City of Los Angeles Fire and Police Pension Plan (LAFPP)

Actuarial Valuation and Review of Retirement and Other Postemployment Benefits (OPEB)

As of June 30, 2023

Segal

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November 8, 2023

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:

Enclosed please find the June 30, 2023 actuarial valuations for the retirement and the health programs.

As requested by LAFPP, we have attached the following supplemental schedules:

- Exhibit A - Summary of significant results for the two programs.
- Exhibit B - History of computed contribution rates for the two programs.

We look forward to discussing the reports and the enclosed schedules with the Board.

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

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City of Los Angeles Fire and Police Pension Plan
Summary of Significant Valuation Results

		June 30, 2023	June 30, 2022	Percent Change
1.	**Total Membership**			
	a. Current Active Members (includes DROP members)	12,571	12,771	-1.57%
	b. Current Vested Former Members[1]	776	723	7.33%
	c. Current Retirees, Beneficiaries, and Dependents	14,131	13,821	2.24%
2.	**Valuation Salary**			
	a. Total Projected Annual Payroll	$1,698,778,328	$1,664,317,874	2.07%
	b. Average Projected Monthly Salary	11,261	10,860	3.69%
3.	**Benefits to Current Retirees and Beneficiaries[2]**			
	a. Total Annual Benefits	$1,225,018,296	$1,142,726,088	7.20%
	b. Average Monthly Benefit Amount	7,224	6,890	4.85%
4.	**Total Plan Assets[3]**			
	a. Actuarial Value	$29,396,813,303	$27,856,866,716	5.53%
	b. Market Value	29,404,114,673	27,980,658,649	5.09%
5.	**Unfunded Actuarial Accrued Liability (UAAL)**			
	a. Retirement Benefits	$125,966,903	$523,978,554	-75.96%
	b. Health Subsidy Benefits	848,948,458	939,252,999	-9.61%

[1] The June 30, 2023 valuation includes 737 terminated members due only a refund of member contributions. The June 30, 2022 valuation included 671 such members.
[2] Includes July COLA.
[3] Includes all assets for Retirement and Health Subsidy Benefits.

City of Los Angeles Fire and Police Pension Plan
Summary of Significant Valuation Results

	FY 2024-2025[1]		FY 2023-2024		Change	
	Beginning of Year	July 15	Beginning of Year	July 15	Beginning of Year	July 15
6. Budget Items						
a. Retirement Contribution						
1) Normal Cost as a Percent of Pay	19.16%	19.22%	20.02%	20.08%	-0.86%	-0.86%
2) Amortization of UAAL	7.55%	7.57%	8.63%	8.65%	-1.08%	-1.08%
3) Allocated amount for administrative expenses	1.28%	1.28%	1.25%	1.25%	0.03%	0.03%
4) **Total Retirement Contribution**	**27.99%**	**28.07%**	**29.90%**	**29.98%**	**-1.91%**	**-1.91%**
b. Health Subsidy Contribution						
1) Normal Cost as a Percent of Pay	4.90%	4.91%	4.75%	4.76%	0.15%	0.15%
2) Amortization of UAAL	5.38%	5.40%	5.50%	5.52%	-0.12%	-0.12%
3) Allocated amount for administrative expenses	0.13%	0.13%	0.11%	0.11%	0.02%	0.02%
4) **Total Health Subsidy Contribution**	**10.41%**	**10.44%**	**10.36%**	**10.39%**	**0.05%**	**0.05%**
c. **Total Contribution (a. + b.)**	**38.40%**	**38.51%**	**40.26%**	**40.37%**	**-1.86%**	**-1.86%**

[1] Alternative contribution payment date for FY 2024-2025:

	Retirement	Health	Total
End of Pay Period	28.95%	10.76%	39.71%

City of Los Angeles Fire and Police Pension Plan
Summary of Significant Valuation Results

		June 30, 2023	June 30, 2022	Change
7.	**Funded Ratio (Based on Valuation Value of Assets)**			
	a. Retirement Benefits	99.5%	98.0%	1.5%
	b. Health Subsidy Benefits	77.7%	74.3%	3.4%
	c. Total	96.8%	95.0%	1.8%
8.	**Funded Ratio (Based on Market Value of Assets)**			
	a. Retirement Benefits	99.6%	98.4%	1.2%
	b. Health Subsidy Benefits	77.8%	74.6%	3.2%
	c. Total	96.8%	95.4%	1.4%

City of Los Angeles Fire and Police Pension Plan
Computed Contribution Rates[1] – Historical Comparison

Valuation Date	Retirement	Health	Total	Valuation Payroll ($ in '000s)
June 30, 2014	35.28%	11.13%	46.41%	$1,402,715
June 30, 2015	32.61%	11.83%	44.44%	1,405,171
June 30, 2016	31.85%	12.31%	44.16%	1,400,808
June 30, 2017	34.07%	12.66%	46.73%	1,475,539
June 30, 2018	34.37%	12.82%	47.19%	1,546,043
June 30, 2019	34.09%	12.51%	46.60%	1,583,808
June 30, 2020	33.61%	12.08%	45.69%	1,670,245
June 30, 2021	30.07%	11.60%	41.67%	1,684,785
June 30, 2022	30.11%	10.30%	40.41%	1,664,318
June 30, 2023	28.07%	10.44%	38.51%	1,698,778

[1] All contributions provided in this Exhibit B are assumed to be made on July 15.

City of Los Angeles Fire and Police Pension Plan (LAFPP)

Actuarial Valuation and Review of Retirement Benefits

As of June 30, 2023

This report has been prepared at the request of the Board of Commissioners to assist in administering the Fund. 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

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November 8, 2023

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 Actuarial Valuation and Review as of June 30, 2023. It summarizes the actuarial data used in the valuation, analyzes the preceding year's experience, and establishes the funding requirements for fiscal year 2024-2025.

This report was prepared in accordance with generally accepted actuarial principles and practices at the request of the Board to assist in administering the Plan. The census information and financial information on which our calculations were based was prepared by Los Angeles Fire & Police Pensions (LAFPP). That assistance is gratefully acknowledged.

Segal does not audit the data provided. The accuracy and comprehensiveness of the data is the responsibility of those supplying the data. To the extent we can, however, Segal does review the data for reasonableness and consistency. Based on our review of the data, we have no reason to doubt the substantial accuracy of the information on which we have based this report and we have no reason to believe there are facts or circumstances that would affect the validity of these results.

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; 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.

We look forward to reviewing this report at your next meeting 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

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Section 1: Actuarial Valuation Summary

Purpose and Basis

This report was prepared by Segal to present a valuation of the City of Los Angeles Fire and Police Pension Plan ("the Plan") as of June 30, 2023. The valuation was performed to determine whether the assets and contribution rates are sufficient to provide the prescribed benefits.

The contribution requirements presented in this report are based on:

- The benefit provisions of the pension plan, 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, 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;
- Other actuarial assumptions regarding employee terminations, retirement, death, etc. and
- The funding policy adopted by the Board of Commissioners.

Certain disclosure information required by Governmental Accounting Standards Board (GASB) Statements No. 67 and 68 as of June 30, 2023 for the Plan is provided in a separate report.

One of the general goals of an actuarial valuation is to establish contributions which fully fund the Plan's liabilities, and which, as a percentage of payroll, remain as level as possible for each generation of active members. Annual actuarial valuations measure the progress toward this goal, as well as test the adequacy of the contribution rates.

In preparing this valuation, we have employed generally accepted actuarial methods and assumptions to evaluate the Plan's liabilities and future contribution requirements. Our calculations are based upon member data and financial information provided to us by LAFPP. This information has not been audited by us, but it has been reviewed and found to be consistent, both internally and with prior year's information.

The contribution requirements are determined as a percentage of payroll. The employer contribution rates provided in this report have been developed assuming that they will be made by the City at either: (1) the beginning of the fiscal year, (2) on July 15, or (3) throughout the year (i.e., the City will pay contributions at the end of every pay period). The Plan's employer rates provide for both Normal Cost and a contribution to amortize any Unfunded or Overfunded Actuarial Accrued Liabilities. In this valuation, we have applied the funding policy adopted by the Board on September 6, 2012, and most recently amended on May 19, 2022. Details of the funding policy are provided in *Section 4, Exhibit 1* on page 104.

A schedule of current amortization balances and payments may be found in *Section 3, Exhibit G* on pages 77 to 84. A graphical projection of the UAAL amortization balances and payments has been included in *Section 3, Exhibit H* on pages 85 and 86.

The rates calculated in this report may be adopted by the Board for the fiscal year that extends from July 1, 2024 through June 30, 2025.

Valuation Highlights

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1. The results of this valuation reflect changes in the actuarial assumptions as recommended by Segal and adopted by the Board for the June 30, 2023 valuation. These changes were documented in our July 1, 2019 through June 30, 2022 Actuarial Experience Study report dated May 10, 2023 and are also outlined in *Section 4, Exhibit 1* of this report.

   These assumption changes, together with some refinements in how the assumptions are applied and how the normal cost rates are calculated, resulted in a decrease in the average employer rate of 1.77% of payroll, payable at the beginning of the year. There is also a decrease in the UAAL by $234.3 million associated with the updated assumptions.

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2. The Unfunded Actuarial Accrued Liability (UAAL) decreased from $524 million to $126 million. The decrease in the UAAL is primarily the result of higher than expected return on the Valuation Value of Assets (after smoothing) and changes in assumptions, partially offset by higher than expected COLA increases for retirees and beneficiaries and higher than expected salary increases for continuing active members. A complete reconciliation of the Plan's UAAL is provided in *Section 2, Subsection E*. A schedule of the current UAAL amortization amounts is provided in *Section 3, Exhibit G* and a graphical projection of the UAAL balance and payments is shown in *Section 3, Exhibit H*.

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3. The funded ratio (the ratio of the Valuation Value of Assets to Actuarial Accrued Liability) is 99.5%, compared to the prior year funded ratio of 98.0%. (These are the funded ratios for the Plan, the funded ratio for the City excluding Harbor Port Police and Airport Police Officers is also 99.5% as of June 30, 2023. The funded ratio for Harbor Port Police and Airport Police Officers are 103.0% and 121.2%,[1] respectively.) This ratio is one measure of funding status, and its history is a measure of funding progress. The funded ratio measured on a market value basis is 99.6%, compared to 98.4% as of the prior valuation date. These measurements are not necessarily appropriate for assessing the sufficiency of Plan assets to cover the estimated cost of settling the Plan's benefit obligation or the need for, or the amount of, future contributions. A history of the funded ratio for the Plan is provided in *Section 2, Subsection G*.

4. We understand through consultations with LAFPP that even though the Harbor Port Police is over 100% funded, the Tier 5 Harbor Port Police members would continue to pay an employee rate of 9% (before considering any additional contribution to the health plan). This is based on the understanding that in order for those members to see a 1% reduction in their employee rates, the City (i.e., Fire and Police) must be at or above 100% actuarially funded. However, for the employer rate at the Harbor, we have amortized the surplus for the Harbor over 30 years under the Board's actuarial funding policy, which provides a UAAL rate credit (1.22% of payroll, or about $200,000 per year), which offsets part of the employer's Normal Cost rate and administrative expenses. Similarly for

[1] Relative to the City and the Harbor Port Police, the Airport Police Officers has become better funded because their actual salary increases for the plan year were less than expected for continuing active members (whereas for the City the actual salary increases were higher than expected), and the Airport Police Officers do not have any retirees so there was no actuarial experience loss due to the higher than expected COLA increases for retirees and beneficiaries.

the Airport, we have amortized their surplus over 30 years to provide a UAAL rate credit of 2.07% of payroll or about $200,000 per year.

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5. The aggregate beginning-of-year employer rate calculated in this valuation has decreased from 29.90% of payroll to 27.99% of payroll. Using a projected annual payroll of $1.699 billion as of June 30, 2023, there would be a decrease in the beginning-of-year contributions from $508 million to $475 million. The decrease was primarily due to higher than expected return on the Valuation Value of Assets (after smoothing) and changes in assumptions, partially offset by higher than expected COLA increases for retirees and beneficiaries and higher than expected salary increases for continuing active members. A complete reconciliation of the aggregate employer contribution is provided in *Section 2, Subsection F*.

6. LAFPP has three membership categories: Fire and Police ("City"), Harbor Port Police and Airport Police. LAFPP tracks contributions and benefit payments separately for the three membership categories and reports them to Segal. Segal then uses those amounts in developing separate Valuation Value of Assets and UAAL contribution rates for each of the three membership categories.

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7. The market value of assets earned a return of 7.64% for the July 1, 2022 to June 30, 2023 plan year. The Valuation Value of Assets earned a return of 8.10% for the July 1, 2022 to June 30, 2023 plan year, after asset smoothing. This resulted in an actuarial gain of $275.9 million when measured against the assumed rate of return of 7.00% for 2022-2023. This actuarial investment gain decreased the aggregate required contribution by 1.12% of payroll.

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8. The actuarial gain from investments is $275.9 million, or 1.0% of the Actuarial Accrued Liability. The net experience loss from sources other than investments is $229.1 million, or 0.9% of the Actuarial Accrued Liability. This loss was primarily due to higher than expected cost-of-living adjustment (COLA) increases for retirees and beneficiaries and higher than expected individual salary increases for continuing active members.

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9. As indicated in *Section 2, Subsection B* of this report, the total net unrecognized investment gain as of June 30, 2023 is $7.3 million for the assets for Retirement and Health Subsidy Benefits. This investment gain will be recognized in the determination of the Actuarial Value of Assets for funding purposes in the next few years. For comparison purposes, the total net unrecognized investment gain as of June 30, 2022 was $123.8 million.

   The net unrecognized investment gain represents less than 0.1% of the Market Value of Assets. Unless offset by future investment losses or other unfavorable experience, the recognition of the $7.3 million market gains is expected to have an impact on the Plan's future funded ratio and the aggregate employer contributions. This potential impact may be illustrated as follows:

   a. If the net deferred gain for the Retirement Plan was recognized immediately in the Valuation Value of Assets, the funded percentage would increase from 99.5% to 99.6%.

      For comparison purposes, if the net deferred gain for the Retirement Plan in the June 30, 2022 valuation had been recognized immediately in the June 30, 2022 valuation, the funded percentage would have increased from 98.0% to 98.4%.

b. If the net deferred gain for the Retirement Plan was recognized immediately in the Valuation Value of Assets, the aggregate beginning-of-year employer contribution rate would decrease from 27.99% of payroll to 27.96% of payroll.

For comparison purposes, if the net deferred gain for the Retirement Plan in the June 30, 2022 valuation had been recognized immediately in the June 30, 2022 valuation, the aggregate beginning-of-year employer contribution rate would have decreased from 30.03% of payroll to 29.57% of payroll.

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10. Footnote 2 on page 22 shows that under the asset smoothing method, the net deferred gain of $7.3 million will be recognized over the next six years in a non-level (uneven) pattern. In particular, there will be varying amounts of gains recognized in the next four years, followed by a relatively large loss, and finally one additional year of gains. This means that, absent any new gains or losses in the future, there would be four years of decreases in the employer contribution rate, followed by an increase, and finally one more year of a decrease, before the net deferred gain of $7.3 million is fully recognized.

    In keeping with model actuarial practice for this situation as well as Section 10.8.1 of the Board's Actuarial Funding Policy, and similar to what was proposed and adopted for the June 30, 2014 valuation, the asset smoothing method could be modified, effective July 1, 2024, by combining the net deferred gain of $7.3 million from the current valuation into a single six-year smoothing "layer" and thereby recognizing that gain over the next six years in six level amounts of approximately $1.2 million in each year. This would reduce the volatility associated with the current pattern of deferred gain/loss recognition and thereby result in both more stable funded ratios (on an actuarial value basis) and more level employer contribution rates.

    This change would have no impact on the current June 30, 2023 valuation results as the total amount of unrecognized gains as of June 30, 2023 would remain unchanged. Additionally, we recommend using a six-year smoothing period for the combined deferred gains as that will complete the recognition of the net deferred gain over the same time period as under the current separate smoothing layers. We can provide more details on this policy option as requested.

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11. In our June 30, 2022 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 "RIP 2.0" MOU 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 for members who retire or enter the DROP during the above periods will have their pension benefit calculated using the salary increases provided 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 original RIP and the RIP 2.0 is included in *Appendix A* of this report and the Board may wish to conduct an actuarial study before the next valuation in order to better understand the instability in the UAAL contribution rates in the next few years.

12. The actuarial valuation report as of June 30, 2023 is based on financial and demographic information as of that date. Changes subsequent to that date are not reflected. Declines in asset values will increase the actuarial cost of the Plan, while increases will decrease the actuarial cost of the Plan.

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13. Actuarial Standard of Practice No. 51 (ASOP 51) requires actuaries to identify and assess risks that “may reasonably be anticipated to significantly affect the plan’s future financial condition”. Examples of key risks listed that are particularly relevant to LAFPP are asset/liability mismatch risk, investment risk, and longevity risk. The standard also requires an actuary to consider if there is any ongoing contribution risk to the plan, however it does not require the actuary to evaluate the particular ability or willingness of contributing entities to make contributions when due, nor does it require the actuary to assess the likelihood or consequences of future changes in applicable law.

    The actuary’s initial assessment can be strictly a qualitative discussion about potential adverse experience and the possible effect on future results, but it may also include quantitative numerical demonstrations where informative. The actuary is also encouraged to consider a recommendation as to whether a more detailed assessment or risk report would be significantly beneficial for the intended user in order to examine particular financial risks. When making that recommendation, the actuary will take into account such factors as the plan’s design, risk profile, maturity, size, funded status, asset allocation, cash flow, possible insolvency and current market conditions.

    Because the actuarial valuation results are dependent on a fixed set of assumptions and data as of a specific date, there is risk that emerging results may differ, perhaps significantly, as actual experience is fluid and will not exactly track current assumptions. This potential divergence may have a significant impact on the future financial condition of the plan. Following the completion of the June 30, 2022 valuation, we prepared a stand-alone Risk Assessment report dated February 7, 2023 by using membership and financial information as provided in the actuarial valuation as of June 30, 2022. That report includes various projections of future results under different investment return scenarios together with the assumptions adopted for the June 30, 2022 valuation.

    The stand-alone risk assessment report associated with this June 30, 2023 valuation, including the quantitative analyses recommended by Segal in consultation with LAFPP, will be available in the first quarter of 2024. In the interim, we have included a brief discussion of key risks that may affect the Plan in *Section 2, Subsection J*.

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    Note that this year the risk assessment section includes the disclosure of a “Low-Default-Risk Obligation Measure” (LDROM). This disclosure, along with commentary on the significance of the LDROM, is a new requirement under Actuarial Standard of Practice No. 4 (ASOP 4) for all pension funding actuarial valuation reports.

14. Segal strongly recommends an actuarial funding method that targets 100% funding of the actuarial accrued liability. Generally, this implies payments that are ultimately at least enough to cover normal cost, interest on the unfunded actuarial accrued liability and the principal balance. The funding policy adopted by the Board meets this standard.
15. 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 does not include any possible short-term or long-term impacts on mortality of the covered population that may emerge after June 30, 2023 due to COVID-19. Segal is available to prepare projections of potential outcomes of market conditions and other demographic experience upon request.
16. This report constitutes an actuarial valuation for the purpose of determining the actuarially determined contribution under the Plan’s funding policy and measuring the progress of that funding policy. The Net Pension Liability (NPL) and Pension Expense under Governmental Accounting Standards Board (GASB) Statements No. 67 and No. 68, for inclusion in the plan and employer’s financial statements as of June 30, 2022 and June 30, 2023, respectively, will be provided separately. The accounting disclosures will utilize different methodologies from those employed in the funding valuation, as required by the GASB. However, the actuarially determined contribution in this valuation is expected to be used as the actuarially determined contribution (ADC) for GASB financial reporting.

Summary of Key Valuation Results

		June 30, 2023	June 30, 2022
Employer Contribution Rates:[1]	At the beginning of year	27.99%	29.90%
	On July 15	28.07%	29.98%
	At the end of each biweekly pay period	28.95%	30.93%
Actuarial Accrued Liability as of June 30:	Retired members and beneficiaries	$15,922,903,549	$14,898,325,961
	Inactive vested members[2]	53,394,573	64,038,636
	Active members not currently in DROP	7,480,649,233	7,782,632,822
	Active members currently in DROP[3]	3,099,754,438	2,925,768,563
	Total Actuarial Accrued Liability	$26,556,701,793	$25,670,765,982
	Normal Cost for plan year beginning June 30[4]	$495,202,390	$496,251,774
Assets as of June 30:	Market Value of Retirement Assets	$26,437,299,567	$25,258,536,156
	Valuation Value of Retirement Assets (VVA)	26,430,734,890	25,146,787,428
	VVA as a percentage of Market Value of Retirement Assets	100.0%	99.6%
Funded status as of June 30:	Unfunded Actuarial Accrued Liability on Market Value of Retirement Assets basis	$119,402,226	$412,229,826
	Funded percentage on MVA basis	99.6%	98.4%
	Unfunded Actuarial Accrued Liability on Valuation Value of Retirement Assets basis	$125,966,903	$523,978,554
	Funded percentage on VVA basis[5]	99.5%	98.0%
Key assumptions	Net investment return	7.00%	7.00%
	Inflation	2.50%	2.75%
	Payroll growth	3.00%	3.25%
	Cost-of-living adjustment (COLA)	2.75%	2.75%
	Amortization period on VVA basis[6]	20 years	20 years

[1] Recommended employer contribution rate is shown as a percent of pay and there is a 12-month delay until the rate is effective. Rates as of June 30, 2022 are recalculated to reflect payroll of active members enrolled in the various tiers as of June 30, 2023. There is a change in the total aggregate rate determined in the June 30, 2022 valuation calculated using the 2022 projected payroll by tier compared to the total aggregate rate recalculated above using the 2023 projected payroll by tier as a result of new members entering Tier 6 and active members leaving the other Tiers.

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

[3] Includes $361,085,473 and $386,872,708 attributable to the value of the DROP account balances as of June 30, 2023 and June 30, 2022, respectively.

[4] Normal Cost as of June 30, 2022 is recalculated to reflect payroll of active members enrolled in the various tiers as of June 30, 2023, as described above.

[5] The funded ratios on VVA basis excluding Harbor Port Police and Airport Police Officers are 99.5% and 97.9% as of June 30, 2023 and June 30, 2022, respectively.

[6] Changes in Unfunded Actuarial Accrued Liability as a result of gains or losses for each valuation are amortized over separate 20-year periods. Details of the funding policy are provided in *Section 4, Exhibit 1*.

Summary of Key Valuation Results (continued)

		June 30, 2023	June 30, 2022	Change From Prior Year
Demographic data as of June 30:	**Active Members:**			
	Number of members[1]	12,571	12,771	-1.6%
	Average age	42.1	42.4	-0.3
	Average years of service	15.0	15.4	-0.4
	Total projected compensation	$1,698,778,328	$1,664,317,874	2.1%
	Average projected compensation	$135,135	$130,320	3.7%
	Retired Members and Beneficiaries:			
	Number of members:			
	• Service retired	10,018	9,647	3.8%
	• Disability retired	1,598	1,656	-3.5%
	• Beneficiaries	2,515	2,518	-0.1%
	– Total	14,131	13,821	2.2%
	Average age	71.2	71.3	-0.1
	Average monthly benefit	$7,224	$6,890	4.8%
	Inactive Vested Members:			
	Number of members[2]	776	723	7.3%
	Average Age[3]	48.4	49.1	-0.7
	Total Members:	27,478	27,315	0.6%

1 Includes DROP members.

2 Includes 39 members as of June 30, 2023 and 52 members as of June 30, 2022 with a vested right to a deferred or immediate vested benefit. The rest of the inactive members are due a refund of member contributions.

3 Excludes inactive members due a refund of member contributions.

Important Information About Actuarial Valuations

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

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

Plan provisions	Plan provisions define the rules that will be used to determine benefit payments, and those rules, or the interpretation of them, may change over time. Even where they appear precise, outside factors may change how they operate. It is important to keep Segal informed with respect to plan provisions and administrative procedures, and to review the plan summary included in our 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.
Financial information	Part of the cost of a plan will be paid from existing assets — the balance will need to come from future contributions and investment income. The valuation is based on the asset values as of the valuation date, typically reported by the Plan. A snapshot as of a single date may not be an appropriate value for determining a single year's contribution requirement, especially in volatile markets. Plan sponsors often use an "actuarial value of assets" that differs from market value to gradually reflect year-to-year changes in the market value of assets in determining the contribution requirements.
Actuarial assumptions	In preparing an actuarial valuation, Segal starts by developing a forecast of the benefits to be paid to existing plan participants for the rest of their lives and the lives of their beneficiaries. This requires actuarial assumptions as to the probability of death, disability, withdrawal, and retirement of participants in each year, as well as forecasts of the plan's benefits for each of those events. In addition, the benefits forecasted for each of those events in each future year reflect actuarial assumptions as to salary increases and cost-of-living adjustments. The forecasted benefits are then discounted to a present value, typically based on an estimate of the rate of return that will be achieved on the plan's assets. All of these factors are uncertain and unknowable. Thus, there will be a range of reasonable assumptions, and the results may vary materially based on which assumptions are selected within that range. That is, there is no right answer (except with hindsight). It is important for any user of an actuarial valuation to understand and accept this constraint. The actuarial model may use approximations and estimates that will have an immaterial impact on our results. In addition, the actuarial assumptions may change over time, and while this can have a significant impact on the reported results, it does not mean that the previous assumptions or results were unreasonable or wrong.
Models	Segal valuation results are based on proprietary actuarial modeling software. The actuarial valuation models generate a comprehensive set of liability and cost calculations that are presented to meet regulatory, legislative and client requirements. Our Actuarial Technology and Systems unit, comprised of both actuaries and programmers, is responsible for the initial development and maintenance of these models. The models have a modular structure that allows for a high degree of accuracy, flexibility and user control. The client team programs the assumptions and the plan provisions, validates the models, and reviews test lives and results, under the supervision of the responsible actuary.

Section 1: Actuarial Valuation Summary

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

The actuarial valuation is prepared at the request of the Plan. 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. Future contribution requirements may differ from those determined in the valuation because of:

- Differences between actual experience and anticipated experience;
- Changes in actuarial assumptions or methods;
- Changes in statutory provisions; and
- Differences between the contribution rates determined by the valuation and those adopted by the Board. [1]

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 the Plan upon delivery and review. The Plan 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 the Plan, it is not a fiduciary in its capacity as actuaries and consultants with respect to the Plan.

[1] LAFPP has a proven track record of adopting the Actuarially Determined Contributions as determined by the valuation and based on the Board's Actuarial Funding Policy.

Actuarial Certification

November 8, 2023

This is to certify that Segal has conducted an actuarial valuation of the City of Los Angeles Fire and Police Pension Plan retirement program as of June 30, 2023, in accordance with generally accepted actuarial principles and practices. In particular, it is our understanding that the assumptions and methods used for funding purposes meet the parameters set by the Actuarial Standards of Practice (ASOPs). Actuarial valuations are performed annually for this retirement program with the last valuation completed as of June 30, 2022. The actuarial calculations presented in this report have been made on a basis consistent with our understanding of the historical funding methods used in determination of the liability for retirement benefits.

The actuarial valuation is based on the plan of benefits summarized in *Section 4, Exhibit 2* and on participant and financial data provided by LAFPP. Segal did not audit LAFPP's financial statements, but we conducted an examination of the participant data for reasonableness and we concluded that it was reasonable and consistent with the prior year's data.

The actuarial computations made are for funding plan benefits. Accordingly, additional determinations may be needed for other purposes, such as satisfying financial accounting requirements under Governmental Accounting Standards Board (GASB) Statements No. 67 and No. 68, and judging benefit security at termination of the plan.

Segal prepared all of the supporting schedules in the actuarial section of the Annual Financial Report. A listing of the supporting schedules Segal prepared for inclusion in the financial section as Supplementary Information required by GASB is provided below:

- Schedule of Net Pension Liability
- Schedule of Changes in Net Pension Liability and Related Ratios
- Schedule of Contribution History

LAFPP's staff prepared other trend data schedules in the statistical section based on information supplied in Segal's valuation report.

To the best of our knowledge, this report is complete and accurate and in our opinion presents the Plan's current funding information. The undersigned is a Member of the American Academy of Actuaries and meets the qualifications to provide the actuarial opinion herein.

Andy Yeung

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

Section 2: Actuarial Valuation Results

A. Member Data

The Actuarial Valuation and Review considers the number and demographic characteristics of covered members, including active members, inactive vested members, retired members and beneficiaries.

This section presents a summary of significant statistical data on these member groups.

More detailed information for this valuation year and the preceding valuation can be found in *Section 3, Exhibits A, B,* and *C*.

Member Population: 2014 – 2023

Year Ended June 30	Active Members[1]	DROP Members	Inactive Vested Members[2]	Retired Members and Beneficiaries	Total Non-Actives	Ratio of Non-Actives to Actives	Ratio of Retired Members and Beneficiaries to Actives
2014	13,097	1,277	131	12,502	12,633	0.96	0.95
2015	13,068	1,359	112	12,593	12,705	0.97	0.96
2016	13,050	1,243	128	12,819	12,947	0.99	0.98
2017	13,327	1,303	374	12,836	13,210	0.99	0.96
2018	13,442	1,442	534	12,890	13,424	1.00	0.96
2019	13,535	1,665	523	13,097	13,620	1.01	0.97
2020	13,486	1,478	575	13,291	13,866	1.03	0.99
2021	12,823	1,484	633	13,527	14,160	1.10	1.05
2022	12,771	1,415	723	13,821	14,544	1.14	1.08
2023	12,571	1,496	776	14,131	14,907	1.19	1.12

[1] Includes DROP members provided in the next column.

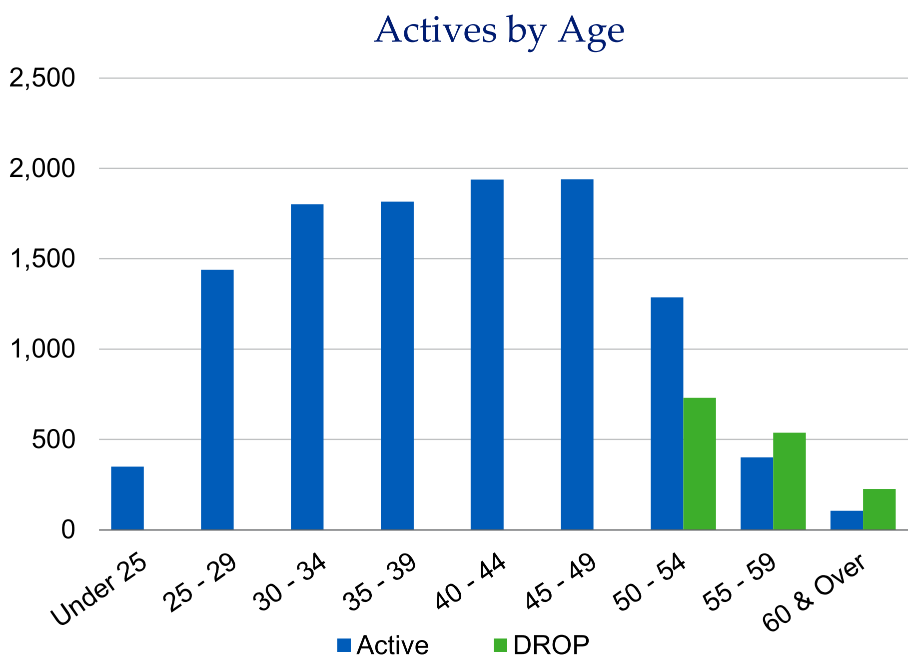
[2] Includes inactive members due a refund of member contributions. Counts shown for June 30, 2017 and June 30, 2018 include 179 and 110 inactive members, respectively, due a refund of member contributions that were not included in the membership data provided for the prior valuations.

Active Members (Including DROP Members)

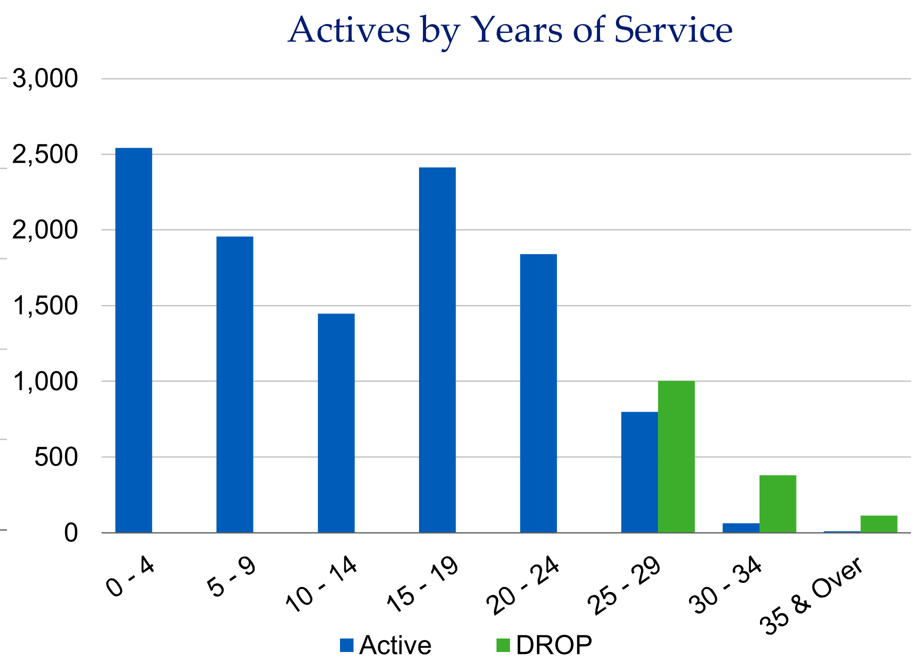
Plan costs are affected by the age, years of service and compensation of active members. In this year's valuation, there were 12,571 active members with an average age of 42.1, average years of service of 15.0 years and average compensation of $135,135. The 12,771 active members in the prior valuation had an average age of 42.4, average service of 15.4 years and average compensation of $130,320.

Among the active members, there were none with unknown age information.

Distribution of Active Members (Including DROP Members) as of June 30, 2023



Average age	42.1
Prior year average age	42.4
Difference	-0.3



Average years of service	15.0
Prior year average years of service	15.4
Difference	-0.4

Inactive Members

In this year's valuation, there were 39 members with a vested right to a deferred or immediate vested benefit versus 52 in the prior valuation. In addition, there were 737 members entitled to a return of their member contributions versus 671 in the prior valuation.

