SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

ITEM: 3.13
(ID # 27158)
MEETING DATE:
Tuesday, February 25, 2025

FROM : EXECUTIVE OFFICE

SUBJECT: EXECUTIVE OFFICE: Pension Advisory Review Committee (PARC) 2025 Annual Report, All Districts. [$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file the PARC 2025 Annual Report.

2. Direct staff to review the annual CalPERS unfunded liability pre-payment for FY 2025-26 and to have such recommendations presented in conjunction with the approval of the annual Tax and Revenue Anticipation Notes (TRANs) cash flow financing.

ACTION:

Don Kent, Chief Finance Officer 2/11/2025

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Perez, seconded by Supervisor Medina and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

Ayes:	Medina, Spiegel, Washington, Perez and Gutierrez
Nays:	None
Absent:	None
Date:	February 25, 2025
xc:	EO

Kimberly A. Rector
Clerk of the Board
By: ______________
Deputy

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	$ 0	$ 0	$ 0	$ 0
NET COUNTY COST	$ 0	$ 0	$ 0	$ 0
SOURCE OF FUNDS: N/A			Budget Adjustment:	No
			For Fiscal Year:	2024/25

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

Established in 2003 to guide policy decisions about the County's defined benefit pension plans and make recommendations to the Board, the PARC is a Brown Act committee which consists of the Chief Finance Officer (Chair), Treasurer-Tax Collector, Director of Human Resources, Auditor-Controller, and a local safety member department representative (the Undersheriff). Board Policy B-25, Pension Management and Other Post-Employment Benefits (OPEB), requires the PARC to prepare an annual public report regarding the status of the: County's defined benefit pension plans (Miscellaneous and Safety) with CalPERS, the Temporary and Part-Time Employees' Retirement Plan, OPEB, and the Section 115 Pension Trusts.

Key components of the report include updated funded status, and projected cost increases or decreases. In addition, the PARC reviews the annual CalPERS unfunded liability pre-payment for which the County receives a discount if it pays a lump sum at the beginning of the fiscal year. Also included are other noteworthy items in the Executive Summary as shown below.

Highlights - for the reporting period ended June 30, 2023, from the prior year there was a:

- 0.3% combined *decrease* in CalPERS funded status from 75.3% to 75.0%
- $268.6 million combined *increase* in CalPERS unfunded actuarial accrued liability (UAAL)
- $611 million combined *increase* in the CalPERS market value of assets (MVA)
- $23.75 million *additional investment* in the Section 115 Pension Trust from Series 2020 POBs savings (1)
- $123.1 million *net estimated gain* on Series 2020 POBs (2)

The report also addresses other areas including status on the:

- Series 2005 A and Series 2020 Pension Obligation Bonds (POBs)
    - Combined POB proceeds on deposit with CalPERS have realized a total net estimated gain of $361 million (*$72 million YoY increase due to deposits and earnings*) (2)

- Section 115 Trusts (3)
  - $201.8 million in combined Pension Trust balances (*$102.9 million YoY increase due to deposits and earnings*)
  - $135.1 million OPEB Trust balance (*$38.9 million YoY increase due to deposits and earnings*)
- Other Post-Employment Benefits (OPEB) (Attachment 3) (3)
  - 78.8% funded status (*12.4% YoY increase*)
- Part-time and Temporary Employees' Retirement Plan (Attachment 4) (4)
  - 85.5% funded status (*2.6% YoY increase*)
- Special District Plans of the Riverside County Regional Park and Open-Space District, Flood Control and Water Conservation District, and Waste Resources Management District

(1) For the period ended 6/30/24.
(2) Projected as of the next POBs interest payment due date, 2/15/25. Source: Attachment 2, Slide #67 & #70. County of Riverside - CalPERS Miscellaneous and Safety Plans. Independent Actuarial Report - 6/30/23 Valuation, Foster & Foster, Inc. Year-to-year performance will vary based on CalPERS' investment return.
(3) Actual, as of June 30, 2024.
(4) Actual, as of July 1, 2024.

FY 2025-26 Year-over-Year Increase - The projected year-over-year employer contribution rate increase as a percentage of payroll for the Miscellaneous and Safety plans, which includes CalPERS' rates and pension obligation bond (POB) debt service is -1.40%, and 0.40%, respectively.

Annual Pre-Payment - For FY 2025-26, the County will again participate in the early payment discount offered by CalPERS (approximately 3.4%) on the unfunded liability portion due for the fiscal year, thereby reducing the total amount owed by over $9.4 million. This is in lieu of periodic payments that would have otherwise coincided with payroll disbursements.

Summary - Over the next five years, the Miscellaneous and Safety pension plan contribution rates are projected to increase by a total of 3.1%, and 6.1% respectively. Based upon several factors, the long-term pension outlook remains favorable, with increases projected to peak early in the next decade. The funded status is anticipated to be more than 80% within ten years, which has suffered a setback due to the negative investment returns experienced in FY 2021-22. Projections will be tempered by year-to-year financial market performance (both favorable and unfavorable) impacting investment returns. Staff and the PARC will continue to look for strategic options for managing its long-term costs of the County's pensions and related liabilities

Impact on Residents and Businesses

Pension and related costs have budgetary impacts across all departments, and as a result, have impacts on the costs of services that are provided to citizens and residents of the County. Since the PARC's inception, recommendations adopted by the Board over time have resulted in a substantial amount of savings that likely would not have otherwise materialized.

SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

ATTACHMENTS:

1. Pension Advisory Review Committee 2025 Annual Report
2. County of Riverside - CalPERS Miscellaneous and Safety Plans - Independent Actuarial Report - 6/30/23 Valuation, Foster & Foster, Inc.
3. Actuarial Valuation Report - County of Riverside Postretirement Benefits Plan as of June 30, 2024 - AON
4. Actuarial Valuation Report - County of Riverside Part-time and Temporary Employees' Retirement Plan as of July 1, 2024 - AON

√

Junta de Supervisores del Condado de Riverside
Solicitud de uso de la palabra

Presentar la solicitud al Secretario de la Junta (a la derecho del podio), Los oradores tienen derecho a tres (3) minutos, sujeto a de las Reglas de la Junta enumeradas en el reverso de este formulario. La Junta Directiva puede limitar la opinión del público sobre cualquier tema, según el número de personas que soliciten halar y los asuntos de la junta.

NOMBRE DEL ORADOR: Roy Bleckert

Dirección:________________
(solo si se solicita respuesta por correo electrónico de seguimiento)

Cuidad y Código postal:________________

Teléfono #:________________

Fecha:__________ **Agenda #** 3.13

POR FAVOR, INDIQUE SU POSTURA A CONTINUACIÓN:

Postura sobre el tema del orden del día "ordinario" (no apelado):

________ **Apoyo** ________ **Oposición** ________ **Neutral**

Nota: Si está aquí para un tema de la agenda que se presentó para "Apelación", indique por separado su postura sobre la apelación a continuación:

________ **Apoyo** ________ **Oposición** ________ **Neutral**

Le doy mis 3 minutos a:________________

¿Necesitas traductor de español? Sí_____ **No**_____

Si desea escuchar la reunión en español, los auriculares están disponibles en el área del Secretario de la Junta.

Las validaciones de estacionamiento están disponibles solo para oradores: consulte al Secretario de la Junta.

(Revisado: 06/13/2024)

REGLAS DE LA JUNTA

Solicitudes para dirigirse a la Junta sobre temas de la "Agenda":
Puede solicitar ser escuchado sobre un tema publicado en la agenda. Las solicitudes de audiencia deben presentarse al Secretario de la Junta antes de la hora programada para la reunión.

Solicitudes para dirigirse a la Junta sobre temas que "NO" están en la Agenda:
Sin perjuicio de cualquier otra disposición de estas reglas, el miembro del público tendrá derecho a dirigirse a la Junta durante el segmento de media mañana "Comunicación verbal" de la agenda publicada. Dicho propósito de dirección deberá corresponder a temas que estén bajo la jurisdicción directa de la Junta de Supervisores. SU TIEMPO SERÁ LIMITADO A TRES (3) MINUTOS. La Junta Directiva puede limitar el tiempo del público sobre cualquier tema, según el número de personas que soliciten hablar y los asuntos de la junta.

Presentaciones de Power Point/Material Impreso:
Los oradores que tengan la intención de realizar una presentación formal de PowerPoint o proporcionar material impreso deben notificar a la Oficina del Secretario de la Junta antes de las 12 del mediodía del lunes previo a la reunión de la Junta del martes, asegurándose de que la Oficina del Secretario tenga suficientes copias de todos los materiales impresos y al menos una (1) copia del CD de PowerPoint. Se proporcionará a cada supervisor copias del material impreso entregado al secretario (antes de la fecha límite del lunes al mediodía). Si necesita utilizar el proyector "Elmo" en la reunión de la Junta, asegúrese de que su material sea claro y tenga el contraste adecuado, notificando al Secretario con suficiente antelación a la reunión su intención de utilizarlo. Se prohíbe a los oradores traer carteles a la sala de audiencias.

Límites de oradores individuales:
Los oradores individuales están limitados a un máximo de tres (3) minutos. La Junta Directiva puede limitar el tiempo del público sobre cualquier tema, según el número de personas que soliciten halar y los asuntos de la junta. Suba al podio cuando el Presidente diga su nombre y comience a hablar de inmediato. Lleve el micrófono a su boca para que la junta directiva, la audiencia y el sistema de grabación de audio lo escuchen claramente. Una vez que comiences a hablar, se encenderá la luz "verde" del podio. La luz "amarilla" se encenderá cuando le quede un (1) minuto. Cuando le queden 30 segundos, la luz "amarilla" comenzará a parpadear, lo que indica que debe terminar rápidamente sus comentarios. Se acaba el tiempo cuando la luz "roja" parpadea. El Presidente respeta estrictamente un límite de tres (3) minutos por orador. ***Nota: Si tiene la intención de dedicar su tiempo a una "Presentación grupal /organizada", indíquelo claramente en la parte inferior del reverso de este formulario.***

Presentaciones Grupales/Organizadas:
Las presentaciones grupales/organizadas con más de un (1) orador se limitarán a nueve (9) minutos a discreción del Presidente. El organizador de la presentación recibirá automáticamente los primeros tres (3) minutos, y los seis (6) minutos restantes cedidos por otros oradores, según lo solicitaron en un formulario de "Solicitud para hablar" completado y claramente indicado en la parte inferior delantera de la forma.

Dirigiéndose a la Consejo y Reconocimiento por parte del Presidente:
El Presidente determinará el orden en que los oradores se dirigirán al Consejo, y convocará a todos los oradores en pares. El primer orador debe subir inmediatamente al podio y comenzar a dirigirse a la Junta. El segundo orador deberá ubicarse en uno de los pasillos de la cámara para poder subir rápidamente al podio después del orador anterior. Esto es para permitir una reunión de la Junta eficiente y oportuna, brindando a todos los asistentes la oportunidad de exponer sus argumentos. Los oradores tienen prohibido realizar ataques personales y/o utilizar lenguaje vulgar, grosero, o profano mientras hablan con los miembros de la Junta, el personal, el público en general y/o los participantes de la reunión. Tal comportamiento, a discreción del Presidente de la Junta, puede resultar en la expulsión de las Cámaras de la Junta por parte de los Agentes del Alguacil.

Pension Advisory Review Committee

2025

Annual Report

February 25, 2025

TABLE OF CONTENTS

EXECUTIVE SUMMARY

In accordance with Board of Supervisors Policy B-25, the Pension Advisory Review Committee (PARC) presents this annual report to provide a comprehensive status of the County's defined benefit pension plans (CalPERS Miscellaneous and Safety, as well as the Part-time and Temporary Employees' Retirement Plan - TAP), their associated investment trust accounts held outside the pension plans (Section 115 Pension Trusts and TAP), and, the County's Other Post Employment Obligations (OPEB). Independent analysis has been provided by Foster & Foster, Inc. (Attachment 1), AON (Attachments 2 & 3), and Fieldman, Rolapp & Associates.

Highlights – for the reporting period ended June 30, 2023, from the prior year there was a:

- **0.3% combined *decrease* in CalPERS funded status from 75.3% to 75.0%.**
- **$268.6 million combined *increase* in CalPERS unfunded actuarial accrued liability (UAAL)**
- **$611 million combined *increase* in the CalPERS market value of assets (MVA)**
- **$23.75 million *additional investment* in the Section 115 Pension Trust from Series 2020 POBs savings** (1)
- **$123.1 million *net estimated gain* on Series 2020 POBs** (2)

This report also addresses other areas including status on the:

- **Series 2005 A and Series 2020 Pension Obligation Bonds (POBs)**
  - **Combined POB proceeds on deposit with CalPERS have realized a total net estimated gain of $361 million *($72 million YoY increase due to deposits and earnings)*** (2)
- **Section 115 Trusts** (3)
  - **$201.8 million in combined Pension Trust balances *($102.9 million YoY increase due to deposits and earnings)***
  - **$135.1 million OPEB Trust balance *($38.9 million YoY increase due to deposits and earnings)***
- **Other Post-Employment Benefits (OPEB) (Attachment 2)** (3)
  - **78.8% funded status *(12.4% YoY increase)***
- **Part-time and Temporary Employees' Retirement Plan (Attachment 3)** (4)
  - **85.5% funded status *(2.6% YoY increase)***
- **Special District Plans of the Riverside County Regional Park and Open-Space District, Flood Control and Water Conservation District, and Waste Resources Management District found in the latter portion of this report**

(1) For the period ended 6/30/24.
(2) Projected as of the next POBs interest payment due date, 2/15/25. Source: Attachment 1, Slide #67 & #70. County of Riverside - CalPERS Miscellaneous and Safety Plans. Independent Actuarial Report - 6/30/23 Valuation, Foster & Foster, Inc. Year-to-year performance will vary based on CalPERS' investment return.
(3) Actual, as of June 30, 2024.
(4) Actual, as of July 1, 2024.

FY 25/26 Year-over-Year Rate Increase – The projected year-over-year employer contribution rate increase as a percentage of payroll for the Miscellaneous and Safety Plans, which includes CalPERS' rates and POB debt service (see table on page 6) is:

- **Miscellaneous Plan -1.40%**
- **Safety Plan 0.40%**

Annual Pre-payment – For FY 25/26, CalPERS will offer an early payment discount of approximately 3.4% on the unfunded liability portion due for the fiscal year, thereby reducing the total amount owed by over $9.4 million. This is in lieu of periodic payments that coincide with payroll disbursements. In order to fund the initial payment, the County typically includes a substantial portion of the pre-payment amount as part of the annual Tax and Revenue Anticipation Notes (TRANs) cash flow financing.

The other alternative would be to borrow internally by drawing down General Fund cash. The TRAN financing typically carries a lower cost. A final recommendation regarding the pre-payment will be made in conjunction with the FY 25/26 TRANs.

Recent News of Interest:

- **July 15, 2024 - CalPERS reports preliminary 9.3%* investment return for the 2023-24 fiscal year**
- **July 2, 2024 - CalPERS Expands Climate Transition Efforts by Almost $10 Billion**
- **April 2, 2024 - CalPERS announces Stephen Gilmore as Chief Investment Officer effective July 2024**

***Final investment return pending.**

Summary - **Over the next five years, the Miscellaneous and Safety pension plan contribution rates are projected to increase by a total of 3.1%, and 6.1% respectively (see discussion on pages 6-7). CalPERS' projected investment return for the fiscal year ending June 30, 2024, is a positive factor but not sufficient to overcome the effect of prior down years. Based upon several factors, the long-term pension outlook remains favorable, with increases projected to peak early in the next decade. The funded status is anticipated to be more than 80% within ten years, which had suffered a setback due to the negative investment returns experienced in FY 21/22. Projections will be tempered by year-to-year financial market performance (both favorable and unfavorable) impacting investment returns.**

Staff and the PARC continue to look for strategic options for managing its long-term costs of the County's pensions and related liabilities.

RECOMMENDATIONS

1. Receive and file the 2025 PARC Annual Report.
2. Direct staff to review the annual CalPERS unfunded liability pre-payment for FY 25/26 and to have such recommendations presented in conjunction with the approval of the annual Tax and Revenue Anticipation Notes (TRANs) cash flow financing.

STATUS OF THE COUNTY'S MISCELLANEOUS AND SAFETY PLANS - COMBINED

For the annual valuation report ended June 30, 2023, the $611 million increase in MVA, $269 million increase in UAAL, and, corresponding 0.3% decrease in funded status to 75.0%(1) with CalPERS was primarily due to CalPERS' investment return of 5.8%.

		Actual	Projected	
For the valuation report ended June 30 ($ millions)	2022	**2023**	2024	2025
Total actuarial accrued liability (AAL)	$14.88	**$15.76**	$16.67	$17.50
Total market value of assets (MVA)	$11.21	**$11.82**	$12.85	$13.70
Total unfunded actuarial accrued liability (UAAL)	$3.67	**$3.94**	$3.81	$3.80
Funded Status – gross	75.3%	**75.0%**(1)	77.1%	78.3%
Funded Status – net	69.8%(3)	**70.2%**(2)(3)	73.1%	74.8%

(1) Does not include POB liability. Miscellaneous Plan is 74.3%, Safety Plan is 76.4%.
(2) Includes POB liability. Miscellaneous Plan is 70.4%, Safety Plan is 69.9%.
(3) Amounts exclude Section 115 Pension Trust balances of $62.4 million at 6/30/2022, $98.9 million at 6/30/23 and $201.8 million at 6/30/24. If included, the net funded status would be 70.2%, 70.9% and 74.3% respectively.
(4) Projections for 2024 includes CalPERS' preliminary investment return of 9.3%.

The CalPERS annual valuation reports have a one-year lag. **For the period ending June 30, 2024, the County's independent actuary, Foster & Foster, Inc. rolled forward the report with actual investment performance data as published by CalPERS in July 2024 and is projecting an increase in MVA and funded status as a result of the 9.3% preliminary net investment return earned by CalPERS, with a slight decrease in UAAL.** For the period ending June 30, 2025, the projection is based on CalPERS' 6.8% assumed rate of return. This will be further updated after the close of the fiscal year when the next report is produced.

For comparison, an analysis of the average gross funded ratio of all other counties that participate in CalPERS was performed for the period ended June 30, 2023. The research shows the average of thirty-seven other counties in the Miscellaneous Plan was 69.6%, vs. the County at 74.3% (+4.7%), while thirty-six other counties in the Safety Plan was 70.7%, vs. the County at 76.4% (+5.7%).

CALPERS INVESTMENT RETURNS

The primary driver of the rate formula is CalPERS' investment performance. For a given benefit level, actuarial and demographic assumptions impact the rate, but far less than performance. Since the County's benefit levels have been essentially frozen since the adoption of the Public Employees' Pension Reform Act (PEPRA) in 2012, variation in funding levels and employer rate have been primarily attributable to investment returns. Current projections assume no deviation from the current three benefit levels.

Poor investment performance as a result of the 2008-2009 financial crisis significantly increased the County's unfunded liability, driving up the required payments. Likewise, strong investment performance such as the 21.3% return for the period ended June 30, 2021 (the highest level in over twenty years – see table below) had a substantial positive impact on the County's MVA, UAAL and funded status. **For June 30, 2022, prior year gains were virtually cancelled out by the Federal Reserve's rate hike campaign. The forty-year plus highs in inflation which forced the FED's hand, also pressured stock market performance. Not only was the 6.8% assumed rate of return not met, but the investment return came in at -6.1%. Final returns for the period ended June 30, 2023, improved with a positive return of 6.1%, however, did underperform CalPERS' assumed rate of return of 6.80% by -0.70% which adds to the unfunded liability.**

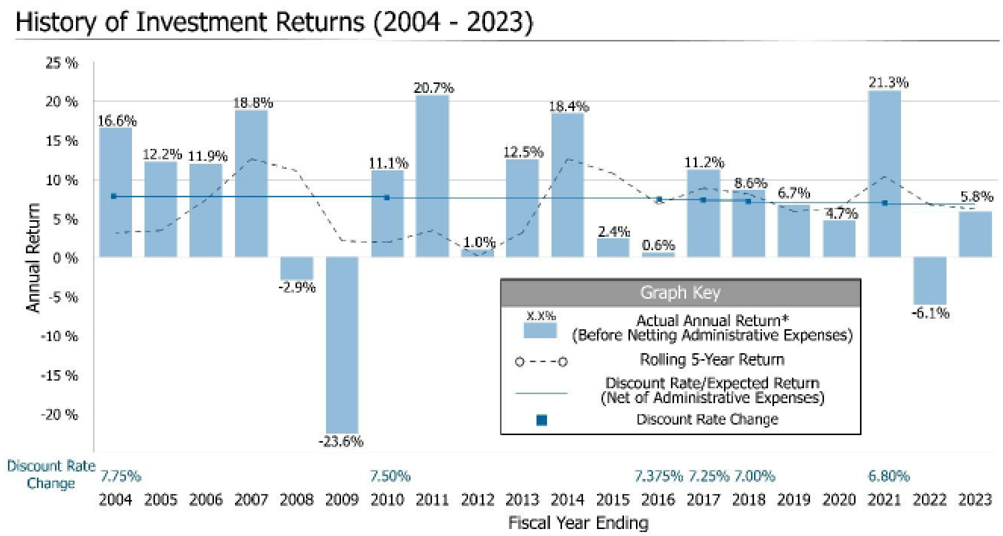
For the fiscal year ending June 30, 2024, CalPERS' preliminary investment return of 9.3% (which was 2.5% greater than the 6.8% assumed rate of return) will show up in next years' CalPERS annual valuation reports, and the PARC's 2026 Annual Report. Per CalPERS, there will be a five-year phase-in of the FY 20/21 and FY 23/24 investment gains, as well as the FY 21/22 investment loss and FY 22/23 underperformance.

The table on the below provides annual returns from the most recent CalPERS Annual Valuation Report as of June 30, 2023.

History of CalPERS Compound Annual Rates of Return

1 year	5 year	10 year	20 year	30 year
5.8%	**6.1%**	**7.1%**	**7.0%**	**7.5%**

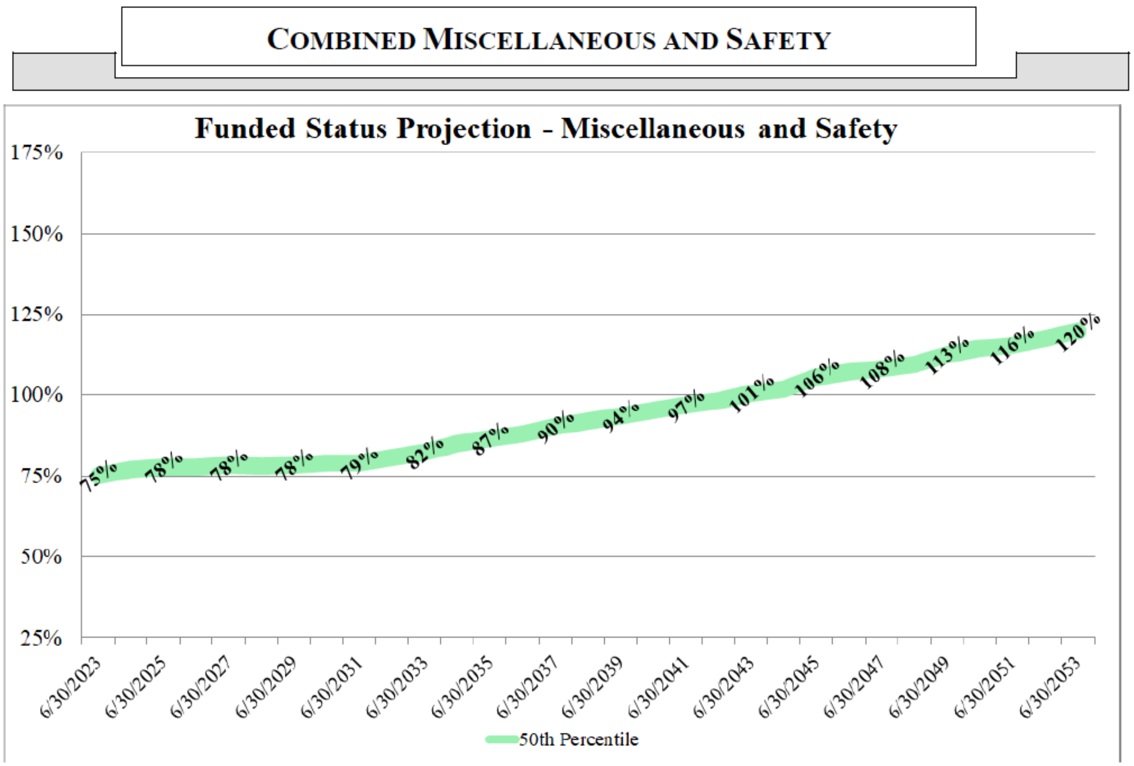
The graph below illustrates the 20-year historical annual returns each fiscal year ending June 30.



Source: CalPERS Annual Valuation Report as of June 30, 2023.

FUNDED STATUS

While recent investment underperformance will cause a reduction in the combined funded status in the near term**, the chart below suggests a return to 80%* within the next decade while projecting a steady position until that point.** The trajectory is the same on a net basis as POB debt service declines every single year through final maturity in 2038. As discussed below, the two key factors producing this result are an assumed rate of investment return of 6.8% over the next ten years, and the ongoing shift of employees to the lower Tier III (PEPRA) benefit levels. Based upon these updated projections, the Plans would reach 100% funding in 2042.



Source: Attachment 1, Slide #61. County of Riverside - CalPERS Miscellaneous and Safety Plans.
Independent Actuarial Report - 6/30/23 Valuation, Foster & Foster, Inc.

*50th percentile uses actual CalPERS returns through 6/30/24, and then assumes CalPERS earns 6.80% beginning 7/1/24 and gradually declining to 6% within approximately twenty years.

EMPLOYER CONTRIBUTION RATE OUTLOOK

The FY 25/26 employer contribution rate as a percentage of payroll for the Miscellaneous Plan is 27.20% (a 1.40% decrease from prior year), while the Safety Plan is 51.1% (a 0.40% increase from prior year) as shown in the table below. These amounts include POB debt service payments. There has been a decline in the rate of growth from prior years, primarily due to the payoff of certain amortization bases (separate payment schedules) from the proceeds of the Series 2020 POBs, reducing some of the unfunded liability portion of the contribution rate, as well as declining POB debt service.

Going forward, note the large projected decrease in rates vs. the prior PARC Report for the period FY 25/26 - FY 35/36. Factored into these projections are the 6.1% investment return earned by CalPERS in FY 22/23, as well as the 9.3% preliminary investment return for FY 23/24.

Graphical representation of these rates for both Plans follow on pages 8 - 12.

	Miscellaneous Plan			Safety Plan		
FY	Rate [1]	Change from prior FY (+/-)	Difference from 2024 PARC Report projection	Rate [2]	Change from prior FY (+/-)	Difference from 2024 PARC Report projection
24/25	28.60%[3]	0.40%	0.00%	50.70%[3]	2.50%	0.00%
25/26	**27.20%[3]**	**-1.40%**	**-1.10%**	**51.10%[3]**	**0.40%**	**-0.10%**
26/27	27.80%	0.60%	-1.40%	52.50%	1.40%	-0.20%
27/28	28.20%	0.40%	-2.00%	53.20%	0.70%	-1.40%
28/29	30.20%	2.00%	-2.50%	57.00%	3.80%	1.80%
29/30	30.30%	0.10%	-3.00%	57.20%	0.20%	-2.60%
30/31	30.80%	0.50%	-3.30%	57.90%	0.70%	-3.30%
31/32	30.90%	0.10%	-3.00%	58.80%	0.90%	-2.80%
32/33	31.30%	0.40%	-3.30%	59.00%	0.20%	-3.30%
33/34	30.90%	-0.40%	-3.20%	58.20%	-0.80%	-3.30%
34/35	30.50%	-0.40%	-3.00%	57.60%	-0.60%	-2.60%
35/36	29.40%	-1.10%	N/A	55.50%	-2.10%	N/A

(1) Includes Miscellaneous Plan POBs debt service which ranges from 4.1% to 0.5% of the total rate from FY 24/25 to FY 35/36.
(2) Includes Safety Plan POBs debt service which ranges from 10.0% to 1.2% of the total rate from FY 24/25 to FY 35/36.
(3) Actual rates shown for FY 24/25 and FY 25/26.

EMPLOYER CONTRIBUTION RATE OUTLOOK (CONTINUED)

For the Miscellaneous and Safety plans, the following pages show a comparison of the most recent valuation report, 2023 vs. prior year 2022 for:

- projected employer contribution rates expressed as a percentage of payroll with the three components that comprise the total amount (POBs debt service, normal cost and unfunded liability), over the next decade
- projected employer contribution rates with a longer-term view of thirty years
- projected employer contributions expressed in dollars over the next decade

In most instances, there is a modest increase in the projected contributions until FY 33/34 when decreases begin. As shown on page 13, for the period of FY 25/26 through FY 35/36, the cumulative Miscellaneous and Safety payments are projected to increase by $260.4 million.

The projections of CalPERS rates going forward are based upon Foster & Foster's model which incorporates the expected return, a less than expected return, and an above average return as discussed above. **In the contribution rate charts, the 50th percentile (bold green line) assumes CalPERS earns 6.8% through 6/30/24 and gradually declines to 6% within twenty years, a conservative projection given current trends. All include both 2005 and 2020 POB proceeds invested with CalPERS, as well as the POBs associated debt service. Note, that even with very poor investment returns (represented in the 25th percentile on pages 7 & 10) the projected rates exhibit a long-term decline which begins in the mid 2030's.** These long-term projections reflect the increasing impact of the changes made to the benefit formulas in the last decade, as more of the employee population becomes subject to Tier III Public Employees' Pension Reform Act (PEPRA) as well as the unfunded liability being paid down.

In analyzing the trends, it is helpful to focus on the three components of the rate: debt service on the POBs, the normal cost, and the UAAL payment. The POB debt service is derived from a fixed schedule and shows declines over the period with final maturities of 2035 and 2038 reflected in the thirty-year projection. Debt service of both series of bonds is also incorporated in the charts on pages 8 & 11. The normal cost is relatively constant with modest declines reflecting the transition to a greater number of lower benefit Tier III employees. Currently, the UAAL reflects scheduled payments to amortize net losses (which are a combination of investment gains and losses), and any demographic changes which resulted in a gain or loss. At the end of each year, CalPERS "trues up" its actual versus projected performance, and books gains or losses which are then amortized over time. In the following pages, year over year comparisons of the rate components for both the Miscellaneous and Safety Plans are included. **The charts make it plain to see that the vast majority of year over year increase is caused by the higher payment necessary to amortize the UAAL.**

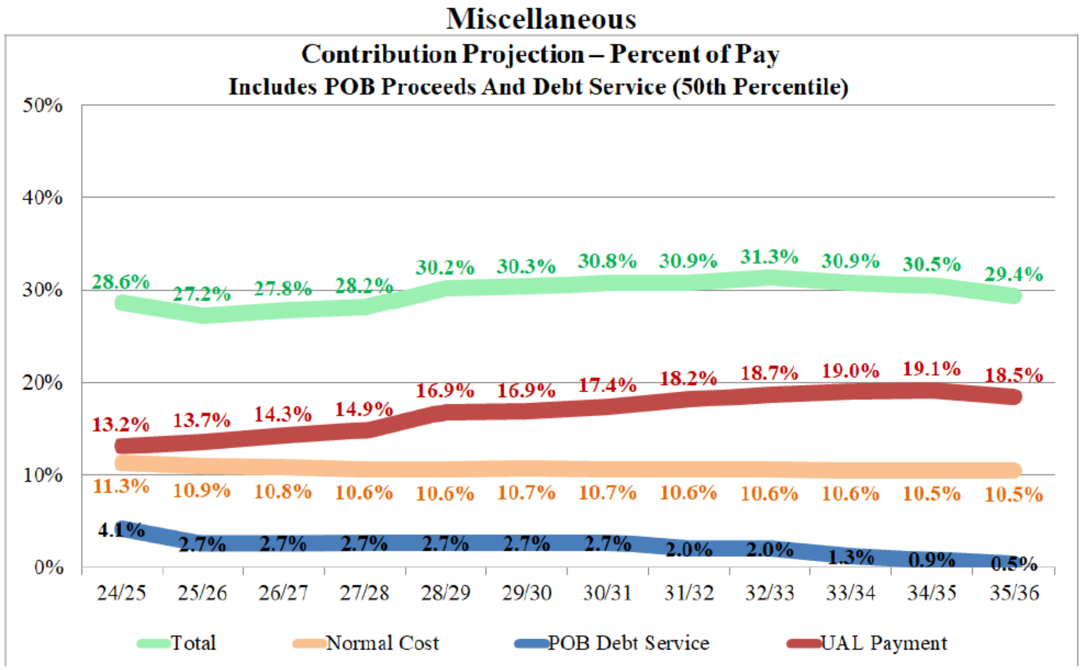
Miscellaneous Rates

Short-term - Over the decade the contribution rate is projected to average 29.6% with a low of 27.2% in 2025, and a peak of 31.3% in 2033 (as shown on page 8).

Long-term - In looking at the long-term forecast as shown on page 9, there is a substantial drop in rates beginning ten years out under all three return scenarios. Even under the 25th percentile (poor performance scenario), rates peak at approximately 39.3% in 2035 and then decline thereafter to reach approximately 9.7% in 2051. This is due to three factors. The first is the final repayments of POBs in 2035 and 2038. The second is the amortization (paydown) of the exiting UAAL schedules over the next thirty years. In the poor performance scenario, the old UAAL is replaced by a new UAAL to reflect future CalPERS investment underperformance. The third is the ultimate retirement of the higher cost Tier I employees and their replacement with much lower cost Tier III employees. For the expected return scenario (50th percentile), the rate will rise modestly until 2033 at which point, they begin a rapid decline until stabilizing in 2044. At that point, the rate is comprised of only the normal cost of approximately 10% since all of the POBs have been retired, and the UAAL has been fully amortized.

2023

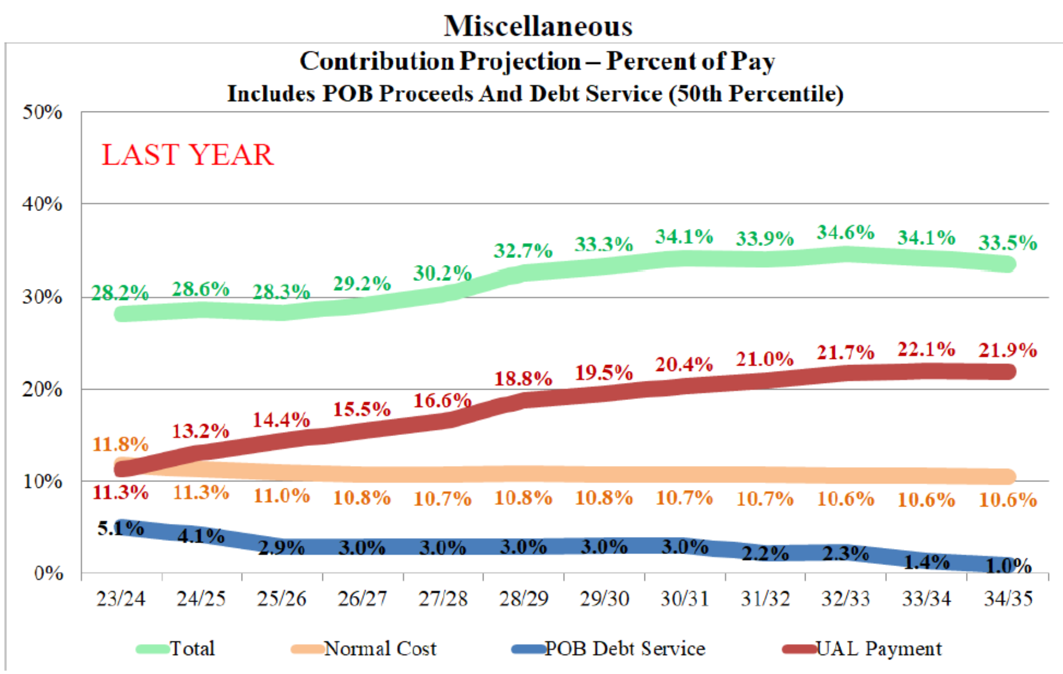
CONTRIBUTION PROJECTIONS



Source: Attachment 1, Slide #45. County of Riverside - CalPERS Miscellaneous and Safety Plans Independent Actuarial Report - 6/30/23 Valuation, Foster & Foster, Inc.

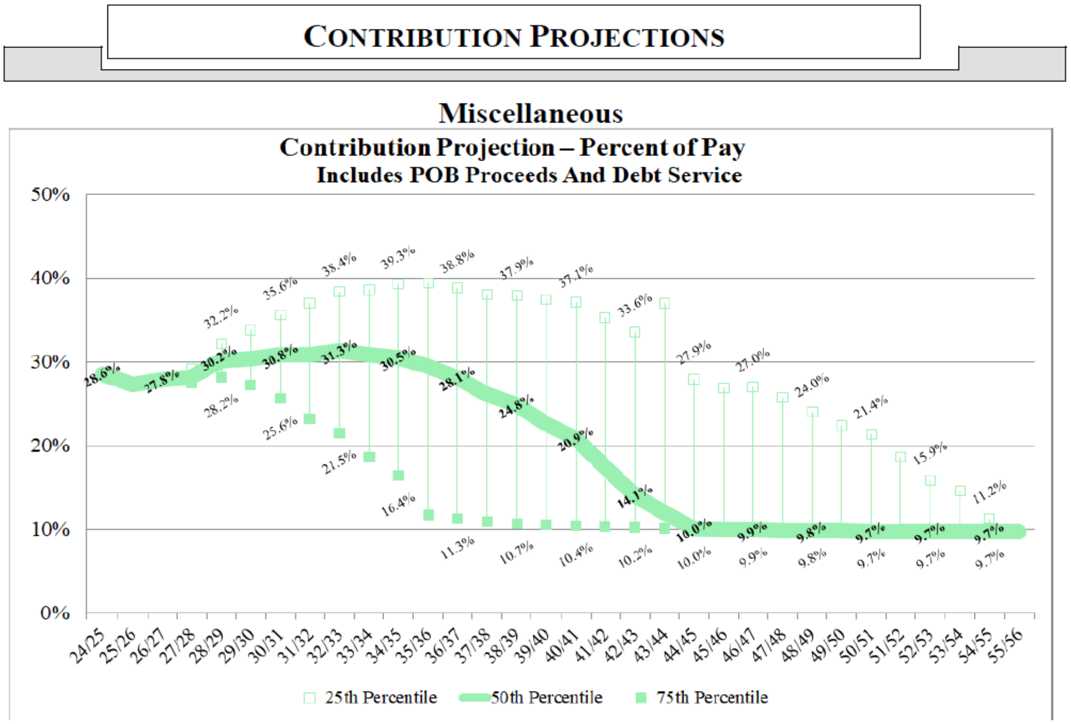
2022

CONTRIBUTION PROJECTIONS



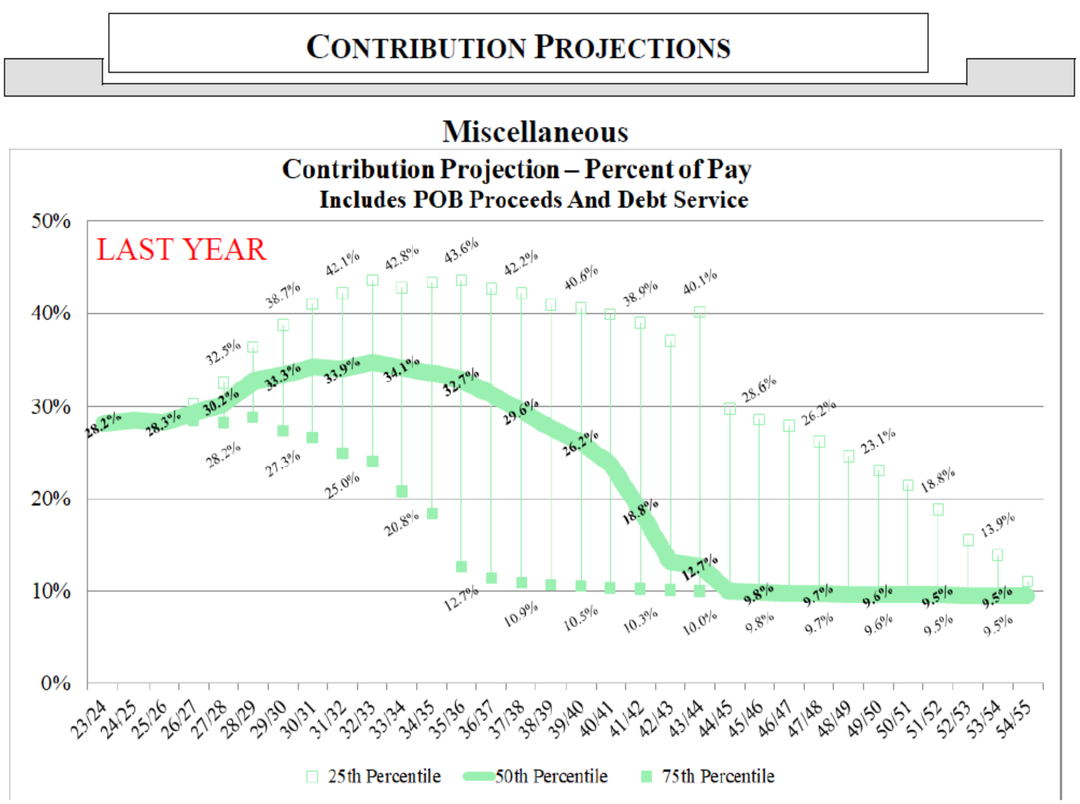
Source: Attachment 1, Slide #46. County of Riverside - CalPERS Miscellaneous and Safety Plans Independent Actuarial Report - 6/30/23 Valuation, Foster & Foster, Inc.

2023



Source: Attachment 1, Slide #41. County of Riverside - CalPERS Miscellaneous and Safety Plans Independent Actuarial Report - 6/30/23 Valuation, Foster & Foster, Inc.

2022



Source: Attachment 1, Slide #42. County of Riverside - CalPERS Miscellaneous and Safety Plans Independent Actuarial Report - 6/30/23 Valuation, Foster & Foster, Inc.

Safety Rates

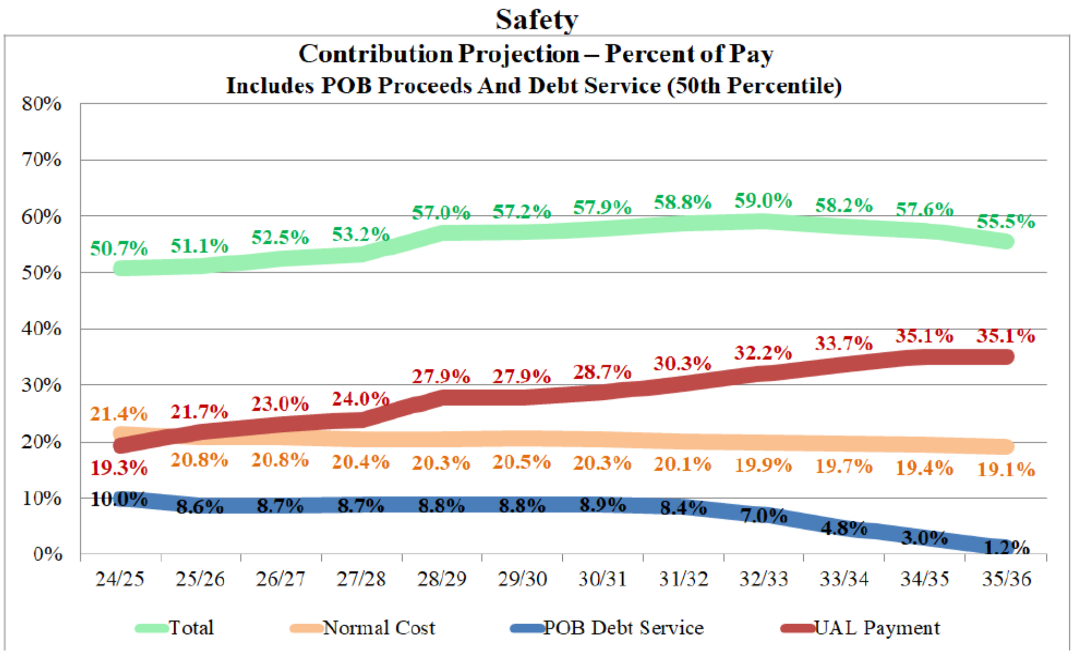
Short-term – As shown on page 11, over the next decade, Safety rates exhibit a very similar pattern to Miscellaneous rates. While averaging 55.7%, Safety rates are not projected to dip slightly like that of Miscellaneous in FY 25/26 due to a combination of factors including earlier applicable retirement ages and other demographics. In comparing the year-over-year projections, as seen in the two charts which follow, the major difference is in the UAL payment. The Safety UAAL peaks at 35.1% (as shown in the red line - top chart). It is important to note here that a greater share of the Safety Plan costs is borne as a Net County Cost.

Long-term - As shown on page 12, longer term Safety rates show the same downward trend as the Miscellaneous Plan under all performance scenarios, although coming from a higher peak. As is the case with Miscellaneous, even in the poor performance (25th percentile) scenario, after rates peak in 2033, they begin a steady decline returning to the current rate of approximately 51% in 2038 and continuing to fall thereafter.

Under the expected performance (50th percentile) **rates peak at 59% in 2033 and fall steadily to under 17% in 2045**, due to the same factors discussed above regarding the Miscellaneous Plan.

2023

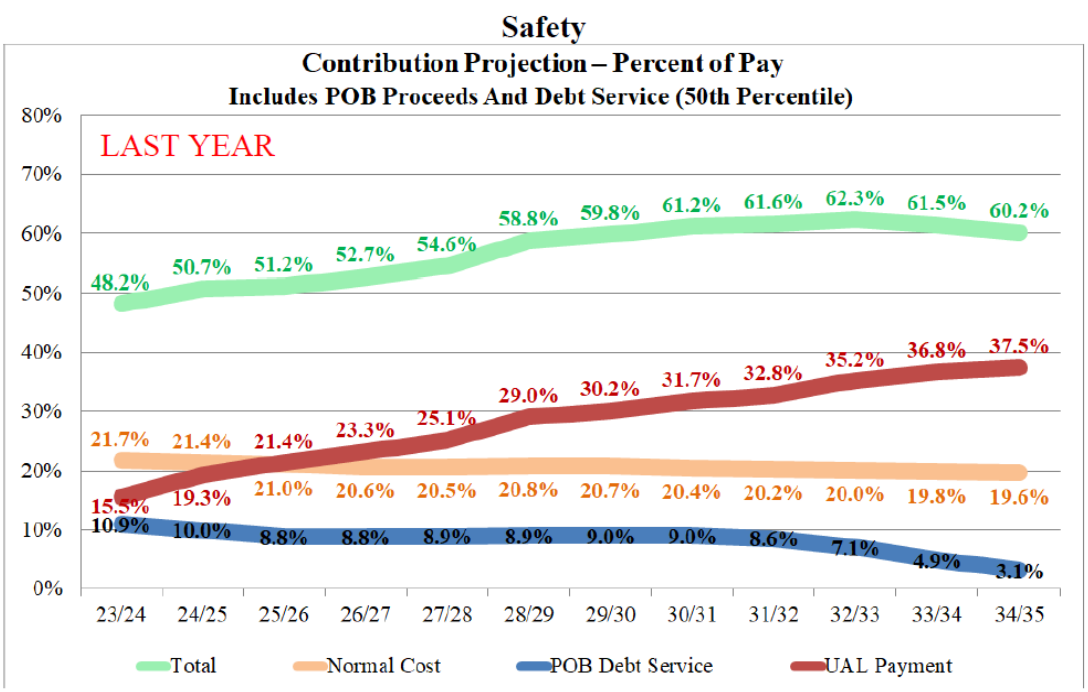
CONTRIBUTION PROJECTIONS



Source: Attachment 1, Slide #47. County of Riverside - CalPERS Miscellaneous and Safety Plans Independent Actuarial Report - 6/30/23 Valuation, Foster & Foster, Inc.

