

EXHIBIT A

**ACTUARIAL AUDITING SERVICES AGREEMENT
STATEMENT OF WORK: RETIREMENT PLAN AUDITING**

Activities

- Project 1: Audit of Actuarial Valuation
 - Project 2: Audit of Triennial Experience and Assumptions Study
 - Project 3: Audit of GASB 68 Financial Statement Disclosure Reporting
 - Project 4: Special Projects (Actuarial Auditing Under Time and Material Billing)
- =====

Project 1: Audit of Actuarial Valuation

Background

LACERA is organized and exists under the County Employees Retirement Law of 1937 (California Government Code, Title 3, Division 4, Part 3, Chapter 3, as amended) and administers a Retirement Plan for Los Angeles County (County) and Special Districts, the Plan Sponsors. Section 31453 of the County Employees Retirement Law of 1937 (“CERL” or “the 37 Act”) requires an actuarial valuation to be performed at least every three (3) years for the purpose of setting contribution rates. To this end, LACERA engages an Actuarial Consultant (Actuary) to perform an annual Actuarial Valuation of the Retirement Plan.

LACERA calls for audits of the Actuarial Valuation including an independent reproduction of the detailed Valuation results. As such, LACERA engages a second actuarial services firm, Actuarial Auditor (Auditor), to conduct periodic actuarial reviews or “audits” of the work completed by the Actuary. “Actuarial Audits” are defined by LACERA as the engagement of a second actuarial services firm, Auditor, that will re-perform, validate and review the work of LACERA’s Actuary.

Objective

Actuary performs an Actuarial Valuation of the Retirement Plan administered by LACERA. Auditor shall conduct an audit of the Actuarial Valuation prepared by the Actuary. Auditor shall prepare the Audit of Actuarial Valuation Report and make recommendations to the Actuary and/or to the Board of Investments regarding the work completed by the Actuary.

Schedules

The next Audit of the Retirement Plan Actuarial Valuation shall be for the fiscal year ending June 30, 2025 to comply with LACERA’s Actuarial Projects Schedule (see Exhibit C). Audits will be performed on a three-year cycle that coincides with every third annual Valuation. Auditor shall submit a final Audit of Actuarial Valuation Report to LACERA’s Board of Investments, in conjunction with Actuary’s final Retirement Plan Valuation Report, at the regularly scheduled February meeting following the valuation fiscal year or eight weeks after the receipt of all data from LACERA and Actuary necessary to complete the work in this Project 1.

Stakeholder Groups

At LACERA's request, Auditor will work with the Stakeholder Groups, including but not limited to: LACERA Boards, LACERA staff, County staff, County actuary staff, County Union staff, County Union actuary staff, Special Districts' staff, LACERA's Actuary, LACERA's external financial auditor, other consultants to LACERA, and other interested parties as defined by LACERA.

Scope

A. Actuarial Standards

Auditor will perform all actuarial work and prepare reports in accordance with generally accepted actuarial standards, Actuarial Standards of Practice (ASOP), standards promulgated by the Actuarial Standards Board (ASB) and the Government Accounting Standards Board (GASB), laws, regulations, best practices, LACERA's policies and any other applicable standards, models and rules.

B. Actuarial Analysis

Auditor's responsibilities include, but are not limited to, performing the analysis described below:

1. Data Review

Evaluation of the available data for the performance of such Valuation including a comparison of the census data provided by LACERA with the Valuation data that was used by Actuary, the degree of which such data is sufficient to support the conclusions of the Valuation, and the use and appropriateness of any assumptions made regarding such data.

2. Parallel Valuation

a. Perform a parallel valuation using the assumptions, methodologies, and funding methods used by the Actuary in their performance of the Retirement Plan Valuation. Auditor shall independently re-perform all work and not rely on the work of the Actuary.

b. Evaluation of the parallel valuation results and reconciliation of any discrepancies between Auditor and Actuary regarding findings, assumptions, methodology, rates, and adjustments.

C. Concurrent Completion

Auditor will conduct audit work concurrently with the Actuary's performance of the Retirement Plan Valuation. To the extent possible, it is LACERA's intent that the parallel valuation results and the reconciliation of any discrepancies between the findings, assumptions, methodology, rates, and adjustments be communicated to the Actuary prior to the completion of Actuary's work so the adjustments and recommendations will be included in Actuary's completed Valuation Report.

D. Prior Audit Recommendations

Auditor will review prior "Audits" or "Reviews" of the Retirement Plan Valuation and determine if Actuary has implemented recommendations contained therein.

E. Reporting

Auditor will prepare a report which includes, but is not limited to, the following:

1. Describe the purpose and scope of the engagement.
2. Provide the results of the engagement including observations and recommendations.
3. Include the results of the actuarial analysis of participant data and a comparison to Actuary's results.
4. Provide comments regarding Actuary's implementation of prior "Audit" or "Review" recommendations.

F. Deliverables

1. Project Plan
Auditor shall prepare and discuss a Project Plan including a timeline that is consistent with LACERA's Actuarial Projects Schedule, prior to starting each project. The Plan will identify team members, all tasks, milestones, time frames and any other information deemed relevant. Auditor will submit documents in an electronic format that are subject to LACERA's approval. Auditor's Project Manager shall provide regular status updates to LACERA's Project Manager telephonically or via email, at least one time per month during the course of the Project.
2. Draft Report
Auditor will present the draft Audit of the Retirement Plan Valuation Report for review and comment by LACERA staff and Stakeholder Groups. Auditor shall provide documents in an electronic format and up to 25 bound color copies, as requested by LACERA.
3. Final Report
Auditor shall present the final Audit of the Retirement Plan Valuation Report for review by LACERA staff and Stakeholder Groups. Actuary shall provide documents in an electronic format and up to 100 bound color copies, as requested by LACERA.

G. Meetings

Auditor will participate and/or lead meetings when necessary, prepare and distribute materials in hard copy and electronic format at least ten (10) business days prior to each meeting including, but not limited to: draft reports, final reports, presentation handouts, and any other materials that will be discussed. LACERA will determine the participants, frequency and location of the meetings.

