month as of July 1, 2021 and \$900.24 per month as of January 1, 2022).

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
1-14	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.

Section 2: GAS 75 Information

Net OPEB Liability

The components of the Net OPEB Liability were as follows:

Reporting Date for Employer under GAS 75	June 30, 2022	June 30, 2021
Measurement Date for Employer under GAS 75	June 30, 2021	June 30, 2020
Components of the Net OPEB Liability		
Total OPEB Liability	\$3,520,078,454	\$3,486,530,510
Plan's Fiduciary Net Position	<u>(3,781,652,063)</u>	<u>(2,851,204,652)</u>
Net OPEB Liability	(\$261,573,609)	\$635,325,858
Plan's Fiduciary Net Position as a percentage of the Total OPEB Liability	107.43%	81.78%

The NOL was measured as of June 30, 2021 and 2020. The Plan's 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, 2021 and 2020, respectively.

Plan provisions. The plan provisions used in the measurement of the NOL as of June 30, 2021 and 2020 are the same as those used in the LACERS funding valuations as of June 30, 2021 and 2020, respectively.

Section 2: GAS 75 Information

Actuarial assumptions. The TOL as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2021. The actuarial assumptions used in the June 30, 2021 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 retiree health assumptions letter dated September 21, 2021. They are the same as the assumptions used in the June 30, 2021 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 7.37% graded to ultimate 4.50% over 12 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, 2021 funding valuation

The TOL as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2020. The actuarial assumptions used in the June 30, 2020 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 15, 2020. They are the same as the assumptions used in the June 30, 2020 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 6.62% graded to ultimate 4.50% over 9 years Medicare: Actual premium increases in the first year and then 6.12% graded to ultimate 4.50% over 7 years
Other assumptions	Same as those used in the June 30, 2020 funding valuation

Section 2: GAS 75 Information

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) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before deducting investment expenses, are summarized in the following table. These values were used in the derivation of the long-term expected investment rate of return assumption that was used in the actuarial valuation as of June 30, 2021. This information is subject to 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	15.01%	5.54%
Small/Mid Cap U.S. Equity	3.99%	6.25%
Developed International Large Cap Equity	17.01%	6.61%
Developed International Small Cap Equity	2.97%	6.90%
Emerging International Large Cap Equity	5.67%	8.74%
Emerging International Small Cap Equity	1.35%	10.63%
Core Bonds	13.75%	1.19%
High Yield Bonds	2.00%	3.14%
Bank Loans	2.00%	3.70%
TIPS	4.00%	0.86%
Emerging Market Debt (External)	2.25%	3.55%
Emerging Market Debt (Local)	2.25%	4.75%
Core Real Estate	4.20%	4.60%
Non-Core Real Estate	2.80%	5.76%
Cash	1.00%	0.03%
Commodities	1.00%	3.33%
Private Equity	14.00%	8.97%
Private Credit/Debt	3.75%	6.00%
REITS	1.00%	5.98%
Total	100.00%	5.50%

Section 2: GAS 75 Information

Discount rate. The discount rates used to measure the TOL were 7.00% as of June 30, 2021 and 2020. 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's 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, 2021 and June 30, 2020.

Section 2: GAS 75 Information

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, 2021, 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	\$195,509,667	(\$221,088,863)	(\$562,888,975)
Airports	27,054,515	(30,594,149)	(77,892,252)
Harbor	<u>8,746,289</u>	<u>(9,890,597)</u>	<u>(25,181,311)</u>
Total for all Employer Categories	\$231,310,471	(\$261,573,609)	(\$665,962,538)

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, 2021, 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	(\$595,123,512)	(\$221,088,863)	\$244,866,175
Airports	(82,352,849)	(30,594,149)	33,884,440
Harbor	<u>(26,623,351)</u>	<u>(9,890,597)</u>	<u>10,954,294</u>
Total for all Employer Categories	(\$704,099,712)	(\$261,573,609)	\$289,704,909

¹ Current trend rates: Actual premium increase in first year then 7.37% graded down to 4.50% over 12 years for Non-Medicare medical plan costs and 6.37% graded down to 4.50% over 8 years for Medicare medical plan costs. 4.00% for all years for Dental and 4.50% for all years for Medicare Part B subsidy cost.

Section 2: GAS 75 Information

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, 2022 June 30, 2021	June 30, 2021 June 30, 2020
Total OPEB Liability		
• Service cost ¹	\$84,817,265	\$76,422,769
• Interest	244,775,724	242,665,810
• Change of benefit terms	0	0
• Differences between expected and actual experience	10,671,896	(135,719,690)
• Changes of assumptions	(157,613,496)	96,076,478
• Benefit payments	(149,103,445)	(127,213,405)
Net change in Total OPEB Liability	\$33,547,944	\$152,231,962
Total OPEB Liability – beginning	3,486,530,510	3,334,298,548
Total OPEB Liability – ending (a)	<u>\$3,520,078,454</u>	<u>\$3,486,530,510</u>
Plan's Fiduciary Net Position		
• Contributions – employer	\$103,454,114	\$112,136,429
• Contributions – employee	0	0
• Net investment income ²	983,522,238	60,898,611
• Benefit payments	(149,103,445)	(127,213,405)
• Administrative expense	(7,425,496)	(6,714,850)
• Other	0	0
Net change in Plan's Fiduciary Net Position	\$930,447,411	\$39,106,785
Plan's Fiduciary Net Position – beginning	<u>2,851,204,652</u>	<u>2,812,097,867</u>
Plan's Fiduciary Net Position – ending (b)	\$3,781,652,063	\$2,851,204,652
Net OPEB Liability – ending (a) – (b)	<u>(\$261,573,609)</u>	<u>\$635,325,858</u>
Plan's Fiduciary Net Position as a percentage of the Total OPEB Liability	107.43%	81.78%
Covered payroll³	\$2,276,768,292	\$2,271,038,575
Net OPEB Liability as percentage of covered payroll	(11.49)%	27.98%

¹ The service cost is based on the previous year's valuation, meaning the June 30, 2021 and 2020 measurement date values are based on the valuations as of June 30, 2020 and June 30, 2019, respectively.

² Includes building lease and other income.

³ Covered payroll is defined as the payroll on which contributions to an OPEB plan are based.

Section 2: GAS 75 Information

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
2012	\$115,208,835	\$115,208,835	\$0	\$1,715,197,133	6.72%
2013	72,916,729	72,916,729	0	1,736,112,598	4.20%
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%

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.

Section 2: GAS 75 Information

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.
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, 2021
<i>Investment rate of return</i>	7.00%
<i>Inflation rate</i>	2.75%
<i>Real across-the-board salary increase</i>	0.50%
<i>Projected salary increases¹</i>	Ranges from 9.95% to 4.25%, based on years of service
Medical cost trend rates	
<i>Non-Medicare medical plans</i>	Actual premium increase in first year, then graded from 7.37% to ultimate 4.50% over 12 years
<i>Medicare medical plans</i>	Actual premium increase in first year, then graded from 6.37% to ultimate 4.50% over 8 years
<i>Dental</i>	4.00%
<i>Medicare Part B</i>	4.50%
Other assumptions:	Same as those used in the June 30, 2021 funding actuarial valuation.

¹ Includes inflation at 2.75% plus across the board salary increases of 0.50% plus merit and promotional increases

Section 2: GAS 75 Information

Determination of proportionate share

Actual Employer Contributions by Employer Category July 1, 2019 to June 30, 2020

Employer Category	Contributions	Percentage ¹
City	\$93,762,709	83.615%
Airports	14,315,313	12.766%
Harbor	4,058,407	3.619%
Total for all Employer Categories	\$112,136,429	100.000%

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

Allocation of June 30, 2020 Net OPEB Liability (NOL)

Employer Category	Total NOL	Percentage
City	\$531,226,775	83.615%
Airports	81,105,566	12.766%
Harbor	22,993,517	3.619%
Total for all Employer Categories	\$635,325,858	100.000%

Notes:

1. Based on the July 1, 2019 through June 30, 2020 employer contributions as provided by LACERS.
2. The Net OPEB Liability is the Total OPEB Liability minus the Plan's 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.

