April 10, 2025

Sean Charpentier
Executive Director
City/County Association of Governments of San Mateo County
555 County Center, 5th Floor
Redwood City, CA 94063

DRAFT

Re: City/County Association of Governments of San Mateo County
Other Post-Employment Benefits GASB 75 Report for Fiscal Year Ending June 30, 2025

Dear Mr. Charpentier:

We are pleased to enclose our actuarial report providing financial information about the other post-employment benefit (OPEB) liabilities of the City/County Association of Governments of San Mateo County. The report's text describes our analysis and assumptions in detail.

The primary purpose of this report is to provide information required by GASB 75 ("Accounting and Financial Reporting for Postemployment Benefits Other Than Pension") to be reported in C/CAG's financial statements for the fiscal year ending June 30, 2025. The information included in this report reflects C/CAG's established practice of contributing 100% or more of the Actuarially Determined Contribution.

The exhibits presented are based on a roll forward of the June 30, 2023, actuarial valuation results and on the employee and plan data provided to us for that valuation. *This draft report includes estimates for retiree benefit payments, trust contributions/reimbursements and total covered employee payroll for the current fiscal year.* We are happy to provide an updated copy of the report once the final information is provided to us.

We appreciate the opportunity to work on this analysis and acknowledge staff who provided valuable information to enable us to prepare this report. Please let us know if we can be of further assistance.

Sincerely,

Catherine L. MacLeod, FSA, FCA, EA, MAAA
Principal & Consulting Actuary

Enclosure

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A. Executive Summary

This report presents actuarial information about the other post-employment benefits (OPEB) of the City/County Association of Governments of San Mateo County (C/CAG). The purpose of this valuation is to assess the OPEB liabilities and provide disclosure information as required by Statement No. 75 of the Governmental Accounting Standards Board (GASB 75) for the fiscal year ending June 30, 2025.

Important background information regarding the valuation process can be found in Appendix 1. We recommend users of the report read this information to familiarize themselves with the process and context of actuarial valuations, including the requirements of GASB 75. The pages following this executive summary present exhibits and other information relevant for disclosures under GASB 75.

This report is based on a roll forward of the results of the June 30, 2023, valuation. A new biennial valuation will need to be prepared as of June 30, 2025. Results of that valuation will first be applied to prepare the GASB 75 report for C/CAG's fiscal year ending June 30, 2026.

OPEB Obligations of C/CAG

Continuation of medical coverage to C/CAG retirees creates the following types of OPEB liabilities:

- **Explicit subsidy liabilities**: An "explicit subsidy" exists when the employer contributes directly toward the cost of retiree healthcare. In this program, C/CAG pays a portion of medical premiums for qualifying retirees. These benefits are described in Supporting Information, Section 2.
- **Implicit subsidy liabilities**: An "implicit subsidy" exists when premiums are developed using blended active and retiree claims experience. In this situation, premiums charged for retirees may not be sufficient to cover expected medical claims[1] and the premiums charged for active employees are said to "implicitly subsidize" retirees. This OPEB program includes implicit subsidy liabilities for retiree coverage prior to coverage under Medicare.
- **Other subsidy liabilities**: In the CalPERS medical program, the premium rates for Medicare-covered retirees are based only on retiree claims experience of the pool. Pooled plans that do not blend active and retiree premiums are likely to generate subsidies between employers and retirees within the pool. An actuarial practice note indicates these subsidies should be included in plan liabilities to the extent they are paid by the employer.[2] We generally expect these subsidies to be small and we included any such liability with the implicit subsidy liability in this report.

We determine explicit subsidy liabilities using the expected direct payments promised by the plan toward retiree coverage. We determine the implicit and other subsidy liabilities as the projected difference between (a) estimated retiree medical claim costs by age and (b) premiums charged for retiree coverage. For more information on MacLeod Watts' age rating methodology, see Appendix 2.

[1] In rare situations, premiums for retiree coverage may be high enough that they subsidize active employees' claims.

[2] Exceptions exist for: 1) Medicare Advantage Plans: these plans are treated as if their premiums are age-based due to the nature of the Federal subsidies paid to these plans. 2) Plans with low explicit subsidies to Medicare-covered retirees: in these plans no part of any potential pool subsidy is expected to be paid by the employer.

Executive Summary
(Continued)

OPEB Funding Policy

C/CAG's OPEB funding policy affects the calculation of liabilities by impacting the discount rate that is used to develop the plan liability and expense. "Prefunding" is the term used when an agency consistently contributes an amount based on an actuarially determined contribution (ADC) each year. GASB 75 allows prefunded plans to use a discount rate that reflects the expected earnings on trust assets. Pay-as-you-go, or "PAYGO", is the term used when an agency only contributes the required retiree benefits when due. When an agency finances retiree benefits on a pay-as-you-go basis, GASB 75 requires the use of a discount rate equal to a 20-year high grade municipal bond rate.

C/CAG continues to prefund its OPEB liability, consistently contributing 100% or more of the Actuarially Determined Contributions each year. With C/CAG's approval, the discount rate used for accounting purposes is 6.0%, an increase from the 5.5% rate assumed in the prior report. Information on how this rate was determined is provided on page 7, Expected Return on Trust Assets.

Actuarial Assumptions

The actuarial "demographic" assumptions (i.e., rates of retirement, death, disability or other termination of employment) used in this report were chosen, for the most part, to be the same as the actuarial demographic assumptions used for the most recent valuation of the retirement plan(s) covering C/CAG employees. Other assumptions, such as age-related healthcare claims, healthcare trend, retiree participation rates and spouse coverage, were selected based on demonstrated plan experience and/or our best estimate of expected future experience. All these assumptions, and more, impact expected future benefits.

Please note that this valuation has been prepared on a closed group basis. This means that only employees and retirees present as of the valuation date are considered. We do not consider replacement employees for those we project to leave the current population of plan participants until the valuation date following their employment.

We emphasize that this actuarial valuation provides a projection of future results based on many assumptions. Actual results are likely to vary to some extent and we will continue to monitor these assumptions in future valuations. See Section 3 for a description of assumptions used in this valuation.

Important Dates for GASB 75 in this Report

GASB 75 allows reporting liabilities as of any fiscal year end based on: (1) a *valuation date* no more than 30 months plus 1 day prior to the close of the fiscal year end; and (2) a *measurement date* up to one year prior to the close of the fiscal year. The following dates were used for this report:

Fiscal Year End	June 30, 2025
Measurement Date	June 30, 2024
Measurement Period	June 30, 2023, to June 30, 2024
Valuation Date	June 30, 2023

Executive Summary
(Concluded)

Updates Since the Prior Report

This report is based on a roll forward of the June 30, 2023, valuation results. No benefit changes and no material changes in plan members or premium rates were reported to MacLeod Watts from those provided to us for the 2023 valuation. Accordingly, no new census data was collected, and no plan experience was determined. No assumptions were changed, except for premiums, claims, and an increased trust rate. Investment experience (the difference between actual and expected trust earnings) was also determined.

Impact on Statement of Net Position and OPEB Expense for Fiscal Year Ending 2025

The plan's impact to Net Position will be the sum of difference between assets and liabilities as of the measurement date plus the unrecognized net outflows and inflows of resources.

