RESPONSES TO PROPOSER QUESTIONS
REQUEST FOR PROPOSAL FOR FINANCIAL STATEMENT AUDIT SERVICES (DCFS25-01)
FEBRUARY 14, 2024

1	**Please confirm whether the proposal must be submitted via email or through RAMP?**
	The proposal must be submitted via email to internalaudit@lafpp.com.
2	**Section 3.4.1(a) Experience with similar contracts – This requirement asks that bidders provide 5 references from clients each with plan net assets in excess of $5 billion, for whom the primary Engagement Partner or Audit Manager provided auditing and/or accounting services.** **1. Taking into consideration the size of this engagement, proposed teams will most likely have more than two people on them. Can the references come from clients for whom anyone on the proposed engagement team provided accounting services?** **2. Is the requirement five different people or is it 5 different entities?**
	1. Yes, the references can come from clients for whom anyone on the proposed engagement team has provided accounting services. 2. The requirement is requesting references from five different entities.
3	**Is the current auditor precluded from bidding?**
	No. The current auditor is not precluded from bidding.
4	**Under the Minimum Qualifications section 1.4.2, would a proposed Engagement Partner who does not have a California CPA license but is allowed to practice in California under CPA Mobility Law meet the Engagement Partner minimum qualification "must be licensed to practice in the State of California"?**
	LAFPP acknowledges the State of California's CPA Mobility Law and considers engagement partners licensed outside of California who are allowed to practice in California under this law as meeting minimum qualifications, as long as all other qualifications and experience requirements are met.
5	**Is the scope of work and deliverables of this RFP consistent with the last audit services contract?**
	Yes.
6	**Do you have any preference for the auditors to perform audit work on site or in person. If the preference is to be in person, is there a certain percentage of time for our fieldwork you would like us to be on site?**
	LAFPP staff work on a hybrid schedule and are able to accommodate for a fully remote audit and/or arrange for in-person work to be performed.

7	**Please provide a complete list of all required forms and documents that must be submitted with the proposal.**
	Forms and documents required to be submitted with your proposal: 1. Appendix 6.3 - CEC Form 50 2. Appendix 6.4 - CEC Form 55 The RFP also references forms and documents that will be required if your firm is awarded the contract. Please review those carefully to ensure your firm's ability to fulfill those requirements should you be awarded the contract.
8	**Please clarify whether the Non-Collusion Affidavit must be submitted with the proposal. If required, please provide the form, as it does not appear to be available for download on RAMP.**
	The Non-Collusion Affidavit is a statement that must be included in the cover letter. See RFP Section 3.2.5. The cover letter shall have the following statement: "This proposal is genuine, and not a sham or collusive, nor made in the interest or on behalf of any person not named therein; the Proposer has not directly or indirectly induced or solicited any other Proposer to put in a sham bid, or any other person, firm or corporation to refrain from submitting a proposal, and the Proposer has not in any manner sought by collusion to secure for themselves an advantage over any other Proposer."
9	**What are the key accounting and financial reporting systems used for each organization?**
	(1) Financial Management system (FMS)- FMS is the citywide financial system maintained by the City Controller's Office. Revenues such as purchase of service credits, miscellaneous receipts, and operating expenses are processed using the FMS system. (2) Microsoft Dynamics (Dynamics) - Dynamics is used to maintain the complete accounting records for financial reporting purposes. Periodically, journal entries are prepared to record the monthly financial activities of LAFPP to the Dynamics system. This includes the net changes of activities from the FMS, the investment activities, and the year-end accrual entries that adjust the net position of the system in accordance with the GASB.

RESPONSES TO PROPOSER QUESTIONS
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FEBRUARY 14, 2024

10	**Have there been any significant turnover, or any turnover at the executive management level? If there has, please advise reason for this.**
	The current Chief Investment Officer (CIO) began with the department in July 2023 due to the resignation of the prior CIO. The current Departmental Audit Manager (DAM) started with the Department in December 2023 due to the planned retirement of the prior DAM.
11	**Are there any anticipated changes in key third party service providers in the next year (investment custodian, actuary, etc.)?**
	There are no anticipated changes in key third party service providers in the next year.
12	**What were the audit fees for fiscal year 2024 including those for the financial statement audit, GASB 68 and GASB 75?**
	LAFPP’s total audit fee for fiscal year June 30, 2024 was $89,870 for services specified in RFP Section 1.5.
13	**Has this audit gone out to bid as part of the normal vendor renewal process?**
	Periodic RFP for City services is required by the City Contracting Policy. This is a routine RFP in compliance with City Policy.
14	**What are some things you would like to see improved in the financial audit process compared to previous years?**
	The current process is generally effective.
15	**What level of support is the internal audit department expected to provide to the annual financial statement audit process?**
	The Departmental Audit Manager is responsible for overseeing the contractor and helps facilitate external auditor requests for information between the various divisions, executive management, and other service providers.
16	**What is the expected timing for completion of audit work and issuance of the requested audit reports?**
	See RFP Section 3.4.3(i) for a general expectation of key deadlines and deliverables.

17	**Is Business Inclusion Program (BIP) outreach/participation required for this RFP?**
	BIP outreach is not required for this RFP.
18	**Our process also includes a requirement to sign an annual engagement letter on commercially reasonable terms. Is LAFPP amendable to signing that? Should we include a sample engagement letter in our response?**
	LAFPP is not amenable to any terms that may infringe or conflict with provisions outlined in Appendix 6.1 and 6.2 of the RFP. Please include a sample engagement letter in the response.
19	**During the audit periods related to the RFP, has there been any new IT, financial, and/or accounting systems been implemented or expect to be implemented ? If so, please provide detail of them.**
	The City of Los Angeles implemented Workday payroll in June 2024. No significant information or accounting systems changes are contemplated over the contract period.
20	**What system is used to track employer/member contributions and distributions?**
	Employer contributions are tracked in FMS/Dynamics. Member contributions are tracked via the City's payroll system and LAFPP's Pension Administration System.
21	**If possible, can you please provide a latest copy of any required auditor communications (i.e. SAS 114 reports) and any management letter comments.**
	Please visit https://lafpp.lacity.gov/about/inside-lafpp/financial-reports for a copy of the latest and prior financial statement audit reports. Prior board reports/presentations can be accessed here: https://lafpp.lacity.gov/board-of-commissioners/meetings
22	**Any changes in your investment strategy/allocation or new types of investments compared to the prior year? Any anticipated changes in investment strategy/allocation in the next year?**
	LAFPP has recently added a 2% allocation to private infrastructure with implementation occurring over the next couple of years. In addition, we are continuing to add to private credit and private real estate to get to our target allocations.

23	**Has Measure FF impacted LAFPP in fiscal year 2025 or are there significant impacts anticipated to the membership of LAFPP?**
	LAFPP will not know the full impact of Measure FF by June 30, 2025. As of November 21, 2024, there were approximately 416 active sworn employees who have the opportunity to transfer into LAFPP.
24	**What service organizations do you use and do you obtain SOC reports for them (i.e., SSAE 18)?**
	LAFPP contracts with the following service organizations: System Actuary - Segal Custodian Bank - Northern Trust Pension Administration System - Avenu Insights SOC reports were obtained for each organization.
25	**Were there any audit adjustments, posted or waived, for the most recent audit?**
	No.
26	**Were there any uncorrected misstatements in prior years' audits?**
	No.
27	**Are the basic financial statements and GASB 68 and 75 Schedules prepared by LAFPP staff?**
	LAFPP drafts the basic financial statements and footnotes. LAFPP's actuary prepares the GASB 68/75 valuation reports. The external auditor audits the GASB 68/75 reports which are submitted to the employers: the City, Los Angeles World Airports, and Port of Los Angeles.
28	**How many entities are the NPL and NOL allocated to each year?**
	LAFPP is a single employer public employee retirement system to provide retirement benefits to the safety members employed by the City of Los Angeles. There are three member categories in LAFPP: (1) the Harbor Port Police (an enterprise fund) (2) the Airport Department (an enterprise fund) and (3) the other members associated with the City's Fire and Police Departments. The Total Pension Liability and Total OPEB Liability for each member category are obtained from internal valuation results and are calculated separately for each of the members associated with the Fire and Police Departments, the Harbor Port Police, and the Airport Department.

29	**What has historically been the materiality level communicated to the system by the City's auditors as part of the group audit?**
	Financial information presented in the City's financial statements and notes for Los Angeles Fire and Police Pension System have been taken directly from the independently audited financial statements provided to City management. The City has not communicated to LAFPP on the materiality level.
30	**It appears the prior audit firm expressed an opinion on pension and OPEB separately (e.g. two opinion units instead of one). Is that the expectation of LAFPP?**
	GASB 74 requires OPEB plans to report information about their fiduciary net position and changes in fiduciary net position separately from Pension plans in financial statements.
31	**Has the system recently had any internal control findings (material weaknesses or significant deficiencies)? Were there any management letters issued in prior years' audits? If so, could you please provide an example?**
	The auditor's Report on Internal Control is included in the audited financial statements posted on LAFPP's website (pgs. 69-70). There was no Management Letter of Recommendations issued by the auditor for FY 2024. There were no material weaknesses or significant deficiencies in internal controls reported for FY 2024.
32	**Does LAFPP maintain participant census data, along with payroll related information? Does LAFPP staff maintain access to payroll records needed for testing or does the external auditor need to coordinate with City staff?**
	LAFPP maintains the census data. LAFPP has system access to the active payroll information maintained by the City.
33	**Have there been any significant changes in the composition of members/census in the past year or anticipated in the next 3 years?**
	Measure FF was approved by voters in the last general election on November 6, 2024. As of November 21, 2024, there were approximately 416 active sworn employees who have the opportunity to transfer into LAFPP.

34	**Could we receive copies of the most recently issued audit reports of the schedules related to GASB 68 and GASB 75, as described in the scope of the RFP? When are the GASB 68 and GASB 75 valuations available for completion of the GASB 68/75 audits?**
	The most recent GASB 68 and 75 audit reports are posted an Appendix at the end of this document. GASB 68 and 75 valuations are usually available to auditors around June.
35	**How many auditors have historically worked on the engagement during interim and year-end fieldwork and for how many days? Could you please provide the previous year's audit hours for each audit?**
	Historically, up to four auditors have worked on our engagements. As this is a fixed fee contract, the number of days and audit hours has been at the discretion of the audit firm.
36	**Please describe the scope of census testing historically performed, including the number of samples tested. How are employees selected?**
	The scope of census testing has been at the discretion of the auditor. The department provides the same set of census data provided to the department's actuary to select their sample from.
37	**Within the RFQ it is noted there is an expectation that the audit team will test the existence of all investments. Can you please clarify the extent of the investments that are expected to be tested for existence? Are there normal audit procedures the system would expect the auditors to take regarding existence? Can you also clarify that you expect 100% coverage of testing of your investments in this regard.**
	The nature and extent of testing will be at the discretion of the auditor.
38	**Are audited financial statements available for all investments valued at NAV?**
	Audited Financial statements for some of Private Equities and Real Estates investments are available to LAFPP.

39	**Are investments held by the system commingled or held separately for pension and OPEB?**
	Investments held by the systems are commingled and managed by the Group trust that was established by the Board of Fire and Police Pension Commissioners of the City of Los Angeles (Trustee). The Trustee maintains an accounting system whereby the beneficial interest of each participating trusts in the Group (Pension, OPEB-401H, OPEB-115Trust) is identifiable.
40	**What is the system's process for valuing the investments reported at NAV at June 30?**
	LAFPP contracts with a custodian bank to maintain separate accounts for cash, securities and other property of the plan. The custodian bank is also contracted to value the account assets. The bank may rely upon market values or reasonable appraisals, or any certified appraisal or other form of valuation submitted to it by an investment manager. The bank verifies in good faith and in accordance with prevailing practices of the industry.
41	**What are LAFPP's accounting procedures related to investments reported at net asset value and level 3.**
	Debt securities, namely collateralized debt obligations and corporate bonds, classified in Level 3 are valued using unobservable inputs which can be extrapolated data, proprietary models or indicative quotes. Other equity securities classified in Level 3 are valued using uncorroborated indicative quotes.
42	**Does management use third party specialists to assist with determining fair value for harder to value segments of their portfolio? If so, who and how frequently is the valuation performed?**
	Real estate separate account investments are valued based on an independent appraisal or other methods using various techniques including models. Real estate separate accounts are scheduled for independent appraisal on a rolling 3-year period.

43	**What are LAFPP's accounting policies related to adjusting fair values of alternative investments for updated information received after the 6/30 custodian reports are made available?**
	Due to the time constraint to provide financial data to Actuary in early October, we set a cutoff date for the custodian bank to close the books by the third week of August. In 2023, 90% of reports were received by the cut off. Reports received after cut off are recorded in the new fiscal year.
44	**For investments held by the plan, how soon after year end are audited financial statements available for your hard to value investments?**
	Audited financial statements for some complex valuation investments may be received as late as mid to late October. Due to the time constraint to provide financial data to the actuary in early October, we set a cutoff date for the custodian bank to close the books at around end of August to early September.

APPENDIX 1

DEPARTMENT OF FIRE AND POLICE PENSIONS

701 E. 3rd Street, Suite 200
Los Angeles, CA 90013
(213) 279-3000

REPORT TO THE BOARD OF FIRE AND POLICE PENSION COMMISSIONERS

DATE: NOVEMBER 21, 2024 **ITEM:** E.1

FROM: JOSEPH SALAZAR, GENERAL MANAGER

SUBJECT: GOVERNMENTAL ACCOUNTING STANDARDS (GAS) 68 AND 75 REPORTS TO THE BOARD

THIS REPORT IS PROVIDED TO THE BOARD FOR INFORMATIONAL PURPOSES.

BACKGROUND

Governmental Accounting Standards Board (GASB) requires pension systems to conduct actuarial valuations of its pension fund (GAS 68) and Other Postemployment Benefits (OPEB) (GAS 75) to provide certain disclosure information for employer reporting.

GAS 68 and 75 define pension and OPEB liability and expense for accounting purposes to improve financial reporting of state and local government pension information. LAFPP implemented GAS 68 beginning with the 2015 financial statements and GAS 75 beginning with the 2018 financial statements.

DISCUSSION

The system's actuary, Segal Company (Segal), prepared the following reports:

- *Governmental Accounting Standards Board Statement 68 (GAS 68) Actuarial Valuation Based on June 30, 2023 Measurement Date for Employer Reporting as of June 30, 2024 (Attachment 1); and,*

- *Governmental Accounting Standards Board Statement 75 (GAS 75) Actuarial Valuation and Review of Other Postemployment Benefits (OPEB) Actuarial Valuation Based on June 30, 2023 Measurement Date for Employer Reporting as of June 30, 2024 (Attachment 2).*

To complete their financial statements, each "Employer" (the City, Harbor, and Airport Departments) utilizes these reports to record their proportionate share of collective amounts for all benefits provided through LAFPP's pension plan and OPEB. To meet financial reporting deadlines, the City Controller's Office was previously provided the schedules of pension and OPEB amounts by Employer as prepared by Segal in accordance with the methodology set forth in GAS 68 and GAS 75.

Pursuant to GASB requirements, the system's financial statements auditor, Simpson & Simpson, audited the above-referenced reports and prepared the following:

- *Schedule of GASB 68 Pension Amounts as of and for the Year Ended June 30, 2023 for Employer Reporting as of June 30, 2024 (*which includes the Independent Auditor's Report, Schedule of Pension Amounts, and Notes to Schedule of Pension Amounts) *(Attachment 3);* and,

- *Schedule of GASB 75 Other Postemployment Benefits Amounts as of and for the Year Ended June 30, 2023 for Employer Reporting as of June 30, 2024 (*which includes the Independent Auditor's Report, Schedule of OPEB Amounts, and Notes to Schedule of OPEB Amounts) *(Attachment 4).*

For both the GAS 68 and 75 reports, Simpson & Simpson noted that the Schedule of Pension Amounts and Schedule of OPEB Amounts present fairly the entity allocations, net pension/OPEB liability, total deferred outflows and inflows of resources and total pension/OPEB expense of all participating entities for the Plan as of June 30, 2023.

BUDGET

Cost of professional services for these audit reports was budgeted for $5,000.

POLICY

There is no policy impact associated with this report.

CONTRACTOR DISCLOSURE INFORMATION

There is no contractor disclosure information required with this report.

This report was prepared by:

Rebecca Takahashi, Departmental Audit Manager
Internal Audit Section

JS:RT

Attachments:
1. Governmental Accounting Standards Board Statement 68 (GAS 68) Actuarial Valuation Based on June 30, 2023 Measurement Date for Employer Reporting as of June 30, 2024
2. Governmental Accounting Standards Board Statement 75 (GAS 75) Actuarial Valuation and Review of Other Postemployment Benefits (OPEB) Based on June 30, 2023 Measurement Date for Employer Reporting as of June 30, 2024
3. Schedule of GASB 68 Pension Amounts as of and for Year Ended June 30, 2023 for Employer Reporting as of June 30, 2024
4. Schedule of GASB 75 Other Postemployment Benefits Amounts as of and for Year Ended June 30, 2023 for Employer Reporting as of June 30, 2024

Attachment 1

City of Los Angeles Fire and Police Pension Plan

Governmental Accounting Standards Board Statement No. 68 (GAS 68) Accounting Valuation

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

This report has been prepared at the request of the Board of Commissioners to assist the sponsors of the Fund in preparing their financial report for their liabilities associated with the pension plan. This valuation report may not otherwise be copied or reproduced in any form without the consent of the Board of Commissioners 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.

Segal

Segal

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

May 1, 2024

Board of Fire and Police Pension Commissioners
City of Los Angeles Fire and Police Pension Plan
701 East 3rd Street, Suite 200
Los Angeles, CA 90013

Dear Board Members:

We are pleased to submit this Governmental Accounting Standard (GAS) 68 Actuarial Valuation based on June 30, 2023 measurement date for employer reporting as of June 30, 2024. It contains various information that will need to be disclosed in order to comply with GAS 68. Please refer to the Actuarial Valuation and Review as of June 30, 2022 for the data and the Actuarial Valuation and Review as of June 30, 2023 for the assumptions and plan of benefits underlying these calculations.

This report was prepared in accordance with generally accepted actuarial principles and practices at the request of the Board to assist the sponsors in preparing their financial report for their liabilities associated with the City of Los Angeles Fire and Police Pension Plan (the Plan). The census and financial information on which our calculations were based was prepared by Los Angeles Fire & Police Pensions (LAFPP). 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; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); changes in economic or demographic assumptions; and changes in plan provisions or applicable law.

The actuarial calculations were directed under the supervision of Andy Yeung, ASA, MAAA, FCA and 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 this actuarial valuation is complete and accurate. The assumptions used in this actuarial valuation were approved by the Board based upon our analysis and recommendations. In our opinion, the assumptions are reasonable and take into account the experience of the Plan and reasonable expectations. In addition, in our opinion, the combined effect of these assumptions is expected to have no significant bias.

Segal makes no representation or warranty as to the future status of the Plan and does not guarantee any particular result. This document does not constitute legal, tax, accounting or investment advice or create or imply a fiduciary relationship. The Board is encouraged to discuss any issues raised in this report with the Plan's legal, tax and other advisors before taking, or refraining from taking, any action.

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

Sincerely,

Segal

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

Segal

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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 Standard (GAS) 68 as of June 30, 2024. The results used in preparing this GAS 68 report are comparable to those used in preparing the GAS 67 report for the Plan based on a reporting date and a measurement date as of June 30, 2023. This valuation is based on:

- The benefit provisions of LAFPP, as administered by the Board of Commissioners;
- The characteristics of covered active members, inactive vested members, and retired members and beneficiaries as of June 30, 2022, provided by LAFPP;
- The assets of the Plan as of June 30, 2023, provided by LAFPP;
- Economic assumptions regarding future salary increases and investment earnings adopted by the Board for the June 30, 2023 valuation; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc. adopted by the Board for the June 30, 2023 valuation.

General observations on GAS 68 actuarial valuation

1. The Governmental Accounting Standards Board (GASB) rules only define pension liability and expense for financial reporting purposes, and do not apply to contribution amounts for pension funding purposes. Employers and plans should develop and adopt funding policies under current practices.
2. When measuring pension liability, GASB uses the same actuarial cost method (Entry Age method) and the same type of discount rate (expected return on assets) as LAFPP uses for funding. Note that, with regard to the actuarial cost method, the GASB rules use a version of the Entry Age method where the Total Pension Liability (TPL) must be fully accrued by the time a member either enters the DROP or is expected to elect the DROP. This is in contrast to the version of the Entry Age method used for funding, where the Actuarial Accrued Liability (AAL) is not fully accrued until members retire from employment after participation in the DROP. Under GASB, actives who are expected to enroll in the DROP in the future would report an annual Service Cost that is higher than the Normal Cost used for funding, while members already in the DROP would report no Service Cost even though their Normal Cost continues to accrue.

   Because the service retirement rates we use in the funding valuation have been developed based on the later date of exit from the DROP, we have adjusted those rates in this valuation so that they are based on the earlier date of first participation in the DROP. Those rates are provided in *Section 3, Actuarial Assumptions and Methods*.

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 an 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 on an actuarial value of assets basis in the funding valuation that reflects investment gains and losses over a seven-year period.

Highlights of the valuation

1. For this report, the reporting dates for the employer are June 30, 2024 and June 30, 2023. The NPL was measured as of June 30, 2023 and June 30, 2022. The Plan Fiduciary Net Position was valued as of the measurement dates and the TPL was determined based upon rolling forward the TPL from actuarial valuations as of June 30, 2022 and June 30, 2021, respectively. In addition, changes in actuarial assumptions or plan provisions that occurred between the valuation date and the measurement date have been reflected, if any. Consistent with the provisions of GAS 68, the assets and liabilities measured as of June 30, 2023 and June 30, 2022 are **not** adjusted or rolled forward to the June 30, 2024 and June 30, 2023 reporting dates, respectively.
2. The results of this valuation reflect an experience study of the actuarial assumptions based on the experience during the period July 1, 2019 through June 30, 2022. Based on that study and the recommendations provided in our report dated May 10, 2023, the Board adopted updated actuarial assumptions for use in this valuation.
3. The NPL decreased from $649 million as of June 30, 2022 to $364 million as of June 30, 2023 mainly due to the changes in actuarial assumptions (a decrease of about $262 million) and a return on the market value of assets of 7.65%[1] during 2022/2023 that was greater than the assumption of 7.00% used in the June 30, 2022 valuation (a gain of about $163 million). Changes in these values during the last two fiscal years ending June 30, 2022 and June 30, 2023 can be found in *Section 2, Schedule of Changes in Net Pension Liability* on page 22.
4. The total employer pension expense increased from $105.0 million calculated last year to $357.3 million calculated this year. The primary cause of the increase to pension expense was due to a decrease in the projected earnings on plan investments for 2022/2023 compared to 2021/2022, as the plan assets at July 1, 2022 were $25.3 billion compared to plan assets of $27.9 billion at July 1, 2021, which increased the total employer pension expense by $189.6 million. Changes in these values during the last two fiscal years ending June 30, 2022 and June 30, 2023 can be found in *Section 2, Pension Expense* on page 28.

[1] The investment return for the Retirement Plan was 7.65% (net of investment expenses only). This is higher than the 7.61% investment return calculated for the OPEB Plan. Both of these returns have been calculated by Segal on a dollar-weighted basis taking into account the beginning of year assets, contributions, and benefit cash flows made during the year. In backing into a rate of return using actual investment income and investment expense as provided by LAFPP, we sometimes could come up with a different return for the two Plans if: (a) the timing of the cash flows (especially the benefit payments) are different from what we assumed and/or (b) the actual income and expense allocated are different when compared to the proportion of the assets in the two Plans.

Section 1: Actuarial Valuation Summary

5. The discount rate used to measure the TPL and NPL as of June 30, 2023 and June 30, 2022 was 7.00%. The detailed calculations used in the derivation of the discount rate of 7.00% as of June 30, 2023 can be found in *Section 3, Appendix A*. Various other information that is required to be disclosed can be found throughout *Section 2*.

6. In our June 30, 2023 GAS 68 valuation report, we referenced the Retirement Incentive Pay (RIP) program previously implemented by the City to allow sworn employees retiring or entering DROP to include deferred salary increases as part of their pension benefit calculation or to apply them toward their accrued leave payout at retirement. Under the RIP such deferred salary increases are treated like a pensionable bonus equivalent to the base wage increase that the unions agreed to defer for a period of time.

   As part of the information gathering for this year's valuation, LAFPP has informed us that the City has entered into an MOU ("RIP 2.0") for the Police Officers, Lieutenant and Below Representation Unit (MOU 24) to allow active members covered under the MOU to receive non-pensionable salary increase of: (a) 3% starting July 16, 2023, (b) 6% cumulatively starting June 30, 2024 and (c) 9% cumulatively starting June 29, 2025. Then, starting June 28, 2026, the above 9% increase plus another 3% increase granted on that date (for a total 12% cumulatively) will be treated as pensionable. We understand that members who retire or enter the DROP during the above periods will have their pension benefit calculated using the aforementioned salary increases under this RIP 2.0. Furthermore, we understand that other bargaining units may be in discussion with the City to implement similar increases for their members. Additional information on the RIP and the RIP 2.0 is included in *Appendix A* of the June 30, 2023 funding valuation report. Because we are rolling forward the liability using the membership data as of June 30, 2022, any associated change in liability for these members would not be captured until a future valuation.

7. It should be noted that there are three member categories in LAFPP: (1) the Harbor Port Police (an enterprise fund), (2) the Airport Department (an enterprise fund) and (3) the other members associated with the City's Fire and Police Departments. We have been directed by LAFPP to provide the Pension Expense and NPL for each of the three member categories. Both the Pension Expense and the NPL for each member category are based on internal valuation results which have been developed separately for the members associated with the Fire and Police Departments, the Harbor Port Police and the Airport Department. The Plan Fiduciary Net Position for each membership category was estimated by adjusting the valuation value of assets for each membership category by the ratio of the total LAFPP Plan Fiduciary Net Position to the total LAFPP valuation value of assets. Please see *Section 2, Determination of Proportionate Share* on page 26 for more details.

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

9. It is important to note that this actuarial valuation is based on plan assets as of June 30, 2023. The Plan's funded status does not reflect short-term fluctuations of the market, but rather is based on the market values on the last day of the Plan Year. Moreover, this actuarial valuation is based on Plan data as of June 30, 2022 and it does not include any possible short-term or long-term

impacts on mortality of the covered population that may emerge after June 30, 2022 due to COVID-19. Segal is available to prepare projections of potential outcomes of market conditions and other demographic experience upon request.