Section 2: GAS 75 Information

Determination of proportionate share (continued)

Actual Employer Contributions by Employer Category July 1, 2020 to June 30, 2021

Employer Category	Contributions	Percentage ¹
City	\$87,442,126	84.523%
Airports	12,100,191	11.696%
Harbor	3,911,797	3.781%
Total for all Employer Categories	\$103,454,114	100.000%

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

Allocation of June 30, 2021 Net OPEB Liability (NOL)

Employer Category	Total NOL	Percentage
City	(\$221,088,863)	84.523%
Airports	(30,594,149)	11.696%
Harbor	(9,890,597)	3.781%
Total for all Employer Categories	(\$261,573,609)	100.000%

Notes:

1. Based on the July 1, 2020 through June 30, 2021 employer contributions as provided by LACERS.
2. The Net OPEB Liability is the Total OPEB Liability minus the Plan's 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.

Section 2: GAS 75 Information

Determination of proportionate share (continued)

For purposes of the above results, the reporting date for the employer under GAS 75 is June 30, 2022. The reporting date and measurement date for the Plan under GAS 74 are June 30, 2021. Consistent with the provisions of GAS 75, the assets and liabilities measured as of June 30, 2021 are not adjusted or rolled forward to the June 30, 2022 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

Section 2: GAS 75 Information

OPEB expense

Total for All Employer Categories

Reporting Date for Employer under GAS 75	June 30, 2022	June 30, 2021
Measurement Date for Employer under GAS 75	June 30, 2021	June 30, 2020
Components of OPEB Expense		
• Service cost	\$84,817,265	\$76,422,769
• Interest on the Total OPEB Liability	244,775,724	242,665,810
• 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	1,680,614	(21,680,462)
• Expensed portion of current-period changes of assumptions or other inputs	(24,821,023)	15,347,680
• Member contributions	0	0
• Projected earnings on plan investments	(201,045,859)	(206,813,342)
• Expensed portion of current-period differences between actual and projected earnings on plan investments	(156,495,275)	29,182,946
• Administrative expense	7,425,496	6,714,850
• Other expense	0	0
• Recognition of beginning of year deferred outflows of resources as OPEB expense	78,463,623	33,932,997
• Recognition of beginning of year deferred inflows of resources as OPEB expense	(96,111,732)	(74,431,270)
• Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	0	0
OPEB Expense	(\$61,311,167)	\$101,341,978

Section 2: GAS 75 Information

OPEB expense (continued)

	City	
Reporting Date for Employer under GAS 75	June 30, 2022	June 30, 2021
Measurement Date for Employer under GAS 75	June 30, 2021	June 30, 2020
Components of OPEB Expense		
• Service cost	\$71,689,773	\$63,900,786
• Interest on the Total OPEB Liability	206,890,851	202,904,658
• Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	866,087	478,423
• 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	1,420,499	(18,128,086)
• Expensed portion of current-period changes of assumptions or other inputs	(20,979,379)	12,832,940
• Member contributions	0	0
• Projected earnings on plan investments	(169,929,224)	(172,926,670)
• Expensed portion of current-period differences between actual and projected earnings on plan investments	(132,273,904)	24,401,277
• Administrative expense	6,276,224	5,614,612
• Other expense	0	0
• Recognition of beginning of year deferred outflows of resources as OPEB expense	66,319,509	28,373,025
• Recognition of beginning of year deferred inflows of resources as OPEB expense	(81,236,152)	(62,235,596)
• Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	<u>1,404,488</u>	<u>926,065</u>
OPEB Expense	(\$49,551,228)	\$86,141,434

Section 2: GAS 75 Information

OPEB expense (continued)

Airports

Reporting Date for Employer under GAS 75	June 30, 2022	June 30, 2021
Measurement Date for Employer under GAS 75	June 30, 2021	June 30, 2020
Components of OPEB Expense		
• Service cost	\$9,920,390	\$9,756,115
• Interest on the Total OPEB Liability	28,629,437	30,978,666
• Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(1,020,669)	(443,370)
• 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	196,568	(2,767,723)
• Expensed portion of current-period changes of assumptions or other inputs	(2,903,114)	1,959,282
• Member contributions	0	0
• Projected earnings on plan investments	(23,514,708)	(26,401,748)
• Expensed portion of current-period differences between actual and projected earnings on plan investments	(18,303,987)	3,725,489
• Administrative expense	868,500	857,216
• Other expense	0	0
• Recognition of beginning of year deferred outflows of resources as OPEB expense	9,177,255	4,331,879
• Recognition of beginning of year deferred inflows of resources as OPEB expense	(11,241,412)	(9,501,880)
• Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	(1,070,235)	(626,865)
OPEB Expense	(\$9,261,975)	\$11,867,061

Section 2: GAS 75 Information

OPEB expense (continued)

Harbor

Reporting Date for Employer under GAS 75	June 30, 2022	June 30, 2021
Measurement Date for Employer under GAS 75	June 30, 2021	June 30, 2020
Components of OPEB Expense		
• Service cost	\$3,207,102	\$2,765,868
• Interest on the Total OPEB Liability	9,255,436	8,782,486
• Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	154,582	(35,053)
• 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	63,547	(784,653)
• Expensed portion of current-period changes of assumptions or other inputs	(938,530)	555,458
• Member contributions	0	0
• Projected earnings on plan investments	(7,601,927)	(7,484,924)
• Expensed portion of current-period differences between actual and projected earnings on plan investments	(5,917,384)	1,056,180
• Administrative expense	280,772	243,022
• Other expense	0	0
• Recognition of beginning of year deferred outflows of resources as OPEB expense	2,966,859	1,228,093
• Recognition of beginning of year deferred inflows of resources as OPEB expense	(3,634,168)	(2,693,794)
• Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	<u>(334,253)</u>	<u>(299,200)</u>
OPEB Expense	(\$2,497,964)	\$3,333,483

Section 2: GAS 75 Information

Deferred outflows of resources and deferred inflows of resources

Total for All Employer Categories

Reporting Date for Employer under GAS 75	June 30, 2022	June 30, 2021
Measurement Date for Employer under GAS 75	June 30, 2021	June 30, 2020
Deferred Outflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$9,837,447	\$5,781,355
• Changes of assumptions or other inputs	125,841,533	166,036,651
• Net excess of projected over actual earnings on OPEB Plan investments (if any)	0	64,960,655
• Difference between actual and expected experience in the Total OPEB Liability	<u>13,269,278</u>	<u>7,355,691</u>
• Total Deferred Outflows of Resources	\$148,948,258	\$244,134,352
Deferred Inflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$9,837,447	\$5,781,355
• Changes of assumptions or other inputs	132,792,473	0
• Net excess of actual over projected earnings on OPEB Plan investments (if any)	544,489,515	0
• Difference between expected and actual experience in the Total OPEB Liability	<u>164,481,520</u>	<u>208,871,508</u>
• Total Deferred Inflows of Resources	\$851,600,955	\$214,652,863
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:		
2022	N/A	(\$17,648,109)
2023	(\$163,635,027)	16,000,658
2024	(150,638,549)	28,997,136
2025	(166,139,117)	13,496,568
2026	(189,353,929)	(9,718,244)
2027	(24,786,929)	(1,646,520)
2028	(8,099,146)	0
Thereafter	0	0

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

Section 2: GAS 75 Information

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

City			
Reporting Date for Employer under GAS 75	June 30, 2022	June 30, 2021	June 30, 2021
Measurement Date for Employer under GAS 75	June 30, 2021	June 30, 2020	June 30, 2020
Deferred Outflows of Resources			
• Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$9,010,432	\$5,781,355	
• Changes of assumptions or other inputs	106,364,559	138,831,300	
• Net excess of projected over actual earnings on OPEB Plan investments (if any)	0	54,316,755	
• Difference between actual and expected experience in the Total OPEB Liability	<u>11,215,541</u>	<u>6,150,450</u>	
• Total Deferred Outflows of Resources	\$126,590,532	\$205,079,860	
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	112,239,675	0	
• Net excess of actual over projected earnings on OPEB Plan investments (if any)	460,216,795	0	
• Difference between expected and actual experience in the Total OPEB Liability	<u>139,024,087</u>	<u>174,647,602</u>	
• Total Deferred Inflows of Resources	\$711,480,557	\$174,647,602	
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:			
2022	N/A	(\$13,351,952)	
2023	(\$136,038,034)	14,783,414	
2024	(125,195,818)	25,507,653	
2025	(138,533,253)	12,310,927	
2026	(158,620,359)	(7,565,442)	
2027	(19,960,081)	(1,252,342)	
2028	(6,542,480)	0	
Thereafter	0	0	

