



Alameda County Employees' Retirement Association
BOARD OF RETIREMENT

AUDIT COMMITTEE/BOARD MEETING
NOTICE and AGENDA

ACERA MISSION:

To provide ACERA members and employers with flexible, cost-effective, participant-oriented benefits through prudent investment management and superior member services.

Thursday, April 16, 2026
12:30 p.m.

LOCATION AND TELECONFERENCE	COMMITTEE MEMBERS	
<p>ACERA C.G. "BUD" QUIST BOARD ROOM 475 14TH STREET, 10TH FLOOR OAKLAND, CALIFORNIA 94612-1900 MAIN LINE: 510.628.3000 FAX: 510.268.9574</p> <p>The public can observe the meeting and offer public comment by using the below Webinar ID and Passcode after clicking on the below link or calling the below call-in number.</p> <p>Link: https://zoom.us/join Call-In: 1 (669) 900-6833 US Webinar ID: 879 6337 8479 Passcode: 699406 For help joining a Zoom meeting, see: https://support.zoom.us/hc/en-us/articles/201362193</p>	STEVEN WILKINSON, CHAIR	APPOINTED
	HENRY LEVY, VICE-CHAIR	TREASURER
	KEITH CARSON	APPOINTED
	ROSS CLIPPINGER	ELECTED SAFETY
	ELIZABETH ROGERS	ELECTED RETIRED

The Alternate Retired Member votes in the absence of the Elected Retired Member, or, if the Elected Retired Member is present, then votes if both Elected General Members, or the Safety Member and an Elected General Member, are absent.

This is a meeting of the Audit Committee if a quorum of the Audit Committee attends, and it is a meeting of the Board if a quorum of the Board attends. This is a joint meeting of the Audit Committee and the Board if a quorum of each attends.

Note regarding accommodations: If you require a reasonable modification or accommodation for a disability, please contact ACERA between 9:00 a.m. and 5:00 p.m. at least 72 hours before the meeting at accommodation@acera.org or at 510-628-3000.

Public comments are limited to four (4) minutes per person in total. The order of items on the agenda is subject to change without notice. Board and Committee agendas and minutes and all documents distributed to the Board or a Committee in connection with a public meeting (unless exempt from disclosure) are posted online at www.acera.org and also may be inspected at 475 14th Street, 10th Floor, Oakland, CA 94612-1900.

AUDIT COMMITTEE/BOARD MEETING

NOTICE and AGENDA, Page 2 of 2 - Thursday, April 16, 2026

Call to Order 12:30 p.m.

Roll Call

Public Input (Time Limit: 4 minutes per speaker)

Action Items: Matters for Discussion and Possible Motion by the Committee

None

Information Items: These items are not presented for Committee action but consist of status updates and cyclical reports.

External Audit

1. Presentation and discussion of the GASB Statement No. 67 Valuation and addendum as of December 31, 2025

- Lisa Johnson
- Todd Tauzer, Segal
- Eva Yum, Segal

2. Presentation and discussion of the GASB Statement No. 74 Valuation and addendum as of December 31, 2025

- Lisa Johnson
- Todd Tauzer, Segal
- Eva Yum, Segal

Internal Audit

1. ACE Award Recognition

- Harsh Jadhav

2. Progress Report on the internal Audit Plan

- Harsh Jadhav

3. Review Complete Audits and Projects

- Harsh Jadhav

4. Cybersecurity Update

- Vijay Jagar

Trustee Remarks

Future Discussion Items

Establishment of Next Meeting Date


May 21, 2026



MEMORANDUM TO THE AUDIT COMMITTEE

DATE: April 16, 2026

TO: Members of the Audit Committee

FROM: Lisa Johnson, Assistant Chief Executive Officer 

SUBJECT: Draft Governmental Accounting Standards Board (GASB) Statement No. 67 and Statement No. 74 Actuarial Valuations and Addendums as of December 31, 2025

Executive Summary

Staff is in receipt of the draft GASB Statement No. 67 and GASB Statement No. 74 (GASB 67 and GASB 74, respectively) actuarial valuations and addendums as of December 31, 2025. It has been staff's practice to bring the GASB 67 and GASB 74 valuations (*liability reporting*) to the audit committee for review and approval, as opposed to the pension valuation (*contribution funding*), which staff takes to the actuarial committee.

The GASB 67 valuation measures and reports the Total/Net Pension Liability (TPL/NPL), while the GASB 74 valuation measures and reports the Total/Net OPEB (Other Postemployment Benefits) Liability (TOL/NOL).

GASB Statement No. 67, Reporting the 2024 Net Pension Liability (NPL)

As of December 31, 2025, the Net Pension Liability (NPL) decreased from \$1.5 billion as of December 31, 2024, to \$0.5 billion as of December 31, 2025. The \$1.0 billion decrease in the NPL was primarily due to \$400 million in additional voluntary County General contributions to reduce their UAAL and a favorable investment return during calendar year 2025.

Consider the following points when reviewing the GASB 67 report:

- The GASB rules only define pension and non-OPEB liability and expense for financial reporting purposes, and do not apply to contribution amounts for pension funding purposes. Employers and plans must still develop and adopt funding policies under current practices.
- When measuring **pension liability**, GASB 67 uses the same actuarial cost method (Entry Age) and the same type of discount rate (expected return on assets) as ACERA uses for funding. This means that the TPL measure for financial reporting shown in the report is determined on generally the same basis as ACERA's Actuarial Accrued Liability (AAL) measure for funding. Note that the same is generally true for the Normal Cost component of the annual plan cost for funding and financial reporting.
- The **Net Pension Liability (NPL)** is equal to the difference between the TPL and the Plan's Fiduciary Net Position. The Plan's Fiduciary Net Position is equal to the market value of assets and therefore, the NPL measure is very similar to an Unfunded Actuarial Accrued Liability (UAAL) calculated on a market value basis.

GASB Statement No. 74, Reporting the 2024 Net OPEB Liability/Asset (NOL/NOA)

As of December 31, 2025, the Net OPEB Liability/Asset (NOL/NOA) decreased from \$229.0 million Net OPEB Liability as of December 31, 2024, to \$22.6 million Net OPEB Asset as of December 31, 2025. The \$251.6 million decrease in the NOL was primarily due to the result of favorable investment results during calendar year 2025.

Consider the following points when reviewing the GASB 74 report:

- The GASB rules only define OPEB liability and expense for financial reporting purposes, and do not apply to contribution amounts for OPEB plan funding purposes. Employers and plans must still develop and adopt funding policies under current practices.
- When measuring **OPEB liability**, GASB 74 uses the same actuarial cost method (Entry Age) and for benefits that are being fully funded on an actuarial basis, the same expected return on Plan assets as used for funding. This means that the TOL measure for financial reporting shown in this report is determined on the same basis as the Actuarial Accrued Liability (AAL) measure for funding or sufficiency purposes.
- The **Net OPEB Liability (NOL)** is equal to the difference between the TOL and the Plan's Fiduciary Net Position. The Plan's Fiduciary Net Position is equal to the market value of assets. The NOL reflects all investment gains and losses as of the measurement date.

Conclusion

Segal is prepared to discuss the GASB 67 and the GASB 74 reporting valuations/addendums and, if necessary, the methodology used for calculating and reporting the NPL and NOL, which subsequently determines each employer's proportionate share of liability.

Attachment:

ACERA GASB 67 Valuation Draft
ACERA GASB 67 Addendum Draft
ACERA GASB 74 Valuation Draft
ACERA GASB 74 Addendum Draft

Alameda County Employees' Retirement Association

**Governmental Accounting Standards Board
Statement No. 67 Actuarial Valuation
as of December 31, 2025**

DRAFT



This valuation report should only be copied, reproduced, or shared with other parties in its entirety as necessary for the proper administration of the Plan.

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Segal



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April 3, 2026

Board of Retirement
Alameda County Employees' Retirement Association
475 14th Street, Suite 1000
Oakland, CA 94612

Dear Board Members:

We are pleased to submit this Governmental Accounting Standards Board Statement No. 67 (GASB 67) Accounting Valuation as of December 31, 2025 for the Alameda County Employees' Retirement Association ("ACERA" or "the Plan"). It contains various information that will need to be disclosed in order to comply with GASB 67. Please refer to ACERA's Actuarial Valuation and Review as of December 31, 2024, dated May 23, 2025, for the data and ACERA's Actuarial Valuation and Review as of December 31, 2025, dated April 2, 2026, for the assumptions and plan of benefits underlying these calculations.

This report has been prepared in accordance with generally accepted actuarial principles and practices for the exclusive use and benefit of the Board of Retirement (the Board), based upon information provided by the staff of the Plan and the Plan's other service providers.

The measurements shown in this actuarial valuation may not be applicable for other purposes. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and changes in plan provisions or applicable law.

The actuarial calculations were completed under the supervision of Eva Yum, FSA, MAAA, Enrolled Actuary. We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. To the best of our knowledge, the information supplied in the actuarial valuation is complete and accurate. The assumptions used in this actuarial valuation were selected by the Board based upon our analysis and recommendations. In our opinion, the assumptions are reasonable and take into account the experience of ACERA and reasonable expectations. In addition, in our opinion, the combined effect of these assumptions is expected to have no significant bias.

Board of Retirement
April 3, 2026

Segal makes no representation or warranty as to the future status of the Plan and does not guarantee any particular result. This document does not constitute legal, tax, accounting or investment advice or create or imply a fiduciary relationship. The Board is encouraged to discuss any issues raised in this report with the Plan's legal, tax and other advisors before taking, or refraining from taking, any action.

We look forward to reviewing this report with you and to answering any questions.

Sincerely,

Segal

Todd Tauzer, FSA, MAAA, FCA, CERA
Senior Vice President and Actuary

Eva Yum, FSA, MAAA, EA
Vice President and Actuary

Daniel Siblik, ASA, MAAA, FCA, EA
Vice President and Actuary

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Section 1: Actuarial Valuation Summary

Purpose and basis

This report has been prepared by Segal to present certain disclosure information required by Governmental Accounting Standards Board Statement No. 67 (GASB 67) as of December 31, 2025. Determinations for purposes other than meeting financial accounting requirements may be significantly different from the results reported here. This report is based on:

- The benefit provisions of ACERA, as administered by the Board;
- The characteristics of covered active, inactive, and retired members and beneficiaries as of November 30, 2024,¹ provided by the staff of the ACERA;
- The assets of the Plan as of December 31, 2025, provided by ACERA;
- Economic assumptions regarding future salary increases and investment earnings adopted by the Board for the December 31, 2025 funding valuation; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc. adopted by the Board for the December 31, 2025 funding valuation.

General observations on a GASB 67 actuarial valuation

1. The Governmental Accounting Standards Board (GASB) rules only define pension liability and expense for financial reporting purposes, they do not apply to contribution amounts for pension funding purposes. Employers and plans should continue to develop and adopt funding policies under current practices.
2. When measuring pension liability, GASB uses the same actuarial cost method (Entry Age method) and the same type of discount rate (expected return on assets) as ACERA uses for funding. This means that the Total Pension Liability (TPL) measure for financial reporting shown in this report is generally determined on the same basis as ACERA's actuarial accrued liability (AAL) measure for funding. We note that the same is generally true for the service cost for financial reporting shown in this report and the normal cost component of the annual plan cost for funding.
3. The Net Pension Liability (NPL) is equal to the difference between the TPL and the Plan Fiduciary Net Position (FNP). The Plan FNP is equal to the fair value of assets and therefore, the NPL measure is very similar to an unfunded actuarial accrued liability (UAAL) on a market value basis.

¹ Data as of November 30 has been adjusted to December 31 by adding one month of age and, for active members, one month of service.

Section 1: Actuarial Valuation Summary

Highlights of the valuation

1. The reporting date for the Plan is December 31, 2025 and the NPL was measured as of the same date. The TPL was determined based upon rolling forward the TPL from the actuarial funding valuation as of December 31, 2024 while the Plan FNP was valued as of the measurement date. In addition, any changes in actuarial assumptions or plan provisions that occurred between the valuation date and the measurement date have been reflected.

Similar to last year, we have included in the TPL as of December 31, 2025 the unlimited non-OPEB AAL of \$224.4 million, which was calculated by rolling forward the total unlimited non-OPEB AAL as of December 31, 2024.

2. The County made voluntary County General contributions of \$400 million on June 27, 2025 to reduce their General UAAL and associated employer contribution rates. The County General actuarially determined contributions were determined to reflect the amortization of these voluntary contributions.
3. The NPL decreased from \$1.5 billion as of December 31, 2024 to \$0.5 billion as of December 31, 2025 primarily due to \$400 million in additional voluntary County General contributions to reduce their UAAL and associated employer contribution rates and favorable investment experience,² a return on the market value of assets of 13.2% during calendar year 2025 that was greater than the assumption of 7.00% used in the December 31, 2024 valuation (a gain of about \$688 million³). Changes in these values during the last two fiscal years can be found in *Section 2, Exhibit 3: Schedule of changes in Net Pension Liability* on page 21.
4. As we disclosed in our December 31, 2025 funding valuation report, the 7.00% investment return assumption that the Board approved on December 21, 2023 for determining the liabilities for funding purposes and used for establishing the employer and employee contribution rates has continued to be developed without considering the impact of any future 50/50 excess earnings allocation. This is based on our understanding that Article 5.5 of the Statute, which authorizes the allocation of 50% of excess earnings to the Supplemental Retiree Benefits Reserve (SRBR), does not allow for the use of a different investment return for funding than is used for interest crediting. This would appear in effect to preclude the prefunding of the SRBR through the use of an assumption lower than the market earnings assumption of 7.00%.

Actuarial Standard of Practice (ASOP) No. 4 (“Measuring Pension Obligations and Determining Pension Plan Costs or Contributions”) states that some plan provisions, including gain sharing provisions, “may create pension obligations that are difficult to appropriately measure using traditional valuation procedures.” ASOP No. 4 further states that “for such plan provisions, the actuary should consider using alternative valuation procedures, such as stochastic modeling...to reflect the impact of variations in experience from year to year.” Accordingly, we performed a stochastic model to estimate the impact of the

² The market value investment return for ACERA as a whole was 15.55% net of administrative expenses, or 15.74% gross of administrative expenses, during 2025. In allocating the end of year market value of assets between the Pension Plan and the SRBR, we have taken into consideration that for ACERA as a whole, the actuarial value of assets was lower than the market value of assets as of December 31, 2025 and there are deferred investment gains scheduled to be recognized in the next few years. One-half of the net deferred market gain is allocated proportionately to the Pension Plan and 401(h) reserve, and one-half of the net deferred market gain is allocated to the SRBR. As a result, the market value investment return for the Pension Plan is 12.9% compared to the 41.5% investment return for the SRBR (OPEB and non-OPEB SRBR combined).

³ This amount represents the investment income on the Plan FNP for the Pension Plan and non-OPEB SRBR that is above the assumed earnings (actual market return of 13.2% versus 7.00% assumed in the valuation) for the year ending December 31, 2025.

Section 1: Actuarial Valuation Summary

50% allocation of future excess earnings to the SRBR as part of our triennial experience study recommending assumptions for use starting with the December 31, 2023 valuation. The results of our model indicated that the 50/50 allocation of future excess earnings would have about the same impact as an “outflow” (i.e., assets not available to fund the benefits included in the determination of the TPL) that would average approximately 0.75% of assets over time. This approximated outflow was incorporated into our GASB crossover test⁴ in *Appendix A*, along with the additional future employer contributions that would result from those future allocations of excess earnings to the SRBR under ACERA’s funding policy. (The choice of this methodology by the Board in 2015 to reflect the impact of the SRBR was a result of several meetings with ACERA and its auditors, as well as with administrative staff, auditors, and consultants representing the County of Alameda, and after twice consulting with GASB staff.)

5. As of December 31, 2025, the deferred investment gain for the entire Plan was \$761.8 million. The proportionate share of one-half of the net deferred investment gain as of December 31, 2025 for the Pension Plan was equal to \$380.5 million and in calculating the Plan FNP we have adjusted the Pension Plan’s valuation value of assets of \$11,871.3 million in the funding valuation to reflect that amount plus the Contingency Reserve of \$143.8 million. We have also continued the practice of adjusting the Plan FNP as of December 31, 2025 to include the \$127.4 million set aside by the Retirement Board in the SRBR reserve to pay non-vested Supplemental COLA and retired member death benefits⁵ as of December 31, 2025. We have added to the Plan FNP the proportionate share of one-half of the net deferred investment gain that is commensurate with the size of the non-OPEB SRBR reserve, or \$38.4 million. The net effect of the adjustments to the Plan FNP as of December 31, 2025 for non-OPEB SRBR benefits was an addition of \$165.8 million.
6. The \$58.6 million difference between the \$224.4 million added to the TPL and the net \$165.8 million added to the Plan FNP as of December 31, 2025 represents the NPL attributable to non-OPEB SRBR benefits.
7. For the December 31, 2025 measurement date, the Plan FNP amount of \$12,561,432,155 includes the net fair value of assets of \$14,052,478,360, less OPEB-related SRBR assets of \$1,491,046,205. The OPEB-related SRBR assets include \$1,137,880,407 in the SRBR-OPEB reserve (after reducing the reserve by the \$9,390,686 SRBR implicit subsidy transfer), and \$10,309,803 in the 401(h) reserve, plus a proportionate share of one-half of the net deferred market gains commensurate with the size of the OPEB to total SRBR and 401(h) reserve to valuation and 401(h) reserves of \$342,855,996. For the December 31, 2024 measurement date, the Plan FNP amount of \$10,932,716,498 includes the net fair value of assets of \$12,034,355,047, less OPEB-related SRBR assets of \$1,101,638,549. The OPEB-related SRBR assets include \$1,094,286,987 in the SRBR-OPEB reserve (after reducing the reserve by the \$2,472,346 SRBR implicit subsidy transfer), and \$10,521,170 in the 401(h) reserve,

⁴ The purpose of the GASB crossover test is to determine if the full expected return (or 7.00% in this case) can be used as the discount rate to determine the TPL and the NPL. That is, if there is no crossover point where the projected benefit payments would exceed the Plan FNP, then the full expected return assumption can be used. As detailed later in this report, ACERA **does** pass the crossover test, which means that the full 7.00% investment rate of return assumption can be used as the discount rate to determine the TPL and the resulting NPL.

⁵ We have excluded the liability and the assets associated with the OPEB component of the SRBR reserve account because it is our understanding that those amounts are reportable under GASB 74/75.

Section 1: Actuarial Valuation Summary

minus a proportionate share of the deferred market losses commensurate with the size of the OPEB to total SRBR and 401(h) reserve to valuation and 401(h) reserves of \$3,169,608. Note that amounts may not total exactly due to rounding.

8. Employer contributions shown in this report are on a net basis after (a) considering the total cash contributions made by the employers, (b) reducing by the employer contributions made to the 401(h) account, and (c) increasing by the amount of transfer from the SRBR to the Employers Advance Reserve for employer contributions made to the 401(h) account in (b).
9. The discount rate used to measure the TPL and NPL as of December 31, 2025 was 7.00%, following the same assumptions used by ACERA in the actuarial funding valuation as of December 31, 2025. The detailed calculations used in the derivation of the 7.00% discount rate can be found in *Appendix A*. Various other information that is required to be disclosed can be found throughout *Section 2*.

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Section 1: Actuarial Valuation Summary

Summary of key valuation results

Valuation Result	Current Year	Prior Year
Measurement Date	December 31, 2025	December 31, 2024
Disclosure elements		
Service cost ⁶	\$284,954,687	\$266,109,280
Total Pension Liability	13,036,367,058	12,397,160,409
Plan Fiduciary Net Position	12,561,432,155	10,932,716,498
Net Pension Liability	474,934,903	1,464,443,911
Schedule of contributions		
Actuarially determined contributions	\$317,385,583	\$311,106,275
Actual contributions	717,385,583	311,106,275
Contribution deficiency / (excess)	(400,000,000)	0
Demographic data⁷		
Number of retired members and beneficiaries	11,405	11,252
Number of inactive members ⁸	4,146	4,039
Number of active members	12,143	11,865
Key assumptions		
Investment rate of return	7.00%	7.00%
Inflation rate	2.50%	2.50%
“Across-the-board” salary increase	0.50%	0.50%
Projected salary increases ⁹	General: 8.00% to 3.45% Safety: 11.40% to 4.00%	General: 8.00% to 3.45% Safety: 11.40% to 4.00%
Cost-of-living adjustments (COLA)		
• Tiers with 3% COLA	2.75%	2.75%
• Tiers with 2% COLA	2.00%	2.00%

⁶ The service cost is based on the previous year's valuation, meaning the service costs as of the December 31, 2025 and December 31, 2024 measurement dates are based on the valuations as of December 31, 2024 and December 31, 2023, respectively. Both service costs have been calculated using the assumptions shown in the Prior Year column, as there had been no changes in the actuarial assumptions between the December 31, 2023 and the December 31, 2024 valuations.

