

City of Los Angeles Department of Water and Power

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

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



This report has been prepared at the request of the LADWP to assist in preparing their financial report for their liabilities associated with the retirement plan. This valuation report may not otherwise be copied or reproduced in any form without the consent of the LADWP 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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October 10, 2024

Ms. Ann Santilli
Chief Financial Officer
Department of Water and Power – City of Los Angeles
111 North Hope Street, Room 450
Los Angeles, CA 90012

Dear Ann:

We are pleased to submit this Governmental Accounting Standards (GAS) 68 Actuarial Valuation based on a June 30, 2023 measurement date for employer reporting as of June 30, 2024. It contains various information that will need to be disclosed in order for the two systems in the Los Angeles Department of Water and Power (LADWP) to comply with GAS 68. Please refer to the Actuarial Valuation and Review as of July 1, 2023 dated September 22, 2023 for the data, assumptions and plan of benefits underlying these calculations.

This report was prepared in accordance with generally accepted actuarial principles and practices at the request of the LADWP to assist the sponsors in preparing their financial report for the Water and Power Employees' Retirement Plan of the City of Los Angeles (WPERP). The census and financial information on which our calculations were based was provided by the Retirement Office. 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 Eva Yum, FSA, MAAA, Enrolled Actuary. We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. To the best of our knowledge, the information supplied in the actuarial valuation is complete and accurate. The assumptions used in this actuarial valuation were selected by the Board of Administration based upon our analysis and

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recommendations. In our opinion, the assumptions are reasonable and take into account the experience of the Plan and reasonable expectations. In addition, in our opinion, the combined effect of these assumptions is expected to have no significant bias.

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

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

Sincerely,

Segal



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



Eva Yum, FSA, MAAA, EA
Vice President and Actuary

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

- The benefit provisions of the WPERP, as administered by the Board;
- The characteristics of covered active members, inactive vested members, and retired members and beneficiaries as of March 31, 2023, provided by the Retirement Office;
- The assets of the WPERP as of June 30, 2023, provided by the Retirement Office;
- Economic assumptions regarding future salary increases and investment earnings adopted by the Board for the July 1, 2023 valuation; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc. adopted by the Board for the July 1, 2023 valuation.

General observations on GAS 68 actuarial valuation

1. The Government Accounting Standard 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 WPERP uses for funding. This means that the Total Pension Liability (TPL) measure for financial reporting shown in this report is determined on the same basis as WPERP's Actuarial Accrued Liability (AAL) measure for funding. We note that the same is true for the Normal Cost component of the annual plan cost for funding and financial reporting.
3. The Net Pension Liability (NPL) is equal to the difference between the TPL and the Plan Fiduciary Net Position. The Plan Fiduciary Net Position is equal to the market value of assets and therefore, the NPL measure is very similar to 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.

Section 1: Actuarial Valuation Summary

Highlights of the valuation

1. For this report, the reporting dates for the employer are June 30, 2024 and June 30, 2023. The NPL was measured as of June 30, 2023 and June 30, 2022, respectively, and determined based upon the results of the actuarial valuations as of July 1, 2023 and July 1, 2022, respectively. The Plan Fiduciary Net Position (plan assets) and the TPL were valued as of the measurement dates. Consistent with the provisions of GAS 68, the assets and liabilities measured as of June 30, 2023 and June 30, 2022 are not adjusted or rolled forward to the June 30, 2024 and June 30, 2023 reporting dates, respectively.
2. The June 30, 2023 measurement date results reflect changes in the plan provisions adopted by the Board on November 9, 2022. Effective July 1, 2024, the Regular Interest Rate on contributions and the interest rate and the unisex mortality assumptions used for optional benefit forms will be aligned with the investment return assumption rate and the mortality assumptions as adopted by the Board. These plan changes have the effect of reducing the NPL by \$82.8 million.
3. The NPL decreased from \$616.2 million as of June 30, 2022 to \$582.1 million as of June 30, 2023 primarily due to favorable investment return during the year ending June 30, 2023 (7.49% return which was higher than the assumed return of 6.50%) and changes in plan provisions, partially offset by the liability loss. Changes in these values during the last two fiscal years ending June 30, 2023 and June 30, 2022 can be found in *Section 2, Schedule of Changes in Net Pension Liability* on page 18.
4. The discount rate used to determine the TPL and NPL as of June 30, 2023 and 2022 was 6.50%, following the same assumptions used by the Plan in the pension funding valuations as of July 1, 2023 and July 1, 2022. Details on the derivation of the discount rate 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*.
5. There was an increase in the total employer pension expense from \$58.0 million calculated last year to \$248.1 million calculated this year. The primary cause of the increase in pension expense was due to a decrease in the projected earnings on plan investments for 2022/2023 compared to 2021/2022, as the plan assets at July 1, 2022 were \$15.5 billion compared to plan assets of \$16.7 billion at July 1, 2021, as well as applying the lower investment return assumption of 6.50% this year compared to 7.00% last year in calculating the projected earnings. A breakdown of the pension expenses for this year and last year can be found in *Section 2, Pension Expenses* on page 24.
6. The NPL has been allocated based on the projected compensation for each system for the year following the measurement date. LADWP provided us with information that indicates each member's percentage under Water versus Power and we used these percentages to determine each member's allocation between these two systems. The NPL allocation can be found in *Section 2, Determination of Proportionate Share* on page 21.
7. Results shown in this report exclude any employer contributions made after the measurement date of June 30, 2023. The LADWP should consult with their auditors to determine the deferred outflow that should be created for these contributions.

Section 1: Actuarial Valuation Summary

8. 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 March 31, 2023 (adjusted to June 30, 2023 by adding 3 months of age, service and interest on contribution balance, and increasing benefit by the assumed July 1 COLA for members in pay status) and it does not include any possible short-term or long-term impacts on mortality of the covered population that may emerge after March 31, 2023 due to COVID-19. Segal is available to prepare projections of potential outcomes of market conditions and other demographic experience upon request.

Section 1: Actuarial Valuation Summary

Summary of key valuation results

Reporting Date for Employer under GAS 68 ¹		June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68		June 30, 2023	June 30, 2022
Disclosure Elements for Plan Year Ending June 30:	• Service Cost ²	\$322,734,117	\$277,243,581
	• Total Pension Liability	17,006,868,824	16,130,108,757
	• Plan Fiduciary Net Position	16,424,801,111	15,513,924,394
	• Net Pension Liability	582,067,713	616,184,363
	• Pension expense	248,140,361	58,031,767
Schedule of Contributions for Plan Year Ending June 30:	• Actuarially determined contributions ³	\$372,208,800	\$302,800,123
	• Actual contributions	361,585,859	318,873,759
	• Contribution deficiency / (excess)	10,622,941	(16,073,636)
Demographic Data for Plan Year Ending June 30:	• Number of retired members and beneficiaries	9,756	9,716
	• Number of inactive vested members ⁴	1,765	1,735
	• Number of active members	11,039	10,799
Key Assumptions as of June 30:	• Investment rate of return	6.50%	6.50%
	• Inflation rate	2.50%	2.50%
	• Real across-the-board salary increase	0.50%	0.50%
	• Projected salary increases ⁵	4.25% to 10.00%	4.25% to 10.00%
	• Cost of living adjustments	2.75% for Tier 1 and 2.00% for Tier 2	2.75% for Tier 1 and 2.00% for Tier 2

¹ The reporting dates and measurement dates for the plan are June 30, 2023 and 2022, respectively.

² The service cost is always based on the previous year's assumptions, meaning the June 30, 2023 and June 30, 2022 measurement values are based on the valuation as of July 1, 2022 and July 1, 2021, respectively. The key assumptions in the July 1, 2021 valuation were as follows:

Investment rate of return: 7.00%

Inflation rate: 2.75%

Real across-the-board salary increase: 0.50%

Projected salary increases: 4.50% to 10.25%, varying by service, including inflation and real across-the-board salary increases.

Cost of living adjustments: 2.75% for Tier 1 and 2.00% for Tier 2.

³ Based on actual covered payroll reported by the Retirement Office

⁴ Includes terminated members due a refund of member contributions and members receiving PTD benefits.

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

Section 1: Actuarial Valuation Summary

Important information about actuarial valuations

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

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

Plan of benefits	Plan provisions define the rules that will be used to determine benefit payments, and those rules, or the interpretation of them, may change over time. 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 data	An actuarial valuation for a plan is based on data provided to the actuary by the Retirement Office. 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 the Retirement Office.
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 the LADWP to assist in preparing their financial reports. Segal is not responsible for the use or misuse of its report, particularly by any other party.

An actuarial valuation is a measurement of the plan's assets and liabilities at a specific date. Accordingly, except where otherwise noted, Segal did not perform an analysis of the potential range of future financial measures. The actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan.

Actuarial results in this report are not rounded, but that does not imply precision.

If LADWP is aware of any event or trend that was not considered in this valuation that may materially change the results of the valuation, Segal should be advised, so that we can evaluate it.