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

Section 2: GAS 75 Information

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

Airports

Reporting Date for Employer under GAS 75	June 30, 2022	June 30, 2021
Measurement Date for Employer under GAS 75	June 30, 2021	June 30, 2020
Deferred Outflows 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	14,718,666	21,196,204
• Net excess of projected over actual earnings on OPEB Plan investments (if any)	0	8,292,864
• Difference between actual and expected experience in the Total OPEB Liability	<u>1,552,000</u>	<u>939,026</u>
• Total Deferred Outflows of Resources	\$16,270,666	\$30,428,094
Deferred Inflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$8,959,367	\$4,569,022
• Changes of assumptions or other inputs	15,531,662	0
• Net excess of actual over projected earnings on OPEB Plan investments (if any)	63,684,535	0
• Difference between expected and actual experience in the Total OPEB Liability	<u>19,238,073</u>	<u>26,664,493</u>
• Total Deferred Inflows of Resources	\$107,413,637	\$31,233,515
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:		
2022	N/A	(\$3,323,189)
2023	(\$21,229,969)	972,406
2024	(19,618,838)	2,722,572
2025	(21,282,768)	892,819
2026	(23,671,795)	(1,744,557)
2027	(4,035,074)	(325,472)
2028	(1,304,527)	0
Thereafter	0	0

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

Section 2: GAS 75 Information

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

Harbor

Reporting Date for Employer under GAS 75	June 30, 2022	June 30, 2021
Measurement Date for Employer under GAS 75	June 30, 2021	June 30, 2020
Deferred Outflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$827,015	\$0
• Changes of assumptions or other inputs	4,758,308	6,009,147
• Net excess of projected over actual earnings on OPEB Plan investments (if any)	0	2,351,036
• Difference between actual and expected experience in the Total OPEB Liability	<u>501,737</u>	<u>266,215</u>
• Total Deferred Outflows of Resources	\$6,087,060	\$8,626,398
Deferred Inflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$878,080	\$1,212,333
• Changes of assumptions or other inputs	5,021,136	0
• Net excess of actual over projected earnings on OPEB Plan investments (if any)	20,588,185	0
• Difference between expected and actual experience in the Total OPEB Liability	<u>6,219,360</u>	<u>7,559,413</u>
• Total Deferred Inflows of Resources	\$32,706,761	\$8,771,746
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:		
2022	N/A	(\$972,968)
2023	(\$6,367,024)	244,838
2024	(5,823,893)	766,911
2025	(6,323,096)	292,822
2026	(7,061,775)	(408,245)
2027	(791,774)	(68,706)
2028	(252,139)	0
Thereafter	0	0

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

Section 2: GAS 75 Information

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, 2021. 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 6.35 years¹ determined as of June 30, 2020 (the beginning of the measurement period ending June 30, 2021).

In addition, the difference between the actual employer contributions and the proportionate share of the employer contributions during the measurement period ended June 30, 2021 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 6.35 years used here for GAS 75 is different from the 5.04 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.

Section 2: GAS 75 Information

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's 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%

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

Section 2: GAS 75 Information

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

Reporting Date for Employer under GAS 75 as of June 30	Proportion of the Net OPEB Liability	Proportionate Share of Net OPEB Liability	City		
			Covered Payroll ¹	Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan's 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%

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

Section 2: GAS 75 Information

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's 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%

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

Section 2: GAS 75 Information

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's 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%

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

Section 2: GAS 75 Information

Schedule of reconciliation of Net OPEB Liability

Total for All Employer Categories

Reporting Date for Employer under GAS 75	June 30, 2022	June 30, 2021
Measurement Date for Employer under GAS 75	June 30, 2021	June 30, 2020
Beginning Net OPEB Liability	\$635,325,858	\$522,200,681
• OPEB Expense	(61,311,167)	101,341,978
• Employer Contributions	(103,454,114)	(112,136,429)
• New Net Deferred Inflows/Outflows	(749,782,295)	83,421,355
• 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	17,648,109	40,498,273
• Recognition of Prior Deferred Flows Due to Change in Proportion	<u>0</u>	<u>0</u>
Ending Net OPEB Liability	(\$261,573,609)	\$635,325,858

Section 2: GAS 75 Information

Schedule of reconciliation of Net OPEB Liability (continued)

City

Reporting Date for Employer under GAS 75	June 30, 2022	June 30, 2021
Measurement Date for Employer under GAS 75	June 30, 2021	June 30, 2020
Beginning Net OPEB Liability	\$531,226,775	\$434,101,068
• OPEB Expense	(49,551,228)	86,141,434
• Employer Contributions	(87,442,126)	(93,762,709)
• New Net Deferred Inflows/Outflows	(633,735,628)	69,752,641
• Change in Allocation of Prior Deferred Inflows/Outflows	267,624	(458,673)
• New Net Deferred Flows Due to Change in Proportion	4,633,565	2,516,508
• Recognition of Prior Deferred Inflows/Outflows	14,916,643	33,862,571
• Recognition of Prior Deferred Flows Due to Change in Proportion	<u>(1,404,488)</u>	<u>(926,065)</u>
Ending Net OPEB Liability	(\$221,088,863)	\$531,226,775

Section 2: GAS 75 Information

Schedule of reconciliation of Net OPEB Liability (continued)

Airports

Reporting Date for Employer under GAS 75	June 30, 2022	June 30, 2021
Measurement Date for Employer under GAS 75	June 30, 2021	June 30, 2020
Beginning Net OPEB Liability	\$81,105,566	\$69,014,460
• OPEB Expense	(9,261,975)	11,867,061
• Employer Contributions	(12,100,191)	(14,315,313)
• New Net Deferred Inflows/Outflows	(87,695,971)	10,649,553
• Change in Allocation of Prior Deferred Inflows/Outflows	(315,390)	425,067
• New Net Deferred Flows Due to Change in Proportion	(5,460,580)	(2,332,128)
• Recognition of Prior Deferred Inflows/Outflows	2,064,157	5,170,001
• Recognition of Prior Deferred Flows Due to Change in Proportion	<u>1,070,235</u>	<u>626,865</u>
Ending Net OPEB Liability	(\$30,594,149)	\$81,105,566

Section 2: GAS 75 Information

Schedule of reconciliation of Net OPEB Liability (continued)

Harbor

Reporting Date for Employer under GAS 75	June 30, 2022	June 30, 2021
Measurement Date for Employer under GAS 75	June 30, 2021	June 30, 2020
Beginning Net OPEB Liability	\$22,993,517	\$19,085,153
• OPEB Expense	(2,497,964)	3,333,483
• Employer Contributions	(3,911,797)	(4,058,407)
• New Net Deferred Inflows/Outflows	(28,350,696)	3,019,161
• Change in Allocation of Prior Deferred Inflows/Outflows	47,766	33,606
• New Net Deferred Flows Due to Change in Proportion	827,015	(184,380)
• Recognition of Prior Deferred Inflows/Outflows	667,309	1,465,701
• Recognition of Prior Deferred Flows Due to Change in Proportion	<u>334,253</u>	<u>299,200</u>
Ending Net OPEB Liability	(\$9,890,597)	\$22,993,517

Section 2: GAS 75 Information

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							
			2021	2022	2023	2024	2025	2026	2027	2028
2018	\$19,666,471	6.39	\$3,077,695	\$3,077,695	\$3,077,695	\$1,200,301	\$0	\$0	\$0	\$0
2019	(7,321,481)	6.52	(1,122,927)	(1,122,927)	(1,122,927)	(1,122,927)	(583,919)	0	0	0
2020	(134,052,778)	6.21	(21,586,599)	(21,586,599)	(21,586,599)	(21,586,599)	(21,586,599)	(4,533,184)	0	0
2021	(135,719,690)	6.26	(21,680,462)	(21,680,462)	(21,680,462)	(21,680,462)	(21,680,462)	(21,680,462)	(5,636,918)	0
2022	10,671,896	6.35	N/A	1,680,614	1,680,614	1,680,614	1,680,614	1,680,614	1,680,614	588,212
Net Increase/(Decrease) in OPEB Expense			(\$41,312,293)	(\$39,631,679)	(\$39,631,679)	(\$41,509,073)	(\$42,170,366)	(\$24,533,032)	(\$3,956,304)	\$588,212

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, 2020 (the beginning of the measurement period ending June 30, 2021) is 6.35 years.