Summary of key valuation results

Reporting Date for Employer under GAS 68[1]		**June 30, 2024**	**June 30, 2023**
Measurement Date for Employer under GAS 68		**June 30, 2023**	**June 30, 2022**
Disclosure Elements for Plan Year Ending June 30:	Service Cost[2]	$452,190,432	$456,446,281
	Total Pension Liability (TPL)	26,800,919,509	25,907,293,994
	Plan Fiduciary Net Position	26,437,299,567	25,258,536,156
	Net Pension Liability (NPL)	363,619,942	648,757,838
	Plan Fiduciary Net Position as a percentage of the TPL	98.64%	97.50%
	Pension Expense	$357,323,775	$104,988,230
Schedule of Contributions for Plan Year Ending June 30:	Actuarially determined contributions	$481,824,295	$535,450,402
	Actual contributions	481,824,295	535,450,402
	Contribution deficiency/(excess)	0	0
Demographic Data for Plan Year Ending June 30:[3]	Number of retired members and beneficiaries	14,131	13,821
	Number of inactive vested members[4]	776	723
	Number of DROP members	1,496	1,415
	Number of active members	11,075	11,356
Key Assumptions as of June 30:	Investment rate of return	7.00%	7.00%
	Inflation rate	2.50%	2.75%
	Real across-the-board pay salary increase	0.50%	0.50%
	Projected salary increases[5]	3.90% to 12.00%	4.15% to 12.25%
	Cost-of-living adjustments (COLA)	2.75%	2.75%

1 The reporting date for the Plan is June 30, 2023 and June 30, 2022, respectively.

2 Excludes administrative expense load. The service cost is based on the previous year's assumptions, meaning the June 30, 2023 and June 30, 2022 values are based on the assumptions as of June 30, 2022 and June 30, 2021, respectively. The actuarial assumptions used to determine the service cost in the June 30, 2021 valuation were the same as those shown for the June 30, 2022 valuation.

3 Data as of June 30, 2022 is used in the measurement of the TPL as of June 30, 2023.

4 Includes inactive members due only a refund of member contributions.

5 Includes inflation at 2.50% plus real across-the-board salary increases of 0.50% plus merit and promotion increases that vary by service as of June 30, 2023. Includes inflation at 2.75% plus real across-the-board salary increases of 0.50% plus merit and promotion increases that vary by service as of June 30, 2022.

Important information about actuarial valuations

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

Plan provisions	Plan provisions define the rules that will be used to determine benefit payments, and those rules, or the interpretation of them, may change over time. Even where they appear precise, outside factors may change how they operate. It is important to keep Segal informed with respect to plan provisions and administrative procedures, and to review the plan description in this report (as well as the plan summary included in our funding valuation report) to confirm that Segal has correctly interpreted the plan of benefits.
Participant information	An actuarial valuation for a plan is based on data provided to the actuary by LAFPP. 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 LAFPP.
Actuarial assumptions	In preparing an actuarial valuation, Segal starts by developing a forecast of the benefits to be paid to existing plan participants for the rest of their lives and the lives of their beneficiaries. This requires actuarial assumptions as to the probability of death, disability, withdrawal, and retirement of participants in each year, as well as forecasts of the plan's benefits for each of those events. In addition, the benefits forecasted for each of those events in each future year reflect actuarial assumptions as to salary increases and cost-of-living adjustments. The forecasted benefits are then discounted to a present value, typically based on an estimate of the rate of return that will be achieved on the plan's assets. All of these factors are uncertain and unknowable. Thus, there will be a range of reasonable assumptions, and the results may vary materially based on which assumptions are selected within that range. That is, there is no right answer (except with hindsight). It is important for any user of an actuarial valuation to understand and accept this constraint. The actuarial model may use approximations and estimates that will have an immaterial impact on our results. In addition, the actuarial assumptions may change over time, and while this can have a significant impact on the reported results, it does not mean that the previous assumptions or results were unreasonable or wrong.
Models	Segal valuation results are based on proprietary actuarial modeling software. The actuarial valuation models generate a comprehensive set of liability and cost calculations that are presented to meet regulatory, legislative and client requirements. Deterministic cost projections are based on a proprietary forecasting model. 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 valuation is prepared at the request of LAFPP. 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 LAFPP 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. LAFPP should look to their other advisors for expertise in these areas.
While Segal maintains extensive quality assurance procedures, an actuarial valuation involves complex computer models and numerous inputs. In the event that an inaccuracy is discovered after presentation of Segal's valuation, Segal may revise that valuation or make an appropriate adjustment in the next valuation.
Segal's report shall be deemed to be final and accepted by LAFPP upon delivery and review. Trustees should notify Segal immediately of any questions or concerns about the final content.

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

Section 2: GAS 68 Information

General information about the pension plan

Plan description

Plan administration. The City of Los Angeles Fire and Police Pensions (LAFPP) was established by the City of Los Angeles in 1899. LAFPP is a single employer public employee retirement system whose main function is to provide retirement benefits to the safety members employed by the City of Los Angeles. It should be noted that there are three member categories in LAFPP: (1) the Harbor Port Police (an enterprise fund), (2) the Airport Department (an enterprise fund) and (3) the other members associated with the City's Fire and Police Departments.

LAFPP is administered by a Board of Commissioners composed of five commissioners who are appointed by the Mayor, two commissioners elected by Police Members of the Plan and two commissioners elected by Fire Members of the Plan. Under provisions of the City Charter, the City Administrative Code and the State Constitution, the Board has the responsibility to administer the Plan.

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

Retired members or beneficiaries currently receiving benefits	14,131
Inactive vested members entitled to but not yet receiving benefits[1]	776
DROP members	1,496
Active members	11,075
Total	**27,478**

Note: Data as of June 30, 2022 is used in the measurement of the TPL as of June 30, 2023.

Benefits provided. LAFPP provides service retirement, disability, death and survivor benefits to eligible sworn members of the Los Angeles Fire and Police Departments, Harbor Port Police and Airport Department. Sworn employees become members upon graduation from the Police Academy or Fire Drill Tower.

[1] Includes inactive members due only a refund of member contributions.

Section 2: GAS 68 Information

There are currently six tiers applicable to members of the LAFPP. Tier 1 includes members hired on or before January 28, 1967. Tier 2 includes members hired from January 29, 1967 through December 7, 1980, and those Tier 1 members who transferred to Tier 2 during the enrollment period of January 29, 1967 to January 29, 1968. Tier 3 includes members hired from December 8, 1980 through June 30, 1997 and those Tier 4 members hired during the period of July 1, 1997 through December 31, 1997 who elected to transfer to Tier 3 by the enrollment deadline of June 30, 1998. Tier 4 includes members hired from July 1, 1997 through December 31, 2001 and those Tier 3 members who elected to transfer to Tier 4 by the enrollment deadline of June 30, 1998. Tier 5 includes members hired from January 1, 2002 through June 30, 2011 and those active members of Tiers 2, 3, or 4 who elected to transfer to Tier 5 during the enrollment period of January 2, 2002 through December 31, 2002. Tier 6 was established for all firefighters and police officers hired on or after July 1, 2011.

Tier 1, Tier 2, and Tier 4 members are eligible to retire once they attain 20 years of service. Tier 3 members are eligible to retire once they reach age 50 and have attained 10 or more years of service. Tier 5 and Tier 6 members are eligible to retire once they reach age 50 and have attained 20 or more years of service.

The Service Retirement benefit the member will receive is based upon age at retirement, final average compensation, years of retirement service credit and tier.

The Tier 1 Service Retirement benefit is calculated pursuant to the provisions of Section 1304 of the Los Angeles Charter. The monthly allowance for a member with between 20 to 25 years of service who retires from active status is equal to 40% of the average monthly rate of salary assigned to the ranks or positions held by the member during the three years immediately preceding the date of his/her retirement plus 2% of the average rate of salary for each year of service in excess of 20 years. The monthly allowance for a member with between 25 to 34 years of service who retires from active status is equal to 50% of the average monthly rate of salary assigned to the ranks or positions held by the member during the three years immediately preceding the date of his/her retirement plus 1 2/3% of the average rate of salary for each year of service in excess of 25 years. The monthly allowance for a member with 35 or more years of service who retires from active status is equal to 66 2/3% of the average monthly rate of salary assigned to the ranks or positions held by the member during the three years immediately preceding the date of his/her retirement.

The Tier 2 Service Retirement benefit is calculated pursuant to the provisions of Section 1408 of the Los Angeles Charter. The monthly allowance for a member with less than 25 years of service who retires from active status is equal to 2% of Normal Pension Base per year of service. The monthly allowance for a member with 25 or more years of service who retires from active status is equal to 55% of Normal Pension Base plus 3% of Normal Pension Base for each year of service in excess of 25 years, with a maximum of 70% of Normal Pension Base.

The Tier 3 Service Retirement benefit is calculated pursuant to the provisions of Section 1504 of the Los Angeles Charter. The monthly allowance for a member with less than 20 years of service who retires from active status is equal to 2% of Final Average Salary per year of service. The monthly allowance for a member with 20 or more years of service who retires from active status is equal to 40% of Final Average Salary plus 3% of Final Average Salary for each year of service in excess of 20 years, with a maximum of 70% of Final Average Salary.

The Tier 4 Service Retirement benefit is calculated pursuant to the provisions of Section 1604 of the Los Angeles Charter. The monthly allowance for a member who retires from active status is equal to 40% of Final Average Salary plus 3% per year of service over 20 years, with a maximum of 70% of Final Average Salary.

The Tier 5 Service Retirement benefit is calculated pursuant to the provisions of Section 4.2004 of the Los Angeles Administrative Code. The monthly allowance for a member who retires from active status is equal to 50% of Final Average Salary plus 3% per year of service over 20, except for the 30th year, where 4% is provided, with a maximum of 90% of Final Average Salary.

The Tier 6 Service Retirement benefit is calculated pursuant to the provisions of Section 1704 of the Los Angeles Charter. The monthly allowance for a member who retires from active status is equal to 40% of Final Average Salary, plus 3% of Final Average Salary per year of service from 21 through 25 years, 4% of Final Average Salary per year of service from 26 through 30 years, and 5% of Final Average Salary per year of service over 30 years, with a maximum of 90% of Final Average Salary.

Under Tier 1, pension benefits are calculated based on the average monthly rate of salary assigned to the ranks or positions held by the member during the three years immediately preceding the date of his/her retirement. Under Tier 2, pension benefits are calculated based on the Normal Pension Base, the final monthly salary rate. Under Tiers 3 – 6, pension benefits are calculated based on the Final Average Salary. Under Tiers 3 – 5, the Final Average Salary is the highest monthly average salary actually received during any 12 consecutive months of service. Under Tier 6 the Final Average Salary is the highest monthly average salary actually received during any 24 consecutive months of service.

LAFPP provides annual cost-of-living adjustments (COLAs) to retirees. The cost-of-living adjustments are made each July 1 and vary by Tier. Under Tier 1 and Tier 2, the COLA is 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. Under Tier 3 and Tier 4, the COLA is the same as under Tier 1 and Tier 2 but is capped at 3%, with a prorated COLA in the first year of retirement. Under Tier 5 and Tier 6, the COLA is the same as under Tier 3 and Tier 4, with the excess of the COLA over 3% banked for future use when the COLA is under 3%.

The City of Los Angeles contributes to the retirement plan based upon actuarially determined contribution rates adopted by the Board of Commissioners based upon recommendations received from LAFPP’s actuary after the completion of the annual actuarial valuation. The average employer contribution rate for fiscal year 2022 – 2023 (based on the June 30, 2021 valuation) was 29.96% of compensation.

Section 2: GAS 68 Information

All members are required to make contributions to LAFPP regardless of tier in which they are included. However, members are exempt from making contributions when their continuous service exceeds 30 years for Tiers 1 through 4, and 33 years for Tier 5 and Tier 6. The average member contribution rate for fiscal year 2022 – 2023 was 9.45% of compensation paid biweekly.

Net Pension Liability

The components of the Net Pension Liability were as follows:

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	**June 30, 2023**	**June 30, 2022**
Total Pension Liability	$26,800,919,509	$25,907,293,994
Plan Fiduciary Net Position	26,437,299,567	25,258,536,156
Net Pension Liability	**$363,619,942**	**$648,757,838**
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	98.64%	97.50%

The Net Pension Liability (NPL) for the Plan was measured as of June 30, 2023 and June 30, 2022. The Plan Fiduciary Net Position (plan assets) was valued as of the measurement dates and the Total Pension Liability (TPL) as of June 30, 2023 and June 30, 2022 was determined based upon rolling forward the TPL from actuarial valuations as of June 30, 2022 and June 30, 2021, respectively.

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

Actuarial assumptions. The TPLs as of June 30, 2023 and 2022 were determined by actuarial valuations as of June 30, 2022 and 2021, respectively.

The TPL as of June 30, 2023 was remeasured by (1) revaluing the TPL as of June 30, 2022 (before the roll forward) to include the actuarial assumptions adopted in the July 1, 2019 through June 30, 2022 Experience Study Report dated May 10, 2023, and (2) using this revalued TPL in rolling forward the results from June 30, 2022 to June 30, 2023. The actuarial assumptions are the same as the assumptions used in the June 30, 2023 funding actuarial valuation, with the exception of adjusted retirement rates shown in *Section 3*. The following assumptions were applied to all periods included in the June 30, 2023 measurement:

Section 2: GAS 68 Information

Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Inflation rate	2.50%
Real across-the-board salary increase	0.50%
Projected salary increases	3.90% to 12.00% varying by service, including inflation and across-the-board salary increases
Cost of living adjustments	Retiree COLA increases of 2.75% per year for Tiers 1 through 6. For Tier 5 and Tier 6 members who have COLA banks, we assume they receive 3.0% COLA increases until their COLA banks are exhausted and 2.75% thereafter.
Other assumptions	See analysis of actuarial experience during the period July 1, 2019 through June 30, 2022 and *Section 3* for the service retirement rates after they have been adjusted to be based on the earlier date of first participation in the DROP.

The actuarial assumptions used in the June 30, 2022 measurement were based on the July 1, 2016 through June 30, 2019 Experience Study Report dated May 13, 2020. They are the same as the assumptions used in the June 30, 2022 funding actuarial valuation, with the exception of adjusted retirement rates shown in *Section 3*. The following assumptions were applied to all periods included in the June 30, 2022 measurement:

Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Inflation rate	2.75%
Real across-the-board salary increase	0.50%
Projected salary increases	4.15% to 12.25% varying by service, including inflation and across-the-board salary increases
Cost of living adjustments	Retiree COLA increases of 2.75% per year for Tiers 1 through 6. For Tier 5 and Tier 6 members who have COLA banks, we assume they receive 3.0% COLA increases until their COLA banks are exhausted and 2.75% thereafter.
Other assumptions	See analysis of actuarial experience during the period July 1, 2016 through June 30, 2019 and *Section 3* for the service retirement rates after they have been adjusted to be based on the earlier date of first participation in the DROP.

Determination of discount rate and investment rates of return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation and, beginning with June 30, 2023, any applicable investment management expenses) are developed for each major asset class. These returns are combined to produce the long-term expected arithmetic rate of return for the portfolio by weighting the expected arithmetic real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses (beginning with June 30, 2023 including only investment consulting fees, custodian fees and other miscellaneous investment expenses) and a risk margin. Beginning with June 30, 2023 this portfolio return is also adjusted to an expected geometric real rate of return for the portfolio.

The target allocation and projected arithmetic real rates of return for each major asset class (after deducting inflation) are shown in the following tables. For June 30, 2022 these rates are before deducting investment management expenses while for June 30, 2023 they are after deducting applicable investment management expenses. This information was used in the derivation of the long-term expected investment rate of return assumption in the actuarial valuations as of June 30, 2023 and June 30, 2022. This information will change every three years based on the actuarial experience study.

Section 2: GAS 68 Information

Asset Class	June 30, 2023 Target Allocation	June 30, 2023 Long-Term Expected Arithmetic Real Rate of Return
Large Cap U.S. Equity	23.00%	6.00%
Small Cap U.S. Equity	6.00%	6.65%
Developed International Equity	16.00%	7.01%
Emerging Markets Equity	5.00%	8.80%
U.S Core Fixed Income	9.90%	1.97%
High Yield Bonds	2.75%	4.63%
Global Credit	2.75%	0.89%
TIPS	4.40%	1.77%
Real Estate	7.00%	3.86%
Commodities	1.00%	4.21%
Cash Equivalents	1.00%	0.63%
Private Equity	14.00%	9.84%
Private Credit	2.00%	6.48%
Unconstrained Fixed Income	2.20%	2.50%
REITS	3.00%	5.25%
Total	**100.00%**	**5.80%**

Section 2: GAS 68 Information

June 30, 2022

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
Large Cap U.S. Equity	23.00%	5.40%
Small Cap U.S. Equity	6.00%	6.20%
Developed International Equity	16.00%	6.54%
Emerging Markets Equity	5.00%	8.78%
U.S. Core Fixed Income	13.00%	1.07%
TIPS	4.00%	0.62%
High Yield Bonds	3.00%	3.31%
Real Estate	7.00%	4.65%
Commodities	5.00%	3.05%
Cash	1.00%	0.01%
Unconstrained Fixed Income	2.00%	1.37%
Private Equity	12.00%	8.25%
REITS	3.00%	4.40%
Total	**100.00%**	**4.99%**

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

Discount rate sensitivity

Sensitivity of the Net Pension Liability to changes in the discount rate. The following presents the NPL of LAFPP as of June 30, 2023, calculated using the discount rate of 7.00%, as well as what LAFPP's NPL 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%)
Fire and Police	$3,996,489,948	$366,497,770	$(2,591,213,715)
Harbor Port Police	22,080,628	(1,058,880)	(19,488,105)
Airport	2,704,360	(1,818,948)	(5,285,289)
Total for the City	**$4,021,274,936**	**$363,619,942**	**$(2,615,987,109)**

Schedule of changes in Net Pension Liability

Reporting Date for Employer under GAS 68 Measurement Date for Employer under GAS 68	June 30, 2024 June 30, 2023	June 30, 2023 June 30, 2022
Total Pension Liability		
• Service cost	$452,190,432	$456,446,281
• Interest	1,797,827,629	1,749,639,881
• Change of benefit terms	0	0
• Differences between expected and actual experience	258,373,120	(214,833,237)
• Changes of assumptions	(262,300,500)	0
• Benefit payments, including refunds of member contributions	(1,352,465,166)	(1,244,736,193)
• Other	0	0
Net change in Total Pension Liability	**$893,625,515**	**$746,516,732**
Total Pension Liability – beginning	25,907,293,994	25,160,777,262
Total Pension Liability – ending	**$26,800,919,509**	**$25,907,293,994**
Plan Fiduciary Net Position		
• Contributions – employer	$481,824,295	$535,450,402
• Contributions – member	151,934,789	149,243,422
• Net investment income	1,920,463,690	(2,021,582,521)
• Benefit payments, including refunds of member contributions	(1,352,465,166)	(1,244,736,193)
• Administrative expense	(22,994,197)	(22,146,088)
• Other	0	0
Net change in Plan Fiduciary Net Position	**$1,178,763,411**	**$(2,603,770,978)**
Plan Fiduciary Net Position – beginning	25,258,536,156	27,862,307,134
Plan Fiduciary Net Position – ending	**$26,437,299,567**	**$25,258,536,156**
Net Pension Liability – ending	**$363,619,942**	**$648,757,838**
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	98.64%	97.50%
Covered payroll[1]	$1,608,133,494	$1,598,684,776
Net Pension Liability as percentage of covered payroll	22.61%	40.58%

[1] Covered payroll represents payroll on which contributions to the pension plan are based.

Schedule of employer contributions

Year Ended December 31	Actuarially Determined Contributions[1]	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency / (Excess)	Covered Payroll[2]	Contributions as a Percentage of Covered Payroll[3]
2014	$440,698,260	$440,698,260	$0	$1,308,198,504	33.69%
2015	480,332,251	480,332,251	0	1,314,360,387	36.54%
2016	478,385,438	478,385,438	0	1,351,788,221	35.39%
2017	454,308,852	454,308,852	0	1,397,244,974	32.51%
2018	459,631,946 [4]	459,631,946[4]	0	1,451,995,822	31.66%
2019	504,877,399	504,877,399	0	1,487,977,884	33.93%
2020	516,638,053	516,638,053	0	1,509,613,198	34.22%
2021	543,818,747	543,818,747	0	1,603,349,052	33.92%
2022	535,450,402	535,450,402	0	1,598,684,776	33.49%
2023	481,824,295	481,824,295	0	1,608,133,494	29.96%

See accompanying notes to this schedule on the next page.

1 All “Actuarially Determined Contributions” through June 30, 2015 were determined as the “Annual Required Contribution” under GAS 25 and 27.
2 Covered payroll represents payroll on which contributions to the pension plan are based.
3 Contribution rate as a percentage of payroll reflects discount applied when the employer prepays its contributions. This rate has been “backed” into by dividing the actual contributions by the budgeted covered payroll.
4 Excludes $1,334,647 transferred from LACERS for the Airport Police members who elected to join LAFPP Tier 6.

Schedule of employer contributions (continued)

Notes to Schedule:

Methods and assumptions used to establish “actuarially determined contribution” (ADC) rates for the year ended June 30, 2023:

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 Actuarial Cost Method.
Amortization method	Level percent of payroll
Remaining amortization period	Any Surplus is amortized over an open (non-decreasing) thirty-year period. Any changes in UAAL due to actuarial gains or losses are amortized over separate twenty-year periods as a level percentage of payroll. Any changes in UAAL from plan amendments are amortized over separate fifteen-year periods as a level percentage of payroll. Any changes in UAAL from plan assumption changes are amortized over separate twenty-year periods as a level percentage of payroll. For Tier 1, level dollar amortization is used with last period ending on June 30, 2037. For Tiers 2, 3 and 4, level percent of payroll amortization with multiple layers is used as a percent of total valuation payroll from the respective employer (i.e., City). For Tiers 5 and 6, level percent of payroll with multiple layers is used as a percent of combined payroll for these tiers from the respective employer (i.e., City, Harbor Department or Airport Department).
Asset valuation method	The market value of assets less unrecognized returns. Unrecognized return is equal to the difference between the actual and the expected return on a market value basis, and is recognized over a seven-year period. The actuarial value of assets is further adjusted, if necessary, to be within 40% of the market value of assets.

Actuarial assumptions	
Valuation date	**June 30, 2021 Valuation (used for establishing the ADC for the year ended June 30, 2023)**
Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Inflation rate	2.75%
Administrative expenses	Out of the total 1.40% of payroll in administrative expense, 1.29% of payroll payable biweekly is allocated to the Retirement Plan. This is equal to 1.25% of payroll payable at beginning of the year.
Real across-the-board salary increase	0.50%
Projected salary increases	4.15% to 12.25% varying by service, including inflation and across-the-board salary increases
Cost of Living Adjustments	Retiree COLA increases of 2.75% per year for Tiers 1 through 6. For Tier 5 and Tier 6 members who have COLA banks, we assume they receive 3.0% COLA increases until their COLA banks are exhausted and 2.75% thereafter.
Other assumptions	Same as those used in the June 30, 2021 funding actuarial valuation.

Determination of Proportionate Share

Allocation of June 30, 2022 Net Pension Liability

Member Category	Total NPL
Fire and Police	$647,195,460
Harbor Port Police	982,904
Airport	579,474
Total for the City	**$648,757,838**

Allocation of June 30, 2023 Net Pension Liability

Member Category	Total NPL
Fire and Police	$366,497,770
Harbor Port Police	(1,058,880)
Airport	(1,818,948)
Total for the City	**$363,619,942**

Note:

The Net Pension Liability (NPL) for each member category is the Total Pension Liability (TPL) minus the Plan Fiduciary Net Position (plan assets). The Total Pension Liability for each member category is obtained from internal valuation results and is calculated separately for each of the members associated with the Fire and Police Departments, the Harbor Port Police, and the Airport Department. The Plan Fiduciary Net Position for each membership category was estimated by adjusting the valuation value of assets for each membership category by the ratio of the total LAFPP Plan Fiduciary Net Position to the total LAFPP valuation value of assets.

The adjustment of the Plan Fiduciary Net Position as of June 30, 2023 further reflects an asset transfer for one member who transferred between two of the three member categories between July 1, 2021 and June 30, 2022 (about $76,000 from the Airport Department to the Fire and Police Departments for the Pension Plan).

Section 2: GAS 68 Information

The following items are allocated based on the internal valuation results maintained and calculated separately for each of the members associated with the Fire and Police Departments, the Harbor Port Police and the Airport Department.

