IN PERSON & VIRTUAL BOARD MEETING

NOVEMBER 20, 2025 AT 9:00 AM

AUDIT, COMPLIANCE, RISK, AND ETHICS COMMITTEE MEETING

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LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION
300 N. LAKE AVENUE, SUITE 650, PASADENA, CA

AGENDA

A REGULAR MEETING OF THE AUDIT, COMPLIANCE, RISK, AND ETHICS

(ACRE) COMMITTEE AND

BOARD OF RETIREMENT AND BOARD OF INVESTMENTS

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

300 N. LAKE AVENUE, SUITE 810, PASADENA, CA 91101

9:00 A.M., THURSDAY NOVEMBER 20, 2025

This meeting will be conducted by the Audit, Compliance, Risk, and Ethics (ACRE) Committee and Board of Retirement and Board of Investments both in person and by teleconference under California Government Code Section 54953 (f).

Any person may view the meeting in person at LACERA's offices or online at https://LACERA.gov/leadership/board-meetings.

The Committee may take action on any item on the agenda, and agenda items may be taken out of order.

ACRE COMMITTEE TRUSTEES:
Debbie Martin (BOI), Chair
Nicole Mi (BOI), Vice Chair
Alma K. Martinez (BOI), Secretary
Nancy Durazo (BOR), Trustee
Jason Green (BOR), Trustee
Wayne Moore (BOR), Trustee
Elizabeth Ginsberg, Ex-Officio

ACRE COMMITTEE CONSULTANT
Larry Jensen

I. CALL TO ORDER

II. PLEDGE OF ALLEGIANCE

III. PROCEDURE FOR TELECONFERENCE MEETING ATTENDANCE UNDER AB 2449, California Government Code Section 54953 (f)

A. Just Cause
B. Action on Emergency Circumstance Requests
C. Statement of Persons Present at Teleconference Locations

IV. APPROVAL OF THE MINUTES

A. Approval of the Minutes of the Regular Meeting of August 21, 2025

V. PUBLIC COMMENT
(Members of the public may address the Committee orally and in writing. To provide Public Comment, you should visit https://LACERA.gov/leadership/board-meetings and complete the request form.

If you select oral comment, we will contact you via email with information and instructions as to how to access the meeting as a speaker. You will have up to 3 minutes to address the Committee. Oral comment requests will be accepted up to the close of the Public Comment item on the agenda.

If you select written comment, please input your written public comment within the form as soon as possible and up to the close of the meeting. Written comment will be made part of the official record of the meeting. If you would like to remain anonymous at the meeting without stating your name, please leave the name field blank in the request form. If you have any questions, you may email PublicComment@lacera.gov.)

VI. NON-CONSENT ITEMS

A. **Provider Premium Calculations and Payments Audit**
Recommendation as submitted by Delfino Aguilar, Senior Internal Auditor and Gabriel Tafoya, Senior Internal Auditor: That the ACRE Committee review and discuss the following engagement report to take the following action(s).

1. Accept and file,

2. Instruct staff to forward report to Boards or Committees,

VI. NON-CONSENT ITEMS (Continued)

3. Make recommendations to the Boards or Committees regarding actions as may be required based on the engagement, and/or

4. Provide further instruction to staff.
(Presentation) (Memo dated November 3, 2025)

B. **CEO Corporate Credit Cards – Fiscal Year End June 30, 2025**
Recommendation as submitted by Leisha E. Collins, Principal Internal Auditor and Alejandro Ochoa, Internal Auditor: That the ACRE Committee review and discuss the following engagement report to take the following action(s).

1. Accept and file,

3. Instruct staff to forward report to Boards or Committees,

3. Make recommendations to the Boards or Committees regarding actions as may be required based on the engagement, and/or

4. Provide further instruction to staff.
(Presentation) (Memo dated September 11, 2025)

C. **Fiscal Year 2025 – 2026 Audit Plan Amendment**
Recommendation as submitted by Richard P. Bendall, Chief Audit Executive: That the ACRE Committee review and approve amendments to Internal Audit's Fiscal Year Ending (FYE) 2026 Audit Plan. (Memo dated November 3, 2025)

VII. REPORTS

A. **Plante Moran Financial Audit Reports**
Nathan K. Amick, Senior Internal Auditor
(Presentation) (Memo dated October 30, 2025)

B. **2023 – 2028 Quarterly Strategic Plan Update**
Luis A. Lugo, Acting Chief Executive Officer
(Presentation) (Memo dated September 29, 2025)

VII. REPORTS (Continue)

C. **Updating LACERA's Code of Ethical Conduct**
Steven P. Rice, Chief Counsel
Allison E. Barrett, Senior Staff Counsel
Jessica Rivas, Staff Counsel
(Presentation) (Memo dated November 5, 2025)

D. **Ethics and Compliance Program Foundational Work Plan – Status Report**
Steven P. Rice, Chief Counsel
Allison E. Barrett, Senior Staff Counsel
(Presentation) (Memo dated October 24, 2025)

E. **2025 Culture Survey Results and Insights**
Christina Logan, Principal Internal Auditor
Armand Castillon, Human Resources Analyst
(Presentation) (Memo dated November 3, 2025)

F. **Internal Audit's Roadmap, Annual Goals, and Key Performance Measures**
Christina Logan, Principal Internal Auditor
(For Information Only) (Memo dated October 30, 2025)

G. **Fiscal Year 2025 – 2026 Audit Plan Status Report**
Nathan K. Amick, Senior Internal Auditor
(For Information Only) (Memo dated November 3, 2025)

H. **Recommendation Follow-Up Report**
Leisha E. Collins, Principal Internal Auditor
Gabriel Tafoya, Senior Internal Auditor
(For Information Only) (Memo dated October 31, 2025)

I. **Recommendation Follow-Up for Sensitive Information Technology Areas**
Gabriel Tafoya, Senior Internal Auditor
(For Information Only) (Memo dated October 31, 2025)

VII. REPORTS (Continues)

J. **Ethics Hotline Status Report**
Leisha E. Collins, Principal Internal Auditor
(For Information Only) (Memo dated November 3, 2025)

K. **Internal Audit Staffing Activity Report Update**
Richard P. Bendall, Chief Audit Executive
(Verbal Update)

L. **Status of Other External Audits Not Conducted at the Discretion of Internal Audit**
Richard P. Bendall, Chief Audit Executive
(Verbal Update)

VIII. CONSULTANT COMMENTS
Larry Jensen, ACRE Committee Consultant
(Verbal Presentation)

IX. ITEMS FOR STAFF REVIEW
(This item summarizes requests and suggestions by individual trustees during the meeting for consideration by staff. These requests and suggestions do not constitute approval or formal action by the Board, which can only be made separately by motion on an agendized item at a future meeting.)

X. ITEMS FOR FUTURE AGENDAS
(This item provides an opportunity for trustees to identify items to be included on a future agenda as permitted under the Board's Regulations.)

XI. GOOD OF THE ORDER
(For Information Purposes Only)

XII. EXECUTIVE SESSION

A. Potential Threats to Public Services or Facilities (Pursuant to Subdivision (a) of California Government Code Section 54957(a))

XII. EXECUTIVE SESSION (Continued)

Consultation with: Priya V. Kumar, Senior Manager and Rita Boyle from Baker Tilly, Luis A. Lugo, Acting Chief Executive Officer, Richard P. Bendall, Chief Audit Executive, Christina Logan, Principal Internal Auditor, Kathy Delino, Chief Information Technology, Chaitanya Errande, Information Security Officer and other LACERA Staff.

B. Potential Threats to Public Services or Facilities (Pursuant to Subdivision (a) of California Government Code Section 54957(a))

Consultation with: Reema Parappilly, Partner and Trip Hillman, Partner from Weaver, Luis A. Lugo, Acting Chief Executive Officer, Richard P. Bendall, Chief Audit Executive, Christina Logan, Principal Internal Auditor, Kathy Delino, Chief Information Technology, Chaitanya Errande, Information Security Officer and other LACERA Staff.

C. Performance Evaluation – Chief Audit Executive Goals Report
(Pursuant to Government Code Section 54957(b)(1))
(FOR AUDIT COMMITTEE ONLY PER COUNTY SALARY ORDINANCE 6.127.040.S.1)

Title: Chief Audit Executive

XIII. ADJOURNMENT

The Board of Retirement and Board of Investments have adopted a policy permitting any member of the Boards to attend a standing committee meeting open to the public. In the event five (5) or more members of either the Board of Retirement and/or the Board of Investments (including members appointed to the Committee) are in attendance, the meeting shall constitute a joint meeting of the Committee and the Board of Retirement and/or Board of Investments. Members of the Board of Retirement and Board of Investments who are not members of the Committee may attend and participate in a meeting of a Board Committee but may not vote on any matter discussed at the meeting. Except as set forth in the Committee's Charter, the only action the Committee may take at the meeting is approval of a recommendation to take further action at a subsequent meeting of the Board.

Any documents subject to public disclosure that relate to an agenda item for an open session of the Committee, that are distributed to members of the Committee less than 72 hours prior to the meeting, will be available for public inspection at the time they are distributed to a majority of the Committee, at LACERA's offices at 300 North Lake Avenue, Suite 820, Pasadena, California during normal business hours from 9:00 a.m. to 5:00 p.m. Monday through Friday *and will also be posted on lacera.gov at the same time,* Board Meetings | LACERA.

Requests for reasonable modification or accommodation of the telephone public access and Public Comments procedures stated in this agenda from individuals with disabilities, consistent with the Americans with Disabilities Act of 1990, may call the Board Offices at (626) 564-6000, Ext. 4401/4402 from 8:30 a.m. to 5:00 p.m. Monday through Friday or email PublicComment@lacera.gov, but no later than 48 hours prior to the time the meeting is to commence.

MINUTES OF THE REGULAR MEETING OF THE AUDIT, COMPLIANCE, RISK,

AND ETHICS (ACRE) COMMITTEE AND

BOARD OF RETIREMENT AND BOARD OF INVESTMENTS

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

300 N. LAKE AVENUE, SUITE 810, PASADENA, CA 91101

9:00 A.M., THURSDAY, AUGUST 21, 2025

This meeting was conducted by the Audit, Compliance, Risk, and Ethics (ACRE) Committee and Board of Retirement and Board of Investments both in person and by teleconference under California Government Code Section 54953 (f).

COMMITTEE TRUSTEES:

PRESENT: Debbie Martin (BOI), Chair

Nicole Mi (BOI), Vice Chair (Teleconference Due to Just Cause under Section 54953(f))

Alma K. Martinez (BOI), Secretary (Teleconference Due to Just Cause under Section 54953(f)) (Joined meeting at 9:18 a.m.)

Nancy Durazo (BOR), Trustee

Jason Green (BOR), Trustee (Joined meeting at 9:34 a.m.)

Wayne Moore (BOR), Trustee (Teleconference Due to Just Cause under Section 54953(f))

Elizabeth Ginsberg, Ex-Officio

MEMBERS AT LARGE:

Aleen Langton, Trustee

STAFF, ADVISORS AND PARTICIPANTS:

Laura Guglielmo, Assistant Executive Officer

JJ Popowich, Assistant Executive Officer

STAFF, ADVISORS AND PARTICIPANTS:

Steven P. Rice, Chief Counsel

Ted Granger, Chief Financial Officer

Allison Barrett, Senior Staff Counsel

Carly Ntoya, Ph.D., Human Resources Director

Richard P. Bendall, Chief Audit Executive

Leisha E. Collins, Principal Internal Auditor

Delfino Aguilar, Senior Internal Auditor

Nathan K. Amick, Senior Internal Auditor

Kristina Sun, Senior Internal Auditor

Gabriel Tafoya, Senior Internal Auditor

Christian Velasco, Senior Internal Auditor

Alex Ochoa, Internal Auditor

Larry Jensen, ACRE Committee Consultant

CLA (CliftonLarsonAllen, LLP)
Christian Rogers, Engagement Partner
Brittany Smith, Engagement Manager
Mike Nyman, IT Director

I. CALL TO ORDER

This meeting was called to order by Chair Martin at 9:02 a.m. in the Board Room of Gateway Plaza.

II. PLEDGE OF ALLEGIANCE

Chair Martin led the Trustees and staff in reciting the Pledge of Allegiance.

III. PROCEDURE FOR TELECONFERENCE MEETING ATTENDANCE UNDER AB 2449, California Government Code Section 54953 (f)

A. Just Cause
B. Action on Emergency Circumstance Requests
C. Statement of Persons Present at Teleconference Locations

A physical quorum was present at the noticed meeting location. Three Trustees submitted requests to participate via teleconference under Just Cause (B). Trustee Martinez attended by teleconference for Just Cause (B) Due to Child Care. Trustee Mi attended by teleconference for Just Cause (B) Due to Spouse Care. Trustee Moore attended by teleconference for Just Cause (B) Due to Spouse Care. All three Trustees confirmed that there were no individuals 18 years of age or older present at the teleconference location.

IV. APPROVAL OF THE MINUTES

A. Approval of the Minutes of the Regular Meeting of June 26, 2025

Trustee Ginsberg made a motion, Trustee Green seconded, to approve the Minutes of the Regular meeting of June 26, 2025. The motion passed by the following roll call vote:

Yes: Durazo, Ginsberg, Green, Martin, Martinez, Mi

Abstain: Moore

V. PUBLIC COMMENT

There were no requests from the public to speak.

VI. NON-CONSENT ITEMS

A. **Recommendation for Appointment of Proposed Financial Auditor** Recommendation as submitted by Kristina Sun, Senior Internal Auditor: That the ACRE Committee approve the appointment and compensation of CLA (CliftonLarsonAllen LLP) as LACERA's independent financial auditor for fiscal years ending (FYE) June 30, 2026 – 2030 with an option to extend for two additional one-year terms. (Presentation) (Memo dated August 1, 2025)

VI. NON-CONSENT ITEMS (Continued)

Messes. Sun, Smith and Messrs. Rogers and Nyman of CLA (CliftonLarsonAllen, LLP) provided a presentation. Messrs. Bendall, Jensen and Granger were present to answer questions from the Committee.

Trustee Green made a motion, Trustee Martinez seconded, to approve staff's recommendation. The motion passed by the following roll call vote:

Yes: Durazo, Ginsberg, Green, Martin, Martinez, Mi, Moore

VII. REPORTS

A. **Internal Audit Annual Performance Report – Fiscal Year Ended 2025**
Nathan K. Amick, Senior Internal Auditor
(Presentation) (Memo dated August 4, 2025)

(Trustee Martinez joined the meeting at 9:18 a.m.)

Messrs. Amick and Bendall provided a presentation. Messrs. Amick, Bendall and Jensen were present and answered questions from the Committee.

This item was received and filed.

B. **Ethics and Compliance Program Foundational Work Plan – Status Report**
Steven P. Rice, Chief Counsel
Allison E. Barrett, Senior Staff Counsel
(Presentation) (Memo dated August 4, 2025)

(Trustee Green joined the meeting at 9:34 a.m.)

Ms. Barrett provided a presentation and answered questions from the Committee.

This item was received and filed.

VII. REPORTS (Continued)

C. **Ethics Hotline Status Report**
Leisha E. Collins, Principal Internal Auditor
(Presentation) (Memo dated August 1, 2025)

Ms. Collins provided a presentation. Ms. Collins, Messrs. Rice and Jensen were present and answered questions from the Committee.

This item was received and filed.

D. **Recommendation Follow-Up Report**
Leisha E. Collins, Principal Internal Auditor
Gabriel Tafoya, Senior Internal Auditor
(For Information Only) (Memo dated July 31, 2025)

This item was received and filed.

E. **Recommendation Follow-Up for Sensitive Information Technology Areas**
Gabriel Tafoya, Senior Internal Auditor
(For Information Only) (Memo dated July 31, 2025)

This item was received and filed.

F. **Internal Audit Staffing Activity Report Update**
Richard P. Bendall, Chief Audit Executive
(Verbal Update)

There was nothing to report.

G. **Status of Other External Audits Not Conducted at the Discretion of Internal Audit**
Richard P. Bendall, Chief Audit Executive
(Verbal Update)

Mr. Bendall was present and answered questions from the Committee.

VIII. CONSULTANT COMMENTS
Larry Jensen, ACRE Committee Consultant
(Verbal Presentation)

There was nothing to report.

IX. ITEMS FOR STAFF REVIEW

There was nothing to report.

X. ITEMS FOR FUTURE AGENDAS

There was nothing to report.

XI. GOOD OF THE ORDER
(For Information Purposes Only)

There was nothing to report.

XII. EXECUTIVE SESSION

A. Public Employment
(Pursuant to California Government Code Section 54957)

Title: Chief Audit Executive
(Memo dated July 30, 2025)

There is nothing to report.

XIII. ADJOURNMENT

There being no further business to come before the Committee, the meeting was adjourned at 12:02 p.m.

November 3, 2025

TO: Audit, Compliance, Risk, and Ethics (ACRE) Committee
Debbie Martin, (BOI), Chair
Nicole Mi (BOI), Vice Chair
Alma K. Martinez (BOI), Secretary
Nancy Durazo (BOR), Trustee
Jason Green (BOR), Trustee
Wayne Moore (BOR), Trustee
Elizabeth Ginsberg, Ex-Officio

ACRE Committee Consultant
Larry Jensen

FROM: Delfino Aguilar, CPA
Senior Internal Auditor

Gabriel Tafoya, CISA
Senior Internal Auditor

FOR: November 20, 2025 Audit, Compliance, Risk, and Ethics (ACRE) Committee

SUBJECT: **Provider Premium Calculations and Payments Audit**

RECOMMENDATION

In accordance with your current ACRE Committee Charter, staff recommends that the ACRE Committee review and discuss the following engagement report to take the following action(s):

1. Accept and file,
2. Instruct staff to forward report to Boards or Committees,
3. Make recommendations to the Boards or Committees regarding actions as may be required based on audit findings, and/or
4. Provide further instruction to staff.

ENGAGEMENT REPORT

Provider Premium Calculations and Payments Audit
(Report Issued on October 28, 2025)

Attachments:

A. Provider Premium Calculation and Payments Audit Report
B. Provider Premium Calculation and Payments Audit Presentation

DA:gt

Attachment A

LACERA INTERNAL AUDIT DIVISION

Provider Premium Calculations and Payments
Project #2025 17

AUDIT PERFORMED BY:

Delfino Aguilar, CPA & Gabriel Tafoya, CISA
Senior Internal Auditors

October 28, 2025

AUDIT REPORT

Audit Name:	Provider Premium Calculations and Payments
Audit Rating*:	Opportunities for Improvement
Responsible Division:	Retiree Healthcare (RHC) & Financial and Accounting Services (FASD)
Prior Audit Rating*:	Satisfactory
Prior Report Date:	June 30, 2017

BACKGROUND

The Retiree Healthcare Division (RHC) is responsible for administering comprehensive healthcare benefits for retired members and their eligible dependents. As part of its core functions, RHC oversees the calculation, coordination, and disbursement of monthly premiums to insurance carriers, which includes Anthem Blue Cross, Kaiser Permanente, United HealthCare, SCAN Health Plan, and Cigna.

Another key function of RHC includes the administration of the Medicare Part B Premium Reimbursement Program. Through this program eligible retirees enrolled in LACERA-administered Medicare Advantage or Medicare Supplement Plans receive reimbursement for the standard Medicare Part B premium amount as set forth by Centers for Medicare and Medicaid Services (CMS).

In a coordinated effort to meet RHC's objectives, LACERA's Systems Division supports the program by managing the Workspace database that calculates the monthly premium balances for carriers, members, and plan sponsors. Additionally, the Financial and Accounting Systems Division (FASD) plays a crucial part in this process by facilitating the transfer of funds from the members and the plan sponsors to insurance carriers for their monthly premium payments.

AUDIT OBJECTIVE & SCOPE

The audit focused on the provider premium payments and calculations and is limited to the related controls and processes of RHC and FASD. After preliminary research and analysis, including an engagement-level risk assessment, the audit objectives were to assess if:

1. RHC enrolls eligible retirees in healthcare plans within the required time period.
2. RHC and FASD ensure the accuracy of amounts owed from Plan Sponsors and members for premium coverage.
3. FASD ensures that funds owed for premium coverage are collected from the Plan Sponsor and retired members.
4. RHC and FASD ensure that premium payments are made accurately and timely to insurance carriers.
5. RHC ensures that eligible members are reimbursed for their Medicare Part B payments.
6. RHC ensures that identified over/underpayment are remitted back to LACERA and paid by LACERA, respectively.

* See Appendix 1 for Audit Rating

The scope of this engagement encompasses the processes, controls, and data systems to calculate, authorize, collect, and disburse premium payments occurring between April 1, 2024, through May 31, 2025.

As required by the Institute of Internal Auditor Standards 13.3, we considered whether any scope limitations existed during the audit period; none were identified. As such, the audit was planned and performed in accordance with the Institute of Internal Auditors' Global Internal Audit Standards.

AUDIT RATING & SUMMARY OF FINDINGS

Based on our audit observations and testing, we found that FASD's control framework, design, and processes are strong and working effectively in meeting their divisional objectives. Furthermore, RHC demonstrates a strong control environment with effective oversight and the capacity to achieve its divisional objectives. However, given the high and medium-rated audit findings, we determined the overall audit rating to be "Opportunities for Improvement." The Audit Results Dashboard shows each process reviewed, the associated control attributes tested, and the test results leading to the audit findings.

Audit Results Dashboard – Provider Premium Calculations and Payments		
Audit Objectives	**Associated Control Attributes Tested**	**Test Results**
Objective 1: Member Healthcare Enrollment		
1.1 Assess whether eligible retirees are appropriately enrolled in healthcare plans and Medicare Part B, in compliance with plan requirements.	The RHC Enrollment Unit Procedure provides guidance to staff regarding enrollment, cancellations, and new plans; and includes a list of required documents and a checklist to ensure all required information and documentation is collected.	No Exceptions
1.2 Assess whether the Quality Control (QC) Unit is adequately completing review to ensure the accuracy of member enrollment.	RHC's QC Unit ensures the unit performs their QC review of enrollment packages and Medicare Part B in accordance with policies and procedures.	No Exceptions
Objective 2: Healthcare Premium Coverage		
2.0 Assess the accuracy of determining the premium costs that are billed to the plan sponsor and retired members.	RHC supervisory oversight of the monthly reconciliation reports is performed to ensure accurate and timely payment to the insurance carriers.	No Exceptions
	FASD follows a process of reconciling and validating plan sponsor and retired member premium cost.	No Exceptions

Objective 3: Healthcare Premium Payment Collection		
3.0 Assess the adequacy and effectiveness of controls for collecting (monthly billing) premiums from retired members and the plan sponsor (LA County), for their portion of the premium.	FASD performs multiple reviews to validate the collection process from the plan sponsor and retirees.	No Exceptions
	The plan sponsor receives the cost billing amount memo from FASD and reviews and approves for accuracy and processing for payment.	No Exceptions
Objective 4: Premium Payments		
4.1 Assess the adequacy and effectiveness of controls for paying the monthly premiums to the insurance carriers.	RHC management initiates and approves payment to ensure accurate payment based on the reconciliation reports.	No Exceptions
4.2 Assess the adequacy and effectiveness of controls for collecting (monthly billing) premiums from retired members and the plan sponsor (LA County), for their portion of the premium.	FASD has multiple reviewers for executing wire transfers and ensures compliance with segregation of duties (SOD) and established approval processes.	No Exceptions
	FASD prepares reconciliations and verifies accuracy of premium payments collected to amount owed from plan sponsor and retirees.	No Exceptions
	FASD prepares an additional reconciliation after payments are made to carriers to verify payments were made accurately and completed successfully.	No Exceptions
Objective 5: Medicare Part B Payments		
5.0 Determine whether the processes for reimbursing members for Medicare Part B are done accurately and timely.	The process designed to ensure that members are reimbursed accurately and timely for Medicare Part B are done in compliance with the guidelines established by the Centers for Medicare & Medicare Services (CMS).	No Exceptions

Objective 6: LACERA Carrier Over/Underpayments		
6.0 Evaluate if overpayments are accurate, reviewed, and processed on a timely basis and resolved.	RHC monitors Code 19 and Low-Income Subsidy accounts to ensure timely processing.	Finding #1
	RHC processes for resolving discrepancy reports are performed in a timely manner.	Finding #2
	Calculation of prior period adjustments are based on discrepancy reports to ensure accuracy and timely resolution.	Finding #3

A total of three (3) audit findings were issued related to operational controls. Each of the Findings below are detailed in the subsequent pages, including our Recommendations and Management's Responses:

SUMMARY OF FINDINGS

Finding #	Page	Finding Title	Risk Rating**
F1	6	Backlog of Code 19 Refunds and LIS Subsidy Processing	High
F2	8	Delays in Carrier Discrepancy Reports Resulting in Material Member Impact	Medium
F3	10	Control oversight of carrier prior period adjustments	Medium

Each of the above Findings is detailed in the following pages, including our Recommendations and Management Action Plans.

We would like to thank RHC and FASD for their cooperation with this audit.

REVIEWED AND APPROVED

Richard P. Bendall
Chief Audit Executive

Date: October 3, 2025

**See Appendix 2 for Findings' Risk Rating

REPORT DISTRIBUTION

2025 ACRE Committee	Santos H. Kreimann, CEO	Steven Rice, Chief Legal Counsel
2025 CLA Audit Team	Luis Lugo, ACEO	Cassandra Smith, RHC Division Manager Leilani Ignacio, RHC Assistant Division Manager Ted Granger, CFO
Larry Jensen ACRE Consultant	Laura Guglielmo, AEO	
Internal Audit Group	J.J. Popowich, AEO	

FINDING #1

Backlog of Code 19 Refunds and LIS Subsidy Processing

Risk Level[**]
High

OBSERVATION

Retiree Healthcare (RHC) staff is responsible for issuing refunds to beneficiaries for overpaid medical and/or dental/vision premiums following a member's death. Code 19 is used as the Insurance Premium recovery method to recover the premium from the insurance carriers then used again to pay back the beneficiary/estate of the member. The Code 19 reports are generated by the Financial Accounting Services Division (FASD) and sent to the Retiree Healthcare Division to review and process. Internal Audit's review of the July 2025 Code 19 Report identified 1,406 outstanding payments, totaling over $213k that have remained unresolved since July 2024. Our inquiry into this issue revealed that one staff member is responsible for processing this report in addition to their other duties. Furthermore, there is currently no designated backup or formal succession plan in place.

RHC is also responsible for processing the Low-income Subsidy (LIS) Reports received from health insurance carriers. RHC issues refunds to our members that have been identified for the subsidy, as approved by the Centers for Medicare and Medicaid Services (CMS) and the respective carrier; the LIS, also known as "Extra Help," is a Medicare program designed to assist individuals with limited income and resources in paying for their prescription costs under Medicare Part D. Per CMS, there are number of factors that would make a retiree member eligible for the LIS Program and one of those factors is income thresholds. According to the most recent guidance from CMS, the income adjustment ratio is calculated in accordance with §1860D-14(a)(3) of the Social Security Act, which is as follows:

$$\frac{\text{September's CPI for the Current Year}}{\text{September's CPI for the Previous Year}}$$

For calendar year 2025, the resource limit is $17,600 for a single individual and $35,130 for a married couple; these limits include assets such as real estate (excluding primary residence), cash, investments, etc. The LIS is to be refunded to the County and retirees based on their years of service credit. If the retiree has 25 years of service, it will be refunded to the County. RHC processes these reports to ensure that any premiums paid by the retiree are offset. RHC staff processes the refunds annually; however, due to staffing changes, there have been substantial delays in processing these transactions. The report provided for our review, covering 192 member accounts for 2021 showed check mail-out dates in March 2024 totaling $62,169 of which $21,116 (34%) percent was issued to members, and $41,054 (66%) was reimbursed to the County. In response to the growing backlog, RHC Management proactively, prior to the start of our audit, assigned two staff members to address the backlog and began their training in December of 2024.

[**] See Appendix 2 for Findings' Risk Rating

As a result of staffing constraints, these highly manual processes are prone to bottlenecks. RHC staff receives the Code 19 reports from FASD and the LIS reports from the respective carriers. Cases are tracked manually without consistent timelines, or escalation protocols. To improve efficiency, RHC Management has initiated discussions with the Systems Division regarding automation of these processes, although a definitive timeframe has not been established.

RISK

The backlog of refunds that remain unresolved over extensive periods of time can expose LACERA to compliance and reputational risks as well as legal exposure from member's estate representatives.

RECOMMENDATION #1

RHC Management should update, develop, and document procedures to ensure efforts to resolve outstanding payments are consistently documented and resolved in a timely manner. Management should also cross-train staff to support the Code 19 and LIS payment processes to ensure adequate coverage during periods of high volume and backlogs.

Management's Response

Agrees with Finding and Recommendation.

Code 19 – RHC division experienced a backlog to the timely processing of the Code 19 report due to the recent retirement of an RBS III and March Madness enrollment forms processing. There wasn't enough time to fully train another, RBS III, with the procedure prior to the employee's retirement.

We have since assigned another RBSIII to assist with the backlog and cross-training has been implemented. The Code 19 is a monthly report generated by FASD staff. RHC staff reviews and processes the Code 19 report twice a month and annotates the completion date on the report before sending it back to FASD. To support monitoring and tracking, RHC added a column to the report that captures the process, actions taken, and completion date—ensuring all steps are properly documented and completed. We are in discussion with Systems to explore the feasibility of automating this process.

Low Income Subsidy (LIS) – The LIS refund reports were delayed due to several factors, including the promotion and transfer of a supervisor to the Member Services Division, who was previously assigned this role, as well as overlapping priorities such as March Madness healthcare enrollments and annual Medicare Part B processing.

Cross-training between RHC staff has been implemented. A Senior Retirement Benefits Specialist has been assigned as the primary lead for the LIS project, and a Section Head to assist. Staff are currently processing the LIS refunds with an anticipated distribution of refunds beginning December 1, 2025, and will coordinate this effort with FASD. The LIS Procedures will be reviewed and updated to help ensure refunds are processed timely. We are in discussion with Systems to explore the feasibility of automating this process.

Target Completion Date:
December 1, 2025

FINDING #2

Delays in Carrier Discrepancy Reports Resulting in Material Member Impact	**Risk Level**[**] Medium

OBSERVATION

RHC receives discrepancy reports from the carriers at varying frequencies throughout the month. These reports, provide information on members and/or their dependent's death, changes of plans, loss of coverage, etc. Furthermore, these reports are critical for reconciling enrollment records, billing accuracy, and identifying necessary adjustments to member premiums and carrier over/underpayments.

We reviewed a sample of discrepancy reports from a four-month period and identified several instances where the carriers failed to provide their reports to RHC in a timely manner. Most notably, RHC did not receive Kaiser's January 2025 Discrepancy Report until May 2025. As a result of this delay, we found that four accounts included in our audit testwork had delayed prior period adjustments that ranged from 96 to 104 days after the relevant billing period had closed. The delays in processing prior period adjustments prevented the timely identification and correction due to the member's change in circumstances. As a result, members received overpayments that later required recovery. Subsequently, these delays forced the retrieval of significant Medicare Part B Reimbursements by RHC, which directly affected the members, creating an unexpected and negative financial impact on their income. Although RHC Management tries to work with the members with payment plans, this still puts a financial strain on members when they are on a fixed income.

Per discussion with RHC Management, there is no formal escalation procedure or service-level agreement in place with the carriers regarding the timely issuance of discrepancy reports. The absence of contingency procedures may financially impact members, particularly retired individuals, on fixed income, and presents material operational and reputational risks.

RISK

Delayed carrier report procedures and timely processing of discrepancies may result in unexpected pension deductions for members; causing material financial risk and erode trust. Additionally, these issues could result in reputational risk to LACERA.

RECOMMENDATION #2

RHC Management should implement internal mitigation procedures to reduce member impact when report delays occur. Additionally, during the bi-monthly carrier meetings, management should advocate for more consistent report delivery timelines and formalize expectations through memorandums of understanding and document these efforts of due diligence.

[**] See Appendix 2 for Findings' Risk Rating

Management's Response

Agrees with Finding and Recommendation.

We have contacted both the Executive Account Manager and the designated representative for the LACERA account to discuss the timing of their discrepancy report submissions. This topic will continue to be addressed during bi-monthly and monthly meetings, as needed. Transcripts of meetings are recorded and summarized to formally document and preserve the discussions.

Target Completion Date:
July 1, 2026

FINDING #3

Inadequate Oversight of Carrier Prior Period Adjustments	**Risk Level**[**] Medium

OBSERVATION

When there are changes in the members' and/or their eligible dependents' healthcare coverage, RHC staff perform prior period adjustments to ensure that any overpayments and underpayments are collected or remitted to the appropriate party on a timely basis. Based on our audit work, we identified the following exceptions relating to this process:

- One case, where a prior-period adjustment from Kaiser's January 2025 Discrepancy Report, was not processed until July 2025: causing a 209-day delay. Although this report was remitted late to RHC in May 2025, the prior period adjustment was not performed until it was identified during the audit.

- During the death notification testing, one member's death was reported by the dependent's wife on July 30, 2024, ending coverage with an effective date of May 1, 2024, but no action was taken until change forms from the late-member's wife were received by RHC on October 18, 2024. Prior period adjustments should be done when RHC is notified of changes affecting premium/payment adjustments. However, RHC did not perform the prior period adjustment until October 29, 2024, which resulted in a one-time reimbursement retrieval of $1,222.90 (181-day delay) from the beneficiary.

- One $5 overpayment to a healthcare carrier occurred as a result of a clerical error. The error was not corrected during the normal reconciliation process and remained uncorrected. Although financially immaterial, the incident demonstrates a gap in the formal review and corrective action procedures.

The reliance on reactive issue resolutions, where problems surface during audits or incidental discovery rather than a proactive approach such as monitoring or tracking, could indicate insufficient internal oversight. This approach leaves RHC vulnerable to delayed detection, recurring errors, and the long-term accumulation of unaddressed discrepancies.

RISK

Insufficient oversight in identifying and correcting carrier payment errors can lead to inaccurate financial reporting and missed opportunities for timely recovery of overpayments. Although the individual amounts are minor, failure to monitor and proactively resolve these issues independent of audit intervention indicates the existence of control deficiencies.

[**] See Appendix 2 for Findings' Risk Rating

RECOMMENDATION #3

RHC Management establish a workflow that mandates staff perform periodic reviews, with supervisory oversight, to ensure pending or missed adjustments are remediated timely.

Management's Response

Agrees with Finding and Recommendation.

In addition to the management response to Finding #2, the RHC Quality Control Unit, led by, Sr. RBS, will update the checklist to include a step ensuring that prior period adjustments are completed before finalizing the work object. Staff and Operations supervisor have been informed and reminded of this change.

Target Completion Date:
November 1, 2025

APPENDIX 1
AUDIT RATING SCALE

Internal Audit issues three standard audit report evaluations as defined below:

Satisfactory

The control environment is acceptable with minor issues having been identified. The overall environment contains sufficient internal controls to address key risks, and business practices generally comply with Company policies. Corrective action should beimplemented to address any weaknesses identified during the audit in order to maintain or enhance the control environment.

Opportunities for Improvement

The control environment has opportunities for improvement with significant issues,individually or in the aggregate, having been identified or major noncompliance with Company policies. The overall environment contains insufficient internal controls to address key risks. Prompt corrective action should be implemented to address the weaknesses and strengthen the control environment.

Unsatisfactory

The control environment is unacceptable with critical issues, individually or in the aggregate, having been identified or major noncompliance with Company policies. The overall environment contains insufficient internal controls to address key risks and the impact may be substantial in size or nature or their effect cannot be quantified. Immediate corrective action should be implemented to address the weaknesses and strengthen the control environment.

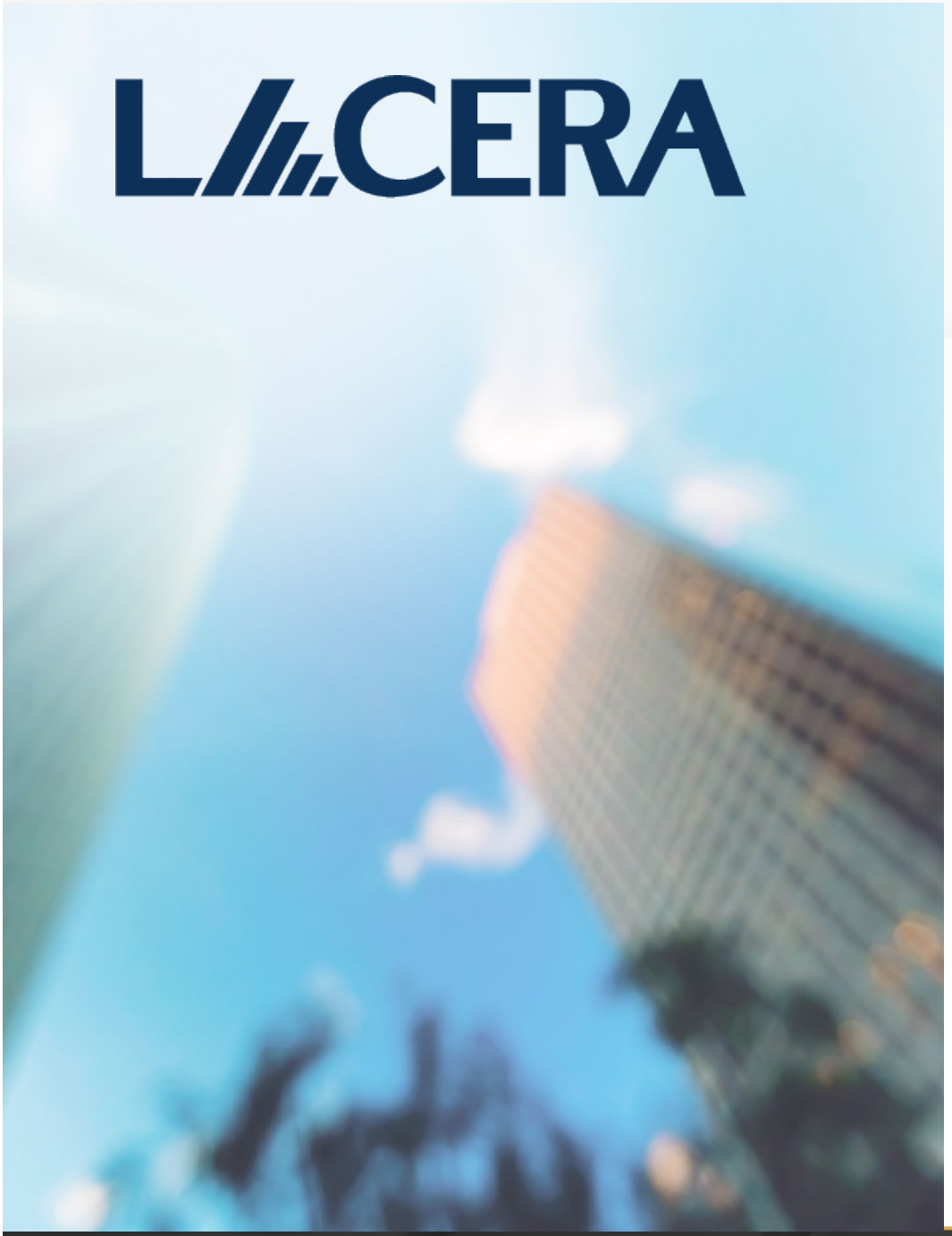
APPENDIX 2

FINDING'S RISK RATING SCALE

Findings identified during the course of the audit are assigned a risk rating, as outlined inthe table below. The risk rating is based on the financial, operational, compliance, or reputational impact that the issue identified could have on LACERA.

Rating	Financial	Internal Controls (operational risk)	Compliance	Reputational	Executive Management
High	Large financial impact to LACERA or members Actions not aligned with fiduciary responsibilities	Operations risk is the risk that operations are inefficient and ineffective in executing the business objectives, and/or achieving quality, cost and time performance objectives. Missing or inadequate key internal controls Not adequate to identify fraud, noncompliance or misappropriation	As a result of a flaw in design or operation or due to human error, oversight or indifference, the company's processes do not comply with prescribed procedures and policies, or do not comply with regulatory requirements. Compliance risk, sometimes referred to as nonconformance risk, results in loss of reputation, lower quality, higher costs, lost revenues and unnecessary delays. Non-compliance with applicable Federal or state laws or LACERA's policies	High probability forexternal auditissues and/or negative public perception	There is poor alignment between the allocation of IT resources and the company's strategic objectives. The processes are not in place to ensure that, as the company's goals and objectives evolve, the information technology (IT) evolves appropriately. Important critical business process identified by Exec Office Requires immediate attention

Medium	Moderate financial risk to LACERA or members Actions could be better aligned with fiduciary responsibilities	Partial key internal controls Not adequate to identify noncompliance or misappropriation in timely manner	Inconsistent compliance with applicable Federal or state laws or LACERA's policies	Potential for external auditissues and/or negative public perception	Relatively important May or may not require immediate attention
Low	Low financial impact to LACERA or members	Internal controls in place but not consistently efficient/effective Implementing / enhancing controls could prevent future problems	General compliance with applicable Federal or State laws or LACERA's policies, but some minor discrepancies exist	Low probability forexternal audit issues and/or negative public perception	Lower significance Does not require immediate attention



Attachment B

Provider Premium Calculations and Payments Audit

Audit Report Date: October 28, 2025

Presented by:

Delfino Aguilar, Senior Internal Auditor

Gabriel Tafoya, Senior Internal Auditor

Summary of Engagement

Responsible Division:	Retiree Healthcare (RHC) and Financial & Accounting Services Division (FASD)
Type of Engagement:	Assurance
Audit Rating:	Opportunities for Improvement

Type of Engagements

Assurance: Assurance Engagements provide an objective examination of evidence for the purpose of providing an independent assessment to Management and the ACRE Committee on governance, risk management, and control processes for LACERA.

Advisory: Advisory services provide Management with formal assessments and advice for improving LACERA's governance, risk management, and control processes, without Internal Audit assuming Management responsibility.

Other Value-Added Services: Provide Management with informal advice.

Background, Objective, Scope

Background

The purpose was to assess if retiree healthcare premium collection and payments were managed accurately, efficiently, and in compliance with both internal policies and regulatory requirements.

Objective

- Eligible retirees are enrolled in the appropriate healthcare plans.
- The cost of healthcare premiums is accurately reported and collected from retired members and the plan sponsors.
- Healthcare premium payments are accurate and timely paid to insurance carriers.
- Medicare premium reimbursements are paid to eligible members.

Scope

The scope of this engagement encompasses the processes, controls, and data systems to calculate, authorize, collect, and disburse premium payments occurring between April 1, 2024, to May 31, 2025.

Summary of Findings

Finding #	Title of Finding	Rating	Management Response
1	Backlog of Code 19 Refunds and LIS Subsidy Processing	**High**	**Management Agrees:** Code 19 – RHC Management has since assigned another RBSIII to assist with the backlog and cross-training has been implemented. The Code 19 is a monthly report generated by FASD staff. RHC staff reviews and processes the Code 19 report twice a month and annotates the completion date on the report before sending it back to FASD. To support monitoring and tracking, RHC added a column to the report that captures the process, actions taken, and completion date—ensuring all steps are properly documented and completed. We are in discussion with Systems to explore the feasibility of automating this process. Low Income Subsidy (LIS) – Cross-training between RHC staff has been implemented. A Senior Retirement Benefits Specialist has been assigned as the primary lead for the LIS project, and a Section Head to assist. Staff are currently processing the LIS refunds with an anticipated distribution of refunds beginning December 1, 2025, and will coordinate this effort with FASD. The LIS Procedures will be reviewed and updated to help ensure refunds are processed timely. We are in discussion with Systems to explore the feasibility of automating this process.

Summary of Findings - Continued

Finding #	Title of Finding	Rating	Management Response
2	Delays in Carrier Discrepancy Reports Resulting in Material Member Impact	**Medium**	**Management Agrees:** RHC Management has contacted both the Executive Account Manager and the designated representative for the LACERA account to discuss the timing of their discrepancy report submissions. This topic will continue to be addressed during bi-monthly and monthly meetings, as needed. Transcripts of meetings are recorded and summarized to formally document and preserve the discussions.
3	Inadequate Oversight of Prior Period Adjustments	**Medium**	**Management Agrees:** In addition to the RHC management response to Finding #2, the RHC Quality Control Unit, led by, Sr. RBS, will update the checklist to include a step ensuring that prior period adjustments are completed before finalizing the work object. Staff and Operations supervisor have been informed and reminded of this change.

Conclusion

- **Audit Independence and Objectivity**

  The audit was conducted independently and objectively following the IIA Code of Ethics and Standards.

- **Overall Audit Rating**

  Overall, RHC demonstrates a strong control environment with effective oversight and the capacity to achieve its divisional objectives; however, given the high and medium-rated findings, the overall audit rating is assessed as "Opportunities for Improvement."

Thank you

We would like to thank RHC and FASD for their cooperation on this engagement and invite them to provide any comments.

LACERA

September 11, 2025

TO: Audit, Compliance, Risk, and Ethics (ACRE) Committee
Debbie Martin (BOI), Chair
Nicole Mi (BOI), Vice Chair
Alma K. Martinez (BOI), Secretary
Nancy Durazo (BOR), Trustee
Jason Green (BOR), Trustee
Wayne Moore (BOR), Trustee
Elizabeth Ginsberg, Ex-Officio

ACRE Committee Consultant
Larry Jensen

FROM: Leisha E. Collins
Principal Internal Auditor

Alejandro Ochoa
Internal Auditor

FOR: November 20, 2025 Audit, Compliance, Risk, and Ethics (ACRE) Committee

SUBJECT: **CEO Corporate Credit Cards – Fiscal Year End June 30, 2025**

RECOMMENDATION
In accordance with your current ACRE Committee Charter, staff recommends that the ACRE Committee review and discuss the following engagement report and take the action(s) below:

1. Accept and file,
2. Instruct staff to forward memo to Boards or Committees,
3. Make recommendations to the Boards or Committees regarding actions as may be required based on the engagement, and/or
4. Provide further instruction to staff.

ENGAGEMENT REPORT
CEO Corporate Credit Cards – FYE June 30, 2025
(Report Issued: September 9, 2025)

ATTACHMENTS
A. CEO Corporate Credit Cards Audit Report
B. CEO Corporate Credit Cards Audit Presentation

LEC:ao

LACERA INTERNAL AUDIT DIVISION

CEO Corporate Credit Cards – FYE June 30, 2025
Project # 2026

AUDIT PERFORMED BY:

Alex Ochoa
Internal Auditor

AUDIT REPORT

Audit Name:	CEO Corporate Credit Cards FYE – June 30, 2025
ResponsibleDivision:	Executive Office and Financial & Accounting Services Division
Audit Rating*:	Satisfactory
Prior Audit Rating*:	Satisfactory
Prior Report Date:	August 30, 2024

BACKGROUND

LACERA maintains a Corporate Credit Card (Corporate Card) Program (Program) to facilitate the purchase of items described and permitted within its Corporate Credit Card Policy (Policy). This Policy was updated and made effective May 1, 2025.

Cardholders are responsible for ensuring:

- Purchases are compliant with the Policy.
- The corporate card is kept secure.
- Required documentation is maintained to substantiate the purchase.
- Monthly reconciliations are complete and submitted timely.
- Monthly sign-off in the Bank of America Online Works System (BofA Works) is complete and submitted timely.

The cardholder's manager is responsible for verifying that all charges are legitimate and conform to the Policy. They also approve the charges in BofA Works. The Financial & Accounting Services Division (FASD) is responsible for administering the Program, including providing a high-level review of credit card expenditures and coding the expenditures to the general ledger.

As the CEO is the highest-ranking executive, there is no higher internal authority that reviews or approves his credit card expenditures. Therefore, in FY 2021, Internal Audit established an annual compliance audit of the CEO's credit card expenditures to provide an independent review of the CEO's credit card expenditures to ensure transparency, accountability, and compliance with LACERA's Corporate Card Policy.

AUDIT OBJECTIVES AND SCOPE

The objective of this audit was to assess the CEO's compliance with the Policy. The scope of the engagement encompassed all CEO credit card transactions occurring between July 1, 2024 to June 30, 2025. During the CEO's leave, which commenced on March 17, 2025, the Deputy CEO assumed the responsibilities of the CEO; accordingly, the audit scope was expanded to include the Deputy CEO's credit card transactions from March 1, 2025 to June 30, 2025.

Per IIA Standard 4.1.a, the audit was planned and performed in accordance with the Institute of Internal Auditors' Global Internal Audit Standards.

*See Appendix 1 for Audit Rating

AUDIT RATINGS AND SUMMARY OF RESULTS

Based on the testing performed, we found all the charges were reasonable and conformed to the Policy, and the documentation adhered to the Policy requirements. No significant exceptions were noted; therefore, our audit report has no findings or recommendations. We rated the audit as **satisfactory**, our highest possible rating. A Summary of the credit card expenditures is included in Appendix 2.

The Audit Results Dashboard shows control objectives reviewed, the associated control attributes tested, and the test results.

Audit Results Dashboard – CEO Corporate Credit Cards FYE June 30, 2025		
Audit Objective(s)	**Associated Control Attributes Tested**	**Test Results**
Authorized Credit Card Purchases: CEO has a credit card to make authorized purchases in compliance with the credit card policy.	Defined and documented criteria for allowable purchases	No Exceptions
	Required receipts for all card transactions	No Exceptions
	Timely submission of supporting documentation for incurred charges	No Exceptions
	Accurate cardholder's data is input into the BofA Works System	No Exceptions
	FASD reviews card transactions input into the BofA Works System for errors	No Exceptions
	Reconciliation process exists to identify, track, and follow-up on discrepancies	No Exceptions
	Correct GL codes used for each expenditure	No Exceptions

We thank the Executive Office and the FASD staff for their cooperation and assistance with this audit.

REVIEWED AND APPROVED

Date: September 9, 2025

Richard P. Bendall
Chief Audit Executive

REPORT DISTRIBUTION

2025 Audit Committee	Santos H. Kreimann, CEO	Ted Granger, CFO
2025 Plante Moran Audit Team	Luis Lugo, DCEO	Laura Guglielmo, AEO
Larry Jensen, ACRE Consultant	J.J. Popowich, AEO	Internal Audit Group

APPENDIX 1

AUDIT RATING SCALE

Internal Audit issues three standard audit report evaluations as defined below:

Satisfactory

The control environment is acceptable with minor issues having been identified. The overall environment contains sufficient internal controls to address key risks, and business practices generally comply with Company policies. Corrective action should beimplemented to address any weaknesses identified during the audit in order to maintain or enhance the control environment.

Opportunities for Improvement

The control environment has opportunities for improvement with significant issues,individually or in aggregate, having been identified or major noncompliance with Company policies. The overall environment contains insufficient internal controls to address key risks. Prompt corrective action should be implemented to address the weaknesses and strengthen the control environment.

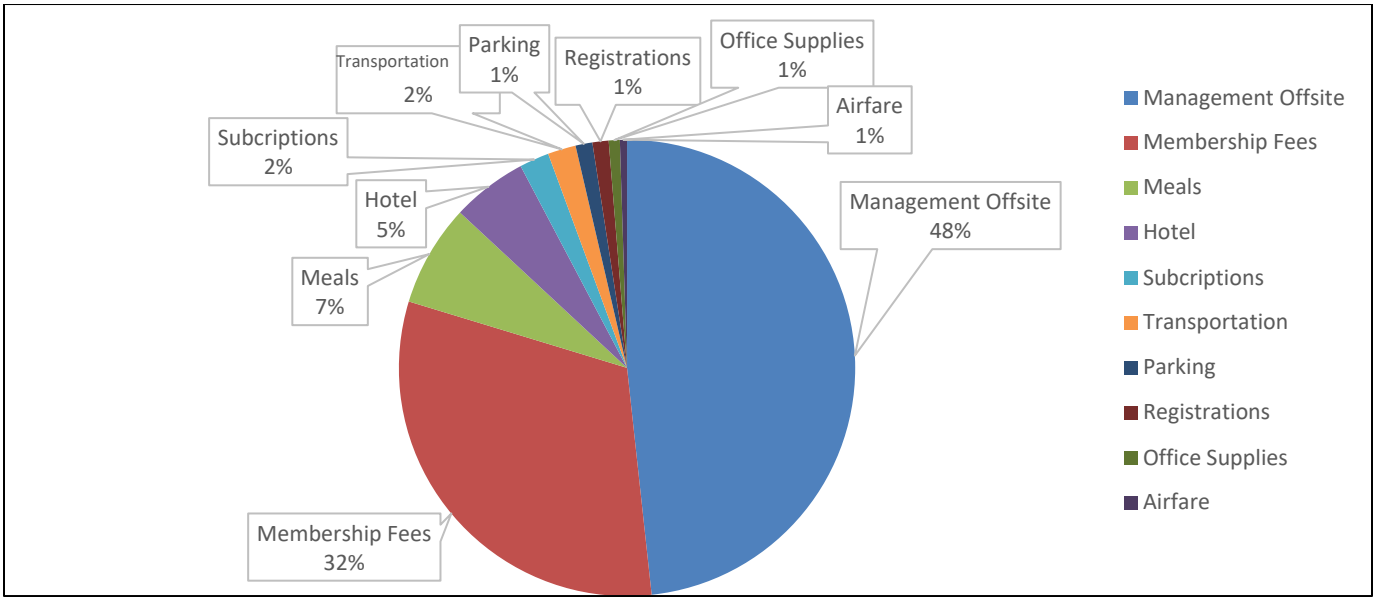
Unsatisfactory

The control environment is unacceptable with critical issues, individually or in the aggregate, having been identified or major noncompliance with Company policies. The overall environment contains insufficient internal controls to address key risks, and the impact may be substantial in size or nature or their effect cannot be quantified. Immediate corrective action should be implemented to address the weaknesses and strengthen the control environment.

APPENDIX 2

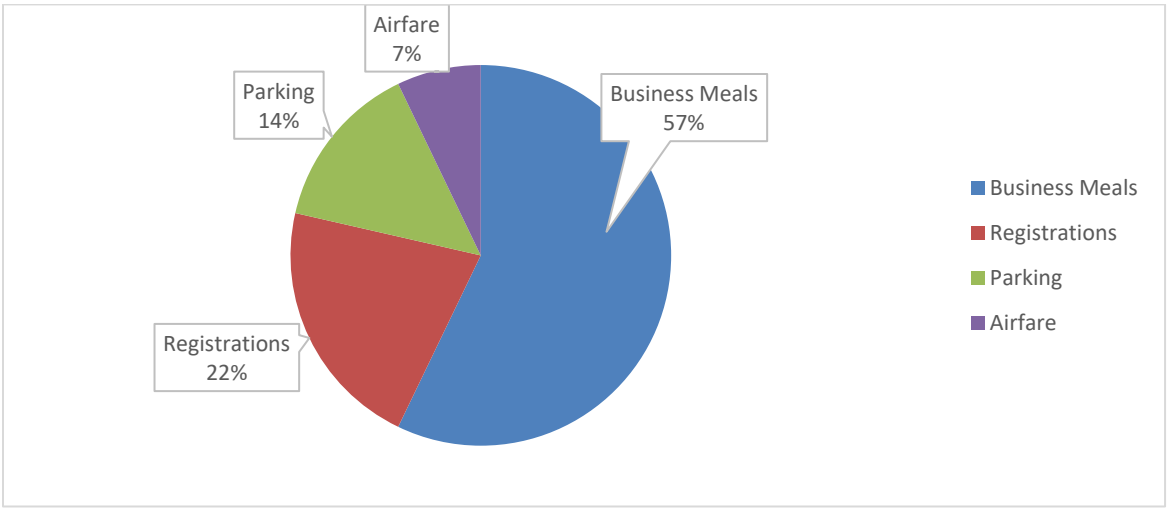
Percentage of Spending by Category
CEO July 1, 2024, to June 30, 2025

The CEO's 28 expenditures totaled $26,177.77 for the fiscal year 2024 - 2025. The matrix below shows the percentage of spending by category. The highest expenditure category was for the Management Offsite which was paid with the CEO's Corporate Card but expensed under the Human Resources Division's Budget.

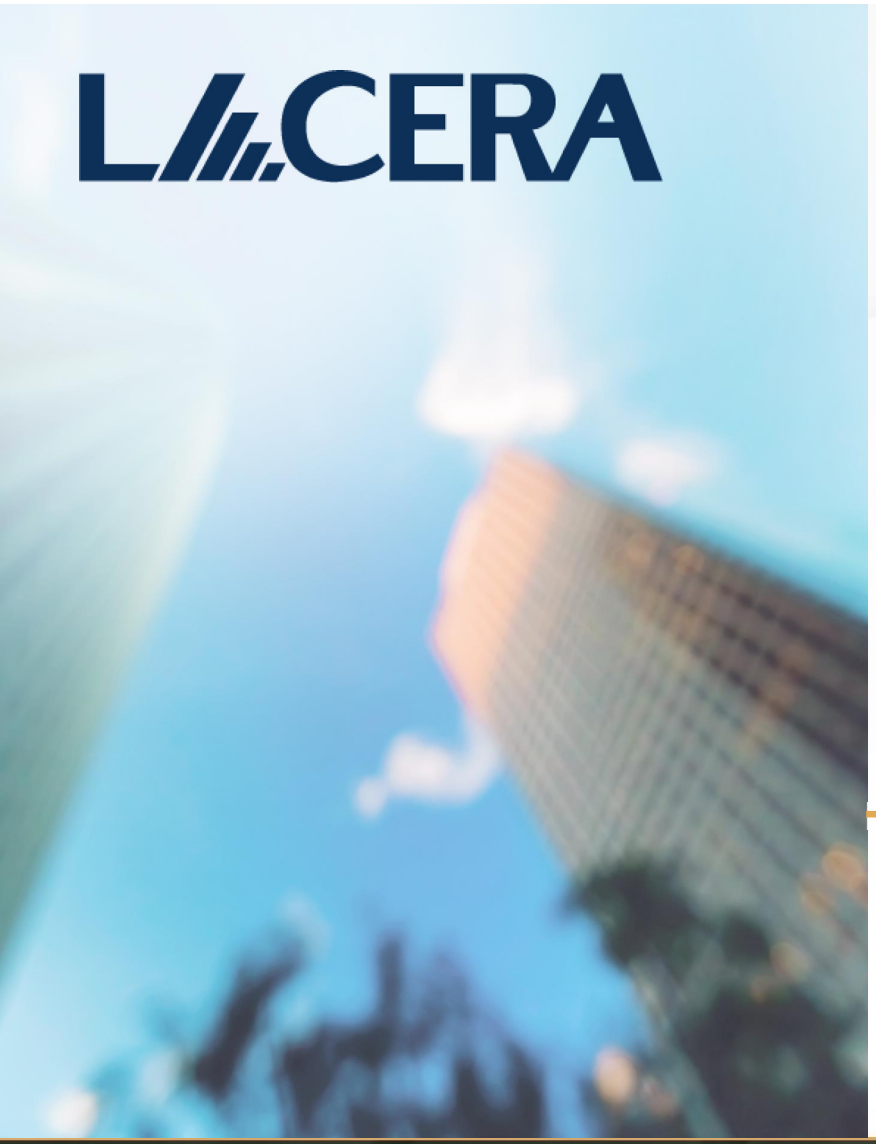


Percentage of Spending by Category
Deputy CEO March 1, 2025 to June 30, 2025

The Deputy CEO's 14 expenditures from March 1, 2025 – June 30, 2025, totaled $1,217.73. The matrix below shows the percentage of spending by category. The highest expenditure category was for business meals.



Attachment B



Review of Chief Executive Officer's Credit Card Expenditures

Audit Report Date: September 9, 2025

Presented by:
Alex Ochoa, Internal Auditor

Summary of Engagement

Responsible Division:	Executive Office and Financial & Accounting Services Division
Type of Engagement:	Assurance
Audit Rating:	Satisfactory

Type of Engagements

Assurance: Provide an objective examination of evidence for the purpose of providing an independent assessment to Management and the ACRE Committee on governance, risk management, and control processes for LACERA.

Advisory: Advisory services provide Management with formal assessments and advice for improving LACERA's governance, risk management, and control processes, without Internal Audit assuming Management responsibility.

Other Value-Added Services: Provide Management with informal advice.

Background, Objective, Scope

Background

The Chief Executive Officer (CEO) is the highest-ranking executive. There is no higher internal authority that reviews or approves his credit card expenditures. Therefore, in Fiscal Year 2021, Internal Audit established an annual compliance audit of the CEO's credit card expenditures to provide an independent review of the CEO's credit card expenditures to ensure transparency, accountability, and compliance with LACERA's Corporate Credit Card Policy (the Policy).

Objective

The objective of this audit was to assess compliance with the Corporate Credit Card Policy. This Policy was updated May 1, 2025.

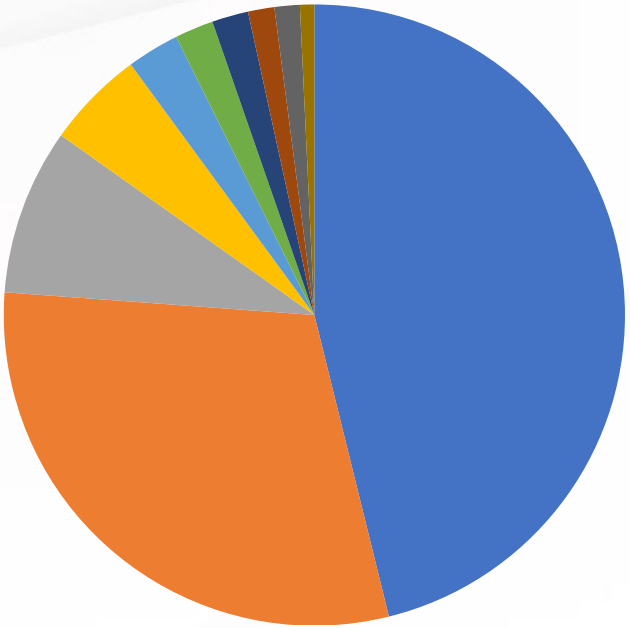
Scope

Engagement scope included 100% of CEO credit card transactions occurring between July 1, 2024 – June 30, 2025. Also included was Deputy CEO credit card transactions from March 1, 2025 - June 30, 2025, while in the role of acting CEO.

Engagement Results

Based on our testing of 42 credit card transactions:

- All CEO expenditures, in the amount of $27,395, were compliant with the Policy.
- All charges were reasonable and conformed to the Policy
- All documentation adhered to the Policy requirements.



Expenditures:

Management Offsite 46%
Membership Fees 30%
Business Meals 9%
Hotels 5%
Registrations 3%
Subscriptions 2%
Transportation 2%
Parking (Travel) 1%
Airfare 1%
Office supplies 1%

There were no areas identified for improvement.

Questions

We would like to thank the Financial & Accounting Services Division management and staff as well as the Executive office and staff for their cooperation on this engagement.

LACERA

November 3, 2025

TO: Audit, Compliance, Risk, and Ethics (ACRE) Committee
Debbie Martin (BOI), Chair
Nicole Mi (BOI), Vice Chair
Alma K. Martinez (BOI), Secretary
Nancy Durazo (BOR), Trustee
Jason Green (BOR), Trustee
Wayne Moore (BOR), Trustee
Elizabeth Ginsberg, Ex-Officio

ACRE Committee Consultant
Larry Jensen

FROM: Richard P. Bendall
Chief Audit Executive

FOR**:** November 20, 2025 Audit, Compliance, Risk, and Ethics (ACRE) Committee

SUBJECT: **Fiscal Year 2025-2026 Audit Plan Amendment**

RECOMMENDATION
The ACRE Committee review and approve amendments to Internal Audit's Fiscal Year Ending (FYE) 2026 Audit Plan.

BACKGROUND
According to the Institute of Internal Auditor's *(*IIA's*) Global Internal Audit Standards (Standards)*, Standard 9.4, "the Chief Audit Executive (CAE) must create an internal audit plan that supports the achievement of the organization's objectives." Additionally, the Internal Audit Charter mandates that the CAE annually develops a risk-based Audit Plan and informs the Committee of any interim changes. In alignment with the Standards and the Internal Audit Charter, the Committee approved the Fiscal Year 2025-26 Audit Plan (Audit Plan) at its June 2025 meeting.

At the June 2025 meeting, the ACRE Committee approved the Fiscal Year 2025-2026 Audit Plan consisting of 42 total projects (Attachment A).

REQUESTED AMENDMENTS
In accordance with IIA Standards and the Internal Audit Charter, Internal Audit requests the Committee's approval to add five new projects and remove six previously approved engagements. This request arises as the result of a further refinement of our understanding of our audit needs due to a better understanding of the existing risks, as well as giving consideration to emerging risks/priorities and lastly with consideration to resource constraints.

Project Name	Division	Add/Remove
CEO Credit Card Audit	Exec Office	Add
Centralized Vendor Mgmt (Advisory)	Legal/Admin Serv	Add
Systems Dev and Change Control	Systems	Add
Disaster Recovery	Systems	Add
HR Special Assessment Request	Exec	Add
Data Mining to Improve Forecasting/Ops	Organizational	Remove
Vendor Procurement/Contract Estab	Legal Office	Remove
ECLM Centralized Contract Mgmt	Admin Serv	Remove
Mobile Device/Member Data Protection	Systems	Remove
Investment Office Risk Assessment	Investments	Remove
GRC – Benefits Protection Unit (BPU)	Benefits	Remove

Staff will walk the ACRE Committee through the changes at the November meeting.

Please see the following attachments for your review:

- Attachment A – Fiscal Year 2025-26 Approved Audit Plan
- Attachment B – Fiscal Year 2025-26 Proposed Revised Audit Plan – Redline Version
- Attachment C – Fiscal Year 2025-26 Proposed Revised Audit Plan – Clean Version

Fiscal Year 2025-26 Approved Audit Plan				
ENTERPRISE RISK MANAGEMENT (ERM) PLAN				**10 - 20 Percent**
	ERM TASKS			**SOURCE/STATUS**
	ERM Program Plan			
1	IA	Build out Risk and Control Register (integrated with Audit Plan projects)	Risk Mgmt	ERM
2	IA	Build aligned assurance model	Risk Mgmt	ERM
3	IA	Provide Risk & Control Training to MAC/SAC	Risk Mgmt	ERM
4	IA	Contract (co-source) with Pool Firm - design and development of a formal ERM program	Risk Mgmt	ERM

AUDIT PLAN				**80 - 90 Percent**
	DIVISION	**AUDIT / PROJECT NAME**	**PROJECT TYPE**	**SOURCE/STATUS**
	EXECUTIVE/ORGANIZATIONAL/LEGAL			
5	Exec Office	Trustee Education and Travel	Assurance/Audit	Risk Based
6	Exec Office	LA County Rehired Retirees	Assurance/Audit	Risk Based
7	Exec Office	Assessment of Strategic Plan Progress	Assurance/Audit	Risk Based
8	Organizational	Continuous Audit Processing (CAP)	Assurance/Audit	Risk Based
9	Organizational	Other Value-Added Projects	Other-Value Added	Annual/Continuous
10	Organizational	Recommendation Follow-Up	Other Projects	Annual/Continuous
11	Organizational	Risk Assessment - Revised Process	Other Projects	Annual/Continuous
12	Organizational	ITCC Prioritization of Projects	Advisory	Risk Based
13	Organizational	Data Mining to Improve Forecasting/Operations	Advisory	Risk Based
14	Organizational	Compliance with Policy Review Periods	Compliance	Risk Based
15	Legal Office	Form 700/801 Review	Assurance/Audit	Risk Based
16	Legal Office	Ethics and Compliance (Hotline)	Compliance	Risk Based
17	Legal Office	Vendor Procurement/Contract Establishment	Assurance/Audit	Risk Based
	ADMINISTRATION - Admin Serv, HR, Systems, Info Sec			
18	Admin Serv	Vendor Security Assessment	Assurance/Audit	Carry Forward
19	Admin Serv	ECLM Centralized Contract Mgmt Function	Advisory	Risk Based
20	HR	Offboarding - Exit Interviews Review	Advisory	Risk Based
21	Systems	Mobile Device/Member Data Protection	Assurance/Audit	Risk Based
22	Systems	Oversight of SOC Audits FY 25 & 26	Oversight	Annual/Continuous
23	Systems/InfoSec	Third Party Contracting and Contract Mgmt	Assurance/Audit	Risk Based
24	Info Sec	Risk Assessment/NIST Follow up Audit	Assurance/Audit	Risk Based
	INVESTMENTS & FASD			
25	FASD	Oversight of Financial Audit FY 25 & 26	Oversight	Annual/Continuous
26	FASD/Inv	FASD/Inv/Custodial Bank Roles	Advisory	Risk Based
27	FASD/Inv	Oversight of Actuarial Audit FY 25 & 26	Oversight	Annual/Continuous
28	Investments	Securities Lending Review	Assurance/Audit	Carry Forward
29	Investments	Investment Office Risk Assessment	Advisory	Risk Based
	OPERATIONS - Benefits, DRS, RHC, Member Services			
30	Benefits	Accounts Settlements/Collections	Assurance/Audit	Risk Based
31	Benefits	Felony Forfeitures	Assurance/Audit	Risk Based
32	Benefits	GRC - Benefits Protection Unit (BPU)	Advisory	Carry Forward
33	Benefits	Unclaimed Accounts	Assurance/Audit	Risk Based
34	DRS	Case Management Follow up Audit	Assurance/Audit	Risk Based
35	Mbr Serv	Call Center - Drop rate/call data analysis	Advisory	Risk Based
	INTERNAL AUDIT OPERATIONS			
36	IA	Quality Assurance Improvement Program	Other Projects	Annual/Continuous
37	IA	Audit Committee Support	Other Projects	Annual/Continuous
38	IA	Manage Internal Audit 3-Year Roadmap	Strategic/IA Goal	Annual/Continuous
39	IA	Provide training to MAC and ACRE Committee	Strategic/IA Goal	Annual/Continuous
40	IA	IA Staff Training Plan	Strategic/IA Goal	Annual/Continuous
41	IA	IA Data Analytic Development	Strategic/IA Goal	Annual/Continuous
42	IA	Manage Continous Audit Process (CAP)	Strategic/IA Goal	Annual/Continuous

ATTACHMENT B

Fiscal Year 2025-26 Proposed Revised Audit Plan - Redline Version				
ENTERPRISE RISK MANAGEMENT (ERM) PLAN				**10 - 20 Percent**
	ERM TASKS			**SOURCE/STATUS**
	ERM Program Plan			
1	IA	Build out Risk and Control Register (integrated with Audit Plan projects)	Risk Mgmt	ERM
2	IA	Build aligned assurance model	Risk Mgmt	ERM
3	IA	Provide Risk & Control Training to MAC/SAC	Risk Mgmt	ERM
4	IA	Contract (co-source) with Pool Firm - design and development of a formal ERM program	Risk Mgmt	ERM

	AUDIT PLAN			80 - 90 Percent
	DIVISION	**AUDIT / PROJECT NAME**	**PROJECT TYPE**	**SOURCE/STATUS**
	EXECUTIVE/ORGANIZATIONAL/LEGAL			
5	Exec Office	Trustee Education and Travel	Assurance/Audit	Risk Based
6	Exec Office	LA County Rehired Retirees	Assurance/Audit	Risk Based
7	Exec Office	Assessment of Strategic Plan Progress	Assurance/Audit	Risk Based
	Exec Office	CEO Credit Card Audit (from CAP to audit)	Assurance/Audit	Annual/Continuous
8	Organizational	Continuous Audit Processing (CAP)	Assurance/Audit	Risk Based
9	Organizational	Other Value-Added Projects	Other-Value Added	Annual/Continuous
10	Organizational	Recommendation Follow-Up	Other Projects	Annual/Continuous
11	Organizational	Risk Assessment - Revised Process	Other Projects	Annual/Continuous
12	Organizational	ITCC Prioritization of Projects	Advisory	Risk Based
~~13~~	~~Organizational~~	~~Data Mining to Improve Forecasting/Operations~~	~~Advisory~~	~~Risk Based~~
14	Organizational	Compliance with Policy Review Periods	Compliance	Risk Based
15	Legal Office	Form 700/801 Review	Assurance/Audit	Risk Based
16	Legal Office	Ethics and Compliance (Hotline)	Compliance	Risk Based
~~17~~	~~Legal Office~~	~~Vendor Procurement/Contract Establishment~~	~~Assurance/Audit~~	~~Risk Based~~
	Legal Office/Admin Serv	Centralized Vendor Management	Advisory	Risk Based
	ADMINISTRATION - Admin Serv, HR, Systems, Info Sec			
18	Admin Serv	Vendor Security Assessment	Assurance/Audit	Carry Forward
~~19~~	~~Admin Serv~~	~~ECLM Centralized Contract Mgmt Function~~	~~Advisory~~	~~Risk Based~~
20	HR	Offboarding - Exit Interviews Review	Advisory	Risk Based
~~21~~	~~Systems~~	~~Mobile Device/Member Data Protection~~	~~Assurance/Audit~~	~~Risk Based~~
22	Systems	Oversight of SOC Audits FY 25 & 26	Oversight	Annual/Continuous
	Systems	Systems Dev and Change Control - Weaver	Assurance/Audit	Risk Based
	Systems	Disaster Recovery - Weaver	Advisory	Risk Based
23	Systems/InfoSec	Third Party Contracting and Contract Mgmt	Assurance/Audit	Risk Based
24	Info Sec	Risk Assessment/NIST Follow up Audit	Assurance/Audit	Risk Based
	HR/Exec	HR Special Assessment Request	Oversight/Special Project	Mgmt Request
	INVESTMENTS & FASD			
25	FASD	Oversight of Financial Audit FY 25 & 26	Oversight	Annual/Continuous
26	FASD/Inv	FASD/Inv/Custodial Bank Roles	Advisory	Risk Based
27	FASD/Inv	Oversight of Actuarial Audit FY 25 & 26	Oversight	Annual/Continuous
28	Investments	Securities Lending Review	Assurance/Audit	Carry Forward
~~29~~	~~Investments~~	~~Investment Office Risk Assessment~~	~~Advisory~~	~~Risk Based~~
	OPERATIONS - Benefits, DRS, RHC, Member Services			
30	Benefits	Accounts Settlements/Collections	Assurance/Audit	Risk Based
31	Benefits	Felony Forfeitures	Assurance/Audit	Risk Based
~~32~~	~~Benefits~~	~~GRC - Benefits Protection Unit (BPU)~~	~~Advisory~~	~~Carry Forward~~
33	Benefits	Unclaimed Accounts	Assurance/Audit	Risk Based
34	DRS	Case Management Follow up Audit	Assurance/Audit	Risk Based
35	Mbr Serv	Call Center - Drop rate/call data analysis	Advisory	Risk Based
	INTERNAL AUDIT OPERATIONS			
36	IA	Quality Assurance Improvement Program	Other Projects	Annual/Continuous
37	IA	Audit Committee Support	Other Projects	Annual/Continuous
38	IA	Manage Internal Audit 3-Year Roadmap	Strategic/IA Goal	Annual/Continuous
39	IA	Provide training to MAC and ACRE Committee	Strategic/IA Goal	Annual/Continuous
40	IA	IA Staff Training Plan	Strategic/IA Goal	Annual/Continuous
41	IA	IA Data Analytic Development	Strategic/IA Goal	Annual/Continuous
42	IA	Manage Continous Audit Process (CAP)	Strategic/IA Goal	Annual/Continuous

Fiscal Year 2025-26 Proposed Revised Audit Plan - Clean Version				
ENTERPRISE RISK MANAGEMENT (ERM) PLAN				**10 - 20 Percent**
	ERM TASKS			**SOURCE/STATUS**
	ERM Program Plan			
1	IA	Build out Risk and Control Register (integrated with Audit Plan projects)	Risk Mgmt	ERM
2	IA	Build aligned assurance model	Risk Mgmt	ERM
3	IA	Provide Risk & Control Training to MAC/SAC	Risk Mgmt	ERM
4	IA	Contract (co-source) with Pool Firm - design and development of a formal ERM program	Risk Mgmt	ERM

AUDIT PLAN				**80 - 90 Percent**
	DIVISION	**AUDIT / PROJECT NAME**	**PROJECT TYPE**	**SOURCE/STATUS**
	EXECUTIVE/ORGANIZATIONAL/LEGAL			
5	Exec Office	Trustee Education and Travel	Assurance/Audit	Risk Based
6	Exec Office	LA County Rehired Retirees	Assurance/Audit	Risk Based
7	Exec Office	Assessment of Strategic Plan Progress	Assurance/Audit	Risk Based
8	Exec Office	CEO Credit Card Audit (from CAP to audit)	Assurance/Audit	Annual/Continuous
9	Organizational	Continuous Audit Processing (CAP)	Assurance/Audit	Risk Based
10	Organizational	Other Value-Added Projects	Other-Value Added	Annual/Continuous
11	Organizational	Recommendation Follow-Up	Other Projects	Annual/Continuous
12	Organizational	Risk Assessment - Revised Process	Other Projects	Annual/Continuous
13	Organizational	ITCC Prioritization of Projects	Advisory	Risk Based
14	Organizational	Compliance with Policy Review Periods	Compliance	Risk Based
15	Legal Office	Form 700/801 Review	Assurance/Audit	Risk Based
16	Legal Office	Ethics and Compliance (Hotline)	Compliance	Risk Based
17	Legal Office/Admin Serv	Centralized Vendor Management	Advisory	Risk Based
	ADMINISTRATION - Admin Serv, HR, Systems, Info Sec			
18	Admin Serv	Vendor Security Assessment	Assurance/Audit	Carry Forward
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20	Systems	Oversight of SOC Audits FY 25 & 26	Oversight	Annual/Continuous
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24	Info Sec	Risk Assessment/NIST Follow up Audit	Assurance/Audit	Risk Based
25	HR/Exec	HR Special Assessment Request	Oversight/Special Project	Mgmt Request
	INVESTMENTS & FASD			
26	FASD	Oversight of Financial Audit FY 25 & 26	Oversight	Annual/Continuous
27	FASD/Inv	FASD/Inv/Custodial Bank Roles	Advisory	Risk Based
28	FASD/Inv	Oversight of Actuarial Audit FY 25 & 26	Oversight	Annual/Continuous
29	Investments	Securities Lending Review	Assurance/Audit	Carry Forward
	OPERATIONS - Benefits, DRS, RHC, Member Services			
30	Benefits	Accounts Settlements/Collections	Assurance/Audit	Risk Based
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	INTERNAL AUDIT OPERATIONS			
35	IA	Quality Assurance Improvement Program	Other Projects	Annual/Continuous
36	IA	Audit Committee Support	Other Projects	Annual/Continuous
37	IA	Manage Internal Audit 3-Year Roadmap	Strategic/IA Goal	Annual/Continuous
38	IA	Provide training to MAC and ACRE Committee	Strategic/IA Goal	Annual/Continuous
39	IA	IA Staff Training Plan	Strategic/IA Goal	Annual/Continuous
40	IA	IA Data Analytic Development	Strategic/IA Goal	Annual/Continuous
41	IA	Manage Continous Audit Process (CAP)	Strategic/IA Goal	Annual/Continuous

LACERA

October 30, 2025

TO: Audit, Compliance, Risk, and Ethics (ACRE) Committee
Debbie Martin (BOI), Chair
Nicole Mi (BOI), Vice Chair
Alma K. Martinez (BOI), Secretary
Nancy Durazo (BOR), Trustee
Jason Green (BOR), Trustee
Wayne Moore (BOR), Trustee
Elizabeth Ginsberg, Ex-Officio

ACRE Committee Consultant
Larry Jensen

FROM: Nathan K. Amick
Senior Internal Auditor

FOR: November 20, 2025, Audit, Compliance, Risk, and Ethics (ACRE) Committee

SUBJECT: **Plante Moran Financial Audit Reports**

LACERA's external financial statement auditors, Plante Moran, PLLC, recently completed the audit for the fiscal year ended (FYE) June 30, 2025. LACERA received an unqualified audit opinion on its audited financial statements. An unqualified opinion is the highest opinion designated by the AICPA.

Enclosed for your information are the audit reports completed by Plante Moran. Plante Moran will be at the November 20, 2025, Committee meeting to present a summary of the work they performed for the FYE June 30, 2025, financial statement audit.

Attachments:

- A - Plante Moran's Audit Presentation
- B - Those Charged with Governance Memo
- C - Internal Controls Over Financial Reporting Memo
- D - Audited Financial Statements for FYE June 30, 2025, and 2024
- E - GASB 68 Disclosure Report, Schedule of Employer Allocations and Schedule of Pension Amounts by Employer for FYE June 30, 2024
- F - GASB 75 Disclosure Report, Schedule of Changes in Fiduciary Net Position by Employer for FYE June 30, 2024

NKA

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Attachment A

Los Angeles County Employees Retirement Association

Audit Presentation

November 20, 2025

Introductions

Kristin Hunt, CPA

Partner

Brandon Henry, CPA

Manager

Agenda

- ✓Audit timeline and deliverables
- ✓Audit areas of focus
- ✓Results of the audit
  - ✓Audit opinion letter
  - ✓Required communications
- ✓Questions

Audit timeline and deliverables

Audit timeline:

- March/April 2025 – Initiated planning procedures
- May/June 2025 – Performed interim procedures remotely
- July/August 2025 – Performed additional planning and fieldwork audit procedures
- September/October 2025 – Finalized testing and review of financial statements
- October 15, 2025 – Issuance of audit opinion on audited financial statements

Deliverables:

- LACERA's 2025 Audited Financial Statement opinion and Required Communications with the Board
- GASB 68 Schedule of Employer Allocations and Schedule of Pension Amounts by Employer
- GASB 75 Statement of Changes in Fiduciary Net Position by Employer

Audit areas of focus

The ultimate goal of the audit is the expression of an opinion on your financial statements.

- Investment valuations
  - Analysis of trends along with substantive testing
- Census data testing, particularly at the County level
  - Use of technology for analytics, substantive testing
- Actuarial assumptions and actuarial calculations
- Accuracy of benefit calculations and related payments, including disability payments
  - Use of technology for analytics, substantive testing
- Financial reporting

Results of the audit

Opinion

We have audited the financial statements of Los Angeles County Employees Retirement Association (LACERA) as of and for the years ended June 30, 2025 and 2024 and the related notes to the financial statements, which collectively comprise LACERA's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of LACERA as of June 30, 2025 and 2024 and the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

- ✓**Unmodified Opinion**
  - ✓Free from material misstatement
  - ✓Highest level of assurance you can obtain
- ✓**Emphasis of Matters**
  - ✓**Valuation of Harder to Value Investments**

Results of the audit

Required Communication with Those Charged With Governance

- Management estimates included within the financial statements:
  - Harder to value investments – based upon information obtained from various sources
  - Actuarial assumptions:
    - Long-term expected rate of return and discount rate
    - Mortality assumptions
- No difficulties or disagreements with management in performing the audit
- No corrected or uncorrected misstatements
- Review of Annual Comprehensive Financial Report (ACFR) and Popular Annual Financial Report (PAFR)

Questions?

Thank you!

For more information contact:

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Kristin.Hunt@plantemoran.com

Brandon Henry, CPA

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ATTACHMENT B

October 15, 2025

To the Board of Retirement and
Board of Investments
Los Angeles County Employees
Retirement Association

We have audited the financial statements of Los Angeles County Employees Retirement Association (LACERA) as of and for the year ended June 30, 2025 and have issued our report thereon dated October 15, 2025. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated June 26, 2025, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

As part of our audit, we considered the internal control of LACERA. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Our audit of LACERA's financial statements has also been conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Under *Government Auditing Standards*, we are obligated to communicate certain matters that come to our attention related to our audit to those responsible for the governance of LACERA, including compliance with certain provisions of laws, regulations, contracts, and grant agreements; certain instances of error or fraud; illegal acts applicable to government agencies; and significant deficiencies in internal control that we identify during our audit. Toward this end, we issued a separate letter dated October 15, 2025 regarding our consideration of LACERA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on June 19, 2025.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by LACERA are described in Note B to the financial statements.

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As described in Note B, LACERA adopted GASB 101, *Compensated Absences*, and GASB 102, *Certain Risk Disclosures*, neither of which had a significant impact on the financial statements. The application of existing policies was not changed during 2025.

We noted no transactions entered into by LACERA during the year for which there is a lack of authoritative guidance or consensus.

There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most significant estimates related to LACERA's financial statements surround alternative investments and the assumptions within the pension valuation, as more fully explained below:

- **Alternative Investments** - As explained in Note P, the financial statements include investments valued at $29,100,000,000 (32 percent of net position) at June 30, 2025, whose fair values have been estimated by management in the absence of readily determinable market values. Management uses various means to estimate the fair value of these investments, including utilizing audited financial statements, quarterly investment manager reports, and various pricing sources obtained by LACERA's custodian bank.

- **Pension Valuation Assumptions** - Financial statement disclosures and required supplementary information schedules contain information about LACERA's total pension liability. In order to determine this liability, the actuary must apply certain assumptions, which are highly sensitive to estimation. The most sensitive estimates used in the pension valuations are as follows:

    - *Long-term Assumed Rate of Return* - For the purpose of GASB 67, as of June 30, 2025, LACERA is currently using 7.15 percent for the assumed long-term expected rate of return (gross of administrative expense load of 0.15 percent). The return is based on the results of an investigation of experience study completed in 2022 and supported by LACERA's external advisor's current capital market assumptions.

    - *Single Discount Rate* - The calculation of the single discount rate under GASB Statement No. 67, which is calculated using the long-term assumed rate of return as one of many inputs, is also highly sensitive to estimates the actuary makes about future contributions and future benefit payments. Given LACERA's funding policy and legal requirements under CERL and PEPRA, the actuary determined that projected fiduciary net position is sufficient to fund current projected benefit payments.

    - *Mortality Assumptions* - The pre- and postretirement mortality assumptions impact the total pension liability projected by LACERA's actuary. The assumptions about mortality were estimated by the actuary based on the results of an experience study that was performed during 2022 utilizing the actuarial experience of LACERA for the period from July 1, 2019 through June 30, 2022. Based on that experience study, in the actuarial valuation, the actuary has used the Pub-2010 tables with the MP-2021 Ultimate Projection Scale.

We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements are the disclosures related to GASB Statement No. 67, including the actuarial valuation results, and the GASB Statement No. 72 fair value disclosures.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in performing and completing our audit.

Disagreements with Management

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report.

We are pleased to report that no such disagreements arose during the course of our audit.

Corrected and Uncorrected Misstatement

Professional standards require us to accumulate all known and likely misstatements identified during the audits, other than those that are trivial, and communicate them to the appropriate level of management. We did not detect any misstatements as a result of audit procedures.

Significant Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting LACERA, and business plans and strategies that may affect the risks of material misstatement, with management each year prior to our retention as LACERA's auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition of our retention.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 15, 2025.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a second opinion on certain situations. If a consultation involves application of an accounting principle to LACERA's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Information Included in Annual Reports

Our responsibility for other information included in annual reports does not extend beyond the financial statements, and we do not express an opinion or any form of assurance on the other information. However, we read the investment, actuarial, and statistical sections of the Annual Comprehensive Financial Report (ACFR), and nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially misstated or materially inconsistent with the information or manner of its presentation appearing in the financial statements. The introductory section and Popular Annual Financial Report (PAFR) will be reviewed prior to issuance of the ACFR and PAFR to ensure they are not materially misstated or materially inconsistent with the information or manner of its presentation appearing in the financial statements.

To the Board of Retirement and
Board of Investments
Los Angeles County Employees
Retirement Association

October 15, 2025

We would like to take this opportunity to thank LACERA's staff for the cooperation and courtesy extended to us during our audits. Their assistance and professionalism are invaluable.

This report is intended solely for the use of the board of retirement, the board of investments, and management of LACERA and is not intended to be and should not be used by anyone other than these specified parties.

We welcome any questions you may have regarding the preceding communications, and we would be willing to discuss these or any other questions that you might have at your convenience.

Very truly yours,

Plante & Moran, PLLC

Kristin L. Hunt, CPA
Partner

Amanda Cronk, CPA
Principal

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To Management, the Board of Retirement,
and the Board of Investments
Los Angeles County Employees
Retirement Association

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the statement of fiduciary net position and the related statement of changes in fiduciary net position of Los Angeles County Employees Retirement Association (LACERA) as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise LACERA's financial statements, and have issued our report thereon dated October 15, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered LACERA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of LACERA's internal control. Accordingly, we do not express an opinion on the effectiveness of LACERA's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of LACERA's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether LACERA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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To Management, the Board of Retirement,
and the Board of Investments
Los Angeles County Employees
Retirement Association

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of LACERA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering LACERA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

October 15, 2025

ATTACHMENT D

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

REPORT ON AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024

Issued: October 15, 2025 - Final

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*The accompanying Notes to the Basic Financial Statements are an integral part of these basic financial statements.

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FINANCIAL SECTION

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Independent Auditor's Report

To the Board of Retirement and
the Board of Investments
Los Angeles County Employees
Retirement Association

Report on the Audits of the Financial Statements

Opinion

We have audited the financial statements of Los Angeles County Employees Retirement Association (LACERA) as of and for the years ended June 30, 2025 and 2024 and the related notes to the financial statements, which collectively comprise LACERA's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of LACERA as of June 30, 2025 and 2024 and the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Financial Statements* section of our report. We are required to be independent of LACERA and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As explained in Note P, the financial statements include investments valued at $29,100,000,000 (32 percent of net position) at June 30, 2025 and at $25,879,000,000 (31 percent of net position) at June 30, 2024, whose fair values have been estimated by management in the absence of readily determinable market values. Given that publicly listed prices are not available, management's estimates are based on alternative sources of information, including audited financial statements, unaudited interim reports, independent appraisals, and other similar sources of information to determine the fair value of investments. Our opinion is not modified with respect to this matter.

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 LACERA's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditor's Responsibilities for the Audits 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that audits conducted in accordance with GAAS and *Government Auditing Standards* 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 audits in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 LACERA'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 LACERA'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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as identified in the table of contents, 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, which 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 auditing standards generally accepted in the United States of America, 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 audits 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.

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To the Board of Retirement and
the Board of Investments
Los Angeles County Employees
Retirement Association

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise LACERA's basic financial statements. The supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is 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 audits 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 auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual financial report. The other information comprises the investment, actuarial, and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements or whether the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2025 on our consideration of LACERA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of LACERA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering LACERA's internal control over financial reporting and compliance.

Vlante & Moran, PLLC

October 15, 2025

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Management's Discussion and Analysis

INTRODUCTION

Management is pleased to present the Management's Discussion and Analysis (MD&A) of the Los Angeles County Employees Retirement Association's (LACERA's) financial activities for the fiscal years ended June 30, 2025 and June 30, 2024. This narrative overview and analysis is intended to provide context and insight into LACERA's financial performance.

FINANCIAL HIGHLIGHTS

LACERA's financial position remained resilient throughout fiscal year 2025 despite economic fluctuations, supported by prudent investment strategies, stable contributions, and disciplined expense management. The following highlights the key financial developments across the Pension Plan and Other Post-Employment Benefits (OPEB) Program.

Pension Plan

Statement of Fiduciary Net Position

- As of June 30, 2025, LACERA's Fiduciary Net Position was $86.2 billion, which is an increase of $7.0 billion or 8.8 percent from June 30, 2024, resulting from favorable market conditions and investment portfolio performance.

Statement of Changes in Fiduciary Net Position

- Total additions to fiduciary net position were $11.9 billion, an increase of $1.9 billion, representing a 19.0 percent increase over fiscal year 2024. The increase was primarily due to higher investment income.
- Total deductions to fiduciary net position totaled $4.9 billion, an increase of $266 million or 5.7 percent from the prior year, primarily attributable to higher pension benefits payments to retired members.

Funding Valuation

- Milliman, LACERA's independent actuarial consulting firm, completed the most recent actuarial valuation as of June 30, 2024, and determined the funded status—defined as the ratio of actuarial value of assets to actuarial accrued liabilities—of the Pension Plan to be 80.9 percent versus 79.9 percent as of June 30, 2023. The 1.0 percentage point increase in funded ratio was primarily due to additional employer contributions to amortize the Unfunded Actuarial Accrued Liability (UAAL). The annual 2025 Pension Plan valuation report is not yet available.

Governmental Accounting Standards Board Statement Number 67 (GASB 67)

- The Net Pension Liability, provided in accordance with GASB 67, was $10.7 billion for the fiscal year ended June 30, 2025. This represents a decrease of $2.8 billion from June 30, 2024, when the liability was $13.5 billion. The decrease was primarily due to an increase in investment income.
- As of June 30, 2025, the most recent measurement date, the Pension Plan's Fiduciary Net Position was 88.9 percent of the Total Pension Liability, an increase from 85.4 percent as measured for the previous fiscal year ended 2024. The ratio increased due to the growth in the Pension Plan's Fiduciary Net Position outpacing the increase in the Total Pension Liability.

Other Post-Employment Benefits (OPEB) Program

OPEB Trust

- The OPEB Trust receives and invests prefunding contributions from participating employers to satisfy liabilities of the Retiree Healthcare Benefits Program (also referred to as the OPEB Program). The Fiduciary Net Position increased by $1.0 billion, primarily due to employer contributions and investment gains for the fiscal year. The balance available to fund future OPEB liabilities as of June 30, 2025 increased by 26.6 percent, totaling $5.0 billion as compared to $4.0 billion for the prior fiscal year ended June 30, 2024.

OPEB Custodial Fund

- The OPEB Custodial Fund captures the operating activity of the Retiree Healthcare Benefits Program. The fund balance as of June 30, 2025 increased to $221.4 million from $215.3 million in the prior fiscal year end. The balance increased $6.1 million or 2.8 percent, and is held on behalf of plan sponsors after funding pay-as-you-go benefit costs. Plan sponsor contributions and positive investment performance contributed to the growth.

OVERVIEW OF THE FINANCIAL STATEMENTS

The MD&A introduces the LACERA Basic Financial Statements, which include the following primary components: the Statement of Fiduciary Net Position, Statement of Changes in Fiduciary Net Position, and Notes to the Basic Financial Statements. These statements are prepared in accordance with the accounting principles and reporting guidelines established by the Governmental Accounting Standards Board (GASB), using the accrual basis of accounting as prescribed by Generally Accepted Accounting Principles of the United States (U.S. GAAP). Separate statements are provided for the Pension Plan, OPEB Trust, and OPEB Custodial Fund, each of which reports annual financial activity.

Statement of Fiduciary Net Position

This statement provides a snapshot of account balances at fiscal year-end and reflects assets available for upcoming payments to retirees and their beneficiaries, minus any current liabilities as of the report date. The Fiduciary Net Position Restricted for Benefits (Fiduciary Net Position) amount, which equals total assets minus total liabilities, represents the funds available for future benefit payments.

Statement of Changes in Fiduciary Net Position

This statement summarizes all additions and deductions that occurred during the fiscal year and their impact on Fiduciary Net Position. The additions versus deductions trend indicates the financial condition over time for the Pension Plan, OPEB Trust, and OPEB Custodial Fund, separately.

Notes to the Basic Financial Statements (Notes)

The Notes are an integral part of the financial statements and provide detailed discussions of key policies, programs, and fiscal activity that occurred during the year. Other information to enhance LACERA's Basic Financial Statements is provided as follows:

- *Required Supplementary Information (RSI):* presents historical trend data to satisfy GASB 67 reporting requirements and discloses historical information to support the Net Pension Liability. Additionally, it includes OPEB Trust investment returns to ensure compliance with GASB Statement Number 74 requirements under an agent plan structure.
- *Supplementary Information (SI):* includes the schedules of Administrative Expenses, Investment Expenses, and Payments to Consultants, and is presented immediately after the RSI.

Pension Plan

Under the California Constitution, County Employees Retirement Law of 1937 (CERL), California Public Employees' Pension Reform Act of 2013 (PEPRA), Internal Revenue Code, and other applicable law, LACERA administers a tax-exempt cost-sharing multiple employer defined benefit retirement plan (Pension Plan) for eligible employees of the following agencies:

- County of Los Angeles (County)
- Superior Court of California, County of Los Angeles (Superior Court)
- Los Angeles County Employees Retirement Association (LACERA)
- Four outside districts:
  - Little Lake Cemetery District
  - Local Agency Formation Commission for the County of Los Angeles
  - Los Angeles County Office of Education
  - South Coast Air Quality Management District

The Pension Plan is presented separately in the Statement of Fiduciary Net Position as an irrevocable trust fund, which means that the assets of the fund may only be used to pay benefits and related administrative costs. LACERA collects contributions from employers and active members and invests these assets to ensure long-term funding of promised retirement benefits.

Other Post-Employment Benefits Program

Established in April 1982 pursuant to CERL, the Other Post-Employment Benefits Program (OPEB Program) offers:

- Medical and dental/vision healthcare plans for retired members and their eligible dependents
- Death/burial benefits for retired members only

LACERA administers the OPEB Program subject to the terms and conditions of the 1982 Agreement with the County. Under the California Government Code, the OPEB Program is legally distinct and separately funded from the Pension Plan. In 1994, the County amended the Agreement to ensure continuation of the OPEB Program regardless of changes to or termination of the active employee health insurance programs.

Program Tiers

In June 2014, the LACERA Board of Retirement approved the County's request to modify the Agreement, creating a new retiree healthcare benefits tier.

- Tier 1: Includes all retirees and employees hired before July 1, 2014; provides subsidies for retirees and eligible dependents
- Tier 2: Applies to employees hired on or after July 1, 2014; provides retiree-only subsidies, and Medicare eligible members are required to enroll in Medicare and a LACERA-administered Medicare healthcare plan.

Benefits

OPEB Program eligibility requires LACERA membership and retirement from the County, Superior Court, LACERA, or a participating outside district. The OPEB Program offers members the following benefits through third-party insurance carriers:

- Choice of HMO or indemnity medical plans (with some designed to work with Medicare benefits)
- Choice of two dental/vision plans

Employer Subsidy

Retirees may qualify for employer-paid medical/dental insurance subsidies ranging from 40 percent up to 100 percent of the selected plan or benchmark plan premium. LACERA bills the participating employers and members for healthcare premiums on a monthly basis, although Tier 2 excludes dependent subsidies. Program participants must pay their unsubsidized portion of the premium cost and Medicare Part B premium.The County reimburses members and/or their eligible dependents for Medicare Part B premiums up to the standard rate only.

OPEB Custodial Fund

This fund reflects the annual operating activity of the OPEB Program for all participating employers and members using a pay-as-you-go methodology to finance healthcare insurance premiums, administrative fees, and other healthcare benefits provided by the OPEB Program.

LACERA maintains two investment accounts and acts as a custodian for these excess balances from program operations, including funds held for administrative fees and insurance premium reserves. The OPEB Custodial Fund is presented separately in the Statement of Fiduciary Net Position.

OPEB Trust

Under the California Government Code, the County and the Superior Court established an irrevocable, tax-exempt OPEB Trust for the purpose of prefunding a portion of the LACERA-administered OPEB Program (or Retiree Healthcare Benefits Program) cost.

Los Angeles County

In May 2012, the County negotiated a trust and investment services agreement with the LACERA Board of Investments to manage and invest the OPEB Trust assets. The County and LACERA provide quarterly contributions, while administrative costs are deducted from the OPEB Trust.

Los Angeles County Superior Court

The Superior Court began prefunding its OPEB obligations through a Superior Court OPEB Trust effective June 30, 2016. LACERA and the Superior Court negotiated a trust and investment services agreement setting forth the terms under which the LACERA Board of Investments serves as Trustee. The Superior Court makes contributions on a discretionary basis at fiscal year-end, while administrative costs are deducted from the OPEB Trust.

OPEB Master Trust

The OPEB Master Trust is a LACERA-administered investment pool that facilitates, under a 2016 amendment to the County Trust and as permitted by the Superior Court Trust, combined assets and investment strategies for the County, Superior Court, and LACERA.

The OPEB Trust is legally distinct from the Pension Plan. LACERA's Board of Investments manages the OPEB Trust through an investment policy statement, approved by the LACERA Board of Investments, that defines goals and objectives. The OPEB Trust's Fiduciary Net Position at fiscal year-end measures the effort in prefunding future program costs and is presented separately in the OPEB Trust's Statement of Changes in Fiduciary Net Position. Pension Plan assets are used only in a limited instance when LACERA pays for post-employment costs, as an employer, for its retired employees and their eligible dependents.

FINANCIAL ANALYSIS — PENSION PLAN

Fiduciary Net Position

The Pension Plan's Fiduciary Net Position represents funds available for retirement benefits. This includes the balances of assets held by LACERA—such as investments, cash, and receivables—and liabilities, including amounts payable and due to others.

As of June 30, 2025, LACERA had Total Assets of $89.3 billion, which exceeded Total Liabilities of $3.1 billion, resulting in a Fiduciary Net Position of $86.2 billion. This amount reflects an increase of $7.0 billion or 8.8 percent from the prior year, primarily due to the appreciation of equity investment holdings and the increase in interest income from fixed income securities. As of the prior year June 30, 2024, LACERA had $82.2 billion of Total Assets, which was greater than $3.0 billion in Total Liabilities, resulting in a Fiduciary Net Position of $79.2 billion. This amount reflects an increase of $5.4 billion or 7.2 percent from the prior fiscal year 2023, primarily due to the appreciation of equity investment holdings and the increase in interest income from fixed income securities.

