Annual Comprehensive Financial Report

For the Year Ended December 31, 2024

A Component Unit
of the County of Alameda
Oakland, CA

ACERA
Alameda County
Employees' Retirement
Association

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Annual Comprehensive Financial Report

for the Year Ended: **DECEMBER 31, 2024**

Issued By:

David Nelsen — CHIEF EXECUTIVE OFFICER

Erica Haywood — FISCAL SERVICES OFFICER

475 14th Street, Suite 1000, Oakland, CA 94612

A Component Unit of the County of Alameda
(State of California)

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Introduction

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

475 14th Street, Suite 1000, Oakland, CA 94612 800/838-1932 510/628-3000 fax: 510/268-9574 www.acera.org

Letter of Transmittal

Dear Board of Trustees and Members of the Alameda County Employees' Retirement Association:

I am pleased to submit this *Annual Comprehensive Financial Report of the Alameda County Employees' Retirement Association for the Year Ended December 31, 2024.*

This report presents the financial condition of the Pension Plan, the Other Postemployment Medical Benefits (OPEB), and Non-OPEB, as well as investment results for the year ended December 31, 2024.

It also includes information from the current actuarial valuations as of December 31, 2023. The information presented is accurate and reliable. It conforms to generally accepted accounting principles and is free of material misstatements.

ACERA 2024 – Overview

Mission

ACERA provides members and employers with flexible, cost-effective, participant-oriented benefits through prudent investment management and superior member services. Under the supervision and direction of the Board of Retirement (the Board), ACERA deploys competent, professional, impartial, and open procedures designed to treat all members fairly and with courtesy and respect. ACERA manages investments by balancing the need for financial security of its members with superior performance.

ACERA and its Services

ACERA was established by the Alameda County Board of Supervisors in 1947, under the County Employees Retirement Law of 1937 (CERL or 1937 Act), to provide retirement allowances and other benefits for County employees. ACERA's membership is composed of the following participating employers:

- Alameda County
- Alameda Health System
- First 5 Alameda County
- Housing Authority of the County of Alameda
- Livermore Area Recreation and Park District
- The Superior Court of California for the County of Alameda

In accordance with the CERL and ACERA's investment policies, ACERA collects employer and member contributions and invest these monies to fund member benefits (including lifetime retirement, disability, and death benefits), pay administration expenses, and offer non-vested benefit programs for select medical and supplemental COLA benefits (subject to annual Board approval under CERL Article 5.5).

Investment Performance

In 2024, the S&P 500 achieved a total return of 25.0%, marking its second consecutive year of gains exceeding 20%. This robust performance was underpinned by solid economic growth, declining inflation, and the Federal Reserve's shift toward more accommodative monetary policy. Technology and consumer discretionary sectors led the market, while small-cap stocks and international equities lagged due to higher interest rates and a strong U.S. dollar.

The total fund had a 9.5% gross rate of return, and the fund ranked in the 33rd percentile of comparable pension funds for the year ended December 31, 2024. The fair value of ACERA's net position increased by $0.7 billion, to $12.0 billion. ACERA's annualized gross rate of return over the last five and ten year spans was 7.4% and 7.7%, ranking ACERA's fund in the 35th and 24th percentiles, respectively. ACERA's investment goal is to operate at a level of performance in the upper quartile of comparable pension funds on a risk adjusted basis.

Financial Reporting

ACERA management is responsible for the accuracy, completeness, and fair presentation of the information in this report. Williams, Adley & Company-CA, LLP provides external audit services to determine whether the financial statements are presented in conformity with generally accepted accounting principles. The Management's Discussion and Analysis (MD&A) Section starting on page 13 provides a thorough analysis of ACERA's operations and financial status.

Internal Controls

Management employs an annual risk assessment to design, implement, and maintain effective internal controls. Recognizing that even sound internal controls have inherent limitations, management is developing a risk profile by applying an Enterprise Risk Management (ERM) framework. The ERM framework will be applied in strategy-setting to identify potential events that may affect the organization to better assess risk potential and provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Common risk considerations include safeguarding pension assets, maintaining accurate and reliable accounting records, protecting member privacy, preventing fraud, and ensuring compliance with laws and regulations. The Board of Retirement oversees management's performance and is ultimately responsible for confirming that management fulfills its duty in this regard. In addition, ACERA's Office of Internal Audit independently assesses whether the organization's risk management, control, and governance processes are adequate.

Actuarial Funding Status

ACERA engages an independent actuarial firm to conduct an annual actuarial valuation. The pension plan's actuarial accrued liability increased from $11.42 billion in 2022 to $11.75 billion as of December 31, 2023.

The plan's valuation value of assets increased from $9.92 billion in 2022 to $10.34 billion as of December 31, 2023. The Unfunded Actuarial Accrued Liability (UAAL) decreased from $1.49 billion in 2022 to $1.40 billion as of December 31, 2023, with the funded ratio increasing from 86.9% to 88.0%, respectively.

The Actuarial Section of this report starting on page 89 contains a more detailed discussion of the funding requirements.

Supplemental Retiree Benefits Reserve

ACERA administers a Supplemental Retiree Benefits Reserve (SRBR) funded by regular earnings and a 50/50 share of gains above the assumed actuarial investment rate of 7.00%. As of December 31, 2023, the SRBR held $1.19 billion in actuarial value of assets, of which, $1.08 billion will fund the current benefit structure until the year 2048 for postemployment medical benefits and $111.28 million will fund the current non-OPEB benefit structure until the year 2047, even if no new earnings above the assumed investment rate of return are allocated to the SRBR. These actuarial value of assets amounts reflect a Board approved transfer of $54.2 million as of December 31, 2023 from the funds earmarked for OPEB SRBR to the funds earmarked for non-OPEB SRBR to equalize the sufficiency periods.

Membership

In 2024, ACERA's active membership increased from 11,495 to 11,839. The number of retired members and beneficiaries receiving pension benefits increased from 11,004 to 11,225. Deferred membership increased from 3,843 to 3,920. Total membership increased from 26,342 to 26,984.

2024 Accomplishments

Organization-Wide Accomplishments

Leveraging resources from all departments, ACERA successfully completed the project to replace its pension administration system, transitioning from Pension Gold Version 2 to Pension Gold Version 3 in 2024. Key accomplishments include:

- Rolled out EmployerDirect, including portal training for all employer staff members, to streamline the management of transmittal exceptions.
- Developed a comprehensive benefits training library in SharePoint, featuring Version 3 job aids and process documents for go-live readiness and cross-training.

- Strengthened internal controls in collaboration with the Internal Audit Department, enhancing oversight and compliance.
- Completed parallel processing of member account and retiree benefits for the Pension Gold Version 3 go-live, and successfully decommissioned Version 2.
- Implemented and activated the MemberDirect member portal, including a secure PIN letter campaign to all members, and decommissioned the Web Member Services portal.

Administration Accomplishments

ACERA achieved significant administrative milestones in 2024, including:

- Developed a 2025 Business Plan, advancing key initiatives including an OnBase software upgrade, workforce excellence migration, Pension Gold enhancements, general ledger system selection, benchmarking, investment data onboarding, administrative performance dashboarding, member letter automation, and customer service engagement improvements.
- Successfully defended against the Alameda Health System v. ACERA lawsuit, securing a favorable final judgment that confirms the Board's authority over the actuarial process that assures the funding of the benefits owed to our members.
- Received Certificate of Achievement for Excellence in Financial Reporting for 2023 Annual Comprehensive Financial Report (ACFR) and Popular Annual Financial Report (PAFR) from Government Financial Officers Association (GFOA).
- Earned an unmodified audit opinion from our external auditor, affirming ACERA's robust financial controls and procedures.
- Performed a Benefit Certification Audit and a Member Direct Deposit Audit, resulting in stronger fraud prevention controls to protect ACERA members.
- Launched SharePoint as an ACERA intranet tool.
- Initiated research on a new general ledger system for Fiscal Services.
- Conducted the nomination process to the Board of Retirement election which resulted in the incumbent as the sole candidate who was declared the unanimous winner by the Board of Supervisors.
- Hosted a Board offsite covering topics on AI, macro-economic and geopolitical trends, Board governance best practices, and retirement preparedness.
- Initiated discussions regarding the inclusion of the Alameda County Local Agency Formation Commission as an ACERA Employer.
- Implemented new GASB Pronouncements by integrating GASB 100 (Accounting Changes and Error Corrections) and GASB 101 (Compensated Absences) into ACERA's accounting practices, ensuring compliance and enhancing financial reporting accuracy.

Investments Accomplishments

ACERA's key investment achievements for 2024 include:

- Updated the asset allocation to optimize returns and enhance diversification, maintaining the overall equity allocation while refining sub-asset classes within public equity and fixed income, including reducing exposure to hedge funds and private real estate, removing public real assets, and increasing allocations to private credit, infrastructure, and risk-seeking bonds.
- Adopted a Private Credit Investment Plan, with annual reviews to adjust allocations based on existing commitments, liquidity needs, and market conditions, aiming to achieve returns above public market performance.
- Approved and negotiated a two-year extension of the custody contract with State Street Bank and Trust Company.
- Launched a comprehensive Emerging Markets Equity Manager Search and approved a list of qualified candidates.

- Expanded the Total Fund's alternative investments portfolio, with 5 new investments totaling $220 million, thus moving ACERA further towards its target allocations in the Private Equity, Real Assets, and Real Estate asset classes:
  - 3 new commitments to Real Estate totaling $150 million
  - 1 $40 million commitment to Private Equity
  - 1 $30 million commitment to Real Assets
- As of December 31, 2024, ACERA's Total Fund value was $12.0 billion, returning 9.2% (net) for 2024.

Benefits Accomplishments

While many staff members focused primarily on the pension administration system replacement, ACERA made significant strides in enhancing customer service and benefits administration over the past year. Key achievements include:

- Organized and executed ACERA's inaugural hybrid health fair, featuring a live conference center event and seamless streaming of wellness presentations via Zoom.
- Completed an optimization of new member onboarding and communications to enhance new employees' understanding of their benefits.
- Promoted Kaiser Permanente's Silver&Fit free-gym membership program to Medicare participants and initiated the promotion of the transition to One Pass for 2025.
- Revised all notices and documents related to the new age limits for Required Minimum Distribution requirements.
- Optimized the Advance Death Benefit Election (ADBE) section on beneficiary forms to encourage more active members to make an election, enhancing potential benefits for their beneficiaries in the event of a pre-retirement death.
- Conducted a refreshed annual email wellness campaign for retirees, delivering newly curated wellness messages from ACERA's insurance carriers.
- Increased the Monthly Medical Allowance (MMA) by 4.25% for the 2025 plan year.
- Continued launching member forms in DocuSign.
- Educated members on the potential impact and opportunities of the newly passed Social Security Fairness Act.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to ACERA for its Annual Comprehensive Financial Report for the year ended December 31, 2023 (See page 6). This has been the 27th year ACERA has received this prestigious award.

Acknowledgments

The compilation of this report reflects the combined efforts of ACERA's management and staff under the leadership of the Board of Retirement. This report and the corresponding Popular Annual Financial Report are available to members and the general public on ACERA's website at www.acera.org.

The dedication of ACERA staff forms the nucleus of our service mission, and I wish to express deep gratitude to them for the success of our operation.

Respectfully submitted,

David Nelsen
Chief Executive Officer
June 26, 2025

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Alameda County Employees' Retirement Association California

For its Annual Comprehensive Financial Report For the Fiscal Year Ended

December 31, 2023

Christopher P. Morrill

Executive Director/CEO

Also awarded each year from 1996 through 2010 and 2012 through 2023

Members of the Board of Retirement

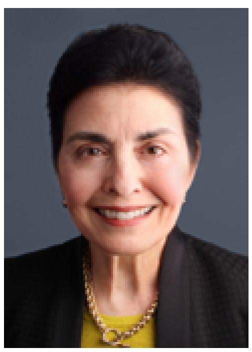
As of January 1, 2025

Kellie Simon
Chair
Elected by General Members

Tarrell V. Gamble
First Vice-Chair
Appointed by the Board of Supervisors

Elizabeth Rogers
Second Vice-Chair
Elected by Retired Members

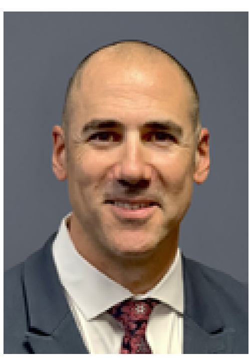
Cynthia Baron
Alternate Elected by Retired Members



Ophelia B. Basgal
Appointed by the Board of Supervisors

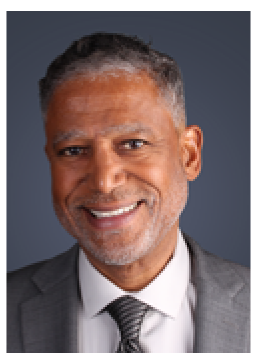
Kevin Bryant
Alternate Elected by Safety Members

Keith Carson
Appointed by the Board of Supervisors

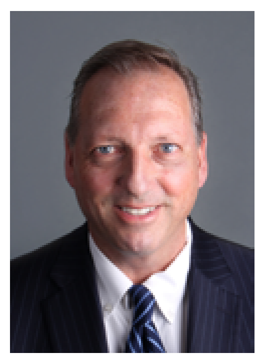


Ross Clippinger
Elected by Safety Members

Henry C. Levy
Ex-Officio Member Treasurer-Tax Collector



Steven Wilkinson
Appointed by the Board of Supervisors



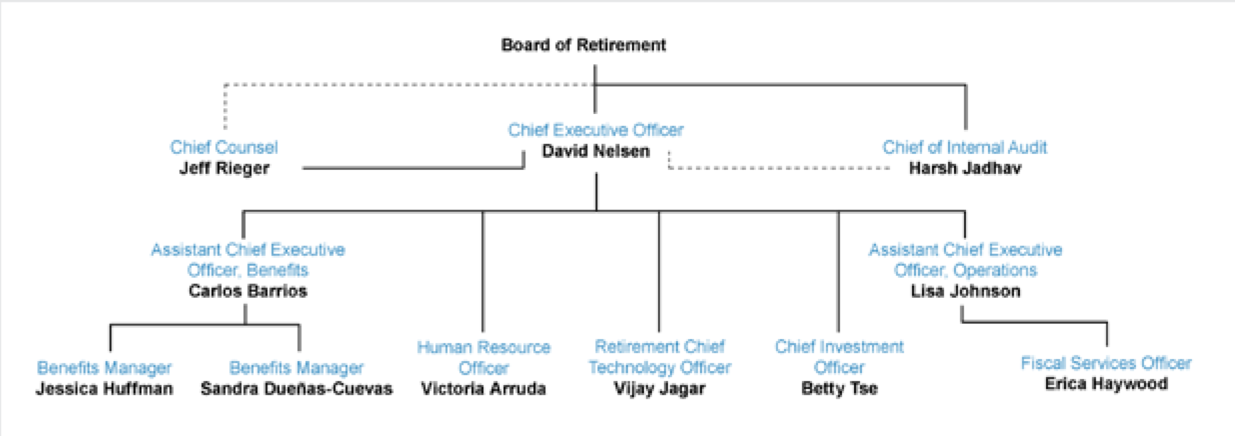
George Wood
Elected by General Members

2024 Board of Retirement

Ophelia B. Basgal **(Chair)**, Kellie Simon **(First Vice-Chair)**, Tarrell V. Gamble **(Second Vice-Chair)**, Keith Carson, Ross Clippinger, Jamie Godfrey, Henry C. Levy, Elizabeth Rogers, George Wood, Cynthia Baron **(Alternate Retiree)**, Kevin Bryant **(Alternate Safety)**

Administrative Organizational Chart

As of December 31, 2024



Professional Consultants[1]

Actuary

Segal[2]

Benefits

Segal[2]

Fiscal Services

Armanino LLP

Human Resources

Lakeside Group[3]

Independent Auditors

Williams, Adley & Company-CA, LLP

Information Technology

Digital Deployment
Levi, Ray & Shoup Consulting
Segal[2]
Naviant

Legal

Berman Tabacco
Bernstein Litowitz Berger & Grossmann LLP
Hanson Bridgett LLP
K&L Gates
Kaplan Fox & Kilsheimer LLP
Kessler Topaz Meltzer Check LLP
Meyers Nave Professional Law Corporation
Morgan, Lewis & Bockius LLP
Nossaman, LLP
Reed Smith, LLP

Other Specialized Services

American Arbitration Association
Manager Medical Review Org, Inc.
Willis Towers Watson

1 The listing of Investment Professionals found page 85 provided services to the total fund which includes the pension plan and postemployment medical benefits. Also, the schedule of Brokerage Commissions and schedule of Investment Managers' Fees are reported on page 86 and page 87, respectively. Not all of the professional consultants listed above are required to file a Statement of Economic Interests (Form 700) under ACERA's Conflict of Interest Policy.

2 Segal provides actuarial consulting, benefit consulting and pension administration system project oversight services.

3 The Lakeside Group is a division of the Alameda County Human Resource Services Department.

Financial

WILLIAMS ADLEY

Independent Auditor's Report

Board of Retirement
Alameda County Employees' Retirement Association
Oakland, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Alameda County Employees' Retirement Association (ACERA), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise ACERA's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of ACERA as of December 31, 2024, and the change in its fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matters

Implementation of New Accounting Pronouncement

As described in note 1 of the financial statements, effective January 1, 2024, ACERA adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, and restated beginning fiduciary net position for the retroactive application of this new accounting standard.

Net Pension Liability of Employers

As described in note 5, based on the most recent actuarial valuation as of December 31, 2024, ACERA's independent actuaries determined that, at December 31, 2024, the total pension liability exceeded the pension plan's fiduciary net position by $1.5 billion.

Net OPEB Liability of Employers

As described in note 7, based on the most recent actuarial valuation as of December 31, 2024, ACERA's independent actuaries determined that, at December 31, 2024, the total OPEB liability exceeded the OPEB plan's fiduciary net position by $229 million.

Investment Valuation

As described in Note 8, the financial statements include investments valued at $3,564,231,000 (which represents 29.6 percent of total fiduciary net position) at December 31, 2024, whose fair values have been estimated by management in the absence of readily determinable market values. Given that publicly listed prices are not available, management uses alternative sources of information, including audited financial statements, unaudited capital statements, independent appraisals, and other similar sources of information, to determine the fair value of investments.

Our opinion is not modified with respect to these matters.

WILLIAMS, ADLEY & COMPANY-CA, LLP
Certified Public Accountants / Management Consultants
7677 Oakport Street, Suite 510 • Oakland, CA 94621 • (510) 893-8114 • Fax: (510) 893-2603
https://waclip.com

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Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about ACERA's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of ACERA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about ACERA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited ACERA's 2023 financial statements, and our report dated June 26, 2024, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in the net pension liability and related ratios, schedule of employer contributions for the pension plan and non-OPEB, schedule of investment returns, schedule of changes in the net OPEB liability and related ratios, and the schedule of employer contributions for OPEB, as listed in the table of contents, be presented to supplement the basic financial statements. Such information

WILLIAMS ADLEY

is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise ACERA's basic financial statements. The schedules of administration expense, investment expenses, and payments to other consultants are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2025, on our consideration of ACERA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of ACERA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering ACERA's internal control over financial reporting and compliance.

Williams, Adley & Company-CA, LLP

Oakland, California
June 26, 2025

Management's Discussion and Analysis

Management's Discussion and Analysis (MD&A) presents the financial activities of the Alameda County Employees' Retirement Association (ACERA) for the year ended December 31, 2024. It provides an overview of the financial position and the combined results of operations for the pension plan and non-OPEB and Other Postemployment Benefits (OPEB). The narrative, in conjunction with the financial statements starting on page 21, presents ACERA's overall financial position, and the results of its operations. ACERA's funding is a combination of participating employer and member contributions and earnings on invested assets. The Chief Executive Officer's Letter of Transmittal starting on page 2 of this Annual Comprehensive Financial Report (ACFR) should be read along with the MD&A narrative.

(Note: Amounts in this section are rounded and may not agree to other sections of this ACFR.)

Financial Highlights

As of December 31, 2024, ACERA's net position, which represents funds restricted for paying current and long-term pension benefit obligations and non-vested non-OPEB and OPEB for plan members and their beneficiaries, was $12.0 billion, a $0.7 billion increase compared to December 31, 2023. This increase was primarily attributable to the $0.8 billion increase in fair value of ACERA's investment portfolio during 2024.

As of December 31, 2024, the Net Pension Liability (NPL) was $1,464.4 million, compared to $1,742.7 million as of December 31, 2023. The $278.3 million decrease was primarily as a result of favorable investment return during calendar year 2024.

As of December 31, 2024, the Net OPEB Liability (NOL) was $229.0 million, compared to $208.5 million as of December 31, 2023. The $20.5 million increase was primarily due to service and interest costs, partially offset by demographic experience gains, lower than expected implicit subsidy and a favorable investment return during calendar year 2024. The investment result allocations to the Supplemental Retiree Benefits Reserve (SRBR), are credited by semiannual transfers to the reserve as defined by Article 5.5 of the County Employees' Retirement Law of 1937 (1937 Act).

As of December 31, 2023, the date of the pension plan actuarial funding and the SRBR sufficiency actuarial valuations used for the 2024 ACFR, the actuarial investment rate of return assumption used was 7.00%. The inflation rate assumption was 2.50% with assumed payroll growth increase of 3.00%.

As of December 31, 2023, ACERA had $0.3 billion in net deferred investment loss based on the actuarial value of assets. These deferred losses represent 2.6% of the fair value of assets, as of the December 31, 2023, actuarial valuation date. Unless offset by future investment gains or other favorable experience, the recognition of the $0.3 billion deferred market losses is expected to have an unfavorable impact on the Association's future funded percentage and contribution rate requirements.

Overview of the Financial Statements

This discussion and analysis serves as an introduction to ACERA's Basic Financial Statements, which comprise the following five components:

- Statement of Fiduciary Net Position
- Statement of Changes in Fiduciary Net Position
- Notes to the Basic Financial Statements
- Required Supplementary Information (RSI) and Notes to RSI
- Supplemental Schedules

The basic financial statements report the components of the fiduciary net position held in trust for benefits, the components of the changes in the fiduciary net position (additions and deductions), along with explanatory notes to the basic financial statements.

ACERA's basic financial statements have two reporting columns. The first column reports the pension plan and non-OPEB, and the second column reports the postemployment medical benefits. ACERA's pension benefits and the non-OPEB are valued together for the purpose of determining and reporting the NPL. In addition to the basic financial statements, this report contains required supplementary information and supplemental schedules intended to assess the historical context of ACERA's progress in meeting benefit obligation through funding of contributions and investment income.

The Statement of Fiduciary Net Position on page 21 provides a snapshot of account balances at year's end. It includes the assets available for future benefit payments as well as liabilities outstanding at year's end.

ACERA did not have any transactions that met the criteria for deferred outflows of resources or deferred inflows of resources as defined in GASB Statement No. 63 and GASB Statement No. 65. As a result, those line items are not displayed on the 2024 Statement of Fiduciary Net Position.

The Statement of Changes in Fiduciary Net Position starting on page 22 provides a summary view of the additions to and deductions from the fiduciary net position that occurred over the course of the 2024 financial year.

The *Basic Financial Statements* include all assets and liabilities, using the accrual basis of accounting, in compliance with generally accepted accounting principles, similar to the accounting method used by most private-sector companies. Additions and deductions are included regardless of when the corresponding cash is received or paid. All investment purchases and sales are reported as of the trade date. Investments are reported at current fair value and in accordance with GASB Statement No. 31. Both realized and unrealized investment gains and losses are recognized. Each depreciable component of capital assets is depreciated over its useful life.

Notes to the Basic Financial Statements starting on page 24 provide additional information essential for a complete understanding of the basic financial statements.

Required Supplementary Information and Notes to Required Supplementary Information starting on page 60 illustrate the GASB Statement No. 67 financial reporting requirements in the Schedule of Changes in Net Pension Liability and Related Ratios, Schedule of Employer Contributions, Schedule of Investment Returns, and Notes to Required Supplementary Information for the Pension Plan and Non-OPEB. Also reported are the requirements of GASB Statement No. 74 in the Schedules of Changes in Net OPEB Liability and Related Ratios and Schedule of Employer Contributions, along with the Notes to the Required Supplementary Information for Postemployment Medical Benefits.

Supplemental Schedules of administrative expenses, investment expenses and payments to other consultants are presented on page 67.

Tables 1 and 2, starting below, present condensed information about ACERA's financial position and results of operations for the current year in comparison to the preceding year, and form the basis for this financial discussion.

Table 1: Fiduciary Net Position (Condensed)

As of December 31, 2024 and 2023 (Dollars in Millions)

	2024	2023	Increase (Decrease) Amount	Percent Change
ASSETS				
Current Assets	$ 209.1	$ 237.3	$ (28.2)	-12%
Investments at Fair Value	12,010.9	11,233.5	777.4	7%
Capital Assets, net	12.4	9.8	2.6	27%
Total Assets	**12,232.4**	**11,480.6**	**751.8**	**7%**
LIABILITIES				
Current Liabilities	197.9	201.6	(3.7)	-2%
Long-term Lease and Subscription Liabilities	0.1	0.2	(0.1)	-50%
Total Liabilities	**198.0**	**201.8**	**(3.8)**	**-2%**
NET POSITION				
Restricted - Held in Trust for Benefits	**$12,034.4**	**$11,278.8**	**$ 755.6**	**7%**

Table 2: Changes In Fiduciary Net Position (Condensed)

For the Years Ended December 31, 2024 and 2023 (Dollars in Millions)

	2024	2023	Increase (Decrease) Amount	Percent Change
ADDITIONS				
Member Contributions	$ 134.5	$ 126.5	$ 8.0	6%
Employer Contributions	311.1	288.6	22.5	8%
Net Investment Income (Loss)	1,025.2	1,248.9	(223.7)	-18%
Miscellaneous Income	0.4	0.7	(0.3)	-43%
Transfer to Employers' Advance Reserve from SRBR for Employer Contributions to 401(h) Account	51.9	49.3	2.6	5%
Transfer to Employers' Advance Reserve from SRBR for Implicit Subsidy	4.0	7.8	(3.8)	-49%
Transfer from Employers' Advance Reserve to SRBR for OPEB Related Administrative Expenses	2.0	1.7	0.3	18%
Total Additions	**1,529.1**	**1,723.5**	**(194.4)**	**-11%**
DEDUCTIONS				
Retirement Benefit Payments	634.0	606.4	27.6	5%
Postemployment Medical Benefits	50.2	47.1	3.1	7%
Member Refunds	10.1	13.3	(3.2)	-24%
Administration	20.4	17.6	2.8	16%
Transfer from SRBR to Employers' Advance Reserve for Employer Contributions to 401(h) Account	51.9	49.3	2.6	5%
Transfer from SRBR to Employers' Advance Reserve for Implicit Subsidy	4.0	7.8	(3.8)	-49%
Transfer to SRBR from Employers' Advance Reserve for OPEB Related Administrative Expenses	2.0	1.7	0.3	18%
Total Deductions	**772.6**	**743.2**	**29.4**	**4%**
CHANGE IN NET POSITION	**756.5**	**980.3**	**(223.8)**	**-23%**
NET POSITION - JANUARY 1	**11,278.8**	**10,298.5**	**980.3**	**10%**
CUMULATIVE EFFECT OF ACCOUNTING CHANGE	**(0.9)**	**-**	**(0.9)**	**N/A**
BEGINNING NET POSITION AS RESTATED	**11,277.9**	**10,298.5**	**979.4**	**10%**
NET POSITION - DECEMBER 31	**$ 12,034.4**	**$ 11,278.8**	**$ 755.6**	**7%**

Analysis of Financial Position

Fiduciary net position held in trust for benefits equals assets less liabilities. Table 1, on page 15, displays the condensed information of the fiduciary net position, which as of December 31, 2024, totaled approximately $12.0 billion. This is a $0.7 billion or a 7% increase from the prior year, primarily a result of an increase in the fair value of ACERA's invested assets. The Investment Section, starting on page 69, provides further details about ACERA's investment performance.

Current Assets

The components of current assets are detailed on the Statement of Fiduciary Net Position on page 21. Total current assets decreased by $28.2 million from $237.3 million in 2023 to $209.1 million in 2024. This 12% decrease was primarily due to decreases in securities lending cash collateral of $9.6 million, unsettled investment trades of $8.2 million and future contracts of $8.9 million.

Investments at Fair Value

ACERA's investments at fair value increased 7% from $11.2 billion in 2023 to $12.0 billion in 2024. The $0.8 billion increase was net of ACERA's $278.0 million cash draw in 2024 on the portfolio to pay retirement benefits and administrative costs.

Capital Assets, Net

Capital assets include equipment, furniture, information systems, leasehold improvements, and right-to-use assets.

The value of capital assets increased from $9.8 million in 2023 to $12.4 million in 2024. The net increase of $2.6 million or 27% was mainly due to the increase in capital expenditures for the pension administration system upgrade.

Total Assets

In all, total assets experienced a net increase of $0.7 billion, from $11.5 billion in 2023 to $12.2 billion in 2024. The increase in total investments at fair value accounted for almost all of the increase in total assets.

Liabilities

The components of ACERA's current liabilities are detailed in the Statement of Fiduciary Net Position on page 21. Current liabilities decreased by $3.7 million or 2% from $201.6 million in 2023 to $197.9 million in 2024. The net decrease is mainly attributed to the $9.6 million decrease in securities lending liability partially offset by the increases in future contracts and foreign exchange contracts.

As of December 31, 2024, the long-term lease and subscription liabilities totaled $0.1 million.

Analysis of Results of Operations

The change in fiduciary net position equals total additions less total deductions. Table 2, on page 16, displays the condensed information about ACERA's 2024 financial activity. From January 1 to December 31, 2024, ACERA's fiduciary net position increased by $0.7 billion. The increase was mainly due to appreciation in the fair value of ACERA's invested assets.

Additions to Fiduciary Net Position

The primary funding sources for ACERA's member benefits are member contributions, employer contributions, and net investment income. Additions to and deductions from fiduciary net position include transfers to and from the employers' advance reserve and the supplemental retiree benefits reserve.

Total additions to ACERA's fiduciary net position for the years ended December 31, 2024, and 2023, were $1.5 billion and $1.7 billion, respectively. ACERA's net investment income (loss) for 2024 was $1.0 billion, compared to $1.2 billion in investment income (loss) in 2023.

See the Net Investment Income (Loss) section on page 18 for a more comprehensive discussion of this decrease.

The December 31, 2023, actuarial valuation report recommended contribution rate decreases for members and employers. The Board of Retirement approved the decrease to be in effect by September 2024. The aggregate member contribution rate decreased from 10.08% to 9.87% of payroll. The rate decrease was mainly due to changes in actuarial assumptions, offset to some degree by changes in active member demographics and plan provision.

The aggregate employer contribution rate decreased from 23.72% to 23.54% of payroll. This change was primarily due to the changes in actuarial assumptions and amortizing the prior year's UAAL over larger than expected total projected payroll. The decrease was offset to some degree by lower than expected return on investments (after smoothing), change in plan provision, and greater than expected individual salary increases.

Member Contributions

Total member contributions for 2024 were $134.5 million, up $8.0 million or 6% over 2023 total member contributions of $126.5 million. As previously stated, 2023 actuarial valuation contribution rates went into effect September 1, 2024.

Employer Contributions

Total employer contributions collected for 2024 were $311.1 million, an increase of 8% or $22.5 million over the $288.6 million in total contributions collected in 2023. The $22.5 million increase was mainly due to the slight increase the average employer contribution rate for the first eight months of the year.

Net Investment Income (Loss)

Net investment income (loss) for 2024 was $1.0 billion. The $0.2 billion decrease in net investment income over 2023 was primarily due to lower appreciation in the fair value of invested assets. The 2024 net appreciation of investments was $0.8 billion compared to a 2023 net appreciation of $1.1 billion.

Miscellaneous Income

Miscellaneous income for 2024 totaled $0.4 million, down $0.3 million from 2023. This decrease is mainly due to decrease of class action securities litigation settlements.

Transfers between Employers' Advance Reserve and SRBR

Postemployment medical benefits are paid from employers' 401(h) accounts. Participating employers identify a portion of their contributions as 401(h) contributions. Employers funded $51.9 million and $49.3 million to their 401(h) accounts for years 2024 and 2023, respectively. See 401(h) Postemployment Medical Benefits Account on page 34.

In July 2011, ACERA applied the provisions of the 1937 Act (Section 31596.1) and allocated a portion of the 401(h) contributions towards administrative costs. As a result, $2.0 million and $1.7 million was transferred from the employers' advance reserve to SRBR for 2024 and 2023, respectively.

There was a $4.0 million transfer from the SRBR to the employers' advance reserve in 2024 to compensate Alameda County for the 2023 blended rate health care implicit subsidy. The implicit subsidy transfer decreased by $3.8 million or 49% from the $7.8 million implicit subsidy transfer in 2023. This decrease was primarily due to lower difference between the County's blended and unblended medical insurance rates for 2023 versus 2022.

Deductions from Fiduciary Net Position

Total deductions are composed of four main categories, i.e., retirement benefits (including service retirement and disability payments, death benefits, non-OPEB burial benefits and supplemental COLA), postemployment medical benefits, member refunds, and administration expenses of the retirement system.

Total deductions from the fiduciary net position for 2024 were $772.6 million. This is $29.4 million or a 4% increase over the $743.2 million in total deductions for 2023. Service retirement and disability benefit payments alone increased 5% or $27.6 million over 2023. The member refunds decreased by $3.2 million or 24% for 2024.

Retirement Benefit Payments

Retirement benefit payments in 2024 totaled $634.0 million, a $27.6 million or 5% increase over $606.4 million in 2023. The increase in benefit payments is primarily due to higher average benefits of retirees added to the retirement payroll compared to the lower average retirement allowance of those retirees removed from the retirement payroll.

Postemployment Medical Benefits

Postemployment medical benefits paid from the 401(h) account in 2024 were $50.2 million, an increase of $3.1 million over the $47.1 million paid from the 401(h) account in 2023. This increase was due to increases in medical premiums. ACERA's maximum monthly medical benefit for 2024 was $635.37 per member. For retirees 65 years and older, enrolled in the Medicare Exchange individual plans, ACERA utilized Health Reimbursement Accounts (HRAs). Retirees 65 years and older, who were on the Medicare Exchange, received a maximum of $486.74 Monthly Medical Allowance (MMA).

Member Refunds

Member refunds originate from either a member separation from service (termination) or an active member death. Member refunds decreased by $3.2 million or 24% from $13.3 million in 2023 to $10.1 million in 2024. The decrease was primarily due to decreases in termination refunds.

Administration Expense

Total administration expense for 2024 increased to $20.4 million, from $17.6 million in 2023. Administration expenses cover the basic cost of operating the retirement system. Some expenses are subject to the statutory limit, as defined in the following paragraph, and others are excluded from the statutory limit.

In accordance with legal spending restrictions outlined in the County Employee Retirement Law of 1937 (1937 Act), ACERA's Board of Retirement adopts an operating expense and administrative budget, effective for the following year. The annual amount of administrative budget is subject to legal and budgetary restrictions.

Note 11 to the Basic Financial Statements, page 58, further describes the legal limitations. Consequently, the administrative budget for 2024 was kept in compliance with the "1937 Act" legal spending restrictions of 0.21% of the actuarial accrued liability of the retirement system.

Administrative expenses subject to the statutory limit increased by 12% or $1.8 million, from $14.6 million in 2023 to $16.4 million in 2024. The major categories of operating expenses subject to the statutory limit include personnel services, professional services, communications, and utilities, and other (i.e., depreciation, board of retirement operating expenses, insurance, miscellaneous, training, maintenance-equipment, and supplies).

Administrative expenses excluded from the statutory limit increased from $2.9 million in 2023 to $4.0 million in 2024. The categories of operating expenses not subject to the statutory limit include legal, technology, actuarial, investment and business continuity expenses.

Currently Known Facts and Events

Litigation: In the AHS v. ACERA lawsuit (filed February 7, 2019), the Alameda Health System, a participating employer in ACERA, filed suit against ACERA and the County of Alameda (later dismissed from the lawsuit by AHS), objecting to ACERA's use of the percent of payroll method for calculating AHS' unfunded liabilities to ACERA. The lawsuit seeks to require ACERA to collect less contributions from AHS and more contributions from the County (and possibly other participating employers). On May 3, 2022, the Superior Court issued a ruling granting ACERA summary judgment and then entered judgment for ACERA on May 24, 2022. AHS appealed that judgment. On March 27, 2024, the appellate court affirmed the trial court's judgment for ACERA. AHS did not seek review in the California Supreme Court, so this litigation fully concluded in ACERA's favor on May 29, 2024.

Business Continuity: Following the eased health and safety restrictions of the response to the COVID-19 pandemic, ACERA's management maintained a hybrid work arrangement throughout 2021 and 2022, while most of the staff continued to work from home. In October 2022, the Governor of California announced that the COVID-19 state of emergency would end on February 28, 2023. As a result, ACERA management formulated a new hybrid work arrangement that was implemented in 2023.

Fiduciary Responsibilities

ACERA's Board of Retirement and management are fiduciaries of the retirement plan. Under the California Constitution and the 1937 Act, assets of the retirement plan can be used only for the exclusive benefit of the plan participants and their beneficiaries.

Requests for information

This report is designed to provide the Board of Retirement, the membership, participating employers, taxpayers, investment managers, vendors, and other stakeholders or interested parties with a general overview of ACERA's financial condition, financial activities, and funding status. Questions regarding any of the information provided in this report or requests for additional information should be addressed to:

ACERA
Fiscal Services Department
475 14th Street, Suite 1000
Oakland, California 94612-1900

You can also contact us by e-mail at info@acera.org or by phone at (510) 628-3000 during normal business hours. Our website www.acera.org contains a wealth of information and is always accessible.

Respectfully submitted,

Erica Haywood, CPA, MBA
Fiscal Services Officer
May 12, 2025

Basic Financial Statements

Statement of Fiduciary Net Position

As of December 31, 2024, with Comparative Totals as of December 31, 2023 (Dollars in Thousands)

	Pension Plan & Non-OPEB	Postemployment Medical Benefits	Total 2024	Total 2023
ASSETS				
Cash	$ 1,898	$ -	$ 1,898	$ 5,607
Securities Lending Cash Collateral	149,260	-	149,260	158,812
Receivables				
Contributions	30,653	-	30,653	26,273
Investment Receivables	25,203	-	25,203	24,365
Unsettled Trades - Investments Sold	1,221	-	1,221	9,404
Futures Contracts	59	-	59	8,931
Foreign Exchange Contracts	20	-	20	2,714
Other Receivables	230	-	230	408
Total Receivables	**57,386**	**-**	**57,386**	**72,095**
Prepaid Expenses	571	-	571	834
Total Current Assets	**209,115**	**-**	**209,115**	**237,348**
Investments at Fair Value				
Short-Term Investments	255,540	-	255,540	196,147
Domestic Equity	737,932	-	737,932	626,628
Domestic Equity Commingled Funds	2,669,271	-	2,669,271	2,239,207
International Equity	794,383	-	794,383	787,281
International Equity Commingled Funds	1,907,232	-	1,907,232	2,002,804
Domestic Fixed Income	1,473,966	-	1,473,966	1,419,300
International Fixed Income	147,748	-	147,748	95,474
International Fixed Income Commingled Funds	26,866	-	26,866	79,250
Real Estate - Separate Properties	34,056	-	34,056	48,282
Real Estate - Commingled Funds	780,273	-	780,273	756,421
Real Assets	732,743	-	732,743	657,542
Absolute Return	1,000,261	-	1,000,261	902,059
Private Equity	1,145,602	-	1,145,602	1,114,713
Private Credit	305,035	-	305,035	308,413
Total Investments	**12,010,908**	**-**	**12,010,908**	**11,233,521**
Non-OPEB Assets	117,558	-	117,558	111,280
Due from Pension Plan	(1,224,838)	1,107,280	(117,558)	(111,280)
Capital Assets at Cost (Net of Accumulated Depreciation and Amortization)	12,339	-	12,339	9,752
Total Assets	**11,125,082**	**1,107,280**	**12,232,362**	**11,480,621**
LIABILITIES				
Securities Lending Liability	149,260	-	149,260	158,812
Unsettled Trades - Investments Purchased	18,268	-	18,268	18,989
Futures Contracts	1,310	-	1,310	0
Foreign Exchange Contracts	5,035	-	5,035	10
Investment-Related Payables	13,557	-	13,557	13,923
Accrued Administration Expenses	3,823	-	3,823	3,084
Members Benefits & Refunds Payable	6,117	-	6,117	6,305
Retirement Payroll Deductions Payable	391	-	391	443
Current Lease Liability	107	-	107	65
Long-term Lease and Subscription Liability	139	-	139	169
Total Liabilities	**198,007**	**-**	**198,007**	**201,800**
NET POSITION - Held in Trust for Benefits	**$ 10,927,075**	**$ 1,107,280**	**$ 12,034,355**	**$ 11,278,821**

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

Statement of Changes in Fiduciary Net Position

For the Year Ended December 31, 2024, with Comparative Totals for the Year Ended December 31, 2023 (Dollars in Thousands)

	Pension Plan & Non-OPEB	Postemployment Medical Benefits	Total 2024	Total 2023
ADDITIONS				
Contributions				
Member	$ 134,490	$ -	$ 134,490	$ 126,472
Employer	259,254	51,852	311,106	288,640
Total Contributions	**393,744**	**51,852**	**445,596**	**415,112**
Investment Income				
From Investment Activities:				
Net Appreciation (Depreciation) in Fair Value of Investments	822,032	-	822,032	1,148,261
Dividends, Interest, & Other Investment Income	274,742	-	274,742	168,195
Total Income (Loss) from Investment Activities	**1,096,774**	**-**	**1,096,774**	**1,316,456**
Total Investment Expenses	(72,254)	-	(72,254)	(68,333)
Net Income (Loss) from Investment Activities	**1,024,520**	**-**	**1,024,520**	**1,248,123**
From Securities Lending Activities:				
Securities Lending Income	10,366	-	10,366	8,701
Securities Lending Expenses				
Borrower Rebates	(9,481)	-	(9,481)	(7,843)
Management Fees	(177)	-	(177)	(172)
Total Securities Lending Activity Expenses	**(9,658)**	**-**	**(9,658)**	**(8,015)**
Net Income from Securities Lending Activities	**708**	**-**	**708**	**686**
Earnings Allocated to Non-OPEB	7,900	-	7,900	3,536
Earnings Allocated	(84,180)	76,280	(7,900)	(3,536)
Total Net Investment Income (Loss)	**948,948**	**76,280**	**1,025,228**	**1,248,809**
Miscellaneous Income	390	-	390	715
Transfer to Employers' Advance Reserve from SRBR for Employer Contributions to 401(h) Account	51,852	-	51,852	49,339
Transfer to Employers' Advance Reserve from SRBR for Implicit Subsidy	4,038	-	4,038	7,842
Transfer from Employers' Advance Reserve to SRBR for OPEB Related Administrative Expense	-	1,957	1,957	1,711
Total Additions	**$ 1,398,972**	**$ 130,089**	**$ 1,529,061**	**$ 1,723,528**

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

Statement of Changes in Fiduciary Net Position (Continued)

For the Year Ended December 31, 2024, with Comparative Totals for the Year Ended December 31, 2023 (Dollars in Thousands)

	Pension Plan & Non-OPEB	Postemployment Medical Benefits	Total 2024	Total 2023
DEDUCTIONS				
Benefits				
Service Retirement and Disability Benefits	$ 628,985	$ -	$ 628,985	$ 601,262
Death Benefits	3,439	-	3,439	3,761
Burial Benefits - Non-OPEB	379	-	379	228
Supplemental Cost of Living Allowance - Non-OPEB	1,243	-	1,243	1,135
Post Employment Medical Benefits	-	50,187	50,187	47,072
Total Benefit Payments	**634,046**	**50,187**	**684,233**	**653,458**
Member Refunds	10,081	-	10,081	13,293
Administration				
Administrative Expenses	14,438	1,957	16,395	14,646
Legal Expenses	891	-	891	846
Technology Expenses	2,016	-	2,016	1,005
Actuarial Expenses	400	-	400	469
Business Continuity Expenses	678	-	678	610
Total Administration	**18,423**	**1,957**	**20,380**	**17,576**
Transfer from SRBR to Employers' Advance Reserve for Employer Contributions to 401(h) Account	-	51,852	51,852	49,339
Transfer from SRBR to Employers' Advance Reserve for Implicit Subsidy	-	4,038	4,038	7,842
Transfer to SRBR from Employers' Advance Reserve for OPEB Related Administrative Expense	1,957	-	1,957	1,711
Total Deductions	**664,507**	**108,034**	**772,541**	**743,219**
CHANGE IN NET POSITION	**734,465**	**22,055**	**756,520**	**980,309**
NET POSITION - JANUARY 1	**10,193,596**	**1,085,225**	**11,278,821**	**10,298,512**
CUMULATIVE EFFECT OF ACCOUNTING CHANGE	(986)	-	(986)	-
BEGINNING NET POSITION AS RESTATED	**10,192,610**	**1,085,225**	**11,277,835**	**10,298,512**
NET POSITION - DECEMBER 31	**$ 10,927,075**	**$ 1,107,280**	**$ 12,034,355**	**$ 11,278,821**

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

Notes to the Basic Financial Statements

(an integral part of the Basic Financial Statements)

1. Summary of Significant Accounting Policies

Reporting Entity

ACERA is an independent, public employees' retirement system with its own governing board. ACERA is a fiduciary component unit of the County of Alameda (the County). The majority of ACERA's nine-member governing board is appointed by the County's Board of Supervisors. The County Treasurer serves as ex-officio board member and four other board members are directly appointed by the County Board of Supervisors. The County is also the primary participating employer of ACERA with more than 50 percent of the annual contribution to the plan. ACERA's financial statements are included in the County's financial statements as a fiduciary component unit, within the pension and other employee benefit trust funds.

