

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



ITEM: 3.4  
(ID # 30043)

**MEETING DATE:**  
Tuesday, March 10, 2026

**FROM :** EXECUTIVE OFFICE

**SUBJECT:** EXECUTIVE OFFICE: Pension Advisory Review Committee (PARC) 2026 Annual Report, All Districts. [\$0]

**RECOMMENDED MOTION:** That the Board of Supervisors:

1. Receive and file the PARC 2026 Annual Report.
2. Direct staff to review the annual CalPERS unfunded liability pre-payment for FY 2026-27 and to have such recommendations presented in conjunction with the approval of the annual Tax and Revenue Anticipation Notes (TRANS) cash flow financing.
3. Direct staff to return with any strategic options worthy of the Board's consideration.

**ACTION:Policy**

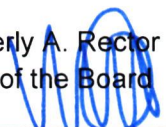
  
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Don Kent, Chief Finance Officer 3/3/2026

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**MINUTES OF THE BOARD OF SUPERVISORS**

On motion of Supervisor Medina, seconded by Supervisor Washington 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: March 10, 2026  
xc: EO

Kimberly A. Rector  
Clerk of the Board  
By:   
Deputy

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

<b>FINANCIAL DATA</b>	<b>Current Fiscal Year:</b>	<b>Next Fiscal Year:</b>	<b>Total Cost:</b>	<b>Ongoing Cost</b>
<b>COST</b>	\$ 0	\$ 0	\$ 0	\$ 0
<b>NET COUNTY COST</b>	\$ 0	\$ 0	\$ 0	\$ 0
<b>SOURCE OF FUNDS: N/A</b>			<b>Budget Adjustment:</b>	No
			<b>For Fiscal Year:</b>	2025/26

**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 and OPEB 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. Items in the Executive Summary of the Report are shown below.

**Highlights**

For the reporting period ended June 30, 2024, from the prior year there was a:

- 2.3% combined *increase* in CalPERS funded status from 75.0% to 77.3%
- \$157.6 million combined *decrease* in CalPERS unfunded actuarial accrued liability (UAAL)
- \$1.06 billion combined *increase* in the CalPERS market value of assets (MVA)
- \$23.75 million *additional investment* in the Section 115 Pension Trust from Series 2020 Pension Obligation Bonds (POBs) savings <sup>(1)</sup>
- \$177.6 million *net estimated gain* on Series 2020 POBs <sup>(2)</sup>

The report also addresses other areas including status on the:

- Series 2005 A and Series 2020 POBs
  - Combined POB proceeds on deposit with CalPERS have realized a total net estimated gain of \$460.4 million (*\$99 million YoY increase due to deposits and earnings*) <sup>(2)</sup>
- Section 115 Trusts <sup>(3)</sup>

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

- \$362.5 million in combined Pension Trust balances (\$160.7 million YoY increase due to deposits and earnings)
- \$174.2 million OPEB Trust balance (\$39.1 million YoY increase due to deposits and earnings)
- Other Post-Employment Benefits (OPEB) <sup>(3)</sup>
  - 89.6% funded status (10.8% YoY increase)
- Part-time and Temporary Employees' Retirement Plan <sup>(4)</sup>
  - 91.7% funded status (6.2% 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 6/30/25.

(2) Projected as of the next POBs interest payment due date, 2/15/26. Source: Attachment 1, Slide #65 & #68. County of Riverside - CalPERS Miscellaneous and Safety Plans. Independent Actuarial Report - 6/30/24 Valuation, Foster & Foster, Inc. Year-to-year performance will vary based on CalPERS' investment return.

(3) Actual as of 6/30/25.

(4) Actual as of 7/1/25.

**FY 2026-27 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 pension obligation bond debt service is 0.20%, and 0.80%, respectively.

**Annual Pre-Payment**

For FY 2026-27, the County will again participate in the early payment discount offered by CalPERS (approximately 3.2%) on the unfunded liability portion due for the fiscal year, thereby reducing the total amount owed by over \$10.5 million. This is in lieu of periodic payments that would have otherwise coincided with payroll disbursements.

**Five-Year Contribution Rate Projection**

Over the next five years, the Miscellaneous and Safety pension plan contribution rates are projected to increase by a total 0.1%, and 0.4% respectively with CalPERS' projected investment return for the fiscal year ending June 30, 2025 being a positive factor, dampening the effect of prior down years. Based upon several factors, the long-term pension outlook remains favorable, with rate increases projected to peak early in the next decade. The combined funded status of the plans is anticipated to return to a funded status greater than the Board's policy goal of over 80% within the year.

Projections will be tempered by year-to-year financial market performance (both favorable and unfavorable) impacting investment returns.

**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

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

a substantial amount of savings and investments that likely would not have otherwise materialized.

**ATTACHMENTS:**

1. Pension Advisory Review Committee 2026 Annual Report
2. County of Riverside - CalPERS Miscellaneous and Safety Plans - Independent Actuarial Report - 6/30/24 Valuation, Foster & Foster, Inc.
3. Actuarial Valuation Report - County of Riverside Postretirement Benefits Plan as of June 30, 2025 - AON
4. Actuarial Valuation Report - County of Riverside Part-time and Temporary Employees' Retirement Plan as of July 1, 2025 - AON

  
Tami Douglas-Schatz, Director of Human Resources

3/3/2026

# Pension Advisory Review Committee

2026

## Annual Report



March 10, 2026

**TABLE OF CONTENTS**

**Executive Summary**..... 1

    Highlights ..... 1

    FY 26/27 Year-over-Year Rate Increase ..... 1

    Annual Pre-payment..... 1

    Recent News of Interest ..... 2

**Recommendations** ..... 2

**Status of the County’s Miscellaneous and Safety Plans - Combined** ..... 3

**CalPERS Investment Returns**..... 4

**Funded Status** ..... 5

**Employer Contribution Rate Outlook** ..... 6

**Employer Contribution Rate Outlook (continued)** ..... 7

    Miscellaneous Rates ..... 7

    Safety Rates ..... 10

**Pension Obligation Bonds (POBs)**..... 14

    Series 2005 A ..... 14

    Series 2020 ..... 14

**Section 115 Pension Trusts** ..... 15

    Status of 2016 Section 115 Pension Trust ..... 15

**Other Post-Employment Benefits (OPEB)**..... 16

    Status of OPEB..... 17

**Part-Time and Temporary Employees’ Retirement Plan** ..... 18

    Status of Part-time and Temporary Employees’ Retirement Plan ..... 18

**Special District Plans**..... 19

    Highlights ..... 19

**Management of Pension and Other Liabilities**..... 22

**Strategic Options**..... 23

**Attachments**..... 23

**Glossary** ..... 24

## **EXECUTIVE SUMMARY**

In accordance with Board of Supervisors Policy B-25, the Pension Advisory Review Committee (PARC) presents this 2026 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.

As shown below and in the following sections, the most current returns are positive and the trends are favorable.

**Highlights – for the reporting period ended June 30, 2024, from the prior year there was a:**

- **2.3% combined *increase* in CalPERS funded status from 75.0% to 77.3%.**
- **\$157.6 million combined *decrease* in CalPERS unfunded actuarial accrued liability (UAAL)**
- **\$1.06 billion 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 <sup>(1)</sup>**
- **\$177.6 million *net estimated gain* on Series 2020 POBs <sup>(2)</sup>**

**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 \$460.4 million ***(\$99 million YoY increase due to deposits and earnings)*** <sup>(2)</sup>
- **Section 115 Trusts <sup>(3)</sup>**
  - \$362.5 million in combined Pension Trust balances ***(\$160.7 million YoY increase due to deposits and earnings)***
  - \$174.2 million OPEB Trust balance ***(\$39.1 million YoY increase due to deposits and earnings)***
- **Other Post-Employment Benefits (OPEB) (Attachment 2) <sup>(3)</sup>**
  - 89.6% funded status ***(10.8% YoY increase due to deposits and earnings)***
- **Part-time and Temporary Employees' Retirement Plan (Attachment 3) <sup>(4)</sup>**
  - 91.7% funded status ***(6.2% YoY increase due to deposits and earnings)***
- **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 6/30/25.

(2) Projected as of the next POBs interest payment due date, 2/15/26. Source: Attachment 1, Slide #65 & #68. County of Riverside - CalPERS Miscellaneous and Safety Plans. Independent Actuarial Report - 6/30/24 Valuation, Foster & Foster, Inc. Year-to-year performance will vary based on CalPERS' investment return.

(3) Actual, as of June 30, 2025.

(4) Actual, as of July 1, 2025.

**FY 26/27 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 0.20%**
- **Safety Plan 0.80%**

**Annual Pre-payment** – For FY 26/27, CalPERS will offer an early payment discount of approximately 3.2% on the unfunded liability portion due for the fiscal year, thereby reducing the total amount owed by over \$10.5 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 TRANs financing typically carries a lower cost. A final recommendation regarding the pre-payment will be made in conjunction with the FY 26/27 TRANs. Additionally, the County of Riverside and the Superior Court agreed to an MOU where the Courts pay their equitable share of the UAAL.

#### **Recent News of Interest:**

- July 14, 2025 - CalPERS reports preliminary 11.6%\* investment return for the 2024-25 Fiscal Year
- November 17, 2025 - CalPERS Investments in Climate Solutions Near \$60 Billion
- November 17, 2025 - CalPERS Board Adopts Streamlined Investment Approach to Seize Market Opportunities

\*Final investment return was 12.1%; certain private investment returns are not immediately available at year-end.

**Summary - Over the next five years, the Miscellaneous and Safety pension plan contribution rates are projected to increase by a total 0.1%, and 0.4% respectively** (see discussion on pages 6-7) with CalPERS' projected investment return for the fiscal year ending June 30, 2025 being a positive factor, dampening the effect of prior down years. **Based upon several factors, the long-term pension outlook remains favorable, with rate increases projected to peak early in the next decade. The combined funded status of the plans is anticipated to return to a funded status greater than the Board's policy goal of over 80% within the year.** 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 2026 PARC Annual Report.
2. Direct staff to review the annual CalPERS unfunded liability pre-payment for FY 26/27 and to have such recommendations presented in conjunction with the approval of the annual Tax and Revenue Anticipation Notes (TRANs) cash flow financing.
3. Direct staff to return with any strategic options worthy of the Board's consideration.

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

For the annual valuation report ended June 30, 2024, the \$1.06 billion increase in MVA, \$160 million decrease in UAAL, and corresponding 2.3% increase in funded status to 77.3%<sup>(1)</sup> with CalPERS was primarily due to CalPERS' investment return of 9.6%.

	Actual		Projected	
	2023	2024	2025	2026
For the valuation report ended June 30 (\$ billions)				
Total actuarial accrued liability (AAL)	\$15.76	<b>\$16.67</b>	\$17.61	\$18.48
Total market value of assets (MVA)	<u>\$11.82</u>	<u><b>\$12.88</b></u>	<u>\$14.33</u>	<u>\$15.29</u>
Total unfunded actuarial accrued liability (UAAL)	\$3.94	<b>\$3.78</b>	\$3.28	\$3.19
Funded Status – gross	75.0% <sup>(1)</sup>	<b>77.3% <sup>(1)</sup></b>	81.4% <sup>(4)</sup>	82.7%
Funded Status – net	70.2% <sup>(2)(3)</sup>	<b>73.3% <sup>(2)(3)</sup></b>	77.9% <sup>(4)</sup>	79.7%

(1) Does not include POB liability. Miscellaneous Plan is 76.4%, Safety Plan is 79.2%.

(2) Includes POB liability. Miscellaneous Plan is 73.2%, Safety Plan is 73.4%.

(3) Amounts exclude the combined 2016 and 2020 Section 115 Pension Trust balances of \$98.9 million at 6/30/2023, \$201.8 million at 6/30/24 and \$362.4 million at 6/30/25. If included, the net funded status would be 70.9%, 74.5% and 80.0% respectively.

(4) Projections for 2025 includes CalPERS' preliminary investment return of 11.6%.

Keep in mind that 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 2025 and is projecting an increase in MVA and funded status as a result of the 11.6% 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, 2024. The research shows the average of thirty-seven other counties in the Miscellaneous Plan was 72%, vs. the County at 76.4% (+4.4%), while thirty-six other counties in the Safety Plan was 73.1%, vs. the County at 79.2% (+6.1%).**

Note that most of Riverside's peer counties are not participants in CalPERS but maintain their own pension systems. Direct comparison of funding ratios with those counties is challenging because of the differences in critical actuarial assumptions, such as the assumed rate of return. Several neighboring counties use a higher rate of return which produces a higher funding ratio. Taken as a whole, the County of Riverside's pension obligations appear to be in line with its peer counties.

## CALPERS INVESTMENT RETURNS

The primary driver of the employer 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 the employer rate have been primarily attributable to investment returns. Current projections assume no deviation from the current three benefit levels.

Extremely poor investment performance as a result of the 2008-09 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 chart below) had a substantial positive impact on the County's MVA, UAAL and funded status.

While the actual return is clearly the driver, CalPERS' assumed rate of return is a key factor in setting rates. Over the past twenty years, CalPERS has moved to a more conservative assumption in that regard, dropping the discount rate from 7.75% in 2005 to the current rate of 6.80%, as seen below. A lower assumed rate of return translates into higher employer rates and lower funding ratios.

For the fiscal year ending June 30, 2025, CalPERS' preliminary investment return of 11.6% (which was 4.8% greater than the 6.8% assumed rate of return) will show up in next years' CalPERS annual valuation reports, and the PARC's 2027 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.

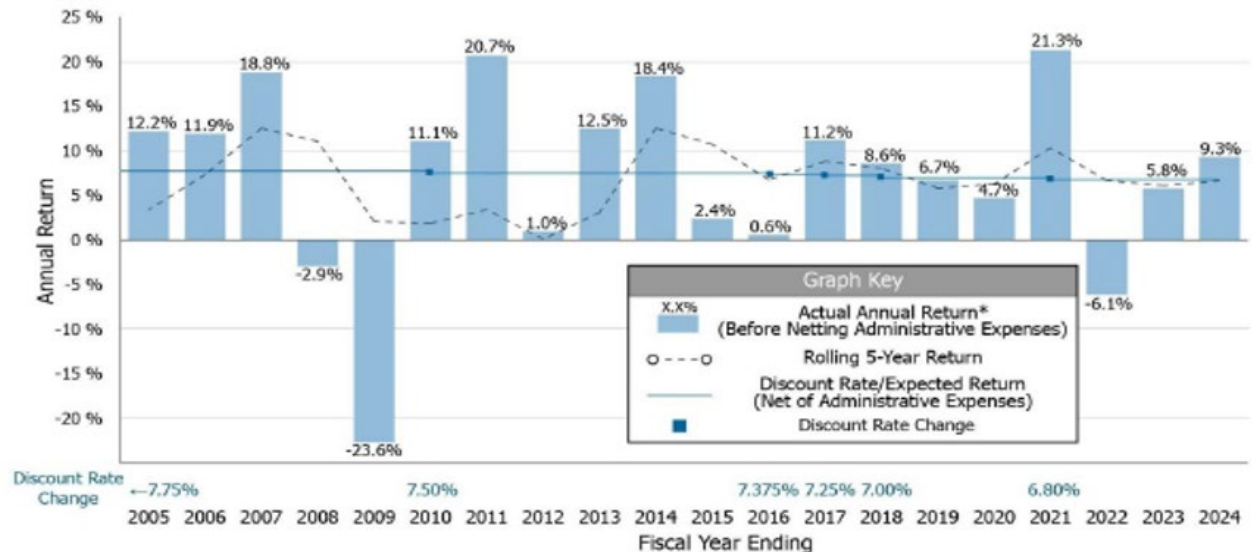
The table below provides annual returns from the most recent CalPERS Annual Valuation Report as of June 30, 2024.

### History of CalPERS Compound Annual Rates of Return

<u>1 year</u>	<u>5 year</u>	<u>10 year</u>	<u>20 year</u>	<u>30 year</u>
9.3%	6.6%	6.2%	6.7%	7.7%

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

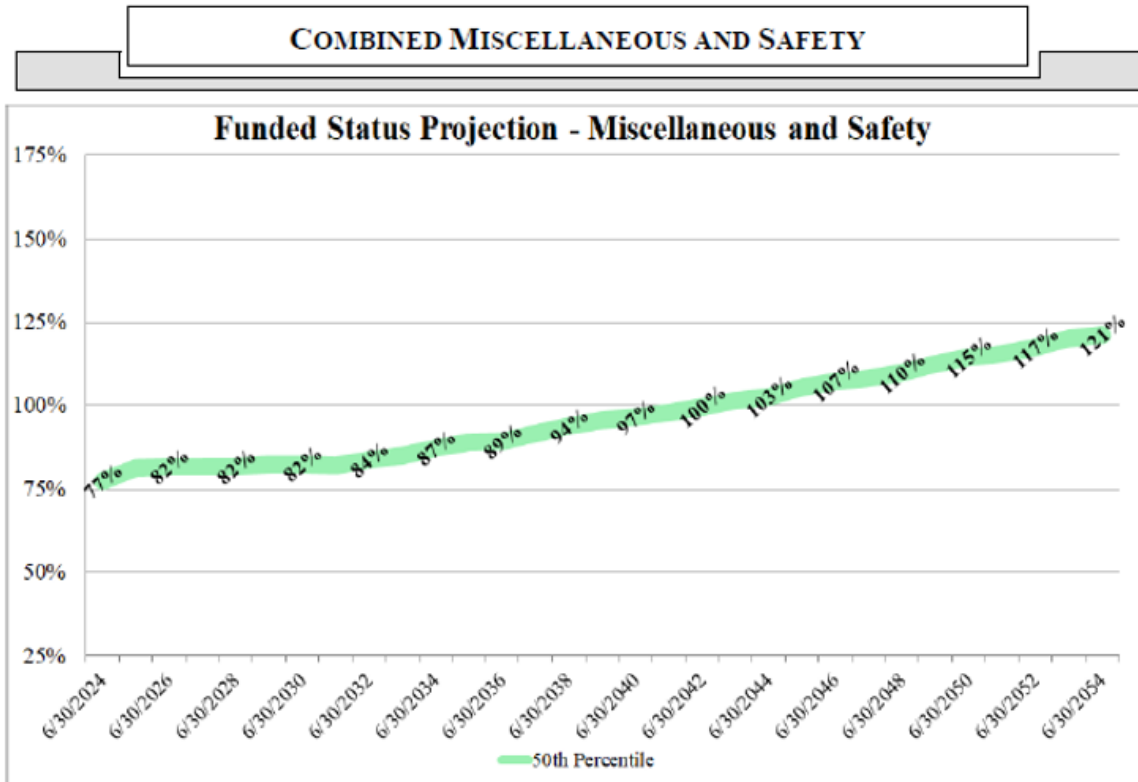
History of Investment Returns (2005 through 2024)



Source: CalPERS Annual Valuation Report as of June 30, 2024.

## FUNDED STATUS

Recent investment performance will have a positive impact in the combined funded status in the near term; **the graph below shows a return to a status greater than the Board's policy goal of over 80%\* within the year, and slowly increasing thereafter.** 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 #59. County of Riverside - CalPERS Miscellaneous and Safety Plans Independent Actuarial Report - 6/30/24 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 26/27 employer contribution rate as a percentage of payroll for the Miscellaneous Plan is 27.40% (0.20% increase from prior year), while the Safety Plan is 51.9% (0.80% 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, declining POB debt service, and the recent positive recent investment performance.

Going forward, note the large projected decrease in rates vs. the prior PARC Report for the period FY 26/27 - FY 36/37. Factored into these projections are the 9.3% investment return earned by CalPERS in FY 23/24, as well as the 11.6% preliminary investment return for FY 24/25.

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

FY	<u>Miscellaneous Plan</u>			<u>Safety Plan</u>		
	Rate <sup>(1)</sup>	Change from prior FY	Difference from 2025 PARC Report projection	Rate <sup>(2)</sup>	Change from prior FY	Difference from 2025 PARC Report projection
		(+/-)			(+/-)	
25/26	27.20% <sup>(3)</sup>	-1.40%	0.00%	51.10% <sup>(3)</sup>	0.40%	0.00%
<b>26/27</b>	<b>27.40% <sup>(3)</sup></b>	<b>0.20%</b>	<b>-0.40%</b>	<b>51.90% <sup>(3)</sup></b>	<b>0.80%</b>	<b>-0.60%</b>
27/28	27.10%	-0.30%	-1.10%	51.60%	-0.30%	-1.60%
28/29	28.10%	1.00%	-2.10%	53.50%	1.90%	-3.50%
29/30	27.70%	-0.40%	-2.60%	52.80%	-0.70%	-4.40%
30/31	27.50%	-0.20%	-3.30%	52.30%	-0.50%	-5.60%
31/32	27.30%	-0.20%	-3.60%	52.60%	0.30%	-6.20%
32/33	27.70%	0.40%	-3.60%	52.70%	0.10%	-6.30%
33/34	27.50%	-0.20%	-3.40%	52.60%	-0.10%	-5.60%
34/35	27.20%	-0.30%	-3.30%	51.60%	-1.00%	-6.00%
35/36	26.00%	-1.20%	-3.40%	49.00%	-2.60%	-6.50%
36/37	24.60%	-1.40%	N/A	47.40%	-1.60%	N/A

(1) Includes Miscellaneous Plan POBs debt service which ranges from 2.7% to 0.2% of the total rate from FY 25/26 to FY 36/37.

(2) Includes Safety Plan POBs debt service which ranges from 8.9% to 0.5% of the total rate from FY 25/26 to FY 36/37.

(3) Actual rates shown for FY 25/26 and FY 26/27.

## **EMPLOYER CONTRIBUTION RATE OUTLOOK (CONTINUED)**

For the Miscellaneous and Safety plans, the following pages show a comparison of the most recent valuation report (2024 vs. prior year 2023) for projected employer contribution rates expressed as a percentage of payroll with the three components (POBs debt service, normal cost and unfunded liability) that comprise the total amount over the next decade, and, projected employer contribution rates with a longer-term view of thirty years. **In both instances, there is a modest increase in the projected contribution rates until FY 33/34 when decreases begin.**

**In addition, employer contributions expressed in dollars over the decade are shown on page 13. While the graph shows there is still a year over year increase (until FY 34/35), the projected cumulative amount is showing a significant decline of approximately \$451 million for the period of FY 26/27 through FY 35/36, when comparing to last years' projection.**

The projections of CalPERS contribution 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 graphs, 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 25<sup>th</sup> percentile on pages 9 & 12) 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 an ever increasing share of the employee population benefits are based upon the 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 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 graphs on pages 8 & 11. The normal cost is relatively constant with modest declines reflecting the transition to a greater number of the 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 graphs 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**

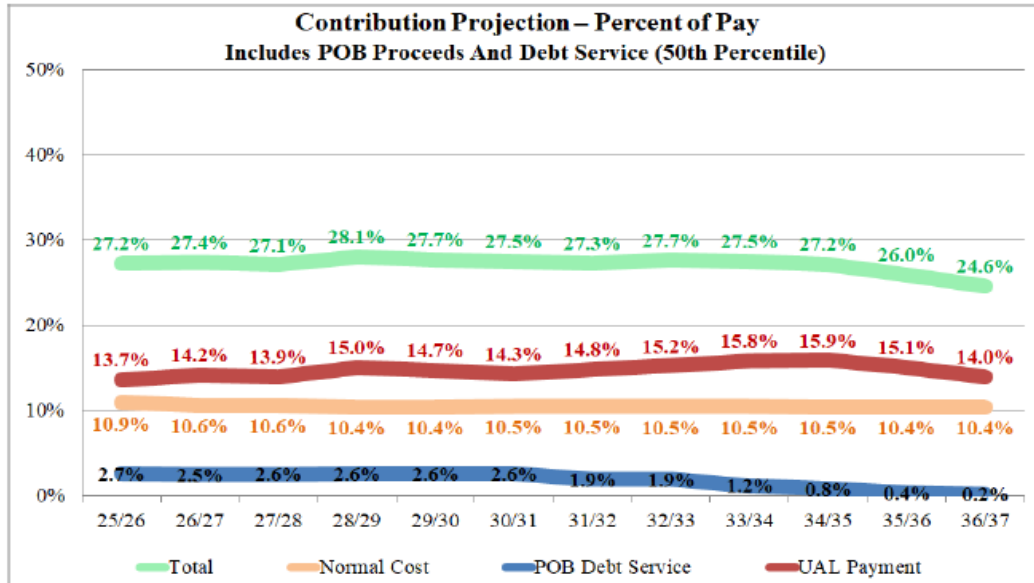
**Short-term - Over the decade the contribution rate is projected to average 27.1% with a low of 24.6% in FY 36/37, and a peak of 28.1% in FY 28/29 (as shown on page 8).**

**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 25<sup>th</sup> percentile (poor performance scenario), rates peak at approximately 35.5% in FY 35/36 and then decline thereafter to reach approximately 9.7% in FY 55/56.** 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 existing 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 the projected peak in FY 28/29 at which point they remain fairly stable until FY 34/35 when they begin a rapid decline until stabilizing in the mid 2040's. 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.

2024

CONTRIBUTION PROJECTIONS

Miscellaneous

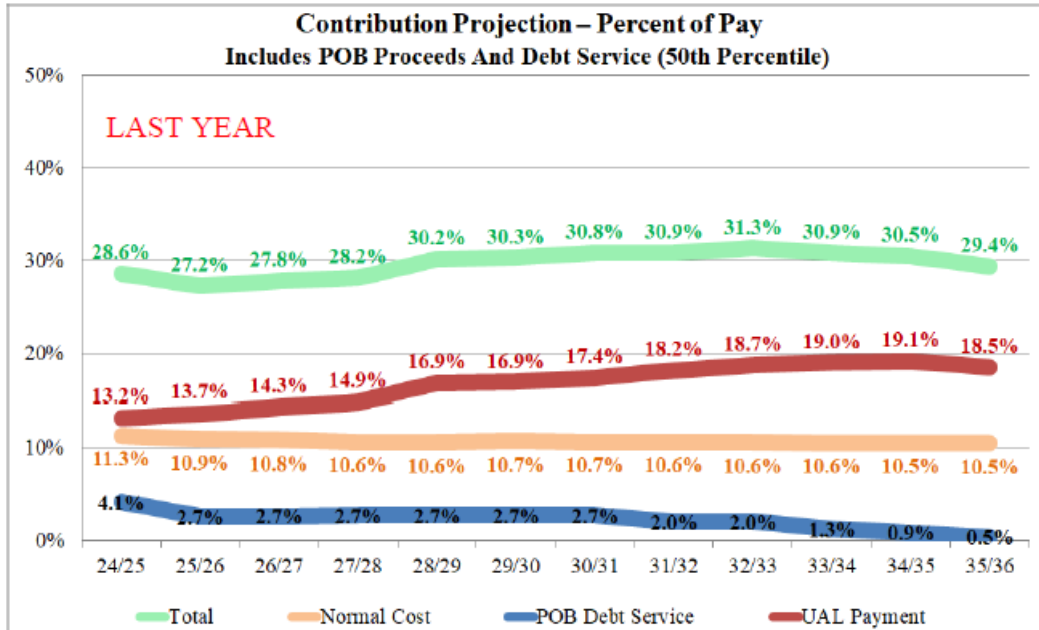


Source: Attachment 1, Slide #43. County of Riverside - CalPERS Miscellaneous and Safety Plans Independent Actuarial Report - 6/30/25 Valuation, Foster & Foster, Inc.

2023

CONTRIBUTION PROJECTIONS

Miscellaneous

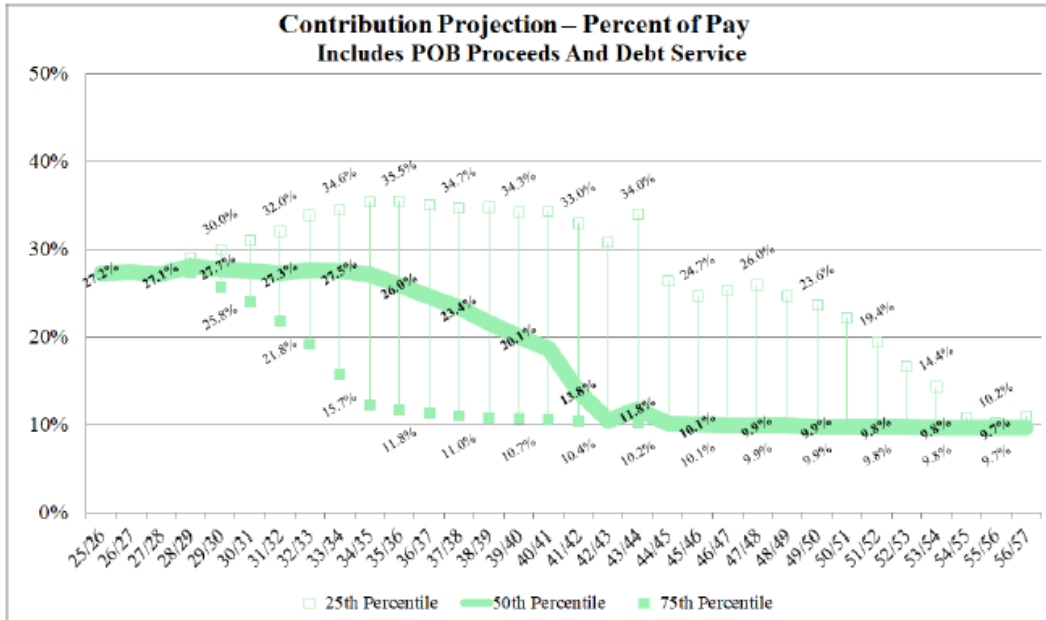


Source: Attachment 1, Slide #44. County of Riverside - CalPERS Miscellaneous and Safety Plans Independent Actuarial Report - 6/30/23 Valuation, Foster & Foster, Inc.

2024

### CONTRIBUTION PROJECTIONS

#### Miscellaneous

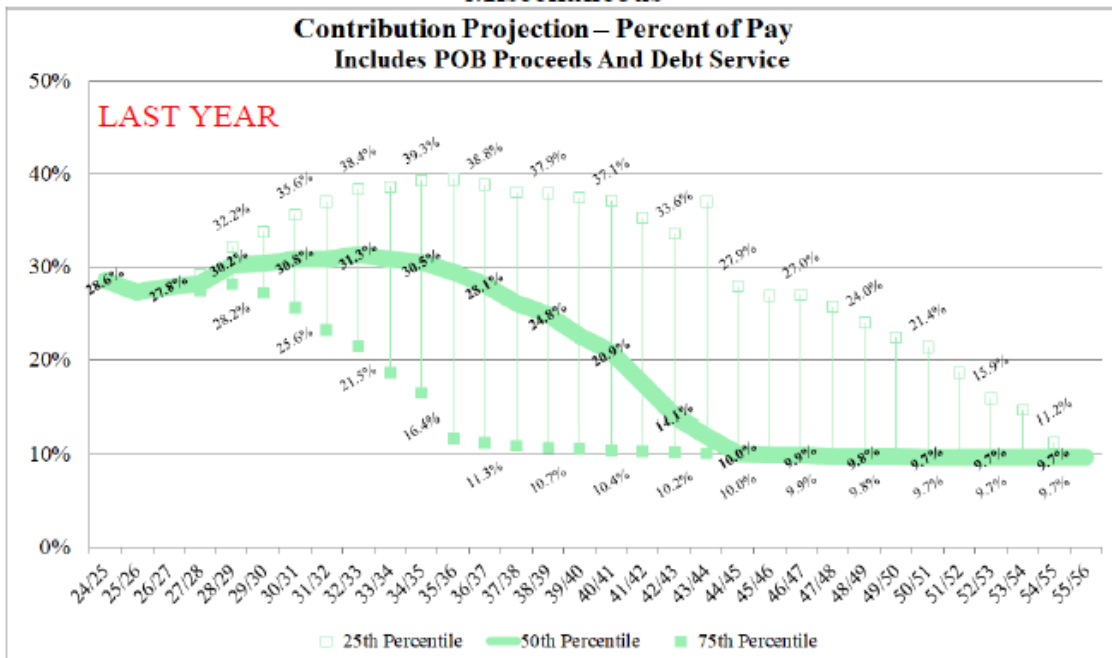


Source: Attachment 1, Slide #39. County of Riverside - CalPERS Miscellaneous and Safety Plans Independent Actuarial Report - 6/30/24 Valuation, Foster & Foster, Inc.

2023

### CONTRIBUTION PROJECTIONS

#### Miscellaneous



Source: Attachment 1, Slide #40. County of Riverside - CalPERS Miscellaneous and Safety Plans Independent Actuarial Report - 6/30/24 Valuation, Foster & Foster, Inc.

## **Safety Rates**

It is important to recognize that a greater share of the Safety Plan costs is borne as a Net County Cost. In past years, rate increases have been a significant factor in the need for additional and ongoing public safety department funding.

**Short-term – As shown on page 11, over the next decade, Safety rates exhibit a very similar pattern to Miscellaneous rates. While averaging 51.6%, Safety rates are not projected to dip slightly like that of Miscellaneous in FY 26/27 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 graphs which follow, the major difference is in the UAL payment. The Safety UAAL peaks at 29.1% (as shown in the red line - top graph) vs. 19.1% for the Miscellaneous Plan.**

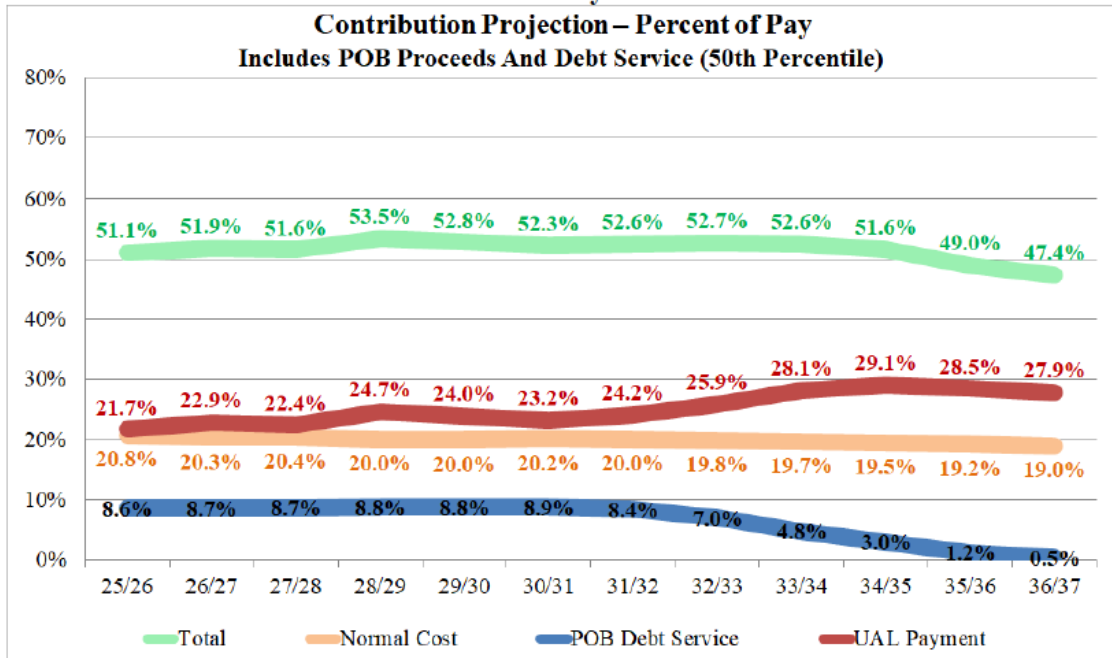
**Long-term - As shown on page 12, longer term Safety rates show the same downward trend as the Miscellaneous Plan under all performance scenarios, although coming from a higher peak. As is the case with Miscellaneous, even in the poor performance (25th percentile) scenario, after rates peak in FY 33/34, they begin a steady decline returning to the current rate of approximately 52% in 2044 and continuing to fall thereafter.**

**Under the expected performance (50th percentile) rates peak at 53.5% in FY 28/29 and fall steadily to under 20% in FY 43/44, due to the same factors discussed above regarding the Miscellaneous Plan.**

2024

CONTRIBUTION PROJECTIONS

Safety

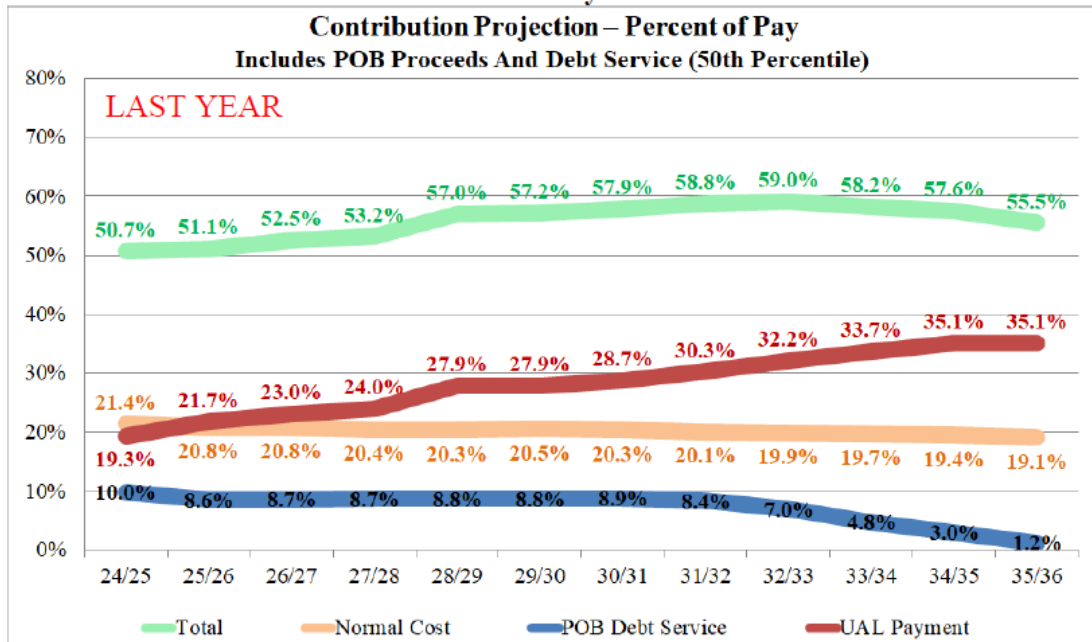


Source: Attachment 1, Slide #45. County of Riverside - CalPERS Miscellaneous and Safety Plans Independent Actuarial Report - 6/30/24 Valuation, Foster & Foster, Inc.