Fiduciary Net Position — Pension Plan

As of June 30, 2025, 2024, and 2023
(Dollars in Millions)

				2025 - 2024	2024 - 2023
	2025	**2024**	**2023**	**% Change**	**% Change**
Investments	**$82,395**	$75,016	$71,461	9.8%	5.0%
Other Assets	**6,902**	7,155	4,678	(3.5)%	52.9%
Total Assets	**$89,297**	$82,171	$76,139	8.7%	7.9%
Total Liabilities	**(3,109)**	(2,969)	(2,287)	4.7%	29.8%
Fiduciary Net Position	**$86,188**	**$79,202**	**$73,852**	**8.8%**	**7.2%**

Additions and Deductions to Fiduciary Net Position

Additions

The primary sources that fund LACERA's promised pension benefits are investment earnings and contributions from employers and members. For the three fiscal years ended 2025, 2024, and 2023, Total Additions from these sources amounted to $11.9 billion, $10.0 billion, and $8.0 billion respectively. Total Additions increases in all three fiscal years were primarily due to the appreciation of equity investment holdings and the increase in interest income from fixed income securities. Over the past 29 years, 68 cents of each LACERA pension dollar have been funded by returns on investments. Employee contributions have funded 10 cents of each dollar, while employer (County) contributions have funded the remaining 22 cents.

The net investment gain for fiscal year 2025 was approximately $8.3 billion, an increase of $1.7 billion from the 2024 fiscal year, when the net investment gain was $6.6 billion. This fiscal year's time-weighted investment return of 9.7 percent (net of fees) was higher than the actuarial assumed investment earnings rate of 7.0 percent, primarily due to strong equity performance and the increase in interest earnings from fixed income securities. In fiscal year 2024, the net investment gain was $6.6 billion, $1.7 billion greater than the net investment gain of $4.9 billion in 2023. The fiscal year 2024 time-weighted investment return of 9.1 percent (net of fees) was higher than the actuarial assumed investment earnings rate of 7.0 percent, primarily due to robust performance in the global equity markets.

Contributions

To finance employer contributions that are due to LACERA, the County and the outside districts made monthly cash payments or semi-monthly contributions to coincide with the employee payroll cycle. For the fiscal years ended June 30, 2025, and 2024, the required employer contributions due to LACERA were paid in full.

Deductions

LACERA's assets are primarily used to pay promised pension benefits to members and their beneficiaries, refund contributions to terminated employees, and cover the costs to administer the Pension Plan. During the fiscal year 2025, deductions totaled $4.9 billion, an increase of $266 million or 5.7 percent from the prior fiscal year. During the fiscal year 2024, deductions totaled $4.6 billion, an increase of $243 million or 5.5 percent from the prior fiscal year, 2023. The increases in fiscal years 2025 and 2024 were due to the growing number of LACERA retirees and corresponding retirement benefit payments, including cost-of-living adjustments.

Administrative Expenses

Administrative and miscellaneous expenses increased 6.7 percent from $119 million to $127 million from the fiscal years ended June 30, 2024 to June 30, 2025. This increase was driven by the filling of previously vacant positions, which led to higher salary and employee benefit costs, along with increased spending on software and hardware during the fiscal year. Administrative and miscellaneous expenses increased 5.3 percent from $113 million to $119 million from the fiscal years ended June 30, 2023 to June 30, 2024, due to salary and employee benefit growth, occupancy of previously vacant positions, higher staff development costs such as educational and travel expenses, and higher insurance and postage fees.

Fiduciary Net Position

For the fiscal years ended June 30, 2025 and 2024, the Fiduciary Net Position had a net increase of $7.0 billion for 2025 and a net increase of $5.4 billion for 2024. These amounts represent the annual change in fund balance made available for additional investments, retirement benefit payments, and LACERA's cost of operations. The increase in Fiduciary Net Position for both fiscal years 2025 and 2024 resulted primarily from the positive performance of LACERA's investment portfolio.

Additions and Deductions in Fiduciary Net Position — Pension Plan
For the Fiscal Years Ended June 30, 2025, 2024, and 2023
(Dollars in Millions)

				2025 - 2024		2024 - 2023	
	2025	**2024**	**2023**	**$ Change**	**% Change**	**$ Change**	**% Change**
Contributions	**$3,590**	$3,370	$3,095	$220	6.5%	$275	8.9%
Net Investment Income/(Loss)	**8,299**	6,617	4,861	1,682	25.4%	1,756	36.1%
Total Additions	**$11,889**	**$9,987**	**$7,956**	**$1,902**	**19.0%**	**$2,031**	**25.5%**
Benefits and Refunds	**($4,776)**	($4,518)	($4,281)	$258	5.7%	$237	5.5%
Administrative Expenses and Miscellaneous	**(127)**	(119)	(113)	8	6.7%	6	5.3%
Total Deductions	**($4,903)**	**($4,637)**	**($4,394)**	**$266**	**5.7%**	**$243**	**5.5%**
Net Increase/(Decrease)	**$6,986**	$5,350	$3,562	$1,636	30.6%	$1,788	50.2%
Fiduciary Net Position Beginning of Year	**79,202**	73,852	70,290	5,350	7.2%	3,562	5.1%
Fiduciary Net Position End of Year	**$86,188**	**$79,202**	**$73,852**	**$6,986**	**8.8%**	**$5,350**	**7.2%**

Pension Plan Investment Structure
Meketa Investment Group (Meketa), LACERA's general investment consultant, along with Investment Office staff, reviews the existing asset allocation structure every three to five years to recommend an appropriate allocation consistent with the economic environment, considering financial model assumptions and constraints.

Functional Categories
In March 2018, the LACERA Board of Investments adopted a functional asset category framework to improve the portfolio's risk/return profile and diversification across a full market cycle, reassigning traditional asset classes into Growth, Credit, Real Assets and Inflation Hedges, and Risk Reduction and Mitigation. As part of the 2021 strategic asset allocation study, the Board approved the addition of a fifth functional category: Overlays and Hedges.

Cash Overlay
In fiscal year 2020, LACERA implemented a cash overlay program for the Pension Plan designed to further rebalance the portfolio toward its functional category strategic weights using the portfolio's excess cash. LACERA maintains a strategic allocation to cash that generates investment income while allowing it to fund member benefit payments for three months.

Strategic Asset Allocation
In fiscal year 2024, the Board approved a new strategic asset allocation and updated the Investment Policy Statement and benchmarks for the Pension Plan. The allocation maintains broad diversification aligned with LACERA's Investment Beliefs, increasing the probability of achieving the 7.0 percent actuarial return, improving the modeled net-of-fees Sharpe Ratio versus the prior policy allocation, and preserving sufficient liquidity for benefit payments and expenses. The Sharp Ratio is a measure used in finance to evaluate the risk-adjusted return of an investment.

Pension Plan Liabilities
As GASB Statement Number 67 (GASB 67) requires, LACERA reports the Total Pension Liability and the Net Pension Liability as calculated by LACERA's actuary. The Total Pension Liability is the portion

of actuarial present value of projected benefit payments that is attributable to past periods of member service using the individual entry age actuarial cost method. The Net Pension Liability is the Total Pension Liability minus the plan's fiduciary net position. These liabilities, which are the employers' responsibility, are calculated under the guidance of GASB 67 for financial statement reporting purposes.

Net Pension Liability

The actuarial valuation of retirement benefits report (funding valuation) provides information about the employers' funding of such liabilities, including the Pension Plan's required contributions and funded status. In addition, the funding valuation serves as a basis for providing the information required for accounting and reporting disclosures (under GASB standards). The Total Pension Liability as of June 30, 2025 was $96.9 billion, or an increase of 4.5 percent from the Total Pension Liability of $92.7 billion as of June 30, 2024. The Net Pension Liability as of June 30, 2025 was $10.7 billion, representing a decrease of 20.7 percent from the Net Pension Liability of $13.5 billion as of June 30, 2024. The Net Pension Liability decreased by $2.8 billion because LACERA experienced a $7.0 billion increase in the Fiduciary Net Position, while the Total Pension Liability increased at a slower rate of $4.2 billion.

GASB 67 requires the presentation of the Fiduciary Net Position as a percentage of the Total Pension Liability. For the fiscal years ended June 30, 2025 and 2024, the Fiduciary Net Position as a percentage of the Total Pension Liability is reported as 88.9 percent and 85.4 percent, respectively. The decrease for the fiscal year ended June 30, 2025 is due to the growth in the Total Pension Liability of $4.2 billion with a higher increase in LACERA's Fiduciary Net Position of $7.0 billion, compared to the liability. The Total Pension Liability increased as generally expected from year to year and is consistent with prior experience over time. Contributing factors include the cost of benefits earned over the period, interest on the Total Pension Liability, investment activity, and benefit payments.

Net Pension Liability

As of June 30, 2025, 2024, and 2023

(Dollars in Millions)

				2025 - 2024		2024 - 2023	
	2025	**2024**	**2023**	**$ Change**	**% Change**	**$ Change**	**% Change**
Total Pension Liability	**$96,927**	$92,714	$88,469	$4,213	4.5%	$4,245	4.8%
Less: Fiduciary Net Position	**86,188**	79,202	73,852	6,986	8.8%	5,350	7.2%
Net Pension Liability	**$10,739**	**$13,512**	**$14,617**	**($2,773)**	**(20.5)%**	**($1,105)**	**(7.6)%**
Fiduciary Net Position as a Percentage of Total Pension Liability	**88.9%**	**85.4%**	**83.5%**	**N/A**	**N/A**	**N/A**	**N/A**

OPEB PROGRAM FINANCIAL REPORTING

There are two financial sources provided by plan sponsor employers used to fund the OPEB Program for retiree healthcare benefits. One is the OPEB Trust, which includes contributions set aside by participating employers to prefund future benefits and pay for current administrative costs. The other is the OPEB Custodial Fund, used to pay premium costs and administrative expenses on a current and ongoing basis.

Financial Analysis — OPEB Trust

Fiduciary Net Position

The OPEB Trust's Fiduciary Net Position represents funds available to pay future post-employment health care and related benefits. It includes the balances of assets contributed by participating employers, including the County, LACERA, and the Superior Court, such as investments, cash, and receivables, together with related liabilities, including amounts payable for investment and administrative expenses.

As of June 30, 2025, the OPEB Trust reported total assets of $5.2 billion, which exceeded total liabilities of $157 million, resulting in a Fiduciary Net Position of $5.0 billion available for future benefits and related supporting costs. This represents an increase of $1.0 billion, or 26.6 percent, from the prior fiscal year, primarily due to the appreciation of equity investment holdings and higher employer contributions.

As of June 30, 2024, the OPEB Trust reported total assets of $4.1 billion and total liabilities of $108 million, resulting in a Fiduciary Net Position of $4.0 billion. This was an increase of $0.9 billion, or 28.7 percent, compared to the fiscal year ended June 30, 2023, primarily due to robust performance in the global equity markets and higher employer contributions.

Fiduciary Net Position — OPEB Trust

As of June 30, 2025, 2024, and 2023
(Dollars in Millions)

				2025 - 2024	2024 - 2023
	2025	**2024**	**2023**	% Change	% Change
Investments	**$4,907**	$3,880	$3,022	26.5%	28.4%
Other Assets	**286**	206	72	38.8%	186.1%
Total Assets	**$5,193**	$4,086	$3,094	27.1%	32.1%
Total Liabilities	**(157)**	(108)	(2)	45.4%	5,300.0%
Fiduciary Net Position	**$5,036**	**$3,978**	**$3,092**	**26.6%**	**28.7%**

Additions and Deductions to Fiduciary Net Position

Additions

Employer prefunding contributions and investment earnings are two primary sources of additions for the OPEB Trust. For fiscal years ended 2025, 2024, and 2023, total additions amounted to $1.9 billion, $1.7 billion, and $1.4 billion, respectively. Investment expenses are charged to investment earnings.

Employer contributions reported in the OPEB Trust include both prefunding amounts and pay-as-you-go adjustments, described in the Contributions Adjustment paragraph below. Reported contributions totaled $1.5 billion in 2025, $1.3 billion in 2024, and $1.2 billion in 2023. Although the pay-as-you-go

amounts are not deposited into the OPEB Trust, GASB standards require that they be reported as contributions in the OPEB Trust Statement of Changes in Fiduciary Net Position.

The net investment income rose to $472 million in fiscal year 2025, compared to $368 million in fiscal year 2024 and $248 million in fiscal year 2023. This represented a 28.3 percent increase from 2024 and a 48.4 percent increase from 2023. The time-weighted rate of return on OPEB Trust investments was 11.1 percent in 2025 and 11.0 percent in 2024 (net of fees), both of which exceeded the actuarial assumed rate of 6.25 percent. These results were primarily attributable to strong performance in global equity markets.

Deductions

The primary deductions from the OPEB Trust fiduciary net position are service benefits and administrative expenses, which include the costs of LACERA employees who perform administrative activities for the OPEB Trust. Service benefits, which reflect the pay-as-you-go adjustment described in the Contributions Adjustment section, were $873 million in 2025, $797 million in 2024, and $745 million in 2023. Administrative expenses were approximately $1 million in each of the last three fiscal years. Total deductions amounted to $874 million in 2025, $798 million in 2024, and $746 million in 2023, resulting in an increase of 9.5 percent and 7.0 percent, respectively.

Contributions

Employers provided OPEB Trust prefunding contributions of $587 million for fiscal year 2025, a 13.2 percent increase from $519 million for fiscal year 2024, which represents a portion of the total contributions presented in this statement. This amount reflects only the actual prefunding contributions; reported contributions also include GASB adjustments, as described in the Contributions Adjustment paragraph below.

Contributions Adjustment

In addition to prefunding contributions, total contributions reported under GASB standards include both the actual prefunding amounts and pay-as-you-go benefit payments made by employers through the OPEB Custodial Fund. Although the pay-as-you-go amounts are not deposited into the OPEB Trust, GASB standards require that they be reported, for presentation only, as contributions in the OPEB Trust Statement of Changes in Fiduciary Net Position. Matching expenses are reported as service benefits, for presentation only, as an offset to the employers' and members' contributions to the OPEB Trust through deductions. These adjustments increased reported contributions to $1.5 billion for fiscal year 2025 and $1.3 billion for fiscal year 2024. The OPEB Custodial Fund collects these reimbursements from employers to cover retiree healthcare benefits, which are then reported as contributions in the Statement of Changes in Fiduciary Net Position of the OPEB Trust.

Additions and Deductions in Fiduciary Net Position — OPEB Trust

For the Fiscal Years Ended June 30, 2025, 2024, and 2023

(Dollars in Millions)

				2025 - 2024		2024 - 2023	
	2025	**2024**	**2023**	**$ Change**	**% Change**	**$ Change**	**% Change**
Contributions	**$1,460**	$1,316	$1,196	$144	10.9%	$120	10.0%
Net Investment Income	**472**	368	248	104	28.3%	120	48.4%
Total Additions	**$1,932**	**$1,684**	**$1,444**	**$248**	**14.7%**	**$240**	**16.6%**
Service Benefits	**($873)**	($797)	($745)	$76	9.5%	$52	7.0%
Administrative Expenses	**(1)**	(1)	(1)	—	0.0%	—	0.0%
Total Deductions	**($874)**	**($798)**	**($746)**	**$76**	**9.5%**	**$52**	**7.0%**
Net Increase	**$1,058**	$886	$698	$172	19.4%	$188	26.9%
Fiduciary Net Position at Beginning of Year	**3,978**	3,092	2,394	886	28.7%	698	29.2%
Fiduciary Net Position at End of Year	**$5,036**	**$3,978**	**$3,092**	**$1,058**	**26.6%**	**$886**	**28.7%**

OPEB Trust Investment Structure

The OPEB Trust is also referred to as the OPEB Master Trust throughout the financial statements and accommodates commingling and coinvesting of the County, LACERA, and Superior Court OPEB Trust funds. In June 2021, the LACERA Board of Investments adopted a revised asset allocation model for the OPEB Trust that included private market asset classes such as private equity, infrastructure, natural resources, illiquid credit, and real estate within the functional asset category structure. During the fiscal year ended 2023, LACERA selected an investment manager for this private market asset investment mandate. In January 2023, LACERA exercised its authority under the OPEB Trust to implement a unitized fund structure that allows for unitization of investments at the asset composite level while retaining individual net asset values for each participating employer.

Strategic Asset Allocation

During fiscal year 2024, the Board adopted a new strategic asset allocation for the OPEB Master Trust. The primary difference between the adopted strategic asset allocation and the prior version was the reduction of the Real Assets functional category to increase the weight to Risk Reduction and Mitigation category.

Information related to the OPEB Trust is included in the Financial Section's Note Q — OPEB Trust and Note N — OPEB Program, which describe program benefits, to meet financial reporting requirements.

Financial Analysis — OPEB Custodial Fund

Fiduciary Net Position

The OPEB Custodial Fund is used to pay benefit costs as incurred on an ongoing pay-as-you-go basis. As of June 30, 2025, the OPEB Custodial Fund's total assets exceeded total liabilities, resulting in a Fiduciary Net Position of $221 million. This balance, where total assets of $353 million exceeded total liabilities of $132 million, represents accumulated balances of excess healthcare premiums held in reserve and rebates due to federal program participation, both of which can be used to offset future OPEB costs. These funds are held at LACERA on behalf of the employers. At fiscal year-end June 30, 2024, the Fiduciary Net Position was $215 million as a result of total assets, reported at $334 million, exceeding total liabilities of $119 million. At fiscal year-end June 30, 2023, the Fiduciary Net

Position was $206 million as a result of total assets, reported at $304 million, exceeding total liabilities of $98 million.

Fiduciary Net Position — OPEB Custodial Fund
As of June 30, 2025, 2024, and 2023
(Dollars in Thousands)

				2025 - 2024	2024 - 2023
	2025	**2024**	**2023**	**% Change**	**% Change**
Investments	**$196,392**	$187,775	$181,677	4.6%	3.4%
Other Assets	**156,814**	146,123	122,927	7.3%	18.9%
Total Assets	**$353,206**	$333,898	$304,604	5.8%	9.6%
Total Liabilities	**(131,784)**	(118,577)	(98,396)	11.1%	20.5%
Fiduciary Net Position	**$221,422**	**$215,321**	**$206,208**	**2.8%**	**4.4%**

As required under GASB 84, LACERA's Statement of Changes in Fiduciary Net Position includes the financial activity of the OPEB Custodial Fund. For the fiscal years ended June 30, 2025, 2024 and 2023 total additions were $946 million, $871 million, $820 million and total deductions amounted to $940 million, $862 million and $806 million, respectively. This caused a $6 million and $9 million net increase in the Fiduciary Net Position over the last two fiscal years, as contributions from employers and members exceeded the total of benefit costs and administrative expenses. The net increase for fiscal year 2025 was less than the increase for fiscal year 2024 because of higher service benefit payments and reduced investment income. The OPEB Custodial Fund generated a net investment income, inclusive of miscellaneous income, of $7.5 million for the fiscal year ended June 30, 2025, $12.5 million for the fiscal year ended June 30, 2024, and $15.2 million for the fiscal year ended June 30, 2023.

Additions and Deductions in Fiduciary Net Position — OPEB Custodial Fund
For the Fiscal Years Ended June 30, 2025, 2024, and 2023
(Dollars in Thousands)

				2025 - 2024		2024 - 2023	
	2025	**2024**	**2023**	**Difference**	**% Change**	**Difference**	**% Change**
Contributions	**$938,469**	$858,929	$804,691	$79,540	9.3%	$54,238	6.7%
Net Investment Income	**7,507**	12,521	15,183	(5,014)	(40.0)%	(2,662)	(17.5)%
Total Additions	**$945,976**	**$871,450**	**$819,874**	**$74,526**	**8.6%**	**$51,576**	**6.3%**
Service Benefits	**($927,299)**	($847,991)	($793,711)	$79,308	9.4%	$54,280	6.8%
Administrative Expenses and Miscellaneous	**(12,576)**	(14,346)	(12,465)	(1,770)	(12.3)%	1,881	15.1%
Total Deductions	**($939,875)**	**($862,337)**	**($806,176)**	**$77,538**	**9.0%**	**$56,161**	**7.0%**
Net Increase/(Decrease)	**$6,101**	$9,113	$13,698	($3,012)	(33.1)%	($4,585)	(33.5)%
Fiduciary Net Position at Beginning of Year	**215,321**	206,208	192,510	9,113	4.4%	13,698	7.1%
Fiduciary Net Position at End of Year	**$221,422**	**$215,321**	**$206,208**	**$6,101**	**2.8%**	**$9,113**	**4.4%**

PLAN ADMINISTRATION

LACERA Membership

The following table summarizes the changes in active and retired members over the last three years. Active members increased by 1,797 or 1.5 percent as of June 30, 2025, primarily due to the County's growing workforce. The retired member population increased by 1,923 or 2.6 percent when comparing the two fiscal years ended June 30, 2025 and 2024, as a higher percentage of members retired and there were fewer retiree deaths. When contrasting the two fiscal years 2023 and 2024, active members increased by 2,630 or 2.2 percent as of June 30, 2024, while retired members increased by 1,759 or 2.4 percent as of June 30, 2023.

LACERA Membership

As of June 30, 2025, 2024, and 2023

				2025 - 2024		2024 - 2023	
	2025	**2024**	**2023**	**Difference**	**% Change**	**Difference**	**% Change**
Active Members[1]	**121,758**	119,961	117,331	1,797	1.5%	2,630	2.2%
Retired Members	**76,704**	74,781	73,022	1,923	2.6%	1,759	2.4%
Total Membership	**198,462**	**194,742**	**190,353**	**3,720**	**1.9%**	**4,389**	**2.3%**

[1]Active member counts include inactive members who are both vested and non-vested, but not yet retired.

ACTUARIAL FUNDING VALUATIONS

The actuarial funded status determines if the Fiduciary Net Position can meet the Pension Plan's future obligations. An actuarial valuation appraises the assets available for promised benefits and compares them to actuarial liabilities—the actuarial present value of all future benefits expected for each member. Annual actuarial valuations assess the Pension Plan's funded status and identify future contribution amounts needed from the employers (plan sponsors) and the employees (members) to provide all promised future benefits. Experience studies are performed every three years to review the actuarial assumptions and methods applied to the annual valuations.

Actuarial Liabilities

As of June 30, 2024, the most recent valuation, the Actuarial Accrued Liability (AAL) totaled $94.8 billion, and the actuarial value of assets was $76.7 billion, resulting in an Unfunded Actuarial Accrued Liability (UAAL) of $18.1 billion.

Actuarial Assumptions

In December 2022, following the most recent experience and assumption study, the LACERA Board of Investments adopted to reaffirm the investment return assumption of 7.0 percent for the June 30, 2022 actuarial valuation due to capital market projections and economic forecasts. Changes to actuarial assumptions included revising merit salary increases, updating service retirement rates, and refreshing the mortality improvement scale. The June 30, 2024 actuarial valuation increased employee and employer contribution rates for the fiscal year beginning July 1, 2025, as recommended by the consulting actuary and adopted by the Board of Investments.

Funded Ratios

The funded ratio measures the funded status of the Pension Plan and is calculated by dividing the Valuation Assets by the AAL. Valuation Assets include cash, investments, and other Pension Plan assets used by the actuary for the purpose of preparing the actuarial valuation. Investment returns vary over time, causing fluctuations in Valuation Assets. As of June 30, 2024, the Pension Plan's Funded Ratio of the actuarial assets to the AAL increased to 80.9 percent from 79.9 percent as of the

June 30, 2023 valuation. As determined for the July 1, 2024 OPEB valuation, the OPEB Program's Funded Ratio of the actuarial assets to the AAL increased to 16.1 percent, as compared to 13.2 percent reported in the July 1, 2023 valuation.

Pension Plan Investment Return

For the 2024 and 2023 fiscal year-end actuarial valuations, respectively, the Pension Plan investment portfolio returned 9.1 percent and 6.4 percent (both net of fees) on a time-weighted market basis, compared to the 7.0 percent investment return assumption. The annual 2025 pension valuation report is not yet available.

OPEB Trust Investment Return

The annual time-weighted rate of return on OPEB Trust investments, net of OPEB Trust investment expenses as of the fiscal years ended June 30, 2025, and 2024, were 11.1 percent, and 11.0 percent, respectively, while the investment return assumption was 6.25 percent. The County, LACERA, and the Superior Court continued to provide OPEB Trust contributions, which increased prefunding assets and offset the AAL. The annual 2025 OPEB Program valuation report is not yet available.

LACERA OPERATIONS

LACERA's mission to produce, protect, and provide promised benefits has consistently guided our decisions. The financial statements demonstrate LACERA's capability to serve members and manage the retirement system effectively, even in a dynamic environment. LACERA's financial flows and operational approaches remained consistent as the fund collected contributions from members and plan sponsors; provided counseling and retirement services to members through multiple channels; successfully managed the pension fund investment portfolio, achieving returns exceeding the actuarial investment return assumption; and delivered retirement and retiree healthcare benefits to our members without interruption. Throughout the year, LACERA's governing boards and executive team remained focused on implementing strategic plans and organizational initiatives to prepare for the future.

ACCOUNTING AND FINANCIAL REPORTING STANDARDS EFFECTIVE FOR UPCOMING FISCAL YEARS

Financial Reporting Model Improvements

In April 2024, GASB issued Statement Number 103 (GASB 103), Financial Reporting Model Improvements, to improve the effectiveness of providing information that is essential for decision-making and assessing a government's accountability while also addressing certain application issues. GASB 103 requires the MD&A provide an objective and easily readable analysis of the government's financial activities, provide results of operations in comparison with the prior year, refer users to the component unit's separately issued financial statements, remove unnecessary duplication, and include relevant explanations rather than boilerplate discussion. The requirements of this Statement are effective for LACERA's fiscal year ending June 30, 2026.

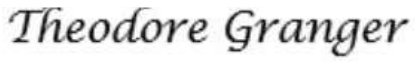
REQUESTS FOR INFORMATION

This annual comprehensive financial report is designed to provide the members, plan sponsors, LACERA Boards of Retirement and Investments, and interested third parties with a general overview of LACERA's finances and to show accountability for the funds it receives and its management of the Pension Plan and OPEB Program.

Address questions regarding this report and/or requests for additional financial information to:

Chief Financial Officer
LACERA
300 N. Lake Avenue
Pasadena, CA 91101

Respectfully submitted,



Theodore Granger
Chief Financial Officer

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Statement of Fiduciary Net Position

As of June 30, 2025 and 2024

(Dollars in Thousands)

	2025			2024		
	Pension Plan	OPEB Trust	OPEB Custodial Fund	Pension Plan	OPEB Trust	OPEB Custodial Fund
ASSETS						
Cash & Short-Term Investments						
Cash and Cash Equivalents	$2,451,959	$225,887	$71,293	$3,149,007	$177,282	$64,266
Cash and Short-Term Investments on Loaned Securities	2,548,885	—	—	2,359,153	—	—
Total Cash & Short-Term Investments	**$5,000,844**	**$225,887**	**$71,293**	**$5,508,160**	**$177,282**	**$64,266**
Receivables						
Contributions Receivable	$147,386	$—	$—	$139,950	$—	$—
Accounts Receivable - Sale of Investment	298,646	22,761	5,531	154,063	12,415	7,714
Accrued Interest and Dividends	241,779	37,578	1,011	197,731	15,507	1,044
Accounts Receivable - Other	6,613	—	78,979	6,418	—	73,099
Notes Receivable - Sale of Investments	1,206,596	—	—	1,149,153	—	—
Total Receivables	**$1,901,020**	**$60,339**	**$85,521**	**$1,647,315**	**$27,922**	**$81,857**
Investments, at Fair Value						
Equity	$27,882,122	$2,515,430	$—	$29,462,196	$2,107,137	$—
Fixed Income	25,667,373	2,257,799	196,392	19,855,304	1,735,690	187,775
Private Equity	13,803,331	42,542	—	13,057,191	18,175	—
Real Estate	4,534,296	44,367	—	4,406,609	2,431	—
Hedge Funds	6,497,104	—	—	4,875,300	—	—
Real Assets	4,010,516	46,400	—	3,359,137	16,894	—
Total Investments at Fair Value	**$82,394,742**	**$4,906,538**	**$196,392**	**$75,015,737**	**$3,880,327**	**$187,775**
TOTAL ASSETS	**$89,296,606**	**$5,192,764**	**$353,206**	**$82,171,212**	**$4,085,531**	**$333,898**
LIABILITIES						
Accounts Payable - Purchase of Investments	$464,200	$91,750	$6,083	$517,077	$60,007	$7,879
Retiree Payable and Other	3,822	—	552	2,830	—	465
Accrued Expenses	30,060	562	891	30,428	986	839
Tax Withholding Payable	48,458	—	—	45,367	—	—
Obligations under Securities Lending Program	2,548,885	—	—	2,359,152	—	—
Accounts Payable - Other	13,563	64,445	124,258	14,133	46,667	109,394
TOTAL LIABILITIES	**$3,108,988**	**$156,757**	**$131,784**	**$2,968,987**	**$107,660**	**$118,577**
FIDUCIARY NET POSITION RESTRICTED FOR BENEFITS	**$86,187,618**	**$5,036,007**	**$221,422**	**$79,202,225**	**$3,977,871**	**$215,321**

The accompanying Notes to the Basic Financial Statements are an integral part of these basic financial statements.

Statement of Changes in Fiduciary Net Position

For the Fiscal Years Ended June 30, 2025 and 2024

(Dollars in Thousands)

	2025			2024		
	Pension Plan	OPEB Trust	OPEB Custodial Fund	Pension Plan	OPEB Trust	OPEB Custodial Fund
ADDITIONS						
Contributions						
Employer[1]	$2,670,874	$1,460,060	$883,203	$2,509,071	$1,316,128	$807,722
Member	919,148	—	55,266	861,042	—	51,207
Total Contributions	**$3,590,022**	**$1,460,060**	**$938,469**	**$3,370,113**	**$1,316,128**	**$858,929**
Investment Income						
From Investment Activities:						
Net Appreciation in Fair Value of Investments	$3,413,648	$195,527	$2,191	$2,834,757	$234,787	$2,076
Investment Income	5,027,708	285,773	11,566	3,943,479	137,210	9,275
Total Investment Activities Income	**$8,441,356**	**$481,300**	**$13,757**	**$6,778,236**	**$371,997**	**$11,351**
Less Expenses from Investment Activities:	($167,079)	($9,649)	($154)	($184,367)	($3,586)	($150)
Net Investment Activities Income	**$8,274,277**	**$471,651**	**$13,603**	**$6,593,869**	**$368,411**	**$11,201**
From Securities Lending Activities:						
Securities Lending Income	$141,680	$—	$—	$134,663	$—	$—
Less Expenses from Securities Lending Activities:						
Borrower Rebates	($121,451)	$—	$—	($114,315)	$—	$—
Management Fees	(2,266)	—	—	(2,233)	—	—
Total Expenses from Securities Lending Activities	**($123,717)**	**$—**	**$—**	**($116,548)**	**$—**	**$—**
Net Securities Lending Income	**$17,963**	**$—**	**$—**	**$18,115**	**$—**	**$—**
Total Net Investment Income	**$8,292,240**	**$471,651**	**$13,603**	**$6,611,984**	**$368,411**	**$11,201**
Miscellaneous	$6,770	$—	($6,096)	$5,334	$—	$1,320
TOTAL ADDITIONS	**$11,889,032**	**$1,931,711**	**$945,976**	**$9,987,431**	**$1,684,539**	**$871,450**
DEDUCTIONS						
Retiree Payroll	$4,730,836	$—	$—	$4,470,099	$—	$—
Service Benefits[1]	—	872,675	927,299	—	797,431	847,991
Administrative Expenses	127,185	900	12,576	118,628	1,077	11,910
Refunds	41,791	—	—	43,666	—	—
Lump Sum Death Benefits	3,483	—	—	4,372	—	—
Miscellaneous	344	—	—	327	—	2,436
TOTAL DEDUCTIONS	**$4,903,639**	**$873,575**	**$939,875**	**$4,637,092**	**$798,508**	**$862,337**
NET INCREASE IN FIDUCIARY NET POSITION	**$6,985,393**	**$1,058,136**	**$6,101**	**$5,350,339**	**$886,031**	**$9,113**
FIDUCIARY NET POSITION RESTRICTED FOR BENEFITS						
BEGINNING OF YEAR	**$79,202,225**	**$3,977,871**	**$215,321**	**$73,851,886**	**$3,091,840**	**$206,208**
END OF YEAR	**$86,187,618**	**$5,036,007**	**$221,422**	**$79,202,225**	**$3,977,871**	**$215,321**

[1]OPEB Trust Employer Contributions and Service Benefits are adjusted. Refer to Note B — Summary of Significant Accounting Policies for additional information. See Note Q for OPEB Trust prefunding contributions.

The accompanying Notes to the Basic Financial statements are an integral part of these basic financial statements.

NOTE A — Benefit Plan Descriptions

Pension Plan

The Los Angeles County Employees Retirement Association (LACERA) was established on January 1, 1938. It is governed by the California Constitution, the County Employees Retirement Law of 1937 (CERL), the California Public Employees' Pension Reform Act of 2013 (PEPRA), relevant provisions of the Internal Revenue Code, and the regulations, policies, and procedures adopted by the LACERA Board of Retirement and the LACERA Board of Investments. The Los Angeles County (County) Board of Supervisors may also adopt resolutions, as permitted by CERL, which may affect the retirement benefits of LACERA members. LACERA operates as a tax-exempt, cost-sharing, multiple-employer defined benefit pension plan for Los Angeles County (County); LACERA; Superior Court of California, County of Los Angeles (Superior Court); and four outside districts: Little Lake Cemetery District, Local Agency Formation Commission for the County of Los Angeles, Los Angeles County Office of Education, and South Coast Air Quality Management District.

Retiree Healthcare Benefits Program

In April 1982, the County adopted an ordinance pursuant to CERL that created the Retiree Healthcare Benefits Program, also referred to as the Other Post-Employment Benefits Program (OPEB Program). The OPEB Program provides medical, dental, and vision insurance, including a subsidy for eligible dependents, as well as death/burial benefits for retired employees. In that same year, the County and LACERA entered into an agreement whereby LACERA would administer the program subject to the terms and conditions of the agreement. In 1994, the County amended the agreement to ensure that the OPEB Program will continue even if there are changes to or termination of the active employee health insurance programs.

In June 2014, at the County's request, the LACERA Board of Retirement approved an amendment to the agreement that created a new retiree healthcare benefits program tier to lower costs by excluding the subsidy for dependents. The Los Angeles County Retiree Healthcare Benefits Program Tier 2 was established and provides benefits for all employees hired after June 30, 2014. The existing benefits program and current membership at that time was identified as Tier 1.

In July 2018, the OPEB Program, in which the County, LACERA, Superior Court, and the outside districts participate, was restructured as an agent multiple-employer defined benefit OPEB plan. The OPEB Program description and benefit provisions are explained in Note N — OPEB Program.

Governance

The LACERA Board of Retirement (BOR) is responsible for the administration of the retirement system, review and processing of disability retirement applications, and administration of the OPEB Program, including overseeing OPEB actuarial matters. The BOR is composed of 12 trustees. Four trustees and two alternate trustees are elected by members; four trustees are appointed by the County Board of Supervisors; and the law requires the County Treasurer and Tax Collector to serve as an ex-officio trustee, with the Chief Deputy County Treasurer and Tax Collector (acting ex-officio) sitting in for the ex-officio trustee as needed. Of the six elected seats, active general members elect two trustees; retired members elect one trustee and one alternate trustee; and safety members elect one trustee and one alternate trustee.

The LACERA Board of Investments (BOI) is responsible for establishing LACERA's investment policy and objectives, deciding pension fund actuarial matters, including setting assumptions and member

and employer contribution rates, setting retirement system funding policies, and exercising oversight and monitoring the investment management of the trust funds and the OPEB Trust. Under the Constitution and CERL, the Board shall diversify fund investments so as to minimize the risk of loss and maximize the rate of return, unless under the circumstances it is clearly prudent not to do so. The BOI is composed of 10 trustees. Four trustees are elected: Active general members elect two trustees; retired members elect one trustee; and safety members elect one trustee. Four trustees are appointed by the Los Angeles County Board of Supervisors and are required as a condition of appointment to have significant prior experience in institutional investing. In addition, the law requires the County Treasurer and Tax Collector to serve as an ex-officio trustee, with the Chief Deputy County Treasurer and Tax Collector (acting ex-officio) sitting in for the ex-officio trustee as needed. The BOR and BOI are jointly responsible for LACERA's budget, personnel classifications and salaries, and oversight of the Chief Executive Officer.

Under the California Constitution and CERL, the boards and their trustees have a fiduciary duty to perform their duties with respect to the system solely in the interest of, and for the exclusive purposes of providing benefits to, LACERA's members and their beneficiaries. The boards and the trustees also have the responsibility to minimize employer contributions and defray the reasonable expenses of administering the system. The duty to members and their beneficiaries takes precedence over any other duty, and the trustees shall act consistently with this duty of loyalty. In performing their fiduciary duty, the trustees shall act with the care, skill, prudence, and diligence that a prudent fiduciary familiar with the matters and the circumstances of each particular decision would use in the conduct of a similar enterprise with like aims.

Membership

LACERA provides retirement, disability, and death benefits to its active safety and general members and administers the plan sponsors' Retiree Healthcare Benefits (or OPEB) Program. Safety membership includes law enforcement (sheriff and district attorney investigators), firefighting, forester, and lifeguard classifications. General membership is applicable to all other occupational classifications. The retirement benefits within the pension plan are tiered based on the date of LACERA membership and other factors. Additional information regarding the benefits structure is available by contacting LACERA or visiting the lacera.gov website.

LACERA Pension Plan Membership

As of June 30, 2025 and 2024

	2025			2024		
	General	Safety	Total	General	Safety	Total
Active Members						
Vested	65,279	10,151	75,430	65,479	9,948	75,427
Non-Vested	22,333	2,026	24,359	20,810	2,463	23,273
Total Active Members	**87,612**	**12,177**	**99,789**	**86,289**	**12,411**	**98,700**
Inactive Members[1]						
Vested[2]	8,974	708	9,682	9,008	711	9,719
Non-Vested	11,433	854	12,287	10,753	789	11,542
Total Inactive Members	**20,407**	**1,562**	**21,969**	**19,761**	**1,500**	**21,261**
Total Active & Inactive Members	**108,019**	**13,739**	**121,758**	**106,050**	**13,911**	**119,961**
Retired Members						
Service	49,865	5,186	55,051	48,434	5,166	53,600
Disability	3,728	7,619	11,347	3,717	7,334	11,051
Survivors & Beneficiaries	8,155	2,151	10,306	8,020	2,110	10,130
Total Retired Members	**61,748**	**14,956**	**76,704**	**60,171**	**14,610**	**74,781**
Total Membership	**169,767**	**28,695**	**198,462**	**166,221**	**28,521**	**194,742**

[1]Inactive members are terminated/out-of-service.
[2]Inactive vested members are deferred.

PLAN FUNDING

Pension Plan

Pension plan funding is derived from three sources: realized investment earnings; employer contributions; and employee contributions, including those made by the employer on behalf of employees pursuant to Section 414(h)(2) of the Internal Revenue Code (IRC). Pension plan assets are held separate from other assets, including the distinct OPEB Trust and OPEB Custodial Fund, and are invested pursuant to policies and procedures adopted by the LACERA Board of Investments. Pension plan gross income is exempt from federal income taxation under IRC §115.

OPEB Trust

In 2012, the County and LACERA, as participating employers, established an OPEB Trust for the purpose of holding and investing assets to prefund the OPEB Program administered by LACERA for eligible retired members and eligible dependents and survivors of LACERA members. In June 2016, the Superior Court established and began making OPEB prefunding contributions to the Superior Court OPEB Trust. The assets held within the OPEB Trusts meet the criteria of qualifying trusts under Governmental Accounting Standards Board (GASB) Statement Number 74 and do not modify the OPEB Program benefits.

The County and Superior Court entered into separate trust and investment services agreements with the LACERA Board of Investments to serve as trustee with sole and exclusive authority, control over, and responsibility for directing the investment and management of the respective employers' OPEB Trust assets. The County and Superior Court OPEB Trust documentation and structure are substantively similar. The LACERA Board of Investments serves as trustee for the two OPEB Trusts, exercising similar authority for each employer's OPEB Trust assets. Gross income from all OPEB

Trusts described above is exempt from federal income taxation under IRC §115. LACERA obtained letter rulings from the Internal Revenue Service to this effect.

In 2016, the County trust agreement was amended to permit the co-investment of the County and the Superior Court's trust assets. The LACERA Board of Investments approved the formation of an OPEB Master Trust to commingle funds of the County OPEB Trust and the Superior Court OPEB Trust for investment purposes only.

The LACERA Board of Investments is responsible for determining the OPEB Trust investment objectives, strategies, and policies, as well as exercising authority over the investment management of the fund. An investment policy statement defines the framework by which LACERA manages the OPEB Trust assets. The LACERA Board of Investments periodically reviews and adopts the investment policy statement, including a strategic asset allocation for investment diversification, growth optimization, and risk mitigation across the assets of the OPEB Trust. Contributions and transfers to the OPEB Trust are determined at the employers' discretion, as there are no statutory requirements for minimum contributions.

OPEB Custodial Fund

LACERA administers a health insurance and death benefits program (OPEB Program) for the County, Superior Court, LACERA, and participating outside district employers' (Plan Employers) retired employees and their dependents. Pursuant to an administrative agreement between the County, LACERA, and certain County ordinances, the County subsidizes, either in whole or in part, insurance premiums covering certain program participants who meet active service credit requirements.

LACERA maintains three primary accounts under the OPEB Custodial Fund: the OPEB Administrative Account, OPEB Premiums Account, and OPEB Reserve Account. The Plan Employers provide monthly contributions to fund current benefits and own the funds in these accounts, which LACERA reports and invests separately from Pension Plan and OPEB Trust assets. The funds held within the OPEB Custodial Fund investment accounts do not meet the definition of a qualifying OPEB Trust under GASB 74 and are not used to reduce the employers' Total OPEB Liability. External investment managers invest funds in both accounts pursuant to policies and procedures approved by the LACERA Board of Investments. In addition, investment income realized in these types of accounts maintained by government entities generally is exempt from federal income taxation under IRC §115.

<u>OPEB Administrative Account</u>

This account is primarily used to fund the OPEB Program's operations. Additions include the retiree healthcare administrative fee subsidies collected from the Plan Employers, administrative fees collected from OPEB Program member participants, and interest income. Deductions include the Program's administrative expenses. The OPEB Program's administrative costs are paid for by the Plan Employers and members, not from the Pension Plan's assets, except as to LACERA's share as a participating employer.

<u>OPEB Premiums Account</u>

This account is primarily used to fund the OPEB Program's healthcare benefits. Additions include the monthly health insurance premium subsidies collected from the Plan Employers; premium payments collected from program participants; and interest income. Deductions include premium payments made to insurance carriers.

OPEB Reserve Account

This account was established by the Board of Retirement to help stabilize health insurance premium rates over time. Annual surpluses and deficits for the various insurance plans result from the difference between premiums received and the healthcare costs incurred. The accumulated surplus is held in this account to address deficits and/or emergency premiums. Additions include rebates from insurance carriers and other income. Deductions include management fees and County-authorized payments to offset waived premium costs (insurance premium holidays) for both the County and affected program participants. In 2013, the LACERA Board of Retirement adopted a policy that established an account balance minimum target amount, which is 20 percent of the total annual premium cost by plan for indemnity medical and dental/vision plans. As of fiscal years ended June 30, 2025 and 2024, the OPEB Reserve Account balance was in compliance with the Board's policy.

OPEB Federal Program Rebates

LACERA's retiree healthcare program participates in the Retiree Drug Subsidy and Low Income Subsidy federal programs offered by the Centers for Medicare and Medicaid Services (CMS). LACERA files annual claims with CMS and receives subsidies for eligible LACERA retirees who participate in eligible Medicare insurance plans. These restricted funds are held by LACERA in accordance with federal guidelines in a zero-risk account and, at the discretion of the plan sponsor, are applied to the retiree healthcare program for the benefit of employers and program participants including the transfer of a portion of such funds to the OPEB Trust.

Benefit Provisions

Retirement benefit vesting occurs when a member accumulates five years of creditable service under contributory plans or accumulates 10 years of creditable service under the general service non-contributory plan. Depending on the retirement plan, benefits—according to applicable statutory formula—are based upon 12 or 36 months of average compensation, age at retirement, and length of service as of the retirement date. Vested members who terminate employment before retirement age are considered terminated vested (deferred) members. Service-connected disability benefits may be granted regardless of length of service. Five years of service are required for nonservice-connected disability eligibility, according to applicable statutory formula. Members of the non-contributory plan, who are covered under separate long-term disability provisions not administered by LACERA, are not eligible for disability benefits provided by LACERA. A Summary of Major Program Provisions for the Pension Plan is available upon request by contacting LACERA or visiting the LACERA website. OPEB Program provisions are explained in Note N — OPEB Program and posted on lacera.gov.

Replacement Benefit Program (RBP)

In addition to the Pension Plan, the County established the RBP pursuant to Ordinance 2010-0048 and as permitted by and in accordance with CERL Section 31899.4. For certain retired members of LACERA whose annual Pension Plan benefits exceed the limits set forth under IRC § 415, the RBP provides additional retirement benefit payments that would have otherwise been payable under the Plan except for the federal limit. For such retirees, the retirement benefit permitted by IRC § 415 is paid by LACERA under the Plan and the excess benefit payment amount is paid from the RBP. The RBP is funded solely by the County, and RBP benefits are paid from the general assets of the County. As provided by CERL Section 31899.4(a), LACERA, the Superior Court, and outside districts shall also provide a replacement benefit program if needed to not "impair the vested rights of any person," though PEPRA Section 7522.43 prohibits such plans for replacement benefits of any "new member." LACERA expects to address the RBP eligibility and funding uniformly among its participating employers.

See Note C — Pension Plan Contributions, for an explanation of the RBP's impact on County contributions.

Cost-of-Living Adjustment (COLA)

Each year, the LACERA Board of Retirement considers how the change in the cost-of-living, a measure of inflation, has affected the purchasing power of monthly retirement benefit allowances paid by LACERA. The cost-of-living is measured by the Bureau of Labor Statistics, which releases the Consumer Price Index (CPI) for all Urban Consumers in the Los Angeles-Long Beach-Anaheim area as of January 1. The difference between the current and previous year's CPI shows whether the cost of living has increased or decreased within this geographic region during the past year.

The LACERA Board of Retirement may grant an annual statutory COLA increase for monthly retirement allowances up to 3 percent for Plan A members or 2 percent for all other retired members. If the CPI has decreased, it is possible for the LACERA Board of Retirement to decrease monthly allowances; however, a decrease in allowances has never occurred. If applied, a cost-of-living decrease could not reduce a member's allowance to an amount less than the allowance received at the time of retirement.

CERL also allows the amount of any CPI cost-of-living increase in any year that exceeds the maximum annual change of 3 percent or 2 percent in retirement allowances to be accumulated and tracked. The accumulated percentage carryover is known as the COLA Accumulation which, under certain circumstances, may be applied to retirement allowances in future years when the cost of living falls below the maximum amount. LACERA members may receive more than one type of COLA, which requires Board of Retirement approval.

Statutory COLA ("April 1 COLA")

The COLA percentage adjustment is effective annually on April 1. Contributory plan members who retire prior to April 1, or eligible survivors of members who died prior to April 1, are eligible for that year's COLA. The adjustment begins with the April 30 monthly allowance. The COLA provision was added to CERL in 1966, and LACERA's first COLA was granted July 1, 1967.

Plan E COLA

Effective June 4, 2002, Plan E noncontributory members and their survivors are also eligible for a COLA. The portion of the COLA percentage received by each Plan E member is a ratio of the member's service credit earned on and after June 4, 2002 to total service credit. The portion of the full increase not awarded may be purchased by the member.

Supplemental Targeted Adjustment for Retirees (STAR) COLA Program

In addition to statutory cost-of-living adjustments, the CERL also provides the LACERA Board of Retirement the authority to grant supplemental cost-of-living adjustments for retirement benefits. Under this program, known as the STAR Program, excess earnings held in reserve may be used to restore retirement allowances to retirees and survivors whose allowances have lost more than 80 percent of their purchasing power. Loss of purchasing power varies based on an individual retiree's plan and retirement date and is tracked through COLA Accumulation balances maintained by LACERA. When the balances exceed 20 percent, retirees and survivors are considered eligible for STAR Program benefits. STAR benefits apply to retirees in contributory plans only.

The STAR percentage increase is effective annually on January 1 at the Board of Retirement's discretion and upon approval, provided sufficient excess earnings are available in the STAR Reserve. LACERA's consulting actuary calculates the cost of awarding STAR benefits. The Board of Retirement may approve ad hoc STAR benefits that are payable only for the calendar year approved or permanent STAR benefits that become part of the member's retirement allowance for a lifetime. For ad-hoc awards, benefits are paid from the STAR Reserve directly; for the lifetime awards, funds are transferred from the STAR Reserve to the Employer Reserve to pay benefits.

NOTE B — Summary of Significant Accounting Policies

Reporting Entity

LACERA, governed by its two independent boards—the Board of Retirement and Board of Investments (Boards)—is an independent governmental entity separate and distinct from the County of Los Angeles (County) and having plenary authority and sole and exclusive fiduciary responsibility for the system's management, administration and investment of funds. Due to the nature of the relationship between LACERA and the County and pursuant to GASB Statement Number 84, Fiduciary Activities, the LACERA Pension and Other Post-Employment Benefit (OPEB) Trust Funds are considered fiduciary component units of Los Angeles County and are reported in the County's financial statements as fiduciary funds, due to the Trust Funds' reliance on County funding and their operations primarily benefiting the County. In addition, LACERA's financial statements include the OPEB Custodial Fund held by LACERA on behalf of Los Angeles County and participating employers. The OPEB Custodial Fund reports fiduciary activities not included in a qualified trust or equivalent arrangement but conducted by LACERA on behalf of the County pursuant to the 1982 Agreement, as amended.

Maintaining appropriate controls and preparing the financial statements are the responsibility of LACERA management. LACERA's Audit, Compliance, Risk, and Ethics (ACRE) Committee and the Chief Audit Executive assist the LACERA Boards in fulfilling their fiduciary oversight responsibilities for the organization's financial reporting process; values and ethics; internal controls; compliance with laws, regulations, policies, and procedures; and risk management.

Method of Reporting

LACERA follows the Generally Accepted Accounting Principles in the United States of America (U.S. GAAP) as applicable to governmental units. Accounting and financial reporting pronouncements which guide LACERA are promulgated by the Governmental Accounting Standards Board (GASB).

The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting to reflect LACERA's overall operations. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Employer and employee contributions are recognized in the period in which the contributions are due, pursuant to legal requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of each benefit plan.

OPEB Trust Fund and OPEB Custodial Fund Presentation

The OPEB Trust Fund and OPEB Custodial Fund are presented in the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position as part of the Basic Financial Statements.

OPEB Trust

OPEB Trust financial activity includes receiving prefunding contributions provided by plan sponsors either quarterly or on an annual basis. The contributions are set aside and placed in trust to earn investment income and interest, which is held and used to provide future OPEB benefits at the plan sponsors' discretion. Investment income activity is reported in the OPEB Trust. For financial statement presentation purposes, GASB standards require that pay-as-you-go employer contributions from the County, Court, and LACERA's portion of the OPEB Custodial Fund are added as additions and corresponding deductions to the OPEB Trust (per paragraphs 28a and 31 of GASB 74). Employer Contributions for the OPEB Trust reflect actual pre-funding contributions to the OPEB Trust,

as well as the County, Court, and LACERA's employer contributions to the OPEB Custodial Fund for pay-as-you-go costs. As a result, Service Benefits for the OPEB Trust are also adjusted to offset the amount of the County, Court, and LACERA's employer contributions to the OPEB Custodial Fund for pay-as-you-go costs. See Note Q for OPEB Trust prefunding contributions from participating employers.

OPEB Custodial Fund

The OPEB Custodial Fund captures the annual financial operating activity of the OPEB Program for all participating employers (i.e., the County, Court, and LACERA), including the outside districts. Plan sponsors and members provide monthly funding using a pay-as-you-go methodology, which LACERA uses to pay healthcare premiums including administrative fees, as well as other healthcare benefits provided by the OPEB Program. LACERA acts as a custodian for these funds on behalf of the plan sponsors and participants. Actual amounts reimbursed to LACERA in the form of contributions and paid out by LACERA as benefits are included within the OPEB Custodial Fund. Residual balances (contributions that exceed benefit payments) are reported at fiscal year-end, held on behalf of plan sponsors, and made available to fund current benefit payments in subsequent fiscal years.

Capital Assets (Including Intangible Assets)

Capital assets are items that benefit the organization for more than one fiscal year. LACERA primarily holds potential tangible capital assets within information technology (IT) systems. Due to the constant evolving IT landscape, frequent updates and enhancements occur. In recent years, LACERA has entered into agreements with external service providers, which has reduced the need to acquire and maintain significant tangible IT equipment. LACERA classifies these items as budgeted expenses, as they are immaterial to LACERA's overall financial statements. Management reviewed and considered all expenses that could be capitalized as either capital or intangible assets and determined these items to be appropriately classified as expenses for the current fiscal year.

Cash and Cash Equivalents

Cash includes deposits with various financial institutions and the County. Any non-U.S. currency holdings are translated to U.S. dollars using the exchange rates in effect on June 30, 2025 and 2024. Foreign exchange contracts held in pending status are also included in this category.

LACERA classifies fixed income securities with a maturity of 12 months or less as short-term investments.

Real Estate Separate Account Investments

LACERA's real estate investments utilize several different types of legal structures called special purpose entities (SPEs), including title holding companies (THCs) and limited liability companies (LLCs). The THCs are nonprofit corporations under §501(c)(25) and §501(c)(2) of the Internal Revenue Code (IRC). The LLCs do not have tax-exempt status, but their income is excludable from taxation under IRC §115. SPEs invest in real estate assets located throughout the United States. Under GASB Statement Number 72, Fair Value Measurement and Application, the SPEs meet GASB's definition of an investment and therefore are included in the accompanying financial statements presented as investments at fair value. For additional information, see Note J — Special Purpose Entities.

Receivables

LACERA recognizes short-term receivables as amounts expected to be collected within one year or less, while long-term receivables are amounts expected to be collected after one year. Long-term

receivables may be discounted using a discount method and rate deemed most applicable to a transaction. LACERA records the long-term receivable in the period in which the transaction occurs.

Fair Value of Investments

Investments are carried at fair value. Fair values for investments are derived by various methods, as summarized in the table below. Note P — Fair Value of Investments includes additional detail regarding fair value methodology and should be referred to in conjunction with this table.

Investments	Source
Publicly Traded Securities (such as stocks and bonds) Bonds include obligations of the U.S. Treasury, U.S. agencies, non-U.S. governments, and both U.S. and non-U.S. corporations. Also included are mortgage-backed securities and asset-backed securities.	Valuations are provided by LACERA's custodian based on end-of-day prices from external pricing vendors. Non-U.S. securities may be reflected in foreign currency.
Whole Loan Mortgages	For the LACERA Member Home Loan Program, valuation is performed by LACERA using loan information provided by Onity Group Inc., the program's mortgage servicer, with fair value adjustments based on the investment returns of the Bloomberg Barclays mortgage-backed securities index.
Real Estate Equity Commingled Funds[1]	Fair value as provided by real estate fund managers, based on review of cash flow, exit capitalization rates, and market trends. Fund managers commonly subject each property to independent third-party appraisals annually. Investments under development are carried at cumulative cost until development is completed, unless a material change in value has occurred.
Real Estate: Special Purpose Entities, including Title Holding Companies and Limited Liability Companies[1]	Fair value of the investment as provided by investment managers. Each property is subject to independent third-party appraisals every year.
Real Estate Debt Investments[1]	Fair value for real estate debt investments as provided by investment managers.
Private Equity and Real Assets[1]	Fair value provided by investment managers as described below. Private investments: valued by the general partner giving consideration to financial condition and operating results of the portfolio companies, nature of investment, marketability, and other factors deemed relevant. Public investments: valued based on quoted market prices, less a discount, if appropriate, for restricted securities.

[1]These assets are reported by LACERA based on the practical expedient allowed under GAAP.

Note: The fair value hierarchy is provided in Note P — Fair Value of Investments.

Investments	Source
Public Market Equity and Fixed Income Investments Held in Institutional Commingled Fund/Partnership[1]	Fair value is typically provided by third-party fund administrator, who performs this service for the fund manager.
Derivatives	Fund managers provide valuation for over-the-counter derivatives. Currency forwards contracts are valued by the custodian bank.
Hedge Fund of Funds[1]	The valuation is carried out by the general partners of the underlying funds. Valuation of the fund of funds portfolios are provided by third-party administrators and by the general partner for the portfolios held in limited partnership vehicles.

[1]These assets are reported by LACERA based on the practical expedient allowed under GAAP.

Note: The fair value hierarchy is provided in Note P — Fair Value of Investments.

LACERA faces multiple risks, such as market, credit, foreign currency exchange, liquidity, and event risks. These can arise due to economic shifts impacting particular industries, sectors, or regions. For additional information, see Note G — Deposit and Investment Risks.

Dividend income is recorded on the ex-dividend date. Other investment income is recorded as earned on an accrual basis.

PENSION PLAN INVESTMENTS

Investment Policy Statement

The allocation of assets within the Pension Plan's investment portfolio is approved by the LACERA Board of Investments, as outlined in the Investment Policy Statement (IPS). Pension Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status of the liabilities for the benefits provided through the Pension Plan. The IPS calls for a strategic asset allocation study to be conducted no later than every three to five years.

Since 2018, the LACERA Board of Investments has adopted a restated IPS to address topics such as Legal Authority, Investment Philosophy and Strategy, Investment Process, Risk Management, Roles and Responsibilities, Asset Allocation and Benchmarks, and Delegated Authorities. In addition, the IPS includes several related policies as attachments: Corporate Governance and Stewardship Principles, Responsible Contractor Policy, Emerging Manager Policy, Placement Agent Policy, Private Equity Privatization Policy, and Procurement Policy for Investment-Related Services.

The LACERA Board of Investments and internal staff implement asset allocation targets through the use of external managers who oversee portfolios using active and passive investment strategies.

LACERA's Board of Investments has established Investment Beliefs that indicate long-term strategic allocation is expected to influence LACERA's risk and return outcomes. In March 2018, the Board of Investments approved the use of a functional framework. The categories include various asset classes that represent the risk/return characteristics of each functional area. LACERA expects the five functional categories to diversify the Fund, generate returns, and optimize growth, while mitigating downside risk, to ultimately build a portfolio that can meet LACERA's future benefit obligations.

In the following table and in the Investment Section, investment portfolio information is presented in functional asset categories. The asset allocation determines what proportion of the Fund is allocated to each functional category and underlying asset class, including target weights and allowable ranges as a percentage of the Fund. Note that LACERA's financial statements are prepared using traditional investment asset classifications (i.e., equity, fixed income, private equity).

Schedule of Target Allocation and Long-Term Expected Rate of Return
As of June 30, 2025 and 2024

Asset Class	2025 Target Allocation (Policy)	2025 Weighted Average Long-Term Expected Real Rate of Return (After Expected 2.75% Inflation Rate) (Geometric)	2024 Target Allocation (Policy)	2024 Weighted Average Long-Term Expected Real Rate of Return (After Expected 2.75% Inflation Rate) (Geometric)
Growth	**48.0 %**	**6.3 %**	**53.0 %**	**6.1 %**
Global Equity	29.0%	4.6%	32.0%	5.0%
Private Equity	17.0%	7.6%	17.0%	7.3%
Non-Core Private Real Estate	2.0%	6.1%	4.0%	5.9%
Credit	**13.0 %**	**3.7 %**	**11.0 %**	**3.1 %**
Real Assets and Inflation Hedges	**15.0 %**	**4.1 %**	**17.0 %**	**3.9 %**
Core Private Real Estate	5.0%	3.4%	6.0%	2.5%
Natural Resources and Commodities	3.0%	6.3%	3.0%	4.0%
Infrastructure	4.0%	5.0%	5.0%	4.5%
TIPS	3.0%	1.9%	3.0%	0.7%
Risk Reduction and Mitigation	**24.0 %**	**1.5 %**	**19.0 %**	**1.1 %**
Investment Grade Bonds	13.0%	2.2%	7.0%	1.0%
Diversified Hedge Funds	8.0%	3.4%	6.0%	2.0%
Long-Term Government Bonds	2.0%	2.2%	5.0%	0.8%
Cash Equivalents	1.0%	0.1%	1.0%	(0.5)%

Target Allocation
LACERA's Board of Investments adopts asset allocation targets to provide for asset diversification in an effort to meet LACERA's actuarial assumed rate of return, consistent with market conditions and risk control. Per the Investment Policy Statement, a comprehensive asset allocation study is conducted every three to five years or at the Board's request. The Board approved the current functional asset class allocation structure as a result of the asset allocation study completed in 2018 by Meketa, LACERA's investment consultant. The most recent strategic asset allocation study was completed in 2024 and approved by the Board.

Weighted Average Long-Term Expected Real Rate of Return
The long-term expected real rate of return on Pension Plan investments is based on inflation expectations and nominal return expectations developed by Meketa for each asset class. For the total portfolio and functional categories (i.e., growth, credit) investment returns are calculated using target weights and estimates for expected return, volatility, and correlations for each asset class, adjusted

for the return period. Nominal expected returns for each asset class are converted to real expected returns by adjusting them for inflation, using a base inflation rate assumption of 2.75 percent.

A simple weighted sum of asset class returns will not yield the results shown on the table given the process followed to adjust for inflation, the compounding of a given time period, and the impact of volatility and correlations to the portfolio.

GASB Discount Rate

GASB Statement Number 67 requires determination of whether the Pension Plan's Fiduciary Net Position is projected to be sufficient to make projected benefit payments. The discount rate used to measure the Total Pension Liability was 7.15 percent. This rate reflects the long-term assumed rate of return on assets for funding purposes of 7.00 percent, net of all expenses, increased by 0.15 percent, gross of administrative expenses.

The valuation assumption for the long-term expected return is reassessed in detail at the triennial investigation of experience and is set based on a long-term time horizon; the most recent analysis was completed in January 2023. See Milliman's Investigation of Experience for Retirement Benefit Assumptions report for the period July 1, 2019 to June 30, 2022 for more details. The consulting actuary's internal investment consultants review the long-term expected return assumption annually for continued compliance with the relevant actuarial standards of practice. As part of this assessment, Milliman compares the assumption with the 20-year expected geometric return determined by LACERA's investment consultant, Meketa, and other measures of expected long-term returns.

The projection of cash flows used to determine the discount rate assumed that Pension Plan member contributions will be made at the current contribution rates and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the Pension Plan's Fiduciary Net Position was projected to be sufficient to pay projected benefit payments in all future years. 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.

Money-Weighted Rate of Return

The annual money-weighted rate of return on Pension Plan investments, net of investment expenses as of the fiscal years ended June 30, 2025 and 2024, were 9.7 percent and 9.1 percent, respectively. The money-weighted rate of return is a measure of the performance of an investment calculated by finding the rate of return that will set the present values of all cash flows equal to the value of the initial investment. This method is equivalent to the internal rate of return. Historical returns are presented in the Schedule of Investment Returns — Pension Plan in the Required Supplementary Information (RSI) Section.

Time-Weighted Rate of Return

The annual time-weighted rate of return on Pension Plan investments, net of investment expenses as of the fiscal years ended June 30, 2025 and 2024, were 9.7 percent and 9.1 percent, respectively. The time-weighted rate of return is a measure of the compound growth rate in a portfolio. This measure is often used to compare the performance of investment managers because it eliminates the distorting effects on growth rates created by inflows and outflows of money. The time-weighted return divides the return on an investment portfolio into separate intervals based on whether money was

added or withdrawn from the fund. Historical returns are presented in the Investments Results Based on Fair Value – Pension Plan in the Investment Section.

Use of Estimates

The preparation of LACERA's financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes to the financial statements. Actual results may differ from these estimates.

Compensated Absences

Effective fiscal year ended June 30, 2025, LACERA implemented GASB Statement Number 101 (GASB 101), *Compensated Absences*. This statement establishes a unified model for recognizing and measuring liabilities associated with employee leave benefits, including vacation, sick leave, paid time off (PTO), and other compensated absences when:

- Leave is attributable to services already rendered,
- Leave accumulates and carries forward to future periods, and
- It is more likely than not that the leave will be used or paid in cash/noncash settlement.

Compensated absences exclude parental, military, and jury duty leave, which are all recognized only when the leave commences. Liabilities are measured using the employee's pay rate as of the financial statement date, including salary-related payments directly associated (e.g., employer share of Social Security or Medicare taxes) and incrementally associated (e.g., defined contribution or cafeteria plan payments if triggered by leave payout) with the leave.

LACERA recognized a net increase of $465,000 in compensated absences liabilities during the fiscal year ended June 30, 2025. The total liability for compensated absences as of June 30, 2025 and 2024 were $7.5 million and $7.0 million, respectively, of which $4.7 million and $4.4 million are classified as long-term.

Certain Risk Disclosures

Effective fiscal year ended June 30, 2025, LACERA adopted and implemented GASB Statement Number 102 (GASB 102), *Certain Risk Disclosures*. This statement provides users of governmental financial statements with information about risks related to a government's vulnerabilities due to certain concentrations or constraints that limit its ability to acquire resources or control spending. Under GASB 102, disclosure is required when all of the following criteria are met:

- The concentration or constraint is known prior to the issuance of the financial statements,
- It exposes the reporting entity to the risk of a substantial impact—defined as greater than material, and
- An associated event has occurred, begun to occur, or is more likely than not to occur within 12 months of the financial statement issuance date.

Under GASB 102, a concentration is a lack of diversity related to an aspect of significant inflow or outflow of resources. A constraint denotes a limitation imposed by an external party or by formal action of a government's highest level of authority. LACERA management evaluated the requirements of GASB 102 and determined there was no additional information that met the criteria for disclosure.

UPCOMING GASB PRONOUNCEMENTS

Financial Reporting Model Improvements

In April 2024, GASB issued Statement Number 103 (GASB 103), *Financial Reporting Model Improvements*, to improve the effectiveness of providing information that is essential for decision-making and assessing a government's accountability while also addressing certain application issues. This statement establishes or modifies accounting and financial reporting requirements included in Management's Discussion and Analysis (MD&A), unusual or infrequent items, budgetary comparison information, and financial trends information in the Statistical Section, among other requirements. GASB 103 requires the MD&A to provide an objective and easily readable analysis of the government's financial activities, provide results of operations in comparison with the prior year, refer users to the component unit's separately issued financial statements, remove unnecessary duplication, and include relevant explanations rather than boilerplate discussion. The requirements of this statement are effective for LACERA's fiscal year ending June 30, 2026.

NOTE C — Pension Plan Contributions

Funding Policy

In December 2009, the LACERA Board of Investments adopted a Retirement Benefit Funding Policy (Funding Policy) to establish a funding goal, provide benefit security for LACERA members, and maintain stable employer contribution rates at the lowest practicable level. In addition, the Funding Policy provided guidance for performing interest crediting on reserve accounts and direction to the actuary in performing the plan's retirement benefit actuarial valuation. The Funding Policy was amended in February 2013 to conform to the new standards mandated in the California Public Employees' Pension Reform Act of 2013 (PEPRA), which restricted the ability to reduce employer contribution rates and redefined excess earning requirements. The Funding Policy required actuarial valuations to be performed annually to measure the plan's funding progress and to determine employer and employee contribution rates.

The Funding Policy was superseded and renamed the Actuarial Funding Policy, with the interest crediting process separated into a new standalone Interest Crediting Policy. The Actuarial Funding Policy clarifies the Board's funding objectives by defining key principles, actuarial processes and procedures, policy terminology, and discretionary benefits. The policies were presented to the Board of Investments and adopted in October 2024. The Board of Investments will review and consider updates to these policies on a triennial basis to coincide with the experience study.

Member and Employer Contribution Rates

Members and employers contribute to LACERA based on unisex rates recommended by an independent actuarial consulting firm and adopted by the LACERA Board of Investments and thereafter by the Los Angeles County Board of Supervisors. Member and employer contributions received from the outside districts constitute part of LACERA's Pension Plan as a whole.

Participating employers are required to contribute the remaining amounts necessary to finance their employees' (members') pension benefits through monthly or annual prefunded contributions at actuarially determined rates. Rates for contributory plan members who entered the Pension Plan prior to January 1, 2013 are based upon plan entry age and plan-specific enrollment. The PEPRA-mandated retirement plan contributions for new members who enter the system on and after January 1, 2013 are based on a single flat-rate percentage that varies by member class (general or safety) and are structured in accordance with the required 50/50 normal cost-sharing between the employer and the member.

Both member rate methodologies are actuarially designed for the members, as a group, to make contributions into the Pension Plan, which when combined with employer contributions and investment earnings, provide sufficient funding for their retirement benefits. As a result of collective bargaining, actual member contribution rates for various plan types are controlled through these agreements and through additional employer contributions (for some contributory plans), known as the surcharge amount, which is subject to change each year. As required by GASB Statement Number 82, member contributions paid by the employer under these agreements are reported as member contribution amounts.

Contributory plan members are required to contribute between approximately 6 percent and 18 percent of their annual covered salary. On April 8, 2025, the Los Angeles County Board of Supervisors adopted new member contribution rates for PEPRA retirement plans, effective July 1,

2025. Contribution rates for legacy plans are updated when certain assumptions change, which typically occurs during the triennial experience study, with the most recent one completed for June 30, 2022, changing the contribution rates beginning July 1, 2023.

The employer contribution rate is composed of a share of the normal cost and the UAAL amortization payment. The normal cost is the portion of the actuarial present value of retirement benefits attributable to a valuation year. The UAAL amortization payment reduces the funding shortfall related to liabilities accrued in the past that are not provided for by future normal costs.

The employer normal cost rate from the latest actuarial valuation as of June 30, 2024 slightly decreased from 11.01 percent to 10.88 percent, and the employers' required contribution rate to finance the UAAL decreased from 14.87 percent to 14.73 percent. Effective with the June 30, 2019 valuation, all new UAAL layers are amortized over a 20-year period, beginning with the date the contribution is first expected to be made. In addition, all existing amortization layers were set to be amortized over a maximum 22-year period and now have a period of 17 years or less, so they are fully amortized no later than 2042.

At its February 2025 meeting, the Board of Investments adopted a decrease of 0.27 percent in the total employer contribution rate beginning July 1, 2025, as compared to the previous valuation as of June 30, 2023 (from 25.88 percent to 25.61 percent). Per the County Employees Retirement Law (CERL), the decrease is effective within 90 days after fiscal year-end, between July 1 and September 29 each year. Los Angeles County implemented the new employer contribution rates for fiscal year 2025–2026 effective with the July 1st payroll cycle. The decrease was primarily caused by the recognition of investment gains and the continued increase in the proportion of active employees receiving benefits through the PEPRA plans, which have a lower employer normal cost rate than legacy plans.

Contribution Payments

For the fiscal years ended June 30, 2025 and 2024, Los Angeles County, including the Superior Court and LACERA, paid their employer contributions and withholding of employee pension plan contributions due to LACERA in the form of semi-monthly cash payments consistent with the employee payroll cycle. The remaining outside districts with active members—the Local Agency Formation Commission of the County of Los Angeles (LAFCO) and Little Lake Cemetery District (LLCD)—paid pension plan contributions due to LACERA in the form of monthly cash payments. For the fiscal years ended June 30, 2025 and 2024, employer contributions totaled $2.7 billion and $2.5 billion, and member contributions totaled $919 million and $861 million, respectively.

Replacement Benefit Program Offset

The County contributions to the Pension Plan are reduced by the exact dollar amount that it paid in benefits under the Replacement Benefit Program (RBP) each year, as permitted by CERL Section 31899.4, subdivision (d). Milliman reviewed this contribution offsetting method and determined there to be appropriate pension plan funding from an actuarial perspective. In preparing the annual actuarial valuation, Milliman takes into account both the benefits paid by LACERA and the RBP benefits paid by the County in calculating both the employer contribution normal cost rates and the Unfunded Actuarial Accrued Liability (UAAL); therefore, the employer contribution rates calculated in the valuation include the cost of RBP benefits. In Milliman's opinion, due to this valuation approach, the contribution offset by the County results in providing the normal cost and UAAL funding necessary to support all benefits that LACERA is anticipated to pay.

For the fiscal year ended June 30, 2025, the County offset contributions in the amount of $2.6 million to fund the RBP and $2.5 million for the fiscal year ended June 30, 2024. These adjustments both represent 0.10% of the $2.7 billion employer contribution for FY 2024-2025 and the $2.5 billion employer contribution for FY 2023-2024.

See Note A — Benefit Plan Descriptions for additional information regarding RBP benefits.

Pension Plan Contributions
For the Fiscal Years Ended June 30, 2025 and 2024
(Dollars in Thousands)

	2025	2024
Employers		
Los Angeles County[1]	$2,571,141	$2,410,853
Superior Court	99,510	98,006
Local Agency Formation Commission for the County of Los Angeles	211	200
Little Lake Cemetery District	12	12
South Coast Air Quality Management District[2]	—	—
Los Angeles County Office of Education[3]	—	—
Total Employer Contributions	**$2,670,874**	**$2,509,071**
Member Contributions[4]	$919,148	$861,042
Total Contributions	**$3,590,022**	**$3,370,113**

[1]Los Angeles County includes LACERA as a Pension Plan employer (plan sponsor) and LACERA active member contributions. LACERA pays employer contributions from its administrative budget, funded by Pension Plan investment earnings.

[2]South Coast Air Quality Management District has no active members contributing to the Pension Plan for the fiscal years ended 2025 and 2024.

[3]Los Angeles County Office of Education has no active members contributing to the Pension Plan for the fiscal years ended 2025 and 2024.

[4]In accordance with GASB Statement Number 82, payments made by an employer to satisfy member contribution requirements are classified as member contributions. These payments amounted to $35.2 million and $36.3 million for the fiscal years ended 2025 and 2024, respectively.

NOTE D — Pension Plan Reserves

LACERA maintains Pension Plan reserve accounts within its financial records for various operating purposes in accordance with its reserves accounting policies. Reserves are derived from member and employer contributions and the accumulation of realized investment income after satisfying investment and administrative expenses. With the exception of the reserves required by CERL, reserves are not mandated or recognized under Generally Accepted Accounting Principles (GAAP). Reserves are an accounting method used for dividing pension plan assets into groups that are identified as attributable or non-attributable to the actuarial funded status of the plan, as determined by the actuarial valuation, to meet future benefit obligations. Although the sum of these reserves and unrealized earnings equals the Fiduciary Net Position Restricted for Benefits (Fiduciary Net Position), the balances contained in the reserves impact the plan's funded status after reductions for non-valuation reserves (i.e., the Contingency and STAR reserves). Reserves are presented in the Notes to the Basic Financial Statements.

During the fiscal year 2024-2025, the Board of Investments adopted two new policies:

- The Actuarial Funding Policy (AFP), which updates the 2009 Funding Policy to reflect current legal interpretations and actuarial practices by establishing a principles-based framework to guide funding objectives, define targets, set actuarial processes, clarify procedures, and discuss discretionary benefits when earnings exceed the funding goal.
- Interest Crediting Policy (ICP) which was separated from the AFP to improve clarity and accounting documentation. It introduces the concept of Available Earnings, sets the interest crediting rate for the Member Reserve account, and mandates funding of the Contingency Reserve at 1.0 percent of the Fiduciary Net Position of the Pension Plan for each crediting cycle. It creates a new Undistributed Earnings Reserve to post any remaining earnings after all other priorities have been satisfied or deficiencies are addressed.

PENSION PLAN

LACERA's major classes of Pension Plan reserves are classified as either Valuation Reserves or Non-Valuation Reserves. Valuation Reserves are used to determine employer and employee contribution rates. Non-Valuation Reserves include the STAR Reserve and Contingency Reserve, which were set aside for discretionary benefits and contingencies to be funded outside of the actuarially determined contribution rate.

Valuation Reserves

Member Reserve

The Member Reserve reflects the balance of member contributions. Additions to this reserve are from member contributions and related earnings. Deductions include annuity payments to retirees, contribution refunds to members, and related expenses.

Employer Reserve

The Employer Reserve represents the balance of employer contributions for future retirement payments to current active members. Additions include contributions from employers and related earnings. Deductions consist of annuity payments to retired members, disability retirement benefits, and death benefits.

Undistributed Earnings Reserve

The Undistributed Earnings Reserve represents the accumulation of available earnings not yet allocated to any other reserve. This reserve is used for semi-annual interest crediting; to eliminate the Unfunded Actuarial Accrued Liability by allocating excess amounts to the Employer Reserve; and for other uses at the joint discretion of the Board of Investments and Board of Retirement, as permitted under CERL and subject to the AFP.

Pension Plan Reserves

As of June 30, 2025 and 2024

(Dollars in Thousands)

	2025	2024
Valuation Reserves		
Member Reserve	$29,487,523	$28,180,342
Employer Reserve	35,178,912	33,774,629
Undistributed Earnings Reserve	—	—
Total Valuation Reserves	**$64,666,435**	**$61,954,971**
Non-Valuation Reserves		
Contingency Reserve	$861,876	$—
STAR Reserve	607,036	608,631
Total Non-Valuation Reserves	**$1,468,912**	**$608,631**
Total Reserves at Book Value	**$66,135,347**	**$62,563,602**
Unrealized Investment Portfolio Appreciation	$20,052,271	$16,638,623
Total Reserves at Fair Value[1]	**$86,187,618**	**$79,202,225**

[1]Total Reserves at Fair Value equals the Fiduciary Net Position as presented in the Basic Financial Statements.

Non-Valuation Reserves

Contingency Reserve

The Contingency Reserve represents reserves accumulated for future earning deficiencies, investment losses, and other contingencies. The Contingency Reserve is statutorily defined and set at 1.0 percent of the Fiduciary Net Position to offset deficiencies in interest earnings in other years, losses on investments, and other contingencies and purposes permitted under CERL. For the fiscal year ended June 30, 2024, the net investment realized earnings were applied as interest credits to the Reserve accounts, leaving no available balances in the Contingency Reserve. For the fiscal year ended June 30, 2025, the Contingency Reserve balance amounted to $862 million.

Supplemental Targeted Adjustment for Retirees (STAR) Reserve

The STAR Reserve represents the balance available to fund future STAR Program benefit increases. During the fiscal years ended 1995 through 1999, 25 percent of excess earnings were credited to the STAR Reserve pursuant to the 1994 Retirement System Funding Agreement between LACERA and the County. Additions included transfers from the Contingency Reserve. Deductions are STAR Program payments to retirees and funding for permanent STAR benefits.

The STAR Program has received $1.523 billion in funding from its inception in 1990 to the present. Ad hoc STAR Program costs from 1990 through 2001 reduced the STAR Reserve by $556 million. Subsequently, except for program year 2005, the LACERA Board of Retirement (BOR) made permanent the 2001 through 2009 and 2023 through 2025 STAR benefits totaling $360 million, which

was transferred to the Employer Reserve to invest and pay for permanent STAR benefits awarded. As of June 30, 2025, there is $607 million remaining in the STAR Reserve to fund future STAR Program benefits.

The following chart summarizes the STAR COLA Award history. Please note that not all retirees in all plans receive a STAR COLA award each year; STAR COLA awards are only eligible to retirees where the COLA Accumulation account exceeds a 20 percent balance. Since its inception, the Board of Retirement has granted and funded STAR COLA Program awards as they became available each year.

STAR COLA Awards					
Program Year	**Eligibility for STAR**	**Maximum Level**	**BOR Awarded**	**Permanent[1]**	**Program Cost (Dollars in Thousands)**
1990-2001	Yes	75%	Yes	Yes	$556,399
2001-2004	Yes	80%	Yes	Yes	310,173
2005	No	80%	N/A	N/A	—
2006-2009	Yes	80%	Yes	Yes	42,591
2010-2022	No	80%	N/A	N/A	—
2023	Yes	80%	Yes	Yes	2,467
2024	Yes	80%	Yes	Yes	2,913
2025	Yes	80%	Yes	Yes	$1,595

[1]Beginning in 2001, all prior STAR COLA awards became permanent prospectively.

NOTE E — Pension Plan Liabilities

The County Employees Retirement Law of 1937 (CERL) requires an actuarial valuation to be performed at least every three years for the purpose of measuring the Pension Plan's funding progress and setting employer and employee contribution rates. LACERA exceeds this requirement by engaging an independent actuarial consulting firm to perform an actuarial valuation annually. Employer contribution rates and employee contribution rates for new retirement plans established under the California Public Employees' Pension Reform Act of 2013 (PEPRA) may be updated each year as a result of the valuation.

LACERA engages an independent actuarial consulting firm to perform an investigation of experience (experience study) at least every three years, in alignment with CERL and actuarial best practices. The study evaluates economic and demographic assumptions, which are reviewed and updated as deemed necessary for use in annual valuations. The experience study and corresponding annual valuation are the basis for changes in annual employer and employee contribution rates for both legacy and PEPRA retirement plans, to ensure the Pension Plan receives proper funding.

Upon completing the 2022 triennial experience study, LACERA's consulting actuary made recommendations, and the Board of Investments adopted the assumptions that have been used beginning with the June 30, 2022 actuarial valuation. Certain assumptions from prior experience studies were reaffirmed and carried forward, while other assumptions where changed. For financial reporting purposes, LACERA and its consulting actuary review these assumptions annually to ensure they represent appropriate plan assumptions under U.S. GAAP and actuarial standards. Actuarial information reported in this footnote disclosure is based upon the actuarial valuation report to comply with GASB Statement Number 67 (GASB 67). For additional information regarding the actuarial funding valuation, refer to the Actuarial Section

Actuarial Assumptions

Actuarial valuations of a perpetual benefits plan involve assumptions about the probability of the occurrence of events far into the future. Examples include assumptions about future employment, mortality, cost trends, assumed rate of investment return, inflation, and other demographic and economic changes over time. Actuarially determined assumptions are subject to continual review or modification as actual experience is compared with past expectations, and new estimates are made about the future. Benefit projections for financial reporting purposes are based on the adopted assumptions, actual Pension Plan demographics, and include the types of benefits provided at the time of each valuation.

The following actuarial assumptions were used in accordance with the requirements of GASB 67. The actuarial funding valuation serves as a basis for the GASB 67 financial reporting information. All actuarial methods and assumptions used for this GASB analysis were the same as those used for the June 30, 2024 funding valuation, except where differences are noted. Key actuarial methods and significant assumptions used to calculate the Total Pension Liability are summarized below.

Actuarial Methods and Significant Assumptions

Method/Assumption	Description
Actuarial Cost Method	Individual entry age.
Discount Rate	7.15 percent, net of Pension Plan investment expense, including inflation and addition of 0.15 percent administrative expense load. The 7.00 percent rate (net of all expenses) was adopted beginning with the June 30, 2019 valuation and reaffirmed in the 2022 triennial experience study.
Price Inflation	2.75 percent annual rate. This rate was adopted beginning with the June 30, 2016 valuation and reaffirmed in the 2022 triennial experience study.
General Wage Growth and Projected Salary Increases	General wage growth: 3.25 percent. This rate was adopted beginning with the June 30, 2016 valuation. The rate was reaffirmed in the 2022 triennial experience study. Projected salary increases: 3.66 percent to 12.54 percent. Projected salary increases include both general wage growth and merit and longevity increases. Merit and longevity increases vary based on class of membership (general or safety) and length of service. Current merit and longevity increase assumptions were adopted beginning with the June 30, 2022 valuation.
Cost-of-Living Adjustments	Post-retirement COLA (cost-of-living adjustment) benefit increases of either 2.75 percent (adjusted to 3 percent if appropriate for COLA accumulation banks) or 2 percent per year (a pro-rata portion for Plan E) are assumed. This rate was adopted beginning with the June 30, 2016 valuation. The rate was reaffirmed in the 2022 triennial experience study. For the Total Pension Liability, STAR (supplemental cost-of-living adjustments) benefits are assumed to be substantively automatic at the 80 percent purchasing power level until the STAR Reserve is projected to be insufficient to pay further STAR benefits. This roll-forward calculation includes a future liability for STAR benefits. See Note A — Benefit Plan Description for additional COLA and STAR information.
Mortality	Various rates based on the Pub-2010 mortality tables and using the MP–2021 Ultimate Projection Scale for expected future mortality improvement. This assumption was adopted with the June 30, 2022 valuation.

Other Key Assumptions
Other key actuarial assumptions used to calculate the Total Pension Liability as of the June 30, 2025 and 2024 measurement dates are the same as those used to prepare actuarial funding valuations for June 30, 2024 and 2023, respectively.

Net Pension Liability
GASB 67 requires public pension plans to provide the calculation of the Net Pension Liability. The Net Pension Liability is measured as the Total Pension Liability less the amount of the Pension Plan's Fiduciary Net Position. For the Schedule of Net Pension Liability and Related Ratios and the Schedule of Changes in Net Pension Liability and Related Ratios, see the Required Supplementary Information (RSI) Section.

The Net Pension Liability is an accounting measurement for financial statement reporting purposes. The funded status of the Pension Plan is calculated separately by the consulting actuary and the results, along with other funding metrics, are included in the actuarial funding valuation report. The Net Pension Liability amounts at fiscal year-end June 30, 2025 and 2024 for the Pension Plan were as shown in the table below:

Schedule of Net Pension Liability
For the Fiscal Years Ended June 30, 2025 and 2024
(Dollars in Thousands)

	2025	2024
Total Pension Liability	$96,927,319	$92,713,809
Less: Fiduciary Net Position	86,187,618	79,202,225
Net Pension Liability	**$10,739,701**	**$13,511,584**
Fiduciary Net Position as a Percentage of Total Pension Liability	88.92%	85.43%

The Total Pension Liability increased primarily due to the regular operations of LACERA, which include Service Cost increases and interest on the Total Pension Liability, minus benefit payments. The Net Pension Liability decreased primarily due to an increase in contributions received and higher than expected investment returns, which resulted in a higher Fiduciary Net Position, offsetting the Total Pension Liability for the fiscal year ended June 30, 2025.

GASB Discount Rate
Milliman's June 30, 2022 experience study was used to develop the 7.15 percent discount rate assumption used for the current reporting date. This is equal to the 7.00 percent long-term investment return assumption (net of investment and administrative expenses) adopted by the Board of Investments, plus 0.15 percent assumed administrative expenses. See Note L — Administrative Expenses for additional information regarding LACERA's annual budget.

The plan's projected Fiduciary Net Position, after reflecting expected future employee and employer contributions, was expected to be sufficient to make all future benefit payments of current active and inactive employees. Therefore, a separate calculation using the municipal bond rate is not required; the discount rate for calculating the Total Pension Liability, as prescribed by GASB, is equal to the long-term expected rate of return plus administrative expenses.

GASB Discount Rate

For the Fiscal Years Ended June 30, 2025 and 2024

	2025	2024
GASB Discount Rate	7.15%	7.15%
Long-Term Expected Rate of Return, Net of Expenses	7.00%	7.00%
Municipal Bond Rate	N/A	N/A

Sensitivity Analysis

In accordance with GASB 67, sensitivity of the Net Pension Liability to changes in the discount rate must be reported. The following presents the Net Pension Liability, calculated for the fiscal year ended June 30, 2025, using the discount rate of 7.15 percent, as well as the results of Net Pension Liability calculations using a discount rate that is 1 percentage point lower 6.15 percent or 1 percentage point higher 8.15 percent than the current rate 7.15 percent. A corresponding calculation is presented for the fiscal year ended June 30, 2024, based on the 7.15 percent discount rate in effect for that year.

Sensitivity Analysis

For the Fiscal Years Ended June 30, 2025 and 2024

(Dollars in Thousands)

	2025			2024		
	1.0% Decrease 6.15%	Current Discount Rate 7.15%	1.0% Increase 8.15%	1.0% Decrease 6.15%	Current Discount Rate 7.15%	1.0% Increase 8.15%
Total Pension Liability	$109,699,418	$96,927,319	$86,337,582	$104,968,757	$92,713,809	$82,553,421
Less: Fiduciary Net Position	86,187,618	86,187,618	86,187,618	79,202,225	79,202,225	79,202,225
Net Pension Liability	**$23,511,800**	**$10,739,701**	**$149,964**	**$25,766,532**	**$13,511,584**	**$3,351,196**

NOTE F — Partial Annuitization of Pension Benefit Payments

In January 1987, LACERA entered into agreements to purchase single life annuities from two insurance companies that provide pension benefit payments to a portion of retired members, referred to as covered members. Under the terms of the agreements, LACERA continues to administer all pension benefit payments to covered members. There is no effect on covered members since they retain all pension benefits accorded to LACERA members under the law, including rights to a monthly continuing allowance that is also payable to eligible survivors or beneficiaries of deceased LACERA retirees, health insurance subsidies, and any cost-of-living adjustments (COLAs) awarded. The values of the annuities are allocated to covered members.

In accordance with the agreements, the annuity providers make monthly annuity reimbursements to LACERA, limited to straight life annuity payments and statutory COLA increases. LACERA is responsible for any difference in pension benefit payments payable to covered members that are not reimbursed by the insurance companies. As the annuity providers' monthly annuity reimbursements are allocated to covered members' pension payments, the fair value of contracts was excluded from pension plan assets, and the valuation liability includes only net benefits paid by LACERA.

The reimbursements received offset the pension payments (i.e., retiree payroll) reported in LACERA's financial statements. For the fiscal year ended June 30, 2025, LACERA paid $3.4 million to covered members and received $2.8 million in related reimbursements. For the fiscal year ended June 30, 2024, LACERA paid $4.5 million to covered members and received $3.7 million in related reimbursements.

NOTE G — Deposit and Investment Risks

The County Employees Retirement Law of 1937 (CERL) vests the LACERA Board of Investments with exclusive control over LACERA's investment portfolio. The Board of Investments establishes investment policy statements and investment manager guidelines for the management of the LACERA defined benefit retirement plan investments (Pension Plan) and the LACERA Other Post-Employment Benefits Master Trust (OPEB Master Trust or OPEB Trust). The Board of Investments exercises authority and control over the management of LACERA's investment assets by setting a policy that the LACERA's Investment Office executes either internally or through the use of prudent external experts.

Investment policy statements recognize that every investment asset class and type is subject to certain risks. Outlined below are the deposit and investment risks as they relate to fixed-income investments.

Credit Risk

Credit Risk is the risk that an issuer or a counterparty to an investment transaction will not fulfill its contractual obligations, resulting in a loss of principal or interest and a decline in the investment's value. LACERA seeks to maintain a diversified portfolio of fixed and floating rate instruments in order to obtain the highest total return for the Pension Plan Trust at an acceptable level of risk within this asset class. To manage credit risk, credit guidelines have been established.

Investment Grade Bonds

Investment grade bonds are categorized as a component of the Risk Reduction and Mitigation functional asset category presented in the Investment Section. The majority of this category is invested in an indexing strategy that provides exposure to the Bloomberg U.S. Aggregate Bond Index. LACERA also invests with managers that employ a low active-risk "core bond" approach. Investment guidelines require that managers invest predominantly in sectors represented in their benchmark index. As a result, these portfolios contain almost 100 percent of bonds rated investment grade by the major credit rating agencies: Moody's, S&P Global Ratings (S&P), and Fitch.

High Yield Bonds

Dedicated high yield bond portfolios are categorized in the Credit functional asset category presented in the Investment Section. By definition, high yield bonds are securities rated below investment grade. Therefore, the majority of bonds in the high yield portfolios are rated below investment grade by at least one of the major credit rating agencies: Moody's, S&P, and Fitch.

The credit portfolios allow for the assumption of more credit risk than investment grade portfolios by investing in securities that include unrated bonds, bonds rated below investment grade issued by corporations undergoing financial stress or distress, junior tranches of structured securities backed by residential and commercial mortgages, bank loans, illiquid credit, and emerging market debt. LACERA utilizes specific investment manager guidelines for these portfolios that may include limiting maximum exposure by issuer, industry, and sector, which result in well-diversified portfolios.

The following is a schedule for the year ended June 30, 2025 of the credit quality ratings by Moody's, a nationally recognized statistical rating organization, of investments in fixed income securities. Whole loan mortgages of $7.5 million and derivatives of $44 thousand included in the Pension Plan portfolio are excluded from this presentation.

Credit Quality Ratings of Investments in Fixed Income Securities — Pension Plan
As of June 30, 2025
(Dollars in Thousands)

Quality Ratings	U.S. Treasuries	U.S. Govt. Agencies	Municipals	Corporate and Asset-Backed Securities	Pooled Investments	Non-U.S. Fixed Income	Private Placement Fixed Income	Total	Percentage of Portfolio
Aaa	$17,708	$—	$—	$74,143	$—	$—	$61,742	$153,593	0.6%
Aa	4,737,048	1,148,041	7,517	64,391	5,795,130	1,272	14,698	11,768,097	45.9%
A	—	—	—	239,446	1,874,440	27,964	35,103	2,176,953	8.5%
Baa	—	—	—	331,969	—	47,142	61,612	440,723	1.7%
Ba	—	—	—	128,304	—	19,044	190,184	337,532	1.3%
B	—	—	—	453,733	—	40,652	327,484	821,869	3.2%
Caa	—	—	—	65,529	—	6,047	92,527	164,103	0.6%
Ca	—	—	—	1,999	—	—	2,548	4,547	—%
C	—	—	—	13	—	—	—	13	—%
Not Rated	37,204	486	—	230,978	9,307,357	72,265	144,148	9,792,438	38.2%
Total	**$4,791,960**	**$1,148,527**	**$7,517**	**$1,590,505**	**$16,976,927**	**$214,386**	**$930,046**	**$25,659,868**	**100.0%**

Note: Pooled Investments included within the Not Rated Quality Ratings represent investments in commingled funds. The Credit Quality Ratings table does not include holdings with commingled investment structures or structures that are not directly held in custody by LACERA's global custodian, State Street Bank and Trust Company.

The following is a schedule for the year ended June 30, 2024 of the credit quality ratings by Moody's, a nationally recognized statistical rating organization, of investments in fixed income securities. Whole loan mortgages of $8.7 million and derivatives of $46 thousand included in the Pension Plan portfolio are excluded from this presentation.

Credit Quality Ratings of Investments in Fixed Income Securities — Pension Plan
As of June 30, 2024
(Dollars in Thousands)

Quality Ratings	U.S. Treasuries	U.S. Govt. Agencies	Municipals	Corporate and Asset-Backed Securities	Pooled Investments	Non-U.S. Fixed Income	Private Placement Fixed Income	Total	Percentage of Portfolio
Aaa	$6,052,414	$823,751	$—	$118,170	$1,604,320	$581	$51,304	$8,650,540	43.6%
Aa	—	—	3,871	30,128	80,320	1,145	18,601	134,065	0.7%
A	—	—	—	264,037	396,844	28,953	40,083	729,917	3.7%
Baa	—	—	—	306,056	394,010	24,568	42,838	767,472	3.9%
Ba	—	—	—	102,453	17,297	17,154	202,448	339,352	1.7%
B	—	—	—	486,583	—	52,435	286,620	825,638	4.2%
Caa	—	—	—	91,324	—	4,536	108,068	203,928	1.0%
Ca	—	—	—	1,808	—	600	3,580	5,988	—%
C	—	—	—	693	—	80	—	773	—%
Not Rated	—	420	—	203,108	7,805,688	48,092	131,615	8,188,923	41.2%
Total	**$6,052,414**	**$824,171**	**$3,871**	**$1,604,360**	**$10,298,479**	**$178,144**	**$885,157**	**$19,846,596**	**100.0%**

Note: Pooled Investments included within the Not Rated Quality Ratings represent investments in commingled funds. The Credit Quality Ratings table does not include holdings with commingled investment structures or structures that are not directly held in custody by LACERA's global custodian, State Street Bank and Trust Company.

Credit Quality Ratings of Investments in Fixed Income Securities — OPEB Trust

As of June 30, 2025

(Dollars in Thousands)

Quality Ratings	U.S. Treasuries	U.S. Govt. Agencies	Municipals	Corporate and Asset-Backed Securities	Pooled Investments	Non-U.S. Fixed Income	Private Placement Fixed Income	Total	Percentage of Portfolio
Aaa	$3,253	$3,843	$453	$14,159	$—	$8,783	$—	$30,491	1.4%
Aa	957,660	234,656	2,510	17,373	—	6,405	—	1,218,604	54.0%
A	—	—	596	83,365	—	19,766	50	103,777	4.6%
Baa	—	—	—	88,569	—	19,811	3,211	111,591	4.9%
Ba	—	—	—	137,766	—	13,692	119,359	270,817	12.0%
B	—	—	—	173,048	—	18,637	147,651	339,336	15.0%
Caa	—	—	—	17,229	—	936	51,001	69,166	3.1%
Ca	—	—	—	542	—	—	32	574	—%
C	—	—	—	—	—	—	—	—	—%
Not Rated	1,966	58	164	32,649	59,095	13,407	6,104	113,443	5.0%
Total	**$962,879**	**$238,557**	**$3,723**	**$564,700**	**$59,095**	**$101,437**	**$327,408**	**$2,257,799**	**100.0%**

Credit Quality Ratings of Investments in Fixed Income Securities — OPEB Trust

As of June 30, 2024

(Dollars in Thousands)

Quality Ratings	U.S. Treasuries	U.S. Govt Agencies	Municipals	Corporate and Asset-Backed Securities	Pooled Investments	Non-U.S. Fixed Income	Private Placement Fixed Income	Total	Percentage of Portfolio
Aaa	$633,286	$113,312	$—	$9,229	$—	$4,742	$—	$760,569	43.8%
Aa	—	—	1,314	5,023	—	3,156	—	9,493	0.5%
A	—	—	587	41,662	—	8,941	—	51,190	3.0%
Baa	—	—	—	44,722	—	8,647	3,314	56,683	3.3%
Ba	—	—	—	93,585	—	14,526	81,048	189,159	10.9%
B	—	—	—	167,408	—	9,874	104,345	281,627	16.2%
Caa	—	—	—	16,187	—	1,301	32,682	50,170	2.9%
Ca	—	—	—	311	—	—	1,187	1,498	0.1%
C	—	—	—	—	—	—	20	20	—%
Not Rated	—	64	73	25,762	294,517	11,247	3,618	335,281	19.3%
Total	**$633,286**	**$113,376**	**$1,974**	**$403,889**	**$294,517**	**$62,434**	**$226,214**	**$1,735,690**	**100.0%**

Note: Pooled Investments included with the Not Rated Quality represents investments in commingled funds.

Credit Quality Ratings of Investments in Fixed Income Securities — OPEB Custodial Fund
As of June 30, 2025
(Dollars in Thousands)

Quality Ratings	U.S. Treasuries	Corporate and Asset-Backed Securities	Total	Percentage of Portfolio
Aaa	$—	$—	$—	—%
Aa	194,545	864	195,409	99.5%
A	—	983	983	0.5%
Not Rated	—	—	—	—%
Total	**$194,545**	**$1,847**	**$196,392**	**100.0%**

Credit Quality Ratings of Investments in Fixed Income Securities — OPEB Custodial Fund
As of June 30, 2024
(Dollars in Thousands)

Quality Ratings	U.S. Treasuries	Corporate and Asset-Backed Securities	Total	Percentage of Portfolio
Aaa	$180,471	$421	$180,892	96.3%
Aa	—	2,356	2,356	1.3%
A	—	4,161	4,161	2.2%
Not Rated	—	366	366	0.2%
Total	**$180,471**	**$7,304**	**$187,775**	**100.0%**

Custodial Credit Risk
LACERA's contract with its custodian, State Street Bank and Trust (Bank), provides that the Bank may hold LACERA's securities in various forms, including: its own name or its agent's nominee name, in bearer form, book-entry form, with a clearing house corporation, or with a depository, so long as the Bank's records clearly indicate that the securities are held in custody for LACERA's account. The Bank may also hold securities in custody in LACERA's name when required by LACERA. When held in custody by the Bank, the securities are not at risk of loss in the event of the Bank's financial failure, because the securities are not property (assets) of the Bank.

Cash invested overnight in the Bank's depository accounts is subject to the risk that in the event of the Bank's failure, LACERA might not recover all or part of those deposits. This risk is mitigated when the deposits are insured or collateralized.

LACERA's contract requires the Bank to provide immediate notice in the event LACERA funds on deposit are not eligible for and covered by the Federal Deposit Insurance Corporation (FDIC), subject to applicable law and FDIC rules and regulations. In addition, the Bank warrants that it will provide reasonable commercially available insurance, including a financial institution bond that would cover the loss of money and securities with respect to any and all property the Bank or its agents hold in or for LACERA's account, up to the amount of the bond. LACERA's compliance procedures request that the Bank certify to its financial health and provide evidence of insurance coverage.

For certain investment strategies, some of LACERA's assets are invested in investment managers' pooled vehicles. The securities in these vehicles may be held by custodians other than State Street Bank and Trust.

Counterparty Risk

Counterparty risk for investments is the risk that, in the event of the failure of the counterparty to complete a transaction, LACERA would not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. LACERA and its investment managers seek to minimize risk of loss from its counterparties by diversifying the number of counterparties, periodically reviewing their credit quality, and seeking to structure agreements so that collateral is posted on accrued gains if they reach certain size thresholds.