Basis of Accounting

ACERA follows generally accepted accounting principles in the United States and reporting guidelines set forth by the Governmental Accounting Standards Board (GASB).

ACERA's (fiduciary trust fund) financial statements are prepared on the accrual basis of accounting. Employer and employee contributions are recognized when due, pursuant to formal commitments, as well as statutory or contractual requirements. Security purchases and sales are recognized in the financial statements as of the trade date. Retirement benefits and member refunds are recognized as liabilities when due and payable in accordance with the terms of the plan. Other expenses are recognized when the corresponding liabilities are incurred.

Investments

Investments are reported at fair value. Fair value for investments of publicly traded stocks and bonds and issues of the U.S. Government and its agencies is based on the last reported sale price as of the fiscal year-end. Fair value of securities denominated in a foreign currency reflects exchange rates in effect at fiscal year-end. The fair value of ACERA's short-term investments held in external investment pools managed by the master custodian and securities lending agent is provided by the pool manager and is reported at net asset per share value for the pool. Fair value of investments in commingled funds of debt securities, equity securities, and real estate is based on the fund share price provided by the fund manager, which is based on net asset value. Fair value of investments in real estate separate properties is based on prices in a competitive market as determined by the investment manager relying on periodic appraisals and is reported net of the outstanding balance of associated mortgages. The fair value of private equity, private credit, absolute return, and real assets is based on ACERA's pro rata share and determined by the fund's general partner based on a variety of valuation methods including current market multiples for comparable companies, recent sales of comparable companies, net present value of expected cash flows, appraisals and adjustments to prevailing public market prices based on control and/or liquidity, as appropriate. All funds are audited annually by the funds' independent auditors.

Investment Income

Interest income is recognized as it accrues. Dividend income is recognized when the dividends are declared. Realized and unrealized gains and losses on investments are combined and reported together as the net appreciation (depreciation) in the fair value of investments.

Securities Lending Activity

Securities lending transactions are short-term collateralized loans of ACERA's securities for the purpose of generating additional investment income. For each lending transaction, ACERA receives either cash collateral or non-cash collateral.

The underlying securities out on loan are reported on the Statement of Fiduciary Net Position as if the lending transaction had not occurred.

Cash collateral held (or any security that can be sold or pledged without a default by the borrower) is separately reported on the Statement of Fiduciary Net Position in current assets. A corresponding liability of an equal amount (the obligation to return the cash collateral) is reported as a liability.

Non-cash collateral held is not reported on the Statement of Fiduciary Net Position nor is there a corresponding liability reported on this statement.

Derivative Instruments

ACERA's investments include the following types of investment derivative instruments: futures, forwards, spot contracts, rights, and swaps. ACERA enters into derivative instrument contracts for investment purposes and to manage risks associated with its investment portfolio.

The fair value of exchange traded derivative instruments such as futures, swaps, rights, and spot contracts is based on quoted market prices. The fair value of non-exchange traded derivative instruments such as forward contracts and certain futures contracts is determined by an external pricing service using various proprietary methods.

The fair value of derivative instrument contracts is reported in investments as assets or liabilities on the Statement of Fiduciary Net Position.

Collateral and Margin Account

For the equity index futures, there is an initial margin requirement to open a contract position as well as a collateral maintenance requirement that must be kept until the position is closed out.

ACERA reports the collateral for the equity index futures in short-term investments.

Capital Assets

Capital assets are carried at cost, net of accumulated depreciation or amortization. In 2024, ACERA's capitalization threshold increased from $5,000 to an initial cost of $10,000 and two years or more of useful life. Depreciation and amortization are calculated using the straight-line method over the estimated useful lives of the depreciable assets or over the term of the lease.

For each asset, ACERA recognizes one-half year of expense in the year the asset is placed in service and one-half year of expense in the year of retirement.

The estimated useful lives for the assets in each category are as follows:

	Years
Leasehold Improvements	27.5
Information System - Retirement	7.0
Office Furniture	7.0
Business Continuity Assets	5.0
Computer Hardware	5.0
Offsite Office Equipment	5.0
Electronic Document Management System	5.0
Information System - Accounting	3.0
Computer Software	3.0

Estimates

The preparation of financial statements in accordance with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Naturally, actual results may differ from estimates.

Income Taxes

ACERA operates as a Defined Benefit Pension Plan, qualified under section 401(a) of the Internal Revenue Code and is not subject to tax under current income tax laws. All assets accumulated for the payment of benefits may legally be used to pay benefits, including refunds of member contributions to any of the plan members or beneficiaries, as defined by the terms of the plan.

New Accounting Pronouncements

ACERA implemented the provisions of GASB Statement No. 100, *Accounting Changes and Error Corrections–an amendment of GASB Statement No. 62*, for the year ended December 31, 2024. The requirements of this Statement pertaining to the changes in accounting principles as it relates to the implementation of a new pronouncement were applied by restating the beginning net position.

ACERA implemented the provisions of GASB Statement No. 101, *Compensated Absences*, for the year ended December 31, 2024. The implementation of this statement affected ACERA's financial statements with a recognition of a new liability for sick leave that accumulates and could be used for time off but not available to be paid in cash. The retroactive recognition of the expense related to sick leave resulted in adjustment of the beginning net position balance by $986 thousand for the cumulative effect of the accounting change. The compensated absence liability for sick leave earned and accrued is included in the accrued administrative expenses line item in the Statement of Fiduciary Net Position and the related salary expense is included in the administrative expenses line item in the Statement of Changes in Fiduciary Net Position. The expense is also reported as part of personnel services in the Administrative Expense schedule presented in the Supplemental Schedules section.

GASB Statement No. 102, *Certain Risk Disclosures*, was issued in December 2023. The objective of this Statement is to provide the financial statement users with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The Statement requires that a government should disclosure in notes to the financial statements the information related to risks associated with concentrations or constraints, if the risk meets all of the following criteria: (a) a concentration or constraint is known to the government prior to the issuance of the financial statements; (b) the concentration or constraint makes the reporting unit vulnerable to the risk of a substantial impact; and (c) an event or events associated with the concentration or constraint that could cause a substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. This Statement is expected to improve financial reporting by providing users with information that will help them to understand and anticipate the impact of certain risks on a government's financial statements. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024. ACERA will implement the provisions of this Statement for the year ending December 31, 2025.

GASB Statement No. 103, *Financial Reporting Model Improvements*, was issued in April 2024. The objective of this Statement is to enhance the effectiveness of the information provided in the management's discussion and analysis (MD&A) that is essential to decision making and assessing a government's accountability. The Statement limits the information presented in the MD&A to five sections: (1) Overview of Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Assets and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. The Statement stresses that the detailed analysis section should explain why balances and results of operations changed rather than simply presenting the amount and percentage changes. The analysis provided should avoid duplication by not repeating explanations that may be relevant to multiple sections. The Statement also includes new reporting requirements for unusual or infrequent items, presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position, major component unit information, and budgetary comparison information. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025. ACERA will implement the applicable provisions of this Statement for the year ending December 31, 2026.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, was issued in September 2024. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. The Statement requires certain types of capital assets to be disclosed separately in the capital asset note disclosures. The separate disclosure requirements apply to lease assets reported in accordance with Statement No. 87, *Leases*; intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*; subscription assets recognized in accordance with Statement No. 96, *Subscription Based Information Technology Arrangements*; and intangible assets other than those mentioned above should be disclosed by major class of asset. The Statement also requires additional disclosure of capital assets held for sale. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025. ACERA will implement the applicable provisions of this Statement for the year ending December 31, 2026.

2. Plan Description

ACERA is an independent public employees' retirement system which operates a cost-sharing, multiple-employer defined benefit pension plan serving participating employers. In addition, ACERA administers a cost-sharing multiple-employer defined benefit Other Postemployment Medical Benefits (OPEB) and Non-OPEB even though there is no direct contribution made to fund these non-vested benefits. ACERA began operations in its present form on January 1, 1948.

ACERA is governed by the California constitution, and state and federal laws, including but not limited to the 1937 Act, beginning at California Government Code Section 31450 et. seq., PEPRA and the bylaws and policies adopted by the Board of Retirement.

These laws and policies govern ACERA's plan structure and operation. The provisions of state and federal laws govern requirements concerning membership, governance, contributions, benefits, service, retirement eligibility, disability, cost-of-living adjustment, financial provisions, optional allowances, reciprocal benefits, administration expenses, etc.

ACERA is not affiliated with the California Public Employees' Retirement System (CalPERS).

ACERA meets member and beneficiary obligations through member contributions, participating employer contributions, and investment income. Contributions are prudently invested in accordance with the 1937 Act.

ACERA provides basic lifetime retirement, disability, and death benefits to members who meet the minimum age and length-of-service requirements. In addition, ACERA administers supplemental retiree postemployment medical, dental care, vision care, and cost-of-living adjustments programs. In this report, "basic" benefits refers to vested benefits provided for in accordance with the 1937 Act, whereas "supplemental" benefits refers to additional non-vested benefits paid at the discretion of the Board of Retirement and subject to available funds.

Board of Retirement

The Board of Retirement has sole and exclusive responsibility over plan assets and the administration of the retirement system to ensure prompt delivery of benefits and related services as provided in Article XVI of the California Constitution.

The Board of Retirement has nine members and two alternates. The Alameda County Board of Supervisors appoints four members, and four are elected by ACERA's membership. The County Treasurer serves as an ex-officio board member. One alternate member is elected by safety members and one alternate member is elected by retired members. The Board of Retirement is currently composed of the following members:

Board of Retirement

Type of Member	Elected / Appointed By	# Of Members
County Treasurer	Ex-Officio Member	1
County Resident	Appointed by Board of Supervisors	4
General Member	Elected by General Members	2
Safety Member	Elected by Safety Members	1
Retired Member	Elected by Retired Members	1
Alternate Retired Member	Elected by Retired Members	1
Alternate Safety Member	Elected by Safety Members	1

Board members, with the exception of the County Treasurer, serve a three-year term in office, with no term limits.

The Board of Retirement oversees the Chief Executive Officer in the performance of his duties in accordance with the law and ACERA's board policies.

Authority for Establishing and Amending Benefit Provisions

State and federal laws, as well as the California constitution, provide the authority for establishing ACERA's benefit provisions. In most cases, where the 1937 Act provides options concerning the allowance of credit for service, the offering of benefits, or the modification of benefit levels, the law generally requires approval of the employers' governing boards for the option to take effect.

Separately, in 1984, the Alameda County Board of Supervisors and the Board of Retirement approved the adoption of Article 5.5 of the 1937 Act. This adoption permitted the establishment of a Supplemental Retiree Benefits Reserve (SRBR) for ACERA.

Article 5.5 provides for the systematic funding of the SRBR and stipulates that its assets be used only for the benefit of retired members and their beneficiaries. The 1937 Act grants exclusive authority over the use of SRBR funds to the Board of Retirement. The SRBR provides funding for non-vested and non-pension benefits including supplemental COLA and retired member death benefit. Other non-vested retiree health benefits are provided in agreement with ACERA's participating employers through the use of Internal Revenue Code 401(h) accounts. These retiree health benefits include dental and vision care, Medicare Part B reimbursement, and the Monthly Medical Allowance (MMA). Employer contributions fund the 401(h) benefits. ACERA treats an equal amount of SRBR assets as employer contributions for pensions. The provision of all supplemental benefits is subject to annual review and authorization by the Board of Retirement.

Participating Employers

ACERA operates as a cost-sharing, multiple-employer, defined benefit plan for Alameda County (the "County"), and five other participating employers (which are special districts) located in the County, but not under the control of the County Board of Supervisors. In this report, the County and special districts are referred to as "participating employers". All risks and costs, including benefit costs, are shared by the participating employers.

The five other participating employers are:

- Superior Court of California for the County of Alameda
- Alameda Health System
- First 5 Alameda County
- Housing Authority of the County of Alameda
- Livermore Area Recreation and Park District

Alameda County Office of Education is no longer an active participating employer as the last active member under this employer retired on December 30, 2016. However, this employer still owes an unfunded actuarial accrued liability to ACERA as ACERA still pays retirement benefits to several of its retired members.

Plan Membership

With the exception of Alameda Health System, all full-time employees of participating employers who are appointed to permanent positions are statutorily required to become members of ACERA. With the passage of AB1008 in 2013, employees of newly acquired hospitals by Alameda Health System are not eligible for membership unless they are subject to an existing memorandum of understanding. Effective October 31, 2013, all newly hired unrepresented employees of any Alameda Health System facility are prohibited from membership.

Safety and General Members

ACERA has two membership types, Safety and General, which are based on job classifications:

- Safety members are employees working in active law enforcement, deferred firefighters, or positions that have been designated Safety positions by the Board of Retirement (e.g., Juvenile Hall Group Counselors and Probation Officers).
- General members are all other members.

Defined Benefit Pension Plan

ACERA's Membership

As of December 31, 2024

Members, Survivors, and Beneficiaries Now Receiving Benefits	
Service Retirement	8,827
Disability Retirement	1,009
Beneficiaries and Survivors	1,389
Subtotal	**11,225**
Active Members	
Active Vested Members	7,644
Active Non-vested Members	4,195
Subtotal	**11,839**
Deferred Members	3,920
Total Membership	**26,984**

Membership Status and Vesting

Members are considered to be active, as long as they remain employed full-time by a participating employer (or subsequently change to part-time employment).

Members become vested in retirement benefits upon completion of five years of credited service.

Service Retirement

ACERA's regular (service) retirement benefits are based on service credit, final average salary, and age at retirement, according to the applicable statutory formula. Members who qualify for service retirement are entitled to receive monthly service retirement benefits for life.

Non-Tier 4 vested General members may retire at age 50, with 5 years of service credit and a total of 10 years of qualifying membership, or at any age with 30 years of service, or at age 70, regardless of service credit.

Non-Tier 4 vested Safety members may retire at age 50, with 5 years of service credit and a total of 10 years of qualifying membership, or at any age, with 20 years of service, or at age 70, regardless of service credit.

Tier 4 General members may retire at age 52, with 5 years of service credit or at age 70, regardless of service credit.

Tier 4 Safety members may retire at age 50, with 5 years of service credit or at age 70, regardless of service credit.

Active Member Death Benefits

ACERA provides specified active member death benefits to beneficiaries and members' survivors.

The basic active member death benefit consists of a member's retirement contributions plus interest plus one month's pay for each full year of service (up to the maximum of six-month's pay). Other death benefits may be available based on years of service, marital status, and whether the member has minor children.

Tier 1, Tier 2, Tier 3, and Tier 4 Benefit Levels

The structure of the plan provides for four benefit levels or tiers within General membership and three tiers within Safety membership. The tiers differ mainly in the magnitude of contributions required and benefits received.

Generally, members with an entry date prior to July 1, 1983, belong to Tier 1, while those with an entry date on or after July 1, 1983, and before January 1, 2013, belong to Tier 2, and members with an entry date on or after January 1, 2013, belong to Tier 4.

Most active ACERA members belong to Tier 2. Alameda County Housing Authority members are mostly in Tier 1, but those hired between September 30, 2011, and January 1, 2013, belong to Tier 2. Relative to the Tier 1 members, active members in Tier 2 contribute somewhat less to the pension plan as a percent of compensation and will receive somewhat lower retirement benefits.

Effective October 1, 2008, Livermore Area Recreation and Park District (LARPD) implemented a General Tier 3 plan for current and new employees. Those LARPD members hired before October 1, 2008, who elect General Tier 3 membership, and those hired after October 1, 2008, but before January 1, 2013, will receive an enhanced benefit of 2.5% at 55, which is higher than the Tier 1 benefit (at most retirement ages) as a result of higher employer and employee contribution rates.

Effective October 17, 2010, and before January 1, 2013, there are three benefit formula options for Safety membership within Tier 2. Two benefit formulas of 2% at 50 and 3% at 55 were implemented for new Safety members with different contribution rates. The Safety members hired before October 17, 2010, are still under the benefit formula of 3% at 50.

In accordance with PEPRA, General and Safety members hired on or after January 1, 2013, belong to Tier 4. Tier 4 members are required to contribute at least 50% of the normal cost rate. Under the Tier 4 formulas, General members will receive a benefit of 2.5% at age 67 and Safety members will receive a benefit of 2.7% at age 57. Note 3, Contributions, starting on page 31 explains retirement plan contribution rates.

Integration with Social Security

The contributions and benefits associated with the federal Social Security program are completely separate from ACERA members' contributions and benefits. Most General members of ACERA are covered by Social Security, and most Safety members are not.

ACERA contributions and benefits are integrated with Social Security for non-Tier 4 members who are covered by Social Security. The purpose of integration is to reduce the degree in which ACERA's plan coverage overlaps Social Security coverage.

Basic Cost of Living Adjustment

Retirement allowances are indexed for inflation. Retirees receive automatic basic Cost-of-Living Adjustments (COLAs) based upon the Consumer Price Index (CPI) for the San Francisco Bay Area. The adjustments go into effect on April 1 each year. Under the 1937 Act, annual COLA increases are capped at 3% for Tier 1 and Tier 3, and 2% for Tier 2 and Tier 4 members. The expected impact of future basic COLA is a factor in setting contribution rates for members and employers. In any year that the basic COLA adjustment for a retiree falls short of the CPI increase for that year due to the statutory cap, the shortfall is carried over and applied in a future year to the extent that the CPI falls short of the statutory cap in the future year.

The CPI calculation for 2024 was 2.62% and was rounded to 2.50%, the nearest one-half percent, in accordance with California Government Code Section 31870 and 31870.1. There was a maximum of 3.0% COLA increase granted for Tier 1 and Tier 3 members, who retired on or before April 1, 2023, due to carry over banked COLA from prior years. Tier 1 and Tier 3 members who retired after April 1, 2023, received a COLA increase of 2.50%. A maximum COLA increase of 2.0% was granted to all Tier 2 and Tier 4 members. Tier 1 and Tier 3 members will bank 0.00%, as the 2024 COLA does not exceed the 3% maximum and Tiers 2 and 4 members will bank 0.50% in 2024, as the 2024 CPI exceeds the 2% maximum for Tiers 2 and 4.

Postemployment Medical Benefits

ACERA administers a medical benefits program for eligible retired members. Benefits include monthly medical allowances and Medicare Part B premium reimbursements. Dental and vision coverages are also available for eligible retired members. These benefits are paid through a 401(h) account, in accordance with federal tax laws. The maximum levels of the monthly medical allowances are reviewed annually by the Board of Retirement.

Program Membership

Retired members with a minimum of ten years of service credit or those who retired due to a service connected dis- ability are eligible to receive a monthly medical allowance benefit if they enroll in one of the ACERA-sponsored medical plans or Medicare exchange. Retired members eligible for the monthly medical allowance benefit may also be reimbursed for the lowest standard Medicare Part B premium with proof of enrollment in Medicare Part B.

Members receiving a service retirement or a non-service connected disability, with ten or more years of ACERA service credit will be eligible to receive dental and vision allowances. The following are exemptions of the years-of-service eligibility requirements: (a) non-service connected disability recipients with less than ten years of ACERA service credit and with a retirement date effective prior to February 1, 2014; and, (b) all service connected disability recipients, regardless of years of service.

Non-OPEB

ACERA also provides non-health, postemployment benefits, such as supplemental COLA and a lump sum retired member death benefit.

Separate from the basic COLA, the Board of Retirement implemented an ad-hoc supplemental Cost-of-Living Adjustment (supplemental COLA) program effective January 1, 1998. The supplemental COLA is structured to maintain each retiree's purchasing power at no less than 85% of the purchasing power of the original benefit. Under this program, each retiree's current allowance is adjusted, as necessary, so that the adjusted allowance becomes at least 85% of the original benefit amount indexed with the CPI.

A lump sum retired member death benefit of $1,000 is provided to beneficiaries.

Program Membership

All retired members are eligible to receive supplemental COLA and retired member death benefit.

Actuarial Valuation

An annual actuarial funding valuation is performed for the pension plan. In addition, there is a separate annual actuarial valuation performed for Postemployment Medical Benefits and Non-OPEB. Note 6, Actuarial Valuation, starting on page 38 provides additional information about this topic.

3. Contributions

Pension Plan

Authority for Establishing and Amending Obligations to Make Contributions

The California constitution, as well as state and federal laws, establishes the basic obligations for participating employers and active members to make contribution payments to the pension plan. Member and employer contribution rates are based on recommendations made by an independent actuary and adopted by the Board of Retirement. These rates are based on membership type (General and Safety) and tier (Tiers 1, 2, 3, and 4).

Funding Objective

One of the funding objectives of the pension plan is to establish member and participating employer contribution rates that will remain as level as possible over time as a percentage of payroll, unless plan benefit provisions are changed. The funding for retirement benefits arises from three sources: member contributions, employer contributions, and the earnings on invested assets.

Member Contributions and Refunds

Active members are required by statute to contribute toward pension plan benefits. The non-Tier 4 member contribution rates are formulated on the basis of age- at-date-of-entry and actuarially calculated benefits. The 1937 Act authorizes participating employers to pay all or a portion of an employee's retirement contribution obligation on the employee's behalf. These employer payments are called contribution offsets. Member contributions and credited interest are refundable upon termination of membership. Note 4, Reserves, starting on page 33 explains semi-annual interest crediting. The employer-paid contribution offsets may or may not be refundable.

Pursuant to PEPRA Section 7522.30, Tier 4 members are required to contribute 50% of the normal cost rate. The code also prohibits participating employers from paying any portion of the 50% share of member contributions on the employee's behalf.

Employer Contributions

The pension plan provides lifetime retirement and disability benefits to its members. Participating employers are required by statute to contribute the necessary amounts to fund these estimated benefits not otherwise funded by member contributions or expected investment earnings.

Employer contribution rates vary from year to year and depend on the established level of benefits, the rate of return on investments, and the cost of administering benefits.

Member Rates Based on Age-at-Date-of-Entry

The ranges of current non-Tier 4 member contribution rates based on age-at-date-of-entry are shown as follows (effective September 2024). Generally, each pair of percentages ranges from youngest to oldest within each category. In November 2012, the Board of Retirement approved the use of a single, flat contribution rate, regardless of the age- at-date-of-entry for Tier 4 members.

Current Member Contribution Rates

Effective September 2024

Tier 1: (entry date prior to July 1, 1983)	
General	7.39% - 16.17%
Tier 2: (entry date July 1, 1983, and before January 1, 2013)	
General	5.49% - 12.14%
Safety 3% @ 50	14.02% - 20.94%
Tier 2: (entry date October 17, 2010, and before January 1, 2013)	
Safety 2% @ 50	10.86% - 17.68%
Safety 3% @ 55 (with less than 5 years of vesting service)	16.14% - 23.14%
Safety 3% @ 55 (with 5 or more years of vesting service)	14.14% - 21.14%
Tier 3: (LARPD only - entry date prior to January 1, 2013)	
General	9.10% - 17.94%
Tier 4: (entry date January 1, 2013 or later)	
General	9.06%
Safety	17.88%

For non-Tier 4 members covered by Social Security, the contribution rates shown apply to biweekly salary over $161 (a one-third reduction in the rates applies to the first $161 of biweekly salary). The one-third reduction in the rates for the first $161 of biweekly salary does not apply to Tier 4 member contributions.

Postemployment Medical Benefits and Contributions

In accordance with federal tax law, postemployment medical benefits and related administrative expenses are paid through a 401(h) account with contributions from the participating employers. There is no requirement and no guarantee that the employers will continue to contribute to the 401(h) account. If authorized by the Board of Retirement, ACERA treats an equal amount of SRBR assets as employer contributions available for paying pension benefits. ACERA's Board of Retirement has no authority to demand future payments from employers to fund the 401(h) account. Consequently, these benefits can only be paid as long as assets are available. When assets are fully depleted, no postemployment medical benefits will be paid by ACERA. In compliance with 1937 Act Section 31618.5, employers allocate a portion of their contribution to the 401(h) account for administrative costs related to providing benefits in addition to contributions for the postemployment medical benefits.

Pension Obligation Bonds

In 1995 and 1996, the County issued pension obligation bonds and contributed the net bond proceeds to the ACERA pension plan. ACERA received aggregate net proceeds of $591 million from these bonds. Alameda Health System, First 5 Alameda County, and the Superior Court of California for the County of Alameda were part of the County when the pension obligation bonds were issued. They subsequently separated and became discretely presented component units or special districts of the County. The net bond proceeds contributions allow ACERA to provide "pension obligation bond credits" to these employers (thus reducing contributions other- wise payable) over the period of time used by ACERA to amortize its Unfunded Actuarial Accrued Liability (UAAL). These employers received pension obligation bond credits of approximately $66.1 million in the year ended December 31, 2024.

Advance UAAL Contributions

On June 29, 2021, the County and LARPD made voluntary contributions. The County made an $800 million advance contribution to reduce a portion of the UAAL for its safety membership group. LARPD issued pension obligation bonds on June 22, 2021 and contributed $12.6 million to reduce a portion of its UAAL.

As a result of these advance UAAL payments, the County and LARPD received contribution rate credits effective September 1, 2021, when the contribution rates based on the December 31, 2020 actuarial valuation went into effect. These advance UAAL contribution payments are accounted for in a separate reserve account and amortized by applying the contribution rate credits for the respective participating employers at each semi-annual interest crediting period. The amortized amounts are transferred from the advance UAAL contribution reserve account to the employers' advance reserve and COLA reserve accounts in proportion to the applicable Basic and COLA contribution rate credit percentages. For the year ended December 31, 2024, the amortized balances were $82.1, million and $1.0 million for County Safety and LARPD, respectively.

4. Reserves

Reserves represent components of the fiduciary net position. The annual change in ACERA's reserves equals the annual change in the fiduciary net position.

While a member is active, member and employer contributions associated with that member are accumulated in two separate components of reserves—the member reserve and employers' advance reserve. When a member retires, ACERA makes a one-time transfer of the associated contributions plus credited interest from these two reserve components into the retired member reserve, of an amount equal to the estimated lifetime benefits.

Actuarial Asset Smoothing

Net investment income reported on the Statement of Changes in Fiduciary Net Position affects the reserves indirectly through an actuarial asset "smoothing" process approved by the Board of Retirement. This process is intended to minimize the impact of short-term investment gains or losses. Smoothing of asset gains or losses is conducted semi-annually in conjunction with interest crediting, with calculation periods ending June 30 and December 31. It involves spreading the difference between actual and expected market returns over ten successive semi-annual periods to determine the actuarial value of assets.

Semi-annual Interest Crediting

ACERA updates reserve balances on a semi-annual basis as of June 30 and December 31 each year. At these times, ACERA carries out a multi-step process to calculate new reserve balances as specified in Article 5.5 of the 1937 Act. The amount of "net earnings" to be credited for the semi-annual period is calculated based on the actuarial smoothing process described earlier. To the extent that net earnings are available, interest is credited to all components of the reserves, with the exception of the market stabilization reserve and the contingency reserve. Interest credited is based upon the actuarial assumed interest rate (or the actual rate if lower). This is defined as "Regular Earnings."

In June 2014, the Board of Retirement approved the use of the contingency reserve to fund the interest shortfall, whenever the Regular Earnings during the 6-month interest crediting period are less than the assumed rate of return, but not negative.

If there are investment earnings above the target investment return rate, 50% is credited to the SRBR and the remaining 50% is credited proportionally to all other reserves (except for the contingency reserve and the market stabilization reserve).

Components of Reserves

The Member Reserve represents the total accumulated member contributions of current active and inactive (deferred) members. Additions include member contributions and credited interest; and deductions include refunds of member contributions along with credited interest and transfers to the retired member reserve made when a member retires.

The Employers' Advance Reserve represents the total net accumulated employer contributions for future retirement payments to active and deferred members. Additions include contributions from the employers and credited interest; and deductions include transfers to the retired member reserve made when each member retires or payment of benefits upon the death of an active member. Employer contribution rates are actuarially determined, taking into account other events such as a member electing a refund of contributions. Therefore, a refund of member contributions should not have an adverse impact on the accumulation of funds in the employers' advance reserve.

According to Section 31618.5 of the 1937 Act, to the extent that an employer contributes to the 401(h) account to pay the cost of administering postemployment medical benefits, there is an annual transfer from the employers' advance reserve to the supplemental retiree benefits reserve for an amount equal to the administrative expenses related to postemployment medical benefit. For the year ended December 31, 2024, the transferred amount was $2.0 million.

The Retired Member Reserve represents funds accumulated to pay retirement benefits to retired members. This reserve represents the total net accumulated transfers from the member reserve and the employers' advance reserve (both made at the time a member retires), and credited interest, reduced by payments to retired members, beneficiaries, and survivors.

The Supplemental Retiree Benefits Reserve (SRBR) was established on January 1, 1985, under Article 5.5 of the 1937 Act. The SRBR represents funds required by statute to be set aside from regular earnings and investment earnings above the assumed rate of return to provide supplemental benefits to retirees. The reserves table on page 35 shows the amounts of the SRBR currently available to pay for non-vested benefits. The Board of Retirement decides on an annual basis what member benefits to pay from the SRBR.

When there are funds available in the SRBR, the Board of Retirement can approve a transfer of an amount equal to the participating employers' 401(h) contributions and 401(h) administrative cost contributions from the SRBR to the employers' advance reserve. The Board of Retirement may also approve a transfer from the SRBR to the employers' advance reserve to reimburse the employers' payment of implicit subsidy to pay the full cost of postemployment medical benefits. Non-vested benefits currently funded by the SRBR are described in the following two paragraphs.

The 401(h) Postemployment Medical Benefits Account is used to pay the medical allowances, Medicare Part B reimbursement, dental and vision, and the associated administrative cost. The account is set up under the provisions of Internal Revenue Code section 401(h), which provides for payment of benefits on a tax-free basis. Each year participating employers decide whether to contribute the funds needed and to identify them as 401(h) account contributions. For the year ended December 31, 2024, the employers funded $51.9 million of 401(h) contributions, including $49.9 million for estimated cost of postemployment medical benefits and $2.0 million for administrative cost of the 401(h) account.

The Non-OPEB Reserve is used to pay for the Supplemental COLA and the retired member death benefit. For the year ended December 31, 2024, $1.2 million of Supplemental COLA and $0.4 million of retired member death benefits were paid. The reserve is increased through interest crediting of regular earnings and investment earnings above the assumed rate of return.

The Advance UAAL Contribution Reserve represents reserves of voluntary contributions received from the County to reduce a portion of the UAAL balance for its safety membership group and LARPD to reduce a portion of its UAAL for its general membership. The advance UAAL payments of $800 million from the County and $12.6 million from LARPD were received on June 29, 2021. As a result, the balances were not eligible to share interest crediting from the net deferred gains accumulated in the Market Stabilization Reserve for the five-year interest crediting cycle through June 30, 2021. The balances in the advance UAAL contribution reserve were eligible for interest crediting of regular and excess earnings beginning with the December 31, 2021, semi-annual interest crediting cycle. The advance UAAL payments will be amortized over time by multiplying the pensionable wages during a particular interest crediting period by the respective contribution rate credits received by the affected membership groups. The amortized balances are transferred to the employers' advance reserve and the COLA reserve accounts in proportion to the rate credit allocation or breakdown between the Basic and COLA contributions. From September 2023 through August 2024, the UAAL rate credit applied to the County safety membership was 39.45% and the rate credit for LARPD's general membership was 28.66%.

Effective September 2024, the UAAL rate credit applied to the County safety membership is 39.10% and the rate credit for LARPD's general membership is 30.23%.

The Contingency Reserve represents reserves accumulated to satisfy the statutory requirement of establishing a reserve against deficiencies in future interest crediting. The size of the reserve is determined semi-annually by the Board of Retirement. The 1937 Act stipulates that the contingency reserve cannot exceed 3.0% of total assets and that, if the reserve falls below 1.0% of total assets, earnings from sub- sequent periods shall fund the reserve until the reserve level is at least 1.0% of total assets. Effective with the June 30, 2014, interest crediting cycle, the Board of Retirement set the contingency reserve to be a minimum of 1.0% of total assets and authorized the use of funds in the contingency reserve to cover interest shortfalls whenever earnings during the 6-month interest crediting period are less than the assumed rate of return, but not negative.

The Market Stabilization Reserve Account represents the deferred balance of investment gains or losses not yet realized in the interest crediting process. This balance arises from the five-year actuarial smoothing process for investment earnings. The market stabilization reserve account balance thus represents the difference between (1) the aggregate amounts initially deferred (smoothed) from the ten most recent semi-annual periods, and (2) the amounts subsequently recognized for semi-annual interest crediting from these same ten periods.

Allocation of Earnings to Reserves for 2024

ACERA had $1.0 billion gains from investment activities net of administrative expenses for the year ended December 31, 2024. The Contingency Reserve was adjusted to 1% of total assets or $122.3 million at December 31, 2024 and subsequently reduced to $31.3 million or 0.26% of total assets to fund the interest crediting shortfall for the six month interest crediting period as of December 31, 2024.

The Market Stabilization Reserve account increased by $210.2 million during 2024 as a result of applying the actuarial five-year smoothing process and the actuarial value corridor limits. The advance UAAL contribution reserve accounts received interest crediting of approximately $33.4 million and all other reserve accounts (excluding the contingency and market stabilization reserves) received interest crediting of approximately $766.1 million.

Reserves

As of December 31, 2024 (Dollars in Thousands)

	Pension and Non-OPEB	Postemployment Medical Benefits	Total
Member Reserve	$ 2,008,300	$ -	$ 2,008,300
Employers' Advance Reserve	2,070,632	-	2,070,632
Retired Member Reserve	6,125,425	-	6,125,425
SRBR	117,558	1,096,759	1,214,317
401(h) Account	-	10,521	10,521
Subtotal of All Other Reserves	**10,321,915**	**1,107,280**	**11,429,195**
County Safety Membership - Adv. UAAL Reserve	645,338	-	645,338
LARPD General Membership - Adv. UAAL Reserve	11,150	-	11,150
Subtotal of Advance UAAL Contribution Reserve	**656,488**	**-**	**656,488**
Contingency Reserve	31,268	-	31,268
Market Stabilization Reserve Account	(82,596)	-	(82,596)
Total Reserves	**$ 10,927,075**	**$ 1,107,280**	**$ 12,034,355**

5. Net Pension Liability

The components of the Net Pension Liability were as follows:

Net Pension Liability

(Dollars in Thousands)

	December 31, 2024	December 31, 2023
Total Pension Liability	$ 12,397,161	$ 11,961,224
Plan's Fiduciary Net Position[1]	10,932,717	10,218,484
Net Pension Liability	**$ 1,464,444**	**$ 1,742,740**
Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability	88.19%	85.43%

1 For 2024, the Plan's Fiduciary Net Position amount shown ($10,932,717) includes the net fair value of assets ($12,034,355) less OPEB-related SRBR assets ($1,101,638). The OPEB-related SRBR assets include $1,094,287 in the SRBR-OPEB reserve (after reducing the reserve by the $2,472 SRBR implicit subsidy transfer), and $10,521 in the 401(h) reserve, 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 ($3,170). For 2023, the Plan's Fiduciary Net Position amount shown ($10,218,484) includes the net fair value of assets ($11,278,821) less OPEB-related SRBR assets ($1,060,337). The OPEB-related SRBR assets include $1,070,992 in the SRBR-OPEB reserve (after reducing the reserve by the $4,116 SRBR implicit subsidy transfer), and $10,117 in the 401(h) reserve, 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 ($20,772).

The Net Pension Liability (NPL) for the plan was measured as of December 31, 2024 and 2023. The Plan's Fiduciary Net Position was valued as of the measurement dates and the Total Pension Liability was determined based upon rolling forward the Total Pension Liability (TPL) from actuarial valuations as of December 31, 2023 and 2022, respectively.

The Total Pension Liability and the Plan's Fiduciary Net Position include liabilities and assets for non-OPEB. The assets for non-OPEB are held in the SRBR to pay non-vested Supplemental COLA and the retired member death benefit.

Actuarial Assumptions

The actuarial assumptions used to develop the December 31, 2024 and 2023 TPLs were based on the results of an experience study for the period December 1, 2019 through November 30, 2022, applied to all periods included in the measurement. They are the same assumptions used in the December 31, 2024 and December 31, 2023 funding valuations for ACERA, respectively.

Key Assumptions Used in the Measurement

Valuation Date	December 31, 2024	December 31, 2023
Inflation	2.50%	2.50%
Salary Increases	General: 8.00% to 3.45% and Safety: 11.40% to 4.00%, vary by service, including inflation	General: 8.00% to 3.45% and Safety: 11.40% to 4.00%, vary by service, including inflation
Investment Rate of Return	7.00%, net of pension plan investment expense, including inflation	7.00% , net of pension plan investment expense, including inflation
Other Assumptions Based on Actuarial Experience Study of	December 1, 2019 through November 30, 2022	December 1, 2019 through November 30, 2022

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments[1] was determined in 2023 using a building-block method in which expected future real rates of return (expected returns, net of inflation and, beginning with December 31, 2023, 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

1 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 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.)

of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses (beginning with December 31, 2023, including only investment consulting fees, custodian fees and other miscellaneous investment expenses and fees but excluding investment manager fees) and a risk margin. Beginning with December 31, 2023 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, 2024. This information will be subject to change every three years based on the results of an actuarial experience study.

Target Asset Allocation and Projected Arithmetic Real Rate of Return

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return*
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%**

* Arithmetic real rates of return are net of inflation.

Discount Rate

The discount rate used to measure the Total Pension Liability (TPL) was 7.00% as of December 31, 2024 and December 31, 2023. 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, future allocations to the SRBR have been treated as an additional outflow against the Plan's Fiduciary Net Position in the GASB crossover test[1]. It is estimated that the additional outflow would average approximately 0.75% of assets over time, based on the results of the actuarial stochastic modeling of the 50% allocation of future excess earnings to the SRBR.

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 rates[2] plus additional future

1 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's Fiduciary Net Position, then the full expected return assumption can be used. 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.

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

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 the future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's Fiduciary Net Position 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 Total Pension Liability as of both December 31, 2024 and December 31, 2023.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the Net Pension Liability as of December 31, 2024, calculated using the current discount rate of 7.00%, as well as what the Net Pension Liability 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:

As of December 31, 2024 (Dollars in Thousands)

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability	$ 3,044,307	$ 1,464,444	$ 167,452

Money-Weighted Rate of Return

The annual money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested. For the year ended December 31, 2024, the annual money-weighted rate of return on the total investments (pension plan and OPEB) was 9.20%. For trend information, refer to the Schedule of Investment Returns under the RSI section on page 61.

6. Actuarial Valuation

ACERA retains an independent actuarial firm to conduct actuarial valuations of the pension plan, postemployment medical benefits, and non-OPEB to monitor ACERA's funding status and to establish the contribution rate requirements for the pension plan.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and health care cost trends. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Pension Plan

The purpose of the valuation is to reassess the magnitude of ACERA's benefit commitments in comparison with the assets currently available to support those commitments. As a result, employer and member contribution rates are adjusted accordingly. For the pension plan, actuarial assumptions have been selected to estimate, as closely as possible, what the actual cost of the plan will be so as to permit an orderly method for setting aside contributions in the present to provide benefits in the future, and to maintain equity among generations of participants and taxpayers.

Contribution requirements are determined under the entry age cost method. This method is designed to collect contributions as a level percentage of pay. Any actuarial gains or losses that occur under this method are amortized as a level percentage of pay. To minimize the impact of short-term investment gains or losses, the Board of Retirement adopted an asset smoothing process described starting on page 33 under Actuarial Asset Smoothing.

There are no legal or contractual maximum contribution rates under the 1937 Act that would affect the projection of benefits for financial reporting purposes.

ACTUARIAL METHODS AND ASSUMPTIONS - Pension Plan

The status and funding progress for the pension plan is calculated based on the following actuarial methods and assumptions.

Valuation Date	12/31/2023
Actuarial Cost Method	Entry Age
Amortization Method	Level percent of compensation
Amortization of UAAL (Prior to January 1, 2012)	Closed 30 years decreasing period
Remaining Amortization Period (Prior to January 1, 2012)	9 years
Amortization of New UAAL (On or after January 1, 2012)	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. Plan amendments are amortized over separate decreasing 15-year periods. Early retirement incentive programs (ERIPs) are amortized over separate decreasing 5-year periods. Assumption and method changes are amortized over separate decreasing 20-year periods. Experience gains/losses are amortized over separate decreasing 20-year periods.
Asset Valuation Method	Actuarial Value of Assets is determined by phasing in any difference between actual and expected market return semi-annually over a five-year period.
Valuation Value of Assets	The Actuarial Value of Assets reduced by the value of the non-valuation reserves.
Actuarial Assumptions	Interest Rate: 7.00% Inflation Rate: 2.50% Across-the-Board Salary Increases: 0.50% Salary Increases: General 8.00% - 3.45% and Safety 11.40% - 4.00% Demographic: refer to page 105
Postemployment Benefit Increases	2.75% of Tier 1 and Tier 3 retirement income 2.00% of Tier 2 and Tier 4 retirement income

Postemployment Medical Benefits

If participating employers continue to make contributions to the 401(h) account, and the Board of Retirement continues to treat equal amounts of SRBR assets as contributions for pensions, then the postemployment medical benefits are 91.2% funded as of December 31, 2023, assuming that the current benefit continues in perpetuity.

Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility.

Under the actuarial assumed rate of 7.00% per year for future investment earnings, it is anticipated that available assets will be sufficient to fund postemployment medical benefits through the year 2048.

ACTUARIAL METHODS AND ASSUMPTIONS - Postemployment Medical Benefits

The status and funding progress for the postemployment medical benefits is calculated based on the following actuarial methods and assumptions.

Valuation Date	12/31/2023
Actuarial Cost Method	Entry Age
Asset Valuation Method	Same as Pension Plan
Actuarial Assumptions	Same as Pension Plan
Health Care Cost Trend Rates:	
Non-Medicare Plan	Actual premium increase for 2024, 7.50% in 2025, 7.00% in 2026, and then graded down by 0.25% each year for 10 years until it reaches 4.50%.
Medicare Advantage Plan	Actual premium increase for 2024, 7.00% in 2025, and then graded down by 0.25% each year for 10 years until it reaches 4.50%.
Dental[1]	0.00% for the first year and 4.00% each year thereafter.
Vision[2]	0.00% for the first year and 4.00% each year thereafter.
Medicare Part B	4.50%
Postemployment Benefit Increases:	
Dental, Vision, and Medicare Part B	Subsidies are assumed to increase at 100% of the health care cost trend rates for these benefits.
Monthly Medical Allowance (MMA)	Subsidies are assumed to increase at 50% of the health care cost trend rates for MMA benefits or 3.50% from calendar year 2025 to 2026, graded down to the ultimate rate of 2.25% over 10 years.

1 Dental premiums fixed at 2024 levels for the first year to reflect a two-year rate guarantee.
2 Vision premiums fixed at 2021 levels for the first year to reflect a five-year rate guarantee.

Non-OPEB

Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility.

Under the actuarial assumed rate of 7.00% per year for future investment earnings, it is anticipated that available assets will be sufficient to fund the Supplemental COLA and retired member death benefit program through year 2047.

ACTUARIAL METHODS AND ASSUMPTIONS - Non-OPEB

The status and funding progress for the non-OPEB is calculated based on the following actuarial methods and assumptions.

Valuation Date	12/31/2023
Actuarial Cost Method	Entry Age
Asset Valuation Method	Same as Pension Plan
Actuarial Assumptions	Same as Pension Plan
Postemployment Benefit Increases:	
Supplemental COLA Benefits	Payable when the current allowance from the pension plan drops below 85% of the original pension plan benefit indexed with CPI. Benefits are assumed to increase by the difference between inflation and the cost-of-living benefit guaranteed in the pension plan (3.00% for Tier 1 and Tier 3; and 2.00% for Tier 2, Tier 2C, Tier 2D, and Tier 4), subject to other limitations.

7. Postemployment Medical Benefits and Net OPEB Liability

Plan Description

ACERA administers a cost-sharing multiple-employer defined benefit non-vested medical benefits program for eligible retired members even though there is no direct contribution made to fund these non-vested benefits. Retirees can also purchase medical benefits for eligible dependents on an out-of-pocket basis. The postemployment medical, dental and vision benefits and the related administrative costs are paid through a 401(h) account funded by the participating employers' 401(h) account contributions.

The plan provides the following postemployment benefits:

- Health care subsidy in the form of monthly medical allowance,
- Medicare Part B reimbursement, and
- Dental and vision subsidies.

These benefits are paid in the form of a monthly medical allowance. The allowance is subject to annual reauthorization by the Board of Retirement.

Plan Membership

Demographic Data as of December 31, 2024	
Retired members receiving medical benefits	6,909
Retired members receiving dental and vision benefits	8,537
Vested terminated members entitled to, but not receiving benefits	572
Active members	11,865

Benefits Provided

The County negotiates medical contracts with the providers covering both active and retired members. This arrangement results in "blended" medical premium rates that allow early retirees under 65 years of age, not yet Medicare-eligible, to purchase medical insurance from one of these providers at rates lower than otherwise available (an "implicit subsidy"). ACERA and the County collectively determined that the total amount of implicit subsidy for the blended medical premium rate for the year 2023 was $4.0 million. SRBR assets in this amount were treated as a pension contribution in 2024 upon the Board of Retirement's approval to compensate the County for the implicit subsidy. The estimated implicit subsidy amount for 2024 is $2.5 million. Outside of the County negotiated group plans, retirees over the age of 65 have the option to purchase individual Medicare insurance through a Medicare exchange. ACERA utilizes Health Reimbursement Accounts (HRAs) to facilitate the monthly medical allowance for these members.

Benefit Eligibility

Only ACERA's retirees are eligible to receive the medical, dental and vision subsidies; dependents are ineligible to receive these benefits. Retirees eligible for monthly medical allowance are also eligible for reimbursement of Medicare Part B premiums. The 2024 maximum monthly allowance for group plans and under age-65 members enrolled in individual insurance exchange was $635.37 and $486.74 for members enrolled in the individual plans through the Medicare exchange. The maximum monthly combined dental and vision subsidy was $55.68 in 2024.