Items	For Reporting At Fiscal Year Ending June 30, 2025
Total OPEB Liability	$ 529,301
Fiduciary Net Position	(467,390)
Net OPEB Liability	**$ 61,911**
Adjustment for Deferred Resources:	
Deferred (Outflows)	(127,637)
Deferred Inflows	41,109
Impact on Statement of Net Position	**$ (24,617)**
OPEB Expense, FYE 6/30/2025	**$ 51,831**

Important Notices

This report is intended to be used only to present the actuarial information relating to other postemployment benefits for C/CAG's financial statements. The results of this report may not be appropriate for other purposes, where other assumptions, methodology and/or actuarial standards of practice may be required or more suitable. We note that various issues in this report may involve legal analysis of applicable law or regulations. C/CAG should consult counsel on these matters; MacLeod Watts does not practice law and does not intend anything in this report to constitute legal advice. In addition, we recommend C/CAG consult with their internal accounting staff or external auditor or accounting firm about the accounting treatment of OPEB liabilities.

B. Results Measured as of June 30, 2024

C/CAG's OPEB liability measured as of June 30, 2024, was determined based on a "roll-forward" of the June 30, 2023, valuation. A roll-forward valuation moves the plan liability forward based on expected changes. For this type of valuation, we do not collect new plan data, and we generally do not change any actuarial assumptions. One exception is that changes in the liability discount rate reflecting changes in the municipal bond index or updated trust earnings expectations are reflected as of the new measurement date. Updated trust assets as of the measurement date are also reflected in the roll-forward valuation.

GASB allows roll-forward valuations to be performed in the year following the full biennial valuation if no material changes to the plan or the plan's members have occurred. Examples of material changes would include significantly different terminations or retirements during the year than were assumed, or a change in the retirement plan provisions. The only such change we identified and reflected in this report is the impact of the 2025 CalPERS medical premium rates which were much higher than we assumed when preparing the 2023 valuation.

The chart below reconciles the liability reported last year to that obtained by the roll-forward valuation as of the end of the current fiscal year.

Reconciliation of Changes During Measurement Period	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) - (b)
Balance at Fiscal Year Ending 6/30/2024 *Measurement Date 6/30/2023*	$ 482,410	$ 381,288	$ 101,122
Expected Changes During the Period:			
Service Cost	19,611		19,611
Interest Cost	26,577		26,577
Expected Investment Income		22,480	(22,480)
C/CAG Contributions		92,593	(92,593)
Trust Administrative Expenses		(124)	124
Benefit Payments	(37,593)	(37,593)	-
Total Expected Changes During the Period	8,595	77,356	(68,761)
Expected at Fiscal Year Ending 6/30/2025 *Measurement Date 6/30/2024*	$ 491,005	$ 458,644	$ 32,361
Unexpected Changes During the Period:			
Change Due to Investment Experience		8,746	(8,746)
Change Due to Higher Than Expected 2025 Premiums/Expected Claims	67,123		67,123
Change Due to Change in Discount Rate	(28,827)		(28,827)
Total Unexpected Changes During the Period	38,296	8,746	29,550
Balance at Fiscal Year Ending 6/30/2025 *Measurement Date 6/30/2024*	$ 529,301	$ 467,390	$ 61,911

C. Accounting Information (GASB 75)

The following exhibits are designed to satisfy the reporting and disclosure requirements of GASB 75 for the fiscal year ending June 30, 2025. C/CAG is classified for GASB 75 purposes as a single employer.

Components of Net Position and Expense

The exhibit below shows the development of Net Position and Expense as of the Measurement Date.

Plan Summary Information for FYE June 30, 2025 *Measurement Date is June 30, 2024*	**C/CAG**
Items Impacting Net Position:	
Total OPEB Liability	$ 529,301
Fiduciary Net Position	(467,390)
Net OPEB Liability (Asset)	61,911
Deferred (Outflows) Due to:	
Assumption Changes	(4,829)
Plan Experience	(52,828)
Investment Experience	(29,671)
Deferred Contributions	(40,309)
Deferred Inflows Due to:	
Assumption Changes	27,038
Plan Experience	-
Investment Experience	14,071
Impact on Statement of Net Position, FYE 6/30/2025	**$ (24,617)**
Items Impacting OPEB Expense:	
Service Cost	$ 19,611
Cost of Plan Changes	-
Interest Cost	26,577
Expected Earnings on Assets	(22,480)
Trust Administrative Expenses	124
Recognition of Deferred Outflows:	
Assumption Changes	10,942
Plan Experience	19,527
Investment Experience	14,714
Recognition of Deferred (Inflows):	
Assumption Changes	(8,363)
Plan Experience	-
Investment Experience	(8,821)
OPEB Expense, FYE 6/30/2025	**$ 51,831**

Accounting Information
(Continued)

Change in Net Position During the Fiscal Year

The exhibit below shows the year-to-year changes in the components of Net Position.

For Reporting at Fiscal Year End *Measurement Date*	**6/30/2024** *6/30/2023*	**6/30/2025** *6/30/2024*	**Change During Period**
Total OPEB Liability	$ 482,410	$ 529,301	$ 46,891
Fiduciary Net Position	(381,288)	(467,390)	(86,102)
Net OPEB Liability (Asset)	101,122	61,911	(39,211)
Deferred (Outflows) Due to:			
Assumption Changes	(15,771)	(4,829)	10,942
Plan Experience	(5,232)	(52,828)	(47,596)
Investment Experience	(44,385)	(29,671)	14,714
Deferred Contributions	(92,593)	(40,309)	52,284
Deferred Inflows Due to:			
Assumption Changes	6,574	27,038	20,464
Plan Experience	-	-	-
Investment Experience	14,146	14,071	(75)
Impact on Statement of Net Position	$ (36,139)	$ (24,617)	$ 11,522

Change in Net Position During the Fiscal Year	
Impact on Statement of Net Position, FYE 6/30/2024	$ (36,139)
OPEB Expense (Income)	51,831
C/CAG Contributions During Fiscal Year	(40,309)
Impact on Statement of Net Position, FYE 6/30/2025	$ (24,617)

OPEB Expense	
C/CAG Contributions During Fiscal Year	$ 40,309
Deterioration (Improvement) in Net Position	11,522
OPEB Expense (Income), FYE 6/30/2025	$ 51,831

Accounting Information
(Continued)

Change in Fiduciary Net Position During the Measurement Period

	C/CAG
Fiduciary Net Position at Fiscal Year Ending 6/30/2024 *Measurement Date 6/30/2023*	**$ 381,288**
Changes During the Period:	
Investment Income	31,226
C/CAG Contributions	92,593
Trust Administrative Expenses	(124)
Benefit Payments	(37,593)
Net Changes During the Period	86,102
Fiduciary Net Position at Fiscal Year Ending 6/30/2025 *Measurement Date 6/30/2024*	**$ 467,390**

Expected Long-term Return on Trust Assets

CalPERS last updated the projected future investment returns for CERBT Strategy 2 in June 2024. The returns were determined using a building-block method and best-estimate ranges of expected future real rates of return for each major asset class (expected returns, net of OPEB plan investment expense and inflation). The target allocation and best estimates of geometric real rates of return published by CalPERS for each major class are split for years 1-5 and years 6 -20. We assumed that the returns for years 6 through 20 would continue in later years.

CERBT Strategy 2		Years 1-5			Years 6-20		
Major Asset Classification	**Target Allocation**	**General Inflation Rate Assumption**	**1-5 Year Expected Real Rate of Return**	**Compound Return Yrs 1-5**	**General Inflation Rate Assumption**	**6-20 Year Expected Real Rate of Return**	**Compound Return Years 6-20**
Global Equity	34%	2.40%	3.90%	6.30%	2.40%	4.70%	7.10%
Fixed Income	41%	2.40%	2.70%	5.10%	2.40%	2.60%	5.00%
Global Real Estate (REITs)	17%	2.40%	3.70%	6.10%	2.40%	4.00%	6.40%
Treasury Inflation Protected Securities	5%	2.40%	1.70%	4.10%	2.40%	1.40%	3.80%
Commodities	3%	2.40%	2.90%	5.30%	2.40%	2.00%	4.40%
Volatility	9.5%		Portfolio	5.9%		Portfolio	6.2%

Portfolio compound return is time-weighted and net of administrative fees.