Segal does not provide investment, legal, accounting, or tax advice. Segal's valuation is based on our understanding of applicable guidance in these areas and of the plan's provisions, but they may be subject to alternative interpretations. The LADWP 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 LADWP upon delivery and review. LADWP 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 LADWP, it is not a fiduciary in its capacity as actuaries and consultants with respect to WPERP or LADWP.

Section 2: GAS 68 Information

General information about the Pension Plan

Plan Description

Plan administration. The Water and Power Employees' Retirement Plan of the City of Los Angeles (WPERP) was established by the Los Angeles Department of Water and Power in 1938. WPERP is a single employer public employee retirement system whose main function is to provide retirement benefits to employees of the Los Angeles Department of Water and Power.

Under the provisions of the City Charter, the Board of Administration (the "Board") has the responsibility and authority to administer the Plan and to invest its assets. The Board members serve as trustees and must act in the exclusive interest of the Plan's members and beneficiaries. The Board has seven members: one member of the Board of Water and Power Commissioners, the General Manager, the Chief Accounting Employee, three employee members who are elected for three-year terms by active members of the Plan, and one retiree who is appointed by the Board of Water and Power Commissioners for a three-year term.

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

Retired members or beneficiaries currently receiving benefits	9,756
Vested terminated members entitled to, but not yet receiving benefits ¹	1,765
Active members	<u>11,039</u>
Total	22,560

¹ Includes terminated members due a refund of member contributions and members receiving PTD benefits

Benefits provided. WPERP provides service retirement, disability, death and survivor benefits to eligible employees. Most employees of the LADWP become members of WPERP effective on the first day of biweekly payroll following employment. Members employed prior to January 1, 2014 are designated as Tier 1 and those hired on or after January 1, 2014 are designated as Tier 2 (unless a specific exemption applies to employee providing a right to Tier 1 status).

Tier 1 members are eligible to retire once they attain the age of 60 with 5 or more years of Department service or at age 55 with 10 or more years of Department service acquired in the last 12 years prior to retirement. A Tier 1 member with 30 years of Department service is eligible to retire regardless of age. Tier 2 members are eligible to retire once they attain the age of 60 with 5 years of continuous Department service with the Plan immediately prior to reaching eligibility or age 60 with 10 or more years of Qualifying

Section 2: GAS 68 Information

service or at any age with 30 years of Qualifying service. For both tiers, combined years of service between WPERP and LACERS is used to determine retirement eligibility and at least 5 years must be actual employment at DWP or City. The one exception is the age 60 with 5 years of continuous Department Service for Tier 2 where only service with DWP can be counted. For both tiers, members receiving Permanent Total Disability benefits may retire regardless of age. For Tier 1, to be eligible for a Formula Pension, the employee must have worked or been paid disability four of the last five years immediately preceding eligibility to retire, or while eligible to retire.

The Formula Pension benefit the member will receive is based upon age at retirement, monthly average salary base and years of retirement service credit.

The Tier 1 Formula Pension is equal to 2.1% times years of service credit times monthly average salary base. In addition, members retiring after attaining age 55 with 30 years of service credit, receive an increase in the benefit factor from 2.1% to 2.3%. A reduced early retirement benefit is paid for those members attaining age 55 with 10 years of service or any age (under 55) with 30 years of service. The reduction is 1.5% for each year of retirement age between 60 and 55 and 3.0% for each year of retirement before age 55.

Under Tier 2, there are various benefit factors that apply as shown below:

- 1.5% at age 60 with 5 years of continuous Department Service (or 10 years of Qualifying Service)
- 2.0% at age 60 with 30 years of Qualifying Service
- 2.0% at age 55 with 30 years of Service Credit (or any age with 30 years of Qualifying Service)
- 2.0% at age 63 with 5 years of continuous Department Service (or 10 years of Qualifying Service)
- 2.1% at age 63 with 30 years of Qualifying Service

The reduced early retirement benefits for Tier 2 are the same as Tier 1. These are applied to the age 60 benefit for members (with 2.0% formula) who retire before age 60 with less than 30 years of service credit. Service Credit with the Department and with LACERS is combined for satisfying this requirement.

For Tier 1 members, the maximum monthly retirement allowance is 100% of monthly average salary base. For Tier 2 members, the maximum monthly retirement allowance is 80% of monthly average salary base.

Under Tier 1, pension benefits are calculated based on the highest average salary earned during a 12-month period. Under Tier 2, pension benefits are calculated based on the average salary earned during a 36-month period.

Section 2: GAS 68 Information

For both tiers, the member may elect the Full Allowance, or choose an optional retirement allowance. The Full Allowance provides the highest monthly benefit and up to a 50% continuance to an eligible surviving spouse or domestic partner. There are five optional retirement allowances the member may choose. Each of the optional retirement allowances requires a reduction in the Full Allowance in order to allow the member the ability to provide various benefits to a surviving spouse, domestic partner, or named beneficiary.

WPERP provides annual cost-of-living adjustments (COLAs) to retirees that are not considered vested retirement. The cost-of-living adjustments are made each July 1 based on the percentage change in the average of the Consumer Price Index for the Los Angeles-Long Beach-Anaheim--All Items For All Urban Consumers. It is capped at 3.0% for Tier 1 and 2.0% for Tier 2. Tier 2 members may purchase additional 1% COLA protection at full actuarial cost.

The LADWP contributes to the retirement plan based upon actuarially determined contribution rates adopted by the Board of Administration. Employer contribution rates are adopted annually based upon recommendations received from WPERP's actuary after the completion of the annual actuarial valuation. The average employer contribution rate as of June 30, 2023 (based on the July 1, 2022 valuation) was 29.84% of compensation.

All members are required to make contributions to WPERP regardless of the retirement plan or tier in which they are included. The average member contribution rate as of June 30, 2023 (based on the July 1, 2022 valuation) was 7.95% of compensation. Most Tier 1 members contribute at 6% of compensation and all Tier 2 members contribute at 10% of compensation.

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Net Pension Liability

The components of the Net Pension Liability were as follows:

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
Total Pension Liability	\$17,006,868,824	\$16,130,108,757
Plan Fiduciary Net Position	<u>(16,424,801,111)</u>	<u>(15,513,924,394)</u>
Net Pension Liability	\$582,067,713	\$616,184,363
Plan Fiduciary Net Position as a percentage of the Total Pension Liability ¹	96.58%	96.18%

¹ These funded percentages 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.

The Net Pension Liability (NPL) for the Plan was measured as of June 30, 2023 and 2022. The Plan Fiduciary Net Position (plan assets) and Total Pension Liability (TPL) were valued as of the measurement date and are from actuarial valuations as of July 1, 2023 and 2022, respectively.

Plan provisions. The plan provisions used in the measurement of the NPL are the same as those used in the WPERP actuarial valuations as of July 1, 2023 and 2022, respectively.

The NPL as of July 1, 2023 reflects changes in the plan provisions adopted by the Board on November 9, 2022. Effective July 1, 2024, the Regular Interest Rate on contributions and the interest rate and unisex mortality assumptions used for optional benefit forms will be aligned with the investment return assumption rate (currently 6.50%) and the mortality assumptions as adopted by the Board.

Actuarial assumptions. The TPL as of June 30, 2023 and 2022 were determined by an actuarial valuation as of July 1, 2023 and 2022, respectively. The actuarial assumptions used in the June 30, 2023 and June 30, 2022 measurements were based on the results of an experience study for the period from July 1, 2018 through June 30, 2021. They are the same as the assumptions used in the July 1, 2023 and July 1, 2022 funding actuarial valuations for the WPERP. The assumptions used in the funding valuation are outlined in *Section 3, Actuarial Assumptions and Methods*. In particular, the following assumptions were applied to all periods included in the June 30, 2023 and June 30, 2022 measurements:

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Investment rate of return:	6.50%, net of pension plan investment expense, including inflation
Inflation rate:	2.50%
Real across-the-board salary increase:	0.50%
Projected salary increases:	4.25% to 10.00%, varying by service, including inflation and across-the-board salary increases
Cost of living adjustments:	2.75% for Tier 1 and 2.00% for Tier 2
Other assumptions:	See analysis of actuarial experience during the period July 1, 2018 through June 30, 2021

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Determination of discount rate and investment rates of return

The long-term expected rate of return on pension plan investments was determined in 2022 using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before deducting investment expenses, used in the derivation of the long-term expected investment rate of return assumption as of June 30, 2023 is summarized in the following table. This information will change every three years based on the actuarial experience study.