The actual amount of the monthly medical allowance for each retiree depends on the retiree's number of years of service. A minimum of 10 years of service is required for service retirement and non-duty disability retirement. There is no minimum service requirement for duty disability retirees. The subsidies are 50% for retirees with 10-14 years of service, 75% for retirees with 15-19 years of service, and 100% for retirees with 20+ years of service.

Covered Retirees

Retirees currently enrolled in the medical, dental, and vision plans through the program are as follows:

As of December 31, 2024	
Number of Subsidized Retirees	
Medical	5,510
Medicare Exchange	2,001
Medicare Part B	6,163
Dental and Vision	9,551

Contributions and Reserves

There are no legal or contractual contribution requirements for the OPEB plan. Please refer to Note 3 starting on page 31 for details.

Reserve requirements of the SRBR are disclosed under Note 4 starting on page 33.

Investments

ACERA's OPEB plan is unique in that there are no direct contributions to invest for this plan. Funding for the OPEB plan relies entirely on semi-annual earnings allocations from the total fund to the Supplemental Retiree Benefits Reserve (SRBR) as mandated by Article 5.5 of the 1937 Act. ACERA's total fund includes assets of the pension plan and SRBR. The OPEB assets are accumulated in the 401(h) account and the SRBR OPEB reserve account. Therefore, references to investment target allocations, long-term expected rate of return, and discount rate all apply to the total fund.

The total fund's annual money-weighted rate of return on investments, net of investment expenses is reported on page 61 of the RSI.

Net OPEB Liability

The components of the Net OPEB Liability were as follows:

(Dollars in Thousands)

	December 31, 2024	December 31, 2023
Total OPEB Liability	$ 1,330,606	$ 1,268,808
Plan's Fiduciary Net Position[1]	1,101,638	1,060,337
Net OPEB Liability	**$ 228,968**	**$ 208,471**
Plan's Fiduciary Net Position as a Percentage of the Total OPEB Liability	82.79%	83.57%

1 For 2024, the Plan's Fiduciary Net Position amount shown ($1,101,638) includes the OPEB-related SRBR reserve of $1,094,287 (after reducing the reserve by the SRBR implicit subsidy transfer of $2,472) and the 401(h) reserve ($10,521), less the proportionate share of the net deferred investment loss that is commensurate with the size of the OPEB SRBR reserve ($3,170). For 2023, the Plan's Fiduciary Net Position amount shown ($1,060,337) includes the OPEB-related SRBR reserve of $1,070,992 (after reducing the reserve by the SRBR implicit subsidy transfer of $4,116) and the 401(h) reserve ($10,117), less the proportionate share of the net deferred investment loss that is commensurate with the size of the OPEB SRBR reserve ($20,772).

The Net OPEB Liability was measured as of December 31, 2024 and 2023. The Plan's Fiduciary Net Position was valued as of the measurement date, while the Total OPEB Liability was determined by rolling forward the Total OPEB Liability as of December 31, 2023 and 2022, respectively, with adjustments to the 2023 Total OPEB Liability for preliminary assumptions adopted for the December 31, 2024 valuation.

Plan Provisions

The plan provisions used in the measurement of the Net OPEB Liability as of December 31, 2024 and 2023 are the same as those used for the SRBR sufficiency valuation as of December 31, 2023 and 2022, respectively.

Actuarial Assumptions

The actuarial assumptions used for the December 31, 2024 and 2023 valuations 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 and the health care trend assumptions recommended for the sufficiency studies for the SRBR as of December 31, 2024 and 2023, respectively. The assumptions used in the December 31, 2024 and December 31, 2023 SRBR OPEB actuarial valuations for ACERA were applied to all periods included in the measurement.

Key Assumptions Used in the Measurement

Valuation Date	December 31, 2024	December 31, 2023
Investment Rate of Return	7.00%, net of OPEB investment expense, including inflation	7.00% , net of OPEB investment expense, including inflation
Inflation	2.50%	2.50%
Health Care Premium Trend Rates	Used to project health care cost after calendar year 2025:	Used to project health care cost after calendar year 2024:
Non-Medicare medical plan	7.75% graded to ultimate 4.50% over 13 years.	8.50% in 2024, 7.50% in 2025, then graded from 7.00% in 2026 to ultimate 4.50% over 10 years.
Medicare medical plan	7.50% graded to ultimate 4.50% over 12 years.	16.47%[1] in 2024, then graded from 7.00% in 2025 to ultimate 4.50% over 10 years.
Dental	6.00% in 2025, then 5.00% graded to ultimate 4.00% over 3 years.	0.00% in 2024 to reflect a two-year rate guarantee (premiums fixed at 2024 level for 2024 and 2025) and 4.00% thereafter.
Vision	3.00%	0.00% for 2024 to reflect a five-year rate guarantee (premiums fixed at 2021 level for 2022, 2023, 2024 and 2025) and 4.00% thereafter.
Medicare Part-B[2]	6.20% until 2033, then 5.75% graded to ultimate 4.50% over 6 years.	4.50%
Other Assumption Based on Actuarial Experience Study	December 1, 2019 through November 30, 2022	December 1, 2019 through November 30, 2022

1 The initial 16.47% trend rate reflects an estimated increase to the baseline monthly Kaiser Senior Advantage premiums of $28 (8.00%) plus a one-time estimated increase of $30 (7.84%) due to the Inflation Reduction Act of 2022 (IRA), which includes material benefit costs-sharing changes for 2025, most notably implementing a $2,000 member out -of-pocket maximum, as well as various funding changes for Medicare prescription drug plans.

2 The actual 2024 premium increase of 5.90% reflecting the standard 2025 premium of $185.00 per month was reflected in the current year GASB 74 valuation with December 31, 2024 measurement date. The updated Part B trend assumptions were based on the intermediate Part B premium estimates in Table V.E2 of the 2024 Medicare Trustees report. The proposed 6.20% initial trend assumption represents the average trend shown for years 2025 through 2033 of the Trustees report. The actual 2023 premium increase of 5.93% reflecting the standard 2024 premium of $174.70 per month was reflected in the GASB 74 valuation with December 31, 2023 measurement date.

Long-Term Expected Rate of Return

The long-term expected rate of return on OPEB plan investments[1] was determined in 2023 using a building-block method in which expected future real rates of return (expected returns, net of inflation and, beginning with December 31, 2023, 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 (beginning with December 31, 2023, including only investment consulting fees, custodian fees, and other miscellaneous investment expenses and fees but excluding investment manager fees) and a risk margin. Beginning with December 31, 2023 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 target asset allocation and projected arithmetic real rate of return 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, 2024 and December 31, 2023. This information will be subject to change every three years based on the results of an actuarial experience study. The target asset allocation and projected arithmetic real rate of return table is shown on page 37 Note 05.

1 Note that the investment return assumption for SRBR sufficiency testing (and pension plan 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.)

Discount Rate

The discount rate used to measure the Total OPEB Liability was 7.00% as of December 31, 2024 and December 31, 2023. The projection of cash flows used to determine the discount rate assumed benefits are paid out of the current OPEB SRBR assets. Based on those assumptions, the SRBR OPEB Plan's Fiduciary Net Position 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 the OPEB plan investments was applied to all periods of projected benefit payments to determine the Total OPEB Liability as of December 31, 2024 and December 31, 2023.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the Net OPEB Liability as of December 31, 2024, calculated using the current discount rate of 7.00%, as well as what the Net OPEB Liability 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.

As of December 31, 2024 (Dollars in Thousands)

	1% Decrease	Current Discount Rate	1% Increase
	(6.00%)	(7.00%)	(8.00%)
Net OPEB Liability	$ 412,554	$ 228,968	$ 77,514

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the Net OPEB Liability as of December 31, 2024, calculated using healthcare cost trend rates as well as what the Net OPEB Liability would be if it were calculated using healthcare cost trend rates that were 1-percentage-point lower or 1-percentage-point higher than the current healthcare trend rates.

As of December 31, 2024 (Dollars in Thousands)

	1% Decrease[1]	Current Trend Rates[1]	1% Increase[1]
Net OPEB Liability	$ 64,042	$ 228,968	$ 432,819

1 Current trend rates: 7.75% graded to ultimate 4.50% over 13 years for Non-Medicare medical plan costs; 7.50% graded to ultimate 4.50% over 12 years for Medicare medical plan costs, 6.00% in 2025, then 5.00% graded to ultimate 4.00% over 3 years for Dental plan costs; 3.00% for Vision plan costs; and 6.20% until 2033, then 5.75% graded to ultimate 4.50% over 6 years for Medicare Part B costs.

8. Deposits and Investments

The 1937 Act gives the Board of Retirement exclusive control over ACERA's investment portfolio. Except as otherwise restricted by the California constitution or other laws, the 1937 Act allows the Board of Retirement to prudently invest, or delegate the authority to invest the investment portfolio through the purchase, holding, or sale of any form or type of investment, financial instrument, or financial transaction.

The Board of Retirement investment authority granted under the 1937 Act was also incorporated into the state constitution as the California Pension Protection Act of 1992 (Article 16, Section 17 of the California Constitution), which requires the Board, its officers, and employees to discharge their duties with respect to ACERA and the investment portfolio under the following rules:

- "The members of the retirement board shall discharge their duties with respect to the system solely in the interest of, and for the exclusive purposes of providing benefits to participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system.
- The members of the retirement board shall discharge their duties with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims.
- The members of the retirement board shall diversify the investments of the system so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly not prudent to do so."

Deposits

Operational cash accounts held with a financial institution are swept daily into a pooled money market fund, which invests in repurchase agreements and U.S. treasury bills and notes.

Investments

ACERA's asset classes include domestic equity, international equity, domestic fixed income, international fixed income, real estate, private equity, absolute return, private credit and real assets. Investments in any asset class may be held in direct form, commingled/pooled form, or both.

As of December 31, 2024, thirteen investment managers managed the stock and fixed income securities portfolios, fourteen investment managers were used for real estate investments, thirty-three investment managers were used for private equity, five investment managers were used for absolute return, five investment managers were used for private credit and eleven investment managers were used for real assets investments.

Available cash held by investment managers is swept daily into a pooled short-term investment fund managed by the custodial bank. This short-term investment fund holds short-term obligations and deposits, including U.S. treasury and agency obligations, corporate bonds, commercial paper, repurchase agreements, certificates of deposit, bankers' acceptances, time deposits, and floating-rate notes.

Likewise, cash collateral received in connection with the securities lending program in which ACERA participates is held in a separate short-term investment pool managed by State Street Global Advisors.

These two investment pools are each held in a trust fund sponsored by State Street Bank and Trust Company, the investment custodian, and the securities lending agent.

The value of the underlying instruments in these investments pools is adjusted to fair value. The fair value of ACERA's position in these investment pools is not materially different from the value of the pool shares.

Governmental Accounting Standards Board, Statement No. 72 (GASB 72), Fair Value Measurement and Application, generally requires investments to be measured at fair value, using the appropriate valuation techniques under the circumstances and for which sufficient data are available to measure the fair value. The three approaches to measuring fair value are:

1. Market Approach (actual market transactions for identical or similar items);
2. Cost Approach (the current cost to replace the service capacity of an asset); and
3. Income Approach (discounting the current value of the future cash flows).

The quality of the data (inputs) used to determine fair value can vary. Some inputs are directly or indirectly observable (independently verifiable). Other inputs are unobservable. GASB 72 establishes a three-tier hierarchy of inputs used to measure fair value consisting of:

1. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that a government can access at the measurement date. Level 1 investments include public equity securities and other publicly traded securities such as widely held domestic and international stocks, certain derivative instruments and U.S. Treasury securities.
2. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly. These inputs can include quoted prices for similar assets or liabilities in active or inactive markets, or market-corroborated inputs. Fair values may be based on market multiples techniques and/or matrix pricing techniques. Level 2 investments include fixed or variable-income securities, commingled funds, certain derivative instruments and other assets that are valued using market information.
3. Level 3 inputs are unobservable inputs for an asset or liability. Included in this level are corporate bonds that are restricted and do not trade readily. The fair value of investments in real estate separate properties which is based on prices in a competitive market as determined by the investment manager relying on periodic appraisals is also included in Level 3 investments.

GASB 72 allows a government entity to use Net Asset Value (NAV) per share (or its equivalent) for an investment in a nongovernmental entity that does not have a readily determined fair value. Investments measured at NAV without determinable fair value are excluded from the level of fair value hierarchy. Selected additional disclosures are required for investments measured at NAV such as fair value measurement, government's unfunded commitments related to the investment type, general description of the terms and conditions upon which a government may redeem investments, and an estimate of when the redemption restriction might lapse for investments restricted from redemption. For investments in private vehicles (i.e. limited partnerships), such as those found in the real assets, private equity, private credit, absolute return, and real estate asset classes, ACERA relies on the audited financial statements, unaudited capital account statements from the partner- ships, cash flows into the partnerships (i.e. capital calls), distributions from the partnerships (i.e. distributions), and appraisals. The inputs used by the general partner include some or all of the following: the original transaction price, recent private transactions in the same or similar instruments, completed or pending third-party transactions in comparable businesses, recapitalizations and other trans- actions across the capital structure, public market valuation multiples for similar offerings in the equity or debt capital markets, discounted cash-flow ("DCF") valuations based on projected cash flows, as well as changes in the investment's earnings before interest, taxes, depreciation and amortization, cash flows, implied yields and leverage ratios.

Investments and Derivative Instruments Measured at Fair Value - Pension Plan

As of December 31, 2024 (Dollars in Thousands)

Investments by Fair Value Level	Total	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Cash Equivalents				
STIF-Type Instruments	$ 238,249	$ 238,249	$ -	$ -
Total Cash Equivalents	**238,249**	**238,249**	**-**	**-**
Fixed Income Securities				
Auto Loan Receivable	8,193	-	8,193	-
CMO	110,104	-	110,104	-
Convertible Bonds	7,580	-	7,580	-
Corporate Bonds	600,830	-	600,830	-
FHLMC	64,382	-	64,382	-
FNMA	171,910	-	171,910	-
GNMA I	503	-	503	-
GNMA II	40,823	-	40,823	-
Government Issues	559,202	77,823	481,379	-
Municipals	8,121	-	8,121	-
Other Asset Backed	50,066	-	50,066	-
Mutual Funds	26,866	-	26,866	-
Total Fixed Income Securities	**1,648,580**	**77,823**	**1,570,757**	**-**
Equity Securities				
Non-U.S. Equity	794,383	794,383	-	-
Pooled Investments	4,576,503	2,669,271	1,907,232	-
U.S. Equity	737,932	737,932	-	-
Total Equity Securities	**6,108,818**	**4,201,586**	**1,907,232**	**-**
Real Assets				
Mutual Funds	399,683	-	399,683	-
Total Real Assets	**399,683**	**-**	**399,683**	**-**
Real Estate				
Properties	34,056	-	-	34,056
Total Real Estate	**34,056**	**-**	**-**	**34,056**
Collateral from Securities Lending	149,260	149,260	-	-
Total Investments by Fair Value Level	**8,578,646**	**$ 4,666,918**	**$ 3,877,672**	**$ 34,056**
Investments Measured at Net Asset Value (NAV)				
Real Assets	333,060			
Private Equity	1,145,602			
Private Credit	305,035			
Absolute Return	1,000,261			
Real Estate	780,273			
Total Investments Measured at NAV	**3,564,231**			
Total Investments	**$ 12,142,877**	**$ 4,666,918**	**$ 3,877,672**	**$ 34,056**
Derivative Instruments				
Futures	$ (1,251)	$ (1,251)	$ -	$ -
Forwards and Spot Contracts	(5,015)	(5,015)	-	-
Total Derivative Instruments	**$ (6,266)**	**$ (6,266)**	**$ -**	**$ -**

Investments Measured at the NAV

As of December 31, 2024 (Dollars in Thousands)

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Real Assets[1]	$ 333,060	$ 76,505	Not Eligible	N/A
Private Equity[2]	1,145,602	541,429	Not Eligible	N/A
Absolute Return[3]	1,000,261	9,678	Not Eligible, or Between Daily and Quarterly	N/A or Between 1 Day and 90 Days
Real Estate[4]	780,273	72,268	Not Eligible or Quarterly	N/A or up to 90 Days
Private Credit[5]	305,035	137,760	Not Eligible	N/A
Total Investments Measured at NAV	**$ 3,564,231**	**$ 837,640**		

1 Real Assets – The Real Assets portfolio consists of 14 funds which include 13 limited partnerships and 1 separately managed account. The 13 limited partnerships are commingled vehicles that invest in private infrastructure and natural resources. These limited partnerships are valued at net asset value on a quarterly basis and, due to contractual limitations, none of these vehicles are eligible for redemption but rather distribute capital proceeds over the funds' lifespans, which are up to 12 years. The one separately managed account holds shares in three commingled vehicles. These commingled vehicles invest in publicly traded infrastructure and natural resources equities, commodity futures, and total return swaps. This separately managed account is not measured at net asset value and classified as level 2 in fair value hierarchy.

2 Private Equity – The Private Equity portfolio consists of 67 funds, which invest primarily in buyout, debt-related, special situations, and venture capital opportunities. The fair value of these funds is determined using net asset value represented in the audited financial statements plus/minus the latest quarterly cash flows. These funds are not eligible for redemption but rather distribute capital proceeds over the funds' lifespans in either cash or "in-kind" shares of the funds' portfolio companies. Distributions to the funds' investors occur over the span of approximately 8 to 15 years.

3 Absolute Return – The Absolute Return portfolio consists of 5 funds that include a variety of commingled, liquid and illiquid idiosyncratic strategies and two custom fund of hedge funds accounts. Three of the funds are illiquid limited partnerships, which are valued at net asset value on a quarterly basis. Of the three illiquid limited partnerships, one is close to fully liquidated, one is exploring liquidity options, and one can be redeemed over 1-3 years. One of the funds is a limited liability company, which is valued daily at net asset value and is subject to daily liquidity. The two custom fund of hedge funds includes one that is a limited liability company and one that is a limited partnership. Valuations for these accounts occur monthly, and redemptions can occur quarterly.

4 Real Estate – The Real Estate portfolio consists of 19 funds and a separate building (1), which also serves as ACERA's headquarters. The Real Estate funds in the portfolio invest primarily in U.S. commercial real estate (office, industrial, retail, multi-family, and other). These funds are designed as open-end commingled funds or as limited partnerships (private equity structure). The investments that are structured as limited partnerships are not eligible for redemption but rather distribute proceeds over the funds' lifespan as distributions or return of capital. The primary objectives of the real estate portfolio are income and appreciation; distribution income is typically made on a quarterly basis throughout the lives of the funds. The fair value of these funds is determined using third-party appraisals every three years or an internal appraisal. Net asset values are typically reported one quarter in arrears, plus/minus the latest quarter's cash flows (capital calls, management fees, and distributions). The open-end commingled funds are eligible for redemption, typically, with up to 90 days' notice. These open-end commingled funds may also be subject to a withdrawal queue.

5 Private Credit – The Private Credit Portfolio is comprised of 6 Funds. The funds are illiquid limited partnerships and are valued at net asset value on a quarterly basis. Due to contractual limitations, the funds are not eligible for redemption but rather distribute capital proceeds over the funds' lifespans, which are up to nine years. Private Credit investments are typically performing senior secured, first or second lien loans secured against the assets of a company.

Derivative Instruments

ACERA has the following types of derivative instruments: futures contracts, currency forward contracts, spot contracts, swap contracts, and rights. A futures contract represents an agreement to purchase or sell a particular asset for a given price at a specified future date. Currency forward contracts generally serve to hedge or offset, the impact of foreign currency exchange rate fluctuations on the reported U.S. dollar fair value of investments denominated in foreign currencies. A swap is a derivative contract through which two parties exchange the cash flows or liabilities from two different financial instruments. Rights allow the holder the right, but not the obligation, to buy or sell a security for a given price within a specified time period.

The following Investment Derivative Instruments schedule reports the fair value balances, changes in fair value, and notional amounts of derivative instruments outstanding as of and for the year ended December 31, 2024, classified by type. For financial reporting purposes, all ACERA derivative instruments are classified as investment derivative instruments.

Investment Derivative Instruments

For Year Ended December 31, 2024 (Dollars in Thousands)

Derivative Instruments Type	Classification	Notional Value/Shares	Fair Value	Changes in Fair Value[1]
Fixed Income Futures Long	Futures	$ 161,200	$ -	$ (9,409)
Fixed Income Futures Short	Futures	(35,900)	-	3,118
Foreign Currency Futures Long	Futures	6,200	-	(267)
Currency Forward Contracts	Receivable/Liability[2]	212,825	(5,002)	(9,717)
Index Futures Long	Futures	49	-	6,663
Rights	Common Stock	-	-	(19)
Total			**$ (5,002)**	**$ (9,631)**

1 Changes in fair value includes realized and unrealized gains and losses on derivative instruments and are reported as Net Appreciation (Depreciation) in Fair Value of Investments on the Statements of Changes in ACERA's Fiduciary Net Position.

2 Currency forward contracts are reported in Foreign Exchange Contracts, which includes spot contracts which are not derivative instruments.

Securities Lending Activity

The Board of Retirement policies authorize ACERA to participate in a securities lending program. Securities lending transactions are short-term collateralized loans of ACERA's securities for the purpose of generating additional investment income. ACERA has a securities lending agreement in place that authorizes the securities lending agent to lend ACERA's securities to broker-dealers and banks pursuant to a loan agreement. For securities on loan, ACERA receives either cash or non-cash collateral. ACERA invests the cash collateral in a pooled short-term investment fund maintained by the securities lending agent and receives earnings on it in exchange for paying a loan rebate fee to the borrower. In the case of non-cash collateral, the borrower pays ACERA a loan premium.

For the year ended December 31, 2024, on behalf of ACERA, the securities lending agent lent ACERA's securities (government bonds, corporate stocks, corporate bonds, international equities, and international fixed income) to borrowers under the securities lending agreement and ACERA received cash (U.S. and foreign currency), securities issued or guaranteed by the United States government, and sovereign debt or irrevocable bank letters-of-credit as collateral.

ACERA did not have the ability to pledge or sell collateral securities delivered absent a borrower default (therefore, such non-cash collateral is not reported on the Statement of Fiduciary Net Position).

Borrowers were required to deliver collateral for each loan equal to:

- Loaned securities denominated in U.S. dollars or sovereign debt issued by foreign governments, with a margin of at least 102% of the fair value of the loaned securities; or
- Loaned securities not denominated in U.S. dollars, or whose primary trading market was not located in the United States, with a margin of at least 105% of the fair value of the loaned securities.

Moreover, borrowers were required to maintain the designated margin percentage of collateral on a daily basis.

ACERA did not impose any restrictions for the year ended December 31, 2024, on the amount of the loans that the securities lending agent made on its behalf. In the event the borrower failed to return the loaned securities, the securities lending agent indemnified ACERA by agreeing to purchase replacement securities. If the collateral was inadequate to replace the securities lent, the securities lending agent supplemented the amount of cash collateral. If the borrower failed to pay ACERA for any income distributions on loaned securities, the securities lending agent will also supplement the income amount due to ACERA. There were no losses during the year ended December 31, 2024, resulting from a default of the borrowers or the securities lending agent.

For the year ended December 31, 2024, ACERA and the borrowers maintained the right to terminate securities lending transactions upon notice. The cash collateral received on each loan was invested, together with the cash collateral of other qualified tax-exempt plan lenders in a collective investment fund comprised of a liquidity pool. As of December 31, 2024, the Compass Fund had an average duration of 9.18 days and an average weighted final maturity of 99.21 days for U.S. dollars collateral. For the year ended December 31, 2024, ACERA had no credit risk exposure to borrowers because, for each borrower, the value of borrower collateral held exceeded the value of the securities on loan to the borrower.

As of December 31, 2024, ACERA had securities on loan with a total fair value of $221.58 million; however, the fair value of collateral held against the loaned securities was $227.53 million which is more than the total fair value of loaned securities by $5.95 million.

Deposit, Investment, and Derivative Instrument Risks

GASB Statements No. 40 (GASB 40) and No. 53 (GASB 53) require the disclosure of specific risks that apply to ACERA's deposits, investments, and derivative instruments. They identify the following risks:

- Custodial Credit Risk—Deposits and Investments;
- Concentration of Credit Risk;
- Credit Risk—Investments and Derivative Instruments;
- Interest Rate Risk;
- Fair Value Highly Sensitive to Changes in Interest Rates; and,
- Foreign Currency Risk

Investment Policies

GASB 40 requires the disclosure of deposit or investment policies (or the lack thereof) that relate to investment and custodial risks.

ACERA has chosen to manage the investment risks described by GASB 40 and GASB 53 by contractually requiring each portfolio investment manager to abide by restrictive investment guidelines specifically tailored to that individual manager rather than adopting across-the-board investment policies with respect to these investment risks. The guidelines stipulate the investment style, performance objective, performance benchmarks, and portfolio characteristics.

For example, in the case of foreign currency risk, the policy guidelines for the U.S. dollars equity portfolios differ from those for the non-U.S. dollars equity portfolios. Likewise, in the case of credit risk, the guidelines for one fixed income manager stipulate a minimum acceptable credit rating for each debt instrument while the guidelines for a different fixed income portfolio merely require that the average credit ratings for a certain fair value percentage of the portfolio meet a minimum requirement.

Each separate account manager is likewise subject to a "manager standard of care" that establishes a fiduciary relationship requiring the manager to act prudently and solely in the best interest of ACERA.

Separately, ACERA's guidelines also require each manager's investment return performance to compare favorably with the performance of the relevant passive market index such as the Barclays Capital Aggregate Bond Index.

ACERA's investment staff continually monitors all investment managers for compliance with the respective guidelines.

Custodial Credit Risk—Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, ACERA will not be able to recover deposits nor be able to recover collateral securities that are in the possession of an outside party. ACERA has no general policy on custodial credit risk for deposits.

By necessity, ACERA maintains operational cash deposits to support day-to-day cash management requirements. As of December 31, 2024, cash held with a financial institution in a pooled money market fund amounted to $3.79 million, of which $0.25 million was insured and $3.54 million was uninsured and uncollateralized subject to custodial credit risk.

Custodial Credit Risk—Investments

The custodial credit risk for investments is the risk that, in the event of the failure of a counterparty to a transaction, ACERA will not be able to recover the value of investment securities that are in the possession of an outside party. The individual investment guidelines for each investment manager require that managed investments be held and maintained with the master custodian in the name of ACERA. The master custodian may rely on sub-custodians. The custodial requirement does not apply to real estate investments, investments in commingled pools, private equity, absolute return, private credit and real assets. As of December 31, 2024, ACERA had no investments that were exposed to custodial credit risk.

Custodial Credit Risk—Derivative Instruments

ACERA's investments include collateral associated with derivative instruments. As of December 31, 2024, net collateral for derivative instruments was $7.6 million. Each account was uninsured and uncollateralized, and subject to custodial credit risk.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of ACERA's investment in a single issuer of securities. The individual investment guidelines for each fixed income manager restrict concentrations greater than 5% in the securities of any one issuer (excluding direct obligations of the U.S. and/or eligible foreign governments, and those explicitly guaranteed by the U.S. and/or eligible foreign governments). As of December 31, 2024, ACERA had no investments in a single issuer that equaled or exceeded 5% of the fiduciary net position.

Credit Risk—Investments

Credit risk is the risk that the issuer of a debt security or other counterparty to an investment will not fulfill its obligations. The individual investment guidelines for each fixed income investment manager describe applicable restrictions on credit risk. The credit risk restrictions by investment portfolio are as follows:

The credit quality ratings of a security, (e.g., from Moody's or S&P) give an indication of the degree of credit risk for that security.

The Credit Risk Analysis schedule on page 52 discloses credit ratings of ACERA's debt investments by type and for each external investment pool as of December 31, 2024.

Credit Risk Analysis

As of December 31, 2024 (Dollars in Thousands)

	Adjusted Moody's Credit Rating[1]									
Debt Investments By Type	**Total**	**Aaa**	**Aa**	**A**	**Baa**	**Ba**	**B**	**Caa**	**Ca and Below**	**Not Rated**
Collateralized Mortgage Obligations	$ 110,104	$ 91,798	$ 366	$ 847	$ 490	$ 203	$ 1,358	$ 620	$ -	$ 14,422
Convertible Bonds	7,580	-	-	92	589	-	-	2,121	-	4,778
Corporate Bonds	600,830	-	5,674	109,903	396,306	58,899	12,624	12,620	2,762	2,042
Federal Home Loan Mortgage Corp.[2]	64,382	-	-	-	-	-	-	-	-	64,382
Federal National Mortgage Assn.[2]	171,910	-	-	-	-	-	-	-	-	171,910
Government National Mortgage Assn. I, II[2]	41,326	-	-	-	-	-	-	-	-	41,326
Government Issues[3]	559,202	461,472	43,547	1,705	12,921	6,314	3,484	521	-	29,238
Municipal	8,121	5,764	185	2,172	-	-	-	-	-	-
Other Asset Backed Securities	58,259	47,708	57	810	5,191	-	80	-	2,112	2,301
Subtotal Debt Investments	**1,621,714**	**606,742**	**49,829**	**115,529**	**415,497**	**65,416**	**17,546**	**15,882**	**4,874**	**330,399**
Securities Lending Cash Collateral Fund										
Liquidity Pool[4]	149,283	-	-	-	-	-	-	-	-	149,283
Master Custodian Short-Term Investment Fund[4]	238,249	-	-	-	-	-	-	-	-	238,249
Subtotal External Investment Pools	**387,532**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**387,532**
Total	**$2,009,246**	**$606,742**	**$ 49,829**	**$115,529**	**$ 415,497**	**$ 65,416**	**$ 17,546**	**$15,882**	**$ 4,874**	**$717,931**

1 Adjusted Moody's Credit Rating: This schedule displays the fair value of investments by credit rating in increasing magnitude of risk. Investments are classified by Moody's credit rating, or by the Moody's rating that corresponds to the Standard & Poor's (S&P) credit rating if the investment has a S&P rating but not a Moody's rating. Also whenever both ratings for an investment exist and the S&P rating for the investment indicates a greater degree of risk than the Moody's rating, then the investment's Moody's credit rating is adjusted, solely for the purpose of this disclosure, to the Moody's rating corresponding to the greater degree of risk.

2 The investments in the following debt instruments —i.e., Federal Home Loan Mortgage Corp., Federal National Mortgage Assn., and Government National Mortgage Assn., that are Not Rated are implicitly guaranteed by the U.S. Government.

3 In Government Issues, the domestic investments that are Not Rated are guaranteed by the U.S. Government and the foreign investments that are Not Rated are guaranteed by the foreign governments issuing the debt.

4 The external investment pools are not rated.

Credit Risk—Derivative Instruments

ACERA is exposed to credit risk on investment derivative instruments that are traded over the counter and are reported in asset positions. Derivative instruments exposed to credit risk include currency forward contracts, and synthetic futures (which are included in futures contracts). To minimize credit risk exposure, ACERA's investment managers continually monitor credit ratings of counterparties. Should there be a counterparty failure, ACERA would be exposed to the loss of the fair value of derivative instruments that are in asset positions and any collateral provided to the counterparty, net of the effect of applicable netting arrangements. ACERA has no general investment policy with respect to netting arrangements or collateral requirements. Netting arrangements legally provide ACERA with a right of set-off in the events of bankruptcy or default by the counterparty. ACERA's investment managers may have collateral posting provisions associated with currency forward contracts. In the event of counterparty failure, ACERA would be exposed to loss of collateral provided to the counterparty. Collateral provided by the counterparty to ACERA reduces its credit risk exposure. The collateral associated with investment derivative instruments is disclosed on page 51 under Custodial Credit Risk—Derivative Instruments.

The following Credit Risk—Derivative Instruments schedule discloses the counterparty credit ratings of ACERA's investment derivative instruments in asset positions by type, as of December 31, 2024. These amounts represent the maximum loss that would be recognized if all counterparties fail to perform as contracted, without respect to any collateral or other security, or netting arrangement.

Credit Risk Analysis – Investment Derivative Instruments Subject to Credit Risk

As of December 31, 2024 (Dollars in Thousands)

Adjusted Moody's Credit Rating[1]	Fair Value	%
A	$ 1,528	100%
Subtotal Derivative in Asset Position	**1,528**	100%
Derivative in Liability Position	(6,530)	
Total Derivative Instruments in Asset/(Liability) Position	**$ (5,002)**	

1 See footnote 1 on page 52.

As of December 31, 2024, the $1.53 million maximum exposure of derivative instruments credit risk was reduced by ($6.50) million of liabilities included in netting arrangements, resulting in a net exposure to credit risk of ($5.00) million (rounded).

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. For example, interest rates are inversely correlated with the prices of fixed-rate bonds – when interest rates rise, the prices of fixed-rate bonds decline. Interest rates also affect the discount rates used for valuing investments under the discounted-cash-flow valuation methodology – as interest rates rise, discount rates used to discount the value of an investment's future cash flows rise too, making the future cash flows of an investment less valuable in the present and negatively impacting investment valuations.

ACERA has investments in three fixed income portfolios containing individual debt securities as well as investments in external investment pools containing debt securities, which contain floating-rate debt in addition to fixed-rate debt. All of the fixed-rate debt are subject to interest rate risk. ACERA has no general policy on interest rate risk for the fixed income portfolios or for the investments in external pools. ACERA manages interest rate risk for the three fixed-income portfolios by setting limits on portfolio duration for each portfolio. The duration restrictions by investment portfolio are as follows:

- Baird Advisors: match the Bloomberg US Aggregate Bond Index (fka Lehman Brothers Aggregate Bond Index) duration.
- Loomis Sayles & Company: Bloomberg US Credit BAA Bond Index (fka Barclays Baa Credit Index) duration +/- 4 years.
- Brandywine Global Investment Management: 1 – 10 years.

The following Interest Rate Risk Analysis—Duration schedule discloses the duration of ACERA's debt investments by type and the duration of each of the external investment pools of debt securities. Duration is a measure of a debt investment's exposure to fair value changes arising from changing interest rates. It uses the present values of cash flows, weighted for those cash flows as a percentage of the investment's full price. The Master Custodian Short- Term Investment Fund had an average weighted maturity of 31 days as of December 31, 2024.

Interest Rate Risk Analysis – Duration

As of December 31, 2024 (Dollars in Thousands)

Debt Investments by Type	Fair Value	Duration in Years
Collateralized Mortgage Obligations	$ 110,104	2.5
Convertible Bonds	7,580	0.0[1]
Corporate Bonds	600,830	5.2
Federal Home Loan Mortgage Corp.	64,382	6.0
Federal National Mortgage Assn.	171,910	6.1
Government National Mortgage Assn. I, II	41,326	5.5
Government Issues	559,202	7.7
Municipal Bonds	8,121	6.9
Other Asset Backed Securities	58,259	2.7
Total of Debt Investments	**$ 1,621,714**	
External Investment Pools of Debt Securities	**Fair Value**	**Duration**
Securities Lending Cash Collateral Fund		
Liquidity Pool	$ 149,283	9 days
Master Custodian Short-Term Investment Fund	238,249	-
Total External Investment Pools	**$ 387,532**	

1 Duration reported as 0.0 due to rounding. The actual duration in years is 0.02.

Fair Value Highly Sensitive to Changes in Interest Rates

The Interest Rate Risk Analysis table below discloses the degree to which ACERA's investments are sensitive to interest rate changes due simply to the remaining term to maturity. In contrast, ACERA's investments with fair values that are highly sensitive to interest rates due to other factors are disclosed on the Interest Rate Risk Analysis - Highly Sensitive schedule below. ACERA has no general investment policy with respect to investments with fair values that are highly sensitive to changes in interest rates.

Interest Rate Risk Analysis – Highly Sensitive

Investment with Fair Values Highly Sensitive to Changes in Interest Rates

As of December 31, 2024 (Dollars in Thousands)

Investment Type	Investment Description	Interest Rates	Fair Value
Collateralized Mortgage Obligations	Various debt related Securities	6.52% to 8.12%	$ 583
Government Issues	Various debt related Securities	1.25% to 4.38%	$ 34,295

Foreign Currency Risk

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment or deposit. ACERA has no general investment policy with respect to foreign currency risk.

Foreign Currency Risk—Investments

The Foreign Currency Risk Analysis schedule on page 56 shows the fair value of investments that are exposed to this risk by currency denomination and investment type. This provides an indication of the magnitude of foreign currency risk for each currency.

Foreign Currency Risk—Swap and Futures Contracts

Swap and futures contracts are derivative instruments. A swap is a derivative contract through which two parties exchange the cash flows or liabilities from two different financial instruments. A futures contract represents an agreement to purchase or sell a particular asset for a given price at a specified future date.

For those swap and futures contracts which are dollar-denominated securities issued by foreign countries, there is an exposure to a foreign currency risk.

Foreign Currency Risk—Foreign Exchange Contracts

Foreign exchange contracts are subject to foreign currency risk. Foreign exchange contracts include currency forward contracts and spot contracts. Currency forward contracts are derivative instruments and are described in the derivative instruments section of this note. Spot contracts are generally used when ACERA is required to make or receive payments in a foreign currency. Spot contracts are agreements to buy or sell a certain amount of foreign currency at the current market rate, for settlement in two business days.

The dollar impact that foreign exchange contracts have on foreign currency risk is equal to the foreign currency settlement amounts translated in the same manner as the investments (i.e. spot exchange rate at the end of the year). The impact appears in the column labeled Foreign Currency on the schedule on page 56. The Net Exposure column of the schedule indicates the net foreign currency risk, i.e., the gross risk associated with the investments less the risk hedged by the outstanding foreign exchange contracts.

Foreign Currency Risk Analysis

Fair Value of Investments Exposed to Foreign Currency Risk by Currency

As of December 31, 2024 (Dollars in Thousands)

Trade Currency Name	Investment Type									
	Common Stock	Corporate Bonds	Depository Receipts	Foreign Currency	Government Issues	Lmtd Partnership Units	Preferred Stock	Currency Swap	Real Estate Inv. Trust	Net Exposure
Australian Dollar	$10,204	$ -	$ 1,231	$ 46	$ -	$ -	$ -	$ (918)	$ 200	$ 10,763
Brazilian Real	247	-	-	6	3,289	-	-	(48)	-	3,494
Canadian Dollar	34,129	-	-	766	1,173	-	-	(227)	287	36,128
Chilean Peso	-	-	-	-	-	-	-	(250)	-	(250)
Colombian Peso	-	-	-	-	491	-	-	67	-	558
Czech Koruna	122	-	-	-	-	-	-	-	-	122
Danish Krone	25,130	-	-	160	-	-	-	(12)	-	25,278
Euro Currency	274,329	1,299	-	1,164	485	24,147	4,169	(1,591)	-	304,002
Hong Kong Dollar	28,004	-	-	47	-	-	-	-	-	28,051
Hungarian Forint	114	-	-	-	-	-	-	-	-	114
Indonesian Rupiah	106	-	-	-	1,929	-	-	-	-	2,035
Japanese Yen	164,639	-	-	482	-	-	-	(1,637)	137	163,621
Mexican Peso	93	-	-	-	10,742	-	-	(223)	-	10,612
New Israeli Sheqel	4,605	-	-	46	-	-	-	-	-	4,651
New Taiwan Dollar	320	-	-	2	-	-	-	-	-	322
New Zealand Dollar	775	-	-	4	708	-	-	80	-	1,567
Norwegian Krone	8,389	-	-	35	-	-	-	(222)	-	8,202
Polish Zloty	65	-	-	5	-	-	-	-	-	70
Pound Sterling	115,596	-	-	262	44,325	-	-	732	107	161,022
Singapore Dollar	18,354	-	-	141	-	-	-	-	-	18,495
South African Rand	-	-	-	1	2,165	-	-	-	-	2,166
South Korean Won	352	-	-	-	-	-	-	(766)	-	(414)
Swedish Krona	23,152	-	-	25	-	-	-	-	-	23,177
Swiss Franc	58,021	-	-	560	-	-	-	-	-	58,581
UAE Dirham	265	-	-	1	-	-	-	-	-	266
Yuan Renminbi	163	-	-	-	-	-	-	-	-	163
Grand Total	**$767,174**	**$ 1,299**	**$ 1,231**	**$3,753**	**$65,307**	**$24,147**	**$ 4,169**	**$(5,015)**	**$ 731**	**$ 862,796**

Real Estate

Real Estate Investment Income – Separate Properties

For the Year Ended December 31, 2024
(Dollars in Thousands)

Real Estate Investment Income	$	4,787
Less Operating Expenses		(2,890)
Real Estate Net Income	$	**1,897**

There is no outstanding real estate related debt associated with the separate properties as of December 31, 2024.

9. Capital Assets

ACERA's capital assets include equipment and furniture, right-to-use leased office equipment, right-to-use software subscriptions, electronic document management system, information systems, leasehold improvements, and construction-in-progress. See the following table for details.

Capital Assets and Accumulated Depreciation/Amortization

For the Year Ended December 31, 2024 (Dollars in Thousands)

	January 1, 2024	Additions	Deletions / Transfers	December 31, 2024
CAPITAL ASSETS - DEPRECIABLE				
Equipment and Furniture	$ 3,123	$ -	$ (9)	$ 3,114
Right-to-Use Leased Office Equipment	157	-	-	157
Right-to-Use Subscription-Based Software	224	104	(94)	234
Electronic Document Management System	4,172	9	-	4,181
Information Systems	10,484	12,077	-	22,561
Leasehold Improvements	2,585	-	-	2,585
Subtotal	**20,745**	**12,190**	**(103)**	**32,832**
CAPITAL ASSETS - NON DEPRECIABLE				
Construction-in-Progress	8,502	3,575	(12,077)	-
Total Capital Assets (Cost)	**29,247**	**15,765**	**(12,180)**	**32,832**
ACCUMULATED DEPRECIATION AND AMORTIZATION				
Equipment and Furniture	(3,089)	(11)	-	(3,100)
Right-to-Use Leased Office Equipment	(6)	(33)	-	(39)
Right-to-Use Subscription-Based Software	(132)	(79)	94	(117)
Electronic Document Management System	(4,170)	(10)	-	(4,180)
Information Systems	(10,481)	(872)	-	(11,353)
Leasehold Improvements	(1,617)	(87)	-	(1,704)
Total Accumulated Depreciation and Amortization	**(19,495)**	**(1,092)**	**94**	**(20,493)**
CAPITAL ASSETS - NET OF ACCUMULATED DEPRECIATION AND AMORTIZATION	**$ 9,752**	**$ 14,673**	**$(12,086)**	**$ 12,339**

Separate disclosures have been provided for leases that meet the requirements of GASB 87 and those that do not fall under the provisions of GASB 87.

ACERA has two leases that fall under GASB 87 and the details of these leases are as follows:

ACERA entered into a five-year lease for photocopiers and printers on December 1, 2023. The payments are due monthly in arrears. The monthly payment of $4,258 included a lease portion of $3,246 and a non-lease/ service portion of $1,012 at the beginning of a lease. The lessor will increase the rental amount by 3.00% after year one of the lease term. ACERA estimated the same percentage increase over the lease term in the lease liability calculation.

ACERA entered into a five-year lease for a postage machine on August 1, 2020. The payments are due quarterly in advance. The quarterly payment of $944 included a lease portion of $473 and a non-lease/ service portion of $471 at the beginning of a lease. As per the lease agreement, there will not be any increase in lease payments except for taxes. ACERA estimated an annual interest rate of 10.76% was charged on this lease based on the total market value of leased assets provided by the lessor. Currently, ACERA does not plan to extend this lease after the completion of the lease term on July 31, 2025.

No variable and other payments were recognized during the year which were not previously included in lease liability. There are no outstanding lease commitments and no impairment losses were recognized.

Future Lease Payment Maturity Schedule under GASB 87

As of December 31, 2024 (Dollars in Thousands)

Year	Principal	Interest	Total Payment
2025	$ 25	$ 16	$ 41
2026	30	12	42
2027	35	8	43
2028	37	3	40
Total	**$ 127**	**$ 39**	**$ 166**

There are two software license subscriptions that fall under GASB 96 and the details of these subscription-based are as follows:

ACERA entered into a three-year license subscription with SoftwareOne for Microsoft software on January 1, 2023. The payments are due annually in advance. The annual payment of $51,208 included a lease portion of $47,474 and a non- lease/ service portion of $3,734 at the beginning of subscription. There is no annual increase in payment during the subscription term, ending December 2025. ACERA used the risk-free borrowing rate of 4.47% to calculate the subscription liability.

ACERA entered into a three-year license subscription for a budget software on February 28, 2024. Payments are due annually in advance. The initial annual payment of $35,857, which included a lease portion of $35,857 at the start of the subscription. The lessor will increase the subscription amount by 3.5% in the second and third year of the lease, which ends on February 27, 2027. ACERA used a benchmark rate of 5.32% to calculate the subscription liability.

Future Subscription Payment Maturity Schedule under GASB 96

As of December 31, 2024 (Dollars in Thousands)

Year	Principal	Interest	Total Payment
2025	$ 76	$ 10	$ 86
2026	42	3	45
2027	-	-	-
Total	**$ 118**	**$ 13**	**$ 131**

10. Leases

ACERA leases office space from Oakland 14th St. Office, a title holding corporation formed by ACERA. The lease term expires on December 31, 2028. Under the terms of the lease agreement, ACERA's base rent is abated. However, ACERA is required to pay its proportionate share of building operating expenses, taxes and insurance costs as defined in the lease.

ACERA's share of these operating expenses was approximately $72,543 for the year ended December 31, 2024.

11. Administration Expense

ACERA's Board of Retirement annually adopts an operating expense budget covering expenses to be incurred in the following fiscal year. The operating budget includes the administration expense budget which is subject to the statutory limit based on exclusions specified in the 1937 Act.

ACERA has adopted the provisions of the 1937 Act which allows ACERA to exclude actuarial, investment, legal, business continuity and technology direct costs from administration expenses. Since investment related expenses were offset against investment income, the remaining exclusions totaled $4.0 million for 2024.