2023

CONTRIBUTION PROJECTIONS

Safety

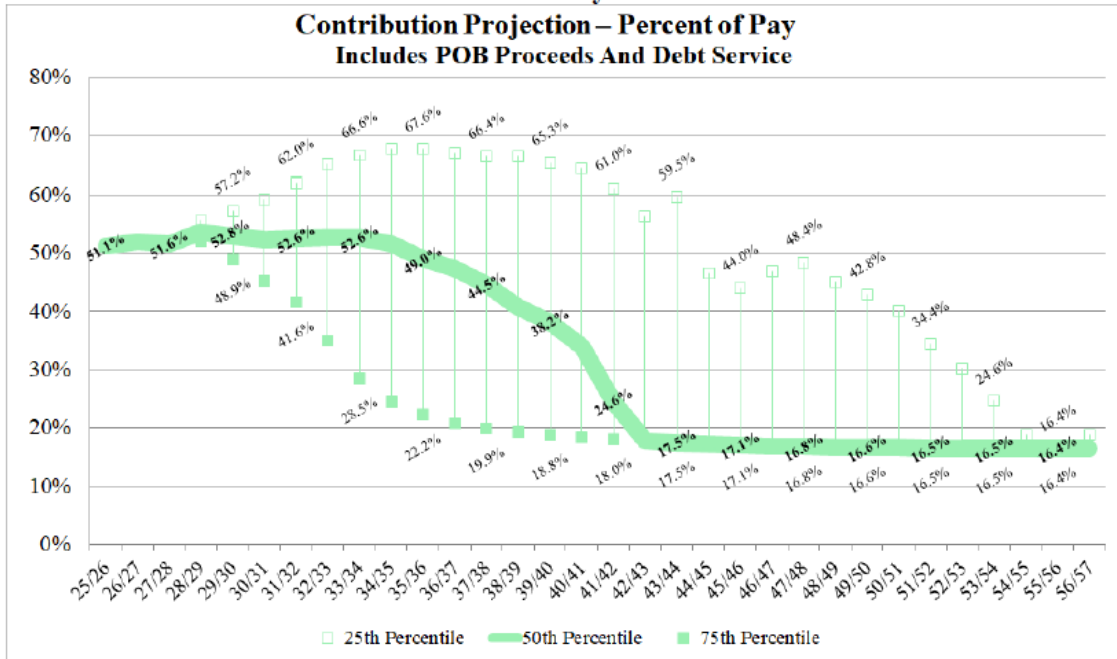


Source: Attachment 1, Slide #46. County of Riverside - CalPERS Miscellaneous and Safety Plans Independent Actuarial Report - 6/30/24 Valuation, Foster & Foster, Inc.

2024

CONTRIBUTION PROJECTIONS

Safety

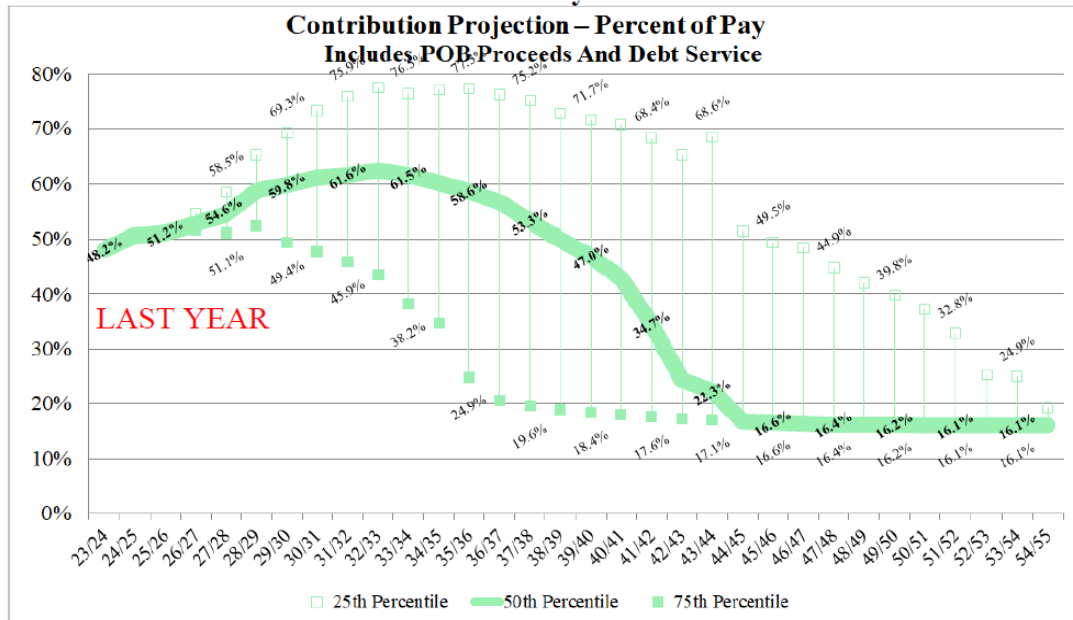


Source: Attachment 1, Slide #41. County of Riverside - CalPERS Miscellaneous and Safety Plans Independent Actuarial Report - 6/30/24 Valuation, Foster & Foster, Inc.

2023

CONTRIBUTION PROJECTIONS

Safety

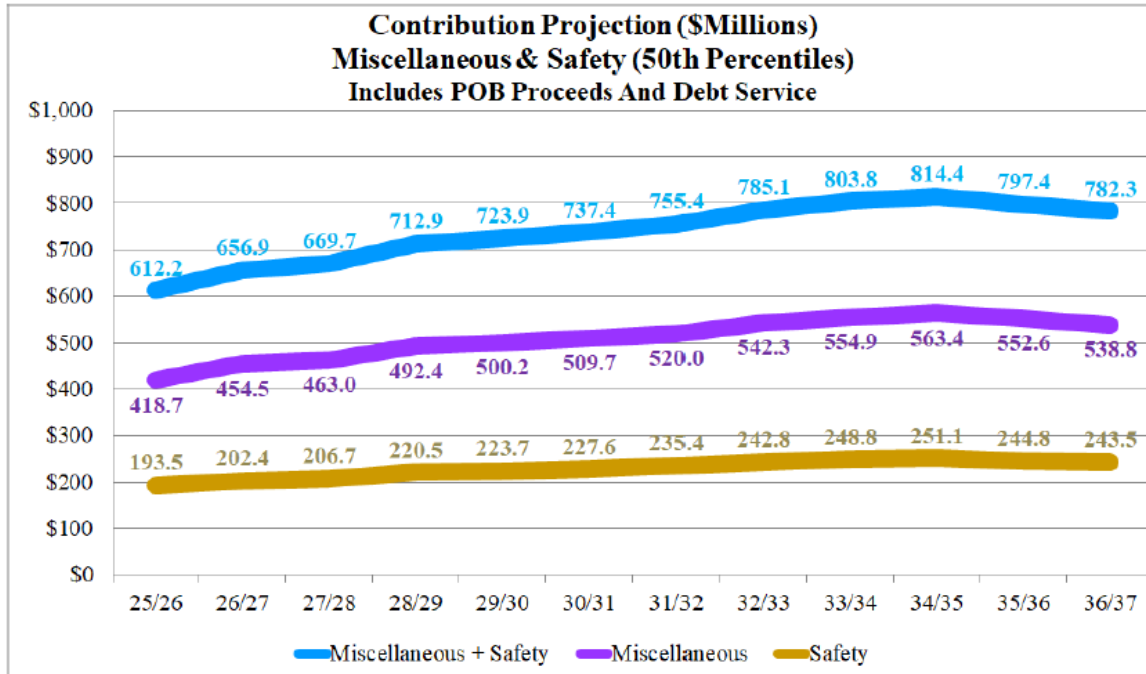


Source: Attachment 1, Slide #42. County of Riverside - CalPERS Miscellaneous and Safety Plans Independent Actuarial Report - 6/30/24 Valuation, Foster & Foster, Inc.

**2024**

**COMBINED MISCELLANEOUS AND SAFETY**

**Miscellaneous and Safety**

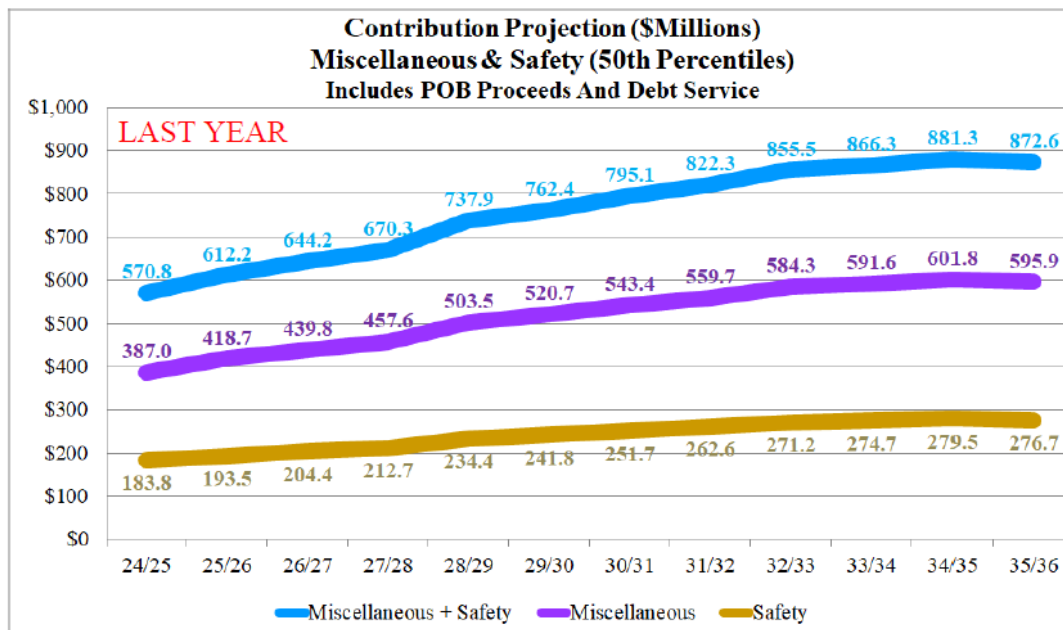


Source: Attachment 1, Slide #55. County of Riverside - CalPERS Miscellaneous and Safety Plans Independent Actuarial Report - 6/30/24 Valuation, Foster & Foster, Inc.

**2023**

**COMBINED MISCELLANEOUS AND SAFETY**

**Miscellaneous and Safety**



Source: Attachment 1, Slide #56. County of Riverside - CalPERS Miscellaneous and Safety Plans Independent Actuarial Report - 6/30/24 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%). A portion of savings was deposited into a newly created Liability Management Fund (LMF) with the rest being passed on to departments. Upon deposit of the POB 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 County also 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, further reducing interest cost as a result of paying down the debt faster.

**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. That is because over 84% of the debt has been repaid, locking in those savings.**

**Foster & Foster’s analysis is projecting that as of February 15, 2026 <sup>(2)</sup> there will be \$282.8 million in net estimated gains as a result of the sale of the bonds, with an outstanding balance owed of \$61.9 million <sup>(3)</sup>.**

**Series 2020** – In April 2020, additional 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 effort began in 2018 on a preliminary basis and culminated at a time when longer term interest rates were at ten-year lows. 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 \$372 million to CalPERS for deposit to the Miscellaneous Plan and \$344 million for the Safety Plan which reflected a discount for prepayment of the selected CalPERS amortization schedules. 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. It is now being funded with those savings which will improve the health of the pension plans for the benefit of all stakeholders i.e., the County, which is responsible for funding the plan, the employees whose pensions will be more secure, and the third party rate payers such as contract cities whose rates can be stabilized.**

**Foster & Foster’s analysis is projecting that as of February 15, 2026 <sup>(2)</sup> there will be \$177.6 million in net estimated gains <sup>(3)</sup> as a result of the sale of the bonds, with an outstanding balance owed of \$489.6 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)**

#### **Estimated gains through 2/15/26**

CalPERS investment earnings on POB proceeds <sup>(1)</sup>

less POB interest payments <sup>(2)</sup>

less cost of issuance

#### **Net estimated gains <sup>(3)</sup>**

	Projected		
	Series 2005A	Series 2020	Total
CalPERS investment earnings on POB proceeds <sup>(1)</sup>	\$578.6	\$303.1	\$881.7
less POB interest payments <sup>(2)</sup>	\$292.7	\$121.4	\$414.1
<u>less cost of issuance</u>	<u>\$3.1</u>	<u>\$4.1</u>	<u>\$7.2</u>
<b>Net estimated gains <sup>(3)</sup></b>	<b>\$282.8</b>	<b>\$177.6</b>	<b>\$460.4</b>

(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 #65 and #68. County of Riverside - CalPERS Miscellaneous and Safety Plans - Independent Actuarial Report - 6/30/24 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 LMF (established in conjunction with the issuance of the Series 2005 A Bonds) 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. The current risk profile is a moderate index strategy roughly balanced between equities and fixed income, with the remainder in real assets and cash equivalents.

Over time these assets will become more significant as they accumulate and restricted to making additional discretionary payments directly to CalPERS to pay down a portion of the unfunded liability, or for reimbursing the County for CalPERS contributions. The total account balance of the Trusts as of June 30, 2025, was \$362.5 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 achieved within twenty years.

One 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 Section 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

**Account balance** (\$ in millions)  
Total accumulated investment earnings to date  
Annual rate of return  
Annualized rate of return since inception <sup>(1)</sup>

	2022	2023	2024	2025
<b>Account balance</b>	\$39.2	\$57.8	\$131.6	<b>\$265.8</b>
Total accumulated investment earnings to date	\$4.9	\$8.1	\$14.9	<b>\$36.3</b>
Annual rate of return	-11.68%	7.41%	10.05%	<b>11.87%</b>
Annualized rate of return since inception <sup>(1)</sup>	5.03%	5.38%	5.98%	<b>6.64%</b>

(1) Inception date November 2016.

### **Status of 2020 Section 115 Pension Trust**

For the investment report period ended 6/30

**Account balance** (\$ in millions)  
Total accumulated investment earnings to date  
Annual rate of return  
Annualized rate of return since inception <sup>(1)</sup>

	2022	2023	2024	2025
<b>Account balance</b>	\$23.1	\$41.0	\$70.1	<b>\$96.6</b>
Total accumulated investment earnings to date	-\$2.0	\$0.14	\$5.3	<b>\$14.5</b>
Annual rate of return	-11.47%	7.50%	9.95%	<b>11.80%</b>
Annualized rate of return since inception <sup>(1)</sup>	0.72%	3.14%	4.41%	<b>6.33%</b>

(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 “early” retirees (pre-Medicare) and active employees are in the same rate class. The County’s current participation in the CalPERS health plans does not separate the two groups, as discussed below, thus creating an implicit subsidy.

**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 the 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 includes a return of the implicit subsidy which did not exist under the County’s own rate structure. This is due to an increase in 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 \$1,382.65 per month, while the required premium is only \$917.91 per month in 2026. 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, 2025 (Attachment 2, page 2), the value of that benefit (subsidy) to employees is \$174 million reflected in the 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 \$158 (which increases annually with medical CPI). Under the previous benefit schedule, the benefit was as low as \$25 a month.

For 2026, the PEMHCA monthly contribution will be \$162. SEIU and LIUNA employees will receive an additional \$25 negotiated increase, bringing their total PEMHCA contribution to \$187. Management contributions will increase from \$256 to \$281. 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 the 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) and is pleased to report that **as of the fiscal year ending 2025, the Plan’s funded status is projected at 89.6%, which is greater than the Board’s policy goal of 80%. This is due to contributions of approximately \$22 million, as well as investment earnings.** Once the County reaches 100 percent funded status the OPEB rate being charged to departments will be evaluated and may be reduced to a self-sustaining maintenance level.

**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 5, 2025, 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, 2026-27.**

**Status of OPEB** (\$ in millions)

For the annual valuation report period ended 6/30	2022	2023	2024	2025
AAL - excluding implicit subsidy <sup>(1)</sup>	\$148	\$158	\$162	<b>\$182</b>
Smoothed value of plan assets (MVA) <sup>(2)</sup>	<u>\$86</u>	<u>\$105</u>	<u>\$128</u>	<b><u>\$163</u></b>
Total unfunded actuarial accrued liability (UAAL)	\$61	\$53	\$34	<b>\$19</b>
<b>Funded Status</b> <sup>(3)</sup>	58.20%	66.40%	78.80%	<b>89.60%</b>
Market value of plan assets	\$76	\$96	\$135	<b>\$174</b>
Annual net rate of return	-14.58%	6.46%	10.2% <sup>(5)</sup> /2.49% <sup>(6)</sup>	<b>11.75%</b>
Annualized net rate of return inception to date <sup>(4)</sup>	4.87%	5.10%	N/A <sup>(7)</sup> /N/A <sup>(7)</sup>	<b>10.75%</b>

- (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 over 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 4, AON Actuarial Valuation Report - County of Riverside Postretirement Benefits Plan as of July 1, 2025.
- (4) Inception date November 2007.
- (5) CalPERS CERBT Strategy 1 return for the period 7/1/23 – 3/31/24.
- (6) 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) on 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, investments in the Plan have been managed with a strategy of equities and fixed income, real assets and cash equivalents.

If an employee covered by the TAP Plan has a 401(a) account balance 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** - County staff is pleased to report that **AON is projecting a 91.7% funded status as of July 1, 2025 which is greater than the Board's policy goal of 80%. This is due to approximately \$6.9 million of employer and employee contributions, as well as investment earnings.**

In an effort to offset potential future investment underperformance, as well as addressing possible administrative adjustments to Plan withdrawals, **at its November 5, 2025 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	2022	2023	2024	2025
Total actuarial accrued liability (AAL)	\$68.9	\$73.9	\$78.8	<b>\$83.0</b>
<u>Smoothed value of plan assets (MVA)</u> <sup>(1)</sup>	<u>\$56.2</u>	<u>\$61.2</u>	<u>\$67.4</u>	<u><b>\$76.1</b></u>
Total unfunded actuarial accrued liability (UAAL)	\$12.6	\$12.6	\$11.4	<b>\$6.8</b>
<b>Funded Status</b> <sup>(2)</sup>	81.6%	82.9%	85.5%	<b>91.7%</b>
Market value of plan assets	\$51.0	\$59.2	\$69.5	<b>\$80.9</b>
Annual net rate of return	-17.45%	9.84%	14.20%	<b>14.26%</b>
Annualized net rate of return inception to date <sup>(3)</sup>	5.66%	5.98%	6.56%	<b>7.06%</b>

(1) Asset smoothing recognizes market gains and losses gradually over several years.

(2) Source: Attachment #3, page 5, AON Actuarial Valuation Report - County of Riverside Part-time and Temporary Employees' Retirement Plan as of July 1, 2025.

(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 is 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. As discussed below, all three entities have been making additional payments.

### **Highlights – for the CalPERS actuarial valuation report period ended June 30, 2024:**

- ✓ **Riverside County Regional Park and Open-Space District**
  - **72.4% funded status (1.7% YoY increase)**
- ✓ **Riverside County Flood Control and Water Conservation District**
  - **86.5% funded status (7.4% YoY increase)**
- ✓ **Riverside County Waste Resources Management District**
  - **78.1% funded status (4.3% YoY increase)**

**Riverside County Regional Park and Open-Space District - Beginning with the June 30, 2024 actuarial valuation, CalPERS combined the Park District's Miscellaneous Tier I, Tier II, and Tier III (PEPRA) Plans into a single valuation with a unified unfunded actuarial accrued liability amortization schedule.** As a result, Tier specific funded status and contribution metrics are no longer separately reported by CalPERS. Tier-level information shown below reflects historical results reported through June 30, 2023.

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. Accordingly, the District plans to make additional discretionary payments to CalPERS over the next five years, with the objective of achieving a funded status of 80% or higher by the end of that period.

### Historical Status Tier Detail (Valuation Years 2021-2023)

#### 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
<u>Total market value of assets (MVA)</u>	\$41.1	\$37.2	\$37.6
Total unfunded accrued liability (UAAL)	\$9.5	\$15.7	\$16.8
<b>Funded Status</b>	81.3%	70.3%	69.1%

#### Tier II

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

#### Tier III (\$ in millions.)

For the annual valuation report ended 6/30	2021	2022	2023
Total actuarial accrued liability (AAL)	\$2.47 <sup>(*)</sup>	\$2.79 <sup>(*)</sup>	\$3.67 <sup>(*)</sup>
<u>Total market value of assets (MVA)</u>	\$2.69 <sup>(*)</sup>	\$2.56 <sup>(*)</sup>	\$3.32 <sup>(*)</sup>
Total unfunded accrued liability (UAAL)	-\$226,517	\$226,601	\$347,348
<b>Funded Status</b>	100.2%	91.9%	90.5%

#### Status of Consolidated Parks District Plan (\$ in millions)

For the annual valuation report ended 6/30	2024
Total actuarial accrued liability (AAL)	\$61.4
<u>Total market value of assets (MVA)</u>	\$44.5
Total unfunded accrued liability (UAAL)	\$16.9
<b>Funded Status</b>	72.4%

**The Riverside County Flood Control and Water Conservation District’s** annual valuation report for June 30, 2024, shows a funded status of 86.5% (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 falling below the 80% threshold in fiscal year 2022.

The District worked 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 \$9.3 million in fiscal year 2025. Resulting in the funded status increasing by 7.4%, from 79.1% to 86.5%, as reflected in the June 30, 2024, valuation report.

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	2022	2023	2024
Total actuarial accrued liability (AAL)	\$243.2	\$253.1	<b>\$262.1</b>
<u>Total market value of assets (MVA)</u>	<u>\$182.7</u>	<u>\$200.1</u>	<u><b>\$226.7</b></u>
Total unfunded accrued liability (UAAL)	\$60.5	\$53.0	<b>\$35.4</b>
<b>Funded Status</b>	75.1%	79.1%	<b>86.5%</b>

**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, 2024, shows a funded status of 78.1% (see table on page 22hart 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 million was paid in FY 24/25. 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 4.3% from 73.8% as of June 30, 2023, to 78.1% as of June 30, 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 Waste Resources Management District** (\$ in millions)

For the annual valuation report ended 6/30	2022	2023	2024
Total actuarial accrued liability (AAL)	\$57.7	\$59.1	<b>\$60.4</b>
<u>Total market value of assets (MVA)</u>	<u>\$41.6</u>	<u>\$43.6</u>	<u><b>\$47.2</b></u>
Total unfunded accrued liability (UAAL)	\$16.1	\$15.5	<b>\$13.3</b>
<b>Funded Status</b>	72.2%	73.8%	<b>78.1%</b>

## 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 have 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 6/30/2025	Percentage in each Tier 6/30/2025	PEPRA Comp. Limits (1)	Final Comp. Period	Effective Date
Tier I	Misc	3% at 60	8%	50	5,464	28.0%	N/A	12 mos.	7/11/2002
	Safety	3% at 50	9%	50	1,476	41.1%	N/A	12 mos.	6/28/2001
Tier II	Misc	2% at 60	7%	50	650	3.3%	N/A	36 mos.	8/24/2012
	Safety	2% at 50	9%	50	169	4.7%	N/A	36 mos.	8/24/2012
Tier III - PEPRA	Misc	2% at 62	7.75%	52	13,399	68.7%	\$155,081	36 mos.	1/1/2013
	Safety	2.7% at 57	13.50%	50	1,947	54.2%	\$186,096	36 mos.	1/1/2013

(1) 2025 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.

Other types of pension benefits have been considered by the PARC. 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, 2025, the ending account balance was \$96.6 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 2025, the PARC approved a decision to keep the current rate of approximately 1.1% of payroll for OPEB in an effort to maintain a funded status of 80% or better by the fiscal year ending 2026.

✓ In November 2025, the PARC approved a decision to keep the current rate 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 by the fiscal year ending 2026.

**In summary, with the adoption of Board Policy B-25 as well as the establishment of the PARC, the County moved to an active manager of its retirement obligations. 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.**

### **STRATEGIC OPTIONS**

Options that have been utilized and will continue to be evaluated include POBs, paying down or restructuring a portion of the UAAL, as well as working with CalPERS to identify similar opportunities. Additionally, future strategic use of the Section 115 Pension Trust assets will be assessed.

### **ATTACHMENTS**

1. County of Riverside - CalPERS Miscellaneous and Safety Plans  
Independent Actuarial Report - 6/30/24 Valuation, Foster and Foster, Inc.
2. Actuarial Valuation Report - County of Riverside Postretirement Benefits Plan as of June 30, 2025 - AON
3. Actuarial Valuation Report - County of Riverside Part-time and Temporary Employees' Retirement Plan as of July 1, 2025 – 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 (UAAL)**

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 – 6/30/24 Valuation**

Drew Ballard, FSA, EA, MAAA  
D. Patrick McDonald, FSA, EA, MAAA  
Matthew Childs  
**Foster & Foster, Inc.**

January 22, 2026

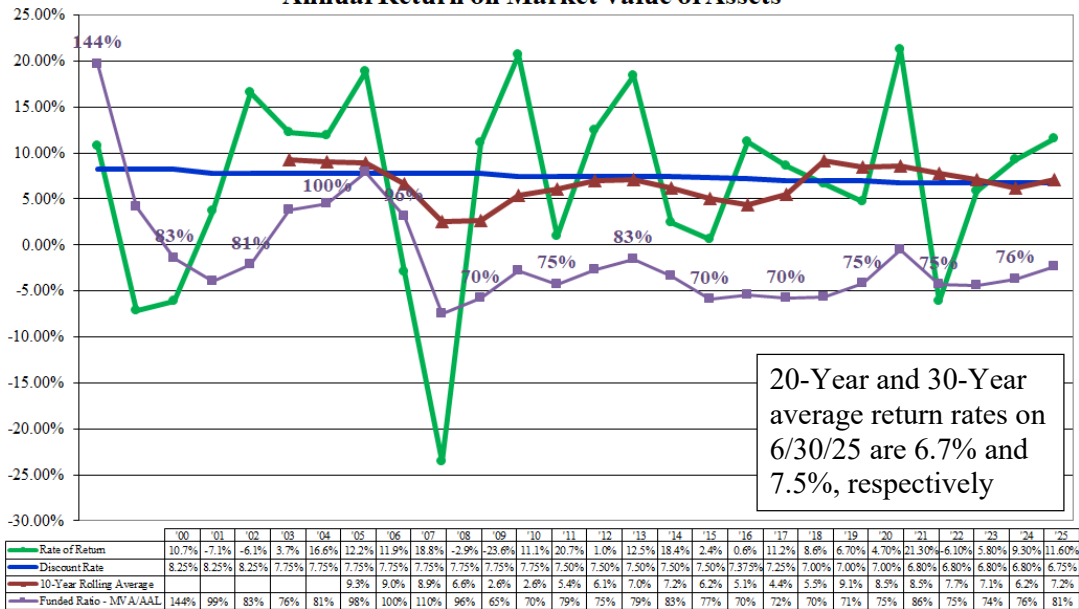
**Contents**

<u>Topic</u>	<u>Page</u>
Background	1
Historical Information	9
Projections	31
Combined Miscellaneous and Safety	55
Leaving CalPERS	61
Pension Obligation Bonds	63
PEPRA Cost Sharing	73
Paying Down the Unfunded Liability	75
Definitions	84
Additional Information	86
Actuarial Certification	90



## INVESTMENT RETURN

### Investment Return vs. Miscellaneous Funded Ratio Annual Return on Market Value of Assets



Discount rates are expected returns net of administrative expenses.

2013/14 through 2024/25 “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%, 6.1%, 9.5%, and 12.1%, respectively.

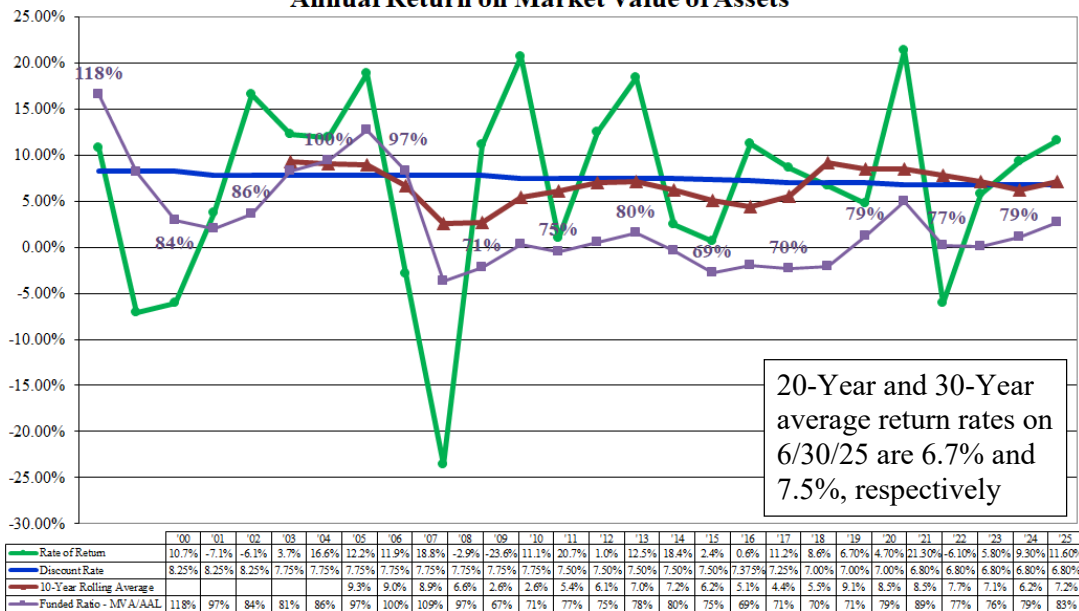


January 22, 2026



## INVESTMENT RETURN

### Investment Return vs. Safety Funded Ratio Annual Return on Market Value of Assets



Discount rates are expected returns net of administrative expenses.

2013/14 through 2024/25 “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%, 6.1%, 9.5%, and 12.1%, respectively.



January 22, 2026



## DEMOGRAPHICS

- Around the State
  - Large retiree liability compared to actives
    - State average: 61% for Miscellaneous, 64% 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 60%



January 22, 2026

3



## 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 <sup>1</sup>	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
  - 2026 Compensation limit
    - Social Security participants: \$159,733
    - Non-Social Security participants: \$191,679

<sup>1</sup> Fire and Peace Officer members are combined in this group.

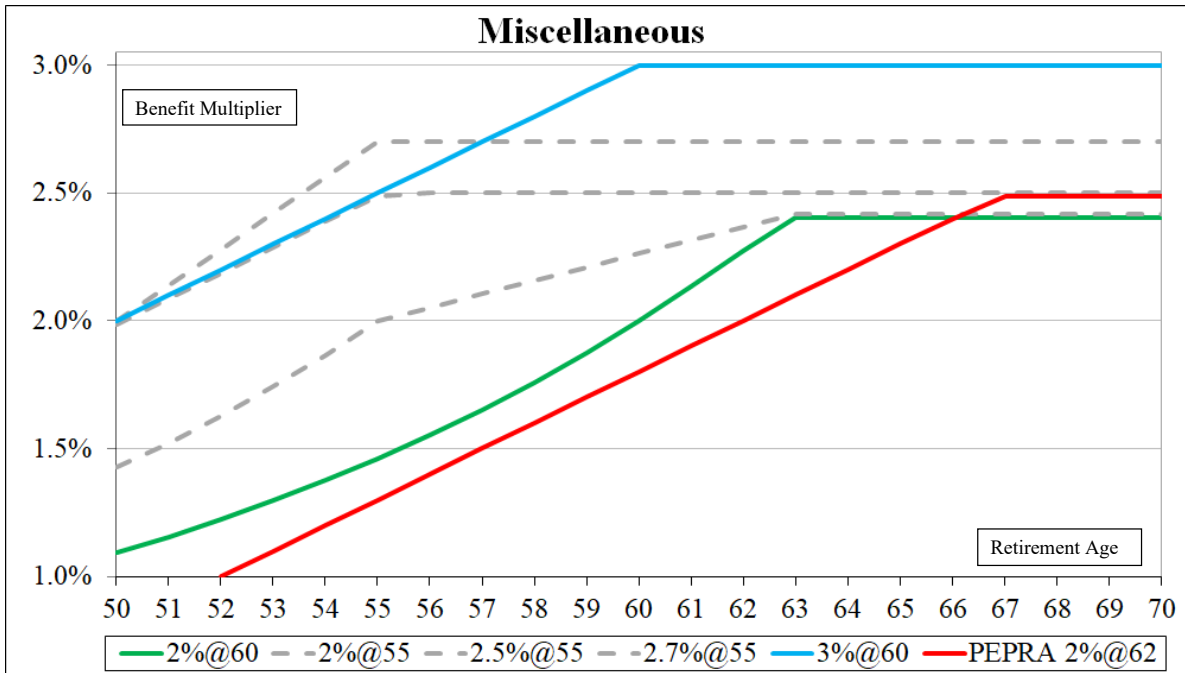


January 22, 2026

4



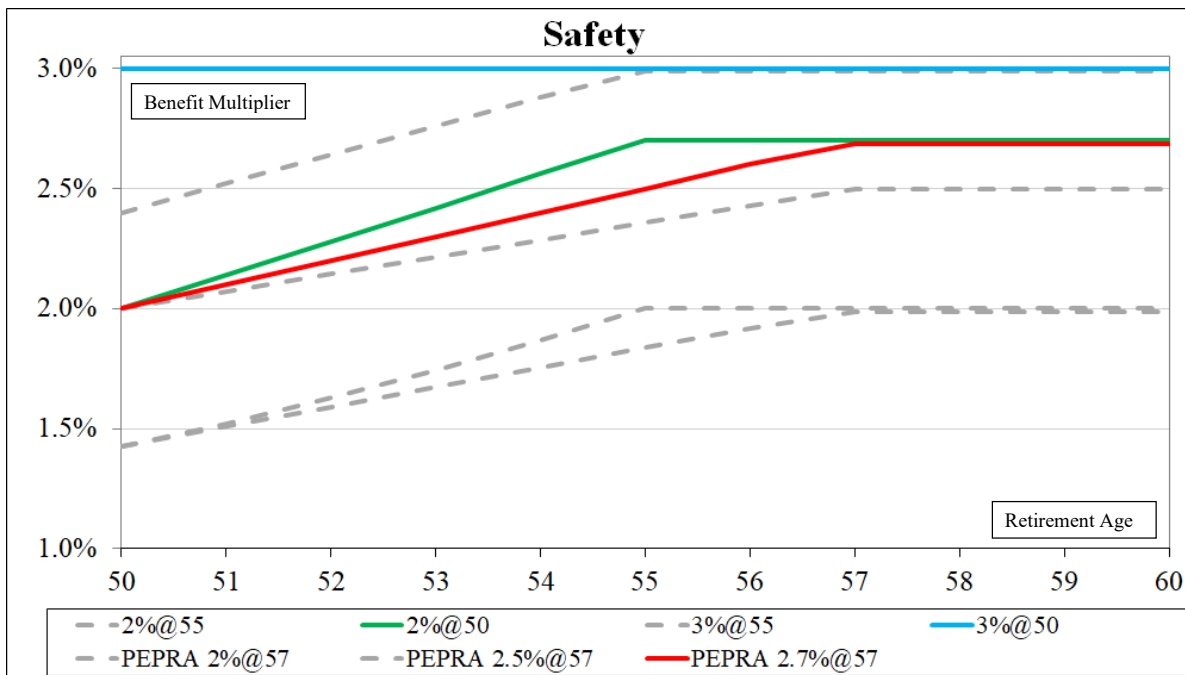
## COUNTY BENEFITS



January 22, 2026



## COUNTY BENEFITS



January 22, 2026



# RISK MITIGATION

## Overview

- Move to more conservative investments over time to reduce volatility/risk

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

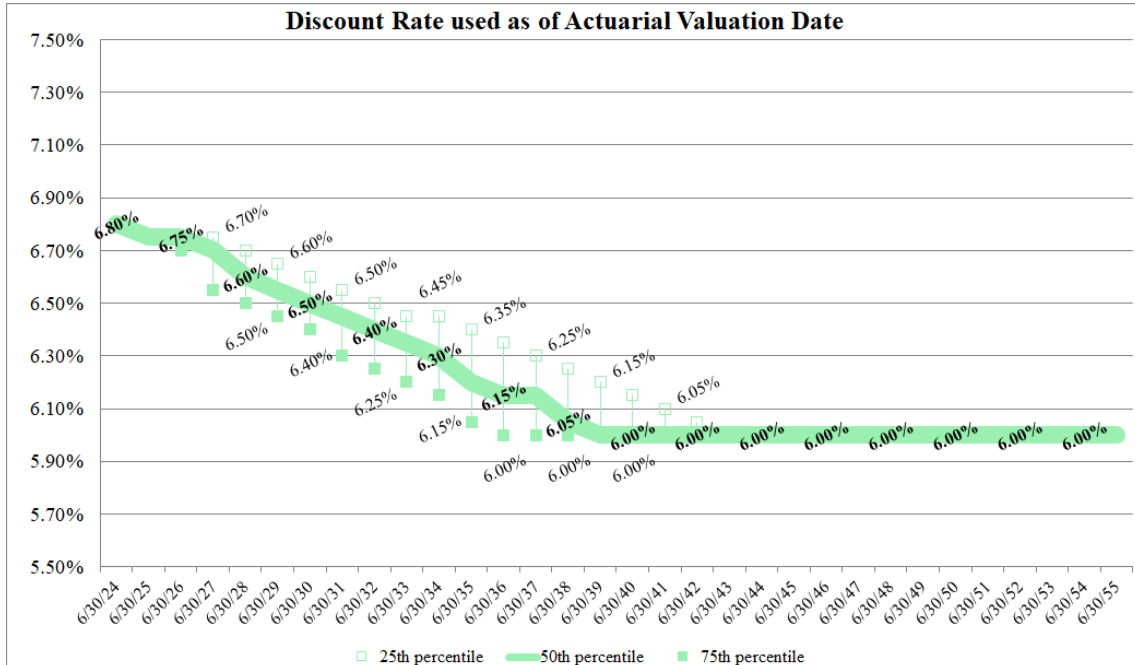
- Ultimate goal of 8% standard deviation on portfolio
- Likely get to 6.0% discount rate over 20+ years
  - Risk mitigation suspended from 6/30/16 to 6/30/18 valuation
  - Not triggered for 6/30/19 or 6/30/20 valuations
- First triggered for 6/30/21 valuation – 6.8% discount rate
- Not triggered for 6/30/22 or 6/30/23 valuations
- April 16, 2024 CalPERS Board removed automatic trigger
- September 17, 2024 staff recommends no change to the discount rate for June 30, 2024
- Lower discount rate requires higher County contributions due to lower expected investment income. It also reduces future investment risk due to a higher likelihood of achieving returns.<sup>2</sup>

<sup>2</sup> See slide 17 for discount rate sensitivity calculations



# RISK MITIGATION

## Projection



## SUMMARY OF DEMOGRAPHIC INFORMATION

### Miscellaneous

	2004	2014	2023	2024
<b>Actives</b>				
■ Counts	12,664	15,934	19,428	20,038
■ Average				
• Age	43	44	43	44
• County Service	8	10	9	9
• PERSable Wages	\$45,100	\$56,300	\$72,800	\$76,300
■ Total PERSable Wages	571,700,000	897,500,000	1,414,800,000	1,528,800,000
<b>Inactive Members</b>				
■ Counts				
• Transferred	2,463	3,811	4,664	5,075
• Separated	3,404	7,758	13,813	14,862
• Retired				
➢ Service	3,946	7,793	12,225	12,601
➢ Disability	574	587	725	749
➢ Beneficiaries	626	867	1,258	1,322
➢ Total	5,146	9,247	14,208	14,672
■ Average Annual County Provided Pension for Service Retirees <sup>3</sup>	\$13,100	\$24,100	\$34,200	\$35,200

<sup>3</sup> Average pension based on County service & County benefit formula; not representative of long-service employees.