Retired Members and Beneficiaries

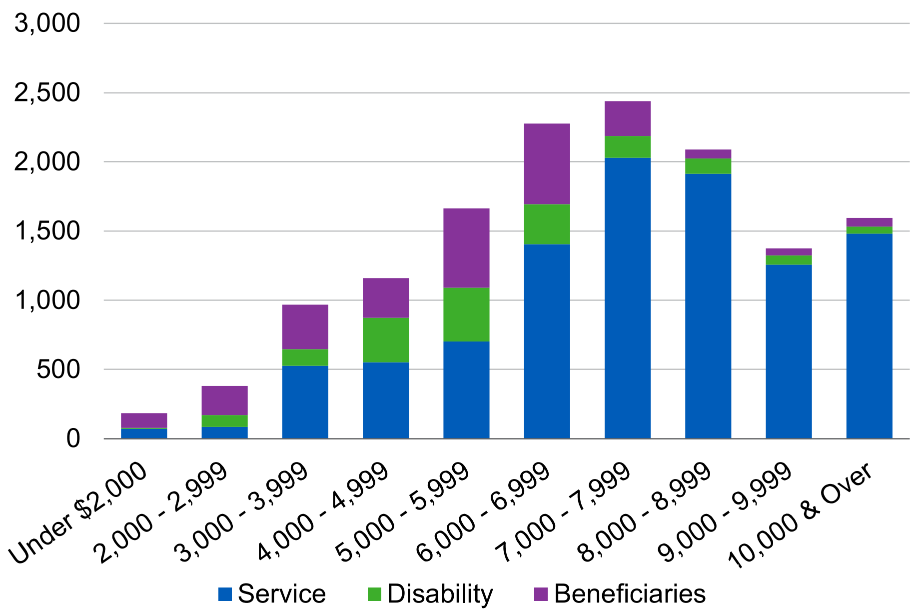
As of June 30, 2023, 11,616 retired members and 2,515 beneficiaries were receiving total monthly benefits of $102,084,858. For comparison, in the previous valuation, there were 11,303 retired members and 2,518 beneficiaries receiving total monthly benefits of $95,227,174.

The monthly benefits provided have been adjusted for the COLA granted effective for the month of July.

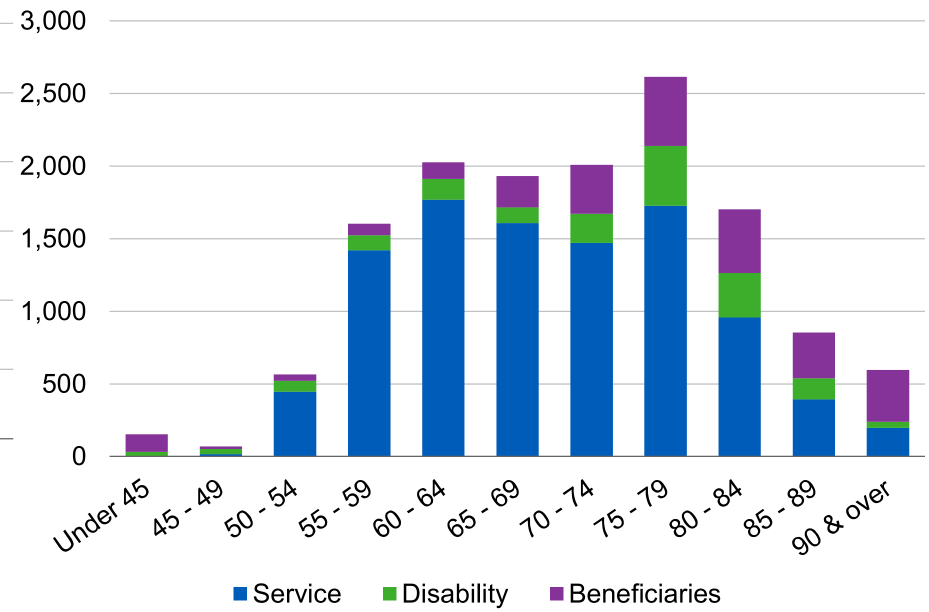
As of June 30, 2023, the average monthly benefit for retired members and beneficiaries is $7,224, compared to $6,890 in the previous valuation. The average age for retired members and beneficiaries is 71.2 in the current valuation, compared with 71.3 in the prior valuation.

Distribution of Retired Members and Beneficiaries as of June 30, 2023

Retired Members and Beneficiaries by Type and Monthly Amount (Includes July 1 COLA)



Retired Members and Beneficiaries by Type and Age (Includes July 1 COLA)



Historical Plan Population

The chart below demonstrates the changes of the active population over the last ten years. The chart also shows the growth among the retired population over the same time period.

Member Data Statistics: 2014 – 2023

	Active Members[1]			Retired Members and Beneficiaries		
Year Ended June 30	Count	Average Age	Average Service	Count	Average Age	Average Monthly Amount
2014	13,097	42.4	15.4	12,502	70.8	$5,247
2015	13,068	42.5	15.5	12,593	71.0	5,309
2016	13,050	42.3	15.3	12,819	71.0	5,500
2017	13,327	42.3	15.3	12,836	71.2	5,686
2018	13,442	42.3	15.3	12,890	71.3	5,925
2019	13,535	42.2	15.2	13,097	71.5	6,135
2020	13,486	42.2	15.2	13,291	71.5	6,386
2021	12,823	42.7	15.7	13,527	71.4	6,521
2022	12,771	42.4	15.4	13,821	71.3	6,890
2023	12,571	42.1	15.0	14,131	71.2	7,224

[1] Includes DROP members.

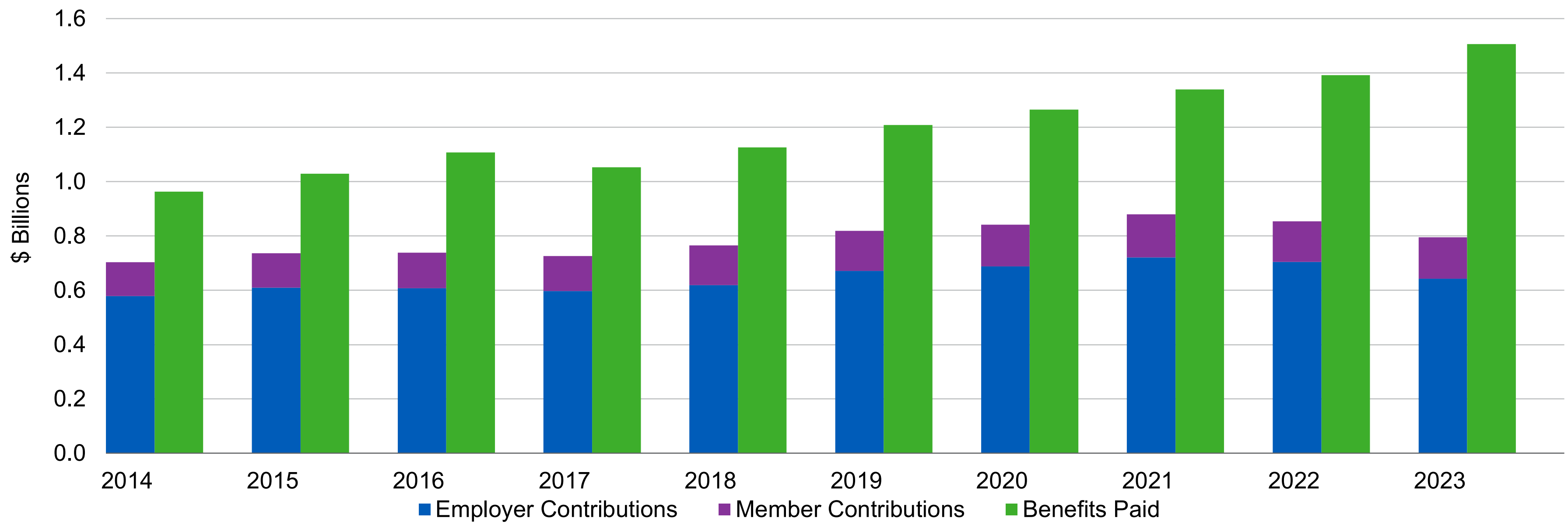
B. Financial Information

Retirement plan funding anticipates that, over the long term, both contributions (less administrative expenses) and investment earnings (less investment fees) will be needed to cover benefit payments. Retirement plan assets change as a result of the net impact of these income and expense components.

Additional financial information, including a summary of transactions for the valuation year, is presented in *Section 3, Exhibits D, E,* and *F*.

It is desirable to have level and predictable plan costs from one year to the next. For this reason, the Board of Commissioners has approved an asset valuation method that gradually adjusts to market value. Under this valuation method, the full value of market fluctuations is not recognized in a single year and, as a result, the valuation asset value and the plan costs are more stable. The amount of the adjustment to recognize market value is treated as income, which may be positive or negative. Realized and unrealized gains and losses are treated equally and, therefore, the sale of assets has no immediate effect on the actuarial value.

Comparison of Contributions Made with Benefits for Years Ended June 30, 2014 – 2023



Note: Contributions and benefits paid are shown for both the Retirement and Health Subsidy Benefits plans. Starting in 2015, employer contributions are shown net of the administrative expenses.

Determination of Actuarial Value of Assets for Year Ended June 30, 2023

1	**Market Value of Assets (for Retirement and Health Subsidy Benefits)**					**$29,404,114,673**
2	Calculation of unrecognized return[1]	**Expected Return**	**Actual Return[1]**	**Investment Gain/(Loss)**	**Portion Deferred**	**Unrecognized Amount**
a.	Year ended June 30, 2017	$1,399,514,735	$2,449,549,638	$1,050,034,903	0/7	$0
b.	Year ended June 30, 2018	1,506,111,379	2,058,910,553	552,799,174	1/7	78,971,311
c.	Year ended June 30, 2019	1,630,021,712	1,329,326,557	(300,695,155)	2/7	(85,912,901)
d.	Year ended June 30, 2020	1,697,466,038	664,345,444	(1,033,120,594)	3/7	(442,765,969)
e.	Year ended June 30, 2021	1,655,593,892	7,670,538,754	6,014,944,862	4/7	3,437,111,350
f.	Year ended June 30, 2022	2,157,060,415	(2,231,147,283)	(4,388,207,698)	5/7	(3,134,434,070)
g.	Year ended June 30, 2023	1,955,173,571	2,135,227,161	180,053,590	6/7	154,331,649
h.	Total unrecognized return[2]					$7,301,370
3	**Preliminary Actuarial Value of Assets 1 – 2h**					**$29,396,813,303**
4	Adjustment to be within 40% corridor					0
5	**Final Actuarial Value of Assets 3 + 4**					**$29,396,813,303**
6	Actuarial Value of Assets as a percentage of Market Value of Assets					100.0%
7	Market Value of Retirement Assets					$26,437,299,567
8	**Valuation Value of Retirement Assets 5 ÷ 1 x 7**					**$26,430,734,890**

[1] Total return minus expected return on a market value basis. Both actual and expected returns on market value have been adjusted to exclude administrative expense paid during the plan year.

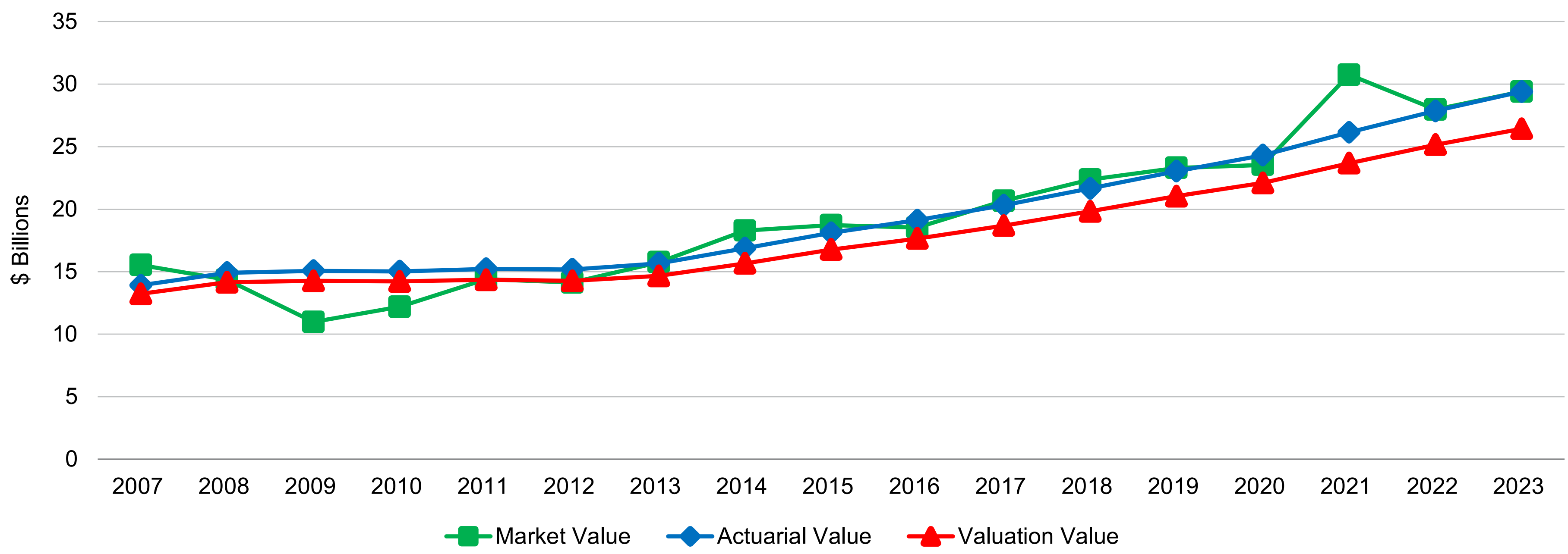
[2] Deferred return as of June 30, 2023 recognized in each of the next six years (for Retirement and Health Subsidy Benefits):

a. Amount recognized on June 30, 2024	$146,539,168
b. Amount recognized on June 30, 2025	67,567,858
c. Amount recognized on June 30, 2026	110,524,307
d. Amount recognized on June 30, 2027	258,112,966
e. Amount recognized on June 30, 2028	(601,164,873)
f. Amount recognized on June 30, 2029	25,721,944
g. Total unrecognized return as of June 30, 2023	$7,301,370

Section 2: Actuarial Valuation Results

The Market Value, Actuarial Value and Valuation Value of Assets are representations of the Plan's financial status. As investment gains and losses are gradually taken into account, the Actuarial Value of Assets tracks the Market Value of Assets. The portion of the total Actuarial Value of Assets allocated for retirement benefits, based on multiplying the total Actuarial Value of Assets by the ratio of Market Value of Retirement Assets to the market value of both retirement and health assets, is shown as the Valuation Value of Assets. The Valuation Value of Assets is significant because the Plan's liabilities are compared to these assets to determine what portion, if any, remains unfunded. Amortization of the Unfunded Actuarial Accrued Liability is an important element in determining the contribution requirement.

Market Value[1], Actuarial Value[1], and Valuation Value[2] of Assets as of June 30, 2007 – 2023



[1] Includes all assets for Retirement and Health Subsidy Benefits.
[2] Assets for Retirement only.

C. Actuarial Experience

To calculate any actuarially determined contribution, assumptions are made about future events that affect the amount and timing of benefits to be paid and assets to be accumulated. Each year actual experience is measured against the assumptions. If overall experience is more favorable than anticipated (an actuarial gain), the actuarially determined contribution will decrease from the previous year. On the other hand, the actuarially determined contribution will increase if overall actuarial experience is less favorable than expected (an actuarial loss).

Taking account of experience gains or losses in one year without making a change in assumptions reflects the belief that the single year's experience was a short-term development and that, over the long term, experience will return to the original assumptions. For contribution requirements to remain stable, assumptions should approximate experience.

If assumptions are changed, the contribution requirement is adjusted to take into account a change in experience anticipated for all future years. There are changes in actuarial assumptions reflected in this valuation.

The total gain is $46.7 million, which includes $275.9 million from investment gains, a loss of $20.6 million from employer contribution experience and $208.5 million in losses from all other sources. The net experience variation from individual sources other than investments was 0.9% of the Actuarial Accrued Liability. A discussion of the major components of the actuarial experience is on the following pages.

Actuarial Experience for Year Ended June 30, 2023

1	Net gain from investments[1]	$(275,873,601)
2	Net loss from employer contribution experience[2]	20,616,719
3	Net loss from other experience[3]	208,525,238
4	**Net experience gain: 1 + 2 + 3**	**$(46,731,644)**

[1] Details on next page.

[2] The actual employer contributions were less than expected due to the scheduled one-year lag in implementing the higher contribution rates calculated in the June 30, 2022 valuation for Fiscal Year 2024. This is somewhat magnified by actual covered payroll for 2022-2023 being lower than the payroll projected in the June 30, 2022 valuation.

[3] See *Section 2, Subsection E* for further details. Does not include the effect of plan or assumption changes, if any.

Investment Experience

A major component of projected asset growth is the assumed rate of return. The assumed return should represent the expected long-term rate of return, based on the Plan's investment policy. The rate of return on the Market Value of Assets was 7.64% for the year ended June 30, 2023.

For valuation purposes, the assumed rate of return on the Actuarial Value of Assets was 7.00% for the June 30, 2022 valuation. The actual rate of return on an actuarial basis for the 2022-2023 Plan Year was 8.10%. Because the actual return for the year was more than the assumed return, the Plan experienced an actuarial gain during the year ended June 30, 2023 with regard to its investments.

Investment Experience for Year Ended June 30, 2023

		Market Value[1]	Actuarial Value[1]	Valuation Value[2]
1	Net investment income	$2,135,227,161	$2,251,717,724	$2,025,647,741
2	Average value of assets	27,931,051,019	27,807,259,086	24,996,773,424
3	Rate of return: **1 ÷ 2**	7.64%	8.10%	8.10%
4	Assumed rate of return	7.00%	7.00%	7.00%
5	Expected investment income: **2 x 4**	$1,955,173,571	$1,946,508,136	$1,749,774,140
6	**Actuarial gain/(loss): 1 - 5**	**$180,053,590**	**$305,209,588**	**$275,873,601**

[1] Includes all assets for Retirement and Health Subsidy Benefits.
[2] Assets for Retirement Only.

Section 2: Actuarial Valuation Results

Because actuarial planning is long term, it is useful to see how the assumed investment rate of return has followed actual experience over time. The chart below shows the rate of return on an actuarial basis compared to the actual market value investment return for the last ten years, including averages over select time periods.

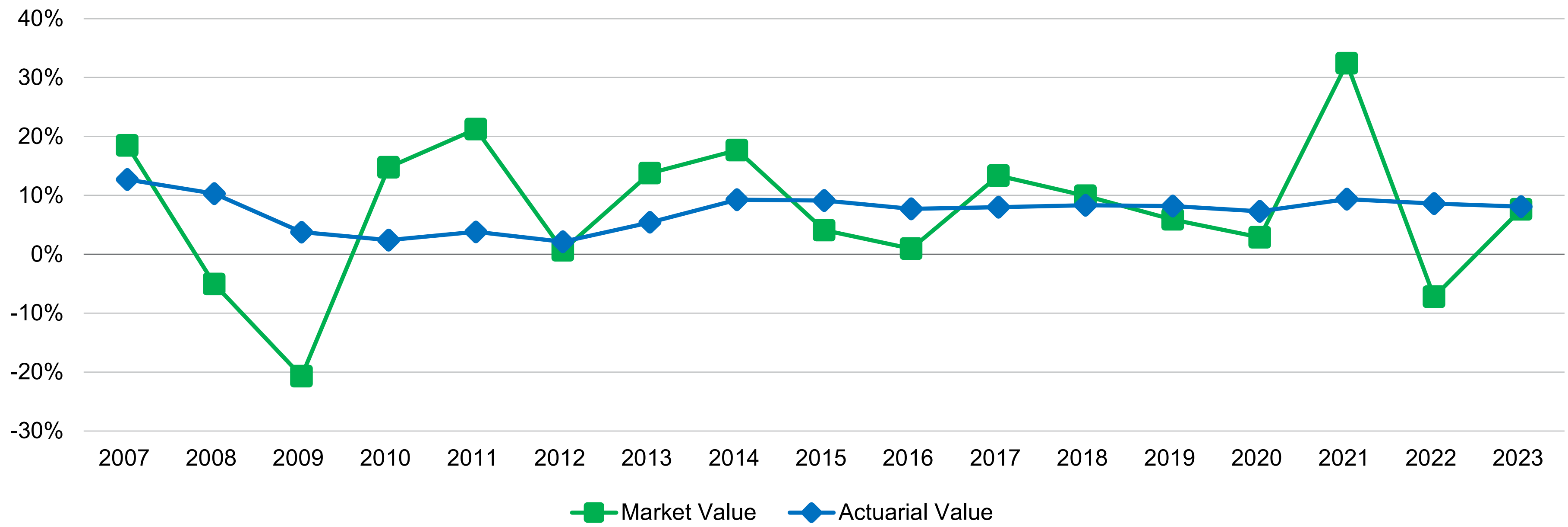
Investment Return – Market Value[1] and Actuarial Value[1]: 2014 – 2023

	Market Value Investment Return		Actuarial Value Investment Return	
Year Ended June 30	**Amount**	**Percent**	**Amount**	**Percent**
2014	$2,802,796,015	17.65%	$1,468,399,449	9.29%
2015	739,009,040	4.01%	1,527,957,644	8.98%
2016	172,083,839	0.91%	1,381,259,601	7.58%
2017	2,449,549,638	13.13%	1,517,741,599	7.89%
2018	2,058,910,553	9.91%	1,703,309,555	8.34%
2019	1,329,326,557	5.91%	1,784,263,436	8.19%
2020	664,345,444	2.84%	1,691,242,540	7.30%
2021	7,670,538,754	32.43%	2,284,102,705	9.35%
2022	(2,231,147,283)	(7.24%)	2,250,603,503	8.59%
2023	2,135,227,161	7.64%	2,251,717,724	8.10%
Most recent five-year geometric average return		**7.57%**		**8.30%**
Most recent ten-year geometric average return		**8.26%**		**8.36%**

[1] Includes all assets for Retirement and Health Subsidy Benefits.

Section 2, Subsection B described the actuarial asset valuation method that gradually recognizes fluctuations in the market value rate of return. The goal of this is to stabilize the actuarial rate of return and to produce more level pension plan costs.

Market[1] and Actuarial[1] Rates of Return for Years Ended June 30, 2007 – 2023



[1] Includes all assets for Retirement and Health Subsidy Benefits.

Contributions

Employer contributions for the year ended June 30, 2023 totaled $481.8 million, compared to the projected amount of $499.8 million. This resulted in a loss of $20.6 million for the year, when adjusted for timing.

Non-Investment Experience

There are other differences between the expected and the actual experience that appear when the new valuation is compared with the projections from the previous valuation. These include:

- the extent of turnover among participants,
- retirement experience (earlier or later than projected),
- mortality (more or fewer deaths than projected),
- the number of disability retirements (more or fewer than projected),
- salary increases (greater or smaller than projected),
- cost-of-living adjustments (COLAs) higher or lower than anticipated, and
- administrative expenses different than assumed.

The net loss from this other experience for the year ended June 30, 2023 amounted to $208.5 million, which is 0.8% of the Actuarial Accrued Liability. This loss was mainly due to higher than expected COLA increases for retirees and beneficiaries and higher salary increases than expected for actives. See *Section 2, Subsection E* for a detailed development of the Unfunded Actuarial Accrued Liability.

D. Other Changes in the Actuarial Accrued Liability

Actuarial Assumptions and Methods

- The assumption changes reflected in this report were based on the July 1, 2019 through June 30, 2022 Actuarial Experience Study report dated May 10, 2023.
  - This change decreased the Actuarial Accrued Liability by about $234.3 million (or a 0.9% decrease) and decreased the total Normal Cost by 0.62% of payroll (a decrease of about 2.0%).
  - The average recommended employer contribution rate decreased by 1.77% of payroll (payable at the beginning of the year) as a result of the assumption changes.

Details on actuarial assumptions and methods are provided in *Section 4, Exhibit 1*.

Plan Provisions

There were no changes in plan provisions since the prior valuation.

A summary of plan provisions is provided in *Section 4, Exhibit 2*.

E. Development of Unfunded Actuarial Accrued Liability

Development of Unfunded Actuarial Accrued Liability for Year Ended June 30, 2023

1	**Unfunded Actuarial Accrued Liability at beginning of year**		**$523,978,554**
2	Total Normal Cost at beginning of year		496,251,774
3	Expected administrative expenses at beginning of year		20,755,543
4	Expected employer and member contributions at beginning of year		(660,586,092)
5	Interest		26,627,984
6	Expected Unfunded Actuarial Accrued Liability at end of year		$407,027,763
7	Changes due to:		
	a. Investment return greater than expected (after "smoothing")	$(275,873,601)	
	b. Actual employer contributions less than expected[1]	20,616,719	
	c. Individual salary increases greater than expected	148,223,665	
	d. COLA increases greater than expected[2]	105,073,306	
	e. Administrative expenses greater than expected	1,590,563	
	f. Other experience gains[3]	(46,362,296)	
	g. Assumption changes and methodology refinement	(234,329,216)	
	Total changes		$(281,060,860)
8	**Unfunded Actuarial Accrued Liability at end of year**		**$125,966,903**

Note: The sum of items 7c through 7f equals the "Net loss from other experience" shown in *Section 2, Subsection C*.

[1] The actual employer contributions were less than expected due to the scheduled one-year lag in implementing the higher contribution rates calculated in the June 30, 2022 valuation for Fiscal Year 2024, as well as actual covered payroll for 2022-2023 being lower than the payroll projected in the June 30, 2022 valuation.

[2] Pursuant to the City of Los Angeles Charter/Administrative Code, the 2023 COLA increase was calculated based on the annual change in the Consumer Price Index (CPI) for the Los Angeles-Long Beach-Anaheim area using a 12-month period from February 2022 through February 2023, equal to 5.1%. Tiers 1 and 2 received COLA increases of 5.1% and Tiers 3 and 4 received COLA increases of 3%. Tiers 5 and 6 received COLA increases of 3% and increases in their COLA banks equal to 2.1%. These COLA banks can be used in the future to grant COLA increases above LAFPP's inflation assumption of 2.75%, which was taken into account when determining the magnitude of this COLA loss.

[3] Other differences in actual versus expected experience including (but not limited to) retirement, mortality, disability and termination experience.

F. Recommended Contribution

The recommended contribution is equal to the employer Normal Cost payment, a payment on the Unfunded Actuarial Accrued Liability and payment for administrative expenses. As of June 30, 2023, the average recommended employer contribution is 27.99% of compensation if paid at the beginning of the year. The calculated employer normal cost is 19.16% of payroll, and the explicit contribution rate for administrative expense is 1.28% of payroll. The remaining contribution of 7.55% of payroll will amortize the Unfunded Actuarial Accrued Liability over an equivalent single amortization period of slightly over one year. (This means that if all the actuarial assumptions were to be met, the Plan would be expected to become fully funded in the June 30, 2025 valuation).

The Board sets the funding policy used to calculate the recommended contribution based on layered 20-year[1] amortization periods as a level percentage of payroll. See *Section 4, Exhibit 1* for further details on the funding policy. Based on this policy, there is no negative amortization[2] and each amortization layer is fully funded in 20 years. As shown in the graphical projection of the UAAL amortization balances and payments found in *Section 3, Exhibit H*, before taking into consideration the deferred investment gains/losses that will be recognized in the next several valuations, the UAAL of the Plan is expected to be fully amortized by 2025,[3] assuming all assumptions are realized and contributions are made in accordance with the funding policy.

The contribution requirement as of June 30, 2023 is based on the data previously described, the actuarial assumptions and Plan provisions described in *Section 4*, including all changes affecting future costs adopted at the time of the actuarial valuation, actuarial gains and losses, and changes in the actuarial assumptions.

The current funding policy is intended to fully fund the cost of the benefits and to allocate the cost of benefits reasonably and equitably over time while minimizing the volatility of employer contributions. The recommended contribution is expected to remain level as a percent of payroll, except when any current amortization layer is fully amortized, assuming there are no future actuarial gains or losses. Furthermore, the funded ratio is expected to increase as the UAAL is methodically funded by employer contributions.

[1] Changes in UAAL as a result of actuarial gains or losses or as a result of changes in actuarial assumptions or methods for each valuation are amortized over separate 20-year periods. Changes in UAAL as a result of plan amendments are amortized over separate 15-year periods.

[2] Negative amortization means that the amortization payment towards the UAAL is less than the interest on the UAAL and therefore the outstanding balance of the UAAL would increase.

[3] The UAAL is expected to be fully amortized earlier than the 20-year amortization period because there is a combination of charge and credit amortization layers.

Average Recommended Employer Contribution for Year Ended June 30

		2023		2022	
		Amount	% of Projected Compensation	Amount	% of Projected Compensation
1	Total Normal Cost	$495,202,390	29.14%	$496,251,774	29.81%
2	Expected member contributions, discounted to beginning of year	(169,579,953)	(9.98%)	(160,807,219)	(9.66%)
3	Employer Normal Cost: 1 + 2	$325,622,438	19.16%	$335,444,555	20.15%
4	Actuarial Accrued Liability	26,556,701,793		25,670,765,982	
5	Valuation Value of Assets	26,430,734,890		25,146,787,428	
6	Unfunded Actuarial Accrued Liability: 4 – 5	$125,966,903		$523,978,554	
7	Payment on Unfunded Actuarial Accrued Liability	128,197,149	7.55%	143,578,775	8.63%
8	Payment for administrative expenses	21,677,979	1.28%	20,755,543	1.25%
9	Projected compensation	1,698,778,328		1,664,317,874	
10	**Total average recommended employer contribution: 3 + 7 + 8**	**$475,497,566**	**27.99%**	**$499,778,873**	**30.03%**
11	**Total average recommended contribution, payable July 15**	**$476,839,937**	**28.07%**	**$501,189,792**	**30.11%**
12	**Total average recommended contribution, payable biweekly**	**$491,858,507**	**28.95%**	**$516,975,286**	**31.06%**

Note: Contributions are assumed to be paid at the beginning of the year, unless otherwise noted.

Reconciliation of Average Recommended Employer Contribution Rate

The chart below details the changes in the average recommended employer contribution rate from the prior valuation to the current year's valuation.

Reconciliation of Average Recommended Employer Contribution Rate from June 30, 2022 to June 30, 2023

		Contribution Rate	Estimated Annual Dollar Amount[1]
1	**Average Recommended Employer Contribution as of June 30, 2022**	**29.90%**	**$507,941,964**
2	Effect of investment return greater than expected (after "smoothing")	(1.12%)	(19,011,310)
3	Effect of actual contributions less than expected[2]	0.09%	1,527,695
4	Effect of individual salary increases greater than expected	0.43%	7,298,985
5	Effect of COLA increases greater than expected	0.60%	10,184,630
6	Effect of amortizing prior year's UAAL over a smaller than expected projected total payroll	0.11%	1,867,182
7	Effect of other gains[3]	(0.25%)	(4,267,891)
8	Effect of change in actuarial assumptions and methodology refinements	(1.77%)	(30,043,689)
9	**Total change**	**(1.91%)**	**$(32,444,398)**
10	**Average Recommended Employer Contribution as of June 30, 2023**	**27.99%**	**$475,497,566**

Note: Contributions are assumed to be paid at the beginning of the year, unless otherwise noted.

[1] Based on June 30, 2023 projected compensation.

[2] The actual employer contributions were less than expected due to the scheduled one-year lag in implementing the higher contribution rates calculated in the June 30, 2022 valuation for Fiscal Year 2024, as well as actual covered payroll for 2022-2023 being lower than the payroll projected in the June 30, 2022 valuation.

[3] Other differences in actual versus expected experience including (but not limited to) retirement, mortality, disability and termination experience.

Recommended Employer Contribution Rate

		June 30, 2023 Actuarial Valuation		June 30, 2022 Actuarial Valuation	
	Tier 1 Members – City	**Amount**	**% of Projected Compensation**	**Amount[1]**	**% of Projected Compensation**
1	Total Normal Cost	$0	N/A	$0	N/A
2	Expected member contributions, discounted to beginning of year	0	N/A	0	N/A
3	Employer Normal Cost: 1 + 2	$0	N/A	$0	N/A
4	Actuarial Accrued Liability	53,125,705		57,981,445	
5	Payment on Unfunded Actuarial Accrued Liability[2]	0	7.69%	0	8.77%
6	Payment for administrative expenses	0	1.28%	0	1.25%
7	Projected compensation	0		N/A	
8	**Total recommended employer contribution[3]: 3 + 5 + 6**	**$0**	**8.97%**	**$0**	**10.02%**
9	**Total recommended contribution, payable July 15**	**$0**	**9.00%**	**$0**	**10.04%**
10	**Total recommended contribution, payable biweekly**	**$0**	**9.28%**	**$0**	**10.36%**

Note: Contributions are assumed to be paid at the beginning of the year, unless otherwise noted.

[1] Amounts are revised to reflect payroll as of June 30, 2023.

[2] UAAL rate is calculated using the City's total UAAL payment of $128,599,741 and total payroll of $1,672,491,632.

[3] As part of the May 19, 2022 amendment to the funding policy, the UAAL amortization payment for each City Tier is determined in proportion to the covered payroll for that Tier. As Tier 1 has no active members, the Normal Cost and UAAL amortization payment for Tier 1 is $0.

Recommended Employer Contribution Rate (continued)

	Tier 2 Members – City	June 30, 2023 Actuarial Valuation Amount	June 30, 2023 Actuarial Valuation % of Projected Compensation	June 30, 2022 Actuarial Valuation Amount[1]	June 30, 2022 Actuarial Valuation % of Projected Compensation
1	Total Normal Cost	$115,420	24.67%	$121,909	26.06%
2	Expected member contributions, discounted to beginning of year	(2,706)	(0.58%)	(6,362)	(1.36%)
3	Employer Normal Cost: 1 + 2	$112,714	24.09%	$115,547	24.70%
4	Actuarial Accrued Liability	4,432,678,689		4,558,202,185	
5	Payment on Unfunded Actuarial Accrued Liability[2]	35,970	7.69%	41,026	8.77%
6	Payment for administrative expenses	5,970	1.28%	5,848	1.25%
7	Projected compensation	467,803		N/A	
8	**Total recommended employer contribution: 3 + 5 + 6**	**$154,654**	**33.06%**	**$162,421**	**34.72%**
9	**Total recommended contribution, payable July 15**	**$155,091**	**33.15%**	**$162,880**	**34.82%**
10	**Total recommended contribution, payable biweekly**	**$159,975**	**34.20%**	**$168,010**	**35.92%**

Note: Contributions are assumed to be paid at the beginning of the year, unless otherwise noted.

1 Amounts are revised to reflect payroll as of June 30, 2023.
2 UAAL rate is calculated using the City's total UAAL payment of $128,599,741 and total payroll of $1,672,491,632.

