Los Angeles County Employees Retirement Association

GASB 68 Disclosure

GASB 68 Reporting Date: June 30, 2023

Measurement Date: June 30, 2022

Actuarial Valuation Date: June 30, 2021

GASB 67 Reporting Date: June 30, 2022

Fiscal Year: July 1, 2021 to June 30, 2022

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Certification

Actuarial computations presented in this report under Statements No. 67 and 68 of the Governmental Accounting Standards Board are for purposes of assisting LACERA in fulfilling its financial accounting requirements. No attempt is being made to offer any accounting opinion or advice. The GASB 68 reporting date of this report is June 30, 2023. The measurement date for determining plan assets and obligations is June 30, 2022. The calculations enclosed in this report have been made on a basis consistent with our understanding of the plan provisions. Determinations for purposes other than meeting financial reporting requirements may be significantly different than the results contained in this report. Accordingly, additional determinations may be needed for other purposes, such as judging benefit security or meeting employer funding requirements.

In preparing this report, we relied, without audit, on information as of June 30, 2022 furnished by LACERA. This information includes, but is not limited to, statutory provisions, member census data, and financial information. Please see Milliman's Actuarial Valuation of Retirement Benefits report dated November 22, 2021 and GASB 67 Disclosure Report dated October 12, 2022 for more information on the data used in the valuation, as well as a summary of the plan provisions and actuarial methods and assumptions.

We performed a limited review of the census and financial information used directly in our analysis and have found them to be reasonably consistent and comparable with information used for other purposes. The valuation results depend on the integrity of this information. If any of this information is inaccurate or incomplete our results may be different, and our calculations may need to be revised.

All costs, liabilities, rates of interest, and other factors for the Plan have been determined on the basis of actuarial assumptions and methods which are individually reasonable (taking into account the experience of the Plan and reasonable expectations); and which in combination, offer our best estimate of anticipated experience affecting the Plan.

The valuation results were developed using models employing standard actuarial techniques. We have reviewed the models, including their inputs, calculations, and outputs for consistency, reasonableness, and appropriateness to the intended purpose and in compliance with generally accepted actuarial practice and relevant actuarial standards of practice. Reliance on other experts is reflected in Milliman’s capital market assumptions, and in Milliman’s expected return model maintained by Milliman investment consultants.

This report is only an estimate of the Plan's financial condition as of a single date. It can neither predict the Plan's future condition nor guarantee future financial soundness. Actuarial valuations do not affect the ultimate cost of Plan benefits, only the timing of Plan contributions. While the valuation is based on an array of individually reasonable assumptions, other assumption sets may also be reasonable and valuation results based on those assumptions would be different. No one set of assumptions is uniquely correct. Determining results using alternative assumptions is outside the scope of our engagement.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to factors such as, but not limited to, the following: Plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the Plan’s funded status); and changes in plan provisions or applicable law. Due to the limited scope of the actuarial assignment, we did not perform an analysis of the potential range of such future measurements. The valuation results were developed using models intended for valuations that use standard actuarial techniques.

Milliman's work is prepared solely for the use and benefit of LACERA. To the extent that Milliman's work is not subject to disclosure under applicable public records laws, Milliman's work may not be provided to third parties without Milliman's prior written consent. Milliman does not intend to benefit or create a legal duty to any third party recipient of its work product. Milliman's consent to release its work product to any third party may be conditioned on the third party signing a Release, subject to the following exceptions:

a) the plan sponsor may provide a copy of Milliman's work, in its entirety, to the plan sponsor's professional service advisors who are subject to a duty of confidentiality and who agree to not use Milliman's work for any purpose other than to benefit the Fund; and

b) the plan sponsor may provide a copy of Milliman's work, in its entirety, to other governmental entities, as required by law.

No third party recipient of Milliman's work product should rely upon Milliman's work product. Such recipients should engage qualified professionals for advice appropriate to their specific needs.

The consultants who worked on this assignment are retirement actuaries. Milliman's advice is not intended to be a substitute for qualified legal or accounting counsel.

The signing actuaries are independent of the plan sponsor. We are not aware of any relationship that would impair the objectivity of our work.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and has been prepared in accordance with generally recognized accepted actuarial principles and practices. We are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.

Nick Collier, ASA, EA, MAAA
Consulting Actuary

Craig Glyde, ASA, EA, MAAA
Consulting Actuary

Overview of GASB 67 and GASB 68

GASB 67 establishes financial reporting standards for state and local governmental pension plans that are administered through trusts or equivalent arrangements.

GASB 68 establishes standards for governmental employer recognition, measurement, and presentation of information about pensions provided to the employees of state and local governmental employers through pension plans that are administered through trusts or equivalent arrangements. GASB 68 requires a liability for pension obligations, known as the Net Pension Liability, to be recognized on the balance sheets of participating employers. Changes in the Net Pension Liability will be immediately recognized as Pension Expense on the income statement or reported as deferred inflows/outflows of resources depending on the nature of the change.