January 22, 2026

9



## SUMMARY OF DEMOGRAPHIC INFORMATION

### Safety

	2004	2014	2023	2024
<b>Actives</b>				
■ Counts	2,684	3,541	3,506	3,539
■ Average				
• Age	39	39	39	39
• County Service	9	11	11	11
• PERSable Wages	\$60,200	\$83,400	\$99,400	\$101,400
■ Total PERSable Wages	161,600,000	295,200,000	348,400,000	359,000,000
<b>Inactive Members</b>				
■ Counts				
• Transferred	479	528	749	796
• Separated	332	551	952	1,001
• Retired				
➢ Service	592	1,411	2,373	2,478
➢ Disability	455	556	693	705
➢ Beneficiaries	121	197	338	354
➢ Total	1,168	2,164	3,404	3,537
■ Average Annual County Provided Pension for Service Retirees <sup>4</sup>	\$29,100	\$51,300	\$68,000	\$69,800

<sup>4</sup> Average pension based on County service & County benefit formula; not representative of long-service employees.



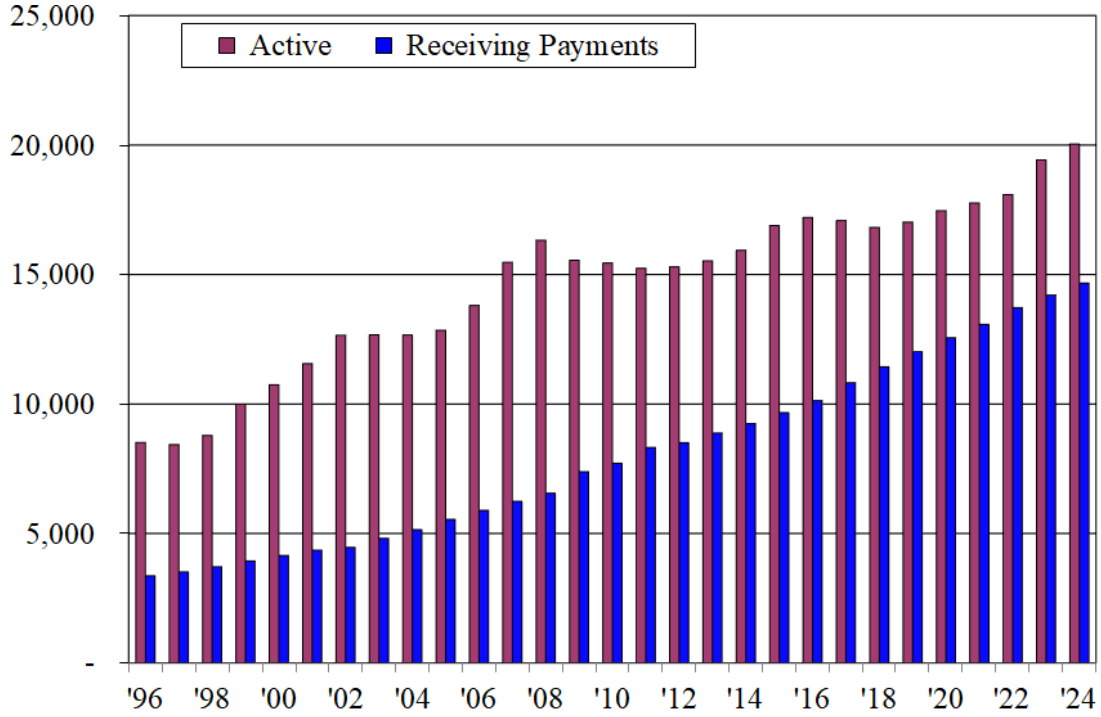
January 22, 2026

10



## SUMMARY OF DEMOGRAPHIC INFORMATION

### Miscellaneous

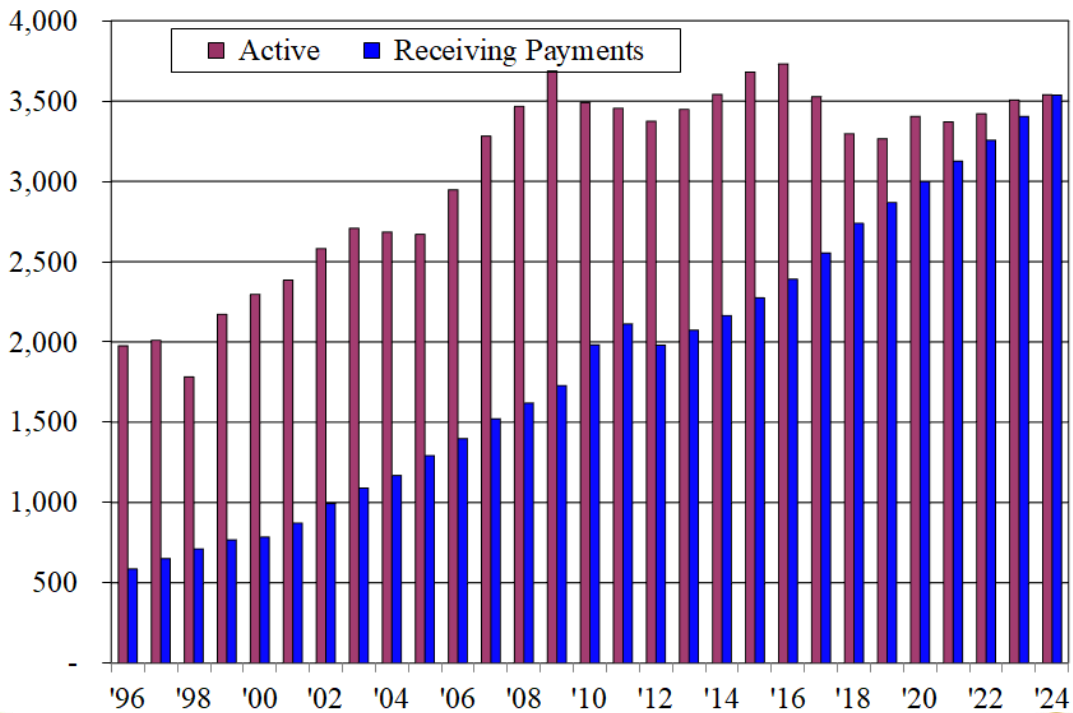


January 22, 2026



## SUMMARY OF DEMOGRAPHIC INFORMATION

### Safety



January 22, 2026



## PLAN FUNDED STATUS

### Miscellaneous

	<u>June 30, 2023</u>	<u>June 30, 2024</u>
■ <b>Actuarial Accrued Liability</b>		
● Active	\$4,482,900,000	\$4,777,700,000
● Retiree	5,664,300,000	5,965,000,000
● Inactive	<u>665,500,000</u>	<u>722,900,000</u>
● Total	10,812,700,000	11,465,600,000
■ <b>Assets</b>	<u>8,036,500,000</u>	<u>8,764,000,000</u>
■ <b>Unfunded Liability</b>	2,776,200,000	2,701,600,000
■ <b>Funded Ratio</b>	74.3%	76.4%
■ <b>Average funded ratio for CalPERS Miscellaneous:</b>		
● <b>Public Agency Plans</b>	73.3%	75.5%
● <b>City &amp; County Plans</b>	72.2%	74.4%
● <b>County Plans</b>	69.6%	72.0%



January 22, 2026

13



## PLAN FUNDED STATUS

### Safety

	<u>June 30, 2023</u>	<u>June 30, 2024</u>
■ <b>Actuarial Accrued Liability</b>		
● Active	\$1,880,300,000	\$1,914,200,000
● Retiree	2,903,100,000	3,096,400,000
● Inactive	<u>170,100,000</u>	<u>190,500,000</u>
● Total	4,953,500,000	5,201,100,000
■ <b>Assets</b>	<u>3,786,700,000</u>	<u>4,117,200,000</u>
■ <b>Unfunded Liability</b>	1,166,800,000	1,083,900,000
■ <b>Funded Ratio</b>	76.4%	79.2%
■ <b>Average funded ratio for CalPERS Safety:</b>		
● <b>Public Agency Plans</b>	70.9%	72.9%
● <b>City &amp; County Plans</b>	70.8%	72.8%
● <b>County Plans</b>	70.7%	73.1%



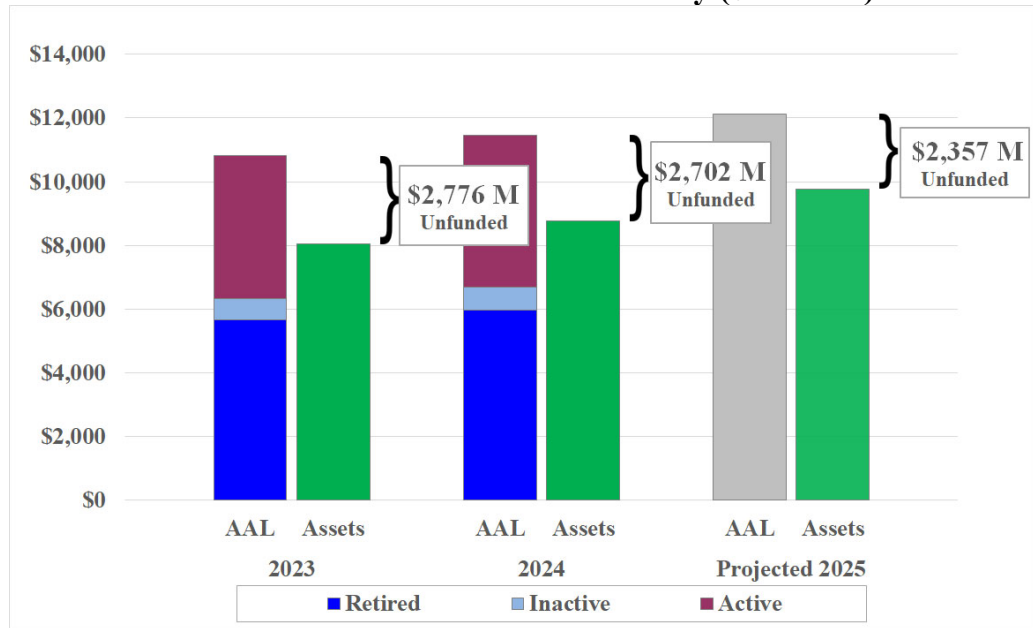
January 22, 2026

14



## PLAN FUNDED STATUS

### Miscellaneous CalPERS Assets and Actuarial Liability (\$Millions)<sup>5</sup>

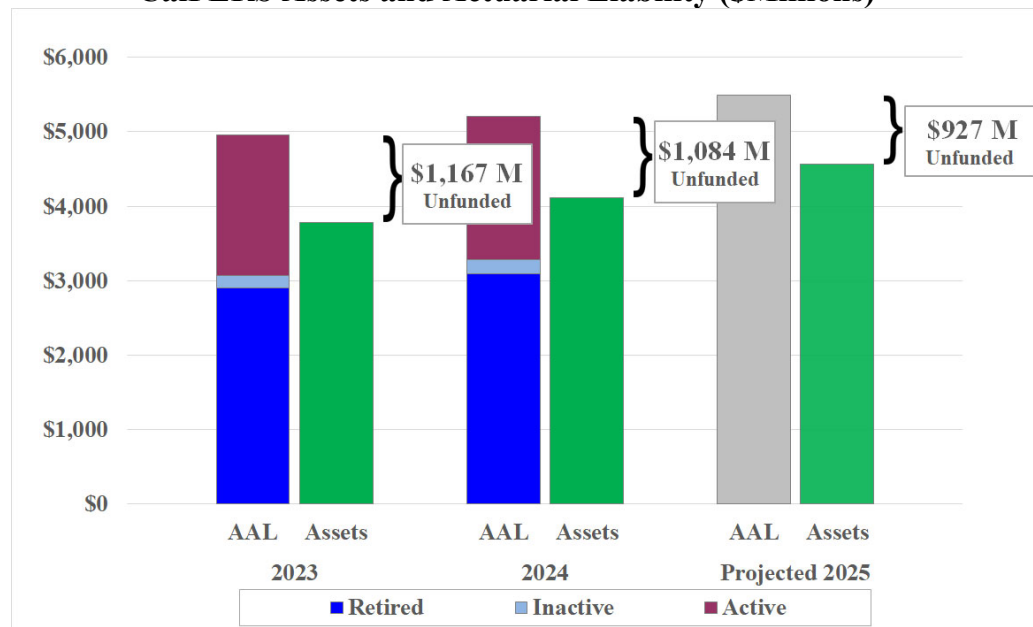


<sup>5</sup> Projected 2025 assets reflect 11.6% preliminary investment return for 2024/25.



## PLAN FUNDED STATUS

### Safety CalPERS Assets and Actuarial Liability (\$Millions)<sup>6</sup>



<sup>6</sup> Projected 2025 assets reflect 11.6% preliminary investment return for 2024/25.



**PLAN FUNDED STATUS**

**Miscellaneous  
Discount Rate Sensitivity  
June 30, 2024**

	<b>Discount Rate</b>		
	<b><u>6.80%</u></b>	<b><u>6.30%<sup>7</sup></u></b>	<b><u>5.80%</u></b>
<b>AAL</b>	\$11,465,600,000	\$12,292,800,000	\$13,120,000,000
<b>Assets</b>	<u>8,764,000,000</u>	<u>8,764,000,000</u>	<u>8,764,000,000</u>
<b>Unfunded Liability</b>	2,701,600,000	3,528,800,000	4,356,000,000
<b>Funded Ratio</b>	76.4%	71.3%	66.8%

<sup>7</sup> Estimated by Foster & Foster.



January 22, 2026



**PLAN FUNDED STATUS**

**Safety  
Discount Rate Sensitivity  
June 30, 2024**

	<b>Discount Rate</b>		
	<b><u>6.80%</u></b>	<b><u>6.30%<sup>8</sup></u></b>	<b><u>5.80%</u></b>
<b>AAL</b>	\$5,201,100,000	\$5,589,000,000	\$5,976,800,000
<b>Assets</b>	<u>4,117,200,000</u>	<u>4,117,200,000</u>	<u>4,117,200,000</u>
<b>Unfunded Liability</b>	1,083,900,000	1,471,800,000	1,859,600,000
<b>Funded Ratio</b>	79.2%	73.7%	68.9%

<sup>8</sup> Estimated by Foster & Foster.



January 22, 2026



## PLAN FUNDED STATUS

### Miscellaneous

#### Unfunded Accrued Liability Changes

■ Unfunded Accrued Liability on 6/30/23	\$2,776,200,000
■ Expected 6/30/24 Unfunded Accrued Liability	2,811,300,000
■ Changes	
• Asset Loss (Gain) (9.5% return for FY 2024)	(211,500,000)
• Contribution & Experience Loss (Gain)	<u>101,800,000</u>
• Total	<u>(109,700,000)</u>
■ Unfunded Accrued Liability on 6/30/24	2,701,600,000
■ Projected Unfunded Accrued Liability on 6/30/25 <sup>9</sup>	2,357,100,000

<sup>9</sup> Projected 2025 assets reflect 11.6% preliminary investment return for 2024/25.



January 22, 2026

19



## PLAN FUNDED STATUS

### Safety

#### Unfunded Accrued Liability Changes

■ Unfunded Accrued Liability on 6/30/23	\$1,166,800,000
■ Expected 6/30/24 Unfunded Accrued Liability	1,178,400,000
■ Changes	
• Asset Loss (Gain) (9.5% return for FY 2024)	(100,000,000)
• Contribution & Experience Loss (Gain)	<u>5,500,000</u>
• Total	<u>(94,500,000)</u>
■ Unfunded Accrued Liability on 6/30/24	1,083,900,000
■ Projected Unfunded Accrued Liability on 6/30/25 <sup>10</sup>	927,400,000

<sup>10</sup> Projected 2025 assets reflect 11.6% preliminary investment return for 2024/25.



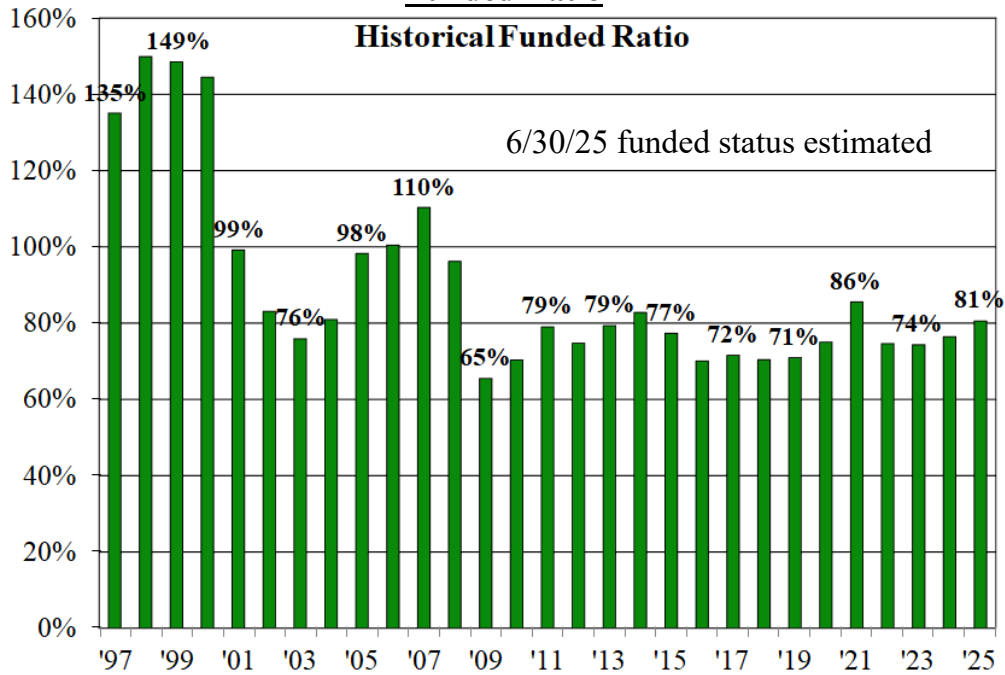
January 22, 2026

20



## FUNDED RATIO

### Miscellaneous Funded Ratio



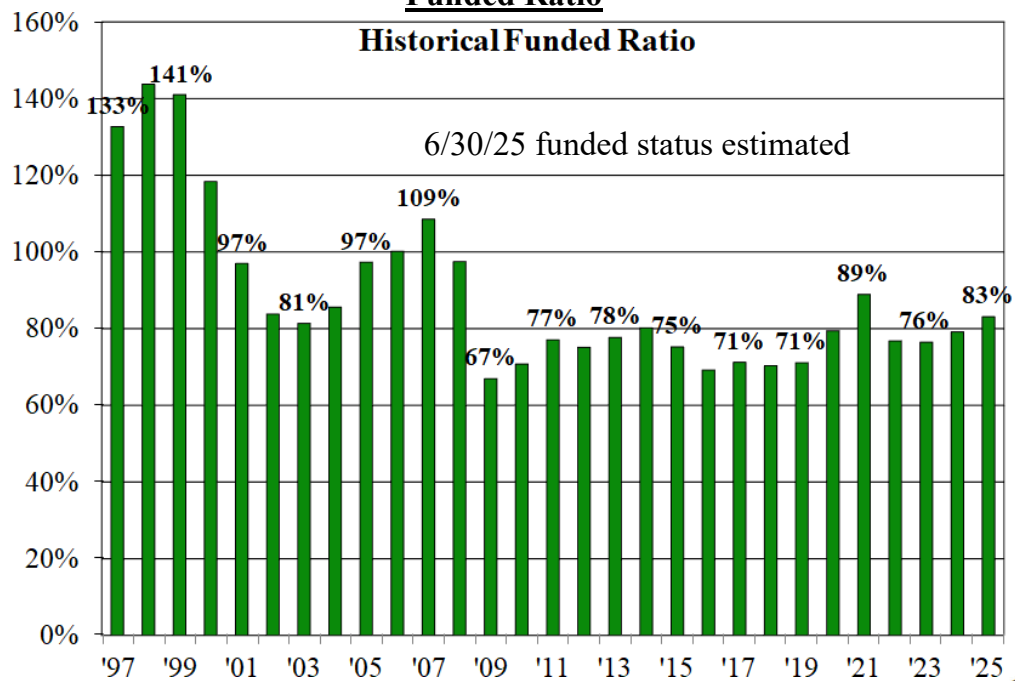
January 22, 2026

21



## FUNDED RATIO

### Safety Funded Ratio



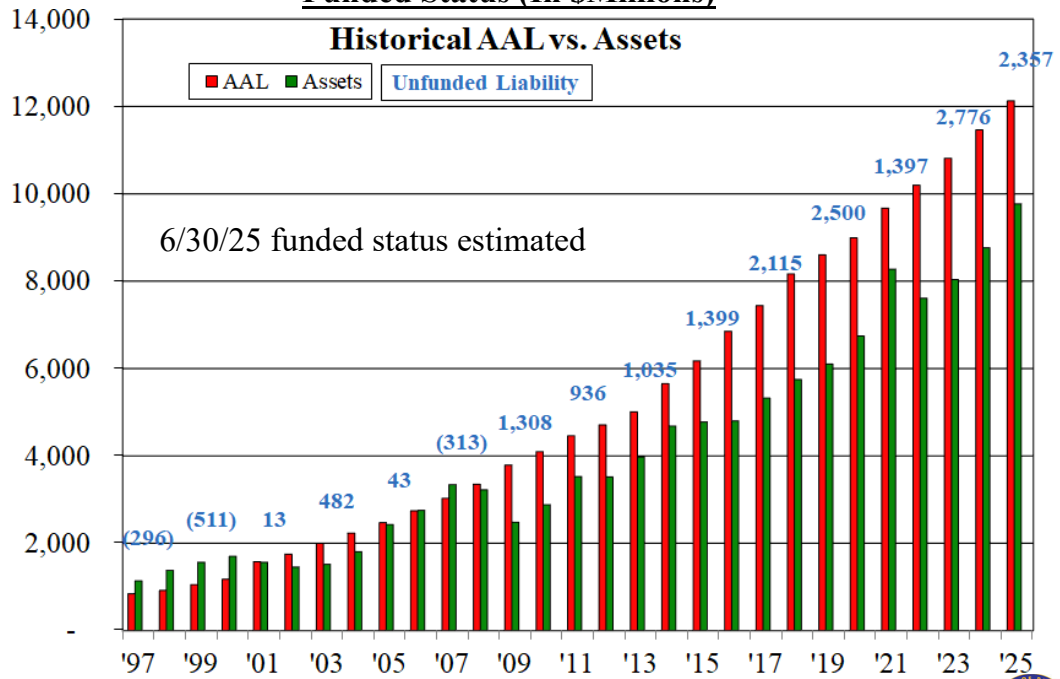
January 22, 2026

22



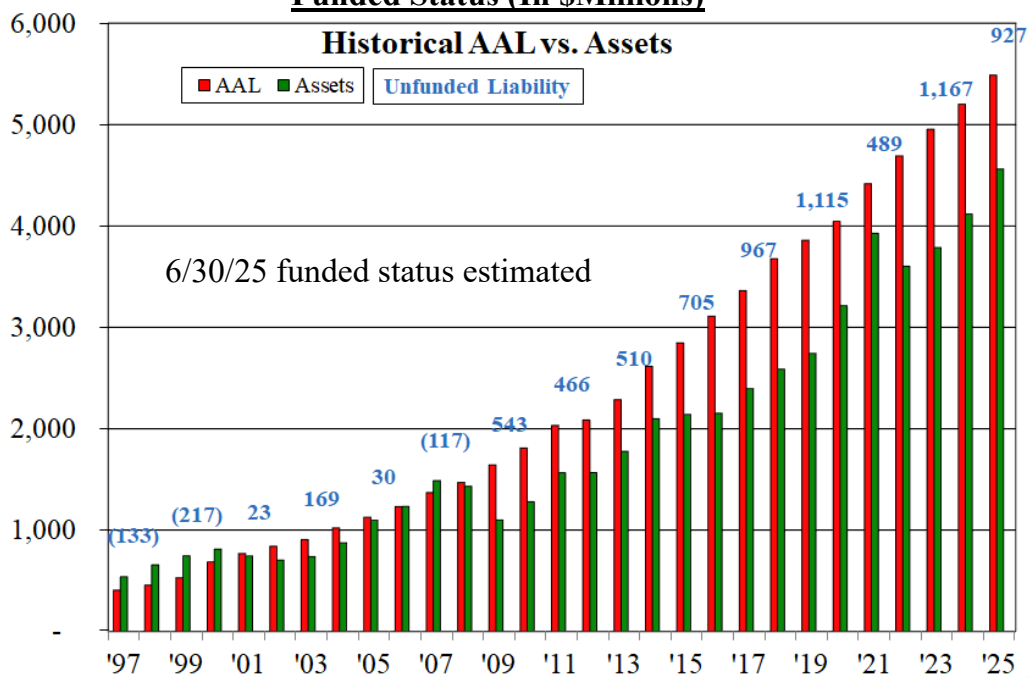
## FUNDED STATUS

### Miscellaneous Funded Status (In \$Millions)



## FUNDED STATUS

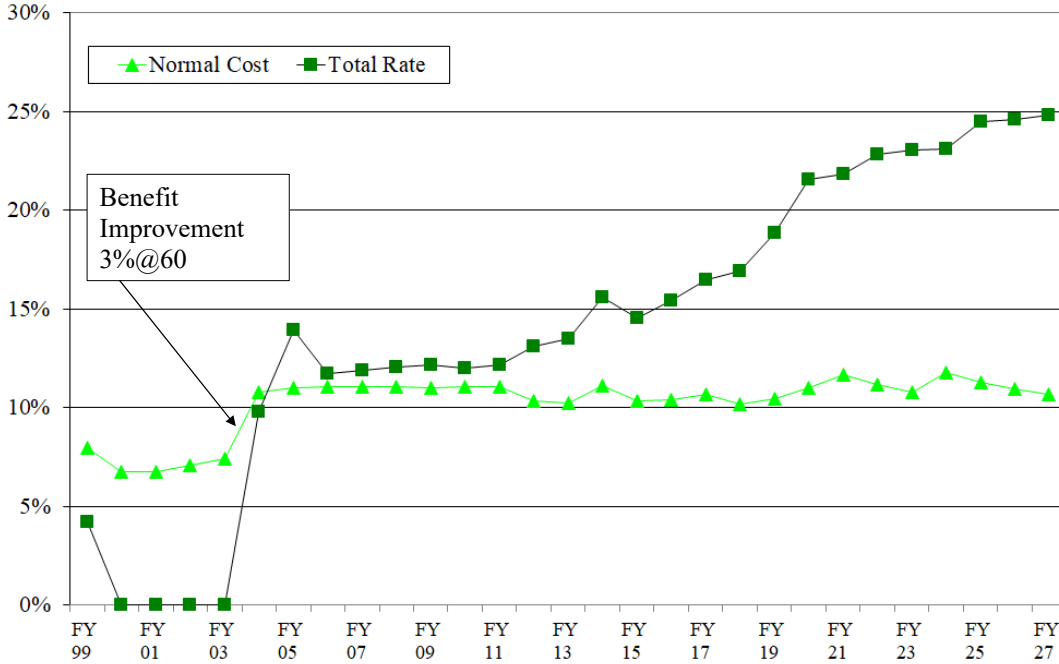
### Safety Funded Status (In \$Millions)



## CONTRIBUTION RATES

### Miscellaneous

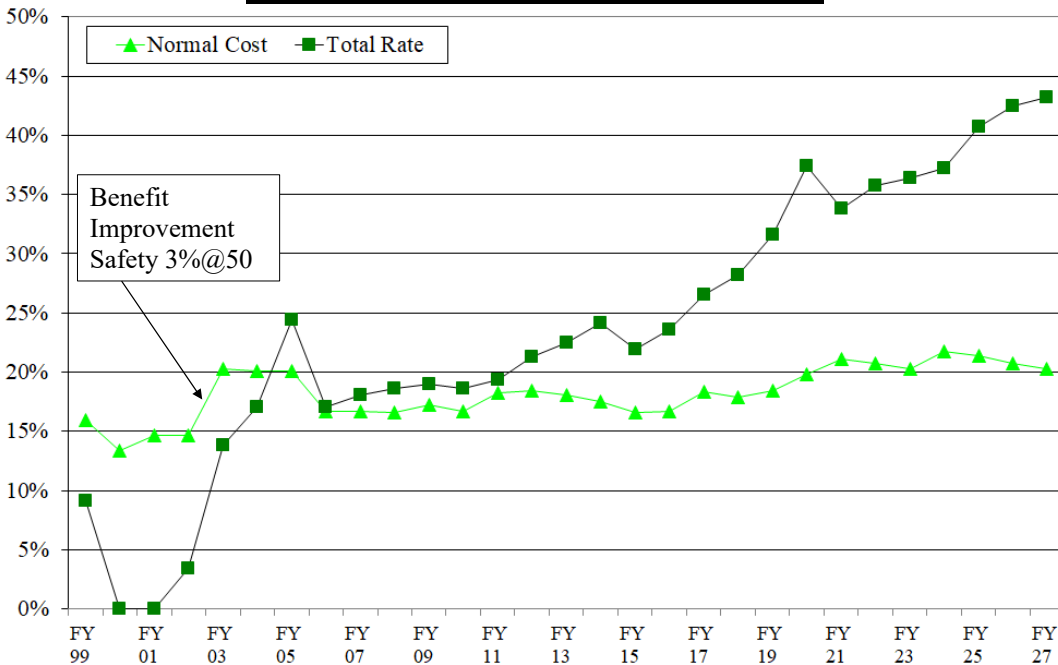
#### Historical Employer Contribution Rates



## CONTRIBUTION RATES

### Safety

#### Historical Employer Contribution Rates



## CONTRIBUTION RATES

### Miscellaneous

	<b>6/30/23</b>	<b>6/30/24</b>
	<b><u>2025/2026</u></b>	<b><u>2026/2027</u></b>
■ Total Normal Cost	18.7%	18.4%
■ Employee Normal Cost	<u>7.8%</u>	<u>7.8%</u>
■ Employer Normal Cost	10.9%	10.6%
■ Amortization Payments	<u>13.7%</u>	<u>14.2%</u>
■ Total Employer Contribution Rate	24.6%	24.8%
■ 2025/26 Employer Contribution Rate		24.6%
● 6/30/24 investment (gain)/loss (9.5% vs. 6.8%)		(0.3%)
● Progression of amortization bases		1.2%
● Other/non-investment (Gains)/Losses		<u>(0.7%)</u>
■ 2026/27 Employer Contribution Rate		24.8%



January 22, 2026

27



## CONTRIBUTION RATES

### Safety

	<b>6/30/23</b>	<b>6/30/24</b>
	<b><u>2025/2026</u></b>	<b><u>2026/2027</u></b>
■ Total Normal Cost	31.3%	31.0%
■ Employee Normal Cost	<u>10.5%</u>	<u>10.7%</u>
■ Employer Normal Cost	20.8%	20.3%
■ Amortization Payments	<u>21.7%</u>	<u>22.9%</u>
■ Total Employer Contribution Rate	42.5%	43.2%
■ 2025/26 Employer Contribution Rate		42.5%
● 6/30/24 investment (gain)/loss (9.5% vs. 6.8%)		(0.6%)
● Progression of amortization bases		2.3%
● Other/non-investment (Gains)/Losses		<u>(1.0%)</u>
■ 2026/27 Employer Contribution Rate		43.2%



January 22, 2026

28



## CONTRIBUTION RATES

### **Miscellaneous 2026/27 Amortization Payment**

- Amortization payment for 2026/27 is \$235,337,000
- Amortization payment is 9.1% of UAL  
(one year interest on UAL is 6.8%)
  - Payment exceeds interest on the UAL
  - No “negative amortization.”
- Amortization payment equivalent to:
  - 20.8 years on level dollar amortization schedule  
(all payments are the same amount)
  - 15.1 years on level percent of payroll schedule  
(payments increase 2.8% annually)



January 22, 2026

29



## CONTRIBUTION RATES

### **Safety 2026/27 Amortization Payment**

- Amortization payment for 2026/27 is \$89,346,000
- Amortization payment is 8.6% of UAL  
(one year interest on UAL is 6.8%)
  - Payment exceeds interest on the UAL
  - No “negative amortization.”
- Amortization payment equivalent to:
  - 24.0 years on level dollar amortization schedule  
(all payments are the same amount)
  - 16.5 years on level percent of payroll schedule  
(payments increase 2.8% annually)



January 22, 2026

30



## CONTRIBUTION PROJECTIONS

■ Investment returns:

- June 30, 2025 11.6%<sup>11</sup>
- Future returns based on stochastic analysis using 1,000 trials
- Single year returns<sup>12</sup> with current investment mix, no risk mitigation:

	Percentile		
	25 <sup>th</sup>	50 <sup>th</sup>	75 <sup>th</sup>
First 6 years	<b>-2.2%</b>	<b>5.7%</b>	<b>14.5%</b>
After 6 years	<b>-0.6%</b>	<b>7.5%</b>	<b>16.4%</b>

- Assumes investment returns will generally be lower over the next 6 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 threshold
- 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

<sup>11</sup> Gross return based on CalPERS July 14, 2025 news release.