Recommended Employer Contribution Rate (continued)

	Tier 3 Members – City	June 30, 2023 Actuarial Valuation		June 30, 2022 Actuarial Valuation	
		Amount	% of Projected Compensation	Amount[1]	% of Projected Compensation
1	Total Normal Cost	$15,500,061	26.16%	$15,708,801	26.52%
2	Expected member contributions, discounted to beginning of year	(5,039,854)	(8.51%)	(4,655,776)	(7.86%)
3	Employer Normal Cost: 1 + 2	$10,460,208	17.65%	$11,053,025	18.66%
4	Actuarial Accrued Liability	1,526,368,424		1,478,318,176	
5	Payment on Unfunded Actuarial Accrued Liability[2]	4,554,552	7.69%	5,194,803	8.77%
6	Payment for administrative expenses	755,878	1.28%	740,422	1.25%
7	Projected compensation	59,233,789		N/A	
8	**Total recommended employer contribution: 3 + 5 + 6**	**$15,770,638**	**26.62%**	**$16,988,250**	**28.68%**
9	**Total recommended contribution, payable July 15**	**$15,815,160**	**26.70%**	**$17,036,209**	**28.76%**
10	**Total recommended contribution, payable biweekly**	**$16,313,275**	**27.54%**	**$17,572,782**	**29.67%**

Note: Contributions are assumed to be paid at the beginning of the year, unless otherwise noted.

1 Amounts are revised to reflect payroll as of June 30, 2023.
2 UAAL rate is calculated using the City's total UAAL payment of $128,599,741 and total payroll of $1,672,491,632.

Recommended Employer Contribution Rate (continued)

	Tier 4 Members – City	June 30, 2023 Actuarial Valuation Amount	June 30, 2023 Actuarial Valuation % of Projected Compensation	June 30, 2022 Actuarial Valuation Amount[1]	June 30, 2022 Actuarial Valuation % of Projected Compensation
1	Total Normal Cost	$6,325,481	26.99%	$6,487,944	27.68%
2	Expected member contributions, discounted to beginning of year	(1,986,865)	(8.48%)	(1,849,345)	(7.89%)
3	Employer Normal Cost: 1 + 2	$4,338,617	18.51%	$4,638,599	19.79%
4	Actuarial Accrued Liability	695,175,900		679,447,401	
5	Payment on Unfunded Actuarial Accrued Liability[2]	1,802,259	7.69%	2,055,610	8.77%
6	Payment for administrative expenses	299,105	1.28%	292,989	1.25%
7	Projected compensation	23,439,105		N/A	
8	**Total recommended employer contribution: 3 + 5 + 6**	**$6,439,981**	**27.48%**	**$6,987,198**	**29.81%**
9	**Total recommended contribution, payable July 15**	**$6,458,162**	**27.55%**	**$7,006,923**	**29.89%**
10	**Total recommended contribution, payable biweekly**	**$6,661,568**	**28.42%**	**$7,227,614**	**30.84%**

Note: Contributions are assumed to be paid at the beginning of the year, unless otherwise noted.

[1] Amounts are revised to reflect payroll as of June 30, 2023.
[2] UAAL rate is calculated using the City's total UAAL payment of $128,599,741 and total payroll of $1,672,491,632.

Recommended Employer Contribution Rate (continued)

	Tier 5 Members – City[1]	June 30, 2023 Actuarial Valuation Amount	June 30, 2023 Actuarial Valuation % of Projected Compensation	June 30, 2022 Actuarial Valuation Amount[2]	June 30, 2022 Actuarial Valuation % of Projected Compensation
1	Total Normal Cost	$319,352,362	30.10%	$325,803,720	30.71%
2	Expected member contributions, discounted to beginning of year	(103,608,217)	(9.77%)	(99,725,007)	(9.40%)
3	Employer Normal Cost: 1 + 2	$215,744,145	20.33%	$226,078,713	21.31%
4	Actuarial Accrued Liability	18,974,088,036		18,147,751,857	
5	Payment on Unfunded Actuarial Accrued Liability[3]	81,574,113	7.69%	93,041,310	8.77%
6	Payment for administrative expenses	13,538,117	1.28%	13,261,304	1.25%
7	Projected compensation	1,060,904,331		N/A	
8	**Total recommended employer contribution: 3 + 5 + 6**	**$310,856,375**	**29.30%**	**$332,381,327**	**31.33%**
9	**Total recommended contribution, payable July 15**	**$311,733,950**	**29.38%**	**$333,319,669**	**31.42%**
10	**Total recommended contribution, payable biweekly**	**$321,552,335**	**30.31%**	**$343,817,918**	**32.40%**

Note: Contributions are assumed to be paid at the beginning of the year, unless otherwise noted.

1 Excludes Harbor Port Police.
2 Amounts are revised to reflect payroll as of June 30, 2023.
3 UAAL rate is calculated using the City's total UAAL payment of $128,599,741 and total payroll of $1,672,491,632.

Recommended Employer Contribution Rate (continued)

	Tier 6 Members – City[1]	June 30, 2023 Actuarial Valuation Amount	June 30, 2023 Actuarial Valuation % of Projected Compensation	June 30, 2022 Actuarial Valuation Amount[2]	June 30, 2022 Actuarial Valuation % of Projected Compensation
1	Total Normal Cost	$146,193,061	27.66%	$149,233,321	28.24%
2	Expected member contributions, discounted to beginning of year	(56,195,548)	(10.63%)	(56,173,874)	(10.63%)
3	Employer Normal Cost: 1 + 2	$89,997,513	17.03%	$93,059,447	17.61%
4	Actuarial Accrued Liability	734,250,527		618,254,320	
5	Payment on Unfunded Actuarial Accrued Liability[3]	40,632,847	7.69%	46,344,767	8.77%
6	Payment for administrative expenses	6,743,466	1.28%	6,605,583	1.25%
7	Projected compensation	528,446,604		N/A	
8	**Total recommended employer contribution: 3 + 5 + 6**	**$137,373,826**	**26.00%**	**$146,009,797**	**27.63%**
9	**Total recommended contribution, payable July 15**	**$137,761,644**	**26.07%**	**$146,421,995**	**27.71%**
10	**Total recommended contribution, payable biweekly**	**$142,100,591**	**26.89%**	**$151,033,708**	**28.58%**

Note: Contributions are assumed to be paid at the beginning of the year, unless otherwise noted.

[1] Excludes Harbor Port Police and Airport Police.
[2] Amounts are revised to reflect payroll as of June 30, 2023.
[3] UAAL rate is calculated using the City's total UAAL payment of $128,599,741 and total payroll of $1,672,491,632.

Recommended Employer Contribution Rate (continued)

	All Tiers Combined – City[1]	June 30, 2023 Actuarial Valuation Amount	June 30, 2023 Actuarial Valuation % of Projected Compensation	June 30, 2022 Actuarial Valuation Amount[2]	June 30, 2022 Actuarial Valuation % of Projected Compensation
1	Total Normal Cost	$487,486,385	29.15%	$497,355,695	29.74%
2	Expected member contributions, discounted to beginning of year	(166,833,190)	(9.98%)	(162,410,364)	(9.71%)
3	Employer Normal Cost: 1 + 2	$320,653,197	19.17%	$334,945,331	20.03%
4	Actuarial Accrued Liability	26,415,687,281		25,539,955,384	
5	Valuation Value of Assets	26,282,384,989		25,015,476,257	
6	Unfunded Actuarial Accrued Liability: 4 – 5	$133,302,292		$524,479,127	
7	Payment on Unfunded Actuarial Accrued Liability	128,599,741	7.69%	146,677,516	8.77%
8	Payment for administrative expenses	21,342,536	1.28%	20,906,146	1.25%
9	Projected compensation	1,672,491,632		N/A	
10	**Total recommended employer contribution: 3 + 7 + 8**	**$470,595,474**	**28.14%**	**$502,528,993**	**30.05%**
11	**Total recommended contribution, payable July 15**	**$471,924,007**	**28.22%**	**$503,947,676**	**30.13%**
12	**Total recommended contribution, payable biweekly**	**$486,787,744**	**29.11%**	**$519,820,032**	**31.08%**

Note: Contributions are assumed to be paid at the beginning of the year, unless otherwise noted.

[1] Excludes Harbor Port Police and Airport Police.

[2] Amounts are recalculated to reflect payroll of active members enrolled in the different tiers as of June 30, 2023. There is a change in the total aggregate rate determined in the June 30, 2022 valuation calculated using the 2022 projected payroll by tier compared to the total aggregate rate recalculated above using the 2023 projected payroll by tier as a result of new members entering Tier 6 and active members leaving the other Tiers. This shows that even if the contribution rate for each tier were to remain unchanged, the aggregate rate (which is the weighted average of the rates by tier) would change over time as the proportion of non-Tier 6 payroll decreases and the proportion of Tier 6 payroll increases. In our June 30, 2022 valuation report, the aggregate rate for All Tiers Combined – City is 30.18% (payable July 1) based on June 30, 2022 projected payroll. Because the Tier 6 contribution rate is lower than the contribution rate for other tiers and the proportion of Tier 6 payroll as of June 30, 2023 has increased, the total aggregate rate decreased to 30.05% (payable July 1) using the June 30, 2023 projected payroll.

Recommended Employer Contribution Rate (continued)

	Tier 5 Members – Harbor Port Police	June 30, 2023 Actuarial Valuation Amount	June 30, 2023 Actuarial Valuation % of Projected Compensation	June 30, 2022 Actuarial Valuation Amount[1]	June 30, 2022 Actuarial Valuation % of Projected Compensation
1	Total Normal Cost	$3,976,948	31.09%	$4,061,122	31.76%
2	Expected member contributions, discounted to beginning of year	(1,311,183)	(10.25%)	(1,311,937)	(10.26%)
3	Employer Normal Cost: **1 + 2**	$2,665,765	20.84%	$2,749,185	21.50%
4	Actuarial Accrued Liability	118,083,125		109,889,683	
5	Payment or (Credit) for Unfunded Actuarial Accrued Liability or (Surplus)[2]	(155,845)	(1.22%)	(10,230)	(0.08%)
6	Payment for administrative expenses	163,173	1.28%	159,836	1.25%
7	Projected compensation	12,786,907		N/A	
8	**Total recommended employer contribution: 3 + 5 + 6**	**$2,673,093**	**20.90%**	**$2,898,791**	**22.67%**
9	**Total recommended contribution, payable July 15**	**$2,680,639**	**20.96%**	**$2,906,975**	**22.73%**
10	**Total recommended contribution, payable biweekly**	**$2,765,069**	**21.62%**	**$2,998,533**	**23.45%**

Note: Contributions are assumed to be paid at the beginning of the year, unless otherwise noted.

[1] Amounts are revised to reflect payroll as of June 30, 2023.

[2] UAAL rate is calculated using the Harbor Port Police's total UAAL or (Surplus) payment or (credit) of $(202,099) and total payroll of $16,581,985.

Recommended Employer Contribution Rate (continued)

	Tier 6 Members – Harbor Port Police	June 30, 2023 Actuarial Valuation Amount	June 30, 2023 Actuarial Valuation % of Projected Compensation	June 30, 2022 Actuarial Valuation Amount[1]	June 30, 2022 Actuarial Valuation % of Projected Compensation
1	Total Normal Cost	$1,022,515	26.94%	$1,042,887	27.48%
2	Expected member contributions, discounted to beginning of year	(403,572)	(10.63%)	(403,417)	(10.63%)
3	Employer Normal Cost: 1 + 2	$618,943	16.31%	$639,470	16.85%
4	Actuarial Accrued Liability	5,683,638		5,143,955	
5	Payment or (Credit) for Unfunded Actuarial Accrued Liability or (Surplus)[2]	(46,254)	(1.22%)	(3,036)	(0.08%)
6	Payment for administrative expenses	48,429	1.28%	47,438	1.25%
7	Projected compensation	3,795,078		N/A	
8	**Total recommended employer contribution: 3 + 5 + 6**	**$621,118**	**16.37%**	**$683,872**	**18.02%**
9	**Total recommended contribution, payable July 15**	**$622,871**	**16.41%**	**$685,803**	**18.07%**
10	**Total recommended contribution, payable biweekly**	**$642,489**	**16.93%**	**$707,403**	**18.64%**

Note: Contributions are assumed to be paid at the beginning of the year, unless otherwise noted.

[1] Amounts are revised to reflect payroll as of June 30, 2023.

[2] UAAL rate is calculated using the Harbor Port Police's total UAAL or (Surplus) payment or (credit) of $(202,099) and total payroll of $16,581,985.

Recommended Employer Contribution Rate (continued)

	All Tiers Combined – Harbor Port Police	June 30, 2023 Actuarial Valuation Amount	June 30, 2023 Actuarial Valuation % of Projected Compensation	June 30, 2022 Actuarial Valuation Amount[1]	June 30, 2022 Actuarial Valuation % of Projected Compensation
1	Total Normal Cost	$4,999,463	30.15%	$5,104,009	30.78%
2	Expected member contributions, discounted to beginning of year	(1,714,755)	(10.34%)	(1,715,354)	(10.34%)
3	Employer Normal Cost: 1 + 2	$3,284,708	19.81%	$3,388,655	20.44%
4	Actuarial Accrued Liability	123,766,763		115,033,638	
5	Valuation Value of Assets	127,449,088		115,297,415	
6	Unfunded Actuarial Accrued Liability or (Surplus): 4 – 5	$(3,682,325)		$(263,777)	
7	Payment or (Credit) for Unfunded Actuarial Accrued Liability or (Surplus)	(202,099)	(1.22%)	(13,266)	(0.08%)
8	Payment for administrative expenses	211,602	1.28%	207,274	1.25%
9	Projected compensation	16,581,985		N/A	
10	**Total recommended employer contribution: 3 + 7 + 8**	**$3,294,211**	**19.87%**	**$3,582,663**	**21.61%**
11	**Total recommended contribution, payable July 15**	**$3,303,510**	**19.92%**	**$3,592,778**	**21.67%**
12	**Total recommended contribution, payable biweekly**	**$3,407,558**	**20.55%**	**$3,705,935**	**22.35%**

Note: Contributions are assumed to be paid at the beginning of the year, unless otherwise noted.

[1] Amounts are recalculated to reflect payroll of active members enrolled in the different tiers as of June 30, 2023. There is a change in the total aggregate rate determined in the June 30, 2022 valuation calculated using the 2022 projected payroll by tier compared to the total aggregate rate recalculated above using the 2023 projected payroll by tier as a result of new members entering Tier 6 and active members leaving Tier 5. This shows that even if the contribution rate for each tier were to remain unchanged, the aggregate rate (which is the weighted average of the rates by tier) would change over time as the proportion of Tier 5 payroll decreases and the proportion of Tier 6 payroll increases. In our June 30, 2022 valuation report, the aggregate rate for All Tiers Combined – Harbor Port Police is 21.68% (payable July 1) based on June 30, 2022 projected payroll. Because the Tier 6 contribution rate is lower than the Tier 5 contribution rate and the proportion of Tier 6 payroll as of June 30, 2023 has increased, the total aggregate rate decreased slightly to 21.61% (payable July 1) using the June 30, 2023 projected payroll.

Recommended Employer Contribution Rate (continued)

	Tier 6 Members – Airport Police	June 30, 2023 Actuarial Valuation Amount	June 30, 2023 Actuarial Valuation % of Projected Compensation	June 30, 2022 Actuarial Valuation Amount[1]	June 30, 2022 Actuarial Valuation % of Projected Compensation
1	Total Normal Cost	$2,716,542	27.99%	$2,754,197	28.38%
2	Expected member contributions, discounted to beginning of year	(1,032,008)	(10.63%)	(1,031,611)	(10.63%)
3	Employer Normal Cost: 1 + 2	$1,684,533	17.36%	$1,722,586	17.75%
4	Actuarial Accrued Liability	17,247,749		15,776,960	
5	Valuation Value of Assets	20,900,813		16,013,756	
6	Unfunded Actuarial Accrued Liability or (Surplus): 4 – 5	$(3,653,064)		$(236,796)	
7	Payment or (Credit) for Unfunded Actuarial Accrued Liability or (Surplus)	(200,493)	(2.07%)	(13,587)	(0.14%)
8	Payment for administrative expenses	123,841	1.28%	121,309	1.25%
9	Projected compensation	9,704,711		N/A	
10	**Total recommended employer contribution: 3 + 7 + 8**	**$1,607,881**	**16.57%**	**$1,830,308**	**18.86%**
11	**Total recommended contribution, payable July 15**	**$1,612,420**	**16.61%**	**$1,835,475**	**18.91%**
12	**Total recommended contribution, payable biweekly**	**$1,663,205**	**17.14%**	**$1,893,285**	**19.51%**

Note: Contributions are assumed to be paid at the beginning of the year, unless otherwise noted.

[1] Amounts are revised to reflect payroll as of June 30, 2023.

Recommended Employer Contribution Rate (continued)

	All Tiers Combined	June 30, 2023 Actuarial Valuation Amount	June 30, 2023 Actuarial Valuation % of Projected Compensation	June 30, 2022 Actuarial Valuation Amount[1]	June 30, 2022 Actuarial Valuation % of Projected Compensation
1	Total Normal Cost	$495,202,390	29.14%	$505,213,901	29.74%
2	Expected member contributions, discounted to beginning of year	(169,579,953)	(9.98%)	(165,157,329)	(9.72%)
3	Employer Normal Cost: 1 + 2	$325,622,438	19.16%	$340,056,572	20.02%
4	Actuarial Accrued Liability	26,556,701,793		25,670,765,982	
5	Valuation Value of Assets	26,430,734,890		25,146,787,428	
6	Unfunded Actuarial Accrued Liability: 4 – 5	$125,966,903		$523,978,554	
7	Payment on Unfunded Actuarial Accrued Liability	128,197,149	7.55%	146,650,663	8.63%
8	Payment for administrative expenses	21,677,979	1.28%	21,234,729	1.25%
9	Projected compensation	1,698,778,328		N/A	
10	**Total recommended employer contribution: 3 + 7 + 8**	**$475,497,566**	**27.99%**	**$507,941,964**	**29.90%**
11	**Total recommended contribution, payable July 15**	**$476,839,937**	**28.07%**	**$509,375,929**	**29.98%**
12	**Total recommended contribution, payable biweekly**	**$491,858,507**	**28.95%**	**$525,419,253**	**30.93%**

Note: Contributions are assumed to be paid at the beginning of the year, unless otherwise noted.

[1] Amounts are recalculated to reflect payroll of active members enrolled in the different tiers as of June 30, 2023. There is a change in the total aggregate rate determined in the June 30, 2022 valuation calculated using the 2022 projected payroll by tier compared to the total aggregate rate recalculated above using the 2023 projected payroll by tier as a result of new members entering Tier 6 and active members leaving the other Tiers. This shows that even if the contribution rate for each tier were to remain unchanged, the aggregate rate (which is the weighted average of the rates by tier) would change over time as the proportion of non-Tier 6 payroll decreases and the proportion of Tier 6 payroll increases. In our June 30, 2022 valuation report, the aggregate rate for All Tiers Combined is 30.03% (payable July 1) based on June 30, 2022 projected payroll. Because the Tier 6 contribution rate is lower than the contribution rate for other tiers and the proportion of Tier 6 payroll as of June 30, 2023 has increased, the total aggregate rate decreased to 29.90% (payable July 1) using the June 30, 2023 projected payroll

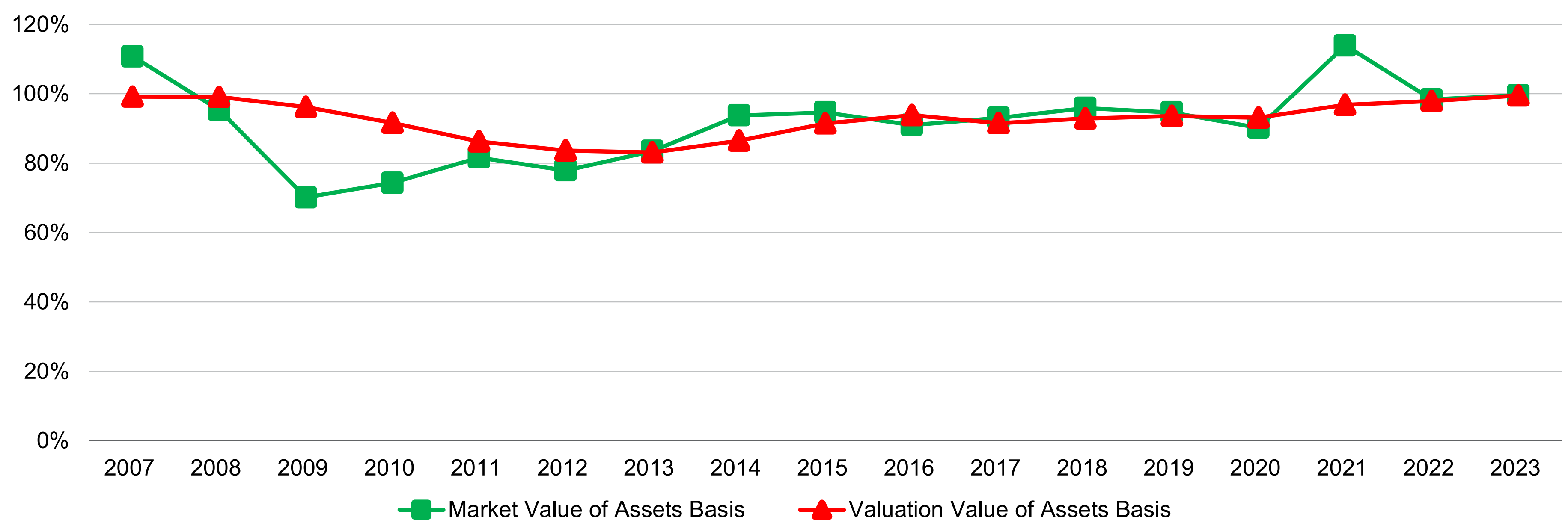
G. Funded Status

A commonly reported piece of information regarding the Plan's financial status is the funded ratio. These ratios compare the Market and Valuation Value of Assets to the Actuarial Accrued Liability of the Plan. Higher ratios indicate a relatively well-funded plan while lower ratios may indicate recent changes to actuarial assumptions, funding of the plan below actuarial requirements, poor asset performance, or a variety of other causes.

The chart below depicts a history of the funded ratio for the Plan. The chart on the next page shows the Plan's Schedule of Funding Progress for the last ten years.

The funded status measures shown in this valuation are appropriate for assessing the need for or amount of future contributions. However, they are not necessarily appropriate for assessing the sufficiency of Plan assets to cover the estimated cost of settling the Plan's benefit obligations. As the chart below shows, the measures are different depending on whether the Market or Valuation Value of Assets is used.

Funded Ratio on a Market Value[1] and Valuation Value[1] Basis for Years Ended June 30, 2007 – 2023



[1] Assets for Retirement Only.

Schedule of Funding Progress for Years Ended June 30, 2014 – 2023 ($ in '000s)

Actuarial Valuation Date as of June 30	Valuation Value of Assets[1] (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (%) (a) / (b)	Projected Covered Payroll (c)	UAAL as a Percentage of Projected Covered Payroll (%) [(b) - (a)] / (c)
2014	$15,678,480	$18,114,229	$2,435,749	86.6%	$1,402,715	173.6%
2015	16,770,060	18,337,507	1,567,447	91.5	1,405,171	111.5
2016	17,645,338	18,798,510	1,153,172	93.9	1,400,808	82.3
2017	18,679,221	20,411,024	1,731,803	91.5	1,475,539	117.4
2018	19,840,070	21,364,804	1,524,734	92.9	1,546,043	98.6
2019	21,037,711	22,474,125	1,436,414	93.6	1,583,808	90.7
2020	22,106,722	23,727,315	1,620,593	93.2	1,670,245	97.0
2021	23,689,349	24,461,267	771,918	96.8	1,684,785	45.8
2022	25,146,787	25,670,766	523,979	98.0	1,664,318	31.5
2023	26,430,735	26,556,702	125,967	99.5	1,698,778	7.4

[1] Assets for Retirement Only.

H. Actuarial Balance Sheet

An overview of the Plan's funding is given by an Actuarial Balance Sheet. In this approach, first the amount and timing of all future payments that will be made by the Plan for current participants is determined. Then these payments are discounted at the valuation interest rate to the date of the valuation, thereby determining the present value, referred to as the Actuarial Present Value of Future Benefits of the Plan.

Second, this Actuarial Present Value of Future Benefits is compared to the assets. The "assets" for this purpose include the net amount of assets already accumulated by the Plan, the present value of future member contributions, the present value of future employer normal cost contributions, and the present value of future employer amortization payments for the Unfunded Actuarial Accrued Liability.

Actuarial Balance Sheet[1]

	Year Ended	
	June 30, 2023	**June 30, 2022**
Actuarial Present Value of Future Benefits		
• Present value of benefits for retired members and beneficiaries	$15,922,903,549	$14,898,325,961
• Present value of benefits for inactive vested members	53,394,573	64,038,636
• Present value of benefits for active members not currently in DROP	12,414,921,861	12,893,570,458
• Present value of benefits for active members currently in DROP	3,251,477,311	3,050,346,068
Total Actuarial Present Value of Future Benefits	**$31,642,697,294**	**$30,906,281,123**
Current and future assets		
• Total Valuation Value of Assets	$26,430,734,890	$25,146,787,428
• Present value of future contributions by members	1,708,446,921	1,699,532,008
• Present value of future employer contributions for:		
– Entry age normal cost	3,377,548,580	3,535,983,133
– Unfunded Actuarial Accrued Liability	125,966,903	523,978,554
Total of current and future assets	**$31,642,697,294**	**$30,906,281,123**

[1] Assets for Retirement Only

I. Volatility Ratios

Retirement plans are subject to volatility in the level of required contributions. This volatility tends to increase as retirement plans become more mature.

The Asset Volatility Ratio (AVR), which is equal to the Market Value of Assets divided by total payroll, provides an indication of the potential contribution volatility for any given level of investment volatility. A higher AVR indicates that the plan is subject to a greater level of contribution volatility. This is a current measurement because it is based on the current level of assets.

The current AVR is 15.6. This means that a 1% asset gain or loss (relative to the assumed investment return) translates to about 15.6% of one-year's payroll. Because actuarial gains and losses are amortized over 20 years, there would be a 1.1% of payroll decrease/(increase) in the required contribution for each 1% asset gain/(loss).

The Liability Volatility Ratio (LVR), which is equal to the Actuarial Accrued Liability divided by payroll, provides an indication of the longer-term potential for contribution volatility for any given level of investment volatility. This is because, over an extended period of time, the plan's assets should track the plan's liabilities.

The LVR also indicates how volatile contributions will be in response to changes in the Actuarial Accrued Liability due to actual experience or to changes in actuarial assumptions. The current LVR is 15.6. This is equal to the AVR.

Volatility Ratios for Years Ended June 30, 2014 – 2023

Year Ended June 30	Asset Volatility Ratio	Liability Volatility Ratio
2014	12.1	12.9
2015	12.3	13.1
2016	12.2	13.4
2017	12.9	13.8
2018	13.2	13.8
2019	13.4	14.2
2020	12.8	14.2
2021	16.5	14.5
2022	15.2	15.4
2023	15.6	15.6

J. Risk Assessment

Because the actuarial valuation results are dependent on a fixed set of assumptions and data as of a specific date, there is risk that emerging results may differ, perhaps significantly, as actual experience is fluid and will not exactly track current assumptions. This potential divergence may have a significant impact on the future financial condition of the plan.

Following the completion of the June 30, 2022 valuation, we prepared a stand-alone risk assessment report dated February 7, 2023 by using membership and financial information as provided in the actuarial valuation as of June 30, 2022. That report includes various projections of future results under different investment return scenarios together with the assumptions adopted for the June 30, 2022 valuation. A copy of the stand-alone risk assessment report associated with this June 30, 2023 valuation, including the additional analyses recommended by Segal in consultation with LAFPP, will be available in the first quarter of 2024. While this section does not contain a detailed analysis of the potential range of future measurements, it does include a concise discussion of some of the primary risks that may affect the Plan's future financial condition.

This section provides descriptions and basic assessments of the primary risks that are likely to have an ongoing influence on the Plan's financial health, as well as a discussion of historical trends and maturity measures:

Risk Assessments

- Asset/Liability Mismatch Risk (the potential that future plan experience does not affect asset and liability values in the same way, causing them to diverge)

  The most significant asset/liability mismatch risk to the Plan is investment risk, as discussed below. In fact, investment risk has the potential to impact asset/liability mismatch in two ways. The first mismatch is evident in annual valuations: when asset values deviate from assumptions they are typically independent from liability changes. The second mismatch can be caused when systemic asset deviations from assumptions may signal the need for an assumption change, which causes liability values and contribution rates to move in the opposite direction from any change in the expected experience of asset growth rates.

  Asset/liability mismatch can also be caused by demographic assumption risk such as longevity, which affects liabilities but have no impact on asset levels. This risk is also discussed below.

- Investment Risk (the risk that investment returns will be different than expected)

  The investment return assumption is a long-term, static assumption for valuation purposes even though in reality market experience can be quite volatile in any given year. That volatility can cause significant changes in the financial condition of the Plan, affecting both funded status and contribution rates. The inherent year-to-year volatility is reduced by smoothing through the Actuarial Value of Assets, however investment experience can still have a sizable impact. As discussed in *Section 2, Subsection I, Volatility Ratios*, on page 49, a

1% asset gain or loss (relative to the assumed investment return) translates to about 15.6% of one-year's payroll. Because actuarial gains and losses are amortized over 20 years, there would be a 1.1% of payroll decrease/(increase) in the required contribution for each 1% asset gain/(loss).

The year-by-year market value rate of return over the last 10 years has ranged from a low of -7.24% to a high of 32.43%.

- Longevity Risk (the risk that mortality experience will be different than expected)

  The actuarial valuation includes current life expectancy assumptions and an expectation of future improvement in life expectancy, which are significant assumptions given the relatively long duration of liabilities for pension plans. Emerging plan experience that does not match these expectations will result in increases or decreases in the actuarially determined contribution over time. This risk can be reduced by using tables appropriate for the Plan (public experience tables) that are weighted by benefit levels, and by using generational mortality projections. Effective with the June 30, 2019 valuation, the Board has adopted benefit weighted mortality tables with the generational mortality projections.

- Other Risks

  In addition to longevity, the valuation includes a variety of other assumptions that are unlikely to match future experience exactly. One example is projected salary scales over time. As salary is central to the determination of benefits paid in retirement, deviations from the projected salary scales could have a material impact on the benefits anticipated for each member. Examples of demographic assumptions include retirement, termination and disability assumptions.

Some plans also carry significant contribution risk, defined as the potential for actual future contributions deviating from expected future contributions. However, the employer has a proven track-record of making the Actuarially Determined Contributions based on the Board of Commissioners' Actuarial Funding Policy, so contribution risk is minimal.

Evaluation of Historical Trends

Past experience can help demonstrate the sensitivity of key results to the Plan's actual experience. Over the past ten years:

- The funded percentage on the Valuation Value of Assets has increased from 86.6% to 99.5%. This is primarily due to employer contributions made to amortize the UAAL (i.e., amortizing each gain/loss layer of UAAL over 20 years) and average investment returns over recent years higher than the assumption on a smoothed basis. For a more detailed history see *Section 2, Subsection G, Funded Status* starting on page 46.
- The geometric average investment return on the Actuarial Value of Assets over the last 10 years was 8.36%. This includes a high of 9.35% return and a low of 7.30%. The average over the last 5 years was 8.30%. For more details see the *Investment Return* table in *Section 2, Subsection C* on page 26.

- Beyond investment losses, the primary source of new UAAL was the strengthening of assumptions through multiple assumption changes. For example, the assumption changes in 2017 changed the discount rate from 7.50% to 7.25% (as well as various other changes) adding $761 million in unfunded liability. The mortality assumption change in 2019 updated mortality tables, adding $322 million in unfunded liability. The assumption changes in 2020 changed the discount rate from 7.25% to 7.00% (as well as various other changes) adding $141 million in unfunded liability. The assumption changes in 2023 changed various assumptions and reduced the unfunded liability by $234 million. For more details on unfunded liability changes see *Section 3, Exhibit G, Table of Amortization Bases* starting on page 77. A graphical representation of historical changes in UAAL by source will be included in the stand-alone risk assessment report.
- The plan's funding policy effectively deals with these unfunded liabilities over time. This can be seen most clearly in *Section 3, Exhibit H, Projection of UAAL Balances and Payments* provided on pages 85 and 86.

Maturity Measures

In the last 10 years the ratio of members in pay status to active participants has increased from 0.95 to 1.12. An increased ratio indicates that the plan has grown in maturity over time. This is to be expected, but is also informative to understanding plan sensitivity to particular risks. For more details see *Section 2, Subsection A, Member Data* on page 17.

As pension plans mature, the cash needed to fulfill benefit obligations will increase over time. Therefore, cash flow projections and analysis should be performed to assure that the Plan's asset allocation is aligned to meet emerging pension liabilities. For the prior year, benefit and administrative expenses paid were $711 million more than contributions received. Plans with high levels of negative cash flows may have a need for a larger allocation to income generating assets, which can create a drag on investment return. However, the plan currently has a relatively low level of negative cash flow. For more details on historical cash flows see the *Comparison of Contributions Made with Benefits* in *Section 2, Subsection B* on page 21.

A further discussion of plan maturity measures and how they relate to changes in assets and liabilities is included in *Section 2, Subsection I, Volatility Ratios* on page 49.

Low-Default-Risk Obligation Measure (LDROM)

In December 2021, the Actuarial Standards Board issued a revision of Actuarial Standard of Practice No. 4 (ASOP 4) Measuring Pension Obligations and Determining Pension Plan Costs or Contributions. One of the revisions to ASOP 4 requires the disclosure of a Low-Default-Risk Obligation Measure (LDROM) when performing a funding valuation. The LDROM presented in this report is calculated using the same methodology and assumptions used to determine the Actuarial Accrued Liability (AAL) used for funding, except for the discount rate. The

LDROM is required to be calculated using “a discount rate…derived from low-default-risk fixed income securities whose cash flows are reasonably consistent with the pattern of benefits expected to be paid in the future.”

The LDROM is a calculation assuming a plan’s assets are invested in an all-bond portfolio, generally lowering expected long-term investment returns. The discount rate selected and used for this purpose is the Bond Buyer General Obligation 20-year Municipal Bond Index Rate, published at the end of each week. The last published rate in June of the measurement period, by The Bond Buyer, is 3.65% for use effective June 30, 2023. This is the rate used to determine the discount rate for valuing reported public pension plan liabilities in accordance with Governmental Accounting Standards when plan assets are projected to be insufficient to make projected benefit payments, and the 20-year period reasonably approximates the duration of public pension plan liabilities. The LDROM is not used to determine a plan’s funded status or Actuarially Determined Contribution Rate. The plan’s expected return on assets, currently 7.00%, is used for these calculations.