A plan's fiscal year might not be the same as an employer's fiscal year, and an employer's GASB 68 reporting date might be different than the plan's GASB 67 reporting date. GASB 67 requires the pension plan's reporting date be equal to its measurement date, which is the plan's most recent fiscal year end. GASB 68 requires the employer's reporting date be equal to the employer's fiscal year end. However, GASB 68 allows the employer to report based on a measurement date earlier than the reporting date, provided it is no earlier than the end of the employer's prior fiscal year end.

In LACERA's process the measurement date is equal to the plan's fiscal year end, and the total pension liability as of the measurement date is determined by reference to the actuarial valuation 12 months prior to the measurement date, updated using roll forward procedures to the measurement date. For GASB 67, the measurement date, reporting date and plan's fiscal year end date are the same. The GASB 68 reporting date is the same as the employer's fiscal year end date that next follows the plan's fiscal year end date. By using a later reporting date under GASB 68 than under GASB 67, a circumstance can be avoided in which employer financial reporting is delayed awaiting the pension plan's financial reporting.

The following GASB Statements provide additional information for, amend, or clarify GASB 67 and 68:

- GASB 73 provides information about accounting and reporting for pensions and related assets that are not within the scope of GASB 68, and amendments to certain provisions of GASB 67 and 68.
- GASB 82 addresses certain issues with respect to GASB 67, GASB 68 and GASB 73.

Net Pension Liability

$ Thousands

Net Pension Liability	June 30, 2022	June 30, 2021
Total pension liability	$83,931,424	$80,303,904
Fiduciary net position	70,289,612	73,012,026
Net pension liability	13,641,812	7,291,878
Fiduciary net position as a % of total pension liability	83.75%	90.92%
Covered payroll [(1)]	$9,100,791	$9,062,051
Net pension liability as a % of covered payroll	149.90%	80.47%

The total pension liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate shown below and actuarial assumptions and methods as outlined in this report for GASB purposes, and was then projected forward to the measurement date taking into account any significant changes between the valuation date and the fiscal year end as prescribed by GASB 67 and 68.

Discount Rate

Discount rate	7.13%	7.13%
Long-term expected rate of return, net of expenses	7.00%	7.00%
Municipal bond rate	N/A	N/A

Milliman's January 2020 Investigation of Experience analysis was used to develop the 7.13% assumption used for the current reporting date. This is equal to the 7.00% long-term investment return assumption adopted by the Board (net of investment and administrative expenses), plus 0.13% assumed administrative expenses. The assumptions are reviewed annually for continued compliance with the relevant actuarial standards of practice.

The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return, gross of administrative expenses. See the Discount Rate section of this report for further details.

Other Key Actuarial Assumptions

The actuarial assumptions that determined the total pension liability as of June 30, 2021 were based on the results of an actuarial experience study for the period July 1, 2016 - June 30, 2019.

Valuation date	June 30, 2021	June 30, 2020
Measurement date	June 30, 2022	June 30, 2021
Other assumptions and methods	See the 'Assumptions and Methods' section of this report.	

1. In accordance with GASB 82, covered payroll is the payroll on which contributions are based.

Depletion of Plan Assets / GASB Discount Rate

The discount rate is the single rate of return that, when applied to all projected benefit payments results in an actuarial present value of projected benefit payments equal to the total of the following:

1. The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the pension plan's fiduciary net position is projected to be greater than the benefit payments that are projected to be made in that period and (b) pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term rate of return, calculated using the long-term expected rate of return on pension plan investments.

2. The actuarial present value of projected benefit payments not included in (1), calculated using the municipal bond rate.

Therefore, if plan investments in a given future year are greater than projected benefit payments in that year and are invested such that they are expected to earn the long-term rate of return, the discount rate applied to projected benefit payments in that year should be the long-term expected rate of return on plan investments. If future years exist where this is not the case, then an index rate reflecting the yield on a 20-year, tax-exempt municipal bond should be used to discount the projected benefit payments for those years.

The determination of a future date when plan investments are not sufficient to pay projected benefit payments is often referred to as a depletion date projection. A depletion date projection compares projections of the pension plan's fiduciary net position to projected benefit payments and aims to determine a future date, if one exists, when the fiduciary net position is projected to be less than projected benefit payments.

In order to determine the discount rate to be used by LACERA we have shown the projection of Fiduciary Net Position in the following exhibit ("Projection of Fiduciary Net Position").

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability of LACERA is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses for GASB 67 and 68 purposes. Therefore, we have used a discount rate of 7.13%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 7.00%, net of all expenses, increased by 0.13% to be gross of administrative expenses.