On March 31, 2024, LACERA sold 17 private equity limited partnership interests on the secondary market, which were valued at $1.2 billion, to three separate buyers. The buyer will remit payments for these partnership interests to LACERA at the end of an 18-month deferral period on September 30, 2025. To estimate the fair value of these transactions, LACERA discounted the future payments to net present value utilizing a 5 percent discount rate, which included the current swap rate plus an appropriate spread, to arrive at the long-term Notes Receivable–Sale of Investments balance of $1.1 billion reported on the Statement of Fiduciary Net Position. The discounted amount is accreted over the 18-month deferral period. Each month, the accreted amount is added to the long-term Notes Receivable balance and recognized as interest income on the income statement. LACERA determined the fair value of these payments applying judgment and considering factors such as general market conditions and the time value of money. LACERA contemplated other elements of the transactions, including each buyer's respective risk of default, which did not impact the fair value for this reporting period.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss that can occur when there is a concentration of exposure to a single or small number of debt issuers versus having exposure to a relatively more diversified pool of debt issuers. For diversification purposes, all investment grade and liquid credit portfolios limit the exposure to a single issuer. This limitation does not apply to U.S. Treasury securities, government-guaranteed debt (including G-7 countries), agency debt, agency mortgage-backed securities, and approved commingled funds and fund-of-one vehicles.

As of June 30, 2025, LACERA did not hold any investments in any one debt issuer that would represent 5 percent or more of the Pension Plan Fiduciary Net Position. Investments issued or explicitly guaranteed by the U.S. government and pooled investments are excluded from this requirement.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Duration is a measure of the price sensitivity of a fixed income portfolio to changes in interest rates. It is calculated as the weighted average time to receive a bond's coupon and principal payments. The longer the duration of a portfolio, the greater its price sensitivity to changes in interest rates.

To manage interest rate risk, investment manager guidelines require that the duration of all investment grade bond portfolios must remain within a range centered around the duration of the

benchmark index. Deviations from any of the portfolio structure guidelines are monitored as part of LACERA's compliance review process.

The Duration in Fixed Income Securities – Pension Plan schedule for the year ended June 30, 2025 presents the duration by investment type. Whole loan mortgages of $7.5 million and derivatives of $44 thousand included in the Pension Plan portfolio are excluded from this presentation.

Duration in Fixed Income Securities — Pension Plan
As of June 30, 2025
(Dollars in Thousands)

Investment Type	Fair Value	Portfolio-Weighted Average Effective Duration[1]
U.S. Treasuries, U.S. Government Agencies, and Municipal Instruments:		
U.S. Treasuries	$4,791,960	7.36
U.S. Government Agencies	1,148,527	4.11
Municipal/Revenue Bonds	7,517	11.61
Subtotal U.S. Treasuries, U.S. Government Agencies, and Municipal Instruments	**$5,948,004**	
Corporate Bonds and Credit Securities:		
Asset-Backed Securities	$141,713	2.44
Corporate and Other Credit	1,448,792	3.22
Pooled Funds	16,976,927	2.03
Subtotal Corporate Bonds and Credit Securities	**$18,567,432**	
Non-U.S. Fixed Income	$214,386	2.69
Private Placement Fixed Income	930,046	3.04
Subtotal Non-U.S. and Private Placement Securities	**$1,144,432**	
Total Fixed Income Securities	**$25,659,868**	

Note: The Duration table does not include holdings within commingled investment structures or structures that are not directly held in custody by LACERA's global custodian, State Street Bank and Trust Company.

[1]Effective Duration is a measure of a bond's sensitivity to interest rates. It is calculated as the percentage change in a bond's price caused by a change in the bond's yield. For example, a duration of 5 indicates that a 1 percent increase in a bond's yield will cause the bond price to decline 5 percent.

The Duration in Fixed Income Securities – Pension Plan schedule for the year ended June 30, 2024 presents the duration by investment type. Whole loan mortgages of $8.7 million and derivatives of $46 thousand included in the Pension Plan portfolio are excluded from this presentation.

Duration in Fixed Income Securities — Pension Plan
As of June 30, 2024
(Dollars in Thousands)

Investment Type	Fair Value	Portfolio-Weighted Average Effective Duration[1]
U.S. Treasuries, U.S. Government Agencies, and Municipal Instruments:		
U.S. Treasuries	$6,052,414	10.81
U.S. Government Agencies	824,171	4.41
Municipal/Revenue Bonds	3,871	14.03
Subtotal U.S. Treasuries, U.S. Government Agencies, and Municipal Instruments	**$6,880,456**	
Corporate Bonds and Credit Securities:		
Asset-Backed Securities	$178,877	2.19
Corporate and Other Credit	1,425,483	2.73
Pooled Funds	10,298,479	1.51
Subtotal Corporate Bonds and Credit Securities	**$11,902,839**	
Non-U.S. Fixed Income	$178,144	1.97
Private Placement Fixed Income	885,157	2.98
Subtotal Non-U.S. and Private Placement Securities	**$1,063,301**	
Total Fixed Income Securities	**$19,846,596**	

Note: The Duration table does not include holdings within commingled investment structures or structures that are not directly held in custody by LACERA's global custodian, State Street Bank and Trust Company.

[1]Effective Duration is a measure of a bond's sensitivity to interest rates. It is calculated as the percentage change in a bond's price caused by a change in the bond's yield. For example, a duration of 5 indicates that a 1 percent increase in a bond's yield will cause the bond price to decline 5 percent.

Duration in Fixed Income Securities — OPEB Trust

As of June 30, 2025

(Dollars in Thousands)

Investment Type	Fair Value	Portfolio-Weighted Average Effective Duration[1]
U.S. Treasuries, U.S. Government Agencies, and Municipal Instruments:		
U.S. Treasuries	$962,879	7.14
U.S. Government Agencies	238,557	4.78
Municipal/Revenue Bonds	3,723	10.40
Subtotal U.S. Treasuries, U.S. Government Agencies, and Municipal Instruments	**$1,205,159**	
Corporate Bonds and Credit Securities:		
Asset-Backed Securities	$10,944	3.00
Corporate and Other Credit	553,756	2.90
Pooled Funds	59,095	N/A
Subtotal Corporate Bonds and Credit Securities	**$623,795**	
Non-U.S. Fixed Income	$101,437	3.26
Private Placement Fixed Income	327,408	2.76
Subtotal Non-U.S. and Private Placement Securities	**$428,845**	
Total Fixed Income Securities	**$2,257,799**	

[1]Effective Duration is a measure of a bond's sensitivity to interest rates. It is calculated as the percentage change in a bond's price caused by a change in the bond's yield. For example, a duration of 5 indicates that a 1 percent increase in a bond's yield will cause the bond price to decline 5 percent.

Duration in Fixed Income Securities — OPEB Trust

As of June 30, 2024

(Dollars in Thousands)

Investment Type	Fair Value	Portfolio-Weighted Average Effective Duration [1]
U.S. Treasuries, U.S. Government Agencies, and Municipal Instruments:		
U.S. Treasuries	$633,286	8.84
U.S. Government Agencies	113,376	4.94
Municipal/Revenue Bonds	1,974	9.72
Subtotal U.S. Treasuries, U.S. Government Agencies, and Municipal Instruments	**$748,636**	
Corporate Bonds and Credit Securities:		
Asset-Backed Securities	$5,513	3.20
Corporate and Other Credit	398,376	2.07
Pooled Funds	294,517	N/A
Subtotal Corporate Bonds and Credit Securities	**$698,406**	
Non-U.S. Fixed Income	$62,434	2.69
Private Placement Fixed Income	226,214	3.21
Subtotal Non-U.S. and Private Placement Securities	**$288,648**	
Total Fixed Income Securities	**$1,735,690**	

[1]Effective Duration is a measure of a bond's sensitivity to interest rates. It is calculated as the percentage change in a bond's price caused by a change in the bond's yield. For example, a duration of 5 indicates that a 1 percent increase in a bond's yield will cause the bond price to decline 5 percent.

Duration in Fixed Income Securities — OPEB Custodial Fund
As of June 30, 2025
(Dollars in Thousands)

Investment Type	Fair Value	Portfolio-Weighted Average Effective Duration[1]
U.S. Treasuries	$194,545	1.99
Corporate and Other Credit	1,847	0.56
Total Fixed Income Securities	**$196,392**	

[1]Effective Duration is a measure of a bond's sensitivity to interest rates. It is calculated as the percentage change in a bond's price caused by a change in the bond's yield. For example, a duration of 5 indicates that a 1 percent increase in a bond's yield will cause the bond price to decline 5 percent.

Duration in Fixed Income Securities — OPEB Custodial Fund
As of June 30, 2024
(Dollars in Thousands)

Investment Type	Fair Value	Portfolio-Weighted Average Effective Duration[1]
U.S. Treasuries	$180,471	2.15
Corporate Bonds and Credit Securities:		
Asset-Backed Securities	787	0.28
Corporate and Other Credit	6,517	1.11
Subtotal Corporate Bonds and Credit Securities	**$7,304**	
Total Fixed Income Securities	**$187,775**	

[1]Effective Duration is a measure of a bond's sensitivity to interest rates. It is calculated as the percentage change in a bond's price caused by a change in the bond's yield. For example, a duration of 5 indicates that a 1 percent increase in a bond's yield will cause the bond price to decline 5 percent.

Foreign Currency Risk

Foreign Currency Risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. LACERA's investment managers are permitted to invest in approved countries or regions, as stated in their respective investment manager guidelines. To mitigate foreign currency risk within global equity, LACERA has implemented a passive currency hedging program, which hedges into U.S. dollars approximately 50 percent of LACERA's foreign currency exposure for developed market equities.

The following schedules represent LACERA's Pension Plan and OPEB Trust exposure to foreign currency risk in U.S. dollars. Most of the exposure is from separately managed accounts with the remaining exposure from non-U.S. commingled funds that are denominated in foreign currency. For the commingled funds, LACERA owns units, and the fund holds actual securities and/or currencies. The values shown include LACERA's separately managed account holdings and the pro rata portion of non-U.S. commingled fund holdings.

Non-U.S. Investment Securities at Fair Value — Pension Plan

As of June 30, 2025

(Dollars in Thousands)

Currency	Equity	Fixed Income	Foreign Currency	Real Estate	Real Assets	Private Equity	Forward Contracts	Total
AFRICA								
South African Rand	$99,000	$—	$573	$—	$—	$—	$—	$99,573
AMERICAS								
Brazilian Real	98,005	—	2,593	—	—	—	—	100,598
Canadian Dollar	941,148	1,357	(6,221)	—	158,903	2,300	(5,440)	1,092,047
Chilean Peso	10,502	—	426	—	—	—	—	10,928
Colombian Peso	2,811	—	424	—	—	—	—	3,235
Mexican Peso	28,964	—	552	—	—	—	—	29,516
ASIA								
Australian Dollar	411,837	—	1,747	—	—	16,217	(4,223)	425,578
Chinese Renminbi	74,579	—	3,314	—	—	—	—	77,893
Hong Kong Dollar	626,845	—	2,008	—	—	—	385	629,238
Indonesian Rupiah	32,767	—	3,193	—	—	—	—	35,960
Japanese Yen	1,296,489	—	16,737	—	—	9,307	(563)	1,321,970
Malaysian Ringgit	42,192	—	3,185	—	—	—	—	45,377
New Zealand Dollar	9,639	—	148	—	—	—	(253)	9,534
Pakistani Rupee	—	—	28	—	—	—	—	28
Philippine Peso	12,256	—	458	—	—	—	—	12,714
Singapore Dollar	102,138	—	1,910	—	—	—	(970)	103,078
South Korean Won	283,492	—	4,610	—	—	—	—	288,102
Taiwan Dollar	403,358	—	4,803	—	—	—	—	408,161
Thai Baht	25,550	—	1,448	—	—	—	—	26,998
EUROPE								—
British Pound Sterling	1,558,268	11,936	3,725	—	—	392,316	(20,897)	1,945,348
Czech Republic Koruna	4,982	—	354	—	—	—	—	5,336
Danish Krone	151,522	—	1,673	—	—	—	(2,163)	151,032
Euro	2,628,017	45,469	13,917	337,350	507,597	950,082	(51,358)	4,431,074
Hungarian Forint	10,156	—	676	—	—	—	—	10,832
Norwegian Krone	55,443	—	408	—	—	—	(619)	55,232
Polish Zloty	34,754	—	487	—	—	—	—	35,241
Russian Ruble	—	—	2,182	—	—	—	—	2,182
Swedish Krona	189,197	—	1,497	—	—	—	(1,769)	188,925
Swiss Franc	577,048	—	1,408	—	—	—	(11,222)	567,234
MIDDLE EAST								
Egyptian Pound	3,400	—	215	—	—	—	—	3,615
Israeli New Shekel	47,472	—	875	—	—	—	(1,920)	46,427

Non-U.S. Investment Securities at Fair Value — Pension Plan (continued)

As of June 30, 2025

(Dollars in Thousands)

Currency	Equity	Fixed Income	Foreign Currency	Real Estate	Real Assets	Private Equity	Forward Contracts	Total
Kuwaiti Dinar	$32,045	$—	$1,213	$—	$—	$—	$—	$33,258
Qatari Rial	35,747	—	1,496	—	—	—	—	37,243
Saudi Riyal	14,038	—	9	—	—	—	—	14,047
Turkish Lira	15,539	—	312	—	—	—	—	15,851
UAE Dirham	55,037	—	729	—	—	—	—	55,766
Total Investment Securities Subject to Foreign Currency Risk	**$9,914,237**	**$58,762**	**$73,112**	**$337,350**	**$666,500**	**$1,370,222**	**($101,012)**	**$12,319,171**

Non-U.S. Investment Securities at Fair Value — Pension Plan

As of June 30, 2024

(Dollars in Thousands)

Currency	Equity	Fixed Income	Foreign Currency	Real Estate	Real Assets	Private Equity Investments	Forward Contracts	Total
AFRICA								
South African Rand	$84,344	$—	$161	$—	$—	$—	$—	$84,505
AMERICAS								
Brazilian Real	106,481	—	1,124	—	—	—	—	107,605
Canadian Dollar	898,571	1,712	8,448	—	152,310	—	588	1,061,629
Chilean Peso	7,996	—	194	—	—	—	—	8,190
Colombian Peso	2,106	—	105	—	—	—	—	2,211
Mexican Peso	39,695	—	969	—	—	—	—	40,664
ASIA								
Australian Dollar	437,024	—	766	—	—	15,699	(5,222)	448,267
Chinese Renminbi	65,275	—	3,138	—	—	—	—	68,413
Hong Kong Dollar	557,649	—	2,548	—	—	—	(29)	560,168
Indonesian Rupiah	47,328	—	1,680	—	—	—	—	49,008
Japanese Yen	1,343,462	—	10,973	—	—	—	46,401	1,400,836
Malaysian Ringgit	43,802	—	801	—	—	—	—	44,603
New Zealand Dollar	9,822	—	304	—	—	—	(33)	10,093
Pakistani Rupee	—	—	29	—	—	—	—	29
Philippine Peso	12,954	—	193	—	—	—	—	13,147
Singapore Dollar	86,614	—	464	—	—	—	347	87,425
South Korean Won	278,007	—	1,701	—	—	—	—	279,708
Taiwan Dollar	447,679	—	1,600	—	—	—	—	449,279
Thai Baht	37,123	—	603	—	—	—	—	37,726
EUROPE								
British Pound Sterling	1,320,543	12,885	6,712	54	—	249,139	1,240	1,590,573

Non-U.S. Investment Securities at Fair Value — Pension Plan (continued)

As of June 30, 2024

(Dollars in Thousands)

Currency	Equity	Fixed Income	Foreign Currency	Real Estate	Real Assets	Private Equity Investments	Forward Contracts	Total
Czech Republic Koruna	3,286	—	130	—	—	—	—	3,416
Danish Krone	295,161	—	430	—	—	—	1,347	296,938
Euro	2,466,836	34,770	14,508	290,417	355,378	867,790	11,638	4,041,337
Hungarian Forint	7,697	—	263	—	—	—	—	7,960
Norwegian Krone	75,500	—	774	—	—	—	(298)	75,976
Polish Zloty	38,938	—	1,222	—	—	—	—	40,160
Russian Ruble	—	—	1,978	—	—	—	—	1,978
Swedish Krona	223,745	—	689	—	—	—	(569)	223,865
Swiss Franc	614,346	—	1,045	—	—	—	(412)	614,979
MIDDLE EAST								
Egyptian Pound	3,320	—	128	—	—	—	—	3,448
Israeli New Shekel	38,411	—	1,020	—	—	—	421	39,852
Kuwaiti Dinar	25,521	—	484	—	—	—	—	26,005
Qatari Rial	30,699	—	407	—	—	—	—	31,106
Saudi Riyal	6,469	—	—	—	—	—	—	6,469
Turkish Lira	32,771	—	647	—	—	—	—	33,418
UAE Dirham	41,894	—	1,038	—	—	—	—	42,932
Total Investment Securities Subject to Foreign Currency Risk	**$9,731,069**	**$49,367**	**$67,276**	**$290,471**	**$507,688**	**$1,132,628**	**$55,419**	**$11,833,918**

Non-U.S. Investment Securities at Fair Value — OPEB Trust

As of June 30, 2025

(Dollars in Thousands)

Currency	Equity	Fixed Income	Foreign Currency	Real Assets	Total
AMERICAS					
Canadian Dollar	$63,359	$—	$152	$—	$63,511
ASIA					
Australian Dollar	37,648	—	65	—	37,713
Hong Kong Dollar	9,333	—	70	—	9,403
Japanese Yen	122,478	—	1,056	—	123,534
New Zealand Dollar	1,055	—	15	—	1,070
Singapore Dollar	7,382	—	141	—	7,523
EUROPE					
British Pound Sterling	74,740	—	342	—	75,082
Danish Krone	11,540	—	90	—	11,630
Euro	170,236	24	661	13,978	184,899
Norwegian Krone	4,217	—	15	—	4,232
Swedish Krona	17,999	—	166	—	18,165
Swiss Franc	45,896	—	14	—	45,910
MIDDLE EAST					
Israeli New Shekel	5,240	—	37	—	5,277
Total Investment Securities Subject to Foreign Currency Risk	**$571,123**	**$24**	**$2,824**	**$13,978**	**$587,949**

Non-U.S. Investment Securities at Fair Value — OPEB Trust

As of June 30, 2024

(Dollars in Thousands)

Currency	Equity	Fixed Income	Foreign Currency	Real Assets	Total
AMERICAS					
Canadian Dollar	$47,141	$—	$145	$—	$47,286
ASIA					
Australian Dollar	31,856	—	106	—	31,962
Hong Kong Dollar	7,270	—	184	—	7,454
Japanese Yen	99,563	—	535	—	100,098
New Zealand Dollar	1,147	—	10	—	1,157
Singapore Dollar	5,545	—	27	—	5,572
EUROPE					
British Pound Sterling	60,236	—	274	—	60,510
Danish Krone	15,623	—	69	—	15,692
Euro	126,606	479	528	8,715	136,328
Norwegian Krone	3,440	—	254	—	3,694
Swedish Krona	14,769	—	64	—	14,833
Swiss Franc	36,679	—	142	—	36,821
MIDDLE EAST					
Israeli New Shekel	2,582	—	6	—	2,588
Total Investment Securities Subject to Foreign Currency Risk	**$452,457**	**$479**	**$2,344**	**$8,715**	**$463,995**

NOTE H — Securities Lending Program

The Board of Investments authorizes LACERA to participate in a securities lending program to generate incremental income consistent with LACERA's Investment Policy Statement. Under the program, LACERA lends its securities to qualified market participants such as brokers and dealers ("borrowers"). In return for lending securities, LACERA receives collateral, either in the form of cash or other securities. When cash collateral is received, LACERA pays the borrower interest on the cash and invests it with the goal of earning a higher yield than the interest rate paid to the borrower. When non-cash collateral is received, the borrower pays a fee for borrowing the securities. At the end of the loan, the borrower returns the securities and LACERA returns the collateral. In addition, either party to the transaction can terminate a loan on demand.

State Street Bank and Trust is LACERA's custodian and the lending agent for LACERA's securities lending program. The amount of collateral LACERA receives is based on the market value of the security loaned and depends on the type of security: 105 percent of market value for non-U.S. securities and 102 percent on U.S. securities are the minimum amounts of collateral received.

State Street Global Advisors (SSGA) invests the cash collateral received from the lending program. The collateral is invested in short-term highly liquid instruments. Loans are marked to market daily, so that if the fair value of a security on loan rises, LACERA receives additional collateral. Conversely, if the fair value of a security on loan declines, LACERA returns a portion of the collateral. Earnings generated in excess of the interest paid to borrowers represent net investment income to LACERA.

Under the terms of the lending agreement, the lending agent provides indemnification against borrower default. In the event a borrower does not return securities on loan, the terms of the lending agreement entitle LACERA to terminate the loan and use the collateral to purchase a like amount of "replacement securities." In the event the purchase price of replacement securities exceeds the amount of collateral, the lending agent is liable to LACERA for the difference, plus interest.

At fiscal year-end, LACERA had no credit risk exposure to borrowers, because the amount of collateral received exceeded the value of securities on loan. LACERA had no losses on securities lending transactions resulting from the default of a borrower for the fiscal years ended June 30, 2025 and 2024.

As of June 30, 2025, the fair value of securities on loan was $7.4 billion, with a value of cash collateral received of $2.5 billion and non-cash collateral of $5.1 billion. As of June 30, 2024, the fair value of securities on loan was $8.0 billion, with a value of cash collateral received of $2.4 billion and non-cash collateral of $6.1 billion. LACERA's investment income from securities lending, was $18.0 million and $18.1 million, net of expenses, for the fiscal years ended June 30, 2025 and 2024, respectively.

The following table shows the fair value of securities on loan, cash and non-cash collateral received, calculated mark, and collateral percent.

Securities Lending

As of June 30, 2025 and 2024

(Dollars in Thousands)

	2025					2024				
Securities on Loan	**Fair Value of Securities on Loan**	**Cash Collateral Received**	**Non-Cash Collateral Received**	**Calculated Mark[1]**	**Collateral Percent[2]**	**Fair Value of Securities on Loan**	**Cash Collateral Received**	**Non-Cash Collateral Received**	**Calculated Mark[1]**	**Collateral Percent[2]**
U.S. Equity	$2,265,592	$1,002,955	$1,338,584	$7,187	103.7%	$2,042,727	$1,058,414	$1,060,711	$1,650	103.8%
U.S. Fixed Income	4,481,836	1,415,768	3,278,228	19,847	105.2%	5,460,388	1,139,561	4,685,295	(55,248)	105.7%
Non-U.S. Equity	611,634	130,162	522,799	496	106.8%	469,192	161,178	340,324	(781)	106.7%
Total	**$7,359,062**	**$2,548,885**	**$5,139,611**	**$27,530**		**$7,972,307**	**$2,359,153**	**$6,086,330**	**($54,379)**	

[1]Calculated mark is performed daily. It is the amount LACERA will collect from the borrower (if the amount is positive) or payment to the borrower (if the amount is negative) to bring the collateralization to appropriate levels based on fair value.

[2]Collateral percent is the total collateral received divided by the fair value of securities on loan. U.S. loans are collateralized at 102 percent minimum of the fair value of the securities on loan, while non-U.S. loans are collateralized at 105 percent minimum.

NOTE I — Derivative Financial Instruments

In accordance with LACERA's Investment Policy Statement, LACERA may utilize derivative instruments to manage risk and enhance portfolio efficiency. Derivatives are financial instruments that derive their value from an underlying asset or a direct obligation of an issuer and may be exchange-traded or traded over the counter (OTC). LACERA's portfolio management strategies incorporate derivative financial instruments for cash overlays and currency hedging. Cash overlays are used to maintain alignment with Board-approved investment guidelines and asset allocation policy targets. Currency hedging is used to minimize return volatility associated with non-U.S. dollar-denominated investments. LACERA expects that any use of derivatives by external managers must adhere to LACERA's investment policies, guidelines, and risk controls, including adherence to counterparty credit standards, collateral requirements, and exposure limits.

Futures

Futures are financial agreements to buy or sell an underlying asset at a specified future date and predetermined price. Futures are standardized instruments traded on regulated exchanges, and are subject to daily marked-to-market valuation. The futures exchange reduces counterparty credit risk by acting as a central counterparty to all transactions. It does this by collecting a daily margin payment from one trade participant and crediting it to the other, based on fluctuations in the contract's value.

Currency Forwards

Similar to futures, forwards contracts represent an agreement to buy or sell an underlying asset at a specified future date and price. However, forwards are customized, non-standardized agreements negotiated privately between parties. Payment for the transaction is generally delayed until contract maturity or expiration date. Forwards contracts are not traded on a centralized exchange; therefore, they are considered over-the-counter instruments and have higher counterparty risk than futures. Currency forwards contracts are used to manage foreign exchange exposure, implement LACERA's passive currency hedge, and facilitate the settlement of international security transactions.

Currency Forwards Analysis — Pension Plan
As of June 30, 2025
(Dollars in Thousands)

		Currency Forwards Contracts			
Currency Name	**Options**	**Net Receivables**	**Net Payables**	**Swaps**	**Total Exposure**
Australian Dollar	$—	$137	($4,360)	$—	($4,223)
Canadian Dollar	—	715	(6,155)	—	(5,440)
Swiss Franc	—	1,803	(13,025)	—	(11,222)
Danish Krone	—	399	(2,562)	—	(2,163)
Euro	—	6,239	(57,597)	—	(51,358)
Pound Sterling	—	3,216	(24,113)	—	(20,897)
Hong Kong Dollar	—	(31)	416	—	385
Israeli New Shekel	—	118	(2,038)	—	(1,920)
Japanese Yen	—	1,439	(2,002)	—	(563)
South Korean Won	94	—	—	—	94
Malaysian Ringgit	186	—	—	—	186
Norwegian Krone	—	17	(636)	—	(619)
New Zealand Dollar	—	46	(299)	—	(253)
Swedish Krona	—	633	(2,402)	—	(1,769)
Singapore Dollar	—	152	(1,122)	—	(970)
Thailand Baht	—	—	—	—	—
Total	**$280**	**$14,883**	**($115,895)**	**$—**	**($100,732)**

Note: This Currency Forwards Analysis table does not include holdings within commingled investment structures or structures that are not directly held in custody by LACERA's global custodian, State Street Bank and Trust Company.

Options

An option contract is a type of derivative in which a buyer (purchaser) has the right, but not the obligation, to buy or sell a specified amount of an underlying security at a fixed price by exercising the option typically before its expiration date. The seller (writer) has an obligation to buy or sell the underlying security if the buyer decides to exercise the option.

The following Investment Derivatives schedule reports the fair value balances, changes in fair value, and notional amounts of derivatives outstanding as of and for the year ended June 30, 2025 classified by type, not including holdings within commingled investment structures or structures that are not directly held in custody by LACERA's global custodian, State Street Bank and Trust Company.

Investment Derivatives — Pension Plan
As of June 30, 2025
(Dollars in Thousands)

Derivative Type	Net Appreciation/ (Depreciation) in Fair Value	Fair Value	Notional Value (Dollars)	Notional Shares (Units)
Commodity Futures Long	$10,124	$—	$—	43,564
Commodity Futures Short	6,203	—	—	(10)
Fixed Income Futures Long	88,060	—	—	637,000
Fixed Income Futures Short	49,741	—	—	—
Foreign Currency Futures Long	(555)	—	—	—
Foreign Currency Futures Short	100	—	—	(61,400)
FX Forwards	(194,139)	(101,012)	6,157,139	—
Index Futures Long	137,448	—	—	589
Index Futures Short	(173,874)	—	—	(471)
Rights	172	95	1	—
Warrants	(223)	3,004	854	—
Total	**($76,943)**	**($97,913)**	**$6,157,994**	**619,272**

Investment Derivatives — OPEB Trust
As of June 30, 2025
(Dollars in Thousands)

Derivative Type	Net Appreciation/ (Depreciation) in Fair Value	Fair Value	Notional Value (Dollars)	Notional Shares (Units)
FX Forwards	($8)	$—	$—	—
Index Futures Long	695	—	—	8
Rights	1	—	—	—
Total	**$688**	**$—**	**$—**	**8**

All investment derivative positions are included as part of Investments at Fair Value in the Statement of Fiduciary Net Position. All changes in fair value are reported as part of Net Appreciation/ (Depreciation) in Fair Value of Investments within the Statement of Changes in Fiduciary Net Position.

Investment information was provided by LACERA's investment managers and custodian bank, State Street Bank and Trust Company.

Interest Rate Risk
Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Interest rate swaps are an example of an investment that has a fair value that is highly sensitive to interest rate changes.

Counterparty Credit Risk

LACERA is exposed to counterparty credit risk on investment derivatives that are traded OTC and are reported in asset positions. Derivatives exposed to counterparty credit risk include currency forwards contracts and certain swap agreements. To minimize counterparty credit risk exposure, LACERA's investment managers continually monitor credit ratings of counterparties. In addition, collateral provided by the counterparty reduces LACERA's counterparty credit risk exposure. Should there be a counterparty failure, LACERA would be exposed to the loss of the fair value of derivatives that have unrealized gains and any collateral provided to the counterparty, net of applicable netting arrangements.

The following schedule displays the fair value of investments with each counterparty's S&P, Fitch, and Moody's credit rating by counterparty's name alphabetically, not including holdings within commingled investment structures or structures that are not directly held in custody by LACERA's global custodian, State Street Bank and Trust Company.

Counterparty Credit Risk Analysis — Pension Plan

As of June 30, 2025

(Dollars in Thousands)

Counterparty Name	Total Fair Value	S&P Rating	Fitch Rating	Moody's Rating
Bank of America N.A.	$—	A+	AA	Aa2
Barclays Bank PLC Wholesale	—	A+	A+	A1
BNP Paribas	—	A+	A+	A1
Deutsche Bank AG	5,100	A	A-	A1
Goldman Sachs International	5,672	A+	A+	A1
Natwest Markets Plc	4,764	A	A+	A1
State Street Bank And Trust Company	—	AA-	AA	Aa2
The Bank of New York Mellon	4,443	A	AA-	Aa3
UBS AG	1,312	A+	A+	Aa2
Westpac Banking Corporation	2,999	AA-	AA-	Aa2
Total	**$24,290**			

NOTE J — Special Purpose Entities

Real Estate Investments

LACERA maintains several different types of special purpose entities (SPEs) within its investment portfolio. Each SPE is a separate legal structure created to hold one or more real estate assets. Only two SPEs held more than one real estate asset as of June 30, 2025.

The SPEs are structured as either title holding companies (THCs) or limited liability companies (LLCs). The LACERA real estate portfolio held 26 THCs and 32 LLCs as of June 30, 2025, compared to 28 THCs and 36 LLCs held as of June 30, 2024. Of the 58 SPEs held as of June 30, 2025, 11 were joint ventures between LACERA and one or more third parties.

The total fair values of assets invested in THCs and LLCs as of June 30, 2025 and June 30, 2024 were $1.6 billion and $2.1 billion, respectively. The Investment Policy Statement adopted by the Board of Investments allows investment managers to leverage the properties with debt included in property liabilities. The investment managers responsible for managing real estate investments held in SPEs can be found in the Investment Section, List of Investment Managers under Real Assets and Inflation Hedges — Core Real Estate.

Debt Program

The investment manager for the legacy Real Estate Debt Program is Quadrant Real Estate Advisors, LLC. The total fair values of assets invested in this Debt Program account as of June 30, 2025 and June 30, 2024 were $24.6 million and $63.9 million, respectively. The legacy Real Estate Debt Program is reported in LACERA's Real Assets and Inflation Hedges functional asset class; the one remaining asset is expected to be liquidated at maturity. Per LACERA's Board-approved 2021 Credit Structure Review, all other debt assets other than the legacy Debt Program with Quadrant Real Estate Advisors, LLC, will be included in LACERA's Credit functional asset class.

Real Estate and the legacy Real Estate Debt Program assets are also disclosed in Note P — Fair Value of Investments.

As presented in the Investment Section, Real Estate and the legacy Real Estate Debt Program assets are included in the following functional category portfolios: Growth, and Real Assets and Inflation Hedges. For additional information regarding LACERA's investment portfolio and functional categories, see the Investment Section.

NOTE K — Related Party Transactions

Office Space Lease

In 1990, LACERA, as the sole shareholder, formed a title holding company (THC) to acquire Gateway Plaza, a 273,546 square foot 13-story office building located in Pasadena, California, which serves as the LACERA headquarters. Shortly thereafter in 1991, LACERA, the lessee, entered into its original lease agreement with the THC (LACERA Gateway Property, Inc.), as lessor, to occupy approximately 85,000 square feet of office and storage space. LACERA's offices include facilities to conduct in-person services with members, work stations for LACERA staff, and meeting space to host in-person Board of Retirement and Board of Investment meetings. Under the terms of the original lease and the subsequent 16 amendments, which expired on December 31, 2020, LACERA did not pay rent to the THC for the office space it occupied. Instead LACERA was credited with the entire payment of base rent due each month. However, LACERA was required to pay its proportionate share of the building's operating costs and property taxes as defined in the lease agreement.

LACERA entered into the 17th Amendment to Office Lease with the THC to occupy 125,559 square feet of office space in December 2020. The latest amendment extended the term of the lease for an additional 60-month period, commencing on January 1, 2021 and ending on December 31, 2025. Under this lease agreement, LACERA is required to pay monthly rent for the new term, with an initial three-month rent abatement period allowed from January 1, 2021 to March 31, 2021. The rent amounts are based on the current market rate for comparable space. In addition to rent, as defined in the lease agreement, LACERA is required to pay its proportionate share of the increase in the building's operating costs and property taxes over its base year.

Total rent expenses paid by LACERA were approximately $6.7 million and $6.5 million for the fiscal years ended June 30, 2025 and June 30, 2024, respectively.

NOTE L — Administrative Expenses

The LACERA Board of Retirement and Board of Investments annually adopt the operating budget for the administration of LACERA. The administrative expenses, subject to statutory limitations, are charged against the investment earnings of the Pension Plan. CERL sets the annual budget for administrative expenses to a maximum of 0.21 percent of the Pension Plan's actuarial accrued liability.

Expenses for computer software, hardware, and computer technology consulting services relating to such expenditures are included in the cost of administration, although they need not be included under CERL. Pursuant to the CERL, the cost of internal legal representation secured by the Board of Retirement and Board of Investments from LACERA's Legal Office, other than representation concerning investment of monies, is not to exceed 0.01 percent of retirement benefits plan assets in any budget year. LACERA's costs for such legal representation are within the statutory limit and included in administrative expenses.

Under applicable sections of the CERL, both LACERA boards approved the operating budgets for fiscal years ended June 30, 2025 and June 30, 2024, which were prepared based upon the 0.21 percent CERL limit. For these years, LACERA's approved operating budgets were well below the statutory limit, and the actual administrative expenditures were less than the approved budgets.

Beginning with the operating budget for the fiscal year ended June 30, 2021, LACERA implemented a staggered budget development approach of 1) obtaining Board approval of an operating budget before the start of the new fiscal year, 2) completing a mid-year budget review, and 3) recommending budget amendments during the mid-year budget review, if deemed necessary, for the boards' approval. Board-approved adjustments made during the mid-year budget review are included in the final budgeted amounts for the fiscal year. This staggered approach enables executive leadership the opportunity to realign resources with the strategic direction of the organization and support the management team in implementing new or urgent initiatives that might occur during the year.

LACERA also pays Los Angeles County departments for services they provide to LACERA, primarily related to administering employee payroll and benefits, recruitment exams, fingerprinting, background checks, and cloud customer service software. For the fiscal years ended June 30, 2025 and 2024, LACERA paid Los Angeles County $618,866 and $373,591, respectively, for the use of these County services and systems. The $245,275 increase is primarily attributable to the delay in billing for prior-year services by the County. This consisted of Auditor-Controller Payroll System maintenance charges for fiscal year 2024, which were processed and recorded in the current fiscal year. The increase also reflects higher electronic data processing (EDP) charges, including services commonly utilized by the Member Services Call Center.

The following budget-to-actual analysis of administrative expenses schedule is based upon the mid-year budget review for the fiscal years ended June 30, 2025 and June 30, 2024*, as approved by the LACERA governing boards, in comparison to actual administrative expenses.*

Budget-to-Actual Analysis of Administrative Expenses
As of June 30, 2025 and 2024
(Dollars in Thousands)

	2025	2024
Basis for Budget Calculation, Actuarial Accrued Liability[1]	**$90,651,092**	**$86,320,151**
Maximum Allowable for Administrative Expenses	$190,367	$181,272
Total Statutory Budget Appropriation	**$190,367**	**$181,272**
Operating Budget Request	$140,016	$135,748
Actual Administrative Expenses	(127,185)	(118,628)
Underexpended Operating Budget	**$12,831**	**$17,120**
Actual Administrative Expenses	$127,185	$118,628
Basis for Budget Calculation, Actuarial Accrued Liability[1]	$90,651,092	$86,320,151
Administrative Expenses as a Percentage of the Basis for Budget Calculation	**0.14%**	**0.14%**
Limit per CERL	0.21%	0.21%
Actual Administrative Expenses	$127,185	$118,628
Net Position Restricted for Benefits	$86,187,618	$79,202,225
Administrative Expenses as a Percentage of Fiduciary Net Position	**0.15%**	**0.15%**

[1]The 2025 and 2024 budget calculations are based on the most recent Pension Plan actuarial reports available at the time the budget is prepared, which are the Actuarial Accrued Liabilities as of June 30, 2023 and June 30, 2022, respectively.

NOTE M — Commitments and Contingencies

Litigation

LACERA is a defendant in various lawsuits and other claims arising in the ordinary course of its operations. The management and legal counsel of LACERA estimate the ultimate outcome of such litigation will not have a material effect on LACERA's financial statements.

In October 2021, the Los Angeles County Employees Retirement Association (LACERA) filed a lawsuit with the Los Angeles Superior Court against the County of Los Angeles and the County Board of Supervisors regarding LACERA's ability, as an independent fiduciary, to set classifications and salaries for its personnel. LACERA is a separate public agency from the County and provides independent administration of the County retirement system, including its assets and the payment of benefits. LACERA seeks a court order confirming LACERA's authority and implementing critical personnel actions approved by LACERA's Board of Retirement and Board of Investments that the County has blocked from becoming effective. In December 2022, the Superior Court denied LACERA's petition. LACERA filed an appeal with the Second District Court of Appeal, which was decided in LACERA's favor in June 2024. In August 2024, the County filed a petition for review in the California Supreme Court, which was granted and remains pending for a final decision on the merits by the Supreme Court.

The litigation will not affect contributions from the County, LACERA's assets, investments, or the timely delivery of benefits and services to its members and beneficiaries. The case does not have a material monetary impact to the County or LACERA and is posted on LACERA's website.

Securities Litigation

In 2001, the LACERA Board of Investments adopted a Securities Litigation Policy in response to incidents of corporate corruption, fraud, and misconduct at publicly traded companies whose securities are held within LACERA's investment portfolio. The Policy requires LACERA's Legal Office to monitor securities fraud class actions and to actively pursue recovery of LACERA's losses in accordance with the Policy. Litigation is initiated when appropriate with the approval of the Board of Investments.

In 2010, the U.S. Supreme Court held that certain fraud provisions of the U.S. securities laws could not be applied to securities purchased outside the U.S. Therefore, the LACERA Board of Investments adopted a global policy to ensure that LACERA continues to meet its fiduciary duty by identifying, monitoring, and evaluating securities actions in which the fund has an interest, both foreign and domestic, and pursuing such claims when and in a manner the LACERA Board of Investments determines is in the best interest of the fund.

Compliance with the Securities Litigation Policy is part of the efforts of the LACERA Board of Investments, with the assistance of the LACERA Legal Office and outside counsel, to protect the financial interests of LACERA and its members. The Policy was most recently reviewed and revised by the Board of Investments on November 2, 2017.

LEASES

Equipment

LACERA leases equipment under lease agreements that expire over the next five years. The annual commitments and operating expenses for such equipment leases were approximately $148,000 and $208,000 for the fiscal years ended 2025 and 2024, respectively.

Office Space Lease

The LACERA office space lease agreement was originally entered in January 1991. Subsequent amendments were made, with the latest one dated December 23, 2020. LACERA entered into the 17th Amendment and extended the lease terms with an expiration date of December 31, 2025.

The lease agreement for LACERA's office space is also discussed in Note K — Related Party Transactions. The total rent expenses for leasing the building premises were $6.7 million and $6.5 million in fiscal years ended 2025 and 2024, respectively.

Capital Commitments

LACERA private equity, real estate, infrastructure, natural resources, and hedge fund investment managers identify and acquire fund investments on a discretionary basis. Investment policies and guidelines are approved by the LACERA Board of Investments and controlled by investment management agreements that identify limitations on each investment manager's discretion. Such investment activities are further restricted by the amount of capital allocated or committed to each manager.

As of June 30, 2025, capital commitments approved by LACERA's Board of Investments, that are outstanding to the various investment managers but not yet funded, totaled $12.5 billion.

NOTE N — Other Post-Employment Benefits (OPEB) Program

Program Description

In April 1982, the County adopted an ordinance pursuant to the County Employees Retirement Law of 1937 (CERL) to establish a retiree healthcare insurance program and death/burial benefits for retired employees and their eligible dependents. That same year, the County and LACERA entered into an agreement (the "1982 Agreement") whereby LACERA's Board of Retirement would administer the program subject to the terms and conditions of the agreement. The County is responsible for making changes to OPEB Program benefits. The County subsidizes a portion of the insurance premiums for certain retired members and their eligible dependents based on a member's length of service.

In 1994, the County amended the Agreement to ensure that the retiree OPEB Program will continue even if there are changes to or termination of the active employee health insurance programs. In June 2014, the LACERA Board of Retirement approved the County's request to modify the agreement to create a new retiree healthcare benefits program to lower its costs. This restructuring created two benefit tiers:

- Tier 1: For employees hired before July 1, 2014
- Tier 2: For employees hired on or after July 1, 2014

On June 17, 2014, the Los Angeles County Board of Supervisors adopted changes to Los Angeles County Code Title 5 — Personnel, establishing the benefit provisions for the Tier 2 program.

For the Tier 1 program, LACERA maintains its agreed-upon role as Program Administrator for retiree healthcare benefits as governed by the 1982 Agreement. In addition, the County retiree medical and dental/vision insurance subsidy applies to the retiree and eligible dependents. Under Tier 2, LACERA is responsible for administering this program pursuant to the 2014 Agreement. The County provides a premium subsidy for retiree-only coverage, which excludes dependents of Tier 2 members.

Membership

Employees are eligible for the OPEB Program if they are members of LACERA and retire from the County of Los Angeles, Superior Court, LACERA, or a participating outside district. Eligibility to receive a pension benefit is a prerequisite for retiree healthcare and death benefits. Healthcare benefits are also offered to qualifying survivors of deceased retired members and qualifying survivors of deceased active employees who were eligible to retire at the time of death. Tier 1 members and eligible dependents are covered under the program, whereas in Tier 2, only the retiree receives a premium subsidy for medical and dental/vision benefits. However, Tier 2 dependents can still enroll in healthcare without a subsidy. The Summary of Major OPEB Program Provisions is available by contacting LACERA or visiting lacera.gov for additional information.

LACERA Membership — OPEB Medical and Dental/Vision Benefits
As of June 30, 2025 and 2024

	2025		2024	
	Medical	**Dental/Vision**	**Medical**	**Dental/Vision**
Retired Participants				
Retired Members and Survivors	57,453	59,779	56,365	58,524
Spouses and Dependents	29,184	34,093	28,706	33,396
Total Retired	**86,637**	**93,872**	**85,071**	**91,920**
Inactive Members — Vested	9,682	9,682	9,719	9,719
Active Members — Vested[1]	75,430	75,430	75,427	75,427
Total Membership Eligible for Benefits	**171,749**	**178,984**	**170,217**	**177,066**

LACERA Membership — OPEB Death/Burial Benefits
As of June 30, 2025 and 2024

	2025	2024
Retired with Eligibility for Death/Burial Benefits[2]	66,398	64,651
Total Retired	**66,398**	**64,651**
Inactive Members — Vested	9,682	9,719
Active Members — Vested[1]	75,430	75,427
Total Membership Eligible for Benefits	**151,510**	**149,797**

[1]Active members include terminated members who are vested (deferred) and eligible to receive OPEB benefits. Active members exclude non-vested members who are ineligible for OPEB benefits.
[2]Survivors, spouses, and dependents are not eligible for death benefits.

Benefit Provisions
Both Tier 1 and Tier 2 participants have the same selection of medical plans as well as two dental/vision plans. The medical plans include HMOs and indemnity plans, some of which are designed to work with Medicare benefits. Coverage is available regardless of preexisting medical conditions. Under the Tier 2 benefits structure, retirees/survivors and their eligible dependents who qualify for Medicare must enroll in Medicare Parts A and B and a LACERA-administered Medicare HMO plan or a Medicare Supplement plan. However, the healthcare benefits subsidy and the Medicare Part B premium reimbursement (annually reviewed and approved by the Board of Supervisors) only apply to retirees/survivors, not eligible dependents, under the Tier 2 program.

Medical and Dental/Vision
Benefits are provided through third-party insurance carriers. Participants' cost for medical and dental/vision insurance vary based on the years of retirement service credit with LACERA, the plan selected, and the number of eligible dependents. The County subsidy starts at 40 percent of the lesser of the benchmark plan rate or the actual premium of the retiree's selected plan, provided the retiree has at least 10 years of eligible service credit. For each year of eligible retirement service credit earned beyond 10 years, the County contributes an additional 4 percent, up to a maximum of 100 percent for a member with 25 years of service credit.

- Tier 1: Subsidy applies to retiree and eligible dependents (per coverage selected by retiree)
- Tier 2: Subsidy applies to retiree/qualifying survivor only (per retiree/survivor-only coverage)

The County contribution can never exceed the premium of the benchmark plans. Retirees are responsible for premium amounts above the benchmark plans, including those with 25 or more years of service credit.

Benchmark Plans:

- Medical Tier 1: Anthem Blue Cross Plans I and II (chosen tier)
- Medical Tier 2: Anthem Blue Cross Plan III (retiree-only tier) if Medicare-eligible; Anthem Blue Cross Plans I and II (retiree-only tier) if not Medicare-eligible
- Dental/Vision: Cigna Indemnity (chosen tier for Tier 1 participants, retiree-only tier for Tier 2 participants)

Medicare Part B

The County reimburses eligible retirees and dependents for the standard Medicare Part B premium rate paid by the member to Social Security, subject to annual approval by the County Board of Supervisors. Eligible retirees and their dependents must be currently enrolled in both Medicare Part A and Medicare Part B, enrolled in a LACERA-administered Medicare HMO Plan or Medicare Supplement Plan, and meet all of the qualifications. Under the Tier 2 benefits structure, the County reimburses for Medicare Part B (at the standard rate) for eligible members or eligible survivors only.

Disability

If a member with less than 13 years of service is granted a service-connected disability retirement, the County contributes 50 percent of the lesser of the benchmark plan rate or the premium of the retiree's selected plan. Under the Tier 2 program, the benchmark plan rate is based on retiree-only premiums. A member with 13 years of service credit receives a 52 percent subsidy, which increases by 4 percent for each additional year of service, up to a maximum of 100 percent for a member with 25 years or more of service credit. Members are responsible for any premium difference each month on premiums exceeding the benchmark amounts (including those with 25 or more years of service).

Death/Burial Benefit

A one-time lump-sum $5,000 death/burial benefit is payable to the designated beneficiary upon the death of a retired member, paid by LACERA and then reimbursed to LACERA by the employer. Active and vested terminated (deferred) members are eligible for this benefit once they retire. Spouses and dependents are not eligible for this benefit upon their death.

Eligible dependent child age limit increased to age 26: The plan sponsor, the County of Los Angeles, approved an extension of the dependent children age limit up to age 26 under the Retiree Healthcare Benefits Program, regardless of a dependent child's marital or student status. This is a result of Senate Bill (SB) 1088. Until July 1, 2014, SB 1088 exempted retiree-only plans, such as LACERA's from this provision. It required health plan carriers to offer coverage to dependents up to age 26 but did not obligate the plan sponsor, the County of Los Angeles, to pay for coverage up to age 26. However, effective March 9, 2015, the County decided to pay for dependent coverage up to age 26 within the existing OPEB Program provisions.

Benefit Payments

LACERA collects premiums from both employers and members, which are then paid directly to insurance carriers. In addition to regular premium payments, other employer subsidies include Medicare Part B reimbursements and death/burial benefits. Death benefits are paid to the designated beneficiary upon the death of a retired member and reimbursed to LACERA by the employer.

Healthcare Premium Payments
As of June 30, 2025 and 2024
(Dollars in Thousands)

	2025	2024
Premiums Funded by:		
Employer Subsidies	$753,854	$686,863
Member Payments	54,315	50,255
Total Premium Payments Made to Insurance Carriers	**$808,169**	**$737,118**
Other Employer Subsidies:		
Medicare Part B Reimbursements	$110,263	$101,481
Death/Burial Benefit	8,867	9,392
Total Other Employer Subsidies	**$119,130**	**$110,873**

A premium holiday is a temporary period in which the monthly premium costs for both the Program sponsors (i.e., County and participating employers) and affected members are waived. Affected members are those retirees/survivors enrolled in certain medical and dental/vision benefit plans who also pay their share of the monthly premiums. The Board of Retirement approved the most recent premium holiday for the January 2015 insurance coverage period. There were no premium holidays during the fiscal years ended June 30, 2025 and 2024.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — OPEB PROGRAM

Basis of Presentation

LACERA reports OPEB activity in the basic financial statements under two distinct funds: the OPEB Custodial Fund as per GASB Statement Number 84 (GASB 84) and the OPEB Trust Fund as per GASB Statement Number 74 (GASB 74).

OPEB Custodial Fund

The OPEB Custodial Fund is primarily used to accept pay-as-you-go contributions, including healthcare premiums and the RHC Administrative Fee, from members and employers. These funds are used to pay healthcare premiums to insurance carriers, refunds due to members, investment management fees, and administrative expenses.

Assets and liabilities are recorded using the economic resources measurement focus and accrual basis of accounting. Receivables include contributions due as of the reporting date. Payables include premium payments, refunds due to members, and accrued investment and administrative expenses.

The fund accounts for assets held in a fiduciary capacity that are not held in a trust. LACERA administers these funds as part of its administrative responsibilities under the 1982 Agreement, including all amendments. The funds held within the OPEB Custodial Fund do not meet the definition of a qualifying trust under GASB 74 and are not used to reduce the employers' total OPEB liability. However, ownership of the OPEB Custodial Fund belongs to the County, Superior Court, LACERA, and the participating outside district employers.

OPEB Trust — Agent Plan

The County, Superior Court, and LACERA have established separate accounts within the LACERA OPEB Trust to prefund their own OPEB Program liabilities. Under an agent plan structure, program

liabilities and costs are directly determined by employer (agent) and shared expenses are allocated to each agent. This structure provides information for agents regarding their active, vested–terminated, and retiree population, helping them make informed decisions to manage OPEB costs. In addition, while assets in the OPEB Trust are commingled for investment purposes, they are separately tracked for each participating agent.

The OPEB actuarial valuation groups the agents using the following structure. There are seven employer-agents who participate in the OPEB Program, while three agents out of the seven contribute to the OPEB Trust. The most recent OPEB Program valuation report, prepared as of July 1, 2024, includes the population of all participating agents. Separate liabilities are calculated for the agents participating in the OPEB Program and the OPEB Trust.

Agent and Agent Grouping
OPEB Program[1]
County, Superior Court, LACERA, SCAQMD, LACOE, LAFCO, and LLCD
OPEB Trust
County, Superior Court, and LACERA

[1]South Coast Air Quality Management District (SCAQMD), Los Angeles County Office of Education (LACOE), Local Agency Formation Commission for the County of Los Angeles (LAFCO), and Little Lake Cemetery District (LLCD)

For additional information pertaining to the OPEB Trust, see Note Q — Other Post-Employment Benefits (OPEB) Trust.

Financial Reporting Standards

GASB Statement Numbers 74 and 75 govern accounting and financial reporting standards for public sector post-retirement benefit programs:

- GASB 74 applies to OPEB program administrators such as LACERA, and was effective beginning the plan fiscal year July 1, 2016.
- GASB 75 applies to OPEB plan sponsors such as the County, and was effective beginning the employer fiscal year July 1, 2017.

The data, assumptions, methods, program provisions, and funding goals described in the OPEB valuation report serve as a basis for preparing a separate GASB 75 disclosure report. GASB sets forth specific financial reporting requirements for LACERA and the plan sponsors, which result in some different computations—including discount rates—compared to the OPEB valuation report.

Under an agent plan, LACERA, as the plan administrator, provides minimal GASB 74 disclosures and is not required to report the OPEB Program's Net OPEB Liability (NOL). LACERA's June 30, 2025 and 2024 financial statements include basic disclosures in the Required Supplementary Information (RSI) Section to support GASB 74 compliance under an agent plan model. In accordance with GASB 75, when applying an agent structure reporting model, the program administrator (LACERA) provides agent-specific information, as each individual employer is required to report their portion of the NOL within their annual financial statements.

Investment Valuation

Investments are carried at fair value, derived by various methods. Additional details on fair value methodology are provided in Note B — Summary of Significant Accounting Policies and Note P — Fair Value of Investments.

NOTE O — Hedge Fund Investments

LACERA's Investment Policy Statement establishes the portfolio framework and role of the hedge funds program. Diversified hedge funds comprise a variety of hedged investments, such as relative value, arbitrage, and long/short strategies within a diversified portfolio.

The status of LACERA's hedge fund investment program as of June 30, 2025 is as follows:

- In the core hedge funds portfolio, LACERA is invested in 10 direct hedge fund managers and one hedge fund-of-funds manager.
- For the hedge funds emerging manager program, LACERA is invested in a total of nine hedge fund emerging managers. Stable Asset Management, LACERA's discretionary separate account manager for the hedge funds emerging manager program, selected one new emerging manager during fiscal year 2025.
- LACERA continues to maintain one hedge fund-of-funds manager, Grosvenor Capital Management (GCM). In 2019, LACERA initiated the full redemption of the GCM hedge fund-of-funds' portfolio. This portfolio began returning cash during fiscal year 2020 and will continue to distribute cash in alignment with the liquidity terms of the portfolio or underlying managers. The fair values of assets remaining in this portfolio is approximately $10 million. GCM is managing the redemption process of the GCM portfolio.

The investment performance for this strategy is measured separately from other asset classes. The fair values of assets invested in hedge funds as of June 30, 2025 and June 30, 2024 were $6.5 billion and $4.9 billion, respectively.

Hedge fund assets are also disclosed in Note P — Fair Value of Investments.

The core portfolio, emerging manager portfolio, and GCM hedge funds-of-funds portfolio reside within Diversified Hedge Funds under the Risk Reduction and Mitigation functional asset category of LACERA's Total Fund. For additional information regarding LACERA's investment portfolio and functional categories, see the Investment Section.

NOTE P — Fair Value of Investments

For the fiscal year ended June 30, 2016, LACERA adopted GASB Statement Number 72 (GASB 72), Fair Value Measurement and Application. GASB 72 addresses accounting and financial reporting issues related to fair value measurements and disclosures. LACERA categorizes its fair value measurements within the fair value hierarchy established by Generally Accepted Accounting Principles in the United States of America (U.S. GAAP). The hierarchy is based on valuation inputs used to measure the fair value of the investment securities and holdings. The fair value hierarchy includes three levels and one additional category.

Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. Certain other investments held by LACERA are valued at net asset value (NAV) per share when an investment does not have a readily determined fair value, provided that the NAV is calculated and used as a practical expedient to estimate fair value in accordance with the requirements of GAAP. The table below illustrates investments classified by their fair value hierarchy (Levels 1, 2, and 3) as well as investments measured at NAV.

Equity and Fixed Income Securities

Equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets issued by pricing vendors for these securities.

Fixed income and equity securities classified in Level 2 of the fair value hierarchy are valued using prices determined by matrix pricing techniques maintained by the various pricing vendors for these securities. Equity securities classified in Level 2 are not traded in the active market. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. These matrix pricing techniques incorporate inputs such as yield, prepayment speeds, and credit spreads for fixed income securities. Derivative securities classified as Level 2 are securities whose value are either derived daily from associated securities that are traded, or are determined by using a market approach that considers benchmark interest rates.

Fixed income and equity securities classified in Level 3 are securities whose stated market price is unobservable by the marketplace; many of these securities are priced by the issuers or industry groups for these securities. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources obtained by LACERA's custodian bank, State Street Bank and Trust.

Hedge Funds, Private Equity, Real Assets, Real Estate, Equity, and Fixed Income Funds

Investments in hedge funds, private equity, real assets, real estate, equity, and fixed income funds are valued at the estimated NAV based upon the fair value of the underlying investments, as determined in good faith by the general partner (GP), in accordance with GAAP fair value principles in instances where no observable public market values are available. Investments that are estimated at fair value are initially valued at cost with subsequent adjustments that reflect third party transactions, financial operating results, and other factors deemed relevant by the GP. These assets are reported by LACERA based on the practical expedient allowed under GAAP. In instances where observable public market values are available for the underlying securities held, fair value is determined by the fund's administrator using independent pricing sources.

Real Estate Separate Account Investments

Real estate investments are valued at NAV, which reflects the estimated fair value, as determined in good faith by the investment manager. These investments are initially recorded at cost, with subsequent adjustments that reflect third-party transactions, financial operating results, market conditions, and other factors deemed relevant by the investment manager. Properties are subject to independent third-party appraisals annually by a qualified appraisal management service provider.

LACERA has the following recurring fair value measurements as of June 30, 2025 and 2024.

Investments and Derivative Instruments Measured at Fair Value — Pension Plan
As of June 30, 2025
(Dollars in Thousands)

Investments by Fair Value Level	Total	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Fixed Income Securities				
Asset-Backed Securities	$141,713	$—	$141,713	$—
Corporate and Other Credit	1,448,792	—	1,403,408	45,384
Municipal/Revenue Bonds	7,517	—	7,517	—
Non-U.S. Fixed Income	214,386	—	189,171	25,215
Private Placement Fixed Income	930,046	—	924,726	5,320
U.S. Government Agencies	1,148,527	—	1,148,527	—
U.S. Treasuries	4,791,960	—	4,791,960	—
Pooled Investments	5,950	5,950	—	—
Whole Loan Mortgages	7,461	—	—	7,461
Total Fixed Income Securities	**$8,696,352**	**$5,950**	**$8,607,022**	**$83,380**
Equity Securities				
Non-U.S. Equity	$10,894,670	$10,888,926	$692	$5,052
Pooled Investments	431,300	431,300	—	—
U.S. Equity	16,553,097	16,516,791	4,219	32,087
Total Equity Securities	**$27,879,067**	**$27,837,017**	**$4,911**	**$37,139**
Collateral from Securities Lending	**$2,548,885**	**$—**	**$2,548,885**	**$—**
Total Investments by Fair Value Level	**$39,124,304**	**$27,842,967**	**$11,160,818**	**$120,519**
Investments Measured at Net Asset Value (NAV)				
Fixed Income	$16,970,977			
Hedge Funds	6,497,104			
Private Equity	13,803,331			
Real Estate	4,534,296			
Real Assets	4,010,516			
Total Investments Measured at NAV	**$45,816,224**			
Total Investments	**$84,940,528**			
Derivative Instruments				
Foreign Exchange Contracts	($101,012)	$—	($101,012)	$—
Foreign Equity Derivatives	280	280	—	—
U.S. Fixed Income Derivatives	44	44	—	—
U.S. Equity Derivatives	2,775	2,775	—	—
Total Derivative Instruments	**($97,913)**	**$3,099**	**($101,012)**	**$—**

Investments Measured at Net Asset Value — Pension Plan

As of June 30, 2025

(Dollars in Thousands)

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Fixed Income Funds[1]	$16,970,977	$1,976,034	Daily, Monthly or Not Eligible	1-60 days or N/A
Hedge Funds[2]	6,497,104	—	Monthly, Quarterly, Semi-Annual, Annual; Self-Liquidating	5-180 days
Private Equity[3]	13,803,331	6,425,642	Not Eligible	N/A
Real Estate[3]	4,534,296	1,027,341	Quarterly or Not Eligible	30 days+ or N/A
Real Assets[3]	4,010,516	2,650,374	Not Eligible	N/A
Total Investments Measured at NAV	**$45,816,224**			

[1]**Fixed Income Funds:** Twenty-seven fixed income funds are valued at the net asset value (NAV) of units held at the end of the period based upon the fair value of the underlying investments. Approximately 78 percent of assets are available for redemption within 12 months; these funds provide daily, monthly, or quarterly liquidity. Approximately 22 percent of the fund assets have liquidity beyond 12 months.

[2]**Hedge Funds:** This portfolio consists of 20 current funds and one fund of funds. Hedge Fund investments are valued at NAV per share. When considering liquidity terms of the current funds, 70 percent of the fund assets are available for redemption within 12 months; these funds provide monthly, quarterly, semiannual, or annual liquidity. Some of these funds are subject to redemption notices and audit holdbacks that extend the time frame to receive redemptions beyond the next 12 months. Approximately 30 percent of fund assets are in funds that offer periodic liquidity that extends beyond the next 12 months.

LACERA's Hedge Funds portfolio invests in the following strategies:

(a) Macro and Tactical Trading: This strategy makes investments based on analyses and forecasts of macroeconomic trends, including governmental and central bank policies, fiscal trends, trade imbalances, interest rate trends, intercountry relations, and economic and technical analysis.

(b) Equity Long/Short: This strategy purchases and/or sells equities based on fundamental and/or quantitative analysis and other factors.

(c) Credit: This strategy includes long-biased credit, long/short credit, structured credit, and mortgage credit.

(d) Relative Value: This strategy's focus is to benefit from valuation discrepancies that may be present in related financial instruments by purchasing and/or shorting these instruments.

(e) Multi-Strategy: This strategy aims to pursue varying strategies to diversify risks and reduce volatility.

(f) Event Driven: This strategy seeks to gain an advantage from pricing inefficiencies that may occur in the onset or aftermath of a corporate action or related event.

[3]**Private Equity, Real Assets, and Real Estate Funds:** LACERA's Private Equity portfolio consists of 291 funds, investing primarily in buyout funds, with some exposure to venture capital, special situations, fund of funds, and co-investments. Due to contractual limitations, none of the funds are eligible for redemption. The Real Assets portfolio consists of 41 funds, investing primarily in infrastructure and natural resources. Four of the funds are eligible for redemption after an initial lockup period, and the other 37 of the funds are not eligible for redemption as the lockup period is typically from 10 to 15 years. The Real Estate portfolio, composed of 30 commingled funds, invests in both U.S. and Non-U.S. commercial real estate. The fair values of these funds have been determined using net assets valued at the end of the period and net assets valued one quarter in arrears plus current quarter cash flows. Ten out of 30 Real Estate funds are eligible for redemption depending upon the availability of cash for redemptions in the fund. Distributions are received as underlying investments within the funds are liquidated, which on average can occur over the span of five to 10 years. For Real Estate investments held in separate accounts and debt program investments, see Note J — Special Purpose Entities.

Investments and Derivative Instruments Measured at Fair Value — Pension Plan

As of June 30, 2024

(Dollars in Thousands)

Investments by Fair Value Level	Total	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Fixed Income Securities				
Asset-Backed Securities	$178,877	$—	$178,877	$—
Corporate and Other Credit	1,425,484	—	1,365,945	59,539
Municipal/Revenue Bonds	3,871	—	3,871	—
Non-U.S. Fixed Income	178,144	—	147,184	30,960
Private Placement Fixed Income	885,157	—	876,344	8,813
U.S. Government Agencies	824,171	—	824,171	—
U.S. Treasuries	6,052,414	—	6,052,414	—
Whole Loan Mortgages	8,661	—	—	8,661
Total Fixed Income Securities	**$9,556,779**	**$—**	**$9,448,806**	**$107,973**
Equity Securities				
Non-U.S. Equity	$10,463,610	$10,457,776	$1,091	$4,743
Pooled Investments	473,278	473,278	—	—
U.S. Equity	17,962,579	17,925,521	7,247	29,811
Total Equity Securities	**$28,899,467**	**$28,856,575**	**$8,338**	**$34,554**
Collateral from Securities Lending	**$2,359,152**	**$—**	**$2,359,152**	**$—**
Total Investments by Fair Value Level	**$40,815,398**	**$28,856,575**	**$11,816,296**	**$142,527**
Investments Measured at Net Asset Value (NAV)				
Fixed Income	$10,298,479			
Equity	559,458			
Hedge Funds	4,875,300			
Private Equity	13,057,192			
Real Estate	4,406,609			
Real Assets	3,359,137			
Total Investments Measured at NAV	**$36,556,175**			
Total Investments	**$77,371,573**			
Derivative Instruments				
Foreign Exchange Contracts	$55,419	$—	$55,419	$—
Foreign Equity Derivatives	543	543	—	—
U.S. Fixed Income Derivatives	46	46	—	—
U.S. Equity Derivatives	2,728	2,728	—	—
Total Derivative Instruments	**$58,736**	**$3,317**	**$55,419**	**$—**

Investments Measured at Net Asset Value — Pension Plan

As of June 30, 2024

(Dollars in Thousands)

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Fixed Income Funds[1]	$10,298,479	$617,178	Daily, Monthly or Not Eligible	1-60 days or N/A
Commingled Equity Funds[2]	559,458	—	Annual or Not Eligible	1-90 days or N/A
Hedge Funds[3]	4,875,300	—	Monthly, Quarterly, Semi-Annual, Annual; Self-Liquidating	5-180 days
Private Equity[4]	13,057,192	5,273,126	Not Eligible	N/A
Real Estate[4]	4,406,609	1,514,021	Quarterly or Not Eligible	30 days+ or N/A
Real Assets[4]	3,359,137	1,896,738	Not Eligible	N/A
Total Investments Measured at NAV	**$36,556,175**			

[1]**Fixed Income Funds:** Twenty-two fixed income funds are valued at the net asset value (NAV) of units held at the end the period based upon the fair value of the underlying investments. Approximately 65 percent of assets are available for redemption within 12 months; these funds provide daily, monthly, or quarterly liquidity. Approximately 35 percent of the fund assets have liquidity beyond 12 months.

[2]**Commingled Equity Funds:** One equity fund is considered commingled in nature. The fund is valued at NAV of units held at the end of the period based upon the fair value of the underlying investments. The fund represents 2 percent of the equity assets and is subject to a lockup period that limits redemption for the next year.

[3]**Hedge Funds:** The portfolio consists of 18 current funds and one fund of funds. Hedge fund investments are valued at NAV per share. When considering liquidity terms of the current funds, 75 percent of the fund assets are available for redemption within 12 months; these funds provide monthly, quarterly, semiannual, or annual liquidity. Some of these funds are subject to redemption notices that extend the time frame to receive redemptions beyond the next 12 months. Approximately 25 percent of fund assets are in funds that offer periodic liquidity that extends beyond the next 12 months.

LACERA's Hedge Funds portfolio invests in the following strategies:

(a) Macro and Tactical Trading: This strategy makes investments based on analyses and forecasts of macroeconomic trends, including governmental and central bank policies, fiscal trends, trade imbalances, interest rate trends, intercountry relations, and economic and technical analysis.

(b) Equity Long/Short: This strategy purchases and/or sells equities based on fundamental and/or quantitative analysis and other factors.

(c) Credit: This strategy includes long-biased credit, long/short credit, structured credit, and mortgage credit.

(d) Relative Value: This strategy's focus is to benefit from valuation discrepancies that may be present in related financial instruments by purchasing and/or shorting these instruments.

(e) Multi-Strategy: This strategy aims to pursue varying strategies that diversify risks and reduce volatility.

(f) Event Driven: This strategy seeks to gain an advantage from pricing inefficiencies that may occur in the onset or aftermath of a corporate action or related event.

[4]**Private Equity, Real Assets, and Real Estate Funds:** LACERA's Private Equity portfolio consists of 278 funds, investing primarily in buyout funds, with some exposure to venture capital, special situations, fund of funds, and co-investments. Due to contractual limitations, none of these funds are eligible for redemption. The Real Assets consists of 29 funds, investing primarily in infrastructure and natural resources. Four of the funds are eligible for redemption after an initial lockup period, and the other 25 of the funds are not eligible for redemption as the lockup period is typically from 10 to 15 years. The Real Estate portfolio, composed of 28 funds, invests in both U.S. and non-U.S. commercial real estate. The fair values of these funds have been determined using net assets valued one quarter in arrears plus current quarter cash flows. Six out of 28 funds are eligible for redemption depending upon the availability of cash for redemptions in the fund. Distributions are received as underlying investments within the funds are liquidated, which on average can occur over the span of five to 10 years. For Real Estate investments held in separate accounts and debt program investments, see Note J — Special Purpose Entities.

Investments Measured at Fair Value — OPEB Trust

As of June 30, 2025
(Dollars in Thousands)

Investments by Fair Value Level	Total	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Fixed Income Securities				
Asset-Backed Securities	$10,944	$—	$10,944	$—
Corporate and Other Credit	553,756	—	553,331	425
Municipal/Revenue Bonds	3,723	—	3,723	—
Non-U.S. Fixed Income	101,437	—	101,436	1
Private Placement Fixed Income	327,408	—	327,408	—
U.S. Government Agencies	238,557	—	238,557	—
U.S. Treasuries	962,879	—	962,879	—
Pooled Investments	17,734	17,734	—	—
Total Fixed Income Securities	**$2,216,438**	**$17,734**	**$2,198,278**	**$426**
Equity Securities				
Non-U.S. Equity	$612,423	$612,411	$12	$—
Pooled Investments	242,960	242,960	—	—
U.S. Equity	1,660,047	1,659,887	1	159
Total Equity Securities	**$2,515,430**	**$2,515,258**	**$13**	**$159**
Total Investment by Fair Value Level	**$4,731,868**	**$2,532,992**	**$2,198,291**	**$585**
Investments Measured at Net Asset Value (NAV)				
Fixed Income	$41,361			
Private Equity	42,542			
Real Estate	44,367			
Real Assets	46,400			
Total Investments Measured at NAV	**$174,670**			
Total Investments	**$4,906,538**			

Investments Measured at Net Asset Value — OPEB Trust

As of June 30, 2025

(Dollars in Thousands)

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Fixed Income Funds[1]	$41,361	$116,190	Daily, Monthly, or Not Eligible	1-60 days or N/A
Private Equity[2]	42,542	137,417	Not Eligible	N/A
Real Estate[3]	44,367	73,265	Not Eligible	N/A
Real Assets[4]	46,400	72,997	Not Eligible	N/A
Total Investments Measured at NAV	**$174,670**			

[1]Fixed Income Funds: The portfolio consists of eight fixed income funds value at the net asset value (NAV) of units held at the end of the period based on the fair value of underlying investments. Approximately 95 percent of assets are available for redemption within 12 months. Approximately 5 percent of the fund assets are not eligible for redemption due to contractual limitations.

[2]Private Equity: Eleven private equity funds are valued at NAV. Due to contractual limitations, none of the funds are eligible for redemption.

[3]Real Estate: The Real Estate Portfolio is composed of one fund. Due to contractual limitations, the fund is not eligible for redemption.

[4]Real Assets: The Real Assets portfolio consists of eight funds. Due to contractual limitations, none of the funds are eligible for redemption.

Investments Measured at Fair Value — OPEB Trust

As of June 30, 2024

(Dollars in Thousands)

Investments by Fair Value Level	Total	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Fixed Income Securities				
Asset-Backed Securities	$5,513	$—	$5,513	$—
Corporate and Other Credit	398,371	—	398,065	306
Municipal/Revenue Bonds	1,974	—	1,974	—
Non-U.S. Fixed Income	62,435	—	62,435	—
Private Placement Fixed Income	226,213	—	226,213	—
U.S. Government Agencies	113,376	—	113,376	—
U.S. Treasuries	633,286	—	633,286	—
Pooled Investments	20,365	20,365	—	—
Total Fixed Income Securities	**$1,461,533**	**$20,365**	**$1,440,861**	**$306**
Equity Securities				
Non-U.S. Equity	$479,762	$479,762	$—	$—
Pooled Investments	188,244	188,244	—	—
U.S. Equity	1,439,129	1,439,129	1	—
Total Equity Securities	**$2,107,135**	**$2,107,135**	**$1**	**$—**
Total Investment by Fair Value Level	**$3,568,668**	**$2,127,500**	**$1,440,862**	**$306**
Investments Measured at Net Asset Value (NAV)				
Fixed Income Funds	$274,152			
Private Equity	18,175			
Real Estate	2,431			
Real Assets	16,894			
Total Investments Measured at NAV	**$311,652**			
Total Investments	**$3,880,320**			
Derivative Instruments				
U.S. Fixed Income Derivatives	$5	$5	$—	$—
Foreign Equity Derivatives	2	2	—	—
Total Derivative Instruments	**$7**	**$7**	**$—**	**$—**

Investments Measured at Net Asset Value — OPEB Trust

As of June 30, 2024

(Dollars in Thousands)

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Fixed Income Funds[1]	$274,152	$95,856	Daily, Monthly, or Not Eligible	1-60 days or N/A
Private Equity[2]	18,175	117,098	Not Eligible	N/A
Real Estate[3]	2,431	67,395	Not Eligible	N/A
Real Assets[4]	16,894	96,508	Not Eligible	N/A
Total Investments Measured at NAV	**$311,652**			

[1]Fixed Income Funds: The portfolio consists of nine fixed income funds value at the net asset value (NAV) of units held at the end of the period based on the fair value of underlying investments. Approximately 95 percent of assets are available for redemption within 12 months. Approximately 5 percent of the fund assets are not eligible for redemption due to contractual limitations.

[2]Private Equity: Seven private equity funds are valued at NAV. Due to contractual limitations, none of the funds are eligible for redemption.

[3]Real Estate: The Real Estate Portfolio is composed of one fund. Due to contractual limitations, the fund is not eligible for redemption.

[4]Real Assets: The Real Assets portfolio consists of five funds. Due to contractual limitations, none of the funds are eligible for redemption.

Investments Measured at Fair Value — OPEB Custodial Fund

As of June 30, 2025

(Dollars in Thousands)

Investments by Fair Value Level	Total	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Fixed Income Securities				
Corporate and Other Credit	$1,847	—	$1,847	$—
U.S. Treasuries	194,545	—	194,545	—
Total Fixed Income Securities	**$196,392**	**$—**	**$196,392**	**$—**
Total Investments by Fair Value Level	**$196,392**	**$—**	**$196,392**	**$—**

Investments Measured at Fair Value — OPEB Custodial Fund

As of June 30, 2024

(Dollars in Thousands)

Investments by Fair Value Level	Total	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Fixed Income Securities				
Asset-Backed Securities	$787	$—	$787	$—
Corporate and Other Credit	6,517	—	6,517	—
U.S. Treasuries	180,471	—	180,471	—
Total Fixed Income Securities	**$187,775**	**$—**	**$187,775**	**$—**
Total Investments by Fair Value Level	**$187,775**	**$—**	**$187,775**	**$—**

NOTE Q — Other Post-Employment Benefits (OPEB) Trust

Los Angeles County (County) OPEB Trust

Pursuant to the California Government Code, the County established an irrevocable, tax-exempt OPEB Trust, which LACERA administers, for the purpose of holding and investing assets to prefund the Retiree Healthcare Benefits Program. In May 2012, the County Board of Supervisors approved entering into a trust and investment services agreement with the LACERA Board of Investments to serve as trustee and investment manager.

The County began funding the OPEB Trust in an effort to reduce its unfunded OPEB liability. It provides a framework whereby the County contributes to the Trust with regular frequency and over time, may transition to a prefunding model which will use OPEB Trust assets to pay retiree healthcare benefits. Under the existing pay-as-you-go model, the County uses current budgeted assets to pay monthly benefits. The County OPEB Trust does not modify the participating employers' existing benefit programs.

The County OPEB Trust serves as a funding tool for the participating employers to hold and invest assets which can be used to pay expenses and future administrative costs associated with future OPEB benefits, such as medical, dental, and vision provided by the Retiree Healthcare Benefits Program, including the retiree death/burial benefit. Participating employers will be responsible for and have full discretion over the timing of payments into the Trust. Assets held in the OPEB Trust are restricted for OPEB purposes as defined in the Trust Agreement. There are two participating employers in the County OPEB Trust: Los Angeles County and LACERA.

Los Angeles Superior Court (Court) OPEB Trust

Similar to the OPEB Trust established by the County, the Court established a separate tax-exempt trust fund, the Court OPEB Trust, to prefund the Court's OPEB liabilities. Pursuant to the California Government Code, the Court established an irrevocable OPEB Trust for the purpose of holding and investing assets to prefund the Retiree Healthcare Benefits Program, which LACERA administers. In April 2016, the Judicial Council of California approved the Court's request to establish a qualified irrevocable trust, as well as LACERA's Board of Investments as trustee and investment services provider.

In May 2016, to conform the language of the County OPEB trust agreement to the language of the Court's OPEB trust agreement, the Board of Supervisors approved the First Amendment to the *Trust and Investment Services Agreement for the County of Los Angeles OPEB Program* between the County and LACERA. This amendment permits the pooling of County and Court OPEB Trust assets solely for investment purposes.

In June 2016, the Court entered into a trust and investment services agreement with the LACERA Board of Investments, similar to the County arrangement. The Court is the only employer participating in the Court OPEB Trust.

OPEB Master Trust

In July 2016, LACERA's Board of Investments adopted the OPEB Master Trust Declaration, approving the use of a tax-exempt unitized fund structure for the County and Court OPEB Trusts. As trustee, the Board of Investments has sole and exclusive authority, control over, and responsibility for directing the investment and management of the Master OPEB Trust assets.

The OPEB Master Trust is administered via a unitized fund structure, which enables participants to pool assets and resources while maintaining individual sub-participant reporting. This approach offers administrative efficiencies and potential cost savings.

Funding Policy

In June 2015, the Board of Supervisors approved the County-wide budget, with a dedicated funding policy for the OPEB liability using a multi-year approach to enhance the County's OPEB Trust funding commitment in a consistent manner.

Under the County OPEB Trust, LACERA is defined as a "Contributing Employer." Separate accounts are maintained for the contributions and expense obligations of the County and LACERA. LACERA's annual budget includes provisions for its share of OPEB Trust contributions.

The Superior Court continues to pay its OPEB liability on a pay-as-you-go basis and makes prefunding contributions on a discretionary basis without a formal OPEB funding policy. When budgeted surplus funds are available at fiscal year-end, the Court may earmark such excess funds as OPEB Trust contributions.

LACERA OPEB Liability Funding

In December 2015, the LACERA boards adopted the LACERA OPEB Funding Policy, allowing LACERA to prefund its portion of retiree healthcare benefits in sync with the County, while also allowing LACERA to separately prefund its employer portion of the liability.

In June of 2023 and 2022, LACERA's Board of Retirement and Board of Investments approved revisions to the administrative budget policy to authorize additional prefunding contributions to the OPEB Trust at the discretion of LACERA's Chief Executive Officer. The policy states that based upon a projected budget surplus, an extra OPEB contribution may be up to, but not exceed, the OPEB contribution amount originally budgeted for that year; as such, an administrative budget surplus can be used to increase LACERA's total OPEB prefunding contribution for the year. For the fiscal years ended June 30, 2025 and 2024, the Chief Executive Officer approved and authorized the transfer of an additional OPEB Trust contribution for LACERA.

INVESTMENT POLICIES — OPEB MASTER TRUST

Investment Policy Statement

LACERA's Board of Investments approves the allocation of investment assets within the OPEB Master Trust. As outlined in the OPEB Master Trust Investment Policy Statement, assets are managed on a total return basis with the overall goal to provide retiree healthcare program participants with post-employment healthcare benefits as promised, via a long-term investment program. One of the core investment beliefs in the Investment Policy Statement is that long-term strategic asset allocation is the primary driver of long-term risk and return outcomes. In June 2021, the LACERA Board of Investments adopted a revised asset allocation model that included private market asset categories such as private equity, infrastructure, natural resources, illiquid credit, and real estate within the functional asset category structure. During the fiscal year 2023, LACERA selected an investment manager for this private market asset investment mandate.

Target Allocation

The Board's revised asset allocation policy, adopted in December 2017, divided the Trust into four broad functional categories and contains asset classes that align with the purpose of each function. The Board approved target weights at both the functional category and asset class level to provide for diversification of assets in an effort to meet the OPEB Program's actuarial assumed rate of return, consistent with market conditions and risk management practices.

In 2024, the Board adopted a new strategic asset allocation for the OPEB Master Trust. The primary difference between the newly adopted strategic asset allocation and the former 2021 version was the reduction of the Real Assets and Inflation Hedges functional category, changed to strengthen the weight of the Risk Reduction and Mitigation functional category through an increase of investment grade bonds. Additionally, Overlays and Hedges was added as a fifth functional asset category with no target allocation.

Schedule of Target Allocation

For the Fiscal Years Ended June 30, 2025 and 2024

Asset Class	2025 Target Allocation		2024 Target Allocation	
Growth	**45.0%**		**45.0%**	
Global Equity		40.0%		40.0%
Private Equity		5.0%		5.0%
Credit	**16.0%**		**18.0%**	
Real Assets & Inflation Hedges	**13.0%**		**20.0%**	
Real Estate		5.0%		8.0%
Natural Resources		2.0%		2.0%
Commodities		0.0%		2.0%
Infrastructure		2.0%		2.0%
Treasury Inflation-Protected Securities		4.0%		6.0%
Risk Reduction & Mitigation	**26.0%**		**17.0%**	
Investment Grade Bonds		19.0%		10.0%
Long-Term Government Bonds		5.0%		5.0%
Cash and Cash Equivalents		2.0%		2.0%
Overlays and Hedges	**0.0%**		**N/A**	

Investment Concentrations

On June 30, 2025, the OPEB Master Trust held approximately 45.0 percent in Growth, 16.0 percent in Credit, 26.0 percent in Risk Reduction and Mitigation, and 13.0 percent in Real Assets and Inflation Hedges. In addition, the OPEB Master Trust did not hold investments in any one issuer that would represent 5 percent or more of the OPEB Master Trust Fiduciary Net Position.

Money-Weighted Rate of Return

For the fiscal years ended June 30, 2025 and 2024, the annual money-weighted rate of return on OPEB Trust investments, net of OPEB Trust investment expenses, were 11.0 percent and 11.1 percent, respectively. Historical returns will be presented as they become available in the Schedule of Investment Returns — OPEB Program presented in the Required Supplementary Information (RSI) section.

Contributions

The participating employers historically discharged their current healthcare premium subsidy obligations on a pay-as-you-go basis. LACERA bills the participating employers and members for healthcare premiums on a monthly basis and receives payment. The County, Superior Court, and LACERA use the OPEB Trust as a mechanism to prefund these obligations, depositing monies into the irrevocable OPEB Trust, earning interest and investment income, and dispersing funds in accordance with the terms of the trust agreements. Retiree healthcare program participants are required to pay the difference between the employer-paid subsidy and the actual premium cost.

For the fiscal years ended June 30, 2025 and 2024, LACERA contributed a total of $5.2 million and $4.3 million, respectively, to prefund LACERA's portion of OPEB benefits. These amounts include the contributions originally funded through LACERA's administrative budget, plus additional contributions based on a projected budget surplus, as allowed within LACERA's budget policy. The County, Superior Court, and LACERA made total prefunding contributions to the OPEB Trust of $587.4 million and $518.7 million respectively, in excess of the pay-as-you-go amounts, both of which are recorded as revenue within the OPEB Trust.

Contributions

For the Fiscal Years Ended June 30, 2025 and 2024
(Dollars in Thousands)

	2025	2024
Los Angeles County	$571,230	$503,390
LACERA	5,155	4,307
Superior Court	11,000	11,000
Total Contributions[1]	**$587,385**	**$518,697**

[1]Contributions presented here are limited to OPEB Trust prefunding from plan sponsors. OPEB Trust employer contributions presented in the Statement of Changes in Fiduciary Net Position include pay-as-you-go contributions per GASB reporting requirements. Please see Note B — Summary of Significant Accounting Policies for additional information.

Administration

The OPEB Trust administration costs are allocated among the three participating employers, expensed to the Trust, and include payments for investment management fees, custodial fees, consultant fees, and overhead charged by LACERA for administering the OPEB Trust Fund. Expenses totaled $10.5 million and $4.7 million for fiscal years ended June 30, 2025 and 2024, respectively. The increase in investment management fees was primarily driven by the onboarding of new private asset partnership investments, along with operational searches, including private market risk- and governance-related implementation projects.

Expenses

For the Fiscal Years Ended June 30, 2025 and 2024

	2025			
	Los Angeles County	**LACERA**	**Superior Court**	**Total**
Management Fees	$2,262,277	$12,535	$47,534	$2,322,346
Custodial Fees	258,937	1,407	5,466	265,810
Consultant Fees	89,159	491	1,879	91,529
Investment Expenses	5,129,395	28,573	109,787	5,267,755
Investment Expense-Legal Fees	109,498	610	2,356	112,464
Partnership Expenses-Real Assets	255,642	1,410	5,247	262,299
Partnership Expenses-Private Equity	(141,715)	(776)	(2,801)	(145,292)
Foreign Income Taxes	1,434,358	7,920	29,873	1,472,151
Administrative Expenses	685,388	172,103	43,026	900,517
Total Expenses	**$10,082,939**	**$224,273**	**$242,367**	**$10,549,579**

	2024			
	Los Angeles County	**LACERA**	**Superior Court**	**Total**
Management Fees	$1,718,488	$8,813	$36,884	$1,764,185
Custodial Fees	135,697	705	2,927	139,329
Consultant Fees	86,555	441	1,868	88,864
Investment Expenses	53,471	266	1,088	54,825
Investment Expense-Legal Fees	302,386	1,568	6,414	310,368
Partnership Expenses-Real Assets	11,751	49	406	12,206
Partnership Expenses-Private Equity	308,493	1,610	6,627	316,730
Foreign Income Taxes	875,830	4,465	18,855	899,150
Administrative Expenses	815,325	52,276	209,103	1,076,704
Total Expenses	**$4,307,996**	**$70,193**	**$284,172**	**$4,662,361**

Fund Values

OPEB Trust Fund additions include contributions from participating employers and investment income. Deductions include investment expenses, administrative expenses, and redemptions. There were no redemptions made by OPEB Trust participating during the fiscal years ended June 30, 2025 and 2024.

Fund Values

As of June 30, 2025 and 2024

(Dollars in Thousands)

	2025		
	Book Value	**Unrealized Investment Appreciation**	**Fair Value**
Los Angeles County	$4,010,915	$889,662	$4,900,577
LACERA	25,180	4,207	29,387
Superior Court	83,354	22,689	106,043
Total Balance	**$4,119,449**	**$916,558**	**$5,036,007**

	2024		
	Book Value	**Unrealized Investment Appreciation**	**Fair Value**
Los Angeles County	$3,171,467	$699,366	$3,870,833
LACERA	18,562	3,146	21,708
Superior Court	66,812	18,518	85,330
Total Balance	**$3,256,841**	**$721,030**	**$3,977,871**

NOTE R — Subsequent Events

Subsequent events have been evaluated by management through October 15, 2025, which is the date the financial statements were issued.

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FINANCIAL SECTION
REQUIRED SUPPLEMENTARY INFORMATION

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Schedule of Net Pension Liability and Related Ratios

For the Fiscal Years Ended June 30

(Dollars in Thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability	**$96,927,319**	$92,713,809	$88,469,442	$83,931,424	$80,303,904	$76,579,594	$70,309,252	$67,057,218	$64,031,677	$58,528,457
Less: Fiduciary Net Position	**86,187,618**	79,202,225	73,851,886	70,289,612	73,012,026	58,510,408	58,294,837	56,299,982	52,743,651	47,846,694
Net Pension Liability	**$10,739,701**	$13,511,584	$14,617,556	$13,641,812	$7,291,878	$18,069,186	$12,014,415	$10,757,236	$11,288,026	$10,681,763
Fiduciary Net Position as a Percentage of Total Pension Liability	**88.92%**	85.43%	83.48%	83.75%	90.92%	76.40%	82.91%	83.96%	82.37%	81.75%
Covered Payroll[1]	**$10,380,999**	$9,860,647	$9,425,690	$9,100,791	$9,062,051	$8,724,151	$8,370,050	$7,957,981	$7,637,032	$7,279,777
Net Pension Liability as a Percentage of Covered Payroll	**103.46%**	137.03%	155.08%	149.90%	80.47%	207.12%	143.54%	135.18%	147.81%	146.73%

[1]In accordance with GASB Statement Number 82, Covered Payroll is the payroll on which contributions are based.

For other actuarial methods and assumptions, see Notes to the Required Supplementary Information.

Schedule of Changes in Net Pension Liability and Related Ratios

For the Fiscal Years Ended June 30

(Dollars in Thousands)

	2025	2024	2023	2022	2021
Total Pension Liability					
Service Cost	**$1,764,476**	$1,676,917	$1,635,318	$1,583,222	$1,499,597
Interest on Total Pension Liability	**6,587,399**	6,269,137	5,950,906	5,696,846	5,433,409
Effect of Plan Changes	**—**	—	—	—	—
Effect of Assumption Changes or Inputs	**—**	(222,966)	855,336	—	—
Effect of Economic/Demographic (Gains) or Losses	**637,744**	1,039,417	377,821	392,019	605,566
Benefit Payments and Refund of Contributions	**(4,776,109)**	(4,518,138)	(4,281,363)	(4,044,567)	(3,814,262)
Net Change in Total Pension Liability	**4,213,510**	4,244,367	4,538,018	3,627,520	3,724,310
Total Pension Liability - Beginning	**92,713,809**	88,469,442	83,931,424	80,303,904	76,579,594
Total Pension Liability - Ending (a)	**$96,927,319**	$92,713,809	$88,469,442	$83,931,424	$80,303,904
Fiduciary Net Position					
Contributions: Employer[1]	**$2,670,874**	$2,509,071	$2,301,706	$2,199,889	$2,012,877
Contributions: Metropolitan Transportation Authority	**—**	—	—	—	—
Contributions: Member[1]	**919,148**	861,042	793,244	758,632	760,994
Net Investment Income[2]	**8,274,292**	6,595,188	4,841,151	(1,554,155)	15,615,699
Net Miscellaneous Income	**6,425**	5,008	4,551	3,898	2,680
Benefit Payments and Refund of Contributions	**(4,776,109)**	(4,518,138)	(4,281,363)	(4,044,567)	(3,814,262)
Administrative Expenses[2]	**(109,237)**	(101,832)	(97,015)	(86,111)	(76,370)
Net Change in Fiduciary Net Position	**6,985,393**	5,350,339	3,562,274	(2,722,414)	14,501,618
Fiduciary Net Position - Beginning	**79,202,225**	73,851,886	70,289,612	73,012,026	58,510,408
Fiduciary Net Position - Ending (b)	**$86,187,618**	$79,202,225	$73,851,886	$70,289,612	$73,012,026
Net Pension Liability - Ending (a) - (b)	**$10,739,701**	$13,511,584	$14,617,556	$13,641,812	$7,291,878
Fiduciary Net Position as a Percentage of Total Pension Liability	**88.92%**	85.43%	83.48%	83.75%	90.92%
Covered Payroll[3]	**$10,380,999**	$9,860,647	$9,425,690	$9,100,791	$9,062,051
Net Pension Liability as a Percentage of Covered Payroll	**103.46%**	137.03%	155.08%	149.90%	80.47%

[1]In accordance with GASB Statement Number 82, employer pickup contributions are classified as Member Contributions.
[2]In accordance with GASB Statement Number 67, investment related costs are reported as Investment Expense.
[3]In accordance with GASB Statement Number 82, Covered Payroll is the payroll on which contributions are based.

Schedule of Changes in Net Pension Liability and Related Ratios (continued)

For the Fiscal Years Ended June 30

(Dollars in Thousands)

	2020	2019	2018	2017	2016
Total Pension Liability					
Service Cost	$1,301,460	$1,239,396	$1,220,274	$1,106,755	$1,069,328
Interest on Total Pension Liability	5,154,164	4,916,804	4,699,493	4,393,712	4,214,834
Effect of Plan Changes	—	—	—	—	—
Effect of Assumption Changes or Inputs	2,626,103	—	—	3,079,892	—
Effect of Economic/Demographic (Gains) or Losses	794,955	502,989	309,149	(47,506)	(437,039)
Benefit Payments and Refund of Contributions	(3,606,340)	(3,407,155)	(3,203,375)	(3,029,633)	(2,889,186)
Net Change in Total Pension Liability	$6,270,342	$3,252,034	$3,025,541	$5,503,220	$1,957,937
Total Pension Liability - Beginning	70,309,252	67,057,218	64,031,677	58,528,457	56,570,520
Total Pension Liability - Ending (a)	$76,579,594	$70,309,252	$67,057,218	$64,031,677	$58,528,457
Fiduciary Net Position					
Contributions: Employer[1]	$1,800,137	$1,668,151	$1,524,823	$1,331,357	$1,403,709
Contributions: Metropolitan Transportation Authority	—	—	—	2	3
Contributions: Member[1]	659,296	635,415	591,262	526,579	498,083
Net Investment Income[2]	1,432,547	3,163,618	4,705,949	6,129,300	80,588
Net Miscellaneous Income	1,985	5,626	5,163	6,182	2,792
Benefit Payments and Refund of Contributions	(3,606,340)	(3,407,155)	(3,203,375)	(3,029,633)	(2,889,186)
Administrative Expenses[2]	(72,054)	(70,800)	(67,491)	(66,830)	(67,645)
Net Change in Fiduciary Net Position	$215,571	$1,994,855	$3,556,331	$4,896,957	($971,656)
Fiduciary Net Position - Beginning	58,294,837	56,299,982	52,743,651	47,846,694	48,818,350
Fiduciary Net Position - Ending (b)	$58,510,408	$58,294,837	$56,299,982	$52,743,651	$47,846,694
Net Pension Liability - Ending (a) - (b)	$18,069,186	$12,014,415	$10,757,236	$11,288,026	$10,681,763
Fiduciary Net Position as a Percentage of Total Pension Liability	76.40%	82.91%	83.96%	82.37%	81.75%
Covered Payroll[3]	$8,724,151	$8,370,050	$7,957,981	$7,637,032	$7,279,777
Net Pension Liability as a Percentage of Covered Payroll	207.12%	143.54%	135.18%	147.81%	146.73%

[1]In accordance with GASB Statement Number 82, employer pickup contributions are classified as Member Contributions.
[2]In accordance with GASB Statement Number 67, investment related costs are reported as Investment Expense.
[3]In accordance with GASB Statement Number 82, Covered Payroll is the payroll on which contributions are based.

Schedule of Employer Contributions History — Pension Plan[1]

Last 10 Fiscal Years

(Dollars in Thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017[2]	2016
Actuarially Determined Contributions	**$2,670,874**	$2,509,071	$2,301,706	$2,199,889	$2,012,877	$1,800,137	$1,668,151	$1,524,823	$1,331,357	$1,403,709
Contributions in Relation to Actuarially Determined Contributions	**2,670,874**	2,509,071	2,301,706	2,199,889	2,012,877	1,800,137	1,668,151	1,524,823	1,331,357	1,403,709
Contribution Deficiency/ (Excess)	**$—**	$—	$—	$—	$—	$—	$—	$—	$—	$—
Covered Payroll[3]	**$10,380,999**	$9,860,647	$9,425,690	$9,100,791	$9,062,051	$8,724,151	$8,370,050	$7,957,981	$7,637,032	$7,279,777
Contributions as a Percentage of Covered Payroll	**25.73%**	25.45%	24.42%	24.17%	22.21%	20.63%	19.93%	19.16%	17.43%	19.28%

[1]In accordance with GASB Statement Number 82, employer pickup contributions are classified as Member Contributions.

[2]Portion of contributions fulfilled by transfers from County Contribution Credit Reserve: $21,891 (FYE 2017, Superior Court).

[3]In accordance with GASB Statement Number 82, Covered Payroll is the payroll on which contributions are based.

See Notes to Required Supplementary Information for actuarial funding valuation assumptions used to calculate the actuarially determined contributions.

Schedule of Investment Returns — Pension Plan

For the Fiscal Years Ended June 30

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Annual Money-Weighted Rate of Return (Net of Investment Expense)[1]	**9.7%**	9.1%	6.4%	0.6%	25.2%	1.4%	5.5%	9.0%	12.7%	0.7%

[1]Money-Weighted Rate of Return is the internal rate of return on Pension Plan investments, net of investment expenses.

Notes to Required Supplementary Information — Pension Plan

Actuarial Methods and Significant Assumptions

The actuarial assumptions used to determine Pension Plan liabilities and employer and employee contributions are based on the results of the 2022 triennial investigation of experience (experience study). The June 30, 2024 actuarial valuation prepared by the consulting actuary was based on all assumptions adopted and reaffirmed by the LACERA Board of Investments in December 2022.

Key Methods and Significant Assumptions[1]

Method/Assumption	Description
Valuation Timing	*Contribution Rates: Effective Two Years After Valuation* Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which the contributions are reported. Contributions calculated for the June 30, 2023 valuation are applied for the fiscal year July 1, 2024 to June 30, 2025.
Actuarial Cost Method	Individual entry age.
Investment Rate of Return	*Annual Rate of 7.0 Percent* Future investment earnings are assumed to accrue at an annual rate of 7.0 percent, compounded annually, net of both investment and administrative expenses. This rate was adopted beginning with the June 30, 2019 valuation and reaffirmed in the 2022 triennial experience study.
Consumer Price Index	*Annual Rate of 2.75 Percent* This rate was adopted beginning with the June 30, 2016 valuation and reaffirmed in the 2022 triennial experience study.
Salary Increases and Wage Growth	*Projected Salary Increases: 3.66 percent to 12.54 percent* These rates are updated each year. In addition to increases in salary due to promotions and longevity, the increases include an assumed 3.25 percent per annum rate of increase in the general wage growth. The general wage growth rate assumption was adopted June 30, 2022.
Asset Valuation Method	*Five-Year Asset Smoothing* Assets are valued using a five-year smoothed method based on the difference between expected market value and actual market value. The recognition method has no minimum or maximum corridor applied. This method was adopted with the 2016 triennial experience study. The asset valuation method was modified to include an offsetting of gains and losses prior to applying asset smoothing. Offsetting was adopted with the 2022 triennial experience study.

[1]Assumptions applied to funding valuation calculations may differ from those applied to GASB 67 disclosures.

Method/Assumption	Description
Amortization Method	*20-Year Amortization* Effective June 30, 2009, the Unfunded Actuarial Accrued Liability (UAAL) was amortized using a layered 30-year period under a level percentage of pay. Effective with the June 30, 2019 valuation, existing UAAL layers as of June 30, 2018 are amortized over their remaining periods, not to exceed 22 years. Each new layer created on or after June 30, 2019 is amortized over a 20-year period. The UAAL contribution rate calculated in the June 30, 2024 funding valuation reflects 16 distinct amortization layers.
Rates of Separation From Employment	*Various Rates and Probabilities* A schedule of the probabilities of employment termination based on age and/or service due to a particular cause is used. For additional information, see the Retirement Probability of Occurrence tables in the Actuarial Section.
Cost-of-Living Adjustments (COLAs)	*Annual COLAs of 2.75 Percent or 2.0 Percent* Post-retirement benefit increases of either 2.75 percent or 2 percent (adjusted to 3 percent where appropriate to reflect COLA accumulation banks) per year are assumed for the valuation in accordance with the benefits provided. This assumption was adopted beginning with the June 30, 2016 valuation and reaffirmed with the 2022 experience study.
Mortality	*Mortality Tables for Public Employees* Various rates based on Pub-2010 mortality tables and using MP-2021 Ultimate Projection Scale. See the June 30, 2022 actuarial funding valuation report for details.
Recognition of Inflows/ Outflows	*Straight-Line Amortization*
Gains or Losses **Investment** **Economic/Demographic**	 Straight-line amortization over five years. Straight-line amortization over expected working life.
Assumption Changes or Inputs	Straight-line amortization over expected working life.

[1]Assumptions applied to funding valuation calculations may differ from those applied to GASB 67 disclosures.

Changes in Pension Plan Assumptions

In addition to conducting annual actuarial valuations, LACERA requires its consulting actuary to review the reasonableness of the economic and demographic actuarial assumptions every three years. LACERA's independent actuarial consulting firm most recently completed an investigation of experience for the period ended June 30, 2022. This review, known as the experience study, involves comparing actual experience to expectations based on existing actuarial assumptions. Based upon the experience study results, the actuary determines whether changing the assumptions or methodology will better project benefit liabilities and asset growth. At the December 2022 Board of Investments meeting, the Board approved the 2022 experience study, reaffirming some existing assumptions and adopting some new valuation assumptions.

Assumption changes from the June 30, 2016 and June 30, 2019 experience study reports are also presented to meet GASB 67 requirements to disclose significant assumptions and other inputs to measure and report the Total Pension Liability over a 10-year period.

2022 Assumption Changes
Actuarial method and assumption changes derived from the 2022 experience study were applied in preparing the June 30, 2022 valuation report. Actuarial information provided for the fiscal year ended June 30, 2023 financial statements is based on these reports unless otherwise noted.

The Board adopted changes to the following actuarial assumptions for the 2022 valuation report:

- Modified the five-year actuarial asset smoothing method to include gain and loss offsetting.
- Updated the rates of assumed merit salary increases and assumed service retirement to reflect a member's length of service in addition to their age.
- Updated the mortality improvement scale to reflect the most recently published Society of Actuaries mortality projection scale.
- Designated the Supplemental Targeted Adjustment for Retirees (STAR) Reserve as a non-valuation reserve, which was previously included as a valuation reserve.

The 2022 valuation report contained some actuarial assumptions the Board reaffirmed that did not change:

- Investment return assumption of 7.0 percent.
- CPI assumption of 2.75 percent.
- General wage growth assumption of 3.25 percent.