<sup>12</sup> N<sup>th</sup> 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 6/30/24 employee distribution:

Benefit Tier	Count	% of Total	23/24 Payroll	% of Total
3%@60 FAE1	6,213	31.0%	\$584,725,500	38.2%
2%@60 FAE3	734	3.7%	63,799,800	4.2%
2%@62 FAE3 (PEPRA)	13,091	65.3%	880,306,400	57.6%
<b>Total</b>	<b>20,038</b>	<b>100.0%</b>	<b>1,528,831,700</b>	<b>100.0%</b>

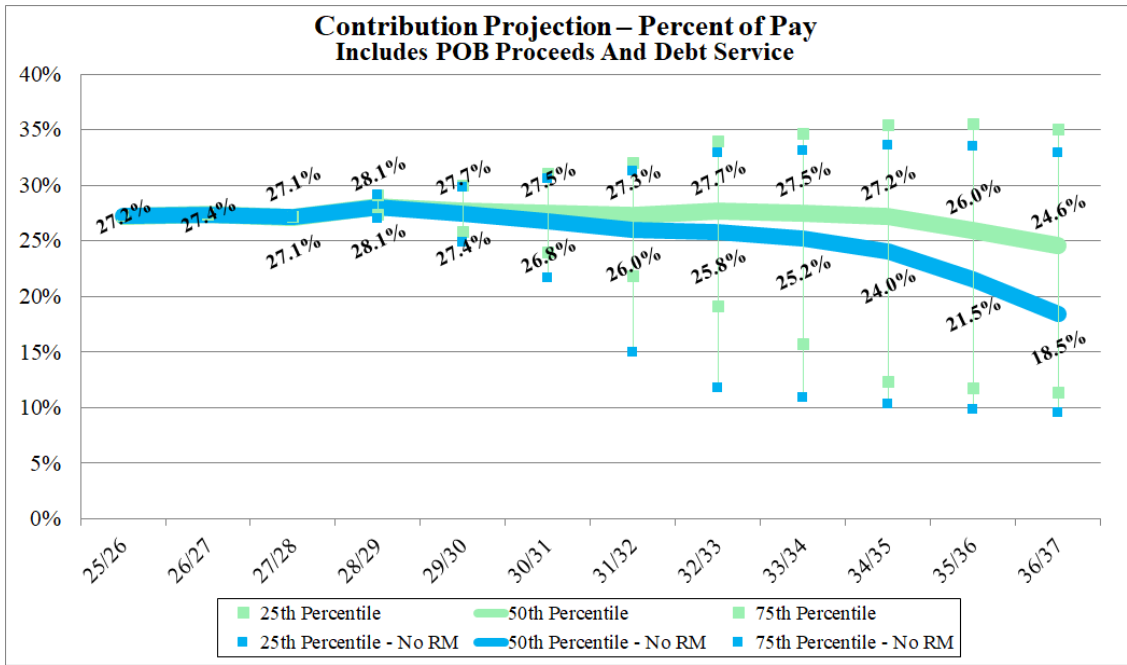
■ Safety 6/30/24 employee distribution:

Benefit Tier	Count	% of Total	23/24 Payroll	% of Total
3%@50 FAE1	1,604	45.3%	\$203,620,200	56.7%
2%@50 FAE3	178	5.0%	20,441,600	5.7%
2.7%@57 FAE3 (PEPRA)	1,757	49.7%	134,948,900	37.6%
<b>Total</b>	<b>3,539</b>	<b>100.0%</b>	<b>359,010,700</b>	<b>100.0%</b>



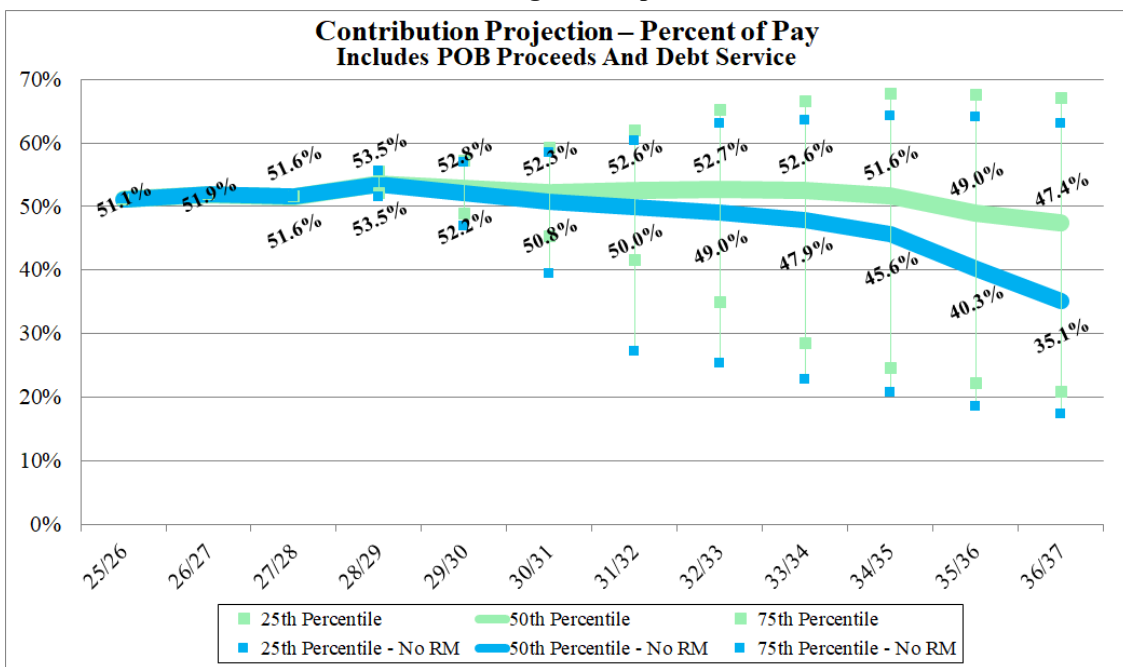
# CONTRIBUTION PROJECTIONS

## Miscellaneous Risk Mitigation Impact



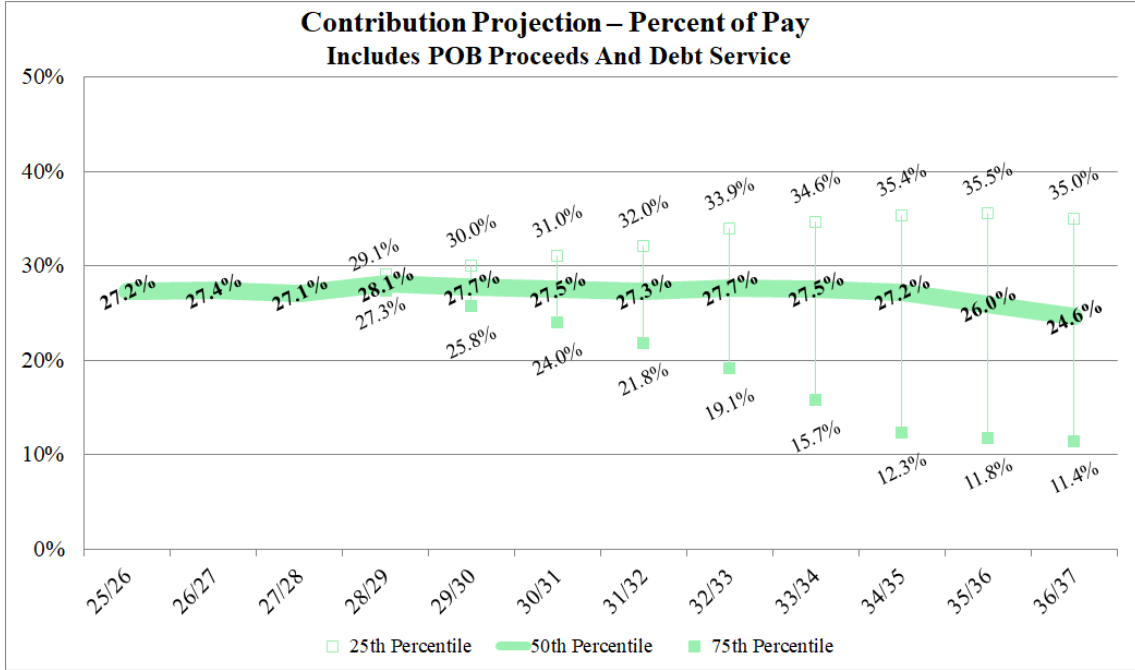
# CONTRIBUTION PROJECTIONS

## Safety Risk Mitigation Impact



## CONTRIBUTION PROJECTIONS

### Miscellaneous



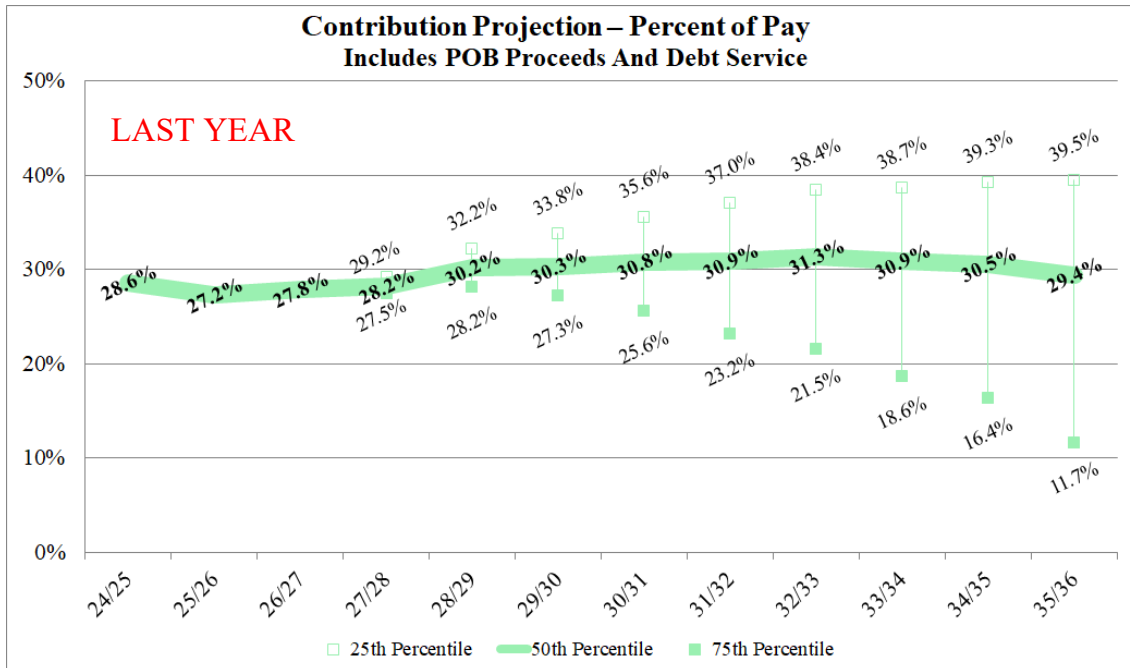
January 22, 2026

35



## CONTRIBUTION PROJECTIONS

### Miscellaneous



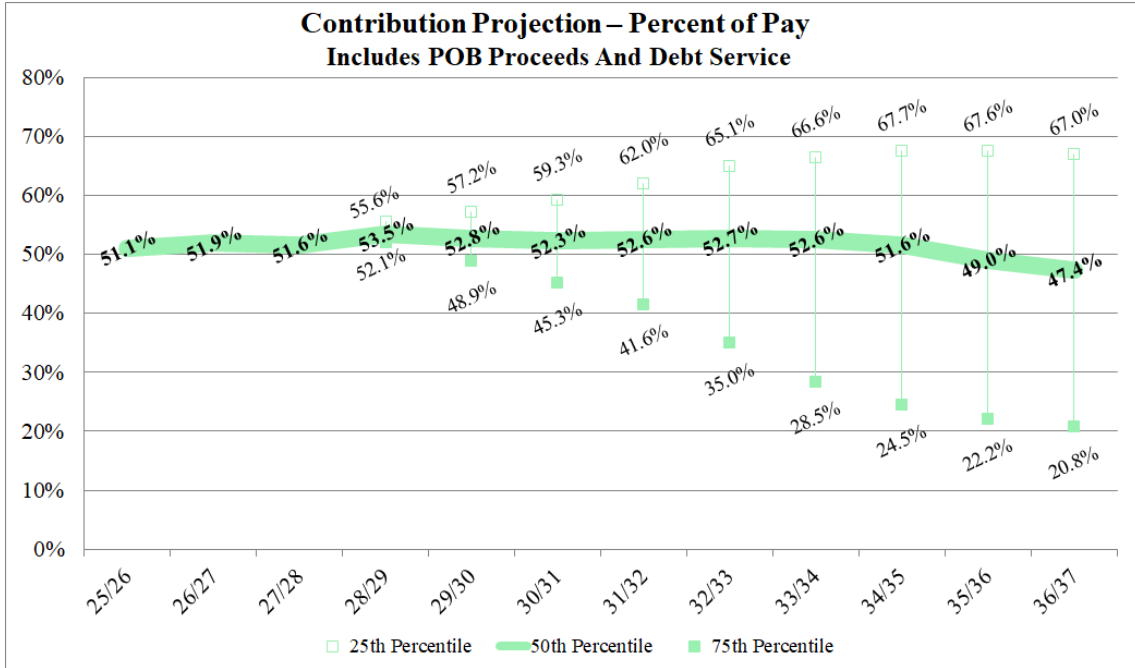
January 22, 2026

36



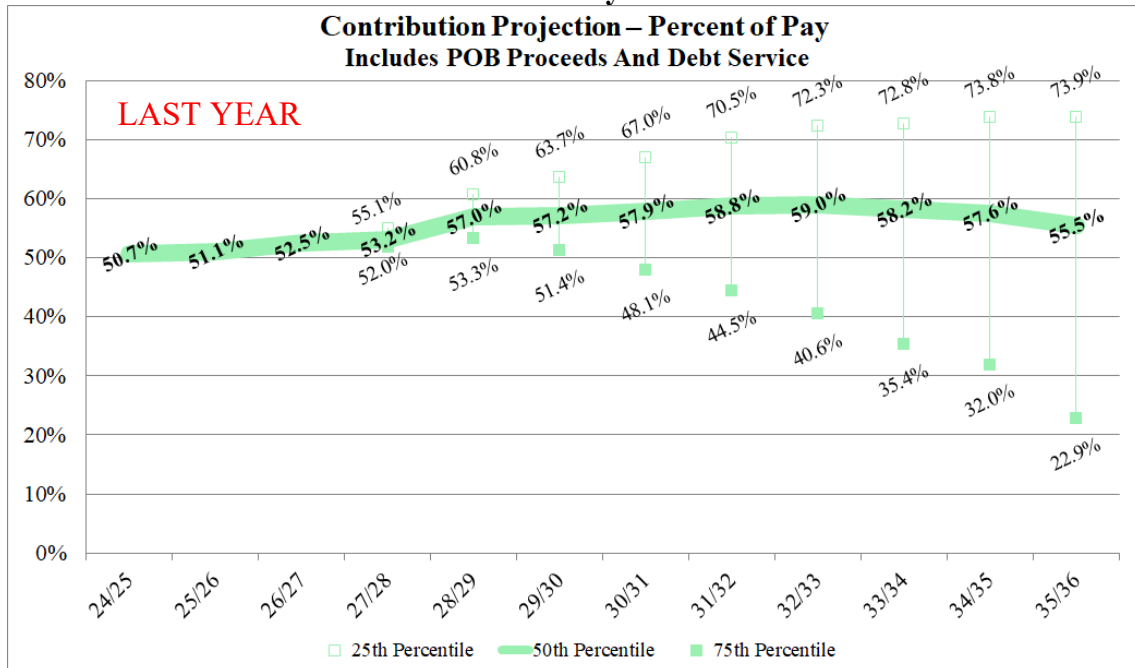
# CONTRIBUTION PROJECTIONS

## Safety



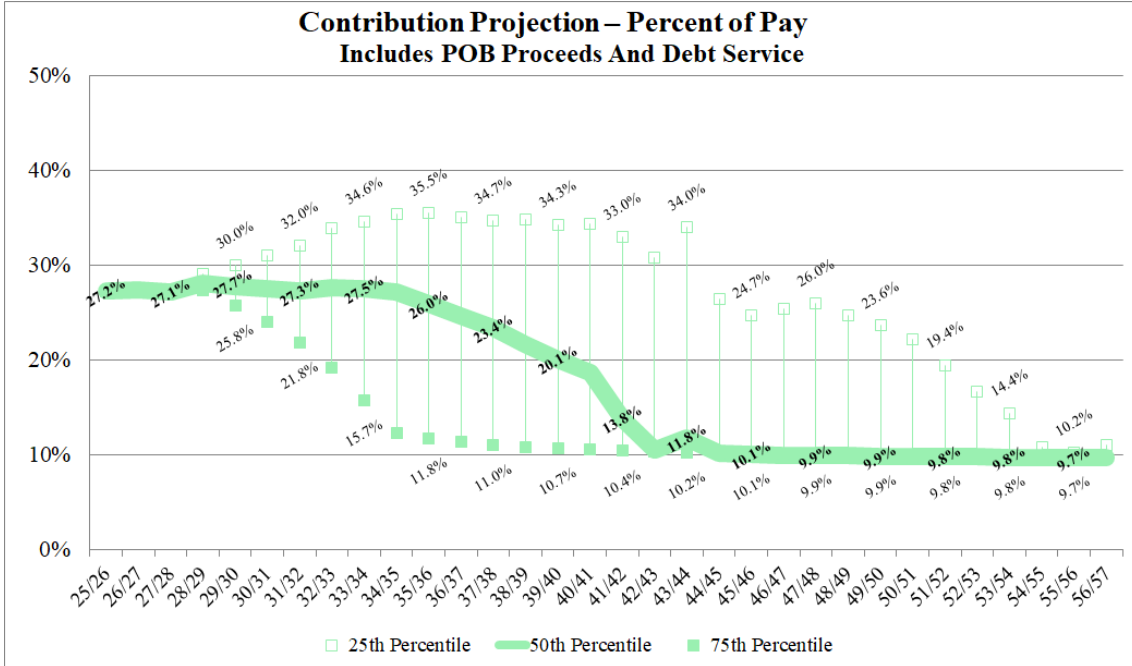
# CONTRIBUTION PROJECTIONS

## Safety



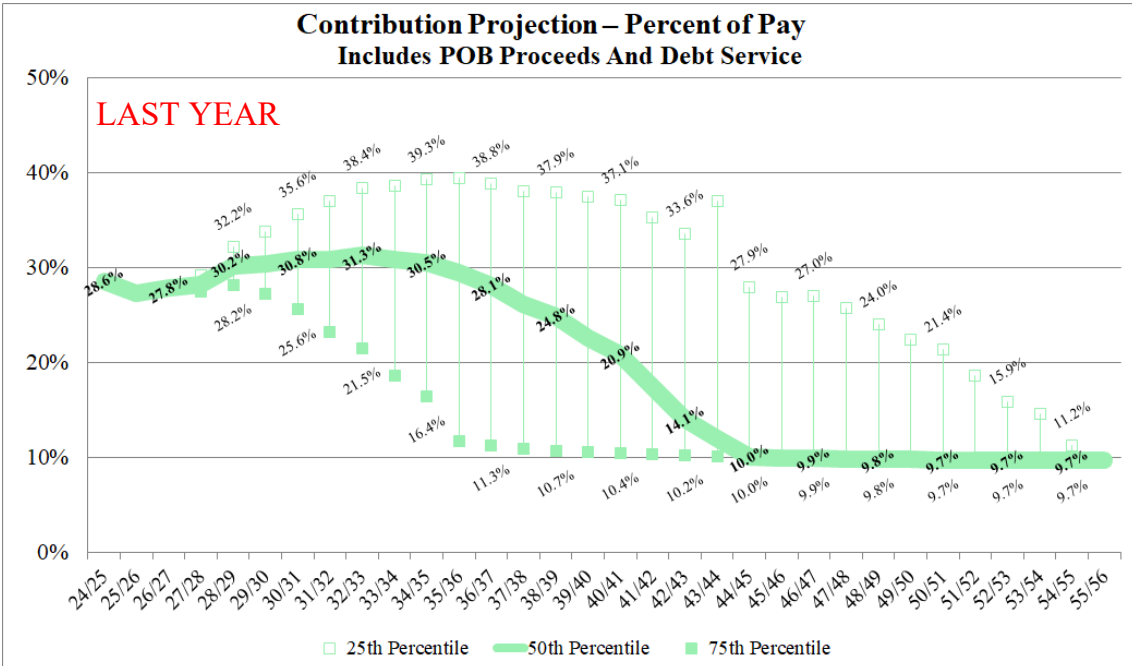
# CONTRIBUTION PROJECTIONS

## Miscellaneous



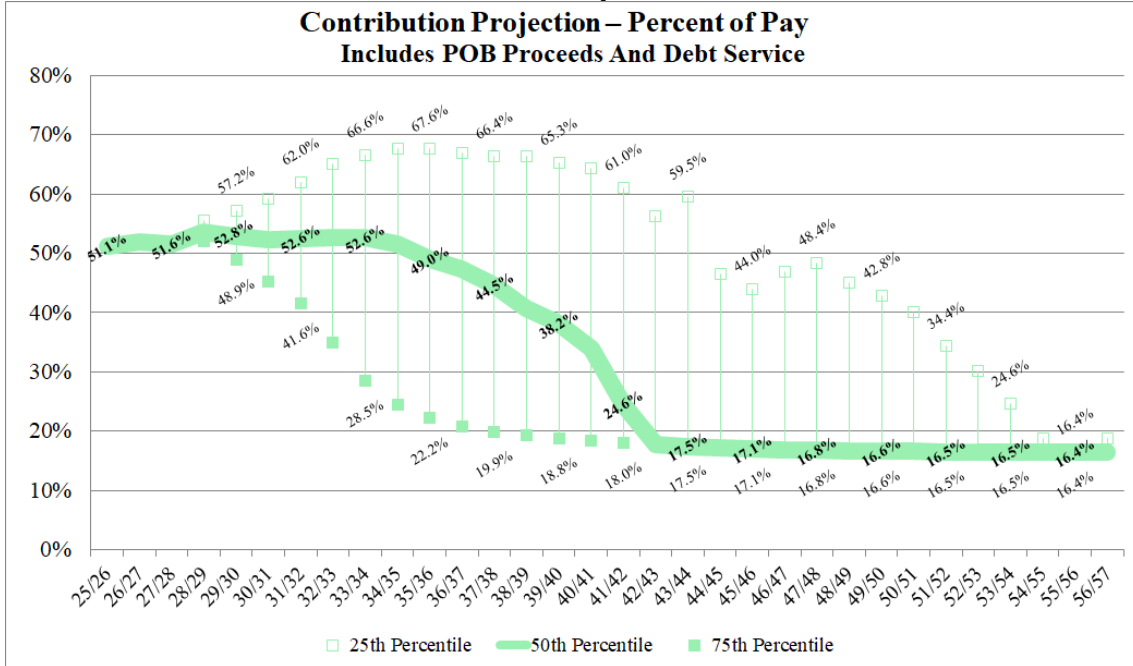
# CONTRIBUTION PROJECTIONS

## Miscellaneous



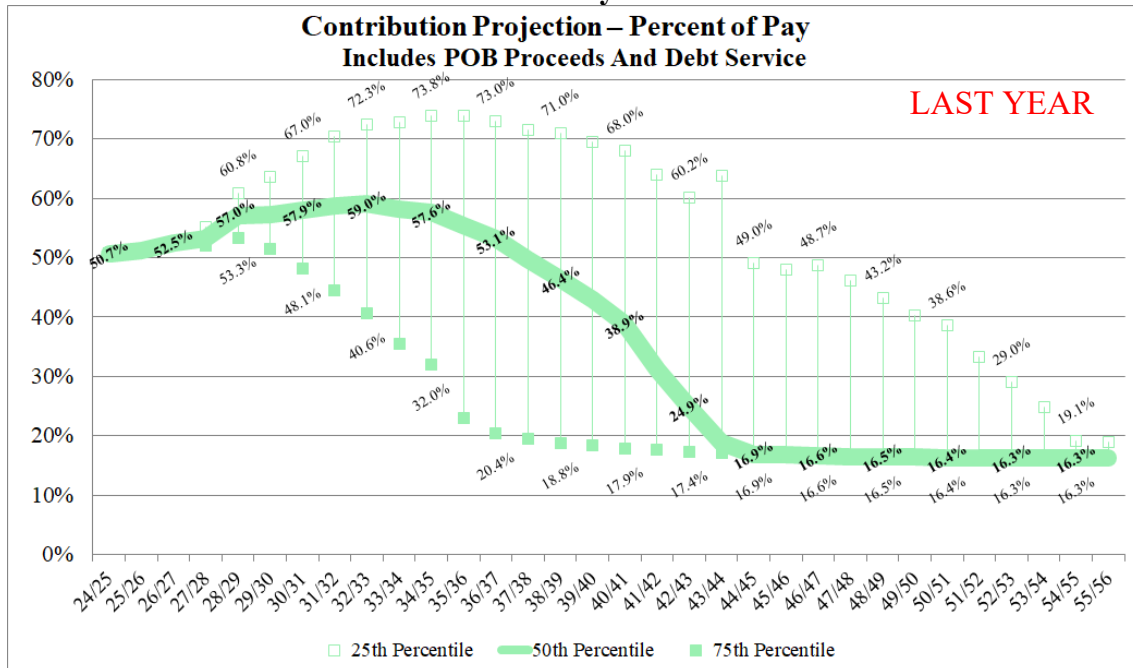
# CONTRIBUTION PROJECTIONS

## Safety



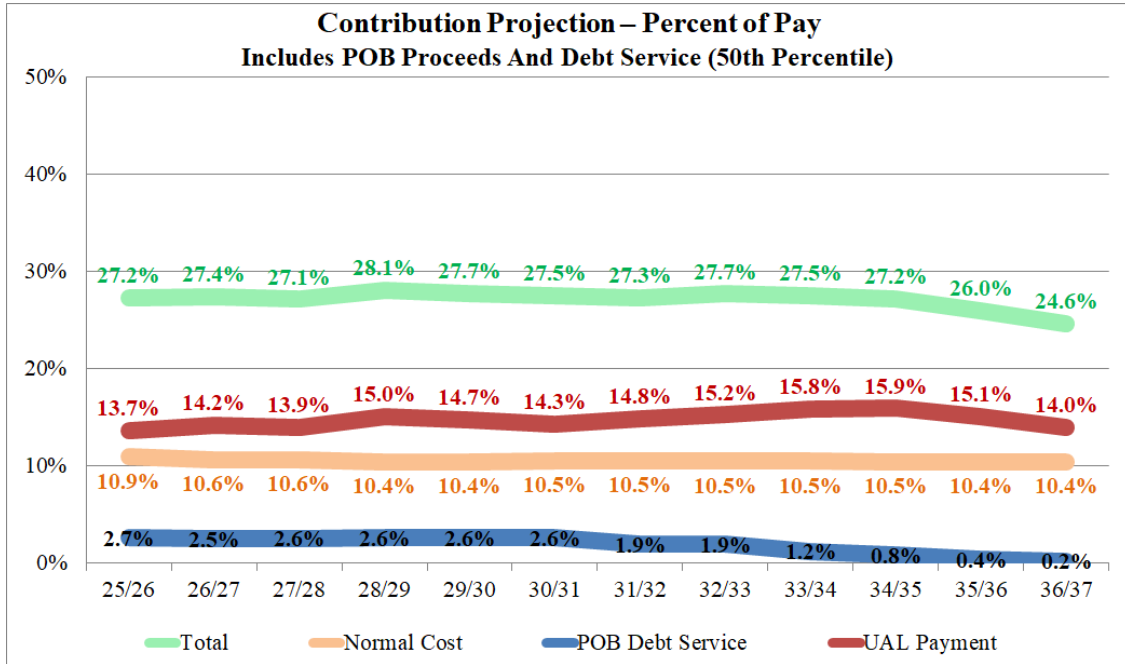
# CONTRIBUTION PROJECTIONS

## Safety



## CONTRIBUTION PROJECTIONS

### Miscellaneous<sup>13</sup>

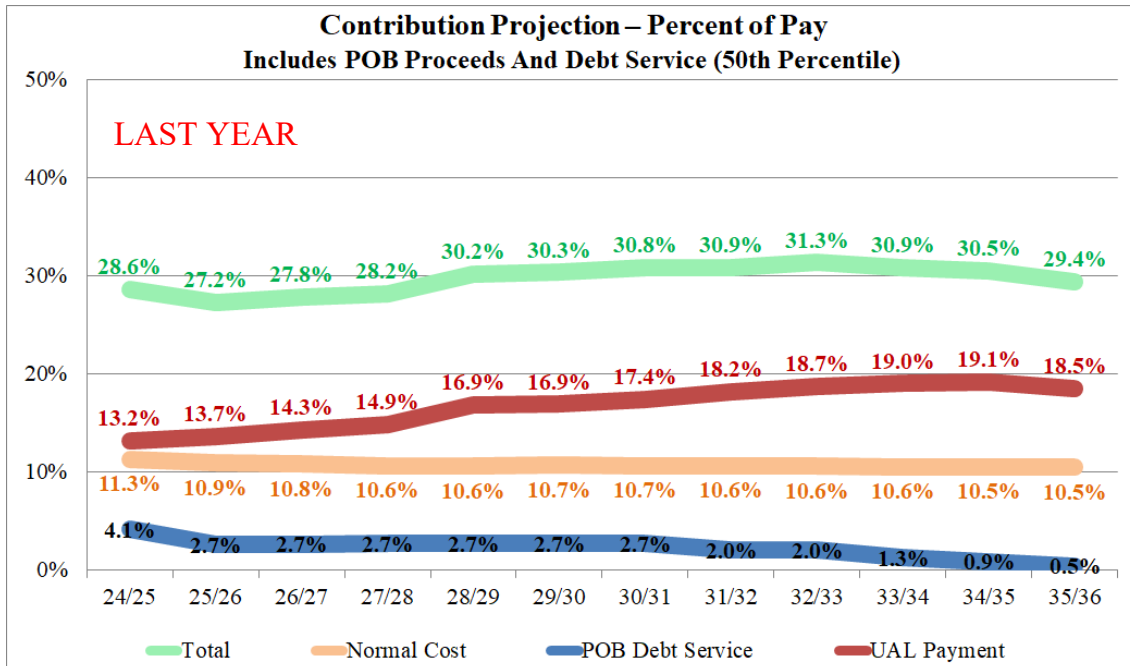


<sup>13</sup> Combined POB payments begin to decline after June 30, 2031 and mature on June 30, 2038.



## CONTRIBUTION PROJECTIONS

### Miscellaneous<sup>14</sup>

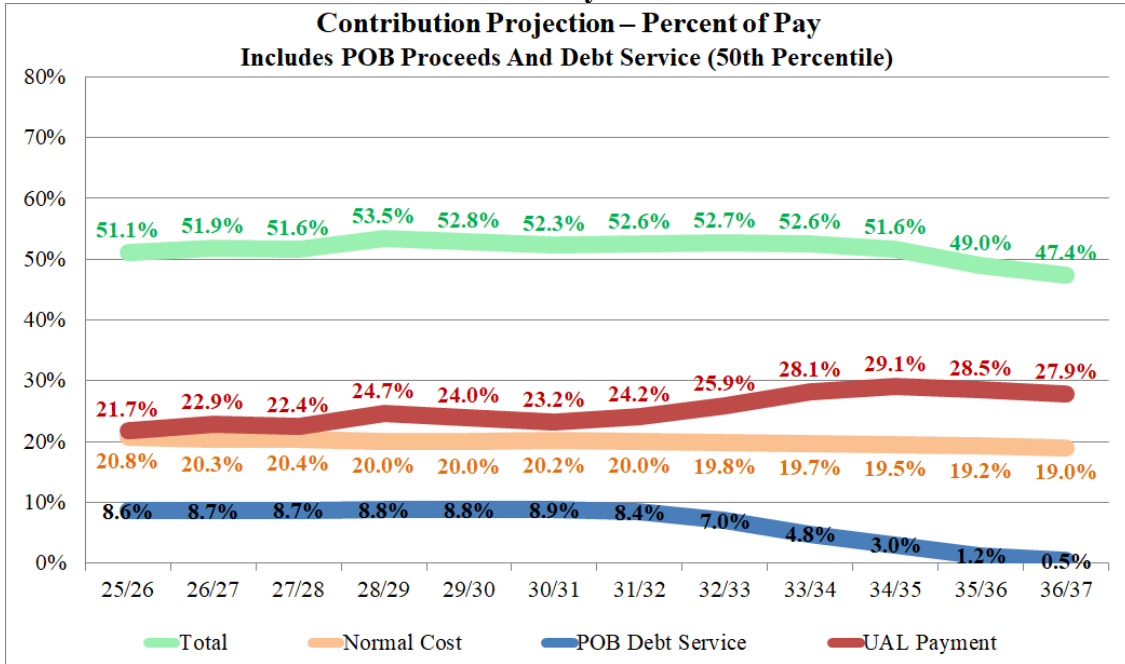


<sup>14</sup> Combined POB payments begin to decline after June 30, 2031 and mature on June 30, 2038.



## CONTRIBUTION PROJECTIONS

### Safety<sup>15</sup>

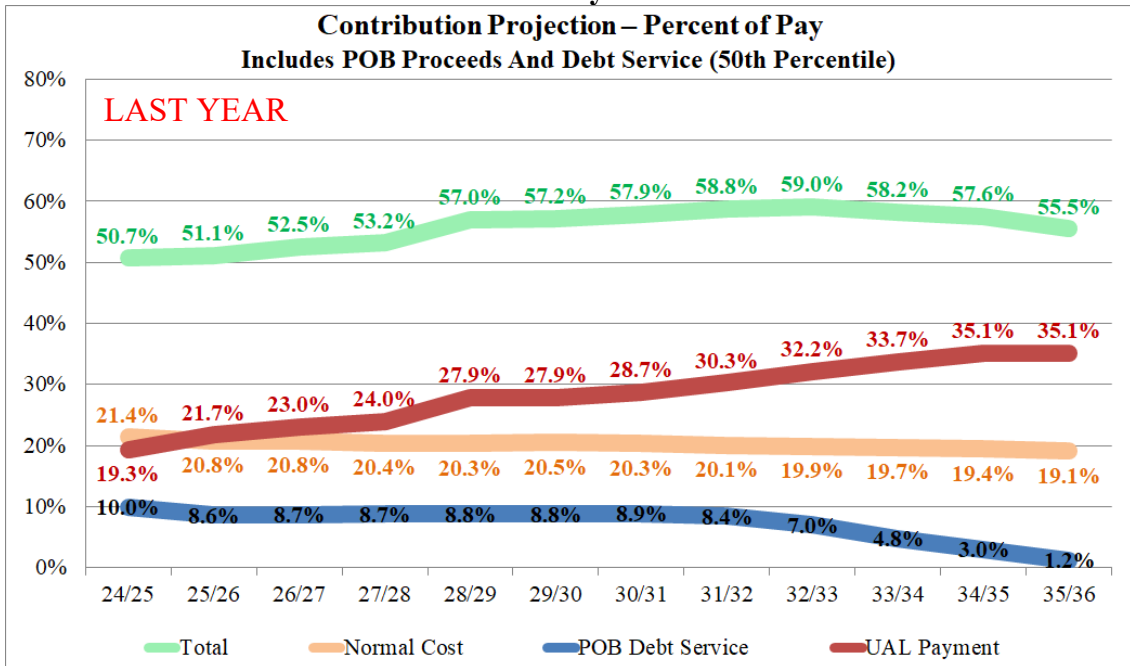


<sup>15</sup> Combined POB payments begin to decline after June 30, 2031 and mature on June 30, 2038.



## CONTRIBUTION PROJECTIONS

### Safety<sup>16</sup>

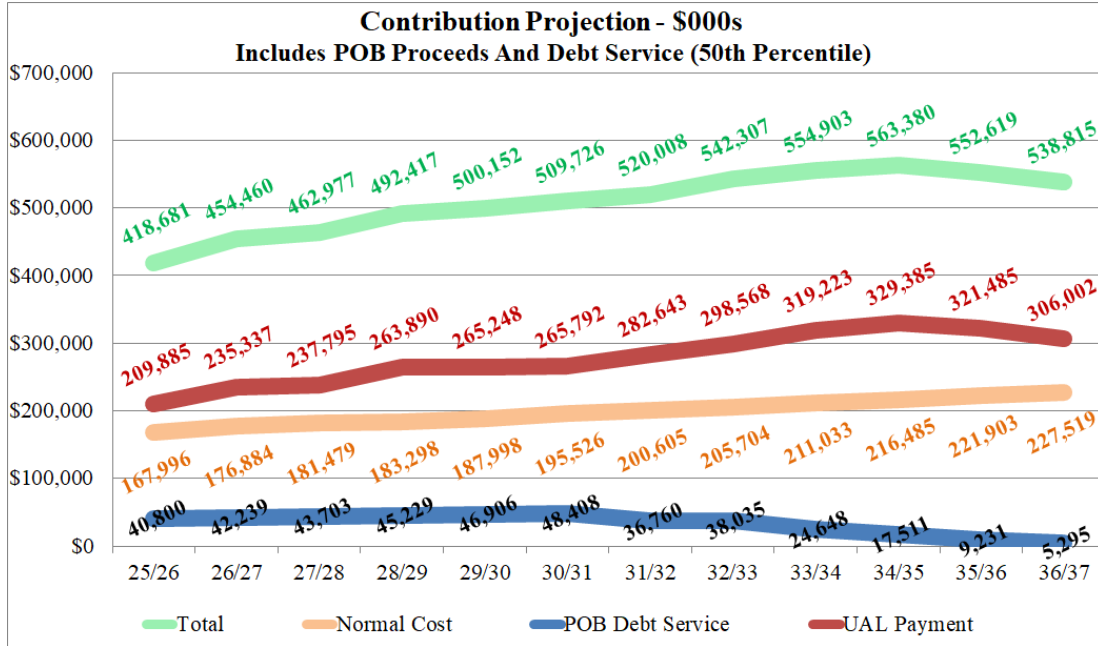


<sup>16</sup> Combined POB payments begin to decline after June 30, 2031 and mature on June 30, 2038.



## CONTRIBUTION PROJECTIONS

### Miscellaneous<sup>17</sup>

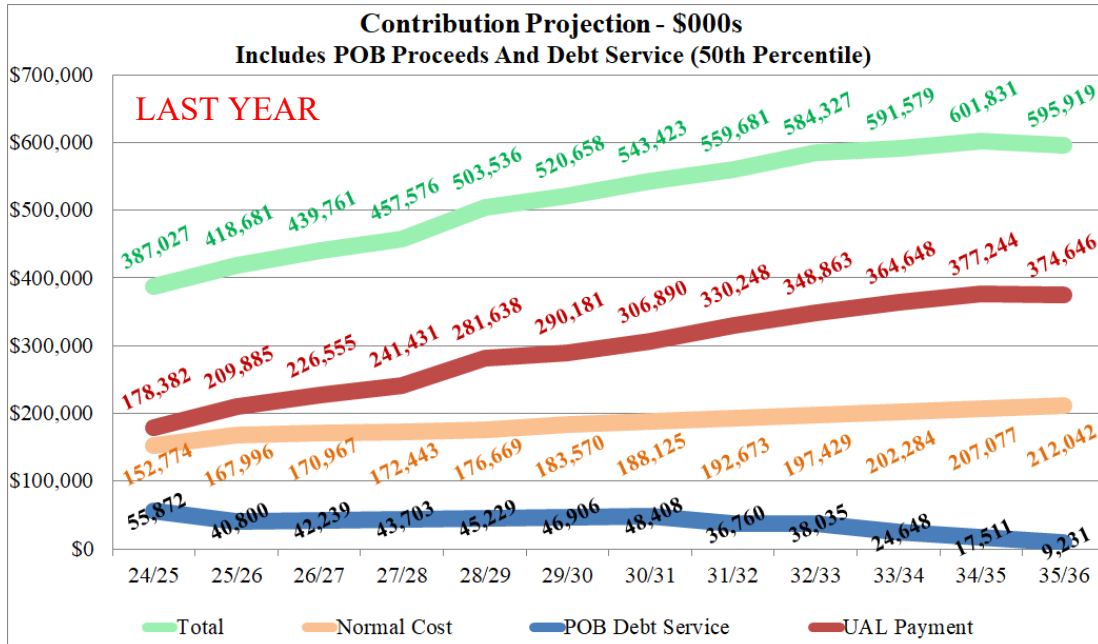


<sup>17</sup> Combined POB payments begin to decline after June 30, 2031 and mature on June 30, 2038.



## CONTRIBUTION PROJECTIONS

### Miscellaneous<sup>18</sup>

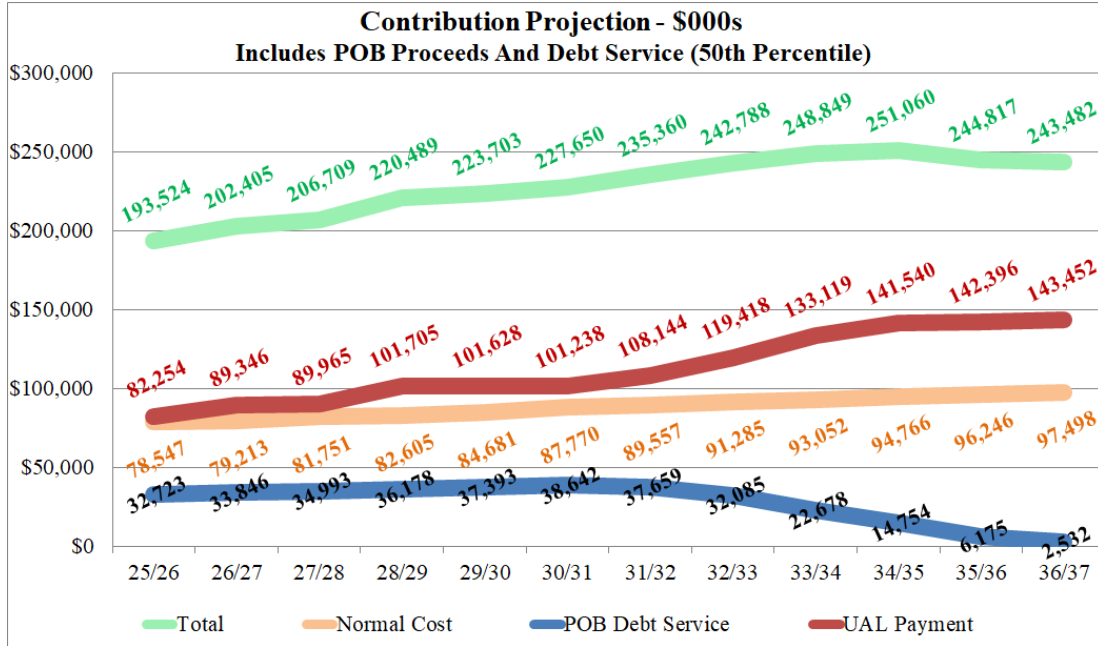


<sup>18</sup> Combined POB payments begin to decline after June 30, 2031 and mature on June 30, 2038.