Projection of Fiduciary Net Position

$ Thousands

Fiscal Year Ending	Projected Beginning Fiduciary Net Position (a)	Projected Total Contributions (b)	Projected Benefit Payments (c)	Projected Administrative Expenses (d)	Projected Investment Earnings (e)	Projected Ending Fiduciary Net Position (a)+(b)-(c)-(d)+(e)
2023	$70,289,612	$2,975,586	$4,270,471	$91,376	$4,963,080	$73,866,430
2024	73,866,430	2,915,665	4,476,020	96,026	5,208,643	77,418,692
2025	77,418,692	2,925,512	4,686,354	100,644	5,454,733	81,011,939
2026	81,011,939	2,919,848	4,905,884	105,316	5,702,878	84,623,465
2027	84,623,465	2,873,408	5,132,613	110,011	5,950,645	88,204,894
2028	88,204,894	3,001,324	5,364,782	114,666	6,202,185	91,928,954
2029	91,928,954	3,024,137	5,602,404	119,508	6,460,015	95,691,194
2030	95,691,194	3,047,115	5,843,861	124,399	6,720,436	99,490,485
2031	99,490,485	3,068,178	6,090,473	129,338	6,983,250	103,322,102
2032	103,322,102	3,089,613	6,339,774	134,319	7,248,286	107,185,908
2033	107,185,908	3,111,108	6,592,068	139,342	7,515,514	111,081,119
2043	142,113,878	1,062,291	9,184,400	184,748	9,841,679	143,648,699
2053	146,038,907	467,088	11,508,600	189,851	10,019,069	144,826,615
2063	123,034,336	70,483	11,459,599	159,945	8,367,713	119,852,988
2073	92,465,971	962	8,591,745	120,206	6,287,624	90,042,606
2083	80,697,250	0	4,692,409	104,906	5,585,634	81,485,569
2093	111,691,021	0	1,443,902	145,198	7,907,894	118,009,815
2103	208,431,771	0	153,645	270,961	14,846,309	222,853,473
2113	408,965,864	0	4,458	531,656	29,140,483	437,570,233

Changes in Net Pension Liability

$ Thousands

Changes in Net Pension Liability	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of June 30, 2021	$80,303,904	$73,012,026	$7,291,878
Changes for the year:			
Service cost	1,583,222	0	1,583,222
Interest on total pension liability	5,696,846	0	5,696,846
Effect of plan changes	0	0	0
Effect of economic/demographic (gains) or losses	392,019	0	392,019
Effect of assumption changes or inputs	0	0	0
Benefit payments	(4,006,478)	(4,006,478)	0
Refunds of contributions	(38,089)	(38,089)	0
Administrative expenses	0	(86,111)	86,111
Member contributions (1)	0	758,632	(758,632)
Employer contributions (1)	0	2,199,889	(2,199,889)
Contributions from Metropolitan Transportation Authority	0	0	0
CalPERS transfer	0	0	0
Net investment income (2)	0	(1,554,155)	1,554,155
Net miscellaneous income	0	3,898	(3,898)
Balances as of June 30, 2022	83,931,424	70,289,612	13,641,812

Sensitivity Analysis

The following presents the net pension liability of LACERA, calculated using the discount rate of 7.13%, as well as what LACERA's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.13%) or 1 percentage point higher (8.13%) than the current rate.

	1% Decrease 6.13%	Current Discount Rate 7.13%	1% Increase 8.13%
Total pension liability	$95,318,250	$83,931,424	$74,528,252
Fiduciary net position	70,289,612	70,289,612	70,289,612
Net pension liability	25,028,638	13,641,812	4,238,640

1. In accordance with GASB 82, employer pick-up contributions are classified as member contributions.

2. Net investment income includes an adjustment of $14,010,176 related to LACERA's investment staff salaries and other expenses.

