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Via Email

May 22, 2023

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

**Re: Alameda County Employees' Retirement Association (ACERA)
Addendum to the Governmental Accounting Standards Board (GASB) Statement 67
Actuarial Valuation as of December 31, 2022**

Dear Lisa:

In our Governmental Accounting Standards (GASB) Statement 67 actuarial valuation report dated May 22, 2023, we provided the Net Pension Liabilities (NPL) and other elements that are required for completing the Plan's financial reporting requirements under GASB Statement 67. In this letter, we have provided as an addendum to that report two additional schedules that the American Institute of Certified Public Accountants (AICPA) State and Local Government Expert Panel recommends be prepared by the Retirement Association's actuary (Segal) for use in allocating the NPL and pension expense by employer, before we issue the full companion report for the employer's financial reporting for ACERA under GASB Statement 68.

The attached schedules have been developed based on the assumptions, methods, and results shown in our report dated May 22, 2023. Exhibits A1 and A2 detail the method used for allocating the NPL and they provide the NPL amounts allocated to the seven employers at ACERA as of December 31, 2021 and December 31, 2022, respectively.

In preparing the addendum letter for the results as of December 31, 2021, we applied the breakdown of General and Safety employer and employee contributions provided by ACERA before reflecting manual adjustments that increased the County's General employer and General employee contributions by about \$58,000 but decreased the County's Safety employer and Safety employee contributions by the same amount, as agreed to by ACERA. Those adjustments that were not deemed material and therefore not used in preparing the December 31, 2021 addendum letter after consultation with ACERA are now reflected as part of the December 31, 2022 addendum letter.

Special Note Related to Allocation of NPL for the non-OPEB SRBR

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

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

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

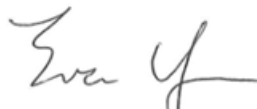
These calculations were performed under the supervision of Eva Yum, FSA, MAAA, Enrolled Actuary. We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

Please let us know if you have any questions.

Sincerely,



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



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

ST/jl
Enclosures

Schedule of Employer Allocations as of December 31, 2021

Actual Employer Contributions by Employer and Membership Class January 1, 2021 to December 31, 2021

Employer	General Members, Excluding ACOE and LARP		General ACOE Members Only		General LARP Members Only		All General Members Combined	
	Contributions	Percentage ¹	Contributions	Percentage	Contributions	Percentage	Contributions	Percentage
Alameda County	\$139,147,479	65.206%	\$0	0.000%	\$0	0.000%	\$139,147,479	61.251%
Health System	59,357,100	27.815%	0	0.000%	0	0.000%	59,357,100	26.128%
Superior Court	12,018,963	5.632%	0	0.000%	0	0.000%	12,018,963	5.290%
First 5	1,477,674	0.692%	0	0.000%	0	0.000%	1,477,674	0.650%
Housing Authority	1,398,011	0.655%	0	0.000%	0	0.000%	1,398,011	0.615%
LARP	0	0.000%	0	0.000%	13,692,329	100.000%	13,692,329	6.027%
ACOE	0	0.000%	89,000	100.000%	0	0.000%	89,000	0.039%
Total for all Employers	\$213,399,227	100.000%	\$89,000	100.000%	\$13,692,329	100.000%	\$227,180,556	100.000%

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

Schedule of Employer Allocations as of December 31, 2021

Actual Employer Contributions by Employer and Membership Class January 1, 2021 to December 31, 2021

Employer	Safety Members		Total		Adjusted Total ^{1,2,3}	
	Contributions	Percentage	Contributions	Percentage	Contributions	Percentage ⁴
Alameda County	\$889,395,284	100.000%	\$1,028,542,763	92.117%	\$256,292,148 ¹	77.170%
Health System	0	0.000%	59,357,100	5.316%	59,357,100	17.872%
Superior Court	0	0.000%	12,018,963	1.076%	12,018,963	3.619%
First 5	0	0.000%	1,477,674	0.132%	1,477,674	0.445%
Housing Authority	0	0.000%	1,398,011	0.125%	1,398,011	0.421%
LARPD	0	0.000%	13,692,329	1.226%	1,422,470 ²	0.428%
ACOE	0	0.000%	89,000	0.008%	148,854 ³	0.045%
Total for all Employers	\$889,395,284	100.000%	\$1,116,575,840	100.000%	\$332,115,220	100.000%

