

**CITY OF LOS ANGELES
WATER AND POWER EMPLOYEES'
RETIREMENT PLAN
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
For the Years Ended June 30, 2024 and 2023**

**CITY OF LOS ANGELES
WATER AND POWER EMPLOYEES' RETIREMENT PLAN**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Administration
City of Los Angeles
Water and Power Employees' Retirement Plan
Los Angeles, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Retirement Fund, Disability Fund, Death Benefit Fund, and Retiree Health Benefits Fund (individually referred to as the Funds), administered by the City of Los Angeles Water and Power Employees' Retirement Plan (WPERP), which comprise the statements of fiduciary net position as of June 30, 2024 and 2023, and the related statements of changes in fiduciary net position for the years then ended, and the related notes to the basic financial statements for each fund as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Funds, as of June 30, 2024 and 2023, and the respective changes in financial position for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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



In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Funds' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the WPERP's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the WPERP's ability to continue as a going concern for a reasonable period of time.

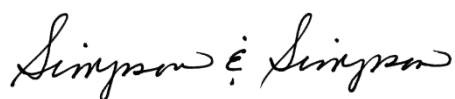
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 17; the Schedule of Changes in Net Pension Liability and Related Ratios on pages 56 and 57; the Schedule of Changes in Net Other Postemployment Benefit Liability and Related Ratios on pages 61, 62, 66, and 67; the Schedule of Employer Contributions and related notes on pages 58, 59, 63, 64, 68, and 69; and the Schedule of Investment Returns on pages 60, 65, and 70 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Funds' basic financial statements. The supplementary information identified in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

A handwritten signature in black ink, reading 'Simpson & Simpson' in a cursive script.

Los Angeles, California
November 15, 2024

**CITY OF LOS ANGELES
WATER AND POWER EMPLOYEES' RETIREMENT PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)**

We are pleased to provide this overview and analysis of the financial activities of the City of Los Angeles Department of Water and Power (Department) Employees' Retirement Plan (WPERP) for the years ended June 30, 2024 and 2023.

FINANCIAL HIGHLIGHTS

- At June 30, 2024, the fiduciary net position was \$17.8 billion, \$39.9 million, \$56.3 million, and \$3.3 billion for the Retirement, Disability, Death Benefit, and Retiree Health Benefits Funds, respectively. All fiduciary net positions were available to meet the obligations to participants and their beneficiaries.
- Total fiduciary net position increased by \$1.4 billion or 8.45% for the Retirement Fund, decreased by \$1.4 million or 3.37% for the Disability Fund, increased by \$9.8 million or 20.97% for the Death Benefit Fund, and increased by \$297.1 million or 10.00% for the Retiree Health Benefits Fund.
- Additions to the Retirement Fund's fiduciary net position increased by \$521.9 million in the current year, while additions to the Retiree Health Benefits Fund's fiduciary net position increased by \$88.1 million. The increases were primarily driven by higher investment returns.
- Deductions from the Retirement Fund's fiduciary net position increased \$44.9 million, or approximately 5.94%, rising from \$755.5 million to \$800.4 million. This was mainly due to the cost-of-living adjustment and increase in total number of retirees.
- At June 30, 2024, the fiduciary net position as a percentage of total pension liability of the Retirement Fund was 98.81%.
- At June 30, 2024, the Department's net pension liability under the Retirement Fund was \$214.3 million.
- At June 30, 2024, the fiduciary net position as a percentage of total other postemployment benefits liability of the Retiree Health Benefits Fund and Death Benefit Fund was 102.38% and 35.15%, respectively.
- At June 30, 2024, the Department's net other postemployment benefits surplus under the Retiree Health Benefits Fund was \$76.1 million. The Department's net other postemployment benefits liability under the Death Benefit Fund was \$103.9 million.

**CITY OF LOS ANGELES
WATER AND POWER EMPLOYEES' RETIREMENT PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)**

OVERVIEW OF THE FINANCIAL STATEMENTS

The following discussion and analysis are intended to serve as an introduction to the financial statements of the WPERP, which are:

1. Statements of Fiduciary Net Position
2. Statements of Changes in Fiduciary Net Position
3. Notes to the Financial Statements

The Statements of Fiduciary Net Position is a snapshot of account balances at year end. It indicates the amount of assets available for payment to retirees, beneficiaries, and any current liabilities owed at this time.

The Statements of Changes in Fiduciary Net Position reports additions to and deductions from the fiduciary net position during the year.

The above statements are on a full accrual basis of accounting. Investment gains and losses are shown at trade date, and account balances are based on market values recognizing both realized and unrealized gains and losses on investments.

Notes to the Financial Statements provide additional information essential to a full understanding of the data provided in the financial statements. These notes are presented in pages 21 to 55 of this report.

Required Supplementary Information: This report presents certain required supplementary information concerning the Retirement Fund, the Retiree Health Benefits Fund, and the Death Benefit Fund's progress in funding to provide pension, health benefits, and insured life benefits to members. The report also provides summary information on employer contributions. The required supplementary information is on pages 56 to 70 of this report.

Supplementary Information: The supplementary information is also available in this report for a better understanding of the WPERP's financial activities. The supplementary information is on pages 71 to 73 of this report.

**CITY OF LOS ANGELES
WATER AND POWER EMPLOYEES' RETIREMENT PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)**

FINANCIAL ANALYSIS

Retirement Fund

Fiduciary Net Position

A summary of the Retirement Fund's fiduciary net position is presented below:

	Condensed Statements of Fiduciary Net Position (In Thousands)			2023-24	2022-23
	2024	2023	2022	% Change	% Change
Cash	\$ 85,284	\$ 69,916	\$ 77,212	21.98%	-9.45%
Prepaid expense	-	53	21	-100.00%	152.38%
Receivables	217,420	381,672	266,371	-43.03%	43.29%
Investments	18,309,922	17,000,694	16,281,581	7.70%	4.42%
 Total assets	 18,612,626	 17,452,335	 16,625,185	 6.65%	 4.98%
 Liabilities	 799,929	 1,027,534	 1,111,261	 -22.15%	 -7.53%
 Fiduciary net position	 <u>\$ 17,812,697</u>	 <u>\$ 16,424,801</u>	 <u>\$ 15,513,924</u>	 8.45%	 5.87%

Fiscal year ended June 30, 2024

Fiduciary net position increased by \$1.4 billion, or 8.45%, reaching \$17.8 billion compared to the prior fiscal year. This increase was primarily driven by a \$1.3 billion, or 7.70%, rise in investments, reflecting good performance in the capital markets. Total receivables decreased by \$164.3 million, or 43.03%, mainly due to lower pending investment sales. Total liabilities decreased by \$227.6 million, or 22.15%, primarily due to lower pending investment purchases and a reduction in securities lending collateral payable.

Fiscal year ended June 30, 2023

Fiduciary net position increased by \$910.9 million or 5.87% to \$16.4 billion from the prior fiscal year. Investments accounted for almost all of the increase, rising \$719.1 million or 4.42%, due to the recovery of the capital market. Total receivables increased by \$115.3 million or 43.29% due mainly to higher pending investment sales.

**CITY OF LOS ANGELES
WATER AND POWER EMPLOYEES' RETIREMENT PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)**

Retirement Fund (Continued)

Changes in Fiduciary Net Position

	Condensed Statements of Changes in Fiduciary Net Position (In Thousands)			2023-24	2022-23
	2024	2023	2022	% Change	% Change
Additions					
Members' contributions	\$ 162,160	\$ 144,715	\$ 131,105	12.05%	10.38%
Employer contributions	431,968	368,479	325,326	17.23%	13.26%
Net investment income (loss)	1,594,130	1,153,143	(888,349)	38.24%	229.81%
Total additions	2,188,258	1,666,337	(431,918)	31.32%	485.80%
Deductions					
Benefit payments	783,896	740,641	706,885	5.84%	4.78%
Refund	10,822	8,819	9,123	22.71%	-3.33%
Administrative expenses	5,644	6,000	5,614	-5.93%	6.88%
Total deductions	800,362	755,460	721,622	5.94%	4.69%
Net increase (decrease) in fiduciary net position	1,387,896	910,877	(1,153,540)	52.37%	178.96%
Fiduciary net position beginning	16,424,801	15,513,924	16,667,464	5.87%	-6.92%
Fiduciary net position ending	\$ 17,812,697	\$ 16,424,801	\$ 15,513,924	8.45%	5.87%

Additions to Fiduciary Net Position

Additions needed to fund benefit payments are accumulated through contributions from the employees and the employer, and from income generated from the Retirement Fund's investing activities.

Fiscal year ended June 30, 2024

Members' contributions increased by 12.05%, primarily due to a rise in active members. Employer contributions rose by 17.23%, driven by an increased required contribution rate compared to the previous year and higher compensation. Net investment income grew to \$1.6 billion, an increase of \$441.0 million, or 38.24%. This growth was primarily driven by the appreciation in the fair value of investments.

**CITY OF LOS ANGELES
WATER AND POWER EMPLOYEES' RETIREMENT PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)**

Retirement Fund (Continued)

Fiscal year ended June 30, 2023

Employer contributions increased by 13.26% over the prior fiscal year due to the higher required contribution rate versus the previous year. Net investment income totaled \$1.2 billion, an increase of 229.81%. The growth was attributed to the rebound of the fair value of investments relative to the prior year.

Deductions from Fiduciary Net Position

Costs associated with the Retirement Fund include benefit payments as designated by the Plan document, refund of contributions due to terminations and member deaths, and administrative expenses.

Fiscal year ended June 30, 2024

Deductions for the fiscal year ended June 30, 2024, totaled \$800.4 million, an increase of \$44.9 million, or 5.94%, over the prior fiscal year. Benefit payments increased by 5.84% compared to the previous fiscal year. The increase was due largely to the cost-of-living adjustment granted and an increase in the total number of retirees.

Fiscal year ended June 30, 2023

Deductions for the fiscal year ended June 30, 2023, totaled \$755.5 million, up \$33.8 million or 4.69% over the prior fiscal year. Benefit payments increased by 4.78% over the previous fiscal year. The increase was due largely to the cost-of-living adjustment granted.

**CITY OF LOS ANGELES
WATER AND POWER EMPLOYEES' RETIREMENT PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)**

Disability Fund

Fiduciary Net Position

The Disability Fund's fiduciary net position is summarized below:

	Condensed Statements of Fiduciary Net Position (In Thousands)			2023-24	2022-23
	2024	2023	2022	% Change	% Change
Cash	\$ 2,214	\$ 1,671	\$ 519	32.50%	221.97%
Receivables	8,405	8,552	8,629	-1.72%	-0.89%
Investments	29,889	31,807	36,412	-6.03%	-12.65%
Total assets	40,508	42,030	45,560	-3.62%	-7.75%
Liabilities	641	774	710	-17.18%	9.01%
Fiduciary net position	<u>\$ 39,867</u>	<u>\$ 41,256</u>	<u>\$ 44,850</u>	-3.37%	-8.01%

Fiscal year ended June 30, 2024

The Disability Fund's fiduciary net position decreased by \$1.4 million, or 3.37%, in fiscal year 2024. Cash increased by \$0.5 million, or 32.50%, as a result of pending benefit payments and cash transfers at last fiscal year end. Investments decreased by \$1.9 million, or 6.03%, due to drawdown of investments for benefit payments. Liabilities decreased by \$0.1 million, or 17.18%, driven by a reduction in the number of outstanding payments.

Fiscal year ended June 30, 2023

The Disability Fund's fiduciary net position decreased by \$3.6 million, or 8.01%, in fiscal year 2023. Cash increased by \$1.2 million or 221.97% due to the pending cash transfer at last fiscal year end. Investments decreased by \$4.6 million or 12.65% due to drawdown of investments for benefit payments.

CITY OF LOS ANGELES
WATER AND POWER EMPLOYEES' RETIREMENT PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

Disability Fund (Continued)

Changes in Fiduciary Net Position

	Condensed Statements of Changes in Fiduciary Net Position (In Thousands)			2023-24	2022-23
	2024	2023	2022	% Change	% Change
Additions					
Members' contributions	\$ 558	\$ 539	\$ 529	3.53%	1.89%
Employer contributions	18,584 ¹	16,453 ²	17,427 ²	12.95%	-5.59%
Net investment income (loss)	1,048	(141)	(4,179)	843.26%	96.63%
Total additions	20,190	16,851	13,777	19.81%	22.31%
Deductions					
Benefit payments	20,287 ¹	19,166 ²	18,916 ²	5.85%	1.32%
Administrative expenses	1,292	1,279	1,225	1.02%	4.41%
Total deductions	21,579	20,445	20,141	5.55%	1.51%
Net increase (decrease) in fiduciary net position	(1,389)	(3,594)	(6,364)	61.35%	43.53%
Fiduciary net position beginning	41,256	44,850	51,214	-8.01%	-12.43%
Fiduciary net position ending	\$ 39,867	\$ 41,256	\$ 44,850	-3.37%	-8.01%

Notes:

¹ In fiscal year 2024, a new account titled *Contingent Disability Benefits* was established within employer contributions and associated benefit payments to enhance the clarity of related transactions. This account includes \$0.7 million for contingent disability benefits recorded during the year.

² In fiscal years 2023 and 2022, amounts related to *Contingent Disability Benefits* were reclassified from *Advances and Reimbursements to Employer Contributions and Associated Benefit Payments*. This adjustment affects the comparative figures by \$0.8 million for 2023 and \$1.1 million for 2022. However, these reclassifications do not impact the previously reported fiduciary net positions. For further details, see Note 3 to the financial statements.

**CITY OF LOS ANGELES
WATER AND POWER EMPLOYEES' RETIREMENT PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)**

Disability Fund (Continued)

Additions to Fiduciary Net Position

Additions needed to fund benefits are accumulated through employer and employee contributions and investment income generated from the Fund's investing activities.

Fiscal year ended June 30, 2024

Employer contributions increased by \$2.1 million, or 12.95%, due to a higher contribution rate compared to the previous year. Net investment income totaled \$1.0 million, a significant improvement from the previous fiscal year's loss of \$0.1 million. This represents an 843.26% increase, attributed to the substantial performance of fixed income investments during fiscal year 2024.

Fiscal year ended June 30, 2023

Net investment loss totaled \$0.1 million compared to last fiscal year loss of \$4.2 million. The lower decline was attributed to the relatively improved performance of fixed income investments during fiscal year 2023.

Deductions from Fiduciary Net Position

The costs associated with the Disability Fund include disability benefit payments and administrative expenses.

Fiscal year ended June 30, 2024

Benefit payments for the fiscal year 2024 increased by \$1.1 million, representing a 5.85% rise compared to the previous year. This increase is primarily attributed to higher temporary disability benefits paid.

Fiscal year ended June 30, 2023

Fiscal year 2023 benefit payments were consistent with the prior year's, with a slight increase of \$0.5 million.