⁷ Data shown as of the December 31, 2024 measurement date is used in the measurement of the TPL as of December 31, 2025.

⁸ Includes members who left their contributions on deposit even though they have less than five years of service.

⁹ Includes inflation at 2.50% plus real across-the-board salary increase of 0.50% plus merit and promotion increases that vary by service.

Section 1: Actuarial Valuation Summary

Important information about actuarial valuations

In order to prepare a valuation, Segal relies on a number of input items. These include:

Input Item	Description
Plan provisions	Plan provisions define the rules that will be used to determine benefit payments, and those rules, or the interpretation of them, may change over time. Even where they appear precise, outside factors may change how they operate. It is important to keep Segal informed with respect to plan provisions and administrative procedures, and to review the plan summary included in our report (as well as the plan summary included in our funding valuation report) to confirm that Segal has correctly interpreted the plan of benefits.
Member information	An actuarial valuation for a plan is based on data provided to the actuary by ACERA. Segal does not audit such data for completeness or accuracy, other than reviewing it for obvious inconsistencies compared to prior data and other information that appears unreasonable. It is important for Segal to receive the best possible data and to be informed about any known incomplete or inaccurate data.
Financial Information	The valuation is based on the fair value of assets as of the valuation date, as provided by ACERA.
Actuarial assumptions	In preparing an actuarial valuation, Segal starts by developing a forecast of the benefits to be paid to existing plan members for the rest of their lives and the lives of their beneficiaries. This requires actuarial assumptions as to the probability of death, disability, withdrawal, and retirement of members in each year, as well as forecasts of the plan's benefits for each of those events. In addition, the benefits forecasted for each of those events in each future year reflect actuarial assumptions as to salary increases and cost-of-living adjustments. The forecasted benefits are then discounted to a present value, typically based on an estimate of the rate of return that will be achieved on the plan's assets. All of these factors are uncertain and unknowable. Thus, there will be a range of reasonable assumptions, and the results may vary materially based on which assumptions are selected within that range. That is, there is no right answer (except with hindsight). It is important for any user of an actuarial valuation to understand and accept this constraint. The actuarial model may use approximations and estimates that will have an immaterial impact on our results. In addition, the actuarial assumptions may change over time, and while this can have a significant impact on the reported results, it does not mean that the previous assumptions or results were unreasonable or wrong.
Actuarial models	Segal valuation results are based on proprietary actuarial modeling software. The actuarial valuation models generate a comprehensive set of liability and cost calculations that are presented to meet regulatory, legislative and client requirements. Deterministic cost projections are based on a proprietary forecasting model. Our Actuarial Technology and Systems unit, comprised of both actuaries and programmers, is responsible for the initial development and maintenance of these models. The models have a modular structure that allows for a high degree of accuracy, flexibility and user control. The client team programs the assumptions and the plan provisions, validates the models, and reviews test lives and results, under the supervision of the responsible actuary. The discount rate used for calculating Total Pension Liability is based on a model developed by our Actuarial Technology and Systems unit, comprised of both actuaries and programmers. The model allows the client team, under the supervision of the responsible actuary, control over the entry of future expected contribution income, benefit payments and administrative expenses. The projection of fiduciary net position and the discounting of benefits is part of the model.

Section 1: Actuarial Valuation Summary

The user of Segal's actuarial valuation (or other actuarial calculations) should keep the following in mind:

- The actuarial valuation is prepared at the request of the Board. Segal is not responsible for the use or misuse of its report, particularly by any other party.
- An actuarial valuation is a measurement at a specific date — it is not a prediction of a plan's future financial condition. Accordingly, Segal did not perform an analysis of the potential range of financial measurements, except where otherwise noted.
- If ACERA is aware of any event or trend that was not considered in this valuation that may materially change the results of the valuation, Segal should be advised, so that we can evaluate it.
- Segal does not provide investment, legal, accounting or tax advice and is not acting as a fiduciary to the Plan. This valuation is based on Segal's understanding of applicable guidance in these areas and of the Plan's provisions, but they may be subject to alternative interpretations. The Board should look to their other advisors for expertise in these areas.
- While Segal maintains extensive quality assurance procedures, an actuarial valuation involves complex computer models and numerous inputs. In the event that an inaccuracy is discovered after presentation of Segal's valuation, Segal may revise that valuation or make an appropriate adjustment in the next valuation.
- Segal's report shall be deemed to be final and accepted by ACERA upon delivery and review. The Association should notify Segal immediately of any questions or concerns about the final content.

Section 2: GASB 67 Information

General information about the pension plan

Plan administration

The Alameda County Employees' Retirement Association (ACERA) was established by the Alameda County Board of Supervisors in 1947. ACERA is administered by the Board of Retirement (the Board) and governed by the County Employees Retirement Law of 1937 (California Government Code Section 31450 et. seq.). ACERA is a cost-sharing, multiple employer, defined benefit, public employee retirement system whose main function is to provide service retirement, disability, death, and survivor benefits to the General and Safety members employed by the County of Alameda (Alameda County). ACERA also provides retirement benefits to the employee members of:¹⁰

- First 5 Alameda County (First 5);
- Housing Authority of the County of Alameda (Housing Authority);
- Alameda Health System;
- Livermore Area Recreation and Park District (LARPD);
- Superior Court of California — County of Alameda (Alameda Superior Court); and
- Alameda County Office of Education (ACOE).

The management of ACERA is vested with the ACERA Board of Retirement. The Board consists of nine members and two alternates:

- The County Treasurer is a member of the Board of Retirement by law and is elected by the general public;
- Four members are appointed by the Board of Supervisors, one of whom may be a County Supervisor;
- Two active members are elected by the General members;
- One active member and one alternate are elected by the Safety members; and
- One retired member and one alternate are elected by the retired members.

All members of the Board of Retirement serve terms of three years except for the County Treasurer whose term runs concurrent with their term as County Treasurer.

¹⁰ The Alameda Local Agency Formation Commission (LAFCO) has become an independent participating employer of ACERA effective January 1, 2026. Prior to January 1, 2026, LAFCO contracted with the County for staff support, and those employees were County General members.

Section 2: GASB 67 Information

Plan membership

At December 31, 2025, pension plan membership consisted of the following:

Membership	Count
Retired members and beneficiaries	11,405
Inactive ¹¹ members	4,146
Active members	12,143
Total	27,694

Note: Data as of December 31, 2025 is **not** used in the measurement of the TPL as of December 31, 2025.

Benefits provided

ACERA provides service retirement, disability, death, and survivor benefits to eligible employees. The first date of ACERA membership varies by employer, as follows:

- Alameda County, Alameda Health System and Alameda Superior Court Employees
 - Membership for these employees is effective on the first day of the second pay period following the employee’s hire date in an ACERA covered position. This is the date of entry into ACERA membership.
 - As of the date of entry, payroll deductions for retirement contributions begin and service credit for each hour worked is earned.
 - During the short period between the beginning of employment and the ACERA plan date of entry, the employee does not pay contributions or earn service credit. A member may purchase this service credit (referred to as “days prior to entry”) any time before retirement without changing the membership, but date of entry does not change.
- Housing Authority and LARPD Employees
 - Membership for these employees is effective on the first day of employee’s hire in an ACERA covered position. The first date of employment is the date of entry into ACERA membership.
 - As of this date of entry, payroll deductions for retirement contributions begin and service credit for each hour work is earned.
- First 5 Employees
 - Membership for these employees is effective on the first day of the second pay period following the employee’s hire date.
- Office of Education Employees
 - This is a closed plan with no more active employees (i.e., there is no new ACERA membership). However, the employer does retain retired members and beneficiaries in ACERA as of the December 31, 2025 valuation date.

¹¹ Includes terminated members due a refund of member contributions.

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There are separate retirement benefits for General and Safety members. Safety membership is extended to those involved in active law enforcement, deferred firefighters, or positions that have been designated as Safety by the Board of Retirement (e.g. Juvenile Hall Group Counselor, Probation Officer, etc.). All other employees are classified as General members.

Any new member who becomes a member on or after January 1, 2013 is placed into Tier 4 and is subject to the provisions of California Public Employees' Pension Reform Act of 2013 (PEPRA), California Government Code 7522 et seq. and Assembly Bill (AB) 197.

General members enrolled in Tiers 1, 2, or 3 are eligible to retire once they attain the age of 70 regardless of service or at age 50 with five or more years of retirement service credit and a total of 10 years of qualifying membership. A non-Tier 4 General member with 30 years of service is eligible to retire regardless of age. General members enrolled in Tier 4 are eligible to retire once they have attained the age of 52 and have acquired five years of retirement service credit, or at age 70 regardless of service.

Safety members enrolled in Tiers 1, 2, 2C, or 2D are eligible to retire once they attain the age of 70 regardless of service or at age 50 with five or more years of retirement service credit and a total of 10 years of qualifying membership. A non-Tier 4 Safety member with 20 years of service is eligible to retire regardless of age. Safety members enrolled in Tier 4 are eligible to retire once they have attained the age of 50 and have acquired five years of retirement service credit, or at age 70 regardless of service.

The retirement benefit a member will receive is based upon age at retirement, final average compensation, years of retirement service credit and retirement plan and tier.

The tiers and their basic provisions are listed below:

Tier Name	Service Retirement Governing Code Section	Effective Date	Basic Provisions (Maximum COLA)	Final Average Salary Period	Plan Sponsors
General Tier 1	§31676.12	Various	2.0% at 57 (3% COLA)	Highest 1-year	All
General Tier 2	§31676.1	June 30, 1983 ¹²	2.0% at 61 (2% COLA)	Highest 3-years	All except LARPD
General Tier 3	§31676.18	October 1, 2008	2.5% at 55 (3% COLA)	Highest 1-year	LARPD
General Tier 4	§7522.20(a)	January 1, 2013	2.5% at 67 (2% COLA)	Highest 3-years	All
Safety Tier 1	§31664.1	Various	3.0% at 50 (3% COLA)	Highest 1-year	County
Safety Tier 2	§31664.1	June 30, 1983	3.0% at 50 (2% COLA)	Highest 3-years	County
Safety Tier 2C	§31664	October 17, 2010	2.6% at 55 (2% COLA)	Highest 3-years	County
Safety Tier 2D	§31664.2	October 17, 2010	3.0% at 55 (2% COLA)	Highest 3-years	County
Safety Tier 4	§7522.25(d)	January 1, 2013	2.7% at 57 (2% COLA)	Highest 3-years	County

¹² For Housing Authority members, the effective date is September 30, 2011.

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For members enrolled in Tiers 1, 2, 2C, 2D, or 3, the maximum monthly retirement allowance is 100% of final compensation. There is no maximum for members enrolled in Tier 4.

The member may elect an unmodified retirement allowance or choose an optional retirement allowance. The unmodified retirement allowance provides the highest monthly benefit and a 60% continuance to an eligible surviving spouse or domestic partner. An eligible surviving spouse or domestic partner is one married to or registered with the member one year prior to the effective retirement date. There are four optional retirement allowances the member may choose. Each of the optional retirement allowances requires a reduction in the unmodified retirement allowance in order to allow the member the ability to provide certain benefits to a surviving spouse, domestic partner, or named beneficiary having an insurable interest in the life of the member.

ACERA provides an annual cost-of-living benefit to all retirees. The cost-of-living adjustment, based upon the Consumer Price Index for the San Francisco-Oakland-Hayward Area (with 1982-84 as the base period), is capped at 3.0% for General Tiers 1 and 3 and Safety Tier 1, and at 2.0% for General Tiers 2 and 4 and Safety Tiers 2, 2C, 2D, and 4.

Contributions

The County of Alameda and the other participating agencies contribute to the retirement plan based upon actuarially determined contribution rates adopted by the Board of Retirement. Employer contribution rates are adopted annually based upon recommendations received from ACERA's actuary after the completion of the annual actuarial valuation. The average employer contribution rate for calendar year 2025 (based on the December 31, 2023 valuation for the second half of 2024/2025 and on the December 31, 2024 valuation for the first half of 2025/2026) was 21.53% of compensation.

Members are required to make contributions to ACERA regardless of the retirement plan or tier in which they are included. The average member contribution rate for calendar year 2025 (based on the December 31, 2023 valuation for the second half of 2024/2025 and on the December 31, 2024 valuation for the first half of 2025/2026) was 9.80% of compensation.

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Exhibit 1: Net Pension Liability

Line Description	Current Year	Prior Year
Measurement date	December 31, 2025	December 31, 2024
Components of the Net Pension Liability		
Total Pension Liability	\$13,036,367,058	\$12,397,160,409
Plan Fiduciary Net Position	(12,561,432,155)	(10,932,716,498)
Net Pension Liability	\$474,934,903	\$1,464,443,911
Plan Fiduciary Net Position as a percentage of the Total Pension Liability ¹³	96.36%	88.19%

The NPL for the Plan in this valuation was measured as of December 31, 2025. The Plan FNP was valued as of the measurement date and the TPL was determined based upon rolling forward the TPL from the actuarial funding valuation as of December 31, 2024.

Plan provisions

The plan provisions used in the measurement of the NPL as of December 31, 2025 are the same as those used in ACERA's actuarial funding valuation as of December 31, 2025.

Actuarial assumptions

The TPL as of December 31, 2025 uses the same actuarial assumptions as the actuarial funding valuation as of December 31, 2025. The actuarial assumptions used in that funding valuation were based on the results of an experience study for the period December 1, 2019 through November 30, 2022. In particular, the following actuarial assumptions were applied to all periods included in the measurement of the TPL as of December 31, 2025:

¹³ These funded percentages are not necessarily appropriate for assessing the sufficiency of Plan assets to cover the estimated cost of settling the Plan's benefit obligation or the need for or the amount of future contributions.

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Assumption Type	Assumption
Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Inflation rate	2.50%
“Across-the-board” salary increase	0.50%
Salary increases	General: 8.00% to 3.45% Safety: 11.40% to 4.00% The above salary increases vary by service and include inflation and “across-the-board” salary increase
Cost-of-living adjustments	2.75% for General Tiers 1 and 3, and Safety Tier 1. For members with a sufficient COLA bank, withdrawals from the bank can be made to increase the retiree COLA up to 3% per year. 2.00% for General Tiers 2 and 4, and Safety Tiers 2, 2C, 2D, and 4
Other assumptions	See analysis of actuarial experience during the period December 1, 2019 through November 30, 2022

Detailed information regarding all actuarial assumptions can be found in the December 31, 2025 Actuarial Valuation and Review.

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Exhibit 2: Discount rate

Determination of discount rate and investment rates of return

The long-term expected rate of return on pension plan investments¹⁴ was determined in 2023 using a building-block method in which expected arithmetic real rates of return (expected returns, net of inflation and any applicable investment management expenses) are developed for each major asset class. These returns are combined to produce the long-term expected arithmetic rate of return for the portfolio by weighting the expected arithmetic real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses¹⁵ and a risk margin. This portfolio return is further adjusted to an expected geometric real rate of return for the portfolio.

The target allocation (approved by the Board) and projected arithmetic real rates of return for each major asset class (after deducting inflation and applicable investment management expenses) are shown in the following table. This information was used in the derivation of the long-term expected investment rate of return assumption in the actuarial funding valuation as of December 31, 2025. This information will be subject to change every three years based on the results of an actuarial experience study.

¹⁴ Note that the investment return assumption for funding purposes was developed net of both investment and administrative expenses; however, the same investment return assumption was used for financial reporting purposes and is considered gross of administrative expenses for financial reporting purposes. (This resulted in an increase in the margin for adverse deviation when using that investment return assumption for financial reporting.)

¹⁵ Investment expenses include investment consulting fees, custodian fees and other miscellaneous investment expenses and fees, and exclude investment manager fees.

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Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return ¹⁶
US large cap equity	21.60%	6.00%
US small cap equity	2.40%	6.65%
International developed equity	16.30%	7.01%
International small cap equity	2.90%	7.34%
Emerging markets equity	4.80%	8.80%
Core fixed income	10.50%	1.97%
High yield bonds	1.50%	4.63%
Global fixed income	2.00%	1.17%
Private equity	11.00%	9.84%
Core real estate	6.30%	3.86%
Value added real estate	1.80%	6.70%
Opportunistic real estate	0.90%	8.60%
Commodities	0.90%	4.21%
Private credit	4.00%	6.47%
Absolute return	8.00%	2.10%
Infrastructure	5.10%	7.30%
Total	100.00%	5.89%

Discount rate

The discount rate used to measure the TPL was 7.00% as of December 31, 2025. Our understanding is that Article 5.5 of the Statute, which authorizes the allocation of 50% of excess earnings to the SRBR, does not allow for the use of a different investment return assumption for funding than is used for interest crediting. In order to reflect the provisions of Article 5.5, we have treated future allocations to the SRBR as an additional outflow against the Plan FNP in the GASB crossover test, as mentioned earlier in *Section 1*. Again, we are estimating that the additional outflow would average approximately 0.75% of assets over time, based on the results of our stochastic modeling of the 50% allocation of future excess earnings to the SRBR.

¹⁶ Arithmetic real rates of return are net of inflation.

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The projection of cash flows used to determine the discount rate assumes plan member contributions will be made at the current contribution rates and that employer contributions will be made at rates equal to the actuarially determined contribution rates¹⁷ plus additional future contributions that would follow from the future allocation of excess earnings to the SRBR. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Plan FNP was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL as of December 31, 2025.

Discount rate sensitivity

The following presents the NPL of ACERA as of December 31, 2025 calculated using the current discount rate of 7.00%, as well as what ACERA's NPL would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate.

Line Description	1% Decrease in Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
Net Pension Liability (Asset)	\$2,139,576,747	\$474,934,903	\$(890,297,293)

¹⁷ For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included.

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Exhibit 3: Schedule of changes in Net Pension Liability

Line Description	Current Year	Prior Year
Measurement date	December 31, 2025	December 31, 2024
Total Pension Liability		
Service cost	\$284,954,687	\$266,109,280
Interest	864,211,543	833,368,865
Change of benefit terms	0	0
Differences between expected and actual experience	162,512,232	(19,414,126)
Changes of assumptions	0	0
Benefit payments, including refunds of member contributions	(672,471,813)	(644,127,653)
Net change in Total Pension Liability	\$639,206,649	\$435,936,366
Total Pension Liability — beginning	12,397,160,409	11,961,224,043
Total Pension Liability — ending	\$13,036,367,058	\$12,397,160,409
Plan Fiduciary Net Position		
Contributions — employer ¹⁸	\$717,385,583	\$311,106,275
Contributions — member	144,466,720	134,489,875
Net investment income	1,459,106,072	931,187,277
Benefit payments, including refunds of member contributions	(672,471,813)	(644,127,653)
Administrative expense	(19,770,905)	(18,423,107)
Other	0	0
Net change in Plan Fiduciary Net Position	\$1,628,715,657	\$714,232,667
Plan Fiduciary Net Position — beginning	10,932,716,498	10,218,483,831
Plan Fiduciary Net Position — ending	\$12,561,432,155	\$10,932,716,498
Net Pension Liability		
Net Pension Liability — ending	\$474,934,903	\$1,464,443,911
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	96.36%	88.19%
Covered payroll ¹⁹	\$1,474,012,026	\$1,342,932,389
Plan Net Pension Liability as percentage of covered payroll	32.22%	109.05%

¹⁸ The County made voluntary County General contributions of \$400 million in 2025.

¹⁹ Covered payroll is defined as the payroll on which contributions to the pension plan are based.