ACERA also conforms to the provision of the 1937 Act that limits the administration cap to 0.21 percent of the Actuarial Accrued Liability (AAL). ACERA uses the AAL as of December 31 of the year in which the budget is adopted for this purpose.

A schedule of Administration Expense is included in the Supplemental Schedules on page 67.

Application of Statutory Limit on Administration Expense

For the Year Ended December 31, 2024 (Dollars in Thousands)

Total Actuarial Accrued Liability as of December 31, 2023	$	13,128,715
Limit: Maximum Allowable fraction of Total Actuarial Accrued Liability (0.21%) times Total Actuarial Accrued Liability	$	27,570
Portion of Administrative Expenses for the Fiscal Year subject to the Statutory Limit		16,395
Excess of Limit over Portion of Administration Expense Subject to Limit	$	11,175
Portion of Administration Expense Subject to Limit as a Percentage of Actuarial Accrued Liability		0.12%

12. Related Party Transactions

By necessity, ACERA is involved in various business transactions with the County, the primary plan sponsor. These include reimbursement to the County for the salary and benefits of ACERA staff members paid through the County and reimbursement to the Alameda County Human Resources Department for personnel consulting services and for administering ACERA's retired members' health benefits. Also, under the Board of Retirement policy, ACERA reimburses the County for a portion of the salary and benefits of each County employee elected to the Board of Retirement. Lastly, ACERA reimburses the County for the cost of services provided in the following areas: insurance/risk management, information technology, and telecommunications.

Also, ACERA leases office space from Oakland 14th St. Office, a title holding company controlled by ACERA. Note 10—Leases describes this arrangement.

Related Party Transactions

For the Year Ended December 31, 2024
(Dollars in Thousands)

Reimbursed Cost of ACERA		
Staff Members	$	17,457
Reimbursed Costs of County Services		654
State Mandated Benefit Replacement Program IRC 415(m)		623
County Personnel Services		106
Partial Salary/Benefits Reimbursement for Elected Board Members		379
Total	**$**	**19,219**

13. Subsequent Events

Management has evaluated subsequent events through June 26, 2025, the date the financial statements were issued.

The County of Alameda Board of Supervisors approved a voluntary contribution of approximately $400 million on June 26, 2025, to reduce a portion of the actuarial accrued unfunded liability for its general membership group. The contribution is expected to be made on or before June 30, 2025.

Required Supplementary Information (RSI)

Pension Plan and Non-OPEB

Schedule of Changes in Net Pension Liability and Related Ratios

For the Years Ended December 31 (Dollars in Thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability (TPL)										
Service Cost[1]	$ 266,109	$ 257,507	$ 245,467	$ 235,099	$ 221,824	$ 215,625	$ 209,890	$ 187,409	$ 175,642	$ 172,585
Interest	833,369	800,570	767,151	741,739	718,927	688,655	659,592	636,556	603,168	579,500
Changes of benefit terms	-	13,985	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(19,414)	123,460	58,261	(50,360)	33,007	24,548	13,710	17,516	(68,176)	(31,965)
Changes of assumptions	-	(103,670)	-	-	236,513	-	-	316,728	150,677	-
Benefit payments, including refunds of member contributions	(644,127)	(619,679)	(591,337)	(556,269)	(530,763)	(504,185)	(471,943)	(445,288)	(422,223)	(401,298)
Net Change in Total Pension Liability	**435,937**	**472,173**	**479,542**	**370,209**	**679,508**	**424,643**	**411,249**	**712,921**	**439,088**	**318,822**
Total Pension Liability - Beginning	**11,961,224**	**11,489,051**	**11,009,509**	**10,639,300**	**9,959,792**	**9,535,149**	**9,123,900**	**8,410,979**	**7,971,891**	**7,653,069**
Total Pension Liability - Ending (a)	**$ 12,397,161**	**$ 11,961,224**	**$ 11,489,051**	**$ 11,009,509**	**$ 10,639,300**	**$ 9,959,792**	**$ 9,535,149**	**$ 9,123,900**	**$ 8,410,979**	**$ 7,971,891**
Plan's Fiduciary Net Position (FNP)										
Contributions - employer[2]	$ 311,106	$ 288,640	$ 281,647	$ 1,116,576	$ 309,753	$ 298,527	$ 269,684	$ 247,064	$ 241,729	$ 224,607
Contributions - member	134,490	126,472	120,673	111,091	106,104	103,117	94,736	89,326	85,736	82,949
Net investment income	931,187	1,126,919	(755,045)	1,115,980	755,501	1,165,767	(216,308)	1,065,908	423,718	49,021
Benefit payments, including refunds of member contributions	(644,127)	(619,679)	(591,337)	(556,269)	(530,763)	(504,185)	(471,943)	(445,288)	(422,223)	(401,298)
Administrative expense	(18,423)	(15,865)	(15,369)	(15,040)	(14,810)	(15,274)	(15,246)	(14,571)	(14,618)	(14,262)
Other[3]	-	54,206	-	-	-	-	-	-	-	-
Net Change in Plan's Fiduciary Net Position	**714,233**	**960,693**	**(959,431)**	**1,772,338**	**625,785**	**1,047,952**	**(339,077)**	**942,439**	**314,342**	**(58,983)**
Plan's Fiduciary Net Position[4] - Beginning	**10,218,484**	**9,257,791**	**10,217,222**	**8,444,884**	**7,819,099**	**6,771,147**	**7,110,224**	**6,167,785**	**5,853,443**	**5,912,426**
Plan's Fiduciary Net Position[4] - Ending (b)	**$ 10,932,717**	**$ 10,218,484**	**$ 9,257,791**	**$ 10,217,222**	**$ 8,444,884**	**$ 7,819,099**	**$ 6,771,147**	**$ 7,110,224**	**$ 6,167,785**	**$ 5,853,443**
Net Pension Liability (NPL) - Ending (a) - (b)	**$ 1,464,444**	**$ 1,742,740**	**$ 2,231,260**	**$ 792,287**	**$ 2,194,416**	**$ 2,140,693**	**$ 2,764,002**	**$ 2,013,676**	**$ 2,243,194**	**$ 2,118,448**
FNP as a Percentage of the TPL	**88.19%**	**85.43%**	**80.58%**	**92.80%**	**79.37%**	**78.51%**	**71.01%**	**77.93%**	**73.33%**	**73.43%**
Covered Payroll[5]	**$ 1,342,932**	**$ 1,251,821**	**$ 1,198,970**	**$ 1,153,918**	**$ 1,111,849**	**$ 1,081,587**	**$ 1,046,034**	**$ 995,178**	**$ 947,568**	**$ 945,858[6]**
NPL as a Percentage of Covered Payroll	**109.05%**	**139.22%**	**186.10%**	**68.66%**	**197.37%**	**197.92%**	**264.24%**	**202.34%**	**236.73%**	**223.97%**

1 The service cost is based on the previous year's valuation, meaning the December 31, 2024 measurement date values are based on the valuation as of December 31, 2023.

2 Employer contributions are on a net basis after (i) considering the total cash contributions made by the employers, (ii) reducing by the employer contributions made to the 401(h) account, and (iii) increasing by the amount of transfer from the SRBR to the Employer Advance Reserve for employer contribution made to the 401(h) account in (ii). Also, the County and LARPD made voluntary contributions of $800 million (County Safety) and $12.61 million (LARPD General), respectively in 2021.

3 A $54.2 million transfer from the OPEB SRBR to the non-OPEB SRBR was made by the Board of Retirement in 2023 to equalize the sufficiency periods of the OPEB and non-OPEB SRBR benefits.

4 For 2024, the Plan's Fiduciary Net Position amount shown ($10,932,717) includes the net fair value of assets ($12,034,355) less OPEB-related SRBR assets ($1,101,638). The OPEB-related SRBR assets include $1,094,287 in the SRBR-OPEB reserve (after reducing the reserve by the $2,472 SRBR implicit subsidy transfer), and $10,521 in the 401(h) reserve, 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 ($3,170). For 2023, the Plan's Fiduciary Net Position amount shown ($10,218,484) includes the net fair value of assets ($11,278,821) less OPEB-related SRBR assets ($1,060,337). The OPEB-related SRBR assets include $1,070,992 in the SRBR-OPEB reserve (after reducing the reserve by the $4,116 SRBR implicit subsidy transfer), and $10,117 in the 401(h) reserve, 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 ($20,772).

5 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 years ended before December 31, 2017, covered payroll represents compensation earnable and pensionable compensation that would go into the determination of retirement benefits.

6 The covered payroll for the year 2015 includes 1 additional pay period.

Schedule of Employer Contributions

Last Ten Fiscal Years (Dollars in Thousands)

Year Ended December 31	Actuarially Determined Contributions (ADC)	Contributions in Relation to ADC	Contribution Deficiency (Excess)	Covered Payroll[1]	Contributions as a Percentage of Covered Payroll
2015	$ 224,607	$ 224,607	$ -	$ 945,858[2]	23.75%
2016	241,729	241,729	-	947,568	25.51%
2017	247,064	247,064	-	995,178	24.83%
2018	269,684	269,684	-	1,046,034	25.78%
2019	298,527	298,527	-	1,081,587	27.60%
2020	309,759	309,753	6[3]	1,111,849	27.86%
2021	303,965	1,116,576	(812,611)[4]	1,153,918	96.76%[5]
2022	281,647	281,647	-	1,198,970	23.49%
2023	288,640	288,640	-	1,251,821	23.06%
2024	311,106	311,106	-	1,342,932	23.17%

1 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 years ended before December 31, 2017, covered payroll represents compensation earnable and pensionable compensation that would go into the determination of retirement benefits.

2 The covered payroll for the year 2015 includes 1 additional pay period.

3 Actuarially Determined Contribution for the Alameda County Office of Education of $78 less actual contribution paid of $72.

4 Voluntary County Safety contributions of $800.0 million and LARPD General contributions of $12.6 million to reduce their UAAL contribution rates.

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

Schedule of Investment Returns

Last Ten Fiscal Years (As of December 31)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Annual Money-Weighted Rate of Return, net of Investment Expense	9.20%	12.30%	-11.01%	16.12%	11.70%	18.10%	-4.44%	19.02%	7.16%	-0.10%

Postemployment Medical Benefits

Schedule of Changes in Net OPEB Liability and Related Ratios

For the Years Ended December 31 (Dollars in Thousands)

	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability[1]								
Service Cost[2]	$ 37,369	$ 36,611	$ 33,756	$ 33,440	$ 31,511	$ 27,678	$ 31,577	$ 26,991
Interest	89,705	87,185	84,971	84,144	79,142	73,843	73,427	69,879
Changes of benefit terms	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(27,445)	(23,139)	(27,434)	(24,112)	(13,871)	(41,706)	(27,712)	(21,627)
Changes of assumptions	12,356	(16,794)	(15,643)	(36,048)	57,696	12,524	(11,430)	58,973
Benefit payments	(50,187)	(47,072)	(46,711)	(45,917)	(46,021)	(43,562)	(40,879)	(37,904)
Net Change in Total OPEB Liability	**61,798**	**36,791**	**28,939**	**11,507**	**108,457**	**28,777**	**24,983**	**96,312**
Total OPEB Liability - Beginning	**1,268,808**	**1,232,017**	**1,203,078**	**1,191,571**	**1,083,114**	**1,054,337**	**1,029,354**	**933,042**
Total OPEB Liability - Ending (a)	**$ 1,330,606**	**$ 1,268,808**	**$ 1,232,017**	**$ 1,203,078**	**$ 1,191,571**	**$ 1,083,114**	**$ 1,054,337**	**$ 1,029,354**
Plan's Fiduciary Net Position (FNP)								
Contributions - employer[3]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions - member	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net investment income	$ 93,445	$ 122,605	$ (534,552)	$ 486,212	$ 262,140	$ 193,656	$ (138,333)	$ 243,189
Benefit payments	(50,187)	(47,072)	(46,711)	(45,917)	(46,021)	(43,562)	(40,879)	(37,904)
Administrative expense	(1,957)	(1,711)	(1,657)	(1,537)	(1,416)	(1,354)	(1,224)	(1,204)
Other	-	(54,206)	-	-	-	-	-	-
Net Change in Plan's Fiduciary Net Position	**41,301**	**19,616**	**(582,920)**	**438,758**	**214,703**	**148,740**	**(180,436)**	**204,081**
Plan's Fiduciary Net Position[4] - Beginning	**1,060,337**	**1,040,721**	**1,623,641**	**1,184,883**	**970,180**	**821,440**	**1,001,876**	**797,795**
Plan's Fiduciary Net Position[4] - Ending (b)	**$ 1,101,638**	**$ 1,060,337**	**$ 1,040,721**	**$ 1,623,641**	**$ 1,184,883**	**$ 970,180**	**$ 821,440**	**$ 1,001,876**
Net OPEB Liability (Asset) NOL/ (NOA) - Ending (a) - (b)	**$ 228,968**	**$ 208,471**	**$ 191,296**	**$ (420,563)**	**$ 6,688**	**$ 112,934**	**$ 232,897**	**$ 27,478**
FNP as a Percentage of the Total OPEB Liability	**82.79%**	**83.57%**	**84.47%**	**134.96%**	**99.44%**	**89.57%**	**77.91%**	**97.33%**
Covered-Employee Payroll[5]	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**
Net OPEB Liability as a Percentage of Covered-Employee Payroll	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**

1 Total OPEB liability is not available for years prior to December 31, 2017. Information will be presented in future years as it becomes available.

2 The service cost is based on the previous year's valuation, meaning the December 31, 2024 measurement date values are based on the valuation as of December 31, 2023.

3 Employer contributions 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 Pension Plan.

4 For 2024, the Plan's Fiduciary Net Position amount shown ($1,101,638) includes the OPEB-related SRBR reserve of $1,094,287 (after reducing the reserve by the SRBR implicit subsidy transfer of $2,472) and the 401(h) reserve ($10,521), less the proportionate share of the net deferred investment loss that is commensurate with the size of the OPEB SRBR reserve ($3,170). For 2023, the Plan's Fiduciary Net Position amount shown ($1,060,337) includes the OPEB-related SRBR reserve of $1,070,992 (after reducing the reserve by the SRBR implicit subsidy transfer of $4,116) and the 401(h) reserve ($10,117), less the proportionate share of the net deferred investment loss that is commensurate with the size of the OPEB SRBR reserve ($20,772).

5 Covered-employee payroll is not shown as contributions to the OPEB plan are not based on a measure of pay. Covered-employee payroll represents Compensation Earnable and Pensionable Compensation. Only Compensation Earnable and Pensionable Compensation that would go into the determination of retirement benefits would otherwise be included.

Schedule of Employer Contributions - OPEB

Last Ten Fiscal Years (Dollars in Thousands)

Year Ended December 31	Actuarially Determined Contributions (ADC)[1]	Contributions in Relation to ADC[1]	Contribution Deficiency (Excess)	Covered-Employee Payroll[2]	Contributions as a Percentage of Covered-Employee Payroll
2015	N/A	N/A	-	N/A	N/A
2016	N/A	N/A	-	N/A	N/A
2017	N/A	N/A	-	N/A	N/A
2018	N/A	N/A	-	N/A	N/A
2019	N/A	N/A	-	N/A	N/A
2020	N/A	N/A	-	N/A	N/A
2021	N/A	N/A	-	N/A	N/A
2022	N/A	N/A	-	N/A	N/A
2023	N/A	N/A	-	N/A	N/A
2024	N/A	N/A	-	N/A	N/A

1 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.

2 Covered-employee payroll is not shown as contributions to the OPEB plan are not based on a measure of pay. Covered-employee payroll represents Compensation Earnable and Pensionable Compensation. Only Compensation Earnable and Pensionable Compensation that would go into the determination of retirement benefits would otherwise be included.

The Schedule of Investment Returns for the total fund is reported on page 61 of the RSI.

Notes to Required Supplementary Information

PENSION PLAN AND NON-OPEB

Actuarial Assumptions

The Total Pension Liabilities (TPLs) as of the measurement dates were calculated by rolling forward the liabilities from prior years' actuarial valuations. The actuarial assumptions used to develop the TPLs are the same assumptions used for the respective funding valuations as of the measurement date of the TPL. The TPL as of December 31, 2024 was determined by rolling forward the TPL from the actuarial funding valuation as of December 31, 2023. The key assumptions used for calculating the TPL as of December 31, 2024, are as follows:

Investment Rate of Return	7.00%, net of pension plan investment expense, including inflation
Inflation	2.50%
Salary Increases	General: 8.00% to 3.45% and Safety: 11.40% to 4.00%, vary by service, including inflation

Methods and Assumptions Used to Establish Actuarially Determined Contribution (ADC) Rates

Actuarially determined contribution rates for the first six months of calendar year 2024 (or the second half of fiscal year 2023-2024) are calculated based on the December 31, 2022, valuation. Actuarially determined contribution rates for the last six months of calendar year 2024 (or the first half of fiscal year 2024-2025) are calculated based on the December 31, 2023, valuation.

Valuation Date	December 31, 2023	December 31, 2022
Actuarial Cost Method	Entry Age Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level percentage of payroll (3.00% payroll growth assumed)	Level percentage of payroll (3.25% payroll growth assumed)
Remaining Amortization Period	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 5-year periods. Assumption and method changes are amortized over separate decreasing 20-year periods. 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.	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 10 years remaining as of December 31, 2022). 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 5-year periods. Assumption and method changes are amortized over separate decreasing 20-year periods. 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 11.5 years remaining as of December 31, 2022). The voluntary LARPD General UAAL contributions are amortized over a 16-year period effective July 1, 2021 (with 14.5 years remaining as of December 31, 2022). Effective December 31, 2022, the existing LARPD General UAAL layers are amortized over 14.5 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 asset is the actuarial value of assets reduced by the value of the non-valuation reserves.	

Actuarial Assumptions:	December 31, 2023	December 31, 2022
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%	2.75%
Real across-the-board salary increases	0.50%	0.50%
Projected salary increases	General: 8.00% to 3.45% and Safety: 11.40% to 4.00%, vary by service, including inflation and across-the-board salary increase	General: 8.35% to 3.65% and Safety: 11.25% to 4.05%, vary by service, including inflation and across-the-board salary increase
Cost of living adjustments	2.75% of retirement income for General Tiers 1 and 3, and Safety Tier 1. 2.00% of retirement income for General Tiers 2 and 4, and Safety Tiers 2, 2C, 2D, and 4.	2.75% of retirement income for General Tiers 1 and 3, and Safety Tier 1. 2.00% of retirement income for General Tiers 2 and 4, and Safety Tiers 2, 2C, 2D, and 4.
Other assumptions	Based on analysis of actuarial experience during the period December 1, 2019 through November 30, 2022.	Based on analysis of actuarial experience during the period December 1, 2016 through November 30, 2019.

Postemployment Medical Benefits

The actuarial assumptions used for the postemployment medical benefits valuation were consistent with those applied to the pension plan with the exception of Health Care Cost Trend Rate assumptions which are specific to the postemployment medical benefits.

The Total OPEB Liabilities as of the measurement dates were calculated by rolling forward the liabilities from the prior years' sufficiency valuation, with adjustments for preliminary assumptions adopted for the sufficiency valuation as of the measurement date. The key assumptions used for calculating the total OPEB liability as of December 31, 2024, are as follows:

Investment Rate of Return	7.00% net of OPEB plan investment expense, including inflation
Inflation	2.50%
Health Care Premium Trend Rates	
Non-Medicare medical plan	7.75% graded to ultimate 4.50% over 13 years.
Medicare medical plan	7.50% graded to ultimate 4.50% over 12 years.
Dental	6.00% in 2025, then 5.00% graded to ultimate 4.00% over 3 years.
Vision	3.00%
Medicare Part B reimbursement[1]	6.20% until 2033, then 5.75% graded to ultimate 4.50% over 6 years.
Other Assumptions	Based on analysis of actuarial experience during the period December 1, 2019 through November 30, 2022.

1 The actual 2024 premium increase of 5.90% reflecting the standard 2025 premium of $185.00 per month was reflected in the current year GASB 74 valuation with December 31, 2024 measurement date. The updated Part B trend assumptions were based on the intermediate Part B premium estimates in Table V.E2 of the 2024 Medicare Trustees report. The proposed 6.20% initial trend assumption represents the average trend shown for years 2025 through 2033 of the Trustees report.

Supplemental Schedules

Administration Expense

For the Year Ended December 31, 2024
(Dollars in Thousands)

Personnel Services	
Staff Wages	$ 8,976
Fringe Benefits	4,493
Temporary Services	368
Total Personnel Services	**13,837**
Professional Services	
Consultant Fees	386
Audit	106
Total Professional Services	**492**
Communications	
Printing & Postage	180
Communication	107
Total Communications	**287**
Office Space and Utilities	
Office Space and Utilities	55
Total Office Space and Utilities	**55**
Lease Expenses	
Interest on Lease Liabilities	14
Amortization of Right-to-use Assets	24
Total Lease Expenses	**38**
Other	
Depreciation and Amortization	81
Board Operating Expenses	366
Insurance	490
Miscellaneous	521
Training	120
Equipment Leases[1]	14
Equipment Maintenance	82
Supplies	12
Total Other	**1,686**
Subtotal: Administrative Expense Subject to Statutory Limit	**16,395**
Actuarial Expenses	400
Business Continuity	678
Legal Expenses	891
Technology Expenses	2,016
Subtotal: Administration Expense Excluded from Statutory Limit[2]	**3,985**
TOTAL ADMINISTRATION EXPENSE	**$ 20,380**

1 Lease expenses that do not fall under GASB 87.

2 Legal expenses, business continuity, and technology include an allocation of administration overhead expenses.

Investment Expenses

For the Year Ended December 31, 2024
(Dollars in Thousands)

Investment Manager Fees[1]	$ 65,455
Brokerage Commissions	926
Investment Allocated Costs	3,586
Investment Consultants	1,430
Other Investment Expenses/(Income)	299
Investment Custodians	558
Total Investment Expenses	**$ 72,254**

1 The Investment Section of this report provides details of Investment Manager Fees by type of investment manager.

Payments to Other Consultants[1]

For the Year Ended December 31, 2024
(Dollars in Thousands)

Actuarial & Audit Services	$ 586
Human Resources Consulting	106
Legal Services	40
Other Specialized Services	2,926
Total Payments to Consultants	**$ 3,658**

1 These are payments to outside consultants other than related to investments.

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Investments

Chief Investment Officer's Report

2024 CALENDAR YEAR PERFORMANCE HIGHLIGHTS OF ACERA'S INVESTMENT FUND (TOTAL FUND)

By the end of the 4th quarter of 2024, ACERA's Total Fund increased to $12.0 billion[1]. ACERA's portfolio returned 9.2% net of fees in 2024, as shown in the table below, which includes Asset Class detail. Over the 2020 – 2024 period, the Total Fund's annualized return was 7.3%[2].

Fund Composition	2024	$ Value in Billions	Actual % Weight Allocation	Target %
Total Fund Return (as of 12/31/24)[i]	9.2%	$ 12.0	100.0%	100.0%
Policy Index	9.0%	N/A	N/A	N/A
Median	9.0%	N/A	N/A	N/A
Domestic Equity	22.8%	$ 3.4	28.3%	24.0%
International Equity	4.2%	$ 2.7	22.8%	24.0%
Fixed Income	1.5%	$ 1.7	14.2%	14.0%
Real Estate	-5.7%	$ 0.8	6.8%	9.0%
Private Equity	9.0%	$ 1.1	9.5%	11.0%
Absolute Return	11.2%	$ 1.0	8.3%	8.0%
Real Assets	8.4%	$ 0.7	6.1%	6.0%
Private Credit	9.1%	$ 0.3	2.5%	4.0%
Cash	5.2%	$ 0.1	1.2%	0.0%
Overlay	N/A	$ 0.0	0.3%	0.0%
Year-End Total Fund (as of 12/31/24)	-	$ 12.0	-	-
Beginning Total Fund (as of 01/01/24)	-	$ 11.3	-	-
Total Change in Fund Value	**-**	**$ 0.7**	**-**	**-**

Source: NEPC[ii] (Net of Fees)

i All returns are net. Total Fund Return (gross of fees) for 2024 is 9.5%.

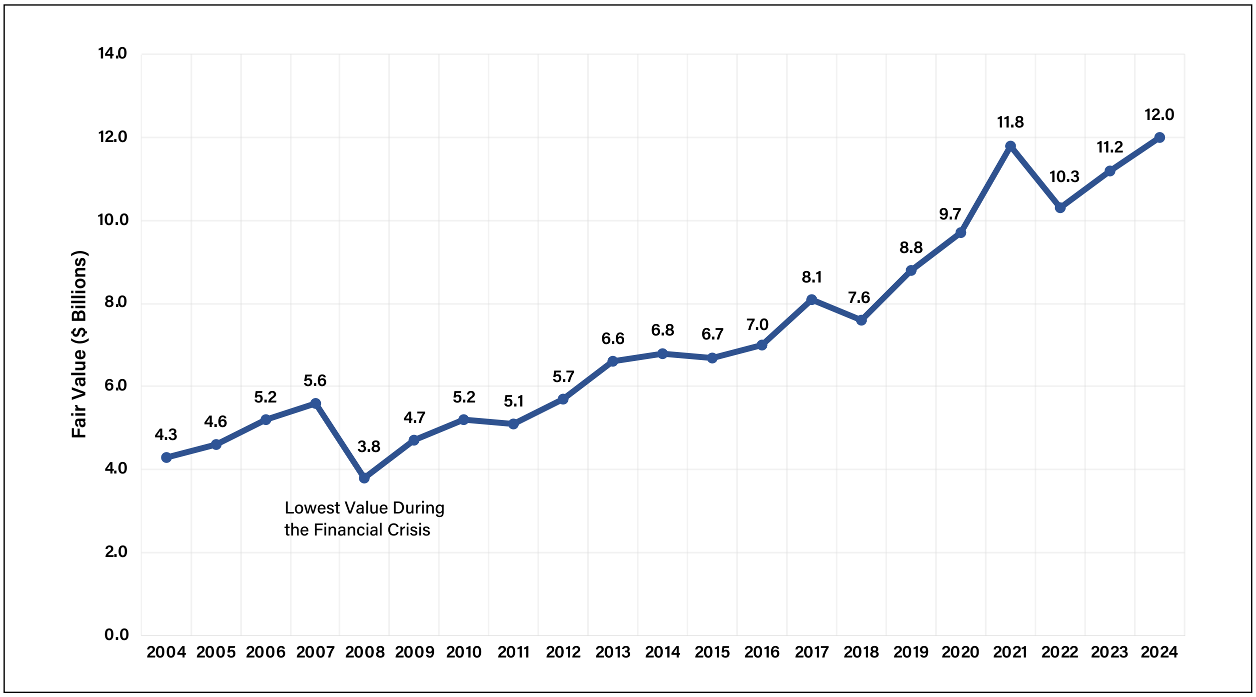
ii NEPC is ACERA's General Investment Consultant.

NOTE: Returns for periods greater than one year are annualized. Monthly return calculations are time-weighted, and fair value based. Results of all publicly traded investments are presented in a format consistent with the CFAI Global Investment Performance Standards®.

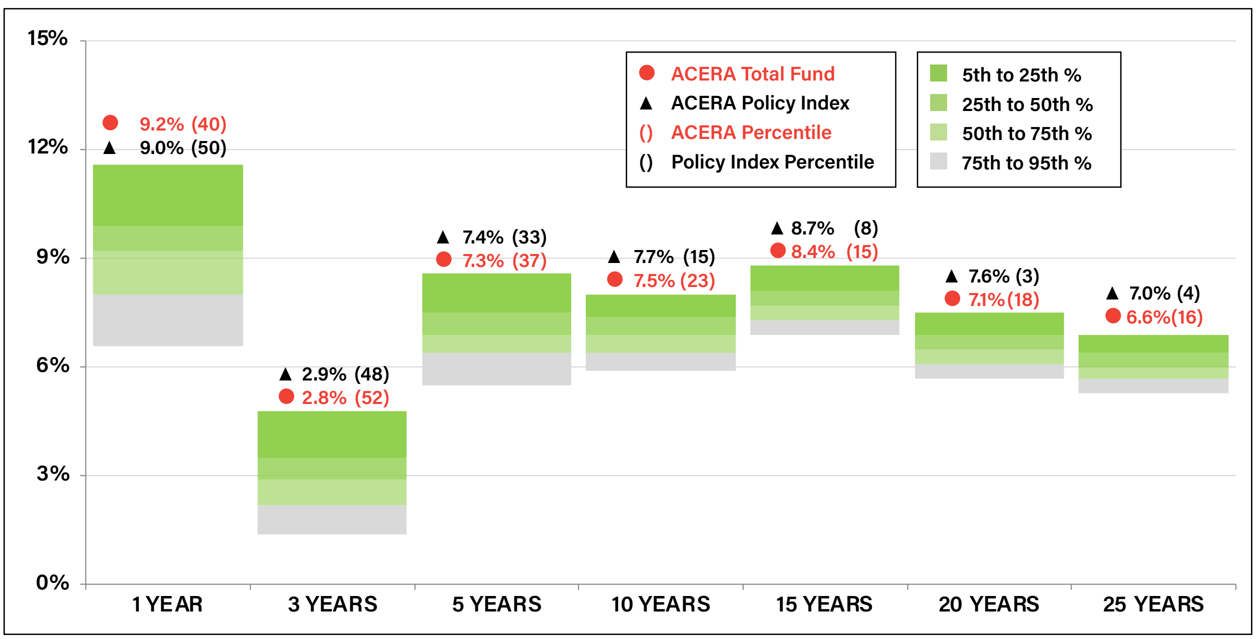
1 For 2024, ACERA made net disbursements of approximately $278.0M to pay supplemental retiree benefits, salaries, and administrative costs. For reference, the average net disbursements from the Total Fund over the past five years has been $244.0M per year.

2 The fund generated the following annual net returns: 2020 +12.5%; 2021 +16.1%; 2022 –11.6%; 2023 +12.6%; 2024 +9.2%.

ACERA Year-End Fair Values 2004-2024



ACERA TOTAL FUND RETURNS VS. TOTAL PUBLIC FUNDS ANNUALIZED RETURNS



ACERA TOTAL FUND ANNUALIZED RETURNS VS. TOTAL PUBLIC FUNDS ANNUALIZED RETURNS[1]

	1 Year		3 Years		5 Years		10 Years		15 Years		20 Years		25 Years	
Fund (Gross)	Return %	Rank	Return %	Rank	Return %	Rank	Return %	Rank	Return %	Rank	Return %	Rank	Return %	Rank
ACERA	9.5%	33	3.0%	49	7.4%	35	7.7%	24	8.6%	14	7.4%	15	6.9%	11
Policy Index	9.3%	45	3.0%	48	7.5%	35	7.8%	20	8.7%	12	7.6%	8	7.0%	4
Median	9.1%	50	3.0%	50	7.5%	50	7.1%	50	8.0%	50	6.8%	50	6.1%	50

Source: NEPC

	1 Year		3 Years		5 Years		10 Years		15 Years		20 Years		25 Years	
Fund (Net)	Return %	Rank	Return %	Rank	Return %	Rank	Return %	Rank	Return %	Rank	Return %	Rank	Return %	Rank
ACERA	9.2%	40	2.8%	52	7.3%	37	7.5%	23	8.4%	15	7.1%	18	6.6%	16
Policy Index	9.0%	50	2.9%	48	7.4%	33	7.7%	15	8.7%	8	7.6%	3	7.0%	4
Median	9.0%	50	2.9%	50	6.9%	50	6.9%	50	7.7%	50	6.6%	50	6.0%	50

Source: NEPC

The Board's primary goals in managing the Fund are:

1. Diversify the Fund's assets as its main defense against large market drawdowns, while maintaining reasonable risk exposure to meet return requirements;
2. Prevent deterioration in the funded status, and preserve long-term sustainability, of the Fund; and
3. Achieve returns at or above ACERA's actuarial rate of return over complete market cycles measured over rolling five-year periods[2].

ACERA believes that prudent management of risk is a central element of the investment function and that effective diversification among asset classes will reduce risk and enhance returns for the overall investment portfolio over the long-term. ACERA has strong controls in place to monitor and manage portfolio risks and to ensure compliance with all relevant fiduciary standards. It is important to remember that pension plan investments should be viewed over the long-term and that past performance is not indicative of future results.

PERFORMANCE HIGHLIGHTS FOR 2024

Total Fund gained 9.2% (net) for 2024, outperforming the Policy Index, 9.0% (net) and the Median Fund, 9.0% (net). Relative to the Peer Group of Public Funds larger than $1 billion ("Peer Group"), the Total Fund's percentile ranking was 40th, while the Policy Index was 50th.

In the first half of 2024, ACERA's Total Fund returned 5.7% net, which ranked in the 24th percentile of the Peer Group. During this time period, the Total Fund outperformed the Median Fund, 5.0% and the Policy Index, 5.2% (the Policy Index ranked in the 47th percentile).

In the second half of 2024, ACERA's Total Fund returned 3.4% net, which ranked in the 72nd percentile of the Peer Group. During this time period, the Total Fund underperformed both the Median Fund, 3.8% and the Policy Index, 3.7% (the Policy Index ranked in the 57th percentile).

With the performance results noted above, the Total Fund's annualized net returns through 2024 over a 3-year,

1 Total Fund and asset class composites are ranked against the InvMetrics universe. A ranking of 1 is a top percentile ranking and a ranking of 100 is a bottom percentile ranking. The InvMetrics Public DB Funds > $1B Gross universe consists of 109 members and $1.4 Trillion in assets. The InvMetrics Public DB Funds >$1B Net universe consists of 103 members and $1.3 Trillion in assets. Effective 1/1/2017, only traditional asset classes (public equity, public fixed income, public real estate) investment management fees will be excluded in the gross of fee return calculation.

2 ACERA General Guidelines, Policies, and Procedures, amended May 19, 2022, P.8.

5-year, and 10-year period are 2.8%, 7.3%, and 7.5%, respectively. The short-term period of 5-years and the longer-term period return of 10-years is above the Board-approved actuarial return assumption of 7.0%, while the shorter-term 3-year period is below.

FACTORS AFFECTING ACERA'S PORTFOLIO IN 2024

The Board's Actions - Highlights

During 2024, the Board achieved the following:

- June 2024: the Board authorized staff an extension of the custody contract with State Street Bank and Trust Company for up to two years.
- July 2024: the Board adopted a new asset allocation mix.
- October 2024: the Board approved the amended Private Credit Investment Policy and the 2024 Private Credit Investment Plan.
- December 2024: the Board approved the 2024 Private Equity Investment Plan.
- December 2024: the Board approved the qualified list of candidate for ACERA's Emerging Markets Equity Manager Search - Public Equities.

During 2024, ACERA's Board also expanded the Total Fund's alternative investments portfolio, with 5 new investments totaling $220 million, thus moving ACERA further towards its target allocations in the Private Equity, Real Assets, and Real Estate asset classes. Broken down by asset class, this expansion represents:

- 3 new commitments to Real Estate totaling $150 million
- 1 $30 million commitment to Real Assets
- 1 $40 million commitment to Private Equity (under delegated authority)

The Board is comprised of eleven appointed or elected members, including two alternates. All Board members are members of the Investment Committee. Both the Board and the Investment Committee meet monthly. An experienced group of fiduciaries, they work closely with Staff and ACERA's consultants to carry out their fiduciary responsibilities. Board and Committee meeting agendas and minutes can be found on ACERA's website, www.acera.org.

ACERA'S PORTFOLIO - DETAIL

ACERA's portfolio is diversified among eight major asset classes and strategies: Domestic Equities, International Equities, Fixed Income (U.S. and Global), Real Estate, Private Equity, Absolute Return, Real Assets, and Private Credit. The purpose of diversification is to reduce risk while maximizing potential long-term return. Statistically speaking, effective asset allocation policy and implementation drive 90% of Total Fund return and risk experience. The portfolio is constructed such that its volatility (defined as a measure of risk, i.e. standard deviation) is less than that of a traditional long-only, equity-only portfolio. ACERA's Total Fund is positioned to weather various market conditions and provide steady growth and income (net return) over the long term.

Asset Class Review - 2024

U.S. Equity	
Asset Class Allocation – Target	24.0%
Asset Class Allocation – Actual	28.3%
Return (Net)	22.8%
Benchmark (Russell 3000 Index)	23.8%
Over (Under)- Performance - relative to Benchmark	-1.0%
InvMetrics[1] U.S. Equity (Net) - Median	21.3%

Source: NEPC

1 As of 12/31/24, InvMetrics Public DB Funds > $1B Net universe consists of 103 members and $1.3 Trillion in assets.

Numbers may not add up due to rounding

Following a 26.0% gain in 2023, the US Equity markets continued the positive momentum in 2024 with the Russell 3000, a broad, domestic equity index and the benchmark of the US Equity asset class, generating a 23.8% return. This strong 2024 performance helped the Russell 3000 establish its all-time high and supported a strong 10-year annualized return of 12.6%.

The US economy demonstrated resilience throughout 2024, with robust consumer spending and GDP growth. Earnings growth projections remained positive throughout the year. A mid-year sector rotation and overall market broadening impacted the performance of the "Magnificent 7" stocks, reducing their contribution to market returns. The US Presidential election and its outcome were significant factors influencing market sentiment and investor behavior, potentially leading to both positive and negative impacts.

Continuing their long-term outperformance relative to small caps, large cap stocks rebounded faster than small caps, with the Russell 1000, a large-cap index, rising 24.5% in 2024 versus 11.5% for the Russell 2000, a small-cap index. Also continuing their long-term outperformance over value stocks, growth stocks in both large and small caps outperformed value stocks with the Russell 1000 Growth Index rising 33.4% (versus a 14.4% increase in the Russell 1000 Value Index) and the Russell 2000 Growth Index rising 15.2% (versus an 8.1% gain in the Russell 2000 Value Index).

In 2024, ACERA's US Equity portfolio underperformed its Russell 3000 benchmark, with the portfolio generating a 22.8% return compared to 23.8% for the benchmark. With approximately 80% of the US Equity portfolio being passively invested in a large-cap-core Russell 1000 Index managed by Blackrock, the asset class's performance deviation from its benchmark came from its active large cap growth (5% target weighting), large cap value (5%), small cap growth (5%) and small cap value (5%) exposures. ACERA's active, large-cap managers underperformed their benchmarks while ACERA's active, small-cap managers outperformed. TCW, ACERA's active, large-cap-growth manager generated a 30.8% return (versus a 33.4% return for the Russell 1000 Growth benchmark) and ACERA's active, large-cap-value manager, Aristotle, produced a 7.9% return (versus a 14.4% return for the Russell 1000 Value benchmark). ACERA's active, small-cap-growth manager, William Blair, produced a 20.1% return, which outperformed the Russell 2000 Growth benchmark's return of 15.2% and ACERA's active, small-cap-value manager, Kennedy, outperformed the Russell 2000 Value, producing a 10.0% return versus an 8.1% return for the benchmark.

International Equity	
Asset Class Allocation – Target	24.0%
Asset Class Allocation – Actual	22.8%
Return (Net)	4.2%
Benchmark (MSCI ACWI IMI – ex U.S. Index)	5.2%
Over/(Under) Performance – relative to Benchmark	-1.0%
InvMetrics[1] All DB ex-U.S. Equity (Net) - Median	4.8%

Source: NEPC

1 As of 12/31/24, InvMetrics Public DB Funds > $1B Net universe consists of 103 members and $1.3 Trillion in assets.

Numbers may not add up due to rounding

Following a 16.2% gain in 2023, the International Equity markets maintained some positive momentum in 2024 with the MSCI ACWI ex US IMI, a broad, equity index and the benchmark for the International Equity asset class, generating a 5.2% return. This return was consistent with a 4.9% 10-year annualized return. This return was consistent with a 4.9% 10-year annualized return. The continuing and broadening of the AI trend, extending beyond enterprise software to robotics, industrials, and automation, influenced market performance. Several high-profile elections and geopolitical tensions, like the war in Ukraine and unrest in the Middle East, contributed to market volatility. Central banks particularly in developed markets, started normalizing monetary policy, but resilient growth and sticky inflation led to revised expectations for rate cuts.

Emerging markets stocks, notably China, fared better than developed market stocks with the MSCI EM index returning 7.5% and the MSCI World ex US index returning 4.7%. For the broad MSCI ACWI ex US IMI index, large cap stocks outperformed small cap stocks (6.6% v 3.4%), and value stocks outperformed growth stocks (6.9% v 5.4%).

In 2024, ACERA's International Equity portfolio underperformed its MSCI ACWI ex US IMI benchmark, with the portfolio generating a 4.2% return compared to 5.2% for the benchmark. Approximately 55% of the portfolio was allocated across four active mandates and three of the mandates underperformed their respective benchmarks. Capital Group (15% weight) manages an international developed, mid-large cap, core mandate; this mandate underperformed the MSCI World ex-US benchmark, -0.7% versus 4.7%. Bivium (15% weight), manages an international developed, mid-large cap, core mandate; this mandate underperformed the MSCI World ex-US benchmark, 2.0% versus 4.7%. Franklin Templeton (10% weight) manages an international developed, small cap mandate; this mandate underperformed the MSCI ACWI ex-US Small Cap, -1.8% versus 3.4%. William Blair (15% weight) managed an emerging market, mid-large cap mandate; this mandate outperformed the MSCI EM benchmark, 11.1% versus 7.5%. The 45% balance of the portfolio was passively invested via BlackRock World ex-US (developed markets) and BlackRock Emerging Markets index funds.

Fixed Income	
Asset Class Allocation – Target	14.0%
Asset Class Allocation – Actual	14.2%
Return (Net)	1.5%
Benchmark (75% Bloomberg US Agg/15% FTSE WGBI-ex U.S./10% BBgBarc US Corp HY)	0.9%
Over/(Under) Performance – relative to Benchmark	0.6%
InvMetrics Fixed Income (Net) - Median	3.0%

Source: NEPC

Numbers may not add up due to rounding

The price index for Personal Consumption Expenditures ("PCE") fell throughout 2023 and began 2024 at 2.6%. The Federal Reserve's favored inflation measure bottomed at 2.1% in September, causing forward-looking inflation expectations to drop and the yield on the 10-year Treasury to bottom for the year at 3.6%. This drop in inflation gave the Federal Reserve room to cut the fed funds rate 100 basis points from September through year end, taking the effective fed funds rate from its 15-month (July 2023 – September 2024) cyclical plateau of 5.3% to 4.3% by year end. However, inflation perked up again in the year's final quarter and finished the year with a 2.9% reading in December, causing the yield on the 10-year Treasury Bond to end the year at 4.6% versus 3.9% at the beginning of the year. Thus, though the Fed's benchmark rate dropped 100 basis points throughout the year, taking down short-term rates with it, mid- to-long-term rates (i.e., 3 – 30 years) rose, causing a steepening of the yield curve. Meanwhile, credit spreads tightened last year to levels not seen since 2007 (before the Great Financial Crisis), with high yield spreads tightening 47 basis points to end the year at 292 basis points. Due to the high level of income produced by relatively high interest rates, as well as the tightening of credit spreads, along with rising mid- to long-term rates, low-duration and high-risk indexes performed best in the US market with the high-risk and low duration Bloomberg US Corporate High Yield Index generating an 8.2% return compared to the longer duration, investment grade Bloomberg US Aggregate Bond Index generating a 1.6% return.

On a global basis, international growth underperformed modest expectations while the US economy surprised to the upside throughout the year, resulting in strength in the US Dollar. As a result, global fixed income markets produced modest returns in local-market currencies but because of the US Dollar's strength, they largely produced losses in US Dollar terms.

For ACERA, the Fixed Income Asset Class produced a 1.5% net return, beating its blended benchmark (75% Bloomberg US Aggregate Bond Index/15% FTSE World Government Bond Index ex-US/10% Bloomberg US Corporate High Yield Index) return of 0.9%. The modest return reflected a heavy weighting to US Core Bonds, whose returns were held down by the rise in mid- to long-term rates, a strong showing in lower-duration and risk-seeking US credit allocation, and a poor showing from its international exposure. Within US Fixed Income, the US Core Fixed Income manager (75% target weighting in the Fixed Income Asset Class), Baird, beat its benchmark, generating a 2.1% net return (compared to the Bloomberg US Aggregate Bond Index return of 1.3%), while the US Credit Fixed Income manager (10% target weighting), Loomis Sayles, produced a 6.3% net return, outperforming the 2.7% return for its benchmark, the Bloomberg US Credit BAA Index.

The only active manager in the International Fixed Income portfolio, Brandywine (15% target weighting), underperformed its benchmark, producing a –8.9% net return compared to a –2.9% return for the FTSE World Government Bond Index.

Real Estate	
Asset Class Allocation – Target	9.0%
Asset Class Allocation – Actual	6.8%
Return (Net)	-5.7%
Benchmark (NCREIF ODCE Property Index)	-1.4%
Over/(Under) Performance – relative to Benchmark	-4.3%
InvMetrics Real Estate (Net) - Median	-2.7%

Source: NEPC
Numbers may not add up due to rounding

In 2024, ACERA's Real Estate portfolio returned -5.7%. The ACERA Real Estate portfolio underperformed its benchmark, the National Council of Real Estate Investment Fiduciaries Open-End Diversified Core Property Index (NCREIF ODCE, -1.4%) by -4.3%.

The Real Estate portfolio contains 19 private real estate funds and the ACERA building located in downtown Oakland. The sub-asset classes within the Real Estate portfolio include Core, Core-Plus, Value-Added, and Opportunistic, and the Real Estate portfolio contains both debt and equity investments. The Real Estate portfolio remains diversified across the sub-asset classes (please see ACERA's Real Estate Policy for portfolio composition targets). ACERA's core funds with higher weights to office suffered greatly as the office sector continued to be the worst performing real estate sector with the only negative return (-7.2% within NCREIF Property Index for 2024). All other sectors within the NCREIF Property Index had positive returns for 2024: Hotel 6.6%, Industrial 2.6%, Residential 1.5%, Retail 5.3%, Self-Storage 3.4%, Senior Housing 3.6%, and Other 6.1% (Source: NCREIF). Supply-demand fundamentals driven by economic trends continue to drive performance in real estate sectors. As a whole, ACERA's Real Estate portfolio is performing as would be expected of a diversified portfolio with some parts of the portfolio performing better than others in any given market environment.