**CITY OF LOS ANGELES
WATER AND POWER EMPLOYEES' RETIREMENT PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)**

Death Benefit Fund

The Death Benefit Fund's fiduciary net position is summarized below:

	Condensed Statements of Fiduciary Net Position (In Thousands)			2023-24	2022-23
	2024	2023	2022	% Change	% Change
Cash	\$ 1,527	\$ 4,048	\$ 6,258	-62.28%	-35.31%
Receivables	2,481	3,076	2,674	-19.34%	15.03%
Investments	59,019	46,607	37,838	26.63%	23.18%
Total assets	63,027	53,731	46,770	17.30%	14.88%
Liabilities	6,735	7,197	6,245	-6.42%	15.24%
Fiduciary net position	<u>\$ 56,292</u>	<u>\$ 46,534</u>	<u>\$ 40,525</u>	20.97%	14.83%

Fiscal year ended June 30, 2024

The Fund's fiduciary net position increased by \$9.8 million, or 20.97%, compared to the previous year. Cash decreased by \$2.5 million, or 62.28%, as funds were directed towards investments. Investments increased by \$12.4 million, or 26.63%, primarily due to a sustained increase in employer contributions.

Fiscal year ended June 30, 2023

The Fund's fiduciary net position increased by \$6.0 million, or 14.83%, compared to the previous year. Cash decreased by \$2.2 million or 35.31% due to funds directed toward investments. Investments were up \$8.8 million, or 23.18%, as a result of sustained increase in employer contributions.

**CITY OF LOS ANGELES
WATER AND POWER EMPLOYEES' RETIREMENT PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)**

Death Benefit Fund (Continued)

Changes in Fiduciary Net Position

	Condensed Statements of Changes in Fiduciary Net Position (In Thousands)			2024-23	2023-22
	2024	2023	2022	% Change	% Change
Additions					
Members' contributions	\$ 387	\$ 378	\$ 372	2.38%	1.61%
Employer contributions	18,630	16,497	14,992	12.93%	10.04%
Net investment income (loss)	1,855	(279)	(4,381)	764.87%	93.63%
Total additions	20,872	16,596	10,983	25.77%	51.11%
Deductions					
Benefit payments	8,959	8,724	9,340	2.69%	-6.60%
Administrative expenses	2,155	1,863	1,856	15.67%	0.38%
Total deductions	11,114	10,587	11,196	4.98%	-5.44%
Net increase (decrease) in fiduciary net position	9,758	6,009	(213)	62.39%	2921.13%
Fiduciary net position beginning	46,534	40,525	40,738	14.83%	-0.52%
Fiduciary net position ending	\$ 56,292	\$ 46,534	\$ 40,525	20.97%	14.83%

Additions to Fiduciary Net Position

Additions to fund the benefits are accumulated through contributions and investment income from invested funds.

Fiscal year ended June 30, 2024

Net investment income totaled \$1.9 million, a significant improvement compared to the prior fiscal year's loss of \$0.3 million. This increase is attributed to the strong performance of fixed income investments during fiscal year 2024.

**CITY OF LOS ANGELES
WATER AND POWER EMPLOYEES' RETIREMENT PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)**

Death Benefit Fund (Continued)

Fiscal year ended June 30, 2023

Net investment loss totaled \$0.3 million compared to last fiscal year's loss of \$4.4 million. The lower decline was due to the relatively improved performance of fixed income investments during fiscal year 2023.

Deductions from Fiduciary Net Position

The costs associated with the Death Benefit Fund include the benefits payments and administrative expenses.

Fiscal year ended June 30, 2024

Fiscal year 2024 benefit payments increased by \$0.2 million, representing a modest 2.69% rise compared to the previous year.

Fiscal year ended June 30, 2023

Fiscal year 2023 benefit payments decreased by \$0.6 million, down 6.6% from last year. The decrease was due to the decline in insured lives death benefit claims for active members.

**CITY OF LOS ANGELES
WATER AND POWER EMPLOYEES' RETIREMENT PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)**

Retiree Health Benefits Fund

The DWP Board of Water and Power commissioners (DWP Board) approved the creation of the Retiree Health Benefits Fund in September 2006 to defray current and future retiree health benefit liabilities and related costs. The Retirement Board has the fiduciary responsibility for investing the assets of the RHBF and administering payments from it, while the DWP Board continues to have the responsibility to set the funding policy and the funding levels of the RHBF. The RHBF assets amounting to \$642.0 million were transferred to the WPERP to establish the fund during fiscal year 2007.

As of June 30, 2024 the fiduciary net position of the fund totaled approximately \$3.3 billion. A condensed statements of the fund's fiduciary net position and a condensed statements of changes in fiduciary net position are as follow:

Fiduciary Net Position

	Condensed Statements of Fiduciary Net Position (In Thousands)			2023-24	2022-23
	2024	2023	2022	% Change	% Change
Cash	\$ 592	\$ 578	\$ 1,507	2.42%	-61.65%
Receivables	26,895	48,716	35,965	-44.79%	35.45%
Investments	3,422,548	3,145,553	2,972,440	8.81%	5.82%
Total assets	3,450,035	3,194,847	3,009,912	7.99%	6.14%
Liabilities	181,849	223,792	248,871	-18.74%	-10.08%
Fiduciary net position	<u>\$ 3,268,186</u>	<u>\$ 2,971,055</u>	<u>\$ 2,761,041</u>	10.00%	7.61%

Fiscal year ended June 30, 2024

The fiduciary net position increased by \$297.1 million, or 10.00%, during the fiscal year. This growth was primarily driven by investments, which rose by \$277.0 million, or 8.81%, reflecting favorable conditions in the capital markets. Total receivables decreased by \$21.8 million, or 44.79%, mainly due to a reduction in pending investment sales.

**CITY OF LOS ANGELES
WATER AND POWER EMPLOYEES' RETIREMENT PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)**

Retiree Health Benefits Fund (continued)

Fiscal year ended June 30, 2023

Fiduciary net position increased \$210.0 million or 7.61% during the fiscal year. Investments increased by \$173.1 million or 5.82% due to the rebound in capital market. Cash decreased by \$0.9 million or 61.65% based on projected liquidity needs. Total receivables increased by \$12.8 million or 35.45% due to pending investment sales.

Changes in Fiduciary Net Position

	Condensed Statements of Changes in Fiduciary Net Position (In Thousands)			2023-24	2022-23
	2024	2023	2022	% Change	% Change
Additions					
Employer contributions	\$ 115,661	\$ 114,618	\$ 113,094	0.91%	1.35%
Net investment income (loss)	296,950	209,846	(157,243)	41.51%	233.45%
Total additions	412,611	324,464	(44,149)	27.17%	834.93%
Deductions					
Benefit payments	114,570	113,571	112,081	0.88%	1.33%
Administrative expenses	910	879	850	3.53%	3.41%
Total deductions	115,480	114,450	112,931	0.90%	1.35%
Net increase (decrease) in fiduciary net position	297,131	210,014	(157,080)	41.48%	233.70%
Fiduciary net position beginning	2,971,055	2,761,041	2,918,121	7.61%	-5.38%
Fiduciary net position ending	<u>\$ 3,268,186</u>	<u>\$ 2,971,055</u>	<u>\$ 2,761,041</u>	10.00%	7.61%

Additions to Fiduciary Net Position

Additions to fund the benefits are accumulated through contributions from the Department and investment income derived from invested funds.

**CITY OF LOS ANGELES
WATER AND POWER EMPLOYEES' RETIREMENT PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)**

Retiree Health Benefits Fund (continued)

Fiscal year ended June 30, 2024

Net investments totaled \$297.0 million, compared to \$209.8 million in the prior fiscal year. This represents an increase of \$87.1 million, or 41.51%, primarily driven by the appreciation in the fair value of investments.

Fiscal year ended June 30, 2023

Net investment income totaled \$209.8 million compared to last fiscal year loss of \$157.2 million. The increase of 233.45% was mainly due to the appreciation in the fair value of investments.

Deductions from Fiduciary Net Position

Deductions represent medical and dental insurance premiums paid for the benefit of retirees and operating costs.

Fiscal year ended June 30, 2024

Insurance premium payments in fiscal year 2024 were consistent to the prior fiscal year with a net increase of 0.88%.

Fiscal year ended June 30, 2023

Insurance premium payments in fiscal year 2023 were consistent to the prior fiscal year with a net increase of 1.33%.

Request for Information

This financial report is designed to provide the Retirement Board, members, investment managers and creditors with a general overview of the WPERP's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Linda P. Le, Chief Executive of the Retirement System
Water and Power Employees' Retirement Plan
111 N. Hope Street, Room 357
Los Angeles, CA 90012

CITY OF LOS ANGELES
WATER AND POWER EMPLOYEES' RETIREMENT PLAN
STATEMENTS OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2024 AND 2023

	Pension Plan		Other Benefits Plan		Other Postemployment Benefits Plans			
	Retirement Fund		Disability Fund		Death Benefit Fund		Retiree Health Benefits Fund	
	2024	2023	2024	2023	2024	2023	2024	2023
ASSETS								
Cash (Notes 2 and 3)	\$ 85,283,726	\$ 69,915,745	\$ 2,214,474	\$ 1,670,624	\$ 1,527,142	\$ 4,047,757	\$ 592,300	\$ 578,448
Prepaid expense	-	53,102	-	-	-	-	-	-
Receivables								
Accrued investment income	55,190,898	47,576,533	103,174	110,302	189,370	161,133	9,746,335	8,246,805
Department of Water and Power	61,292,543	68,082,589	2,985,285	3,208,392	2,271,228	2,894,539	-	-
Pending investment sales	92,038,623	257,224,987	-	-	-	-	17,148,368	40,468,581
Other	8,898,455	8,788,403	2,005,804	1,923,517	20,044	20,044	-	-
Contingent disability benefit advance	-	-	3,310,339	3,310,339	-	-	-	-
Total receivables	217,420,519	381,672,512	8,404,602	8,552,550	2,480,642	3,075,716	26,894,703	48,715,386
Investments, at fair value (Notes 2, 3, and 4)								
Fixed income	4,105,006,980	3,885,575,620	29,274,840	31,225,723	54,208,840	46,336,527	739,110,416	700,124,011
Equity	7,336,314,932	6,684,302,538	-	-	-	-	1,380,254,004	1,221,805,904
Short-term investments	449,634,386	414,183,546	613,616	580,841	4,810,447	270,352	82,205,462	88,959,954
Alternative investments	4,297,226,799	3,841,183,349	-	-	-	-	767,857,451	692,009,638
Real estate	1,572,471,249	1,464,570,607	-	-	-	-	310,733,227	272,067,453
Securities lending - short-term collateral investment pool	549,267,326	710,878,396	-	-	-	-	142,387,563	170,586,471
Total investments	18,309,921,672	17,000,694,056	29,888,456	31,806,564	59,019,287	46,606,879	3,422,548,123	3,145,553,431
Total assets	18,612,625,917	17,452,335,415	40,507,532	42,029,738	63,027,071	53,730,352	3,450,035,126	3,194,847,265
LIABILITIES								
Payables								
Pending investment purchases	157,120,127	236,940,963	100,432	107,802	185,972	159,970	28,731,877	43,105,897
Department of Water and Power	-	-	-	-	-	-	167,127	135,523
Other	23,767,570	15,165,924	342,656	325,750	916,260	775,390	10,152,244	9,591,523
Outstanding Checks	69,773,793	64,549,021	197,627	340,047	265,201	447,229	410,545	372,763
Securities lending - collateral payable (Note 4)	549,267,326	710,878,396	-	-	-	-	142,387,563	170,586,471
Death claims in process - insured lives	-	-	-	-	5,367,982	5,814,125	-	-
Total liabilities	799,928,816	1,027,534,304	640,715	773,599	6,735,415	7,196,714	181,849,356	223,792,177
Fiduciary net position restricted for pension, other postemployment, and disability benefits	\$17,812,697,101	\$16,424,801,111	\$39,866,817	\$41,256,139	\$56,291,656	\$46,533,638	\$3,268,185,770	\$2,971,055,088

The accompanying notes are an integral part of these financial statements.

CITY OF LOS ANGELES
WATER AND POWER EMPLOYEES' RETIREMENT PLAN
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	Pension Plan		Other Benefits Plan		Other Postemployment Benefits Plans			
	Retirement Fund		Disability Fund		Death Benefit Fund		Retiree Health Benefits Fund	
	2024	2023	2024	2023	2024	2023	2024	2023
ADDITIONS								
Members' contributions								
Retirement benefit	\$ 162,160,081	\$ 144,715,315	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Temporary disability benefit	-	-	279,252	269,474	-	-	-	-
Permanent total disability	-	-	278,504	269,475	-	-	-	-
Insured lives death benefit	-	-	-	-	279,204	269,483	-	-
Supplemental family death benefit	-	-	-	-	107,886	108,539	-	-
Total members' contributions	162,160,081	144,715,315	557,756	538,949	387,090	378,022	-	-
Department of Water and Power contributions towards:								
Retirement benefit (net of reversions)	425,303,910	361,585,859	-	-	-	-	-	-
Insurance premiums	-	-	-	-	-	-	114,570,059	113,571,109
Contingent disability benefits	-	-	669,122	823,843	-	-	-	-
Temporary disability benefits	-	-	15,452,891	13,343,147	-	-	-	-
Supplemental disability benefits	-	-	1,168,591	1,005,096	-	-	-	-
Death Benefits	-	-	-	-	16,471,934	14,631,549	-	-
Administrative expenses	6,664,463	6,893,095	1,293,181	1,280,345	2,157,962	1,865,675	1,090,983	1,047,017
Total Department of Water and Power contributions	431,968,373	368,478,954	18,583,785	16,452,431	18,629,896	16,497,224	115,661,042	114,618,126
Total contributions	594,128,454	513,194,269	19,141,541	16,991,380	19,016,986	16,875,246	115,661,042	114,618,126
Investment income								
Net appreciation (depreciation) in fair value of investments	1,311,693,860	872,376,208	(223,920)	(1,262,956)	(337,538)	(1,746,806)	242,896,039	160,321,413
Interest	201,295,459	171,735,786	1,306,053	1,159,933	2,252,180	1,516,486	35,433,522	30,433,102
Dividends	116,830,765	111,832,976	-	-	-	-	23,817,816	21,562,948
Income from real estate investments	38,059,682	42,254,591	-	-	-	-	7,061,213	7,373,393
Income from alternative investments	164,580	22,085,056	-	-	-	-	1,281,654	2,480,613
Securities lending (Note 4)	34,265,819	31,622,277	-	-	-	-	8,591,935	7,600,511
Total investment income	1,702,310,165	1,251,906,894	1,082,133	(103,023)	1,914,642	(230,320)	319,082,179	229,771,980
Less: Securities lending expenses (Note 4)	(31,534,095)	(28,603,412)	-	-	-	-	(7,937,267)	(6,957,424)
Less: Investment expenses	(76,801,959)	(70,402,377)	(34,074)	(37,687)	(59,422)	(49,541)	(14,210,497)	(12,994,051)
Net investment income	1,593,974,111	1,152,901,105	1,048,059	(140,710)	1,855,220	(279,861)	296,934,415	209,820,505
Other income	155,619	241,691	-	-	-	-	15,456	25,539
Total additions	2,188,258,184	1,666,337,065	20,189,600	16,850,670	20,872,206	16,595,385	412,610,913	324,464,170

The accompanying notes are an integral part of these financial statements.