To derive the expected future trust return specifically for C/CAG, we first adjusted CalPERS' future return expectations to align with the 2.5% general inflation assumption used in this report. Then applying the plan specific benefit payments (as determined from June 2023, valuation) to CalPERS' bifurcated return expectations, we determined the single equivalent long-term rate of return to be 6.15%. C/CAG is less optimistic about the return and approved 6.0% as the expected trust return.

Accounting Information
(Continued)

Recognition Period for Deferred Resources

Liability changes due to plan experience which differs from what was assumed in the prior measurement period and/or from assumption changes during the period are recognized over the plan's Expected Average Remaining Service Life ("EARSL"). The EARSL of 4.46 years is the period used to recognize such changes in the OPEB Liability arising during the current measurement period.

When applicable, changes in the Fiduciary Net Position due to investment performance different from the assumed earnings rate are always recognized over 5 years.

Liability changes attributable to benefit changes occurring during the period, if any, are recognized immediately.

Deferred Resources as of Fiscal Year End and Expected Future Recognition

The exhibit below shows deferred resources as of the fiscal year end June 30, 2025.

C/CAG	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	$ 4,829	$ 27,038
Differences Between Expected and Actual Experience	52,828	-
Net Difference Between Projected and Actual Earnings on Investments	15,600	-
Deferred Contributions	40,309	-
Total	$ 113,566	$ 27,038

In addition, future recognition of these deferred resources is shown below.

For the Fiscal Year Ending June 30	Recognized Net Deferred Outflows (Inflows) of Resources
2026	$ 17,083
2027	19,328
2028	7,610
2029	2,198
2030	-
Thereafter	-

Accounting Information
(Continued)

Sensitivity of Liabilities to Changes in the Discount Rate and Healthcare Cost Trend Rate

The discount rate used for accounting purposes for the fiscal year end 2025 is 6.0%. Healthcare Cost Trend Rate was assumed to start at 6.0% (increase effective January 1, 2026; known increases on January 2024 and January 2025 were applied) and grade down to 3.9% for years 2075 and later. The impact of a 1% increase or decrease in these assumptions is shown in the chart below.

Sensitivity to:			
Change in Discount Rate	**Current - 1% 5.00%**	**Current 6.00%**	**Current + 1% 7.00%**
Total OPEB Liability	589,676	529,301	478,831
Increase (Decrease)	60,375		(50,470)
% Increase (Decrease)	11.4%		-9.5%
Net OPEB Liability (Asset)	122,286	61,911	11,441
Increase (Decrease)	60,375		(50,470)
% Increase (Decrease)	97.5%		-81.5%
Change in Healthcare Cost Trend Rate	**Current Trend - 1%**	**Current Trend**	**Current Trend + 1%**
Total OPEB Liability	473,948	529,301	595,990
Increase (Decrease)	(55,353)		66,689
% Increase (Decrease)	-10.5%		12.6%
Net OPEB Liability (Asset)	6,558	61,911	128,600
Increase (Decrease)	(55,353)		66,689
% Increase (Decrease)	-89.4%		107.7%

Accounting Information
(Continued)

Schedule of Changes in C/CAG's Net OPEB Liability and Related Ratios

Fiscal Year Ending June 30	2025	2024	2023	2022	2021	2020	2019	2018
Measurement Date	*6/30/2024*	*6/30/2023*	*6/30/2022*	*6/30/2021*	*6/30/2020*	*6/30/2019*	*6/30/2018*	*6/30/2017*
Discount Rate on Measurement Date	*6.00%*	*5.50%*	*5.50%*	*6.20%*	*6.25%*	*6.25%*	*6.25%*	*6.50%*
Total OPEB liability								
Service Cost	$ 19,611	$ 6,864	$ 5,762	$ 28,715	$ 27,879	$ 24,240	$ 22,676	$ 20,211
Interest	26,577	26,820	28,003	25,324	22,675	19,323	17,515	16,127
Changes of benefit terms	-	(7,809)	-	-	-	-	-	-
Differences between expected and actual experience	67,123	1,369	-	30,225	-	(21,201)	-	(9,558)
Changes of assumptions	(28,827)	(8,474)	35,021	6,362	-	37,405	7,876	8,580
Benefit payments	(37,593)	(34,270)	(33,561)	(8,804)	(9,217)	(10,330)	(9,531)	(23,408)
Net change in total OPEB liability	46,891	(15,500)	35,225	81,822	41,337	49,437	38,536	11,952
Total OPEB liability - beginning	482,410	497,910	462,685	380,863	339,526	290,089	251,553	239,601
Total OPEB liability - ending (a)	$ 529,301	$ 482,410	$ 497,910	$ 462,685	$ 380,863	$ 339,526	$ 290,089	$ 251,553
Plan fiduciary net position								
Contributions - employer	$ 92,593	$ 89,270	$ 50,016	$ 49,048	$ 57,669	$ 53,132	$ 54,162	$ 48,408
Net investment income	31,226	11,317	(41,308)	52,102	10,179	9,662	5,389	4,093
Benefit payments	(37,593)	(34,270)	(33,561)	(8,804)	(9,217)	(10,330)	(9,531)	(23,408)
Administrative expenses	(124)	(91)	(85)	(120)	(94)	(30)	(161)	(31)
Net change in plan fiduciary net position	86,102	66,226	(24,938)	92,226	58,537	52,434	49,859	29,062
Plan fiduciary net position - beginning	381,288	315,062	340,000	247,774	189,237	136,803	86,944	57,882
Plan fiduciary net position - ending (b)	$ 467,390	$ 381,288	$ 315,062	$ 340,000	$ 247,774	$ 189,237	$ 136,803	$ 86,944
Net OPEB liability - ending (a) - (b)	$ 61,911	$ 101,122	$ 182,848	$ 122,685	$ 133,089	$ 150,289	$ 153,286	$ 164,609
Covered payroll in measurement period	$ 329,500	$ 347,103	$ 313,888	$ 325,887	$ 308,984	$ 298,420	$ 283,864	$ 311,785
Net OPEB liability as a % of covered payroll	18.79%	29.13%	58.25%	37.65%	43.07%	50.36%	54.00%	52.80%

Accounting Information
(Continued)

Schedule of Changes in C/CAG's Net OPEB Liability and Related Ratios
(concluded)

Fiscal Year Ending June 30	2025	2024	2023	2022	2021	2020	2019	2018
Measurement Date	*6/30/2024*	*6/30/2023*	*6/30/2022*	*6/30/2021*	*6/30/2020*	*6/30/2019*	*6/30/2018*	*6/30/2017*
Discount Rate on Measurement Date	*6.00%*	*5.50%*	*5.50%*	*6.20%*	*6.25%*	*6.25%*	*6.25%*	*6.50%*