1. Net Pension Liability
2. Service cost
3. Interest on the Total Pension Liability
4. 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. Other
12. Recognition of beginning of year deferred outflows of resources as pension expense
13. Recognition of beginning of year deferred inflows of resources as pension expense

Pension expense

Total for All Employers

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	**June 30, 2023**	**June 30, 2022**
• Service cost	$452,190,432	$456,446,281
• Interest on the Total Pension Liability	1,797,827,629	1,749,639,881
• Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	0	0
• Current-period benefit changes	0	0
• Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	46,891,673	(39,060,589)
• Expensed portion of current-period changes of assumptions or other inputs	(47,604,447)	0
• Member contributions	(151,934,789)	(149,243,422)
• Projected earnings on plan investments	(1,757,596,551)	(1,947,163,937)
• Expensed portion of current-period differences between projected and actual earnings on plan investments	(32,573,428)	793,749,292
• Administrative expense	22,994,197	22,146,088
• Other	0	0
• Recognition of beginning of year deferred outflows of resources as pension expense	1,165,179,017	461,796,630
• Recognition of beginning of year deferred inflows of resources as pension expense	(1,138,049,958)	(1,243,321,994)
• Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	0	0
Pension Expense	**$357,323,775**	**$104,988,230**

Pension expense (continued)

Fire and Police

Reporting Date for Employer under GAS 68 Measurement Date for Employer under GAS 68	June 30, 2024 June 30, 2023	June 30, 2023 June 30, 2022
• Service cost	$444,100,251	$448,587,116
• Interest on the Total Pension Liability	1,788,040,074	1,740,502,861
• Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	0	0
• Current-period benefit changes	0	0
• Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	46,817,483	(38,102,598)
• Expensed portion of current-period changes of assumptions or other inputs	(47,099,076)	0
• Member contributions	(149,370,147)	(146,625,065)
• Projected earnings on plan investments	(1,747,930,539)	(1,937,336,059)
• Expensed portion of current-period differences between projected and actual earnings on plan investments	(32,381,250)	789,985,579
• Administrative expense	22,628,210	21,808,056
• Other	(75,803)	0
• Recognition of beginning of year deferred outflows of resources as pension expense	1,158,332,666	458,428,357
• Recognition of beginning of year deferred inflows of resources as pension expense	(1,131,742,083)	(1,237,337,773)
• Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	0	0
Pension Expense	**$351,319,786**	**$99,910,474**

Pension expense (continued)

Harbor Port Police

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	**June 30, 2023**	**June 30, 2022**
• Service cost	$5,414,110	$5,288,914
• Interest on the Total Pension Liability	8,433,723	7,981,718
• Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	0	0
• Current-period benefit changes	0	0
• Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	168,087	(783,051)
• Expensed portion of current-period changes of assumptions or other inputs	(307,572)	0
• Member contributions	(1,616,707)	(1,669,659)
• Projected earnings on plan investments	(8,341,942)	(8,679,376)
• Expensed portion of current-period differences between projected and actual earnings on plan investments	(162,738)	3,375,855
• Administrative expense	239,988	222,954
• Other	0	0
• Recognition of beginning of year deferred outflows of resources as pension expense	5,950,001	2,776,422
• Recognition of beginning of year deferred inflows of resources as pension expense	(5,568,520)	(5,410,475)
• Net amortization of deferred amounts from changes in proportion and differences between employer’s contributions and proportionate share of contributions	0	0
Pension Expense	**$4,208,430**	**$3,103,302**

Pension expense (continued)

Airport

Reporting Date for Employer under GAS 68 Measurement Date for Employer under GAS 68	June 30, 2024 June 30, 2023	June 30, 2023 June 30, 2022
• Service cost	$2,676,071	$2,570,251
• Interest on the Total Pension Liability	1,353,832	1,155,302
• Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	0	0
• Current-period benefit changes	0	0
• Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(93,897)	(174,940)
• Expensed portion of current-period changes of assumptions or other inputs	(197,799)	0
• Member contributions	(947,935)	(948,698)
• Projected earnings on plan investments	(1,324,070)	(1,148,502)
• Expensed portion of current-period differences between projected and actual earnings on plan investments	(29,440)	387,858
• Administrative expense	125,999	115,078
• Other	75,803	0
• Recognition of beginning of year deferred outflows of resources as pension expense	896,350	591,851
• Recognition of beginning of year deferred inflows of resources as pension expense	(739,355)	(573,746)
• Net amortization of deferred amounts from changes in proportion and differences between employer’s contributions and proportionate share of contributions	0	0
Pension Expense	**$1,795,559**	**$1,974,454**

Deferred outflows of resources and deferred inflows of resources

Total For All Employers

Reporting Date for Employer under GAS 68 Measurement Date for Employer under GAS 68	June 30, 2024 June 30, 2023	June 30, 2023 June 30, 2022
Deferred Outflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions[1]	$0	$0
• Changes of assumptions or other inputs	63,154,178	133,322,361
• Net difference between projected and actual earnings on pension plan investments (if any)	248,179,196	317,911,392
• Difference between actual and expected experience in the Total Pension Liability	346,898,799	195,626,511
• **Total Deferred Outflows of Resources**	**$658,232,173**	**$646,860,264**
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	214,696,053	0
• Net difference between actual and projected earnings on pension plan investments (if any)	0	0
• Difference between expected and actual experience in the Total Pension Liability	144,390,583	187,077,351
• **Total Deferred Inflows of Resources**	**$359,086,636**	**$187,077,351**
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:		
Reporting Date for Employer under GAS 68 Year Ended June 30:		
2024	N/A	$27,129,059
2025	$(79,428,102)	(46,141,900)
2026	(326,620,430)	(293,334,228)
2027	758,374,072	791,660,274
2028	(52,816,493)	(19,530,292)
2029	(363,510)	0
2030	0	0

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

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

Fire and Police

Reporting Date for Employer under GAS 68 Measurement Date for Employer under GAS 68	June 30, 2024 June 30, 2023	June 30, 2023 June 30, 2022
Deferred Outflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions[1]	$0	$0
• Changes of assumptions or other inputs	62,284,985	131,678,507
• Net difference between projected and actual earnings on pension plan investments (if any)	247,237,916	316,687,650
• Difference between actual and expected experience in the Total Pension Liability	343,628,302	191,764,989
• **Total Deferred Outflows of Resources**	**$653,151,203**	**$640,131,146**
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	212,416,831	0
• Net difference between actual and projected earnings on pension plan investments (if any)	0	0
• Difference between expected and actual experience in the Total Pension Liability	140,355,502	182,366,711
• **Total Deferred Inflows of Resources**	**$352,772,333**	**$182,366,711**
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:		
Reporting Date for Employer under GAS 68 Year Ended June 30:		
2024	N/A	$26,590,583
2025	$(78,646,279)	(45,983,436)
2026	(324,579,520)	(291,916,677)
2027	755,462,418	788,125,261
2028	(51,714,140)	(19,051,296)
2029	(143,609)	0
2030	0	0

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

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

Harbor Port Police

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	**June 30, 2023**	**June 30, 2022**
Deferred Outflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions[1]	$0	$0
• Changes of assumptions or other inputs	783,285	1,477,182
• Net difference between projected and actual earnings on pension plan investments (if any)	897,471	1,160,060
• Difference between actual and expected experience in the Total Pension Liability	3,260,797	3,491,039
• **Total Deferred Outflows of Resources**	**$4,941,553**	**$6,128,281**
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	1,387,151	0
• Net difference between actual and projected earnings on pension plan investments (if any)	0	0
• Difference between expected and actual experience in the Total Pension Liability	2,972,150	3,884,517
• **Total Deferred Inflows of Resources**	**$4,359,301**	**$3,884,517**
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:		
Reporting Date for Employer under GAS 68 Year Ended June 30:		
2024	N/A	$381,481
2025	$(268,418)	33,805
2026	(1,411,714)	(1,109,491)
2027	3,027,270	3,329,493
2028	(693,745)	(391,524)
2029	(71,141)	0
2030	0	0

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

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

Airport

Reporting Date for Employer under GAS 68 Measurement Date for Employer under GAS 68	June 30, 2024 June 30, 2023	June 30, 2023 June 30, 2022
Deferred Outflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions[1]	$0	$0
• Changes of assumptions or other inputs	85,908	166,672
• Net difference between projected and actual earnings on pension plan investments (if any)	43,809	63,682
• Difference between actual and expected experience in the Total Pension Liability	9,700	370,483
• **Total Deferred Outflows of Resources**	**$139,417**	**$600,837**
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	892,071	0
• Net difference between actual and projected earnings on pension plan investments (if any)	0	0
• Difference between expected and actual experience in the Total Pension Liability	1,062,931	826,123
• **Total Deferred Inflows of Resources**	**$1,955,002**	**$826,123**
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:		
Reporting Date for Employer under GAS 68 Year Ended June 30:		
2024	N/A	$156,995
2025	$(513,405)	(192,269)
2026	(629,196)	(308,060)
2027	(115,616)	205,520
2028	(408,608)	(87,472)
2029	(148,760)	0
2030	0	0

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

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

Amounts shown in this exhibit were allocated by Fire and Police, Harbor Port Police, and Airport Department member categories based on the internal calculations as described on page 26.

In determining the pension expense:

- Any differences between projected and actual investment earnings on pension plan investments are recognized over a period of five years beginning with the year in which they occur.
- Current period (i.e., 2022/2023) differences between expected and actual experience and changes of assumptions (if any) or other inputs (if any) are recognized over the average of the expected remaining service lives of all employees that are provided with pensions through LAFPP determined as of June 30, 2022 (the beginning of the measurement period ending June 30, 2023) and is 5.51 years.
- Prior period differences between expected and actual experience and changes of assumptions or other inputs are continued to be recognized based on the expected remaining service lives of all employees calculated as of those prior measurement dates.

The average of the expected remaining service lives of all employees was 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 non-active or retired member.
- Dividing the sum of the above amounts by the total number of active, non-active and retired members.

There is no change in the pension expense brought about by "Changes in proportion and differences between employer contributions and proportionate share of contributions". This is because calculations are done separately to track TPL and Plan Fiduciary Net Position for each of the Fire and Police Departments, Harbor Port Police and Airport Department.

Schedule of proportionate share of the Net Pension Liability

Total for All Employers

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 Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	100.000%	$1,872,287,443	$1,308,198,504	143.12%	90.07%
2016	100.000%	2,038,873,680	1,314,360,387	155.12%	89.48%
2017	100.000%	2,461,132,383	1,351,788,221	182.06%	87.42%
2018	100.000%	1,817,323,215	1,397,244,974	130.06%	91.27%
2019	100.000%	1,254,716,281	1,451,995,822	86.41%	94.23%
2020	100.000%	1,738,304,363	1,487,977,884	116.82%	92.44%
2021	100.000%	2,572,781,707	1,509,613,198	170.43%	89.27%
2022	100.000%	(2,701,529,872)	1,603,349,052	(168.49%)	110.74%
2023	100.000%	648,757,838	1,598,684,776	40.58%	97.50%
2024	100.000%	363,619,942	1,608,133,494	22.61%	98.64%

[1] Covered payroll represents payroll on which contributions to the pension plan are based.

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

Fire and Police

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 Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	99.441%	$1,861,824,464	$1,296,579,122	143.60%	90.10%
2016	99.575%	2,030,202,385	1,302,059,488	155.92%	89.50%
2017	99.592%	2,451,082,147	1,339,604,221	182.97%	87.43%
2018	99.655%	1,811,050,234	1,383,703,751	130.88%	91.27%
2019	99.516%	1,248,638,250	1,435,946,590	86.96%	94.23%
2020	99.492%	1,729,476,357	1,468,523,373	117.77%	92.45%
2021	99.591%	2,562,247,178	1,488,010,947	172.19%	89.26%
2022	99.630%	(2,691,538,056)	1,579,733,175	(170.38%)	110.75%
2023	99.759%	647,195,460	1,572,038,001	41.17%	97.49%
2024	100.791%	366,497,770	1,578,096,386	23.22%	98.63%

[1] Covered payroll represents payroll on which contributions to the pension plan are based.

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

Harbor Port Police

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 Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.559%	$10,462,979	$11,619,382	90.05%	79.16%
2016	0.425%	8,671,295	12,300,899	70.49%	83.98%
2017	0.408%	10,050,236	12,184,000	82.49%	83.02%
2018	0.345%	6,272,981	13,541,223	46.33%	90.41%
2019	0.365%	4,585,124	14,167,622	32.36%	93.77%
2020	0.418%	7,259,664	14,583,811	49.78%	91.40%
2021	0.319%	8,218,893	15,462,251	53.15%	91.28%
2022	0.366%	(9,885,365)	15,757,877	(62.73%)	109.02%
2023	0.152%	982,904	16,554,386	5.94%	99.16%
2024	(0.291%)	(1,058,880)	16,873,901	(6.28%)	100.84%

[1] Covered payroll represents payroll on which contributions to the pension plan are based.

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

Airport

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 Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.000%	$0	$0	N/A	N/A
2016	0.000%	0	0	N/A	N/A
2017	0.000%	0	0	N/A	N/A
2018	0.000%	0	0	N/A	N/A
2019	0.119%	1,492,907	1,881,610	79.34%	73.15%
2020	0.090%	1,568,342	4,870,700	32.20%	79.50%
2021	0.090%	2,315,636	6,140,000	37.71%	77.96%
2022	0.004%	(106,451)	7,858,000	(1.35%)	100.76%
2023	0.089%	579,474	10,092,389	5.74%	96.52%
2024	(0.500%)	(1,818,948)	13,163,207	(13.82%)	109.53%

[1] Covered payroll represents payroll on which contributions to the pension plan are based.

Schedule of reconciliation of Net Pension Liability

Total for All Employers

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	**June 30, 2023**	**June 30, 2022**
• Beginning Net Pension Liability	$648,757,838	$(2,701,529,872)
• Pension Expense	357,323,775	104,988,230
• Employer Contributions	(481,824,295)	(535,450,402)
• New Net Deferred Inflows/Outflows	(133,508,317)	2,999,224,518
• New Net Deferred Flows Due to Change in Proportion	0	0
• Recognition of Prior Deferred Inflows/Outflows	(27,129,059)	781,525,364
Ending Net Pension Liability	**$363,619,942**	**$648,757,838**

Schedule of reconciliation of Net Pension Liability (continued)

Fire and Police

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	**June 30, 2023**	**June 30, 2022**
• Beginning Net Pension Liability	$647,195,460	$(2,691,538,056)
• Pension Expense	351,319,786	99,910,474
• Employer Contributions	(474,631,911)	(528,566,996)
• New Net Deferred Inflows/Outflows	(130,794,982)	2,988,480,622
• New Net Deferred Flows Due to Change in Proportion	0	0
• Recognition of Prior Deferred Inflows/Outflows	(26,590,583)	778,909,416
Ending Net Pension Liability	**$366,497,770**	**$647,195,460**

Schedule of reconciliation of Net Pension Liability (continued)

Harbor Port Police

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	**June 30, 2023**	**June 30, 2022**
• Beginning Net Pension Liability	$982,904	$(9,885,365)
• Pension Expense	4,208,430	3,103,302
• Employer Contributions	(4,588,702)	(4,848,780)
• New Net Deferred Inflows/Outflows	(1,280,031)	9,979,694
• New Net Deferred Flows Due to Change in Proportion	0	0
• Recognition of Prior Deferred Inflows/Outflows	(381,481)	2,634,053
Ending Net Pension Liability	**$(1,058,880)**	**$982,904**

Schedule of reconciliation of Net Pension Liability (continued)

Airport

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	**June 30, 2023**	**June 30, 2022**
• Beginning Net Pension Liability	$579,474	$(106,451)
• Pension Expense	1,795,559	1,974,454
• Employer Contributions	(2,603,682)	(2,034,626)
• New Net Deferred Inflows/Outflows	(1,433,304)	764,202
• New Net Deferred Flows Due to Change in Proportion	0	0
• Recognition of Prior Deferred Inflows/Outflows	(156,995)	(18,105)
Ending Net Pension Liability	**$(1,818,948)**	**$579,474**

Schedule of recognition of changes in total Net Pension Liability

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

Reporting Date for Employer Under GAS 68 Year Ended June 30	Differences Between Actual and Expected Experience	Recognition Period (Years)	Reporting Date for Employer under GAS 68 Year Ended June 30:						
			2023	2024	2025	2026	2027	2028	2029
2018	$(320,403,684) [1]	5.74	$(41,306,399)	$0	$0	$0	$0	$0	$0
2019	21,699,834 [1]	5.81	3,734,911	3,025,279	0	0	0	0	0
2020	81,464,725 [1]	5.78	14,094,243	14,094,243	10,993,510	0	0	0	0
2021	(23,348,213) [1]	5.79	(4,032,507)	(4,032,507)	(4,032,507)	(3,185,678)	0	0	0
2022	254,451,398 [1]	5.85	43,495,965	43,495,965	43,495,965	43,495,965	36,971,573	0	0
2023	(214,833,237)	5.50	(39,060,589)	(39,060,589)	(39,060,589)	(39,060,589)	(39,060,589)	(19,530,292)	0
2024	258,373,120	5.51	N/A	46,891,673	46,891,673	46,891,673	46,891,673	46,891,673	23,914,755
Net Increase/(Decrease) in Pension Expense			**$(23,074,376)**	**$64,414,064**	**$58,288,052**	**$48,141,371**	**$44,802,657**	**$27,361,381**	**$23,914,755**

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 pensions through LAFPP (active and inactive members) determined as of June 30, 2022 (the beginning of the measurement period ending June 30, 2023) is 5.51 years.

[1] The amortization amounts prior to June 30, 2023 have been omitted from this Schedule. Those amounts can be found in prior years' GAS 68 reports.

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

Increase / (Decrease) in Pension Expense Arising from the Recognition of the Effects of Changes of Assumptions or Other Inputs

Reporting Date for Employer Under GAS 68 Year Ended June 30	Changes of Assumptions or Other Inputs	Recognition Period (Years)	Reporting Date for Employer under GAS 68 Year Ended June 30: 2023	2024	2025	2026	2027	2028	2029
2018	$695,449,707[1]	5.74	$89,657,277	$0	$0	$0	$0	$0	$0
2020	357,369,205 [1]	5.78	61,828,582	61,828,582	48,226,295	0	0	0	0
2021	48,286,287 [1]	5.79	8,339,601	8,339,601	8,339,601	6,588,282	0	0	0
2024	(262,300,500)	5.51	N/A	(47,604,447)	(47,604,447)	(47,604,447)	(47,604,447)	(47,604,447)	(24,278,265)
Net Increase/(Decrease) in Pension Expense			**$159,825,460**	**$22,563,736**	**$8,961,449**	**$(41,016,165)**	**$(47,604,447)**	**$(47,604,447)**	**$(24,278,265)**

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 pensions through LAFPP (active and inactive members) determined as of June 30, 2022 (the beginning of the measurement period ending June 30, 2023) is 5.51 years.

[1] The amortization amounts prior to June 30, 2023 have been omitted from this Schedule. Those amounts can be found in prior years' GAS 68 reports.

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

Increase / (Decrease) in Pension Expense Arising from the Recognition of the Net Difference Between Projected and Actual Earnings on Pension Plan Investments

Reporting Date for Employer Under GAS 68 Year Ended June 30	Net Difference Between Projected and Actual Earnings	Recognition Period (Years)	Reporting Date for Employer under GAS 68 Year Ended June 30:						
			2023	2024	2025	2026	2027	2028	2029
2018	$(975,480,485) [1]	5.00	$0	$0	$0	$0	$0	$0	$0
2019	(515,131,148)[1]	5.00	(103,026,228)	0	0	0	0	0	0
2020	267,713,292 [1]	5.00	53,542,658	53,542,660	0	0	0	0	0
2021	935,340,175 [1]	5.00	187,068,035	187,068,035	187,068,035	0	0	0	0
2022	(5,474,607,508) [1]	5.00	(1,094,921,502)	(1,094,921,502)	(1,094,921,502)	(1,094,921,500)	0	0	0
2023	3,968,746,458	5.00	793,749,292	793,749,292	793,749,292	793,749,292	793,749,290	0	0
2024	(162,867,139)	5.00	N/A	(32,573,428)	(32,573,428)	(32,573,428)	(32,573,428)	(32,573,427)	0
Net Increase/(Decrease) in Pension Expense			**$(163,587,745)**	**$(93,134,943)**	**$(146,677,603)**	**$(333,745,636)**	**$761,175,862**	**$(32,573,427)**	**$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.

[1] The amortization amounts prior to June 30, 2023 have been omitted from this Schedule. Those amounts can be found in prior years' GAS 68 reports.

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

Total Increase / (Decrease) in Pension Expense

Reporting Date for Employer Under GAS 68 Year Ended June 30	Total Increase / (Decrease)	Reporting Date for Employer under GAS 68 Year Ended June 30: 2023	2024	2025	2026	2027	2028	2029
2018	$(600,434,462) [1]	$48,350,878	$0	$0	$0	$0	$0	$0
2019	(493,431,314)[1]	(99,291,317)	3,025,279	0	0	0	0	0
2020	706,547,222 [1]	129,465,483	129,465,485	59,219,805	0	0	0	0
2021	960,278,249 [1]	191,375,129	191,375,129	191,375,129	3,402,604	0	0	0
2022	(5,220,156,110) [1]	(1,051,425,537)	(1,051,425,537)	(1,051,425,537)	(1,051,425,535)	36,971,573	0	0
2023	3,753,913,221	754,688,703	754,688,703	754,688,703	754,688,703	754,688,701	(19,530,292)	0
2024	(166,794,519)	N/A	(33,286,202)	(33,286,202)	(33,286,202)	(33,286,202)	(33,286,201)	(363,510)
Net Increase/(Decrease) in Pension Expense		**$(26,836,661)**	**$(6,157,143)**	**$(79,428,102)**	**$(326,620,430)**	**$758,374,072**	**$(52,816,493)**	**$(363,510)**

[1] The amortization amounts prior to June 30, 2023 have been omitted from this Schedule. Those amounts can be found in prior years' GAS 68 reports.

Allocation of changes in total Net Pension Liability

There is no change in the pension expense brought about by “Changes in proportion and differences between employer contributions and proportionate share of contributions”. This is because calculations are done separately to track TPL and Plan Fiduciary Net Position for each of the Fire and Police Departments, Harbor Port Police and Airport Department.

Section 3: Actuarial Assumptions and Methods and Appendices

Actuarial assumptions and methods

For June 30, 2023 measurement date and employer reporting as of June 30, 2024

Rationale for Assumptions

The information and analysis used in selecting each assumption that has a significant effect on this actuarial valuation is shown in the July 1, 2019 through June 30, 2022 Actuarial Experience Study report dated May 10, 2023. Unless otherwise noted, all actuarial assumptions and methods shown below apply to all tiers. These assumptions were adopted by the Board.

Economic Assumptions

Net Investment Return	7.00%; net of investment expenses. Based on the Actuarial Experience Study referenced above, expected investment expenses represent about 0.10% of the Actuarial Value of Assets.
Administrative Expenses	Out of the total 1.45% of payroll in assumed administrative expenses, 1.32% of payroll payable biweekly is allocated to the Retirement Plan. This is equal to 1.28% of payroll payable at beginning of the year.
Interest Crediting Rate on Member Account	3.00%[1]
Consumer Price Index (CPI or Inflation)	CPI Increase of 2.50% per year.
Cost-of-Living Adjustments (COLA)	Retiree COLA increases of 2.75% per year for Tiers 1 through 6. For Tier 5 and Tier 6 members who have COLA banks, we assume they receive 3.0% COLA increases until their COLA banks are exhausted and 2.75% thereafter.
Payroll Growth	Inflation of 2.50% per year plus “across the board” real salary increases of 0.50% per year, used to amortize the Unfunded Actuarial Accrued Liability as a level percentage of payroll.
Increase in Internal Revenue Code Section 401(a)(17) Compensation Limit	Increase of 2.50% per year from the valuation date.

[1] The above rate is only used for valuation purposes. The actual interest crediting rate on member account is determined by the Board every 6 months and is based on earned investment income as defined under the Board’s operating policies and procedures.

Salary Increases

The annual rate of compensation increase includes:

- Inflation at 2.50%, plus
- “Across the board” salary increases of 0.50% per year, plus
- The following merit and promotion increases:

Years of Service	Rate (%)
Less than 1	9.00
1 – 2	7.00
2 – 3	6.50
3 – 4	5.50
4 – 5	4.00
5 – 6	2.75
6 – 7	2.00
7 – 8	2.00
8 – 9	2.00
9 – 10	2.50
10 – 11	1.90
11 – 12	1.80
12 – 13	1.70
13 – 14	1.60
14 – 15	2.00
15 – 16	1.40
16 – 17	1.30
17 – 18	1.20
18 – 19	1.20
19 – 20	1.60
20 – 25	1.00
25 & Over	0.90

Increases are assumed to occur beginning of the year for future salary increases.

We annualized biweekly pay (by multiplying by 365 and dividing by 14), supplied by LAFPP.

Demographic Assumptions

Post-Retirement Mortality Rates

Healthy

- Pub-2010 Safety Healthy Retiree Amount-Weighted Above-Median Mortality Table increased by 5% for males and unadjusted for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.

Disabled

- Pub-2010 Safety Disabled Retiree Amount-Weighted Mortality Table projected generationally with the two dimensional mortality improvement scale MP-2021.

Beneficiary

- **Not In Pay Status as of Valuation:** Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table increased by 5% for males and females, projected generationally with the two-dimensional mortality improvement scale MP-2021.
- **In Pay Status as of Valuation:** Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table increased by 5% for males and increased by 10% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.

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

Notes:

The above listed *Safety Healthy Retiree* table only provides rates for ages 45 and older. To develop mortality rates for ages 36 through 44, we have smoothed the difference between the rates at age 35 from the Pub-2010 Safety Employee Amount-Weighted Above-Median Mortality Tables and the rates at age 45 from the Pub-2010 Safety Healthy Retiree Amount-Weighted Above-Median Mortality Tables. To develop the mortality rates before age 36, we have used the Pub-2010 Safety Employee Amount-Weighted Above-Median Mortality Tables rates.

The above listed *General Healthy Retiree* table only provides rates for ages 50 and older. To develop mortality rates for ages 41 through 49, we have smoothed the difference between the rates at age 40 from the Pub-2010 General Employee Amount-Weighted Above-Median Mortality Tables and the rates at age 50 from the Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Tables. To develop the mortality rates before age 41, we have used the Pub-2010 General Employee Amount-Weighted Above-Median Mortality Tables rates.

This methodology for developing extended annuitant mortality tables is similar to the method used by the IRS to develop the base mortality table for determining minimum funding standards for single-employer defined benefit pension plans under Internal Revenue Code Section 430. While Section 430 is not applicable to LAFPP, we believe this is a reasonable method for developing annuitant mortality rates at earlier ages.

Pre-Retirement Mortality Rates

- Pub-2010 Safety Employee Amount-Weighted Above-Median Mortality Table, projected generationally with the two-dimensional mortality improvement scale MP-2021.

	Rate (%)	
Age	**Male**	**Female**
20	0.04	0.02
25	0.03	0.02
30	0.04	0.02
35	0.04	0.03
40	0.05	0.04
45	0.07	0.06
50	0.10	0.08
55	0.15	0.11
60	0.23	0.15

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

All pre-retirement deaths are assumed to be service connected.

Disability Incidence

	Rate (%)	
Age	**Fire**	**Police**
25	0.01	0.01
30	0.02	0.03
35	0.05	0.08
40	0.08	0.18
45	0.11	0.25
50	0.14	0.29
55	0.36	0.36
60	0.50	0.61
65	0.20	0.30
70	0.00	0.00

85% of disabilities are assumed to be service connected disabilities. The other 15% are assumed to be non-service connected disabilities.

Disability rates are not applied to members eligible to enter the DROP.