2019 Assumption Changes
Actuarial method and assumption changes derived from the 2019 experience study were applied in preparing the June 30, 2019 to June 30, 2021 valuation reports. Actuarial information provided for the fiscal year ended June 30, 2022 financial statements is based on these reports unless otherwise noted.

The following actuarial assumptions were applied to the 2019–2021 valuation reports, as adopted by the Board:

- Investment return assumption of 7.0 percent.
- CPI assumption of 2.75 percent.
- General wage growth assumption of 3.25 percent.
- New mortality tables based on published tables that are specific to public plans' general and safety members, with adjustments to match LACERA experience.
- MP-2014 Ultimate Projection Scale to reflect the gradual year-to-year improvement in mortality that is expected to occur in the future. This is sometimes referred to as "generational mortality." Mortality rates are based on the Pub-2010 mortality tables and include projections for expected future mortality improvement using the MP-2014 Ultimate Projection Scale.

2016 Assumption Changes
The Board adopted a decrease in the investment return assumption to 7.25 percent, a decrease in the CPI assumption to 2.75 percent, and a corresponding decrease in the general wage growth assumption to 3.25 percent.

An increase in life expectancies was adopted. Various rates are based on the RP-2014 Healthy and Disabled Annuitant mortality tables and include a projection for expected future mortality improvement using 100 percent of the MP-2014 Ultimate Projection Scale.

Schedule of Investment Returns — OPEB Trust[1]

For the Fiscal Years Ended June 30

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Annual Money-Weighted Rate of Return (Net of Investment Expense)[2]	**11.0%**	11.1%	9.7%	(11.8)%	28.2%	0.5%	6.0%	10.0%	16.0%

[1]Trend Information: Schedule will ultimately show information for 10 years. Additional years will be displayed as they become available prospectively.
[2]Money-Weighted Rate of Return is calculated as the internal rate of return on OPEB Trust investments, net of investment expenses.

FINANCIAL SECTION
SUPPLEMENTARY INFORMATION

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Administrative Expenses — Pension Plan
For the Fiscal Years Ended June 30, 2025 and 2024
(Dollars in Thousands)

	2025	2024
Personnel Services		
Salaries and Wages	$56,434	$51,228
Employee Benefits	37,145	33,253
Total Personnel Services	**$93,579**	**$84,481**
Consultant & Professional Services		
County Services	$619	$374
External Audit Fees	266	237
Legal Consultants	2,453	2,446
Professional Services	1,001	969
Temporary Personnel Services	5,006	5,857
Total Consultant & Professional Services	**$9,345**	**$9,883**
Operating Expenses & Equipment		
Administrative Support	$193	$196
General Expenses	1,257	1,825
Computer Software	6,095	4,773
Disability Medical Service Fees	2,631	2,802
Educational Expenses	1,088	911
Equipment	1,648	1,129
Facilities Operations	7,060	7,870
Insurance	1,232	1,381
Printing	841	861
Postage	1,375	1,386
Telecommunications	326	628
Transportation and Travel	515	502
Total Operating Expenses & Equipment	**$24,261**	**$24,264**
Total Administrative Expenses	**$127,185**	**$118,628**

Schedule of Investment Expenses

For the Fiscal Years Ended June 30, 2025 and 2024

(Dollars in Thousands)

	Pension Plan		OPEB Trust		OPEB Custodial Fund	
	2025	**2024**	**2025**	**2024**	**2025**	**2024**
Investment Management Fees						
Cash and Short-Term	$353	$352	$40	$31	$7	$7
Commodities	613	2,082	20	210	—	—
Global Equity	33,762	29,557	334	510	—	—
Fixed Income	152,134	89,870	1,722	1,444	117	113
Hedge Funds	168,429	116,197	—	—	—	—
Private Equity	202,464	178,052	1,353	168	—	—
Real Assets	51,736	39,251	645	373	—	—
Real Estate	43,967	47,712	3	6	—	—
Subtotal Investment Management Fees[1]	**$653,458**	**$503,073**	**$4,117**	**$2,742**	**$124**	**$120**
Other Investment Expenses						
Fund Expenses[2]	$36,565	$42,491	$765	$1,481	$—	$—
Consultants	2,989	4,547	92	89	—	—
Custodian	2,867	3,589	266	139	30	30
Legal Counsel	1,818	1,681	112	310	—	—
Other	199	1,854	6,740	954	—	—
Subtotal Other Investment Expenses	**$44,438**	**$54,162**	**$7,975**	**$2,973**	**$30**	**$30**
Total Fees & Other Investment Expenses	**$697,896**	**$557,235**	**$12,092**	**$5,715**	**$154**	**$150**

[1]Difference in management fees expense from the Statement of Changes in Fiduciary Net Position is due to the inclusion of incentive fees and carry allocations in the schedule above. These incentive fees and carry allocations are deducted from investment income in the Statement of Changes in Fiduciary Net Position.

[2]Includes audit, legal, tax reporting, and fund administration expenses that are charged to the investment earnings by the investment manager.

Schedule of Payments to Consultants — Pension Plan
For the Fiscal Years Ended June 30, 2025 and 2024
(Dollars in Thousands)

	2025	2024
Actuarial		
Actuarial Valuations and Consulting Services	$345	$326
Audit		
External Audit Services	$266	$237
Legal		
Investment Counsel	$1,818	$1,681
Legislative Consulting	267	325
Other Legal Services	2,186	2,121
Subtotal	**$4,271**	**$4,127**
Management		
Management and Human Resources Consulting	$140	$164
Information Technology Consulting	—	126
Subtotal	**$140**	**$290**
Total Payments to Consultants	**$5,022**	**$4,980**

Note: For fees paid to investment professionals, refer to Schedule of Investment Management Fees in the Investment Section.

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INVESTMENT SECTION

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Chief Investment Officer's Report — As of June 30, 2025

Dear LACERA Members:

I am pleased to present the Investment Section of LACERA's Annual Comprehensive Financial Report for Fiscal Year 2025. LACERA oversees two funds (the Funds) for the County of Los Angeles, the defined benefit retirement plan (the Pension Plan) and the LACERA Other Post-Employment Benefit Master Trust (the OPEB Trust).[1] This section provides an overview of the investment performance of the Pension Plan and the OPEB Trust, along with a summary of the investment portfolio.

In fiscal year 2025, capital markets exhibited continued strength on resilient corporate earnings and investor optimism, despite tariff uncertainties and varying expectations around interest rate cuts. Inflation in the U.S. and Europe eased but stayed above its 20-year averages, while geopolitical tensions and trade disputes reinforced deglobalization and supply chain realignment. Emerging megatrends—particularly the rise of artificial intelligence, expansion of data center infrastructure, and acceleration of onshoring—reshaped investment priorities. Surging demand for computer power and semiconductors drove significant capital investment, while energy and regulatory pressures around digital infrastructure intensified. In this evolving landscape, LACERA's Board of Investments (the Board) maintained its long-term focus, leveraging a well-diversified portfolio designed to be resilient across market cycles and responsive to structural shifts. This approach ensures LACERA remains well-positioned to meet future benefit obligations while adapting to global transformation.

Performance Summary

The Pension Plan returned 9.7 percent during the fiscal year, ending with a market value of $85.2 billion. The OPEB Trust delivered 11.1 percent, ending the period with a market value of $5.0 billion.[2] Both funds completed the fiscal year with asset values at record highs. The OPEB Trust's higher return during the fiscal year is primarily attributable to its larger allocation to public market investments. However, that also means that the OPEB Trust's portfolio is more sensitive to public market movements compared to the Pension Plan. The OPEB Trust began investing in private assets three years ago, after the Board approved an 18 percent allocation to private assets for the Trust in June 2021. As the OPEB Trust increases its allocation in private assets, it is expected that the Trust's performance return profile will closer align with the Pension Plan's.

LACERA's objective is to meet or exceed the Funds' respective benchmarks over a full market cycle and their respective actuarial expected return assumptions over the long term. As detailed below, the Pension Plan met its policy benchmark for the one-year period, underperformed over the three-year period, and exceeded its benchmark across five- and ten-year periods. The OPEB Trust outperformed

[1]LACERA is responsible for the administration and investment of two separate funds: the County of Los Angeles (the County) defined benefit retirement plan, whose assets provide retirement benefits for employees of the County and outside districts, and the LACERA Other Post-Employment Benefit Master Trust, whose assets are held in trust to provide post-employment healthcare benefits for retirees of the County, LACERA, and the Superior Court of California, County of Los Angeles. LACERA also oversees two custodial fund accounts used to fund the OPEB Program's operations and related healthcare premiums.

[2]The Pension Plan and OPEB Trust returns are calculated based on a time-weighted rate of return. All returns are net of fees unless otherwise noted.

its policy benchmark for all periods. Both funds' returns are above their actuarial expected returns for every period.[3]

Annualized Total Returns
Fiscal Year Ended June 30, 2025
(Net of Fees)

	1 Year	3 Years	5 Years	10 Years
Pension Plan	9.7%	8.4%	9.8%	7.9%
Policy Benchmark	*9.7%*	*8.6%*	*8.5%*	*7.4%*
OPEB Trust [4]	11.1%	10.5%	9.0%	7.8%
Policy Benchmark	*10.3%*	*9.6%*	*8.5%*	*6.7%*

Asset Allocation

The Board adopts separate investment policy statements for the Pension Plan and the OPEB Trust to guide their respective investment strategies. Each Investment Policy Statement defines a strategic asset allocation designed to optimize long-term growth while ensuring that LACERA can meet both current and future obligations. The Funds' strategic asset allocations are expected to serve as the primary drivers of long-term risk-adjusted returns.

The strategic asset allocations for the Pension Plan and the OPEB Trust guide the apportionment of investment dollars across functional categories and sub-asset classes, aligning long-term risk and return objectives while balancing short-term liquidity needs. The table below outlines the functional categories, sub-asset classes, and the role each is expected to fulfill in LACERA's investment portfolios.[5]

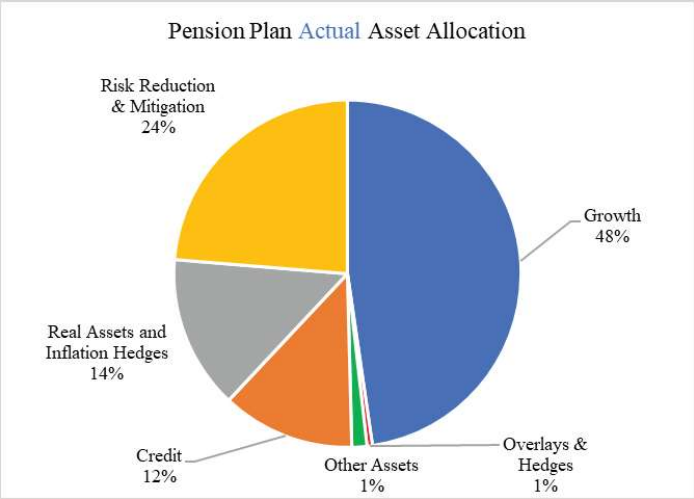
[3]The Pension Plan's and the OPEB Trust's actuarial expected returns for the period ending June 30, 2025 are 7.0 percent and 6.25 percent, respectively.
[4]Performance inception for the OPEB Trust is February 1, 2013.
[5]Certain asset classes in the OPEB Master Trust do not apply.

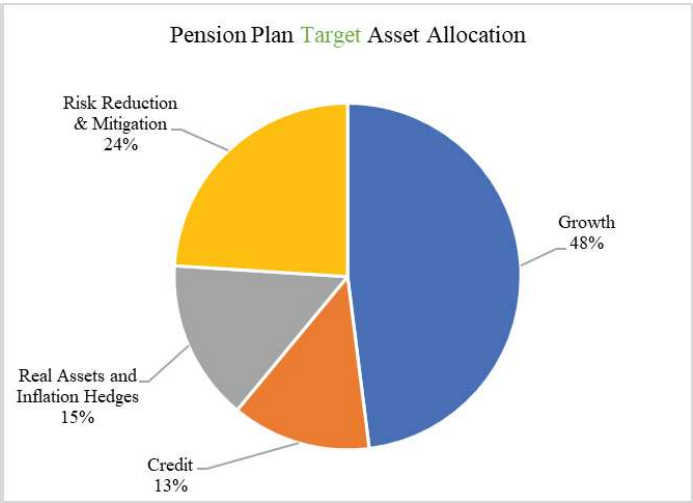
Functional Category	Sub-Asset Classes	Role In Portfolio
Growth	Global Equity Private Equity Non-Core Real Estate	Primary driver of long-term total returns
Credit	Credit	Produce current income and moderate long-term total returns with lower risk than growth assets
Real Assets and Inflation Hedges	Core Real Estate Natural Resources Infrastructure Treasury Inflation Protected Securities	Provide income and hedge against inflation
Risk Reduction and Mitigation	Investment Grade Bonds Diversified Hedge Funds Long-term Government Bonds Cash	Provide current income and a modest level of return while reducing total portfolio risk
Overlay and Hedges	Cash Overlay Currency Hedge	Assist the Pension Plan's adherence to policy allocation targets and manage risks

The Board reviews the strategic asset allocation for each Fund every three to five years to ensure that both portfolios are aligned with anticipated risks and opportunities. The current allocations were established by the Board in the prior fiscal year and are now in the process of being implemented. The allocations reflect the Board's evaluation of a number of factors including, but not limited to: the Funds' current and projected funded status, liabilities, and liquidity needs; long-term expectations for risk, return, and correlation across asset categories; and an assessment of future economic conditions.

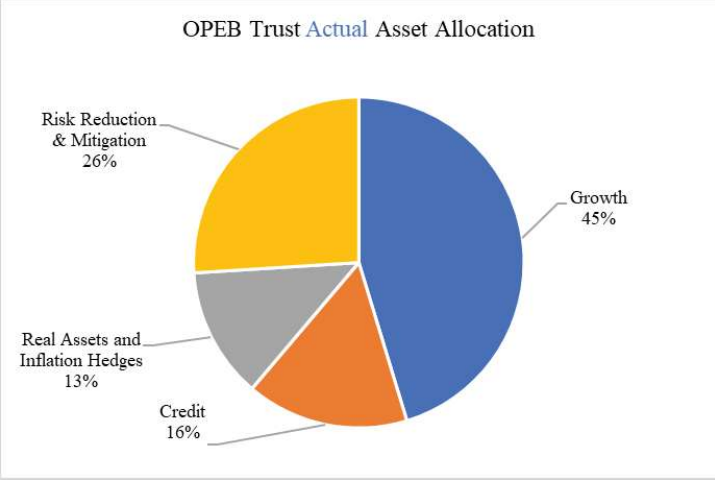
The Pension Plan's June 30, 2025 actual and target asset allocation are shown below.[6]

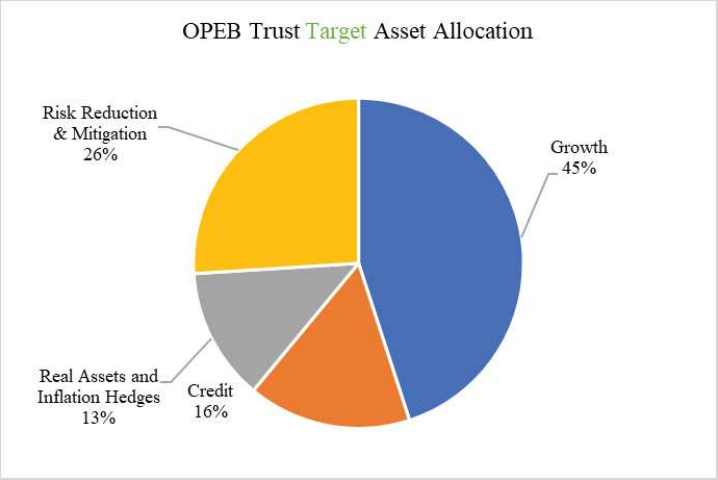
[6]The Pension Plan's actual asset allocation has a 1 percent allocation to "Other Assets" which include receivables due to deferred sales and rebalancing activity pending settlement. The Pension Plan has an overlay and hedges composite that invests LACERA's excess cash (cash in excess of the target allocation of 1 percent of the Pension Plan's total assets) in synthetic securities that provide similar investment exposure to the Pension Plan and hedges 50 percent of the non-US developed market currency exposure in the Pension Plan's global equities' portfolio. The Pension Plan's overlay and hedges composite has a 0 percent policy target weight.





Based on its own liquidity needs and funding status, the OPEB Trust's strategic asset allocation differs from that of the Pension Plan. The OPEB Trust's fiscal year-end and target allocations are illustrated below.





Both portfolios were in compliance with their functional policy target allocation ranges as of fiscal year-end.

LACERA's strategic plan complements the strategic asset allocations established by the Board, further advancing LACERA's evolution from a capital allocator to a best-in-class investor. The five strategic initiatives outlined in the strategic plan include: 1) enhance operational effectiveness, 2) optimize investment model, 3) maximize stewardship and ownership rights, 4) strengthen influence on fees and cost of capital, and 5) execute LACERA's T.I.D.E. (Towards Inclusion Diversity and Equity) initiative. These initiatives are implemented through a principles-based investment approach supported by a dynamic investment program that provides a resilient and flexible framework. This framework enables LACERA to adapt to evolving macroeconomic conditions, technological innovations. and workforce composition. Together, the strategic initiatives and dynamic investment program are designed to maximize long-term investment returns while mitigating risks, ultimately benefiting our members.

Core Performance Drivers

LACERA continues to realize the benefits of implementing a resilient and diversified portfolio consistent with the Board-adopted strategic asset allocations. During the fiscal year, the Pension Plan saw positive contributions from its allocations to credit, real assets and inflation hedges, and risk reduction and mitigation. However, the Pension Plan's investments in the growth functional category did not meet their benchmark. The underperformance in growth is largely attributable to the Pension Plan's private equity investments, which are compared to a benchmark based on public equity market returns. In periods of strong global equity market performance, private equity performance may underperform relative to its benchmark, due to less frequent valuation updates that do not immediately reflect the most recent market conditions. The cash overlay and hedges composite continued to add value, contributing $47 million in gains during the fiscal year after contributing $357 million in gains during the prior fiscal year. Three functional asset classes of the Pension Plan and the OPEB Trust outperformed their individual benchmarks.

Looking Forward

LACERA's ongoing implementation of its strategic asset allocation, along with the execution of its strategic initiatives, has allowed the Funds to perform across varied macroeconomic conditions and deliver returns that have surpassed their actuarial benchmarks, despite global economic and geopolitical uncertainties that persist. LACERA remains committed to generating sustainable long-term returns to fulfil its mission of producing, protecting, and providing the promised benefits to its members.

Respectfully submitted,

Jonathan Grabel
Chief Investment Officer

Investment Summary — Pension Plan[1]

As of June 30, 2025

(Dollars in Thousands)

Type of Investment	Fair Value	Percent of Total Fair Value
Growth	**$40,624,803**	
Global Equity	25,961,259	30.5%
Private Equity	13,433,339	15.8%
Non-Core Private Real Estate	1,230,205	1.4%
Credit	**$10,602,475**	12.4%
Real Assets and Inflation Hedges	**$12,186,000**	
Core Private Real Estate	3,350,819	3.9%
Natural Resources	2,533,582	3.0%
Infrastructure	3,758,761	4.4%
Treasury Inflation Protected Securities (TIPS)	2,542,838	3.0%
Risk Reduction and Mitigation	**$20,177,523**	
Investment Grade Bonds	10,669,995	12.5%
Diversified Hedge Funds	6,434,944	7.6%
Long-Term Government Bonds	1,615,234	1.9%
Cash	1,457,350	1.7%
Overlay and Hedges	**$387,389**	
Cash Overlay	484,141	0.6%
Currency Hedges	(96,752)	(0.1)%
Other Assets	**$1,206,596**	1.4%
Total Investments — Pension Plan	**$85,184,786**	**100.0%**

[1]Fair values presented in this schedule are based on the Investment Book of Record and may differ from information presented in the Statement of Fiduciary Net Position, which is based on the Accounting Book of Record.

Investment Summary — OPEB Master Trust[1]

As of June 30, 2025

(Dollars in Thousands)

Type of Investment	Fair Value		Percent of Total Fair Value
Growth	**$2,272,621**		
Global Equity		2,236,968	44.6%
Private Equity		35,653	0.7%
Credit	**$799,331**		15.9%
Real Assets and Inflation Hedges	**$642,457**		
Real Estate		315,807	6.3%
Natural Resources		16,216	0.3%
Infrastructure		25,238	0.5%
Treasury Inflation Protected Securities (TIPS)		285,196	5.7%
Risk Reduction and Mitigation	**$1,302,185**		
Investment Grade Bonds		940,955	18.8%
Long-Term Government Bonds		257,708	5.1%
Cash		103,522	2.1%
Operational Cash[2]	**$9,374**		N/A
Total Investments — OPEB Master Trust	**$5,025,968**		**100.0%**

[1]Fair values presented in this schedule are based on the Investment Book of Record and may differ from information presented in the Statement of Fiduciary Net Position, which is based on the Accounting Book of Record.

[2]Represents cash balances held in the Sub-Trust ownership funds.

Investment Summary — OPEB Custodial Fund[1]

As of June 30, 2025

(Dollars in Thousands)

Type of Investment	Fair Value	Percent of Total Fair Value
Cash and Cash Equivalents	$16,842	7.9%
Fixed Income	197,236	92.1%
Total Investments - OPEB Custodial Fund	**$214,078**	**100.0%**

[1]Fair values presented in this schedule are based on the Investment Book of Record and may differ from information presented in the Statement of Fiduciary Net Position, which is based on the Accounting Book of Record.

Investment Results Based on Fair Value[1,2] — Pension Plan*

As of June 30, 2025

	Annualized (Net-of-Fees)				
	Quarter-End June 30, 2025	One-Year	Three-Year	Five-Year	Ten-Year
Growth	**7.7%**	11.5%	11.5%	14.1%	
Growth Policy Benchmark	*6.6%*	*12.8%*	*13.0%*	*13.8%*	
Global Equity	11.8 %	16.5 %	17.3 %	14.1 %	
Global Equity Policy Benchmark	*11.6 %*	*15.9 %*	*16.8 %*	*13.4 %*	
Private Equity - Growth	1.0 %	3.2 %	2.5 %	16.1 %	
Private Equity - Growth Custom Benchmark	*(1.1)%*	*8.4 %*	*8.4 %*	*17.3 %*	
Non-Core Private Real Estate	1.6 %	(0.9)%	(3.9)%	4.1 %	8.2%
Opportunistic Real Estate Custom Benchmark	*1.4 %*	*3.4 %*	*(2.9)%*	*4.5 %*	*7.5%*
Credit	**7.7%**	16.6%	13.1%	10.3%	
Credit Policy Benchmark	*1.3%*	*8.7%*	*8.9%*	*5.5%*	
Real Assets & Inflation Hedges	**2.3%**	6.4%	1.8%	6.8%	
Real Assets & Inflation Hedges Policy Benchmark	*3.3%*	*6.0%*	*1.2%*	*6.1%*	
Core Private Real Estate	1.0 %	(1.6)%	(6.5)%	1.0 %	3.8%
Core Private Real Estate Custom Benchmark	*0.9 %*	*1.2 %*	*(5.1)%*	*2.1 %*	*5.0%*
Natural Resources & Commodities	3.3 %	1.0 %	2.9 %	13.9 %	2.9%
Natural Resources & Commodities Policy Benchmark	*4.5 %*	*(3.4)%*	*1.6 %*	*11.6 %*	*1.8%*
Infrastructure	3.7 %	15.7 %	8.0 %	9.9 %	
Dow Jones Brookfield Global Infrastructure Company	*7.3 %*	*18.6 %*	*7.4 %*	*8.8 %*	
Treasury Inflation Protected Securities (TIPS)	1.0 %	7.6 %	2.8 %	1.9 %	
Bloomberg U.S. Treasury: U.S. TIPS	*1.0 %*	*6.5 %*	*2.5 %*	*1.7 %*	
Risk Reduction & Mitigation	**1.1%**	5.9%	2.8%	0.7%	
Risk Reduction & Mitigation Policy Benchmark	*1.1%*	*5.7%*	*2.7%*	*0.0%*	
Investment Grade Bonds	1.2 %	6.1 %	2.7 %	(0.5)%	2.1%
Bloomberg Barclays Aggregate Bond Index	*1.2 %*	*6.1 %*	*2.5 %*	*(0.7)%*	*1.8%*
Diversified Hedge Funds	1.4 %	7.2 %	6.3 %	7.8 %	
Diversified Hedge Funds Custom Benchmark	*1.6 %*	*7.1 %*	*7.1 %*	*5.3 %*	
Long-Term Government Bonds	(1.5)%	1.6 %	(3.9)%		
Bloomberg U.S. Treasury: Long	*(1.5)%*	*1.6 %*	*(3.7)%*		
Cash	1.5 %	6.8 %	6.1 %	4.1 %	2.8%
Cash Policy Benchmark	*1.1 %*	*4.9 %*	*4.8 %*	*2.9 %*	*2.0%*
Total Fund	**4.9%**	**9.7%**	**8.4%**	**9.8%**	**7.9%**
Total Fund Policy Benchmark	***4.1%***	***9.7%***	***8.6%***	***8.5%***	***7.4%***

[1]Functional asset category returns are calculated based on time-weighted rates of return, net of manager fees; Total Fund performance is calculated based on the weighted average returns of the functional asset categories, net of manager fees.
[2]Some asset categories and their benchmarks are reported with a one- or three-month delay.

*A complete list of custom benchmark definitions is available upon request.

Investment Results Based on Fair Value[1, 2,3] — OPEB Master Trust*

As of June 30, 2025

	Annualized (Net-of-Fees)				
	Quarter-End June 30, 2025	One-Year	Three-Year	Five-Year	Ten-Year
Growth	**11.5%**	16.2 %	17.1 %	13.6 %	
Growth Policy Benchmark	*10.2%*	*15.2 %*	*16.5 %*	*13.2 %*	
Global Equity	11.7 %	16.4 %	17.0 %	13.6 %	10.0%
MSCI ACWI IMI Net	*11.6 %*	*15.9 %*	*16.8 %*	*13.4 %*	*9.7%*
Private Equity[2]	0.0 %	6.8 %			
Private Equity Policy Benchmark	*(1.1)%*	*8.4 %*			
Credit	**2.9%**	8.2 %	9.0 %	5.3 %	
Credit Policy Benchmark	*1.3%*	*8.7 %*	*9.6 %*	*5.8 %*	
Real Assets & Inflation Hedges	**(0.2)%**	7.1 %	3.1 %	7.5 %	
Real Asset & Inflation Hedges Policy Benchmark	*2.2%*	*5.3 %*	*0.8 %*	*6.0 %*	
Treasury Inflation Protected Securities (TIPS)	1.0 %	7.5 %	2.9 %	1.9 %	
Bloomberg U.S. Treasury: U.S. TIPS	*1.0 %*	*6.5 %*	*2.5 %*	*1.7 %*	
Infrastructure	2.0 %	24.3 %			
Infrastructure Policy Benchmark	*7.3 %*	*18.6 %*			
Natural Resources	4.0 %	4.6 %			
Natural Resources Policy Benchmark	*3.3 %*	*0.6 %*			
Real Estate	(1.6)%	8.1 %	4.8 %	8.5 %	
Real Estate Custom Benchmark	*0.9 %*	*1.2 %*	*(2.9)%*	*3.7 %*	
Risk Reduction & Mitigation	**0.7%**	5.2 %	2.1 %	(0.5)%	
Risk Reduction & Mitigation Policy Benchmark	*0.7%*	*5.0 %*	*1.4 %*	*(0.9)%*	
Investment Grade Bonds	1.2 %	6.2 %	2.6 %	(0.7)%	
Bloomberg Barclays Aggregate Bond Index	*1.2 %*	*6.1 %*	*2.5 %*	*(0.7)%*	
Long-Term Government Bonds	(1.5)%	1.6 %			
Bloomberg U.S. Treasury: Long	*(1.5)%*	*1.6 %*			
Cash	1.4 %	8.7 %	6.9 %	4.1 %	2.9%
Cash Policy Benchmark	*1.1 %*	*4.9 %*	*4.8 %*	*2.9 %*	*2.1%*
Total OPEB Master Trust	**5.7%**	**11.1 %**	**10.5 %**	**9.0 %**	**7.8%**
Total OPEB Master Trust Policy Benchmark	***5.2%***	***10.3 %***	***9.6 %***	***8.5 %***	***6.7%***

[1]Functional asset category returns are calculated based on time-weighted rates of return, net of manager fees; Total OPEB Master Trust performance is calculated based on the weighted average returns of the asset classes, net of manager fees.
[2]Some asset categories and their benchmarks are reported with a one- or three-month delay.
[3]Newly funded accounts: Time-weighted performance is not available.

*A complete list of custom benchmark definitions is available upon request.

Total Investment Rates of Return — Pension Plan

For the Last 10 Fiscal Years Ended June 30

(Dollars in Thousands)

Fiscal Year-End	Total Investment Portfolio Fair Value	Total Fund Time-Weighted Return (net of fees)[1]	Total Fund Money-Weighted Return (net of fees)[2]	Return on Smoothed Valuation Assets (net of fees)[3]	Actuarial Assumed Rate of Return[4]	Actuarial Funded Ratio[5]
2016	$47,898,667	0.8%	0.7%	6.5%	7.25%	79.4%
2017	52,225,457	12.7%	12.7%	8.2%	7.25%	79.9%
2018	55,443,060	9.0%	9.0%	8.1%	7.25%	80.6%
2019	57,976,437	6.4%	5.5%	6.5%	7.00%	77.2%
2020	56,574,410	1.8%	1.4%	5.8%	7.00%	76.3%
2021	70,297,718	25.2%	25.2%	10.4%	7.00%	79.3%
2022	67,467,013	0.1%	0.6%	8.5%	7.00%	79.6%
2023	71,460,616	6.4%	6.4%	7.2%	7.00%	79.9%
2024	75,015,737	9.1%	9.1%	7.5%	7.00%	80.9%
2025 [6]	**$82,394,742**	**9.7%**	**9.7%**	**N/A**	**N/A**	**N/A**

[1]**Total Fund — Time-Weighted Rate of Return** is the aggregate increase or decrease in the value of the portfolio resulting from the net appreciation or depreciation of the principal of the fund, plus or minus the net income or loss experienced by the fund during the period. The returns are presented net of investment management fees.

[2]**Total Fund — Money-Weighted Rate of Return** is a measurement of investment performance, net of investment expenses, adjusted for the changing amounts actually invested. The returns are presented net of investment management fees.

[3]**Return on Smoothed Valuation Assets** consists of annual investment income in excess or short of the expected rate of return on a valuation (actuarial) basis, smoothed over a specified period with a portion of the year's asset gains or losses being recognized each year beginning with the current year.

[4]**Actuarial Assumed Rate of Return** is the future investment earnings of the assets, which are assumed to accrue at an annual rate, compounded annually, net of both investment and administrative expenses. The actuarial assumed rate of return is 7.0 percent, based upon the June 30, 2024 actuarial valuation report as adopted by the Board of Investments in December 2024. For fiscal year 2024-2025, interest crediting and operating tables applied the 7.0 percent actuarial assumed rate of return.

[5]**Actuarial Funded Ratio** is a measurement of the funded status of the fund calculated by dividing the valuation assets by the actuarial accrued liability.

[6]**Actuarial Valuation** report for June 30, 2025 is not yet available at financial statement publication.

Total Investment Rates of Return — OPEB Master Trust

For the Last 8 Fiscal Years Ended June 30

(Dollars in Thousands)

Fiscal Year-End[6]	Total Investment Portfolio Fair Value	Total Fund Time-Weighted Return (net of fees)[1]	Total Fund Money-Weighted Return (net of fees)[2]	Return on Smoothed Valuation Assets (net of fees)[3]	Actuarial Assumed Rate of Return[4]	Actuarial Funded Ratio[5]
2018	$926,859	10.1%	10.0%	—%	6.00%	4.5%
2019	1,224,059	5.5%	6.0%	—%	6.00%	6.0%
2020	1,468,155	(0.1)%	0.5%	—%	6.00%	7.0%
2021	2,258,608	28.4%	28.2%	28.0%	6.00%	10.9%
2022	2,344,794	(11.2)%	(11.8)%	(12.0)%	6.00%	10.4%
2023	3,021,951	9.3%	9.7%	9.0%	6.00%	13.2%
2024	3,880,327	11.0%	11.1%	11.0%	6.25%	16.1%
2025 [7]	**$4,906,538**	**11.1%**	**11.0%**	**N/A**	**N/A**	**N/A**

[1]**Total Fund — Time-Weighted Rate of Return** is the aggregate increase or decrease in the value of the portfolio resulting from the net appreciation or depreciation of the principal of the fund, plus or minus the net income or loss experienced by the fund during the period. The returns are presented net of investment management fees.

[2]**Total Fund — Money-Weighted Rate of Return** is a measurement of investment performance, net of investment expenses, adjusted for the changing amounts actually invested. The returns are presented net of investment management fees.

[3]**Return on Smoothed Valuation Assets** consists of annual investment income in excess or short of the expected rate of return on a valuation (actuarial) basis, smoothed over a specified period with a portion of the year's asset gains or losses being recognized each year beginning with the current year. The reporting methodology for OPEB changes from cost-sharing to agent plan structure began with the July 1, 2018 OPEB Valuation.

[4] **Investment return assumption** for the OPEB Trust is different from the Pension Trust investment return assumption due to a different asset allocation for the OPEB Trust. For agents that are prefunding through the OPEB Trust for fiscal year 2024, continue with an expected return of 6.25 percent. See Actuarial Section for the summary of actuarial assumptions — OPEB Program for detailed information about actuarial rate.

[5]**Actuarial Funded Ratio** is a measurement of the funded status of the fund calculated by dividing the valuation assets by the actuarial accrued liability.

[6]Schedule will ultimately show information for 10 years. Additional years will be displayed as they become available prospectively.

[7] **Actuarial Valuation** report for June 30, 2025 is not yet available at financial statement publication.

Largest Equity Holdings — Pension Plan[1]

As of June 30, 2025

(Dollars in Thousands)

Shares	Description	Fair Value
6,744,278	NVIDIA Corporation	$1,065,528
1,946,237	Microsoft Corporation	968,078
4,143,788	Apple Inc.	850,181
2,634,980	Amazon.com Inc.	578,088
3,004,264	Alphabet Inc.	531,086
611,858	Meta Platforms Inc.	451,607
1,246,529	Broadcom Inc.	343,606
2,480,127	Exxon Mobil Corporation	267,358
776,301	Tesla Inc.	246,600
5,856,273	Taiwan Semiconductor Manufacturing Company. Ltd.	224,501

[1]Reflects the global equity exposure of assets held in custody.

Note: A complete list of portfolio holdings is available upon request by contacting LACERA.

Largest Equity Holdings — OPEB Master Trust[1]

As of June 30, 2025

(Dollars in Thousands)

Shares	Description	Fair Value
586,834	NVIDIA Corporation	$92,714
170,029	Microsoft Corporation	84,574
360,901	Apple Inc.	74,046
230,292	Amazon.com Inc.	50,524
259,033	Alphabet Inc.	45,786
52,440	Meta Platforms Inc.	38,706
107,821	Broadcom Inc.	29,721
282,576	Prologis Inc.	29,704
189,842	Welltower Inc.	29,184
29,834	Equinix Inc.	23,732

[1]Reflects the global equity exposure of assets held in custody.

Note: A complete list of portfolio holdings is available upon request by contacting LACERA.

Largest Fixed Income Holdings — Pension Plan[1]

As of June 30, 2025

(Dollars in Thousands)

Par	Description	Fair Value
1,754,645,897	United States Treasury 0.000% 20250925	$1,737,083
181,129,696	JP Morgan Sec LLC TPR D Tri Party Repo D	181,130
132,481,545	United States Treasury 1.625% 20291015	134,563
128,401,857	United States Treasury 2.125% 20290415	132,441
130,495,100	United States Treasury 1.625% 20300415	131,876
124,316,623	United States Treasury 2.375% 20281015	129,593
122,234,887	United States Treasury 1.625% 20271015	124,203
154,696,724	Federal National Mortgage Association 2.000% 20510701	123,305
121,197,349	United States Treasury 0.375% 20250715	121,422
120,620,443	United States Treasury 1.250% 20280415	120,728

[1]Reflects fixed income exposure of assets held in custody.

Note: A complete list of portfolio holdings is available upon request by contacting LACERA.

Largest Fixed Income Holdings — OPEB Master Trust[1]

As of June 30, 2025

(Dollars in Thousands)

Par	Description	Fair Value
102,747,181	United States Treasury 0.000% 20250925	$101,719
16,122,515	United States Treasury 1.625% 20300415	16,293
14,859,532	United States Treasury 1.625% 20291015	15,093
14,402,065	United States Treasury 2.125% 20290415	14,855
13,972,800	United States Treasury 2.375% 20281015	14,566
14,215,774	JP Morgan Sec LLC TPR D Tri Party Repo D	14,216
14,144,108	United States Treasury 0.375% 20250715	14,170
14,103,919	United States Treasury 1.250% 20280415	14,117
13,750,515	United States Treasury 1.625% 20271015	13,972
13,712,471	United States Treasury 0.125% 20270415	13,429

[1]Reflects fixed income exposure of assets held in custody.

Note: A complete list of portfolio holdings is available upon request by contacting LACERA.

Schedule of Investment Management Fees

For the Fiscal Years Ended June 30, 2025 and 2024

(Dollars in Thousands)

	Pension Plan		OPEB Trust		OPEB Custodial Fund	
Investment Managers	**2025**	**2024**	**2025**	**2024**	**2025**	**2024**
Cash and Short-Term	$353	$352	$40	$31	$7	$7
Commodities	613	2,082	20	210	—	—
Global Equity	33,762	29,557	334	510	—	—
Fixed Income	152,134	89,870	1,722	1,444	117	113
Hedge Funds	168,429	116,197	—	—	—	—
Private Equity	202,464	178,052	1,353	168	—	—
Real Assets	51,736	39,251	645	373	—	—
Real Estate	43,967	47,712	3	6	—	—
Total Investment Management Fees[1]	**$653,458**	**$503,073**	**$4,117**	**$2,742**	**$124**	**$120**

[1]Differences in expenses from investing activities reported in the Statement of Changes in Fiduciary Net Position are due to incentive fees, carry allocations, and operating expenses included in the above schedule. In the Statement of Changes in Fiduciary Net Position, these incentive fees, carry allocations, and operating expenses are deducted from investment income.

List of Investment Managers

PENSION PLAN

GROWTH

Global Equity
Acadian Asset Management, LLC
BlackRock Institutional Trust Company, N.A.
Capital International, Inc.
CornerCap Investment Counsel
Frontier Capital Management Company, LLC
Global Alpha Capital Management, LTD
J.P. Morgan Investment Management, Inc.
Lazard Asset Management, LLC
Leading Edge Investment Advisors, LLC
New Alpha Asset Management, SAS
Parametric Portfolio Associates, LLC
State Street Global Advisors (SSGA)
Systematic Financial Management, LP

Non-Core Private Real Estate
Aermont Capital Management, S.a.r.l
AEW Capital Management, LP
Angelo, Gordon & Company, LP
Bain Capital, LP
Blackstone, Inc.
Brookfield Asset Management, Inc.
CapMan, PLC
CB Richard Ellis Global Investors, LLC
CityView Management Services, LLC
Europa Capital, LLP
Heitman Capital Management, LLC
Hunt Investment Management, LLC
RREEF America, LLC
Starwood Capital Group
Stockbridge Capital Group
The Carlyle Group
TPG Capital
Whitman/Peterson, LLC

Private Equity[1]
Hamilton Lane Advisors, LLC
J.P. Morgan Investment Management, Inc.
Morgan Stanley Alternative Investments, LLC
Pathway Capital Management, LP

[1]A complete list of Private Equity Investment Managers by functional category is available upon request.

CREDIT

Bain Capital Credit, LP
Beach Point Capital Management, LP
Brigade Capital Management, LLC
Centerbridge Partners, LP
Crescent Capital Group, LP
Grosvenor Capital Management, LP
Magnetar Capital, LLC
Napier Park Global Capital
Onex Credit Management, LLC
Pacific Investment Management Company, LLC (PIMCO)
PineBridge Investment, LLC
Quadrant Real Estate Advisors, LLC
Siguler Guff Advisors, LLC
Silver Rock Capital Management
Stable Asset Management
Tennenbaum Capital Partners, LLC
UBS Asset Management
Värde Partners
Waterfall Asset Management

REAL ASSETS AND INFLATION HEDGES

Core Real Estate
CityView Management Services, LLC
Clarion Partners, LLC
CB Richard Ellis Global Investor, LLC
Heitman Capital Management, LLC
IDR Investment Management, LLC
Invesco Advisers, Inc.
Prologis Management II, S.a.r.l
RREEF America, LLC
Stockbridge Capital Group

Infrastructure
RREEF America, LLC

Infrastructure (Private)
Antin Mid Cap Fund I
Ardian Infrastructure Fund VI
Axium Infrastructure Canada
Axium Infrastructure US
DIF CIF III
DIF Infrastructure VI
DWS Pan-European Infrastructure Fund III

Grain GCOF III
Grain Spectrum Holdings III
Infravia Fund VI
KKR DCIF
Macquarie Global Infrastructure Fund
Partners Group Direct Infrastructure 2020
Partners Group Direct Infrastructure IV

Natural Resources
RREEF America, LLC

Natural Resources (Private)
Altor Carbon Transition Fund
Appian Natural Resources Fund III LP
Ara Fund III
Cibus Enterprise II
Cibus Fund II
Energy and Minerals Group III
Hitec Vision New Energy Fund I
Hitec Vision New Energy Fund II
Orion Mine Finance Fund III
Orion Mine Finance Fund IV
Orion Mineral Royalty Fund I
Sprott Private Resource Streaming and Royalty Annex Fund
Sustainable Assets Fund IV
TIAA CREF Global Agriculture
TIAA CREF Global Agriculture II

Treasury Inflation-Protected Securities
BlackRock Institutional Trust Company, N.A.

RISK REDUCTION AND MITIGATION

Investment Grade Bonds
Allspring Global Investments
BlackRock Institutional Trust Company, N.A.
Pugh Capital Management, Inc.
Western Asset Management Company

Diversified Hedge Funds
AM Squared General Partner, LTD
Brevan Howard Capital Management
Capula Investment Management
Caxton Associates, LP
Davidson Kempner Institutional Partners, LP
Grosvenor Capital Management, LP
HBK Capital Management
Hudson Bay Capital Management
Man AHL Alpha
Mariner Investment Group, LLC
Polar Asset Management Partners
Stable Asset Management

Cash
State Street Global Advisors (SSGA)

Mortgage Loan Servicer
Onity Group, Inc.

Securities Lending Program
State Street Bank & Trust Company
State Street Global Advisors (SSGA)

OVERLAYS AND HEDGES
BlackRock Institutional Trust Company, N.A.
Parametric Portfolio Associates, LLC

OTHER POST-EMPLOYMENT BENEFITS PROGRAM

Other Post-Employment Benefits Trust
BlackRock Institutional Trust Company, N.A.
Hamilton Lane Advisors, LLC
State Street Global Advisors (SSGA)

OPEB Custodial Fund
Insight Investment
Western Asset Management Company

Health Reserve Program
Standish Mellon Asset Management Company, LLC

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ACTUARIAL SECTION

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Actuarial Information Overview — Pension Plan

Introduction

The actuarial process at the Los Angeles County Employees Retirement Association (LACERA) is governed by provisions in the California Constitution, County Employees Retirement Law of 1937 (CERL), California Public Employees' Pension Reform Act of 2013 (PEPRA), and other applicable law. CERL requires LACERA to obtain an investigation of experience and actuarial valuation of the Pension Plan at least once every three years. It further requires the LACERA Board of Investments to transmit its recommendations for contribution rates to the Los Angeles County Board of Supervisors, the primary plan sponsor. The County Board of Supervisors adopts contribution rates in accordance with LACERA's recommendations but may make minor adjustments to comply with Memoranda of Understanding (MOUs) established between the County and employee labor unions.

LACERA engages an independent actuarial consulting firm to perform the Pension Plan valuation annually, exceeding the regulatory frequency requirements. Every three years, in compliance with CERL, the consulting actuary performs an experience study and during the same year, a separate independent actuarial consulting firm reviews both the triennial experience study and annual valuation.

Actuarial Funding Policy

In 2009, the LACERA Board of Investments approved the Retirement Benefit Funding Policy (Funding Policy), which was amended in 2013 to comply with the PEPRA-mandated standards. The Board also in December 2022 adopted a recommendation from the 2022 Experience study to exclude the Supplemental Targeted Adjustment for Retirees (STAR) Reserve balance from the valuation assets. The Board of Investments established the Funding Policy to adopt actuarial funding methodologies designed to ensure that the retirement system is funded sufficiently to pay for the promised retirement benefits.

In October 2024, the Board of Investments adopted to supersede the Funding Policy by renaming it to the Actuarial Funding Policy and separating the interest crediting process into a new standalone Interest Crediting Policy. The Actuarial Funding Policy clarifies the Board's funding objectives by defining key principles, actuarial processes and procedures, policy terminology, and discretionary benefits. The Interest Crediting Policy provides guidance on allocating realized earnings to the various reserve accounts. The Board of Investments will review and consider updates to these policies on a periodic basis to coincide with the Experience Study. For additional information about the Interest Crediting Policy, please reference Note D in the Financial Section.

Valuation and Experience Study

The Actuarial Funding Policy requires annual adjustments of the employer contribution rates based on the actuary's valuation report. Milliman, the Pension Plan consulting actuary, reviews the adequacy of the plan sponsor funding policies in accordance with actuarial standards of practice (ASOP). Milliman performed the latest actuarial valuation as of June 30, 2024, and recommended changes to the employer and employee (member) contribution rates. At its February 2025 meeting, the LACERA Board of Investments accepted Milliman's June 30, 2024 valuation report.

Milliman reviews the reasonableness of the economic and demographic actuarial assumptions and actuarial methods every three years. The review, commonly referred to as the experience study, is accomplished by comparing relevant forecasts to actual experience to determine whether changes should be made to the actuarial assumptions to improve benefit liabilities and asset growth

projections. The LACERA Board of Investments adopts, possibly with modification, the recommended actuarial methods and assumptions to be used in future valuations. At its December 2022 meeting, the LACERA Board of Investments adopted Milliman's recommendations based on the 2022 Experience Study. Some assumptions and methods remained unchanged, while others were updated, including demographic assumptions, projected salary increases, and actuarial methods.

LACERA discloses actuarial data based on the latest completed valuation at the time the financial statements are prepared. For this Actuarial Section, LACERA utilized the most recent valuation report as of June 30, 2024 since the valuation as of June 30, 2025 was not yet completed during the preparation of the 2025 financial statements.

Triennial Reviews

The LACERA Board of Investments Actuarial Audit Policy Directive requires actuarial reviews of retirement benefit valuations and experience studies to be aligned with the same cycle as LACERA's triennial experience study and valuation. Cavanaugh MacDonald Consulting (CavMac), LACERA's reviewing actuary, performed the most recent review of Milliman's experience study and valuation reports as of June 30, 2022.

In the most recent triennial review of the experience study, CavMac concluded, "We find the proposed actuarial assumptions and methods to be reasonable. The Investigation of Experience was performed by qualified actuaries and was performed in accordance with the principles and practices prescribed by the Actuarial Standards Board." According to CavMac's most recent triennial review of Milliman's valuation report, "We find the June 30, 2022 actuarial valuation results to be reasonable and accurate, based on the assumption and methods used."

Employee (Member) Contributions

Member contribution rates for contributory legacy plans (General Plans A, B, C, and D, and Safety Plans A and B) vary based on the age a member joins LACERA and the underlying actuarial assumptions and methodologies. These rates may change due to changes in actuarial assumptions, which typically occur based on the triennial experience study. There were no new assumptions adopted for the June 30, 2024 valuation, and therefore there were no changes recommended to member contribution rates for the legacy plans.

PEPRA plans (General Plan G and Safety Plan C) use single-rate member contribution rates equal to one-half of the respective plan's normal cost rate, as required by PEPRA. These rates may change annually. Based on the actuary's recommendation in the June 30, 2024 valuation, the Board of Investments adopted an increase to new member contribution rates for all Plan G and Safety C active members, effective July 1, 2025.

Employer Contributions

The consulting actuary reviews employer contribution rates annually and recommends changes if necessary. The members and employers are responsible for contributing a portion of the present value of pension plan benefits and expenses, which is allocated to a valuation year by the actuarial cost method, known as normal cost contributions. The portion not funded by expected member contributions is the responsibility of the employers and is their normal cost. The employers are also responsible for contributions to eliminate funding shortfalls related to liabilities accrued in prior years, including changes in the economic and demographic assumptions impacting past service credit. This portion of the employer's contribution rate is known as the Unfunded Actuarial Accrued Liability (UAAL).

For the June 30, 2024 valuation, the actuary recommended new employer normal cost contribution rates for all plans and a new UAAL contribution rate, effective July 1, 2025. Based on the 2024 valuation, the aggregate employer normal cost rate decreased from 11.01 percent to 10.88 percent, and the employers' required contribution rate to finance the UAAL decreased from 14.87 percent to 14.73 percent. The decrease in the calculated employer contribution rate from 25.88 percent to 25.61 percent of payroll was primarily due to recognized investment gains in valuation assets and a continued rise in active employees accruing retirement benefits through PEPRA plans, which have a lower employer normal cost compared to legacy plans.

Cost Method
LACERA uses the entry age actuarial cost method for both funding requirements and financial reporting purposes. This method was adopted by LACERA in 1999, as recommended by the consulting actuary. The entry age normal method allocates costs to each future year as a level percentage of payroll, which is ideal for employers to budget for future costs.

Amortization Method
LACERA employs a layered amortization method to fund the UAAL. Under this method, the initial UAAL amount as of June 30, 2009 was amortized over a closed 30-year period. Subsequent changes in the UAAL were amortized over new closed 30-year periods. Effective with the June 30, 2019 valuation, the amortization period was decreased so that all new UAAL layers are amortized over a 20-year period. All existing layers at that time with more than 22 years remaining were re-amortized over closed 22-year periods.

Other Information

Actuarially Determined Contributions: The Schedule of Employer Contributions History — Pension Plan in the Required Supplementary Information of the Financial Section provides a 10-year history of actuarially determined contributions in relation to actual contributions provided to the Pension Plan.

Actuarial Methods and Assumptions: A detailed description of the actuarial methods and assumptions for the Pension Plan valuation used by the consulting actuary to prepare the Pension Plan (Retirement Benefits) funding valuation report is included in this Actuarial Section. The Financial Section includes significant actuarial assumptions and methods used for financial reporting as required Governmental Accounting Standards Board (GASB) Statement Number 67 disclosures. Differences between assumptions applied for financial reporting purposes and those used for actuarial funding are noted.

The following additional information is included in this section:

- Actuary's Certification Letter — Pension Plan
- Summary of Actuarial Methods and Assumptions — Pension Plan
- Schedule of Funding Progress — Pension Plan
- Active Member Valuation Data — Pension Plan
- Retirees and Beneficiaries Added to and Removed from Retiree Payroll — Pension Plan
- Funded Liabilities by Type — Pension Plan
- Actuarial Analysis of Financial Experience — Pension Plan
- Retirement Probability of Occurrence

A Summary of Major Pension Plan Provisions is available upon request by contacting LACERA.
See Note A — Benefit Plan Descriptions in the Financial Section for pension plan information.

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September 15, 2025

Board of Investments
Los Angeles County Employees Retirement Association
300 North Lake Avenue, Suite 820
Pasadena, CA 91101-4199

Dear Trustees of the Board:

The basic financial goal of LACERA is to establish contributions which fully fund the System's liabilities and which, as a percentage of payroll, remain level for each generation of active members.[1] Annual actuarial valuations measure the progress toward this goal, as well as test the adequacy of the contribution rates.

The Funded Ratio, which is the ratio of the Valuation Reserves to the actuarial accrued liabilities, measures LACERA's funded status. The funding status based on the past three actuarial valuations is shown below:

Valuation Date	Funded Ratio
June 30, 2022	79.6%
June 30, 2023	79.9%
June 30, 2024	80.9%

It is our opinion that LACERA continues in sound financial condition as of June 30, 2024. Using the fair value of assets as of June 30, 2024, the Funded Ratio would be 82.1%. As of June 30, 2024 a net asset gain is being deferred.

LACERA's funding policy provides that employer contributions are equal to the normal cost rate, net of member contributions, plus the amortization payment of any Unfunded Actuarial Accrued Liability (UAAL) or minus the amortization of any Surplus Funding. A UAAL occurs when the Funded Ratio is less than 100%. The amortization of the UAAL uses a layered 20-year approach, under which increases or decreases in the UAAL each year are amortized over closed 20-year periods. Surplus Funding occurs when the Funded Ratio is greater than 120%. If the Funded Ratio exceeds 120% and all conditions in California Government Code Section 7522.52(b) are satisfied, then the Surplus Funding is amortized over an open 30-year period.

Based on the current funding policy, Valuation Reserves are the actuarial value of assets minus the 1% Contingency Reserve, the County Contribution Credit Reserve, the Advanced Employer Contribution Reserve, and the STAR Reserve.

In preparing the June 30, 2024 funding valuation report, we relied, without audit, on information (some oral and some in writing) supplied by LACERA. This information includes, but is not

[1] Further goals of LACERA are to minimize employer contributions, consistent with the requirements of Article XVI, Section 17 of the California Constitution and Section 31595 of the California Government Code, and to defray reasonable expenses of administering the retirement system, as established by the California Constitution.

limited to, statutory provisions, employee data, and financial information. In our examination of these data, we have found them to be reasonably consistent and comparable with data used for other purposes, although we have not audited the data at the source. Since the valuation results are dependent on the integrity of the data supplied, the results can be expected to differ if the underlying data is incomplete or missing. It should be noted that if any data or other information is inaccurate or incomplete, our calculations may need to be revised.

The valuation is also based on our understanding of LACERA's current benefit provisions and the actuarial assumptions which were reviewed and adopted by the Board of Investments. The funding assumptions were based on the triennial investigation of experience study report as of June 30, 2022, which was adopted at the December 14, 2022 Board of Investments meeting. The assumptions and methods used for financial reporting under GASB 67 are the same as the funding assumptions and methods with the following exceptions:

1. The discount rate is gross of administrative expenses,
2. The STAR COLA is treated as substantively automatic and is valued to the extent it is projected to be paid from the STAR Reserve in the future, and
3. The Fiduciary Net Position is equal to the fair value of assets.

Actuarial computations presented in the funding valuation report are for the purpose of determining the recommended funding amounts for LACERA consistent with our understanding of its funding requirements and goals. The liabilities are determined by using the entry age actuarial cost method. The actuarial assets are determined by using a five-year smoothed recognition method of asset gains and losses, determined as the difference of the actual fair value of assets to the expected fair value. In our opinion, the actuarial assumptions and methods are internally consistent, individually reasonable and, in combination, represent a reasonable estimate of the anticipated experience of LACERA. The actuarial assumptions and methods used for funding purposes meet the parameters set by actuarial standards of practice.

We have incorporated other sources of economic data in assessing the reasonableness of the assumptions. In particular, we have considered LACERA's investment policy statement and Meketa's capital market assumptions in our assessment of the investment return assumption.

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.

Future actuarial measurements may differ significantly from the current measurements as presented in the funding valuation report and the GASB 67 disclosure report due to factors such as: experience differing from that anticipated by the economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and changes in the program provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of future measurements.

Milliman's work is prepared exclusively for LACERA for a specific and limited purpose. It is a complex, technical analysis that assumes a high level of knowledge concerning LACERA's operations. Milliman does not intend to benefit or create a legal duty to any third-party recipient of our work product. No third-party recipient of Milliman's work product who desires professional guidance 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 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.

Milliman prepared the following information for the actuarial section:

1. Retirees and Beneficiaries added to and removed from Retiree Payroll – Pension
2. Actuarial Analysis of Financial Experience – Pension
3. Funded Liabilities by Type – Pension
4. Schedule of Funding Progress – Pension

In addition, for Note E – Pension Plan Liabilities of the financial section, Milliman prepared the Schedule of Net Pension Liability, and Sensitivity Analysis.

Except as noted above, LACERA staff prepared the information in Note E and the Required Supplementary Information, based on information supplied in prior funding valuation reports, our June 30, 2024 funding valuation report, and our June 30, 2025 GASB 67 disclosure report. Milliman has reviewed the information in Note E for accuracy.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the principles prescribed by the Actuarial Standards Board and the *Code of Professional Conduct* and *Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States*, published by the American Academy of Actuaries. We are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.

Sincerely,

Nick J. Collier, ASA, EA, MAAA
Principal and Consulting Actuary

Craig Glyde, ASA, EA, MAAA
Principal and Consulting Actuary

NC/CG/wb

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Summary of Actuarial Methods and Assumptions – Pension Plan

Overview and Recent Changes

The actuarial methods and assumptions used to determine Pension Plan liabilities are based on the results of the 2022 Experience Study as recommended by Milliman, the consulting actuary, and adopted by the LACERA Board of Investments.

STAR Reserve

The STAR Reserve was excluded from valuation assets effective with the 2022 valuation for consistency with the treatment of STAR benefits, as there is no corresponding liability for future potential STAR benefits included in the valuation. The exclusion of the STAR Reserve in the valuation assets was adopted by the Board of Investments in December 2022 and reaffirmed in October 2024 when the Board of Investments adopted a revised Actuarial Funding Policy.

2022 Assumption Changes

At the December 2022 LACERA Board of Investments meeting, the Board adopted new demographic assumptions based on the 2022 Experience Study, including merit salary increase rates, service retirement rates to reflect a member's length of service and age, and the most recent mortality improvement scale published by the Society of Actuaries' Retirement Plans Experience Committee (RPEC). The economic and investment return assumptions remained unchanged. The update to the service retirement assumption had the greatest impact on the valuation results.

The table below includes a summary of actuarial methods and both economic and demographic assumptions used by LACERA's consulting actuary when performing the actuarial valuation of the Pension Plan.

Method/Assumption	Application
Actuarial Cost	*Entry Age Normal* Under this application, the actuarial present value of each individual's projected benefits is allocated as a level percentage of their projected compensation from entry age through assumed exit (until maximum retirement age). For members who transferred between plans, entry age is based on their original entry into the retirement system. This method was reaffirmed in the 2022 triennial experience study.

Method/Assumption	Application
Actuarial Asset Valuation	*Five-Year Asset Smoothing With Offsetting* The valuation assets are valued using a five-year smoothing method based on the difference between expected and actual fair value of assets as of the valuation date. The difference in fair value is recognized over a five-year period to spread out the impact of investment market performance, rather than recognizing the entire effect of market changes each year. The expected fair value is the prior year's fair value increased with the net cash flow of funds, all increased with interest during the past fiscal year at the expected investment return rate assumption. To the extent that there is a loss for the year and there are unrecognized gains from previous years, or to the extent that there is a gain for the year and there are unrecognized losses from previous years, the gain or loss for the year shall be used to offset unrecognized gains or losses from previous years in the order of oldest to most recent. Any remaining gain or loss for the year is recognized over a five-year period. The five-year asset smoothing method was adopted effective June 30, 2009, and the offsetting methodology was adopted effective June 30, 2022. *STAR Reserve Assets* Valuation assets exclude the statutory Contingency Reserve and the STAR Reserve. This treatment of the STAR Reserve as a non-valuation reserve was adopted effective June 30, 2022.
Amortization of Unfunded Actuarial Accrued Liability (UAAL)	*20-Year Amortization* As of the June 30, 2019 valuation, all existing amortization layers were set to be amortized over a maximum 22-year period and now have a period of 20 years or less. Future actuarial gains and losses are amortized over new closed 20-year periods, beginning with the date the contribution is first expected to be made. This approach is referred to as layered amortization. For the June 30, 2024 valuation, 16 amortization layers were used to calculate the total amortization payment beginning July 1, 2025.
General Wage Growth and Projected Salary Increases	*General wage growth: 3.25 percent* The General Wage Growth rate was adopted beginning with the June 30, 2016 valuation. The rate was reaffirmed in the 2022 triennial experience study. *Projected salary increases: 3.66 percent to 12.54 percent* Projected salary increases include both general wage growth and merit and longevity increases. Merit and longevity increases vary based on class of membership (general or safety) and length of service. Current merit and longevity increase assumptions were adopted beginning with the June 30, 2022 valuation.

Method/Assumption	Application
Investment Rate of Return	*Annual Rate of 7.0 Percent* Future investment earnings are assumed to accrue at an annual rate of 7 percent, compounded annually, net of both investment and administrative expenses. This rate is also used to discount the actuarial accrued liability and has been in effect since the June 30, 2019 valuation.
Consumer Price Index (CPI)	*Annual Rate of 2.75 Percent* This rate was adopted beginning with the June 30, 2016 valuation and reaffirmed in the 2022 triennial experience study.
Post-Retirement Benefit Increases	*Post-Retirement Benefit Increases of 2.75 Percent or 2.0 Percent* Annual cost-of-living adjustments (COLAs) up to 3.0 percent or 2.0 percent per year may be provided in accordance with the plan benefits provisions. These adjustments are assumed payable each year in the future but are limited to not exceed the expected increase in the Consumer Price Index (CPI) of 2.75 percent per year, with the exception of any adjustments from the COLA accumulation bank for Plan A members. Plan E members receive a prorated post-retirement benefit increase of 2.0 percent for service credit earned on and after June 4, 2002. The portion payable is based on a ratio of the member's years of service earned on and after June 4, 2002 to the member's total years of service. The portion of the full 2.0 percent increase not provided for may be purchased by the member. COLA adjustments for members with service credit earned prior to June 4, 2002 are based on a ratio of months of service earned on and after June 4, 2002 divided by the total months of service. These rates were adopted beginning with the June 30, 2016 valuation and reaffirmed in the 2022 triennial experience study.
Rates of Separation From Employment	*Various Rates and Probabilities* Rates used in actuarial valuations depend on a member's age, gender, years of service, and retirement plan. Each rate reflects the probability of separation from service—such as retirement or withdrawal—or service duration at any given age. These rates of separation from active service were adopted starting with the June 30, 2022 valuation. The Retirement Probability of Occurrence schedule in this Actuarial Section includes a summary of probability of retirement and withdrawal for sample ages.

Method/Assumption	Application
Expectation of Life After Retirement[1,2]	*Mortality Tables for Public Employees* The same post-retirement mortality probabilities are used in the valuation for both members retired from service and their beneficiaries. Current beneficiary mortality is assumed to be the same as for healthy general members of the same sex. Future beneficiaries are assumed to be of the opposite sex and have the same mortality as general members. **Males:** **General Members:** PubG-2010 Healthy Retiree Mortality Table for Males, with MP-2021 Ultimate Projection Scale. **Safety Members:** PubS-2010 Healthy Retiree Mortality Table for Males multiplied by 85 percent, with MP-2021 Ultimate Projection Scale. **Females:** **General Members:** PubG-2010 Healthy Retiree Mortality Table for Females multiplied by 110 percent, with MP-2021 Ultimate Projection Scale. **Safety Members:** PubS-2010 Healthy Retiree Mortality Table for Females, with MP-2021 Ultimate Projection Scale. The amount-weighted Pub-2010 mortality table probabilities were adopted June 30, 2019. The MP-2021 Ultimate Projection Scale for expected future mortality improvement was adopted June 30, 2022.
Expectation of Life After Disability[1,2]	*Mortality Tables for Public Employees* **Males:** **General Members:** Average of PubG-2010 Healthy Retiree Mortality Table for Males and PubG-2010 Disabled Retiree Mortality Table for Males, both projected with MP-2021 Ultimate Projection Scale. **Safety Members:** PubS-2010 Healthy Retiree Mortality Table for Males, with MP-2021 Ultimate Projection Scale. **Females:** **General Members:** Average of PubG-2010 Healthy Retiree Mortality Table for Females and PubG-2010 Disabled Retiree Mortality Table for Females, both projected with MP-2021 Ultimate Projection Scale. **Safety Members:** PubS-2010 Healthy Retiree Mortality Table for Females, with MP-2021 Ultimate Projection Scale The amount-weighted Pub-2010 mortality table probabilities were adopted June 30, 2019. The MP-2021 Ultimate Projection Scale for expected future mortality improvement was adopted June 30, 2022.

[1]The Pub-2010 mortality tables were published by the Society of Actuaries' (SOA) Retirement Plans Experience Committee (RPEC) in January 2019. The data studied includes approximately 46 million life-years of exposure and 580,000 deaths from public pension plans from 2008 to 2013. The Pub-2010 mortality tables include separate tables for general and safety members, and for each of those classes of members includes separate mortality tables for healthy annuitants, disabled retirees, and employees.

[2]The ultimate improvement rates from the SOA's Mortality Improvement Scale MP-2021 (published in October 2021) are used to adjust the Pub-2010 mortality tables to account for anticipated changes in mortality rates in future years. In general, it is assumed that mortality rates will improve (implying longer lifetimes) in the future, partially due to improvements in healthcare.

Schedule of Funding Progress — Pension Plan

(Dollars in Thousands)

Actuarial Valuation Date	Actuarial Value of Valuation Assets (a)	Actuarial Accrued Liability (AAL)[1] (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll[2] (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
June 30, 2015	$47,328,270	$56,819,215	$9,490,945	83.3%	$6,948,738	136.6%
June 30, 2016	49,357,847	62,199,214	12,841,367	79.4%	7,279,777	176.4%
June 30, 2017	52,166,307	65,310,803	13,144,496	79.9%	7,637,032	172.1%
June 30, 2018	55,233,108	68,527,354	13,294,246	80.6%	7,957,981	167.1%
June 30, 2019	57,617,288	74,635,840	17,018,552	77.2%	8,370,050	203.3%
June 30, 2020	59,762,991	78,275,175	18,512,184	76.3%	8,724,151	212.2%
June 30, 2021	64,909,377	81,898,044	16,988,667	79.3%	9,062,051	187.5%
June 30, 2022	68,711,610	86,320,151	17,608,541	79.6%	9,100,791	193.5%
June 30, 2023	72,414,936	90,651,092	18,236,156	79.9%	9,425,690	193.5%
June 30, 2024	**$76,663,543**	**$94,803,237**	**$18,139,694**	**80.9%**	**$9,860,647**	**184.0%**

[1]Calculated using the entry age normal actuarial cost method.

[2]Covered Payroll includes compensation paid to all active employees on which contributions are calculated.

See Schedule of Employer Contributions History — Pension Plan included in the Required Supplementary Information of the Financial Section, which provides a 10-year schedule of actuarially determined contributions in relation to the actual contributions provided to the Pension Plan.

Active Member Valuation Data — Pension Plan

Valuation Date	Plan Type	Member Count	Annual Salary[1]	Average Annual Salary	Percentage Increase/ (Decrease) in Average Salary
	General	81,228	$5,706,302,532	$70,250	2.34%
	Safety	12,446	1,299,621,108	104,421	4.37%
June 30, 2015	Total	93,674	$7,005,923,640	$74,790	2.60%
	General	82,916	$5,949,587,940	$71,754	2.14%
	Safety	12,528	1,342,684,620	107,175	2.64%
June 30, 2016	Total	95,444	$7,292,272,560	$76,404	2.16%
	General	84,513	$6,290,061,336	$74,427	3.73%
	Safety	12,698	1,388,190,600	109,324	2.01%
June 30, 2017	Total	97,211	$7,678,251,936	$78,985	3.38%
	General	85,703	$6,610,313,328	$77,130	3.63%
	Safety	12,771	1,451,457,324	113,653	3.96%
June 30, 2018	Total	98,474	$8,061,770,652	$81,867	3.65%
	General	86,392	$6,815,591,124	$78,891	2.28%
	Safety	12,794	1,540,187,040	120,384	5.92%
June 30, 2019	Total	99,186	$8,355,778,164	$84,244	2.90%
	General	86,930	$7,186,102,392	$82,665	4.78%
	Safety	13,178	1,590,549,948	120,697	0.26%
June 30, 2020	Total	100,108	$8,776,652,340	$87,672	4.07%
	General	85,963	$7,437,522,936	$86,520	4.66%
	Safety	13,138	1,650,856,932	125,655	4.11%
June 30, 2021	Total	99,101	$9,088,379,868	$91,708	4.60%
	General	83,689	$7,334,839,584	$87,644	1.30%
	Safety	12,850	1,626,909,156	126,608	0.76%
June 30, 2022	Total	96,539	$8,961,748,740	$92,830	1.22%
	General	84,295	$7,842,601,440	$93,038	6.15%
	Safety	12,610	1,683,476,580	133,503	5.45%
June 30, 2023	Total	96,905	$9,526,078,020	$98,303	5.90%
	General	**86,273**	**$8,352,915,228**	**$96,820**	**4.07%**
	Safety	**12,410**	**1,691,144,328**	**136,273**	**2.07%**
June 30, 2024	**Total**	**98,683**	**$10,044,059,556**	**$101,781**	**3.54%**

[1]Annual Salary is an annualized salary amount for only those members who were active as of the actuarial valuation date. Covered Payroll includes compensation paid to all active employees on which contributions are calculated.

Retirees and Beneficiaries Added to and Removed from Retiree Payroll — Pension Plan

(Dollars in Thousands)

	Added to Rolls		Removed from Rolls		Rolls at End of Year			
Valuation Date	Member Count	Annual Allowance[1,2]	Member Count	Annual Allowance[1]	Member Count[3]	Annual Allowance[1]	Percentage Increase in Retiree Allowance	Average Annual Allowance
June 30, 2015	3,501	$180,549	(2,124)	($80,028)	60,606	$2,812,601	3.71%	$46.4
June 30, 2016	3,479	220,632	(2,171)	(80,881)	61,914	2,952,352	4.97%	47.7
June 30, 2017	3,721	245,915	(2,311)	(89,624)	63,324	3,108,643	5.29%	49.1
June 30, 2018	3,826	276,118	(2,270)	(89,033)	64,880	3,295,728	6.02%	50.8
June 30, 2019	3,978	302,022	(2,351)	(97,840)	66,507	3,499,910	6.20%	52.6
June 30, 2020	3,930	311,206	(2,425)	(104,914)	68,012	3,706,202	5.89%	54.5
June 30, 2021	4,350	327,745	(2,865)	(132,185)	69,497	3,901,762	5.28%	56.1
June 30, 2022	4,796	378,343	(2,722)	(130,089)	71,571	4,150,016	6.36%	58.0
June 30, 2023	4,071	347,718	(2,634)	(129,276)	73,008	4,368,458	5.26%	59.8
June 30, 2024	**4,276**	**$379,365**	**(2,517)**	**($129,488)**	**74,767**	**$4,618,335**	**5.72%**	**$61.8**

[1]Annual Allowance is the monthly retirement benefit allowance annualized for those members counted as of June 30.

[2]Includes COLAs that occurred during the fiscal year and were therefore not included in the previous years' Annual Allowance totals.

[3]For the actuarial valuation year, Member Count includes retirees who, due to timing at fiscal year-end, are not yet included in the total retired members count disclosed in the Financial Section, see Note A — Plan Description.

Funded Liabilities by Type — Pension Plan

(Dollars in Millions)

	Actuarial Accrued Liability (AAL) for				Portion of AAL Covered by Assets		
Actuarial Valuation Date	(A) Active Member Contributions	(B) Retirees and Beneficiaries[1]	(C) Active Members (Employer Financed Portion)	Actuarial Value of Valuation Assets	(A) Active	(B) Retired	(C) Employer
June 30, 2015	$8,805	$32,734	$15,280	$47,328	100%	100%	38%
June 30, 2016	8,767	35,316	18,116	49,358	100%	100%	29%
June 30, 2017	9,482	37,077	18,752	52,166	100%	100%	30%
June 30, 2018	9,882	39,192	19,453	55,233	100%	100%	32%
June 30, 2019	10,210	42,235	22,190	57,617	100%	100%	23%
June 30, 2020	10,650	44,500	23,125	59,763	100%	100%	20%
June 30, 2021	11,115	46,774	24,009	64,909	100%	100%	29%
June 30, 2022	11,029	49,637	25,654	68,712	100%	100%	31%
June 30, 2023	11,930	52,116	26,605	72,415	100%	100%	31%
June 30, 2024	**$12,446**	**$54,933**	**$27,424**	**$76,664**	**100%**	**100%**	**34%**

[1]Inactive includes both vested (deferred) and non-vested members.

Actuarial Analysis of Financial Experience — Pension Plan
(Dollars in Millions)

	Valuation as of June 30									
	2024	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Unfunded Actuarial Accrued Liability	**$18,236**	$17,608	$16,989	$18,512	$17,018	$13,294	$13,145	$12,841	$9,491	$11,288
Expected Increase/(Decrease) From Prior Valuation	**(241)**	(108)	(76)	171	306	25	146	320	(102)	(54)
Salary Increases Greater/ (Less) Than Expected	**488**	771	(21)	484	388	486	223	277	162	79
CPI Greater/(Less) Than Expected	**—**	—	355	(73)	43	44	45	(139)	(191)	(570)
Change in Assumptions	**—**	—	1,364	—	—	2,528	—	—	2,922	—
Asset Return Less/(Greater) Than Expected	**(364)**	(118)	(996)	(2,039)	701	477	(411)	(421)	496	(1,263)
All Other Experience	**20**	83	(7)	(66)	56	164	146	267	63	11
Ending Unfunded Actuarial Accrued Liability	**$18,139**	**$18,236**	**$17,608**	**$16,989**	**$18,512**	**$17,018**	**$13,294**	**$13,145**	**$12,841**	**$9,491**

Retirement Probability of Occurrence

Plans A, B, and C General Members

Age	Service Retirement	Service Disability	Ordinary Disability	Service Death	Ordinary Death	Other Terminations
Male						
20	0.0000	0.0001	0.0001	N/A	0.0004	0.0050
30	0.0000	0.0001	0.0002	N/A	0.0004	0.0050
40	0.0300	0.0006	0.0002	N/A	0.0008	0.0050
50	0.0300	0.0011	0.0005	N/A	0.0018	0.0050
60	0.3000	0.0039	0.0009	N/A	0.0038	0.0050
70	0.2200	0.0045	0.0013	N/A	0.0084	0.0050
75	1.0000	0.0000	0.0000	N/A	0.0132	0.0000
Female						
20	0.0000	0.0002	0.0001	N/A	0.0002	0.0050
30	0.0000	0.0002	0.0001	N/A	0.0002	0.0050
40	0.0300	0.0005	0.0002	N/A	0.0005	0.0050
50	0.0300	0.0013	0.0005	N/A	0.0011	0.0050
60	0.3000	0.0022	0.0007	N/A	0.0024	0.0050
70	0.2200	0.0025	0.0011	N/A	0.0064	0.0050
75	1.0000	0.0000	0.0000	N/A	0.0105	0.0000

Plans D and G General Members

Age	Service Retirement Plan D	Service Retirement Plan G	Service Disability	Ordinary Disability	Service Death	Ordinary Death	Years of Service	Other Terminations
Male								
20	0.0000	0.0000	0.0001	0.0001	N/A	0.0004	5	0.0310
30	0.0000	0.0000	0.0001	0.0002	N/A	0.0004	10	0.0170
40	0.0150	0.0000	0.0006	0.0002	N/A	0.0008	15	0.0100
50	0.0150	0.0120	0.0011	0.0005	N/A	0.0018	20	0.0075
60	0.0700	0.0560	0.0039	0.0009	N/A	0.0038	25	0.0050
70	0.2400	0.2400	0.0045	0.0013	N/A	0.0084	30 & up	0.0000
75	1.0000	1.0000	0.0000	0.0000	N/A	0.0132		
Female								
20	0.0000	0.0000	0.0002	0.0001	N/A	0.0002	5	0.0310
30	0.0000	0.0000	0.0002	0.0001	N/A	0.0002	10	0.0170
40	0.0150	0.0000	0.0005	0.0002	N/A	0.0005	15	0.0100
50	0.0150	0.0120	0.0013	0.0005	N/A	0.0011	20	0.0075
60	0.0700	0.0560	0.0022	0.0007	N/A	0.0024	25	0.0050
70	0.2400	0.2400	0.0025	0.0011	N/A	0.0064	30 & up	0.0000
75	1.0000	1.0000	0.0000	0.0000	N/A	0.0105		

Retirement Probability of Occurrence (Continued)

Plan E General Members

Age	Service Retirement	Service Disability	Ordinary Disability	Service Death	Ordinary Death	Years of Service	Other Terminations
Male							
20	0.0000	N/A	N/A	N/A	0.0004	5	0.0310
30	0.0000	N/A	N/A	N/A	0.0004	10	0.0230
40	0.0000	N/A	N/A	N/A	0.0008	15	0.0144
50	0.0000	N/A	N/A	N/A	0.0018	20	0.0108
60	0.0400	N/A	N/A	N/A	0.0038	25	0.0100
70	0.2000	N/A	N/A	N/A	0.0084	30 & up	0.0100
75	1.0000	N/A	N/A	N/A	0.0132		
Female							
20	0.0000	N/A	N/A	N/A	0.0002	5	0.0310
30	0.0000	N/A	N/A	N/A	0.0002	10	0.0230
40	0.0000	N/A	N/A	N/A	0.0005	15	0.0144
50	0.0000	N/A	N/A	N/A	0.0011	20	0.0108
60	0.0400	N/A	N/A	N/A	0.0024	25	0.0100
70	0.2000	N/A	N/A	N/A	0.0064	30 & up	0.0100
75	1.0000	N/A	N/A	N/A	0.0105		

Plans A, B, and C Safety Members

Age	Service Retirement Plans A-B	Service Retirement Plan C	Service Disability	Ordinary Disability	Service Death	Ordinary Death	Years of Service	Other Terminations
Male								
20	0.0000	0.0000	0.0020	0.0000	0.0001	0.0004	5	0.0113
30	0.0000	0.0000	0.0020	0.0000	0.0001	0.0004	10	0.0076
40	0.0075	0.0000	0.0028	0.0000	0.0001	0.0006	15	0.0048
50	0.0200	0.0200	0.0075	0.0000	0.0001	0.0012	20	0.0028
60	0.2100	0.2100	0.1000	0.0000	0.0001	0.0026	25	0.0020
65	1.0000	1.0000	0.0000	0.0000	0.0000	0.0041	30 & up	0.0000
Female								
20	0.0000	0.0000	0.0030	0.0000	0.0001	0.0002	5	0.0113
30	0.0000	0.0000	0.0042	0.0000	0.0001	0.0003	10	0.0076
40	0.0075	0.0000	0.0092	0.0000	0.0001	0.0005	15	0.0048
50	0.0200	0.0200	0.0180	0.0000	0.0001	0.0009	20	0.0028
60	0.2100	0.2100	0.0600	0.0000	0.0001	0.0017	25	0.0020
65	1.0000	1.0000	0.0000	0.0000	0.0000	0.0023	30 & up	0.0000

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Actuarial Information Overview — Other Post-Employment Benefits (OPEB) Program

Introduction

LACERA conducts an annual actuarial valuation of the retiree medical, dental/vision, and death benefits promised to retired Los Angeles County (County) employees who also participate in the retirement plan. This process is governed by provisions in the Other Post-Employment Benefits (OPEB) Actuarial Valuation and Audit Policy (OPEB Policy), which the LACERA Board of Retirement establishes and adopts. The OPEB Policy, which parallels the policy applicable to the retirement benefits actuarial valuation and related actuarial review process, is subject to periodic assessments to identify and incorporate necessary updates and revisions.

As required by the OPEB Policy, LACERA engages an independent actuarial consulting firm to perform the OPEB Program valuation annually. Every three years, the consulting actuary, Milliman, performs an investigation of experience (experience study). On a triennial basis, a separate consulting actuarial firm, CavMac, reviews both the annual valuation and experience study.

The OPEB actuarial valuations are performed to review program funding metrics and to satisfy financial statement reporting guidelines that apply to sponsoring employers, such as the County, and employers who fund OPEB benefit programs for their retirees, such as the Los Angeles Superior Court (Superior Court).

Contributions and Prefunding Commitment

The County satisfies its healthcare premium subsidy obligations on a pay-as-you-go basis. LACERA bills monthly premiums to the County, Superior Court, outside districts, and members. Program members pay the difference between the applicable employer-paid subsidy and the actual premium cost. A monthly administrative fee, included in the healthcare premium, is paid to LACERA to cover the costs of administering the OPEB Program. LACERA made no benefit payments or premium disbursements from the OPEB Trust during fiscal year 2024–25; all healthcare premium obligations continued to be satisfied by participating employers on a monthly pay-as-you-go basis.

In June 2015, the County Board of Supervisors approved a countywide budget with a dedicated, multiyear funding promise for the OPEB liability to enhance the County's OPEB Trust balances in a consistent manner. This funding commitment provides prefunding goals and reflects the County's prioritization on making long-term OPEB contributions. The County, LACERA, and Superior Court prefund these obligations by regularly contributing into an irrevocable OPEB trust. Each year, plan sponsors provide updated funding projections, including a five-year forecast. Milliman reviewed the adequacy of the plan sponsor funding policies and confirmed they comply with Actuarial Standards of Practice (ASOP) Number 6.

Actuarial Valuation and Experience Study

The OPEB Policy requires annual valuations and a review of the reasonableness of the economic and demographic assumptions by the consulting actuary every three years. Milliman performed the latest OPEB valuation as of July 1, 2024, incorporating results from the 2022 Pension Plan Experience Study and a separate 2023 OPEB Program Experience Study approved by the Board of Retirement in July 2024. Pension Plan assumptions were reviewed and updated as of June 30, 2022, following the 2022 Pension Plan triennial Experience Study approved by the Board of Investments in December 2022.

Where applicable, assumptions such as general wage growth and inflation assumptions used for the Pension Plan are carried over to the OPEB Program. OPEB actuarial methods and assumptions are then developed by the consulting actuary for the Board of Retirement's adoption to apply specifically to the OPEB Program.

The consulting actuary also recommended an OPEB-specific investment return assumption, as the investment earnings for the OPEB valuation depend on the expected investment return for either the County's general assets or the OPEB Trust. OPEB Trust assets are invested according to the OPEB Trust Investment Policy Statement adopted by the Board of Investments. These OPEB-specific investment earnings assumptions were reviewed and updated in July 2024, as a result of the 2023 OPEB Experience Study.

For agents that prefund into LACERA's OPEB Trust, the expected return on the OPEB Trust assets is based on the asset allocation, last approved by the Board of Investments in April 2024. This allocation differs from that used for the Pension Plan Trust. The outside districts utilize an investment return assumption for OPEB funding based on the County's general assets. The OPEB-specific assumptions, including healthcare plan elections, benefit tier enrollment, and retirement of vested terminated members, were reviewed and updated as a result of the 2023 OPEB Investigation of Experience Study and were applied to the OPEB valuation conducted as of July 1, 2024.

LACERA discloses actuarial results based on the latest completed valuation at the time the financial statements are prepared. LACERA utilized the latest available valuation report as of July 1, 2024 since the valuation as of July 1, 2025 was not yet completed during the preparation of the 2025 financial statements.

Actuarial Review Results

In accordance with the OPEB Policy, actuarial reviews of both the OPEB experience study and valuation are conducted every three years. The reviewing actuary, CavMac, last performed reviews of Milliman's OPEB experience study and OPEB valuation as of July 1, 2023.

In the most recent triennial review of the experience study, CavMac concluded, "We generally find the Investigation of Experience results to be reasonable and accurate. The study was performed by qualified actuaries and conducted in accordance with the principles and practices prescribed by the Actuarial Standards Board." According to CavMac's latest triennial review of Milliman's valuation report, "We generally find the OPEB actuarial valuation results to be reasonable and accurate based on the assumptions and methods used. The valuation was performed by qualified actuaries and was performed in accordance with the principles and practices prescribed by the Actuarial Standards Board."

Actuarial Cost Method

Effective with the July 1, 2018 OPEB valuation, the actuarial cost method was changed to entry age normal. This method allocates the actuarial present value of the projected benefits of each individual included in the valuation as a level percentage of the individual's projected compensation between entry age and assumed exit (until maximum retirement age). For members who transferred between retirement plans, entry age is based on original entry into the retirement system. The entry age normal actuarial cost method is also used for financial reporting purposes as required by GASB.

OPEB Agent Plan

Under an agent plan structure, each individual agency (agent) is responsible for its allocation of OPEB liabilities. This structure allows for more precise allocation by projecting each agent's unfunded actuarial accrued liability based on its share of assets and investment rate of return assumptions. Agents prefunding through the OPEB Trust use the Trust's expected return. Agents not prefunding through the OPEB Trust use the County's general fund's expected investment return. However, OPEB specific demographic assumptions such as initial enrollment, medical plan and tier selection, spouse age difference, and re-enrollment assumptions are combined across all agents.

The following agents and agent groupings were developed to determine the liability for the individual agents, the total OPEB Trust, and the total OPEB Program:

- Total OPEB Trust — Los Angeles County, Superior Court, and LACERA
- Total OPEB Program — Los Angeles County, Superior Court, LACERA, and outside districts[1]

The total OPEB Program agent grouping is used to disclose the aggregate amounts throughout the Actuarial Section.

Other Actuarial Information

Actuarial Methods and Assumptions: A description of the actuarial methods and assumptions for the OPEB valuation used by the OPEB consulting actuary are included in this Actuarial Section.

The following additional information is included in this section:

- Actuary's Certification Letter — OPEB Program
- Summary of Actuarial Methods and Assumptions — OPEB Program
- Schedule of Funding Progress — OPEB Program
- Active Member Valuation Data — OPEB Program
- Retirees and Beneficiaries Added to and Removed from Benefits — OPEB Program
- Funded Liabilities by Type — OPEB Program
- Actuarial Analysis of Financial Experience — OPEB Program

A Summary of Major OPEB Program Provisions is available upon request by contacting LACERA.

See Note N — OPEB Program for details regarding the program description and benefits.

[1]South Coast Air Quality Management District (SCAQMD), Los Angeles County Office of Education (LACOE), Local Agency Formation Commission for the County of Los Angeles (LAFCO), and Little Lake Cemetery District (LLCD).

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September 18, 2025

Board of Retirement
Los Angeles County Employees Retirement Association
300 North Lake Avenue, Suite 820
Pasadena, CA 91101-4199

Dear Trustees of the Board:

Los Angeles County provides Other Postemployment Benefits (OPEB): retiree medical, dental/vision, and death/burial insurance benefits to the retired Los Angeles County (County) workers who also participate in the Los Angeles County Employees Retirement Association (LACERA) retirement benefits program. These healthcare related benefits are called the Los Angeles County OPEB Program, or the "Program". The Program currently provides these benefits on a "pay-as-you-go" basis while also prefunding into the OPEB Trust. OPEB actuarial funding valuations are performed annually.

A summary of the results of the past three actuarial valuations is shown below. All dollar amounts are in billions.

Valuation Date	Actuarial Accrued Liability	Assets	Unfunded Actuarial Accrued Liability	ADC* as a Percentage of Payroll
July 1, 2022	$23.10	$2.39	$20.71	18.27%
July 1, 2023	$23.46	$3.09	$20.37	17.10%
July 1, 2024	$24.74	$3.98	$20.76	16.93%

* Actuarially Determined Contribution (ADC) based on GASB 74/75 terminology.

The County's Board of Supervisors affirmed their support for pre-funding its OPEB liabilities by providing specific initial appropriations to the OPEB Trust. Since the July 1, 2012, Valuation, details of a long-term funding policy have been finalized. The funding policy provides for steady increases in contributions each year with the ultimate goal of making contributions equal to the ADC. The July 1, 2014, July 1, 2016, and annual OPEB Valuations thereafter include assets invested in the OPEB Trust.

Milliman has developed certain models to estimate the values included in these valuations. The intent of the models was to estimate the assumed investment earnings, analysis of OPEB demographic assumptions, retiree health claim costs, and annual trends for retiree health benefits. 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 (ASOP). The models, including all input, calculations, and output may not be appropriate for any other purpose.

The models rely on data and information as input to the models. We have relied upon certain data and information listed below for this purpose and accepted it without audit. To the extent that the data and information provided is not accurate, or is not complete, the values provided in these valuations may likewise be inaccurate or incomplete.

In preparing the July 1, 2024, OPEB funding valuation report, we relied, without audit, on information (some oral and some in writing) supplied by Los Angeles County, LACERA, and Segal (LACERA's healthcare consultant). This information includes, but is not limited to, benefit descriptions, membership data, and financial information. In our examination of these data we have found them to be reasonably consistent and comparable with data used for other purposes, although we have not audited the data at the source. Since the valuation results are dependent on the integrity of the data supplied, the results can be expected to differ if the underlying data is incomplete or missing. In some cases, where the data was incomplete, we made assumptions as noted in Table C-10 of our July 1, 2024, OPEB funding valuation report. It should be noted that if any of this information is inaccurate or incomplete, our results may be different and our calculations may need to be revised.

The valuation is also based on our understanding of the Program's current benefit provisions and the actuarial assumptions, which were reviewed and adopted by the Board of Retirement. The retirement benefit related demographic and economic assumptions were based on those developed for the June 30, 2024, valuation of the LACERA retirement benefit program, approved by LACERA's Board of Investments. Economic and relevant demographic assumptions from the 2022 retirement benefit investigation of experience, conducted by Milliman, are included in the July 1, 2024, OPEB valuation. Assumptions unique to OPEB were identified and evaluated in Milliman's 2023 OPEB investigation of experience study report as of July 1, 2023, approved by LACERA's Board of Retirement.

The OPEB Program changed from cost sharing to agent effective with the July 1, 2018, OPEB funding valuation. The OPEB demographic and trend assumptions are combined for all of LACERA's agents. The investment rate of return assumption differs by the agents that are prefunding into the OPEB Trust and the agents that are not prefunding into the OPEB Trust.

With the change from cost sharing to agent, a GASB 74 disclosure report for LACERA's financial statements is no longer required to report the OPEB Program liability in LACERA's financial statements. The employer specific information will be provided in the GASB 75 disclosure reports for employer financial reporting. The assumptions and methods used for financial reporting under GASB 75 are the same as the funding assumptions and methods used in the July 1, 2024, OPEB funding valuation report, with the following exceptions:

1. The GASB 75 discount rate is determined using depletion date methodology, and it changes on each measurement date.
2. The GASB 75 liabilities have LACERA operational administrative expenses removed.

The actuarial computations presented in the July 1, 2024, OPEB funding valuation and the forthcoming June 30, 2026, GASB 75 disclosure reports are for purposes of fulfilling financial accounting requirements for LACERA's employers. The liabilities in the July 1, 2024, OPEB funding valuation and the GASB 75 disclosure reports are determined by using the entry age normal actuarial cost method. The assets are recognized at fair value. We consider the actuarial assumptions and methods to be internally consistent, to represent a long-term perspective, and

to be reasonable. We believe they also meet the parameters of Governmental Accounting Standards Board Statement No. 75 for fulfilling financial accounting requirements. We consider the assumptions and methods used for funding purposes to meet the guidelines set forth in the relevant ASOPs. Nevertheless, the emerging costs will vary from those presented in our report to the extent that actual experience differs from that projected by the actuarial assumptions.

Future actuarial measurements may differ significantly from the current measurements presented in the OPEB funding valuation report and the GASB 75 disclosure report due to such factors as the following: OPEB program experience differing from that anticipated by the economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and changes in OPEB program provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of future measurements.

Milliman's work is prepared exclusively for LACERA for a specific and limited purpose. It is a complex, technical analysis that assumes a high level of knowledge concerning LACERA's operations. Milliman does not intend to benefit or create a legal duty to any third party recipient of our work product. No third party recipient of Milliman's work product who desires professional guidance 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 actuaries. Milliman's advice is not intended to be a substitute for qualified legal or accounting counsel.

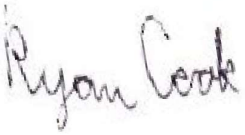
The signing actuaries are independent of the plan sponsor. We are not aware of any relationship that would impair the objectivity of our work. Milliman prepared the following information for the Actuarial Section:

1. Retirees and Beneficiaries Added to and Removed from Benefits – OPEB Program
2. Actuarial Analysis of Financial Experience – OPEB Program
3. Funded Liabilities by Type – OPEB Program
4. Schedule of Funding Progress – OPEB Program

LACERA staff prepared the information in Note N-OPEB Program, of the Financial Section and the Required Supplementary Information, based on information supplied in prior actuarial reports and our July 1, 2024, OPEB actuarial funding valuation. Milliman has reviewed the information in Note N for accuracy.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, the July 1, 2024, OPEB actuarial funding valuation is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the principles prescribed by the Actuarial Standards Board (ASB) and the Code of Professional Conduct and Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States, published by the American Academy of Actuaries. We are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion of the July 1, 2024, OPEB actuarial funding valuation. We have experience in performing valuations for Public OPEB programs.

Sincerely,



Robert L. Schmidt, FSA, EA, MAAA
Principal and Consulting Actuary

Ryan J. Cook, FSA, EA, CERA, MAAA
Consulting Actuary

RLS/RJC/jd

2025 Certification OPEB Letter2
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Summary of Actuarial Methods and Assumptions — OPEB Program

Overview and Recent Changes

The actuarial methods and assumptions used to determine OPEB liabilities are based on recommendations made by Milliman, the consulting actuary, as included in the following reports:

- 2023 OPEB Experience Study adopted by the LACERA Board of Retirement in July 2024.
- 2022 Pension Experience Study adopted by the Board of Investments in December 2022.
- July 1, 2024, OPEB Valuation report adopted by the LACERA Board of Retirement in April 2025.

The table below includes a summary of actuarial methods and both demographic and economic assumptions used by LACERA's consulting actuary in performing the actuarial valuation of the OPEB Program.

Method/Assumption	Application
Actuarial Cost	*Entry Age Normal* Effective with the July 1, 2018 OPEB funding valuation, the entry age normal (EAN) actuarial cost method was applied. Under the principles of this method, the actuarial present value of the projected benefits of each member included in the valuation is allocated as a level percentage of the member's projected compensation between entry age and assumed exit (until maximum retirement age). For members who transferred between retirement benefit plans, entry age is based on original entry into the system. *Unfunded Actuarial Accrued Liability (UAAL)* The portion of this actuarial present value allocated to a valuation year is called the normal cost (NC). The portion of this actuarial present value not provided for at a valuation date by the sum of (a) the actuarial value of the assets and (b) the actuarial present value of future normal costs is called the Unfunded Actuarial Accrued Liability (UAAL). The UAAL is amortized as a level percentage of the projected salaries of the active members, both present and future, covered by the LACERA retirement benefits plan over a 30-year period from the valuation date.
Actuarial Asset Valuation Method	*Fair Value*
Amortization	*30-Year Amortization* Level percentage of projected salaries of active members, both present and future, over a 30-year period. This is commonly referred to as a rolling 30-year amortization method and does not cover interest on the UAAL. This assumption was adopted beginning with the July 1, 2006 OPEB valuation.

Method/Assumption	Application
Participation Rates	*Various* Any retired or vested terminated members who have not elected a refund of their retirement contributions and who will receive a retirement benefit other than a refund are eligible for retiree medical and dental/vision enrollment. Participation assumptions—including acceptance/election rates for retirees and dependents, and plan/tier selections—are based on recent plan experience as analyzed in the 2023 OPEB Experience Study. These assumptions are derived from observed rates at which eligible retirees and dependents elect medical and dental/vision coverage at retirement, and their selection of plan/tier coverage. The specific rates and methodology are detailed in the July 1, 2024 OPEB Valuation report. Milliman's reports do not explicitly discuss the lapse and re-enrollment assumptions, as participants are assumed to maintain coverage for life. See Table A-14 to A-19 of the July 1, 2024 OPEB Valuation report for additional detail.
Retiree Contributions	*Varies by Tier and Coverage Level* Retiree contributions are assumed to be the difference between the medical/dental premium and the County subsidy, as determined by plan provisions and years of service. For Tier 1, the County subsidy is based on the retiree's (and eligible dependent(s), if applicable) selected medical tier; for Tier 2, it is based on retiree-only coverage. The County subsidy is limited to the benchmark plan rate. See Appendix A of the July 1, 2024 OPEB Valuation report for additional detail.
Investment Return	*Annual Rate of 6.25 Percent for Prefunding Agents and 3.50 Percent for Non-Prefunding Agents* The investment earnings assumption for agents that are prefunding through the OPEB Trust is the OPEB Trust's expected return of 6.25 percent. The investment earnings assumption for agents that are not prefunding through the OPEB Trust is the County general fund's expected return of 3.50 percent. Besides projecting the OPEB Trust's investment return, this assumption is also used to calculate the Actuarial Accrued Liability (AAL).
Inflation Rate	*Annual Rate of 2.75 Percent* This rate was adopted beginning with the July 1, 2016 OPEB Valuation.

<table>
<tr><th>Method/Assumption</th><th>Application</th></tr>
<tr><td>Healthcare Cost Trend</td><td>Various Rates
The health cost trend is the projected increase in per person health costs from one year to the next. The July 1, 2024 OPEB valuation is the first valuation where the first-year trends are not updated with the renewal in the following year, 2025–2026. This change, approved by LACERA and Los Angeles County, allows the valuation report to be completed sooner.
<table>
<tr><th></th><th>FY 2025 to FY 2026</th><th>FY 2026 to FY 2027</th><th>Ultimate (Grading from June 30, 2025 to June 30, 2106)</th></tr>
<tr><td>LACERA Medical Under 65</td><td>6.40%</td><td>5.80%</td><td>4.20%</td></tr>
<tr><td>LACERA Medical Over 65</td><td>7.50%</td><td>6.40%</td><td>4.20%</td></tr>
<tr><td>Part B Premiums</td><td>6.70%</td><td>6.00%</td><td>4.20%</td></tr>
<tr><td>Dental/Vision</td><td>3.00%</td><td>3.00%</td><td>3.70%</td></tr>
<tr><td>Weighted Average Trend</td><td>6.75%</td><td>5.94%</td><td>4.19%</td></tr>
</table></td></tr>
<tr><td>Claim Costs</td><td>Costs Vary By Program Tier
Claim cost data is reviewed for the membership in aggregate, including members of all employers, regardless of their participation in the OPEB Trust. The claim cost assumptions were updated as part of the July 1, 2024 valuation and differ by Tier 1 and Tier 2. The Retiree Healthcare Benefits Program—Tier 1 is for members who were hired before July 1, 2014. Members who were hired after June 30, 2014 are in the Retiree Healthcare Benefits Program—Tier 2. The tiers have different maximum employer contributions, which impacts medical plan election patterns, resulting in different claim costs.

Per capita claim cost assumptions are developed for each medical and dental/vision plan and are updated annually based on the plan’s premiums and enrollment data. No explicit loads for adverse selection are included, as any impact of adverse selection is assumed to be included in the insured premium rates.

Refer to Table A-21 of the July 1, 2024 OPEB Valuation report for more details.</td></tr>
<tr><td>Retirement</td><td>Minimum Retirement Ages
Members in General Plans A through D may retire at age 50 with 10 years of service; any age with 30 years of service; or age 70, regardless of the number of years of service.
General Plan G members are eligible to retire at age 52 with five years of service; or age 70, regardless of the number of years of service.
Non-contributory Plan E members may retire at age 55 with 10 years of service.
Members of Safety Plans A and B may retire at age 50 with 10 years of service or any age with 20 years of service.
Safety Plan C members are eligible to retire at age 50 with five years of County service.</td></tr>
</table>

Method/Assumption	Application
Expectation of Life After Retirement[1,2]	*Mortality Tables for Public Employees* The same post-retirement mortality rates are used in the valuation for members retired from service and beneficiaries. Future beneficiaries are assumed to have the same mortality as a general member of the opposite gender. The mortality tables used are listed below. Age-based rates are illustrated in the July 1, 2024 OPEB Valuation report. These rates were adopted June 30, 2019. The new projection scale was adopted June 30, 2022. **Males:** **General Members**: PubG-2010 Healthy Retiree Mortality Table for Males, with MP-2021 Ultimate Projection Scale. **Safety Members**: PubS-2010 Healthy Retiree Mortality Table for Males multiplied by 85 percent, with MP-2021 Ultimate Projection Scale. **Females**: **General Members**: PubG-2010 Healthy Retiree Mortality Table for Females multiplied by 110 percent, with MP-2021 Ultimate Projection Scale. **Safety Members**: PubS-2010 Healthy Retiree Mortality Table for Females, with MP-2021 Ultimate Projection Scale.
Expectation of Life After Disability[1,2]	*Mortality Tables for Public Employees* For disabled members, the mortality tables used are listed below while age-based rates are illustrated in the July 1, 2024 OPEB Valuation report. These rates were adopted June 30, 2019. The new projection scale was adopted June 30, 2022. **Males:** **General Members**: Average of PubG-2010 Healthy Retiree Mortality Table for Males and PubG-2010 Disabled Retiree Mortality Table for Males, both projected with MP-2021 Ultimate Projection Scale. **Safety Members**: PubS-2010 Healthy Retiree Mortality Table for Males, with MP-2021 Ultimate Projection Scale. **Females**: **General Members**: Average of PubG-2010 Healthy Retiree Mortality Table for Females and PubG-2010 Disabled Retiree Mortality Table for Females, both projected with MP-2021 Ultimate Projection Scale. **Safety Members**: PubS-2010 Healthy Retiree Mortality Table for Females, with MP-2021 Ultimate Projection Scale.

