

California Public Employees' Retirement System

Actuarial Valuation for the Rate Plans of the Bay Area Water Supply and Conservation Agency in the Miscellaneous Risk Pool as of June 30, 2024

(CalPERS ID: 3304364524)
(Rate Plan IDs: 4540, 26893)

Required Contributions for Fiscal Year

July 1, 2026 — June 30, 2027

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Section 1

California Public Employees' Retirement System

**Employer Specific Information
for the
Rate Plans of the
Bay Area Water Supply and Conservation
Agency
in the Miscellaneous Risk Pool**

**(CalPERS ID: 3304364524)
(Rate Plan IDs: 4540, 26893)**

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Actuarial Certification

It is our opinion that the valuation has been performed in accordance with generally accepted actuarial principles as well as the applicable Standards of Practice promulgated by the Actuarial Standards Board. While this report, consisting of Section 1 and Section 2, is intended to be complete, our office is available to answer questions as needed. All of the undersigned are actuaries who satisfy the *Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States* of the American Academy of Actuaries with regard to pensions.

Actuarial Methods and Assumptions

It is our opinion that the assumptions and methods, as recommended by the Chief Actuary and adopted by the CalPERS Board of Administration, are internally consistent and reasonable for this plan.

Randall Dziubek, ASA, MAAA
Deputy Chief Actuary, Valuation Services, CalPERS

Scott Terando, ASA, EA, MAAA, FCA, CFA
Chief Actuary, CalPERS

Actuarial Data and Rate Plan Results

To the best of my knowledge and having relied upon the attestation above that the actuarial methods and assumptions are reasonable as well as the information in Section 2 of this report, this report is complete and accurate and contains sufficient information to disclose, fully and fairly, the funded condition of the rate plans of the Bay Area Water Supply and Conservation Agency in the Miscellaneous Risk Pool and satisfies the actuarial valuation requirements of Government Code section 7504. This valuation and related validation work was performed by the CalPERS Actuarial Office. The valuation was based on the member and financial data as of June 30, 2024, provided by the various CalPERS databases and the benefits under this plan with CalPERS as of the date this report was produced. Section 1 of this report is based on the member and financial data for Bay Area Water Supply and Conservation Agency, while Section 2 is based on the corresponding information for all agencies participating in the Miscellaneous Risk Pool to which the plan belongs.

Julian Robinson, FSA, EA, MAAA
Senior Actuary, CalPERS

Highlights and Executive Summary

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Introduction

This report presents the results of the June 30, 2024, actuarial valuation of the rate plans of the Bay Area Water Supply and Conservation Agency in the Miscellaneous Risk Pool of the California Public Employees' Retirement System (CalPERS). This actuarial valuation sets the minimum required contributions for fiscal year (FY) 2026-27.

Purpose of Section 1

This Section 1 report for the rate plans of the Bay Area Water Supply and Conservation Agency in the Miscellaneous Risk Pool of CalPERS was prepared by the Actuarial Office using data as of June 30, 2024. This report contains actuarial information for the following rate plan(s).

- 4540, Miscellaneous Plan
- 26893, PEPRAs Miscellaneous Plan

The purpose of the valuation is to:

- Set forth the assets and accrued liabilities of these rate plans as of June 30, 2024;
- Determine the minimum required employer contributions for these rate plans for FY July 1, 2026, through June 30, 2027;
- Determine the required member contribution rate for FY July 1, 2026, through June 30, 2027, for employees subject to the California Public Employees' Pension Reform Act of 2013 (PEPRA); and
- Provide actuarial information as of June 30, 2024, to the CalPERS Board of Administration (board) and other interested parties.

The pension funding information presented in this report should not be used in financial reports subject to Governmental Accounting Standards Board (GASB) Statement No. 68 for a Cost Sharing Employer Defined Benefit Pension Plan. A separate accounting valuation report for such purposes is available on the CalPERS website (www.calpers.ca.gov).

The measurements shown in this actuarial valuation may not be applicable for other purposes. The agency should contact a CalPERS actuary before disseminating any portion of this report for any reason that is not explicitly described above.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; changes in actuarial policies; changes in plan provisions or applicable law; and differences between the required contributions determined by the valuation and the actual contributions made by the agency.

Assessment and Disclosure of Risk

This report includes the following risk disclosures consistent with the guidance of the Actuarial Standards of Practice:

- A "Scenario Test," projecting future results under different investment income returns.
- A "Sensitivity Analysis," showing the impact on current valuation results using alternative discount rates of 5.8% and 7.8%.
- A "Sensitivity Analysis," showing the impact on current valuation results assuming rates of mortality are 10% lower or 10% higher than our current post-retirement mortality assumptions adopted in 2021.
- Plan maturity measures indicating how sensitive a plan may be to the risks noted above.
- The funded status on a termination basis.
- A low-default-risk obligation measure (LDROM) of benefit costs accrued as of the valuation date.

Summary of Key Valuation Results

Below is a brief summary of key valuation results along with page references where more detailed information can be found.

Required Employer Contributions — page 8

	Fiscal Year 2025-26	Fiscal Year 2026-27
Employer Normal Cost Rates		
Rate Plan 4540	13.91%	13.89%
Rate Plan 26893	8.72%	8.69%
Unfunded Accrued Liability (UAL) Contribution Amount	\$106,946	\$123,749
Paid either as		
Option 1) 12 Monthly Payments of	\$8,912.16	\$10,312.42
Option 2) Annual Prepayment in July	\$103,486	\$119,745

Member Contribution Rates — page 9

	Fiscal Year 2025-26	Fiscal Year 2026-27
Rate Plan 4540	7.00%	7.00%
Rate Plan 26893	8.25%	8.25%

Projected Employer Contributions — page 13

Fiscal Year	Normal Cost (% of payroll)		Annual UAL Payment
	Rate Plan 4540	Rate Plan 26893	
2027-28	13.9%	8.7%	\$130,000
2028-29	13.9%	8.7%	\$146,000
2029-30	13.9%	8.7%	\$146,000
2030-31	13.9%	8.7%	\$144,000
2031-32	13.9%	8.7%	\$147,000

Funded Status — Funding Policy Basis — page 11

	June 30, 2023	June 30, 2024
Entry Age Accrued Liability (AL)	\$6,294,845	\$6,980,936
Market Value of Assets (MVA)	5,046,788	5,770,978
Unfunded Accrued Liability (UAL) [AL – MVA]	\$1,248,057	\$1,209,958
Funded Ratio [MVA ÷ AL]	80.2%	82.7%

Summary of Valuation Data — Page 27

	June 30, 2023	June 30, 2024
Active Member Count	9	9
Annual Covered Payroll	\$1,444,331	\$1,529,853
Transferred Member Count	5	4
Separated Member Count	3	4
Retired Members and Beneficiaries Count	3	3

Changes Since the Prior Year's Valuation

Benefits

The standard actuarial practice at CalPERS is to recognize mandated legislative benefit changes in the first annual valuation following the effective date of the legislation. For pooled rate plans, voluntary benefit changes by plan amendment are generally included in the first valuation with a valuation date on or after the effective date of the amendment.

Please refer to the [Plan's Major Benefit Options](#) in this report and Appendix B of the Section 2 Report for a summary of the plan provisions used in this valuation.

Board Policy

On April 16, 2024, the board took action to modify the Funding Risk Mitigation Policy to remove the automatic change to the discount rate when the investment return exceeds various thresholds. Rather than an automatic change to the discount rate, a board discussion would be placed on the calendar. The 95th percentile return in the [Future Investment Return Scenarios](#) exhibit in this report, which includes returns high enough to trigger a board discussion, does not reflect any change in the discount rate.

Actuarial Methods and Assumptions

There are no significant changes to the actuarial methods or assumptions for the June 30, 2024, actuarial valuation.

Report Enhancements

Effective with the June 30, 2024, Actuarial Valuation, separate amortization schedules for each tier of benefits are no longer necessary. Multiple amortization schedules, and thus multiple Section 1 reports, will be combined. We believe this gives the employer a clearer picture of the pension plan's financial health and long-term costs.

Subsequent Events

This actuarial valuation report reflects fund investment return through June 30, 2024, as well as statutory changes, regulatory changes and board actions through January 2025.

CalPERS will be completing an Asset Liability Management (ALM) review process in November 2025 that will review the capital market assumptions and the CalPERS Total Fund Investment Policy and ascertain whether a change in the discount is warranted. In addition, the Actuarial Office will be presenting the findings of its Experience Study which reviews economic assumptions other than the discount rate as well as all demographic assumptions and makes recommendations to modify actuarial assumptions where appropriate. Any changes in actuarial assumptions will be reflected in the June 30, 2025, actuarial valuations.

The 2024 annual benefit limit under Internal Revenue Code (IRC) section 415(b) and annual compensation limits under IRC section 401(a)(17) and Government Code section 7522.10 were used for this valuation and are assumed to increase 2.3% per year based on the price inflation assumption. The actual 2025 limits, determined in October 2024, are not reflected.

To the best of our knowledge, there have been no other subsequent events that could materially affect current or future certifications rendered in this report.

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Determination of Required Contributions

Contributions to fund the plan are determined by an actuarial valuation performed each year. The valuation employs complex calculations based on a set of actuarial assumptions and methods. See Appendix A in Section 2 for information on the assumptions and methods used in this valuation. The valuation incorporates all plan experience through the valuation date and sets required contributions for the fiscal year that begins two years after the valuation date.

Contribution Components

Two components comprise required contributions:

- Normal Cost — expressed as a percentage of pensionable payroll
- Unfunded Accrued Liability (UAL) Contribution — expressed as a dollar amount

Normal Cost represents the value of benefits allocated to the upcoming year for active employees. If all plan experience exactly matched the actuarial assumptions, normal cost would be sufficient to fully fund all benefits. The employer and employees each pay a share of the normal cost with contributions payable as part of the regular payroll reporting process. The contribution rate for Classic members is set by statute based on benefit formula whereas for PEPRA members it is based on 50% of the total normal cost.

When plan experience differs from the actuarial assumptions, UAL emerges. The new UAL may be positive or negative. If the total UAL is positive (i.e., accrued liability exceeds assets), the employer is required to make contributions to pay off the UAL over time. This is called the UAL Contribution component. There is an option to prepay this amount during July of each fiscal year, otherwise it is paid monthly.

In measuring the UAL each year, plan experience is split by source. Common sources of UAL include investment experience different than expected, non-investment experience different than expected, assumption changes and benefit changes. Each source of UAL (positive or negative) forms a base that is amortized, or paid off, over a specified period of time in accordance with the CalPERS [Actuarial Amortization Policy](#). The UAL Contribution is the sum of the payments on all bases. See the [Schedule of Amortization Bases](#) section of this report for an inventory of existing bases and Appendix A in Section 2 for more information on the amortization policy.

Required Employer Contributions

The required employer contributions in this report do not reflect any cost sharing arrangement between the agency and the employees. For employee contribution rates, see [Member Contribution Rates](#).

Required Employer Contributions	Fiscal Year 2026-27
Employer Normal Cost Rate	
Classic Rate Plan 4540	13.89%
PEPRA Rate Plan 26893	8.69%
Plus	
Unfunded Accrued Liability (UAL) Contribution Amount [†]	\$123,749
Paid either as	
1) Monthly Payment	\$10,312.42
Or	
2) Annual Prepayment Option [‡]	\$119,745
The total minimum required employer contribution is the sum of the Plan's Employer Normal Cost Rate (expressed as a percentage of payroll and paid as payroll is reported) and the Unfunded Accrued Liability (UAL) Contribution Amount (billed monthly(1) or prepaid annually(2) in dollars).	
[†] The required payment on amortization bases does not take into account any additional discretionary payment made after April 30, 2025.	
[‡] Only the UAL portion of the employer contribution can be prepaid (which must be received in full no later than July 31) .	

Development of Normal Cost as a Percentage of Payroll

	Fiscal Year 2025-26	Fiscal Year 2026-27
Classic Rate Plan 4540		
Base Total Normal Cost for Formula	18.87%	18.85%
Surcharge for Class 1 Benefits ¹	1.97%	1.97%
Plan's Total Normal Cost	20.84%	20.82%
Offset Due to Employee Contributions ²	(6.93%)	(6.93%)
Employer Normal Cost for Rate Plan 4540	13.91%	13.89%
PEPRA Rate Plan 26893		
Base Total Normal Cost for Formula	15.71%	15.68%
Surcharge for Class 1 Benefits ¹	1.26%	1.26%
Plan's Total Normal Cost	16.97%	16.94%
Offset Due to Employee Contributions ²	(8.25%)	(8.25%)
Employer Normal Cost for Rate Plan 26893	8.72%	8.69%

¹ See [Surcharge for Class 1 Benefits](#) in the supplementary information section of this report.

² This is the expected employee contributions, taking into account individual benefit formula and any offset from the use of a modified formula, divided by projected annual payroll. For member contribution rates above the breakpoint for each benefit formula, see [Member Contribution Rates](#).

Member Contribution Rates

The required member contributions in this report do not reflect any cost sharing arrangement between the agency and the employees.

Classic Members

Each member contributes toward their retirement based upon the retirement formula. The standard Classic member contribution rate above the breakpoint, if any, is as described below.

Benefit Formula	Percent Contributed above the Breakpoint
Miscellaneous, 1.5% at age 65	2%
Miscellaneous, 2% at age 60	7%
Miscellaneous, 2% at age 55	7%
Miscellaneous, 2.5% at age 55	8%
Miscellaneous, 2.7% at age 55	8%
Miscellaneous, 3% at age 60	8%

Auxiliary organizations of the CSU system may elect reduced contribution rates for Miscellaneous members, in which case the contribution rate above the breakpoint is 6% if members are not covered by Social Security and 5% if they are.

PEPRA Members

The California Public Employees' Pension Reform Act of 2013 (PEPRA) established new benefit formulas, final compensation period, and contribution requirements for "new" employees (generally those first hired into a CalPERS-covered position on or after January 1, 2013). In accordance with Government Code Section 7522.30(b), "new members ... shall have an initial contribution rate of at least 50% of the normal cost rate." The normal cost rate for the plan is dependent on the benefit levels, actuarial assumptions and demographics of the risk pool, particularly members' entry age. Should the total normal cost rate of the plan change by more than 1% from the base total normal cost rate established for the plan, the new member rate shall be 50% of the new normal cost rate rounded to the nearest quarter percent.

The table below shows the determination of the PEPRA member contribution rates effective July 1, 2026, based on 50% of the total normal cost rate as of the June 30, 2024, valuation.

Rate Plan Identifier	Benefit Group Name	Basis for Current Rate		Rates Effective July 1, 2026			
		Total Normal Cost	Member Rate	Total Normal Cost	Change in Normal Cost	Adj. Needed	Member Rate
26893	PEPRA Miscellaneous Plan	16.73%	8.25%	16.94%	0.21%	No	8.25%

Breakdown of Entry Age Accrued Liability

Active Members	\$5,355,062
Transferred Members	368,446
Separated Members	184,831
Members and Beneficiaries Receiving Payments	<u>1,072,597</u>
Total	\$6,980,936

Allocation of Plan's Share of Pool's Experience

It is the policy of CalPERS to ensure equity within the risk pools by allocating the pool's experience gains/losses and assumption changes in a manner that treats each employer equitably and maintains benefit security for the members of the System while minimizing substantial variations in employer contributions. The pool's experience gains/losses and impact of assumption/method changes is allocated to the plan as follows:

1. Plan's Accrued Liability	\$6,980,936
2. Projected UAL Balance at 6/30/2024	1,266,776
3. Other UAL Adjustments (Golden Handshake, Prior Service Purchase, etc.)	0
4. Adjusted UAL Balance at 6/30/2024 for Asset Share	1,266,776
5. Pool's Accrued Liability ¹	24,701,567,178
6. Sum of Pool's Individual Plan UAL Balances at 6/30/2024 ¹	5,686,499,631
7. Pool's 2023-24 Investment (Gain)/Loss ¹	(476,088,386)
8. Pool's 2023-24 Non-Investment (Gain)/Loss ¹	305,188,638
9. Plan's Share of Pool's Investment (Gain)/Loss: $[(1) - (4)] \div [(5) - (6)] \times (7)$	(143,068)
10. Plan's Share of Pool's Non-Investment (Gain)/Loss: $(1) \div (5) \times (8)$	86,250
11. Plan's New (Gain)/Loss as of 6/30/2024: $(9) + (10)$	(56,818)
12. Increase in Pool's Accrued Liability due to Change in Assumptions ¹	0
13. Plan's Share of Pool's Change in Assumptions: $(1) \div (5) \times (12)$	0
14. Increase in Pool's Accrued Liability due to Funding Risk Mitigation ¹	0
15. Plan's Share of Pool's Change due to Funding Risk Mitigation: $(1) \div (5) \times (14)$	0
16. Offset due to Funding Risk Mitigation	0
17. Plan's Investment (Gain)/Loss: $(9) - (16)$	(143,068)

¹ Does not include plans that transferred to the pool on the valuation date.

Development of the Plan's Share of Pool's Assets

18. Plan's UAL: $(2) + (3) + (11) + (13) + (15)$	\$1,209,958
19. Plan's Share of Pool's Market Value of Assets (MVA): $(1) - (18)$	\$5,770,978

For a reconciliation of the pool's Market Value of Assets (MVA), information on the fund's asset allocation and a history of CalPERS investment returns, see [Section 2](#), which can be found on the CalPERS website (www.calpers.ca.gov).

Funded Status – Funding Policy Basis

The table below provides information on the current funded status of the plan under the funding policy. The funded status for this purpose is based on the market value of assets relative to the funding target produced by the entry age actuarial cost method and actuarial assumptions adopted by the board. The actuarial cost method allocates the total expected cost of a member's projected benefit (**Present Value of Benefits**) to individual years of service (the **Normal Cost**). The value of the projected benefit that is not allocated to future service is referred to as the **Accrued Liability** and is the plan's funding target on the valuation date. The **Unfunded Accrued Liability (UAL)** equals the funding target minus the assets. The UAL is an absolute measure of funded status and can be viewed as employer debt. The **Funded Ratio** equals the assets divided by the funding target. The funded ratio is a relative measure of the funded status and allows for comparisons between plans of different sizes.

	June 30, 2023	June 30, 2024
1. Present Value of Benefits	\$8,329,282	\$9,032,899
2. Entry Age Accrued Liability	6,294,845	6,980,936
3. Market Value of Assets (MVA)	5,046,788	5,770,978
4. Unfunded Accrued Liability (UAL) [(2) – (3)]	\$1,248,057	\$1,209,958
5. Funded Ratio [(3) ÷ (2)]	80.2%	82.7%

A funded ratio of 100% (UAL of \$0) implies that the funding of the plan is on target and that future contributions equal to the normal cost of the active plan members will be sufficient to fully fund all retirement benefits if future experience matches the actuarial assumptions. A funded ratio of less than 100% (positive UAL) implies that in addition to normal costs, payments toward the UAL will be required. Plans with a funded ratio greater than 100% have a negative UAL (or surplus) but are required under current law to continue contributing the normal cost in most cases, preserving the surplus for future contingencies.

Calculations for the funding target reflect the expected long-term investment return of 6.8%. If it were known on the valuation date that future investment returns will average something greater/less than the expected return, calculated normal costs and accrued liabilities provided in this report would be less/greater than the results shown. Therefore, for example, if actual average future returns are less than the expected return, calculated normal costs and UAL contributions will not be sufficient to fully fund all retirement benefits. Under this scenario, required future normal cost contributions will need to increase from those provided in this report, and the plan will develop unfunded liabilities that will also add to required future contributions. For illustrative purposes, funded statuses based on a 1% lower and higher average future investment return (discount rate) are as follows:

	1% Lower Average Return	Current Assumption	1% Higher Average Return
Discount Rate	5.8%	6.8%	7.8%
1. Entry Age Accrued Liability	\$8,050,979	\$6,980,936	\$6,098,580
2. Market Value of Assets (MVA)	5,770,978	5,770,978	5,770,978
3. Unfunded Accrued Liability (UAL) [(1) – (2)]	\$2,280,001	\$1,209,958	\$327,602
4. Funded Ratio [(2) ÷ (1)]	71.7%	82.7%	94.6%

The [Risk Analysis](#) section of the report provides additional information regarding the sensitivity of valuation results to the expected investment return and other factors. Also provided in that section are measures of funded status that are appropriate for assessing the sufficiency of plan assets to cover estimated termination liabilities.

Additional Employer Contributions

The CalPERS amortization policy provides a systematic methodology for paying down a plan's unfunded accrued liability (UAL) over a reasonable period of years. The projected schedule of required payments for this plan under the amortization policy is provided in [Amortization Schedule and Alternatives](#). Certain aspects of the policy such as 1) layered amortization bases (positive and negative) with different remaining payoff periods, and 2) the phase-in of required payments toward investment gains and losses, can result in volatility in year-to-year projected UAL payments. Provided below is information on how an Additional Discretionary Payment (ADP), together with your required UAL payment of \$123,749 for FY 2026-27, may better accomplish your agency's specific objectives with regard to either smoothing out projected future payments or achieving a greater reduction in UAL than would otherwise occur when making only the minimum required payment. Such additional payments are allowed at any time and can also result in significant long-term savings.

Fiscal Year 2026-27 Employer Contribution Versus Agency Funding Objectives

The interest-to-payment ratio for the FY 2026-27 minimum required UAL payment is 61%, which means the required payment of \$123,749 includes \$75,794 of interest cost and results in a \$47,955 reduction in the UAL, as can be seen in [Amortization Schedule and Alternatives](#) (see columns labelled Current Amortization Schedule). If the interest-to-payment ratio is close to 100%, and the reduction in the UAL is small, it may indicate that required contributions will be increasing in the coming years, which would be shown in [Projected Employer Contributions](#). Another measure that can be used to evaluate how well the FY 2026-27 required UAL payment meets the agency's specific funding objectives is the number of years required to pay off the existing UAL if the annual payment were held constant in future years. With an annual payment of \$123,749 it would take 14.9 years to pay off the current UAL. A result that is longer than the agency's target funding period suggests that the option of supplementing the minimum payment with an ADP should be weighed against the agency's budget constraints.

Provided below are select ADP options for consideration. Making such an ADP during FY 2026-27 does not require an ADP be made in any future year, nor does it change the remaining amortization period of any portion of unfunded liability. For information on permanent changes to amortization periods, see [Amortization Schedule and Alternatives](#). Agencies considering making an ADP should contact CalPERS for additional information.

Fiscal Year 2026-27 Employer Contributions — Illustrative Scenarios

If the Annual UAL Payment Each Year Were...	The Current UAL Would be Paid Off in...	This Would Require an ADP ¹ in FY 2026-27 of...	Plus the Estimated Normal Cost of...	Estimated Total Contribution
\$123,749	14.9 years	\$0	\$187,856	\$311,605
160,454	10 years	36,705	187,856	348,310
275,931	5 years	152,182	187,856	463,787

¹ The ADP amounts are assumed to be made in the middle of the fiscal year. A payment made earlier or later in the fiscal year would have to be less or more than the amount shown to have the same effect on the UAL amortization.

The calculations above are based on the projected UAL as of June 30, 2026, as determined in the June 30, 2024, actuarial valuation. New unfunded liabilities can emerge in future years due to assumption or method changes, changes in plan provisions, and actuarial experience different than assumed. Making an ADP illustrated above for the indicated number of years will not result in a plan that is exactly 100% funded in the indicated number of years. Valuation results will vary from one year to the next and can diverge significantly from projections over a period of several years.

Additional Discretionary Payment History

The following table provides a recent history of actual ADPs made to the plan through April 30, 2025.

Fiscal Year	ADP	Fiscal Year	ADP
2019-20	\$0	2022-23	\$0
2020-21	0	2023-24	0
2021-22	0	2024-25	0

Projected Employer Contributions

The table below shows the required and projected employer contributions (before cost sharing) for the next six fiscal years. The projection assumes that all actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur during the projection period. In particular, the investment return beginning with FY 2024-25 is assumed to be 6.80% per year, net of investment and administrative expenses. Future contribution requirements may differ significantly from those shown below. The actual long-term cost of the plan will depend on the actual benefits and expenses paid and the actual investment experience of the fund.

The normal cost rates for each rate plan are assumed to remain constant. However, the employer contribution amounts will vary due to changes in payroll. The actuarial valuation does not include payroll beyond the valuation date. For the most realistic projections, the employer should apply projected payroll amounts to the rates below based on the most recent information available, such as current payroll as well as any plans to fill vacancies or add or remove positions.

Rate Plan Identifier	Covered Payroll June 30, 2024	Required Contribution	Projected Future Employer Contributions (Assumes 6.80% Return for Fiscal Year 2024-25 and Beyond)				
		2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
		Normal Cost Rates (Percentage of Payroll)					
4540	\$1,024,185	13.89%	13.9%	13.9%	13.9%	13.9%	13.9%
26893	505,668	8.69%	8.7%	8.7%	8.7%	8.7%	8.7%
UAL Payment		\$123,749	\$130,000	\$146,000	\$146,000	\$144,000	\$147,000

Unlike the normal cost rates, the required UAL payments are expected to vary significantly from the projections above due to experience, particularly investment experience. For projected contributions under alternate investment return scenarios, please see the [Future Investment Return Scenarios](#) exhibit. Our online pension plan projection tool, [Pension Outlook](#), is available in the Employers section of the CalPERS website. Pension Outlook can help plan and budget pension costs under various scenarios.

For ongoing plans, investment gains and losses are amortized using an initial 5-year ramp. For more information, please see Amortization of Unfunded Actuarial Accrued Liability in Appendix A of the Section 2 Report. This method phases in the impact of the change in UAL over a 5-year period in order to reduce employer cost volatility from year to year. As a result of this methodology, dramatic changes in the required employer contributions in any one year are less likely. However, required contributions can change gradually and significantly over the next five years. In years when there is a large investment loss, the relatively small amortization payments during the initial ramp period could result in contributions that are less than interest on the UAL (i.e. negative amortization) while the contribution impact of the increase in the UAL is phased in.

Schedule of Amortization Bases

Below is the schedule of the plan's amortization bases. Note that there is a two-year lag between the valuation date and the start of the contribution year.

- The assets, liabilities and funded status of the plan are measured as of the valuation date: June 30, 2024.
- The required employer contributions determined by the valuation are for the fiscal year beginning two years after the valuation date: FY 2026-27.

This two-year lag is necessary due to the amount of time needed to extract and test the membership and financial data, and the need to provide public agencies with their required employer contribution well in advance of the start of the fiscal year.

The Unfunded Accrued Liability (UAL) is used to determine the employer contribution and therefore must be rolled forward two years from the valuation date to the first day of the fiscal year for which the contribution is being determined. The UAL is rolled forward each year by subtracting the expected payment on the UAL for the fiscal year and adjusting for interest. The expected payment on the UAL for FY 2024-25 is based on the actuarial valuation two years ago, adjusted for additional discretionary payments made on or before April 30, 2025, if necessary, and the expected payment for FY 2025-26 is based on the actuarial valuation one year ago.

Reason for Base	Date Est.	Ramp Level 2026-27	Ramp Shape	Escalation Rate	Amort. Period	Balance 6/30/24	Expected Payment 2024-25	Balance 6/30/25	Expected Payment 2025-26	Balance 6/30/26	Minimum Required Payment 2026-27
Fresh Start	6/30/17	No Ramp		2.80%	8	475,412	57,990	447,811	59,613	416,656	61,283
Assumption Change	6/30/18	100%	Up/Dn	2.80%	14	113,095	10,596	109,835	10,892	106,048	11,197
Investment (Gain)/Loss	6/30/18	100%	Up/Dn	2.80%	24	(33,405)	(2,157)	(33,447)	(2,218)	(33,429)	(2,280)
Method Change	6/30/18	100%	Up/Dn	2.80%	14	29,519	2,766	28,668	2,843	27,679	2,923
Non-Investment (Gain)/Loss	6/30/18	100%	Up/Dn	2.80%	24	15,548	1,004	15,568	1,032	15,560	1,061
Investment (Gain)/Loss	6/30/19	100%	Up Only	0.00%	15	16,742	1,334	16,502	1,668	15,900	1,668
Non-Investment (Gain)/Loss	6/30/19	No Ramp		0.00%	15	14,037	1,372	13,574	1,372	13,079	1,372
Investment (Gain)/Loss	6/30/20	100%	Up Only	0.00%	16	89,939	5,408	90,466	7,210	89,167	9,013
Non-Investment (Gain)/Loss	6/30/20	No Ramp		0.00%	16	13,188	1,250	12,793	1,250	12,371	1,250
Assumption Change	6/30/21	No Ramp		0.00%	17	28,124	2,594	27,356	2,594	26,535	2,594
Net Investment (Gain)	6/30/21	80%	Up Only	0.00%	17	(481,767)	(19,804)	(494,061)	(29,706)	(496,958)	(39,608)
Non-Investment (Gain)/Loss	6/30/21	No Ramp		0.00%	17	(19,768)	(1,823)	(19,228)	(1,823)	(18,652)	(1,823)
Investment (Gain)/Loss	6/30/22	60%	Up Only	0.00%	18	700,123	15,049	732,179	30,098	750,863	45,147
Non-Investment (Gain)/Loss	6/30/22	No Ramp		0.00%	18	88,819	7,987	86,605	7,987	84,240	7,987
Partial Fresh Start	6/30/22	60%	Up Only	0.00%	18	78,447	1,686	82,039	3,372	84,133	5,059
Investment (Gain)/Loss	6/30/23	40%	Up Only	0.00%	19	35,039	0	37,422	804	39,136	1,609
Non-Investment (Gain)/Loss	6/30/23	No Ramp		0.00%	19	103,684	0	110,735	9,958	107,974	9,958
Investment (Gain)/Loss	6/30/24	20%	Up Only	0.00%	20	(143,068)	0	(152,797)	0	(163,187)	(3,508)
Non-Investment (Gain)/Loss	6/30/24	No Ramp		0.00%	20	86,250	0	92,115	0	98,379	8,847
Total						1,209,958	85,252	1,204,135	106,946	1,175,494	123,749

The (gain)/loss bases are the plan's allocated share of the risk pool's (gain)/loss for the fiscal year as disclosed in [Allocation of Plan's Share of Pool's Experience](#) earlier in this report. These (gain)/loss bases will be amortized in accordance with the CalPERS amortization policy in effect at the time the base was established.