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Exhibit 4: Schedule of employer contributions

Year Ended December 31	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency / (Excess)	Covered Payroll ²⁰	Contributions as a Percentage of Covered Payroll
2016	\$241,728,451	\$241,728,451	\$0	\$947,567,631	25.51%
2017	247,063,550	247,063,550	0	995,178,209	24.83%
2018	269,684,809	269,684,809	0	1,046,033,851	25.78%
2019	298,526,950	298,526,950	0	1,081,586,887	27.60%
2020	309,758,947	309,752,998	5,949 ²¹	1,111,848,569	27.86%
2021	303,964,590	1,116,575,840	(812,611,250) ²²	1,153,918,121	96.76% ²³
2022	281,646,702	281,646,702	0	1,198,970,345	23.49%
2023	288,640,038	288,640,038	0	1,251,821,379	23.06%
2024	311,106,275	311,106,275	0	1,342,932,389	23.17%
2025	317,385,583	717,385,583	(400,000,000) ²⁴	1,474,012,026	48.67% ²⁵

See accompanying notes to this schedule on the next page.

²⁰ For years ended December 31, 2017 and later, covered payroll represents compensation earnable and pensionable compensation and is defined as the payroll on which contributions to the pension plan are based. For the year ended December 31, 2016, covered payroll was referred to as covered-employee payroll and only compensation earnable and pensionable compensation that would go into the determination of retirement benefits was included.

²¹ Actuarially Determined Contribution for the Office of Education of \$78,000 less actual contributions paid of \$72,051.

²² Voluntary County Safety contributions of \$800,000,000 and LARPD General contributions of \$12,611,250 to reduce their UAAL contribution rates.

²³ Contributions as a percentage of covered payroll is 26.34% if excluding the voluntary County Safety and LARPD General contributions.

²⁴ Voluntary County General contributions of \$400,000,000 to reduce their UAAL contribution rates.

²⁵ Contributions as a percentage of covered payroll are 21.53% if excluding the voluntary County General contributions.

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Methods and assumptions used to establish the actuarially determined contribution for the year ended December 31, 2025

Valuation date

Actuarially determined contribution rates for the first six months of calendar year 2025 (or the second half of fiscal year 2024/2025) are calculated based on the December 31, 2023 valuation. Actuarially determined contribution rates for the last six months of calendar year 2025 (or the first half of fiscal year 2025/2026) are calculated based on the December 31, 2024 valuation.

Actuarial cost method

Entry age actuarial cost method

Amortization method

Level percent of payroll (3.00% payroll growth assumed in the December 31, 2023 and December 31, 2024 valuations)

Remaining amortization period

December 31, 2023 valuation

Prior to January 1, 2012, the total UAAL was amortized on a 30-year decreasing period, with 21 years remaining as of December 31, 2011 (and 9 years remaining as of December 31, 2023). On or after January 1, 2012, any new UAAL resulting from plan amendments are amortized over separate decreasing 15-year periods; early retirement incentive programs (ERIPs) are amortized over separate decreasing five-year periods; assumption and method changes are amortized over separate decreasing 20-year periods; and experience gains/losses are also amortized over separate decreasing 20-year periods.

The voluntary County Safety UAAL contributions are amortized over a 13-year period effective July 1, 2021 (with 10.5 years remaining as of December 31, 2023). The voluntary LARPD General UAAL contributions are amortized over a 16-year period effective July 1, 2021 (with 13.5 years remaining as of December 31, 2023). Effective December 31, 2023, the existing LARPD General UAAL layers are amortized over 13.5 years.

December 31, 2024 valuation

Prior to January 1, 2012, the total UAAL was amortized on a 30-year decreasing period, with 21 years remaining as of December 31, 2011 (and 8 years remaining as of December 31, 2024). On or after January 1, 2012, any new UAAL resulting from plan amendments are amortized over separate decreasing 15-year periods; early retirement incentive programs (ERIPs) are

Section 2: GASB 67 Information

amortized over separate decreasing five-year periods; assumption and method changes are amortized over separate decreasing 20-year periods; and experience gains/losses are also amortized over separate decreasing 20-year periods.

The voluntary County Safety UAAL contributions are amortized over a 13-year period effective July 1, 2021 (with 9.5 years remaining as of December 31, 2024). The voluntary LARPD General UAAL contributions are amortized over a 16-year period effective July 1, 2021. All existing LARPD General UAAL layers as of December 31, 2024 (except the December 31, 2024 UAAL) are amortized over 12.5 years.²⁶ The UAAL as of December 31, 2024 is amortized over 20 years.

Asset valuation method

The actuarial value of assets is determined by recognizing any difference between the actual and the expected market return over 10 six-month interest crediting periods. The actuarial value of assets is further adjusted, if necessary, to be within 40% of the market value of assets. The valuation value of assets is the actuarial value of assets reduced by the value of the non-valuation reserves.

Actuarial assumptions

Assumption Type	Assumption Used in the December 31, 2023 Actuarial Valuation	Assumption Used in the December 31, 2024 Actuarial Valuation
Investment rate of return	7.00%, net of pension plan administrative and investment expense, including inflation	7.00%, net of pension plan administrative and investment expense, including inflation
Inflation rate	2.50%	2.50%
Real across-the-board salary increase	0.50%	0.50%
Salary increases	General: 8.00% to 3.45% Safety: 11.40% to 4.00% The above increases vary by service, including inflation and “across-the-board” salary increase	General: 8.00% to 3.45% Safety: 11.40% to 4.00% The above increases vary by service, including inflation and “across-the-board” salary increase
Cost-of-living adjustments	2.75% for General Tiers 1 and 3, and Safety Tier 1; 2.00% for General Tiers 2 and 4, and Safety Tiers 2, 2C, 2D, and 4	2.75% for General Tiers 1 and 3, and Safety Tier 1; 2.00% for General Tiers 2 and 4, and Safety Tiers 2, 2C, 2D, and 4
Other assumptions	Same as those used in the funding actuarial valuation as of December 31, 2023	Same as those used in the funding actuarial valuation as of December 31, 2024

²⁶ The LARPD General cost sharing group had a surplus as of December 31, 2023 and had an unfunded liability as of December 31, 2024, both on a valuation value of assets basis. In order to calculate the proper offset available to LARPD from the LARPD General UAAL Advance Reserve, we amortized all LARPD UAAL layers as of December 31, 2024 (except the December 31, 2024 UAAL) over 12.5 years so that they would have the same amortization period as the LARPD General UAAL Advance Reserve (12.5 years remaining as of December 31, 2024). The December 31, 2024 UAAL is amortized over 20 years.

Appendix A: Projection of Plan Fiduciary Net Position

Projection of Plan Fiduciary Net Position for use in the Calculation of Discount Rate
as of December 31, 2025 (\$ in millions)

Year Beginning January 1	Beginning Plan Fiduciary Net Position (a)	Total Contributions (b)	Benefit Payments (c)	Administrative Expenses (d)	Investment Earnings (e)	Ending Plan Fiduciary Net Position (a) + (b) – (c) – (d) + (e)
2025	\$10,933	\$862	\$672	\$20	\$1,459	\$12,561
2026	12,561	389	818	23	858	12,969
2027	12,969	391	855	23	885	13,367
2028	13,367	380	892	24	911	13,741
2029	13,741	371	929	25	936	14,095
2030	14,095	367	966	25	959	14,429
2031	14,429	368	1,003	26	981	14,749
2032	14,749	373	1,040	27	1,002	15,057
2051	14,734	330	1,455	27	982	14,564
2052	14,564	326	1,464	26	969	14,369
2053	14,369	321	1,471	26	955	14,148
2054	14,148	316	1,476	25	939	13,902
2096	15,333	178	203	28	1,070	16,350
2097	16,350	184	197	29	1,142	17,450
2098	17,450	191	192	31	1,219	18,636
2099	18,636	199	190	34	1,302	19,913
2142	340,021	3,178	2,550	612	23,786	363,822
2143	363,822	3,400	2,729	655	25,451	389,290
2144	389,290	3,638	2,920	701	27,232	416,540
2145	416,540	3,893	3,124	750	29,139	445,698 ²⁷

²⁷ The Plan FNP of \$445,698 million has a value of \$133 million as of December 31, 2025 when discounted with interest at the rate of 7.00% per annum.

Appendix A: Projection of Plan Fiduciary Net Position

Notes

1. Amounts may not total exactly due to rounding.
2. Amounts shown in the year beginning January 1, 2025 row are actual amounts, based on the financial statements provided by ACERA.
3. Various years have been omitted from this table.
4. Except for the “discounted value” for year end 2145 shown in the footnote on the previous page, none of the projected Plan FNP amounts shown have been adjusted for the time value of money.
5. **Column (b):** Projected total contributions include employee and employer normal cost contributions based on closed group projections for covered active members as of November 30, 2024; plus employer contributions to the UAAL; plus employer contributions to fund each year’s annual administrative expenses as well as future allocations of excess earnings to the SRBR under ACERA’s Funding Policy, both reflecting a 20-year amortization schedule. Contributions are assumed to occur halfway through the year, on average.
6. **Column (c):** Projected benefit payments have been determined in accordance with paragraph 39 of GASB Statement No. 67, and are based on the closed group of active, inactive, retired members, and beneficiaries as of November 30, 2024. The projected benefit payments reflect the cost-of-living increase assumption of 2.75% per annum for Tier 1 and Tier 3, and 2.00% per annum for Tier 2 and Tier 4. In accordance with paragraph 31.b.(1)(e) of GASB Statement No. 67, the long-term expected rate of return on Plan investments of 7.00% per annum was applied to all periods of projected benefit payments to determine the discount rate. Benefit payments are assumed to occur about halfway through the year, on average.

The projected benefit payments include the non-OPEB SRBR benefits to the extent the current non-OPEB SRBR supports those benefits. In addition, the projected benefit payments in column (c) include an amount equal to 0.75% of the beginning Plan FNP to reflect the approximated outflow of future allocations to the SRBR. This outflow has an estimated present value of \$1.61 billion. This present value of outflow is expected to be sufficient to pay for the remaining present value of the non-OPEB SRBR benefits of \$0.08 billion as well as the remaining present value of the OPEB SRBR benefits of \$0.36 billion.
7. **Column (d):** Projected administrative expenses are calculated as approximately 0.18% of the beginning Plan FNP. The 0.18% was based on the actual fiscal year 2025 administrative expenses as a percentage of the beginning Plan FNP as of January 1, 2025. Administrative expenses are assumed to occur halfway through the year, on average.
8. **Column (e):** Projected investment earnings are based on the assumed investment rate of return of 7.00% per annum and reflect the assumed timing of cashflows, as noted above.
9. As illustrated in this appendix, the Plan FNP was projected to be available to make all projected future benefit payments for current Plan members. In other words, there is no projected “cross-over date” when projected benefits are **not** covered by projected assets. Therefore, the long-term expected rate of return on Plan investments of 7.00% per annum was applied to all periods of projected benefit payments to determine the TPL as of December 31, 2025 shown earlier in this report, pursuant to paragraph 44 of GASB Statement No. 67.

Appendix B: Definition of Terms

Definitions of certain terms as they are used in GASB Statement No. 67. The terms may have different meanings in other contexts.

Term	Definition
Active employees	Individuals employed at the end of the reporting or measurement period, as applicable.
Actual contributions	Cash contributions recognized as additions to the Plan Fiduciary Net Position.
Actuarial present value of projected benefit payments	Projected benefit payments discounted to reflect the expected effects of the time value (present value) of money and the probabilities of payment.
Actuarial valuation	The determination, as of a point in time (the actuarial valuation date), of the service cost, Total Pension Liability, and related actuarial present value of projected benefit payments for pensions performed in conformity with Actuarial Standards of Practice unless otherwise specified by the GASB.
Actuarial valuation date	The date as of which an actuarial valuation is performed.
Actuarially determined contribution	A target or recommended contribution to a defined benefit pension plan for the reporting period, determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted.
Ad hoc cost-of-living adjustments (Ad Hoc COLAs)	Cost-of-living adjustments that require a decision to grant by the authority responsible for making such decisions.
Ad hoc postemployment benefit changes	Postemployment benefit changes that require a decision to grant by the authority responsible for making such decisions.
Agent employer	An employer whose employees are provided with pensions through an agent multiple-employer defined benefit pension plan.
Agent multiple-employer defined benefit pension plan (agent pension plan)	A multiple-employer defined benefit pension plan in which pension plan assets are pooled for investment purposes but separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of only its employees.
Automatic cost-of-living adjustments (Automatic COLAs)	Cost-of-living adjustments that occur without a requirement for a decision to grant by a responsible authority, including those for which the amounts are determined by reference to a specified experience factor (such as the earnings experience of the pension plan) or to another variable (such as an increase in the consumer price index).
Automatic postemployment benefit changes	Postemployment benefit changes that occur without a requirement for a decision to grant by a responsible authority, including those for which the amounts are determined by reference to a specified experience factor (such as the earnings experience of the pension plan) or to another variable (such as an increase in the consumer price index).

Appendix B: Definition of Terms

Term	Definition
Closed period	A specific number of years that is counted from one date and declines to zero with the passage of time. For example, if the recognition period initially is five years on a closed basis, four years remain after the first year, three years after the second year, and so forth.
Contributions	Additions to the Plan Fiduciary Net Position for amounts from employers, non-employer contributing entities (for example, state government contributions to a local government pension plan), or employees. Contributions can result from cash receipts by the pension plan or from recognition by the pension plan of a receivable from one of these sources.
Cost-of-living adjustments	Postemployment benefit changes intended to adjust benefit payments for the effects of inflation.
Cost-sharing employer	An employer whose employees are provided with pensions through a cost-sharing multiple-employer defined benefit pension plan.
Cost-sharing multiple employer defined benefit pension plan (Cost-sharing pension plan)	A multiple-employer defined benefit pension plan in which the pension obligations to the employees of more than one employer are pooled and pension plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.
Covered payroll	Payroll on which contributions to a pension plan are based.
Deferred retirement option program (DROP)	A program that permits an employee to elect a calculation of benefit payments based on service credits and salary, as applicable, as of the DROP entry date. The employee continues to provide service to the employer and is paid for that service by the employer after the DROP entry date; however, the pensions that would have been paid to the employee (if the employee had retired and not entered the DROP) are credited to an individual employee account within the defined benefit pension plan until the end of the DROP period.
Defined benefit pension plans	Pension plans that are used to provide defined benefit pensions.
Defined benefit pensions	Pensions for which the income or other benefits that the employee will receive at or after separation from employment are defined by the benefit terms. The pensions may be stated as a specified dollar amount or as an amount that is calculated based on one or more factors such as age, years of service, and compensation. (A pension that does not meet the criteria of a defined contribution pension is classified as a defined benefit pension for purposes of GASB Statement No. 67.)
Defined contribution pension plans	Pension plans that are used to provide defined contribution pensions.

Appendix B: Definition of Terms

Term	Definition
Defined contribution pensions	<p>Pensions having terms that:</p> <ol style="list-style-type: none"> 1. Provide an individual account for each employee; 2. Define the contributions that an employer is required to make (or the credits that it is required to provide) to an active employee's account for periods in which that employee renders service; and 3. Provide that the pensions an employee will receive will depend only on the contributions (or credits) to the employee's account, actual earnings on investments of those contributions (or credits), and the effects of forfeitures of contributions (or credits) made for other employees, as well as pension plan administrative costs, that are allocated to the employee's account.
Discount rate	<p>The single rate of return that, when applied to all projected benefit payments, results in an actuarial present value of projected benefit payments equal to the total of the following:</p> <ol style="list-style-type: none"> 1. The actuarial present value of benefit payments projected to be made in future periods in which: <ol style="list-style-type: none"> a. The amount of the Plan Fiduciary Net Position is projected (under the requirements of GASB Statement No. 67) to be greater than the benefit payments that are projected to be made in that period, and b. Pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term expected rate of return, calculated using the long-term expected rate of return on pension plan investments. 2. The actuarial present value of projected benefit payments not included in 1., calculated using the municipal bond rate.
Entry age actuarial cost method	<p>A method under which the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit age(s). The portion of this actuarial present value allocated to a valuation year is called the normal cost. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future normal costs is called the actuarial accrued liability.</p>
Inactive employees	<p>Terminated individuals that have accumulated benefits but are not yet receiving them, and retirees or their beneficiaries currently receiving benefits.</p>
Measurement period	<p>The period between the prior and the current measurement dates.</p>
Multiple-employer defined benefit pension plan	<p>A defined benefit pension plan that is used to provide pensions to the employees of more than one employer.</p>
Net Pension Liability (NPL)	<p>The liability of employers and non-employer contributing entities to employees for benefits provided through a defined benefit pension plan.</p>
Non-employer contributing entities	<p>Entities that make contributions to a pension plan that is used to provide pensions to the employees of other entities.</p>

Appendix B: Definition of Terms

Term	Definition
Other postemployment benefits	All postemployment benefits other than retirement income (such as death benefits, life insurance, disability, and long-term care) that are provided separately from a pension plan, as well as postemployment healthcare benefits, regardless of the manner in which they are provided. Other postemployment benefits do not include termination benefits.
Pension plans	Arrangements through which pensions are determined, assets dedicated for pensions are accumulated and managed and benefits are paid as they come due.
Pensions	Retirement income and, if provided through a pension plan, postemployment benefits other than retirement income (such as death benefits, life insurance, and disability benefits). Pensions do not include postemployment healthcare benefits and termination benefits.
Plan members	Individuals that are covered under the terms of a pension plan. Plan members generally include: <ol style="list-style-type: none"> 1. Employees in active service (active plan members), and 2. Terminated employees who have accumulated benefits but are not yet receiving them and retirees or their beneficiaries currently receiving benefits (inactive plan members).
Postemployment	The period after employment.
Postemployment benefit changes	Adjustments to the pension of an inactive employee.
Postemployment healthcare benefits	Medical, dental, vision, and other health-related benefits paid subsequent to the termination of employment.
Projected benefit payments	All benefits estimated to be payable through the pension plan to current active and inactive employees as a result of their past service and their expected future service.
Public employee retirement system	A special-purpose government that administers one or more pension plans; also may administer other types of employee benefit plans, including postemployment healthcare plans and deferred compensation plans.
Real rate of return	The rate of return on an investment after adjustment to eliminate inflation.
Service costs	The portions of the actuarial present value of projected benefit payments that are attributed to valuation years.
Single employer	An employer whose employees are provided with pensions through a single-employer defined benefit pension plan.
Single-employer defined benefit pension plan (Single-employer pension plan)	A defined benefit pension plan that is used to provide pensions to employees of only one employer.

Appendix B: Definition of Terms

Term	Definition
Special funding situations	Circumstances in which a non-employer entity is legally responsible for making contributions directly to a pension plan that is used to provide pensions to the employees of another entity or entities and either of the following conditions exists: <ol style="list-style-type: none">1. The amount of contributions for which the non-employer entity legally is responsible is not dependent upon one or more events or circumstances unrelated to the pensions.2. The non-employer entity is the only entity with a legal obligation to make contributions directly to a pension plan.
Termination benefits	Inducements offered by employers to active employees to hasten the termination of services, or payments made in consequence of the early termination of services. Termination benefits include early-retirement incentives, severance benefits, and other termination-related benefits.
Total Pension Liability (TPL)	The portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service in conformity with the requirements of GASB Statement No. 67.

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DRAFT

Via Email

April 7, 2026

Ms. Lisa Johnson
Assistant Chief Executive Officer
Alameda County Employees' Retirement Association
475 14th Street, Suite 1000
Oakland, CA 94612-1900

**Re: Alameda County Employees' Retirement Association (ACERA)
Addendum to the Governmental Accounting Standards Board (GASB) Statement 67
Actuarial Valuation as of December 31, 2025**

Dear Lisa:

In our Governmental Accounting Standards Board Statement No. 67 (GASB 67) report dated April 3, 2026, we provided the Net Pension Liabilities (NPL) and other elements that are required for completing the Plan's financial reporting requirements under GASB 67. In this letter, we have provided as an addendum to that report two additional schedules that the American Institute of Certified Public Accountants (AICPA) State and Local Government Expert Panel recommends be prepared by the Retirement Association's actuary (Segal). This addendum is for use in allocating the NPL and pension expense by employer before we prepare the full companion report for the employers' financial reporting for ACERA under Governmental Accounting Standards Board Statement No. 68 (GASB 68).

These two schedules have been developed based on the assumptions, methods and results shown in our earlier report dated April 3, 2026. Exhibits A1 and A2 detail the method used for allocating the NPL and they provide the NPL amounts allocated to the seven employers at ACERA as of December 31, 2024 and December 31, 2025, respectively.