Notes to Schedule

<table>
<tr><td>Valuation Date</td><td colspan="2">6/30/2023</td><td>6/30/2021</td><td>6/30/2019</td><td>6/30/2017</td></tr>
<tr><td>Actuarial cost method</td><td colspan="2">Entry Age Normal
Level % of Pay</td><td>Entry Age Normal
Level % of Pay</td><td>Entry Age Normal
Level % of Pay</td><td>Entry Age Normal
Level % of Pay</td></tr>
<tr><td>Asset valuation method</td><td colspan="2">Market Value</td><td>Market Value</td><td>Market Value</td><td>Market Value</td></tr>
<tr><td>Inflation</td><td colspan="2">2.50%</td><td>2.50%</td><td>2.50%</td><td>2.75%</td></tr>
<tr><td>Healthcare cost trend rates</td><td>actual 2025 rates; 6.0% in 2026 decreasing to 3.9% by 2075</td><td>6.50% in 2025 decreasing to 3.9% by 2075</td><td>5.7% in 2022, fluctuating down to 4.0% by 2076</td><td>5.4% in 2021, fluctuating down to 4.0% by 2076</td><td>7.5% in 2019,
step down .5% per year to 5.0% by 2024</td></tr>
<tr><td>Salary increases</td><td colspan="2">3.00%</td><td>3.00%</td><td>3.00%</td><td>3.25%</td></tr>
<tr><td>Investment rate of return</td><td>6.00%</td><td>5.50%</td><td>6.10%</td><td>6.15%</td><td>6.50%</td></tr>
<tr><td>Retirement age</td><td colspan="2">50 to 75</td><td>50 to 75</td><td>50 to 75</td><td>50 to 75</td></tr>
<tr><td>Mortality</td><td colspan="2">2021 CalPERS
Experience Study</td><td>2017 CalPERS
Experience Study</td><td>2017 CalPERS
Experience Study</td><td>2014 CalPERS
Experience Study</td></tr>
<tr><td>Mortality Improvement</td><td colspan="2">MacLeod Watts
Scale 2022</td><td>MacLeod Watts
Scale 2020</td><td>MacLeod Watts
Scale 2020</td><td>MacLeod Watts
Scale 2017</td></tr>
</table>

Accounting Information
(Continued)

Schedule of Contributions

Fiscal Year Ending June 30	2025	2024	2023	2022	2021	2020	2019	2018
Actuarially Determined Contribution (ADC	$ 40,309	$ 22,536	$ 24,980	$ 50,016	$ 49,312	$ 55,709	$ 54,899	$ 54,162
Contributions in relation to the ADC	*40,309*	92,593	89,270	50,016	49,048	57,669	53,132	54,162
Contribution deficiency (excess)	*$ -*	$ (70,057)	$ (64,290)	$ -	$ 264	$ (1,960)	$ 1,767	$ -
Covered payroll during the fiscal year	*$ 329,500*	$ 329,500	$ 347,103	$ 313,888	$ 325,887	$ 308,984	$ 298,418	$ 283,864
Contributions as a % of covered payroll	*28.10%*	28.10%	25.72%	25.72%	15.05%	18.66%	17.80%	19.08%
% of ADC contributed	*410.87%*	410.87%	357.37%	100.00%	99.46%	103.52%	96.78%	100.00%

Notes to Schedule - assumptions used to develop Actuarially Determined Contributions

<table>
<tr><td>Valuation Date</td><td>6/30/2023</td><td colspan="2">6/30/2021</td><td colspan="2">6/30/2019</td><td colspan="3">6/30/2017</td></tr>
<tr><td>Actuarial cost method</td><td>Entry Age Normal
Level % Pay</td><td colspan="2">Entry Age Normal
Level % of Pay</td><td colspan="2">Entry Age Normal
Level % of Pay</td><td colspan="3">Entry Age Normal
Level % of Pay</td></tr>
<tr><td>Amortization method</td><td>10 yr closed
Level Dollar</td><td colspan="2">10 year closed
Level Dollar</td><td colspan="2">10 year closed
Level Dollar</td><td colspan="3">10 year closed
Level Dollar</td></tr>
<tr><td>Amortization period</td><td>6 yrs
remain</td><td>7 yrs
remain</td><td>8 yrs remain</td><td>9 yrs
remain</td><td>10 yrs
(fresh start)</td><td>5 yrs
remain</td><td>6 yrs
remain</td><td>7 yrs
remain</td></tr>
<tr><td>Asset valuation method</td><td>Market Value</td><td colspan="2">Market Value</td><td colspan="2">Market Value</td><td colspan="3">Market Value</td></tr>
<tr><td>Inflation</td><td>2.50%</td><td colspan="2">2.50%</td><td colspan="2">2.50%</td><td colspan="3">2.75%</td></tr>
<tr><td>Healthcare cost trend rates</td><td>6.50% in 2025
decreasing to
3.9% by 2075</td><td colspan="2">5.7% in 2022, fluctuating
down to 4.0% by 2076</td><td colspan="2">5.4% in 2021, fluctuating
down to 4.0% by 2076</td><td colspan="3">7.5% in 2019,
step down .5% per year to 5.0% by
2024</td></tr>
<tr><td>Salary increases</td><td>3.00%</td><td colspan="2">3.00%</td><td colspan="2">3.00%</td><td colspan="3">3.25%</td></tr>
<tr><td>Investment rate of return</td><td>5.50%</td><td colspan="2">6.10%</td><td colspan="2">6.15%</td><td colspan="3">6.50%</td></tr>
<tr><td>Retirement age</td><td>50 to 75</td><td colspan="2">50 to 75</td><td colspan="2">50 to 75</td><td colspan="3">50 to 75</td></tr>
<tr><td>Mortality</td><td>2021 CalPERS
Exper Study</td><td colspan="2">2017 CalPERS Experience
Study</td><td colspan="2">2017 CalPERS Experience
Study</td><td colspan="3">2014 CalPERS
Experience Study</td></tr>
<tr><td>Mortality Improvement</td><td>MacLeod Watts
Scale 2022</td><td colspan="2">MacLeod Watts
Scale 2020</td><td colspan="2">MacLeod Watts
Scale 2020</td><td colspan="3">MacLeod Watts
Scale 2017</td></tr>
</table>

Accounting Information
(Continued)

Detail of Changes to Net Position

The chart below details changes to all components of Net Position.

C/CAG	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) - (b)	(d) Deferred Outflows: Assumption Changes	(d) Deferred Outflows: Plan Experience	(d) Deferred Outflows: Investment Experience	(d) Deferred Outflows: Deferred Contributions	(e) Deferred Inflows: Assumption Changes	(e) Deferred Inflows: Plan Experience	(e) Deferred Inflows: Investment Experience	Impact on Statement of Net Position (f) = (c) - (d) + (e)
Balance at Fiscal Year Ending 6/30/2024 *Measurement Date 6/30/2023*	$ 482,410	$ 381,288	$ 101,122	$ 15,771	$ 5,232	$ 44,385	$ 92,593	$ 6,574	$ -	$ 14,146	$ (36,139)
Changes During the Period:											
Service Cost	19,611		19,611								19,611
Interest Cost	26,577		26,577								26,577
Expected Investment Income		22,480	(22,480)								(22,480)
C/CAG Contributions		92,593	(92,593)								(92,593)
Changes of Benefit Terms	-		-								-
Trust Administrative Expenses		(124)	124								124
Benefit Payments	(37,593)	(37,593)	-								-
Assumption Changes	(28,827)		(28,827)					28,827			-
Plan Experience	67,123		67,123		67,123						-
Investment Experience		8,746	(8,746)							8,746	-
Recognized Deferred Resources				(10,942)	(19,527)	(14,714)	(92,593)	(8,363)	-	(8,821)	120,592
Contributions After Measurement Date							40,309				(40,309)
Net Changes in Fiscal Year 2024-2025	46,891	86,102	(39,211)	(10,942)	47,596	(14,714)	(52,284)	20,464	-	(75)	11,522
Balance at Fiscal Year Ending 6/30/2025 *Measurement Date 6/30/2024*	$ 529,301	$ 467,390	$ 61,911	$ 4,829	$ 52,828	$ 29,671	$ 40,309	$ 27,038	$ -	$ 14,071	$ (24,617)

Accounting Information
(Continued)

Schedule of Deferred Outflows and Inflows of Resources

A listing of all deferred resource bases used to develop the Net Position and OPEB Expense is shown below. Deferred Contributions are not shown.