Schedule of Changes in Net Pension Liability and Related Ratios

$ Thousands

	Fiscal Year Ending June 30									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total Pension Liability										
Service cost	$1,583,222	$1,499,597	$1,301,460	$1,239,396	$1,220,274	$1,106,755	$1,069,328	$1,024,288	$1,009,834	$0
Interest on total pension Liability	5,696,846	5,433,409	5,154,164	4,916,804	4,699,493	4,393,712	4,214,834	4,073,299	3,957,030	0
Effect of plan changes	0	0	0	0	0	0	0	0	0	0
Effect of assumption changes or inputs	0	0	2,626,103	0	0	3,079,892	0	0	0	0
Effect of economic/demographic (gains) or losses	392,019	605,566	794,955	502,989	309,149	(47,506)	(437,039)	(736,010)	0	0
CalPERS transfer	0	0	0	0	0	0	0	332	0	0
Benefit payments and refund of contributions	(4,044,567)	(3,814,262)	(3,606,340)	(3,407,155)	(3,203,375)	(3,029,633)	(2,889,186)	(2,768,410)	(2,662,401)	0
Net change in total pension liability	3,627,520	3,724,310	6,270,342	3,252,034	3,025,541	5,503,220	1,957,937	1,593,499	2,304,463	0
Total pension liability, beginning	80,303,904	76,579,594	70,309,252	67,057,218	64,031,677	58,528,457	56,570,520	54,977,021	52,672,558	0
Total pension liability, ending (a)	83,931,424	80,303,904	76,579,594	70,309,252	67,057,218	64,031,677	58,528,457	56,570,520	54,977,021	0
Fiduciary Net Position										
Employer contributions (1)	$2,199,889	$2,012,877	$1,800,137	$1,668,151	$1,524,823	$1,331,357	$1,403,709	$1,455,718	$1,281,795	$0
Contributions from Metropolitan Transportation Authority	0	0	0	0	0	2	3	25	0	0
CalPERS transfer	0	0	0	0	0	0	0	332	0	0
Member contributions (1)	758,632	760,994	659,296	635,415	591,262	526,579	498,083	480,158	477,648	0
Investment income net of investment expenses	(1,554,155)	15,615,699	1,432,547	3,163,618	4,705,949	6,129,300	80,588	1,989,358	6,910,439	0
Miscellaneous income	3,898	2,680	1,985	5,626	5,163	6,182	2,792	1,483	0	0
Benefit payments and refund of contributions	(4,044,567)	(3,814,262)	(3,606,340)	(3,407,155)	(3,203,375)	(3,029,633)	(2,889,186)	(2,768,410)	(2,662,401)	0
Administrative expenses	(86,111)	(76,370)	(72,054)	(70,800)	(67,491)	(66,830)	(67,645)	(62,591)	(58,723)	0
Net change in plan fiduciary net position	(2,722,414)	14,501,618	215,571	1,994,855	3,556,331	4,896,957	(971,656)	1,096,073	5,948,758	0
Fiduciary net position, beginning	73,012,026	58,510,408	58,294,837	56,299,982	52,743,651	47,846,694	48,818,350	47,722,277	41,773,519	0
Fiduciary net position, ending (b)	70,289,612	73,012,026	58,510,408	58,294,837	56,299,982	52,743,651	47,846,694	48,818,350	47,722,277	0
Net pension liability, ending = (a) - (b)	$13,641,812	$7,291,878	$18,069,186	$12,014,415	$10,757,236	$11,288,026	$10,681,763	$7,752,170	$7,254,744	$0
Fiduciary net position as a % of total pension liability	83.75%	90.92%	76.40%	82.91%	83.96%	82.37%	81.75%	86.30%	86.80%	N/A
Covered payroll (2)	$9,100,791	$9,062,051	$8,724,151	$8,370,050	$7,957,981	$7,637,032	$7,279,777	$6,949,420	$6,672,886	$0
Net pension liability as a % of covered payroll	149.90%	80.47%	207.12%	143.54%	135.18%	147.81%	146.73%	111.55%	108.72%	N/A

1. In accordance with GASB 82, employer pick-up contributions are classified as member contributions.
2. In accordance with GASB 82, covered payroll is the payroll on which contributions are based.

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the current GASB standards, they should not be reported.

Schedule of Employer Contributions

$ Thousands

Fiscal Year Ending June 30	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll [1]	As a % of Covered Payroll: Actuarially Determined Contribution	As a % of Covered Payroll: Actual Employer Contribution
2013	$1,172,014	$1,172,014	$0	$6,595,902	17.77%	17.77% [2]
2014	1,281,795	1,281,795	0	6,672,886	19.21%	19.21%
2015	1,455,718	1,455,718	0	6,949,420	20.95%	20.95%
2016	1,403,709	1,403,709	0	7,279,777	19.28%	19.28%
2017	1,331,357	1,331,357	0	7,637,032	17.43%	17.43%
2018	1,524,823	1,524,823	0	7,957,981	19.16%	19.16%
2019	1,668,151	1,668,151	0	8,370,050	19.93%	19.93%
2020	1,800,137	1,800,137	0	8,724,151	20.63%	20.63%
2021	2,012,877	2,012,877	0	9,062,051	22.21%	22.21%
2022	2,199,889	2,199,889	0	9,100,791	24.17%	24.17%

1 *In accordance with GASB 82, covered payroll is the payroll on which contributions are based.*

2 *Contributions include employer pick-up contributions.*

Allocable Pension Expense

$ Thousands

Pension Expense	July 1, 2021 to June 30, 2022
Service cost	$1,583,222
Interest on total pension liability	5,696,846
Effect of plan changes	0
Administrative expenses	86,111
Member contributions [1]	(758,632)
Net miscellaneous income	(3,898)
Expected investment return net of investment expenses	(5,164,826)
Recognition of Deferred Inflows/Outflows of Resources	
Recognition of economic/demographic (gains) or losses	173,014
Recognition of assumption changes or inputs	713,250
Recognition of investment (gains) or losses	(369,005)
Pension Expense	1,956,082

As of June 30, 2022, the deferred inflows and outflows of resources are as follows:

Deferred Inflows / Outflows of Resources	Deferred Inflows of Resouces	Deferred Outflows of Resouces
Differences between expected and actual experience	$66,507	$1,661,461
Changes of assumptions	0	2,411,284
Net difference between projected and actual earnings	194,624	0
Contributions made subsequent to measurement date	NA	Employer Determined
Total	$261,131	$4,072,745

Other amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30: [2]	
2023	$780,330
2024	$645,200
2025	($298,947)
2026	$1,958,998
2027	$552,332
Thereafter [3]	$173,701

(1) In accordance with GASB 82, employer pick-up contributions are classified as member contributions.