Termination

Less Than Five Years of Service

	Rate (%)	
Years of Service	**Fire**	**Police**
Less than 1	7.50	9.00
1 – 2	1.80	3.25
2 – 3	1.10	3.25
3 – 4	1.00	3.25
4 – 5	0.50	2.50

Five or More Years of Service

	Rate (%)	
Age	**Fire**	**Police**
25	0.60	2.50
30	0.51	2.08
35	0.33	1.29
40	0.25	0.74
45	0.16	0.60
50	0.07	0.57
55	0.02	0.52
60	0.00	0.20
65	0.00	0.00

No termination is assumed after a member is eligible for retirement. This includes all active members currently in Tier 2. Members in Tiers 3, 5 and 6 who are not eligible to receive a deferred vested retirement benefit are assumed to receive a refund of member contributions.

Retirement Rates for Funding Valuation

	Rate (%)					
	Fire			Police		
Age	Tiers 2 & 4	Tiers 3 & 5	Tier 6	Tiers 2 & 4	Tiers 3 & 5	Tier 6
41	0.00	0.00	0.00	10.00	0.00	0.00
42	0.00	0.00	0.00	10.00	0.00	0.00
43	0.00	0.00	0.00	10.00	0.00	0.00
44	0.00	0.00	0.00	10.00	0.00	0.00
45	1.00	0.00	0.00	10.00	0.00	0.00
46	1.00	0.00	0.00	7.00	0.00	0.00
47	2.00	0.00	0.00	7.00	0.00	0.00
48	2.00	0.00	0.00	7.00	0.00	0.00
49	2.00	0.00	0.00	5.00	0.00	0.00
50	3.00	1.00	2.00	10.00	9.00	7.00
51	6.00	1.00	3.00	10.00	5.00	5.00
52	10.00	1.00	3.00	15.00	5.00	5.00
53	15.00	1.00	4.00	20.00	6.00	5.00
54	20.00	5.00	5.00	32.00	13.00	17.00
55	20.00	14.00	10.00	35.00	22.00	22.00
56	20.00	14.00	11.00	30.00	22.00	22.00
57	20.00	14.00	13.00	30.00	22.00	22.00
58	20.00	17.00	15.00	30.00	22.00	22.00
59	20.00	20.00	18.00	30.00	25.00	25.00
60	20.00	22.00	22.00	30.00	25.00	25.00
61	20.00	25.00	25.00	30.00	25.00	25.00
62	20.00	30.00	27.00	30.00	25.00	25.00
63	25.00	35.00	35.00	30.00	30.00	30.00
64	30.00	40.00	40.00	40.00	35.00	35.00
65	40.00	45.00	45.00	50.00	45.00	45.00
66	40.00	45.00	45.00	50.00	45.00	45.00
67	40.00	45.00	45.00	50.00	45.00	45.00
68	50.00	50.00	50.00	50.00	45.00	45.00
69	50.00	50.00	50.00	50.00	45.00	45.00
70 & Over	100.00	100.00	100.00	100.00	100.00	100.00

DROP Program for Funding Valuation	DROP participants are considered active members until they leave DROP and begin receiving retirement benefits. Members are assumed to remain in the DROP for 5 years. For current DROP participants, we have rounded up the number of years they have been in DROP for purposes of determining the number of years they are expected to remain in the DROP as of the valuation date. For members who enter DROP on or after February 1, 2019, it is assumed they will have DROP payments suspended for an average of 3.5 months (or 0.7 months for each remaining year in DROP for current DROP members) due to the minimum hours per month needed for participation. For active members who are not in the DROP as of the valuation date and are expected to retire with a service retirement benefit, we assume 95% will have elected DROP prior to retirement if they will have also satisfied the requirements for participating in the DROP for 5 years (starting on or after the valuation date).
Retirement Rates After Adjustment for DROP Participation	As the service retirement rates we use in the funding valuation have been developed based on the later date of exit from the DROP, we have adjusted those rates in this GASB valuation so that they are based on the earlier date of first participation in the DROP. Retirement rates used in our June 30, 2023 funding valuation are shown again on the next page. Please note that those rates are applicable in the GASB valuation for actives not eligible to enter the DROP. A **sample** of those rates used in the GASB valuation for an active eligible to enter the DROP at age 55 are as follows:

Retirement Rates for June 30, 2023 Funding Valuations (Also applicable to actives not eligible to enter the DROP in GASB valuation)

	Fire			Police		
Age	Tiers 2 & 4	Tiers 3 & 5	Tier 6	Tiers 2 & 4	Tiers 3 & 5	Tier 6
41	0.00%	0.00%	0.00%	10.00%	0.00%	0.00%
42	0.00	0.00	0.00	10.00	0.00	0.00
43	0.00	0.00	0.00	10.00	0.00	0.00
44	0.00	0.00	0.00	10.00	0.00	0.00
45	1.00	0.00	0.00	10.00	0.00	0.00
46	1.00	0.00	0.00	7.00	0.00	0.00
47	2.00	0.00	0.00	7.00	0.00	0.00
48	2.00	0.00	0.00	7.00	0.00	0.00
49	2.00	0.00	0.00	5.00	0.00	0.00
50	3.00	1.00	2.00	10.00	9.00	7.00
51	6.00	1.00	3.00	10.00	5.00	5.00
52	10.00	1.00	3.00	15.00	5.00	5.00
53	15.00	1.00	4.00	20.00	6.00	5.00
54	20.00	5.00	5.00	32.00	13.00	17.00
55	20.00	14.00	10.00	35.00	22.00	22.00
56	20.00	14.00	11.00	30.00	22.00	22.00
57	20.00	14.00	13.00	30.00	22.00	22.00
58	20.00	17.00	15.00	30.00	22.00	22.00
59	20.00	20.00	18.00	30.00	25.00	25.00
60	20.00	22.00	22.00	30.00	25.00	25.00
61	20.00	25.00	25.00	30.00	25.00	25.00
62	20.00	30.00	27.00	30.00	25.00	25.00
63	25.00	35.00	35.00	30.00	30.00	30.00
64	30.00	40.00	40.00	40.00	35.00	35.00
65	40.00	45.00	45.00	50.00	45.00	45.00
66	40.00	45.00	45.00	50.00	45.00	45.00
67	40.00	45.00	45.00	50.00	45.00	45.00
68	50.00	50.00	50.00	50.00	45.00	45.00
69	50.00	50.00	50.00	50.00	45.00	45.00
70	100.00	100.00	100.00	100.00	100.00	100.00

Sample Retirement Rates for June 30, 2023 GASB Valuations (For actives eligible to enter the DROP at 55)

	Fire			Police		
Age	Tiers 2 & 4	Tiers 3 & 5	Tier 6	Tiers 2 & 4	Tiers 3 & 5	Tier 6
41	0.00%	0.00%	0.00%	10.00%	0.00%	0.00%
42	0.00	0.00	0.00	10.00	0.00	0.00
43	0.00	0.00	0.00	10.00	0.00	0.00
44	0.00	0.00	0.00	10.00	0.00	0.00
45	1.00	0.00	0.00	10.00	0.00	0.00
46	1.00	0.00	0.00	7.00	0.00	0.00
47	2.00	0.00	0.00	7.00	0.00	0.00
48	2.00	0.00	0.00	7.00	0.00	0.00
49	2.00	0.00	0.00	5.00	0.00	0.00
50	3.00	1.00	2.00	10.00	9.00	7.00
51	6.00	1.00	3.00	10.00	5.00	5.00
52	10.00	1.00	3.00	15.00	5.00	5.00
53	15.00	1.00	4.00	20.00	6.00	5.00
54	20.00	5.00	5.00	32.00	13.00	17.00
55	19.07	20.79	20.71	28.11	23.54	23.54
56	19.07	23.43	23.38	27.93	23.50	23.50
57	19.07	27.83	25.13	27.93	23.47	23.47
58	23.59	32.25	32.26	27.93	27.90	27.90
59	28.03	36.56	36.55	36.73	32.39	32.39
60	36.86	40.70	40.76	45.32	41.09	41.09
61	36.50	40.39	40.45	44.87	40.69	40.69
62	36.14	40.24	40.15	44.43	40.29	40.29
63	44.74	44.47	44.47	44.00	40.14	40.14
64	44.44	44.39	44.39	44.07	40.10	40.10
65	87.00	86.60	86.60	86.20	87.03	87.03
66	2.00	2.25	2.25	2.50	2.25	2.25
67	2.00	2.25	2.25	2.50	2.25	2.25
68	2.50	2.50	2.50	2.50	2.25	2.25
69	2.50	2.50	2.50	2.50	2.25	2.25
70	100.00	100.00	100.00	100.00	100.00	100.00

Retirement Age for Deferred Vested Members	50
Benefit for Inactive Non-Vested Members	Immediate refund of member contributions.
Future Benefit Accruals	1.0 year of service 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.
Definition of Active Members	First day of biweekly payroll following employment for new department employees or immediately following transfer from other city department.
Form of Payment	All active and inactive members are assumed to elect the unmodified option at retirement.
Percent Married	For all active and inactive members, 85% of male members and 55% of female members are assumed to be married 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.
Service Connected Disability Benefits	(see table below)
Non-Service Connected Disability Benefits	45% of Final Average Salary.

Years of Service	Benefit
Less than 20	55% of Final Average Salary
20 – 30	60% of Final Average Salary
More than 30	75% of Final Average Salary

Actuarial Methods

Actuarial Cost Method	Entry Age Actuarial Cost Method. Entry Age is calculated as age on the valuation date minus years of service. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are based on costs allocated as a level percentage of compensation.
Expected Remaining Service Lives	The average of the expected remaining 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 non-active or retired member. • Dividing the sum of the above amounts by the total number of active, non-active and retired members.

Changes in Actuarial Assumptions

As a result of the July 1, 2019 through June 30, 2022 Actuarial Experience Study report dated May 10, 2023, the following actuarial assumptions were changed. Previously, they were as follows:

Administrative Expenses	Out of the total 1.40% of payroll in assumed administrative expenses, 1.29% of payroll payable biweekly is allocated to the Retirement Plan. This is equal to 1.25% of payroll payable at beginning of the year.
Consumer Price Index (CPI or Inflation)	CPI Increase of 2.75% per year.
Payroll Growth	Inflation of 2.75% per year plus “across the board” real salary increases of 0.50% per year, used to amortize the Unfunded Actuarial Accrued Liability 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.

Changes in Actuarial Assumptions (continued)

As a result of the July 1, 2019 through June 30, 2022 Actuarial Experience Study report dated May 10, 2023, the following actuarial assumptions were changed. Previously, they were as follows:

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:

Years of Service	Rate (%)
Less than 1	9.00
1 – 2	7.50
2 – 3	6.50
3 – 4	5.50
4 – 5	4.00
5 – 6	2.60
6 – 7	2.20
7 – 8	2.00
8 – 9	2.00
9 – 10	2.00
10 – 11	1.90
11 – 12	1.80
12 – 13	1.70
13 – 14	1.60
14 – 15	1.50
15 – 16	1.40
16 – 17	1.30
17 – 18	1.20
18 – 19	1.20
19 – 20	1.10
20 – 25	1.00
25 & Over	0.90

Increases are assumed to occur beginning of the year for future salary increases.

We annualized biweekly pay (by multiplying by 365 and dividing by 14), supplied by LAFPP.

Changes in Actuarial Assumptions (continued)

As a result of the July 1, 2019 through June 30, 2022 Actuarial Experience Study report dated May 10, 2023, the following actuarial assumptions were changed. Previously, they were as follows:

Post-Retirement Mortality Rates

Healthy[1]

- Pub-2010 Safety Healthy Retiree Amount-Weighted Above-Median Mortality Table multiplied by 105% for males and 100% for females, projected generationally with the two-dimensional mortality improvement scale MP-2019.

Disabled

- Pub-2010 Safety Disabled Retiree Amount-Weighted Mortality Table projected generationally with the two dimensional mortality improvement scale MP-2019.

Beneficiary[2]

- Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table multiplied by 105%, projected generationally with the two-dimensional mortality improvement scale MP-2019.

[1] The Pub-2010 Healthy Retiree Amount-Weighted Above-Median Mortality Tables only have rates for ages 45 and later for the Safety table. To develop the post-retirement mortality rates for ages 36 through 44 for Safety members, we have smoothed the difference between the rates at age 35 from the Pub-2010 Safety Employee Amount-Weighted Above-Median Mortality Tables and the rates at age 45 from the Pub-2010 Safety Healthy Retiree Amount-Weighted Above-Median Mortality tables. To develop the post-retirement mortality rates before age 36 for the Safety table, we have used the Pub-2010 Safety Employee Amount-Weighted Above-Median Mortality Tables rates. This methodology for developing an extended annuitant mortality table is similar to the method used by the IRS to develop the base mortality table for determining minimum funding standards for single-employer defined benefit pension plans under Section 430. While Section 430 is not applicable to LAFPP, we believe this is a reasonable method for developing annuitant mortality rates at earlier ages.

[2] The Pub-2010 Healthy Retiree Amount-Weighted Above-Median Mortality Tables only have rates for ages 50 and later for the General table. To develop the post-retirement mortality rates for ages 41 through 49 for General members, we have smoothed the difference between the rates at age 40 from the Pub-2010 General Employee Amount-Weighted Above-Median Mortality Tables and the rates at age 50 from the Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality tables. To develop the post-retirement mortality rates before age 41 for the General table, we have used the Pub-2010 General Employee Amount-Weighted Above-Median Mortality Tables rates. This methodology for developing an extended annuitant mortality table is similar to the method used by the IRS to develop the base mortality table for determining minimum funding standards for single-employer defined benefit pension plans under Section 430. While Section 430 is not applicable to LAFPP, we believe this is a reasonable method for developing annuitant mortality rates at earlier ages.

Changes in Actuarial Assumptions (continued)

As a result of the July 1, 2019 through June 30, 2022 Actuarial Experience Study report dated May 10, 2023, the following actuarial assumptions were changed. Previously, they were as follows:

Pre-Retirement Mortality Rates

- Pub-2010 Safety Employee Amount-Weighted Above-Median Mortality Table, projected generationally with the two-dimensional mortality improvement scale MP-2019.

	Rate (%)[1]	
Age	**Male**	**Female**
20	0.04	0.02
25	0.03	0.02
30	0.04	0.02
35	0.04	0.03
40	0.05	0.04
45	0.07	0.06
50	0.10	0.08
55	0.15	0.11
60	0.23	0.15

All pre-retirement deaths are assumed to be service connected.

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

Disability Incidence

	Rate (%)	
Age	**Fire**	**Police**
25	0.01	0.02
30	0.02	0.04
35	0.06	0.07
40	0.09	0.16
45	0.13	0.23
50	0.18	0.31
55	0.68	0.44
60	1.00	0.65
65	0.40	0.30
70	0.00	0.00

80% of disabilities are assumed to be service connected disabilities. The other 20% are assumed to be non-service connected disabilities.

Disability rates are not applied to members eligible to enter the DROP.

Changes in Actuarial Assumptions (continued)

As a result of the July 1, 2019 through June 30, 2022 Actuarial Experience Study report dated May 10, 2023, the following actuarial assumptions were changed. Previously, they were as follows:

Termination

Less Than Five Years of Service

	Rate (%)	
Years of Service	Fire	Police
Less than 1	7.00	8.50
1 – 2	2.00	3.25
2 – 3	1.00	3.25
3 – 4	0.75	3.00
4 – 5	0.50	2.00

Five or More Years of Service

	Rate (%)	
Age	Fire	Police
20	0.60	1.80
25	0.60	1.80
30	0.51	1.59
35	0.33	1.09
40	0.25	0.73
45	0.16	0.59
50	0.07	0.43
55	0.02	0.35
60	0.00	0.14

No termination is assumed after a member is eligible for retirement. This includes all active members currently in Tier 2. Members in Tiers 3, 5 and 6 who are not eligible to receive a deferred vested retirement benefit are assumed to receive a refund of member contributions.

Changes in Actuarial Assumptions (continued)

As a result of the July 1, 2019 through June 30, 2022 Actuarial Experience Study report dated May 10, 2023, the following actuarial assumptions were changed. Previously, they were as follows:

Retirement Rates for Funding Valuation

	Rate (%)					
	Fire			Police		
Age	Tiers 2 & 4	Tiers 3 & 5	Tier 6	Tiers 2 & 4	Tiers 3 & 5	Tier 6
41	1.00	0.00	0.00	10.00	0.00	0.00
42	1.00	0.00	0.00	10.00	0.00	0.00
43	1.00	0.00	0.00	10.00	0.00	0.00
44	1.00	0.00	0.00	10.00	0.00	0.00
45	1.00	0.00	0.00	10.00	0.00	0.00
46	1.00	0.00	0.00	7.00	0.00	0.00
47	1.00	0.00	0.00	7.00	0.00	0.00
48	2.00	0.00	0.00	5.00	0.00	0.00
49	2.00	0.00	0.00	5.00	0.00	0.00
50	3.00	1.00	2.00	10.00	8.00	6.00
51	5.00	1.00	2.00	10.00	4.00	5.00
52	8.00	1.00	2.00	12.00	4.00	5.00
53	10.00	1.00	2.00	20.00	5.00	5.00
54	20.00	6.00	5.00	30.00	12.00	15.00
55	20.00	14.00	10.00	35.00	20.00	20.00
56	20.00	15.00	12.00	30.00	20.00	20.00
57	20.00	16.00	15.00	30.00	20.00	20.00
58	20.00	20.00	18.00	30.00	20.00	20.00
59	20.00	22.00	20.00	30.00	20.00	20.00
60	25.00	25.00	25.00	30.00	25.00	25.00
61	25.00	27.00	27.00	30.00	25.00	25.00
62	25.00	33.00	30.00	30.00	25.00	25.00
63	25.00	35.00	35.00	30.00	25.00	25.00
64	30.00	40.00	40.00	40.00	35.00	35.00
65	50.00	50.00	50.00	50.00	50.00	50.00
66	50.00	50.00	50.00	50.00	50.00	50.00
67	50.00	50.00	50.00	50.00	50.00	50.00
68	50.00	50.00	50.00	50.00	50.00	50.00
69	50.00	50.00	50.00	50.00	50.00	50.00
70 & Over	100.00	100.00	100.00	100.00	100.00	100.00

Changes in Actuarial Assumptions (continued)

As a result of the July 1, 2019 through June 30, 2022 Actuarial Experience Study report dated May 10, 2023, the following actuarial assumptions were changed. Previously, they were as follows:

DROP Program for Funding Valuation	DROP participants are considered active members until they leave DROP and begin receiving retirement benefits. Members are assumed to remain in the DROP for 5 years. For current DROP participants, we have rounded up the number of years they have been in DROP for purposes of determining the number of years they are expected to remain in the DROP as of the valuation date. For members who enter DROP on or after February 1, 2019, it is assumed they will have DROP payments suspended for an average of 4.5 months (or 0.9 months for each remaining year in DROP for current DROP members) due to the minimum hours per month needed for participation. For active members who are not in the DROP as of the valuation date and are expected to retire with a service retirement benefit, we assume 95% will have elected DROP prior to retirement if they will have also satisfied the requirements for participating in the DROP for 5 years (starting on or after the valuation date).
Retirement Rates After Adjustment for DROP Participation	As the service retirement rates we use in the funding valuation have been developed based on the later date of exit from the DROP, we have adjusted those rates in this GASB valuation so that they are based on the earlier date of first participation in the DROP. Retirement rates used in our June 30, 2022 funding valuation are shown again on the next page. Please note that those rates are applicable in the GASB valuation for actives not eligible to enter the DROP. A **sample** of those rates used in the GASB valuation for an active eligible to enter the DROP at age 55 are as follows:

Retirement Rates for June 30, 2022 Funding Valuations (Also applicable to actives not eligible to enter the DROP in GASB valuation)

	Fire			Police		
Age	Tiers 2 & 4	Tiers 3 & 5	Tier 6	Tiers 2 & 4	Tiers 3 & 5	Tier 6
41	1.00%	0.00%	0.00%	10.00%	0.00%	0.00%
42	1.00	0.00	0.00	10.00	0.00	0.00
43	1.00	0.00	0.00	10.00	0.00	0.00
44	1.00	0.00	0.00	10.00	0.00	0.00
45	1.00	0.00	0.00	10.00	0.00	0.00
46	1.00	0.00	0.00	7.00	0.00	0.00
47	1.00	0.00	0.00	7.00	0.00	0.00
48	2.00	0.00	0.00	5.00	0.00	0.00
49	2.00	0.00	0.00	5.00	0.00	0.00
50	3.00	1.00	2.00	10.00	8.00	6.00
51	5.00	1.00	2.00	10.00	4.00	5.00
52	8.00	1.00	2.00	12.00	4.00	5.00
53	10.00	1.00	2.00	20.00	5.00	5.00
54	20.00	6.00	5.00	30.00	12.00	15.00
55	20.00	14.00	10.00	35.00	20.00	20.00
56	20.00	15.00	12.00	30.00	20.00	20.00
57	20.00	16.00	15.00	30.00	20.00	20.00
58	20.00	20.00	18.00	30.00	20.00	20.00
59	20.00	22.00	20.00	30.00	20.00	20.00
60	25.00	25.00	25.00	30.00	25.00	25.00
61	25.00	27.00	27.00	30.00	25.00	25.00
62	25.00	33.00	30.00	30.00	25.00	25.00
63	25.00	35.00	35.00	30.00	25.00	25.00
64	30.00	40.00	40.00	40.00	35.00	35.00
65	50.00	50.00	50.00	50.00	50.00	50.00
66	50.00	50.00	50.00	50.00	50.00	50.00
67	50.00	50.00	50.00	50.00	50.00	50.00
68	50.00	50.00	50.00	50.00	50.00	50.00
69	50.00	50.00	50.00	50.00	50.00	50.00
70	100.00	100.00	100.00	100.00	100.00	100.00

Sample Retirement Rates for June 30, 2022 GASB Valuations (For actives eligible to enter the DROP at 55)

	Fire			Police		
Age	Tiers 2 & 4	Tiers 3 & 5	Tier 6	Tiers 2 & 4	Tiers 3 & 5	Tier 6
41	1.00%	0.00%	0.00%	10.00%	0.00%	0.00%
42	1.00	0.00	0.00	10.00	0.00	0.00
43	1.00	0.00	0.00	10.00	0.00	0.00
44	1.00	0.00	0.00	10.00	0.00	0.00
45	1.00	0.00	0.00	10.00	0.00	0.00
46	1.00	0.00	0.00	7.00	0.00	0.00
47	1.00	0.00	0.00	7.00	0.00	0.00
48	2.00	0.00	0.00	5.00	0.00	0.00
49	2.00	0.00	0.00	5.00	0.00	0.00
50	3.00	1.00	2.00	10.00	8.00	6.00
51	5.00	1.00	2.00	10.00	4.00	5.00
52	8.00	1.00	2.00	12.00	4.00	5.00
53	10.00	1.00	2.00	20.00	5.00	5.00
54	20.00	6.00	5.00	30.00	12.00	15.00
55	27.78	23.10	20.49	39.45	27.78	27.78
56	29.61	26.29	24.43	36.74	29.61	29.61
57	31.86	32.01	30.48	39.48	31.86	31.86
58	34.64	39.88	38.93	43.35	34.64	34.64
59	41.68	49.90	48.66	55.04	45.29	45.29
60	45.74	45.07	45.14	45.32	45.63	45.63
61	45.18	44.61	44.68	44.87	45.07	45.07
62	44.62	44.41	44.33	44.43	44.51	44.51
63	44.07	44.14	44.14	44.00	43.96	43.96
64	43.78	44.07	44.07	44.07	43.92	43.92
65	86.20	86.20	86.20	86.20	86.20	86.20
66	2.50	2.50	2.50	2.50	2.50	2.50
67	2.50	2.50	2.50	2.50	2.50	2.50
68	2.50	2.50	2.50	2.50	2.50	2.50
69	2.50	2.50	2.50	2.50	2.50	2.50
70	100.00	100.00	100.00	100.00	100.00	100.00

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

Year Beginning July 1,	Projected Beginning Plan Fiduciary Net Position (a)	Projected Total Contributions (b)	Projected Benefit Payments (c)	Projected Administrative Expenses (d)	Projected Investment Earnings (e)	Projected Ending Plan Fiduciary Net Position (f) = (a) + (b) - (c) - (d) + (e)
2022	$25,259	$634	$1,352	$23	$1,920	$26,437
2023	26,437	463	1,507	20	1,822	27,194
2024	27,194	455	1,382	20	1,879	28,125
2025	28,125	439	1,560	20	1,936	28,921
2026	28,921	419	1,640	19	1,987	29,668
2027	29,668	406	1,593	19	2,040	30,502
2028	30,502	433	1,671	19	2,097	31,342
2029	31,342	425	1,741	19	2,153	32,161
2030	32,161	418	1,811	18	2,207	32,957
2031	32,957	411	1,884	18	2,259	33,725
2043	39,280	242	2,719	11	2,657	39,448
2044	39,448	223	2,765	10	2,665	39,560
2045	39,560	203	2,817	9	2,670	39,606
2046	39,606	183	2,878	8	2,669	39,572
2047	39,572	163	2,941	8	2,663	39,449
2068	23,351	0	2,626	0 *	1,529	22,254
2069	22,254	0	2,557	0 *	1,455	21,151
2070	21,151	0	2,485	0 *	1,380	20,046
2071	20,046	0	2,411	0	1,306	18,941
2072	18,941	0	2,333	0	1,232	17,840
2103	627	0	30	0	43	640
2104	640	0	20	0	44	664
2105	664	0	14	0	46	696
2106	696	0	9	0	48	735
2107	735	0	6	0	51	781
2128	2,991	0	0 *	0	209	3,201
2129	3,201					
2129	Discounted Value: 2					

* Less than $1 million, when rounded.

** $3,201 million when discounted with interest at the rate of 7.00% per annum has a value of $2 million as of June 30, 2022. This residual fair value reflects the Plan's surplus amount (the Plan is projected to be overfunded after the deferred investment gains are recognized), offset by the amortization of the surplus over a rolling 30-year period that reduces the employer's normal cost and contributions to fund the administrative expenses for the closed group only.