## CONTRIBUTION PROJECTIONS

### Safety<sup>19</sup>

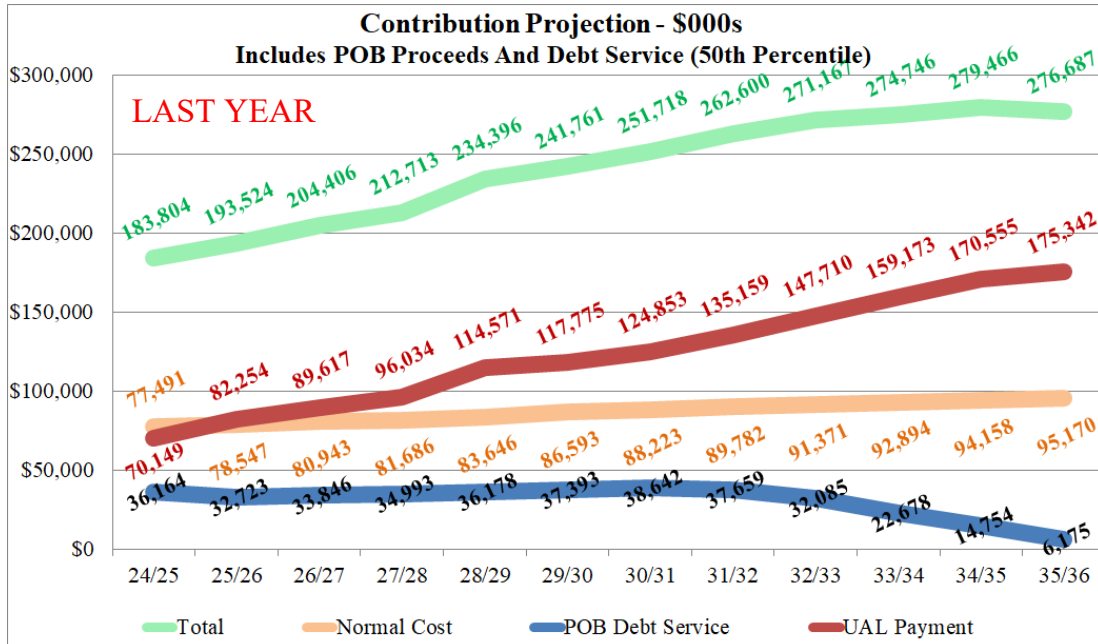


<sup>19</sup> Combined POB payments begin to decline after June 30, 2031 and mature on June 30, 2038.



## CONTRIBUTION PROJECTIONS

### Safety<sup>20</sup>

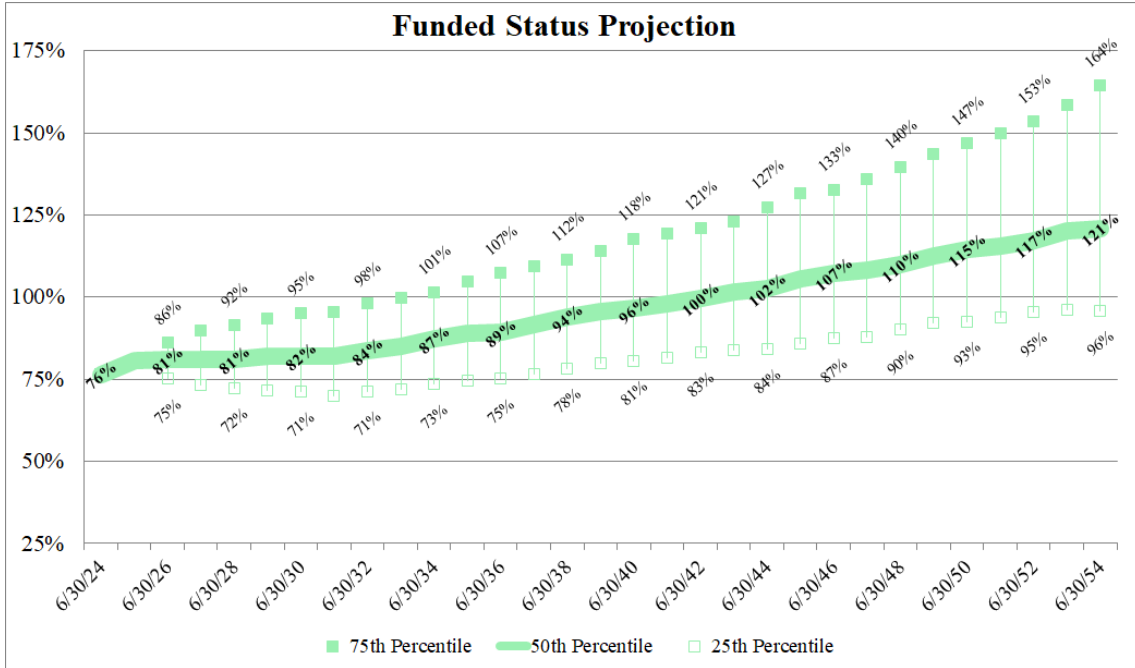


<sup>20</sup> Combined POB payments begin to decline after June 30, 2031 and mature on June 30, 2038.



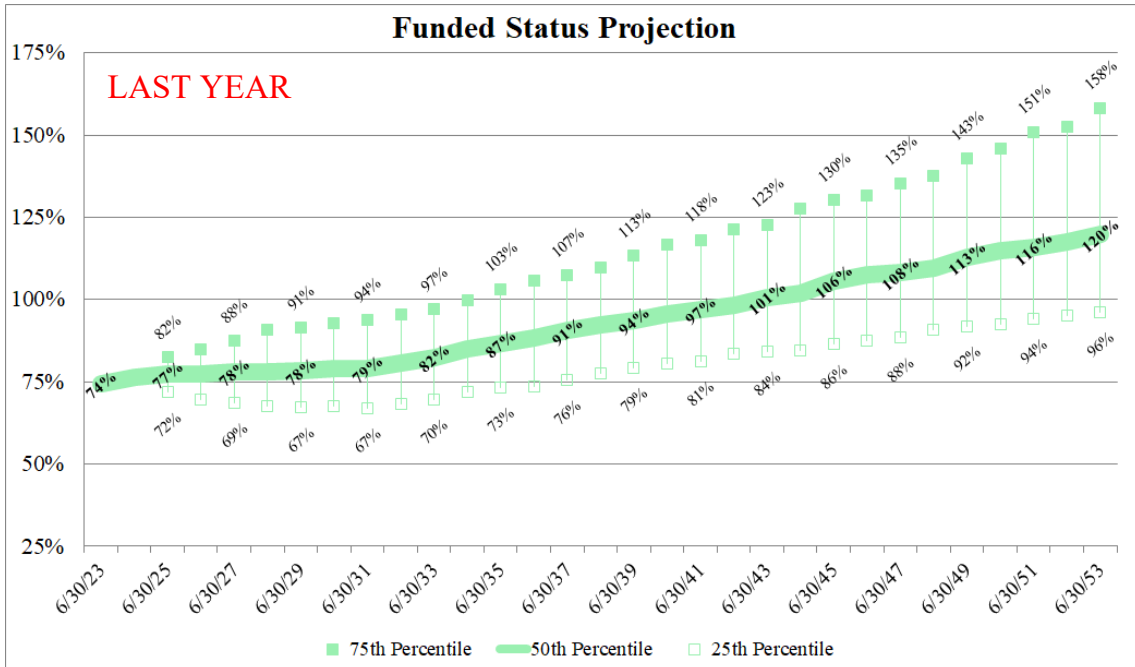
## FUNDED STATUS

### Miscellaneous



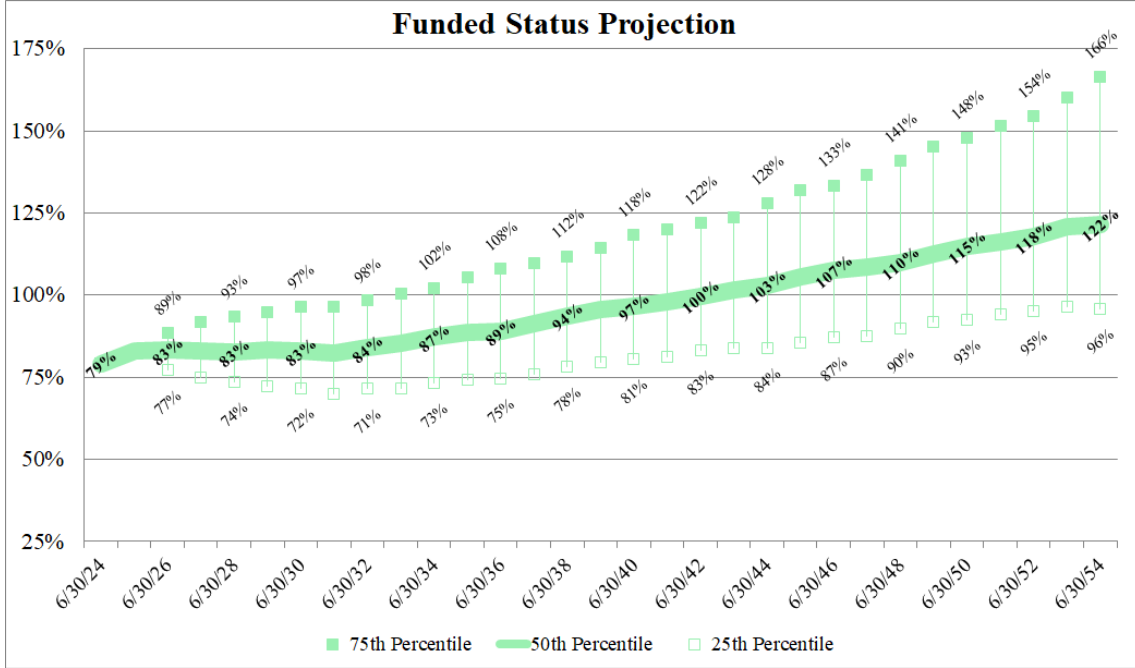
## FUNDED STATUS

### Miscellaneous



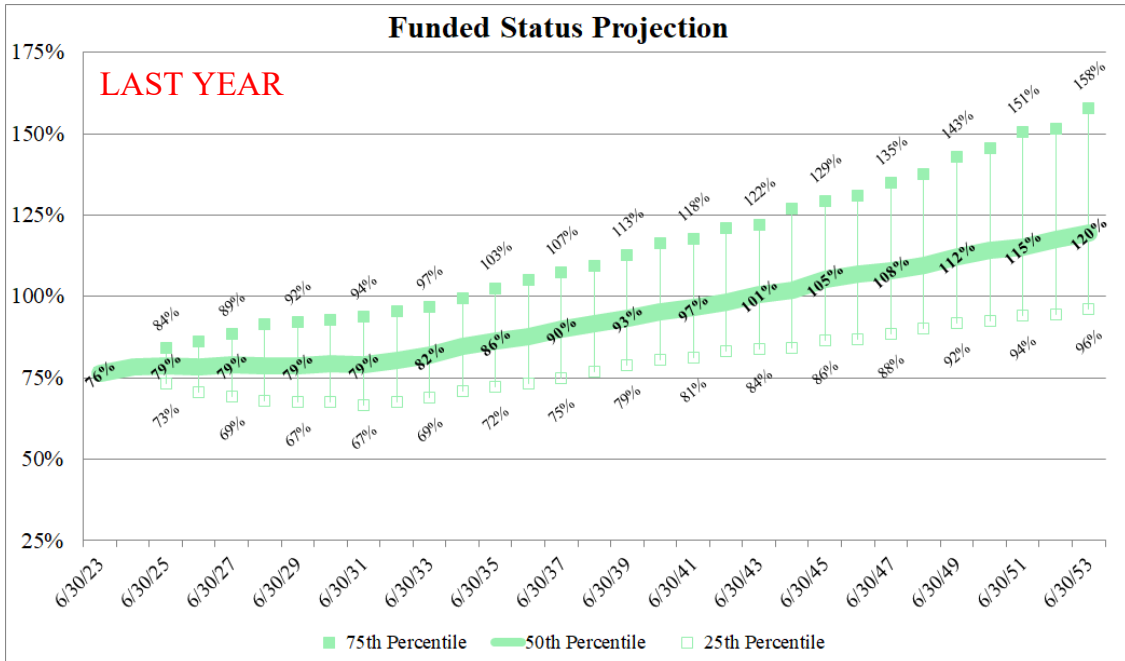
## FUNDED STATUS

### Safety



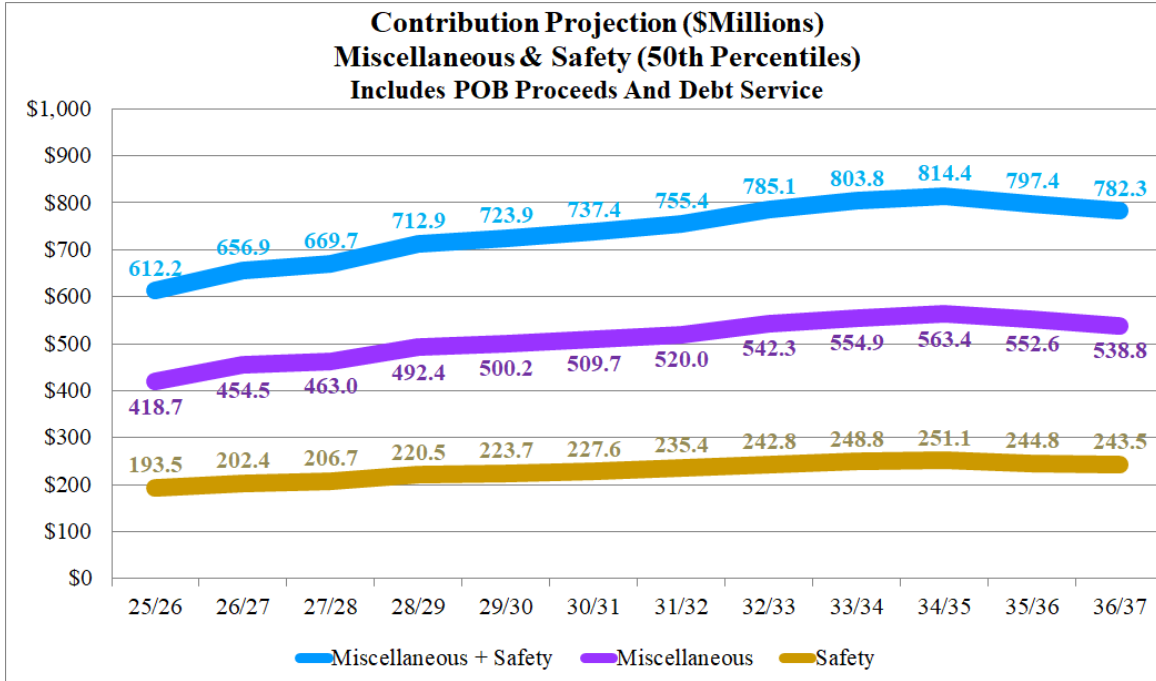
## FUNDED STATUS

### Safety



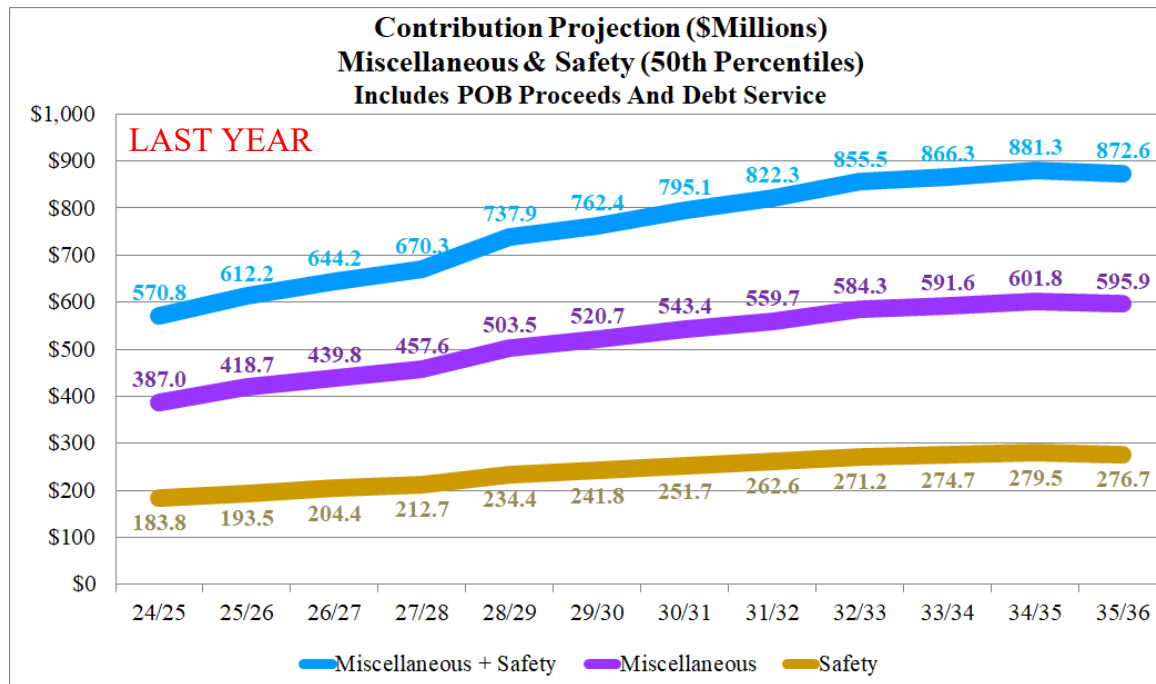
## COMBINED MISCELLANEOUS AND SAFETY

### Miscellaneous and Safety



## COMBINED MISCELLANEOUS AND SAFETY

### Miscellaneous and Safety



**COMBINED MISCELLANEOUS AND SAFETY**

**Miscellaneous and Safety  
Funded Status Summary on June 30, 2024  
(Amounts in \$Millions)**

	Miscellaneous	Safety	Total
■ AAL	\$11,465.6	\$5,201.1	\$16,666.7
■ Assets	<u>8,764.0</u>	<u>4,117.2</u>	<u>12,881.2</u>
■ Unfunded AAL	2,701.6	1,083.9	3,785.5
■ Funded Ratio	76.4%	79.2%	77.3%

**Projected Funded Status Summary on June 30, 2025<sup>21</sup>  
(Amounts in \$Millions)**

	Miscellaneous	Safety	Total
■ AAL	\$ 12,126.8	\$ 5,488.1	\$ 17,614.9
■ Assets	<u>9,769.7</u>	<u>4,560.7</u>	<u>14,330.4</u>
■ Unfunded AAL	2,357.1	927.4	3,284.5
■ Funded Ratio	80.6%	83.1%	81.4%

<sup>21</sup> Projected 2025 assets reflect 11.6% preliminary investment return for 2024/25.



**COMBINED MISCELLANEOUS AND SAFETY**

**Payroll Projections  
((\$000s)**

FY	25/26	26/27	27/28	28/29	29/30
Miscellaneous	\$1,537,019	\$1,660,883	\$1,707,388	\$1,755,194	\$1,804,340
Safety	378,540	390,020	400,940	412,167	423,707
Total	1,915,559	2,050,903	2,108,328	2,167,361	2,228,047

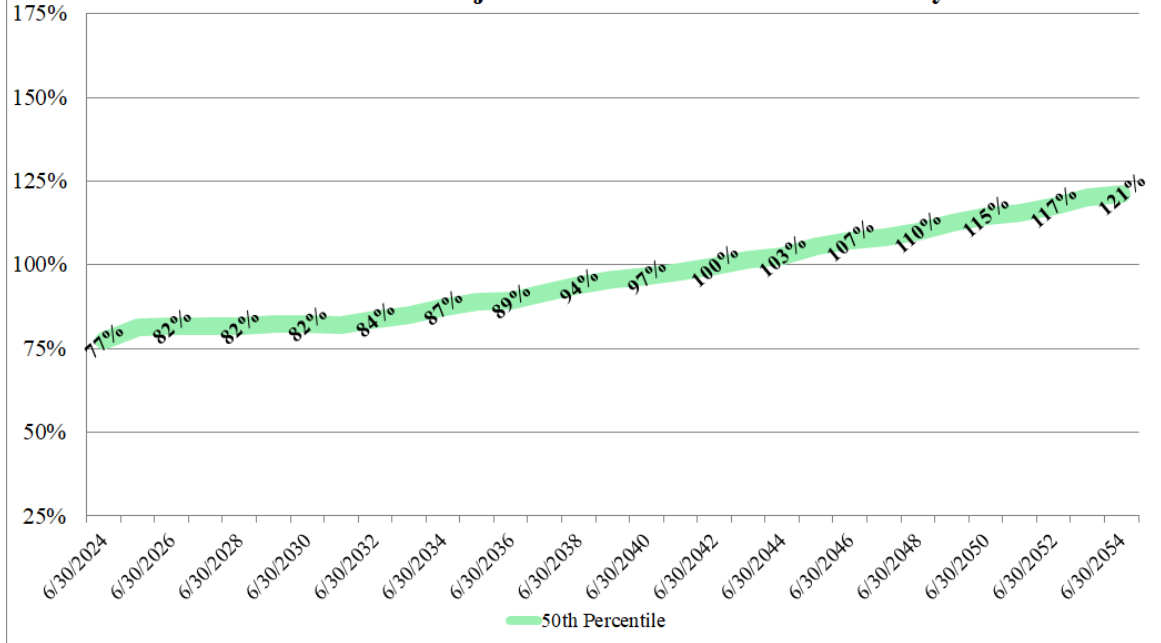
FY	30/31	31/32	32/33	33/34	34/35
Miscellaneous	\$1,854,861	\$1,906,798	\$1,960,188	\$2,015,073	\$2,071,495
Safety	435,571	447,767	460,305	473,193	486,443
Total	2,290,432	2,354,565	2,420,493	2,488,266	2,557,938

FY	35/36	36/37
Miscellaneous	\$2,129,497	\$2,189,123
Safety	500,063	514,065
Total	2,629,560	2,703,188



**COMBINED MISCELLANEOUS AND SAFETY**

**Funded Status Projection - Miscellaneous and Safety**



**COMBINED MISCELLANEOUS AND SAFETY**

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## 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



January 22, 2026

61



## LEAVING CALPERS

### CalPERS Termination Estimates on June 30, 2024 (Amounts in Millions)

Discount Rate	Ongoing Plan	Termination Basis	
	6.80%	3.61%	5.61%
<b>Miscellaneous</b>			
Actuarial Accrued Liability	\$11,465.6	\$16,803.4	\$12,436.0
Assets	<u>8,764.0</u>	<u>8,764.0</u>	<u>8,764.0</u>
Unfunded AAL (UAAL)	2,701.6	8,039.4	3,672.0
<b>Safety</b>			
Actuarial Accrued Liability	\$ 5,201.1	\$ 7,934.8	\$ 5,749.3
Assets	<u>4,117.2</u>	<u>4,117.2</u>	<u>4,117.2</u>
Unfunded AAL (UAAL)	1,083.9	3,817.6	1,632.1
<b>Total</b>			
Unfunded AAL (UAAL)	3,785.5	11,857.0	5,304.1
Funded Ratio	77.3%	52.1%	70.8%



January 22, 2026

62



## 2005 POB PROCEEDS BALANCE (MILLIONS)

	<u>Safety</u>	<u>Misc.</u>	<u>Total</u>
■ POB @ 2/16/05	\$ 85.7	\$ 311.2	\$ 396.9
■ Accumulated earnings through 6/30/25	121.0	439.4	560.4
■ Accumulated amortization payments through 6/30/25	(113.2)	(411.1)	(524.3)
■ <b>Balance @ 6/30/25</b>	<b>93.5</b>	<b>339.5</b>	<b>433.0</b>
■ Earnings 7/1/25 - 2/15/26 <sup>22</sup>	3.9	14.3	18.2
■ Amortization payment through 2/15/26 <sup>23</sup>	<u>(4.6)</u>	<u>(16.5)</u>	<u>(21.1)</u>
■ <b>Balance @ 2/15/26</b>	<b>92.8</b>	<b>337.3</b>	<b>430.1</b>

<sup>22</sup> Based on assumed return from 7/1/25 to 2/15/26.

<sup>23</sup> Based on an 18-year closed amortization.



January 22, 2026

63



## 2005 POB OUTSTANDING BALANCE (MILLIONS)

	<u>Payments</u>			<u>Balance</u>
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
■ 2/17/05	n/a	n/a	n/a	\$400.0
■ 8/15/05	n/a	\$9.4	\$9.4	400.0
·				
·				
·				
·				
■ 2/15/25	\$23.7	2.3	26.0	66.1
■ 8/15/25	0.0	1.7	1.7	66.1
■ 2/15/26	4.2	1.7	5.9	61.9



January 22, 2026

64



## 2005 POB NET ESTIMATED GAINS (MILLIONS)

■ Estimated Gains through February 15, 2026:	
A. CalPERS Estimated Balance of Bond Proceeds (slide 63)	\$430.1
B. Outstanding Bond Balance (slide 64)	(61.9)
C. Cash Flow Savings/(Deficit) [Payments that would have been paid to CalPERS less POB debt service]	<u>(85.4)</u>
<b>D. Net [(A) + (B) + (C)]</b>	<b>282.8</b>
■ Estimated Gains through February 15, 2026:	
E. CalPERS Investment Earnings <sup>24</sup>	\$ 578.6
F. POB Interest Payments	(292.7)
G. Cost of Issuance	<u>(3.1)</u>
<b>H. Net [(E) + (F) + (G)]</b>	<b>282.8</b>
■ Above estimates based on market rate of return.	

<sup>24</sup> Accumulated earnings since issuance based on actual CalPERS investment return for each year



January 22, 2026

65



## 2020 POB PROCEEDS BALANCE (MILLIONS)

	<u>Safety</u>	<u>Misc.</u>	<u>Total</u>
■ <b>Total issued</b>	<b>\$ 346.3</b>	<b>\$ 373.7</b>	<b>\$ 720.0</b>
■ Cost of issuance	2.0	2.1	4.1
■ <b>POB Deposited with CalPERS@ 5/6/20</b>	<b>344.3</b>	<b>371.6</b>	<b>715.9</b>
■ Accumulated earnings through 6/30/25	132.7	143.2	275.9
■ Accumulated amortization payments through 6/30/25	(164.8)	(177.9)	(342.7)
■ <b>Balance @ 6/30/25</b>	<b>312.2</b>	<b>336.9</b>	<b>649.1</b>
■ Earnings 7/1/25 - 2/15/26 <sup>25</sup>	13.1	14.1	27.2
■ Amortization payment through 2/15/26 <sup>26</sup>	<u>(20.5)</u>	<u>(22.1)</u>	<u>(42.6)</u>
■ <b>Balance @ 2/15/26</b>	<b>304.8</b>	<b>328.9</b>	<b>633.7</b>

<sup>25</sup> Based on assumed return from 7/1/25 to 2/15/26.

<sup>26</sup> Based on a 15-year closed level dollar amortization.



January 22, 2026

66



## 2020 POB OUTSTANDING BALANCE (MILLIONS)

	<u>Payments</u>			<u>Balance</u>
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
■ 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
■ 8/15/2025	0.0	9.3	9.3	536.9
■ 2/15/2026	47.3	9.3	56.7	489.6



January 22, 2026

67



## 2020 POB NET ESTIMATED GAINS (MILLIONS)

■ Estimated Gains through February 15, 2026:	
A. CalPERS Estimated Balance (slide 66)	\$633.7
B. Bond Proceeds Balance (slide 67)	(489.6)
C. Cash Flow Savings/(Deficit) [Payments that would have been paid to CalPERS less POB debt service]	<u>33.5</u>
<b>D. Net [(A) + (B) + (C)]</b>	<b>177.6</b>
■ Estimated Gains through February 15, 2026:	
E. CalPERS Investment Earnings	\$303.1
F. POB Interest Payments	(121.4)
G. Cost of Issuance	<u>(4.1)</u>
<b>H. Net [(E) + (F) + (G)]</b>	<b>177.6</b>
■ Above estimates based on market rate of return.	



January 22, 2026

68



## NET FUNDED RATIO (MILLIONS)

### Safety

	<u>6/30/23</u>	<u>6/30/24</u>	<u>Proj.</u> <u>6/30/25</u>	<u>Proj.</u> <u>6/30/26</u> <sup>27</sup>
(1) AAL	\$4,954	\$5,201	\$5,488	\$5,749
(2) MVA	<u>3,787</u>	<u>4,117</u>	<u>4,561</u>	<u>4,845</u>
(3) UAAL [(1) - (2)]	1,167	1,084	927	904
(4) Funding Ratio [(2)/(1)]	76.4%	79.2%	83.1%	84.3%
(5) POB Balance	\$327	\$299	\$272	\$249
(6) Net MVA [(2) - (5)]	3,460	3,818	4,289	4,596
(7) Net Funding Ratio [(6)/(1)]	69.8%	73.4%	78.2%	79.9%

<sup>27</sup> Projected 6/30/26 MVA based on assumed returns for 2025/26.



January 22, 2026

69



## NET FUNDED RATIO (MILLIONS)

### Miscellaneous

	<u>6/30/23</u>	<u>6/30/24</u>	<u>Proj.</u> <u>6/30/25</u>	<u>Proj.</u> <u>6/30/26</u> <sup>28</sup>
(1) AAL	\$10,813	\$11,466	\$12,127	\$12,734
(2) MVA	<u>8,037</u>	<u>8,764</u>	<u>9,770</u>	<u>10,443</u>
(3) UAAL [(1) - (2)]	2,776	2,702	2,357	2,291
(4) Funding Ratio [(2)/(1)]	74.3%	76.4%	80.6%	82.0%
(5) POB Balance	\$422	\$372	\$331	\$302
(6) Net MVA [(2) - (5)]	7,615	8,392	9,439	10,141
(7) Net Funding Ratio [(6)/(1)]	70.4%	73.2%	77.8%	79.6%

<sup>28</sup> Projected 6/30/26 MVA based on assumed returns for 2025/26.



January 22, 2026

70



## NET FUNDED RATIO (MILLIONS)

	<b>Total</b>			
	<u>6/30/23</u>	<u>6/30/24</u>	<u>Proj.</u> <u>6/30/25</u>	<u>Proj.</u> <u>6/30/26<sup>29</sup></u>
<b>(1) AAL</b>	\$15,767	\$16,667	\$17,615	\$18,483
<b>(2) MVA</b>	<u>11,824</u>	<u>12,881</u>	<u>14,331</u>	<u>15,288</u>
<b>(3) UAAL [(1) - (2)]</b>	3,943	3,786	3,284	3,195
<b>(4) Funding Ratio [(2)/(1)]</b>	75.0%	77.3%	81.4%	82.7%
<b>(5) POB Balance</b>	\$749	\$671	\$603	\$551
<b>(6) Net MVA [(2) - (5)]</b>	11,075	12,210	13,728	14,737
<b>(7) Net Funding Ratio [(6)/(1)]</b>	70.2%	73.3%	77.9%	79.7%

Amounts above exclude Section 115 Trust balances of \$201.8M at 6/30/24 and \$362.5M at 6/30/25. If included, the net funding ratio on (7) would be 74.5% and 80.0% at 6/30/24 and 6/30/25, respectively.

<sup>29</sup> Projected 6/30/26 MVA based on assumed returns for 2025/26.



## NET FUNDED RATIO (MILLIONS)

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## 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 2026/27:

	<u>Classic Members</u>		<u>New Members</u>
	Tier 1	Tier 2	PEPRA
	<u>3%@60 FAE1</u>	<u>2%@60 FAE3</u>	<u>2%@62 FAE3</u>
● Employer Normal Cost	14.4%	11.7%	8.14%
● Member Normal Cost	<u>7.9%</u>	<u>6.9%</u>	<u>7.75%</u>
● Total Normal Cost	22.3%	18.6%	15.89%
● 50% Target	11.1%	9.3%	7.95%



January 22, 2026

73



## PEPRA COST SHARING

- Safety Plan 2026/27:

	<u>Classic Members</u>		<u>New Members</u>
	Tier 1	Tier 2	PEPRA
	<u>3%@50 FAE1</u>	<u>2%@50 FAE3</u>	<u>2.7%@57 FAE3</u>
● Employer Normal Cost	24.5%	22.2%	13.97%
● Member Normal Cost	<u>9.0%</u>	<u>9.0%</u>	<u>13.50%</u>
● Total Normal Cost	33.5%	31.2%	27.47%
● 50% Target	16.8%	15.6%	13.74%

- PEPRA Member Contributions:

Group	2025/26		2026/27			
	Total NC (Basis)	Member Rate	Total Normal Cost	Change	Member Rate	Method
Miscellaneous	15.70%	7.75%	15.89%	<b>0.19%</b>	<b>7.75%</b>	PEPRA Members
Safety	27.17%	13.50%	27.47%	<b>0.30%</b>	<b>13.50%</b>	PEPRA Members



January 22, 2026

74



## PAYING DOWN THE UAL & RATE STABILIZATION

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



January 22, 2026

75



## 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
  - PEPRAs prevent contributions from dropping below normal cost
    - Savings offset when investment return is good
  - GFOA Advisory



January 22, 2026

76



## ADDITIONAL PAYMENTS TO CALPERS

- Internal Service Fund
  - Typically used for rate stabilization
  - Restricted investments:
    - County Treasurer's Pooled Investment Fund
    - Short term/high quality, designed for preservation of principal
  - Assets can be used by governing body for other purposes
  - Does not reduce Unfunded Liability



January 22, 2026

77



## 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"
    - PEPRAs prevent 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)



January 22, 2026

78



## 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



January 22, 2026

79



## 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



January 22, 2026

80



## 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 PEPPRA 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



January 22, 2026

81



## IRREVOCABLE SUPPLEMENTAL (§115) PENSION TRUST

- Consider:
  - How much can you put into Trust?
    - Initial seed money?
    - Additional amounts in future years?
    - County's 6/30/25 pension supplemental trust balance (\$362,490,527) is approximately 11% of expected 6/30/25 UAL (Miscellaneous + Safety)
  - When do you take money out?
    - Target budget rate?
    - Year target budget rate kicks in?
      - Before or after CalPERS rate exceeds budgeted rate?



January 22, 2026

82



## 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



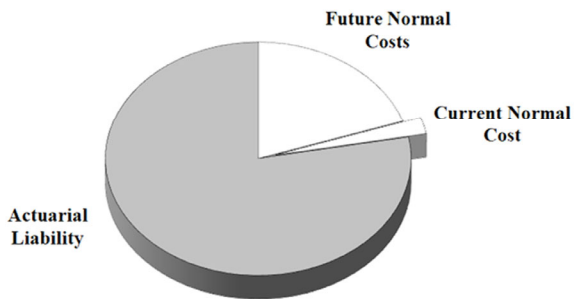
January 22, 2026

83



## DEFINITIONS

Present Value of Benefits  
June 30, 2024



### ■ PVB - Present Value of all Projected Benefits:

- The value now of amounts due to be paid in the future
- Discounted value (at valuation date - 6/30/24), 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

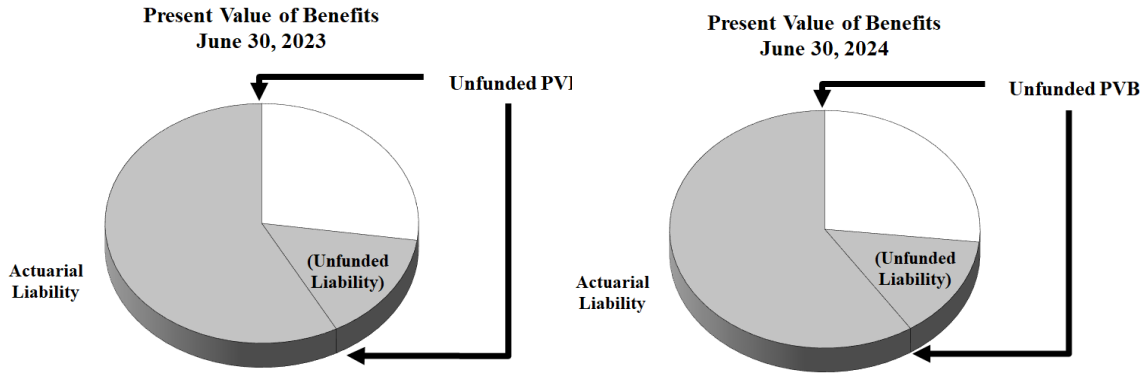


January 22, 2026

84



## DEFINITIONS



- **Target-** Have money in the bank to cover Actuarial Liability (past service)
- **Unfunded Liability (UAAL or UAL) -** Money short of target at valuation date
  - 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]



January 22, 2026

85



## HOW WE GOT HERE

### Significant Factors

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



January 22, 2026

86



## 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



January 22, 2026

87



## 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:

	<u>Rate</u>	<u>Initial Impact</u>	<u>Full Impact</u>
● 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)



January 22, 2026

88



## ADDITIONAL ASSUMPTIONS & METHODS

- Retiree benefit payments increase at 4%
- Tiers 1, 2, and current PEPRAs 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
- PEPRAs 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



January 22, 2026

89



## 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, 2024 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 31.

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,

Drew Ballard, FSA, EA, MAAA  
Foster & Foster, Inc.

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



January 22, 2026

90





# Actuarial Valuation Report

County of Riverside

County of Riverside Postretirement Benefits Plan

For the Fiscal Year Ending June 30, 2026

Measurement Date June 30, 2025



# Table of Contents

1.	<b>Executive Summary</b> .....	<b>1</b>
2.	<b>Actuarial Valuation Certificate</b> .....	<b>7</b>
3.	<b>Plan Liabilities and Assets</b> .....	<b>10</b>
4.	<b>Funding</b> .....	<b>15</b>
5.	<b>Accounting Requirements</b> .....	<b>20</b>
6.	<b>Participant Data</b> .....	<b>34</b>
7.	<b>Actuarial Assumptions and Methods</b> .....	<b>39</b>
8.	<b>Plan Provisions</b> .....	<b>50</b>
9.	<b>Appendix</b> .....	<b>53</b>

# Executive Summary

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## 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.

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

## 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, with a \$25 increase for certain bargaining units effective January 1, 2026. 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 \$158.00 and \$162.00 in 2025 and 2026, respectively, and increase annually thereafter by Medical CPI. The negotiated benefit amounts are not inflation-indexed. For certain bargaining units, \$25 will be added for recipients of both PEMHCA and bargaining unit amounts, effective January 1, 2026.
- 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 the Appendix.

## 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 \$1,382.65 per month, while the required premium is only \$917.91 per month in 2026. 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, 2025 valuation is based on census data provided as of July 1, 2025 for the purpose of providing GASB 75 financial statement information, including final expense, for FYE June 30, 2026.

The measurement date for results shown in this valuation report is June 30, 2025.

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, 2025:

	<b>County Contribution</b>
Present Value of Benefits (PVB)	\$245,924,377
Actuarial Accrued Liability (AAL)	\$181,923,315
Normal Cost	\$7,520,005

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, 2025:

	<b>County Contribution</b>	<b>Implicit Subsidy</b>	<b>Total Liability</b>
Present Value of Benefits (PVB)	\$234,311,185	\$244,882,768	\$479,193,953
Actuarial Accrued Liability (AAL)	\$175,553,611	\$174,982,354	\$350,535,965
Normal Cost	\$7,052,522	\$7,897,286	\$14,949,808

**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 for accounting purposes. 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<sup>1</sup>**

The actual funding contribution is determined annually by the County with consideration of the Actuarially Determined Contribution (ADC) and other funding objectives. The ADC for Fiscal Year Ending (FYE) 2026 is \$3,644,644, 0.19% of pay, and was developed based on the 2024 valuation. However, for FYE 2026 the County elected to continue contributing at the same rate as FYE 2025, (i.e., 1.1% of pay).

This valuation develops the ADC for FYE 2027, which is \$0, 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, 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 ADC for Safety and Miscellaneous for FYE 2026, 2027 and an FYE 2028 estimate.