Amortization Schedule and Alternatives

The amortization schedule on the previous page(s) shows the minimum contributions required according to the CalPERS amortization policy. Each year, many agencies express a desire for a more stable pattern of payments or indicate interest in paying off the unfunded accrued liabilities more quickly than required. As such, we have provided alternative amortization schedules to help analyze the current amortization schedule and illustrate the potential savings of accelerating unfunded liability payments.

Shown on the following page are future year amortization payments based on 1) the current amortization schedule reflecting the individual bases and remaining periods shown on the previous page, and 2) alternative “fresh start” amortization schedules using two sample periods that would both result in interest savings relative to the current amortization schedule. To initiate a fresh start, please contact a CalPERS actuary.

The current amortization schedule typically contains both positive and negative bases. Positive bases result from plan changes, assumption changes, method changes or plan experience that increase unfunded liability. Negative bases result from plan changes, assumption changes, method changes, or plan experience that decrease unfunded liability. The combination of positive and negative bases within an amortization schedule can result in unusual or problematic circumstances in future years, such as:

- When a negative payment would be required on a positive unfunded actuarial liability; or
- When the payment would completely amortize the total unfunded liability in a very short time period, and results in a large change in the employer contribution requirement.

In any year when one of the above scenarios occurs, the actuary will consider corrective action such as replacing the existing unfunded liability bases with a single “fresh start” base and amortizing it over an appropriate period.

The current amortization schedule on the following page may appear to show that, based on the current amortization bases, one of the above scenarios will occur at some point in the future. It is impossible to know today whether such a scenario will in fact arise since there will be additional bases added to the amortization schedule in each future year. Should such a scenario arise in any future year, the actuary will take appropriate action based on guidelines in the CalPERS [Actuarial Amortization Policy](#).

Amortization Schedule and Alternatives (continued)

Date	Current Amortization Schedule		Alternative Schedules			
	Balance	Payment	10 Year Amortization		5 Year Amortization	
			Balance	Payment	Balance	Payment
6/30/2026	1,175,494	123,749	1,175,494	160,454	1,175,494	275,931
6/30/2027	1,127,539	129,955	1,089,608	160,454	970,269	275,931
6/30/2028	1,069,912	146,122	997,882	160,454	751,089	275,931
6/30/2029	991,658	145,612	899,918	160,454	517,005	275,931
6/30/2030	908,610	144,363	795,293	160,455	267,003	275,932
6/30/2031	821,207	146,684	683,552	160,454		
6/30/2032	725,459	149,065	564,214	160,455		
6/30/2033	620,741	151,519	436,760	160,455		
6/30/2034	506,366	77,607	300,639	160,454		
6/30/2035	460,595	78,055	155,263	160,455		
6/30/2036	411,251	74,797				
6/30/2037	361,916	71,341				
6/30/2038	312,800	67,681				
6/30/2039	264,126	63,811				
6/30/2040	216,142	59,720				
6/30/2041	169,124	56,630				
6/30/2042	122,102	46,316				
6/30/2043	82,540	85,300				
6/30/2044						
6/30/2045						
6/30/2046						
6/30/2047						
6/30/2048						
6/30/2049						
Total		1,818,327		1,604,544		1,379,656
Interest Paid		642,833		429,050		204,162
Estimated Savings				213,783		438,671

Employer Contribution History

The table below provides a recent history of the employer contribution requirements for the plan, as determined by the annual actuarial valuation. Changes due to prepayments or plan amendments after the valuation report was finalized are not reflected.

Valuation Date	Contribution Year	Employer Normal Cost Rate		Unfunded Liability Payment
		Rate Plan 4540	Rate Plan 26893	
06/30/2015	2017-18	10.565%	7.170%	\$21,576
06/30/2016	2018-19	11.154%	7.557%	28,864
06/30/2017	2019-20	11.767%	7.528%	57,637
06/30/2018	2020-21	12.531%	8.239%	63,185
06/30/2019	2021-22	12.38%	8.09%	68,648
06/30/2020	2022-23	12.39%	8.19%	76,396
06/30/2021	2023-24	13.79%	8.48%	64,007
06/30/2022	2024-25	13.84%	8.63%	85,252
06/30/2023	2025-26	13.91%	8.72%	106,946
06/30/2024	2026-27	13.89%	8.69%	123,749

Funding History

The table below shows the recent history of the actuarial accrued liability, share of the pool's market value of assets, unfunded accrued liability, funded ratio and annual covered payroll.

Valuation Date	Accrued Liability (AL)	Share of Pool's Market Value of Assets (MVA)	Unfunded Accrued Liability (UAL)	Funded Ratio	Annual Covered Payroll
06/30/2015	\$2,401,808	\$2,039,228	\$362,580	84.9%	\$897,670
06/30/2016	2,702,566	2,145,503	557,063	79.4%	929,387
06/30/2017	2,962,856	2,414,269	548,587	81.5%	936,155
06/30/2018	3,429,348	2,752,260	677,088	80.3%	1,045,194
06/30/2019	3,854,370	3,114,014	740,356	80.8%	1,105,967
06/30/2020	4,278,364	3,442,749	835,615	80.5%	1,227,668
06/30/2021	4,886,955	4,533,245	353,710	92.8%	1,279,203
06/30/2022	5,540,750	4,439,329	1,101,421	80.1%	1,383,946
06/30/2023	6,294,845	5,046,788	1,248,057	80.2%	1,444,331
06/30/2024	6,980,936	5,770,978	1,209,958	82.7%	1,529,853

Risk Analysis

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Future Investment Return Scenarios

Analysis using the investment return scenarios from the Asset Liability Management process completed in 2021 was performed to determine the effects of various future investment returns on required employer UAL contributions. The CalPERS [Funding Risk Mitigation Policy](#) stipulates that when the investment return exceeds the discount rate by at least 2% the board will consider adjustments to the discount rate. The projections below use a discount rate of 6.8% for all scenarios even though an annual return of 10.8% is high enough to trigger a board discussion on the discount rate. The projections also assume that all other actuarial assumptions will be realized and that no further changes in assumptions, contributions, benefits, or funding will occur.

The employer normal cost rates are not affected by investment returns, and since no future assumption changes are being reflected, the projected employer normal cost rates for every future investment return scenario are the same as those shown earlier in this report. See [Projected Employer Contributions](#) for more information on projecting the employer normal cost.

The first table shows projected UAL contribution requirements if the fund were to earn either 3.0% or 10.8% annually. These alternate investment returns were chosen because 90% of long-term average returns are expected to fall between them over the 20-year period ending June 30, 2044.

Assumed Annual Return FY 2024-25 through FY 2043-44	Projected Employer UAL Contributions				
	2027-28	2028-29	2029-30	2030-31	2031-32
3.0% (5th percentile)	\$135,000	\$162,000	\$178,000	\$199,000	\$230,000
10.8% (95th percentile)	\$124,000	\$129,000	\$88,000	\$0	\$0

Required UAL contributions outside of this range are also possible. In particular, whereas it is unlikely that investment returns will average less than 3.0% or greater than 10.8% over a 20-year period, the likelihood of a single investment return less than 3.0% or greater than 10.8% in any given year is much greater. The following analysis illustrates the effect of an extreme, single year investment return.

The portfolio has an expected volatility (or standard deviation) of 12.0% per year. Accordingly, in any given year there is a 16% probability that the annual return will be -5.2% or less and a 2.5% probability that the annual return will be -17.2% or less. These returns represent one and two standard deviations below the expected return of 6.8%.

The following table shows the effect of one and two standard deviation investment losses in FY 2024-25 on the FY 2027-28 contribution requirements. Note that a single-year investment gain or loss decreases or increases the required UAL contribution amount incrementally for each of the next five years, not just one, due to the 5-year ramp in the amortization policy. However, the contribution requirements beyond the first year are also impacted by investment returns beyond the first year. Historically, significant downturns in the market are often followed by higher than average returns. Such investment gains would offset the impact of these single year negative returns in years beyond FY 2027-28.

Assumed Annual Return for Fiscal Year 2024-25	Required Employer UAL Contributions	Projected Employer UAL Contributions
	2026-27	2027-28
(17.2%) (2 standard deviation loss)	\$123,749	\$164,000
(5.2%) (1 standard deviation loss)	\$123,749	\$147,000

- Without investment gains (returns higher than 6.8%) in FY 2025-26 or later, projected contributions rates would continue to rise over the next four years due to the continued phase-in of the impact of the illustrated investment loss in FY 2024-25.
- The Pension Outlook Tool can be used to model projected contributions for these scenarios beyond FY 2027-28 as well as to model other investment return scenarios.

Discount Rate Sensitivity

The discount rate assumption is calculated as the sum of the assumed real rate of return and the assumed annual price inflation, currently 4.5% and 2.3%, respectively. Changing either the price inflation assumption or the real rate of return assumption will change the discount rate. The sensitivity of the valuation results to the discount rate assumption depends on which component of the discount rate is changed. Shown below are various valuation results as of June 30, 2024, assuming alternate discount rates by changing the two components independently. Results are shown using the current discount rate of 6.8% as well as alternate discount rates of 5.8% and 7.8%. The rates of 5.8% and 7.8% were selected since they illustrate the impact of a 1.0% increase or decrease to the 6.8% assumption.

Sensitivity to the Discount Rate Due to Varying the Real Rate of Return Assumption

As of June 30, 2024	1% Lower Real Return Rate	Current Assumptions	1% Higher Real Return Rate
Discount Rate	5.8%	6.8%	7.8%
Price Inflation	2.3%	2.3%	2.3%
Real Rate of Return	3.5%	4.5%	5.5%
a) Total Normal Cost			
Rate Plan 4540	26.20%	20.82%	16.72%
Rate Plan 26893	21.21%	16.94%	13.69%
b) Accrued Liability	\$8,050,979	\$6,980,936	\$6,098,580
c) Market Value of Assets	\$5,770,978	\$5,770,978	\$5,770,978
d) Unfunded Liability/(Surplus) [(b) - (c)]	\$2,280,001	\$1,209,958	\$327,602
e) Funded Ratio	71.7%	82.7%	94.6%

Sensitivity to the Discount Rate Due to Varying the Price Inflation Assumption

As of June 30, 2024	1% Lower Price Inflation	Current Assumptions	1% Higher Price Inflation
Discount Rate	5.8%	6.8%	7.8%
Price Inflation	1.3%	2.3%	3.3%
Real Rate of Return	4.5%	4.5%	4.5%
a) Total Normal Cost			
Rate Plan 4540	21.83%	20.82%	19.01%
Rate Plan 26893	17.86%	16.94%	15.40%
b) Accrued Liability	\$7,046,257	\$6,980,936	\$6,732,880
c) Market Value of Assets	\$5,770,978	\$5,770,978	\$5,770,978
d) Unfunded Liability/(Surplus) [(b) - (c)]	\$1,275,279	\$1,209,958	\$961,902
e) Funded Ratio	81.9%	82.7%	85.7%

Mortality Rate Sensitivity

The following table looks at the change in the June 30, 2024, plan costs and funded status under two different longevity scenarios, namely assuming rates of post-retirement mortality are 10% lower or 10% higher than our current mortality assumptions adopted in 2021. This type of analysis highlights the impact on the plan of a change in the mortality assumption.

As of June 30, 2024	10% Lower Mortality Rates	Current Assumptions	10% Higher Mortality Rates
a) Total Normal Cost			
Rate Plan 4540	21.17%	20.82%	20.49%
Rate Plan 26893	17.23%	16.94%	16.67%
b) Accrued Liability	\$7,118,966	\$6,980,936	\$6,853,808
c) Market Value of Assets	\$5,770,978	\$5,770,978	\$5,770,978
d) Unfunded Liability/(Surplus) [(b) - (c)]	\$1,347,988	\$1,209,958	\$1,082,830
e) Funded Ratio	81.1%	82.7%	84.2%

Maturity Measures

As pension plans mature they become more sensitive to risks. Understanding plan maturity and how it affects the ability of a pension plan sponsor to tolerate risk is important in understanding how the pension plan is impacted by investment return volatility, other economic variables and changes in longevity or other demographic assumptions.

Since it is the employer that bears the risk, it is appropriate to perform this analysis on a pension plan level considering all rate plans. The following measures include only the rate plans covered in this report. One way to look at the maturity level of CalPERS and its plans is to look at the ratio of a plan's retiree liability to its total liability. A pension plan in its infancy will have a very low ratio of retiree liability to total liability. As the plan matures, the ratio increases. A mature plan will often have a ratio above 60%-65%.

Ratio of Retiree Accrued Liability to Total Accrued Liability	June 30, 2023	June 30, 2024
1. Retiree Accrued Liability	\$1,061,851	\$1,072,597
2. Total Accrued Liability	\$6,294,845	\$6,980,936
3. Ratio of Retiree AL to Total AL [(1) ÷ (2)]	17%	15%

Another measure of the maturity level of CalPERS and its plans is the ratio of actives to retirees, also called the support ratio. A pension plan in its infancy will have a very high ratio of active to retired members. As the plan matures and members retire, the ratio declines. A mature plan will often have a ratio near or below one.

To calculate the support ratio for the rate plan, retirees and beneficiaries receiving a continuance are each counted as one, even though they may have only worked a portion of their careers as an active member of this rate plan. For this reason, the support ratio, while intuitive, may be less informative than the ratio of retiree liability to total accrued liability above.

For comparison, the support ratio for all CalPERS public agency plans as of June 30, 2023, was 0.78 and was calculated consistently with how it is for the individual rate plan. Note that to calculate the support ratio for all public agency plans, a retiree with service from more than one CalPERS agency is counted as a retiree more than once.

Support Ratio	June 30, 2023	June 30, 2024
1. Number of Actives	9	9
2. Number of Retirees	3	3
3. Support Ratio [(1) ÷ (2)]	3.00	3.00

Maturity Measures (continued)

The actuarial calculations supplied in this communication are based on various assumptions about long-term demographic and economic behavior. Unless these assumptions (e.g., terminations, deaths, disabilities, retirements, salary increases, investment return) are exactly realized each year, there will be differences on a year-to-year basis. The year-to-year differences between actual experience and the assumptions are called actuarial gains and losses and serve to lower or raise required employer contributions from one year to the next. Therefore, employer contributions will inevitably fluctuate, especially due to the ups and downs of investment returns.

Asset Volatility Ratio

Shown in the table below is the asset volatility ratio (AVR), which is the ratio of market value of assets to payroll. Plans that have a higher AVR experience more volatile employer contributions (as a percentage of payroll) due to investment return. For example, a plan with an AVR of 8 may experience twice the contribution volatility due to investment return volatility than a plan with an AVR of 4. It should be noted that this ratio is a measure of the current situation. It increases over time but generally tends to stabilize as a plan matures.

Liability Volatility Ratio

Also shown in the table below is the liability volatility ratio (LVR), which is the ratio of accrued liability to payroll. Plans that have a higher LVR experience more volatile employer contributions (as a percentage of payroll) due to changes in liability. For example, a plan with an LVR of 8 is expected to have twice the contribution volatility of a plan with an LVR of 4 when there is a change in accrued liability, such as when there is a change in actuarial assumptions. It should be noted that this ratio indicates a longer-term potential for contribution volatility, since the AVR, described above, will tend to move closer to the LVR as the funded ratio approaches 100%.

Contribution Volatility	June 30, 2023	June 30, 2024
1. Market Value of Assets	\$5,046,788	\$5,770,978
2. Payroll	\$1,444,331	\$1,529,853
3. Asset Volatility Ratio (AVR) $[(1) \div (2)]$	3.5	3.8
4. Accrued Liability	\$6,294,845	\$6,980,936
5. Liability Volatility Ratio (LVR) $[(4) \div (2)]$	4.4	4.6

Maturity Measures History

Valuation Date	Ratio of Retiree Accrued Liability to Total Accrued Liability	Support Ratio	Asset Volatility Ratio	Liability Volatility Ratio
06/30/2017	34%	2.33	2.6	3.2
06/30/2018	30%	2.67	2.6	3.3
06/30/2019	27%	2.67	2.8	3.5
06/30/2020	24%	3.00	2.8	3.5
06/30/2021	20%	3.00	3.5	3.8
06/30/2022	18%	3.00	3.2	4.0
06/30/2023	17%	3.00	3.5	4.4
06/30/2024	15%	3.00	3.8	4.6

Funded Status – Termination Basis

The funded status measured on a termination basis is an estimated range for the financial position of the plan had the contract with CalPERS been terminated as of June 30, 2024. The accrued liability on a termination basis (termination liability) is calculated differently from the plan's ongoing funding liability. For the termination liability calculation, both compensation and service are frozen as of the valuation date and no future pay increases or service accruals are assumed. This measure of funded status is not appropriate for assessing the need for future employer contributions in the case of an ongoing plan, that is, for an employer that continues to provide CalPERS retirement benefits to active employees. Unlike the actuarial cost method used for ongoing plans, the termination liability is the present value of the benefits earned through the valuation date.

A more conservative investment policy and asset allocation strategy was adopted by the board for the Terminated Agency Pool. The Terminated Agency Pool has limited funding sources since no future employer contributions will be made. Therefore, expected benefit payments are secured by risk-free assets and benefit security for members is increased while limiting the funding risk. However, this asset allocation has a lower expected rate of return than the remainder of the PERF and consequently, a lower discount rate assumption. The lower discount rate for the Terminated Agency Pool results in higher liabilities for terminated plans.

The discount rate used for actual termination valuations is a weighted average of the 10-year and 30-year Treasury yields where the weights are based on matching asset and liability durations as of the termination date. The discount rates used in the following analysis is based on 20-year Treasury bonds, which is a good proxy for most plans. The discount rate upon contract termination will depend on actual Treasury rates on the date of termination, which varies over time, as demonstrated below.

Valuation Date	20-Year Treasury Rate	Valuation Date	20-Year Treasury Rate
06/30/2015	2.83%	06/30/2020	1.18%
06/30/2016	1.86%	06/30/2021	2.00%
06/30/2017	2.61%	06/30/2022	3.38%
06/30/2018	2.91%	06/30/2023	4.06%
06/30/2019	2.31%	06/30/2024	4.61%

As Treasury rates are variable, the table below shows a range for the termination liability using discount rates 1% below and above the 20-year Treasury rate on the valuation date. The price inflation assumption is the 20-year Treasury breakeven inflation rate, that is, the difference between the 20-year inflation indexed bond and the 20-year fixed-rate bond.

The Market Value of Assets (MVA) also varies with interest rates and will fluctuate depending on other market conditions on the date of termination. Since it is not possible to approximate how the MVA will change in different interest rate environments, the results below use the MVA as of the valuation date.

	Discount Rate: 3.61% Price Inflation: 2.45%	Discount Rate: 5.61% Price Inflation: 2.45%
1. Termination Liability ¹	\$11,241,462	\$8,166,362
2. Market Value of Assets (MVA)	5,770,978	5,770,978
3. Unfunded Termination Liability [(1) – (2)]	\$5,470,484	\$2,395,384
4. Funded Ratio [(2) ÷ (1)]	51.3%	70.7%

¹ The termination liabilities calculated above include a 5% contingency load. The contingency load and other actuarial assumptions can be found in Appendix A of the Section 2 report.

In order to terminate, first contact our Pension Contract Services unit to initiate a Resolution of Intent to Terminate. The completed Resolution will allow a CalPERS actuary to provide a preliminary termination valuation with a more up-to-date estimate of the plan's assets and liabilities. Before beginning this process, please consult with a CalPERS actuary.

Funded Status – Low-Default-Risk Basis

Actuarial Standard of Practice (ASOP) No. 4, *Measuring Pension Obligations and Determining Pension Plan Costs or Contributions*, requires the disclosure of a low-default-risk obligation measure (LDROM) of benefit costs accrued as of the valuation date using a discount rate based on the yields of high quality fixed income securities with cash flows that replicate expected benefit payments. Conceptually, this measure represents the level at which financial markets would value the accrued plan costs, and would be approximately equal to the cost of a portfolio of low-default-risk bonds with similar financial characteristics to accrued plan costs.

As permitted in ASOP No. 4, the Actuarial Office uses the Entry Age Actuarial Cost Method to calculate the LDROM. This methodology is in line with the measure of “benefit entitlements” calculated by the Bureau of Economic Analysis and used by the Federal Reserve to report the indebtedness due to pensions of plan sponsors and, conversely, the household wealth due to pensions of plan members.

As shown below, the discount rate used for the LDROM is 5.35%, which is the Standard FTSE Pension Liability Index¹ discount rate as of June 30, 2024.

Selected Measures on a Low-Default-Risk Basis	June 30, 2024
Discount Rate	5.35%
1. Accrued Liability – Low-Default-Risk Basis (LDROM)	
a) Active Members	\$6,685,745
b) Transferred Members	486,528
c) Separated Members	228,619
d) Members and Beneficiaries Receiving Payments	1,210,080
e) Total	<u>\$8,610,972</u>
2. Market Value of Assets (MVA)	<u>5,770,978</u>
3. Unfunded Accrued Liability – Low-Default-Risk Basis [(1e) – (2)]	\$2,839,994
4. Unfunded Accrued Liability – Funding Policy Basis	<u>1,209,958</u>
5. Present Value of Unearned Investment Risk Premium [(3) – (4)]	\$1,630,036

The difference between the unfunded liabilities on a low-default-risk basis and on the funding policy basis represents the present value of the investment risk premium that must be earned in future years to keep future contributions for currently accrued plan costs at the levels anticipated by the funding policy.

Benefit security for members of the plan relies on a combination of the assets in the plan, the investment income generated from those assets, and the ability of the plan sponsor to make necessary future contributions. If future returns fall short of 6.8%, benefit security could be at risk without higher than currently anticipated future contributions.

The funded status on a low-default-risk basis is not appropriate for assessing the sufficiency of plan assets to cover the cost of settling the plan’s benefit obligations (see [Funded Status – Termination Basis](#)), nor is it appropriate for assessing the need for future contributions (see [Funded Status – Funding Policy Basis](#)).

¹ This index is based on a yield curve of hypothetical AA-rated zero-coupon corporate bonds whose maturities range from 6 months to 30 years. The index represents the single discount rate that would produce the same present value as discounting a standardized set of liability cash flows for a fully open pension plan using the yield curve. The liability cash flows are reasonably consistent with the pattern of benefits expected to be paid from the entire Public Employees’ Retirement Fund for current and former plan members. A different index, hence a different discount rate, may be needed to measure the LDROM for a subset of the fund, such as a single rate plan or a group of retirees.

Supplementary Information

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• Summary of Valuation Data	27
• Status of PEPRA Transition	28
• Surcharge for Class 1 Benefits	28
• Plan's Major Benefit Options	29

Normal Cost by Benefit Group

The table below displays the Total Normal Cost broken out by benefit group as of the valuation date, June 30, 2024. The Total Normal Cost is the annual cost of service accrual for the fiscal year for active employees and can be viewed as the long-term contribution rate for the benefits contracted. Generally, the normal cost for a benefit group subject to more generous benefit provisions will exceed the normal cost for a group with less generous benefits. Future measurements of the Total Normal Cost for each group may differ significantly from the current values due to such factors as: changes in economic and demographic assumptions, changes in plan benefits or applicable law.

Rate Plan Identifier	Benefit Group Name	Total Normal Cost as of June 30, 2024	Offset due to Employee Contributions as of June 30, 2024	Employer Normal Cost as of June 30, 2024	Number of Actives	Payroll on 6/30/2024
4540	Miscellaneous Plan	20.82%	6.93%	13.89%	5	\$1,024,185
26893	PEPRA Miscellaneous Plan	<u>16.94%</u>	<u>8.25%</u>	<u>8.69%</u>	<u>4</u>	<u>505,668</u>
	<i>Hypothetical Plan Totals¹</i>	<i>19.54%</i>	<i>7.37%</i>	<i>12.17%</i>	<i>9</i>	<i>\$1,529,853</i>

¹ The hypothetical employer normal cost and contribution rates for the total plan are provided for illustrative purposes only and are based on the payroll as of the valuation date. This snapshot of the cost of providing benefits can be compared from one valuation date to the next as members retire from older tiers and are replaced by members in new tiers. The employer normal cost rate for contribution purposes varies by rate plan and applies to the covered payroll of members in each respective rate plan.

Note that if a Benefit Group above has multiple bargaining units, each of which has separately contracted for different benefits such as Employer Paid Member Contributions, then the Normal Cost shown for the respective benefit level does not reflect those differences.

Summary of Valuation Data

The table below shows a summary of the plan's member data upon which this valuation is based:

	June 30, 2023	June 30, 2024
Active Members		
Counts	9	9
Average Attained Age	N/A	50.8
Average Entry Age to Rate Plan	N/A	39.3
Average Years of Credited Service	N/A	11.2
Average Annual Covered Pay	\$160,481	\$169,984
Annual Covered Payroll	\$1,444,331	\$1,529,853
Present Value of Future Payroll	\$11,348,761	\$11,588,074
Transferred Members		
Counts	5	4
Separated Members		
Counts	3	4
Retired Members and Beneficiaries*		
Counts	3	3
Average Annual Benefits	\$27,889	\$29,036
Total Annual Benefits	\$83,666	\$87,108

Counts of members included in the valuation are counts of the records processed by the valuation. Multiple records may exist for those who have service in more than one valuation group. This does not result in double counting of liabilities.

* Values include community property settlements.

Status of PEPRA Transition

The California Public Employees' Pension Reform Act of 2013 (PEPRA), which took effect in January 2013, changed CalPERS retirement benefits and placed compensation limits on new members joining CalPERS on or after January 1, 2013. One of the objectives of PEPRA was to improve the ability of employers to manage the costs of retirement benefits for their members. While such changes can reduce future benefit costs in a meaningful way, the full impact on employer contributions will not occur until all active members are subject to the rules and provisions of PEPRA. The table below illustrates the status of this transition as of June 30, 2024.

	Classic	PEPRA	PEPRA as a Percent of Total
Active Members			
Count	5	4	44.4%
Average Attained Age	57.1	42.9	
Average Entry Age	40.9	37.2	
Average Years of Credited Service	16.2	5.0	
Average Annual Covered Payroll	\$204,837	\$126,417	
Annual Covered Payroll	\$1,024,185	\$505,668	33.1%
Present Value of Future Payroll	\$5,630,935	\$5,957,139	51.4%
Transferred Members			
Count	0	4	100.0%
Separated Members			
Count	2	2	50.0%
Retired Members and Beneficiaries Receiving Payments			
Count	3	0	0.0%
Average Annual Benefit	\$29,036	\$0	
Total Annual Benefits	\$87,108	\$0	0.0%
Accrued Liabilities			
Active Members	\$4,870,657	\$484,405	9.0%
Transferred Members	0	368,446	100.0%
Separated Members	108,770	76,061	41.2%
Retired Members and Beneficiaries	<u>1,072,597</u>	<u>0</u>	<u>0.0%</u>
Total	\$6,052,024	\$928,912	13.3%

Surcharge for Class 1 Benefits

This plan has the following Class 1 benefit provisions which result in the surcharges indicated:

Class 1 benefit provisions	Rate Plan 4540	Rate Plan 26893
One Year Final Compensation (FAC 1)	0.64%	N/A
Post-Retirement Survivor Allowance (PRSA)	0.80%	0.81%
3% Annual Cost-of-Living Allowance Increase (3% COLA)	<u>0.53%</u>	<u>0.45%</u>
Surcharge for Class 1 Benefits	1.97%	1.26%

Plan's Major Benefit Options

Shown below is a summary of the major optional benefits for which the agency has contracted. A description of principal standard and optional plan provisions is in Section 2.

Rate Plan 4540	Benefit Group	
Member Category	Misc	
Demographics		
Actives	Yes	
Transfers/Separated	Yes	
Receiving	Yes	
Benefit Provision		
Benefit Formula	2% @ 55	
Social Security Coverage	No	
Full/Modified	Full	
Employee Contribution Rate	7.00%	
Final Average Compensation Period	One Year	
Sick Leave Credit	Yes	
Non-Industrial Disability	Standard	
Industrial Disability	No	
Pre-Retirement Death Benefits		
Optional Settlement 2	Yes	
1959 Survivor Benefit Level	Level 4	
Special	No	
Alternate (firefighters)	No	
Post-Retirement Death Benefits		
Lump Sum	\$5,000	
Survivor Allowance (PRSA)	Yes	
COLA	3%	

Plan's Major Benefit Options (Continued)

Shown below is a summary of the major optional benefits for which the agency has contracted. A description of principal standard and optional plan provisions is in Section 2.