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
Large Cap US Equity	21.10%	5.13%
Small Cap US Equity	2.10%	5.86%
Developed International Large Cap Equity	12.20%	6.01%
Developed International Small Cap Equity	1.80%	5.72%
Global Equity	2.70%	5.94%
Emerging Market Equity	5.10%	8.16%
TIPS	3.50%	-0.23%
Real Estate	7.00%	4.60%
Cash and Equivalents	1.00%	-0.77%
Commodities	1.50%	2.77%
Private Equity	10.00%	10.46%
Private Credit	2.40%	5.94%
Hedge Funds	5.00%	1.85%
Non-Core Real Estate	3.00%	7.14%
Custom Fixed Income	21.60%	0.68%
Total	100.00%	

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Discount rate: The discount rate used to measure the TPL was 6.50% as of June 30, 2023 and June 30, 2022. The projection of cash flows used to determine the discount rate assumed member contributions will be made at the current contribution rates and that employer contributions will be made at rates equal to the required contribution rates. For this purpose, only employee and employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the 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 the WPERP as of June 30, 2023, calculated using the discount rate of 6.50%, as well as what the WPERP NPL would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50%) or 1-percentage-point higher (7.50%) than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Water	\$940,960,966	\$188,730,125	(\$430,134,215)
Power	<u>1,961,082,347</u>	<u>393,337,588</u>	<u>(896,454,421)</u>
Total for all systems	\$2,902,043,313	\$582,067,713	\$(1,326,588,636)

Section 2: GAS 68 Information

Schedule of changes in Net Pension Liability

Reporting Date for Employer under GAS 68 Measurement Date for Employer under GAS 68	June 30, 2024 June 30, 2023	June 30, 2023 June 30, 2022
Total Pension Liability		
• Service Cost	\$322,734,117	\$277,243,581
• Interest	1,045,077,316	1,044,964,004
• Change of benefit terms	(82,833,165)	0
• Differences between expected and actual experience	341,242,444	(35,733,830)
• Changes of assumptions	0	550,825,337
• Benefit payments, including refunds of member contributions	(749,460,645)	(716,007,901)
Net change in Total Pension Liability	\$ 876,760,067	\$1,121,291,191
Total Pension Liability – beginning	16,130,108,757	15,008,817,566
Total Pension Liability – ending	\$17,006,868,824	\$16,130,108,757
Plan Fiduciary Net Position		
• Contributions – employer (including those for administrative expenses)	\$368,478,954	\$325,325,721
• Contributions – employee	144,715,315	131,105,102
• Net investment income	1,153,142,796	(888,348,728)
• Benefit payments, including refunds of member contributions	(749,460,645)	(716,007,901)
• Administrative expense	(5,999,703)	(5,613,756)
• Other	0	0
Net change in Plan Fiduciary Net Position	\$910,876,717	\$(1,153,539,562)
Plan Fiduciary Net Position – beginning	15,513,924,394	16,667,463,956
Plan Fiduciary Net Position – ending	\$16,424,801,111	\$15,513,924,394
Net Pension Liability – ending	\$582,067,713	\$616,184,363
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	96.58%	96.18%
Covered payroll¹	\$1,259,245,870	\$1,178,016,102
Net Pension Liability as percentage of covered payroll	46.22%	52.31%

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

Notes to Schedule:

Benefit changes: Effective July 1, 2024, the Regular Interest Rate on contributions and the interest rate and unisex mortality assumptions used for optional forms will be aligned with the investment return assumption rate and the mortality assumptions as adopted by the Board. The cost impact of this Plan amendment is determined and reflected as of the June 30, 2023 measurement date.

Section 2: GAS 68 Information

Schedule of Employer contributions

Year Ended June 30	Actuarially Determined Contributions ^{1, 2, 3, 4}	Contributions in Relation to the Actuarially Determined Contributions ^{2, 3}	Contribution Deficiency / (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	\$387,823,989	\$384,265,892	\$3,558,097	\$819,923,866	46.87%
2015	387,464,759	376,902,022	10,562,737	839,213,254	44.91%
2016	368,599,924	362,359,894	6,240,030	861,818,854	42.05%
2017	403,780,319	391,717,359	12,062,960	892,332,196	43.90%
2018	425,512,236	433,412,569	(7,900,333)	953,635,670	45.45%
2019	408,750,192	410,165,124	(1,414,932)	1,028,212,002	39.89%
2020	424,375,428	422,017,394	2,358,034	1,130,066,141	37.34%
2021	373,374,390	378,990,511	(5,616,121)	1,121,883,556	33.78%
2022	302,800,123	318,873,759	(16,073,636)	1,178,016,102	27.07%
2023	372,208,800	361,585,859	10,622,941	1,259,245,870	28.71%

¹ All "Actuarially Determined Contributions" through June 30, 2014 were determined as the "Annual Required Contribution" under GAS 25 and 27.

² Based on actual covered payroll reported by the Retirement Office. For the year ended June 30, 2015, reflects the effect of the phase-in over two years of the contribution rate impact of new actuarial assumptions adopted by the Board effective with the July 1, 2014 valuation. For the year ended June 30, 2017, reflects the effect of the phase-in over two years of the contribution rate impact of new actuarial assumptions adopted by the Board effective with the July 1, 2016 valuation.

³ Excludes employer contributions towards administrative expenses.

⁴ Starting in 2019, the actuarially determined contribution is determined by applying the Tier 1 and Tier 2 contribution rates to their respective payroll.

See accompanying notes to this schedule on the next page.

Section 2: GAS 68 Information

Notes to Schedule:

Methods and assumptions used to establish “actuarially determined contribution” rates:

Valuation date:	Actuarially determined contribution rates are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported.
Actuarial cost method:	Entry Age Actuarial Cost Method
Amortization method:	Level dollar amortization
Remaining amortization period:	The July 1, 2004 Unfunded Actuarial Accrued Liability is amortized over a 15-year period commencing July 1, 2004 (fully amortized as of July 1, 2019). Any subsequent changes in Unfunded Actuarial Accrued Liability are amortized over separate 15-year periods effective with that valuation. The funding policy was revised and adopted by the Retirement Board on November 9, 2022. In particular, if the Plan is in a surplus position and the surplus is 20% or greater (i.e., the funded ratio is 120% or greater), the surplus in excess of 20% will be amortized over a 30-year period in equal dollar amounts. In a year where the Plan is in a surplus position following a previous unfunded liability position, or an unfunded liability position following a previous surplus position, the previous amortization layers will be considered fully amortized (i.e., set to zero) and a new series of amortization layers will start.
Asset valuation method:	The market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on a market value basis, and is recognized over a five-year period.

Actuarial assumptions:

Valuation Date:	July 1, 2023 Valuation Date	July 1, 2022 Valuation Date
Investment rate of return:	6.50%, net of investment expenses	6.50%, net of investment expenses
Inflation rate:	2.50%	2.50%
Real across-the-board salary increase:	0.50%	0.50%
Projected salary increases:¹	4.25% to 10.00%	4.25% to 10.00%
Cost of living adjustments:	2.75% (actual increases are contingent upon CPI increases with a 3.00% maximum for Tier 1, 2.00% maximum for Tier 2)	2.75% (actual increases are contingent upon CPI increases with a 3.00% maximum for Tier 1, 2.00% maximum for Tier 2)
Other assumptions:	Same as those used in the July 1, 2023 funding actuarial valuation	Same as those used in the July 1, 2022 funding actuarial valuation

¹ For July 1, 2023 and July 1, 2022 valuation dates, includes inflation at 2.50% plus real across-the-board salary increases of 0.50% plus merit and promotion increases that vary by service.

Section 2: GAS 68 Information

Determination of proportionate share

Projected Compensation by System

July 1, 2023 to June 30, 2024

System	Projected Compensation	Percentage
Water	\$468,116,900	32.424%
Power	<u>975,615,169</u>	<u>67.576%</u>
Total	\$1,443,732,069	100.000%

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

System	NPL	Percentage
Water	\$188,730,125	32.424%
Power	<u>393,337,588</u>	<u>67.576%</u>
Total	\$582,067,713	100.000%

Notes:

- The unrounded percentages are used in the allocation of the NPL amongst systems.
- The Net Pension Liability (NPL) has been allocated based on the projected compensation for each system for the fiscal year following the measurement date. LADWP provided us with information that indicates each member's percentage under Water versus Power and we used those percentages to determine each member's allocation between these two systems. Projected July 1, 2023 through June 30, 2024 compensation information is from the July 1, 2023 actuarial valuation for the Retirement Plan.
- The NPL is the Total Pension Liability (TPL) minus the Plan Fiduciary Net Position (plan assets).
- The NPL is allocated based on the projected compensation from each system. The steps used for the allocation are as follows:
 1. First calculate the ratio of the projected compensation from the system to the total projected compensation.
 2. Then multiply this ratio by the NPL to determine the system's proportionate share of the NPL.