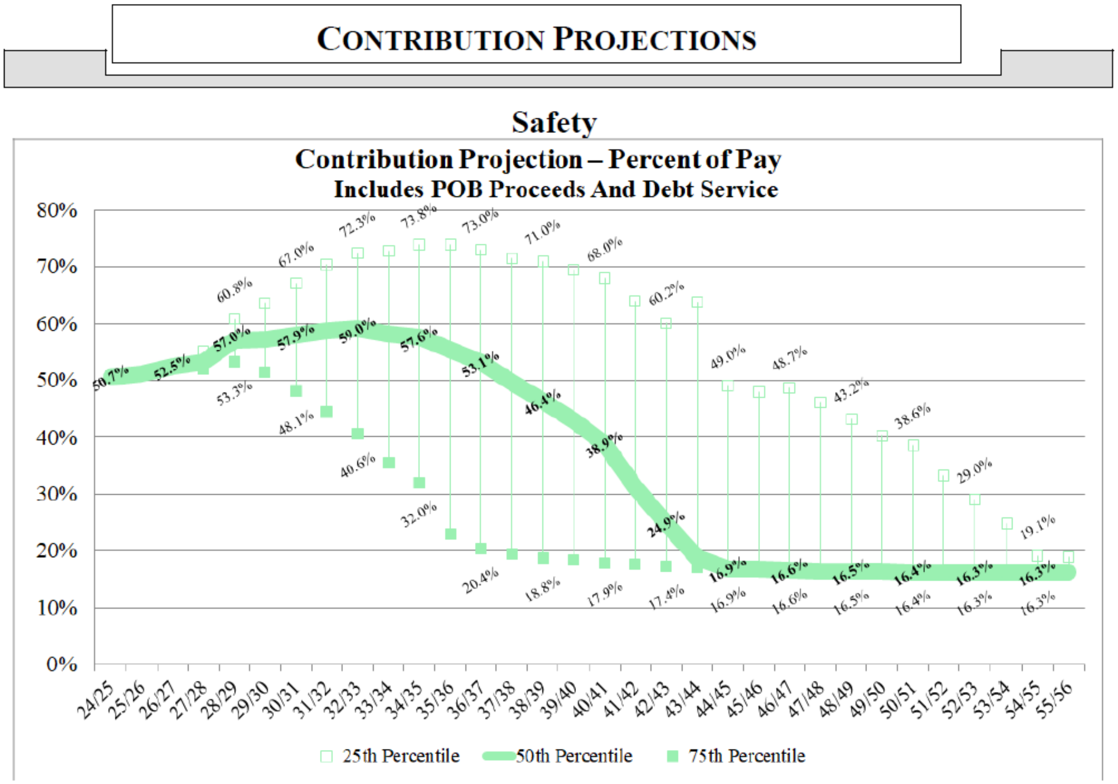
2022

CONTRIBUTION PROJECTIONS



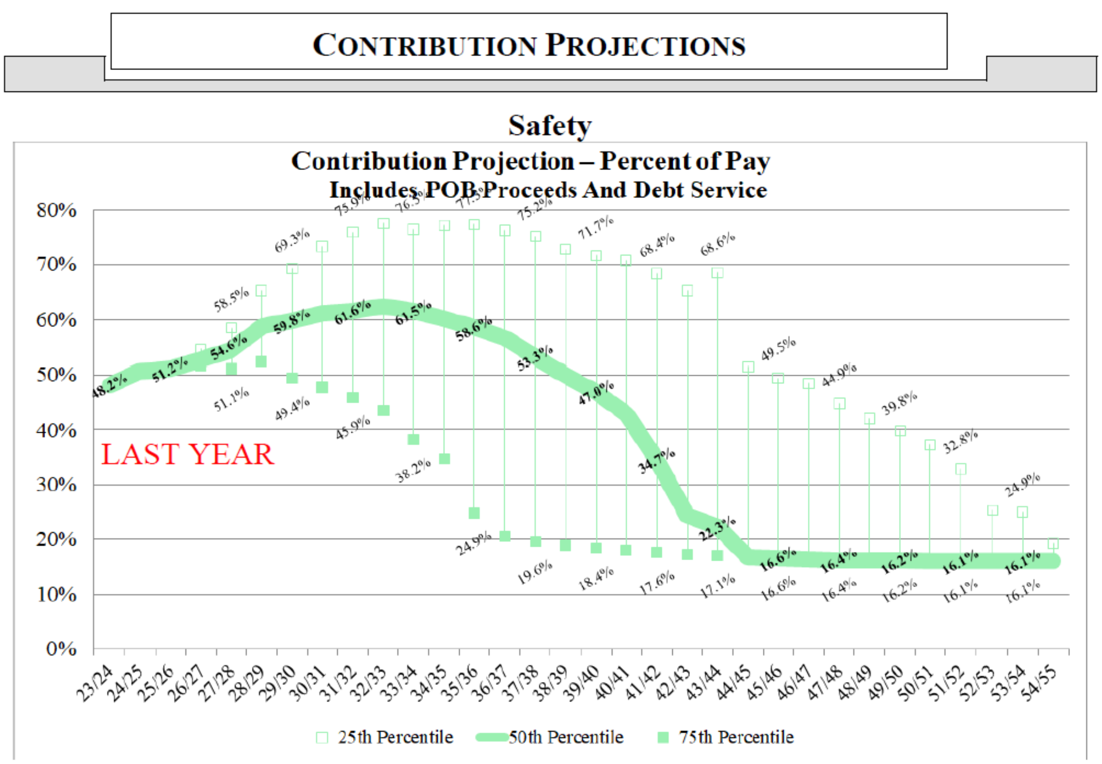
Source: Attachment 1, Slide #48. County of Riverside - CalPERS Miscellaneous and Safety Plans Independent Actuarial Report - 6/30/23 Valuation, Foster & Foster, Inc.

2023



Source: Attachment 1, Slide #43. County of Riverside - CalPERS Miscellaneous and Safety Plans Independent Actuarial Report - 6/30/23 Valuation, Foster & Foster, Inc.

2022

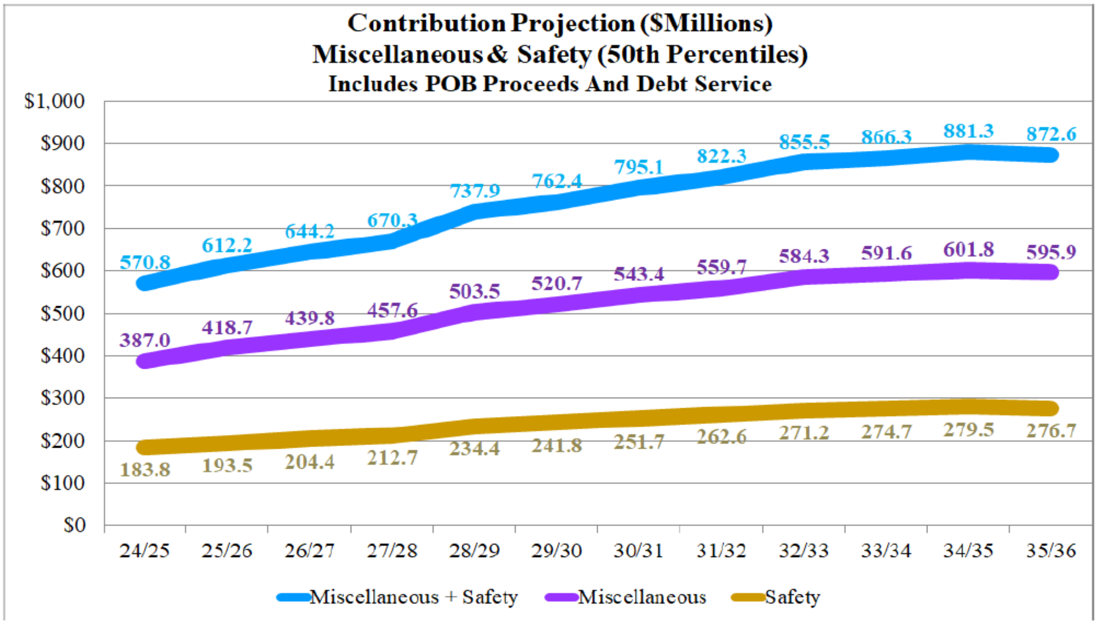


Source: Attachment 1, Slide #44. County of Riverside - CalPERS Miscellaneous and Safety Plans Independent Actuarial Report - 6/30/23 Valuation, Foster & Foster, Inc.

2023

COMBINED MISCELLANEOUS AND SAFETY

Miscellaneous and Safety

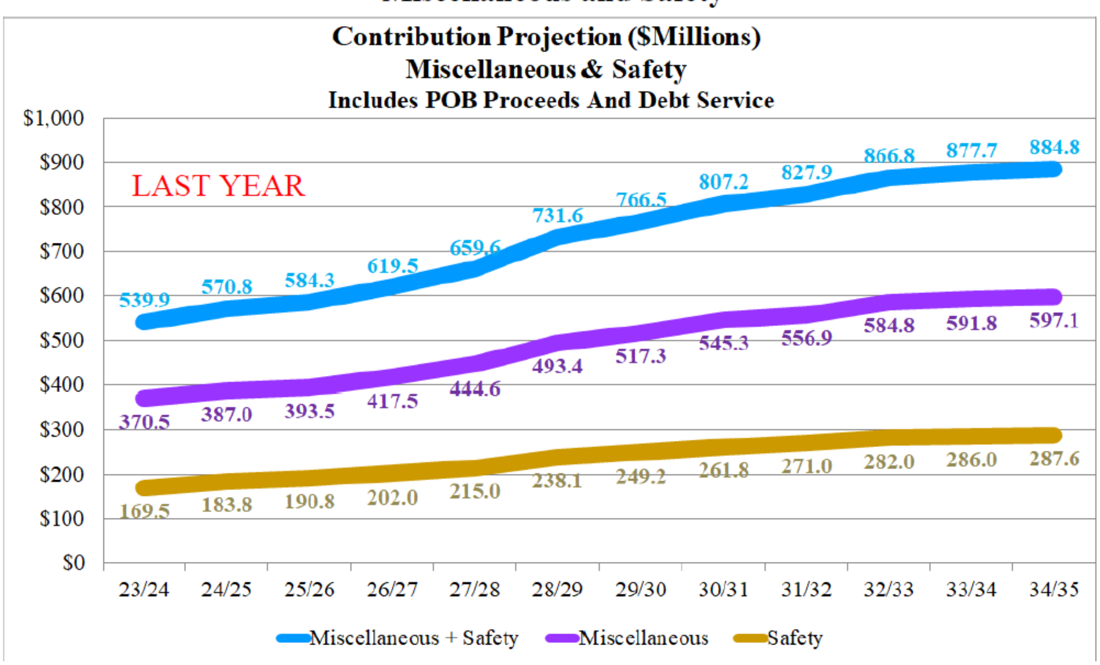


Source: Attachment 1, Slide #57. County of Riverside - CalPERS Miscellaneous and Safety Plans Independent Actuarial Report - 6/30/23 Valuation, Foster & Foster, Inc.

2022

COMBINED MISCELLANEOUS AND SAFETY

Miscellaneous and Safety



Source: Attachment 1, Slide #58. County of Riverside - CalPERS Miscellaneous and Safety Plans Independent Actuarial Report - 6/30/23 Valuation, Foster & Foster, Inc.

PENSION OBLIGATION BONDS (POBs)

Series 2005 A – In February 2005, the County issued its Series 2005 A POBs in the principal amount of $400 million to lock in an all-in borrowing cost of 4.91%, refinancing its prior unfunded liability, which was then carrying a 7.5% rate (a spread of 2.59%). At the same time, the County converted its repayment schedule from a rolling thirty-year amortization to a fixed amortization of thirty and twenty-five years for the Miscellaneous and Safety Plans, respectively, thus paying off the liability faster. This further reduced interest cost as a result of paying down the debt faster. Upon deposit of the bond proceeds with CalPERS, the County's rate on that portion of its liability was reduced and replaced by the lower amount of the bond's debt service.

The POBs still maintain a relatively low break-even rate of 4.91% versus CalPERS' current rate of 6.8%, (a spread of 1.89%). Even if CalPERS were to earn a rate slightly below the POBs rate for the remaining term to maturity of 2035, the County can still expect to show significant net estimated gains.

Foster & Foster's analysis is projecting that as of February 15, 2025 (2) there will be $237.9 million in net estimated gains as a result of the sale of the bonds, with an outstanding balance owed of $66.1 million (3).

Series 2020 – In April 2020, the efforts to reduce interest cost on a portion of the unfunded liability (which was then carrying a 7% rate) continued with the Board of Supervisors authorizing a second POB issuance in the amount of $720 million at an all-in borrowing cost of 3.53% (a spread of 3.47%). The bond proceeds ($716 million, net of the cost of issuance) were used to refund up to approximately 20% of the total unfunded liability, split between the Miscellaneous and Safety Plans.

The County prepaid $371.5 million to CalPERS for deposit to the Miscellaneous Plan, and, $344.2 million for the Safety Plan which reflected a discount for prepayment of the selected bases. These bond proceeds served as a one-time additional discretionary payment into the plans. To be clear, the $716 million that was owed to CalPERS is now owed to bondholders, albeit at a much-reduced rate.

This series of POBs has an even lower break-even rate of 3.53% vs. CalPERS' interest cost on the unfunded liability of 6.8% (a spread of 3.27%). To capture the savings (payment reductions) of nearly $231 million through the eighteen-year life of the POBs to 2038, per Board direction, a dedicated Section 115 Pension Trust account was established and is now being funded with those savings which will improve the health of the pension plans for the benefit of all stakeholders.

Foster & Foster's analysis is projecting that as of February 15, 2025 (2) there will be $123.1 million in net estimated gains (3) as a result of the sale of the bonds, with an outstanding balance owed of $536.9 million.

Shown in the table below are net estimated gains on both series of POBs which includes the next interest payments.

Status of POBs ($ in millions)	Projected		
Estimated gains through 2/15/25	**Series 2005A**	**Series 2020**	**Total**
CalPERS investment earnings on POB proceeds (1)	**$530.3**	**$230.1**	**$760.4**
less POB interest payments (2)	**$289.4**	**$102.8**	**$392.2**
less cost of issuance	**$3.1**	**$4.1**	**$7.2**
Net estimated gains(3)	**$237.9**	**$123.1**	**$361.0**

(1) Accumulated earnings since issuance based on actual CalPERS investment return for each year.
(2) Includes POB interest payments to date.
(3) Source: Attachment 1, Slide #67 and #70. County of Riverside - CalPERS Miscellaneous and Safety Plans - Independent Actuarial Report - 6/30/23 Valuation, Foster & Foster, Inc.

SECTION 115 PENSION TRUSTS

The first Section 115 Pension Trust was established in 2016 to help the County independently mitigate CalPERS' contribution rate volatility and act as a buffer in the future for budgeting purposes as funds accumulate. Excess funds from the Liability Management Fund (LMF) and the Other Post-Employment Benefits (OPEB) Trust were placed in the Section 115 Pension Trust to fund the initial deposit. Additionally, funds collected as a result of the difference between CalPERS' multi-year projected payroll, based on actuarial assumptions, and, the County's actual payroll, are restricted and invested in the County Treasurer's Pooled Investment Fund (TPIF). Funds are then dollar-cost averaged from the TPIF and placed into the Trust.

The second Section 115 Pension Trust, as mentioned in the previous page, was established with the issuance of the 2020 POBs. Unlike assets in the CalPERS defined benefit plans, funds in the Trusts can be managed in a manner consistent with a risk profile of the County's choosing in a combination of equity investments, fixed income and cash.

Over time these assets will become more significant as they accumulate and cannot be used for any other purposes except for making additional discretionary payments directly to CalPERS to pay down a portion of the unfunded liability, or for reimbursing the County for CalPERS contributions. **Total assets as of June 30, 2024, were $201.8 million.**

These Trusts have the potential to provide two significant benefits to the County. The first is the accumulation of assets to eventually pay down the liability with CalPERS. The second is to serve as a "rate stabilization fund" in the event of a dramatic increase in CalPERS rates. Should the long-term projections come to fruition with employer rates peaking in the next decade, the County could accumulate a much larger balance by capturing a portion of the decline and deposit additional funds into the Trusts. This could allow for faster amortization of the County's unfunded liability. On the other hand, should CalPERS' long-term performance come close to projections, full funding could be reached within twenty years.

A downside to full funding is that under current rules the County would be required to make its full required payment, albeit at a fraction of the current rate. In such a case, funds in the 115 Trusts could be drawn upon to make a portion of the required payment, mitigating the impact of excess funding.

Status of 2016 Section 115 Pension Trust

For the investment report period ended 6/30	2021	2022	2023	**2024**
Account balance ($ in millions)	$41.82	$39.2	$57.8	**$131.6**
Total accumulated investment earnings to date	$10.80	$4.9	$8.1	**$14.9**
Annual rate of return	19.93%	-11.68%	7.41%	**10.05%**
Annualized rate of return since inception (1)	9.00%	5.03%	5.38%	**5.98%**

(1) Inception date November 2016.

Status of 2020 Section 115 Pension Trust

For the investment report period ended 6/30	2021	2022	2023	**2024**
Account balance ($ in millions)	$13.95	$23.1	$41.0	**$70.1**
Total accumulated investment earnings to date	$0.84	-$2.0	$0.14	**$5.3**
Annual rate of return	N/A	-11.47%	7.50%	**9.95%**
Annualized rate of return since inception (1)	14.39%	0.72%	3.14%	**4.41%**

(1) Inception date October 2020.

OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Background – OPEB are benefits other than pensions provided to retired employees. In the County's case, this is a monthly contribution to retirees for health care. The Governmental Accounting Standards Board (GASB) Statement No. 45, released in 2004, substantially modified the reporting requirements for OPEB provided by state and local governments.

In summary, GASB 45 dictated that the present value of these benefits should be quantified and reported in the Supplementary Information section of County's Annual Comprehensive Financial Report (ACFR). This reporting requirement did not trigger a funding requirement but did cause the credit markets to more closely evaluate the obligation. Per GASB 45, the County's liability is comprised of two components; the present value of the amount payable for retirees and the amount attributable to the "implicit subsidy." The implicit subsidy is defined as the difference between the true cost of coverage for the retiree medical plan and the actual rate paid. Such a difference arises if retirees and active employees are in the same rate class.

The County's Response – The initial calculation of the County's retirement health liability was $390 million as of January 1, 2005. Upon the recommendation of PARC, the County took two steps to reduce this liability over time. The first step was to establish an OPEB Trust in 2007 which reduced the actual and nominal liability. The second step was to virtually eliminate the implicit subsidy by revamping the County's healthcare rate structure to separate pre-Medicare retirees from active employees.

GASB 75 – In June 2015, GASB released Statement No. 75, which was initially effective for the fiscal year ending June 30, 2018. GASB 75 addresses accounting and financial reporting issues by government employers, previously covered by GASB 45. Per GASB 75, employers are now required to disclose the total OPEB liability on the balance sheet (Statement of Net Position) alongside its other long-term liabilities (i.e., bond debt, lease obligations, pension liabilities, etc.). This change now highlights the liability and increases the pressure to prefund it.

The Move to CalPERS Health Plans – In 2019 the County embarked upon a multi-year process to restructure its health care offerings with an eye towards controlling costs and providing a fuller range of plan options for employees and retirees alike. The OPEB impacts of the move to CalPERS include a return of the implicit subsidy which did not exist under the County's own rate structure. This is due to an increase of the actual benefit paid to certain retirees and a greater number of retirees now purchasing their insurance through the County since the offerings are more attractive.

Under CalPERS health plans, retirees receive benefits prior to age 65 by paying premiums that are developed by blending active and retiree costs. Since retirees are older and generally cost more than actives, the premium paid by the retiree is less than the "true cost" of coverage for retirees. For example, under the Blue Shield Access Plus, the estimated "true cost" for an age 60 retiree is $1,247.94 per month, while the required premium is only $828.48 per month in 2025. Subsidization can also occur for post 65 benefits due to demographic differences between the County retirees and the CalPERS population used to develop premiums. This implicit subsidy is considered an employer obligation under the Actuarial Standards of Practice (ASOP) No. 6 requirements and is included in the OPEB actuarial valuation.

Based on the AON - County of Riverside Actuarial Valuation Report Postretirement Benefits Plan as of June 30, 2024 (Attachment 2, page ii), the value of that benefit (subsidy) to employees is $162 million (actuarial accrued liability, or AAL). Nevertheless, inclusion of implicit subsidy in the total net OPEB liability without any offset is specifically required.

An additional financial implication of transferring to the CalPERS health plans is the requirement under the Public Employees' Medical and Hospital Care Act (PEMHCA) to provide a minimum monthly contribution for retiree health premiums, currently $157 (which increases annually with medical CPI). This requirement has an effect of increasing the monthly benefit and the cost to the County for those employees whose negotiated or non-represented benefit is less than $157. Under the previous benefit schedule, the benefit was as low as $25 a month. The monthly amount is either $157 or $256 and is based on the employee's representation at the time of retirement.

This increase in the monthly cost to provide the benefit is currently paid by departments on a pay-as-you-go basis (calculated based upon the number of retirees) and increases the OPEB liability. In addition to the PEMHCA effect, the County is expecting higher participation rates in its plans by retirees which will increase the expected and actual payout for those enrolled in a health plan. To the extent retirees have better options, such as paid spousal coverage from another employer, they receive no monthly benefit from the County and no liability is recorded.

In contrast to the CalPERS defined benefit pension plan liability, there is no direct connection between the implicit subsidy portion of the OPEB liability and the County's cost of providing the retiree healthcare benefit, thus the County does not directly pay for the implicit subsidy. It is for this reason that many employers have chosen not to fund this portion of their liability since it is not owed to retirees unlike the monthly benefit payment. Recognizing this, the Board adopted Policy B-25, Section III (A) Other Post-Employment Benefits (OPEB) which states, "the County seeks to maintain a minimum funding level of 80% in its OPEB plan, excluding any implicit subsidy liability." There could be some advantages to taking steps to funding a portion of the implicit subsidy in the future; staff and PARC will monitor the issue and bring any recommendations to the Board.

Projected Funded Status - County staff requested a review from AON of maintaining at least an 80% funded status for the Plan, excluding the implicit subsidy liability. **The Plan is projected to be above 80% funded based on contributions of approximately $15 million by the fiscal year ending 2025.**

In an effort to offset potential future investment underperformance, as well as the possibility of future enhanced benefits resulting in increased liability, at its November 13, 2024, meeting, PARC unanimously approved the recommendation of the strategy to stay on target with the current year's contribution amount of approximately $16.9 million, or about 1.1% of payroll for the new fiscal year, 2025-26.

Status of OPEB ($ in millions)

For the annual valuation report period ended 6/30	2021	2022	2023	**2024**
AAL - excluding implicit subsidy (1)	$144	$148	$158	**$162**
Smoothed value of plan assets (MVA) (2)	$68	$86	$105	**$128**
Total unfunded actuarial accrued liability (UAAL)	$76	$61	$53	**$34**
Funded Status (3)	47.20%	58.20%	66.40%	**78.80%**
Market value of plan assets	$73	$76	$96	**$135**
Annual net rate of return	19.60%	-14.58%	6.46%	**10.2%(5)/2.49%(6)**
Annualized net rate of return inception to date (4)	7.53%	4.87%	5.10%	**N/A(7)/N/A(7)**

(1) Represents the retiree benefit amount. Total AAL is the retiree health care liability comprised of the retiree benefit amount and implicit subsidy. Implicit subsidy is the difference between the true cost of coverage for the retiree medical plan and the actual rate paid.
(2) Asset smoothing recognizes market gains and losses gradually overs several years.
(3) Funded status is calculated by dividing the smoothed value of plan assets by AAL (excluding implicit subsidy). Source of (1) and (2) above: Attachment #2, page iv. Actuarial Valuation Report - County of Riverside Postretirement Benefits Plan as of June 30, 2024 – AON.
(4) Inception date November 2007.
(5) CalPERS CERBT Strategy 1 return for the period 7/1/23 – 3/31/24.
(6) As a result of the RFP process, PARS and PFM Asset Management assumed administrative and investment management duties, respectively, from CERBT on 3/1/24. Stated return is for the period 3/1/24 – 6/30/24.
(7) Full year annualized return is unavailable due to the transition from CERBT to PFM Asset Management in the third quarter of fiscal year 2023-24. Will resume for the full new fiscal year, 2024-25.

PART-TIME AND TEMPORARY EMPLOYEES' RETIREMENT PLAN

Background – The County of Riverside established the Part-Time and Temporary Employees' Retirement Plan (TAP), April 1, 1999, to provide retirement benefits to eligible employees as a substitute for benefits under Social Security, as allowed under Omnibus Budget Reconciliation Act of 1990 (OBRA '90). The Plan is an IRS Section 401(a) defined benefit plan. The Plan actuary calculates the minimum recommended employer contribution rate through preparation of an actuarial valuation report. Participants are required to contribute 3.75% of their compensation to the Plan. As of September 1, 2010, the investments have been managed in a balanced account strategy with an expected rate of return of 6%.

If the 401(a) account balance is under $7,000, the employee can opt for a lump sum, which gives them immediate access to their funds. If the balance is $7,000 or more, the employee will receive a monthly, single life annuity starting at age 65 or upon separation from employment. This policy ensures that individuals with smaller pension balances can access their funds more quickly, while those with larger balances are set up for a lifelong income stream.

Projected Funded Status - AON is projecting a 92% funded status by June 30, 2025. In an effort to offset potential future investment underperformance, as well as addressing possible administrative adjustments to Plan withdrawals, at its November 13, 2024, meeting, **PARC unanimously approved the recommendation of the strategy to continue to stay on target with the current year employer rate of approximately 5.58% as a percentage of payroll for the new fiscal year, 2025-26.**

Status of Part-time and Temporary Employees' Retirement Plan ($ in millions)

For the annual valuation report period ended 7/1	2021	2022	2023	**2024**
Total actuarial accrued liability (AAL)	$64.9	$68.9	$73.9	**$78.8**
Smoothed value of plan assets (MVA) [1]	$52.9	$56.2	$61.2	**$67.4**
Total unfunded actuarial accrued liability (UAAL)	$12.0	$12.6	$12.6	**$11.4**
Funded Status [2]	81.5%	81.6%	82.9%	**85.5%**
Market value of plan assets	$61.4	$51.0	$59.2	**$69.5**
Annual net rate of return	30.81%	-17.45%	9.84%	**14.20%**
Annualized net rate of return inception to date [3]	8.11%	5.66%	5.98%	**6.56%**

(1) Asset smoothing recognizes market gains and losses gradually overs several years.
(2) Source: Attachment #3, page iii. Actuarial Valuation Report - County of Riverside Part-time and Temporary Employees' Retirement Plan as of July 1, 2024 – AON
(3) Inception date September 2010.

SPECIAL DISTRICT PLANS

The County's Regional Park and Open-Space District and Waste Resources Management District participate in what CalPERS refers to as the Risk Pool, designed to accommodate smaller employers whose size is not enough to develop individual actuarial assumptions with participation occurring if a rate plan has less than 100 active members on any valuation date. The process involves combining assets and liabilities across employers to produce large, risk sharing pools that reduce or eliminate large fluctuations in an employer's retirement contribution rate caused by unexpected demographic events.

Although the desired 80% minimum funded status for the Special Districts are not specifically mentioned in Board Policy B-25, as is the case with the County's defined benefit pension plans, it is a prudent target (see below additional information for each District). Similar to the County's Miscellaneous and Safety Plans, additional discretionary payments would be required to increase the funded status, thereby having budgetary impacts on the Districts (Parks and Flood), as well as the Department of Waste Resources, that may or may not be feasible at this time.

Highlights – for the CalPERS actuarial valuation report period ended June 30, 2023:

- ✓ **Riverside County Regional Park and Open-Space District**
  - 69.1% funded status Tier I (1.2% YoY decrease)
  - 90.6% funded status Tier II (2.4% YoY decrease)
  - 90.5% funded status Tier III (1.4% YoY decrease)
- ✓ **Riverside County Flood Control and Water Conservation District**
  - 79.1% funded status (4.0% YoY increase)
- ✓ **Riverside County Waste Resources Management District**
  - 73.6% funded status (1.4% YoY increase)

The Riverside County Regional Park and Open-Space District has three rate plans. As of the annual valuation report(s) for June 30, 2023, the funded status of Tier I was 69.1%, Tier II was 90.6%, and Tier III was 90.5% (see tables below for additional details).

The District met the funded status target in 2021 (81.3%) and made the annual UAAL payment based on available funds to receive an early payment discount. Despite this strategy, the funded status decreased by 11% for Tier I in 2022 as a result of CalPERS investment underperformance. As a result, the District plans to make additional discretionary payments to CalPERS to bring the funded status of Tier I back to 80% or higher.

Status of Tier I ($ in millions)

For the annual valuation report ended 6/30	2021	2022	**2023**
Total actuarial accrued liability (AAL)	$50.6	$53.0	**$54.4**
Total market value of assets (MVA)	$41.1	$37.2	**$37.6**
Total unfunded accrued liability (UAAL)	$9.5	$15.7	**$16.8**
Funded Status	81.3%	70.3%	**69.1%**

Status of Tier II

For the annual valuation report ended 6/30	2021	2022	**2023**
Total actuarial accrued liability (AAL)	$561,086	$568,242	**$609,229**
Total market value of assets (MVA)	$610,455	$528,280	**$551,900**
Total unfunded accrued liability (UAAL)	$(49,369)	$39,962	**$57,329**
Funded Status	108.8%	93.0%	**90.6%**

Status of Tier III

For the annual valuation report ended 6/30	2021	2022	2023
Total actuarial accrued liability (AAL)	$2.47(*)	$2.79(*)	**$3.67(*)**
Total market value of assets (MVA)	$2.69(*)	$2.56(*)	**$3.32(*)**
Total unfunded accrued liability (UAAL)	($226,517)	($226,601)	**($347,348)**
Funded Status	109.2%	91.9%	**90.5%**

*$ in millions.

The Riverside County Flood Control and Water Conservation District's annual valuation report for June 30, 2023, shows a funded status of 79.1% (see table below for additional details). In fiscal year 2019, the District developed a long-term plan that included making additional discretionary payments to CalPERS in an effort to bring the funded status at or above 80% by fiscal year 2025. While the District was able to accomplish this goal in fiscal year 2021, the CalPERS investment loss of 6.1% resulted in the District's funding status to drop below the 80% threshold in fiscal year 2022. Currently, the funded status has increased by 4.0%, from 75.1% to 79.1%, as reflected in the June 30, 2023, valuation report.

The District has been working with CalPERS actuaries to determine additional discretionary payments necessary to return the funded status to a level at or above 80%. As a result, the District made an additional discretionary payment of $10.5 million in fiscal year 2024. The District intends to continue making additional discretionary payments based on its ongoing assessment of its fiscal outlook for future years. The District will also continue making the annual UAAL prepayment option, thereby receiving an early payment discount from CalPERS.

Status of Riverside County Flood Control and Water Conservation District ($ in millions)

For the annual valuation report ended 6/30	2021	2022	**2023**
Total actuarial accrued liability (AAL)	$233.7	$243.2	**$253.1**
Total market value of assets (MVA)	$189.3	$182.7	**$200.1**
Total unfunded accrued liability (UAAL)	($44.4)	($60.5)	**($53.0)**
Funded Status	81.0%	75.1%	**79.1%**

The Riverside County Waste Resources Management District was dissolved in 1998, with the exception of existing employees at that time electing to maintain their District status. All new hires or transfers are designated as County employees; no new District employees have been added since 1998. The District's annual valuation report for June 30, 2023, shows a funded status of 73.8% (see table on page 21 for additional details).

The District has developed a long-term plan that includes making additional discretionary payments to CalPERS in an effort to bring the funded status at or above 80% by fiscal year 2025, assuming all other factors remain constant. An additional discretionary payment of $1.6 million was paid in FY 23/24. An increase in the market value of assets combined with an increase in the actuarial accrued liability estimate resulted in the District's funded status increasing 1.6% from 72.2% as of June 30, 2022, to 73.8% as of June 30, 2023. The District intends to continue making additional discretionary payments based on its ongoing assessment of its fiscal outlook for future years. The District will also continue making the annual UAAL prepayment option, thereby receiving an early payment discount from CalPERS.

Status of Riverside County Waste Resources Management District ($ in millions)

For the annual valuation report ended 6/30	2021	2022	**2023**
Total actuarial accrued liability (AAL)	$56.4	$57.7	**$59.1**
Total market value of assets (MVA)	$44.7	$41.6	**$43.6**
Total unfunded accrued liability (UAAL)	($11.6)	($16.1)	**($15.5)**
Funded Status	79.4%	72.2%	**73.8%**

MANAGEMENT OF PENSION AND OTHER LIABILITIES

County's Response – Since the identification of pension obligations as a significant liability, numerous steps have been taken to effectively manage and mitigate these liabilities over the last two decades:

- ✓ In 2003 the Pension Advisory Review Committee (PARC) was formed to guide policy decisions regarding retirement benefits.
- ✓ In 2004 PARC first recommended taking advantage of CalPERS' early payment discount in lieu of periodic payments.
- ✓ In 2005 the County issued $400 million in POBs reducing the all-in true interest cost to 4.91%, increased its funding status and created the Liability Management Fund (LMF), whereby some of the excess savings has been sent to CalPERS to reduce the unfunded liability. The current practice has been to send a portion of the savings to the Section 115 Pension Trust, and that will continue.
- ✓ In 2007 in an effort to reduce its OPEB liability over time, the County established its Section 115 OPEB Trust with the California Public Employers' Retirement Benefit Trust (CERBT) with CalPERS.
- ✓ In 2012, the County took the lead in initiating pension reform with its bargaining units in advance of any action by the state. As a result of collective bargaining, employees agreed to pay their own member contributions eliminating the Employer Paid Member Contribution (EPMC). Additionally, Tier II was implemented with a lower benefit formula, which became effective on August 24, 2012.

County Plan		Retirement Formula	Employee Contribution	Earliest Retirement Age	Number of Actives 6/30/2024	Percentage in each Tier 6/30/2024	PEPRA Comp. Limits (1)	Final Comp. Period	Effective Date
Tier I	**Misc**	3% at 60	8%	50	**5,858**	**30.7%**	N/A	12 mos.	7/11/2002
	Safety	3% at 50	9%	50	**1,615**	**45.6%**	N/A	12 mos.	6/28/2001
Tier II	**Misc**	2% at 60	7%	50	**667**	**3.5%**	N/A	36 mos.	8/24/2012
	Safety	2% at 50	9%	50	**174**	**4.9%**	N/A	36 mos.	8/24/2012
Tier III - PEPRA	**Misc**	2% at 62	7.75%	52	**12,535**	**65.8%**	$151,446	36 mos.	1/1/2013
	Safety	2.7% at 57	13.50%	50	**1,756**	**49.5%**	$181,734	36 mos.	1/1/2013

(1) 2024 PEPRA Compensation Limits are indexed annually.

The passage of Assembly Bill 340 on September 12, 2012, created the Public Employees' Pension Reform Act (PEPRA), implementing a new lower retirement benefit formula (Tier III), which became effective January 1, 2013. Since that time, there have not been any significant updates on the pension reform front worthy of note.

In September 2020, however, the Governor signed into law Assembly Bill 2967 which prevents cities and counties from excluding groups of employees from CalPERS defined benefit pension plans when they are offered for other groups, thereby effectively blocking the ability to offer a hybrid style or deferred compensation only plan.

Staff and PARC continue to monitor any developments in this area and will bring any items of significance that would lead to cost reduction to the Board's attention on a timely basis.

- ✓ In November 2016, the first Section 115 Pension Trust was established to help the County independently mitigate CalPERS' contribution rate increases and act as a buffer in the future for budgeting purposes as funds accumulate.

- ✓ In February 2020 the Board approved agenda Item 3.15, Pension Debt Reduction Strategies. Two actions have occurred since that time, as seen below:

  - ➢ In April 2020 the Board authorized a second POB issuance of $720 million, reducing the all-in true interest cost to 3.53%, vs. the 7% that would have been paid to CalPERS on the unfunded liability portion.

    In connection with the 2020 POB issuance, per Board direction, a second dedicated Section 115 Pension Trust account was established to capture the resulting payment reductions (savings) of nearly $231 million through 2038 - the eighteen-year life of the POBs. For the period ended June 30, 2023, there was an ending account balance of $41 million.

  - ➢ In December 2020, the Board of Supervisors approved agenda Item 3.1, amending and restating the agreement for services between the Western Riverside County Regional Conservation Authority (RCA) and the County of Riverside. Effective January 1, 2021, the Riverside County Transportation Commission began to provide the staffing and management agency role for RCA. As a result, a lump sum payment of $3.9 million was received from RCA as a pro-rata share of their unfunded pension liability obligation as well as any amounts owed for OPEB and the Replacement Benefit Plan. The payoff of $2.6 million for the unfunded liability portion was made to CalPERS on January 20, 2021.

- ✓ In November 2024, the PARC approved a decision to maintain the current rates of approximately 1.1% of payroll for OPEB in an effort to achieve a projected funded status of 80% by the fiscal year ending 2025.

- ✓ In November 2024, the PARC approved a decision to maintain the current rates of approximately 5.58% (for those departments that utilize TAP) for the Part-time and Temporary Employees' Retirement Plan in an effort to maintain a funded status of 80% or greater.

In summary, with the adoption of Board Policy B-25, the County moved to an active manager of its retirement obligations. Over the next five years, the Miscellaneous and Safety pension plan contribution rates are projected to increase by a total of 3.1%, and 6.1% respectively. Based upon several factors, the long-term pension outlook remains favorable, with employer rate increases projected to peak early in the next decade. The funded status is anticipated to be more than 80% within ten years, which has suffered a setback due to the negative investment returns experienced in FY 21/22. Projections will be tempered by year-to-year financial market performance impacting investment returns.

Staff and the PARC will continue to look for strategic options for managing its long-term costs of the County's pensions and related liabilities.

ATTACHMENTS

1. County of Riverside - CalPERS Miscellaneous and Safety Plans
   Independent Actuarial Report - 6/30/23 Valuation, Foster and Foster, Inc.
2. Actuarial Valuation Report - County of Riverside Postretirement Benefits Plan as of June 30, 2024 - AON
3. Actuarial Valuation Report - County of Riverside Part-time and Temporary Employees' Retirement Plan as of July 1, 2024 – AON

GLOSSARY

Actuarial Accrued Liability (AAL)

The Present value of Benefits minus the present value of future Normal Cost of the Present Value of Benefits allocated to prior years.

Actuarial Valuation

The determination as of a valuation date of the Normal Cost, Accrued Liability, and related actuarial present values for a pension plan. These valuations are performed annually or when an employer is contemplating a change in plan provisions.

Funded Status

The Funded status refers to the financial health or condition of a pension plan, retirement fund, or other types of funds where the goal is to ensure that there are enough assets to meet future liabilities. It is typically measured by comparing the plan's assets to its liabilities.

GASB 75

Governmental Accounting Standards Board Statement No. 75 is an accounting standard that addresses how state and local governments should account for and report Other Post-Employment Benefits (OPEB), such as retiree healthcare benefits, in their financial statements.

Local Miscellaneous

CalPERS Local Miscellaneous Plans refer to retirement plans provided by the California Public Employees' Retirement System (CalPERS) for employees working in a broad category of public workers such as clerks, administrative staff, maintenance workers, and other non-safety roles within local government.

Local Safety

CalPERS Local Safety Plans refer to retirement plans administered by the California Public Employees' Retirement System (CalPERS) for employees who work in safety-related positions within local government.

Market Value of Assets (MVA)

Market Value of Assets (MVA) refers to the current value of an asset on prevailing market prices. It is the price at which an asset could be bought or sold in the open market at a specific point in time. In the context of pension plans or investment portfolios, the MVA represents the total value of the assets held by the fund, such as stocks, bonds, real estate, or other financial instruments.

Normal Cost

Normal Cost refers to the portion of a pension plan's annual cost that represents the benefits accrued by employees for their service during a specific year. It is the amount that must be contributed each year to ensure the pension plan remains adequately funded for future retirement benefits as employees continue to work and earn pension benefits.

Other Post-Employment Benefits (OPEB)

Other Post-Employment Benefits (OPEB) refer to benefits provided to retired employees that are other than pension benefits. Under accounting standards like GASB 75 for governments, OPEB liabilities must be reported on balance sheets, just like pension liabilities.

Pension Obligation Bond (POB)

Pension Obligation Bond (POB) is a type of debt instrument issued by a government entity to raise funds for paying off its pension liabilities. The primary purpose of issuing a POB is to help address an underfunded pension plan by borrowing money and using the proceeds to make a lump-sum contribution to the pension fund. The government then repays the bondholders over time, usually with interest.

Public Employees’ Pension Reform Act (PEPRA)

Public Employees' Pension Reform Act (PEPRA) of 2013, which was a significant reform to public pension systems in California, including those administered by CalPERS (California Public Employees' Retirement System). PEPRA aimed to reduce pension costs and improve the sustainability of pension plans for public employees in California.

Section 115 Trust

A Section 115 Pension Trust refers to a specific type of trust established under Section 115 of the Internal Revenue Code (IRC), which allows state and local governments in the U.S. to set up a tax-exempt trust for the purpose of funding their pension obligations or Other Post-Employment Benefits (OPEB). This trust is primarily used by governmental entities to manage funds dedicated to meeting their pension or OPEB liabilities, with favorable tax treatment.

Unfunded Actuarial Accrued Liability

Unfunded Actuarial Accrued Liability (UAAL) refers to the difference between the actuarial accrued liability (AAL) of a pension or retirement plan and the plan’s assets. It represents the portion of a pension plan’s total pension obligations that has not yet been funded by the plan’s assets. In other words, it is the amount of pension benefits that the plan owes to employees, but which has not been covered by the current assets in the plan.

County of Riverside
CalPERS Miscellaneous & Safety Plans

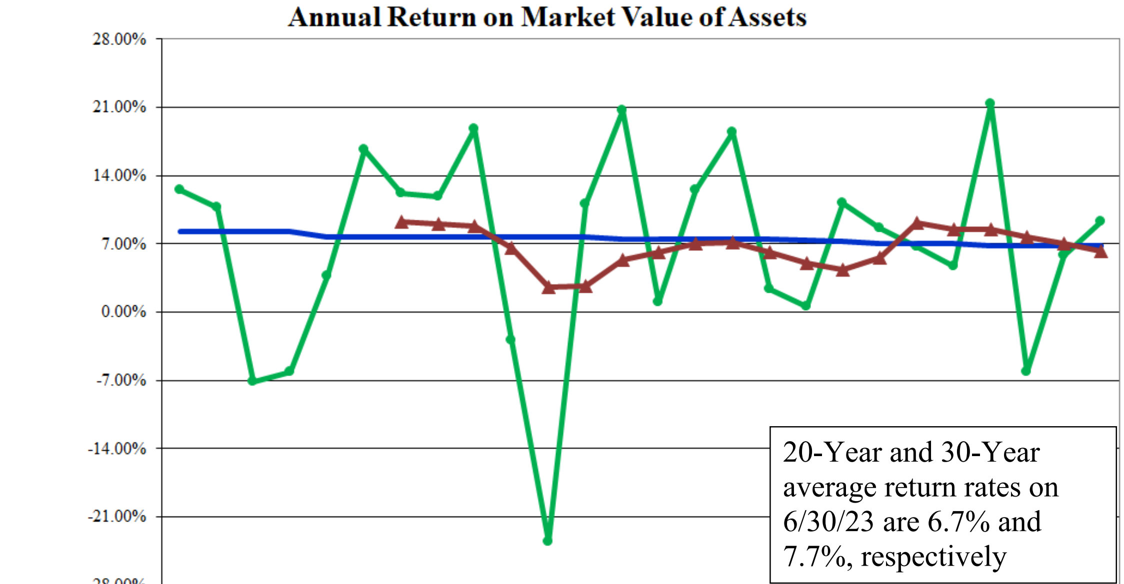
Independent Actuarial Report – 6/30/23 Valuation

Doug Pryor, ASA, EA, MAAA
Pat McDonald, FSA, EA, MAAA
Matthew Childs
Foster & Foster, Inc.

November 1, 2024

Contents

INVESTMENT RETURN



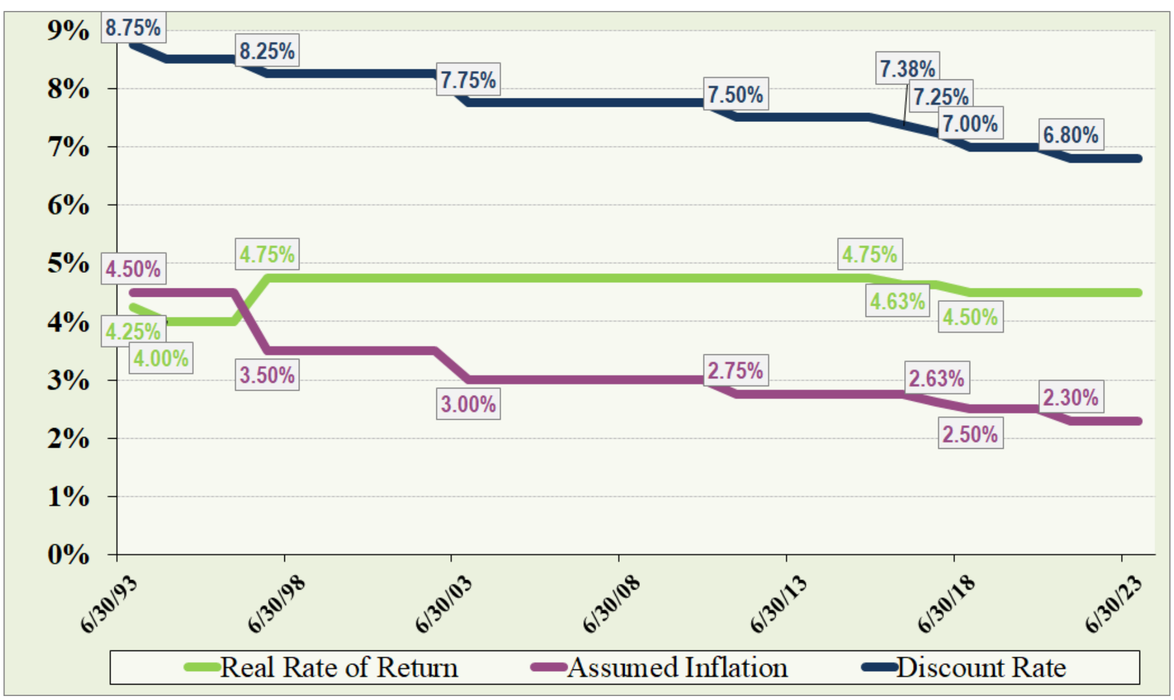
	'99	'00	'01	'02	'03	'04	'05	'06	'07	'08	'09	'10	'11
Rate of Return	12.5%	10.7%	-7.1%	-6.1%	3.7%	16.6%	12.2%	11.9%	18.8%	-2.9%	-23.6%	11.1%	20.7%
Discount Rate	8.25%	8.25%	8.25%	8.25%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.50%
10-Year Rolling Average							9.3%	9.0%	8.9%	6.6%	2.6%	2.6%	5.4%

	'12	'13	'14	'15	'16	'17	'18	'19	'20	'21	'22	'23	'24
Rate of Return	1.0%	12.5%	18.4%	2.4%	0.6%	11.2%	8.6%	6.70%	4.70%	21.30%	-6.10%	5.80%	9.30%
Discount Rate	7.50%	7.50%	7.50%	7.50%	7.375%	7.25%	7.00%	7.00%	7.00%	6.80%	6.80%	6.80%	6.80%
10-Year Rolling Average	6.1%	7.0%	7.2%	6.2%	5.1%	4.4%	5.5%	9.1%	8.5%	8.5%	7.7%	7.1%	6.2%

Discount rates are expected returns net of administrative expenses.
2013/14 through 2022/23 "money-weighted" returns reported in CalPERS AFCR (without lags on private equity and real estate) are 18.3%, 2.2%, 0.5%, 11.2%, 8.4%, 6.5%, 5.0%, 22.4%, -7.5%, and 6.1% respectively.