Rate Plan 26893	Benefit Group	
Member Category	Misc	
Demographics		
Actives	Yes	
Transfers/Separated	Yes	
Receiving	No	
Benefit Provision		
Benefit Formula	2% @ 62	
Social Security Coverage	No	
Full/Modified	Full	
Employee Contribution Rate	8.25%	
Final Average Compensation Period	Three Year	
Sick Leave Credit	Yes	
Non-Industrial Disability	Standard	
Industrial Disability	No	
Pre-Retirement Death Benefits		
Optional Settlement 2	Yes	
1959 Survivor Benefit Level	Level 4	
Special	No	
Alternate (firefighters)	No	
Post-Retirement Death Benefits		
Lump Sum	\$5,000	
Survivor Allowance (PRSA)	Yes	
COLA	3%	

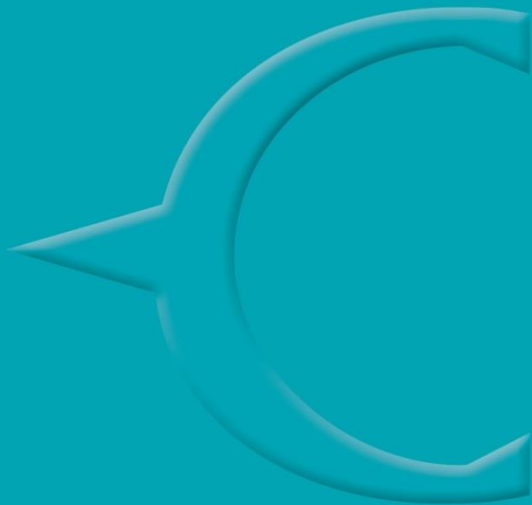
Section 2

California Public Employees' Retirement System

Risk Pool Actuarial Valuation Information

[Section 2](#) may be found on the
CalPERS website (www.calpers.ca.gov)
in the Forms & Publications section

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San Francisco City and County Employees' Retirement System

**GASB 67/68 Report
as of June 30, 2024**

Produced by Cheiron

December 2024

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**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING FOR JUNE 30, 2024 MEASUREMENT DATE**

SECTION I – BOARD SUMMARY

The purpose of this report is to provide accounting and financial reporting information under the Governmental Accounting Standards Board Statements 67 and 68 (GASB 67 and 68) for the San Francisco City and County Employees' Retirement System ("System") and for the participating employers, respectively. This information includes:

- Determination of the discount rate as of June 30, 2024,
- Projection of the Total Pension Liability from the valuation date to the measurement date,
- Note disclosures and required supplementary information under GASB 67 for the System,
- Determination of collective amounts under GASB 68, and
- Schedules for the financial reporting of participating employers under GASB 68.

Highlights

The measurement date for the San Francisco City and County Employees' Retirement System ("System") is June 30, 2024. Measurements are based on the fair value of assets as of June 30, 2024, and the Total Pension Liability as of the valuation date, July 1, 2023, updated to June 30, 2024. The end-of-year measurements reflect the actual Supplemental COLA paid effective July 1, 2024.

The table below summarizes the key collective results during this measurement period.

Table I-1 Summary of Collective Results			
	Measurement Date		
	6/30/2024	6/30/2023	
Net Pension Liability	\$ 3,986,895	\$ 3,644,407	
Deferred Outflows	(1,679,549)	(1,552,958)	
Deferred Inflows	95,887	215,203	
Net Impact on Statement of Net Position	\$ 2,403,233	\$ 2,306,652	
Pension Expense (\$ Amount)	\$ 769,199	\$ 688,745	
Pension Expense (% of Payroll)	17.81%	17.24%	

Amounts in Thousands

At the end of the measurement year, the System and its participating employers, in aggregate, report a Net Pension Liability of \$3,986,895,000, Deferred Inflows of \$95,887,000, and Deferred Outflows of \$1,679,549,000. Consequently, the net impact on the aggregate of participating employers' Statements of Net Position due to the System is \$2,403,233,000 at the end of the measurement year. Participating employers also report any contributions between the measurement date and their reporting date as deferred outflows of resources.

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING FOR JUNE 30, 2024 MEASUREMENT DATE**

SECTION I – BOARD SUMMARY

The Net Pension Liability (NPL) increased by about \$342 million since the prior measurement date. This increase was primarily due to liability experience losses of \$480 million, offset by an investment experience gain of \$171 million. There were no assumption changes during the measurement period. The investment gains are recognized over five years, and the liability experience losses are recognized over the average remaining service life, which is also five years. Unrecognized amounts are reported as deferred inflows and deferred outflows.

For the measurement year ending June 30, 2024, the collective annual pension expense is \$769,199,000 or 17.81% of covered payroll. This amount represents the change in the net impact on participating employers' Statements of Net Position plus employer contributions (\$2,403,233,000 – \$2,306,652,000 + \$672,618,000). The collective pension expense of \$769,199,000 is an increase from the collective pension expense for the prior year of \$688,745,000. Volatility in pension expense or income from year to year is to be expected. It will largely be driven by investment gains or losses, but other changes can also have a significant impact. A breakdown of the components of the collective net pension expense is shown in Section VI of the report.

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING FOR JUNE 30, 2024 MEASUREMENT DATE**

SECTION II – CERTIFICATION

The purpose of this report is to provide accounting and financial reporting information under GASB 67 for the San Francisco City and County Employees' Retirement System ("System") and under GASB 68 for the employers that participate in the System. This report is for the use of the System, the participating employers, and their auditors in preparing financial reports in accordance with applicable law and accounting requirements. This report is not appropriate for other purposes, including the measurement of funding requirements for the System.

In preparing our report, we relied on information (some oral and some written) supplied by the System. This information includes, but is not limited to, the plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23.

Cheiron utilizes ProVal actuarial valuation software leased from Winklevoss Technologies (WinTech) to calculate liabilities and project benefit payments. We have relied on WinTech as the developer of ProVal. We have a basic understanding of ProVal and have used ProVal in accordance with its original intended purpose. We have not identified any material inconsistencies in assumptions or output of ProVal that would affect this GASB 67/68 valuation, including inputs to the crossover test.

Future actuarial measurements may differ significantly from the current measurements due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and, changes in plan provisions or applicable law.

This report and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this report. This report does not address any contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

This report was prepared for the System for the purposes described herein and for the use by the plan auditor in completing an audit related to the matters herein. Other users of this report are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to any other user.



William R. Hallmark, ASA, EA, MAAA, FCA
Consulting Actuary



Anne D. Harper, FSA, EA, MAAA
Principal Consulting Actuary

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING FOR JUNE 30, 2024 MEASUREMENT DATE**

SECTION III – DETERMINATION OF DISCOUNT RATE

The discount rate used to measure the Total Pension Liability is 7.20%.

The projection of cash flows used to determine the discount rate assumes that plan member contributions will continue to be made at the rates specified in the Charter of the San Francisco City and County. Employer contributions are assumed to be made in accordance with the contribution policy in effect for the July 1, 2023 actuarial valuation. That policy requires contributions equal to the employer portion of the Entry Age Normal Cost for members as of the valuation date, a payment for the expected administrative expenses, and an amortization payment on the Unfunded Actuarial Liability.

The amortization payment is based on closed periods that vary in length depending on the source. Charter amendments prior to July 1, 2014 are amortized over 20 years. After July 1, 2014, any Charter changes to active member benefits are amortized over 15 years, and changes to inactive member benefits, including Supplemental COLAs, are amortized over 5 years. However, the change due to Proposition A as of July 1, 2023 was amortized over 10 years. In the July 1, 2016 valuation, the increase in the Unfunded Actuarial Liability attributable to the Supplemental COLAs granted effective July 1, 2013 was amortized over 17 years. Effective with the July 1, 2021 valuation, all amortization periods for actuarial gains and losses and prior assumption changes were reduced to 5 years. The assumption change effective July 1, 2021 is amortized over 20 years. Future experience gains and losses and assumption or method changes on or after July 1, 2021 are amortized over 20 years. If the plan becomes 100% funded based on the Actuarial Value of Assets, any new net surpluses are amortized over a rolling 20-year period. All amortization schedules are established as a level percentage of payroll so payments increase 3.25% each year.

The Unfunded Actuarial Liability is based on an Actuarial Value of Assets that smooths investment gains and losses over five years and a measurement of the Actuarial Liability that excludes the value of any future Supplemental COLAs.

While the contributions and measure of Actuarial Liability in the funding valuation do not anticipate any future Supplemental COLAs, the projected contributions for the determination of the discount rate include the anticipated future amortization payments on future Supplemental COLAs for current members when they are expected to be granted. For members hired before Proposition C passed, a Supplemental COLA is granted if the actual investment earnings during the year exceed the expected investment earnings on the Actuarial Value of Assets. For members hired after Proposition C passed, the Market Value of Assets must also exceed the Actuarial Liability for a Supplemental COLA to be granted. When a Supplemental COLA is granted, the amount depends on the excess earnings and the basic COLA amount for each membership group. Most members receive a 1.50% Supplemental COLA when a full Supplemental COLA is granted.

A 0.50% Supplemental COLA is expected to be payable as of July 1, 2024 for most non-Prop C members due to the favorable investment returns for FYE 2024.

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING FOR JUNE 30, 2024 MEASUREMENT DATE**

SECTION III – DETERMINATION OF DISCOUNT RATE

The table below shows the net assumed Supplemental COLA for members with a 2.00% Basic COLA. Appendix B contains complete information on the assumption.

Assumed Supplemental COLA for Members with a 2.00% Basic COLA		
July 1,	Before Prop C	After Prop C
2024	0.50%	0.00%
2025+	0.75%	0.50%

The projection of benefit payments to current members used to determine the discount rate includes the payment of anticipated future Supplemental COLAs.

Based on these assumptions, the System's fiduciary net position was projected to be available to make future benefit payments for current members through 2106. Projected benefit payments are discounted at the long-term expected return on assets of 7.20% to the extent the fiduciary net position is available to make the payments and at the municipal bond rate of 3.93% to the extent they are not available. The single equivalent rate used to determine the Total Pension Liability as of June 30, 2024 rounded to four decimals is 7.20%.

Appendix D shows the details of this calculation.

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING FOR JUNE 30, 2024 MEASUREMENT DATE**

SECTION IV – PROJECTION OF TOTAL PENSION LIABILITY

The Total Pension Liability (TPL) at the end of the measurement year, June 30, 2024 is measured as of a valuation date of June 30, 2023, and projected to June 30, 2024. Because the TPL shown in the prior report was measured as of June 30, 2022, and projected to June 30, 2023, it will not match the amounts measured as of June 30, 2023, shown in this exhibit.

The table below shows the projection of the TPL at discount rates equal to the rate used for disclosure and plus and minus one percent from the rate used for disclosure.

Table IV-1 Projection of Collective Total Pension Liability From Valuation to Measurement Date			
Discount Rate	6.20%	7.20%	8.20%
Valuation Collective Total Pension Liability, 6/30/2023			
Actives	\$ 16,472,228	\$ 13,909,585	\$ 11,844,889
Inactives	<u>26,314,475</u>	<u>23,871,284</u>	<u>21,811,981</u>
Total	\$ 42,786,703	\$ 37,780,869	\$ 33,656,870
Service Cost	\$ 1,112,952	\$ 872,979	\$ 692,527
Benefit Payments	\$ 1,932,046	\$ 1,932,046	\$ 1,932,046
Interest	\$ 2,627,765	\$ 2,682,759	\$ 2,710,044
Collective Total Pension Liability, 6/30/2024	\$ 44,595,374	\$ 39,404,561	\$ 35,127,395

Amounts in Thousands

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING FOR JUNE 30, 2024 MEASUREMENT DATE**

SECTION V – GASB 67 REPORTING INFORMATION

Note Disclosures

The table below shows the changes in Total Pension Liability, Plan Fiduciary Net Position (i.e., fair value of System assets), and Net Pension Liability during the measurement year.

Table V-1 Change in Collective Net Pension Liability			
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/2023	\$ 37,332,835	\$ 33,688,428	\$ 3,644,407
Changes for the year:			
Service cost	872,979		872,979
Interest	2,650,500		2,650,500
Changes of benefits	0		0
Differences between expected and actual experience	480,293		480,293
Changes of assumptions	0		0
Contributions - employer		672,618	(672,618)
Contributions - member		427,512	(427,512)
Net investment income		2,587,698	(2,587,698)
Benefit payments	(1,932,046)	(1,932,046)	0
Administrative expense		(26,544)	26,544
Net changes	<u>2,071,726</u>	<u>1,729,238</u>	<u>342,488</u>
Balances at 6/30/2024	<u>\$ 39,404,561</u>	<u>\$ 35,417,666</u>	<u>\$ 3,986,895</u>

Amounts in Thousands

During the measurement year, the collective NPL increased by approximately \$0.3 billion.

The service cost and interest cost increased the collective NPL by approximately \$3.5 billion. Liability experience increased the TPL by approximately \$0.5 billion. Investment returns and contributions, offset by administrative expenses, decreased the collective NPL by approximately \$3.7 billion.

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING FOR JUNE 30, 2024 MEASUREMENT DATE**

SECTION V – GASB 67 REPORTING INFORMATION

Changes in the discount rate affect the measurement of the TPL. Lower discount rates produce a higher TPL, and higher discount rates produce a lower TPL. Because the discount rate does not affect the measurement of assets, the percentage change in the NPL can be very significant for a relatively small change in the discount rate. The table below shows the sensitivity of the collective NPL to the discount rate.

Table V-2 Sensitivity of Collective Net Pension Liability to Changes in Discount Rate			
	1% Decrease 6.20%	Discount Rate 7.20%	1% Increase 8.20%
Total Pension Liability	\$ 44,595,374	\$ 39,404,561	\$ 35,127,395
Plan Fiduciary Net Position	35,417,666	35,417,666	35,417,666
Collective Net Pension Liability	<u>\$ 9,177,708</u>	<u>\$ 3,986,895</u>	<u>\$ (290,271)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.4%	89.9%	100.8%

Amounts in Thousands

A one-percent decrease in the discount rate increases the TPL by approximately 13%, while a one-percent increase in the discount rate decreases the TPL by approximately 11%.

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING FOR JUNE 30, 2024 MEASUREMENT DATE**

SECTION V – GASB 67 REPORTING INFORMATION

Required Supplementary Information

The Schedules of Required Supplementary Information show 10 years of historical information. The schedules below and on the next page show the changes in collective NPL and related ratios required by GASB.

Table V-3 Schedule of Changes in Collective NPL and Related Ratios					
	FYE 2024	FYE 2023	FYE 2022	FYE 2021	FYE 2020
<u>Total Pension Liability</u>					
Service cost (MOY)	\$ 872,979	\$ 813,901	\$ 781,610	\$ 718,771	\$ 704,637
Interest	2,650,500	2,518,802	2,471,994	2,302,075	2,230,441
Changes of benefit terms	0	59,080	0	0	0
Differences between expected and actual experience	480,293	295,778	98,920	136,097	205,869
Changes of assumptions	0	0	786,100	(479,435)	(117,141)
Benefit payments	(1,932,046)	(1,844,365)	(1,737,750)	(1,619,761)	(1,548,077)
Net change in TPL	\$ 2,071,726	\$ 1,843,196	\$ 2,400,874	\$ 1,057,747	\$ 1,475,729
TPL - beginning	<u>37,332,835</u>	<u>35,489,639</u>	<u>33,088,765</u>	<u>32,031,018</u>	<u>30,555,289</u>
TPL - ending	<u>\$ 39,404,561</u>	<u>\$ 37,332,835</u>	<u>\$ 35,489,639</u>	<u>\$ 33,088,765</u>	<u>\$ 32,031,018</u>
<u>Plan fiduciary net position</u>					
Contributions - employer	\$ 672,618	\$ 672,651	\$ 768,463	\$ 836,559	\$ 742,985
Contributions - member	427,512	413,916	423,471	409,398	400,649
Net investment income	2,587,698	1,670,666	(2,308,320)	9,447,669	966,282
Benefit payments	(1,932,046)	(1,844,365)	(1,737,750)	(1,619,761)	(1,548,077)
Administrative expense	(26,544)	(22,964)	(21,174)	(20,249)	(20,270)
Net change in plan fiduciary net position	\$ 1,729,238	\$ 889,904	\$ (2,875,310)	\$ 9,053,616	\$ 541,569
Plan fiduciary net position - beginning	<u>33,688,428</u>	<u>32,798,524</u>	<u>35,673,834</u>	<u>26,620,218</u>	<u>26,078,649</u>
Plan fiduciary net position - ending	<u>\$ 35,417,666</u>	<u>\$ 33,688,428</u>	<u>\$ 32,798,524</u>	<u>\$ 35,673,834</u>	<u>\$ 26,620,218</u>
Net pension liability - ending	<u>\$ 3,986,895</u>	<u>\$ 3,644,407</u>	<u>\$ 2,691,115</u>	<u>\$ (2,585,069)</u>	<u>\$ 5,410,800</u>
Plan fiduciary net position as a percentage of the TPL	89.88%	90.24%	92.42%	107.81%	83.11%
Covered payroll	\$ 4,319,733	\$ 3,994,117	\$ 3,742,459	\$ 3,623,898	\$ 3,566,991
Net pension liability as a percentage of covered payroll	92.29%	91.24%	71.91%	-71.33%	151.69%

Amounts in Thousands

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING FOR JUNE 30, 2024 MEASUREMENT DATE**

SECTION V – GASB 67 REPORTING INFORMATION

**Table V-3
Schedule of Changes in Collective NPL and Related Ratios**

	FYE 2019	FYE 2018	FYE 2017	FYE 2016	FYE 2015
<u>Total Pension Liability</u>					
Service cost (MOY)	\$ 675,065	\$ 632,118	\$ 644,277	\$ 567,576	\$ 523,644
Interest	2,131,847	2,041,110	1,924,206	1,669,996	1,621,582
Changes of benefit terms	0	0	0	1,293,714	0
Differences between expected and actual experience	12,484	(42,382)	57,911	(119,270)	(197,981)
Changes of assumptions	351,902	170,699	88,180	1,087,309	216,845
Benefit payments	<u>(1,456,682)</u>	<u>(1,364,587)</u>	<u>(1,278,140)</u>	<u>(1,256,146)</u>	<u>(1,131,030)</u>
Net change in TPL	\$ 1,714,616	\$ 1,436,958	\$ 1,436,434	\$ 3,243,179	\$ 1,033,060
TPL - beginning	<u>28,840,673</u>	<u>27,403,715</u>	<u>25,967,281</u>	<u>22,724,102</u>	<u>21,691,042</u>
TPL - ending	<u>\$ 30,555,289</u>	<u>\$ 28,840,673</u>	<u>\$ 27,403,715</u>	<u>\$ 25,967,281</u>	<u>\$ 22,724,102</u>
<u>Plan fiduciary net position</u>					
Contributions - employer	\$ 645,056	\$ 619,067	\$ 551,810	\$ 526,805	\$ 592,643
Contributions - member	380,980	364,696	316,844	322,764	301,682
Net investment income	1,970,312	2,549,674	2,683,467	150,190	763,429
Benefit payments	<u>(1,456,682)</u>	<u>(1,364,587)</u>	<u>(1,278,140)</u>	<u>(1,256,146)</u>	<u>(1,131,030)</u>
Administrative expense	<u>(18,983)</u>	<u>(21,234)</u>	<u>(18,134)</u>	<u>(17,179)</u>	<u>(19,262)</u>
Net change in plan fiduciary net position	\$ 1,520,683	\$ 2,147,616	\$ 2,255,847	\$ (273,566)	\$ 507,462
Plan fiduciary net position - beginning	<u>24,557,966</u>	<u>22,410,350</u>	<u>20,154,503</u>	<u>20,428,069</u>	<u>19,920,607</u>
Plan fiduciary net position - ending	<u>\$ 26,078,649</u>	<u>\$ 24,557,966</u>	<u>\$ 22,410,350</u>	<u>\$ 20,154,503</u>	<u>\$ 20,428,069</u>
Net pension liability - ending	<u>\$ 4,476,640</u>	<u>\$ 4,282,707</u>	<u>\$ 4,993,365</u>	<u>\$ 5,812,778</u>	<u>\$ 2,296,033</u>
Plan fiduciary net position as a percentage of the TPL	85.35%	85.15%	81.78%	77.61%	89.90%
Covered payroll	\$ 3,375,447	\$ 3,221,544	\$ 3,041,818	\$ 2,836,498	\$ 2,642,752
Net pension liability as a percentage of covered payroll	132.62%	132.94%	164.16%	204.93%	86.88%

Amounts in Thousands

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
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SECTION V – GASB 67 REPORTING INFORMATION

The schedule below compares actual contributions to the Actuarially Determined Contribution. The covered payroll shown in this exhibit is the pensionable pay used for determining contribution amounts.

Table V-4 Schedule of Collective Employer Contributions					
	FYE 2024	FYE 2023	FYE 2022	FYE 2021	FYE 2020
Actuarially Determined Contribution	\$ 672,618	\$ 672,651	\$ 768,463	\$ 836,559	\$ 742,985
Contributions in Relation to the Actuarially Determined Contribution	<u>672,618</u>	<u>672,651</u>	<u>768,463</u>	<u>836,559</u>	<u>742,985</u>
Contribution Deficiency/(Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 4,319,733	\$ 3,994,117	\$ 3,742,459	\$ 3,623,898	\$ 3,566,991
Contributions as a Percentage of Covered Payroll	15.57%	16.84%	20.53%	23.08%	20.83%
	FYE 2019	FYE 2018	FYE 2017	FYE 2016	FYE 2015
Actuarially Determined Contribution	\$ 645,056	\$ 619,067	\$ 551,810	\$ 526,805	\$ 592,643
Contributions in Relation to the Actuarially Determined Contribution	<u>645,056</u>	<u>619,067</u>	<u>551,810</u>	<u>526,805</u>	<u>592,643</u>
Contribution Deficiency/(Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 3,375,447	\$ 3,221,544	\$ 3,041,818	\$ 2,836,498	\$ 2,642,752
Contributions as a Percentage of Covered Payroll	19.11%	19.22%	18.14%	18.57%	22.43%

Amounts in Thousands

The notes on the following page summarize the key methods and assumptions used to determine the ADC for FYE 2024.

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
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SECTION V – GASB 67 REPORTING INFORMATION

Notes to Schedule

Valuation Date	7/1/2022
Timing	Actuarially determined contribution rates are calculated in the actuarial valuation one year prior to the beginning of the plan year.

Key Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age
Asset valuation method	5-year smoothed market
Amortization method	<p>Benefit changes made prior to July 1, 2014 are amortized over closed 20-year periods as a level percentage of payroll.</p> <p>The UAL as of July 1, 2013 not attributable to benefit changes was amortized over a closed 19-year period starting July 1, 2014.</p> <p>Assumption changes and experience gains and losses are amortized over a closed 20-year period as a level percentage of payroll. However, effective with the July 1, 2021 valuation, the remaining amortization periods for assumption changes prior to July 1, 2021 and all prior actuarial gains and losses (including the gain for 2021) are reduced to 5 years.</p> <p>Increases in the UAL due to Supplemental COLAs are amortized over a closed 5-year period.</p>
Discount rate	7.20%
Amortization growth rate	3.25%
Price inflation	2.50%
Salary increases	3.25% plus merit component based on employee classification and years of service
Mortality	<p>For General healthy annuitants, the sex distinct 2010 Pub-G healthy annuitant mortality table, adjusted 0.977 for females and 1.031 for males. For Safety healthy annuitants, the sex distinct 2010 Pub-S healthy annuitant mortality table, adjusted 1.044 for females and 0.947 for males.</p> <p>For General active members, the sex distinct 2010 Pub-G employee mortality tables, adjusted 0.866 for females and 0.834 for males. For Safety active members, the sex distinct 2010 Pub-S employee mortality tables, adjusted 0.979 for females and 1.011 for males.</p> <p>Rates are projected generationally from the base year using a modified version of the MP-2019 projection scale.</p>

A complete description of the methods and assumptions used to determine contribution rates for the year ending June 30, 2024 can be found in the July 1, 2022 actuarial valuation report.

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SECTION VI – GASB 68 COLLECTIVE INFORMATION

We understand that all of the employers elected to use the 2014 measurement date for their initial reporting under GASB 68 on their June 30, 2015 reporting date. As a result, the schedules in this report are to be used for employer reporting as of June 30, 2025 reporting dates and the schedules from our prior report are to be used for employer reporting as of June 30, 2024.

Because the System is a cost-sharing multiple-employer pension plan, each employer participating in the System must reflect a portion of the collective Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows in its financial statements. This section develops the collective amounts that are allocated to participating employers.

The table below summarizes the current balances of collective deferred outflows and deferred inflows of resources, along with the net recognition over the next five years.

Table VI-1		
Schedule of Collective Deferred Inflows and Outflows of Resources		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 628,489	\$ 0
Changes in assumptions	314,440	95,887
Net difference between projected and actual earnings on pension plan investments	736,620	0
Total	\$ 1,679,549	\$ 95,887
Amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:		
Measurement year ended June 30:		
2025	(148,896)	
2026	1,412,166	
2027	258,457	
2028	61,935	
2029	0	
Thereafter	\$ 0	

Amounts in Thousands

The impact of experience gains or losses and assumption changes on the TPL are recognized in expense over the average expected remaining service life of all active and inactive members of the System. As of the beginning of the measurement period, this recognition period was 5 years.

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SECTION VI – GASB 68 COLLECTIVE INFORMATION

The tables below and on the next page provide details on the deferred outflows and inflows of resources, including remaining balances and the amounts recognized in the current and following four years.

**Table VI-2a
Recognition of Experience (Gains) and Losses**

Experience Year	Recognition Period	Total Amount	BOY Remaining Amount	EOY Remaining Amount	2024	2025	Reporting Year			
							2026	2027	2028	
2024	5.0	\$ 480,293	\$ 480,293	\$ 384,234	\$ 96,059	\$ 96,059	\$ 96,059	\$ 96,059	\$ 96,057	
2023	5.0	295,778	236,622	177,466	59,156	59,156	59,156	59,154	0	
2022	5.0	98,920	59,352	39,568	19,784	19,784	19,784	0	0	
2021	5.0	136,097	54,440	27,221	27,219	27,221	0	0	0	
2020	5.0	205,869	41,173	0	41,173	0	0	0	0	
Deferred Outflows			871,880	628,489	243,391	202,220	174,999	155,213	96,057	
Deferred (Inflows)			0	0	0	0	0	0	0	
Net Increase/(Decrease) in Pension Expense			\$ 871,880	\$ 628,489	\$ 243,391	\$ 202,220	\$ 174,999	\$ 155,213	\$ 96,057	

Amounts in Thousands

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
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SECTION VI – GASB 68 COLLECTIVE INFORMATION

**Table VI-2b
Recognition of Assumption Changes**

Change Year	Recognition Period	Total Amount	BOY Remaining Amount	EOY Remaining Amount	2024	2025	Reporting Year			
							2026	2027	2028	
2024	5.0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
2023	5.0	0	0	0	0	0	0	0	0	0
2022	5.0	786,100	471,660	314,440	157,220	157,220	157,220	0	0	0
2021	5.0	(479,435)	(191,774)	(95,887)	(95,887)	(95,887)	0	0	0	0
2020	5.0	(117,141)	(23,429)	0	(23,429)	0	0	0	0	0
Deferred Outflows			471,660	314,440	157,220	157,220	157,220	0	0	0
Deferred (Inflows)			(215,203)	(95,887)	(119,316)	(95,887)	0	0	0	0
Net Increase/(Decrease) in Pension Expense			\$ 256,457	\$ 218,553	\$ 37,904	\$ 61,333	\$ 157,220	\$ 0	\$ 0	\$ 0

Amounts in Thousands

**Table VI-2c
Recognition of Investment (Gains) and Losses**

Experience Year	Recognition Period	Total Amount	BOY Remaining Amount	EOY Remaining Amount	2024	2025	Reporting Year			
							2026	2027	2028	
2024	5.0	\$ (170,614)	\$ (170,614)	\$ (136,491)	\$ (34,123)	\$ (34,123)	\$ (34,123)	\$ (34,123)	\$ (34,122)	\$ (34,122)
2023	5.0	686,831	549,465	412,099	137,366	137,366	137,366	137,367	0	0
2022	5.0	4,883,512	2,930,108	1,953,406	976,702	976,702	976,704	0	0	0
2021	5.0	(7,461,978)	(2,984,790)	(1,492,394)	(1,492,396)	(1,492,394)	0	0	0	0
2020	5.0	974,636	194,928	0	194,928	0	0	0	0	0
Deferred Outflows			3,674,501	2,365,505	1,308,996	1,114,068	1,114,070	137,367	0	0
Deferred (Inflows)			(3,155,404)	(1,628,885)	(1,526,519)	(1,526,517)	(34,123)	(34,123)	(34,122)	(34,122)
Net Increase/(Decrease) in Pension Expense			\$ 519,097	\$ 736,620	\$ (217,523)	\$ (412,449)	\$ 1,079,947	\$ 103,244	\$ (34,122)	\$ (34,122)

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
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SECTION VI – GASB 68 COLLECTIVE INFORMATION

The collective annual pension expense recognized by the employers can be calculated two different ways. It is the change in the amounts reported on the employers' Statements of Net Position that relate to the System and are not attributable to employer contributions. That is, it is the change in collective NPL plus the changes in collective deferred outflows and inflows plus participating employer contributions.

Alternatively, annual pension expense can be calculated by its individual components. While GASB does not require or suggest the organization of the individual components shown in the table below, we believe it helps to understand the level and volatility of the collective pension expense.

Table VI-3 Calculation of Collective Pension Expense			
	Measurement Year Ending		
	2024	2023	
Change in Net Pension Liability	\$ 342,488	\$ 953,292	
Change in Deferred Outflows	(126,591)	(608,058)	
Change in Deferred Inflows	(119,316)	(329,140)	
Employer Contributions	672,618	672,651	
Pension Expense	\$ 769,199	\$ 688,745	
Pension Expense as % of Payroll	17.81%	17.24%	
Operating Expenses			
Service cost	\$ 872,979	\$ 813,901	
Employee contributions	(427,512)	(413,916)	
Administrative expenses	26,544	22,964	
Total	\$ 472,011	\$ 422,949	
Financing Expenses			
Interest cost	\$ 2,650,500	\$ 2,518,802	
Expected return on assets	(2,417,084)	(2,357,497)	
Total	\$ 233,416	\$ 161,305	
Changes			
Benefit changes	\$ 0	\$ 59,080	
Recognition of assumption changes	37,904	108,287	
Recognition of liability gains and losses	243,391	149,829	
Recognition of investment gains and losses	(217,523)	(212,705)	
Total	\$ 63,772	\$ 104,491	
Pension Expense	\$ 769,199	\$ 688,745	

Amounts in Thousands

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Operating expenses are items directly attributable to the operation of the plan during the measurement year. Service cost less employee contributions represents the increase in employer-provided benefits attributable to the year, and administrative expenses are the cost of operating the System for the year.