¹ The amortization amounts prior to June 30, 2021 have been omitted from this Schedule. Those amounts can be found in prior years' GAS 75 reports.

Section 2: GAS 75 Information

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							
			2021	2022	2023	2024	2025	2026	2027	2028
2018	\$33,511,927	6.39	\$5,244,433	\$5,244,433	\$5,244,433	\$2,045,329	\$0	\$0	\$0	\$0
2019	92,177,641	6.52	14,137,675	14,137,675	14,137,675	14,137,675	7,351,591	0	0	0
2020	33,939,702	6.21	5,465,330	5,465,330	5,465,330	5,465,330	5,465,330	1,147,722	0	0
2021	96,076,478	6.26	15,347,680	15,347,680	15,347,680	15,347,680	15,347,680	15,347,680	3,990,398	0
2022	(157,613,496)	6.35	N/A	(24,821,023)	(24,821,023)	(24,821,023)	(24,821,023)	(24,821,023)	(24,821,023)	(8,687,358)
Net Increase/(Decrease) in OPEB Expense			\$40,195,118	\$15,374,095	\$15,374,095	\$12,174,991	\$3,343,578	(\$8,325,621)	(\$20,830,625)	(\$8,687,358)

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, 2020 (the beginning of the measurement period ending June 30, 2021) is 6.35 years.

¹ The amortization amounts prior to June 30, 2021 have been omitted from this Schedule. Those amounts can be found in prior years' GAS 75 reports.

Section 2: GAS 75 Information

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							
			2021	2022	2023	2024	2025	2026	2027	2028
2018	(\$168,243,825)	5.00	(\$33,648,765)	(\$33,648,765)	\$0	\$0	\$0	\$0	\$0	\$0
2019	(90,364,893)	5.00	(18,072,979)	(18,072,979)	(18,072,977)	0	0	0	0	0
2020	30,039,319	5.00	6,007,864	6,007,864	6,007,864	6,007,863	0	0	0	0
2021	145,914,731	5.00	29,182,946	29,182,946	29,182,946	29,182,946	29,182,947	0	0	0
2022	(782,476,379)	5.00	N/A	(156,495,275)	(156,495,276)	(156,495,276)	(156,495,276)	(156,495,276)	0	0
Net Increase/(Decrease) in OPEB Expense			(\$16,530,934)	(\$173,026,209)	(\$139,377,443)	(\$121,304,467)	(\$127,312,329)	(\$156,495,276)	\$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, 2021 have been omitted from this Schedule. Those amounts can be found in prior years' GAS 75 reports.

Section 2: GAS 75 Information

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								
		2021	2022	2023	2024	2025	2026	2027	2028	
2018	(\$115,065,427)	(\$25,326,637)	(\$25,326,637)	\$8,322,128	\$3,245,630	\$0	\$0	\$0	\$0	
2019	(5,508,733)	(5,058,231)	(5,058,231)	(5,058,229)	13,014,748	6,767,672	0	0	0	
2020	(70,073,757)	(10,113,405)	(10,113,405)	(10,113,405)	(10,113,406)	(16,121,269)	(3,385,462)	0	0	
2021	106,271,519	22,850,164	22,850,164	22,850,164	22,850,164	22,850,165	(6,332,782)	(1,646,520)	0	
2022	(929,417,979)	N/A	(179,635,684)	(179,635,685)	(179,635,685)	(179,635,685)	(179,635,685)	(23,140,409)	(8,099,146)	
Net Increase/(Decrease) in OPEB Expense		(\$17,648,109)	(\$197,283,793)	(\$163,635,027)	(\$150,638,549)	(\$166,139,117)	(\$189,353,929)	(\$24,786,929)	(\$8,099,146)	

¹ The amortization amounts prior to June 30, 2021 have been omitted from this Schedule. Those amounts can be found in prior years' GAS 75 reports.

Section 2: GAS 75 Information

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, 2021. 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, 2021 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, 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	\$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)	(1,020,669)	(357,235)
Harbor	<u>981,597</u>	6.35	<u>154,582</u>	<u>154,582</u>	<u>154,582</u>	<u>154,582</u>	<u>154,582</u>	<u>154,582</u>	<u>154,582</u>	<u>54,105</u>
Total	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Section 2: GAS 75 Information

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, 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	\$478,423	\$124,393
Airports	(2,775,498)	6.26	(443,370)	(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)	(35,053)	(9,115)
Total	\$0		\$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	\$390,629	\$82,030
Airports	(1,790,760)	6.21	(288,367)	(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)	(102,262)	(21,472)
Total	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Section 2: GAS 75 Information

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	\$301,426	\$156,740
Airports	(1,233,967)	6.52	(189,259)	(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)	(112,167)	(58,327)
Total	\$0		\$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	\$234,010	\$91,263
Airports	(953,634)	6.39	(149,239)	(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)	(84,771)	(33,063)
Total	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Section 3: Actuarial Assumptions and Methods and Appendices

Actuarial assumptions and methods

For June 30, 2021 Measurement Date and Employer Reporting as of June 30, 2022

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, 2016 through June 30, 2019 Actuarial Experience Study dated June 17, 2020 and retiree health assumptions letter dated September 21, 2021. 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 administrative and investment expenses.
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.

Section 3: Appendices

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

Section 3: Appendices

Demographic Assumptions

Post-Retirement Mortality Rates: *Healthy Members*

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

Age	Rate (%)	
	Male	Female
20	0.04	0.01
25	0.03	0.01
30	0.04	0.02
35	0.05	0.03
40	0.07	0.04
45	0.10	0.06
50	0.15	0.09
55	0.22	0.13
60	0.32	0.19
65	0.46	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.

Section 3: Appendices

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

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).

Section 3: Appendices

Retirement Rates:	Rate (%)					
	Tier 1		Tier 1 Enhanced		Tier 3	
	Age	Non-55/30	55/30	Non-55/30	55/30	Non-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:	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.

Section 3: Appendices

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 2021-2022 Fiscal Year Subsidy
Delta Dental PPO	80.2	\$44.60
DeltaCare USA	19.8	14.74

Per Capita Cost Development - Medicare Part B Premium Subsidy:

	Single Monthly Premium
Actual monthly premium for calendar year 2021	\$148.50
Projected monthly premium for calendar year 2022*	155.18
Projected average monthly premium for plan year 2021/2022	151.84

* Based on calendar year 2021 premium adjusted to 2022 by assumed trend rate of 4.50%.

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.

Section 3: Appendices

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

2021-2022 Fiscal Year Carrier	Observed and Assumed Election Rate (%)*	Single Party			Married/With Domestic Partner			Eligible Survivor		
		Monthly Premium	Maximum Subsidy	Subsidy	Monthly Premium	Maximum Subsidy	Subsidy	Monthly Premium	Maximum Subsidy	Subsidy
Kaiser HMO	63.0	\$876.82	\$1,837.65	\$876.82	\$1,753.63	\$1,837.65	\$1,753.63	\$876.82	\$876.82	\$876.82
Anthem Blue Cross PPO	20.4	1,308.89	1,837.65	1,308.89	2,612.75	1,837.65	1,837.65	1,308.89	876.82	876.82
Anthem Blue Cross HMO	16.6	1,069.32	1,837.65	1,069.32	2,133.60	1,837.65	1,837.65	1,069.32	876.82	876.82

* The observed election percentages are based on raw census data as of June 30, 2021.

• Participant Eligible for Medicare A&B

2021-2022 Fiscal Year Carrier	Observed and Assumed Election Rate (%)*	Single Party			Married/With Domestic Partner			Eligible Survivor		
		Monthly Premium	Maximum Subsidy	Subsidy	Monthly Premium	Maximum Subsidy	Subsidy	Monthly Premium	Maximum Subsidy	Subsidy
Kaiser Senior Advantage HMO	57.2	\$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)	31.3	529.80	529.80	529.80	1,054.56	1,030.12	1,030.12	529.80	529.80	529.80
UHC California Medicare Advantage Plan	11.5	281.73	281.73	281.73	558.43	558.43	558.43	281.73	281.73	281.73

* The observed election percentages are based on raw census data as of June 30, 2021.