INVESTMENT RETURN

Historical Discount Rates



DEMOGRAPHICS

- Around the State
  - Large retiree liability compared to actives
    - State average: 61% for Miscellaneous, 63% for Safety
  - Declining active population and increasing number of retirees
  - Higher percentage of retiree liability increases contribution volatility

- County of Riverside percentage of liability belonging to retirees:
  - Miscellaneous 52%
  - Safety 59%

COUNTY BENEFITS

- At CalPERS, Enhanced Benefits implemented using all (future & prior) service
- Typically not negotiated with cost sharing
- County of Riverside

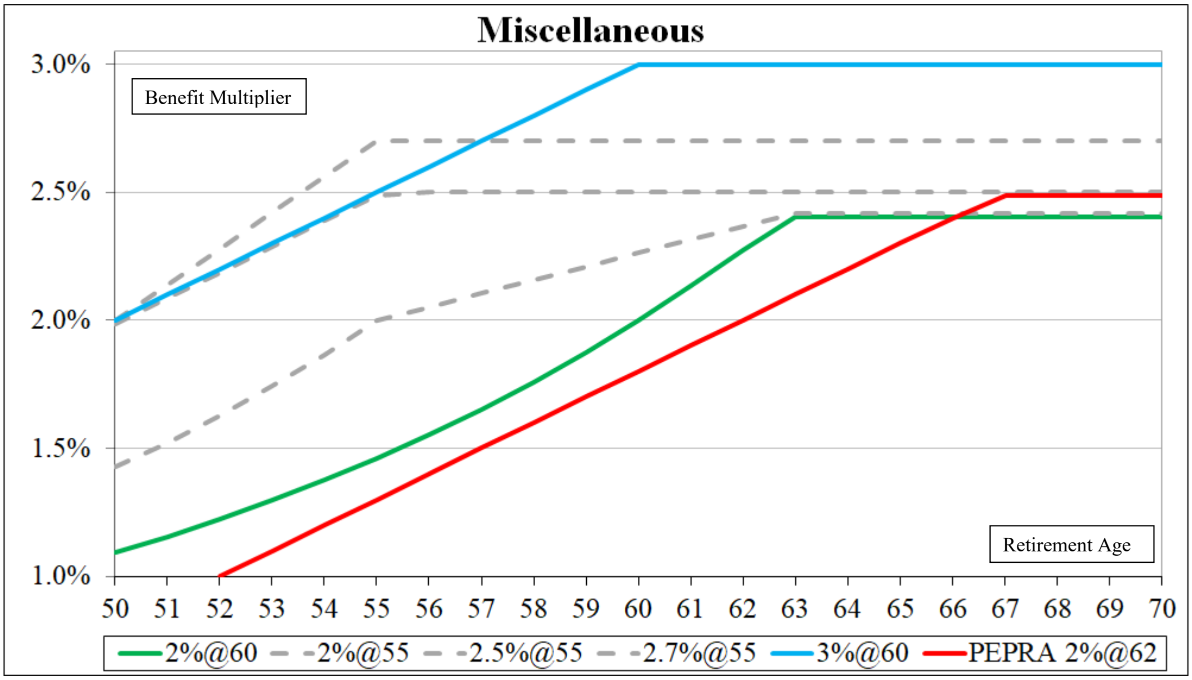
	Tier 1	Tier 2	PEPRA
Miscellaneous	3%@60 FAE1	2%@60 FAE3	2%@62 FAE3
Safety[1]	3%@50 FAE1	2%@50 FAE3	2.7%@57 FAE3

  - Benefit = (Years of County Service) x Percentage x FAE
    - Percentage varies by retirement age (see following charts)
    - FAE1 is highest one year (typically final) average earnings
    - FAE3 is highest three years (typically final three) average earnings

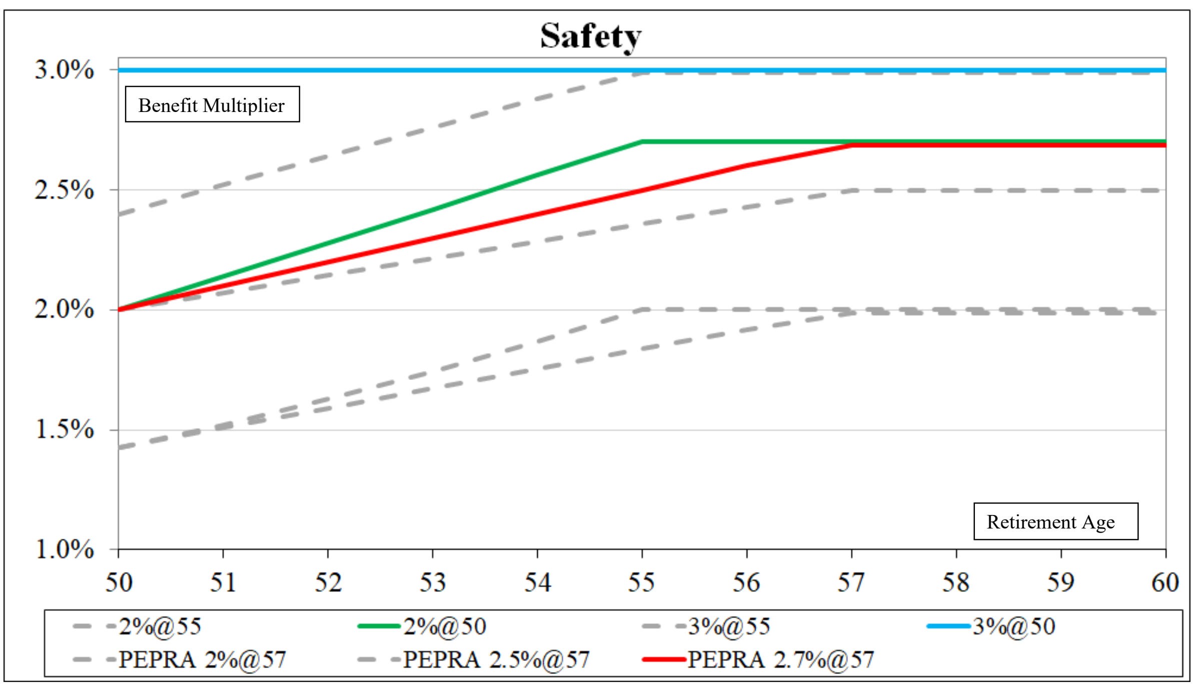
- PEPRA tier implemented for new employees hired after 1/1/13
  - Employee pays half of total normal cost
  - 2024 Compensation limit
    - Social Security participants: $151,446
    - Non-Social Security participants: $181,734

[1] Fire and Peace Officer members are combined in this group.

County Benefits



County Benefits



Risk Mitigation

Overview

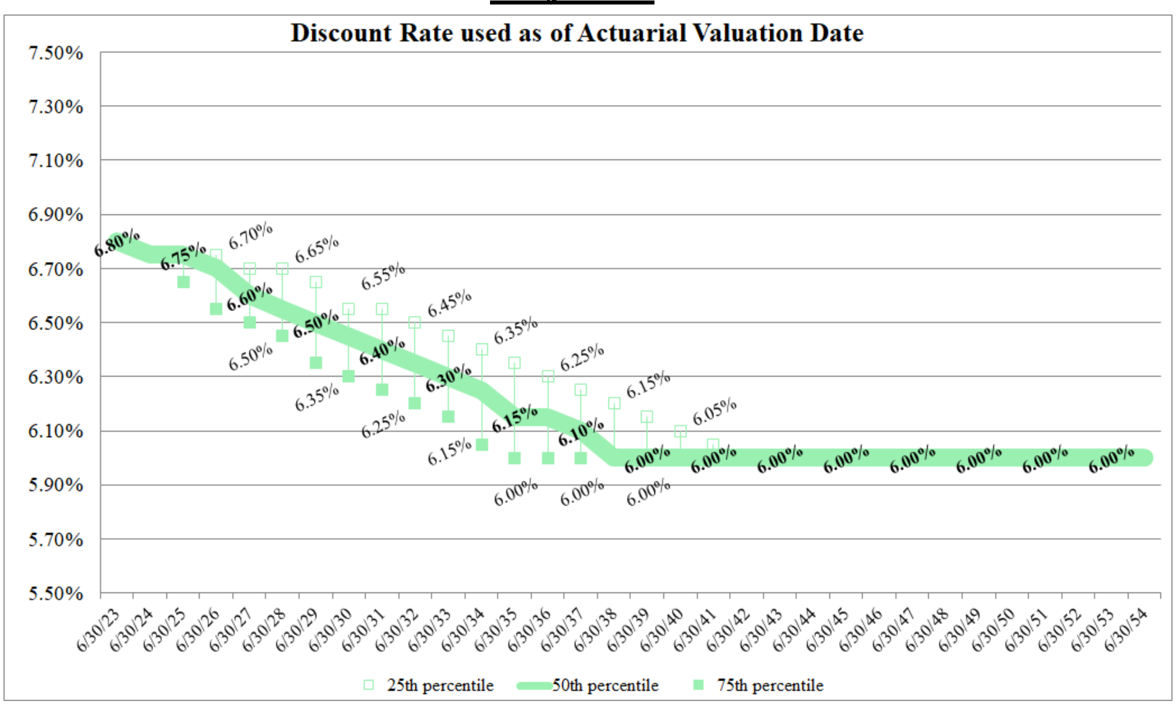
- Move to more conservative investments over time to reduce volatility/risk
  - Only when investment return is better than expected
  - Lower discount rate in concert

Excess Investment Return	Reduction in Discount Rate
If the actual investment returns exceed the discount rate by:	*Then the discount rate will be reduced by:*
2%	0.05%
7%	0.10%
10%	0.15%
13%	0.20%
17%	0.25%

  - Essentially use ≈50% of investment gains to pay for cost increases
  - Ultimate goal of 8% standard deviation on portfolio
- Likely get to 6.0% discount rate over 20+ years
  - Risk mitigation suspended from 6/30/16 to 6/30/18 valuation
  - Not triggererd for 6/30/19 or 6/30/20 valuations
- First triggered for 6/30/21 valuation – 6.8% discount rate
- Not triggered for 6/30/22 or 6/30/23 valuations
- April 16, 2024 CalPERS Board removed automatic trigger

Risk Mitigation

Projection



RISK MITIGATION

Portfolio Target Allocations

	Prior Portfolio	11/17/21 Portfolio
Asset Classification		
Liquidity	1%	-
Real Assets	13%	15%
Private Debt	-	5%
EM Sov Bonds	1%	5%
High Yield	4%	5%
Investment Grade Corp.	6%	10%
Mtge-backed Securities	7%	5%
Treasury	10%	5%
Private Equity	8%	13%
Global Equity[2]	50%	42%
Leverage	-	(5)%
Total	100%	100%
Standard Deviation	11.2%	12.1%

[2] Cap and non-cap weighted combined for this table; actual portfolios have specific allocations for each classification.

RISK MITIGATION

This page intentionally blank

SUMMARY OF DEMOGRAPHIC INFORMATION

Miscellaneous

	2003	2013	2022	2023
Actives				
■ Counts	12,671	15,530	18,082	19,428
■ Average				
• Age	43	44	44	43
• County Service	8	10	9	9
• PERSable Wages	$42,800	$55,200	$68,900	$72,800
■ Total PERSable Wages	542,100,000	856,600,000	1,245,600,000	1,414,800,000
Inactive Members				
■ Counts				
• Transferred	2,513	3,635	4,249	4,664
• Separated	2,976	7,414	12,803	13,813
• Retired				
➢ Service	3,665	7,480	11,842	12,225
➢ Disability	553	578	706	725
➢ Beneficiaries	597	822	1,174	1,258
➢ Total	4,815	8,880	13,722	14,208
■ Average Annual County Provided Pension for Service Retirees[3]	$12,200	$23,200	$33,200	$34,200

[3] Average pension based on County service & County benefit formula; not representative of long-service employees.

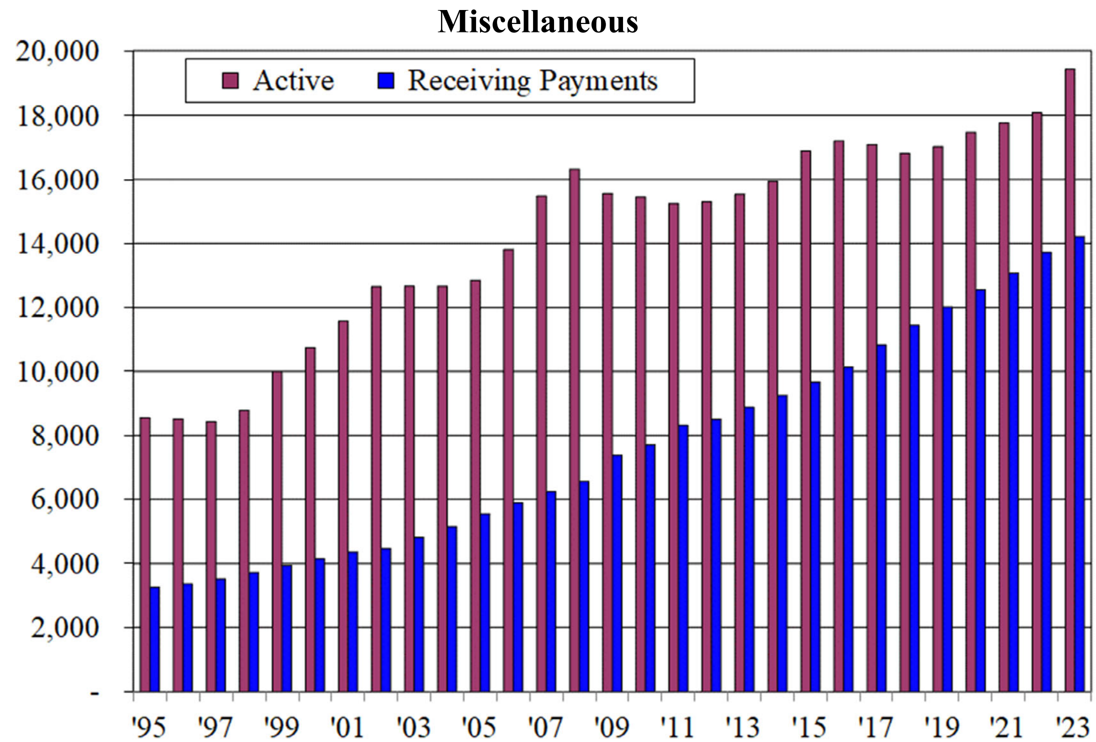
SUMMARY OF DEMOGRAPHIC INFORMATION

Safety

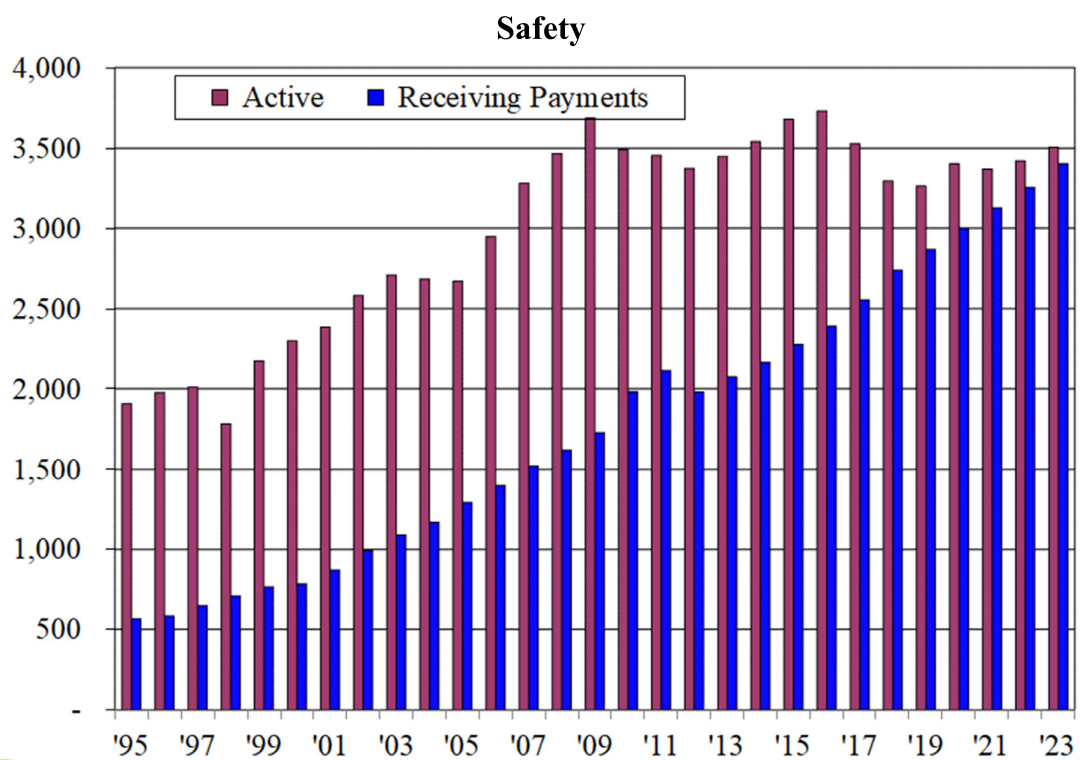
	2003	2013	2022	2023
Actives				
■ Counts	2,708	3,448	3,421	3,506
■ Average				
• Age	39	39	40	39
• County Service	9	10	12	11
• PERSable Wages	$54,500	$78,700	$97,600	$99,400
■ Total PERSable Wages	147,500,000	271,400,000	333,900,000	348,400,000
Inactive Members				
■ Counts				
• Transferred	470	524	705	749
• Separated	306	530	891	952
• Retired				
➢ Service	540	1,346	2,258	2,373
➢ Disability	442	545	676	693
➢ Beneficiaries	108	182	322	338
➢ Total	1,090	2,073	3,256	3,404
■ Average Annual County Provided Pension for Service Retirees[4]	$28,100	$50,600	$66,100	$68,000

[4] Average pension based on County service & County benefit formula; not representative of long-service employees.

SUMMARY OF DEMOGRAPHIC INFORMATION



SUMMARY OF DEMOGRAPHIC INFORMATION



PLAN FUNDED STATUS

Miscellaneous

	June 30, 2022	June 30, 2023
■ **Actuarial Accrued Liability**		
● Active	$4,237,600,000	$4,482,900,000
● Retiree	5,358,400,000	5,664,300,000
● Inactive	599,500,000	665,500,000
● Total	10,195,500,000	10,812,700,000
■ **Assets**	7,608,800,000	8,036,500,000
■ **Unfunded Liability**	2,586,700,000	2,776,200,000
■ **Funded Ratio**	74.6%	74.3%
■ **Average funded ratio for CalPERS Miscellaneous:**		
● **Public Agency Plans**	73.5%	73.3%
● **City & County Plans**	72.5%	72.2%
● **County Plans**	69.7%	69.6%

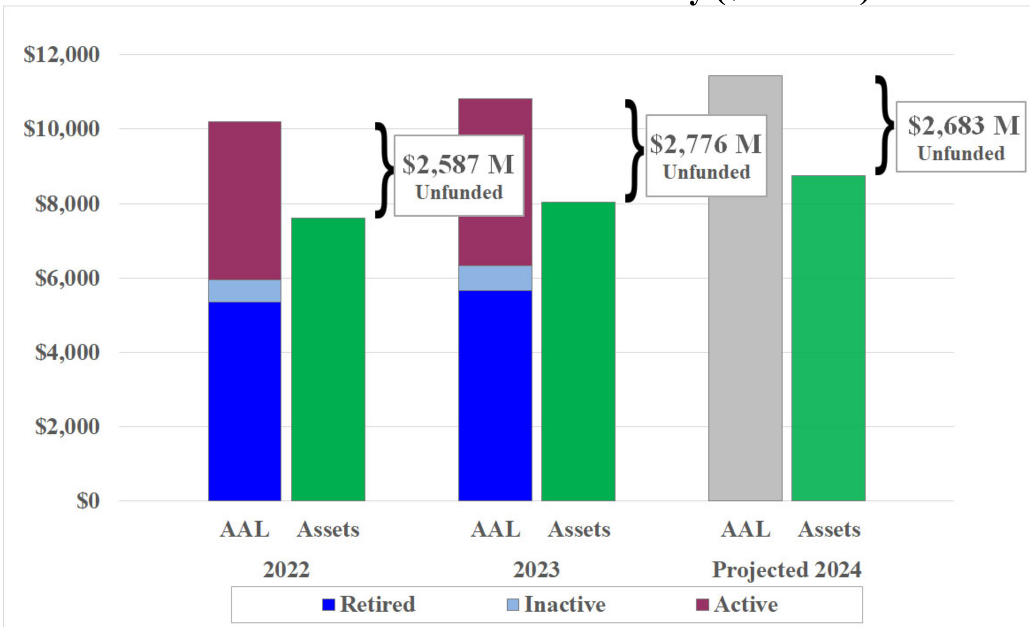
PLAN FUNDED STATUS

Safety

	June 30, 2022	June 30, 2023
■ **Actuarial Accrued Liability**		
● Active	$1,842,800,000	$1,880,300,000
● Retiree	2,698,500,000	2,903,100,000
● Inactive	149,700,000	170,100,000
● Total	4,691,000,000	4,953,500,000
■ **Assets**	3,603,400,000	3,786,700,000
■ **Unfunded Liability**	1,087,600,000	1,166,800,000
■ **Funded Ratio**	76.8%	76.4%
■ **Average funded ratio for CalPERS Safety:**		
● **Public Agency Plans**	71.3%	70.9%
● **City & County Plans**	71.3%	70.8%
● **County Plans**	70.9%	70.7%

PLAN FUNDED STATUS

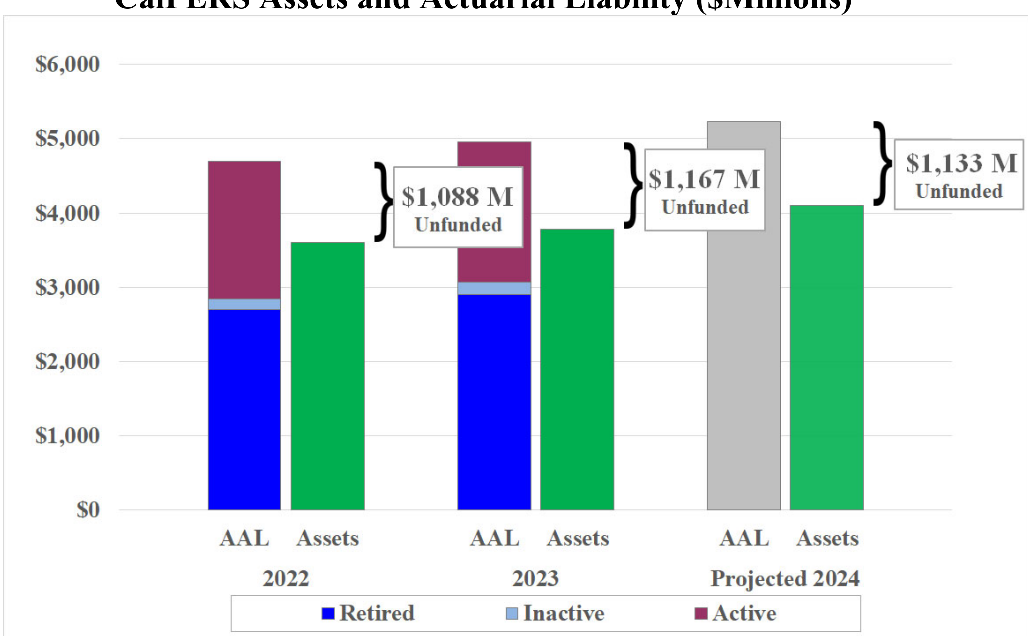
Miscellaneous
CalPERS Assets and Actuarial Liability ($Millions)[5]



5 Projected 2024 assets reflects 9.3% CalPERS investment return for 2023/24.

PLAN FUNDED STATUS

Safety
CalPERS Assets and Actuarial Liability ($Millions)[6]



6 Projected 2024 assets reflects 9.3% CalPERS investment return for 2023/24.

Miscellaneous

Discount Rate Sensitivity

June 30, 2023

	Discount Rate		
	6.80%	**6.30%**[7]	**5.80%**
AAL	$10,812,700,000	$11,595,300,000	$12,377,800,000
Assets	8,036,500,000	8,036,500,000	8,036,500,000
Unfunded Liability	2,776,200,000	3,558,800,000	4,341,300,000
Funded Ratio	74.3%	69.3%	64.9%

[7] Estimated by Foster & Foster.

Safety

Discount Rate Sensitivity

June 30, 2023

	Discount Rate		
	6.80%	**6.30%**[8]	**5.80%**
AAL	$4,953,500,000	$5,325,800,000	$5,698,100,000
Assets	3,786,700,000	3,786,700,000	3,786,700,000
Unfunded Liability	1,166,800,000	1,539,100,000	1,911,400,000
Funded Ratio	76.4%	71.1%	66.5%

[8] Estimated by Foster & Foster.

PLAN FUNDED STATUS

Miscellaneous

Unfunded Accrued Liability Changes

■ **Unfunded Accrued Liability on 6/30/22**		$2,586,700,000
■ **Expected 6/30/23 Unfunded Accrued Liability**		2,619,500,000
■ **Changes**		
• Asset Loss (Gain) (6.1% return for FY 2023)	52,200,000	
• Contribution & Experience Loss (Gain)	104,500,000	
• Total		156,700,000
■ **Unfunded Accrued Liability on 6/30/23**		2,776,200,000
■ **Projected Unfunded Accrued Liability on 6/30/24**[9]		2,682,500,000

[9] Projected 2024 assets reflects 9.3% CalPERS investment return for 2023/24.

PLAN FUNDED STATUS

Safety

Unfunded Accrued Liability Changes

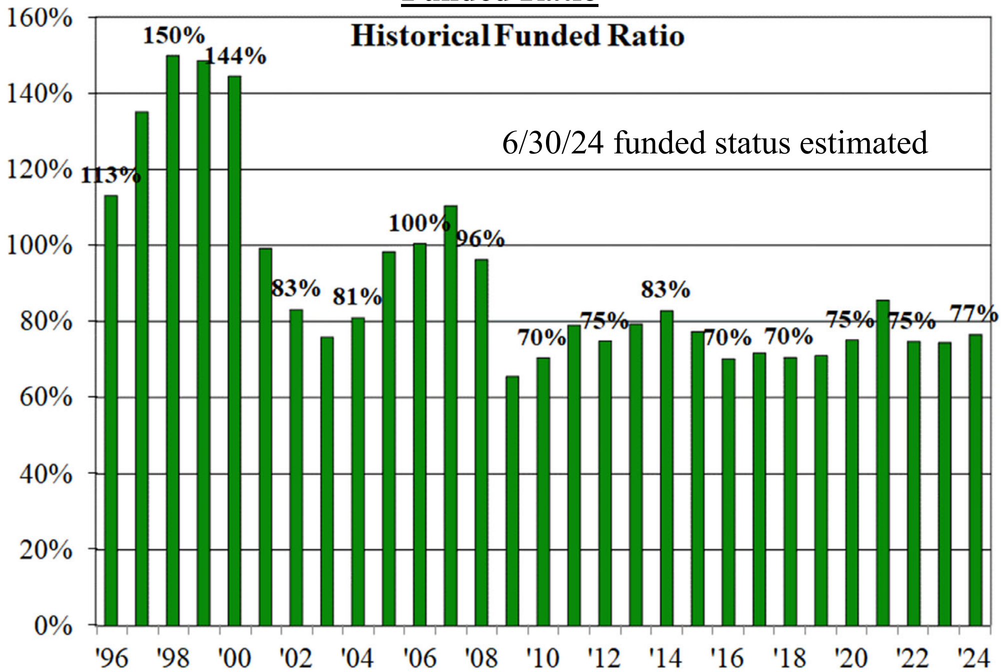
■ **Unfunded Accrued Liability on 6/30/22**		$1,087,600,000
■ **Expected 6/30/23 Unfunded Accrued Liability**		1,111,900,000
■ **Changes**		
• Asset Loss (Gain) (6.1% return for FY 2023)	27,000,000	
• Contribution & Experience Loss (Gain)	27,900,000	
• Total		54,900,000
■ **Unfunded Accrued Liability on 6/30/23**		1,166,800,000
■ **Projected Unfunded Accrued Liability on 6/30/24**[10]		1,132,900,000

[10] Projected 2024 assets reflects 9.3% CalPERS investment return for 2023/24.

FUNDED RATIO

Miscellaneous

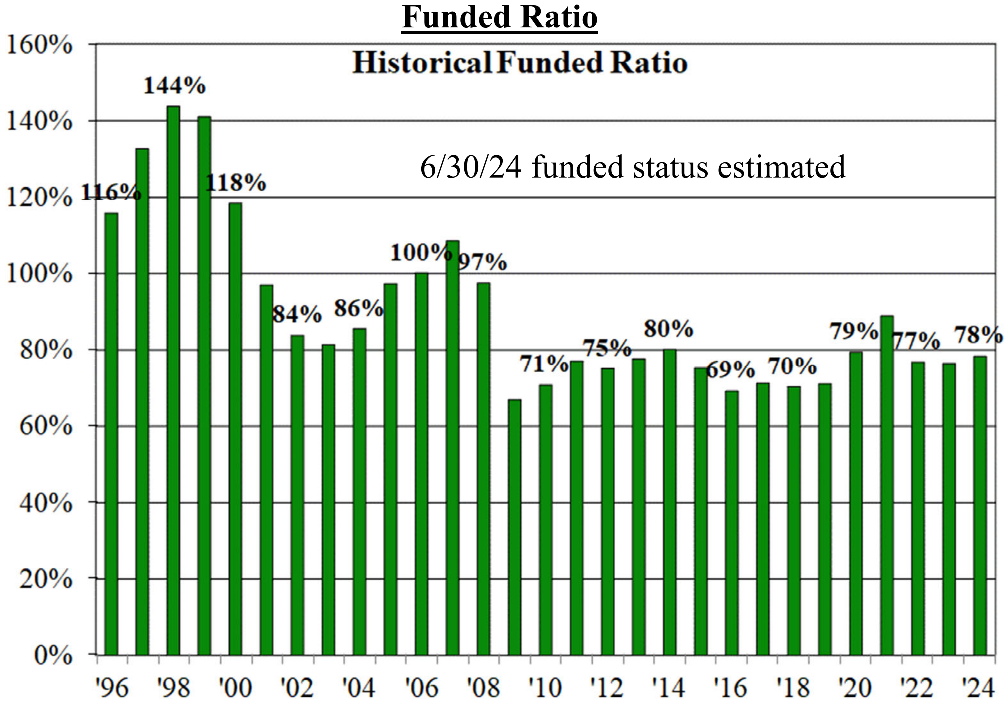
Funded Ratio



FUNDED RATIO

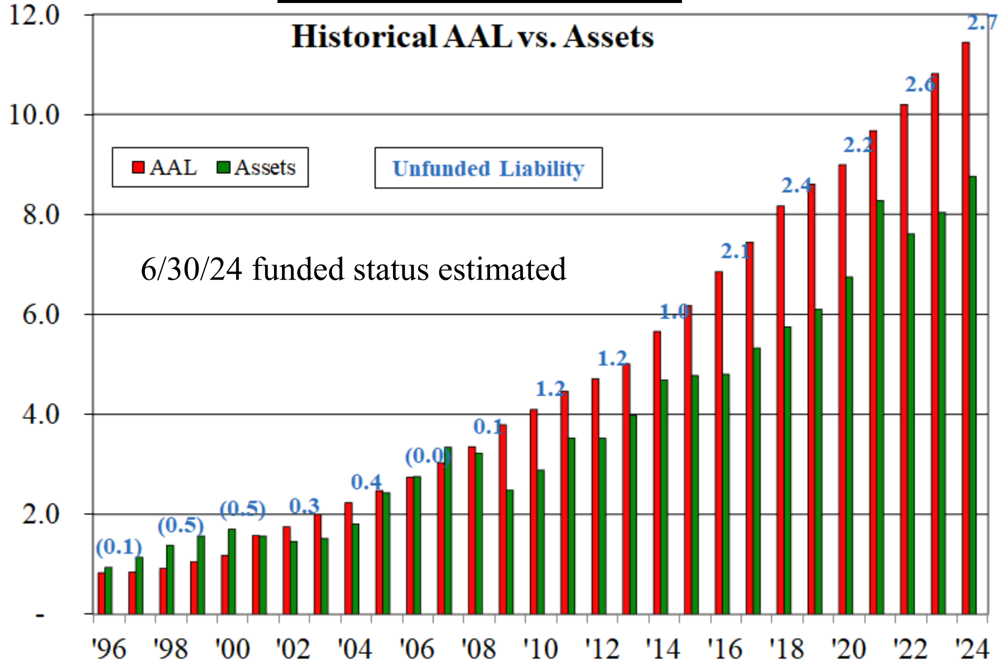
Safety

Funded Ratio



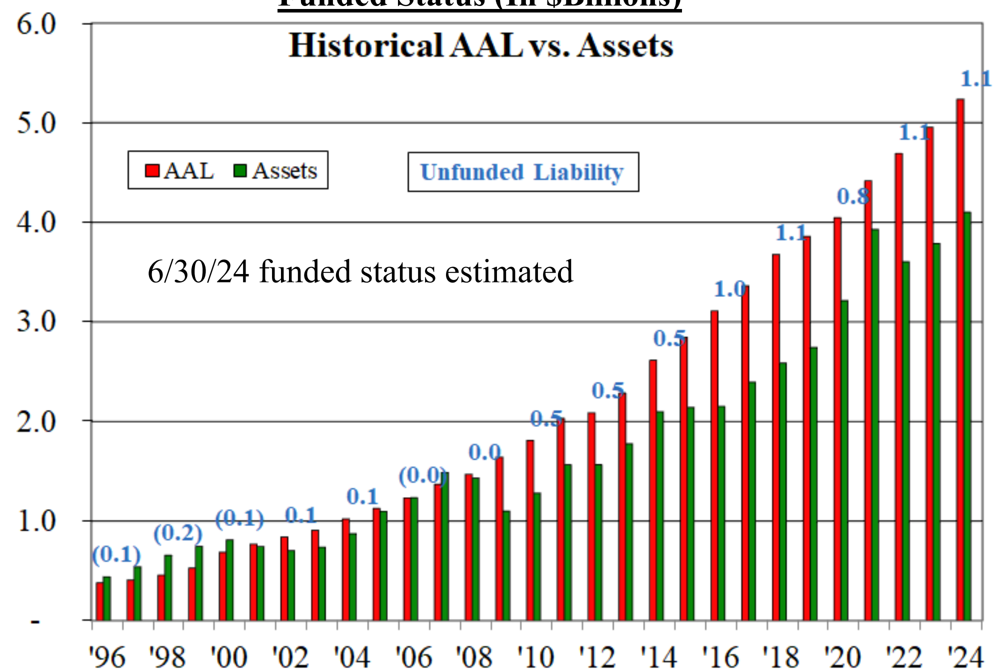
Miscellaneous

Funded Status (In $Billions)



Safety

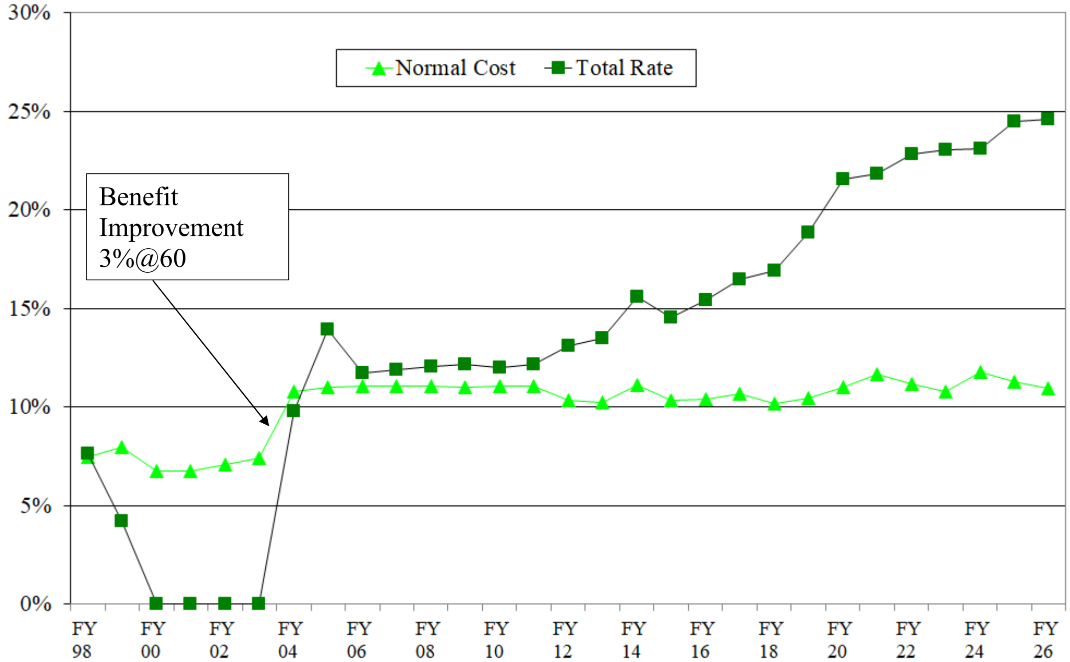
Funded Status (In $Billions)



CONTRIBUTION RATES

Miscellaneous

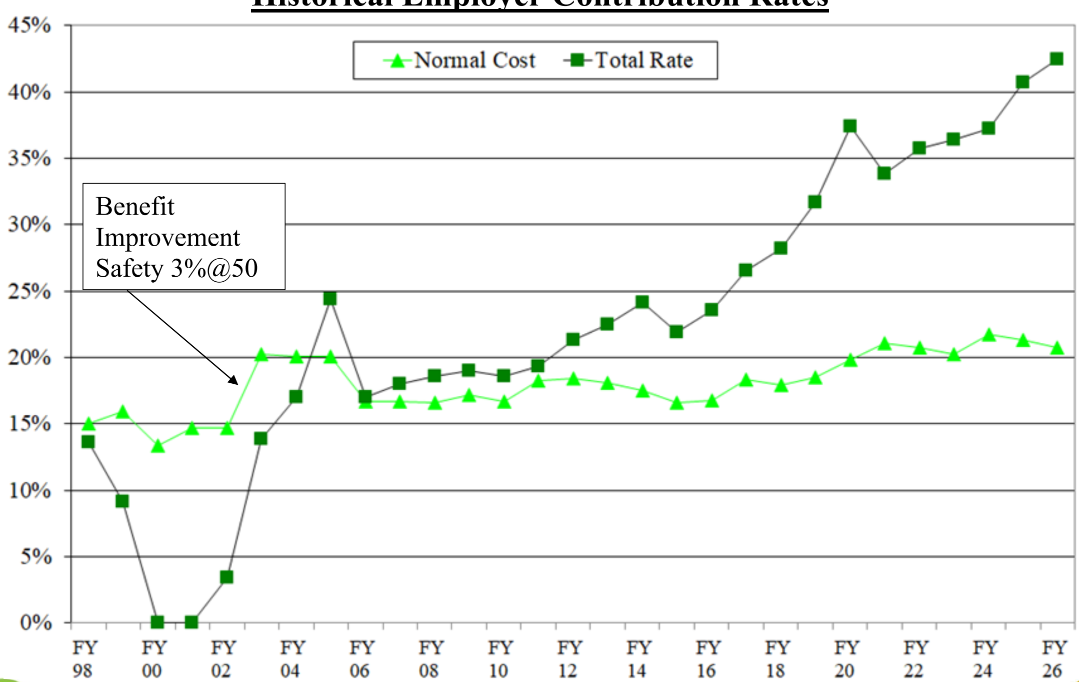
Historical Employer Contribution Rates



CONTRIBUTION RATES

Safety

Historical Employer Contribution Rates



CONTRIBUTION RATES

Miscellaneous

	6/30/22 2024/2025	6/30/23 2025/2026
■ Total Normal Cost	19.1%	18.7%
■ Employee Normal Cost	7.8%	7.8%
■ Employer Normal Cost	11.3%	10.9%
■ Amortization Payments	13.2%	13.7%[11]
■ Total Employer Contribution Rate	24.5%	24.6%

■ 2024/25 Employer Contribution Rate	24.5%
● 6/30/23 investment (gain)/loss (6.1% vs. 6.8%)	0.1%
● Progression of amortization bases	1.3%
● Other/non-investment (Gains)/Losses	(1.3%)
■ 2025/26 Employer Contribution Rate	24.6%

[11] Equivalent to 7.6% of UAL. One year, 6.8% interest on the UAL is 12.3% of projected payroll. 2025/26 amortization payment exceeds interest on the UAL, so there is no "negative amortization."

CONTRIBUTION RATES

Safety

	6/30/22 2024/2025	6/30/23 2025/2026
■ Total Normal Cost	31.7%	31.3%
■ Employee Normal Cost	10.3%	10.6%
■ Employer Normal Cost	21.4%	20.8%
■ Amortization Payments	19.3%	21.7%[12]
■ Total Employer Contribution Rate	40.7%	42.5%

■ 2024/25 Employer Contribution Rate	40.7%
● 6/30/23 investment (gain)/loss (6.1% vs. 6.8%)	0.2%
● Progression of amortization bases	2.3%
● Other/non-investment (Gains)/Losses	(0.7%)
■ 2025/26 Employer Contribution Rate	42.5%

[12] Equivalent to 7.0% of UAL. One year, 6.8% interest on the UAL is 21.0% of projected payroll. 2025/26 amortization payment exceeds interest on the UAL, so there is no "negative amortization."