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

Notes:

1. Amounts may not total exactly due to rounding.
2. Amounts shown in the year beginning July 1, 2022 are actual amounts, based on the unaudited financial statements provided by LAFPP.
3. Various years have been omitted from this table.
4. Column (a): Except for the "discounted value" shown for 2129, none of the projected beginning Plan Fiduciary Net Position amounts shown have been adjusted for the time value of money.
5. Column (b): Projected total contributions include member and employer normal cost contributions based on closed group projections (for covered active members as of June 30, 2022); plus employer contributions to the Unfunded Actuarial Accrued Liability; plus employer contributions to fund each year's annual administrative expenses, based on the Plan's funding policy. This includes a rolling 30-year amortization of surplus that reduces employer's normal cost contributions for the closed group when the Plan is projected to be overfunded after the deferred investment gains are recognized. Total contributions are assumed to occur at the beginning of the year.
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, 2022. The projected benefit payments reflect the cost of living increase assumptions used in the June 30, 2023 valuation report. The projected benefit payments are assumed to occur beginning of the month, on average.
7. Column (d): Projected administrative expenses (payable at the beginning of the year) are calculated as 1.28% of projected payroll, based on the closed group of active members as of June 30, 2022. Projected administrative expenses are then adjusted to reflect the assumption that they 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 except for 2022/2023.
9. As illustrated in this Appendix, the Plan Fiduciary Net Position was projected to be available to make all projected future benefit payments for current Plan members. In other words, there is no projected "cross-over date" when projected benefits are not covered by projected assets. Therefore, the long-term expected rate of return on Plan investments of 7.00% per annum was applied to all periods of projected benefit payments to determine the Total Pension Liability as of June 30, 2023 shown earlier in this report, pursuant to paragraph 44 of GASB Statement No. 67.
10. This projection is based on a model developed by Segal actuaries and programmers. The model allows the client team, under the supervision of the responsible actuary, to customize and validate the entry of future expected contribution income, benefit payments and administrative expenses and review the results. The projection of Plan Fiduciary Net Position and the discounting of benefits is part of the model.

Appendix B: Definition of terms

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

Active employees	Individuals employed at the end of the reporting or measurement period, as applicable.
Actual contributions	Cash contributions recognized as additions to a pension Plan Fiduciary Net Position.
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).
Closed period	A specific number of years that is counted from one date and declines to zero with the passage of time. For example, if the recognition period initially is five years on a closed basis, four years remain after the first year, three years after the second year, and so forth.
Collective deferred outflows of resources and deferred inflows of resources related to pensions	Deferred outflows of resources and deferred inflows of resources related to pensions arising from certain changes in the collective Net Pension Liability.
Collective Net Pension Liability	The Net Pension Liability for benefits provided through (1) a cost-sharing pension plan or (2) a single-employer or agent pension plan in circumstances in which there is a special funding situation.

Collective pension expense	Pension expense arising from certain changes in the collective Net Pension Liability.
Contributions	Additions to a pension Plan Fiduciary Net Position for amounts from employers, non-employer contributing entities (for example, state government contributions to a local government pension plan), or employees. Contributions can result from cash receipts by the pension plan or from recognition by the pension plan of a receivable from one of these sources.
Cost-of-living adjustments	Postemployment benefit changes intended to adjust benefit payments for the effects of inflation.
Cost-sharing employer	An employer whose employees are provided with pensions through a cost-sharing multiple-employer defined benefit pension plan.
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.
Deferred Retirement Option Program (DROP)	A program that permits an employee to elect a calculation of benefit payments based on service credits and salary, as applicable, as of the DROP entry date. The employee continues to provide service to the employer and is paid for that service by the employer after the DROP entry date; however, the pensions that would have been paid to the employee (if the employee had retired and not entered the DROP) are credited to an individual employee account within the defined benefit pension plan until the end of the DROP period.
Defined benefit pension plans	Pension plans that are used to provide defined benefit pensions.
Defined benefit pensions	Pensions for which the income or other benefits that the employee will receive at or after separation from employment are defined by the benefit terms. The pensions may be stated as a specified dollar amount or as an amount that is calculated based on one or more factors such as age, years of service, and compensation. (A pension that does not meet the criteria of a defined contribution pension is classified as a defined benefit pension for purposes of Statement 68.)
Defined contribution pension plans	Pension plans that are used to provide defined contribution pensions.
Defined contribution pensions	Pensions having terms that (1) provide an individual account for each employee; (2) define the contributions that an employer is required to make (or the credits that it is required to provide) to an active employee's account for periods in which that employee renders service; and (3) provide that the pensions an employee will receive will depend only on the contributions (or credits) to the employee's account, actual earnings on investments of those contributions (or credits), and the effects of forfeitures of contributions (or credits) made for other employees, as well as pension plan administrative costs, that are allocated to the employee's account.

Discount rate	The single rate of return that, when applied to all projected benefit payments, results in an actuarial present value of projected benefit payments equal to the total of the following: 1. The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the pension Plan Fiduciary Net Position is projected (under the requirements of Statement 68) 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.
Measurement period	The period between the prior and the current measurement dates.
Multiple-employer defined benefit pension plan	A defined benefit pension plan that is used to provide pensions to the employees of more than one employer.
Net Pension Liability (NPL)	The liability of employers and non-employer contributing entities to employees for benefits provided through a defined benefit pension plan.
Other postemployment benefits	All postemployment benefits other than retirement income (such as death benefits, life insurance, disability, and long-term care) that are provided separately from a pension plan, as well as postemployment healthcare benefits, regardless of the manner in which they are provided. Other postemployment benefits do not include termination benefits.
Pension plans	Arrangements through which pensions are determined, assets dedicated for pensions are accumulated and managed and benefits are paid as they come due.
Pensions	Retirement income and, if provided through a pension plan, postemployment benefits other than retirement income (such as death benefits, life insurance, and disability benefits). Pensions do not include postemployment healthcare benefits and termination benefits.
Plan members	Individuals that are covered under the terms of a pension plan. Plan members generally include (1) employees in active service (active plan members) and (2) terminated employees who have accumulated benefits but are not yet receiving them and retirees or their beneficiaries currently receiving benefits (inactive plan members).

Postemployment	The period after employment.
Postemployment benefit changes	Adjustments to the pension of an inactive employee.
Postemployment healthcare benefits	Medical, dental, vision, and other health-related benefits paid subsequent to the termination of employment.
Projected benefit payments	All benefits estimated to be payable through the pension plan to current active and inactive employees as a result of their past service and their expected future service.
Public employee retirement system	A special-purpose government that administers one or more pension plans; also may administer other types of employee benefit plans, including postemployment healthcare plans and deferred compensation plans.
Real rate of return	The rate of return on an investment after adjustment to eliminate inflation.
Service costs	The portions of the actuarial present value of projected benefit payments that are attributed to valuation years.
Single employer	An employer whose employees are provided with pensions through a single-employer defined benefit pension plan.
Single-employer defined benefit pension plan (Single-employer pension plan)	A defined benefit pension plan that is used to provide pensions to employees of only one employer.
Termination benefits	Inducements offered by employers to active employees to hasten the termination of services, or payments made in consequence of the early termination of services. Termination benefits include early-retirement incentives, severance benefits, and other termination-related benefits.
Total Pension Liability (TPL)	The portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service in conformity with the requirements of Statement 68.

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City of Los Angeles Fire and Police Pension Plan

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

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

Segal

Segal

180 Howard Street
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San Francisco, CA 94105-6147
segalco.com

May 1, 2024

Board of Fire and Police Pension Commissioners
City of Los Angeles Fire and Police Pension Plan
701 East 3rd Street, Suite 200
Los Angeles, CA 90013

Dear Board Members:

We are pleased to submit this Governmental Accounting Standard (GAS) 75 Actuarial Valuation as of June 30, 2023 measurement date for employer reporting as of June 30, 2024. It contains various information that will need to be disclosed in order 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 City of Los Angeles Fire and Police Pension OPEB Plan (the Plan). The census and financial information on which our calculations were based was prepared by Los Angeles Fire and Police Pensions (LAFPP). 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; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and changes in plan provisions or applicable law.

The actuarial calculations were completed under the supervision of Andy Yeung, ASA, MAAA, FCA, EA, and Mehdi Riazi, FSA, MAAA, FCA, EA. The health care trend and other related medical assumptions have been reviewed by Mary P. Kirby, FSA, MAAA, FCA. We are members of the American Academy of Actuaries and we collectively 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 LAFPP.

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

Sincerely,

Segal

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

Andy Yeung, ASA, MAAA, FCA, EA
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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 Standard (GAS) 75 as of June 30, 2024. The result used in preparing the GAS 75 report are comparable to those used in preparing the Governmental Accounting Standard (GAS) 74 report for the plan based on a reporting date and a measurement date as of June 30, 2023. This valuation is based on:

- The benefit provisions of the OPEB plan, as administered by the Board of Commissioners;
- The characteristics of covered active members, terminated vested members, and retired members and beneficiaries as of June 30, 2023, provided by LAFPP;
- The assets of the Plan as of June 30, 2023, provided by LAFPP;
- Economic assumptions regarding future salary increases and investment earnings adopted by the Board for the June 30, 2023 valuation; and
- Other (health and non-health) actuarial assumptions, regarding employee terminations, retirement, death, health care trend and enrollment, etc. adopted by the Board for the June 30, 2023 valuation. Because the 2025 Final CY 2025 Part D Redesign Program Instructions were released by the Centers for Medicare and Medicaid Services (CMS) several months after the June 30, 2023 measurement date, the trend rate assumptions used in this valuation do not reflect the generally higher anticipated cost due to the implementation of the provisions found in the Inflation Reduction Act of 2022.

General Observations on GAS 75 Actuarial Valuation

1. It is important to note that GAS 74 and 75 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, Governmental Accounting Standards Board (GASB) uses the same actuarial cost method (Entry Age method) and the same type of discount rate (expected return on assets) as LAFPP 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.
3. The Net OPEB Liability (NOL) is equal to the difference between the TOL and the Plan Fiduciary Net Position. The Plan Fiduciary Net Position is equal to the market value of assets and therefore, the NOL measure is very similar to an 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 on an actuarial value of assets basis in the funding valuation that reflects investment gains and losses over a seven-year period.

Highlights of the Valuation

1. For this report, the reporting dates for the employer are June 30, 2024 and June 30, 2023. The NOL was measured as of June 30, 2023 and June 30, 2022. The Plan Fiduciary Net Position and the TOL were determined as of the measurement date. Consistent with the provisions of GAS 75, the assets and liabilities measured as of June 30, 2023 and June 30, 2022 are not adjusted or rolled forward to the June 30, 2024 and June 30, 2023 reporting dates, respectively.
2. The NOL has decreased from $927 million as of June 30, 2022 to $848 million as of June 30, 2023 mainly due to favorable 2023/2024 premium renewal experience, on average, a lower subsidy level than expected, and an investment gain[1] from actual returns of about 7.61% (compared to the expected investment rate return of 7.00%). The premium and investment gain was partially offset by updates to the assumptions as proposed in the July 1, 2019 – June 30, 2022 experience study (2022 Experience Study) dated May 10, 2023, and approved by the Board of Commissioners for the June 30, 2023 valuation, and adjustments to the trend assumptions.
3. The OPEB Expense increased from $51.5 million as of June 30, 2022 to $53.6 million as of June 30, 2023, which was driven by a lower credit from the projected earnings component of expense as the plan assets at July 1, 2022 were $2,722 million compared to plan assets of $2,888 million as of July 1, 2021. The new bases related to this year's assumption changes and investment experience produced savings which offset some of the increase.
4. The discount rate used in the valuation for financial disclosure purposes as of June 30, 2023 is the assumed investment return on Plan assets (e.g. 7.00% for the June 30, 2023 funding valuation). 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.

[1] The investment return calculated for the OPEB Plan was 7.61% (net of investment expenses only). This is slightly lower than the 7.65% investment return calculated for the Retirement Plan. Both of these returns have been calculated by Segal on a dollar-weighted basis taking into account the beginning of year assets, contributions, and benefit cash flows made during the year. In backing into a rate of return using actual investment income and investment expense as provided by LAFPP, we could come up with a different return for the two Plans if: (a) the timing of the actual cash flows (especially the benefit payments) are different from what we assumed and/or (b) the actual income and expense allocated are different when compared to the proportion of the assets in the two Plans.

5. It should be noted that there are three member categories in LAFPP: (1) the Harbor Port Police (an enterprise fund), (2) the Airport Department (an enterprise fund) and (3) the other members associated with the City's Fire and Police Departments. We have been directed by LAFPP to provide the OPEB expense and NOL for each of the three member categories. Both the OPEB expense and the NOL for each member category have been obtained from internal valuation results which have been developed separately for each of the members associated with the Fire and Police Departments, the Harbor Port Police and the Airport Department. The Plan Fiduciary Net Position for each membership category was estimated by adjusting the valuation value of assets for each membership category by the ratio of the total LAFPP Plan Fiduciary Net Position to total LAFPP valuation value of assets. Please see *Section 2, Determination of Proportionate Share* on page 23 for more details.
6. Results shown in this report exclude any employer contributions made after the measurement date of June 30, 2023. Employers should consult with their auditors to determine the deferred outflow that should be created for these contributions.

Summary of Key Valuation Results

Reporting Date for Employer under GAS 75[1] Measurement Date for Employer under GAS 75		June 30, 2024 June 30, 2023	June 30, 2023 June 30, 2022
Disclosure Elements for Plan Year Ending June 30:	• Service Cost[2]	$77,652,864	$79,824,864
	• Total OPEB Liability	3,815,026,871	3,649,332,287
	• Plan Fiduciary Net Position	2,966,815,106	2,722,122,493
	• Net OPEB Liability	848,211,765	927,209,794
	• Plan Fiduciary Net Position as a percentage of the TOL	77.77%	74.59%
	• OPEB expense	$53,605,948	$51,511,019
Schedule of Contributions for Plan Year Ending June 30:	• Actuarially determined contributions	$186,418,480	$193,139,555
	• Actual contributions	186,418,480	193,139,555
	• Contribution deficiency / (excess)	0	0
Demographic Data for Plan Year Ending June 30:	• Number of retired members, married dependents and beneficiaries receiving a health subsidy	18,753	18,231
	• Number of vested terminated members, retirees and beneficiaries entitled to, but not yet receiving, benefits	1,017	1,011
	• Number of active members	12,571	12,771
Key Assumptions as of June 30:	• Investment rate of return	7.00%	7.00%
	• Health care premium trend rates		
	Non-Medicare medical plan	7.25% then graded to ultimate 4.50% over 11 years	7.25% then graded to ultimate 4.50% over 11 years
	Medicare medical plan	6.50% then graded to ultimate 4.50% over 8 years	6.50% then graded to ultimate 4.50% over 8 years
	Dental	3.00%	3.00%
	Medicare Part B	Actual premium increase in the first year, then 4.50%	Actual premium increase in the first year, then 4.50%

1 The reporting date for the plan is June 30, 2023 and June 30, 2022, respectively.

2 The service cost is based on the previous year's valuation, meaning the June 30, 2023 and 2022 measurement date values are based on the valuations as of June 30, 2022 and June 30, 2021 respectively. The key assumptions used in the June 30, 2021 valuation are as follows:

Discount rate	7.00%
Health care premium trend rates	
Non-Medicare medical plan	7.50%, then graded to ultimate 4.50% over 12 years
Medicare medical plan	6.50%, then graded to ultimate 4.50% over 8 years
Dental	4.00%
Medicare Part B	4.50%

Important Information About Actuarial Valuations

An actuarial valuation is a budgeting tool with respect to defining future uncertain obligations of a postretirement health plan. As such, it will never forecast the precise future stream of benefit payments. It is an estimated forecast – the actual cost of the plan will be determined by the benefits and expenses paid, not by the actuarial valuation.

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

Plan of Benefits	Plan provisions define the rules that will be used to determine benefit payments, and those rules, or the interpretation of them, may change over time. Even where they appear precise, outside factors may change how they operate. For example, a plan may provide health benefits to post-65 retirees that coordinates with Medicare. If so, changes in the Medicare law or administration may change the plan's costs without any change in the terms of the plan itself. 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 LAFPP. 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 not necessary to have perfect data for an actuarial valuation: the valuation is an estimated forecast, not a prediction. The uncertainties in other factors are such that even perfect data does not produce a "perfect" result. Notwithstanding the above, 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 fair value of assets as of the measurement date, as provided by LAFPP.
Actuarial Assumptions	In preparing an actuarial valuation, Segal starts by developing a forecast of the benefits to be paid to existing plan participants for the rest of their lives and the lives of their beneficiaries. To determine the future costs of benefits, Segal collects claims, premiums, and enrollment data in order to establish a baseline cost for the valuation measurement, and then develops short- and long-term health care cost trend rates to project increases in costs in future years. This forecast also requires actuarial assumptions as to the probability of death, disability, withdrawal, and retirement of each participant for each year, as well as forecasts of the plan's benefits for each of those events. The forecasted benefits are then discounted to a present value, typically based on an estimate of the rate of return that will be achieved on the plan's assets or, if there are no assets, a rate of return based on a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). All of these factors are uncertain and unknowable. Thus, there will be a range of reasonable assumptions, and the results may vary materially based on which assumptions the actuary selects within that range. That is, there is no right answer (except with hindsight). It is important for any user of an actuarial valuation to understand and accept this constraint. The actuarial model necessarily uses approximations and estimates that may lead to significant changes in our results but will have no impact on the actual cost of the plan. In addition, the actuarial assumptions may change over time, and while this can have a significant impact on the reported results, it does not mean that the previous assumptions or results were unreasonable or wrong.

Section 1: Actuarial Valuation Summary

Models	Segal accounting results are based on proprietary actuarial modeling software. The accounting 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 the Board to assist the sponsors of the Fund in preparing items related to the OPEB plan in their financial reports. Segal is not responsible for the use or misuse of its report, particularly by any other party.

An actuarial valuation is a measurement at a specific date – it is not a prediction of a plan's future financial condition. Accordingly, Segal did not perform an analysis of the potential range of financial measurements, except where otherwise noted. 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 LAFPP 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.

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.

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

While Segal maintains extensive quality assurance procedures, an actuarial valuation involves complex computer models and numerous inputs. In the event that an inaccuracy is discovered after presentation of Segal's valuation, Segal may revise that valuation or make an appropriate adjustment in the next valuation.

Segal's report shall be deemed to be final and accepted by LAFPP upon delivery and review. LAFPP should notify Segal immediately of any questions or concerns about the final content.

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

Section 2: GAS 75 Information

General Information About the OPEB Plan

Plan Description

Plan administration. The City of Los Angeles Fire and Police Pensions (LAFPP) was established by the City of Los Angeles in 1899. LAFPP is a single employer public employee retirement system whose main function is to provide retirement and OPEB benefits to the safety members employed by the City of Los Angeles. It should be noted that there are three member categories in LAFPP: (1) the Harbor Port Police (an enterprise fund), (2) the Airport Department (an enterprise fund) and (3) the other members associated with the City's Fire and Police Departments.

The Fire and Police Pension Plan is administered by a Board of Commissioners composed of five commissioners who are appointed by the Mayor, two commissioners elected by Police Members of the Plan and two commissioners elected by Fire Members of the Plan. Under provisions of the City Charter, the City Administrative Code and the State Constitution, the Board has the responsibility to administer the Plan.

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

Retired members, married dependents and beneficiaries currently receiving benefits	18,753
Vested terminated members, retirees and beneficiaries entitled to, but not yet receiving benefits	1,017
Active members[1]	12,571
Total	**32,341**

Benefits provided. LAFPP provides OPEB benefits to eligible sworn members of the Los Angeles Fire and Police Departments, Harbor Port Police and Airport Department. Sworn employees become members upon graduation from the Police Academy or Fire Drill Tower. There are currently six tiers applicable to members of the LAFPP. Tier 1 includes members hired on or before January 28, 1967. Tier 2 includes members hired from January 29, 1967 through December 7, 1980, and those Tier 1 members who transferred to Tier 2 during the enrollment period of January 29, 1967 to January 29, 1968. Tier 3 includes members hired from December 8, 1980 through June 30, 1997 and those Tier 4 members hired during the period of July 1, 1997 through December 31,1997 who elected to transfer to Tier 3 by the enrollment deadline of June 30, 1998. Tier 4 includes members hired from July 1, 1997 through December 31,

[1] The 12,771 active member count includes 1,415 DROP members.

2001 and those Tier 3 members who elected to transfer to Tier 4 by the enrollment deadline of June 30, 1998. Tier 5 includes members hired from January 1, 2002 through June 30, 2011 and those active members of Tiers 2, 3, or 4 who elected to transfer to Tier 5 during the enrollment period of January 2, 2002 through December 31, 2002. Tier 6 was established for all firefighters and police officers hired on or after July 1, 2011. Tier 1, Tier 2, and Tier 4 members are eligible to retire once they attain 20 years of service. Tier 3 members are eligible to retire once they reach age 50 and have attained 10 or more years of service. Tier 5 and Tier 6 members are eligible to retire once they reach age 50 and have attained 20 or more years of service.

LAFPP Provides the Following Benefits to Eligible Members:

Implicit Subsidy

Implicit Subsidy:	Fire Kaiser non-Medicare retirees are charged a premium that reflects blending with active employees. The difference between the retiree-only cost and the blended premium is the implicit subsidy.

Subsidy for Members Not Eligible for Medicare A & B

Eligibility	Retired Members who retired with 10 or more years of service, or Tier 6 Service-Connected Disability retirees with less than 10 years of service and at least 55 years of age. Benefits commence no earlier than age 55. Members who retired prior to July 1, 1998 are subject to an eligibility requirement of age 60 with 10 or more years of service. Subsidy is paid only to Members on service or disability retirements. Surviving spouses and surviving domestic partners are eligible for health benefits upon the Member's date of death if the Member had attained age 55 prior to death. Otherwise, health benefits for survivors shall commence on the date that the Member would have reached age 55. Basic subsidy is paid until age 65, or after age 65 if Member is not covered by Medicare Parts A and B.
Amount of Subsidy	4% per year of service, to a maximum of 100%, times Maximum Subsidy, subject to a maximum of the actual premium paid to the Board's approved health carrier. Tier 6 Service-Connected Disability retirees with less than 10 years of service may receive the lesser of 40% of the Maximum Subsidy or 40% of the single-party cost of their medical plan.
Maximum Subsidy	As of July 1, 2023, maximum is $2,169.79 per month. For surviving spouse or domestic partner, the maximum subsidy is $939.09 per month.
Increase in Subsidy	For employees not subject to freeze, the Board's health subsidy amount may increase by the lesser of 7% or non-Medicare trend as shown in Section 3, Actuarial Assumptions and Methods - Healthcare Premium Cost Trend Rates.
Dependent Portion	Difference between basic subsidy maximum amount and single-party premium.

Subsidy for Members Eligible for Medicare A & B

<table>
<tr><td>Eligibility</td><td>Retired Members over age 65 with 10 or more years of service who participate in Medicare or Tier 6 Service-Connected Disability retirees with less than 10 years of service, over age 65, who participate in Medicare.</td></tr>
<tr><td>Amount of Subsidy to Participant</td><td>For retirees, health subsidy is provided subject to the following vesting schedule:
<table>
<tr><th>Completed Years of Service</th><th>Vested Percentage</th></tr>
<tr><td>10-14</td><td>75%</td></tr>
<tr><td>15-19</td><td>90%</td></tr>
<tr><td>20+</td><td>100%</td></tr>
</table>
Tier 6 Service-Connected Disability Retirees with less than 10 years of service may receive the lesser of 75% of the Maximum Medicare Subsidy or 75% of the single-party cost of their medical plan.

Surviving spouses or surviving domestic partners are eligible for benefits upon the death of the Member. Surviving spouses or surviving domestic partners of Tier 6 Service-Connected Disability Retirees with less than 10 years of service do not qualify for a health subsidy.</td></tr>
<tr><td>Maximum Subsidy</td><td>As of July 1, 2023, the single coverage maximum subsidy for retirees and surviving spouse or domestic partner is $494.67. The multi-person coverage maximum subsidy depends on the carrier elected and coverage tier.

The Board's health subsidy amount may:
• For Medicare retirees with single party premium, increase with medical trend as shown in Summary of Key Valuation Results on page 7,
• For Medicare retirees with 2-party premium less than or equal to the maximum subsidy as of July 1, 2023 (e.g., Fire Kaiser), increase with medical trend as shown in Summary of Key Valuation Results on page 7, and
• For Medicare retirees with 2-party premium greater than the maximum subsidy as of July 1, 2023 (e.g., Police Blue Cross), increase with lesser of 7% or medical trend as shown in Summary of Key Valuation Results on page 7.</td></tr>
<tr><td>Dependent Portion</td><td>Calculation based on Board of Fire and Police Pension Commissioners Resolution No. 9320: equal to the amount payable on behalf of the dependents of a retired member in the same plan, with the same years of service, who qualifies for an under 65 or Part B/D only subsidy, whichever is greater, providing such subsidy does not exceed the civilian retiree dependent subsidy.</td></tr>
</table>

Subsidy Freeze	The retiree health benefits program was changed to freeze the medical subsidy for nonretired members not enrolled in the DROP as of July 14, 2011 who did not begin to contribute an additional 2% of base salary to the Pension Plan. • The frozen subsidy is different for Medicare and non-Medicare retirees. • The freeze applies to the medical subsidy limits in effect for the 2011-2012 plan year. • The freeze does not apply to the dental subsidy or the Medicare Part B premium reimbursement.

Medicare Part B Premium - Related Subsidy

Medicare Part B Premium Reimbursement	For retired Members enrolled in Medicare A & B who are receiving a subsidy, the Plan provides payment of Part B premiums ($164.90 for calendar year 2023 and $174.70 for calendar year 2024, for all eligible retirees and beneficiaries).

Dental Subsidy

Eligibility	Retired Members who retired with 10 or more years of service. Benefits commence no earlier than age 55. Subsidy is paid only to Members on service or disability retirements. Surviving spouses/domestic partners are not eligible for benefits upon the death of the Member.
Amount of Subsidy	4% per year of service, to a maximum of 100%, times Maximum Subsidy, subject to a maximum of the single-party premium paid to Board approved dental carrier.
Maximum Subsidy	Lesser of monthly amount paid to active Fire and Police Members and retired City Employees' Retirement System (CERS) Members. As of July 1, 2023, maximum is $43.81 per month.

Retiree Contributions

To the extent the subsidies are less than the medical or dental premiums, the retiree contributes the cost difference.