Section 3: Appendices

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 Blue Cross Medicare Supplement / 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 55-56) are as follows:

Age	Retiree		Spouse	
	Male	Female	Male	Female
55	0.9013	0.9306	0.7094	0.8035
60	1.0704	1.0030	0.9496	0.9319
64	1.2281	1.0641	1.1988	1.0488
65	0.9202	0.7822	0.9202	0.7822
70	1.0665	0.8429	1.0665	0.8429
75	1.1493	0.9073	1.1493	0.9073
80+	1.2376	0.9782	1.2376	0.9782

Section 3: Appendices

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, 2021 through June 30, 2022.

Plan	Rate (%)					
	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 2021-2022 Fiscal Year premium	6.06	(3.60)	6.52	3.25	3.72	3.99

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

Fiscal Year	Approximate Trend Rate (%)		Calendar Year	Trend Applied to Calculate Following Year Premium Rate (%)	
	Non-Medicare	Medicare		Non-Medicare	Medicare
2022-2023	7.37	6.37	2022	7.50 ¹	6.50 ¹
2023-2024	7.12	6.12	2023	7.25	6.25
2024-2025	6.87	5.87	2024	7.00	6.00
2025-2026	6.62	5.62	2025	6.75	5.75
2026-2027	6.37	5.37	2026	6.50	5.50
2027-2028	6.12	5.12	2027	6.25	5.25
2028-2029	5.87	4.87	2028	6.00	5.00
2029-2030	5.62	4.62	2029	5.75	4.75
2030-2031	5.37	4.50	2030	5.50	4.50
2031-2032	5.12	4.50	2031	5.25	4.50
2032-2033	4.87	4.50	2032	5.00	4.50
2033-2034	4.62	4.50	2033	4.75	4.50
2034-2035 and later	4.50	4.50	2034	4.50	4.50

¹ For example, the 7.50% assumption when applied to the 2022 non-Medicare medical premiums would provide the projected 2023 non-Medicare medical premiums. This trend would also be applied to the maximum medical subsidy, based on the non-Medicare Kaiser premium.

Section 3: Appendices

Health Care Cost Subsidy Trend Rates (continued):	<p>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, 2021 through June 30, 2022.</p> <p>Dental Premium Trend 4.00% for all years</p> <p>Medicare Part B Premium Trend 4.50% for all years</p>										
Spouse/Domestic Partner Coverage:	<p>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.</p> <p>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.</p>										
Participation:	<p>Retiree Medical and Dental Coverage Election:</p> <table border="1" data-bbox="842 591 1703 824"> <thead> <tr> <th data-bbox="842 591 1465 630">Service Range (Years)</th> <th data-bbox="1465 591 1703 630">Percent Covered¹ (%)</th> </tr> </thead> <tbody> <tr> <td data-bbox="842 630 1465 683">10 – 14</td> <td data-bbox="1465 630 1703 683">60</td> </tr> <tr> <td data-bbox="842 683 1465 737">15 – 19</td> <td data-bbox="1465 683 1703 737">80</td> </tr> <tr> <td data-bbox="842 737 1465 790">20 – 24</td> <td data-bbox="1465 737 1703 790">90</td> </tr> <tr> <td data-bbox="842 790 1465 824">25 and over</td> <td data-bbox="1465 790 1703 824">95</td> </tr> </tbody> </table> <p>¹For deferred vested members, we assume an election percent of 50% of these rates.</p>	Service Range (Years)	Percent Covered ¹ (%)	10 – 14	60	15 – 19	80	20 – 24	90	25 and over	95
Service Range (Years)	Percent Covered ¹ (%)										
10 – 14	60										
15 – 19	80										
20 – 24	90										
25 and over	95										
Health Care Reform:	<p>The valuation does not reflect the potential impact of any future changes due to prior or pending legislations.</p>										
Administrative Expenses:	<p>No administrative expenses were valued separately from the premium costs.</p>										
Plan Design:	<p>Development of plan liabilities was based on the substantive plan of benefits in effect as described in Section 2.</p>										

Section 3: Appendices

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: <ul style="list-style-type: none">• 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 first year trends were updated to reflect 2022 calendar year premiums, subsidies and more recent data.
- Medical carrier election assumptions were updated based on more recent data.
- Trend assumptions to project future medical costs after 2021-2022 were updated.

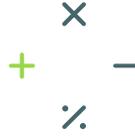
Section 3: Appendices

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: <ol style="list-style-type: none"> Investment return — the rate of investment yield that the Plan will earn over the long-term future; Mortality rates — the death rates of employees and pensioners; life expectancy is based on these rates; Retirement rates — the rate or probability of retirement at a given age; 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: <ol style="list-style-type: none"> the actuarial present value of projected benefit payments projected to be funded by plan assets using a long term rate of return, and 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's Fiduciary Net Position.
Plan's 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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REPORT OF INDEPENDENT AUDITORS AND
SCHEDULES OF EMPLOYER ALLOCATIONS
AND PENSION AMOUNTS BY EMPLOYER

**LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
RETIREMENT PLAN**

June 30, 2021
(For employer reporting as of June 30, 2022)

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Report of Independent Auditors

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

Report on the Schedules

We have audited the accompanying schedule of employer allocations and the total for all employers of the columns titled net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total 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, 2021, and the related notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on the schedule of employer allocations and the specified column totals included in the schedule of pension amounts by employer based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedule of employer allocations and specified column totals included in the schedule of pension amounts by employer are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedule of employer allocations and specified column totals included in the schedule of pension amounts by employer. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the schedule of employer allocations and specified column totals included in the schedule of pension amounts by employer, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the schedule of employer allocations and specified column totals included in the schedule of pension amounts by employer 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the schedule of employer allocations and specified column totals included in the schedule of pension amounts by employer.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the schedules referred to above present fairly, in all material respects, the employer allocations and net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense for the total of all participating employers for the Plan as of and for the year ended June 30, 2021, in accordance with accounting principles generally accepted in the United States of America.

Other Matter

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the Plan as of and for the year ended June 30, 2021, and our report thereon, dated December 1, 2021, expressed an unmodified opinion on those financial statements.

Restriction on Use

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

Mess Adams LLP

Los Angeles, California
September 13, 2022

**Los Angeles City Employees' Retirement System
Retirement Plan
Schedule of Employer Allocations
Year Ended June 30, 2021**

<u>Employer</u>	<u>Total Employer Contributions</u>	<u>Employer Allocation Percentage</u>
City	\$ 464,083,734	83.640%
Airports	69,399,393	12.508%
Harbor	<u>21,372,779</u>	<u>3.852%</u>
	<u>\$ 554,855,906</u>	<u>100.000%</u>

See accompanying notes.

**Los Angeles City Employees' Retirement System
Retirement Plan
Schedule of Pension Amounts by Employer
Year Ended June 30, 2021**

Employer	Deferred Outflows of Resources					Deferred Inflows of Resources				Pension Expense		
	Net Pension Liability	Difference Between Expected and Actual Experience	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Outflows of Resources	Difference Between Expected and Actual Experience	Net Difference Between Expected and Actual Investment Experience	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	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	\$ 3,649,863,961	\$ 182,999,082	\$ 371,093,758	\$ 50,566,089	\$ 604,658,929	\$ 146,556,800	\$ 1,737,082,622	\$ -	\$ 1,883,639,422	\$ 323,219,037	\$ 16,646,774	\$ 339,865,811
Airports	545,803,106	27,365,806	55,493,610	652,583	83,511,999	21,916,202	259,764,501	56,259,798	337,940,501	48,334,390	(15,636,382)	32,698,008
Harbor	168,089,787	8,427,787	17,090,245	8,729,972	34,248,004	6,749,485	79,999,104	3,688,846	90,437,435	14,885,436	(1,010,392)	13,875,044
	<u>\$ 4,363,756,854</u>	<u>\$ 218,792,675</u>	<u>\$ 443,677,613</u>	<u>\$ 59,948,644</u>	<u>\$ 722,418,932</u>	<u>\$ 175,222,487</u>	<u>\$ 2,076,846,227</u>	<u>\$ 59,948,644</u>	<u>\$ 2,312,017,358</u>	<u>\$ 386,438,863</u>	<u>\$ -</u>	<u>\$ 386,438,863</u>

See accompanying notes.

Los Angeles City Employees' Retirement System

Retirement Plan

Notes to Schedules

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 department of the Municipality of the City of Los Angeles (the City). LACERS financial statements are included in the City's comprehensive annual 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, 2021, the Plan's membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	22,012
Terminated vested members not receiving benefits	9,647
Active members	<u>25,176</u>
Total	<u><u>56,835</u></u>

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.