As of June 30, 2023, the LDROM for the Plan is $42.1 billion. The difference between the plan’s AAL of $26.6 billion and the LDROM can be thought of as the increase in the AAL if the entire portfolio were invested in low-default-risk securities. Alternatively, this difference could also be viewed as representing the expected savings from investing in the plan’s diversified portfolio compared to investing only in low-default-risk securities.

ASOP 4 requires commentary to help the intended user understand the significance of the LDROM with respect to the funded status of the plan, plan contributions, and the security of participant benefits. In general, if plan assets were invested exclusively in low-default-risk securities, the funded status would be lower and the Actuarially Determined Contribution would be higher. While investing in a portfolio with low-default-risk securities may be more likely to reduce investment volatility and the volatility of employer contributions, it also may be more likely to result in higher employer contributions or lower benefits.

Section 3: Supplemental Information

Exhibit A: Table of Plan Coverage

Total Plan

Category	Year Ended June 30: 2023	Year Ended June 30: 2022	Change From Prior Year
Active Members:			
Number	12,571	12,771	-1.6%
Average age	42.1	42.4	-0.3
Average years of service	15.0	15.4	-0.4
Total projected compensation	$1,698,778,328	$1,664,317,874	2.1%
Average projected compensation	$135,135	$130,320	3.7%
Account balances	$2,140,806,151	$2,165,070,481	-1.1%
Total active vested members	4,214	4,301	-2.0%
Inactive Vested Members:			
Number[1]	776	723	7.3%
Average Age[2]	48.4	49.1	-0.7
Average monthly benefit at age 50[2]	$4,432	$4,197	5.6%
Retired Members:			
Number in pay status	10,018	9,647	3.8%
Average age at retirement	52.4	52.3	0.1
Average age	69.7	69.8	-0.1
Average monthly benefit (includes July COLA)	$7,873	$7,536	4.5%
Disabled Members:			
Number in pay status	1,598	1,656	-3.5%
Average age at retirement	43.3	43.4	-0.1
Average age	73.3	73.1	0.2
Average monthly benefit (includes July COLA)	$5,935	$5,684	4.4%
Beneficiaries:			
Number in pay status	2,515	2,518	-0.1%
Average age	75.8	75.9	-0.1
Average monthly benefit (includes July COLA)	$5,458	$5,208	4.8%

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

[2] Excludes inactive members due a refund of member contributions.

Exhibit A: Table of Plan Coverage (continued)

Tier 1

Category	Year Ended June 30 2023	2022	Change From Prior Year
Active Members:			
Number	0	0	N/A
Average age	N/A	N/A	N/A
Average years of service	N/A	N/A	N/A
Total projected compensation	N/A	N/A	N/A
Average projected compensation	N/A	N/A	N/A
Account balances	N/A	N/A	N/A
Total active vested members	N/A	N/A	N/A
Inactive Vested Members:			
Number	0	0	N/A
Average Age	N/A	N/A	N/A
Average monthly benefit at age 50	N/A	N/A	N/A
Retired Members:			
Number in pay status	23	28	-17.9%
Average age at retirement	47.8	47.6	0.2
Average age	85.9	85.4	0.5
Average monthly benefit (includes July COLA)	$3,454	$3,210	7.6%
Disabled Members:			
Number in pay status	27	31	-12.9%
Average age at retirement	35.4	35.5	-0.1
Average age	86.1	86.0	0.1
Average monthly benefit (includes July COLA)	$4,359	$4,123	5.7%
Beneficiaries:			
Number in pay status	121	131	-7.6%
Average age	84.9	84.7	0.2
Average monthly benefit (includes July COLA)	$3,582	$3,398	5.4%

Exhibit A: Table of Plan Coverage (continued)

Tier 2

Category	Year Ended June 30 2023	Year Ended June 30 2022	Change From Prior Year
Active Members:			
Number	3	4	-25.0%
Average age	67.3	65.8	1.5
Average years of service	44.3	43.1	1.2
Total projected compensation	$467,803	$600,956	-22.2%
Average projected compensation	$155,934	$150,239	3.8%
Account balances	$953,205	$1,257,841	-24.2%
Total active vested members	3	4	-25.0%
Inactive Vested Members:			
Number	0	0	N/A
Average Age	N/A	N/A	N/A
Average monthly benefit at age 50	N/A	N/A	N/A
Retired Members:			
Number in pay status[1]	3,162	3,345	-5.5%
Average age at retirement	50.1	50.2	-0.1
Average age	79.5	78.8	0.7
Average monthly benefit (includes July COLA)	$6,758	$6,416	5.3%
Disabled Members:			
Number in pay status	1,075	1,141	-5.8%
Average age at retirement	44.2	44.3	-0.1
Average age	79.4	78.6	0.8
Average monthly benefit (includes July COLA)	$6,370	$6,070	4.9%
Beneficiaries:			
Number in pay status	1,815	1,848	-1.8%
Average age	81.0	80.9	0.1
Average monthly benefit (includes July COLA)	$5,649	$5,367	5.3%

[1] Excludes 1 Tier 2 Harbor Port Police Retiree. This member is included in the “Tier 5 – Harbor Port Police” membership category as this member was a Tier 2 Police who exited DROP after transferring to Harbor Port Police and this member’s Actuarial Accrued Liability and assets are included with Harbor Port Police Tier 5.

Exhibit A: Table of Plan Coverage (continued)

Tier 3

Category	Year Ended June 30 2023	Year Ended June 30 2022	Change From Prior Year
Active Members:			
Number	390	472	-17.4%
Average age	54.3	53.8	0.5
Average years of service	27.9	27.3	0.6
Total projected compensation	$59,233,789	$68,771,426	-13.9%
Average projected compensation	$151,882	$145,702	4.2%
Account balances	$114,173,825	$131,140,548	-12.9%
Total active vested members	390	472	-17.4%
Inactive Vested Members:			
Number[1]	23	33	-30.3%
Average Age[2]	50.2	50.2	0.0
Average monthly benefit at age 50[2]	$2,681	$3,223	-16.8%
Retired Members:			
Number in pay status	647	562	15.1%
Average age at retirement	53.1	53.4	-0.3
Average age	61.6	61.4	0.2
Average monthly benefit (includes July COLA)	$5,265	$4,888	7.7%
Disabled Members:			
Number in pay status	247	252	-2.0%
Average age at retirement	39.9	40.1	-0.2
Average age	63.2	62.4	0.8
Average monthly benefit (includes July COLA)	$4,389	$4,254	3.2%
Beneficiaries:			
Number in pay status	106	96	10.4%
Average age	57.9	59.1	-1.2
Average monthly benefit (includes July COLA)	$3,784	$3,809	-0.7%

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

[2] Excludes inactive members due a refund of member contributions.

Exhibit A: Table of Plan Coverage (continued)

Tier 4

Category	Year Ended June 30 2023	Year Ended June 30 2022	Change From Prior Year
Active Members:			
Number	156	174	-10.3%
Average age	50.3	49.8	0.5
Average years of service	24.4	24.1	0.3
Total projected compensation	$23,439,105	$24,988,637	-6.2%
Average projected compensation	$150,251	$143,613	4.6%
Account balances	$38,769,862	$41,217,350	-5.9%
Total active vested members	154	168	-8.3%
Inactive Vested Members:			
Number	0	0	N/A
Average Age	N/A	N/A	N/A
Average monthly benefit at age 50	N/A	N/A	N/A
Retired Members:			
Number in pay status	347	331	4.8%
Average age at retirement	48.0	47.7	0.3
Average age	60.0	59.2	0.8
Average monthly benefit (includes July COLA)	$6,329	$6,122	3.4%
Disabled Members:			
Number in pay status	48	48	0.0%
Average age at retirement	42.5	42.6	-0.1
Average age	59.8	59.0	0.8
Average monthly benefit (includes July COLA)	$5,558	$5,380	3.3%
Beneficiaries:			
Number in pay status	9	10	-10.0%
Average age	61.2	56.3	4.9
Average monthly benefit (includes July COLA)	$4,827	$4,526	6.7%

Exhibit A: Table of Plan Coverage (continued)

Tier 5 – City[1]

Category	Year Ended June 30 2023	Year Ended June 30 2022	Change From Prior Year
Active Members:			
Number	7,067	7,621	-7.3%
Average age	48.0	47.6	0.4
Average years of service	21.1	20.7	0.4
Total projected compensation	$1,060,904,331	$1,093,938,847	-3.0%
Average projected compensation	$150,121	$143,543	4.6%
Account balances	$1,724,644,455	$1,774,461,223	-2.8%
Total active vested members	3,652	3,643	0.2%
Inactive Vested Members:			
Number[2]	247	254	-2.8%
Average Age[3]	47.4	48.1	-0.7
Average monthly benefit at age 50[3]	$5,307	$5,099	4.1%
Retired Members:			
Number in pay status	5,816	5,364	8.4%
Average age at retirement	53.8	53.8	0.0
Average age	65.8	65.6	0.2
Average monthly benefit (includes July COLA)	$8,880	$8,621	3.0%
Disabled Members:			
Number in pay status	195	180	8.3%
Average age at retirement	43.9	44.0	-0.1
Average age	54.6	54.6	0.0
Average monthly benefit (includes July COLA)	$5,835	$5,603	4.1%
Beneficiaries:			
Number in pay status	458	429	6.8%
Average age	58.0	56.6	1.4
Average monthly benefit (includes July COLA)	$5,612	$5,409	3.8%

[1] Excludes Harbor Port Police.

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

[3] Excludes inactive members due a refund of member contributions.

Exhibit A: Table of Plan Coverage (continued)

Tier 6 – City[1]

Category	Year Ended June 30 2023	Year Ended June 30 2022	Change From Prior Year
Active Members:			
Number	4,742	4,285	10.7%
Average age	32.1	31.7	0.4
Average years of service	4.8	4.5	0.3
Total projected compensation	$528,446,604	$449,527,907	17.6%
Average projected compensation	$111,440	$104,907	6.2%
Account balances	$235,675,574	$191,109,203	23.3%
Total active vested members	3	1	200.0%
Inactive Vested Members:			
Number[2]	477	410	16.3%
Average Age[3]	N/A	N/A	N/A
Average monthly benefit at age 50[3]	N/A	N/A	N/A
Retired Members:			
Number in pay status	1	1	0.0%
Average age at retirement	50.0	50.0	0.0
Average age	52.4	51.4	1.0
Average monthly benefit (includes July COLA)	$4,865	$4,723	3.0%
Disabled Members:			
Number in pay status	1	0	N/A
Average age at retirement	28.6	N/A	N/A
Average age	29.6	N/A	N/A
Average monthly benefit (includes July COLA)	$3,825	N/A	N/A
Beneficiaries:			
Number in pay status	5	2	150.0%
Average age	23.3	33.5	-10.2
Average monthly benefit (includes July COLA)	$4,303	$7,330	-41.3%

1 Excludes Harbor Port Police and Airport Police.
2 Includes inactive members due a refund of member contributions.
3 Excludes inactive members due a refund of member contributions.

Exhibit A: Table of Plan Coverage (continued)

Tier 5 – Harbor Port Police

Category	Year Ended June 30 2023	Year Ended June 30 2022	Change From Prior Year
Active Members:			
Number	87	94	-7.4%
Average age	45.5	45.2	0.3
Average years of service	16.6	16.0	0.6
Total projected compensation	$12,786,907	$13,682,604	-6.5%
Average projected compensation	$146,976	$145,560	1.0%
Account balances	$17,653,822	$17,935,411	-1.6%
Total active vested members	9	10	-10.0%
Inactive Vested Members:			
Number[1]	3	3	0.0%
Average Age[2]	N/A	N/A	N/A
Average monthly benefit at age 50[2]	N/A	N/A	N/A
Retired Members:			
Number in pay status[3]	22	16	37.5%
Average age at retirement	55.3	54.9	0.4
Average age	63.9	65.1	-1.2
Average monthly benefit (includes July COLA)	$8,314	$8,229	1.0%
Disabled Members:			
Number in pay status	5	4	25.0%
Average age at retirement	41.9	43.1	-1.2
Average age	52.9	54.8	-1.9
Average monthly benefit (includes July COLA)	$5,197	$5,103	1.8%
Beneficiaries:			
Number in pay status	1	2	-50.0%
Average age	20.3	20.4	-0.1
Average monthly benefit (includes July COLA)	$4,235	$2,056	106.0%

1 Includes inactive members due a refund of member contributions.

2 Excludes inactive members due a refund of member contributions.

3 Includes 1 Tier 2 Harbor Port Police retiree. This member is included in the “Tier 5 – Harbor Port Police” membership category as this member was a Tier 2 Police who exited DROP after transferring to Harbor Port Police and this member’s Actuarial Accrued Liability and assets are included with Harbor Port Police Tier 5.

Exhibit A: Table of Plan Coverage (continued)

Tier 6 – Harbor Port Police

Category	Year Ended June 30: 2023	Year Ended June 30: 2022	Change From Prior Year
Active Members:			
Number	30	29	3.4%
Average age	35.0	34.4	0.6
Average years of service	5.5	5.1	0.4
Total projected compensation	$3,795,078	$3,687,680	2.9%
Average projected compensation	$126,503	$127,161	-0.5%
Account balances	$1,997,782	$1,691,192	18.1%
Total active vested members	0	0	N/A
Inactive Vested Members:			
Number[1]	7	7	0.0%
Average Age[2]	N/A	N/A	N/A
Average monthly benefit at age 50[2]	N/A	N/A	N/A
Retired Members:			
Number in pay status	0	0	N/A
Average age at retirement	N/A	N/A	N/A
Average age	N/A	N/A	N/A
Average monthly benefit (includes July COLA)	N/A	N/A	N/A
Disabled Members:			
Number in pay status	0	0	N/A
Average age at retirement	N/A	N/A	N/A
Average age	N/A	N/A	N/A
Average monthly benefit (includes July COLA)	N/A	N/A	N/A
Beneficiaries:			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit (includes July COLA)	N/A	N/A	N/A

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

[2] Excludes inactive members due a refund of member contributions.

Exhibit A: Table of Plan Coverage (continued)

Tier 6 – Airport Police

Category	Year Ended June 30 2023	Year Ended June 30 2022	Change From Prior Year
Active Members:			
Number	96	92	4.3%
Average age	34.9	34.3	0.6
Average years of service[1]	5.5	5.1	0.4
Total projected compensation	$9,704,711	$9,119,817	6.4%
Average projected compensation	$101,091	$99,128	2.0%
Account balances[1]	$6,937,625	$6,257,712	10.9%
Total active vested members	3	3	0.0%
Inactive Vested Members:			
Number[2]	19	16	18.8%
Average Age[3]	N/A	N/A	N/A
Average monthly benefit at age 50[3]	N/A	N/A	N/A
Retired Members:			
Number in pay status	0	0	N/A
Average age at retirement	N/A	N/A	N/A
Average age	N/A	N/A	N/A
Average monthly benefit (includes July COLA)	N/A	N/A	N/A
Disabled Members:			
Number in pay status	0	0	N/A
Average age at retirement	N/A	N/A	N/A
Average age	N/A	N/A	N/A
Average monthly benefit (includes July COLA)	N/A	N/A	N/A
Beneficiaries:			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit (includes July COLA)	N/A	N/A	N/A

[1] Includes all prior service transferred from Los Angeles City Employees' Retirement System (LACERS) even though some of that service may not have been fully purchased by the member as of the valuation date. The associated purchase cost is also included in the account balances.

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

[3] Excludes inactive members due a refund of member contributions.

Exhibit B: Members in Active Service as of June 30, 2023 by Age, Years of Service, and Average Projected Compensation

Total Plan

		Years of Service								
Age	Total	0 – 4	5 – 9	10 – 14	15 – 19	20 – 24	25 – 29	30 – 34	35 – 39	40 & over
Under 25	350	350	—	—	—	—	—	—	—	—
	$90,025	$90,025	—	—	—	—	—	—	—	—
25 – 29	1,439	1,154	285	—	—	—	—	—	—	—
	$101,834	$97,719	$118,497	—	—	—	—	—	—	—
30 – 34	1,802	682	1,006	114	—	—	—	—	—	—
	$115,971	$101,415	$124,005	$132,153	—	—	—	—	—	—
35 – 39	1,815	258	466	686	404	1	—	—	—	—
	$131,091	$102,309	$127,671	$135,769	$145,408	$158,329	—	—	—	—
40 – 44	1,937	74	153	418	1,068	224	—	—	—	—
	$141,386	$98,980	$125,521	$136,224	$145,506	$156,220	—	—	—	—
45 – 49	1,941	15	28	152	606	867	272	1	—	—
	$149,300	$104,831	$127,376	$135,992	$144,322	$153,424	$159,399	$147,057	—	—
50 – 54	2,017	5	14	59	247	558	1,028	106	—	—
	$153,916	$100,871	$127,367	$137,140	$143,406	$151,109	$157,788	$170,967	—	—
55 – 59	939	1	3	15	80	155	397	233	55	—
	$156,907	$91,955	$177,924	$133,292	$136,717	$151,121	$153,353	$169,312	$182,154	—
60 – 64	292	2	1	5	6	34	91	97	51	5
	$159,166	$94,140	$330,000	$143,848	$138,380	$149,430	$149,851	$162,593	$175,155	$197,409
65 – 69	35	—	—	—	2	2	13	8	6	4
	$149,151	—	—	—	$127,954	$139,465	$142,967	$164,062	$149,762	$153,953
70 & over	4	—	—	—	—	—	—	—	—	4
	$171,327	—	—	—	—	—	—	—	—	$171,327
Total	**12,571**	**2,541**	**1,956**	**1,449**	**2,413**	**1,841**	**1,801**	**445**	**112**	**13**
	$135,135	**$98,197**	**$124,455**	**$135,697**	**$144,653**	**$152,782**	**$156,546**	**$168,097**	**$177,232**	**$176,013**

Exhibit B: Members in Active Service as of June 30, 2023 by Age, Years of Service, and Average Projected Compensation (continued)

Tier 2

		Years of Service								
Age	**Total**	**0 – 4**	**5 – 9**	**10 – 14**	**15 – 19**	**20 – 24**	**25 – 29**	**30 – 34**	**35 – 39**	**40 & over**
Under 25	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
25 – 29	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
30 – 34	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
35 – 39	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
40 – 44	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
45 – 49	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
50 – 54	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
55 – 59	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
60 – 64	1	—	—	—	—	—	—	—	—	1
	$160,059	—	—	—	—	—	—	—	—	$160,059
65 – 69	1	—	—	—	—	—	—	—	—	1
	$143,416	—	—	—	—	—	—	—	—	$143,416
70 & over	1	—	—	—	—	—	—	—	—	1
	$164,328	—	—	—	—	—	—	—	—	$164,328
Total	**3**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**3**
	$155,934	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**$155,934**

Exhibit B: Members in Active Service as of June 30, 2023
by Age, Years of Service, and Average Projected Compensation (continued)

Tier 3

		Years of Service								
Age	Total	0 – 4	5 – 9	10 – 14	15 – 19	20 – 24	25 – 29	30 – 34	35 – 39	40 & over
Under 25	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
25 – 29	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
30 – 34	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
35 – 39	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
40 – 44	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
45 – 49	46	—	—	—	—	1	45	—	—	—
	$155,371	—	—	—	—	$155,671	$155,364	—	—	—
50 – 54	201	—	—	—	—	2	192	7	—	—
	$151,563	—	—	—	—	$135,214	$151,641	$154,097	—	—
55 – 59	100	—	—	—	2	1	70	27	—	—
	$152,122	—	—	—	$122,018	$155,671	$152,350	$153,629	—	—
60 – 64	34	—	—	—	—	—	19	12	3	—
	$150,651	—	—	—	—	—	$151,817	$150,122	$145,388	—
65 – 69	9	—	—	—	—	1	7	1	—	—
	$143,151	—	—	—	—	$131,732	$144,224	$147,057	—	—
70 & over	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
Total	**390**	**—**	**—**	**—**	**2**	**5**	**333**	**47**	**3**	**—**
	$151,882	**—**	**—**	**—**	**$122,018**	**$142,700**	**$152,147**	**$152,663**	**$145,388**	**—**

Exhibit B: Members in Active Service as of June 30, 2023 by Age, Years of Service, and Average Projected Compensation (continued)

Tier 4

		Years of Service								
Age	**Total**	**0 – 4**	**5 – 9**	**10 – 14**	**15 – 19**	**20 – 24**	**25 – 29**	**30 – 34**	**35 – 39**	**40 & over**
Under 25	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
25 – 29	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
30 – 34	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
35 – 39	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
40 – 44	6	—	—	—	—	6	—	—	—	—
	$152,439	—	—	—	—	$152,439	—	—	—	—
45 – 49	92	—	—	—	—	76	16	—	—	—
	$150,972	—	—	—	—	$151,453	$148,689	—	—	—
50 – 54	36	—	—	—	1	20	11	4	—	—
	$146,387	—	—	—	$135,721	$140,057	$145,114	$184,203	—	—
55 – 59	15	—	—	—	1	8	1	4	1	—
	$157,548	—	—	—	$148,198	$146,734	$135,127	$188,052	$153,818	—
60 – 64	6	—	—	—	—	4	—	—	1	1
	$140,705	—	—	—	—	$138,424	—	—	$153,100	$137,435
65 – 69	1	—	—	—	—	—	—	—	—	1
	$157,653	—	—	—	—	—	—	—	—	$157,653
70 & over	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
Total	**156**	**—**	**—**	**—**	**2**	**114**	**28**	**8**	**2**	**2**
	$150,251	**—**	**—**	**—**	**$141,960**	**$148,717**	**$146,800**	**$186,127**	**$153,459**	**$147,544**

Exhibit B: Members in Active Service as of June 30, 2023 by Age, Years of Service, and Average Projected Compensation (continued)

Tier 5 – City[1]

		Years of Service								
Age	Total	0 – 4	5 – 9	10 – 14	15 – 19	20 – 24	25 – 29	30 – 34	35 – 39	40 & over
Under 25	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
25 – 29	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
30 – 34	15	—	1	14	—	—	—	—	—	—
	$135,349	—	$128,263	$135,855	—	—	—	—	—	—
35 – 39	905	—	—	511	393	1	—	—	—	—
	$140,852	—	—	$137,237	$145,509	$158,329	—	—	—	—
40 – 44	1,611	—	—	357	1,038	216	—	—	—	—
	$145,132	—	—	$137,132	$145,604	$156,084	—	—	—	—
45 – 49	1,713	—	1	128	584	788	211	1	—	—
	$150,062	—	$134,133	$135,692	$144,378	$153,685	$161,071	$147,057	—	—
50 – 54	1,736	—	—	55	232	531	824	94	—	—
	$154,834	—	—	$137,817	$143,173	$151,580	$159,406	$171,875	—	—
55 – 59	814	—	—	11	77	145	325	202	54	—
	$157,599	—	—	$135,797	$136,949	$151,301	$153,520	$171,037	$182,679	—
60 – 64	246	1	—	4	6	28	72	85	47	3
	$159,797	$105,469	—	$127,212	$138,380	$146,790	$149,332	$164,354	$177,524	$229,851
65 – 69	24	—	—	—	2	1	6	7	6	2
	$151,286	—	—	—	$127,954	$147,198	$141,501	$166,492	$149,762	$157,372
70 & over	3	—	—	—	—	—	—	—	—	3
	$173,659	—	—	—	—	—	—	—	—	$173,659
Total	**7,067**	**1**	**2**	**1,080**	**2,332**	**1,710**	**1,438**	**389**	**107**	**8**
	$150,121	**$105,469**	**$131,198**	**$136,979**	**$144,720**	**$153,018**	**$157,741**	**$169,636**	**$178,569**	**$190,659**

[1] Excludes Harbor Port Police.

Exhibit B: Members in Active Service as of June 30, 2023 by Age, Years of Service, and Average Projected Compensation (continued)

Tier 6 – City[1]

		Years of Service								
Age	**Total**	**0 – 4**	**5 – 9**	**10 – 14**	**15 – 19**	**20 – 24**	**25 – 29**	**30 – 34**	**35 – 39**	**40 & over**
Under 25	347	347	—	—	—	—	—	—	—	—
	$90,104	$90,104	—	—	—	—	—	—	—	—
25 – 29	1,421	1,136	285	—	—	—	—	—	—	—
	$102,025	$97,892	$118,497	—	—	—	—	—	—	—
30 – 34	1,736	659	977	100	—	—	—	—	—	—
	$116,061	$101,554	$124,252	$131,635	—	—	—	—	—	—
35 – 39	865	241	452	170	2	—	—	—	—	—
	$121,776	$102,764	$128,139	$131,636	$136,477	—	—	—	—	—
40 – 44	273	68	149	54	2	—	—	—	—	—
	$120,108	$99,059	$125,936	$129,982	$134,982	—	—	—	—	—
45 – 49	65	13	27	18	6	1	—	—	—	—
	$125,893	$105,840	$127,125	$133,311	$141,115	$128,478	—	—	—	—
50 – 54	27	4	14	3	5	1	—	—	—	—
	$125,711	$98,137	$127,367	$129,315	$130,447	$178,347	—	—	—	—
55 – 59	7	1	2	3	—	1	—	—	—	—
	$133,728	$91,955	$154,695	$126,359	—	$155,671	—	—	—	—
60 – 64	1	1	—	—	—	—	—	—	—	—
	$82,811	$82,811	—	—	—	—	—	—	—	—
65 – 69	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
70 & over	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
Total	**4,742**	**2,470**	**1,906**	**348**	**15**	**3**	**—**	**—**	**—**	**—**
	$111,440	**$98,316**	**$124,540**	**$131,400**	**$136,123**	**$154,165**	**—**	**—**	**—**	**—**

[1] Excludes Harbor Port Police and Airport Police.

Exhibit B: Members in Active Service as of June 30, 2023 by Age, Years of Service, and Average Projected Compensation (continued)

Tier 5 – Harbor Port Police

		Years of Service								
Age	**Total**	**0 – 4**	**5 – 9**	**10 – 14**	**15 – 19**	**20 – 24**	**25 – 29**	**30 – 34**	**35 – 39**	**40 & over**
Under 25	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
25 – 29	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
30 – 34	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
35 – 39	13	—	—	4	9	—	—	—	—	—
	$138,690	—	—	$129,040	$142,980	—	—	—	—	—
40 – 44	34	—	—	4	28	2	—	—	—	—
	$145,328	—	—	$145,933	$142,604	$182,265	—	—	—	—
45 – 49	23	—	—	6	16	1	—	—	—	—
	$144,299	—	—	$150,447	$143,494	$120,278	—	—	—	—
50 – 54	12	—	—	1	8	3	—	—	—	—
	$148,556	—	—	$123,407	$150,668	$151,307	—	—	—	—
55 – 59	2	—	—	1	—	—	1	—	—	—
	$157,027	—	—	$126,531	—	—	$187,522	—	—	—
60 – 64	3	—	—	1	—	2	—	—	—	—
	$209,057	—	—	$210,393	—	$208,390	—	—	—	—
65 – 69	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
70 & over	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
Total	**87**	**—**	**—**	**17**	**61**	**8**	**1**	**—**	**—**	**—**
	$146,976	**—**	**—**	**$144,877**	**$143,950**	**$169,439**	**$187,522**	**—**	**—**	**—**

Exhibit B: Members in Active Service as of June 30, 2023 by Age, Years of Service, and Average Projected Compensation (continued)

Tier 6 – Harbor Port Police

		Years of Service								
Age	**Total**	**0 – 4**	**5 – 9**	**10 – 14**	**15 – 19**	**20 – 24**	**25 – 29**	**30 – 34**	**35 – 39**	**40 & over**
Under 25	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
25 – 29	5	5	—	—	—	—	—	—	—	—
	$96,282	$96,282	—	—	—	—	—	—	—	—
30 – 34	15	4	11	—	—	—	—	—	—	—
	$118,463	$108,777	$121,986	—	—	—	—	—	—	—
35 – 39	5	2	3	—	—	—	—	—	—	—
	$123,208	$117,311	$127,139	—	—	—	—	—	—	—
40 – 44	3	1	1	1	—	—	—	—	—	—
	$122,098	$118,699	$118,380	$129,214	—	—	—	—	—	—
45 – 49	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
50 – 54	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
55 – 59	1	—	1	—	—	—	—	—	—	—
	$224,380	—	$224,380	—	—	—	—	—	—	—
60 – 64	1	—	1	—	—	—	—	—	—	—
	$330,000	—	$330,000	—	—	—	—	—	—	—
65 – 69	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
70 & over	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
Total	**30**	**12**	**17**	**1**	**—**	**—**	**—**	**—**	**—**	**—**
	$126,503	**$105,820**	**$140,943**	**$129,214**	**—**	**—**	**—**	**—**	**—**	**—**

Exhibit B: Members in Active Service as of June 30, 2023 by Age, Years of Service, and Average Projected Compensation (continued)

Tier 6 – Airport Police

		Years of Service								
Age	Total	0 – 4	5 – 9	10 – 14	15 – 19	20 – 24	25 – 29	30 – 34	35 – 39	40 & over
Under 25	3	3	—	—	—	—	—	—	—	—
	$80,830	$80,830	—	—	—	—	—	—	—	—
25 – 29	13	13	—	—	—	—	—	—	—	—
	$83,118	$83,118	—	—	—	—	—	—	—	—
30 – 34	36	19	17	—	—	—	—	—	—	—
	$102,523	$95,047	$110,879	—	—	—	—	—	—	—
35 – 39	27	15	11	1	—	—	—	—	—	—
	$100,160	$92,987	$108,569	$115,274	—	—	—	—	—	—
40 – 44	10	5	3	2	—	—	—	—	—	—
	$104,521	$93,970	$107,282	$126,755	—	—	—	—	—	—
45 – 49	2	2	—	—	—	—	—	—	—	—
	$98,272	$98,272	—	—	—	—	—	—	—	—
50 – 54	5	1	—	—	1	1	1	1	—	—
	$148,954	$111,807	—	—	$211,773	$126,085	$144,350	$150,757	—	—
55 – 59	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
60 – 64	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
65 – 69	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
70 & over	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
Total	**96**	**58**	**31**	**3**	**1**	**1**	**1**	**1**	**—**	**—**
	$101,091	**$91,412**	**$109,711**	**$122,928**	**$211,773**	**$126,085**	**$144,350**	**$150,757**	**—**	**—**

Note: Includes all prior service transferred from Los Angeles City Employees' Retirement System (LACERS) even though some of that service may not have been fully purchased by the member as of the valuation date.

Exhibit C: Reconciliation of Member Data

	Active Members[1]	Inactive Vested Members[2]	Retired Members	Disabled Members	Beneficiaries	Total
Number as of June 30, 2022	**12,771**	**723**	**9,647**	**1,656**	**2,518**	**27,315**
• New members	664	0	0	0	170	834
• Terminations – with vested rights	(165)	165	0	0	0	0
• Contribution refunds	(90)	(74)	0	0	0	(164)
• Retirements	(596)	(19)	615	0	0	0
• New disabilities	(18)	(1)	0	19	0	0
• Return to work	14	(14)	0	0	0	0
• Died with or without beneficiary	(9)	(4)	(244)	(77)	(159)	(493)
• Certain period expired	0	0	0	0	(14)	(14)
• Data adjustments	0	0	0	0	0	0
Number as of June 30, 2023	**12,571**	**776**	**10,018**	**1,598**	**2,515**	**27,478**

[1] Includes DROP members.

[2] Includes 671 and 737 inactive members due a refund of member contributions as of June 30, 2022 and June 30, 2023, respectively.

Exhibit D: Summary Statement of Income and Expenses on a Market Value Basis

All Assets for Retirement and Health Subsidy Benefits

	Year Ended June 30, 2023		Year Ended June 30, 2022	
Net assets at market value at the beginning of the year[1]		**$27,980,658,649**		**$30,750,617,516**
Contribution income:				
• Employer contributions	$668,242,775		$728,589,957	
• Member contributions	151,934,789		149,243,422	
Net contribution income		*$820,177,564*		*$877,833,379*
Investment income:				
• Interest, dividends and other income	$789,981,816		$2,503,047,804	
• Recognition of capital appreciation[1]	1,480,816,592		(4,596,847,351)	
• Less investment fees	(135,571,247)		(137,347,736)	
Net investment income		*$2,135,227,161*		*$(2,231,147,283)*
Total income available for benefits		**$2,955,404,725**		**$(1,353,313,904)**
Less benefit payments:		*$(1,506,383,087)*		*$(1,392,203,129)*
Less administrative expenses:		*(25,565,614)*		*(24,441,834)*
Change in net assets at market value		**$1,423,456,024**		**$(2,769,958,867)**
Net assets at market value at the end of the year		**$29,404,114,673**		**$27,980,658,649**

Note: Results may not total due to rounding.

[1] As part of the June 30, 2023 valuation, we received reinstated July 1, 2022 assets ($27,980,660,619) that reflects an increase in assets of $1,970. We have not restated the beginning of year assets for the 2022-2023 Plan Year, instead the increase of $1,970 is included as part of the recognition of capital appreciation for 2022-2023.

Exhibit E: Summary Statement of Plan Assets

All Assets for Retirement and Health Subsidy Benefits

	Year Ended June 30, 2023		Year Ended June 30, 2022	
Cash equivalents		*$7,966,475*		*$6,761,031*
Accounts receivable:				
• Accrued interest and dividends	$120,421,293		$102,669,040	
• Contributions	5,869,834		5,007,452	
• Due from brokers	609,322,670		466,567,607	
Total accounts receivable		*$735,613,798*		*$574,244,099*
Investments:				
• Equities	$16,455,439,703		$15,385,615,218	
• Fixed income investments	11,714,937,012		10,542,012,990	
• Real estate	1,754,501,632		2,177,101,515	
Total investments at market value		*$29,924,878,348*		*$28,104,729,722*
Total assets		**$30,668,458,621**		**$28,685,734,852**
Accounts payable:				
• Accounts payable and benefits in process	$(45,439,827)		$(62,094,912)	
• Due to brokers	(1,031,395,175)		(430,481,282)	
• Mortgage payable	(186,991,284)		(212,500,009)	
Total accounts payable		*$(1,263,826,287)*		*$(705,076,203)*
Deferred inflows of resources		(517,661)		
Net assets at market value		**$29,404,114,673**		**$27,980,658,649**
Net assets at actuarial value		**$29,396,813,303**		**$27,856,866,716**
Net assets at valuation value[1]		**$26,430,734,890**		**$25,146,787,428**

Note: Results may not total due to rounding.