Real Estate continues to be an important, diversifying asset class for the Total Fund, as it has low correlation with other asset classes, generates stable income alongside asset price appreciation, and serves as a hedge against inflation. As of December 31, 2024, ACERA's Real Estate active portfolio has called approximately $661.9 million of committed capital and distributed approximately $396.7 million. There is roughly $58.4 million of uncalled capital based on total commitments as of year-end 2024.

Private Equity	
Asset Class Allocation – Target	11.0%
Asset Class Allocation – Actual	9.5%
Return (Net)	9.0%
Benchmark (Refinitiv C|A Global All PE Index), 1 Qtr Lag	7.6%
Over/(Under) Performance – relative to Benchmark	1.4%

Source: NEPC, No Private Equity Median
Numbers may not add up due to rounding

ACERA's Private Equity portfolio outperformed in 2024, returning 9.0% for the year compared to the 7.6% benchmark return (Refinitiv C|A Global All PE Index 1-Quarter Lag). In 2024, the Private Equity portfolio contained 68 active funds segregated into three sub-asset classes: buyouts, venture capital, and debt-related/special situations. However, starting in 2025, debt-related/special situations strategies will be moved into ACERA's Private Credit portfolio and replaced with a Growth Equity category (please see ACERA's amended Private Equity Policy for more details). As a whole, ACERA's Private Equity portfolio is performing as expected of a diversified portfolio with some parts of the portfolio performing better than others in any given market environment.

After two years of decline in deal and exit volume, the global private equity market bounced back in 2024. The total deal volume increased from $438 billion in 2023 to $602 billion in 2024 and the total exit value increased from $350 billion in 2023 to $468 billion in 2024 (Source: Bain & Company). However, fundraising for new private equity funds continued to slow, with the total dollar value of funds raised decreasing from $538 billion in 2023 to $401 billion in 2024 (Source: Bain & Company). Slowdowns in fundraising are most likely caused by a slowdown in cash distributions. The slowdown in distributions is a result of a tighter economic environment with higher interest rates for much of 2024. For the year 2024, buyout funds collectively returned 8.5%, outperforming growth equity and venture capital funds which collectively returned 2.7% (Source: McKinsey & Company).

Private Equity continues to be an important asset class to the Fund, providing strong consistent returns, additional diversification, and cash flow in the form of distributions. Because the target allocation to the Private Equity asset class was revised upwards to 11% from the previous 8% in 2021, Private Equity is under-funded as compared to its target allocation. As of December 31, 2024, ACERA's Private Equity portfolio has called approximately $1.3 billion in capital and distributed approximately $1.1 billion (excluding dissolved/completed funds). There is roughly $0.6 billion of uncalled capital based on total current commitments as of the end of 2024.

Absolute Return	
Asset Class Allocation – Target	8.0%
Asset Class Allocation – Actual	8.3%
Return (Net)	11.2%
Benchmark (HFRI Fund of Funds Composite Index)	9.1%
Over/(Under) Performance – relative to Benchmark	2.1%
InvMetrics All DB Hedge Funds (Net) Median	11.3%

Source: NEPC

Numbers may not add up due to rounding

Per ACERA's Absolute Return (AR) Policy, the strategic objective of the AR portfolio is to: 1) generate superior returns commensurate with risk taken using strategies that have a low correlation to the equity markets; 2) enhance ACERA's long-term, risk-adjusted return and provide additional diversification to ACERA's Total Fund; and 3) generate total AR portfolio returns at or above the HFRI Fund of Funds Composite Index (net of all fees and expenses). The AR portfolio serves as a diversifier to equity markets, with a historical beta and correlation of 0.1 and 0.3, respectively. In contrast, the portfolio's benchmark, the HFRI Fund of Funds Index, has a beta and correlation of 0.3 and 0.8, respectively. In strong equity markets, the AR portfolio is not expected to outperform. In weak equity markets, the AR portfolio is expected to outperform, and generate positive, absolute returns. In 2024, the AR portfolio netted 11.2%, thus sustaining its risk-adjusted, uncorrelated performance, surpassing the benchmark's 9.1% return. This follows the portfolio's 2023 success, where it gained 6.7%, exceeding the benchmark's 6.3% return. Thus far, the AR portfolio has met the AR Policy's objectives.

2024 was also the AR portfolio's second full year with its 2021-adopted and 2022-implemented structure (80% custom fund of hedge funds ("FOHF")/20% Other Alternatives/Opportunistic). The two largest allocations, Morgan Stanley and Lighthouse, which comprise the 80% FOHF, both continued their outperformance from 2023 into 2024. Both FOHFs generated positive returns across all their underlying asset class strategies and outperformed the AR portfolio benchmark. Importantly, both complement each other; Staff, with its consultant NEPC, have worked with the respective Managers and tailored the FOHF portfolio to meet the AR portfolio's risk/return objectives. The results of this collaboration are unique multi-strategy portfolios expected to string absolute, diversifying returns across different economic environments and market regimes. ACERA has also allocated about 10% of its AR Portfolio to a Blackstone opportunistic strategy, which is part of the 20% "Other Alternatives/Opportunistic" category. This multi-strategy investment similarly outperformed the benchmark, driven by positive gains across each of its underlying asset class strategies. The final two allocations in the AR portfolio's "Other Alternatives/Opportunistic" category—P/E Investments (a currency manager) and Blue Owl GP Strategic Capital (focused on minority equity interests in alternative managers)—each represent about 5% of the portfolio and delivered strong performance last year.

Real Assets	
Asset Class Allocation – Target	6.0%
Asset Class Allocation – Actual	6.1%
Return (Net)	8.4%
Benchmark (60% Nat Res/35% Infra/5% BCOM)	7.1%
Over/(Under) Performance – relative to Benchmark	1.3%

Source: NEPC, No Real Assets Median

Numbers may not add up due to rounding

The objective of the Real Assets (RA) portfolio is to generate a positive, domestic inflation-sensitive return in excess of its blended benchmark (60% S&P Global Infrastructure Index, 35% S&P LargeMidCap Commodity and Resources Index, and 5% Bloomberg Commodity Index). In 2024, the RA portfolio met this objective, producing a 8.4% net return that beat its benchmark return of 7.1% as well as the average monthly year-over-year changes in Headline CPI (all items) and Core CPI (excludes food and energy) of 3.0% and 3.4%, respectively. With inflation remaining sticky and above the Federal Reserve's 2% target, the RA portfolio also served its intended purpose of mitigating the impact of inflation on ACERA's Total Fund.

In 2024, the RA portfolio's returns were driven primarily by the infrastructure markets (60% benchmark weighting and 72% RA portfolio weighting (36% private investments and 36% public investments) at end of 2024). The projected rise in electricity demand in the US and globally due to the high energy requirements of Artificial Intelligence ("AI") datacenters, along with the ongoing trend of electrification (i.e., consumer and commercial vehicles), favorably impacted the growth outlooks and valuations for electric utilities, a major infrastructure sub-sector. This helped the S&P Global Infrastructure Index (60% of the asset class benchmark and 100% of ACERA's public infrastructure exposure via a passive fund that replicates the benchmark return) to return 14.1%. Meanwhile, the investment outlook for datacenters strengthened further last year due to the projected increase in datacenter capacity needed to support the growth in AI platforms and expansion of cloud computing. Because ACERA's private infrastructure investments contain roughly 15% datacenter exposure, while the infrastructure sub-class benchmark (S&P Global Infrastructure Index) does not, ACERA's exposure to both electric utilities and datacenters helped the RA portfolio to outperform.

With respect to the natural resources investments within ACERA's RA portfolio (35% benchmark weighting and 28% RA portfolio weighting (8% private investments and 20% public investments) at the end of 2024), the RA Portfolio was underweight the benchmark for these investments throughout 2024. This underweight helped the RA portfolio's performance versus its benchmark, because natural resources investments performed the poorest of all of the RA portfolio's sub classes. Indeed, the S&P Global LargeMidCap Commodity and Resources Index (35% of the RA portfolio benchmark and 100% of the RA portfolio's public exposure via a passive fund that replicates the benchmark return) produced a -5.5% return last year with weakness in agricultural, industrial metals, and natural gas (energy) prices affecting natural resources sector returns. The underweight to the natural resources sector, along with the private investments' outperformance of the natural resources benchmark also aided in the RA portfolio's outperformance relative to the asset class benchmark.

Finally, the commodities component of the RA portfolio (5% target and benchmark weight; 2.8% RA portfolio weight at the end of 2024) produced solid returns of 6.0% last year, which beat its benchmark (Bloomberg Commodity Index) return of 5.4%. The standout that produced this positive return for commodities last year was precious metals, with gold up 25.5% and silver up 21.5% owing to central bank purchases and increased investor demand.

Private Credit	
Asset Class Allocation – Target	4.0%
Asset Class Allocation – Actual	2.5%
Return (Net)	9.1%
Benchmark (Morningstar/LSTA US Leveraged Loan 100 Index + 1.75%)	10.9%
Over/(Under) Performance – relative to Benchmark	-1.8%

Source: NEPC, No Private Credit Median

Numbers may not add up due to rounding

ACERA' Private Credit ("PC") portfolio was incepted in 2019 and has invested in private, direct-lending funds. Direct lending refers to private loans made to corporations owned primarily by private equity sponsors. These loans are used to finance leveraged buyouts, merger and acquisitions ("M&A"), dividend recapitalizations, and loan refinancings, with the biggest driver of net loan supply being the financing of leveraged buyouts. At the high end of the private direct lending market, direct lenders compete with the broadly syndicated loan ("BSL") market to provide loans to corporations. Direct lending and BSL loans are floating rate loans that pay lenders loan interest comprised of a base rate such as the Secured Overnight

Financing Rate ("SOFR") plus a spread above that base rate. The base rate is the same across the direct lending and BSL markets and changes with the movement of interest rates. Direct-lending spreads above this base rate are typically 100 – 300 basis points above BSL loan spreads (300 to 400 basis points). Direct lending investments are illiquid and are typically held by private funds whereas BSL loans are primarily held by Collateralized Loan Obligations ("CLOs") and trade daily.

In 2024, ACERA's PC portfolio, with its direct lending investments, produced a solid 9.1% net return. This return was aided by persistently high base interest rates (i.e., 5.1% 2024 average daily SOFR) and a weighted average spread that approximated 590 basis points. While this result was attractive, and four of the PC portfolio's six fund investments met or beat expectations, the PC portfolio's performance was negatively impacted by the underperformance of two of its early fund investments that experienced portfolio loan write-downs in excess of expectations. Meanwhile, the PC portfolio's benchmark, the Morningstar LSTA US Leveraged Loan 100 Index + 175 basis points, produced a 10.9% return that beat the return of ACERA's PC portfolio. This benchmark is comprised of the 100 largest BSL loans which benefit from limited new loan supply (due to low private equity leveraged buyout activity) and high loan demand from a record year in new CLO issuance. This, along with a wave of loan refinancings that lowered the cost of borrowing for BSL borrowers and pushed the prices of BSL loans to high levels (54% of BSL Loans in the Morningstar LSTA US Leveraged Loan Index were priced above par at the end of 2024) generated strong returns for the PC portfolio's benchmark.

The PC portfolio also underwent meaningful changes last year that were implemented at the onset of 2025. The weighting to the asset class in the Total Fund was increased to 6.8% (from 4.0%) following the Board adoption of a new Total Fund asset allocation in July 2024. In addition, the structure of the PC portfolio was also updated to include direct lending investments (50% target weighting) and opportunistic and distressed credit investments (combined 50% target weighting) for a more diversified PC Asset Class. To implement this more diversified asset-class structure, the legacy direct lending PC investments were combined with the legacy investments in the Debt-Related/Special Situations ("DRSS") subclass in the Private Equity Asset Class. Finally, the PC Asset Class benchmark was updated to the Morningstar LSTA US Leveraged Loan Index plus 200 basis points to account for a slightly higher asset class return expectation from the more diversified asset class structure.

GENERAL ECONOMY IN 2024

In 2024, the resiliency in the U.S. economy continued to help generate double digit returns for all three major indexes (e.g. S&P 500 was up more than 23%). The momentum of the U.S. economic resiliency was largely prompted by the Fed Reserve Bank ending their campaign of interest rate hikes that had disrupted the markets in recent years. In addition to ending its rate hikes, and as expected by many investors, the Federal Reserve resumed cutting interest rates in the fall of 2024.

There were three interest rate cuts in the last four months of 2024 since 2020, totaling 100 basis points. The Fed target interest rate was lowered to 4.25-4.5% by December of the year to reflect its stated goals of maximum employment and price stability. CPI has decelerated to 2.9%[1] year-over-year from 3.1% at the start of 2024. The Fed Reserve Chair stated that the economy was in a really good place despite some moderation in economic data throughout 2024. With the backdrop of a resilient economy and the onboarding of our new General Investment Consultant (NEPC) earlier in the year, our Board approved a new Asset Allocation "Mix C" to take advantage of the more favorable market environment for some of our asset classes to aim for higher risk adjusted returns for the Total Fund.

For the year ending 12/31/2024, ACERA's Total Fund had a solid performance of producing 9.5% (gross) and 9.2% (net), outperforming their respective policy index of 9.3% (gross) and 9.0% (net), ending the year with a fair value of $12,011,836,837.00 – the very first time that the Total Fund's fair value had surpassed the

1 https://www.bls.gov/news.release/archives/cpi_01152025.htm

threshold of over $12B. This Investment performance of 9%+ is well above ACERA's actuarial assumed rate of return of 7%, it also represents an increase of over $700 million in the Total Fund's fair value from the beginning of the year, after paying for members' benefits and ACERA's Administrative expenses.

ECONOMIC OUTLOOK

The Fed tried to strike a balancing act in 2024. Inflation has made considerable progress toward their target, reaching 2.5% in January of 2025 from 5.5% two years ago. However, the second-term Trump Administration has ushered in an elevated level of uncertainty since the swift and abrupt changes of the US trade policies including tariffs and federal cutbacks. These changes have introduced fears of tariff-related price hikes to investors and consumers, and these price hikes might in turn trigger a more aggressive stance such as interest rate hikes by the Fed. In the meantime, policymakers also expect GDP growth of 1.7% in 2025, down from their December projections of 2.1%.

The Fed Reserve extended its wait-and-see posture on interest rates in early 2025 while marking up its forecasts for inflation and revising down its outlook for growth and employment for the year. The Central Bank held steady its benchmark federal funds rate at around 4.3% at its policy meeting in March of 2025 as it assesses how a blitz of policy changes by the Trump Administration on trades, spending and taxes reshape the economic outlook. The all-important consumer sentiment has slumped towards end of the first quarter of 2025, amid headlines on tariffs and federal cutbacks.

The stock market had a rocky start in 2025. The Nasdaq entered correction territory in early 2025 after dropping over 10% between February and March. ACERA reviewed its current Asset Allocation (Mix C) in March 2025 to reaffirm its validity. This review demonstrated that Mix C will weather the current uncertain capital market environment. Moreover, this Mix C is projected to achieve a slightly higher 10-year risk-adjusted return to 6.8% (from the previously forecasted 6.5%), while reducing its forecasted risk to 14% (from the previously forecasted 14.2%). Therefore, we plan to hold our course steady and continue to implement our recently adopted "Mix C" in the year of 2025 and beyond. As always, ACERA stands agile and ready to adjust our Asset Allocation, as appropriate and with Board approval, if warranted.

GENERAL INFORMATION

Institutional investment management firms manage ACERA's assets. Professional investment consultants, along with ACERA's investment staff, closely monitor the activities of these managers and assist the Board with the implementation of its investment policies and long-term strategies. ACERA's goal remains to achieve a level of performance that will rank the Fund in the upper quartile of comparable pension funds on a risk-adjusted basis. ACERA also seeks to be as fully funded as possible so that its benefit costs do not become a burden upon future generations of members and taxpayers.

Summary of ACERA's General Investment Guidelines, Policies and Procedures (General Policy)

The General Policy was last amended and approved in 2022. This Policy can be found at https://www.acera.org/download/general-investment-guidelines-policies-and-procedures.

SUMMARY OF ACERA'S OTHER INVESTMENT - RELATED POLICIES

Environmental, Social, and Governance (ESG) Investment Policy

In 2021, the ACERA Board approved the Environmental, Social, and Governance (ESG) Policy. There have been no amendments to this Policy since then. The ESG Policy can be found at https://www.acera.org/download/environmental-social-and-governance-esg-investment-policy.

Private Equity Policy

The Private Equity (PE) Policy was last amended and approved in 2021. The PE Policy can be found at https://www.acera.org/download/private-equity-investment-policy.

Real Estate Investment Guidelines, Policies, and Procedures (Real Estate Policy)

The Real Estate Policy was last amended and approved in 2021. This Policy can be found at https://www.acera.org/download/real-estate-policy.

Emerging Investment Manager Policy

In 2022, the ACERA Board approved amendments to the Emerging Investment Manager (EIM) Policy. This Policy can be found at https://www.acera.org/post/emerging-managers-policy.

Directed Brokerage Policy

The Directed Brokerage was last amended and approved in 2014. There have been no amendments to this Policy since then. This Policy can be found at https://www.acera.org/directed-brokerage-program.

Real Assets Policy

The Real Assets Policy was last amended and approved in 2020. This Policy can be found at https://www.acera.org/investment-update/real-assets-policy.

Placement Agent Disclosure Policy

The Placement Agent Disclosure Policy was last amended and approved in 2012. There have been no amendments to this Policy since then. This Policy can be found at https://www.acera.org/download/placement-agent-disclosure-policy.

Private Credit Policy

The Private Credit Policy was last amended and approved in 2024. This Policy can be found at https://www.acera.org/download/private-credit-investment-policy.

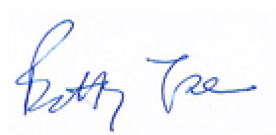
Proxy Voting Guidelines and Procedures (Proxy Guidelines)

The Proxy Voting Guidelines Policy was last amended and approved in 2022. The associated guidelines were updated in 2024. This Policy can be found at https://www.acera.org/download/public-fund-proxy-voting-guidelines-united-states and https://www.acera.org/download/public-fund-proxy-voting-guidelines-international.

SPECIFIC INVESTMENT RESULTS FOR 2024

In summary, ACERA's Total Fund returned 9.2% net in 2024 and ended the year with a fair value of $12.0 billion, over $700 million higher than at the start of the year, even after covering administrative expenses and member benefit payments.

Respectfully Submitted,



Betty Tse, CPA, CGMA, MBA
Chief Investment Officer,
ACERA
May 27, 2025

Investment Consultant's Report

Samuel M. Austin, III
Partner

March 14, 2025

Board of Retirement
Alameda County Employees' Retirement Association

475 14th Street, Suite 1000
Oakland, CA 94612

Dear Board of Retirement Members:

The overall objective of the Alameda County Employees' Retirement Association (ACERA) is to provide benefits through prudent investment management to its member and their beneficiaries. To ensure a solid foundation for the future of the Fund, ACERA carefully plans and implements an investment program designed to produce superior long-term investment returns, while prudently managing the risk in the portfolio. Investment policy and asset allocation are reviewed and revised by the Board of Retirement, at least annually, to reflect the Fund's actuarial assumptions, accrued liabilities, and economic and investment outlook. The following is a report on the performance of the Fund for the year ended December 31, 2024, with background on the underlying capital market environment.

Market Review for the Year Ended December 31, 2024

Calendar year 2024 was one characterized by strong returns in risky assets like stocks and high yield bonds. U.S. equities outperformed their international peers, with U.S. core and growth equities in particular posting strong gains. Interest sensitive fixed income had mixed performance as core bonds and cash were positive, but long-term Treasuries declined. Inflation-sensitive assets such as TIPS and commodities were positive, while real estate (private) declined in value. The Federal Reserve ended the year with a cut to interest rates in December by 25 basis points, setting the range of the federal funds rate to 4.25%-4.50%. Key economic data still showed a growing U.S. economy with positive GDP growth and the labor market holding strong. The year ended with inflation levels moderating with the CPI posting a year-over year increase of 2.9%. As inflation moderates, jobs data will take center stage as the Federal Reserve pivots to focus on the labor market as part of the central bank's dual mandate of stable prices and full employment. With the resilient U.S. economy and decelerating inflation as the backdrop, U.S. stocks posted strong returns of 25.0% as measured by the S&P 500 Index. International stocks also had a positive year, with a return of 5.5% as measured by the MSCI ACWI-ex U.S. Index. Typically considered a safe-haven asset, U.S. high quality fixed income posted a modest return of 1.3% as measured by the Bloomberg U.S. Aggregate Bond Index.

The ACERA Investment Portfolio

The ACERA total investment portfolio return for the one-year period ended December 31, 2024 was 9.2%, net of

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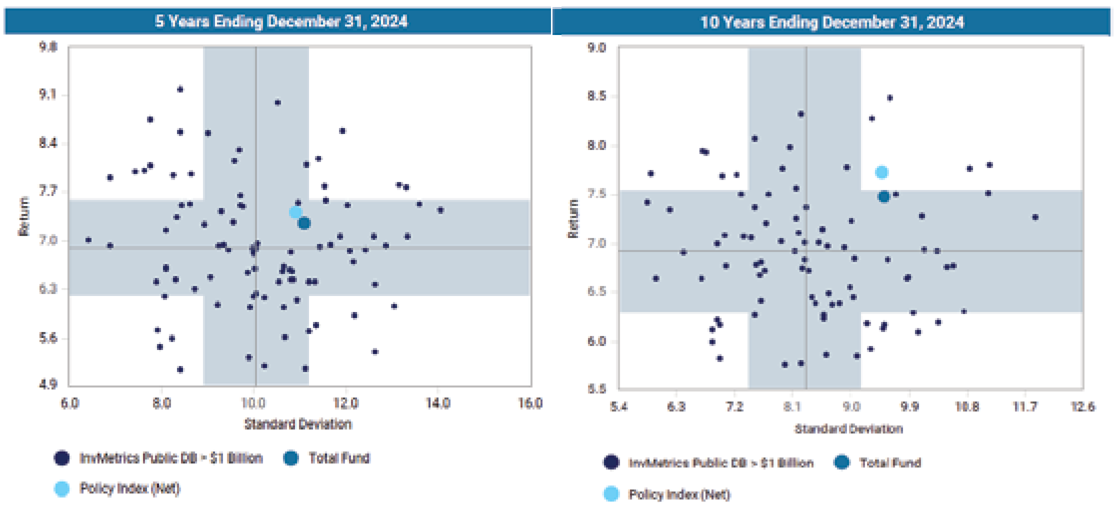
fees, outperforming its benchmark return by 0.2%. The median fund in its peer group (Investment Metrics Public DB > $1 Billion) returned 9.0% in the same period. The total investment portfolio's five-year return, net of fees, was 7.3%, underperforming its policy benchmark by 0.2%, while ranking in the 37th percentile in its peer group (meaning that ACERA outperformed 63% of its large public pension plan peer group). Over the past 10 years, the portfolio return of 7.5%, net of fees, outperformed the actuarial rate of return of 7.0% and ranked in the 23rd percentile of its peer group. Since inception, the portfolio returned 9.2% net of fees.

Assessing ACERA's risk profile, the 5-year and 10-year standard deviations ranked in the 69th and 77th percentiles, respectively, of its peer group, resulting in risk-adjusted returns (as measured by the Sharpe Ratio) that ranked near the universe medians for both periods.

InvMetrics Public DB Plans Greater than $1 Billion Universe Risk-Return Comparison (Net of Fees)



NEPC presented its 2024 capital market assumptions to ACERA in February and conducted an asset liability study for the Fund thereafter. Findings were brought to the Board in May along with discussion of possible new asset allocation mixes. A new policy mix was adopted mid-year to be implemented with effective date of January 1, 2025. The Emerging Markets Equity Manager Search was commenced during the third quarter and is expected to be completed in 2025.

NEPC, LLC serves as ACERA's independent investment consultant and provides ACERA with asset allocation guidance, quarterly economic and investment market updates and performance reviews, together with investment manager monitoring and selection advice. ACERA's custodian, State Street Bank and Trust Company, independently prepared the underlying performance data used in this report. Rates of return are represented using a time-weighted rate of return methodology based upon reported market values as of December 31, 2024 for public markets asset classes and lagged market values for private markets asset classes.

Sincerely,

Samuel M. Austin, III, Partner

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Asset Allocation

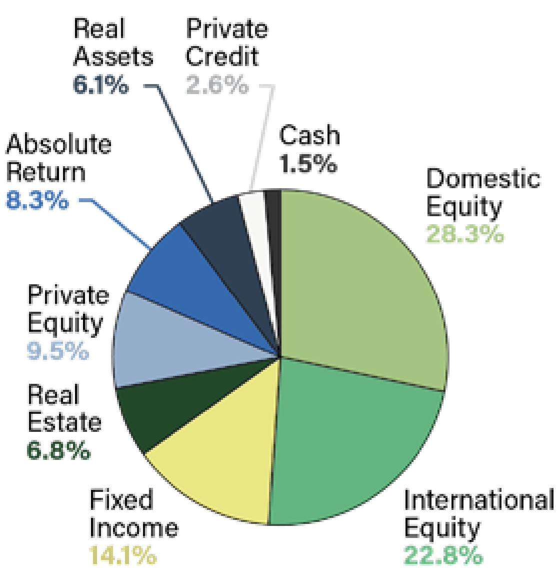
As of December 31, 2024

Investment Asset Class	Actual Asset Allocation[1]	Target Asset Allocation[2]	Actual Allocation Over/ Under Target Allocation
Domestic Equity	28.3%	24.0%	4.3%
International Equity	22.8%	24.0%	-1.2%
Fixed Income	14.1%	14.0%	0.1%
Real Estate	6.8%	9.0%	-2.2%
Private Equity	9.5%	11.0%	-1.5%
Absolute Return	8.3%	8.0%	0.3%
Real Assets	6.1%	6.0%	0.1%
Private Credit	2.6%	4.0%	-1.4%
Cash	1.5%	0.0%	1.5%
Total	**100.0%**	**100.0%**	**0%**

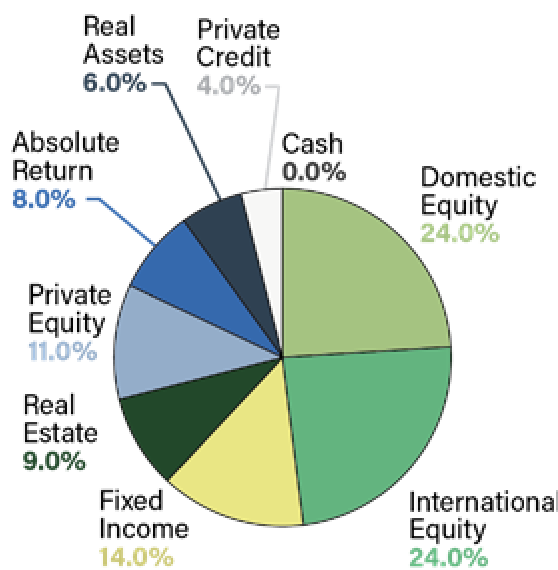
1 Based on total investment assets under management including receivable and payable balances as reported on the Statement of Fiduciary Net Position.

2 The Target Asset Allocations in this table do not reflect the updated Asset Allocation Targets approved by the Board in July 2024, which went into effect on January 1, 2025.

Actual Asset Allocation



Target Asset Allocation



Investment Professionals

For the Year Ended December 31, 2024

INVESTMENT MANAGERS

Domestic Equities

- Aristotle Capital Management
- BlackRock Institutional Trust Company, N.A.
- Kennedy Capital Management, Inc.
- TCW Asset Management Company
- William Blair Investment Management, LLC

International Equities

- Bivium Capital Partners, LLC
- BlackRock Institutional Trust Company, N.A.
- Capital Group Institutional Investment Services
- Franklin Templeton Institutional
- William Blair Investment Management, LLC

Fixed Income

- Baird Advisors
- Brandywine Global Investment Management, LLC
- Loomis, Sayles & Company, L.P.

Cash Overlay

- Parametric Portfolio Associates LLC

REAL ESTATE (SEPARATE & COMMINGLED FUNDS)

- AEW Capital Management
- Angelo, Gordon & Co.
- Artemis Real Estate Partners
- CBRE Investment Management
- Clarion Partners, LLC
- CIM Group
- Heitman Capital Management
- J.P. Morgan Asset Management
- Jamestown Premier Property
- MetLife Investment Management
- PGIM Real Estate
- RREEF America, LLC
- Starwood Capital Group
- UBS Realty Investors LLC

PRIVATE EQUITY

- ABRY Partners, LLC
- Altas Partners
- Angeles Equity Partners
- Angelo, Gordon, & Co.
- Audax Group, L.P.
- Bernhard Capital Partners Management, LP
- Bridgepoint Credit Limited
- Canvas Ventures
- CapVest Equity Partners
- Catalyst Fund Limited Partnerships
- Centerbridge Partners, L.P.
- Clayton, Dubilier & Rice, LLC
- Crestline Partners
- Davidson Kempner
- Eclipse Fund LP.
- General Catalyst Partners
- Genstar Capital
- Great Hill Partners
- Gridiron Capital
- Insight Equity
- JLL Partners
- Khosla Ventures
- KPS Capital Partners, L.P.
- New Enterprise Associates
- Oak Hill Advisors, L.P.
- Partners Group
- Peak Rock Capital, LLC
- Strategic Value Partners
- Summit Partners
- Sycamore Partners
- Third Rock Ventures
- Vista Equity Partners
- Warburg Pincus, LLC

REAL ASSETS

- Brookfield
- CIM Group
- EQT Partners
- I Squared Capital Advisors, LLC
- LS Power Equity Advisors, LLC
- Quantum Energy Partners
- State Street Global Advisors
- Taurus Fund Management Pty Limited
- Tiger Infrastructure Partners
- Vision Ridge Partners, LLC
- Warburg Pincus Energy, LLC

ABSOLUTE RETURN

- Angelo, Gordon & Co.
- Blackstone Alternative Solutions, LLC
- Blue Owl Capital
- Global Strategy LLC (P/E Investments)
- Lighthouse Strategic Alpha
- Morgan Stanley - Riverview Strategic Alpha

PRIVATE CREDIT

- Ares Management Corporation
- BlackRock
- Blue Owl Capital
- HPS Investment Partners, LLC
- Monroe Capital Management Advisors LLC

INVESTMENT CONSULTANTS

- Abel Noser Solutions – (Trading Cost & Directed Brokerage)
- Callan LLC – (Real Estate Investment)
- Capital Institutional Services – (Third-Party Directed Brokerage Administrator)
- Institutional Shareholder Services – (Proxy Voting)
- Parametric Portfolio Associates LLC (Rebalancing Consultant)
- Verus Advisory, Inc – (General Investment and Private Equity and Alternatives)
- NEPC, LLC (General Investment and Private Equity and Alternatives)

CUSTODIAL AND SECURITIES LENDING BANK

- State Street Bank and Trust Company

Investment Summary

As of December 31, 2024 (Dollars in Thousands)

Investment Asset Class		Fair Value	Percentage of Total Fair Value
Short-Term Investments	$	255,540	2.13%
Domestic Securities		737,932	6.14%
International Securities		794,383	6.61%
Domestic & Int'l Equity Commingled Funds		4,603,370	38.33%
Fixed Income Securities		1,621,713	13.50%
Real Estate - Separate Properties		34,056	0.28%
Real Estate - Commingled Funds		780,273	6.50%
Private Equity		1,145,602	9.54%
Private Credit		305,035	2.54%
Absolute Return		1,000,261	8.33%
Real Return Pool		732,743	6.10%
Total Investments at Fair Value	**$**	**12,010,908**	**100.00%**

This schedule excludes Investment receivable and payable balances as of December 31, 2024.

Brokerage Commissions

For the Year Ended December 31, 2024

Brokerage Firm	Rank		Commissions (in Thousands)	Shares/Par Value Traded (in Thousands)		Commission Per Share
Goldman Sachs + Co LLC	1	$	150	9,221	$	0.016
National Financial Services LLC	2		97	4,488		0.022
UBS Securities LLC	3		79	12,582		0.006
Northern Trust Company	4		76	3,424		0.022
JP Morgan Securities Inc	5		63	2,565		0.025
Citigroup Global Markets Inc.	6		48	7,501		0.006
Instinet LLC	7		38	7,755		0.005
Jefferies International LTD	8		31	2,087		0.015
Liquidnet Inc	9		27	1,965		0.014
CLSA Securities LTD.	10		25	2,949		0.008
Morgan Stanley Co Incorporated	11		25	2,483		0.010
Merrill Lynch International	12		23	5,396		0.004
Joh. Berenberg, Gossler & Co. KG	13		20	137		0.146
Barclays Capital	14		18	1,019		0.018
Virtu Americas LLC.	15		17	867		0.020
BNP Paribas Securities Services	16		16	1,298		0.012
BOFA Securities, Inc.	17		12	768		0.016
Caceis Bank	18		12	1,156		0.010
Citibank N.A.	19		9	2,117		0.004
Cowen and Company, LLC	20		9	1,173		0.008
Top 20 Firms by Commission Dollars			**795**	**70,951**		**0.011**
All Other Brokerage Firms			131	10,993		0.012
Total Brokerage Commissions			**926**	**81,944**		**0.011**
Brokerage Commission Recapture			(8)	-		-
Net Brokerage Commission		**$**	**918**	**81,944**	**$**	**0.011**

Investment Manager Fees

For the Year Ended December 31, 2024 (Dollars in Thousands)

Investment Asset Class		2024
Domestic Equity	$	5,979
International Equity		6,682
Fixed Income		2,302
Real Estate		7,569
Private Equity		19,700
Absolute Return		8,854
Real Assets		6,959
Private Credit		7,350
Cash Overlay		60
Total Investment Manager Fees	**$**	**65,455**

Investment Assets Under Management (Fair Value)

As of December 31, 2024 (Dollars in Thousands)

Investment Asset Class		2024
Domestic Equity	$	3,398,230
International Equity		2,738,307
Fixed Income		1,699,651
Real Estate		814,329
Private Equity		1,145,602
Absolute Return		1,000,261
Real Assets		732,743
Private Credit		305,035
Cash		177,680
Total Investment Assets Under Management	**$**	**12,011,838**

This schedule includes investment receivable and payable balances as of December 31, 2024.

Largest Stock Holdings[1]

As of December 31, 2024 (Dollars in Thousands)

Rank	Shares	Issuer	Fair Value	Percentage of Holdings
1	216,447	NVIDIA CORP	$ 29,067	1.897%
2	67,497	MICROSOFT CORP	28,450	1.857%
3	13,897	SERVICENOW INC	14,732	0.961%
4	66,457	AMAZON.COM INC	14,580	0.952%
5	20,468	ASML HOLDING NV	14,385	0.939%
6	74,753	ALPHABET INC CL C	14,236	0.929%
7	162,753	NOVO NORDISK A/S B	14,107	0.921%
8	99,771	ASTRAZENECA PLC	13,080	0.854%
9	50,913	SAP SE	12,458	0.813%
10	18,699	LVMH MOET HENNESSY LOUIS VUI	12,305	0.803%
Total of Largest Stock Holdings			**167,400**	**10.92%**
Total Stock Holdings			**$ 1,532,315**	**100.00%**

1 The Holdings Schedules pertain to holdings of individual securities; they do not reflect ACERA's investments in commingled funds. A complete list of portfolio holdings is available upon request.

Largest Bond Holdings[1]

As of December 31, 2024 (Dollars in Thousands)

Rank	Shares	Issuer	Maturity Date	Interest Rate	Fair Value	Percentage of Holdings
1	33,550,000	US TREASURY N/B	11/30/2027	3.875%	$ 33,171	2.045%
2	32,375,000	US TREASURY N/B	5/15/2043	3.875%	28,493	1.757%
3	24,650,000	US TREASURY N/B	10/31/2026	4.654%	24,676	1.522%
4	23,175,000	US TREASURY N/B	2/15/2027	4.125%	23,112	1.425%
5	26,350,000	US TREASURY N/B	11/15/2031	1.375%	21,532	1.328%
6	21,800,000	US TREASURY N/B	5/15/2034	4.375%	21,465	1.324%
7	27,375,000	US TREASURY N/B	5/15/2043	2.875%	20,734	1.279%
8	20,275,000	US TREASURY N/B	12/31/2029	3.875%	19,808	1.221%
9	20,100,000	US TREASURY N/B	1/31/2031	4.000%	19,611	1.209%
10	23,125,000	US TREASURY N/B	8/15/2031	1.250%	18,872	1.164%
Total of Largest Bond Holdings					**231,474**	**14.27%**
Total Bond Holdings					**$ 1,621,714**	**100.00%**

1 A complete list of portfolio holdings is available upon request.

Actuarial

Actuary's Certification Letter – Pension Plan

Segal

180 Howard Street
Suite 1100
San Francisco, CA 94105-6147
T 415.263.8200
segalco.com

May 23, 2025

Board of Retirement
Alameda County Employees' Retirement Association
475 14th Street, Suite 1000
Oakland, California 94612-1900

Re: Alameda County Employees' Retirement Association
December 31, 2023 actuarial valuation of the statutory Retirement Plan benefits for funding purposes

Dear Members of the Board:

Segal prepared the December 31, 2023 actuarial valuation of the statutory Retirement Plan benefits of the Alameda County Employees' Retirement Association (ACERA) for funding purposes. We certify that the valuation was performed in accordance with generally accepted actuarial principles and practices and ACERA's funding policy that was adopted by the Board on September 18, 2014 (and revised by the Board on October 21, 2021).* In particular, it is our understanding that the assumptions and methods used for funding purposes meet the parameters set by Actuarial Standards of Practice (ASOPs). (A discussion of the assumptions and methods used in the separate December 31, 2024 actuarial valuation for financial reporting purposes under Governmental Accounting Standards Board (GASB) Statement No. 67 is presented at the end of this letter.)

December 31, 2023 actuarial valuation for funding purposes

Actuarial valuations are performed on an annual basis with the last valuation completed as of December 31, 2023. The actuarial calculations presented in the valuation report have been made on a basis consistent with our understanding of the historical funding methods used in determination of the liability for statutory retirement benefits.

The December 31, 2023 actuarial valuation is based on the plan of benefits verified by ACERA and on participant and financial data provided by ACERA. Segal conducted an examination of all participant data for reasonableness and we concluded that it was reasonable and consistent with the prior year's data. Summaries of the employee data used in performing the actuarial valuations over the past several years are provided in our valuation report.

We did not audit the Association's financial statements. For actuarial valuation purposes, Retirement Plan assets are valued at actuarial value. Under this method, the assets used to determine employer contribution rates take into account fair (or market) value by recognizing the

* The October 2021 changes were reflected in the December 31, 2021 actuarial valuation.

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Board of Retirement
Alameda County Employees' Retirement Association
May 23, 2025
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differences between the total return at fair value and the expected investment return over 10 six-month periods.

One funding objective of the Plan is to establish rates, which, over time, will remain level as a percentage of payroll unless Plan benefit provisions are changed. Actuarial funding is based on the Entry Age Cost Method. Under this method, the employer contribution rate provides for current cost (normal cost) plus a level percentage of payroll to amortize any unfunded actuarial accrued liability (UAAL). With the exception of the UAAL for the Alameda County Office of Education (ACOE), the UAAL is amortized as a level percentage of payroll using a layered approach. 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 5-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. For ACOE, their UAAL is amortized as a level dollar amount under the declining employer payroll policy. The Voluntary County Safety UAAL Contributions are amortized over a 13-year period effective July 1, 2021. The Voluntary Livermore Area Recreation and Park District (LARPD) General UAAL Contributions are amortized over a 16-year period effective July 1, 2021. Effective December 31, 2023, the existing LARPD General UAAL layers are amortized over 13.5 years.[1] The progress being made towards meeting the funding objective through December 31, 2023 is illustrated in the Schedule of Funding Progress.

Segal prepared all of the supporting schedules in the Actuarial Section of the Association's Annual Comprehensive Financial Report ("Annual Report" or ACFR) based on the results of the December 31, 2023 actuarial valuation for funding purposes. A listing of the supporting schedules related to the statutory retirement plan benefits that Segal prepared for inclusion in the Actuarial and Statistical Sections of the Association's Annual Report is provided below. ACERA's staff prepared the remaining trend data schedules in the Statistical Section.

Actuarial Section (for funding purposes)

- Exhibit 1: Schedule of Active Member Valuation Data;[2]
- Exhibit 2: Retirees and Beneficiaries Added to and Removed from Retiree Payroll;[2]
- Exhibit 3: Schedule of Funded Liabilities by Type;
- Exhibit 4: Actuarial Analysis of Financial Experience by Plan Year;
- Exhibit 5: Schedule of Funding Progress;

[1] The LARPD General cost sharing group has a surplus of $451,000 on a valuation value of assets (VVA) basis as of December 31, 2023. In order to calculate the proper offset available to LARPD from the LARPD General UAAL Advance Reserve, we have amortized the new LARPD experience loss, assumption change, and plan change layers over 13.5 years so that they will have the same amortization period as the LARPD General UAAL Advance Reserve (13.5 years remaining as of December 31, 2023).

[2] As permitted by the Actuarial Standard of Practice No. 4 (Measuring Pension Obligations), Segal has utilized participant data provided by ACERA as of November 30, 2023 with age and years of service adjusted to December 31, 2023 in calculating the liabilities for the December 31, 2023 valuation.

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Segal

Board of Retirement
Alameda County Employees' Retirement Association
May 23, 2025
Page 3

Statistical Section (for funding purposes)

- Exhibit 6: Schedule of Average Benefit Payments for Retirees and Beneficiaries;[1]
- Exhibit 7: Schedule of Participating Employers and Active Members Statistics;[1]
- Exhibit 8: Schedule of Benefit Expenses by Type;[1]
- Exhibit 9: Schedule of Retired Members by Type of Benefit and Option Selected;[1] and
- Exhibit 10: Employer Contribution Rates.

Actuarial assumptions for funding valuation

The non-economic valuation assumptions included in the Actuarial Section were adopted by the Retirement Board based on our recommendations following the November 30, 2022 Experience Analysis. The Board adopted a 7.00% investment return assumption for the December 31, 2023 valuation. The other changes in economic assumptions were documented in our November 30, 2022 Actuarial Experience Study report.

As we disclosed in our December 31, 2023 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 was 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%.

As required by the Actuarial Standard of Practice (ASOP) No. 4 ("Measuring Pension Obligations and Determining Pension Plan Costs or Contributions"), we performed a stochastic model, as detailed in our November 30, 2022 Experience Study report, to estimate the impact of the 50% allocation of future excess earnings to the SRBR. 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 funding valuation) that would average approximately 0.75%[2] of assets over time. For informational purposes only, when we applied the results of our stochastic model to this valuation, we estimated that such an annual outflow would increase the actuarial accrued liability (AAL) measured in this valuation using a 7.00% investment return assumption from $11.75 billion to $12.83 billion (for a difference of $1.08 billion) and would increase the employer's contribution rate by about 5.5%–6.0% of payroll.[3]

[1] As permitted by the Actuarial Standard of Practice No. 4 (Measuring Pension Obligations), Segal has utilized participant data provided by ACERA as of November 30, 2023 with age and years of service adjusted to December 31, 2023 in calculating the liabilities for the December 31, 2023 valuation.

[2] In estimating the impact of any future 50/50 excess earnings allocation, we have not included the deferred investment gains/losses available as of the date of the valuation. We believe that the determination of the 0.75% average outflow should provide the stakeholders with information about the long-term effect of the 50/50 excess earnings allocation and therefore should not be unduly affected by the short-term fluctuation in the 50/50 excess earnings allocation due to the actual deferred investment gains/losses available as of the valuation date.

[3] For employers with active member payroll.

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Segal

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Alameda County Employees' Retirement Association
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It is our opinion that the assumptions used in the December 31, 2023 valuation produce results, which, in aggregate, reflect the future experience of the statutory Retirement Plan. An experience analysis is performed every three years, and the actuarial assumptions adopted by the Board resulting from the experience analysis performed as of November 30, 2022 first became effective in the valuation as of December 31, 2023. The next experience analysis is due to be performed in late 2026, and the assumptions adopted from that study would first become effective in the valuation as of December 31, 2026.

Valuation results

In the December 31, 2023 valuation, the ratio of the valuation assets to actuarial accrued liabilities (funded percentage) increased from 86.9% to 88.0%. The average employer rate* decreased from 23.72% of payroll to 23.54% of payroll, while the average employees' rate decreased from 10.08% of payroll to 9.87% of payroll. The increase in the funded percentage was primarily due to changes in actuarial assumptions and other experience gains, offset somewhat by an investment return on the valuation value (i.e., after asset smoothing) less than the assumed rate of 7.00% used in the December 31, 2022 valuation, individual salary increases greater than expected and change in plan provision (related to optional settlement 2 election). The decrease in the average employer contribution rate was primarily due to the changes in actuarial assumptions and amortizing the prior year's UAAL over a larger than expected total projected payroll. That decrease was offset to some degree by an investment return on the valuation value (i.e., after asset smoothing) less than the assumed rate of 7.00% used in the December 31, 2022 valuation, the change in plan provision, and individual salary increases greater than expected.

Under the actuarial value of assets method, the total unrecognized net investment loss as of December 31, 2023 is $292.8 million. This net investment loss will be recognized in the determination of the actuarial value of assets for funding purposes in the next few years, and will offset any investment gains that may occur after December 31, 2023. This implies that if the Association earns the assumed net rate of investment return of 7.00% per year on a fair value basis, it will result in investment losses on the actuarial value of assets in the next few years. So, if the actual market return is equal to the assumed 7.00% rate and all other actuarial assumptions are met, the contribution requirements would generally increase in the next few years.