¹ This includes \$139,147,479 of County General actual employer contributions and \$117,144,669 of County Safety adjusted employer contributions used for purposes of determining the proportionate share of the non-OPEB SRBR NPL for the County. The County made voluntary County Safety contributions of \$800,000,000 on around June 29, 2021 to reduce their Safety UAAL and associated contribution rates. We have amortized the voluntary County Safety UAAL contributions to provide a UAAL contribution rate credit for County Safety over 13 years effective FY 21-22. Similar to the approach approved by ACERA for ACOE to determine ACOE's proportionate share of the non-OPEB SRBR NPL, we determined the County Safety's proportionate share of the non-OPEB SRBR NPL by using the County Safety's actual contributions (but excluding \$800 million of voluntary UAAL contributions) made in 2021 in the amount of \$89,395,284 plus the contribution credit applied in 2021 in the amount of \$27,749,385 for a total adjusted County Safety contribution of \$117,144,669.

² LARPD made voluntary LARPD General contributions of \$12,611,250 on around June 29, 2021 to reduce their General UAAL and associated contribution rates. We have amortized the voluntary LARPD General UAAL contributions to provide a UAAL contribution rate credit for LARPD General over 16 years effective FY 21-22. Similar to the approach approved by ACERA for ACOE to determine ACOE's proportionate share of the non-OPEB SRBR NPL, we determined LARPD's proportionate share of the non-OPEB SRBR NPL by using LARPD's actual contributions (but excluding \$12,611,250 of voluntary UAAL contributions) made in 2021 in the amount of \$1,081,079 plus the contribution credit applied in 2021 in the amount of \$341,391 for a total adjusted LARPD contribution of \$1,422,470.

³ ACOE made a lump sum contribution of \$750,000 in 2019 to partially pay off their UAAL. That lump sum is greater than the amount that ACOE would have to make on an installment basis over 20 years. In order to have a more level allocation of the NPL to ACOE, ACERA approved an approach outlined in our March 2, 2020 letter to determine ACOE's proportionate share of the non-OPEB SRBR NPL by using ACOE's required contributions determined in our December 31, 2019 valuation in the amount of \$89,000 based on an April 1, 2021 payment date plus the amortization of the remaining balance of the original \$750,000 lump sum amount (an amount of \$59,854 which represents the additional UAAL contribution ACOE would have been required to pay had they not made the additional lump sum contribution in 2019).

⁴ The unrounded percentages are used in the allocation of the NPL amongst the employers.

Schedule of Employer Allocations as of December 31, 2021

Allocation of December 31, 2021 Net Pension Liability

Employer	General NPL, Excluding ACOE and LARPD (Excl. non-OPEB SRBR NPL)		General ACOE NPL Only (Excl. non-OPEB SRBR NPL)		General LARPD NPL Only (Excl. non-OPEB SRBR NPL)		Total General NPL (Excl. non-OPEB SRBR NPL)	
	NPL	Percentage ¹	NPL	Percentage ¹	NPL	Percentage ¹	NPL	Percentage
Alameda County	\$574,956,681	65.206%	\$0	0.000%	\$0	0.000%	\$574,956,681	65.532%
Health System	245,263,238	27.815%	0	0.000%	0	0.000%	245,263,238	27.954%
Superior Court	49,662,295	5.632%	0	0.000%	0	0.000%	49,662,295	5.660%
First 5	6,105,742	0.692%	0	0.000%	0	0.000%	6,105,742	0.696%
Housing Authority	5,776,574	0.655%	0	0.000%	0	0.000%	5,776,574	0.658%
LARPD	0	0.000%	0	0.000%	(5,048,710)	100.000%	(5,048,710)	(0.575)%
ACOE	0	0.000%	657,384	100.000%	0	0.000%	657,384	0.075%
Total for all Employers	\$881,764,530	100.000%	\$657,384	100.000%	\$(5,048,710)	100.000%	\$877,373,204	100.000%