Miscellaneous
2025/26 Amortization Payment

- Amortization payment for 2025/26 is $209,884,500
- Equivalent to 7.7% of UAL
  (one year interest on UAL is 6.8%)
  - Payment exceeds interest on the UAL
  - No "negative amortization."
- Amortization period:
  - 32.7 years on level dollar amortization schedule (all payments are the same amount)
  - 19.2 years on level percent of payroll schedule (payments increase 2.8% annually)

Safety
2025/26 Amortization Payment

- Amortization payment for 2025/26 is $82,253,900
- Equivalent to 7.1% of UAL
  (one year interest on UAL is 6.8%)
  - Payment exceeds interest on the UAL
  - No "negative amortization."
- Amortization period:
  - 46.2 years on level dollar amortization schedule (all payments are the same amount)
  - 22.5 years on level percent of payroll schedule (payments increase 2.8% annually)

Contribution Projections

Investment returns:

- June 30, 2024 9.3%[13]
- Future returns based on stochastic analysis using 1,000 trials
- Single year returns[14] with current investment mix, no risk mitigation:

	Percentile		
	25th	50th	75th
First 7 years	**-2.1%**	**5.8%**	**14.6%**
After 7 years	**-0.7%**	**7.4%**	**16.3%**

- Assumes investment returns will generally be lower over the next 7 years and higher beyond that

- Discount Rate decreases due to Risk Mitigation policy – Ultimate rate 6.0%
- No Other: Gains/Losses, Method/Assumption Changes, Benefit Improvements
- Different from CalPERS projection
- Risk Mitigation:
  - Assumed to be approved by CalPERS board in each year returns meet threshhold
  - Net impact of investment gain and discount rate change amortized over 20 years with 5 year ramp up
  - Same amortization method for all future years

13 Gross return based on June 30, 2024 CalPERS News Release issued in July 2024.

14 Nth percentile means N percentage of our trials result in returns lower than the indicated rates.

Contribution Projections

- New hire assumptions:
  - All new hires assumed PEPRA members and none are Classic members

- Miscellaneous 6/30/23 employee distribution:

Benefit Tier	Count	% of Total	22/23 Payroll	% of Total
3%@60 FAE1	6,707	34.5%	$592,295,100	41.9%
2%@60 FAE3	725	3.7%	59,377,400	4.2%
2%@62 FAE3 (PEPRA)	11,996	61.8%	763,143,100	53.9%
Total	19,428	100.0%	1,414,815,600	100.0%

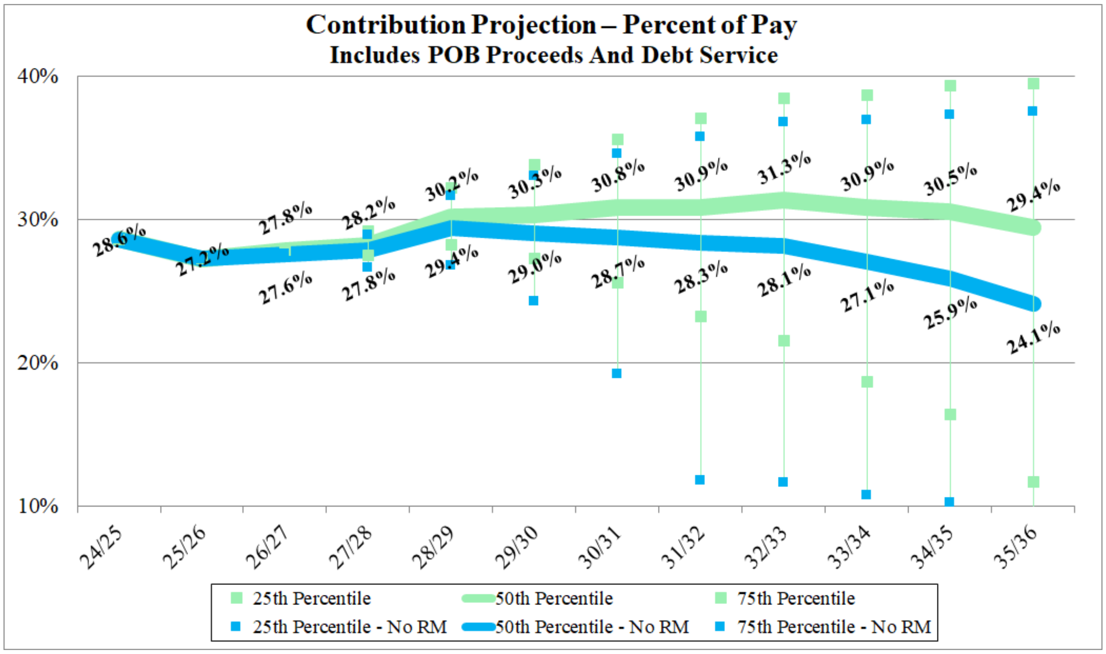
- Safety 6/30/23 employee distribution:

Benefit Tier	Count	% of Total	22/23 Payroll	% of Total
3%@50 FAE1	1,739	49.6%	$212,964,800	61.1%
2%@50 FAE3	173	4.9%	18,754,900	5.4%
2.7%@57 FAE3 (PEPRA)	1,594	45.5%	116,723,700	33.5%
Total	3,506	100.0%	348,443,400	100.0%