Section 2: GAS 68 Information

Projected Compensation by System July 1, 2022 to June 30, 2023

System	Projected Compensation	Percentage
Water	\$430,588,227	32.873%
Power	<u>879,262,093</u>	<u>67.127%</u>
Total	\$1,309,850,320	100.000%

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

System	NPL	Percentage
Water	\$202,558,818	32.873%
Power	<u>413,625,545</u>	<u>67.127%</u>
Total	\$616,184,363	100.000%

Notes:

- The unrounded percentages are used in the allocation of the NPL amongst systems.
- The Net Pension Liability (NPL) has been allocated based on the projected compensation for each system for the fiscal year following the measurement date. LADWP provided us with information that indicates each member's percentage under Water versus Power and we used those percentages to determine each member's allocation between these two systems. Projected July 1, 2022 through June 30, 2023 compensation information is from the July 1, 2022 actuarial valuation for the Retirement Plan.
- The NPL is the Total Pension Liability (TPL) minus the Plan Fiduciary Net Position (plan assets).
- The NPL is allocated based on the projected compensation from each system. The steps used for the allocation are as follows:
 1. First calculate the ratio of the projected compensation from the system to the total projected compensation.
 2. Then multiply this ratio by the NPL to determine the system's proportionate share of the NPL.

Section 2: GAS 68 Information

For purposes of the above results, the reporting dates for the employer under GAS 68 are June 30, 2024 and June 30, 2023. The reporting date and measurement date for the plan under GAS 67 are June 30, 2023 and June 30, 2022 respectively. Consistent with the provisions of GAS 68, the assets and liabilities measured as of June 30, 2023 and June 30, 2022 are not adjusted or "rolled forward" to June 30, 2024 and June 30, 2023 reporting dates. Other results, such as the total deferred inflows and outflows would also be allocated based on the same proportionate shares determined above.

The following items are allocated based on the corresponding proportionate share shown above.

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

Section 2: GAS 68 Information

Pension expense

Total

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
• Service cost	\$322,734,117	\$277,243,581
• Interest on the Total Pension Liability	1,045,077,316	1,044,964,004
• Expensed portion of current-period changes in proportion and differences between system's contributions and proportionate share of contributions	0	0
• Current-period benefit changes	(82,833,165)	0
• Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	47,726,216	(5,097,551)
• Expensed portion of current-period changes of assumptions or other inputs	0	78,577,081
• Member contributions	(144,715,315)	(131,105,102)
• Projected earnings on plan investments	(1,000,531,438)	(1,157,440,798)
• Expensed portion of current-period differences between actual and projected earnings on plan investments	(30,522,272)	409,157,905
• Administrative expense	5,999,703	5,613,756
• Other	0	0
• Recognition of beginning of year deferred outflows of resources as pension expense	611,333,252	123,598,264
• Recognition of beginning of year deferred inflows of resources as pension expense	(526,128,053)	(587,479,373)
• Net amortization of deferred amounts from changes in proportion and differences between system's contributions and proportionate share of contributions	0	0
Pension Expense	\$248,140,361	\$58,031,767

Section 2: GAS 68 Information

Water

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
• Service cost	\$104,643,581	\$91,138,520
• Interest on the Total Pension Liability	338,856,748	343,511,920
• Expensed portion of current-period changes in proportion and differences between system's contributions and proportionate share of contributions	125,940	84,352
• Current-period benefit changes	(26,857,895)	0
• Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	15,474,788	(1,675,722)
• Expensed portion of current-period changes of assumptions or other inputs	0	25,830,712
• Member contributions	(46,922,615)	(43,098,293)
• Projected earnings on plan investments	(324,413,155)	(380,486,513)
• Expensed portion of current-period differences between actual and projected earnings on plan investments	(9,896,567)	134,502,831
• Administrative expense	1,945,349	1,845,415
• Other	0	0
• Recognition of beginning of year deferred outflows of resources as pension expense	198,219,208	40,630,564
• Recognition of beginning of year deferred inflows of resources as pension expense	(170,592,202)	(193,122,602)
• Net amortization of deferred amounts from changes in proportion and differences between system's contributions and proportionate share of contributions	<u>1,884,275</u>	<u>1,847,784</u>
Pension Expense	\$82,467,455	\$21,008,968

Section 2: GAS 68 Information

Power

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
• Service cost	\$218,090,536	\$186,105,061
• Interest on the Total Pension Liability	706,220,568	701,452,084
• Expensed portion of current-period changes in proportion and differences between system's contributions and proportionate share of contributions	(125,940)	(84,352)
• Current-period benefit changes	(55,975,270)	0
• Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	32,251,428	(3,421,829)
• Expensed portion of current-period changes of assumptions or other inputs	0	52,746,369
• Member contributions	(97,792,700)	(88,006,809)
• Projected earnings on plan investments	(676,118,283)	(776,954,285)
• Expensed portion of current-period differences between actual and projected earnings on plan investments	(20,625,705)	274,655,074
• Administrative expense	4,054,354	3,768,341
• Other	0	0
• Recognition of beginning of year deferred outflows of resources as pension expense	413,114,044	82,967,700
• Recognition of beginning of year deferred inflows of resources as pension expense	(355,535,851)	(394,356,771)
• Net amortization of deferred amounts from changes in proportion and differences between system's contributions and proportionate share of contributions	<u>(1,884,275)</u>	<u>(1,847,784)</u>
Pension Expense	\$165,672,906	\$37,022,799

Section 2: GAS 68 Information

Deferred outflows of resources and deferred inflows of resources

Total

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
Deferred Outflows of Resources		
• Changes in proportion and differences between system's contributions and proportionate share of contributions ¹	\$5,696,914	\$7,515,165
• Changes of assumptions or other inputs	395,646,880	475,595,978
• Net difference between projected and actual earnings on pension plan investments (if any)	170,519,680	298,076,028
• Difference between actual and expected experience in the Total Pension Liability	<u>322,831,535</u>	<u>43,115,934</u>
• Total Deferred Outflows of Resources	\$894,695,009	\$824,303,105
Deferred Inflows of Resources		
• Changes in proportion and differences between system's contributions and proportionate share of contributions ¹	\$5,696,914	\$7,515,165
• Changes of assumptions or other inputs	0	0
• Net difference between actual and projected earnings on pension plan investments (if any)	0	0
• Difference between expected and actual experience in the Total Pension Liability	<u>61,106,534</u>	<u>75,118,322</u>
• Total Deferred Inflows of Resources	\$66,803,448	\$82,633,487
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:		
Reporting Date for Employer under GAS 68 Year Ended June 30:		
2024	N/A	\$85,205,199
2025	\$81,990,568	64,786,624
2026	(9,992,412)	(27,196,356)
2027	497,209,333	480,005,389
2028	81,858,381	64,654,435
2029	121,205,746	73,479,530
2030	48,461,013	734,797
2031	7,158,932	0
Thereafter	0	0

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

Section 2: GAS 68 Information

Water

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
Deferred Outflows of Resources		
• Changes in proportion and differences between system's contributions and proportionate share of contributions ¹	\$5,186,788	\$6,650,787
• Changes of assumptions or other inputs	128,284,877	156,343,077
• Net difference between projected and actual earnings on pension plan investments (if any)	55,289,444	97,986,790
• Difference between actual and expected experience in the Total Pension Liability	<u>104,675,168</u>	<u>14,173,538</u>
• Total Deferred Outflows of Resources	\$293,436,277	\$275,154,192
Deferred Inflows of Resources		
• Changes in proportion and differences between system's contributions and proportionate share of contributions ¹	\$510,126	\$864,378
• Changes of assumptions or other inputs	0	0
• Net difference between actual and projected earnings on pension plan investments (if any)	0	0
• Difference between expected and actual experience in the Total Pension Liability	<u>19,813,234</u>	<u>24,693,711</u>
• Total Deferred Inflows of Resources	\$20,323,360	\$25,558,089
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:		
Reporting Date for Employer under GAS 68 Year Ended June 30:		
2024	N/A	\$29,893,854
2025	\$27,934,723	22,521,455
2026	(1,836,457)	(7,662,731)
2027	162,390,421	158,841,495
2028	26,934,159	21,520,297
2029	39,510,145	24,239,341
2030	15,839,821	242,392
2031	2,340,105	0
Thereafter	0	0

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

Section 2: GAS 68 Information

Power

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
Deferred Outflows of Resources		
• Changes in proportion and differences between system's contributions and proportionate share of contributions ¹	\$510,126	\$864,378
• Changes of assumptions or other inputs	267,362,003	319,252,901
• Net difference between projected and actual earnings on pension plan investments (if any)	115,230,236	200,089,238
• Difference between actual and expected experience in the Total Pension Liability	<u>218,156,367</u>	<u>28,942,396</u>
• Total Deferred Outflows of Resources	\$601,258,732	\$549,148,913
Deferred Inflows of Resources		
• Changes in proportion and differences between system's contributions and proportionate share of contributions ¹	\$5,186,788	\$6,650,787
• Changes of assumptions or other inputs	0	0
• Net difference between actual and projected earnings on pension plan investments (if any)	0	0
• Difference between expected and actual experience in the Total Pension Liability	<u>41,293,300</u>	<u>50,424,611</u>
• Total Deferred Inflows of Resources	\$46,480,088	\$57,075,398
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:		
Reporting Date for Employer under GAS 68 Year Ended June 30:		
2024	N/A	\$55,311,345
2025	\$54,055,845	42,265,169
2026	(8,155,955)	(19,533,625)
2027	334,818,912	321,163,894
2028	54,924,222	43,134,138
2029	81,695,601	49,240,189
2030	32,621,192	492,405
2031	4,818,827	0
Thereafter	0	0

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

Section 2: GAS 68 Information

There are changes in each system's proportionate share of the total Net Pension Liability (NPL) during the measurement period ended June 30, 2023. The net effect of the change on the system's proportionate share of the collective NPL and collective deferred outflows of resources and deferred inflows of resources is recognized over the average of the expected remaining service lives of all employees that are provided with pensions through the WPERP which is 7.15 years determined as of July 1, 2022 (the beginning of the measurement period ended June 30, 2023). This is described in Paragraph 33a. of GAS 68.