(2) Note that additional future deferred inflows/outflows may impact these numbers.

(3) Reflects remaining balance of total deferred (inflows)/outflows, if any.

Schedule of Deferred Inflows and Outflows of Resources

$ Thousands

	Original Amount	Date Established	Original Recognition Period(1)	Amount Recognized in Allocable Pension Expense	Balance of Deferred Inflows 06/30/2022	Balance of Deferred Outflows 06/30/2022
Investment (gains) or losses (2)	6,718,981	06/30/2022	5	1,343,796	0	5,375,185
	(11,482,940)	06/30/2021	5	(2,296,588)	6,889,764	0
	2,825,505	06/30/2020	5	565,101	0	1,130,202
	948,757	06/30/2019	5	189,751	0	189,753
	(855,321)	06/30/2018	5	(171,065)	0	0
				(369,005)	6,889,764	6,695,140
Economic/demographic (gains) or losses	392,019	06/30/2022	8	49,002	0	343,017
	605,566	06/30/2021	8	75,696	0	454,174
	794,955	06/30/2020	8	99,369	0	496,848
	502,989	06/30/2019	8	62,874	0	251,493
	309,149	06/30/2018	8	38,644	0	115,929
	(47,506)	06/30/2017	8	(5,938)	11,878	0
	(437,039)	06/30/2016	8	(54,630)	54,629	0
	(736,010)	06/30/2015	8	(92,003)	0	0
				173,014	66,507	1,661,461
Assumption changes or inputs (3)	0	06/30/2022	8	0	0	0
	0	06/30/2021	8	0	0	0
	2,626,103	06/30/2020	8	328,263	0	1,641,314
	0	06/30/2019	8	0	0	0
	0	06/30/2018	8	0	0	0
	3,079,892	06/30/2017	8	384,987	0	769,970
	0	06/30/2016	8	0	0	0
	0	06/30/2015	8	0	0	0
				713,250	0	2,411,284

(1) *Investment (gains)/losses are recognized in pension expense over a period of five years; economic/demographic (gains)/losses and assumption changes or inputs are recognized over the average remaining service life for all active and inactive members.*

(2) *The investment (gain) / loss is the difference between expected and actual investment earnings. Expected investment earnings are based on the investment return assumption and assumes mid-year timing on all Plan Fiduciary Net Position transactional changes shown on page 6. The expected investment return for FY 2021-2022 is $5,164,826. The actual investment return for FY 2021-2022 is ($1,554,155), which is the net investment income shown on page 7.*

(3) *Assumption changes adopted for the June 30, 2016 actuarial valuation are first reflected in Total Pension Liability as of June 30, 2017. These changes were adopted after the June 30, 2016 GASB 67 report was issued and therefore were not reflected in the June 30, 2016 Total Pension Liability. Assumption changes adopted for the June 30, 2019 actuarial valuation are first reflected in Total Pension Liability as of June 30, 2020 and assumption changes adopted for the June 30, 2022 actuarial valuation will first be reflected in Total Pension Liability as of June 30, 2023.*

Schedule of Employer Proportion and Net Pension Liability
Measurement Date June 30, 2021

$ Thousands

Employer	Employer Contribution (1)(2)	Employer Proportion	Employer Net Pension Liability
County	$ 1,940,716	96.41498%	$ 7,030,463
Courts	72,021	3.57801%	260,904
SCAQMD	0	0.00000%	-
LAFCO	133	0.00661%	482
LLCD	8	0.00040%	29
Total	**$ 2,012,877**	**100.00000%**	**$ 7,291,878**

1. Employer contributions exclude any pick-up contributions and include contributions from the Metropolitan Transportation Authority (MTA). Our understanding is that the MTA is a nonemployer contributing entity not in a special funding situation. As such, the employer should report the pension liability for benefits provided through the pension plan. Accordingly, we have considered the contributions from the MTA as a County contribution in the proportionate share calculations.

2. Note that the sum of the individual employer contributions may not match the total contribution due to rounding.

Schedule of Employer Proportion and Net Pension Liability
Measurement Date June 30, 2022

$ Thousands

Employer	Employer Contribution (1)(2)	Employer Proportion	Employer Net Pension Liability
County	$ 2,122,282	96.47223%	$ 13,160,560
Courts	77,450	3.52063%	480,278
SCAQMD	0	0.00000%	-
LAFCO	148	0.00673%	918
LLCD	9	0.00041%	56
Total	**$ 2,199,889**	**100.00000%**	**$ 13,641,812**

1. Employer contributions exclude any pick-up contributions and include contributions from the Metropolitan Transportation Authority (MTA). Our understanding is that the MTA is a nonemployer contributing entity not in a special funding situation. As such, the employer should report the pension liability for benefits provided through the pension plan. Accordingly, we have considered the contributions from the MTA as a County contribution in the proportionate share calculations.