[1]The Pub-2010 mortality tables were published by the Society of Actuaries' (SOA) Retirement Plans Experience Committee (RPEC) in January 2019. The data studied includes approximately 46 million life years of exposure and 580,000 deaths from public pension plans from 2008 to 2013. The Pub-2010 mortality tables include separate tables for general and safety members, and for each of those classes of members includes separate mortality tables for healthy annuitants, disabled retirees, and employees.

[2]The ultimate improvement rates from the SOA's Mortality Improvement Scale MP-2021 (published in October 2021) are used to adjust the Pub-2010 mortality tables to account for anticipated changes in mortality rates in future years. In general, it is assumed that mortality rates will improve (implying longer lifetimes) in the future due partially to improvements in healthcare.

Method/Assumption	Application
Other Employment Termination	*Withdrawal of Contributions and Probability of Occurrence* Terminating employees may withdraw their contributions immediately upon termination of employment and forfeit the right to further retirement, medical, dental/vision, and death benefits, or they may leave their contributions on deposit with LACERA. Former contributing members whose contributions are on deposit may later elect to receive a refund, return to work, or remain inactive until becoming eligible to receive a retirement benefit under either LACERA or a reciprocal retirement plan. All terminating members who are not eligible for vested benefits are assumed to withdraw their contributions immediately. All terminating members are assumed not to be rehired. The Probability of Occurrence schedule included in this Actuarial Section provides a summary of probability of retirement and withdrawal for sample ages. Although these assumptions were developed for the Retirement Benefits Plan, they apply to the OPEB Program participant population.

Schedule of Funding Progress — OPEB Program

(Dollars in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Employee Payroll (c)	UAAL as a Percentage of Covered Employee Payroll [(b-a)/c]
July 1, 2014	$483,800	$28,546,600	$28,062,800	1.7%	N/A	N/A
July 1, 2016	560,800	25,912,600	25,351,800	2.2%	N/A	N/A
July 1, 2017[1]	742,900	26,300,800	25,557,900	2.8%	$8,544,140	299.1%
July 1, 2018[2]	941,010	21,066,800	20,125,790	4.5%	8,954,417	224.8%
July 1, 2019	1,238,480	20,752,600	19,514,120	6.0%	9,471,632	206.0%
July 1, 2020	1,492,600	21,302,700	19,810,100	7.0%	9,813,912	201.9%
July 1, 2021	2,306,800	21,157,400	18,850,600	10.9%	10,065,113	187.3%
July 1, 2022	2,394,100	23,097,800	20,703,700	10.4%	10,269,429	201.6%
July 1, 2023	3,091,800	23,459,700	20,367,900	13.2%	10,772,896	189.1%
July 1, 2024	**$3,977,900**	**$24,735,600**	**$20,757,700**	**16.1%**	**$11,275,698**	**184.1%**

[1]The resulting July 1, 2017 OPEB valuation report was the first annual (versus biennial) valuation prepared in accordance with the Board of Retirement's OPEB Actuarial Valuation and Audit Policy, to meet the plan sponsors' GASB Statement Number 75 financial statement reporting requirements.

[2]Effective with the July 1, 2018 OPEB valuation, the actuarial cost method used to project the AAL changed to entry age normal from projected unit credit.

Active Member Valuation Data — OPEB Program

Valuation Date	Plan Type	Member Count[1]	Annual Salary	Average Annual Salary	Percentage Increase/(Decrease) in Average Salary
	General	79,878	$5,482,792,752	$68,640	3.48%
	Safety	12,515	1,251,582,744	100,007	1.52%
July 1, 2014	Total	92,393	$6,734,375,496	$72,888	3.09%
	General	82,780	$5,938,289,628	$71,736	4.51%
	Safety	12,515	1,340,879,628	107,142	7.13%
July 1, 2016	Total	95,295	$7,279,169,256	$76,386	4.80%
	General	84,454	$6,284,503,344	$74,413	3.73%
	Safety	12,695	1,387,680,972	109,309	2.02%
July 1, 2017[2]	Total	97,149	$7,672,184,316	$78,973	3.39%
	General	85,645	$6,604,776,960	$77,118	3.64%
	Safety	12,770	1,451,326,572	113,651	3.97%
July 1, 2018	Total	98,415	$8,056,103,532	$81,858	3.65%
	General	86,337	$6,809,906,844	$78,876	2.28%
	Safety	12,791	1,539,796,908	120,381	5.92%
July 1, 2019	Total	99,128	$8,349,703,752	$84,232	2.90%
	General	86,875	$7,180,721,760	$82,656	4.79%
	Safety	13,176	1,590,271,044	120,695	0.26%
July 1, 2020	Total	100,051	$8,770,992,804	$87,665	4.08%
	General	85,911	$7,432,707,960	$86,516	4.67%
	Safety	13,133	1,650,137,676	125,648	4.10%
July 1, 2021	Total	99,044	$9,082,845,636	$91,705	4.61%
	General	83,647	$7,330,651,500	$87,638	1.30%
	Safety	12,843	1,625,956,740	126,603	0.76%
July 1, 2022	Total	96,490	$8,956,608,240	$92,824	1.22%
	General	84,254	$7,838,142,012	$93,030	6.15%
	Safety	12,603	1,682,389,368	133,491	5.44%
July 1, 2023	Total	96,857	$9,520,531,380	$98,295	5.89%
	General	**86,241**	**$8,349,401,496**	**$96,815**	**4.07%**
	Safety	**12,404**	**1,690,240,560**	**136,266**	**2.08%**
July 1, 2024	**Total**	**98,645**	**$10,039,642,056**	**$101,775**	**3.54%**

[1]The OPEB Program Active Member Count differs from the Pension Plan Active Member Count. The OPEB Program includes both Medicare and non-Medicare eligible individuals and excludes Pension Plan members that are receiving retiree healthcare benefits due to a retired spouse.

[2]The resulting OPEB valuation report was an annual (versus biennial) valuation prepared in accordance with the Board of Retirement's OPEB Actuarial Valuation and Audit Policy, to meet the plan sponsors' GASB Statement Number 75 financial statement reporting requirements.

Retirees and Beneficiaries Added to and Removed From Benefits — OPEB Program

(Dollars in Thousands)

	Added to Rolls		Removed From Rolls		Rolls at End of Year			
Valuation Date	Member Count	Annual Allowance[1]	Member Count	Annual Allowance	Member Count	Annual Allowance	Percentage Increase in Retiree Allowance	Average Annual Allowance
July 1, 2014	5,335	$89,205	(3,369)	($29,925)	48,168	$482,744	14.00%	$10,022
July 1, 2016	5,710	103,373	(3,514)	(30,745)	50,364	555,372	15.04%	11,027
July 1, 2017[2]	3,229	41,266	(1,839)	(18,052)	51,754	578,586	4.18%	11,180
July 1, 2018	3,028	61,697	(1,977)	(20,530)	52,805	619,753	7.12%	11,737
July 1, 2019	3,259	71,970	(1,996)	(22,487)	54,068	669,236	7.98%	12,378
July 1, 2020	3,216	53,933	(2,077)	(23,865)	55,207	699,304	4.49%	12,667
July 1, 2021	3,431	53,821	(2,353)	(28,386)	56,285	724,739	3.64%	12,876
July 1, 2022	3,815	42,812	(2,331)	(27,823)	57,769	739,728	2.07%	12,805
July 1, 2023	3,316	75,746	(2,303)	(28,725)	58,782	786,749	6.36%	13,384
July 1, 2024	**3,454**	**$103,784**	**(2,211)**	**($29,347)**	**60,025**	**$861,186**	**9.46%**	**$14,347**

[1] Includes changes for continuing retirees and beneficiaries.

[2] The resulting OPEB valuation report was the first annual valuation prepared in accordance with the Board of Retirement's OPEB Actuarial Valuation and Audit Policy, to meet the plan sponsors' GASB Statement Number 75 financial statement reporting requirements.

Funded Liabilities by Type — OPEB Program

(Dollars in Millions)

Actuarial Valuation Date	Actuarial Accrued Liability (AAL) for (A) Active Member Contributions	(B) Retirees and Beneficiaries[1]	(C) Active Members (Employer Financed Portion)	Actuarial Value of Valuation Assets	Portion of AAL Covered by Assets (A) Active	(B) Retired	(C) Employer
July 1, 2014	$—	$11,791	$16,756	$484	N/A	4%	—%
July 1, 2016	—	11,365	14,548	561	N/A	5%	—%
July 1, 2017[2]	—	11,640	14,661	743	N/A	6%	—%
July 1, 2018	—	10,108	10,959	941	N/A	9%	—%
July 1, 2019	—	10,260	10,493	1,239	N/A	12%	—%
July 1, 2020	—	10,597	10,706	1,493	N/A	14%	—%
July 1, 2021	—	10,751	10,406	2,307	N/A	21%	—%
July 1, 2022	—	11,543	11,555	2,394	N/A	21%	—%
July 1, 2023	—	12,083	11,377	3,092	N/A	26%	—%
July 1, 2024	**$—**	**$12,880**	**$11,856**	**$3,978**	**N/A**	**31%**	**—%**

[1]Includes inactive members who are vested (deferred).

[2]The resulting OPEB valuation report was prepared in accordance with the Board of Retirement's OPEB Actuarial Valuation and Audit Policy, to meet the plan sponsors' GASB Statement Number 75 financial statement reporting requirements.

Actuarial Analysis of Financial Experience — OPEB Program

(Dollars in Millions)

	Valuation as of July 1									
	2024	**2023**	**2022**	**2021**	**2020**	**2019[1]**	**2018**	**2017[2]**	**2016**	**2014**
Prior Unfunded Actuarial Accrued Liability	**$20,368**	$20,704	$18,851	$19,810	$19,514	$20,126	$25,558	$25,352	$28,063	$26,953
Expected Increase/(Decrease) from Prior Valuation	**550**	624	621	747	911	1,005	1,170	1,462	3,240	3,873
Claim Costs Greater/(Less) than Expected[3]	**132**	93	287	(1,202)	(1,000)	(1,589)	(1,067)	(1,213)	(2,322)	(5,471)
Change in Assumptions[4]	**—**	(919)	567	—	314	(35)	(6,936)	—	(3,385)	3,238
Asset Return Less/(Greater) than Expected	**(159)**	(89)	438	(352)	76	1	(28)	(54)	78	(484)
All Other Experience[5]	**(133)**	(45)	(60)	(152)	(5)	6	1,429	11	(322)	(46)
Ending Unfunded Actuarial Accrued Liability	**$20,758**	**$20,368**	**$20,704**	**$18,851**	**$19,810**	**$19,514**	**$20,126**	**$25,558**	**$25,352**	**$28,063**

[1]Beginning with the 2019 report, subsequent OPEB valuation reports exclude the excise tax.

[2]The resulting OPEB valuation report was an annual valuation prepared in accordance with the Board of Retirement's OPEB Actuarial Valuation and Audit Policy, to meet the plan sponsors' GASB Statement Number 75 financial statement reporting requirements.

[3]Includes the medical care claim cost trend assumption change.

[4]In 2016, this amount includes the impact from implementing the Tier 2 Retiree Healthcare Benefits Program.

[5]In 2018, this amount is primarily due to the impact of the excise tax.

STATISTICAL SECTION

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Statistical Information Overview

The objective of the Statistical Section is to provide historical perspective, context, and detail to assist in utilizing the Basic Financial Statements, Notes to the Basic Financial Statements, and Required Supplementary Information to understand and assess the status of the Pension Plan, OPEB Program and discretionary benefits administered by LACERA as of the fiscal year-end. Statistical data is maintained within the member services platform—a sophisticated and proprietary member management system in which LACERA actively maintains member-specific data, comprehensive plan membership records, and related member-specific documents. This section reports the most current membership status information for each type of member (general, safety, active, retired, etc.). The statistical information provided here is divided into Financial Trends Information and Operating Information.

Financial Trends Information is intended to assist readers in understanding how LACERA's financial position has changed over time:

- *Changes in Fiduciary Net Position — Pension Plan and Changes in Fiduciary Net Position — OPEB Trust* present additions by source, deductions by type, and the total change in Fiduciary Net Position for each year.
- *Pension Benefit Expenses by Type* presents retirement benefits, refunds of contributions, and lump-sum death benefits, as deductions by type of benefit (e.g., service and disability retirement from general and safety plans).

Operating Information provides contextual information about LACERA's operations and membership to assist readers in using financial statement information to comprehend and evaluate LACERA's fiscal condition:

- *Active Members* provides membership statistics for active vested and active non-vested members. In addition, members who are not considered retired are included as inactive members and defined as either vested members with deferred benefits or non-vested members with inactive benefits.
- *Retired Members by Type of Pension Benefit and Retired Members by Type of OPEB Benefit* presents benefit information for the current year by dollar level and benefit type.
- *Schedule of Average Pension Benefit Payments* presents the average monthly Pension Plan benefit, average final salary, and number of retired members, organized in five-year increments of credited service.
- *Active Members of Participating Pension Employers* presents the employers and their corresponding employees (active members) who are or may become eligible for Pension Plan benefits.
- *Retired Members of Participating OPEB Employers* presents the employers and the number of retired members enrolled in medical and/or dental/vision benefits.
- *Employer Contribution Rates* shown by employer for the Pension Plan is provided as additional information.

Changes in Fiduciary Net Position — Pension Plan

For the Last 10 Fiscal Years Ended June 30

(Dollars in Thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Additions										
Employer Contributions	**$2,670,874**	$2,509,071	$2,301,706	$2,199,889	$2,012,877	$1,800,137	$1,668,151	$1,524,823	$1,331,359	$1,403,712
Member Contributions	**919,148**	861,042	793,244	758,632	760,994	659,296	635,415	591,262	526,579	498,083
Net Investment Income/ (Loss)	**8,292,240**	6,611,984	4,856,286	(1,540,145)	15,629,915	1,445,877	3,175,723	4,716,640	6,129,300	80,588
Miscellaneous	**6,770**	5,334	5,009	4,117	2,928	2,383	5,958	5,613	6,370	2,781
Total Additions/ (Declines)	**$11,889,032**	**$9,987,431**	**$7,956,245**	**$1,422,493**	**$18,406,714**	**$3,907,693**	**$5,485,247**	**$6,838,338**	**$7,993,608**	**$1,985,164**
Deductions										
Total Benefit Expenses[1]	**$4,776,110**	$4,518,137	$4,281,363	$4,044,567	$3,814,262	$3,606,340	$3,407,154	$3,203,375	$3,029,633	$2,889,186
Administrative Expenses	**127,185**	118,628	112,150	100,121	90,586	85,384	82,906	78,181	66,830	67,645
Miscellaneous	**344**	327	458	219	248	397	333	451	188	(11)
Total Deductions	**$4,903,639**	**$4,637,092**	**$4,393,971**	**$4,144,907**	**$3,905,096**	**$3,692,121**	**$3,490,393**	**$3,282,007**	**$3,096,651**	**$2,956,820**
Net Increase/(Decrease) in Fiduciary Net Position	**$6,985,393**	**$5,350,339**	**$3,562,274**	**($2,722,414)**	**$14,501,618**	**$215,572**	**$1,994,854**	**$3,556,331**	**$4,896,957**	**($971,656)**

[1]See Pension Benefit Expenses by Type in this Statistical Section.

Changes in Fiduciary Net Position — OPEB Trust

For the Last 10 Fiscal Years Ended June 30

(Dollars in Thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Additions										
Employer Contributions[1]	**$1,460,060**	$1,316,128	1,196,205	$1,097,284	$1,057,366	$907,521	$863,452	$706,709	$645,381	$615,275
Net Investment Income/(Loss)	**471,651**	368,411	247,488	(288,500)	452,122	6,171	62,116	78,746	94,505	(8,095)
Miscellaneous	**—**	—	—	—	—	—	—	—	2	**—**
Total Additions	**$1,931,711**	**$1,684,539**	**$1,443,693**	**$808,784**	**$1,509,488**	**$913,692**	**$925,568**	**$785,455**	**$739,888**	**$607,180**
Deductions										
Administrative Expenses	**$900**	1,077	$942	$599	$584	$246	$234	$190	$374	$192
Benefit Payments[1]	**872,675**	797,431	745,013	720,910	694,665	659,295	627,839	583,406	557,381	534,597
Redemptions	**—**	—	—	—	40	**—**	25	3,735	—	—
Total Deductions	**$873,575**	**$798,508**	**$745,955**	**$721,509**	**$695,289**	**$659,541**	**$628,098**	**$587,331**	**$557,755**	**$534,789**
Net Increase in Fiduciary Net Position	**$1,058,136**	**$886,031**	**$697,738**	**$87,275**	**$814,199**	**$254,151**	**$297,470**	**$198,124**	**$182,133**	**$72,391**

[1]Beginning in 2016:

Contributions: The Trust reflects both prefunding contributions actually made to the OPEB Trust as well as additions to Fiduciary Net Position, including amounts for OPEB as the benefits come due that will not be reimbursed to the employers using OPEB program assets.

Benefit Payments: The Trust includes all benefit payments whether made through the Trust or by employers as OPEB benefits comes due (per paragraph 28a and 31 of GASB Statement Number 74).

Pension Benefit Expenses by Type

For the Last 10 Fiscal Years Ended June 30

(Dollars in Thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Service Retiree Payroll										
General	**$2,856,900**	$2,699,607	$2,560,490	$2,419,417	$2,291,480	$2,174,355	$2,060,365	$1,946,614	$1,845,791	$1,762,274
Safety	**668,248**	645,670	630,916	602,547	574,362	543,901	507,909	478,802	445,473	419,092
Total	**$3,525,148**	**$3,345,277**	**$3,191,406**	**$3,021,964**	**$2,865,842**	**$2,718,256**	**$2,568,274**	**$2,425,416**	**$2,291,264**	**$2,181,366**
Disability Retiree Payroll										
General	**$221,728**	$213,683	$205,748	$201,231	$195,818	$190,386	$186,120	$177,879	$173,550	$169,821
Safety	**983,960**	911,139	837,446	779,078	723,948	670,237	621,358	574,431	538,116	507,824
Total	**$1,205,688**	**$1,124,822**	**$1,043,194**	**$980,309**	**$919,766**	**$860,623**	**$807,478**	**$752,310**	**$711,666**	**$677,645**
Total Retiree Payroll										
General	**$3,078,628**	$2,913,290	$2,766,238	$2,620,648	$2,487,298	$2,364,741	$2,246,485	$2,124,493	$2,019,341	$1,932,095
Safety	**1,652,208**	1,556,809	1,468,362	1,381,625	1,298,310	1,214,138	1,129,267	1,053,233	983,589	926,916
Total	**$4,730,836**	**$4,470,099**	**$4,234,600**	**$4,002,273**	**$3,785,608**	**$3,578,879**	**$3,375,752**	**$3,177,726**	**$3,002,930**	**$2,859,011**
Refunds										
General	**$35,482**	$38,631	$36,968	$32,470	$21,622	$22,418	$27,096	$20,782	$21,970	$23,470
Safety	**6,309**	5,035	6,444	5,619	2,890	2,813	1,595	2,439	2,482	3,622
Total	**$41,791**	**$43,666**	**$43,412**	**$38,089**	**$24,512**	**$25,231**	**$28,691**	**$23,221**	**$24,452**	**$27,092**
Lump-Sum Death Benefits	**$3,483**	**$4,372**	**$3,351**	**$4,205**	**$4,142**	**$2,230**	**$2,711**	**$2,428**	**$2,251**	**$3,083**
Total Benefit Expenses	**$4,776,110**	**$4,518,137**	**$4,281,363**	**$4,044,567**	**$3,814,262**	**$3,606,340**	**$3,407,154**	**$3,203,375**	**$3,029,633**	**$2,889,186**

Active Members

For the Last 10 Fiscal Years Ended June 30

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Active Vested										
General	**65,279**	65,479	65,414	64,875	64,622	63,647	62,589	61,734	61,608	61,820
Safety	**10,151**	9,948	9,974	9,921	9,812	9,875	10,071	10,286	10,429	10,743
Subtotal	**75,430**	**75,427**	**75,388**	**74,796**	**74,434**	**73,522**	**72,660**	**72,020**	**72,037**	**72,563**
Active Non-Vested										
General	**22,333**	20,810	18,894	18,826	21,355	23,289	23,811	23,975	22,915	21,096
Safety	**2,026**	2,463	2,635	2,930	3,329	3,304	2,725	2,489	2,269	1,785
Subtotal	**24,359**	**23,273**	**21,529**	**21,756**	**24,684**	**26,593**	**26,536**	**26,464**	**25,184**	**22,881**
Inactive[1]										
General	**20,407**	19,761	18,994	17,761	15,996	15,133	15,567	7,856	7,752	7,665
Safety	**1,562**	1,500	1,420	1,286	1,125	1,041	610	603	589	573
Subtotal	**21,969**	**21,261**	**20,414**	**19,047**	**17,121**	**16,174**	**16,177**	**8,459**	**8,341**	**8,238**
Total Active Members										
General	**108,019**	106,050	103,302	101,462	101,973	102,069	101,967	93,565	92,275	90,581
Safety	**13,739**	13,911	14,029	14,137	14,266	14,220	13,406	13,378	13,287	13,101
Total Active Members	**121,758**	**119,961**	**117,331**	**115,599**	**116,239**	**116,289**	**115,373**	**106,943**	**105,562**	**103,682**

[1]Effective with fiscal year ended June 30, 2019 and going forward, Inactive includes both vested (deferred) and non-vested members.

Retired Members by Type of Pension Benefit

As of June 30, 2025

Amount of Monthly Benefit	Number of Retired Members	Type of Retirement[1]			Retirement Option Selected[2]					
		A	B	C	Unmodified	Unmodified Plus	Option 1	Option 2	Option 3	Option 4
$1 - $1,000	12,142	7,859	742	3,541	10,021	947	84	460	124	506
$1,001 - $2,000	13,755	9,336	1,590	2,829	11,471	1,331	110	337	119	387
$2,001 - $3,000	12,220	8,943	1,770	1,507	10,313	1,210	88	170	86	353
$3,001 - $4,000	9,594	7,440	1,251	903	8,086	998	53	96	51	310
$4,001 - $5,000	7,065	5,672	882	511	5,782	881	36	62	43	261
$5,001 - $6,000	5,109	4,069	684	356	4,204	659	25	34	21	166
$6,001 - $7,000	3,798	3,031	564	203	3,019	570	18	24	10	157
> $7,000	13,021	8,701	3,864	456	9,764	2,451	34	33	41	698
	76,704	**55,051**	**11,347**	**10,306**	**62,660**	**9,047**	**448**	**1,216**	**495**	**2,838**

[1]Type of Retirement:

A: Service Retiree

B: Disability Retiree

C: Beneficiary/Continuant/Survivor

[2]Retirement Option Selected:

Unmodified: For Plans A–D and G, beneficiary receives 65 percent of the member's allowance (60 percent if the member retired before June 4, 2002); for Plan E, beneficiary receives 55 percent of member's allowance (50 percent if the member retired before June 4, 2002).

The following options reduce the member's monthly benefit:

Unmodified Plus: For all Plans (A–G), member's allowance is reduced to pay an increased continuing allowance to an eligible surviving spouse/partner.

Option 1: Beneficiary receives lump sum of member's unused contributions.

Option 2: Beneficiary receives 100 percent of member's reduced monthly benefit.

Option 3: Beneficiary receives 50 percent of member's reduced monthly benefit.

Option 4: Beneficiary(ies) receives percentage of member's reduced monthly benefit as designated by member.

Retired Members by Type of OPEB Benefit

As of June 30, 2025

	Medical Benefit Premium Amounts					Total Member Count
	$1-$500	$501-$1000	$1,001-$1500	$1,501-$2000	> $2,000	
Medical Plans by Plan Type						
Anthem Blue Cross I	—	2	—	511	319	832
Anthem Blue Cross II	—	—	—	2,460	3,261	5,721
Anthem Blue Cross III	—	7,833	4,794	108	1,327	14,062
Anthem Blue Cross Prudent Buyer	—	—	417	27	289	733
Cigna - HealthSpring Preferred Rx	—	—	—	—	—	—
Cigna Network Model Plan	—	—	—	—	284	284
Kaiser - California	—	—	3,536	—	2,618	6,154
Kaiser - Senior Advantage	12,478	6,549	36	1,983	11	21,057
Kaiser - Colorado	—	—	5	—	8	13
Kaiser - Georgia	—	—	—	24	4	28
Kaiser - Hawaii	—	5	—	4	4	13
Kaiser - Oregon	—	—	1	5	4	10
Kaiser - Washington	—	—	—	—	8	8
Firefighters Local 1014	—	—	568	—	1,871	2,439
SCAN Health Plan - Desert	10	2	—	—	—	12
SCAN Health Plan - California	281	98	—	—	—	379
SCAN Health Plan - Nevada	17	5	—	—	—	22
UnitedHealthcare	1	—	—	584	900	1,485
UnitedHealthcare Medicare Advantage (HMO)	2,217	1,431	49	—	504	4,201
Total Medical by Plan Type	**15,004**	**15,925**	**9,406**	**5,706**	**11,412**	**57,453**
Medical Plans by Retirement Type						
Service Retirees	11,824	12,514	7,114	4,109	7,093	42,654
Disability Retirees	827	1,474	1,479	862	4,012	8,654
Survivors	2,353	1,937	813	735	307	6,145
Total Medical by Retirement Type	**15,004**	**15,925**	**9,406**	**5,706**	**11,412**	**57,453**

	Dental/Vision Benefit Premium Amounts
	$1 - $500
Dental/Vision Plans by Plan Type	
CIGNA Indemnity Dental/Vision	52,142
CIGNA HMO Dental/Vision	7,637
Total Dental/Vision by Plan Type	**59,779**
Dental/Vision Plans by Retirement Type	
Service Retirees	44,081
Disability Retirees	9,132
Survivors	6,566
Total Dental/Vision by Retirement Type	**59,779**

Schedule of Average Pension Benefit Payments

For the Last 10 Fiscal Years Ended June 30

	Years of Credited Service					
Retirement Effective Dates	**5 - 9**	**10 - 14**	**15 - 19**	**20 - 24**	**25 - 29**	**30+**
7/1/15 to 6/30/16						
Retirees						
General Members						
Average Monthly Retirement Benefit	$1,619	$1,809	$2,265	$2,893	$3,462	$5,163
Average Monthly Final Salary	$6,022	$5,607	$6,020	$6,414	$6,440	$7,372
Number of Retirees	118	331	273	274	471	837
Safety Members						
Average Monthly Retirement Benefit	$3,134	$3,776	$5,743	$6,290	$7,540	$10,730
Average Monthly Final Salary	$7,077	$9,355	$10,057	$10,613	$11,062	$12,654
Number of Retirees	24	16	27	22	109	205
Survivors						
General Members						
Average Monthly Retirement Benefit	$929	$752	$957	$1,174	$1,745	$2,470
Average Monthly Final Salary	$6,444	$4,670	$3,996	$4,367	$4,825	$5,339
Number of Survivors	30	55	50	51	69	143
Safety Members						
Average Monthly Retirement Benefit	$1,446	$3,207	$3,071	$3,053	$4,468	$5,611
Average Monthly Final Salary	$5,927	$6,777	$6,628	$6,941	$6,825	$7,529
Number of Survivors	6	6	8	9	16	33
7/1/16 to 6/30/17						
Retirees						
General Members						
Average Monthly Retirement Benefit	$1,416	$1,858	$2,364	$3,425	$3,730	$5,149
Average Monthly Final Salary	$5,917	$5,860	$6,367	$7,202	$6,791	$7,441
Number of Retirees	142	338	328	209	507	856
Safety Members						
Average Monthly Retirement Benefit	$2,987	$3,087	$6,412	$6,885	$7,888	$11,358
Average Monthly Final Salary	$7,651	$8,870	$10,320	$11,308	$11,362	$13,288
Number of Retirees	24	25	50	36	153	248
Survivors						
General Members						
Average Monthly Retirement Benefit	$833	$786	$1,392	$1,577	$1,898	$2,942
Average Monthly Final Salary	$5,469	$4,190	$4,959	$5,059	$5,175	$6,105
Number of Survivors	29	52	63	41	72	136
Safety Members						
Average Monthly Retirement Benefit	$3,522	$4,150	$2,131	$3,715	$4,316	$6,581
Average Monthly Final Salary	$6,792	$7,451	$7,234	$6,906	$7,400	$8,411
Number of Survivors	3	5	9	7	16	36

Schedule of Average Pension Benefit Payments

For the Last 10 Fiscal Years Ended June 30

	Years of Credited Service					
Retirement Effective Dates	**5 - 9**	**10 - 14**	**15 - 19**	**20 - 24**	**25 - 29**	**30+**
7/1/17 to 6/30/18						
Retirees						
General Members						
Average Monthly Retirement Benefit	$1,639	$1,752	$2,482	$3,609	$3,907	$5,275
Average Monthly Final Salary	$7,147	$5,725	$6,223	$7,627	$7,071	$7,605
Number of Retirees	99	339	323	255	470	883
Safety Members						
Average Monthly Retirement Benefit	$3,140	$4,015	$5,714	$6,482	$8,329	$11,650
Average Monthly Final Salary	$7,739	$9,039	$10,242	$11,266	$11,835	$13,559
Number of Retirees	22	21	36	32	126	241
Survivors						
General Members						
Average Monthly Retirement Benefit	$681	$1,112	$1,345	$1,503	$2,179	$2,888
Average Monthly Final Salary	$4,138	$5,668	$5,145	$5,071	$5,596	$6,179
Number of Survivors	17	50	47	38	80	133
Safety Members						
Average Monthly Retirement Benefit	$2,815	$3,252	$3,528	$3,200	$3,603	$5,479
Average Monthly Final Salary	$7,817	$7,192	$6,670	$6,327	$6,905	$7,833
Number of Survivors	7	8	5	7	18	31
7/1/18 to 6/30/19						
Retirees						
General Members						
Average Monthly Retirement Benefit	$1,659	$1,578	$3,091	$3,613	$3,994	$6,007
Average Monthly Final Salary	$6,332	$5,585	$7,078	$7,481	$7,398	$8,630
Number of Retirees	122	337	371	313	447	938
Safety Members						
Average Monthly Retirement Benefit	$4,251	$4,072	$5,960	$8,466	$9,038	$12,076
Average Monthly Final Salary	$8,564	$9,754	$10,348	$12,556	$12,737	$14,367
Number of Retirees	25	30	36	38	137	278
Survivors						
General Members						
Average Monthly Retirement Benefit	$1,129	$921	$1,243	$1,660	$1,894	$2,898
Average Monthly Final Salary	$5,507	$5,704	$5,510	$5,402	$5,204	$5,928
Number of Survivors	38	69	80	81	111	183
Safety Members						
Average Monthly Retirement Benefit	$801	$2,157	$2,885	$2,704	$3,208	$6,016
Average Monthly Final Salary	$4,148	$6,656	$7,462	$5,607	$6,217	$8,495
Number of Survivors	4	8	14	17	29	45

Schedule of Average Pension Benefit Payments

For the Last 10 Fiscal Years Ended June 30

	Years of Credited Service					
Retirement Effective Dates	**5 - 9**	**10 - 14**	**15 - 19**	**20 - 24**	**25 - 29**	**30+**
7/1/19 to 6/30/20						
Retirees						
General Members						
Average Monthly Retirement Benefit	$1,529	$1,917	$2,998	$3,506	$4,414	$5,772
Average Monthly Final Salary	$6,503	$6,414	$7,197	$7,410	$8,151	$8,315
Number of Retirees	121	337	332	350	400	958
Safety Members						
Average Monthly Retirement Benefit	$2,606	$4,498	$6,070	$7,800	$9,336	$12,485
Average Monthly Final Salary	$7,489	$10,058	$11,768	$12,329	$13,251	$14,963
Number of Retirees	15	24	21	38	119	320
Survivors						
General Members						
Average Monthly Retirement Benefit	$969	$964	$1,171	$1,739	$1,961	$2,794
Average Monthly Final Salary	$5,282	$4,866	$4,956	$5,962	$5,469	$6,085
Number of Survivors	31	62	69	84	101	179
Safety Members						
Average Monthly Retirement Benefit	$3,839	$2,467	$3,078	$2,973	$4,646	$5,847
Average Monthly Final Salary	$5,723	$4,966	$6,705	$5,977	$7,952	$8,081
Number of Survivors	7	9	10	16	31	63
7/1/20 to 6/30/21						
Retirees						
General Members						
Average Monthly Retirement Benefit	$1,231	$1,531	$2,726	$3,349	$4,089	$5,735
Average Monthly Final Salary	$7,640	$6,281	$7,509	$7,453	$7,590	$8,508
Number of Retirees	125	335	293	346	432	1,250
Safety Members						
Average Monthly Retirement Benefit	$2,235	$3,767	$5,041	$6,732	$9,337	$12,659
Average Monthly Final Salary	$8,945	$9,648	$10,518	$12,239	$13,433	$15,336
Number of Retirees	12	24	25	67	132	313
Survivors						
General Members						
Average Monthly Retirement Benefit	$1,106	$948	$1,320	$1,535	$1,862	$3,111
Average Monthly Final Salary	$6,340	$5,370	$5,211	$5,245	$5,155	$6,344
Number of Survivors	26	67	69	79	107	225
Safety Members						
Average Monthly Retirement Benefit	$2,606	$2,369	$4,302	$2,886	$4,557	$5,946
Average Monthly Final Salary	$6,195	$7,058	$9,070	$7,532	$7,368	$8,553
Number of Survivors	6	7	10	13	26	56

Schedule of Average Pension Benefit Payments

For the Last 10 Fiscal Years Ended June 30

	Years of Credited Service					
Retirement Effective Dates	**5 - 9**	**10 - 14**	**15 - 19**	**20 - 24**	**25 - 29**	**30+**
7/1/21 to 6/30/22						
Retirees						
General Members						
Average Monthly Retirement Benefit	$1,120	$1,748	$2,599	$3,437	$4,397	$6,151
Average Monthly Final Salary	$7,100	$6,985	$7,610	$7,647	$8,399	$9,047
Number of Retirees	138	322	347	497	479	1,499
Safety Members						
Average Monthly Retirement Benefit	$1,626	$4,161	$5,283	$8,017	$9,502	$13,277
Average Monthly Final Salary	$7,145	$9,588	$11,387	$13,751	$13,856	$15,933
Number of Retirees	11	21	17	57	113	304
Survivors						
General Members						
Average Monthly Retirement Benefit	$610	$730	$1,506	$1,690	$2,014	$3,201
Average Monthly Final Salary	$4,460	$4,307	$5,417	$5,501	$5,776	$7,098
Number of Survivors	19	49	72	75	118	218
Safety Members						
Average Monthly Retirement Benefit	$2,323	$2,548	$2,120	$3,491	$5,006	$6,050
Average Monthly Final Salary	$8,156	$6,962	$4,880	$7,107	$8,830	$8,644
Number of Survivors	3	11	5	11	33	54
7/1/22 to 6/30/23						
Retirees						
General Members						
Average Monthly Retirement Benefit	$1,116	$1,697	$2,595	$3,638	$4,388	$6,346
Average Monthly Final Salary	$7,546	$6,742	$7,390	$8,134	$8,337	$9,356
Number of Retirees	138	249	346	387	400	1,129
Safety Members						
Average Monthly Retirement Benefit	$2,442	$3,649	$5,267	$8,899	$9,693	$13,793
Average Monthly Final Salary	$10,258	$10,391	$11,683	$14,229	$14,410	$16,426
Number of Retirees	10	16	31	72	109	285
Survivors						
General Members						
Average Monthly Retirement Benefit	$852	$1,129	$1,089	$1,969	$2,270	$3,552
Average Monthly Final Salary	$4,681	$5,307	$4,793	$6,312	$5,955	$7,009
Number of Survivors	19	64	72	81	88	207
Safety Members						
Average Monthly Retirement Benefit	$3,594	$3,827	$2,093	$3,201	$4,115	$6,127
Average Monthly Final Salary	$6,330	$6,760	$8,410	$7,238	$7,645	$8,762
Number of Survivors	2	5	7	14	26	62

Schedule of Average Pension Benefit Payments

For the Last 10 Fiscal Years Ended June 30

	Years of Credited Service					
Retirement Effective Dates	**5 - 9**	**10 - 14**	**15 - 19**	**20 - 24**	**25 - 29**	**30+**
7/1/23 to 6/30/24						
Retirees						
General Members						
Average Monthly Retirement Benefit	$1,286	$1,747	$2,708	$3,759	$4,562	$6,712
Average Monthly Final Salary	$7,691	$7,614	$7,512	$8,241	$8,614	$9,793
Number of Retirees	122	212	326	381	490	1,290
Safety Members						
Average Monthly Retirement Benefit	$2,361	$4,107	$5,447	$8,045	$10,736	$14,712
Average Monthly Final Salary	$9,741	$9,971	$11,833	$13,811	$15,492	$17,033
Number of Retirees	16	18	34	61	134	250
Survivors						
General Members						
Average Monthly Retirement Benefit	$1,165	$934	$1,563	$2,044	$2,357	$3,456
Average Monthly Final Salary	$6,451	$4,472	$6,899	$6,424	$6,211	$7,211
Number of Survivors	24	68	69	67	92	229
Safety Members						
Average Monthly Retirement Benefit	$2,047	$2,012	$2,424	$3,068	$4,929	$6,184
Average Monthly Final Salary	$6,798	$7,953	$9,992	$7,458	$7,991	$8,787
Number of Survivors	3	3	5	11	40	63
7/1/24 to 6/30/25						
Retirees						
General Members						
Average Monthly Retirement Benefit	$1,072	$1,496	$2,871	$3,842	$4,622	$6,819
Average Monthly Final Salary	$7,341	$6,451	$7,989	$8,425	$8,873	$9,765
Number of Retirees	130	266	353	371	586	1,315
Safety Members						
Average Monthly Retirement Benefit	$3,300	$4,334	$5,890	$8,567	$10,680	$15,148
Average Monthly Final Salary	$8,263	$10,772	$12,297	$14,584	$15,595	$17,926
Number of Retirees	14	21	48	57	180	212
Survivors						
General Members						
Average Monthly Retirement Benefit	$1,019	$771	$1,265	$1,707	$2,107	$3,298
Average Monthly Final Salary	$6,258	$4,582	$5,256	$5,787	$5,745	$7,045
Number of Survivors	23	61	69	87	91	204
Safety Members						
Average Monthly Retirement Benefit	$3,500	$3,520	$1,618	$4,308	$3,852	$7,172
Average Monthly Final Salary	$6,244	$7,269	$9,769	$8,575	$7,592	$9,452
Number of Survivors	3	2	10	9	22	71

Active Members of Participating Pension Employers

For the Last 10 Fiscal Years Ended June 30

	2025		2024		2023		2022		2021	
County of Los Angeles	**Covered Members**	**Percentage of Total Covered Members**	**Covered Members**	**Percentage of Total Covered Members**	**Covered Members**	**Percentage of Total Covered Members**	**Covered Members**	**Percentage of Total Covered Members**	**Covered Members**	**Percentage of Total Covered Members**
General Members	**87,605**	**87.790%**	86,282	87.418%	84,301	86.983%	83,695	86.684%	85,970	86.735%
Safety Members	**12,177**	**12.203%**	12,411	12.574%	12,609	13.010%	12,851	13.310%	13,141	13.258%
Total	**99,782**	**99.993%**	**98,693**	**99.993%**	**96,910**	**99.993%**	**96,546**	**99.994%**	**99,111**	**99.993%**
Participating Agencies (General Membership)										
South Coast Air Quality Mgmt. District	**—**	**—%**	—	—%	—	—%	—	—%	—	—%
Los Angeles County Office of Education	**—**	**—%**	—	—%	—	—%	—	—%	—	—%
Little Lake Cemetery District	**1**	**0.001%**	1	0.001%	1	0.001%	1	0.001%	1	0.001%
Local Agency Formation Commission for the County of Los Angeles	**6**	**0.006%**	6	0.006%	6	0.006%	5	0.005%	6	0.006%
Total Participating Agencies	**7**	**0.007%**	**7**	**0.007%**	**7**	**0.007%**	**6**	**0.006%**	**7**	**0.007%**
Total Active Membership[1]										
General Members	**87,612**	**87.797%**	86,289	87.426%	84,308	86.990%	83,701	86.690%	85,977	86.742%
Safety Members	**12,177**	**12.203%**	12,411	12.574%	12,609	13.010%	12,851	13.310%	13,141	13.258%
Total	**99,789**	**100.000%**	**98,700**	**100.000%**	**96,917**	**100.000%**	**96,552**	**100.000%**	**99,118**	**100.000%**

Active Members of Participating Pension Employers (continued)

For the Last 10 Fiscal Years Ended June 30

	2020		2019		2018		2017		2016	
County of Los Angeles	**Covered Members**	**Percentage of Total Covered Members**	**Covered Members**	**Percentage of Total Covered Members**	**Covered Members**	**Percentage of Total Covered Members**	**Covered Members**	**Percentage of Total Covered Members**	**Covered Members**	**Percentage of Total Covered Members**
General Members	86,929	86.829%	86,392	87.092%	85,701	87.020%	84,515	86.931%	82,907	86.865%
Safety Members	13,179	13.164%	12,796	12.900%	12,775	12.972%	12,698	13.061%	12,528	13.126%
Total	**100,108**	**99.993%**	**99,188**	**99.992%**	**98,476**	**99.992%**	**97,213**	**99.992%**	**95,435**	**99.991%**
Participating Agencies (General Membership)										
South Coast Air Quality Mgmt. District	—	—%	—	—%	—	—%	1	0.001%	1	0.001%
Los Angeles County Office of Education	—	—%	—	—%	—	—%	—	—%	—	—%
Little Lake Cemetery District	1	0.001%	1	0.001%	1	0.001%	1	0.001%	1	0.001%
Local Agency Formation Commission for the County of Los Angeles	6	0.006%	7	0.007%	7	0.007%	6	0.006%	7	0.007%
Total Participating Agencies	**7**	**0.007%**	**8**	**0.008%**	**8**	**0.008%**	**8**	**0.008%**	**9**	**0.009%**
Total Active Membership[1]										
General Members	86,936	86.836%	86,400	87.100%	85,709	87.028%	84,523	86.939%	82,916	86.874%
Safety Members	13,179	13.164%	12,796	12.900%	12,775	12.972%	12,698	13.061%	12,528	13.126%
Total	**100,115**	**100.000%**	**99,196**	**100.000%**	**98,484**	**100.000%**	**97,221**	**100.000%**	**95,444**	**100.000%**

[1]Active Membership excludes inactive members, who are vested (deferred) and non-vested members.

Retired Members of Participating OPEB Employers

For the Last 10 Fiscal Years Ended June 30

County of Los Angeles and Participating Agencies	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Medical										
County	**54,544**	53,556	52,620	51,415	50,268	49,705	48,679	47,584	46,409	45,327
LACERA	**191**	190	182	173	165	156	147	136	130	127
Superior Court	**2,676**	2,575	2,508	2,429	2,347	2,414	2,329	2,267	2,206	2,126
Outside Districts	**42**	44	49	48	52	61	61	65	67	73
Total Medical	**57,453**	**56,365**	**55,359**	**54,065**	**52,832**	**52,336**	**51,216**	**50,052**	**48,812**	**47,653**
Dental/Vision										
County	**56,775**	55,627	54,457	53,059	51,655	51,034	49,919	48,731	47,471	46,327
LACERA	**192**	192	182	174	165	158	150	136	129	123
Superior Court	**2,772**	2,663	2,584	2,491	2,392	2,456	2,372	2,297	2,225	2,150
Outside Districts	**40**	42	48	48	50	57	58	61	65	71
Total Dental/Vision	**59,779**	**58,524**	**57,271**	**55,772**	**54,262**	**53,705**	**52,499**	**51,225**	**49,890**	**48,671**

Employer Contribution Rates: County of Los Angeles, Superior Court, and LACERA

For the Last 10 Years

	General Members						Safety Members		
Effective[1]	**Plan A**	**Plan B**	**Plan C**	**Plan D**	**Plan E**	**Plan G**	**Plan A**	**Plan B**	**Plan C**
FY 2015-2016	25.13%	17.45%	16.90%	17.70%	18.97%	17.66%	34.64%	27.50%	23.46%
FY 2016-2017	24.11%	15.94%	15.32%	16.19%	17.49%	16.07%	32.25%	25.94%	21.93%
FY 2017-2018 [2]	26.06%	17.50%	16.80%	18.17%	19.57%	18.04%	34.45%	27.75%	23.73%
FY 2018-2019 [2]	26.94%	18.04%	16.85%	18.51%	19.84%	18.53%	34.11%	28.36%	23.97%
FY 2019-2020 [2]	27.81%	19.33%	18.33%	19.42%	20.79%	19.42%	35.32%	29.30%	24.68%
FY 2020-2021 [2]	29.59%	21.13%	19.72%	20.94%	22.47%	20.84%	38.10%	31.99%	26.27%
FY 2021-2022 [2]	31.40%	24.16%	21.39%	22.94%	24.49%	22.85%	40.12%	34.59%	28.17%
FY 2022-2023	31.11%	24.13%	21.23%	22.75%	24.30%	22.66%	39.93%	34.79%	27.91%
FY 2023-2024 [2]	31.52%	25.79%	22.45%	24.16%	25.74%	23.96%	42.18%	36.31%	29.48%
FY 2024-2025 [2]	**32.11%**	**26.12%**	**22.61%**	**24.23%**	**25.89%**	**24.15%**	**33.23%**	**36.22%**	**29.84%**

[1]Contribution rates are scheduled to be effective for the fiscal year July 1 to June 30. However, Sections 31454 and 31454.7 of CERL require the County Board of Supervisors to adjust contribution rates in accordance with LACERA's recommendations no later than 90 days following the beginning of the immediately succeeding fiscal year. Adjustments must be made effective July 1, or thereafter, but not later than September 29 of each fiscal year.

[2]Contribution rates were made effective with the September 16-30 payroll cycle.

Employer Contribution Rates: Little Lake Cemetery District[1] and Local Agency Formation Commission for the County of Los Angeles[2]

For the Last 10 Years

Effective[3]	Plan D	Plan E	Plan G
FY 2015-2016	17.70%	18.97%	17.66%
FY 2016-2017	16.19%	17.49%	16.07%
FY 2017-2018 [4]	18.17%	—%	18.04%
FY 2018-2019 [4]	18.51%	—%	18.53%
FY 2019-2020 [4]	19.42%	—%	19.42%
FY 2020-2021 [4]	20.94%	—%	20.84%
FY 2021-2022 [4]	22.94%	—%	22.85%
FY 2022-2023	22.75%	—%	22.66%
FY 2023-2024	24.16%	—%	23.96%
FY 2024-2025	**24.23%**	**—%**	**24.15%**

[1]Rates applicable to Little Lake Cemetery District are limited to Plan D.

[2]Rates applicable to the Local Agency Formation Commission for the County of Los Angeles are limited to Plans D, E, and G. As of November 2016, there were no participating active members under Plan E.

[3]Contribution rates are scheduled to be effective for the fiscal year July 1 to June 30. However, Sections 31454 and 31454.7 of CERL require the contribution rates of outside districts to be adjusted in accordance with LACERA's recommendations no later than 90 days following the beginning of the immediately succeeding fiscal year. Adjustments must be made effective July 1, or thereafter, but not later than September 29 of each year.

[4]Contribution rates were made effective with the September 16-30 payroll cycle.

ATTACHMENT E

Los Angeles County Employees Retirement Association

Schedule of Employer Allocations and
Schedule of Pension Amounts by Employer
As of and for the Year Ended June 30, 2024
With Independent Auditor's Report

Employer Reporting Period: June 30, 2025

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Independent Auditor's Report

To the Board of Retirement and
Board of Investments
Los Angeles County Employees
Retirement Association

Opinions

We have audited the schedule of employer allocations of Los Angeles County Employees Retirement Association (LACERA) as of and for the year ended June 30, 2024 and the related notes. We have also audited the total for all entities of the columns titled net pension liability, total deferred outflows of resources (excluding contributions made subsequent to June 30, 2024), total deferred inflows of resources, and total pension expense (the "specified column totals"), included in the accompanying schedule of pension amounts by employer of LACERA as of and for the year ended June 30, 2024, and the related notes.

In our opinion, the accompanying schedules referred to above present fairly, in all material respects, the employer allocations and net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense for the total of all participating entities for Los Angeles County Employees Retirement Association as of and for the year ended June 30, 2024 in accordance with accounting principles generally accepted in the United States of America.

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 Schedules* section of our report. We are required to be independent of LACERA 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.

Emphasis of Matter

As explained in Note 2 to the schedules, the schedules include investments that are part of the calculation of the net pension liability, which are valued at $25,840,764,000 (33 percent of net position) at June 30, 2024, whose fair values have been estimated by management in the absence of readily determinable market values. Given that publicly listed prices are not available, management's estimates are based on alternative sources of information, including audited financial statements, audited interim reports, independent appraisals, and other similar sources of information to determine the fair value of investments. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Schedules

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

To the Board of Retirement and
Board of Investments
Los Angeles County Employees
Retirement Association

Auditor's Responsibilities for the Audit of the Schedules

Our objectives are to obtain reasonable assurance about whether the schedule of employer allocations and the specified column totals included in the schedule of pension amounts by employer 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 schedule of employer allocations and the specified column totals included in the schedule of pension amounts by employer.

In performing an audit in accordance with GAAS we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the schedule of employer allocations and the specified column totals included in the schedule of pension amounts by employer, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the schedule of employer allocations and the specified column totals included in the schedule of pension amounts by employer and the related disclosures.
- 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 LACERA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the schedule of employer allocations and the specified column totals included in the schedule of pension amounts by employer.

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

Other Matter

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Los Angeles County Employees Retirement Association as of and for the year ended June 30, 2024, and our report thereon dated October 15, 2024 expressed an unmodified opinion on the financial statements.

Restriction on Use

Our report is intended solely for the information and use of LACERA's management, the retirement board, LACERA's employers, and its auditors and is not intended to be and should not be used by anyone other than these specified parties.

Plante & Moran, PLLC

March 24, 2025

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

Defined Benefit Pension Plan

Schedule of Employer Allocations

As of and for the year ended June 30, 2024

	Measurement Date 6/30/2024				
Employer	Actual Employer Contribution (1)	Employer Contribution Percentage	Adjusted Contribution Percentage	Employer Proportion	Employer Net Pension Liability
Los Angeles County	$ 2,410,853,000	96.08548%	96.08548%	96.08548%	$ 12,982,670,000
Los Angeles County Superior Court	98,006,000	3.90607%	3.90607%	3.90607%	527,772,000
South Coast Air Quality Management District	-	0.00000%	0.00000%	0.00000%	-
Los Angeles County Office of Education	-	0.00000%	0.00000%	0.00000%	-
Local Agency Formation Commission	200,000	0.00797%	0.00797%	0.00797%	1,077,000
Little Lake Cemetery District	12,000	0.00048%	0.00048%	0.00048%	65,000
Total	$ 2,509,071,000	100%	100%	100%	$ 13,511,584,000

(1) Employer contributions exclude any pickup contributions and include contributions from the Metropolitan Transportation Authority (MTA). Our understanding is that the MTA is a nonemployer contributing entity that is not in a special funding situation. We have considered contributions from the MTA as a county contribution in the above table.

See accompanying Notes to the Schedule of Employer Allocations and Schedule of Pension Amounts by Employer.

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

Schedule of Pension Amounts by Employer

As of and for the year ended June 30, 2024

		Deferred Outflows of Resources				Deferred Inflows of Resources				Pension Expense Excluding That Attributable to Employer-Paid Member Contributions		
Employer Name	Net Pension Liability	Differences Between Expected and Actual Economic Experience	Changes of Assumptions	Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions	Total Deferred Outflows of Resources	Differences Between Projected and Actual Plan Investment Earnings	Changes of Assumptions	Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions	Total Deferred Inflows of Resources	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
Los Angeles County	$ 12,982,670,000	$ 2,086,106,000	$ 1,533,276,000	$ 15,458,000	$ 3,634,840,000	$ 607,366,000	$ 183,633,000	$ 30,908,000	$ 821,907,000	$ 2,544,648,000	$ 1,013,000	$ 2,545,661,000
Los Angeles County Superior Court	$ 527,772,000	$ 84,804,000	$ 62,331,000	$ 30,811,000	$ 177,946,000	$ 24,691,000	$ 7,465,000	$ 15,454,000	47,610,000	103,445,000	(1,032,000)	102,413,000
South Coast Air Quality Management District	$ -	$ -	$ -	$ 1,000	$ 1,000	$ -	$ -	$ -	-	-	5,000	5,000
Los Angeles County Office of Education	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	-	-	-	-
Local Agency Formation Commission	$ 1,077,000	$ 173,000	$ 127,000	$ 109,000	$ 409,000	$ 50,000	$ 15,000	$ 19,000	84,000	211,000	12,000	223,000
Little Lake Cemetery District	$ 65,000	$ 10,000	$ 8,000	$ 9,000	$ 27,000	$ 3,000	$ 1,000	$ 7,000	11,000	13,000	2,000	15,000
Total for All Employers	$ 13,511,584,000	$ 2,171,093,000	$ 1,595,742,000	$ 46,388,000	$ 3,813,223,000	$ 632,110,000	$ 191,114,000	$ 46,388,000	$ 869,612,000	$ 2,648,317,000	$ -	$ 2,648,317,000

See accompanying Notes to the Schedule of Employer Allocations and Schedule of Pension Amounts by Employer.

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

Notes to Schedule of Employer Allocations and

Schedule of Pension Amounts by Employer

As of and for the year ended June 30, 2024

(1) Plan Description

Los Angeles County Employees Retirement Association (LACERA) administers a cost-sharing multiple-employer defined benefit pension plan for Los Angeles County and its affiliated Superior Court and LACERA, plus four outside districts: Little Lake Cemetery District, Local Agency Formation Commission, Los Angeles County Office of Education, and South Coast Air Quality Management District. For additional information, please refer to the Annual Comprehensive Financial Report, which can be found on LACERA's website at www.LACERA.com.

Plan benefits are specified in and provided to members based on the California Constitution, the County Employees Retirement Law of 1937 (CERL), the California Public Employees' Pension Reform Act (PEPRA) and the regulations, procedures, and policies adopted by the LACERA Board of Retirement and the LACERA Board of Investments. The Los Angeles County (County) Board of Supervisors may also adopt resolutions, as permitted by CERL, which may affect the benefits of LACERA members. Benefits are provided to members of the plan based on the provisions of PEPRA.

(2) Basis of Presentation and Significant Accounting Principles

The Schedule of Employer Allocations and Schedule of Pension Amounts by Employer presents amounts that are elements of the financial statements of the plan or of its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of the plan or its participating employers. The accompanying schedules were prepared in accordance with the full accrual basis of accounting under accounting principles generally accepted in the United States of America. Revenue is recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Member and employer contributions are recognized in the period in which the contributions are due, pursuant to legal requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of each benefit plan.

The preparation of these schedules requires management of LACERA to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

The plan net position, which is part of the calculation of the net pension liability (per Note (4)), includes investments valued at $25,840,764,000 (33 percent of net position) at June 30, 2024, whose fair values have been estimated by management in the absence of readily determinable market values. Given that publicly listed prices are not available, management uses alternative sources of information, including audited financial statements, unaudited interim reports, independent appraisals, and other similar sources of information, to determine the fair value of investments.

(3) Allocation Methodology

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in the plan to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective pension expense. The employer allocation percentages presented in the Schedule of Employer Allocations and applied to amounts presented in the Schedule of Pension Amounts by Employer are based on the ratio of each employer's contribution to the plan's total employer contributions during the measurement period July 1, 2023 through June 30, 2024.

(3) Allocation Methodology (Continued)

Total contribution per the Schedule of Employer Allocations and per the LACERA audited financial statements for the year ended June 30, 2024 is $2,509,071,000.

(4) Collective Net Pension Liability

The components of the collective net pension liability of the participating employers at June 30, 2024 are as follows:

Total pension liability	$ 92,713,809,000
Plan fiduciary net position	(79,202,225,000)
Net pension liability	$13,511,584,000

Actuarial Assumptions

The collective net pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of June 30, 2023, with updated procedures used to roll forward the total pension liability to June 30, 2024. This actuarial valuation used the following actuarial assumptions:

Inflation	2.75 percent
General wage growth	3.25 percent
Projected salary increases	3.66 percent to 12.54 percent
Projected COLAs	Post-retirement benefit increases of either 2.75 percent or 2.0 percent per year are assumed for the valuation in accordance with the benefits provided. Supplemental Targeted Adjustment for Retirees (STAR) benefits are assumed to be substantively automatic at the 80 percent purchasing power level until the STAR Reserve is projected to be insufficient to pay further STAR Program benefits.
Investment rate of return	7.15 percent, compounded annually, net of investment expense

Mortality rates were based on the Pub-2010 mortality tables and included projection for expected future mortality improvement using the MP-2021 Ultimate Projection Scale.

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study for the period July 1, 2019 to June 30, 2022.

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges 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 and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table. The asset class return assumptions are presented on a real basis, after the effects of inflation, and all assumptions incorporate a base inflation rate assumption of 2.75 percent.

(4) Collective Net Pension Liability (Continued)

Long-term Expected Rate of Return (Continued)

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (After Expected 2.75% Inflation Rate) (Geometric)
Growth	**53.0%**	**6.1%**
Global Equity	32.0%	5.0%
Private Equity	17.0%	7.3%
Non-Core Private Real Estate	4.0%	5.9%
Credit	**11.0%**	**3.1%**
Liquid Credit	4.0%	3.0%
Illiquid Credit	7.0%	4.0%
Real Assets and Inflation Hedges	**17.0%**	**3.9%**
Core Private Real Estate	6.0%	2.5%
Natural Resource and Commodities	3.0%	4.0%
Infrastructure	5.0%	4.5%
TIPS	3.0%	0.7%
Risk Reduction & Mitigation	**19.0%**	**1.1%**
Investment Grade Bonds	7.0%	1.0%
Diversified Hedge Fund Portfolio	6.0%	2.0%
Long-Term Government Bonds	5.0%	0.8%
Cash Equivalents	1.0%	-0.5%

Single Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. This rate reflects the long-term assumed rate of return on assets for funding purposes of 7.00 percent, net of all expenses, increased by 0.15 percent, gross of administrative expenses.

The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the plan's fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

(4) Collective Net Pension Liability (Continued)

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability calculated using a discount rate of 7.15 percent, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.15 percent) or 1 percentage point higher (8.15 percent) than the current rate:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
Collective net pension liability	$25,766,532,000	$13,511,584,000	$3,351,196,000

(5) Collective Deferred Outflows of Resources and Deferred Inflows of Resources

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the year ended June 30, 2024. Amounts presented for the difference between projected and actual earnings on pension plan investments are presented in the table below on a gross basis, rather than net.

	Year of Deferral	Amortization Period (years)	Beginning of Year Balance	Additions	Deductions	End of Year Balance
Deferred Outflow of Resources:						
Difference between expected and actual experience	2024	7	-	$ 1,039,417,000	148,488,000	890,929,000
	2023	7	323,847,000	-	53,974,000	269,873,000
	2022	8	294,015,000	-	49,002,000	245,013,000
	2021	8	378,478,000	-	75,696,000	302,782,000
	2020	8	397,479,000	-	99,369,000	298,110,000
	2019	8	188,619,000	-	62,874,000	125,745,000
	2018	8	77,285,000	-	38,644,000	38,641,000
Subtotal			1,659,723,000	1,039,417,000	528,047,000	2,171,093,000
Difference between projected and actual earnings on pension plan investments	2023	5	100,553,000.00	-	25,138,000	75,415,000
	2022	5	4,031,389,000		1,343,796,000	2,687,593,000
	2020	5	565,101,000	-	565,101,000	-
Subtotal			4,697,043,000	-	1,934,035,000	2,763,008,000
Changes of assumptions	2023	7	733,145,000	-	122,191,000	610,954,000
	2020	8	1,313,051,000	-	328,263,000	984,788,000
	2017	8	384,983,000	-	384,983,000	-
Subtotal			2,431,179,000	-	835,437,000	1,595,742,000
Total Deferred Outflows of Resources			$ 8,787,945,000	$ 1,039,417,000	$ 3,297,519,000	$ 6,529,843,000
Deferred Inflows of Resources						
Difference between expected and actual experience	2017	8	$ 5,940,000	$ -	$ 5,940,000	$ -
Changes of assumptions	2024	7	-	$ 222,966,000	$ 31,852,000	$ 191,114,000
Difference between projected and actual earnings on pension plan investments	2024	5	-	$ 1,373,163,000	$ 274,633,000	$ 1,098,530,000
	2021	5	4,593,176,000	-	2,296,588,000	2,296,588,000
Subtotal			4,593,176,000	1,373,163,000	2,571,221,000	3,395,118,000
Total Deferred Inflows of Resources			$ 4,599,116,000	$ 1,596,129,000	$ 2,609,013,000	$ 3,586,232,000

(5) Collective Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions will be recognized (amortized) in pension expense as follows:

Years Ending June 30		
2025	$	(255,641,000)
2026		2,002,304,000
2027		595,639,000
2028		142,866,000
2029		341,808,000
Thereafter		116,635,000
Total	$	2,943,611,000

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is eight years for the 2022, 2021, 2020, 2019, 2018, 2017, and 2016 amounts and 7 years for the 2024 and 2023 amounts.

(6) Pension Expense

The components of allocable pension expense for the year ended June 30, 2024 (excluding employer specific pension expense for changes in proportion) are as follows:

Service cost	$ 1,676,917,000
Interest on the total pension liability	6,269,137,000
Member contributions	(861,042,000)
Projected earnings of plan investments	(5,222,025,000)
Net miscellaneous income	(5,008,000)
Administrative expense	101,832,000
(Amortization) recognition of deferred outflows and inflows of resources:	
Difference between expected and actual experience	522,107,000
Difference between projected and actual earnings on pension plan investments	(637,186,000)
Changes of assumptions	803,585,000
Total	$ 2,648,317,000

ATTACHMENT F

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

AGENT MULTIPLE-EMPLOYER OTHER POST-EMPLOYMENT BENEFITS TRUST

SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION BY EMPLOYER FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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Introduction

The Los Angeles County Employees Retirement Association (LACERA) administers the Los Angeles County Retiree Healthcare Benefits Program (RHCBP), also known as the Other Post-Employment Benefits (OPEB) Program. This program supports eligible retired members and eligible dependents or survivors of LACERA members, who were employed by Los Angeles County (County), Los Angeles County Superior Court (Court), LACERA, or a participating outside district[1].

LACERA also administers the OPEB Trusts on behalf of the County, Court, and LACERA (Employers) for the purpose of providing a pre-funding vehicle for each Employers' OPEB liabilities. Beginning July 1, 2018, the OPEB Program transitioned the reporting structure from a cost-sharing plan to an agent multiple-employer plan to track and allocate post-employment healthcare liabilities and ongoing program costs by Employer.

In accordance with Governmental Accounting Standards Board Statement No. 75 (GASB Statement No. 75), employers must recognize and report their specific OPEB amounts, including Net OPEB Liability (NOL), deferred outflows/inflows of resources, and OPEB expenses. LACERA, working with its consulting actuary, Milliman, provides this information to participating Employers upon request.

The accompanying Schedule of Changes in Fiduciary Net Position by Employer includes the additions and deductions made to each Employer's OPEB Trust Fund as well as the beginning and ending Fiduciary Net Position for each Employer. The Total OPEB Liability (TOL) is reduced by the Fiduciary Net Position (FNP) or "net assets" to determine the Employers' Net OPEB Liability (NOL).

LACERA's external auditor, Moss Adams, has also completed the System and Organizational Controls 1 (SOC-1 Type 2) audit for the period July 1, 2023 to June 30, 2024. This audit examines transactions processed by LACERA (service organization) and the suitability of the design and operating effectiveness of controls relevant to Employers' (user organizations) internal control over financial reporting. The SOC-1 Type 2 audit report is required by GASB Statement No. 75 to provide user organizations assurance to report the NOL as provided by the service organization within the user organizations' financial statements.

[1]Participating outside districts include: Local Agency Formation Commission for Los Angeles County (LAFCO), Los Angeles County Office of Education (LACOE), Little Lake Cemetery District (LLCD), and South Coast Air Quality Management District (SCAQMD).

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Independent Auditor's Report

To the Board of Retirement and Board of Investments
Los Angeles County Employees Retirement Association

Report on the Schedule

Opinion

We have audited the fiduciary net position as of June 30, 2024 and the changes in fiduciary net position for the year then ended, included in the accompanying schedule of changes in fiduciary net position by employer (the "Schedule") of the Agent Multiple-Employer Other Post-Employment Benefits Trust of Los Angeles County Employees Retirement Association (LACERA), and the related notes. We have also audited the fiduciary net position of the Los Angeles County column as of June 30, 2024 and the changes in fiduciary net position of the Los Angeles County column for the year then ended, included in the accompanying Schedule.

In our opinion, the accompanying Schedule referred to above presents fairly, in all material respects, the fiduciary net position of the Agent Multiple-Employer Other Post-Employment Benefits Trust of LACERA as of June 30, 2024 and the changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Also, in our opinion, the Schedule referred to above presents fairly, in all material respects, the fiduciary net position of the Los Angeles County column as of June 30, 2024 and the changes in fiduciary net position of the Los Angeles County column for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Schedule* section of our report. We are required to be independent of LACERA 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 opinion.

Emphasis of Matter

As described in Note B, the Schedule presents only the fiduciary net position and changes in fiduciary net position by employer of the Agent Multiple-Employer Other Post-Employment Benefits Trust and does not purport to, and does not, present fairly the fiduciary net position of LACERA as a whole or Los Angeles County itself as of June 30, 2024, nor their related changes in fiduciary net position for the year then ended, in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Schedule

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

Auditor's Responsibilities for the Audit of the Schedule

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the Schedule, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the Schedule.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of LACERA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the Schedule.

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

Supplementary Information

Our audit of the financial statements of LACERA was conducted for the purpose of forming an opinion on the financial statements as a whole. The individual employer information presented in each of the individual columns of the accompanying Schedule is presented for the purpose of additional analysis and is not a required part of the financial statements. The individual employer information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Each column of individual employer information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual employer information presented in each individual column of the accompanying Schedule is stated fairly, in all material respects, in relation to the financial statements of LACERA as a whole. We do not express an opinion on the fiduciary net position or changes in fiduciary net position of each individual employer other than the county, as noted above.

Other Matter

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of LACERA as of and for the year ended June 30, 2024, and our report thereon dated October 15, 2024 expressed an unmodified opinion on those financial statements. The Agent Multiple-Employer Other Post-Employment Benefits Trust is reported as a fund of LACERA.

Additional Information

Management is responsible for the introductory section, which is presented for the purpose of additional analysis and is not a required part of the Schedule. Our opinion on the Schedule does not cover such information, and we do not express an opinion or any form of assurance thereon.

Restriction on Use

Our report is intended solely for the information and use of management, the board of retirement, the board of investments, LACERA employers, and their auditors and is not intended to be, and should not be, used by anyone other than these specified parties.

Plante & Moran, PLLC

February 17, 2025

Schedule of Changes in Fiduciary Net Position by Employer — OPEB Trust

For the Fiscal Year Ended June 30, 2024

(Dollars in Thousands)

	Los Angeles County	Superior Court	LACERA	Total
Additions				
Employer Contributions	$1,265,333	$43,988	$6,807	$1,316,128
Net Investment and Miscellaneous Income Gain/(Loss)	358,932	7,635	1,844	368,411
Total Additions	$1,624,265	$51,623	$8,651	$1,684,539
Deductions				
Service Benefits	$761,943	$32,988	$2,500	$797,431
Administrative Expenses	816	209	52	1,077
Total Deductions	$762,759	$33,197	$2,552	$798,508
Net Increase in Fiduciary Net Position	$861,506	$18,426	$6,099	$886,031
Fiduciary Net Position Restricted for Benefits				
Beginning of Year	3,009,326	66,904	15,610	3,091,840
End of Year	$3,870,832	$85,330	$21,709	$3,977,871

The accompanying Notes are an integral part of this schedule.

NOTE A — Plan Description

The County OPEB Trust and the Court OPEB Trust for the Retiree Healthcare Benefits Program are qualified OPEB plans under Governmental Accounting Standards Board (GASB) Statements No. 74 and 75. To qualify, these plans must meet the following criteria:

- Contributions from employers and non-employer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.

- OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.

- OPEB plan assets are legally protected from the creditors of employers, non-employer contributing entities, and the OPEB plan administrator. If the plan is a defined benefit OPEB plan, plan assets also are legally protected from creditors of the plan members.

Establishment of the County OPEB Trust
Under California Government Code Sections 31694.3 and 31694.4, the County established an irrevocable, tax exempt OPEB Trust for the purpose of holding and investing assets to pre-fund the Retiree Healthcare Benefits Program liabilities, which LACERA administers. In May 2012, the County Board of Supervisors approved a Trust and Investment Services Agreement with the LACERA Board of Investments to serve as trustee and investment services manager.

Establishing and funding this OPEB Trust helps the County offset the unfunded OPEB liability from the existing "pay-as-you-go" model of funding post-employment benefits to a prefunding model. The County OPEB Trust and agent reporting method does not modify the participating Employers' existing benefits structure and programs.

The County OPEB Trust serves as a funding tool for the County and LACERA to hold and invest assets used to pay OPEB expenses including medical, dental, and vision insurance premiums, Medicare Part B reimbursements, and retiree death/burial benefits administered by the Retiree Healthcare Benefits Program. The participating Employers, Los Angeles County and LACERA, will be responsible for and have discretion over OPEB Trust funding and in applying those assets restricted for paying OPEB benefits as defined in the Trust Agreement.

Establishment of the Court OPEB Trust
Similar to the OPEB Trust established by the County, the Court followed the County's action and established a separate OPEB Trust Fund, the Court OPEB Trust, to begin prefunding its own OPEB unfunded liability.

Under California Government Code, the Court established an irrevocable, tax exempt OPEB Trust for the purpose of holding and investing assets to prefund the Retiree Healthcare Benefits Program, which LACERA administers for the Court retirees. In April 2016, the Judicial Council of California approved the Los Angeles County Superior Court's request to establish a qualified irrevocable Trust, as well as engage LACERA's Board of Investments as trustee and investment services manager.

In May 2016, to conform the language of the County OPEB Trust agreement to the language of the Court's OPEB Trust agreement, the Board of Supervisors approved the First Amendment to the *Trust and Investment Services Agreement for the County of Los Angeles OPEB Program* between the County and LACERA. This amendment permits the pooling of County and Court OPEB Trust assets

solely for investment purposes and updates the fiduciary duty provisions due to the addition of the Court's OPEB Trust agreement. Although the County and Court OPEB Trust assets are pooled for investment purposes, separate accounts are maintained for each employer.

In June 2016, similar to the County, the Court entered into a Trust and Investment Services Agreement with the LACERA Board of Investments to serve as trustee and investment services manager. The Court has approved a new OPEB funding policy effective October 18, 2024.

OPEB Master Trust

In July 2016, the LACERA Board of Investments adopted the OPEB Master Trust Declaration and unitized fund structure for OPEB Trust investments. As trustee of the separate OPEB Trusts established by the County and the Court, the Board of Investments has sole and exclusive authority, control over, and responsibility for directing the investment and management of the Master Trust assets which includes assets held in both OPEB Trusts. This investment pool is referred to as the "OPEB Master Trust" or "OPEB Trust" throughout LACERA's financial statements and note disclosures.

The OPEB Master Trust establishes a unitized fund structure which allows for shared economic benefits and leveraged investment opportunities for greater asset diversification. Unitization also enables Trust participants to pool assets and resources while retaining total fund and functional category values and reporting for each participant. The Board of Investments adopted an investment policy statement with a strategic asset allocation that aims to maximize long-term growth and meet current and long-term obligations. The Board reviews the asset allocation every three to five years or at the Board's discretion to align portfolio investments with anticipated risks and opportunities.

NOTE B — Summary of Significant Accounting Policies

Basis of Accounting, Basis of Presentation and Measurement Focus

The accompanying Schedule of Changes in Fiduciary Net Position by Employer — OPEB Trust (Schedule) was prepared in accordance with U.S. Generally Accepted Accounting Principles (U. S. GAAP) for governmental organizations. In doing so, LACERA adheres to the financial statement reporting requirements established by the Governmental Accounting Standards Board (GASB).

The OPEB Trust follows the economic resources measurement focus and the accrual basis of accounting. Contributions are voluntarily determined by each Employers' funding schedule with no long-term contracts established for contributions to LACERA. As such, contributions are elective and not required. LACERA recognizes employer contributions received by June 30, the end of the fiscal year. In addition, inflows of employer contributions and outflows of pay-as-you-go OPEB benefits that are paid through the OPEB Custodial Fund are included in LACERA's financial statements.

Net investment income represents realized and unrealized gains and losses based on the fair value of investments, interest, and dividends, net of investment expenses. LACERA allocates investment income/loss to each Employer monthly based on the Employers' ownership percentage, using the average daily net asset value (NAV) provided by the custodian bank. The recognition of investment income/loss is also affected by the timing of contributions and redemptions.

The County Employees Retirement Law of 1937 (CERL) allows the Post-Employment Benefits Trust Account to pay the reasonable costs related to investment expenses and administration of the Post-Employment Benefits Trust Account to the extent permitted by federal tax law. Prior to the beginning

of the fiscal year, these expenses are estimated in an annual budget which is approved jointly by LACERA's two governing Boards.

During the fiscal year, participating Employers are charged investment management and administrative expenses, which fund all costs to administer the OPEB Trust. Investment expenses are charged against the investment earnings of the OPEB Trust and allocated to each Employer in proportion to their average daily net asset value (NAV). Administrative expenses are charged to each Employer consistent with the annual budget. Actual expenses are reconciled and reported to the Employers subsequent to fiscal year end.

Redemptions are rare but can be made at each employer's discretion to fund the OPEB Program pay-as-you-go benefits or for investment management and administrative expenses incurred by the OPEB Trust.

OPEB Program investments are presented at fair value. Certain investments held by LACERA are valued at net asset value (NAV) per share when fair value is not readily available, provided that the NAV is calculated and used as a practical expedient to estimate fair value in accordance with GAAP. The OPEB Trust invests in equity, fixed income, and real estate. These funds are valued at the NAV of units held at the end of the period based upon the fair value of the underlying investments.

Use of Estimates in the Preparation of the Schedule

The preparation of the Schedule to conform with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of additions and deductions during the reporting period. Actual results may differ from these estimates.

Relationship of the Schedule to LACERA's Financial Statements

The Schedule was reconciled to the Statement of Changes in Fiduciary Net Position in LACERA's Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2024.This Schedule presents only the Statement of Changes in Fiduciary Net Position by Employer related to the OPEB Trust at LACERA. It does not nor is it intended to represent LACERA as a whole.

NOTE C — Subsequent Events

Management has evaluated subsequent events as of the date of issuance of this Schedule, and determined there are none to report.

NOTE D — Additional Financial Information

Additional financial information is located within LACERA's ACFR for the fiscal year ended June 30, 2024, which can be found on LACERA's website (https://www.lacera.com/accountability/annual-reports). Questions concerning any of the information provided in this report or requests for additional information should be addressed via email to the Chief Financial Officer, Theodore Granger, at tgranger@lacera.com.

LACERA

FOR INFORMATION ONLY

September 29, 2025

TO: Audit, Compliance, Risk and Ethics Committee
Debbie Martin, Chair
Nicole Mi, Vice Chair
Alma Martinez, Trustee
Nancy Durazo, Trustee
Jason Green, Trustee
Wayne Moore, Trustee
Elizabeth Ginsberg, Ex-Officio

FROM: Luis A. Lugo
Acting Chief Executive Officer

FOR: November 20, 2025, Audit, Compliance, Risk and Ethics Committee

SUBJECT: **2023-2028 Quarterly Strategic Plan Update**

I am pleased to provide the Quarterly Strategic Plan Update Report. At this stage, four objectives are currently in the Initiation Phase, and milestone progress and expected budget will be reported in the next quarterly update. As part of this reporting update, the milestones for objectives currently in the Initiation Phase have been included in the calculation of overall milestone progress (slide 3). To reflect this fairly, we applied an average measure for these objectives rather than excluding them from the totals. This approach ensures that all objectives, regardless of their current stage, are represented in our overall progress reporting.

In addition, as we continue to make progress on our strategic plan, we will be breaking down the strategic plan objective milestones into more detailed project milestones. This will allow us to provide more comprehensive updates in our future reports. We will continue to refine this methodology as objectives move forward, and milestones are completed.

Lastly, beginning with this report, we are also including information on the FY 25-26 budget allocated to strategic planning initiatives as well as the actual expenditures to date. Going forward, our future budgets will be structured to specifically allocate funding to strategic plan initiatives, allowing us to consistently track and report on actual expenditures against planned initiatives. This approach strengthens both transparency and accountability while providing a clearer view of how resources are being directed to advance our strategic priorities.

Thank you for your continued support as we implement and refine this reporting process.

LL:bn

Attachment

2023-2028 Strategic Plan Quarterly Update

October 2025

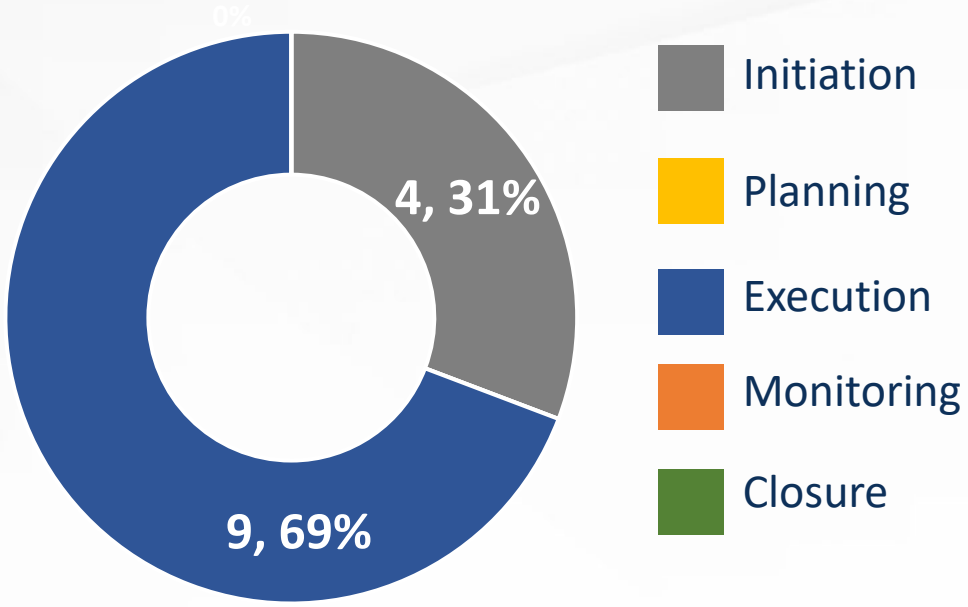
Dashboard

July – September 2025

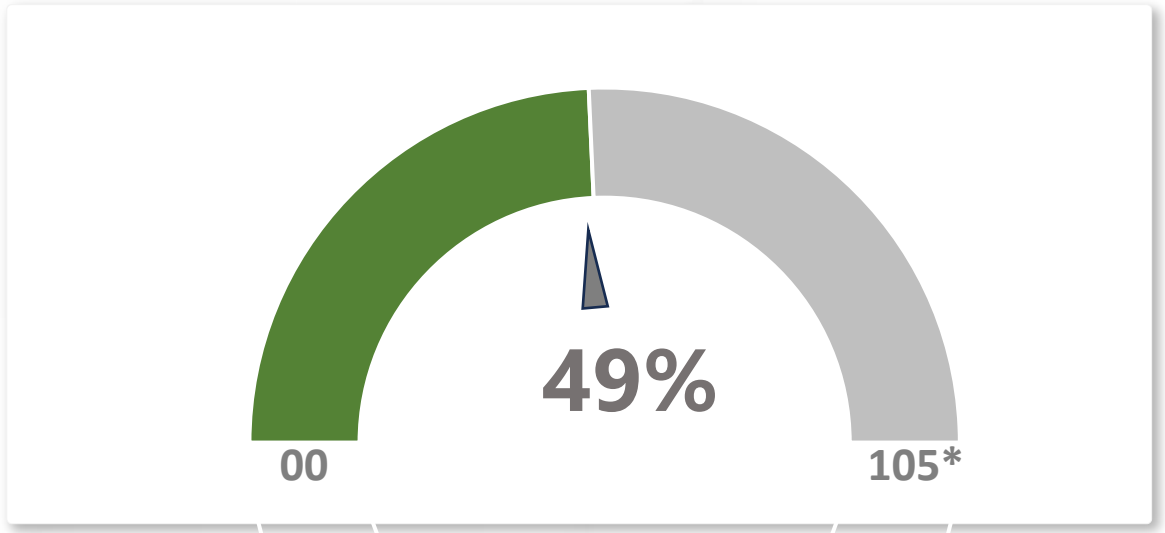
2023-2028 Strategic Plan Progress Summary

Objective Phases

(13 Strategic Plan Objectives)



Overall Milestone Progress



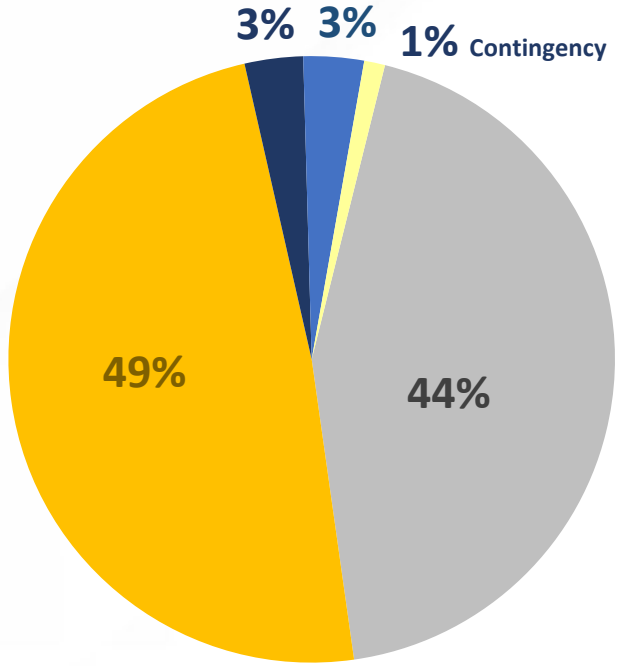
49% of milestones are completed or in progress, while 51% of milestones are yet to be initiated.

(*Four objectives are currently in the early stages of initiation; therefore total milestones are estimated based on average.)

Strategic Plan Estimated Budget and Progress

FY 25-26 Estimated Budget for Strategy Plan Goals

Goal 1 | Superior Member Experience	$987,000
Goal 2 | Innovation Through Technology	$1,095,000
Goal 3 | Investing in People	$70,000
Goal 4 | Compliance and Enterprise Risk Management	$72,500
Goal 5 | Fiscal Durability	$0



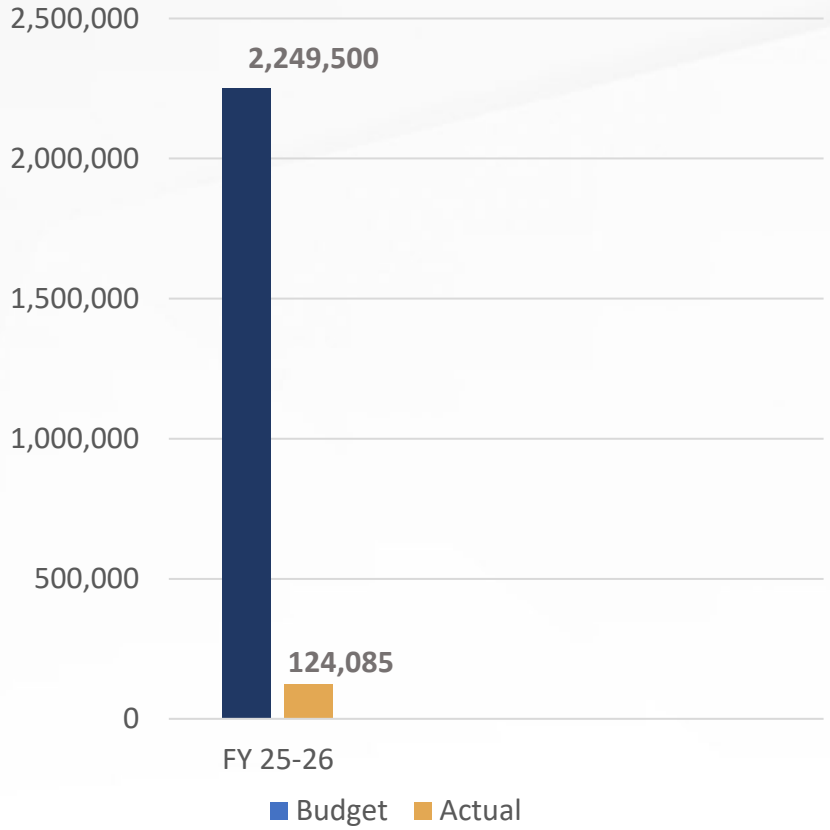
Estimated Budget Total* | $2,249,500

(Includes Contingency Fund of $25,000)

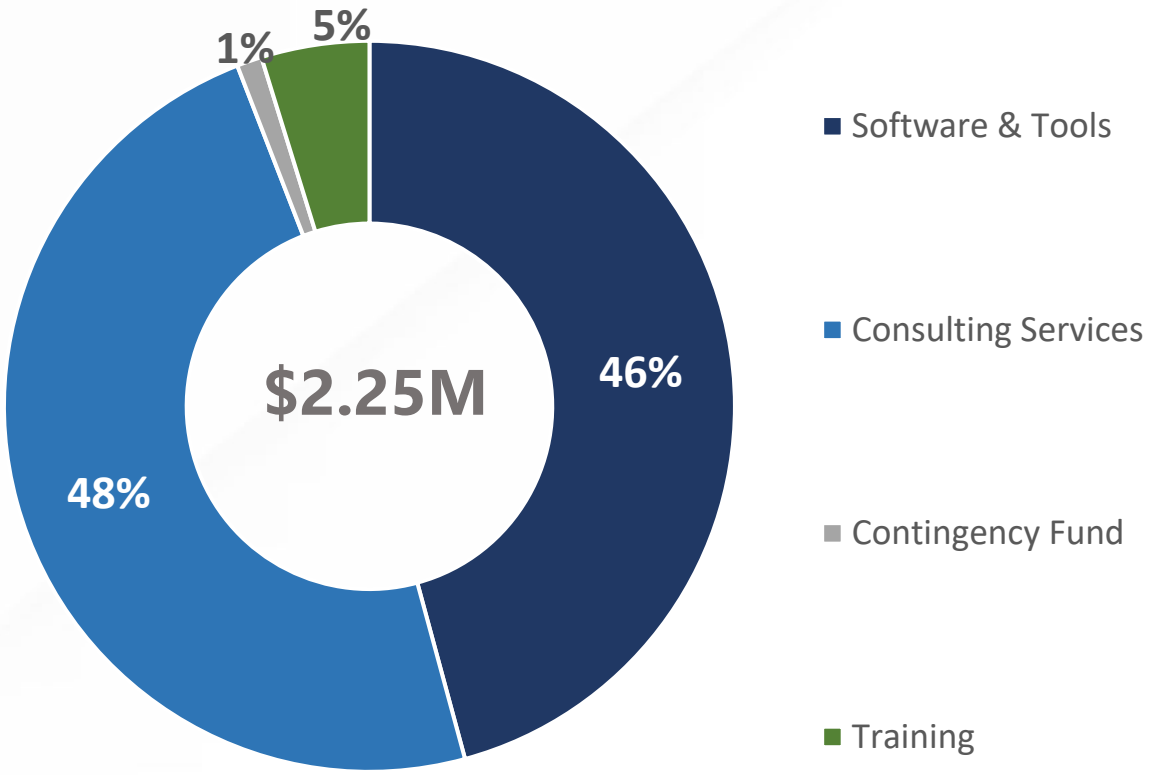
(Subject to Change)

Estimated Budget & Resources

FY 25-26 Estimated Budget Summary



FY 25-26 Estimated Budget Resource Summary



Reporting as of September 15, 2025

Goal Highlights

July through September 2025

Goal 1 | Superior Member Experience	LACERA Staff and the Los Angeles County Department of Human Resources (DHR) met to discuss details of a new employer portal within My LACERA.
Goal 2 | Innovation Through Technology	Consultants for Business Intelligence platform will be meeting with each Division to assess requirements for Divisional reporting and dashboards.
Goal 3 | Investing in People	The Inclusion, Diversity, Equity, and Accessibility (IDEA) Council released it's Statement of Commitment reaffirming its dedication to diversity, equity, and inclusion.
Goal 4 | Compliance and Enterprise Risk Management	The Chief Ethics and Compliance Officer (CECO) and Deputy CECO class specifications will be agendized at the Board of Supervisors meeting on September 30, 2025.
Goal 5 | Fiscal Durability	The budget software, Questica, was integrated with eHR, which will make the data available in other platforms.

Milestone Highlight

Goal 4 | Objective 4.1 Enterprise Compliance Plan and Program Milestone | Ethics and Compliance Culture Framework

The foundational culture survey (developed by the Executive Office, Legal, Internal Audit, and HR) was administered organization-wide by the Communications Division. The survey was anonymous and was organized around LACERA's Values and includes ethics and compliance related questions.

Next Steps

September – October 2025

Review survey responses at Staff Brown Bag and conduct staff focus groups.

November – December 2025

Develop and finalize a culture action plan based on survey responses and focus group feedback.

January 2026

Culture survey responses, analysis, and action plan presented to the Audit, Compliance, Risk, and Ethics (ACRE) Committee, followed by plan implementation. Follow-up surveys will be conducted on a regular basis thereafter.

Staff Responses

345

Response Rate

67.5%

Strategic Plan Overview

July – September 2025

Superior Member Experience

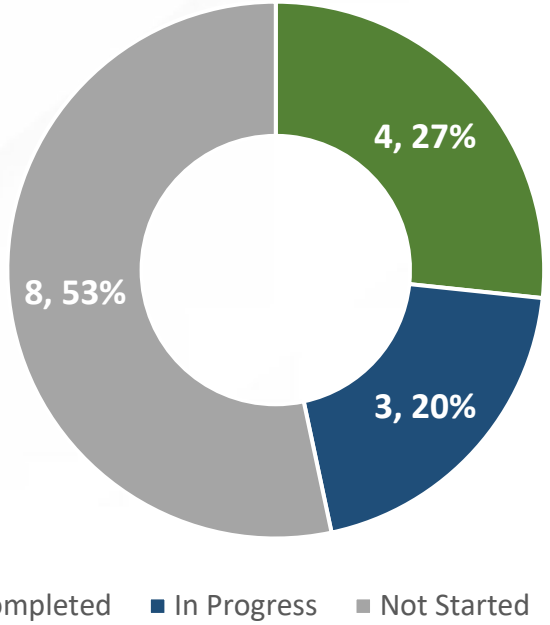
Superior Member Experience

Aspirational State: LACERA Members feel valued, heard, and empowered, experiencing seamless interactions that exceed expectations through personalized benefit service and proactive educational support.

Objective Phases

Phase	Objective	Total
Initiation	1.2 | LACERA Communication Plan 1.3 | Digital Strategy	2
Planning		
Execution	1.1 | Member Omni-Channel 1.4 | RHC Experience	2
Monitoring		
Completed		

Milestone Progress



Milestones for Objectives in Initiation Phase Not Reported

Superior Member Experience

Innovate and continuously improve the member experience

Objective	Progress	Current FY Budget	Executive Sponsor, Lead, Project Manager	Key Update	Highlights	Expected Completion
1.1 Ensure a consistent omnichannel member experience at every stage of the member's journey	On Track (Execution Phase)	$77,000	JJ Popowich, Tatiana Bayer	Member surveys obtaining omni-channel preferences in final stage	LACERA Staff and DHR discussed an onboarding process within My LACERA	September 2028
1.2 Enhance member educational content at every stage in their journey and launch LACERA Communication Plan	Pending (Initiation Phase)	$0	JJ Popowich, Cynthia Martinez	-	-	To Be Determined
1.3 Develop, implement, and deploy a digital strategy to better serve our members	Pending (Initiation Phase)	$910,000	JJ Popowich, Cookie Jaranilla (PM), Iveta Brecko (PM)	-	-	To Be Determined
1.4 Improve and enhance the retiree healthcare experience	On Track (Execution Phase)	$0	JJ Popowich, Tionna Fredericks	Prototype for online insurance enrollment being developed for testing	Internal Retiree Healthcare staff survey focusing on member interaction and experience in final stages	June 2028

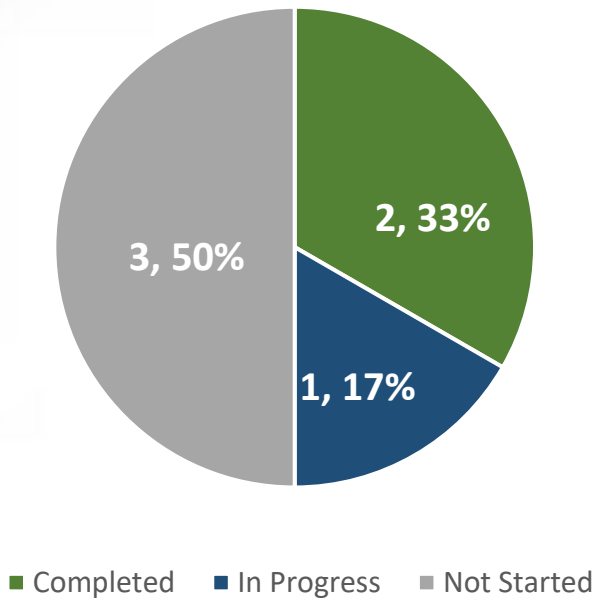
Strategic Objective 1.1

Ensure an omni-channel experience at every stage of a member journey

EXECUTION PHASE – ON TRACK

Milestones	Expected Completion
Initiation & Planning Phase Completed	01/2024
Member Experience Council Created	06/2024
Member Journey Methodology Framework Defined	10/2026
Current and New Omni-Channel Framework Developed	12/2027
Member Journey Omni-Channel Communication Plan Executed	06/2028
Member Journey Omni-Channels Launched	09/2028

MILESTONE TRACKER



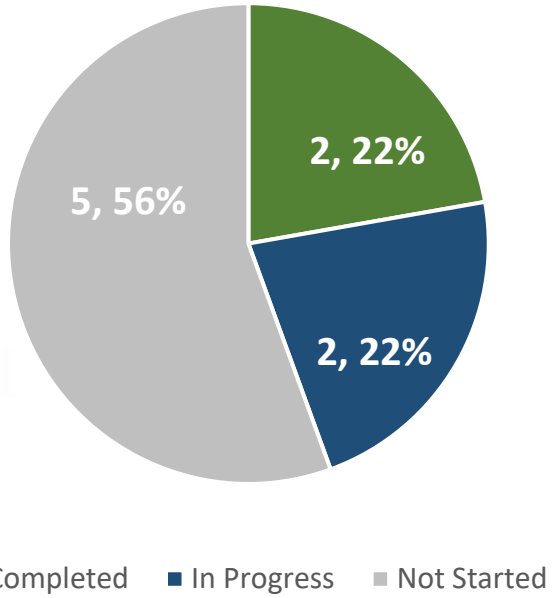
Strategic Objective 1.4

Improve and enhance the retiree healthcare experience

EXECUTION PHASE – ON TRACK

Milestone	Expected Completion
Initiation & Planning Phase Completed	06/2024
Los Angeles County & LACERA Workgroup Created	07/2024
Retiree Healthcare Member Journey Roadmap Created	12/2025
Social Security Administration Data Exchange Completed	03/2026
Retiree Healthcare Online Plan Comparison Completed	12/2026
Retiree Healthcare Online Enrollment Testing Completed	02/2027
Retiree Healthcare Online Enrollment Launched	06/2027
Retiree Healthcare Division Foundational Processes Automated	12/2027
Member Communication Plan Executed	06/2028

MILESTONE TRACKER



Innovation Through Technology

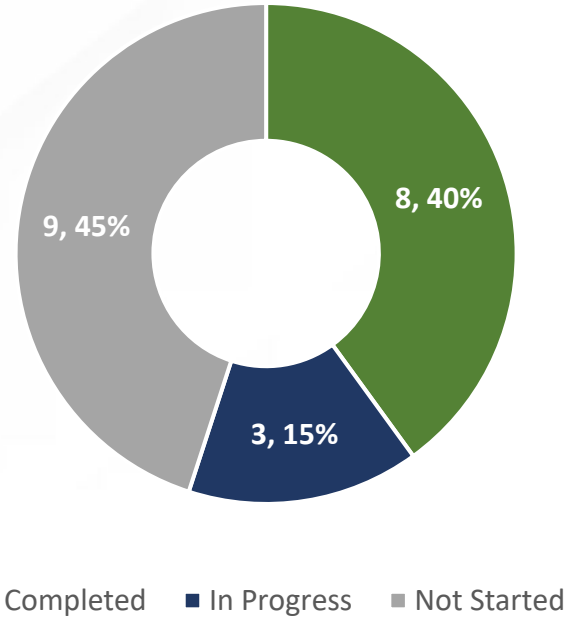
Innovation Through Technology

Aspirational State: LACERA fosters a culture of digital transformation, leveraging AI, automation, and data-driven insights to optimize workflows, improve decision-making, and enhance the member and team experience.

Objective Phases

Phase	Objective	Total
Initiation		
Planning		
Execution	2.1 | Business Intelligence 2.2 | Knowledge Management	2
Monitoring		
Completed		

Milestone Progress



Innovation Through Technology

Leverage technological solutions to advance capabilities, increase productivity, and elevate operational maturity

Objective	Progress	Current FY Budget	Executive Sponsor, Lead, Project Manager	Key Update	Highlights	Expected Completion
2.1 Promote an enterprise approach to information gathering, integration, analysis, and sharing that fosters decision-making through the adoption of a business intelligence platform	On Track (Execution Phase)	$960,000	Luis Lugo, Kathy Delino, Ahmad Chishty (PM)	Business Intelligence consultants will be meeting with each division to assess reporting and dashboard requirements	Proof of concept of the Business Intelligence platform, Fabric, has been provided	December 2027
2.2 Implement an enterprise-wide knowledge management system to digitally capture, document, organize, and access critical business knowledge and information	On Track (Execution Phase)	$135,000	JJ Popowich, Eugenia Der, David Choe (PM)	The consultant, Taxonomy Strategies, reviewing knowledge assets.	The RFP for knowledge system vendor is being drafted.	December 2028

Policy for the Procurement of Good and Services (PGS)

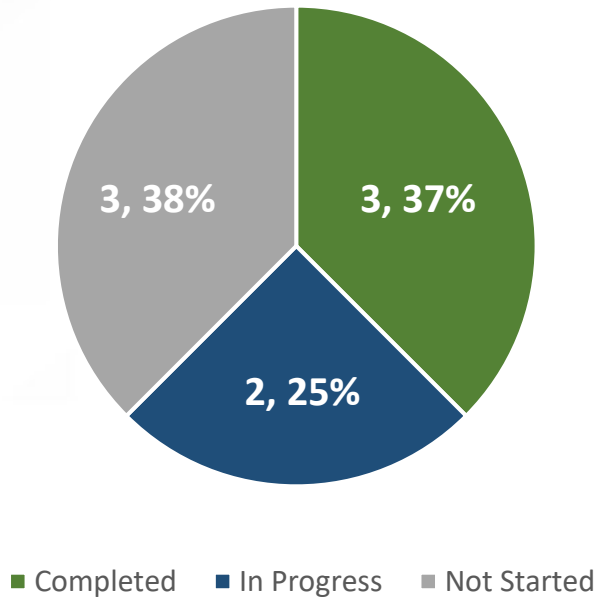
Strategic Objective 2.1

Promote an enterprise approach to information gathering, integration, analysis, and sharing that fosters decision-making through the adoption of a business intelligence platform

EXECUTION PHASE – ON TRACK

Milestone	Expected Completion
Initiation and Planning Phase Completed	12/2024
Data Management Team Created	06/2025
Enterprise Business Intelligence Infrastructure Created	07/2025
Governance Foundational Framework and Policies Established	12/2025
Development for Business Intelligence Platforms Completed	10/2027
Training for Business Intelligence Platforms Completed	11/2027
Business Intelligence Platforms for All Divisions Completed	12/2027
Enterprise Business Intelligence Platform Launched	12/2027

MILESTONE TRACKER

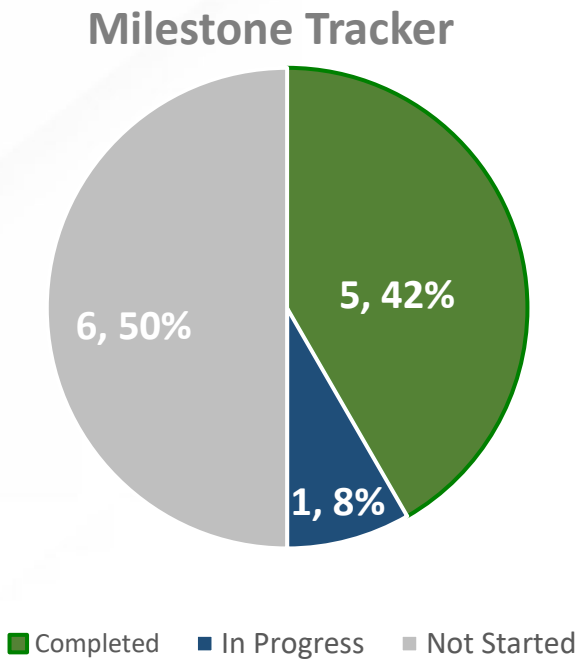


Strategic Objective 2.2

Implement an enterprise-wide knowledge management system to digitally capture, document, organize, and access critical business knowledge and information

EXECUTION PHASE – ON TRACK

Milestone	Expected Completion
Project Initiation and Planning Completed	02/2024
IT Coordination Council Project Approved	03/2024
Taxonomy Consultant RFP Board Approved	12/2024
Consultant Selected	03/2025
Organizational Assessment by Consultant Completed	04/2025
Taxonomy and Content Tagging Complete	11/2025
Vendor and Product Approved	04/2026
Product Customization Complete	12/2027
User Testing Complete	06/2027
Org-wide Guidelines, Procedures, Training Materials Completed	12/2027
User Training Completed	06/2028
Product Launched	12/2028



Investing in People

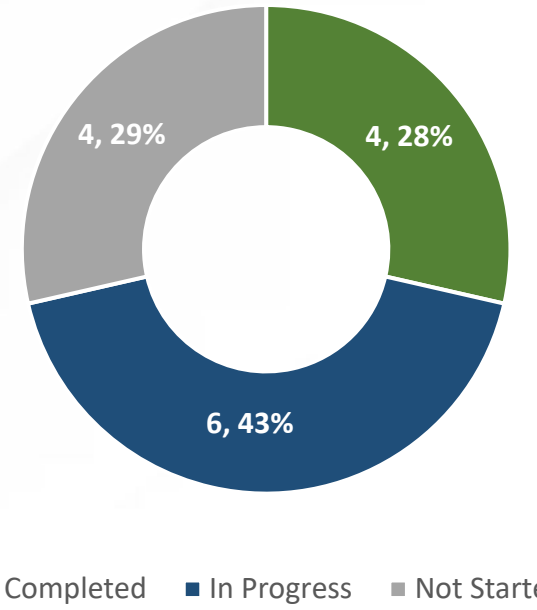
Investing in People

Aspirational State: Team members feel valued and inspired, experiencing opportunities for professional growth, leadership development, and well-being through a strong culture of engagement and recognition.