[1] Assets for Retirement Only.

Exhibit F: Development of the Fund through June 30, 2023

All Assets for Retirement and Health Subsidy Benefits

Year Ended June 30	Employer Contributions	Member Contributions	Administrative Expenses	Net Investment Return[1]	Benefit Payments	Market Value of Assets at Year-End	Actuarial Value of Assets at Year-End	Actuarial Value as a Percent of Market Value
2014	$578,805,107	$124,394,889	-	$2,802,796,015	$963,356,954	$18,291,010,687	$16,879,354,713	92.3%
2015	628,808,763	126,770,882	$19,178,885	739,009,040	1,029,319,785	18,737,100,702	18,114,393,332	96.7%
2016	628,700,812	129,733,559	20,897,310	172,083,839	1,107,041,622	18,539,679,980	19,126,148,372	103.2%
2017	619,479,274	128,900,736	22,563,327	2,449,549,638	1,052,639,705	20,662,406,596	20,317,066,949	98.3%
2018	639,945,905	146,282,682	21,654,037	2,058,910,553	1,125,521,496	22,360,370,203	21,659,429,558	96.9%
2019	692,897,316	147,752,497	22,099,870	1,329,326,557	1,208,330,043	23,299,916,660	23,053,912,894	98.9%
2020	709,851,573	153,786,863	22,667,875	664,345,444	1,264,851,830	23,540,380,835	24,321,274,165	103.3%
2021	744,243,315	157,785,911	23,513,284	7,670,538,754	1,338,818,015	30,750,617,516	26,145,074,797	85.0%
2022	728,589,957	149,243,422	24,441,834	(2,231,147,283)	1,392,203,129	27,980,658,649	27,856,866,716	99.6%
2023	668,242,775	151,934,789	25,565,614	2,135,227,161	1,506,383,087	29,404,114,673	29,396,813,303	100.0%

[1] Net of investment fees and administrative expenses prior to 2015. Starting in 2015, administrative expenses are shown separately.

Exhibit G: Table of Amortization Bases

City[1]

Type	Date Established	Initial Amount[2]	Initial Period[2]	Outstanding Balance	Years Remaining	Annual Payment[3]
Assumption Change	June 30, 1995	$(28,297,458)	20	$(7,607,888)	2	$(3,876,400)
Plan Amendment	June 30, 1996	3,942,456	21	1,511,544	3	523,162
Asset Method Change	June 30, 1996	(25,485,184)	21	(9,771,051)	3	(3,381,867)
Plan Amendment	June 30, 1998	7,670,599	23	4,459,603	5	961,145
Assumption Change	June 30, 1998	12,901,106	23	7,500,557	5	1,616,540
Plan Amendment	June 30, 2000	1,320,002	25	984,997	7	157,296
Assumption Change	June 30, 2001	(34,027,429)	26	(27,854,091)	8	(3,963,313)
Tiers 5 and 6 Original Base[4]	June 30, 2002	(157,564,364)	27	(139,483,355)	9	(17,962,499)
Assumption Change	June 30, 2004	(256,067,522)	29	(257,054,106)	11	(28,068,368)
Assumption Change	June 30, 2005	462,298,308	30	488,545,555	12	49,771,436
Assumption Change	June 30, 2006	335,289,906	30	359,975,173	13	34,451,220
Experience Gain	June 30, 2007	(230,840,426)	21	(130,334,011)	5	(28,089,929)
Assumption Change	June 30, 2007	(79,305,942)	30	(86,543,258)	14	(7,826,143)
Tier 2 2008 UAAL	June 30, 2008	(632,245,519)	29	(674,677,810)	14	(61,011,396)
Experience Gain	June 30, 2008	(102,156,783)	17	(27,034,950)	2	(13,774,950)

Note: Results may not total due to rounding.

1 Excludes Harbor Port Police and Airport Police.

2 The initial amount and initial period for bases established on or before June 30, 2005 are values shown as of June 30, 2005 (i.e., the year before Segal was appointed as the actuary starting with the June 30, 2006 valuation).

3 Level percentage of payroll amortization payable as of the beginning of the year, except for Tier 1 UAAL which is expressed as a level dollar amortization payable as of the beginning of the year.

4 Tier 5 & Tier 6 without Harbor Port Police and Airport Police.

Exhibit G: Table of Amortization Bases (continued)

City (continued)

Type	Date Established	Initial Amount	Initial Period	Outstanding Balance	Years Remaining	Annual Payment[1]
Assumption Change	June 30, 2008	$331,303,007	30	$365,638,037	15	$31,399,162
Experience Loss	June 30, 2009	432,782,396	15	61,353,886	1	61,353,886
Experience Loss	June 30, 2010	425,276,298	15	113,664,811	2	57,914,928
Assumption Change	June 30, 2010	1,450,331	27	1,484,920	14	134,282
Assumption Change	June 30, 2010	316,619,240	30	352,959,175	17	27,676,380
Experience Loss	June 30, 2011	335,283,072	15	126,844,131	3	43,902,127
Plan Amendment[2]	June 30, 2011	7,158,667	30	7,984,462	18	601,406
Assumption Change	June 30, 2011	344,553,091	26	346,472,170	14	31,331,623
Assumption Change	June 30, 2011	282,963,398	30	315,604,786	18	23,771,986
Experience Loss	June 30, 2012	507,430,763	20	405,436,400	9	52,211,614
Experience Loss	June 30, 2013	201,975,220	20	169,313,035	10	19,978,026
Experience Gain	June 30, 2014	(486,020,342)	20	(423,221,458)	11	(46,212,588)
Assumption Change	June 30, 2014	(22,796,632)	25	(22,996,722)	16	(1,883,508)
Experience Gain	June 30, 2015	(810,497,708)	20	(728,871,040)	12	(74,255,016)
Experience Gain	June 30, 2016	(332,986,295)	20	(307,131,214)	13	(29,393,819)
Experience Gain	June 30, 2017	(83,665,036)	20	(78,686,873)	14	(7,115,687)

Note: Results may not total due to rounding.

[1] Level percentage of payroll amortization payable as of the beginning of the year, except for Tier 1 UAAL which is expressed as a level dollar amortization payable as of the beginning of the year.

[2] Gain due to new retirees from non-DROP status and new DROP members during July 1, 2011 – July 14, 2011.

Exhibit G: Table of Amortization Bases (continued)

City (continued)

Type	Date Established	Initial Amount	Initial Period	Outstanding Balance	Years Remaining	Annual Payment[1]
Assumption Change	June 30, 2017	$759,570,300	20	$714,375,020	14	$64,601,232
Experience Gain	June 30, 2018	(109,879,249)	20	(105,251,800)	15	(9,038,497)
Experience Gain	June 30, 2019	(227,140,426)	20	(220,635,075)	16	(18,070,751)
Plan Amendment	June 30, 2019	(50,370,946)	15	(44,944,625)	11	(4,907,614)
Assumption Change	June 30, 2019	320,173,835	20	311,003,985	16	25,472,267
Experience Loss	June 30, 2020	167,934,379	20	164,790,180	17	12,921,595
Assumption Change	June 30, 2020	139,691,240	20	137,075,830	17	10,748,446
Experience Gain	June 30, 2021	(739,185,300)	20	(732,036,264)	18	(55,138,441)
Tier 1 UAAL[2]	June 30, 2021	138,248,255	9	120,299,422	7	20,861,631
Experience Gain	June 30, 2022	(146,121,327)	20	(145,607,279)	19	(10,566,550)
Experience Gain	June 30, 2023	(42,206,225)	20	(42,206,225)	20	(2,958,751)
Assumption Change	June 30, 2023	(232,026,292)	20	(232,026,292)	20	(16,265,562)
Subtotal				**$133,302,292**		**$128,599,741**

Note: Results may not total due to rounding.

[1] Level percentage of payroll amortization payable as of the beginning of the year, except for Tier 1 UAAL which is expressed as a level dollar amortization payable as of the beginning of the year.

[2] The Tier 1 UAAL of $138,248,255 as of June 30, 2021 was rolled forward to June 30, 2022 and amortized over a fixed 8-year period.

Exhibit G: Table of Amortization Bases (continued)

Harbor Port Police

Type	Date Established	Initial Amount	Initial Period	Outstanding Balance	Years Remaining	Annual Payment[1]
Actuarial Surplus[2]	June 30, 2023	$(3,682,325)	30	$(3,682,325)	30	$(202,099)
Subtotal				**$(3,682,325)**		**$(202,099)**

Note: Results may not total due to rounding.

[1] Level percentage of payroll amortization payable as of the beginning of the year.

[2] Consistent with LAFPP's funding policy, all prior UAAL layers are considered fully amortized due to being in surplus. The surplus is amortized over a non-decreasing 30-year period.

Exhibit G: Table of Amortization Bases (continued)

Airport Police

Type	Date Established	Initial Amount	Initial Period	Outstanding Balance	Years Remaining	Annual Payment[1]
Actuarial Surplus[2]	June 30, 2023	$(3,653,064)	30	$(3,653,064)	30	$(200,493)
Subtotal				**$(3,653,064)**		**$(200,493)**

Note: Results may not total due to rounding.

[1] Level percentage of payroll amortization payable as of the beginning of the year.

[2] Consistent with LAFPP's funding policy, all prior UAAL layers are considered fully amortized due to being in surplus. The surplus is amortized over a non-decreasing 30-year period.

Exhibit G: Table of Amortization Bases (continued)

Total Plan

Type	Date Established	Initial Amount[1]	Initial Period[1]	Outstanding Balance	Years Remaining	Annual Payment[2]
Assumption Change	June 30, 1995	$(28,297,458)	20	$(7,607,888)	2	$(3,876,400)
Plan Amendment	June 30, 1996	3,942,456	21	1,511,544	3	523,162
Asset Method Change	June 30, 1996	(25,485,184)	21	(9,771,051)	3	(3,381,867)
Plan Amendment	June 30, 1998	7,670,599	23	4,459,603	5	961,145
Assumption Change	June 30, 1998	12,901,106	23	7,500,557	5	1,616,540
Plan Amendment	June 30, 2000	1,320,002	25	984,997	7	157,296
Assumption Change	June 30, 2001	(34,027,429)	26	(27,854,091)	8	(3,963,313)
Tiers 5 and 6 Original Base[3]	June 30, 2002	(157,564,364)	27	(139,483,355)	9	(17,962,499)
Assumption Change	June 30, 2004	(256,067,522)	29	(257,054,106)	11	(28,068,368)
Assumption Change	June 30, 2005	462,298,308	30	488,545,555	12	49,771,436
Assumption Change	June 30, 2006	335,289,906	30	359,975,173	13	34,451,220
Experience Gain	June 30, 2007	(230,840,426)	21	(130,334,011)	5	(28,089,929)
Assumption Change	June 30, 2007	(79,305,942)	30	(86,543,258)	14	(7,826,143)
Tier 2 2008 UAAL	June 30, 2008	(632,245,519)	29	(674,677,810)	14	(61,011,396)
Experience Gain	June 30, 2008	(102,156,783)	17	(27,034,950)	2	(13,774,950)

Note: Results may not total due to rounding.

[1] The initial amount and initial period for bases established on or before June 30, 2005 are values shown as of June 30, 2005 (i.e., the year before Segal was appointed as the actuary starting with the June 30, 2006 valuation).

[2] Level percentage of payroll amortization payable as of the beginning of the year, except for Tier 1 UAAL which is expressed as a level dollar amortization payable as of the beginning of the year.

[3] Tier 5 & Tier 6 without Harbor Port Police and Airport Police.

Exhibit G: Table of Amortization Bases (continued)

Total Plan (continued)

Type	Date Established	Initial Amount	Initial Period	Outstanding Balance	Years Remaining	Annual Payment[1]
Assumption Change	June 30, 2008	$331,303,007	30	$365,638,037	15	$31,399,162
Experience Loss	June 30, 2009	432,782,396	15	61,353,886	1	61,353,886
Experience Loss	June 30, 2010	425,276,298	15	113,664,811	2	57,914,928
Assumption Change	June 30, 2010	1,450,331	27	1,484,920	14	134,282
Assumption Change	June 30, 2010	316,619,240	30	352,959,175	17	27,676,380
Experience Loss	June 30, 2011	335,283,072	15	126,844,131	3	43,902,127
Plan Amendment[2]	June 30, 2011	7,158,667	30	7,984,462	18	601,406
Assumption Change	June 30, 2011	344,553,091	26	346,472,170	14	31,331,623
Assumption Change	June 30, 2011	282,963,398	30	315,604,786	18	23,771,986
Experience Loss	June 30, 2012	507,430,763	20	405,436,400	9	52,211,614
Experience Loss	June 30, 2013	201,975,220	20	169,313,035	10	19,978,026
Experience Gain	June 30, 2014	(486,020,342)	20	(423,221,458)	11	(46,212,588)
Assumption Change	June 30, 2014	(22,796,632)	25	(22,996,722)	16	(1,883,508)
Experience Gain	June 30, 2015	(810,497,708)	20	(728,871,040)	12	(74,255,016)
Experience Gain	June 30, 2016	(332,986,295)	20	(307,131,214)	13	(29,393,819)
Experience Gain	June 30, 2017	(83,665,036)	20	(78,686,873)	14	(7,115,687)

Note: Results may not total due to rounding.

[1] Level percentage of payroll amortization payable as of the beginning of the year, except for Tier 1 UAAL which is expressed as a level dollar amortization payable as of the beginning of the year.

[2] Gain due to new retirees from non-DROP status and new DROP members during July 1, 2011 – July 14, 2011.

Exhibit G: Table of Amortization Bases (continued)

Total Plan (continued)

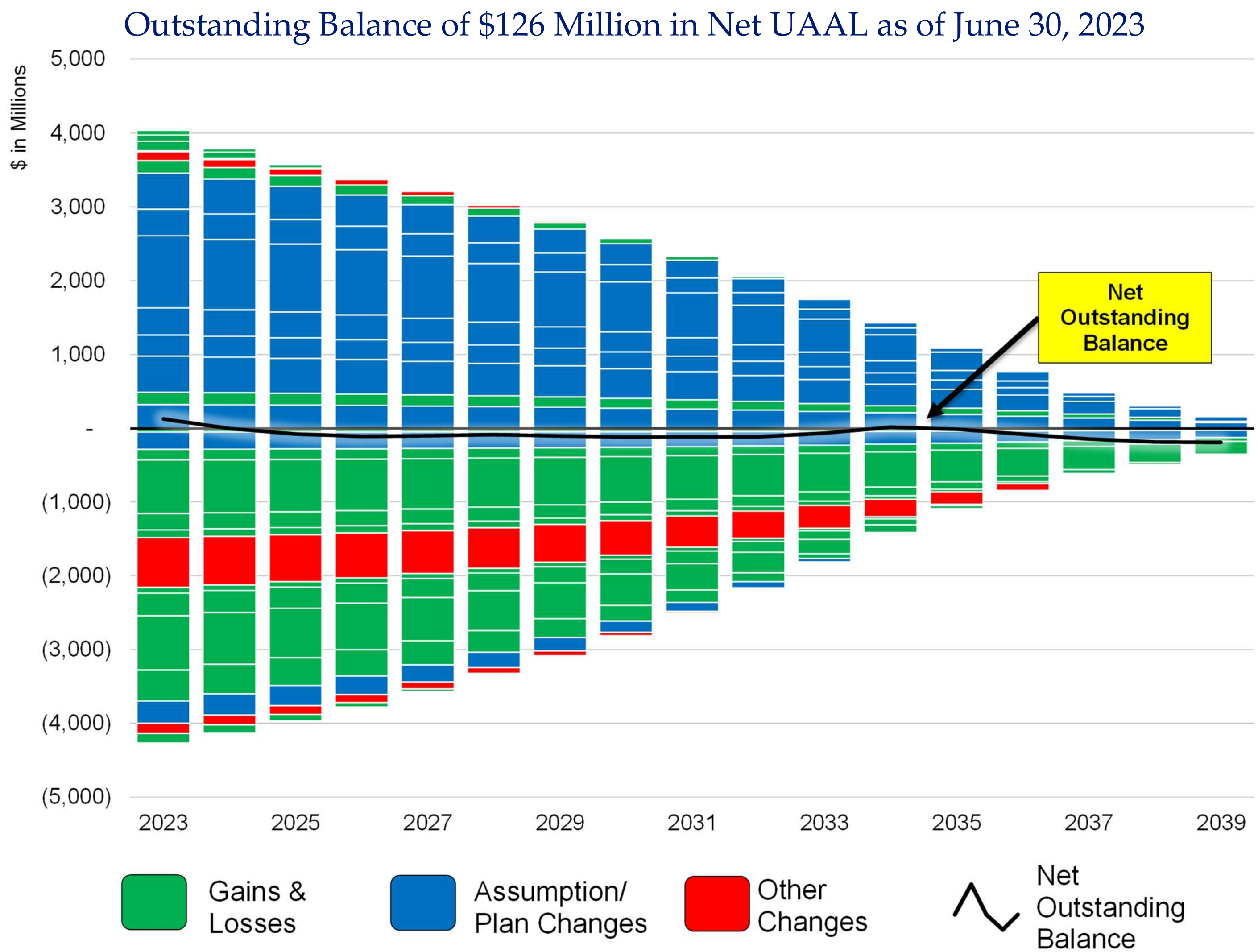
Type	Date Established	Initial Amount	Initial Period	Outstanding Balance	Years Remaining	Annual Payment[1]
Assumption Change	June 30, 2017	$759,570,300	20	$714,375,020	14	$64,601,232
Experience Gain	June 30, 2018	(109,879,249)	20	(105,251,800)	15	(9,038,497)
Experience Gain	June 30, 2019	(227,140,426)	20	(220,635,075)	16	(18,070,751)
Plan Amendment	June 30, 2019	(50,370,946)	15	(44,944,625)	11	(4,907,614)
Assumption Change	June 30, 2019	320,173,835	20	311,003,985	16	25,472,267
Experience Loss	June 30, 2020	167,934,379	20	164,790,180	17	12,921,595
Assumption Change	June 30, 2020	139,691,240	20	137,075,830	17	10,748,446
Experience Gain	June 30, 2021	(739,185,300)	20	(732,036,264)	18	(55,138,441)
Tier 1 UAAL[2]	June 30, 2021	138,248,255	9	120,299,422	7	20,861,631
Experience Gain	June 30, 2022	(146,121,327)	20	(145,607,279)	19	(10,566,550)
Experience Gain	June 30, 2023	(42,206,225)	20	(42,206,225)	20	(2,958,751)
Assumption Change	June 30, 2023	(232,026,292)	20	(232,026,292)	20	(16,265,562)
Harbor Port Police Actuarial Surplus	June 30, 2023	(3,682,325)	30	(3,682,325)	30	(202,099)
Airport Police Actuarial Surplus	June 30, 2023	(3,653,064)	30	(3,653,064)	30	(200,493)
Grand Total				**$125,966,903**		**$128,197,149**

Note: Results may not total due to rounding.

[1] Level percentage of payroll amortization payable as of the beginning of the year, except for Tier 1 UAAL which is expressed as a level dollar amortization payable as of the beginning of the year.

[2] The Tier 1 UAAL of $138,248,255 as of June 30, 2021 was rolled forward to June 30, 2022 and amortized over a fixed 8-year period.

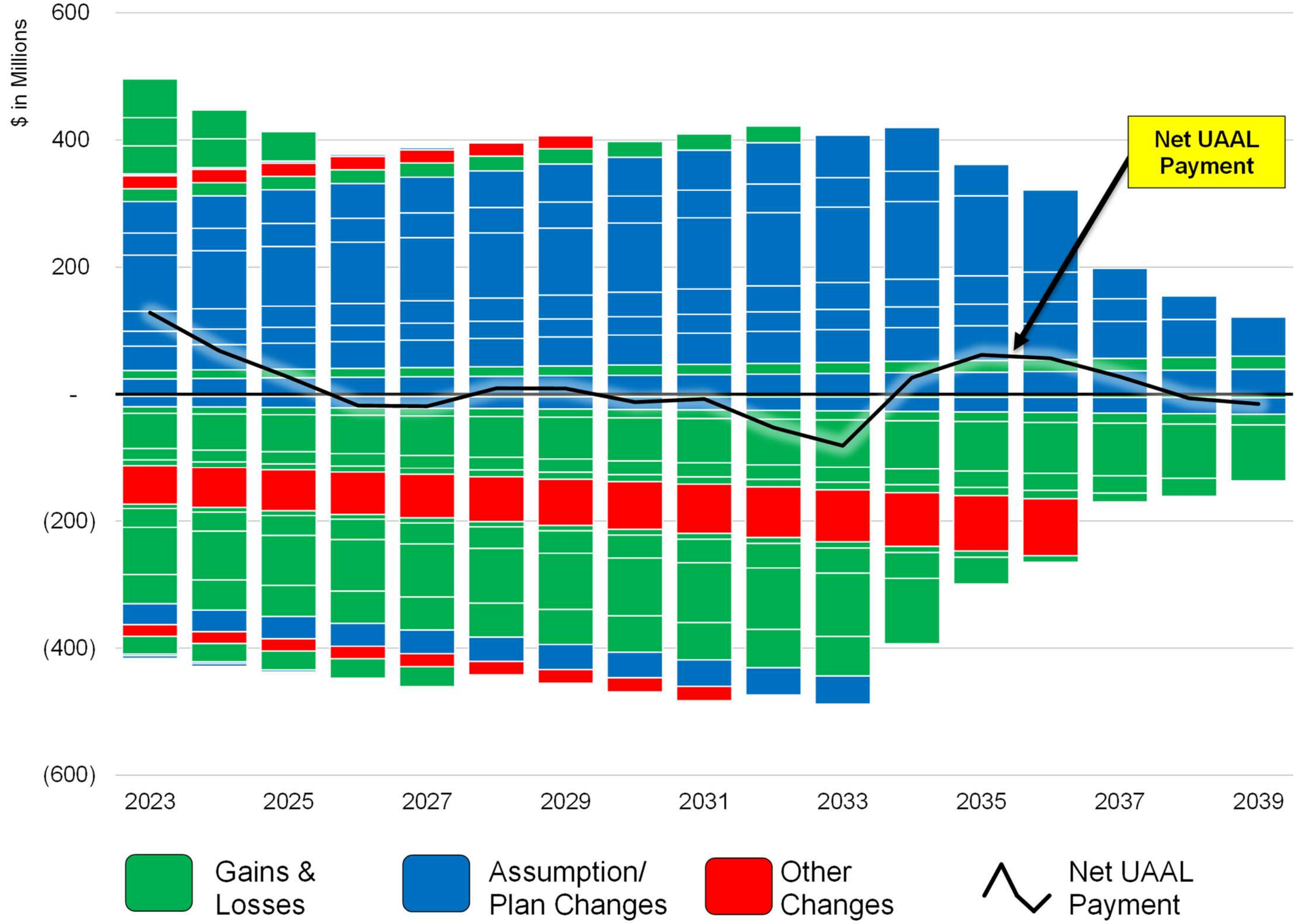
Exhibit H: Projection of UAAL Balances and Payments



Note: Based on the current UAAL of $126 million, the City is expected to be in a surplus position with the June 30, 2025 valuation. Consistent with LAFPP's funding policy, at that time all prior UAAL layers would be considered fully amortized and the total surplus would be amortized over a non-decreasing 30-year period. For illustration purposes, we have not reflected that aspect of the funding policy in the above graph. The UAAL layers will be considered fully amortized effective with the first valuation that the City is in a surplus position.

Exhibit H: Projection of UAAL Balances and Payments (continued)

Annual Payments Required to Amortize $126 Million in Net UAAL as of June 30, 2023



Note: Based on the current amortization schedule, the net annual UAAL payments are projected to fluctuate throughout the projection period. However, the illustrated payment schedule does not take into account the projected surplus for the City with the June 30, 2025 valuation, at which time all prior UAAL bases would be considered fully amortized and the total surplus would be amortized over a non-declining 30-year period. This aspect of the funding policy would inherently smooth the future annual UAAL payments. We will work with LAFPP to continue to monitor this non-level pattern of UAAL payments.

Exhibit I: Definition of Pension Terms

The following list defines certain technical terms for the convenience of the reader:

Actuarial Accrued Liability for Actives:	The equivalent of the accumulated normal costs allocated to the years before the valuation date.
Actuarial Accrued Liability for Pensioners and Beneficiaries:	The single-sum value of lifetime benefits to existing pensioners and beneficiaries. This sum takes account of life expectancies appropriate to the ages of the annuitants and the interest that the sum is expected to earn before it is entirely paid out in benefits.
Actuarial Cost Method:	A procedure allocating the Actuarial Present Value of Future Benefits to various time periods; a method used to determine the Normal Cost and the Actuarial Accrued Liability that are used to determine the actuarially determined contribution.
Actuarial Gain or Loss:	A measure of the difference between actual experience and that expected based upon a set of Actuarial Assumptions, during the period between two Actuarial Valuation dates. Through the actuarial assumptions, rates of decrements, rates of salary increases, and rates of fund earnings have been forecasted. To the extent that actual experience differs from that assumed, Actuarial Accrued Liabilities emerge which may be the same as forecasted, or may be larger or smaller than projected. Actuarial gains are due to favorable experience, e.g., assets earn more than projected, salary increases are less than assumed, members retire later than assumed, etc. Favorable experience means actual results produce actuarial liabilities not as large as projected by the actuarial assumptions. On the other hand, actuarial losses are the result of unfavorable experience, i.e., actual results yield in actuarial liabilities that are larger than projected. Actuarial gains will shorten the time required for funding of the actuarial balance sheet deficiency while actuarial losses will lengthen the funding period.
Actuarially Equivalent:	Of equal actuarial present value, determined as of a given date and based on a given set of Actuarial Assumptions.
Actuarial Present Value (APV):	The value of an amount or series of amounts payable or receivable at various times, determined as of a given date by the application of a particular set of Actuarial Assumptions. Each such amount or series of amounts is: Adjusted for the probable financial effect of certain intervening events (such as changes in compensation levels, marital status, etc.) Multiplied by the probability of the occurrence of an event (such as survival, death, disability, termination, etc.) on which the payment is conditioned, and Discounted according to an assumed rate (or rates) of return to reflect the time value of money.

Actuarial Present Value of Future Plan Benefits:	The Actuarial Present Value of benefit amounts expected to be paid at various future times under a particular set of Actuarial Assumptions, taking into account such items as the effect of advancement in age, anticipated future compensation, and future service credits. The Actuarial Present Value of Future Plan Benefits includes the liabilities for active members, retired members, beneficiaries receiving benefits, and inactive members entitled to either a refund or a future retirement benefit. Expressed another way, it is the value that would have to be invested on the valuation date so that the amount invested plus investment earnings would provide sufficient assets to pay all projected benefits and expenses when due.
Actuarial Valuation:	The determination, as of a valuation date, of the Normal Cost, Actuarial Accrued Liability, Actuarial Value of Assets, and related Actuarial Present Values for a plan. An Actuarial Valuation for a governmental retirement system typically also includes calculations of items needed for compliance with GASB, such as the Actuarially Determined Contribution (ADC) and the Net Pension Liability (NPL).
Actuarial Value of Assets (AVA):	The value of the Plan's assets as of a given date, used by the actuary for valuation purposes. This may be the market or fair value of plan assets, but commonly plans use a smoothed value in order to reduce the year-to-year volatility of calculated results, such as the funded ratio and the Actuarially Determined Contribution.
Actuarially Determined:	Values that have been determined utilizing the principles of actuarial science. An actuarially determined value is derived by application of the appropriate actuarial assumptions to specified values determined by provisions of the Plan.
Actuarially Determined Contribution (ADC):	The employer's periodic required contributions, expressed as a dollar amount or a percentage of covered plan compensation, determined under the Plan's funding policy. The ADC consists of the Employer Normal Cost and the Amortization Payment.
Amortization Method:	A method for determining the Amortization Payment. The most common methods used are level dollar and level percentage of payroll. Under the Level Dollar method, the Amortization Payment is one of a stream of payments, all equal, whose Actuarial Present Value is equal to the Unfunded Actuarial Accrued Liability. Under the Level Percentage of Pay method, the Amortization Payment is one of a stream of increasing payments, whose Actuarial Present Value is equal to the Unfunded Actuarial Accrued Liability. Under the Level Percentage of Pay method, the stream of payments increases at the assumed rate at which total covered payroll of all active members will increase.
Amortization Payment:	The portion of the pension plan contribution, or ADC, that is designed to pay off the Unfunded Actuarial Accrued Liability.

Assumptions or Actuarial Assumptions:	The estimates upon which the cost of the Plan is calculated, including: Investment return - the rate of investment yield that the Plan will earn over the long-term future; Mortality rates - the rate or probability of death at a given age for employees and pensioners; Retirement rates - the rate or probability of retirement at a given age or service; Disability rates - the rate or probability of disability retirement at a given age; Termination rates - the rate or probability at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement; Salary increase rates - the rates of salary increase due to inflation, real wage growth and merit and promotion increases.
Closed Amortization Period:	A specific number of years that is counted down by one each year, and therefore declines to zero with the passage of time. For example, if the amortization period is initially set at 20 years, it is 19 years at the end of one year, 18 years at the end of two years, etc. See Open Amortization Period.
Decrements:	Those causes/events due to which a member's status (active-inactive-retiree-beneficiary) changes, that is: death, retirement, disability, or withdrawal.
Defined Benefit Plan:	A retirement plan in which benefits are defined by a formula applied to the member's compensation and/or years of service.
Defined Contribution Plan:	A retirement plan, such as a 401(k) plan, a 403(b) plan, or a 457 plan, in which the contributions to the plan are assigned to an account for each member, the plan's earnings are allocated to each account, and each member's benefits are a direct function of the account balance.
Employer Normal Cost:	The portion of the Normal Cost to be paid by the employer. This is equal to the Normal Cost less expected member contributions.
Experience Study:	A periodic review and analysis of the actual experience of the Plan that may lead to a revision of one or more actuarial assumptions. Actual rates of decrement and salary increases are compared to the actuarially assumed values and modified as deemed appropriate by the Actuary.
Funded Ratio:	The ratio of the Valuation Value of Assets (VVA) to the Actuarial Accrued Liability (AAL). Plans sometimes calculate a market funded ratio, using the Market Value of Assets (MVA), rather than the VVA.
Investment Return:	The rate of earnings of the Plan from its investments, including interest, dividends and capital gain and loss adjustments, computed as a percentage of the average value of the fund. For actuarial purposes, the investment return often reflects a smoothing of the capital gains and losses to avoid significant swings in the value of assets from one year to the next.

Normal Cost:	The portion of the Actuarial Present Value of Future Benefits allocated to a valuation year by the Actuarial Cost Method. Any payment with respect to an Unfunded Actuarial Accrued Liability is not part of the Normal Cost (see Amortization Payment). For pension plan benefits that are provided in part by employee contributions, Normal Cost refers to the total of member contributions and employer Normal Cost unless otherwise specifically stated.
Open Amortization Period:	An open amortization period is one which is used to determine the Amortization Payment but which does not change over time. If the initial period is set as 30 years, the same 30-year period is used in each future year in determining the Amortization Period.
Unfunded Actuarial Accrued Liability:	The excess of the Actuarial Accrued Liability over the Valuation Value of Assets. This value may be negative, in which case it may be expressed as a negative Unfunded Actuarial Accrued Liability, also called the Funding Surplus or an Overfunded Actuarial Accrued Liability.
Valuation Date or Actuarial Valuation Date:	The date as of which the value of assets is determined and as of which the Actuarial Present Value of Future Plan Benefits is determined. The expected benefits to be paid in the future are discounted to this date.
Valuation Value of Assets:	The portion of the Actuarial Value of Assets that is allocated for retirement benefits.

Section 4: Actuarial Valuation Basis

Exhibit 1: Actuarial Assumptions and Methods

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

Years of Service	Rate (%) Fire	Rate (%) 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

Age	Rate (%) Fire	Rate (%) 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:

Age	Rate (%) Fire Tiers 2 & 4	Fire Tiers 3 & 5	Fire Tier 6	Police Tiers 2 & 4	Police Tiers 3 & 5	Police 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:	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 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.

Service Connected Disability Benefits:

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

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:

	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:	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).

Actuarial Funding Policy

Actuarial Cost Method:	Entry Age Actuarial Cost Method. Entry Age is the 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, with Normal Cost determined as if the current benefit formula for each individual has always been in effect.
Actuarial Value of Assets:	Market Value of Assets (MVA) less unrecognized returns. Unrecognized returns are equal to the difference between the actual market return and the expected return on the market value, and are recognized over a seven-year period. The Actuarial Value of Assets (AVA) is limited by a 40% corridor; the AVA cannot be less than 60% of MVA, nor greater than 140% of MVA.
Valuation Value of Assets:	The portion of the Actuarial Value of Assets that is allocated for retirement benefits.

Funding Policy:	The City of Los Angeles makes contributions equal to the Normal Cost adjusted by an amount to amortize any Surplus or Unfunded Actuarial Accrued Liability (UAAL). Both the Normal Cost and the Actuarial Accrued Liability are determined under the Entry Age Cost Method on an individual basis. 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, the UAAL as of June 30, 2021 was rolled forward to June 30, 2022, and is amortized using level dollar amortization over a fixed period, with 8 years remaining as of June 30, 2023. All future UAAL attributed to Tier 1 will be amortized in accordance with Funding Policy described above. The UAAL amortization payment rate for each employer (i.e., the City, Harbor Department or Airport Department), is equal to the total of all annual amounts required to amortize the UAAL for all Tiers, and divided by the total covered payroll for the respective employer. The UAAL amortization payment for each City Tier is determined in proportion to the covered payroll for that Tier.

Other Actuarial Methods

Internal Revenue Code Section 415:	Section 415 of the Internal Revenue Code (IRC) specifies the maximum benefits that may be paid to an individual from a defined benefit plan and the maximum amounts that may be allocated each year to an individual's account in a defined contribution plan. A qualified pension plan may not pay benefits in excess of the Section 415 limits. The ultimate penalty for non-compliance is disqualification: active participants could be taxed on their vested benefits and the IRS may seek to tax the income earned on the plan's assets. In particular, Section 415(b) of the IRC limits the maximum annual benefit payable at the Normal Retirement Age to a dollar limit of $160,000 indexed for inflation. That limit is $245,000 for 2022 and $265,000 for 2023. Normal Retirement Age for these purposes is age 62. These are the limits in simplified terms. They must be adjusted based on each participant's circumstances, for such things as age at retirement, form of benefits chosen and after tax contributions. Benefits in excess of the limits may be paid through a qualified governmental excess plan that meets the requirements of Section 415(m). Legal Counsel's review and interpretation of the law and regulations should be sought on any questions in this regard.