The financing expenses are the interest on the Total Pension Liability, including service cost, less the expected return on assets.

The recognition of changes will drive most of the volatility in pension expense from year to year. It includes any changes in benefits made during the year and the recognized amounts due to assumption changes, gains or losses on the TPL, and investment gains or losses.

The total collective pension expense increased from the prior year by about \$80 million. The recognition of changes decreased by approximately \$41 million while the financing expenses increased by approximately \$72 million. Finally, operating expenses increased by approximately \$49 million.

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
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SECTION VII – GASB 68 REPORTING INFORMATION FOR EMPLOYERS

Proportionate Shares

GASB 68 requires that the proportionate share for each employer be determined based on the “employer’s projected long-term contribution effort to the pension ... as compared to the total projected long-term contribution effort of all employers ...” Proportionate shares for each participating employer in the System are determined based on the ratio of each participating employer’s actual contribution to the System during the measurement year to the sum of the actual contributions for all participating employers. The table below shows the actual employer contributions and proportionate shares for each participating employer for the current and prior measurement years.

Table VII-1 Determination of Employers' Proportionate Share					
Employer	June 30, 2024		June 30, 2023		
	Employer Contribution	Proportionate Share	Employer Contribution	Proportionate Share	
City and County	\$ 636,991	94.7032%	\$ 638,003	94.8491%	
Trial Courts	6,501	0.9665%	7,008	1.0418%	
Unified School District	19,791	2.9424%	19,157	2.8480%	
Community College District	9,335	1.3879%	8,483	1.2611%	
Total	\$ 672,618	100.0000%	\$ 672,651	100.0000%	

Amounts in Thousands

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The table below shows the proportionate share of the collective NPL (using three different discount rates), the collective deferred outflows, the collective deferred inflows, and the collective pension expense allocated to each participating employer as of June 30, 2024.

<p style="text-align: center;">Table VII-2 Schedule of Employers' Proportionate Share of Collective Amounts at June 30, 2024</p>							
Employer	Proportionate Share	Share of NPL @ 6.20%	Share of NPL @ 7.20%	Share of NPL @ 8.20%	Share of Deferred Outflows	Share of Deferred Inflows	Pension Expense
City and County	94.7032%	8,691,583	3,775,718	(274,896)	1,590,587	90,808	728,456
Trial Courts	0.9665%	88,703	38,533	(2,805)	16,232	927	7,434
Unified School District	2.9424%	270,045	117,310	(8,541)	49,419	2,821	22,633
Community College District	1.3879%	127,377	55,334	(4,029)	23,311	1,331	10,676
Total	100.0000%	\$ 9,177,708	\$ 3,986,895	\$ (290,271)	\$ 1,679,549	\$ 95,887	\$ 769,199

Amounts in Thousands

The proportionate share allocated to each individual employer will change on each measurement date. The net effect of the change in proportion on the share of the collective NPL, collective deferred outflows, and collective deferred inflows allocated to each employer becomes a deferred outflow or inflow for that employer and is recognized over the average future working life of the System's active and inactive members (5 years).

Similarly, the difference between each employer's actual contributions and the employer's proportionate share of collective employer contributions becomes a deferred outflow or inflow for that employer and is recognized over the average future working life of the System's active and inactive members (5 years). Because proportionate shares are determined based on each employer's actual contributions, there is no difference between the actual contributions and the proportionate share of collective contributions for each employer.

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The table below shows the change in proportion and the impact of that change in proportion on the proportionate share of the collective NPL, collective deferred outflows, and collective deferred inflows. It also shows any contribution differences.

Table VII-3 Schedule of Employers' Changes in Proportion and Contribution Differences									
Employer	Proportionate Shares		Impact of Change in Proportion				Contributions		
	6/30/2023	6/30/2024	Net Pension Liability	Deferred Outflows	Deferred Inflows	Net Effect	Actual	Proportionate Share	Difference
City and County	94.8491%	94.7032%	\$ (5,317)	\$ (2,266)	\$ 314	\$ (3,365)	\$ 636,991	\$ 636,991	\$ 0
Trial Courts	1.0418%	0.9665%	(2,744)	(1,169)	162	(1,737)	6,501	6,501	0
Unified School District	2.8480%	2.9424%	3,440	1,466	(203)	2,177	19,791	19,791	0
Community College District	1.2611%	1.3879%	4,621	1,969	(273)	2,925	9,335	9,335	0
Total	100.0000%	100.0000%	\$ 0	\$ 0	\$ 0	\$ 0	\$ 672,618	\$ 672,618	\$ 0

Amounts in Thousands

The table below shows the reconciliation of deferred outflows and inflows due to proportion changes for each participating employer from the prior measurement date to the current measurement date.

Table VII-4 Reconciliation of Deferred Outflows and Inflows Due to Proportion Change									
Employer	Deferred Outflows				Deferred Inflows				
	6/30/2023	Current Year Net Effect	Recognition	6/30/2024	6/30/2023	Current Year Net Effect	Recognition	6/30/2024	
City and County	\$ 11,581	\$ 0	\$ 6,321	\$ 5,260	\$ (338)	\$ (3,365)	\$ (758)	\$ (2,945)	
Trial Courts	1,940	0	485	1,455	(2,511)	(1,737)	(1,975)	(2,273)	
Unified School District	768	2,177	627	2,318	(6,947)	0	(2,931)	(4,016)	
Community College District	0	2,925	585	2,340	(4,493)	0	(2,354)	(2,139)	
Total	\$ 14,289	\$ 5,102	\$ 8,018	\$ 11,373	\$ (14,289)	\$ (5,102)	\$ (8,018)	\$ (11,373)	

Amounts in Thousands

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SECTION VII – GASB 68 REPORTING INFORMATION FOR EMPLOYERS

The table below shows the reconciliation of deferred outflows and inflows due to differences between actual contributions and the proportionate share of contributions for each participating employer from the prior measurement date to the current measurement date.

Table VII-5											
Reconciliation of Deferred Outflows and Inflows Due to Contribution Differences											
Employer	Deferred Outflows					Deferred Inflows					
	Current Year				Current Year						
	6/30/2023	Difference	Recognition	6/30/2024	6/30/2023	Difference	Recognition	6/30/2024			
City and County	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Trial Courts	0	0	0	0	0	0	0	0	0	0	0
Unified School District	0	0	0	0	0	0	0	0	0	0	0
Community College District	0	0	0	0	0	0	0	0	0	0	0
Total	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

Amounts in Thousands

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
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SECTION VII – GASB 68 REPORTING INFORMATION FOR EMPLOYERS

The table below summarizes the deferred outflows allocated to each employer for experience, assumption changes, investment returns, proportion changes, and contribution differences.

Table VII-6 Schedule of Employers' Deferred Outflows at June 30, 2024								
Employer	Proportionate Shares	Experience	Assumption Changes	Investment Return	Proportion Change	Contribution Difference		
City and County	94.7032%	\$ 595,199	\$ 297,785	\$ 697,603	\$ 5,260	\$ 0		
Trial Courts	0.9665%	6,074	3,039	7,119	1,455	0		
Unified School District	2.9424%	18,493	9,252	21,674	2,318	0		
Community College District	1.3879%	8,723	4,364	10,224	2,340	0		
Total	100.0000%	\$ 628,489	\$ 314,440	\$ 736,620	\$ 11,373	\$ 0		

Amounts in Thousands

The table below summarizes the deferred inflows allocated to each employer for experience, assumption changes, investment returns, proportion changes, and contribution differences.

Table VII-7 Schedule of Employers' Deferred Inflows at June 30, 2024								
Employer	Proportionate Shares	Experience	Assumption Changes	Investment Return	Proportion Change	Contribution Difference		
City and County	94.7032%	\$ 0	\$ 90,808	\$ 0	\$ 2,945	\$ 0		
Trial Courts	0.9665%	0	927	0	2,273	0		
Unified School District	2.9424%	0	2,821	0	4,016	0		
Community College District	1.3879%	0	1,331	0	2,139	0		
Total	100.0000%	\$ 0	\$ 95,887	\$ 0	\$ 11,373	\$ 0		

Amounts in Thousands

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SECTION VII – GASB 68 REPORTING INFORMATION FOR EMPLOYERS

The table below shows the net amount of deferred outflows and inflows to be recognized in each of the next five years and the total thereafter.

Table VII-8 Schedule of Employers' Recognition of Deferred Outflows and Inflows at June 30, 2024									
Employer	Recognition for Measurement Year Ending								
	2025	2026	2027	2028	2029	Thereafter			
City and County	\$ (137,894)	\$ 1,337,995	\$ 244,011	\$ 57,981	\$ 0	\$ 0			
Trial Courts	(2,035)	13,638	2,636	250	0	0			
Unified School District	(6,570)	40,979	8,232	2,259	0	0			
Community College District	(2,397)	19,554	3,578	1,445	0	0			
Total	\$ (148,896)	\$ 1,412,166	\$ 258,457	\$ 61,935	\$ 0	\$ 0			

Amounts in Thousands

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SECTION VII – GASB 68 REPORTING INFORMATION FOR EMPLOYERS

The table below shows the calculation of the pension expense for each participating employer. The calculation is shown first as the sum of the proportionate share of the collective pension expense and the amounts recognized for proportion changes and contribution differences. The right side of the table shows the calculation as the sum of the changes in NPL and deferred amounts not attributable to contributions.

Table VII-9 Schedule of Employers' Pension Expense for the Measurement Year Ending June 30, 2024										
Employer	Collective			Employer Pension Expense	Change in Employer			Employer Contributions	Employer Pension Expense	
	Pension Expense	Change in Proportion	Contribution Difference		Net Pension Liability	Deferred Outflows	Deferred Inflows			
City and County	\$ 728,456	\$ 5,563	\$ 0	\$ 734,019	\$ 319,031	\$ (111,299)	\$ (110,703)	\$ 636,991	\$ 734,020	
Trial Courts	7,434	(1,490)	0	5,944	565	431	(1,553)	6,501	5,944	
Unified School District	22,633	(2,304)	0	20,329	13,517	(6,741)	(6,239)	19,791	20,328	
Community College District	10,676	(1,769)	0	8,907	9,375	(6,066)	(3,737)	9,335	8,907	
Total	\$ 769,199	\$ 0	\$ 0	\$ 769,199	\$ 342,488	\$ (123,675)	\$ (122,232)	\$ 672,618	\$ 769,199	

Amounts in Thousands

The table below summarizes the information needed for each employer's schedules of required supplementary information.

Table VII-10 Schedule of Employers' RSI Information at June 30, 2024										
Employer	Proportionate Shares	Proportionate Share of NPL	Covered Payroll	Share of NPL as a % of Payroll	Plan Fiduciary Net Position as % of TPL	Contractually Required Contribution	Actual Contributions	Contribution Deficiency	Contributions as a % of Payroll	
City and County	94.7032%	\$ 3,775,718	\$ 4,109,863	91.9%	89.9%	\$ 636,991	\$ 636,991	\$ 0	15.5%	
Trial Courts	0.9665%	38,533	41,346	93.2%	89.9%	\$ 6,501	6,501	0	15.7%	
Unified School District	2.9424%	117,310	113,529	103.3%	89.9%	\$ 19,791	19,791	0	17.4%	
Community College District	1.3879%	55,334	54,995	100.6%	89.9%	\$ 9,335	9,335	0	17.0%	
Total	100.0000%	\$ 3,986,895	\$ 4,319,733	92.3%	89.9%	\$ 672,618	\$ 672,618	\$ 0	15.6%	

Amounts in Thousands

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING FOR JUNE 30, 2024 MEASUREMENT DATE**

APPENDIX A – MEMBERSHIP INFORMATION

Active Member Data - By Group					
	July 1, 2022		July 1, 2023		% Change
Total					
Count		33,199		34,016	2.5%
Average Current Age		47.3		47.2	-0.1
Average Service		10.9		11.0	0.1
Annual Pensionable Earnings	\$	3,708,897,220	\$	4,038,465,958	8.9%
Average Pensionable Earnings	\$	111,717	\$	118,723	6.3%
Police					
Count		2,269		2,221	-2.1%
Average Current Age		41.4		41.5	0.1
Average Service		13.0		13.2	0.2
Annual Pensionable Earnings	\$	315,938,119	\$	343,677,600	8.8%
Average Pensionable Earnings	\$	139,241	\$	154,740	11.1%
Fire					
Count		1,664		1,699	2.1%
Average Current Age		42.9		42.5	-0.4
Average Service		12.3		12.1	-0.2
Annual Pensionable Earnings	\$	237,555,937	\$	258,174,078	8.7%
Average Pensionable Earnings	\$	142,762	\$	151,956	6.4%
Miscellaneous					
Count		29,266		30,096	2.8%
Average Current Age		48.0		47.9	-0.1
Average Service		10.7		10.8	0.1
Annual Pensionable Earnings	\$	3,155,403,164	\$	3,436,614,280	8.9%
Average Pensionable Earnings	\$	107,818	\$	114,188	5.9%

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING FOR JUNE 30, 2024 MEASUREMENT DATE**

APPENDIX A – MEMBERSHIP INFORMATION

Non-Active Member Data - Total System					
	July 1, 2022		July 1, 2023		Change
Retired					
Count		24,964		25,379	1.7%
Average Age		71.6		71.9	0.3
Average Annual Benefit ¹	\$	57,831	\$	59,601	3.1%
Disabled					
Count		2,485		2,507	0.9%
Average Age		69.9		69.8	-0.1
Average Annual Benefit ¹	\$	75,773	\$	78,892	4.1%
Beneficiaries					
Count		4,270		4,218	-1.2%
Average Age		77.8		78.1	0.3
Average Annual Benefit ¹	\$	40,159	\$	42,128	4.9%
Total Payees					
Count		31,719		32,104	1.2%
Average Age		72.3		72.6	0.3
Average Annual Benefit ¹	\$	56,857	\$	58,812	3.4%
Inactives					
Count		12,085		12,641	4.6%
Average Age		47.6		48.1	0.5
Total Contribution Balance with Interest	\$	420,865,353	\$	466,779,572	10.9%
Average Contribution Balance with Interest	\$	34,825	\$	36,926	6.0%

¹ Benefits provided in June 30 valuation data, plus estimated Basic COLAs effective July 1, 2023 and January 6, 2024 for Old Safety payees. If applicable, limited by Section 415(b) of the Internal Revenue Code.

Please refer to the July 1, 2023 actuarial valuation report for a more complete summary of the data.

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

Key Actuarial Assumptions

Administrative Expenses 0.60 percent of payroll

Old Miscellaneous and all New Plans	Old Police & Fire, Pre 7/1/75 Retirements	Old Police & Fire, Charters A8.595 and A8.596	Old Police & Fire, Charters A8.559 and A8.585
2.00%	1.90%	2.50%	3.60%

Future Supplemental COLAs	Prop C Group:	0.50%
	Before Prop C Groups:	
	Old Misc. and New Plans:	0.75%
	Old Safety Plans:	½ x (3.50% less assumed Basic COLA), not less than 0%.

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
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APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

Changes Since Last GASB 67/68 Valuation

None.

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

Contribution Allocation Procedure

The contribution allocation procedure primarily consists of an actuarial cost method, an asset smoothing method, and an amortization method as described below.

1. Actuarial Cost Method

The Entry Age Actuarial Cost Method was used for active employees, whereby the normal cost is computed as the level annual percentage of pay required to fund the retirement benefits between each member's date of hire and assumed retirement. The Actuarial Liability is the difference between the present value of future benefits and the present value of future normal costs. The normal cost and Actuarial Liability are calculated on an individual basis. The sum of the individual amounts is the normal cost and Actuarial Liability for the System.

2. Asset Valuation Method

For the purpose of determining contribution rates, an Actuarial Value of Assets is used that dampens the volatility in the Market Value of Assets, resulting in a smoother pattern of contribution rates. The Actuarial Value of Assets is calculated by recognizing 20% of each of the past five years of actual investment earnings compared to the expected earnings on the Actuarial Value of Assets.

3. Amortization Method

The Unfunded Actuarial Liability is the difference between the Actuarial Liability and the Actuarial Value of Assets. Effective with the July 1, 2021 valuation, the remaining amortization periods for assumption changes prior to July 1, 2021 and all prior actuarial gains and losses (including the gain for 2021) were reduced to 5 years. The amortization is based on level percent of pay, assuming pay increases 3.25% a year.

Source	Method
Charter amendments	15-year closed for active members and 5-year closed for inactive members effective July 1, 2014. However, Proposition A is amortized over a 10-year closed period. 20-year closed for amortizations established prior to July 1, 2014
Actuarial gains and losses, assumption, and method changes	20-year closed layers Remaining portion of 2013 amortization is re-amortized over 19 years as of July 1, 2014
Supplemental COLAs	5-year closed Remaining portion of 2013 amortization is re-amortized over 19 years as of July 1, 2014
Surplus	When 100% funded (AVA basis), any net surplus is amortized over a rolling 20-year rolling period

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING FOR JUNE 30, 2024 MEASUREMENT DATE**

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

4. Contributions

The normal cost for members as of the valuation date, increased with interest to the middle of the year, is divided by the total salary expected to be paid during the year (including new entrants) to determine the total normal cost rate. The employer's normal cost rate is the total normal cost rate less the employee contribution rate.

The total employer contribution rate is the sum of the employer normal cost rate, the administrative expense rate, and the UAL rate. The UAL payments are adjusted for interest from the valuation date to the date of expected payment in the following fiscal year. The UAL rate is determined by dividing the UAL payments by the total expected payroll for the fiscal year (including new entrants).

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING FOR JUNE 30, 2024 MEASUREMENT DATE**

APPENDIX C – SUMMARY OF PLAN PROVISIONS

The plan provisions are the same as those summarized in the July 1, 2023 actuarial valuation report.

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING FOR JUNE 30, 2024 MEASUREMENT DATE**

APPENDIX D – DETERMINATION OF DISCOUNT RATE

FYE	Projected Beginning Fiduciary Net Position	Normal Cost Contribution - Employer and Employee	UAL Contribution	Projected Admin Expenses	Projected Benefit Payments	Projected Investment Earnings	Projected Ending Fiduciary Net Position	"Funded" Portion of Benefit Payments	"Unfunded" Portion of Benefit Payments
2025	\$ 35,417,666	\$ 791,438	\$ 244,129	\$ 24,057	\$ 2,078,210	\$ 2,506,096	\$ 36,857,061	\$ 2,078,210	\$ 0
2026	36,857,061	771,498	205,819	23,505	2,190,085	2,603,398	38,224,185	2,190,085	0
2027	38,224,185	748,529	206,725	22,900	2,303,514	2,696,718	39,549,744	2,303,514	0
2028	39,549,744	725,780	287,804	22,297	2,414,481	2,789,985	40,916,534	2,414,481	0
2029	40,916,534	702,946	356,545	21,688	2,526,244	2,885,750	42,313,843	2,526,244	0
2030	42,313,843	679,647	301,969	21,065	2,640,097	2,979,254	43,613,550	2,640,097	0
2031	43,613,550	655,845	329,117	20,427	2,754,518	3,068,582	44,892,150	2,754,518	0
2032	44,892,150	631,760	344,237	19,775	2,870,113	3,155,911	46,134,170	2,870,113	0
2033	46,134,170	607,303	356,843	19,113	2,985,617	3,240,508	47,334,093	2,985,617	0
2034	47,334,093	582,488	360,375	18,439	3,100,639	3,321,759	48,479,638	3,100,639	0
2035	48,479,638	557,749	340,813	17,761	3,215,300	3,398,295	49,543,432	3,215,300	0
2036	49,543,432	532,700	349,038	17,070	3,328,443	3,469,975	50,549,633	3,328,443	0
2037	50,549,633	507,300	359,132	16,364	3,442,305	3,537,535	51,494,932	3,442,305	0
2038	51,494,932	481,055	369,115	15,629	3,557,031	3,600,644	52,373,086	3,557,031	0
2039	52,373,086	453,518	378,863	14,854	3,672,302	3,658,846	53,177,158	3,672,302	0
2040	53,177,158	425,746	388,422	14,062	3,786,425	3,711,743	53,902,582	3,786,425	0
2041	53,902,582	397,590	397,821	13,250	3,899,554	3,758,997	54,544,187	3,899,554	0
2042	54,544,187	368,937	406,936	12,415	4,010,616	3,800,269	55,097,298	4,010,616	0
2043	55,097,298	338,982	312,742	11,533	4,122,735	3,831,429	55,446,182	4,122,735	0
2044	55,446,182	308,233	360,701	10,619	4,234,912	3,852,885	55,722,470	4,234,912	0
2045	55,722,470	277,530	358,551	9,696	4,343,706	3,867,473	55,872,621	4,343,706	0
2046	55,872,621	247,350	435,899	8,777	4,448,769	3,875,953	55,974,277	4,448,769	0
2047	55,974,277	217,816	528,551	7,865	4,549,475	3,881,672	56,044,976	4,549,475	0
2048	56,044,976	189,150	396,875	6,964	4,644,771	3,877,465	55,856,730	4,644,771	0
2049	55,856,730	161,956	362,526	6,096	4,731,567	3,858,434	55,501,983	4,731,567	0

Amounts in Thousands

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING FOR JUNE 30, 2024 MEASUREMENT DATE**

APPENDIX D – DETERMINATION OF DISCOUNT RATE

FYE	Projected Beginning Fiduciary Net Position	Normal Cost Contribution - Employer and Employee	UAL Contribution	Projected Admin Expenses	Projected Benefit Payments	Projected Investment Earnings	Projected Ending Fiduciary Net Position	"Funded" Portion of Benefit Payments	"Unfunded" Portion of Benefit Payments
2050	\$ 55,501,983	\$ 137,129	\$ 355,464	\$ 5,282	\$ 4,807,222	\$ 3,828,889	\$ 55,010,961	\$ 4,807,222	\$ 0
2051	55,010,961	114,823	362,217	4,526	4,871,030	3,790,563	54,403,007	4,871,030	0
2052	54,403,007	95,086	357,905	3,837	4,921,810	3,744,015	53,674,367	4,921,810	0
2053	53,674,367	77,543	355,428	3,209	4,960,219	3,689,393	52,833,304	4,960,219	0
2054	52,833,304	62,189	352,315	2,641	4,985,879	3,627,219	51,886,505	4,985,879	0
2055	51,886,505	49,303	349,048	2,147	4,997,488	3,558,050	50,843,270	4,997,488	0
2056	50,843,270	38,705	347,784	1,725	4,994,767	3,482,637	49,715,903	4,994,767	0
2057	49,715,903	30,068	341,303	1,369	4,978,428	3,401,571	48,509,048	4,978,428	0
2058	48,509,048	23,069	332,916	1,072	4,949,588	3,315,251	47,229,623	4,949,588	0
2059	47,229,623	17,462	323,316	826	4,908,875	3,224,165	45,884,865	4,908,875	0
2060	45,884,865	13,038	312,580	627	4,857,048	3,128,802	44,481,610	4,857,048	0
2061	44,481,610	9,580	300,911	468	4,794,930	3,029,623	43,026,325	4,794,930	0
2062	43,026,325	6,932	288,518	343	4,723,097	2,927,071	41,525,406	4,723,097	0
2063	41,525,406	4,907	275,565	246	4,642,579	2,821,569	39,984,621	4,642,579	0
2064	39,984,621	3,401	276,777	173	4,553,875	2,714,029	38,424,781	4,553,875	0
2065	38,424,781	2,318	257,961	119	4,457,534	2,604,716	36,832,122	4,457,534	0
2066	36,832,122	1,543	244,658	80	4,354,241	2,493,512	35,217,514	4,354,241	0
2067	35,217,514	1,013	220,278	53	4,244,400	2,380,595	33,574,948	4,244,400	0
2068	33,574,948	657	193,193	35	4,128,488	2,265,809	31,906,084	4,128,488	0
2069	31,906,084	417	198,207	22	4,006,940	2,150,485	30,248,230	4,006,940	0
2070	30,248,230	256	191,154	14	3,880,079	2,035,733	28,595,280	3,880,079	0
2071	28,595,280	154	179,156	8	3,748,152	1,921,356	26,947,785	3,748,152	0
2072	26,947,785	89	164,876	5	3,611,475	1,807,474	25,308,745	3,611,475	0
2073	25,308,745	47	152,186	3	3,470,351	1,694,429	23,685,053	3,470,351	0
2074	23,685,053	24	139,538	1	3,325,075	1,582,651	22,082,189	3,325,075	0

Amounts in Thousands

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING FOR JUNE 30, 2024 MEASUREMENT DATE**

APPENDIX D – DETERMINATION OF DISCOUNT RATE

FYE	Projected Beginning Fiduciary Net Position	Normal Cost Contribution - Employer and Employee	UAL Contribution	Projected Admin Expenses	Projected Benefit Payments	Projected Investment Earnings	Projected Ending Fiduciary Net Position	"Funded" Portion of Benefit Payments	"Unfunded" Portion of Benefit Payments
2075	\$ 22,082,189	\$ 10	\$ 127,207	\$ 1	\$ 3,176,024	\$ 1,472,528	\$ 20,505,909	\$ 3,176,024	\$ 0
2076	20,505,909	4	115,181	0	3,023,583	1,364,461	18,961,971	3,023,583	0
2077	18,961,971	2	103,191	0	2,868,213	1,258,836	17,455,787	2,868,213	0
2078	17,455,787	1	92,292	0	2,710,452	1,156,060	15,993,688	2,710,452	0
2079	15,993,688	0	68,053	0	2,550,884	1,056,055	14,566,912	2,550,884	0
2080	14,566,912	0	44,021	0	2,390,171	958,645	13,179,406	2,390,171	0
2081	13,179,406	0	21,285	0	2,229,068	864,123	11,835,746	2,229,068	0
2082	11,835,746	0	10,206	0	2,068,397	773,154	10,550,709	2,068,397	0
2083	10,550,709	0	1,014	0	1,909,044	686,421	9,329,100	1,909,044	0
2084	9,329,100	0	16,880	0	1,751,954	605,056	8,199,082	1,751,954	0
2085	8,199,082	0	31,646	0	1,598,095	530,122	7,162,755	1,598,095	0
2086	7,162,755	0	48,245	0	1,448,441	461,837	6,224,396	1,448,441	0
2087	6,224,396	0	45,218	0	1,303,944	399,713	5,365,382	1,303,944	0
2088	5,365,382	0	42,752	0	1,165,506	343,090	4,585,718	1,165,506	0
2089	4,585,718	0	41,157	0	1,033,946	291,947	3,884,875	1,033,946	0
2090	3,884,875	0	35,618	0	909,989	246,047	3,256,551	909,989	0
2091	3,256,551	0	32,143	0	794,228	205,128	2,699,593	794,228	0
2092	2,699,593	0	30,102	0	687,116	169,065	2,211,644	687,116	0
2093	2,211,644	0	29,043	0	588,962	137,663	1,789,389	588,962	0
2094	1,789,389	0	28,321	0	499,922	110,652	1,428,439	499,922	0
2095	1,428,439	0	37,573	0	420,001	88,058	1,134,069	420,001	0
2096	1,134,069	0	38,837	0	349,058	69,631	893,478	349,058	0
2097	893,478	0	39,842	0	286,814	54,732	701,239	286,814	0
2098	701,239	0	41,193	0	232,868	43,009	552,573	232,868	0
2099	552,573	0	24,705	0	186,716	33,493	424,056	186,716	0

Amounts in Thousands

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING FOR JUNE 30, 2024 MEASUREMENT DATE**

APPENDIX D – DETERMINATION OF DISCOUNT RATE

FYE	Projected Beginning Fiduciary Net Position	Normal Cost Contribution - Employer and Employee	UAL Contribution	Projected Admin Expenses	Projected Benefit Payments	Projected Investment Earnings	Projected Ending Fiduciary Net Position	"Funded" Portion of Benefit Payments	"Unfunded" Portion of Benefit Payments
2100	\$ 424,056	\$ 0	\$ 12,945	\$ 0	\$ 147,761	\$ 25,319	\$ 314,558	\$ 147,761	\$ 0
2101	314,558	0	3,693	0	115,349	18,352	221,255	115,349	0
2102	221,255	0	5,416	0	88,779	12,715	150,605	88,779	0
2103	150,605	0	6,841	0	67,338	8,501	98,610	67,338	0
2104	98,610	0	7,889	0	50,316	5,448	61,630	50,316	0
2105	61,630	0	4,700	0	37,030	3,183	32,483	37,030	0
2106	32,483	0	1,676	0	26,841	1,368	8,685	26,841	0
2107	8,685	0	0	0	19,167	(110)	(10,593)	8,685	10,482
2108	(10,593)	0	0	0	13,495	(1,281)	(25,368)	0	13,495
2109	(25,368)	0	0	0	9,379	(2,186)	(36,934)	0	9,379
2110	(36,934)	0	0	0	6,446	(2,907)	(46,287)	0	6,446
2111	(46,287)	0	408	0	4,395	(3,487)	(53,761)	0	4,395
2112	(53,761)	0	1,072	0	2,984	(3,947)	(59,621)	0	2,984
2113	(59,621)	0	1,533	0	2,028	(4,316)	(64,432)	0	2,028
2114	(64,432)	0	1,829	0	1,385	(4,628)	(68,616)	0	1,385
2115	(68,616)	0	2,051	0	955	(4,904)	(72,425)	0	955
2116	(72,425)	0	855	0	667	(5,210)	(77,447)	0	667
2117	(77,447)	0	741	0	473	(5,568)	(82,747)	0	473
2118	(82,747)	0	762	0	339	(5,944)	(88,268)	0	339
2119	(88,268)	0	756	0	244	(6,338)	(94,095)	0	244
2120	(94,095)	0	3,291	0	176	(6,665)	(97,645)	0	176
2121	(97,645)	0	5,261	0	127	(6,849)	(99,360)	0	127
2122	(99,360)	0	6,762	0	90	(6,918)	(99,606)	0	90
2123	(99,606)	0	6,617	0	63	(6,940)	(99,992)	0	63
2124	(99,992)	0	6,395	0	43	(6,975)	(100,614)	0	43

Amounts in Thousands

**SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING FOR JUNE 30, 2024 MEASUREMENT DATE**

APPENDIX D – DETERMINATION OF DISCOUNT RATE

	Projected Beginning Fiduciary Net Position	Normal Cost Contribution - Employer and Employee	UAL Contribution	Projected Admin Expenses	Projected Benefit Payments	Projected Investment Earnings	Projected Ending Fiduciary Net Position	"Funded" Portion of Benefit Payments	"Unfunded" Portion of Benefit Payments
FYE									
2125	\$ (100,614)	\$ 0	\$ 6,230	\$ 0	\$ 0	\$ (7,024)	\$ (101,408)	\$ 0	\$ 0
Discount Rate:								7.20%	3.93%
Present Value:								\$ 46,580,863	\$ 2,035
Total Present Value:								\$	46,582,898
GASB Discount Rate:									7.20%

Amounts in Thousands

APPENDIX E – GLOSSARY OF TERMS

1. Actuarially Determined Contribution

A target or recommended contribution for the reporting period, determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted.