Objective Phases

Phase	Objective	Total
Initiation	3.2 | Training & Development	1
Planning		
Execution	3.1 | DEI 3.3 | Simplifying the Hiring Process	2
Monitoring		
Completed		

Milestone Progress



Milestones for Objectives in Initiation Phase Not Reported

Investing in People

Attract, motivate, hire, and retain a highly engaged and skilled workforce

Objective	Progress	Current FY Budget	Executive Sponsor, Lead, Project Manager	Key Update	Highlights	Expected Completion
3.1 Develop and implement a frameworks aimed at promoting and embracing diversity, equity, and inclusion (DEI)	On Track (Execution Phase)	$0	Laura Guglielmo	DEI needs assessment and gap analysis underway	Statement of Commitment presented to staff	December 2027
3.2 Develop enterprise-wide training and development programs designed to support and encourage employee growth and development	Pending (Initiation Phase)	$0	Laura Guglielmo, Roberta Van Nortrick	-	-	To Be Determined
3.3 Improve and simplify the hiring process, aimed at building a solid foundation for succession planning	On Track (Execution Phase)	$0	Laura Guglielmo, Carly Ntoya, Alonso Favela (PM)	Training is now available through the LEARN System for interview raters.	Nothing to report	December 2028

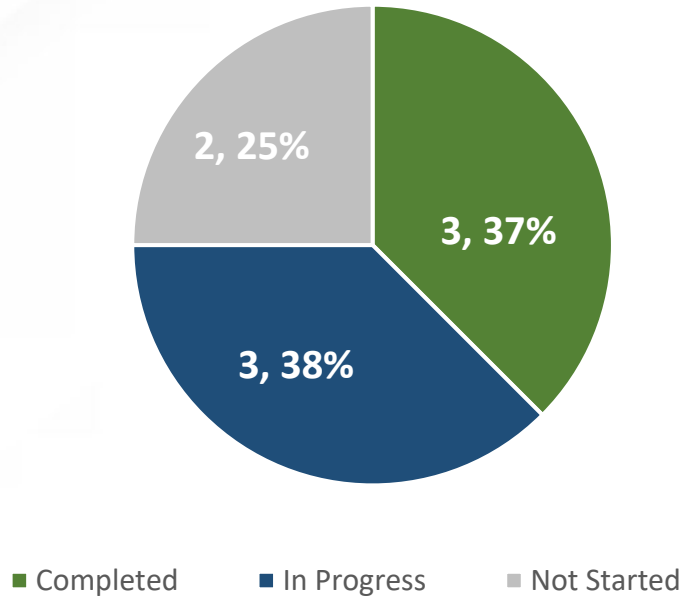
Strategic Objective 3.1

Develop and implement a framework aimed at promoting and embracing diversity, equity, and inclusion (DEI)

EXECUTION PHASE – ON TRACK

Milestone	Expected Completion
Initiation and Planning Phase Concluded	05/2024
IDEA Council Created	07/2024
Statement of Commitment Communicated	09/2025
Launched Staff Platform & Communication Portal	12/2025
Baseline Needs Assessment and Gap Analysis Conducted	03/2026
DEI Program Foundational Framework Developed	09/2026
DEI Program Foundational Work Plan Completed	03/2027
DEI Program Launched (Continuous Review, Enhancement and Improvement)	12/2027

MILESTONE TRACKER



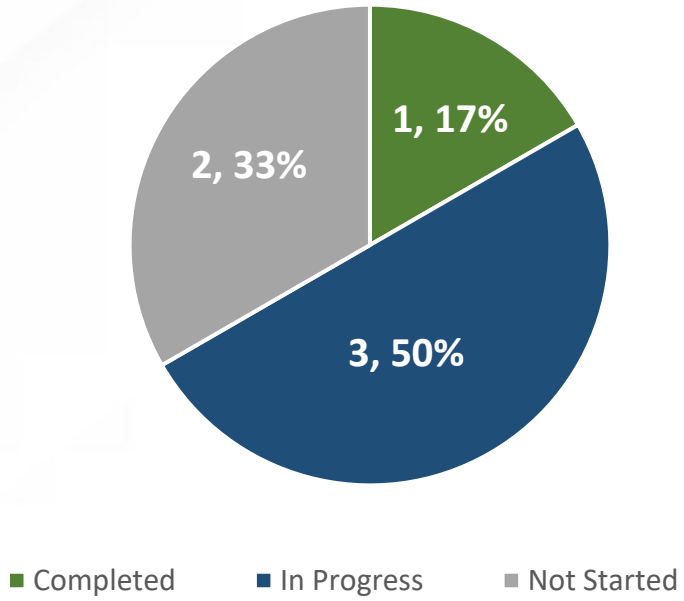
Strategic Objective 3.3

Improve and simplify the hiring process, aimed at building a solid foundation for succession planning

EXECUTION PHASE – ON TRACK

Milestone	Expected Completion
Initiation and Planning Phase Concluded	01/2024
Pre-Offer Foundational Work (Candidate Experience) Completed	12/2026
Offer and Recruitment Foundational Work Completed	06/2027
Post-Hire (Onboarding and Integration) Foundational Work Completed	06/2028
Hiring Process Management Training Completed	10/2028
Workforce Plan Framework Developed	12/2028

MILESTONE TRACKER



Compliance and Enterprise Risk Management

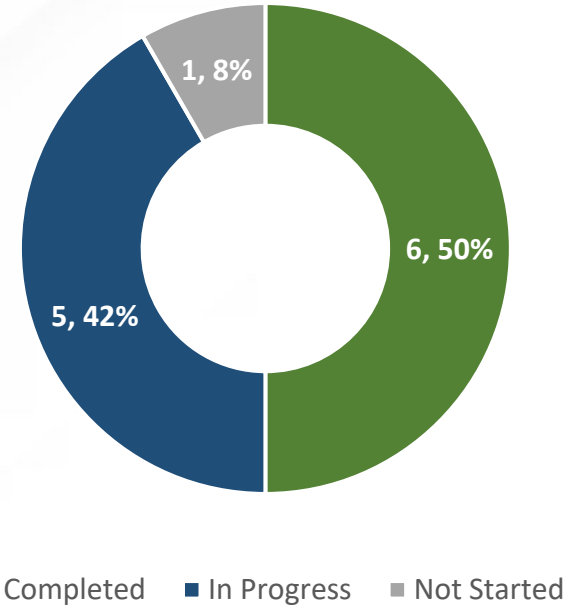
Compliance and Enterprise Risk

Aspirational State: Ethics and Compliance is embedded within the organization's culture, balancing vigilance and agility while enabling proactive decision-making that mitigates threats and ensures regulatory compliance.

Objective Phases

Phase	Objective	Total
Initiation	4.2 | Enterprise Risk Management	1
Planning		
Execution	4.1 | Enterprise Compliance Plan and Program	1
Monitoring		
Completed		

Milestone Progress



Milestones for Objectives in Initiation Phase Not Reported

Compliance and Enterprise Risk Management

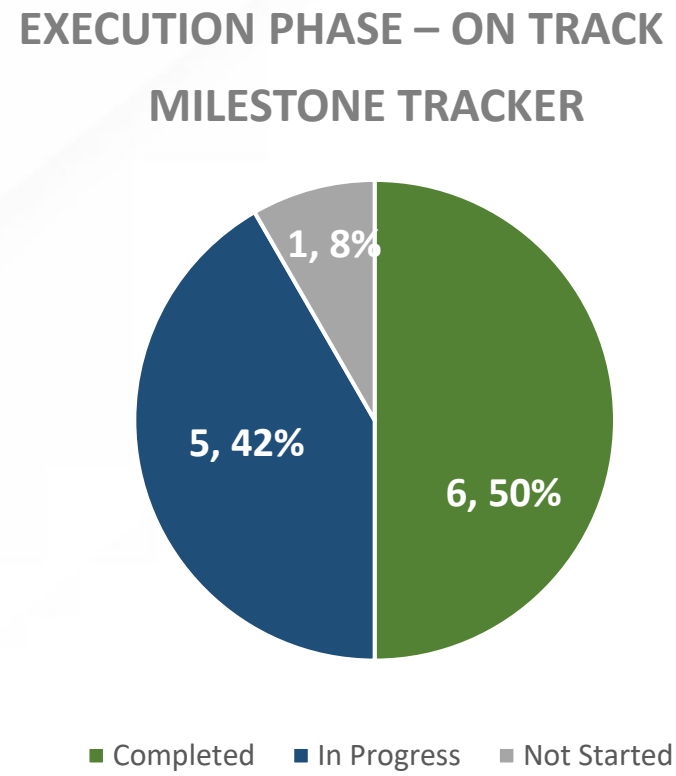
Adopt and implement compliance and enterprise risk frameworks aimed at facilitating strengthened governance around risk management and compliance

Objective	Progress	Current FY Budget	Executive Sponsor, Lead, Project Manager	Key Update	Highlights	Expected Completion
4.1 Develop an enterprise compliance plan and program to ensure adherence to established processes, procedures, policies, and governing rules and regulations	On Track (Execution Phase)	$72,500	Luis Lugo, Steven Rice, Allison Barrett	The Baseline Culture Survey was completed in August 2025, with over 65% response rate.	Three Ethics and Compliance Committee members became SCCE Certified Compliance and Ethics Professionals (CCEP), with an expected additional 3-5 by the end of the year.	December 2028
4.2 Implement a comprehensive enterprise risk management framework and structure to facilitate stronger organizational risk management	Pending (Initiation Phase)	$0	Luis Lugo, Richard Bendall	-	-	To Be Determined

Strategic Objective 4.1

Develop an enterprise compliance plan and program to ensure adherence to established processes, procedures, policies, and governing rules and regulations

Milestone	Expected Completion
Initiation and Planning Phase Concluded	04/2024
Ethics and Compliance Committee Created	04/2024
Ethics and Compliance (EC) Program Charter Approved	10/2024
EC Program Foundational Work Plan Approved	10/2024
Audit, Compliance, Risk, Ethics (ACRE) Committee Charter Approved	11/2024
EC Policy Management Framework Completed	01/2025
EC Code of Ethical Conduct Revised and Training Developed	01/2026
EC Education Plan Developed	07/2026
EC Culture Framework Completed	07/2026
EC Risk Assessment Framework Developed	07/2026
EC Classifications and Recruitment Planning Completed	07/2026
Ethics and Compliance Office Established and Operational	07/2026



Fiscal Durability

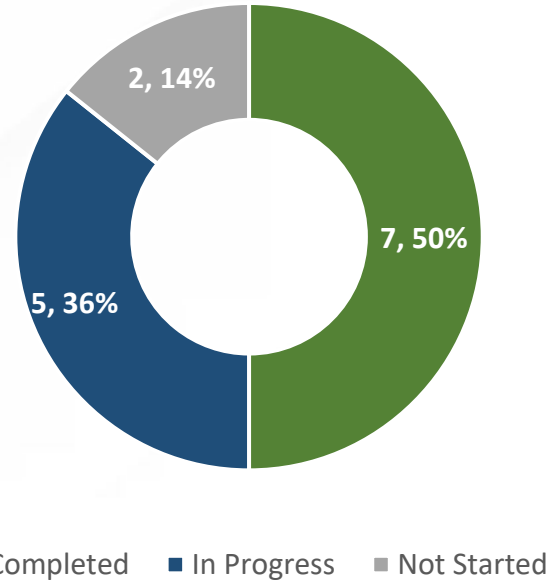
Fiscal Durability

Aspirational State: LACERA operates with financial prudence and stewardship, while securing fiscal resilience.

Objective Phases

Phase	Objective	Total
Initiation		
Planning		
Execution	5.1 | Organizational Tools 5.2 | BOI Strategic Plan Support	2
Monitoring		
Completed		

Milestone Progress



Fiscal Durability

Exercise care and prudence in managing our resources and fund assets

Objective	Progress	Current FY Budget	Executive Sponsor, Lead, Project Manager	Key Update	Highlights	Expected Completion
5.1 Develop organizational tools to support enterprise-wide fiscal responsibility	On Track (Execution Phase)	$0	Laura Guglielmo, Ricki Contreras, Cookie Jaranilla (PM), Penelope Rodriguez (PM)	Internal process and procurement policy being evaluated for efficiency.	The budget software, Questica, is in the process of being integrated with eHR. Once completed, personnel information will be automated into the budget system.	June 2028
5.2 Support the LACERA Investment Office in implementing and achieving the BOI's Strategic Plan goals	On Track (Execution Phase)	$0	Luis Lugo, Jon Grabel, Jude Perez	Staff is collaborating with stakeholders on an OPEB Prefunding Policy	An RFP will be conducted for a public/media relations consultant	June 2027

Strategic Objective 5.1

Develop organizational tools to support enterprise-wide fiscal responsibility

EXECUTION PHASE – ON TRACK

Milestone	Expected Completion
Initiation and Planning Phase Completed	01/2024
Accounts Payable (Certify) Implementation Completed	02/2024
Budget Software (Questica) Solution Completed	06/2024
Vendor Management Program Centralized	09/2024
Travel and Expense Software (Certify) Implementation Completed	06/2025
Enterprise Contract Lifecycle Management (ECLM) Solution (Cobblestone) Completed	06/2026
Financial Training for Staff Completed	12/2026
Enterprise Resource Planning (ERP) Tool Assessment Completed	06/2028

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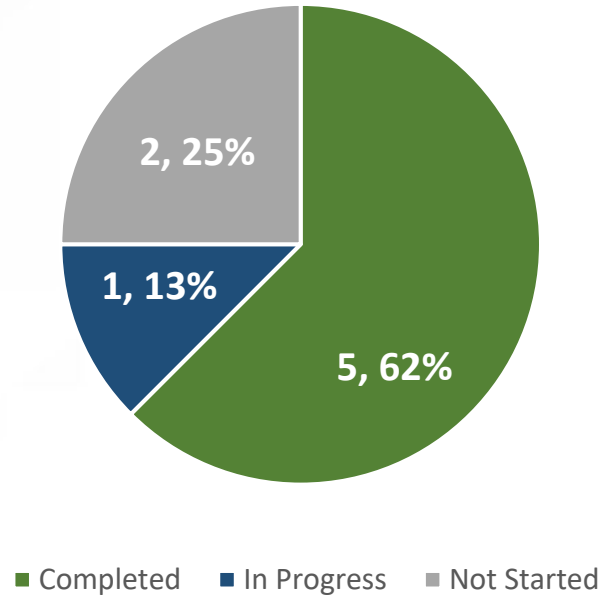


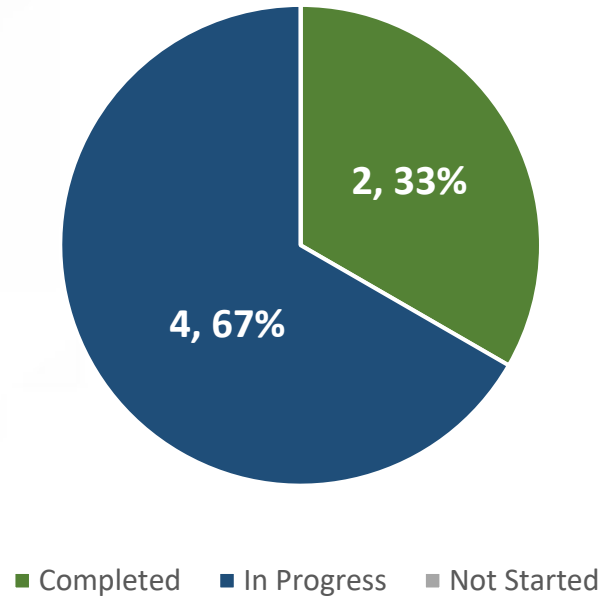
Strategic Objective 5.2

Support the LACERA Investment Office in implementing and achieving the BOI's Strategic Plan Goals

EXECUTION PHASE – ON TRACK

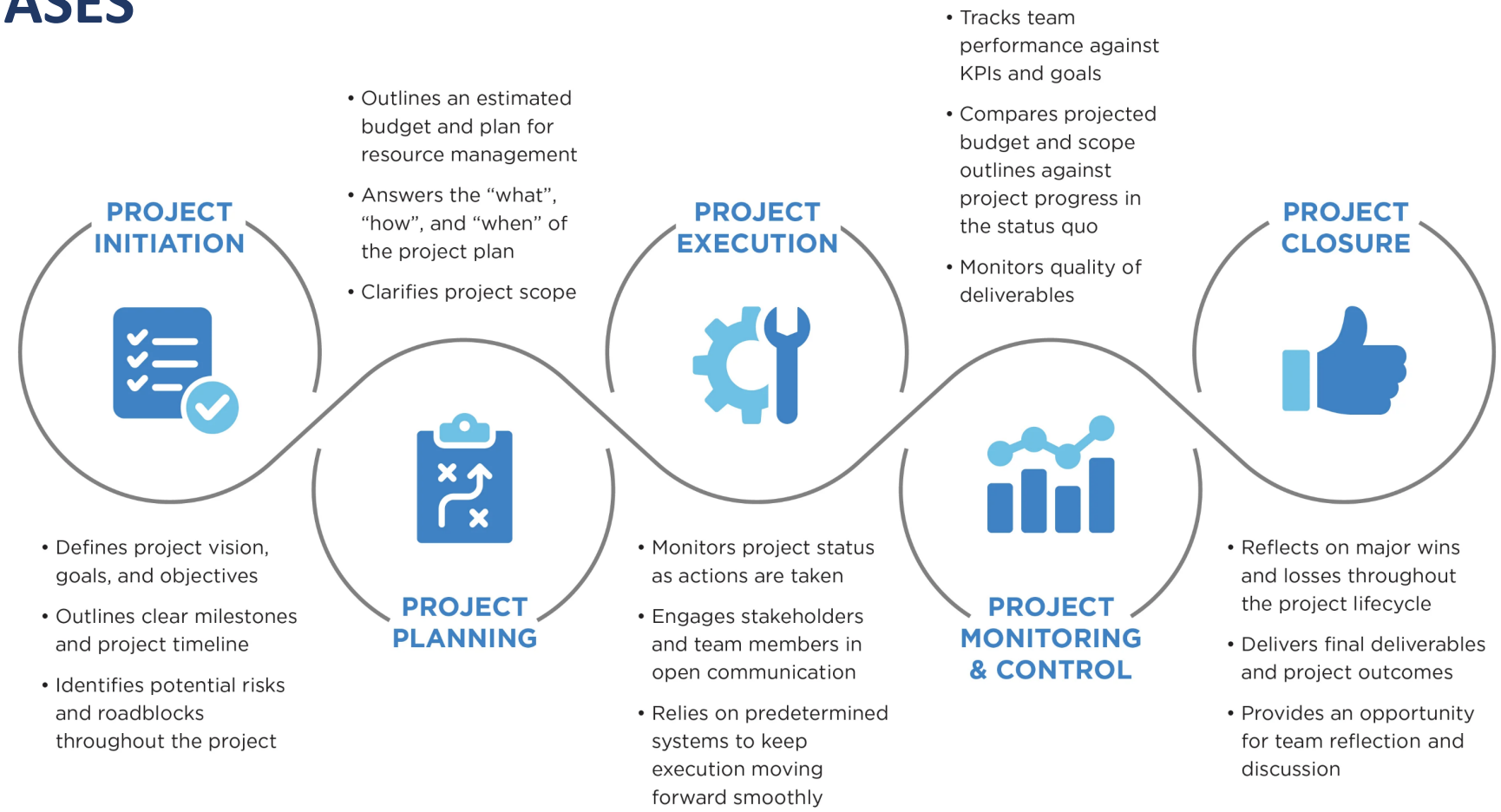
Milestone	Expected Completion
Initiation and Planning Phase Completed	01/2024
Actuarial Funding Policy & Interest Crediting Policy for Reserves Approved by the Board of Investments	10/2024
OPEB Prefunding Policy Approved by the Boards	06/2026
LACERA Building Classification Analysis and Plan Completed	07/2026
Media and Public Relations Firm Selected	09/2026
Investment Office Staff Members Salary Adjustment Program Implemented	06/2027

MILESTONE TRACKER



Appendix

PROJECT PHASES



Thank You!

Questions

LACERA

November 5, 2025

TO: 2025 Audit, Compliance, Risk, and Ethics (ACRE) Committee:
Debbie Martin (BOI), Chair
Nicole Mi (BOI), Vice Chair
Alma K. Martinez (BOI), Secretary
Nancy Durazo (BOR), Trustee
Jason Green (BOR), Trustee
Wayne Moore (BOR), Trustee
Elizabeth Ginsberg, Ex-Officio

FROM: Steven P. Rice SPR
Chief Counsel

Allison E. Barrett AEB
Senior Staff Counsel

Jessica Rivas JR
Staff Counsel

FOR: November 20, 2025 ACRE Committee Meeting

SUBJECT: **Updating LACERA's Code of Ethical Conduct**

INTRODUCTION

LACERA's current Code of Ethical Conduct (Code) was approved in November 2021 and has a three-year review cycle. In late 2024 and early 2025, staff shared with this Committee and both Boards their vision for an updated code that is comprehensive in scope, has improved clarity and organization, and is accessible through multiple channels. Staff returns to provide an update and receive the Committee's input so that it may be incorporated in the final draft.

BACKGROUND

A code of conduct is a fundamental component of an effective ethics and compliance program. Accordingly, the ACRE Committee and Ethics and Compliance Program Charters provide for Committee and Program oversight of LACERA's Code.[1]

The purpose of the Code is to set expectations and norms in alignment with LACERA's Mission, Vision, and Values and serve as an ethical decision-making guide for the entire organization. It also is essential for supporting an organizational culture rooted in ethics

[1] ACRE Committee Charter, Section VII, B4; B5b; 7a-b; Ethics and Compliance Program Charter, Sections VII, D2; G; IX,A-B.

and compliance. Finally, maintaining and reviewing LACERA's Code is central to the implementation and success of the Ethics and Compliance Program.

CURRENT STATUS OF PROJECT

As set out in more detail below, a completed draft is attached for your review as Exhibit A. The current (2021) Code is attached as Exhibit B.

Organization

The draft Code is organized around LACERA's Values – *Integrity, Inclusivity, Innovation, Accountability, Collaboration, and Transparency* (I ACT). LACERA is an organization guided by its Values (which are inherent to ethical conduct). Accordingly, the new Code clearly reflects the I ACT model.

Style

Linguistically, the draft Code uses simpler, less technical language to aid with comprehension. It avoids legalese where possible. The Code also uses Trustee and employee-centric language (as opposed to organization-centric language). It also uses first person plural ("we," "us", and "our") where appropriate, which have both been shown to be more successful at affecting behavior and suggesting inclusivity and collaboration. Visually, the draft seeks to strike a balance between being a visually appealing document that will encourage users to engage with it while still serving as a comprehensive reference with serious authority. Accordingly, the Code uses colors, headings, call out boxes, links, photographs, and other design elements throughout.

Content

The draft Code continues to address and further define fiduciary duties, ethical judgment, conflicts of interest, confidentiality, reporting roles and responsibilities, and LACERA's investigative process for instances of misconduct. To that end and in furtherance of the Ethics and Compliance Program, we have added the following new topics that are not covered in depth in the current Code:

- Responsible Risk Management
- I ACT
- General Ethical Guidance
- Material Non-Public Information
- Diversity, Equity, Inclusion, and Accessibility
- Respectful Communication
- Responsiveness
- Anti-Discrimination and Harassment Policy
- Safe and Healthy Work Environment
- Drug and Alcohol-Free Work Environment
- Speak Up, Listen Up
- Ethics Hotline/Reporting Channels
- Investigative Process for Misconduct
- Commitment to Non-Retaliation
- Telework

- We Always Bring Our Best
- Training & Education
- Transparent Communication (Accurate Information, Specific Guidance for Trustees, Media Policy, Social Media)
- Confidentiality and Privacy
- Public Records Act and Other Requests for Information
- Records Retention
- Artificial Intelligence
- Information Security and Acceptable Use

Key Substantive Proposed Changes

While the draft Code largely re-states our existing ethics and compliance practices and addresses the additional topics set out above, there are two substantive changes that we would like to bring to your attention.

First, the section on Gifts, Honoraria, Travel, Loans (page 10) in the draft Code now states,

> "At LACERA, it is our policy to pay our own way for all legitimate business expenses. Trustees and staff may not accept gifts, honoraria, payments for travel, or improper loans from others."

Gifts are defined as:

> "Any payment or benefit for which LACERA does not pay or provide services of equal or greater value and that is intended to influence a business decision or could create an appearance of impacting a business decision. While FPPC regulations allow gifts up to a certain amount annually, we do not. However, we follow other FPPC regulations on gifts, which address gifts from family members, how to value gifts, and exceptions. Always ask the Legal Division and Compliance Office regarding FPPC exceptions and any questions concerning gifts."

This is a departure from our current Code, which allows gifts, honoraria, and travel payments as long as they comply with FPPC regulations. The intent is to set a higher ethical standard that will greatly reduce the appearance of conflicts of interest and improper influence.

Second, the draft Code expands the Nepotism Policy (page 15). The policy now applies to both hiring and contracting. The policy also applies not only to relatives, but also to "personal relationships," which include cohabitation, a romantic partnership or dating relationship, or a financial partnership unrelated to official job duties. Additionally, the draft Code directs Trustees and staff who become aware that someone they know (beyond a relative or other personal relationship) is applying for employment or a contract with LACERA, to disclose that to Human Resources so that the situation can be evaluated. The intent with these changes is to ensure that we capture all relevant (potentially conflict-laden) relationships so that LACERA hires and contracts with the best candidates, without

regard to any personal connection or relationship that might cause undue influence or the appearance of it.

Review and Collaboration

We have sought and incorporated feedback on the new Code from numerous subject matter experts, both internal and external to the organization. These include LACERA's Ethics and Compliance consultant Rebecca Walker, Esq.; LACERA's fiduciary counsel Ashley Dunning; Gartner, Inc. (a Compliance consultant service used by LACERA); Michael Cypers, Esq. (Glaser Weil); as well as LACERA's Executive Team, Management Action Committee, and Ethics and Compliance Committee.

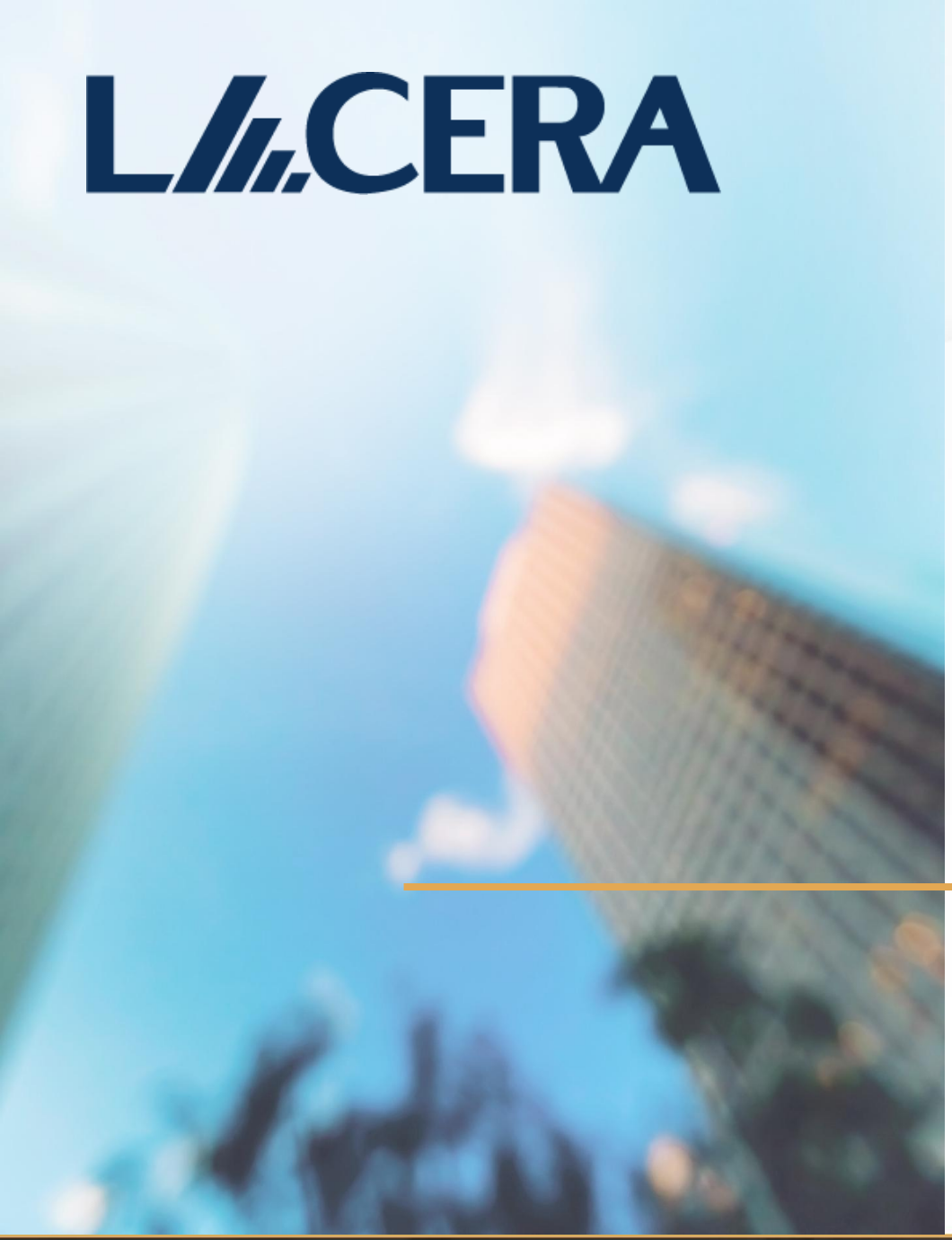
We also held a focus group comprised of a diverse cross section of LACERA employees. Overwhelmingly, the group supported the new organization, visual style, and simplified language. The focus group was engaged in the discussion and made suggestions that aligned with the Code project objective. Representative suggestions included: 1) A short summary or quick guide to the full version of the Code; 2) Additional flowcharts to illustrate critical processes, such as reporting; 3) An explanation of how "non-retaliation" is monitored following an investigation; 4) An emphasis on transparency internally as well as externally; 5) A more detailed definition of accessibility; and 6) Clarification of channels to provide feedback.

Next Steps

Following the November ACRE Committee meeting, we will incorporate LACERA staff focus group feedback as well as the ACRE Committee's feedback into a final draft which will be forwarded for approval by both Boards. Following final Board adoption of the Code, we will begin implementing organization-wide training and explore other methods to promote regular staff engagement with the Code (e.g., website, handouts, item at monthly staff Brown Bag lunches, regular column in staff newsletter, etc.).

Attachment

C: Luis A. Lugo
Jonathan Grabel
JJ Popowich
Laura Guglielmo
Ted Granger
Chaitanya Errande
Richard Bendall
Carly Ntoya, Ph.D.
Christina Logan
Cynthia Martinez
Erika Heru
Veronica Yi-Martinez



Code of Ethical Conduct 2025 Update

Steven Rice, Allison Barrett, and Jessica Rivas
Legal Office

Background

What is a Code of Ethical Conduct?

- Key document that establishes standards of conduct and internal controls designed to reduce ethics and compliance risk.

- *United States Sentencing Guidelines* -- Effective ethics and compliance programs promote an organizational culture that encourages ethical conduct and a commitment to compliance with the law.

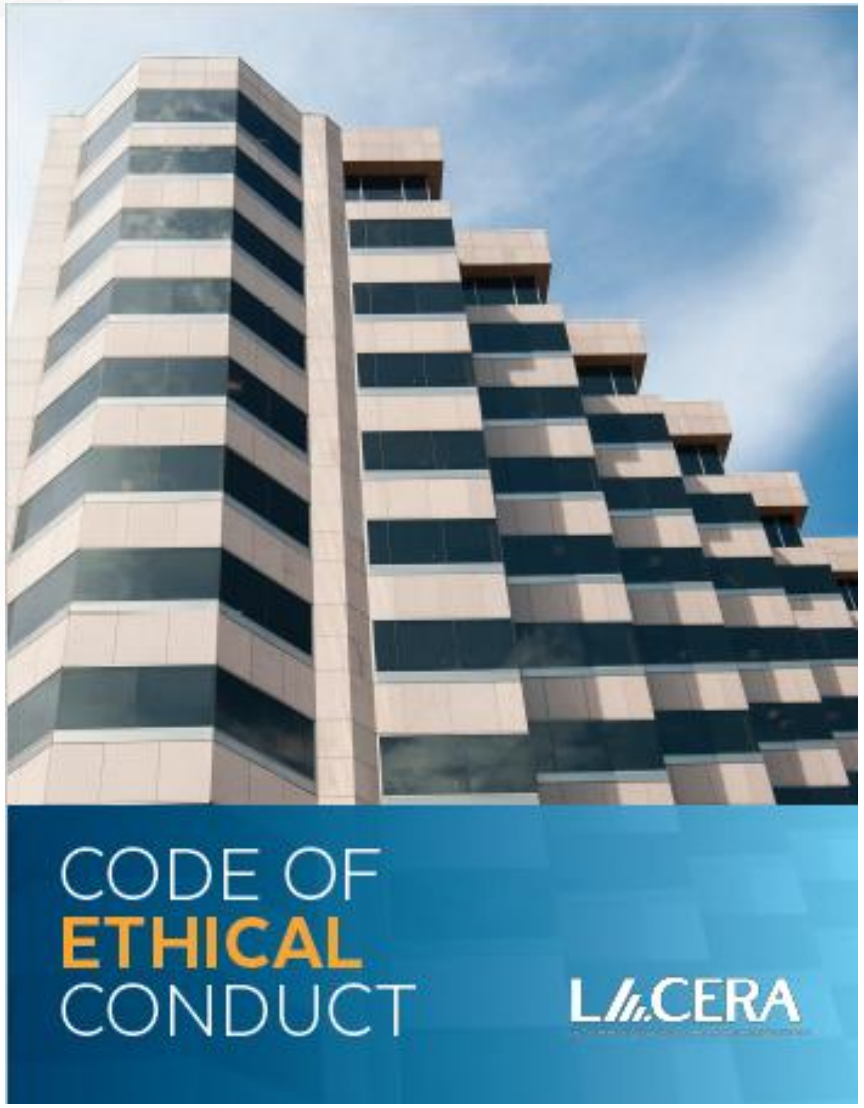
- *Department of Justice's "Evaluation of Corporate Compliance Programs"* – A threshold matter in determining a compliance program's effectiveness is assessing whether an organization has a code of conduct that sets forth the organization's commitment to full compliance with the law.

Current Code of Ethical Conduct

- Last updated in November 2021
- 3-year update cycle
- Uses dense, legalistic language
- Not organized around themes or larger issues; simply a list of topics

Draft 2025 Code of Ethical Conduct

- To be adopted early 2026
- Improved organization
- Simplified, clearer language
- More comprehensive



Draft Code of Ethical Conduct

Process

- Review of best practices
- Review of samples across industries
- Complete re-write

Collaboration

- Internal stakeholders
- External experts

Staff Focus Group – Highlights of Suggestions

- A short summary or quick guide to the full version of the Code;
- Additional flowcharts to illustrate critical processes, such as reporting;
- An explanation of how “non-retaliation” is monitored following an investigation;
- An emphasis on transparency internally as well as externally;
- A more detailed definition of accessibility; and
- Clarification of channels to provide feedback

Draft Code of Ethical Conduct

Organization

- LACERA's Values

Style

- Linguistic
- Visual

Draft Code of Ethical Conduct

Content – New Topics

- Responsible Risk Management
- I ACT
- General Ethical Guidance
- Material Non-Public Information
- Diversity, Equity, Inclusion, and Accessibility
- Respectful Communication
- Responsiveness
- Anti-Discrimination and Harassment Policy
- Safe and Healthy Work Environment
- Drug and Alcohol Free Work Environment
- Speak Up, Listen Up
- Ethics Hotline/Reporting Channels
- Investigative Process for Misconduct
- Commitment to Non-Retaliation
- Telework
- Training & Education
- Transparent Communication (Accurate Information, Specific Guidance for Trustees, Media Policy, Social Media)
- Confidentiality and Privacy
- Public Records Act and Other Requests for Information
- Records Retention
- Artificial Intelligence
- Information Security and Acceptable Use

Draft Code of Ethical Conduct

Content – Key Substantive Proposed Changes

- Gifts, Honoraria, Travel, Loans (p. 10)
  - "At LACERA, it is our policy to pay our own way for all legitimate business expenses. Trustees and staff may not accept gifts, honoraria, payments for travel, or improper loans from others."

- Nepotism Policy (p. 15)
  - Applies to both hiring and contracting
  - Applies to relatives and "personal relationships" – based on cohabitation, romantic partnership or dating relationship, or a financial partnership unrelated to official job duties

Draft Code of Ethical Conduct

Next Steps

- Incorporate the LACERA staff focus group's feedback & ACRE Committee feedback into a final draft
- Seek approval from both Boards
- Distribute new Code
- Organization-wide training
- Explore other methods to promote regular engagement with the Code (e.g., website, handout, item at monthly staff Brown Bag lunches, regular column in staff newsletter, etc.)

Questions & Feedback

- Any questions?
- We welcome your feedback on all parts of the Code.

CODE OF **ETHICAL** CONDUCT

LACERA
Los Angeles County Employees Retirement Association

ABOUT LACERA

The Los Angeles County Employees Retirement Association (LACERA) is a public pension plan organized under the County Employees Retirement Law of 1937 (CERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA). Under the California Constitution, we have a fiduciary duty to serve our members and their beneficiaries.

Our ***Mission*** is to produce, protect, and provide the promised benefits to our members.

Our ***Vision*** is to empower our members to enjoy a healthy and secure retirement.

Our ***Values*** are Integrity, Inclusivity, Innovation, Accountability, Collaboration, and Transparency (I ACT).

RESOURCES FOR ETHICS & COMPLIANCE ISSUES

Always ask for help with any questions and consult any of these key resources: Legal Division, Ethics and Compliance Office, Human Resources, your supervisor, your division manager, or the Executive Office.

Anonymously report any concerns about ethical or compliance issues to the LACERA Ethics Hotline (844-794-9416 or lacera.ethicspoint.com).

To LACERA Board Trustees and Staff:

LACERA proudly performs its public service lawfully and ethically. In October 2024, we chartered a new Ethics and Compliance Program to further promote a strong and engaged culture of ethical conduct and compliance with all applicable laws, regulations, policies, and procedures. This Code is a foundational document for the program and our entire organization.

Together, we create a culture of accountability for ethics and compliance. No matter our position at LACERA, we each play a key role in fostering LACERA's institutional integrity and our standing as a well-managed public pension system for our members and their beneficiaries, our plan sponsors (the County of Los Angeles and other participating employers), and other stakeholders.

We have organized the Code around our Values—*Integrity, Inclusivity, Innovation, Accountability, Collaboration, and Transparency (I ACT)*—which guide our work and define our culture. The Code outlines the standards of ethical conduct required of LACERA Trustees and all LACERA staff, including temporary employees and contractors. This ensures that we live up to our Values, ethical responsibility, and comply with the law, regulations, policies, and procedures. *Please read the Code carefully and ask questions whenever something is not clear.*

By holding ourselves and each other accountable, we deliver on our promise to build a strong ethical and compliant culture at LACERA in service of our Mission to produce, protect, and provide the promised benefits to our members and their beneficiaries.

Very truly yours,

Santos H. Kreimann
Chief Executive Officer

To LACERA Trustees and Staff:

This Code provides ethical standards for LACERA Trustees and all LACERA staff, including temporary employees and contractors. It provides guidance for common situations that we encounter, serves as an ethical decision-making guide, and establishes a values-based framework for approaching the issues that arise in our diverse roles as we perform our day-to-day operations.

Please review this Code carefully, remember to use it as a resource, and recognize the vital role that you play in promoting LACERA's culture of ethics and compliance in serving our members and meeting our Mission.

Thank you,

Les Robbins
Chair, Board of Retirement

Jason Green
Chair, Board of Investments

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INTRODUCTION

Purpose and Scope

This Code provides ethical standards for LACERA Board Trustees and staff, including temporary employees and contractors. It guides us to:

- Use ethical judgment to do the right thing no matter the circumstances.
- Comply with laws, regulations, policies, and procedures.
- Create a culture in which everyone shares responsibility for being ethical and compliant.
- Build trust among LACERA Boards and staff, members, and other stakeholders.
- Raise awareness of and reduce risks that may disrupt our operations.
- Accomplish our Mission, Vision, and Values and continuously improve.

This Code and our Values are the foundation for everything we do. They provide a framework to guide us when we face challenges or change.

No matter our role at LACERA, we are each responsible for living by our Values and being professional, honest, and ethical. We review the Code, attend Code training, and make sure we understand it. We follow the Code, consult the links to the other policies and references throughout it, and ask questions when we are unsure about anything.

We also have a duty to speak up and report issues that do not align with our Mission, Vision, and Values. We listen to those who report problems and take their concerns seriously. We can report concerns or suspected misconduct to our supervisor, division manager, the Legal Division, Ethics and Compliance Office, Human Resources, Internal Audit, or the Executive Office. We can also report issues to the LACERA Ethics Hotline (844-794-9416 or lacera.ethicspoint.com). Reports can be made anonymously, and LACERA absolutely prohibits retaliation for making a good-faith report of suspected misconduct.

Fiduciary Duties

A fiduciary duty is a responsibility to act in the best interests of another. Each of us has a fiduciary duty to our members and their beneficiaries. This means ***we always act in the best interests of our members and beneficiaries, ahead of our personal interests***.

The Board of Retirement (BOR) and Board of Investments (BOI) Trustees' fiduciary duties and other legal duties are set out in the California Constitution and CERL. LACERA and its staff support the Trustees in fulfilling these duties, which include:

- *Duty of loyalty*: We act in the overall best interest of our members and their beneficiaries when administering LACERA and investing its assets, so as to timely pay their benefits.
- *Duty of prudence*: We use the care, skill, prudence, and diligence that a prudent person with experience in a similar enterprise would.
- *Duty to defray reasonable administrative expenses of administering the system and secondary responsibility to minimize employer contributions*: We have processes in place to control administrative expenses and minimize employer contributions. We understand that every dollar spent to administer LACERA is a dollar not invested that may be available to pay benefits.
- *Duty to administer plan in accordance with plan terms and other applicable law*: We follow plan terms, CERL, PEPRA, Internal Revenue Code qualification rules, and all other laws, regulations, and LACERA Board policies at all times.
- *Duty to diversify investments*: The assets of the retirement system are trust funds. We diversify investments of the system to minimize the risk of loss and to maximize the rate of return, unless it is clearly not prudent to do so under the circumstances.

In addition to the Boards and all LACERA staff, some LACERA contractors have a fiduciary duty to LACERA under applicable law and/or the terms of their contracts.

In short, we always act in the best interests of our members and their beneficiaries, in all circumstances, regarding the business of LACERA. This duty is the first and last consideration in every decision that we make. All that we do is in service to our members and their beneficiaries.

Responsibilities of Leaders and Managers

LACERA leaders and managers create an environment within their teams in which ethics and compliance are recognized and valued as performance expectations. Like our Values, ethics and compliance are not just words we say but are reflected in the decisions we make and actions we take. Our leaders model LACERA's Values, and LACERA's Values in turn shape our culture. Managing risk is a core duty for all LACERA leaders and managers. They are responsible for ensuring that every member of their teams is risk aware.

Responsibilities of Contractors

We expect our contractors, vendors, and other business partners to perform to the highest ethical standards and consistent with our Values and the Code in their work with LACERA. In addition, some LACERA vendors have a fiduciary duty to LACERA under applicable law or the terms of their contracts.

Other LACERA Policies

The Code provides standards and expectations but does not address the details of every legal and policy requirement that we follow. *Compass* is LACERA's library where we can access all of LACERA's policies, procedures, charters, forms, and more.

Compass

WE ARE GUIDED BY OUR VALUES

At LACERA, our Values guide us every day, in all that we do. Our Values define our culture and represent who we are as an organization. We strive to **do the right thing**, in every situation, following all policies, procedures, laws, and regulations that apply to LACERA and our operations. We always exercise good judgment in each of our roles as we perform our daily work. Together, through unwavering ethical conduct, we accomplish our Mission to produce, protect, and provide the promised benefits to our members and their beneficiaries.

GUIDE FOR ETHICAL DECISION-MAKING

When making a decision, exercising good ethical judgment requires that we:

1. Identify the issue.
2. Gather necessary information, including all relevant facts, and applicable policies, procedures, laws, and regulations.
3. Consider ethical principles and our Values.
4. Consider our fiduciary and other legal duties to do what is best for our members.
5. Work together with our team and other staff members with knowledge of who may be affected and seek guidance from our supervisor, manager, and other LACERA leadership for any questions.
6. Explore possible solutions and think creatively.
7. Evaluate consequences.
8. Make a decision.
9. Plan, implement, and document our decision and the supporting process.
10. Reflect, review, and adjust our course when necessary to continually improve.

Values - I ACT

Our six core Values are not just words, but actions we model in the way we solve problems and interact internally, with members, and with other stakeholders and business partners. LACERA's Values form the basis of our culture and guide us in fulfilling our fiduciary duties and accomplishing our Mission. This is why the Code is organized around these ethical guides. Each Value is principles-based. Please be sure to review the Values below and the link to our Organizational Guiding Principles. Collectively, they establish expectations for our conduct.

- *Integrity*: We earn trust by our dedication to honesty, fairness, and ethical conduct in the service of our members and the way we treat each other.
- *Inclusivity*: We welcome all individuals, honoring and respecting their unique stories and perspectives, and celebrating the value that diversity adds to the organization and teams in meeting our Mission and strategic priorities.
- *Innovation*: We cultivate a creative, forward-thinking approach in seeking out new ideas and novel solutions to continually improve our operations and the member experience.
- *Accountability*: We take responsibility for our actions and operate with the highest standards of professionalism and respect in fulfilling our Mission and duty as prudent stewards of the pension funds.
- *Collaboration*: We are most effective when we work together across all levels of the organization to deliver on our strategic priorities and objectives.
- *Transparency*: We clearly communicate our knowledge, ideas, and expertise in an open, fair, and honest environment, resulting in better organizational outcomes and decision-making.

Our Organizational Guiding Principles

Ethics and Compliance

This Code is a foundational document for LACERA's Ethics and Compliance Program. Ethics and compliance support our Values and are an essential part of our fiduciary duties to our members and beneficiaries.

Ethics means using good judgment and applying LACERA's Values to do the right thing, even when it is hard or inconvenient. **Compliance** means following all applicable laws, regulations, policies, procedures, and LACERA's Code of Ethical Conduct.

Ethics guides compliance because we make decisions based on what ***should*** be done, not just on what ***can*** be done. We are all, at every level of the organization, responsible for upholding ethics and compliance at LACERA.

BEING ETHICAL AND COMPLIANT IN COMPLEX SITUATIONS

We understand that situations can be complex. Ethics is not an excuse for being non-compliant, and compliance is not an excuse for not being ethical. Here are some ways to balance ethics and compliance so that we achieve both, no matter what type of law, rule, policy, or requirement we are trying to follow:

- If we are *required* to do something by law or policy, we must abide by that requirement and speak up in advance with our manager, supervisor, or other leadership if we have questions about any ethical issues.
- If we are *allowed* to do something by law or policy and have a choice about whether or how to do it, we must apply ethical judgment and act in the best interest of our members, meaning that we will seek the most efficient and effective alternative in order to best align our conduct with our fiduciary duty and ethical responsibilities without regard to our personal preference.
- If we are *not allowed* to do something, we must obey that prohibition and speak up in advance to discuss any ethical concerns about compliance.

LACERA Ethics & Compliance Program Charter

General Ethical Guidance

This Code addresses various situations that may arise as we perform our duties. It cannot cover every possible scenario, so always ask for support when needed. The following lists provide general ethical guidance to live up to our Values.

General Ethical Standards

- Follow all applicable laws, regulations, LACERA policies, and this Code
- Avoid conflicts of interest and the appearance of conflicts of interest
- Be respectful, professional, and courteous to all LACERA Trustees, staff, members, and all people and entities with which LACERA interacts or does business
- Maintain confidentiality of all confidential or privileged information
- Report actions of any person or entity that violate or may violate applicable laws, regulations, LACERA policies, or this Code

Unethical Acts or Omissions

- Using or allowing others to use any LACERA property, resources, information, or opportunity for personal gain
- Engaging in activities involving dishonesty, fraud, deceit, or misrepresentation
- Falsifying or failing to record proper entries in any LACERA records
- Engaging in outside employment or activities that interfere with our duties to LACERA
- Discriminating against, bullying, or harassing anyone
- Any other acts or omissions that conflict with our public service

WE SERVE WITH INTEGRITY

Value & Guiding Principles

INTEGRITY: We earn trust by our dedication to honesty, fairness, and ethical conduct in the service of our members and each other.

GUIDING PRINCIPLES

- We choose to do the right thing even when no one is looking.
- When we are aware of something that may be wrong, inappropriate, or create organizational risk, we speak up.
- We make decisions based on facts and the law.
- When presented with two or more valid choices on how to address a challenge or issue, we choose the one that is most beneficial to LACERA's members.
- When we make an error, we own up to it and work to correct it.

Integrity is the primary LACERA Value, on which the other Values depend. Integrity guides all of our work and work relationships.

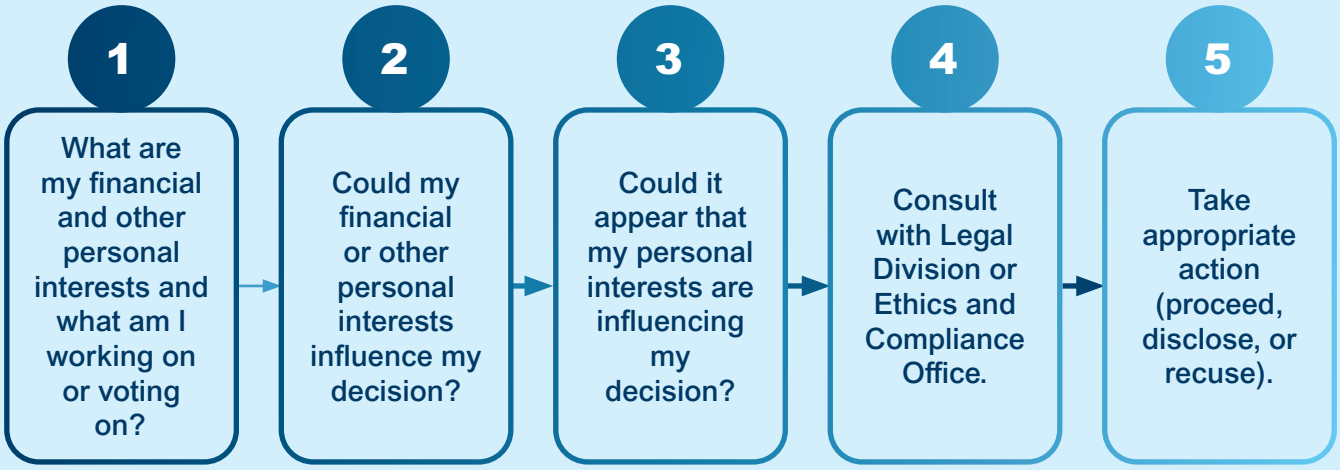
Avoiding Conflicts of Interest

A conflict of interest means putting our financial or other personal interests ahead of the interests of LACERA, our members, and their beneficiaries. There are *actual* conflicts, *potential* conflicts, or situations that give the *appearance* of a conflict.

LACERA Trustees and staff must avoid all three types of conflict in all aspects of our work for LACERA so that members and their beneficiaries are confident that we act ethically and in their best interests and because conflicts of interest are illegal under California law, with significant penalties.

We remain aware of how our financial or other personal interests (including those of our family members) may interact with our work at LACERA, so we can readily identify conflicts and take appropriate action to evaluate and then avoid or remove the conflict as soon as possible. We look out for conflicts at the beginning and at every stage of any project, all the way through to final approval by the Boards.

How to Avoid Conflicts



Conflicts of interest issues are complex and have high organizational risk, so *always* consult with the Legal Division or Ethics and Compliance Office about all actual, apparent, or potential conflicts.

FPPC Overview of Conflicts of Interest under the Political Reform Act

Contracts

We cannot participate in making any LACERA contract in which we have a financial or other personal interest, whether directly or indirectly. This includes any part of the contracting process, such as:

- Developing or identifying the need for the goods or services being purchased or the investment of LACERA funds.
- Issuing a Request for Proposals (RFP), Request for Information (RFI), purchase order, or other solicitation (set out in LACERA's Policy for the Procurement of Goods and Services and the separate Investment-Related Services Procurement Policy).
- Developing criteria used to select the provider of goods or services.
- Evaluating prospective contracting parties, selecting contracting parties, or negotiating the terms of the contract.
- Monitoring the implementation and performance of the contract.

Other conflict of interest issues related to contracts include:

- **Conflicts of Contractors**: We conduct due diligence with every contract and remain aware of contractors' conflicts of interest involving

LACERA, its Trustees and staff, or other parties from solicitation through the entire term of the contract. During the contracting process, we require potential contracting parties to disclose actual and potential conflicts. We also conduct our own due diligence to identify any actual or potential contractor conflicts. LACERA's contracts include provisions requiring the contracting parties to represent there are no actual or potential conflicts of interest during the contracting process and the entire term and performance of a contract and to disclose any conflicts that arise later.

Policy for the Procurement of Goods and Services and Investment-Related Services Procurement Policy

FPPC Quick Guide to Section 1090

SERIOUS CONSEQUENCES OF CONFLICT-OF-INTEREST VIOLATIONS WITH CONTRACTS

Conflicts of interest during contracting can have serious consequences, such as:

- Preventing LACERA from entering the contract
- Causing the contract to become void

Undisclosed conflicts may result in staff discipline as well as lead to civil and/or criminal penalties. When in doubt, ask the Legal Division or Ethics and Compliance Office.

- **No Contact during Contracting Process (Quiet Period)**: We avoid all contact with people or companies responding to an RFP, RFI, purchase order, or other contract solicitation to maintain a fair and transparent process. LACERA's RFPs, RFIs, and other contract solicitations explain that a "quiet period" will be in place from the beginning of the contracting process until the selection of the successful party. During the quiet period, Trustees and staff *are not permitted* to contact potential contracting parties, and vice versa. Quiet period lists are available for Trustees and all LACERA staff in monthly Board meeting materials. Contact during the quiet period is only allowed as stated in the published terms of the contracting process or limited to contact necessary to carry out ongoing LACERA business.
- **Follow All Policies and Procedures**: We follow all LACERA policies and procedures and the published terms of the contract process. We avoid any action that could influence or attempt to influence LACERA to enter into a contract with anyone outside of established policies and procedures. Trustees and staff should refer people or companies for consideration for a contract to the LACERA staff responsible for contracting but should not become involved in the diligence and contracting process.

Gifts, Honoraria, Travel, and Loans

At LACERA, it is our policy to pay our own way for all legitimate business expenses. Trustees and staff may not accept gifts, honoraria, payments for travel, or improper loans from others. We hold ourselves to the highest standards to avoid actual conflicts, potential conflicts, and the appearance of conflicts. We make unbiased decisions to best serve our members and their beneficiaries.

- **Gifts**: Any payment or benefit for which LACERA does not pay or provide services of equal or greater value and that is intended to influence a business decision or could create an appearance of impacting a business decision. While FPPC regulations allow gifts up to a certain amount annually, we do not. However, we follow other FPPC regulations on gifts, which address gifts from family members, how to value gifts, and exceptions. Always ask the Legal Division and Compliance Office regarding FPPC exceptions and any questions concerning gifts.
- **Honoraria**: Any payment or benefit for any speech LACERA Trustees or staff make, article we write, or our attendance at any public or private conference, convention, meeting, social event, meal, or similar gathering. Any questions about whether something is an honorarium should be directed to the Legal Division.
- **Travel**: LACERA Trustees and staff only accept payments or reimbursement from a third party for transportation, lodging, and related meals if LACERA is allowed to receive them under relevant Fair Political Practices Commission (FPPC) regulations and if we receive advance approval from the Legal Division, which verifies all legal requirements are met before the trip. In these situations, we complete FPPC Form 801 Payments to Agency Report.
- **Loans**: LACERA Trustees and staff may accept loans from commercial lending institutions made in the lender's regular course of business on terms available to members of the public without

FPPC Fact Sheet on Limitations and Restrictions on Gifts, Honoraria, Travel and Loans for Local Officials

Trustee Travel Policy & Staff Travel Policy

Q&A - GIFTS

Q: I am attending a conference and LACERA paid my cost of admission. An individual or organization at the conference offers me food, beverages, or other items. Can I accept?

A: You can accept anything included with the cost of admission to the conference because LACERA has paid for those items. You may also accept small items (pens, notepad, light refreshments, etc.) made available to all attendees without regard to official status. However, you cannot accept anything else. When in doubt, do not accept and consult with the Legal Division or Ethics and Compliance Office before accepting anything more than one of those small items.

regard to our position at LACERA. For any other type of loan, consult the Legal Division.

Investments

LACERA Trustees and staff may not have any direct or indirect financial or other personal interest in any investment made by LACERA. We do not sell or provide any investment product to LACERA, whether directly or indirectly, for ourselves or as an agent or partner of others.

Bribes and Kickbacks

Giving or receiving any payment or gift as a bribe or kickback is absolutely prohibited.

Material Non-Public Information (MNPI)

MNPI is confidential information about a company that, if disclosed, would likely impact the market value of its securities. Using this type of information to buy or sell securities is illegal. It is "insider trading" and against the law. If circumstances require Trustees or staff to receive any MNPI as part of their LACERA duties, the Trustees and/or staff will receive instructions on their legal obligation to maintain the confidentiality of the MNPI and will be required to sign an acknowledgment form.

Form 700 Statement of Economic Interests

What: The California Fair Political Practices Commission (FPPC) Form 700 Statement of Economic Interests is how many of us are required to disclose our economic interests that could lead to a conflict. Form 700s are public documents and help promote transparency into public officials' potential conflicts. Filers complete their Form 700s on time and accurately.

Why: Form 700 is required by state law and regulations and is an essential tool to identify actual and potential conflicts of interest.

Who: Not everyone files a Form 700 or must disclose the same information on their form. Filing depends on our position at LACERA. LACERA's Conflict of Interest Code lists the positions that are required to file and the information that must be disclosed. To see the complete list of positions that file and the information required of each filer, please check our *Conflict of Interest Code*. The list includes all LACERA Trustees, Executive management and division managers, and certain other staff, as well as consultants advising the Boards and most financial managers.

When: Assuming office statements are due within 30 days of our first day with LACERA. Annual statements are due yearly on April 1. Leaving office statements are due within 30 days of our last day with LACERA. Any late statement can lead to fines of $10 per day, up to a maximum of $100, and referral to the FPPC Enforcement Division, which may investigate and impose additional penalties.

LACERA Conflict of Interest Code

How: We use a convenient e-filing system that saves our information, so we do not have to re-enter everything each year. If we are required to file, we will receive timely notices and reminders with filing instructions at our LACERA email address.

Disclosure and Recusal

Trustees and staff always look out for and **disclose** actual and potential conflicts of interest based on our own financial or other personal interests and any matters that we work on (or if we are a Trustee, that come before the Boards). To determine whether **recusal** or disqualification is required, please consult the Legal Division. LACERA is not allowed to enter into contracts that are impacted by Trustee and staff conflicts when such conflicts cannot be mitigated or eliminated with disclosure and/or recusal.

Trustees and staff *must* consult with the Legal Division or Ethics and Compliance Office about any actual or potential conflicts of interest to ensure that the right steps are taken.

Outside Activities, Employment, and Offices

LACERA supports Trustees and staff serving as active members of our communities. However, we cannot engage in activities, employment, or hold other offices that are incompatible with our LACERA duties. This is to make sure we uphold our fiduciary duty of loyalty to our members and their beneficiaries. We always act in our members' best interests by avoiding conflicts of interest or any unreasonable interference with the performance of our duties.

- **Incompatible Activities & Employment**: Activities, including outside employment, that are inconsistent, incompatible, in conflict with, or prevent us from performing our LACERA duties to the best of our abilities. An outside activity may be incompatible based on the time commitment required. *Staff should review the Outside Employment and Activities Policy for further information.*
- **Incompatible Offices**: Two public offices (serving as an appointed or elected member of a governmental board, commission, committee, or other body) are incompatible when their functions are inconsistent or in conflict with one another.

Each year, staff complete a *Report of Outside Employment and/or Activities Form*. Before starting any new outside activities or employment or seeking public office, consult the Legal Division or Ethics and Compliance Office. *In addition to reviewing the Outside Employment and Activities Policy, please also closely review the next section on the use of LACERA position, resources, and information*. Trustees may contact the Legal Division or Ethics and Compliance Office if they have questions about their outside employment and activities.

Outside Employment and Activities Policy

OUTSIDE ACTIVITIES Q&A

Q: I am a staff member and was asked to serve on the board of a charity, nonprofit, or other community organization. I may also be appointed to, or run for, public office. What should I do?

A: Please use the *Report of Outside Employment and Activities Form* to disclose the potential employment, activity, or office of staff in writing and get approval before you begin. This will ensure there will not be any conflicts with your work at LACERA.

Use of LACERA Position, Resources, and Information

Our fiduciary duties include a responsibility to defray the costs of administering the retirement system. LACERA's commitment to ethical conduct therefore extends to responsible, efficient, and sustainable use of our resources. We are committed to using only resources necessary, in the judgment of the Boards and management, for the necessary administration of the system in furtherance of LACERA's fiduciary duty. We avoid excessive costs and expenses when more economic options are available with equal or better quality. These considerations extend to organizational expenses, including agency operations, education and travel, contracts, and supplies procurement.

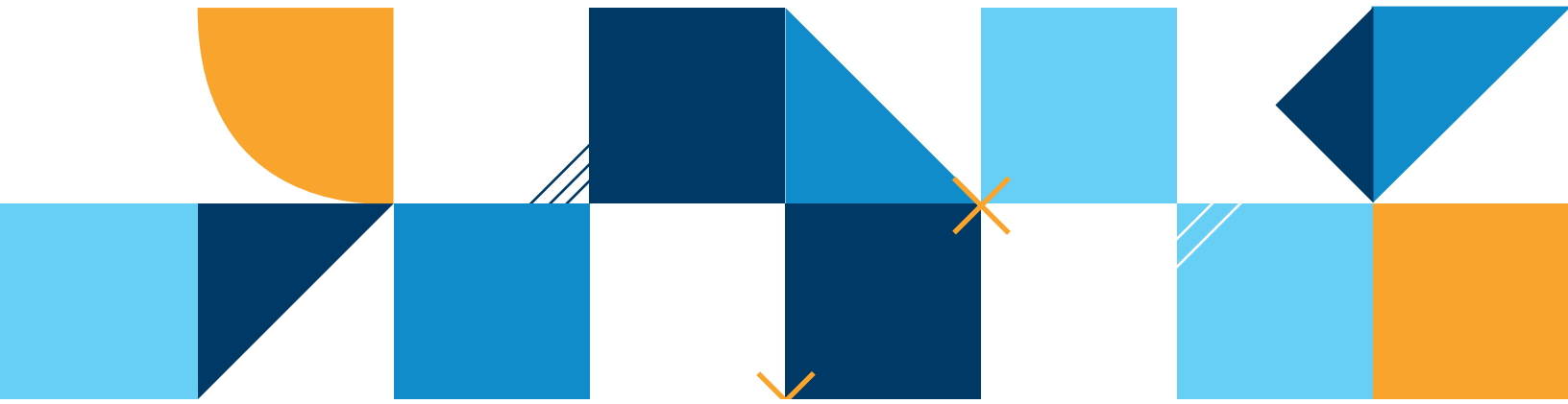
Our LACERA positions, resources, and information may *only* be used for LACERA business and not for personal gain or advantage. This includes:

- Our position, title, or status with LACERA;
- LACERA property, funds, or other resources, including LACERA's letterhead and logo and LACERA email addresses; and
- LACERA information, including plan member information, investment information (including MNPI), and any other information concerning LACERA's business. LACERA controls the use of and access to its information to support the performance of fiduciary duty.

Trustees may send letters to non-LACERA individuals or entities using LACERA letterhead *only* if the communication is authorized by the Board on which they serve.

We only use LACERA funds or deposits to make authorized payments of the retirement system.

We do not speak for LACERA or give the appearance of speaking on behalf of LACERA while serving in any non-LACERA roles. *Please see Media Policy and Social Media in the We Are Transparent section for more information.*



Political Activities

We are not just public servants, but active participants in our democracy. However, we keep our political activity separate from our LACERA work. Please note that nothing in this section restricts Trustees' and staff's political activities as allowed by California law.

September 2024 Memorandum Re: Permissible Political Activities of LACERA Officers And Employees

Allowed	Not Allowed
• Work on candidate and ballot campaigns during our *personal* time • Attend campaign events during our *personal* time • Make campaign contributions using our *personal* funds, subject to applicable campaign finance laws • Use our LACERA position only as required to *identify* ourselves when making an endorsement as long as we do not indicate that we represent LACERA or that the endorsement is the position of LACERA. We also include the disclaimer: "For identification purposes only."	• We may *not* use LACERA time, funds, property, technology, letterhead, logo, or other resources in our *personal* political activities. • We may not use our influence or make any threats or promises relating to potential or current employment, promotion, or compensation to secure a vote, financial support, or other support for a candidate or ballot campaign.

Nepotism Policy

Nepotism means giving jobs, contracts, or other favorable treatment to someone because they are a relative or based on our personal relationship with them, not on merit. We avoid nepotism and the appearance of nepotism because it is unfair, creates conflicts of interest, and prevents LACERA from being an equitable workplace. Our goal is to select the best candidates, without regard to personal connection or relationship.

Definitions of Personal Relationship and Relative

For the purposes of this policy, **personal relationship** is defined as a current relationship between persons because they live together, have a romantic partnership or are dating, or have a financial partnership unrelated to official job duties.

For purposes of this policy, **relative** is defined as any known relationship formed by blood, marriage, or adoption, such as an individual's:

- Spouse, domestic partner
- Parent, stepparent, adoptive parent, legal guardian, foster parent
- Grandparent, grandchild, step or adoptive grandparent, step or adopted grandchild
- Child (including stepchild, adopted child, child of domestic partner, foster child)
- Sibling (including stepsibling, adoptive sibling, half-sibling)
- First degree aunt, uncle, spouse of aunt or uncle, cousin, niece, or nephew
- Any "step" or "in-law" variant of the above relationships

Trustees and Other LACERA Senior Leadership

LACERA does not employ (in full-time, part-time, or temporary positions) or contract with anyone who has a personal relationship or is a relative of:

- A Trustee
- The Chief Executive Officer
- The Deputy Chief Executive Officer
- Assistant Executive Officer
- Any staff reporting directly to the Chief Executive Officer or Deputy Chief Executive Officer
- Division managers

There are two limited exceptions to this rule. LACERA staff who already serve in a full-time and non-probationary capacity can continue their employment if:

- Their relative or someone they have a personal relationship with later begins serving as a Trustee or in a LACERA senior leadership position; or
- They later become related to a Trustee or an individual in a LACERA senior leadership position.

Even with these exceptions, if a LACERA employee is retained under these circumstances, any actual or potential conflict of interest must still be corrected or sufficiently mitigated.

Other LACERA Staff

LACERA may consider applicants who are a relative of or in a personal relationship with other LACERA staff for employment or as a contractor if the applicant meets all the stated qualifications for employment or the contract. However, we will still ensure there are no conflicts of interest and that the new hire or contractor is not given any preferential or unfair treatment based on any relationship. LACERA will not hire or award a contract to such an applicant if it results in any of the following:

1. A direct or indirect supervisor/subordinate relationship with the LACERA staff member they are in a personal relationship with or a relative of; or
2. An actual or potential conflict of interest or the appearance of a conflict of interest; or
3. The applicant has control or inspection of the work of the person they are in a personal relationship with or a relative of, or vice versa. This includes, but is not limited to, control or inspection of the relative's work through Quality Assurance, Internal Audit, the Legal Division, Ethics and Compliance, or Human Resources function.

These criteria are also considered when assigning, transferring, or promoting staff or contractors to another position or division within LACERA.

Participation in Hiring or Contracting Process

Trustees and staff will not participate in any process—or attempt to influence any process—to hire, evaluate, promote, or award a contract to someone they are in a personal relationship with or a relative of under any circumstances. Trustees and staff may participate in the hiring process for any other person only in accordance with established LACERA policies and procedures and shall not participate outside of their individual hiring or contracting authority. Trustees and staff may refer individuals interested in potential employment or contracts to LACERA's Human Resources Division or the LACERA division responsible for a contract.

Additionally, if a LACERA staff member is aware that someone they know (other than a relative or someone with whom they have a personal relationship) is applying for a LACERA position or contract, the staff member should disclose that relationship to Human Resources immediately so that the circumstances can be evaluated. Our goal is to ensure a fair hiring and contracting process, avoid giving unfair preference to anyone, and select the best candidates based on merit and what is in LACERA's best interests.

Late Discovery of Staff Member's Personal Relationship or Relative

If a staff member's personal relationship or relative is not discovered until after an applicant has been hired or promoted, or after a contractor has been engaged, the situation will be addressed as soon as possible to avoid actual or potential conflicts of interests, up to and including separation or termination of the contract.

Leaving LACERA

As public servants, our duties and responsibility to LACERA and our members and their beneficiaries continue after our service with LACERA ends. Trustees and staff will continue to respect the confidentiality of LACERA information and will not share or use it for any purpose. Trustees and staff will comply with the following "revolving door" rules upon leaving our LACERA position:

Prospective Employment After LACERA

If, while still in service with LACERA, Trustees and staff begin looking for new employment with a non-governmental employer, we will **not** make or participate in any LACERA decision that directly relates to that prospective employer. If these circumstances arise, contact the Legal Division or Ethics and Compliance Office for guidance.

Lobbying LACERA After Leaving Employment

Lobbying means attempting to influence decisions made by LACERA and is specifically defined by California law for these purposes as: *acting as an agent or attorney for, or otherwise representing, any person, by making any formal or informal appearance before, or by making any oral or written communication to LACERA, the Board of Retirement, the Board of Investments, any Trustee, any staff member, for the purpose of influencing action by LACERA, including any action involving the issuance, amendment, awarding, or revocation of a contract or the sale or purchase of goods or property*.

If we served as a Trustee or worked in certain positions, we cannot lobby LACERA for any form of compensation for two years after leaving our position. Those positions are: *Chief Executive Officer, Deputy Chief Executive Officer, Assistant Executive Officers, persons next in line to Assistant Executive Officers, Chief Counsel, Chief Deputy Legal Officers, the Chief Investment Officer, and persons next in line to the Chief Investment Officer*. However, this prohibition does not include acting on behalf of the County of Los Angeles.

WE ARE INCLUSIVE AND COLLABORATIVE

Value & Guiding Principles

INCLUSIVITY: We welcome all individuals, honoring and respecting their unique stories and perspectives, and celebrating the value that diversity adds to the organization in meeting our Mission and strategic priorities.

COLLABORATION: We work together across all levels of the organization to deliver on our strategic priorities and objectives.

GUIDING PRINCIPLES

- We welcome and encourage different views, creating a safe environment to share our thoughts.
- We are professionals and are courteous, patient, and empathetic.
- We recognize that almost no task can be accomplished alone and seek out those with knowledge and skills to help us be successful in our work.
- We work together to reach common goals—the essence of LACERA's success.

We are inclusive and collaborative because they lead to better solutions and the best outcomes for LACERA and our members and their beneficiaries. These two Values are central to our work culture and speak to the heart of teamwork—we welcome and respect everyone's contribution and recognize that our different experiences, views, perspectives, and areas of expertise make us stronger, more effective, productive, and innovative.

Diversity, Equity, Inclusion, and Accessibility

Diversity, equity, inclusion, and accessibility directly align with LACERA's Values and support our Mission to produce, protect, and provide the promised benefits to our members and their beneficiaries.

- **Diversity** of background, experience, and ideas promotes well-informed decisions and better solutions, enhances problem solving, and improves our ability to navigate challenging situations, leading to the best operational results and work environment.
- **Equity** ensures that everyone is treated fairly and that Trustees and staff members are empowered to maximize their strengths and contributions to LACERA.
- **Inclusion** allows teams with diverse backgrounds and perspectives to work together, leading to innovative thought, better performance, and a welcoming and dynamic working environment.
- **Accessibility** means that our working environment, policies, and systems may be used by everyone regardless of ability.

Statement of LACERA's Commitment to Inclusion, Diversity, Equity, and Accessibility

Responsiveness

We are a team working together to achieve the best results for our members and their beneficiaries. We communicate with our colleagues in a timely, professional, and mindful manner. We actively listen and thoughtfully engage when others seek guidance. Whether we are responding to a simple question via email or working on a larger team project, we are accountable to one another by always being responsive and respectful of each other's time and efforts. We recognize our common goal and serve as each other's advocates in promoting our Mission.

Respectful Communication

We are polite, respectful, thoughtful, and professional in all communications, spoken or written, with everyone—Trustees, staff, members, beneficiaries, contractors, and all other individuals and entities—even when we are expressing different points of view. We treat others as we would like to be treated. In meetings, we are fully present, engaged, prepared, and have a public service mindset. We are active listeners and eager to hear all perspectives. We welcome those with different backgrounds and experiences into every conversation. This creates a collaborative and inclusive environment where we work together to achieve the best results for our members and their beneficiaries in furtherance of our fiduciary duties.

Disrespect, profanity, crude language, and other inappropriate and unprofessional conduct are not only ineffective, but also disruptive, contrary to our Values, and interfere with our ability to accomplish our Mission.

DIFFICULT CONVERSATIONS

We sometimes must have difficult conversations, but we are always respectful of differing opinions and viewpoints. We do that by:

- Remaining curious and open minded to make the most informed decisions.
- Being mindful of our language and tone, even in stressful or complex situations.
- Assuming everyone is acting in good faith and raising legitimate issues that should be respectfully considered.
- Recognizing that we may have different perspectives on how to carry out our fiduciary duties to our members and beneficiaries, but we all share the same goal.
- Embracing that vigorous discussion leads to better solutions by ensuring that all perspectives and options are considered.

Anti-Discrimination and Prevention of Harassment Policy

LACERA is an equal opportunity employer. We are committed to providing a work environment where *everyone* is treated with respect and dignity, free of discrimination, harassment, and retaliation. LACERA does not tolerate discrimination, harassment, retaliation, or any mistreatment of staff or others in the LACERA workplace, including members, beneficiaries, applicants, contractors, volunteers, interns, and visitors. Such behavior goes against our Values.

Any staff member who believes they have been discriminated against, harassed, retaliated against, or subjected to inappropriate conduct is strongly encouraged to make a report (verbally or in writing) to any supervisor, manager, the *Human Resources Division*, or LACERA's *Internal Audit Division*. The Ethics Hotline (844-794-9416 or lacera.ethicspoint.com), discussed in the *We Hold Ourselves Accountable* section, is another way to report.

LACERA has an absolute commitment to non-retaliation. Retaliating against anyone for reporting an incident or filing a complaint is grounds for discipline, up to and including discharge. Upon receiving a report, LACERA will conduct a timely, fair, and thorough investigation. *Please see the following memorandum for additional information on the investigative process*.

August 2019 Memorandum Re: Anti-Discrimination, Harassment, and Retaliation Policy and Complaint and Investigation Procedures

Safe and Healthy Work Environment

LACERA is committed to providing a safe, healthy, and accessible work environment for everyone, including Trustees, staff, members, beneficiaries, and visitors. We protect each other and our members. Please report any health or safety concerns to Administrative Services.

We do not tolerate any violent behavior or threats of violence, direct or implied. This applies whether at LACERA, off-site work-related activities, or LACERA-sponsored events. It also applies on any social media, other media, or electronic channel. Engaging in acts or threats of violence is grounds for discipline, up to and including discharge, along with a report to law enforcement if appropriate.

HOW TO REPORT WORKPLACE VIOLENCE

- If we witness, or become aware of a violent incident, threat (direct or implied), or any other workplace violence concern against ourselves or anyone else in the workplace or that arises from or relates to our work, we immediately report it to our Supervisor, Manager, the Executive Office, Workplace Violence Prevention Policy Committee (WorkplaceViolenceCommittee@lacera.gov), the Director of Human Resources, or Human Resources' Employee Center.
- If there is an immediate safety threat or a serious injury has occurred, immediately contact 9-1-1 and report the incident to law enforcement, security, and/or emergency medical services.
- Reports of workplace violence are also covered by LACERA's strict non-retaliation policy.

Workplace Violence Prevention Plan, Policy, and Procedures

Drug and Alcohol-Free Work Environment

LACERA has a strict, zero-tolerance policy against staff possessing, selling, using, or being under the influence of non-prescription intoxicating or illegal substances on LACERA time or property, including cars used for LACERA business, or abusing prescription medication in the workplace. Substance abuse in the workplace is extremely disruptive and harmful. It negatively affects our work and poses serious safety and health risks. LACERA requires all staff to report to work fit to perform their job duties (including while teleworking). We cannot use or have alcohol, non-prescription intoxicating drugs, or illegal drugs in the office. We also may not use alcohol, non-prescription intoxicating drugs, or illegal drugs at home or other off-site teleworking location during work hours. Finally, we follow all laws on drug and alcohol use at all times, including while not working.

Employee Handbook (Represented) and (Non-Represented)

Professional Attire and Appearance

Professional attire and appearance are essential to maintaining a business image that reflects LACERA's standards. LACERA allows staff members the flexibility to dress and maintain an appearance reflecting personal style as long as it is professional, respectful, and appropriate to the nature of the event and audience. *Please see the policy for more details.*

Professional Attire and Appearance Policy

WE HOLD OURSELVES ACCOUNTABLE

Value & Guiding Principles

ACCOUNTABILITY: We take responsibility for our actions and operate with the highest standards of professionalism and respect in fulfilling our Mission and duty as prudent stewards of the pension funds.

GUIDING PRINCIPLES

- We always show up for our colleagues and follow through on our promises to provide high-quality, efficient, and accurate service to our members.
- We recognize that we are human and make errors. When we make an error, we recognize it, correct it, learn from it, and look to find ways to prevent future errors.
- We take the initiative to continually develop and improve our skills to get the job done.
- We address performance, inappropriate conduct, or actions not in line with our Values in a timely manner.

Accountability means holding ourselves, and each other, to high standards and taking responsibility if we fall short of those standards. True accountability means we are *all* held to the same high standards, regardless of title, function, or division. Being accountable makes us better teammates, improves operations, and best serves the fiduciary duty we owe to our members and beneficiaries.

Speak Up, Listen Up

We have a duty to speak up and report issues that do not align with our Mission, Vision, and Values. We have a duty to listen to those who report problems and take their concerns seriously. We listen to and observe those around us and speak up to report any inappropriate behavior. This helps identify problems early so we can perform at the highest level and with the strongest ethical standards. We welcome and look for helpful ideas and feedback so we continually improve ourselves and our processes and create an accountable workplace.

Ethics Hotline/Reporting Channels

Our Ethics Hotline and reporting channels help ensure we have a workplace based on integrity, transparency, and accountability. Look out for and report misconduct or conduct unbecoming to the positions of trust we have as fiduciaries for our members and their beneficiaries.

Staff

Report misconduct and illegal acts of any kind (including, but not limited to theft, fraud, embezzlement, extortion, or misappropriation of property) as follows:

- Promptly discuss the situation with your manager, supervisor, Human Resources, or other LACERA management, including the Executive Office, Internal Audit, Legal Division, and Ethics and Compliance Office. Managers and supervisors are responsible for handling and escalating staff concerns, reports, and allegations. Managers' and supervisors' failure to follow up on staff reports and allegations may result in disciplinary action depending on the circumstances.
- If you are uncomfortable reporting misconduct or illegal acts to any of the above individuals or offices, or do not feel that your concern is adequately addressed, the following resources are available:
    - *Call the Toll-Free EthicsPoint Hotline (844-794-9416)*. The Ethics Hotline is hosted by EthicsPoint, LACERA's third-party service provider, dedicated to taking calls on an anonymous basis 24 hours a day, 7 days a week.
    - File a Report on-line with EthicsPoint (lacera.ethicspoint.com). You can use an external device to ensure anonymity.
    - Reports will be treated confidentially to the extent feasible in light of LACERA's obligation to conduct an investigation or review and otherwise follow up on any concerns.
    - Any staff member making a report through the hotline is protected by LACERA's non-retaliation policy.
    - Any LACERA staff member engaging in any form of retaliation in response to a report is subject to disciplinary action, up to and including termination.

Trustees

Trustees may make use of the preceding reporting channels and may also report concerns to their Board Chair as well as the Chief Executive Officer, Chief Counsel, or the Chief Audit Executive. Board Regulations also provide procedures for censuring a Trustee.

Ethics Hotline Policy

Investigative Process for Misconduct

Management will promptly acknowledge receipt of reports, directly to the complaining party (if known) or through the EthicsPoint website for anonymous reports within five to six business days. All reports will be taken seriously. Actions taken will depend on the facts and circumstances of each report. The complaining party, and those against whom a complaint was made, will be informed of the outcome when the investigation is completed.

OUR ROLE IN INVESTIGATIONS

If someone reports misconduct and we are asked to participate in the investigation by giving an interview or producing records, we cooperate fully, respond truthfully and completely, and maintain confidentiality. This is part of accountability. Participating in investigations helps ensure LACERA can determine what, if anything, went wrong and how we can fix it or prevent it from happening again. We cannot be retaliated against for participating in any investigation.

Commitment to Non-Retaliation

Retaliation is *any kind of negative action* against a staff member that takes the form of punishment or creates a hostile, threatening, or uncomfortable work environment as a result of the staff member reporting a concern or participating in an investigation. LACERA prohibits and does not tolerate any form of retaliation against staff for making reports in good faith or otherwise cooperating in an investigation. Staff who are found to have retaliated in any respect will be subject to disciplinary action that may result in termination.

LACERA's commitment to non-retaliation supports our ethical culture. We can confidently uphold our duty to report unethical behavior or illegal conduct, without fear of negative action being taken against us.

Responsible Risk Management

We are accountable to LACERA, our colleagues, and our members by being risk aware. Risk is anything that may interfere with our ability to accomplish our Mission, Vision, and Values and that undermines our culture and ethical standards. Cutting corners and failing to speak up or act promptly create operational risk. We are responsible for reducing risks that can disrupt our business or lead to mistakes, misconduct, harm to LACERA's members and their trust in us, or loss of funds. To manage risk, all staff:

- Are risk aware—we know about divisional and organization-wide risks.
- Identify, report, prioritize, and manage risks related to our role.
- Follow controls and adjust them as needed to address risk. A control is a process, measure, or action that reduces risk. LACERA's Mission, Vision, and Values and its policies and procedures are controls.
- Seek guidance on effectiveness of controls from Internal Audit, the Legal Division, the Ethics and Compliance Office, or the Executive Office.
- Report on risks and mitigation efforts to your supervisor and manager, Human Resources, the Executive Office, ACRE Committee, or Boards when appropriate.
- Conduct continuous risk assessments because risks change and require that our controls to address them must also evolve.

Telework

LACERA has embraced hybrid work as a permanent part of our operations. It balances work quality, productivity, staff morale, disaster recovery and business continuity plans, and air quality and traffic reduction goals. Telework is a privilege, not a benefit or right. This privilege may be granted, modified, denied, or terminated at LACERA's sole discretion. We hold ourselves accountable when working outside of the office by following all requirements in our Telework Policy. Whether in the office or working remotely, we work effectively, efficiently, and act in accordance with our Values and this Code. We are reliable team members and provide excellent service to our members no matter where we work.

We recognize that it may be necessary to be physically present in the office to complete our work, collaborate with others, and attend business meetings. We work in the office when we are required to do so and when, on our own initiative and with the permission of our supervisor, it is necessary to properly perform our work.

2022 Telework Policy for LACERA Staff Members

TELEWORK DO'S AND DON'TS

- ☑ Follow your telework schedule and use leave for personal activities
- ☑ Be available during working hours
- ☑ Be responsive to email, Teams calls, and Teams messages whether in the office or teleworking
- ☑ Follow LACERA's Privacy and Confidentiality Policy while teleworking
- ☒ Don't change your telework schedule without your supervisor's approval
- ☒ Don't forget to immediately tell your supervisor about any connectivity or device issues

WE ARE TRANSPARENT

Value & Guiding Principles

TRANSPARENCY: We clearly communicate our knowledge, ideas, and expertise in an open, fair, and honest environment, resulting in better organizational outcomes and decision-making.

GUIDING PRINCIPLES

- We create a healthy work environment by sharing information, listening to each other's ideas, and giving constructive feedback.
- We recognize that good decisions are made based on knowledge and data and seek to share and provide both freely.
- We recognize that we are a public institution and freely share knowledge (when appropriate) with our peer organizations.

Transparency builds trust. We are transparent with our teams, our members, and all others with whom we interact. A transparent culture best serves our staff, members, their beneficiaries, and the public.

Transparent Communication

We are transparent in our communication and are committed to the free flow of information to the extent permitted by law and our Privacy and Confidentiality Policy. Internally, we readily share information between divisions and discuss all sides of an issue to best serve each other, our Mission, our members, and their beneficiaries, and to promote collegiality and collaboration among ourselves. Transparent communication is an essential component of teamwork and working toward our common Mission. Externally, we provide accurate, timely, and complete information to the extent allowed and legally required, and to carry out our important public service.

Accurate Information

As fiduciaries, we give members accurate, complete, and understandable information so they can make informed decisions about their benefits. We work hard to provide accurate information. Trustees and staff do not provide information or advice about a member's rights, benefits, or obligations, unless we are knowledgeable about and authorized to communicate with members on such matters. LACERA has 15 divisions, each with its own roles, responsibilities, knowledge, and skill sets. We consult with or refer members to relevant divisions on any issues outside the scope of our own expertise and day-to-day duties. We may also refer member questions and concerns to the Chief Executive Officer or their designee.

Specific Guidance for Trustees

When Trustees make or receive any written communications regarding LACERA's business involving a current LACERA service provider or person or entity related to that provider, Trustees will provide a copy of that communication to the Chief Executive Officer or Chief Investment Officer for distribution to all Trustees of the Board on which the Trustee serves.

All communication with vendors, including meetings and phone calls, should also be disclosed to the Chief Executive Officer or Chief Investment Officer. Trustees do not need to disclose purely personal or social correspondence, routine announcements, generally distributed newsletters, and other similar correspondence.

Board of Retirement Trustees who receive correspondence directly from members should provide the original correspondence to the LACERA Executive Office for processing by the appropriate staff.

Board of Retirement Correspondence Policy

Media Policy

LACERA accurately communicates the policies and actions of LACERA and the Boards of Retirement and Investments to legitimate representatives of the mass media.

The general spokesperson for LACERA is the Chief Executive Officer or their designee. For Board of Investments policies and practices, the Chief Investment Officer or their designee is the primary spokesperson. Staff forward all inquiries and requests from the media to the Chief Executive Officer, or to the Chief Investment Officer if the inquiry or request involves LACERA investments. Trustees are encouraged to do the same.

LACERA staff do not initiate any media contact without specific Board direction. LACERA staff share any written press releases with the relevant Board Chair(s) for review. *Please see the full Media Policy for more detail.*

Social Media

Whether we are a Trustee or staff member, we do not hold ourselves out as representatives of LACERA on social media. Our *Communications Division* is responsible for LACERA's social media presence. We also do not use social media to have workplace discussions. We are mindful that we are public employees and our conduct on social media, even outside of our LACERA roles, can still reflect on LACERA and our reputation.

Media Policy

Confidentiality and Privacy

We protect the privacy of confidential information entrusted to us. Improper use or disclosure presents serious risks to our members, staff, Trustees, LACERA as a whole, the County of Los Angeles, our other participating employers, and those with whom we do business. We all access confidential information in our work, and we are each responsible for protecting it. Trustees and staff are responsible for reviewing and following the policy that applies to their role.

"Confidential Information" means any information not publicly available that belongs to LACERA or is related to LACERA business operations and includes the following:

- Member Records & Sworn Statements
- Personally Identifiable Information (PII)
- Protected Health Information (PHI)
- Security Information
- Proprietary Information, including Material Non-Public Information (MNPI)
- Privileged Information and Information Exempt from Disclosure under the Public Records Act
- Information shared during closed session meetings of the Board of Retirement and Board of Investments, unless the respective Board takes action to authorize disclosure

Staff Privacy & Confidentiality Policy

BOR & BOI Policy on Board Member Protection of Confidential Information

Q & A – CONFIDENTIAL INFORMATION

Q: I need to discuss confidential information with a colleague. How should I do that?

A: Make sure your colleague has a business reason to know the information, and find an area where you will not be overheard by others (avoiding hallways, restrooms, and other public areas of the building). If you have a conversation over the phone or Teams in the office, close the door to your office or the conference room.

Public Records Act and Other Requests for Information

LACERA complies with the California Public Records Act and all other lawful requests for information (subpoenas, discovery requests, etc.). If we receive one of these requests, immediately refer them to the Legal Division. Messages on our own personal electronic devices about LACERA business are subject to disclosure under the Public Records Act.

Records Retention

Information and records, in all formats—electronic or physical—are important LACERA assets. They are used for ongoing operations and as a historical record of past business decisions, activities, member information, and transactions. We preserve the right information, in the right place, for the right period of time. We follow the Records & Information Management (RIM) Policy and Retention Schedule, which is another way we uphold our fiduciary duties and manage risk. We do not conduct LACERA business on messaging systems that automatically delete messages (e.g., WhatsApp) before the timeframes set out in our RIM Policy.

RIM Policy

Brown Act

The Ralph M. Brown Act (Brown Act) governs open meetings for local legislative bodies in California and guarantees the public's right to attend and participate in these meetings. It applies to the Board of Retirement, Board of Investments, and any standing committee of either Board.

The Brown Act requires our Boards and their standing committees to hold meetings in an open forum but recognizes the need to meet in private to carry out their responsibilities in the best interests of the public under limited circumstances (including personnel matters, anticipated and pending litigation, labor negotiation, purchase or sale of pension fund investments, information technology, and security issues). Trustees and staff shall not disclose information from a closed session of the Board unless the Board takes action to allow disclosure.

A serial meeting is a series of communications, each of which involves less than a quorum of the legislative body, but which taken together involves a majority of the body's members. Trustees should be mindful to avoid serial meetings when communicating amongst themselves, including electronically (via email, text, or social media). Staff are mindful of this as well when communicating with Trustees about agendized items or other issues which may be subject to board deliberation because the Brown Act also prohibits staff and others from being a conduit of information between Board members that results in a serial meeting.

WE ARE INNOVATIVE

Value & Guiding Principles

INNOVATION: We cultivate a creative, forward-thinking approach in seeking out new ideas and novel solutions to continually improve our operations and the member experience.

GUIDING PRINCIPLES

- We challenge ourselves daily to develop new solutions, taking advantage of our diverse knowledge and perspectives.
- We are judicious and willing to take measured risks to test out new ideas.
- We are not afraid to fail, understanding that failure is a step toward better solutions.
- We make an effort to seek out new knowledge, remaining aware of what is happening in our industry and similar industries.

We continually find new and better ways to serve our members. Our culture is open to and welcomes change. We embrace and leverage new technologies and the latest ideas to stay ahead of the curve and evolve our operations.

We Always Bring Our Best

We bring our best ideas, creativity, and introspection to every task, decision, and interaction to fulfill our Mission, Vision, and Values. We make tomorrow our best day and are constantly improving, through our own initiative as well as through continual learning and collaboration with our colleagues.

Artificial Intelligence (AI)

AI is a new and rapidly evolving technology that requires some safeguards. At a minimum, staff need to obtain authorization before using AI for LACERA business. While staff may use AI (if authorized) as a research tool, AI is not a substitute for original thought, ideas, and individual skill sets.

Additionally, do not enter confidential or privileged information into online AI prompts, as it carries serious cybersecurity and privacy risks. *Please see LACERA's AI Policy for more information and contact the Information Security Office with any questions or concerns.*

LACERA Artificial Intelligence Policy

Information Security and Acceptable Use

As we embrace technology and innovate new ways to effectively serve our members, we protect all confidential or privileged information from unauthorized access, use, or disclosure and manage any associated risk. We follow all applicable policies for using hardware and software. We use LACERA technological resources like computers, tablets, phones, email, and other systems for LACERA business purposes only, though incidental personal use is allowed as set out in our *Acceptable Use Policy.*

LACERA End-User Information Security Policies & Standards Manual

Non-LACERA Managed Devices (Bring Your Own Device (BYOD)) Acceptable Use Policy

LACERA Written Information Security Program (WISP) Charter

INFORMATION SECURITY DO'S AND DON'TS

- ☑ Have separate and distinct passwords for LACERA systems versus personal accounts. Commit passwords to memory or maintain them in a LACERA approved password management application on a LACERA device. Do not write them down.
- ☑ If you use a personal device to access email or Teams, enroll in the Bring Your Own Device (BYOD) program. Any LACERA communications on a personal device are subject to disclosure under the Public Records Act.
- ☑ If you suspect that your LACERA issued or personal device with access to LACERA information has been compromised, report the incident immediately to the LACERA IT Help Desk and your supervisor or manager.
- ☑ Complete annual Information Security Awareness training.
- ☒ Don't tamper with or change the settings for updates on LACERA issued devices.
- ☒ Don't access personal email from any LACERA electronic equipment.
- ☒ Don't use third-party cloud storage and sharing services such as Dropbox, Box, Google Drive, iCloud, etc.

Training and Education

We are each expected to attend training and educational programs for continuous professional development to improve ourselves, our knowledge, and skills and to effectively contribute to our colleagues, members and their beneficiaries.

LACERA encourages staff to undertake educational opportunities relevant to the performance of their duties. Travel by staff for education is governed by the *Staff Travel Policy*. LACERA's Employee & Organizational Development (EOD) unit in Human Resources facilitates staff education and training (eod@lacera.gov). If our position requires us to maintain professional licenses or certifications, those are kept current as well.

CERL requires Trustees to complete at least 24 hours of education biennially on topics relevant to public retirement system trustees in California. Trustees may pursue additional relevant education consistent with performance of their fiduciary duties. Trustees are governed by the *Trustee Education Policy and Trustee Travel Policy*.

Trustee Education Policy, Trustee Travel Policy & Staff Travel Policy

CODE ADMINISTRATION

Enforcement

Staff: LACERA's Chief Executive Officer and their designees are responsible for communicating, implementing, and enforcing the Code. Violations of any Code provisions may result in disciplinary action as the situation may warrant, up to and including termination of employment.

Trustees and Chief Executive Officer: The Boards are responsible for enforcing the Code with respect to Trustees and the CEO in accordance with Board regulations, policies, and applicable law.

Training and Attestation

The Legal Division and Ethics and Compliance Office will provide training on the Code during each Trustee and staff member's orientation upon joining LACERA and every two years thereafter. Representatives of other divisions may also participate in training to speak on their areas of expertise. With orientation and each training, Trustees and staff will attest to receiving, reading, understanding, and committing to follow the Code.

Review

The Audit, Compliance, Risk, and Ethics (ACRE) Committee, Board of Retirement, and Board of Investments review the Code every three years. The LACERA Legal Division, Ethics and Compliance Office, and Internal Audit monitor applicable laws, regulations, and best practices on an ongoing basis and will recommend amendments to the Code when necessary and appropriate. The Boards may amend the Code at any time.

Exceptions

Nothing in this Code frees us from following all applicable federal, state, and local laws and regulations. In any situation where it appears there may be a valid reason for an exception to any requirement in the Code, contact your supervisor or manager, the Executive Office, Human Resources, the Legal Division, or the Ethics and Compliance Office. Final authority to grant exceptions belongs to the Chief Executive Officer or designee.

Any request for an exception to this Code must be in writing and demonstrate that the action taken is ethical, in compliance with applicable federal, state, and local laws and regulations, and would be in the best interest of LACERA, our members, and their beneficiaries, as pertains to LACERA business.

Disclaimer

The Code does not create any rights in members, beneficiaries, staff, Trustees, vendors, other stakeholders, or others.

LACERA

Los Angeles County Employees Retirement Association

CODE OF ETHICAL CONDUCT

For LACERA Boards and Staff

REVISED AND APPROVED:

Board of Retirement: November 3, 2021

Board of Investments: November 17, 2021

To LACERA Board Trustees and Staff:

LACERA prides itself on conducting its business in a lawful and ethical manner. Our work and interactions are guided by laws, rules, regulations, and policies.

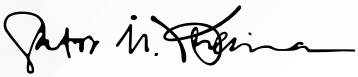
We are a mission driven organization rooted in its core values of *Professionalism*, *Respect*, *Open Communication*, *Fairness*, *Integrity, and Teamwork*. We know how important it is to draw on our shared values and behaviors to effectively produce, protect, and provide the promised benefits to our members and their beneficiaries.

As a public entity serving over 180,000 active members and retirees, it is imperative that we establish an organization-wide culture and accountability for ethics. No matter your role at LACERA, you each play a vital role in fostering the confidence of our members, plan sponsors, and other stakeholders in LACERA's institutional integrity and our standing as a well-managed public pension system. We must each demonstrate a commitment to building a strong ethical culture by exhibiting *honesty, integrity, trust, fairness, and duty* in connection with LACERA's business as a public pension fund.

LACERA's commitment to ethical standards is reflected in the attached Code of Ethical Conduct (Code). The Code demonstrates the way we will conduct our business each day. It outlines the standards of ethical conduct required of LACERA Board trustees and staff. Please read the Code carefully and ask questions if something isn't clear.

By holding ourselves and each other accountable to our ethical standards, we deliver on our promise to build a strong ethical culture at LACERA.

Very truly yours,



Santos H. Kreimann
Chief Executive Officer

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I. PURPOSE AND SCOPE

The Los Angeles County Employees Retirement Association (LACERA) is a public pension plan organized under the County Employees Retirement Law of 1937 (CERL) (Cal. Gov't Code §§ 31450 et seq.) and the California Public Employees' Pension Reform Act of 2013 (PEPRA) (Cal. Gov't Code §§ 7522 et seq.). The management and administration of LACERA are vested in the Board of Retirement. All investments of LACERA are the responsibility of the Board of Investments.

The Trustees of the LACERA Boards are mindful of the positions of trust and confidence they hold. The Boards adopt this Code of Ethical Conduct to define standards of ethical conduct required of LACERA Board Trustees and staff. The purpose of the Code is to ensure the proper administration of LACERA and to foster public confidence in LACERA's institutional integrity as a well-managed public pension system.

"Ethics" and "ethical conduct" are defined for purposes of this Code as conduct that complies with principles of honesty, integrity, trust, fairness, and duty in connection with LACERA's business as a public pension fund. This Code looks to three sources for determination of ethical standards:

- First, laws and regulations applicable to LACERA and its business, Board Trustees, and staff, including the California Constitution, CERL, the Political Reform Act and the regulations adopted thereunder, the Ralph M. Brown Act, and other statutes, regulations, and case law.
- Second, best practices of ethical conduct. Best practices are drawn from ethical codes and practices of other public pension systems in California and elsewhere, professional associations, and similar sources.
- Third, LACERA's **Mission**, **Values**, and **Vision**, historical LACERA practices, and judgment as to the moral principles and behavior that LACERA as an organization strives to follow.