1. Actuarial Valuation Process
 - a. Meetings and Conference Calls with Stakeholder Groups
Auditor shall participate in meetings and/or conference calls with LACERA staff and the Stakeholder Groups to discuss results of analysis, draft reports or any other project specifics, if requested.

- b. Board Presentation
Auditor will present a final report to LACERA's Board of Investments at a regularly scheduled Board meeting.

Compensation

Auditor shall submit invoices to LACERA based on the number of hours spent on a Project for each class of personnel as identified in the Hourly Fee Schedule (see Exhibit C), multiplied by the fees quoted in the Hourly Fee Schedule. LACERA will not be responsible for and Auditor will not submit invoices for any amount greater than the fees indicated in the Not-to-Exceed Fee Schedule (see Exhibit C). Invoice submission intervals and payment terms are addressed in the Agreement.

Project 2: Audit of Triennial Experience and Assumptions Study

Background

The County Employees Retirement Law of 1937 (CERL) requires that an Experience and Assumptions Study (Experience Study) for the LACERA Retirement Valuation be performed on a triennial basis (every three years) to study the economic and demographic assumptions being used to set Plan Sponsor (employer) and member contribution rates.

LACERA's Actuarial Audit Policy calls for audits of the Retirement Plan Experience Study including an independent reproduction of the detailed valuation results. As such, LACERA engages an Actuarial Actuary (Actuary) to perform an Experience and Assumptions Study for the LACERA Retirement Plan and engages a second actuary, Actuarial Auditor (Auditor), to conduct periodic actuarial reviews or "audits" of the work completed by the Actuary. "Actuarial Audits" are defined by LACERA as the engagement of a second actuarial services firm (Auditor) that will re-perform, validate and review the work of LACERA's Actuary.

Objective

LACERA's Actuary performs the Experience Study of the Retirement Plan administered by LACERA. The Auditor shall conduct an actuarial audit of the Experience Study prepared by the Actuary. Auditor shall prepare the Audit of Experience Study Report and make recommendations to the Board of Investments regarding the work completed by the Actuary.

Schedule

The next Audit of the Retirement Plan Experience Study shall be for the fiscal year ending June 30, 2024 to comply with LACERA's Actuarial Projects Schedule (see Exhibit C). Audits will be performed on a three-year cycle that coincides with every completed Experience Study. Auditor will present a final Audit of Experience Study Report to LACERA's Board of Investments, in conjunction with Actuary's final Experience Study Report, at the regularly scheduled February meeting of the valuation fiscal year or eight weeks after the receipt of all data from LACERA and Actuary necessary to complete the work in this Project 2.

Stakeholder Groups

At LACERA's request, Auditor will work with the stakeholder groups, including but not limited to: LACERA Boards, LACERA staff, County staff, County actuary staff, County Union staff, County

Union actuary staff, Special District staff, LACERA's Actuary, LACERA's external financial auditor, other consultants to LACERA, and other interested parties as defined by LACERA.

Scope

A. Actuarial Standards

Auditor will perform all actuarial work and prepare reports in accordance with generally accepted actuarial standards, Actuarial Standards of Practice (ASOP), standards promulgated by the Actuarial Standards Board (ASB) and the Government Accounting Standards Board (GASB), laws, regulations, best practices, LACERA's policies and any other applicable standards, models and rules.

B. Actuarial Analysis

Auditor's responsibilities include, but are not limited to, performing the analysis described below:

1. Data Review

Evaluation of the available data for the performance of such Experience Study including a comparison of the census data provided by LACERA with data that was used by the Actuary, the degree to which such data is sufficient to support the conclusions of the Experience Study, and the use and appropriateness of any assumptions made regarding such data.

2. Parallel Experience Study

a. Perform a parallel Experience Study using the assumptions, methodologies, and funding methods used by the Actuary in their performance of the Retirement Plan Experience Study. Auditor shall independently re-perform all work and not rely on the work of the Actuary.

b. Evaluation of the parallel Experience Study results and reconciliation of any discrepancies between Auditor and Actuary regarding findings, assumptions, methodology, rates, and adjustments.

3. Assumptions and Methodologies

Evaluation of the recommended economic and demographic assumptions, including experience and operating tables, as presented in Actuary's Experience Study Report.

4. Cost Impact

Complete a reconciliation of the aggregate counts of actual occurrences by decrement type with Actuary's analysis and perform an independent reproduction of the cost impact of any changes that are recommended by Actuary.

C. Sequential Completion

Auditor will conduct audit work sequentially and immediately following with the Actuary's completion of the Experience Study. To the extent possible, it is LACERA's intent that the parallel experience and assumptions study results and the reconciliation of any discrepancies between the findings, assumptions, methodology, rates, and adjustments be communicated to the Actuary prior to the completion of Actuary's work so the adjustments and recommendations will be included in Actuary's completed Experience

Study Report.

- D. Prior Audit Recommendations
Auditor will review prior “Audits” or “Reviews” of the Retirement Plan Valuation and determine if Actuary has implemented recommendations contained therein.
- E. Reporting
Auditor will prepare a report which includes, but is not limited to, the following:
1. Describe the purpose and scope of the engagement.
 2. Provide the results of the engagement including observations and recommendations.
 3. Include the results of the actuarial analysis of participant data and a comparison to Actuary’s results.
 4. Provide comments regarding Actuary’s implementation of prior “Audit” or “Review” recommendations.
- F. Deliverables
1. Project Plan
Auditor shall prepare and discuss a Project Plan including a timeline that is consistent with LACERA’s Actuarial Projects Schedule, prior to starting each project. The Plan will identify team members, all tasks, milestones, time frames and any other information deemed relevant. Auditor will submit documents in an electronic format that are subject to LACERA’s approval. Auditor’s Project Manager shall provide regular status updates to LACERA’s Project Manager telephonically or via email, at least one time per month during the course of the Project.
 2. Draft Report
Auditor will present the draft Audit of Retirement Plan Experience Study Report for review and comment by LACERA staff and Stakeholder Groups. Auditor shall provide documents in an electronic format and up to 25 bound color copies, as requested by LACERA.
 3. Final Report
Auditor shall present the final Audit of Retirement Plan Experience Study Report for review by LACERA staff and Stakeholder Groups. Actuary shall provide documents in an electronic format and up to 100 bound color copies, as requested by LACERA.
- G. Meetings
Auditor will participate and/or lead meetings when necessary, prepare and distribute materials in hard copy and electronic format at least ten (10) business days prior to each meeting including, but not limited to: draft reports, final reports, presentation handouts, and any other materials that will be discussed. LACERA will determine the participants, location and frequency of the meetings described below.