Net OPEB Liability

The components of the Net OPEB Liability were as follows:

Reporting Date for Employer under GAS 75	**June 30, 2024**	**June 30, 2023**
Measurement Date for Employer under GAS 75	**June 30, 2023**	**June 30, 2022**
Total OPEB Liability	$3,815,026,871	$3,649,332,287
Plan Fiduciary Net Position	2,966,815,106	2,722,122,493
Net OPEB Liability	**$848,211,765**	**$927,209,794**
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	77.77%	74.59%

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

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

Actuarial assumptions. The TOL as of June 30, 2023 was determined by the actuarial valuation as of June 30, 2023. The actuarial assumptions were based on the results of an experience study for the period from July 1, 2019 through June 30, 2022 and the health assumptions letter dated August 29, 2023. They are the same as the assumptions used in the June 30, 2023 funding actuarial valuation. In particular, the following actuarial assumptions were applied to all periods included in the measurement:

Inflation	2.50%
Across-the-board pay increase:	0.50%
Salary increases	Ranges from 3.90% to 12.00% based on years of service, including inflation and across-the-board pay increase
Investment Rate of Return	7.00%, net of OPEB Plan investment expense, including inflation
Other assumptions	Same as those used in the June 30, 2023 funding actuarial valuation

Section 2: GAS 75 Information

The TOL as of June 30, 2022 were determined by the actuarial valuation as of June 30, 2022. The actuarial assumptions were based on the results of an experience study for the period from July 1, 2016 through June 30, 2019 with the exception of the mortality assumption where the Board adopted the updated Pub-2010 mortality tables proposed in a separate letter dated December 12, 2019 and the health assumptions letter dated September 8, 2022. They are the same as the assumptions used in the June 30, 2022 funding actuarial valuation. In particular, the following actuarial assumptions were applied to all periods included in the measurement:

Inflation	2.75%
Across-the-board pay increase:	0.50%
Salary Increases	Ranges from 4.15% to 12.25% based on years of service, including inflation and across-the-board pay increase
Investment Rate of Return	7.00%, net of OPEB Plan investment expense, including inflation
Other assumptions	Same as those used in the June 30, 2022 funding actuarial valuation

Determination of Discount Rate and Investment Rates of Return

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation and, beginning with June 30, 2023, any applicable investment management expenses) are developed for each major asset class. These returns are combined to produce the long-term expected arithmetic rate of return for the portfolio by weighting the expected arithmetic real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses (beginning with June 30, 2023 including only investment consulting fees, custodian fees and other miscellaneous investment expenses) and a risk margin. Beginning with June 30, 2023 this portfolio return is also adjusted to an expected geometric real rate of return for the portfolio.

The target allocation and projected arithmetic real rates of return for each major asset class (after deducting inflation) are shown in the following tables. For June 30, 2022, these rates are before deducting investment management expenses while for June 30, 2023, they are after deducting applicable investment management expenses. This information was used in the derivation of the long-term expected investment rate of return assumption in the actuarial valuations as of June 30, 2023 and June 30, 2022. This information will change every three years based on the actuarial experience study.

June 30, 2023

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
Large Cap U.S. Equity	23.00%	6.00%
Small Cap U.S. Equity	6.00%	6.65%
Developed International Equity	16.00%	7.01%
Emerging Markets Equity	5.00%	8.80%
U.S. Core Fixed Income	9.90%	1.97%
High Yield Bonds	2.75%	4.63%
Global Credit	2.75%	0.89%
TIPS	4.40%	1.77%
Real Estate	7.00%	3.86%
Commodities	1.00%	4.21%
Cash Equivalents	1.00%	0.63%
Private Equity	14.00%	9.84%
Private Credit	2.00%	6.48%
Unconstrained Fixed Income	2.20%	2.50%
REITS	3.00%	5.25%
Total	**100.0%**	**5.80%**

June 30, 2022

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
Large Cap U.S. Equity	23.00%	5.40%
Small Cap U.S. Equity	6.00%	6.20%
Developed International Equity	16.00%	6.54%
Emerging Markets Equity	5.00%	8.78%
U.S. Core Fixed Income	13.00%	1.07%
TIPS	4.00%	0.62%
High Yield Bonds	3.00%	3.31%
Real Estate	7.00%	4.65%
Commodities	5.00%	3.05%
Cash	1.00%	0.01%
Unconstrained Fixed Income	2.00%	1.37%
Private Equity	12.00%	8.25%
REITS	3.00%	4.40%
Total	**100.00%**	**4.99%**

Discount rate. The discount rate used to measure the Total OPEB Liability (TOL) was 7.00% as of June 30, 2023 and June 30, 2022. The projection of cash flows used to determine the discount rate assumed employer contributions will be made at rates equal to the actuarially determined contribution rates for each tier. 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 Plan Fiduciary Net Position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the TOL as of both June 30, 2023 and June 30, 2022.

Discount Rate and Trend Sensitivity

Sensitivity of the NOL to changes in the discount rate. The following presents the NOL of LAFPP as of June 30, 2023, calculated using the discount rate of 7.00%, as well as what LAFPP's NOL 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%)**
Fire and Police	$1,409,178,710	$850,027,818	$397,498,054
Harbor Port Police	3,542,949	(672,872)	(4,001,081)
Airport	(139,492)	(1,143,181)	(1,912,207)
Total for the City	**$1,412,582,167**	**$848,211,765**	**$391,584,766**

Sensitivity of the NOL to changes in the trend rates. The following presents the NOL of LAFPP as of June 30, 2023, as well as what LAFPP's NOL would be if it were calculated using a trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease[1]	**Current Trend Rates[1]**	**1% Increase[1]**
Fire and Police	$381,620,057	$850,027,818	$1,438,909,043
Harbor Port Police	(4,527,236)	(672,872)	4,385,101
Airport	(2,119,063)	(1,143,181)	225,566
Total for the City	**$374,973,758**	**$848,211,765**	**$1,443,519,710**

1 Current trend rates: 7.25%, then graded down to 4.50% over 11 years for Non-Medicare medical plan costs and 6.50% then graded down to 4.50% over 8 years for Medicare medical plan costs. 3.00% for all years for Dental. Actual premium increase in the first year, then 4.50% thereafter for Medicare Part B subsidy cost.

Schedule of Changes in Net OPEB Liability

Reporting Date for Employer under GAS 75 Measurement Date for Employer under GAS 75	June 30, 2024 June 30, 2023	June 30, 2023 June 30, 2022
Total OPEB Liability		
• Service cost[1]	$77,652,864	$79,824,864
• Interest	255,592,946	266,035,874
• Change of benefit terms	0	0
• Differences between expected and actual experience	18,082,420	(8,923,136)
• Changes of assumptions	(31,715,725)	(333,312,414)
• Benefit payments	(153,917,921)	(147,466,936)
• Other	0	0
Net change in Total OPEB Liability	**$165,694,584**	**$(143,841,748)**
Total OPEB Liability – beginning	3,649,332,287	3,793,174,035
Total OPEB Liability – ending	**$3,815,026,871**	**$3,649,332,287**
Plan Fiduciary Net Position		
• Contributions – employer	$186,418,480	$193,139,555
• Contributions – member	0	0
• Net investment income	214,763,471	(209,564,762)
• Benefit payments	(153,917,921)	(147,466,936)
• Administrative expense	(2,571,417)	(2,295,746)
• Other	0	0
Net change in Plan Fiduciary Net Position	**$244,692,613**	**$(166,187,889)**
Plan Fiduciary Net Position – beginning	2,722,122,493	2,888,310,382
Plan Fiduciary Net Position – ending	**$2,966,815,106**	**$2,722,122,493**
Net OPEB Liability – ending	**$848,211,765**	**$927,209,794**
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	77.77%	74.59%
Covered payroll[2]	$1,608,133,494	$1,598,684,776
Net OPEB Liability as percentage of covered payroll	52.75%	58.00%

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

2 Covered payroll represents payroll on which contributions to the OPEB plan are based.

Schedule of contributions – Last ten fiscal years

Year Ended June 30	Actuarially Determined Contributions[1]	Contributions in Relation to the Actuarially Determined Contributions[1]	Contribution Deficiency (Excess)	Covered Payroll[2]	Contributions as a Percentage of Covered Payroll[3]
2014	$138,106,847	$138,106,847	$0	$1,308,198,504	10.56%
2015	148,476,512	148,476,512	0	1,314,360,387	11.30%
2016	150,315,374	150,315,374	0	1,351,788,221	11.12%
2017	165,170,422	165,170,422	0	1,397,244,974	11.82%
2018	178,462,244	178,462,244[4]	0	1,451,995,822	12.29%
2019	188,019,917	188,019,917	0	1,487,977,884	12.64%
2020	193,213,520	193,213,520	0	1,509,613,198	12.80%
2021	200,424,568	200,424,568	0	1,603,349,052	12.50%
2022	193,139,555	193,139,555	0	1,598,684,776	12.08%
2023	186,418,480	186,418,480	0	1,608,133,494	11.59%

See accompanying notes to this schedule on the next page.

1 Payable as of July 15.

2 Covered payroll represents payroll on which contributions to the OPEB plan are based.

3 Contribution rate as a percentage of payroll reflects discount applied when the employer prepays its contributions. This rate has been "backed" into by dividing the actual contributions by the budgeted covered payroll.

4 Excludes $517,068 transferred from LACERS for the Airport Police members who elected to join LAFPP Tier 6.

Schedule of Employer Contributions (continued)

Notes to Schedule:

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

The assumptions used in establishing the ADC for the year ended June 30, 2023 were based on the June 30, 2021 funding valuation.

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 Actuarial Cost Method
Amortization Method:	For Tier 1, level dollar amortization is used with last period ending on June 30, 2037. For Tiers 2, 3 and 4, level percent of payroll amortization with multiple layers is used as a percent of total valuation payroll from the respective employer (i.e., City). For Tiers 5 and 6, level percent of payroll with multiple layers is used as a percent of combined payroll for these tiers from the respective employer (i.e., City, Harbor Department or Airport Department).
Remaining Amortization Period:	Actuarial gains/losses are amortized over 20 years. Assumption changes are amortized over 20 years. Plan changes are amortized over 15 years.
Asset Valuation Method:	The market value of assets less unrecognized returns. Unrecognized return is equal to the difference between the actual and the expected return on a market value basis, and is recognized over a seven-year period. The actuarial value of assets is further adjusted, if necessary, to be within 40% of the market value of assets.
Actuarial Assumptions:	
Valuation Date:	June 30, 2021 Valuation (used for establishing the ADC for the year ended June 30, 2023)
Investment Rate of Return:	7.00%, net of investment expenses
Inflation Rate:	2.75%
Administrative Expenses:	Out of the total 1.40% of payroll in administrative expense, 0.11% of payroll payable biweekly is allocated to the OPEB Plan. This is equal to 0.11% of payroll payable at beginning of the year.
Real Across-the-Board Salary Increase:	0.50%
Projected Salary Increases:[1]	Ranges from 4.15% to 12.25% based on years of service, including inflation and across-the-board salary increases
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.

Determination of Proportionate Share

Allocation of June 30, 2022 Net OPEB Liability

Member Category	Total NOL
Fire and Police	$927,996,031
Harbor Port Police	(772,742)
Airport	(13,495)
Total for the City	**$927,209,794**

Allocation of June 30, 2023 Net OPEB Liability

Member Category	Total NOL
Fire and Police	$850,027,818
Harbor Port Police	(672,872)
Airport	(1,143,181)
Total for the City	**$848,211,765**

Notes:

The Net OPEB Liability (NOL) for each member category is the Total OPEB Liability (TOL) minus the Plan Fiduciary Net Position (plan assets). The Total OPEB Liability for each member category is obtained from internal valuation results and is calculated separately for each of the members associated with the Fire and Police Departments, the Harbor Port Police, and the Airport Department. The Plan Fiduciary Net Position for each membership category was estimated by adjusting the Valuation Value of Assets for each membership category by the ratio of the total LAFPP Plan Fiduciary Net Position to total LAFPP Valuation Value of Assets.

The adjustment of the Plan Fiduciary Net Position as of June 30, 2023 further reflects an asset transfer for one member who transferred between two of the three member categories between July 1, 2021 and June 30, 2022 (about $22,000 from the Airport Department to the Fire and Police Departments for the OPEB Plan).

Section 2: GAS 75 Information

The following items are allocated based on the internal valuation results maintained and calculated separately for each of the members associated with the Fire and Police Departments, the Harbor Port Police and the Airport Department.

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

OPEB Expense

Total for All Employers

Reporting Date for Employer under GAS 75 Measurement Date for Employer under GAS 75	June 30, 2024 June 30, 2023	June 30, 2023 June 30, 2022
• Service cost	$77,652,864	$79,824,864
• Interest on the Total OPEB Liability	255,592,946	266,035,874
• Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	0	0
• Current-period benefit changes	0	0
• Expensed portion of current-period difference between expected and actual experience in the Total OPEB Liability	2,628,259	(1,295,085)
• Expensed portion of current-period changes of assumptions or other inputs	(4,609,844)	(48,376,257)
• Member contributions	0	0
• Projected earnings on plan investments	(197,577,021)	(209,896,478)
• Expensed portion of current-period differences between projected and actual earnings on plan investments	(3,437,290)	83,892,248
• Administrative expense	2,571,417	2,295,746
• Other	0	0
• Recognition of beginning of year deferred outflows of resources as OPEB expense	158,218,418	74,326,172
• Recognition of beginning of year deferred inflows of resources as OPEB expense	(237,433,801)	(195,296,065)
• Net amortization of deferred amounts from changes in proportion and differences between employer’s contributions and proportionate share of contributions	0	0
OPEB Expense	**$53,605,948**	**$51,511,019**

OPEB Expense (continued)

Fire and Police

Reporting Date for Employer under GAS 75 Measurement Date for Employer under GAS 75	June 30, 2024 June 30, 2023	June 30, 2023 June 30, 2022
• Service cost	$76,073,812	$78,221,461
• Interest on the Total OPEB Liability	253,929,637	264,451,449
• Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	0	0
• Current-period benefit changes	0	0
• Expensed portion of current-period difference between expected and actual experience in the Total OPEB Liability	2,652,145	(1,272,485)
• Expensed portion of current-period changes of assumptions or other inputs	(4,589,035)	(48,134,836)
• Member contributions	0	0
• Projected earnings on plan investments	(195,828,665)	(208,166,603)
• Expensed portion of current-period differences between projected and actual earnings on plan investments	(3,409,536)	83,228,349
• Administrative expense	2,530,489	2,260,705
• Other	0	0
• Recognition of beginning of year deferred outflows of resources as OPEB expense	157,054,152	73,825,807
• Recognition of beginning of year deferred inflows of resources as OPEB expense	(235,900,682)	(193,979,245)
• Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	0	0
OPEB Expense	**$52,512,317**	**$50,434,602**

OPEB Expense (continued)

Harbor Port Police

Reporting Date for Employer under GAS 75	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 75	**June 30, 2023**	**June 30, 2022**
• Service cost	$928,895	$950,777
• Interest on the Total OPEB Liability	1,358,018	1,320,519
• Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	0	0
• Current-period benefit changes	0	0
• Expensed portion of current-period difference between expected and actual experience in the Total OPEB Liability	11,642	(14,405)
• Expensed portion of current-period changes of assumptions or other inputs	45,713	(202,759)
• Member contributions	0	0
• Projected earnings on plan investments	(1,417,305)	(1,459,420)
• Expensed portion of current-period differences between projected and actual earnings on plan investments	(25,677)	576,490
• Administrative expense	26,838	23,112
• Other	0	0
• Recognition of beginning of year deferred outflows of resources as OPEB expense	940,438	363,946
• Recognition of beginning of year deferred inflows of resources as OPEB expense	(1,292,355)	(1,121,549)
• Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	0	0
OPEB Expense	**$576,207**	**$436,711**

OPEB Expense (continued)

Airport

Reporting Date for Employer under GAS 75 Measurement Date for Employer under GAS 75	June 30, 2024 June 30, 2023	June 30, 2023 June 30, 2022
• Service cost	$650,157	$652,626
• Interest on the Total OPEB Liability	305,291	263,906
• Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	0	0
• Current-period benefit changes	0	0
• Expensed portion of current-period difference between expected and actual experience in the Total OPEB Liability	(35,528)	(8,195)
• Expensed portion of current-period changes of assumptions or other inputs	(66,522)	(38,662)
• Member contributions	0	0
• Projected earnings on plan investments	(331,051)	(270,455)
• Expensed portion of current-period differences between projected and actual earnings on plan investments	(2,077)	87,409
• Administrative expense	14,090	11,929
• Other	0	0
• Recognition of beginning of year deferred outflows of resources as OPEB expense	223,828	136,419
• Recognition of beginning of year deferred inflows of resources as OPEB expense	(240,764)	(195,271)
• Net amortization of deferred amounts from changes in proportion and differences between employer’s contributions and proportionate share of contributions	0	0
OPEB Expense	**$517,424**	**$639,706**

Deferred Outflows of Resources and Deferred Inflows of Resources

Total For All Employers

Reporting Date for Employer under GAS 75	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 75	**June 30, 2023**	**June 30, 2022**
Deferred Outflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions[1]	$0	$0
• Changes of assumptions or other inputs	71,857,627	113,080,197
• Net difference between projected and actual earnings on OPEB plan investments (if any)	41,348,728	57,075,119
• Difference between actual and expected experience in the Total OPEB Liability	20,789,555	11,806,528
• **Total Deferred Outflows of Resources**	**$133,995,910**	**$181,961,844**
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	330,591,240	367,284,659
• Net difference between actual and projected earnings on OPEB plan investments (if any)	0	0
• Difference between expected and actual experience in the Total OPEB Liability	168,132,713	233,219,731
• **Total Deferred Inflows of Resources**	**$498,723,953**	**$600,504,390**
Deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as follows:		
Reporting Date for Employer under GAS 75 Year Ended June 30:		
2024	N/A	$(79,215,383)
2025	$(105,584,349)	(100,165,474)
2026	(131,221,347)	(125,802,472)
2027	(4,102,197)	1,316,678
2028	(72,250,564)	(66,831,689)
2029	(49,825,791)	(47,844,206)
2030	(1,743,795)	0
2031	0	0

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

Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

Fire and Police

Reporting Date for Employer under GAS 75	**June 30, 2024**	**June 30, 2023**
Measurement Date for Employer under GAS 75	**June 30, 2023**	**June 30, 2022**
Deferred Outflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions[1]	$0	$0
• Changes of assumptions or other inputs	71,084,297	112,344,146
• Net difference between projected and actual earnings on OPEB plan investments (if any)	41,107,263	56,804,985
• Difference between actual and expected experience in the Total OPEB Liability	20,604,246	11,535,114
• **Total Deferred Outflows of Resources**	**$132,795,806**	**$180,684,245**
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	328,614,007	365,353,819
• Net difference between actual and projected earnings on OPEB plan investments (if any)	0	0
• Difference between expected and actual experience in the Total OPEB Liability	166,956,092	231,924,187
• **Total Deferred Inflows of Resources**	**$495,570,099**	**$597,278,006**
Deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as follows:		
Reporting Date for Employer under GAS 75 Year Ended June 30:		
2024	N/A	$(78,846,530)
2025	$(105,060,409)	(99,713,983)
2026	(130,502,547)	(125,156,121)
2027	(4,194,381)	1,152,045
2028	(71,791,142)	(66,444,714)
2029	(49,521,348)	(47,584,458)
2030	(1,704,466)	0
2031	0	0

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

Deferred Outflows of Resources and Deferred inflows of Resources (continued)

Harbor Port Police

Reporting Date for Employer under GAS 75	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 75	**June 30, 2023**	**June 30, 2022**
Deferred Outflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions[1]	$0	$0
• Changes of assumptions or other inputs	731,727	672,990
• Net difference between projected and actual earnings on OPEB plan investments (if any)	203,326	238,842
• Difference between actual and expected experience in the Total OPEB Liability	70,104	56,539
• **Total Deferred Outflows of Resources**	**$1,005,157**	**$968,371**
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	1,320,306	1,605,916
• Net difference between actual and projected earnings on OPEB plan investments (if any)	0	0
• Difference between expected and actual experience in the Total OPEB Liability	791,617	1,055,676
• **Total Deferred Inflows of Resources**	**$2,111,923**	**$2,661,592**
Deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as follows:		
Reporting Date for Employer under GAS 75 Year Ended June 30:		
2024	N/A	$(351,917)
2025	$(405,192)	(436,870)
2026	(495,924)	(527,602)
2027	195,483	163,805
2028	(293,515)	(325,193)
2029	(158,089)	(215,444)
2030	50,471	0
2031	0	0

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

Deferred Outflows of Resources and Deferred inflows of Resources (continued)

Airport

Reporting Date for Employer under GAS 75 Measurement Date for Employer under GAS 75		June 30, 2024 June 30, 2023	June 30, 2023 June 30, 2022
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		41,603	63,061
• Net difference between projected and actual earnings on OPEB plan investments (if any)		38,139	31,292
• Difference between actual and expected experience in the Total OPEB Liability		115,205	214,875
• **Total Deferred Outflows of Resources**		**$194,947**	**$309,228**
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		656,927	324,924
• Net difference between actual and projected earnings on OPEB plan investments (if any)		0	0
• Difference between expected and actual experience in the Total OPEB Liability		385,004	239,868
• **Total Deferred Inflows of Resources**		**$1,041,931**	**$564,792**
Deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as follows:			
Reporting Date for Employer under GAS 75 Year Ended June 30:			
	2024	N/A	$(16,936)
	2025	$(118,748)	(14,621)
	2026	(222,876)	(118,749)
	2027	(103,299)	828
	2028	(165,907)	(61,782)
	2029	(146,354)	(44,304)
	2030	(89,800)	0
	2031	0	0

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

Deferred Outflows of Resources and Deferred inflows of Resources (continued)

Amounts shown in this exhibit were allocated by Fire and Police, Harbor Port Police, and Airport Department member categories based on the internal calculations as described on page 23.

In determining the OPEB expense:

- Any differences between projected and actual investment earnings on OPEB plan investments are recognized over a period of five years beginning with the year in which they occur.
- Current period (i.e., 2022/2023) differences between expected and actual experience and changes of assumptions or other inputs (if any) are recognized over the average of the expected remaining service lives of all employees that are provided with OPEB benefits through LAFPP determined as of June 30, 2022 (the beginning of the measurement period ending June 30, 2023) and is 6.88 years.[1]
- Prior period differences between expected and actual experience and changes of assumptions or other inputs are continued to be recognized based on the expected remaining service lives of all employees calculated as of those prior measurement dates.

The average of the expected remaining service lives of all employees was 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 non-active or retired member.
- Dividing the sum of the above amounts by the total number of active, non-active and retired members.

There is no change in the OPEB expense brought about by "Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions". This is because calculations are done separately to track TOL and Plan Fiduciary Net Position for each of the Fire and Police Departments, Harbor Port Police and Airport Department.

1 The remaining service lives of all employees of 6.88 years used here for GAS 75 is different from the 5.51 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. Also for GAS 75 purposes, the DROP members who have not yet exited DROP are treated as actives.

Schedule of Proportionate Share of the Net OPEB Liability

Total for All Employers

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 Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2017	100.000%	$1,644,265,872	$1,351,788,221	121.64%	46.61%
2018	100.000%	1,692,142,246	1,397,244,974	121.11%	49.61%
2019	100.000%	1,709,894,218	1,451,995,822	117.76%	52.35%
2020	100.000%	1,583,487,630	1,487,977,884	106.42%	56.27%
2021	100.000%	1,566,410,094	1,509,613,198	103.76%	57.78%
2022	100.000%	904,863,653	1,603,349,052	56.44%	76.14%
2023	100.000%	927,209,794	1,598,684,776	58.00%	74.59%
2024	100.000%	848,211,765	1,608,133,494	52.75%	77.77%

1 Covered payroll represents payroll on which contributions to the OPEB plan are based.

Schedule of Proportionate Share of the Net OPEB Liability (continued)

Fire and Police

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 Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2017	99.844%	$1,641,702,423	$1,339,604,221	122.55%	46.52%
2018	99.852%	1,689,636,214	1,383,703,751	122.11%	49.50%
2019	99.815%	1,706,734,445	1,435,946,590	118.86%	52.24%
2020	99.772%	1,579,875,363	1,468,523,373	107.58%	56.16%
2021	99.798%	1,563,245,707	1,488,010,947	105.06%	57.65%
2022	100.208%	906,743,988	1,579,733,175	57.40%	75.96%
2023	100.085%	927,996,031	1,572,038,001	59.03%	74.41%
2024	100.214%	850,027,818	1,578,096,386	53.86%	77.57%

1 Covered payroll represents payroll on which contributions to the OPEB plan are based.

Schedule of Proportionate Share of the Net OPEB Liability (continued)

Harbor Port Police

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 Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2017	0.156%	$2,563,449	$12,184,000	21.04%	74.45%
2018	0.148%	2,506,032	13,541,223	18.51%	78.65%
2019	0.143%	2,446,710	14,167,622	17.27%	81.87%
2020	0.191%	3,017,519	14,583,811	20.69%	80.65%
2021	0.162%	2,540,894	15,462,251	16.43%	84.77%
2022	(0.210%)	(1,900,005)	15,757,877	(12.06%)	110.55%
2023	(0.083%)	(772,742)	16,554,386	(4.67%)	104.16%
2024	(0.079%)	(672,872)	16,873,901	(3.99%)	103.20%

1 Covered payroll represents payroll on which contributions to the OPEB plan are based.

Schedule of Proportionate Share of the Net OPEB Liability (continued)

Airport

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 Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2017	0.000%	$0	$0	00.00%	00.00%
2018	0.000%	0	0	00.00%	00.00%
2019	0.042%	713,063	1,881,610	37.90%	49.48%
2020	0.038%	594,748	4,870,700	12.21%	66.14%
2021	0.040%	623,493	6,140,000	10.15%	73.17%
2022	0.002%	19,670	7,858,000	0.25%	99.37%
2023	(0.002%)	(13,495)	10,092,389	(0.13%)	100.36%
2024	(0.135%)	(1,143,181)	13,163,207	(8.68%)	128.84%

1 Covered payroll represents payroll on which contributions to the OPEB plan are based.

Schedule of Reconciliation of Net OPEB Liability

Total for All Employers

Reporting Date for Employer under GAS 75	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 75	**June 30, 2023**	**June 30, 2022**
• Beginning Net OPEB Liability	$927,209,794	$904,863,653
• OPEB Expense	53,605,948	51,511,019
• Employer Contributions	(186,418,480)	(193,139,555)
• New Net Deferred Inflows/Outflows	(25,400,880)	43,004,784
• New Net Deferred Flows Due to Change in Proportion	0	0
• Recognition of Prior Deferred Inflows/Outflows	79,215,383	120,969,893
Ending Net OPEB Liability	**$848,211,765**	**$927,209,794**

Schedule of Reconciliation of Net OPEB Liability (continued)

Fire and Police

Reporting Date for Employer under GAS 75	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 75	**June 30, 2023**	**June 30, 2022**
• Beginning Net OPEB Liability	$927,996,031	$906,743,988
• OPEB Expense	52,512,317	50,434,602
• Employer Contributions	(184,299,998)	(191,240,268)
• New Net Deferred Inflows/Outflows	(25,027,062)	41,904,271
• New Net Deferred Flows Due to Change in Proportion	0	0
• Recognition of Prior Deferred Inflows/Outflows	78,846,530	120,153,438
Ending Net OPEB Liability	**$850,027,818**	**$927,996,031**

Schedule of Reconciliation of Net OPEB Liability (continued)

Harbor Port Police

Reporting Date for Employer under GAS 75	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 75	**June 30, 2023**	**June 30, 2022**
• Beginning Net OPEB Liability	$(772,742)	$(1,900,005)
• OPEB Expense	576,207	436,711
• Employer Contributions	(1,062,792)	(1,093,914)
• New Net Deferred Inflows/Outflows	234,538	1,026,863
• New Net Deferred Flows Due to Change in Proportion	0	0
• Recognition of Prior Deferred Inflows/Outflows	351,917	757,603
Ending Net OPEB Liability	**$(672,872)**	**$(772,742)**

Schedule of Reconciliation of Net OPEB Liability (continued)

Airport

Reporting Date for Employer under GAS 75	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 75	**June 30, 2023**	**June 30, 2022**
• Beginning Net OPEB Liability	$(13,495)	$19,670
• OPEB Expense	517,424	639,706
• Employer Contributions	(1,055,690)	(805,373)
• New Net Deferred Inflows/Outflows	(608,356)	73,650
• New Net Deferred Flows Due to Change in Proportion	0	0
• Recognition of Prior Deferred Inflows/Outflows	16,936	58,852
Ending Net OPEB Liability	**$(1,143,181)**	**$(13,495)**

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: 2023	2024	2025	2026	2027	2028	2029	2030	2031
2018	$38,240,662[1]	7.03	$5,439,639	$5,439,639	$163,189	$0	$0	$0	$0	$0	$0
2019	(16,531,756)[1]	7.14	(2,315,372)	(2,315,372)	(2,315,372)	(324,152)	0	0	0	0	0
2020	(249,567,518)[1]	7.13	(35,002,457)	(35,002,457)	(35,002,457)	(35,002,457)	(4,550,319)	0	0	0	0
2021	(190,524,818)[1]	7.17	(26,572,499)	(26,572,499)	(26,572,499)	(26,572,499)	(26,572,499)	(4,517,325)	0	0	0
2022	8,191,707[1]	7.25	1,129,890	1,129,890	1,129,890	1,129,890	1,129,890	1,129,890	282,477	0	0
2023	(8,923,136)	6.89	(1,295,085)	(1,295,085)	(1,295,085)	(1,295,085)	(1,295,085)	(1,295,085)	(1,152,626)	0	0
2024	18,082,420	6.88	N/A	2,628,259	2,628,259	2,628,259	2,628,259	2,628,259	2,628,259	2,312,866	0
Increase / (Decrease) in OPEB Expense			**$(58,615,884)**	**$(55,987,625)**	**$(61,264,075)**	**$(59,436,044)**	**$(28,659,754)**	**$(2,054,261)**	**$1,758,110**	**$2,312,866**	**$0**

As described in *Section 2, Schedule of Deferred Outflows of Resources and Deferred Inflows of Resources*, the average of the expected remaining service lives of all employees that are provided with OPEB benefits through LAFPP (active and inactive members) determined as of June 30, 2022 (the beginning of the measurement period ending June 30, 2023) is 6.88 years.