This Code provides ethical standards for LACERA Board Trustees and staff. The Code provides specific guidance for common situations raising ethical issues. However, the Code does not specifically address every issue that Board Trustees and staff will encounter. As to those other situations, the Code should be used and followed as a reference for standards of conduct and the basis for evaluation of facts and circumstances. The Code requires that additional information be requested when a user is unsure as to how the Code should be interpreted or when a user encounters an ethical issue not covered in the Code.

This Code is important:

- To ensure legal compliance with ethics laws and regulations.
- To further best ethical business practices.
- To establish an organization-wide culture and accountability for ethics.
- To foster trust, credibility, and positive relationships between LACERA and all parties necessary for the effective performance of LACERA's Mission to produce, protect and provide the promised benefits. These parties include others inside the organization, members, the plan sponsor and other participating employers, vendors, the public, and all others with whom LACERA may deal.
- To further LACERA's Values and Vision, which incorporate ethics, honesty, integrity, fairness, and trust.
- To establish common ethical standards followed by everyone at LACERA, instead of leaving ethics to unguided and possibly inconsistent personal judgment and interpretation.
- To mitigate the legal and business risks associated with ethical issues.
- To further the organization's business goals and objectives.
- To confirm the process for reporting or raising ethical concerns or questions.
- To identify resources for additional information concerning ethics and the applicable laws and regulations.

The Code shall not be construed as the sole source of ethics laws and regulations which must be observed by LACERA Board Trustees and staff. Nothing in this Code shall exempt any person from any other applicable federal, state, or local law or regulation. The standards of ethical conduct in this Code are in addition to any such other laws and regulations.

II. GENERAL ETHICAL STANDARDS

This Code addresses specific ethical requirements in subsequent sections. The application of those specific requirements is summarized in this Section II as General Ethical Standards.

The following General Ethical Standards apply to LACERA Board Trustees and staff:

- Recognize and be accountable for all fiduciary responsibilities.
- Comply with all applicable laws and regulations, including those listed in Section I and elsewhere in this Code or which may be determined to be applicable in individual circumstances.

- Further the interests of transparency in the conduct of the public's business as described in the Ralph M. Brown Act and Public Records Act.
- Conduct all LACERA business in a fair manner and be honest in all business dealings.
- Strive to provide the highest quality of performance and counsel.
- Avoid any activity which, based on available information and reasonable due diligence and inquiry under the circumstances, constitutes an actual conflict of interest or which could be perceived or interpreted as a conflict of interest by others.
- Avoid exerting improper influence or being improperly influenced, and the appearance of improper influence or being improperly influenced.
- Exercise prudence and integrity in the management of funds.
- Report to an appropriate person actions of themselves or other persons or entities of which they become aware or suspect based on available information and reasonable due diligence and inquiry under the circumstances which may constitute violations of this Code of Ethical Conduct.
- Be responsible for maintaining professional competence.
- Be respectful, professional, and courteous to all LACERA Board Trustees and staff, LACERA members, and all persons and entities with which LACERA does business or may otherwise interact.
- Maintain the confidentiality of all plan member information and all other confidential or privileged information so designated, including but not limited to information provided for or related to closed sessions of the Boards, which is received from or created or maintained by LACERA.
- To the extent not otherwise covered by the preceding bullets, conduct LACERA business in a manner consistent with:
    - LACERA's **Mission** *to produce, protect, and provide the promised benefits.*
    - LACERA's **Values** of *Professionalism, Respect, Open Communications, Fairness, Integrity, and Teamwork.*
    - LACERA's **Vision** of *Excellence, Commitment, Trust, and Service.*
    - All other applicable LACERA policies and procedures.
- Report or seek additional information from an appropriate person, when necessary, concerning ethical questions and issues.

III. PROHIBITED TRANSACTIONS

The specific ethical requirements in subsequent sections of the Code define and describe certain prohibited conduct. Those prohibitions are summarized in this Section III as Prohibited Transactions.

LACERA Board Trustees and staff shall not engage in the following Prohibited Transactions:

- Utilizing or permitting others to use any property, resources, information, or opportunity of LACERA for personal gain.
- Engaging in any activity or failing to disclose any activity which, based on available information and reasonable due diligence and inquiry under the circumstances, constitutes an actual conflict of interest or which could be perceived or interpreted by others as a conflict of interest in the impartial and objective execution of duty to LACERA and its members.
- Falsifying or failing to record proper entries on any books or records of LACERA.
- Engaging in serial meetings or other conduct in violation of the Ralph M. Brown Act.
- Knowingly becoming a party to, or condoning, any illegal activity, including failing to report misconduct under this Code of themselves or other persons or entities.
- Authorizing payment of any amount on behalf of LACERA, or for any purpose, other than that explicitly disclosed in the original request for payment.
- Directly or indirectly seeking or accepting gifts, money, property, or other benefit that would influence or appear to influence the conduct of duties.
- Selling or providing goods or services to LACERA without disclosure.
- Utilizing the services of relatives or close personal associates for LACERA business without disclosing such relationship prior to execution and obtaining the appropriate approval.
- Engaging in activities involving dishonesty, fraud, deceit or misrepresentation.
- Engaging in outside employment with any providers of supplies or services to LACERA.
- Engaging in outside employment that would interfere with or hamper expected performance at LACERA.
- Engaging in other activities which compromise or appear to compromise one's objectivity in the conduct of one's duties.

- Releasing to any third person plan member information or other confidential or privileged information so designated, including but not limited to member information and information provided for or related to closed sessions of the Boards protected by the Ralph M. Brown Act, which is received from or created or maintained by LACERA.
- Engaging in any other conduct prohibited by this Code of Ethical Conduct, Board or LACERA policy, or applicable laws and regulations.

IV. FIDUCIARY DUTIES

Trustees of LACERA's Board of Retirement and Board of Investments have fiduciary duties under the California Constitution and other law. LACERA as an organization also has fiduciary duties, which are implemented through LACERA's employees. Finally, certain of LACERA's vendors have a fiduciary duty to LACERA. This Section IV addresses all three categories of fiduciary duty. Board Trustees and staff shall report actions of which they become aware or suspect based on available information and reasonable due diligence and inquiry under the circumstances that may constitute a breach of fiduciary duty by any person or entity known to have such a duty.

A. FIDUCIARY DUTIES OF BOARD TRUSTEES

The California Constitution, Article XVI, Section 17, defines the fiduciary duties of the LACERA Boards, and the Board Trustees:

- The Boards "shall have plenary authority and fiduciary responsibility for investment of moneys and administration of the system."
- The Boards "shall have the sole and exclusive fiduciary responsibility over the assets of the system. The retirement board also has sole and exclusive responsibility to administer the system in a manner that will assure prompt delivery of benefits and related services to the participants and their beneficiaries. The assets of a public pension or retirement system are trust funds and shall be held for the exclusive purposes of providing benefits to participants in the pension or retirement system and their beneficiaries and defraying reasonable expenses of administering the system."
- The Trustees of the LACERA Boards "shall discharge their duties solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system. A retirement board's duty to its participants and their beneficiaries shall take precedence over any other duty."

- The Trustees of the LACERA Boards "shall discharge their duties with the care, skill, prudence, and diligence under the prevailing circumstances that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise with a like character and like aims."
- As to the Board of Investments, the Trustees "shall diversify the investments of the system so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly not prudent to do so."

These duties are also included in Section 31595 of CERL.

California case law provides that the Boards and the Board Trustees have a trust relationship with LACERA's members and beneficiaries. This trust relationship means that the Boards and the Board Trustees have a fiduciary duty of prudence and loyalty to members and beneficiaries, which must be exercised in good faith. Further, the Boards and the Board Trustees have a duty to deal fairly with the members and beneficiaries, without the slightest misrepresentation, concealment, threat, or adverse pressure. *Hittle v. Santa Barbara County Employees Retirement Assn.* (1985) 39 Cal.3d 374.

To perform their fiduciary duties, each Trustee of the LACERA Boards shall diligently attend to the business of the Board on which he or she serves and shall not leave to the other Trustees control over the administration of the affairs of such Board.

B. FIDUCIARY DUTIES OF LACERA, AND STAFF'S ROLE

LACERA as an organization has the same fiduciary duties. LACERA staff supports the organization, the LACERA Boards, and Board Trustees in the fulfillment of their fiduciary duties as described in Section IV(A) of this Code. Accordingly, LACERA staff shall be familiar with the fiduciary duties described in Section IV(A) and conduct themselves at all times in a manner consistent with those duties. LACERA staff shall take no action inconsistent with those duties. LACERA staff shall avoid any conduct which is, or may be perceived to be, detrimental to LACERA and its members and beneficiaries. In dealing with members, LACERA staff shall be honest and forthright. Staff shall ensure that the information provided to members in connection with their rights, questions, choices and decisions, concerns, and issues is complete and accurate.

C. FIDUCIARY DUTIES OF CERTAIN VENDORS

Certain LACERA vendors have a fiduciary duty to the organization under applicable law or under the terms of a contract with LACERA. LACERA shall monitor those vendors that owe a fiduciary duty to ensure that the vendors comply with that duty. Staff shall ensure that the contract of any vendor with a fiduciary duty includes a provision confirming that duty.

V. CONFLICTS OF INTEREST

LACERA Board Trustees and staff shall avoid conflicts of interest, including the appearance of conflicts of interest, in all aspects of their work for LACERA and shall comply with applicable laws and regulations relating to conflicts.

A. FORM 700 STATEMENT OF ECONOMIC INTERESTS

Public officials, including LACERA Board Trustees and certain staff, who make or influence governmental decisions are required to submit Form 700 Statements of Economic Interests. Form 700s are an important tool in the identification of actual or potential conflicts of interest by LACERA Board Trustees and staff. Form 700s are public documents. LACERA Board Trustees and designated staff, as generally described below, shall file Form 700s when and as required by applicable law and regulations, which are generally summarized here. Additional information can be obtained from LACERA's Legal Office and from Fair Political Practices Commission publications.

Pursuant to California's Political Reform Act, LACERA's Boards have adopted, and the County of Los Angeles Board of Supervisors has approved as code reviewing authority, a Conflict of Interest Code that requires the filing of a Form 700 by positions "which involve the making or participation in the making of decisions which may foreseeably have a material effect on any financial interest," except positions which manage public investments. Cal. Gov't Code § 87302(a). Persons, including Trustees of the Board of Retirement and identified staff, who file under an agency-adopted Conflict of Interest Code are referred to as "Code Filers." LACERA's Conflict of Interest Code sets forth the positions of all Code Filers and describes the specific economic interest Disclosure Categories that apply to each position.

There is also a separate Conflict of Interest Code for staff who serve as officers or hold other positions in LACERA's wholly-owned title holding entities.

The LACERA and title holding entity Conflict of Interest Codes are subject to biennial review.

Separate provisions of the Political Reform Act require positions managing public investments to file a Form 700. Cal. Gov't Code § 87200. Persons who file under Section 87200, including Trustees of the Board of Investments, the Los Angeles County Treasurer and Tax Collector as an ex officio member of both Boards, and identified staff, are referred to as "87200 Filers." 87200 Filers are required to disclose investments, interests in real property, income (including gifts, loans, and travel payments), and business positions as described in Form 700 and the Political Reform Act. While 87200 Filers are not subject to LACERA's Conflict of Interest Codes, they are listed as a matter of information in the Appendix to LACERA's Code.

Form 700s shall be filed, both by Code Filers and 87200 Filers, upon assuming an applicable position, annually thereafter, and on leaving an applicable position. Certain Board Trustees and staff are Code Filers and 87200 Filers in different capacities and may complete a combined Form 700. Form 700s shall be filled out by all required filers in a timely, accurate, and thorough and complete manner.

B. GIFTS, HONORARIA, TRAVEL & LOANS

The Political Reform Act, and Regulations promulgated thereunder by the Fair Political Practices Commission (FPPC), impose limitations on gifts, honoraria, travel, and loans. The legal rules associated with gifts, honoraria, travel, and loans are lengthy and detailed. Additional information can be obtained from LACERA's Legal Office and from FPPC publications. A summary of the general standards with respect to these matters is as follows:

Gifts. LACERA Board of Retirement Trustees and staff who are Code Filers are prohibited from receiving gifts totaling more than the legally established gift limit from any single source in a calendar year if receipts of gifts from that source are required to be disclosed on Form 700 by LACERA's Conflict of Interest Code. LACERA Board of Investments Trustees and staff who are 87200 Filers may not accept gifts totaling more than the legally established limit from any single source in a calendar year. Even if a gift is not subject to Form 700 reporting or the gift limit, a gift may still create a conflict of interest; therefore, LACERA requires Board Trustees and all staff shall make disclosure to the Legal Office of all gifts from a single source with a combined total equal to or greater than $50 in a calendar year from any individual or entity. Gifts to family members are included in the gift rules under certain circumstances. There are also exceptions to the gift rules for certain gifts; questions should be addressed to LACERA's Legal Office or the FPPC. The gift limit is adjusted biennially. The gift limit for 2021-2022 is $520; the limit for any date after December 31, 2022 should be confirmed with the LACERA Legal Office or the FPPC. Gifts from a

single source with a combined total less than $50 in a calendar year currently are not reportable under FPPC law and regulations; gifts equal to or in excess of this limit are subject to reporting on Form 700, subject to the requirements and limitations described above. A more detailed SUMMARY OF GIFT LIMITATIONS AND RESTRICTIONS is attached as Appendix A.

Honoraria. LACERA Board of Retirement Trustees and staff who are Code Filers are prohibited from receiving honoraria from any source in consideration for any speech, article published, or attendance at any public or private conference, convention, meeting, social event, meal, or like gathering, if receipt of gifts from that source is required to be disclosed on Form 700 by LACERA's Conflict of Interest Code. LACERA Board of Investments Trustees and staff who are 87200 Filers may not accept any honoraria payments. There are certain exceptions to the honoraria rules; questions should be addressed to LACERA's Legal Office or the FPPC. Even if an honorarium is not subject to disclosure, Board Trustees and staff shall make disclosure to the Legal Office of such a payment from any individual or entity as to which LACERA will take any action. Honoraria include money, advances, reimbursements, and gifts of any other type that have more than nominal value.

Travel. Payments or reimbursement for travel are subject to the reporting requirements for gifts and income. If a travel payment is a gift, it is subject to the gift limit. A travel payment can also be considered an honorarium. Recusal may be required from any decision that will have a materially foreseeable financial effect on the source of a travel payment. There are exceptions to the travel rules; additional information can be obtained from LACERA's Legal Office or the FPPC.

Loans. 87200 Filers and elected Trustees of the Boards may not receive a personal loan that exceeds $250 at any given time from an officer, employee, member, or consultant of LACERA or from any individual or entity that has a contract with LACERA. Ordinary retail loans and credit card transactions are excepted if they are offered on the same terms as generally available to the public. Elected Trustees of the Boards may not receive a loan of $500 or more unless the loan is made in writing and clearly states the terms. There are other limitations and exceptions. A loan can constitute a gift under certain circumstances. Additional information is available from LACERA's Legal Office or the FPPC.

Board Trustees and staff are prohibited from soliciting any gift or any other consideration (including but not limited to money, service, gratuity, favor, entertainment, hospitality, loan, or other thing of value) from anyone who is doing or is seeking to do business of any kind with LACERA.

Board Trustees and staff are prohibited from accepting any gift from anyone who is doing or is seeking to do business of any kind with LACERA, when the gift

is offered with a view toward securing favorable treatment in the awarding of any contract or agreement, or the making of any determination.

All rules relating to gifts, honoraria, travel, and loans are subject to change by the FPPC and other authority. Confirmation of the current rules can be obtained from LACERA's Legal Office or the FPPC.

C. INCOMPATIBLE ACTIVITIES/INCOMPATIBLE OFFICES

LACERA Board Trustees and staff shall not engage in any employment, activity, or enterprise which is inconsistent, incompatible, in conflict with, or inimical to his or her duties for or on behalf of LACERA, or with the duties, functions, or responsibilities of the position he or she occupies for LACERA. LACERA Board Trustees and staff shall not perform any work, service, or counsel outside his or her responsibilities for LACERA where any part of his or her efforts will be subject to approval by the Boards or any employee of LACERA acting in that capacity. Cal. Gov't Code § 1126.

Board Trustees may not simultaneously hold two public offices where the functions of the offices are inconsistent or where there are conflicting interests. Cal. Gov't Code § 1199. The Los Angeles County Treasurer and Tax Collector holds that position as well as, under CERL, positions as a member of both the Board of Retirement and Board of Investments; these are not incompatible offices.

D. CONTRACTS

LACERA Board Trustees and staff shall not be financially interested, directly or indirectly, in any contract made between LACERA and any individual or entity. The making of a contract includes any participation whatsoever, including the development of the need for the goods or services subject to the contract, issuance of a Request for Proposals (RFP), Request for Information (RFI), purchase order, or other solicitation or contracting process, evaluation of prospective contracting parties, selection of contracting parties, negotiation of the terms of the contract, and performance of the contract. Cal. Gov't Code § 1090 et seq.

E. INVESTMENTS

LACERA Board Trustees and staff shall not have any personal interest, direct or indirect, in the making of any investment by LACERA, or in the gains or profits from any investment. Board Trustees and staff shall not, directly or indirectly, for themselves, or as an agent or partner of others, sell or provide any investment product to LACERA. Cal Gov't Code § 31528 (a), (b).

F. DISCLOSURE AND RECUSAL

LACERA Board Trustees and staff shall disclose actual or potential conflict of interest, based on available information and reasonable due diligence and inquiry under the circumstances, or the appearance of an actual or potential conflict of interest, to the Chief Executive Officer and the Legal Office. Board Trustees and staff shall recuse themselves from involvement, consideration, and decision of a matter as to which the member has an actual conflict of interest. Recusal, or disqualification, is mandatory in certain circumstances, and discretionary in others. Board Trustees and staff should consider recusing themselves from consideration and decision of a matter as to which the member has a potential conflict of interest, or the appearance of an actual or potential conflict of interest. Board Trustees and staff shall consult with the Legal Office on any issue of recusal to discuss legal requirements that may apply to the particular circumstances, including whether recusal is required, whether recusal is an effective remedy for a conflict or potential conflict or whether other steps (up to and including disqualification of an individual or the Board) are necessary, and the way in which recusal, if possible, should be documented.

G. CONFLICTS OF INTEREST BY VENDORS

LACERA's contracts shall include appropriate provisions to ensure that there are no conflicts of interest during the contracting process and to prevent conflicts of interest during the term of a contract. Board Trustees and staff should be alert to, and take other appropriate steps to prevent, actual or potential conflicts of interest of which they are aware or suspect based on available information and reasonable due diligence and inquiry under the circumstances by vendors in connection with the making or performance of contracts.

VI. EMPLOYMENT OF RELATED AND UNRELATED PERSONS

To avoid nepotism or the appearance of nepotism, including the potential conflicts of interest and appearance of unfairness that may result, LACERA may not employ a person who is related to:

- A Board Trustee.
- The Chief Executive Officer.
- Persons serving as Deputy Chief Executive Officer, an Assistant Executive Officer, and any other employee reporting directly to the Chief Executive Officer.
- A division manager.

This prohibition does not prevent the continued employment of a person who has already been working for LACERA in a full time and non-probationary capacity for thirty consecutive days prior to the date the Board Trustee or other individual described above acquired their position, or the related party became related. If a related party is retained under these circumstances, any actual or potential conflict of interest must still be corrected or sufficiently mitigated.

Related parties of other LACERA staff may be considered for employment by LACERA provided the applicant possesses all the qualifications for employment and that no preferential or unfair treatment is given based on any relationship. Such a related party may not be hired for or assigned to a position which would either:

1. Create either a direct or indirect supervisor/subordinate relationship with a related party; or
2. Create either an actual conflict of interest or the appearance of a conflict of interest.

These criteria will also be considered when assigning, transferring, or promoting a staff member.

For purposes of this policy, “related parties” include:

- Spouse, parent or grandparent, child or grandchild, or sibling.
- First degree aunt, uncle, niece, nephew or cousin.
- Any “step” or “in-law” variant of the aforementioned relationships.
- Any member of the employee’s household, whether or not related.

A LACERA Board Trustee or staff may not exercise individual discretionary authority to hire, evaluate or promote a related party under any circumstances, even when otherwise permitted under the standards above.

Board Trustees and staff may participate in the hiring process for any person, whether related or unrelated, only in accordance with established LACERA policies and procedures and shall not use or attempt to use influence outside of their individual hiring authority to cause the organization to hire any individual as a permanent or temporary LACERA employee. Board Trustees and staff may refer individuals interested in potential employment to LACERA’s Human Resources.

VII. CONTRACTING AND VENDOR RELATIONSHIPS

LACERA Board Trustees and staff shall not have contact with individuals or entities who are or should be reasonably known, based on available information and reasonable due diligence and inquiry under the circumstances, to be seeking engagement by LACERA in response to an RFP, RFI, purchase order, or other solicitation or contracting process, except in accordance with the published terms of the contracting process or except for, and limited to, contact necessary in connection with ongoing LACERA business with an individual or entity.

LACERA's RFPs, RFIs, and other contract solicitations shall include notice that a "quiet period" will be in place from the beginning of the contracting process until the selection of the successful party such that LACERA Board Trustees and staff, as well as potential contracting parties, are instructed that contact between Board Trustees and staff, on the one hand, and all potential contracting parties, on the other hand, shall not occur, except as provided in the preceding paragraph. As part of the contracting process, potential contracting parties shall be required to disclose potential conflicts of interest. LACERA staff shall provide quiet period lists to Board Trustees and staff in monthly Board of Retirement and Board of Investments meeting packets to assist in compliance.

LACERA Board Trustees and staff shall participate in the contracting process only in accordance with established LACERA policies and procedures, and the published terms of the process. Board Trustees and staff shall not use or attempt to use influence, outside of their individual authority to cause the organization to enter into a contract with any individual or entity. Board Trustees and staff may refer individuals or entities for consideration for contracting to the appropriate LACERA staff responsible for the particular procurement or contract process.

VIII. USE OF LACERA POSITION, RESOURCES, AND INFORMATION

LACERA Board Trustees and staff shall not use their position or status with LACERA, LACERA property, funds, or other resources, or LACERA information, including plan member information, investment information, and other information concerning LACERA's business, for any personal purpose or gain, to secure any special privilege or exemption for themselves or any other individual or entity, or to assist or further the interests of any other individual or entity except in the normal course of LACERA's business. LACERA position, resources and information are to be exclusively used for LACERA business.

Board Trustees and staff shall maintain the confidentiality of plan member information. Cal. Gov't Code § 31532.

Disclosures of public LACERA information pursuant to the Public Records Act shall be handled by the Legal Office to ensure compliance with legal requirements, consistency, and proper recordkeeping.

Board Trustees and staff shall not disclose information acquired during a closed session of the Board unless the Board takes action to authorize disclosure. Cal. Gov't Code § 54963.

Board Trustees and staff shall not, directly or indirectly, for themselves, or as an agent or partner of others, borrow or use any of the funds or deposits of LACERA, except to make authorized current and necessary payments of the retirement system. Cal. Gov't Code § 31528(a).

IX. PERSONAL CONDUCT AND COMMUNICATION

LACERA Board Trustees and staff shall adhere to the following standards in their personal conduct in performing their work on behalf of LACERA:

- Board Trustees and staff shall conduct themselves in accordance with this Code of Ethical Conduct.
- Board Trustees and staff shall abide all applicable laws and regulations.
- Board Trustees and staff shall act in a manner consistent with LACERA's Mission, Values, and Vision and shall follow all LACERA policies and procedures.
- Board Trustees and staff shall treat similarly situated individuals and entities in a similar way, absent good cause, in the conduct of LACERA's business and decision-making to ensure consistency and fairness.
- Board Trustees and staff shall communicate with, orally and in writing, and otherwise in all respects and at all times treat each other and all others in a respectful, professional, courteous, and civil manner.

A Board Trustee shall not correspond with a non-LACERA person or entity using LACERA letterhead unless the communication is authorized by the Board on which the member serves. Copies of all written communications from a Board Trustee to a current service provider, or person or entity related to a current service provider, relating to LACERA's business (other than purely personal or social correspondence) shall be provided to the Chief Executive Officer for subsequent distribution to all Trustees of the Board on which the Trustee serves. A copy of any written communication (other than purely personal or social

correspondence, routine announcements, generally distributed newsletters, and the like) received by a Board Trustee from a current LACERA service provider, or person or entity related to a current service provider, shall be forwarded to the Chief Executive Officer for subsequent distribution to all Trustees of the Board on which the Trustee serves. For purposes of this paragraph, the terms "communication" and "written communication" include email and other forms of electronic communication as well as physical or hard copy forms of communication.

Board Trustees and staff shall be aware of the risk of communicating inaccurate information to plan members. Board Trustees and staff shall refrain from providing specific advice or counsel with respect to a plan member's rights, benefits, or obligations, except staff who are authorized to communicate with members on such matters. All others should refer plan member questions and concerns to the Chief Executive Officer or appropriate designee.

X. POLITICAL ACTIVITIES

LACERA Board Trustees and staff may work on individual candidate and ballot campaigns, and attend campaign events, during their personal time. They may make campaign contributions using personal funds, subject to applicable campaign finance laws. No LACERA funds, property, technology, letterhead, logo, or other resources may be used by LACERA Board Trustees and staff to support personal political activities. LACERA Board Trustees and staff may not solicit political contributions to a candidate or ballot campaign from other Board Trustees and staff except (1) as part of a solicitation that is made to a significant segment of the public or (2) with respect to a ballot measure which would affect the rate of pay, hours of work, retirement, civil service, or other working conditions of LACERA employees; solicitations permitted by these two exceptions may only be made on personal time. LACERA Board Trustees and staff may not use their influence or make any threats or promises relating to potential or current employment, promotion, or compensation to secure a vote or financial or other support for a candidate or ballot campaign. Cal. Gov't Code §§ 3201 et seq. LACERA Board Trustees and staff may use their LACERA position to identify themselves when making an endorsement, provided that no statement may be made or action taken directly or indirectly indicating that the person represents LACERA in making the endorsement or that the endorsement is supported by or represents the position of LACERA, except when providing information authorized by the Boards. Nothing in this section is intended to impose any limitation on the personal political activities of LACERA Board Trustees and staff not permitted by California law.

XI. LEAVING LACERA

A. PROSPECTIVE EMPLOYMENT

LACERA Board Trustees and all staff shall not make, participate in making, or influence a decision by LACERA that directly relates to a nongovernmental prospective employer while negotiating or after reaching an employment agreement. The foregoing prohibition is triggered by an interview with a nongovernmental prospective employer or a nongovernmental prospective employer's agent, discussing an offer of employment with a nongovernmental prospective employer or a nongovernmental prospective employer's agent, or accepting an offer of employment. The foregoing prohibition does not apply if the Board Trustee or staff is legally required to make or participate in the making of the decision or if the decision affects the nongovernmental prospective employer in substantially the same way as it will affect a significant segment of the public generally. Cal. Gov't Code § 87407.

B. LIMITATIONS ON SUBSEQUENT ACTIVITIES

LACERA Board Trustees, the Chief Executive Officer, Deputy Chief Executive Officer, Assistant Executive Officers, persons next in line to Assistant Executive Officers, Chief Counsel, chief deputy legal officers, the Chief Investment Officer, and persons next in line to the Chief Investment Officer shall not, for two years after leaving that position, for compensation, act as agent or attorney for, or otherwise represent, any person except the County of Los Angeles, by making any formal or informal appearance before, or any oral or written communication to, LACERA, or any Board Trustee or employee of LACERA, for the purpose of influencing action by LACERA, including any action involving the awarding or issuance of a contract or sale or purchase of goods or property. Cal. Gov't Code § 31528(c).

In addition, under Government Code Section 87406.3, elected Trustees and the CEO shall not, for a period of one year after leaving that office or employment, act as agent or attorney for, or otherwise represent, for compensation, any other person, by making any formal or informal appearance before, or by making any oral or written communication to, LACERA, the Boards, or any committee of the Boards, or any LACERA officer or employee if the appearance or communication is made for the purpose of influencing action by LACERA involving the issuance, amendment, awarding, or revocation of a contract or the sale or purchase of goods or property.

XII. REPORTING

Reporting of ethical issues with respect to their own conduct or the conduct of others of which they become aware or suspect based on available information and reasonable due diligence and inquiry under the circumstances is an important element of ensuring compliance with ethical requirements. Any such concerns by Board Trustees and staff about possible violations of this Code of Ethical Conduct or other ethical issues by themselves or others shall be reported to the Chief Executive Officer, the Chief Audit Executive, or Chief Counsel. Board Trustees may also report concerns to their Board Chair. Staff may also report ethical issues to their immediate supervisor or division manager.

Concerns may be reported anonymously at the LACERA Ethics Hotline, which may be reached by telephone at (844) 794-9416 or online at lacera.ethicspoint.com.

XIII. ENFORCEMENT

LACERA's Chief Executive Officer is responsible for communicating, implementing and enforcing the Code of Ethical Conduct with respect to LACERA staff. The Board Chairs will enforce this Code with respect to Board Trustees and the Chief Executive Officer in accordance with Board administrative policies and applicable laws.

Violations of any of the provisions of the Code by staff may result in disciplinary action as the situation may warrant, up to and including termination of employment. Violations by Board Trustees will be handled in accordance with Board Regulations, Bylaws, and policies and applicable law.

With respect to the Los Angeles County Treasurer and Tax Collector, application of this Code shall take into account their responsibilities in that position and Los Angeles County policies applicable to the position, while recognizing that the Treasurer and Tax Collector has separate and independent fiduciary duties and legal obligations to LACERA and its members as described in this Code.

Questions on this matter should be referred to LACERA's Director of Human Resources, Internal Audit, or the Legal Office.

XIV. TRAINING

LACERA management will provide training to new staff on this Code of Ethical Conduct as part of the new employee orientation. Management will provide training to existing staff on this Code at least every two years.

Management will include discussion of this Code in the training for new and incoming Board Trustees. The Code will be circulated to all Board Trustees at least every two years.

XV. RESOURCES

Board Trustees and staff may refer to the following resources for additional information concerning this Code, questions concerning the application and interpretation of the Code to specific situations, and other issues concerning ethics and ethical conduct relevant to the performance of their duties and work for LACERA and its members and beneficiaries.

A. LACERA'S LEGAL OFFICE

The LACERA Legal Office is familiar with the laws and regulations that form the foundation for this Code. The Legal Office is experienced in applying those laws and regulations to specific situations. The Legal Office is available at any time to provide additional information concerning ethics questions and issues and provide written or oral advice or opinions with respect to specific situations. The Legal Office will respond to information about potential ethical issues, concerns, and violations in the LACERA organization and take appropriate action. Questions for the Legal Office should be directed to LACERA's Chief Counsel.

B. LACERA'S INTERNAL AUDIT DIVISION/ETHICS HOTLINE

LACERA's Internal Audit Division will respond to information concerning ethical issues, problems, and concerns regarding acts or omissions in connection with LACERA's operations and will take appropriate action. Questions for the Internal Audit Division should be directed to LACERA's Chief Audit Executive. The Internal Audit Division may also be contacted anonymously on the LACERA Ethics Hotline, which may be reached by telephone at (844) 794-9416 or online at lacera.ethicspoint.com.

C. LACERA'S CONFLICT OF INTEREST CODE

Board Trustees and staff should refer to LACERA's current Conflict of Interest Code, which is available on LACERA's website, www.lacera.com, with respect to LACERA's requirements for the filing of Form 700 Statements of Economic Interests.

D. CALIFORNIA CONSTITUTION

The California Constitution, Article XVI, Section 17, which sets forth the fiduciary duties of the Board and Board Trustees and the retirement system, is available online at https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=CONS&sectionNum=SEC.%2017.&article=XVI.

E. CERL

CERL, California Government Code §§ 31450 et seq., is available online at https://leginfo.legislature.ca.gov/faces/codes_displayexpandedbranch.xhtml?tocCode=GOV&division=4.&title=3.&part=3.&chapter=3.&article=.

F. PEPRA

PEPRA, California Government Code §§ 7522 et seq., is available online at https://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?lawCode=GOV&division=7.&title=1.&part=&chapter=21.&article=4.

G. CALIFORNIA GOVERNMENT CODE SECTION 1090 ET SEQ.

Conflict of interest rules relating to financial interest in the making of contracts, incompatible activities, and incompatible offices are contained in California Government Code Section 1090 et seq., which is available online at https://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?lawCode=GOV&division=4.&title=1.&part=&chapter=1.&article=4.

H. CALIFORNIA GOVERNMENT CODE SECTION 3201 ET SEQ.

Rules regarding political activities are contained in California Government Code Section 3201 et seq., which is available online at https://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?lawCode=GOV&division=4.&title=1.&part=&chapter=9.5.&article=.

I. THE BROWN ACT

The Brown Act may be found online at:
https://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?division=2.&chapter=9.&part=1.&lawCode=GOV&title=5.

J. OTHER CALIFORNIA STATUTES

Other California statutes relating to ethics issues are available online at https://leginfo.legislature.ca.gov/faces/codes.xhtml.

K. FAIR POLITICAL PRACTICES COMMISSION

The California Fair Political Practices Commission (FPPC) has a large number of resources available concerning ethics issues under the Political Reform Act, FPPC Regulations, and related law. FPPC resources include:

1. Website: www.fppc.ca.gov/.
2. FPPC Publications available on the website:
    a. Form 700 Statement of Economic Interests, and Form 700 Statement of Economic Interests Reference Pamphlet.
    b. Limitations and Restrictions on Gifts, Honoraria, Travel and Loans: A Fact Sheet for Local Officials.
    c. Recognizing Conflicts of Interest: A Guide to the Conflict of Interest Rules of the Political Reform Act.
    d. Leaving Local Government Employment.
    e. Political Reform Act, including the full text of the law.
    f. FPPC Regulations, including the full text of the regulations.
    g. FPPC Letters and Opinions, including a searchable database of letter and opinions issued by the FPPC on ethical issues.
3. Campaign Rules/Finance. http://www.fppc.ca.gov/learn/campaign-rules.html.
4. Advice and Enforcement. The FPPC offers informal and formal advice on ethical issues and has procedures for making a complaint. Instructions for seeking advice or making a complaint are on the FPPC website.

L. CALIFORNIA ATTORNEY GENERAL CONFLICT OF INTEREST GUIDE

The California Attorney General has published a Conflict of Interest Guide which contains information on a wide range of conflict of interest issues. Although the Guide was last updated in 2010, it remains a useful reference. The Guide is available online at https://oag.ca.gov/sites/all/files/agweb/pdfs/publications/coi.pdf.

M. LOS ANGELES COUNTY REGISTRAR-RECORDER/ COUNTY CLERK

Information concerning Los Angeles County campaign rules and finance can be obtained at https://lavote.net/home/voting-elections/candidate-measure-information/campaign-finance-prop-b-reporting/campaign-disclosure-information.

N. LOS ANGELES COUNTY FRAUD HOTLINE

Ethical concerns may be reported to the Los Angeles County Fraud Hotline, http://fraud.lacounty.gov/. The County Fraud Hotline will not generally investigate LACERA issues, but it will forward concerns to LACERA for response.

XVI. REVIEW OF CODE

This Code shall be reviewed by the Board of Retirement and Board of Investments every three years. The Legal Office and Internal Audit shall monitor applicable laws, regulations, and best practices on an ongoing basis and shall request amendment of the Code when deemed necessary and appropriate. This Code may be amended by action of both Boards at any time.

APPENDIX A – SUMMARY OF GIFT LIMITATIONS AND RESTRICTIONS

WHAT IS A GIFT? A "gift" is any payment or other benefit that confers a personal benefit for which you do not provide payment or services of equal or greater value. Gifts are valued at fair market value as of the time the gift is received. Gifts include price discounts and rebates, unless generally available to the public. Gifts are income reportable on Form 700, Schedule D or E, subject to applicable rules and exceptions, including those below.

Examples of Gift Exceptions (no reporting/no dollar limit/no conflict of interest):

1. Items returned unused to the donor, or for which you reimburse the donor, within 30 days.
2. Items donated unused, within 30 days of receipt, to (a) a 501(c)(3) non-profit with which you do not hold a position, or (b) a government agency. You cannot claim a tax deduction.
3. Gifts from a family member (spouse or former spouse, child, parent, grandparent, grandchild, sibling, current or former parent-in-law, siblings-in-law, aunt, uncle, niece, nephew, or first cousin, or the spouse of any such person), unless the family member is acting for another person.
4. Informational material provided to assist you in performing your official duties, including books, periodicals, videos, admission or discounts to informational conferences, demonstrations, or tours. This exception does NOT apply to meals, lodging, or (generally) transportation.
5. Tickets that you do not use and do not give to another person.
6. Two tickets, used by you and one guest, to attend a fundraiser for a campaign committee or candidate or a 501(c)(3) non-profit, provided the tickets are received from the organizer.
7. Items provided to LACERA and used by you for official business.
8. Travel payments made to LACERA and used to pay for your official business travel.

Examples of Limited Gift Exceptions:

1. Gifts commonly received from a dating partner, long-time personal friend, existing personal or business relationship unrelated to LACERA, or as an act of human compassion (no reporting or dollar limit, but these exceptions do not apply if person has LACERA business).
2. Wedding gifts received (not subject to dollar limit but reportable on Form 700 if meet gift threshold, with ½ of value reportable by each spouse; disqualification applies if donor has LACERA business).
3. Gifts commonly exchanged on holidays, birthdays, or similar occasions to the extent the gifts exchanged are not disproportionate in value.
4. Reciprocal exchanges with another individual (e.g., rotating lunches) so long as payments are not substantially disproportionate, payments are roughly equal over any calendar year, and no single payment is greater than the gift limit.
5. Travel payments for actual transportation, meals, and lodging the day of, day before, and day after you give a speech for a legitimate LACERA business purpose or on a state/national policy issue. Such payments are reportable on Form 700 and subject to conflict of interest disqualification.

GIFT LIMITS

Gifts with a combined total of under $50 from a single source for the calendar year need not be disclosed. Gifts greater than the gift limit below in any 12-month period may require disqualification.

Board of Retirement and Staff Identified in LACERA Conflict of Interest Code ("Code Filers"):
For 2021-2022, you may not accept gifts from a single source with a combined total of more than $520 for the calendar year if the Code requires you to report gifts from that source on your Form 700.

Board of Investments and Staff Identified in Appendix to the Conflict of Interest Code ("87200 Filers"):
For 2021-2022, you may not accept gifts from ANY single source with a combined total of more than $520 for the calendar year.

IMPORTANT NOTE: This document is only a summary of applicable law as of September 2021; additional rules apply. Any gift may create the appearance of a conflict of interest. Please contact the LACERA Legal Office with any questions. This summary will be updated as needed.

welcome@lacera.com 800-786-6464 *lacera.com*

CODE OF
ETHICAL CONDUCT

LACERA

300 N. Lake Ave., Pasadena, CA 91101

LACERA

October 24, 2025

TO: Audit, Compliance, Risk, and Ethics (ACRE) Committee
Debbie Martin (BOI), Chair
Nicole Mi (BOI), Vice Chair
Alma K. Martinez (BOI), Secretary
Nancy Durazo (BOR), Trustee
Jason Green (BOR), Trustee
Wayne Moore (BOR), Trustee
Elizabeth Ginsberg, Ex-Officio

ACRE Committee Consultant
Larry Jensen

FROM: Steven P. Rice, SPR
Chief Counsel

Allison E. Barrett AEB
Senior Staff Counsel

FOR: November 20, 2025 Audit, Compliance, Risk, and Ethics (ACRE) Committee

SUBJECT: **Ethics and Compliance Program Foundational Work Plan - Status Report**

BACKGROUND AND LEGAL AUTHORITY

LACERA's Ethics and Compliance Program is integral to the ACRE Committee's constitutionally mandated fiduciary duty to administer the retirement system with care, skill, prudence, and diligence to ensure the prompt delivery of benefits and related services to members and their beneficiaries.[1] Accordingly, the development and implementation of an Ethics and Compliance Program is an essential part of LACERA's 2023-2028 Strategic Plan. The objective is to build a Program to identify, prevent, detect, monitor, and respond to ethics and compliance risks; to advance a culture of ethics and compliance in alignment with LACERA's values; and to cultivate risk awareness and responsibility as a standard part of operations in every division and at every level of the organization.

[1] Cal. Const., Art. XVI, Sec. 17.

Under the ACRE Charter, the Committee has oversight of LACERA's Ethics and Compliance Program to ensure the organization is operating with the highest ethical standards and in compliance with all applicable laws, regulations, policies, and procedures.[2] The Committee's oversight duty requires it to ensure adequate controls exist *and* that they are being implemented.[3] For oversight to be effective, LACERA's compliance and control functions must have *direct access* to the ACRE Committee and Boards for *regular reporting* about Program activities, ethics and compliance risks, and the controls in place to mitigate those risks.[4] The Committee receives regular reports on Program activities,[5] so it can make reasonable inquiry into its effectiveness and ensure the Program is: 1) *well designed*; 2) *applied earnestly* and *in good faith* (*adequately resourced* and *empowered to function effectively*); and 3) *works in practice*.[6]

The Ethics and Compliance Program Charter was adopted by the ACRE Committee and Boards (just over one year ago) in October 2024, along with the Program's Foundational Work Plan. A team of multi-divisional LACERA employees (including the Legal Office, Executive Office, Internal Audit, and Human Resources) continue to implement the Program, perform foundational work, and report on ethics and compliance activities at each Committee meeting in preparation for the hiring of the CECO and to mitigate risk in the interim.[7]

The following chart summarizes the status of work plan activities, with additional details outlined further below (with references to the United States Sentencing Guidelines, Department of Justice Evaluation of Corporate Compliance Programs, and LACERA's Ethics and Compliance Program and ACRE Charters).

WORK PLAN STATUS

PROGRAM ACTIVITY	***UPDATES***
Education Plan	• ***July - November* 2025**: In July, the Ethics and Compliance Committee (ECC) launched an in-house education series to support a multi-directional flow of communication on ethics and compliance issues between first line operations and the second line Ethics and Compliance function, and to advance LACERA's culture of ethics and compliance at every level of the organization. *Education topics from August – November included: Risk Awareness and Ethics*.

[2] ACRE Committee Charter, sec. VII.B.
[3] *United States Sentencing Guidelines, Ch. 8*: 18 USCS Appx. sec. 8B2.1(b)(2)(A): "The organization's governing authority shall be knowledgeable about the content and operation of the compliance and ethics program and shall exercise reasonable oversight with respect to the implementation and effectiveness of the compliance and ethics program."
[4] The 2024 Department of Justice Evaluation of Corporate Compliance Programs (DOJ-ECCP), p. 12, sec. II.B.
[5] ACRE Committee Charter, sec. VII.B.2b, 3b, 4, 5a, 6, 7a, 8, 9a-b, 11.
[6] DOJ-ECCP, pp. 1-2.
[7] ACRE Committee Charter, sec. VII.B.13b.

	• ***September – October 2025***: ECC members (including Certified Compliance and Ethics Professionals—"CCEP") attended Society of Corporate Compliance and Ethics (SCCE) Conferences: *24th Annual Compliance and Ethics Institute and Compliance Auditing and Monitoring Workshop*. ECC members who attend educational sessions share key takeaways with the committee. • ***December 2025***: 5-7 additional members of the ECC (from Internal Audit, the Executive Office, Legal, and Disability Retirement Services) will attend the *SCCE's* "Basic Compliance and Ethics Academy" in preparation for CCEP certification.
Policy Management	• ***Ongoing***: First-line managers are responsible for monitoring divisional policies and procedures to determine when new policies are needed and to keep existing policies current according to scheduled review cycles. The Ethics and Compliance Policy Subcommittee (ECPS) meets every two weeks when division subject matter experts submit new policies or policies scheduled for review and updating. New or updated policies are then forwarded to the ECC for final review and posting on *Compass*—LACERA's Policy Library. The ECC continues to meet monthly. • ***August - November 2025***: The following policies, procedures, and charters are currently under or on deck for review by the ECPS and ECC: *Policy for the Procurement of Goods and Services; Policy on Policies, Procedures, and Charters; the Ethics and Compliance Committee Charter; the Ethics and Compliance Program Charter; Intellectual Property Policy; Artificial Intelligence Policy; and Procedures for End-User Device LifeCycle Management.*
Ethics and Compliance Risk Assessments	• ***June – August 2025***: As part of Internal Audit's regular annual risk assessment and the Ethics and Compliance Program's foundational assessment of ethics and compliance risks, the "Aligned Assurance" team (Legal and Internal Audit) jointly conducted follow-up interviews with each division manager regarding the 2025 Risk Assessment & Compliance Questionnaire responses. • ***September – December 2025***: The Aligned Assurance Team began analyzing the findings and risk trends for inclusion in a comprehensive report. • ***First Quarter 2026***: Aligned Risk Assessment report will be presented to the ACRE Committee.

Ethics and Compliance Culture Survey	• ***August 2025***: 67% of staff responded to the foundational culture survey issued July 25, 2025 and closed August 25, 2025. • ***September – November 2025***: The Executive Office, HR, Ethics & Compliance, and Internal Audit reviewed, analyzed, and compiled the survey results, which were communicated organization wide by the Executive Office at the October brown bag. Organization-wide focus group discussions are being organized to dig deeper into the survey results and to prioritize underdeveloped or vulnerable areas of LACERA's culture. Survey responses are presented under a separate item on the November ACRE Committee agenda. • ***November – December 2025***: Develop and finalize a culture action plan based on survey responses, discussion group feedback, and ethics and compliance consultant input. • ***First Quarter 2026***: Culture action plan presented to ACRE Committee, followed by plan implementation. Follow-up surveys will be conducted on a regular basis thereafter.
Code of Ethical Conduct	• ***July - October 2025***: The redrafted Code was reviewed and revised by multiple stakeholders, including: the Executive Office, the ECC, Leadership Steering Council (formerly Management Action Committee), ethics and compliance consultants, and fiduciary counsel. • ***November 2025***: A complete draft of the Code with the Communication Division's design is presented under a separate item on the November ACRE Committee agenda. • ***First Quarter 2026***: Once approved by the ACRE Committee and Boards, Code orientation and education will be provided for Trustees and all LACERA staff members.
Chief and Deputy Ethics and Compliance Officer Classifications and Recruitment Planning	• ***September – October 2025***: On 9/30/25 and 10/7/25, the Board of Supervisors approved an ordinance adding LACERA's Chief Ethics and Compliance Officer and Deputy Chief Ethics and Compliance Officer class specifications and respective salaries to the County Code. • ***November – Early 2026***: Human Resources is collaborating with the Executive Office and the Ethics and Compliance team on the CECO recruitment plan.

Education Plan

An effective Ethics and Compliance Program has appropriately tailored communications and training programs that ensure the compliance program is well-integrated into the organization's day-to-day operations.[8] Under the ACRE Charter, the Committee oversees the Program's ethics and compliance communication and training plans, including the process for communicating LACERA's governing laws, regulations, policies, procedures, and Code of Ethical Conduct throughout the organization.[9]

The Ethics and Compliance Committee (ECC) is comprised of a cross-section of LACERA staff from each division and all three lines of the Institute of Internal Auditors (IIA) Three Lines Model. In addition to reviewing organization-wide policies forwarded by the Ethics and Compliance Policy Subcommittee, the ECC meets monthly to discuss ethics and compliance program activities such as culture, education, risk assessment, and policy management (all essential elements of an effective ethics and compliance program per the United States Sentencing Guidelines and DOJ Evaluation of Corporate Compliance Programs). The ECC supports program implementation and serves as a central driver in educating LACERA staff on ethics and compliance issues and concepts. Accordingly, members of the ECC continue to undergo regular ethics and compliance education as required in the Ethics and Compliance Program Charter and serve as subject matter experts in building the foundation for the Program and to ultimately serve as an advisory body to the CECO.[10]

In September and October, ECC members attended education sessions facilitated by the SCCE including the *24th Annual Compliance and Ethics Institute* and the *Compliance Auditing and Monitoring Workshop*. ECC members who attend educational sessions report back to the committee at large regarding key takeaways; and ECC members share that education with their divisions.

In July, the ECC introduced its in-house focused education and communication ("Ethics and Compliance Message of the Month"). As a result of extensive discussions about ethics and compliance topics both in the ECC meetings and at the divisional level, "messages" are now presented quarterly ("Message of the Quarter") allowing for a deeper dive during the intervening months into the subject matter presented. For example, the August message was "risk awareness." Once risks were identified in the August discussion (which occurred in committee and by committee members in each of their divisions), the committee followed up with discussions including implementing new controls or processes and identifying any barriers thereto (i.e., essential aspects of risk awareness). The discussion of "risk awareness" elevated staff's understanding of risk, focused attention on organizational and divisional risks, and furthered the Ethics and Compliance Program objective that risk awareness become a part of the daily responsibilities for all staff in every division. The discussion produced ideas that will be

[8] DOJ-ECCP (2024), p. 2; 5-6.
[9] ACRE Committee Charter, Sec. VII.B7a.
[10] Ethics and Compliance Program Charter, sec. V; VIII.B.

applied to organizational risk awareness training and structure.

Quarterly, ECC members will continue to be provided with educational materials on selected ethics and/or compliance topics to share with their particular divisions to prompt discussion and obtain feedback. ECC members then report back to the committee over the course of the next two months with lessons learned from their divisional discussions. The follow up discussions include consideration of themes identified across divisions as well as action plans for continuous process improvement where identified. Messages to date included: "risk awareness" (discussed above) and "ethics." (Attachment A). The objective of the in-house quarterly messaging (as well as ECC members reporting out on external education) is to increase the flow of multi-directional communication on ethics and compliance issues between first line operations and the second line Ethics and Compliance function. This inclusive and collaborative process is intended to advance an organization-wide understanding and culture of ethics and compliance.

In December, 5-7 additional members of the ECC (from Internal Audit, the Executive Office, Legal, and Disability Retirement Services) will attend the SCCE's Basic Compliance and Ethics Academy and obtain the requisite 20 continuing education units required to sit for the CCEP exam. LACERA currently has 3 certified ethics and compliance professionals.

Policy Management

An effective Ethics and Compliance Program has established standards of conduct (such as the Code of Conduct, policies and procedures) and internal controls reasonably capable of reducing the likelihood of misconduct.[11] Under the ACRE Charter, the Committee will review reports regarding Program policy governance; and review new or updated policies under Committee purview, such as LACERA's Code of Ethical Conduct and Conflict of Interest Code.[12]

Front-line managers are responsible for continually monitoring divisional risk and controls to determine when new policies are required or existing policies require updating per regularly scheduled review or strategic, operational, or regulatory change; or when any inefficiencies are identified in the implementation of particular policies and procedures. Accordingly, the Ethics and Compliance Policy Subcommittee is available to meet twice each month as policies and procedures (whether new, scheduled for regular review, or in need of streamlining for effectiveness) are submitted by subject matter experts from divisions organization wide. The subcommittee's review process includes determining the effectiveness of the proposed or updated policies—whether the policies adequately control particular risks and are drafted in a clear and concise manner to be readily understood to effectively mitigate the risk intended. Following review, discussion (and

[11] DOJ-ECCP sec. I.B, p. 4: "Any well-designed compliance program utilizes policies and procedures to give both content and effect to ethical norms and to mitigate risks identified by the company as part of its risk assessment process."
[12] ACRE Committee Charter, sec. VII.B.5a-b.

additional research or drafting when necessary), completed policies and procedures are forwarded to the ECC for final approval and publishing on *Compass*—LACERA's policy library.

Since August 2025, the subcommittee has begun rewriting LACERA's *Policy on Policies, Procedures, and Charters* to advance policy governance. The subcommittee and ECC are also completing revision of the *Policy for the Procurement of Goods and Services* to improve LACERA's contracting and vendor management process and organization-wide operations. Additionally, the subcommittee began updating the *Ethics and Compliance Committee Charter and the Ethics and Compliance Program Charter* per scheduled review. The updated Program charter will be returned to the ACRE Committee for review, approval, and forwarding to the Boards in early 2026.

Baseline Ethics and Compliance Risk Assessment

An effective Ethics and Compliance Program: 1) periodically assesses risk and takes appropriate steps to design, implement, and modify controls; or 2) modifies the Program framework to mitigate identified risk, depending on the likelihood of occurrence and significance of impact.[13] Under the ACRE charter, the Committee will review scheduled Program risk assessments of organization-wide operations, along with recommendations to upgrade current or establish new controls to mitigate identified ethics and compliance risks, control gaps, or other key risk indicators.[14]

As part of Internal Audit's regular annual risk assessment and the Ethics and Compliance Program's foundational assessment of ethics and compliance risks, the Aligned Assurance team (Legal and Internal Audit) jointly conducted interviews with each division manager regarding the 2025 Risk Assessment & Compliance Questionnaire responses. The team began analyzing the findings and risk trends for inclusion in a comprehensive report to be presented to the ACRE Committee in the first quarter of 2026. The assessment identified trends across all divisions as follows:

1. **Staffing and Succession Planning**: Understaffing and limited succession planning impact business continuity, service, and quality assurance.

2. **Operational and Process Inefficiencies**: Inefficient vendor management, outdated policies, decentralized records and knowledge management impact workflow and compliance.

3. **Culture and Leadership**: Inconsistent accountability, ineffective oversight of critical business processes such as hiring, budgeting, and contracting impact operations and employee engagement.

[13] 18 USCS Appx. sec. 8B2.1(c).
[14] ACRE Committee Charter, sec. VII.B.3a-b.

> 4. **Compliance, Security, and Risk Management**: Risks related to data security and project management, including insufficient training, lack of governance, and challenges with third-party vendors impact operations and privacy, creating exposure to liability.

The collaborative approach to risk assessment this year between Internal Audit and the Ethics and Compliance Office has led to ongoing discussions about ways to elevate and advance the annual risk assessment to be a more deliberate tool to identify and discuss organizational risks, including ethics and compliance risks, that will then feed into the annual Ethics and Compliance work plan.

A comprehensive report with findings and analysis from this year's aligned risk assessment will be presented in the first quarter of 2026 by the Aligned Assurance team (Legal and Internal Audit).

Baseline Ethics and Compliance Culture Survey

An effective Ethics and Compliance Program promotes an organizational culture that fosters ethical judgment and conduct as well as a commitment to compliance with the law.[15] Under the ACRE Charter, the Committee will review reports of periodic surveys of LACERA's culture of ethics and compliance.[16]

Members of the Executive Office, Legal, Internal Audit, and HR developed a survey to obtain a baseline measurement of LACERA's current culture, which was issued on July 25th, with an August 25th deadline for completion. 67% of LACERA employees responded (345 out of 517).

This initial survey was structured around LACERA's I ACT Values (*integrity, inclusivity, innovation, accountability, collaboration, transparency*), which represent how we expect LACERA employees to act and shape our culture. Ethics and compliance questions in the survey inherently fall under integrity, accountability, and transparency—Values which guide our employees to "do the right thing," no matter the circumstances in making decisions and performing day-to-day responsibilities. A culture guided by Values, ethics, and compliance promotes risk awareness and motivates employees to bring their best to work every day.

From September – November, survey responses were analyzed and reviewed with all LACERA employees who had the opportunity to provide feedback in discussion focus groups regarding underdeveloped or vulnerable areas of LACERA's culture. The survey and focus group results will assist in identifying cultural strengths, weaknesses, opportunities, and threats. A culture action plan based on survey responses, group discussion feedback, and ethics and compliance consultant input is in development and will serve as an integral part of the management offsite in December 2025. The culture

[15] 18 USCS Appx. sec. 8B2.1(a)(2).
[16] ACRE Committee Charter, sec. VII.B.11.

action plan will be presented to the ACRE Committee in the first quarter of 2026, after which, the plan will be implemented. Surveys will be conducted periodically after implementation of the baseline culture action plan in an ongoing deliberate approach to measure growth as change is implemented.

Code of Ethical Conduct

An effective Ethics and Compliance Program establishes standards to identify, prevent, mitigate, detect, and respond to misconduct. Those standards begin with the Code of Ethical Conduct. LACERA's Code states our fiduciary duty, mission, vision, values; serves as a decision-making guide; and expresses LACERA's commitment to ethical judgment and compliance with applicable laws, regulations, policies, and procedures. The ACRE Charter provides for Committee review of updates to the Code of Ethical Conduct.

The revised Code underwent a comprehensive review by stakeholders, including: the Executive Office, the ECC, the Leadership Steering Council, organization-wide focus groups, fiduciary counsel, and ethics and compliance consultants. There was an elevated level of engagement, input, and discussion regarding the revised Code, all of which was incorporated into Code revision. Once the content was set, Communications contributed the design work.

The Code is presented to the ACRE Committee under a separate agenda item for review, feedback, and forwarding to the Boards for final review and posting on *Compass*. Code orientation for Trustees and all LACERA employees will follow.

Ethics and Compliance Classifications and Recruitment Planning

An effective Ethics and Compliance Program requires designated individuals responsible for the day-to-day operation of the Program.[17] The Ethics and Compliance Program Charter provides for an independent Chief Ethics and Compliance Officer to oversee the Program and regularly report on its activities directly to the ACRE Committee and Boards.[18] Under the ACRE Charter, the Committee provides input on and approval of the CECO's appointment, termination, and discipline by the CEO; and approves and makes recommendations to the Boards for additional staffing for the Ethics and Compliance Office upon the request of the CECO and CEO.[19]

On September 30, 2025 and October 7, 2025, the Board of Supervisors approved an ordinance adding LACERA's Chief Ethics and Compliance Officer and Deputy Chief Ethics and Compliance Officer class specifications and attendant salaries to the County Code. (Attachment B). Staff, including the Executive Office, Human Resources, and the Ethics and Compliance team are developing a recruitment plan for the CECO, to be

[17] 18 USCS Appx. sec. 8B2.1(b)(2)(C).
[18] Ethics and Compliance Program Charter, sec. III.
[19] ACRE Committee Charter, VII.B.1.a. Subsection VII.B.1.b further provides for the Committee to contribute to the CEO's annual performance evaluation of the CECO.

presented to the ACRE Committee and Boards in early 2026. Pending completion of the recruitment, the Ethics and Compliance team will continue to perform foundational activities to set the stage for the CECO.

CONCLUSION

LACERA's Ethics and Compliance Program Foundational Work Plan activities continue to be implemented daily in preparation for the arrival of the Chief Ethics and Compliance Officer and the formal establishment of LACERA's Ethics and Compliance Office. The Program is designed to identify, prevent, mitigate, detect, and respond to ethics and compliance risk and to promote a culture where every LACERA employee is supported in their efforts "to do the right thing" in the performance of their day-to-day responsibilities. The Program has resulted, and continues to result, in concrete steps across the organization in each of the Program's areas of focus. The Program is integral to LACERA's Values, mission, and the Boards' fiduciary duty. The ACRE Committee serves an essential role, providing engaged oversight of the Program, remaining well-informed of and making reasonable inquiry into its activities.

The Legal Division's ethics and compliance team will continue to provide the Committee with Foundational Work Plan Status Reports at its regularly scheduled meetings until the CECO is hired.

Attachments

C: Luis A. Lugo
Jonathan Grabel
JJ Popowich
Laura Guglielmo
Ted Granger
Chaitanya Errande
Richard Bendall
Carly Ntoya, Ph.D.
Christina Logan
Jessica Rivas

LACERA

Message of the Month

Ethics and Compliance Committee
July 2025

What is It?

- Part of ECC agendas starting in August
- Share basic information and ideas with the Committee on a different ethics and compliance topic each month
- Members will take the topic back to their division
  - Messages will include sample ice breaker questions
- Report back to the Committee at the next month's meeting

Purpose

1. **Educate** committee members
   Develop a common vocabulary and way of thinking about ethics and compliance issues
   Messages will be two-way and for discussion
   Members encouraged to provide their own message
2. **Cultivate** exchange between ECC and first line division staff
   Results brought back to the ECC at its next meeting
   Feedback loop between the ECC and staff members
3. **Promote** culture of Ethics and Compliance
4. **Reinforce** the I Act Values

What Topics Interest You?

- Risk Awareness
- Top Ethics and Compliance Risks
- Ethics and Compliance, and How They Work Together
- Culture
- I ACT Values in Action
- Tone at the Top
- Organizational Justice
- Diversity, Equity, and Inclusion
- Ethics and Compliance Practices to Start, Stop, or Continue

Risk Awareness

Ethics and Compliance Committee
Message of the Month
August 2025

KEY TERMS

- **KEY TERMS**:
  - ***Ethics and Compliance Risk***: When rules, regulations, laws, policies, procedures, other guidelines, or values (that instruct us how to perform our work) are not followed. Failure to follow ethical judgment – Doing the right thing!
  - ***Measuring Risk*** = Likelihood of Occurrence + Severity of Impact
  - ***Controls***: Processes to prevent, detect, or correct errors, irregularities, or misconduct
    - *Inherent Risk + Controls = Residual Risk*
      - *How much residual risk can we accept?*
      - *Are additional controls required?*

RISK AWARENESS

- **WHAT DOES IT MEAN TO BE "RISK AWARE":**
  - Being mindful that actions you take, decisions and statements that you make have consequences.
  - Considering risk automatically in the performance of daily operations and in the pursuit of strategic objectives.
  - Knowing the risks specific to your division that have the potential to disrupt your operation or result in misconduct.

- **WHAT ARE THE BENEFITS OF BEING RISK AWARE**:
  - Avoiding misconduct--*actions that violate the law, regulations, policies, procedures, LACERA's Code of Ethical Conduct, and expectations of ethical judgment; or that do not align with LACERA's mission, vision, values, and fiduciary duty to its members*.
  - Continuously improving business processes and operations.
  - Advancing a culture of ethics and compliance.

DIVISIONAL TEAM EXERCISE

- **SUMMARY OF DIVISIONAL TEAM EXERCISE:**
  - ***Conduct a Divisional Ethics and Compliance Risk Inventory*****:** *Brainstorm w/team to Identify the following*:
    - *Issues* that impact your operations or division strategic plan;
    - *Hurdles* that make it more challenging to complete division's work and obtain business objectives;
    - *Acts or omissions* that create liability, loss, or other "hazards" (aka risk) for your division.

Conduct a Basic Divisional Risk Inventory

Discussion Prompts

1. **List top five ethics and compliance risks that impact your division**. *Examples*: *operational, IT, legal, policies, regulatory personnel, resources, strategic, other*.

2. **Which of the following factors impact risk in your division**: *culture, 3rd party vendors, contracts, technology, regulations, leadership, deadlines, resources*?

3. **Are any controls missing or outdated**? *Examples: training, policies and procedures, monitoring, cybersecurity, document management or privacy tools, etc.)*

4. **How do you manage new or emerging risks that impact your division**?

Action

- Educate your team on key ethics and compliance risk concepts
- Discuss and answer prompts 1-4 with your team
- Provide Divisional responses to Irene Saucedo by September 16th
- Prepare to engage and actively discuss your team's responses at the September 18th ECC meeting
- Receive October's Message and repeat the process.

❖ *Please direct questions to the ECC Teams Channel or contact Allison Barrett directly via Teams or Outlook*.

Ethics First

Ethics and Compliance Committee
Message of the Month
October 2025

KEY TERMS

- ***Ethics***: Using *good judgment* and *applying LACERA's Values* to do the right thing, even (and especially) when it is hard or inconvenient.

- ***Compliance:*** Following all laws, regulations, policies, procedures, and LACERA's Code of Ethical Conduct.

- ***Ethics & Compliance****: Ethics guides compliance because the decisions that we make and the actions that we take **must** be based on what **should** be done, not simply what **can** be done.*
  - *One can be compliant and <u>not</u> ethical.*
    - *Examples: Travel; Artificial Intelligence; Price gouging*

ETHICS

- **WHAT DOES IT MEAN TO BE "ETHICAL":**
  - Adhering to a principled code that guides decisions and conduct.
  - Doing the right or just thing.
  - Avoiding activities that cause harm.
  - Acting according to LACERA's *I ACT Values* even when no one is watching.
    - *Ethics is the foundation for compliance—a poor ethical culture, results in ethical breaches, misconduct, and loss (e.g., resources, legal, financial, reputational)*.

"It takes 20 years to build a reputation and five minutes to ruin it. If you think about that, you'll do things differently."—Warren Buffett

ETHICS

- **WHAT ARE THE BENEFITS OF BEING ETHICAL**:
  - ***Employee Commitment***:
    - Employees are more likely to be *engaged* and have *a strong work ethic* in a culture that values *integrity* and leaders that model it.
    - Employees are more likely and feel a responsibility to report misconduct.
      - "Group intolerance" of bad actors.
    - Employees are more likely to find value in being compliant and following policies and procedures.
    - Employees are more likely to make good decisions in new situations (i.e., follow values regardless of the circumstances).
      - Ethics provides a stable and consistent response when there is regulatory or legal change or uncertainty (e.g., Artificial Intelligence).
  - ***Recruitment*****:** People want to work (and stay) at an organization that is ethical and has a good reputation.
  - ***Reputation***: An organization can be compliant and still sustain reputational loss, if it is not being ethical.

Ethical Decision-Making Guide

- **When making a decision, exercise *good judgment* as follows:**
  1. Identify the issue.
  2. Gather necessary information, including all relevant facts, applicable policies, procedures, laws, and regulations.
  3. Consider ethical principles and our Values.
  4. Consider our fiduciary duty to do what is best for our members.
  5. Work together with your team and other staff members with knowledge, and seek guidance from your supervisor, manager, and other LACERA leadership with any questions.
  6. Explore possible solutions and think creatively.
  7. Evaluate consequences.
  8. Make a decision.
  9. Plan, implement, and document your decision and the supporting process.
  10. Reflect, review, and adjust course when necessary to continuously improve.

Balancing Ethics and Compliance

- **Ethics is not a justification for being non-compliant, and compliance is not a justification for being unethical. Here are ways to balance and achieve both ethics and compliance, no matter the type of law, rule, policy, etc. we are trying to follow:**

  - If we are **required** to do something by law or policy, we must adhere to that requirement and speak up in advance with our manager, supervisor, or other leadership with questions about any ethical issues.
  - If we are **allowed** to do something by law or policy and have discretion whether or how to do it, we must apply ethical judgment and act in the best interest of our members, seeking the most efficient and effective alternative to align our conduct with our fiduciary duty and ethical responsibilities without regard to personal preference.
  - If we are **not allowed** to do something, we must obey that prohibition and speak up in advance to discuss any ethical concerns about compliance.

ETHICAL DECISION MAKING

Discussion Prompts*

1. What ethical dilemmas do you face/have you faced in your division?
2. If you witnessed unethical behavior, would you report it? Why or why not?
3. Does ethics play a role in your division's operational or strategic decision-making? How?
4. What are the risks of ignoring unethical behavior?
5. Discuss examples of being compliant, but unethical that may or have occurred in your division.
6. What do you do if/when faced with a policy or other legal requirement where you believe compliance would be unethical?
7. How do we steer our colleagues in an ethical direction, if they are veering off course?
8. How does ethics intersect with our values?

*These prompts are meant to spark discussion. Pose them all or select the ones that most resonate with your division. You are also welcome and encouraged to bring other questions to the table.

Action

- Educate your team on key terms and concepts
- Discuss and answer prompts 1-8 with your team
- Provide Divisional responses to Irene Saucedo by October 14th
- Prepare to engage and actively discuss your team's responses at the October 16 th ECC meeting
- Receive November's Message and repeat the process

❖ *Please direct questions to the ECC Teams Channel or contact Allison Barrett directly via Teams or Outlook*.

ATTACHMENT B

BOARD OF SUPERVISORS Hilda L. Solis, First District; Holly J. Mitchell, Second District; Lindsey P. Horvath, Third District; Janice Hahn, Fourth District; Kathryn Barger, Fifth District

Chief Executive Office.

COUNTY OF LOS ANGELES
Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, CA 90012
(213) 974-1101 ceo.lacounty.gov

Chief Executive Officer
Fesia A. Davenport

"To Enrich Lives Through Effective and Caring Service"

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

29 September 30, 2025

EDWARD YEN
EXECUTIVE OFFICER

September 30, 2025

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

COUNTYWIDE CLASSIFICATION/COMPENSATION ACTIONS TO IMPLEMENT THE FISCAL YEAR 2025-2026 FINAL CHANGES BUDGET AND OTHER CLASSIFICATION/COMPENSATION ACTIONS (ALL SUPERVISORIAL DISTRICTS) (3 VOTES)

SUBJECT

This letter and accompanying ordinance will update the departmental staffing provisions related to the approval of the Fiscal Year (FY) 2025-2026 Final Changes Budget, as well as provide technical adjustments and corrections to reflect earlier Board-approved budget and classification actions. In addition, this letter and accompanying ordinance will update the departmental staffing provisions by adding one (1) new unclassified classification and three (3) new employee classifications; deleting four (4) non-represented classifications; and amending compensation provisions.

IT IS RECOMMENDED THAT THE BOARD:

1. Approve the accompanying ordinance amending Title 6 - Salaries, of the County Code to update the departmental staffing provisions to reflect positions allocated, deleted, and transferred in the FY 2025-2026 Final Changes Budget and to implement routine technical adjustments and corrections to reflect earlier Board-approved budget and classification actions;

2. Add one (1) unclassified classification and three (3) new employee classifications;

3. Delete four (4) non-represented classifications; and

4. Adjusting certain pay practices, establishing an annual budget certification requirement, and making minor technical corrections.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The following summarizes the purpose/justification of the recommended actions:

FY 2025-2026 Final Changes Budget

The subject budget phase was approved by the Los Angeles County (County) Board of Supervisors (Board) on June 24, 2025. This letter implements the approved changes to departmental staffing.

The Board's approval of the attached ordinance will fulfill the Charter requirement to provide for the number of County employees. It will also provide the authority for County departments to fill new positions allocated in the FY 2025-2026 Final Changes Budget, delete positions which are obsolete, and make other adjustments as necessary. These recommendations are a routine part of the annual budget process.

New Unclassified Classification

On April 1, 2025, the Board approved a motion to establish a new County department dedicated to homelessness and housing solutions. This new department, officially named the Los Angeles County Department of Homeless Services and Housing, aims to streamline efforts, improve accountability, and better serve individuals experiencing homelessness. The new department will operate with transparency and efficiency, led by a director who is accountable to the Board. The department will focus on achieving clearly defined, performance-based outcomes while streamlining processes and consolidating resources under one (1) County department.

As such, we are recommending the creation of one (1) new unclassified classification, Director, Department of Homeless Services and Housing (UC) (Item No. 8570) (Attachment). The Director, Department of Homeless Services and Housing (UC), will have responsibility for directing, planning, and coordinating the operations of Homeless Services and Housing Department.

New Employee Classifications

We are recommending the establishment of two (2) new employee classifications for Los Angeles County Employees Retirement Association (LACERA), Chief Ethics and Compliance Officer, LACERA (Item No. 0808) and Deputy Chief Ethics and Compliance Officer, LACERA (Item No. 0809) (Attachment), and attendant salaries based on information from LACERA as well as Chief Executive Office studies, and include analysis on compensation parity, internal alignment considerations and the functions of the jobs. Specifically, our studies included a survey of comparable positions and internal alignment within LACERA and other County departmental positions. Our findings supported creating these classifications that will be responsible for directing the formulation, development, and implementation of an enterprise-wide ethics and compliance program, as an independent function within management, in relation to the risks related to ethical standards and compliance with laws, regulations, policies, and procedures applicable to LACERA's governance and operations, including pension administration, benefits, healthcare, finance, and investments. The new ethics classifications will allow LACERA to focus on ethics and compliance policies, strategies and programs that are distinct from existing internal audit and compliance functions.

On November 26, 2024, the Board adopted a motion directing the Board of Supervisors Executive Office, in consultation with County Counsel, to establish the Governance Reform Task Force (GRTF) to make recommendations to the Board on implementing the provisions of Measure G, a charter

amendment approved by voters in November 2024. The 13-member body will support the County's efforts to reform its governance structure by facilitating public engagement, conducting research, and providing input on potential changes. As such, we are recommending the creation of one (1) new classification, Member, GRTF Commission (Item No. 9507) (Attachment). These task force members will support the County's efforts to reform its governance structure by facilitating public engagement, conducting research, and providing input on potential changes.

Deleted Classifications

In conjunction with our continuing goal of reducing classifications, we are recommending the deletion of four (4) non-represented classifications from the Classification Plan (Attachment). The positions are vacant. This recommendation is consistent with the County's strategy to reduce the number of obsolete classifications.

Compensation Amendments

We recommend adjusting certain pay practices, establishing an annual budget certification requirement, and making minor technical corrections to the Board of Supervisors Performance-Based Pay Plan. These structural changes will more closely align the plan with the County's Management Appraisal and Performance Plan.

Implementation of Strategic Plan Goals

These recommended actions support the County's Strategic Plan North Star 3 – Realize Tomorrow's Government Today, Focus Area Goal B – Diverse and Inclusive Workforce, Strategy 2 – Fairness and Equity.

FISCAL IMPACT/FINANCING

The cost of and financing for the recommended new positions have been included in the FY 2025-2026 Final Changes Budget.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Pursuant to Article III, Section 11(3) of the Charter of the County of Los Angeles, the Board of Supervisors is "to provide, by ordinance, for the number of assistants, deputies, clerks, attaches, and other persons employed in the service of the County." The County Charter also authorizes the establishment and maintenance of "a classification plan and the classification of all positions." This responsibility is further delineated in Civil Service Rule 5.

California Government Code Sections 31522.1, 31522.2 and 31522.4, County Employees Retirement Law of 1937, states that retirement system employees are County employees who are to be included in the salary ordinance adopted by the Board. Further, the Constitution and our County Charter provides the Board with the authority to create classifications and set the compensation of County employees.

Appropriate notifications have been made to the impacted employee organizations regarding the recommended classification actions. The accompanying ordinance implementing amendments to Title 6 - Salaries, of the County Code has been approved as to form by County Counsel.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of these recommendations will enable departments to effect personnel actions associated with the FY 2025-2026 Final Changes Budget and other classification actions.

Respectfully submitted,

FESIA A. DAVENPORT
Chief Executive Officer

FAD:JMN
AE:JR:AS:lm

Enclosures

c: Executive Office, Board of Supervisors
County Counsel
Auditor-Controller
Human Resources
Affected Departments

CLASSIFICATION PLAN CHANGES

ATTACHMENT

UNCLASSIFIED CLASSIFICATION RECOMMENDED FOR ADDITION TO THE CLASSIFICATION PLAN

Proposed Savings/ Cafeteria Benefit Plan	Item No.	Title	Recommended Salary Schedule and Level	
Savings/ Megaflex	8570	Director, Department of Homeless Services and Housing (UC)	N23	R21

CLASSIFICATIONS RECOMMENDED FOR ADDITION TO THE CLASSIFICATION PLAN

Proposed Savings/ Cafeteria Benefit Plan	Item No.	Title	Recommended Salary Schedule and Level	
Savings/ Megaflex	0808	Chief Ethics and Compliance Officer, LACERA	N23	LS12
Savings/ Megaflex	0809	Deputy Chief Ethics and Compliance Officer, LACERA	NM	119K

CLASSIFICATION SUBJECT TO SPECIAL PAY PROVISIONS RECOMMENDED FOR ADDITION

Item No.	Title
9507	Member, Governance Reform Task Force

CLASSIFICATION PLAN CHANGES

ATTACHMENT

NON-REPRESENTED CLASSIFICATIONS RECOMMENDED FOR DELETION FROM THE CLASSIFICATION PLAN

Item No.	Title
1016	Administrative Deputy, Child Support Services
8810	Chief II, Arts and Culture
5089	Home Nursing Attendant
6810	Section Manager, Custodial Services, ISD

ANALYSIS

This ordinance amends Title 6 – Salaries of the Los Angeles County Code by:

- Adding and establishing the salaries for one (1) unclassified classification and three (3) new employee classifications;
- Deleting four (4) employee classifications;
- Amending Section 6.28.060 (Table of positions without compensation and positions paid in accordance with special provisions in Chapters 6.02 – 6.24 and Division 3) to add and establish one (1) classification with a special pay provision;
- Amending Section 6.44.200 (Board of Supervisors Performance-Based Pay Plan) to adjust certain pay practices, establish an annual budget certification requirement, and make minor technical corrections; and
- Adding, deleting, and/or changing certain employee classifications and number of ordinance positions in the departments of Aging and Disabilities, Alternate Public Defender, Auditor-Controller, Chief Executive Officer, Consumer and Business Affairs, District Attorney, Fire, Health Services, Internal Services, Los Angeles County Employees Retirement Association, Medical Examiner, Mental Health, Museum of Natural History, Parks and Recreation, Probation, Public Defender, Public Health, Public Social Services, Public Works, Registrar-Recorder/County Clerk, Sheriff, and Treasurer and Tax Collector.

DAWYN R. HARRISON
County Counsel

By: Graeme Sharpe
GRAEME E. SHARPE
Senior Deputy County Counsel
Labor & Employment Division

GS:gr

Requested: 8/18/25
Revised: 9/2/25

HOA.105536420.1

ORDINANCE NO. _____

An ordinance amending Title 6 – Salaries of the Los Angeles County Code to add and establish the salaries for one (1) unclassified classification and three (3) new employee classifications; delete four (4) employee classifications; add and establish one (1) classification with a special pay provision; amend compensation provisions; and add, delete, and/or change certain employee classifications and number of ordinance positions in various departments as a result of the budget process for Fiscal Year 2025-2026.

The Board of Supervisors of the County of Los Angeles ordains as follows:

SECTION 1. Section 6.28.050 (Tables of Classes of Positions with Salary Schedule and Level) is hereby amended to add the following classes:

ITEM NO.	TITLE	EFFECTIVE DATE	SALARY OR SALARY SCHEDULE AND LEVEL	
0808	CHIEF ETHICS & COMPLIANCE OFF,LACERA	_____*	N23	LS12
0809	DEP CHIEF ETHICS COMPLIANCE OFF,LACERA	_____*	NM	119K
8570	DIR,DEPT OF HOMELESS SVCS & HOUSING(UC)	_____*	N23	R21

*The Executive Office/Clerk of the Board of Supervisors shall insert the effective date for the salary or salary schedule and level in the space provided for the classifications added to Section 6.28.050 of the County Code.

SECTION 2. Section 6.28.050 (Tables of Classes of Positions with Salary Schedule and Level) is hereby amended to delete the following classes:

ITEM NO.	TITLE	EFFECTIVE DATE	SALARY OR SALARY SCHEDULE AND LEVEL	
~~1016~~	~~ADMIN DEP,CHILD SUPPORT SERVICES~~	~~01/01/2021~~	~~N23~~	~~S13~~
		~~10/01/2022~~	~~N23~~	~~S13~~
		~~10/01/2023~~	~~N23~~	~~S13~~
		~~10/01/2024~~	~~N23~~	~~S13~~
~~8810~~	~~CHIEF II,ARTS & CULTURE~~	~~02/28/2023~~	~~N23~~	~~S10~~
		~~10/01/2023~~	~~N23~~	~~S10~~
		~~10/01/2024~~	~~N23~~	~~S10~~
~~5089~~	~~HOME NURSING ATTENDANT~~	~~01/01/2021~~	~~NMO~~	~~70G~~
		~~10/01/2022~~	~~NMO~~	~~75B~~
		~~10/01/2023~~	~~NMO~~	~~76D~~
		~~10/01/2024~~	~~NMO~~	~~77F~~
~~6810~~	~~SECTION MGR,CUSTODIAL SERVICES,ISD~~	~~01/01/2021~~	~~NMO~~	~~101B~~
		~~10/01/2022~~	~~NMO~~	~~103B~~
		~~10/01/2023~~	~~NMO~~	~~104D~~
		~~10/01/2024~~	~~NMO~~	~~105F~~

SECTION 3. Section 6.28.060 (Table of positions without compensation and positions paid in accordance with special provisions in Chapters 6.02 – 6.24 and Division 3) is hereby amended to add the following class:

ITEM NO.	TITLE
9507	MEMBER,GOVERNANCE REFORM TASK FORCE

SECTION 4. Section 6.33.010 (Alternate Public Defender) is hereby amended to delete the following classes and number of ordinance positions:

ITEM NO.	NO. OF ORDINANCE POSITIONS	TITLE
~~2565A~~	~~1~~	~~INFORMATION TECHNOLOGY MANAGER I~~
~~2569A~~	~~1~~	~~INFORMATION TECHNOLOGY SPECIALIST I~~
~~1845A~~	~~1~~	~~PRIN DEPARTMENTAL PERSONNEL ASST~~
~~2525A~~	~~1~~	~~SENIOR APPLICATION DEVELOPER~~

SECTION 5. Section 6.33.010 (Alternate Public Defender) is hereby amended to change the number of ordinance positions for the following classes:

ITEM NO.	NO. OF ORDINANCE POSITIONS		TITLE
1002A	~~3~~	2	ADMINISTRATIVE SERVICES MANAGER I
9255A	~~22~~	20	DEPUTY ALTERNATE PUBLIC DEFENDER II
2591A	~~4~~	3	INFORMATION SYSTEMS ANALYST II
2901A	~~27~~	26	INVESTIGATOR II,PD
9035N	~~4~~	3	PSYCHIATRIC SOCIAL WORKER II

SECTION 6. Section 6.40.010 (Auditor-Controller) is hereby amended to change the number of ordinance positions for the following classes:

ITEM NO.	NO. OF ORDINANCE POSITIONS		TITLE
0648A	~~38~~	39	ACCOUNTANT III
0653A	~~14~~	15	SUPERVISING ACCOUNTANT,AUDITOR-CONT

SECTION 7. Section 6.44.200 is hereby amended to read as follows:

6.44.200 Board of Supervisors Performance-Based Pay Plan.

A. The salary for an Employee included in the Department of the Board of Supervisors Performance-Based Pay Plan (Plan) shall be established and adjusted as set forth in this section.

B. Definitions. When interpreting this section, words having initial capital letters shall have the following meanings:

. . .

6. "~~CAO~~CEO" means the Chief ~~Administrative~~Executive Officer of the County of Los Angeles.

. . .

E. Initial Rate. An Employee upon Appointment to a class compensated within the Plan shall be compensated according to the following rules:

. . .

2. Placement of an Employee upon Appointment at a Base Salary beyond Control Point 2 shall require prior approval of the ~~CAO~~CEO if such placement results in an increase in base salary exceeding 5.5 percent.

F. Progression Within the Salary Range Structure. After initial Appointment to a class compensated within the Plan, the Employee shall progress through the appropriate Salary Range according to the following rules at 12-month intervals:

. . .

3. An Employee may advance within the assigned Salary Range to the Control Point of the Salary Band that is associated with the Merit Adjustment Group in which the Employee is currently a member in accordance with the following table~~:~~, except that an employee who has reached the Control Point may receive additional annual merit increases of up to 5.5 percent per year, resulting in a salary exceeding the Salary Range and beyond the Control Point.

Associated Merit Adjustment Group	Control Point
Group I	Maximum Rate (top Salary Band C)
Group II	Maximum Rate (top Salary Band C)
Group III	Maximum Rate (top Salary Band C)
Group IV	Control Point 1 (top Salary Band A)
Group V	Beginning Rate

G. By specific action, the ~~CAO~~CEO may authorize, upon request of the Executive Officer, salary placement of an employee at any rate within the established Salary Range for the position.

H. Additional Compensation. In lieu of compensation provided in Section 6.10.073, the ~~CAO~~CEO may authorize upon request of the Executive Officer, additional compensation for an Employee of up to 11 percent of Base Salary for special achievement or exceptional contribution in the performance of ~~his/her~~the duties of the Employee. This compensation may be in addition to Merit Salary Adjustments. ~~It shall constitute a Base Salary unless it is~~The additional compensation shall be calculated on an annual basis and ~~is~~ paid in a lump sum~~. In the event it is paid as a lump sum, it shall be paid~~ at a time designated by the Executive Officer but not later than the end of the calendar year after the year in which it was granted.

. . .

J. On an annual basis and before approval of additional compensation, the Executive Officer shall certify and inform the Board of their established salary and employee benefit budgets including the impact of the proposed adjustments to employee compensation and the ability of these additional costs to be funded within the established salary and employee benefit budgets.

SECTION 8. Section 6.50.010 (Department of the Chief Executive Officer) is hereby amended to change the number of ordinance positions for the following classes:

ITEM NO.	NO. OF ORDINANCE POSITIONS		TITLE
0827A	~~27~~	33	ANALYST,CEO
0835A	~~18~~	13	EMERGENCY MANAGEMENT COORD III,CEO
2110A	~~13~~	14	MANAGEMENT SECRETARY IV
0830A	~~135~~	136	PRINCIPAL ANALYST,CEO
0829A	~~90~~	102	SENIOR ANALYST,CEO
0847A	~~7~~	8	SENIOR MANAGER,CEO(UC)
0908A	~~5~~	4	STAFF ASSISTANT,CEO
0836A	~~6~~	5	SUPVG EMERGENCY MGMT COORD,CEO

SECTION 9. Section 6.52.010 (Department of Medical Examiner) is hereby amended to delete the following class and number of ordinance positions:

ITEM NO.	NO. OF ORDINANCE POSITIONS	TITLE
~~1004A~~	~~1~~	~~ADMINISTRATIVE SERVICES MANAGER III~~

SECTION 10. Section 6.58.010 (Aging and Disabilities Department) is hereby amended to change the number of ordinance positions for the following classes:

ITEM NO.	NO. OF ORDINANCE POSITIONS		TITLE
1002N	~~11~~	13	ADMINISTRATIVE SERVICES MANAGER I

1004N	~~3~~	2	ADMINISTRATIVE SERVICES MANAGER III
4229N	4	3	CONTRACT PROGRAM MONITOR
1848N	~~24~~	25	MANAGEMENT ANALYST

SECTION 11. Section 6.60.010 (Department of Consumer and Business Affairs) is hereby amended to delete the following classes and number of ordinance positions:

ITEM NO.	NO. OF ORDINANCE POSITIONS	TITLE
~~8103A~~	~~1~~	~~COMMUNITY HEALTH WORKER~~
~~9321F~~	~~1~~	~~NEIGHBORHOOD WORKER,SR CITIZENS,NC~~

SECTION 12. Section 6.60.010 (Department of Consumer and Business Affairs) is hereby amended to add the following class and number of ordinance positions:

ITEM NO.	NO. OF ORDINANCE POSITIONS	TITLE
8022A	1	HUMAN SERVICES ADMINISTRATOR II

SECTION 13. Section 6.60.010 (Department of Consumer and Business Affairs) is hereby amended to change the number of ordinance positions for the following classes:

ITEM NO.	NO. OF ORDINANCE POSITIONS		TITLE
2214A	4	3	INTERMEDIATE TYPIST-CLERK
0907A	~~3~~	4	STAFF ASSISTANT I

SECTION 14. Section 6.70.010 (District Attorney) is hereby amended to add the following class and number of ordinance positions:

ITEM NO.	NO. OF ORDINANCE POSITIONS	TITLE
9279A	1	HEAD DEPUTY DA,EMPL RELATIONS

SECTION 15. Section 6.70.010 (District Attorney) is hereby amended to change the number of ordinance positions for the following classes:

ITEM NO.	NO. OF ORDINANCE POSITIONS		TITLE
9272A	~~256~~	254	DEPUTY DISTRICT ATTORNEY II
9273A	~~352~~	351	DEPUTY DISTRICT ATTORNEY III
9223N	~~14~~	8	HEARING OFFICER,DISTRICT ATTORNEY
2214A	~~43~~	42	INTERMEDIATE TYPIST-CLERK
2160A	~~130~~	129	LEGAL OFFICE SUPPORT ASSISTANT I

SECTION 16. Section 6.76.010 (Fire Department – Executive) is hereby amended to change the number of ordinance positions for the following class:

ITEM NO.	NO. OF ORDINANCE POSITIONS		TITLE
0201A	~~5~~	4	FIRE FIGHTER SPECIALIST(56 HOURS)

SECTION 17. Section 6.76.011 (Fire Department – Administrative) is hereby amended to delete the following class and number of ordinance positions:

ITEM NO.	NO. OF ORDINANCE POSITIONS	TITLE
~~3531A~~	~~1~~	~~TELECOMMUNICATIONS SYS CONSULT ENGR~~

SECTION 18. Section 6.76.011 (Fire Department – Administrative) is hereby amended to change the number of ordinance positions for the following classes:

ITEM NO.	NO. OF ORDINANCE POSITIONS		TITLE
0647A	~~15~~	16	ACCOUNTANT II
0643A	~~12~~	13	ACCOUNTING TECHNICIAN II
2593A	~~6~~	8	SENIOR INFORMATION SYSTEMS ANALYST

SECTION 19. Section 6.76.014 (Fire Department – Operations) is hereby amended to change the number of ordinance positions for the following class:

ITEM NO.	NO. OF ORDINANCE POSITIONS		TITLE
0201A	~~762~~	763	FIRE FIGHTER SPECIALIST(56 HOURS)

SECTION 20. Section 6.76.015 (Fire Department – Prevention) is hereby amended to change the number of ordinance positions for the following classes:

ITEM NO.	NO. OF ORDINANCE POSITIONS		TITLE
0205A	~~28~~	30	FIRE CAPTAIN(56 HOURS)

0201A	~~97~~	104	FIRE FIGHTER SPECIALIST(56 HOURS)
3771A	~~4~~	6	FIRE PERMIT TECHNICIAN
3772A	~~7~~	11	FIRE PREVENTION ENGINEERING ASST I
3773A	~~38~~	43	FIRE PREVENTION ENGINEERING ASST II
0328A	~~27~~	32	FORESTRY ASSISTANT
3784A	~~1~~	2	HEAD FIRE PREVENTION ENGINEER
2214A	~~19~~	20	INTERMEDIATE TYPIST-CLERK
3777A	~~6~~	8	SUPVG FIRE PREVENTION ENGRG ASST

SECTION 21. Section 6.76.016 (Fire Department – Special Services) is hereby amended to add the following class and number of ordinance positions:

ITEM NO.	NO. OF ORDINANCE POSITIONS	TITLE
3531A	1	TELECOMMUNICATIONS SYS CONSULT ENGR

SECTION 22. Section 6.76.016 (Fire Department – Special Services) is hereby amended to change the number of ordinance positions for the following classes:

ITEM NO.	NO. OF ORDINANCE POSITIONS		TITLE
2433A	~~98~~	106	FIRE DISPATCHER II
2437A	~~1~~	2	HEAD FIRE DISPATCHER
2434A	~~15~~	18	SUPERVISING FIRE DISPATCHER

SECTION 23. Section 6.77.010 (Department of Public Health) is hereby amended to delete the following classes and number of ordinance positions:

ITEM NO.	NO. OF ORDINANCE POSITIONS	TITLE
~~0886F~~	~~3~~	~~ADMINISTRATIVE AID~~
~~8103F~~	~~1~~	~~COMMUNITY HEALTH WORKER~~
~~5670F~~	~~1~~	~~ENVIRONMENTAL HEALTH SPECIALIST I~~
~~1757F~~	~~2~~	~~EPIDEMIOLOGY ANALYST~~
~~5707F~~	~~1~~	~~HEALTH FACILITIES EVALUATOR,NURSING~~
~~4729F~~	~~1~~	~~HEALTH PROGRAM ANALYST II~~
~~2214F~~	~~3~~	~~INTERMEDIATE TYPIST-CLERK~~
~~5476F~~	~~1~~	~~PHYSICIAN SPECIALIST(NON MEGAFLEX)~~
~~5230F~~	~~4~~	~~PUBLIC HEALTH NURSE~~
~~8971F~~	~~2~~	~~RESEARCH ANALYST I,BEHAVIOR SCI~~
~~8973F~~	~~1~~	~~RESEARCH ANALYST III,BEHAVIOR SCI~~
~~4593F~~	~~1~~	~~STAFF ANALYST,HEALTH~~
~~1760F~~	~~1~~	~~SUPERVISING EPIDEMIOLOGIST~~

SECTION 24. Section 6.77.010 (Department of Public Health) is hereby amended to add the following class and number of ordinance positions:

ITEM NO.	NO. OF ORDINANCE POSITIONS	TITLE
8106A	1	SUPERVISING COMMUNITY HEALTH WORKER

SECTION 25. Section 6.77.010 (Department of Public Health) is hereby amended to change the number of ordinance positions for the following classes:

ITEM NO.	NO. OF ORDINANCE POSITIONS		TITLE
0886A	~~2~~	3	ADMINISTRATIVE AID
4595A	~~39~~	40	ASSISTANT STAFF ANALYST,HLTH SERVS
5468J	~~16~~	14	CLINIC PHYSICIAN,MD(PER SESSION)
8103A	~~44~~	45	COMMUNITY HEALTH WORKER
5672A	~~242~~	247	ENVIRONMENTAL HEALTH SPECIALIST III
5673A	~~29~~	30	ENVIRONMENTAL HEALTH SPECIALIST IV
5668A	~~36~~	37	ENVIRONMENTAL HEALTH TECHNICIAN
1757N	~~20~~	19	EPIDEMIOLOGY ANALYST
4413A	~~1~~	2	GEOGRAPHIC INFO SYSTEMS ANALYST
4846A	~~5~~	4	HEALTH EDUCATION ASSISTANT
4382A	~~6~~	5	INDUSTRIAL HYGIENIST
2172A	~~14~~	13	INTERMEDIATE STENOGRAPHER
2214A	~~198~~	196	INTERMEDIATE TYPIST-CLERK
5104F	~~2~~	1	LICENSED VOCATIONAL NURSE I
5230A	~~447~~	429	PUBLIC HEALTH NURSE
5230N	~~158~~	150	PUBLIC HEALTH NURSE
5133F	~~5~~	3	REGISTERED NURSE I
5134F	~~6~~	3	REGISTERED NURSE II

2102A	~~7~~	6	SENIOR SECRETARY III
4593A	~~60~~	61	STAFF ANALYST,HEALTH
0913N	~~22~~	21	STAFF ASSISTANT II
8243F	~~43~~	42	STUDENT PROFESSIONAL WORKER I
5729A	~~5~~	4	VETERINARIAN(NON-MEGAFLEX)

SECTION 26. Section 6.78.055 (Department of Health Services – Harbor Care South) is hereby amended to change the number of ordinance positions for the following class:

ITEM NO.	NO. OF ORDINANCE POSITIONS	TITLE
2216A	~~37~~	36	SENIOR TYPIST-CLERK

SECTION 27. Section 6.78.060 (Department of Health Services – Los Angeles General Medical Center) is hereby amended to add the following class and number of ordinance positions:

ITEM NO.	NO. OF ORDINANCE POSITIONS	TITLE
4927A	1	CLINICAL CHEMIST SUPERVISOR II

SECTION 28. Section 6.78.060 (Department of Health Services – Los Angeles General Medical Center) is hereby amended to change the number of ordinance positions for the following classes:

ITEM NO.	NO. OF ORDINANCE POSITIONS		TITLE
5513A	~~33~~	34	CLINICAL PHARMACIST
5411M	~~48~~	47	PHYSICIAN,POST GRADUATE(6TH YEAR)
5476A	~~331~~	335	PHYSICIAN SPECIALIST(NON MEGAFLEX)

SECTION 29. Section 6.78.085 (Department of Health Services – Integrated Correctional Health Services) is hereby amended to delete the following class and number of ordinance positions:

ITEM NO.	NO. OF ORDINANCE POSITIONS	TITLE
~~9013A~~	~~4~~	~~CLINICAL SOCIAL WORKER~~

SECTION 30. Section 6.78.085 (Department of Health Services – Integrated Correctional Health Services) is hereby amended to change the number of ordinance positions for the following class:

ITEM NO.	NO. OF ORDINANCE POSITIONS		TITLE
4593A	~~11~~	10	STAFF ANALYST,HEALTH

SECTION 31. Section 6.78.090 (Department of Health Services – Ambulatory Care Network) is hereby amended to add the following class and number of ordinance positions:

ITEM NO.	NO. OF ORDINANCE POSITIONS	TITLE
9015A	1	CLINICAL SOCIAL WORK SUPERVISOR II

SECTION 32. Section 6.78.090 (Department of Health Services – Ambulatory Care Network) is hereby amended to change the number of ordinance positions for the following classes:

ITEM NO.	NO. OF ORDINANCE POSITIONS		TITLE
5092A	~~323~~	325	CERTIFIED MEDICAL ASSISTANT
8103A	~~25~~	28	COMMUNITY HEALTH WORKER
4846A	~~22~~	23	HEALTH EDUCATION ASSISTANT
4848A	~~7~~	8	HEALTH EDUCATOR
2214A	~~323~~	324	INTERMEDIATE TYPIST-CLERK
9002A	~~53~~	57	MEDICAL CASE WORKER II
5121A	~~133~~	134	NURSE PRACTITIONER
9197A	~~89~~	90	PATIENT RELATIONS REPRESENTATIVE
5476A	~~221~~	222	PHYSICIAN SPECIALIST(NON MEGAFLEX)
5133A	~~136~~	137	REGISTERED NURSE I
5134A	~~162~~	163	REGISTERED NURSE II

5135A	~~105~~	108	REGISTERED NURSE III
9019A	~~17~~	20	SENIOR CLINICAL SOCIAL WORKER
5456A	~~36~~	37	SENIOR PHYSICIAN
5884A	~~9~~	10	SUBSTANCE ABUSE COUNSELOR
5329A	~~53~~	54	SUPERVISING CLINIC NURSE I

SECTION 33. Section 6.78.100 (Department of Health Services – Community Programs) is hereby amended to delete the following classes and number of ordinance positions:

ITEM NO.	NO. OF ORDINANCE POSITIONS	TITLE
~~5092A~~	~~2~~	~~CERTIFIED MEDICAL ASSISTANT~~
~~4846A~~	~~1~~	~~HEALTH EDUCATION ASSISTANT~~
~~4848A~~	~~1~~	~~HEALTH EDUCATOR~~
~~5884A~~	~~1~~	~~SUBSTANCE ABUSE COUNSELOR~~

SECTION 34. Section 6.78.100 (Department of Health Services – Community Programs) is hereby amended to add the following classes and number of ordinance positions:

ITEM NO.	NO. OF ORDINANCE POSITIONS	TITLE
5295A	1	ASST NURSING DIR,ADMINISTRATION
5298A	1	CLINICAL NURSING DIRECTOR I

SECTION 35. Section 6.78.100 (Department of Health Services – Community Programs) is hereby amended to change the number of ordinance positions for the following classes:

ITEM NO.	NO. OF ORDINANCE POSITIONS		TITLE
9015A	~~2~~	1	CLINICAL SOCIAL WORK SUPERVISOR II
8103A	~~6~~	3	COMMUNITY HEALTH WORKER
2214A	~~6~~	5	INTERMEDIATE TYPIST-CLERK
9002A	~~6~~	2	MEDICAL CASE WORKER II
5121A	~~13~~	12	NURSE PRACTITIONER
9197A	~~7~~	6	PATIENT RELATIONS REPRESENTATIVE
5476A	~~16~~	15	PHYSICIAN SPECIALIST(NON MEGAFLEX)
4629A	~~6~~	8	PROGRAM IMPLEMENTATION MANAGER,HS
5133A	~~8~~	7	REGISTERED NURSE I
5134A	~~36~~	35	REGISTERED NURSE II
5135A	~~10~~	7	REGISTERED NURSE III
9019A	~~4~~	1	SENIOR CLINICAL SOCIAL WORKER
5456A	~~4~~	3	SENIOR PHYSICIAN
4593A	~~95~~	94	STAFF ANALYST,HEALTH
5329A	~~3~~	2	SUPERVISING CLINIC NURSE I

SECTION 36. Section 6.81.010 (Internal Services Department) is hereby amended to change the number of ordinance positions for the following classes:

ITEM NO.	NO. OF ORDINANCE POSITIONS		TITLE
1078A	~~14~~	16	ADMINISTRATIVE MANAGER X,ISD
1078N	~~1~~	2	ADMINISTRATIVE MANAGER X.ISD
1081A	~~3~~	6	ADMINISTRATIVE MANAGER XII,ISD
1082A	~~30~~	31	ADMINISTRATIVE MANAGER XIII,ISD
1003A	~~44~~	40	ADMINISTRATIVE SERVICES MANAGER II
1004A	~~9~~	7	ADMINISTRATIVE SERVICES MANAGER III

SECTION 37. Section 6.86.010 (Department of Mental Health) is hereby amended to delete the following class and number of ordinance positions:

ITEM NO.	NO. OF ORDINANCE POSITIONS	TITLE
~~2101A~~	~~2~~	~~SENIOR SECRETARY II~~

SECTION 38. Section 6.86.010 (Department of Mental Health) is hereby amended to add the following classes and number of ordinance positions:

ITEM NO.	NO. OF ORDINANCE POSITIONS	TITLE
0904A	2	MANAGEMENT ASSISTANT
3034A	2	SAFETY INSPECTOR
0913N	1	STAFF ASSISTANT II

SECTION 39. Section 6.86.010 (Department of Mental Health) is hereby amended to change the number of ordinance positions for the following classes:

ITEM NO.	NO. OF ORDINANCE POSITIONS		TITLE
0887A	~~5~~	8	ADMINISTRATIVE ASSISTANT I
0888A	~~17~~	19	ADMINISTRATIVE ASSISTANT II
1007A	~~3~~	6	ADMINISTRATIVE SERVICES DIV MGR
1002A	~~95~~	124	ADMINISTRATIVE SERVICES MANAGER I
1003A	~~33~~	39	ADMINISTRATIVE SERVICES MANAGER II
1335A	~~2~~	3	ASSISTANT SUPERVISING PAYROLL CLERK
1842A	~~1~~	7	DEPARTMENTAL PERSONNEL ASSISTANT
4727A	~~111~~	114	HEALTH PROGRAM ANALYST I
4729A	~~135~~	138	HEALTH PROGRAM ANALYST II
4731A	~~43~~	44	HEALTH PROGRAM ANALYST III
2214A	~~506~~	507	INTERMEDIATE TYPIST-CLERK
1848A	~~63~~	70	MANAGEMENT ANALYST
9038A	~~360~~	361	MENTAL HEALTH CLINICAL SUPERVISOR
5278A	~~217~~	218	MENTAL HEALTH COUNSELOR,RN
8148A	~~44~~	43	MENTAL HEALTH SERVICES COORD I
9193A	~~128~~	129	PATIENT FINANCIAL SERVS WORKER
1334A	~~2~~	6	PAYROLL CLERK II
1845A	~~2~~	5	PRIN DEPARTMENTAL PERSONNEL ASST

3039A	~~1~~	2	SAFETY OFFICER II
1843A	~~9~~	14	SENIOR DEPARTMENTAL PERSONNEL ASST
5280A	~~51~~	52	SENIOR MENTAL HEALTH COUNSELOR,RN
2102A	~~60~~	61	SENIOR SECRETARY III
4593A	~~19~~	20	STAFF ANALYST,HEALTH
4737A	~~36~~	37	SUPVG MENTAL HEALTH PSYCHIATRIST

SECTION 40. Section 6.92.010 (Department of Museum of Natural History) is hereby amended to delete the following class and number of ordinance positions:

ITEM NO.	NO. OF ORDINANCE POSITIONS	TITLE
~~8448A~~	~~1~~	~~COLLECTIONS MANAGER,NATURAL HISTORY~~

SECTION 41. Section 6.94.010 (Department of Parks and Recreation) is hereby amended to change the number of ordinance positions for the following classes:

ITEM NO.	NO. OF ORDINANCE POSITIONS		TITLE
0354A	~~102~~	103	GROUNDS MAINTENANCE WORKER II
8796A	~~132~~	133	RECREATION SERVICES LEADER

SECTION 42. Section 6.100.010 (Probation Department – Support Services) is hereby amended to add the following class and number of ordinance positions:

ITEM NO.	NO. OF ORDINANCE POSITIONS	TITLE
0647N	1	ACCOUNTANT II

SECTION 43. Section 6.100.010 (Probation Department – Support Services) is hereby amended to change the number of ordinance positions for the following class:

ITEM NO.	NO. OF ORDINANCE POSITIONS		TITLE
0656N	~~1~~	2	ACCOUNTING OFFICER I

SECTION 44. Section 6.100.017 (Probation Department – Juvenile Institution Services) is hereby amended to add the following classes and number of ordinance positions:

ITEM NO.	NO. OF ORDINANCE POSITIONS	TITLE
8638N	4	PROGRAM ANALYST,PROBATION
8641N	1	SUPERVISING PROGRAM ANALYST,PROB

SECTION 45. Section 6.104.010 (Public Defender – Administration) is hereby amended to change the number of ordinance positions for the following classes:

ITEM NO.	NO. OF ORDINANCE POSITIONS		TITLE
9248A	~~236~~	204	DEPUTY PUBLIC DEFENDER II
9251A	~~335~~	338	DEPUTY PUBLIC DEFENDER III
9251N	~~20~~	24	DEPUTY PUBLIC DEFENDER III
2160A	~~7~~	3	LEGAL OFFICE SUPPORT ASSISTANT I
2161A	~~85~~	88	LEGAL OFFICE SUPPORT ASSISTANT II
9232A	~~41~~	39	PARALEGAL

9035A	~~43~~	46	PSYCHIATRIC SOCIAL WORKER II
9035N	~~11~~	16	PSYCHIATRIC SOCIAL WORKER II
9233N	~~12~~	15	SENIOR PARALEGAL

SECTION 46. Section 6.108.010 (Department of Public Social Services) is hereby amended to change the number of ordinance positions for the following classes:

ITEM NO.	NO. OF ORDINANCE POSITIONS		TITLE
9181A	~~1111~~	1109	ELIGIBILITY SUPERVISOR
9179A	~~7208~~	7196	ELIGIBILITY WORKER II

SECTION 47. Section 6.109.010 (Department of Public Works) is hereby amended to change the number of ordinance positions for the following classes:

ITEM NO.	NO. OF ORDINANCE POSITIONS		TITLE
4101A	~~4~~	3	AIRPORT PROJECT COORDINATOR
3652A	~~7~~	6	CIVIL ENGINEERING TECHNICIAN
2591A	~~2~~	3	INFORMATION SYSTEMS ANALYST II
2545A	~~3~~	2	IT TECHNICAL SUPPORT ANALYST I
7427A	~~8~~	7	POWER EQUIPMENT TECH HELPER II
2552A	~~1~~	2	PRINCIPAL OPERATING SYSTEMS ANALYST
3436A	~~111~~	113	SENIOR CIVIL ENGINEER
3660A	~~34~~	33	SENIOR CIVIL ENGINEERING TECHNICIAN
2593A	~~3~~	4	SENIOR INFORMATION SYSTEMS ANALYST

5968A	~~10~~	11	SEWER MAINTENANCE SUPERVISOR
3673A	~~3~~	2	SUPVG CIVIL ENGINEERING TECHNICIAN
7142A	~~1~~	2	VIDEO PRODUCTION SPECIALIST

SECTION 48. Section 6.114.010 (Registrar-Recorder/County Clerk) is hereby amended to change the number of ordinance positions for the following classes:

ITEM NO.	NO. OF ORDINANCE POSITIONS		TITLE
1002A	~~18~~	19	ADMINISTRATIVE SERVICES MANAGER I
1126A	~~7~~	9	ELECTION PROGRAMS COORDINATOR
1138A	~~127~~	125	INTERMEDIATE CLERK
2214A	~~250~~	249	INTERMEDIATE TYPIST-CLERK
6022A	~~2~~	1	LIGHT VEHICLE DRIVER
1140A	~~24~~	23	SENIOR CLERK

SECTION 49. Section 6.120.010 (Sheriff – Administration) is hereby amended to change the number of ordinance positions for the following class:

ITEM NO.	NO. OF ORDINANCE POSITIONS		TITLE
1230A	~~44~~	45	OPERATIONS ASSISTANT III,SHERIFF

SECTION 50. Section 6.120.012 (Sheriff – Custody) is hereby amended to change the number of ordinance positions for the following classes:

ITEM NO.	NO. OF ORDINANCE POSITIONS		TITLE
1002A	~~9~~	10	ADMINISTRATIVE SERVICES MANAGER I
1003A	~~4~~	5	ADMINISTRATIVE SERVICES MANAGER II
2749A	~~1123~~	1122	CUSTODY ASSISTANT,SHERIFF
2749N	~~55~~	40	CUSTODY ASSISTANT,SHERIFF
2218A	~~156~~	151	CUSTODY RECORDS CLERK II,SHERIFF
1230A	~~14~~	15	OPERATIONS ASSISTANT III,SHERIFF
1230N	~~2~~	1	OPERATIONS ASSISTANT III,SHERIFF
2717N	~~6~~	5	SERGEANT

SECTION 51. Section 6.120.014 (Sheriff – General Support Services) is hereby amended to change the number of ordinance positions for the following classes:

ITEM NO.	NO. OF ORDINANCE POSITIONS		TITLE
0996A	~~7~~	6	ASSISTANT BUREAU DIRECTOR,SHERIFF
8701A	~~13~~	10	INDUSTRIAL/ORG CONSULTANT,SHERIFF
8700A	~~11~~	8	LAW ENFORCEMENT PSYCHOLOGIST,SHER
1229A	~~39~~	38	OPERATIONS ASSISTANT II,SHERIFF
2102A	~~5~~	4	SENIOR SECRETARY III

SECTION 52. Section 6.120.018 (Sheriff – Patrol Clearing Account) is hereby amended to change the number of ordinance positions for the following class:

ITEM NO.	NO. OF ORDINANCE POSITIONS	TITLE
1229N	~~1~~	2	OPERATIONS ASSISTANT II,SHERIFF

SECTION 53. Section 6.126.010 (Treasurer and Tax Collector – Operating) is hereby amended to change the number of ordinance positions for the following classes:

ITEM NO.	NO. OF ORDINANCE POSITIONS	TITLE
0657A	~~4~~	5	ACCOUNTING OFFICER II
1544A	~~2~~	3	SUPVG TAX & LICENSE FIELD INSPECTOR
1367A	~~63~~	64	TAX SERVICES CLERK II

SECTION 54. Section 6.127.010 (Los Angeles County Employees Retirement Association) is hereby amended to delete the following class and number of ordinance positions:

ITEM NO.	NO. OF ORDINANCE POSITIONS	TITLE
~~0791A~~	~~2~~	~~DISAB RETIRE SUPPORT SPEC II,LACERA~~

SECTION 55. Pursuant to Government Code section 25123(f), this ordinance shall take effect immediately upon final passage.