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

The net effects of the change on the system's proportionate share of the collective NPL and collective deferred outflows of resources and deferred inflows of resources and the difference between the actual employer contributions and the proportionate share of the employer contributions for prior periods continue to be recognized based on the expected remaining service lives of all employees calculated as of those prior measurement dates.

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

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

Section 2: GAS 68 Information

Schedule of proportionate share of the Net Pension Liability

Total

Reporting Date for Employer Under GAS 68 as of June 30	Measurement Date as of June 30	Proportion of the Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Payroll ¹	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	2014	100.0%	\$1,272,233,314	\$819,923,866	155.16%	88.41%
2016	2015	100.0%	1,144,145,298	839,213,254	136.34%	89.80%
2017	2016	100.0%	2,191,386,273	861,818,854	254.27%	82.17%
2018	2017	100.0%	1,343,201,931	892,332,196	150.53%	89.39%
2019	2018	100.0%	910,457,467	953,635,670	95.47%	93.10%
2020	2019	100.0%	824,869,482	1,028,212,002	80.22%	94.03%
2021	2020	100.0%	1,111,641,442	1,130,066,141	98.37%	92.32%
2022	2021	100.0%	(1,658,646,390)	1,121,883,556	-147.84%	111.05%
2023	2022	100.0%	616,184,363	1,178,016,102	52.31%	96.18%
2024	2023	100.0%	582,067,713	1,259,245,870	46.22%	96.58%

¹ These are the actual payroll amounts for the years ending on the measurement dates shown.

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Water

Reporting Date for Employer Under GAS 68 as of June 30	Measurement Date as of June 30	Proportion of the Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Payroll ¹	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	2014	32.344%	\$411,484,901	\$265,192,153	155.16%	88.41%
2016	2015	32.603%	373,023,565	273,607,137	136.34%	89.80%
2017	2016	31.892%	698,878,038	274,851,713	254.27%	82.17%
2018	2017	31.748%	426,443,932	283,300,404	150.53%	89.39%
2019	2018	32.121%	292,447,213	306,316,444	95.47%	93.10%
2020	2019	31.610%	260,739,362	325,015,469	80.22%	94.03%
2021	2020	32.319%	359,273,247	365,227,957	98.37%	92.32%
2022	2021	32.436%	(538,005,991)	363,899,188	-147.84%	111.05%
2023	2022	32.873%	202,558,818	387,250,250	52.31%	96.18%
2024	2023	32.424%	188,730,125	408,298,940	46.22%	96.58%

¹ These are the actual payroll amounts for the years ending on the measurement dates shown.

Section 2: GAS 68 Information

Power

Reporting Date for Employer Under GAS 68 as of June 30	Measurement Date as of June 30	Proportion of the Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Payroll ¹	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	2014	67.656%	\$860,748,413	\$554,731,713	155.16%	88.41%
2016	2015	67.397%	771,121,733	565,606,117	136.34%	89.80%
2017	2016	68.108%	1,492,508,235	586,967,141	254.27%	82.17%
2018	2017	68.252%	916,757,999	609,031,792	150.53%	89.39%
2019	2018	67.879%	618,010,254	647,319,226	95.47%	93.10%
2020	2019	68.390%	564,130,120	703,196,533	80.22%	94.03%
2021	2020	67.681%	752,368,195	764,838,184	98.37%	92.32%
2022	2021	67.564%	(1,120,640,399)	757,984,368	-147.84%	111.05%
2023	2022	67.127%	413,625,545	790,765,852	52.31%	96.18%
2024	2023	67.576%	393,337,588	850,946,930	46.22%	96.58%

¹ These are the actual payroll amounts for the years ending on the measurement dates shown.

Section 2: GAS 68 Information

Schedule of reconciliation of Net Pension Liability

Total

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
• Beginning Net Pension Liability	\$616,184,363	\$(1,658,646,390)
• Pension Expense	248,140,361	58,031,767
• Employer Contributions	(368,478,954)	(325,325,721)
• New Net Deferred Inflows/Outflows	171,427,142	2,078,243,598
• Change in Allocation of Prior Deferred Inflows/Outflows	0	0
• New Net Deferred Flows Due to Change in Proportion ¹	0	0
• Recognition of Prior Deferred Inflows/Outflows	(85,205,199)	463,881,109
• Recognition of Prior Deferred Flows Due to Change in Proportion ¹	<u>0</u>	<u>0</u>
Ending Net Pension Liability	\$582,067,713	\$616,184,363

¹ Includes differences between actual employer contributions and proportionate share of contributions.

Section 2: GAS 68 Information

Water

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
• Beginning Net Pension Liability	\$202,558,818	\$(538,005,991)
• Pension Expense	82,467,455	21,008,968
• Employer Contributions	(119,812,962)	(106,916,720)
• New Net Deferred Inflows/Outflows	55,583,681	683,182,813
• Change in Allocation of Prior Deferred Inflows/Outflows	(3,330,114)	(7,861,459)
• New Net Deferred Flows Due to Change in Proportion ¹	774,528	506,953
• Recognition of Prior Deferred Inflows/Outflows	(27,627,006)	152,492,038
• Recognition of Prior Deferred Flows Due to Change in Proportion ¹	<u>(1,884,275)</u>	<u>(1,847,784)</u>
Ending Net Pension Liability	\$188,730,125	\$202,558,818

¹ Includes differences between actual employer contributions and proportionate share of contributions.

Section 2: GAS 68 Information

Power

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
• Beginning Net Pension Liability	\$413,625,545	\$(1,120,640,399)
• Pension Expense	165,672,906	37,022,799
• Employer Contributions	(248,665,992)	(218,409,001)
• New Net Deferred Inflows/Outflows	115,843,461	1,395,060,785
• Change in Allocation of Prior Deferred Inflows/Outflows	3,330,114	7,861,459
• New Net Deferred Flows Due to Change in Proportion ¹	(774,528)	(506,953)
• Recognition of Prior Deferred Inflows/Outflows	(57,578,193)	311,389,071
• Recognition of Prior Deferred Flows Due to Change in Proportion ¹	<u>1,884,275</u>	<u>1,847,784</u>
Ending Net Pension Liability	\$393,337,588	\$413,625,545

¹ Includes differences between actual employer contributions and proportionate share of contributions.

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Schedule of reconciliation of changes in total Net Pension Liability

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

Reporting Date for Employer under GAS 68 Year Ended June 30	Differences Between Actual and Expected Experience	Recognition Period (Years)	Reporting Date for Employer under GAS 68 Year Ended June 30:									
			2023	2024	2025	2026	2027	2028	2029	2030	2031	
2018	\$(196,176,749)	5.92	\$(30,486,929)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2019	10,253,750	6.18	1,659,183	1,659,183	298,652	0	0	0	0	0	0	0
2020	17,806,843	6.44	2,765,038	2,765,038	2,765,038	1,216,615	0	0	0	0	0	0
2021	62,540,626	6.67	9,376,406	9,376,406	9,376,406	9,376,406	6,282,190	0	0	0	0	0
2022	(62,310,517)	6.99	(8,914,237)	(8,914,237)	(8,914,237)	(8,914,237)	(8,914,237)	(8,825,095)	0	0	0	0
2023	(35,733,830)	7.01	(5,097,551)	(5,097,551)	(5,097,551)	(5,097,551)	(5,097,551)	(5,097,551)	(5,097,551)	(50,973)	0	0
2024	341,242,444	7.15	<u>0</u>	<u>47,726,216</u>	<u>47,726,216</u>	<u>47,726,216</u>	<u>47,726,216</u>	<u>47,726,216</u>	<u>47,726,216</u>	<u>47,726,216</u>	<u>47,726,216</u>	<u>7,158,932</u>
Net Increase/(Decrease) in Pension Expense			\$(30,698,090)	\$47,515,055	\$46,154,524	\$44,307,449	\$39,996,618	\$33,803,570	\$42,628,665	\$47,675,243	\$7,158,932	

As described in Section 2, Schedule of Deferred Outflows of Resources and Deferred Inflows of Resources, the average of the expected remaining service lives of all employees that are provided with pensions through the WPERP (active and inactive employees) determined as of July 1, 2022 (the beginning of the measurement period ending June 30, 2023) is 7.15 years.