Contribution Projections

Miscellaneous

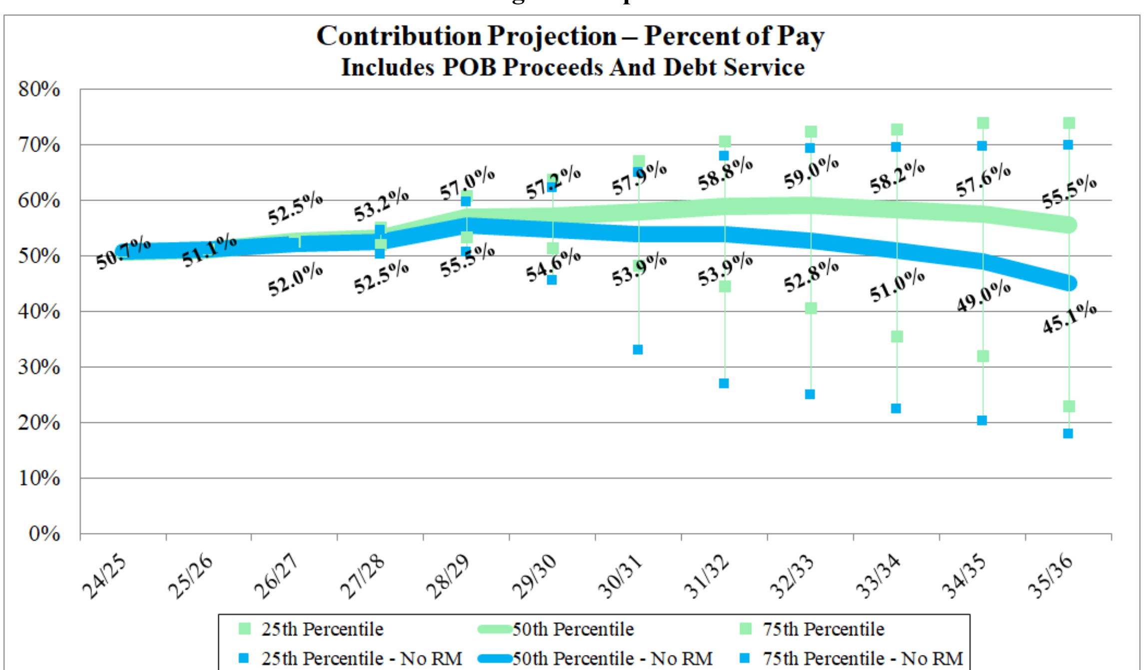
Risk Mitigation Impact



Contribution Projections

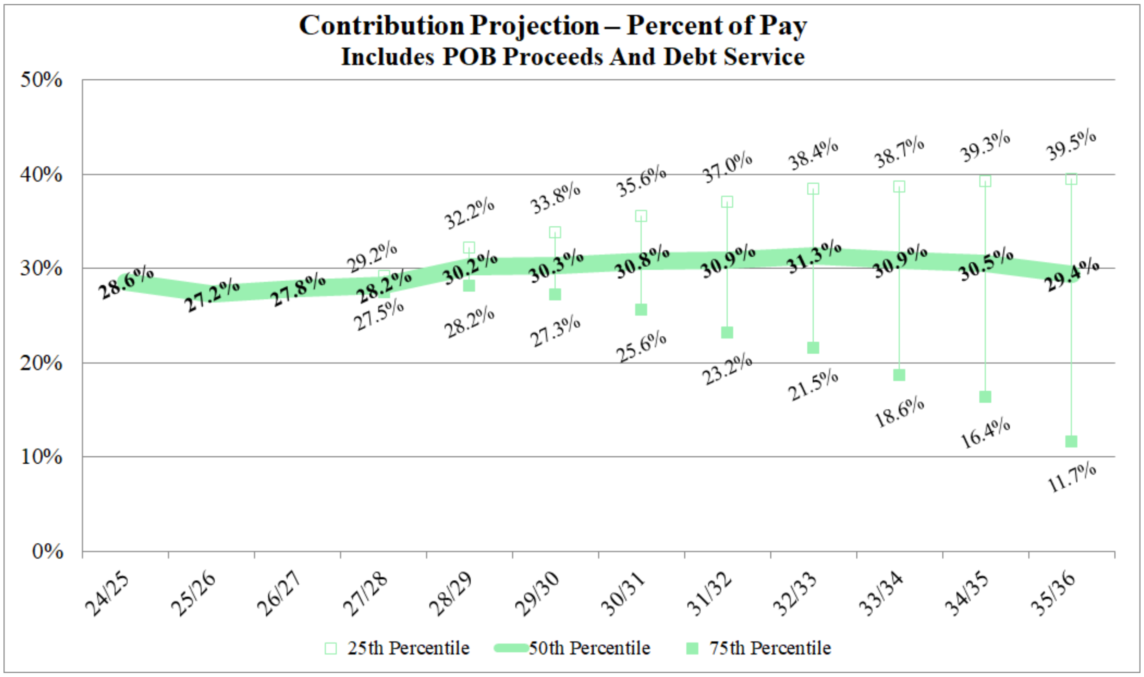
Safety

Risk Mitigation Impact



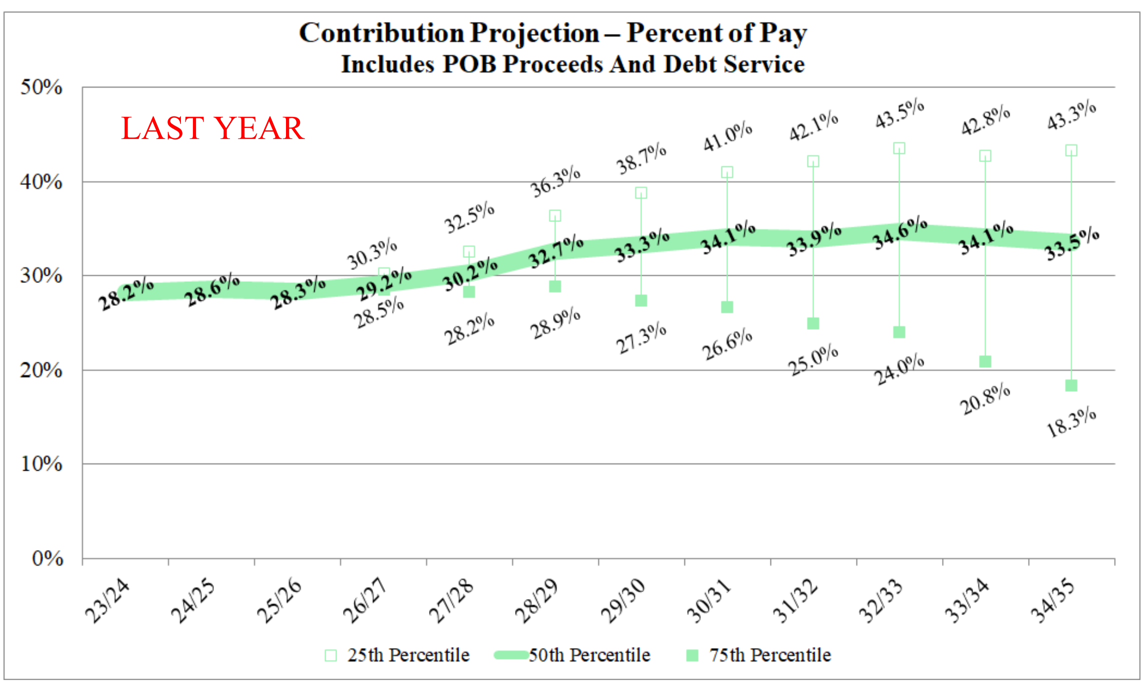
Contribution Projections

Miscellaneous



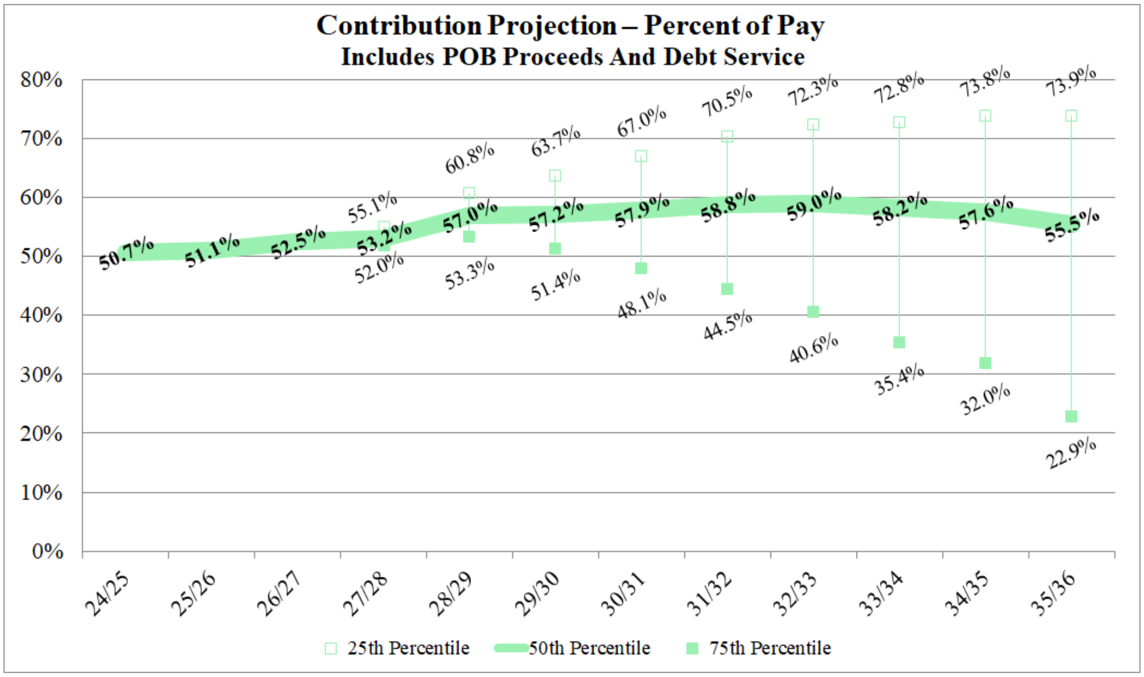
Contribution Projections

Miscellaneous



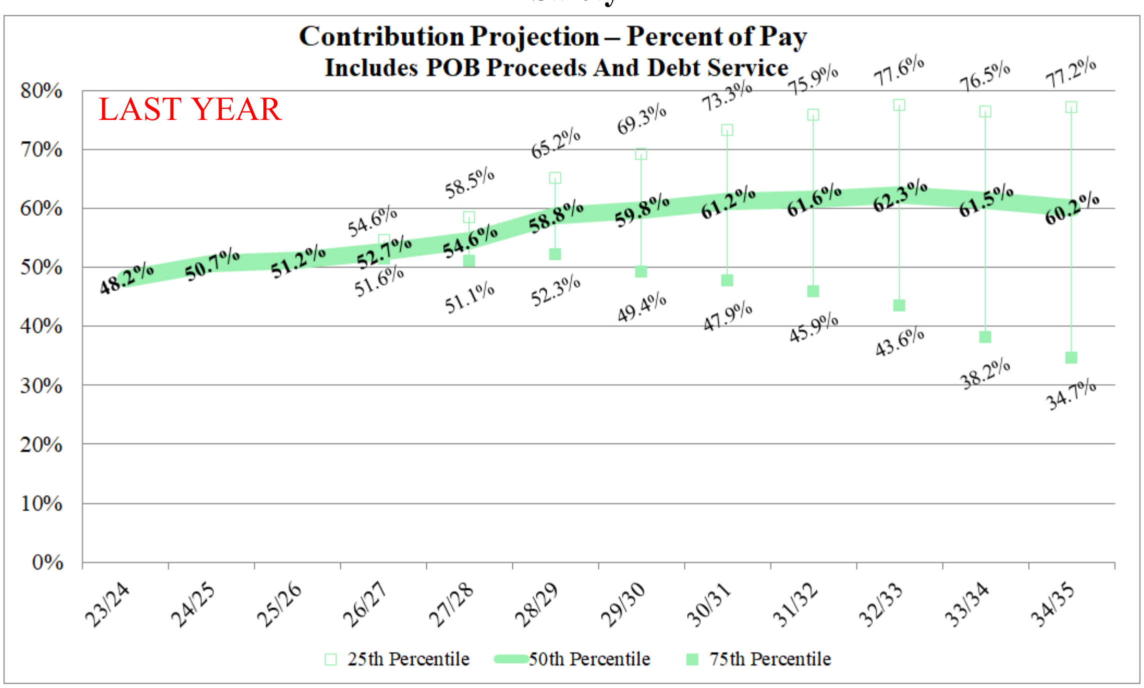
Contribution Projections

Safety



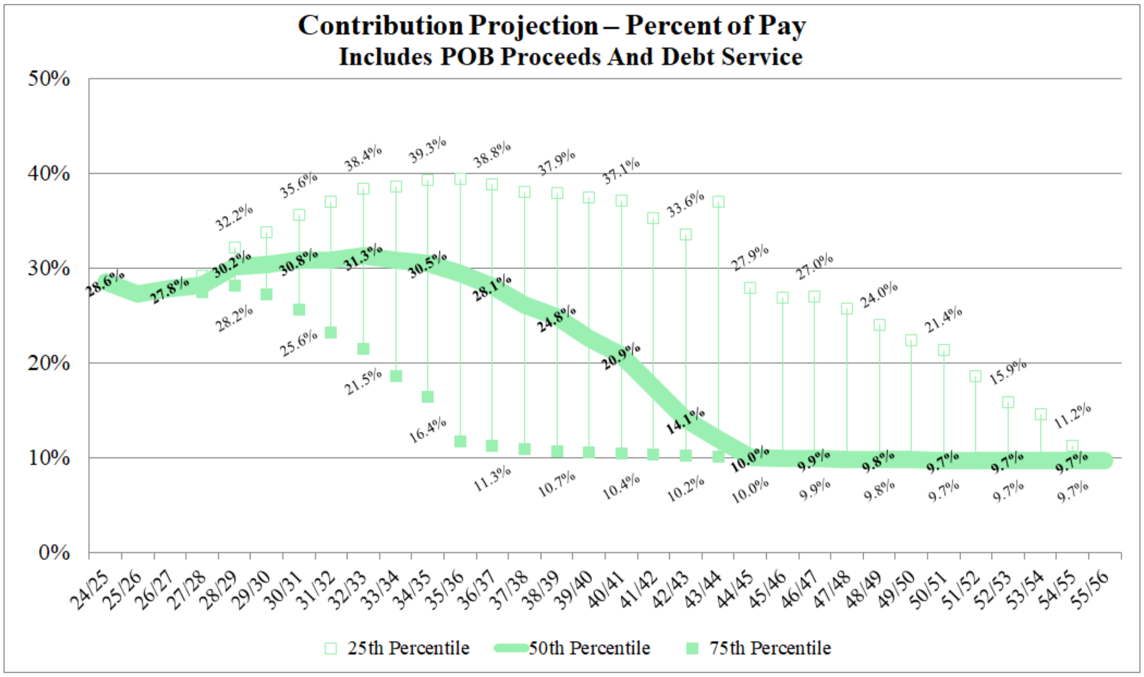
Contribution Projections

Safety



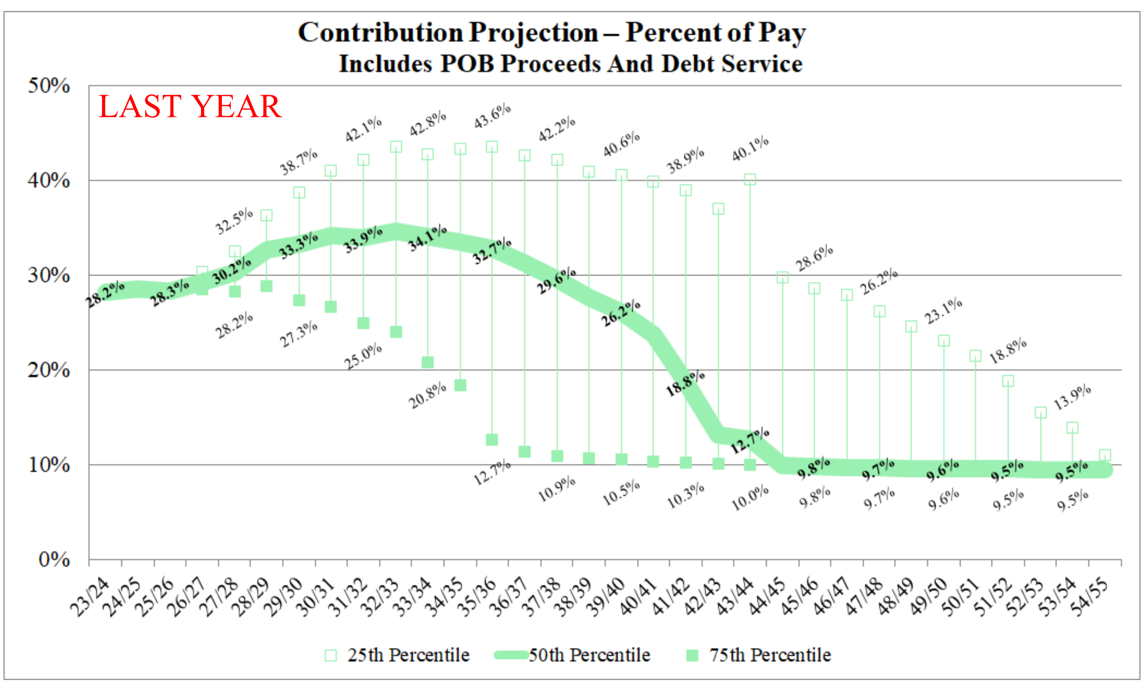
Contribution Projections

Miscellaneous



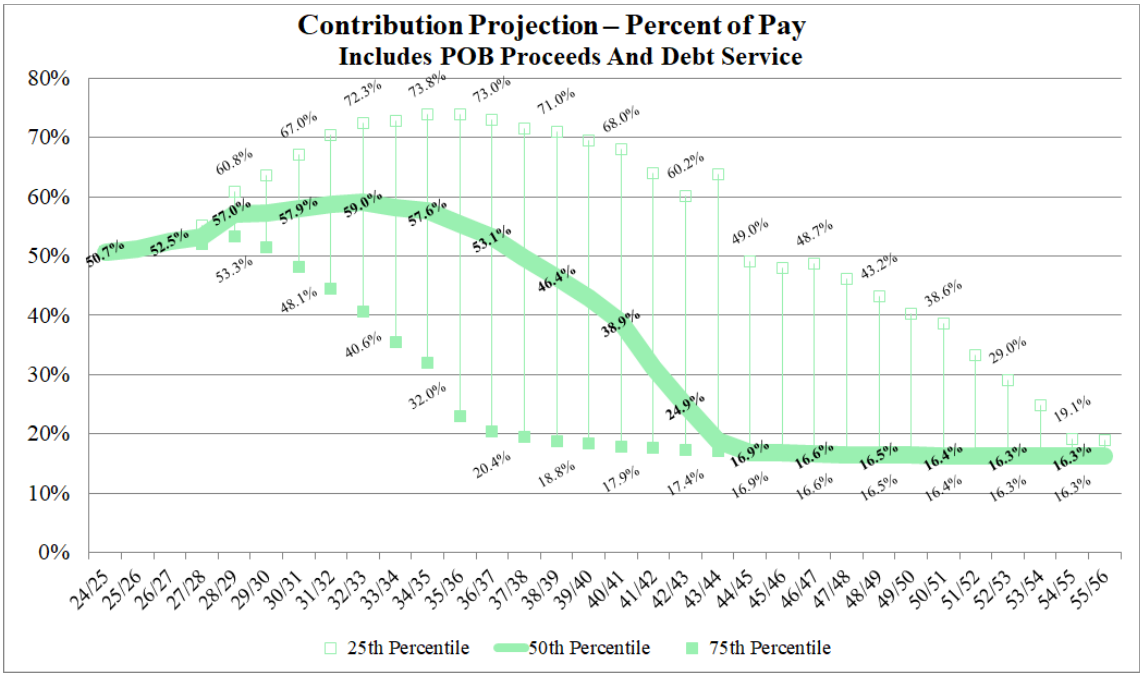
Contribution Projections

Miscellaneous



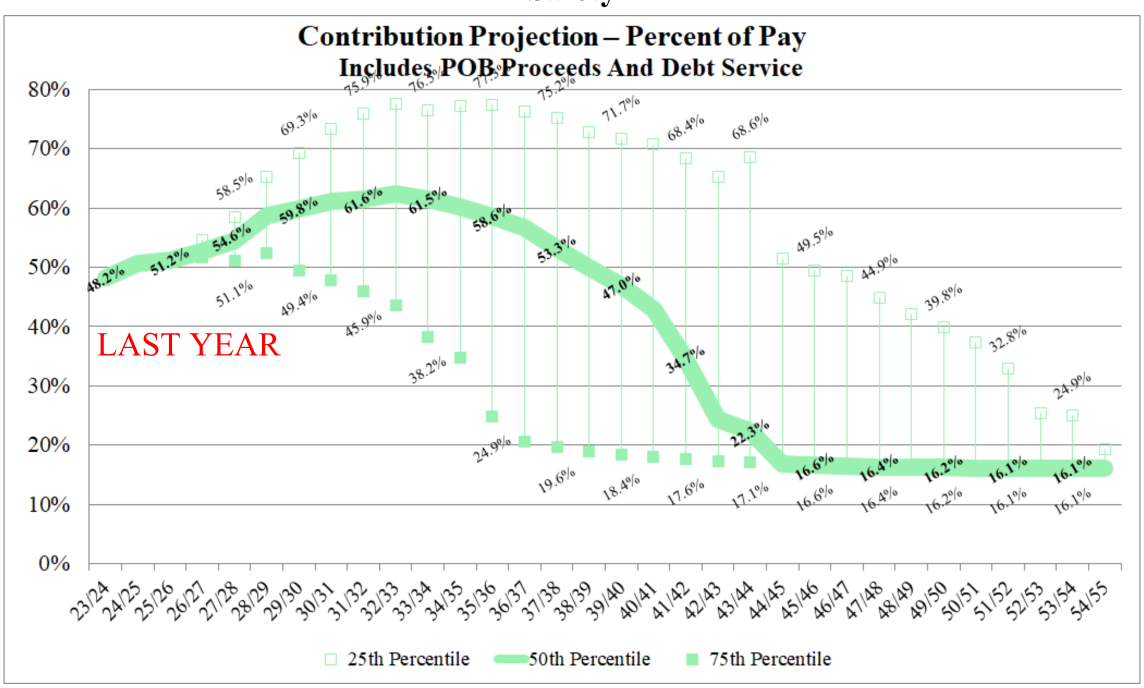
CONTRIBUTION PROJECTIONS

Safety



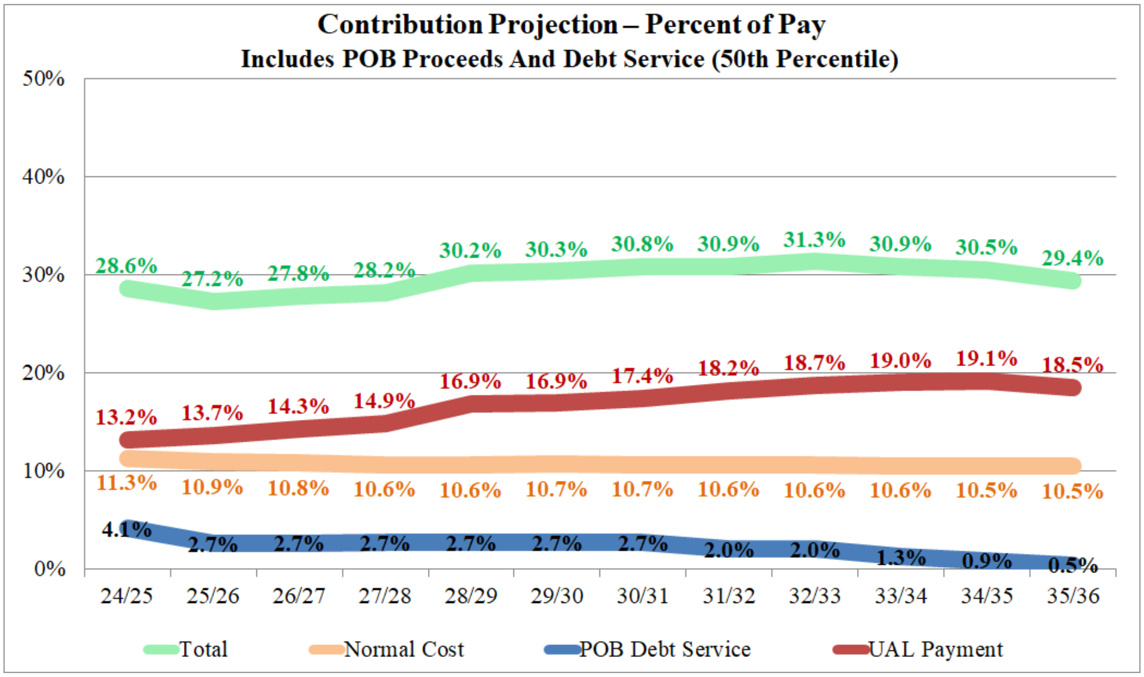
CONTRIBUTION PROJECTIONS

Safety



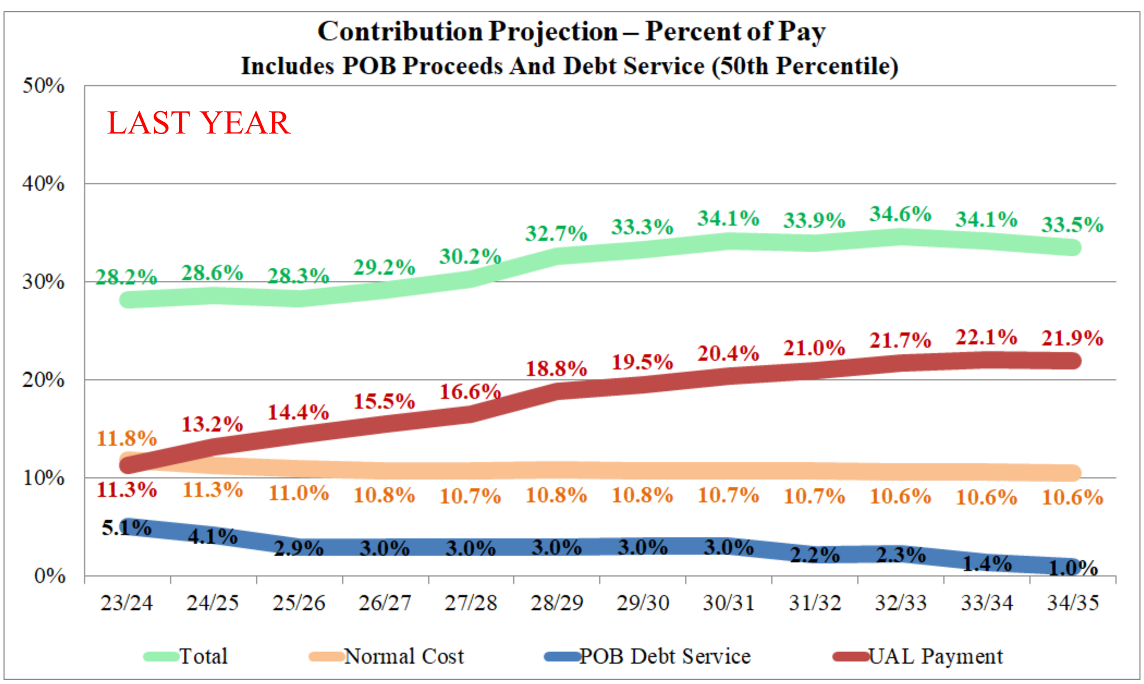
CONTRIBUTION PROJECTIONS

Miscellaneous



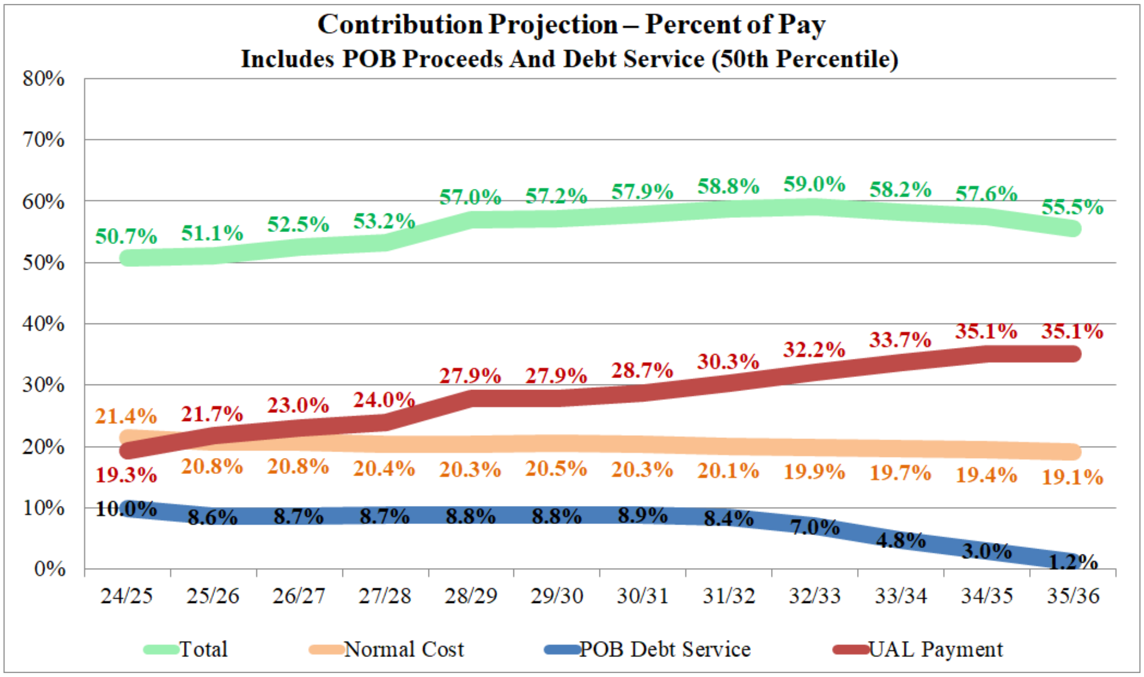
CONTRIBUTION PROJECTIONS

Miscellaneous



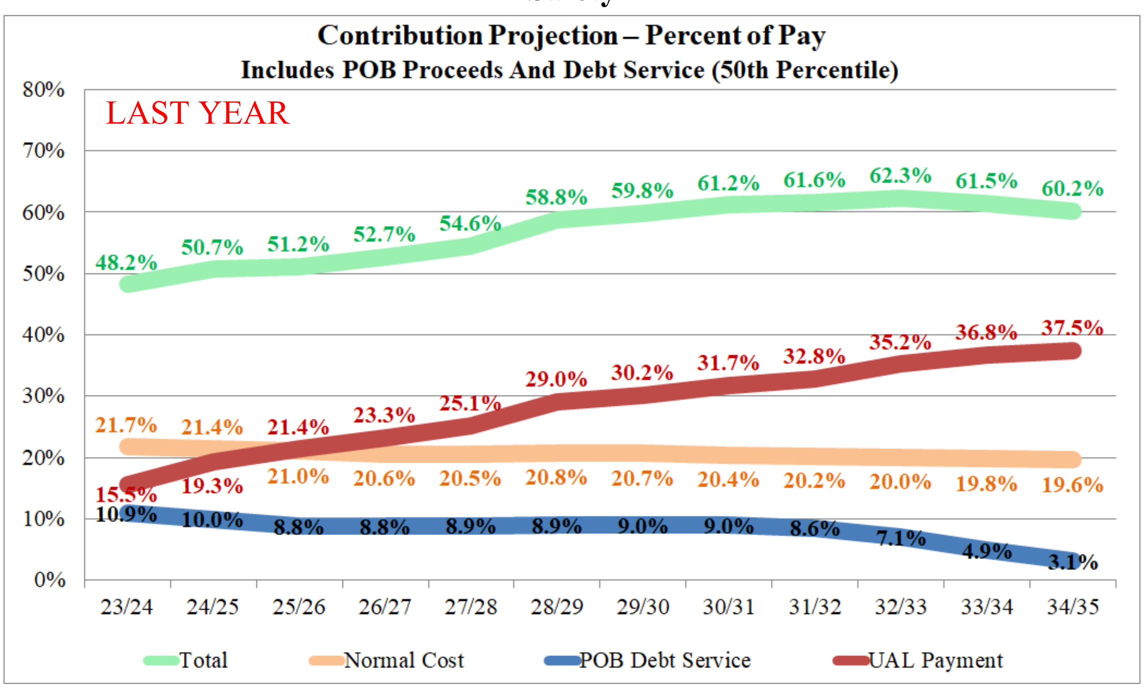
CONTRIBUTION PROJECTIONS

Safety



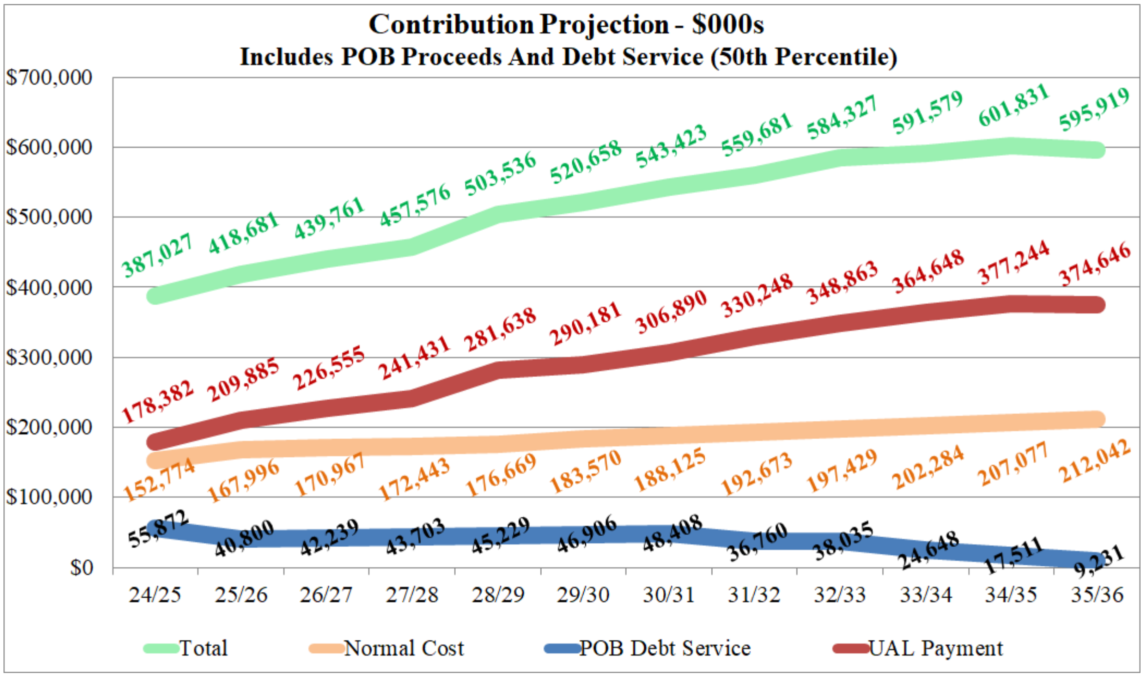
CONTRIBUTION PROJECTIONS

Safety



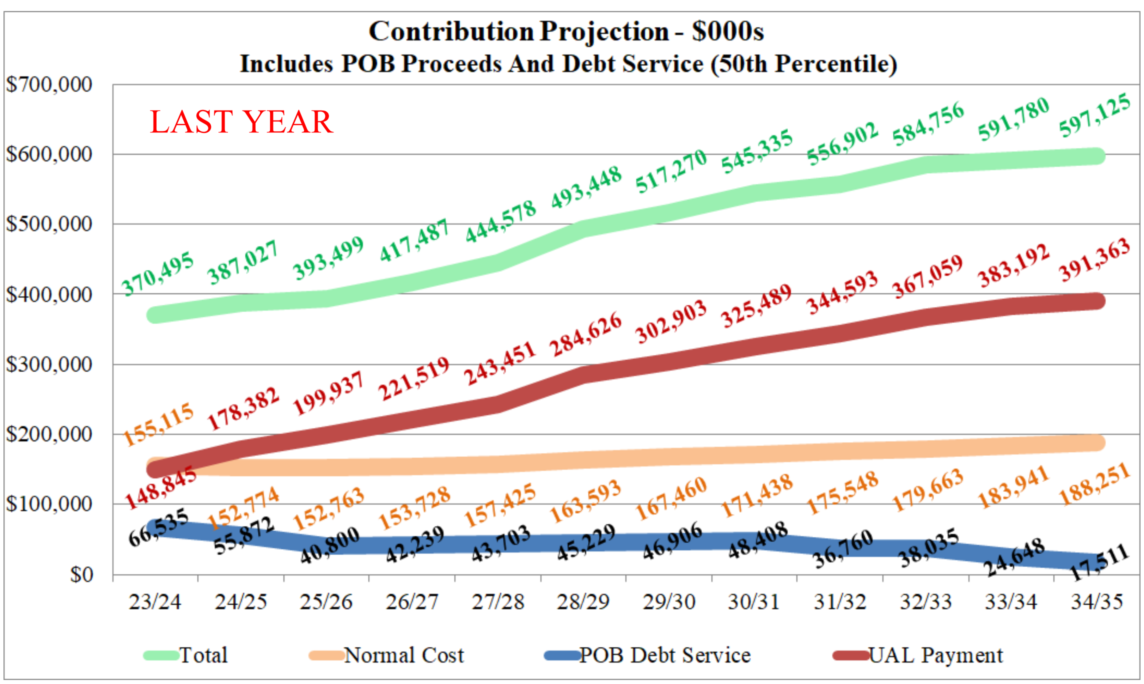
CONTRIBUTION PROJECTIONS

Miscellaneous



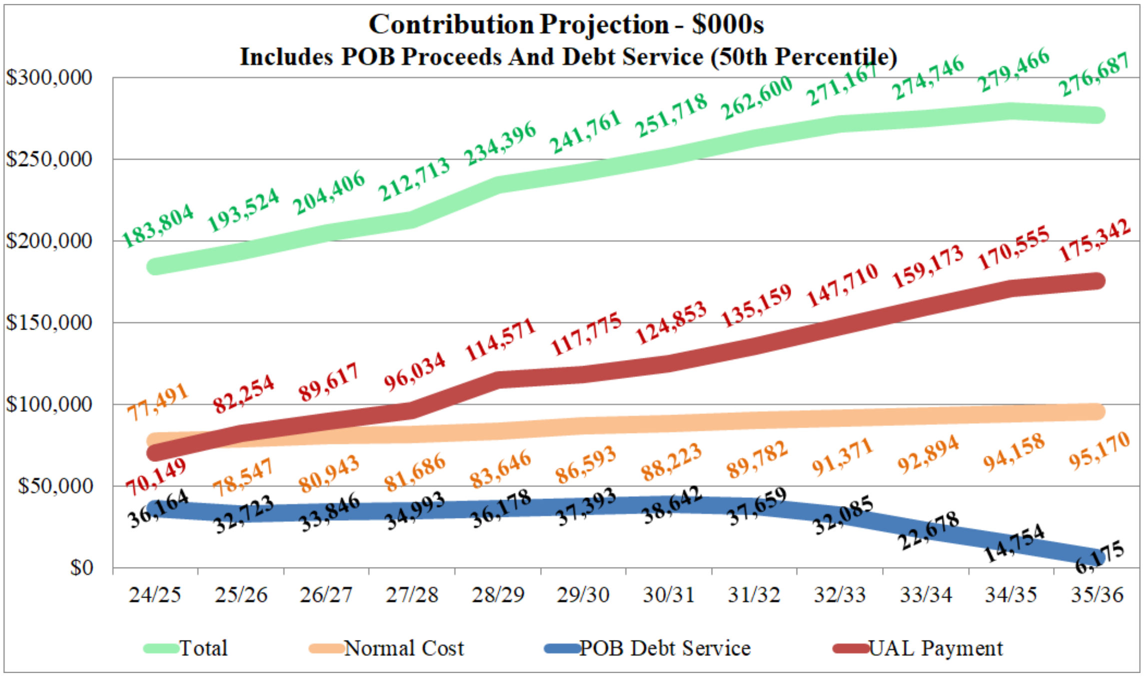
CONTRIBUTION PROJECTIONS

Miscellaneous



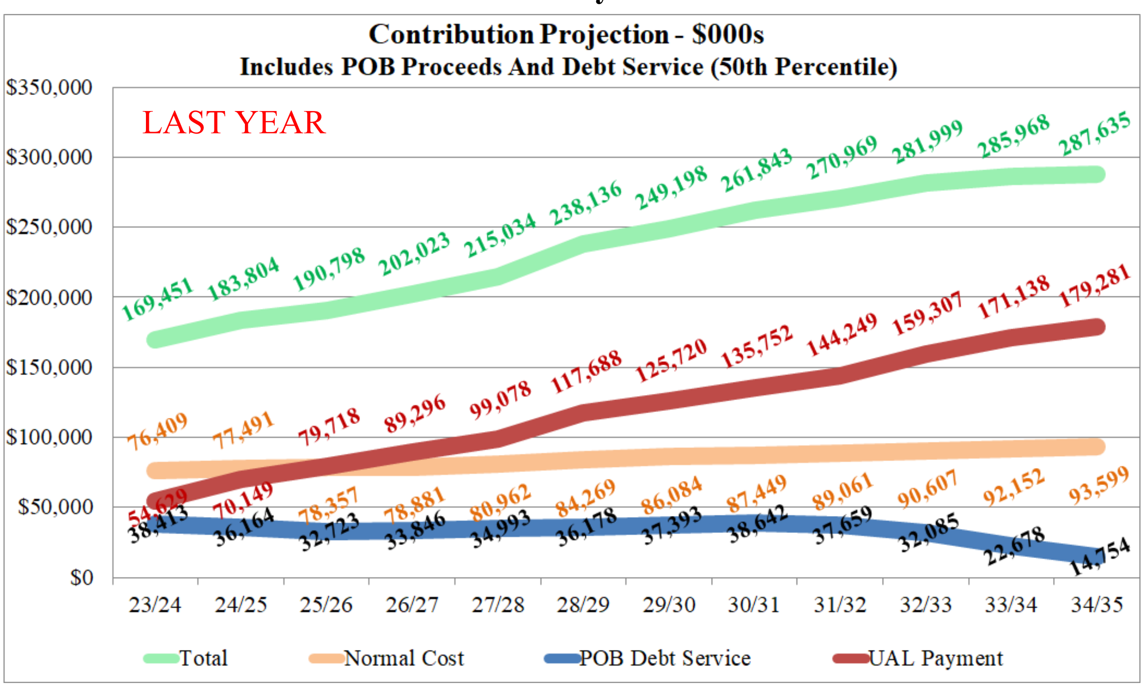
Contribution Projections

Safety



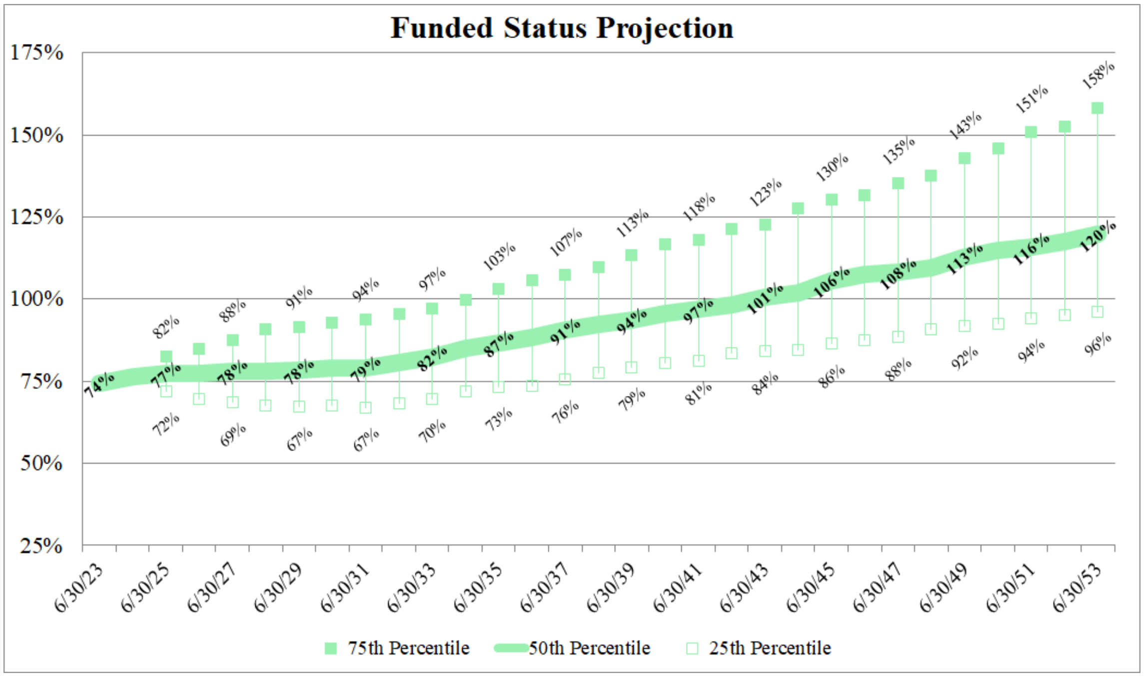
Contribution Projections

Safety



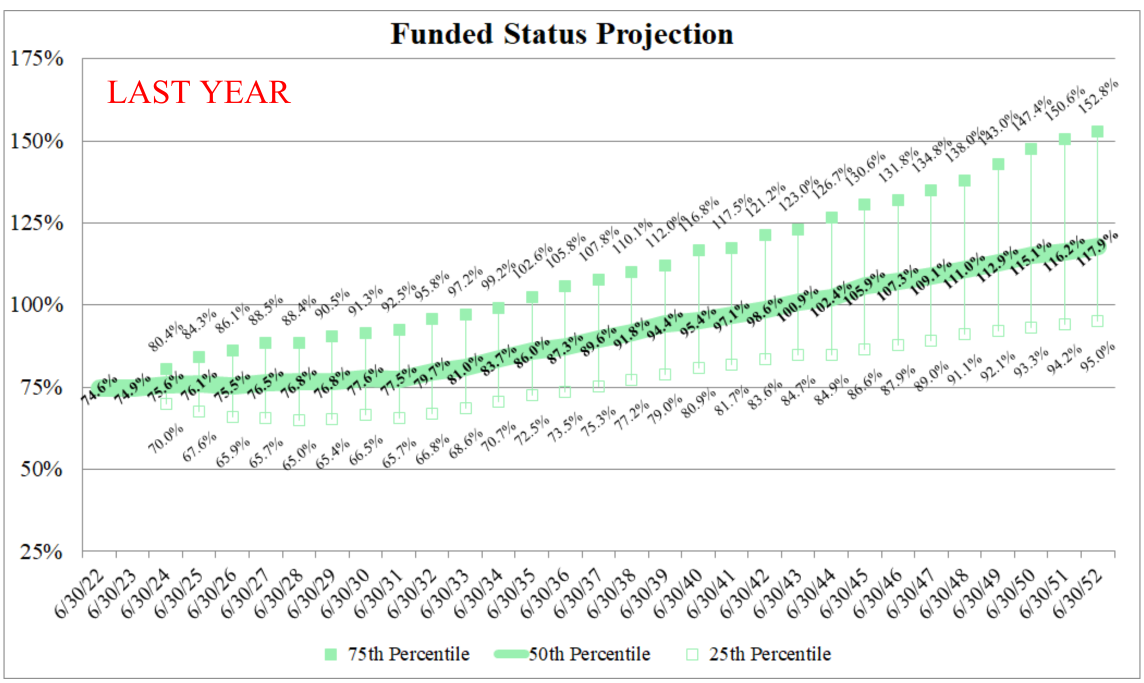
FUNDED STATUS

Miscellaneous



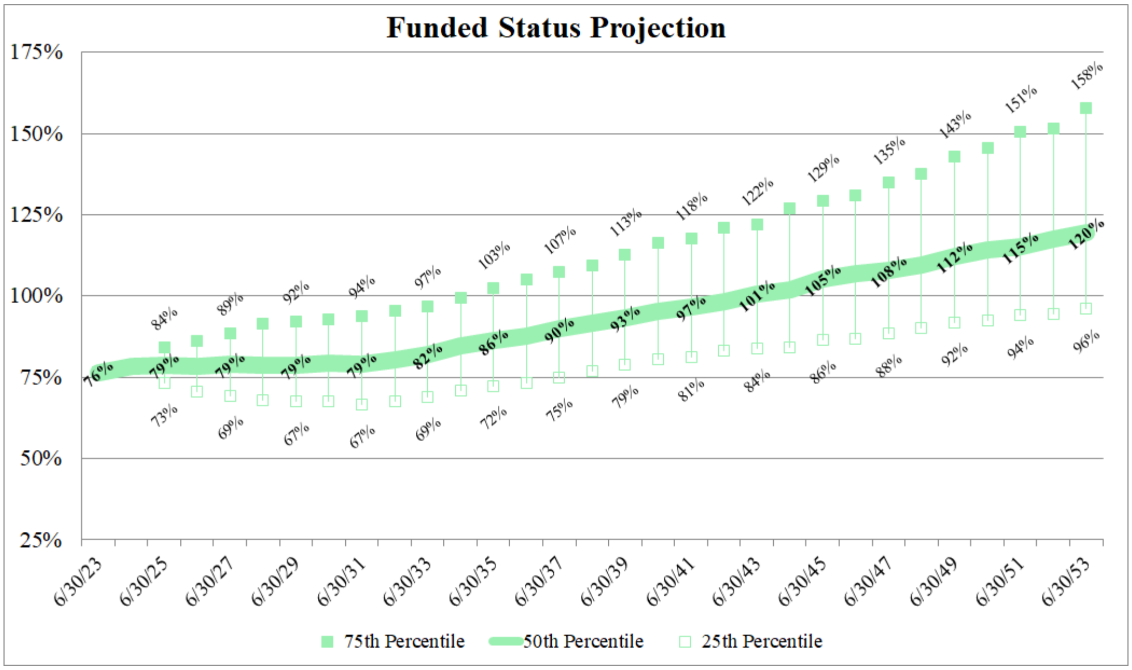
FUNDED STATUS

Miscellaneous



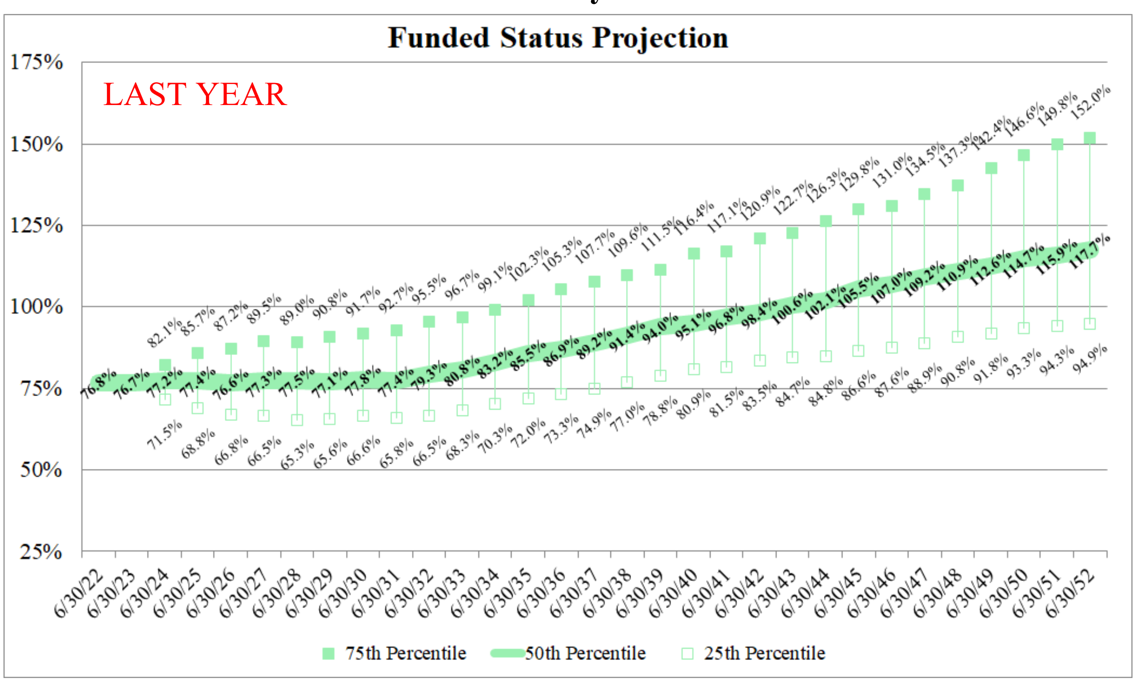
FUNDED STATUS

Safety



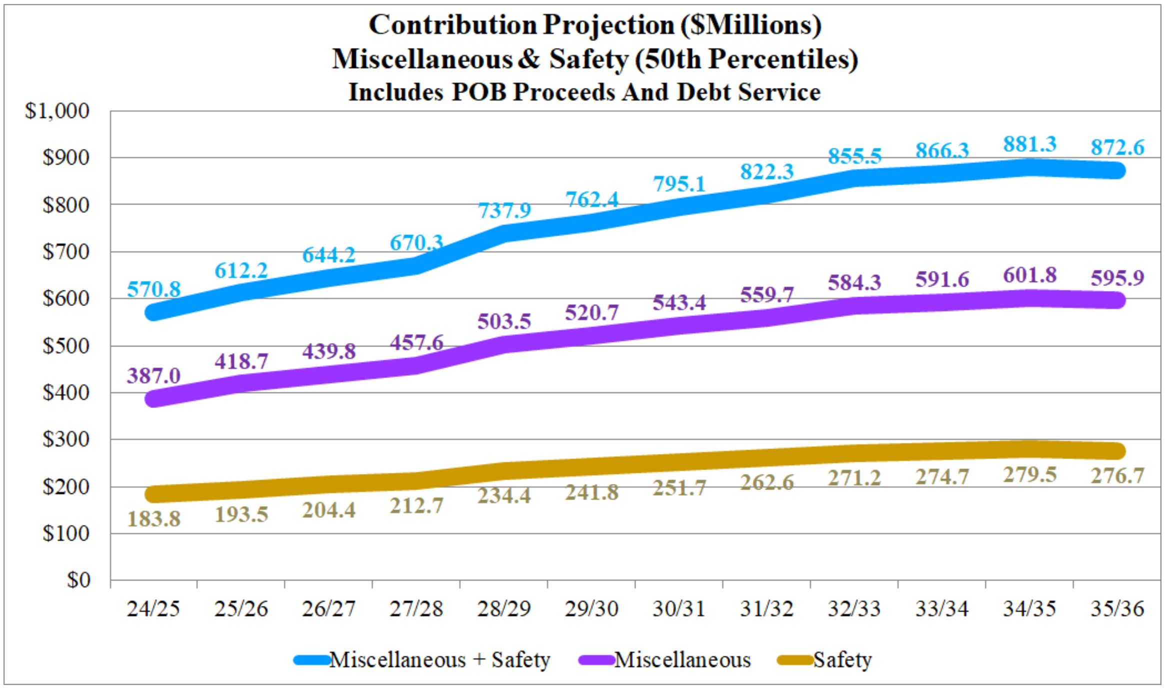
FUNDED STATUS

Safety



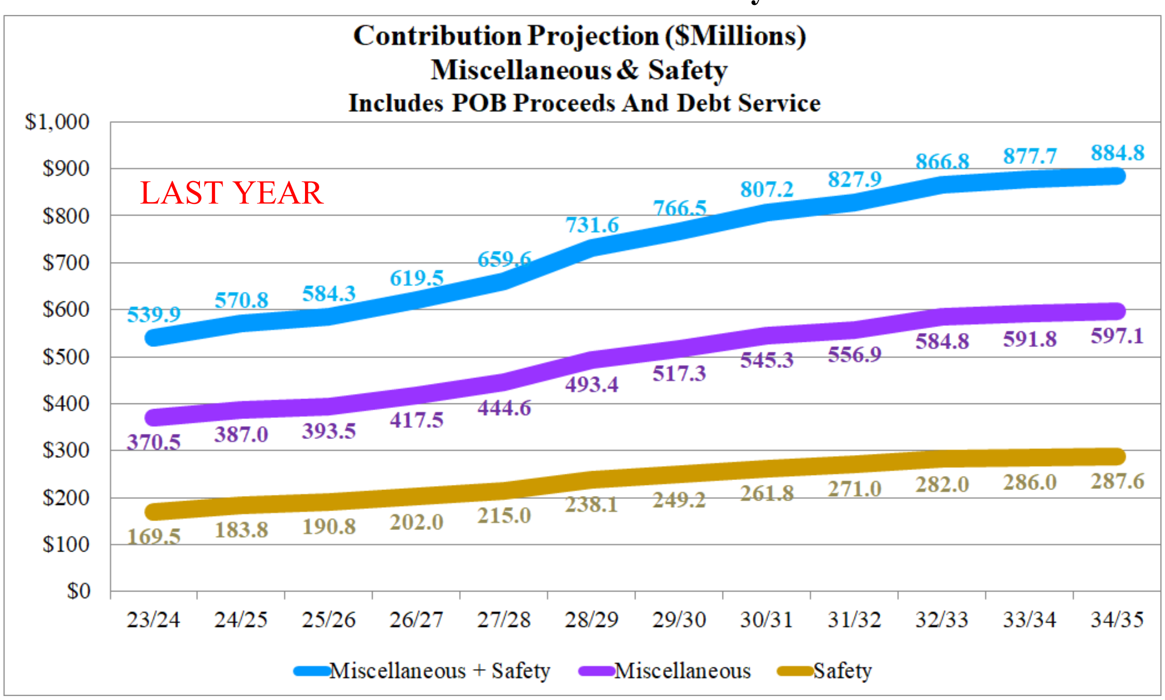
COMBINED MISCELLANEOUS AND SAFETY

Miscellaneous and Safety



COMBINED MISCELLANEOUS AND SAFETY

Miscellaneous and Safety



Miscellaneous and Safety

Funded Status Summary on June 30, 2023

(Amounts in $Millions)

	Miscellaneous	Safety	Total
■ AAL	$10,812.7	$4,953.5	$15,766.2
■ Assets	8,036.5	3,786.7	11,823.2
■ Unfunded AAL	2,776.2	1,166.8	3,943.0
■ Funded Ratio	74.3%	76.4%	75.0%

Projected Funded Status Summary on June 30, 2024[15]

(Amounts in $Millions)

	Miscellaneous	Safety	Total
■ AAL	$11,438.8	$5,234.4	$16,673.2
■ Assets	8,756.3	4,101.5	12,857.8
■ Unfunded AAL	2,682.5	1,132.9	3,815.4
■ Funded Ratio	76.5%	78.4%	77.1%

15 Projected 2024 assets reflects 9.3% CalPERS investment return for 2023/24.

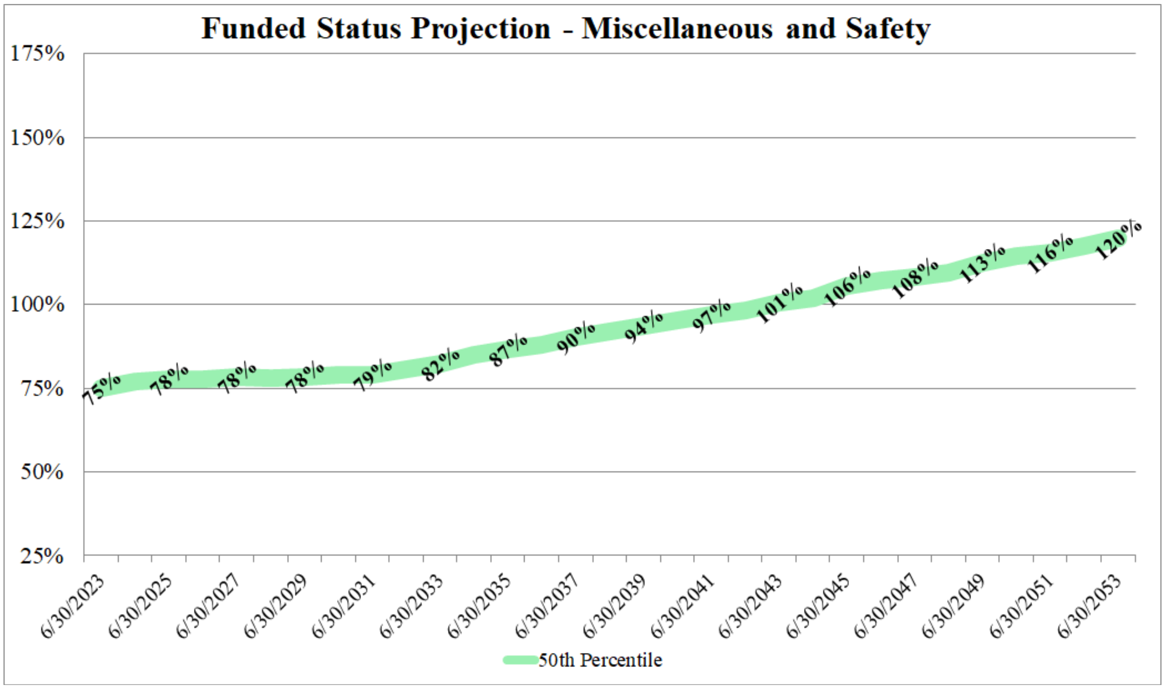
Payroll Projections

($000s)

FY	24/25	25/26	26/27	27/28	28/29
Miscellaneous	$1,353,178	$1,537,019	$1,580,055	$1,624,297	$1,669,777
Safety	362,786	378,540	389,139	400,035	411,236
Total	1,715,964	1,915,559	1,969,194	2,024,332	2,081,013

FY	29/30	30/31	31/32	32/33	33/34
Miscellaneous	$1,716,531	$1,764,594	$1,814,002	$1,864,795	$1,917,009
Safety	422,750	434,587	446,756	459,265	472,124
Total	2,139,281	2,199,181	2,260,758	2,324,060	2,389,133

FY	34/35	35/36
Miscellaneous	$1,970,685	$2,025,864
Safety	485,344	498,934
Total	2,456,029	2,524,798



This page intentionally blank

LEAVING CALPERS

- Participation in CalPERS is governed by State law and CalPERS rules
- The following are considered "withdrawing" from CalPERS:
  - Exclude new hires from CalPERS & giving them a different pension
  - Stop accruing benefits for current employees
- "Withdrawal" from CalPERS:
  - Treated as plan termination
  - Liability increased for conservative investments
  - Liability increased for future demographic fluctuations
  - Liability must be funded immediately by withdrawing agency
  - Otherwise, retiree benefits are cut

LEAVING CALPERS

CalPERS Termination Estimates on June 30, 2023 (Amounts in Millions)

Discount Rate	Ongoing Plan 6.80%	Termination Basis 3.06%	5.06%
Miscellaneous			
Actuarial Accrued Liability	$10,812.7	$17,416.6	$12,674.7
Assets	8,036.5	8,036.5	8,036.5
Unfunded AAL (UAAL)	2,776.2	9,380.1	4,638.2
Safety			
Actuarial Accrued Liability	$4,953.5	$8,349.1	$5,928.3
Assets	3,786.7	3,786.7	3,786.7
Unfunded AAL (UAAL)	1,166.8	4,562.4	2,141.6
Total			
Unfunded AAL (UAAL)	3,943.0	13,942.5	6,779.8
Funded Ratio	75.0%	45.9%	63.6%

2005 POB PROCEEDS BALANCE (MILLIONS)

	Safety	Misc.	Total
■ POB @ **2/16/05**	**$ 85.7**	**$ 311.2**	**$ 396.9**
■ Accumulated earnings through 6/30/24	110.8	402.1	512.8
■ Accumulated amortization payments through 6/30/24	(106.4)	(386.3)	(492.7)
■ **Balance @ 6/30/24**	**90.1**	**327.0**	**417.0**
■ Earnings 7/1/24 - 2/15/25[16]	3.8	13.7	17.5
■ Amortization payment through 2/15/25[17]	(4.2)	(15.3)	(19.6)
■ **Balance @ 2/15/25**	**89.6**	**325.4**	**415.0**

16 Based on assumed return from 7/1/24 to 2/15/25.
17 Based on a 19 year closed amortization.

2005 POB OUTSTANDING BALANCE (MILLIONS)

	Payments			
	Principal	**Interest**	**Total**	**Balance**
■ 2/17/05	n/a	n/a	n/a	$400.0
■ 8/15/05	n/a	$9.4	$9.4	400.0
. . . . .				
■ 2/15/24	$37.0	3.2	40.1	89.9
■ 8/15/24	0.0	2.3	2.3	89.9
■ 2/15/25	23.7	2.3	26.0	66.1

2005 POB Net Estimated Gains (Millions)

- Estimated Gains through February 15, 2025:

A.	CalPERS Estimated Balance of Bond Proceeds (slide 75)	$415.0
B.	Outstanding Bond Balance (slide 84)	(66.1)
C.	Cash Flow Savings/(Deficit) [Payments that would have been paid to CalPERS less POB debt service]	(111.0)
D.	**Net [(A) + (B) + (C)]**	**237.9**

- Estimated Gains through February 15, 2025:

E.	CalPERS Investment Earnings[18]	$ 530.3
F.	POB Interest Payments	(289.4)
G.	Cost of Issuance	(3.1)
H.	**Net [(E) + (F) + (G)]**	**237.9**

- Above estimates based on market rate of return.

[18] Accumulated earnings since issuance based on actual CalPERS investment return for each year

2020 POB Proceeds Balance (Millions)

	Safety	Misc.	Total
Total issued	**$ 346.3**	**$ 373.7**	**$ 720.0**
Cost of issuance	2.0	2.1	4.1
POB Deposited with CalPERS@ 5/6/20	**344.3**	**371.6**	**715.9**
Accumulated earnings through 6/30/24	97.7	105.4	203.1
Accumulated amortization payments through 6/30/24	(133.1)	(143.6)	(276.7)
Balance @ 6/30/24	**308.9**	**333.4**	**642.3**
Earnings 7/1/24 - 2/15/25[19]	13.0	14.0	27.0
Amortization payment through 2/15/25[20]	(19.5)	(21.1)	(40.6)
Balance @ 2/15/25	**302.4**	**326.3**	**628.7**

[19] Based on assumed return from 7/1/24 to 2/15/25.
[20] Based on a 16 year closed level dollar amortization.

2020 POB Outstanding Balance (Millions)

		Payments			
	Principal	**Interest**	**Total**	**Balance**
■ 5/06/2020	n/a	n/a	n/a	$720.0
■ 8/15/2020	n/a	$6.4	$6.4	720.0
■ 2/15/2021	$29.5	11.6	41.1	690.5
■ 8/15/2021	0.0	11.2	11.2	690.5
■ 2/15/2022	30.9	11.2	42.2	659.5
■ 8/15/2022	0.0	10.9	10.9	659.5
■ 2/15/2023	37.8	10.9	48.7	621.7
■ 8/15/2023	0.0	10.4	10.4	621.7
■ 2/15/2024	40.8	10.4	51.2	580.9
■ 8/15/2024	0.0	9.9	9.9	580.9
■ 2/15/2025	44.0	9.9	53.9	536.9

2020 POB Net Estimated Gains (Millions)

- Estimated Gains through February 15, 2025:

A.	CalPERS Estimated Balance (slide 78)	$628.7
B.	Bond Proceeds Balance (slide 79)	(536.9)
C.	Cash Flow Savings/(Deficit) [Payments that would have been paid to CalPERS less POB debt service]	31.3
D.	**Net [(A) + (B) + (C)]**	**123.1**

- Estimated Gains through February 15, 2025:

E.	CalPERS Investment Earnings	$230.1
F.	POB Interest Payments	(102.8)
G.	Cost of Issuance	(4.1)
H.	**Net [(E) + (F) + (G)]**	**123.1**

- Above estimates based on market rate of return.

NET FUNDED RATIO (MILLIONS)

		Safety			
		6/30/22	6/30/23	Proj. 6/30/24	Proj. 6/30/25[21]
(1)	AAL	$4,691	$4,953	$5,234	$5,491
(2)	MVA	3,603	3,787	4,101	4,355
(3)	UAAL [(1) - (2)]	1,088	1,167	1,133	1,136
(4)	Funding Ratio [(2)/(1)]	76.8%	76.4%	78.4%	79.3%
(5)	POB Balance	$352	$326	$299	$273
(6)	Net MVA [(2) - (5)]	3,252	3,460	3,803	4,083
(7)	Net Funding Ratio [(6)/(1)]	69.3%	69.9%	72.6%	74.4%

[21] Projected 6/30/25 MVA based on assumed returns for 2024/25.

NET FUNDED RATIO (MILLIONS)

		Miscellaneous			
		6/30/22	6/30/23	Proj. 6/30/24	Proj. 6/30/25[22]
(1)	AAL	$10,196	$10,813	$11,439	$12,014
(2)	MVA	7,609	8,036	8,756	9,345
(3)	UAAL [(1) - (2)]	2,587	2,776	2,683	2,669
(4)	Funding Ratio [(2)/(1)]	74.6%	74.3%	76.5%	77.8%
(5)	POB Balance	$468	$422	$372	$331
(6)	Net MVA [(2) - (5)]	7,141	7,614	8,384	9,014
(7)	Net Funding Ratio [(6)/(1)]	70.0%	70.4%	73.3%	75.0%

[22] Projected 6/30/25 MVA based on assumed returns for 2024/25.

NET FUNDED RATIO (MILLIONS)

		Total			
		6/30/22	6/30/23	Proj. 6/30/24	Proj. 6/30/25[23]
(1)	**AAL**	$14,887	$15,766	$16,673	$17,505
(2)	**MVA**	11,212	11,823	12,858	13,700
(3)	**UAAL [(1) - (2)]**	3,674	3,943	3,815	3,805
(4)	**Funding Ratio [(2)/(1)]**	75.3%	75.0%	77.1%	78.3%
(5)	**POB Balance**	$820	$749	$671	$603
(6)	**Net MVA [(2) - (5)]**	10,392	11,075	12,187	13,097
(7)	**Net Funding Ratio [(6)/(1)]**	69.8%	70.2%	73.1%	74.8%

Amounts above exclude Section 115 Trust balances of $98.9M at 6/30/23 and $201.8M at 6/30/24. If included, the net funding ratio on (7) would be 70.9% and 74.3% at 6/30/23 and 6/30/24, respectively.

[23] Projected 6/30/25 MVA based on assumed returns for 2024/25.

NET FUNDED RATIO (MILLIONS)

This page intentionally blank

PEPRA COST SHARING

- Target of 50% of total normal cost paid by all employees
- *PEPRA members* must pay greater of 50% of total normal cost or bargained amount if higher
- Employer cannot pay any part of *PEPRA member* required employee contributions
- Employer may impose current employees pay 50% of total normal cost (limited to 8% of pay for Miscellaneous and 12% for Safety) if not agreed through collective bargaining
- Miscellaneous Plan 2025/26:

	Classic Members		New Members
	Tier 1 **3%@60 FAE1**	**Tier 2** **2%@60 FAE3**	**PEPRA** **2%@62 FAE3**
Employer Normal Cost	14.4%	11.6%	8.11%
Member Normal Cost	8.0%	7.0%	7.75%
Total Normal Cost	22.4%	18.6%	15.86%
50% Target	11.2%	9.3%	7.93%

PEPRA COST SHARING

- Safety Plan 2025/26:

	Classic Members		New Members
	Tier 1 **3%@50 FAE1**	**Tier 2** **2%@50 FAE3**	**PEPRA** **2.7%@57 FAE3**
Employer Normal Cost	24.6%	22.1%	13.87%
Member Normal Cost	9.0%	9.0%	13.50%
Total Normal Cost	33.6%	31.1%	27.37%
50% Target	16.8%	15.6%	13.69%

- PEPRA Member Contributions:

	2024/25		2025/26			
Group	**Total NC (Basis)**	**Member Rate**	**Total Normal Cost**	**Change**	**Member Rate**	**Method**
Miscellaneous	15.70%	7.75%	15.86%	**0.16%**	**7.75%**	PEPRA Members
Safety	27.17%	13.50%	27.37%	**0.20%**	**13.50%**	PEPRA Members

Paying Down the UAL & Rate Stabilization

- Where do you get the money from?
- How do you use the money?

Where Do You Get the Money From?

- POB:
  - Usually thought of as interest arbitrage between expected earnings and rate paid on POB
  - No guaranteed savings
  - PEPRA prevents contributions from dropping below normal cost
    - Savings offset when investment return is good
  - GFOA Advisory
- Borrow from General Fund similar to State
- One time payments
  - Governing body resolution to use a portion of one time money, e.g.
    - 1/3 to one time projects
    - 1/3 to replenish reserves and
    - 1/3 to pay down unfunded liability

ADDITIONAL PAYMENTS TO CALPERS

- Internal Service Fund
  - Typically used for rate stabilization
  - Restricted investments:
    - Likely low (0.5%-1.0%) investment returns
    - Short term/high quality, designed for preservation of principal
  - Assets can be used by governing body for other purposes
  - Does not reduce Unfunded Liability

ADDITIONAL PAYMENTS TO CALPERS

- Make payments directly to CalPERS:
  - Likely best long-term investment return
  - Must be considered an irrevocable decision
    - Extra payments cannot be used as future "credit"
    - PEPRA prevents contributions from dropping below normal cost

  - Option #1: Request shorter amortization period (Fresh Start):
    - Higher short term payments
    - Less interest and lower long term payments
    - Likely cannot revert to old amortization schedule
      - Savings offset when investment return is good (PEPRA)

ADDITIONAL PAYMENTS TO CALPERS

- Make payments directly to CalPERS (continued):
  - Option #2: Target specific amortization bases with an "Additional Discretionary Payment "ADP":
    - Extra contribution's impact muted by reduced future contributions
      - CalPERS can't track the "would have been" contribution
    - No guaranteed savings
      - Larger asset pool means larger loss (or gain) opportunity
    - Paying off shorter amortization bases: larger contribution savings over shorter period:
      - e.g. 10 year base reduces contribution 13.6¢ for $1 (level dollar)
      - Less interest savings vs paying off longer amortization bases
    - Paying off longer amortization bases: smaller contribution savings over longer period:
      - e.g. 25 year base reduces contribution 8.2¢ for $1 (level dollar)
      - More interest savings vs paying off shorter amortization bases
    - Maintaining the current payment schedule – not letting payments reduce due to extra payment – gives the greatest long-term savings

IRREVOCABLE SUPPLEMENTAL (§115) PENSION TRUST

- Can only be used to:
  - Reimburse County for CalPERS contributions
  - Make payments directly to CalPERS
- Investments significantly less restricted than County investment funds
  - Fiduciary rules govern Trust investments
  - Usually, designed for long term returns
- Assets don't count for GASB accounting
  - Are considered Employer assets
- Hundreds of trusts established, mostly since 2015
  - Trust providers: PARS, PFM, Keenan
  - California Employers' Pension Prefunding Trust (CEPPT) effective July 2019
    - Strategy 1: 48% stocks / 52% bonds
    - Strategy 2: 22% stocks / 78% bonds

IRREVOCABLE SUPPLEMENTAL (§115) PENSION TRUST

- More flexibility than paying CalPERS directly
  - County decides if and when and how much money to put into Trust
  - County decides if and when and how much to withdraw to pay CalPERS or reimburse County
- Funding strategies typically focus on:
  - Reducing the unfunded liability
    - Fund enough to make total CalPERS UAL = 0
    - Make PEPRA required payments from Trust when overfunded
  - Stabilizing contribution rates
    - Mitigate expected contribution rates to better manage budget
  - Combination
    - Use funds for rate stabilization/budget predictability
    - Target increasing fund balance to pay off UAL sooner

IRREVOCABLE SUPPLEMENTAL (§115) PENSION TRUST

- Consider:
  - How much can you put into Trust?
    - Initial seed money?
    - Additional amounts in future years?
  - When do you take money out?
    - Target budget rate?
    - Year target budget rate kicks in?
      - Before or after CalPERS rate exceeds budgeted rate?

COMPARISON OF OPTIONS

- **Supplemental Trust**
  - Flexible
  - Likely lower long-term return
  - Investment strategy choice
  - Does not reduce net pension liability for GASB reporting
  - More visible

- **CalPERS**
  - Locked In
  - Likely higher long-term return
  - No investment choice
  - Reduces net pension liability for GASB reporting
  - More restricted

ACTUARIAL CERTIFICATION

This report presents analysis of the County of Riverside's CalPERS pension plans. The purpose of this report is to provide the County:

- Historical perspective on the plan investment returns, assets, funded status and contributions.
- Projections of likely future contributions and the impact of investment volatility.

The calculations and projections in this report are based on information contained in the County's June 30, 2023 and earlier CalPERS actuarial valuation reports. We reviewed this information for reasonableness, but do not make any representation on the accuracy of the CalPERS reports.

Future investment returns and volatility are based on Foster & Foster's Capital Market model which results in long term returns summarized on page 29.

Information provided in this report may be useful to the County for the Plan's financial management. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as: plan experience differing from that anticipated by the assumptions; changes in assumptions; changes expected as part of the natural progression of the plan; and changes in plan provisions or applicable law. Actuarial models necessarily rely on the use of estimates and are sensitive to changes. Small variations in estimates may lead to significant changes in actuarial measurements. Due to the limited scope of this assignment, we did not perform an analysis of the potential range of such measurements.

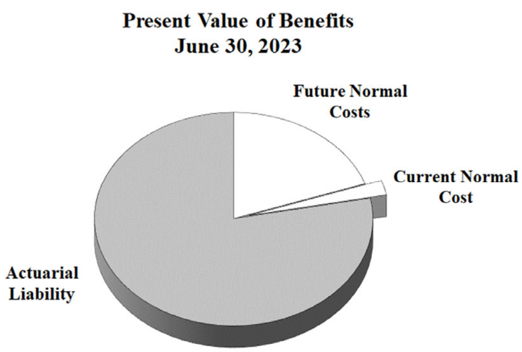
To the best of our knowledge, this report is complete and accurate and has been conducted using generally accepted actuarial principles and practices. As members of the American Academy of Actuaries meeting the Academy Qualification Standards, we certify the actuarial results and opinions herein.

Respectfully submitted,

Doug Pryor
Doug Pryor, ASA, EA, MAAA
Foster & Foster, Inc.

D. Patrick McDonald
D. Pat McDonald, FSA, EA, MAAA
Foster & Foster, Inc.

Definitions

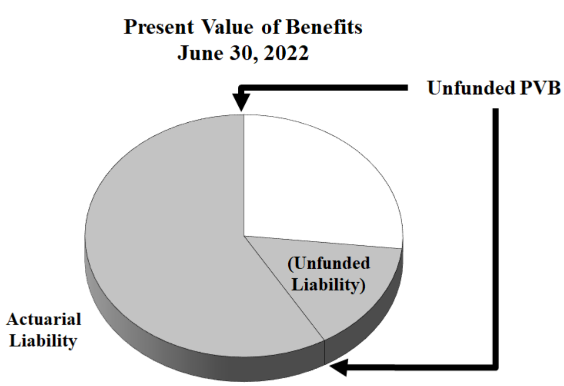


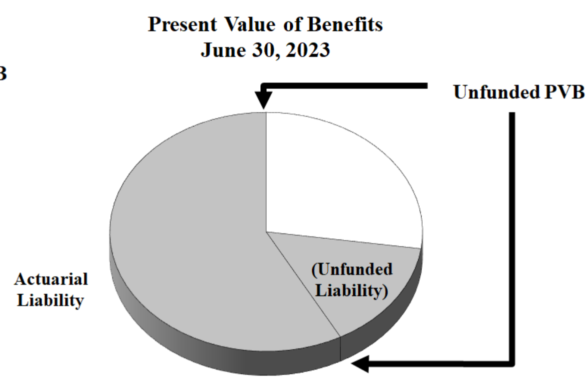
PVB - Present Value of all Projected Benefits:

- The value now of amounts due to be paid in the future
- Discounted value (at valuation date - 6/30/23), of all future expected benefit payments based on various (actuarial) assumptions

- **Current Normal Cost (NC):**
  - Portion of PVB allocated to (or "earned" during) current year
  - Value of employee and employer current service benefit
- **Actuarial Liability (AAL):**
  - Discounted value (at valuation date) of benefits earned through valuation date [value of past service benefit]
  - Portion of PVB "earned" at measurement

Definitions





- **Target-** Have money in the bank to cover Actuarial Liability (past service)
- **Unfunded Liability (UAAL or UAL) -** Money short of target <u>at valuation date</u>
  - If all actuarial assumptions were always exactly met, then the plan assets would always equal AAL
  - Any difference is the unfunded (or overfunded) AAL
  - Every year, the actuary calculates the difference between the expected UAAL and Actual UAAL. This is a new layer or amortization base
  - Each new layer gets amortized (paid off) over a period of time as part of the contribution [rate]

HOW WE GOT HERE

Significant Factors

- Investment Losses
- CalPERS Contribution Policy
- Enhanced Benefits
- Demographics

HOW WE GOT HERE

Old Contribution Policy

- Effective with 2003 valuations:
  - Slow (15 year) recognition of investment losses into funded status
  - Rolling 30 year amortization of all (primarily investment) losses
- Designed to:
  - First smooth rates and
  - Second pay off UAL
- Mitigated contribution volatility

HOW WE GOT HERE

CalPERS Changes

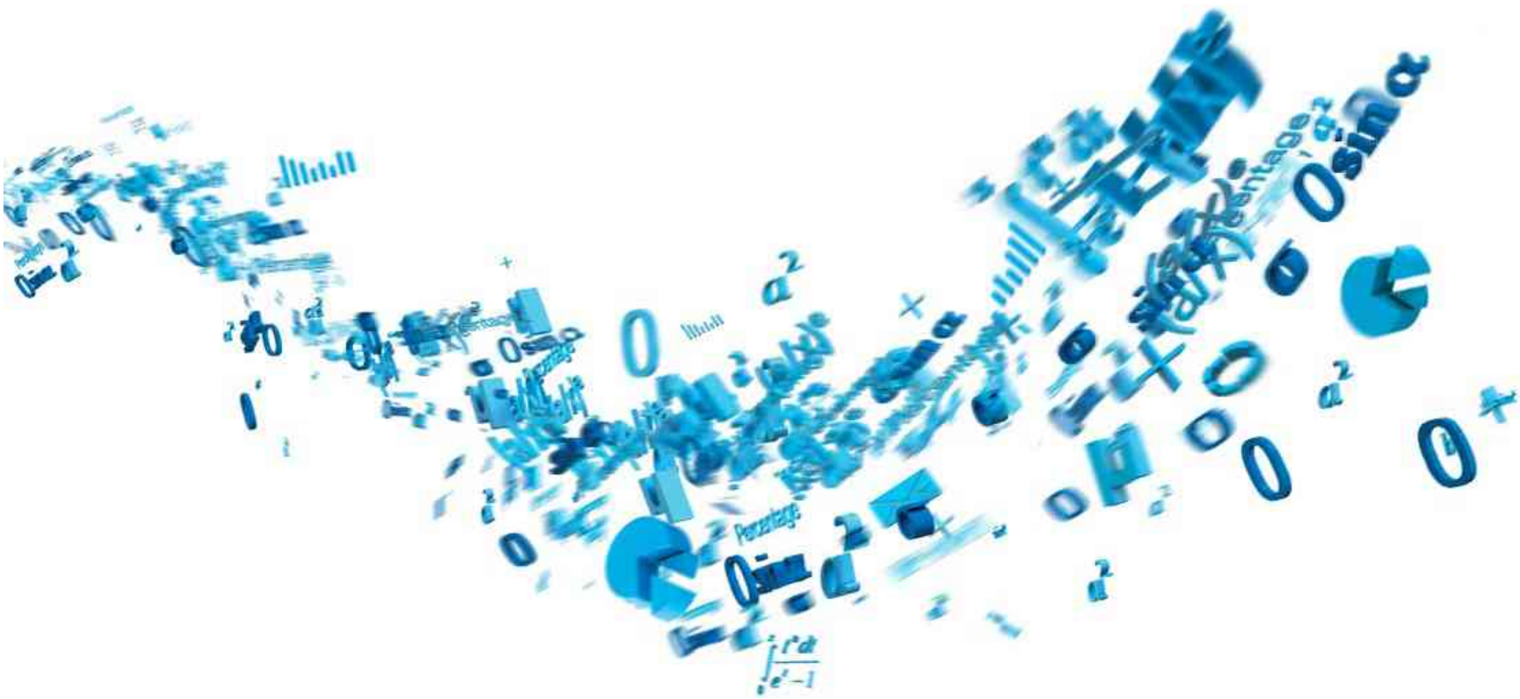
- April 2013: CalPERS adopted new contribution policy
  - No asset smoothing or rolling amortization
- February 2018: New amortization policy for 2021/22 contributions
  - Fixed dollar (level) 20-year amortization rather than % pay (escalating)
  - 5-year ramp up (not down) for investment gains and losses
- CalPERS Board changed the discount rate to 7%, still phasing in to rates:

	Rate	Initial Impact	Full Impact
6/30/16 valuation	7.375%	18/19	22/23
6/30/17 valuation	7.25%	19/20	23/24
6/30/18 valuation	7.00%	20/21	24/25

- In the November 2021 meeting, CalPERS Board adopted
  - Discount rate and investment allocation
    - Discount rate: 6.8% for 6/30/2021. UAL impact matches investment gain amortization (5-year ramp-up). Initial impact in 23/24 and full impact in 27/28.
    - Asset allocation has higher investment risk than current portfolio
  - Experience study (Demographic assumptions)

ADDITIONAL ASSUMPTIONS & METHODS

- Retiree benefit payments increase at 4%
- Tiers 1, 2, and current PEPRA members' payroll increase/decrease according to similar large client projected payroll using same mortality, retirement, withdrawal, and disability assumptions as CalPERS 2000-2019 Experience Study
- PEPRA payroll added to above projected payroll to make aggregate payroll increase at CalPERS' assumption of 2.8%
- All other assumptions same as CalPERS valuation assumptions



Actuarial Valuation Report

County of Riverside

County of Riverside Postretirement Benefits Plan

As of June 30, 2024

AON

Executive Summary

Background

The County of Riverside provides retiree medical benefits for eligible retirees enrolled in County sponsored plans. The benefits are provided in the form of:

- Monthly County contributions toward the retiree's premium,
- Access to CalPERS health plan coverage at subsidized premium levels, and
- $25 per month to the RSA Trust for RSA law enforcement retirees.

County Contributions

The County of Riverside makes contributions to eligible retirees for their medical plan premiums when the retiree enrolls in a County sponsored health plan. The current monthly amount paid by the County ranges from $25 – $256, depending on the retiree's bargaining unit at retirement. The County provided amounts are detailed in the Summary of Principal Plan Provisions and outlined as follows:

- **CalPERS Health Benefits program retirees** (includes all bargaining units except RSA) are eligible for the greater of the stated Public Employees' Medical and Hospital Care Act (PEMHCA) amounts and the bargaining unit's negotiated amount. The PEMHCA monthly amounts are $157.00 and $158.00 in 2024 and 2025, respectively, and increase annually thereafter by Medical CPI. The negotiated benefit amounts are not inflation-indexed.
- **RSA Law Enforcement retirees** are eligible for benefits from the RSA Benefit Trust to which the County contributes $25.00 per month (does not increase in future years to account for inflation). The County contribution is included in Plan liabilities.

As described above, the majority of participants are eligible to receive CalPERS health benefits, including PEMHCA benefits that are subject to inflation adjustments. The long-term benefit under PEMHCA could be more than 10 times greater than certain fixed benefit amounts in 15 years, as illustrated in Appendix A.

Implicit Subsidy

Under CalPERS health plans, retirees receive benefits prior to age 65 by paying premiums that are developed by blending active and retiree costs. Since retirees are older and generally cost more than actives, the premium paid by the retiree is less than the "true cost" of coverage for retirees. For example, under the Blue Shield Access Plus, the estimated "true cost" for an age 60 retiree is $1,247.94 per month, while the required premium is only $828.48 per month in 2025. Subsidization can also occur for post 65 benefits due to demographic differences between the County retirees and the CalPERS population used to develop premiums. This implicit subsidy is considered an employer obligation under the Actuarial Standards of Practice (ASOP) No. 6 requirements (see below) and is included in this valuation.

ASOP 6

The Actuarial Standards Board (ASB) amended Actuarial Standards of Practice (ASOP) No. 6 – Measuring Retiree Group Benefit Obligations, effective for measurement dates after March 31, 2015. This amendment requires plans to recognize certain additional healthcare costs (i.e., implicit subsidy) for pooled health plans. Since CalPERS plans are considered pooled health plans, the implicit subsidy is reflected in this actuarial valuation.

GASB 75

In June 2015, GASB released Statement 75, which was initially effective for the FYE June 30, 2018. This July 1, 2024 valuation is based on census data provided as of July 1, 2024 for the purpose of providing GASB 75 financial statement information, including final expense, for FYE June 30, 2025.

The measurement date for results shown in this valuation report is June 30, 2024.

It is important to note that only current active, deferred retirees, and current retired participants are valued in this actuarial study. Future new entrants or any projected growth in the County's employee population are not considered.

Summary of Results

Liabilities

There are a few terms to understand related to the Plan's liabilities. The Present Value of Benefits (PVB) represents the actuarial present value of all future benefits expected to be paid to current employees and retirees. The Actuarial Accrued Liability (AAL) is the portion of the PVB attributable to past service. The Normal Cost is the portion of the PVB that is allocated to the current plan year for active employees.

Each liability is a present value calculated by using a selected discount rate.

Funding results in this report are shown using a 7.00% discount rate and ignore Implicit Subsidy. The table below summarizes the liability results as of July 1, 2024:

	County Contribution
Present Value of Benefits (PVB)	$221,962,311
Actuarial Accrued Liability (AAL)	$162,202,664
Normal Cost	$7,071,974

Accounting results in this report are shown using a 7.30% discount rate and includes Implicit Subsidy. The table below summarizes the liability results as of July 1, 2024:

	County Contribution	Implicit Subsidy	Total Liability
Present Value of Benefits (PVB)	$211,321,277	$208,011,202	$419,332,479
Actuarial Accrued Liability (AAL)	$156,452,595	$148,069,027	$304,521,622
Normal Cost	$6,634,039	$6,820,356	$13,454,395

Discount Rate

The discount rate can have a considerable impact on the magnitude of the liabilities, with lower discount rates generally resulting in higher liabilities.

While the County's funding policy is based on a discount rate of 7.00%, GASB 75 prescribes the discount rate methodology to be used. Based on the County's current funding policy, projected cash flows, and the assumed asset return, the plan assets are not projected to be depleted, and the discount rate for GASB disclosures can be based entirely on the assumed asset return, as illustrated in the GASB 75 section of the report. For GASB purposes, the discount rate is 7.30%.

Development of Funding Contribution [1]

The funding contribution is developed based on liabilities **excluding the implicit subsidy** and projected using prior year valuation results. For example, the funding contribution for Fiscal Year Ending (FYE) 2025 is $7,421,536 and was developed based on the 2023 valuation.

This valuation develops the funding contribution for FYE 2026, which is $3,644,644 and is based on a projection of the normal cost, amortization of the 2017 initial Unfunded Actuarial Accrued Liability (UAAL) over the period ending June 30, 2037, and amortization of the subsequent unanticipated changes in liability (i.e., actuarial gains / losses and changes in assumptions) over 15-year periods and unanticipated changes in assets over 5-year periods.

The table below shows the contributions for Safety and Miscellaneous for FYE 2025, 2026 and an estimate for FYE 2027.

	2024-2025	**2025-2026**	**2026-2027** [2]
Contribution for Safety	$1,965,599	$755,578	$776,734
Contribution for Miscellaneous	5,455,937	2,889,066	2,969,959
Total Funding Contribution	**$7,421,536**	**$3,644,644**	**$3,746,693**

The funding contribution decreases for FYE 2026 due to a stronger funded status, which is mainly driven by strong asset returns, additional contributions (excess prefunding and County direct payment of Pay-Go), and lower healthcare cost increases than expected. The allocation of the contribution was updated based on the liability split as of July 1, 2023. Although the assets performed very well for the measurement period ending June 30, 2024, the impact is muted due to asset smoothing. The projected FYE 2027 contribution has been developed based on the same eligibility basis used for all groups as of June 30, 2024.

The current policy amortizes assets and liabilities experience over different periods, which results in a much smaller amortization amount for the next few years, increasing by approximately $10M after 2028.

An alternative amortization of the UAAL that uses a single 15-year amortization period would address the volatility in the 5-year/15-year amortization amounts under the current policy and address the plan's current funded status. Application of the 15-year amortization period leads to a contribution of approximately $10.8M for 2025-2026 versus $3.6M shown above.

GASB 75 Expense

The OPEB expense for FYE June 30, 2025 is $42,194,683 and is developed using the valuation results in this report, including a Valuation Date of July 1, 2024, Measurement Period of July 1, 2023 to June 30, 2024, and a Measurement Date of June 30, 2024. The final FYE June 30, 2025 expense is slightly lower than estimated in the prior valuation due to premium experience gains and strong asset returns.

[1] Funding contributions are assumed to be in addition to Pay-Go.
[2] Estimated based on funding policy discussed in the report.