Special note related to allocation of NPL for the non-OPEB SRBR

The Alameda County Office of Education (ACOE) made a lump sum contribution of \$750,000 in 2019 to partially pay off their unfunded actuarial accrued liability (UAAL). That lump sum is greater than the amount that ACOE would have to make on an installment basis over 20 years. In order to have a more level allocation of the NPL to ACOE, ACERA approved an approach outlined in our March 2, 2020 letter to determine ACOE's proportionate share of the non-OPEB SRBR NPL by using ACOE's required contributions determined as if they had not made the additional lump sum contribution in 2019. We have continued to use that method in determining ACOE's proportionate share of the non-OPEB SRBR NPL in this letter.

The County made voluntary County General contributions of \$400 million on June 27, 2025 and County Safety contributions of \$800 million on June 29, 2021 to reduce their General and Safety UAAL and associated employer contribution rates. The Livermore Area Recreation and Park District (LARPD) also made voluntary LARPD General contributions of \$12.611 million on June 29, 2021 to reduce their General UAAL and associated employer contribution rates. We have amortized the voluntary County General UAAL contributions over 10 years effective FY 25-26 to provide a UAAL contribution rate credit for County General. We have also amortized the voluntary County Safety UAAL contributions over 13 years effective FY 21-22 to provide a UAAL contribution rate credit for County Safety and the voluntary LARPD General UAAL contributions over 16 years effective FY 21-22 to provide a UAAL contribution rate credit for LARPD General. Similar to the approach approved by ACERA as described in the previous paragraph for determining ACOE's proportionate share of the non-OPEB SRBR NPL, we have determined the County General, County Safety and LARPD's proportionate share of the non-OPEB SRBR NPL by using the County General, County Safety and LARPD's required contributions, respectively, as if they had not made the voluntary UAAL contributions in 2025 and 2021.

Special note related to allocation of the statutory pension plan NPL for the General (excluding ACOE and LARPD) membership class

The County made voluntary County General contributions of \$400 million on June 27, 2025 to reduce their General UAAL and associated employer contribution rates. The General (excluding ACOE and LARPD) membership class consists of five employers, including the County. To ensure that the County General's voluntary UAAL contribution is reflected solely in the County's allocated NPL, we applied an approach similar to that previously approved by ACERA as described in the previous section for determining ACOE's proportionate share of the non-OPEB SRBR NPL. Specifically, the County General's allocated statutory pension plan NPL was determined in three steps: (1) the County General's proportionate share of the statutory pension plan NPL (excluding the County General UAAL Advance Reserve) was determined using the County General's required contributions as if they had not made the voluntary UAAL contributions in 2025, (2) the County General UAAL Advance Reserve was allocated entirely to the County, and (3) the County General's allocated pension NPL is the sum of the amounts in Steps (1) and (2).

Exhibit B summarizes the allocated NPL, deferred outflows and inflows of resources and pension expense by the seven employers.* Additional information required under GASB 68 that each of the employers will need to disclose will be provided later in our separate GASB 68 report.

* The Alameda Local Agency Formation Commission (LAFCO) has become an independent participating employer of ACERA effective January 1, 2026. Prior to January 1, 2026, LAFCO contracted with the County for staffing support. Because LAFCO did not make any separate employer contribution from the County during 2025, no NPL would be allocated to LAFCO as of December 31, 2025.

This document has been prepared for the exclusive use and benefit of ACERA, based upon information provided by ACERA or otherwise made available to Segal at the time this document was created. Segal makes no representation or warranty as to the accuracy of any forward-looking statements and does not guarantee any particular outcome or result. This document should only be copied, reproduced, or shared with other parties in its entirety as necessary for the proper administration of ACERA. This document does not constitute legal, tax or investment advice or create or imply a fiduciary relationship. You are encouraged to discuss any issues raised with your legal, tax and other advisors before taking, or refraining from taking, any action.

These calculations were performed under the supervision of Eva Yum, FSA, MAAA, Enrolled Actuary. The undersigned are members of the American Academy of Actuaries and meet the Qualification Standard of the American Academy of Actuaries to render the actuarial opinion herein.

Please let us know if you have any questions.

Sincerely,

Todd Tauzer, FSA, MAAA, FCA, CERA
Senior Vice President and Actuary

Eva Yum, FSA, MAAA, EA
Vice President and Actuary

Daniel Siblik, ASA, MAAA, FCA, EA
Vice President and Actuary

BTS/
Attachments

Schedule of employer allocations as of December 31, 2024

Actual Employer Contributions by Employer and Membership Class
January 1, 2024 to December 31, 2024

Employer	General Excluding ACOE and LARPD Contribution	General Excluding ACOE and LARPD Percentage ¹	General ACOE Only Contribution	General ACOE Only Percentage	General LARPD Only Contribution	General LARPD Only Percentage	General Combined Contribution	General Combined Percentage
Alameda County	\$164,097,407	63.705%	\$0	0.000%	\$0	0.000%	\$164,097,407	63.572%
Health System	74,315,754	28.851%	0	0.000%	0	0.000%	74,315,754	28.791%
Superior Court	14,604,606	5.670%	0	0.000%	0	0.000%	14,604,606	5.658%
First 5	2,969,817	1.153%	0	0.000%	0	0.000%	2,969,817	1.151%
Housing Authority	1,599,785	0.621%	0	0.000%	0	0.000%	1,599,785	0.620%
LARPD	0	0.000%	0	0.000%	425,248	100.000%	425,248	0.165%
ACOE	0	0.000%	110,000	100.000%	0	0.000%	110,000	0.043%
Total All Employers	\$257,587,369	100.000%	\$110,000	100.000%	\$425,248	100.000%	\$258,122,617	100.000%

Employer	Safety Contribution	Safety Percentage	Total Contribution	Total Percentage	Adjusted Total Contribution	Adjusted Total Percentage ^{2,3,4}
Alameda County	\$52,983,658	100.000%	\$217,081,065	69.777%	\$298,255,244 ²	75.817%
Health System	0	0.000%	74,315,754	23.888%	74,315,754	18.891%
Superior Court	0	0.000%	14,604,606	4.694%	14,604,606	3.713%
First 5	0	0.000%	2,969,817	0.955%	2,969,817	0.755%
Housing Authority	0	0.000%	1,599,785	0.514%	1,599,785	0.407%
LARPD	0	0.000%	425,248	0.137%	1,472,280 ³	0.374%
ACOE	0	0.000%	110,000	0.035%	169,854 ⁴	0.043%
Total All Employers	\$52,983,658	100.000%	\$311,106,275	100.000%	\$393,387,340	100.000%

Notes for Exhibit A1, Employer Contributions

1. The unrounded percentages are used in the allocation of the NPL amongst the employers.
2. This includes \$164,097,407 of County General actual employer contributions and \$134,157,837 of County Safety adjusted employer contributions used for purposes of determining the proportionate share of the non-OPEB SRBR NPL for the County. The County made voluntary County Safety contributions of \$800,000,000 on June 29, 2021 to reduce their Safety UAAL and associated employer contribution rates. We have amortized the voluntary County Safety UAAL contributions to provide a UAAL contribution rate credit for County Safety over 13 years effective FY 21-22. Similar to the approach approved by ACERA for ACOE to determine ACOE's proportionate share of the non-OPEB SRBR NPL, we determined the County Safety's proportionate share of the non-OPEB SRBR NPL by using the County Safety's actual contributions made in 2024 in the amount of \$52,983,658 plus the contribution credit applied in 2024 in the amount of \$81,174,179 for a total adjusted County Safety contribution of \$134,157,837.
3. LARPD made voluntary LARPD General contributions of \$12,611,250 on June 29, 2021 to reduce their General UAAL and associated employer contribution rates. We have amortized the voluntary LARPD General UAAL contributions to provide a UAAL contribution rate credit for LARPD General over 16 years effective FY 21-22. Similar to the approach approved by ACERA for ACOE to determine ACOE's proportionate share of the non-OPEB SRBR NPL, we determined LARPD's proportionate share of the non-OPEB SRBR NPL by using LARPD's actual contributions made in 2024 in the amount of \$425,248 plus the contribution credit applied in 2024 in the amount of \$1,047,032 for a total adjusted LARPD contribution of \$1,472,280.
4. ACOE made a lump sum contribution of \$750,000 in 2019 to partially pay off their UAAL. That lump sum is greater than the amount that ACOE would have to make on an installment basis over 20 years. In order to have a more level allocation of the NPL to ACOE, ACERA approved an approach outlined in our March 2, 2020 letter to determine ACOE's proportionate share of the non-OPEB SRBR NPL by using ACOE's required contributions determined in our December 31, 2022 valuation in the amount of \$110,000 based on an April 1, 2024 payment date plus the amortization of the remaining balance of the original \$750,000 lump sum amount (an amount of \$59,854 which represents the additional UAAL contribution ACOE would have been required to pay had they not made the additional lump sum contribution in 2019).

Part 1: Excluding Non-OPEB SRBR

Allocation of Net Pension Liability (NPL) as of December 31, 2024

Employer	General Excluding ACOE and LARPD NPL	General Excluding ACOE and LARPD Percentage ¹	General ACOE Only NPL	General ACOE Only Percentage ¹	General LARPD Only NPL	General LARPD Only Percentage ¹
Alameda County	\$777,834,830	63.705%	\$0	0.000%	\$0	0.000%
Health System	352,262,616	28.851%	0	0.000%	0	0.000%
Superior Court	69,227,000	5.670%	0	0.000%	0	0.000%
First 5	14,077,170	1.153%	0	0.000%	0	0.000%
Housing Authority	7,583,109	0.621%	0	0.000%	0	0.000%
LARPD	0	0.000%	0	0.000%	89,438	100.000%
ACOE	0	0.000%	1,157,503	100.000%	0	0.000%
Total All Employers	\$1,220,984,725	100.000%	\$1,157,503	100.000%	\$89,438	100.000%

Employer	General Combined NPL	General Combined Percentage	Safety NPL	Safety Percentage ¹	Total General and Safety NPL	Total General and Safety Percentage
Alameda County	\$777,834,830	63.641%	\$148,166,584	100.000%	\$926,001,414	67.572%
Health System	352,262,616	28.821%	0	0.000%	352,262,616	25.705%
Superior Court	69,227,000	5.664%	0	0.000%	69,227,000	5.052%
First 5	14,077,170	1.152%	0	0.000%	14,077,170	1.027%
Housing Authority	7,583,109	0.620%	0	0.000%	7,583,109	0.553%
LARPD	89,438	0.007%	0	0.000%	89,438	0.007%
ACOE	1,157,503	0.095%	0	0.000%	1,157,503	0.084%
Total All Employers	\$1,222,231,666	100.000%	\$148,166,584	100.000%	\$1,370,398,250	100.000%

Part 2: Including Non-OPEB SRBR

Allocation of Net Pension Liability (NPL) as of December 31, 2024

Employer	General and Safety Non-OPEB SRBR Only NPL	General and Safety Non-OPEB SRBR Only Percentage ²	Total NPL	Total Percentage
Alameda County	\$71,302,782	75.817%	\$997,304,196	68.100%
Health System	17,766,393	18.891%	370,029,009	25.268%
Superior Court	3,491,469	3.713%	72,718,469	4.966%
First 5	709,983	0.755%	14,787,153	1.010%
Housing Authority	382,455	0.407%	7,965,564	0.544%
LARPD	351,973	0.374%	441,411	0.030%
ACOE	40,606	0.043%	1,198,109	0.082%
Total All Employers	\$94,045,661	100.000%	\$1,464,443,911	100.000%

Notes for Exhibit A1, NPL, Parts 1 and 2

1. Allocated based on the actual employer contributions within each membership class.
2. Allocated based on the actual employer contributions in total, with an adjustment to reflect the total annual UAAL contribution ACOE would have been required to make of \$169,854 in 2024 had they not made the additional contribution in 2019 to partially pay off their UAAL. This approach is outlined in our March 2, 2020 letter and is approved by ACERA. Following this approach, there is an adjustment to reflect the total annual contribution County Safety would have been required to make of \$134,157,837 in 2024 had they not made the voluntary County Safety UAAL contribution in 2021. There is also an adjustment to reflect the total annual contribution LARPD would have been required to make of \$1,472,280 in 2024 had they not made the voluntary LARPD General UAAL contribution in 2021.

Additional Notes for Exhibit A1

Pension (excluding non-OPEB SRBR)

The Net Pension Liability (NPL) for each membership class is the Total Pension Liability (TPL) minus the Plan Fiduciary Net Position (FNP). The TPL for each membership class is obtained from internal valuation results.

As of December 31, 2024, the total Plan FNP for Pension (excluding non-OPEB SRBR) is \$47.8 million lower than the valuation value of assets as of the same date, due to the inclusion of deferred market losses and the balance of the Contingency Reserve. The Plan FNP for Pension for each membership class is obtained as follows:

- The deferred market gains and losses accumulated up to June 30, 2021 are allocated to each membership class proportionately based on the valuation value of assets for each membership class relative to the total valuation value of assets for all membership classes, both excluding the valuation value of assets for the County Safety UAAL Advance Reserve and the LARPD General UAAL Advance Reserve.¹
- The deferred market gains and losses accumulated after June 30, 2021 are allocated to each membership class proportionately based on the valuation value of asset for each membership class relative to the total valuation value of assets for all membership classes, both including the valuation value of assets for the County Safety UAAL Advance Reserve and the LARPD General UAAL Advance Reserve.
- The Contingency Reserve is allocated to each membership class taking into consideration the valuation value of assets for each membership class relative to the total valuation value of assets for all membership classes as well as the amount in the Contingency Reserve that originates from the returns derived from the two UAAL Advance Reserves.

The total Plan FNP for pension as of December 31, 2024 includes the net fair value of assets less SRBR assets. The SRBR assets include the SRBR-OPEB reserve (after reducing the reserve by the SRBR implicit subsidy transfer), the 401(h) reserve, and the Non-OPEB SRBR reserve, minus a proportionate share of the deferred market losses commensurate with the size of those SRBR reserves and 401(h) reserve to valuation, SRBR and 401(h) reserves.

The General ACOE membership class has only one employer (ACOE), so all of the NPL for General ACOE is allocated to the ACOE. The General LARPD membership class has only one employer (LARPD), so all of the NPL for General LARPD is allocated to LARPD. The Safety membership class also has only one employer (County), so all of the NPL for Safety is allocated to the County.

¹ Based on the Board's funding policy and interest crediting policy, the County Safety UAAL Advance Reserve and LARPD General Advance Reserve are subject to a separate five-year asset smoothing schedule that excludes the allocation of any deferred investment gains or losses accumulated up to June 30, 2021 for interest crediting purposes.

For General excluding ACOE and LARPD, the NPL is allocated based on the actual employer contributions within the General membership class excluding any contributions made by ACOE and LARPD. The steps used for the allocation are as follows:

- Calculate the ratio of the employer's contributions to the total contributions for the membership class.
- This ratio is multiplied by the NPL for the membership class to determine the employer's proportionate share of the NPL for the membership class.

Non-OPEB SRBR

The non-OPEB SRBR assets include the non-OPEB SRBR reserve, minus a proportionate share of the deferred market losses commensurate with the size of the non-OPEB to valuation and SRBR reserves.

For non-OPEB SRBR, the NPL is allocated based on the adjusted employer contributions in total. The steps used for the allocation are as follows:

- Calculate the ratio of the employer's adjusted total contributions to the adjusted total contributions for all employers.
- This ratio is multiplied by the NPL for the non-OPEB SRBR to determine the employer's proportionate share of the NPL for the non-OPEB SRBR.

Total

The employer's total allocated NPL is the sum of its allocated pension NPL from each membership class and the non-OPEB SRBR. The proportionate share of the total plan NPL is then the ratio of the employer's total allocated NPL to the total NPL of all employers.

Schedule of employer allocations as of December 31, 2025

Actual Employer Contributions by Employer and Membership Class
January 1, 2025 to December 31, 2025

Employer	General Excluding ACOE and LARPD Contribution	General Excluding ACOE and LARPD Percentage ¹	General ACOE Only Contribution	General ACOE Only Percentage	General LARPD Only Contribution	General LARPD Only Percentage	General Combined Contribution	General Combined Percentage
Alameda County	\$559,181,022	85.087%	\$0	0.000%	\$0	0.000%	\$559,181,022	85.017%
Health System	78,835,082	11.996%	0	0.000%	0	0.000%	78,835,082	11.986%
Superior Court	13,970,824	2.126%	0	0.000%	0	0.000%	13,970,824	2.124%
First 5	3,395,793	0.517%	0	0.000%	0	0.000%	3,395,793	0.516%
Housing Authority	1,798,627	0.274%	0	0.000%	0	0.000%	1,798,627	0.273%
LARPD	0	0.000%	0	0.000%	432,967	100.000%	432,967	0.066%
ACOE	0	0.000%	120,000	100.000%	0	0.000%	120,000	0.018%
Total All Employers	\$657,181,348	100.000%	\$120,000	100.000%	\$432,967	100.000%	\$657,734,315	100.000%

Employer	Safety Contribution	Safety Percentage	Total Contribution	Total Percentage	Adjusted General Excluding ACOE and LARPD Contribution	Adjusted General Excluding ACOE and LARPD ² Percentage ¹	Adjusted Total Contribution	Adjusted Total ^{2,3,4} Percentage ¹
Alameda County	\$59,651,268	100.000%	\$618,832,290	86.263%	\$177,212,627 ²	64.391%	\$321,814,329 ²	76.344%
Health System	0	0.000%	78,835,082	10.989%	78,835,082	28.645%	78,835,082	18.702%
Superior Court	0	0.000%	13,970,824	1.947%	13,970,824	5.076%	13,970,824	3.314%
First 5	0	0.000%	3,395,793	0.473%	3,395,793	1.234%	3,395,793	0.806%
Housing Authority	0	0.000%	1,798,627	0.251%	1,798,627	0.654%	1,798,627	0.427%
LARPD	0	0.000%	432,967	0.060%	0	0.000%	1,532,429 ³	0.364%
ACOE	0	0.000%	120,000	0.017%	0	0.000%	179,854 ⁴	0.043%
Total All Employers	\$59,651,268	100.000%	\$717,385,583	100.000%	\$275,212,953	100.000%	\$421,526,938	100.000%

Notes for Exhibit A2, Employer Contributions

1. The unrounded percentages are used in the allocation of the NPL amongst the employers.
2. This includes \$177,212,627 of County General adjusted employer contributions and \$144,601,702 of County Safety adjusted employer contributions used for purposes of determining the proportionate share of the non-OPEB SRBR NPL for the County.

The County made voluntary County General contributions of \$400,000,000 on June 27, 2025 to reduce their General UAAL and associated employer contribution rates. We have amortized the voluntary County General UAAL contributions to provide a UAAL contribution rate credit for County General over 10 years effective FY 25-26. Similar to the approach approved by ACERA for ACOE to determine ACOE's proportionate share of the non-OPEB SRBR NPL, we determined the County General's proportionate share of the non-OPEB SRBR NPL by using the County General's actual contributions made in 2025 in the amount of \$559,181,022, less the voluntary UAAL contribution of \$400,000,000, plus the contribution credit applied in 2025 in the amount of \$18,031,605 for a total adjusted County General contribution of \$177,212,627. The County General adjusted employer contributions are also used to determine the proportionate share of the pension NPL for the General (excluding ACOE and LARPD) membership class before consideration of the County General UAAL Advance Reserve.

The County made voluntary County Safety contributions of \$800,000,000 on June 29, 2021 to reduce their Safety UAAL and associated employer contribution rates. We have amortized the voluntary County Safety UAAL contributions to provide a UAAL contribution rate credit for County Safety over 13 years effective FY 21-22. Similar to the approach approved by ACERA for ACOE to determine ACOE's proportionate share of the non-OPEB SRBR NPL, we determined the County Safety's proportionate share of the non-OPEB SRBR NPL by using the County Safety's actual contributions made in 2025 in the amount of \$59,651,268 plus the contribution credit applied in 2025 in the amount of \$84,950,434 for a total adjusted County Safety contribution of \$144,601,702.