[**644200SOCEO**]

ETHICS AND COMPLIANCE PROGRAM

Foundational Work Plan Status Report

(November 2025)

FOUNDATIONAL WORK PLAN ACTIVITIES

- Education and Communication
- Policy Management
- Ethics and Compliance Risk Assessment
- Ethics and Compliance Culture Survey
- Code of Ethical Conduct
- Ethics and Compliance Office Personnel

EDUCATION AND COMMUNICATION

OBJECTIVE: *An effective Program has appropriately tailored communications and training to integrate ethics and compliance into LACERA's day-to-day operations and cultivate a culture of ethics and compliance*.

ACTIVITIES:

- ***Ethics and Compliance Committee (ECC)* >>> Program Ambassadors**:
  - *Attend educational conferences* re: elements of "effective" ethics and compliance programs
    - *Recent conferences*: Compliance Auditing and Monitoring Workshop; Annual Compliance and Ethics Institute.
    - *December 2025*: Approximately 5-7 ECC members will attend the SCCE Basic Compliance and Ethics Academy for Certification.
  - *Facilitate "Message of the Quarter"* – Multi-directional communication between first and second lines to promote organizational risk awareness and a culture of Ethics and Compliance at every level of the organization.
    - *Messages from August - November*: Risk Awareness; Ethics.
      - The "Risk" message inspired organization wide actionable ideas regarding risk awareness and integrating it into daily operations.

POLICY MANAGEMENT

OBJECTIVE: *An effective Ethics and Compliance Program has established standards of conduct such as policies and procedures reasonably capable of reducing the likelihood of misconduct*.

ACTIVITIES:

- Front-line managers monitor divisional risk and controls to determine when new policies are required or existing policies warrant updating.
- Ethics and Compliance Policy Subcommittee (ECPS) meets bi-weekly when policies are submitted; reviewing for clarity, operational efficiency, and effective risk mitigation.
- The ECC meets monthly for final review, approval, and publishing on *Compass*—LACERA's in-house policy management solution.
  - *Policies, procedures, and charters currently under or on deck for review:* 1) Policy for the Procurement of Goods and Services; 1) Policy on Policies, Procedures, and Charters; 3) the Ethics and Compliance Committee Charter; 4) the Ethics and Compliance Program Charter; 5) Intellectual Property Policy; 6) Artificial Intelligence Policy; and 7) Procedures for End-User Device LifeCycle Management.

RISK ASSESSMENT

OBJECTIVE: *An effective Ethics and Compliance Program: 1) periodically assesses risk and takes appropriate steps to design, implement, and modify controls; or 2) modifies the Program framework to mitigate identified risk, depending on the likelihood of occurrence and significance of impact*

ACTIVITIES:

- Legal and Internal Audit ("Aligned Assurance") developed and facilitated the *2025 Annual Audit Planning Risk Assessment & Compliance Questionnaire* (*May 2025*).
- The Aligned Assurance Team interviewed each division manager regarding responses (*June-August 2025*).
  - ***Risk Trend categories identified**: 1) staffing, succession planning; 2) operational and process efficiency; 3) culture and leadership; 4) compliance, security, and risk management*.
    - The Team also identified areas for improvement in the organizational risk assessment process.
- Findings and analysis will be presented to the ACRE Committee in a comprehensive report. (*First Quarter 2026*).

CULTURE SURVEY

OBJECTIVE: *An effective Ethics and Compliance Program promotes an organizational culture that fosters ethical judgment and conduct as well as a commitment to compliance with the law.*

ACTIVITIES:

- Executive Office, Legal, Internal Audit, and HR developed a culture survey, issued organization wide on *July 25, 2025, completed on August 25, 2025*.
- Survey responses were analyzed and shared with entire LACERA team at the October Brown Bag, followed by focus discussion groups to dig into survey results and cultural strengths, weaknesses, opportunities, and threats. (*September – November 2025*).
- Develop and finalize a culture action plan based on survey responses and focus discussion group feedback. (*November – December 2025*).
- Present culture action plan to the ACRE Committee, followed by plan implementation (*First quarter 2026*).

CODE OF ETHICAL CONDUCT

OBJECTIVE: *An effective Ethics and Compliance Program establishes standards to prevent, mitigate, detect, and respond to misconduct. Those standards begin with the Code of Ethical Conduct*.

ACTIVITIES:

- The Code was rewritten and redesigned to ensure it is clear, concise, easily understood, and accessible for every division and function of the organization to use as a decision-making guide and to advance ethical judgment and a culture of ethics and compliance (*December 2024 – July 2025*).
- The revised Code content underwent comprehensive review and revision by the Executive Office, ECC, leadership, management, ethics and compliance consultants, and fiduciary counsel (*July – October 2025*).
- Review and approval by ACRE Committee, Boards (*November 2025 – January 2026*).
- Posted on *Compass*--LACERA's Policy Library (*January 2026)*.
- Trustees and all LACERA employees will undergo Code orientation and training (*First* Quarter *2026*).

ETHICS AND COMPLIANCE PERSONNEL

OBJECTIVE: *An effective Ethics and Compliance Program requires designated individuals responsible for the day-to-day operation of the Program*.

ACTIVITIES:

- The Board of Supervisors approved an ordinance adding LACERA's Chief Ethics and Compliance Officer (CECO) and Deputy Chief Ethics and Compliance Officer (DCECO) class specifications and salaries to the County Code. (*September – October 2025*).

- Executive Office, Human Resources, and the Ethics and Compliance team are developing a CECO recruiting plan for ACRE and Board approval (*November 2025 – First Quarter 2026*).

- Other Ethics and Compliance Office positions will be filled at the direction of the CECO in consultation with the CEO, ACRE, and Boards.

Legal Division
Ethics and Compliance

abarrett@lacera.gov

626-685-4688

QUESTIONS?

LACERA

November 3, 2025

TO: Audit, Compliance, Risk, and Ethics (ACRE) Committee
Debbie Martin (BOI), Chair
Nicole Mi (BOI), Vice Chair
Alma K. Martinez (BOI), Secretary
Nancy Durazo (BOR), Trustee
Jason Green (BOR), Trustee
Wayne Moore (BOR), Trustee
Elizabeth Ginsberg, Ex-Officio

ACRE Committee Consultant
Larry Jensen

FROM: Christina Logan
Principal Internal Auditor

Armand Castillon
Human Resources Analyst

FOR: November 20, 2025 Audit, Compliance, Risk, and Ethics (ACRE) Committee

SUBJECT: **2025 Culture Survey Results and Insights**

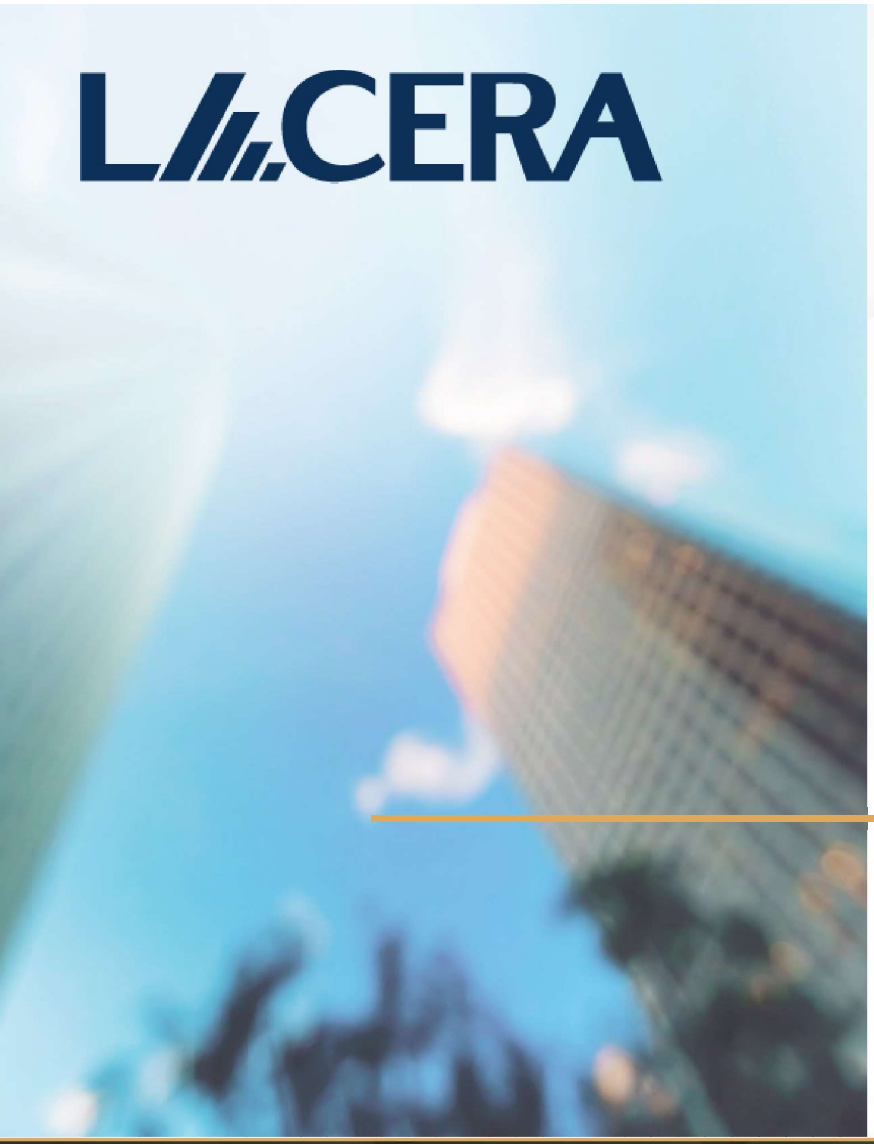
BACKGROUND
A key component of the Ethics & Compliance Program Foundational Work Plan is the completion of a culture survey. Assessing organizational culture is critical to ensure management fosters a strong ethical culture aligned with LACERA's mission, vision and values. Culture influences daily interactions with our members and staff and shapes decisions across LACERA.

During Fiscal Year Ended 2025, the Executive Office, Ethics & Compliance, Human Resources, and Internal Audit discussed the importance of culture and how to measure it. In July 2025, LACERA launched its first Culture Survey to gain insight into the organizational culture and set a baseline for future surveys. The survey closed on August 25th, and Internal Audit and Human Resources led response analysis in September and October.

In November, group discussions will be held across LACERA to gather additional feedback on culture and the survey results. Based on survey responses and feedback from the group discussions, a Culture Action Plan will be developed to be presented to the ACRE Committee in the first ACRE meeting of 2026.

Internal Audit and Human Resources will present the same presentation that was provided to all staff at the October Brown Bag at the November ACRE meeting.

Attachment:
A. 2025 Culture Survey Results and Insights - Presentation



2025 Culture Survey Results & Insights

Audit, Compliance, Risk, and Ethics Committee
November 2025

AGENDA

- Why a Culture Survey
- Results on Values
- Results on Open-Ended Questions
- Next Steps

Why a Culture Survey?

Objective:
Strengthen our current culture to become a more values-driven operation.

Goals:
Better understand our workplace culture

- Where we are
- Where we want to go
- How we can grow stronger together

Recognize organizational strengths and areas needing improvement to strengthen culture

Provide baseline data to track cultural improvements and enable data-driven decision-making over time

Overview of Survey Results

All Responses Were Anonymous - No personal identifying information was collected.

Team Participation Rate

67% = 345 out of 517 team members participated. Strong participation reflects solid majority but room for improved engagement.

- Industry standard is 70 – 75% for our size

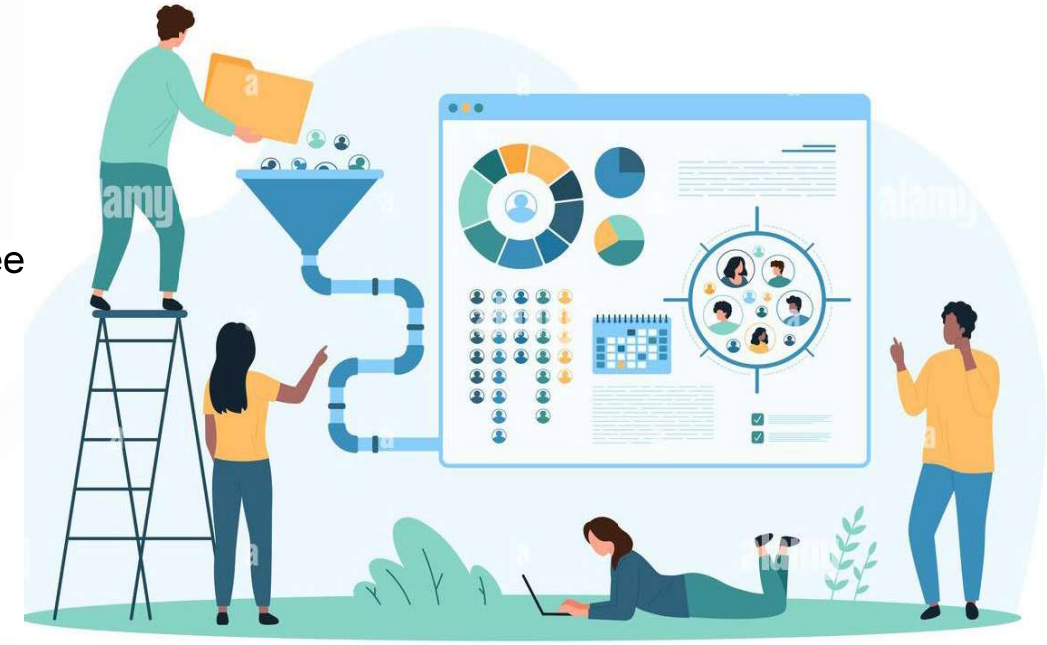
Combined Closely Related Categories

Helps illustrate general alignment

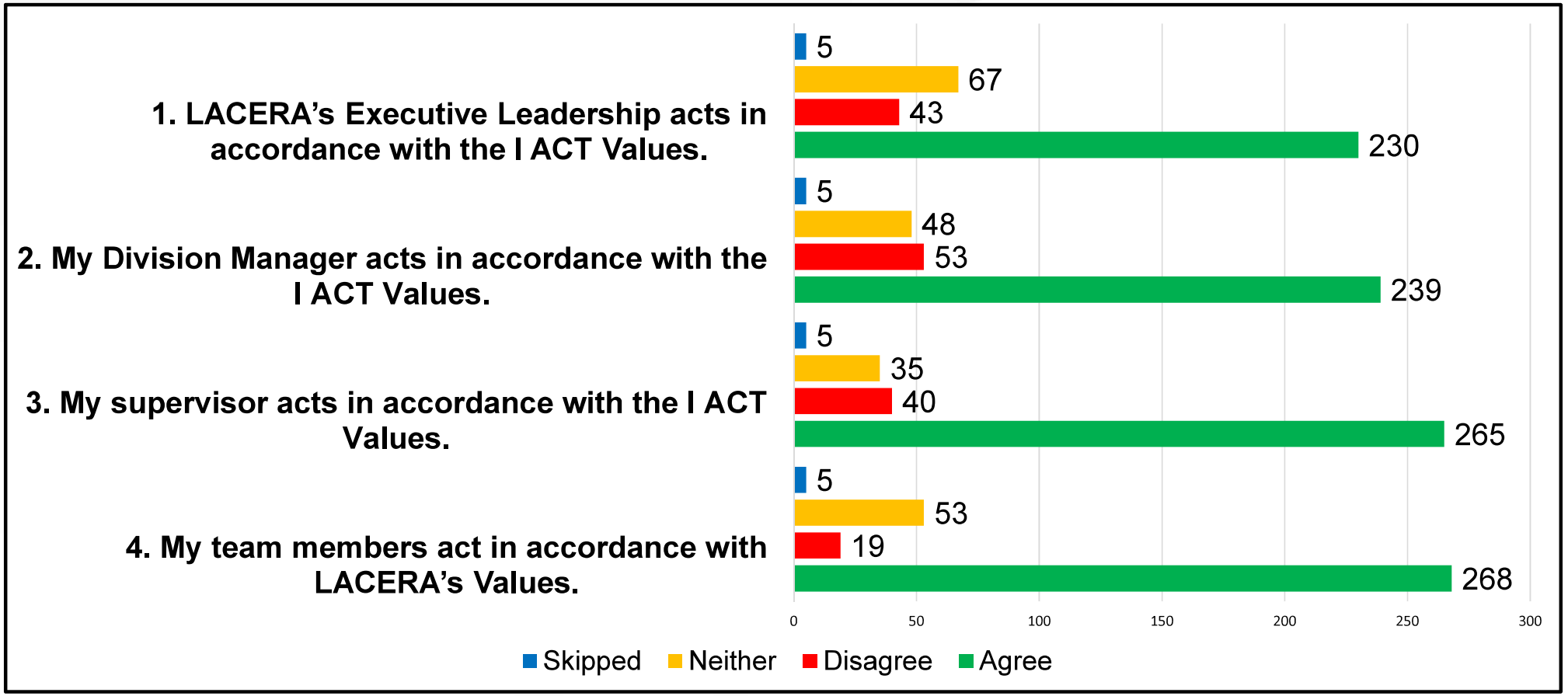
- Strongly Agree and Agree are now Agree
- Strongly Disagree and Disagree are now Disagree

Our Interpretation of the Data

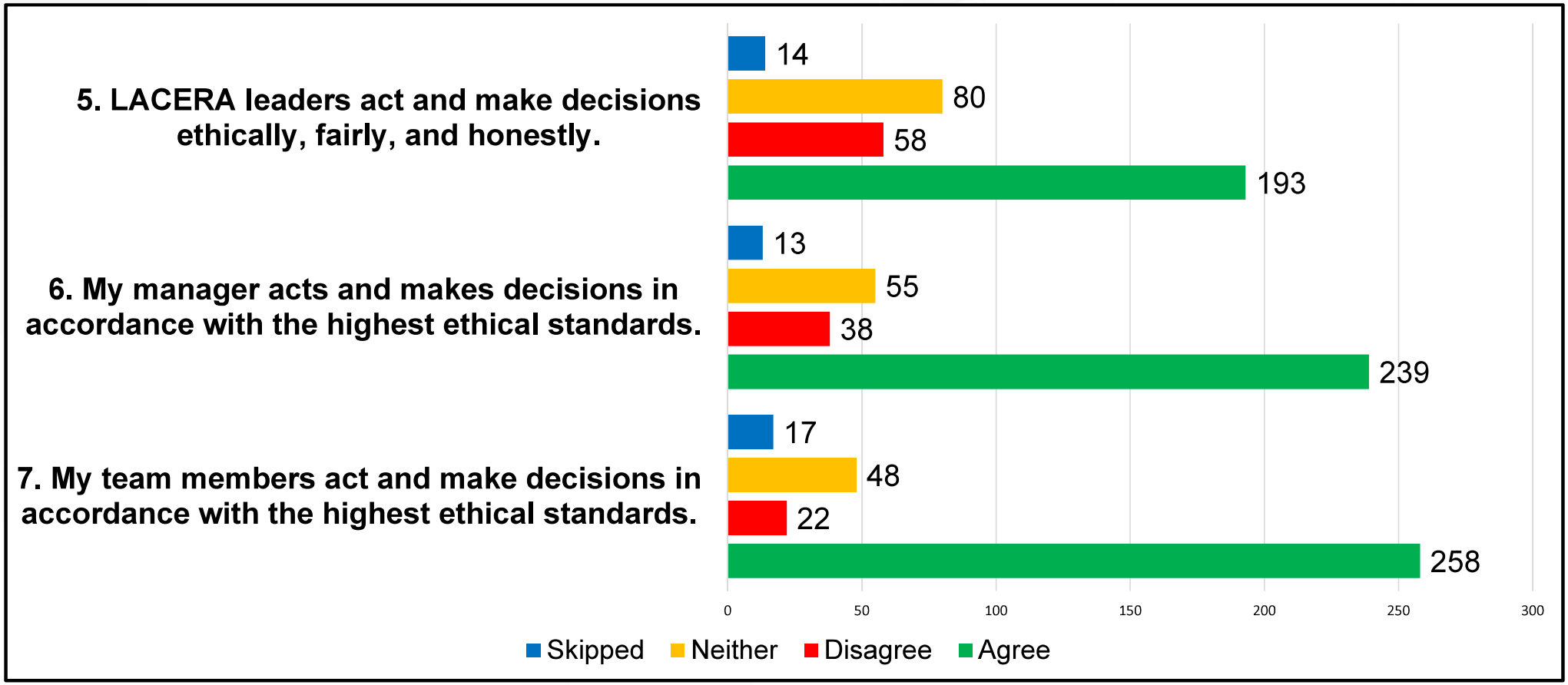
- Agree - What's working well
- Neither and Disagree - Where we can improve
- Skipped - Opportunity to Explore, may reflect disengagement or uncertainty



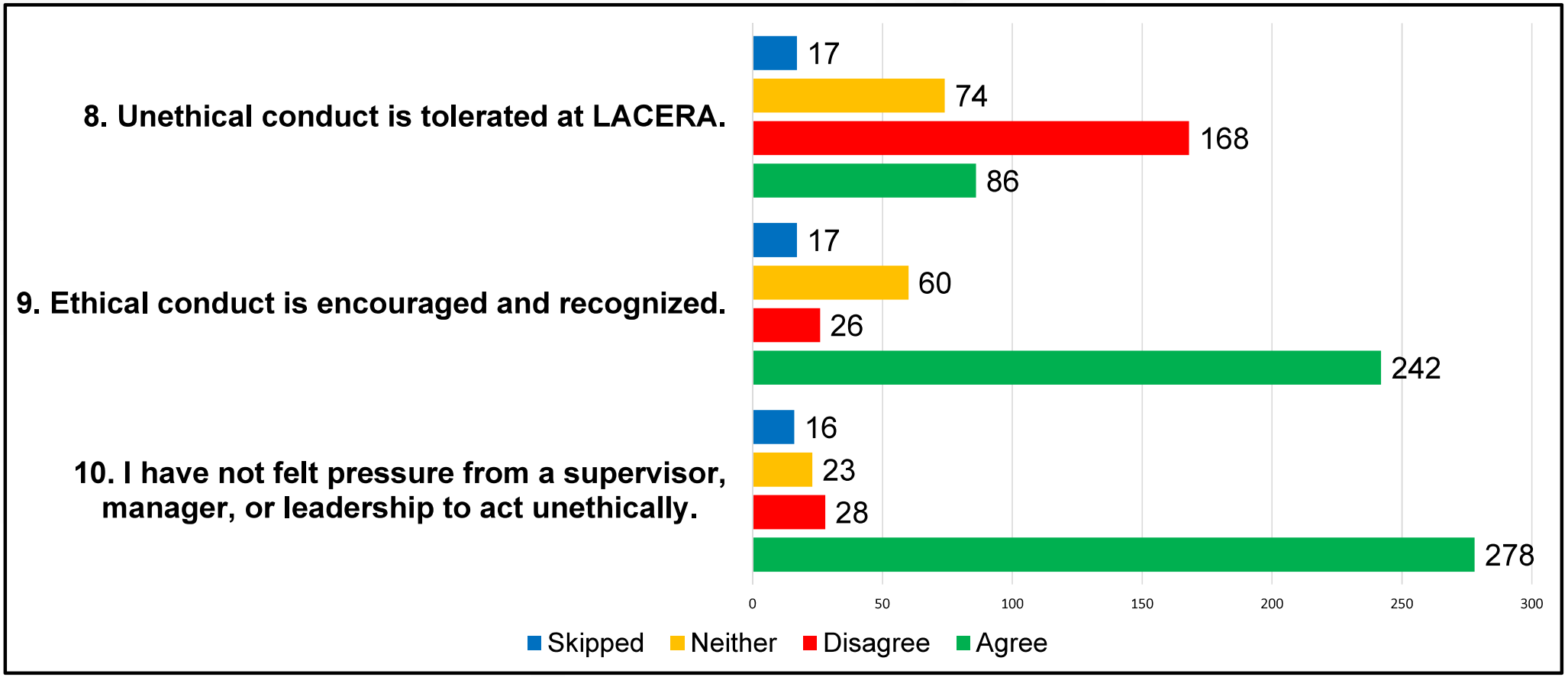
Results on Values (Questions 1 – 4)



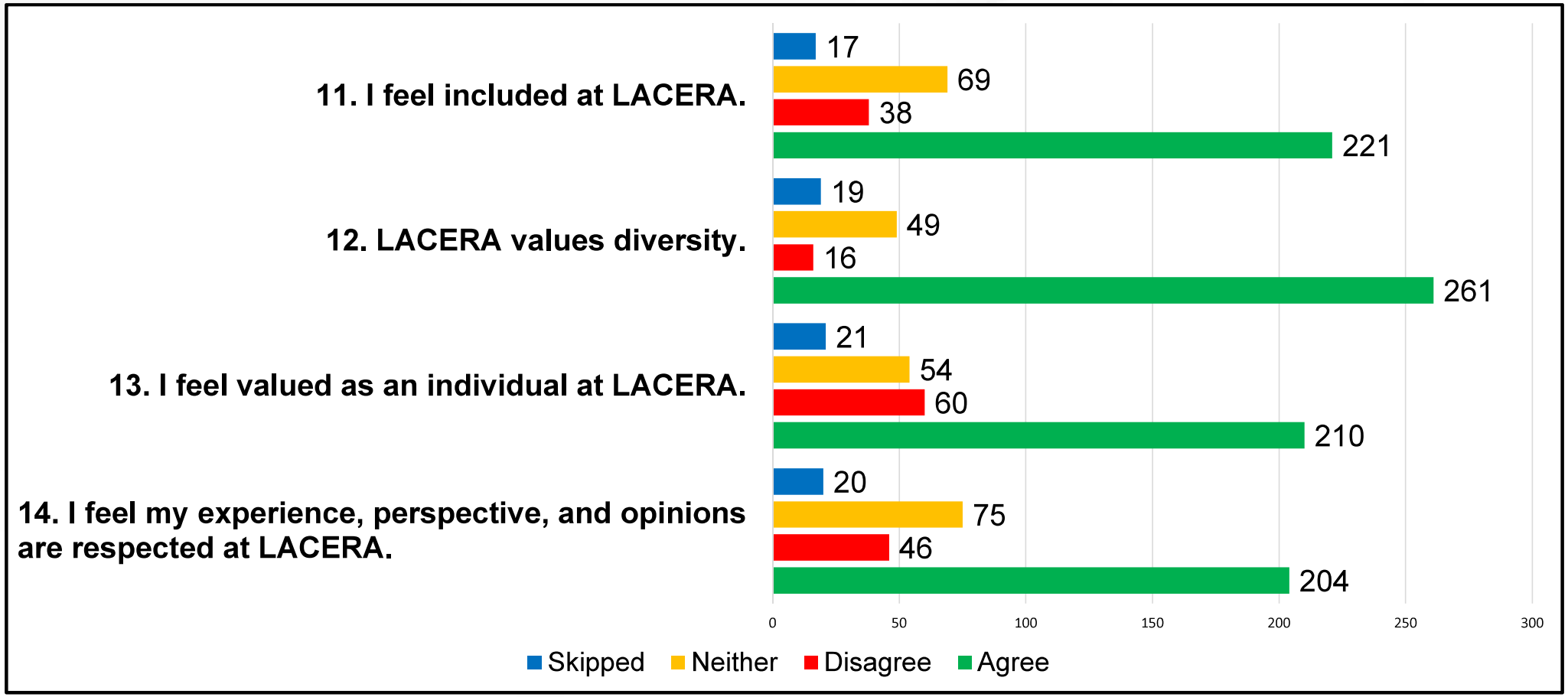
Results on Ethics/Integrity (Questions 5 – 7)



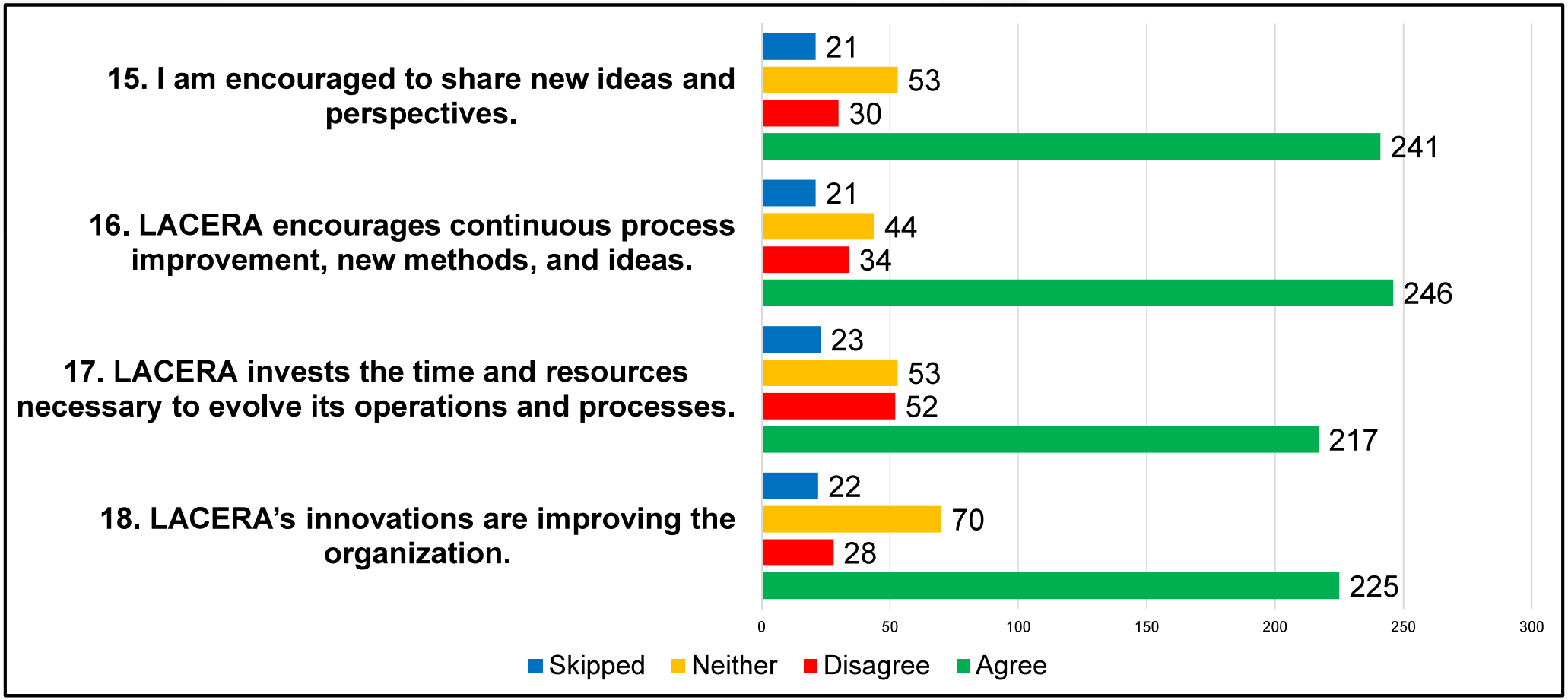
Results on Ethics/Integrity (Questions 8-10)



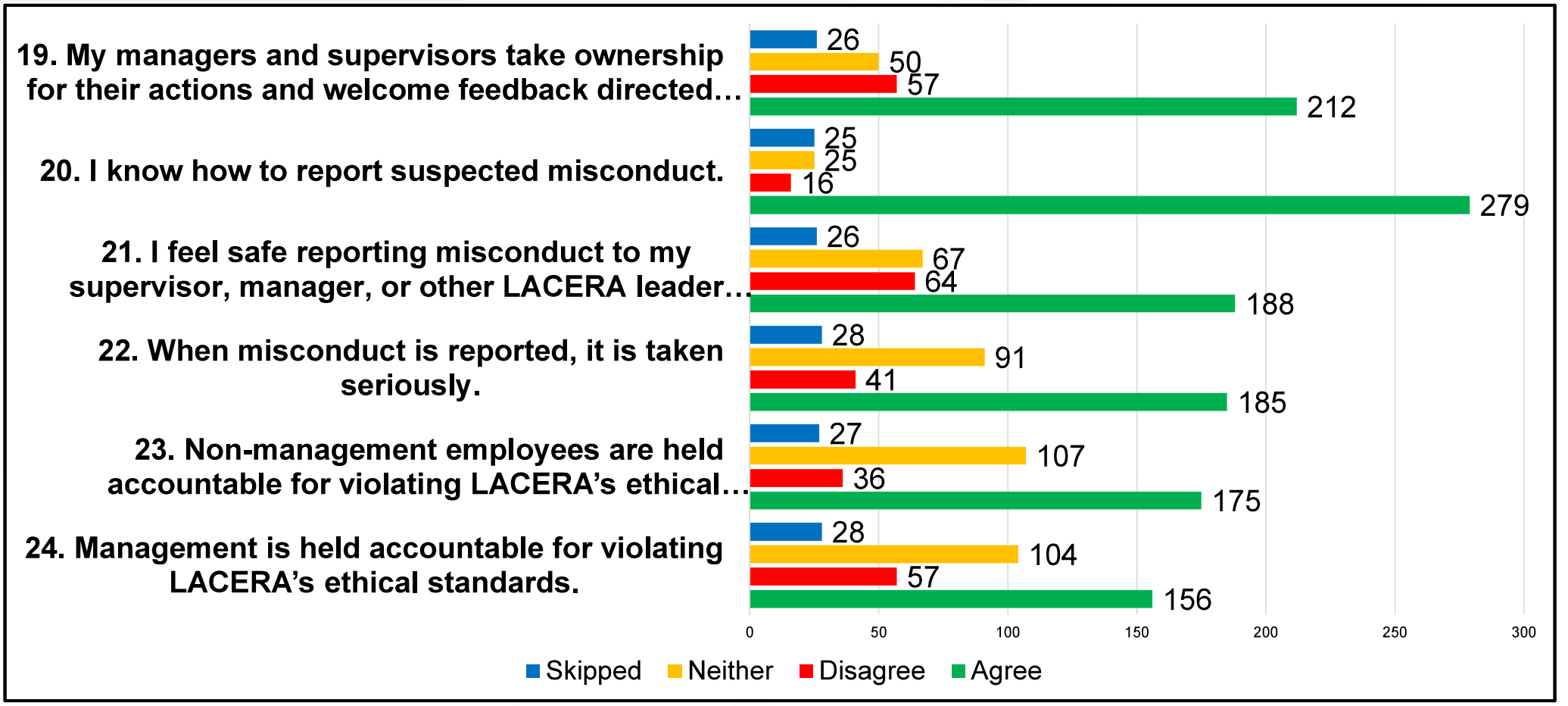
Results on Inclusivity (Questions 11 – 14)



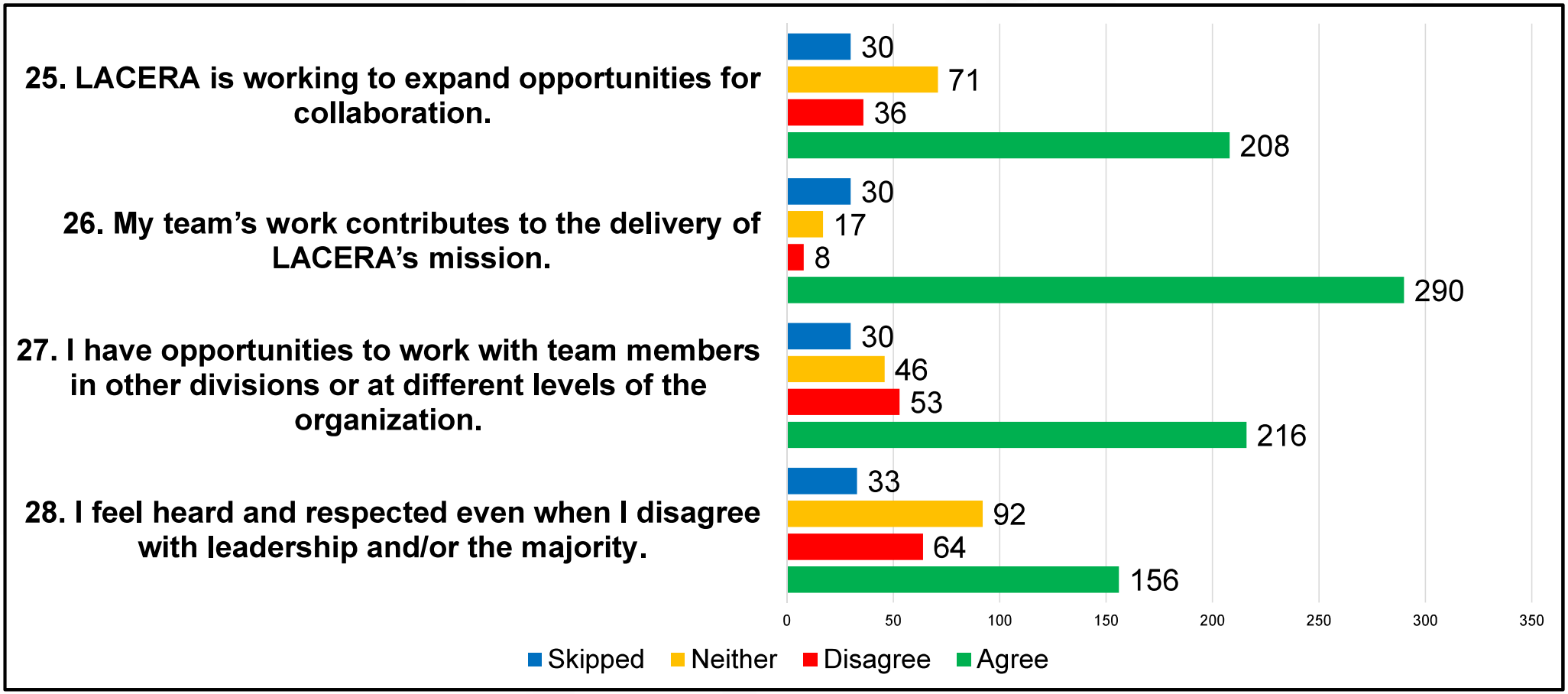
Results on Innovation (Questions 15 – 18)



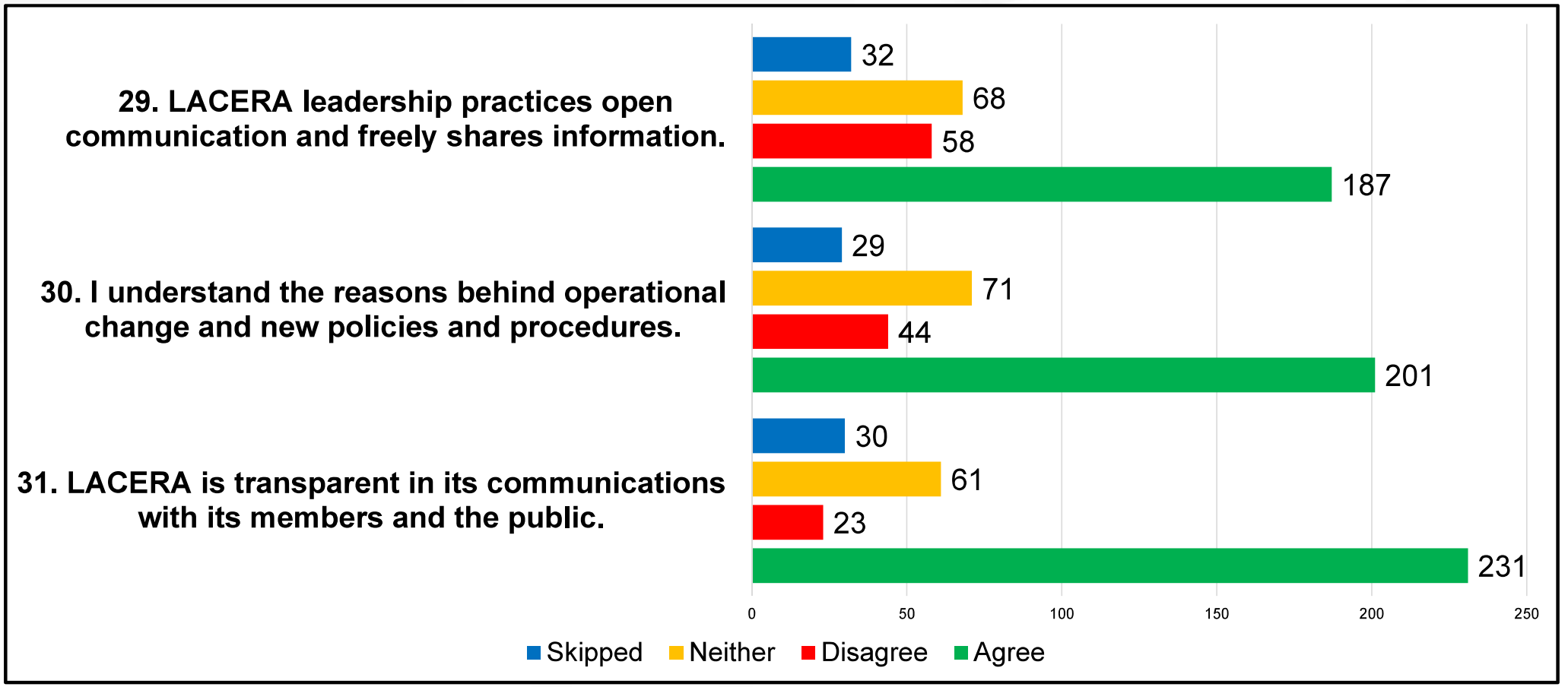
Results on Accountability (Questions 19 – 24)



Results on Collaboration (Questions 25 – 28)



Results on Transparency (Questions 29 – 31)



Describe LACERA Current Work Environment in Three Words (Question 32)

- Collaborative culture
- Supportive environment
- Diversity and inclusion
- Professionalism and integrity

- Inconsistency and stagnation
- Micromanagement and favoritism
- Overwork and burnout
- Communication gaps

- Cultural evolution
- Innovation and growth
- Work-life balance and flexibility
- Leadership development

- Toxicity and distrust
- Hierarchical barriers
- Lack of accountability
- Resistance to change

What type of culture inspires you to contribute and do your best work? (Question 33)

What actions would you recommend to improve LACERA'S current culture? (Question 34)

Strengthen Leadership & Accountability

Model organizational values consistently.

Hold all levels of leadership accountable.

Address favoritism and ensure fair promotions.

Enhance Communication

Improve cross-divisional communication.

Create regular feedback forums.

Empower employees to speak up.

Increase transparency in decision making.

Invest in Growth & Recognition

Reinstate career development programs.

Clarify promotion pathways.

Offer meaningful recognition.

Address pay equity and advancement delays.

Foster Collaboration & Innovation

Promote cross-training and cross-divisional projects.

Encourage idea-sharing and openness to dissenting views.

Streamline processes.

Support Work-Life Balance

Address workload and staffing gaps.

Respect work-life boundaries.

Expand flexible scheduling.

What practices should be implemented to get you and team members more engaged? (Question 35)

Strengthen Leadership & Accountability

Training in emotional intelligence and servant leadership.

Autonomy and ownership of work.

Enhance Communication

More team meetings.

Explanations for why decisions are made.

Consistent feedback Loops.

Invest in Growth & Recognition

Reinstate career development programs.

Provide training to upskill employees.

Offer meaningful recognition.

Foster Collaboration & Innovation

Team bonding and building events.

Cross-Functional Teams.

More opportunities to socialize across divisions and teams.

Support Work-Life Balance

Address workload and staffing gaps.

Respect work-life boundaries.

Expand flexible scheduling.

Additional Comments on LACERA Culture (Question 36)

30-35% Positive Feedback

- Improvements to culture
- Praise for current leadership team
- Appreciative of flexible work arrangements

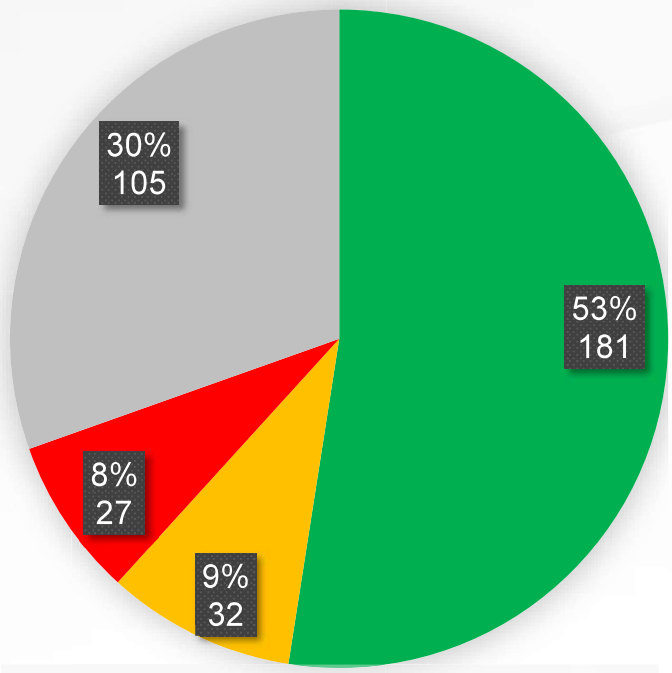
40-45% Negative Feedback

- Toxic culture, workload challenges, burnout
- Concerns with leadership team
- Sub-culture concerns in certain divisions

30% Neutral Responses

Responded “No” or “N/A”

Would you recommend working at LACERA (Questions 37)



Yes:
Of the 181 "Yes" responses, 12 provided additional information –

- Appreciate the benefits (pay, time off and holidays, and hybrid work schedule)
- Enjoy working for "Mission Driven" organization

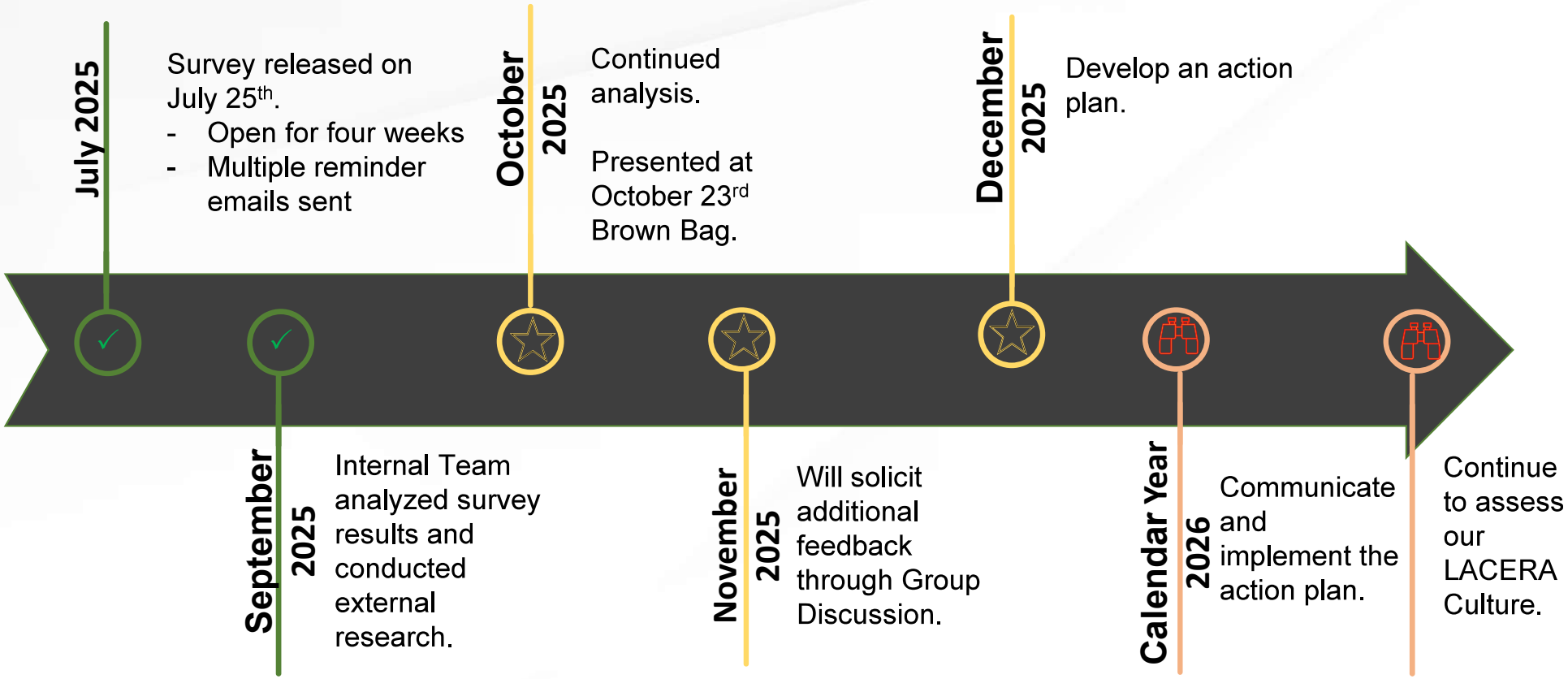
Maybe:
Of the 32 "Maybe" responses, 23 provided additional information –

- 16 of those said it would depend on the division
- Others said depends on the person and if culture could improve

No:
Of the 27 "No" responses, 10 provided additional information –

- 7 of those sited poor culture and poor leadership at the top

Timeline


July 2025
Survey released on July 25th.
- Open for four weeks
- Multiple reminder emails sent
September 2025
Internal Team analyzed survey results and conducted external research.
October 2025
Continued analysis.
Presented at October 23rd Brown Bag.
November 2025
Will solicit additional feedback through Group Discussion.
December 2025
Develop an action plan.
Calendar Year 2026
Communicate and implement the action plan.
Continue to assess our LACERA Culture.

Thank You!

Questions?

FOR INFORMATION ONLY

October 30, 2025

TO: Audit, Compliance, Risk, and Ethics (ACRE) Committee
Debbie Martin (BOI), Chair
Nicole Mi (BOI), Vice Chair
Alma K. Martinez (BOI), Secretary
Nancy Durazo (BOR), Trustee
Jason Green (BOR), Trustee
Wayne Moore (BOR), Trustee
Elizabeth Ginsberg, Ex-Officio

ACRE Committee Consultant
Larry Jensen

FROM: Christina Logan
Principal Internal Auditor

FOR: November 20, 2025 Audit, Compliance, Risk, and Ethics (ACRE) Committee

SUBJECT: **Internal Audit's Roadmap, Annual Goals, and Key Performance Measures**

BACKGROUND

The Institute of Internal Auditors' (IIA) Global Internal Audit Standards (Standards) require "the chief audit executive develop and implement a strategy for the internal audit function that supports the strategic objectives and success of the organization and aligns with the expectations of the board, senior management, and other key stakeholders."

To align with the IIA's Standards, while differentiating from LACERA's Strategic Plan, Internal Audit coined the term "Roadmap" to describe its three-year strategic plan focused on continued maturity and improvement.

The ACRE Committee approved Internal Audit's Three-Year Roadmap at its April 2025 meeting.

ROADMAP, GOALS, AND PERFORMANCE INDICATORS

Following the April ACRE meeting, Internal Audit refined our Roadmap's initiatives, annual goals, and performance measures. Please refer to Attachment A for details.

Internal Audit continues to make steady progress towards its vision of serving LACERA as a trusted and insightful advisor.

ATTACHMENT:

A: Internal Audit's Roadmap FYE 2026-2028, Annual Goals, and Performance Measures

Attachment A

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Internal Audit's Roadmap FYE 2026-2028, Annual Goals, and Performance Measures

Internal Audit's Framework for Its Three-Year Roadmap

LACERA's Mission:
To produce, protect, and provide the promised benefits to our members.

IA's Mission in Support of LACERA's Mission:
To provide independent assurance and advisory services that add value and improve operations.

LACERA's Vision:
Empowering our members to enjoy a healthy and secure retirement.

IA's Vision in Support of LACERA's Vision:
Serving LACERA as a trusted and insightful advisor.

LACERA's Strategic Pillars:

- Superior Member Experience
- Fiscal Durability
- Investing in People
- Innovation Through Technology
- Compliance and Enterprise Risk Management

IA's Strategic Pillars:

Enhancing processes to position Internal Audit as Trusted Advisors who add value and influence operational improvements.

Developing Continuous Learners to build audit competencies and foster a culture of learning to deliver actionable insights.

Advancing LACERA's risk awareness as Risk Consultants who develop strategies to strengthen organizational maturity and resilience.

Pillar #1: Trusted Advisors

Enhancing processes to position Internal Audit as Trusted Advisors who add value and influence operational improvements.

Annual Operational Goals

Execute a risk-based annual Audit Plan that aligns with LACERA's Mission and Strategic Plan.

Performance Measures:

A. Complete 85% or more of Audit Plan

B. Post Assurance and Advisory Engagement Survey score of 80% or higher

Strategic Initiatives

FYE 2026

On Track

IA Operation Enhancements

Operations Guide

Audit Workpaper Templates

Engagement Reports

Use of TeamMate

FYE 2027

Planning

Update IA Risk Assessment

Update stakeholder feedback process

Update Audit Universe

Consider moving Audit Universe to TeamMate

FYE 2028

Pending

Utilize Data Analytics

Pillar #2: Continuous Learners

Developing Continuous Learners to build audit competencies and foster a culture of learning to deliver actionable insights.

Annual Operational Goals

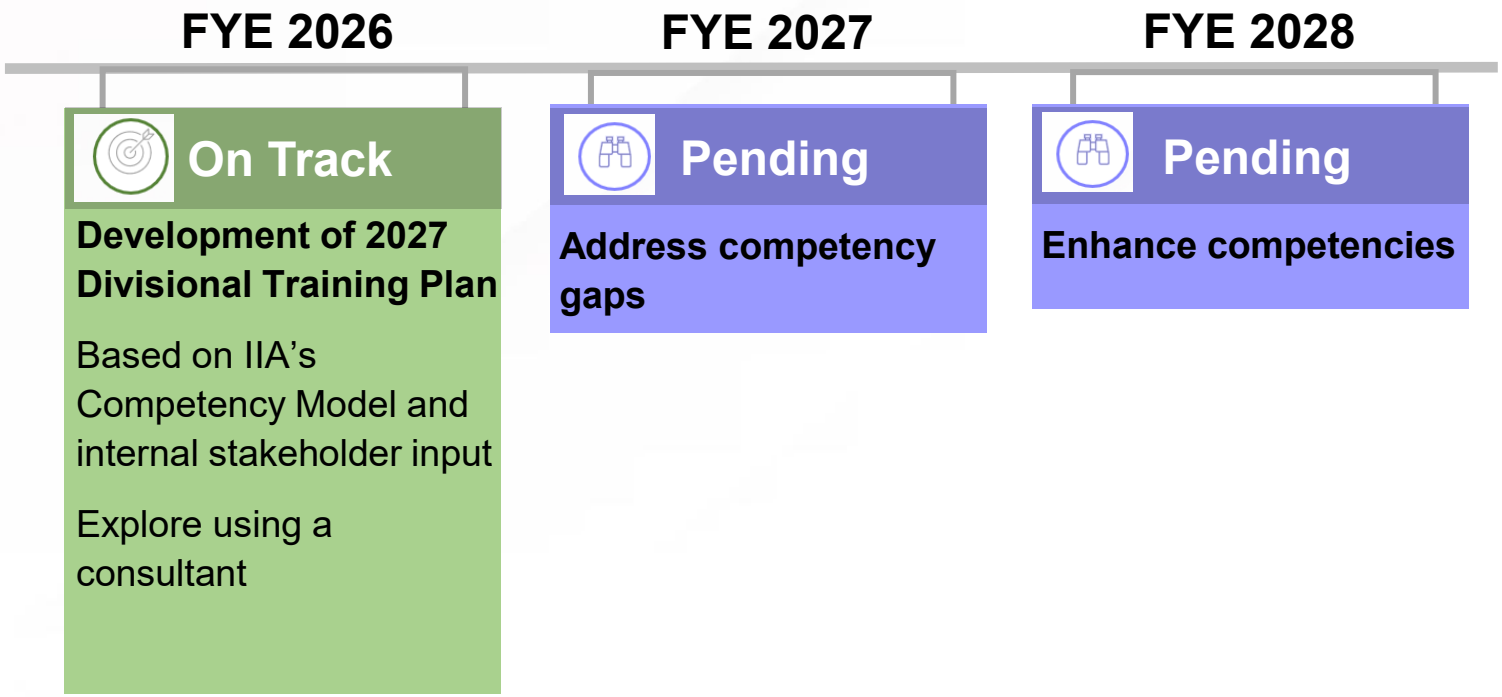
Continue to enhance Internal Audit's competencies and efficiencies.

Performance Measures:

A. 100% completion of a divisional training plan

B. Quarterly improvement meetings focusing on a different Institute of Internal Auditors (IIA) Best Practices

Strategic Initiatives



Pillar #3: Risk Consultants

Advancing LACERA's risk awareness as Risk Consultants who develop strategies to strengthen organizational maturity and resilience.

Annual Operational Goals

Continue to improve Internal Audit's presence to strengthen LACERA's risk awareness.

Performance Measures:

A. Provide education to Committee at least twice per year on topics related to its oversight responsibilities
B. Quarterly presentations to Managment on IA current and upcoming projects
C. Key Stakeholder Survey score of 80% or higher

Strategic Initiatives

FYE 2026	FYE 2027	FYE 2028
On Track	Pending	Pending

Assess maturity of LACERA's current risk management structure

Hire an external consultant

Develop an action plan and timeline

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FOR INFORMATION ONLY

November 3, 2025

TO: Audit, Compliance, Risk, and Ethics (ACRE) Committee
Debbie Martin (BOI), Chair
Nicole Mi (BOI), Vice Chair
Alma K. Martinez (BOI), Secretary
Nancy Durazo (BOR), Trustee
Jason Green (BOR), Trustee
Wayne Moore (BOR), Trustee
Elizabeth Ginsberg, Ex-Officio

ACRE Committee Consultant
Larry Jensen

FROM: Nathan K. Amick
Senior Internal Auditor

FOR: November 20, 2025 Audit, Compliance, Risk, and Ethics (ACRE) Committee

SUBJECT: **Fiscal Year 2025-2026 Audit Plan Status Report**

BACKGROUND

Per the Institute of Internal Auditors' Global Internal Audit Standard (Standard) 9.4, the Chief Audit Executive (CAE) must develop an audit plan that aligns with the organization's objectives. This plan should be based on a documented evaluation of strategies, objectives, and risks, incorporating feedback from the board, senior management, and the CAE's knowledge of governance, risk management, and control processes. This requirement is also outlined in the ACRE Charter.

STATUS REPORT

In June 2025, the ACRE Committee approved Internal Audit's 2025-2026 Audit Plan with 38 projects. These 38 projects exclude the four "ERM Tasks" on the plan. Since June, two unplanned projects have been added to the plan, for a total of 40 projects. Through October 31, 2025, Internal Audit has completed one (3%) project and initiated 21 (53%) additional projects. Of the 21 initiated projects, seven (18%) are in progress, and 14 (35%) of the "Annual/Continuous" category are current and up to date. See page three for the current 2025-2026 Audit Plan.

The fiscal year ended 2025 audits for LACERA's annual financial statement and SOC 1 Type 2 projects are finished and will be presented in November. Both the annual financial audit and the SOC 1 Type 2 project are categorized as current/continuous on the current audit plan, reflecting their perpetual nature. The fiscal year ending 2026 portion of both projects will convene in the spring of 2026.

Internal Audit has completed and will present both the “CEO Credit Card” audit and the “Premium Payments” audit at your November meeting. The "Premium Payments" audit is part of the 2024-2025 Audit Plan. Two additional projects from the 2024-2025 Audit Plan are still in progress. These three projects are not included in the current 2025-2026 Audit Plan or in the metrics in paragraph two of this memo.

Fiscal Year 2025-26 INTERNAL AUDIT PLAN				
ENTERPRISE RISK MANAGEMENT (ERM) PLAN				**10 - 20 Percent**
	ERM TASKS			**SOURCE/STATUS**
	ERM Program Plan			
1	IA	Build out Risk and Control Register (integrated with Audit Plan projects)	Risk Mgmt	ERM
2	IA	Build aligned assurance model	Risk Mgmt	ERM
3	IA	Provide Risk & Control Training to MAC/SAC	Risk Mgmt	ERM
4	IA	Contract (co-source) with Pool Firm - design and development of a formal ERM program	Risk Mgmt	ERM
AUDIT PLAN				**80 - 90 Percent**
	DIVISION	**AUDIT / PROJECT NAME**	**PROJECT TYPE**	**STATUS**
	EXECUTIVE/ORGANIZATIONAL/LEGAL			
1	Exec Office	Trustee Education and Travel	Assurance/Audit	
2	Exec Office	LA County Rehired Retirees	Assurance/Audit	In-Progress
3	Exec Office	Assessment of Strategic Plan Progress	Assurance/Audit	
4	Organizational	Continuous Audit Processing (CAP)	Assurance/Audit	In-Progress
5	Organizational	Other Value-Added Projects	Other-Value Added	Continuous
6	Organizational	Recommendation Follow-Up	Other Projects	Continuous
7	Organizational	Risk Assessment - Revised Process	Other Projects	Continuous
8	Organizational	ITCC Prioritization of Projects	Advisory	
9	Organizational	Data Mining to Improve Forecasting/Operations	Advisory	
10	Organizational	Compliance with Policy Review Periods	Compliance	
11	Legal Office	Form 700/801 Review	Assurance/Audit	In-Progress
12	Legal Office	Ethics and Compliance (Hotline)	Compliance	Continuous
13	Legal Office	Vendor Procurement/Contract Establishment	Assurance/Audit	
	ADMINISTRATION - Admin Serv, HR, Systems, Info Sec			
14	Admin Serv	Vendor Security Assessment	Assurance/Audit	In-Progress
15	Admin Serv	ECLM Centralized Contract Mgmt Function	Advisory	
16	HR	Offboarding - Exit Interviews Review	Advisory	
17	Systems	Mobile Device/Member Data Protection	Assurance/Audit	
18	Systems	Oversight of SOC Audits FY 25 & 26	Oversight	Continuous
19	Systems/InfoSec	Third Party Contracting and Contract Mgmt	Assurance/Audit	
20	Info Sec	Risk Assessment/NIST Follow-up Audit	Assurance/Audit	
	INVESTMENTS & FASD			
21	FASD	Oversight of Financial Audit FY 25 & 26	Oversight	Continuous
22	FASD/Inv	FASD/Inv/Custodial Bank Roles	Advisory	In-Progress
23	FASD/Inv	Oversight of Actuarial Audit FY 25 & 26	Oversight	Continuous
24	Investments	Securities Lending Review	Assurance/Audit	
25	Investments	Investment Office Risk Assessment	Advisory	
	OPERATIONS - Benefits, DRS, RHC, Member Services			
26	Benefits	Accounts Settlements/Collections	Assurance/Audit	
27	Benefits	Felony Forfeitures	Assurance/Audit	
28	Benefits	GRC - Benefits Protection Unit (BPU)	Advisory	
29	Benefits	Unclaimed Accounts	Assurance/Audit	In-Progress
30	DRS	Case Management Follow-up Audit	Assurance/Audit	
31	Mbr Serv	Call Center - Drop rate/call data analysis	Advisory	
	INTERNAL AUDIT OPERATIONS			
32	IA	Quality Assurance Improvement Program	Other Projects	Continuous
33	IA	Audit Committee Support	Other Projects	Continuous
34	IA	Manage Internal Audit 3-Year Roadmap	Strategic/IA Goal	Continuous
35	IA	Provide training to MAC and ACRE Committee	Strategic/IA Goal	Continuous
36	IA	IA Staff Training Plan	Strategic/IA Goal	Continuous
37	IA	IA Data Analytic Development	Strategic/IA Goal	Continuous
38	IA	Manage Continous Audit Process (CAP)	Strategic/IA Goal	Continuous
	UNPLANNED PROJECTS			
39	Exec Office	CEO Credit Card	Assurance/Audit	Completed
40	HR/Exec	HR Special Assessment Request	Oversight/Special Project	In-Progress

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FOR INFORMATION ONLY

October 31, 2025

TO: Audit, Compliance, Risk, and Ethics (ACRE) Committee
Debbie Martin (BOI), Chair
Nicole Mi (BOI), Vice Chair
Alma K. Martinez (BOI), Secretary
Nancy Durazo (BOR), Trustee
Jason Green (BOR), Trustee
Wayne Moore (BOR), Trustee
Elizabeth Ginsberg, Ex-Officio

ACRE Committee Consultant
Larry Jensen

FROM: Leisha E. Collins
Principal Internal Auditor

Gabriel Tafoya
Senior Internal Auditor

FOR: November 20, 2025, Audit Compliance, Risk, and Ethics (ACRE) Committee Meeting

SUBJECT: **Recommendation Follow-Up Report**

Background
The ACRE Charter (Charter), section VII.A.1.i, mandates that the Committee monitor Internal Audit's recommendations to ensure management has adequately and timely addressed the identified risks. In addition, the Institute of Internal Auditors (IIA) Standard 15.2 requires internal auditors confirm that management has implemented the internal auditor's recommendations and/or management's action plans following an established methodology. Accordingly, Internal Audit maintains a follow-up process to monitor and ensure recommendations have been effectively implemented.

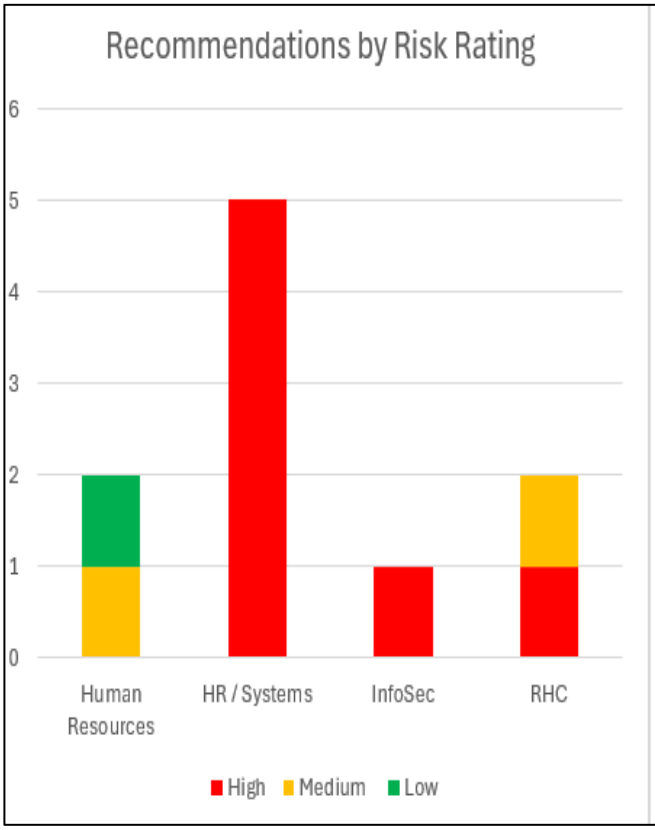
Recommendation Follow-Up Process
During the audit process, Internal Audit records findings and provides recommendations to mitigate risks and improve processes. Final audit reports include audit findings, recommendations, management's responses, and targeted completion dates. Internal Audit tracks both audit recommendations and long-term strategic recommendations. Audit recommendations are focused on improving internal controls while strategic recommendations are centered on organizational risks that may impact LACERA in the future. Each month, Internal Audit monitors management's progress towards implementing outstanding recommendations and confirms completion. Strategic recommendations are reviewed and updated annually.

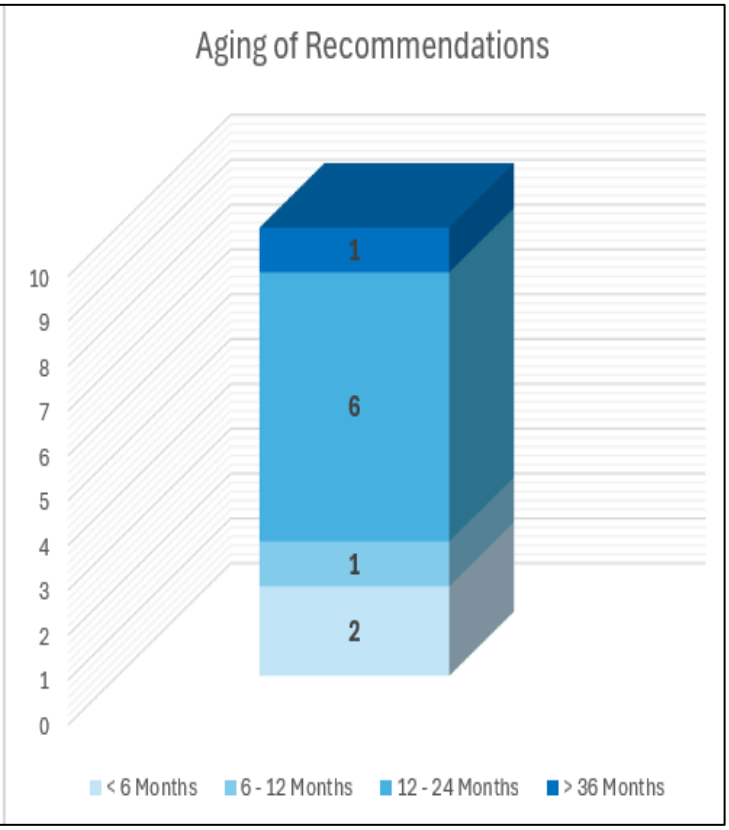
Recommendation Monitoring and Reporting

The purpose of this report is to update the Committee on the status of recommendations and keep the Committee apprised of those that require additional action. As of the most recent reporting period, three (3) out of fourteen (14) strategic recommendations have been completed, while eleven (11) are currently in progress. Additionally, one (1) of eleven (11) audit recommendations has been implemented (closed), with the remaining ten (10) in progress. The dashboard below provides an overview of the closed and outstanding audit recommendations. For further details, please refer to Attachment A.

Recommendations In Progress as of 8/1/25	Newly added Recommendations	Closed Recommendations Auditor Verified	Recommendations In Progress as of 10/31/25
8	3	-1	10

Audit Report	Implemented Recommendations	Risk
Provider Premium Calculations and Payments	RHC Management establish a workflow that mandates staff perform periodic reviews, with supervisory oversight, to ensure pending or missed adjustments are remediated timely.	Medium





Strategic Recommendations In Progress as of 1/1/2025	Newly added Strategic Recommendations	Closed Strategic Recommendations Pending Auditor Verification	Strategic Recommendations In Progress as of 10/31/25
14	0	-3	11

Project Name	Implemented Strategic Recommendations
Review of HR Recruiting & Hiring Process	LACERA's Executive Team should work with HR Management to develop an effective Workforce Plan and Implementation Strategies that clearly align with the organization's current and future Strategic Plans related to recruitment efforts.
Review of HR Recruiting & Hiring Process	Identify an individual or committee (governance structure) to oversee the alignment of the approved Workforce Plan and HR's Implementation Strategies for recruiting.
Review of HR Recruiting & Hiring Process	LACERA's Workforce Plan should address succession planning as a key component. Each division should perform forecasting of future vacancies through retirement and attrition. Succession candidates should be identified in each division and professional development should occur to prepare these members for future roles.

Staff from the respective divisions will be present at the November 2025 ACRE meeting to address any questions.

Attachments
A.1 Recommendation Status Report – Organizational
A.2 Recommendation Status Report - Strategic

LEC:gt

RECOMMENDATION STATUS REPORT - ORGANIZATIONAL

Reco Ref	Finding	Risk	Recommendation	Status	Summary of Progress	Initial Target Date	New Target Date	Extensions 1	2	3	4	5	Days Outstanding Since Audit Report Date
HR -CAP BONUS REVIEW FYE 2024 - REPORT DATE 9/4/2024													
F1	Adopt Revised Policies.	Med	Upon approval and adoption of a revised Policy and procedure(s), Management and HR should ensure that necessary management, supervisors and staff are adequately trained on the Policy and procedures to ensure compliance.	In Progress	We need to ensure that language in our Policy and MOUs are consistent with one another. We hope to reach a Tentative Agreement with SEIU on this and other issues by the end of December. We will bring the policy to the ECC after the Tentative Agreement and then conduct the required training. Planned for completion no later than March 31, 2026.	3/31/2025	3/31/2026	☑	☑	☑	☑	☐	442
HR - Advisory Review of HR Recruiting Process - REPORT DATE 04/7/2025													
F1	HR Divisional Needs Assessment Note: This finding replaces Finding F2.3 from the 2022 HR Recruiting & Hiring Report.	Low	HR should perform a needs assessment to determine whether additional resources are needed by performing the following activities: i.) an evaluation of the competencies of the team; ii.) performing a skills and capabilities assessment; iii.) identifying areas of strengths and professional development needs; iv.) an analysis of the division's tasks performed; and v.) the associated time requirements.	In Progress	HR management has developed the scope of work for the divisional needs assessment. Currently, HR is working with the Vendor Management Unit to identify vendors that can perform the work through the Request for Statement of Qualifications (RFSQ) process. The RFSQ solicitation will simplify the procurement process for potential providers.	6/30/2026		☐	☐	☐	☐	☐	207
HR/Systems/Brd Asst -Termination of User Access Process - REPORT DATE 08/30/2024													
F6	3. Systems Access was not consistently deactivated in a timely manner.	High	6. HR, Systems, and the Executive Board Assistants collaborate in establishing a timeline and criteria to ensure timely removal of user access rights upon termination [for inclusion in the policies/procedures developed per recommendation #1].	In Progress	Systems is currently in Phase II to automate the Off-Boarding process which include setting a timeline and criteria for ensuring prompt removal of access after termination.	12/31/2024	12/31/2025	☑	☑	☐	☐	☐	427
F7	3. Systems Access was not consistently deactivated in a timely manner.	High	7. Perform a periodic review of user access to the Keycard system and Network, for removal of users that no longer require access.	In Progress	Systems is currently in Phase II to automate the Off-Boarding process which include setting a timeline and criteria for ensuring prompt removal of access after termination.	12/31/2024	12/31/2025	☑	☑	☐	☐	☐	427
F8	4. Process improvements are needed to adequately monitor and deactivate user access to non-network applications.	High	8. Systems Division Management should maintain a complete and current inventory of all non-SSO applications within LACERA.	In Progress	Systems management is currently gathering a detailed list of all non-SSO applications within the LACERA infrastructure to further our initiative of implementing SSO where practicable. Additionally, Systems management will develop appropriate procedures for regular reviews of the non-SSO application list.	12/31/2024	12/31/2025	☑	☑	☐	☐	☐	427
F9	4. Process improvements are needed to adequately monitor and deactivate user access to non-network applications.	High	9. Systems Division Management should continue in their effort to incorporate current non-SSO applications under the SSO control umbrella whenever feasible.	In Progress	Systems management is currently gathering a detailed list of all non-SSO applications within the LACERA infrastructure to further our initiative of implementing SSO where practicable. Additionally, Systems management will develop appropriate procedures for regular reviews of the non-SSO application list.	12/31/2024	12/31/2025	☑	☑	☐	☐	☐	427

RECOMMENDATION STATUS REPORT - ORGANIZATIONAL

Reco Ref	Finding	Risk	Recommendation	Status	Summary of Progress	Initial Target Date	New Target Date	Extensions 1	2	3	4	5	Days Outstanding Since Audit Report Date
HR/Systems/Brd Asst -Termination of User Access Process - REPORT DATE 08/30/2024													
F10	4. Process improvements are needed to adequately monitor and deactivate user access to non-network applications.	High	10. HR Management should ensure that updates to the Offboarding process include procedures for notifying and ensuring that managers who oversee non-SSO applications remove terminated staff from those applications.	In Progress	Systems management is currently gathering a detailed list of all non-SSO applications within the LACERA infrastructure to further our initiative of implementing SSO where practicable. Additionally, Systems management will develop appropriate procedures for regular reviews of the non-SSO application list.	12/31/2024	12/31/2025	☑	☑	☐	☐	☐	427
InfoSec - Audit Trails for all LACERA Applications - REPORT DATE 10/21/2022													
F1	Audit trails were deficient or non-existent.	High	LACERA's Information Security Office should require and ensure that appropriate and available audit trails are built and/turned on, and periodically reviewed for all LACERA applications.	In Progress	The Information Security Office is finalizing its policy on audit trails as part of its WISP (written information security program). Subsequent to the policy being finalized, the Project Management Office will assess internal and external applications' audit logs for compliance with the policy.	6/30/2023	8/31/2025	☑	☑	☑	☑	☐	1106
Retiree Healthcare (RHC) - Provider Premium Calculations and Payments - REPORT DATE 10/28/2025													
F1	Backlog of Code 19 Refunds and LIS Subsidy Processing.	High	RHC Management should update, develop, and document procedures to ensure efforts to resolve outstanding payments are consistently documented and resolved in a timely manner. Management should also cross-train staff to support the Code 19 and LIS payment processes to ensure adequate coverage during periods of high volume and backlogs.	In Progress	Staff are currently processing the LIS refunds with an anticipated distribution of refunds beginning December 1, 2025, and will coordinate this effort with FASD. The LIS Procedures will be reviewed and updated to help ensure refunds are processed timely. We are in discussion with Systems to explore the feasibility of automating this process.	12/1/2025		☐	☐	☐	☐	☐	3
F2	Delays in Carrier Discrepancy Reports Resulting in Material Member Impact.	Med	RHC Management should implement internal mitigation procedures to reduce member impact when report delays occur. Additionally, during the bi-monthly carrier meetings, management should advocate for more consistent report delivery timelines and formalize expectations through memorandums of understanding and document these efforts of due diligence.	In Progress	We have contacted both the Executive Account Manager and the designated representative for the LACERA account to discuss the timing of their discrepancy report submissions. This topic will continue to be addressed during bi-monthly and monthly meetings, as needed. Transcripts of meetings are recorded and summarized to formally document and preserve the discussions.	7/1/2026		☐	☐	☐	☐	☐	3
F3	Control oversight of carrier prior period adjustments.	Med	RHC Management establish a workflow that mandates staff perform periodic reviews, with supervisory oversight, to ensure pending or missed adjustments are remediated timely.	Closed	RHC Management has implemented a protocol to ensure that prior period adjustments are verified prior to approval to ensure that prior period adjustments are no longer overlooked during the Quality Control Process. Additionally, this was communicated to the Quality Control Unit on October 20, 2025. The documentation/support has been reviewed by the auditor and concurs that the finding has been remediated.	11/1/2025		☐	☐	☐	☐	☐	N/A

RECOMMENDATION STATUS REPORT - STRATEGIC

Project Name	Report Date	Finding Title	Recommendation	Detailed Status	Overall Status
COSO: Forecasting / Budgeting					
Risk & Controls Assessment - Retiree Healthcare	7/14/2022	OBS 4 - Retiree Healthcare (RHC's) administrative fee process is not formalized.	N/A - This was a strategic observation made by Internal Audit.	The Executive Office, Legal Office, and Retiree Healthcare teams have drafted a Letter of Agreement formalizing the Retiree Healthcare and County process. Final draft is expected to be completed by January 2026.	In Progress
COSO: Internal & External Reporting					
Organizational Governance Review	7/20/2022	OBS 7 - LACERA does not have a communication plan	LACERA should finalize the existing draft Communication Plan for the organization. In addition, guidelines for style and format of reporting should be developed to ensure consistency. Staff should be trained on the implemented Communication Plan and style and format guidelines.	The Executive Office and Communications team is working on finalizing the Communication Plan and implementation will be completed by June, 2028.	In Progress
COSO: Organizational Structure					
Quality Assurance (QA) Operations Review	4/9/2021	Finding #1 - The QA Division's independence is weakened when reporting to the same Assistant Executive Officer (AEO) over the operational areas in which they perform quality assurance audits.	LACERA Executive Management should work with QA and the Member Operations Group (MOG) Divisions to develop a plan and timeline for a) relocating training and metrics out of the QA Division to an operational division, and b) changing the reporting structure such that the QA Division reports independently to the Administrative AEO.	LACERA has issued an RFP for an Organizational Consultant who will be evaluating both the Process Management Group and Quality Assurance and provide a recommendation for an organizational structure that support our strategic plan and the needs of the Member Operations Group. Following the consultants recommendations the Executive Office has completed the 2025-2026 Plan. The RFP is currently in the selection stage. Currently, there is no ETA for completion until vendor management addresses this through legal, an agreement is signed, and the Statement of Work (SOW) is set.	In Progress
Organizational Governance Review	7/20/2022	OBS 6 - LACERA does not have a formal enterprise fraud prevention and detection program	LACERA should implement a formal fraud prevention and detection program that includes a policy separate from the Code of Ethical Conduct, consistent training for staff including how to report suspected fraud, and a process to incorporate what is learned from the fraud reporting into the organization's policies.	In Q2 of Fiscal Year 2026, Internal Audit will be initiating a request for bids from the external audit firm pool to hire an ERM consultant. The consultant will advise and assist us in developing a timeline and plan for implementing a formal ERM program. The development of a formal fraud prevention and detection program will be included in that timeline.	In Progress

RECOMMENDATION STATUS REPORT - STRATEGIC

Project Name	Report Date	Finding Title	Recommendation	Detailed Status	Overall Status
COSO: Performance Measures					
Quality Assurance Operations Review	4/9/2021	Finding #6: QA management does not have an annual quality assurance audit plan and does not have metrics and KPIs for managing their staff's work.	QA management should develop an annual quality assurance audit plan and key performance indicators (KPIs) to allocate and monitor QA staff resources.	Substantial work has been completed and QA has submitted a draft audit plan to the Executive Office. The Annual QA Production Plan for Fiscal Year 2025/2026, has been developed and currently under review with the Executive Office.	In Progress
Organizational Governance Review	7/20/2022	OBS 8 - LACERA lacks defined Key Performance Indicators (KPI)	LACERA should develop and implement key performance indicators (KPI's) for any divisions that have not yet defined them. The KPI's should be quantifiable and be linked to the goals of the organization as established in the Strategic Plan. In addition, reporting mechanisms should be established for the reporting of the KPI's so that the data can be used to inform decision making.	As part of the 2023-2028 Strategic Plan - Innovation through Technology, the Systems Division is working with each Division on dashboards that provide metrics around performance, resource allocation and other key factors.	In Progress
COSO: Risk Assessment					
Organizational Governance Review	7/20/2022	OBS 9 - LACERA does not have a formal enterprise risk management and compliance program	LACERA should implement a formal enterprise risk management and compliance program for the organization that includes identification of risks and how to address those risks. The risk information should be used by the organization to make decisions.	In Q2 of Fiscal Year 2026, Internal Audit will be initiating a request for bids from the external audit firm pool to hire an ERM consultant. The consultant will advise and assist us in developing a timeline and plan for implementing a formal ERM program. The development of a formal fraud prevention and detection program will be included in that timeline.	In Progress
COSO: Training and Development & Talent Management					
Organizational Governance Review	7/20/2022	OBS 3 - LACERA has not implemented a professional development plan	LACERA executive leadership should engage in a facilitated analysis of employees across the organization and identify specific development needs of employee classifications and functional groups.	As part of the 2023-2028 Strategic Plan - Investing in People, the Executive Office and Human Resources team are collaborating on a plan focused on employee and professional development starting in FY 2025-2026. Reporting on this plan will be part of the strategic plan reporting.	In Progress
Organizational Governance Review	7/20/2022	OBS 4 - LACERA does not have a succession plan	LACERA should implement a succession planning process to ensure that the organization can maintain a workforce that collectively possesses the core competencies and skills needed to accomplish its strategic objectives.	The strategic priority goals of the Board of Retirement's 5-year Strategic Plan (FY2023-2028) does not include the implementation of a succession plan, although the work that is being conducted as part of the Strategic Plan will be critical for creating a succession plan in the future.	In Progress

RECOMMENDATION STATUS REPORT - STRATEGIC

Project Name	Report Date	Finding Title	Recommendation	Detailed Status	Overall Status
COSO: Training and Development & Talent Management					
Review of HR Recruiting & Hiring Process	4/18/2022	#1: Lack a Planned, Measured and Optimized Recruiting Approach	1.a. LACERA's Executive Team should work with HR Management to develop an effective Workforce Plan and Implementation Strategies that clearly align with the organization's current and future Strategic Plans related to recruitment efforts.	Management has made the decision to accept the risk and close this recommendation. Recruitment efforts at LACERA has changed significantly since the issuance of the original recommendation in 2022. HR and Executive Office have continued to improve recruitment as part of the BOR 5-year Strategic Plan - "Investing in People" initiative.	Closed April 2025
Review of HR Recruiting & Hiring Process	4/18/2022	#1: Lack a Planned, Measured and Optimized Recruiting Approach	Identify an individual or committee (governance structure) to oversee the alignment of the approved Workforce Plan and HR's Implementation Strategies for recruiting.	Management has made the decision to accept the risk and close this recommendation. Recruitment efforts at LACERA has changed significantly since the issuance of the original recommendation in 2022. HR and Executive Office have continued to improve recruitment as part of the BOR 5-year Strategic Plan - "Investing in People" initiative.	Closed April 2025
Review of HR Recruiting & Hiring Process	4/18/2022	#1: Lack a Planned, Measured and Optimized Recruiting Approach	LACERA's Workforce Plan should address succession planning as a key component. Each division should perform forecasting of future vacancies through retirement and attrition. Succession candidates should be identified in each division and professional development should occur to prepare these members for future roles.	Management has made the decision to accept the risk and close this recommendation. Recruitment efforts at LACERA has changed significantly since the issuance of the original recommendation in 2022. The strategic priority goals of the Board of Retirement's 5-year Strategic Plan (FY2023-2028) does not include the implementation of a succession plan, although the work that is being conducted as part of the Strategic Plan will be critical for creating a succession plan in the future.	Closed April 2025
Recruitment and Hiring Process - Advisory	4/7/2025	LACERA does not have a workforce plan	Develop an enterprise-wide workforce plan focused on evaluating employee attrition related to retirement risks and addressing current vacancy rate	HR and Executive Management have updated the reporting for vacancy rate in the CEO dashboard to the Board of Retirement. The evaluation of employee attrition rate will be performed as part of the pre-work for succession planning as part of the Board of Retirement's 5-Year Strategic Plan. The current recommendation supersedes the Eide Bailly recommendation since the recruitment operations have changed significantly since the issuance of the original recommendation in 2022.	In Progress
Recruitment and Hiring Process - Advisory	4/7/2025	Divisional needs assessment remains pending from April 2022 Eide Bailly recommendation.	HR should perform a divisional needs assessment to determine whether additional resources are needed.	HR management has developed the scope of work for the divisional needs assessment. Currently, HR is working with the Vendor Management Unit to identify vendors that can perform the work through the Request for Statement of Qualifications (RFSQ) process. The RFSQ solicitation will simplify the procurement process for potential providers.	In Progress

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FOR INFORMATION ONLY

October 31, 2025

TO: Audit, Compliance, Risk, and Ethics (ACRE) Committee
Debbie Martin (BOI), Chair
Nicole Mi (BOI), Vice Chair
Alma K. Martinez (BOI), Secretary
Nancy Durazo (BOR), Trustee
Jason Green (BOR), Trustee
Wayne Moore (BOR), Trustee
Elizabeth Ginsberg, Ex-Officio

ACRE Committee Consultant
Larry Jensen

FROM: Gabriel Tafoya
Senior Internal Auditor

FOR: November 20, 2025, Audit Compliance, Risk, and Ethics (ACRE) Committee

SUBJECT: **Recommendation Follow-Up for Sensitive Information Technology Areas**

The ACRE Charter (Charter), section VII.A.1.i., states that the Committee monitors Internal Audit's recommendations to ensure Management has adequately and timely addressed the identified risks. The purpose of this memorandum is to update the Committee on the status of recommendations related to system and network security audits and assessments. In addition, this report provides a summary of work performed and recommendations closed to keep the Committee informed.

As indicated in Table 1, no recommendations have been closed and two remain outstanding since our last report in August 2025.

Table 1: Current Recommendations Status as of 10/31/2025:

Audit Report	Auditor	Rating	Recos as of 8/1/2025	New Reco	Recos Closed 10/31/2025	Total
Pen Test and VeraCode Report - Mar 2020	Clear Skies	Med	1			1
Pen Test and VeraCode Report - Mar 2020	Clear Skies	Low	1			1
TOTAL			**2**	**0**	**0**	**2**

Information Technology General Controls (ITGC) are fundamental controls that apply to IT systems, including applications, operating systems, databases, and supporting infrastructure. The primary objective of ITGC is to ensure the integrity of the data and processes facilitated by these systems. Table 2 provides an outline of the types and statuses of recommendations reported to the Committee.

Table 2: Current Recommendations Status – By IT General Control Areas

ITGC	Control Description	Open Recos 10/31/2025
Data Back Up & Recovery	Controls provide reasonable assurance that data and systems are backed up successfully, completely, stored offsite, and validated periodically.	—
Environmental	Controls provide reasonable assurance that systems equipment and data are adequately protected from environmental factors.	—
Information Security	Controls provide reasonable assurance that policies and procedures are in place to ensure effective communication of information security practices.	—
Logical Access	Controls provide reasonable assurance that logical access to applications and data is limited to authorized individuals.	1
Physical Security	Controls provide reasonable assurance that physical access to systems equipment and data is restricted to authorized personnel.	—
System Development & Change Management	Controls provide reasonable assurance that changes to or development of applications are authorized, tested, and approved. Controls also provide reasonable assurance that segregation of duties exist.	—
System Monitoring & Maintenance	Controls provide reasonable assurance that systems are monitored for security issues, and that patches and antivirus definition file updates are applied in a timely manner.	1
Totals		**2**

Internal Audit will continue to update the ACRE Committee on the status of recommendations at each Committee meeting.

Staff will be available to address questions at the November 2025 ACRE Committee Meeting, but please remember that due to the sensitive nature of these IT recommendations, we cannot provide additional details.

FOR INFORMATION ONLY

November 3, 2025

TO: Audit, Compliance, Risk, and Ethics (ACRE) Committee
Debbie Martin (BOI), Chair
Nicole Mi (BOI), Vice Chair
Alma K. Martinez (BOI), Secretary
Nancy Durazo (BOR), Trustee
Jason Green (BOR), Trustee
Wayne Moore (BOR), Trustee
Elizabeth Ginsberg, Ex-Officio

ACRE Committee Consultant
Larry Jensen

FROM: Leisha E. Collins
Principal Internal Auditor

FOR: November 20, 2025 Audit, Compliance, Risk, and Ethics (ACRE) Committee

SUBJECT: **Ethics Hotline Status Report**

BACKGROUND
LACERA is committed to upholding its values, advocating ethical behavior, and acting in compliance with applicable laws, regulations, policies, procedures, and LACERA's Code of Ethical Conduct. To support this commitment, LACERA maintains a confidential and anonymous Ethics Hotline and a strict policy of non-retaliation when reporting questionable behavior.

ETHICS HOTLINE CASE REPORTING AND MONITORING
The ACRE Charter, section VII.B.9.b., states that the Committee reviews a summary of LACERA's Ethics Hotline Reports. Accordingly, the purpose of this memorandum is to provide the Committee with an update on cases reported to LACERA through the Ethics Hotline.

Since the last report, we have received two new cases. One incident was reported through the Ethics Hotline anonymously, and that case is currently under investigation. The second case was reported through an email from an employee who provided their name and details of their concern. The case was reviewed by Legal, the Exec Office and HR and a response was provided to the reporter to address their concerns.

ETHICS HOTLINE STATUS REPORT

The following report provides a summary of cases as of October 31, 2025:

No	Report Month	Incident Category	Source	Issue	Assign To	Status	Control Deficiency
23	April 2025	Conflict with LACERA's Values	Hotline Anonymous	Accommodation request related to Call Center end of shift work.	IA	Closed	None
24	July 2025	Workplace Violence	Hotline-Name Provided	Threat of workplace violence. The Case was immediately referred to LACERA's Workplace Prevention Violence Program (WPPV)	WPPV	Closed	None
25	Aug 2025	Discrimination	Hotline Anonymous	Consistent application of Telework Policy	HR	Investigation In Progress	
NA	July 2025	Conflict with LACERA's Values	Email Name Provided	Questions about actions to be taken following a Divisional Classification study and timeliness thereof.	Legal	Pending Closure	None

Internal Audit has not identified any matters of fraud in any of our recent or current audit and consulting work. Staff will continue to provide updates to the Committee on future reports.

UPDATE ON ENHANCEMENTS TO ETHICS HOTLINE PROCESS

Internal Audit continuously reviews the Ethics Hotline reporting process to ensure efficiency and effectiveness of the program. Updates completed and in progress are as follows:

- Updated Ethics Hotline workflow to include additional levels of Hotline Administrators as points of contact
- Evaluating the Ethics Hotline notification protocol and best practices to identify the appropriate lines of communicating cases to ACRE
- Updating Ethics Hotline guidelines and creating desk procedures

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Documents not attached are exempt from disclosure under the California Public Records Act and other legal authority.

For further information, contact:
LACERA
Attention: Public Records Act Requests
300 N. Lake Ave., Suite 620
Pasadena, CA 91101

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