Section 2: GAS 68 Information

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

Reporting Date for Employer under GAS 68 Year Ended June 30	Effect of Assumption Changes	Recognition Period (Years)	Reporting Date for Employer under GAS 68 Year Ended June 30:									
			2023	2024	2025	2026	2027	2028	2029	2030	2031	
2018	\$0	5.92	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2019	0	6.18	0	0	0	0	0	0	0	0	0	0
2020	8,835,790	6.44	1,372,017	1,372,017	1,372,017	603,688	0	0	0	0	0	0
2021	0	6.67	0	0	0	0	0	0	0	0	0	0
2022	0	6.99	0	0	0	0	0	0	0	0	0	0
2023	550,825,337	7.01	78,577,081	78,577,081	78,577,081	78,577,081	78,577,081	78,577,081	78,577,081	78,577,081	785,770	0
2024	0	7.15	0	0	0	0	0	0	0	0	0	0
Net Increase/(Decrease) in Pension Expense			\$79,949,098	\$79,949,098	\$79,949,098	\$79,180,769	\$78,577,081	\$78,577,081	\$78,577,081	\$78,577,081	\$785,770	\$0

As described in *Section 2, Schedule of Deferred Outflows of Resources and Deferred Inflows of Resources*, the average of the expected remaining service lives of all employees that are provided with pensions through the WPERP (active and inactive employees) determined as of July 1, 2022 (the beginning of the measurement period ending June 30, 2023) is 7.15 years.

Section 2: GAS 68 Information

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

Reporting Date for Employer under GAS 68 Year Ended June 30	Differences Between Projected and Actual Earnings	Recognition Period (Years)	Reporting Date for Employer under GAS 68 Year Ended June 30:									
			2023	2024	2025	2026	2027	2028	2029	2030	2031	
2018	\$(551,059,866)	5.00	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2019	(179,809,710)	5.00	(35,961,942)	0	0	0	0	0	0	0	0	0
2020	95,290,217	5.00	19,058,043	19,058,045	0	0	0	0	0	0	0	0
2021	446,837,886	5.00	89,367,577	89,367,577	89,367,578	0	0	0	0	0	0	0
2022	(2,560,581,323)	5.00	(512,116,265)	(512,116,265)	(512,116,265)	(512,116,263)	0	0	0	0	0	0
2023	2,045,789,526	5.00	409,157,905	409,157,905	409,157,905	409,157,905	409,157,906	0	0	0	0	0
2024	(152,611,358)	5.00	<u>0</u>	<u>(30,522,272)</u>	<u>(30,522,272)</u>	<u>(30,522,272)</u>	<u>(30,522,272)</u>	<u>(30,522,270)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Increase/(Decrease) in Pension Expense			\$(30,494,682)	\$(25,055,010)	\$(44,113,054)	\$(133,480,630)	\$378,635,634	\$(30,522,270)	\$0	\$0	\$0	\$0

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

Section 2: GAS 68 Information

Total Increase (Decrease) in Pension Expense

Reporting Date for Employer under GAS 68 Year Ended June 30	Total Differences	Reporting Date for Employer under GAS 68 Year Ended June 30:								
		2023	2024	2025	2026	2027	2028	2029	2030	2031
2018	\$(747,236,615)	\$(30,486,929)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2019	(169,555,960)	(34,302,759)	1,659,183	298,652	0	0	0	0	0	0
2020	121,932,850	23,195,098	23,195,100	4,137,055	1,820,303	0	0	0	0	0
2021	509,378,512	98,743,983	98,743,983	98,743,984	9,376,406	6,282,190	0	0	0	0
2022	(2,622,891,840)	(521,030,502)	(521,030,502)	(521,030,502)	(521,030,500)	(8,914,237)	(8,825,095)	0	0	0
2023	2,560,881,033	482,637,435	482,637,435	482,637,435	482,637,435	482,637,436	73,479,530	73,479,530	734,797	0
2024	188,631,086	<u>0</u>	<u>17,203,944</u>	<u>17,203,944</u>	<u>17,203,944</u>	<u>17,203,944</u>	<u>17,203,946</u>	<u>47,726,216</u>	<u>47,726,216</u>	<u>7,158,932</u>
Net Increase/(Decrease) in Pension Expense		\$18,756,326	\$102,409,143	\$81,990,568	\$(9,992,412)	\$497,209,333	\$81,858,381	\$121,205,746	\$48,461,013	\$7,158,932

Section 2: GAS 68 Information

Allocation of changes in total Net Pension Liability

In addition to the amounts shown in *Section 2, Schedule of Recognition of Changes in Total Net Pension Liability*, there are changes in each system's proportionate share of the total Net Pension Liability (NPL) during the measurement period ending on June 30, 2023. The net effect of the change on the system's proportionate share of the collective NPL and collective deferred outflows of resources and deferred inflows of resources is also recognized over the average of the expected remaining service lives of all employees shown previously. The differences between the actual employer contributions and the proportionate share of the employer contributions during the measurement period ending on June 30, 2023 are recognized over the same period. These amounts are shown below, with the corresponding amounts for the measurement periods ending each June 30 beginning in 2017 as follows. While these amounts are different for each system, they sum to zero for the entire Plan.

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

	Total Change to be Recognized	Recognition Period (Years)	Reporting Date for Employer under GAS 68 Year Ended June 30							
			2024	2025	2026	2027	2028	2029	2030	2031
Water	\$900,468	7.15	\$125,940	\$125,940	\$125,940	\$125,940	\$125,940	\$125,940	\$125,940	\$18,888
Power	(900,468)	7.15	(125,940)	(125,940)	(125,940)	(125,940)	(125,940)	(125,940)	(125,940)	(18,888)
Total	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Section 2: GAS 68 Information

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

	Total Change to be Recognized	Recognition Period (Years)	Reporting Date for Employer under GAS 68 Year Ended June 30							
			2023	2024	2025	2026	2027	2028	2029	2030
Water	\$591,305	7.01	\$84,352	\$84,352	\$84,352	\$84,352	\$84,352	\$84,352	\$84,352	\$84,352
Power	<u>(591,305)</u>	7.01	<u>(84,352)</u>	<u>(84,352)</u>	<u>(84,352)</u>	<u>(84,352)</u>	<u>(84,352)</u>	<u>(84,352)</u>	<u>(84,352)</u>	<u>(84,352)</u>
Total	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

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

	Total Change to be Recognized	Recognition Period (Years)	Reporting Date for Employer under GAS 68 Year Ended June 30							
			2022	2023	2024	2025	2026	2027	2028	
Water	\$1,285,305	6.99	\$183,878	\$183,878	\$183,878	\$183,878	\$183,878	\$183,878	\$183,878	\$182,037
Power	<u>(1,285,305)</u>	6.99	<u>(183,878)</u>	<u>(183,878)</u>	<u>(183,878)</u>	<u>(183,878)</u>	<u>(183,878)</u>	<u>(183,878)</u>	<u>(183,878)</u>	<u>(182,037)</u>
Total	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Section 2: GAS 68 Information

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

	Total Change to be Recognized	Recognition Period (Years)	Reporting Date for Employer under GAS 68 Year Ended June 30							
			2021	2022	2023	2024	2025	2026	2027	
Water	\$7,771,849	6.67	\$1,165,195	\$1,165,195	\$1,165,195	\$1,165,195	\$1,165,195	\$1,165,195	\$1,165,195	\$780,679
Power	<u>(7,771,849)</u>	6.67	<u>(1,165,195)</u>	<u>(1,165,195)</u>	<u>(1,165,195)</u>	<u>(1,165,195)</u>	<u>(1,165,195)</u>	<u>(1,165,195)</u>	<u>(1,165,195)</u>	<u>(780,679)</u>
Total	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

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

	Total Change to be Recognized	Recognition Period (Years)	Reporting Date for Employer under GAS 68 Year Ended June 30							
			2020	2021	2022	2023	2024	2025	2026	
Water	\$(2,281,386)	6.44	\$(354,252)	\$(354,252)	\$(354,252)	\$(354,252)	\$(354,252)	\$(354,252)	\$(354,252)	\$(155,874)
Power	<u>2,281,386</u>	6.44	<u>354,252</u>	<u>354,252</u>	<u>354,252</u>	<u>354,252</u>	<u>354,252</u>	<u>354,252</u>	<u>354,252</u>	<u>155,874</u>
Total	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Section 2: GAS 68 Information

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

	Total Change to be Recognized	Recognition Period (Years)	Reporting Date for Employer under GAS 68 Year Ended June 30						
			2019	2020	2021	2022	2023	2024	2025
Water	\$4,975,531	6.18	\$805,102	\$805,102	\$805,102	\$805,102	\$805,102	\$805,102	\$144,919
Power	<u>(4,975,531)</u>	6.18	<u>(805,102)</u>	<u>(805,102)</u>	<u>(805,102)</u>	<u>(805,102)</u>	<u>(805,102)</u>	<u>(805,102)</u>	<u>(144,919)</u>
Total	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0

Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of the Change in Proportion and Change in Employer Contributions for the Year Ended June 30, 2017

	Total Change to be Recognized	Recognition Period (Years)	Reporting Date for Employer under GAS 68 Year Ended June 30					
			2018	2019	2020	2021	2022	2023
Water	\$307,966	5.92	\$52,021	\$52,021	\$52,021	\$52,021	\$52,021	\$47,861
Power	<u>(307,966)</u>	5.92	<u>(52,021)</u>	<u>(52,021)</u>	<u>(52,021)</u>	<u>(52,021)</u>	<u>(52,021)</u>	<u>(47,861)</u>
Total	\$0		\$0	\$0	\$0	\$0	\$0	\$0

Section 3: Actuarial Assumptions and Methods and Appendices

Actuarial assumptions and methods

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

Rationale for Assumptions

The information and analysis used in selecting each assumption that has a significant effect on this actuarial valuation is shown in the July 1, 2018 through June 30, 2021 Actuarial Experience Study dated May 20, 2022. Unless otherwise noted, all actuarial assumptions and methods shown below apply to both Tier 1 and Tier 2 members.