Comparison to Prior Valuation

The following table summarizes the prior valuation results using a 7.80% discount rate for accounting and 7.00% for funding and the current valuation using a 7.30% discount rate for accounting and 7.00% for funding:

	July 1, 2023	July 1, 2024
Funding Contribution[1]		
Funding Discount Rate	7.0%	7.0%
Present Value of Benefits (PVB)	$212,367,074	$221,962,311
Actuarial Accrued Liability (AAL)	157,612,523	162,202,664
Normal Cost	6,505,710	7,071,974
Smoothed Value of Assets	104,623,236	127,826,620
Unfunded AAL	52,989,287	34,376,044
Funded Status	66.4%	78.8%
Funding Contribution for FYE 2025 / 2026	7,421,536	3,644,644
% of pay	0.41%	0.19%
Alternative Contribution	0.67%	0.55%
GASB 75 Accounting		
Funding Discount Rate	7.8%	7.3%
Present Value of Benefits (PVB)	$376,919,715	$419,332,479
Actuarial Accrued Liability (AAL)	283,310,961	304,521,622
Normal Cost	11,392,716	13,454,395
Market Value of Assets	96,279,600	135,147,814
Net OPEB Liability	$187,031,361	$169,373,808
Plan Fiduciary Net Position as a percentage of the OPEB Liability	34.0%	44.4%
GASB Annual Expense for FYE 2024 / 2025	$41,556,065	$42,194,683
GASB Annual Expense for FYE 2025 / 2026 (Estimate)	$45,606,000	$42,221,000

[1] Ignoring Implicit Subsidy

Overall, the funded status improved compared to the prior valuation. These net results are primarily due to the following factors:

- Large prefunding contributions reduced the Unfunded AAL.
- Investment return was significantly higher than expected (23.9% compared to 7.8% assumed), resulting in a large asset gain.
- Healthcare cost increases were lower than projected from the prior year, resulting in a liability gain.
- (GASB only) Expected return on assets was changed from 7.80% to 7.30%. As a result, the discount rate similarly decreased, resulting in a liability increase.

Employee groups from Special Districts (Waste, Parks, and Flood) and active Court members were not included in the valuation results presented in this report.

Projected Funding Status

All valuation and projection results on the following pages are based on the assumptions and plan provisions stated in the appendices. Specifically, they only include health plan eligibility (i.e., CalPERS) for bargaining groups as specified as of June 30, 2024. Changes to such associated plan participation assumptions may result in higher liabilities, funding costs, and accounting expense than shown in this report.

Funded Status (excluding implicit subsidy)

The County requested a review of maintaining at least an 80% funded status for the Plan excluding the implicit subsidy liability. The plan is projected to be above 80% funded based on the current County contribution schedule (Actuarially Determined Contribution (ADC) plus Pay-Go), ~$15.0M in FYE 2025.

Further review addresses a 90% funded status excluding the implicit subsidy. It should be noted that maintaining the current County contribution schedule (annual ADC plus Pay-Go amounts), the plan is projected to be above 90% by FYE 2027 and beyond. However, there may be reasons for accelerating funding to target a higher funded ratio (e.g., anticipation of higher future liabilities due to increasing plan costs).

The table below shows the additional County contribution required to achieve 90% funded status either as of June 30, 2025 or as of June 30, 2026.

Projection Date	June 30, 2025	June 30, 2026
Projected Actuarial Accrued Liability (AAL)	$173,298,921	$184,933,214
Projected Smoothed Value of Assets	146,491,643	161,021,467
Projected Shortfall	$26,807,278	$23,911,747
Projected Funded Status	84.5%	87.07%
Shortfall for 90% funding	$9,477,386	$5,418,425
Additional funding in FYE 2025 / 2026 to achieve 90% at the Projection Date[1]	$9,162,134	$5,049,792

[1] Assumes mid-year funding and is in addition to the proposed annual ADCs and expected Pay-Go amounts.

Effectively, the County would need to contribute the following amounts to attain a 90% funded status prior to FYE 2027:

- By FYE 2025
    - FYE 2025: ~$24.1M, based on ADC of $7,421,536 (0.41% of pay) plus Expected Pay-Go, $7,564,656 plus $9,162,134 additional funding.
    - Note, FYE 2026 contribution would be ~$11.9M, based on ADC of $3,644,644 (0.19% of pay) plus Expected Pay-Go, $8,259,232 (90% already reached at FYE 2025).
    - Projected funded status as of FYE 2026 based on the above contributions will be 93%.
- By FYE 2026
    - FYE 2025: ~$15.0M, based on ADC of $7,421,536 (0.41% of pay) plus Expected Pay-Go, $7,564,656, and
    - FYE 2026: ~$17.0M, based on ADC of $3,644,644 (0.19% of pay) plus Expected Pay-Go, $8,259,232 plus $5,049,792 additional funding.
    - Projected funded status as of FYE 2026 based on the above contributions will be 90%.

Funded Status (including implicit subsidy)

For illustrative purposes of comparing a contribution policy utilizing total liability (i.e., including the implicit subsidy), we also performed a review of maintaining an 80% and 90% funded status for the Plan. The valuation shows the plan continues to be below 80% funded as of June 30, 2025, as shown below:

Projected Actuarial Accrued Liability (AAL), 6/30/2025		$335,412,365
Projected Smoothed Value of Assets, 6/30/2025		146,491,643
Projected Shortfall, 6/30/2025		$188,920,722
Projected Funded Status, 6/30/2025		43.7%
Funded Status Target	80%	90%
Shortfall for 80% / 90% funding, 6/30/2025	$121,838,249	$155,379,485

Effect of Asset Allocation Strategy Selection and the Discount Rate Impact

The asset allocation and associated expected asset return, and thus the assumed discount rate, have a considerable impact on valuation results and the magnitude of liabilities.

A recent review of the long-term expected return rate, based on Aon's June 30, 2024 Capital Market Assumptions and the Plan's asset allocation, resulted in a range of reasonable returns between 5.96% and 7.36%. More details of the expected return assumption and asset allocation are included in the 2024 assumption rationale document and Actuarial Assumptions and Methods section of this report.

The expected rate of return is determined based on the asset allocation and expected return on each of the asset classes. The portion of assets allocated to each asset class impacts the long term expected rate of return and volatility of the asset allocation.

The County selected a 7.30% long term expected return assumption for purposes of this valuation, which falls within a reasonable range based on the current Capital Market Assumptions and the Plan's asset allocation. The County should continue to monitor the return versus risk balance and maintain an asset allocation strategy appropriate for the County's funding and overall financial policies.

The below table shows the impact of the expected return on assets on valuation results:

	8.30%	**7.30%**	**6.30%**
Liabilities			
Present Value of Benefits (PVB)	$363,435,987	$419,332,479	$490,496,511
Actuarial Accrued Liability (AAL)	$274,828,874	$304,521,622	$399,775,570
Normal Cost	$11,111,391	$13,454,395	$16,421,973

Under GASB 75, the expected return will be considered along with the municipal bond index to determine a blended discount rate.

* * *

The following report shows the details of results by participant status and benefits provided, based on a 7.30% discount rate.

Table of Contents

Actuarial Valuation Certificate

This report documents the results of the July 1, 2024 actuarial valuation for the County of Riverside Postretirement Benefits Plan. The information provided in this report is intended strictly for documenting:

- Disclosure items under Governmental Accounting Standards Board (GASB) Statement 75 for Fiscal Year Ending June 30, 2025.
- Funding contribution amounts and the Actuarial Determined Contribution (ADC) for Fiscal Year Ending June 30, 2026.

Determinations for purposes other than the financial accounting requirements may be significantly different from the results in this report. Thus, the use of this report for purposes other than those expressed here may not be appropriate.

This valuation has been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board. In addition, the valuation results are based on our understanding of the financial accounting and reporting requirements under U.S. Generally Accepted Accounting Principles as set forth in Government Accounting Standards Board Statement 75 (GASB 75) including any guidance or interpretations provided by the Company and/or its audit partners prior to the issuance of this report. The information in this report is not intended to supersede or supplant the advice and interpretations of the County of Riverside's auditors. Additional disclosures may be required under GASB 74.

A valuation model was used to develop the liabilities for the June 30, 2024 valuation. The valuation model relies on ProVal software, which was developed by Winklevoss Technologies, LLC. Experts within Aon selected this software and determined it is appropriate for performing valuations. We coded and reviewed the software for the provisions, assumptions, methods, and data of the Postretirement Health Benefits Plan.

A model was used to develop the appropriate GASB discount rate. The undersigned relied on experts within Aon for the development of the capital market assumptions and the model underlying the expected rate of return.

The valuation model outputs various cost scenarios. The “1% increase” and “1% decrease” interest rate scenarios vary only the discount rate assumption, in order to illustrate the impact of a change in that assumption in isolation. In practice, certain other assumptions, such as the expected or realized asset returns, would also be expected to vary when the discount rate changes. Therefore, the output from these scenarios should be used solely for assessing the impact of the discount rate in isolation and may not represent a realistic set of results for other purposes.

The “1% increase” and “1% decrease” healthcare cost trend scenarios vary only the healthcare cost trend assumption, in order to illustrate the impact of a change in that assumption in isolation. Therefore, the output from these scenarios should be used solely for assessing the impact of the healthcare cost trend in isolation and may not represent a realistic set of results for other purposes.

Future actuarial measurements may differ significantly from the current measurements presented in this report due (but not limited to) to such factors as the following:

- Plan experience differing from that anticipated by the economic or demographic assumptions;
- Changes in actuarial methods or in economic or demographic assumptions;
- Increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and
- Changes in plan provisions or applicable law.

Due to the limited scope of our assignment, we did not perform an analysis of the potential range of such future measurements.

Funded status measurements shown in this report are determined based on various measures of plan assets and liabilities. For entity and plan disclosure and reporting purposes, funded status is determined using plan assets measured at market value. Plan liabilities are measured based on the interest rates and other assumptions summarized in the Actuarial Assumptions and Methods section of this report.

These funded status measurements may not be appropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the plan's benefit obligations, and funded status measurements for County of Riverside and plan disclosure and reporting purposes may not be appropriate for assessing the need for or the amount of future contributions. In conducting the valuation, we have relied on personnel, plan design, health care claim cost, and asset information supplied by County of Riverside as of the valuation date. While we cannot verify the accuracy of all the information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy or completeness of the information and believe that it has produced appropriate results.

The actuarial assumptions and methods used in this valuation are described in the Actuarial Assumptions and Methods section of this report. County of Riverside selected the economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB 75. Aon provided guidance with respect to these assumptions, and it is our belief that the assumptions represent reasonable expectations of anticipated plan experience.

The undersigned are familiar with the near-term and long-term aspects of OPEB valuations and collectively meet the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. The information provided in this report is dependent upon various factors as documented throughout this report, which may be subject to change. Each section of this report is considered to be an integral part of the actuarial opinions.

To our knowledge, no colleague of Aon providing services to County of Riverside has any material direct or indirect financial interest in County of Riverside. Thus, we believe there is no relationship existing that might affect our capacity to prepare and certify this actuarial report for County of Riverside.

Bradley J. Au, MAAA, EA
(213) 996-1729
brad.au@aon.com

Steven Kilbride, FIA, FSA, EA
(213) 996-1735
steven.kilbride1@aon.com

Stephen Lambert-Oswald, FSA, MAAA
(813) 636-3084
stephen.lambert.oswald@aon.com

Shannon Hui, FSA, EA
(949) 608.6303
shannon.hui@aon.com

Elena Cipparone, ASA, EA
(610) 263-8829
elena.cipparone.2@aon.com

November 1, 2024

Plan Liabilities (Accounting)

The liabilities shown in this exhibit were calculated using a 7.30% discount rate.

The **Present Value of Benefits (PVB)** represents the actuarial present value of all benefits ever to be paid to current employees and retirees. The PVB is as follows:

	Safety Employees	Miscellaneous Employees	Total
PVB			
County Contribution			
Retirees	$18,775,716	$64,618,291	$83,394,007
Actives	$10,433,886	$117,493,384	$127,927,270
Subtotal	$29,209,602	$182,111,675	$211,321,277
Implicit Subsidy			
Retirees	$19,841,077	$36,659,706	$56,500,783
Actives	$14,782,244	$136,728,175	$151,510,419
Subtotal	$34,623,321	$173,387,881	$208,011,202
All Benefits			
Retirees	$38,616,793	$101,277,997	$139,894,790
Actives	$25,216,130	$254,221,559	$279,437,689
Total PVB	**$63,832,923**	**$355,499,556**	**$419,332,479**
Number of Retirees as of 7/1/2024 [1]	875	2,463	3,338
Number of Actives as of 7/1/2024	3,657	18,629	22,286
PVB Per Retiree [2]	$22,948	$29,847	$28,039
PVB Per Active	$6,895	$13,647	$12,539

[1] Deferred retirees (former employees who did not elect medical benefits at the time of their retirement and are eligible to elect the benefits at a later date) are not explicitly included in the count, but their future benefits are valued based on the election assumption developed in the experience study carried out in 2024.

[2] Average liability excluding deferred retirees; Average liability for eligible deferred retirees is approximately $11,500.

The **Actuarial Accrued Liability (AAL)** is a portion of the PVB attributable to past service. For retirees and fully eligible active employees, the AAL is equal to the PVB. For other active employees, the AAL is the portion of the PVB deemed to be accrued to date. The **Normal Cost** is the portion of the PVB that is allocated to the current plan year for only active employees.

The AAL in this report is based on the Entry Age Normal cost method and has been developed by spreading costs as a level percentage of payrolls.

	Safety Employees	**Miscellaneous Employees**	**Total**
AAL			
County Contribution			
Retirees	$18,775,716	$64,618,291	$83,394,007
Actives	$7,063,455	$65,995,133	$73,058,588
Subtotal	$25,839,171	$130,613,424	$156,452,595
Implicit Subsidy			
Retirees	$19,841,077	$36,659,706	$56,500,783
Actives	$11,222,197	$80,346,047	$91,568,244
Subtotal	$31,063,274	$117,005,753	$148,069,027
All Benefits			
Retirees	$38,616,793	$101,277,997	$139,894,790
Actives	$18,285,652	$146,341,180	$164,626,832
Total AAL	**$56,902,445**	**$247,619,177**	**$304,521,622**
Number of Retirees as of 7/1/2024 [1]	875	2,463	3,338
Number of Actives as of 7/1/2024	3,657	18,629	22,286
AAL Per Retiree [2]	$22,948	$29,847	$28,039
AAL Per Active	$5,000	$7,856	$7,387
Normal Cost			
County Contribution	$425,160	$6,208,879	$6,634,039
Implicit Subsidy	$449,141	$6,371,215	$6,820,356
Total Normal Cost	**$874,301**	**$12,580,094**	**$13,454,395**
Normal Cost per Active	$239	$675	$604

[1] Deferred retirees (former employees who did not elect medical benefits at the time of their retirement and are eligible to elect the benefits at a later date) are not explicitly included in the count, but their future benefits are valued based on the election assumption developed in the experience study carried out in 2024.

[2] Average liability excluding deferred retirees; Average liability for eligible deferred retirees is approximately $11,500.

Plan Liabilities (Funding)

The liabilities shown in this exhibit were calculated using a 7.00% discount rate and ignoring Implicit Subsidy.

	Safety Employees	Miscellaneous Employees	Total
PVB			
County Contribution			
Retirees	$19,379,938	$66,328,296	$85,708,234
Actives	$11,013,041	$125,241,036	$136,254,077
Total PVB	**$30,392,979**	**$191,569,332**	**$221,962,311**
Number of Retirees as of 7/1/2024 [1]	875	2,463	3,338
Number of Actives as of 7/1/2024	3,657	18,629	22,286
PVB Per Retiree [2]	$12,643	$20,372	$18,346
PVB Per Active	$3,011	$6,723	$6,114

	Safety Employees	Miscellaneous Employees	Total
AAL			
County Contribution			
Retirees	$19,379,938	$66,328,297	$85,708,235
Actives	$7,357,066	$69,137,363	$76,494,429
Total AAL	**$26,737,004**	**$135,465,660**	**$162,202,664**
Number of Retirees as of 7/1/2024[1]	875	2,463	3,338
Number of Actives as of 7/1/2024	3,657	18,629	22,286
AAL Per Retiree[2]	$12,643	$20,372	$18,346
AAL Per Active	$2,012	$3,711	$3,432
Normal Cost			
County Contribution	**$452,648**	**$6,619,326**	**$7,071,974**
Normal Cost per Active	$124	$355	$317

[1] Deferred retirees (former employees who did not elect medical benefits at the time of their retirement and are eligible to elect the benefits at a later date) are not explicitly included in the count, but their future benefits are valued based on the election assumption developed in the experience study carried out in 2024.

[2] Average liability excluding deferred retirees; Average liability for eligible deferred retirees (excluding the implicit subsidy) is approximately $6,100.

Plan Assets

As of June 30, 2024, the County of Riverside participates in the Public Agency Retirement System (PARS) trust program. The following table shows the development of assets since the prior valuation.

Reconciliation of Plan Assets	**July 1, 2023 To June 30, 2024**
Market Value of Assets, Beginning of Year	$96,279,600
Contributions	
Retiree Premiums	$6,444,975
Reimbursement from Trust	$0
Implicit Subsidy	$7,879,007
Pre-Funding	$14,200,000
Total Contributions	$28,523,982
Investment Earnings	$24,726,398
Administrative Expense	($58,184)
Benefit Payments	
Retiree Premiums	($6,444,975)
Implicit Subsidy	($7,879,007)
Total Benefit Payments	($14,323,982)
Market Value of Assets at Valuation Date	$135,147,814
Return on Assets	23.92%
Development of (Gain)/Loss on Market Value of Assets	
Expected Investment Earnings (assumed 7.80%)	$8,050,985
Actual Investment Earnings	$24,726,398
(Gain)/Loss on Market Value of Assets	($16,675,413)
Smoothed Value of Assets at Valuation Date	
Market Value of Assets at Valuation Date	$135,147,814
Unrecognized (Gain)/Loss[1]	($7,321,194)
Preliminary Smoothed Value of Assets at Valuation Date	$127,826,620
Lower Corridor (80% of Market Value)	$108,118,251
Upper Corridor (120% of Market Value)	$162,177,377
Smoothed Value of Assets	$127,826,620

[1] Schedule of the Current and Prior Market Value of Asset (Gains)/Losses as of June 30, 2024

Date Established	**Original (Gain)/Loss**	**Years Remaining As of 6/30/2024**	**Amount Recognized**	**Total Amount Unrecognized**
6/30/2021	($7,491,819)	1	($5,993,456)	($1,498,363)
6/30/2022	$17,315,587	2	$10,389,351	$6,926,236
6/30/2023	$985,437	3	$394,174	$591,263
6/30/2024	($16,675,413)	4	($3,335,083)	($13,340,330)
Total			$1,454,986	($7,321,194)

Plan Funded Status

The Plan's funded status as of July 1, 2024 is developed based on the Actuarial Accrued Liability and the smoothed value of Plan assets.

The following table shows the development of the Plan's funded status as of July 1, 2024:

Funding Methodology		Entry Age Normal
Discount Rate		7.00%
	Excluding Implicit Subsidy	Including Implicit Subsidy
Actuarial Accrued Liability	$162,202,664	$314,456,103
Smoothed Value of Plan Assets	127,826,620	127,826,620
Unfunded Liability	$34,376,044	$186,629,483
Funded Percentage	78.8%	40.7%

Development of Funding Contribution

Effective July 1, 2020 (contributions developed for FYE June 30, 2022), the funding policy ignores implicit subsidy liabilities and determines the contribution amounts on a level percentage of pay based on the sum of:

a) Normal Cost with interest, plus
b) Amortization of July 1, 2017 Unfunded Actuarial Accrued Liability (UAAL) over the period ending June 30, 2037, plus
c) Amortization of subsequent unanticipated liability changes (i.e., actuarial gains / losses and changes in assumptions) over 15-year period, plus
d) Amortization of subsequent unanticipated asset changes (i.e., unexpected gains / losses on smoothed assets) over 5-year period.

Amortization amounts are calculated based on the discount rate and payroll increase assumption appropriate for the valuation date.

The following table shows the development of the funding contribution as a level percentage of pay, assuming middle of year payment, for FYE June 30, 2026:

	Safety	Miscellaneous	Total
Funding Contribution, FYE June 30, 2026[1]			
Normal Cost, plus interest	$481,333	$7,038,802	$7,520,135
Amortization of UAAL, plus interest[2]	274,245	(4,149,736)	(3,875,491)
Funding Contribution	$755,578	$2,889,066	$3,644,644
% of Pay			0.19%

The following table shows the development of the liability (gain)/loss as of June 30, 2024

	Safety	Miscellaneous	Total
Liability as of June 30, 2023	$25,486,012	132,126,511	$157,612,523
Normal Cost	417,502	6,088,208	6,505,710
Interest on Liability	1,764,922	9,469,410	11,234,332
Plan Change	0	0	0
Assumption Changes	0	0	0
Expected Benefit Payments	(1,404,434)	(5,975,922)	(7,380,356)
Expected Liability as of June 30, 2024	26,264,002	141,708,207	167,972,209
Actual Liability as of June 30, 2024	26,737,004	135,465,660	162,202,664
Liability (Gain)/Loss	**$473,002**	**($6,242,547)**	**($5,769,545)**

The following table shows the development of the smoothed asset (gain)/loss as of June 30, 2024

	Safety	Miscellaneous	Total
Smoothed Value of Assets as of June 30, 2023	$13,950,426	$90,672,810	$104,623,236
Total Expected Contributions[3]	1,668,831	5,326,173	6,995,004
Expected Benefit Payments	(1,404,434)	(5,975,922)	(7,380,356)
Expected Investment Earnings[4]	1,045,024	6,514,309	7,559,333
Expected Smoothed Value of Assets as of June 30, 2024	15,259,847	96,537,370	111,797,217
Actual Smoothed Value of Assets as of June 30, 2024	22,284,912	105,541,708	127,826,620
Asset Difference for Funding Amortization, due to:	**($7,025,065)**	**($9,004,338)**	**($16,029,403)**
Contributions in Excess of Expected			($13,649,971)
Other Asset Experience			($2,379,432)
Implicit Rate of Return			9.2%

[1] Excludes the implicit subsidy liability/service cost. Prior to July 1, 2020, funding was based on liabilities including the implicit subsidy.
[2] Amortization allocation shown on next page.
[3] County contributions based on normal cost plus expected amortization amount of the UAAL developed in the 2023 valuation.
[4] Based on 7.00%.

Amortization Schedule

The following table shows the amortization of Unfunded Actuarial Accrued Liability excluding the implicit subsidy as of July 1, 2025. Amortization of bases is first recognized in the fiscal year subsequent to the date established.

Date Established	Type of Base	Original Period	Remaining Period as of June 30, 2025	Original Balance	Balance Remaining as of June 30, 2024	Balance Remaining as of June 30, 2025[1]	Total Amortization Recognized in FYE June 30, 2026	Safety Amortization Recognized in FYE June 30, 2026[2]	Miscellaneous Amortization Recognized in FYE June 30, 2026[1]
7/1/2024	Liability (Gain)/Loss	15	15	($5,769,545)	($5,769,545)	($6,173,413)	($536,647)	$43,996	($580,643)
7/1/2024	Assets (Gain)/Loss	5	5	(16,029,403)	(16,029,403)	(17,151,461)	(3,710,363)	(1,291,085)	(2,419,278)
7/1/2023	Liability (Gain)/Loss	15	14	249,075	266,511	260,378	23,816	185,963	(162,147)
7/1/2023	Assets (Gain)/Loss	5	4	(170,064)	(181,968)	(152,585)	(40,467)	3,864	(44,331)
7/1/2022	Liability (Gain)/Loss	15	13	(5,657,250)	(5,913,950)	(5,749,125)	(556,083)	(42,062)	(514,021)
7/1/2022	Assets (Gain)/Loss[3]	5	3	(37,826,509)	(33,938,875)	(26,683,579)	(9,252,975)	692,730	(9,945,705)
7/1/2022	Assumptions	15	13	(878,395)	(918,253)	(892,661)	(86,341)	1,414	(87,755)
7/1/2021	Liability (Gain)/Loss	15	12	1,830,883	1,860,077	1,797,774	184,952	(4,416)	189,368
7/1/2021	Assumptions	15	12	(8,136,380)	(8,266,119)	(7,989,243)	(821,923)	(967,135)	145,212
7/1/2020	Liability (Gain)/Loss	15	11	3,731,444	3,621,879	3,476,712	383,048	(45,766)	428,814
7/1/2020	Assumptions	15	11	74,063,338	71,888,655	69,007,330	7,602,904	347,824	7,255,080
7/1/2019	Liability (Gain)/Loss	15	10	115,351	108,316	103,129	12,268	12,408	(140)
7/1/2019	Assumptions	15	10	10,726,730	10,072,476	9,590,130	1,140,811	153,871	986,940
7/1/2018	Liability (Gain)/Loss	15	9	2,657,510	2,363,940	2,228,524	289,081	177,574	111,507
7/1/2018	Assumptions	15	9	5,348,501	4,757,670	4,485,132	581,805	357,386	224,419
7/1/2017	7/1/2017 UAAL[4]	20	12	11,733,484	10,454,633	10,104,452	1,039,535	638,557	400,978
	Total Charges			$35,988,770	$34,376,044	$36,261,494	($3,746,579)	$265,123	($4,011,702)

[1] Reflecting experience through 6/30/2024.
[2] Amortization allocation by classification is based on proportionate share of AAL prior to 7/1/2018 and estimated safety/miscellaneous gain/loss since 7/1/2018.
[3] Re-established amount includes prior outstanding Asset (Gain)/Loss bases established prior to 6/30/2022 (gain of $6,138,463), FYE 2022 Smoothed Asset (Gain)/Loss plus other adjustments to reflect funded status.
[4] Includes Asset (Gain)/Loss as of 6/30/2017.

Projected Benefit Payments[1]

The following table shows the estimated projected net County benefit payments based on the current plan provisions, current plan participants, and the valuation assumptions used in this report. The County Contributions would be equivalent to funding the liabilities on a pay-as-you-go basis.

Fiscal Year Ending June 30	Safety		Miscellaneous		Total
	County Contribution	Implicit Subsidy	County Contribution	Implicit Subsidy	
2025	$1,281,591	$1,707,438	$6,283,064	$6,510,714	$15,782,807
2026	1,429,198	1,972,492	6,830,034	7,451,530	17,683,254
2027	1,571,449	2,278,609	7,354,628	7,948,251	19,152,937
2028	1,711,958	2,561,693	7,895,924	8,599,706	20,769,280
2029	1,844,870	2,881,423	8,445,406	8,940,054	22,111,753
2030	1,966,142	3,061,510	8,995,875	9,568,296	23,591,823
2031	2,078,159	3,281,230	9,558,418	10,341,927	25,259,734
2032	2,181,523	3,254,890	10,129,307	11,043,327	26,609,047
2033	2,273,863	3,272,081	10,715,258	11,750,395	28,011,597
2034	2,352,870	3,291,359	11,303,864	12,585,741	29,533,834
2035	2,421,994	3,316,017	11,906,353	13,262,402	30,906,767
2036	2,479,088	3,217,511	12,521,925	13,577,722	31,796,246
2037	2,520,546	3,127,580	13,141,780	14,124,455	32,914,361
2038	2,551,756	3,029,099	13,803,856	14,792,183	34,176,895
2039	2,578,479	2,836,487	14,553,878	15,640,497	35,609,340
2040	2,596,983	2,799,307	15,297,843	16,240,679	36,934,812
2041	2,605,849	2,778,248	16,041,301	17,006,881	38,432,279
2042	2,610,799	2,647,292	16,773,615	17,823,036	39,854,741
2043	2,614,415	2,535,442	17,513,571	18,350,323	41,013,752
2044	2,616,302	2,497,982	18,235,583	18,809,281	42,159,148
2045	2,614,174	2,423,547	18,947,241	19,130,593	43,115,555
2046	2,615,466	2,359,411	19,649,471	19,308,191	43,932,539
2047	2,612,147	2,294,196	20,332,773	19,487,831	44,726,947
2048	2,606,271	2,163,400	20,995,664	19,464,488	45,229,823
2049	2,595,380	2,162,363	21,631,716	19,692,292	46,081,751
2050	2,579,901	2,029,193	22,228,314	19,724,632	46,562,040
2051	2,561,628	1,903,220	22,791,672	19,781,421	47,037,942
2052	2,537,849	1,904,288	23,296,308	19,780,913	47,519,358
2053	2,512,448	1,816,869	23,740,927	19,821,221	47,891,466
2054	2,480,951	1,683,456	24,109,311	19,647,948	47,921,666

[1] Include the estimated benefit payments for the deferred retirees.

GASB 75 Reporting and Disclosure Information for Fiscal Year Ending June 30, 2025

Calculation Details

The following table illustrates the Net OPEB Liability under GASB 75.

	Fiscal Year Ending 6/30/2024	Fiscal Year Ending 6/30/2025
(1) OPEB Liability		
(a) Retired Participants and Beneficiaries Receiving Payment	$ 130,890,808	$ 139,894,790
(b) Active Participants	152,420,153	164,626,832
(c) Total	$ 283,310,961	$ 304,521,622
(2) Plan Fiduciary Net Position	(96,279,600)	(135,147,814)
(3) Net OPEB Liability	$ 187,031,361	$ 169,373,808
(4) Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	33.98%	44.38%
(5) Deferred Outflow of Resources for Contributions Made After Measurement Date	$ 28,523,982	TBD

Expense

The following table illustrates the OPEB expense under GASB 75.

	Fiscal Year Ending 6/30/2024	Fiscal Year Ending 6/30/2025
(1) Service Cost	$ 9,123,044	$ 11,392,716
(2) Interest Cost	19,306,030	22,438,740
(3) Expected Investment Return	(6,428,753)	(8,050,985)
(4) Employee Contributions	0	0
(5) Administrative Expense	40,509	58,184
(6) Plan Changes	0	0
(7) Amortization of Unrecognized		
(a) Liability (Gain)/Loss	855,718	(475,343)
(b) Asset (Gain)/Loss	2,313,342	(1,010,583)
(c) Assumption Change (Gain)/Loss	16,346,175	17,841,954
(8) Total Expense	$ 41,556,065	$ 42,194,683

Shown below are details regarding the calculation of Service Cost, Interest Cost and Expected Investment Return components of the Expense.

	Fiscal Year Ending 6/30/2024	Fiscal Year Ending 6/30/2025
(1) Development of Service Cost:		
(a) Normal Cost at Beginning of Measurement Period	$ 9,123,044	$ 11,392,716
(2) Development of Interest Cost:		
(a) Total OPEB Liability at Beginning of Measurement Period	$ 247,510,972	$ 283,310,961
(b) Normal Cost at Beginning of Measurement Period	9,123,044	11,392,716
(c) Actual Benefit Payments	(12,035,889)	(14,323,982)
(d) Discount Rate	7.70%	7.80%
(e) Interest Cost	$ 19,306,030	$ 22,438,740
(3) Development of Expected Investment Return:		
(a) Plan Fiduciary Net Position at Beginning of Measurement Period	$ 76,411,793	$ 96,279,600
(b) Actual Contributions—Employer	26,500,889	28,523,982
(c) Actual Contributions—Employee	0	0
(d) Actual Benefit Payments	(12,035,889)	(14,323,982)
(e) Administrative Expenses	(40,509)	(58,184)
(f) Other	0	0
(g) Expected Return on Assets	7.70%	7.80%
(h) Expected Return	$ 6,428,753	$ 8,050,985

Reconciliation of Net OPEB Liability

Shown below are details regarding the Total OPEB Liability, Plan Fiduciary Net Position, and Net OPEB Liability for the Measurement Period from June 30, 2023 to June 30, 2024:

	Increase (Decrease)		
	Total OPEB Liability (a)	**Plan Fiduciary Net Position (b)**	**Net OPEB Liability (c) = (a) – (b)**
Balance Recognized at 6/30/2024 (Based on 6/30/2023 Measurement Date)	$ 283,310,961	$ 96,279,600	$ 187,031,361
Changes Recognized for the Fiscal Year:			
Service Cost	$ 11,392,716	N/A	$ 11,392,716
Interest on the Total OPEB Liability	22,438,740	N/A	22,438,740
Changes of Benefit Terms	0	N/A	0
Differences Between Expected and Actual Experience	(13,763,166)	N/A	(13,763,166)
Changes of Assumptions	15,466,353	N/A	15,466,353
Benefit Payments	(14,323,982)	(14,323,982)	0
Contributions From the Employer	N/A	28,523,982	(28,523,982)
Contributions From the Employee	N/A	0	0
Net Investment Income	N/A	24,726,398	(24,726,398)
Administrative Expense	N/A	(58,184)	58,184
Net Changes	$ 21,210,661	$ 38,868,214	$ (17,657,553)
Balance Recognized at 6/30/2025 (Based on 6/30/2024 Measurement Date)	$ 304,521,622	$ 135,147,814	$ 169,373,808

Liability (Gain)/Loss

The following table illustrates the liability gain/loss under GASB 75.

		Fiscal Year Ending 6/30/2024	Fiscal Year Ending 6/30/2025
(1)	OPEB Liability at Beginning of Measurement Period	$ 247,510,972	$ 283,310,961
(2)	Service Cost	9,123,044	11,392,716
(3)	Interest on the Total OPEB Liability	19,306,030	22,438,740
(4)	Changes of Benefit Terms	0	0
(5)	Changes of Assumptions	11,202,368	15,466,353
(6)	Benefit Payments	(12,035,889)	(14,323,982)
(7)	Expected OPEB Liability at End of Measurement Period	$ 275,106,525	$ 318,284,788
(8)	Actual OPEB Liability at End of Measurement Period	283,310,961	304,521,622
(9)	OPEB Liability (Gain)/Loss	$ 8,204,436	$ (13,763,166)
(10)	Average Future Working Life Expectancy	10.26	10.34
(11)	OPEB Liability (Gain)/Loss Amortization	$ 799,653	$ (1,331,061)

Asset (Gain)/Loss

The following table illustrates the asset gain/loss under GASB 75.

		Fiscal Year Ending 6/30/2024	Fiscal Year Ending 6/30/2025
(1)	OPEB Asset at Beginning of Measurement Period	$ 76,411,793	$ 96,279,600
(2)	Contributions—Employer	26,500,889	28,523,982
(3)	Contributions—Employee	0	0
(4)	Expected Investment Income	6,428,753	8,050,985
(5)	Benefit Payments	(12,035,889)	(14,323,982)
(6)	Administrative Expense	(40,509)	(58,184)
(7)	Other	0	0
(8)	Expected OPEB Asset at End of Measurement Period	$ 97,265,037	$ 118,472,401
(9)	Actual OPEB Asset at End of Measurement Period	96,279,600	135,147,814
(10)	OPEB Asset (Gain)/Loss	$ 985,437	$ (16,675,413)
(11)	Amortization Factor	5.00	5.00
(12)	OPEB Asset (Gain)/Loss Amortization	$ 197,087	$ (3,335,083)

Deferred Outflows/Inflows

The following table illustrates the Deferred Inflows and Outflows as of June 30, 2025 under GASB 75.

		Deferred Outflows	Deferred Inflows
(1)	Difference Between Actual and Expected Experience	$ 12,434,740	$ 23,422,360
(2)	Net Difference Between Expected and Actual Earnings on OPEB Plan Investments	0	7,321,194
(3)	Assumption Changes	111,275,886	15,007,505
(4)	Sub Total	$ 123,710,626	$ 45,751,059
(5)	Contributions Made in Fiscal Year Ending 6/30/2025 After Measurement Date	TBD	N/A
(6)	Total	$ TBD	$ 45,751,059

Amortization of Deferred Inflows/Outflows

The table below lists the amortization bases included in the deferred inflows/outflows as of June 30, 2025.

Date		Period		Balance		Annual
Established	Type of Base	Original	Remaining	Original	Remaining	Payment
6/30/2024	Liability (Gain)/Loss	10.34	9.34	($13,763,166)	($12,432,105)	(1,331,061)
6/30/2024	Asset (Gain)/Loss	5.00	4.00	(16,675,413)	(13,340,330)	(3,335,083)
6/30/2024	Assumptions	10.34	9.34	15,466,353	13,970,574	1,495,779
6/30/2023	Liability (Gain)/Loss	10.26	8.26	8,204,436	6,605,130	799,653
6/30/2023	Asset (Gain)/Loss	5.00	3.00	985,437	591,263	197,087
6/30/2023	Assumptions	10.26	8.26	11,202,368	9,018,670	1,091,849
6/30/2022	Liability (Gain)/Loss	10.43	7.43	(9,917,949)	(7,065,231)	(950,906)
6/30/2022	Asset (Gain)/Loss	5.00	2.00	17,315,587	6,926,236	3,463,117
6/30/2022	Assumptions	10.43	7.43	(21,067,061)	(15,007,505)	(2,019,852)
6/30/2021	Liability (Gain)/Loss	10.48	6.48	4,517,303	2,793,143	431,040
6/30/2021	Asset (Gain)/Loss	5.00	1.00	(7,491,819)	(1,498,363)	(1,498,364)
6/30/2021	Assumptions	10.48	6.48	2,506,034	1,549,534	239,125
6/30/2020	Liability (Gain)/Loss	10.54	5.54	(7,467,464)	(3,925,024)	(708,488)
6/30/2020	Asset (Gain)/Loss	5.00	0.00	813,300	0	162,660
6/30/2020	Assumptions	10.54	5.54	133,909,170	70,384,895	12,704,855
6/30/2019	Liability (Gain)/Loss	10.63	4.63	2,528,861	1,101,473	237,898
6/30/2019	Assumptions	10.63	4.63	29,685,609	12,929,859	2,792,625
6/30/2018	Liability (Gain)/Loss	9.45	2.45	4,062,300	1,053,189	429,873
6/30/2018	Assumptions	9.45	2.45	11,336,502	2,939,092	1,199,630
6/30/2017	Liability (Gain)/Loss	9.43	1.43	5,814,989	881,805	616,648
6/30/2017	Assumptions	9.43	1.43	3,186,806	483,262	337,943
	Total Charges				77,959,567	16,356,028

Amounts Recognized in the deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the OPEB expense as follows:

Year End June 30:

2026	$ 16,193,369
2027	$ 17,147,619
2028	$ 12,377,798
2029	$ 11,447,436
2030	$ 13,661,234
Total Thereafter	$ 7,132,111
Total	$ 77,959,567

Plan Fiduciary Net Position Projection

The following table illustrates the projection of the fiduciary net position for use in the calculation of the discount rate as of June 30, 2025.

($ in thousands)

Year Ending June 30[2]	Beginning Fiduciary Net Position (a)	Total Contributions (b)	Benefit Payments (c)	Administrative Expenses (d)	Investment Earnings (e)	Ending Fiduciary Net Position[1] (f)
2025	$135,148	$23,204	$15,783	$59	$10,145	$152,655
2026	152,655	21,457	17,683	61	11,291	167,658
2027	167,658	23,032	19,153	64	12,391	183,864
2028	183,864	24,757	20,769	67	13,579	201,364
2029	201,364	36,263	22,112	70	15,228	230,674
2030	230,674	38,185	23,592	73	17,384	262,579
2031	262,579	44,521	25,260	77	19,885	301,648
2032	301,648	46,410	26,609	80	22,757	344,126
2033	344,126	48,367	28,012	84	25,879	390,276
2034	390,276	50,459	29,534	89	29,270	440,382
2035	440,382	51,301	30,907	93	32,909	493,593
2036	493,593	51,242	31,796	97	36,759	549,700
2037	549,700	42,084	32,914	102	40,480	599,248
2038	599,248	43,042	34,177	107	44,087	652,094
2039	652,094	45,643	35,609	111	47,988	710,004
2040	710,004	47,214	36,935	116	52,225	772,392
2041	772,392	49,812	38,432	121	56,820	840,471
2042	840,471	51,553	39,855	126	61,802	913,846
2043	913,846	53,039	41,014	130	67,171	992,913
2044	992,913	54,522	42,159	135	72,956	1,078,096
2045	1,078,096	55,824	43,116	140	79,188	1,169,853
2046	1,169,853	56,997	43,933	144	85,899	1,268,672
2047	1,268,672	58,157	44,727	149	93,127	1,375,079
2048	1,375,079	59,036	45,230	155	100,908	1,489,639
2049	1,489,639	60,275	46,082	160	109,286	1,612,957
2050	1,612,957	61,152	46,562	166	118,302	1,745,684
2051	1,745,684	62,037	47,038	172	128,007	1,888,518
2052	1,888,518	62,938	47,519	178	138,449	2,042,208
2053	2,042,208	63,742	47,891	185	149,684	2,207,557
2054	2,207,557	64,216	47,922	192	161,770	2,385,430

[1] (f)=(a) + (b) – (c) – (d) + (e)
[2] Years later than 2054 were omitted from this table.

Plan Fiduciary Net Position

The last year in which projected benefit payments are due from the Plan is 2122.

The Plan's projected fiduciary net position is not projected to reach $0.

As such, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments for current Plan members. In other words, there is no projected "depletion date" when projected benefits are not covered by projected assets. Therefore, the long-term expected rate of return on Plan investments of 7.80% per annum was applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2024 shown earlier in this report, pursuant to paragraph 48 of GASB Statement No. 74 and paragraph 36 of GASB Statement No. 75.

In projecting the Plan's fiduciary net position the following assumptions were made:

1. Interest rate for discounting was 7.30% per annum.

2. Projected total contributions are Actuarially Determined Contribution (ADC) and Pay-Go (including implicit subsidy). Contributions are assumed to be paid mid-year.

3. Assumed contributions are based on the County of Riverside continuing to follow the current funding policy of normal cost plus 20-year closed period amortization of the 2017 unfunded liability and amortization of subsequent unanticipated changes in actuarial accrued liability over the 15-year period from date established and 5-years for any unexpected asset gains/losses. For funding purposes, implicit subsidy liability and normal cost are not considered.

4. Projected benefit payments have been determined in accordance with Paragraphs 30-35 of GASB Statement No. 75, and are based on the closed group of active, retired members and beneficiaries as of June 30, 2024. Benefit payments are assumed to be paid beginning of year.

5. Administrative expenses are $59,000 for 2025 and are projected with 2.30% inflation. Expenses are assumed to be paid mid-year.

6. Projected investment earnings are based on the assumed investment rate of return of 7.30% per annum.

Discount Rate Sensitivity

The following table illustrates the impact of interest rate sensitivity on the Net OPEB Liability for fiscal year ending June 30, 2024:

	1% Decrease (6.80%)	Current Rate (7.80%)	1% Increase (8.80%)
(1) Total OPEB Liability	$ 315,115,152	$ 283,310,961	$ 256,414,224
(2) Plan Fiduciary Net Position	(96,279,600)	(96,279,600)	(96,279,600)
(3) Net OPEB Liability (Asset)	$ 218,835,552	$ 187,031,361	$ 160,134,624

The following table illustrates the impact of interest rate sensitivity on the Net OPEB Liability for fiscal year ending June 30, 2025:

	1% Decrease (6.30%)	Current Rate (7.30%)	1% Increase (8.30%)
(1) Total OPEB Liability	$ 339,775,570	$ 304,521,622	$ 274,828,874
(2) Plan Fiduciary Net Position	(135,147,814)	(135,147,814)	(135,147,814)
(3) Net OPEB Liability (Asset)	$ 204,627,756	$ 169,373,808	$ 139,681,060

Healthcare Cost Trend Sensitivity

The following table illustrates the impact of healthcare cost trend sensitivity on the Net OPEB Liability for fiscal year ending June 30, 2024:

	1% Decrease	Trend Rate	1% Increase
(1) Total OPEB Liability	$ 252,792,300	$ 283,310,961	$ 320,182,939
(2) Plan Fiduciary Net Position	(96,279,600)	(96,279,600)	(96,279,600)
(3) Net OPEB Liability (Asset)	$ 156,512,700	$ 187,031,361	$ 223,903,339

The following table illustrates the impact of healthcare cost trend sensitivity on the Net OPEB Liability for fiscal year ending June 30, 2025:

	1% Decrease	Trend Rate	1% Increase
(1) Total OPEB Liability	$ 270,547,153	$ 304,521,622	$ 345,820,661
(2) Plan Fiduciary Net Position	(135,147,814)	(135,147,814)	(135,147,814)
(3) Net OPEB Liability (Asset)	$ 135,399,339	$ 169,373,808	$ 210,672,847

Disclosure—Changes in the Net OPEB Liability and Related Ratios

Changes in the Net OPEB Liability and Related Ratios[1]

	Fiscal Year Ending						
	2019	2020	2021	2022	2023	2024	2025
Total OPEB Liability							
Service Cost	$ 882,148	$ 1,433,883	$ 2,966,332	$ 10,521,825	$ 10,290,320	$ 9,123,044	$ 11,392,716
Interest Cost	3,446,096	4,583,381	7,282,813	14,891,381	18,571,115	19,306,030	22,438,740
Changes of Benefit Terms	0	0	0	0	0	0	0
Differences Between Expected and Actual Experiences	4,062,300	2,528,861	(7,467,464)	4,517,303	(9,917,949)	8,204,436	(13,763,166)
Changes of Assumptions	11,336,502	29,685,609	133,909,170	2,506,034	(21,067,061)	11,202,368	15,466,353
Benefit Payments	(3,263,258)	(3,500,687)	(4,470,321)	(7,570,569)	(10,574,698)	(12,035,889)	(14,323,982)
Net Change in Total OPEB Liability	$ 16,463,788	$ 34,731,047	$ 132,220,530	$ 24,865,974	$ (12,698,273)	$ 35,799,989	$ 21,210,661
Total OPEB Liability (Beginning)	51,927,906	68,391,694	103,122,741	235,343,271	260,209,245	247,510,972	283,310,961
Total OPEB Liability (Ending)	$ 68,391,694	$ 103,122,741	$ 235,343,271	$ 260,209,245	$ 247,510,972	$ 283,310,961	$ 304,521,622
Plan Fiduciary Net Position							
Contributions—Employer	$ 4,263,258	$ 5,500,687	$ 10,070,321	$ 17,170,569	$ 25,064,698	$ 26,500,889	$ 28,523,982
Contributions—Member	0	0	0	0	0	0	0
Net Investment Income	2,342,895	2,820,756	2,526,296	11,041,124	(11,664,593)	5,443,316	24,726,398
Benefit Payments	(3,263,258)	(3,500,687)	(4,470,321)	(7,570,569)	(10,574,698)	(12,035,889)	(14,323,982)
Administrative Expense	(18,325)	(19,822)	(23,282)	(30,288)	(38,622)	(40,509)	(58,184)
Other	0	0	0	0	0	0	0
Net Change in Plan Fiduciary Net Position	$ 3,324,570	$ 4,800,934	$ 8,103,014	$ 20,610,836	$ 2,786,785	$ 19,867,807	$ 38,868,214
Plan Fiduciary Net Position (Beginning)	36,785,654	40,110,224	44,911,158	53,014,172	73,625,008	76,411,793	96,279,600
Plan Fiduciary Net Position (Ending)	$ 40,110,224	$ 44,911,158	$ 53,014,172	$ 73,625,008	$ 76,411,793	$ 96,279,600	$ 135,147,814
Net OPEB Liability (Ending)	$ 28,281,470	$ 58,211,583	$ 182,329,099	$ 186,584,237	$ 171,099,179	$ 187,031,361	$ 169,373,808
Net Position as a Percentage of OPEB Liability	58.65%	43.55%	22.53%	28.29%	30.87%	33.98%	44.38%
Covered-Employee Payroll	$ 1,374,752,875	$ 1,399,892,784	$ 1,445,184,896	$ 1,487,790,582	$ 1,561,286,528	$ 1,750,070,558	$ 1,915,098,637
Net OPEB Liability as a Percentage of Payroll	2.06%	4.16%	12.62%	12.54%	10.96%	10.69%	8.84%

[1] GASB 75 was effective first for employer fiscal years beginning after June 15, 2017.