H. Experience Study Process

1. Meetings and Conference Calls with Stakeholder Groups

Auditor shall participate in meetings and/or conference calls with LACERA staff and the Stakeholder Groups to discuss results of analysis, draft reports or any other project specifics, if requested.

2. Board Presentation

Auditor will present a final report to LACERA's Board of Investments at a regularly scheduled Board meeting.

Compensation

Auditor shall submit invoices to LACERA based on the number of hours spent on a Project for each class of personnel as identified in the Hourly Fee Schedule (see Exhibit C), multiplied by the fees quoted in the Hourly Fee Schedule. LACERA will not be responsible for and Auditor will not submit invoices for any amount greater than the fees indicated in the Not-to-Exceed Fee Schedule (see Exhibit C). Invoice submission intervals and payment terms are addressed in the Agreement.

Project 3: Audit of GASB 68 Financial Statement Disclosure Reporting

Background

Plan sponsors of LACERA were required to implement GASB 68, for the fiscal year ended June 30, 2015. The new standard requires the County and participating agencies to recognize their proportionate share of the long-term obligation for pension benefits as a liability in their financial statements and to more comprehensively and comparably measure the annual costs of pension benefits. This Statement replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, as well as the requirements of Statement No. 50, Pension Disclosures, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria.

Objective

Auditor shall review the work of the Actuary to assure that the results presented are actuarially sound, reasonable and consistent with industry standards and requirements of GASB 68. An audit of the GASB 68 employer information includes a review of information prepared and presented for GASB 67. GASB 67 results must be sound, reasonable and consistent with industry standards as they are used as a basis to prepare the GASB 68 information. Auditor may rely upon the accuracy of the Actuary's actuarial funding valuation report that is used as the basis for the GASB 67 report, unless the funding valuation is otherwise being replicated by the Auditor, those results are complete, and the audit report has been issued.

Schedule

The next review of GASB 68 report shall be performed in fiscal year ending June 30, 2026 for actuarial valuation related to fiscal year ending June 30, 2024 with a measurement date as of June 30, 2025 and continue every other year thereafter in accordance with LACERA's Actuarial Projects Schedule (see Exhibit C). Auditor shall prepare a summary of findings for review by LACERA and the Actuary.

Stakeholder Groups

At LACERA's request, Auditor will work with the Stakeholder Groups, including but not limited to: LACERA Boards, LACERA staff, County staff, County actuary staff, County Union staff, County Union actuary staff, Special Districts' staff, LACERA's Actuary, LACERA's external financial auditor, other consultants to LACERA, and other interested parties as defined by LACERA.

Scope

- A. Actuarial Standards
Auditor will perform all actuarial work and prepare reports in accordance with generally accepted actuarial standards, Actuarial Standards of Practice (ASOP), promulgated by the Actuarial Standards Board (ASB), and the Government Accounting Standards Board (GASB), laws, regulations, best practices, LACERA's policies and any other applicable standards, models and rules.
- B. Actuarial Analysis
Actuarial Analysis will be discussed and agreed upon by Auditor and LACERA Project Manager prior to commencement of work.
- C. Reporting
 - 1. Auditor will prepare a report which includes, but is not limited to, the following:
 - a. Describe the purpose and scope of the engagement.
 - b. Provide the results of the engagement including observations and recommendations.
 - c. Include the results of the actuarial analysis of employer contributions along with related disclosures in compliance with GASB 68.
 - d. Provide comments regarding Actuary's implementation of prior "Audit" or "Review" recommendations.
- D. Deliverables
 - 1. Project Plan
Auditor shall prepare and discuss a Project Plan including a timeline that is consistent with LACERA's Actuarial Projects Schedule, prior to starting each project. The Plan will identify team members, all tasks, milestones, time frames and any other information deemed relevant. Auditor will submit documents in an electronic format that are subject to LACERA's approval. Auditor's Project Manager shall provide regular status updates to LACERA's Project Manager telephonically or via email, at least one time per month during the course of the Project.
 - 2. Draft Report
The Auditor shall prepare a draft report of their findings for review and comment by LACERA staff and Stakeholder Groups prior to the issuance of the final report.

3. Final Report

Auditor shall present the final Audit of Retirement Plan GASB 68 Report for review by LACERA staff and Stakeholder Groups. Actuary shall provide documents in an electronic format and bound color copies, as requested by LACERA.

D. Meetings

Auditor will participate and/or lead meetings when necessary, prepare and distribute materials in hard copy and electronic format at least ten (10) business days prior to each meeting including, but not limited to: draft reports, final reports, presentation handouts, and any other materials that will be discussed. LACERA will determine the participants, frequency and location of the meetings.

Compensation

Auditor shall submit invoices to LACERA based on the number of hours spent on a Project for each class of personnel as identified in the Hourly Fee Schedule (see Exhibit C), multiplied by the fees quoted in the Hourly Fee Schedule. LACERA will not be responsible for and Auditor will not submit invoices for any amount greater than the fees indicated in the Not-to-Exceed Fee Schedule (see Exhibit C). Invoice submission intervals and payment terms are addressed in the Agreement.

Project 4: Special Projects (Actuarial Auditing Under Time and Material Billing)

Background

Auditor shall conduct actuarial-related auditing projects under a time and material billing arrangement established by the Agreement between LACERA and Auditor. These projects, referred to as "Special Projects," if considered outside the scope of the Projects defined in this Statement of Work, will be approved by LACERA individually.