3. LARPD made voluntary LARPD General contributions of \$12,611,250 on June 29, 2021 to reduce their General UAAL and associated employer contribution rates. We have amortized the voluntary LARPD General UAAL contributions to provide a UAAL contribution rate credit for LARPD General over 16 years effective FY 21-22. Similar to the approach approved by ACERA for ACOE to determine ACOE's proportionate share of the non-OPEB SRBR NPL, we determined LARPD's proportionate share of the non-OPEB SRBR NPL by using LARPD's actual contributions made in 2025 in the amount of \$432,967 plus the contribution credit applied in 2025 in the amount of \$1,099,462 for a total adjusted LARPD contribution of \$1,532,429.
4. ACOE made a lump sum contribution of \$750,000 in 2019 to partially pay off their UAAL. That lump sum is greater than the amount that ACOE would have to make on an installment basis over 20 years. In order to have a more level allocation of the NPL to ACOE, ACERA approved an approach outlined in our March 2, 2020 letter to determine ACOE's proportionate share of the non-OPEB SRBR NPL by using ACOE's required contributions determined in our December 31, 2023 valuation in the amount of \$120,000 based on an April 1, 2025 payment date plus the amortization of the remaining balance of the original \$750,000 lump sum amount (an amount of \$59,854 which represents the additional UAAL contribution ACOE would have been required to pay had they not made the additional lump sum contribution in 2019).

Part 1: Excluding Non-OPEB SRBR

Step 1: Allocation of Net Pension Liability (NPL) as of December 31, 2025

Excluding County General UAAL Advance Reserve

Employer	General Excluding ACOE and LARPD NPL	General Excluding ACOE and LARPD Percentage ¹
Alameda County	\$538,635,090	64.391%
Health System	239,618,035	28.645%
Superior Court	42,464,107	5.076%
First 5	10,321,461	1.234%
Housing Authority	5,466,899	0.654%
LARPD	0	0.000%
ACOE	0	0.000%
Total All Employers	\$836,505,592	100.000%

Step 2: Allocation of Net Pension Liability (NPL) as of December 31, 2025

County General UAAL Advance Reserve Only

Employer	General Excluding ACOE and LARPD NPL	General Excluding ACOE and LARPD Percentage ²
Alameda County	\$(409,784,274)	100.000%
Health System	0	0.000%
Superior Court	0	0.000%
First 5	0	0.000%
Housing Authority	0	0.000%
LARPD	0	0.000%
ACOE	0	0.000%
Total All Employers	\$(409,784,274)	100.000%

Step 3: Allocation of Net Pension Liability (NPL) as of December 31, 2025
Including County General UAAL Advance Reserve

Employer	General Excluding ACOE and LARPD NPL	General Excluding ACOE and LARPD Percentage ²	General ACOE Only NPL	General ACOE Only Percentage ¹	General LARPD Only NPL	General LARPD Only Percentage ¹
Alameda County	\$128,850,816	30.196%	\$0	0.000%	\$0	0.000%
Health System	239,618,035	56.153%	0	0.000%	0	0.000%
Superior Court	42,464,107	9.951%	0	0.000%	0	0.000%
First 5	10,321,461	2.419%	0	0.000%	0	0.000%
Housing Authority	5,466,899	1.281%	0	0.000%	0	0.000%
LARPD	0	0.000%	0	0.000%	(2,916,708)	100.000%
ACOE	0	0.000%	1,033,220	100.000%	0	0.000%
Total All Employers	\$426,721,318	100.000%	\$1,033,220	100.000%	\$(2,916,708)	100.000%

Employer	General Combined NPL	General Combined Percentage	Safety NPL	Safety Percentage ¹	Total General and Safety NPL	Total General and Safety Percentage
Alameda County	\$128,850,816	30.330%	\$(8,509,865)	100.000%	\$120,340,951	28.906%
Health System	239,618,035	56.402%	0	0.000%	239,618,035	57.555%
Superior Court	42,464,107	9.995%	0	0.000%	42,464,107	10.200%
First 5	10,321,461	2.430%	0	0.000%	10,321,461	2.479%
Housing Authority	5,466,899	1.287%	0	0.000%	5,466,899	1.313%
LARPD	(2,916,708)	(0.687%)	0	0.000%	(2,916,708)	(0.701%)
ACOE	1,033,220	0.243%	0	0.000%	1,033,220	0.248%
Total All Employers	\$424,837,830	100.000%	\$(8,509,865)	100.000%	\$416,327,965	100.000%

Part 2: Including Non-OPEB SRBR

Allocation of Net Pension Liability (NPL) as of December 31, 2025

Employer	General and Safety Non-OPEB SRBR Only NPL	General and Safety Non-OPEB SRBR Only Percentage ³	Total NPL	Total Percentage
Alameda County	\$44,743,409	76.344%	\$165,084,360	34.758%
Health System	10,960,824	18.702%	250,578,859	52.761%
Superior Court	1,942,432	3.314%	44,406,539	9.350%
First 5	472,134	0.806%	10,793,595	2.273%
Housing Authority	250,072	0.427%	5,716,971	1.204%
LARPD	213,061	0.364%	(2,703,647)	(0.569%)
ACOE	25,006	0.043%	1,058,226	0.223%
Total All Employers	\$58,606,938	100.000%	\$474,934,903	100.000%

Notes for Exhibit A2, NPL, Parts 1 and 2

1. Allocated based on the actual employer contributions within each membership class.
2. The County made voluntary County General contributions of \$400,000,000 on June 27, 2025 to reduce their General UAAL and associated employer contribution rates. The Plan FNP attributable to the County General UAAL Advance Reserve as of December 31, 2025 is \$409,784,274, after adding the proportionate share of one-half of the net deferred investment gain due to investment experience after June 30, 2025 and the proportionate share of the Contingency Reserve that is commensurate with the size of the County General UAAL Advance Reserve.

The General excluding ACOE and LARPD NPL is allocated in three steps:

Step 1: The NPL of \$836,505,592 (i.e., excluding the County General UAAL Advance Reserve) is allocated based on the actual employer contributions in total for the General excluding ACOE and LARPD group, with an adjustment to reflect the total annual contribution County General would have been required to make of \$177,212,627 in 2025 had they not made the voluntary County General UAAL contribution in 2025.

Step 2: The NPL of \$(409,784,274) attributable to the County General UAAL Advance Reserve is allocated to Alameda County.

Step 3: The total pension NPL for the General excluding ACOE and LARPD membership class is the amount in Step 1 plus the amount in Step 2.

3. Allocated based on the actual employer contributions in total, with an adjustment to reflect the total annual UAAL contribution ACOE would have been required to make of \$179,854 in 2025 had they not made the additional contribution in 2019 to partially pay off their UAAL. This approach is outlined in our March 2, 2020 letter and is approved by ACERA. Following this approach, there is an adjustment to reflect the total annual contribution the County would have been required to make of \$321,814,329 (specifically, \$177,212,627 for County General and \$144,601,702 for County Safety) in 2025 had they not made the voluntary County General UAAL contribution in 2025 and the voluntary County Safety UAAL contribution in 2021. There is also an adjustment to reflect the total annual contribution LARPD would have been required to make of \$1,532,429 in 2025 had they not made the voluntary LARPD General UAAL contribution in 2021.

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Additional Notes for Exhibit A2

Pension (excluding non-OPEB SRBR)

The Net Pension Liability (NPL) for each membership class is the Total Pension Liability (TPL) minus the Plan Fiduciary Net Position (FNP). The TPL for each membership class is obtained from internal valuation results.

As of December 31, 2025, the total Plan FNP for Pension (excluding non-OPEB SRBR) is \$524.4 million greater than the valuation value of assets as of the same date, due to the inclusion of deferred market gains and the balance of the Contingency Reserve. The Plan FNP for Pension for each membership class is obtained as follows:

- One-half of the deferred market gains and losses accumulated up to June 30, 2025 are allocated to each membership class proportionately based on the valuation value of assets for each membership class relative to the total valuation value of assets for all membership classes, both excluding the valuation value of assets for the County General UAAL Advance Reserve.²
- One-half of the deferred market gains and losses accumulated after June 30, 2025 are allocated to each membership class proportionately based on the valuation value of asset for each membership class relative to the total valuation value of assets for all membership classes, both including the valuation value of assets for the County General UAAL Advance Reserve.
- The Contingency Reserve is allocated to each membership class taking into consideration the valuation value of assets for each membership class relative to the total valuation value of assets for all membership classes as well as the amount in the Contingency Reserve that originates from the returns derived from the County General UAAL Advance Reserve.

The total Plan FNP for pension as of December 31, 2025 includes the net fair value of assets less SRBR assets. The SRBR assets include the SRBR-OPEB reserve (after reducing the reserve by the SRBR implicit subsidy transfer), the 401(h) reserve, and the Non-OPEB SRBR reserve, plus a proportionate share of one-half of the deferred market gains commensurate with the size of those SRBR reserves and 401(h) reserve to valuation, SRBR and 401(h) reserves.

The General ACOE membership class has only one employer (ACOE), so all of the NPL for General ACOE is allocated to the ACOE. The General LARPD membership class has only one employer (LARPD), so all of the NPL for General LARPD is allocated to LARPD. The Safety membership class also has only one employer (County), so all of the NPL for Safety is allocated to the County.

² Based on the Board's funding policy and interest crediting policy, the County General UAAL Advance Reserve is subject to a separate five-year asset smoothing schedule that excludes the allocation of any deferred investment gains or losses accumulated up to June 30, 2025 for interest crediting purposes. Also, the deferred market gains and losses accumulated up to June 30, 2021 for purposes of the separate five-year asset smoothing schedule for the County Safety and General LARPD UAAL Advance Reserves are fully recognized as of December 31, 2025.

For General excluding ACOE and LARPD, the NPL is allocated in three steps:

Step 1: The NPL excluding the County General UAAL Advance Reserve is allocated based on the actual employer contributions within the General membership class excluding any contributions made by ACOE and LARPD and excluding voluntary UAAL contributions with an adjustment to reflect the total annual contribution County General would have been required to make had they not made the voluntary County General UAAL contribution in 2025. The steps used for the allocation are as follows:

- Calculate the ratio of the employer's adjusted contributions to the adjusted total contributions for the membership class.
- This ratio is multiplied by the NPL (excluding the County General UAAL Advance Reserve) for the membership class to determine the employer's proportionate share of the NPL for the membership class.

Step 2: The NPL attributable to the County General UAAL Advance Reserve is allocated to Alameda County.

Step 3: The total pension NPL for the General excluding ACOE and LARPD membership class is the amount in Step 1 plus the amount in Step 2.

Non-OPEB SRBR

The non-OPEB SRBR assets include the non-OPEB SRBR reserve, plus a proportionate share of the deferred market gains commensurate with the size of the non-OPEB to valuation and SRBR reserves.

For non-OPEB SRBR, the NPL is allocated based on the adjusted employer contributions in total. The steps used for the allocation are as follows:

- Calculate the ratio of the employer's adjusted total contributions to the adjusted total contributions for all employers.
- This ratio is multiplied by the NPL for the non-OPEB SRBR to determine the employer's proportionate share of the NPL for the non-OPEB SRBR.

Total

The employer's total allocated NPL is the sum of its allocated pension NPL from each membership class and the non-OPEB SRBR. The proportionate share of the total plan NPL is then the ratio of the employer's total allocated NPL to the total NPL of all employers.

Schedule of pension amounts by employer as of December 31, 2025

Deferred Outflows of Resources

Employer	Net Pension Liability	Differences Between Actual and Expected Experience	Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Outflows of Resources
Alameda County	\$165,084,360	\$142,615,436	\$0	\$0	\$7,182,293	\$149,797,729
Health System	250,578,859	38,109,107	0	0	7,027,750	45,136,857
Superior Court	44,406,539	6,753,537	0	0	1,077,966	7,831,503
First 5	10,793,595	1,641,536	0	0	3,471,276	5,112,812
Housing Authority	5,716,971	869,461	0	0	726,358	1,595,819
LARPD	(2,703,647)	1,255,500	0	0	0	1,255,500
ACOE	1,058,226	209,580	0	0	2	209,582
Total for all Employers	\$474,934,903	\$191,454,157	\$0	\$0	\$19,485,645	\$210,939,802

Deferred Inflows of Resources

Employer	Differences Between Expected and Actual Experience	Net Difference Between Actual and Projected Investment Earnings on Pension Plan Investments	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Inflows of Resources
Alameda County	\$10,563,031	\$443,456,201	\$29,078,977	\$8,840,991	\$491,939,200
Health System	3,293,708	112,015,150	8,630,212	2,410,045	126,349,115
Superior Court	583,697	19,850,857	1,529,410	7,412,773	29,376,737
First 5	141,876	4,825,012	371,743	0	5,338,631
Housing Authority	75,146	2,555,633	196,899	795,711	3,623,389
LARPD	360,311	3,533,435	260,556	25,365	4,179,667
ACOE	2,129	175,434	1,012	760	179,335
Total for all Employers	\$15,019,898	\$586,411,722	\$40,068,809	\$19,485,645	\$660,986,074

Pension Expense

Employer	Proportionate Share of Plan Pension Expense	Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Employer Pension Expense
Alameda County	\$152,146,080	\$(1,869,233)	\$150,276,847
Health System	50,145,843	3,186,253	53,332,096
Superior Court	8,886,638	(2,848,989)	6,037,649
First 5	2,160,015	1,552,624	3,712,639
Housing Authority	1,144,080	3,139	1,147,219
LARPD	(292,734)	(23,338)	(316,072)
ACOE	164,392	(456)	163,936
Total for all Employers	\$214,354,314	\$0	\$214,354,314

Notes for Exhibit B:

The above exhibit shows the allocated NPL, deferred outflows and inflows of resources, and pension expense by employer.

The amounts shown in this exhibit were allocated first by employer within each of the four pension plan membership classes (excl. non-OPEB SRBR) and within the non-OPEB SRBR based on the Employer Allocation Percentage calculated in Exhibit A2, and added together to produce the results by employer in total.

In determining the pension expense:

- Any differences between projected and actual investment earnings on pension plan investments are recognized over a period of five years beginning with the year in which they occur.
- Current-period (i.e., 2025) differences between expected and actual experience and changes of assumptions, if any, are recognized over the average of the expected remaining service lives of all employees that are provided with pensions through ACERA determined as of December 31, 2024 (the beginning of the measurement period ending December 31, 2025) and is 4.87 years.
- Prior-period differences between expected and actual experience and changes of assumptions are continued to be recognized based on the expected remaining service lives of all employees calculated as of those prior measurement dates.

- Current-period plan changes are recognized immediately.

The average of the expected remaining service lives of all employees was determined by:

- Calculating each active employee's expected remaining service life as the present value of \$1 per year of future service at zero percent interest.
- Setting the remaining service life to zero for each nonactive or retired members.
- Dividing the sum of the above amounts by the total number of active employee, nonactive and retired members.

The pension expense decreased from \$342.0 million as of December 31, 2024 to \$214.4 million as of December 31, 2025. The primary cause of the decrease was a gain from the return on the market value of assets of 13.2% during calendar year 2025 that was greater than the assumption of 7.00% used in the December 31, 2024 valuation (a gain of about \$688 million that is being recognized over a period of five years starting with the development of this year's pension expense).

Alameda County Employees' Retirement Association (ACERA)

**Governmental Accounting Standards Board Statement
No. 74 Actuarial Valuation of Other Postemployment
Benefits (OPEB) Measured as of December 31, 2025**

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Segal

April 2, 2026

Board of Retirement
Alameda County Employees' Retirement Association
475 14th Street, Suite 1000
Oakland, CA 94612

Dear Board of Trustees:

We are pleased to submit this Governmental Accounting Standards Board Statement No. 74 (GASB 74) Accounting Valuation of Other Postemployment Benefits (OPEB) Measured as of December 31, 2025 for the Alameda County Employees' Retirement Association ("ACERA" or "the Plan"). It contains various information that will need to be disclosed in order to comply with GASB 74. The report summarizes the actuarial data used in the valuation, discloses the Net OPEB Liability (NOL), and analyzes the preceding year's experience.

The actuarial valuation has been completed in accordance with generally accepted actuarial principles and practices for the exclusive use and benefit of the Board of Trustees (the Board). The actuarial valuation is based on the plan of benefits verified by the staff of the Plan and reliance on participant, premium, claims and expense data provided by the staff of the Plan or from vendors employed by the Plan. Segal does not audit the data provided. The accuracy and comprehensiveness of the data is the responsibility of those supplying the data. Segal, however, does review the data for reasonableness and consistency.

The measurements shown in this actuarial valuation may not be applicable for other purposes. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: retiree group benefits program experience differing from that anticipated by the assumptions; changes in 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 retiree group benefits program provisions or applicable law. Retiree group benefits models necessarily rely on the use of approximations and estimates, and are sensitive to changes in these approximations and estimates. Small variations in these approximations and estimates may lead to significant changes in actuarial measurements. The scope of the assignment did not include performing an analysis of the potential change of such future measurements except where noted.

Board of Trustees
April 2, 2026

The actuarial calculations were completed under the supervision of Mehdi Riazi, FSA, MAAA, FCA, EA. We are members of the American Academy of Actuaries and we collectively meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. To the best of our knowledge, the information supplied in the actuarial valuation is complete and accurate. The assumptions used in this actuarial valuation were selected by the Board of Trustees based upon our analysis and recommendations. In our opinion, the assumptions are reasonable and take into account the experience of the ACERA and reasonable expectations. In addition, in our opinion, the combined effect of these assumptions is expected to have no significant bias.

Segal makes no representation or warranty as to the future status of the Plan and does not guarantee any particular result. This document does not constitute legal, tax, accounting or investment advice or create or imply a fiduciary relationship. The Board of Trustees is encouraged to discuss any issues raised in this report with the Plan's legal, tax and other advisors before taking, or refraining from taking, any action.

Sincerely,

Segal

Todd Tauzer, FSA, MAAA, FCA, CERA
Senior Vice President and Actuary

Mehdi Riazi, FSA, MAAA, FCA, EA
Vice President and Actuary

Daniel Siblik, ASA, MAAA, FCA, EA
Vice President and Actuary

Eva Yum, FSA, MAAA, EA
Vice President and Actuary

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Section 1: Actuarial Valuation Summary

Purpose and basis

This report presents the results of our actuarial valuation of the ACERA OPEB plan as of December 31, 2025, required by Governmental Accounting Standards Board (GASB) Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other than Pension Plans. The actuarial computations made are for purposes of fulfilling plan accounting requirements. Determinations for purposes other than meeting financial accounting requirements may be significantly different from the results reported here. This valuation is based on:

- The benefit provisions of the OPEB Plan, as administered by the Board;
- The characteristics of covered active, inactive, and retired members and beneficiaries as of November 30, 2024, provided by the staff of ACERA;
- The assets of the Plan as of December 31, 2025, provided by ACERA;
- Economic assumptions regarding future salary increases and investment earnings adopted by the Board for the December 31, 2025 valuation; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, and health care trends, etc. adopted by the Board for the December 31, 2025 valuation.

General observations on a GASB 74 Actuarial Valuation

1. The Governmental Accounting Standards Board (GASB) rules only define OPEB liability and expense for financial reporting purposes, they do not apply to contribution amounts for OPEB funding purposes. Employers and plans should continue to develop and adopt funding policies under current practices.
2. When measuring OPEB liability, GASB uses the same actuarial cost method (Entry Age method) and, for benefits that are being fully funded on an actuarial basis, the same expected return on Plan assets as used for funding.¹ This means that the Total OPEB Liability (TOL) measure for financial reporting shown in this report is generally determined on the same basis as the Actuarial Accrued Liability (AAL) measure for funding.

¹ See discussions on next page regarding source of funding for payment of OPEB SRBR benefits not covered by current OPEB Plan FNP in the SRBR.

Section 1: Actuarial Valuation Summary

3. The Net OPEB Liability (NOL) is equal to the difference between the TOL and the Plan Fiduciary Net Position (FNP). The Plan FNP is equal to the fair value of assets and therefore, the NOL measure is very similar to an unfunded actuarial accrued liability (UAAL) on a market value basis.