2. Note that the sum of the individual employer contributions may not match the total contribution due to rounding.

Employers' Proportionate Share of Deferred Outflows and Inflows

$ Thousands

		Proportionate Share of Deferred Outflows			Proportionate Share of Deferred Inflows		
Employer	Proportionate Share	Experience	Assumption Changes	Investment Return	Experience	Assumption Changes	Investment Return
County	96.47223%	$ 1,602,848	$ 2,326,220	$ -	$ 64,162	$ -	$ 187,758
Courts	3.52063%	58,494	84,892	-	2,341	-	6,852
SCAQMD	0.00000%	-	-	-	-	-	-
LAFCO	0.00673%	112	162	-	4	-	13
LLCD	0.00041%	7	10	-	-	-	1
Total	**100.00000%**	**$ 1,661,461**	**$ 2,411,284**	**$ -**	**$ 66,507**	**$ -**	**$ 194,624**

Schedule of Changes in Employers' Proportionate Share

$ Thousands

Employer	Proportionate Share: Prior Year	Proportionate Share: Current Year	Impact of Change in Proportion: Deferred Outflows	Impact of Change in Proportion: Deferred Inflows	Impact of Change in Proportion: Net Pension Liability	Recognition of Change in Proportion: Pension Expense	Recognition of Change in Proportion: Deferred Outflows	Recognition of Change in Proportion: Deferred Inflows
County	96.41498%	96.47223%	$ 2,702	$ 4,294	$ 4,174	$ 721	$ 5,045	$ -
Courts	3.57801%	3.52063%	(2,708)	(4,304)	(4,184)	(723)	-	5,057
SCAQMD	0.00000%	0.00000%	-	-	-	-	-	-
LAFCO	0.00661%	0.00673%	6	9	9	2	10	-
LLCD	0.00040%	0.00041%	-	1	1	-	-	(2)
Total	**100.00000%**	**100.00000%**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 5,055**	**$ 5,055**

Differences in Contributions

$ Thousands

	Contributions			Recognition of Difference in Contributions		
Employer	Actual (1)(2)	Proportionate Share (2)(3)	Difference	Pension Expense	Deferred Outflows	Deferred Inflows
County	$ 2,122,282	$ 2,122,282	$ -	$ -	$ -	$ -
Courts	77,450	77,450	-	-	-	-
SCAQMD	-	-	-	-	-	-
LAFCO	148	148	-	-	-	-
LLCD	9	9	-	-	-	-
Total	**$ 2,199,889**	**$ 2,199,889**	**$ -**	**$ -**	**$ -**	**$ -**

1. Actual employer contributions exclude pick-up contributions.

2. Note that the sum of the individual employer contributions may not match the total contribution due to rounding.

3. The proportionate share of contributions is based on the Employer Proportion shown on page 13.

Employers' Pension Expense
Excluding that Attributable to Employer-paid Member Contributions

$ Thousands

			Recognitions			
			Current Period			
Employer	Proportionate Share	Allocable Pension Expense	Change in Proportion	Difference in Contributions	Prior Periods	Employer Pension Expense
County	96.47223%	$ 1,887,076	$ 721	$ -	$ 9,485	$ 1,897,282
Courts	3.52063%	68,866	(723)	-	(9,482)	58,661
SCAQMD	0.00000%	-	-	-	4	4
LAFCO	0.00673%	132	2	-	(15)	119
LLCD	0.00041%	8	-	-	8	16
Total	**100.00000%**	**$ 1,956,082**	**$ -**	**$ -**	**$ -**	**$ 1,956,082**

Deferred Inflows and Outflows of Resources
Due to Changes in Proportionate Share and Differences in Contributions

$ Thousands

	Original Amount	Date Established	Original Recognition Period	Amount Recognized in Employers' Pension Expense	Balance of Deferred Inflows 06/30/2022	Balance of Deferred Outflows 06/30/2022
County	5,766	06/30/2022	8	721	0	5,045
	16,661	06/30/2021	8	2,083	0	12,495
	4,486	06/30/2020	8	561	0	2,803
	4,973	06/30/2019	8	621	0	2,489
	4,763	06/30/2018	8	595	0	1,788
	16,283	06/30/2017	8	2,036	0	4,067
	8,320	06/30/2016	8	1,040	0	1,040
	20,406	06/30/2015	8	2,549	0	0
		Total		10,206	0	29,727
Courts	(5,780)	06/30/2022	8	(723)	5,057	0
	(16,645)	06/30/2021	8	(2,081)	12,483	0
	(4,447)	06/30/2020	8	(556)	2,779	0
	(4,986)	06/30/2019	8	(623)	2,494	0
	(4,842)	06/30/2018	8	(605)	1,817	0
	(16,171)	06/30/2017	8	(2,021)	4,045	0
	(8,193)	06/30/2016	8	(1,024)	1,025	0
	(20,569)	06/30/2015	8	(2,572)	0	0
		Total		(10,205)	29,700	0
SCAQMD	0	06/30/2022	8	0	0	0
	0	06/30/2021	8	0	0	0
	0	06/30/2020	8	0	0	0
	0	06/30/2019	8	0	0	0
	8	06/30/2018	8	1	0	3
	11	06/30/2017	8	1	0	5
	13	06/30/2016	8	1	0	0
	15	06/30/2015	8	1	0	0
		Total		4	0	8
LAFCO	12	06/30/2022	8	2	0	10
	(12)	06/30/2021	8	(2)	8	0
	(40)	06/30/2020	8	(5)	25	0
	16	06/30/2019	8	2	0	8
	70	06/30/2018	8	9	0	25
	(124)	06/30/2017	8	(16)	28	0
	(142)	06/30/2016	8	(18)	16	0
	106	06/30/2015	8	15	0	0
		Total		(13)	77	43
LLCD	2	06/30/2022	8	0	0	2
	(4)	06/30/2021	8	0	4	0
	1	06/30/2020	8	0	0	1
	(3)	06/30/2019	8	0	3	0
	1	06/30/2018	8	0	0	1
	1	06/30/2017	8	0	0	1
	2	06/30/2016	8	1	0	1
	42	06/30/2015	8	7	0	0
		Total		8	7	6