Objective

Auditor will perform Special Projects as determined by LACERA. These special projects often include knowledge of the County Employees Retirement Law of 1937 (CERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA).

Schedule

Actuarial auditing Special Projects may occur at any time during the period of the Agreement. LACERA will notify Auditor of Special Projects as soon as practically possible.

Stakeholder Groups

At LACERA's request, Auditor will work with the Stakeholder Groups, including but not limited to: LACERA Boards, LACERA staff, County staff, County actuary staff, County Union staff, County Union actuary staff, Special Districts' staff, LACERA's Actuary, LACERA's external financial auditor, other consultants to LACERA, and other interested parties as defined by LACERA.

Scope

- A. **Actuarial Standards**
Auditor will perform all actuarial work and prepare reports in accordance with generally accepted actuarial standards, Actuarial Standards of Practice (ASOP), standards promulgated by the Actuarial Standards Board (ASB) and the Government Accounting Standards Board (GASB), laws, regulations, best practices, LACERA's policies and any other applicable standards, models and rules.
- B. **Analysis and Reporting**
Projects may include, but will not be limited to, auditing the following: calculations, tables, or information prepared by Actuary for LACERA, County, Special Districts or other Stakeholder Groups; or calculations or information prepared by Actuary related to funding, assets or liabilities of the Retirement Plan. The scope, depth of analysis, and method of reporting, will be agreed to by Auditor and LACERA prior to work commencement.
- C. **Deliverables**
Special Project deliverables will be determined and agreed to by LACERA and Auditor. Documents required to be prepared and submitted by Auditor may include, but not be limited to, any or all of the following:
1. **Engagement Letter and Fee Estimate**
Auditor shall prepare and discuss an engagement letter subject to LACERA's approval. The engagement letter will describe the primary elements of the work to be completed by Auditor, identify the Auditor's staff and number of hours required to complete the project, and describe all materials that will be used in the engagement. Auditor will prepare a not-to-exceed fee estimate using the class of personnel and hourly rates quoted in the Hourly Fee Schedule (see Exhibit C) and include a total cost of all materials required. Auditor will submit documents, which are subject to LACERA's approval, in hard copy and electronic format.
 2. **Project Plan**
Auditor shall prepare and discuss a Project Plan including a timeline, prior to starting each project. The Plan will identify team members, all tasks, milestones, time frames and any other information deemed relevant. Auditor will submit documents in an electronic format that are subject to LACERA's approval. Auditor's Project Manager shall provide regular status updates to LACERA's Project Manager telephonically or via email, at least one time per month during the course of the Project.
 3. **Analysis Results / Draft Report**
Auditor will perform project work and summarize the results in a draft report, results of analysis, findings, or other schedule, as defined by LACERA and Auditor, for review and comment by LACERA staff prior to issuing a final report. Auditor shall provide documents in hard copy and electronic format.
 4. **Final Results / Report**
Auditor shall prepare and/or present the final results or report as determined by LACERA, for review by LACERA staff and Stakeholder Groups. Auditor shall provide documents in hard copy and electronic format.
- D. **Meetings**

Auditor will schedule meetings, prepare and distribute materials in hard copy and electronic format at least ten (10) business days prior to each meeting including, but not limited to: draft reports, final reports, analysis results, presentation handouts, and any other materials that will be discussed. LACERA will determine the necessity and frequency of the meetings described below. Auditor may be required to participate in any or all of the following:

1. Special Projects

- a. Entrance Conference
Auditor shall hold an entrance conference at LACERA's offices with LACERA staff and Stakeholder Groups to discuss project scope, timeline and any other concerns, if requested.
- b. Conference Calls
Auditor will lead conference calls with LACERA staff and Stakeholder Groups to discuss results of analysis, draft reports or any other project specifics, if requested.
- c. Meetings with Stakeholder Groups
Auditor will lead meetings at LACERA's offices with LACERA staff and Stakeholder Groups to discuss methodology and results of analysis, draft reports or any other project specifics, if requested.
- d. Exit Conference
Auditor shall hold an exit conference at LACERA's offices with LACERA staff and the Stakeholder Groups, as determined by LACERA, to discuss project scope, results, outcomes, and any other project specifics, if requested.
- e. Board Presentation
Actuary may present project results and final report to LACERA's Board of Investments at a regularly scheduled Board meeting.

Compensation

Auditor shall submit invoices to LACERA based on the number of hours spent on a Project for each class of personnel as identified in the Hourly Fee Schedule (see Exhibit C), multiplied by the fees quoted in the Hourly Fee Schedule. LACERA will not be responsible for and Auditor will not submit invoices with fee amounts greater than the hourly fees indicated in the Engagement Letter and Fee Schedule. Invoice submission and payment terms are addressed in the Agreement.

EXHIBIT B

ACTUARIAL AUDITING SERVICES AGREEMENT

STATEMENT OF WORK: OPEB PROGRAM AUDITING

Activities

- Project 1: Audit of Actuarial Valuation
 - Project 2: Audit of Triennial Experience and Assumption Study
 - Project 3: Audit of GASB 75 Financial Statement Disclosure Reporting
 - Project 4: Special Projects (Actuarial Auditing Under Time and Material Billing)
- =====

Project 1: Audit of Actuarial Valuation

Background

The Governmental Accounting Standards Board (GASB) issued Statement No. 43 in April 2004. This statement covers financial reporting for Postemployment Benefits Other Than Pension Plans (OPEB). LACERA was required to adopt Statement No. 43 when preparing financial statements for periods beginning after December 15, 2005.

GASB issued also Statement No. 45 in July 2004. This statement covers accounting and financial reporting by employers for OPEB benefits. Plan Sponsors (Los Angeles County and Special Districts) for the OPEB Program administered by LACERA, were required to adopt Statement No. 45 for periods beginning after December 15, 2006.