Highlights of the valuation

1. The reporting date for the Plan is December 31, 2025 and the NOL was measured as of the same date. The TOL was determined based upon rolling forward the liability results used in determining the sufficiency of the Supplemental Retiree Benefits Reserve (SRBR) to provide medical and dental subsidy benefits as of December 31, 2024. Any changes in actuarial assumptions or plan provisions that occurred between the valuation date and the measurement date have been reflected.
2. The TOL has been adjusted to reflect the health care trend assumptions recommended for the upcoming sufficiency study for the SRBR as of December 31, 2025 (reference: our recommended trend letter dated March 11, 2026).
3. The Net OPEB Liability decreased by \$251.6 million, from \$229.0 million as of December 31, 2024, to a Net OPEB Asset of \$(22.6) million as of December 31, 2025. The NOL was expected to increase by \$60.7 million to \$289.7 million based on the plan's actual benefit payments, and a year of anticipated liability growth due to service cost and interest cost. The difference between the actual and expected NOL was primarily attributable to favorable overall investment experience², and to a lesser extent, demographic experience gains. These savings were partially offset by updated starting year costs, including higher than expected implicit subsidy estimates, and revised healthcare trend assumptions. Combined, these assumption changes increased the NOL by \$81 million. Changes in these values during the last two fiscal years ending December 31, 2025 and 2024 can be found in *Section 2, Schedule of Changes in Net OPEB Liability* on page 23.
4. For the non-Medicare plans, we have updated the first-year trend rate to 8.00%, then grading down by 0.25% each year for 14 years until reaching an ultimate rate of 4.50%. Key considerations that influenced the updated non-Medicare trend rates were the plan's recent premium experience and updated national trend expectations for medical and prescription drug costs. For the Medicare plans, we have set the first-year trend to 7.50%,³ then grading down by 0.25% each year until reaching an ultimate rate of 4.50% after 12 years. In addition to the same key considerations that influenced the updated non-Medicare trend rates, the updated Medicare trend rates were also influenced by the Calendar Year 2027 Advance Notice of Methodological Changes for Medicare Advantage Capitation Rates and Part C and Part D Payment Services (CMS) on January 26, 2026. Medicare Part

² The market value investment return for ACERA as a whole was 15.55% net of administrative expenses, or 15.74% gross of administrative expenses, during 2025. In allocating the end of year market value of assets between the Pension Plan and the SRBR, we have taken into consideration that for ACERA as a whole, the actuarial value of assets was lower than the market value of assets as of December 31, 2025 and there are deferred investment gains scheduled to be recognized in the next few years. One-half of the net deferred market gain is allocated proportionately to the Pension Plan and 401(h) reserve, and one-half of the net deferred market gain is allocated to the SRBR. As a result, the market value investment return for the Pension Plan is 12.9% compared to the 41.5% investment return for the SRBR (OPEB and non-OPEB SRBR combined).

³ We note that in the absence of the above updates, the first-year trend rate that we would use in this year's valuation would equal 7.25%.

Section 1: Actuarial Valuation Summary

B trend assumptions have been increased to 6.75% for calendar years 2026 through 2033, 6.25% for calendar year 2034, then decreasing by 0.50% per year until the ultimate trend rate of 4.50% is reached in 2038. The updated Part B trend assumptions were based on the intermediate Part B premium estimates in Table V.E2. of the 2025 Medicare Trustees report.

5. We have also continued the practice of adjusting the Plan FNP as of December 31, 2025 to include the \$1.148 billion set aside by the Retirement Board in the SRBR reserve to pay OPEB benefits as of December 31, 2025. This includes \$1.138 billion in the OPEB-related SRBR reserve (after reducing the reserve by the \$9.4 million SRBR implicit subsidy transfer), and \$10.3 million in the 401(h) reserve. It should be noted that as of December 31, 2025, the deferred investment **gain** for the entire Plan was \$761.8 million. As discussed in footnote 2, we have added to the Plan FNP the proportionate share of one-half of the net deferred market gains commensurate with the size of the OPEB to total SRBR and 401(h) reserve to valuation and 401(h) reserves, or \$342.9 million.
6. As we disclosed in our December 31, 2025 pension funding valuation report, the 7.00% investment return assumption that the Board approved for determining the liabilities for funding purposes and used for establishing the employer and employee contribution rates has continued to be developed without considering the impact of any future 50/50 excess earnings allocation. This is based on our understanding that Article 5.5 of the Statute, which authorizes the allocation of 50% of excess earnings to the SRBR, does not allow for the use of a different investment return for funding than is used for interest crediting. This would appear in effect to preclude the prefunding of the SRBR through the use of an assumption lower than the market earnings assumption of 7.00%.

Actuarial Standard of Practice (ASOP) No. 4 (“Measuring Pension Obligations and Determining Pension Plan Costs or Contributions”) states that some plan provisions, including gain sharing provisions, “may create pension obligations that are difficult to appropriately measure using traditional valuation procedures.” ASOP No. 4 further states that “for such plan provisions, the actuary should consider using alternative valuation procedures, such as stochastic modeling...to reflect the impact of variations in experience from year to year.” Accordingly, we performed a stochastic model to estimate the impact of the 50% allocation of future excess earnings to the SRBR as part of our triennial experience study recommending assumptions for use starting with the December 31, 2023 valuation. The results of our model indicated that the 50/50 allocation of future excess earnings would have about the same impact as an “outflow” (i.e., assets not available to fund the benefits included in the determination of the Total Pension Liability) that would average approximately 0.75% of assets over time. This approximated outflow was incorporated into our GASB crossover test for the pension benefits (reference: Section 3, Projection of Pension Plan Fiduciary Net Position of our GASB 67 report as of December 31, 2025), along with the additional future employer contributions that would result from those future allocations of excess earnings to the SRBR under ACERA’s funding policy. (The choice of this methodology by the Board in 2015 to reflect the impact of the SRBR was a result of several meetings with ACERA and its auditors, as well as with administrative staff, auditors, and consultants representing the County of Alameda, and after twice consulting with GASB staff.)

Section 1: Actuarial Valuation Summary

Furthermore, note (6) provided in *Appendix A* of the GASB 67 report indicates that the present value of outflows from the 0.75% of assets over time is expected to be higher than the present values of the remaining OPEB and non-OPEB SRBR benefits that could be paid after the exhaustion of assets currently available in the SRBR.

Therefore, in developing the crossover test for the OPEB SRBR in *Appendix A* of this report, we have only included the projected benefits to the extent that on a present value basis they are less than or equal to the OPEB assets currently available in the SRBR as any remaining OPEB SRBR benefits would be paid from future excess earnings

7. For 2025, the Plan FNP of \$1,491,046,205 includes the OPEB-related SRBR reserve of \$1,137,880,407 (after reducing the reserve by the SRBR implicit subsidy transfer of \$9,390,686) and the 401(h) reserve of \$10,309,803, plus the proportionate share of one-half of the net deferred market gains that is commensurate with the size of the OPEB to total SRBR and 401(h) reserve to valuation and 401(h) reserves of \$342,855,996. For 2024, the Plan FNP of \$1,101,638,549 includes the OPEB-related SRBR reserve of \$1,094,286,987 (after reducing the reserve by the SRBR implicit subsidy transfer of \$2,472,346) and the 401(h) reserve of \$10,521,170, less the proportionate share of the net deferred investment loss that is commensurate with the size of the OPEB SRBR reserve of \$3,169,608. Note that amounts may not total exactly due to rounding.
8. Employer contributions shown in this report are on a net basis. Benefits are funded by employer contributions to the 401(h) account and similar amounts are transferred from the SRBR to the Employers Advance Reserve to backfill the employer contributions that would have otherwise been made to the Retirement Plan.

Section 1: Actuarial Valuation Summary

Summary of key valuation results

Valuation Result	Current	Prior
Measurement date	December 31, 2025	December 31, 2024
Disclosure elements:		
• Total OPEB Liability	\$1,468,484,343	\$1,330,606,143
• Plan Fiduciary Net Position ⁴	1,491,046,205	1,101,638,549
• Net OPEB Liability/(Asset)	(22,561,862)	228,967,594
• Plan Fiduciary Net Position as a percentage of Total OPEB Liability	101.54%	82.79%
• Service Cost at Beginning of Year ⁵	39,640,775	37,369,338
• Benefit Payments	52,784,099	50,186,853
Schedule of contributions		
• Actuarially determined contributions	N/A	N/A
• Actual contributions ⁶	0	0
Demographic data⁷		
• Number of retired members receiving medical benefits ⁸	TBD	6,909
• Number of retired members receiving dental and vision benefits	TBD	8,537
• Number of vested terminated members	TBD	572
• Number of active members	TBD	11,865

⁴ Please refer to item 7 on page 8 for information relating to the Plan FNP amount.

⁵ The service cost is based on the previous year's valuation, meaning the service costs for periods ending December 31, 2025 and December 31, 2024 measurement dates are based on the valuations as of December 31, 2024 and December 31, 2023, respectively.

⁶ Please refer to item 8 on page 8 for information relating to the employer contributions.

⁷ The December 31, 2024 data is used in the measurement of the TOL as of December 31, 2025.

The demographic data as of December 31, 2025 will be used in the sufficiency study for the SRBR as of December 31, 2025 as well as in the next year's GASB 74 valuation when we roll forward the liability from December 31, 2025 to December 31, 2026. The December 31, 2025 demographic data will be included in the final version of this report.

⁸ The retiree count excludes beneficiaries under 65 receiving an implicit subsidy.

Section 1: Actuarial Valuation Summary

Valuation Result	Current	Prior
Key assumptions		
Discount rate	7.00%	7.00%
Health care premium trend rates		
<ul style="list-style-type: none"> • Non-Medicare medical plan 	8.00% graded to ultimate 4.50% over 14 years	7.75% graded to ultimate 4.50% over 13 years
<ul style="list-style-type: none"> • Medicare medical plan 	7.50% graded to ultimate 4.50% over 12 years	7.50% graded to ultimate 4.50% over 12 years
<ul style="list-style-type: none"> • Dental 	5.00% graded to ultimate 4.00% over 2 years	6.00% in 2025, then 5.00% graded to ultimate 4.00% over 2 years
<ul style="list-style-type: none"> • Vision 	3.00%	3.00%
<ul style="list-style-type: none"> • Medicare Part B 	6.75% until 2033, then 6.25% graded to ultimate 4.50% over 4 years	6.20% until 2033, then 5.75% graded to ultimate 4.50% over 5 years

Section 1: Actuarial Valuation Summary

Important information about actuarial valuations

An actuarial valuation is a tool to measure future uncertain obligations of a post-retirement health plan. As such, it will never forecast the precise future stream of benefit payments. It is an estimated forecast – the actual cost of the plan will be determined by the benefits and expenses paid, not by the actuarial valuation.

In order to prepare a valuation, Segal relies on a number of input items. These include:

Input Item	Description
Plan of benefits	Plan provisions define the rules that will be used to determine benefit payments, and those rules, or the interpretation of them, may change over time. Even where they appear precise, outside factors may change how they operate. For example, a plan may provide health benefits to post-65 retirees that coordinates with Medicare. If so, changes in the Medicare law or administration may change the plan's costs without any change in the terms of the plan itself. It is important for the Retirement Association to keep Segal informed with respect to plan provisions and administrative procedures, and to review the plan summary included in our report to confirm that Segal has correctly interpreted the plan of benefits.
Participant data	An actuarial valuation for a plan is based on data provided to the actuary by the plan. Segal does not audit such data for completeness or accuracy, other than reviewing it for obvious inconsistencies compared to prior data and other information that appears unreasonable. It is not necessary to have perfect data for an actuarial valuation: the valuation is an estimated forecast, not a prediction. The uncertainties in other factors are such that even perfect data does not produce a "perfect" result. Notwithstanding the above, it is important for Segal to receive the best possible data and to be informed about any known incomplete or inaccurate data.
Assets	The valuation is based on the fair value of assets as of the valuation date, as provided by ACERA. The Association uses an actuarial value of assets that differs from fair value of assets to gradually reflect six-month changes in the fair value of assets in the SRBR sufficiency valuation.
Actuarial assumptions	In preparing an actuarial valuation, Segal starts by developing a forecast of the benefits to be paid to existing plan participants for the rest of their lives and the lives of their beneficiaries. To determine the future costs of benefits, Segal collects claims, premiums, and enrollment data in order to establish a baseline cost for the valuation measurement, and then develops short- and long-term health care cost trend rates to project increases in costs in future years. This forecast also requires actuarial assumptions as to the probability of death, disability, withdrawal, and retirement of each participant for each year, as well as forecasts of the plan's benefits for each of those events. The forecasted benefits are then discounted to a present value, typically based on an estimate of the rate of return that will be achieved on the plan's assets or, if there are no assets, a rate of return based on a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). All of these factors are uncertain and unknowable. Thus, there will be a range of reasonable assumptions, and the results may vary materially based on which assumptions the actuary selects within that range. That is, there is no right answer (except with hindsight). It is important for any user of an actuarial valuation to understand and accept this constraint. The actuarial model necessarily uses approximations and estimates that may lead to significant changes in our results but will have no impact on the

Section 1: Actuarial Valuation Summary

Input Item	Description
Models	<p>actual cost of the plan. In addition, the actuarial assumptions may change over time, and while this can have a significant impact on the reported results, it does not mean that the previous assumptions or results were unreasonable or wrong.</p> <p>Segal accounting results are based on proprietary actuarial modeling software. The accounting valuation models generate a comprehensive set of liability and cost calculations that are presented to meet accounting standards and client requirements. Our Actuarial Technology and Systems unit, comprising both actuaries and programmers, is responsible for the initial development and maintenance of these models. The models have a modular structure that allows for a high degree of accuracy, flexibility and user control. The client team programs the assumptions and the plan provisions, validates the models, and reviews test lives and results, under the supervision of the responsible actuary.</p> <p>Our claims costs assumptions are based on proprietary modeling software as well as models that were developed by others. These models generate per capita claims cost calculations that are used in our valuation software. Our Health Technical Services Unit, comprised of actuaries and programmers, is responsible for the initial development and maintenance of our health models. They are also responsible for testing models that we purchase from other vendors for reasonableness. The client team inputs the paid claims, enrollments, plan provisions and assumptions into these models and reviews the results for reasonableness, under the supervision of the responsible actuary.</p>

The user of Segal’s actuarial valuation (or other actuarial calculations) should keep the following in mind:

- The actuarial valuation is prepared for use by ACERA. It includes information for compliance with accounting standards and for the plan’s auditor. Segal is not responsible for the use or misuse of its report, particularly by any other party.
- If ACERA is aware of any event or trend that was not considered in this valuation that may materially change the results of the valuation, Segal should be advised, so that we can evaluate it.
- An actuarial valuation is a measurement at a specific date – it is not a prediction of a plan’s future financial condition. Accordingly, Segal did not perform an analysis of the potential range of financial measurements, except where otherwise noted. The actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan.
- Sections of this report include actuarial results that are not rounded, but that does not imply precision.
- Critical events for a plan include, but are not limited to, decisions about changes in benefits and contributions. The basis for such decisions needs to consider many factors such as the risk of changes in plan enrollment, emerging claims experience, health care trend, and investment losses, not just the current valuation results.

Section 1: Actuarial Valuation Summary

- Segal does not provide investment, legal, accounting, or tax advice and is not acting as a fiduciary to the Plan. This valuation is based on Segal's understanding of applicable guidance in these areas and of the Plan's provisions, but they may be subject to alternative interpretations. The Board should look to their other advisors for expertise in these areas.
- While Segal maintains extensive quality assurance procedures, an actuarial valuation involves complex computer models and numerous inputs. In the event that an inaccuracy is discovered after presentation of Segal's valuation, Segal may revise that valuation or make an appropriate adjustment in the next valuation.
- Segal's report shall be deemed to be final and accepted by the Board upon delivery and review. The Association should notify Segal immediately of any questions or concerns about the final content.

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Section 2: GASB Information

General information about the OPEB plan

Plan administration. The Alameda County Employees' Retirement Association (ACERA) was established by the Alameda County Board of Supervisors in 1947. ACERA is administered by the Board of Retirement and governed by the County Employees' Retirement Law of 1937 (California Government Code Section 31450 et. seq.). ACERA is a cost-sharing, multiple employer, defined benefit, public employee retirement system whose main function is to provide service retirement, disability, death, and survivor benefits to the General and Safety members employed by the County of Alameda. ACERA also provides retirement benefits to the employee members of:

- First 5 Alameda County (First 5);
- Housing Authority of the County of Alameda (Housing Authority);
- Alameda Health System;
- Livermore Area Recreation and Park District (LARPD),
- Superior Court of California—County of Alameda (Alameda Superior Court); and
- Alameda County Office of Education (ACOE).

The management of ACERA is vested with the ACERA Board of Retirement. The Board consists of nine members and two alternates:

- The County Treasurer is a member of the Board of Retirement by law and is elected by the general public;
- Four members are appointed by the Board of Supervisors, one of whom may be a County Supervisor;
- Two active members are elected by the General members;
- One active member and one alternate are elected by the Safety members; and
- One retired member and one alternate are elected by the retired members.

All members of the Board of Retirement serve terms of three years except for the County Treasurer whose term runs concurrent with their term as County Treasurer.

Section 2: GASB 74 Information

Plan membership. At December 31, 2025, OPEB Plan membership consisted of the following:⁹

Membership	Medical
Retired members currently receiving medical benefits	TBD
Retired members currently receiving dental and vision benefits	TBD
Vested terminated members entitled to but not yet receiving benefits	TBD
Active members	TBD
Total	TBD

Benefits provided. ACERA provides benefits to eligible employees under the following terms and conditions.

Eligibility

Service Retirees

Retired with at least 10 years of service (including deferred vested members who terminate employment and receive a retirement benefit from ACERA)

Disabled Retirees

A minimum of 10¹⁰ years of service is required for non-duty disability. There is no minimum service requirement for duty disability.

⁹ Data as of December 31 2025 is not used in the measurement of the TOL as of December 31, 2024. It will be used for the sufficiency study for the SRBR as of December 31, 2025 as well as in next year's GASB 74 valuation. The December 31, 2025 demographic data will be included in the final version of this report. The retiree count excludes beneficiaries under 65 receiving an implicit subsidy.

¹⁰ The 10 years of service requirement is only used for determining eligibility for health benefits. For pension benefits, the eligibility requirement is 5 years of service.

Section 2: GASB 74 Information

Other Postemployment Benefits (OPEB)

Monthly Medical Allowance

Service Retirees

For retirees not purchasing individual insurance through the Medicare Insurance Exchange, a Maximum Monthly Medical Allowance of \$662.37 per month is provided, effective January 1, 2025 and through December 31, 2025. For the period January 1, 2026 through December 31, 2026, the maximum allowance is \$687.21 per month.

For those purchasing individual insurance through the Individual Medicare Insurance Exchange, the Maximum Monthly Medical Allowance is \$507.43 per month for 2025 and is \$526.46 per month in 2026.

These allowances are subject to the following subsidy schedule:

Completed Years of Service	Percentage Subsidized
10-14	50%
15-19	75%
20+	100%

Disabled Retirees

Non-duty disabled retirees receive the same Monthly Medical Allowance as service retirees. Duty disabled retirees receive the same Monthly Medical Allowance as those service retirees with 20 or more years of service.

Medicare Benefit Reimbursement Plan

The SRBR reimburses the standard Medicare Part B premium to qualified retired members.

To qualify for reimbursement, a retiree must:

- Have at least 10 years of ACERA service;
- Be eligible for Monthly Medical Allowance; and
- Provide proof of enrollment in Medicare Part B.

Section 2: GASB 74 Information

Dental and Vision Plans

The SRBR provides dental and vision benefits for retirees only. The maximum combined monthly dental and vision premium is \$55.68 in 2025 and \$58.98 in 2026. The eligibility for these premiums is as follows.

Service Retirees

Retired with at least 10 years of service.

Disabled Retirees

For non-duty disabled retirees, 10 years of service is required. For grandfathered non-duty disabled retirees (with effective retirement dates on or before January 31, 2014), there is no minimum service requirement.

For duty disabled retirees, there is no minimum service requirement.

Note about Monthly Medical Allowance

The maximum levels of subsidy are reviewed by the Board annually and are not indexed to increase automatically.

In addition, the Monthly Medical Allowance can only be used to pay for retiree medical benefits. There is no benefit payable to beneficiaries, current spouses, former spouses or dependents.

If the actual cost of coverage is less than the Monthly Medical Allowance, the difference is not paid in cash or applied towards the coverage for beneficiaries, current spouses, former spouses or dependents.

Deferred Benefit

Members who terminate employment with 10 or more years of service before reaching pension eligibility commencement age may elect deferred Monthly Medical Allowance and/or dental/vision benefits.

Death Benefit

Surviving spouses/domestic partners of members who die before the member commences retiree health benefits may enroll in an ACERA group medical plan on the date that the member would have been eligible to commence benefits. The surviving spouse/domestic partner must pay 100% of the premium. Because premiums for surviving spouses/domestic partners under age 65 include active participants for purposes of underwriting, the surviving spouses/domestic partners receive an implicit subsidy, which creates a liability for the SRBR.