CITY OF LOS ANGELES
WATER AND POWER EMPLOYEES' RETIREMENT PLAN
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	Pension Plan		Other Benefits Plan		Other Postemployment Benefits Plan			
	Retirement Fund		Disability Fund		Death Benefit Fund		Retiree Health Benefits Fund	
	2024	2023	2024	2023	2024	2023	2024	2023
DEDUCTIONS								
Benefits paid								
Retirement	783,895,839	740,641,591	-	-	-	-	-	-
Contingent disability	-	-	669,122	823,843				
Temporary disability	-	-	15,769,242	14,896,259	-	-	-	-
Extended temporary disability	-	-	809,299	511,407	-	-	-	-
Permanent total disability	-	-	1,871,135	1,929,599	-	-	-	-
Supplemental	-	-	1,168,591	1,005,096	-	-	-	-
Death benefits (active/retired members)	-	-	-	-	7,522,255	8,142,167	-	-
Family allowances	-	-	-	-	1,437,225	581,671	-	-
Retiree health benefits paid (insurance premiums)	-	-	-	-	-	-	114,570,059	113,571,109
Total benefits paid	783,895,839	740,641,591	20,287,389	19,166,204	8,959,480	8,723,838	114,570,059	113,571,109
Refund of members' contributions	10,821,672	8,819,054	-	-	-	-	-	-
Administrative expenses	5,644,683	5,999,703	1,291,533	1,278,552	2,154,708	1,863,048	910,172	878,889
Total deductions	800,362,194	755,460,348	21,578,922	20,444,756	11,114,188	10,586,886	115,480,231	114,449,998
Net increase (decrease) in fiduciary net position	1,387,895,990	910,876,717	(1,389,322)	(3,594,086)	9,758,018	6,008,499	297,130,682	210,014,172
Fiduciary net position restricted for pension, other postemployment, and disability benefits								
Beginning of year	16,424,801,111	15,513,924,394	41,256,139	44,850,225	46,533,638	40,525,139	2,971,055,088	2,761,040,916
End of year	\$ 17,812,697,101	\$ 16,424,801,111	\$ 39,866,817	\$ 41,256,139	\$ 56,291,656	\$ 46,533,638	\$ 3,268,185,770	\$ 2,971,055,088

The accompanying notes are an integral part of these financial statements.

**CITY OF LOS ANGELES
WATER AND POWER EMPLOYEES' RETIREMENT PLAN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 1 – PLAN DESCRIPTIONS

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 (Department) in 1938. The WPERP is a single employer public employee retirement system whose primary function is to provide pension, death, and disability benefits to eligible employees of the Department.

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

In 1986, the DWP Board adopted the Department Health Plans Board Resolution. This resolution established provisions for the health, dental and other medical plans of the Department and its subsidiaries. This resolution and subsequent amendments have created the Department's Postretirement Health Care Benefit Plan (Retiree Health Benefits Plan), a single-employer postemployment healthcare benefit plan. The DWP Board establishes the benefit terms and funding policy of the Retiree Health Benefits Plan. The DWP Board has five members. The members are appointed by the Mayor of the City of Los Angeles, subject to the approval of the City Council. On September 6, 2006, the Retirement Board approved the creation and establishment of the Retiree Health Benefits Fund (RHBF) as an independent trust fund to discharge the benefits provided under the Retiree Health Benefits Plan. The Retirement Board has investment oversight of the RHBF.

The WPERP has four separate funds – Retirement Fund, Disability Fund, Death Benefit Fund, and RHBF. Each fund is considered a separate plan and an independent trust fund of the Department. The Retirement Fund is a single employer defined benefit pension plan. The Death Benefit Fund and Retiree Health Benefit Fund are single employer defined benefit other postemployment benefits (OPEB) plans. The Disability Fund is for the payment of temporary disability and permanent total disability of the Department's employees and is considered neither a pension plan nor an OPEB plan.

**CITY OF LOS ANGELES
WATER AND POWER EMPLOYEES' RETIREMENT PLAN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 1 – PLAN DESCRIPTIONS (Continued)

Retirement Fund, Disability Fund, and Death Benefit Fund

Membership

The Retirement Fund's and Death Benefit Fund's membership consisted of the following at June 30, 2024 and 2023:

	2024		2023	
	Retirement	Death Benefit	Retirement	Death Benefit
Retirees, beneficiaries	9,877	8,034	9,756	7,904
Terminated vested	1,786	559	1,765	575
Active	11,485	11,485	11,039	11,039
Total	<u>23,148</u>	<u>20,078</u>	<u>22,560</u>	<u>19,518</u>

Benefit Provisions

Retirement Fund

The Retirement Fund consists of both defined contribution and defined benefit elements. Under Tier 1, members vest in the defined contribution element (annuity) after one year of service. Members vest in the defined benefit element (pension) only after qualifying for retirement and meeting the criteria for the formula pension. Generally, new and returning employees of the Department become eligible for Plan membership on the first day of the payroll period following entry into Department service. New eligible employees must complete 26 weeks of continuous service before becoming entitled to disability and/or death benefits. During the fiscal year 2014, the City of Los Angeles (City) and the Department agreed to a new tier of retirement benefits for new hires to the Department. On December 11, 2013, the Retirement Board adopted a Plan amendment to create a new tier, Tier 2, for the Department's new hires on or after January 1, 2014. Major benefit provisions for each tier are described below.

Tier 1 members are eligible for normal retirement at age 60. Early retirement at age 55 is generally available if the member has at least 10 years of qualifying service out of the last 12 years before retirement. Members with 30 or more years of qualifying service also may retire at any age and receive a reduced benefit. The early retirement benefit reduction is not applicable if the member is between the ages of 55 and 60 and has at least 30 years of service credits. Upon qualifying for retirement, Tier 1 members will also qualify for a formula pension if they have been employed by the Department or City for at least five years before retirement and have been a contributing member of the Plan for at least four of five years immediately preceding retirement or while eligible to retire (or during any of those four years if they were receiving either disability benefits under the Disability Benefit Plan or payments under any Workers' Compensation Law).

**CITY OF LOS ANGELES
WATER AND POWER EMPLOYEES' RETIREMENT PLAN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 1 – PLAN DESCRIPTIONS (Continued)

Eligible Tier 1 members are entitled to an annual retirement benefit, payable monthly for life, currently equal to a retirement factor of 2.1% of their highest average salary for each year of credited service. Members who have at least 30 years of service credit and are at least 55 years of age are entitled to a retirement factor of 2.3% in the calculation of their retirement allowance. "Highest average salary" is defined as the employee's average base salary over the highest 26 consecutive contributing payroll periods. Retirees who are receiving a formula pension are entitled to an annual cost of living adjustment (COLA). Adjustments are applied each July 1 based on the Consumer Price Index (Los Angeles-Long Beach-Anaheim, CA – All Items) published by the Bureau of Labor Statistics of the United States Department of Labor (CPI) for the two immediately preceding calendar years. The maximum adjustment, positive or negative, is 3% in any one year.

Tier 2 members are eligible for normal retirement at age 60 with at least 5 years of continuous Department service (5 years must be as a contributing member and/or receiving either disability benefits under the Disability Benefit Plan or payments under any Workers' Compensation Law). A reduced benefit for early retirement at any age is generally available if the member has at least 30 years of service. Members with 30 or more years of credited service may retire at age 55 and receive unreduced benefits.

Eligible Tier 2 members are entitled to an annual retirement benefit, payable monthly for life currently in an amount equal to a retirement factor, multiplying each year of credited service and then multiplying their final average salary. The specific retirement factor is based on the combination of the member's age and credited service as follows:

- 1.5% at age 60 with 5 years of continuous Department service or 10 years of qualifying service
- 2.0% at any age with 30 years
- 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

"Final average salary" is defined as the employee's average base salary over the highest 78 consecutive payroll periods. A member's monthly pension amount is capped at 80% of one's final average salary. Retirees who are receiving a formula pension are entitled to annual COLA. Adjustments are applied each July 1 based on the CPI for the two immediately preceding calendar years. The maximum adjustment, positive or negative, is 2% in any one year. Members may purchase additional post-retirement COLA coverage, not to exceed an additional 1% per year, at full actuarial cost to the Plan. Members eligible for a deferred retirement (vesting) are also eligible for a formula pension but are not entitled to an annual COLA.

**CITY OF LOS ANGELES
WATER AND POWER EMPLOYEES' RETIREMENT PLAN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 1 – PLAN DESCRIPTIONS (Continued)

Death Benefit Fund

The Death Benefit Fund consists of the insured lives death benefit (IDB), family death benefit (FDB), and supplemental family death benefit (SFDB).

- **Insured Lives Death Benefit**

For contributing active members, death benefit coverage begins after the completion of 26 weeks of continuous Department service. If the death occurs while an active member of the Plan, the benefit includes a single lump sum distribution equal to fourteen times the member's monthly salary and the Retirement Fund contributions plus accrued interest, payable to the beneficiary.

For retired members, the benefits include a single lump sum distribution equal to fourteen times the member's full retirement allowance, not to exceed \$20,000, plus any unpaid retirement allowances due and the unused portion of the Retirement Fund contributions upon death (if elected at retirement) payable to the beneficiary.

- **Family Death Benefit**

Coverage begins after the completion of 26 weeks of continuous Department service. The Plan provides a monthly Family Death Benefit (FDB) allowance of \$416 to each qualified surviving child, and an additional \$416 to the spouse if the spouse is caring for one or more of the member's eligible children. The maximum monthly FDB allowance cannot exceed \$1,170.

Following an amendment adopted in August 23, 2023, and effective retroactively to October 1, 2022, the Plan now provides a monthly FDB allowance of \$937 to each qualified surviving child, and \$937 to the spouse if the spouse is caring for one or more eligible children. The maximum monthly FDB allowance is now \$2,187.

- **Supplemental Family Death Benefit**

The SFDB program supplements the FDB. Coverage begins after enrollment and payment of premiums for 39 consecutive biweekly payroll deductions. The Plan provides for an additional monthly SFDB allowance of \$520 to each qualified surviving child plus \$520 to the spouse if the spouse has the care of one or more of the member's eligible children. The maximum SFDB allowance cannot exceed \$1,066.

**CITY OF LOS ANGELES
WATER AND POWER EMPLOYEES' RETIREMENT PLAN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 1 – PLAN DESCRIPTIONS (Continued)

Contributions

Retirement Fund

Retirement contributions are determined by a member's Tier designation. Covered Tier 1 employees continue contributing 6% of their annual covered payroll upon becoming a Plan member on or after June 1, 1984. Employees entering the Plan before June 1, 1984, contribute an amount based upon an entry-age percentage rate. Employee contribution plus credited interest is refundable if an employee leaves or dies while employed. After one year of membership, the employee may leave his or her contribution on account with the Plan along with the Department's matching contributions and receive a money purchase allowance at retirement age. A surviving spouse of an employee who dies while eligible to retire or with at least 25 years of service may elect to receive a monthly allowance from the Retirement Fund for life rather than a refund of the employee's contributions and interest.

Covered Tier 2 employees are required to contribute 10% of their annual covered payroll upon becoming a Plan member. A Tier 2 member has the same benefits as a Tier 1 member upon termination or death while employed, with a single exception. A Tier 2 member will not receive a money purchase allowance with vesting after one year. Instead, a Tier 2 member will only receive a formula pension if one is at age 60 and has at least 5 years of continuous Department service.

The Department contributes \$1.10 for each \$1.00 contributed by Tier 1 members, plus an actuarially determined percentage of covered payroll. The Department solely contributes an actuarially determined percentage of covered payroll for Tier 2 members. Contribution provisions are established and amended by the Retirement Board upon the advice of the Plan actuary. The average employer contribution rates for fiscal years 2024 and 2023 (based on the July 1, 2023 and 2022 valuations) were 31.40% and 29.84% of compensation, respectively.

Disability Fund

Each bi-weekly payroll period, both eligible Tiers 1 and 2 members contribute \$1.00 each for temporary disability and permanent total disability. The Department contribution rate for fiscal years 2024 and 2023 for temporary disability (based on the July 1, 2023 and 2022 valuations) were \$1.15 and \$1.05 per \$100 of covered payroll, respectively. Department contribution for permanent total disability continues to be suspended, as current reserve significantly exceeds the target reserve amount.

**CITY OF LOS ANGELES
WATER AND POWER EMPLOYEES' RETIREMENT PLAN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 1 – PLAN DESCRIPTIONS (Continued)

Death Benefit Fund

Prior to fiscal year 2019, Death Benefit was funded by the employer on a modified “pay-as-you-go” basis. The funding policy was changed for valuation period beginning July 1, 2019 and thereafter. Employer contributions shall be determined on the basis of Entry Age Actuarial Cost Method and amortizing the resulting unfunded liability or surplus. The Department contribution rate for fiscal year 2024 and 2023 (based on the July 1, 2023 and 2022 valuations) was 1.14% and 1.21% of covered payroll, respectively.

Contributing active Tiers 1 and 2 members continue to contribute \$1.00 per bi-weekly payroll period toward their benefit. For those who have enrolled in the Supplemental Family Death Benefit, active members continue to contribute \$2.25 per bi-weekly payroll period, and retired members contribute \$4.90 per month.

Retiree Health Benefits Fund

Membership

The Retiree Health Benefits Plan’s membership consisted of the following at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Current retirees and beneficiaries	8,638	8,552
Current active members	11,485	11,039
Total	<u>20,123</u>	<u>19,591</u>

Benefit Provisions

Retired members of the Plan are eligible to receive a medical and dental subsidy based on their age and years of service at retirement. The retirees pay any health and dental plan premiums in excess of Department subsidy limits that they are eligible for.

Contributions

The DWP Board establishes the funding policy and funding levels of the RHBF. The Department retains the responsibility and obligation to fund the RHBF to the extent necessary and appropriate as recommended by the Department’s actuary, based on funding parameters set by the Department on advice of the actuary. During fiscal years 2024 and 2023, the Department contributed \$115.7 million and \$114.6 million, respectively, to fund current and future retiree health benefits liabilities and related costs.

**CITY OF LOS ANGELES
WATER AND POWER EMPLOYEES' RETIREMENT PLAN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Presentation

The financial statements are prepared using the accrual basis of accounting and reflect the overall financial operations of each fund of the WPERP. Member and Department contributions are recognized as revenues in the period in which the employee services are performed, and when due, and benefits and refunds are recognized when due and payable in accordance with the terms of each benefit fund.

Other expenses are recognized when incurred. The net appreciation (depreciation) in the fair value of investments is recorded as an increase (decrease) in investment income based on the valuation of investments.

Investments

Investments are reported at fair value. Investments that do not have a readily determinable fair value may be valued at Net Asset Value (NAV), such as member units or ownership interest in partners' capital to which a proportionate share of net assets is attributed. Short-term investments are reported at cost, which approximates fair value.

The fair value of securities is determined by the published market prices and quotations from major investment dealers. Securities traded on a national or international exchange are valued at the last reported sales price at current currency exchange rates in effect. Mortgages are valued based on future principal and interest payments and are discounted at prevailing interest rates for similar investments. Hedge funds are initially recorded at cost and subsequently valued at fair value, and these are reported as "Alternative Investments" on the statements of fiduciary net position. The WPERP has investments in commingled real estate funds in which real property is its primary underlying investment. These are reported as "Real Estate" at fair value on the statements of fiduciary net position. Fair values of real estate investments are estimated by fund managers based on property appraisal reports both internally and externally.

Purchases and sales of securities are recorded on a trade date basis. Unsettled investment trades as of year-end are reported in the financial statements as receivable for pending sales or payable for pending purchases.