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

Schedule of Recognition of Changes in Total Net OPEB Liability (continued)

Increase / (Decrease) in OPEB Expense Arising from the Recognition of the Effects of Changes of Assumptions or Other Inputs

Reporting Date for Employer Under GAS 75 Year Ended June 30	Changes of Assumption or Other Inputs	Recognition Period (Years)	Reporting Date for Employer under GAS 75 Year Ended June 30:								
			2023	2024	2025	2026	2027	2028	2029	2030	2031
2018	$65,786,820[1]	7.03	$9,358,011	$9,358,011	$280,743	$0	$0	$0	$0	$0	$0
2019	63,331,870[1]	7.14	8,870,010	8,870,010	8,870,010	1,241,800	0	0	0	0	0
2020	85,910,802[1]	7.13	12,049,201	12,049,201	12,049,201	12,049,201	1,566,395	0	0	0	0
2021	80,297,239[1]	7.17	11,199,057	11,199,057	11,199,057	11,199,057	11,199,057	1,903,840	0	0	0
2022	(113,656,449)[1]	7.25	(15,676,752)	(15,676,752)	(15,676,752)	(15,676,752)	(15,676,752)	(15,676,752)	(3,919,185)	0	0
2023	(333,312,414)	6.89	(48,376,257)	(48,376,257)	(48,376,257)	(48,376,257)	(48,376,257)	(48,376,257)	(43,054,872)	0	
2024	(31,715,725)	6.88	N/A	(4,609,844)	(4,609,844)	(4,609,844)	(4,609,844)	(4,609,844)	(4,609,844)	(4,056,661)	0
Increase / (Decrease) in OPEB Expense			**$(22,576,730)**	**$(27,186,574)**	**$(36,263,842)**	**$(44,172,795)**	**$(55,897,401)**	**$(66,759,013)**	**$(51,583,901)**	**$(4,056,661)**	**$0**

As described in *Section 2, Schedule of Deferred Outflows of Resources and Deferred Inflows of Resources*, the average of the expected remaining service lives of all employees that are provided with OPEB benefits through LAFPP (active and inactive members) determined as of June 30, 2022 (the beginning of the measurement period ending June 30, 2023) is 6.88 years.

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

Schedule of Recognition of Changes in Total Net OPEB Liability (continued)

Increase / (Decrease) in OPEB Expense Arising from the Recognition of the Net Difference Between Projected and Actual Earnings on OPEB Plan Investments

Reporting Date for Employer Under GAS 75 Year Ended June 30	Net Difference Between Projected and Actual Earnings	Recognition Period (Years)	Reporting Date for Employer under GAS 75 Year Ended June 30: 2023	2024	2025	2026	2027	2028	2029	2030	2031
2018	$(74,554,418)[1]	5.00	$0	$0	$0	$0	$0	$0	$0	$0	$0
2019	(37,668,026)[1]	5.00	(7,533,606)	0	0	0	0	0	0	0	0
2020	32,981,863[1]	5.00	6,596,373	6,596,371	0	0	0	0	0	0	0
2021	97,780,418[1]	5.00	19,556,084	19,556,084	19,556,082	0	0	0	0	0	0
2022	(540,337,354)[1]	5.00	(108,067,472)	(108,067,472)	(108,067,472)	(108,067,466)	0	0	0	0	0
2023	419,461,240	5.00	83,892,248	83,892,248	83,892,248	83,892,248	83,892,248	0	0	0	0
2024	(17,186,450)	5.00	N/A	(3,437,290)	(3,437,290)	(3,437,290)	(3,437,290)	(3,437,290)	0	0	0
Increase / (Decrease) in OPEB Expense			**($5,556,373)**	**($1,460,059)**	**($8,056,432)**	**($27,612,508)**	**$80,454,958**	**($3,437,290)**	**$0**	**$0**	**$0**

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

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

Schedule of Recognition of Changes in Total Net OPEB Liability (continued)

Total Increase / (Decrease) in OPEB Expense

Reporting Date for Employer Under GAS 75 Year Ended June 30	Total Increase / (Decrease)	Reporting Date for Employer under GAS 75 Year Ended June 30:								
		2023	2024	2025	2026	2027	2028	2029	2030	2031
2018	$29,473,064[1]	$14,797,650	$14,797,650	$443,932	$0	$0	$0	$0	$0	$0
2019	9,132,088[1]	(978,968)	6,554,638	6,554,638	917,648	0	0	0	0	0
2020	(130,674,853)[1]	(16,356,883)	(16,356,885)	(22,953,256)	(22,953,256)	(2,983,924)	0	0	0	0
2021	(12,447,161)[1]	4,182,642	4,182,642	4,182,640	(15,373,442)	(15,373,442)	(2,613,485)	0	0	0
2022	(645,802,096)[1]	(122,614,334)	(122,614,334)	(122,614,334)	(122,614,328)	(14,546,862)	(14,546,862)	(3,636,708)	0	0
2023	77,225,690	34,220,906	34,220,906	34,220,906	34,220,906	34,220,906	(49,671,342)	(44,207,498)	0	0
2024	(30,819,755)	N/A	(5,418,875)	(5,418,875)	(5,418,875)	(5,418,875)	(5,418,875)	(1,981,585)	(1,743,795)	0
Increase / (Decrease) in OPEB Expense		**$(86,748,987)**	**$(84,634,258)**	**$(105,584,349)**	**$(131,221,347)**	**$(4,102,197)**	**$(72,250,564)**	**$(49,825,791)**	**$(1,743,795)**	**$0**

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

Allocation of Changes in Total Net OPEB Liability

There is no change in the OPEB expense brought about by "Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions". This is because calculations are done separately to track TOL and Plan Fiduciary Net Position for each of the Fire and Police Departments, Harbor Port Police and Airport Department.

Section 3: Actuarial Assumptions and Methods and Appendices

Actuarial Assumptions and Methods

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

Rationale for Assumptions

The information and analysis used in selecting each assumption that has a significant effect on this actuarial valuation is shown in the July 1, 2019 through June 30, 2022 Actuarial Experience Study dated May 10, 2023 and retiree health assumptions letter dated August 29, 2023. Unless otherwise noted, all actuarial assumptions and methods shown below apply to all members. These assumptions have been adopted by the Board.

Economic Assumptions

Net Investment Return	7.00%; net of OPEB Plan investment expense, including inflation. Based on the Actuarial Experience Study referenced above, expected investment expenses represent about 0.10% of the Actuarial Value of Assets.
Administrative Expenses	Out of the total 1.45% of payroll in assumed administrative expenses, 0.13% of payroll payable biweekly is allocated to the Retiree Health Plan. This is equal to 0.13% of payroll payable at beginning of the year.
Payroll Growth	Inflation of 2.50% per year plus “across the board” real salary increases of 0.50% per year, used to amortize the Unfunded Actuarial Accrued Liability as a level percentage of payroll.

Salary Increases

The annual rate of compensation increase includes:

- Inflation at 2.50%, plus
- “Across the board” salary increases of 0.50% per year, plus
- The following merit and promotion increases:

Years of Service	Rate (%)
Less than 1	9.00
1–2	7.00
2–3	6.50
3–4	5.50
4–5	4.00
5–6	2.75
6–7	2.00
7–8	2.00
8–9	2.00
9–10	2.50
10–11	1.90
11–12	1.80
12–13	1.70
13–14	1.60
14–15	2.00
15–16	1.40
16–17	1.30
17–18	1.20
18–19	1.20
19–20	1.60
20–25	1.00
25 & Over	0.90

Increases are assumed to occur beginning of the year for future salary increases.

We annualized biweekly pay (by multiplying by 365 and dividing by 14), supplied by LAFPP.

Demographic Assumptions

Post-Retirement Mortality Rates

Healthy

- Pub-2010 Safety Healthy Retiree Headcount-Weighted Above-Median Mortality Table increased by 5% for males and unadjusted for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.

Disabled

- Pub-2010 Safety Disabled Retiree Headcount-Weighted Mortality Table, projected generationally with the two-dimensional mortality improvement scale MP-2021.

Beneficiary

- **Not in Pay Status as of Valuation:** Pub-2010 General Healthy Retiree Headcount-Weighted Above-Median Mortality Table increased by 5% for males and females, projected generationally with the two-dimensional mortality improvement scale MP-2021.
- **In Pay Status as of Valuation:** Pub-2010 General Healthy Retiree Headcount-Weighted Above-Median Mortality Table increased by 5% for males and increased by 10% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.

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

Notes:

The above listed *Safety Healthy Retiree* tables only provides rates for ages 45 and later. To develop the mortality rates for ages 36 through 44, we have smoothed the difference between the rates at age 35 from the Pub-2010 Employee Headcount-Weighted Above-Median Mortality Tables and the rates at age 45 from the Pub-2010 Healthy Retiree Headcount-Weighted Above-Median Mortality tables. To develop the mortality rates before age 36, we have used the Pub-2010 Employee Headcount-Weighted Above-Median Mortality Tables rates.

The above listed *General Healthy Retiree* tables only provides rates for ages 50 and later. To develop the mortality rates for ages 41 through 49, we have smoothed the difference between the rates at age 40 from the Pub-2010 General Employee Headcount-Weighted Above-Median Mortality Tables and the rates at age 50 from the Pub-2010 General Healthy Retiree Headcount-Weighted Above-Median Mortality tables. To develop the mortality rates before age 41, we have used the Pub-2010 General Employee Headcount-Weighted Above-Median Mortality Tables rates.

This methodology for developing an extended annuitant mortality table is similar to the method used by the IRS to develop the base mortality table for determining minimum funding standards for single-employer defined benefit pension plans under Internal Revenue Code Section 430. While Section 430 is not applicable to LAFPP, we believe this is a reasonable method for developing annuitant mortality rates at earlier ages.

Pre-Retirement Mortality Rates

Pub-2010 Safety Employee Headcount-Weighted Above-Median Mortality Table, projected generationally with the two-dimensional mortality improvement scale MP-2021.

	Rate (%)	
Age	**Male**	**Female**
20	0.04	0.02
25	0.04	0.02
30	0.05	0.03
35	0.07	0.05
40	0.07	0.05
45	0.08	0.06
50	0.10	0.07
55	0.15	0.11
60	0.24	0.16

All pre-retirement deaths are assumed to be service connected.

Generational projection to the measurement date for each age are reflected in the above mortality rates.

Disability Incidence

	Rate (%)	
Age	**Fire**	**Police**
25	0.01	0.01
30	0.02	0.03
35	0.05	0.08
40	0.08	0.18
45	0.11	0.25
50	0.14	0.29
55	0.36	0.36
60	0.50	0.61
65	0.20	0.30
70	0.00	0.00

Disability rates are not applied to members eligible to enter the DROP.

Termination

Less Than Five Years of Service

	Rate (%)	
Years of Service	**Fire**	**Police**
Less than 1	7.50	9.00
1 – 2	1.80	3.25
2 – 3	1.10	3.25
3 – 4	1.00	3.25
4 – 5	0.50	2.50

Five or More Years of Service

	Rate (%)	
Age	**Fire**	**Police**
25	0.60	2.50
30	0.51	2.08
35	0.33	1.29
40	0.25	0.74
45	0.16	0.60
50	0.07	0.57
55	0.02	0.52
60	0.00	0.20
65	0.00	0.00

No termination is assumed after a member is eligible for retirement. This includes all active members currently in Tier 2. Members in Tiers 3, 5 and 6 who are not eligible to receive a deferred vested retirement benefit are assumed to receive a refund of member contributions.

Retirement Rate

	Rate (%)					
	Fire			Police		
Age	Tiers 2 & 4	Tiers 3 & 5	Tier 6	Tiers 2 & 4	Tiers 3 & 5	Tier 6
41	0.00	0.00	0.00	10.00	0.00	0.00
42	0.00	0.00	0.00	10.00	0.00	0.00
43	0.00	0.00	0.00	10.00	0.00	0.00
44	0.00	0.00	0.00	10.00	0.00	0.00
45	1.00	0.00	0.00	10.00	0.00	0.00
46	1.00	0.00	0.00	7.00	0.00	0.00
47	2.00	0.00	0.00	7.00	0.00	0.00
48	2.00	0.00	0.00	7.00	0.00	0.00
49	2.00	0.00	0.00	5.00	0.00	0.00
50	3.00	1.00	2.00	10.00	9.00	7.00
51	6.00	1.00	3.00	10.00	5.00	5.00
52	10.00	1.00	3.00	15.00	5.00	5.00
53	15.00	1.00	4.00	20.00	6.00	5.00
54	20.00	5.00	5.00	32.00	13.00	17.00
55	20.00	14.00	10.00	35.00	22.00	22.00
56	20.00	14.00	11.00	30.00	22.00	22.00
57	20.00	14.00	13.00	30.00	22.00	22.00
58	20.00	17.00	15.00	30.00	22.00	22.00
59	20.00	20.00	18.00	30.00	25.00	25.00
60	20.00	22.00	22.00	30.00	25.00	25.00
61	20.00	25.00	25.00	30.00	25.00	25.00
62	20.00	30.00	27.00	30.00	25.00	25.00
63	25.00	35.00	35.00	30.00	30.00	30.00
64	30.00	40.00	40.00	40.00	35.00	35.00
65	40.00	45.00	45.00	50.00	45.00	45.00
66	40.00	45.00	45.00	50.00	45.00	45.00
67	40.00	45.00	45.00	50.00	45.00	45.00
68	50.00	50.00	50.00	50.00	45.00	45.00
69	50.00	50.00	50.00	50.00	45.00	45.00
70 & Over	100.00	100.00	100.00	100.00	100.00	100.00

DROP Program for Funding Valuation	DROP participants are considered active members until they leave DROP and begin receiving retirement benefits. Members are assumed to remain in the DROP for 5 years. For current DROP participants, we have rounded up the number of years they have been in DROP for purposes of determining the number of years they are expected to remain in the DROP as of the valuation date. For members who enter DROP on or after February 1, 2019, it is assumed they will have DROP payments suspended for an average of 3.5 months (or 0.7 months for each remaining year in DROP for current DROP members) due to the minimum hours per month needed for participation.
Future Benefit Accruals	1.0 year of service 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.
Definition of Active Members	First day of biweekly payroll following employment for new department employees or immediately following transfer from other city department.

Retiree Health Assumptions

Age and Gender of Spouse	For all non-retired members, male members are assumed to have a female spouse or domestic partner who is 3 years younger than the member and female members are assumed to have a male spouse or domestic partner who is 3 years older than the member.

Participation

Service Range (Years)	Participation for Future Retirees Under 65 (a)	Participation for Future Retirees Over 65 (b)	Participation Upon Attaining Age 65 for Current Retirees Aged 55 – 64 Without Subsidy (b-a) / (1-a)
10–14	35%	55%	30.77%
15–19	60	80	50.00
20–24	80	85	25.00
25 and over	95	97	40.00

Medicare Coverage	100% of future retirees are assumed to elect Medicare Parts A & B.
Dental Coverage	90% of future retirees are assumed to elect dental coverage.
Spousal/Domestic Partner Coverage	Of future retirees receiving a medical subsidy 80% are assumed to elect coverage for married and surviving spouses or domestic partners. For those retired on valuation date with a subsidy, spousal or domestic partner coverage is based on census data.

Child Coverage

Some non-Medicare retirees will cover children in addition to their spouse and draw the maximum monthly subsidy ($2,169.79). Current retirees under age 65 are assumed to cover, if indicated in the data, their children until the retiree attains age 65. For future retirees, 35% are assumed to cover their children until the retiree attains age 65.

Implicit Subsidy

- **Plans Other Than Fire Kaiser:** No implicit subsidy exists since retiree medical premiums are underwritten separately from active premiums.
- **Fire Kaiser:** Based on information provided by the health consultant retained by Los Angeles Firemen's Relief Association (LAFRA), we understand that retirees under age 65 enrolled in the Fire Kaiser Medical Plan are presently underwritten with the actives enrolled in that plan. A table of blended (i.e., active/retiree combined) and unblended (i.e., early retiree only) monthly premium rates are shown below:

	Monthly Premium July 1, 2023	
Tier	Active/Retiree Combined	Early Retiree Only
Member Only	$964.86	$1,180.73
Member + 1	1,901.26	2,333.00
Family	2,397.56	2,943.71

The implicit subsidy is the difference between the retiree-only premium and the active/retiree combined premium. LAFPP has made a decision to include the implicit subsidy in the employer's contribution rate starting with the June 30, 2019 funding valuation. (Note that while the contribution rate will be increased to reflect the prefunding of the implicit subsidy, the Plan is not going to reimburse the City as that implicit subsidy is paid by the employer).

Per Capita Cost Development For Members Not Subject to Retiree Medical Freeze – Retirees Under Age 65	Future retirees under age 65 are assumed, upon retirement, to elect carriers in the percentages with corresponding premiums and subsidies as noted in the table below. Current retirees and current eligible survivors under age 65 are assumed to continue to cover themselves (and their spouse or domestic partner). We assume that some non-Medicare retirees will cover children in addition to their spouse and draw the maximum monthly subsidy ($2,169.79) shown in the below table. Current retirees under age 65 are assumed to cover, if indicated in the data, their children until the retiree attains age 65. For future retirees, 35% are assumed to elect family coverage and cover their children until the retiree attains age 65. Members who are subject to the retiree medical subsidy freeze have monthly health insurance subsidy maximums fixed at the level in effect on July 1, 2011, as shown on page 57. For the valuation of current retirees, subsidies valued are based on actual medical election provided in the data reported for the Health Plan.

2023–2024 Fiscal Year:		Single Party			Married/With Domestic Partner			Eligible Survivor		
Carrier	**Assumed Election Percent**	**Monthly Premium**	**Maximum Subsidy**	**Subsidy**	**Monthly Premium**	**Maximum Subsidy**	**Subsidy**	**Monthly Premium**	**Maximum Subsidy**	**Subsidy**
Fire										
Fire Medical	87.0	$1,117.85	$2,169.79	**$1,117.85**	$1,811.32	$2,169.79	**$1,811.32**	$1,117.85	$939.09	**$939.09**
Fire Kaiser	7.0	1,180.73	2,169.79	**1,180.73**	2,333.00	2,169.79	**2,169.79**	1,180.73	939.09	**939.09**
UFLAC Select HMO	3.0	1,137.67	2,169.79	**1,137.67**	1,914.27	2,169.79	**1,914.27**	1,223.48	939.09	**939.09**
UFLAC HDHP	3.0	1,140.14	2,169.79	**1,140.14**	1,247.11	2,169.79	**1,247.11**	1,151.70	939.09	**939.09**
Police										
Blue Cross PPO	65.0	$1,002.56	$2,169.79	**$1,002.56**	$2,000.70	$2,169.79	**$2,000.70**	$1,002.56	$939.09	**$939.09**
Blue Cross HMO	12.0	912.56	2,169.79	**912.56**	1,824.70	2,169.79	**1,824.70**	912.56	939.09	**912.56**
Police Kaiser	23.0	779.14	2,169.79	**779.14**	1,527.98	2,169.79	**1,527.98**	779.14	939.09	**779.14**

Per Capita Cost Development For Members Not Subject to Retiree Medical Freeze – Retirees Age 65 And Over	Future retirees and current retirees under age 65 are assumed, upon reaching age 65, to elect carriers in the percentages with corresponding premiums and subsidies as noted in the table below. Current retirees and current eligible survivors over age 65 are assumed to continue to cover themselves (and their spouse or domestic partner). Due to low number of current retirees over age 65 who have covered children and the short duration of child-related subsidy payments, we assumed that for retirees over age 65 all children will age out. Members who are subject to the retiree medical subsidy freeze have monthly health insurance subsidy maximums fixed at the level in effect on July 1, 2011, as shown on page 57. For the valuation of current retirees, subsidies valued are based on actual medical election provided in the data reported for the Health Plan. Note that the premiums in tables on page 55 and 56 do not apply to a small number of retirees receiving a Health Insurance Premium Reimbursement (HIPR) subsidy for health insurance premiums paid to a non-Board approved, state-regulated health plan.

2023–2024 Fiscal Year:		Single Party			Married/With Domestic Partner			Eligible Survivor		
Carrier	Assumed Election Percent	Monthly Premium	Maximum Subsidy	Subsidy	Monthly Premium	Maximum Subsidy	Subsidy	Monthly Premium	Maximum Subsidy	Subsidy
Fire										
Fire Medical	85.0	$741.68	$494.67	**$494.67**	$1,058.98	$811.97	**$811.97**	$741.68	$494.67	**$494.67**
Fire Kaiser	11.0	241.26	494.67	**241.26**	454.06	454.06	**454.06**	241.26	494.67	**241.26**
UFLAC Advantage HMO	1.0	379.56	494.67	**379.56**	732.97	732.97	**732.97**	379.56	494.67	**379.56**
UFLAC Advantage PPO	3.0	517.81	494.67	**494.67**	1,007.68	984.54	**984.54**	517.81	494.67	**494.67**
Police										
Blue Cross PPO	76.0	$640.31	$494.67	**$494.67**	$1,276.20	$1,130.56	**$1,130.56**	$640.31	$494.67	**$494.67**
Blue Cross HMO	7.0	673.31	494.67	**494.67**	1,346.20	1,167.56	**1,167.56**	673.31	494.67	**494.67**
Police Kaiser	17.0	185.82	494.67	**185.82**	341.34	341.34	**341.34**	185.82	494.67	**185.82**

Per Capita Costs For Members Subject to Retiree Medical Freeze

Members who are subject to the retiree medical subsidy freeze have monthly health insurance subsidy maximums fixed at the level in effect on July 1, 2011.

	Single Party	Married/With Domestic Partner	Eligible Survivor
Under 65 – All Plans	$1,097.41	$1,097.41	$595.60
Over 65			
Fire Medical	$480.41	$650.32	$480.41
Fire Kaiser	241.26[1]	454.06	241.26[1]
UFLAC Advantage HMO	379.56[1]	623.77	379.56[1]
UFLAC Advantage PPO	480.41	795.15	480.41
Police Blue Cross PPO	480.41	757.51	480.41
Police Blue Cross HMO	480.41	778.51	480.41
Police Kaiser	185.82[1]	341.34	185.82[1]

[1] Future single party subsidy levels limited to $480.41.

Adjustment of Per Capita Medical Costs for Age, Gender and Spouse Status[1]

Applied to Per Capita Costs on page 55 for 2023–2024

	Retiree & Spouse	
Age	**Male**	**Female**
55	0.8900	0.9040
60	1.0247	0.9800
64	1.2453	1.0639

Applied to Per Capita Costs on page 56 for 2023–2024

	Retiree & Spouse	
Age	**Male**	**Female**
65	0.9010	0.7483
70	1.0120	0.8372
75	1.1179	0.8801
80+	1.1705	0.9394

[1] We also apply the adjustment for age and gender to non-frozen Medicare subsidies because they are based on LACERS medical premiums and, therefore, would be affected by demographic factors.

Per Capita Cost Development – Dental Plan

Because almost all current retirees enrolled in a dental plan are paying a premium in excess of the maximum subsidy, we assumed that 100% of future retirees with dental coverage will receive the maximum subsidy.