Section 2: GASB 74 Information

Exhibit A: Net OPEB Liability

Components of the Net OPEB Liability	Current	Prior
Measurement date	December 31, 2025	December 31, 2024
Total OPEB Liability	\$1,468,484,343	\$1,330,606,143
Plan Fiduciary Net Position	1,491,046,205	1,101,638,549
Net OPEB Liability/(Asset)	\$(22,561,862)	\$228,967,594
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	101.54%	82.79%

The NOL was measured as of December 31, 2025 and 2024. The Plan FNP was valued as of the measurement dates, while the TOL as of December 31, 2025 and 2024 were determined by rolling forward the TOL as of December 31, 2024 and 2023, respectively.

Plan provisions. The plan provisions used in the measurement of the NOL as of December 31, 2025 and 2024 are the same as those used in ACERA's SRBR sufficiency valuation as of December 31, 2024 and 2023, respectively.

Section 2: GASB 74 Information

Actuarial assumptions. The actuarial assumptions used for the December 31, 2025 valuation were based on the results of the experience study for the period from December 1, 2019 through November 30, 2022 that were approved by the Board effective with the December 31, 2023 valuation, the non-trend retiree health assumption letter dated April 30, 2025, and the health care trend assumptions recommended for the upcoming sufficiency study for the SRBR as of December 31, 2025 (reference: our letter dated March 11, 2026). The assumptions used in the December 31, 2025 SRBR OPEB actuarial valuation for ACERA were applied to all periods included in the measurement:

Assumption Type	Assumption
Investment rate of return	7.00%, net of OPEB plan investment expense, including inflation
Inflation	2.50%
Healthcare cost trend rates	
Non-Medicare Medical plan	8.00% graded to ultimate 4.50% over 14 years
Medicare medical plan	7.50% graded to ultimate 4.50% over 12 years
Dental	5.00% graded to ultimate 4.00% over 2 years
Vision	3.00%
Medicare Part B ¹¹	6.75% until 2033, then 6.25% graded to an ultimate of 4.50% over 4 years
Mortality rates	See analysis of actuarial experience during the period December 1, 2019 through November 30, 2022
Other assumptions	See analysis of actuarial experience during the period December 1, 2019 through November 30, 2022

¹¹ The actual 2025 premium increase of 9.68% reflecting the standard 2026 premium of \$202.90 per month was reflected in the current year GASB 74 valuation with December 31, 2025 measurement date. The proposed 6.75% initial trend assumption represents the average trend shown for years 2026 through 2033 of the Trustees report.

Section 2: GASB 74 Information

Exhibit B: Determination of discount rate and investment rates of return

The long-term expected rate of return on OPEB plan investments¹² was determined in 2023 using a building-block method in which expected arithmetic real rates of return (expected returns, net of inflation and any applicable investment management expenses) are developed for each major asset class. These returns are combined to produce the long-term expected arithmetic rate of return for the portfolio by weighting the expected arithmetic real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses (including investment consulting fees, custodian fees and other miscellaneous investment expenses and fees but excluding investment manager fees) and a risk margin. This portfolio return is further adjusted to an expected geometric real rate of return for the portfolio.

The target allocation (approved by the Board) and projected arithmetic real rates of return for each major asset class (after deducting inflation and applicable investment management expenses) are shown in the following table. This information was used in the derivation of the long-term expected investment rate of return assumption in the actuarial valuations as of December 31, 2025 and December 31, 2024. This information will be subject to change every three years based on the results of an actuarial experience study.

¹² Note that the investment return assumption for SRBR sufficiency (and pension funding) purposes was developed net of both investment and administrative expenses; however, the same investment return assumption was used for financial reporting purposes, and it was considered gross of administrative expenses for financial reporting purposes. (This resulted in an increase in the margin for adverse deviation when using that investment return assumption for financial reporting.)

Section 2: GASB 74 Information

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return ¹³
US Large Cap Equity	21.60%	6.00%
US Small Cap Equity	2.40%	6.65%
International Developed Equity	16.30%	7.01%
International Small Cap Equity	2.90%	7.34%
Emerging Markets Equity	4.80%	8.80%
Core Fixed Income	10.50%	1.97%
High Yield Bonds	1.50%	4.63%
Global Fixed Income	2.00%	1.17%
Private Equity	11.00%	9.84%
Core Real Estate	6.30%	3.86%
Value Added Real Estate	1.80%	6.70%
Opportunistic Real Estate	0.90%	8.60%
Commodities	0.90%	4.21%
Private Credit	4.00%	6.47%
Absolute Return	8.00%	2.10%
Infrastructure	5.10%	7.30%
Total	100.00%	5.89%

The discount rate used to measure the TOL was 7.00% as of December 31, 2025. The projection of cash flows used to determine the discount rate assumed benefits are paid out of current OPEB SRBR assets. Based on those assumptions, the SRBR OPEB Plan FNP was projected to be available to make all projected future benefits payments for current plan members.¹⁴ Therefore the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the TOL as of December 31, 2025.

¹³ Arithmetic real rates of return are net of inflation.

¹⁴ See discussions in Section 1 regarding source of funding for payment of OPEB SRBR benefits not covered by current OPEB SRBR Plan's Fiduciary Net Position.

Section 2: GASB 74 Information

Exhibit C: Discount rate and trend sensitivity

The following presents the NOL of ACERA as well as what ACERA's NOL would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate. Also, shown is the TOL as if it were calculated using health care cost trend rates that were 1-percentage-point lower or 1-percentage-point higher than the current health care trend rates.

Item	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net OPEB Liability/(Asset)	\$177,434,496	\$(22,561,862)	\$(187,812,663)

Item	1% Decrease in Health Care Cost Trend Rates	Current Health Care Cost Trend Rates	1% Increase in Health Care Cost Trend Rates
Net OPEB Liability/(Asset)	\$(203,497,961)	\$(22,561,862)	\$200,941,433

Section 2: GASB 74 Information

Exhibit D: Schedule of changes in Net OPEB Liability

Components of the Total OPEB Liability	Current	Prior
Measurement date	December 31, 2025	December 31, 2024
Total OPEB Liability		
Service cost	\$39,640,775	\$37,369,338
Interest	94,101,087	89,705,555
Change of benefit terms	0	0
Differences between expected and actual experience	(24,478,890)	(27,445,322)
Changes of assumptions	81,399,327	12,355,808
Benefit payments, including refunds of member contributions	(52,784,099)	(50,186,853)
Net change in Total OPEB Liability	\$137,878,200	\$61,798,526
Total OPEB Liability – beginning	1,330,606,143	1,268,807,617
Total OPEB Liability – ending	\$1,468,484,343	\$1,330,606,143
Plan Fiduciary Net Position		
Contributions – employer	\$0	\$0
Contributions – employee	0	0
Net investment income	444,354,257	93,445,438
Benefit payments, including refunds of member contributions	(52,784,099)	(50,186,853)
Administrative expense	(2,162,502)	(1,957,000)
Other	0	0
Net change in Plan Fiduciary Net Position	\$389,407,656	\$41,301,585
Plan Fiduciary Net Position – beginning	1,101,638,549	1,060,336,964
Plan Fiduciary Net Position – ending	\$1,491,046,205	\$1,101,638,549
Net OPEB Liability/(Asset)		
Net OPEB Liability/(Asset) – ending	\$(22,561,862)	\$228,967,594
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	101.54%	82.79%
Covered employee payroll ¹⁵	N/A	N/A
Plan Net OPEB Liability as percentage of covered payroll	N/A	N/A

¹⁵ Covered employee payroll is not shown as contributions to the OPEB plan are not based on a measure of pay.

Section 2: GASB 74 Information

Notes to Schedule:

- **Benefit changes:** None
- **Changes of assumptions:** Initial year starting costs were updated, including updated implicit subsidy estimates. These updates increased the TOL.

The healthcare trend assumptions were updated. These updates increased the TOL.

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Section 2: GASB 74 Information

Exhibit E: Schedule of employer contributions

Year Ended December 31	Actuarially Determined Contributions ¹⁶	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency / (Excess)	Covered Employee Payroll ¹⁷	Contributions as a Percentage of Covered Employee Payroll
2016	N/A	N/A	0	N/A	N/A
2017	N/A	N/A	0	N/A	N/A
2018	N/A	N/A	0	N/A	N/A
2019	N/A	N/A	0	N/A	N/A
2020	N/A	N/A	0	N/A	N/A
2021	N/A	N/A	0	N/A	N/A
2022	N/A	N/A	0	N/A	N/A
2023	N/A	N/A	0	N/A	N/A
2024	N/A	N/A	0	N/A	N/A
2025	N/A	N/A	0	N/A	N/A

¹⁶ Benefits are funded by employer contributions to the 401(h) account and similar amounts are transferred from the SRBR to the Employers Advance Reserve to backfill the employer contributions that would have otherwise been made to the Pension Plan.

¹⁷ Covered-employee payroll is not shown as contributions to the OPEB plan are not based on a measure of pay.

Section 3: Appendices

Appendix A: Projection of OPEB Plan's Fiduciary Net Position (\$ in millions)

Year Beginning January 1	Projected Beginning Plan Fiduciary Net Position (a)	Projected Total Contributions (b)	Projected Benefit Payments (c)	Projected Administrative Expenses (d)	Projected Investment Earnings (e)	Projected Beginning Plan Fiduciary Net Position (f) = (a) + (b) - (c) - (d) + (e)
2025	\$1,102	\$0	\$53	\$2	\$444	\$1,491
2026	1,491	0	65	3	102	1,525
2027	1,525	0	70	3	104	1,556
2028	1,556	0	76	3	106	1,584
2029	1,584	0	82	3	108	1,607
2030	1,607	0	88	3	109	1,625
2031	1,625	0	94	3	110	1,639
2032	1,639	0	100	3	111	1,647
2033	1,647	0	107	3	111	1,648
2034	1,648	0	113	3	111	1,643
2035	1,643	0	120	3	111	1,631
2036	1,631	0	125	3	110	1,612
2037	1,612	0	131	3	108	1,587
2038	1,587	0	136	3	106	1,554
2039	1,554	0	141	3	104	1,514
2040	1,514	0	146	3	101	1,466
2041	1,466	0	150	3	97	1,410
2042	1,410	0	155	3	93	1,345
2043	1,345	0	160	3	88	1,271
2044	1,271	0	164	2	83	1,188
2045	1,188	0	168	2	77	1,094

Section 3: Appendices

Year Beginning January 1	Projected Beginning Plan Fiduciary Net Position (a)	Projected Total Contributions (b)	Projected Benefit Payments (c)	Projected Administrative Expenses (d)	Projected Investment Earnings (e)	Projected Beginning Plan Fiduciary Net Position (f) = (a) + (b) – (c) – (d) + (e)
2046	1,094	0	172	2	70	990
2047	990	0	176	2	63	875
2048	875	0	180	2	55	748
2049	748	0	183	1	46	609
2050	609	0	187	1	36	458
2051	458	0	190	1	25	292
2052	292	0	193	1	14	113
2053	113	0	195	0 ¹⁸	1	0
2054	0	0	0	0	0	0
2124	0	0	0	0	0	0
2124 (Discounted value)	0					

¹⁸ Less than \$1 million when rounded.

Section 3: Appendices

Notes

1. Amounts may not total exactly due to rounding.
2. Amounts shown in the year beginning January 1, 2025 row are actual amounts, based on the financial statements provided by ACERA.
3. Years 2055-2123 have been omitted from this table.
4. **Column (a):** Except for the "discounted value" shown for 2124, all of the projected beginning Plan FNP amounts shown have not been adjusted for the time value of money.
5. **Column (b):** \$0. Benefits are funded by employer contributions to the 401(h) account and similar amounts are transferred from the SRBR to the Employers Advance Reserve to backfill the employer contributions that would have otherwise been made to the Retirement Plan.
6. **Column (c):** Projected benefit payments have been determined in accordance with paragraph 43-47 of GASB Statement No. 74, and are based on the closed group of active, inactive vested, retired members, and beneficiaries as of November 30, 2023. The projected benefit payments reflect future health care trends. The projected benefit payments include the OPEB SRBR benefits to the extent the current OPEB SRBR (including the portion of deferred investment loss as of December 31, 2025 that is expected to be allocated to the SRBR) supports those benefits. Benefit payments are assumed to occur halfway through the year, on average. In accordance with paragraph 35 b.(2)(e) of GASB Statement No. 74, the long-term expected rate of return on Plan investments of 7.00% per annum was applied to all periods of projected benefit payments to determine the discount rate.
7. **Column (d):** Projected administrative expenses are calculated as approximately 0.20% of the beginning OPEB SRBR Plan FNP amount. The 0.20% portion was based on the actual fiscal year 2025 administrative expenses as a percentage of the beginning OPEB SRBR Plan FNP amount as of January 1, 2025. Administrative expenses are assumed to occur halfway through the year, on average.
8. **Column (e):** Projected investment earnings are based on the assumed investment rate of return of 7.00% per annum.
9. The OPEB SRBR Plan FNP was projected to be available to make all projected future benefit payments for current Plan members. As explained in highlight 6 on page 7, there is no projected "cross-over date" when projected benefits are not covered by projected assets. Therefore, the long-term expected rate of return on Plan investments of 7.00% per annum was applied to all periods of projected benefit payments to determine the TOL as of December 31, 2025 shown earlier in this report, pursuant to paragraph 48 of GASB Statement No. 74.

Section 3: Appendices

Appendix B: Definition of terms

Definitions of certain terms as they are used in Statement No. 74. The terms may have different meanings in other contexts.

Term	Definition
Actuarially Determined Contribution:	A target or recommended contribution to an OPEB plan for the reporting period based on the most recent measurement available.
Assumptions or actuarial assumptions:	The estimates on which the cost of the Plan is calculated including: <ol style="list-style-type: none"> a. Investment return — the rate of investment yield that the Plan will earn over the long-term future; b. Mortality rates — the death rates of employees and retirees; life expectancy is based on these rates; c. Retirement rates — the rate or probability of retirement at a given age; d. Turnover rates — the rates at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement.
Covered payroll:	The payroll of the employees that are provided OPEB benefits.
Discount rate:	The single rate of return, that when applied to all projected benefit payments results in an actuarial present value that is the actuarial present value of projected benefit payments using a yield or index rate for 20 year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher.
Entry age actuarial cost method:	An actuarial cost method where the present value of the projected benefits for an individual is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit age.
Health care cost trend rates:	The rate of change in per capita health costs over time.
Net OPEB Liability:	The Total OPEB Liability less the Plan Fiduciary Net Position.
Plan Fiduciary Net Position:	Fair Value of Assets
Real rate of return:	The rate of return on an investment after removing inflation.
Service cost:	The amount of contributions required to fund the benefit allocated to the current year of service.
Total OPEB Liability:	The portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service in conformity with the requirements of Statement No. 74.
Valuation date:	The date at which the actuarial valuation is performed.

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April 6, 2026

Ms. Lisa Johnson
Assistant Chief Executive Officer
Alameda County Employees' Retirement Association
475 14th Street, Suite 1000
Oakland, CA 94612

**Re: Alameda County Employees' Retirement Association (ACERA)
Addendum to the Governmental Accounting Standards Board (GASB) Statement 74
Actuarial Valuation as of December 31, 2025**

Dear Lisa:

In our draft Governmental Accounting Standards Board Statement No. 74 (GASB 74) actuarial valuation report dated April 3, 2026, we provided the Net OPEB Liability (NOL) and other elements that are required for completing the Plan's financial reporting requirements under GASB 74. In this letter, we have provided as an addendum to that report two additional schedules for use in allocating the NOL and OPEB expense by employer, before we issue the full companion report for the employer's financial reporting for ACERA under GASB Statement No. 75 (GASB 75). This is similar to a recommendation made by the American Institute of Certified Public Accountants (AICPA) State and Local Government Expert Panel to have comparable schedules prepared for the Pension Plan when we implemented GASB Statements 67 and 68.

The attached schedules have been developed based on the assumptions, methods, and results shown in our report dated April 3, 2026. Exhibits A1 and A2 detail the method used for allocating the NOL and the NOL amounts allocated to the seven employers at ACERA as of December 31, 2024 and December 31, 2025, respectively.

Special note related to allocation of NOL for the OPEB SRBR

The Alameda County Office of Education (ACOE) made a lump sum contribution of \$750,000 in 2019 to partially pay off their Unfunded Actuarial Accrued Liability (UAAL) to the pension plan. That lump sum is greater than the amount that ACOE would have to make on an installment basis over 20 years. In order to have a more level allocation of the NPL and NOL to ACOE, ACERA approved an approach outlined in our March 2, 2020 letter to determine ACOE's proportionate share of the non-OPEB SRBR NOL by using ACOE's required contributions determined as if they had not made the additional lump sum contribution in 2019. We have continued to use that method in determining ACOE's proportionate share of the OPEB SRBR NOL in this letter.

The County made voluntary County General contributions of \$400 million on June 27, 2025 and County Safety contributions of \$800 million on June 29, 2021 to reduce their General and Safety UAAL for the pension plan and associated employer contribution rates. The Livermore Area Recreation and Park District (LARPD) also made voluntary LARPD General contributions of \$12.611 million on June 29, 2021 to reduce their General UAAL for the pension plan and associated employer contribution rates. We have amortized the voluntary County General UAAL contributions over 10 years effective FY 25-26 to provide a UAAL contribution rate credit for County General. We have also amortized the voluntary County Safety UAAL contributions over 13 years effective FY 21-22 to provide a UAAL contribution rate credit for County Safety and the voluntary LARPD General UAAL contributions over 16 years effective FY 21-22 to provide a UAAL contribution rate credit for LARPD General. Similar to the approach approved by ACERA as described in the previous paragraph for determining ACOE's proportionate share of the OPEB SRBR NOL, we have determined the County General, County Safety and LARPD's proportionate share of the OPEB SRBR NOL by using the County General, County Safety and LARPD's required contributions, respectively, as if they had not made the voluntary UAAL contributions in 2025 and 2021.

Exhibit B summarizes the allocated NOL, deferred outflows and inflows of resources, and OPEB expense by the seven employers.* Additional information required under GASB 75 that each of the employers will need to disclose will be provided in a separate report.

This document has been prepared for the exclusive use and benefit of the client, based upon information provided by you and your other service providers or otherwise made available to Segal at the time this document was created. Segal makes no representation or warranty as to the accuracy of any forward-looking statements and does not guarantee any particular outcome or result. This document should only be copied, reproduced, or shared with other parties in its entirety as necessary for the proper administration of ACERA. This document does not constitute legal, tax or investment advice or create or imply a fiduciary relationship. You are encouraged to discuss any issues raised with your legal, tax and other advisors before taking, or refraining from taking, any action.

The actuarial calculations were completed under the supervision of Mehdi Riazi, FSA, MAAA, FCA, EA. The undersigned are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

Please give us a call if you have any questions.

Sincerely,

Todd Tauzer, FSA, MAAA, FCA, CERA
Senior Vice President and Actuary

Mehdi Riazi, FSA, MAAA, FCA, EA
Vice President and Actuary

* The Alameda Local Agency Formation Commission (LAFCO) has become an independent participating employer of ACERA effective January 1, 2026. Prior to January 1, 2026, LAFCO contracted with the County for staffing support. Because LAFCO did not make any separate employer contribution from the County for the pension plan during 2025, no NOL would be allocated to LAFCO as of December 31, 2025.

Ms. Lisa Johnson
April 6, 2026
Page 3

Daniel Siblik, ASA, MAAA, FCA, EA
Vice President and Actuary

Eva Yum, FSA, MAAA, EA
Vice President and Actuary

VC/jl/elf
Attachments

DRAFT

Exhibit A1: Schedule of employer allocations as of December 31, 2024

Actual Employer Contributions by Employer January 1, 2024 to December 31, 2024

Employer	Contributions	Percentage ¹
Alameda County ²	\$298,255,244	75.817%
Health System	74,315,754	18.891%
Superior Court	14,604,606	3.713%
First 5	2,969,817	0.755%
Housing Authority	1,599,785	0.407%
LARPD ³	1,472,280	0.374%
ACOE ⁴	169,854	0.043%
Total for all Employers	\$393,387,340	100.000%

¹ The unrounded percentages are used in the allocation of the NOL amongst employers.