**CITY OF LOS ANGELES
WATER AND POWER EMPLOYEES' RETIREMENT PLAN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash

Cash consists primarily of cash on deposits in the City Treasury under the City's investment pool program.

Derivatives

To the extent permitted by policy and individual agreements, investment managers are authorized to use derivatives for risk management purposes. Accordingly, derivatives are not held for trading purposes. Derivative securities are instruments whose value is derived from an underlying security or index. They include options, futures, swaps, forwards, structured notes, and stripped securities. These instruments offer unique characteristics and risks that assist the investment managers with meeting their investment strategies.

Use of Estimates

Preparing financial statements conforming with generally accepted accounting principles requires management to make estimates and assumptions affecting certain financial statement amounts and disclosures. Actual results could differ from those estimates.

NOTE 3 – RECLASSIFICATION

Certain amounts related to the Disability Fund in the prior year's financial statements have been reclassified to conform to the current year's presentation. Specifically, \$669,000 related to Contingent Disability Benefits, previously recorded as advances and reimbursements, have been reclassified as employer contributions and associated benefit payments. These reclassifications had no effect on previously reported fiduciary net position or changes in fiduciary net position.

**CITY OF LOS ANGELES
WATER AND POWER EMPLOYEES' RETIREMENT PLAN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 4– CASH AND INVESTMENTS

Investment Policy

Investment authority is granted to the WPERP by the City Charter and is exercised in accordance with the Retirement Board's investment policy. The City Charter authorizes the form and type of investment vehicles that may be purchased. The Retirement Board may invest in common and preferred stocks (including both domestic and international equities), convertible debt, fixed income, alternative investments, and real estate, and it may utilize stock-covered call options and securities lending.

The following is the asset allocation policy as of June 2024 and 2023:

<u>Asset Class</u>	<u>2024 Target Allocation</u>	<u>2023 Target Allocation</u>
Large cap U.S. equity	19.20%	21.10%
Small cap U.S. equity	2.80%	2.10%
Developed international large cap equity	10.80%	12.20%
Developed international small cap equity	2.70%	1.80%
Global equity	4.50%	2.70%
Emerging market equity	5.00%	5.10%
TIPS	3.50%	3.50%
Real estate	10.00%	7.00%
Cash and equivalents	1.00%	1.00%
Commodities	1.50%	1.50%
Private equity	10.00%	10.00%
Private credit	2.40%	2.40%
Hedge funds	5.00%	5.00%
Non-core real estate	0.00% *	3.00%
Custom fixed income	21.60%	21.60%
Total	<u>100.00%</u>	<u>100.00%</u>

* Presented in Fiscal Year 2023 as a separate asset class within real estate, it is now grouped under the broader umbrella of real estate.

Cash

As of June 30, 2024 and 2023, the cash balances consist primarily of cash deposits in the City Treasury. The WPERP's participation in the program is less than 1% at June 30, 2024 and 2023. Interest earned on the City's investment pool is allocated by the City Treasury to the WPERP based on its average daily cash balance during the allocation period.

**CITY OF LOS ANGELES
WATER AND POWER EMPLOYEES' RETIREMENT PLAN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 4 – CASH AND INVESTMENTS (Continued)

Investments

As of June 30, 2024, and 2023, the WPERP had the following investments:

<u>Investment Type</u>	<u>June 30, 2024 Fair Value</u>	<u>June 30, 2023 Fair Value</u>
Domestic equities	\$ 4,234,140,605	\$ 3,980,593,750
International equities	4,472,098,517	3,909,402,525
U.S. Treasuries	945,916,187	1,044,814,829
U.S. agencies	1,195,692,159	1,204,523,658
Preferred securities/convertible bonds/other	10,329,814	16,112,167
Mortgage and asset backed securities	336,845,596	280,121,911
Corporate debt - domestic	1,175,415,366	1,032,236,374
Corporate debt - international	512,064,535	507,443,297
Government debt - international	278,424,197	273,219,022
Private credit	393,632,014	237,203,365
Municipal/provincial bonds	6,127,342	6,137,177
Mutual funds	620,747,591	581,556,941
Private equity & hedge funds	5,065,084,250	4,533,192,987
Real estate	1,883,204,476	1,736,638,060
Securities lending short-term collateral investment pool	691,654,889	881,464,867
Total investments	<u>\$ 21,821,377,538</u>	<u>\$ 20,224,660,930</u>

Fair Value of Investments

The WPERP categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of an asset or liability as follows:

- Level 1 — Inputs utilized are unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 — Inputs include quoted prices for similar assets or liabilities, and inputs other than quoted prices that are observable for the asset or liability, including quoted prices in markets that are not active.
- Level 3 — Inputs are unobservable for an asset or liability.

**CITY OF LOS ANGELES
WATER AND POWER EMPLOYEES' RETIREMENT PLAN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 4 – CASH AND INVESTMENTS (Continued)

Fair Value of Investments (Continued)

Investments that do not have a readily determinable fair value may be valued at the net asset value (NAV), such as member units or ownership interest in partners' capital, to which a proportionate share of net assets is attributed. Investments whose fair value is measured at the NAV are excluded from the fair value hierarchy.

The WPERP has the following recurring fair value measurement as of June 30, 2024:

		Fair Value Measurement at June 30, 2024*			
		Level 1	Level 2	Level 3	Total
Equity securities:					
Domestic equities	\$	4,234,140,605	\$	-	\$ 4,234,140,605
International equities		4,472,098,517		-	4,472,098,517
Preferred securities		10,329,814		-	10,329,814
Fixed income securities:					
U.S. Treasuries		-	945,916,187	-	945,916,187
U.S. agencies		-	1,195,692,159	-	1,195,692,159
Mortgage and asset backed securities		-	336,845,596	-	336,845,596
Corporate debt - domestic		-	1,175,415,366	-	1,175,415,366
Corporate debt - international		-	512,064,535	-	512,064,535
Government debt - international		-	278,424,197	-	278,424,197
Municipal/provincial bonds		-	6,127,342	-	6,127,342
Total investments by fair value	\$	<u>8,716,568,936</u>	\$ <u>4,450,485,382</u>	\$ <u>-</u>	\$ <u>13,167,054,318</u>

* Mutual funds of \$620.7 million and security lending short-term investments of \$691.7 million are not included in fair value hierarchy. Investments measured at the NAV are also not included within the fair value hierarchy. See description of investments measured at the NAV on page 32.

Equity and preferred securities classified in level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities and real estate funds. Debt securities classified in level 2 of the fair value hierarchy are valued based on evaluated quotes provided by independent pricing services and matrix pricing techniques. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Mortgage and asset-backed securities classified in level 2 are valued on the basis of discounted future principal and interest payments.

**CITY OF LOS ANGELES
WATER AND POWER EMPLOYEES' RETIREMENT PLAN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 4 – CASH AND INVESTMENTS (Continued)

Fair Value of Investments Measured at the NAV — Below is a summary of the WPERP's investments at June 30, 2024 for which fair value is measured based on the NAV.

Investments Measured at the NAV	Fair Value	Unfunded Commitment	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
<u>Private Equity</u>				
Direct partnerships	\$ 2,224,961,947	\$ 863,454,979	Not Eligible	Not Eligible
Fund of funds	648,966,472	460,207,485	Not Eligible	Not Eligible
<u>Private Credit</u>				
Open ended	194,246,350	51,118,443	Annually *	90 days
Close ended	199,385,664	216,924,786	Not Eligible	Not Eligible
<u>Real Estate</u>				
Open ended	930,733,011	-	Quarterly	45-90 days
Close ended	952,471,465	945,583,853	Not Eligible	Not Eligible
<u>Real Return</u>				
Commodities	291,500,629	-	Daily	2 days
Timberland	39,990,970	-	Not Eligible	Not Eligible
Short duration TIPS	688,450,436	-	Daily	3 days
<u>Hedge Fund</u>				
Fund of funds	1,171,213,796	-	Daily	60 Days
Total investments measured at the NAV	\$ 7,341,920,740	\$ 2,537,289,546		

* Certain investment has a 5.5-year lock before eligible for redemption.

WPERP's private equity portfolio consists of ventured capital, leveraged buyouts, distressed debt, and other special equity funds. WPERP's participation is either through direct partnership or fund of funds. Both structures are not eligible for redemption. Instead, distributions are received as underlying investments within the partnerships and funds are liquidated, which on average can occur over the span of 10 to 15 years.

**CITY OF LOS ANGELES
WATER AND POWER EMPLOYEES' RETIREMENT PLAN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 4 – CASH AND INVESTMENTS (Continued)

WPERP's private credit portfolio includes asset-backed, opportunistic, stressed, special situations and direct lending investments. These investments are in both open ended and closed ended funds/partnerships. Open ended funds/partnerships can be redeemed subject to their redemption schedule. Closed ended funds/partnerships are not eligible for redemption. Instead, distributions are received as underlying investments within the funds/partnerships are liquidated, which on average can occur over the span of 5 to 8 years.

The real estate portfolio consists of investments in domestic and international commercial and industrial real property. WPERP is invested in both open ended and close ended funds/partnerships. Open ended funds/partnerships can be redeemed subject to the redemption schedule as listed above. Close ended funds/partnerships are not eligible for redemption. Instead, distributions are received as underlying investments within the funds/partnerships are liquidated, which on average can occur over the span of 10 to 15 years.

Real return investments include a commingled commodities fund, a commingled short duration treasury inflation protected securities fund, and two timberland direct partnerships. The timberland partnerships are not eligible for redemption. The estimated duration of these partnerships ranges from 10 to 15 years.

One hedge fund investment is executed through fund of funds. The underlying third-party hedge fund managers' strategies could include, but is not limited to convertible arbitrage, distressed securities, fixed income arbitrage, merger arbitrage, long/short credit, long/short equity, etc.

Rate of Return

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for changing amounts actually invested. For the years ended June 30, 2024 and 2023, the annual money-weighted rate of return on the Retirement Fund investments, net of investment expense, was 9.78% and 7.52%, respectively.

For the years ended June 30, 2024 and 2023, the annual money-weighted rate of return on the Retiree Health Benefits Fund investments, net of investment expense, was 9.99% and 7.60%, respectively; the annual money-weighted rate of return on the Death Benefit Fund investments, net of investment expense, was 3.44% and -0.60%, respectively.

**CITY OF LOS ANGELES
WATER AND POWER EMPLOYEES' RETIREMENT PLAN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 4 – CASH AND INVESTMENTS (Continued)

Credit Risk

The WPERP's investment policy is to apply the "prudent person" standards. Investments are made with care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. The WPERP's investment policy has been designed to produce the most favorable long-term total portfolio return consistent with reasonable levels of risk. Prudent risk-taking is warranted within the context of overall portfolio diversification.

According to the WPERP's investment policy for fixed-income securities, the WPERP can invest in both investment-grade and high-yield fixed-income securities. Investment-grade fixed-income securities that are rated by Moody's, Standard & Poor's, and Fitch, should have a minimum rating of BBB- or Baa3 by two or more rating agencies. Investment managers for investment-grade fixed-income securities will notify the WPERP's management of subsequent rating declines and develop an investment strategy for investments rated below Baa3 or BBB-.

Active high-yield fixed-income investment is composed primarily of non-investment grade securities as rated by Moody's, Standard & Poor's or Fitch. If a bond is rated by all three rating agencies, then it must be graded BB+ or Ba1 or below by two or more rating agencies. If a bond is rated by two rating agencies, it must be rated below investment grade by at least one rating agency.

**CITY OF LOS ANGELES
WATER AND POWER EMPLOYEES' RETIREMENT PLAN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 4 – CASH AND INVESTMENTS (Continued)

The credit ratings of the WPERP's investments at June 30, 2024 are as follows:

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Fair Value</u>	<u>% of Portfolio</u>
U.S. Treasuries	AAA	\$ 945,520,024	17.27%
	A or better	396,163	0.01%
U.S. Agency notes	AAA	1,177,852,358	21.51%
	A or better	4,311,302	0.08%
	B or better	11,445,494	0.21%
	C or better	561,738	0.01%
	Not Rated	1,521,267	0.03%
Preferred securities/convertible bonds/other	Not rated	10,329,814	0.19%
Mortgage and asset backed securities	AAA	185,889,784	3.40%
	A or better	28,707,147	0.52%
	B or better	72,668,089	1.33%
	Not rated	49,580,576	0.91%
Corporate debt - domestic	AAA	1,007,543	0.02%
	A or better	98,129,278	1.79%
	B or better	822,640,986	15.02%
	C or better	172,017,510	3.14%
	D/Not rated	81,620,049	1.49%
Corporate debt - international	AAA	1,758,923	0.03%
	A or better	41,356,669	0.76%
	B or better	417,722,854	7.63%
	C or better	27,445,004	0.50%
	Not Rated	23,781,085	0.43%
Government debt - international	AAA	2,984,433	0.05%
	A or better	12,342,624	0.23%
	B or better	144,060,822	2.63%
	C or better	70,346,906	1.28%
	D/Not Rated	48,689,412	0.89%
Private Credit	Not rated	393,632,014	7.19%
Municipal/provincial bonds	AAA	6,127,342	0.11%
Mutual funds	Not rated	620,747,591 *	11.34%
Total		<u>\$ 5,475,194,801</u>	<u>100.00%</u>

* Consist of money market fund or short-term investment fund investing in the fixed income securities.

**CITY OF LOS ANGELES
WATER AND POWER EMPLOYEES' RETIREMENT PLAN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 4 – CASH AND INVESTMENTS (Continued)

The credit ratings of the WPERP's investments at June 30, 2023 are as follows:

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Fair Value</u>	<u>% of Portfolio</u>
U.S. Treasuries	AAA	\$ 1,044,814,829	20.16%
U.S. Agency notes	AAA	1,179,244,960	22.75%
	A or better	7,566,179	0.15%
	B or better	16,035,986	0.31%
	Not Rated	1,676,533	0.03%
Preferred securities/convertible bonds/other	Not rated	16,112,167	0.31%
Mortgage and asset backed securities	AAA	175,800,934	3.39%
	A or better	10,243,797	0.20%
	B or better	53,019,759	1.02%
	Not rated	41,057,421	0.79%
Corporate debt - domestic	AAA	1,636,100	0.03%
	A or better	93,091,114	1.80%
	B or better	713,527,181	13.77%
	C or better	142,110,087	2.74%
	D/Not rated	81,871,892	1.58%
Corporate debt - international	AAA	22,015,298	0.42%
	A or better	50,915,877	0.98%
	B or better	397,016,850	7.66%
	C or better	21,069,487	0.41%
	Not Rated	16,425,785	0.32%
Government debt - international	AAA	1,239,492	0.02%
	A or better	25,634,207	0.49%
	B or better	155,550,485	3.00%
	C or better	41,179,086	0.79%
	D/Not Rated	49,615,752	0.96%
Private Credit	Not rated	237,203,365	4.58%
Municipal/provincial bonds	AAA	6,137,177	0.12%
Mutual funds	Not rated	581,556,941 *	11.22%
Total		<u>\$ 5,183,368,741</u>	<u>100.00%</u>

* Consist of money market fund or short-term investment fund investing in the fixed income securities.