Schedule of Employers' Recognition of Deferred Outflows and Inflows

$ Thousands

Employer	Future Expected Recognition of Employer Deferred Outflows and Inflows					
	2023	2024	2025	2026	2027	Thereafter [1]
County	$ 760,458	$ 629,051	$ (283,817)	$ 1,893,880	$ 536,210	$ 171,093
Courts	19,839	16,103	(15,115)	64,984	16,087	2,595
SCAQMD	2	5	1	-	-	-
LAFCO	27	37	(16)	129	34	12
LLCD	4	4	-	5	1	1
Total	**$ 780,330**	**$ 645,200**	**$ (298,947)**	**$ 1,958,998**	**$ 552,332**	**$ 173,701**

1. Sum of payments in the next two years.

Schedule of Employer Pension Amounts Allocated by Cost Sharing Plan

$ Thousands

		Deferred Outflow of Resources				Deferred Inflow of Resources				Pension Expense Excluding that Attributable to Employer-paid Member Contributions		
Employer	**Net Pension Liability**	**Differences Between Expected and Actual Experience**	**Differences Between Projected and Actual Investment Earnings**	**Changes of Assumptions**	**Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions**	**Differences Between Expected and Actual Experience**	**Differences Between Projected and Actual Investment Earnings**	**Changes of Assumptions**	**Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions**	**Proportionate Share of Allocable Pension Expense**	**Net Amortization of Deferred Amounts from Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions**	**Total Pension Expense Excluding that Attributable to Employer-paid Member Contributions**
County	$ 13,160,560	$ 1,602,848	$ -	$ 2,326,220	$ 29,727	$ 64,162	$ 187,758	$ -	$ -	$ 1,887,076	$ 10,206	$ 1,897,282
Courts	480,278	58,494	-	84,892	-	2,341	6,852	-	29,700	68,866	(10,205)	58,661
SCAQMD	-	-	-	-	8	-	-	-	-	-	4	4
LAFCO	918	112	-	162	43	4	13	-	77	132	(13)	119
LLCD	56	7	-	10	6	-	1	-	7	8	8	16
Total	**$ 13,641,812**	**$ 1,661,461**	**$ -**	**$ 2,411,284**	**$ 29,784**	**$ 66,507**	**$ 194,624**	**$ -**	**$ 29,784**	**$ 1,956,082**	**$ -**	**$ 1,956,082**

Schedule of Employers' Estimated Changes in Net Pension Liability

$ Thousands

	County	Courts	SCAQMD	LAFCO	LLCD	Total
Net Pension Liability as of June 30, 2021	$ 7,030,463	$ 260,904	$ -	$ 482	$ 29	$ 7,291,878
Changes for the year:						
Service cost	1,527,370	55,739	-	107	6	1,583,222
Interest on total pension liability	5,495,875	200,565	-	383	23	5,696,846
Effect of plan changes	-	-	-	-	-	-
Effect of economic/demographic (gains) or losses	378,189	13,802	-	26	2	392,019
Effect of assumptions changes or inputs	-	-	-	-	-	-
Administrative expenses	83,073	3,032	-	6	-	86,111
Member contributions	(731,869)	(26,709)	-	(51)	(3)	(758,632)
Employer contributions	(2,122,282)	(77,450)	-	(148)	(9)	(2,199,889)
Contributions from Metropolitan Transportation Authority	-	-	-	-	-	-
Expected investment return net of investment expenses	(4,982,623)	(181,834)	-	(348)	(21)	(5,164,826)
Investment income (gain) / loss	6,481,951	236,550	-	452	28	6,718,981
Net miscellaneous income	(3,761)	(137)	-	-	-	(3,898)
Change in proportionate share	4,174	(4,184)	-	9	1	-
Difference in contributions	-	-	-	-	-	-
Net Pension Liability as of June 30, 2022	$13,160,560	$ 480,278	$ -	$ 918	$ 56	$13,641,812

Sensitivity Analysis

The following presents an estimate of the sensitivity of each employers' net pension liability, calculated using the discount rate of 7.13%, as well as a discount rate that is 1 percentage point lower (6.13%) or 1 percentage point higher (8.13%) than the current rate. These estimates are based on the sensitivity of LACERA's net pension liability and assumes no change in employer contributions. That is, proportionate share remains unchanged under each scenario.