Los Angeles City Employees' Retirement System

Retirement Plan

Notes to Schedules

Note 2 – Summary of Significant Accounting Policies (continued)

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 24.37% during the year ended June 30, 2021.

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, 2020 through June 30, 2021.

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.

Los Angeles City Employees' Retirement System

Retirement Plan

Notes to Schedules

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, 2021. The components of the Plan's net pension liability are summarized as follows:

Total pension liability	\$ 23,281,892,854
Plan fiduciary net position	<u>(18,918,136,000)</u>
Employers' net pension liability	<u>\$ 4,363,756,854</u>
Plan fiduciary net position as a percentage of the total pension liability	81.26%

Note 4 – Actuarial Assumptions

The total pension liability was determined based on the June 30, 2021 actuarial valuation using the following actuarial assumptions:

Valuation Date	June 30, 2021
Investment Rate of Return	7.00%, including inflation and net of expenses
Projected Salary Increases	4.25% to 9.95%, including inflation, based on years of service
Inflation	2.75%
Cost-of-Living Adjustments	Tier 1: 2.75%, Tier 3: 2.00%, Actual increases are contingent upon Consumer Price Index (CPI) increases with a 2.75% 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	Active members: 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-2019.

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

Los Angeles City Employees' Retirement System
Retirement Plan
Notes to Schedules

Note 4 – Actuarial Assumptions (continued)

Long-Term Expected Rate of Return by Asset Class

The long-term expected rate of return on the Plan's investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before deducting investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized as follows:

Investment Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. large cap equity	15.01%	5.54%
U.S. small cap equity	3.99%	6.25%
Developed international large cap equity	17.01%	6.61%
Developed international small cap equity	2.97%	6.90%
Emerging international large cap equity	5.67%	8.74%
Emerging international small cap equity	1.35%	10.63%
Core bonds	13.75%	1.19%
High yield bond	2.00%	3.14%
Bank loan	2.00%	3.70%
TIPS	4.00%	0.86%
Emerging market debt (external)	2.25%	3.55%
Emerging market debt (local)	2.25%	4.75%
Core real estate	4.20%	4.60%
Non-core real estate	2.80%	5.76%
Cash	1.00%	0.03%
Commodities	1.00%	3.33%
Private equity	14.00%	8.97%
Private credit/debit	3.75%	6.00%
REITS	1.00%	5.98%
Total	100.00%	

**Los Angeles City Employees' Retirement System
Retirement Plan
Notes to Schedules**

Note 4 – Actuarial Assumptions (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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, 2021.

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%)
\$ 7,470,720,578	\$ 4,363,756,854	\$ 1,793,938,078

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

Los Angeles City Employees' Retirement System
Retirement Plan
Notes to Schedules

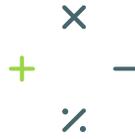
Note 5 – Pension Expense

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, 2021 are summarized as follows:

Service cost	\$ 451,426,209
Interest on the total pension liability	1,570,784,315
Expensed portion of current period difference between actual and expected experience	(37,663,058)
Expensed portion of current period changes of assumptions or other inputs	-
Member contributions	(252,122,737)
Expected return on investments	(1,052,658,457)
Expensed portion of current period difference between actual and expected return on investments	(646,108,768)
Administrative expenses	26,758,088
Recognition of beginning of year deferred balances	<u>326,023,271</u>
Net pension expense	<u><u>\$ 386,438,863</u></u>

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, 2021, the average of the expected remaining service lives of all employees as calculated by the Plan's independent actuaries was 5.04 years.



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, 2021
(For employer reporting as of June 30, 2022)



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Report of Independent Auditors

The Board of Administration
Los Angeles City Employees' Retirement System Postemployment Health Care Plan
Los Angeles, California

Report on the Schedules

We have audited the accompanying schedule of employer allocations and the total for all employers of the columns titled net OPEB liability, total deferred outflows of resources, total deferred inflows of resources, and total OPEB expense (specified column totals) included in the accompanying schedule of OPEB amounts by employer of the Los Angeles City Employees' Retirement System Postemployment Health Care Plan (the Plan) as of and for the year ended June 30, 2021, and the related notes.

Management's Responsibility for the Schedules

Management is responsible for the preparation and fair presentation of these schedules in accordance with accounting principles generally accepted in the United States of America; this includes 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 Responsibility

Our responsibility is to express an opinion on the schedule of employer allocations and the specified column totals included in the schedule of OPEB amounts by employer based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedule of employer allocations and specified column totals included in the schedule of OPEB amounts by employer are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedule of employer allocations and specified column totals included in the schedule of OPEB amounts by employer. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the schedule of employer allocations and specified column totals included in the schedule of OPEB amounts by employer, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the schedule of employer allocations and specified column totals included in the schedule of OPEB amounts by employer 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the schedule of employer allocations and specified column totals included in the schedule of OPEB amounts by employer.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the schedules referred to above present fairly, in all material respects, the employer allocations and net OPEB liability, total deferred outflows of resources, total deferred inflows of resources, and total OPEB expense for the total of all participating employers for the Plan as of and for the year ended June 30, 2021, in accordance with accounting principles generally accepted in the United States of America.

Other Matter

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the Plan as of and for the year ended June 30, 2021, and our report thereon, dated December 1, 2021, expressed an unmodified opinion on those financial statements.

Restriction on Use

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

Mess Adams LLP

Los Angeles, California
September 13, 2022

Los Angeles City Employees' Retirement System
Postemployment Health Care Plan
Schedule of Employer Allocations
Year Ended June 30, 2021

<u>Employer</u>	<u>Total Employer Contributions</u>	<u>Employer Allocation Percentage</u>
City	\$ 87,442,126	84.523%
Airports	12,100,191	11.696%
Harbor	3,911,797	3.781%
	<u>\$ 103,454,114</u>	<u>100.000%</u>

See accompanying notes.

**Los Angeles City Employees' Retirement System
Postemployment Health Care Plan
Schedule of OPEB Amounts by Employer
Year Ended June 30, 2021**

Employer	Deferred Outflows of Resources					Deferred Inflows of Resources					OPEB (Income) Expense		
	Net OPEB Asset	Differences Between Expected and Actual Experience	Changes of Assumptions	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	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 Inflows of Resources	Proportionate Share of Plan OPEB Income	Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer's Contribution and Proportionate Share of Contributions	Net OPEB (Income) Expense
City	\$ 221,088,863	\$ 11,215,541	\$ 106,364,559	\$ 9,010,432	\$ 126,590,532	\$ 139,024,087	\$ 112,239,675	\$ 460,216,795	\$ -	\$ 711,480,557	\$ (51,821,803)	\$ 2,270,575	\$ (49,551,228)
Airports	30,594,149	1,552,000	14,718,666	-	16,270,666	19,238,073	15,531,662	63,684,535	\$8,959,367	107,413,637	(7,171,071)	(2,090,904)	(9,261,975)
Harbor	9,890,597	501,737	4,758,308	827,015	6,087,060	6,219,360	5,021,136	20,588,185	\$878,080	32,706,761	(2,318,293)	(179,671)	(2,497,964)
	<u>\$ 261,573,609</u>	<u>\$ 13,269,278</u>	<u>\$ 125,841,533</u>	<u>\$ 9,837,447</u>	<u>\$ 148,948,258</u>	<u>\$ 164,481,520</u>	<u>\$ 132,792,473</u>	<u>\$ 544,489,515</u>	<u>\$ 9,837,447</u>	<u>\$ 851,600,955</u>	<u>\$ (61,311,167)</u>	<u>\$ -</u>	<u>\$ (61,311,167)</u>

See accompanying notes.

Los Angeles City Employees' Retirement System Postemployment Health Care Plan Notes to Schedules

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 department of the Municipality of the City of Los Angeles (the City). LACERS financial statements are included in the City's comprehensive annual 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 10 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, 2021, the Plan's membership consisted of the following:

Retirees or surviving spouses currently receiving benefits	17,500
Terminated vested members not receiving benefits	1,554
Retired members and surviving spouses entitled but not yet eligible for health benefits	141
Active members	25,176
	<hr/>
Total	44,371
	<hr/> <hr/>

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.

Los Angeles City Employees' Retirement System

Postemployment Health Care Plan

Notes to Schedules

Note 2 – Summary of Significant Accounting Policies (continued)

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 4.54% during the year ended June 30, 2021.