**CITY OF LOS ANGELES
WATER AND POWER EMPLOYEES' RETIREMENT PLAN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 4 – CASH AND INVESTMENTS (Continued)

Custodial Credit Risks

For deposits, custodial credit risk is the risk that in the event of a bank failure, the WPERP's deposits may not be returned. As of June 30, 2024 and 2023, the WPERP's cash balances consist primarily of cash deposits in the City Treasury.

Collateral received in securities lending transactions are cash collateral and marketable securities. See Note 4 for further disclosure on securities lending transactions.

Concentration of Credit Risk

According to the WPERP's investment policy, no more than 5% of investments shall be invested in any one issue, except for investment in the fixed income asset class where no more than 10% of investment shall be invested in any one issue. United States Treasury or United States Agency issues are exempted from this limitation. As of June 30, 2024, and 2023, there were no investments holdings of more than 5% in any one issue of each fund's net position or in the WPERP's aggregate net position, except investments issued or guaranteed by the U.S. Government and investments in commingled funds.

Interest Rate Risk

As of June 30, 2024, the WPERP's exposure to interest rate risk is as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
U.S. Treasuries	\$ 945,916,187	4.60
U.S. Agency Notes	1,195,692,159	23.67
Preferred Securities	10,329,814	0.00
Mortgage and Asset Backed Securities	336,845,596	14.83
Corporate Debt - Domestic	1,175,415,366	7.83
Corporate Debt - International	512,064,535	8.06
Government Debt - International	278,424,197	13.22
Municipal/Provincial Bonds	6,127,342	15.10
Mutual Funds	620,747,591	0.00
Total	\$ 5,081,562,787 *	10.77

*Not included are private credit investments of \$393.6 million with average redemption periods ranging 5 to 8 years.

**CITY OF LOS ANGELES
WATER AND POWER EMPLOYEES' RETIREMENT PLAN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 4 – CASH AND INVESTMENTS (Continued)

As of June 30, 2023, the WPERP's exposure to interest rate risk is as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
U.S. Treasuries	\$ 1,044,814,829	5.08
U.S. Agency Notes	1,204,523,658	22.13
Preferred Securities	16,112,167	0.00
Mortgage and Asset Backed Securities	280,121,911	15.34
Corporate Debt - Domestic	1,032,236,374	8.02
Corporate Debt - International	507,443,297	7.89
Government Debt - International	273,219,022	12.01
Municipal/Provincial Bonds	6,137,177	16.10
Mutual Funds	581,556,941	0.00
Total	<u><u>\$ 4,946,165,376</u></u> *	10.50

*Not included are private credit investments of \$237.2 million with average redemption periods ranging 5 to 8 years.

CITY OF LOS ANGELES
WATER AND POWER EMPLOYEES' RETIREMENT PLAN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 4 – CASH AND INVESTMENTS (Continued)

Foreign Currency Risk

As of June 30, 2024 and 2023, the WPERP's exposure to foreign currency risk is as follows:

Currency	Investment Type	2024	2023
Australian dollar	Cash & cash equivalents	\$ 37,890	\$ 34,394
	Equities	58,661,745	60,583,727
Brazilian real	Cash & cash equivalents	76,984	145,604
	Fixed Income	10,023,289	20,417,700
	Equities	29,447,654	32,968,764
Brithish pound sterling	Cash & cash equivalents	1,107,845	978,407
	Fixed Income	43,585,196	33,194,233
	Equities	381,004,380	295,939,373
Canadian dollar	Cash & cash equivalents	488,033	1,432,908
	Fixed Income	-	742,256
	Equities	187,360,919	174,475,664
Chinese yuan renminbi	Cash & cash equivalents	11,398	-
	Fixed Income	635,213	4,516,644
HK offshore Chinese yuan renminbi	Cash & cash equivalents	21,760	32,818
	Fixed Income	1,667,072	151,007
	Equities	23,663,342	23,602,003
Chilean peso	Fixed Income	256,851	1,131,792
	Equities	1,630,158	578,412
Colombian peso	Cash & cash equivalents	74	-
	Fixed Income	3,696,751	8,149,398
Czech koruna	Cash & cash equivalents	4,719	5,033
	Fixed Income	826,257	2,850,416
Danish krone	Cash & cash equivalents	55,540	32,320
	Equities	56,924,394	37,260,504
Dominican peso	Fixed Income	1,195,828	1,345,170
Egyptian pound	Cash & cash equivalents	2,246,044	-
European euro	Cash & cash equivalents	18,379,756	39,685,850
	Fixed Income	180,765,110	224,065,256
	Equities	953,154,784	875,207,124
Hong Kong dollar	Cash & cash equivalents	863,639	239,641
	Equities	119,106,144	119,211,446
Hungarian forint	Cash & cash equivalents	48	-
	Fixed Income	310,221	-
	Equities	1,869,867	2,752,178
Indonesian rupiah	Cash & cash equivalents	79,148	-
	Fixed Income	10,462,600	11,582,157
	Equities	4,712,462	10,474,306
Indian rupee	Fixed Income	3,822,811	1,366,023
New Israeli Shekel	Fixed Income	640,459	-
Japanese yen	Cash & cash equivalents	2,743,633	2,260,019
	Equities	519,533,305	432,459,177
Subtotal		2,621,073,323	2,419,871,724

CITY OF LOS ANGELES
WATER AND POWER EMPLOYEES' RETIREMENT PLAN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 4 – CASH AND INVESTMENTS (Continued)

<u>Currency</u>	<u>Investment Type</u>	<u>2024</u>	<u>2023</u>
Kazakhstani tenge	Fixed Income	\$ -	\$ 1,109,559
Malaysian ringgit	Cash & cash equivalents	21,169	-
	Fixed Income	5,460,924	5,533,244
	Equities	17,431,765	2,842,029
Mexican new peso	Cash & cash equivalents	36,123	16,862
	Fixed Income	16,167,233	14,586,124
	Equities	15,137,539	24,981,696
New Taiwan dollar	Cash & cash equivalents	10,551	569,040
	Equities	140,045,112	103,298,536
New Zealand dollar	Cash & cash equivalents	36,831	90,216
	Equities	1,153,297	3,618,716
Nigerian naira	Cash & cash equivalents	1,076,968	-
Norwegian krone	Cash & cash equivalents	36,483	33,795
	Equities	17,468,558	3,435,677
Peruvian nuevo sol	Fixed Income	2,163,012	2,323,008
Philippine peso	Cash & cash equivalents	68	67,078
	Equities	5,333,317	5,264,072
Polish zloty	Cash & cash equivalents	(1,945)	(1,704)
	Fixed Income	6,927,446	1,523,948
	Equities	8,792,284	2,435,090
Russian ruble	Cash & cash equivalents	335,924	-
	Equities	6,097,857	4,773,961
Singapore dollar	Cash & cash equivalents	21,265	98,324
	Equities	30,147,086	25,566,169
South African rand	Cash & cash equivalents	140,610	51,926
	Fixed Income	11,867,151	9,277,638
	Equities	13,783,932	15,782,548
South Korean won	Cash & cash equivalents	17,690	68,957
	Fixed Income	-	3,852,026
	Equities	118,283,294	75,500,792
Swedish krona	Cash & cash equivalents	36,014	41,285
	Equities	53,221,639	54,334,167
Swiss franc	Cash & cash equivalents	1,044,419	821,085
	Equities	144,855,047	167,380,142
Thai baht	Cash & cash equivalents	-	32,398
	Fixed Income	1,841,230	1,799,064
	Equities	17,635,881	20,602,885
Turkish lira	Cash & cash equivalents	1	2
	Fixed Income	3,126,327	-
	Equities	4,751,037	4,366,652
Ukrainian hryvnia	Cash & cash equivalents	2,570	14,136
	Fixed Income	-	263,472
United Arab Emirates dirham	Cash & cash equivalents	-	(136)
	Equities	15,923,639	13,649,447
Subtotal		660,429,348	570,003,926
Total		<u>\$ 3,281,502,671</u>	<u>\$ 2,989,875,650</u>

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NOTE 4 – CASH AND INVESTMENTS (Continued)

The WPERP's investment policy permits it to invest up to 21.80% of total investments of the WPERP in non-U.S. investments. The WPERP's position is 15.04% and 14.78% as of June 30, 2024 and 2023, respectively.

Derivative Instruments

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2024 and 2023, classified by type, and the changes in fair values of such derivative instruments for the years then ended as reported in the 2024 and 2023 financial statements are as follows:

2024					
Changes in Fair Value			Fair Value		Notional Amount
Type	Classification	Amount	Classification	Amount	
Forward Contracts	Investment Income / (Loss)	\$ 3,413,516	Investment	\$ 3,391,168	\$ 2,222,163,514

2023					
Changes in Fair Value			Fair Value		Notional Amount
Type	Classification	Amount	Classification	Amount	
Forward Contracts	Investment Income / (Loss)	\$ (6,670,963)	Investment	\$ (22,348)	\$ 1,187,014,183

At June 30, 2024 and 2023, the WPERP had direct commitments to purchase and/or sell foreign currency in the forms of forward contracts as part of the strategy of hedging its currency risk. The fair values of forward contracts were based on the market price.

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NOTE 5 – SECURITIES LENDING PROGRAM

The WPERP is authorized by the City Charter and the Retirement Board's investment policy to lend its investment securities to various brokers without limit. The lending is managed by the WPERP's custodial bank. The WPERP or the borrowers can terminate the contract with advance notice. Prior to August 2013, the lending arrangements were collateralized by cash and marketable securities (guaranteed by the full faith and credit of the U.S. Government) at (i) 102% with respect to U.S. Securities; (ii) 105% with respect to foreign securities; or (iii) a percentage mutually agreed of the underlying securities' market value. In August 2013, the Retirement Board adopted an amendment to the securities lending program to expand the acceptance of equities as non-cash collateral. Equities received are required to be collateralized at 110% with respect to loaned securities' value. The custodial bank will assume the equity risk and indemnify the WPERP 100% for any shortfall if a loan position is not returned and proceeds from the sale of equity collateral are insufficient to replace the loan position.

These arrangements provide for the return of the investments and a share of the interest earned on the collateral. The securities on loan to brokers remain the property of the WPERP and continue to be included in their respective accounts on the statements of fiduciary net position. The WPERP does not have the ability to pledge or sell collateral assets unless the borrower is in default of its obligation. As of June 30, 2024, and 2023, the WPERP has no credit risk exposure because the value of the collateral received exceeded the value of the securities on loan.

The WPERP's custodian is the authorized agent to handle the WPERP's securities lending activity. The WPERP's custodian may invest the cash collateral received in connection with securities on loan in investments permitted by the WPERP. The WPERP bears the sole risk of all losses of the invested collateral, including losses incurred in the event of liquidation of the permitted investments. The custodian bank is responsible for the return of loaned securities from borrowers. In lending domestic securities, cash collateral is invested in the lending agent's short-term investment pool, which has an average maturity of 80 days and 73 days as of June 30, 2024 and 2023, respectively.

**CITY OF LOS ANGELES
WATER AND POWER EMPLOYEES' RETIREMENT PLAN
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JUNE 30, 2024 AND 2023**

NOTE 5 – SECURITIES LENDING PROGRAM (Continued)

The fair values of the underlying securities on loan, collateralized by cash and securities as of June 30, 2024 and 2023 are:

<u>Securities on loan</u>	<u>2024</u>	<u>2023</u>
Global agencies	\$ 1,923,232	\$ 1,048,357
Global equities	200,114,621	190,964,990
Global corporate fixed	23,475,234	31,347,596
Global government fixed	104,668,599	139,730,556
U.S. Agency notes	3,447,195	7,819,389
U.S. corporate fixed	260,300,652	239,946,112
U.S. equities	271,739,169	344,861,940
U.S. government fixed	<u>459,076,949</u>	<u>494,431,497</u>
Total	<u>\$ 1,324,745,651</u>	<u>\$ 1,450,150,437</u>

NOTE 6 – NET PENSION LIABILITY OF THE DEPARTMENT

Retirement Fund

The components of the net pension liability (NPL) of the Retirement Fund as of June 30, 2024 and 2023 are as follows:

	<u>Total Pension Liability</u>	<u>Retirement Fund Fiduciary Net Position</u>	<u>Net Pension Liability</u>	<u>Fiduciary Net Position as % of Total Pension Liability</u>
As of June 30, 2024	\$18,026,945,135	\$17,812,697,101	\$214,248,034	98.81%
As of June 30, 2023	\$17,006,877,134	\$16,424,801,111	\$582,076,023	96.58%

The WPERP engages an independent actuarial firm to conduct annual actuarial valuation to determine the total pension liability of the Department as of June 30, 2024 and 2023. The TPL as of June 30, 2024 and 2023 was determined by actuarial valuation as of July 1, 2024 and July 1, 2023, respectively. The actuarial assumptions used in the June 30, 2024 and June 30, 2023 measurements were based on the results of the most recent actuarial experience study for the period

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NOTE 6 – NET PENSION LIABILITY OF THE DEPARTMENT (Continued)

from July 1, 2018 through June 30, 2021. In particular, the following assumptions were applied in the measurements:

Inflation rate	2.50%
Projected salary increases	4.25% to 10.00%, includes inflation at 2.50%, “across the board” increases of 0.50% plus merit and promotional increases
Cost-of-living adjustments (COLA)	Retiree COLA increases of 2.75% per year for Tier 1 and 2.00% per year for Tier 2 members
Investment rate of return	6.50% net of investment expense, including inflation
Mortality	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

Investment rate of return: The long-term expected rate of return on the Retirement Fund’s 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 Retirement Fund’s target asset 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 assumptions as of June 30, 2024 and 2023 are summarized in the following table.

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NOTE 6 – NET PENSION LIABILITY OF THE DEPARTMENT (Continued)

Asset Class	Target Allocation	Long-Term Expected 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 cash 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	<u>100.00%</u>	

Discount rate: The discount rate used to measure the total pension liability was 6.50% as of June 30, 2024 and June 30, 2023. 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 total pension liability as of June 30, 2024 and June 30, 2023.

Sensitivity of the net pension liability to changes in the discount rate: The following presents the Retirement Fund's NPL as of June 30, 2024 and 2023, calculated using its respective discount rate, as well as what the NPL would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the utilized rate:

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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 6 – NET PENSION LIABILITY OF THE DEPARTMENT (Continued)

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
NPL as of June 30, 2024	\$2,687,978,211	\$214,248,034	\$(1,818,296,110)
NPL as of June 30, 2023	\$2,902,051,623	\$582,076,023	\$(1,326,580,326)

NOTE 7 – NET OTHER POSTEMPLOYMENT BENEFITS LIABILITY OF THE DEPARTMENT

The WPERP benefits and funds included within the definition of Other Postemployment Benefits (OPEB) are the RHBF and the Death Benefit Fund.