2. Actuarial Valuation Date

The date as of which an actuarial valuation is performed. This date may be up to 24 months prior to the measurement date and up to 30 months prior to the employer's reporting date.

3. Deferred Inflow of Resources

An acquisition of net assets by a government employer that is applicable to a future reporting period. In the context of GASB 68, these are experience gains on the Total Pension Liability, assumption changes reducing the Total Pension Liability, or investment gains that are recognized in future reporting periods.

4. Deferred Outflow of Resources

A consumption of net assets by a government employer that is applicable to a future reporting period. In the context of GASB 68, these are experience losses on the Total Pension Liability, assumption changes increasing the Total Pension Liability, or investment losses that are recognized in future reporting periods.

5. Entry Age Actuarial Cost Method

The actuarial cost method required for GASB 67 and 68 calculations. Under this method, the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit ages. The portion of this actuarial present value allocated to a valuation year is called the service cost. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future service costs is called the Total Pension Liability.

6. Measurement Date

The date as of which the Total Pension Liability and Plan Fiduciary Net Position are measured. The Total Pension Liability may be projected from the actuarial valuation date to the measurement date. The measurement date must be the same as the reporting date for the plan.

APPENDIX E – GLOSSARY OF TERMS

7. Net Pension Liability

The liability of employers and nonemployer contributing entities to employees for benefits provided through a defined benefit pension plan. It is calculated as the Total Pension Liability less the Plan Fiduciary Net Position.

8. Plan Fiduciary Net Position

The fair or Market Value of Assets.

9. Reporting Date

The last day of the plan or employer's fiscal year.

10. Service Cost

The portion of the actuarial present value of projected benefit payments that is attributed to the current period of employee service in conformity with the requirements of GASB 67 and 68. The service cost is the normal cost calculated under the Entry Age actuarial cost method.

11. Total Pension Liability

The portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service in conformity with the requirements of GASB 67 and 68. The Total Pension Liability is the Actuarial Liability calculated under the Entry Age Actuarial Cost Method.



Classic Values, Innovative Advice

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

VALUATION OF RETIREE HEALTH BENEFITS

REPORT OF GASB 75 ACTUARIAL VALUATION AS OF JUNE 30, 2025

**Prepared by: North Bay Pensions LLC
October 14, 2025**

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Actuarial Certification

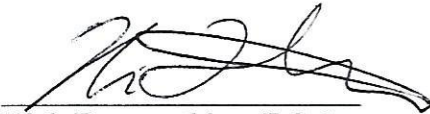
This report presents the determination of benefit obligations under **Statement No. 75 of the Governmental Accounting Standards Board (GASB 75)** as of June 30, 2025 for the retiree health and welfare benefits provided by the Bay Area Water Supply and Conservation Agency (BAWSCA). I was retained by BAWSCA to perform these calculations.

GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions", was issued to provide standards for governmental employers to record expense for **Other Postemployment Benefits (OPEB)**.

The information contained in this report was based on a participant census as of June 30, 2025 provided to me by BAWSCA. The actuarial assumptions and methods used in this valuation were selected by BAWSCA after consultation with me. I believe the assumptions and methods are reasonable and appropriate for purposes of actuarial computations under GASB 75.

Actuarial computations under GASB 75 are for purposes of fulfilling employer accounting requirements. The calculations reported herein have been made on a basis consistent with my understanding of GASB 75. Determinations for purposes other than meeting employer financial accounting requirements may be significantly different from the results reported herein. Due to the limited scope of my assignment, I did not perform an analysis of the potential range of future measurements.

To the best of my knowledge, this report is complete and accurate. This valuation has been conducted in accordance with generally accepted actuarial principles and practices. The undersigned is a Fellow of the Society of Actuaries, a Fellow of the Conference of Consulting Actuaries, and a Member of the American Academy of Actuaries, and meets their continuing education requirements and qualification standards for public statements of actuarial opinion relating to retirement plans. In my opinion, I am qualified to perform this valuation.



Nick Franceschine, F.S.A.

10-14-25

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Summary of Results

Background

The Bay Area Water Supply and Conservation Agency (BAWSCA) pays monthly medical insurance premiums on behalf of retired former employees. As of June 30, 2025, BAWSCA has accumulated \$1,491,994 in the CalPERS CERBT (California Employers' Retirement Benefit Trust) toward the cost of future benefits.

In June 2015, the Governmental Accounting Standards Board (GASB) released Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". This statement, often referred to as **GASB 75**, requires governmental entities to (1) record annual expense for their OPEB and (2) disclose certain information in their year-end financial statements.

BAWSCA has requested this actuarial valuation to determine what its OPEB obligations under the program are, and what the impact of GASB 75 will be for the 2025-2026 year. This report also includes GASB 75 results that were accrued and disclosed by BAWSCA during the 2024-2025 year.

Actuarial Present Value of Projected Benefit Payments

The Actuarial Present Value of Projected Benefit Payments (APVPBP) for all current and former employees, as of June 30, 2025, is **\$4,138,418**. This is the amount BAWSCA would theoretically need to set aside at this time to fully fund all those future benefits.

The total value of \$4,138,418 is the sum of these amounts:

Future benefits of current employees	\$ 2,887,055
Future benefits of current retirees	<u>1,251,363</u>
APVPBP	\$ 4,138,418

This figure may be compared to the APVPBP of \$3,057,699 that was shown in the 2024 valuation report. We would have expected the APVPBP to increase to approximately \$3,174,000 by 2025 as employees continue working and approach retirement age. The difference between the 2024 figure of \$3,057,699 and this year's figure of \$4,138,418 is:

• Expected increase in the APVPBP since 2024	\$ 116,369
• Changes in medical premiums	531,741
• Miscellaneous experience (gains) and losses	<u>432,609</u>
Total of changes	\$ 1,080,719

The experience loss of \$432,609 is mostly from (1) the new employee hired since last year, and (2) the retirement sooner than anticipated of another employee.

These figures are computed by (1) estimating the OPEB benefits that will be paid to each current and former employee and their beneficiaries (if applicable), upon the employee's retirement from BAWSCA, (2) estimating the likelihood that each payment will be made, taking into consideration the likelihood of remaining employed until retirement age and the likelihood of survival after retirement, and (3) discounting each expected future payment back to the present date at an assumed rate of investment return.

Net OPEB Liability

The **Total OPEB Liability** (TOL) is the portion of the APVPBP which has been "earned" by employees based on past years of service (i.e. benefits allocated to past years of service).

The **Plan Fiduciary Net Position** (FNP) is equal to the value of assets that have been accumulated in an irrevocable trust for these benefits.

The **Net OPEB Liability or Asset** (NOL) is the excess of the Total OPEB Liability over the Plan Fiduciary Net Position. At the end of each fiscal year, BAWSCA must show a liability equal to the NOL.

At June 30, 2024 and June 30, 2025, these amounts are:

	<u>June 30, 2024</u>	<u>June 30, 2025</u>
Present value of benefits for employees	\$ 1,937,694	\$ 1,975,433
Present value of benefits for retirees	<u>516,677</u>	<u>1,251,363</u>
Total OPEB Liability	\$ 2,454,371	\$ 3,226,796
Accumulated assets in the CERBT trust	<u>\$ 1,271,560</u>	<u>\$ 1,491,994</u>
Plan Fiduciary Net Position	\$ 1,271,560	\$ 1,491,994
Net OPEB Liability	\$ 1,182,811	\$ 1,734,802

OPEB Expense under GASB 75

GASB 75 requires that the annual change in the NOL be recognized as OPEB expense, except for certain specific changes which are to be recognized over different periods of time. Changes in actuarial assumptions, and experience gains and losses, are to be recognized over the average of the expected remaining service lives of all employees. This average for BAWSCA employees is 6.8 years. Differences between actual and expected investment earnings are to be recognized over 5 years. The unrecognized remaining amounts of assumption changes, experience gains/losses and investment earnings differences are called "deferred outflows and inflows of resources relating to OPEB" (see Exhibit 5).

The OPEB Expense for the fiscal year ending June 30, 2026 is **\$231,852**. For the year ending June 30, 2025, the OPEB Expense is **\$171,328**. Derivations of these amounts are shown in Exhibit 4.

The increase from \$171,328 in FY25 to \$231,852 in FY26 is for the same reasons that the APVPBP increased, as described above.

Disclosure Information as of June 30, 2025 and June 30, 2026

Amounts to be disclosed in the footnotes to BAWSCA's audited financial statements as of June 30, 2025 and as of June 30, 2026 are shown in Exhibits 2 through 6 of this report. Numbers labelled as "June 30, 2024" are to be disclosed at June 30, 2025. Numbers labelled as "June 30, 2025" are to be disclosed at June 30, 2026.

Exhibit 7 shows estimated retiree benefits and OPEB expense for the next ten years.

Actuarial Assumptions

All actuarial assumptions are unchanged from the June 30, 2024 valuation, except as described below. The assumptions are described in more detail in Exhibit 9.

The long-term rate of return (LTRR) has been changed from 5.50% to 5.65%. CalPERS' estimated long-term rate of return for Investment Strategy #2 is 6.1% per year. BAWSCA has chosen to use a LTRR of 5.65% for conservatism.

Recent guidance has indicated that the discount rate for a funded plan (like this one) should be a blend of the long-term rate of return (LTRR) and an appropriate 20-year bond index. BAWSCA has selected the S&P Municipal Bond 20 Year High Grade Rate Index as its 20-year bond rate. Using those rates, the Fiduciary Net Position (i.e. CalPERS CERBT assets) has been projected to be sufficient to pay all benefits to retirees until 2070. Therefore, following the guidance of GASB 75, projected benefits through 2073 have been discounted back to 2025 using the LTRR, and projected benefits in years after 2073 have been discounted using the 20-year bond rate of 4.81%. It was determined that a single discount rate of 5.50% reproduced the present value of future projected benefits described in the previous sentence. This is the same discount rate as was used last year.

Funding Strategy

BAWSCA has requested a calculation of an amount to budget for funding into CERBT for 2026-2027. The previous funding pattern was \$85,000 per year, with the expectation that the Net OPEB Liability would be reduced to \$0 by approximately 2036.

The forecast of future liabilities is significantly higher this year. The main culprits are (1) higher medical premiums this year than expected, and (2) the new employee and a recent retiree, as noted above. To be consistent with the prior objective of full funding by 2036, I suggest these contributions for the 2026-2027 year:

Estimated amount to contribute to CERBT	\$ 155,000
Expected benefits to retirees 2026-2027	105,000
Estimated implicit subsidy 2026-2027	<u>17,000</u>
Total	\$ 277,000

Assuming 5.5% investment return each year, and assuming that BAWSCA contributes \$155,000 to the CERBT trust each year, **it is estimated that the Net OPEB Liability will be reduced to \$0 approximately in the year 2036.** This estimate also assumes no significant changes in the workforce, in the promised schedule of benefits, or in the actuarial assumptions. Obviously, this is a very rough estimate of a number many years in the future, and should be regarded in that light.

Exhibit 1 - Actuarial Values as of June 30, 2025

The Actuarial Present Value of Projected Benefit Payments (APVPBP) as of June 30, 2025 of all future employer-paid benefits from the program, for all current and former employees, is as follows:

	<u>Actuarial Present Values</u>	<u>Number of Persons</u>
Current Employees	\$ 2,887,055	9
Retired Employees	<u>1,251,363</u>	<u>4</u>
	\$ 4,138,418	13

As of June 30, 2025, BAWSCA has accumulated \$1,491,994 in an irrevocable trust toward this liability.

The Total OPEB Liability (TOL) as of June 30, 2025 is the portion of the APVPBP which has been “earned” to date by current and former employees, based on the years of service already completed:

Current employees	\$ 1,975,433
Retired former employees	<u>1,251,363</u>
Totals	\$ 3,226,796

Summary of Participating Employees as of June 30, 2025

Active Employees

Number	9 employees
Average Age	51.9 years
Average Service	10.0 years

Retired Former Employees and Surviving Spouses

Number of Retirees	4 persons
Number of Dependent Spouses	4 persons
Average Age of Retirees	72.3 years

Exhibit 2 - Net OPEB Liability

The Net OPEB Liability (NOL) is the excess of the Total OPEB Liability (TOL) over the Plan Fiduciary Net Position (FNP). As of June 30, 2023; June 30, 2024; and June 30, 2025 these are:

	<u>June 30, 2023</u>	<u>June 30, 2024</u>	<u>June 30, 2025</u>
Total OPEB Liability			
Value of benefits for employees	\$ 1,554,414	\$ 1,937,694	\$ 1,975,433
Value of benefits for retirees	<u>452,521</u>	<u>516,677</u>	<u>1,251,363</u>
Total OPEB Liability	\$ 2,006,935	\$ 2,454,371	\$ 3,226,796
Plan Fiduciary Net Position			
Fair value of assets in CERBT	<u>\$ 1,099,366</u>	<u>\$ 1,271,560</u>	<u>\$ 1,491,994</u>
Plan Fiduciary Net Position	\$ 1,099,366	\$ 1,271,560	\$ 1,491,994
Net OPEB Liability	\$ 907,569	\$ 1,182,811	\$ 1,734,802

The Net OPEB Liability has changed from June 30, 2023 to June 30, 2024 in this way:

	<u>TOL</u>	<u>FNP</u>	<u>NOL</u>
Values at June 30, 2023	\$ 2,006,935	\$ 1,099,366	\$ 907,569
Service cost	93,083		93,083
Interest	109,611		109,611
Differences between actual and expected experience	272,748		272,748
Assumption changes	0		0
Employer contributions		106,006	(106,006)
Net investment income		94,781	(94,781)
Benefits paid to retirees	(28,006)	(28,006)	0
Administrative expense		(587)	587
Net changes	\$ 447,436	\$ 172,194	\$ 275,242
Values at June 30, 2024	\$ 2,454,371	\$ 1,271,560	\$ 1,182,811

The Net OPEB Liability has changed from June 30, 2024 to June 30, 2025 in this way:

	<u>TOL</u>	<u>ENP</u>	<u>NOL</u>
Values at June 30, 2024	\$ 2,454,371	\$ 1,271,560	\$ 1,182,811
Service cost	60,719		60,719
Interest	133,604		133,604
Differences between actual and expected experience	628,520		628,520
Assumption changes	0		0
Employer contributions		130,418	(130,418)
Net investment income		140,892	(140,892)
Benefits paid to retirees	(50,418)	(50,418)	0
Administrative expense		(458)	458
Net changes	\$ 772,425	\$ 220,434	\$ 551,991
Values at June 30, 2025	\$ 3,226,796	\$ 1,491,994	\$ 1,734,802

Exhibit 3 - Sensitivity of the Net OPEB Liability

The following presents the Net OPEB Liability (NOL) as well as what the NOL would be if it were calculated using a discount rate that is 1-percentage-point higher or lower than the current discount rate, as of June 30, 2024 and June 30, 2025:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
Net OPEB Liability 6-30-2024	\$ 1,633,144	\$ 1,182,811	\$ 828,776
Discount rate	4.50 %	5.50 %	6.50 %
Net OPEB Liability 6-30-2025	\$ 2,294,887	\$ 1,734,802	\$ 1,293,573
Discount rate	4.50 %	5.50 %	6.50 %

The following presents the Net OPEB Liability (NOL) as well as what the NOL would be if it were calculated using healthcare cost trend rates that are 1-percentage-point higher or lower than the current healthcare cost trend rates, as of June 30, 2024 and June 30, 2025:

	<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>
Trend rate	4.50 %	5.50 %	6.50 %
Net OPEB Liability 6-30-2024	\$ 823,884	\$ 1,182,811	\$ 1,636,569
Net OPEB Liability 6-30-2025	\$ 1,286,315	\$ 1,734,802	\$ 2,301,636

Exhibit 4 - OPEB Expense for the Fiscal Year Ending June 30, 2026

For the year ending June 30, 2025, BAWSCA recognized OPEB expense of **\$171,328**, computed as follows:

Service cost	\$ 93,083
Interest	109,611
Expected investment return	(60,449)
Administrative expense	587
Change in NOL due to changes in benefits	0
Recognition of difference between actual and expected experience	7,231
Recognition of changes in assumptions	8,638
Recognition of difference between projected and actual earnings on investments	<u>12,627</u>
Total	\$ 171,328

For the year ending June 30, 2026, BAWSCA will recognize OPEB expense of **\$231,852**, computed as follows:

Service cost	\$ 60,719
Interest	133,604
Expected investment return	(69,923)
Administrative expense	458
Change in NOL due to changes in benefits	0
Recognition of difference between actual and expected experience	99,660
Recognition of changes in assumptions	8,638
Recognition of difference between projected and actual earnings on investments	<u>(1,304)</u>
Total	\$ 231,852

Exhibit 5 - Deferred Outflows and Inflows of Resources

The values of deferred outflows and inflows of resources related to OPEB as of June 30, 2024, **to be reported as of June 30, 2025**, are:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 310,003	\$ 114,243
Changes of assumptions	44,289	925
Net difference between projected and actual earnings on OPEB plan investments	93,603	52,608
BAWSCA contributions subsequent to the measurement date	<u>130,418</u>	<u>0</u>
Total	\$ 578,313	\$ 167,776

Amounts reported as deferred outflows and inflows of resources related to OPEB as of June 30, 2024, **to be reported as of June 30, 2025**, will be recognized in OPEB expense as follows:

Year Ended June 30	
2026	\$ 28,759
2027	53,900
2028	36,644
2029	44,326
2030	57,251
Thereafter	59,239

The values of deferred outflows and inflows of resources related to OPEB as of June 30, 2025, **to be reported as of June 30, 2026**, are:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 795,796	\$ 71,176
Changes of assumptions	35,250	524
Net difference between projected and actual earnings on OPEB plan investments	48,705	77,375
BAWSCA contributions subsequent to the measurement date	<u>UNKNOWN</u>	<u>0</u>
Total		\$ 149,075

“UNKNOWN” is the total of amounts contributed by BAWSCA to retirees’ benefits and to the CERBT trust **during the 12 months ending June 30, 2026**. This is the sum of (1) the total contributions to CERBT (\$85,000), (2) the actual benefits paid to/for retirees during the 12 months ending June 30, 2026, and (3) the implicit subsidy of \$13,447.

Amounts reported as deferred outflows and inflows of resources related to OPEB as of June 30, 2025, **to be reported as of June 30, 2026**, will be recognized in OPEB expense as follows:

Year Ended June 30	
2027	\$ 132,135
2028	114,879
2029	122,561
2030	135,487
2031	133,482
Thereafter	92,132

Exhibit 6 - Schedule of Changes in the Net OPEB Liability

Reporting date	<u>6/30/2024</u>	<u>6/30/2025</u>
Total OPEB liability		
Service cost	\$ 93,083	\$ 60,719
Interest	109,611	133,604
Changes of benefit terms	0	0
Differences between actual and expected experience	272,748	628,520
Changes of assumptions	0	0
Benefits paid to retirees	<u>(28,006)</u>	<u>(50,418)</u>
Net change in Total OPEB liability	447,436	772,425
Total OPEB liability – beginning	<u>2,006,935</u>	<u>2,454,371</u>
Total OPEB liability – ending	\$ 2,454,371	\$ 3,226,796
Plan fiduciary net position		
Contributions – employer	\$ 106,006	\$ 130,418
Net investment income	94,781	140,892
Benefits paid to retirees	(28,006)	(50,418)
Administrative expense	<u>(587)</u>	<u>(458)</u>
Net change in plan fiduciary net position	172,194	220,434
Plan fiduciary net position - beginning	<u>1,099,366</u>	<u>1,271,560</u>
Plan fiduciary net position - ending	\$ 1,271,560	\$ 1,491,994
Net OPEB Liability – ending	\$ 1,182,811	\$ 1,795,052
Plan fiduciary net position as a percentage of the Total OPEB liability	51.81 %	46.24 %
Covered-employee payroll	\$ 1,575,217	\$ 1,657,527
Net OPEB liability as a percentage of covered-employee payroll	75.09 %	104.66 %

Exhibit 7 - Ten-Year Projection of Costs

Shown below are estimates of (a) the benefits expected to be paid to retirees, and (b) the amounts BAWSCA is expected to accrue as GASB 75 OPEB expense, for the next ten years. For these estimates, it is assumed that all actuarial assumptions and the size of the workforce will remain unchanged, that the promised benefits will remain the same, that BAWSCA will contribute \$155,000 to the CERBT each year, that there are no experience gains or losses, and that the CERBT trust will earn 5.5% each year.

Fiscal Year Ending:	Employer-Paid Retiree <u>Payments</u>	Projected Implicit Rate <u>Subsidy Payments</u>	GASB 75 OPEB Expense
2026	\$ 93,000	\$ 13,447	\$ 231,852
2027	105,000	16,751	359,000
2028	120,000	22,000	344,000
2029	135,000	29,000	352,000
2030	145,000	29,000	366,000
2031	156,000	30,000	363,000
2032	156,000	24,000	321,000
2033	153,000	14,000	228,000
2034	173,000	21,000	226,000
2035	164,000	8,000	226,000

Exhibit 8 - Summary of Benefit Provisions

BAWSCA contributes toward post-retirement benefits for employees who retire after age 50 with at least 5 years of service. For employees new to CalPERS on or after January 1, 2013, the minimum retirement age is 52.

Retired employees may select any of the medical plans offered by CalPERS. BAWSCA pays the full amount of the monthly medical premium, subject to a phase-in under the “unequal contribution” method, which phases in to the full premium amount over a period of years. The retiree may cover dependents, and may add dependents after retirement if a qualifying event occurs. Payments are made for the lifetime of the retired employee and dependent spouse.

No dental, vision or other post-retirement benefits are provided to retired employees.

Exhibit 9 - Summary of Actuarial Assumptions

Actuarial Assumptions: The following assumptions as of June 30, 2025 were selected by BAWSCA in accordance with the requirements of GASB 75. These assumptions, in my opinion, are reasonable and appropriate for purposes of determining OPEB costs under GASB 75.

Long-Term Expected Rate of Return on Investments: In recent years, CalPERS changed its expected 20-year rate of return for CERBT investment strategy #2 from 5.5% to 6.1%. To be conservative, BAWSCA has decided to use 5.65% as its best estimate of the long-term expected rate of return for the CERBT investments.

20-Year Bond Rate: The District has selected the S&P Municipal Bond 20 Year High Grade Rate Index as its 20-year bond rate. That rate is 4.81% as of June 30, 2025.

Discount rate: 5.50% per year. The cash flows of the OPEB plan were projected to future years, using the methodology in the GASB Implementation Guide. Based on that projection and the GASB's methodology, the assets invested with CERBT are expected to be sufficient to pay all retiree benefits through 2073. The present value of future retiree benefits was computed using the LTRR of 5.5% for benefits payable through 2073, and the 20-year bond rate of 4.81% for all subsequent years' payments. It was found that the single interest rate which reproduces that present value is 5.50%, so that is the discount rate at June 30, 2025.

Medical Cost Increases (Trend): Medical premium amounts are assumed to increase 5.5% per year.

Payroll Growth: Total payroll is assumed to increase 3.0% per year.

Coverage Elections: 100% of future eligible retired employees who have current medical coverage are assumed to participate in this program. Employees are assumed to keep the same medical plan and marital status after retirement that they have while employed. Male spouses are assumed to be 3 years older than females.

Mortality: Mortality rates are taken from the 2021 valuation of CalPERS, projected to future years with the ultimate rates of projection scale MP-2021.

Funding Method: The Entry Age actuarial cost method has been used, with normal costs calculated as a level percentage of payroll, as required by GASB 75.

Disability: Incidence of disability is considered to be included in the termination and retirement rates here, so no explicit recognition of disablement has been included.

Inflation: Long-term inflation is assumed to be 2.75% per year.

Retirement: Rates are taken from the 2021 CalPERS valuation for miscellaneous public employees with a 2% at age 55 retirement formula. Sample rates:

	<u>10 Years Service</u>	<u>20 Years Service</u>	<u>30 Years Service</u>
Age 55	4.2 %	8.6 %	12.3 %
Age 58	4.4 %	7.4 %	12.3 %
Age 61	7.4 %	10.7 %	16.8 %
Age 64	13.8 %	19.0 %	22.8 %

Turnover (withdrawal): Likelihood of termination each year is taken from the 2021 CalPERS pension valuation for “public agency miscellaneous”. Sample rates are:

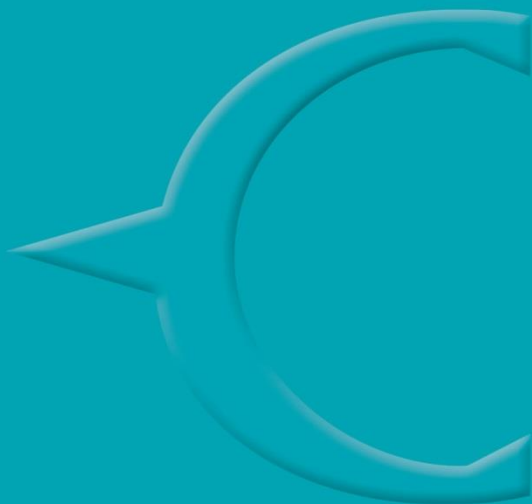
	<u>5 Years Service</u>	<u>10 Years Service</u>	<u>15 Years Service</u>
<u>Males</u>			
Age 20	8.433 %		
Age 30	8.040 %	3.770 %	1.804 %
Age 40	6.265 %	3.372 %	1.804 %
Age 50	4.971 %	2.449 %	1.515 %
<u>Females</u>			
Age 20	8.833 %		
Age 30	8.615 %	4.915 %	2.516 %
Age 40	6.702 %	4.358 %	2.516 %
Age 50	5.343 %	2.999 %	1.738 %

Age-Specific Medical Claims: The estimated per person medical claims (true costs of coverage) during the 2025-2026 fiscal year are as follows (rates are shown for certain ages only):

<u>Age</u>	<u>Annual Claims</u>
40	\$ 11,663
45	14,100
50	17,421
55	21,485
60	25,043
64	26,868

These age-specific rates were developed so as to reproduce in the aggregate the same total premium that would be paid to the carriers for all current employees and all current retirees.

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City and County of San Francisco Postretirement Health Plan

GASB 74/75 Report

**June 30, 2023 Measurement Date
for June 30, 2024 Reporting Date**

Produced by Cheiron

October 2024

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**CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2023 MEASUREMENT DATE**

SECTION I – BOARD SUMMARY

The purpose of this report is to provide accounting and financial reporting information under the Governmental Accounting Standards Board Statements No. 74 and No. 75 (GASB 74 and GASB 75) for the City and County of San Francisco Postretirement Health Plan. This information includes:

- Determination of the discount rate as of the measurement date;
- Projection of the Total OPEB Liability from the valuation date to the measurement date;
- Sensitivity of the Net OPEB Liability to changes in discount rates and health care cost trend rates;
- Changes in the Net OPEB Liability;
- Schedule of Employer Contributions;
- Disclosure of Deferred Inflows and Outflows; and,
- Calculation of the Annual OPEB Expense for the City and County of San Francisco.

Numbers in the tables in this report may not add up to the total due to rounding.

Highlights

For this plan, valuations are conducted every other year, and each valuation is used as the basis for two years of reporting and disclosure of the Total OPEB Liability under GASB 74 and 75. The measurement date for this report is June 30, 2023. Measurements are based on the fair value of assets as of June 30, 2023, and the Total OPEB Liability as of the valuation date, June 30, 2022, updated to June 30, 2023. The update procedures include an adjustment to reflect calendar year 2024 premiums and premium equivalents and the addition of service cost and interest cost offset by actual benefit payments. We are unaware of any significant events between the valuation and measurement dates.

The table on the next page summarizes the key results during this measurement period. For GASB 74 reporting purposes, only the Net OPEB Liability applies.

**CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2023 MEASUREMENT DATE**

SECTION I – BOARD SUMMARY

Summary of Results			
		Measurement Date	
		6/30/2023	6/30/2022
Net OPEB Liability	\$	3,924,832	\$ 3,746,270
Deferred Outflows		(591,452)	(564,062)
Deferred Inflows		454,989	623,705
Net Impact on Statement of Net Position	\$	3,788,369	\$ 3,805,913
Contributions Subsequent to Measurement Date (Included in Deferred Outflows Above)			
Contributions to Trust	\$	48,779	\$ 45,241
Benefit Payments		229,922	215,408
Total	\$	278,701	\$ 260,649
OPEB Expense (\$ Amount)	\$	261,158	\$ 256,974
OPEB Expense (% of Payroll)		5.77%	6.14%

Amounts in Thousands

The Net OPEB Liability (NOL) increased approximately \$179 million since the prior measurement date compared to an expected increase of \$67 million. Experience losses due to higher premiums than expected added \$136 million, and investment gains subtracted \$25 million from the expected increase in NOL.

Plan changes are recognized immediately, investment gains and losses are recognized over five years, and experience gains and losses and assumption changes are recognized over the average remaining service life of six years. Unrecognized amounts are reported as deferred outflows and deferred inflows of resources.

As of June 30, 2024, the end of the reporting year, the City and County reports a Net OPEB Liability of \$3,924,832,000, Deferred Outflows of \$591,452,000, and Deferred Inflows of \$454,989,000. Consequently, the net impact on the City and County's Statements of Net Position is \$3,788,369,000 at the end of the reporting year. Contributions of \$278,701,000 between the measurement date (June 30, 2023) and the City and County's reporting date (June 30, 2024) are reported as deferred outflows to offset the cash outflow reported and are included in the figures above.

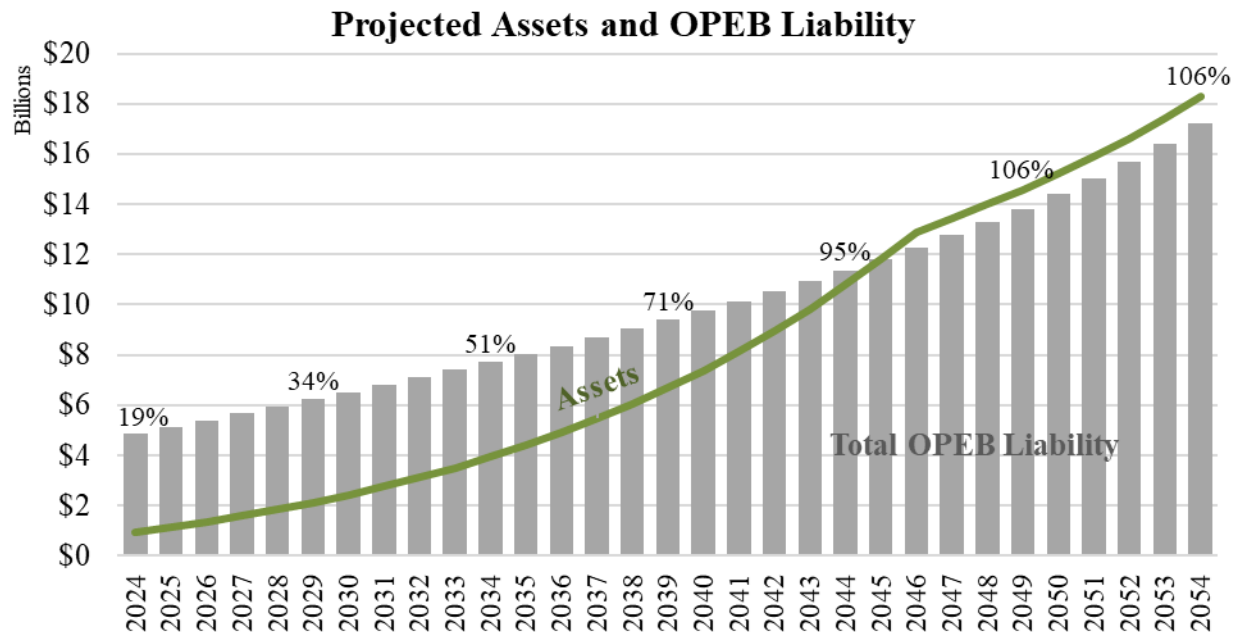
For the fiscal year ending June 30, 2024, the OPEB Expense is \$261,158,000, or 5.77% of the covered payroll. Volatility in OPEB Expense from year to year is to be expected, given the immediate recognition of plan changes and the short recognition periods for investment gains and losses, assumption changes, and liability gains and losses. A breakdown of the components of the OPEB Expense is shown in Section VI of this report – GASB 75 Reporting Information.

CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2023 MEASUREMENT DATE

SECTION I – BOARD SUMMARY

Funding Projections

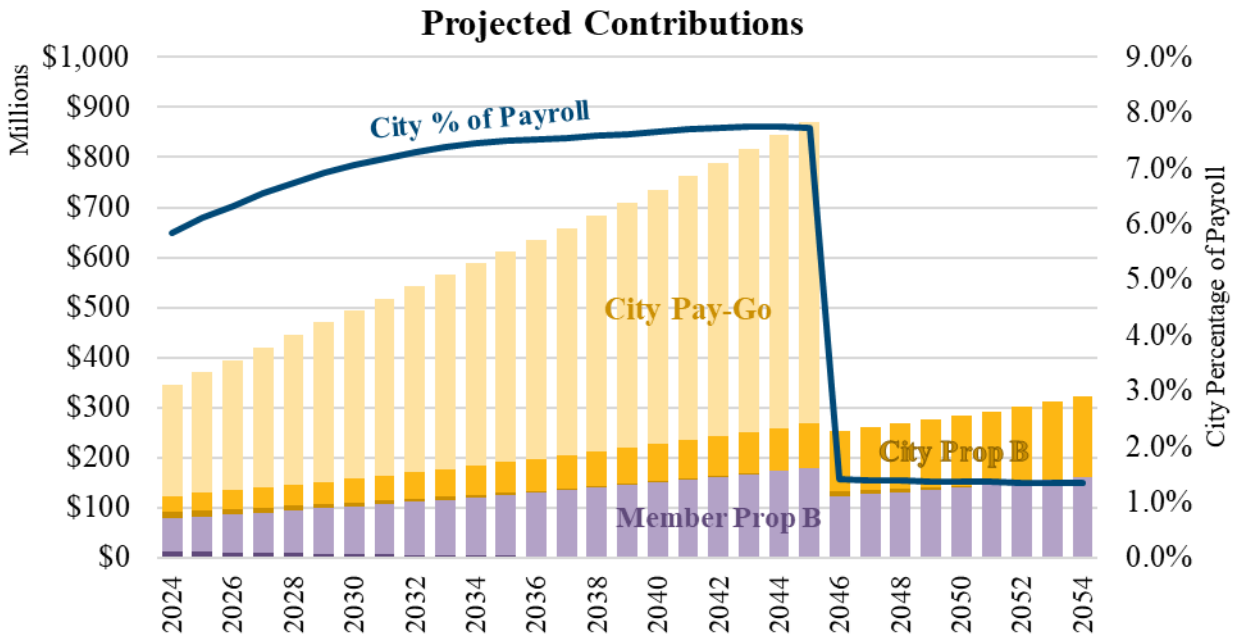
The chart below shows the projected growth of the Total OPEB Liability and the Retiree Health Care Trust Fund (RHCTF) assets over the next 30 years. If all assumptions are met, including the 7.0% expected return on assets, the plan is expected to grow from 19% funded to 106% funded over the 30-year period, first exceeding 100% in 2046. Benefits cannot be paid from the RHCTF until the plan is 100% funded.



Contributions to fund the OPEB plan are defined in the Charter and are not actuarially determined. Until the plan is 100% funded, Pre-Prop B members contribute 1% of pay, Prop B members contribute 2% of pay, and the City contributes 1% of pay and pays the benefits on a pay-as-you-go basis each year. If the City's contributions exceed 10% of payroll, there are some potential adjustments that are described in detail in Section III and Appendix C of the report. Once the plan is 100% funded, members pay 50% of the normal cost up to 2% of pay (1% if Pre-Prop B) and the City pays the remainder of the normal cost. The following chart shows the projected contributions over the next 30 years.

**CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2023 MEASUREMENT DATE**

SECTION I – BOARD SUMMARY



Member contributions are shown as purple bars with the darker purple for Pre-Prop B members. City contributions are shown as gold bars with dark gold for Pre-Prop B members, medium gold for Prop B members, and light gold for the pay-as-you-go benefit payments. The blue line represents total City contributions as a percentage of payroll. If all assumptions are met, City contributions do not reach the 10% of payroll threshold, and contributions drop significantly in 2046 when the plan is projected to reach 100% funding.

Appendix C – Summary of Plan Provisions provides details of the contribution and disbursement structure before and after full funding.

**CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2023 MEASUREMENT DATE**

SECTION II – CERTIFICATION

The purpose of this report is to provide accounting and financial reporting information under GASB No. 74 for the City and County of San Francisco Postretirement Health Plan (Plan) and under GASB No. 75 for the City and County of San Francisco. This report is for the use of the City and County of San Francisco and its auditors in preparing financial reports in accordance with applicable law and accounting requirements. This report is not appropriate for other purposes, including the calculation of actuarially determined contributions.

In preparing our report, we relied on information (some oral and some written) supplied by the City and County of San Francisco (CCSF), the Health Services System (HSS), and the San Francisco Employees' Retirement System (SFERS). This information includes, but is not limited to, the plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23.

The City and County of San Francisco selected the actuarial assumptions based on our analysis and recommendations. We believe the selected assumptions to be reasonable for the purpose of financial reporting under GASB Statement Nos. 74 and 75.

Medical trend assumptions were developed using the Society of Actuaries (SOA) Long-Term Health Care Cost Trends Model (Model). This Model and its baseline projection are based on an econometric analysis of historical U.S. medical expenditures and the judgments of experts in the field. The long-run baseline projection and input variables have been developed under the guidance of the SOA Project Oversight Group. We have reviewed the baseline assumptions for the Model and found them to be reasonable and consistent with the other economic assumptions used in the valuation, except the inflation (CPI) assumption. A long-term inflation assumption of 2.5% is better aligned with consensus expectations among macroeconomic forecasters and break-even inflation rates. Further rationale and detail on the parameters used in this Model can be found in Appendix B of this report – Actuarial Assumptions and Methods. We have relied on the SOA as the developer of the Model. We have reviewed the Model, have a basic understanding of the Model, and have used it in accordance with its original intended purpose. We have not identified any material inconsistencies in assumptions or output of the Model that would affect these results.

Cheiron utilizes ProVal, an actuarial valuation software leased from Winklevoss Technologies (WinTech) to calculate liabilities, normal costs, and projected benefit payments. We have relied on WinTech as the developer of ProVal. We have reviewed ProVal and have a basic understanding of it and have used ProVal in accordance with its original intended purpose. We have not identified any material inconsistencies in the assumptions or output of ProVal that would affect this actuarial valuation.

The funding projections in the Board Summary and the projection of future contributions shown in Appendix D – Determination of the Discount Rate are developed using an open group deterministic projection of the liabilities and assets associated with the Plan. The projection uses projected benefit payments for current members but does not include projected benefit payments for new members. This limitation is not material for the purpose of the projection as it would affect

**CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2023 MEASUREMENT DATE**

SECTION II – CERTIFICATION

the assets and liabilities by the same amount. The projection uses standard roll-forward techniques that implicitly assume a stable active population.

Future actuarial measurements may differ significantly from the current measurements due to such factors as the following: plan experience differing from that anticipated by the assumptions, changes in assumptions, and changes in plan provisions or applicable law.

The Inflation Reduction Act of 2022 (the Act) contains provisions that may impact the cost of benefits provided to Medicare-eligible retirees. The Act provides for changes that could reduce costs and changes that could increase costs. Implementing regulations and market responses to date have been mixed. Based on information available as of the measurement date, we do not expect the Act to have a material impact on costs different from what was assumed in this valuation. However, should the market response emerge differently than assumed, future liabilities will vary.

This report and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. Furthermore, as credentialed actuaries, we collectively meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this report. This report does not address any contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

This report was prepared exclusively for the City and County of San Francisco for the purposes described herein and for the use by the City's auditor in completing an audit related to the matters herein. Other users of this report are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to any other user.



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Clinical Consultant and Associate Actuary

**CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2023 MEASUREMENT DATE**

SECTION III – DETERMINATION OF DISCOUNT RATE

The discount rate used to measure the Total OPEB Liability was 7.00%.

Employee and City and County contributions to the Plan are set in Charter Section A8.432(a) and (b) and are not actuarially determined. Employee and City and County contributions to the Retiree Health Care Trust Fund (RHCTF) are a fixed percentage of pay that varies depending on the employee's hire date, the year in which the payment is made, and whether the Trust is fully funded.

As described in Charter Section A8.432(d), before the Trust is fully funded, other than limited disbursements described below to stabilize City and County contributions and disbursements for reasonable administrative expenses, no disbursements may be made from the RHCTF. As a result, the City and County pays for all benefits on a pay-as-you-go basis while the contributions accumulate in the Trust.

If the City and County's retiree health care costs (RHCTF contributions plus benefit payments) are projected to exceed 10% of payroll, the RHCTF Board, with approval of the Mayor and by resolution of the Board of Supervisors, may authorize stabilization disbursements to the extent necessary to reduce the City's retiree health care costs to 10% of payroll. However, any such stabilization disbursement cannot exceed 10% of the balance in the RHCTF as of the prior year.

Once the RHCTF is fully funded:

- Benefits for current retirees can be paid from the Trust,
- Employee contributions to the Trust become 50% of normal cost up to 2% of pay, and
- City and County contributions become the remainder of the normal cost not paid by employee contributions.

Appendix C – Summary of Plan Provisions provides details of the contribution and disbursement structure before and after full funding.

To determine the discount rate, we have assumed that the City and County and employees will contribute to the RHCTF at the rates specified by the Charter and disbursements from the RHCTF will continue to be limited by the Charter until it is fully funded.

A formal cash flow projection as described under Paragraph 37 of GASB Statement 75 is included in Appendix D – Determination of the Discount Rate. In performing the crossover test, we made the following conservative assumptions to simplify the test:

- In projecting when the Plan becomes fully funded, the Total OPEB Liability includes the service cost for new entrants and the assets include contributions for new entrants, but the Total OPEB Liability and assets are only reduced for projected benefit payments for current members.
- All projected administrative expenses are allocated to current members.

The projection shows that for each future period, the amount of the Plan's Fiduciary Net Position is projected to be greater than the benefit payments that are projected to be made in that period. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the Total OPEB Liability.

**CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2023 MEASUREMENT DATE**

SECTION IV – PROJECTION OF TOTAL OPEB LIABILITY

The Total OPEB Liability (TOL) at the end of the measurement year is measured as of the valuation date, June 30, 2022 and projected to June 30, 2023. The update procedures include an adjustment to reflect actual calendar year 2024 premiums and premium equivalents, as well as the addition of service cost and interest cost offset by actual benefit payments. We are unaware of any significant events between the valuation date and the measurement date.

The amounts shown in the exhibits in this section as of June 30, 2022, reflect actual medical premiums and premium equivalents for the 2024 calendar year. They do not match the TOL shown in the prior report because the 2024 premiums and premium equivalents in that report were projected using trend assumptions as of the June 30, 2022 measurement date.

The table below shows the projection of the TOL at discount rates equal to the rate used for disclosure and plus and minus one percent from that rate.

Projection of Total OPEB Liability from Valuation to Measurement Date			
Discount Rate	6.00%	7.00%	8.00%
Valuation Total OPEB Liability, 6/30/2022			
Actives	\$ 1,918,663	\$ 1,639,323	\$ 1,412,636
Deferred Vested	497,524	420,503	360,337
Retirees	2,828,408	2,549,806	2,315,922
Total	\$ 5,244,596	\$ 4,609,631	\$ 4,088,895
Service Cost	189,402	149,082	118,460
Benefit Payments	215,408	215,408	215,408
Interest	313,907	320,392	323,308
Total OPEB Liability, 6/30/2023	\$ 5,532,497	\$ 4,863,697	\$ 4,315,256

Amounts in Thousands

**CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2023 MEASUREMENT DATE**

SECTION IV – PROJECTION OF TOTAL OPEB LIABILITY

The table below shows the projection of the TOL at healthcare trend rates equal to the rates used for disclosure and plus and minus one percent from those rates.

Projection of Total OPEB Liability from Valuation to Measurement Date			
Healthcare Trends	-1.00%	Baseline	1.00%
Valuation Total OPEB Liability, 6/30/2022			
Actives	\$ 1,369,661	\$ 1,639,323	\$ 1,986,009
Deferred Vested	365,620	420,503	489,155
Retirees	2,351,566	2,549,806	2,780,826
Total	\$ 4,086,847	\$ 4,609,631	\$ 5,255,990
Service Cost	122,274	149,082	184,760
Benefit Payments	215,408	215,408	215,408
Interest	282,875	320,392	366,865
Total OPEB Liability, 6/30/2023	\$ 4,276,588	\$ 4,863,697	\$ 5,592,207

Amounts in Thousands

**CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2023 MEASUREMENT DATE**

SECTION V – GASB 74 REPORTING INFORMATION

Note Disclosures

The table below shows the changes in the Total OPEB Liability (TOL), the Plan Fiduciary Net Position (i.e., the fair value of Plan assets) (FNP), and the Net OPEB Liability (NOL) during the measurement period ending on June 30, 2023.

Change in Net OPEB Liability			
	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at end of prior year	\$ 4,486,150	\$ 739,880	\$ 3,746,270
Changes for the year:			
Service cost	145,520		145,520
Interest	311,626		311,626
Changes of benefits	0		0
Differences between expected and actual experience	135,809		135,809
Changes of assumptions	0		0
Contributions - employer		260,649	(260,649)
Contributions - member		73,426	(73,426)
Net investment income		80,490	(80,490)
Benefit payments	(215,408)	(215,408)	0
Administrative expense		(172)	172
Net changes	<u>377,547</u>	<u>198,986</u>	<u>178,562</u>
Balance at end of current year	<u>\$ 4,863,697</u>	<u>\$ 938,866</u>	<u>\$ 3,924,832</u>

Amounts in Thousands

During the measurement year, the NOL increased by approximately \$179 million. The service cost, interest cost, and administrative expenses increased the NOL by approximately \$457 million, while contributions and net investment income decreased the NOL by approximately \$414 million. There were actuarial experience losses during the year of approximately \$136 million.

**CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2023 MEASUREMENT DATE**

SECTION V – GASB 74 REPORTING INFORMATION

Changes in the discount rate affect the measurement of the TOL. Lower discount rates produce a higher TOL, and higher discount rates produce a lower TOL. The table below shows the sensitivity of the NOL to the discount rate.

Sensitivity of Net OPEB Liability to Changes in Discount Rate			
	1% Decrease 6.00%	Discount Rate 7.00%	1% Increase 8.00%
Total OPEB Liability	\$ 5,532,497	\$ 4,863,697	\$ 4,315,256
Plan Fiduciary Net Position	<u>938,866</u>	<u>938,866</u>	<u>938,866</u>
Net OPEB Liability	<u>\$ 4,593,631</u>	<u>\$ 3,924,832</u>	<u>\$ 3,376,391</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	17.0%	19.3%	21.8%

Amounts in Thousands

A one percent decrease in the discount rate increases the TOL by approximately 14% and the NOL by approximately 17%. A one percent increase in the discount rate decreases the TOL by approximately 11% and the NOL by approximately 14%.

**CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2023 MEASUREMENT DATE**

SECTION V – GASB 74 REPORTING INFORMATION

Changes in healthcare trend rates affect the measurement of the TOL. Lower healthcare trends produce a lower TOL, and higher healthcare trends produce a higher TOL. The table below shows the sensitivity of the NOL to the healthcare trends.

Sensitivity of Net OPEB Liability to Changes in Healthcare Cost Trend Rates			
	1% Decrease	Healthcare Trend	1% Increase
Total OPEB Liability	\$ 4,276,588	\$ 4,863,697	\$ 5,592,207
Plan Fiduciary Net Position	<u>938,866</u>	<u>938,866</u>	<u>938,866</u>
Net OPEB Liability	<u>\$ 3,337,723</u>	<u>\$ 3,924,832</u>	<u>\$ 4,653,341</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	22.0%	19.3%	16.8%

Amounts in Thousands

A one percent decrease in healthcare trends decreases the TOL by approximately 12% and the NOL by approximately 15%. A one percent increase in healthcare trends increases the TOL by approximately 15% and the NOL by approximately 19%.

**CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2023 MEASUREMENT DATE**

SECTION V – GASB 74 REPORTING INFORMATION

Required Supplementary Information

The schedules of Required Supplementary Information generally start with information as of the implementation of GASB 74 and 75 and eventually will build up to 10 years of information. The following schedule shows the changes in NOL and related ratios required by GASB for each measurement year since implementation. The covered payroll represents the pay on which contributions to the Retiree Health Care Trust Fund were made during the measurement year.

Schedule of Changes in Net OPEB Liability and Related Ratios			
	MYE 2023	MYE 2022	MYE 2021
<u>Total OPEB Liability</u>			
Service cost	\$ 145,520	\$ 154,799	\$ 155,840
Interest	311,626	306,758	300,122
Changes of benefit terms	0	0	0
Differences between expected and actual experience	135,809	(224,065)	(151,947)
Changes of assumptions	0	49,784	0
Benefit payments	(215,408)	(211,025)	(206,439)
Net change in TOL	\$ 377,547	\$ 76,251	\$ 97,576
TOL - beginning	\$ 4,486,150	\$ 4,409,899	\$ 4,312,323
TOL - ending	\$ 4,863,697	\$ 4,486,150	\$ 4,409,899
<u>Plan fiduciary net position</u>			
Contributions - employer	\$ 260,649	\$ 252,866	\$ 245,994
Contributions - member	73,426	66,455	61,582
Net investment income	80,490	(87,003)	128,916
Benefit payments	(215,408)	(211,025)	(206,439)
Administrative expense	(172)	(189)	(265)
Net change in plan fiduciary net position	\$ 198,986	\$ 21,103	\$ 229,788
Plan fiduciary net position - beginning	\$ 739,880	\$ 718,777	\$ 488,989
Plan fiduciary net position - ending	\$ 938,866	\$ 739,880	\$ 718,777
NOL - ending	\$ 3,924,832	\$ 3,746,270	\$ 3,691,122
Plan fiduciary net position as a percentage of the TOL	19.3%	16.5%	16.3%
Covered payroll	\$ 4,524,099	\$ 4,184,087	\$ 3,955,498
NOL as a percentage of covered payroll	86.8%	89.5%	93.3%

Amounts in Thousands

**CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2023 MEASUREMENT DATE**

SECTION V – GASB 74 REPORTING INFORMATION

Schedule of Changes in Net OPEB Liability and Related Ratios				
	MYE 2020	MYE 2019	MYE 2018	MYE 2017
<u>Total OPEB Liability</u>				
Service cost	\$ 141,642	\$ 133,736	\$ 127,850	\$ 125,193
Interest	314,907	283,520	290,029	272,943
Changes of benefit terms	0	0	0	0
Differences between expected and actual experience	(381,922)	194,068	(385,732)	0
Changes of assumptions	151,725	0	111,119	0
Benefit payments	(196,445)	(185,839)	(178,019)	(165,470)
Net change in TOL	\$ 29,907	\$ 425,485	\$ (34,753)	\$ 232,666
TOL - beginning	\$ 4,282,416	\$ 3,856,931	\$ 3,891,684	\$ 3,659,019
TOL - ending	<u>\$ 4,312,323</u>	<u>\$ 4,282,416</u>	<u>\$ 3,856,931</u>	<u>\$ 3,891,684</u>
<u>Plan fiduciary net position</u>				
Contributions - employer	\$ 235,963	\$ 218,625	\$ 203,858	\$ 183,898
Contributions - member	60,236	51,025	41,682	31,686
Net investment income	22,746	26,959	14,105	17,369
Benefit payments	(196,445)	(185,839)	(178,019)	(165,470)
Administrative expense	(114)	(132)	(138)	(109)
Net change in plan fiduciary net position	\$ 122,387	\$ 110,638	\$ 81,488	\$ 67,373
Plan fiduciary net position - beginning	\$ 366,602	\$ 255,964	\$ 174,477	\$ 107,103
Plan fiduciary net position - ending	<u>\$ 488,989</u>	<u>\$ 366,602</u>	<u>\$ 255,964</u>	<u>\$ 174,477</u>
NOL - ending	<u>\$ 3,823,334</u>	<u>\$ 3,915,814</u>	<u>\$ 3,600,967</u>	<u>\$ 3,717,207</u>
Plan fiduciary net position as a percentage of the TOL	11.3%	8.6%	6.6%	4.5%
Covered payroll	\$ 3,951,792	\$ 3,763,446	\$ 3,583,448	\$ 3,393,658
NOL as a percentage of covered payroll	96.7%	104.0%	100.5%	109.5%

Amounts in Thousands

**CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2023 MEASUREMENT DATE**

SECTION V – GASB 74 REPORTING INFORMATION

Contributions to the Plan are set by the Charter and are not actuarially determined. Employee and City and County contributions to the Retiree Health Care Trust Fund (RHCTF) are a fixed percentage of pay that varies depending on the employee's hire date, the year in which the payment is being made, and whether the Trust is fully funded. In addition to the contributions to the Trust, the City and County pays plan benefits on a pay-as-you-go basis until the Trust is fully funded. For purposes of the schedule of employer contributions, the combination of the pay-as-you-go amounts and the contributions to the Trust are considered Charter-required contributions. The table below shows the Charter-required contributions for each of the last 10 measurement years.

Schedule of Employer Contributions					
	MYE 2023	MYE 2022	MYE 2021	MYE 2020	MYE 2019
Charter Required Contribution	\$ 260,649	\$ 252,866	\$ 245,994	\$ 235,963	\$ 218,625
Contributions in Relation to the Charter Required Contribution	<u>260,649</u>	<u>252,866</u>	<u>245,994</u>	<u>235,963</u>	<u>218,625</u>
Contribution Deficiency/(Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$4,524,099	\$4,184,087	\$3,955,498	\$3,951,792	\$3,763,446
Actual Contributions as % of Pay	5.76%	6.04%	6.22%	5.97%	5.81%
	MYE 2018	MYE 2017	MYE 2016	MYE 2015	MYE 2014
Charter Required Contribution	\$ 203,858	\$ 183,898	\$ 168,855	\$ 167,241	\$ 166,628
Contributions in Relation to the Charter Required Contribution	<u>203,858</u>	<u>183,898</u>	<u>168,855</u>	<u>167,241</u>	<u>166,628</u>
Contribution Deficiency/(Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$3,583,448	\$3,393,658	\$3,241,700	\$3,017,847	\$2,869,603
Actual Contributions as % of Pay	5.69%	5.42%	5.21%	5.54%	5.81%

Amounts in Thousands

For measurement years prior to 2017, covered payroll represents the pay during the measurement year for members eligible to receive future OPEB benefits if they meet the age and service requirements for benefits. For the measurement years ended on or after June 30, 2017, covered payroll is the payroll on which contributions to the RHCTF were made.

**CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2023 MEASUREMENT DATE**

SECTION VI – GASB 75 REPORTING INFORMATION

We understand the City and County elected to use a measurement date as of the end of the prior fiscal year for their reporting under GASB 75. As a result, the schedules in this section are based on the June 30, 2023, measurement date and are intended to be used for their 2024 reporting date.

The table below summarizes the current balances of deferred outflows and deferred inflows of resources related to the Plan along with the net recognition over the next five years and the total amount recognized thereafter, if any.

Schedule of Deferred Inflows and Outflows of Resources		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 168,622	\$ 454,989
Changes in assumptions	114,089	0
Net difference between projected and actual earnings on OPEB plan investments	30,040	0
Contributions subsequent to the measurement date		
Contributions to the Trust	\$ 48,779	
Benefit payments	<u>229,922</u>	
Total contributions	\$ <u>278,701</u>	
Total	\$ <u>591,452</u>	\$ <u>454,989</u>

Amounts reported as deferred outflows due to contributions subsequent to the measurement date will be recognized as a reduction of the Total OPEB Liability in the measurement year ended June 30, 2024. Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:

Measurement year ended June 30:		
2024	\$	(65,870)
2025		(28,240)
2026		(37,721)
2027		(33,043)
2028		22,635
Thereafter		0

Amounts in Thousands

The tables on the following pages provide details on the current balances of deferred inflows and outflows of resources, the recognition of each base for each of the current and following four years, and the total for any years thereafter.

**CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2023 MEASUREMENT DATE**

SECTION VI – GASB 75 REPORTING INFORMATION

Recognition of Experience (Gains) and Losses										
Year	Recognition Period	Total Amount	Beginning Remaining Amount	Ending Remaining Amount	2023	2024	Recognition Year		2027	Thereafter
2023	6.0	\$ 135,809	\$ 135,809	\$ 113,174	\$ 22,635	\$ 22,635	\$ 22,635	\$ 22,635	\$ 22,635	\$ 22,635
2022	6.0	(224,065)	(186,721)	(149,377)	(37,344)	(37,344)	(37,344)	(37,344)	(37,344)	0
2021	7.0	(151,947)	(108,534)	(86,827)	(21,707)	(21,707)	(21,707)	(21,707)	(21,707)	0
2020	7.0	(381,922)	(218,241)	(163,681)	(54,560)	(54,560)	(54,560)	(54,560)	0	0
2019	7.0	194,068	83,172	55,448	27,724	27,724	27,724	0	0	0
2018	7.0	(385,732)	(110,209)	(55,105)	(55,105)	(55,105)	0	0	0	0
Deferred Outflows			\$ 218,981	\$ 168,622	\$ 50,359	\$ 50,359	\$ 50,359	\$ 22,635	\$ 22,635	\$ 22,635
Deferred (Inflows)			(623,705)	(454,989)	(168,716)	(168,716)	(113,611)	(113,611)	(59,051)	0
Net Change in OPEB Expense			\$ (404,724)	\$ (286,367)	\$ (118,357)	\$ (118,357)	\$ (63,252)	\$ (90,976)	\$ (36,416)	\$ 22,635

Amounts in Thousands

Recognition of Assumption Changes										
Year	Recognition Period	Total Amount	Beginning Remaining Amount	Ending Remaining Amount	2023	2024	Recognition Year		2027	Thereafter
2022	6.0	\$ 49,784	\$ 41,487	\$ 33,189	\$ 8,297	\$ 8,297	\$ 8,297	\$ 8,297	\$ 8,297	\$ 0
2020	7.0	151,725	86,700	65,025	21,675	21,675	21,675	21,675	0	0
2018	7.0	111,119	31,748	15,874	15,874	15,874	0	0	0	0
Deferred Outflows			\$ 159,935	\$ 114,089	\$ 45,847	\$ 45,847	\$ 29,972	\$ 29,972	\$ 8,297	\$ 0
Deferred (Inflows)			0	0	0	0	0	0	0	0
Net Change in OPEB Expense			\$ 159,935	\$ 114,089	\$ 45,847	\$ 45,847	\$ 29,972	\$ 29,972	\$ 8,297	\$ 0

Amounts in Thousands

**CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2023 MEASUREMENT DATE**

SECTION VI – GASB 75 REPORTING INFORMATION

Recognition of Investment (Gains) and Losses											
Year	Recognition Period	Total Amount	Beginning Remaining Amount	Ending Remaining Amount	2023	2024	Recognition Year				
					2025	2026	2027	2028	2029	2030	Thereafter
2023	5.0	\$ (24,621)	\$ (24,621)	\$ (19,697)	\$ (4,924)	\$ (4,924)	\$ (4,924)	\$ (4,924)	\$ (4,924)	\$ (4,924)	\$ 0
2022	5.0	141,038	112,830	84,623	28,208	28,208	28,208	28,208	0	0	0
2021	5.0	(91,216)	(54,730)	(36,486)	(18,243)	(18,243)	(18,243)	0	0	0	0
2020	5.0	8,003	3,201	1,601	1,601	1,601	0	0	0	0	0
2019	5.0	(4,977)	(995)	0	(995)	0	0	0	0	0	0
Net Change in OPEB Expense			\$ 35,685	\$ 30,040	\$ 5,645	\$ 6,641	\$ 5,040	\$ 23,283	\$ (4,924)	\$ 0	0

Amounts in Thousands

**CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2023 MEASUREMENT DATE**

SECTION VI – GASB 75 REPORTING INFORMATION

The Annual OPEB Expense recognized by the City and County of San Francisco can be calculated in two different ways. It is the change in the amounts reported on the City and County's Statements of Net Position that relate to the Plan and are not attributable to employer contributions. That is, it is the change in NOL plus the changes in deferred outflows and inflows plus employer contributions. Alternatively, Annual OPEB Expense can be calculated by its individual components. While GASB does not require or suggest the organization of the individual components shown in the table below, we believe it helps to understand the level and volatility of the OPEB Expense.

The table below shows the development of the OPEB Expense using both methodologies.

Calculation of OPEB Expense		
Measurement Year Ending	June 30, 2023	June 30, 2022
Change in Net OPEB Liability	\$ 178,562	\$ 55,148
Change in Deferred Outflows	(9,337)	(36,520)
Change in Deferred Inflows	(168,716)	(14,520)
Employer Contributions	260,649	252,866
OPEB Expense	\$ 261,158	\$ 256,974
OPEB Expense as % of Payroll	5.77%	6.14%
Operating Expenses		
Service cost	\$ 145,520	\$ 154,799
Employee contributions	(73,426)	(66,455)
Administrative expenses	172	189
Total	\$ 72,266	\$ 88,533
Financing Expenses		
Interest cost	\$ 311,626	\$ 306,758
Expected return on assets	(55,869)	(54,034)
Total	\$ 255,757	\$ 252,724
Changes		
Benefit changes	\$ 0	\$ 0
Recognition of assumption changes	45,847	45,847
Recognition of liability gains and losses	(118,357)	(140,992)
Recognition of investment gains and losses	5,645	10,862
Total	\$ (66,865)	\$ (84,283)
OPEB Expense	\$ 261,158	\$ 256,974

Amounts in Thousands

**CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2023 MEASUREMENT DATE**

SECTION VI – GASB 75 REPORTING INFORMATION

Operating expenses are items directly attributable to the operation of the Plan during the measurement year. Service cost less employee contributions represents the increase in employer-provided benefits attributable to the year, and administrative expenses are the cost of operating the Plan for the year.

The financing expenses are the interest on the Total OPEB Liability less the expected return on assets. Financing expenses are the primary source of expenses for the plan. As the funding level improves, the financing expenses will decline.

The remaining components of the annual expense are due to the recognition of changes. These components will drive most of the volatility in the OPEB Expense from year to year. They include any changes in benefits made during the year and the recognized amounts due to assumption changes, gains or losses on the TOL, and investment gains or losses.

The OPEB Expense increased by approximately \$4 million. The recognition of changes increased by about \$17 million, financing expenses increased by about \$3 million, and operating expenses decreased by about \$16 million.

**CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2023 MEASUREMENT DATE**

APPENDIX A – MEMBERSHIP INFORMATION

The census data used to develop the Total OPEB Liability as of June 30, 2023, is the same census data used in our June 30, 2022 actuarial valuation. The census data used for the previous valuation on June 30, 2020, is shown for comparison purposes. Please refer to the GASB 74/75 Report for the June 30, 2022, measurement date for a more complete summary of the census data.

Schedule of Valuation Data			
Valuation Date	June 30, 2022	June 30, 2020	% Change
Active Employees			
Count	31,621	32,879	-4%
Average Age	47.1	46.6	1%
Average Service	11.0	10.8	2%
Total Payroll (\$000's)	\$ 3,832,603	\$ 3,591,515	7%
Vested, Terminated Members			
Count	2,211	2,211	0%
Average Age	51.2	50.3	2%
In-Pay Members with Coverage			
Count	23,624	22,728	4%
Average Age	72.3	72.0	0%
Total Member Count	57,456	57,818	-1%

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

Economic Assumptions

The City and County adopted a 7.0% expected return on plan assets based on Meketa's 10- and 20-year capital market assumptions for the RHCTF's asset allocation.

The wage inflation and price inflation assumptions are the same as those adopted by the City and County of San Francisco Employees' Retirement System at the December 9, 2020 Board meeting. Please refer to the economic assumption review presentation for SFERS dated December 9, 2020, for the rationale for the wage inflation and price inflation assumptions.

The per-person healthcare cost trends were developed using the 2023 Getzen Model of Long-Run Medical Cost Trends published by the Society of Actuaries. Initial trends reflect short-term expectations, including the delayed impact of inflation on healthcare costs and the impact of changes to Centers for Medicare & Medicaid Services (CMS) funding methodology for MAPD plans. Longer-term trends are based on our review of the current economic environment, and our expectations for the future.

Please refer to the Assumptions and Methods presentation dated October 12, 2023, for further detail on the rationale for these assumptions.

These assumptions have been reviewed and approved by the City and County of San Francisco.

1. Expected Return on Assets and Discount Rate

7.00% per year, net of investment expenses

2. Inflation

Price Inflation: 2.50%, compounded annually.

Wage Inflation: Bargained increases through July 1, 2022, followed by 3.25% compounded annually thereafter. Since benefits are not based on pay, we used a simplified version of the SFERS assumption.

3. Per Person Cost Trends

Medical trends were developed using the 2023 Society of Actuaries Long-Term Health Care Cost Trends model with the following parameters:

Inflation:	2.5%
Real GDP per Capita:	1.4%
Excess Medical Cost Growth:	0.8%
Capacity Constraints	
Expected Health Share of GDP in 2032:	19.8%
Resistance Point – Share of GDP:	19.0%
Year Limited to GDP Growth:	2075

**CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2023 MEASUREMENT DATE**

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

Deductibles, Co-payments, Out-of-Pocket Maximums, and Annual Maximum are assumed to increase at the following trend rates.

Annual Per Person Cost Increases									
To Fiscal Year Beginning	Medical & Rx				To Fiscal Year Beginning	Medical & Rx			
	10-County Trend	Non- Medicare	Medicare Eligible	Vision / Expense		10-County Trend	Non- Medicare	Medicare Eligible	Vision / Expense
2023	2.83%	<i>Varies by Health Plan (see following table)</i>			2050	4.45%	4.45%	4.45%	3.00%
2024	3.62%				2051	4.44%	4.44%	4.44%	3.00%
2025	5.00%	7.24%	7.24%	3.00%	2052	4.43%	4.43%	4.43%	3.00%
2026	4.98%	6.81%	6.81%	3.00%	2053	4.43%	4.43%	4.43%	3.00%
2027	4.94%	6.44%	6.44%	3.00%	2054	4.42%	4.42%	4.42%	3.00%
2028	4.90%	6.06%	6.06%	3.00%	2055	4.42%	4.42%	4.42%	3.00%
2029	4.86%	5.69%	5.69%	3.00%	2056	4.41%	4.41%	4.41%	3.00%
2030	4.82%	5.32%	5.32%	3.00%	2057	4.41%	4.41%	4.41%	3.00%
2031	4.79%	4.95%	4.95%	3.00%	2058	4.40%	4.40%	4.40%	3.00%
2032	4.68%	4.68%	4.68%	3.00%	2059	4.40%	4.40%	4.40%	3.00%
2033	4.59%	4.59%	4.59%	3.00%	2060	4.39%	4.39%	4.39%	3.00%
2034	4.58%	4.58%	4.58%	3.00%	2061	4.39%	4.39%	4.39%	3.00%
2035	4.57%	4.57%	4.57%	3.00%	2062	4.38%	4.38%	4.38%	3.00%
2036	4.55%	4.55%	4.55%	3.00%	2063	4.38%	4.38%	4.38%	3.00%
2037	4.54%	4.54%	4.54%	3.00%	2064	4.37%	4.37%	4.37%	3.00%
2038	4.53%	4.53%	4.53%	3.00%	2065	4.35%	4.35%	4.35%	3.00%
2039	4.53%	4.53%	4.53%	3.00%	2066	4.30%	4.30%	4.30%	3.00%
2040	4.52%	4.52%	4.52%	3.00%	2067	4.25%	4.25%	4.25%	3.00%
2041	4.51%	4.51%	4.51%	3.00%	2068	4.21%	4.21%	4.21%	3.00%
2042	4.50%	4.50%	4.50%	3.00%	2069	4.17%	4.17%	4.17%	3.00%
2043	4.49%	4.49%	4.49%	3.00%	2070	4.12%	4.12%	4.12%	3.00%
2044	4.49%	4.49%	4.49%	3.00%	2071	4.08%	4.08%	4.08%	3.00%
2045	4.48%	4.48%	4.48%	3.00%	2072	4.04%	4.04%	4.04%	3.00%
2046	4.47%	4.47%	4.47%	3.00%	2073	4.00%	4.00%	4.00%	3.00%
2047	4.46%	4.46%	4.46%	3.00%	2074	3.96%	3.96%	3.96%	3.00%
2048	4.46%	4.46%	4.46%	3.00%	2075 +	3.94%	3.94%	3.94%	3.00%
2049	4.45%	4.45%	4.45%	3.00%					

The table above shows the trend increases on a fiscal year basis; premium rates change on a calendar year basis. For the fiscal year beginning July 1, 2023, the trend was developed using actual calendar year 2023 and 2024 premiums. For the fiscal year beginning July 1, 2024, the trend was developed using actual calendar year 2024 premiums and a trend assumption for calendar year 2025. The trend factors vary by plan, as shown in the following table.

**CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
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APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

Annual Per Person Cost Increases by Health Plan										
To Fiscal Year Beginning	Medical & Rx								Expense	
	Non-Medicare (NM)					Medicare				
	Blue Shield Access+	Blue Shield Trio	Health Net CanopyCare	NM PPO ¹	Kaiser	UHC PPO	Kaiser	Vision	NM PPO	All Other
	2023	7.98%	4.68%	-2.91%	9.14%	8.28%	9.96%	2.13%	2.47%	-49.17%
2024	10.84%	5.44%	6.52%	9.49%	9.86%	10.99%	6.87%	1.50%	-93.11%	1.50%

¹ 2023: 6.66% for Spouses & Domestic Partners; 10.06% for Active Single Coverage (16.47% for Choice Not Available).

2024: 7.21% for Spouses & Domestic Partners; 10.31% for Active Single Coverage (19.14% for Choice Not Available).

**CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2023 MEASUREMENT DATE**

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

Demographic Assumptions

The rates of retirement, termination, member refunds, mortality, disability, and salary increases are the same as those adopted by the SFERS Board at the December 9, 2020 Board meeting. Please refer to the demographic experience study report for SFERS dated August 2020 for the rationale for these demographic assumptions.

The other demographic assumptions are based on recent Plan experience and our expectations for the future. Please refer to the Assumptions and Methods presentation dated October 12, 2023, for further detail on the rationale for these assumptions.

These assumptions have been reviewed and approved by the City and County of San Francisco.

1. Retirement Rates

The tables on the following pages show retirement rates based on age and service. Separate rates are used for members hired on or after January 7, 2012, under Charter Sections A8.603 and above (Prop C). Any deferred vested member hired on or after January 10, 2009, is assumed to retire outside of the 180-day retirement window set in place by Proposition B (passed 6/3/2008).

Police Rates of Retirement						
Age	Other than Prop C Years of Service			Prop C Years of Service		
	< 25	25 - 29	30 +	< 25	25 - 29	30 +
50	1.50%	5.00%	5.00%	1.50%	5.00%	5.00%
51	1.50	5.00	15.00	1.50	5.00	10.00
52	2.00	7.50	20.00	2.00	7.50	20.00
53	5.00	20.00	40.00	5.00	15.00	25.00
54	7.50	22.00	50.00	7.50	17.50	30.00
55	7.50	35.00	50.00	7.50	20.00	35.00
56	7.50	26.00	40.00	7.50	24.00	35.00
57	10.00	28.00	45.00	10.00	26.00	40.00
58	10.00	30.00	45.00	10.00	35.00	60.00
59	15.00	25.00	45.00	15.00	25.00	45.00
60	20.00	34.00	45.00	20.00	34.00	45.00
61	10.00	36.00	40.00	10.00	36.00	40.00
62	15.00	36.00	40.00	15.00	36.00	40.00
63	12.50	36.00	40.00	12.50	36.00	40.00
64	12.50	36.00	40.00	12.50	36.00	40.00
65 & over	100.00	100.00	100.00	100.00	100.00	100.00

**CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2023 MEASUREMENT DATE**

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

Fire Rates of Retirement						
Age	Other than Prop C Years of Service			Prop C Years of Service		
	< 25	25 - 29	30 +	< 25	25 - 29	30 +
50	2.00%	5.00%	5.00%	2.00%	2.00%	2.00%
51	1.00	5.00	5.00	1.00	2.00	2.00
52	2.00	5.00	5.00	2.00	5.00	5.00
53	3.00	5.00	15.00	3.00	5.00	12.50
54	7.50	20.00	35.00	7.50	12.50	20.00
55	7.50	25.00	35.00	7.50	15.00	25.00
56	7.50	20.00	35.00	7.50	15.00	30.00
57	12.50	20.00	35.00	12.50	15.00	30.00
58	12.50	20.00	25.00	12.50	30.00	35.00
59	12.50	25.00	25.00	12.50	25.00	25.00
60	15.00	25.00	35.00	15.00	25.00	35.00
61	15.00	40.00	40.00	15.00	40.00	40.00
62	15.00	40.00	40.00	15.00	40.00	40.00
63	15.00	20.00	25.00	15.00	20.00	25.00
64	20.00	20.00	25.00	20.00	20.00	25.00
65 & over	100.00	100.00	100.00	100.00	100.00	100.00

**CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
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APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

Muni Drivers Rates of Retirement						
Age	Other than Prop C Years of Service			Prop C Years of Service		
	< 20	20 - 29	30 +	< 20	20 - 29	30 +
50	0.00%	1.00%	1.50%	0.00%	0.00%	0.00%
51	0.00	1.00	1.50	0.00	0.00	0.00
52	0.00	1.00	1.50	0.00	0.00	0.00
53	0.00	1.00	1.50	0.00	1.00	1.50
54	0.00	1.00	1.50	0.00	1.00	1.50
55	0.00	4.00	5.00	0.00	1.00	5.00
56	0.00	4.00	5.00	0.00	1.00	5.00
57	0.00	4.00	5.00	0.00	2.00	5.00
58	0.00	4.00	5.00	0.00	2.00	5.00
59	0.00	4.00	5.00	0.00	2.00	5.00
60	10.00	10.00	20.00	5.00	10.00	15.00
61	12.50	25.00	30.00	7.50	12.50	20.00
62	20.00	32.50	35.00	10.00	15.00	30.00
63	15.00	30.00	30.00	10.00	20.00	25.00
64	15.00	30.00	30.00	10.00	25.00	25.00
65	27.50	30.00	35.00	27.50	30.00	40.00
66	27.50	30.00	35.00	27.50	30.00	35.00
67	27.50	30.00	35.00	27.50	30.00	35.00
68	27.50	30.00	35.00	27.50	30.00	35.00
69	27.50	30.00	35.00	27.50	30.00	35.00
70 & over	100.00	100.00	100.00	100.00	100.00	100.00

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Craft Rates of Retirement						
Age	Other than Prop C Years of Service			Prop C Years of Service		
	< 20	20 - 29	30 +	< 20	20 - 29	30 +
50	0.00%	1.50%	1.50%	0.00%	0.00%	0.00%
51	0.00	1.50	1.50	0.00	0.00	0.00
52	0.00	1.50	1.50	0.00	0.00	0.00
53	0.00	2.50	4.00	0.00	1.50	1.50
54	0.00	2.50	4.00	0.00	1.50	1.50
55	0.00	2.50	5.00	0.00	1.50	2.50
56	0.00	3.00	5.00	0.00	1.50	2.50
57	0.00	3.00	5.00	0.00	2.00	2.50
58	0.00	3.00	5.00	0.00	2.00	5.00
59	0.00	8.00	20.00	0.00	2.00	10.00
60	7.50	12.00	32.50	5.00	7.50	15.00
61	10.00	20.00	35.00	7.50	12.50	20.00
62	20.00	30.00	37.50	17.50	25.00	30.00
63	10.00	25.00	30.00	10.00	17.50	25.00
64	17.50	25.00	30.00	10.00	17.50	25.00
65	25.00	27.50	30.00	25.00	30.00	40.00
66	27.50	30.00	32.50	27.50	30.00	32.50
67	27.50	30.00	32.50	27.50	30.00	32.50
68	15.00	25.00	30.00	15.00	25.00	30.00
69	15.00	25.00	30.00	15.00	25.00	30.00
70 & over	100.00	100.00	100.00	100.00	100.00	100.00

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Miscellaneous Rates of Retirement						
Age	Other than Prop C Years of Service			Prop C Years of Service		
	< 20	20 - 29	30 +	< 20	20 - 29	30 +
50	0.00%	2.75%	3.50%	0.00%	0.00%	0.00%
51	0.00	2.50	3.50	0.00	0.00	0.00
52	0.00	2.50	3.50	0.00	0.00	0.00
53	0.00	3.25	3.50	0.00	3.25	3.25
54	0.00	4.00	4.00	0.00	4.00	4.00
55	0.00	4.00	5.50	0.00	4.00	4.00
56	0.00	4.25	6.75	0.00	4.25	4.25
57	0.00	4.50	8.75	0.00	4.50	4.50
58	0.00	5.00	10.00	0.00	5.00	7.50
59	0.00	8.75	20.00	0.00	8.75	10.00
60	9.00	11.50	30.00	7.50	10.00	12.50
61	13.25	20.00	35.00	10.00	15.00	15.00
62	20.00	30.00	35.00	17.50	25.00	25.00
63	16.00	22.50	30.00	12.50	17.50	20.00
64	16.00	22.50	30.00	12.50	17.50	20.00
65	20.00	30.00	30.00	25.00	40.00	40.00
66	25.00	30.00	35.00	25.00	30.00	35.00
67	25.00	30.00	35.00	25.00	30.00	35.00
68	20.00	30.00	30.00	20.00	30.00	30.00
69	20.00	30.00	30.00	20.00	30.00	30.00
70	25.00	25.00	30.00	25.00	25.00	30.00
71	25.00	25.00	30.00	25.00	25.00	30.00
72	25.00	25.00	30.00	25.00	25.00	30.00
73	25.00	25.00	30.00	25.00	25.00	30.00
74	25.00	25.00	30.00	25.00	25.00	30.00
75 & over	100.00	100.00	100.00	100.00	100.00	100.00

The assumed retirement age for inactive terminated vested members and actives who are expected to terminate is shown below.

Deferred Retirement Age		
	Non-Prop C	Prop C
Safety	51	55
	Non-Reciprocal	Reciprocal
Miscellaneous	55	60

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2. Rates of Termination of Employment

Sample rates of termination by service for Police, Fire, Muni Drivers, and Craft members are shown below.

Rates of Termination				
Service	Police	Fire	Muni Drivers	Craft
0	8.00%	2.50%	12.00%	9.50%
1	5.00	1.00	5.00	6.50
2	2.00	1.00	4.00	5.75
3	1.50	1.00	3.50	4.50
4	1.00	1.00	3.25	3.50
5	1.00	1.00	3.00	3.25
10	0.75	0.50	2.50	1.75
15	0.50	0.25	2.50	1.75
20+	0.50	0.25	2.50	1.75

Sample rates of termination by age and service for Miscellaneous members are shown below.

Misc. Rates of Termination by Age and Service Years			
Service	Age		
	Under 30	30 to 39	40 & over
0	38.00%	24.00%	20.00%
1	20.00	12.00	9.00
2	14.00	9.00	6.00
3	10.00	7.00	4.80
4	7.50	6.50	4.60
5	6.75	6.00	4.40
10	3.75	3.75	3.75
15	2.25	2.25	2.25
20+	1.00	1.00	1.00

When members are eligible to retire, it is assumed that their termination rates are zero.

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3. Member Refunds

The rates of refund of contributions for terminated vested members are shown below.

Vested Terminated Rates of Refund		
Service	Police & Fire	Miscellaneous
5	24.0%	20.0%
6	20.0	15.0
7	16.0	12.0
8	12.0	10.0
9	8.0	9.0
10	4.0	8.5
15	0.0	6.0
20	0.0	0.0

4. Base Rates of Mortality

The mortality rates used in the valuation are developed from a base table that is projected generationally from the base year of that table using the mortality projection scale described below. Base mortality tables are developed by multiplying a published table by an adjustment factor that was developed in the SFERS experience study for the period ending June 30, 2019. The base mortality tables are described below.

Base Mortality Tables			
	Published Table	Adjustment Factor	
		Male	Female
Non-Annuitants			
Miscellaneous	PubG-2010 Employee	0.834	0.866
Safety	PubS-2010 Employee	1.011	0.979
Healthy Retirees			
Miscellaneous	PubG-2010 Retiree	1.031	0.977
Safety	PubS-2010 Retiree	0.947	1.044
Disabled Retirees			
Miscellaneous	PubG-2010 Disabled	1.045	1.003
Safety	PubS-2010 Disabled	0.916	0.995
Beneficiaries			
Miscellaneous	PubG-2010 Retiree	1.031	0.977
Safety	PubG-2010 Retiree	1.031	0.977

5. Mortality Projection Scale

The mortality rates shown in the base tables above are projected generationally from the base year using the MP-2019 projection scale.

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6. Rates of Disability

Sample disability rates of active participants are provided below. 100% of safety and 0% of Miscellaneous disabilities are assumed to be duty-related.

Rates of Disability at Selected Ages						
Age	Police	Fire	Muni Drivers	Craft	Misc Females	Misc Males
30	0.05%	0.04%	0.01%	0.01%	0.01%	0.01%
35	0.14	0.09	0.06	0.06	0.04	0.04
40	0.35	0.24	0.11	0.11	0.07	0.08
45	0.44	0.42	0.17	0.20	0.15	0.11
50	0.90	0.84	0.45	0.40	0.40	0.28
55	3.30	3.50	1.35	0.75	0.55	0.45
60	5.75	7.30	0.00	0.00	0.00	0.00
65	0.00	0.00	0.00	0.00	0.00	0.00

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7. Salary Increase Rate

Wage Inflation Component: Bargained increases through July 1, 2022, followed by 3.25% compounded annually thereafter. Since benefits are not based on pay, we used a simplified version of the SFERS assumption.

Current Bargained Wage Increases			
Date of Increase	Police	Fire	Misc
7/1/2022	3.0%	3.0%	5.3%

Additional Merit Component:

Salary Merit Increases - Sample Rates					
Years of Service	Police	Fire	Muni Drivers	Craft	Misc
0	7.50%	14.00%	16.00%	3.75%	5.50%
1	6.75	10.00	11.00	3.00	4.50
2	6.00	8.00	6.50	2.40	3.75
3	5.25	6.00	3.50	1.80	3.25
4	4.50	5.00	1.75	1.50	2.75
5	3.75	4.00	1.25	1.20	2.25
10	1.50	1.50	0.30	0.50	1.10
15	0.50	0.50	0.00	0.50	0.55
20 & over	0.50	0.50	0.00	0.50	0.30

8. Load for Overtime and Other Compensation above Base Pay

For the funding projections and crossover test, the base pay provided in the census data was increased by 15.5% to estimate additional compensation due to overtime and other pay. The resulting total pay serves as the assumed basis for calculating contributions. This increase was based on the most recent three-year average of overtime and other pay compared to base pay as reported for City and County employees by Transparent California.

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APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

9. Percent of Retirees Electing Coverage

Future eligible retirees are assumed to elect coverage at retirement at the following rates, which vary by vesting level and Medicare eligibility.

Percent of Retirees Electing Coverage					
	Vesting Level				
	0%	50%	75%	100%	Disabled
Non-Medicare Eligible	15%	45%	75%	87%	90%
Medicare Eligible	15%	65%	90%	92%	95%

Participants currently receiving benefits are assumed to keep their current coverage.

10. Medical Plan Election

Future retirees' plan elections are assumed to mirror current retiree plan elections. The following rates are used to determine blended claims and contributions for future retirees.

Assumed Plan Elections for Future Retirees		
Medical Plan	Non-Medicare	Medicare Eligible
Health Net Canopy Care	0%	N/A
Blue Shield Access+	20%	N/A
Blue Shield Trio	15%	N/A
Blue Shield PPO	9%	N/A
Blue Shield PPO– Choice Not Available	8%	N/A
Kaiser	48%	45%
UHC PPO	N/A	55%

Participants currently receiving benefits are assumed to continue participation in their current medical plan, where non-Kaiser retirees without Medicare are assumed to transition to the UHC PPO plan once Medicare eligible.

11. Medicare Participation

All in-pay participants, both current and future, are assumed to be eligible for and elect into Medicare at age 65. All participants under age 65 and currently on Medicare are assumed not to be on Medicare until age 65.

12. Future Service Accruals

Actives are assumed to accrue a full year of credited service each year. Members currently terminated and under a reciprocity arrangement are assumed to meet the City's eligibility requirements for retiree healthcare through earned reciprocity service.

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APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

13. Portion of New Entrant Payroll Eligible for Pre-Prop B Benefits

In order to project payroll for employees eligible for the pre-Proposition B vesting schedule, we assumed the following portion of newly hired employees were originally hired on or before January 9, 2009 and returned to work: 9% in fiscal year ending (FYE) 2023 and decreasing by 0.5% each year thereafter until 0%.

14. Coverage Elections for Spouses and Domestic Partners

The percentage of future retirees who elect to cover a spouse or domestic partner is shown in the following table.

Spousal Coverage Elections					
	Vesting Level				
	0%	50%	75%	100%	Disabled
Pre-Medicare	60%	40%	35%	35%	25%
Medicare Eligible	40%	40%	40%	40%	45%

Actual spouse/domestic partner coverage data is used for participants currently receiving a benefit.

The cost for children is fully paid for by the member. No additional load was added for children.

15. Dependent Age

For participants currently receiving a benefit, the actual spouse's date of birth is used if available. Otherwise, spouses and domestic partners of male members are assumed to be three years younger than the member, and spouses and domestic partners of female members are assumed to be two years older than the member.

16. Surviving Spouse Participation

100% of surviving spouses continue coverage.

17. Deferred Member Benefit

Based on the data provided (date of birth, date of hire, date of termination), service credit and deferred retirement age were estimated. These estimates were used to compute eligibility and vesting for the OPEB benefit, upon which the liabilities are based.

18. Future Increases in Retiree Healthcare Trust Fund Administrative Expense

FYE 2023 expenses increased by 3.25% per year.

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APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

Claim and Expense Assumptions

- 1. Average Annual Claims Assumptions:** The following claim assumptions apply to the 12-month plan year beginning July 1, 2022 and are based on the premiums in effect on the valuation date. Subsequent years' costs are based on actual premiums, adjusted for the trends shown above.