Economic Assumptions

Net Investment Return:	6.50%; net of investment expenses. Based on the Actuarial Experience Study referenced above, expected investment expenses represent about 0.40% of the average Market Value of Assets.
Employee Contribution, Additional Annuity and Matching Account Crediting Rate:	6.50% based on Plan provisions ¹
Consumer Price Index (CPI):	CPI Increase of 2.50% per year.
Cost of Living Adjustments (COLA):	Retiree COLA increases of 2.75% per year for Tier 1 and 2.00% per year for Tier 2. For members that have COLA banks, they are reflected in projected future COLAs.
Administration Expenses:	Offset by additional employer contributions.
Increase in Internal Revenue Code Section 401(a)(17) Compensation Limit:	Increase of 2.50% per year from the valuation date.

¹ The Board adopted Plan amendment on November 9, 2022. Effective July 1, 2024, the Regular Interest Rate will be aligned with the investment return assumption as adopted by the Board. The cost impact of this Plan amendment is determined and reflected as of the June 30, 2023 measurement date.

Section 3: Actuarial Assumptions and Methods and Appendices

Salary Increases:

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

Merit and Promotion Increases	
Years of Service	Rate (%)
Less than 1	7.00
1 – 2	7.00
2 – 3	6.50
3 – 4	5.00
4 – 5	3.75
5 – 6	2.75
6 – 7	2.25
7 – 8	2.00
8 – 9	1.90
9 – 10	1.80
10 – 11	1.70
11 – 12	1.45
12 – 13	1.40
13 – 14	1.35
14 – 15	1.30
15 – 16	1.30
16 – 17	1.30
17 & Over	1.25

Section 3: Actuarial Assumptions and Methods and Appendices

Demographic Assumptions

Post-Retirement Mortality Rates:

Service Retirement, Disability Retirement, and Beneficiaries not Currently in Pay Status

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

Beneficiaries in Pay Status

- Pub-2010 Contingent Survivor Amount-Weighted Above-Median Mortality Table (separate tables for males and females) increased by 5% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.

Optional Form of Payment Amounts at Retirement and Conversion of Contribution Balance to Annuities at Retirement¹

- *Members:* Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females) increased by 5% for males, projected generationally with the two-dimensional mortality improvement scale MP-2021 associated with a retirement year of 2025, weighted 75% male and 25% female.
- *Beneficiaries:* Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females) increased by 5% for males, projected generationally with the two-dimensional mortality improvement scale MP-2021 associated with a retirement year of 2025, weighted 25% male and 75% female.

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.

¹ The Board adopted Plan amendment on November 9, 2022. Effective July 1, 2024, the mortality assumptions used for optional form of payments and conversion of contribution balance to annuities will be aligned with the assumptions as adopted by the Board but on a unisex basis. The cost impact of this Plan amendment is determined and reflected as of the June 30, 2023 measurement date.

Section 3: Actuarial Assumptions and Methods and Appendices

Pre-Retirement Mortality Rates:

Pub-2010 General Employee Amount-Weighted Above-Median Mortality Table (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2021.

Age	Rate (%)	
	Male	Female
25	0.024	0.008
30	0.031	0.013
35	0.041	0.021
40	0.057	0.033
45	0.085	0.051
50	0.129	0.076
55	0.190	0.112
60	0.276	0.169
65	0.405	0.270
70	0.609	0.445

5% of pre-retirement deaths are assumed to be duty related, with the remaining being non-duty related. Note that generational projections beyond the base year (2010) are not reflected in the above mortality rates.

Disability Incidence Rates:

Age	Rate (%)	
	Male	Female
25	0.006	0.000
30	0.012	0.006
35	0.012	0.036
40	0.018	0.072
45	0.030	0.102
50	0.054	0.138
55	0.126	0.168
60	0.240	0.202

Section 3: Actuarial Assumptions and Methods and Appendices

Termination Rates:

Total Termination	
Years of Service	Rate (%)
Less than 1	9.25
1 – 2	4.25
2 – 3	3.25
3 – 4	3.25
4 – 5	2.25
5 – 6	1.75
6 – 7	1.50
7 – 8	1.50
8 – 9	1.50
9 – 10	1.25
10 – 15	0.75
15 – 20	0.70
20 & Over	0.50

Tier 1 Allocation of Termination Rates (%) between Ordinary Withdrawals and Vested Terminations

Years of Service	Ordinary Withdrawals	Vested Terminations
Less than 1	100	0
1 – 10	30	70
10 & Over	15	85

Tier 2 Allocation of Termination Rates (%) between Ordinary Withdrawals and Vested Terminations

Years of Service	Ordinary Withdrawals	Vested Terminations
Less than 5	80	20
5 – 10	25	75
10 & Over	15	85

Ordinary withdrawals are assumed to receive their account balance at termination. Vested terminations are assumed to receive a deferred retirement benefit. No termination is assumed after a member is first eligible to retire.

Section 3: Actuarial Assumptions and Methods and Appendices

Retirement Rates:

Age	Rate (%)			
	Tier 1		Tier 2	
	Under 30 Years of Service	30 or More Years of Service	Under 30 Years of Service	30 or More Years of Service
50	0.00	1.50	0.00	0.00
51	0.00	1.00	0.00	0.00
52	0.00	0.00	0.00	0.00
53	0.00	0.00	0.00	0.00
54	0.00	0.00	0.00	0.00
55	4.50	30.00	0.00	26.00
56	2.50	20.00	0.00	14.00
57	3.00	18.00	0.00	13.50
58	3.50	18.00	0.00	13.50
59	3.50	18.00	0.00	13.50
60	5.25	22.00	5.25	17.50
61	6.75	22.00	3.75	12.00
62	7.00	24.00	2.75	12.00
63	8.50	25.00	20.00	25.00
64	9.50	27.00	11.00	25.00
65	11.50	28.00	11.00	27.00
66	13.50	28.00	12.00	27.00
67	13.50	28.00	12.50	27.00
68	13.50	28.00	12.50	27.00
69	19.00	30.00	16.50	28.00
70	22.00	30.00	40.00	40.00
71	22.00	30.00	40.00	40.00
72	22.00	30.00	40.00	40.00
73	22.00	30.00	40.00	40.00
74	22.00	30.00	40.00	40.00
75 & Over	100.00	100.00	100.00	100.00

Section 3: Actuarial Assumptions and Methods and Appendices

Retirement Age and Benefit for Inactive Vested Members:	For Tier 1, inactive vested members are assumed to retire at age 60 with a Money Purchase Annuity. For Tier 2, inactive vested members are assumed to retire at age 63. Tier 1 and Tier 2 members receiving Permanent Total Disability benefits are assumed to retire at the earlier of age 65 or age 55 with 30 years of service.
Definition of Active Members:	First day of biweekly payroll following employment.
Form of Payment:	All active and inactive members are assumed to elect the unmodified option at retirement.
Unknown Data for Members:	Same as those exhibited by members with similar known characteristics. If not specified, members are assumed to be male.
Data Adjustments:	Data as of March 31 has been adjusted to June 30 by adding three months of age and, for active employees, three months of service. Contribution account balances were also increased by three months of interest. For members in pay status, we have increased their benefits by the assumed July 1 COLA.
Percent Married/Domestic Partner:	80% of male members and 55% of female members are assumed to have an eligible spouse or domestic partner at pre-retirement death or retirement. The assumption is also applied for current retirees retired before April 1, 2012 with Options Full, A, B, or C since they are missing this data. Spousal gender is assumed to be opposite that of the member.
Age of Spouse:	Male retirees are assumed to be 3 years older than their spouses, and female retirees are assumed to be 2 years younger than their spouses.
Future Benefit Accruals:	1.0 year of service per year.
Additional Service Accrual:	Tier 1 members are assumed to purchase an additional 0.04 years of service per year. Tier 2 members are assumed to purchase an additional 0.02 years of service per year. These service purchases exclude those priced at full actuarial cost. The valuation reflects expected future member contributions that are associated with these assumed service purchases.