Allocation of December 31, 2021 Net Pension Liability

Employer	Safety NPL (Excl. non-OPEB SRBR NPL)		General & Safety Total (Excl. non-OPEB SRBR NPL)		General & Safety Non-OPEB SRBR NPL		Total	
	NPL	Percentage ¹	NPL	Percentage	NPL	Percentage ²	NPL	Percentage
Alameda County	\$(123,928,424)	100.000%	\$451,028,257	59.863%	\$29,974,467	77.170%	\$481,002,724	60.710%
Health System	0	0.000%	245,263,238	32.552%	6,942,068	17.872%	252,205,306	31.833%
Superior Court	0	0.000%	49,662,295	6.591%	1,405,669	3.619%	51,067,964	6.446%
First 5	0	0.000%	6,105,742	0.810%	172,820	0.445%	6,278,562	0.792%
Housing Authority	0	0.000%	5,776,574	0.767%	163,503	0.421%	5,940,077	0.750%
LARPD	0	0.000%	(5,048,710)	(0.670)%	166,364	0.428%	(4,882,346)	(0.616)%
ACOE	0	0.000%	657,384	0.087%	17,409	0.045%	674,793	0.085%
Total for all Employers	\$(123,928,424)	100.000%	\$753,444,780	100.000%	\$38,842,300	100.000%	\$792,287,080	100.000%

¹ Allocated based on the actual employer contributions within each membership class.

² Allocated based on the actual employer contributions in total, with an adjustment to reflect the total annual UAAL contribution ACOE would have been required to make of \$148,854 in 2021 had they not made the additional contribution in 2019 to partially pay off their UAAL. This approach is outlined in our March 2, 2020 letter and is approved by ACERA. Following this approach, there is an adjustment to reflect the total annual contribution County Safety would have been required to make of \$117,144,669 in 2021 had they not made the voluntary County Safety UAAL contribution in 2021. There is also an adjustment to reflect the total annual contribution LARPD would have been required to make of \$1,422,470 in 2021 had they not made the voluntary LARPD General UAAL contribution in 2021.

Notes:

Based on the January 1, 2021 through December 31, 2021 employer contributions as provided by ACERA.

Pension (excluding non-OPEB SRBR)

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

As of December 31, 2021, the total Plan's Fiduciary Net Position for Pension (excluding non-OPEB SRBR) is \$686.1 million **higher** than the valuation value of assets as of the same date. Out of the \$686.1 million, \$565.9 million is due to the inclusion of deferred market **gains** and \$120.2 million is due to inclusion of the Contingency Reserve in the total Plan's Fiduciary Net Position. The Plan's Fiduciary Net Position for Pension for each membership class is obtained as follows:

- The deferred market gains and losses accumulated up to June 30, 2021 are allocated to each membership class proportionately based on the valuation value of assets for each membership class relative to the total valuation value of assets for all membership classes, both excluding the valuation value of assets for the County Safety UAAL Advance Reserve and the LARPD General UAAL Advance Reserve.¹
- The deferred market gains and losses accumulated after June 30, 2021 are allocated to each membership class proportionately based on the valuation value of asset for each membership class relative to the total valuation value of assets for all membership classes, both including the valuation value of assets for the County Safety UAAL Advance Reserve and the LARPD General UAAL Advance Reserve.
- The Contingency Reserve is allocated to each membership class proportionately based on the valuation value of asset for each membership class relative to the total valuation value of assets for all membership classes, both including the valuation value of assets for the County Safety UAAL Advance Reserve and the LARPD General UAAL Advance Reserve.

The total Plan's Fiduciary Net Position for pension as of December 31, 2021 includes the net fair value of assets less SRBR assets. The SRBR assets include the SRBR-OPEB reserve (after reducing the reserve by the SRBR implicit subsidy transfer), the 401(h) reserve, and the Non-OPEB SRBR reserve, plus a proportionate share of one half of the deferred market gains (after adjustment to replenish the balance in the Contingency Reserve, if applicable) commensurate with the size of those SRBR reserves and 401(h) reserve to valuation and 401(h) reserves.