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, 2020 through June 30, 2021.

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.

Los Angeles City Employees' Retirement System
Postemployment Health Care Plan
Notes to Schedules

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, 2021. The components of the Plan's net OPEB asset at June 30, 2021 are summarized as follows:

Total OPEB liability	\$ 3,520,078,454
Plan fiduciary net position	<u>(3,781,652,063)</u>
Employers' net OPEB asset	<u><u>\$ (261,573,609)</u></u>
 Plan fiduciary net position as a percentage of the total OPEB asset	 107.43%

Note 4 – Actuarial Assumptions

The total OPEB asset was determined based on the June 30, 2021 actuarial valuation using the following actuarial assumptions:

Valuation date	June 30, 2021
Investment rate of return	7.00%, including inflation and net of expenses
Projected salary increases	4.25% to 9.95%, including inflation, based on years of service
Inflation	2.75%
Cost-of-living adjustments	Tier 1: 3.00%, 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.
Medical cost trend rates	7.37% graded down to 4.5% over 12 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	<p>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-2019.</p> <p>Disabled retirees: Pub-2010 Non-Safety Disabled Retiree Headcount-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.</p>

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

**Los Angeles City Employees' Retirement System
Postemployment Health Care Plan
Notes to Schedules**

Note 4 – Actuarial Assumptions (continued)

Long-Term Expected Rate of Return by Asset Class

The long-term expected rate of return on the Plan's investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before deducting investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the table below:

Investment Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. large cap equity	15.01%	5.54%
U.S. small/mid cap equity	3.99%	6.25%
Developed international large cap equity	17.01%	6.61%
Developed international small cap equity	2.97%	6.90%
Emerging international large cap equity	5.67%	8.74%
Emerging international small cap equity	1.35%	10.63%
Core bonds	13.75%	1.19%
High yield bond	2.00%	3.14%
Bank loan	2.00%	3.70%
TIPS	4.00%	0.86%
Emerging market debt (external)	2.25%	3.55%
Emerging market debt (local)	2.25%	4.75%
Core real estate	4.20%	4.60%
Non-core real estate	2.80%	5.76%
Cash	1.00%	0.03%
Commodities	1.00%	3.33%
Private equity	14.00%	8.97%
Private credit/debit	3.75%	6.00%
REITS	1.00%	5.98%
Total	100.00%	

**Los Angeles City Employees' Retirement System
Postemployment Health Care Plan
Notes to Schedules**

Note 4 – Actuarial Assumptions (continued)

Discount Rate

The discount rate used to measure the total OPEB asset was 7.00% as of June 30, 2021. 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, 2021.

Sensitivity of the Net OPEB Asset

The following presents the net OPEB (asset) liability, 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%)
\$ 231,310,471	\$ (261,573,609)	\$ (665,962,538)

The following presents the net OPEB (asset) liability, calculated using the current health trend rates as of June 30, 2021, 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
\$ (704,099,712)	\$ (261,573,609)	\$ 289,704,909

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

Los Angeles City Employees' Retirement System
Postemployment Health Care Plan
Notes to Schedules

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, 2021 are summarized as follows:

Service cost	\$ 84,817,265
Interest on the total pension liability	244,775,724
Expensed portion of current period changes of assumptions or other inputs	(24,821,023)
Expensed portion of current period difference between actual and expected experience	1,680,614
Expected return on investments	(201,045,859)
Expensed portion of current period difference between actual and expected return on investments	(156,495,275)
Administrative expenses	7,425,496
Recognition of beginning of year deferred balances	<u>(17,648,109)</u>
Net OPEB income	<u>\$ (61,311,167)</u>

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, 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, 2021, the average of the expected remaining service lives of all employees as calculated by the Plan's independent actuaries was 6.35 years.

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

In accordance with Government Code Section 54953, subsections (e)(1) and (e)(3), and in light of the State of Emergency proclaimed by the Governor on March 4, 2020 relating to COVID-19 and ongoing concerns that meeting in person would present imminent risks to the health or safety of attendees and/or that the State of Emergency continues to directly impact the ability of members to meet safely in person, the LACERS Board of Administration's September 13, 2022 meeting will be conducted via telephone and/or videoconferencing.

September 13, 2022

10:00 a.m.

PRESENT via Videoconferencing:	President:	Nilza R. Serrano
	Commissioners:	Annie Chao Thuy Huynh Janna Sidley Sung Won Sohn
	Legal Counselor:	Anya Freedman
	Manager-Secretary:	Neil M. Guglielmo
	Executive Assistant:	Ani Ghoukassian
ABSENT:	Vice President:	Elizabeth Lee
	Commissioner:	Michael R. Wilkinson

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 – **THIS WILL BE THE ONLY OPPORTUNITY FOR PUBLIC COMMENT – PRESS *9 TO RAISE HAND DURING PUBLIC COMMENT PERIOD** – President Serrano asked if any persons wanted to make a general public comment to which there was no response.

II

BOARD PRESIDENT VERBAL REPORT – President Serrano stated if she has to leave the Board Meeting early she will appoint an alternate Chair for the meeting.

III

GENERAL MANAGER VERBAL REPORT

- A. REPORT ON DEPARTMENT OPERATIONS – Neil M. Guglielmo, General Manager, advised the Board of the following items:
- 977 N. Broadway Parking
 - FY24 Budget Process
 - Inaugural class of the Women’s Management Academy attended by Tiffany Obembe, LACERS Senior Benefits Analyst
 - Health Benefits Administration updates
 - Income-Related Month Adjustment Amount (IRMAA) education
 - Upcoming events for members
- B. UPCOMING AGENDA ITEMS – Neil M. Guglielmo, General Manager, advised the Board of the following items:
- September 27, 2022 – Benefits Administration Committee Meeting – Anthem Year-End Accounting

IV

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. 977 N. BROADWAY PROJECT REPORT FOR THE FISCAL YEAR ENDING JUNE 30, 2022 – This report was received by the Board and filed.
- D. EDUCATION AND TRAVEL EXPENDITURE REPORT FOR THE FISCAL YEAR 2021-22 – This report was received by the Board and filed.

V

CONSENT AGENDA

Commissioner Sidley moved approval of Consent Agenda Items V-A, V-B, and V-C, seconded by Commissioner Chao, and adopted by the following vote: Ayes, Commissioners Chao, Huynh, Sidley, Sohn, and President Serrano -5; Nays, None.

- A. APPROVAL OF MINUTES FOR THE REGULAR MEETING OF AUGUST 9, 2022 AND POSSIBLE BOARD ACTION
- B. FINDINGS TO CONTINUE TELECONFERENCE MEETINGS AND DETERMINATION THAT COVID-19 STATE OF EMERGENCY CONTINUES TO DIRECTLY IMPACT THE ABILITY OF MEMBERS TO MEET SAFELY IN PERSON AND POSSIBLE BOARD ACTION

**CONTINUE HOLDING LACERS BOARD AND COMMITTEE MEETINGS
VIA TELECONFERENCE AND/OR VIDEOCONFERENCE**

RESOLUTION 220913-A

WHEREAS, LACERS is committed to preserving public access and participation in meetings of the Board of Administration; and

WHEREAS, all LACERS Board and Committee meetings are open and public, as required by the Ralph M. Brown Act (Cal. Gov. Code 54950 – 54963), so that any member of the public may attend and participate as the LACERS Board and Committees conduct their business; and

WHEREAS, the Brown Act, Government Code Section 54953(e), makes provisions for remote teleconferencing participation in meetings by members of a legislative body, subject to the existence of certain conditions; and

WHEREAS, the COVID-19 State of Emergency proclaimed by the Governor on March 4, 2020 remains active; and

WHEREAS, on October 12, 2021, the Board met via teleconference and determined by majority vote, pursuant to Government Code Section 54953(e)(1)(B)-(C), that due to the COVID-19 State of Emergency, meeting in person would present imminent risks to the health or safety of attendees; and

WHEREAS, the Board has reconsidered the circumstances of the State of Emergency; and

WHEREAS, COVID-19 remains a public health concern in Los Angeles, with substantial or high levels of community transmission;

NOW THEREFORE, BE IT RESOLVED that pursuant to Government Code Section 54953(e)(1)(B)-(C), the Board finds that holding Board and Committee meetings in person would present imminent risks to the health or safety of attendees.