Section 3: Actuarial Assumptions and Methods and Appendices

Actuarial Methods

Actuarial Cost Method:	Entry Age Actuarial Cost Method. Entry Age equals attained age less years of service. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are based on costs allocated as a level percent of salary.
Projected Compensation:	Projected compensation for the year following the valuation date is calculated by annualizing the bi-weekly pay rate increased by the assumed rate of salary increase. For members with less than one year of service as of the valuation date, no salary increase assumption is applied to their annualized compensation.
Expected Remaining Service Lives:	The average of the expected service lives of all employees is determined by: <ul style="list-style-type: none">• Calculating each active employee's expected remaining service life as the present value of \$1 per year of future service at zero percent interest.• Setting the remaining service life to zero for each nonactive or retired member.• Dividing the sum of the above amounts by the total number of active employee, nonactive and retired members.

Changes in Actuarial Assumptions

Changed Actuarial Assumptions:	The following assumptions have been changed since the prior valuation, due to the Board adopting Plan amendment on November 9, 2022. The Regular Interest Rate will be aligned with the investment return assumption rate adopted by the Board starting July 1, 2024. The cost impact of this Plan amendment is determined and reflected as of the June 30, 2023 measurement date:
<i>Employee Contribution, Additional Annuity and Matching Account Crediting Rate:</i>	7.00% based on Plan provisions
<i>Post-Retirement Mortality Rates:</i>	<i>Optional Form of Payment Amounts at Retirement and Conversion of Contribution Balance to Annuities at Retirement</i> <ul style="list-style-type: none">• <i>Members:</i> Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table increased by 5% for males, projected generationally with the two-dimensional mortality improvement scale MP-2018 associated with a retirement year of 2022, weighted 75% male and 25% female.• <i>Beneficiaries:</i> Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table, projected generationally with the two-dimensional mortality improvement scale MP-2018 associated with a retirement year of 2022, weighted 25% male and 75% female.

Section 3: Actuarial Assumptions and Methods and 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 Investment Earnings (d)	Projected Ending Plan Fiduciary Net Position (e) = (a) + (b) - (c) + (d)
2023	\$16,425	\$550	\$834	\$1,058	\$17,199
2024	17,199	496	868	1,106	17,933
2025	17,933	340	915	1,147	18,505
2026	18,505	372	958	1,184	19,103
2027	19,103	371	999	1,221	19,695
2028	19,695	370	1,040	1,258	20,283
2029	20,283	367	1,082	1,295	20,864
2030	20,864	364	1,126	1,331	21,433
2031	21,433	360	1,171	1,367	21,990
2032	21,990	356	1,216	1,401	22,531
2048	27,185	174	1,900	1,711	27,170
2049	27,170	156	1,949	1,708	27,085
2050	27,085	138	1,997	1,700	26,927
2051	26,927	120	2,042	1,688	26,692
2052	26,692	101	2,086	1,670	26,378
2097	799	0	90	49	759
2098	759	0	70	47	736
2099	736	0	53	46	728
2100	728	0	40	46	734
2101	734	0	30	47	751
2137	6,224	0	0 *	405	6,629
2138	6,629				
2138	Discounted Value: 5 **				

* Less than \$1 million, when rounded.

** \$6,629 million when discounted with interest at the rate of 6.50% per annum has a value of \$5 million as of June 30, 2023.

Section 3: Actuarial Assumptions and Methods and Appendices

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

Notes:

1. Amounts may not total exactly due to rounding.
2. Years 2033-2047, 2053-2096, and 2102-2136 have been omitted from this table.
3. Column (a): Except for the "discounted value" shown for 2138, none of the projected beginning Plan Fiduciary Net Position amounts shown have been adjusted for the time value of money.
4. Column (b): Projected total contributions include employee and employer Normal Cost contributions based on closed group projections (based on covered active members as of June 30, 2023), plus employer contributions to the Unfunded Actuarial Accrued Liability based on the Plan's funding policy. Contributions are assumed to occur halfway through the year, on average.
5. Column (c): Projected benefit payments have been determined in accordance with paragraph 39 of GASB Statement No. 67, and are based on the closed group of active, inactive vested, retired members, and beneficiaries as of June 30, 2023. The projected benefit payments reflect the cost of living increase assumptions used in the June 30, 2023 valuation report. The projected benefit payments are assumed to occur halfway through the year, on average.
6. Column (d): Projected investment earnings are based on the assumed investment rate of return of 6.50% per annum.
7. Throughout the projection, administrative expenses are not shown as they are expected to be offset by additional employer contributions above those shown in this projection.
8. 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 6.50% 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.
9. This projection is based on a model developed by our Actuarial Technology and Systems unit, comprised of both actuaries and programmers. The model allows the client team, under the supervision of the responsible actuary, control over the entry of future expected contribution income, benefit payments and administrative expenses. The projection of fiduciary net position and the discounting of benefits is part of the model.

Section 3: Actuarial Assumptions and Methods and Appendices

Appendix B: Definition of terms

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

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.
Agent Employer:	An employer whose employees are provided with pensions through an agent multiple-employer defined benefit pension plan.
Agent Multiple-Employer Defined Benefit Pension Plan (Agent Pension Plan):	A multiple-employer defined benefit pension plan in which pension plan assets are pooled for investment purposes but separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of only its employees.
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).

Section 3: Actuarial Assumptions and Methods and Appendices

Closed Period:	A specific number of years that is counted from one date and declines to zero with the passage of time. For example, if the recognition period initially is five years on a closed basis, four years remain after the first year, three years after the second year, and so forth.
Collective Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:	Deferred outflows of resources and deferred inflows of resources related to pensions arising from certain changes in the collective Net Pension Liability.
Collective Net Pension Liability:	The Net Pension Liability for benefits provided through (1) a cost-sharing pension plan or (2) a single-employer or agent pension plan in circumstances in which there is a special funding situation.
Collective Pension Expense:	Pension expense arising from certain changes in the collective Net Pension Liability.
Contributions:	Additions to a pension Plan Fiduciary Net Position for amounts from employers, non-employer contributing entities (for example, state government contributions to a local government pension plan), or employees. Contributions can result from cash receipts by the pension plan or from recognition by the pension plan of a receivable from one of these sources.
Cost-of-Living Adjustments:	Postemployment benefit changes intended to adjust benefit payments for the effects of inflation.
Cost-Sharing Employer:	An employer whose employees are provided with pensions through a cost-sharing multiple-employer defined benefit pension plan.
Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Cost-Sharing Pension Plan):	A multiple-employer defined benefit pension plan in which the pension obligations to the employees of more than one employer are pooled and pension plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.
Covered Payroll:	Payroll on which contributions to the pension plan are based.
Defined Benefit Pension Plans:	Pension plans that are used to provide defined benefit pensions.
Defined Benefit Pensions:	Pensions for which the income or other benefits that the employee will receive at or after separation from employment are defined by the benefit terms. The pensions may be stated as a specified dollar amount or as an amount that is calculated based on one or more factors such as age, years of service, and compensation. (A pension that does not meet the criteria of a defined contribution pension is classified as a defined benefit pension for purposes of Statement 68.)
Defined Contribution Pension Plans:	Pension plans that are used to provide defined contribution pensions.

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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: <ol style="list-style-type: none"> 1. The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the pension Plan Fiduciary Net Position is projected (under the requirements of Statement 68) to be greater than the benefit payments that are projected to be made in that period and (b) pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term expected rate of return, calculated using the long-term expected rate of return on pension plan investments. 2. The actuarial present value of projected benefit payments not included in (1), calculated using the municipal bond rate.
Entry Age Actuarial Cost Method:	A method under which the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit age(s). The portion of this actuarial present value allocated to a valuation year is called the normal cost. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future normal costs is called the actuarial accrued liability.
Inactive Employees:	Terminated individuals that have accumulated benefits but are not yet receiving them, and retirees or their beneficiaries currently receiving benefits.
Measurement Period:	The period between the prior and the current measurement dates.
Multiple-Employer Defined Benefit Pension Plan:	A defined benefit pension plan that is used to provide pensions to the employees of more than one employer.
Net Pension Liability (NPL):	The liability of employers and non-employer contributing entities to employees for benefits provided through a defined benefit pension plan.
Non-Employer Contributing Entities:	Entities that make contributions to a pension plan that is used to provide pensions to the employees of other entities. For purposes of Statement 68, employees are not considered non-employer contributing entities.

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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.

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Special Funding Situations:	<p>Circumstances in which a non-employer entity is legally responsible for making contributions directly to a pension plan that is used to provide pensions to the employees of another entity or entities and either of the following conditions exists:</p> <ol style="list-style-type: none">1. The amount of contributions for which the non-employer entity legally is responsible is not dependent upon one or more events or circumstances unrelated to the pensions.2. The non-employer entity is the only entity with a legal obligation to make contributions directly to a pension plan.
Termination Benefits:	<p>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.</p>
Total Pension Liability (TPL):	<p>The portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service in conformity with the requirements of Statement 68.</p>

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