The financial reporting under GASB Statements Nos. 43 and 45 requires that certain financial information be actuarially determined, including the Schedule of Funding Progress as presented in LACERA's Comprehensive Annual Financial Report (CAFR). The actuarial valuation for plans with total membership of 200 or more is to be performed, at a minimum, biennially (every two years). A new valuation should be performed if, since the previous valuation, significant changes have occurred that affect the results of the valuation, including significant changes in benefit provisions, the size or composition of the population covered by the Program, or other factors that impact long-term assumptions.

So that LACERA will comply with GASB 43 and Plan sponsors will comply with GASB 45, LACERA, in collaboration with the County, engages an Actuarial Actuary (Actuary) to perform the OPEB Actuarial Valuation of the retiree medical, dental/vision, and life insurance benefits covering the retired workers who also participated in the LACERA Retirement Plan.

LACERA's OPEB Policy Statement adopted by the Board of Retirement in November 2010, calls for periodic actuarial reviews or "audits" of the work completed by the Actuary. "Actuarial Audits" are defined by LACERA as the engagement of a second actuarial services firm, Auditor, that will re-perform, validate and review the work of LACERA's Actuary.

Objective

Auditor shall conduct an audit of the Actuarial Valuation of the OPEB Program prepared by the

Actuary. Auditor shall prepare the Audit of Actuarial Valuation Report and make recommendations to the Board of Retirement and the Plan Sponsors regarding the work completed by the Actuary.

Schedule

The next Audit of the OPEB Actuarial Valuation shall be for the fiscal year ending June 30, 2024. The Auditor will also perform an Audit of the OPEB Actuarial Valuation in fiscal year ending June 30, 2026 for actuarial valuation related to fiscal year ending June 30, 2024 with a measurement date as of June 30, 2025 and continue thereafter on a three-year cycle that coincides with every third OPEB Valuation. Auditor will submit the final Audit of the OPEB Actuarial Valuation Report to LACERA's Board of Retirement, in conjunction with Actuary's final OPEB Program Valuation Report, at the regularly scheduled March meeting of the valuation year or eight weeks after the receipt of all data from LACERA and Actuary necessary to complete the work in this Project 1.

Stakeholder Groups

At LACERA's request, Auditor will work with the Stakeholder Groups, including but not limited to: LACERA Boards, LACERA staff, County staff, County actuary staff, County Union staff, County Union actuary staff, Special Districts' staff, LACERA's Actuary, LACERA's external financial auditor, LACERA's health care consultant, other consultants to LACERA, and other interested parties as defined by LACERA.

Scope and Analysis

A. Actuarial Standards

Auditor will perform all actuarial work and prepare reports in accordance with generally accepted actuarial standards, Actuarial Standards of Practice (ASOP), standards promulgated by the Actuarial Standards Board (ASB), and the Government Accounting Standards Board (GASB), laws, regulations, best practices, LACERA's policies and any other applicable standards, models and rules.

B. Actuarial Analysis

Auditor's responsibilities include, but are not limited to, performing the analysis described below:

1. Data Review

Evaluation of the available data for the performance of such Valuation including a comparison of the census data provided by LACERA with the Valuation data that was used by Actuary, the degree of which such data is sufficient to support the

conclusions of the Valuation, and the use and appropriateness of any assumptions made regarding such data.

2. Assumptions and Methodologies

Review the reasonableness of actuarial assumptions and methodologies. This includes a review of health specific assumptions and other demographic assumptions with attention paid to those demographic assumptions that have relatively higher significance to health care than retirement costs.

C. Test-Lives Review and/or Parallel Valuation

LACERA will determine and notify Auditor whether the scope of audit work will include a Test-Lives Review, Parallel Valuation or both.

1. Test Lives Review

a. Conduct a Test-Lives Review defined as a detailed review and analysis of a selected suite of sample life calculations, including a review of the correct application of the actuarial assumptions and methodologies and the applicable GASB standards for each sample life.

b. A review of the total liabilities and resulting Annual Required Contributions (ARC) for reasonableness.

2. Parallel Valuation

a. Perform a parallel Valuation using the assumptions, methodologies, and funding methods used by the Actuary in their performance of the OPEB Program Valuation. Auditor shall independently re-perform all work and not rely on the work of the Actuary.

b. Evaluation of the parallel valuation results and reconciliation of any discrepancies between Auditor and Actuary regarding findings, assumptions, methodology, rates, and adjustments.

D. Concurrent Completion

Auditor will conduct audit work concurrently with the Actuary's performance of the OPEB Program Valuation. To the extent possible, it is LACERA's intent that the parallel valuation results and the reconciliation of any discrepancies between the findings, assumptions, methodology, rates, and adjustments be communicated to the Actuary prior to the completion of Actuary's work so the adjustments and recommendations will be included in Actuary's completed Valuation Report.

E. Prior Audit Recommendations

Auditor will review prior "Audits" or "Reviews" of the OPEB Program Valuation and determine if Actuary has implemented recommendations contained therein.

F. Reporting

Auditor will prepare a report which includes, but is not limited to, the following elements:

1. Describe the purpose and scope of the engagement.

2. Provide the results of the engagement including observations and recommendations.
3. Include the results of the actuarial analysis of participant data and the comparison to Actuary's results.
4. Provide comments regarding Actuary's implementation of prior "Audit" or "Review" recommendations.

F. Deliverables

1. **Project Plan**
Auditor shall prepare and discuss a Project Plan including a timeline that is consistent with LACERA's Actuarial Projects Schedule, prior to starting each project. The Plan will identify team members, all tasks, milestones, time frames and any other information deemed relevant. Auditor will submit documents in an electronic format that are subject to LACERA's approval. Auditor's Project Manager shall provide regular status updates to LACERA's Project Manager telephonically or via email, at least one time per month during the course of the Project.
2. **Draft Report**
Auditor will present a draft Audit of OPEB Program Valuation Report for review and comment by LACERA staff and Stakeholder Groups. Auditor shall provide documents in an electronic format and up to 25 bound color copies, at LACERA's request.
3. **Final Report**
Auditor shall present a final Audit of OPEB Program Valuation Report for review by LACERA staff and Stakeholder Groups. Actuary shall provide documents in an electronic format and up to 100 bound color copies, at LACERA's request.