	2025-2026	2026-2027	2027-2028 <sup>2</sup>
Contribution for Safety	\$755,578	\$0	\$0
Contribution for Miscellaneous	<u>2,889,066</u>	<u>0</u>	<u>0</u>
<b>Total Funding Contribution</b>	<b>\$3,644,644</b>	<b>\$0</b>	<b>\$0</b>

The ADC for FYE 2027 decreased to \$0 due to the improved funded status, which is mainly driven by strong asset returns and higher prefunding contributions (i.e., contributions in excess of the ADC), offset by the increase in liabilities resulting from the +\$25 benefit increase plan amendment and a small experience loss. The projected FYE 2028 ADC is also \$0 and has been developed based on the same eligibility basis used for all groups as of June 30, 2025.

The ADC methodology amortizes assets and liabilities experience over different periods, which results in a negative net amortization amount for FYE 2027. The negative amortization is larger than the Normal Cost and therefore results in a net ADC for FYE 2027 of \$0.

Based on the County’s current funding policy of 1.1% of pay for FYE 2026, we project the plan will be over 100% funded as of FYE 2026, in which case all prior amortization bases would be eliminated.

**GASB 75 Expense**

The OPEB expense for FYE June 30, 2026 is \$52,259,897 and is developed using the valuation results in this report, including a Valuation Date of July 1, 2025, Measurement Period of July 1, 2024 to June 30, 2025, and a Measurement Date of June 30, 2025. This includes a one-time recognition of \$10.4M due to the plan amendment increasing benefits for certain bargaining units. Excluding the plan change recognition, the final FYE June 30, 2026 expense is slightly lower than estimated in the prior valuation due to strong asset returns.

<sup>1</sup> Funding contributions are assumed to be in addition to Pay-Go.

<sup>2</sup> Estimated based on funding policy discussed in the report.

## Comparison to Prior Valuation

The following table summarizes the prior valuation results using a 7.30% 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, 2024	July 1, 2025
<b>Funding Contribution (excluding implicit subsidy)</b>		
Funding Discount Rate	7.0%	7.0%
Present Value of Benefits (PVB)	\$221,962,311	\$245,924,377
Actuarial Accrued Liability (AAL)	162,202,664	181,923,315
Normal Cost	7,071,974	7,520,005
Smoothed Value of Assets	127,826,620	162,931,184
Unfunded AAL	34,376,044	18,992,131
Funded Status	78.8%	89.6%
Actuarially Determined Contribution for FYE 2026 / 2027	3,644,644	0
% of pay	0.19%	0.00%
Elected Contribution for FYE 2026 /2027	1.10%	TBD
<b>GASB 75 Accounting (including implicit subsidy)</b>		
Funding Discount Rate	7.3%	7.3%
Present Value of Benefits (PVB)	\$419,332,479	\$479,193,953
Actuarial Accrued Liability (AAL)	304,521,622	350,535,965
Normal Cost	13,454,395	14,949,808
Market Value of Assets	135,147,814	174,201,934
Net OPEB Liability	\$169,373,808	\$176,334,031
Plan Fiduciary Net Position as a percentage of the OPEB Liability	44.4%	49.70%
GASB Annual Expense for FYE 2025 / 2026	\$42,194,683	\$52,259,897
GASB Annual Expense for FYE 2026 / 2027 (Estimate)	\$42,221,000	\$45,515,000

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 higher than expected (11.7% compared to 7.3% assumed), resulting in a large asset gain.
- Healthcare cost increases were lower than projected from the prior year, resulting in a liability gain.
- Increase in healthcare trend rates resulted in a liability increase.
- Plan amendment increasing the benefit for certain bargaining units resulted in a liability increase.

## Projected Funding Status

All valuation and projection results on the following pages are based on the assumptions and plan provisions stated in this report. Specifically, they only include health plan eligibility (i.e., CalPERS) for bargaining groups as specified as of June 30, 2025. Changes to such associated plan participation assumptions may result in higher liabilities, funding costs, and accounting expense than shown in this report.

### Projected 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 100% funded in FYE 2026 based on the County's elected funding contribution of 1.1% of pay for FYE 2026 plus Pay-Go and a 7.00% discount rate. The funded status is sensitive to the funding expected rate of return as shown below:

Projection Date	June 30, 2026	June 30, 2026
Funding Expected Rate of Return	7.00%	6.00%
Projected Actuarial Accrued Liability (AAL)	\$194,627,133	\$220,265,350
Projected Smoothed Value of Assets	<u>200,333,700</u>	<u>200,333,700</u>
Projected Shortfall	\$(5,706,567)	\$19,931,650
Projected Funded Status	102.9%	91.0%

As the plan is projected to be above 100% in FYE 2026, the County may re-assess the funding situation, including a review of asset allocation, funding criteria (e.g., consideration of implicit subsidy), or even funding to target a higher funded ratio (e.g., anticipation of higher future liabilities due to increasing plan costs), pre funding future accruals, etc.

### Projected 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, 2026, as shown below:

Projection Date	June 30, 2026
Projected Actuarial Accrued Liability (AAL)	\$386,739,509
Projected Smoothed Value of Assets	<u>200,333,700</u>
Projected Shortfall	\$186,405,809
Projected Funded Status	51.8%
Funded Status Target	
Shortfall for 80% funding	\$109,057,907
Shortfall for 90% funding	\$147,731,858

## 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, 2025 Capital Market Assumptions and the Plan's asset allocation, resulted in a range of reasonable returns between 6.14% and 7.47%. More details of the expected return assumption and asset allocation are included in the 2025 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%
<b>Liabilities</b>			
Present Value of Benefits (PVB)	\$415,588,322	\$479,193,953	\$560,011,685
Actuarial Accrued Liability (AAL)	\$316,406,765	\$350,535,965	\$390,972,930
Normal Cost	\$12,327,879	\$14,949,809	\$18,270,197

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.

# Actuarial Valuation Certificate

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This report documents the results of the July 1, 2025 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, 2026.
- Funding contribution amounts and the Actuarial Determined Contribution (ADC) for Fiscal Year Ending June 30, 2027.

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 this 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 percent increase" and "1 percent 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 percent increase" and "1 percent 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 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); 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.

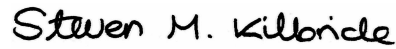
The actuarial assumptions and methods used in this valuation are described in the Actuarial Assumptions and Methods section of this report. County of Riverside selected the economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB 75. Aon provided guidance 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.

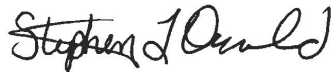
To our knowledge, no colleague of Aon providing services to County of Riverside has any material direct or indirect financial interest in County of Riverside. Thus, we believe there is no relationship existing that might affect our capacity to prepare and certify this actuarial report for County of Riverside.



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December 4, 2025

# Plan Liabilities and Assets

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## 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
<b>PVB</b>			
<i>County Contribution</i>			
Retirees	\$20,186,604	\$71,112,953	\$91,299,557
Actives	<u>\$10,597,367</u>	<u>\$132,414,261</u>	<u>\$143,011,628</u>
Subtotal	\$30,783,971	\$203,527,214	\$234,311,185
<i>Implicit Subsidy</i>			
Retirees	\$23,510,298	\$39,647,557	\$63,157,855
Actives	<u>\$17,280,976</u>	<u>\$164,443,937</u>	<u>\$181,724,913</u>
Subtotal	\$40,791,274	\$204,091,494	\$244,882,768
<i>All Benefits</i>			
Retirees	\$43,696,902	\$110,760,510	\$154,457,412
Actives	<u>\$27,878,343</u>	<u>\$296,858,198</u>	<u>\$324,736,541</u>
<b>Total PVB</b>	<b>\$71,575,245</b>	<b>\$407,618,708</b>	<b>\$479,193,953</b>
Number of Retirees as of 7/1/2025 <sup>1</sup>	896	2,489	3,385
Number of Actives as of 7/1/2025	3,776	18,943	22,719
PVB Per Retiree <sup>2</sup>	\$25,060	\$32,307	\$30,389
PVB Per Active	\$7,383	\$15,671	\$14,294

<sup>1</sup> 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 2021 and reviewed in subsequent years and the actual deferred retiree population 2025.

<sup>2</sup> Average liability excluding deferred retirees; Average liability for eligible deferred retirees is approximately \$12,800.

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.

	<b>Safety Employees</b>	<b>Miscellaneous Employees</b>	<b>Total</b>
<b>AAL</b>			
<i>County Contribution</i>			
Retirees	\$20,186,604	\$71,112,953	\$91,299,557
Actives	<u>7,181,206</u>	<u>77,072,848</u>	<u>84,254,054</u>
Subtotal	\$27,367,810	\$148,185,801	\$175,553,611
<i>Implicit Subsidy</i>			
Retirees	\$23,510,298	\$39,647,557	\$63,157,855
Actives	<u>13,212,067</u>	<u>\$98,612,432</u>	<u>111,824,499</u>
Subtotal	\$36,722,365	\$138,259,989	\$174,982,354
<i>All Benefits</i>			
Retirees	\$43,696,902	\$110,760,510	\$154,457,412
Actives	<u>20,393,273</u>	<u>175,685,280</u>	<u>196,078,553</u>
<b>Total AAL</b>	<b>\$64,090,175</b>	<b>\$286,445,790</b>	<b>\$350,535,965</b>
Number of Retirees as of 7/1/2025 <sup>1</sup>	896	2,489	3,385
Number of Actives as of 7/1/2025	3,776	18,943	22,719
AAL Per Retiree <sup>2</sup>	\$25,060	\$32,307	\$30,389
AAL Per Active	\$5,401	\$9,274	\$8,631
<b>Normal Cost</b>			
County Contribution	\$425,886	\$6,626,636	\$7,052,522
Implicit Subsidy	<u>507,116</u>	<u>7,390,170</u>	<u>7,897,286</u>
<b>Total Normal Cost</b>	<b>\$933,002</b>	<b>\$14,016,806</b>	<b>\$14,949,808</b>
Normal Cost per Active	\$247	\$740	\$658

<sup>1</sup> 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 2021 and reviewed in subsequent years and the actual deferred retiree population 2025.

<sup>2</sup> Average liability excluding deferred retirees; Average liability for eligible deferred retirees is approximately \$12,800.

## 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
<b>PVB</b>			
<i>County Contribution</i>			
Retirees	\$20,831,412	\$72,958,500	\$93,789,912
Actives	<u>11,186,614</u>	<u>140,947,851</u>	<u>152,134,465</u>
<b>Total PVB</b>	<b>\$32,018,026</b>	<b>\$213,906,351</b>	<b>\$245,924,377</b>
Number of Retirees as of 7/1/2025 <sup>1</sup>	896	2,489	3,385
Number of Actives as of 7/1/2025	3,776	18,943	22,719
PVB Per Retiree <sup>2</sup>	\$12,798	\$22,279	\$19,769
PVB Per Active	\$2,963	\$7,441	\$6,696
<b>AAL</b>			
<i>County Contribution</i>			
Retirees	\$20,831,412	\$72,958,500	\$93,789,912
Actives	<u>7,479,860</u>	<u>80,653,543</u>	<u>88,133,403</u>
<b>Total AAL</b>	<b>\$28,311,272</b>	<b>\$153,612,043</b>	<b>\$181,923,315</b>
Number of Retirees as of 7/1/2025 <sup>1</sup>	896	2,489	3,385
Number of Actives as of 7/1/2025	3,776	18,943	22,719
AAL Per Retiree <sup>2</sup>	\$12,798	\$22,279	\$19,769
AAL Per Active	\$1,981	\$4,258	\$3,879
<b>Normal Cost</b>			
County Contribution	<b>\$453,500</b>	<b>\$7,066,505</b>	<b>\$7,520,005</b>
Normal Cost per Active	\$120	\$373	\$331

<sup>1</sup> 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 2021 and reviewed in subsequent years and the actual deferred retiree population 2025.

<sup>2</sup> Average liability excluding deferred retirees; Average liability for eligible deferred retirees (excluding the implicit subsidy) is approximately \$6,700.

## Plan Assets

As of June 30, 2025, 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.

<b>Reconciliation of Plan Assets</b>	<b>July 1, 2024 To June 30, 2025</b>
Market Value of Assets, Beginning of Year	\$135,147,814
Contributions	
Retiree Premiums	6,639,663
Reimbursement from Trust	0
Implicit Subsidy	8,218,152
Pre-Funding	<u>22,085,306</u>
Total Contributions	\$36,943,121
Investment Earnings	\$17,058,005
Administrative Expense	\$(89,191)
Benefit Payments	
Retiree Premiums	(6,639,663)
Implicit Subsidy	<u>(8,218,152)</u>
Total Benefit Payments	(\$14,857,815)
Market Value of Assets at Valuation Date	\$174,201,934
Return on Assets	11.67%
 <b>Development of (Gain)/Loss on Market Value of Assets</b>	
Expected Investment Earnings (assumed 7.30%)	\$10,654,508
Actual Investment Earnings	<u>17,058,005</u>
(Gain)/Loss on Market Value of Assets	(\$6,403,497)
 <b>Smoothed Value of Assets at Valuation Date</b>	
Market Value of Assets at Valuation Date	\$174,201,934
Unrecognized (Gain)/Loss <sup>1</sup>	<u>(11,270,750)</u>
Preliminary Smoothed Value of Assets at Valuation Date	\$162,931,184
Lower Corridor (80% of Market Value)	\$139,361,547
Upper Corridor (120% of Market Value)	\$209,042,321
<b>Smoothed Value of Assets</b>	<b>\$162,931,184</b>

<sup>1</sup>Schedule of the Current and Prior Market Value of Asset (Gains)/Losses as of June 30, 2025

<b>Date Established</b>	<b>Original (Gain)/Loss</b>	<b>Years Remaining As of 6/30/2025</b>	<b>Amount Recognized</b>	<b>Total Amount Unrecognized</b>
6/30/2025	(\$6,403,497)	4	(\$1,280,699)	(\$5,122,798)
6/30/2024	(16,675,413)	3	(6,670,166)	(10,005,247)
6/30/2023	985,437	2	591,261	394,176
6/30/2022	17,315,587	1	<u>13,852,468</u>	<u>3,463,119</u>
Total			\$6,492,864	(\$11,270,750)

# Funding

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## Plan Funded Status

The Plan's funded status as of July 1, 2025 is developed based on the Actuarial Accrued Liability under the Entry Age Normal funding method and the smoothed value of Plan assets.

The following table shows the development of the Plan's funded status at a discount rate of 7.00% of July 1, 2025:

	Excluding Implicit Subsidy	Including Implicit Subsidy
Actuarial Accrued Liability	\$181,923,315	\$361,940,044
Smoothed Value of Plan Assets	<u>162,931,184</u>	<u>162,931,184</u>
Unfunded Liability	\$18,992,131	\$199,008,860
Funded Percentage	89.6%	45.0%

## Development of Funding Contribution

The annual funding contribution is elected by the County after consideration of the Actuarial Determined Contribution and the funding objectives of the plan. Effective July 1, 2020, the Actuarial Determined Contribution ignores implicit subsidy liabilities and determines the contribution amounts on a level percentage of pay based on the sum of:

- Normal Cost with interest, plus
- Amortization of July 1, 2017 Unfunded Actuarial Accrued Liability (UAAL) over the period ending June 30, 2037, plus
- Amortization of subsequent unanticipated liability changes (i.e., actuarial gains / losses and changes in assumptions) over 15-year period, plus
- 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 Actuarial Determined Contributions as a level percentage of pay, assuming middle of year payment, for FYE June 30, 2027:

	Safety	Miscellaneous	Total
<b>Funding Contribution, FYE June 30, 2027<sup>1</sup></b>			
Normal Cost, plus interest	\$482,239	\$7,514,320	\$7,996,559
Amortization of UAAL, plus interest <sup>2</sup>	<u>(769,043)</u>	<u>(8,585,092)</u>	<u>(\$9,354,135)</u>
Funding Contribution <sup>3</sup>	\$0	\$0	\$0
% of Pay			0.00%

<sup>1</sup> Excludes the implicit subsidy liability/service cost. Prior to July 1, 2020, funding was based on liabilities including the implicit subsidy.

<sup>2</sup> Amortization allocation shown on page 20.

<sup>3</sup> Contribution floor of \$0.

The following table shows the development of the liability (gain)/loss as of June 30, 2025

	<b>Safety</b>	<b>Miscellaneous</b>	<b>Total</b>
Liability as of June 30, 2024	\$26,737,004	\$135,465,660	\$162,202,664
Normal Cost	452,648	6,619,326	7,071,974
Interest on Liability	1,859,179	9,729,760	11,588,939
Plan Change	18,459	10,686,582	10,705,041
Assumption Changes	766,748	1,141,091	1,907,839
Expected Benefit Payments	<u>(1,281,591)</u>	<u>(6,283,065)</u>	<u>(7,564,656)</u>
Expected Liability as of June 30, 2025	28,552,447	157,359,354	185,911,801
Actual Liability as of June 30, 2025	<u>28,311,272</u>	<u>153,612,043</u>	<u>181,923,315</u>
Liability (Gain)/Loss	<b>(\$241,175)</b>	<b>(\$3,747,311)</b>	<b>(\$3,988,486)</b>

The following table shows the development of the smoothed asset (gain)/loss as of June 30, 2025

	<b>Safety</b>	<b>Miscellaneous</b>	<b>Total</b>
Smoothed Value of Assets as of June 30, 2024	\$22,284,912	\$105,541,708	\$127,826,620
Total Expected Contributions <sup>1</sup>	1,923,672	5,635,101	7,558,773
Expected Benefit Payments	(1,281,591)	(6,283,065)	(7,564,656)
Expected Investment Earnings <sup>2</sup>	<u>1,650,504</u>	<u>7,566,186</u>	<u>9,216,690</u>
Expected Smoothed Value of Assets as of June 30, 2025	24,577,497	112,459,930	137,037,427
Actual Smoothed Value of Assets as of June 30, 2025	<u>29,185,435</u>	<u>133,745,749</u>	<u>162,931,184</u>
Asset Difference for Funding Amortization	<b>(\$4,607,938)</b>	<b>(\$21,285,819)</b>	<b>(\$25,893,757)</b>
Asset Difference Due to:			
Contributions in Excess of Expected			(\$21,166,196)
Other Asset Experience			(\$4,727,561)
Implicit Rate of Return			10.6%

<sup>1</sup> County contributions based on normal cost plus expected amortization amount of the UAAL developed in the 2023 valuation.

<sup>2</sup> Based on 7.00%.

## Amortization Schedule

The following table shows the amortization of Unfunded Actuarial Accrued Liability excluding the implicit subsidy as of June 30, 2027. 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, 2026	Original Balance	Balance Remaining as of June 30, 2025	Balance Remaining as of June 30, 2026 <sup>1</sup>	Total Amortization Recognized in FYE June 30, 2027	Safety Amortization Recognized in FYE June 30, 2027 <sup>2</sup>	Miscellaneous Amortization Recognized in FYE June 30, 2027 <sup>1</sup>
7/1/2025	Plan Change	15	15	\$10,705,041	\$10,705,041	\$11,454,394	\$995,716	\$1,717	\$993,999
7/1/2025	Liability (Gain)/Loss	15	15	(3,988,486)	(3,988,486)	(4,267,680)	(370,984)	(22,433)	(348,551)
7/1/2025	Assets (Gain)/Loss	5	5	(25,893,757)	(25,893,757)	(27,706,320)	(5,993,687)	(1,066,610)	(4,927,077)
7/1/2025	Assumptions	15	15	1,907,839	1,907,839	2,041,387	177,455	71,318	106,137
7/1/2024	Liability (Gain)/Loss	15	14	(5,769,545)	(6,173,413)	(6,031,340)	(551,673)	45,228	(596,901)
7/1/2024	Assets (Gain)/Loss	5	4	(16,029,403)	(17,151,461)	(14,381,975)	(3,814,252)	(1,327,236)	(2,487,016)
7/1/2023	Liability (Gain)/Loss	15	13	249,075	260,378	253,122	24,483	191,170	(166,687)
7/1/2023	Assets (Gain)/Loss	5	3	(170,064)	(152,585)	(119,967)	(41,601)	3,972	(45,573)
7/1/2022	Liability (Gain)/Loss	15	12	(5,657,250)	(5,749,125)	(5,556,555)	(571,653)	(43,240)	(528,413)
7/1/2022	Assets (Gain)/Loss <sup>3</sup>	5	2	(37,826,509)	(26,683,579)	(18,650,746)	(9,512,059)	712,126	(10,224,185)
7/1/2022	Assumptions	15	12	(878,395)	(892,661)	(862,762)	(88,759)	1,453	(90,212)
7/1/2021	Liability (Gain)/Loss	15	11	1,830,883	1,797,774	1,725,719	190,131	(4,540)	194,671
7/1/2021	Assumptions	15	11	(8,136,380)	(7,989,243)	(7,669,033)	(844,937)	(994,215)	149,278
7/1/2020	Liability (Gain)/Loss	15	10	3,731,444	3,476,712	3,310,220	393,773	(47,047)	440,820
7/1/2020	Assumptions	15	10	74,063,338	69,007,330	65,702,736	7,815,786	357,563	7,458,223
7/1/2019	Liability (Gain)/Loss	15	9	115,351	103,129	97,221	12,611	12,756	(145)
7/1/2019	Assumptions	15	9	10,726,730	9,590,130	9,040,771	1,172,753	158,179	1,014,574
7/1/2018	Liability (Gain)/Loss	15	8	2,657,510	2,228,524	2,075,204	297,175	182,546	114,629
7/1/2018	Assumptions	15	8	5,348,501	4,485,132	4,176,560	598,096	367,393	230,703
7/1/2017	7/1/2017 UAAL <sup>4</sup>	20	11	<u>11,733,484</u>	<u>10,104,452</u>	<u>9,699,461</u>	<u>1,068,642</u>	<u>656,437</u>	<u>412,205</u>
	Total Charges			\$18,719,407	\$18,992,131	\$ 24,330,417	(\$9,042,984)	(\$743,463)	(\$8,299,521)

<sup>1</sup> Reflecting experience through 6/30/2025.

<sup>2</sup> 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.

<sup>3</sup> 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.

<sup>4</sup> Includes Asset (Gain)/Loss as of 6/30/2017.

## Projected Benefit Payments<sup>1</sup>

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	
2026	\$1,345,119	\$2,006,993	\$6,463,423	\$7,112,630	\$16,928,166
2027	1,521,569	2,372,430	7,913,699	7,958,483	19,766,182
2028	1,684,843	2,693,135	8,546,225	8,868,374	21,792,576
2029	1,837,148	3,085,054	9,169,708	9,443,839	23,535,749
2030	1,976,279	3,381,729	9,794,543	10,330,435	25,482,985
2031	2,104,722	3,702,653	10,417,580	11,363,663	27,588,618
2032	2,223,419	3,718,681	11,038,071	12,269,628	29,249,798
2033	2,330,542	3,814,116	11,673,322	13,176,309	30,994,290
2034	2,421,992	3,885,802	12,302,556	14,271,442	32,881,792
2035	2,502,959	4,006,809	12,943,550	15,074,346	34,527,664
2036	2,570,010	3,900,924	13,596,497	15,510,451	35,577,881
2037	2,620,586	3,782,873	14,251,512	16,184,477	36,839,448
2038	2,658,832	3,741,184	14,934,644	17,001,851	38,336,512
2039	2,690,651	3,448,189	15,702,167	18,051,516	39,892,523
2040	2,708,951	3,328,088	16,482,054	18,755,459	41,274,553
2041	2,719,373	3,311,227	17,264,516	19,687,374	42,982,490
2042	2,725,238	3,119,538	18,032,083	20,674,190	44,551,049
2043	2,727,024	2,984,275	18,810,651	21,320,959	45,842,910
2044	2,729,217	2,941,254	19,569,226	21,857,435	47,097,132
2045	2,727,249	2,862,401	20,321,764	22,211,405	48,122,819
2046	2,728,793	2,785,140	21,066,383	22,426,928	49,007,245
2047	2,726,054	2,734,706	21,794,706	22,631,016	49,886,482
2048	2,720,134	2,598,796	22,508,892	22,708,290	50,536,113
2049	2,709,505	2,597,808	23,199,512	23,076,515	51,583,341
2050	2,694,518	2,456,412	23,855,707	23,221,974	52,228,610
2051	2,677,570	2,309,328	24,476,600	23,472,439	52,935,937
2052	2,655,762	2,322,767	25,041,377	23,573,406	53,593,312
2053	2,633,027	2,226,370	25,549,989	23,766,395	54,175,781
2054	2,603,174	2,070,583	25,980,265	23,663,702	54,317,723
2055	2,566,478	2,058,228	26,319,737	23,223,400	54,167,842
2056	2,528,926	1,979,083	26,558,783	22,569,285	53,636,077
2057	2,483,844	1,880,113	26,690,648	21,647,749	52,702,354

<sup>1</sup> Include the estimated benefit payments for the deferred retirees.

# Accounting Requirements

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## Development of GASB 75 Net OPEB Expense

### Calculation Details

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

	<b>Fiscal Year Ending 6/30/2025</b>	<b>Fiscal Year Ending 6/30/2026</b>
(1) OPEB Liability		
(a) Retired Participants and Beneficiaries Receiving Payment	\$ 139,894,790	\$ 154,457,410
(b) Active Participants	<u>164,626,832</u>	<u>196,078,555</u>
(c) Total	\$ 304,521,622	\$ 350,535,965
(2) Plan Fiduciary Net Position	<u>(135,147,814)</u>	<u>(174,201,934)</u>
(3) Net OPEB Liability	\$ 169,373,808	\$ 176,334,031
(4) Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	44.38%	49.70%
(5) Deferred Outflow of Resources for Contributions Made After Measurement Date	\$ 36,943,121	TBD

### Expense

The following table illustrates the OPEB expense under GASB 75.

	<b>Fiscal Year Ending 6/30/2025</b>	<b>Fiscal Year Ending 6/30/2026</b>
(1) Service Cost	\$ 11,392,716	\$ 13,454,395
(2) Interest Cost	22,438,740	22,679,491
(3) Expected Investment Return	(8,050,985)	(10,654,508)
(4) Employee Contributions	0	0
(5) Administrative Expense	58,184	89,191
(6) Plan Changes	0	10,399,976
(7) Amortization of Unrecognized		
(a) Liability (Gain)/Loss	(475,343)	(434,485)
(b) Asset (Gain)/Loss	(1,010,583)	(2,453,941)
(c) Assumption Change (Gain)/Loss	<u>17,841,954</u>	<u>19,179,778</u>
(8) Total Expense	\$ 42,194,683	\$ 52,259,897

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

	<b>Fiscal Year Ending 6/30/2025</b>	<b>Fiscal Year Ending 6/30/2026</b>
<b>(1) Development of Service Cost:</b>		
(a) Normal Cost at Beginning of Measurement Period	\$ 11,392,716	\$ 13,454,395
<b>(2) Development of Interest Cost:</b>		
(a) Total OPEB Liability at Beginning of Measurement Period	\$ 283,310,961	\$ 304,521,622
(b) Normal Cost at Beginning of Measurement Period	11,392,716	13,454,395
(c) Actual Benefit Payments	(14,323,982)	(14,857,815)
(d) Discount Rate	<u>7.80%</u>	<u>7.30%</u>
(e) Interest Cost	\$ 22,438,740	\$ 22,679,491
<b>(3) Development of Expected Investment Return:</b>		
(a) Plan Fiduciary Net Position at Beginning of Measurement Period	\$ 96,279,600	\$ 135,147,814
(b) Actual Contributions – Employer	28,523,982	36,943,121
(c) Actual Contributions – Employee	0	0
(d) Actual Benefit Payments	(14,323,982)	(14,857,815)
(e) Administrative Expenses	(58,184)	(89,191)
(f) Other	0	0
(g) Expected Return on Assets	<u>7.80%</u>	<u>7.30%</u>
(h) Expected Return	\$ 8,050,985	\$ 10,654,508

## 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, 2024 to June 30, 2025:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) - (b)
Balance Recognized at 6/30/2025 (Based on 6/30/2024 Measurement Date)	\$ 304,521,622	\$ 135,147,814	\$ 169,373,808
<b>Changes Recognized for the Fiscal Year:</b>			
Service Cost	\$ 13,454,395	N/A	\$ 13,454,395
Interest on the Total OPEB Liability	22,679,491	N/A	22,679,491
Changes of Benefit Terms	10,399,976	N/A	10,399,976
Differences Between Expected and Actual Experience	424,925	N/A	424,925
Changes of Assumptions	13,913,371	N/A	13,913,371
Benefit Payments	(14,857,815)	(14,857,815)	0
Contributions From the Employer	N/A	36,943,121	(36,943,121)
Contributions From the Employee	N/A	0	0
Net Investment Income	N/A	17,058,005	(17,058,005)
Administrative Expense	N/A	(89,191)	89,191
Net Changes	\$ 46,014,343	\$ 39,054,120	\$ 6,960,223
Balance Recognized at 6/30/2026 (Based on 6/30/2025 Measurement Date)	\$ 350,535,965	\$ 174,201,934	\$ 176,334,031

## Liability (Gain)/Loss

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

	<b>Fiscal Year Ending 6/30/2025</b>	<b>Fiscal Year Ending 6/30/2026</b>
(1) OPEB Liability at Beginning of Measurement Period	\$ 283,310,961	\$ 304,521,622
(2) Service Cost	11,392,716	13,454,395
(3) Interest on the Total OPEB Liability	22,438,740	22,679,491
(4) Changes of Benefit Terms	0	10,399,976
(5) Changes of Assumptions	15,466,353	13,913,371
(6) Benefit Payments	<u>(14,323,982)</u>	<u>(14,857,815)</u>
(7) Expected OPEB Liability at End of Measurement Period	\$ 318,284,788	\$ 350,111,040
(8) Actual OPEB Liability at End of Measurement Period	<u>304,521,622</u>	<u>350,535,965</u>
(9) OPEB Liability (Gain)/Loss	\$ (13,763,166)	\$ 424,925
(10) Average Future Working Life Expectancy	<u>10.34</u>	<u>10.40</u>
(11) OPEB Liability (Gain)/Loss Amortization	\$ (1,331,061)	\$ 40,858

## Asset (Gain)/Loss

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

	<b>Fiscal Year Ending 6/30/2025</b>	<b>Fiscal Year Ending 6/30/2026</b>
(1) OPEB Asset at Beginning of Measurement Period	\$ 96,279,600	\$ 135,147,814
(2) Contributions – Employer	28,523,982	36,943,121
(3) Contributions – Employee	0	0
(4) Expected Investment Income	8,050,985	10,654,508
(5) Benefit Payments	(14,323,982)	(14,857,815)
(6) Administrative Expense	(58,184)	(89,191)
(7) Other	<u>0</u>	<u>0</u>
(8) Expected OPEB Asset at End of Measurement Period	\$ 118,472,401	\$ 167,798,437
(9) Actual OPEB Asset at End of Measurement Period	<u>135,147,814</u>	<u>174,201,934</u>
(10) OPEB Asset (Gain)/Loss	\$ (16,675,413)	\$ (6,403,497)
(11) Amortization Factor	<u>5.00</u>	<u>5.00</u>
(12) OPEB Asset (Gain)/Loss Amortization	\$ (3,335,083)	\$ (1,280,699)

## Deferred Outflows/Inflows

The following table illustrates the Deferred Inflows and Outflows as of June 30, 2026 under GASB 75.

	<b>Deferred Outflows</b>	<b>Deferred Inflows</b>
(1) Difference Between Actual and Expected Experience	\$ 10,303,695	\$ 20,431,905
(2) Net Difference Between Expected and Actual Earnings on OPEB Plan Investments	0	11,270,750
(3) Assumption Changes	<u>103,989,627</u>	<u>12,987,653</u>
(4) Sub Total	\$ 114,293,322	\$ 44,690,308
(5) Contributions Made in Fiscal Year Ending 6/30/2026 After Measurement Date	<u>TBD</u>	<u>N/A</u>
(6) Total	\$ TBD	\$ 44,690,308

## Amortization of Deferred Inflows/Outflows

The table below lists the amortization bases included in the deferred inflows/outflows as of June 30, 2026.

Date Established	Type of Base	Period		Balance		Annual Payment
		Original	Remaining	Original	Remaining	
6/30/2025	Liability (Gain)/Loss	10.40	9.40	\$ 424,925	\$ 384,067	\$ 40,858
6/30/2025	Asset (Gain)/Loss	5.00	4.00	(6,403,497)	(5,122,798)	(1,280,699)
6/30/2025	Assumptions	10.40	9.40	13,913,371	12,575,547	1,337,824
6/30/2024	Liability (Gain)/Loss	10.34	8.34	(13,763,166)	(11,101,044)	(1,331,061)
6/30/2024	Asset (Gain)/Loss	5.00	3.00	(16,675,413)	(10,005,247)	(3,335,083)
6/30/2024	Assumptions	10.34	8.34	15,466,353	12,474,795	1,495,779
6/30/2023	Liability (Gain)/Loss	10.26	7.26	8,204,436	5,805,477	799,653
6/30/2023	Asset (Gain)/Loss	5.00	2.00	985,437	394,176	197,087
6/30/2023	Assumptions	10.26	7.26	11,202,368	7,926,821	1,091,849
6/30/2022	Liability (Gain)/Loss	10.43	6.43	(9,917,949)	(6,114,325)	(950,906)
6/30/2022	Asset (Gain)/Loss	5.00	1.00	17,315,587	3,463,119	3,463,117
6/30/2022	Assumptions	10.43	6.43	(21,067,061)	(12,987,653)	(2,019,852)
6/30/2021	Liability (Gain)/Loss	10.48	5.48	4,517,303	2,362,103	431,040
6/30/2021	Asset (Gain)/Loss	5.00	0.00	(7,491,819)	0	(1,498,363)
6/30/2021	Assumptions	10.48	5.48	2,506,034	1,310,409	239,125
6/30/2020	Liability (Gain)/Loss	10.54	4.54	(7,467,464)	(3,216,536)	(708,488)
6/30/2020	Assumptions	10.54	4.54	133,909,170	57,680,040	12,704,855
6/30/2019	Liability (Gain)/Loss	10.63	3.63	2,528,861	863,575	237,898
6/30/2019	Assumptions	10.63	3.63	29,685,609	10,137,234	2,792,625
6/30/2018	Liability (Gain)/Loss	9.45	1.45	4,062,300	623,316	429,873
6/30/2018	Assumptions	9.45	1.45	11,336,502	1,739,462	1,199,630
6/30/2017	Liability (Gain)/Loss	9.43	0.43	5,814,989	265,157	616,648
6/30/2017	Assumptions	9.43	0.43	3,186,806	<u>145,319</u>	<u>337,943</u>
	Total Charges				\$ 69,603,014	\$16,291,352

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:

2027	\$	17,245,602
2028	\$	12,475,781
2029	\$	11,545,419
2030	\$	13,759,215
2031	\$	7,612,345
Total Thereafter	\$	6,964,652

## 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, 2026.

(\$ in thousands)

<b>Year Ending June 30</b>	<b>Beginning Fiduciary Net Position</b>	<b>Total Contributions</b>	<b>Benefit Payments</b>	<b>Administrative Expenses</b>	<b>Investment Earnings</b>	<b>Ending Fiduciary Net Position</b>
<b>(a)</b>	<b>(b)</b>	<b>(c)</b>	<b>(d)</b>	<b>(e)</b>	<b>(f)</b>	<b>(f)</b>
2026	\$174,202	\$20,573	\$16,928	\$90	\$12,857	\$190,614
2027	190,614	19,766	19,766	94	13,924	204,444
2028	204,444	21,793	21,793	99	14,935	219,280
2029	219,280	30,852	23,536	103	16,286	242,779
2030	242,779	32,602	25,483	108	17,995	267,785
2031	267,785	38,730	27,589	114	19,969	298,782
2032	298,782	47,169	29,250	119	22,480	339,062
2033	339,062	49,012	30,994	125	25,425	382,379
2034	382,379	51,007	32,882	131	28,592	428,965
2035	428,965	51,660	34,528	138	31,957	477,916
2036	477,916	51,289	35,578	145	35,479	528,962
2037	528,962	41,794	36,839	151	38,813	572,579
2038	572,579	42,499	38,337	158	41,969	618,552
2039	618,552	44,728	39,893	166	45,351	668,573
2040	668,573	45,859	41,275	173	48,994	721,979
2041	721,979	48,160	42,982	180	52,915	779,891
2042	779,891	48,316	44,551	187	57,091	840,560
2043	840,560	49,375	45,843	194	61,512	905,409
2044	905,409	50,390	47,097	201	66,238	974,739
2045	974,739	51,175	48,123	209	71,291	1,048,874
2046	1,048,874	51,809	49,007	216	76,694	1,128,153
2047	1,128,153	52,426	49,886	224	82,472	1,212,941
2048	1,212,941	52,801	50,536	231	88,652	1,303,626
2049	1,303,626	53,563	51,583	240	95,262	1,400,628
2050	1,400,628	53,911	52,229	248	102,332	1,504,395
2051	1,504,395	54,302	52,936	257	109,896	1,615,400
2052	1,615,400	54,621	53,593	266	117,987	1,734,148
2053	1,734,148	54,842	54,176	276	126,642	1,861,180
2054	1,861,180	54,600	54,318	287	135,901	1,997,076
2055	1,997,076	54,168	54,168	298	145,811	2,142,589

<sup>1</sup> (f) = (a) + (b) - (c) - (d) + (e)

<sup>2</sup> Years later than 2055 were omitted from this table.

## Plan Fiduciary Net Position

The last year in which projected benefit payments are due from the Plan is 2128.

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 7.30 percent per annum was applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2026 shown earlier in this report, pursuant 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 percent 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 actuarially determined 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, 2025. Benefit payments are assumed to be paid beginning of year.
- (5) Administrative expenses are \$90 thousand for 2026, and are projected with 2.3% 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 percent per annum.