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

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

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

Non-OPEB SRBR

The non-OPEB SRBR assets include the Non-OPEB SRBR reserve, plus a proportionate share of one half of the deferred market gains (after adjustment to replenish the balance in the Contingency Reserve, if applicable) commensurate with the size of the non-OPEB to total SRBR reserves.

¹ Based on the Board's funding policy and interest crediting policy, the County Safety UAAL Advance Reserve and LARPD General Advance Reserve are subject to a separate 5-year asset smoothing schedule that excludes the allocation of any deferred investment gains or losses accumulated up to June 30, 2021 for interest crediting purposes.

For non-OPEB SRBR, the NPL is allocated based on the actual employer contributions in total.¹ The steps used for the allocation are as follows:

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

Total

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

¹ Includes an adjustment to reflect the total annual UAAL contribution ACOE would have been required to make of \$148,854 in 2021 had they not made the additional contribution to partially pay off their UAAL. This approach is outlined in our March 2, 2020 letter and is approved by ACERA. Following this approach, there is an adjustment to reflect the total annual contribution County Safety would have been required to make of \$117,144,669 in 2021 had they not made the voluntary County Safety UAAL contribution in 2021. There is also an adjustment to reflect the total annual contribution LARPD would have been required to make of \$1,422,470 in 2021 had they not made the voluntary LARPD General UAAL contribution in 2021.

Schedule of Employer Allocations as of December 31, 2022

Actual Employer Contributions by Employer and Membership Class January 1, 2022 to December 31, 2022

Employer	General Members, Excluding ACOE and LARP		General ACOE Members Only		General LARP Members Only		All General Members Combined	
	Contributions	Percentage ¹	Contributions	Percentage	Contributions	Percentage	Contributions	Percentage
Alameda County	\$151,823,933	65.256%	\$0	0.000%	\$0	0.000%	\$151,823,933	65.082%
Health System	64,478,768	27.714%	0	0.000%	0	0.000%	64,478,768	27.640%
Superior Court	13,151,755	5.653%	0	0.000%	0	0.000%	13,151,755	5.638%
First 5	1,695,921	0.729%	0	0.000%	0	0.000%	1,695,921	0.727%
Housing Authority	1,508,274	0.648%	0	0.000%	0	0.000%	1,508,274	0.647%
LARP	0	0.000%	0	0.000%	519,392	100.000%	519,392	0.223%
ACOE	0	0.000%	100,000	100.000%	0	0.000%	100,000	0.043%
Total for all Employers	\$232,658,651	100.000%	\$100,000	100.000%	\$519,392	100.000%	\$233,278,043	100.000%

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

Schedule of Employer Allocations as of December 31, 2022

Actual Employer Contributions by Employer and Membership Class January 1, 2022 to December 31, 2022

Employer	Safety Members		Total		Adjusted Total ^{1,2,3}	
	Contributions	Percentage	Contributions	Percentage	Contributions	Percentage ⁴
Alameda County	\$48,368,659	100.000%	\$200,192,592	71.079%	\$283,811,533 ¹	77.476%
Health System	0	0.000%	64,478,768	22.893%	64,478,768	17.602%
Superior Court	0	0.000%	13,151,755	4.670%	13,151,755	3.590%
First 5	0	0.000%	1,695,921	0.602%	1,695,921	0.463%
Housing Authority	0	0.000%	1,508,274	0.536%	1,508,274	0.412%
LARPD	0	0.000%	519,392	0.184%	1,514,139 ²	0.413%
ACOE	0	0.000%	100,000	0.036%	159,854 ³	0.044%
Total for all Employers	\$48,368,659	100.000%	\$281,646,702	100.000%	\$366,320,244	100.000%