Annual Claims and Expenses - Non-Medicare For the Period July 1, 2022 to June 30, 2023								
Age	Medical & Rx					Expense		
	Blue Shield of CA		Kaiser	Health Net	BSC PPO	BSC HMO, Kaiser, HealthNet		Vision
	Access+	Trio					BSC PPO	
40	\$ 8,465	\$ 7,926	\$ 6,673	\$ 7,047	\$ 8,404	\$ 36	\$1,044	\$ 49
45	9,654	9,040	7,611	8,066	9,709	36	1,044	49
50	11,434	10,707	9,015	9,577	11,827	36	1,044	49
55	13,904	13,019	10,961	11,671	14,712	36	1,044	49
60	16,887	15,813	13,313	14,231	17,835	36	1,044	49
64	19,342	18,111	15,248	16,392	19,732	36	1,044	49

Annual Claims and Expenses - Medicare Eligible For the Period July 1, 2022 to June 30, 2023					
Age	Medical & Rx		Expense		
	Kaiser	UHC	Kaiser	UHC	Vision
65	\$ 3,111	\$ 4,441	\$ 36	\$ 36	\$ 49
70	3,241	4,628	36	36	49
75	3,689	5,267	36	36	49
80	4,186	5,977	36	36	49
85	4,545	6,490	36	36	49

- 2. Dental, Vision, and Expense:** These benefits are assumed to have no implicit subsidy cost.
- 3. Medicare Part D Subsidy:** Per GASB guidance, this valuation does not reflect the Part D Subsidy.
- 4. Annual Limits:** Assumed to increase at the same rate as trend.
- 5. Lifetime Maximums:** Unlimited.
- 6. Geography:** Implicitly assumed to remain the same as current retirees.

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APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

Methodology

The Entry Age Actuarial Cost Method was used to measure the Plan's Total OPEB Liability and service cost. Under this method, the service cost rate is the percentage of pay contribution that is expected to be sufficient to fund the Plan benefits if it were paid from each member's hire date at the City until termination or retirement.

A service cost rate is determined for each individual by taking the value, as of age at entry into the Plan, of the member's projected future benefits and dividing it by the value, also as of the member's entry age, of the member's expected future salary.

The Total OPEB Liability is that portion of the present value of projected benefits that is not expected to be paid by future service costs. The difference between the Total OPEB Liability and the Market Value of Assets (or Fiduciary Net Position) as of the same date is the Net OPEB Liability.

The medical claims costs were developed based on actual premiums for the six months ending December 31, 2022 and calendar year 2023 for the HMO plans and actual rates for the six months ending December 31, 2022 and calendar year 2023 for the PPO plan. For Non-Medicare adults, the premiums (or rates, as applicable) for active employee only, first dependent of active employee, Non-Medicare retiree, and first dependent of Non-Medicare retirees were blended based upon enrollment data for the period July 1, 2021 to June 30, 2022. The same process was used for Medicare adults, except only Medicare retirees and first dependents of Medicare retirees were included. The resulting per person per month (PPPM) cost was then adjusted using age curves. Expenses and vision costs were based directly on the rates in effect for 2022-2023.

Changes Since Last Measurement Date

Future increases in the Retiree Healthcare Trust Fund administrative expenses were updated to reflect actual experience during the fiscal year ending 2023. The Per Person Cost Trends were adjusted to reflect the actual increases in premiums between 2023 and 2024.

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APPENDIX C – SUMMARY OF PLAN PROVISIONS

Eligibility

Former employees of the City and County of San Francisco who were members of the Health Service System and who retire under SFERS or CalPERS are eligible for postretirement health benefits from the City and County of San Francisco. Superior Court members who were separated as of January 1, 2001 are treated as former employees of the City and County. Effective with Proposition B, passed 6/3/2008, employees hired on or after January 10, 2009 must retire within 180 days of separation in order to be eligible for retiree healthcare benefits from the City.

The eligibility requirements to receive a pension benefit, and thus commence postretirement health benefits, are as follows:

City and County of San Francisco's Retirement System (SFERS)

Normal Retirement	Miscellaneous	Age 50 with 20 years of credited service ¹ Age 60 with 10 years of credited service
	Safety	Age 50 with 5 years of credited service
Disabled Retirement ²	Any age with 10 years of credited service	
Terminated Vested	5 years of credited service at separation	

California Public Employees' Retirement System (CalPERS) – the Safety Plan of the City and County of San Francisco

Normal Retirement	Age 50 with 5 years of credited service
Disabled Retirement ²	Any age with 5 years of credited service
Terminated Vested	5 years of credited service at separation

¹ Age 53 with 20 years of credited service, age 60 with 10 years of credited service, or age 65 for Miscellaneous members hired on or after January 7, 2012 under Charter Section 8.603.

² No service requirement for Safety members retiring under the industrial disability benefit or for surviving spouses / domestic partners of those killed in the line of duty.

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APPENDIX C – SUMMARY OF PLAN PROVISIONS

Healthcare Benefits for Retirees

The San Francisco Health Service System administers healthcare benefits to the retirees of the City and County of San Francisco.

Medical: PPO – Blue Shield (self-insured) and UHC Medicare Advantage (fully-insured)
HMO – Kaiser (fully-insured), Blue Shield (flex-funded), and Health Net (flex-funded)

Dental: Delta Dental, DeltaCare USA, and UHC Dental

Vision: Vision benefits are provided under the medical insurance plans and are administered by Vision Service Plan.

Premiums: Monthly premiums for January 1, 2022 through December 31, 2022 are as follows. The premiums for January 1, 2023 through December 31, 2024 are shown on the following page.

Medical Premiums / Premium Equivalents ¹				
	Pre-Medicare		Medicare Eligible	
	Single	Dual	Single	Dual
January 1, 2022 – December 31, 2022				
Active				
Blue Shield Access+	\$ 931.44	\$ 1,859.91	N/A	N/A
Blue Shield Trio	816.90	1,630.81	N/A	N/A
Health Net CanopyCare	859.02	1,715.06	N/A	N/A
BSC PPO - Accolade - CNA	931.44	1,859.91	N/A	N/A
BSC PPO - Accolade	1,337.19	2,586.45	N/A	N/A
Kaiser	715.97	1,428.96	N/A	N/A
Retiree				
Blue Shield Access+	\$ 2,151.00	\$ 3,116.47	N/A	N/A
Blue Shield Trio	1,885.34	2,731.68	N/A	N/A
Health Net CanopyCare	1,983.02	2,873.17	N/A	N/A
BSC PPO - Accolade ²	1,797.54	2,604.04	\$ 434.17	\$ 865.36
Kaiser	1,437.79	2,150.78	316.71	630.44

¹ Includes Rx, vision, and expense. All claims stabilization amounts are included in the premiums shown. CNA = Choice Not Available.

² Includes Choice Not Available. UHC Medicare Advantage PPO premiums are shown for Medicare-eligible retirees.

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APPENDIX C – SUMMARY OF PLAN PROVISIONS

Medical Premiums / Premium Equivalents ¹				
	Pre-Medicare		Medicare Eligible	
	Single	Dual	Single	Dual
January 1, 2023 – December 31, 2023				
Active				
Blue Shield Access+	\$ 935.85	\$ 1,868.73	N/A	N/A
Blue Shield Trio	860.26	1,717.53	N/A	N/A
Health Net CanopyCare	770.28	1,537.58	N/A	N/A
BSC PPO - Accolade - CNA	935.85	1,868.73	N/A	N/A
BSC PPO - Accolade	1,435.47	2,784.80	N/A	N/A
Kaiser	743.62	1,484.26	N/A	N/A
Retiree				
Blue Shield Access+	\$ 2,160.96	\$ 3,131.02	N/A	N/A
Blue Shield Trio	1,985.64	2,877.08	N/A	N/A
Health Net CanopyCare	1,776.96	2,574.80	N/A	N/A
BSC PPO - Accolade ²	1,932.72	2,803.79	\$ 454.37	\$ 905.76
Kaiser	1,493.47	2,234.11	311.15	619.32
January 1, 2024 – December 31, 2024				
Active				
Blue Shield Access+	\$ 1,070.36	\$ 2,137.74	N/A	N/A
Blue Shield Trio	884.69	1,766.40	N/A	N/A
Health Net CanopyCare	798.52	1,594.07	N/A	N/A
BSC PPO - Accolade - CNA	1,070.36	2,137.74	N/A	N/A
BSC PPO - Accolade	1,459.35	2,831.71	N/A	N/A
Kaiser	835.66	1,668.34	N/A	N/A
Retiree				
Blue Shield Access+	\$ 2,472.90	\$ 3,582.86	N/A	N/A
Blue Shield Trio	2,042.31	2,959.16	N/A	N/A
Health Net CanopyCare	1,842.46	2,669.67	N/A	N/A
BSC PPO - Accolade ²	1,965.19	2,851.02	\$ 521.46	\$ 1,039.94
Kaiser	1,679.50	2,512.18	329.98	656.98

¹ Includes Rx, vision, and expense. All claims stabilization amounts and the Sutter Legal Settlement (for 2024 only) are included in the premiums shown. CNA = Choice Not Available.

² Includes Choice Not Available. UHC Medicare Advantage PPO premiums are shown for Medicare-eligible retirees.

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APPENDIX C – SUMMARY OF PLAN PROVISIONS

The following tables summarize the medical plans in effect as of June 30, 2022.

Health Plan Last Modified	1/1/2022	1/1/2018	1/1/2018	1/1/2022	1/1/2018
Plan	Health Net CanopyCare (HMO)	Blue Shield Trio (HMO)	Blue Shield Access+ (HMO)	Blue Shield (PPO)	Kaiser (HMO)
In-Network (INN) Benefits					
Deductible (Individual / Family)	None	None	None	\$250 / \$750	None
Coinsurance	N/A	N/A	N/A	15%	N/A
Out-of-Pocket Max (Individual / Family)	\$1,500 / \$2,000	\$2,000 / \$4,000	\$2,000 / \$4,000	\$3,750 / \$7,500	\$1,500 / \$3,000
Copays					
Preventive Care	Fully Covered	Fully Covered	Fully Covered	Fully Covered	Fully Covered
Office Visit (OV) - Primary Care (PCP)	\$25 per visit	\$25 per visit	\$25 per visit	DC ¹	\$20 per visit
OV - Specialist Care Provider (SCP)	\$25 per visit	\$25 per visit	\$25 per visit	DC ¹	\$20 per visit
Hospital Emergency Room (ER)	\$100 per visit	\$100 per visit	\$100 per visit	DC ¹	\$100 per visit
Outpatient Surgery	\$100 per surgery	\$100 per surgery	\$100 per surgery	DC ¹	\$35 per surgery
Hospital Inpatient	\$200 per admission	\$200 per admission	\$200 per admission	DC ¹	\$100 per admission
Lifetime Max	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited

¹ DC = Deductible and coinsurance applies

**CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2023 MEASUREMENT DATE**

APPENDIX C – SUMMARY OF PLAN PROVISIONS

Health Plan Last Modified	1/1/2022	1/1/2018	1/1/2018	1/1/2022	1/1/2018
Plan	Health Net CanopyCare (HMO)	Blue Shield Trio (HMO)	Blue Shield Access+ (HMO)	Blue Shield (PPO)	Kaiser (HMO)
Out-of-Network (OON) Benefits	Not Covered	Not Covered	Not Covered		Not Covered
Deductible (Individual / Family)				\$500 / \$1500	
Coinsurance				50%	
Office Visits (PCP) & (SCP)				DC ¹	
Out-of-Pocket Max (Individual / Family)				\$7,500 per person	
Lifetime Max				Unlimited	
Prescription Drugs					
Retail (30 Days) - Generic/Formulary/Non-Form.	\$10 / \$25 / \$50	\$10 / \$25 / \$50	\$10 / \$25 / \$50	\$10 / \$25 / \$50 (OON \$10 / \$25 / \$50 then 50% coins)	\$5 / \$15 / Physician authorized only
Mail Order (90 Days) - Generic/Form./Non-Form.	\$20 / \$50 / \$100	\$20 / \$50 / \$100	\$20 / \$50 / \$100	\$20 / \$50 / \$100 (OON no coverage)	\$10 / \$30 / Physician authorized only
Specialty Pharmacy	20% of script up to \$100	20% of script up to \$100	20% of script up to \$100	Same as Mail/Retail	20% of script up to \$100

¹ DC = Deductible and coinsurance applies

**CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2023 MEASUREMENT DATE**

APPENDIX C – SUMMARY OF PLAN PROVISIONS

Health Plan Last Modified	1/1/2022	1/1/2018	1/1/2018	1/1/2022	1/1/2018
Plan	Health Net CanopyCare (HMO)	Blue Shield Trio (HMO)	Blue Shield Access+ (HMO)	Blue Shield (PPO)	Kaiser (HMO)
Mental Health and Substance Abuse					
Mental Health Inpatient	\$200 per admission	\$200 per admission	\$200 per admission	DC ¹	\$100 per admission
Mental Health Outpatient	\$25 per visit	\$25 per visit	\$25 per visit	DC ¹	\$20 per visit
Substance Abuse Inpatient	\$200 per admission	\$200 per admission	\$200 per admission	DC ¹	\$100 per admission
Substance Abuse Outpatient	\$25 per visit	\$25 per visit	\$25 per visit	DC ¹	\$20 per visit
Detail Benefits					
Chiropractic Benefit	\$15 per visit (30 visit limit)	\$15 per visit (30 visit limit)	\$15 per visit (30 visit limit)	Deductible and 50% Coins. (\$1000 limit)	\$15 per visit (combined 30 visit limit with acupuncture)
Rehab (speech, occupational, physical)	\$25 per visit	\$25 per visit	\$25 per visit	DC ¹	\$20 per visit
Hearing Aids	\$5,000 combined (both ears) for 36 mos.	\$2,500 per ear for 36 mos.	\$2,500 per ear for 36 mos.	DC ¹ (up to \$2,500 per ear for 36 mos.)	\$2,500 per ear for 36 mos.
Durable Medical Equipment	Fully Covered	Fully Covered	Fully Covered	DC ¹	Fully Covered
Medical Management	PCP referral required	PCP referral required	PCP referral required	Required on Some Services	PCP referral required
Medicare Integration	N/A	N/A	N/A	Medicare Advantage PPO	Medicare Advantage HMO
Vision Care Services	Not Covered	Not Covered	Not Covered	Not Covered	Not Covered

¹ DC = Deductible and coinsurance applies

**CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2023 MEASUREMENT DATE**

APPENDIX C – SUMMARY OF PLAN PROVISIONS

Cost-Sharing Provisions

- Medical & Vision:** Members are required to pay the difference between the cost of coverage and the City contribution.
- Dental Coverage:** Retirees pay the full cost of dental coverage offered by the City for themselves and their dependents.
- City Contribution:** The City pays a portion of the retiree or spouse/domestic partner premium as detailed in the following table with the vesting schedule also applied. The City's contribution is limited by the premium. Medicare Part B premiums are the responsibility of the retiree. The City does not contribute to coverage for dependent children.

City Contribution¹	
Pre-Medicare:	
Retiree/Surviving Spouse	Single Retiree Premium less 50% of the amount the Single Active Premium exceeds the 10-County Amount
Spouse/Domestic Partner	50% of the difference between the Single and Dual Retiree Coverage Premiums
Medicare Eligible:	
Retiree/Surviving Spouse	100% of Single Retiree Premium, up to the 10-County Amount
Spouse/Domestic Partner	50% of the difference between the Single and Dual Retiree Coverage Premiums

¹ For participants terminated on or before 6/30/2001 and not yet retired on or before 1/6/2012, Proposition C (passed 11/8/2011) removes the additional City Contribution put in place by Proposition E (passed 11/7/2000), which decreased the amount the retiree pays for one dependent coverage by half.

Vesting Schedule¹ (based on years of service)	
Originally hired on or before January 9, 2009 (with 5 years)	100%
Originally hired on or after January 10, 2009	
Under 10 years	0%
10 to 15 years	50%
15 to 20 years	75%
Over 20 years	100%

¹ Proposition B, passed 6/3/2008, introduced this vesting schedule to the postretirement health benefit plan. Participants retiring under disability or benefiting under the active death benefit receive 100% of the City Contribution, regardless of hire date and service. The participant's vesting schedule is based on their original hire date.

CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2023 MEASUREMENT DATE

APPENDIX C – SUMMARY OF PLAN PROVISIONS

10-County Amount: The 10-County Amount (historical amounts are listed in the table below) is the average of the monthly employer contribution in the 10 most populous counties in California (other than San Francisco).

10-County Amount	
Period Ending	
December 31, 2022	\$ 761.94
December 31, 2023	\$ 788.45
December 31, 2024 ¹	\$ 805.85

¹ Calculated amount

Retiree Health Care Trust Fund Contributions

The City and County of San Francisco created the Retiree Health Care Trust Fund (RHCTF) as an irrevocable trust fund established under City Charter Section A8.432.

The employee's contribution is based on their latest date of hire.

Employees most recently hired before January 10, 2009: Once the plan is fully funded, employees contribute the lesser of 50% of the normal cost or 1% of payroll, and the employer contributes the remainder of the normal cost. Prior to becoming fully funded, employee contributions are the lesser of 100% of normal cost or 1% of payroll, and employer contributions are 1% of payroll.

Employees most recently hired on or after January 10, 2009: Once the plan is fully funded, employees contribute the lesser of 50% of the normal cost or 2% of payroll, and the employer contributes the remainder of the normal cost. Prior to becoming fully funded, employee contributions are the lesser of 100% of normal cost or 2% of payroll, and employer contributions are 1% of payroll.

**CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2023 MEASUREMENT DATE**

APPENDIX C – SUMMARY OF PLAN PROVISIONS

Disbursements from Retiree Health Care Trust Fund

Other than disbursements described below to stabilize City contributions and disbursements for reasonable administrative expenses, no disbursements may be made from the RHCTF unless it is fully funded.

If City retiree health care costs (RHCTF contributions plus benefit payments) are projected to exceed 10% of payroll, with approval of the Mayor and by resolution of the Board of Supervisors, the RHCTF Board may authorize stabilization disbursements up to the extent necessary to reduce the City's retiree health care costs to 10% of payroll provided that such stabilization disbursement does not exceed 10% of the balance in the RHCTF as of the prior year.

Changes Since Last Measurement Date

There have been no changes to the plan provisions since the last measurement date.

**CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2023 MEASUREMENT DATE**

APPENDIX D – DETERMINATION OF DISCOUNT RATE

FYE	Beginning Fiduciary Net Position	Contributions	Admin Expenses	Benefit Payments	Investment Earnings	Ending Fiduciary Net Position	"Funded" Portion of Benefit Payments	"Unfunded" Portion of Benefit Payments
2024	\$ 938,866	\$ 328,766	\$ 177	\$ 220,969	\$ 69,424	\$ 1,115,909	\$ 220,969	\$ 0
2025	1,115,909	347,908	183	241,671	81,763	1,303,726	241,671	0
2026	1,303,726	364,450	189	259,816	94,855	1,503,025	259,816	0
2027	1,503,025	381,848	195	278,916	108,747	1,714,509	278,916	0
2028	1,714,509	399,829	201	298,609	123,491	1,939,019	298,609	0
2029	1,939,019	417,053	208	317,595	139,146	2,177,416	317,595	0
2030	2,177,416	433,131	215	335,500	155,771	2,430,603	335,500	0
2031	2,430,603	449,087	222	353,319	173,430	2,699,580	353,319	0
2032	2,699,580	465,138	229	371,293	192,192	2,985,388	371,293	0
2033	2,985,388	481,325	236	389,417	212,131	3,289,191	389,417	0
2034	3,289,191	495,728	244	405,776	233,330	3,612,229	405,776	0
2035	3,612,229	509,734	252	421,733	255,875	3,955,852	421,733	0
2036	3,955,852	523,722	260	437,737	279,859	4,321,436	437,737	0
2037	4,321,436	537,951	268	454,028	305,379	4,710,469	454,028	0
2038	4,710,469	553,127	277	471,367	332,537	5,124,489	471,367	0
2039	5,124,489	568,489	286	489,034	361,438	5,565,096	489,034	0
2040	5,565,096	584,813	295	507,738	392,199	6,034,074	507,738	0
2041	6,034,074	601,678	305	527,058	424,942	6,533,331	527,058	0
2042	6,533,331	618,661	315	546,639	459,800	7,064,838	546,639	0
2043	7,064,838	635,259	325	565,999	496,911	7,630,684	565,999	0
2044	7,630,684	651,640	336	585,245	536,421	8,233,163	585,245	0
2045	8,233,163	665,584	347	602,076	578,495	8,874,819	602,076	0
2046	8,874,819	37,173	358	617,339	601,263	8,895,557	617,339	0
2047	8,895,557	32,342	370	629,425	602,132	8,900,237	629,425	0
2048	8,900,237	27,711	382	640,420	601,921	8,889,068	640,420	0

Amounts in Thousands

**CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2023 MEASUREMENT DATE**

APPENDIX D – DETERMINATION OF DISCOUNT RATE

FYE	Beginning Fiduciary Net Position	Contributions	Admin Expenses	Benefit Payments	Investment Earnings	Ending Fiduciary Net Position	"Funded" Portion of Benefit Payments	"Unfunded" Portion of Benefit Payments
2049	\$ 8,889,068	\$ 23,390	\$ 394	\$ 649,189	\$ 600,689	\$ 8,863,563	\$ 649,189	\$ 0
2050	8,863,563	19,485	407	656,895	598,503	8,824,250	656,895	0
2051	8,824,250	16,027	420	659,755	595,534	8,775,636	659,755	0
2052	8,775,636	13,031	434	661,804	591,957	8,718,386	661,804	0
2053	8,718,386	10,478	448	661,809	587,861	8,654,468	661,809	0
2054	8,654,468	8,329	462	658,575	583,423	8,587,183	658,575	0
2055	8,587,183	6,555	477	653,926	578,812	8,518,147	653,926	0
2056	8,518,147	5,107	493	648,961	574,100	8,447,900	648,961	0
2057	8,447,900	3,935	509	642,714	569,356	8,377,968	642,714	0
2058	8,377,968	2,990	525	635,044	564,692	8,310,081	635,044	0
2059	8,310,081	2,243	542	628,991	560,122	8,242,911	628,991	0
2060	8,242,911	1,657	560	621,498	555,657	8,178,168	621,498	0
2061	8,178,168	1,203	578	614,611	551,346	8,115,527	614,611	0
2062	8,115,527	859	597	608,835	547,147	8,054,102	608,835	0
2063	8,054,102	601	616	602,951	543,040	7,994,176	602,951	0
2064	7,994,176	411	636	596,780	539,051	7,936,221	596,780	0
2065	7,936,221	275	657	590,772	535,195	7,880,261	590,772	0
2066	7,880,261	180	678	584,157	531,501	7,827,107	584,157	0
2067	7,827,107	117	701	576,547	528,040	7,778,017	576,547	0
2068	7,778,017	74	723	567,590	524,909	7,734,687	567,590	0
2069	7,734,687	47	747	557,228	522,231	7,698,989	557,228	0
2070	7,698,989	28	771	545,378	520,138	7,673,006	545,378	0
2071	7,673,006	17	796	531,912	518,782	7,659,096	531,912	0
2072	7,659,096	9	822	516,853	518,325	7,659,754	516,853	0
2073	7,659,754	5	849	500,220	518,942	7,677,632	500,220	0

Amounts in Thousands

**CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2023 MEASUREMENT DATE**

APPENDIX D – DETERMINATION OF DISCOUNT RATE

FYE	Beginning Fiduciary Net Position	Contributions	Admin Expenses	Benefit Payments	Investment Earnings	Ending Fiduciary Net Position	"Funded" Portion of Benefit Payments	"Unfunded" Portion of Benefit Payments
2074	\$ 7,677,632	\$ 2	\$ 876	\$ 482,075	\$ 520,817	\$ 7,715,500	\$ 482,075	\$ 0
2075	7,715,500	1	905	462,507	524,140	7,776,228	462,507	0
2076	7,776,228	0	934	441,715	529,105	7,862,684	441,715	0
2077	7,862,684	0	965	419,905	535,907	7,977,721	419,905	0
2078	7,977,721	0	996	397,210	544,739	8,124,254	397,210	0
2079	8,124,254	0	1,028	373,784	555,801	8,305,243	373,784	0
2080	8,305,243	0	1,062	349,797	569,295	8,523,679	349,797	0
2081	8,523,679	0	1,096	325,440	585,422	8,782,564	325,440	0
2082	8,782,564	0	1,132	300,918	604,387	9,084,901	300,918	0
2083	9,084,901	0	1,169	276,439	626,391	9,433,684	276,439	0
2084	9,433,684	0	1,207	252,226	651,638	9,831,890	252,226	0
2085	9,831,890	0	1,246	228,488	680,328	10,282,484	228,488	0
2086	10,282,484	0	1,286	205,432	712,661	10,788,427	205,432	0
2087	10,788,427	0	1,328	183,252	748,839	11,352,685	183,252	0
2088	11,352,685	0	1,371	162,126	789,062	11,978,250	162,126	0
2089	11,978,250	0	1,416	142,203	833,536	12,668,167	142,203	0
2090	12,668,167	0	1,462	123,609	882,468	13,425,564	123,609	0
2091	13,425,564	0	1,509	106,439	936,075	14,253,691	106,439	0
2092	14,253,691	0	1,558	90,753	994,582	15,155,962	90,753	0
2093	15,155,962	0	1,609	76,582	1,058,227	16,135,998	76,582	0
2094	16,135,998	0	1,661	63,928	1,127,263	17,197,672	63,928	0
2095	17,197,672	0	1,715	52,761	1,201,963	18,345,158	52,761	0
2096	18,345,158	0	1,771	43,029	1,282,620	19,582,977	43,029	0
2097	19,582,977	0	1,829	34,656	1,369,553	20,916,045	34,656	0
2098	20,916,045	0	1,888	27,549	1,463,110	22,349,718	27,549	0

Amounts in Thousands

**CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2023 MEASUREMENT DATE**

APPENDIX D – DETERMINATION OF DISCOUNT RATE

FYE	Beginning Fiduciary Net Position	Contributions	Admin Expenses	Benefit Payments	Investment Earnings	Ending Fiduciary Net Position	"Funded" Portion of Benefit Payments	"Unfunded" Portion of Benefit Payments
2099	\$ 22,349,718	\$ 0	\$ 1,949	\$ 21,602	\$ 1,563,670	\$ 23,889,837	\$ 21,602	\$ 0
2100	23,889,837	0	2,013	16,697	1,671,645	25,542,772	16,697	0
2101	25,542,772	0	2,078	12,715	1,787,485	27,315,464	12,715	0
2102	27,315,464	0	2,146	9,532	1,911,681	29,215,467	9,532	0
2103	29,215,467	0	2,216	7,030	2,044,765	31,250,986	7,030	0
2104	31,250,986	0	2,288	5,098	2,187,315	33,430,915	5,098	0
2105	33,430,915	0	2,362	3,633	2,339,958	35,764,877	3,633	0
2106	35,764,877	0	2,439	2,542	2,503,370	38,263,266	2,542	0
2107	38,263,266	0	2,518	1,746	2,678,282	40,937,284	1,746	0
2108	40,937,284	0	2,600	1,176	2,865,480	43,798,989	1,176	0
2109	43,798,989	0	2,684	776	3,065,810	46,861,338	776	0
2110	46,861,338	0	2,771	502	3,280,181	50,138,246	502	0
2111	50,138,246	0	2,862	318	3,509,568	53,644,634	318	0
2112	53,644,634	0	2,955	197	3,755,016	57,396,499	197	0
2113	57,396,499	0	3,051	119	4,017,646	61,410,975	119	0
2114	61,410,975	0	3,150	70	4,298,657	65,706,413	70	0
2115	65,706,413	0	3,252	41	4,599,336	70,302,456	41	0
2116	70,302,456	0	3,358	23	4,921,056	75,220,131	23	0
2117	75,220,131	0	3,467	12	5,265,289	80,481,941	12	0
2118	80,481,941	0	3,580	7	5,633,612	86,111,967	7	0
2119	86,111,967	0	3,696	3	6,027,710	92,135,978	3	0
2120	92,135,978	0	3,816	2	6,449,387	98,581,548	2	0
2121	98,581,548	0	3,940	1	6,900,573	105,478,180	1	0
2122	105,478,180	0	4,068	0	7,383,333	112,857,444	0	0
2123	112,857,444	0	4,200	0	7,899,877	120,753,120	0	0

Amounts in Thousands

APPENDIX E – GLOSSARY OF TERMS

1. Actuarially Determined Contribution

A target or recommended contribution for the reporting period, determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted.

2. Actuarial Valuation Date

The date as of which an actuarial valuation is performed. This date may be up to 24 months prior to the measurement date and up to 30 months prior to the employer's reporting date.

3. Deferred Inflow of Resources

An acquisition of net assets by a government employer that is applicable to a future reporting period. In the context of GASB 75, these are experience gains on the Total OPEB Liability, assumption changes reducing the Total OPEB Liability, or investment gains that are recognized in future reporting periods.

4. Deferred Outflow of Resources

A consumption of net assets by a government employer that is applicable to a future reporting period. In the context of GASB 75, these are experience losses on the Total OPEB Liability, assumption changes increasing the Total OPEB Liability, or investment losses that are recognized in future reporting periods.

5. Entry Age Actuarial Cost Method

The actuarial cost method required for GASB 74 and 75 calculations. Under this method, the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit ages. The portion of this actuarial present value allocated to a valuation year is called the service cost. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future service costs is called the Total OPEB Liability.

6. Measurement Date

The date as of which the Total OPEB liability and Plan Fiduciary Net Position are measured. The Total OPEB Liability may be projected from the actuarial valuation date to the measurement date. The measurement date must be the same as the reporting date for the plan.

APPENDIX E – GLOSSARY OF TERMS

7. Net OPEB Liability

The liability of employers and non-employer contributing entities for employees for benefits provided through a defined benefit OPEB plan. It is calculated as the Total OPEB Liability less the plan fiduciary net position.

8. Plan Fiduciary Net Position

The fair or Market Value of Assets.

9. Reporting Date

The last day of the plan or employer's fiscal year.

10. Service Cost

The portion of the actuarial present value of projected benefit payments that is attributed to the current period of employee service in conformity with the requirements of GASB 74 and 75. The service cost is the normal cost calculated under the Entry Age Actuarial Cost Method.

11. Total OPEB Liability

The portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service in conformity with the requirements of GASB 74 and 75. The Total OPEB Liability is the Actuarial Liability calculated under the Entry Age Actuarial Cost Method.



Classic Values, Innovative Advice