Measurement Date: June 30, 2024

Deferred Outflow or (Inflow)							Recognition of Deferred Outflow or Deferred (Inflow) in Measurement Period:						
Date Created	Source	Impact on Net OPEB Liability (NOL)	Initial Amount	Period (Yrs)	Annual Recognition	Balance as of Jun 30, 2024	2023-24 (FYE 2025)	2024-25 (FYE 2026)	2025-26 (FYE 2027)	2026-27 (FYE 2028)	2027-28 (FYE 2029)	2028-29 (FYE 2030)	Thereafter
6/30/2020	InvestmentEarnings	IncreasedNOL	$ 3,159	5.00	$ 632	$ -	$ 631	$ -	$ -	$ -	$ -	$ -	$ -
6/30/2021	PlanExperience	IncreasedNOL	30,225	3.48	8,685	-	4,170	-	-	-	-	-	-
6/30/2021	AssumptionChanges	IncreasedNOL	6,362	3.48	1,828	-	878	-	-	-	-	-	-
6/30/2021	InvestmentEarnings	DecreasedNOL	(35,362)	5.00	(7,072)	(7,074)	(7,072)	(7,074)	-	-	-	-	-
6/30/2022	AssumptionChanges	IncreasedNOL	35,021	3.48	10,064	4,829	10,064	4,829	-	-	-	-	-
6/30/2022	InvestmentEarnings	IncreasedNOL	62,895	5.00	12,579	25,158	12,579	12,579	12,579	-	-	-	-
6/30/2023	PlanExperience	IncreasedNOL	1,369	4.46	307	755	307	307	307	141	-	-	-
6/30/2023	AssumptionChanges	DecreasedNOL	(8,474)	4.46	(1,900)	(4,674)	(1,900)	(1,900)	(1,900)	(874)	-	-	-
6/30/2023	InvestmentEarnings	IncreasedNOL	7,521	5.00	1,504	4,513	1,504	1,504	1,504	1,505	-	-	-
6/30/2024	PlanExperience	IncreasedNOL	67,123	4.46	15,050	52,073	15,050	15,050	15,050	15,050	6,923	-	-
6/30/2024	AssumptionChanges	DecreasedNOL	(28,827)	4.46	(6,463)	(22,364)	(6,463)	(6,463)	(6,463)	(6,463)	(2,975)	-	-
6/30/2024	InvestmentEarnings	DecreasedNOL	(8,746)	5.00	(1,749)	(6,997)	(1,749)	(1,749)	(1,749)	(1,749)	(1,750)	-	-

Accounting Information
(Continued)

Detail of C/CAG Contributions to the Plan

C/CAG contributions to the Plan occur as benefits are paid to or on behalf of retirees and/or as contributions are made to the OPEB trust. Benefit payments may occur in the form of direct payments for premiums ("explicit subsidies") and/or indirect payments to retirees in the form of higher premiums for active employees ("implicit subsidies"). Note that the implicit subsidy contribution does not represent cash payments to retirees, but rather the reclassification of a portion of active healthcare expense to be recognized as a retiree healthcare cost. For details, see Appendices for a description of implicit subsidy plan contributions.

C/CAG reported the following OPEB contributions paid during the measurement period.

For the Measurement Period, Jul 1, 2023 through Jun 30, 2024	**C/CAG**
C/CAG	
(a) Contribution To Trust	$ 55,000
(b) Benefits Paid Directly To or On Behalf of Retirees	24,024
(c) Implicit Subsidy Payment	13,569
Trust	
(d) Benefits Paid Directly To or On Behalf of Retirees	-
(e) Reimbursements to C/CAG	-
Total Benefits Paid During the MP, (b)+(c)+(d)	37,593
C/CAG Contribution During the MP, (a)+(b)+(c)-(e)	92,593

C/CAG OPEB contributions *projected to be made* after the measurement date but prior to the current fiscal year end are shown below.

For the Fiscal Year, Jul 1, 2024 through Jun 30, 2025	**C/CAG**
C/CAG	
(f) Contribution To Trust	*$ 6,083*
(g) Benefits Paid Directly To or On Behalf of Retirees	*25,793*
(h) Implicit Subsidy Payment	8,433
Trust	
(i) Benefits Paid Directly To or On Behalf of Retirees	-
(j) Reimbursements to C/CAG	-
Total Benefits Paid During the Current FY, (g)+(h)+(i)	34,226
C/CAG Contribution During the Current FY, (f)+(g)+(h)-(j)	40,309

Accounting Information
(Continued)

Projected Benefit Payments (15-year projection)

The following is an estimate of other post-employment benefits to be paid on behalf of current retirees and current employees expected to retire from C/CAG. Expected annual benefits have been projected on the basis of the actuarial assumptions outlined in Section 3.

Projected Annual Benefit Payments							
Fiscal Year Ending June 30	Explicit Subsidy			Implicit Subsidy			Total
	Current Retirees	Future Retirees	Total	Current Retirees	Future Retirees	Total	
2025	*25,793*	-	*25,793*	8,433	-	8,433	34,226
2026	27,123	214	27,337	9,776	82	9,858	37,195
2027	28,398	493	28,891	11,237	274	11,511	40,402
2028	18,776	830	19,606	-	617	617	20,223
2029	19,481	1,569	21,050	-	1,638	1,638	22,688
2030	20,156	2,570	22,726	-	3,111	3,111	25,837
2031	20,788	3,659	24,447	-	4,932	4,932	29,379
2032	21,367	5,069	26,436	-	7,509	7,509	33,945
2033	21,893	7,738	29,631	-	10,576	10,576	40,207
2034	22,358	11,124	33,482	-	14,772	14,772	48,254
2035	22,744	14,903	37,647	-	20,029	20,029	57,676
2036	23,037	19,498	42,535	-	22,159	22,159	64,694
2037	23,246	24,406	47,652	-	28,688	28,688	76,340
2038	23,358	28,887	52,245	-	35,760	35,760	88,005
2039	23,328	11,538	34,866	-	5,273	5,273	40,139

The amounts shown in the Explicit Subsidy section of the table reflect the expected payment by C/CAG toward retiree medical premiums in each of the years shown. The amounts are shown separately, and in total, for those retired on the valuation date ("current retirees") and those expected to retire after the valuation date ("future retirees").

The amounts shown in the Implicit Subsidy section reflect the estimated excess of retiree medical and prescription drug claims over the premiums expected to be charged during the year for retirees' coverage. These amounts are also shown separately and in total for those currently retired on the valuation date and for those expected to retire in the future.

These projections do not include any benefits expected to be paid on behalf of current active employees *prior to* retirement, nor do they include any benefits for potential *future employees* (i.e., those who might be hired in future years).