G. Meetings

Auditor will participate and/or lead meetings when necessary, prepare and distribute materials in hard copy and electronic format at least ten (10) business days prior to each meeting including, but not limited to: draft reports, final reports, presentation handouts, and any other materials that will be discussed. LACERA will determine the participants, frequency and location of the meetings.

Actuarial Valuation Process:

1. **Entrance Conference**
Auditor shall participate in Actuary's entrance conference at LACERA's offices with LACERA staff and Stakeholder Groups to discuss project plan, scope, timeline, and any other concerns, if requested.
2. **Conference Calls**
Auditor shall participate in Actuary's conference calls with LACERA staff and Stakeholder Groups to discuss results of analysis, draft reports or any other project specifics, if requested.

3. Meetings with Stakeholder Groups
Auditor will participate in Actuary's meetings at LACERA's offices with LACERA staff and Stakeholder Groups to discuss methodology and results of analysis, draft reports or any other project specifics, if requested.
4. Exit Conference
Auditor will participate in Actuary's exit conference at LACERA's offices with LACERA staff and Stakeholder Groups to discuss project scope, results, outcomes, and any other project specifics, if requested.
5. Board Presentation
Auditor will present a final report to LACERA's Board of Retirement at a regularly scheduled Board meeting.

Compensation

Auditor shall submit invoices to LACERA based on the number of hours spent on a Project for each class of personnel as identified in the Hourly Fee Schedule (see Exhibit C), multiplied by the fees quoted in the Hourly Fee Schedule. LACERA will not be responsible for and Auditor will not submit invoices for any amount greater than the fees indicated in the Not-to-Exceed Fee Schedule (see Exhibit C). Invoice submission intervals and payment terms are addressed in the Agreement.

Project 2: Audit of Triennial Experience and Assumptions Study

Background

The County Employees Retirement Law of 1937 (CERL) requires that an Experience and Assumptions Study (Experience Study) for the LACERA Retirement Plan Valuation be performed on a triennial basis (every three years) to study the economic and demographic assumptions being used to set Plan Sponsor (employer) and member contribution rates. Certain experience data and assumptions from the Retirement Plan Actuarial Valuation provide essential input variables to the Experience Study for the OPEB Program Valuation. To ensure that data and assumptions common to both Studies are used consistently, LACERA's OPEB Policy requires that an Experience Study for the OPEB Program immediately follow each Experience Study for the Retirement Plan. LACERA engages an Actuarial Actuary (Actuary) to perform an Experience Study and review of all assumptions used in the Retirement Plan Valuation.

LACERA's OPEB Policy Statement adopted by the Board of Retirement in November 2010, calls for periodic actuarial reviews or "audits" of the work completed by the Actuary. "Actuarial Audits" are defined by LACERA as the engagement of a second actuarial services firm (Auditor) that will re-perform, validate and review the work of LACERA's Actuary.

Objective

LACERA's Actuary performs the Experience Study of the OPEB Program administered by LACERA. Auditor shall conduct an actuarial audit of the Experience Study prepared by the Actuary. Auditor shall prepare the Audit of Experience Study Report and make recommendations to the Board of Retirement regarding the work completed by the Actuary.

Schedule

The next Audit of Experience Study shall be for the fiscal year ending June 30, 2026. The Auditor will also perform an Audit of Experience Study in fiscal year ending June 30, 2028, and continue every third year thereafter in accordance with LACERA's Actuarial Projects Schedule (see Exhibit C). Auditor will present a final Audit of Experience Study Report to LACERA's Board of Retirement, in conjunction with Actuary's final Experience Study Report, at the regularly scheduled March meeting of the valuation year or eight weeks after the receipt of all data from LACERA and Actuary necessary to complete the work in this Project 2.

Stakeholder Groups

At LACERA's request, Auditor will work with the Stakeholder Groups, including but not limited to: LACERA Boards, LACERA staff, County staff, County actuary staff, County Union staff, County Union actuary staff, Special Districts' staff, LACERA's Actuary, LACERA's external financial auditor, LACERA's health care consultant, other consultants to LACERA, and other interested parties as defined by LACERA.

Scope

A. Actuarial Standards

Auditor will perform all actuarial work and prepare reports in accordance with generally accepted actuarial standards, Actuarial Standards of Practice (ASOP), standards promulgated by the Actuarial Standards Board (ASB), and the Government Accounting Standards Board (GASB), laws, regulations, best practices, LACERA's policies and any other applicable standards, models and rules.

B. Actuarial Analysis

Auditor's responsibilities include, but are not limited to, performing the analysis described below:

1. Data Review

Evaluation of the available data for the performance of such Experience Study including a comparison of the census data provided by LACERA with the data that was used by Actuary, the degree of which such data is sufficient to support the conclusions of the Experience Study, and the use and appropriateness of any assumptions made regarding such data.

2. Parallel Experience Study

a. Perform a parallel Experience Study using the assumptions, methodologies, and funding methods used by the Actuary in their performance of the OPEB Program Experience Study. Auditor shall independently re-perform all work and not rely on the work of the Actuary.

b. Evaluation of the parallel Experience Study results and reconciliation of any discrepancies between Auditor and Actuary regarding findings, assumptions, methodology, rates, and adjustments.

3. Assumptions and Methodologies

Evaluation of the recommended economic and demographic assumptions,

including experience and operating tables, as presented in Actuary's Experience Study Report.