¹ This includes \$151,823,933 of County General actual employer contributions and \$131,987,600 of County Safety adjusted employer contributions used for purposes of determining the proportionate share of the non-OPEB SRBR NPL for the County. The County made voluntary County Safety contributions of \$800,000,000 on around June 29, 2021 to reduce their Safety UAAL and associated contribution rates. We have amortized the voluntary County Safety UAAL contributions to provide a UAAL contribution rate credit for County Safety over 13 years effective FY 21-22. Similar to the approach approved by ACERA for ACOE to determine ACOE's proportionate share of the non-OPEB SRBR NPL, we determined the County Safety's proportionate share of the non-OPEB SRBR NPL by using the County Safety's actual contributions made in 2022 in the amount of \$48,368,659 plus the contribution credit applied in 2022 in the amount of \$83,618,941 for a total adjusted County Safety contribution of \$131,987,600.

² LARPD made voluntary LARPD General contributions of \$12,611,250 on around June 29, 2021 to reduce their General UAAL and associated contribution rates. We have amortized the voluntary LARPD General UAAL contributions to provide a UAAL contribution rate credit for LARPD General over 16 years effective FY 21-22. Similar to the approach approved by ACERA for ACOE to determine ACOE's proportionate share of the non-OPEB SRBR NPL, we determined LARPD's proportionate share of the non-OPEB SRBR NPL by using LARPD's actual contributions made in 2022 in the amount of \$519,392 plus the contribution credit applied in 2022 in the amount of \$994,747 for a total adjusted LARPD contribution of \$1,514,139.

³ ACOE made a lump sum contribution of \$750,000 in 2019 to partially pay off their UAAL. That lump sum is greater than the amount that ACOE would have to make on an installment basis over 20 years. In order to have a more level allocation of the NPL to ACOE, ACERA approved an approach outlined in our March 2, 2020 letter to determine ACOE's proportionate share of the non-OPEB SRBR NPL by using ACOE's required contributions determined in our December 31, 2020 valuation in the amount of \$100,000 based on an April 1, 2022 payment date plus the amortization of the remaining balance of the original \$750,000 lump sum amount (an amount of \$59,854 which represents the additional UAAL contribution ACOE would have been required to pay had they not made the additional lump sum contribution in 2019).

⁴ The unrounded percentages are used in the allocation of the NPL amongst the employers.

Schedule of Employer Allocations as of December 31, 2022

Allocation of December 31, 2022 Net Pension Liability

Employer	General NPL, Excluding ACOE and LARPD (Excl. non-OPEB SRBR NPL)		General ACOE NPL Only (Excl. non-OPEB SRBR NPL)		General LARPD NPL Only (Excl. non-OPEB SRBR NPL)		Total General NPL (Excl. non-OPEB SRBR NPL)	
	NPL	Percentage ¹	NPL	Percentage ¹	NPL	Percentage ¹	NPL	Percentage
Alameda County	\$1,168,107,079	65.256%	\$0	0.000%	\$0	0.000%	\$1,168,107,079	65.022%
Health System	496,088,488	27.714%	0	0.000%	0	0.000%	496,088,488	27.614%
Superior Court	101,187,328	5.653%	0	0.000%	0	0.000%	101,187,328	5.632%
First 5	13,048,123	0.729%	0	0.000%	0	0.000%	13,048,123	0.726%
Housing Authority	11,604,399	0.648%	0	0.000%	0	0.000%	11,604,399	0.646%
LARPD	0	0.000%	0	0.000%	5,231,149	100.000%	5,231,149	0.291%
ACOE	0	0.000%	1,241,602	100.000%	0	0.000%	1,241,602	0.069%
Total for all Employers	\$1,790,035,417	100.000%	\$1,241,602	100.000%	\$5,231,149	100.000%	\$1,796,508,168	100.000%