Retiree Health Benefits Fund

The components of the net OPEB liability (NOL) of the RHBF as of June 30, 2024 and 2023 are as follows:

	Total OPEB Liability	RHBF Fiduciary Net Position	Net OPEB Liability	Fiduciary Net Position as % of Total OPEB Liability
As of June 30, 2024	\$3,192,082,979	\$3,268,185,770	\$(76,102,791)	102.38%
As of June 30, 2023	\$2,625,289,929	\$2,971,055,088	\$(345,765,159)	113.17%

An independent actuarial firm conducts an annual actuarial valuation to determine the total OPEB liability of the Department. The NOL as of June 30, 2024 and 2023 were determined by the actuarial valuation as of June 30, 2024 and 2023, respectively. The actuarial assumptions used in the June 30, 2024 and 2023 measurements were based on the results of the most recent actuarial experience study for the period from July 1, 2018 through June 30, 2021 and the OPEB assumption letter dated September 18, 2024. In particular, the following assumptions were applied in the measurements:

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NOTE 7 – NET OTHER POSTEMPLOYMENT BENEFITS LIABILITY OF THE DEPARTMENT (Continued)

June 30, 2024 measurements

Inflation rate	2.50%
Projected salary increases	4.25% to 10.00%, includes inflation at 2.50%, “across the board” increases of 0.50% plus merit and promotional increases
Investment rate of return	6.50% net of investment expense, including inflation
Mortality	Headcount-weighted Above Median Pub-2010 General Healthy Retiree Mortality Table (separate tables for males and females) times 105% for males and 100% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.

Healthcare cost assumptions are separately developed by the actuary annually. They are based on annual cost trend surveys of the healthcare industry and plan-specific information. Specifically, the following assumptions were applied in the June 30, 2024 and 2023 measurements:

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Non-Medicare medical plan	7.50%, graded down to an ultimate of 4.50% over 12 years	7.00%, graded down to an ultimate of 4.50% over 10 years
Medicare medical plans	10.00%, then 6.50%, graded down to an ultimate of 4.50% over 8 years	6.25%, graded down to an ultimate of 4.50% over 7 years
Dental	3.00%	3.00%
Medicare Part B	6.20% for 9 years, then 5.75%, graded down to an ultimate of 4.50% over 5 years	4.50%

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NOTE 7 – NET OTHER POSTEMPLOYMENT BENEFITS LIABILITY OF THE DEPARTMENT (Continued)

Investment rate of return: The long-term expected rate of return on RHBF's investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation, and subtracting expected investment expenses and a risk margin.

The RHBF's target asset 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 assumptions as of June 30, 2024 and 2023 are summarized in the following table.

Asset Class	Target Allocation	Long-Term Expected 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 cash 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	<u>100.00%</u>	

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JUNE 30, 2024 AND 2023**

NOTE 7 – NET OTHER POSTEMPLOYMENT BENEFITS LIABILITY OF THE DEPARTMENT (Continued)

Discount rate: The discount rate used to measure the total OPEB liability was 6.50% as of June 30, 2024 and June 30, 2023, respectively. The projection of cash flows used to determine the discount rate assumed contributions will be equal to the actuarially determined contributions. For this purpose, only contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected Department 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 RHBF's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on RHBF's investments was applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2024 and 2023.

Sensitivity of the net OPEB liability to changes in the discount rate: The following presents the RHBF's NOL as of June 30, 2024 and 2023, calculated using its respective discount rate, as well as what the NOL would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the utilized rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
NOL as of June 30, 2024	\$405,701,043	\$(76,102,791)	\$(469,476,281)
NOL as of June 30, 2023	\$44,503,307	\$(345,765,159)	\$(664,616,576)

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rate: The following presents the RHBF's NOL as of June 30, 2024 and 2023, calculated using the healthcare cost trend rates assumed in the June 30, 2024 and 2023 actuarial valuations, as well as what the NOL would be if it were calculated using trend rates that are 1-percentage-point lower or 1-percentage-point higher than the assumed rates:

	1% Decrease	Assumed Trend Rates	1% Increase
NOL as of June 30, 2024	\$(514,088,506)	\$(76,102,791)	\$477,667,246
NOL as of June 30, 2023	\$(700,657,607)	\$(345,765,159)	\$102,064,580

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NOTE 7 – NET OTHER POSTEMPLOYMENT BENEFITS LIABILITY OF THE DEPARTMENT (Continued)

Death Benefit Fund

The components of the NOL of the Death Benefit Fund as of June 30, 2024 and 2023 are as follows:

	Total OPEB Liability	Death Benefit Fund Fiduciary Net Position	Net OPEB Liability	Fiduciary Net Position as % of Total OPEB Liability
As of June 30, 2024	\$160,164,758	\$56,291,656	\$103,873,102	35.15%
As of June 30, 2023	\$155,233,537	\$46,533,638	\$108,699,899	29.98%

The WPERP engages an independent actuarial firm to conduct annual actuarial valuation to determine the total OPEB liability of the Department. The TOL as of June 30, 2024 and 2023 were determined by the actuarial valuations as of June 30, 2024 and 2023. The actuarial assumptions used in the June 30, 2024 and June 30, 2023 measurements were based on the results of the most recent actuarial experience study for the period from July 1, 2018 through June 30, 2021, with the exception of a 2.75% investment return assumption and additional assumptions regarding family composition for the Family Death Benefit and Supplemental Family Death Benefit. In particular, the following assumptions were applied in the measurements:

Inflation rate	2.50%
Projected salary increases	4.25% to 10.00%, includes inflation at 2.50%, “across the board” increases of 0.50% plus merit and promotional increases
Investment rate of return	2.75% net of investment expense, including inflation

Investment rate of return: The long-term expected rate of return on the Death Benefit Fund’s 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. This information is combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation, and subtracting expected investment expenses and a risk margin.

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NOTE 7 – NET OTHER POSTEMPLOYMENT BENEFITS LIABILITY OF THE DEPARTMENT (Continued)

The Death Benefit Fund's target asset allocation and projected arithmetic real rates of return for each major asset class, calculated after deducting inflation but before deducting investment expenses, remain consistent in the derivation of the long-term expected investment rate of return assumptions as of June 30, 2024 and 2023. These are summarized in the following table.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	100.00%	0.36%
Total	100.00%	

Discount rate: The discount rate used to measure the total OPEB liability (TOL) was 2.75% as of June 30, 2024 and June 30, 2023. 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. 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 the Death Benefit Fund's investments was applied to all periods of projected benefit payments to determine the TOL as of June 30, 2024.

Sensitivity of the net OPEB liability to changes in the discount rate: The following presents the Death Benefit's NOL as of June 30, 2024 and 2023, calculated using its respective discount rate, as well as what the NOL would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the utilized rate:

	1% Decrease (1.75%)	Current Discount Rate (2.75%)	1% Increase (3.75%)
NOL as of June 30, 2024	\$130,707,610	\$103,873,102	\$82,620,737
NOL as of June 30, 2023	\$134,853,839	\$108,699,899	\$87,975,711

Sensitivity of the net OPEB liability to changes in the cost trend rate: Since there is no trend rate assumption used in valuing these benefits, the net OPEB liability is unaffected by any changes in trend rates.

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NOTE 8 – ACTUARIAL VALUATION – DISABILITY FUND

Actuarial studies are performed annually on the Disability Fund to determine and recommend the appropriate contribution rates and the benefit reserves levels needed to fund the current and future benefit liabilities. The results of the most recent annual actuarial reviews (as of July 1, 2023 and July 1, 2022) for the Disability Fund found that the Fund's accumulated reserves had met the recommended reserve level. The actuarial recommendations for the contribution rates and reserve levels were approved by the Retirement Board.

For permanent total disability, the Department's contribution rate remains at \$0 per \$100 of covered payroll. As for temporary disability, the Department's contribution rate was \$1.15 and \$1.05 per \$100 of covered payroll for fiscal years 2024 and 2023, respectively. The rates were approved by the Retirement Board in January of each year and were implemented the same month.

NOTE 9 – RESERVES AND DESIGNATED BALANCES

Reserve accounts are established to cover all deferred liabilities as they accrue. Reserves are established from members and Department contributions and the accumulation of investment income after satisfying investment and administrative expenses. There are four major classes of reserves and designated accounts.

Member contribution accounts represent the balance of member contributions. Additions include member contributions and interest. Deductions include refunds of member contributions and transfers to the reserve for retirement allowances and the reserve for death benefit.

Department contribution accounts represent the balance of Department contributions for future retirement payments to current active members. Additions include contributions from the Department and related earnings. Deductions include transfers to the reserve for retirement allowances and a reserve for death benefits.

Estimated benefit liabilities reserves represent the balance of transfers from member contribution and/or Department contribution accounts and related earnings less payments to retired members, members on disability, and beneficiaries.

General reserves represent reserves accumulated for future earnings deficiencies, investment losses, and other contingencies. Additions include investment income and other revenue. Deductions include investment expense, interest allocated to member and Department contribution accounts, and interest allocated to the estimated benefits liabilities reserves accounts.

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NOTE 9 – RESERVES AND DESIGNATED BALANCES (Continued)

The WPERP's reserves and designated balances at June 30, 2024 and 2023 are as follows:

	2024	2023
<u>Retirement Fund - Reserves and Designated Balances</u>		
Reserve for retirement allowances	\$ 10,482,680,516	\$ 9,848,789,321
Contributions:		
Members' contributions	2,186,465,226	2,093,095,974
Department contributions	(2,370,948,010)	(2,113,792,593)
Total contributions	(184,482,784)	(20,696,619)
General reserve	4,092,182,350	3,923,273,590
Total reserves and designated balances	14,390,380,082	13,751,366,292
Unrealized appreciation in the fair value of investments	3,422,317,019	2,673,434,819
Total reserves and designated balances at fair value	<u>\$ 17,812,697,101</u>	<u>\$ 16,424,801,111</u>
<u>Disability Fund - Reserves and Designated Balances</u>		
Estimated liability for temporary and permanent disability cases	\$ 15,180,152	\$ 15,771,117
General reserve	24,625,633	25,206,387
Total reserves and designated balances	39,805,785	40,977,504
Unrealized appreciation in the fair value of investments	61,032	278,635
Total reserves and designated balances at fair value	<u>\$ 39,866,817</u>	<u>\$ 41,256,139</u>
<u>Death Benefit Fund - Reserves and Designated Balances</u>		
Estimated liability for family allowances	\$ 8,653,010	\$ 3,933,528
Contribution account - family allowances	7,632,021	7,421,906
General reserve	42,326,320	37,160,361
Total reserves and designated balances	58,611,351	48,515,795
Unrealized appreciation in the fair value of investments	(2,319,695)	(1,982,157)
Total reserves and designated balances at fair value	<u>\$ 56,291,656</u>	<u>\$ 46,533,638</u>
<u>Retiree Health Benefits Fund - Reserves and Designated Balances</u>		
Department contributions (net of insurance premiums payment)	\$ 1,037,604,927	\$ 1,037,604,927
General reserve	1,608,854,460	1,453,569,543
Total reserves and designated balances	2,646,459,387	2,491,174,470
Unrealized appreciation in the fair value of investments	621,726,383	479,880,618
Total reserves and designated balances at fair value	<u>\$ 3,268,185,770</u>	<u>\$ 2,971,055,088</u>

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NOTE 10 – PLAN AMENDMENTS

The Plan is periodically amended to meet changes in economic conditions and sound business practices. The following is a summary of the more significant Plan amendments taken effect during the fiscal years ended June 30, 2024 and 2023:

Fiscal year ended June 30, 2024

For members retiring from permanent total disability on or after January 1, 2022, with 10 or more years of consecutive permanent total disability benefits, their retirement benefit will be the greater of the Formula Pension or 40% of their Monthly Salary Base, adjusted for cost-of-living increases.

The Family Death Benefit (FDB) was retroactively increased, effective October 1, 2022. The Plan now provides a monthly FDB allowance of \$937 to each qualified surviving child, and \$937 to the spouse if the spouse is caring for one or more eligible children. The maximum monthly FDB allowance is now \$2,187.

Fiscal year ended June 30, 2023

The Regular Interest Rate, as defined in the Plan, is used to credit members' retirement contributions on deposit with the Plan. That rate and the mortality rate assumptions are also used in the calculation of retirement allowances and conversion to optional benefit amounts. Prior to the following amendment, the Regular Interest Rate shall align with the investment return assumption rate as adopted by Retirement Board effective the 1st of the month following the adoption of the assumption, so long as the investment return assumption rate is at least 7.00%.

On November 9, 2022, the Plan was amended such that the Regular Interest Rate shall align with the investment return assumption rate, and the mortality factors with the mortality assumptions, as adopted by Retirement Board effective the 1st of the month one year after the adoption of the assumptions; provided, however, that the Regular Interest Rate shall not change prior to July 1, 2024. Thus, the Regular Interest Rate shall decrease from 7.00% to 6.50% effective July 1, 2024.

NOTE 11 – RISKS AND UNCERTAINTIES

The WPERP invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of fiduciary net position.

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NOTE 11 – RISKS AND UNCERTAINTIES (Continued)

Additionally, the Department contributions and actuarial valuations are reported based on certain assumptions pertaining to interest rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

NOTE 12 – SUBSEQUENT EVENTS

The WPERP has evaluated subsequent events through November 15, 2024, the date the financial statements were available to be issued and concluded no other events have occurred that require disclosure or adjustments to the financial statements.

**CITY OF LOS ANGELES
WATER AND POWER EMPLOYEES' RETIREMENT PLAN**

**REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT FUND
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
(Unaudited)**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total pension liability					
Service cost	\$ 350,358,449	\$ 322,734,117	\$ 277,243,581	\$ 275,365,595	\$ 263,472,814
Interest	1,102,391,454	1,045,077,316	1,044,964,004	1,008,129,964	963,032,210
Change of benefit terms	3,907,622	(82,833,165)	-	-	-
Differences between expected and actual experience	358,127,987	341,242,444	(35,733,830)	(62,310,517)	62,540,626
Change of assumptions	-	-	550,825,337	-	-
Benefit payments, including refund of member contributions	(794,717,511)	(749,460,645)	(716,007,901)	(677,717,014)	(635,652,595)
Net change in total pension liability	1,020,068,001	876,760,067	1,121,291,191	543,468,028	653,393,055
Total pension liability - beginning	17,006,877,134	16,130,117,067	15,008,825,876	14,465,357,848	13,811,964,793
Total pension liability - ending	<u>\$ 18,026,945,135</u>	<u>\$ 17,006,877,134</u>	<u>\$ 16,130,117,067</u>	<u>\$ 15,008,825,876</u>	<u>\$ 14,465,357,848</u>
Fiduciary net position					
Contributions - employer, including administrative expenses	\$ 431,968,373	\$ 368,478,954	\$ 325,325,721	\$ 385,071,467	\$ 427,655,268
Contributions - employees	162,160,081	144,715,315	131,105,102	122,316,256	120,299,327
Net investment income	1,594,129,730	1,153,142,796	(888,348,728)	3,489,200,333	459,024,099
Benefit payments, including refund of member contribution	(794,717,511)	(749,460,645)	(716,007,901)	(677,717,014)	(635,652,595)
Administrative expense	(5,644,683)	(5,999,703)	(5,613,756)	(5,115,182)	(4,705,004)
Net change in fiduciary net position	1,387,895,990	910,876,717	(1,153,539,562)	3,313,755,860	366,621,095
Fiduciary net position - beginning	16,424,801,111	15,513,924,394	16,667,463,956	13,353,708,096	12,987,087,001
Fiduciary net position - ending	<u>\$ 17,812,697,101</u>	<u>\$ 16,424,801,111</u>	<u>\$ 15,513,924,394</u>	<u>\$ 16,667,463,956</u>	<u>\$ 13,353,708,096</u>
Net pension liability	<u>\$ 214,248,034</u>	<u>\$ 582,076,023</u>	<u>\$ 616,192,673</u>	<u>\$ (1,658,638,080)</u>	<u>\$ 1,111,649,752</u>
Fiduciary net position as % of total pension liability	98.81%	96.58%	96.18%	111.05%	92.32%
Covered employee payroll	\$ 1,403,031,222	\$ 1,259,245,870	\$ 1,178,016,102	\$ 1,121,883,556	\$ 1,130,066,414
Net pension liability as % of covered employee payroll	15.27%	46.22%	52.31%	-147.84%	98.37%

See accompanying independent auditor's report.