4. **Cost Impact**
Complete a reconciliation of the aggregate counts of actual occurrences by decrement type with Actuary's analysis and perform an independent reproduction of the cost impact of any changes that are recommended by Actuary.
- C. **Sequential Completion**
Auditor will conduct audit work sequentially and immediately following with the Actuary's completion of the Experience Study. To the extent possible, it is LACERA's intent that the parallel Experience Study results and the reconciliation of any discrepancies between the findings, assumptions, methodology, rates, and adjustments be communicated to the Actuary prior to completion of Actuary's work so the adjustments and recommendations will be included in Actuary's completed Experience Study.
- D. **Prior Audit Recommendations**
Auditor will review prior "Audits" or "Reviews" of the OPEB Experience Study and determine if Actuary has implemented recommendations contained therein.
- E. **Reporting**
Auditor will prepare a report which includes, but is not limited to, the following elements:
1. Describe the purpose and scope of the engagement.
 2. Provide the results of the engagement including observations and recommendations.
 3. Include the results of the actuarial analysis of participant data and a comparison to Actuary's results.
 4. Provide comments regarding Actuary's implementation of prior "Audit" or "Review" recommendations.
- F. **Deliverables**
1. **Project Plan**
Auditor shall prepare and discuss a Project Plan including a timeline that is consistent with LACERA's Actuarial Projects Schedule, prior to starting each project. The Plan will identify team members, all tasks, milestones, time frames and any other information deemed relevant. Auditor will submit documents in an electronic format that are subject to LACERA's approval. Auditor's Project manager shall provide regular status updates to LACEA's Project Manager telephonically or via email, at least one time per month during the course of the Project.
 2. **Draft Report**
Auditor will present the draft Audit of OPEB Experience Study Report for review and comment by LACERA staff and Stakeholder Groups. Auditor shall provide documents in an electronic format and up to 25 bound color copies, at LACERA's request.

3. Final Report
Actuary shall present the final Audit of OPEB Experience Study Report for review by LACERA staff and Stakeholder Groups. Actuary shall provide documents in an electronic format and up to 100 bound color copies, at LACERA's request.

G. Meetings

Auditor will participate and/or lead meetings when necessary, prepare and distribute materials in hard copy and electronic format at least ten (10) business days prior to each meeting including, but not limited to: draft reports, final reports, presentation handouts, and any other materials that will be discussed. LACERA will determine the participants, frequency and location of the meetings.

H. Experience Study Process

1. Entrance Conference

Auditor shall participate in Actuary's entrance conference at LACERA's offices with LACERA staff and Stakeholder Groups to discuss project plan, scope, timeline and any other concerns identified.

2. Conference Calls

Auditor shall participate in Actuary's conference calls with LACERA staff and Stakeholder Groups to discuss results of analysis, draft reports or any other project specifics, if requested.

3. Meetings with Stakeholder Groups

Auditor will participate in Actuary's meetings at LACERA's offices with LACERA staff and Stakeholder Groups to discuss methodology and results of analysis, draft reports or any other project specifics, if requested.

4. Exit Conference

Auditor will participate in Actuary's exit conference at LACERA's offices with LACERA staff and Stakeholder Groups to discuss project scope, results, outcomes, and any other project specifics, if requested.

5. Board Presentation

Auditor will present the final Audit of the Experience Study Report to LACERA's Board of Retirement at a regularly scheduled Board meeting.

Compensation

Auditor shall submit invoices to LACERA based on the number of hours spent on a Project for each class of personnel as identified in the Hourly Fee Schedule (see Exhibit C), multiplied by the fees quoted in the Hourly Fee Schedule. LACERA will not be responsible for and Auditor will not submit invoices for any amount greater than the fees indicated in the Not-to-Exceed Fee Schedule (see Exhibit C). Invoice submission intervals and payment terms are addressed in the Agreement.

Project 3: Audit of GASB 75 Financial Statement Disclosure Reporting

Background

Los Angeles County and the other participating employers must implement GASB 75, Accounting

and Financial Reporting for Postemployment Benefit Other Than Pension by the end of the fiscal year ending in 2018. This Statement replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB.

Objective

Auditor shall conduct a review of the Actuary's GASB 75 Report. Auditor shall review the work of the Actuary to assure that the results presented are actuarially sound, reasonable and consistent with industry standards and requirements of GASB 75. Auditor may rely upon the accuracy of the Actuary's actuarial valuation report that is used as the basis for the GASB 75 report, unless the valuation is otherwise being replicated by the Auditor, those results are complete, and the audit report has been issued.

Schedule

The Auditor will perform a review of the GASB 75 Financial Statement Disclosure Report in fiscal year ending June 30, 2026 for actuarial valuation related to fiscal year ending June 30, 2024 with a measurement date as of June 30, 2025 and continue every other year thereafter in accordance with LACERA's Actuarial Projects Schedule (see Exhibit C). Auditor shall prepare a summary of findings for review by LACERA and the Actuary.

Stakeholder Groups

At LACERA's request, Auditor will work with the Stakeholder Groups, including but not limited to: LACERA Boards, LACERA staff, County staff, County actuary staff, County Union staff, County Union actuary staff, Special Districts' staff, LACERA's Actuary, LACERA's external financial auditor, other consultants to LACERA, and other interested parties as defined by LACERA.

Scope

A. Actuarial Standards

Auditor will perform all actuarial work and prepare reports in accordance with generally accepted actuarial standards, Actuarial Standards of Practice (ASOP), standards promulgated by the Actuarial Standards Board (ASB) and the Government Accounting Standards Board (GASB), laws, regulations, best practices, LACERA's policies and any other applicable standards, models and rules.

B. Analysis and Reporting

1. Auditor will prepare a report which includes, but is not limited to, the following:

- a. Describe the purpose and scope of the engagement.
- b. Provide the results of the engagement including observations and recommendations.
- c. Include the results of the actuarial analysis of participant data and a comparison to Actuary's results.

- d. Provide comments regarding Actuary's implementation of prior "Audit" or "Review" recommendations.

C. Deliverables

1. Project Plan

Auditor shall prepare and discuss a Project Plan including a timeline that is consistent with LACERA's Actuarial Projects Schedule, prior to starting each project. The Plan will identify team members, all tasks, milestones, time frames and any other information deemed relevant. Auditor will submit documents in an electronic format that are subject to LACERA's approval. Auditor's Project Manager shall provide regular status updates to LACERA's Project Manager telephonically or via email, at least one time per month during the course of the Project.

2. Draft Report

Auditor will draft a report with a summary of findings for review by LACERA and Actuary prior to issuing the final report.