The net deferred loss of $292.8 million represents 2.6% of the fair value of assets as of December 31, 2023. Unless offset by future investment gains or other favorable experience, the recognition of the $292.8 million deferred market loss is expected to have an impact on the Association's future funded percentage and contribution rate requirements. Under an approach which takes into account the size of the valuation and the SRBR reserves, this potential impact may be illustrated as follows:

- If a proportion of the net deferred loss that is commensurate with the size of the valuation reserves were recognized immediately in the valuation value of assets, the funded percentage would decrease from 88.0% to 86.1%.

* For employers with active member payroll.

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Segal

Board of Retirement
Alameda County Employees' Retirement Association
May 23, 2025
Page 5

- If a proportion of the net deferred loss that is commensurate with the size of the valuation reserves were recognized immediately in the valuation value of assets, the average employer rate[1] would increase from 23.54% to about 24.8% of payroll.

To the best of our knowledge, the December 31, 2023 funding valuation report is complete and accurate and in our opinion presents the Plan's current funding information.

December 31, 2024 GASB Statement No. 67 actuarial valuation for financial reporting purposes

Segal also prepared the December 31, 2024 GASB Statement No. 67 actuarial valuation for financial reporting purposes. The valuation was performed in order to comply with GASB Statement No. 67 and we certify that the assumptions and methods used for financial reporting purposes meet the parameters set by ASOPs and our understanding of generally accepted accounting principles (GAAP) applicable in the United States of America as promulgated by GASB. The GASB rules only define pension liability and expense for financial reporting purposes, and do not apply to contribution amounts for pension funding purposes.

When measuring pension liability, GASB 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 Total Pension Liability (TPL) measure for financial reporting is determined on generally the same basis as ACERA's AAL measure for funding. 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 a UAAL calculated on a fair value basis.

As stated in the funding valuation subsection herein entitled actuarial assumptions for funding valuation, the investment return assumption used in the funding valuation excludes the impact of any future 50/50 excess earnings allocation to the SRBR. For the December 31, 2023 funding valuation, the investment return assumption adopted by the Board was 7.00%, as noted earlier. For the December 31, 2024 funding valuation, the Board carried forward the 7.00% investment return assumption, and that assumption was also used for the December 31, 2024 GASB 67 valuation discussed in this section. In order to estimate the impact of the 50% allocation of future excess earnings to the SRBR for the December 31, 2024 valuation, we used our stochastic model, and the results of our model indicated that the 50% allocation 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. For financial reporting purposes, we have taken the 0.75% "outflow" and incorporated that into our GASB crossover test (Appendix A in the GASB Statement No. 67 valuation report)[2] 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

[1] For employers with active member payroll.

[2] 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 in the GASB Statement No. 67 valuation 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.

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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.)

The NPLs measured as of December 31, 2024 and 2023 were determined by rolling forward the TPLs as of December 31, 2023 and December 31, 2022 (calculated under the new actuarial assumptions and plan provisions effective for the December 31, 2023 valuation), respectively. The TPL for the funded benefits is $12,185.9 million as of December 31, 2024, which was calculated by rolling forward the AAL for the funded benefits as of December 31, 2023. Similar to last year, we have included in the total TPL as of December 31, 2024 the non-OPEB SRBR **unlimited** AAL of $211.3 million related to the non-vested Supplemental COLA and retired member death benefit, which was calculated by rolling forward the non-OPEB SRBR unlimited AAL as of December 31, 2023.

It should be noted that as of December 31, 2024, the deferred investment loss for the entire Plan was $82.6 million. After offsetting this loss by the balance in the Contingency Reserve, the residual loss was $51.3 million. Generally speaking, the proportionate share of the net deferred investment loss as of December 31, 2024 for the Pension Plan was equal to $47.8 million, and in calculating the Plan FNP we have adjusted the Pension Plan's valuation value of assets of $10,863.3 million in the funding valuation to reflect that amount. The Plan FNP related to the funded benefit is $10,815.5 million as of December 31, 2024.

We have continued the practice of adjusting the Plan FNP as of December 31, 2024 to include the $117.6 million set aside by the Retirement Board in the SRBR reserve to pay non-OPEB SRBR as of December 31, 2024.* We have subtracted from the Plan FNP the proportionate share of the net deferred investment loss that is commensurate with the size of the non-OPEB SRBR reserve, or $0.3 million. The net effect of the adjustments to the Plan FNP as of December 31, 2024 for non-OPEB SRBR benefits was an addition of $117.3 million.

The $1,370.4 million difference between the $12,185.9 million of TPL for the funded benefits and the net $10,815.5 million of Plan FNP related to the funded benefit as of December 31, 2024 represents the NPL attributable to the funded benefits. The $94.0 million difference between the $211.3 million added to the TPL and the net $117.3 million added to the Plan FNP as of December 31, 2024 represents the NPL attributable to the non-OPEB SRBR benefits. The total NPL as of December 31, 2024 is therefore $1,464.4 million.

Note number 5 to the Basic Financial Statements and the Required Supplementary Information included in the Financial Section of the Annual Report were prepared by the Association based on the results of the GASB Statement No. 67 actuarial valuation as of December 31, 2024 prepared by Segal.

This document has been prepared for the exclusive use and benefit of the Board of Retirement of the Alameda County Employees' Retirement Association, 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

* 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.

Segal

Board of Retirement
Alameda County Employees' Retirement Association
May 23, 2025
Page 7

does not guarantee any particular outcome or result. This document should only be copied, reproduced or shared with other parties in its entirety for the proper administration of the Plan. This document does not constitute legal, tax, accounting, 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 undersigned are members of the American Academy of Actuaries and meet the qualification requirements to render the actuarial opinion contained herein.

Sincerely,

Andy Yeung, ASA, MAAA, FCA, EA
Vice President and Actuary

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

ST/elf
Enclosures

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Segal

Actuary's Certification Letter – SRBR

Segal

180 Howard Street
Suite 1100
San Francisco, CA 94105-6147
T 415.263.8200
segalco.com

May 23, 2025

Board of Retirement
Alameda County Employees' Retirement Association
475 14th Street, Suite 1000
Oakland, California 94612-1900

Re: Alameda County Employees' Retirement Association
December 31, 2023 actuarial valuation of the discretionary SRBR benefits for sufficiency purposes

Dear Members of the Board:

Segal prepared the December 31, 2023 actuarial valuation of the discretionary benefits provided through the Supplemental Retiree Benefits Reserve (SRBR) of the Alameda County Employees' Retirement Association (ACERA) for sufficiency purposes. We certify that the valuation was performed in accordance with generally accepted actuarial principles and practices. In particular, it is our understanding that the assumptions and methods used for sufficiency purposes with regard to the Other Postemployment Benefits (OPEB) and non-OPEB benefits provided by the SRBR meet the parameters set by Actuarial Standards of Practice (ASOPs).

A discussion of the assumptions and methods used in the separate December 31, 2024 actuarial valuation for financial reporting purposes under GASB Statement No. 74 for the discretionary OPEB benefits provided by the SRBR is presented on page 4 of this letter. In addition, we have also provided a discussion of the assumptions and methods used for financial reporting purposes under GASB Statement No. 67 for the statutory Retirement Plan benefits and the discretionary non-OPEB benefits provided by the SRBR at the end of our actuarial certification letter pertaining to the statutory Retirement Plan benefits dated May 23, 2025. The pertinent GASB Statement No. 67 information from that letter pertaining to the non-OPEB benefits provided by the SRBR is also provided herein.

December 31, 2023 actuarial valuation for sufficiency purposes

Actuarial valuations are performed on an annual basis with the last valuation completed as of December 31, 2023. The actuarial calculations were based upon the benefits provided under the terms of the substantive plan in effect at the time of the December 31, 2023 valuation. The December 31, 2023 actuarial valuation is based on the plan of benefits verified by ACERA and on participant, premium, and financial data provided by ACERA. Segal conducted an examination of all participant data for reasonableness and we concluded that it was reasonable and consistent with the prior year's data. A summary of the average OPEB for new retired members, by years of service, is attached as Exhibit 4.

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Board of Retirement
Alameda County Employees' Retirement Association
May 23, 2025
Page 2

We did not audit the Association's financial statements. For the actuarial valuation for sufficiency purposes, SRBR assets are valued at actuarial value. Under this method, the assets used to determine the liabilities of the SRBR and the number of years the SRBR can continue to pay its current level of benefits (i.e., the sufficiency) take into account fair value by recognizing the differences between the total return at fair value and the expected investment return over 10 six-month periods. It should be noted that under the actuarial value of assets method, the total unrecognized net investment loss as of December 31, 2023 is $292.8 million. This net investment loss will be recognized in the determination of the actuarial value of assets in the next few years (i.e., deferred), and it will offset any investment gains that may occur after December 31, 2023.

The discretionary benefits provided through the SRBR include OPEB and non-OPEB. Benefits classified under OPEB include postretirement medical, dental, and vision benefits. Benefits classified under non-OPEB include supplemental COLAs and retired member death benefits.

For valuation purposes, the total cost of providing future postemployment benefits is projected, using actuarial assumptions that are common for both the statutory retirement and the discretionary SRBR benefits (e.g. turnover, mortality, disability, retirement, etc.), and assumptions that are unique to the discretionary SRBR OPEB (e.g., health care trend assumptions, etc.). The liabilities associated with providing non-OPEB SRBR benefits are disclosed together with the statutory Retirement Plan benefits under GASB 67. The liabilities associated with providing OPEB SRBR benefits are disclosed under GASB 74.

Based on the actuarial value of assets available as of December 31, 2023, the SRBR would only be able to pay benefits until 2048 for OPEB and until 2047 for non-OPEB. As noted above, the Association had deferred investment losses of $292.8 million that were not yet recognized in determining the combined actuarial value of assets for the Retirement Plan and the SRBR Plan as of December 31, 2023. The deferred losses of $292.8 million represent 2.6% of the fair value of assets as of December 31, 2023, and when recognized will decrease the rate of return on the actuarial value of assets over the next few years, which may shorten the sufficiency period of the SRBR.

Segal prepared all of the supporting schedules in the actuarial section of the Association's Annual Comprehensive Financial Report ("Annual Report" or ACFR) based on the results of the December 31, 2023 actuarial valuation for sufficiency purposes. A listing of the supporting schedules related to the discretionary SRBR benefits that Segal prepared for inclusion in the actuarial and statistical sections of the Association's Annual Report is provided below. ACERA's staff prepared the remaining trend data schedules in the statistical section.

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Segal

Board of Retirement
Alameda County Employees' Retirement Association
May 23, 2025
Page 3

Actuarial Section (for sufficiency purposes)

- Exhibit 1: Schedule of Active Member Valuation Data;*
- Exhibit 2: Retirees Added to and Removed from OPEB Payroll;*
- Exhibit 3: Member Benefit Coverage Information (OPEB) and Schedule of Funded Liabilities by Type (non-OPEB); and

Statistical Section (for sufficiency purposes)

- Exhibit 4: Schedule of Average Other Postemployment Benefits (OPEB) By Years of Service.

The non-economic valuation assumptions included in the Actuarial Section were adopted by the Retirement Board based on our recommendations following the November 30, 2022 Experience Analysis and specific health care related assumptions recommended for the December 31, 2023 SRBR valuation. The Board adopted a 7.00% investment return assumption for the December 31, 2023 valuation. The other changes in economic assumptions were documented in our November 30, 2022 Actuarial Experience Study report. Note that the investment return assumption for sufficiency purposes was developed without taking into consideration the impact of the 50/50 excess earnings allocation between the statutory retirement and SRBR asset pools.

The actuarial assumptions common to both the statutory retirement and discretionary SRBR benefits are provided in the Actuarial Section. Additional assumptions specific to the OPEB are included as an attachment to this letter (Schedule of Actuarial Assumptions). It is our opinion that the assumptions used in the December 31, 2023 valuation produce results, which, in aggregate, reflect the future experience of the SRBR. An experience analysis is performed every three years, and the actuarial assumptions adopted by the Board resulting from the experience analysis performed as of November 30, 2022 first became effective in the valuation as of December 31, 2023. The next experience analysis is due to be performed in late 2026, and the assumptions adopted from that study would first become effective in the valuation as of December 31, 2026.

To the best of our knowledge, the December 31, 2023 valuation report is complete and accurate and in our opinion presents the Plan's current sufficiency information.

* As permitted by the Actuarial Standard of Practice No. 4 (Measuring Pension Obligations), Segal has utilized participant data provided by ACERA as of November 30, 2023 with age and years of service adjusted to December 31, 2023 in calculating the liabilities for the December 31, 2023 valuation.

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December 31, 2024 GASB Statement No. 74 actuarial valuation for financial reporting purposes for the discretionary OPEB benefits provided by the SRBR

Segal also prepared the December 31, 2024 GASB Statement No. 74 actuarial valuation for financial reporting purposes, which included information for the OPEB benefits payable from the SRBR. The valuation was performed in order to comply with GASB Statement No. 74 and we certify that the assumptions and methods used for financial reporting purposes meet the parameters set by ASOPs and our understanding of generally accepted accounting principles applicable in the United States of America as promulgated by the GASB. For the December 31, 2023 SRBR sufficiency valuation, the investment return assumption adopted by the Board was 7.00%, as noted earlier. For the December 31, 2024 GASB Statement No. 74 (OPEB) and Statement No. 67 (non-OPEB) financial reporting valuations, the Board carried forward the use of a 7.00% investment return assumption resulting from the November 30, 2022 experience analysis. In addition, the results of the December 31, 2024 GASB Statement No. 74 valuation reflect the health care cost trend assumptions recommended for the sufficiency study for the SRBR as of December 31, 2024, which were provided in our letter dated March 21, 2025.

The Total OPEB Liability (TOL) measured as of December 31, 2024 of $1.331 billion has been determined by rolling forward the liability results used in determining the sufficiency of the SRBR to provide medical, dental, and vision subsidy benefits as of December 31, 2023.* That TOL has been adjusted to reflect the health care cost trend assumptions recommended for the sufficiency study for the SRBR as of December 31, 2024 (reference: our letter dated March 21, 2025). The changes in health care cost trend assumptions from the December 31, 2023 sufficiency of the SRBR OPEB valuation to the December 31, 2024 GAS 74 valuation reflect the actual Medicare Part B premium increase of 5.90% from calendar year 2024 to 2025. For the non-Medicare plans, we updated the first-year trend rate to 7.75% in 2025, graded down by 0.25% each year for 13 years until reaching an ultimate rate of 4.50%. For the Medicare plans, we updated the first-year trend rate to 7.50% in 2025, graded down by 0.25% each year until reaching an ultimate rate of 4.50% after 12 years. Medicare Part B trend was increased to 6.20% for calendar years 2025 through 2033, 5.75% for calendar year 2034, then graded down by 0.25% per year until the ultimate trend rate of 4.50% is reached in 2039. The dental trend rates were updated to 6.00%, then decreased to 5.00% and 4.50% before reaching an ultimate rate of 4.00%. Vision trend was lowered from 4.00% to 3.00%.

We have also continued the practice of adjusting the Plan Fiduciary Net Position of $1.102 billion as of December 31, 2024 to include the $1.105 billion set aside by the Retirement Board in the SRBR reserve to pay OPEB benefits as of December 31, 2024. This includes $1.094 billion in the OPEB-related SRBR reserve (after reducing the reserve by the $2.5 million SRBR implicit subsidy transfer), and $10.5 million in the 401(h) reserve. It should be noted that

* When measuring OPEB liability, GASB uses the same actuarial cost method (Entry Age) and, for benefits that are being fully funded on an actuarial basis, the same type of discount rate (expected return on assets) as ACERA uses for funding. See discussions on page 7 of the December 31, 2024 GASB Statement No. 74 actuarial valuation regarding the source of funding for payment of OPEB SRBR benefits not covered by current OPEB Plan Fiduciary Net Position in the SRBR.

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as of December 31, 2024, the deferred investment loss for the entire Plan was $82.6 million. After offsetting this loss by the balance in the Contingency Reserve, the residual loss was $51.3 million. Generally speaking, we have subtracted from the Plan Fiduciary Net Position the proportionate share of the net deferred investment loss that is commensurate with the size of the OPEB SRBR reserve, or $3.2 million (which will cause the future interest crediting rate to the SRBR reserve to drop below 7.00% per year).

Note number 7 to the Basic Financial Statements and the Required Supplementary Information included in the Financial Section of the Annual Report were prepared by the Association based on the results of the GASB Statement No. 74 actuarial valuation as of December 31, 2024 prepared by Segal.

December 31, 2024 GASB Statement No. 67 actuarial valuation for financial reporting purposes for the discretionary Non-OPEB benefits provided by the SRBR

As noted in our actuarial certification letter for the statutory Retirement Plan benefits dated May 23, 2025, Segal also prepared the December 31, 2024 GASB Statement No. 67 actuarial valuation for financial reporting purposes, which included information for the non-OPEB benefits payable from the SRBR. The valuation was performed in order to comply with GASB Statement No. 67 and we certify that the assumptions and methods used for financial reporting purposes meet the parameters set by ASOPs and our understanding of generally accepted accounting principles applicable in the United States of America as promulgated by the GASB.

For the statutory Retirement Plan benefits, the Net Pension Liabilities (NPLs) measured as of December 31, 2024 and 2023 were determined by rolling forward the Total Pension Liabilities (TPLs) as of December 31, 2023 and December 31, 2022 (calculated under the new actuarial assumptions and plan provisions effective for the December 31, 2023 valuation), respectively.* The TPL for the statutory funded benefits is $12,185.9 million as of December 31, 2024, which was calculated by rolling forward the actuarial accrued liability (AAL) for the funded benefits as of December 31, 2023. Similar to last year, we have included in the total TPL as of December 31, 2024 the non-OPEB SRBR **unlimited** AAL of $211.3 million related to the non-vested Supplemental COLA and retired member death benefit, which was calculated by rolling forward the non-OPEB SRBR unlimited AAL as of December 31, 2023.

It should be noted that as of December 31, 2024, the deferred investment loss for the entire Plan was $82.6 million. After offsetting this loss by the balance in the Contingency Reserve, the residual loss was $51.3 million. Generally speaking, the proportionate share of the net deferred investment loss as of December 31, 2024 for the Pension Plan was equal to $47.8 million, and in calculating the Plan Fiduciary Net Position (FNP) we have adjusted the Pension Plan's

* When measuring pension liability, GASB uses the same actuarial cost method (Entry Age) and the same type of discount rate (expected return on assets) as ACERA uses for funding of the statutory Retirement Plan benefits.

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valuation value of assets of $10,863.3 million in the funding valuation to reflect that amount. The Plan FNP related to the funded benefit is $10,815.5 million as of December 31, 2024.

We have continued the practice of adjusting the Plan FNP as of December 31, 2024 to include the $117.6 million set aside by the Retirement Board in the SRBR reserve to pay non-OPEB SRBR as of December 31, 2024.* We have subtracted from the Plan FNP the proportionate share of the net deferred investment loss that is commensurate with the size of the non-OPEB SRBR reserve, or $0.3 million. The net effect of the adjustments to the Plan FNP as of December 31, 2024 for non-OPEB SRBR benefits was an addition of $117.3 million.

The $1,370.4 million difference between the $12,185.9 million of TPL for the funded benefits and the net $10,815.5 million of Plan FNP related to the funded benefit as of December 31, 2024 represents the NPL attributable to the funded benefits. The $94.0 million difference between the $211.3 million added to the TPL and the net $117.3 million added to the Plan FNP as of December 31, 2024 represents the NPL attributable to the non-OPEB SRBR benefits. The total NPL as of December 31, 2023 is therefore $1,464.4 million.

Note number 5 to the Basic Financial Statements and the Required Supplementary Information included in the Financial Section of the Annual Report were prepared by the Association based on the results of the GASB Statement No. 67 actuarial valuation as of December 31, 2024 prepared by Segal.

This document has been prepared for the exclusive use and benefit of the Board of Retirement of the Alameda County Employees' Retirement Association, 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 for the proper administration of the Plan. This document does not constitute legal, tax, accounting, 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.

* 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.

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The undersigned are members of the American Academy of Actuaries and meet the qualification requirements to render the actuarial opinion contained herein.

Sincerely,

Andy Yeung, ASA, MAAA, FCA, EA
Vice President and Actuary

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

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

ST/elf
Enclosures

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Summary of Actuarial Assumptions and Methods

Assumptions For Pension Plan

The following assumptions have been adopted by the Board of Retirement for the December 31, 2023, valuation based on the November 30, 2022, triennial experience study.

Summary of Assumptions

Actuarial Assumed Interest Rate	7.00%
Inflation Rate	2.50%
Payroll Growth Increase	3.00%
Projected Salary Increases	
General:	8.00% to 3.45%
Safety:	11.40% to 4.00%
These rates include inflation and real across-the-board salary increases.	
Retiree Cost-of-Living Adjustment (Basic)	
for Tier 1 and 3 members:	2.75%
for Tier 2 and 4 members:	2.00%
Employee Contribution Crediting Rate	7.00%

Net Investment Return

For valuation purposes, the assumed rate of return on the valuation value of assets was 7.00%, net of administration and investment expenses.

Employee Contribution Crediting Rate

7.00%, compounded semi-annually, subject to the availability of net earnings. ACERA operates under the Alternate Financial Provisions of Article 5.5 of the 1937 Act. The employee contribution crediting rate is the assumed actuarial investment rate of return to the extent that "net earnings" as defined in Article 5.5 are available. In addition, whenever there is a remaining balance of "net earnings", after all other required crediting, a portion of that remaining balance is also credited, as described in Article 5.5.

Actuarial Value of Assets

The Actuarial Value of Assets is determined by taking Market Value of Assets (MVA) less unrecognized returns in each of the last ten six-month interest crediting periods. Unrecognized returns are equal to the difference between the actual market return and the expected return on the market value, and are recognized semi-annually over a five-year period. The actuarial value of assets (AVA) is limited by a 40% corridor; the AVA cannot be less than 60% of MVA, nor greater than 140% of MVA.

Post-Retirement Mortality

The actuarial valuation uses the Pub-2010 General Healthy Retiree Amount-Weighted Above-Median

Mortality Tables (separate tables for males and females) for healthy General, beneficiaries not currently in pay status and for General member contribution rates, projected generationally with two-dimensional mortality improvement scale MP-2021, adjusted as shown below. The Pub-2010 Safety Healthy Retiree Amount-Weighted Above-Median Mortality Tables (separate tables for males and females) for healthy Safety and for Safety member contribution rates, projected generationally with two-dimensional mortality improvement scale MP-2021, are adjusted as shown below.

The Pub-2010 Non-Safety and Safety Disabled Retiree Amount-Weighted Mortality Tables (separate tables for males and females) for disabled General and Safety retirees, respectively, projected generationally with the two-dimensional mortality improvement scale MP-2021 are adjusted as shown below.

The Pub-2010 General Contingent Survivor Amount-Weighted Above-Median Mortality Tables (separate tables for males and females) for beneficiaries currently in pay status, projected generationally with the two-dimensional mortality improvement scale MP-2021 are adjusted as shown below.

The Pub-2010 mortality tables and adjustments as shown below reasonably reflect the mortality experience as of measurement date. These mortality tables were adjusted to future years using the generational projection to reflect future mortality improvement between the measurement date and those years.

(A) HEALTHY	
General Members	No adjustments.
Safety Members	With rates increased by 5% for males and unadjusted for females.
(B) DISABILITY	
General Members	With rates unadjusted for males and decreased by 10% for females.
Safety Members	With rates increased by 5% for males and unadjusted for females.
(C) BENEFICIARIES	
Beneficiaries Not Currently in Pay Status	No adjustments.
Beneficiaries Currently in Pay Status	With rates increased by 5% for males and unadjusted for females.
(D) FOR MEMBER CONTRIBUTION RATE PURPOSES	
General Members	Projected 30 years (from 2010) with two-dimensional mortality improvement Scale MP-2021, weighted 30% male and 70% female.
Safety Members	With rates increased by 5% for males, projected 30 years (from 2010) with two-dimensional mortality improvement Scale MP-2021, weighted 75% male and 25% female.

Assumed Retirement and Termination Rates

The rates shown for each cause represent the likelihood that a given member will terminate at a particular age or with the particular service for the indicated reason. For example, if the rate of retirement for a General Tier 1 member age 50 is 2.00, then it is assumed that 2.00 percent of the General Tier 1 members in this age bracket will receive service retirement during the year.

The following schedule indicates the assumed retirement rates.

Assumed Retirement Rates - General

	Rates (%)[1]					
Age	Tier 1	Tier 2 Less Than 30 Years of Service	Tier 2 30 or More Years of Service	Tier 3	Tier 4 Less Than 30 Years of Service	Tier 4 30 or More Years of Service
50	2.00	1.50	3.00	10.00	0.00	0.00
51	4.00	1.50	3.00	10.00	0.00	0.00
52	4.00	2.00	3.00	10.00	3.00	3.00
53	5.00	2.00	3.00	10.00	2.00	2.00
54	5.00	2.50	3.00	10.00	2.00	2.00
55	6.00	3.00	5.00	12.00	2.00	5.00
56	10.00	3.50	5.00	14.00	2.00	2.50
57	14.00	4.00	5.00	16.00	2.00	3.50
58	14.00	4.50	7.00	18.00	4.00	4.00
59	14.00	5.00	10.00	20.00	4.00	4.50
60	25.00	7.50	12.00	20.00	4.00	5.00
61	25.00	9.50	12.00	20.00	4.00	5.00
62	30.00	15.00	23.00	30.00	12.00	18.00
63	26.00	15.00	25.00	25.00	12.00	15.00
64	26.00	17.00	28.00	25.00	12.00	17.00
65	26.00	27.00	35.00	50.00	23.00	25.00
66	26.00	27.00	35.00	50.00	23.00	30.00
67	26.00	27.00	35.00	50.00	23.00	30.00
68	26.00	30.00	35.00	50.00	23.00	30.00
69	31.00	30.00	35.00	50.00	20.00	30.00
70	36.00	30.00	30.00	60.00	20.00	25.00
71	36.00	30.00	30.00	60.00	20.00	25.00
72	36.00	30.00	30.00	60.00	20.00	25.00
73	36.00	30.00	30.00	60.00	20.00	25.00
74	36.00	30.00	30.00	60.00	20.00	25.00
75 & Over	100.00	100.00	100.00	100.00	100.00	100.00

1 The retirement rates only apply to members that are eligible to retire at the age shown.

Assumed Retirement Rates - Safety

	Rates (%)[1]					
Age	Tier 1[2]	Tier 2, 2D Less Than 30 Years of Service	Tier 2, 2D 30 or More Years of Service	Tier 2C[2]	Tier 4 Less Than 30 Years of Service	Tier 4 30 or More Years of Service
45	0.00	2.00	0.00	0.00	0.00	0.00
46	0.00	2.00	0.00	0.00	0.00	0.00
47	0.00	2.00	0.00	0.00	0.00	0.00
48	0.00	4.00	0.00	0.00	0.00	0.00
49	0.00	10.00	18.00	0.00	0.00	0.00
50	35.00	14.00	18.00	4.00	4.00	4.00
51	30.00	10.00	24.00	2.00	2.00	2.00
52	25.00	10.00	24.00	2.00	2.00	2.00
53	35.00	10.00	25.00	3.00	3.00	3.00
54	45.00	11.00	27.00	6.00	6.00	6.00
55	45.00	11.00	29.00	10.00	10.00	10.00
56	45.00	12.00	32.00	12.00	12.00	12.00
57	45.00	12.00	32.00	20.00	20.00	20.00
58	45.00	14.00	37.00	10.00	10.00	10.00
59	45.00	14.00	37.00	15.00	15.00	15.00
60	45.00	30.00	37.00	40.00	40.00	60.00
61	45.00	30.00	37.00	40.00	40.00	60.00
62	45.00	30.00	37.00	40.00	40.00	60.00
63	45.00	30.00	37.00	40.00	40.00	60.00
64	45.00	30.00	37.00	40.00	40.00	60.00
65 & Over	100.00	100.00	100.00	100.00	100.00	100.00

1 The retirement rates only apply to members that are eligible to retire at the age shown.

2 For Safety Tiers 1 and 2C, the retirement rate is 100% after a member accrues a benefit of 100% of final average earnings.

Assumed Termination Rates Before Retirement

The following schedules indicate the assumed rates before retirement for disability, termination, and mortality.

Disability

	Rate (%)	
Age	General[1]	Safety[2]
20	0.00	0.00
25	0.01	0.03
30	0.02	0.38
35	0.05	0.96
40	0.08	1.50
45	0.13	1.70
50	0.21	2.33
55	0.31	3.62
60	0.35	4.44
65	0.44	0.00
70	0.62	0.00

1 70% of General disabilities are assumed to be service connected disabilities. The other 30% are assumed to be non-service connected disabilities.

2 100% of Safety disabilities are assumed to be service connected disabilities.

Termination Rate (%)

Years of Service[1]	General	Safety
Less than 1	12.25	5.20
1-2	9.25	4.20
2-3	8.00	4.20
3-4	6.25	4.00
4-5	6.25	4.00
5-6	6.25	4.00
6-7	5.75	4.00
7-8	5.00	2.40
8-12	4.00	2.00
12-15	3.25	2.00
15-16	3.25	1.50
16-17	3.00	1.40
17-18	3.00	1.30
18-19	3.00	1.20
19-20	2.75	1.10
20 or more	2.75	1.00

1 For members with less than five years of service, 55% of all terminated members are assumed to choose a refund of contribution and the other 45% are assumed to choose a deferred vested benefit. For members with five or more years of service, 25% of all terminated members are assumed to choose a refund of contributions and the other 75% are assumed to choose a deferred vested benefit. No termination is assumed after a member is eligible for retirement.

Mortality[1]

	Rate (%)			
	General[2]		Safety[2]	
Age	Male	Female	Male	Female
20	0.04	0.01	0.04	0.01
25	0.02	0.01	0.03	0.02
30	0.03	0.01	0.04	0.02
35	0.04	0.02	0.04	0.03
40	0.06	0.03	0.05	0.04
45	0.09	0.05	0.07	0.06
50	0.13	0.08	0.10	0.08
55	0.19	0.11	0.15	0.11
60	0.28	0.17	0.23	0.14
65	0.41	0.27	0.35	0.20

1 Generational projections beyond the base year (2010) are not reflected in the above mortality rates. All pre-retirement deaths are assumed to be non-service connected.

2 Based on Pub-2010 General and Safety Employee Amount-Weighted Above-Median Mortality Tables (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2021.

Salary Increases

The annual rate of compensation increase has three components: inflation, across-the-board salary increases (other than inflation), and merit/promotion increases based on service.

Inflation at 2.50%, plus

Across-the-board salary increase of 0.50% per year, plus

Merit and promotion increases:

Years of Service	General	Safety
Less than 1	5.00%	8.40%
1-2	5.00%	8.40%
2-3	4.40%	8.40%
3-4	3.00%	5.40%
4-5	2.10%	4.00%
5-6	1.60%	2.50%
6-7	1.50%	1.80%
7-8	1.50%	1.60%
8-9	1.20%	1.20%
9-10	1.00%	1.20%
10-11	0.85%	1.00%
11 and Over	0.45%	1.00%

Additional Cashout Assumptions

Additional pay elements are expected to be received during a member's final average earnings period. The percentages, added to the final average salary, used in this valuation are:

Membership Category	Service Retirement	Disability Retirement
General Tier 1	5.00%	4.00%
General Tier 2	2.70%	1.00%
General Tier 3	5.00%	4.00%
General Tier 4	N/A	N/A
Safety Tier 1	6.00%	5.00%
Safety Tier 2	2.30%	2.20%
Safety Tier 2C	2.30%	2.20%
Safety Tier 2D	2.30%	2.20%
Safety Tier 4	N/A	N/A

Actuarial Cost Method

Entry Age Actuarial Cost Method. Entry Age is the age on valuation date minus years of service. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are based on costs allocated as a level percentage of compensation, as if the current benefit formula for each individual has always been in effect.

Amortization Method

Unfunded Actuarial Accrued Liability (UAAL) is amortized as a level percentage of payroll (3.00% payroll growth assumed).

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 5-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.

Alameda County Office of Education's UAAL amortization under the declining employer payroll policy is level dollar.

The Voluntary County Safety UAAL contributions are amortized over a 13-year period effective July 1, 2021. The Voluntary LARPD General UAAL Contributions are amortized over a 16-year period effective July 1, 2021. Effective December 31, 2023, the existing LARPD General UAAL layers are amortized over 13.5 years.

If an overfunding exists (i.e., the total of all UAAL becomes negative so that there is a surplus) and the amount of the surplus is in excess of 20% of the AAL, such surplus that is in excess of 20% of the AAL and any subsequent such surplus will be amortized over an "open" amortization period of 30 years. Any prior UAAL amortization layers will be considered fully amortized, and any subsequent UAAL will be amortized over 20 years as the first of a new series of amortization layers.

Consumer Price Index (San Francisco Bay Area)

Inflation assumption is increase of 2.50% per year.

Retiree Cost-of-Living (COLA) Increases

For tiers with 3% maximum change per year, (General Tier 1, General Tier 3 and Safety Tier 1), the COLA increase reflected in the December 31, 2023 valuation is 2.75%; and for tiers with 2% maximum change per year (General Tier 2, General Tier 4, Safety Tier 2, Safety Tier 2C, Safety Tier 2D, and Safety Tier 4) the COLA increase reflected in the December 31, 2023 valuation is 2.00%. For General Tier 1, General Tier 3, and Safety Tier 1 members with a sufficient COLA bank, withdrawals from the bank can be made to increase the retiree COLA up to 3% per year.

Actuarial Experience Study

The postretirement and preretirement demographic assumptions are based on the plan's actuarial experience through the last triennial experience study from December 1, 2019 through November 30, 2022, which was approved by the Board of Retirement on December 21, 2023.

Retirement Age and Benefit for Deferred Vested Members

For deferred vested members, retirement age assumptions are as follows:

General Non-Reciprocal Retirement	Age 62
General Reciprocal Retirement	Age 61
Safety Non-Reciprocal Retirement	Age 56
Safety Reciprocal Retirement	Age 55

Current and future deferred vested non-reciprocal members who terminate with less than five years of service and are not vested are assumed to retire at age 70 for both General and Safety if they decide to leave their contributions on deposit.

It is assumed that 20% of future General and 45% of future Safety deferred vested members will continue to work for a reciprocal employer. For reciprocal members, 3.45% and 4.00% compensation increases are assumed per annum for General and Safety, respectively.

Future Benefit Accruals

One year of service per year of employment plus 0.003 years of additional service for General members and 0.006 years of additional service for Safety members, to anticipate conversion of unused sick leave for each year of employment.

Inclusion of Deferred Vested Members

All deferred vested members to the extent they are reported by ACERA for this valuation are included.

Data Adjustments

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.

Form of Payment

All active and inactive vested members are assumed to elect the unmodified option at retirement.

Percent of Members Married

For all active and inactive members, 70% of male members and 50% of female members are assumed to be married at pre-retirement death or retirement.

Age and Gender of Spouse

For all active and inactive members, male members are assumed to have a female spouse who is 3 years younger than the member and female members are assumed to have a male spouse who is 2 years older than the member.

Pre-retirement Death Optional Form Election

All active members with five or more years of service are assumed to elect the optional settlement 2 allowance that leaves a 100% continuance to their beneficiary upon the member's non-service connected pre-retirement death.

Beneficiary Type	Percentage	Age Difference with Active Member
Child	50%	30 years younger
Sibling	25%	Same Age
Parent	25%	30 years older

Note: It is assumed that the beneficiary is of the opposite sex of the member

Unknown Data for Members

Same as those exhibited by members with similar known characteristics. If not specified, members are assumed to be male. If not provided, salary is assumed to be equal to the average salary of the membership group.

Payroll Growth

Inflation of 2.50% per year plus real "across-the-board" salary increases of 0.50% per year.

Increase in Internal Revenue Code Section 401(a)(17) Compensation Limit

Increase of 2.50% per year from valuation date.

Increase in California Government Code Section 7522.10 Compensation Limit

Increase of 2.50% per year from valuation date.

CHANGES IN ACTUARIAL ASSUMPTIONS

Based on the Actuarial Experience Study, the following assumptions were changed. Previously, these assumptions and methods were as follows:

Post-Retirement Mortality

The actuarial valuation uses the Pub-2010 General and Safety Healthy Retiree Amount-Weighted Above-Median Mortality Tables (separate tables for males and females) for healthy General and Safety retirees (and for employee contribution rate purposes), respectively, and the Pub-2010 Non-Safety and Safety Disabled Retiree Amount-Weighted Mortality Tables (separate tables for males and females) for disabled General and Safety retirees, respectively, projected generationally with the two-dimensional mortality improvement scale MP-2019 adjusted as shown below. For beneficiaries, the actuarial valuation uses the Pub-2010 General Contingent Survivor Amount-Weighted Above-Median Mortality Tables (separate tables for males and females) projected generationally with the two-dimensional mortality improvement scale MP-2019 adjusted as shown below.

Post-Retirement Mortality

(A) HEALTHY*	
General Members	No adjustments.
Safety Members	No adjustments.
(B) DISABILITY*	
General Members	With rates decreased by 10% for females.
Safety Members	With rates increased by 5% for males.
(C) BENEFICIARIES*	
All Beneficiaries	With rates increased by 5% for males.
(D) FOR EMPLOYEE CONTRIBUTION RATE PURPOSES	
General Members	Projected 30 years (from 2010) with two-dimensional mortality improvement Scale MP-2019, weighted 30% male and 70% female.
Safety Members	Projected 30 years (from 2010) with two-dimensional mortality improvement Scale MP-2019, weighted 75% male and 25% female.

* The Pub-2010 mortality tables and adjustments as shown above reasonably reflect the mortality experience as of measurement date. These mortality tables were adjusted to future years using the generational projection to reflect future mortality improvement between the measurement date and those years.

Assumed Retirement and Termination Rates

The rates shown for each cause represent the likelihood that a given member will terminate at a particular age or with the particular service for the indicated reason. For example, if the rate of retirement for a General Tier 1 member age 50 is 2.00, then it is assumed that 2.00 percent of the General Tier 1 members in this age bracket will receive service retirement during the year.

The following schedule indicates the assumed retirement rates.

Assumed Retirement Rates

	Rates (%)[1]									
Age	General Tier 1	General Tier 2[2] <30	General Tier 2[2] 30+	General Tier 3	General Tier 4	Safety Tier 1[3]	Safety Tier 2,2D[2] <30	Safety Tier 2,2D[2] 30+	Safety Tier 2C[3]	Safety Tier 4
49	0.00	0.00	0.00	0.00	0.00	0.00	12.00	18.00	0.00	0.00
50	2.00	2.00	4.00	10.00	0.00	35.00	12.00	18.00	4.00	4.00
51	4.00	2.00	4.00	10.00	0.00	30.00	10.00	24.00	2.00	2.00
52	4.00	2.00	4.00	10.00	4.00	25.00	10.00	24.00	2.00	2.00
53	5.00	2.00	4.00	10.00	2.00	35.00	10.00	25.00	3.00	3.00
54	5.00	2.00	4.00	10.00	2.00	45.00	12.00	27.00	6.00	6.00
55	6.00	2.00	4.00	12.00	5.00	45.00	12.00	29.00	10.00	10.00
56	10.00	2.50	4.50	14.00	2.50	45.00	14.00	32.00	12.00	12.00
57	12.00	4.00	5.00	16.00	3.50	45.00	16.00	32.00	20.00	20.00
58	12.00	4.00	5.00	18.00	3.50	45.00	18.00	30.00	10.00	10.00
59	14.00	4.50	8.00	20.00	4.50	45.00	18.00	30.00	15.00	15.00
60	20.00	8.00	8.50	20.00	5.00	45.00	25.00	30.00	60.00	60.00
61	20.00	9.00	13.50	20.00	5.00	45.00	25.00	30.00	60.00	60.00
62	35.00	15.00	22.50	30.00	18.00	45.00	25.00	30.00	60.00	60.00
63	30.00	15.00	22.50	25.00	15.00	45.00	25.00	30.00	60.00	60.00
64	30.00	18.00	27.00	25.00	17.00	45.00	30.00	30.00	60.00	60.00
65	30.00	25.00	27.50	50.00	25.00	100.00	100.00	100.00	100.00	100.00
66	30.00	30.00	33.00	50.00	30.00	100.00	100.00	100.00	100.00	100.00
67	30.00	30.00	33.00	50.00	30.00	100.00	100.00	100.00	100.00	100.00
68	30.00	30.00	33.00	50.00	30.00	100.00	100.00	100.00	100.00	100.00
69	35.00	35.00	38.50	50.00	35.00	100.00	100.00	100.00	100.00	100.00
70	40.00	40.00	40.00	65.00	25.00	100.00	100.00	100.00	100.00	100.00
71	40.00	40.00	40.00	65.00	25.00	100.00	100.00	100.00	100.00	100.00
72	40.00	40.00	40.00	65.00	25.00	100.00	100.00	100.00	100.00	100.00
73	40.00	40.00	40.00	65.00	25.00	100.00	100.00	100.00	100.00	100.00
74	40.00	40.00	40.00	65.00	25.00	100.00	100.00	100.00	100.00	100.00
75 & Over	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

1 The retirement rates only apply to members that are eligible to retire at the age shown.

2 Different retirement rates are assumed for General Tier 2 and Safety Tier 2 & 2D members who have accrued less than 30 years of service and those who have accrued at least 30 years of service.

3 Retirement rate is 100% after a member accrues a benefit of 100% of final average earnings.

Assumed Termination Rates Before Retirement

The following schedules indicate the assumed rates before retirement for disability, termination, and mortality.

Disability

Age	Rate (%) General[1]	Rate (%) Safety[2]
20	0.00	0.00
25	0.01	0.03
30	0.03	0.26
35	0.07	0.64
40	0.09	1.22
45	0.16	1.50
50	0.26	2.10
55	0.33	2.65
60	0.38	3.80

1 65% of General disabilities are assumed to be service connected disabilities. The other 35% are assumed to be non-service connected disabilities.

2 100% of Safety disabilities are assumed to be service connected disabilities.

Termination Rate (%)

Years of Service[1]	General	Safety
0-1	12.00	4.00
1-2	9.00	4.00
2-3	8.00	4.00
3-4	6.00	3.50
4-5	6.00	3.00
5-6	6.00	2.00
6-7	5.25	1.80
7-8	4.25	1.70
8-9	3.75	1.60
9-16	3.50	1.50
16-17	3.40	1.40
17-18	3.30	1.30
18-19	3.20	1.20
19-20	3.10	1.10
20 or more	3.00	1.00

1 For members with less than five years of service, 55% of all terminated members are assumed to choose a refund of contribution and the other 45% are assumed to choose a deferred vested benefit. For members with five or more years of service, 30% of all terminated members are assumed to choose a refund of contributions and the other 70% are assumed to choose a deferred vested benefit. No termination is assumed after a member is eligible for retirement.

Mortality[1]

	Rate (%)			
	General[2]		Safety[2]	
Age	Male	Female	Male	Female
20	0.04	0.01	0.04	0.02
25	0.02	0.01	0.03	0.02
30	0.03	0.01	0.04	0.02
35	0.04	0.02	0.04	0.03
40	0.06	0.03	0.05	0.04
45	0.09	0.05	0.07	0.06
50	0.13	0.08	0.10	0.08
55	0.19	0.11	0.15	0.11
60	0.28	0.17	0.23	0.15
65	0.41	0.27	0.35	0.20

1 Generational projections beyond the base year (2010) are not reflected in the above mortality rates. All pre-retirement deaths are assumed to be non-service connected.

2 Based on Pub-2010 General and Safety Employee Amount-Weighted Above-Median Mortality Tables (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2019.

Salary Increases

The annual rate of compensation increase has three components: inflation, across-the-board salary increases (other than inflation), and merit/promotion increases based on service.

Inflation at 2.75%, plus

Across-the-board salary increase of 0.50% per year, plus

Merit and promotion increases:

Years of Service	General	Safety
0-1	5.10%	8.00%
1-2	5.10%	8.00%
2-3	4.50%	8.00%
3-4	2.90%	4.90%
4-5	2.10%	3.70%
5-6	1.60%	2.10%
6-7	1.50%	1.30%
7-8	1.50%	1.20%
8-9	1.00%	0.90%
9-10	0.90%	0.90%
10-11	0.70%	0.80%
11 and Over	0.40%	0.80%

Additional Cashout Assumptions

Additional pay elements are expected to be received during a member's final average earnings period. The percentages, added to the final average salary, used in this valuation are:

Membership Category	Service Retirement	Disability Retirement
General Tier 1	7.50%	6.50%
General Tier 2	3.00%	1.40%
General Tier 3	7.50%	6.50%
General Tier 4	N/A	N/A
Safety Tier 1	7.50%	6.40%
Safety Tier 2	2.50%	1.90%
Safety Tier 2C	2.50%	1.90%
Safety Tier 2D	2.50%	1.90%
Safety Tier 4	N/A	N/A

Consumer Price Index (San Francisco Bay Area)

Increase of 2.75% per year.

Payroll Growth

Inflation of 2.75% per year plus real "across the board" salary increases of 0.50% per year, used to amortize the UAAL as a level percentage of payroll.

Increase in Internal Revenue Code Section 401(a)(17) Compensation Limit

Increase of 2.75% per year from the valuation date.

Increase in California Government Code Section 7522.10 Compensation Limit

Increase of 2.75% per year from the valuation date.

Retirement Age and Benefit for Deferred Vested Members

For deferred vested members, retirement age assumptions are as follows:

General Age 61

Safety Age 55

Current and future deferred vested members who terminate with less than five years of service and are not vested are assumed to retire at age 70 for both General and Safety if they decide to leave their contributions on deposit.

It is assumed that 25% of future General and 50% of future Safety deferred vested members will continue to work for a reciprocal employer. For reciprocals, 3.65% and 4.05% compensation increases are assumed per annum for General and Safety, respectively.

Future Benefit Accruals

One year of service per year of employment plus 0.003 years of additional service for General members and 0.007 years of additional service for Safety members, to anticipate conversion of unused sick leave for each year of employment.