Accounting Information
(Concluded)

Sample Journal Entries

OPEB Accounts at Beginning of Fiscal Year	*By Source*		*Sources Combined*	
	Debit	**Credit**	**Debit**	**Credit**
Net OPEB Liability		101,122		101,122
Deferred Outflow:				
Assumption Changes	15,771			
Plan Experience	5,232			
Investment Experience	44,385			
Contribution Subsequent to MD	92,593			
Deferred Outflows			157,981	
Deferred Inflow:				
Assumption Changes		6,574		
Plan Experience		-		
Investment Experience		14,146		
Deferred Inflows				20,720

Record Benefits Paid to Retirees	Debit	Credit
Net OPEB Liability	*25,793*	
Cash		*25,793*

Record Contributions to the Trust	Debit	Credit
Net OPEB Liability	*6,083*	
Cash		*6,083*

Record Implicit Subsidy Payment	Debit	Credit
Net OPEB Liability	8,433	
Premium Expense		8,433

Record End of Year Updates to OPEB Accounts	*By Source*		*Sources Combined*	
	Debit	**Credit**	**Debit**	**Credit**
Net OPEB Liability		1,098		1,098
Deferred Outflow:				
Assumption Changes		10,942		
Plan Experience	47,596			
Investment Experience		14,714		
Contribution Subsequent to MD		52,284		
Deferred Outflows				30,344
Deferred Inflow:				
Assumption Changes		20,464		
Plan Experience	-			
Investment Experience	75			
Deferred Inflows				20,389
OPEB Expense	51,831		51,831	

D. Funding Information

Prefunding (setting aside funds to accumulate in an irrevocable OPEB trust) has certain advantages, one of which is the ability to (potentially) use a higher discount rate in the determination of liabilities for GASB 75 reporting purposes. C/CAG has been prefunding its OPEB liability by contributing 100% or more of the Actuarially Determined Contribution (ADC) each year.

Different terminology is sometimes used by actuaries and accountants when referring to key liability and expense components. Here are some of these terms which are often interchangeable:

Actuarial Funding Terminology	GASB 75 Terminology
Present Value of Projected Benefits (PVPB)	N/A; typically not reported for accounting purposes
Actuarially Accrued Liability (AAL)	Total OPEB Liability (TOL)
Market Value of Assets	Fiduciary Net Position
Unfunded Actuarially Accrued Liability (UAAL)	Net OPEB Liability
Normal Cost	Service Cost

C/CAG approved development of Actuarially Determined Contributions (ADC) based on the following two components, which are then adjusted with interest to fiscal year end:

- The amounts attributed to service performed in the current fiscal year (the normal cost) and
- Amortization of the unfunded actuarial accrued liability (UAAL).

The ADC determined for the fiscal year ending June 30, 2025, was developed based on the June 30, 2023, actuarial valuation using a 5.5% discount rate. A summary is shown below:

Discount Rate		**5.50%**
Actuarial Accrued Liability (projected)	$	496,112
Actuarial Value of Assets (projected)		401,194
Unfunded Actuarial Accrued Liability (UAAL)		94,918
Amortization Factor*		5.2703
Actuarially Determined Contribution for FYE 2025		
Normal Cost		20,198
Amortization of UAAL		18,010
Interest to Fiscal Year End		2,101
Total ADC	**$**	**40,309**

*Determined on a level dollar basis over a closed 10 year period; 6 years remain for FYE 2025

The ADC determined on this basis should provide for trust sufficiency, based on the current plan provisions and employee data, if all assumptions are exactly realized and providing that C/CAG contribute 100% or more of the total ADC each year. When an agency commits to funding the trust at or above the ADC, GASB 75 allows use of the expected long term trust return to be used as the discount rate in determining the plan liability. Even so, the ADC developed on this basis does not guarantee trust sufficiency due to the non-trivial risk that the assumptions used to determine plan contributions may not be realized

E. Certification

The primary purposes of this report are: (1) to provide actuarial information of the other postemployment benefits (OPEB) provided by the City/County Association of Governments of San Mateo County (C/CAG) in compliance with Statement 75 of the Governmental Accounting Standards Board (GASB 75); and (2) to provide Actuarially Determined Contributions for prefunding of this program in conformity with the District's OPEB funding policy. C/CAG is not required to contribute the ADC shown in this report and we make no representation that it will, in fact, fund the OPEB trust at any particular level.

In preparing this report we relied without audit on information provided by C/CAG. This information includes, but is not limited to, plan provisions, census data, and financial information. We performed a limited review of this data and found the information to be reasonably consistent. The accuracy of this report is dependent on this information and if any of the information we relied on is incomplete or inaccurate, then the results reported herein will be different from any report relying on more accurate information.

We consider the actuarial assumptions and methods used in this report to be individually reasonable under the requirements imposed by GASB 75 and taking into consideration reasonable expectations of plan experience. The results provide an estimate of the plan's financial condition at one point in time. Future actuarial results may be significantly different due to a variety of reasons including, but not limited to, demographic and economic assumptions differing from future plan experience, changes in plan provisions, changes in applicable law, or changes in the value of plan benefits relative to other alternatives available to plan members.

Alternative assumptions may also be reasonable; however, demonstrating the range of potential plan results based on alternative assumptions was beyond the scope of our assignment except to the limited extent required by GASB 75 and in accordance with C/CAG's stated OPEB funding policy. Results for accounting purposes may be materially different than results obtained for other purposes such as plan termination, liability settlement, or underlying economic value of the promises made by the plan.

This report is prepared solely for the use and benefit of C/CAG and may not be provided to third parties without prior written consent of MacLeod Watts. Exceptions: C/CAG may provide copies of this report to their professional accounting and legal advisors who are subject to a duty of confidentiality, and C/CAG may provide this work to any party if required by law or court order. No part of this report should be used as the basis for any representations or warranties in any contract or agreement without the written consent of MacLeod Watts.

The undersigned are unaware of any relationship that might impair the objectivity of this work. Nothing within this report is intended to be a substitute for qualified legal or accounting counsel. The signing actuaries are members of the American Academy of Actuaries and meet the qualification standards for rendering this opinion.

Signed: April 10, 2025

Catherine L. MacLeod, FSA, FCA, EA, MAAA	Sandhya Raman, Actuarial Analyst

F. Supporting Information

Section 1 - Summary of Employee Data

Plan Members: C/CAG reported 2 active employees in the data provided to us for the June 2023 valuation. There are also 3 retirees receiving benefits under this program. The chart below summarizes census data used for valuation:

2023 Valuation Census	Active	Retired	Total
Number	2	3	5
Average Age	49.9	68.7	62.1
Average Service	5.1	13.2	11.4
Average Age at Retirement	n/a	61.8	61.8

Summary of Plan Member Counts: The number of members currently or potentially eligible to receive benefits under the OPEB plan are required to be reported in the notes to the financial statements.

Summary of Plan Member Counts	
Number of active plan members	2
Number of inactive plan members currently receiving benefits	3
Number of inactive plan members entitled to but not receiving benefits	0

Supporting Information
(Continued)

Section 2 - Summary of Retiree Benefit Provisions

OPEB provided: C/CAG reported that the only OPEB provided is retiree medical plan coverage.

Access to coverage: Medical coverage is currently provided through CalPERS as permitted under the Public Employees' Medical and Hospital Care Act (PEMHCA). This coverage requires the employee to satisfy the requirements for retirement under CalPERS: either (a) attainment of age 50 if Classic or age 52, if PEPRA with 5 years of State or public agency service or (b) an approved disability retirement.

The employee must begin his or her retirement benefit within 120 days of terminating employment with C/CAG to be eligible to continue medical coverage through C/CAG and be entitled to the benefits described below. It is the timing of initiating retirement benefits and not timing of enrollment in the medical program which determines whether or not the retiree qualifies for lifetime medical coverage and any benefits defined in the PEMHCA resolution.

If an eligible employee is not already enrolled in the medical plan, he or she may enroll within 60 days of retirement, during any future open enrollment period or with a qualifying life event. Once eligible, coverage may be continued at the retiree's option for his or her lifetime. A surviving spouse and other eligible dependents may also continue coverage.