3. Final Report

Auditor will provide final report for review by LACERA staff and Stakeholder Groups. Auditor shall provide documents in an electronic format and 25 bound copies.

D. Meetings

Auditor will participate and/or lead meetings when necessary, prepare and distribute materials in hard copy and electronic format at least ten (10) business days prior to each meeting including, but not limited to: draft reports, final reports, presentation handouts, and any other materials that will be discussed. LACERA will determine the participants, frequency and location of the meetings.

Compensation

Auditor shall submit invoices to LACERA based on the number of hours spent on a Project for each class of personnel as identified in the Hourly Fee Schedule (see Exhibit C), multiplied by the fees quoted in the Hourly Fee Schedule. LACERA will not be responsible for and Auditor will not submit invoices for any amount greater than the fees indicated in the Not-to-Exceed Fee Schedule (See Exhibit C). Invoice submission intervals and payment terms are addressed in the Agreement.

Project 4: Special Projects (Actuarial Auditing Under Time and Material Billing)

Background

Auditor shall conduct actuarial-related auditing projects under a time and material billing arrangement established by the Actuarial Services Agreement (Agreement) between LACERA and Auditor. These projects, referred to as "Special Projects," if considered outside the scope of the Projects defined in this Statement of Work, will be approved by LACERA individually.

Objective

Auditor will perform Special Projects as determined by LACERA. These special projects often include knowledge of the County Employees Retirement Law of 1937 (CERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA).

Schedule

Actuarial auditing Special Projects may occur at any time during the period of the Agreement. LACERA will notify Auditor of Special Projects as soon as practically possible.

Stakeholder Groups

At LACERA's request, Auditor will work with the Stakeholder Groups, including but not limited to: LACERA Boards, LACERA staff, County staff, County actuary staff, County Union staff, County Union actuary staff, Special Districts' staff, LACERA's Actuary, LACERA's external financial auditor, LACERA's health care consultant, other consultants to LACERA, and other interested parties as defined by LACERA.

Scope

- A. Actuarial Standards
Auditor will perform all actuarial work and prepare reports in accordance with generally accepted actuarial standards, Actuarial Standards of Practice (ASOP), standards promulgated by the Actuarial Standards Board (ASB) and the Government Accounting Standards Board (GASB), laws, regulations, best practices, LACERA's policies and any other applicable standards, models and rules.
- B. Analysis and Reporting
Projects may include, but will not be limited to, auditing the following: calculations, tables, or information prepared by Actuary for LACERA, County, Special Districts or other Stakeholder Groups; or calculations or information prepared by Actuary related to funding, assets or liabilities of the OPEB Program. The scope, depth of analysis, and method of reporting will be agreed to by Auditor and LACERA prior to work commencement.
- C. Project Deliverables
Special Project Deliverables will be determined and agreed to by LACERA and Auditor. Documents required to be prepared and submitted by Auditor may include, but not be limited to, any or all of the following:
 - 1. Engagement Letter and Fee Estimate
Auditor shall prepare and discuss an engagement letter subject to LACERA's approval. The engagement letter will describe the primary elements of the work to be completed by Auditor, identify the Auditor's staff and number of hours required to complete the project, and describe all materials that will be used in the engagement. Auditor will prepare a not-to-exceed fee estimate using the class of personnel and hourly rates quoted in the Hourly Fee Schedule (see Exhibit C) and include a total cost of all materials required. Auditor will submit documents, which are subject to LACERA's approval, in hard copy and electronic format.

2. **Project Plan**
Auditor shall prepare and discuss a Project Plan including a timeline that is consistent with LACERA's Actuarial Projects Schedule, prior to starting each project. The Plan will identify team members, all tasks, milestones, time frames and any other information deemed relevant. Auditor will submit documents in an electronic format that are subject to LACERA's approval. Auditor's Project manager shall provide regular status updates to LACEA's Project Manager telephonically or via email, at least one time per month during the course of the Project.
3. **Analysis Results / Draft Report**
Auditor will perform project work and summarize the results in a draft report, results of analysis, findings, or other schedule, as defined by LACERA and Auditor, for review and comment by LACERA staff prior to issuing a final report. Auditor shall provide documents in hard copy and electronic format.
4. **Final Results / Report**
Auditor shall prepare and/or present the final results or report as determined by LACERA, for review by LACERA staff and Stakeholder Groups. Auditor shall provide documents in hard copy and electronic format.

D. **Meetings**

Auditor will schedule meetings, prepare and distribute materials in hard copy and electronic format at least ten (10) business days prior to each meeting including, but not limited to: draft reports, final reports, analysis results, presentation handouts, and any other materials that will be discussed. LACERA will determine the participants, location and frequency of the meetings described below. Auditor may be required to participate in any or all of the following:

1. **Special Projects**
 - a. **Entrance Conference**
Auditor shall hold an entrance conference at LACERA's offices with LACERA staff and Stakeholder Groups to discuss project scope, timeline and any other concerns, if requested.
 - b. **Conference Calls**
Auditor will lead conference calls with LACERA staff and Stakeholder Groups to discuss results of analysis, draft reports or any other project specifics, if requested.
 - c. **Meetings with Stakeholder Groups**
Auditor will lead meetings at LACERA's offices with LACERA staff and Stakeholder Groups to discuss methodology and results of analysis, draft reports or any other project specifics, if requested.
 - d. **Exit Conference**
Auditor shall hold an exit conference at LACERA's offices with LACERA staff and the Stakeholder Groups, as determined by LACERA, to discuss

project scope, results, outcomes, and any other project specifics, if requested.

- e. Board Presentation
Actuary may present project results and final report to LACERA's Board of Retirement at a regularly scheduled Board meeting.

Compensation

Auditor shall submit invoices to LACERA based on the number of hours spent on a Project for each class of personnel as identified in the Hourly Fee Schedule (see Exhibit C), multiplied by the fees quoted in the Hourly Fee Schedule. LACERA will not be responsible for and Auditor will not submit invoices with fee amounts greater than the hourly fees indicated in the Engagement Letter and Fee Schedule. Invoice submission intervals and payment terms are addressed in the Agreement.