Active Member Valuation Data – Pension Plan (Actuary's Exhibit 1)

Valuation Date[1]	No. of Participating Agencies	Plan Type	Number	Annual Payroll ($)[2]	Annual Average Pay ($)	% Increase in Average Pay[3]
12/31/2015	7	General	9,634	812,636,114	84,351	1.37%
		Safety	1,437	156,897,481	109,184	3.44%
		Total	**11,071**	**969,533,595**	**87,574**	**1.76%**
12/31/2016	7	General	9,673	839,157,054	86,753	2.85%
		Safety	1,438	164,494,775	114,391	4.77%
		Total	**11,111**	**1,003,651,829**	**90,330**	**3.15%**
12/31/2017	7[4]	General	9,887	884,429,873	89,454	3.11%
		Safety	1,436	171,231,780	119,242	4.24%
		Total	**11,323**	**1,055,661,653**	**93,232**	**3.21%**
12/31/2018	7	General	9,960	920,863,594	92,456	3.36%
		Safety	1,389	172,872,084	124,458	4.37%
		Total	**11,349**	**1,093,735,678**	**96,373**	**3.37%**
12/31/2019	7	General	9,960	952,171,197	95,600	3.40%
		Safety	1,376	177,005,751	128,638	3.36%
		Total	**11,336**	**1,129,176,948**	**99,610**	**3.36%**
12/31/2020	7	General	9,960	975,689,541	97,961	2.47%
		Safety	1,362	180,006,107	132,163	2.74%
		Total	**11,322**	**1,155,695,648**	**102,075**	**2.47%**
12/31/2021	7	General	9,903	1,010,957,679	102,086	4.21%
		Safety	1,423	193,541,750	136,010	2.91%
		Total	**11,326**	**1,204,499,429**	**106,348**	**4.19%**
12/31/2022	7	General	9,901	1,052,932,032	106,346	4.17%
		Safety	1,445	205,097,227	141,936	4.36%
		Total	**11,346**	**1,258,029,259**	**110,879**	**4.26%**
12/31/2023	7	General	10,143	1,110,492,047	109,484	2.95%
		Safety	1,404	208,904,418	148,792	4.83%
		Total	**11,547**	**1,319,396,465**	**114,263**	**3.05%**
12/31/2024	7	General	10,458	1,201,395,845	114,878	4.93%
		Safety	1,407	220,867,848	156,978	5.50%
		Total	**11,865**	**1,422,263,693**	**119,871**	**4.91%**

1 As permitted by the Actuarial Standard of Practice No. 4 (Measuring Pension Obligations), the actuarial valuation has been prepared based on participant data provided by ACERA as of November 30.

2 Projected compensation was calculated by increasing the prior calendar year's compensation (assuming every employee will work full time) by the salary increase assumption.

3 Reflects the increase in average salary for members at the beginning of the year versus those at the end of the year. It does not reflect the average salary increases received by members who worked the full year.

4 Starting with the December 31, 2017 valuation date, there were no active members from the Alameda County Office of Education; however, there were still retired members from that participating agency.

Retirees and Beneficiaries Added To and Removed From Retiree Payroll (Actuary's Exhibit 2)

Valuation Date (December 31)[1]	Added to Rolls		Removed from Rolls		Rolls at End of Year				
	Number	Annual Allowance[2] (in $000's)	Number	Annual Allowance (in $000's)	Number	Annual Allowance (in $000's)	% Increase in Retiree Allowance	Average Annual Allowance	Change in Average Annual Allowance
2015	469	$ 27,312	(292)	$ (9,125)	8,990	$ 393,555	4.85%	$ 43,777	2.78%
2016	523	31,922	(271)	(8,778)	9,242	416,699	5.88%	45,088	2.99%
2017	512	32,718	(275)	(8,112)	9,479	441,305	5.90%	46,556	3.26%
2018	583	36,805	(279)	(10,484)	9,783	467,626	5.96%	47,800	2.67%
2019	590	40,287	(295)	(10,784)	10,078	497,129	6.31%	49,328	3.20%
2020	540	40,256	(326)	(13,288)	10,292	524,097	5.42%	50,923	3.23%
2021	580	41,581	(336)	(14,580)	10,536	551,098	5.15%	52,306	2.72%
2022	588	43,835	(326)	(13,735)	10,798	581,198	5.46%	53,825	2.90%
2023	552	43,015	(324)	(14,786)	11,026	609,427	4.86%	55,272	2.69%
2024	541	43,216	(315)	(14,919)	11,252	637,724	4.64%	56,677	2.54%

1 As permitted by the Actuarial Standard of Practice No. 4 (Measuring Pension Obligations), the actuarial valuation has been prepared based on participant data provided by ACERA as of November 30.

2 Includes data adjustments and automatic cost-of-living adjustments granted on April 1.

Actuarial Analysis of Financial Experience (Actuary's Exhibit 4)

(Dollars in Millions)

	Plan Years									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Prior Valuation Unfunded/(Prefunded) Actuarial Accrued Liability	$ 1,492	$ 1,477	$ 2,500	$ 2,195	$ 2,137	$ 2,157	$1,802	$1,791	$1,911	$1,651
Salary Increase Greater (Less) than Expected	21	60	25	(13)	13	16	(10)	(8)	(36)	(37)
COLA Increase Greater (Less) than Expected	(2)	26	28	-	-	-	-	-	(15)	-
Asset Return Less (Greater) than Expected	69	5	(208)	57	66	(17)	(11)	22	(61)	(145)
Other Experience (Including Scheduled UAAL Payment)	(91)	(76)	(868)[1]	(61)	(21)	(19)	(20)	(3)	(8)	(18)
Economic and Non-economic Assumption Changes	(97)	-	-	322	-	-	396	-	-	460
Plan Changes	12[(2)]	-	-	-	-	-	-	-	-	-
Ending Unfunded/(Prefunded) Actuarial Accrued Liability	**$1,404**	**$1,492**	**$1,477**	**$2,500**	**$2,195**	**$2,137**	**$2,157**	**$1,802**	**$1,791**	**$1,911**

1 Of this amount $(813) is due to voluntary County Safety & LARPD General UAAL contributions.

2 A new election process that allows active members to elect an Optional Settlement 2 allowance in advance to provide a continuance of 100% to the member's spouse, domestic partner or other beneficiaries upon the member's active death.

Schedule of Funded Liabilities by Type - Pension Plan[1] (Actuary's Exhibit 3)

(Dollars in Thousands)

	Aggregate Accrued Liabilities for				Portion of Accrued Liabilities Covered by Reported Assets			
Valuation Date	Active Member Contributions	Retired/ Vested Members	Active Members (Employer Financed Portion)	Total	Valuation Value of Assets	Active Member Contributions	Retired/ Vested Members	Active Members (Employer Financed Portion)
12/31/2014	$ 994,870	$ 4,785,190	$ 1,812,012	$ 7,592,072	$ 5,681,097	100%	98%	0%
12/31/2015	1,070,157	4,966,693	1,838,170	7,875,020	6,083,536	100%	100%	3%
12/31/2016	1,122,671	5,210,571	1,904,473	8,237,715	6,436,138	100%	100%	5%
12/31/2017	1,173,799	5,662,738	2,150,524	8,987,061	6,830,379	100%	100%	0%
12/31/2018	1,223,983	5,939,611	2,212,803	9,376,397	7,239,327	100%	100%	3%
12/31/2019	1,258,309	6,266,979	2,269,731	9,795,019	7,599,977	100%	100%	3%
12/31/2020	1,296,260	6,730,506	2,457,414	10,484,180	7,984,241	100%	99%	0%
12/31/2021	1,362,455	7,051,592	2,515,888	10,929,935	9,453,108	100%	100%	41%
12/31/2022	1,420,116	7,414,115	2,580,889	11,415,120	9,923,019	100%	100%	42%
12/31/2023	1,466,082	7,714,914	2,565,671	11,746,667	10,342,556	100%	100%	45%

1 The exhibit includes actuarially funded liabilities and assets. The non-valuation reserves such as Supplemental Retirees Benefit Reserve, Death Benefit and Reserve for Interest Fluctuation, etc., are not included.

Events affecting year-to-year comparability:

12/31/14 - Change in non-economic assumptions. Investment return assumption reduced from 7.80% to 7.60%; inflation assumption decreased from 3.50% to 3.25%.

12/31/17 - Change in non-economic assumptions (including merit and promotional salary increase assumptions and terminal pay assumptions). Investment return assumption reduced from 7.60% to 7.25%; inflation assumption decreased from 3.25% to 3.00%.

12/31/20 - Change in non-economic assumptions (including merit and promotional salary increase assumptions and terminal pay assumptions). Investment return assumption reduced from 7.25% to 7.00%; inflation assumption decreased from 3.00% to 2.75%.

12/31/21 - The County made voluntary County Safety contributions of $800 million on around June 29, 2021 to reduce their Safety UAAL and associated contribution rates. LARPD also made voluntary LARPD General contributions of $12.611 million on around June 29, 2021 to reduce their General UAAL and associated contribution rates.

12/31/23 - Change in non-economic assumptions (including merit and promotional salary increase assumptions and terminal pay assumptions). Inflation assumptions decreased from 2.75% to 2.50%.

Schedule of Funding Progress – Pension Plan (Actuary's Exhibit 5)

(Dollars in Thousands)

Actuarial Valuation Date	Valuation Value of Assets[1] (a)	Actuarial Accrued Liability (AAL)[2] (b)	Unfunded (Overfunded) AAL (UAAL) (b–a)	Funded Ratio (%) (a/b)	Annual Covered Payroll (c)	UAAL as a % of Annual Covered Payroll (%) (b–a) /c
12/31/2014	$ 5,681,097	$ 7,592,072	$ 1,910,975	74.8	$ 948,848	201.4
12/31/2015	6,083,536	7,875,020	1,791,484	77.3	969,534	184.8
12/31/2016	6,436,138	8,237,715	1,801,577	78.1	1,003,651	179.5
12/31/2017	6,830,379	8,987,061	2,156,682	76.0	1,055,661	204.3
12/31/2018	7,239,327	9,376,397	2,137,070	77.2	1,093,735	195.4
12/31/2019	7,599,977	9,795,019	2,195,042	77.6	1,129,175	194.4
12/31/2020	7,984,241	10,484,180	2,499,939	76.2	1,155,697	216.3
12/31/2021	9,453,108	10,929,935	1,476,827	86.5	1,204,499	122.6
12/31/2022	9,923,019	11,415,120	1,492,101	86.9	1,258,026	118.6
12/31/2023	10,342,556	11,746,667	1,404,111	88.0	1,319,397	106.4

1 Excludes asssets for SRBR and other non-valuation reserves. Includes the following amounts transferred from the SRBR to the employers' advance reserve to compensate the County for the implicit subsidy: (estimate provided by ACERA) 2014 $5,215; 2015 $5,325; 2016 $8,865; 2017 $5,830; 2018 $6,940; 2019 $6,511; 2020 $7,549; 2021 $5,653; 2022 $7,981 and 2023 $4,116.

2 Excludes liabilities for SRBR and other non-valuation reserves.

The actuarially determined contributions and actual contributions received from the participating employers are presented in the Schedule of Employer Contributions, included in the Required Supplementary Information Section.

Assumptions for Other Postemployment Benefits (OPEB) Plan

The actuarial assumptions used for the OPEB plan are consistent with those assumptions approved by the Retirement Board for the December 31, 2023, pension valuation, including the use of a 7.00% investment return assumption. For a complete list of actuarial assumptions, refer to the summary of assumptions and methods for the pension plan. The actuarial assumptions that are specific to the OPEB plan are as follows:

Per Capita Health Costs

The combined monthly per capita dental and vision claims cost for plan year 2024 was assumed to be $55.68. The monthly Medicare Part B premium reimbursement for 2024 is $174.70. For calendar year 2024, medical costs for a retiree were assumed to be as follows:

Medical Plan[1]	Election Assumption	Monthly Premium	Maximum Monthly Medical Allowance[2]
Under Age 65[3]			
Kaiser HMO	72%	$1,037.76	$ 635.37
Via Benefits Individual Insurance Exchange[4]	15%	N/A	635.37
United Healthcare HMO Current Network	6%	1,464.90	635.37
United Healthcare HMO SVA Network	7%	957.68	635.37
Age 65 and Older			
Kaiser Senior Advantage	72%	$ 354.31	$ 635.37
Via Benefits Individual Insurance Exchange	28%	335.17[5]	486.74

1 There are other plans available to retirees under 65, and age 65 and older, that have a range of premiums. The same costs as Kaiser HMO and Kaiser Senior Advantage are assumed for current non-Medicare and Medicare retires, respectively.

2 The Maximum Monthly Medical Allowance of $635.37 ($486.74 for retirees purchasing individual insurance from the Medicare exchange) is subject to the following subsidy schedule:

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

3 Current retirees under 65 as well as future retirees are assumed to elect medical plans in the same proportion upon age 65 as current retirees who are age 65 and over.

4 Via Benefits individual insurance coverage is available to retirees under age 65 residing outside of ACERA medical plans' coverage area. It is assumed that these current retirees under 65 will draw the Maximum Monthly Subsidy ($635.37).

5 The derivation of amounts expected to be paid in 2024 from the Health Reimbursement Account for members with 20 plus years of service is provided in the following table. In the table, the amounts expected to be paid for members with 10-14 and 15-19 years of service is also provided.

Derivation of Via Benefits Monthly Per Capita Costs

Years of Service Category	10-14	15-19	20+
1 Maximum MMA for 2023	$ 236.00	$ 353.99	$ 471.99
2 Total of Maximum MMA (From Jan. 2023 to Dec. 2023)	$542,800	$834,944	$5,265,048
3 Total of Actual Reimbursement (From Jan. 2023 to Dec. 2023)	$399,942	$584,242	$3,198,924
4 Ratio of Actual Reimbursement to Maximum 2023 MMA [(3)/(2)]	73.68%	69.97%	60.76%
5 Average Monthly Per Capita Cost for 2023 [(1)*(4)]	$ 173.88	$ 247.69	$ 286.78
6 Maximum MMA for 2024	$ 243.37	$ 365.06	$ 486.74
7 Increased for Expected Medical Trend (6.25%) from 2023 to 2024 [(5)*1.0625]	$ 184.75	$ 263.17	$ 304.70
8 Increase for Additional 10% Margin for 2023 Expenses Incurred in 2023 but Reimbursed after December 2023 [(7)*1.10]	**$ 203.23**	**$ 289.49**	**$ 335.17**

Implicit Subsidy

The estimated average per capita premium for retirees under age 65 is $12,736 per year. Because premiums for retirees under age 65 include active participants for purposes of underwriting, the retirees receive an implicit subsidy from the actives. Had the retirees under age 65 been underwritten as a separate group, their age-based premiums would be higher for most individuals. The excess of the age-based premium over the per capita premium charged makes up the subsidy.

Below is a sample of the average 2024 annual medical and prescription age-based claim costs for the retirees and spouses under age 65.

Age-Based Average Medical and Rx Costs for Retirees Under Age 65

	Retiree and Spouse	
Age	Male	Female
50	$ 11,725	$ 12,380
55	13,231	13,440
60	15,233	14,569
64	18,513	15,816

Not all ACERA employers are receiving an implicit subsidy reimbursement from the Association. For SRBR sufficiency purposes, an adjustment of 0.87 (13% reduction of the cost shown above) for the projected implicit subsidy payments has been applied to account for this fact, based on data provided by the County of Alameda's health consultant.

The adjustment mentioned above has not been applied in the calculation of Actuarial Present Value of Projected Benefits and Actuarial Accrued Liability (AAL).

The 2024 medical and prescription drug age-based claims costs for retirees age 65 and over are shown below at selected ages. Spouses are only eligible for the implicit subsidy while under age 65.

Age-Based Average Claims Costs for Retirees Age 65 and Over

Kaiser Senior Advantage		
	Retiree	
Age	Male	Female
65	$ 4,025	$ 3,343
70	4,521	3,740
75	4,994	3,932
80+	5,229	4,197
Via Benefits		
	Retiree	
Age	Male	Female
65	$ 3,752	$ 3,116
70	4,214	3,486
75	4,655	3,665
80+	4,874	3,912

1 Spouses are only eligible for implicit subsidy while under age 65.

Health Care Cost Trend Rates

Health care trend measures the anticipated overall rate at which health plan costs are expected to increase in future years. The rates shown below are "net" and are applied to the net per capital costs shown above. The trend shown for a particular plan year is the rate that is to be applied to that year's cost to yield the next year's projected cost. For example, the projected 2025 calendar year premium for Kaiser (under age 65) is $1,096.40 per month ($1,037.76 increased by 5.65%).

Rate (%)					
Calendar Year	United Healthcare HMO & Kaiser HMO Early Retiree(1)	Via Benefits & Kaiser Senior Advantage(2)	Dental(3)	Vision(4)	Medicare Part B
2024	8.50(5)	16.47(5)	0.00(5)	0.00	4.50
2025	7.50	7.00	4.00	4.00	4.50
2026	7.00	6.75	4.00	4.00	4.50
2027	6.75	6.50	4.00	4.00	4.50
2028	6.50	6.25	4.00	4.00	4.50
2029	6.25	6.00	4.00	4.00	4.50
2030	6.00	5.75	4.00	4.00	4.50
2031	5.75	5.50	4.00	4.00	4.50
2032	5.50	5.25	4.00	4.00	4.50
2033	5.25	5.00	4.00	4.00	4.50
2034	5.00	4.75	4.00	4.00	4.50
2035	4.75	4.50	4.00	4.00	4.50
2036 & Later	4.50	4.50	4.00	4.00	4.50

(1) Non-Medicare Plans

(2) Medicare plans.

(3) 2024 reflects two-year rate guarantee, premiums fixed at 2024 level.

(4) Reflect five-year rate guarantee, premiums fixed at 2021 level.

(5) The actual trends are shown below, based on premium renewals for 2025 as reported by ACERA.

Kaiser HMO Early Retiree	United Health-care HMO Signature Value Early Retiree	United Health-care HMO Signature Value Advantage Early Retiree	Kaiser Senior Advantage	Dental	Vision
5.65%	8.84%	8.85%	5.50%	0.00%	0.00%

Assumed Increase in Annual Maximum Benefits

For the "substantive plan design" shown in this report, actuary has assumed:

- Maximum medical allowances for ACERA sponsored plans and individual out-of-area non-Medicare plans for 2025 will increase to $662.37 per month ($507.43 for individual Medicare plans), then increase with 50% of trend for medical plans, or 3.50% graded down to the ultimate rate of 2.25% over 10 years. If different types of medical plans have different initial trend rates, it is assumed that the future increase in MMA will be linked to the plan with the lowest projected medical trend;
- Dental and vision premium reimbursement will increase with full trend; and,
- Medicare Part B premium reimbursement will increase with full trend.

Participation and Coverage Election

Retired members and beneficiaries as of valuation date:

	Under Age 65	Upon Attaining Age 65
Medical Plan Subsidy (MMA)		
MMA on Record		
Current Retirees Under 65	100%	100% and assumed to choose carrier in same proportion as future retirees
Current Retirees 65 and Over	N/A	100%
No MMA on Record		
Less than 10 Years of Service	0%	0%
10+ Years of Service		
Current Retirees Under 65	0%	60%
Current Retirees 65 and Over	N/A	0%
Medicare Part B Premium Subsidy		
MMA on Record		
Current Retirees Under 65	N/A	100%
Current Retirees 65 and Over	N/A	100% if Part B reimbursement on record or purchasing individual insurance from the Medicare exchange
No MMA on Record		
Less than 10 Years of Service	N/A	0%
10+ Years of Service		
Current Retirees Under 65	N/A	60%
Current Retirees 65 and Over	N/A	0%
Implicit Subsidy	Current Retirees, married dependents and surviving beneficiaries under age 65 and enrolled in an ACERA non-Medicare plan are assumed to have an implicit subsidy liability.	
Dental and Vision Subsidy	Current retirees not self-paying ("Voluntary" or "Under 10 YOS" dental or vision code) are assumed to receive the dental and vision subsidy.	

Active and inactive vested members as of valuation date:

	Under Age 65	Upon Attaining Age 65
Medical Plan Subsidy (MMA)	75% of eligible members.	90% of eligible members.
Medicare Part B Premium Subsidy	75% of eligible members. (disabled only)	90% of eligible members.
Implicit Subsidy	63.75% of eligible members under age 65 are assumed to have an implicit subsidy liability. In other words, 85% of the non-Medicare retirees who receive a Medical Plan Subsidy were assumed to enroll in an ACERA sponsored health plan.	
Dental and Vision Subsidy	100% of eligible members.	

Dependents

Demographic data was available for spouses of current retirees. For future retirees, male members were assumed to have a female spouse who is 3 years younger than the member and female members are assumed to have male spouses who is 1 year older than the member. Of the future retirees who elect to continue their medical coverage at retirement, 35% males and 15% females were assumed to have an eligible spouse who also opts for health coverage at that time.

Please note that these assumptions are only used to determine the cost of the implicit subsidy:

Plan Design

Development of plan liabilities was based on the plan of benefits in effect as described in Exhibit II and III of the December 31, 2023, sufficiency valuation report.

Administrative Expenses

An administrative expense load was not added to projected incurred claim costs in developing per capita health costs.

Active Member Valuation Data – OPEB (Actuary's SRBR Exhibit 1)

Valuation Date[1]	No. of Participating Agencies	Plan Type	Number	Annual Payroll ($)[2]	Annual Average Pay ($)	% Increase in Average Pay[3]
12/31/2015	7	General	9,634	812,636,114	84,351	1.37%
		Safety	1,437	156,897,481	109,184	3.44%
		Total	**11,071**	**969,533,595**	**87,574**	**1.76%**
12/31/2016	7	General	9,673	839,157,054	86,753	2.85%
		Safety	1,438	164,494,775	114,391	4.77%
		Total	**11,111**	**1,003,651,829**	**90,330**	**3.15%**
12/31/2017	7[4]	General	9,887	884,429,873	89,454	3.11%
		Safety	1,436	171,231,780	119,242	4.24%
		Total	**11,323**	**1,055,661,653**	**93,232**	**3.21%**
12/31/2018	7	General	9,960	920,863,594	92,456	3.36%
		Safety	1,389	172,872,084	124,458	4.37%
		Total	**11,349**	**1,093,735,678**	**96,373**	**3.37%**
12/31/2019	7	General	9,960	952,171,197	95,600	3.40%
		Safety	1,376	177,005,751	128,638	3.36%
		Total	**11,336**	**1,129,176,948**	**99,610**	**3.36%**
12/31/2020	7	General	9,960	975,689,541	97,961	2.47%
		Safety	1,362	180,006,107	132,163	2.74%
		Total	**11,322**	**1,155,695,648**	**102,075**	**2.47%**
12/31/2021	7	General	9,903	1,010,957,679	102,086	4.21%
		Safety	1,423	193,541,750	138,010	2.91%
		Total	**11,326**	**1,204,499,429**	**106,348**	**4.19%**
12/31/2022	7	General	9,901	1,052,932,032	106,346	4.17%
		Safety	1,445	205,097,227	141,936	4.36%
		Total	**11,346**	**1,258,029,259**	**110,879**	**4.26%**
12/31/2023	7	General	10,143	1,110,492,047	109,484	2.95%
		Safety	1,404	208,904,418	148,792	4.83%
		Total	**11,547**	**1,319,396,465**	**114,263**	**3.05%**
12/31/2024	7	General	10,458	1,201,395,845	114,878	4.93%
		Safety	1,407	220,867,848	156,978	5.50%
		Total	**11,865**	**1,422,263,693**	**119,871**	**4.91%**

1 As permitted by the Actuarial Standard of Practice No. 4 (Measuring Pension Obligations), the actuarial valuation has been prepared based on participant data provided by ACERA as of November 30.

2 Projected compensation was calculated by increasing the prior calendar year's compensation (assuming every employee will work full time) by the salary increase assumption.

3 Reflects the increase in average salary for members at the beginning of the year versus those at the end of the year. It does not reflect the average salary increases received by members who worked the full year.

4 Starting with the December 31, 2017 valuation date, there were no active members from the Alameda County Office of Education; however, there were still retired members from that participating agency.

Retirees Added To and Removed From OPEB Payroll (Actuary's SRBR Exhibit 2)

	Added to Rolls		Removed from Rolls		Rolls at End of Year				
Valuation Date[1] (December 31)	Number	Annual Allowance[2] (in $000's)	Number	Annual Allowance[3] (in $000's)	Number	Annual Allowance (in $000's)	% Increase in OPEB Allowance	Average Annual Allowance	Change in Average Annual Allowance
2015	388	$ 1,745	(229)	$ (424)	7,802	$ 35,729	3.84%	$ 4,579	1.71%
2016	426	1,801	(207)	(870)	8,021	36,660	2.61%	4,571	-0.17%
2017	443	1,979	(197)	365	8,267	39,004	6.39%	4,718	3.22%
2018	497	2,243	(212)	844	8,552	42,091	7.91%	4,922	4.32%
2019	516	2,255	(229)	776	8,839	45,122	7.20%	5,105	3.72%
2020	459	2,160	(251)	136	9,047	47,417	5.09%	5,241	2.66%
2021	466	2,035	(272)	(2,144)	9,241	47,308	-0.23%	5,119	-2.33%
2022	500	2,353	(256)	(1,218)	9,485	48,443	2.40%	5,107	-0.23%
2023	461	2,074	(259)	(2,340)	9,687	48,177	-0.55%	4,973	-2.62%
2024	422	1,932	(257)	1,093	9,852	51,202	6.28%	5,197	4.50%

1 As permitted by the Actuarial Standard of Practice Statement No. 4 (Measuring Pension Obligations), the actuarial valuation has been prepared based on participant data provided by ACERA as of November 30.

2 Includes data adjustments.

3 Also reflects changes in benefit for continuing members. For example, the increase for continuing members as of December 31, 2024 more than offsets the annual allowance removed from the rolls.

Note: Beneficiaries are not eligible for OPEB. The allowances include medical, dental, vision and Medicare Part B premium subsidies but do not include any implicit subsidy costs valued for SRBR sufficiency or valuation liabilities.

Member Benefit Coverage Information - OPEB
(Actuary's SRBR Exhibit 3)
Actuarial Accrued Liability Not Limited to Actuarial Value of Assets[1]

(Dollars in Thousands)

	Aggregate Accrued Liabilities for				Portion of Accrued Liabilities Covered by Reported Assets			
Valuation Date	Active Member Contributions	Retired/ Vested Members[2]	Active Members (Employer Financed Portion)[2]	Total[2]	Actuarial Value of Assets	Active Member Contributions	Retired/ Vested Members[3]	Active Members (Employer Financed Portion)[3]
12/31/2014	N/A	$ 489,588	$ 341,746	$ 831,334	$ 759,200	N/A	100%	79%
12/31/2015	N/A	511,694	389,287	900,981	822,858	N/A	100%	80%
12/31/2016	N/A	544,660	365,696	910,356	837,185	N/A	100%	80%
12/31/2017	N/A	585,466	416,176	1,001,642	858,005	N/A	100%	65%
12/31/2018	N/A	595,608	411,780	1,007,581	883,013	N/A	100%	70%
12/31/2019	N/A	631,644	442,548	1,074,192	888,184	N/A	100%	58%
12/31/2020	N/A	633,137	459,683	1,092,820	891,580	N/A	100%	56%
12/31/2021	N/A	680,657	512,070	1,192,727	1,082,704	N/A	100%	79%
12/31/2022	N/A	683,999	475,448	1,159,447	1,114,705	N/A	100%	91%
12/31/2023	N/A	728,623	457,012	1,185,635	1,081,108	N/A	100%	77%

Note: At each valuation date, health care cost trend rates have been updated and starting premium costs have been revised to reflect updated data.

1 When the actuarial accrued liabilities were limited to the current assets, the UAALs were $0. Similarly, the funded ratios were 100%.

2 Accrued liabilities have not been limited to benefits expected to be paid before the exhaustion of actuarial value of assets.

3 Assuming actuarial value of assets is first used to entirely fund the liabilities for retired/vested members before it is used to fund the liabilities for active members.

Events affecting year-to-year comparability:

12/31/14 - Changes in non-economic assumption. Investment return assumption decreased from 7.80% to 7.60%; inflation assumption decreased from 3.50% to 3.25%. The Board acted on July 16, 2015 to increase the 2015 MMA by 3.5% for 2016.

12/31/15 - The Board acted to leave the 2016 MMA unchanged for 2017 and 2018.

12/31/17 - Changes in non-economic assumption. Investment return assumption decreased from 7.60% to 7.25%; inflation assumption decreased from 3.25% to 3.00%. The Board acted to increase the 2018 MMA for 2019. The maximum MMA for ACERA sponsored plans and individual (out-of-area) non-Medicare plans becomes $558.00 and the maximum MMA for individual Medicare plans becomes $427.46 for 2019.

12/31/18 - The maximum MMA for ACERA sponsored plans and individual (out-of-area) non-Medicare plans becomes $578.65 and the maximum MMA for individual Medicare plans becomes $443.28 for 2020.

12/31/19 - The Board acted to leave the 2020 MMA unchanged for 2021.

12/31/20 - Changes in non-economic assumption. Investment return assumption decreased from 7.25% to 7.00%; inflation assumption decreased from 3.00% to 2.75%. The maximum MMA for ACERA sponsored plans and individual (out-of-area) non-Medicare plans becomes $596.73 and the maximum MMA for individual Medicare plans becomes $457.13 for 2022.

12/31/21 - The maximum MMA for ACERA sponsored plans and individual (out-of-area) non-Medicare plans becomes $616.12 and the maximum MMA for individual Medicare plans becomes $471.99 for 2023.

12/31/22 - The maximum MMA for ACERA sponsored plans and individual (out-of-area) non-Medicare plans becomes $635.37 and the maximum MMA for individual Medicare plans becomes $486.74 for 2024.

12/31/23 - The maximum MMA for ACERA sponsored plans and individual (out-of-area) non-Medicare plans becomes $662.37 and the maximum MMA for individual Medicare plans becomes $507.43 for 2025.

Schedule of Funded Liabilities[1] by Type - Non-OPEB (Actuary's SRBR Exhibit 3) Continued

Actuarial Accrued Liability Not Limited to Actuarial Value of Assets[2]

(Dollars in Thousands)

	Aggregate Accrued Liabilities for				Portion of Accrued Liabilities Covered by Reported Assets			
Valuation Date	Active Member Contributions	Retired/ Vested Members[3]	Active Members (Employer Financed Portion)[3]	Total[3]	Actuarial Value of Assets[4]	Active Member Contributions	Retired/Vested Members[5]	Active Members (Employer Financed Portion)[5]
12/31/2014	N/A	$ 73,728	$ 80,371	$ 154,099	$ 32,570	N/A	44%	0%
12/31/2015	N/A	83,016	84,635	167,651	35,194	N/A	42%	0%
12/31/2016	N/A	100,279	89,264	189,543	36,162	N/A	36%	0%
12/31/2017	N/A	84,063	65,558	149,621	37,517	N/A	45%	0%
12/31/2018	N/A	113,097	68,543	181,640	39,366	N/A	35%	0%
12/31/2019	N/A	124,174	71,375	195,549	40,430	N/A	33%	0%
12/31/2020	N/A	76,651	31,404	108,055	41,677	N/A	54%	0%
12/31/2021	N/A	101,298	32,725	134,023	51,921	N/A	51%	0%
12/31/2022	N/A	155,457	33,857	189,314	54,901	N/A	35%	0%
12/31/2023	N/A	163,553	32,860	196,413	111,280	N/A	68%	0%

1 Actuarial accrued liabilities.

2 When the actuarial accrued liabilities were limited to the current assets, the UAALs were $0. Similarly, the funded ratios were 100%.

3 Accrued liabilities have not been limited to benefits expected to be paid before the exhaustion of actuarial value of assets.

4 The 12/31/2023 assets reflect a one-time asset transfer of $54.2 million from the funds earmarked for OPEB SRBR to funds earmarked for non-OPEB SRBR to equalize the sufficiency period.

5 Assuming actuarial value of assets is first used to entirely fund the liabilities for retired/vested members before it is used to fund the liabilities for active members.

Events affecting year-to-year comparability:

12/31/14 - Changes in non-economic assumption. Investment return assumption decreased from 7.80% to 7.60%; inflation assumption decreased from 3.50% to 3.25%.

12/31/17 - Changes in non-economic assumption. Investment return assumption decreased from 7.60% to 7.25%; inflation assumption decreased from 3.25% to 3.00%.

12/31/20 - Changes in non-economic assumption. Investment return assumption decreased from 7.25 to 7.00%; inflation assumption decreased from 3.00% to 2.75%.

12/31/23 - Changes in non-economic assumption. Inflation assumption decreased from 2.75% to 2.50%.

Summary of Plan Provisions

Benefits Sections 31676.1, 31676.12, 31676.18, 31664, 31664.1, and 31664.2 Of The County Employees Retirement Law Of 1937 ("1937 Act") and Government Code Sections 7522.20(a) for General Tier 4 and 7522.25(d) for Safety Tier 4

Briefly summarized below are major provisions of the 1937 Act and the California Government Code as amended through December 31, 2023, and as adopted by Alameda County or other participating employers.

Membership Eligibility

With the exception of Alameda Health System, all full-time employees of participating employers who are appointed to permanent positions are statutorily required to become members of ACERA. With the passage of AB1008 in 2013, employees of newly acquired hospitals by Alameda Health System are not eligible for membership unless they are subject to an existing Memorandum of Understanding. Effective October 31, 2013, all newly hired unrepresented employees of any Alameda Health System facility are prohibited from membership.

Membership with ACERA usually begins with the second pay period following appointment to a full-time County or participating employer position, except for Housing Authority of the County of Alameda and Livermore Area Recreation & Park District. Membership for these employees is effective on the first day of hire in an ACERA covered position. ACERA members who change from full-time to part-time are required to continue membership at ACERA (with future contributions and benefits adjusted accordingly).

Tiers (Benefit Levels)

General and Safety Tier 1 include, depending on the employer, all General and Safety members hired on or before June 30, 1983. For Housing Authority and LARPD General members the hire dates are on or before September 30, 2011 and on or before September 30, 2008, respectively (instead of June 30, 1983). General and Safety Tier 2 include, depending on the employer, General and Safety members hired after June 30, 1983. For Housing Authority General members, the hire date is after September 30, 2011 (instead of June 30, 1983). General Tier 3 was effective October 1, 2008 for electing General active members of the Livermore Area Recreation and Park District (LARPD). LARPD adopted a benefit improvement for all service under the 2.5% @ 55 formula as an option to their employees. The County adopted Safety Tier 2 formulas, 2% @ 50 (Safety Tier 2C) and 3% @ 55 (Safety Tier 2D), for new hires starting October 17, 2010. General and Safety Tier 4 include all General and Safety members hired on or after January 1, 2013. See page 146 and page 147 for employer and employee contribution rates.

Final Compensation for Benefit Determination ("Final Average Salary")

Final Average Salary (FAS) is defined as the highest consecutive 12 months of compensation earnable for Tier 1 and Tier 3; and the highest consecutive 36 months of compensation earnable for Tier 2. For Tier 4 members, FAS is defined as the highest consecutive 36 months of pensionable compensation.

Return of Contributions

If a member should resign or die before becoming eligible for retirement, his or her contributions plus interest will be refunded upon request. In lieu of receiving a return of contributions, a vested member or member terminated after January 1, 2003, may elect to leave his or her contributions on deposit and receive a deferred vested benefit when eligible for retirement.

Eligibility for Service Retirement

General non-Tier 4 members are eligible to retire: at age 50 with 5 years of service and a total of 10 years of qualifying membership; or at age 70 regardless of years of service, or at any age with 30 years of service. General Tier 4 members are eligible to retire at age 52 with 5 years of service or at age 70 regardless of service. Safety non-Tier 4 members are eligible to retire: at age 50 with 5 years of service and a total of 10 years of qualifying membership; or at age 70 regardless of years of service; or at any age with 20 years of service. Safety Tier 4 members are eligible to retire at age 50 with 5 years of service or at age 70 regardless of service.

Eligibility for Deferred Service Retirement

Vested deferred members are terminated members who have completed five years of service and leave accumulated contributions in the retirement fund. Vested deferred members are entitled to receive retirement benefits upon meeting the eligibility requirements.

Service Retirement Benefit

The monthly service retirement benefit depends on age at retirement and is based on a percentage of the final average salary (divided by 12 or 36 depending on Tier to get a monthly amount) multiplied by years of service. It is illustrated below for selected age-at-retirement figures.

For non-Tier 4 members integrated with Social Security, the benefit is reduced by one-third of the percentage shown below times the first $350 of monthly final average salary per year of service credited after January 1, 1956.

Percentage of Final Average Salary for Selected Age-at-Retirement

	General				Safety				
Age-at-Retirement	Tier 1	Tier 2	Tier 3	Tier 4	Tier 1	Tier 2	Tier 2C	Tier 2D	Tier 4
50	1.34%	1.18%	2.00%	N/A	3.00%	3.00%	2.00%	2.29%	2.00%
52	1.49%	1.30%	2.20%	1.00%	3.00%	3.00%	2.22%	2.54%	2.20%
55	1.77%	1.49%	2.50%	1.30%	3.00%	3.00%	2.62%	3.00%	2.50%
57	2.00%	1.64%	2.50%	1.50%	3.00%	3.00%	2.62%	3.00%	2.70%
60	2.34%	1.92%	2.50%	1.80%	3.00%	3.00%	2.62%	3.00%	2.70%
62	2.62%	2.09%	2.50%	2.00%	3.00%	3.00%	2.62%	3.00%	2.70%
65	2.62%	2.43%	2.50%	2.30%	3.00%	3.00%	2.62%	3.00%	2.70%
67 and over	2.62%	2.43%	2.50%	2.50%	3.00%	3.00%	2.62%	3.00%	2.70%

Maximum Benefit

The maximum basic benefit payable to a non-Tier 4 member or beneficiary is 100% of highest average compensation. There is no maximum basic benefit payable to Tier 4 members.

Disability Benefit

Members with five years of service, regardless of age, are eligible to apply for non-service connected disability benefits. As with the service retirement benefit, the disability benefit is based on a percentage of final compensation.

The disability benefit is 1.8% of final compensation per year of service for General Tier 1 and Tier 3 members; and 1.5% final compensation per year of service for General Tier 2 and Tier 4 members. If the benefit does not exceed one-third of final compensation, the service is projected to age 62 for General Tier 1 and Tier 3, and to age 65 for General Tier 2 and Tier 4, but the total projected benefit cannot be more than one-third of final compensation.

The disability benefit is 1.8% of final compensation per year of service for Safety members. If the benefit does not exceed one-third of final compensation, the service is projected to age 55, but the total projected benefit cannot be more than one-third of final compensation.

If the disability is service connected ("job-related"), then there is no age or service requirement. This benefit is the greater of 50% of final compensation, or 100% of the benefit amount derived from the member's age, years of service, and salary.

Members who apply for disability retirement benefits must be able to prove they are permanently unable to perform the usual duties of their current job. In addition, those who apply for a service connected disability must prove their incapacity to perform their duties was job-related.

Active Member Death Benefit

In addition to the return of employee contributions with credited interest, a lump sum death benefit is payable to the member's beneficiary or estate equal to one month's compensation for each completed year of service under the retirement system, based on the final year's average salary, but not to exceed six month's compensation.

If a member dies while eligible for service retirement or non-service connected disability, the eligible surviving spouse/domestic partner may elect to receive 60% of the greater of service or non-service connected disability retirement allowance that the member would have received for retirement on the day of his or her death in lieu of the refund of employee contributions with interest and a lump sum death benefit.

A member with five years of service could also elect optional settlement 2 while active. This election provides the member's beneficiary with 100% of the greater of service or non-service connected disability retirement benefit, with actuarial adjustment for the optional settlement 2, in lieu of the 60% continuance to a beneficiary.

Service Connected Death Benefit

If a member dies in the performance of duty, the eligible surviving spouse/domestic partner may elect to receive 50% of the member's final compensation (or 100% of the service retirement benefit, if greater).

Retired Member Death Benefit

If a member dies after retirement, a lump sum amount of $1,000 is paid to the beneficiary or estate. This benefit is excluded from the pension plan funding valuation but is included in the SRBR non-OPEB sufficiency valuation.

In addition, if the retirement was for service connected disability, 100% of the member's allowance as it was at death is continued to the eligible surviving spouse/domestic partner for life. An eligible surviving spouse is a spouse who was married to the member at least one year prior to the date of retirement.

If the retirement was for other than service connected disability, 60% of the member's unmodified allowance is continued to the eligible surviving spouse/domestic partner for life. An eligible surviving spouse is a spouse who was married to the member at least one year prior to the date of retirement.

Basic Cost-of-Living Adjustments (COLA)

The basic Cost-of-Living Adjustments are based on the change in the San Francisco Bay Area Consumer Price Index (CPI) for the calendar year prior to the April 1 effective date. The basic COLA increase in retirement allowance is up to maximum of 3% per year for Tier 1 and Tier 3; and up to maximum of 2% for Tier 2 and Tier 4 members. For any year in which the CPI exceeds the COLA percentage cap for a member, the excess percentage is accumulated ("banked") for that member and subsequently applied as an increase to the allowance in a later year when the CPI figure falls short of the relevant cap.

Supplemental Benefits Excluded from Actuarial Valuation

Non-vested supplemental COLA and retiree healthcare program benefits are paid to eligible retirees and survivors. These supplemental benefits have been excluded from the pension plan funding valuation, but are included in the SRBR, OPEB and non-OPEB sufficiency valuation.

Contribution Rates

Basic member contribution rates are based on a formula reflecting the age at entry into the Association. The rates are such as to provide, for each year of service, an average annuity at age 60 of 1/100 of FAS for General members under Tier 1; at age 60 of 1/120 of FAS for General members under Tier 2; at age 55 of 1/100 of FAS for General members under Tier 3; 50% of the total Normal Cost rate for General Tier 4 members; at age 50 of 1/100 of FAS for non-Tier 4 Safety members; and 50% of the total Normal Cost rate for Safety Tier 4 members.

Note that in estimating FAS, an assumption to anticipate how much unused vacation would be available for conversion at retirement is included for non-Tier 4 members. Member cost of living contribution rates are actuarially determined to pay for one-half of future cost of living liabilities.

For non-Tier 4 members whose benefits are integrated with Social Security, the above contributions are reduced by one-third of that portion of such contribution payable with respect to the first $161 of biweekly salary. Member contributions are refundable upon termination from employment.

Employer contribution rates are actuarially determined to provide for the balance of the contributions needed to fund the benefits promised under the pension plan.

Exemption from Contributions After Thirty Years of Service

Non-Tier 4 Safety members with 30 or more years of service and General members hired on or before March 7, 1973, with 30 or more years of service are exempt from paying member contributions. However, Safety members in Tiers 1, 2 and 2D are required to continue paying the 3% cost-sharing contribution after 30 years of service.

Statistical

Statistical

This section provides additional historical perspective, context, and detail in order to provide a more comprehensive understanding of this year's financial statements, note disclosures, and supplementary information, covering pension plan benefits, postemployment medical benefits and non-OPEB. This section also provides multi-year trend of financial and operating information to facilitate comprehensive understanding of how the organization's financial position and performance has changed over time. More specifically, the financial and operating information provides contextual data for the fiduciary net position, benefits, refunds, contribution rates and different types of retirement benefits. This information was produced by either ACERA's actuary or from ACERA's member database.

Additions to Fiduciary Net Position by Source

(Dollars in Millions)

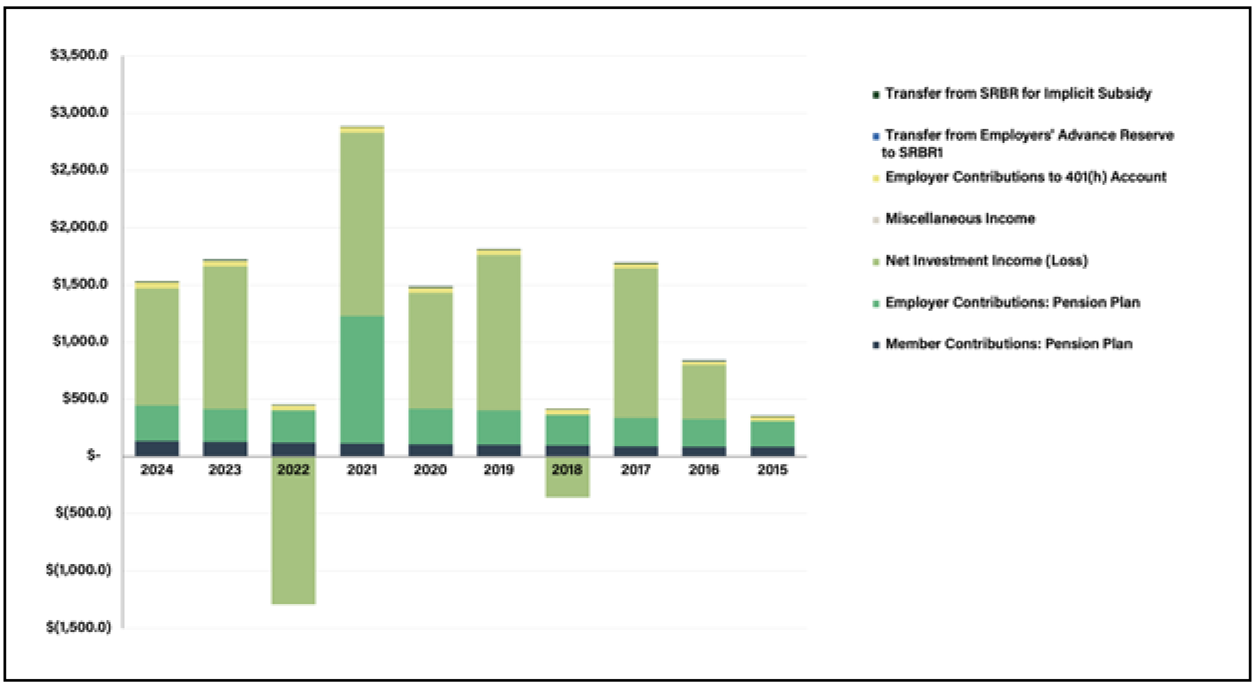
Year Ended December 31	Member Contributions	Employer Contributions	Net Investment Income (Loss)	Misc. Income	Employer Contributions to 401(h) Account	Transfer from Employers' Advance Reserve to SRBR[1]	Transfer from SRBR for Implicit Subsidy	Total Additions
2024	$ 134.5	$ 311.1	$ 1,025.2	$ 0.4	$ 51.9	$ 2.0	$ 4.0	$ 1,529.1
2023	126.5	288.6	1,248.9	0.7	49.3	1.7	7.8	1,723.5
2022	120.7	281.6	(1,289.8)	0.1	47.5	1.7	5.6	(832.6)
2021	111.1	1,116.6[2]	1,601.2	1.0	46.8	1.5	7.5	2,885.7
2020	106.1	309.8	1,017.3	0.3	45.5	1.4	6.4	1,486.8
2019	103.1	298.5	1,358.2	1.2	44.9	1.4	6.9	1,814.2
2018	94.7	269.7	(356.0)	1.4	43.8	1.2	5.8	60.6
2017	89.3	247.1	1,308.2	0.9	38.3	1.2	8.8	1,693.8
2016	85.8	241.7	470.0	0.5	33.8	1.2	6.0	839.0
2015	82.9	224.6	(6.5)	2.0	36.5	1.2	5.3	346.0

1 Effective July 1, 2011, ACERA adopted Section 31618.5 of the 1937 Act. In compliance with this law, employers allocate a portion of their contribution to the 401(h) account for estimated administrative cost of these benefits, in addition to contributions for the Postemployment Medical Benefits.