Disclosure—Contribution Schedule

Contributions

	Fiscal Year Ending						
	2019	2020	2021	2022	2023	2024	2025
Actuarially Determined Contribution	$ 2,141,196	$ 4,254,133	$ 9,061,596	$ 16,339,607	$ 14,108,781	$ 6,437,221	$ 7,421,536
Contributions Made in Relation to the Actuarially Determined Contribution	5,500,687	10,070,321	17,170,569	25,064,698	26,500,889	28,523,982	TBD
Contribution Deficiency (Excess)	(3,246,554)	(5,816,188)	(8,108,973)	(8,725,091)	(12,392,108)	(22,086,761)	TBD
Covered-Employee Payroll	$ 1,399,892,784	$ 1,445,184,896	$ 1,487,790,582	$ 1,561,286,528	$ 1,750,070,558	$ 1,915,098,637	TBD
Contributions as a Percentage of Payroll	0.39%	0.70%	1.15%	1.61%	1.51%	1.49%	TBD

Notes to Schedule:

Valuation Date: Actuarially Determined Contribution rates are calculated as of June 30, one year prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal with Amortization of 7/1/2017 unfunded liability over a period ending 6/30/2037 and amortization of subsequent unanticipated changes in liability over 15-year periods and any asset gain/loss over 5-year periods.
Asset Valuation Method	Smoothed Market Value
Salary Increases	2.80%
Discount Rate	7.00%
Investment Rate of Return	7.80% as of July 1, 2023, net of OPEB plan investment expense, including inflation.
Retirement Age	Retirement rates developed in the 2021 CalPERS Experience Study
Mortality	Pub-2010 Public Retirement Plans Mortality Tables using Scale MP-2021

Participant Information

These exhibit summaries contain participant demographic information.

Active Employee Age/Service Distribution

	Years of Service								
Age	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30-34**	**>35**	**Total**
<25	677	13	0	0	0	0	0	0	690
25-29	2,058	170	2	0	0	0	0	0	2,230
30-34	2,159	740	217	13	0	0	0	0	3,129
35-39	1,651	761	616	371	7	0	0	0	3,406
40-44	1,238	620	526	916	205	5	0	0	3,510
45-49	923	513	396	779	563	142	2	0	3,318
50-54	668	408	317	583	461	261	56	3	2,757
55-59	417	263	233	360	293	156	60	26	1,808
60-64	233	203	168	219	143	65	21	19	1,071
>65	63	80	59	74	46	20	8	17	367
Total	10,087	3,771	2,534	3,315	1,718	649	147	65	22,286

Participant Statistics [1]

	Safety Employees	**Miscellaneous Employees**	**Total**
Retirees			
Number of retirees	875	2,463	3,338
Average age	65.6	69.3	68.3
Number of retiree spouses	475	581	1,056
Actives			
Number of actives	3,657	18,629	22,286
Average age	39.1	43.6	42.8
Average past service (years)	11.0	8.6	9.0

[1] As of July 1, 2024, there are approximately 4,000 deferred retirees are eligible to elect benefits, although are not explicitly included in the participant counts.

Development of GASB 75 Amortization Period for Changes in Liability

	July 1, 2023		July 1, 2024	
Status	2023 Count	Average Future Working Life	2024 Count	Average Future Working Life [1]
Actives	21,667	11.88	22,286	11.96
Retirees [2]	3,228	0.00	3,338	0.00
Total/Weighted Average	24,895	10.34	25,624	10.40

Active Participant Benefit Summary

The table below summarizes the number of participants by bargaining units and the benefits valued. As described in the plan summary and actuarial assumptions sections, certain groups are eligible for PEMHCA benefits not shown in this summary.

Union Code	Description	Bargaining Unit (used to determine contribution)	# Records	2024 Monthly County Contribution*	Health Plan	CalPERS Retirement Program
CNF	Confidential	Confidential	243	$ 256.00	CalPERS	Misc
LEM	Law Enforcement Management	LEMU	509	$ 157.00	CalPERS	Safety
MGT	Management (General)	Management	1,236	$ 256.00	CalPERS	Misc
MLX	Law Enforcement Exec Staff	LE Exec Staff	15	$ 256.00	CalPERS	Safety
PD7	Public Defender, Prosecution (District Attorney's)	DDAA	411	$ 256.00	CalPERS	Misc
RSA	RSA Law Enforcement	RSA	2,601	$ 25.00	RSA	Safety
RSP	RSA Public Safety	RSA Public Safety	533	$ 157.00	CalPERS	Safety
SE2	SEIU Professional	SEIU	4,071	$ 157.00	CalPERS	Misc
SE8	SEIU Registered Nurses	SEIU	1,454	$ 157.00	CalPERS	Misc
SE9	SEIU Para Professional	SEIU	1,378	$ 157.00	CalPERS	Misc
SES	SEIU Supervisory	SEIU	1,764	$ 157.00	CalPERS	Misc
SPD	SEIU Temporary Assistant	SEIU	1	$ 157.00	CalPERS	Misc
UNC	Unrepresented Confidential	Confidential	160	$ 256.00	CalPERS	Misc
UNR	Unrepresented Management	Management	18	$ 256.00	CalPERS	Misc
UP4	LIUNA Inspection and Technical	LIUNA	1,596	$ 157.00	CalPERS	Misc
UP5	LIUNA Trades, Crafts and Labor	LIUNA	944	$ 157.00	CalPERS	Misc
UP6	LIUNA Supporting Services	LIUNA	5,352	$ 157.00	CalPERS	Misc
		County Total	22,286			

* Other than RSA Law Enforcement, all Bargaining Units are eligible to receive the greater of the PEMHCA amount or the bargained amount. Currently, Confidential, DDAA, Management (General), Law Enforcement Executive Staff, Unrepresented Confidential, and Unrepresented management are above the PEMHCA amount, LEMU, RSA Public Safety, SEIU, and LIUNA are at the PEMHCA amount.

Special District (Waste, Parks, and Flood) employees are not included in this valuation.

[1] Based on demographic assumptions set out in the Actuarial Assumption and Methods section of this report.
[2] Excludes deferred retirees. Including this group would decrease the Average Future Working Life by 0.5.

Retired Participant Benefit Summary

The table below summarizes the number of current retirees receiving various monthly County contribution amounts:

Age	$25.00	$157.00	$256.00	Total
<40	1	0	0	1
40-44	3	1	2	6
45-49	6	2	1	9
50-54	56	80	25	161
55-59	67	224	68	359
60-64	78	526	161	765
65-69	66	484	168	718
70-74	44	312	212	568
75-79	19	271	126	416
80-84	11	151	51	213
85-89	3	53	14	70
90-95	1	30	12	43
>95	0	5	4	9
Total	355	2,139	844	3,338

Plan Election Summary

The table below summarizes the number of participants by medical plan.

Plan	HMO/PPO	Actives	Retirees
Basic			
Anthem Select	HMO	800	41
Anthem Traditional	HMO	179	12
Blue Shield Access +	HMO	2,741	180
Blue Shield Trio	HMO	1,154	67
Health Net Salud y Más	HMO	309	15
Kaiser	HMO	7,764	447
PERS Gold	PPO	1,190	49
PERS Platinum	PPO	252	151
PORAC	PPO	13	15
United Healthcare Alliance	HMO	713	82
United Healthcare Harmony	HMO	271	26
RSA		2,601	355
Waiver/Unspecified		4,299	6
Total		22,286	1,446
Supplemental/Managed Medicare			
Anthem	HMO		40
Blue Shield	HMO		56
Kaiser	HMO		1,084
PERS Gold	PPO		39
PERS Platinum	PPO		218
PORAC	PPO		24
United Healthcare	PPO		431
Total			1,892

Summary of Principal Plan Provisions

The following plan provisions are the basis for the calculations in this actuarial valuation.

1. **Benefit Eligibility**
All employees who retire from active employment within 120 days of separation are eligible for participation. Participants are eligible for service retirement at or after age 50, or disability retirement at an age younger than 50, with at least 5 years of service. Former employees who become eligible for CalPERS pension benefits more than 120 days after separation are not eligible for retiree health benefits.

2. **Benefits / Plans Covered**
The County contributes a portion of an eligible retiree's medical plan premium under a County sponsored health plan (either at retirement or during a subsequent annual enrollment) for the retiree's lifetime. Contributions are based on the employee's bargaining unit at the time of retirement; as follows:

Bargaining Unit	***Monthly Contribution***					
at Retirement	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Confidential**	$256.00	$256.00	$256.00	$256.00	$256.00	$256.00
LEMU (Management)*	$139.00	$143.00	$149.00	$151.00	$157.00	$158.00
MLX (Executive Staff)**	$256.00	$256.00	$256.00	$256.00	$256.00	$256.00
LIUNA	$25.00	$25.00	$149.00	$151.00	$157.00	$158.00
Management**	$256.00	$256.00	$256.00	$256.00	$256.00	$256.00
District Attorneys (DDAA)*	$256.00	$256.00	$256.00	$256.00	$256.00	$256.00
RSA Law Enforcement	$25.00	$25.00	$25.00	$25.00	$25.00	$25.00
RSA Public Safety*	$139.00	$143.00	$149.00	$151.00	$157.00	$158.00
SEIU	$139.00	$143.00	$149.00	$151.00	$157.00	$158.00
Unrepresented**	$256.00	$256.00	$256.00	$256.00	$256.00	$256.00

* Other than RSA Law Enforcement, all Bargaining units are eligible to receive the greater of the PEMHCA amount or the bargained amount. Currently, Confidential, MLX (Executive Staff), Management, Prosecution (Deputy DAs), and Unrepresented are above the PEMHCA amount, LEMU, RSA Public Safety, SEIU, and LIUNA are at the PEMHCA amount.

** Confidential, MLX (Executive Staff), Management and Unrepresented retired before 11/1/2005 receive a monthly contribution of $128 and after 11/1/2005 receive a monthly contribution of $256.

Future PEMHCA amounts increase at the same rate as Medical CPI. See Appendix A for a projection of the monthly PEMHCA contribution amounts.

RSA – The County contributes $25.00 per month to the RSA Benefit Trust for RSA Law Enforcement retirees. Although the Trust is responsible for providing a benefit with a much larger premium, the County is responsible for the $25.00 monthly contribution and this benefit is included in Plan liabilities.

Implicit Subsidy – Under CalPERS plans, retirees can receive coverage at premium rates that are subsidized due to demographic differences between those receiving benefits and the population used to develop premiums (e.g., blended active and retiree premiums.)

3. **Survivor Coverage Benefits**
Upon the death of the retiree, the eligible surviving spouse receives the same monthly benefit amount for their lifetime.

Actuarial Assumptions and Methods

1. Actuarial Cost Method

The costs shown in the report were developed using the Entry Age Normal cost method.

The Entry Age Normal (EAN) cost method spreads plan costs for each participant from entry date (assuming the plan existed on the employee's hire date) to the expected retirement date. Under the EAN cost method, the plan's normal cost is developed as a level percentage of pay spread over the participants' working lifetime. For this purpose, pay is assumed to increase 2.80% per annum. The AAL is the cumulative value, on the valuation date, of prior service costs. For retirees, the AAL is the present value of all projected benefits.

The Plan costs are derived by making certain specific assumptions as to the rates of interest, mortality, turnover and other demographic events, which are assumed to hold for many years into the future. Actual experience may differ somewhat from the assumptions and the effect of such differences is spread over all periods. Due to these differences, the costs determined by the valuation must be regarded as estimates of the true Plan costs.

2. Funding Policy and Actuarially Determined Contribution (ADC)

The County's funding policy is to contribute the normal cost plus the amortization of unfunded liability based on the following:

- Amortization of the 2017 unfunded liability over the period ending June 30, 2037, plus
- 15-year amortization of subsequent unanticipated changes in liability (i.e., actuarial gains/losses and assumption changes), plus
- 5-year amortization of subsequent unanticipated changes in assets (i.e., asset gains/losses).

The amortization is calculated based on a level percentage of future payroll amounts

Effective July 1, 2020 (ADC for Fiscal Year Ending June 30, 2022), the County elected to exclude the implicit subsidy liability in the funding contribution development.

3. GASB Discount Rate

7.30% - as of 7/1/2024
7.80% - as of 7/1/2023

Under GASB 75, the discount rate is based on a single equivalent rate that reflects a blend of:

- Expected return on assets during the period such that assets are projected to be sufficient to pay benefits of current participants; and
- 20-year, municipal bond yields / index for periods beyond the depletion of the assets.

Based on the current funding policy, projected cash flows, and the assumed asset return, the plan assets are not projected to be depleted, and the discount rate can be based on the expected asset return.

4. Municipal Bond Rate

3.63% - as of 7/1/2024
3.65% - as of 7/1/2023

Municipal Bond Rate is based on the Bond Buyer General Obligation 20-Bond Municipal Bond Index.

5. Funding Discount Rate

7.00% - Funding policy selected by the County

6. Expected Return on Assets

7.30% - Selected by the County

The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense 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 asset allocation percentage with allowance for volatility in returns and by adding expected inflation.

Best estimates of geometric real rates of return for each major asset class included in the plan's asset allocation as of June 30, 2024 are summarized in the following table:

Asset Class	Expected Nominal Rate of Return	Expected Real Rate of Return	Allocation
Large Cap U.S. Equity	6.70%	4.30%	29.16%
Small Cap U.S. Equity	7.20%	4.79%	9.02%
International (Non-U.S.) Equity (Developed)	6.60%	4.20%	5.69%
Emerging Markets Equity	6.90%	4.50%	3.18%
Cash (Gov't)	4.10%	1.76%	4.25%
Long Duration Bonds – Gov't / Credit	5.40%	3.03%	35.85%
High Yield Bonds	6.20%	3.81%	2.33%
Intermediate Duration Bonds - Credit	5.10%	2.74%	8.11%
Private Real Estate (Core)	5.80%	3.42%	1.69%
Infrastructure (Open-End)	7.40%	4.99%	0.74%
Total Portfolio			100.00%

The analysis of Aon's June 30, 2024 Capital Market Assumptions and the Plan's asset allocation, resulted in a range of reasonable returns between 5.96% and 7.36%.

7. Payroll Increases

2.80% - This is the annual rate at which total payroll is expected to increase and is used in the funding method to calculate the funding contribution as a level percent of payroll.

8. Inflation

2.30% - This is the assumed annual rate of inflation for future years.

For demographic assumptions:

Public Agency Police consists of Law Enforcement Management and Law Enforcement Executive Staff;

Public Agency County Peace Officer consists of RSA Law Enforcement and RSA Public Safety, and;

Miscellaneous consists of all other bargaining units.

9. Mortality

Mortality rates are based on the Pub-2010 headcount-weighted tables for general employees of all income levels, with generational future improvement scale MP-2021. Sample rates for the 2010 base year mortality are as follows:

Age	Male	Female
30	0.05%	0.02%
40	0.08%	0.04%
50	0.18%	0.10%
60	0.38%	0.21%
70	0.82%	0.53%
80	2.03%	1.41%
90	15.78%	12.12%

10. Termination

Termination rates developed in the 2021 CalPERS Experience Study were used in the valuation. The following sample rates are based on age and service:

Public Agency Police and County Peace Officer - Male

Attained	Years of Service						
Age	0 – 1	5	10	15	20	25	30
30	12.98%	2.69%	1.45%	0.83%	0.00%	0.00%	0.00%
35	12.98%	2.69%	1.45%	0.83%	0.60%	0.00%	0.00%
40	12.98%	2.69%	1.45%	0.83%	0.60%	0.42%	0.00%
45	12.98%	2.69%	1.45%	0.83%	0.60%	0.42%	0.21%
50	12.98%	2.69%	1.45%	0.83%	0.60%	0.42%	0.21%
55	12.98%	1.13%	0.32%	0.00%	0.00%	0.00%	0.00%

Termination (cont.)

Public Agency Police and County Peace Officer - Female

Attained Age	Years of Service 0 – 1	5	10	15	20	25	30
30	13.89%	4.00%	2.46%	1.44%	0.00%	0.00%	0.00%
35	13.89%	4.00%	2.46%	1.44%	1.05%	0.00%	0.00%
40	13.89%	4.00%	2.46%	1.44%	1.05%	0.73%	0.00%
45	13.89%	4.00%	2.46%	1.44%	1.05%	0.73%	0.37%
50	13.89%	4.00%	2.46%	1.44%	1.05%	0.73%	0.37%
55	13.89%	1.28%	0.47%	0.00%	0.00%	0.00%	0.00%

Miscellaneous - Male

Attained Age	Years of Service 0 – 1	5	10	15	20	25	30
30	16.31%	8.04%	3.77%	1.80%	0.00%	0.00%	0.00%
35	14.93%	7.15%	3.66%	1.80%	1.41%	0.00%	0.00%
40	14.90%	6.27%	3.37%	1.80%	1.41%	0.84%	0.00%
45	14.87%	5.62%	3.09%	1.66%	1.41%	0.84%	0.47%
50	15.09%	4.97%	2.45%	1.52%	1.10%	0.84%	0.47%
55	15.30%	4.61%	1.81%	1.19%	0.79%	0.64%	0.47%

Miscellaneous - Female

Attained Age	Years of Service 0 – 1	5	10	15	20	25	30
30	18.24%	10.41%	5.02%	2.52%	0.00%	0.00%	0.00%
35	17.49%	9.25%	4.91%	2.52%	1.75%	0.00%	0.00%
40	17.31%	8.09%	4.46%	2.52%	1.75%	1.08%	0.00%
45	17.13%	7.30%	4.01%	2.13%	1.75%	1.08%	0.56%
50	17.41%	6.50%	3.08%	1.74%	1.31%	1.08%	0.56%
55	17.69%	5.80%	2.15%	1.32%	0.87%	0.76%	0.56%

11. Disability

Disability rates developed in the 2021 CalPERS Experience Study were used in the valuation. Sample rates are as follows:

	Public Agency Police & County Peace Officer		CalPERS Miscellaneous	
Age	Male	Female	Male	Female
25	0.17%	0.17%	0.01%	0.01%
30	0.49%	0.49%	0.02%	0.03%
35	0.81%	0.81%	0.04%	0.07%
40	1.12%	1.12%	0.09%	0.12%
45	1.44%	1.44%	0.15%	0.19%
50	0.00%	0.00%	0.15%	0.19%
55	0.00%	0.00%	0.14%	0.13%

12. Retirement Age

Retirement rates developed in the 2021 CalPERS Experience Study are used in the valuation. Sample rates are provided below.

- Hire date prior to August 24, 2012:
  - Police 3% @ 50 were used for safety employees (including County Peace Officers)
  - Miscellaneous 3% @ 60 rates were used for all other employees.
- Hire date August 24, 2012 to December 31, 2012:
  - Police 2% @ 50 were used for safety employees (including County Peace Officers)
  - Miscellaneous 2% @ 60 rates were used for all other employees.
- Hire date post December 31, 2012:
  - Police 2.7% @ 57 were used for safety employees (including County Peace Officers)
  - Miscellaneous 2% @ 62 rates were used for all other employees.

Miscellaneous 3% @ 60

Attained	Years of Service						
Age	5	10	15	20	25	30	35
50	1.50%	2.00%	2.50%	3.90%	4.00%	4.40%	4.40%
55	13.70%	4.30%	5.10%	6.50%	7.60%	10.80%	13.60%
60	8.10%	8.50%	13.30%	21.50%	28.00%	33.30%	37.80%
65	15.20%	20.10%	26.20%	29.90%	32.30%	32.30%	32.30%
70	24.50%	24.50%	24.50%	24.50%	24.50%	24.50%	24.50%
75	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Miscellaneous 2% @ 60

Attained	Years of Service						
Age	5	10	15	20	25	30	35
50	1.00%	1.10%	1.40%	1.40%	1.70%	1.70%	1.70%
55	1.20%	1.60%	2.40%	3.20%	3.60%	3.60%	3.60%
60	6.30%	6.90%	7.40%	9.00%	13.70%	11.60%	12.50%
65	13.80%	16.00%	21.40%	21.60%	23.70%	28.30%	31.30%
70	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%
75	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Miscellaneous 2% @ 62

Attained	Years of Service						
Age	5	10	15	20	25	30	35
50	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
55	1.00%	1.90%	2.80%	3.60%	6.10%	9.60%	15.20%
60	3.10%	5.10%	7.10%	9.10%	11.10%	13.80%	18.30%
65	10.80%	14.10%	17.30%	20.60%	23.90%	30.00%	34.80%
70	12.00%	15.60%	19.30%	22.90%	26.50%	33.30%	38.70%
75	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Police 3% @ 50

Attained	Years of Service						
Age	5	10	15	20	25	30	35
50	12.40%	10.30%	11.30%	14.30%	24.40%	37.60%	43.80%
55	6.90%	7.40%	8.10%	11.30%	20.90%	30.50%	33.60%
60	34.30%	18.00%	15.90%	18.80%	24.70%	24.70%	24.70%
65	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
70	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
75	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Police 2% @ 50

Attained	Years of Service						
Age	5	10	15	20	25	30	35
50	1.80%	7.70%	5.60%	4.60%	4.30%	4.60%	4.60%
55	0.90%	4.00%	9.90%	15.70%	18.60%	18.60%	18.60%
60	17.70%	17.70%	17.70%	17.70%	17.70%	17.70%	17.70%
65	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
70	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
75	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Police 2.7% @ 57

Attained	Years of Service						
Age	5	10	15	20	25	30	35
50	5.00%	5.00%	5.00%	5.00%	5.00%	10.00%	11.00%
55	6.80%	6.80%	6.80%	9.10%	13.40%	24.20%	38.80%
60	15.00%	15.00%	15.00%	15.00%	15.00%	22.80%	35.00%
65	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
70	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
75	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

13. Annual Medical Inflation (“Trend”)

County Contribution: PEMHCA amounts have been determined through 2025 ($158.00). After 2025, the PEMHCA amounts will increase at the same rate as the Medical CPI. For valuation purposes, this is assumed to be 4% for all years. This applies to RSA Public Safety, Deputy District Attorney, Law Enforcement Management, Confidential, Management, Executive Staff, and Unrepresented who were assumed to participate in CalPERS Health Benefits programs and receive the PEMHCA amounts.

All other County contributions are assumed to remain at their current level.

For purposes of calculating the implicit subsidy, a medical trend rate assumption was used to develop the projected future medical claim amounts. The medical trend rate represents the long-term expected growth of medical benefits paid by the plan, due to non-age-related factors such as general medical inflation, utilization, new technology, and the like. The following table sets forth the trend assumptions used for the valuation:

	Medical	
Year	**Pre Medicare**	**Post Medicare**
2024*	7.31%	7.98%
2025	6.78%	7.62%
2026	6.46%	7.19%
2027	6.14%	6.75%
2028	5.82%	6.30%
2029	5.49%	5.86%
2030	5.16%	5.41%
2031	4.83%	4.95%
2032+	4.50%	4.50%

* The rates shown above for 2024 are the actual increase in premium rates from 2024 to 2025 based on the published 2025 premiums shown below.

14. Monthly Medical Costs (for Implicit Subsidy calculations)

The table below shows 2025 premiums as of the valuation date based on Region 3 (Los Angeles, Riverside, San Bernardino).

Plan	HMO/PPO	Employee Only	Employee & 1 Dep.
Basic			
Anthem Select	HMO	$916.88	$1,833.76
Anthem Traditional	HMO	1,065.46	2,130.92
Blue Shield Access +	HMO	828.48	1,656.96
Blue Shield Trio	HMO	738.11	1,476.22
Health Net Salud y Más	HMO	714.40	1,428.80
Kaiser	HMO	926.52	1,853.04
PERS Gold	PPO	868.15	1,736.30
PERS Platinum	PPO	1,263.73	2,527.46
PORAC	PPO	970.00	1,951.00
United Healthcare Alliance	HMO	866.40	1,732.80
United Healthcare Harmony	HMO	756.28	1,512.56
Supplemental/Managed Medicare			
Anthem	HMO	487.56	975.12
Blue Shield	HMO	448.28	896.56
Kaiser	HMO	343.08	686.16
PERS Gold	PPO	546.13	1,092.26
PERS Platinum	PPO	584.70	1,169.40
PORAC	PPO	507.00	1,123.00
United Healthcare	PPO	442.25	884.50

Monthly Medical costs were developed by applying age adjustments to the above premiums to reflect the implicit subsidy. These age adjustments are based on statewide information provided by CalPERS (updated in 2023). Single rate age adjustment factors are used for retirees and spouses. A sampling of the factors used is included below:

Aging Factors

Age	HMO Plans	PPO Plans
20	0.36	0.34
30	0.53	0.52
40	0.67	0.63
50	1.00	0.93
60	1.51	1.37
64	1.73	1.58
65	0.82	0.80
70	0.92	0.90
80	1.12	1.10
90+	1.15	1.15

15. Retiree Contributions

Retirees pay the premiums in excess of the County contributions.

16. Dental Benefits

Retirees are eligible for dental benefits if they pay the entire premium. Since dental claims are not assumed to vary with age, costs are expected to be fully paid by retirees and no County liabilities exist.

17. Lapse Rates

The lapse rate represents the annual rate at which retirees elect not to renew coverage. Assumed lapse rates of future and current retirees are included below:

Age	Lapse Rate
50-59	6.5%
60-64	6.5%
65-69	5.0%
70-74	4.0%
75-79	3.5%
80-84	3.0%
85+	0.0%

18. Participants Valued

Only current active and retired participants are directly valued. No future entrants are considered in this valuation except for the participants listed below.

Certain employees who do not immediately elect coverage at retirement are eligible to elect retiree coverage at a later date. Currently, there are approximately 4,000 such deferred retirees. These deferred retirees' liabilities are estimated using recent experience and July 1, 2024 census data. Future deferred election rates are included below:

Age	Election Rate
50-54	3.5%
55-59	6.0%
60-64	10.5%
65-69	4.0%
70+	0.0%

For RSA, it is anticipated that a significant number of retirees will defer benefits to later years. The RSA retiree liability was loaded 15% to account for such current "deferred" retirees that are not included in the census data.

19. Plan Participation

Assumed plan participation rates of future retirees is as set out in the following table:

Health Plan / Benefit Eligibility	Assumed Participation Rate
CalPERS health plans	60% immediate / 10% defer to age 68
RSA health plans	60% immediate / 20% defer to age 65

These percentages were developed based on a review of the County's recent experience.

Future retirees are assumed to elect health plans in the same proportions as the current allocation.

20. Spousal Coverage Assumption

50% of future eligible retirees are assumed to cover their spouses. Males are assumed to be three years older than their female spouses. Current spousal coverage is used for current retirees.

21. Participants Excluded

Special District (Waste, Parks, and Flood) employees, along with active Court members, were not included in this valuation.

22. Changes in Valuation Assumptions

The following assumptions were changed from the prior valuation:

1) Expected return on assets was updated from 7.80% to 7.30%.
2) GASB discount rate was updated from 7.80% to 7.30%, in light of change in expected return assumption. No change in the funding discount rate, 7.00%.
3) The claim tables were updated to reflect most recent CalPERS monthly premiums available for 2025.

Appendix A—Comparison of County Contribution to PEMHCA

The following table compares the projected monthly benefit per participant under the current plan to the projected monthly benefit per participant under PEMHCA. The PEMHCA amounts are assumed to increase at the same rate as medical inflation each year after 2025.

	Current Benefits		
Year	**Low - $25/month**	**High - $256/month**	**PEMHCA Benefit**[1]
2024	$25.00	$256.00	$157.50
2025	$25.00	$256.00	$161.16
2026	$25.00	$256.00	$167.61
2027	$25.00	$256.00	$174.31
2028	$25.00	$256.00	$181.28
2029	$25.00	$256.00	$188.53
2030	$25.00	$256.00	$196.08
2031	$25.00	$256.00	$203.92
2032	$25.00	$256.00	$212.08
2033	$25.00	$256.00	$220.56
2034	$25.00	$256.00	$229.38
2035	$25.00	$256.00	$238.56
2036	$25.00	$256.00	$248.10
2037	$25.00	$256.00	$258.02
2038	$25.00	$256.00	$268.34
2039	$25.00	$256.00	$279.08
2040	$25.00	$256.00	$290.24
2041	$25.00	$256.00	$301.85
2042	$25.00	$256.00	$313.92
2043	$25.00	$256.00	$326.48
2044	$25.00	$256.00	$339.54
2045	$25.00	$256.00	$353.12

[1] PEMHCA amounts shown in the table are estimates for Plan Year (e.g., 2024 is based on the average of 1/1/2024 and 1/1/2025 amounts)

Appendix B—GASB 75 Expense Estimate for Fiscal Year Ending June 30, 2026

The following table illustrates the estimated OPEB expense under GASB 75 for the Fiscal Year ending June 30, 2026. The amounts shown are estimates based on the results of the July 1, 2024 actuarial valuation and a 7.30% discount rate.

	Fiscal Year Ending 6/30/2026 [1]
(1) Service Cost	$ 13,454,000
(2) Interest Cost	22,646,000
(3) Expected Investment Return	(10,132,000)
(4) Employee Contributions	0
(5) Administrative Expense	59,000
(6) Plan Changes	0
(7) Amortization of Unrecognized	
(a) Liability (Gain)/Loss	(475,000)
(b) Asset (Gain)/Loss	(1,173,000)
(c) Assumption Change (Gain)/Loss	17,842,000
(8) Total Estimated Expense	$ 42,221,000
(9) Total Expense as a Percentage of Payroll [2]	2.14%

[1] Final FYE 2026 expense information will be provided in the actuarial valuation based on a June 30, 2025 measurement date reflecting updated census, assumptions, plan provisions and actual asset values, in addition to any asset, liability, or assumption gains/losses initially recognized over the period June 30, 2024 to June 30, 2025.
[2] Based on estimated payroll.

Appendix C—Pre-65 / Post-65 Breakdown

Alternate breakdown of AAL is shown below to help understand the source of costs. The liabilities shown in this exhibit were calculated using a 7.30% discount rate.

	Pre-65	Post-65	Total
All Benefits			
County Contribution - Flat Dollar (RSA)			
Retirees	$100,921	$201,480	$302,401
Actives	$1,220,381	$1,073,963	$2,294,344
Subtotal	$1,321,302	$1,275,443	$2,596,745
County Contribution - CalPERS Benefits			
Retirees	$12,999,326	$70,092,280	$83,091,606
Actives	$20,958,923	$49,805,321	$70,764,244
Subtotal	$33,958,249	$119,897,601	$153,855,850
CalPERS - Implicit Subsidy			
Retirees	$52,099,224	$4,401,559	$56,500,783
Actives	$92,035,825	($467,581)	$91,568,244
Subtotal	$144,135,049	$3,933,978	$148,069,027
Total AAL	**$179,414,600**	**$125,107,022**	**$304,521,622**
Number of Retirees as of 7/1/2024[1]	1,301	3,338	3,338
Number of Actives as of 7/1/2024[1]	21,919	22,286	22,286
AAL Per Retiree[2]	$27,910	$17,161	$28,039
AAL Per Active	$5,211	$2,262	$7,387
Normal Cost			
Flat Dollar (RSA)	$111,220	$71,612	$182,832
CalPERS Benefits	$1,659,877	$4,791,330	$6,451,207
CalPERS - Implicit Subsidy	$6,729,482	$90,873	$6,820,355
Total Normal Cost	**$8,500,579**	**$4,953,815**	**$13,454,394**

[1] For purpose of illustrating per participant AAL, counts reflect number of participants eligible for pre-65 and post-65 benefits, respectively. Deferred retirees are not explicitly included in the count, but their future benefits are valued based on the election assumption developed in the experience study carried out in 2021 and reviewed in subsequent years and the actual deferred retiree population 2024.
[2] Average liability excluding deferred retirees; Average liability for eligible deferred retirees is approximately $11,500.

Actuarial Valuation Report

County of Riverside

Part-time and Temporary Employees' Retirement Plan

As of July 1, 2024

Executive Summary

Background

The County of Riverside established the Part-Time and Temporary Employees' Retirement Plan to provide retirement benefits to eligible employees as a substitute for benefits under Social Security, as allowed under OBRA '90. The Plan is an IRS Section 401(a) defined benefit plan.

The County's current funding policy is to contribute a level percentage of pay based on the sum of:

<u>Ongoing accruals</u>

a) Normal Cost with interest and administrative expense, less
b) Expected Employee Contributions

<u>Plus, Amortization of unfunded liabilities</u>

c) Amortization of July 1, 2017 Unfunded Actuarial Accrued Liability (UAAL) over the period ending June 30, 2037, plus
d) Amortization of subsequent unanticipated changes in liability (i.e., actuarial gains / losses and changes in assumptions) over 15-year periods and unanticipated changes in assets over 5-year periods.

Amortization amounts are calculated based on the discount rate and payroll increase assumption appropriate for the valuation date.

Summary of Results

Funding Contribution

The funding contribution for Fiscal Year Ending (FYE) 2025 is $0 and was developed based on the prior year valuation. The funding contribution for FYE 2026 is $0 and is developed based on the funding policy described in the Background section above and reflecting the funded status of the plan.

Although the funding contribution methodology results in a current and near term $0 contribution amount, the plan has a shortfall and hence, the County may wish to consider an alternative funding amount.

The current policy amortizes assets and liabilities experience over different periods, which results in a negative net amortization in the next few years, switching to highly positive net amortization amounts after 2028. This negative amortization is larger than the cost of accruals, resulting in a $0 contribution.

An alternative amortization of the UAAL that uses a single 15-year amortization period would address the volatility in the 5-year/15-year amortization amounts under the current policy and address the plan's current funded status. In addition, due to the high turnover of this plan's participants, the County may want to base the contribution amount (as a % of pay) on the total expected payroll for the year, rather than just a snapshot of the compensation earned for the active population as of the valuation date.

Application of the 15-year amortization period leads to a contribution of 1.61% of total expected payroll. More information regarding both the standard and alternative funding scenarios is provided in the Development of Funding Contribution section of the report.

GASB 68

This valuation is based on census data provided as of July 1, 2024 for the purpose of providing GASB 68 financial statement information, including expense, for FYE June 30, 2025. The final FYE June 30, 2025 expense/(income) is $983,683, which is lower than that estimated in the prior valuation primarily due to higher than expected employee contributions.

The estimated FYE 2026 expense is $(558,000) **income**. The decrease from FYE 2025 expense is a result of prior amortization bases being fully recognized and higher expected return on assets (due to the higher asset value coupled with the increased expected return on assets assumption), offset by higher interest cost. The final FYE 2026 expense will be updated to reflect actual cash flows, actual employee contributions and any unexpected gains or losses on the assets and liability during the measurement period ending June 2025.

The measurement date for results shown in this valuation report is June 30, 2024.

ASOP 51

In September 2017, the Actuarial Standards Board (ASB) introduced Actuarial Standard of Practice (ASOP) No. 51, Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension Plan Contributions, which is effective for any actuarial work product with a measurement date on or after November 1, 2018. This ASOP provides guidance to actuaries with regard to the assessment and disclosure of the risk that actual future measurements may differ significantly from expected future measurements. Examples of future measurements include pension liabilities, actuarially determined contributions, and funded status. A report that addresses the requirements of ASOP 51 will be provided in a report separate to these valuation results.

ASOP 4

For all funding valuations with measurement dates on or after February 15, 2023, and for which an actuarial report is issued on or after February 15, 2023, ASOP 4 now requires the calculation and disclosure of an additional measure of the plan’s liability using a discount rate or discount rates derived from low-default-risk fixed income securities whose cash flows are reasonably consistent with the pattern of benefits expected to be paid in the future. This additional liability measure is referred to as the Low-Default-Risk Obligation Measure (LDROM). The LDROM is documented in Appendix B of the report.

The actuarially determined contribution (ADC) in this report is considered reasonable because it meets the criteria of Section 3.21 of Actuarial Standard of Practice No. 4, Measuring Pension Obligations and Determining Pension Plan Costs or Contributions (ASOP 4):

- All significant assumptions are reasonable
- Combined impact of assumptions are projected to have no significant bias
- The actuarial cost method allocates cost in a reasonable way over employees’ careers
- Amortizations are projected to either fully amortize the unfunded liability or reduce the unfunded accrued liability by a reasonable amount within a reasonable period - For the 401a plan, the funding policy is expected to fully amortize the unfunded liability over 15 years. Currently, the contribution is indefinitely expected to exceed the normal cost plus interest on the unfunded actuarial accrued liability.
- The asset method and output smoothing method (if any) are consistent with actuarial standards.
- The contribution allocation procedure or funding policy is not inconsistent with the plan accumulating assets adequate to make benefit payments when due, and the assets are not projected to be depleted.

Comparison to Prior Valuation

The purpose of the actuarial valuation of the Plan is to:

- Determine the Plan's funded status and annual costs; and
- Provide information for Government Accounting Standards Board financial statement disclosure.

The following table summarizes the current valuation results as of July 1, 2024, compared to prior year results:

	July 1, 2023	July 1, 2024
Active participant count	2,331	2,591
Funding Contribution		
Discount Rate	6.00%	6.00%
Actuarial accrued liability (Projected Unit Credit):	$ 73,855,328	$ 78,852,813
Actuarial Value of Assets	61,261,292	67,418,347
Unfunded liability	$ 12,594,036	$ 11,434,466
Funded percentage	82.9%	85.5%
Actuarially Determined Contribution (ADC), FYE 2025 / 2026	$ 0	$ 0
Expected Total Participant Compensation FYE 2025/2026	$ 71,100,000	$ 76,760,000
Contribution as a Percentage of Compensation	0.00%	0.00%
Alternative Contribution	2.32%	1.61%
GASB 68 Expense		
Discount Rate	6.00%	6.90%
Total Pension Liability (Entry Age Normal):	$ 67,876,484	$ 65,070,069
Plan Fiduciary Net Position	59,186,816	69,522,952
Net Pension Liability	$ 8,689,668	$ (4,452,883)
GASB 68 Annual Pension Expense/(Income), FYE 2025 final / 2026 estimate	$ 983,683	$ (558,000)

Overall, the plan's funded status for funding purposes was relatively similar to last year; however, the GASB 68 funded status improved, and Net Pension Liability decreased from the prior valuation. The primary reason for these differing results is the asset gain, which gets spread over five years with the asset smoothing under the funding method but recognized immediately for GASB accounting purposes. Overall, the following offsetting factors impacted plan results:

- Assets were higher than expected due to favorable investment return on plan assets (14.2% actual compared to 6.0% assumed);
- Employer and employee contributions were higher than the actuarially determined contribution;
- Demographic experience was different than expected, primarily due to more terminations than expected, new entrants, and full-time active participants moving to part-time, resulting in a net liability loss.

Projected Funding Status

The County's target is to maintain an 80% funded status for the plan. The funded status as of July 1, 2024 is above 80% and is projected to be above 80% in future years.

95% Funded Status

The County also requested review of maintaining an alternative 95% funded status for the Plan. The valuation projects the Plan to be under 95% funded based on the cost method used for funding, as shown below.

Projected Actuarial Accrued Liability (AAL), 6/30/2025	$	80,421,149
Projected Smoothed Value of Assets, 6/30/2025		74,021,388
Funding Shortfall, 6/30/2025	$	6,399,761
Projected Funded Status, 6/30/2025		92.0%
Shortfall to achieve 95% as of 6/30/2025	$	2,378,704
Additional funding in FYE 2025 to achieve 95% as of 6/30/2025[1]	$	2,310,401

[1] Assumes mid-year funding on 1/1/2025 and is in addition to the anticipated FYE 2025 County contribution of 5.58% of pay.

The table below summarizes the estimated contribution projected in order to attain 95% at various future dates. The total contributions assume the June 30, 2026 ADC rate (0% of pay) plus the additional amount to attain 95% funded status by the target funding date.

	Additional Payment to Fund 95% by Target Date		Total Contribution to Fund 95% by Target Date	
95% Target Funding Date	**Annual Payment in FYE 2026[1]**	**% of Pay**	**Annual Payment in FYE 2026[1,2]**	**% of Pay[2]**
6/30/2026	$3,854,044	5.02%	$3,854,044	5.02%
6/30/2027	$1,408,792	1.84%	$1,408,792	1.84%
6/30/2028	$729,329	0.95%	$729,329	0.95%
6/30/2029	$329,701	0.43%	$329,701	0.43%
6/30/2030	$3,277	0.00%	$3,277	0.00%
6/30/2031	$0	0.00%	$0	0.00%

[1] Contributions shown for FYE 2026 are assumed to be made throughout the year based on a level percent of pay and are therefore assumed to increase at 2.80% per year from FYE 2026 to the target funding date.
[2] Includes FYE 2025 contribution of $4.2M (5.58% of pay) and FYE 2026 contribution of $0 (0% of pay).

For example, to attain 95% funded by FYE 2027 the County would need to contribute approximately $1.4M in FYE 2026 in addition to the current ADC contributions of $0M in FYE 2026, plus $1.5M ($1.4M including interest) in FYE 2027.

* * *

This July 1, 2024 valuation is based on census data provided as of June 30, 2024 for the purpose of providing GASB 68 financial statement information, including final expense for the fiscal year ending June 30, 2025, estimated expense for fiscal year ending June 30, 2026 and the funding contribution amount for the fiscal year ending June 30, 2026.

The following report provides details of the results summarized above and the disclosure information for fiscal year ending 2025.

Table of Contents

Actuarial Valuation Certification

This report documents the results of the July 1, 2024 actuarial valuation for the County of Riverside Part-time and Temporary Employee's Retirement Plan. The information provided in this report is intended strictly for documenting the development of the Funding Contribution and disclosure items under Governmental Accounting Standards Board (GASB) Statements No. 68.

Determinations for purposes other than the financial accounting requirements may be significantly different from the results in this report. Thus, the use of this report for purposes other than those expressed here may not be appropriate.

This valuation has been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board. In addition, the valuation results are based on our understanding of the financial accounting and reporting requirements under U.S. Generally Accepted Accounting Principles as set forth in Government Accounting Standards Board Statement 68 (GASB 68) including any guidance or interpretations provided by the Company and/or its audit partners prior to the issuance of this report. The information in this report is not intended to supersede or supplant the advice and interpretations of the County of Riverside's auditors.

A valuation model was used to develop the liabilities for the June 30, 2024 valuation. The valuation model relies on ProVal software, which was developed by Winklevoss Technologies, LLC. Experts within Aon selected this software and determined it is appropriate for performing valuations. We coded and reviewed the software for the provisions, assumptions, methods, and data of the County of Riverside Part-time and Temporary Employee's Retirement Plan.

A model was used to develop the appropriate GASB discount rate. The undersigned relied on experts within Aon for the development of the capital market assumptions and the model underlying the expected rate of return.

The valuation model outputs various cost scenarios. The "1% increase" and "1% decrease" interest rate scenarios vary only the discount rate assumption, in order to illustrate the impact of a change in that assumption in isolation. In practice, certain other assumptions, such as the expected or realized asset returns, would also be expected to vary when the discount rate changes. Therefore, the output from these scenarios should be used solely for assessing the impact of the discount rate in isolation and may not represent a realistic set of results for other purposes.

The valuation model was used to project certain financial results for the liability projections. The valuation model relies on ProVal software, which was developed by Winklevoss Technologies, LLC and selected, reviewed, and evaluated by experts within Aon as appropriate for use for developing liabilities for liability projections.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to (but not limited to) such factors as the following:

- Plan experience differing from that anticipated by the economic or demographic assumptions
- Changes in actuarial methods or in economic or demographic assumptions
- Increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period)

- Changes in plan provisions or applicable law

Due to the limited scope of this valuation report, we have not included an analysis of the potential range of such future measurements. However, an assessment and disclosure of risks pertaining to the funding valuation as required by the actuarial standards of practice is being provided in a separate report.

Actuarial computations under GASB are for purposes of fulfilling plan and employer accounting requirements. The calculations reported herein have been made on a basis consistent with our understanding of these accounting standards. Determinations for purposes other than meeting Employer financial accounting requirements may be different from these results.

This report is intended for the sole use of the County of Riverside. It is intended only to supply information for the County of Riverside to comply with the stated purpose of the report and may not be appropriate for other business purposes. Reliance on information contained in this report by anyone for other than the intended purposes, puts the relying entity at risk of being misled because of confusion or failure to understand applicable assumptions, methodologies, or limitations of the report's conclusions. Accordingly, no person or entity, including the County of Riverside, should base any representations or warranties in any business agreement on any statements or conclusions contained in this report without the written consent of Aon.

Funded status measurements shown in this report may not be appropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the plan's benefit obligations, and funded status measurements for the employer and plan disclosure and reporting purposes may not be appropriate for assessing the need for or the amount of future contributions.

In determining the annual expense and Funding Contribution for the County of Riverside Part-time and Temporary Employees' Retirement Plan and information relating to plan disclosure and reporting requirements, Aon may be assisting the appropriate plan fiduciary as it performs tasks that are required for the administration of an employee benefit plan. Aon also may be consulting with the employer/plan sponsor (County of Riverside) as it considers alternative strategies for funding the plan, or as it evaluates information relating to employer reporting requirements. Thus, Aon potentially will be providing assistance to County of Riverside (and/or certain of its employees) acting in a fiduciary capacity (for the benefit of plan participants and beneficiaries) and to County of Riverside (and/or its executives) acting in a settlor capacity (for the benefit of the employer sponsoring the County of Riverside Part-time and Temporary Employees' Retirement Plan).

In conducting the valuation, we have relied on personnel, plan design, and asset information supplied by the County of Riverside as of the valuation date. While we cannot verify the accuracy of all the information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy or completeness of the information and believe that it has produced appropriate results. We have relied on actual and expected contributions as summarized within this report.

The actuarial assumptions and methods used in this valuation are described in the Actuarial Assumptions and Methods section of this report. Plan Sponsor selected the accounting economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB 68. Plan Sponsor selected the funding economic and demographic assumptions and prescribed them for use for purposes of compliance with the state's funding regulations. Aon provided guidance with respect to these assumptions, and it is our belief that the assumptions represent reasonable expectations of anticipated plan experience and the combined effect of the assumptions have no significant bias.

The undersigned are familiar with the near-term and long-term aspects of pension valuations and collectively meet the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. The information provided in this report is dependent upon various factors as documented throughout this report, which may be subject to change. Each section of this report is considered to be an integral part of the actuarial opinions.

To our knowledge, no colleague of Aon providing services to the County of Riverside has any material direct or indirect financial interest in the County of Riverside. Thus, we believe there is no relationship existing that might affect our capacity to prepare and certify this actuarial report for the County of Riverside.

Bradley Au

Bradley J. Au, MAAA, EA
Partner
(213) 996-1729
Brad.Au@aon.com

Steven M. Kilbride

Steven Kilbride, FIA, FSA, EA
Partner
(213) 996-1735
Steven.Kilbride1@aon.com

Shannon Hui

Shannon Hui, FSA, EA
Advanced Associate
(949) 608-6303
shannon.hui@aon.com

Elena Cipparone

Elena Cipparone, ASA, EA
Senior Consultant
(610) 263-8829
Elena.cipparone.2@aon.com

Aon
707 Wilshire Boulevard
Suite 2600
Los Angeles, CA 90017

November 1, 2024

Summary of Liabilities

This exhibit shows the plan liabilities as of July 1, 2024 based on census data provided by the County as of June 30, 2024 and the Summary of Plan Provisions and Summary of Actuarial Assumptions described in this report.

The Actuarial Accrued Liability (AAL) is the portion of the actuarial present value of all future benefits to be paid to current plan participants that is attributable to past service.

GASB 68 prescribes use of the Entry Age Normal (EAN) cost method for development of expense and disclosure information. For funding contributions, the Projected Unit Credit (PUC) cost method is used to maintain a more stable contribution level for this plan that experiences high turnover rates.