Exhibit 2: Summary of Plan Provisions

This exhibit summarizes the major provisions of the City of Los Angeles Fire & Police Pension Plan included in the valuation. It is not intended to be, nor should it be interpreted as, a complete statement of all plan provisions.

For Tiers 1 through 4 and Tier 6, the section codes are from the Los Angeles Charter. For Tier 5 and the DROP program, the section codes are from the Los Angeles Administrative Code.

Plan Year:	July 1 through June 30
Census Date:	June 30
Membership Eligibility:	LAFPP provides service retirement, disability, death and survivor benefits to eligible sworn members of the Los Angeles Fire, Police, Harbor and Airport Departments (effective January 7, 2018, eligible Airport Police Officers are allowed to join Tier 6). 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	Members hired on or before January 28, 1967.
Tier 2	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	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	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	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	Members hired on or after July 1, 2011.

Section 4: Actuarial Valuation Basis

Salary Base for Benefits:	
Normal Pension Base	
Tier 1 & Tier 2 (§1302, §1406)	Final monthly salary rate
Final Average Salary	
Tier 3, Tier 4 & Tier 5 (§1502, §1602, §4.2002)	Highest monthly average salary actually received during any 12 consecutive months of service
Tier 6 (§1702)	Highest monthly average salary actually received during any 24 consecutive months of service
Compensation Limit:	For members with membership dates on or after July 1, 1996, salary is limited to Internal Revenue Code Section 401(a)(17). This limit is $330,000 for Plan year beginning July 1, 2023. The limit is indexed for inflation on an annual basis.
Service:	Years of service are generally based on a member's employment during a period of time for which deductions are made from their compensation.
Service Retirement Eligibility:	
Tier 1, Tier 2 & Tier 4 (§1304, §1408, §1604)	Any age and 20 years of service.
Tier 3 (§1504)	Age 50 and 10 years of service.
Tier 5 & Tier 6 (§4.2004, §1704)	Age 50 and 20 years of service.

Service Retirement Benefit:	
Tier 1 (§1304)	40% at 20 years of service, plus 2% for each additional year up to 25 years of service, plus 1 ⅔% for each additional year between 25 and 35 years of service. Maximum of 66 ⅔% for 35 or more years of service.
Tier 2 (§1408)	40% at 20 years of service, plus 2% for each additional year up to 25 years of service. 55% at 25 years of service, plus 3% for each additional year between 25 and 30 years of service. Maximum of 70% for 30 or more years of service.
Tier 3 & Tier 4 (§1504, §1604)	2% per year of service up to 20 years of service, plus 3% for each additional year of service up to 30 years of service. Maximum of 70% for 30 or more years of service.
Tier 5 (§4.2004)	50% at 20 years of service, plus 3% for each additional year (except 4% at 30 years of service). Maximum of 90% for 33 or more years of service.
Tier 6 (§1704)	40% at 20 years of service, plus 3% per year for years 21 through 25, 4% per year for years 26 through 30, and 5% per year for years 31 through 33. Maximum of 90% for 33 or more years of service.
Deferred Retirement Option Plan (DROP) (§4.2100 - 4.2109):	
Eligibility	
Tier 2 & Tier 4	Any age and 25 years of service
Tier 3, Tier 5 & Tier 6	Age 50 and 25 years of service
Benefit under DROP	DROP benefits (calculated using age, service, and salary at the commencement date of participation in DROP) will be credited to a DROP account monthly, with interest at 5% annually. Members may participate in DROP for up to five years. For members who enter the DROP on or after February 1, 2019, their participation in DROP will be suspended for any calendar month in which they do not spend at least 112 hours on active duty status. If participation is suspended, the member is eligible to participate in DROP for a maximum of 30 additional months beyond the original participation period. The participation period can only be extended for as many months as the member's participation was suspended and no interest is credited to the member's DROP account following the initial 60-month participation period. Members are required to make normal member contributions. DROP benefits receive annual COLA while in DROP (limited to 3% for all Tiers).

Service Connected Disability:	
Eligibility	No age or service requirement.
Benefit	
Tier 1 & Tier 2 (§1310, §1412)	50% to 90% of Normal Pension Base depending on severity of disability, with a minimum of Member's service pension percentage rate.
Tier 3, Tier 4, Tier 5 & Tier 6 (§1506, §1606, §4.2006, §1706)	30% to 90% of Final Average Salary depending on severity of disability with a minimum of 2% of Final Average Salary per year of service.
Non-Service Connected Disability:	
Eligibility	Any age and 5 years of service.
Benefit	
Tier 1 & Tier 2 (§1312, §1412)	40% of highest monthly salary as of Member's retirement for basic rank of Police Officer III or Firefighter III, and the highest length of service pay.
Tier 3, Tier 4, Tier 5 & Tier 6 (§1506, §1606, §4.2006, §1706)	30% to 50% of Final Average Salary depending on severity of disability.
Basic Death Benefit:	
Tier 3, Tier 4, Tier 5 & Tier 6	If Member has at least one year of service, in addition to return of contributions, a Qualified Survivor receives the Member's one-year average monthly salary times years of completed service (not to exceed 6 years).

Death Before Retirement – Eligible for Service Retirement on Account of Years of Service:	
Eligibility	
Tier 1, Tier 2, Tier 4, Tier 5 & Tier 6 (§1304, §1408, §1604, §4.2004, §1704)	Any age and 20 years of service
Tier 3 (§1504)	Any age and 10 years of service
Benefit	
Tier 1 (§1314, §1316)	100% of Member's accrued service retirement Member would have received, not to exceed 50% of Normal Pension Base.
Tier 2 (§1414)	100% of Member's accrued service retirement Member would have received, not to exceed 55% of Normal Pension Base.
Tier 3 & Tier 4 (§1508, §1608)	80% of service retirement Member would have received, not to exceed 40% of the Member's Final Average Salary.
Tier 5 (§4.2008, §4.2008.5)	For former Tier 2, 100% of Member's accrued service retirement Member would have received, not to exceed 55% of Normal Pension Base. For members who are not former Tier 2, 40% of the Member's Final Average Salary.
Tier 6 (§1708)	50% of the Member's Final Average Salary.

Death Before Retirement – Service Connected Death:	
Eligibility	No age or service requirement.
Benefit	
Tier 1 (§1314)	50% of Member's Normal Pension Base.
Tier 2 (§1414)	50% of the Member's Normal Pension Base, or 55% of the Member's Normal Pension Base if Member had at least 25 years of service at the date of death.
Tier 3 & Tier 4 (§1508, §1608)	75% of the Member's Final Average Salary.
Tier 5 (§4.2008, §4.2008.5)	For former Tier 2, 75% of the Member's Normal Pension Base payable to a Qualified Surviving Spouse or Qualified Surviving Domestic Partner. For members who are not former Tier 2, 75% of the Member's Final Average Salary payable to a Qualified Surviving Spouse or Qualified Surviving Domestic Partner.
Tier 6 (§1708)	80% of the Member's Final Average Salary.
Death Before Retirement – Non-Service Connected Death:	
Eligibility	5 years of service.
Benefit	
Tier 1 & Tier 2 (§1316, §1414)	40% of highest monthly salary as of Member's death for basic rank of Police Officer III or Firefighter III, and the highest length of service pay.
Tier 3 & Tier 4 (§1508, §1608)	30% of the Member's Final Average Salary; 40% of Final Average Salary while eligible for a service pension based on years of service (10+ for Tier 3, 20+ for Tier 4).
Tier 5 (§4.2008, §4.2008.5)	For former Tier 2, 40% of highest monthly salary as of Member's death for basic rank of Police Officer III or Firefighter III, and the highest length of service pay. For members who are not former Tier 2, 30% of the Member's Final Average Salary; 40% of Final Average Salary while eligible for a service pension based on years of service (20+).
Tier 6 (§1708)	50% of the Member's Final Average Salary.

Death After Retirement – Service Retirement:	
Benefit	
Tier 1 (§1314, §1316)	Same percentage of the Member's Normal Pension Base to a maximum of 50%.
Tier 2 (§1414)	Same percentage of the Member's Normal Pension Base to a maximum of 55%.
Tier 3 & Tier 4 (§1508, §1608)	60% of the pension received by the deceased Member.
Tier 5 (§4.2008, §4.2008.5)	For former Tier 2, same percentage of the Member's Normal Pension Base to a maximum of 55%. For members who are not former Tier 2, 60% of the pension received by the deceased Member.
Tier 6 (§1708)	70% of the pension received by the deceased Member.
Death After Retirement – Service Connected Disability:	
Benefit	
Tier 1 (§1314)	50% of Member's Normal Pension Base.
Tier 2 (§1414)	50% of the Member's Normal Pension Base or 55% of the Member's Normal Pension Base if Member had at least 25 years of service at the date of death.
Tier 3 & Tier 4 (§1508, §1608)	If death occurs within three years of the Member's effective date of pension and is due to service-connected cause(s), then the Qualified Surviving Spouse or Qualified Surviving Domestic Partner shall receive 75% of the Final Average Salary. Otherwise, 60% of the pension received by the deceased Member.
Tier 5 (§4.2008, §4.2008.5)	For former Tier 2, 50% of the Member's Normal Pension Base or 55% of the Member's Normal Pension Base if Member had at least 25 years of service at the date of death. For members who are not former Tier 2, if death occurs within three years of the Member's effective date of pension and is due to service-connected cause(s), then the Qualified Surviving Spouse or Qualified Surviving Domestic Partner shall receive 75% of the Final Average Salary. Otherwise, 60% of the pension received by the deceased Member.
Tier 6 (§1708)	If death occurs within three years of the Member's effective date of pension and is due to service-connected cause(s), then the Qualified Surviving Spouse or Qualified Surviving Domestic Partner shall receive 80% of the Final Average Salary. Otherwise, 80% of the pension received by the deceased Member.

Death After Retirement – Non-Service Connected Disability:	
Benefit	
Tier 1 & Tier 2 (§1316, §1414)	40% of highest monthly salary as of Member's death for basic rank of Police Officer III or Firefighter III, and the highest length of service pay.
Tier 3 & Tier 4 (§1508, §1608)	60% of the pension received by the deceased Member.
Tier 5 (§4.2008, §4.2008.5)	If former Tier 2 member, 40% of highest monthly salary as of Member's death for basic rank of Police Officer III or Firefighter III, and the highest length of service pay. For members who are not former Tier 2, 60% of the pension received by the deceased Member.
Tier 6 (§1708)	70% of the pension received by the deceased Member.
Deferred Pension Option:	
Eligibility	
Tier 3 (§1504)	10 years of service. Receive service pension at age 50.
Tier 5, Tier 6 (§4.2004, §1704)	20 years of service. Receive service pension at age 50.
Benefit	Member is entitled to receive a service pension using Tier 3 retirement formula.
Cost-of-Living Adjustment (COLA):	
Tier 1 & Tier 2 (§1328, §1422)	Commencing July 1 based on changes to Los Angeles area consumer price index.
Tier 3 & Tier 4 (§1516, §1616)	Commencing July 1 based on changes to Los Angeles area consumer price index to a maximum of 3% per year. COLA is prorated in the first year of retirement.
Tier 5 & Tier 6 (§4.2016, §1716)	Commencing July 1 based on changes to Los Angeles area consumer price index to a maximum of 3% per year, excess banked. COLA is prorated in the first year of retirement.

Member Normal Contributions:	Members are exempt from making contributions if their continuous service exceeds 30 years for Tiers 1 through 4, and 33 years for Tier 5 and Tier 6. Members not in Tier 6 may pay a 2% contribution on their base salary retroactive to August 15, 2011 for a period of 25 years or until retired from the Plan to avoid a freeze on their retiree health subsidy.
Tier 1 (§1324)	Normal contribution rate of 6%.
Tier 2 (§1420)	Normal contribution rate of 6% plus half of the cost of the cost of living benefit to a maximum of 1%.
Tier 3 (§1514)	Normal contribution rate of 8%.
Tier 4 (§1614)	Normal contribution rate of 8%.
Tier 5 (§4.2014)	Normal contribution rate of 9% with the City of Los Angeles paying 1% provided that the Plan is at least 100% actuarially funded for pension benefits.
Tier 6 (§1714)	Normal contribution rate of 9%, plus 2% additional contributions to support funding of retiree health benefits. The additional 2% contributions shall not be required for members with more than 25 years of service. Normal contribution rate for Airport Police who transferred from Los Angeles City Employees' Retirement System (LACERS) is 11% until June 30, 2026. Thereafter, contribution rate is 10% for transferred Airport Police with more than 25 years of service.
Changes in Plan Provisions:	There have been no changes in Plan provisions since the prior valuation.

Note: The summary of major plan provisions is designed to outline principal plan benefits as interpreted for purposes of the actuarial valuation. If LAFPP should find the plan summary not in accordance with the actual provisions, LAFPP should alert the actuary so they can both be sure the proper provisions are valued.

Appendix A: Retirement Incentive Pay (RIP)

In our June 30, 2022 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 were treated like a pensionable bonus equivalent to the base wage increase that the unions agreed to defer for a period of time as previously scheduled. We understand that about 1,400 employees had elected to participate in the RIP as of October 2022. As of the June 30, 2022 valuation, about 600 employees who elected to participate in RIP had entered DROP or were service retired. Any associated change in liability for those members had been captured in the actuarial gains/losses of last year's valuation.

For those members who were still active as of June 30, 2022, any associated change in payroll and/or liability when they entered DROP or retired subsequent to June 30, 2022 have been recognized in this year's valuation. Furthermore, any deferred salary increases attributable to active members who did not participate in the RIP have been recognized in the liability calculations in this year's valuation to the extent such deferred salary increases have been reported by LAFPP.

As part of the information gathering for this year's valuation, LAFPP has informed us that the City has entered into an MOU 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 for 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.

As it has been Segal's general valuation practice to take into consideration bargaining-based salary increases only after they are reflected in the membership information provided by LAFPP, the above increases will have no impact on the liabilities and contribution rates developed in this year's valuation.

However, we expect the following to transpire starting with the June 30, 2024 valuation unless modifications are made in the valuation practice:

- Based on the actuarial assumptions adopted for the valuation, we expect annual salary for individual members to increase by 3.0% (based on the price inflation assumption of 2.5% plus the across-the-board salary increase assumption of 0.5%) before considering merit and promotional increases.
- Since the salary increases will not immediately be considered pensionable, the pensionable salary increases reported for the members covered under the above MOU will be deferred, and an actuarial gain will be reported in each of the next three valuations (as of June 30,

2024, 2025 and 2026). This will cause a reduction in the UAAL contribution rates required to be paid by the employer . In addition, the normal cost contributions paid by both the employer and the employee using the salaries without the non-pensionable amounts will be lower.

- Starting with the June 30, 2027 valuation, the 12% cumulative salary increases will be reported as pensionable. That will cause an actuarial loss as the increase for that year will be higher than the 3% increase expected for that plan year and there will be an increase in the UAAL contribution rates to be paid by the employer.

  Furthermore, even if we were to offset the amount of the UAAL added in the 2027 valuation with the outstanding balances of gains deducted from the UAAL in the prior 2024, 2025 and 2026 valuations, LAFPP is still expected to have a net increase in the UAAL because of the reductions in the UAAL contributions previously collected from the employer and the lower normal cost contributions previously collected from the employer and the employee. We note as part of this process, the contributions missed that normally would be paid by the employee will turn into UAAL to be paid by the employer, creating a shift in costs from the employee to the employer.

- There will be some instability in the UAAL contribution rates determined in the next four valuations. In order to fully understand such impact, we recommend the Board consider authorizing Segal to perform a study to analyze such impact and bringing back possible changes in the valuation practice that may be implemented to minimize such impact before the June 30, 2024 valuation.

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City of Los Angeles Fire and Police Pension Plan (LAFPP)

Actuarial Valuation and Review of Other Postemployment Benefits (OPEB)

As of June 30, 2023

This report has been prepared at the request of the Board of Commissioners to assist in administering the Fund. 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

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November 8, 2023

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 Actuarial Valuation and Review of Other Postemployment Benefits (OPEB) as of June 30, 2023. The report summarizes the actuarial data used in the valuation, establishes the Actuarially Determined Contribution (ADC) for the coming year, and analyzes the preceding year's experience. The census information 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 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 Kirby, FSA, MAAA, FCA.

This actuarial valuation has been completed in accordance with generally accepted actuarial principles and practices. To the best of our knowledge, the information supplied in this actuarial valuation is complete and accurate. Further, in our opinion, the assumptions used in this valuation and described in Section 4, Exhibit 2 are reasonably related to the experience of and the expectations for the Plan. The actuarial projections are based on these assumptions and the plan of benefits as summarized in Section 4, Exhibit 3.

Sincerely,

Segal

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

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

Mary P. Kirby, FSA, MAAA, FCA
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Mehdi Riazi, FSA, MAAA, FCA, EA
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Senior Vice President and Actuary

PP/

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Section 1: Actuarial Valuation Summary

Purpose

This report presents the results of our actuarial valuation of retiree health benefits offered by the City of Los Angeles Fire and Police Pension Plan as of June 30, 2023. The results of the valuation for financial reporting purposes consistent with Governmental Accounting Standards (GAS) Board Statement No. 74 are provided in a separate report.

Highlights of the Valuation

1. On a valuation value of asset basis, the funded ratio has increased from 74.3% to 77.7% in this valuation. On a market value of asset basis, the funded ratio has increased from 74.6% to 77.8%. The unfunded actuarial accrued liability (UAAL) has decreased from $939 million to $849 million. The primary reasons for the increase in the funded ratio since the prior valuation were that, (1) on average, health premiums and subsidies for 2023/2024 were lower than projected in the prior valuation; the actual increase in the maximum non-Medicare subsidy was 6.00% and was lower than the 7.00% assumed in the prior valuation, (2) plan contributions were expected to improve the funded ratio, and (3) an investment gain due to a higher than expected return on the Valuation Value of Assets (after smoothing)[1]. A reconciliation of the change in the UAAL is provided in Section 2, Subsection B.
2. The recommended contribution rate has increased from 10.36% of payroll ($176.0 million) to 10.41% of payroll ($176.8 million), assuming contributions are made by the City at the beginning of the fiscal year. The increase in the recommended contribution rate since the prior valuation was mainly due to (1) changes in the actuarial assumptions recommended in the triennial experience study, (2) the new healthcare trend assumptions, (3) offset mostly by the favorable premium and subsidy experience. A reconciliation of the employer's rate, if made at the beginning of the fiscal year, is provided in Section 2, Subsection E.
3. The results of this valuation reflect changes in the actuarial assumptions as recommended by Segal and adopted by the Board for the June 30, 2023 valuation. These changes were documented in the OPEB assumptions letter dated August 29, 2023, and are also outlined in Section 4, Exhibit 2. The assumption changes recommended in the experience study (decrement rates, salary scale, participation, and spouse coverage) resulted in an increase in the contribution rate of 0.58% of payroll, payable at the beginning of the year. There is also an increase in the unfunded actuarial accrued liability (UAAL) of $78.8 million associated with the updated assumptions recommended in the experience study. The new assumptions and methods had a greater impact on the contribution rate compared to the overall UAAL because of the new attribution period methodology used to develop normal cost.

[1] The smoothed investment return calculated for the OPEB Plan was 8.04%. This is lower than the 8.10% smoothed 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 smoothed actual investment income, investment expense and administrative expense, we sometimes could come up with a different return for the two Plans if: (a) the timing of the actual cash flows (especially the benefit payments) are different from what we assumed and/or (b) the actual income and expense allocated are different when compared to the proportion of the assets in the two Plans.

Section 1: Actuarial Valuation Summary

4. The funded ratios for Harbor Port Police and Airport Police are over 100.0%. For the purposes of developing the employer rates at Harbor and Airport, we have taken the surplus in those plans and amortized them over 30 years under the Board's Actuarial Funding Policy in providing small UAAL rate credits (0.22%, or about $37 thousand per year, and 0.65%, or about $63 thousand per year, respectively) and used those to offset part of the employers' Normal Cost rates and administrative expenses.
5. As indicated in Section 3, Exhibit H of this report, the total unrecognized investment gain as of June 30, 2023 is $7.3 million for the assets for Retirement and Health Subsidy Benefits. This investment gain will be recognized in the determination of the Actuarial Value of Assets for funding purposes in the next few years. For comparison purposes, the total unrecognized investment gain as of June 30, 2022 was $123.8 million.

   The net unrecognized investment gain represents less than 0.1% of the market value of assets as of June 30, 2023. Unless offset by future investment losses, or other unfavorable experience, the recognition of the $7.3 million market gains is expected to have a minor impact on the Health Plan's future funded ratio and contribution rate requirements. This potential impact may be illustrated as follows:
   a. If the net deferred gains were recognized immediately in the valuation value of assets, the funded percentage would increase from 77.75% to 77.77%. For comparison purposes, if the deferred gains in the June 30, 2022 valuation had been recognized immediately in the June 30, 2022 valuation, the funded percentage in that valuation would have been increased from 74.3% to 74.6%.
   b. If the deferred gains were recognized immediately in the valuation value of assets, the aggregate employer rate (payable beginning of the fiscal year) would remain level at 10.41% of payroll. For comparison purposes, if the deferred gains in the June 30, 2022 valuation had been recognized immediately in the June 30, 2022 valuation, the aggregate employer rate (payable beginning of the fiscal year) would have decreased from 10.27% to 10.22% of payroll.

6. Footnote 2 on page 41 shows that under the asset smoothing method, the net deferred gain of $7.3 million will be recognized over the next six years in a non-level (uneven) pattern. In particular, there will be various amounts of gains recognized in the next four years, followed by a relatively large loss, and finally one additional year of gains. This means that, absent any new gains or losses in the future, there would be four years of decreases in the employer contribution rate, followed by an increase, and finally one more year of a decrease, before the net deferred gain of $7.3 million is fully recognized.

   In keeping with model actuarial practice for this situation, as well as Section 10.8.1 of the Board's Actuarial Funding Policy and similar to what was proposed and adopted for the June 30, 2014 valuation, the asset smoothing method could be modified, effective July 1, 2024, by combining the net deferred gain of $7.3 million from the current valuation into a single six-year smoothing "layer" and thereby recognizing that gain over the next six years in six level amounts of approximately $1.2 million in each year. This would reduce the volatility associated with the current pattern of deferred gain/loss recognition and thereby result in both more stable funded ratios (on an actuarial value basis) and more level employer contribution rates.

   This change would have no impact on the current June 30, 2023 valuation results as the total amount of unrecognized losses as of June 30, 2023 would remain unchanged. Additionally, we recommend using a six-year smoothing period for the combined deferred losses as that will complete the recognition of the net deferred gain over the same time period as under the current separate smoothing layers. We can provide more details of this policy option as requested.

7. The actuarial valuation report as of June 30, 2023 is based on financial and demographic information as of that date. Changes subsequent to that date are not reflected and may impact the actuarial cost of the Plan.

8. The employer contribution rates provided in this report have been developed assuming that they will be made by the City either (1) throughout the year (i.e. the City will pay contributions at the end of every pay period), (2) on July 15 or (3) the beginning of the year.

9. As noted above, the GAS 74 report with a measurement date of June 30, 2023 for financial reporting purposes for the Plan is provided as a separate report.

10. The GAS 75 report with a measurement date of June 30, 2023 for financial reporting purposes for the employer (with a reporting date of June 30, 2024) will be provided in the first or second quarter of next year.

Summary of Valuation Results

		June 30, 2023	June 30, 2022
Actuarially Determined Contribution (ADC)[1]	At the beginning of year	10.41%	10.36%
	On July 15	10.44%	10.39%
	At the end of each biweekly pay period	10.76%	10.72%
Actuarial Accrued Liability as of June 30:	Retired members and beneficiaries	$2,089,472,202	$1,996,767,885
	Inactive vested members	175,452,404	154,804,311
	Active members	1,550,102,265	1,497,760,091
	Total Actuarial Accrued Liability	$3,815,026,871	$3,649,332,287
	Normal Cost for plan year beginning June 30[2]	83,191,273	80,776,866
Assets as of June 30:	Market Value of OPEB Assets	$2,966,815,106	$2,722,122,493
	Valuation Value of OPEB Assets (VVA)	2,966,078,413	2,710,079,288
	VVA as a percentage of Market Value of OPEB Assets	100.0%	99.6%
Funded status as of June 30:	Unfunded Actuarial Accrued Liability on Market Value of Retirement Assets basis	$848,211,765	$927,209,794
	Funded percentage on MVA basis	77.77%	74.59%
	Unfunded Actuarial Accrued Liability on Valuation Value of Retirement Assets basis	$848,948,458	$939,252,999
	Funded percentage on VVA basis[3]	77.75%	74.26%
Key assumptions	Net investment return	7.00%	7.00%
	Price Inflation	2.50%	2.75%
	Payroll growth	3.00%	3.25%
Demographic Data as of June 30:	Number of retired members and beneficiaries	11,972	11,669
	Number of inactive members eligible for deferred benefits	1,017	1,011
	Number of active members	12,571	12,771
	Projected compensation	$1,698,778,328	$1,664,317,874

[1] Rates as of June 30, 2022 are recalculated to reflect payroll of active members enrolled in the various tiers as of June 30, 2023. There is a change in the total aggregate rate determined in the June 30, 2022 valuation calculated using the 2022 projected payroll by tier compared to that total aggregate rate recalculated above using the 2023 projected payroll by tier as a result of new members entering Tier 6 and active members leaving the other Tiers.

[2] Normal Cost as of June 30, 2022 is recalculated to reflect payroll of active members enrolled in the various tiers as of June 30, 2023, as described above

[3] The funded ratios on VVA basis excluding Harbor Port Police and Airport Police Officers are 77.55% and 74.09% as of June 30, 2023 and June 30, 2022, respectively.

Important Information about Actuarial Valuations

An actuarial valuation is a budgeting tool with respect to the financing of future projected obligations of an OPEB plan. As such, it will never forecast the precise future stream of benefit payments. It is an estimated forecast – the actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan.

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

Plan Provisions	Plan provisions define the rules that will be used to determine benefit payments, and those rules, or the interpretation of them, may change over time. Even where they appear precise, outside factors may change how they operate. It is important to keep Segal informed with respect to plan provisions and administrative procedures, and to review the plan description in this report 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.
Financial information	Part of the cost of a plan will be paid from existing assets — the balance will need to come from future contributions and investment income. The valuation is based on the asset values as of the valuation date, typically reported by the System. A snapshot as of a single date may not be an appropriate value for determining a single year's contribution requirement, especially in volatile markets. Plan sponsors often use an "actuarial value of assets" that differs from market value to gradually reflect year-to-year changes in the market value of assets in determining the contribution requirements.
Actuarial assumptions	In preparing an actuarial valuation, Segal starts by developing a forecast of the benefits to be paid to existing plan participants for the rest of their lives and the lives of their beneficiaries. To determine the future costs of benefits, Segal collects claims, premiums, and enrollment data in order to establish a baseline cost for the valuation measurement, and then develops short- and long-term health care cost trend rates to project increases in costs in future years. This forecast also requires actuarial assumptions as to the probability of death, disability, withdrawal, and retirement of each participant for each year, as well as forecasts of the plan's benefits for each of those events. The forecasted benefits are then discounted to a present value, typically based on an estimate of the rate of return that will be achieved on the plan's assets or, if there are no assets, a rate of return based on a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). All of these factors are uncertain and unknowable. Thus, there will be a range of reasonable assumptions, and the results may vary materially based on which assumptions the actuary selects within that range. That is, there is no right answer (except with hindsight). It is important for any user of an actuarial valuation to understand and accept this constraint. The actuarial model necessarily uses approximations and estimates that may lead to significant changes in our results but will have no impact on the actual cost of the plan. In addition, the actuarial assumptions may change over time, and while this can have a significant impact on the reported results, it does not mean that the previous assumptions or results were unreasonable or wrong.

Section 1: Actuarial Valuation Summary

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

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.
- Sections of this report include actuarial results that are not rounded, but that does not imply precision.
- Critical events for a plan include, but are not limited to, decisions about changes in benefits and contributions. The basis for such decisions needs to consider many factors such as the risk of changes in plan enrollment, emerging claims experience, health care trend, and investment losses, not just the current valuation results.
- While Segal maintains extensive quality assurance procedures, an actuarial valuation involves complex computer models and numerous inputs. In the event that an inaccuracy is discovered after presentation of Segal's valuation, Segal may revise that valuation or make an appropriate adjustment in the next valuation.

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

Actuarial Certification

November 8, 2023

This is to certify that Segal has conducted an actuarial valuation of certain benefit obligations of the City of Los Angeles Fire and Police Pension Plan's other postemployment benefit (OPEB) program as of June 30, 2023, in accordance with generally accepted actuarial principles and practices.

The actuarial valuation is based on the plan of benefits verified by LAFPP and reliance on participant, premium, claims and expense data provided by LAFPP. Segal has not audited the data provided. The accuracy and comprehensiveness of the data is the responsibility of those supplying the data. Segal, however, has reviewed the data for reasonableness and consistency.

One of the general goals of an actuarial valuation is to establish contributions that fully fund the OPEB Plan's liabilities, and that, as a percentage of payroll, remain as level as possible for each generation of active members. Both the Normal Cost and the Actuarial Accrued Liability are determined under the Entry Age cost method.

The actuarial computations made are for funding plan benefits. Accordingly, additional determinations will be needed for other purposes, such as satisfying financial accounting requirements under Governmental Accounting Standards Board Statements No. 74 and judging benefit security at termination of the plan.

To the best of our knowledge, this report is complete and accurate and in our opinion presents the information necessary to fund the Plan with respect to the benefit obligations addressed. The signing actuaries are members of the Society of Actuaries, the American Academy of Actuaries, and other professional actuarial organizations and collectively meet their "General Qualification Standards for Statements of Actuarial Opinions" to render the actuarial opinion contained herein.

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

Mehdi Riazi
Mehdi Riazi, FSA, FCA, MAAA, EA
Vice President and Actuary

Mary Kirby
Mary P. Kirby, FSA, FCA, MAAA
Senior Vice President and Actuary

Section 2: Actuarial Valuation Results

A. Actuarial Present Value of Total Projected Benefits and Actuarial Balance Sheet

The actuarial present value of total projected benefits uses the actuarial assumptions disclosed in Section 4 to calculate the value today of all benefits expected to be paid to current actives and retired plan members. The actuarial balance sheet shows the expected breakdown of how these benefits will be financed.

	Actuarial Present Value of Total Projected Benefits	
	June 30, 2023	**June 30, 2022**
Participant Category		
Current retirees, beneficiaries, and dependents	$2,089,472,202	$1,996,767,885
Current active members	2,498,178,258	2,392,894,611
Terminated members entitled but not yet eligible and retirees and beneficiaries with deferred health benefits	175,452,404	154,804,311
Total	**$4,763,102,864**	**$4,544,466,807**

	Actuarial Balance Sheet	
	June 30, 2023	**June 30, 2022**
Assets		
1. Valuation value of assets	$2,966,078,413	$2,710,079,288
2. Present value of future normal costs	948,075,993	895,134,520
3. Unfunded actuarial accrued liability	848,948,458	939,252,999
4. Present value of current and future assets	**$4,763,102,864**	**$4,544,466,807**
Liabilities		
5. Actuarial present value of total projected benefits	**$4,763,102,864**	**$4,544,466,807**

B. Actuarial Accrued Liability (AAL) and Unfunded AAL (UAAL)

The actuarial accrued liability shows that portion of the actuarial present value of total projected benefits allocated to periods prior to the valuation date by the actuarial cost method. The chart below shows the portion of the liability for active and inactive members, and reconciles the unfunded actuarial accrued liability from last year to this year.

	June 30, 2023	June 30, 2022
Participant Category		
Current retirees, beneficiaries, and dependents	$2,089,472,202	$1,996,767,885
Current active members	1,550,102,265	1,497,760,091
Terminated members entitled but not yet eligible and retirees and beneficiaries with deferred health benefits	175,452,404	154,804,311
Total actuarial accrued liability	**$3,815,026,871**	**$3,649,332,287**
Valuation value of assets	2,966,078,413	2,710,079,288
Unfunded actuarial accrued liability	**$848,948,458**	**$939,252,999**
Development of Unfunded Actuarial Accrued Liability for the Year Ended June 30, 2023		
1. Unfunded actuarial accrued liability at beginning of year		**$939,252,999**
2. Normal cost and allocated administrative expenses from prior valuation		79,422,718
3. Expected employer contributions during 2022/2023 fiscal year		170,911,416
4. Interest on prior year UAAL, normal cost, administrative expenses, and contributions		60,039,478
5. Expected unfunded actuarial accrued liability (1 + 2 – 3 + 4)		**$907,803,779**
6. Change due to investment experience (after smoothing)		(29,335,987)
7. Change due to actual contributions more than expected		(15,886,029)
8. Change due to updated 2023/2024 premium, subsidy levels[1], health plan elections, and aging factors		(161,881,175)
9. Change due to reflecting demographic, salary scale, and retiree health assumption changes from the triennial experience study		78,825,496
10. Change due to updated future trend assumptions		51,339,954
11. Change due to miscellaneous demographic experience[2]		18,082,420
12. Total change (6 + 7 + 8 + 9 + 10 + 11)		**($58,855,321)**
13. Unfunded actuarial accrued liability as of June 30, 2023		**$848,948,458**

[1] The decrease in UAAL due to the non-Medicare subsidy increasing by 6.00% instead of the assumed 7.00% was $3,622,687

[2] Other differences in actual versus expected experience including (but not limited to) retirement, mortality, disability and termination experiences.

C. Table of Amortization Bases

Amortization payments are calculated as level dollar amounts for Tier 1 and as amounts designed to remain level as a percent of a growing payroll base for all other tiers. The Board of the City of Los Angeles Fire and Police Pension Plan has elected to amortize the unfunded actuarial accrued liability using the following amortization periods:

Type of Base	Amortization Period (Closed)
Actuarial gains or losses	20
Assumption or method changes from Triennial Experience Study	20
Retiree health assumption changes[1]	20
Plan amendments	15
ERIPs	5
Actuarial surplus	30

As part of the Board's review of the actuarial funding policy before the June 30, 2022 valuation, the Board decided to combine all the Tier 1 UAAL bases carried over from the June 30, 2021 valuation into a single base and amortize those over 14 years starting with the June 30, 2022 valuation. Furthermore, the Board decided to amortize the Plan's UAAL only by source (instead of the prior practice by source and by tier).

Beginning with the June 30, 2022 funding valuation, the annual contributions required to amortize the unfunded actuarial accrued liability will be determined consistent with the updated funding policy approved by the Board on May 19, 2022 as discussed above.

[1] Retiree health assumption changes are included with experience gains and losses in the funding valuation.