## Interest Rate Sensitivity

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

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

The following table illustrates the impact of interest rate sensitivity on the Net OPEB Liability for fiscal year ending June 30, 2026:

	<b>1% Decrease (6.30%)</b>	<b>Current Rate (7.30%)</b>	<b>1% Increase (8.30%)</b>
(1) Total OPEB Liability	\$ 390,972,930	\$ 350,535,965	\$ 316,406,765
(2) Plan Fiduciary Net Position	<u>(174,201,934)</u>	<u>(174,201,934)</u>	<u>(174,201,934)</u>
(3) Net OPEB Liability (Asset)	\$ 216,770,996	\$ 176,334,031	\$ 142,204,831

## 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, 2025:

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

The following table illustrates the impact of healthcare cost trend sensitivity on the Net OPEB Liability for fiscal year ending June 30, 2026:

	<b>1% Decrease</b>	<b>Trend Rate</b>	<b>1% Increase</b>
(1) Total OPEB Liability	\$ 311,486,298	\$ 350,535,965	\$ 397,976,808
(2) Plan Fiduciary Net Position	<u>(174,201,934)</u>	<u>(174,201,934)</u>	<u>(174,201,934)</u>
(3) Net OPEB Liability (Asset)	\$ 137,284,364	\$ 176,334,031	\$ 223,774,874

## Disclosure – Changes in the Net OPEB Liability and Related Ratios<sup>1</sup>

	Fiscal Year Ending		
	2019	2020	2021
<b>Total OPEB Liability</b>			
Service Cost	\$ 882,148	\$ 1,433,883	\$ 2,966,332
Interest Cost	3,446,096	4,583,381	7,282,813
Changes of Benefit Terms	0	0	0
Differences Between Expected and Actual Experiences	4,062,300	2,528,861	(7,467,464)
Changes of Assumptions	11,336,502	29,685,609	133,909,170
Benefit Payments	(3,263,258)	(3,500,687)	(4,470,321)
<b>Net Change in Total OPEB Liability</b>	\$ 16,463,788	\$ 34,731,047	\$ 132,220,530
<b>Total OPEB Liability (Beginning)</b>	<u>51,927,906</u>	<u>68,391,694</u>	<u>103,122,741</u>
<b>Total OPEB Liability (Ending)</b>	\$ 68,391,694	\$ 103,122,741	\$ 235,343,271
<b>Plan Fiduciary Net Position</b>			
Contributions—Employer	\$ 4,263,258	\$ 5,500,687	\$ 10,070,321
Contributions—Member	0	0	0
Net Investment Income	2,342,895	2,820,756	2,526,296
Benefit Payments	(3,263,258)	(3,500,687)	(4,470,321)
Administrative Expense	(18,325)	(19,822)	(23,282)
Other	0	0	0
<b>Net Change in Plan Fiduciary Net Position</b>	\$ 3,324,570	\$ 4,800,934	\$ 8,103,014
<b>Plan Fiduciary Net Position (Beginning)</b>	<u>36,785,654</u>	<u>40,110,224</u>	<u>44,911,158</u>
<b>Plan Fiduciary Net Position (Ending)</b>	\$ 40,110,224	\$ 44,911,158	\$ 53,014,172
<b>Net OPEB Liability (Ending)</b>	\$ 28,281,470	\$ 58,211,583	\$ 182,329,099
<b>Net Position as a Percentage of OPEB Liability</b>	58.65%	43.55%	22.53%
<b>Covered-Employee Payroll</b>	\$ 1,374,752,875	\$ 1,399,892,784	\$ 1,445,184,896
<b>Net OPEB Liability as a Percentage of Payroll</b>	2.06%	4.16%	12.62%

<sup>1</sup> GASB 75 was effective first for employer fiscal years beginning after June 15, 2017.

## Disclosure – Changes in the Net OPEB Liability and Related Ratios<sup>1</sup>

	Fiscal Year Ending				
	2022	2023	2024	2025	2026
<b>Total OPEB Liability</b>					
Service Cost	\$ 10,521,825	\$ 10,290,320	\$ 9,123,044	\$ 11,392,716	\$ 13,454,395
Interest Cost	14,891,381	18,571,115	19,306,030	22,438,740	22,679,491
Changes of Benefit Terms	0	0	0	0	10,399,976
Differences Between Expected and Actual Experiences	4,517,303	(9,917,949)	8,204,436	(13,763,166)	424,925
Changes of Assumptions	2,506,034	(21,067,061)	11,202,368	15,466,353	13,913,371
Benefit Payments	(7,570,569)	(10,574,698)	(12,035,889)	(14,323,982)	(14,857,815)
<b>Net Change in Total OPEB Liability</b>	\$ 24,865,974	\$ (12,698,273)	\$ 35,799,989	\$ 21,210,661	\$ 46,014,343
<b>Total OPEB Liability (Beginning)</b>	<u>235,343,271</u>	<u>260,209,245</u>	<u>247,510,972</u>	<u>283,310,961</u>	<u>304,521,622</u>
<b>Total OPEB Liability (Ending)</b>	\$ 260,209,245	\$ 247,510,972	\$ 283,310,961	\$ 304,521,622	\$ 350,535,965
<b>Plan Fiduciary Net Position</b>					
Contributions—Employer	\$ 17,170,569	\$ 25,064,698	\$ 26,500,889	\$ 28,523,982	\$ 36,943,121
Contributions—Member	0	0	0	0	0
Net Investment Income	11,041,124	(11,664,593)	5,443,316	24,726,398	17,058,005
Benefit Payments	(7,570,569)	(10,574,698)	(12,035,889)	(14,323,982)	(14,857,815)
Administrative Expense	(30,288)	(38,622)	(40,509)	(58,184)	(89,191)
Other	0	0	0	0	0
<b>Net Change in Plan Fiduciary Net Position</b>	\$ 20,610,836	\$ 2,786,785	\$ 19,867,807	\$ 38,868,214	\$ 39,054,120
<b>Plan Fiduciary Net Position (Beginning)</b>	<u>53,014,172</u>	<u>73,625,008</u>	<u>76,411,793</u>	<u>96,279,600</u>	<u>135,147,814</u>
<b>Plan Fiduciary Net Position (Ending)</b>	\$ 73,625,008	\$ 76,411,793	\$ 96,279,600	\$ 135,147,814	\$ 174,201,934
<b>Net OPEB Liability (Ending)</b>	\$ 186,584,237	\$ 171,099,179	\$ 187,031,361	\$ 169,373,808	\$ 176,334,031
<b>Net Position as a Percentage of OPEB Liability</b>	28.29%	30.87%	33.98%	44.38%	49.70%
<b>Covered-Employee Payroll</b>	\$ 1,487,790,582	\$ 1,561,286,528	\$ 1,750,070,558	\$ 1,915,098,637	\$ 2,076,111,317
<b>Net OPEB Liability as a Percentage of Payroll</b>	12.54%	10.96%	10.69%	8.84%	8.49%

<sup>1</sup> GASB 75 was effective first for employer fiscal years beginning after June 15, 2017.

## Disclosure – Contribution Schedule

### Contributions

	Fiscal Year Ending		
	2019	2020	2021
Actuarially Determined Contribution	\$ 2,141,196	\$ 4,254,133	\$ 9,061,596
Contributions Made in Relation to the Actuarially Determined Contribution	<u>5,500,687</u>	<u>10,070,321</u>	<u>17,170,569</u>
Contribution Deficiency (Excess)	\$ (3,246,554)	\$ (5,816,188)	\$ (8,108,973)
Covered-Employee Payroll	\$ 1,399,892,784	\$ 1,445,184,896	\$ 1,487,790,582
Contributions as a Percentage of Payroll	0.39%	0.70%	1.15%

	Fiscal Year Ending				
	2022	2023	2024	2025	2026
Actuarially Determined Contribution	\$ 16,339,607	\$ 14,108,781	\$ 6,437,221	\$ 7,421,536	\$ 3,644,644
Contributions Made in Relation to the Actuarially Determined Contribution	<u>25,064,698</u>	<u>26,500,889</u>	<u>28,523,982</u>	<u>36,943,121</u>	<u>TBD</u>
Contribution Deficiency (Excess)	\$ (8,725,091)	\$ (12,392,108)	\$ (22,086,761)	\$ (29,521,585)	TBD
Covered-Employee Payroll	\$ 1,561,286,528	\$ 1,750,070,558	\$ 1,915,098,637	\$ 2,076,111,317	TBD
Contributions as a Percentage of Payroll	1.61%	1.51%	1.49%	1.78%	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 unfunded liability over 15-year periods-year for initial gains/losses 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	7.30% as of July 1, 2024, net of OPEB plan investment expense, including inflation.
Retirement Age	Retirement rates developed in the 2021 CalPERS Experience Study
Mortality	Pub-2016 Public Retirement Plans Mortality Tables using Scale MP-2021

## Participant Data

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## Participant Information

These exhibit summaries contain participant demographic information.

### Active Employee Age/Service Distribution

Age	Years of Service								Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	>35	
<25	606	12	0	0	0	0	0	0	618
25-29	2,030	222	3	0	0	0	0	0	2,255
30-34	2,211	764	195	2	0	0	0	0	3,172
35-39	1,697	778	683	272	5	0	0	0	3,435
40-44	1,299	607	681	843	197	5	0	0	3,632
45-49	915	533	457	758	526	175	4	0	3,368
50-54	707	428	339	560	437	312	49	5	2,837
55-59	442	268	262	357	301	205	58	27	1,920
60-64	226	183	197	216	140	80	24	17	1,083
>65	78	84	66	79	45	23	6	18	399
<b>Total</b>	<b>10,211</b>	<b>3,879</b>	<b>2,883</b>	<b>3,087</b>	<b>1,651</b>	<b>800</b>	<b>141</b>	<b>67</b>	<b>22,719</b>

### Participant Statistics <sup>1</sup>

	Safety Employees	Miscellaneous Employees	Total
<i>Retirees</i>			
Number of retirees	896	2,489	3,385
Average age	66.0	69.7	68.7
Number of retiree spouses	477	587	1,064
<i>Actives</i>			
Number of actives	3,776	18,943	22,719
Average age	38.7	43.9	43.0
Average past service (years)	10.7	9.3	9.5

<sup>1</sup> As of July 1, 2025, 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**

Status	July 1, 2024		July 1, 2025	
	2024 Count	Average Future	2025 Count	Average Future
		Working Life		Working Life <sup>1</sup>
Actives	22,286	11.96	22,719	12.04
Retirees <sup>2</sup>	3,338	0.00	3,385	0.00
Total/Weighted Average	25,624	10.40	26,104	10.48

**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)	Count	2025 Monthly County Contribution*	Health Plan	CalPERS Retirement Program
CNF	Confidential	Confidential	247	\$ 256.00	CalPERS	Misc
LEM	Law Enforcement Management	LEMU	504	\$ 158.00	CalPERS	Safety
MGT	Management (General)	Management	1,291	\$ 256.00	CalPERS	Misc
MLX	Law Enforcement Exec Staff	LE Exec Staff	14	\$ 256.00	CalPERS	Safety
PD7	Public Defender, Prosecution (District Attorney's)	DDAA	421	\$ 256.00	CalPERS	Misc
RSA	RSA Law Enforcement	RSA	2,714	\$ 25.00	RSA	Safety
RSP	RSA Public Safety	RSA Public Safety	544	\$ 158.00	CalPERS	Safety
SE2	SEIU Professional	SEIU	4,104	\$ 158.00	CalPERS	Misc
SE8	SEIU Registered Nurses	SEIU	1,501	\$ 158.00	CalPERS	Misc
SE9	SEIU Para Professional	SEIU	1,488	\$ 158.00	CalPERS	Misc
SES	SEIU Supervisory	SEIU	1,776	\$ 158.00	CalPERS	Misc
SPD	SEIU Temporary Assistant	SEIU	10	\$ 158.00	CalPERS	Misc
UNC	Unrepresented Confidential	Confidential	162	\$ 256.00	CalPERS	Misc
UNR	Unrepresented Management	Management	20	\$ 256.00	CalPERS	Misc
UP4	LIUNA Inspection and Technical	LIUNA	1,640	\$ 158.00	CalPERS	Misc
UP5	LIUNA Trades, Crafts and Labor	LIUNA	980	\$ 158.00	CalPERS	Misc
UP6	LIUNA Supporting Services	LIUNA	5,303	\$ 158.00	CalPERS	Misc
County Total			22,719			

\*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.

<sup>1</sup> Based on demographic assumptions set out in the Actuarial Assumption and Methods section of this report.

<sup>2</sup> 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:

<b>Age</b>	<b>\$25.00</b>	<b>\$158.00</b>	<b>\$256.00</b>	<b>Total</b>
<40	1	0	0	1
40-44	2	0	1	3
45-49	5	1	1	7
50-54	58	81	24	163
55-59	69	205	57	331
60-64	78	516	165	759
65-69	55	497	173	725
70-74	54	334	197	585
75-79	18	271	143	432
80-84	11	165	67	243
85-89	6	64	18	88
90-95	1	29	8	38
>95	0	4	6	10
<b>Total</b>	<b>358</b>	<b>2,167</b>	<b>860</b>	<b>3,385</b>

**Plan Election Summary**

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

<b>Plan</b>	<b>HMO/PPO</b>	<b>Actives</b>	<b>Retirees</b>
<b>Basic</b>			
Anthem Select	HMO	676	36
Anthem Traditional	HMO	183	14
Blue Shield Access +	HMO	2,864	178
Blue Shield Trio	HMO	1,530	85
Health Net Salud y Más	HMO	258	15
Kaiser	HMO	7,953	393
PERS Gold	PPO	1,210	43
PERS Platinum	PPO	222	124
PORAC	PPO	11	16
United Healthcare Alliance	HMO	659	75
United Healthcare Harmony	HMO	290	27
Sharp	HMO	13	2
RSA		2,714	356
Waiver/Unspecified		4,136	-
<b>Total</b>		<b>22,719</b>	<b>1,364</b>
<b>Supplemental/Managed Medicare</b>			
Anthem	HMO		43
Blue Shield	HMO		102
Kaiser	HMO		1,137
PERS Gold	PPO		43
PERS Platinum	PPO		231
PORAC	PPO		27
United Healthcare	PPO		434
Western Health Medicare	HMO		1
Sharp	HMO		3
<b>Total</b>			<b>2,021</b>

# Actuarial Assumptions and Methods

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**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 annual funding contribution is elected by the County after consideration of the Actuarial Determined Contribution and the funding objectives of the plan. Effective July 1, 2020, the Actuarial Determined Contribution ignores implicit subsidy liabilities and determines the contribution amounts on a level percentage of pay based on the sum of:

- Normal Cost with interest, plus
- Amortization of July 1, 2017 Unfunded Actuarial Accrued Liability (UAAL) over the period ending June 30, 2037, plus
- Amortization of subsequent unanticipated liability changes (i.e., actuarial gains / losses and changes in assumptions) over 15-year period, plus
- 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 amortization is calculated based on a level percentage of future payroll amounts

**3. GASB Discount Rate**

7.30% - as of 7/1/2025

7.30% - as of 7/1/2024

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**

5.20% - as of 7/1/2025

3.63% - as of 7/1/2024

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, 2025 are summarized in the following table:

<b>Asset Class</b>	<b>Expected Nominal Rate of Return</b>	<b>Expected Real Rate of Return</b>	<b>Allocation</b>
Large Cap U.S. Equity	6.60%	4.20%	28.50%
Small Cap U.S. Equity	7.10%	4.69%	1.50%
International (Non-U.S.) Equity (Developed)	6.30%	3.91%	11.20%
Emerging Markets Equity	6.60%	4.20%	3.80%
Cash (Gov't)	3.80%	1.47%	2.00%
Long Duration Bonds – Gov't / Credit	5.90%	3.52%	44.50%
High Yield Bonds	6.30%	3.91%	3.50%
U.S. REITs	6.40%	4.01%	2.50%
Infrastructure (Open-End)	8.00%	5.57%	<u>2.50%</u>
Total Portfolio			100.00%

The analysis of Aon's June 30, 2025 Capital Market Assumptions and the Plan's asset allocation, resulted in a range of reasonable returns between 6.14% and 7.47%.

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-2016 headcount-weighted tables for general employees of all income levels, with generational future improvement scale MP-2021. Sample rates for the 2016 base year mortality are as follows:

<b>Age</b>	<b>Male</b>	<b>Female</b>
30	0.051%	0.020%
40	0.078%	0.045%
50	0.172%	0.100%
60	0.385%	0.222%
70	0.765%	0.491%
80	1.947%	1.101%
90	15.876%	12.018%

**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**

<b>Attained Age</b>	<b>Years of Service</b>						
	<b>0 - 1</b>	<b>5</b>	<b>10</b>	<b>15</b>	<b>20</b>	<b>25</b>	<b>30</b>
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%

**Public Agency Police and County Peace Officer - Female**

<b>Attained Age</b>	<b>Years of Service</b>						
	<b>0 - 1</b>	<b>5</b>	<b>10</b>	<b>15</b>	<b>20</b>	<b>25</b>	<b>30</b>
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:

Age	Public Agency Police & County Peace Officer		CalPERS Miscellaneous	
	Male	Female	Male	Female
	25	0.17%	0.17%	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 Age	Years of Service						
	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 Age	Years of Service						
	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 Age	Years of Service						
	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 Age	Years of Service						
	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 Age	Years of Service						
	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 Age	Years of Service						
	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 2026 (\$162.00 and \$187.00 for certain bargained units.). 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:

Year	Medical	
	Pre Medicare	Post Medicare
2025*	Actual	Actual
2026	7.88%	9.17%
2027	7.49%	8.63%
2028	7.08%	8.08%
2029	6.66%	7.50%
2030	6.23%	6.91%
2031	5.80%	6.31%
2032	5.35%	5.69%
2033	4.90%	5.08%
2034+	4.50%	4.50%

\* The rates for 2025 are the actual increase in premium rates from 2025 to 2026 based on the published 2026 premiums shown below.

14. **Monthly Medical Costs (for Implicit Subsidy calculations)**

The table below shows 2026 premiums as of the valuation date based on Region 3 (Los Angeles, Riverside, San Bernardino).

Plan	HMO/PPO	Employee Only	Employee & 1 Dep.
<b>Basic</b>			
Anthem Select	HMO	\$962.68	\$1,925.36
Anthem Traditional	HMO	1,128.53	2,257.06
Blue Shield Access +	HMO	917.91	1,835.82
Blue Shield Trio	HMO	852.56	1,705.12
Health Net Salud y Más	HMO	740.11	1,480.22
Kaiser	HMO	969.05	1,938.10
PERS Gold	PPO	960.03	1,920.06
PERS Platinum	PPO	1,431.81	2,863.62
PORAC	PPO	1,057.00	2,127.00
Sharp	HMO	916.20	1,832.40
United Healthcare Alliance	HMO	870.76	1,741.52
United Healthcare Harmony	HMO	765.51	1,531.02
<b>Supplemental/Managed Medicare</b>			
Anthem	HMO	571.70	1,143.40
Blue Shield	HMO	539.43	1,078.86
Kaiser	HMO	356.83	713.66
PERS Gold	PPO	597.57	1,195.14
PERS Platinum	PPO	665.50	1,331.00
PORAC	PPO	597.00	1,322.00
Sharp	HMO	291.38	582.76
United Healthcare	PPO	481.29	962.58

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:

<b>Aging Factors</b>		
<b>Age</b>	<b>HMO Plans</b>	<b>PPO Plans</b>
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:

<b>Age</b>	<b>Lapse Rate</b>
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%

**19. 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, 2025 census data. Future deferred election rates are included below:

<b>Age</b>	<b>Election Rate</b>
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.

**20. Plan Participation**

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

<b>Health Plan / Benefit Eligibility</b>	<b>Assumed Participation Rate</b>
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.

**21. 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.

**22. Participants Excluded**

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

## Changes in Assumptions and Methods Since the Prior Valuation

The following assumptions were changed from the prior valuation:

- Mortality assumption was updated to reflect the most recent Pub-2016 mortality rates
- The claim tables and trend rates were updated to reflect most recent CalPERS monthly premiums available for 2026.
- Deferred retirees are assumed to be covered under the SEIU bargaining group.

## Discussion of Actuarial Assumptions and Methods

County of Riverside selected the economic, demographic and health care claim cost 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.

## Calculation of Normal Costs and Liabilities

The method used to calculate the service cost and accumulated postretirement benefit obligation for determining OPEB expense is the entry age normal cost method. Under this cost method, the actuarial accrued liability is based on a prorated portion of the present value of all benefits earned to date over expected future working lifetime as defined by GASB. The proration is determined so that the cost with respect to service accrued from date of hire is recognized as a level percentage of pay each year. The Normal Cost is equal to the prorated cost for the year of the valuation.

## Accounting Information Under GASB 75

Benefit obligations and expense/(income) are calculated under U.S. Generally Accepted Accounting Principles as set forth in Government Accounting Standards Board Statement 75.

The total OPEB liability represents the actuarial present value of benefits based on the entry age normal cost method as of the measurement date. The service cost represents the actuarial present value of benefits that are attributed to the 2026 fiscal year, reflecting the effect of assumed future health care claim cost and/or pay increases.

The total OPEB liability represents the actuarial present value of benefits based on the entry age normal cost method as of the measurement date reflecting all normal costs over the period when benefits were earned.

The OPEB expense is the annual amount to be recognized in the income statement as the cost of OPEB benefits for this plan for the period ending June 30, 2026.

# Plan Provisions

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## Summary of Principal Plan Provisions

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

- **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.

- **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 at Retirement	Monthly Contribution				
	2022	2023	2024	2025	2026
Confidential**	\$256.00	\$256.00	\$256.00	\$256.00	\$281.00
LEMU (Management)*	\$149.00	\$151.00	\$157.00	\$158.00	\$162.00
MLX (Executive Staff)**	\$256.00	\$256.00	\$256.00	\$256.00	\$281.00
LIUNA	\$149.00	\$151.00	\$157.00	\$158.00	\$187.00
Management**	\$256.00	\$256.00	\$256.00	\$256.00	\$281.00
District Attorneys (DDAA)*	\$256.00	\$256.00	\$256.00	\$256.00	\$256.00
RSA Law Enforcement	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00
RSA Public Safety*	\$149.00	\$151.00	\$157.00	\$158.00	\$162.00
SEIU	\$149.00	\$151.00	\$157.00	\$158.00	\$187.00
Unrepresented**	\$256.00	\$256.00	\$256.00	\$256.00	\$281.00

\* 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.

Effective January 1, 2026, an additional \$25 County contribution is applied to the following bargaining units:

- Management Unrepresented and Confidential Unrepresented (CNF, MGT, UNC, UNR, MLX)
- SEIU (SE2, SE8, SE9, SES, SPD, SPG, SPS)
- LIUNA (UP4, UP5, UP6)

Future PEMHCA amounts increase at the same rate as Medical CPI. See the Appendix 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.)

- **Survivor Coverage Benefits**

Upon the death of the retiree, the eligible surviving spouse receives the same monthly benefit amount for their lifetime.

## Changes in Plan Provisions Since the Prior Valuation

Effective January 1, 2026, an additional \$25 County contribution is applied to the following bargaining units:

- Management Unrepresented and Confidential Unrepresented (CNF, MGT, UNC, UNR, MLX)
- SEIU (SE2, SE8, SE9, SES, SPD, SPG, SPS)
- LIUNA (UP4, UP5, UP6)

# Appendix

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## 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 2026.

The \$25 increase in the monthly negotiated amounts is applied the following bargaining units: Management Unrepresented, Confidential Unrepresented, SEIU, and LIUNA. The increase is effective 7/1/2026 and is also applied to the current PEMHCA rate and future projected rates.

Year	Current Benefits			PEMHCA <sup>1</sup> Benefit	PEMHCA <sup>1</sup> Benefit + \$25
	Low - \$25/month	High - \$256/month	High - \$256 + \$25/month		
2025	\$25.00	\$256.00	\$256.00	\$160.00	\$160.00
2026	25.00	256.00	281.00	165.24	190.24
2027	25.00	256.00	281.00	171.85	196.85
2028	25.00	256.00	281.00	178.72	203.72
2029	25.00	256.00	281.00	185.87	210.87
2030	25.00	256.00	281.00	193.31	218.31
2031	25.00	256.00	281.00	201.04	226.04
2032	25.00	256.00	281.00	209.08	234.08
2033	25.00	256.00	281.00	217.44	242.44
2034	25.00	256.00	281.00	226.14	251.14
2035	25.00	256.00	281.00	235.19	260.19
2036	25.00	256.00	281.00	244.60	269.60
2037	25.00	256.00	281.00	254.38	279.38
2038	25.00	256.00	281.00	264.55	289.55
2039	25.00	256.00	281.00	275.14	300.14
2040	25.00	256.00	281.00	286.14	311.14
2041	25.00	256.00	281.00	297.59	322.59
2042	25.00	256.00	281.00	309.49	334.49
2043	25.00	256.00	281.00	321.87	346.87
2044	25.00	256.00	281.00	334.75	359.75
2045	25.00	256.00	281.00	348.14	373.14
2046	25.00	256.00	281.00	362.06	387.06

<sup>1</sup> PEMHCA amounts shown in the table are estimates for Plan Year (e.g., 2025 is based on the average of 1/1/2025 and 1/1/2026 amounts)

## GASB 75 Expense Estimate for Fiscal Year Ending June 30, 2027

The following table illustrates the estimated OPEB expense under GASB 75 for the Fiscal Year ending June 30, 2027. The amounts shown are estimates based on the results of the July 1, 2025 actuarial valuation and a 7.30% discount rate.

	<b>Fiscal Year Ending 6/30/2027<sup>1</sup></b>
(1) Service Cost	\$ 14,950,000
(2) Interest Cost	26,073,000
(3) Expected Investment Return	(12,843,000)
(4) Employee Contributions	0
(5) Administrative Expense	90,000
(6) Plan Changes	0
(7) Amortization of Unrecognized	
(a) Liability (Gain)/Loss	(786,000)
(b) Asset (Gain)/Loss	(956,000)
(c) Assumption Change (Gain)/Loss	<u>18,987,000</u>
(8) Total Estimated Expense	\$ 45,515,000
(9) Total Expense as a Percentage of Payroll <sup>2</sup>	2.13%

<sup>1</sup> Final FYE 2027 expense information will be provided in the actuarial valuation based on a June 30, 2026 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, 2025 to June 30, 2026.

<sup>2</sup> Based on estimated payroll.

## 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
<b>All Benefits</b>			
County Contribution - Flat Dollar (RSA)			
Retirees	\$492,898	\$2,561,833	\$3,054,731
Actives	<u>\$463,069</u>	<u>\$339,950</u>	<u>\$803,019</u>
Subtotal	\$955,967	\$2,901,783	\$3,857,750
County Contribution - CalPERS Benefits			
Retirees	\$13,246,093	\$74,998,733	\$88,244,826
Actives	<u>\$25,569,127</u>	<u>\$57,881,908</u>	<u>\$83,451,035</u>
Subtotal	\$38,815,220	\$132,880,641	\$171,695,861
CalPERS - Implicit Subsidy			
Retirees	\$57,897,162	\$5,260,693	\$63,157,855
Actives	<u>\$112,562,754</u>	<u>(\$738,255)</u>	<u>\$111,824,499</u>
Subtotal	\$170,459,916	\$4,522,438	\$174,982,354
<b>Total AAL</b>	<b>\$210,231,103</b>	<b>\$140,304,862</b>	<b>\$350,535,965</b>
Number of Retirees as of 7/1/2025 <sup>1</sup>	1,264	3,385	3,385
Number of Actives as of 7/1/2025 <sup>1</sup>	22,320	22,719	22,719
AAL Per Retiree <sup>2</sup>	\$30,858	\$18,866	\$30,389
AAL Per Active	\$6,209	\$2,530	\$8,631
<b>Normal Cost</b>			
Flat Dollar (RSA)	\$51,897	\$24,626	\$76,523
CalPERS Benefits	\$1,834,211	\$5,141,788	\$6,975,999
CalPERS - Implicit Subsidy	<u>\$7,802,330</u>	<u>\$94,957</u>	<u>\$7,897,287</u>
<b>Total Normal Cost</b>	<b>\$9,688,438</b>	<b>\$5,261,371</b>	<b>\$14,949,809</b>

<sup>1</sup> 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 2025.

<sup>2</sup> Average liability excluding deferred retirees; Average liability for eligible deferred retirees is approximately \$12,800.



# Actuarial Valuation Report

County of Riverside

Part-Time and Temporary Employees' Retirement Plan

For the Fiscal Year Ending June 30, 2026



# Table of Contents

1.	<b>Executive Summary</b> .....	<b>1</b>
2.	<b>Actuarial Valuation Certificate</b> .....	<b>6</b>
3.	<b>Plan Liabilities and Assets</b> .....	<b>9</b>
4.	<b>Funding</b> .....	<b>12</b>
5.	<b>Accounting Requirements</b> .....	<b>18</b>
6.	<b>Participant Data</b> .....	<b>32</b>
7.	<b>Actuarial Assumptions and Methods</b> .....	<b>35</b>
8.	<b>Plan Provisions</b> .....	<b>43</b>
9.	<b>Appendix</b> .....	<b>45</b>

# Executive Summary

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## 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 determined annually by the County with consideration of the Actuarially Determined Contribution and other funding objectives.

### **Actuarially Determined Contributions (ADC)**

The ADC is developed annually 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.

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

## Summary of Results

### **Funding Contribution**

The ADC for Fiscal Year Ending (FYE) 2026 is \$0 and was developed based on the prior year valuation. However, for FYE 2026 the County has elected to continue contributing the same rate as FYE 2025 (i.e., 5.58% of pay).

This valuation develops the ADC for FYE 2027, which is \$0, and is developed using the ADC methodology described in the Background section above and reflects the funded status of the plan.

The ADC methodology amortizes assets and liabilities experience over different periods, which results in a negative net amortization amount for FYE 2027. The negative amortization is larger than the Normal Cost with interest and expenses, and therefore results in a net ADC for FYE 2027 of \$0.

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 2.54% 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, 2025 for the purpose of providing GASB 68 financial statement information, including Pension Expense, for FYE June 30, 2026. The final FYE June 30, 2026 Pension Expense is \$1,087,530 income, which is a higher income than that estimated in the prior valuation primarily due to higher than expected asset returns.

The estimated FYE 2027 Pension Expense is an Income of \$407,000. The smaller income in FYE 2027 compared to FYE 2026 is primarily a result of prior amortization bases being fully recognized and a lower service cost due to a smaller active population. This is somewhat offset by a higher expected return on assets. The final FYE 2027 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 30, 2026.

The measurement date for results shown in this valuation report is June 30, 2025.

## 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

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, 2025, compared to prior year results:

	July 1, 2024	July 1, 2025
Active Participant Count	2,591	1,509
<b>Funding Contribution</b>		
Funding Discount Rate	6.00%	6.00%
Actuarial Accrued Liability (Projected Unit Credit):	\$78,852,813	\$83,004,678
Actuarial Value of Assets	<u>67,418,347</u>	<u>76,140,440</u>
Unfunded Liability	\$11,434,466	\$6,864,238
Funded Percentage	85.5%	91.7%
Actuarially Determined Contribution (ADC), FYE 2026/2027	\$0	\$0
Expected Total Participant Compensation, FYE 2026/2027	\$76,760,000	\$78,272,000
Contribution as a Percentage of Compensation	0.00%	0.00%
Alternative Contribution	1.61%	2.54%
Elected Contribution for FYE 2026/2027	5.58%	TBD
<b>GASB 68 Expense</b>		
Discount Rate	6.90%	6.90%
Total Pension Liability (Entry Age Normal):	\$65,070,069	\$67,352,431
Plan Fiduciary Net Position	<u>69,522,952</u>	<u>80,988,210</u>
Net Pension Liability	(\$4,452,883)	(\$13,635,779)
GASB 68 Annual Pension Expense/(Income),		
FYE 2025 / 2026 Final	\$983,683	(\$1,087,530)
FYE 2026 Estimate / 2027 Estimate	(\$558,000)	(\$407,000)

Overall, the plan's funded status for both funding and GASB 68 purposes improved compared to last year.

The following offsetting factors impacted plan results:

- Assets were higher than expected due to favorable investment return on plan assets (13.4% actual compared to 6.9% 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, offset by part-time active participants moving to full-time status, resulting in a small 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, 2025 is above 80% and is projected to be approximately 98% funded as of FYE 2026 based on the County's elected funding contribution of 5.58% of pay for FYE 2026 and a 6.00% discount rate. As the funded status is dependent on the funding expected rate of return, the table below shows the sensitivity to this assumption.

Projection Date	June 30, 2026	June 30, 2026
Funding Expected Rate of Return	6.00%	5.00%
Projected Actuarial Accrued Liability (AAL)	\$84,528,712	\$99,355,587
Projected Actuarial Value of Assets (AVA)	<u>83,122,363</u>	<u>83,122,363</u>
Projected Funding Shortfall	\$1,406,349	\$16,233,224
Projected Funded Status	98.3%	83.7%
Additional Funding in FYE 2026 to achieve 100% as of the Projection Date <sup>1</sup>	\$1,365,967	\$15,767,101

As the funded status approaches 100%, the County may wish to re-assess the funding strategy and consider circumstances that impact funded status, including:

- Market downturns
- Asset allocation modifications due to funded status and resulting discount rate changes
- Settlement activities (e.g., anticipation of future liability losses arising from lump sum payments to individuals, or
- Pre-funding future accruals.

\* \* \*

This July 1, 2025 valuation is based on census data provided as of June 30, 2025 for the purpose of providing GASB 68 financial statement information, including final expense for the fiscal year ending June 30, 2026, estimated expense for fiscal year ending June 30, 2027 and the funding contribution amount for the fiscal year ending June 30, 2027.

The following report provides details of the results summarized above and the disclosure information for fiscal year ending 2026.

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<sup>1</sup> Assumes mid-year funding on 1/1/2026 and is in addition to the anticipated FYE 2026 County contribution of 5.58% of pay.

# Actuarial Valuation Certificate

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This report documents the results of the July 1, 2025 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, 2025 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.

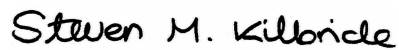
The actuarial assumptions and methods used in this valuation are described in the Actuarial Assumptions and Methods section of this report. Plan Sponsor selected the accounting economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB 68. Plan Sponsor selected 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.



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December 4, 2025

# Plan Liabilities and Assets

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## Summary of Liabilities

This exhibit shows the plan liabilities as of July 1, 2025 based on census data provided by the County as of June 30, 2025 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%
<b>Actuarial Accrued Liability (AAL) as of July 1, 2025</b>		
Retirees and Beneficiaries	\$21,349,214	\$20,086,511
Deferred Vested Terminated	28,150,769	23,797,641
Active Participants		
Part-Time Actives	\$13,246,682	\$12,379,148
Full-Time Actives <sup>1</sup>	<u>20,258,013</u>	<u>11,089,131</u>
Subtotal Actives	\$33,504,695	\$23,468,279
<b>Total</b>	<b>\$83,004,678</b>	<b>\$67,352,431</b>
<b>Normal (Service) Cost, as of July 1, 2025</b>	<b>\$1,498,691</b>	<b>\$1,629,574</b>

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<sup>1</sup> Participants who become full-time employees and transfer to CalPERS are no longer accruing a benefit under the plan.

## Summary of Plan Assets<sup>1</sup>

This exhibit develops the asset values used in the valuation.

Plan Assets	June 30, 2025
<b>Statement of Invested Plan Assets</b>	
Mutual Funds – Equity	\$45,432,492
Mutual Funds – Return Seeking Fixed Income	5,709,513
Mutual Funds – Real Estate	7,685,059
Mutual Funds – Fixed Income	19,649,761
Cash and Equivalents (including receivables)	<u>2,511,385</u>
Total Assets held in Trust for Pension Benefits	\$80,988,210
<b>Reconciliation of Plan Assets</b>	
Market Value of Assets, Beginning of Plan Year	\$69,522,952
Employer Contributions	4,133,166
Employee Contributions	2,777,479
Net Investment Income	9,446,657
Benefit Payments	(4,238,928)
Administrative Expenses	<u>(653,116)</u>
Market Value of Assets, End of Plan Year	\$80,988,210
Return on Assets (net of administrative expenses)	13.39%
<b>Development of (Gain)/Loss on Market Value of Assets</b>	
Expected Investment Earnings (assumed 6.90%)	\$4,865,564
Actual Investment Earnings	<u>9,446,657</u>
(Gain)/Loss on Market Value of Assets	(\$4,581,093)
<b>Actuarial Value of Assets</b>	
Market Value of Assets, End of Plan Year	\$80,988,210
Unrecognized (Gain)/Loss*	<u>(4,847,770)</u>
Preliminary Actuarial Value of Assets at end of Plan Year	\$76,140,440
Lower Corridor (80% of Market Value)	\$64,790,568
Upper Corridor (120% of Market Value)	\$97,185,852
Actuarial Value of Assets	\$76,140,440

\*Schedule of the Current and Prior Market Value of Asset (Gains)/Losses as of June 30, 2025.

Date	Original (Gain)/Loss	Years Remaining		Total Amount	
		As of 6/30/2025	Amount Recognized	Unrecognized	
6/30/2025	(\$4,581,093)	4	(\$916,219)	(\$3,664,874)	
6/30/2024	(\$4,901,300)	3	(\$1,960,520)	(\$2,940,780)	
6/30/2023	(\$2,791,073)	2	(\$1,674,645)	(\$1,116,428)	
6/30/2022	\$14,371,564	1	<u>\$11,497,252</u>	<u>\$2,874,312</u>	
Total			\$6,945,868	(\$4,847,770)	

<sup>1</sup> Based on the market value per US Bank as of June 30, 2025. Unadjusted for County funds.

# Funding

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## Summary of Funded Status

The Plan's funded status as of July 1, 2025 is developed based on the Actuarial Accrued Liability determined using the Projected Unit Credit methodology and the Actuarial Value of Plan Assets.

The following table shows the development of the Plan's funded status as of July 1, 2025.

Funding Methodology	
Discount Rate	Projected Unit Credit 6.00%
Actuarial Accrued Liability	\$83,004,678
Actuarial Value of Plan Assets	<u>76,140,440</u>
Unfunded Liability	\$6,864,238
Funded Percentage	91.7%

## Development of Funding Contribution

The County's current funding policy is to contribute a level percentage of pay determined annually by the County with consideration of the Actuarially Determined Contribution and other funding objectives.

### Actuarially Determined Contribution (ADC)

Note the determination developed below assumes a constant active population over which the unfunded liabilities are amortized. The ADC is developed annually 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, 2027.

Funding Contribution, FYE June 30, 2027	Total	% of Pay
<b>Ongoing Accruals<sup>1</sup></b>		
Projected Normal Cost (including expense), plus interest	\$2,085,577	5.34%
Expected Employee Contributions During Plan Year	<u>(1,464,342)</u>	<u>(3.75%)</u>
Ongoing Accrual Contribution	\$621,235	1.59%
<b>Amortization of Unfunded Liabilities<sup>2</sup></b>		
7/1/2017 UAAL, plus interest	\$661,798	0.85%
Subsequent UAAL, plus interest	<u>(3,794,641)</u>	<u>(4.85%)</u>
Amortization Contribution	(3,132,843)	(4.00%)
<b>Funding Policy Contribution</b>		
<b>(Ongoing plus Amortization, not less than 0)</b>	<b>\$0</b>	<b>0.00%</b>
<b>Considerations for % of Pay Alternatives<sup>2</sup></b>		
Ongoing Accrual Contribution		1.59%
Alternative Amortization of UAAL over 15 years	\$746,167	<u>0.95%</u>
<b>Alternative Funding Contribution</b>		<b>2.54%</b>

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.

<sup>1</sup> Developed based on estimated compensation for active population as of July 1, 2025, \$39.0 million.

<sup>2</sup> Developed based on estimated total compensation for active population at any time during FYE 2025, \$78.3 million.

## 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 2025 the total compensation earned by all active participants at any time in FYE 2025 was \$74.1 million (employer contribution during FYE 2025 divided by 5.58%), whereas the total compensation earned by those that were still active as of July 1, 2025 was only \$37.0 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 1.59% 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, 0.95%, is based on the % of pay reflecting the total expected earnings for all participants in FYE 2027 (i.e., expected payroll of \$78.3M). 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: \$3.2M negative amortization in FYE 2027 and \$1.4M positive amortization in FYE 2030).