BE IT FURTHER RESOLVED that pursuant to Government Code Section 54953(e)(3)(A) and (B)(i), the Board finds that the COVID-19 State of Emergency continues to directly impact the ability of Board and Committee members to meet safely in person.

- C. TRAVEL AUTHORITY – COMMISSIONER THUY HUYNH; INSTITUTIONAL INVESTOR – ESG AND SUSTAINABLE RETURNS FORUM 2022; NEW YORK, NY; OCTOBER 25-26, 2022 AND POSSIBLE BOARD ACTION

**TRAVEL AUTHORITY
INSTITUTIONAL INVESTOR – ESG AND SUSTAINABLE RETURNS FORUM 2022
OCTOBER 25-26, 2022
NEW YORK, NY**

RESOLUTION 220913-B

WHEREAS, Board approval is required for all international travel requests, travel not included in the Approved List of Educational Seminars, and travel that exceeds the annual education travel budget of \$10,000 for each Commissioner;

WHEREAS, the Institutional Investor – ESG and Sustainable Returns Forum 2022, in New York, NY is not included in the Approved List of Educational Seminars, and therefore requires individual approval;

WHEREAS, the sound management of the assets and liabilities of a trust fund imposes a continuing need for all Board Members to attend professional and educational conferences, seminars, and other educational events that will better prepare them to perform their fiduciary duties;

THEREFORE, BE IT RESOLVED, that Commissioner Huynh is hereby authorized to attend the Institutional Investor – ESG and Sustainable Returns Forum 2022, from October 25-26, 2022, in New York, NY;

BE IT FURTHER RESOLVED, that the reimbursement of up to \$2,229 for Commissioner Huynh is hereby authorized for reasonable expenses in connection with participation.

VI

BOARD/DEPARTMENT ADMINISTRATION

A. DESIGNATION OF LACERS' CHIEF ACCOUNTING EMPLOYEE AND POSSIBLE BOARD ACTION – Commissioner Chao moved approval of the following Resolution:

**DESIGNATION OF LACERS'
CHIEF ACCOUNTING EMPLOYEE**

RESOLUTION 220913-C

WHEREAS, pursuant to Los Angeles City Charter Section 504(b), the head of each department is required to appoint an employee of the department, other than a member of the board or the chief administrative officer, to serve as Chief Accounting Employee; and

WHEREAS, Departmental Chief Accountant JoAnn Peralta oversees LACERS' Fiscal Management Division and is well qualified to serve as LACERS' Chief Accounting Employee;

NOW, THEREFORE, BE IT RESOLVED, that JoAnn Peralta is hereby appointed to serve as LACERS' Chief Accounting Employee.

Which motion was seconded by Commissioner Sohn, and adopted by the following vote: Ayes, Commissioners Chao, Huynh, Sidley, Sohn, and President Serrano -5; Nays, None.

VII

INVESTMENTS

A. CHIEF INVESTMENT OFFICER VERBAL REPORT INCLUDING DISCUSSION ON THE PORTFOLIO EXPOSURE TO GLOBAL EVENTS – Bryan Fujita, Investment Officer III, reported

on the portfolio value of \$21.61 billion as of September 12, 2022. Mr. Fujita discussed the following items:

- Staff is reviewing the Emerging Investment Manager Policy
- Update on Transition Manager Request for Proposal
- Staff is currently planning the next Emerging Manager Symposium
- Amy Petrique promoted to Executive Administrative Assistant of the Investment Division
- Future Agenda Items: Revisions to the proposed Unique Investment Opportunities Policy (UIOP), Total Fund Performance Report as of June 30, 2022, and the Private Equity Portfolio Performance Report as of March 31, 2022

Mr. Fujita shared that as of September 9, 2022, Russian exposure for LACERS is 6.0 basis points, about \$13.1 million. The exposure on August 19, 2022, was 9.2 basis points, about \$21 million. There has been a decrease in Russian holdings by about \$8 million since the last report.

VIII

CONSIDERATION TO CONTINUE DISABILITY RETIREMENT BENEFIT FOR EDMOND KHAJKIAN AND POSSIBLE BOARD ACTION – Commissioner Chao moved approval, seconded by Commissioner Sidley, and adopted by the following vote: Ayes, Commissioners Chao, Huynh, Sidley, Sohn, and President Serrano -5; Nays, None.

IX

OTHER BUSINESS – There was no other business.

X

NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, September 27, 2022, at 10:00 a.m. at LACERS, 202 W. 1st Street, Suite 500, Los Angeles, CA 90012, and/or via telephone and/or videoconferencing. Please continue to view the LACERS website for updated information on public access to Board meetings while response to public health concerns relating to the novel coronavirus continue.

XI

ADJOURNMENT – There being no further business before the Board, President Serrano adjourned the Meeting at 10:18 a.m.

Nilza R. Serrano
President

Neil M. Guglielmo
Manager-Secretary



REPORT TO BOARD OF ADMINISTRATION
From: Neil M. Guglielmo, General Manager

MEETING: OCTOBER 11, 2022
ITEM: V - B

Neil M. Guglielmo

SUBJECT: FINDINGS TO CONTINUE TELECONFERENCE MEETINGS AND DETERMINATION THAT COVID-19 STATE OF EMERGENCY CONTINUES TO DIRECTLY IMPACT THE ABILITY OF MEMBERS TO MEET SAFELY IN PERSON AND POSSIBLE BOARD ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board approve continuing to hold LACERS Board and Committee meetings via teleconference and/or videoconference, under Government Code Sections 54953(e)(1)(B)-(C) and 54953(e)(3)(A) and (B)(i).

Discussion

LACERS is committed to preserving public access and participation in meetings of the Board of Administration. All LACERS Board and Committee meetings are open and public, as required by the Ralph M. Brown Act (Cal. Gov. Code 54950 – 54963), so that any member of the public may attend and participate as the LACERS Board and Committees conduct their business. The Brown Act, Government Code Section 54953(e), makes provisions for remote teleconferencing participation in meetings by members of a legislative body, subject to the existence of certain conditions. The COVID-19 State of Emergency proclaimed by the Governor on March 4, 2020 remains active: COVID-19 remains a public health concern in Los Angeles, with substantial or high levels of community transmission.

The Board met via teleconference on October 12, 2021, and determined by majority vote, pursuant to Government Code Section 54953(e)(1)(B)-(C), that due to the COVID-19 State of Emergency, meeting in person would present imminent risks to the health or safety of attendees.

Strategic Plan Impact Statement

The Board’s action on this item aligns with the LACERS Strategic Plan Goal to uphold good governance practices which affirm transparency, accountability, and fiduciary duty.

Prepared By: Ani Ghoukassian, Commission Executive Assistant II

Attachment: Proposed Resolution

CONTINUE HOLDING LACERS BOARD AND COMMITTEE MEETINGS
VIA TELECONFERENCE AND/OR VIDEOCONFERENCE

PROPOSED RESOLUTION

WHEREAS, LACERS is committed to preserving public access and participation in meetings of the Board of Administration; and

WHEREAS, all LACERS Board and Committee meetings are open and public, as required by the Ralph M. Brown Act (Cal. Gov. Code 54950 – 54963), so that any member of the public may attend and participate as the LACERS Board and Committees conduct their business; and

WHEREAS, the Brown Act, Government Code Section 54953(e), makes provisions for remote teleconferencing participation in meetings by members of a legislative body, subject to the existence of certain conditions; and

WHEREAS, the COVID-19 State of Emergency proclaimed by the Governor on March 4, 2020 remains active; and

WHEREAS, on October 12, 2021, the Board met via teleconference and determined by majority vote, pursuant to Government Code Section 54953(e)(1)(B)-(C), that due to the COVID-19 State of Emergency, meeting in person would present imminent risks to the health or safety of attendees; and

WHEREAS, the Board has reconsidered the circumstances of the State of Emergency; and

WHEREAS, COVID-19 remains a public health concern in Los Angeles, with substantial or high levels of community transmission;

NOW THEREFORE, BE IT RESOLVED that pursuant to Government Code Section 54953(e)(1)(B)-(C), the Board finds that holding Board and Committee meetings in person would present imminent risks to the health or safety of attendees.

BE IT FURTHER RESOLVED that pursuant to Government Code Section 54953(e)(3)(A) and (B)(i), the Board finds that the COVID-19 State of Emergency continues to directly impact the ability of Board and Committee members to meet safely in person.