Retiree medical benefits provided: As a PEMHCA employer, C/CAG is obligated to contribute toward the cost of retiree medical coverage for the retiree's lifetime or until coverage is discontinued. It is our understanding that C/CAG has or will execute a resolution with CalPERS defining the level of its contribution toward the cost of medical plan premiums for *active and retired* employees to be the PEMHCA minimum employer contribution (MEC)[3]. The MEC was $157 per month in 2024 and increased to $158 per month in 2025.

Employees who retire from C/CAG with 10 or more years of C/CAG service[4] receive a higher benefit:

- *For Executive Management retirees hired prior to September 1, 2018, and all others regardless of date hired:* 100% of the actual retiree-only premium, but not more than the Kaiser Region 1 Basic Family monthly premium rate ($2,893.54 in 2025).
- *For Executive Management retirees hired on or after September 1, 2018*: 90% of their actual retiree-only premium, but not more than 90% of the Kaiser Region 1 single party rate (Basic or Medicare retiree rate, as applicable ($1,001.61 or $367.48 in 2025).

C/CAG will pay the PEMHCA minimum portion of the benefit directly to CalPERS and reimburse the retiree for any remaining benefit as described above.

Upon the retiree's death, surviving annuitants may continue coverage, but the only subsidy they will receive is the PEMHCA MEC.

[3] It is our understanding that C/CAG has established a pre-tax flexible benefit plan to provide premiums in excess of the MEC for active employees and that PEMHCA does not require these additional payments to be paid to retirees.

[4] Only 5 years of service was required for Executive Management hired prior to January 2013.

Supporting Information
(Continued)

Section 2 - Summary of Retiree Benefit Provisions

Monthly premiums for selected plans in 2025 are shown below.

Region 1 2025 Health Plan Rates						
	Actives and Pre-Med Retirees			Medicare Eligible Retirees		
Plan	Ee Only	Ee & 1	Ee & 2+	Ee Only	Ee & 1	Ee & 2+
Anthem Select HMO	1,256.65	2,513.30	3,267.29	487.56	975.12	1,729.11
Anthem Traditional HMO	1,500.40	3,000.80	3,901.04	487.56	975.12	1,875.36
Kaiser*	1,112.90	2,225.80	2,893.54	408.31	816.62	1,484.36
PERS Platinum	1,476.10	2,952.20	3,837.86	584.70	1,169.40	2,055.06

**Medicare rates shown are for Kaiser Senior Advantage Summit*

Supporting Information
(Continued)

Section 3 - Actuarial Methods and Assumptions

The ultimate real cost of an employee benefit plan is the value of all benefits and other expenses of the plan over its lifetime. These payments depend only on the terms of the plan and the administrative arrangements adopted. Actuarial assumptions are used to estimate the cost of these benefits; the funding method spreads the expected costs on a level basis over the life of the plan.

Important Dates

Valuation Date	June 30, 2023
Fiscal Year End	June 30, 2025
GASB 75 Measurement Date	June 30, 2024 (last day of the prior fiscal year)

Valuation Methods

Funding Method	Entry Age Normal Cost, level percent of pay
Asset Valuation Method	Market value of assets
Participants Valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation.
Development of Age-related Medical Premiums	Actual premium rates for retirees and their spouses were adjusted to an age-related basis by applying medical claim cost factors developed from the data presented in the report, "Health Care Costs – From Birth to Death", sponsored by the Society of Actuaries. A description of the use of claims cost curves can be found in MacLeod Watts's Age Rating Methodology (see Appendices). Pre-Medicare retiree premiums are blended with premiums for active members. Medicare-eligible retirees are covered by plans which are rated solely on the experience of Medicare retirees with no subsidy by active employee premiums. Monthly baseline premium costs were set equal to the active single premiums shown in the chart in Section 2. Representative claims costs derived from the dataset provided by CalPERS are shown in the chart on the following page. Estimated age-based claims were applied (a) for all retirees not yet eligible for Medicare and (b) for Medicare retirees receiving benefits in excess of the PEMHCA minimum *and* covered by Medicare Supplement plans.

Supporting Information
(Continued)

Section 3 - Actuarial Methods and Assumptions

Development of Age-related
Medical Premiums (continued)

Region	Medical Plan	Expected Monthly Claims by Medical Plan for Selected Ages - Male											
		Non-Medicare Retirees					Medicare Retirees						
		50	53	56	59	62	65	70	75	80	85	90	95
Region 1	Anthem Select HMO	$1,120	$1,320	$1,534	$1,758	$1,998	*Claims not developed for Medicare Advantage plans*						
	Anthem Traditional HMO	1,389	1,638	1,902	2,180	2,478	*Claims not developed for Medicare Advantage plans*						
	Kaiser	992	1,170	1,359	1,557	1,770	*Claims not developed for Medicare Advantage plans*						
	PERS Platinum	1,543	1,820	2,114	2,423	2,754	497	557	605	634	626	598	593

Region	Medical Plan	Expected Monthly Claims by Medical Plan for Selected Ages - Female											
		Non-Medicare Retirees					Medicare Retirees						
		50	53	56	59	62	65	70	75	80	85	90	95
Region 1	Anthem Select HMO	$1,388	$1,524	$1,640	$1,772	$1,953	*Claims not developed for Medicare Advantage plans*						
	Anthem Traditional HMO	1,721	1,890	2,034	2,198	2,423	*Claims not developed for Medicare Advantage plans*						
	Kaiser	1,229	1,350	1,453	1,570	1,731	*Claims not developed for Medicare Advantage plans*						
	PERS Platinum	1,913	2,100	2,260	2,442	2,692	476	539	583	609	615	602	592

Supporting Information
(Continued)

Section 3 - Actuarial Methods and Assumptions

Economic Assumptions

Long Term Return on Assets	6.0% as of June 30, 2024, and 5.50% as of June 30, 2023, net of plan investment expenses
Discount Rate	6.0% as of June 30, 2024, and 5.50% as of June 30, 2023
General Inflation Rate	2.5% per year
Salary Increase	3.0% per year; since benefits do not depend on salary, this is used to allocate the cost of benefits between service years.
Healthcare Trend	Medical plan premiums and estimated claims costs by age are assumed to increase once each year. Increases over the prior year's levels are assumed to be effective on the dates shown in the chart below.

Effective January 1	Premium Increase	Effective January 1	Premium Increase
2025	Actual	2044-2049	4.7%
2026	6.0%	2050-2059	4.6%
2027	5.5%	2060-2065	4.5%
2028	5.4%	2066-2067	4.4%
2029	5.3%	2068-2069	4.3%
2030	5.2%	2070	4.2%
2031	5.1%	2071-2072	4.1%
2032-2037	5.0%	2073-2074	4.0%
2038-2039	4.9%	2075	3.9%
2040-2043	4.8%	& later	3.9%

The healthcare trend shown above was developed using the Getzen Model 2023 published by the Society of Actuaries using the following settings: CPI 2.5%; Real GDP Growth 1.4%; Excess Medical Growth 1.0%; Expected Health Share of GDP in 2032 20%; Resistance Point 21%; Year after which medical growth is limited to growth in GDP 2075.

PEMHCA Minimum Required Benefit	The PEMHCA minimum employer contribution is assumed to increase by 4.0% per year.

Supporting Information
(Continued)

Section 3 - Actuarial Methods and Assumptions

Participant Election Assumptions

Participation Rate

Active employees: 70% of those expected to qualify for only the PEMHCA MEC and 100% of those assumed to qualify for the higher C/CAG subsidy are assumed to continue their current plan election in retirement.

Retired participants: Existing medical plan elections are assumed to be maintained until the retiree's death.

Spouse Coverage

Active employees: 40% are assumed to be married and elect coverage for their spouse in retirement. Surviving spouses are assumed to continue coverage until their death. Husbands are assumed to be 3 years older than their wives.