Monthly Subsidy for 2023–2024 Fiscal Year
$43.81

Per Capita Cost Development – Medicare Part B Premium Reimbursement

The Plan will reimburse monthly Medicare Part B premiums before means testing:

Monthly Premium	Single
Actual premium for calendar year 2023	$164.90
Projected premium for calendar year 2024[1]	174.70
Projected average monthly premium for plan year 2023-2024	169.80

[1] *The actual premium for calendar year 2024 became available subsequent to our assumption letter dated August 29, 2023, which had shown the projected premium based on calendar year 2023 premium adjusted to 2024 by the assumed trend rate of 4.50%.*

For retirees over age 65 on the valuation date, we assumed all retirees will revert to the standard premium (shown above) in the following calendar year (2024). For current retirees under age 65 and future retirees, we assumed 100% of those electing medical subsidy will be eligible for the Medicare Part B premium subsidy.

Health Care Premium Cost Trend Rates

Trend is to be applied to premium for the fiscal year shown to calculate the next fiscal year's projected premium.[1]

The fiscal year trend rates are the following:

	Trend Rates (%) Applied to Calculate Following Year Premium	
Fiscal Year	**Non-Medicare[2]**	**Medicare[3]**
2023–2024	7.25	6.50
2024–2025	7.00	6.25
2025–2026	6.75	6.00
2026–2027	6.50	5.75
2027–2028	6.25	5.50
2028–2029	6.00	5.25
2029–2030	5.75	5.00
2030-2031	5.50	4.75
2031-2032	5.25	4.50
2032-2033	5.00	4.50
2033-2034	4.75	4.50
2034 & later	4.50	4.50

1 For example, the 7.25% assumption for fiscal year 2023-2024, when applied to the 2023-2024 non-Medicare medical plan premiums, would provide the projected 2024-2025 non-Medicare medical plan premiums.

2 For members not subject to the subsidy freeze, the maximum non-Medicare health subsidy for 2024-2025 would be calculated by multiplying the maximum non-Medicare health subsidy for 2023-2024 by the 2023-2024 fiscal year trend assumption of 7.00% (lesser of 7.00% or non-Medicare medical trend of 7.25%).

3 For members not subject to the subsidy freeze, we assume that the maximum Medicare health subsidy amount will increase by the minimum of 7.00% and the non-Medicare medical trend since the 2-party Medicare subsidy is limited by the excess of the non-Medicare subsidy over the non-Medicare premiums and the spouse portion of Medicare premiums. Therefore, the maximum Medicare health subsidy for 2024-2025 would be calculated by multiplying the maximum health subsidy for 2023-2024 by the 2023-2024 fiscal year trend assumption of 7.00% (lesser of 7.00% or non-Medicare medical trend of 7.25%).

Dental Premium Trend

3.00% for all years

Medical Part B Premium Trend

5.20%, then 4.50% thereafter[1]

1 The 2024 Medicare Part B premium became available subsequent to the retiree health assumptions letter dated August 29, 2023. The actual 2024 Medicare Part B premium is reflected in this valuation. The 5.20% first year trend reflects 6 months of actual 2024 calendar year premium and 6 months of projected 2025 calendar year premium based on the 4.50% assumed trend.

Expected Annual Subsidy Increase	For employees not subject to freeze, we assume that the Board's health subsidy amount will increase with the minimum of 7.00% and the non-Medicare medical trend.
Health Care Reform	This valuation does not reflect the potential impact of any future changes due to prior or pending legislations. Because the 2025 Final CY 2025 Part D Redesign Program Instructions were released by the Centers for Medicare and Medicaid Services (CMS) several months after the June 30, 2023 measurement date, the trend rate assumptions do not reflect the anticipated impact of the Inflation Reduction Act of 2022 on the plan's 2025 Medicare plan premiums.
Plan Design	Development of plan liabilities was based on the substantive plan of benefits in effect as described in Section 2, General Information About the OPEB Plan.

Actuarial Methods

Actuarial Cost Method	Entry Age Actuarial Cost Method. Entry Age is calculated as age on the valuation date minus Service Credit. Actuarial Accrued Liability is calculated on an individual basis and is based on costs allocated as a level percentage of compensation, with Normal Cost determined as if the current benefit formula for each individual has always been in effect.
Expected Remaining Service Lives	The average of the expected remaining 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 non-active or retired member. • Dividing the sum of the above amounts by the total number of active, non-active and retired members.

Changes in Actuarial Assumptions

Per capita costs and associated trend assumptions were updated to reflect 2023-2024 plan year premiums and subsidies, updated trend assumptions to project medical and dental costs for 2024-2025 and after, and medical carrier election assumptions based on more recent data. The actuarial factors used to estimate individual retiree and spouse costs by age and gender were updated. The new factors are based on a review of historical claims experience by age, gender, and status (active vs. retired) from Segal's claims data warehouse. The updated claims, health plan elections and associated trend assumptions had a combined impact of reducing the actuarial accrued liability.

Economic and demographic assumptions have been updated based on the July 1, 2019 through June 30, 2022 Actuarial Experience Study. This includes updating the spousal or domestic partner health coverage assumption, retiree medical and dental participation assumptions, and dependent child health coverage assumption for retirees under age 65. The assumption changes from the 2022 Actuarial Experience study had a combined impact of increasing the actuarial accrued liability and increasing the plan's normal cost.

Appendix A: Definition of Terms

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

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

SCHEDULE OF GASB 68 PENSION AMOUNTS

AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

FOR EMPLOYER REPORTING AS OF JUNE 30, 2024

LOS ANGELES FIRE AND POLICE PENSION SYSTEM

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INDEPENDENT AUDITOR'S REPORT

To the Board of Fire and Police Pension Commissioners
City of Los Angeles
Los Angeles Fire and Police Pension System
Los Angeles, California

Report on Schedule of Pension Amounts

Opinion

We have audited the accompanying schedule of pension amounts of the Retirement Fund by entity (the Schedule) of the Los Angeles Fire and Police Pension Plan (the Plan) administered by the Los Angeles Fire and Police Pension System (LAFPP), which collectively comprise the net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense as of and the for the year ended June 30, 2023 and the related notes.

In our opinion, the Schedule referred to above presents fairly, in all material respects, the respective net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense for the Plan as of and for the year ended June 30, 2023, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Schedule

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

Auditor's Responsibilities for the Audit of the Schedule

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the Schedule, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the Schedule.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the Schedule.

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

Other Matters

We have audited, in accordance with GAAS and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the System as of and for the year ended June 30, 2023, and our report thereon, dated November 27, 2023, expressed unmodified opinions on those financial statements.

.

Restriction on Use

Our report is intended solely for the information and use of the Plan's management, the Board of Fire and Police Pension Commissioners, the Plan's participating entities and their auditors; and is not intended to be, and should not be, used by anyone other than these specified parties.

Simpson & Simpson

Los Angeles, California
October 15, 2024

LOS ANGELES FIRE AND POLICE PENSION SYSTEM
SCHEDULE OF PENSION AMOUNTS
JUNE 30, 2023

		Deferred Outflows of Resources				Deferred Inflows of Resources				Pension Expense	
Entity	Net Pension Liability	Changes of Assumptions or Other Inputs	Net Difference Between Projected and Actual Earnings on Pension Plan Investments	Differences Between Expected and Actual Experience	Total Deferred Outflows of Resources	Changes of Assumptions or Other Inputs	Net Difference Between Projected and Actual Earnings on Pension Plan Investments	Differences Between Expected and Actual Experience	Total Deferred Inflows of Resources	Proportionate Shares of Plan Pension Expense	Total Pension Expense
Fire and Police Departments	$ 366,497,770	$ 62,284,985	$ 247,237,916	$ 343,628,302	$ 653,151,203	$ 212,416,831	$ -	$ 140,355,502	$ 352,772,333	$ 351,319,786	$ 351,319,786
Harbor Port Police Department	(1,058,880)	783,285	897,471	3,260,797	4,941,553	1,387,151	-	2,972,150	4,359,301	4,208,430	4,208,430
Airport Department	(1,818,948)	85,908	43,809	9,700	139,417	892,071	-	1,062,931	1,955,002	1,795,559	1,795,559
Total of All Entities	$ 363,619,942	$ 63,154,178	$ 248,179,196	$ 346,898,799	$ 658,232,173	$ 214,696,053	$ -	$ 144,390,583	$ 359,086,636	$ 357,323,775	$ 357,323,775

LOS ANGELES FIRE AND POLICE PENSION SYSTEM
NOTES TO THE SCHEDULE OF PENSION AMOUNTS
JUNE 30, 2023

NOTE 1 – PLAN DESCRIPTION

The City of Los Angeles Fire and Police Plan (LAFPP) was established by the City of Los Angeles in 1899. LAFPP is a single employer public employee retirement system whose main function is to provide retirement benefits to the safety members employed by the City of Los Angeles. There are three member categories in LAFPP: (1) the Harbor Port Police (an enterprise fund), (2) the Airport Department (an enterprise fund) and (3) the other members associated with the City of Los Angeles' Fire and Police Departments.

LAFPP is administered by a Board of Commissioners composed of five commissioners who are appointed by the Mayor, two commissioners elected by Police members of the Plan and two commissioners elected by Fire members of the Plan. Under the provisions of the City Charter, the City Administrative Code and the State Constitution, the Board has the responsibility to administer the Plan.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Basis of Accounting

Entities participating in the Plan are required to report pension information in their financial statements for fiscal periods beginning on or after June 15, 2014, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions.* The Schedule of Pension Amounts by Entity (Schedule) provides participating entities with the required information for financial reporting related to pensions provided through the Plan.

The accompanying Schedule was prepared in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates

The preparation of the Schedule in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts during the reporting period. Actual results could differ from those estimates.

NOTE 3 – NET PENSION LIABILITY

The components of the net pension liability for all entities as of June 30, 2023 are as follows:

Measurement Date		**June 30, 2023**
Reporting Date for Employer		**June 30, 2024**
Total Pension Liability:		
Service Cost	$	452,190,432
Interest		1,797,827,629
Differences between Expected and Actual Experience		258,373,120
Changes of Assumptions		(262,300,500)
Benefit Payments, Including Refunds of Member Contributions		(1,352,465,166)
Net Change in Total Pension Liability		893,625,515
Total Pension Liability – Beginning		25,907,293,994
Total Pension Liability - Ending	$	26,800,919,509
Plan's Fiduciary Net Position:		
Employer Contributions	$	481,824,295
Employee Contributions		151,934,789
Net Investment Income		1,920,463,690
Benefit Payments, Including Refunds of Member Contributions		(1,352,465,166)
Administrative Expense		(22,994,197)
Net Change in Plan's Fiduciary Net Position		1,178,763,411
Plan's Fiduciary Net Position – Beginning		25,258,536,156
Plan's Fiduciary Net Position – Ending	$	26,437,299,567
Net Pension Liability - Ending	**$**	**363,619,942**
Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability		98.64%

NOTE 4 – ACTUARIAL METHODS AND ASSUMPTIONS

Key Methods and Assumptions Used in Valuation of Total Pension Liability

The total pension liability was remeasured by (1) revaluing the TPL as of June 30, 2022 (before the roll forward) to include the actuarial assumptions adopted in the July 1, 2019 through June 30, 2022 Experience Study Report dated May 10, 2023, and (2) using this revalued TPL in rolling forward the results from June 30, 2022 to June 30, 2023. The actuarial assumptions are the same as the assumptions used in the June 30, 2023 funding actuarial valuation, with the exception of adjusted retirement rates shown in Section 3.

Significant actuarial assumption and other key inputs used to measure the total pension liability:

Actuarial Cost Method	Entry Age Actuarial Cost Method
Actuarial Assumptions:	
Investment Rate of Return	7.00%, including inflation but net of investment expenses
Inflation Rate	2.50%
Projected Salary Increases	3.90% to 12.00% based on years of service, including inflation and across-the-board salary increases
Cost-of-Living Adjustments	2.75% of Tiers 1 through 6 retirement income.

Mortality Rates used in the actuarial valuation are as follows:

Mortality Rates – Pre-Retirement	
Employee Mortality	Pub-2010 Safety Employee Amount-Weighted Above-Median Mortality Table, projected generationally with the two-dimensional mortality improvement scale MP-2021.
Mortality Rates – Post-Retirement	
Healthy Mortality	Pub-2010 Safety Healthy Retiree Amount-Weighted Above-Median Mortality Table multiplied by 110% for males and 100% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.
Disabled Mortality	Pub-2010 Safety Disabled Retiree Amount-Weighted Mortality Table projected generationally with the two-dimensional mortality improvement scale MP-2021.
Beneficiary Mortality	Not In Pay Status as of Valuation: Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table increased by 5% for males and females, projected generationally with the two-dimensional mortality improvement scale MP-2021. In Pay Status as of Valuation: Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table increased by 5% for males and increased by 10% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.

NOTE 4 – ACTUARIAL METHODS AND ASSUMPTIONS (Continued)

Key Methods and Assumptions Used in Valuation of Total Pension Liability (Continued)

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.

Target Asset Allocation

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. This information is 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 deducting expected investment expenses and a risk margin. The target allocation (approved by the Board) and projected arithmetic real rates of return for each measurement 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 following table as of June 2023:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap U.S. Equity	23.00%	6.00%
Small Cap U.S. Equity	6.00%	6.65%
Developed International Equity	16.00%	7.01%
Emerging Markets Equity	5.00%	8.80%
U.S. Core Fixed Income	9.90%	1.97%
High Yield Bonds	2.75%	4.63%
Global Credit	2.75%	0.89%
TIPS	4.40%	1.77%
Real Estate	7.00%	3.86%
Commodities	1.00%	4.21%
Cash Equivalents	1.00%	0.63%
Private Equity	14.00%	9.84%
Private Credit	2.00%	6.48%
Unconstrained Fixed Income	2.20%	2.50%
REITS	3.00%	5.25%
Total	100.00%	5.80%

NOTE 4 – ACTUARIAL METHODS AND ASSUMPTIONS (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rates for each tier and that employer contributions will be made at rates equal to the actuarially determined contribution rates for each tier. 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, as well as projected contributions from future plan 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 for current plan members. Therefore, the long-term expected rate of return on the Plan's investments were applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2023.

NOTE 5 – AMORTIZATION OF DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

Any differences between projected and actual investment earnings on pension plan investments are amortized over a period of five years beginning with the year in which they occur.

Current period differences between expected and actual experience and changes of assumptions are amortized over the average of the expected remaining service lives of all employees that are provided with pensions through LAFPP determined as of June 30, 2022 (the beginning of the measurement period ending June 30, 2023) is 5.51 years. Prior period differences between expected and actual experience and changes of assumptions are continued to be amortized based on the expected remaining service lives of all employees calculated as of those prior measurement dates.

Prior period differences between expected and actual experience and changes of assumptions or other inputs are continued to be recognized based on the expected remaining service lives of all employees calculated as of those prior measurement dates.

The average of the expected remaining service lives of all employees was 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 members.
- Dividing the sum of the above amounts by the total number of active, nonactive and retired members.

NOTE 6 – ALLOCATION OF PENSION AMOUNTS TO INDIVIDUAL ENTITY

The total pension liability for each individual entity is obtained from internal valuation results and is calculated separately for each of the members associated with the Fire and Police Departments, the Airport Department, and the Harbor Department. The Plan's Fiduciary Net Position for each entity was estimated by adjusting the valuation value of assets for each entity by the ratio of the total Plan's Fiduciary Net Position to total Plan's valuation value of assets.

The following items are allocated based on the internal valuation results maintained and calculated separately for each of the members associated with the Fire and Police Departments, the Harbor Port Police and Airport Department.

1. Net Pension Liability
2. Service cost
3. Interest on the Total Pension Liability
4. 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. Other
12. Recognition of beginning of year deferred outflows of resources as pension expense
13. Recognition of beginning of year deferred inflows of resources as pension expense

LOS ANGELES FIRE AND POLICE PENSION SYSTEM

SCHEDULE OF GASB 75 OTHER POSTEMPLOYMENT BENEFITS AMOUNTS

AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

FOR EMPLOYER REPORTING AS OF JUNE 30, 2024

LOS ANGELES FIRE AND POLICE PENSION SYSTEM

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INDEPENDENT AUDITOR'S REPORT

To the Board of Fire and Police Pension Commissioners
City of Los Angeles
Los Angeles Fire and Police Pension System
Los Angeles, California

Report on Schedule of Other Postemployment Benefits Amounts

Opinion

We have audited the accompanying schedule of other postemployment benefits amounts by entity (the Schedule) of the Los Angeles Fire and Police Pension OPEB Plan (the Plan) administered by the Los Angeles Fire and Police Pension System (LAFPP) of the City of Los Angeles, which collectively comprise the net other postemployment benefits liability, total deferred outflows of resources, total deferred inflows of resources, and total other postemployment benefits expense as of and the for the year ended June 30, 2023, and the related notes.

In our opinion, the Schedule referred to above presents fairly, in all material respects, the respective net other postemployment benefits, total deferred outflows of resources, total deferred inflows of resources, and total other postemployment benefits expense for the Plan as of and for the year ended June 30, 2023, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Schedule

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

Auditor's Responsibilities for the Audit of the Schedule

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the Schedule, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the Schedule.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the Schedule.

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

Other Matters

We have audited, in accordance with GAAS and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the System as of and for the year ended June 30, 2023, and our report thereon, dated November 27, 2023, expressed unmodified opinions on those financial statements.

Restriction on Use

Our report is intended solely for the information and use of the Plan's management, the Board of Fire and Police Pension Commissioners, the Plan's participating entities and their auditors; and is not intended to be, and should not be, used by anyone other than these specified parties.

Simpson & Simpson

Los Angeles, California
October 15, 2024

LOS ANGELES FIRE AND POLICE OPEB SYSTEM
SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS AMOUNTS
JUNE 30, 2023

		Deferred Outflows of Resources				Deferred Inflows of Resources				OPEB Expense	
Entity	Net OPEB Liability	Changes of Assumptions or Other Inputs	Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	Differences Between Expected and Actual Experience	Total Deferred Outflows of Resources	Changes of Assumptions or Other Inputs	Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	Differences Between Expected and Actual Experience	Total Deferred Inflows of Resources	Proportionate Shares of OPEB Pension Expense	Total OPEB Expense
Fire and Police Departments	$ 850,027,818	$ 71,084,297	$ 41,107,263	$ 20,604,246	$ 132,795,806	$ 328,614,007	$ -	$ 166,956,092	$ 495,570,099	$ 52,512,317	$ 52,512,317
Harbor Port Police Department	(672,872)	731,727	203,326	70,104	1,005,157	1,320,306	-	791,617	2,111,923	576,207	576,207
Airport Department	(1,143,181)	41,603	38,139	115,205	194,947	656,927	-	385,004	1,041,931	517,424	517,424
Total of All Entities	$ 848,211,765	$ 71,857,627	$ 41,348,728	$ 20,789,555	$ 133,995,910	$ 330,591,240	$ -	$ 168,132,713	$ 498,723,953	$ 53,605,948	$ 53,605,948

LOS ANGELES FIRE AND POLICE PENSION SYSTEM
NOTES TO THE SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS AMOUNTS
AS OF JUNE 30, 2023

NOTE 1 – PLAN DESCRIPTION

The Los Angeles Fire and Police Retiree Other Postemployment Benefits Plan (Plan) is administered by the Los Angeles Fire and Police Pension System (LAFPP). LAFPP is a single employer public employee retirement system whose main function is to provide retirement benefits to the safety members employed by the City of Los Angeles. There are three participating entities in LAFPP: (1) the Harbor Department (an enterprise fund), (2) Airport Department (an enterprise fund) and (3) the other members associated with the City of Los Angeles' Fire and Police Departments.

LAFPP is administered by a Board of Commissioners composed of five commissioners who are appointed by the Mayor, two commissioners elected by Police members of the Plan and two commissioners elected by Fire members of the Plan. Under the provisions of the City Charter, the City Administrative Code and the State Constitution, the Board has the responsibility to administer the Plan.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Basis of Accounting

Entities participating in the Plan are required to report Other Postemployment Benefits information in their financial statements for fiscal periods beginning on or after June 15, 2017, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* The Schedule of Other Postemployment Benefits Amounts by Entity (Schedule) provide participating entities with the required information for financial reporting related to Other Postemployment Benefits provided through the Plan.

The accompanying Schedule was prepared in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates

The preparation of the Schedule in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts during the reporting period. Actual results could differ from those estimates.

NOTE 3 – NET OPEB LIABILITY

The components of the net OPEB liability for all entities as of June 30, 2023 are as follows:

Measurement Date **Reporting Date for Employer**	**June 30, 2023** **June 30, 2024**
Total OPEB Liability:	
Service Cost	$77,652,864
Interest	255,592,946
Differences between Expected and Actual Experience	18,082,420
Change of Assumptions	(31,715,725)
Benefit Payments, Including Refunds of Member Contributions	(153,917,921)
Net Change in Total OPEB Liability	165,694,584
Total OPEB Liability – Beginning	3,649,332,287
Total OPEB Liability - Ending	$3,815,026,871
Plan's Fiduciary Net Position:	
Employer Contributions	$186,418,480
Net Investment Income	214,763,471
Benefit Payments, Including Refunds of Member Contributions	(153,917,921)
Administrative Expense	(2,571,417)
Net Change in Plan's Fiduciary Net Position	244,692,613
Plan's Fiduciary Net Position – Beginning	2,722,122,493
Plan's Fiduciary Net Position – Ending	$2,966,815,106
Net OPEB Liability - Ending	**$848,211,765**
Plan's Fiduciary Net Position as a Percentage of the Total OPEB Liability	77.77%

NOTE 4 – ACTUARIAL METHODS AND ASSUMPTIONS

Key Methods and Assumptions Used in Valuation of Total OPEB Liability

The total OPEB liability as of June 30, 2023 was determined by the actuarial valuation as of June 30, 2023. The actuarial assumptions were based on the results of an experience study for the period from July 1, 2019 through June 30, 2022 and the health assumptions letter dated August 29, 2023. They are the same as the assumptions used in the June 30, 2023 funding actuarial valuation. In particular, the following actuarial assumptions were applied to all periods included in the measurement.

Significant actuarial assumption and other key inputs used to measure the total OPEB liability:

Actuarial Cost Method	Entry Age Actuarial Cost Method
Actuarial Assumptions:	
Investment Rate of Return	7.00%, including inflation but net of investment expenses
Inflation Rate	2.50%
Projected Salary Increases	3.90% to 12.00% based on years of service, including inflation for 2021
Across-the-Board Pay Increase	0.50%

Mortality Rates used in the actuarial valuation are as follows:

Mortality Rates – Pre-Retirement	
Employee Mortality	Pub-2010 Safety Employee Headcount-Weighted-Median Mortality Table, projected generationally with two-dimensional mortality improvement Scale MP-2021.
Mortality Rates – Post-Retirement	
Healthy Mortality	Pub-2010 Safety Healthy Retiree Headcount-Weighted Above-Median Mortality Table multiplied by 110% for males and 100% for females, projected generationally with two-dimensional mortality improvement Scale MP-2021.
Disabled Mortality	Pub-2010 Safety Disabled Retiree Headcount-Weighted Mortality Table, projected generationally with the two-dimensional mortality improvement Scale MP-2021.
Beneficiary Mortality	Not In Pay Status as of Valuation: Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table increased by 5% for males and females, projected generationally with the two-dimensional mortality improvement scale MP-2021. In Pay Status as of Valuation: Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table increased by 5% for males and increased by 10% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.

NOTE 4 – ACTUARIAL METHODS AND ASSUMPTIONS (Continued)

Key Methods and Assumptions Used in Valuation of Total OPEB Liability (Continued)

The Pub-2010 mortality tables and adjustments as shown above 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.

Target Asset Allocation

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. This information is 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 deducting expected investment expenses and a risk margin. The target allocation (approved by the Board) and projected arithmetic real rates of return for measurement 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 following table as of June 2023:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap U.S. Equity	23.00%	6.00%
Small Cap U.S. Equity	6.00%	6.65%
Developed International Equity	16.00%	7.01%
Emerging Markets Equity	5.00%	8.80%
U.S. Core Fixed Income	9.90%	1.97%
High Yield Bonds	2.75%	4.63%
Global Credit	2.75%	0.89%
TIPS	4.40%	1.77%
Real Estate	7.00%	3.86%
Commodities	1.00%	4.21%
Cash Equivalents	1.00%	0.63%
Private Equity	14.00%	9.84%
Private Credit	2.00%	6.48%
Unconstrained Fixed Income	2.20%	2.50%
REITS	3.00%	5.25%
Total	100.00%	5.80%

NOTE 4 – ACTUARIAL METHODS AND ASSUMPTIONS (Continued)

Discount Rate

The discount rate used to measure the total OPEB liability was 7.00% as of June 30, 2023. As contributions that are required to be made by the City to amortize the Unfunded Actuarial Accrued Liability in the funding valuation are determined on an actuarial basis, the future Actuarially Determined Contributions and current Plan assets, when projected in accordance with the method prescribed by GASB 75, are expected to be sufficient to make all benefit payments to current members.

NOTE 5 – AMORTIZATION OF DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

Any differences between projected and actual investment earnings on the plan investments are amortized over a period of five years beginning with the year in which they occur.

Current period differences between expected and actual experience and changes of assumptions are amortized over the average of the expected remaining service lives of all employees that are provided with benefits through LAFPP determined as of June 30, 2022 (the beginning of the measurement period ending June 30, 2023) is 6.88 years.

Prior period differences between expected and actual experience and changes of assumptions or other inputs are continued to be recognized based on the expected remaining service lives of all employees calculated as of those prior measurement dates.

The average of the expected remaining service lives of all employees was 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 members.
- Dividing the sum of the above amounts by the total number of active, nonactive and retired members.

NOTE 6 – ALLOCATION OF OPEB AMOUNTS TO INDIVIDUAL ENTITY

The total OPEB liability for each individual entity is obtained from internal valuation results and is calculated separately for each of the members associated with the Fire and Police Departments, the Airport Department, and the Harbor Department. The Plan's Fiduciary Net Position for each entity was estimated by adjusting the valuation value of assets for each entity by the ratio of the total Plan's Fiduciary Net Position to total Plan's valuation value of assets.

The following items are allocated based on the internal valuation results maintained and calculated separately for each of the members associated with the Fire and Police Departments, the Harbor Port Police and Airport Department.

1. Net OPEB Liability
2. Service cost
3. Interest on the Total OPEB Liability
4. 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