² This includes \$164,097,407 of County General actual employer contributions and \$134,157,837 of County Safety adjusted employer contributions used for purposes of determining the proportionate share of the OPEB SRBR NOL for the County. The County made voluntary County Safety contributions of \$800,000,000 on June 29, 2021 to reduce their Safety UAAL for the pension plan and associated employer contribution rates. We have amortized the voluntary County Safety UAAL contributions to provide a UAAL contribution rate credit for County Safety over 13 years effective FY 21-22. Similar to the approach approved by ACERA for ACOE to determine ACOE's proportionate share of the OPEB SRBR NOL, we determined County Safety's proportionate share of the OPEB SRBR NOL by using the County Safety's actual contributions made in 2024 in the amount of \$52,983,658 plus the contribution credit applied in 2024 in the amount of \$81,174,179 for a total adjusted County Safety contribution of \$134,157,837.

³ LARPD made voluntary LARPD General contributions of \$12,611,250 on June 29, 2021 to reduce their General UAAL for the pension plan and associated employer contribution rates. We have amortized the voluntary LARPD General UAAL contributions to provide a UAAL contribution rate credit for LARPD General over 16 years effective FY 21-22. Similar to the approach approved by ACERA for ACOE to determine ACOE's proportionate share of the OPEB SRBR NOL, we determined LARPD's proportionate share of the OPEB SRBR NOL by using LARPD's actual contributions made in 2024 in the amount of \$425,248 plus the contribution credit applied in 2024 in the amount of \$1,047,032 for a total adjusted LARPD contribution of \$1,472,280.

⁴ ACOE made a lump sum contribution of \$750,000 in 2019 to partially pay off their UAAL to the pension plan. That lump sum is greater than the amount that ACOE would have to make on an installment basis over 20 years. In order to have a more level allocation of the NPL and NOL to ACOE, ACERA approved an approach outlined in our March 2, 2020 letter to determine ACOE's proportionate share of the OPEB SRBR NOL by using ACOE's required contributions determined in our December 31, 2022 valuation in the amount of \$110,000 based on an April 1, 2024 payment date plus the amortization of the remaining balance of the original \$750,000 lump sum amount (an amount of \$59,854 which represents the additional UAAL contribution ACOE would have been required to pay if they did not make the additional lump sum contribution in 2019).

Allocation of December 31, 2024 Net OPEB Liability

Employer	NOL	Percentage*
Alameda County	\$173,596,806	75.817%
Health System	43,254,822	18.891%
Superior Court	8,500,481	3.713%
First 5	1,728,555	0.755%
Housing Authority	931,141	0.407%
LARPD	856,927	0.374%
ACOE	98,862	0.043%
Total for all Employers	\$228,967,594	100.000%

Notes

1. Allocated based on the actual January 1, 2024 through December 31, 2024 employer contributions in total as provided by ACERA, with an adjustment to reflect the total annual UAAL contribution ACOE would have been required to make of \$169,854 in 2024 had they not made the additional contribution in 2019 to partially pay off their UAAL for the pension plan. This approach is outlined in our March 2, 2020 letter and is approved by ACERA. Following this approach, there is an adjustment to reflect the total annual contribution County Safety would have been required to make of \$134,157,837 in 2024 had they not made the voluntary County Safety UAAL contribution in 2021 to the pension plan. There is also an adjustment to reflect the total annual contribution LARPD would have been required to make of \$1,472,280 in 2024 had they not made the voluntary LARPD General UAAL contribution in 2021 to the pension plan.
2. The Net OPEB Liability (NOL) is the Total OPEB Liability (TOL) minus the OPEB SRBR Plan Fiduciary Net Position (plan assets).
3. The employer's share of the total plan NOL is the ratio of the employer's total contributions to the total contributions for all employers.

* The unrounded percentages are used in the allocation of the NOL amongst employers.

Exhibit A2: Schedule of employer allocations as of December 31, 2025

Actual Employer Contributions by Employer January 1, 2025 to December 31, 2025

Employer	Contributions	Percentage ¹
Alameda County ²	\$321,814,329	76.344%
Health System	78,835,082	18.702%
Superior Court	13,970,824	3.314%
First 5	3,395,793	0.806%
Housing Authority	1,798,627	0.427%
LARPD ³	1,532,429	0.364%
ACOE ⁴	179,854	0.043%
Total for all Employers	\$421,526,938	100.000%

¹ The unrounded percentages are used in the allocation of the NOL amongst employers.

² This includes \$177,212,627 of County General adjusted employer contributions and \$144,601,702 of County Safety adjusted employer contributions used for purposes of determining the proportionate share of the OPEB SRBR NOL for the County.

The County made voluntary County General contributions of \$400,000,000 on June 27, 2025 to reduce their General UAAL for the pension plan and associated employer contribution rates. We have amortized the voluntary County General UAAL contributions to provide a UAAL contribution rate credit for County General over 10 years effective FY 25-26. Similar to the approach approved by ACERA for ACOE to determine ACOE's proportionate share of the OPEB SRBR NOL, we determined the County General's proportionate share of the OPEB SRBR NOL by using the County General's actual contributions made in 2025 in the amount of \$559,181,022, less the voluntary UAAL contribution of \$400,000,000, plus the contribution credit applied in 2025 in the amount of \$18,031,605 for a total adjusted County General contribution of \$177,212,627.

The County made voluntary County Safety contributions of \$800,000,000 on June 29, 2021 to reduce their Safety UAAL for the pension plan and associated employer contribution rates. We have amortized the voluntary County Safety UAAL contributions to provide a UAAL contribution rate credit for County Safety over 13 years effective FY 21-22. Similar to the approach approved by ACERA for ACOE to determine ACOE's proportionate share of the OPEB SRBR NOL, we determined the County Safety's proportionate share of the OPEB SRBR NOL by using the County Safety's actual contributions made in 2025 in the amount of \$59,651,268 plus the contribution credit applied in 2025 in the amount of \$84,950,434 for a total adjusted County Safety contribution of \$144,601,702.

³ LARPD made voluntary LARPD General contributions of \$12,611,250 on June 29, 2021 to reduce their General UAAL for the pension plan and associated employer contribution rates. We have amortized the voluntary LARPD General UAAL contributions to provide a UAAL contribution rate credit for LARPD General over 16 years effective FY 21-22. Similar to the approach approved by ACERA for ACOE to determine ACOE's proportionate share of the OPEB SRBR NOL, we determined LARPD's proportionate share of the OPEB SRBR NOL by using LARPD's actual contributions made in 2025 in the amount of \$432,967 plus the contribution credit applied in 2025 in the amount of \$1,099,462 for a total adjusted LARPD contribution of \$1,532,429.

⁴ ACOE made a lump sum contribution of \$750,000 in 2019 to partially pay off their UAAL to the pension plan. That lump sum is greater than the amount that ACOE would have to make on an installment basis over 20 years. In order to have a more level allocation of the NPL and NOL to ACOE, ACERA approved an approach outlined in our March 2, 2020 letter to determine ACOE's proportionate share of the OPEB SRBR NOL by using ACOE's required contributions determined in our December 31, 2023 valuation in the amount of \$120,000 based on an April 1, 2025 payment date plus the amortization of the remaining balance of the original \$750,000 lump sum amount (an amount of \$59,854 which represents the additional UAAL contribution ACOE would have been required to pay if they did not make the additional lump sum contribution in 2019).

Allocation of December 31, 2025 Net OPEB Liability

Employer	NOL	Percentage*
Alameda County	\$(17,224,831)	76.344%
Health System	(4,219,579)	18.702%
Superior Court	(747,776)	3.314%
First 5	(181,757)	0.806%
Housing Authority	(96,270)	0.427%
LARPD	(82,022)	0.364%
ACOE	(9,627)	0.043%
Total for all Employers	\$(22,561,862)	100.000%

Notes

1. Allocated based on the actual January 1, 2025 through December 31, 2025 employer contributions in total as provided by ACERA, with an adjustment to reflect the total annual UAAL contribution ACOE would have been required to make of \$179,854 in 2025 had they not made the additional contribution in 2019 to partially pay off their UAAL for the pension plan. This approach is outlined in our March 2, 2020 letter and is approved by ACERA. Following this approach, there is an adjustment to reflect the total annual contribution the County would have been required to make of \$321,614,329 (specifically, \$177,212,627 for County General and \$144,601,702 for County Safety) in 2025 had they not made the voluntary County General UAAL contribution in 2025 and the voluntary County Safety UAAL contribution in 2021 to the pension plan. There is also an adjustment to reflect the total annual contribution LARPD would have been required to make of \$1,532,429 in 2025 had they not made the voluntary LARPD General UAAL contribution in 2021 to the pension plan.
2. The Net OPEB Liability (NOL) is the Total OPEB Liability (TOL) minus the OPEB SRBR Plan Fiduciary Net Position (plan assets).
3. The employer's share of the total plan NOL is the ratio of the employer's total contributions to the total contributions for all employers.

* The unrounded percentages are used in the allocation of the NOL amongst employers.

Exhibit B: Schedule of OPEB amounts by employer as of December 31, 2025

Deferred Outflows of Resources

Employer	Net OPEB Liability	Differences Between Actual and Expected Experience	Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Outflows of Resources
Alameda County	\$(17,224,831)	\$0	\$0	\$62,392,465	\$966,336	\$63,358,801
Health System	(4,219,579)	0	0	15,284,326	1,021,523	16,305,849
Superior Court	(747,776)	0	0	2,708,624	111,076	2,819,700
First 5	(181,757)	0	0	658,367	289,779	948,146
Housing Authority	(96,270)	0	0	348,713	60,225	408,938
LARPD	(82,022)	0	0	297,103	6,957	304,060
ACOE	(9,627)	0	0	34,870	38	34,908
Total for all Employers	\$(22,561,862)	\$0	\$0	\$81,724,468	\$2,455,934	\$84,180,402

Deferred Inflows of Resources

Employer	Differences Between Expected and Actual Experience	Net Difference Between Actual and Projected Investment Earnings on OPEB Plan Investments	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Inflows of Resources
Alameda County	\$51,496,426	\$152,109,734	\$16,727,983	\$1,037,613	\$221,371,756
Health System	12,615,116	37,262,428	4,097,866	465,077	54,440,487
Superior Court	2,235,598	6,603,492	726,207	808,846	10,374,143
First 5	543,392	1,605,066	176,514	0	2,324,972
Housing Authority	287,815	850,144	93,493	67,896	1,299,348
LARPD	245,218	724,323	79,656	75,179	1,124,376
ACOE	28,780	85,010	9,349	1,323	124,462
Total for all Employers	\$67,452,345	\$199,240,197	\$21,911,068	\$2,455,934	\$291,059,544

OPEB Expense

Employer	Proportionate Share of Plan OPEB Expense	Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Employer OPEB Expense
Alameda County	\$6,455,298	\$105,890	\$6,561,188
Health System	1,581,358	(52,952)	1,528,406
Superior Court	280,242	(131,247)	148,995
First 5	68,117	86,118	154,235
Housing Authority	36,079	(4,578)	31,501
LARPD	30,739	(10,470)	20,269
ACOE	3,608	7,239	10,847
Total for all Employers	\$8,455,441	\$0	\$8,455,441

Notes

1. Amounts shown in this exhibit were allocated by employer based on the Employer Allocation Percentage calculated in Exhibit A2.
2. In determining the OPEB expense:
 - a. Any differences between projected and actual investment earnings on OPEB plan investments are recognized over a period of five years beginning with the year in which they occur.
 - b. Current-period (i.e., 2025) changes in assumptions and differences between actual and expected experience are recognized over the average of the expected remaining service lives of all employees that are provided with OPEB benefits through ACERA determined as of December 31, 2024 (the beginning of the measurement period ending December 31, 2025) and is 6.37* years.
3. The average of the expected remaining service lives of all employees was determined by:
 - a. Calculating each active employee's expected remaining service life as the present value of \$1 per year of future service at zero percent interest.
 - b. Setting the remaining service life to zero for each nonactive or retired member.
 - c. Dividing the sum of the above amounts by the total number of active employees and nonactive and retired members.
4. There was a decrease in the total employer OPEB expense from \$24.9 million calculated last year to \$8.5 million calculated this year. The decrease was mainly due to the new amortization base resulting from favorable 2025 investment experience. The decrease in expense was partially offset by the expiration of an amortization base related to a prior deferred inflow and the new amortization base related to this year's assumption changes.

* The remaining service lives of all employees of 6.37 years used here for GASB 75 is different from the 4.87 years used for GASB 68 because the number of payees and nonactive members (with 0 years of expected remaining service lives) receiving health benefits under the SRBR Plan is less than the number of payees and nonactive members receiving pension benefits.



MEMORANDUM TO THE AUDIT COMMITTEE

DATE: April 16, 2026

TO: Members of the Audit Committee

FROM: Harsh Jadhav, Chief of Internal Audit

SUBJECT: Progress on the 2026 Internal Audit Program

Overview of the April 2026 Meeting Agenda

The April 2026 Audit Committee meeting will include an update on the 2026 Internal Audit Program and recognition of our most recent ACE award recipient. Based on the 2026 risk assessment results, the Internal Audit Department has planned to conduct three internal audits and three special projects.

Fraud Awareness and Training

Promoting fraud awareness remains a top priority for the Internal Audit Department. In 2026, we will maintain our fraud awareness efforts through organization-wide training sessions that aim to safeguard member information and fund assets. Internal Audit staff will also remain key partners in strengthening internal controls throughout the organization.

ACE Employee Recognition – Susan Weiss, Senior Investment Counsel

The ACE Program (Anti-Fraud, Controls, Excellence) is our employee recognition program that honors employees who go above and beyond their roles and responsibilities to improve efficiency, strengthen internal controls, and prevent fraud.

We are pleased to announce our most recent ACE award recipient, Susan Weiss, who serves as Senior Investment Counsel with the Legal Department. Susie plays a critical role in safeguarding ACERA's interests through her leadership in negotiating investment contracts and overseeing securities litigation. In her work on investment agreements, she consistently ensures that ACERA secures strong fiduciary duty standards and contract provisions that are on par with, or better than, those provided to similarly situated institutional investors. She also ensures that ACERA has access to the information necessary to effectively monitor its investments and comply with internal policies and statutory reporting requirements, while maintaining robust protections over personally identifiable information.

Her diligence extends to comprehensive due diligence and compliance oversight. Susie carefully evaluates the relevance of pending litigation, ensures that books and records are sufficient for future review by ACERA and its auditors, and confirms that expense documentation and fee arrangements are transparent and supportable. She also ensures compliance with complex regulatory requirements, including Form 700 filings, gift rules, and pay-to-play regulations, along with broader federal, state, and ACERA policy requirements. In addition, she verifies that appropriate insurance coverage is maintained by all external parties with whom ACERA conducts business.

In managing securities litigation, Susie works closely with ACERA’s claims administrator and outside counsel to maximize recovery opportunities and protect the organization’s financial interests. She ensures timely filing of claims in domestic class action cases, evaluates and participates in international and antitrust matters where appropriate, and pursues Lead Plaintiff status when it aligns with ACERA’s strategic interests. She also provides periodic reporting to the Board, keeping leadership informed of developments and outcomes in securities litigation.

Through this work, Susie demonstrates a consistent commitment to fiduciary excellence, risk management, and operational integrity, helping position ACERA to both protect assets and recover value on behalf of its members. We look forward to recognizing Susie during the April meeting.

2026 Proposed Audit Schedule

Internal Audit Plan (2026)	Service Line	Assigned	Status	Q1	Q2	Q3	Q4
Benefit Audit - Divorced Members	Internal Audit	Caxton	Started				
Workforce Resilience (Critical Functions) Audit	Internal Audit	Marlon, Dana, Lyndon, Harsh	Continuous				
Benefit Audit - Overpayments	Internal Audit	Caxton	Not Started				
Third-Party Service Provider Review	Special Project	Harsh	Not Started				
Investment Manager Fee Review	Special Project	Harsh	Started				
Cybersecurity and Data Security Education	Administration	Vijay, Harsh	Continuous				
2026 Annual Risk Assessment	Administration	Harsh	Completed				
2027 Annual Risk Assessment	Administration	Harsh	Not Started				
Fraud Hotline Management	Administration	Lyndon, Harsh	Continuous				
Fraud Training	Administration	Caxton	Not Started				

2026 Proposed Audit Program

Internal Audits

Benefit Audit – Divorced Members

This audit aims to ensure the accuracy and consistency of internal controls designed to prevent benefit overpayments for ex-spouses and ex-partners of divorced members. Our approach involves conducting targeted, small-sample audits to identify potential vulnerabilities in the calculation of monthly retirement benefits. Key focus areas include separate and shared accounts, court orders, and unusual scenarios. This methodology enables us to detect systemic issues and efficiently propose actionable remediation recommendations.

Workforce Resilience Audit

This review evaluates ACERA’s preparedness to sustain critical processes during disruptions. Specifically, it assesses whether staff are adequately trained, backup personnel are identified and equipped to perform critical tasks, and essential processes are documented and updated regularly. Given the ongoing challenges posed by cybersecurity and other adverse events, this audit supports business continuity by ensuring that ACERA maintains operational resilience.

Benefit Audit - Overpayments

The purpose of the audit is to sample active, deferred, and retired members to ensure that internal controls to prevent overpayments are in place and operating effectively. Our approach will be to conduct several small-sample audits to review various types of benefit calculations for accuracy and completeness. With smaller datasets, we can quickly identify potential systemic issues and recommend remediation strategies. In addition, we will continue examining whether the final pensionable salary calculation for retired members is accurate.

Special Projects

Third-Party Service Provider Review

This review assesses whether critical third-party service providers managing ACERA's confidential and sensitive information have adequate insurance coverage, robust internal controls to prevent data breaches, effective processes for adverse event management, and sufficient incident response procedures.

Investment Manager Fee Review

The goal of this review is to ensure the accuracy and appropriateness of fees paid to investment managers. It includes a thorough evaluation of fee agreements, such as management and performance fee structures, to confirm compliance with contractual terms. Transaction records, account statements, and invoices will be analyzed to verify calculations, ensure regulatory compliance, and align with industry practices. This review will identify any discrepancies, overpayments, or inefficiencies and recommend measures to strengthen financial controls.

Cybersecurity and Data Security Education

This special project, in collaboration with the PRISM Department, evaluates the adequacy of employee training and incident response, business recovery, and threat analysis processes. It aims to ensure that sensitive organizational and member data are protected against emerging cybersecurity threats.

Summary

We remain committed to achieving the objectives of the 2026 Audit Program. I would like to recognize the Internal Audit Staff for their dedication and exceptional work in partnering with management, supporting the Board of Retirement, and safeguarding our members. Their efforts continue to uphold ACERA's mission of integrity and accountability.

Internal Audit Department 2026 Internal Audit Plan

April 16, 2026

Agenda



Audit Plan Progress



Employee
Recognition Program

2026 Internal Audit Plan

Internal Audit Plan (2026)	Service Line	Assigned	Status	Q1	Q2	Q3	Q4
Benefit Audit - Divorced Members	Internal Audit	Caxton	Started				
Workforce Resilience (Critical Functions) Audit	Internal Audit	Marlon, Dana, Lyndon, Harsh	Continuous				
Benefit Audit - Overpayments	Internal Audit	Caxton	Not Started				
Third-Party Service Provider Review	Special Project	Harsh	Not Started				
Investment Manager Fee Review	Special Project	Harsh	Started				
Cybersecurity and Data Security Education	Administration	Vijay, Harsh	Continuous				
2026 Annual Risk Assessment	Administration	Harsh	Completed				
2027 Annual Risk Assessment	Administration	Harsh	Not Started				
Fraud Hotline Management	Administration	Lyndon, Harsh	Continuous				
Fraud Training	Administration	Caxton	Not Started				



Recognition of Susan Weiss

We are pleased to announce our most recent ACE award recipient, Susan Weiss, who serves as Senior Investment Counsel with the Legal Department.

Susie plays a critical role in safeguarding ACERA's interests through her leadership in negotiating investment contracts and overseeing securities litigation. In her work on investment agreements, she consistently ensures that ACERA secures strong fiduciary duty standards and contract provisions that are on par with, or better than, those provided to similarly situated institutional investors.

She also ensures that ACERA has access to the information necessary to effectively monitor its investments and comply with internal policies and statutory reporting requirements, while maintaining robust protections over personally identifiable information.

- Jeff Rieger, Chief Counsel