C. Table of Amortization Bases (continued)

City[1]

Type[2]	Date Established	Initial Balance	Initial Period	Outstanding Balance	Years Remaining	Annual Payment[3]
Combined Base	06/30/2011[4]	$1,645,865,584	25	$1,600,136,708	13	$153,140,177
Experience Gain	06/30/2012	(123,165,692)	20	(98,409,201)	9	(12,673,019)
Experience Loss	06/30/2013	26,238,498	20	21,995,368	10	2,595,335
Experience Gain	06/30/2014	(118,390,622)	20	(103,093,324)	11	(11,257,013)
Assumption Change	06/30/2014	61,261,787	25	61,799,485	16	5,061,585
Experience Loss	06/30/2015	23,344,752	20	20,993,662	12	2,138,766
Experience Gain	06/30/2016	(28,046,568)	20	(25,868,861)	13	(2,475,765)
Assumption Change	06/30/2017	211,126,953	20	198,564,667	14	17,956,286
Experience Gain	06/30/2017	(131,226,393)	20	(123,418,279)	14	(11,160,767)
Experience Loss	06/30/2018	47,737,813	20	45,727,387	15	3,926,839
Assumption Change	06/30/2019	53,376,179	20	51,847,476	16	4,246,482
Experience Gain	06/30/2019	(197,806,773)	20	(192,141,544)	16	(15,737,035)
Assumption Change	06/30/2020	120,297,055	20	118,044,759	17	9,256,174
Experience Gain	06/30/2020	(183,568,504)	20	(180,131,591)	17	(14,124,552)
Experience Gain	06/30/2021	(133,783,925)	20	(132,490,032)	18	(9,979,415)
Tier 1 UAAL[5]	06/30/2021	12,306,600	14	11,306,055	13	1,264,280
Experience Gain	06/30/2022	(368,354,813)	20	(367,058,956)	19	(26,637,039)
Assumption change	06/30/2023	78,187,027	20	78,187,027	20	5,481,086
Experience Gain	06/30/2023	(135,232,953)	20	(135,232,953)	20	(9,480,133)
Subtotal				**$850,757,853**		**$91,542,272**

Note: Results may not total due to rounding.

[1] Excludes Harbor Port Police and Airport Police.
[2] Experience gain and loss layers include changes in retiree health assumptions other than those recommended in the experience study (e.g., health trend, per capita health costs).
[3] Level percentage of payroll amortization payable as of the beginning of the year, except for Tier 1 UAAL which is expressed as a level dollar amortization payable as of the beginning of the year.
[4] Prior to the June 30, 2012 valuation, separate amortization layers were not maintained.
[5] The Tier 1 UAAL of $12,306,600 as of June 30, 2021 was rolled forward to June 30, 2022 and amortized over a fixed 14-year period starting June 30, 2022.

C. Table of Amortization Bases (continued)

Harbor Port Police

Type[1]	Date Established	Initial Balance	Initial Period	Outstanding Balance	Years Remaining	Annual Payment[2]
Actuarial Surplus[3]	06/30/2023	($667,482)	30	($667,482)	30	($36,634)
Subtotal				**($667,482)**		**($36,634)**

Note: Results may not total due to rounding

[1] Experience gain and loss layers include changes in retiree health assumptions other than those recommended in the experience study (e.g., health trend, per capita health costs).
[2] Level percentage of payroll amortization.
[3] Consistent with LAFPP's funding policy, all prior UAAL layers are considered fully amortized due to surplus. The surplus is amortized over a non-decreasing 30-year period.

C. Table of Amortization Bases (continued)

Airport Police

Type[1]	Date Established	Initial Balance	Initial Period	Outstanding Balance	Years Remaining	Annual Payment[2]
Actuarial Surplus[3]	06/30/2023	($1,141,913)	30	($1,141,913)	30	($62,672)
Subtotal				**($1,141,913)**		**($62,672)**

Note: Results may not total due to rounding

1 Experience gain and loss layers include changes in retiree health assumptions other than those recommended in the experience study (e.g., health trend, per capita health costs).
2 Level percentage of payroll amortization.
3 Consistent with LAFPP's funding policy, all prior UAAL layers are considered fully amortized due to surplus. The surplus is amortized over a non-decreasing 30-year period.

C. Table of Amortization Bases (continued)

Total Plan

Type[1]	Date Established	Initial Balance	Initial Period	Outstanding Balance	Years Remaining	Annual Payment[2]
Combined Base	06/30/2011	$1,645,865,584	25	$1,600,136,708	13	$153,140,177
Experience Gain	06/30/2012	(123,165,692)	20	(98,409,201)	9	(12,673,019)
Experience Loss	06/30/2013	26,238,498	20	21,995,368	10	2,595,335
Experience Gain	06/30/2014	(118,390,622)	20	(103,093,324)	11	(11,257,013)
Assumption change	06/30/2014	61,261,787	25	61,799,485	16	5,061,585
Experience Loss	06/30/2015	23,344,752	20	20,993,662	12	2,138,766
Experience Gain	06/30/2016	(28,046,568)	20	(25,868,861)	13	(2,475,765)
Assumption change	06/30/2017	211,126,953	20	198,564,667	14	17,956,286
Experience Gain	06/30/2017	(131,226,393)	20	(123,418,279)	14	(11,160,767)
Experience Loss	06/30/2018	47,737,813	20	45,727,387	15	3,926,839
Assumption change	06/30/2019	53,376,179	20	51,847,476	16	4,246,482
Experience Gain	06/30/2019	(197,806,773)	20	(192,141,544)	16	(15,737,035)
Assumption Change	06/30/2020	120,297,055	20	118,044,759	17	9,256,174
Experience Gain	06/30/2020	(183,568,504)	20	(180,131,591)	17	(14,124,552)
Experience Gain	06/30/2021	(133,783,925)	20	(132,490,032)	18	(9,979,415)
Tier 1 UAAL	06/30/2021	12,306,600	14	11,306,055	13	1,264,280
Experience Gain	06/30/2022	(368,828,453)	20	(367,058,956)	19	(26,637,039)
Harbor Surplus	06/30/2023	(667,482)	30	(667,482)	30	(36,634)
Airport Surplus	06/30/2023	(1,141,913)	30	(1,141,913)	30	(62,672)
Assumption change	06/30/2023	78,187,027	20	78,187,027	20	5,481,086
Experience Gain	06/30/2023	(135,232,953)	20	(135,232,953)	20	(9,480,133)
Total				**$848,948,458**		**$91,442,966**

Note: Results may not total due to rounding.

[1] Experience gain and loss layers include changes in retiree health assumptions other than those recommended in the experience study (e.g., health trend, per capita health costs).
[2] Level percentage of payroll amortization payable as of the beginning of the year, except for Tier 1 UAAL which is expressed as a level dollar amortization payable as of the beginning of the year.

D. Development of Actuarially Determined Contribution (ADC)

Actuarially Determined Contribution (ADC) is the amount calculated to determine the annual cost of the OPEB plan for funding purposes on an accrual basis. The calculation consists of adding the Normal Cost of the plan to an amortization payment and a payment for administrative expenses separately for each Tier. They are determined as of the start of the period and adjusted as if the annual cost were to be contributed throughout the fiscal year or on July 15th.

	Determined as of June 30			
	2023		2022	
Description	**Amount**	**Percentage of Compensation**	**Amount**	**Percentage of Compensation**
1. Normal cost	$83,191,273	4.90%	$77,652,865	4.66%
2. Amortization of the unfunded actuarial accrued liability	91,442,966	5.38%	91,488,698	5.50%
3. Allocated amount for administrative expenses	2,134,951	0.13%	1,769,853	0.11%
4. Total actuarially determined contribution at beginning of year	**$176,769,190**	**10.41%**	**$170,911,416**	**10.27%**
5. Adjustment for timing (payable July 15)	499,035	0.03%	482,497	0.03%
6. Total actuarially determined contribution (payable July 15)	**$177,268,225**	**10.44%**	**$171,393,913**	**10.30%**
7. Adjustment for timing (payable throughout the year)	6,082,282	0.35%	5,880,729	0.35%
8. Total actuarially determined contribution (payable throughout the year)	**$182,851,472**	**10.76%**	**$176,792,145**	**10.62%**
9. Projected Compensation	$1,698,778,328		$1,664,317,874	

E. Reconciliation of Recommended Contribution from June 30, 2022 to June 30, 2023[1]

The chart below details the changes in the ADC from the prior valuation to the current year.

1. Recommended Contribution as of June 30, 2022	**10.36%**
2. Effect of smaller than expected projected compensation	0.12%
3. Change due to investment gain (after smoothing)	(0.12%)
4. Change due to actual contributions more than expected	(0.07%)
5. Change due to updated 2023/2024 premiums, underlying claims estimates, subsidy levels[2], and health plan elections	(0.86%)
6. Change due to reflecting demographic, salary scale, and retiree health assumption changes from the triennial experience study	0.58%
7. Change due to updated future trend assumptions	0.30%
8. Change due to miscellaneous demographic experience	0.10%
9. Total change	0.05%
10. Recommended Contribution as of June 30, 2023	**10.41%**

[1] Based on contributions at beginning of year.
[2] Decrease in contribution rate due to non-Medicare subsidy increasing by 6.00% instead of assumed 7.00% was 0.02%.

F. Schedule of Employer Contributions

Fiscal Year Ended June 30	Actuarially Determined Contributions[1]	Actual Contributions[1]	Percentage Contributed
2018	$178,462,244[2]	$178,462,244[2]	100.00%
2019	188,019,917	188,019,917	100.00%
2020	193,213,520	193,213,520	100.00%
2021	200,424,568	200,424,568	100.00%
2022	193,139,555	193,139,555	100.00%
2023	186,418,480	186,418,480	100.00%

This schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

G. Schedule of Funding Progress

(Amounts in $1,000s)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b) - (a) / (c)]
06/30/2018	$1,819,359	$3,547,777	$1,728,417	51.28%	$1,546,043	111.80%
06/30/2019	2,016,202	3,590,023	1,573,821	56.16%	1,583,808	99.37%
06/30/2020	2,214,552	3,709,858	1,495,307	59.69%	1,670,245	89.53%
06/30/2021	2,455,726	3,793,174	1,337,448	64.74%	1,684,785	79.38%
06/30/2022	2,710,079	3,649,332	939,253	74.26%	1,664,318	56.43%
06/30/2023	2,966,078	3,815,027	848,948	77.75%	1,698,778	49.97%

1 Payable as of July 15.
2 Excludes $517,068 transferred from LACERS for the Airport Police members who elected to join LAFPP Tier 6.

Section 3: Supplemental Information

Exhibit A: Summary of Participant Data

Retiree Health Actuarial Valuation

	June 30, 2023	June 30, 2022
Retired Members		
Number of non-disabled retirees	9,186	8,843
Number of disabled retirees	1,074	1,123
Total Number of Retirees	10,260	9,966
Average age of retirees	71.3	71.4
Number of spouses/domestic partners of retirees receiving subsidy	6,781	6,562
Average age of spouses/domestic partners of retirees receiving subsidy	67.8	67.9
Beneficiaries		
Number	1,712	1,703
Average age	80.1	80.2
Active Members in Valuation		
Number	12,571	12,771
Average age	42.1	42.4
Average years of service	15.0	15.4
Vested Terminated Members		
Number		
• Eligible for deferred pension and health benefits	39	52
• Retirees and beneficiaries not in pay status but eligible for deferred health benefits	978	959
Total Number of Vested Terminated Members	1,017	1,011
Average age	50.7	51.0

Summary of Participant Data (continued)

Pension Actuarial Valuation

	June 30, 2023	June 30, 2022
Retired Members		
Number of non-disabled retirees	10,018	9,647
Number of disabled retirees	1,598	1,656
Total Number of Retirees	11,616	11,303
Average age of retirees	70.2	70.3
Beneficiaries		
Number	2,515	2,518
Average age	75.8	75.9
Active Members in Valuation		
Number	12,571	12,771
Average age	42.1	42.4
Average years of service	15.0	15.4
Vested Terminated Members[1]		
Number	39	52
Average age	48.4	49.1

[1] Excludes 737 in 2023 and 671 in 2022 of terminated members not eligible for retiree health benefit due to service or due only a refund of member contributions.

Exhibit B: Reconciliation of Retiree Health Participant Data with Pension Participant Data

	June 30, 2023	June 30, 2022
Retired Members		
Pension valuation	10,018	9,647
Retirees with no subsidy due to service or decision not to enroll	-194	-186
Deferred retirees eligible for future health benefits	-638	-618
Health valuation	**9,186**	**8,843**
Disabled Members		
Pension valuation	1,598	1,656
Disableds with no subsidy due to service or decision not to enroll	-386	-400
Deferred disableds eligible for future health benefits	-138	-133
Health valuation	**1,074**	**1,123**
Beneficiaries		
Pension valuation	2,515	2,518
Surviving spouses with no subsidy due to service or decision not to enroll	-601	-607
Deferred surviving spouses eligible for future health benefits	-202	-208
Health valuation	**1,712**	**1,703**
Active Members		
Pension valuation	12,571	12,771
Health valuation	12,571	12,771
Vested Terminated Members		
Pension valuation[1]	39	52
Retirees eligible for deferred health benefits	+638	+618
Disableds eligible for deferred health benefits	+138	+133
Beneficiaries eligible for deferred health benefits	+202	+208
Health valuation	**1,017**	**1,011**

[1] Excludes 737 in 2023 and 671 in 2022 terminated members not eligible for retiree health benefit due to service or due only a refund of member contributions.

Exhibit C: Recommended Employer Contribution Rates

Tier 1 Members - City	June 30, 2023 Amount	June 30, 2023 % of Payroll	June 30, 2022 Amount[1]	June 30, 2022 % of Payroll
1. Employer Normal Cost	$0	N/A	$0	N/A
2. Actuarial Accrued Liability	5,629,666		6,528,006	
3. Payment on Unfunded Actuarial Accrued Liability[2]	0	5.47%	0	5.59%
4. Payment for administrative expenses	0	0.13%	0	0.11%
5. Projected compensation	0		N/A	
6. Total recommended contribution[3]: 1 + 3 + 4	**$0**	**5.60%**	**$0**	**5.70%**
7. Total recommended contribution, July 15	**$0**	**5.62%**	**$0**	**5.72%**
8. Total recommended contribution, biweekly	**$0**	**5.79%**	**$0**	**5.90%**

Note: Contributions are assumed to be paid at the beginning of the year, unless otherwise noted.

[1] Amounts are revised to reflect payroll as of June 30, 2023.

[2] UAAL rate is calculated using the City's total UAAL payment of $91,542,272 and total payroll of $1,672,491,632.

[3] As part of the May 19, 2022 amendment to the funding policy, the UAAL amortization payment for each City Tier is determined in proportion to the covered payroll for that Tier. As Tier 1 has no active members, the Normal Cost and UAAL amortization payment for Tier 1 is $0.

Exhibit C: Recommended Employer Contribution Rates (continued)

Tier 2 Members - City	June 30, 2023 Amount	June 30, 2023 % of Payroll	June 30, 2022 Amount[1]	June 30, 2022 % of Payroll
1. Employer Normal Cost	$12,218	2.61%	$13,005	2.78%
2. Actuarial Accrued Liability	601,425,045		645,386,936	
3. Payment on Unfunded Actuarial Accrued Liability[2]	25,605	5.47%	26,150	5.59%
4. Payment for administrative expenses	588	0.13%	515	0.11%
5. Projected compensation	$467,803		N/A	
6. Total recommended contribution: 1 + 3 + 4	**$38,411**	**8.21%**	**$39,670**	**8.48%**
7. Total recommended contribution, July 15	**$38,519**	**8.23%**	**$39,782**	**8.50%**
8. Total recommended contribution, biweekly	**$39,733**	**8.49%**	**$41,035**	**8.77%**

Note: Contributions are assumed to be paid at the beginning of the year, unless otherwise noted.

[1] Amounts are revised to reflect payroll as of June 30, 2023.
[2] UAAL rate is calculated using the City's total UAAL payment of $91,542,272 and total payroll of $1,672,491,632.

Exhibit C: Recommended Employer Contribution Rates (continued)

Tier 3 Members - City	June 30, 2023 Amount	June 30, 2023 % of Payroll	June 30, 2022 Amount[1]	June 30, 2022 % of Payroll
1. Employer Normal Cost	$2,552,006	4.31%	$2,529,283	4.27%
2. Actuarial Accrued Liability	255,500,249		249,982,874	
3. Payment on Unfunded Actuarial Accrued Liability[2]	3,242,106	5.47%	3,311,169	5.59%
4. Payment for administrative expenses	74,443	0.13%	65,157	0.11%
5. Projected compensation	$59,233,789		N/A	
6. Total recommended contribution: 1 + 3 + 4	**$5,868,555**	**9.91%**	**$5,905,609**	**9.97%**
7. Total recommended contribution, July 15	**$5,885,122**	**9.94%**	**$5,922,281**	**10.00%**
8. Total recommended contribution, biweekly	**$6,070,480**	**10.25%**	**$6,108,809**	**10.31%**

Note: Contributions are assumed to be paid at the beginning of the year, unless otherwise noted.

[1] Amounts are revised to reflect payroll as of June 30, 2023.
[2] UAAL rate is calculated using the City's total UAAL payment of $91,542,272 and total payroll of $1,672,491,632.

Exhibit C: Recommended Employer Contribution Rates (continued)

Tier 4 Members - City	June 30, 2023 Amount	June 30, 2023 % of Payroll	June 30, 2022 Amount[1]	June 30, 2022 % of Payroll
1. Employer Normal Cost	$1,016,534	4.34%	$1,021,945	4.36%
2. Actuarial Accrued Liability	120,081,970		116,842,192	
3. Payment on Unfunded Actuarial Accrued Liability[2]	1,282,918	5.47%	1,310,246	5.59%
4. Payment for administrative expenses	29,457	0.13%	25,783	0.11%
5. Projected compensation	$23,439,105		N/A	
6. Total recommended contribution: 1 + 3 + 4	**$2,328,909**	**9.94%**	**$2,357,974**	**10.06%**
7. Total recommended contribution, July 15	**$2,335,484**	**9.96%**	**$2,364,631**	**10.09%**
8. Total recommended contribution, biweekly	**$2,409,042**	**10.28%**	**$2,439,107**	**10.41%**

Note: Contributions are assumed to be paid at the beginning of the year, unless otherwise noted.

1 Amounts are revised to reflect payroll as of June 30, 2023.
2 UAAL rate is calculated using the City's total UAAL payment of $91,542,272 and total payroll of $1,672,491,632.

Exhibit C: Recommended Employer Contribution Rates (continued)

Tier 5 Members - City[1]	June 30, 2023 Amount	June 30, 2023 % of Payroll	June 30, 2022 Amount[2]	June 30, 2022 % of Payroll
1. Employer Normal Cost	$42,822,199	4.04%	$42,330,083	3.99%
2. Actuarial Accrued Liability	2,633,902,107		2,473,156,308	
3. Payment on Unfunded Actuarial Accrued Liability[3]	58,067,611	5.47%	59,304,552	5.59%
4. Payment for administrative expenses	1,333,299	0.13%	1,166,995	0.11%
5. Projected compensation	$1,060,904,331		N/A	
6. Total recommended contribution: 1 + 3 + 4	**$102,223,109**	**9.64%**	**$102,801,630**	**9.69%**
7. Total recommended contribution, July 15	**$102,511,694**	**9.66%**	**$103,091,848**	**9.72%**
8. Total recommended contribution, biweekly	**$105,740,406**	**9.97%**	**$106,338,833**	**10.03%**

Note: Contributions are assumed to be paid at the beginning of the year, unless otherwise noted.

1 Excludes Harbor Port Police.
2 Amounts are revised to reflect payroll as of June 30, 2023.
3 UAAL rate is calculated using the City's total UAAL payment of $91,542,272 and total payroll of $1,672,491,632.

Exhibit C: Recommended Employer Contribution Rates (continued)

Tier 6 Members - City[1]	June 30, 2023 Amount	June 30, 2023 % of Payroll	June 30, 2022 Amount[2]	June 30, 2022 % of Payroll
1. Employer Normal Cost	$35,063,925	6.63%	$33,239,291	6.29%
2. Actuarial Accrued Liability	173,489,376		135,138,498	
3. Payment on Unfunded Actuarial Accrued Liability[3]	28,924,032	5.47%	29,540,165	5.59%
4. Payment for administrative expenses	664,129	0.13%	581,291	0.11%
5. Projected compensation	$528,446,604		N/A	
6. Total recommended contribution: 1 + 3 + 4	**$64,652,086**	**12.23%**	**$63,360,747**	**11.99%**
7. Total recommended contribution, July 15	**$64,834,605**	**12.27%**	**$63,539,620**	**12.02%**
8. Total recommended contribution, biweekly	**$66,876,638**	**12.66%**	**$65,540,866**	**12.40%**

Note: Contributions are assumed to be paid at the beginning of the year, unless otherwise noted.

[1] Excludes Harbor Port Police and Airport Police.
[2] Amounts are revised to reflect payroll as of June 30, 2023.
[3] UAAL rate is calculated using the City's total UAAL payment of $91,542,272 and total payroll of $1,672,491,632.

Exhibit C: Recommended Employer Contribution Rates (continued)

All Tiers Combined - City[1]	June 30, 2023 Amount	June 30, 2023 % of Payroll	June 30, 2022 Amount[2]	June 30, 2022 % of Payroll
1. Employer Normal Cost	$81,466,882	4.87%	$79,133,607	4.73%
2. Actuarial Accrued Liability	3,790,028,413		3,627,034,814	
3. Valuation Value of Assets	2,939,270,560		2,687,097,705	
4. Unfunded Actuarial Accrued Liability: **2 – 3**	$850,757,853		$939,937,109	
5. Payment on Unfunded Actuarial Accrued Liability	91,542,272	5.47%	93,492,282	5.59%
6. Payment for administrative expenses	2,101,916	0.13%	1,839,741	0.11%
7. Projected compensation	$1,672,491,632		N/A	
8. Total recommended contribution: 1 + 5 + 6	**$175,111,070**	**10.47%**	**$174,465,630**	**10.43%**
9. Total recommended contribution, July 15	**$175,605,424**	**10.50%**	**$174,958,162**	**10.46%**
10. Total recommended contribution, biweekly	**$181,136,299**	**10.83%**	**$180,468,650**	**10.79%**

Note: Contributions are assumed to be paid at the beginning of the year, unless otherwise noted.

[1] Excludes Harbor Port Police and Airport Police.
[2] Amounts are revised to reflect payroll as of June 30, 2023.

Exhibit C: Recommended Employer Contribution Rates (continued)

Tier 5 Members – Harbor Port Police	June 30, 2023 Amount	June 30, 2023 % of Payroll	June 30, 2022 Amount[1]	June 30, 2022 % of Payroll
1. Employer Normal Cost	$718,054	5.61%	$677,706	5.30%
2. Actuarial Accrued Liability	19,739,772		17,527,925	
3. Payment on Unfunded Actuarial Accrued Liability or (Surplus)[2]	(28,250)	(0.22%)	(26,853)	(0.21%)
4. Payment for administrative expenses	16,070	0.13%	14,066	0.11%
5. Projected compensation	$12,786,907		N/A	
6. Total recommended contribution: 1 + 3 + 4	**$705,874**	**5.52%**	**$664,919**	**5.20%**
7. Total recommended contribution, July 15	**$707,867**	**5.54%**	**$666,796**	**5.21%**
8. Total recommended contribution, biweekly	**$730,162**	**5.71%**	**$687,798**	**5.38%**

Note: Contributions are assumed to be paid at the beginning of the year, unless otherwise noted.

[1] Amounts are revised to reflect payroll as of June 30, 2023.
[2] UAAL rate is calculated using the Harbor Port Police's total UAAL or (Surplus) payment of ($36,634) and total payroll of $16,581,985.

Exhibit C: Recommended Employer Contribution Rates (continued)

Tier 6 Members – Harbor Port Police	June 30, 2023 Amount	June 30, 2023 % of Payroll	June 30, 2022 Amount[1]	June 30, 2022 % of Payroll
1. Employer Normal Cost	$233,513	6.15%	$209,109	5.51%
2. Actuarial Accrued Liability	1,294,192		1,058,402	
3. Payment on Unfunded Actuarial Accrued Liability or (Surplus)[2]	(8,384)	(0.22%)	(8,007)	(0.21%)
4. Payment for administrative expenses	4,769	0.13%	4,175	0.11%
5. Projected compensation	$3,795,078		N/A	
6. Total recommended contribution: 1 + 3 + 4	**$229,898**	**6.06%**	**$205,277**	**5.41%**
7. Total recommended contribution, July 15	**$230,547**	**6.07%**	**$205,857**	**5.43%**
8. Total recommended contribution, biweekly	**$237,808**	**6.27%**	**$212,340**	**5.60%**

Note: Contributions are assumed to be paid at the beginning of the year, unless otherwise noted.

[1] Amounts are revised to reflect payroll as of June 30, 2023.

[2] UAAL rate is calculated using the Harbor Port Police's total UAAL or (Surplus) payment of ($36,634) and total payroll of $16,581,985.

Exhibit C: Recommended Employer Contribution Rates (continued)

All Tiers Combined – Harbor Port Police	June 30, 2023 Amount	June 30, 2023 % of Payroll	June 30, 2022 Amount[1]	June 30, 2022 % of Payroll
1. Employer Normal Cost	$951,567	5.73%	$886,815	5.35%
2. Actuarial Accrued Liability	21,033,964		18,586,327	
3. Valuation Value of Assets	21,701,446		19,273,421	
4. Unfunded Actuarial Accrued Liability or (Surplus): 2 – 3	($667,482)		($687,094)	
5. Payment on Unfunded Actuarial Accrued Liability or (Surplus)	(36,634)	(0.22%)	(34,860)	(0.21%)
6. Payment for administrative expenses	20,839	0.13%	18,241	0.11%
7. Projected compensation	$16,581,985		N/A	
8. Total recommended contribution: 1 + 5 + 6	**$935,772**	**5.64%**	**$870,196**	**5.25%**
9. Total recommended contribution, July 15	**$938,414**	**5.66%**	**$872,653**	**5.26%**
10. Total recommended contribution, biweekly	**$967,970**	**5.84%**	**$900,138**	**5.43%**

Note: Contributions are assumed to be paid at the beginning of the year, unless otherwise noted.

[1] Amounts are revised to reflect payroll as of June 30, 2023.

Exhibit C: Recommended Employer Contribution Rates (continued)

Tier 6 Members – Airport Police	June 30, 2023 Amount	June 30, 2023 % of Payroll	June 30, 2022 Amount[1]	June 30, 2022 % of Payroll
1. Employer Normal Cost	$772,824	7.96%	$691,946	7.13%
2. Actuarial Accrued Liability	3,964,494		3,711,146	
3. Valuation Value of Assets	5,106,407		3,708,162	
4. Unfunded Actuarial Accrued Liability or (Surplus): 2 – 3	($1,141,913)		$2,984	
5. Payment on Unfunded Actuarial Accrued Liability or (Surplus)	(62,672)	(0.65%)	2,911	0.03%
6. Payment for administrative expenses	12,196	0.13%	10,675	0.11%
7. Projected compensation	$9,704,711		N/A	
8. Total recommended contribution: 1 + 5 + 6	**$722,348**	**7.44%**	**$705,532**	**7.27%**
9. Total recommended contribution, July 15	**$724,387**	**7.46%**	**$707,524**	**7.29%**
10. Total recommended contribution, biweekly	**$747,203**	**7.70%**	**$729,808**	**7.52%**

Note: Contributions are assumed to be paid at the beginning of the year, unless otherwise noted.

[1] Amounts are revised to reflect payroll as of June 30, 2023.

Exhibit C: Recommended Employer Contribution Rates (continued)

All Tiers Combined	June 30, 2023 Amount	June 30, 2023 % of Payroll	June 30, 2022 Amount[1]	June 30, 2022 % of Payroll
1. Employer Normal Cost	$83,191,273	4.90%	$80,712,368	4.75%
2. Actuarial Accrued Liability	3,815,026,871		3,649,332,287	
3. Valuation Value of Assets	2,966,078,413		2,710,079,288	
4. Unfunded Actuarial Accrued Liability: 2 – 3	$848,948,458		$939,252,999	
5. Payment on Unfunded Actuarial Accrued Liability	91,442,966	5.38%	93,460,333	5.50%
6. Payment for administrative expenses	2,134,951	0.13%	1,868,657	0.11%
7. Projected compensation	$1,698,778,328		N/A	
8. Total recommended contribution: 1 + 5 + 6	**$176,769,190**	**10.41%**	**$176,041,358**	**10.36%**
9. Total recommended contribution, July 15	**$177,268,225**	**10.44%**	**$176,538,339**	**10.39%**
10. Total recommended contribution, biweekly	**$182,851,472**	**10.76%**	**$182,098,596**	**10.72%**

Note: Contributions are assumed to be paid at the beginning of the year, unless otherwise noted.

[1] Amounts are revised to reflect payroll as of June 30, 2023.

Exhibit D: Cash Flow Projections

The ADC generally exceeds the current pay-as-you-go ("paygo") cost of an OPEB plan. Over time the paygo cost will tend to grow and may even eventually exceed the ADC in a well-funded plan. The following table projects the paygo cost as the projected payment over the next ten years.

Year Ending June 30	Projected Number of Retirees[1]			Projected Benefit Payments		
	Current	Future	Total	Current	Future	Total
2024	18,753	756	19,509	$155,719,011	$8,250,886	$163,969,897
2025	18,733	1,328	20,061	159,365,784	15,030,501	174,396,285
2026	18,212	2,220	20,432	162,348,005	26,483,082	188,831,087
2027	17,685	3,165	20,850	164,829,999	39,677,470	204,507,469
2028	17,147	4,413	21,560	166,533,268	58,239,019	224,772,287
2029	16,598	5,027	21,625	166,864,843	69,177,220	236,042,063
2030	16,041	5,581	21,622	167,097,190	80,176,032	247,273,222
2031	15,475	6,137	21,612	166,511,065	91,747,704	258,258,769
2032	14,902	6,683	21,585	165,436,463	103,340,803	268,777,266
2033	14,320	7,261	21,581	163,361,491	115,585,882	278,947,373

[1] Includes spouses/domestic partners of retirees.

Exhibit E: Summary Statement of Income and Expenses on a Market Value Basis

All Retirement and Health Subsidy Benefits

	Year Ended June 30, 2023		Year Ended June 30, 2022	
Net assets at market value at the beginning of the year[1]		**$27,980,658,649**		**$30,750,617,516**
Contribution income				
• Employer contributions	$668,242,775		$728,589,957	
• Member contributions	151,934,789		149,243,422	
Net contribution income		*$820,177,564*		*$877,833,379*
Investment income				
• Interest, dividends and other income	$789,981,816		$2,503,047,804	
• Recognition of capital appreciation[1]	1,480,816,592		(4,596,847,351)	
• Less investment fees	(135,571,247)		(137,347,736)	
Net investment income		*$2,135,227,161*		*$(2,231,147,283)*
Total income available for benefits		**$2,955,404,725**		**$(1,353,313,904)**
Less benefit payments		*$(1,506,383,087)*		*$(1,392,203,129)*
Less administrative expenses		*(25,565,614)*		*(24,441,834)*
Change in net assets at market value		**$1,423,456,024**		**$(2,769,958,867)**
Net assets at market value at the end of the year		**$29,404,114,673**		**$27,980,658,649**

Note: Results may not total due to rounding.

[1] As part of the June 30, 2023 valuation, we received reinstated July 1, 2022 assets ($27,980,660,619) that reflects an increase in assets of $1,970. We have not restated the beginning of year assets for the 2022-2023 Plan Year, instead the increase of $1,970 is included as part of the recognition of capital appreciation for 2022-2023.

Exhibit F: Summary Statement of Plan Assets

All Assets for Retirement and Health Subsidy Benefits

	Year Ended June 30, 2023		Year Ended June 30, 2022	
Cash equivalents		*$7,966,475*		*$6,761,031*
Accounts receivable:				
• Accrued interest and dividends	$120,421,293		$102,669,040	
• Contributions	5,869,834		5,007,452	
• Due from brokers	609,322,670		466,567,607	
Total accounts receivable		*$735,613,798*		*$574,244,099*
Investments:				
• Equities	$16,455,439,703		$15,385,615,218	
• Fixed income investments	11,714,937,012		10,542,012,990	
• Real estate	1,754,501,632		2,177,101,515	
Total investments at market value		*$29,924,878,348*		*$28,104,729,722*
Total assets		**$30,668,458,621**		**$28,685,734,852**
Accounts payable:				
• Accounts payable and benefits in process	$(45,439,827)		$(62,094,912)	
• Due to brokers	(1,031,395,175)		(430,481,282)	
• Mortgage payable	(186,991,284)		(212,500,009)	
Total accounts payable		*$(1,263,826,287)*		*$(705,076,203)*
Deferred inflows of resources		(517,661)		
Net assets at market value		**$29,404,114,673**		**$27,980,658,649**
Net assets at actuarial value		**$29,396,813,303**		**$27,856,866,716**
Net assets at valuation value (health benefits)[1]		**$2,966,078,413**		**$2,710,079,288**

Note: Results may not total due to rounding.

[1] Assets for retiree health only.

Exhibit G: Development of the Fund through June 30, 2023

All assets for Retirement and Health Subsidy Benefits

Year Ended June 30	Employer Contributions	Member Contributions	Administrative Expenses	Net Investment Return[1]	Benefit Payments	Market Value of Assets at Year End	Actuarial Value of Assets at Year End	Actuarial Value as a Percent of Market Value
2014	$578,805,107	$124,394,889	—	$2,802,796,015	$963,356,954	$18,291,010,687	$16,879,354,713	92.3%
2015	628,808,763	126,770,882	$19,178,885	739,009,040	1,029,319,785	18,737,100,702	18,114,393,332	96.7%
2016	628,700,812	129,733,559	20,897,310	172,083,839	1,107,041,622	18,539,679,980	19,126,148,372	103.2%
2017	619,479,274	128,900,736	22,563,327	2,449,549,638	1,052,639,705	20,662,406,596	20,317,066,949	98.3%
2018	639,945,905	146,282,682	21,654,037	2,058,910,553	1,125,521,496	22,360,370,203	21,659,429,558	96.9%
2019	692,897,316	147,752,497	22,099,870	1,329,326,557	1,208,330,043	23,299,916,660	23,053,912,894	98.9%
2020	709,851,573	153,786,863	22,667,875	664,345,444	1,264,851,830	23,540,380,835	24,321,274,165	103.3%
2021	744,243,315	157,785,911	23,513,284	7,670,538,754	1,338,818,015	30,750,617,516	26,145,074,797	85.0%
2022	728,589,957	149,243,422	24,441,834	(2,231,147,283)	1,392,203,129	27,980,658,649	27,856,866,716	99.6%
2023	668,242,775	151,934,789	25,565,614	2,135,227,161	1,506,383,087	29,404,114,673	29,396,813,303	100.0%

[1] Net of investment fees and administrative expenses prior to 2015. Starting in 2015, administrative expenses are shown separately.