**CITY OF LOS ANGELES
WATER AND POWER EMPLOYEES' RETIREMENT PLAN**

**REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT FUND
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
(Unaudited)**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability					
Service cost	\$ 243,262,953	\$ 228,621,066	\$ 217,276,778	\$ 209,832,859	\$ 214,735,027
Interest	952,071,733	913,798,415	887,133,571	837,977,383	821,047,664
Change of benefit terms	-	(59,019,242)	-	-	(144,007,904)
Differences between expected and actual experience	17,806,843	10,253,750	(196,176,749)	(189,461,173)	(162,912,927)
Change of assumptions	8,835,790	-	-	722,927,661	-
Benefit payments, including refund of member contributions	(597,563,566)	(563,212,525)	(540,361,335)	(510,484,986)	(485,966,910)
Net change in total pension liability	624,413,753	530,441,464	367,872,265	1,070,791,744	242,894,950
Total pension liability - beginning	13,187,551,040	12,657,109,576	12,289,237,311	11,218,445,567	10,975,550,617
Total pension liability - ending	<u>\$ 13,811,964,793</u>	<u>\$ 13,187,551,040</u>	<u>\$ 12,657,109,576</u>	<u>\$ 12,289,237,311</u>	<u>\$ 11,218,445,567</u>
Fiduciary net position					
Contributions - employer, including administrative expenses	\$ 416,180,197	\$ 439,298,444	\$ 397,747,778	\$ 368,259,056	\$ 382,231,868
Contributions - employees	104,741,925	93,659,240	83,239,105	75,068,523	68,552,375
Net investment income	791,832,113	998,777,227	1,280,806,288	95,807,981	410,778,109
Benefit payments, including refund of member contribution	(597,563,566)	(563,212,525)	(540,361,335)	(510,484,986)	(485,966,910)
Administrative expense	(5,188,931)	(5,336,458)	(5,375,229)	(5,108,115)	(4,612,476)
Net change in fiduciary net position	710,001,738	963,185,928	1,216,056,607	23,542,459	370,982,966
Fiduciary net position - beginning	12,277,085,263	11,313,899,335	10,097,842,728	10,074,300,269	9,703,317,303
Fiduciary net position - ending	<u>\$ 12,987,087,001</u>	<u>\$ 12,277,085,263</u>	<u>\$ 11,313,899,335</u>	<u>\$ 10,097,842,728</u>	<u>\$ 10,074,300,269</u>
Net pension liability	<u>\$ 824,877,792</u>	<u>\$ 910,465,777</u>	<u>\$ 1,343,210,241</u>	<u>\$ 2,191,394,583</u>	<u>\$ 1,144,145,298</u>
Fiduciary net position as % of total pension liability	94.03%	93.10%	89.39%	82.17%	89.80%
Covered employee payroll	\$ 1,028,212,002	\$ 953,635,670	\$ 892,332,196	\$ 861,818,854	\$ 839,213,254
Net pension liability as % of covered employee payroll	80.22%	95.47%	150.53%	254.28%	136.34%

See accompanying independent auditor's report.

**CITY OF LOS ANGELES
WATER AND POWER EMPLOYEES' RETIREMENT PLAN**

REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT FUND
SCHEDULE OF CHANGES EMPLOYER CONTRIBUTIONS
(Unaudited)

<u>Plan Year Ended June 30</u>	<u>Actuarially Determined Contributions</u>	<u>Actual Contributions</u>	<u>Contribution Deficiency/ (Excess)</u>	<u>Covered Employee Payroll</u>	<u>Contribution as Percentage of Covered Payroll</u>
2024	\$ 435,599,199	\$ 425,303,910	\$ 10,295,289	\$ 1,403,031,222	30.31%
2023	372,208,800	361,585,859	10,622,941	1,259,245,870	28.71%
2022	302,800,123	318,873,759	(16,073,636)	1,178,016,102	27.07%
2021	373,374,390	378,990,511	(5,616,121)	1,121,883,556	33.78%
2020	424,375,428	422,017,394	2,358,034	1,130,066,141	37.34%
2019	408,750,192	410,165,124	(1,414,932)	1,028,212,002	39.89%
2018	425,512,236	433,412,569	(7,900,333)	953,635,670	45.45%
2017	403,780,319	391,717,359	12,062,960	892,332,196	43.90%
2016	368,599,924	362,359,894	6,240,030	861,818,854	42.05%
2015	387,464,759	376,902,022	10,562,737	839,213,254	44.91%

See accompanying independent auditor's report.

**CITY OF LOS ANGELES
WATER AND POWER EMPLOYEES' RETIREMENT PLAN**

**REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT FUND
NOTES TO SCHEDULE OF CHANGES EMPLOYER CONTRIBUTIONS
(Unaudited)**

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. Any subsequent changes in Unfunded Actuarial Accrued Liability are amortized over separate 15-year periods effective with that valuation. 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.
Other information	All members hired on or after January 1, 2014 enter Tier 2.
Actuarial assumptions:	
Investment rate of return	6.50%
Inflation rate	2.50%
Projected salary increases	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)
Mortality	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.
Other assumptions	Same as those used in the July 1, 2024 funding actuarial valuation

See accompanying independent auditor's report.

**CITY OF LOS ANGELES
WATER AND POWER EMPLOYEES' RETIREMENT PLAN**

REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT FUND
SCHEDULE OF INVESTMENT RETURNS
(Unaudited)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual money-weighted rate of return, net of investment expense	9.78%	7.52%	-5.39%	26.40%	3.56%	6.50%	8.89%	12.79%	0.96%	4.27%

See accompanying independent auditor's report.

**CITY OF LOS ANGELES
WATER AND POWER EMPLOYEES' RETIREMENT PLAN**

**REQUIRED SUPPLEMENTARY INFORMATION
RETIREE HEALTH BENEFITS FUND
SCHEDULE OF CHANGES IN NET OTHER POSTEMPLOYMENT BENEFIT LIABILITY
AND RELATED RATIOS
(Unaudited)**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total OPEB liability				
Service cost	\$ 65,785,214	\$ 63,208,118	\$ 49,615,448	\$ 48,226,344
Interest	171,254,975	171,480,279	179,466,316	173,866,595
Change of benefit terms	-	35,212,136	-	-
Differences between expected and actual experience	6,325,409	35,298,809	(62,373,754)	(27,834,317)
Change of assumptions	433,670,252	(197,179,932)	6,932,933	(5,917,751)
Benefit payments	(114,570,059)	(113,571,109)	(112,081,130)	(109,282,435)
Other	4,327,259	-	-	-
Net change in total OPEB liability	566,793,050	(5,551,699)	61,559,813	79,058,436
Total OPEB liability - beginning	2,625,289,929	2,630,841,628	2,569,281,815	2,490,223,379
Total OPEB liability - ending	<u>\$ 3,192,082,979</u>	<u>\$ 2,625,289,929</u>	<u>\$ 2,630,841,628</u>	<u>\$ 2,569,281,815</u>
Fiduciary net position				
Contributions - employer, including administrative expenses	\$ 115,661,042	\$ 114,618,126	\$ 113,094,077	\$ 110,261,019
Net investment income	296,949,871	209,846,044	(157,243,140)	614,234,046
Benefit payments	(114,570,059)	(113,571,109)	(112,081,130)	(109,282,435)
Administrative expense	(910,172)	(878,889)	(850,111)	(820,432)
Net change in fiduciary net position	297,130,682	210,014,172	(157,080,304)	614,392,198
Fiduciary net position - beginning	2,971,055,088	2,761,040,916	2,918,121,220	2,303,729,022
Fiduciary net position - ending	<u>\$ 3,268,185,770</u>	<u>\$ 2,971,055,088</u>	<u>\$ 2,761,040,916</u>	<u>\$ 2,918,121,220</u>
Net OPEB liability	<u>\$ (76,102,791)</u>	<u>\$ (345,765,159)</u>	<u>\$ (130,199,288)</u>	<u>\$ (348,839,405)</u>
Fiduciary net position as % of total OPEB liability	102.38%	113.17%	104.95%	113.58%
Covered employee payroll	\$ 1,403,031,222	\$ 1,259,245,870	\$ 1,178,016,102	\$ 1,121,883,556
Net OPEB liability as % of covered employee payroll	-5.42%	-27.46%	-11.05%	-31.09%

Note to Schedule:

This schedule is presented for those years for which information is available.

See accompanying independent auditor's report.

**CITY OF LOS ANGELES
WATER AND POWER EMPLOYEES' RETIREMENT PLAN**

**REQUIRED SUPPLEMENTARY INFORMATION
RETIREE HEALTH BENEFITS FUND
SCHEDULE OF CHANGES IN NET OTHER POSTEMPLOYMENT BENEFIT LIABILITY
AND RELATED RATIOS
(Unaudited)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total OPEB liability					
Service cost	\$ 52,963,965	\$ 46,187,613	\$ 49,190,698	\$ 49,295,168	\$ 38,342,912
Interest	187,719,658	178,690,352	170,306,670	169,518,251	146,596,915
Change of benefit terms	-	-	(285,566)	-	-
Differences between expected and actual experience	(288,180,293)	(40,431,700)	(6,956,314)	(44,553,945)	87,184,567
Change of assumptions	(36,324,788)	131,290,346	4,798,880	(70,508,237)	185,583,627
Benefit payments	(109,401,181)	(101,594,970)	(95,233,622)	(90,310,419)	(79,895,671)
Net change in total OPEB liability	(193,222,639)	214,141,641	121,820,746	13,440,818	377,812,350
Total OPEB liability - beginning	2,683,446,018	2,469,304,377	2,347,483,631	2,334,042,813	1,956,230,463
Total OPEB liability - ending	\$ 2,490,223,379	\$ 2,683,446,018	\$ 2,469,304,377	\$ 2,347,483,631	\$ 2,334,042,813
Fiduciary net position					
Contributions - employer, including administrative expenses	\$ 110,444,724	\$ 102,631,460	\$ 95,918,712	\$ 91,023,926	\$ 80,606,726
Net investment income	83,021,344	134,706,591	173,674,359	218,835,834	14,462,876
Benefit payments	(109,401,181)	(101,594,970)	(95,233,622)	(90,310,419)	(79,895,671)
Administrative expense	(887,299)	(882,725)	(548,907)	(585,352)	(578,174)
Net change in fiduciary net position	83,177,588	134,860,356	173,810,542	218,963,989	14,595,757
Fiduciary net position - beginning	2,220,551,434	2,085,691,078	1,911,880,536	1,692,916,547	1,678,320,790
Fiduciary net position - ending	\$ 2,303,729,022	\$ 2,220,551,434	\$ 2,085,691,078	\$ 1,911,880,536	\$ 1,692,916,547
Net OPEB liability	\$ 186,494,357	\$ 462,894,584	\$ 383,613,299	\$ 435,603,095	\$ 641,126,266
Fiduciary net position as % of total OPEB liability	92.51%	82.75%	84.46%	81.44%	72.53%
Covered employee payroll	\$ 1,130,066,141	\$ 1,028,212,002	\$ 953,635,670	\$ 892,332,196	\$ 861,818,854
Net OPEB liability as % of covered employee payroll	16.50%	45.02%	40.23%	48.82%	74.39%

Note to Schedule:

This schedule is presented for those years for which information is available.

See accompanying independent auditor's report.

**CITY OF LOS ANGELES
WATER AND POWER EMPLOYEES' RETIREMENT PLAN**

**REQUIRED SUPPLEMENTARY INFORMATION
RETIREE HEALTH BENEFITS FUND
SCHEDULE OF EMPLOYER CONTRIBUTIONS
(Unaudited)**

Plan Year Ended June 30	Actuarially Determined Contributions	Actual Contributions	Contribution Deficiency/ (Excess)	Covered Employee Payroll	Contribution as Percentage of Covered Payroll
2024	\$ 47,974,876	\$ 114,570,059	\$ (66,595,183)	\$ 1,403,031,222	8.17%
2023	55,584,893	113,571,109	(57,986,216)	1,259,245,870	9.02%
2022	49,687,613	112,081,130	(62,393,517)	1,178,016,102	9.51%
2021	63,164,899	109,282,435	(46,117,536)	1,121,883,556	9.74%
2020	95,375,489	109,401,181	(14,025,692)	1,130,066,141	9.68%
2019	80,850,687	101,594,970	(20,744,283)	1,028,212,002	9.88%
2018	85,339,091	95,233,622	(9,894,531)	953,635,670	9.99%
2017	93,920,143	90,310,419	3,609,724	892,332,196	10.12%
2016	61,971,138	79,895,671	(17,924,533)	861,818,854	9.27%
2015	70,748,429	78,496,618	(7,748,189)	839,213,254	9.35%

See accompanying independent auditor's report.

**CITY OF LOS ANGELES
WATER AND POWER EMPLOYEES' RETIREMENT PLAN**

**REQUIRED SUPPLEMENTARY INFORMATION
RETIREE HEALTH BENEFITS FUND
NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS
(Unaudited)**

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, Level Percent of Pay
Amortization method	<p><u>When the Plan has an UAAL:</u> Single closed amortization period, level percent of pay; 11 years remaining as of June 30, 2024 and 12 years remaining as of June 30, 2023.</p> <p><u>When the Plan has a Surplus:</u> Single open amortization period, level percent of pay; 30 years remaining as of June 30, 2024 and 30 years remaining as of June 30, 2023.</p>
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 returns and the expected returns on a market value basis, and is recognized over a five-year period.
Actuarial assumptions:	
Investment rate of return	6.50%, net of investment expense
Inflation rate	2.50%
Projected salary increases	4.25% to 10.00%
Healthcare cost trend rates:	
Non-Medicare medical plan	7.50%, graded down to an ultimate of 4.50% over 12 years
Medicare medical plans	10.00%, then 6.50%, graded down to an ultimate of 4.50% over 8 years
Dental	3.00%
Medicare Part B	6.20% for 9 years, then 5.75%, graded down to an ultimate of 4.50% over 5 years

See accompanying independent auditor's report.

**CITY OF LOS ANGELES
WATER AND POWER EMPLOYEES' RETIREMENT PLAN**

REQUIRED SUPPLEMENTARY INFORMATION
RETIREE HEALTH BENEFITS FUND
SCHEDULE OF INVESTMENT RETURNS
(Unaudited)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Annual money-weighted rate of return, net of investment expense	9.99%	7.60%	-5.39%	26.65%	3.74%	6.46%	9.08%

Note to schedule:

This schedule is presented for the year for which information is available.

