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May 26, 2026

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

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

Dear Lisa:

In our Governmental Accounting Standards Board Statement No. 74 (GASB 74) actuarial valuation report dated May 26, 2026, we provided the Net OPEB Liability (NOL) and other elements that are required for completing the Plan's financial reporting requirements under GASB 74. In this letter, we have provided as an addendum to that report two additional schedules for use in allocating the NOL and OPEB expense by employer, before we issue the full companion report for the employer's financial reporting for ACERA under GASB Statement No. 75 (GASB 75). This is similar to a recommendation made by the American Institute of Certified Public Accountants (AICPA) State and Local Government Expert Panel to have comparable schedules prepared for the Pension Plan when we implemented GASB Statements 67 and 68.

The attached schedules have been developed based on the assumptions, methods, and results shown in our report dated May 26, 2026. Exhibits A1 and A2 detail the method used for allocating the NOL and the NOL amounts allocated to the seven employers at ACERA as of December 31, 2024 and December 31, 2025, respectively.

Special note related to allocation of NOL for the OPEB SRBR

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

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

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

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

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

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

Please give us a call if you have any questions.

Sincerely,

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

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

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

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

VC/elf

Attachments

Schedule of employer allocations as of December 31, 2024

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

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

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

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

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

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

Allocation of December 31, 2024 Net OPEB Liability

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

Notes

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

[5] The unrounded percentages are used in the allocation of the NOL amongst employers.

Schedule of employer allocations as of December 31, 2025

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

Employer	Contributions	Percentage[6]
Alameda County[7]	$321,814,329	76.344%
Health System	78,835,082	18.702%
Superior Court	13,970,824	3.314%
First 5	3,395,793	0.806%
Housing Authority	1,798,627	0.427%
LARPD[8]	1,532,429	0.364%
ACOE[9]	179,854	0.043%
Total for all Employers	**$421,526,938**	**100.000%**

[6] The unrounded percentages are used in the allocation of the NOL amongst employers.

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

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

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

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

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

Allocation of December 31, 2025 Net OPEB Liability

Employer	NOL	Percentage[10]
Alameda County	$(17,224,831)	76.344%
Health System	(4,219,579)	18.702%
Superior Court	(747,776)	3.314%
First 5	(181,757)	0.806%
Housing Authority	(96,270)	0.427%
LARPD	(82,022)	0.364%
ACOE	(9,627)	0.043%
Total for all Employers	**$(22,561,862)**	**100.000%**

Notes

1. Allocated based on the actual January 1, 2025 through December 31, 2025 employer contributions in total as provided by ACERA, with an adjustment to reflect the total annual UAAL contribution ACOE would have been required to make of $179,854 in 2025 had they not made the additional contribution in 2019 to partially pay off their UAAL for the pension plan. This approach is outlined in our March 2, 2020 letter and is approved by ACERA. Following this approach, there is an adjustment to reflect the total annual contribution the County would have been required to make of $321,814,329 (specifically, $177,212,627 for County General and $144,601,702 for County Safety) in 2025 had they not made the voluntary County General UAAL contribution in 2025 and the voluntary County Safey UAAL contribution in 2021 to the pension plan. There is also an adjustment to reflect the total annual contribution LARPD would have been required to make of $1,532,429 in 2025 had they not made the voluntary LARPD General UAAL contribution in 2021 to the pension plan.
2. The Net OPEB Liability (NOL) is the Total OPEB Liability (TOL) minus the OPEB SRBR Plan Fiduciary Net Position (plan assets).
3. The employer’s share of the total plan NOL is the ratio of the employer's total contributions to the total contributions for all employers.

[10] The unrounded percentages are used in the allocation of the NOL amongst employers.

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

Deferred Outflows of Resources

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

Deferred Inflows of Resources

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

OPEB Expense

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

Notes

1. Amounts shown in this exhibit were allocated by employer based on the Employer Allocation Percentage calculated in Exhibit A2.
2. In determining the OPEB expense:
   a. Any differences between projected and actual investment earnings on OPEB plan investments are recognized over a period of five years beginning with the year in which they occur.
   b. Current-period (i.e., 2025) changes in assumptions and differences between actual and expected experience are recognized over the average of the expected remaining service lives of all employees that are provided with OPEB benefits through ACERA determined as of December 31, 2024 (the beginning of the measurement period ending December 31, 2025) and is 6.37[11] years.
3. The average of the expected remaining service lives of all employees was determined by:
   a. Calculating each active employee's expected remaining service life as the present value of $1 per year of future service at zero percent interest.
   b. Setting the remaining service life to zero for each nonactive or retired member.
   c. Dividing the sum of the above amounts by the total number of active employees and nonactive and retired members.
4. There was a decrease in the total employer OPEB expense from $24.9 million calculated last year to $8.5 million calculated this year. The decrease was mainly due to the new amortization base resulting from favorable 2025 investment experience. The decrease in expense was partially offset by the expiration of an amortization base related to a prior deferred inflow and the new amortization base related to this year's assumption changes.

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