### Liability (Gain) / Loss

The following table shows the development of the Liability (gain)/loss as of June 30, 2025.

Liability as of June 30, 2024	\$78,852,813
Service Cost	2,066,882
Interest on Liability (@6.00%)	4,729,866
Assumption Changes	(358,815)
Benefit Payments	<u>(4,238,928)</u>
Expected Liability as of June 30, 2025	\$81,051,818
Actual Liability as of June 30, 2025	<u>\$83,004,678</u>
Liability (Gain)/Loss	<b>\$1,952,860</b>

### Asset (Gain) / Loss

The following table shows the development of the Actuarial Value of Assets (gain)/loss as of June 30, 2025.

Actuarial Value of Assets (AVA) as of June 30, 2024	67,418,347
Expected Total Contributions <sup>1</sup>	\$1,592,029
Benefit Payments	(\$4,238,928)
Expected Investment Earnings (based on 6.00%)	<u>4,015,306</u>
Expected AVA as of June 30, 2025	68,786,754
Actual AVA as of June 30, 2025	<u>76,140,440</u>
Asset Difference for Funding Amortization	(7,353,686)
Asset Difference Due to:	
Contributions in Excess of Expected	(\$5,318,616)
Other Asset Experience	(\$2,035,070)
Implicit Rate of Return	9.0%

<sup>1</sup> County contributions based on normal cost plus expected amortization amount of the UAAL developed in the 2023 valuation, paid at beginning of year.

## Amortization Schedule

The following table shows the amortization of Unfunded Actuarial Accrued Liability as of June 30, 2027. 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, 2026	Original Balance	Balance Remaining as of June 30, 2026 <sup>1</sup>	Amortization Recognized in FYE June 30, 2027
6/30/2025	Liability (Gain)/Loss	15	15	\$1,952,860	2,070,032	\$169,540
6/30/2025	Assets (Gain)/Loss	5	5	(7,353,686)	(7,794,907)	(1,655,993)
6/30/2025	Assumptions	15	15	(358,815)	(380,344)	(31,151)
6/30/2024	Liability (Gain)/Loss	15	14	3,332,430	3,437,650	297,410
6/30/2024	Assets (Gain)/Loss	5	4	(5,705,801)	(5,049,042)	(1,320,879)
6/30/2023	Liability (Gain)/Loss	15	13	3,663,080	3,658,930	336,074
6/30/2023	Assets (Gain)/Loss	5	3	(1,547,733)	(1,071,964)	(368,329)
6/30/2022	Liability (Gain)/Loss	15	12	3,459,710	3,326,676	326,303
6/30/2022	Assets (Gain)/Loss <sup>2</sup>	5	2	(10,555,896)	(5,086,890)	(2,582,425)
6/30/2022	Assumptions	15	12	45,224	43,485	4,265
6/30/2021	Liability (Gain)/Loss	15	11	4,020,672	3,695,039	389,719
6/30/2021	Assumptions	15	11	124,057	114,008	12,025
6/30/2020	Liability (Gain)/Loss	15	10	645,612	562,433	64,313
6/30/2020	Assumptions	15	10	(273,516)	(238,277)	(27,246)
6/30/2019	Liability (Gain)/Loss	15	9	2,675,755	2,187,750	273,935
6/30/2019	Assumptions	15	9	2,564,505	2,096,785	262,545
6/30/2018	Liability (Gain)/Loss	15	8	1,628,720	1,234,486	171,364
6/30/2018	Assumptions	15	8	(67,964)	(51,516)	(7,151)
6/30/2017	7/1/2017 UAAL	20	11	<u>8,013,534</u>	<u>6,094,522</u>	<u>642,795</u>
	Total Charges			\$6,262,748	\$8,848,856	(\$3,042,886)

<sup>1</sup> Reflecting experience through 6/30/2025.

<sup>2</sup> Re-established amount includes prior outstanding Asset (Gain)/Loss bases established prior to 6/30/2022 (gain of \$9,374,852), FYE 2022 AVA (Gain)/Loss plus other adjustments to reflect funded status.

# Accounting Requirements

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## Development of GASB 68 Net Pension Expense

### Calculation Details

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

	Fiscal Year Ending 6/30/2025	Fiscal Year Ending 6/30/2026
(1) Pension Liability		
(a) Retired Participants and Beneficiaries Receiving Payment	\$ 17,310,286	\$ 20,086,511
(b) Terminated Vested	22,482,566	23,797,641
(c) Active Participants		
(i) Part-Time Actives	15,166,765	12,379,148
(ii) Full-Time Actives	<u>10,110,452</u>	<u>11,089,131</u>
(iii) Active Subtotal	\$ 25,277,217	\$ 23,468,279
(d) Total	\$ 65,070,069	\$ 67,352,431
(2) Plan Fiduciary Net Position	<u>(69,522,952)</u>	<u>(80,988,210)</u>
(3) Net Pension Liability	\$ (4,452,883)	\$ (13,635,779)
(4) Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	106.84%	120.25%
(5) Deferred Outflow of Resources for Contributions Made After Measurement Date	\$ 4,133,166	TBD

### Pension Expense

The following table illustrates the Pension Expense under GASB 68.

	Fiscal Year Ending 6/30/2025	Fiscal Year Ending 6/30/2026
(1) Service Cost	\$ 2,003,914	\$ 2,058,615
(2) Interest Cost	4,059,878	4,488,074
(3) Expected Investment Return	(3,605,296)	(4,865,564)
(4) Employee Contributions	(2,723,813)	(2,777,479)
(5) Administrative Expense	435,949	653,116
(6) Other	0	0
(7) Plan Changes	251,937	0
(8) Amortization of Unrecognized		
(a) Liability (Gain)/Loss	2,137,973	1,991,192
(b) Asset (Gain)/Loss	(722,219)	(1,837,928)
(c) Assumption Change (Gain)/Loss	<u>(854,640)</u>	<u>(797,556)</u>
(9) Total Expense/(Income)	\$ 983,683	\$ (1,087,530)

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

	<b>Fiscal Year Ending 6/30/2025</b>	<b>Fiscal Year Ending 6/30/2026</b>
(1) Development of Service Cost:		
(a) Normal Cost at Beginning of Measurement Period	\$ 2,003,914	\$ 2,058,615
(2) Development of Interest Cost:		
(a) Total Pension Liability at Beginning of Measurement Period	\$ 67,876,484	\$ 65,070,069
(b) Normal Cost at Beginning of Measurement Period	2,003,914	2,058,615
(c) Actual Benefit Payments	(4,497,050)	(4,238,928)
(d) Discount Rate	<u>6.00%</u>	<u>6.90%</u>
(e) Interest Cost	\$ 4,059,878	\$ 4,488,074
(3) Development of Expected Investment Return:		
(a) Plan Fiduciary Net Position at Beginning of Measurement Period	\$ 59,186,816	\$ 69,522,952
(b) Actual Contributions – Employer	4,038,726	4,133,166
(c) Actual Contributions – Employee	2,723,813	2,777,479
(d) Actual Benefit Payments	(4,497,050)	(4,238,928)
(e) Administrative Expenses	(435,949)	(653,116)
(f) Other	0	0
(g) Expected Return on Assets	<u>6.00%</u>	<u>6.90%</u>
(h) Expected Return	\$ 3,605,296	\$ 4,865,564

## 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 June 30, 2024 to June 30, 2025.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c) = (a) - (b)
Balance Recognized at 6/30/2025 (Based on 7/1/2024 Measurement Date)	\$ 65,070,069	\$ 69,522,952	\$ (4,452,883)
<b>Changes Recognized for the Fiscal Year:</b>			
Service Cost	\$ 2,058,615	N/A	\$ 2,058,615
Interest on the Total Pension Liability	4,488,074	N/A	4,488,074
Changes of Benefit Terms	0	N/A	0
Differences Between Expected and Actual Experience	242,825	N/A	242,825
Changes of Assumptions	(268,224)	N/A	(268,224)
Benefit Payments	(4,238,928)	(4,238,928)	0
Contributions From the Employer	N/A	4,133,166	(4,133,166)
Contributions From the Employee	N/A	2,777,479	(2,777,479)
Net Investment Income	N/A	9,446,657	(9,446,657)
Administrative Expense	N/A	(653,116)	653,116
Other	N/A	0	0
Net Changes	\$ 2,282,362	\$ 11,465,258	\$ (9,182,896)
Balance Recognized at 6/30/2026 (Based on 7/1/2025 Measurement Date)	\$ 67,352,431	\$ 80,988,210	\$ (13,635,779)

## Liability (Gain)/Loss

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

	<b>Fiscal Year Ending 6/30/2025</b>	<b>Fiscal Year Ending 6/30/2026</b>
(1) Pension Liability at Beginning of Measurement Period	\$ 67,876,484	\$ 65,070,069
(2) Service Cost	2,003,914	2,058,615
(3) Interest on the Total Pension Liability	4,059,878	4,488,074
(4) Changes of Benefit Terms	251,937	0
(5) Changes of Assumptions	(8,801,896)	(268,224)
(6) Benefit Payments	<u>(4,497,050)</u>	<u>(4,238,928)</u>
(7) Expected Pension Liability at End of Measurement Period	\$ 60,893,267	\$ 67,109,606
(8) Actual Pension Liability at End of Measurement Period	<u>65,070,069</u>	<u>67,352,431</u>
(9) Pension Liability (Gain)/Loss	\$ 4,176,802	\$ 242,825
(10) Average Future Working Life Expectancy	<u>8.10</u>	<u>7.95</u>
(11) Pension Liability (Gain)/Loss Amortization	\$ 515,655	\$ 30,544

## Asset (Gain)/Loss

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

	<b>Fiscal Year Ending 6/30/2025</b>	<b>Fiscal Year Ending 6/30/2026<sup>1</sup></b>
(1) Pension Asset at Beginning of Measurement Period	\$ 59,186,816	\$ 69,522,952
(2) Contributions—Employer	4,038,726	4,133,166
(3) Contributions—Employee	2,723,813	2,777,479
(4) Expected Investment Income	3,605,296	4,865,564
(5) Benefit Payments	(4,497,050)	(4,238,928)
(6) Administrative Expense	(435,949)	(653,116)
(7) Other	<u>0</u>	<u>0</u>
(8) Expected Pension Asset at End of Measurement Period	\$ 64,621,652	\$ 76,407,117
(9) Actual Pension Asset at End of Measurement Period	<u>69,522,952</u>	<u>80,988,210</u>
(10) Pension Asset (Gain)/Loss	\$ (4,901,300)	\$ (4,581,093)
(11) Amortization Factor	<u>5.00</u>	<u>5.00</u>
(12) Pension Asset (Gain)/Loss Amortization	\$ (980,260)	\$ (916,219)

<sup>1</sup> Based on the market value per US Bank as of June 30, 2025. Unadjusted for County funds.

## Deferred Outflows/Inflows

The following table illustrates the Deferred Inflows and Outflows as of June 30, 2026 under GASB 68.

	<b>Deferred Outflows</b>	<b>Deferred Inflows</b>
(1) Difference Between Actual and Expected Experience	\$ 8,456,422	\$ 129,925
(2) Net Difference Between Expected and Actual Earnings on Pension Plan Investments	0	4,847,770
(3) Assumption Changes	<u>658,567</u>	<u>6,986,478</u>
(4) Sub Total	\$ 9,114,989	\$ 11,964,173
(5) Contributions Made in Fiscal Year Ending 6/30/2026 After Measurement Date	<u>TBD</u>	<u>N/A</u>
(6) Total	TBD	\$ 11,964,173

## Amortization of Deferred Inflows/Outflows

The table below lists the amortization bases included in the deferred inflows/outflows as of June 30, 2026.

Established	Type of Base	Period		Balance		Annual Payment
		Original	Remaining	Original	Remaining	
6/30/2025	Liability (Gain)/Loss	7.95	6.95	\$ 242,825	\$ 212,281	\$ 30,544
6/30/2025	Asset (Gain)/Loss	5.00	4.00	(4,581,093)	(3,664,874)	(916,219)
6/30/2025	Assumption Change	7.95	6.95	(268,224)	(234,485)	(33,739)
6/30/2024	Liability (Gain)/Loss	8.10	6.10	4,176,802	3,145,492	515,655
6/30/2024	Asset (Gain)/Loss	5.00	3.00	(4,901,300)	(2,940,780)	(980,260)
6/30/2024	Assumption Change	8.10	6.10	(8,801,896)	(6,628,588)	(1,086,654)
6/30/2023	Liability (Gain)/Loss	8.06	5.06	4,622,849	2,902,187	573,554
6/30/2023	Asset (Gain)/Loss	5.00	2.00	(2,791,073)	(1,116,428)	(558,215)
6/30/2022	Liability (Gain)/Loss	8.25	4.25	704,676	363,016	85,415
6/30/2022	Asset (Gain)/Loss	5.00	1.00	14,371,564	2,874,312	2,874,313
6/30/2022	Assumption Change	8.25	4.25	(61,072)	(31,460)	(7,403)
6/30/2021	Liability (Gain)/Loss	9.04	4.04	2,831,731	1,265,506	313,245
6/30/2021	Asset (Gain)/Loss	5.00	0.00	(11,287,727)	0	(2,257,547)
6/30/2021	Assumption Change	9.04	4.04	118,669	53,034	13,127
6/30/2020	Liability (Gain)/Loss	9.31	3.31	(365,443)	(129,925)	(39,253)
6/30/2020	Assumption Change	9.31	3.31	(258,607)	(91,945)	(27,777)
6/30/2019	Liability (Gain)/Loss	8.78	1.78	2,732,087	553,883	311,172
6/30/2019	Assumption Change	8.78	1.78	2,985,149	605,191	339,994
6/30/2018	Liability (Gain)/Loss	8.07	0.07	1,620,937	14,057	200,860
6/30/2018	Assumption Change	8.07	0.07	39,510	342	4,896
	<b>Total Charges</b>				<b>\$ (2,849,184)</b>	<b>\$ (644,292)</b>

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:**

2027	\$ 1,421,897
2028	\$ (1,610,070)
2029	\$ (1,559,765)
2030	\$ (533,253)
2031	\$ 31,920
Total Thereafter	\$ (599,913)

## 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, 2026.

(\$ in thousands)

<b>Year</b>	<b>Beginning</b>	<b>Total</b>	<b>Benefit</b>	<b>Administrative</b>	<b>Investment</b>	<b>Ending</b>
<b>Ending</b>	<b>Fiduciary</b>	<b>Contributions</b>	<b>Payments</b>	<b>Expenses</b>	<b>Earnings</b>	<b>Fiduciary</b>
<b>June 30</b> <sup>(2)</sup>	<b>Net Position</b>					<b>Net Position</b> <sup>(1)</sup>
	<b>(a)</b>	<b>(b)</b>	<b>(c)</b>	<b>(d)</b>	<b>(e)</b>	<b>(f)</b>
2026	\$ 80,988	\$ 7,104	\$ 4,894	\$ 455	\$ 5,652	\$ 88,395
2027	88,395	1,993	4,072	457	6,014	91,873
2028	91,873	1,868	4,127	472	6,248	95,390
2029	95,390	1,605	4,234	485	6,477	98,753
2030	98,753	1,525	4,338	498	6,703	102,145
2031	102,145	1,836	4,402	511	6,945	106,012
2032	106,012	4,156	4,423	525	7,290	112,509
2033	112,509	4,240	4,520	540	7,738	119,427
2034	119,427	4,338	4,608	555	8,215	126,817
2035	126,817	4,235	4,798	571	8,714	134,397
2036	134,397	3,637	4,907	587	9,213	141,753
2037	141,753	3,683	4,982	603	9,719	149,570
2038	149,570	2,327	5,134	621	10,205	156,347
2039	156,347	1,916	5,182	639	10,657	163,100
2040	163,100	1,934	5,301	658	11,118	170,192
2041	170,192	1,938	5,391	677	11,604	177,667
2042	177,667	2,051	5,618	698	12,115	185,517
2043	185,517	2,127	5,705	719	12,656	193,876
2044	193,876	2,247	5,750	740	13,235	202,868
2045	202,868	2,296	5,837	762	13,853	212,418
2046	212,418	2,361	5,860	785	14,513	222,647
2047	222,647	2,571	5,952	809	15,222	233,679
2048	233,679	2,546	6,107	834	15,976	245,260
2049	245,260	2,750	6,167	860	16,779	257,762
2050	257,762	2,820	6,222	887	17,642	271,115
2051	271,115	2,927	6,331	914	18,562	285,359
2052	285,359	3,038	6,440	942	19,544	300,559
2053	300,559	3,096	6,595	971	20,589	316,679
2054	316,679	3,215	6,673	1,000	21,701	333,922
2055	333,922	3,361	6,741	1,031	22,893	352,403

<sup>1</sup> (f) = (a) + (b) - (c) - (d) + (e)

<sup>2</sup> Years later than 2055 were omitted from this table.

## Plan Fiduciary Net Position

The last year in which projected benefit payments are due from the Plan is 2123.

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 percent per annum was applied to all periods of projected benefit payments to determine the total Pension liability as of June 30, 2026 shown earlier in this report, pursuant paragraph 36 of GASB Statement No. 68.

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

- (1) Interest rate for discounting was 6.90 percent 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 2026 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 Paragraphs 398 of GASB Statement No. 68, and are based on the closed group of active, retired members and beneficiaries as of June 30, 2025. Benefit payments are assumed to be paid mid-year.
- (5) Administrative expenses are assumed to be \$450,000 for 2026 and are projected 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, 2025.

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

The following table illustrates the impact of interest rate sensitivity on the Net Pension Liability for fiscal year ending June 30, 2026.

	<b>1% Decrease (5.90%)</b>	<b>Current Rate (6.90%)</b>	<b>1% Increase (7.90%)</b>
(1) Total Pension Liability	\$ 77,400,892	\$ 67,352,431	\$ 59,382,449
(2) Plan Fiduciary Net Position	<u>(80,988,210)</u>	<u>(80,988,210)</u>	<u>(80,988,210)</u>
(3) Net Pension Liability (Asset)	\$ (3,587,318)	\$ (13,635,779)	\$ (21,605,761)

## Disclosure – Changes in the Net Pension Liability and Related Ratios<sup>1</sup>

	Fiscal Year Ending				
	2017	2018	2019	2020	2021
<b>Total Pension Liability</b>					
Service Cost	\$ 1,717,422	\$ 1,913,998	\$ 1,299,918	\$ 1,082,026	\$ 1,255,013
Interest Cost	2,186,254	2,358,408	2,547,913	2,747,097	3,200,332
Changes of Benefit Terms	0	0	0	0	0
Differences Between Expected and Actual Experiences	1,524,469	1,456,980	1,620,937	2,732,087	(365,443)
Changes of Assumptions	(594,082)	(746,218)	39,510	2,985,149	(258,607)
Benefit Payments	(1,506,614)	(1,757,166)	(1,726,399)	(2,222,152)	(2,107,016)
<b>Net Change in Total Pension Liability</b>	\$ 3,327,449	\$ 3,226,002	\$ 3,781,879	\$ 7,324,207	\$ 1,724,279
<b>Total Pension Liability (Beginning)</b>	35,462,479	38,789,928	42,015,930	45,797,809	53,122,016
<b>Total Pension Liability (Ending)</b>	\$ 38,789,928	\$ 42,015,930	\$ 45,797,809	\$ 53,122,016	\$ 54,846,295
<b>Plan Fiduciary Net Position</b>					
Contributions—Employer	\$ 667,952	\$ 1,341,340	\$ 815,531	\$ 831,825	\$ 811,519
Contributions—Member	1,399,254	1,674,410	1,632,926	1,701,351	1,722,324
Net Investment Income	(116,966)	4,288,900	3,647,640	1,939,447	1,622,054
Benefit Payments	(1,506,614)	(1,757,166)	(1,726,399)	(2,222,152)	(2,107,016)
Administrative Expense	(188,657)	(127,973)	(347,081)	(251,756)	(257,402)
Other	0	0	0	0	0
<b>Net Change in Plan Fiduciary Net Position</b>	\$ 254,969	\$ 5,419,511	\$ 4,022,617	\$ 1,998,715	\$ 1,791,479
<b>Plan Fiduciary Net Position (Beginning)</b>	31,878,878	32,133,847	37,553,358	41,575,975	43,574,690
<b>Plan Fiduciary Net Position (Ending)</b>	\$ 32,133,847	\$ 37,553,358	\$ 41,575,975	\$ 43,574,690	\$ 45,366,169
<b>Net Pension Liability (Ending)</b>	\$ 6,656,081	\$ 4,462,572	\$ 4,221,834	\$ 9,547,326	\$ 9,480,126
<b>Net Position as a Percentage of Pension Liability</b>	82.84%	89.38%	90.78%	82.03%	82.72%
<b>Covered-Employee Payroll</b>	\$ 33,058,770	\$ 34,610,720	\$ 29,381,080	\$ 32,096,397	\$ 27,012,910
<b>Net Pension Liability as a Percentage of Payroll</b>	20.13%	12.89%	14.37%	29.75%	35.09%

<sup>1</sup> GASB 68 was effective first for employer fiscal years beginning after June 15, 2014.

## Disclosure – Changes in the Net Pension Liability and Related Ratios<sup>1</sup>

	Fiscal Year Ending				
	2022	2023	2024	2025	2026
<b>Total Pension Liability</b>					
Service Cost	\$ 1,099,119	\$ 1,621,033	\$ 2,012,827	\$ 2,003,914	\$ 2,058,615
Interest Cost	3,289,615	3,557,579	3,684,575	4,059,878	4,488,074
Changes of Benefit Terms	0	0	0	251,937	0
Differences Between Expected and Actual Experiences	2,831,731	704,676	4,622,849	4,176,802	242,825
Changes of Assumptions	118,669	(61,072)	0	(8,801,896)	(268,224)
Benefit Payments	(2,270,047)	(4,553,205)	(3,628,160)	(4,497,050)	(4,238,928)
<b>Net Change in Total Pension Liability</b>	\$ 5,069,087	\$ 1,269,011	\$ 6,692,091	\$ (2,806,415)	\$ 2,282,362
<b>Total Pension Liability (Beginning)</b>	54,846,295	59,915,382	61,184,393	67,876,484	65,070,069
<b>Total Pension Liability (Ending)</b>	\$ 59,915,382	\$ 61,184,393	\$ 67,876,484	\$ 65,070,069	\$ 67,352,431
<b>Plan Fiduciary Net Position</b>					
Contributions—Employer	\$ 2,281,929	\$ 3,140,160	\$ 3,755,492	\$ 4,038,726	\$ 4,133,166
Contributions—Member	2,268,481	2,107,867	2,523,702	2,723,813	2,777,479
Net Investment Income	14,068,526	(10,678,121)	5,918,612	8,506,596	9,446,657
Benefit Payments	(2,270,047)	(4,553,205)	(3,628,160)	(4,497,050)	(4,238,928)
Administrative Expense	(290,416)	(425,459)	(398,714)	(435,949)	(653,116)
Other	0	0	0	0	0
<b>Net Change in Plan Fiduciary Net Position</b>	\$ 16,058,473	\$ (10,408,758)	\$ 8,170,932	\$ 10,336,136	\$ 11,465,258
<b>Plan Fiduciary Net Position (Beginning)</b>	45,366,169	61,424,642	51,015,884	59,186,816	69,522,952
<b>Plan Fiduciary Net Position (Ending)</b>	\$ 61,424,642	\$ 51,015,884	\$ 59,186,816	\$ 69,522,952	\$ 80,988,210
<b>Net Pension Liability (Ending)</b>	\$ (1,509,260)	\$ 10,168,509	\$ 8,689,668	\$ (4,452,883)	\$ (13,635,779)
<b>Net Position as a Percentage of Pension Liability</b>	102.52%	83.38%	87.20%	106.84%	120.25%
<b>Covered-Employee Payroll</b>	\$ 32,217,343	\$ 23,507,247	\$ 40,675,747	\$ 60,816,029	\$ 36,834,370
<b>Net Pension Liability as a Percentage of Payroll</b>	-4.68%	43.26%	21.36%	-7.32%	-37.02%

<sup>1</sup> GASB 68 was effective first for employer fiscal years beginning after June 15, 2014.

## Disclosure – Contribution Schedule

### Contributions

	Fiscal Year Ending				
	2017	2018	2019	2020	2021
Actuarially Determined Contribution	\$ 727,119	\$ 656,930	\$ 610,522	\$ 474,617	\$ 1,325,770
Contributions Made in Relation to the Actuarially Determined Contribution	1,341,340	815,531	831,825	811,519	2,281,929
Contribution Deficiency (Excess)	\$ (614,221)	\$ (158,601)	\$ (221,303)	\$ (336,902)	\$ (956,159)
Covered-Employee Payroll <sup>1</sup>	\$ 44,650,933	\$ 43,544,693	\$ 50,109,940	\$ 53,040,458	\$ 56,764,403
Contributions as a Percentage of Payroll	3.00%	1.87%	1.66%	1.53%	4.02%

	Fiscal Year Ending				
	2022	2023	2024	2025	2026
Actuarially Determined Contribution	\$ 1,547,637	\$ 0	\$ 0	\$ 0	TBD
Contributions Made in Relation to the Actuarially Determined Contribution	3,140,160	3,755,492	4,038,726	4,133,166	TBD
Contribution Deficiency (Excess)	\$ (1,592,523)	\$ (3,755,492)	\$ (4,038,726)	\$ (4,133,166)	TBD
Covered-Employee Payroll <sup>1</sup>	\$ 56,275,269	\$ 67,302,724	\$ 72,378,602	\$ 74,071,075	TBD
Contributions as a Percentage of Payroll	5.58%	5.58%	5.58%	5.58%	TBD

<sup>1</sup> Covered-Employee Payroll represents the total compensation over the Measurement Period.

## Disclosure – Schedule of Investment Returns

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

Year Ending June 30,	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Annual Money-Weighted Rate of Return <sup>1</sup>	(0.36%)	13.12%	9.66%	4.66%	3.72%	30.35%	(17.35%)	11.35%	14.15%	13.39%

### Notes to Schedules:

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

### Methods and Assumptions Used to Determine 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	6.90%, net of Pension plan investment expense, including inflation
Retirement Age	See assumption section
Mortality	Pub-2016 amount weighted tables for General employees of all income levels, projected using Scale MP-2021 from 2016

<sup>1</sup> Net of investment expense

## Participant Data

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## Participant Information

The below exhibits summarize participant demographic information as of June 30, 2025.

### Number of Participants

Actives	1,510
Full-time Actives (not accruing benefits) <sup>1</sup>	5,959
Deferred Vested	2,922
Retirees	<u>639</u>
Total	11,030

### Participant Compensation – Active Participants Currently Accruing Benefits

Compensation (prior year)	\$36,834,370
Number of Active Participants below assumed retirement age	1,484
Average Compensation	\$24,821

### Actives

Average Age	39.53
Average Benefit Service (years)	2.85

### Full-time Actives

Average Age	43.30
Average Accrued Annual Benefit	\$689

### Deferred Vested

Average Age	49.89
Average Accrued Annual Benefit	\$1,884

### Retired

Average Age	73.85
Average Annual Benefit	\$3,617

### Reconciliation of Participants from Prior Valuation

	Actives	Full-time Actives	Terminated Vested	Retirees and Beneficiaries	Totals
As of July 1, 2024	2,591	5,311	2,631	590	11,123
Classification Change	(632)	632	N/A	N/A	0
New Entrants	823	357	221	0	1,401
Vested Terminations	(531)	(137)	668	0	0
Rehires	14	26	(40)	0	0
Retired	(5)	(7)	(40)	53	1
Deaths	0	0	(1)	(4)	(5)
Lump Sum Cashouts	(750)	(223)	(517)	0	(1,490)
Data Correction	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change	(1,081)	648	291	49	(93)
As of July 1, 2025	1,510	5,959	2,922	639	11,030

<sup>1</sup> Participants who become full-time employees and transfer to CalPERS are no longer accruing a benefit under the plan.

**Active Age Distribution**

Age	Number of Participants
15-19	12
20-24	173
25-29	267
30-34	276
35-39	222
40-44	122
45-49	98
50-54	94
55-59	62
60-64	71
65-69	40
70-74	47
75 +	<u>26</u>
Total	1,510

**Active Career Earnings Distribution**

Career Earnings	Number of Participants
Under \$5,000	338
\$5,000 - \$10,000	255
\$10,000 - \$25,000	348
\$25,000 - \$50,000	102
\$50,000 - \$100,000	130
Over \$100,000	<u>337</u>
Total	1,510

**Development of GASB 68 Amortization Period for Changes in Liability**

Status	July 1, 2024		July 1, 2025	
	2024 Count	Average Future Working Life	2025 Count	Average Future Working Life
Actives	2,591	0.91	1,510	0.91
Actives Not Accruing Benefits	5,311	16.21	5,959	16.05
Deferred Vested Terminated	2,631	0.00	2,922	0.00
Retirees	<u>590</u>	<u>0.00</u>	<u>639</u>	<u>0.00</u>
Total/Weighted Average	11,123	7.95	11,030	8.80

# Actuarial Assumptions and Methods

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**1. Actuarial Cost Method**

Actuarially Determined Contributions – Projected Unit Credit  
GASB 68 – Entry Age Normal

**2. Actuarially Determined Contribution (ADC) Methodology**

ADC developed 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.

**3. GASB Discount Rate**

6.90% - as of 7/1/2025

6.90% - as of 7/1/2024

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**

5.20% - as of 7/1/2025

3.93% - as of 7/1/2024

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 of 2.30%.

Best estimates of geometric real rates of return for each major asset class included in the plan's asset allocation as of June 30, 2025 are summarized in the following table:

	<b>Expected Nominal Rate of Return</b>	<b>Expected Real Rate of Return</b>	<b>Allocation</b>
Core Plus - Fixed Income (Model Portfolios)	5.40%	3.03%	25.60%
Private Real Estate (Core)	5.80%	3.42%	5.80%
U.S. REITs	6.40%	4.01%	5.80%
Liquid Return-Seeking Fixed Income (Institutional Quality)	7.00%	4.59%	7.00%
85% ACWI/15% Russell 3000	6.80%	4.40%	<u>55.80%</u>
Total Portfolio			100.00%

The analysis of Aon's June 30, 2025 Capital Market Assumptions and the Plan's asset allocation, resulted in a range of reasonable returns between 5.96%-7.59%.

**7. Inflation**

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

**8. Salary Increases**

2.80% per year

**9. Payroll Growth (used for amortization of unfunded liability)**

2.80% per year – same as CalPERS assumption

**10. Mortality**

Rates are based on the Pub-2016 amounts-weighted tables for general employees of all income levels, with generational future improvement scale MP-2021.

Sample rates for the 2016 base year mortality are as follows:

<b>Age</b>	<b>Male</b>	<b>Female</b>
25	0.042%	0.013%
30	0.048%	0.019%
35	0.052%	0.028%
40	0.069%	0.041%
45	0.099%	0.061%
50	0.147%	0.092%
55	0.226%	0.137%
60	0.341%	0.207%
65	0.493%	0.313%
70	0.729%	0.476%
75	1.151%	0.724%
80	1.857%	1.101%
85	8.271%	6.441%
90	15.027%	11.648%

**11. Termination Rates**

**Actives (accruing benefits)**

<b>Attained Age</b>	<b>Years of Service</b>	
	<b>0-2</b>	<b>2+</b>
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 Age	Years of Service						
	0 - 1	5	10	15	20	25	30
25	17.69%	8.43%	3.77%	0.00%	0.00%	0.00%	0.00%
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%
60	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
65	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
70	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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
25	18.99%	10.74%	5.02%	0.00%	0.00%	0.00%	0.00%
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%
60	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
65	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
70	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

**12. Retirement Rates**

**Actives (accruing benefit)**

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%

**13. 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

**14. 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.

**15. 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.

**16. Administrative Expenses**

Assumed \$450,000 per year

**17. Participants Valued**

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

## Changes in Assumptions and Methods Since the Prior Valuation

The following assumptions were changed from the prior valuation:

- Mortality assumption was updated to reflect the most recent Pub-2016 mortality rates.
- Plan administrative expenses were updated to better reflect expected costs.

## Discussion of Actuarial Assumptions and Methods

County of Riverside selected the economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB 68. Aon provided guidance with respect to these assumptions, and it is our belief that the assumptions represent reasonable expectations of anticipated plan experience.

## Calculation of Normal Costs and Liabilities

The method used to calculate the service cost and liability for determining Pension expense is the entry age normal cost method. Under this cost method, the actuarial accrued liability is based on a prorated portion of the present value of all benefits earned to date over expected future working lifetime as defined by GASB. The proration is determined so that the cost with respect to service accrued from date of hire is recognized as a level percentage of pay each year. The Normal Cost is equal to the prorated cost for the year of the valuation.

## Accounting Information Under GASB 68

Benefit obligations and expense/(income) are calculated under U.S. Generally Accepted Accounting Principles as set forth in Government Accounting Standards Board Statement 68.

The total Pension Liability represents the actuarial present value of benefits based on the entry age normal cost method as of the measurement date. The service cost represents the actuarial present value of benefits that are attributed to the 2026 fiscal year, reflecting the effect of assumed future health care claim cost and/or pay increases.

The Pension Expense is the annual amount to be recognized in the income statement as the cost of Pension benefits for this plan for the period ending June 30, 2026.

# Plan Provisions

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## Summary of Principal Plan Provisions

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

**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

None.

# Appendix

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## Estimated Annual Expense for FYE 2027

### Development of Annual Expense FYE 2027 under GASB 68 (Estimate)

The estimated expense amount shown below has been prepared for GASB 68 for the fiscal year ending June 30, 2027.

The Actuarial Accrued Liability as of July 1, 2025 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, 2025, Measurement Date of July 1, 2026 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.*

<b>Unfunded Actuarial Accrued Liability</b>	<b>July 1, 2025</b>
Actuarial Accrued Liability	\$67,352,431
Value of Plan Assets	<u>80,988,210</u>
Unfunded Actuarial Accrued Liability (UAAL)	(\$13,635,779)

<b>Estimated Annual Expense/(Income)<sup>1</sup></b>	<b>FYE June 30, 2027</b>
Service Cost	\$ 1,630,000
Interest Cost	4,594,000
Expected Return on Assets	(5,648,000)
Employee Contributions <sup>2</sup>	(2,855,000)
Administrative Expense	450,000
Plan Changes	0
Amortization of Unrecognized	
(a) Liability (Gain)/Loss	1,804,000
(b) Asset (Gain)/Loss	420,000
(c) Assumption Changes	<u>(802,000)</u>
(d) Total	1,422,000
Annual Expense/(Income)	\$(407,000)

<sup>1</sup> Final FYE 2027 expense information will be provided in the actuarial valuation based on a June 30, 2026 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, 2025 to June 30, 2026

<sup>2</sup> Employee contribution was estimated based on total compensation during FY2025, assuming a constant active population

## 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, 5.20%, 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.

	<b>Measurement Date</b> <b>July 1, 2025</b>
LDROM	\$86,063,923
Interest Rate	5.20%
Actuarial Cost Method	Entry Age Normal

## Supplemental Information for California State Reporting

The California State Controller's Office (SCO) requires all California public employee retirement systems to annually furnish a "Financial Transactions Report" (FTR) and audited financial statements, and report certain information as it relates to their benefit plans. While most of the required information is provided throughout this report, the following exhibits include the additional information to be submitted.

### Plan Information

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Plan Name	County of Riverside Part-Time and Temporary Employees' Retirement Plan
Mailing Address	County of Riverside 4080 Lemon Street Riverside, CA 92502
Date Established	1997
Fiscal Year End	June 30
Plan Status	Open Tiers
Current Year Audit	See separate report from the County
Adoption Agreement	See separate document from the County

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### Additional Investment Return Information

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	1 Year	3 Years	5 Years
Money-Weighted Rate of Return	13.39%	44.15%	55.02%
Time-Weighted Rate of Return	13.39%	44.14%	55.29%

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**Statement of Fiduciary Net Position**

**Assets**

Cash and Cash Equivalents \$ 2,503,682

Receivables

Contributions

Investments \$ 7,704

Other Receivables

Total Receivables \$ 7,704

Investments, at Fair Value

Short-Term Investments

U.S. Government Obligations

Municipal Bonds

Domestic Corporate Bonds

International Bonds

Domestic Stocks

International Stocks

Real Estate

Private Equity

Hedge Funds

Other Investments \$ 78,476,824

Total Investments \$ 80,988,210

Securities Lending Collateral

Capital Assets, Net of Accumulated Depreciation

Other Assets

**Total Assets** \$ 80,988,210

**Deferred Outflows of Resources**

**Liabilities**

Benefits Payable

Accounts Payable

Investment Purchases Payable

Securities Lending Obligation

Other Liabilities

**Total Liabilities**

**Deferred Inflows of Resources**

**Net Position Restricted for Pension Benefits** \$ 80,988,210

**Statement of Changes in Fiduciary Net Position**

**Contributions**

Employer

General	\$ 4,133,166
Safety	
Combined	
Total Employer	\$ 4,133,166

Member

General	\$ 2,777,479
Safety	
Combined	
Total Member	\$ 2,777,479

Other Contributions

General	
Safety	
Combined	
Total Other Contributions	
<b>Total Contributions</b>	<b>\$ 6,910,645</b>

**Investment Income (Loss)**

Net Appreciation (Depreciation) in Fair Value of Investments	
Interest	\$ 87,706
Dividends	\$ 338,414
Other Investment Income	\$ 8,979,849
(Investment Expense)	
Securities Lending Income (Loss)	
Securities Lending Income	
(Securities Lending Expense)	
Net Securities Lending Income (Loss)	
<b>Net Investment Income (Loss)</b>	<b>\$ 9,405,969</b>

<b>Other Income</b>	<b>\$ 40,688</b>
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<b>Total Additions</b>	<b>\$ 16,357,302</b>
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**Statement of Changes in Fiduciary Net Position (Cont.)**

**Benefit Payments**

Service Retirement

General	\$ 4,238,928
Safety	
Combined	
Total Service Retirement	\$ 4,238,928

Disability Retirement

General	
Safety	
Combined	
Total Disability Retirement	

Other Benefit Payments

General	
Safety	
Combined	
Total Other Benefit Payments	

<b>Total Benefit Payments</b>	<b>\$ 4,238,928</b>
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**Member Refunds**

General	
Safety	
Combined	
<b>Total Member Refunds</b>	

<b>Administrative Expenses</b>	<b>\$ 653,116</b>
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**Other Expenses**

<b>Total Deductions</b>	<b>\$ 4,892,044</b>
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<b>Net Increase (Decrease) in Net Position</b>	<b>\$ 11,465,258</b>
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<b>Net Position Restricted for Pension Benefits, beginning of year</b>	<b>\$ 69,522,952</b>
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**Adjustment 1**

**Adjustment 2**

<b>Net Position Restricted for Pension Benefits, end of year</b>	<b>\$ 80,988,210</b>
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