**CITY OF LOS ANGELES
WATER AND POWER EMPLOYEES' RETIREMENT PLAN**

**REQUIRED SUPPLEMENTARY INFORMATION
DEATH BENEFIT FUND
SCHEDULE OF CHANGES IN NET OTHER POST EMPLOYMENT BENEFIT LIABILITY
AND RELATED RATIOS
(Unaudited)**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total OPEB liability				
Service cost	\$ 6,256,775	\$ 5,957,755	\$ 5,052,420	\$ 5,040,195
Interest	4,317,791	4,256,540	4,704,713	4,677,912
Change of benefit terms	3,055,296	-	-	-
Differences between expected and actual experience	260,839	555,646	1,508,032	828,147
Change of assumptions	-	-	17,224,419	-
Benefit payments	(8,959,480)	(8,723,838)	(9,340,216)	(10,245,251)
Net change in total OPEB liability	4,931,221	2,046,103	19,149,368	301,003
Total OPEB liability - beginning	155,233,537	153,187,434	134,038,066	133,737,063
Total OPEB liability - ending	<u>\$ 160,164,758</u>	<u>\$ 155,233,537</u>	<u>\$ 153,187,434</u>	<u>\$ 134,038,066</u>
Fiduciary net position				
Contributions - employer, including administrative expenses	\$ 18,629,896	\$ 16,497,224	\$ 14,991,933	\$ 14,522,798
Contributions - employees	387,090	378,022	372,258	373,989
Net investment income	1,855,220	(279,861)	(4,381,121)	343,631
Benefit payments	(8,959,480)	(8,723,838)	(9,340,216)	(10,245,251)
Administrative expense	(2,154,708)	(1,863,048)	(1,855,962)	(1,621,742)
Net change in fiduciary net position	9,758,018	6,008,499	(213,108)	3,373,425
Fiduciary net position - beginning	46,533,638	40,525,139	40,738,247	37,364,822
Fiduciary net position - ending	<u>\$ 56,291,656</u>	<u>\$ 46,533,638</u>	<u>\$ 40,525,139</u>	<u>\$ 40,738,247</u>
Net OPEB liability	<u>\$ 103,873,102</u>	<u>\$ 108,699,899</u>	<u>\$ 112,662,295</u>	<u>\$ 93,299,819</u>
Fiduciary net position as % of total OPEB liability	35.15%	29.98%	26.45%	30.39%
Covered employee payroll	\$ 1,403,031,222	\$ 1,259,245,870	\$ 1,178,016,102	\$ 1,121,883,556
Net OPEB liability as % of covered employee payroll	7.40%	8.63%	9.56%	8.32%

Note to Schedule:

This schedule is presented for those years for which information is available.

See accompanying independent auditor's report.

**CITY OF LOS ANGELES
WATER AND POWER EMPLOYEES' RETIREMENT PLAN**

**REQUIRED SUPPLEMENTARY INFORMATION
DEATH BENEFIT FUND
SCHEDULE OF CHANGES IN NET OTHER POST EMPLOYMENT BENEFIT LIABILITY
AND RELATED RATIOS
(Unaudited)**

	2020	2019	2018	2017
Total OPEB liability				
Service cost	\$ 4,716,844	\$ 4,779,848	\$ 3,875,903	\$ 3,656,610
Interest	4,725,458	5,058,685	5,140,912	5,095,026
Change of benefit terms	-	-	90,905	-
Differences between expected and actual experience	(2,040,143)	485,084	(4,443,689)	125,381
Change of assumptions	-	(11,703,994)	-	-
Benefit payments	(7,922,692)	(8,232,053)	(7,602,577)	(7,968,010)
Net change in total OPEB liability	(520,533)	(9,612,430)	(2,938,546)	909,007
Total OPEB liability - beginning	134,257,596	143,870,026	146,808,572	145,899,565
Total OPEB liability - ending	<u>\$ 133,737,063</u>	<u>\$ 134,257,596</u>	<u>\$ 143,870,026</u>	<u>\$ 146,808,572</u>
Fiduciary net position				
Contributions - employer, including administrative expenses	\$ 14,908,884	\$ 8,777,581	\$ 8,101,199	\$ 8,206,607
Contributions - employees	384,893	358,073	346,931	336,630
Net investment income	2,793,526	2,292,799	(119,894)	(56,662)
Benefit payments	(7,922,692)	(8,232,053)	(7,602,577)	(7,968,010)
Administrative expense	(1,606,529)	(1,599,880)	(1,099,573)	(1,119,190)
Net change in fiduciary net position	8,558,082	1,596,520	(373,914)	(600,625)
Fiduciary net position - beginning	28,806,740	27,210,220	27,584,134	28,184,759
Fiduciary net position - ending	<u>\$ 37,364,822</u>	<u>\$ 28,806,740</u>	<u>\$ 27,210,220</u>	<u>\$ 27,584,134</u>
Net OPEB liability	<u>\$ 96,372,241</u>	<u>\$ 105,450,856</u>	<u>\$ 116,659,806</u>	<u>\$ 119,224,438</u>
Fiduciary net position as % of total OPEB liability	27.94%	21.46%	18.91%	18.79%
Covered employee payroll	\$ 1,130,066,141	\$ 1,028,212,002	\$ 953,635,670	\$ 892,332,196
Net OPEB liability as % of covered employee payroll	8.53%	10.26%	12.23%	13.36%

Note to Schedule:

This schedule is presented for those years for which information is available.

See accompanying independent auditor's report.

**CITY OF LOS ANGELES
WATER AND POWER EMPLOYEES' RETIREMENT PLAN**

**REQUIRED SUPPLEMENTARY INFORMATION
DEATH BENEFIT FUND
SCHEDULE OF EMPLOYER CONTRIBUTIONS
(Unaudited)**

<u>Plan Year Ended June 30</u>	<u>Actuarially Determined Contributions</u>	<u>Actual Contributions</u>	<u>Contribution Deficiency/ (Excess)</u>	<u>Covered Employee Payroll</u>	<u>Contribution as Percentage of Covered Payroll</u>
2024	\$ 15,994,556	\$ 16,471,934	\$ (477,378)	\$ 1,403,031,222	1.17%
2023	15,236,875	14,631,549	605,326	1,259,245,870	1.16%
2022	13,075,979	13,133,730	(57,751)	1,178,016,102	1.11%
2021	12,565,096	12,898,727	(333,631)	1,121,883,556	1.15%
2020	13,334,780	13,299,775	35,005	1,130,066,141	1.18%
2019	7,259,955	7,259,955	-	1,028,212,002	0.71%
2018	7,137,211	7,137,211	-	953,635,670	0.75%
2017	7,137,953	7,137,953	-	892,332,196	0.80%
2016	7,206,780	7,206,780	-	861,818,854	0.84%

Note to schedule:

This schedule is presented for the years for which information is available.

**CITY OF LOS ANGELES
WATER AND POWER EMPLOYEES' RETIREMENT PLAN**

**REQUIRED SUPPLEMENTARY INFORMATION
DEATH BENEFIT FUND
NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS
(Unaudited)**

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
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 and expected returns on a market value basis and is recognized over a five-year period.
Amortization method	Level dollar amortization
Remaining amortization period	The July 1, 2019 Unfunded Actuarial Accrued Liability is amortized over a fifteen-year period commencing July 1, 2019 (fully amortized as of July 1, 2034). Any subsequent changes in Unfunded Actuarial Accrued Liability are amortized over separate fifteen-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.
Actuarial assumptions:	
Investment rate of return	2.75%, net of investment expense
Inflation rate	2.50%
Projected salary increases	4.25% to 10.00%

See accompanying independent auditor's report.

**CITY OF LOS ANGELES
WATER AND POWER EMPLOYEES' RETIREMENT PLAN**

**REQUIRED SUPPLEMENTARY INFORMATION
DEATH BENEFIT FUND
SCHEDULE OF INVESTMENT RETURNS
(Unaudited)**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Annual money-weighted rate of return, net of investment expense	3.44%	-0.60%	-9.53%	0.82%	8.33%	7.56%	-0.39%

Note to schedule:

This schedule is presented for the year for which information is available.

See accompanying independent auditor's report.

**CITY OF LOS ANGELES
WATER AND POWER EMPLOYEES' RETIREMENT PLAN
SUPPLEMENTARY INFORMATION**

**RETIREMENT FUND
SCHEDULE OF CONTRIBUTION ACCOUNTS AND ESTIMATED LIABILITY FOR RETIREMENT ALLOWANCES
For the Years Ended June 30, 2024 and 2023
(Unaudited)**

	Current Service	Minimum Pension	Cost of Living Adjustments	Continuance to Eligible Spouse	Department of Water and Power Total	Members' Total	Combined Total	Estimated Liabilities for Retirement Allowances
Balance at June 30, 2022	\$ 1,531,244,457	\$ 905,649,448	\$ (4,127,304,409)	\$ (299,698,392)	\$ (1,990,108,896)	\$ 1,960,534,962	\$ (29,573,934)	\$ 9,452,278,934
Contributions received	47,217,225	318,785,589	-	-	366,002,814	144,715,315	510,718,129	-
Contributions refunded	(4,416,954)	-	-	-	(4,416,954)	(8,819,054)	(13,236,008)	-
Net Contributions	42,800,271	318,785,589	-	-	361,585,860	135,896,261	497,482,121	-
Transfers from contribution accounts for retiring members	(134,582,476)	(77,663,603)	(116,184,698)	(17,226,628)	\$ (345,657,405)	(139,106,885)	(484,764,290)	484,764,290
Retirement allowances paid	-	-	-	-	-	-	-	(740,641,591)
Interest at 7.00% per annum	103,402,867	70,774,266	(292,338,864)	(21,450,421)	(139,612,152)	135,771,636	(3,840,516)	652,387,688
Balance at June 30, 2023	1,542,865,119	1,217,545,700	(4,535,827,971)	(338,375,441)	(2,113,792,593)	2,093,095,974	(20,696,619)	9,848,789,321
Contributions received	46,390,280	383,207,821	-	-	429,598,101	162,160,081	591,758,182	-
Contributions refunded	(4,294,191)	-	-	-	(4,294,191)	(10,821,672)	(15,115,863)	-
Net Contributions	42,096,089	383,207,821	-	-	425,303,910	151,338,409	576,642,319	-
Transfers from contribution accounts for retiring members	(193,343,062)	(132,698,948)	(177,991,010)	(25,254,595)	\$ (529,287,615)	(200,791,617)	(730,079,232)	730,079,232
Retirement allowances paid	-	-	-	-	-	-	-	(783,895,839)
Interest at 7.00% per annum	101,672,643	92,819,586	(323,171,298)	(24,492,643)	(153,171,712)	142,822,460	(10,349,252)	687,707,802
Balance at June 30, 2024	\$ 1,493,290,789	\$ 1,560,874,159	\$ (5,036,990,279)	\$ (388,122,679)	\$ (2,370,948,010)	\$ 2,186,465,226	\$ (184,482,784)	\$ 10,482,680,516

CITY OF LOS ANGELES
WATER AND POWER EMPLOYEES' RETIREMENT PLAN
SUPPLEMENTARY INFORMATION

DEATH BENEFIT FUND
SCHEDULE OF CONTRIBUTION ACCOUNTS AND ESTIMATED LIABILITY FOR
FAMILY ALLOWANCES
For the Years Ended June 30, 2024 and 2023

	Members'	Department of Water and Power	Combined Total	Estimated Liability for Family Allowances
Balances at June 30, 2022	<u>\$ 7,225,866</u>	<u>\$ -</u>	<u>\$ 7,225,866</u>	<u>\$ 4,061,084</u>
Contributions received	108,539	-	108,539	-
Transfers to estimated liability for family allowances from contribution accounts for member deceased during the year	(112,676)	-	(112,676)	112,676
Transfer to/from general reserve	-	-	-	229,485
Family allowances paid	-	-	-	(581,671)
Interest transferred from general reserve at 2.75% per annum	<u>200,177</u>	<u>-</u>	<u>200,177</u>	<u>111,954</u>
Balances at June 30, 2023	<u>\$ 7,421,906</u>	<u>\$ -</u>	<u>\$ 7,421,906</u>	<u>\$ 3,933,528</u>
Contributions received	107,886	-	107,886	-
Transfers to estimated liability for family allowances from contribution accounts for members deceased during the year	(104,369)		(104,369)	104,369
Transfer to/from general reserve	-	-	-	5,958,814
Family allowances paid	-	-	-	(1,437,225)
Interest transferred from general reserve at 2.75% per annum	<u>206,598</u>	<u>-</u>	<u>206,598</u>	<u>93,524</u>
Balances at June 30, 2024	<u><u>\$ 7,632,021</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 7,632,021</u></u>	<u><u>\$ 8,653,010</u></u>

CITY OF LOS ANGELES
WATER AND POWER EMPLOYEES' RETIREMENT PLAN
SUPPLEMENTARY INFORMATION

RETIREMENT FUND
SCHEDULE OF REVENUES BY SOURCE AND EXPENSES BY TYPES
June 30, 2024

Revenues by Source

Fiscal Year	Members' Contributions	Department Contributions*	Investment Income**	Total
2024	\$ 162,160,081	\$ 436,262,564	\$ 359,082,210	\$ 957,504,855
2023	\$ 144,715,315	\$ 372,895,909	\$ 350,927,274	\$ 868,538,498
2022	\$ 131,105,102	\$ 328,803,402	\$ 283,181,160	\$ 743,089,664
2021	\$ 122,316,256	\$ 388,313,848	\$ 244,732,292	\$ 755,362,396
2020	\$ 120,299,327	\$ 432,140,635	\$ 243,186,601	\$ 795,626,563
2019	\$ 104,741,925	\$ 419,702,724	\$ 257,334,361	\$ 781,779,010
2018	\$ 93,659,240	\$ 442,535,901	\$ 223,611,026	\$ 759,806,167
2017	\$ 83,239,105	\$ 401,127,290	\$ 208,617,806	\$ 692,984,201
2016	\$ 75,068,523	\$ 371,845,053	\$ 184,829,756	\$ 631,743,332
2015	\$ 68,552,375	\$ 386,286,580	\$ 175,987,770	\$ 630,826,725

Expenses by Type

Fiscal Year	Benefits	Administrative Expenses***	Refunds****	Total
2024	\$ 783,895,839	\$ 82,446,642	\$ 15,115,863	\$ 881,458,344
2023	\$ 740,641,591	\$ 76,402,080	\$ 13,236,008	\$ 830,279,679
2022	\$ 706,884,767	\$ 73,690,271	\$ 12,600,816	\$ 793,175,854
2021	\$ 671,277,654	\$ 69,934,969	\$ 9,681,741	\$ 750,894,364
2020	\$ 628,852,137	\$ 59,985,183	\$ 11,285,824	\$ 700,123,144
2019	\$ 591,461,776	\$ 54,438,930	\$ 9,624,317	\$ 655,525,023
2018	\$ 558,900,946	\$ 48,293,515	\$ 7,549,036	\$ 614,743,497
2017	\$ 535,914,984	\$ 40,643,556	\$ 7,825,863	\$ 584,384,403
2016	\$ 505,591,726	\$ 33,807,268	\$ 8,479,257	\$ 547,878,251
2015	\$ 480,465,024	\$ 35,470,631	\$ 9,556,598	\$ 525,492,253

* Represents Department contributions before Current Service reversions and includes contributions towards administrative expenses.

** Represents "booked" investment income and excludes "net appreciation (depreciation) in fair value of investment."

*** Represents investment and administrative expenses.

**** Represents both refunds on members' contributions and reversions on Department Current Service contributions.