2 Includes voluntary advance UAAL contributions of $800.0 million for County Safety and $12.6 million for LARPD General to reduce their respective UAAL and associated contribution rates.

Additions to Fiduciary Net Position by Source

(Dollars in Millions)



Deductions from Fiduciary Net Position by Type

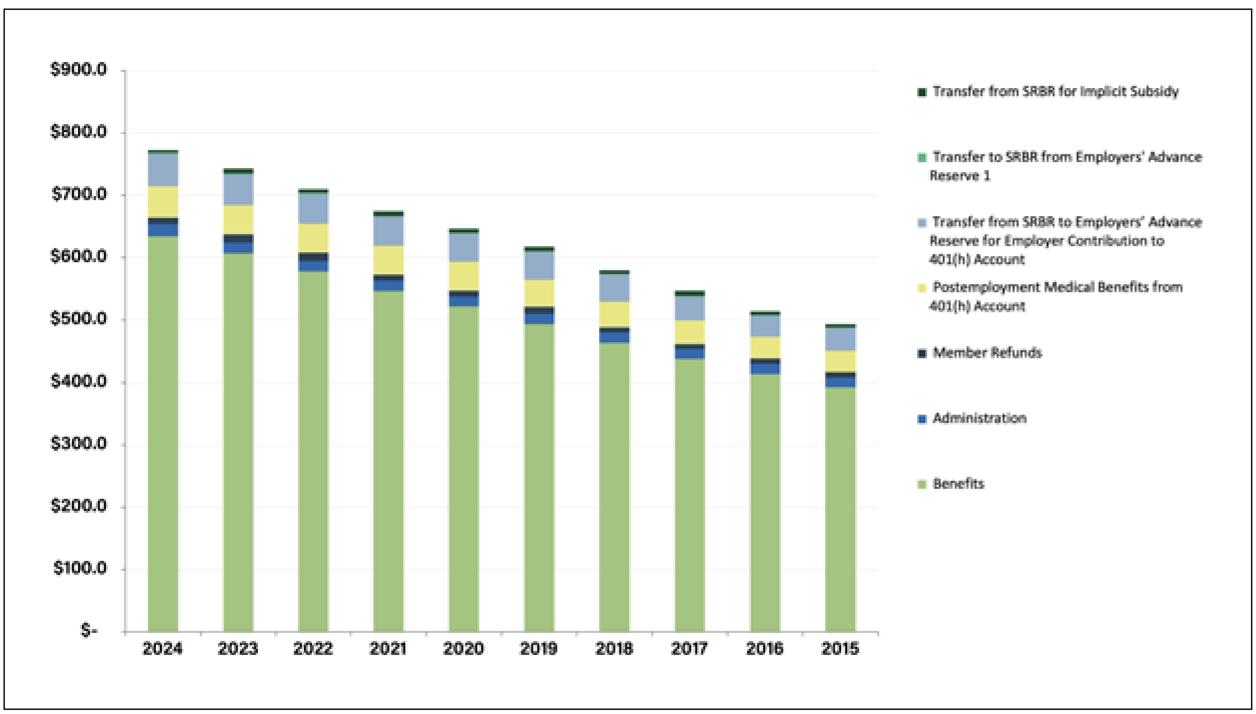
(Dollars in Millions)

Year Ended December 31	Benefits	Administration	Member Refunds	Postemployment Medical Benefits from 401(h) Account	Transfer from SRBR to Employers' Advance Reserve for Employer Contribution to 401(h) Account	Transfer to SRBR from Employers' Advance Reserve[1]	Transfer from SRBR for Implicit Subsidy	Total Deductions
2024	$ 634.0	$ 20.4	$ 10.1	$ 50.2	$ 51.9	$ 2.0	$ 4.0	$ 772.6
2023	606.4	17.6	13.3	47.1	49.3	1.7	7.8	743.2
2022	577.6	17.0	13.7	46.7	47.5	1.7	5.6	709.8
2021	546.6	16.6	9.7	45.9	46.8	1.5	7.5	674.6
2020	521.6	16.2	9.2	46.0	45.5	1.4	6.4	646.3
2019	493.4	16.6	10.7	43.6	44.9	1.4	6.9	617.5
2018	463.2	16.5	8.7	40.9	43.8	1.2	5.8	580.1
2017	437.4	15.8	7.9	37.9	38.3	1.2	8.8	547.3
2016	413.8	15.8	8.5	34.9	33.8	1.2	6.0	514.0
2015	392.3	15.4	9.0	33.7	36.5	1.2	5.3	493.4

1 Effective July 1, 2011, ACERA adopted Section 31618.5 of the 1937 Act. In compliance with this law, employers allocate a portion of their contribution to the 401(h) account for estimated administrative cost of these benefits, in addition to contributions for the Postemployment Medical Benefits.

Deductions from Fiduciary Net Position by Type

(Dollars in Millions)



Changes in Pension Plan and Non-OPEB Net Position
Last Ten Fiscal Years

For the Years Ended December 31 (Dollars in Millions)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
ADDITIONS										
Member Contributions	$ 134.5	$ 126.5	$ 120.7	$ 111.1	$ 106.1	$ 103.1	$ 94.7	$ 89.3	$ 85.8	$ 82.9
Employer Contributions	259.2	239.3	234.1	1,069.8[2]	264.3	253.6	225.9	208.8	207.9	188.1
Total Contributions	**393.7**	**365.8**	**354.8**	**1,180.9**	**370.4**	**356.7**	**320.6**	**298.1**	**293.7**	**271.0**
Investment and Miscellaneous Income (Net of Expenses)	1,025.6	1,249.6	(1,289.7)	1,602.2	1,017.6	1,359.4	(354.6)	1,309.1	470.5	(4.5)
Transfer from SRBR for Employers Contributions to 401(h) Account	51.9	49.3	47.5	46.8	45.5	44.9	43.8	38.3	33.8	36.5
Transfer from SRBR for Employers Implicit Subsidy	4.0	7.8	5.6	7.5	6.4	6.9	5.8	8.8	6.0	5.3
Earnings Allocated to Postemployment Medical Benefits Reserve	(76.2)	(71.6)	(86.6)	(242.6)	(56.8)	(55.2)	(72.8)	(64.5)	(58.8)	(102.8)
Earnings Allocated to Non-OPEB Reserve	(7.9)	(3.6)	(4.2)	(11.4)	(2.6)	(2.5)	(3.2)	(2.7)	(2.5)	(4.4)
Total Additions to Pension Plan	**1,391.1**	**1,597.3**	**(972.6)**	**2,583.4**	**1,380.5**	**1,710.2**	**(60.4)**	**1,587.1**	**742.7**	**201.1**
Earnings Allocated from the Pension Plan	7.9	3.6	4.2	11.4	2.6	2.5	3.2	2.7	2.5	4.4
Transfer from SRBR OPEB Reserve	-	54.2	-	-	-	-	-	-	-	-
Total Additions to Non-OPEB	**7.9**	**57.8**	**4.2**	**11.4**	**2.6**	**2.5**	**3.2**	**2.7**	**2.5**	**4.4**
Total Additions to Pension Plan & Non-OPEB	**1,399.0**	**1,655.1**	**(968.4)**	**2,594.8**	**1,383.1**	**1,712.7**	**(57.2)**	**1,589.8**	**745.2**	**205.5**
DEDUCTIONS										
Benefit Payments	632.4	605.0	576.4	545.4	520.3	492.0	461.9	436.0	412.3	390.5
Refunds	10.1	13.3	13.7	9.7	9.2	10.7	8.7	7.9	8.5	9.0
Administration Expenses	18.4	15.9	15.3	15.1	14.8	15.2	15.3	14.6	14.6	14.2
Transfer to SRBR from Employers' Advance Reserve[1]	2.0	1.7	1.7	1.5	1.4	1.4	1.2	1.2	1.2	1.2
Total Deductions from the Pension Plan	**662.9**	**635.9**	**607.1**	**571.7**	**545.7**	**519.3**	**487.1**	**459.7**	**436.6**	**414.9**
Burial Benefit Payments	0.4	0.3	0.2	0.3	0.2	0.2	0.2	0.2	0.2	0.2
Supplemental Cost of Living Allowance	1.2	1.1	1.0	0.9	1.1	1.2	1.1	1.2	1.3	1.6
Total Deductions from Non-OPEB	**1.6**	**1.4**	**1.2**	**1.2**	**1.3**	**1.4**	**1.3**	**1.4**	**1.5**	**1.8**
Total Deductions from the Pension Plan & Non-OPEB	**664.5**	**637.3**	**608.3**	**572.9**	**547.0**	**520.7**	**488.4**	**461.1**	**438.1**	**416.7**
Changes in Pension Plan & Non-OPEB Net Position	**$ 734.5**	**$1,017.8**	**$(1,576.7)**	**$2,021.9**	**$ 836.1**	**$1,192.0**	**$ (545.6)**	**$ 1,128.7**	**$ 307.1**	**$ (211.2)**

1 Effective July 1, 2011, ACERA adopted Section 31618.5 of the 1937 Act. In compliance with this law, employers allocate a portion of their contribution to the 401(h) account for estimated administrative cost of these benefits, in addition to contributions for the Postemployment Medical Benefits.

Changes in Postemployment Medical Benefits Net Position
Last Ten Fiscal Years

For the Years Ended December 31 (Dollars in Millions)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
ADDITIONS										
Employer Contributions	$ 51.9	$ 49.3	$ 47.5	$ 46.8	$ 45.5	$ 44.9	$ 43.8	$ 38.3	$ 33.8	$ 36.5
Earnings Allocated to Postemployment Medical Benefits	76.2	71.6	86.6	242.6	56.8	55.2	72.8	64.5	58.8	102.8
Transfer from Employers' Advance Reserve to SRBR[1]	2.0	1.7	1.7	1.5	1.4	1.4	1.2	1.2	1.2	1.2
Transfer to SRBR Non-OPEB Reserve	-	(54.2)	-	-	-	-	-	-	-	-
Total Additions	**130.1**	**68.4**	**135.8**	**290.9**	**103.7**	**101.5**	**117.8**	**104.0**	**93.8**	**140.5**
DEDUCTIONS										
Administrative Expenses[1]	2.0	1.7	1.7	1.5	1.4	1.4	1.2	1.2	1.2	1.2
Postemployment Medical Benefits Payments[2]	50.2	47.1	46.7	45.9	46.0	43.6	40.9	37.9	34.9	33.7
Transfer to Employers' Advance Reserve from SRBR for Employer Contributions to 401(h) Account	51.9	49.3	47.5	46.8	45.5	44.9	43.8	38.3	33.8	36.5
Transfer to Employers' Advance Reserve for Implicit Subsidy	4.0	7.8	5.6	7.5	6.4	6.9	5.8	8.8	6.0	5.3
Total Deductions	**108.1**	**105.9**	**101.5**	**101.7**	**99.3**	**96.8**	**91.7**	**86.2**	**75.9**	**76.7**
Changes in Postemployment Medical Benefits Net Position	**$ 22.0**	**$ (37.5)**	**$ 34.3**	**$ 189.2**	**$ 4.4**	**$ 4.7**	**$ 26.1**	**$ 17.8**	**$ 17.9**	**$ 63.8**

1 Effective July 1, 2011, ACERA adopted Section 31618.5 of the 1937 Act. In compliance with this law, employers allocate a portion of their contribution to the 401(h) account for estimated administrative cost of these benefits, in addition to contributions for the Postemployment Medical Benefits.

2 Postemployment Medical Benefits are paid from the 401(h) account.

Benefit and Refund Deductions Combined from Pension Plan, Non-OPEB, and Postemployment Medical Benefits[1] Net Position by Type
Last Ten Fiscal Years

For the Years Ended December 31 (Dollars in Thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Type of Benefit										
Age and Service Benefits:										
Retirees	$ 576,967	$ 552,457	$ 526,779	$ 502,012	$ 482,905	$ 456,754	$429,651	$ 406,234	$ 383,144	$362,618
Survivors	37,790	34,685	33,271	30,587	27,232	26,448	24,699	22,962	21,226	21,878
Death in Service Benefits:										
Survivors	4,437	4,453	4,181	4,394	3,140	3,052	3,050	2,967	2,809	2,797
Disability Benefits:										
Retirees - Duty	55,162	52,362	50,371	46,297	45,597	42,219	38,996	35,691	33,964	31,543
Retirees - Non-duty	4,819	4,805	4,966	4,815	4,409	4,775	4,199	4,115	4,264	4,165
Supplemental Disability	9	36	55	53	78	78	53	72	220	121
Survivors	5,049	4,660	4,712	4,384	4,239	3,696	3,465	3,258	3,052	2,871
Total Benefits	**$684,233**	**$653,458**	**$624,335**	**$592,542**	**$567,600**	**$537,022**	**$504,113**	**$475,299**	**$448,679**	**$425,993**
Type of Refund										
Death	$ 1,026	$ 3,837	$ 2,849	$ 2,948	$ 2,492	$ 1,940	$ 2,154	$ 1,822	$ 1,501	$ 1,542
Miscellaneous	51	35	13	93	37	135	21	56	295	14
Separation	9,004	9,421	10,851	6,603	6,655	8,650	6,534	6,015	6,675	7,435
Total Refunds	**$ 10,081**	**$ 13,293**	**$ 13,713**	**$ 9,644**	**$ 9,184**	**$ 10,725**	**$ 8,709**	**$ 7,893**	**$ 8,471**	**$ 8,991**

1 Postemployment Medical Benefits are paid from the 401(h) account.

Benefit and Refund Deductions from Pension Plan and Non-OPEB Net Position by Type
Last Ten Fiscal Years

For the Years Ended December 31 (Dollars in Thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Type of Benefit - Pension Plan										
Age and Service Benefits:										
Retirees	$ 531,767	$ 510,303	$ 485,024	$ 460,979	$ 441,185	$417,295	$392,589	$371,716	$351,440	$331,998
Survivors	37,042	34,057	32,645	29,909	26,492	25,707	23,974	22,191	20,406	20,937
Death in Service Benefits:										
Survivors	4,374	4,396	4,134	4,351	3,096	3,000	2,993	2,908	2,744	2,730
Disability Benefits:										
Retirees - Duty	50,005	47,409	45,541	41,602	41,363	38,169	35,250	32,296	30,667	28,302
Retirees - Non-duty	4,250	4,223	4,376	4,212	3,848	4,197	3,654	3,606	3,753	3,638
Supplemental Disability	9	36	55	53	78	78	52	72	220	121
Survivors	4,977	4,599	4,665	4,330	4,170	3,616	3,391	3,188	2,984	2,811
Total Pension Plan Benefits	**632,424**	**605,023**	**576,440**	**545,436**	**520,232**	**492,062**	**461,903**	**435,977**	**412,214**	**390,537**
Type of Benefit - Non-OPEB										
Age and Service Benefits:										
Retirees	304	256	230	222	280	332	342	402	465	570
Survivors	748	628	626	678	740	741	725	771	820	941
Death in Service Benefits:										
Survivors	63	57	47	43	44	52	57	59	65	67
Disability Benefits:										
Retirees - Duty	401	325	207	169	190	160	103	85	88	89
Retirees - Non-duty	34	36	27	23	24	33	30	31	32	43
Supplemental Disability	-	-	-	-	-	-	-	-	-	-
Survivors	72	61	47	54	69	80	74	70	68	60
Total Non-OPEB Benefits	**1,622**	**1,363**	**1,184**	**1,189**	**1,347**	**1,398**	**1,331**	**1,418**	**1,538**	**1,770**
Total Pension Plan & Non-OPEB Benefits	**$634,046**	**$606,386**	**$577,624**	**$546,625**	**$521,579**	**$493,460**	**$463,234**	**$437,395**	**$413,752**	**$392,307**
Type of Refund										
Death	$ 1,026	$ 3,837	$ 2,849	$ 2,948	$ 2,492	$ 1,940	$ 2,154	$ 1,822	$ 1,501	$ 1,542
Miscellaneous	51	35	13	93	37	135	21	56	295	14
Separation	9,004	9,421	10,851	6,603	6,655	8,650	6,534	6,015	6,675	7,435
Total Refunds	**$ 10,081**	**$ 13,293**	**$ 13,713**	**$ 9,644**	**$ 9,184**	**$ 10,725**	**$ 8,709**	**$ 7,893**	**$ 8,471**	**$ 8,991**

Benefit and Refund Deductions from Postemployment Medical Benefits Net Position by Type[1]
Last Ten Fiscal Years

For the Years Ended December 31 (Dollars in Thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Type of Benefit										
Age and Service Benefits:										
Retirees	$ 44,896	$ 41,898	$ 41,525	$ 40,811	$ 41,440	$ 39,127	$36,720	$ 34,116	$31,239	$30,050
Survivors	-	-	-	-	-	-	-	-	-	-
Disability Benefits:										
Retirees - Duty	4,756	4,628	4,623	4,526	4,044	3,890	3,643	3,310	3,209	3,152
Retirees - Non-duty	535	546	563	580	537	545	515	478	479	484
Supplemental Disability	-	-	-	-	-	-	1	-	-	-
Survivors	-	-	-	-	-	-	-	-	-	-
Total Benefits	**$ 50,187**	**$ 47,072**	**$ 46,711**	**$ 45,917**	**$ 46,021**	**$43,562**	**$ 40,879**	**$37,904**	**$34,927**	**$33,686**

1 Postemployment Medical Benefits are paid from the 401(h) account.

Benefit Expenses by Type
(Actuary's Exhibit 8)

For the Years Ended December 31[1] (Dollars in Thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Service Retirement Payroll										
Basic	$ 399,597	$ 385,811	$ 369,103	$ 352,518	$ 337,357	$ 321,874	$ 304,103	$ 290,499	$ 275,935	$ 263,509
COLA	133,199	125,168	117,864	110,264	103,891	96,957	89,585	82,757	75,702	69,398
Total	**532,796**	**510,979**	**486,967**	**462,782**	**441,248**	**418,831**	**393,688**	**373,256**	**351,637**	**332,907**
Disability Retiree Payroll										
Basic	39,725	38,936	37,865	34,979	33,707	31,974	30,196	27,674	26,572	24,793
COLA	13,981	13,028	12,226	11,334	10,669	9,929	9,335	8,569	8,003	7,385
Total	**53,706**	**51,964**	**50,091**	**46,313**	**44,376**	**41,903**	**39,531**	**36,243**	**34,575**	**32,178**
Beneficiaries and Survivors Payroll										
Basic	29,892	27,400	26,117	24,986	23,116	21,904	20,697	19,179	18,643	17,495
COLA	21,330	19,084	18,023	17,017	15,357	14,491	13,710	12,627	11,844	10,975
Total	**51,222**	**46,484**	**44,140**	**42,003**	**38,473**	**36,395**	**34,407**	**31,806**	**30,487**	**28,470**
Total	**$ 637,724**	**$ 609,427**	**$ 581,198**	**$ 551,098**	**$ 524,097**	**$ 497,129**	**$ 467,626**	**$ 441,305**	**$ 416,699**	**$ 393,555**

1 As permitted by the Actuarial Standard of Practice No. 4 (Measuring Pension Obligations), the actuarial valuation has been prepared based on participant data provided by ACERA as of November 30.

Retired Members by Type of Benefit and Option Selected (Actuary's Exhibit 9)
Summary of Monthly Allowances Being Paid for the Month of December 31, 2024[1]

		Monthly Allowance		
	Number	Basic	Cost of Living	Total
GENERAL MEMBERS				
Service Retirement				
Unmodified	6,416	$ 22,234,475	$ 7,332,212	$ 29,566,687
Option 1	534	1,569,403	386,345	1,955,748
Option 2	493	1,377,307	366,552	1,743,859
Option 3	26	85,167	23,296	108,463
Option 4	40	112,080	25,148	137,228
Total	**7,509**	**25,378,432**	**8,133,553**	**33,511,985**
Disability				
Unmodified	551	1,259,982	570,919	1,830,901
Option 1	26	52,020	17,554	69,574
Option 2	4	8,271	1,583	9,854
Option 3	3	7,593	2,339	9,932
Option 4	1	2,415	471	2,886
Total	**585**	**1,330,281**	**592,866**	**1,923,147**
Beneficiaries	1,073	1,674,387	1,222,454	2,896,841
Total General	**9,167**	**$ 28,383,100**	**$ 9,948,873**	**$ 38,331,973**

		Monthly Allowance		
	Number	Basic	Cost of Living	Total
SAFETY MEMBERS				
Service Retirement				
Unmodified	1,141	$ 6,978,777	$ 2,740,980	$ 9,719,757
Option 1	51	263,066	56,234	319,300
Option 2	134	635,444	155,701	791,145
Option 3	4	31,934	11,056	42,990
Option 4	2	12,126	2,385	14,511
Total	**1,332**	**7,921,347**	**2,966,356**	**10,887,703**
Disability				
Unmodified	413	1,937,572	557,561	2,495,133
Option 1	6	16,477	6,750	23,227
Option 2	2	2,900	1,064	3,964
Option 3	4	18,998	6,289	25,287
Option 4	1	4,240	534	4,774
Total	**426**	**1,980,187**	**572,198**	**2,552,385**
Beneficiaries	327	816,620	555,010	1,371,630
Total Safety	**2,085**	**$ 10,718,154**	**$ 4,093,564**	**$ 14,811,718**
Total General and Safety	**11,252**	**$ 39,101,254**	**$ 14,042,437**	**$ 53,143,691**

1 As permitted by the Actuarial Standard of Practice No. 4 (Measuring Pension Obligations), the actuarial valuation has been prepared based on participant data provided by ACERA as of November 30.

Retired Members by Type of Benefit – Pension Plan

As of December 31, 2024

		Type of Benefit							Option Selected				
Amount of Monthly Benefit	Number of Retired Members	Duty Disability Retirement	Non-Duty Disability Retirement	DRO Lifetime Annuity	Service Retirement	Survivorship	Continuance	Supplemental Disability	Unmodified—60% Contingent Joint & Survivor	Option 1—Single Life	Option 2—100% Contingent Joint & Survivor	Option 3—50% Contingent Joint & Survivor	Option 4—33% Contingent Joint & Survivor
$ 1 to $ 1,000	1,102	9	4	75	794	25	195	-	906	78	109	4	5
1,001 to 2,000	1,825	28	63	53	1,393	51	237	-	1,546	127	136	6	10
2,001 to 3,000	1,812	220	50	30	1,328	24	160	-	1,585	121	95	5	6
3,001 to 4,000	1,465	175	17	26	1,107	14	126	-	1,291	102	59	5	8
4,001 to 5,000	1,072	111	4	13	838	4	102	-	950	62	53	2	5
5,001 to 6,000	856	150	1	6	628	4	67	-	778	41	30	5	2
6,001 to 7,000	659	49	3	8	560	1	38	-	577	41	39	-	2
7,001 to 8,000	574	34	1	2	500	4	33	-	510	33	26	2	3
8,001 to 9,000	438	22	-	1	391	1	23	-	403	12	21	-	2
9,001 to 10,000	324	18	-	2	285	1	18	-	300	11	12	1	-
Over $10,000	1,098	50	-	2	1,003	7	36	-	1,008	30	53	6	1
Total	**11,225**	**866**	**143**	**218**	**8,827**	**136**	**1,035**	**-**	**9,854**	**658**	**633**	**36**	**44**

Retired Members by Type of Benefit – Postemployment Medical Benefits

As of December 31, 2024

		Type of Benefit							Option Selected				
Amount of Monthly Benefit	Number of Retired Members	Duty Disability Retirement	Non-Duty Disability Retirement	DRO Lifetime Annuity	Service Retirement	Survivorship	Continuance	Supplemental Disability	Unmodified - 60% Contingent Joint & Survivor	Option 1 - Single Life	Option 2 - 100% Contingent Joint & Survivor	Option 3 - 50% Contingent Joint & Survivor	Option 4 - 33% Contingent Joint & Survivor
$ 1 to $ 300	3,392	417	72	-	2,903	-	-	-	2,962	173	228	19	10
301 to 600	4,446	274	56	-	4,116	-	-	-	3,933	303	179	8	23
601 to 900	817	174	2	-	641	-	-	-	713	55	40	4	5
Total	**8,655**	**865**	**130**	**-**	**7,660**	**-**	**-**	**-**	**7,608**	**531**	**447**	**31**	**38**

Retired Members by Type of Benefit – Non-OPEB

As of December 31, 2024

		Type of Benefit							Option Selected				
Amount of Monthly Benefit	Number of Retired Members	Duty Disability Retirement	Non-Duty Disability Retirement	DRO Lifetime Annuity	Service Retirement	Survivorship	Continuance	Supplemental Disability	Unmodified - 60% Contingent Joint & Survivor	Option 1 - Single Life	Option 2 - 100% Contingent Joint & Survivor	Option 3 - 50% Contingent Joint & Survivor	Option 4 - 33% Contingent Joint & Survivor
$ 1 to $ 300	1,120	254	42	6	597	37	184	-	1,039	46	31	4	-
301 to 600	55	18	3	-	10	1	23	-	54	1	-	-	-
601 to 900	5	-	-	-	2	-	3	-	5	-	-	-	-
901 to 1,200	9	1	-	-	-	1	7	-	9	-	-	-	-
1,201 to 1,500	6	3	-	-	1	-	2	-	6	-	-	-	-
1,501 to 1,800	2	-	-	-	-	1	1	-	2	-	-	-	-
Total	**1,197**	**276**	**45**	**6**	**610**	**40**	**220**	**-**	**1,115**	**47**	**31**	**4**	**-**

Average Pension Benefit Payments (Actuary's Exhibit 6) — Last Ten Fiscal Years

Retirement Effective Dates[1]	Years of Service 0-4	5-9	10-14	15-19	20-24	25-29	30+	Unknown
Period 1/1/15-12/31/15								
Average Monthly Pension Benefit	$ 1,004	$ 1,642	$ 1,912	$ 2,722	$ 3,682	$ 5,164	$ 6,238	N/A
Average Final Average Salary	$ 9,461	$ 7,007	$ 6,933	$ 7,198	$ 7,752	$ 8,271	$ 8,205	N/A
Number of Retired Members Added	24	45	92	62	76	63	68	39
Period 1/1/16-12/31/16								
Average Monthly Pension Benefit	$ 998	$ 1,820	$ 1,742	$ 2,737	$ 3,456	$ 5,217	$ 6,164	N/A
Average Final Average Salary	$ 13,095	$10,334	$10,108	$ 7,775	$ 7,960	$ 9,002	$ 8,324	N/A
Number of Retired Members Added	22	54	89	76	82	81	75	44
Period 1/1/17-12/31/17								
Average Monthly Pension Benefit	$ 597	$ 1,749	$ 2,051	$ 2,527	$ 3,896	$ 4,624	$ 7,324	N/A
Average Final Average Salary	$ 8,571	$ 7,388	$ 7,629	$ 7,037	$ 7,679	$ 7,751	$ 9,185	N/A
Number of Retired Members Added	30	50	87	76	83	82	69	35
Period 1/1/18-12/31/18								
Average Monthly Pension Benefit	$ 983	$ 1,565	$ 1,988	$ 2,985	$ 4,179	$ 4,590	$ 6,873	N/A
Average Final Average Salary	$ 8,091	$ 7,099	$ 7,238	$ 7,636	$ 8,163	$ 7,878	$ 9,204	N/A
Number of Retired Members Added	20	64	101	97	87	92	87	35
Period 1/1/19-12/31/19								
Average Monthly Pension Benefit	$ 846	$ 1,459	$ 2,315	$ 3,140	$ 4,329	$ 5,528	$ 7,080	N/A
Average Final Average Salary	$ 10,462	$ 8,150	$ 7,943	$ 8,143	$ 8,278	$ 9,036	$ 9,143	N/A
Number of Retired Members Added	43	61	89	88	95	93	98	23
Period 1/1/20-12/31/20								
Average Monthly Pension Benefit	$ 1,170	$ 1,782	$ 2,439	$ 3,396	$ 4,639	$ 5,139	$ 7,717	N/A
Average Final Average Salary	$ 9,793	$ 8,479	$ 9,045	$ 8,413	$ 9,378	$ 8,605	$ 9,925	N/A
Number of Retired Members Added	21	60	80	73	102	65	107	32
Period 1/1/21-12/31/21								
Average Monthly Pension Benefit	$ 886	$ 1,508	$ 2,723	$ 3,095	$ 4,750	$ 6,506	$ 7,300	N/A
Average Final Average Salary	$ 9,948	$ 8,952	$ 9,165	$ 7,774	$ 9,576	$10,321	$ 9,661	N/A
Number of Retired Members Added	35	65	77	78	113	63	101	48
Period 1/1/22-12/31/22								
Average Monthly Pension Benefit	$ 680	$ 1,682	$ 2,638	$ 3,611	$ 4,875	$ 6,245	$ 6,991	N/A
Average Final Average Salary	$ 9,359	$ 8,726	$ 9,219	$ 9,495	$ 9,532	$ 9,989	$ 9,260	N/A
Number of Retired Members Added	22	62	99	63	140	76	96	30
Period 1/1/23-12/31/23								
Average Monthly Pension Benefit	$ 928	$ 1,668	$ 2,304	$ 3,642	$ 4,333	$ 6,733	$ 7,688	N/A
Average Final Average Salary	$ 9,582	$ 8,859	$ 9,000	$ 9,330	$ 8,772	$10,406	$ 9,313	N/A
Number of Retired Members Added	25	61	69	68	122	63	106	38
Period 1/1/24-12/31/24								
Average Monthly Pension Benefit	$ 804	$ 1,705	$ 2,908	$ 3,706	$ 5,360	$ 7,908	$ 7,302	N/A
Average Final Average Salary	$ 11,829	$ 8,866	$ 9,274	$ 9,529	$10,391	$12,241	$ 9,547	N/A
Number of Retired Members Added	30	54	73	64	131	69	86	34

1 As permitted by the Actuarial Standard of Practice No. 4 (Measuring Pension Obligations), the actuarial valuation has been prepared based on participant data provided by ACERA as of November 30.

Average Monthly Other Postemployment Benefits (OPEB)
(Actuary's SRBR Exhibit 4)
Last Ten Fiscal Years
Includes Monthly Medical Allowance, Dental, Vision, and Medicare Part B

Retirement Effective Dates[1]	Years of Service						
	0–4	5–9	10–14	15–19	20–24	25–29	30 & Over
Period 1/1/15–12/31/15							
Average OPEB	$ 0	$ 0	$ 273	$ 326	$ 461	$ 483	$ 538
Number of Retired Members Added	23	34	79	53	67	58	74
Period 1/1/16–12/31/16							
Average OPEB	$ 0	$ 0	$ 205	$ 337	$ 504	$ 502	$ 567
Number of Retired Members Added	21	48	76	69	63	74	75
Period 1/1/17–12/31/17							
Average OPEB	$ 0	$ 0	$ 227	$ 398	$ 509	$ 528	$ 522
Number of Retired Members Added	26	40	76	72	75	78	76
Period 1/1/18–12/31/18							
Average OPEB	$ 0	$ 0	$ 207	$ 389	$ 483	$ 527	$ 565
Number of Retired Members Added	16	52	87	85	75	83	99
Period 1/1/19–12/31/19							
Average OPEB	$ 0	$ 0	$ 195	$ 373	$ 498	$ 544	$ 541
Number of Retired Members Added	37	55	71	81	84	86	102
Period 1/1/20–12/31/20							
Average OPEB	$ 0	$ 0	$ 199	$ 380	$ 545	$ 574	$ 542
Number of Retired Members Added	18	52	67	62	88	59	113
Period 1/1/21–12/31/21							
Average OPEB	$ 0	$ 6	$ 203	$ 341	$ 469	$ 547	$ 584
Number of Retired Members Added	30	55	65	63	97	53	103
Period 1/1/22–12/31/22							
Average OPEB	$ 0	$ 0	$ 213	$ 369	$ 523	$ 503	$ 593
Number of Retired Members Added	19	52	83	55	129	61	101
Period 1/1/23–12/31/23							
Average OPEB	$ 0	$ 0	$ 272	$ 362	$ 480	$ 521	$ 539
Number of Retired Members Added	21	56	59	59	117	54	95
Period 1/1/24–12/31/24							
Average OPEB	$ 0	$ 2	$ 299	$ 349	$ 517	$ 516	$ 559
Number of Retired Members Added	25	48	61	55	104	55	74

1 As permitted by the Actuarial Standard of Practice Statement No. 6 (Measuring Retiree Group Benefit Obligations), the actuarial valuation has been prepared based on participant data provided by ACERA as of November 30.

Note: The "Average Final Average Salary" is not provided since these benefits are not dependent on salary.

Participating Employers and Active Members (Actuary's Exhibit 7) - Last Ten Years

As of November 30[1]

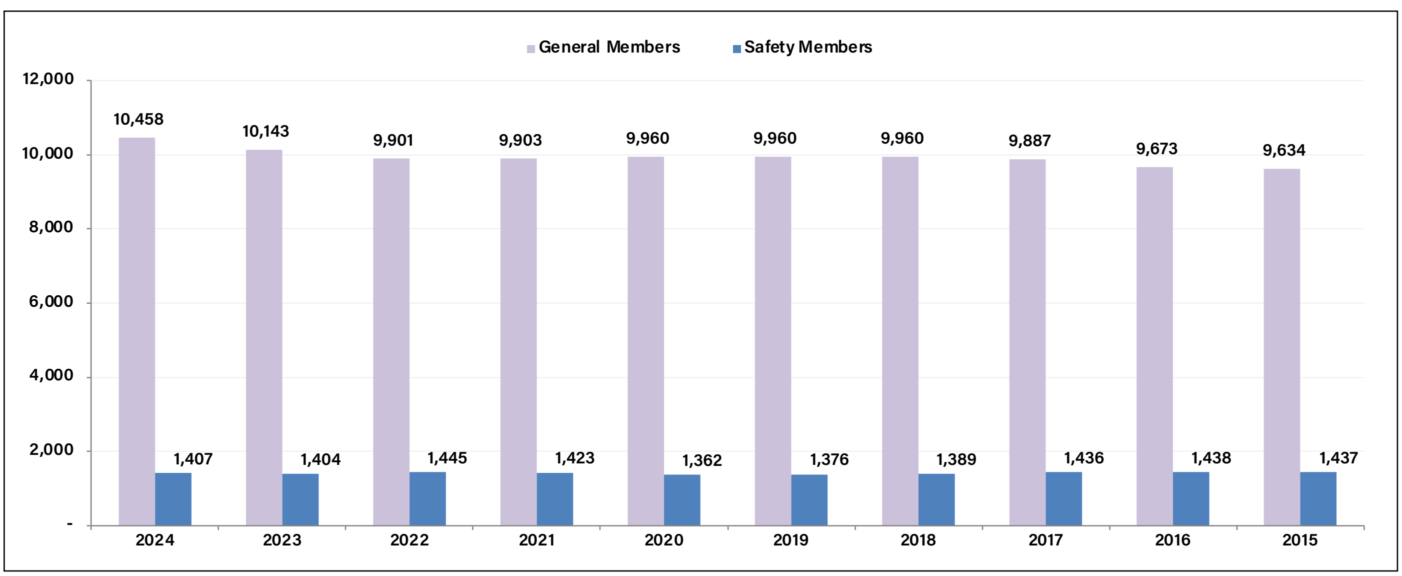
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
County of Alameda										
General Members	6,870	6,609	6,554	6,655	6,680	6,707	6,708	6,681	6,606	6,601
Safety Members	1,407	1,404	1,445	1,423	1,362	1,376	1,389	1,436	1,438	1,437
Total	**8,277**	**8,013**	**7,999**	**8,078**	**8,042**	**8,083**	**8,097**	**8,117**	**8,044**	**8,038**
Other Participating Employers (General Members)										
Alameda Health System[2]	2,751	2,690	2,571	2,486	2,451	2,409	2,430	2,431	2,246	2,205
Alameda County Office of Education[3]	-	-	-	-	-	-	-	-	1	1
First 5 Alameda County	110	96	67	69	70	67	62	60	55	52
Housing Authority of the County of Alameda	66	67	61	60	60	59	61	57	59	62
Livermore Area Recreation & Park District	33	36	38	41	43	51	58	56	62	65
The Superior Court of California for the County of Alameda	628	645	610	592	656	667	641	602	644	648
Total	**3,588**	**3,534**	**3,347**	**3,248**	**3,280**	**3,253**	**3,252**	**3,206**	**3,067**	**3,033**
Total Active Membership										
General Members	10,458	10,143	9,901	9,903	9,960	9,960	9,960	9,887	9,673	9,634
Safety Members	1,407	1,404	1,445	1,423	1,362	1,376	1,389	1,436	1,438	1,437
Total	**11,865**	**11,547**	**11,346**	**11,326**	**11,322**	**11,336**	**11,349**	**11,323**	**11,111**	**11,071**

1 As permitted by the Actuarial Standard of Practice No. 4 (Measuring Pension Obligations), the actuarial valuation has been prepared based on participant data provided by ACERA as of November 30.

2 Formerly named Alameda County Medical Center.

3 Starting with the December 31, 2017 valuation, there were no active members from the Alameda County Office of Education; however, there were still retired members from that participating agency as of that date.

Total Active Membership



Principal Participating Employers for Pension Plan, Postemployment Medical Benefits and Non-OPEB Benefits - Current Year and Nine Years Ago

As of December 31

Participating Employers	2024			2015		
	Covered Employees	Rank	Percentage of Total System	Covered Employees	Rank	Percentage of Total System
County of Alameda	8,258	1	69.7 %	8,063	1	72.7 %
Alameda Health System	2,748	2	23.2	2,200	2	19.8
The Superior Court of California for the County of Alameda	623	3	5.3	648	3	5.8
First 5 Alameda County	110	4	0.9	53	6	0.5
Housing Authority of the County of Alameda	67	5	0.6	62	5	0.6
Livermore Area Recreation & Park District	33	6	0.3	65	4	0.6
Alameda County Office of Education	-	-	-	1	7	-
Total	**11,839**		**100 %**	**11,092**		**100 %**

Employee Contribution Rates (Percent of Payroll) Last Ten Years

Fiscal Year Beginning July 1 - Effective month of September

	County and Other Participating Employers									
	General Member				Safety Member					
Year	Tier 1	Tier 2	Tier 3[1]	Tier 4	Tier 1	Tier 2	Tier 2C	Tier 2D[2]	Tier 4	Aggregate
2015/2016	9.02	7.41	12.89	8.09	12.59	15.08	12.76	16.73	15.25	8.75
2016/2017	9.23	7.36	13.15	8.06	10.71	15.04	12.67	16.48	14.65	8.77
2017/2018	9.19	7.36	13.15	8.10	12.22	15.04	12.53	16.32	14.20	8.80
2018/2019	9.59	7.81	13.56	8.76	11.57	15.84	13.52	16.42	15.75	9.37
2019/2020	9.54	7.75	13.99	8.80	8.55	15.85	13.38	16.15	15.58	9.34
2020/2021	9.43	7.70	14.41	8.85	9.96	15.81	13.48	16.09	15.42	9.34
2021/2022	9.86	8.22	15.00	9.21	3.00	16.95	14.65	17.17	16.93	9.94
2022/2023	9.79	8.17	15.07	9.23	3.00	16.91	14.60	17.04	17.01	10.00
2023/2024	10.17	8.14	15.50	9.30	3.00	16.88	14.44	16.82	17.28	10.08
2024/2025	10.01	7.81	14.42	9.06	-	16.49	13.86	16.71	17.88	9.87

1 Tier 3 rate only applies to LARPD effective from October 1, 2008.

2 Rate includes the 5% cost-sharing contribution (with less than 5 years of vesting service) and 3% (with 5 or more years of vesting service).

Employer Contribution Rates (Percent of Payroll) (Actuary's Exhibit 10) Last Ten Years

Fiscal Year Beginning July 1 - Effective month of September

	County								
	General Member			Safety Member					
Year	Tier 1	Tier 2	Tier 4[1]	Tier 1[2]	Tier 2	Tier 2C[3]	Tier 2D[3]	Tier 4[1]	Aggregate[4]
2015/2016	20.86	20.11	19.22	71.82	54.00	55.81	51.41	52.72	27.67
2016/2017	20.22	19.39	18.54	70.87	52.73	54.05	50.10	50.89	26.96
2017/2018	20.10	19.37	18.63	68.31	53.25	54.64	51.11	50.90	27.09
2018/2019	22.30	21.57	20.90	76.41	61.19	62.54	59.64	57.92	30.57
2019/2020	22.31	21.40	20.83	80.60	62.34	63.63	61.60	59.20	30.46
2020/2021	22.90	21.92	21.43	83.07	63.66	64.94	63.31	60.49	30.98
2021/2022[5]	25.54	24.05	23.79	88.95	69.15	73.87	69.83	66.52	33.86
2022/2023	24.75	23.20	23.01	43.64	23.84	29.18	24.60	21.44	23.15
2023/2024	24.77	23.19	23.10	42.29	25.53	30.50	26.37	23.55	23.57
2024/2025	24.35	22.69	22.44	-	27.52	31.81	28.50	25.26	23.51

	AHS, Superior Court and First 5			Other Participating Employers[6]	Housing Authority	Housing Authority / Alameda County Office of Education[6]	LARPD		
	General Member			General Member			General Member		
Year	Tier 1	Tier 2	Tier 4[1]	Tier 1	Tier 2	Tier 4[1]	Tier 1[7]	Tier 3	Tier 4[1]
2015/2016	21.42	20.67	19.78	26.69	25.94	25.05	-	29.32	22.87
2016/2017	20.84	20.01	19.16	26.22	25.39	24.54	-	26.17	19.29
2017/2018	20.81	20.08	19.34	26.21	25.48	24.74	-	26.39	19.76
2018/2019	23.06	22.33	21.66	28.32	27.59	26.92	-	29.77	23.12
2019/2020	23.13	22.22	21.65	28.34	27.43	26.86	33.62	38.41	32.14
2020/2021	23.77	22.79	22.30	28.97	27.99	27.50	38.07	43.82	36.60
2021/2022[5]	26.48	24.99	24.73	31.72	30.23	29.97	42.96	48.02	41.21
2022/2023	25.72	24.17	23.98	30.93	29.38	29.19	10.97	16.41	9.23
2023/2024	25.80	24.22	24.13	30.95	29.37	29.28	10.97	17.15	9.30
2024/2025	25.43	23.77	23.52	30.49	28.83	28.58	10.97	16.49	9.06

1 Resulting from CalPEPRA legislation. Tier 4 became effective January 1, 2013.

2 There were no Safety Tier 1 active members reported for the December 31, 2023 valuation.

3 New Sheriff's Department employees (excluding Probation Officers) hired on or after October 17, 2010.

4 The aggregate rate is based on payroll as of the prior December 31 date.

5 Employer rates for County Safety and LARPD General groups were adjusted effective FY 2021/2022 to reflect the voluntary UAAL contributions made by the County and LARPD, respectively, in June 2021. The adjusted employer rates are as follows:

County - Safety					LARPD - General		
Tier 1	Tier 2	Tier 2C	Tier 2D	Tier 4	Tier 1	Tier 3	Tier 4
46.10%	26.30%	31.02%	26.98%	23.67%	14.88%	19.94%	13.13%

6 Includes Housing Authority and Alameda County Office of Education (ACOE). Rate applied to ACOE before the December 31, 2018 valuation. Effective with the December 31, 2018 valuation, ACOE's contribution is expressed as a level dollar amount based on the declining employer payroll policy.

7 Tier 1 rate combined with Other Participating Employers before the December 31, 2018 valuation.

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Compliance

WILLIAMS ADLEY

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

Board of Retirement
Alameda County Employees' Retirement Association
Oakland, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Alameda County Employees' Retirement Association (ACERA), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise ACERA's basic financial statements, and have issued our report thereon dated June 26, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

WILLIAMS, ADLEY & COMPANY-CA, LLP
Certified Public Accountants / Management Consultants
7677 Oakport Street, Suite 510 • Oakland, CA 94621 • (510) 893-8114 • Fax: (510) 893-2603
https://wacllp.com

WILLIAMS ADLEY

Report on Compliance and Other Matters

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

Purpose of this Report

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

Williams, Adley & Company-CA, LLP

Oakland, California
June 26, 2025