Allocation of December 31, 2022 Net Pension Liability

Employer	Safety NPL (Excl. non-OPEB SRBR NPL)		General & Safety Total (Excl. non-OPEB SRBR NPL)		General & Safety Non-OPEB SRBR NPL		Total	
	NPL	Percentage ¹	NPL	Percentage	NPL	Percentage ²	NPL	Percentage
Alameda County	\$341,190,621	100.000%	\$1,509,297,700	70.604%	\$72,487,690	77.476%	\$1,581,785,390	70.892%
Health System	0	0.000%	496,088,488	23.207%	16,468,383	17.602%	512,556,871	22.972%
Superior Court	0	0.000%	101,187,328	4.733%	3,359,061	3.590%	104,546,389	4.686%
First 5	0	0.000%	13,048,123	0.610%	433,152	0.463%	13,481,275	0.604%
Housing Authority	0	0.000%	11,604,399	0.543%	385,225	0.412%	11,989,624	0.537%
LARPD	0	0.000%	5,231,149	0.245%	386,723	0.413%	5,617,872	0.252%
ACOE	0	0.000%	1,241,602	0.058%	40,828	0.044%	1,282,430	0.057%
Total for all Employers	\$341,190,621	100.000%	\$2,137,698,789	100.000%	\$93,561,062	100.000%	\$2,231,259,851	100.000%

¹ Allocated based on the actual employer contributions within each membership class.

² Allocated based on the actual employer contributions in total, with an adjustment to reflect the total annual UAAL contribution ACOE would have been required to make of \$159,854 in 2022 had they not made the additional contribution in 2019 to partially pay off their UAAL. This approach is outlined in our March 2, 2020 letter and is approved by ACERA. Following this approach, there is an adjustment to reflect the total annual contribution County Safety would have been required to make of \$131,987,600 in 2022 had they not made the voluntary County Safety UAAL contribution in 2021. There is also an adjustment to reflect the total annual contribution LARPD would have been required to make of \$1,514,139 in 2022 had they not made the voluntary LARPD General UAAL contribution in 2021.

Notes:

Based on the January 1, 2022 through December 31, 2022 employer contributions as provided by ACERA.

Pension (excluding non-OPEB SRBR)

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

As of December 31, 2022, the total Plan's Fiduciary Net Position for Pension (excluding non-OPEB SRBR) is \$716.5 million **lower** than the valuation value of assets as of the same date, due to the inclusion of deferred market **losses**. The Plan's Fiduciary Net Position for Pension for each membership class is obtained as follows:

- The deferred market gains and losses accumulated up to June 30, 2021 are allocated to each membership class proportionately based on the valuation value of assets for each membership class relative to the total valuation value of assets for all membership classes, both excluding the valuation value of assets for the County Safety UAAL Advance Reserve and the LARPD General UAAL Advance Reserve.¹
- The deferred market gains and losses accumulated after June 30, 2021 are allocated to each membership class proportionately based on the valuation value of asset for each membership class relative to the total valuation value of assets for all membership classes, both including the valuation value of assets for the County Safety UAAL Advance Reserve and the LARPD General UAAL Advance Reserve.
- The Contingency Reserve, if any, is allocated to each membership class proportionately based on the valuation value of asset for each membership class relative to the total valuation value of assets for all membership classes, both including the valuation value of assets for the County Safety UAAL Advance Reserve and the LARPD General UAAL Advance Reserve.

The total Plan's Fiduciary Net Position for pension as of December 31, 2022 includes the net fair value of assets less SRBR assets. The SRBR assets include the SRBR-OPEB reserve (after reducing the reserve by the SRBR implicit subsidy transfer), the 401(h) reserve, and the Non-OPEB SRBR reserve, minus a proportionate share of the deferred market losses commensurate with the size of those SRBR reserves and 401(h) reserve to valuation and 401(h) reserves.

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

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

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

Non-OPEB SRBR

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

¹ Based on the Board's funding policy and interest crediting policy, the County Safety UAAL Advance Reserve and LARPD General Advance Reserve are subject to a separate 5-year asset smoothing schedule that excludes the allocation of any deferred investment gains or losses accumulated up to June 30, 2021 for interest crediting purposes.