	Funding Contributions	**GASB 68**
Cost Method	PUC	EAN
Discount Rate	6.00%	6.90%
Actuarial Accrued Liability (AAL), as of July 1, 2024		
Retirees and Beneficiaries	$ 18,409,598	$ 17,310,286
Deferred Vested Terminated	26,440,791	22,482,566
Active Participants		
Part-Time Actives	16,509,969	15,166,765
Full-Time Actives[1]	17,492,455	10,110,452
Subtotal Actives	34,002,424	25,277,217
Total	$ 78,852,813	$ 65,070,069
Normal (Service) Cost, as of July 1, 2024	$ 2,066,882	$ 2,058,615

[1] Participants who become full-time employees and transfer to CalPERS are no longer accruing a benefit under the plan.

Summary of Plan Assets

This exhibit develops the asset values used in the valuation.

Statement of Invested Plan Assets as of June 30, 2024	**2024**
1. Mutual Funds – Equity	$ 49,370,730
2. Mutual Funds – Fixed Income	19,081,999
3. Cash and Equivalents (including receivables)	1,070,222
4. Total Assets held in Trust for Pension Benefits	$ 69,522,951
Reconciliation of Plan Assets	
1. Market Value of Assets at beginning of Plan Year	$ 59,186,816
2. Employer Contributions	4,038,726
3. Employee Contributions	2,723,813
4. Net Investment Income	8,506,596
5. Benefit Payments	(4,497,050)
6. Administrative Expenses	(435,949)
7. Market Value of Assets at end of Plan Year	$ 69,522,952
Rate of Return for FYE 2024 Plan year (net of administrative expenses)	14.15%
Development of (Gain)/Loss	
1. Expected Investment Earnings (assumed 6.00%)	$ 3,605,296
2. Actual Investment Earnings	8,506,596
3. (Gain)/Loss on Assets (1)-(2)	$ (4,901,300)
Actuarial Value of Assets as of June 30, 2024	
1. Market Value of Assets at end of Plan Year	$ 69,522,952
2. Unrecognized (Gain)/Loss[1]	(2,104,605)
3. Preliminary Actuarial Value of Assets at end of Plan Year (1)+(2)	$ 67,418,347
4. Lower Corridor (80% of Market Value)	$ 55,618,362
5. Upper Corridor (120% of Market Value)	$ 83,427,542
6. Actuarial Value of Assets	$ 67,418,347

[1] Schedule of the Current and Prior Asset (Gains)/Losses as of June 30, 2024.

Date Established	**Original (Gain)/Loss**	**Years Remaining as of 06/30/2024**	**Amount Recognized**	**Total Amount Unrecognized**
7/1/2024	($4,901,300)	4	($980,260)	($3,921,040)
7/1/2023	($2,791,073)	3	($1,116,430)	($1,674,643)
7/1/2022	$14,371,564	2	$8,622,939	$5,748,625
7/1/2021	($11,287,727)	1	($9,030,180)	($2,257,547)
Total	($4,608,536)		($2,503,931)	($2,104,605)

Summary of Funded Status

The Plan's funded status as of July 1, 2024 is developed based on the Actuarial Accrued Liability determined using the Projected Unit Credit methodology and the smoothed value of Plan assets.

The following table shows the development of the Plan's funded status as of July 1, 2024:

Funding Methodology	Projected Unit Credit
Discount Rate	6.00%
Actuarial Accrued Liability	$ 78,852,813
Actuarial Value of Plan Assets	67,418,347
Unfunded Liability	$ 11,434,466
Funded Percentage	85.5%

Development of Funding Contribution

The County's current funding policy is to contribute an amount equal to a level percentage of pay. Note the determination developed below assumes a constant active population over which the unfunded liabilities are amortized. The funding contribution is based on the sum of:

Ongoing accruals

a) Normal Cost with interest and administrative expense, less
b) Expected Employee Contributions

Plus, Amortization of unfunded liabilities

c) Amortization of July 1, 2017 Unfunded Actuarial Accrued Liability (UAAL) over the period ending June 30, 2037, plus
d) Amortization of subsequent unanticipated changes in liability (i.e., actuarial gains / losses and changes in assumptions) over 15-year periods and unanticipated changes in assets over 5-year periods.

The following table shows the development of the funding contribution as a level percentage of payroll, assuming middle of year payment, for the FYE June 30, 2026:

Funding Contribution, FYE June 30, 2026	**Total Amount**	**% of Pay**
Ongoing Accruals[1]		
Projected Normal Cost (including expense), plus interest	$ 2,555,664	3.97%
Expected Employee Contributions During Plan Year ending 6/30/2026	(2,413,219)	(3.75%)
Ongoing Accrual Contribution	$ 142,445	0.22%
Amortization of Unfunded Liabilities[2]		
7/1/2017 Unfunded Actuarial Accrued Liabilities, plus interest	$ 643,772	0.84%
Subsequent Unfunded Actuarial Accrued Liabilities, plus interest	(2,171,375)	(2.83%)
Amortization Contribution	$ (1,527,603)	(1.99%)
Funding Policy Contribution (Ongoing plus Amortization, not less than 0)	**$ 0**	**0.00%**
Considerations for % of Pay Alternatives[2]		
Ongoing Accrual Contribution		0.22%
Alternative Amortization of UAAL over 15 years	$ 1,064,490	1.39%
Alternative Funding Contribution		**1.61%**

[1]Developed based on estimated compensation for active population as of July 1, 2024, $64.4 million
[2]Developed based on estimated total compensation for active population at any time during FYE2024, $76.8 million

The County Plan contributions are determined based on the percentage of pay determined above and other considerations, such as the Plan's current funded status and funding goal. To the extent actual funding differs from dollar **amount** anticipated, the variation will be reflected in future contribution levels through amortization of unexpected changes in the UAAL.

Discussion of % of Pay Alternatives

Due to the high turnover of this plan's participants, a snapshot of the compensation earned for the active population as of the valuation date does not:

a) reflect a full year of compensation for those hired in the last year, and
b) account for any participants who join and leave the plan during the same plan year.

For example, in 2024 the total compensation earned by all active participants at any time in FYE 2024 was $72.4 million (employer contribution during FYE2024 divided by 5.58%), whereas the total compensation earned by those that were still active as of July 1, 2024 was only $60.9 million. Since the County will apply this % of pay to all earnings next year, it may be appropriate to calculate the funding % as a % of the total payroll.

The ongoing funding contribution of 0.22% represents the cost of benefits accruing in the next year for current actives and may be appropriate for the cost of accruals for any new hires. Any variation will be reflected in future contribution levels.

The Alternative Amortization of the UAAL, 1.39%, is based on the % of pay reflecting the total expected earnings for all participants in FYE 2026 (i.e., expected payroll of $76.8M). In addition, the alternative applies a single 15-year amortization period to the UAAL as a threshold to address potential volatility in the 5-year/15-year amounts under the current policy (e.g., current policy: $1.6M negative amortization in FYE 2026 and $1.6M positive amortization in FYE 2030).

Liability (Gain)/ Loss

The following table shows the development of the liability (gain)/loss as of June 30, 2024.

Liability as of June 30, 2023	$ 73,855,328
Service Cost	1,469,717
Interest on Liability	4,395,338
Assumption Changes	0
Expected Benefit Payments	(4,200,000)
Expected Liability as of June 30, 2024	$ 75,520,383
Actual Liability as of June 30, 2024	78,852,813
FYE 2024 Liability (gain)/loss	$ 3,332,430

Asset (Gain)/Loss

The following table shows the development of the asset (gain)/loss as of June 30, 2024.

Actuarial Value of Assets (AVA) as of June 30, 2023	$ 61,261,292
Expected Total Contributions[1]	1,037,491
Expected Benefit Payments	(4,200,000)
Expected Investment Earnings (based on 6.00%)	3,613,763
Expected AVA as of June 30, 2024	$ 61,712,546
Actual AVA as of June 30, 2024	67,418,347
Asset Difference for Funding Amortization, due to:	$ (5,705,801)
Contributions in Excess of Expected	$ (5,725,048)
Other Asset Experience	$ 19,247
Implicit Rate of Return	6.0%

[1]County contributions based on normal cost plus expected amortization amount of the UAAL developed in the 2023 valuation.

Amortization Schedule

The following table shows the amortization of Unfunded Actuarial Accrued Liability as of July 1, 2025. Amortization of bases is first recognized in the fiscal year subsequent to the year established.

Date Established	Type of Base	Original Period	Remaining Period as of June 30, 2025	Original Balance	Balance Remaining as of June 30, 2025[2]	Amortization Recognized in FYE June 30, 2026
6/30/2024	Liability (Gain)/Loss	15	15	3,332,430	3,532,376	289,310
6/30/2024	Assets (Gain)/Loss	5	5	(5,705,801)	(6,048,149)	($1,284,902)
6/30/2023	Liability (Gain)/Loss	15	14	3,663,080	3,778,741	326,920
6/30/2023	Assets (Gain)/Loss	5	4	(1,547,733)	(1,369,584)	(358,297)
6/30/2022	Liability (Gain)/Loss	15	13	3,459,710	3,455,789	317,415
6/30/2022	Assets (Gain)/Loss[1]	5	3	(10,555,896)	(7,311,040)	(2,512,087)
6/30/2022	Assumptions	15	13	45,224	45,173	4,149
6/30/2021	Liability (Gain)/Loss	15	12	4,020,672	3,864,990	379,104
6/30/2021	Assumptions	15	12	124,057	119,252	11,697
6/30/2020	Liability (Gain)/Loss	15	11	645,612	593,158	62,561
6/30/2020	Assumptions	15	11	(273,516)	(251,294)	(26,504)
6/30/2019	Liability (Gain)/Loss	15	10	2,675,755	2,330,388	266,473
6/30/2019	Assumptions	15	10	2,564,505	2,233,493	255,394
6/30/2018	Liability (Gain)/Loss	15	9	1,628,720	1,331,306	166,697
6/30/2018	Assumptions	15	9	(67,964)	(55,556)	(6,956)
6/30/2017	7/1/2017 UAAL	20	12	8,013,534	6,374,836	625,287
				$12,022,389	$12,623,879	($1,483,739)

[1] Re-established amount includes prior outstanding Asset (Gain)/Loss bases established prior to 6/30/2022 (gain of $9,374,852), FYE 2022 AVA Asset (Gain)/Loss plus other adjustments to reflect funded status.
[2] Reflecting experience through June 30, 2024

Development of GASB 68 Net Pension Expense

Calculation Details

The expense amounts shown below have been prepared for GASB 68 reporting purposes for the fiscal year ending June 30, 2025 based on a Valuation Date of July 1, 2024 and Measurement period of July 1, 2023 to June 30, 2024

The following table illustrates the Net Pension Liability under GASB 68.

	Fiscal Year Ending 6/30/2024	Fiscal Year Ending 6/30/2025
(1) Pension Liability		
(a) Retired Participants and Beneficiaries Receiving Payment	$ 16,942,935	$ 17,310,286
(b) Terminated Vested	25,811,785	22,482,566
(c) Active Participants		
(i) Part-time Actives	14,119,405	15,166,765
(ii) Full-time Actives	11,002,359	10,110,452
(iii) Active Subtotal	$ 25,121,764	$ 25,277,217
(d) Total	$ 67,876,484	$ 65,070,069
(2) Plan Fiduciary Net Position	59,186,816	69,522,952
(3) Net Pension Liability	$ 8,689,668	$ (4,452,883)
(4) Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.20%	106.84%
(5) Deferred Outflow of Resources for Contributions Made After Measurement Date	$ 4,038,726	TBD

Expense

The following table illustrates the Pension expense under GASB 68.

	Fiscal Year Ending 6/30/2024	Fiscal Year Ending 6/30/2025
(1) Service Cost	$ 2,012,827	$ 2,003,914
(2) Interest Cost	3,684,575	4,059,878
(3) Expected Investment Return	(3,127,539)	(3,605,296)
(4) Employee Contributions	(2,523,702)	(2,723,813)
(5) Administrative Expense	398,714	435,949
(6) Other	0	0
(7) Plan Changes	0	251,937
(8) Amortization of Unrecognized		
(a) Liability (Gain)/Loss	1,862,736	2,137,973
(b) Asset (Gain)/Loss	369,412	(722,219)
(c) Assumption Change (Gain)/Loss	339,519	(854,640)
(9) Total Expense	$ 3,016,542	$ 983,683

Shown below are details regarding the calculation of Service Cost, Interest Cost and Expected Investment Return components of the Expense.

	Fiscal Year Ending 6/30/2024	Fiscal Year Ending 6/30/2025
(1) Development of Service Cost:		
(a) Normal Cost at Beginning of Measurement Period	$ 2,012,827	$ 2,003,914
(2) Development of Interest Cost:		
(a) Total Pension Liability at Beginning of Measurement Period	$ 61,184,393	$ 67,876,484
(b) Normal Cost at Beginning of Measurement Period	2,012,827	2,003,914
(c) Actual Benefit Payments	(3,628,160)	(4,497,050)
(d) Discount Rate	6.00%	6.00%
(e) Interest Cost	$ 3,684,575	$ 4,059,878
(3) Development of Expected Investment Return:		
(a) Plan Fiduciary Net Position at Beginning of Measurement Period	$ 51,015,884	$ 59,186,816
(b) Actual Contributions—Employer	3,755,492	4,038,726
(c) Actual Contributions—Employee	2,523,702	2,723,813
(d) Actual Benefit Payments	(3,628,160)	(4,497,050)
(e) Administrative Expenses	(398,714)	(435,949)
(f) Other	0	0
(g) Expected Return on Assets	6.00%	6.00%
(h) Expected Return	$ 3,127,539	$ 3,605,296

Reconciliation of Net Pension Liability

Shown below are details regarding the Total Pension Liability, Plan Fiduciary Net Position, and Net Pension Liability for the Measurement Period from July 1, 2023 to July 1, 2024:

	Increase (Decrease)		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability (c) = (a) – (b)**
Balance Recognized at 6/30/2024 (Based on 7/1/2023 Measurement Date)	$ 67,876,484	$ 59,186,816	$ 8,689,668
Changes Recognized for the Fiscal Year:			
Service Cost	$ 2,003,914	N/A	$ 2,003,914
Interest on the Total Pension Liability	4,059,878	N/A	4,059,878
Changes of Benefit Terms	251,937	N/A	251,937
Differences Between Expected and Actual Experience	4,176,802	N/A	4,176,802
Changes of Assumptions	(8,801,896)	N/A	(8,801,896)
Benefit Payments	(4,497,050)	(4,497,050)	0
Contributions From the Employer	N/A	4,038,726	(4,038,726)
Contributions From the Employee	N/A	2,723,813	(2,723,813)
Net Investment Income	N/A	8,506,596	(8,506,596)
Administrative Expense	N/A	(435,949)	435,949
Other	N/A	0	0
Net Changes	$ (2,806,415)	$ 10,336,136	$ (13,142,551)
Balance Recognized at 6/30/2025 (Based on 7/1/2024 Measurement Date)	$ 65,070,069	$ 69,522,952	$ (4,452,883)

Liability (Gain)/Loss

The following table illustrates the liability gain/loss under GASB 68.

		Fiscal Year Ending 6/30/2024	Fiscal Year Ending 6/30/2025
(1)	Pension Liability at Beginning of Measurement Period	$ 61,184,393	$ 67,876,484
(2)	Service Cost	2,012,827	2,003,914
(3)	Interest on the Total Pension Liability	3,684,575	4,059,878
(4)	Changes of Benefit Terms	0	251,937
(5)	Changes of Assumptions	0	(8,801,896)
(6)	Benefit Payments	(3,628,160)	(4,497,050)
(7)	Expected Pension Liability at End of Measurement Period	$ 63,253,635	$ 60,893,267
(8)	Actual Pension Liability at End of Measurement Period	67,876,484	65,070,069
(9)	Pension Liability (Gain)/Loss	$ 4,622,849	$ 4,176,802
(10)	Average Future Working Life Expectancy	8.06	8.10
(11)	Pension Liability (Gain)/Loss Amortization	$ 573,554	$ 515,655

Asset (Gain)/Loss

The following table illustrates the asset gain/loss under GASB 68.

		Fiscal Year Ending 6/30/2024	Fiscal Year Ending 6/30/2025
(1)	Pension Asset at Beginning of Measurement Period	$ 51,015,884	$ 59,186,816
(2)	Contributions—Employer	3,755,492	4,038,726
(3)	Contributions—Employee	2,523,702	2,723,813
(4)	Expected Investment Income	3,127,539	3,605,296
(5)	Benefit Payments	(3,628,160)	(4,497,050)
(6)	Administrative Expense	(398,714)	(435,949)
(7)	Other	0	0
(8)	Expected Pension Asset at End of Measurement Period	$ 56,395,743	$ 64,621,652
(9)	Actual Pension Asset at End of Measurement Period	59,186,816	69,522,952
(10)	Pension Asset (Gain)/Loss	$ (2,791,073)	$ (4,901,300)
(11)	Amortization Factor	5.00	5.00
(12)	Pension Asset (Gain)/Loss Amortization	$ (558,215)	$ (980,260)

Deferred Outflows/Inflows

The following table illustrates the Deferred Inflows and Outflows as of June 30, 2025 under GASB 68.

		Deferred Outflows	Deferred Inflows
(1)	Difference Between Actual and Expected Experience	$ 10,244,042	$ 169,178
(2)	Net Difference Between Expected and Actual Earnings on Pension Plan Investments	0	2,104,605
(3)	Assumption Changes	1,016,584	7,873,827
(4)	Sub Total	$ 11,260,626	$ 10,147,610
(5)	Contributions Made in Fiscal Year Ending 6/30/2025 After Measurement Date	TBD	N/A
(6)	Total	$ TBD	$ 10,147,610

Amortization of Deferred Inflows/Outflows

The table below lists the amortization bases included in the deferred inflows/outflows as of June 30, 2025.

Date		Period		Balance		Annual
Established	Type of Base	Original	Remaining	Original	Remaining	Payment
6/30/2024	Liability (Gain)/Loss	8.10	7.10	$ 4,176,802	$ 3,661,147	$ 515,655
6/30/2024	Asset (Gain)/Loss	5.00	4.00	(4,901,300)	(3,921,040)	(980,260)
6/30/2024	Assumption Change	8.10	7.10	(8,801,896)	(7,715,242)	(1,086,654)
6/30/2023	Liability (Gain)/Loss	8.06	6.06	4,622,849	3,475,741	573,554
6/30/2023	Asset (Gain)/Loss	5.00	3.00	(2,791,073)	(1,674,643)	(558,215)
6/30/2022	Liability (Gain)/Loss	8.25	5.25	704,676	448,431	85,415
6/30/2022	Asset (Gain)/Loss	5.00	2.00	14,371,564	5,748,625	2,874,313
6/30/2022	Assumption Change	8.25	5.25	(61,072)	(38,863)	(7,403)
6/30/2021	Liability (Gain)/Loss	9.04	5.04	2,831,731	1,578,751	313,245
6/30/2021	Asset (Gain)/Loss	5.00	1.00	(11,287,727)	(2,257,547)	(2,257,545)
6/30/2021	Assumption Change	9.04	5.04	118,669	66,161	13,127
6/30/2020	Liability (Gain)/Loss	9.31	4.31	(365,443)	(169,178)	(39,253)
6/30/2020	Asset (Gain)/Loss	5.00	0.00	997,436	0	199,488
6/30/2020	Assumption Change	9.31	4.31	(258,607)	(119,722)	(27,777)
6/30/2019	Liability (Gain)/Loss	8.78	2.78	2,732,087	865,055	311,172
6/30/2019	Assumption Change	8.78	2.78	2,985,149	945,185	339,994
6/30/2018	Liability (Gain)/Loss	8.07	1.07	1,620,937	214,917	200,860
6/30/2018	Assumption Change	8.07	1.07	39,510	5,238	4,896
6/30/2017	Liability (Gain)/Loss	7.97	0.00	1,456,980	0	177,324
6/30/2017	Assumption Change	7.97	0.00	(746,218)	0	(90,822)
	Total Charges			$ 7,445,054	$ 1,113,016	$ 561,114

Amounts Recognized in the deferred outflows of resources and deferred inflows of resources related to Pension will be recognized in the Pension expense as follows:

Year End June 30:

2026	$	275,122
2027	$	2,341,311
2028	$	(690,656)
2029	$	(640,351)
2030	$	386,159
Thereafter	$	(558,569)
Total	$	1,113,016

Plan Fiduciary Net Position Projection

The following table illustrates the projection of the fiduciary net position for use in the calculation of the discount rate as of June 30, 2025.

($ in thousands)

Year Ending June 30[2]	Beginning Fiduciary Net Position (a)	Total Contributions (b)	Benefit Payments (c)	Administrative Expenses (d)	Investment Earnings (e)	Ending Fiduciary Net Position[1] (f)
2025	69,523	6,942	5,202	303	4,850	75,809
2026	75,809	2,247	3,948	311	5,164	78,962
2027	78,962	1,972	3,930	322	5,372	82,054
2028	82,054	1,600	3,978	332	5,571	84,915
2029	84,915	1,755	4,127	341	5,768	87,970
2030	87,970	2,109	4,231	350	5,987	91,485
2031	91,485	3,619	4,321	359	6,279	96,702
2032	96,702	3,681	4,378	369	6,638	102,275
2033	102,275	3,758	4,440	379	7,023	108,236
2034	108,236	3,846	4,524	390	7,434	114,603
2035	114,603	3,733	4,710	401	7,863	121,087
2036	121,087	3,123	4,811	413	8,286	127,272
2037	127,272	3,158	4,888	426	8,710	133,827
2038	133,827	1,787	5,030	439	9,110	139,256
2039	139,256	1,729	5,100	452	9,480	144,912
2040	144,912	1,728	5,187	465	9,867	150,854
2041	150,854	1,834	5,292	480	10,276	157,193
2042	157,193	1,904	5,496	494	10,709	163,817
2043	163,817	2,018	5,595	508	11,166	170,898
2044	170,898	2,060	5,638	523	11,654	178,451
2045	178,451	2,119	5,708	539	12,174	186,498
2046	186,498	2,322	5,778	555	12,734	195,221
2047	195,221	2,290	5,834	572	13,332	204,437
2048	204,437	2,487	5,981	591	13,969	214,321
2049	214,321	2,550	6,048	610	14,650	224,863
2050	224,863	2,649	6,095	631	15,379	236,165
2051	236,165	2,752	6,211	652	16,158	248,212
2052	248,212	2,803	6,261	674	16,988	261,068
2053	261,068	2,913	6,426	697	17,873	274,730
2054	274,730	3,050	6,472	720	18,818	289,406

[1] (f)=(a) + (b) – (c) – (d) + (e)
[2] Years later than 2053 were omitted from this table.

Plan Fiduciary Net Position

The last year in which projected benefit payments are due from the Plan is 2124.

The Plan’s projected fiduciary net position is not projected to reach $0.

As such, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments for current Plan members. In other words, there is no projected "depletion date" when projected benefits are not covered by projected assets. Therefore, the long-term expected rate of return on Plan investments of 6.90% per annum was applied to all periods of projected benefit payments to determine the total Pension liability as of June 30, 2025 shown earlier in this report, pursuant to paragraph 30 of GASB Statement No. 68.

Asset Projection Basis

In projecting the Plan’s fiduciary net position, the following assumptions were made:

1. Interest rate for discounting was 6.90% per annum.

2. Projected total contributions are employer and employee contributions to the unfunded actuarial accrued liability and normal cost (for the current active population only). Contributions are assumed to be paid mid-year.

3. Projected employer contributions for FYE 2025 are 5.58% of compensation and ADC thereafter. Projected employee contributions are 3.75% of compensation.

4. Projected benefit payments have been determined in accordance with Paragraph 39 of GASB Statement No. 67, and are based on the closed group of active, inactive vested, retired members and beneficiaries as of June 30, 2024. Benefit payments are assumed to be paid mid-year.

5. Administrative expenses are assumed to be $300,000 per year increased with inflation at 2.3% per year and pro-rated based on projected proportion of headcount that relates to current population.

Interest Rate Sensitivity

The following table illustrates the impact of interest rate sensitivity on the Net Pension Liability for fiscal year ending June 30, 2024:

	1% Decrease (5.00%)	Current Rate (6.00%)	1% Increase (7.00%)
(1) Total Pension Liability	$ 79,300,347	$ 67,876,484	$ 58,964,588
(2) Plan Fiduciary Net Position	59,186,816	59,186,816	59,186,816
(3) Net Pension Liability	$ 20,113,531	$ 8,689,668	$ (222,228)

The following table illustrates the impact of interest rate sensitivity on the Net Pension Liability for fiscal year ending June 30, 2025:

	1% Decrease (5.90%)	Current Rate (6.90%)	1% Increase (7.90%)
(1) Total Pension Liability	$ 74,885,355	$ 65,070,069	$ 57,312,566
(2) Plan Fiduciary Net Position	69,522,952	69,522,952	69,522,952
(3) Net Pension Liability	$ 5,362,403	$ (4,452,883)	$(12,210,386)

Disclosure—Changes in the Net Pension Liability and Related Ratios

Changes in the Net Pension Liability and Related Ratios[1]

	Fiscal Year Ending				
	2016	2017	2018	2019	2020
Total Pension Liability					
Service Cost	$ 1,511,755	$ 1,717,422	$ 1,913,998	$ 1,299,918	$ 1,082,026
Interest Cost	1,983,322	2,186,254	2,358,408	2,547,913	2,747,097
Changes of Benefit Terms	0	0	0	0	0
Differences Between Expected and Actual Experiences	795,023	1,524,469	1,456,980	1,620,937	2,732,087
Changes of Assumptions	2,939,020	(594,082)	(746,218)	39,510	2,985,149
Benefit Payments	(1,511,284)	(1,506,614)	(1,757,166)	(1,726,399)	(2,222,152)
Net Change in Total Pension Liability	$ 5,717,836	$ 3,327,449	$ 3,226,002	$ 3,781,879	$ 7,324,207
Total Pension Liability (Beginning)	29,744,643	35,462,479	38,789,928	42,015,930	45,797,809
Total Pension Liability (Ending)	$ 35,462,479	$ 38,789,928	$ 42,015,930	$ 45,797,809	$ 53,122,016
Plan Fiduciary Net Position					
Contributions—Employer	$ 606,694	$ 667,952	$ 1,341,340	$ 815,531	$ 831,825
Contributions—Member	1,266,962	1,399,254	1,674,410	1,632,926	1,701,351
Net Investment Income	131,206	(116,966)	4,288,900	3,647,640	1,939,447
Benefit Payments	(1,511,284)	(1,506,614)	(1,757,166)	(1,726,399)	(2,222,152)
Administrative Expense	(217,041)	(188,657)	(127,973)	(347,081)	(251,756)
Other	0	0	0	0	0
Net Change in Plan Fiduciary Net Position	$ 276,537	$ 254,969	$ 5,419,511	$ 4,022,617	$ 1,998,715
Plan Fiduciary Net Position (Beginning)	31,602,341	31,878,878	32,133,847	37,553,358	41,575,975
Plan Fiduciary Net Position (Ending)	$ 31,878,878	$ 32,133,847	$ 37,553,358	$ 41,575,975	$ 43,574,690
Net Pension Liability (Ending)	$ (3,583,601)	$ 6,656,081	$ 4,462,572	$ 4,221,834	$ 9,547,326
Net Position as a Percentage of Pension Liability	89.89%	82.84%	89.38%	90.78%	82.03%
Covered-Employee Payroll	$ 23,120,653	$ 33,058,770	$ 34,610,720	$ 29,381,080	$ 32,096,397
Net Pension Liability as a Percentage of Payroll	15.50%	20.13%	12.89%	14.37%	29.75%

[1] GASB 68 was effective first for employer fiscal years beginning after June 15, 2014.

Disclosure—Changes in the Net Pension Liability and Related Ratios

Changes in the Net Pension Liability and Related Ratios[1]

	Fiscal Year Ending 2021	2022	2023	2024	2025
Total Pension Liability					
Service Cost	$ 1,255,013	$ 1,099,119	$ 1,621,033	$ 2,012,827	$ 2,003,914
Interest Cost	3,200,332	3,289,615	3,557,579	3,684,575	4,059,878
Changes of Benefit Terms	0	0	0	0	251,937
Differences Between Expected and Actual Experiences	(365,443)	2,831,731	704,676	4,622,849	4,176,802
Changes of Assumptions	(258,607)	118,669	(61,072)	0	(8,801,896)
Benefit Payments	(2,107,016)	(2,270,047)	(4,553,205)	(3,628,160)	(4,497,050)
Net Change in Total Pension Liability	$ 1,724,279	$ 5,069,087	$ 1,269,011	$ 6,692,091	$ (2,806,415)
Total Pension Liability (Beginning)	53,122,016	54,846,295	59,915,382	61,184,393	67,876,484
Total Pension Liability (Ending)	$ 54,846,295	$ 59,915,382	$ 61,184,393	$ 67,876,484	$ 65,070,069
Plan Fiduciary Net Position					
Contributions—Employer	$ 811,519	$ 2,281,929	$ 3,140,160	$ 3,755,492	$ 4,038,726
Contributions—Member	1,722,324	2,268,481	2,107,867	2,523,702	2,723,813
Net Investment Income	1,622,054	14,068,526	(10,678,121)	5,918,612	8,506,596
Benefit Payments	(2,107,016)	(2,270,047)	(4,553,205)	(3,628,160)	(4,497,050)
Administrative Expense	(257,402)	(290,416)	(425,459)	(398,714)	(435,949)
Other	0	0	0	0	0
Net Change in Plan Fiduciary Net Position	$ 1,791,479	$ 16,058,473	$ (10,408,758)	$ 8,170,932	$ 10,336,136
Plan Fiduciary Net Position (Beginning)	43,574,690	45,366,169	61,424,642	51,015,884	59,186,816
Plan Fiduciary Net Position (Ending)	$ 45,366,169	$ 61,424,642	$ 51,015,884	$ 59,186,816	$ 69,522,952
Net Pension Liability (Ending)	$ 9,480,126	$ (1,509,260)	$ 10,168,509	$ 8,689,668	$ (4,452,883)
Net Position as a Percentage of Pension Liability	82.72%	102.52%	83.38%	87.20%	106.84%
Covered-Employee Payroll	$ 27,012,910	$ 32,217,343	$ 23,507,247	$ 40,675,747	$ 60,816,029
Net Pension Liability as a Percentage of Payroll	35.09%	-4.68%	43.26%	21.36%	-7.32%

[1] GASB 68 was effective first for employer fiscal years beginning after June 15, 2014.

Disclosure—Contribution Schedule

Contributions

	Fiscal Year Ending 2016	2017	2018	2019	2020
Actuarially Determined Contribution	$ 122,127	$ 727,119	$ 656,930	$ 610,522	$ 474,617
Contributions Made in Relation to the Actuarially Determined Contribution	$ 667,952	$ 1,341,340	$ 815,531	$ 831,825	$ 811,519
Contribution Deficiency (Excess)	$ (545,825)	$ (585,457)	$ (158,601)	$ (221,303)	$ (336,902)
Covered-Employee Payroll[1]	$ 41,747,000	$ 44,650,933	$ 43,544,693	$ 50,109,940	$ 53,040,458
Contributions as a Percentage of Payroll	1.60%	3.00%	1.87%	1.66%	1.53%

	Fiscal Year Ending 2021	2022	2023	2024	2025
Actuarially Determined Contribution	$ 1,325,770	$ 1,547,637	$ 0	$ 0	0
Contributions Made in Relation to the Actuarially Determined Contribution	$ 2,281,929	$ 3,140,160	$ 3,755,492	$ 4,038,726	TBD
Contribution Deficiency (Excess)	$ (956,159)	$ (1,592,523)	$ (3,755,492)	$ (4,038,726)	TBD
Covered-Employee Payroll[1]	$ 56,764,403	$ 56,275,269	$ 67,302,724	$ 72,378,602	TBD
Contributions as a Percentage of Payroll	4.02%	5.58%	5.58%	5.58%	TBD

Schedule of Investment Returns

The follow exhibit is a 10-year history of Investment Returns.

Year Ending June 30,	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Annual Money-Weighted Rate of Return, Net of Investment Expense	0.41%	(0.36%)	13.12%	9.66%	4.66%	3.72%	30.35%	(17.35%)	11.35%	14.15%

These schedules are presented to illustrate the requirement to show information for 10 years.

[1] Covered-Employee Payroll represents the total compensation over the Measurement Period

Disclosure—Contribution Schedule

Notes to Schedule:

Valuation Date:	Actuarially determined contribution rates are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine FYE 2024 contribution rates:

Actuarial Cost Method	Projected Unit Credit with amortization of 7/1/2017 unfunded liability over a period ending 6/30/2037 and amortization of subsequent unanticipated changes in liability over 15-year periods and any asset gain/loss over 5-year periods.
Asset Valuation Method	Smoothed market value
Salary Increases	2.80% per annum
Investment Rate of Return	6.00%, net of Pension plan investment expense, including inflation.
Retirement Age	See assumption section
Mortality	Pub-2010 amount-weighted tables for General employees of all income levels, projected using improvement scale MP2021 from 2010

Participant Information

The below exhibits summarize participant demographic information as of June 30, 2024.

Number of Participants:	
Actives	2,591
Full-time Actives (not accruing benefits)[1]	5,311
Deferred Vested	2,631
Retirees	590
Total	11,123
Participant Compensation – Active Participants Currently Accruing Benefits	
Compensation (prior year)	$60,816,029
Number of Active Participants below assumed retirement age	2,544
Average Compensation	$23,906
Actives	
Average Age	39.76
Average Benefit Service (years)	2.63
Full-time Actives	
Average Age	43.82
Average Accrued Annual Benefit	$605
Deferred Vested	
Average Age	49.41
Average Accrued Annual Benefit	$1,852
Retired	
Average Age	73.42
Average Annual Benefit	$3,351

Reconciliation of Participants from Prior Valuation

	Actives	Full-time Actives	Terminated Vesteds	Retirees and Beneficiaries	Totals
As of July 1, 2023	2,331	5,708	3,051	548	11,638
Classification Change	(34)	34	n/a	n/a	0
New Entrants	1,442	172	104	0	1,718
Vested Terminations	(321)	(181)	502	0	0
Rehires	29	18	(47)	0	0
Retired	(7)	(8)	(38)	53	0
Deaths	0	0	(30)	(11)	(41)
Lump Sum Cashouts	(849)	(432)	(911)	0	(2,192)
Data Correction	0	0	0	0	0
Net Change	260	(397)	(420)	42	(515)
As of July 1, 2024	**2,591**	**5,311**	**2,631**	**590**	**11,123**

[1] Participants who become full-time employees and transfer to CalPERS are no longer accruing a benefit under the plan.

Active Age Distribution as of July 1, 2024

Age	Number of Participants
15-19	24
20-24	293
25-29	530
30-34	493
35-39	262
40-44	184
45-49	163
50-54	156
55-59	112
60-64	147
65-69	103
70-74	77
75 +	47
Total	2,591

Active Career Earnings Distribution as of July 1, 2024

Career Earnings	Number of Participants
Under $5,000	767
$5,000 - $10,000	281
$10,000 - $25,000	569
$25,000 - $50,000	227
$50,000 - $100,000	274
Over $100,000	473
Total	2,591

Development of GASB 68 Amortization Period for Changes in Liability

		July 1, 2023		July 1, 2024	
	Status	**Count**	**Average Future Working Life**	**Count**	**Average Future Working Life**
1.	Actives	2,331	0.90	2,591	0.91
2.	Actives not accruing benefits	5,708	16.15	5,311	16.21
3.	Deferred Vested Terminated	3,051	0.00	2,631	0.00
4.	Retirees	548	0.00	590	0.00
5.	Total/Weighted Average	11,638	8.10	11,123	7.95

Summary of Principal Plan Provisions

1. Membership Requirements

All employees of the County not covered by another retirement plan as provided by Code Section 3121(b)(7)(F).

2. Career Compensation

Total amount of compensation, limited annually by the Social Security Wage Base.

3. Normal or Late Retirement Benefit

Eligibility: Age 65

Benefit: 2% times Career Compensation, payable as a single life annuity.

4. Pre-Retirement Death Benefit

Refund of contributions accumulated with interest at 5% per annum.

5. Death after Retirement

None. Benefits are payable for the life of the employee only.

6. Termination Benefit

Normal retirement benefit accrued to date of termination.

A lump sum distribution is paid if the actuarial equivalent benefit is less than $7,000. Actuarial Equivalence for this purpose is based on the greater of the factor produced under the UP1984 unisex mortality table at 6% or the applicable mortality table and interest rate under 417(e).

7. Vesting

Benefits are 100% vested immediately.

8. Member Contributions

3.75% of compensation per pay period.

Changes in Plan Provisions Since the Prior Valuation

- Lump sum payment threshold changes from $5,000 to $7,000.

Actuarial Assumptions and Methods

1. Actuarial Cost Method

Actuarially Determined Contributions – Projected Unit Credit

GASB 68 – Entry Age Normal

2. Funding Contribution Methodology

Funding contributions are based on the sum of:

<u>Ongoing accruals</u>

a) Normal Cost with interest and administrative expense, less
b) Expected Employee Contributions

<u>Plus, Amortization of unfunded liabilities</u>

c) Amortization of July 1, 2017 Unfunded Actuarial Accrued Liability (UAAL) over the period ending June 30, 2037, plus
d) Amortization of subsequent unanticipated changes in liability (i.e., actuarial gains / losses and changes in assumptions) over 15-year periods and unanticipated changes in assets over 5-year periods.

3. GASB Discount Rate

6.90% - as of 7/1/2024
6.00% - as of 7/1/2023

Under GASB 68, the discount rate is based on a single equivalent rate that reflects a blend of:

- Expected return on assets during the period such that assets are projected to be sufficient to pay benefits of current participants; and
- 20-year, municipal bond yields / index for periods beyond the depletion of the assets.

Based on the current funding policy, projected cash flows, and the assumed asset return, the plan assets are not projected to be depleted, and the discount rate can be based on the expected asset return.

4. Municipal Bond Rate

3.93% - as of 7/1/2024
3.65% - as of 7/1/2023

Municipal Bond Rate is based on the Bond Buyer General Obligation 20-Bond Municipal Bond Index.

5. Funding Discount Rate

6.00% - Funding policy selected by the County. Used as the asset return assumption and based on the long term expected return on plan assets.

6. Expected Return on Assets

6.90% - Selected by the County

The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense 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 asset allocation percentage with allowance for volatility in returns and by adding expected inflation.

Best estimates of geometric real rates of return for each major asset class included in the plan's target asset allocation as summarized in the following table:

Asset Classes	**Allocation**
Return-Seeking	
Public Equity	62%
Liquid Return-Seeking Fixed Income	6%
US REITs	6%
Risk-Reducing	
Core Bonds	26%

7. Salary Increases

2.80% per year

8. Payroll Growth (used for amortization of unfunded liability)

2.80% per year (same as CalPERS assumption)

9. Mortality

Pub-2010 amount-weighted tables for General employees of all income levels, projected using improvement scale MP-2021 from 2010.

Sample rates for the 2010 base year are as follows:

Age	Male	Female
30	0.04%	0.02%
40	0.07%	0.04%
50	0.30%	0.02%
60	0.61%	0.38%
70	0.70%	0.49%
80	1.73%	1.33%
90	14.67%	11.49%

10. Termination Rates

Actives (accruing benefits)

	Years of Service	
Attained Age	0-2	2+
20-24	65%	65%
25-29	65%	55%
30-34	65%	50%
35-39	65%	50%
40-44	65%	40%
45-49	65%	40%
50-54	55%	40%
55-59	50%	35%
60-64	50%	30%

Full-time Actives (no longer accruing benefits)

Turnover rates for male and female active participants developed in the 2021 CalPERS Experience Study for Miscellaneous were used in the valuation.

The following sample rates for male actives are based on age and service:

Attained	Years of Service						
Age	0 – 1	5	10	15	20	25	30
30	16.31%	8.04%	3.77%	1.80%	0.00%	0.00%	0.00%
35	14.93%	7.15%	3.66%	1.80%	1.41%	0.00%	0.00%
40	14.90%	6.27%	3.37%	1.80%	1.41%	0.84%	0.00%
45	14.87%	5.62%	3.09%	1.66%	1.41%	0.84%	0.47%
50	15.09%	4.97%	2.45%	1.52%	1.10%	0.84%	0.47%
55	15.30%	4.61%	1.81%	1.19%	0.79%	0.64%	0.47%

The following sample rates for female actives are based on age and service:

Attained Age	Years of Service 0 – 1	5	10	15	20	25	30
30	18.24%	10.41%	5.02%	2.52%	0.00%	0.00%	0.00%
35	17.49%	9.25%	4.91%	2.52%	1.75%	0.00%	0.00%
40	17.31%	8.09%	4.46%	2.52%	1.75%	1.08%	0.00%
45	17.13%	7.30%	4.01%	2.13%	1.75%	1.08%	0.56%
50	17.41%	6.50%	3.08%	1.74%	1.31%	1.08%	0.56%
55	17.69%	5.80%	2.15%	1.32%	0.87%	0.76%	0.56%

11. Retirement Rates

Actives (accruing benefits)

Attained Age	Probability of Retirement
65-66	60%
67-74	50%
75+	100%

Full-time Actives (no longer accruing benefits)

Retirement rates developed in the 2021 CalPERS Experience Study for Miscellaneous were used in the valuation. Applicable retirement rate table is based on employee date of hire, as summarized below:

– Hire date prior to August 24, 2012: Miscellaneous 3% @ 60 rates
– Hire date August 24, 2012 to December 31, 2012: Miscellaneous 2% @ 60 rates
– Hire date post December 31, 2012: Miscellaneous 2% @ 62 rates

Sample rates from the 'Miscellaneous 3% @ 60 table' are as follows:

Attained Age	Years of Service 5	10	15	20	25	30	35
<65	N/A	N/A	N/A	N/A	N/A	N/A	N/A
65	15.20%	20.10%	26.20%	29.90%	32.30%	32.30%	32.30%
70	24.50%	24.50%	24.50%	24.50%	24.50%	24.50%	24.50%
75	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Sample rates from the 'Miscellaneous 2% @ 60 table' are as follows:

Attained Age	Years of Service 5	10	15	20	25	30	35
<65	N/A	N/A	N/A	N/A	N/A	N/A	N/A
65	13.80%	16.00%	21.40%	21.60%	23.70%	28.30%	31.30%
70	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%
75	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Sample rates from the ‘Miscellaneous 2% @ 62 table’ are as follows:

Attained Age	Years of Service 5	10	15	20	25	30	35
<65	N/A	N/A	N/A	N/A	N/A	N/A	N/A
65	10.80%	14.10%	17.30%	20.60%	23.90%	30.00%	34.80%
70	12.00%	15.60%	19.30%	22.90%	26.50%	33.30%	38.70%
75	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

12. Value of Assets

Funding – Effective June 30, 2014, smoothed asset value, with differences between actual and expected earnings recognized over a 5-year period (with the first year of recognition being the period in which the Gain/(Loss) occurred), subject to an 80%-120% corridor around market value.

GASB 68 – Market value

13. Form of Benefit Paid

Lump sums paid immediately at termination for benefits with a present value less than $7,000. Single life annuities deferred to normal retirement age paid for benefits with a present value greater than $7,000.

14. Lump Sum Conversion Assumptions

Mortality – Current IRC section 417(e) table

Lump Sum Interest Rate – 4.00%
Used to estimate lump sum benefit amounts and based on the long term expected effective rate used for determining lump sums under plan provisions. Generally, this is based on high quality corporate bonds.

15. Administrative Expenses

Assumed $300,000 per year

16. Participants Valued

Only current active, full time active, terminated vested, retirees and beneficiaries of the plan as of June 30, 2024 are included in the valuation.

Changes in Assumptions and Methods Since the Prior Valuation

- GASB 68 Discount Rate changes from 6.00% to 6.90%.

Appendix A – Estimated Annual Expense for FYE 2026

Development of Annual Expense FYE 2026 under GASB 68 (Estimate)

The estimated expense amount shown below has been prepared for GASB 68 for the fiscal year ending June 30, 2026.

The Actuarial Accrued Liability as of July 1, 2024 has been prepared using the Entry Age Normal cost method, as required by GASB 68. The following estimated expense amounts have been prepared based on a Valuation Date of July 1, 2024, Measurement Date of July 1, 2025 and interest rate of 6.90%.

The expense shown below will be updated in next year's report to reflect actual administrative costs, employee contributions, and any gains or losses with respect to assets and liabilities.

Unfunded Actuarial Accrued Liability, as of July 1, 2024		
Actuarial Accrued Liability as of 7/1/2024	$	65,070,069
Value of Plan Assets as of 7/1/2024		69,522,952
Unfunded Actuarial Accrued Liability (UAAL)	$	4,452,883
Estimated Annual Expense, FYE June 30, 2026 [1]		
1. Service Cost	$	2,059,000
2. Interest Cost		4,455,000
3. Expected Return on Assets		(4,847,000)
4. Employee Contributions[2]		(2,800,000)
5. Administrative Expense		300,000
6. Plan Changes		-
7. Amortization of Unrecognized		
(a) Liability (Gain)/Loss		1,961,000
(b) Asset (Gain)/Loss		(922,000)
(c) Assumption Changes		(764,000)
(d) Total		275,000
8. Annual Expense	$	(558,000)

[1] Final FYE 2026 expense information will be provided in the actuarial valuation based on a June 30, 2025 measurement date reflecting updated census, assumptions, plan provisions and actual asset values, in addition to any asset, liability, or assumption gains/losses initially recognized over the period June 30, 2024 to June 30, 2025

[2] Employee contribution was estimated based on total compensation during FY2024, assuming a constant active population

Appendix B – Low-Default-Risk Obligation Measure ("LDROM")

A key purpose of this report is to communicate an Actuarially Determined Contribution and Funded Percentage for the Part-time and Temporary Employees' Retirement Plan. For both of these calculations, we use an Actuarial Accrued Liability that represents the present value of the portion of expected future benefit payments accrued under the plan's actuarial cost method, discounted back to the valuation date using an asset return expectation of 6.90%. The asset return expectation is based on the plan's diversified asset portfolio and long-term capital market return assumptions for the various asset classes represented in the portfolio. The objective of the portfolio is to maximize investment returns with a reasonable amount of risk.

For all funding valuations with measurement dates on or after February 15, 2023, and for which an actuarial report is issued on or after February 15, 2023, ASOP 4 now requires the calculation and disclosure of an additional measure of the plan's liability using a discount rate or discount rates derived from low-default-risk fixed income securities whose cash flows are reasonably consistent with the pattern of benefits expected to be paid in the future.

This additional liability measure is referred to as the Low-Default-Risk Obligation Measure (LDROM). The LDROM shown in this report is based upon the Bond Buyer GO-20 index as of the measurement date, 3.93%, although other discount rates may also be appropriate for this purpose.

The LDROM can be thought of as a measure of what the plan's funding liability would be if the plan were to use an ultra-low-risk investment policy. Since plan assets are not invested in an all-bond portfolio, the LDROM may not be appropriate for assessing funding status progress on an Actuarial Accrued Liability basis, necessary plan contributions, or the security of participant benefits.

All assumptions and methods other than the asset return assumption are the same for the calculation of Actuarial Accrued Liability and LDROM.

	Measurement Date July 1, 2024
LDROM	$ 103,530,865
Interest Rate	3.93%
Actuarial Cost Method	Entry Age Normal