	County	Courts	SCAQMD	LAFCO	LLCD	Total
Current Discount Rate (7.13%)	$13,160,560	$ 480,278	$ -	$ 918	$ 56	$13,641,812
Current Discount Rate plus 1% (8.13%)	$ 4,089,111	$ 149,227	$ -	$ 285	$ 17	$ 4,238,640
Current Discount Rate minus 1% (6.13%)	$24,145,685	$ 881,166	$ -	$ 1,684	$ 103	$25,028,638

Note that the numbers included in the above reconciliation of Net Pension Liability are rounded to thousands of dollars. In some cases there may be minor adjustments included to resolve rounding differences.

Actuarial Methods and Assumptions

All actuarial methods and assumptions used to calculate Net Pension Liability are the same as used in the June 30, 2021 funding valuation, except as noted below and throughout this report. Please see the Actuarial Valuation of Retirement Benefits report dated November 22, 2021 for further details. The assumptions are reviewed annually for continued compliance with the relevant actuarial standards of practice.

Actuarial Cost Method	Individual Entry Age
Asset Valuation Method	Fair market value
Investment Rate of Return	7.13%(1)
Inflation	2.75%
Cost of Living Adjustments	As noted in the June 30, 2021 actuarial valuation, with one modification: STAR COLA benefits are assumed to be substantively automatic at the 80% purchasing power level until the STAR reserve is projected to be insufficient to pay further STAR benefits.(2)
Mortality	Various rates based on Pub-2010 mortality tables and using MP-2014 Ultimate Projection Scale. See June 30, 2021 funding valuation for details.

Service Cost and Interest Cost components of Pension Expense are determined based on the results of the actuarial valuation that determined the beginning Net Pension Liability. Therefore, those components are determined based on the actuarial methods and assumptions described in the June 30, 2021 GASB 67 Disclosure Report dated September 15, 2021.

The following assumptions and methods are relevant to the GASB 68 valuation and are included here for completeness.

Recognition of Inflows / Outflows

Investment gains or losses	Straight line amortization over five years
Economic/demographic gains or losses	Straight line amortization over expected working life
Assumption changes or inputs	Straight line amortization over expected working life

Basis of Contribution Requirements

Actuarially determined contribution rates are calculated as of each June 30, two years prior to the end of the fiscal year in which the contributions are reported.

Assets are valued using a five year smoothed method based on the difference between expected market value and actual market value. The recognition method is non-asymptotic, and there is no minimum or maximum corridor applied.

The Unfunded Actuarial Accrued Liability (UAAL) is amortized as a level percentage of pay. Effective June 30, 2019 existing UAAL layers as of June 30, 2018 are amortized over their remaining periods, not to exceed 22 years. Each new layer effective on or after June 30, 2019 is amortized over a 20-year period. The UAAL contribution rate calculated in the June 30, 2021 funding valuation includes 13 layers.

1. Differs from actuarial valuation due to addition of administrative expense load of 0.13%.
2. Differs from actuarial valuation due to inclusion of future liability for STAR COLA benefits.

Glossary

Actuarially Determined Contribution	A target or recommended contribution to a defined benefit pension plan for the reporting period, determined based on the funding policy and most recent measurement available when the contribution for the reporting period was adopted.
Deferred Inflows/Outflows of Resources	Portion of changes in net pension liability that is not immediately recognized in Pension Expense. These changes include differences between expected and actual experience, changes in assumptions, and differences between expected and actual earnings on plan investments.
Discount Rate	Single rate of return that, when applied to all projected benefit payments, results in an actuarial present value of projected benefit payments equal to the sum of: 1) The actuarial present value of benefit payments projected to be made in future periods where the plan assets are projected to be sufficient to meet benefit payments, calculated using the Long-Term Expected Rate of Return. 2) The actuarial present value of projected benefit payments not included in (1) above, calculated using the Municipal Bond Rate.
Fiduciary Net Position	Equal to market value of assets minus liabilities.
Long-Term Expected Rate of Return	Long-term expected rate of return on pension plan investments expected to be used to finance the payment of benefits, net of investment expenses.
Money-Weighted Rate of Return	The internal rate of return on pension plan investments, net of investment expenses.
Municipal Bond Rate	Yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.
Net Pension Liability	Total Pension Liability minus the Plan's Fiduciary Net Position.
Projected Benefit Payments	All benefits estimated to be payable through the pension plan to current active and inactive employees as a result of their past service and expected future service.
Service Cost	The portion of the actuarial present value of projected benefit payments that is attributed to a valuation year.
Total Pension Liability	The portion of actuarial present value of projected benefit payments that is attributable to past periods of member service using the Entry Age Normal cost method based on the requirements of GASB 67 and 68.