For non-OPEB SRBR, the NPL is allocated based on the actual employer contributions in total.¹ The steps used for the allocation are as follows:

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

Total

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

¹ Includes an adjustment to reflect the total annual UAAL contribution ACOE would have been required to make of \$159,854 in 2022 had they not made the additional contribution to partially pay off their UAAL. This approach is outlined in our March 2, 2020 letter and is approved by ACERA. Following this approach, there is an adjustment to reflect the total annual contribution County Safety would have been required to make of \$131,987,600 in 2022 had they not made the voluntary County Safety UAAL contribution in 2021. There is also an adjustment to reflect the total annual contribution LARPD would have been required to make of \$1,514,139 in 2022 had they not made the voluntary LARPD General UAAL contribution in 2021.

Schedule of Pension Amounts by Employer as of December 31, 2022

Employer	Net Pension Liability	Deferred Outflows of Resources				Total Deferred Outflows of Resources
		Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	
Alameda County	\$1,581,785,390	\$51,616,393	\$510,684,110	\$107,621,239	\$6,331,747	\$676,253,489
Health System	512,556,871	13,081,204	111,944,639	27,976,705	4,569,214	157,571,762
Superior Court	104,546,389	2,668,177	22,833,384	5,706,418	2,925,105	34,133,084
First 5	13,481,275	344,062	2,944,369	735,843	974,936	4,999,210
Housing Authority	11,989,624	305,993	2,618,586	654,425	226,256	3,805,260
LARPD	5,617,872	1,363,341	4,965,270	683,344	29,656	7,041,611
ACOE	<u>1,282,430</u>	<u>282,902</u>	<u>214,759</u>	<u>21,721</u>	<u>10,345</u>	<u>529,727</u>
Total for all Employers	\$2,231,259,851	\$69,662,072	\$656,205,117	\$143,399,695	\$15,067,259	\$884,334,143

Schedule of Pension Amounts by Employer as of December 31, 2022

Employer	Deferred Inflows of Resources				Pension Expense			
	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Inflows of Resources	Proportionate Share of Plan Pension Expense	Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Employer Pension Expense
Alameda County	\$24,013,009	\$0	\$32,369,540	\$0	\$56,382,549	\$334,489,559	\$2,532,862	\$337,022,421
Health System	4,773,932	0	7,353,993	9,546,476	21,674,401	90,887,830	(2,069,217)	88,818,613
Superior Court	973,740	0	1,499,996	5,072,327	7,546,063	18,538,420	(689,406)	17,849,014
First 5	125,564	0	193,425	0	318,989	2,390,533	400,060	2,790,593
Housing Authority	111,670	0	172,023	387,041	670,734	2,126,030	(155,426)	1,970,604
LARPD	1,984,200	0	172,692	60,215	2,217,107	2,422,441	(13,496)	2,408,945
ACOE	<u>2,948</u>	<u>0</u>	<u>18,232</u>	<u>1,200</u>	<u>22,380</u>	<u>415,853</u>	<u>(5,377)</u>	<u>410,476</u>
Total for all Employers	\$31,985,063	\$0	\$41,779,901	\$15,067,259	\$88,832,223	\$451,270,666	\$0	\$451,270,666

Schedule of Pension Amounts by Employer as of December 31, 2022

Notes:

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

In determining the pension expense:

- Any differences between projected and actual investment earnings on pension plan investments are recognized over a period of five years beginning with the year in which they occur.
- Current-period (i.e., 2022) differences between expected and actual experience and changes of assumptions are recognized over the average of the expected remaining service lives of all employees that are provided with pensions through ACERA determined as of December 31, 2021 (the beginning of the measurement period ending December 31, 2022) and is 4.98 years.
- Prior-period differences between expected and actual experience and changes of assumptions are continued to be recognized based on the expected remaining service lives of all employees calculated as of those prior measurement dates.

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

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

There was an increase in the total employer pension expense from \$135.2 million calculated last year to \$451.3 million calculated this year. The primary cause of the increase is the recognition of an expense of \$292.6 million in this year's pension expense that is associated with investment income on the Plan's Fiduciary Net Position that is below the assumed earnings (at 7.00%) for the year ending December 31, 2022 for a loss of \$1,463 million.