Exhibit H: Determination of Actuarial Value of Assets

It is desirable to have level and predictable plan costs from one year to the next. For this reason, the Board of Commissioners has approved an asset valuation method that gradually adjusts to market value. Under this valuation method, the full value of market fluctuations is not recognized in a single year and, as a result, the asset value and the plan costs are more stable.

The amount of the adjustment to recognize market value is treated as income, which may be positive or negative. Realized and unrealized gains and losses are treated equally and, therefore, the sale of assets has no immediate effect on the actuarial value.

The chart shows the determination of the actuarial value of assets as of the valuation date.

1	**Market Value of Assets (for Retirement and Health Subsidy Benefits)**					**$29,404,114,673**
2	Calculation of unrecognized return[1]	**Expected Return**	**Actual Return[1]**	**Original Amount**	**Percent Deferred**	**Unrecognized Amount**
a)	Year ended June 30, 2017	$1,399,514,735	$2,449,549,638	$1,050,034,903	0/7	$0
b)	Year ended June 30, 2018	1,506,111,379	2,058,910,553	552,799,174	1/7	78,971,311
c)	Year ended June 30, 2019	1,630,021,712	1,329,326,557	(300,695,155)	2/7	(85,912,901)
d)	Year ended June 30, 2020	1,697,466,038	664,345,444	(1,033,120,594)	3/7	(442,765,969)
e)	Year ended June 30, 2021	1,655,593,892	7,670,538,754	6,014,944,862	4/7	3,437,111,350
f)	Year ended June 30, 2022	2,157,060,415	(2,231,147,283)	(4,388,207,698)	5/7	(3,134,434,070)
g)	Year ended June 30, 2023	1,955,173,571	2,135,227,161	180,053,590	6/7	154,331,649
h)	Total unrecognized return[2]					$7,301,370
3	**Preliminary Actuarial Value of Assets 1 – 2h**					**$29,396,813,303**
4	Adjustment to be within 40% corridor					0
5	**Final Actuarial Value of Assets 3 + 4**					**$29,396,813,303**
6	Actuarial Value of Assets as a percentage of Market Value of Assets					100.0%
7	Market Value of Health Assets					$2,966,815,106
8	**Valuation Value of Health Assets 5 ÷ 1 x 7**					**$2,966,078,413**

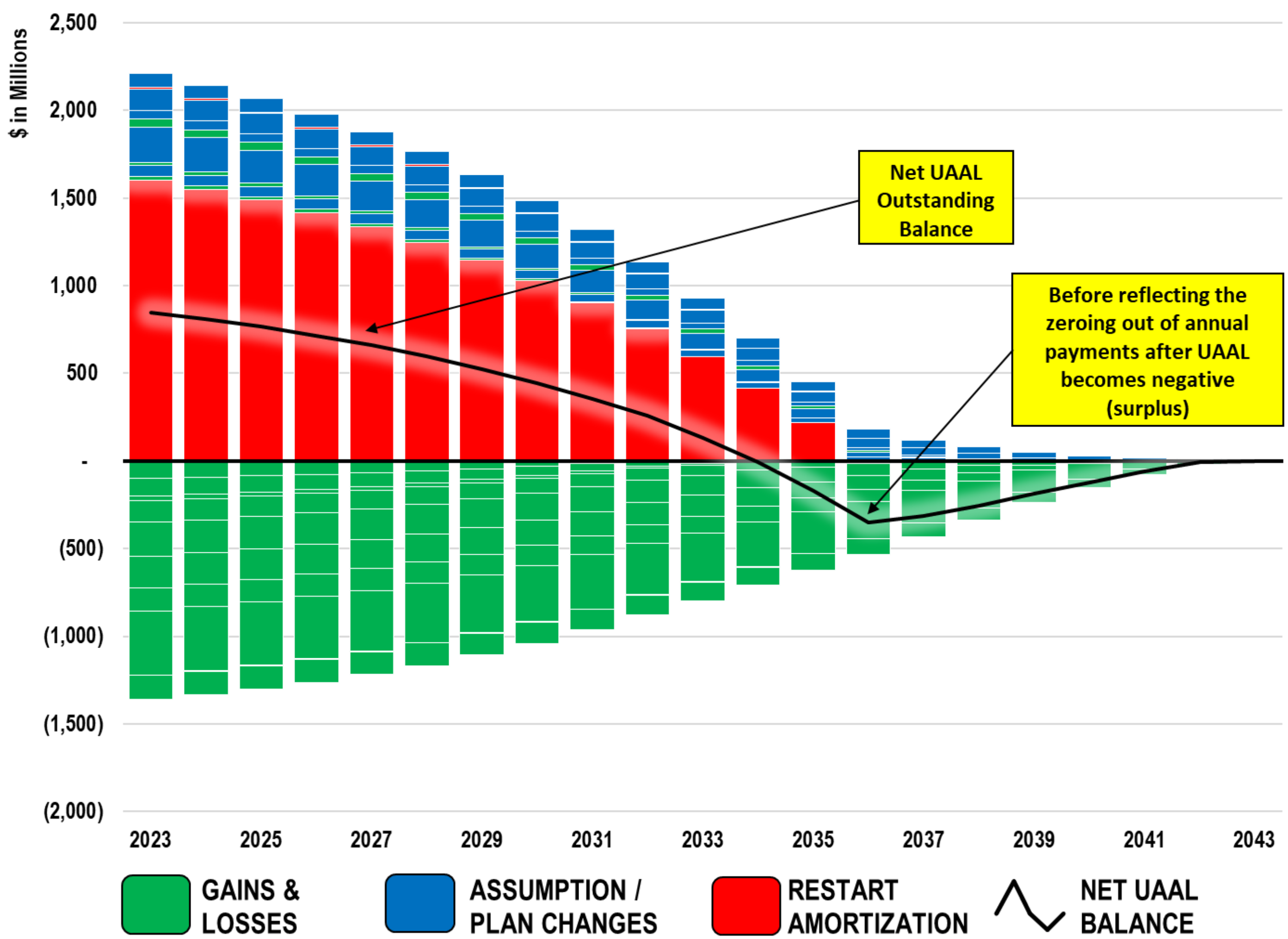
[1] Total return minus expected return on a market value basis. Both actual and expected returns on market value have been adjusted to exclude administrative expense paid during the plan year.

[2] Deferred return as of June 30, 2023 recognized in each of the next six years (for Retirement and Health Subsidy Benefits):

(a) Amount recognized on June 30, 2024	$146,539,168
(b) Amount recognized on June 30, 2025	67,567,858
(c) Amount recognized on June 30, 2026	110,524,307
(d) Amount recognized on June 30, 2027	258,112,966
(e) Amount recognized on June 30, 2028	(601,164,873)
(f) Amount recognized on June 30, 2029	25,721,944
(g) Total unrecognized return as of June 30, 2023	$7,301,370

Exhibit I: Projection of UAAL Balances and Payments

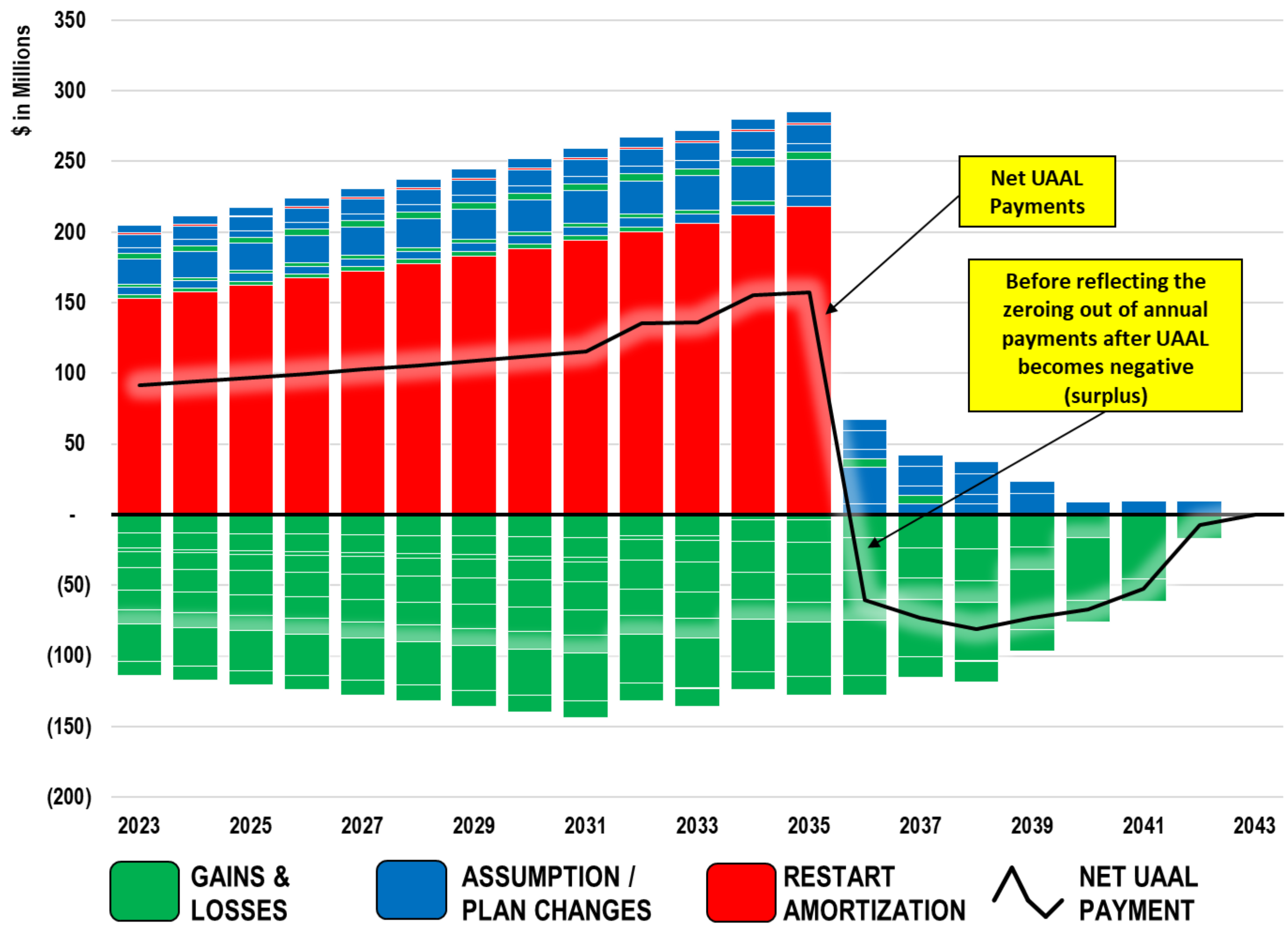
Outstanding Balance of $849 Million in Net UAAL as of June 30, 2023[1]



[1] Note: Experience gain and loss layers include changes in retiree health assumptions other than those recommended in the triennial experience study.

Exhibit I: Projection of UAAL Balances and Payments (continued)

Annual Payments Required to Amortize $849 Million in Net UAAL as of June 30, 2023



Section 4: Actuarial Valuation Basis

Exhibit 1: Summary of Supplementary Information

Valuation date	June 30, 2023
Actuarial cost method	Entry age normal, level percent of pay
Amortization method	Closed amortization periods. Amortization payments are calculated as level dollar amounts for Tier 1 UAAL as of June 30, 2021 and as amounts designed to remain level as a percent of a growing payroll base for all other changes in UAAL. On September 6, 2012, the Board adopted the following amortization policy:
Asset valuation method	Market Value of Assets (MVA) less unrecognized returns. Unrecognized returns are equal to the difference between the actual market return and the expected return on the market value, and are recognized over a seven-year period. The Actuarial Value of Assets (AVA) is limited by a 40% corridor; the AVA cannot be less than 60% of MVA, nor greater than 140% of MVA.

Type of Base	Amortization Period (Closed)
Actuarial gains or losses	20
Assumption or method changes from Triennial Experience Study	20
Retiree health assumption changes[1]	20
Plan amendments	15
ERIPs	5
Actuarial surplus	30

[1] Retiree health assumption changes other than those recommended in the triennial experience study are included with experience gains and losses in the funding valuation.

Section 4: Actuarial Valuation Basis

Actuarial assumptions:		
• Investment rate of return	7.00%	
• Inflation rate	2.50%	
• Across-the-board pay increase	0.50%	
• Payroll growth	3.00%	
• Health care cost trend rate		
– Medical Non-Medicare	7.25% in 2023-2024[1], then decreasing by 0.25% for each year for eleven years until it reaches an ultimate rate of 4.50%.	
– Medical Medicare	6.50% in 2023-2024, then decreasing by 0.25% for each year for eight years until it reaches an ultimate rate of 4.50%.	
– Dental	3.00% for all years	
– Medicare Part B Premium	5.20%, then 4.50% thereafter[2]	
• Medical Subsidy Trend	For all non-Medicare retirees, increase at lesser of 7.00% or non-Medicare medical trend.	
	For Medicare retirees with single party premium, increase with medical trend.	
	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.	
	For Medicare retirees with 2-party premium greater than the maximum subsidy as of July 1, 2023 (e.g. Police Blue Cross PPO), increase with lesser of 7.00% or medical trend.	
Plan membership — Excluding retirees and beneficiaries not receiving subsidy:	**June 30, 2023**	**June 30, 2022**
Current retirees and beneficiaries	11,972	11,669
Current active participants	12,571	12,771
Terminated participants eligible for deferred pension and health benefits	39	52
Retirees and beneficiaries not in pay status but eligible for deferred health benefits	978	959
Subtotal of participants entitled but not yet enrolled in health benefits	1017	1011
Total	**25,560**	**25,451**

[1] For example, the 7.25% assumption, when applied to the 2023-2024 non-Medicare medical premiums, would provide the projected 2024-2025 non-Medicare medical premiums.

[2] 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.

Exhibit 2: Actuarial Assumptions and Actuarial Cost Method

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.
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.
Administrative Expenses	Out of the total 1.45% of payroll in administrative expense, 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.

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.

Section 4: Actuarial Valuation Basis

Demographic Assumptions

Mortality Rates — Post-Retirement	
Healthy[1]	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[2]	**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 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.

[1] The Pub-2010 Healthy Retiree Headcount-Weighted Above-Median Mortality Tables only provides 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 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 post-retirement mortality rates before age 36 for the Safety table, we have used the Pub-2010 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 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 Headcount-Weighted Above-Median Mortality Tables only provides 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 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 post-retirement mortality rates before age 41 for the General table, 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 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.

Mortality Rates — Pre-Retirement

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 Rates

	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	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.
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.
Future Benefit Accruals	1.0 year of service per year.
Actuarial Funding Policy	
Actuarial Value of Assets	Market Value of Assets (MVA) less unrecognized returns. Unrecognized returns are equal to the difference between the actual market return and the expected return on the market value, and are recognized over a seven-year period. The Actuarial Value of Assets (AVA) is limited by a 40% corridor; the AVA cannot be less than 60% of MVA, nor greater than 140% of MVA.
Valuation Value of Assets	The portion of the Actuarial Value of Assets that is allocated for retiree health benefits.
Actuarial Cost Method	Entry Age Actuarial Cost Method. Entry Age is the current age 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.

Funding Policy	The City of Los Angeles makes contributions equal to the Normal Cost adjusted by amounts to amortize any Surplus or Unfunded Actuarial Accrued Liability (UAAL). Both the Normal Cost and the Actuarial Accrued Liability are determined under the Entry Age cost method. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis.

Amortization payments are calculated as level dollar amounts for Tier 1 UAAL as of June 30, 2021, with 13 years remaining as of June 30, 2023, and as amounts designed to remain level as a percent of a growing payroll base for all other changes in UAAL.

The Board has adopted the following amortization policy:

Type of Base	Amortization Period (Closed)
Actuarial gains or losses	20
Assumption or method changes from Triennial Experience Study	20
Retiree health assumption changes[1]	20
Plan amendments	15
ERIPs	5
Actuarial surplus	30

[1] Retiree health assumption changes other than those changes from the triennial experience study are included with experience gains and losses in the funding valuation.

The UAAL amortization payment rate for each employer (i.e., the City, Harbor Department or Airport Department), is equal to the total of all annual amounts required to amortize the UAAL for all Tiers, and divided by the total covered payroll for the respective employer. The UAAL amortization payment for each City Tier is determined in proportion to the covered payroll for that Tier.

Retiree Health Assumptions

Age and Gender of Spouse/Domestic Partner	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.

Section 4: Actuarial Valuation Basis

Participation	(see table below)
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.

Participation

Service Range (Years)	(a) Participation for Future Retirees Under 65	(b) Participation for Future Retirees Over 65	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

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 the 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 (shown in the table on page 54). 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 — 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.

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**

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 58.

For the valuation of current retirees, subsidies valued are based on actual medical election provided in the data reported for the Health Plan.

Per capita cost development – not subject to retiree medical freeze

Retirees Age 65 and Older: 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.

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**

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 58.

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 above premiums in tables on pages 56 and 57 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.

Per capita cost development — subject to retiree medical subsidy freeze

	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 and gender[1]

Applied to Per Capita Costs on page 56 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 57 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

Per capita cost development — dental plan

Maximum Dental Subsidy: 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

[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 — 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
Actual premium for calendar year 2024*	174.70
Actual average monthly premium for plan year 2023–2024	169.80

**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 a medical subsidy will be eligible for the Medicare Part B premium subsidy.

Section 4: Actuarial Valuation Basis

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
2034-2035 & later	4.50	4.50

Dental Premium Trend	3.00% for all years.

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

Section 4: Actuarial Valuation Basis

Medicare Part B Premium Trend	5.20%, then 4.50% thereafter[1]
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.
Plan Design	Development of plan liabilities was based on the substantive plan of benefits in effect as described in Section 4, Exhibit 3.
Changes in 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.

[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.

Exhibit 3: Summary of Plan

This exhibit summarizes the major benefit provisions as included in the valuation. To the best of our knowledge, the summary represents the substantive plans as of the measurement date. It is not intended to be, nor should it be interpreted as, a complete statement of all benefit provisions.

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 at lesser of 7% or medical trend as shown in Section 4, Exhibit 2 - Healthcare Premium Cost Trend Rates.
Dependent Portion	Difference between basic subsidy maximum amount and single-party premium.

Implicit Subsidy

Amount of 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 eligible for Medicare A & B

Eligibility	Retired Members over age 65 with 10 or more years of service, or Tier 6 Service-Connected Disability retirees with less than 10 years of service, who participate in Medicare Parts A & B.
Amount of Subsidy to Participant:	For retirees, health subsidy is provided subject to the following vesting schedule: **Completed Years of Service** / **Vested Percentage** 10–14: 75% 15–19: 90% 20+: 100% 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.
Maximum Subsidy	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 and coverage tier elected. The Board's health subsidy amount may: • For Medicare retirees with single party premium, increase with medical trend as shown in Section 4, Exhibit II - Healthcare Premium Cost Trend Rates. • 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 Section 4, Exhibit 2 - Healthcare Premium Cost Trend Rates, 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 Section 4, Exhibit 2 - Healthcare Premium Cost Trend Rates.
Dependent Portion	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.

Subsidy Freeze	The retiree health benefits program was changed to freeze the medical subsidy for non-retired 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 -related subsidy

Medicare Part B Premium Reimbursement	For retired Members enrolled in Medicare A & B who are eligible to receive 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 Employee Retirement System 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.

Exhibit 4: Definitions of Terms

The following list defines certain technical terms for the convenience of the reader:

Assumptions or Actuarial Assumptions	The estimates on which the cost of the Plan is calculated including: • **Investment return** — the rate of investment yield that the Plan will earn over the long-term future; • **Mortality rates** — the death rates of employees and pensioners; life expectancy is based on these rates; • **Retirement rates** — the rate or probability of retirement at a given age; • **Turnover rates** — the rates at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement.
Actuarial Present Value of Total Projected Benefits (APB)	Present value of all future benefit payments for current retirees and active employees taking into account assumptions about demographics, turnover, mortality, disability, retirement, health care trends, and other actuarial assumptions.
Normal Cost	The amount of contributions required to fund the benefit allocated to the current year of service.
Actuarial Accrued Liability for Actives	The equivalent of the accumulated normal costs allocated to the years before the valuation date.
Actuarial Accrued Liability for Retirees	The single sum value of lifetime benefits to existing retirees. This sum takes account of life expectancies appropriate to the ages of the retirees and of the interest which the sum is expected to earn before it is entirely paid out in benefits.
Valuation Value of Assets (VVA)	The value of assets used by the actuary in the valution. These may be at market value or some other method used to smooth variations in market value from one valuation to the next.
Funded Ratio	The ratio AVA/AAL.
Unfunded Actuarial Accrued Liability (UAAL):	The extent to which the actuarial accrued liability of the Plan exceeds the assets of the Plan. There is a wide range of approaches to paying off the unfunded actuarial accrued liability, from meeting the interest accrual only to amortizing it over a specific period of time.
Amortization of the Unfunded Actuarial Accrued Liability	Payments made over a period of years equal in value to the Plan's unfunded actuarial accrued liability.

Section 4: Actuarial Valuation Basis

Investment Return (discount rate)	The rate of earnings of the Plan from its investments, including interest, dividends and capital gain and loss adjustments, computed as a percentage of the average value of the fund. For actuarial purposes, the investment return often reflects a smoothing of the capital gains and losses to avoid significant swings in the value of assets from one year to the next. If the plan is funded on a pay-as-you-go basis, the discount rate is tied to the expected rate of return on day-to-day employer funds.
Covered Payroll	Annual reported salaries for all active participants on the valuation date.
ADC as a Percentage of Covered Payroll	The ratio of the actuarially determined contribution to covered payroll.
Health Care Cost Trend Rates	The annual rate of increase in net claims costs per individual benefiting from the Plan.
Actuarially Determined Contribution (ADC)	The ADC is equal to the sum of the normal cost and the amortization of the unfunded actuarial accrued liability.
Employer Contributions	An employer has contributed to an OPEB plan if the employer has (a) provided benefits directly to retired plan members or their beneficiaries, (b) paid insurance premiums to insure the payment of benefits, or (c) irrevocably transferred assets to a qualifying trust, or equivalent arrangement, in which plan assets are dedicated to providing benefits to retirees and their beneficiaries in accordance with the terms of the plan and are legally protected from creditors of the employer(s) or plan administrator

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City of Los Angeles Fire and Police Pension Plan (LAFPP)

Governmental Accounting Standards Board Statement 67 (GAS 67) Actuarial Valuation and Review of Retirement Benefits

As of June 30, 2023

This report has been prepared at the request of the Board of Commissioners to assist in administering the Fund. 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.

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November 8, 2023

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 Standards (GAS) 67 Actuarial Valuation as of June 30, 2023. It contains various information that will need to be disclosed in order to comply with GAS 67. 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 in administering 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; 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.

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

EK/jl

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Section 1: Actuarial Valuation Summary

Purpose and basis

This report has been prepared by Segal to present certain disclosure information required by Governmental Accounting Standards (GAS) 67 as of June 30, 2023. This valuation is based:

- 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 67 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, Appendix C*.

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. 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.
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 gain 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 21.
4. 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*.

[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.

5. In our June 30, 2022 GAS 67 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 for 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.

6. 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

Measurement Date		June 30, 2023	June 30, 2022
Disclosure Elements for Plan Year Ending June 30:	Service Cost[1]	$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%
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:[2]	Number of retired members and beneficiaries	14,131	13,821
	Number of inactive vested members[3]	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[4]	3.90% to 12.00%	4.15% to 12.25%
	Cost-of-living adjustments (COLA)	2.75%	2.75%

1 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.

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

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

4 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. 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 even 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 67 Information

General information about the pension plan

Plan Description

Plan administration. 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. 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, 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 67 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 67 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:

Measurement date	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 actuarial assumptions used in the June 30, 2023 measurement were based on the July 1, 2019 through June 30, 2022 Experience Study Report dated May 10, 2023. They are the same as the assumptions used in the June 30, 2023 funding actuarial valuation, with the exception of adjusted retirement rates shown in *Appendix C*. The following assumptions were applied to all periods included in the June 30, 2023 measurement:

Section 2: GAS 67 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 *Appendix C* 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 *Appendix C*. 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 *Appendix C* 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.

Asset Class	June 30, 2023 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	**100.00%**	**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 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%)
Net Pension Liability as of June 30, 2023	$4,021,274,936	$363,619,942	$(2,615,987,109)

Schedule of changes in Net Pension Liability

Measurement date	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 June 30	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.

Section 2: GAS 67 Information

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.

Section 3: Appendices

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 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 67. 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.

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 67.)
Defined contribution pension plans	Pension plans that are used to provide defined contribution pensions.
Defined contribution pensions	Pensions having terms that (1) provide an individual account for each employee; (2) define the contributions that an employer is required to make (or the credits that it is required to provide) to an active employee's account for periods in which that employee renders service; and (3) provide that the pensions an employee will receive will depend only on the contributions (or credits) to the employee's account, actual earnings on investments of those contributions (or credits), and the effects of forfeitures of contributions (or credits) made for other employees, as well as pension plan administrative costs, that are allocated to the employee's account.

Discount rate	The single rate of return that, when applied to all projected benefit payments, results in an actuarial present value of projected benefit payments equal to the total of the following: 1. The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the pension Plan Fiduciary Net Position is projected (under the requirements of Statement 67) to be greater than the benefit payments that are projected to be made in that period and (b) pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term expected rate of return, calculated using the long-term expected rate of return on pension plan investments. 2. The actuarial present value of projected benefit payments not included in (1), calculated using the municipal bond rate.
Entry age actuarial cost method	A method under which the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit age(s). The portion of this actuarial present value allocated to a valuation year is called the normal cost. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future normal costs is called the actuarial accrued liability.
Inactive employees	Terminated individuals that have accumulated benefits but are not yet receiving them, and retirees or their beneficiaries currently receiving benefits.
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 67.

Appendix C: 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 and June 30, 2022 funding valuations are shown on the following pages. 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 Rates for June 30, 2022 Funding Valuations (Also applicable to actives not eligible to enter the DROP in GASB valuation)

Age	Fire Tiers 2 & 4	Fire Tiers 3 & 5	Fire Tier 6	Police Tiers 2 & 4	Police Tiers 3 & 5	Police 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)

Age	Fire Tiers 2 & 4	Fire Tiers 3 & 5	Fire Tier 6	Police Tiers 2 & 4	Police Tiers 3 & 5	Police 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

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City of Los Angeles Fire and Police Pension Plan (LAFPP)

Governmental Accounting Standards Board Statement 74 (GAS 74) Actuarial Valuation and Review of Other Postemployment Benefits (OPEB)

As of June 30, 2023

Segal

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November 8, 2023

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 Standards (GAS) 74 Actuarial Valuation as of June 30, 2023. It contains various information that will need to be disclosed in order to comply with GAS 74.

This report was prepared in accordance with generally accepted actuarial principles and practices at the request of the Board to assist in administering 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; 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, MAAA, FSA, 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 meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. To the best of our knowledge, the information supplied in the actuarial valuation is complete and accurate. Further, in our opinion, the assumptions as approved by the Board are reasonably related to the experience of and expectations for the Plan.

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

Sincerely,

Segal

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

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

Mary P. Kirby, FSA, MAAA, FCA
Senior Vice President and Actuary

Mehdi Riazi, FSA, MAAA, FCA, EA
Vice President and Actuary

Todd Tauzer, FSA, CERA, FCA, MAAA
Senior Vice President and Actuary

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Section 1: Actuarial Valuation Summary

Purpose and basis

This report has been prepared by Segal to present certain disclosure information required for “Other Postemployment Benefits (OPEB)” plans by Statement No. 74 of the Governmental Accounting Standards Board 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.

General observations on the GAS 74 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 should develop and adopt funding policies under current practices.
2. When measuring OPEB liability, GASB uses the same actuarial cost method (Entry Age) and the same type of discount rate (expected return on Plan 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’s Fiduciary Net Position. The Plan’s 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. The NOLs measured as of June 30, 2023 and 2022 have been determined from the valuations as of June 30, 2023 and 2022, 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 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 74, 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.

Summary of key valuation results

Measurement Date		June 30, 2023	June 30, 2022
Disclosure elements for plan year ending June 30:	• Service Cost[1]	$77,652,864	$79,824,864
	• Total OPEB Liability (TOL)	3,815,026,871	3,649,332,287
	• Plan Fiduciary Net Position	2,966,815,106	2,722,122,493
	• Net OPEB Liability (NOL)	848,211,765	927,209,794
	• Plan Fiduciary Net Position as a percentage of the TOL	77.77%	74.59%
Schedule of contributions for fiscal 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:	• Discount rate	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 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. 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%

Section 1: Actuarial Valuation Summary

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

Section 1: Actuarial Valuation Summary

Models	Segal 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 accounting standards and client requirements. Our Actuarial Technology and Systems unit, comprising 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 actuaries. Our claims costs assumptions are based on proprietary modeling software as well as models that were developed by others. These models generate per capita claims cost calculations 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 actuaries.

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

The actuarial valuation is prepared at the request of LAFPP. It includes information for compliance with accounting standards and for the plan's auditor. 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.
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.
Sections of this report include actuarial results that are not rounded, but that does not imply precision.
Critical events for a plan include, but are not limited to, decisions about changes in benefits and contributions. The basis for such decisions needs to consider many factors such as the risk of changes in plan enrollment, emerging claims experience, health care trend, and investment losses, not just the current valuation results.
While Segal maintains extensive quality assurance procedures, an actuarial valuation involves complex computer models and numerous inputs. In the event that an inaccuracy is discovered after presentation of Segal's valuation, Segal may revise that valuation or make an appropriate adjustment in the next valuation.

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

Section 2: GAS 74 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 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 entitled to but not yet receiving benefits	1,017
Active members[1]	12,571
Total	**32,341**

Benefits provided. The 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,

[1] The 12,571 active member count includes 1,496 DROP members.

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.

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 at lesser of 7% or medical trend as shown in Summary of Key Valuation Results on page 6.
Dependent Portion	Difference between basic subsidy maximum amount and single-party premium.

Section 2: GAS 74 Information

Subsidy for Members Eligible for Medicare A & B

Eligibility	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.
Amount of Subsidy to Participant:	For retirees, health subsidy is provided subject to the following vesting schedule: **Completed Years of Service** — **Vested Percentage** 10-14 — 75% 15-19 — 90% 20+ — 100% 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.
Maximum Subsidy	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 and coverage tier elected. 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 6, • 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 6, 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 6.
Dependent Portion:	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.

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 -Related Subsidy

Medicare Part B Premium Reimbursement	For retired Members enrolled in Medicare A & B who are eligible to receive 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

Measurement Date	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. Plan Fiduciary Net Position (plan assets) was valued as of the measurement dates, 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
Discount rate	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 74 Information

The TOL as of June 30, 2022 was 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
Discount rate	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%**

Section 2: GAS 74 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 rates 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%)
NOL as of June 30, 2023	$1,412,582,167	$848,211,765	$391,584,766

Sensitivity of the NOL to changes in the trend rate. 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 in Health Care Cost Trend Rates[1]	Current Health Care Cost Trend Rates[1]	1% Increase in Health Care Cost Trend Rates[1]
NOL as of June 30, 2023	$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 – Last two fiscal years

Measurement Date	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, including refunds of member contributions	(153,917,921)	(147,466,936)
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 – employee	0	0
Net investment income	214,763,471	(209,564,762)
Benefit payments, including refunds of member contributions	(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**
Plan 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 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-employee payroll.
[4] Excludes $517,068 transferred from LACERS for the Airport Police members who elected to join LAFPP Tier 6.

Section 2: GAS 74 Information

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.

Section 3: Appendices

Appendix A: Definition of Terms

Definitions of certain terms as they are used in Statement 74. The terms may have different meanings in other contexts.

Actuarial Present Value of Projected Benefit Payments:	Projected benefit payments discounted to reflect the expected effects of the time value (present value) of money and the probabilities of payment.
Actuarial Valuation:	The determination, as of a point in time (the actuarial valuation date), of the service cost, Total OPEB Liability, and related actuarial present value of projected benefit payments for OPEB 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 an OPEB plan for the reporting period based on the most recent measurement available.
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 OPEB plan) or to another variable (such as an increase in healthcare premiums).
Covered Payroll:	Payroll on which contributions to the OPEB plan are based.
Other Postemployment Benefits (OPEB):	All postemployment benefits other than retirement income (such as death benefits, life insurance, disability, and long-term care) that are provided separately from an OPEB plan, as well as postemployment healthcare benefits, regardless of the manner in which they are provided. Other postemployment benefits do not include termination benefits.
Defined Benefit OPEB Plans:	OPEB plans that are used to provide defined benefit OPEB.
Defined Benefit OPEB:	OPEB 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 OPEB 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. (OPEB that does not meet the criteria of a defined contribution OPEB is classified as a defined benefit OPEB for purposes of Statement 74.)
Defined Contribution OPEB Plans:	OPEB plans that are used to provide defined contribution OPEB.

Defined Contribution OPEB:	OPEB 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 OPEB 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 OPEB 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 OPEB Plan Fiduciary Net Position is projected (under the requirements of Statement 74) to be greater than the benefit payments that are projected to be made in that period and (b) OPEB 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 OPEB plan investments. 1) 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.
OPEB Plans:	Arrangements through which OPEB are determined, assets dedicated for OPEB are accumulated and managed and benefits are paid as they come due.
Multiple-Employer Defined Benefit OPEB Plan:	A defined benefit OPEB plan that is used to provide OPEB to the employees of more than one employer.
Cost-Sharing Multiple-Employer Defined Benefit OPEB Plan (Cost-Sharing OPEB Plan):	A multiple-employer defined benefit OPEB plan in which the OPEB obligations to the employees of more than one employer are pooled and OPEB plan assets can be used to pay the benefits of the employees of any employer that provides OPEB through the OPEB plan.
Net OPEB Liability (NOL):	The Total OPEB Liability less the Plan Fiduciary Net Position

Section 3: Supporting Information

Plan Members:	Individuals that are covered under the terms of an OPEB 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 OPEB 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 OPEB 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 OPEB plans; also may administer other types of employee benefit plans, retirement income plans and deferred compensation plans.
Real Rate of Return:	The rate of return on an investment after adjustment to eliminate inflation.
Service Costs:	The portions of the actuarial present value of projected benefit payments that are attributed to valuation years.
Single-Employer Defined Benefit OPEB Plan (Single-Employer OPEB Plan):	A defined benefit OPEB plan that is used to provide OPEB 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 OPEB Liability (TOL):	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 74.

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