Retired participants: Existing elections for spouse coverage are assumed to continue until the spouse's death. Actual spouse ages are used, where known; if not, husbands are assumed to be 3 years older than their wives.

Medicare Eligibility

Absent contrary data, all individuals are assumed to be eligible for Medicare Parts A and B at age 65. Coverage ends at age 65.

Demographic Assumptions

Demographic actuarial assumptions used in this valuation are based on the 2021 experience study of the California Public Employees Retirement System using data from 1997 to 2019, except for a different basis used to project future mortality improvements. Rates for selected age and service are shown below and on the following pages. The representative mortality rates were the published CalPERS rates, then projected as described below.

Mortality After Retirement
(before improvement applied)

Healthy Lives

CalPERS Public Agency Miscellaneous, Police & Fire Post Retirement Mortality		
Age	Male	Female
40	0.00075	0.00039
50	0.00271	0.00199
60	0.00575	0.00455
70	0.01340	0.00996
80	0.04380	0.03403
90	0.14539	0.11086
100	0.36198	0.31582
110	1.00000	1.00000

Disabled Miscellaneous

CalPERS Public Agency Disabled Miscellaneous Post-Retirement Mortality		
Age	Male	Female
20	0.00411	0.00233
30	0.00452	0.00301
40	0.00779	0.00730
50	0.01727	0.01439
60	0.02681	0.01962
70	0.04056	0.02910
80	0.08044	0.06112
90	0.16770	0.14396

Supporting Information
(Continued)

Section 3 - Actuarial Methods and Assumptions

Mortality Before Retirement	None assumed, due to the small size of the employee group and low likelihood of occurrence
Mortality Improvement	MacLeod Watts Scale 2022 applied generationally from 2017 (see Appendices)

Termination Rates

Each rate in this table reflects the probability that an employee with that age and service will end its employment with the agency in the next 12 months for reasons other than retirement or death.

Female Miscellaneous Employees: Sum of Vested Terminated & Refund Rates From CalPERS Experience Study Report Issued November 2021						
Attained	Years of Service					
Age	0	3	5	10	15	20
15	0.1944	0.0000	0.0000	0.0000	0.0000	0.0000
20	0.1944	0.1085	0.1074	0.0000	0.0000	0.0000
25	0.1899	0.1085	0.1074	0.0502	0.0000	0.0000
30	0.1824	0.0977	0.1041	0.0502	0.0252	0.0000
35	0.1749	0.0869	0.0925	0.0491	0.0252	0.0175
40	0.1731	0.0777	0.0809	0.0446	0.0252	0.0175
45	0.1713	0.0710	0.0730	0.0401	0.0213	0.0175

Male Miscellaneous Employees: Sum of Vested Terminated & Refund Rates From CalPERS Experience Study Report Issued November 2021						
Attained	Years of Service					
Age	0	3	5	10	15	20
15	0.1851	0.0000	0.0000	0.0000	0.0000	0.0000
20	0.1851	0.0927	0.0843	0.0000	0.0000	0.0000
25	0.1769	0.0927	0.0843	0.0377	0.0000	0.0000
30	0.1631	0.0802	0.0804	0.0377	0.0180	0.0000
35	0.1493	0.0677	0.0715	0.0366	0.0180	0.0141
40	0.1490	0.0583	0.0627	0.0337	0.0180	0.0141
45	0.1487	0.0538	0.0562	0.0309	0.0166	0.0141

Service Retirement Rates

The following miscellaneous retirement formulas apply:

If hired prior to 1/1/2013 or with prior PERS service:	2.7% @ 55
If hired on or after 1/1/2013, PEPRA:	2% @ 62

Sample rates of assumed future retirements applicable to each of these retirement benefit formulas are shown in tables on the following page. Each rate reflects the probability that an employee with that age and service will take a service retirement in the next 12 months.

Supporting Information
(Continued)

Section 3 - Actuarial Methods and Assumptions

Service Retirement Rates

Miscellaneous Employees: 2.7% at 55 formula From CalPERS Experience Study Report Issued November 2021						
Current	Years of Service					
Age	5	10	15	20	25	30
50	0.0110	0.0160	0.0220	0.0330	0.0340	0.0380
55	0.0450	0.0580	0.0820	0.1380	0.2080	0.2780
60	0.0870	0.0840	0.0960	0.1420	0.1650	0.1980
65	0.1820	0.2010	0.2420	0.2640	0.2930	0.2930
70	0.2270	0.2270	0.2270	0.2270	0.2270	0.2270
75 & over	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

Miscellaneous "PEPRA" Employees: 2% at 62 formula From CalPERS Experience Study Report Issued November 2021						
Current	Years of Service					
Age	5	10	15	20	25	30
50	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
55	0.0100	0.0190	0.0280	0.0360	0.0610	0.0960
60	0.0310	0.0510	0.0710	0.0910	0.1110	0.1380
65	0.1080	0.1410	0.1730	0.2060	0.2390	0.3000
70	0.1200	0.1560	0.1930	0.2290	0.2650	0.3330
75 & over	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

Disability Retirement Rates — None assumed, due to the small size of the employee group and low likelihood of occurrence.

Software and Models Used in the Valuation

ProVal - MacLeod Watts utilizes ProVal, a licensed actuarial valuation software product from Winklevoss Technologies (WinTech) to project future retiree benefit payments and develop the OPEB liabilities presented in this report. ProVal is widely used by the actuarial community. We review results at the plan level and for individual sample lives and find them to be reasonable and consistent with the results we expect. We are not aware of any material inconsistencies or limitations in the software that would affect this actuarial valuation.

Age-based premiums model – developed internally and reviewed by an external consultant at the time it was developed. See discussion on Development of Age-Related Medical Premiums in Appendices.

Getzen model – published by the Society of Actuaries; used to derive medical trend assumptions described earlier in this section.

Supporting Information
(Continued)

Section 3 - Actuarial Methods and Assumptions

Changes in assumptions or methods since the prior Measurement Date

Trust rate of return and discount rate	Increased from 5.50% to 6.0%, reflecting updated long-term rates of return provided by CalPERS in June 2024.

Plan Experience Reflected on the Measurement Date

Medical Premiums	Actual 2025 premium rates were higher reflected, in place an assumed 6.5% increase over the 2024 premium rates.

Appendix 1: Important Background Information

General Types of Other Post-Employment Benefits (OPEB)

Post-employment benefits other than pensions (OPEB) comprise a part of compensation that employers offer for services received. The most common OPEB are medical, prescription drug, dental, vision, and/or life insurance coverage. Other OPEB may include outside group legal, long-term care, or disability benefits outside of a pension plan. OPEB does not generally include COBRA, vacation, sick leave (unless converted to defined benefit OPEB), or other direct retiree payments.

A direct employer payment toward the cost of OPEB benefits is referred to as an "explicit subsidy". In addition, if claims experience of employees and retirees are pooled when determining premiums, retiree premiums are based on a pool of members which, on average, are younger and healthier. For certain types of coverage such as medical insurance, this results in an "implicit subsidy" of retiree premiums by active employee premiums since the retiree premiums are lower than they would have been if retirees were insured separately. GASB 75 and Actuarial Standards of Practice generally require that an implicit subsidy of retiree premium rates be valued as an OPEB liability.

<table>
<tr><td colspan="3">Expected retiree claims</td></tr>
<tr><td colspan="2">Premium charged for retiree coverage</td><td>Covered by higher active premiums</td></tr>
<tr><td>Retiree portion of premium</td><td>Agency portion of premium
Explicit subsidy</td><td>Implicit subsidy</td></tr>
</table>

This chart shows the sources of funds needed to cover expected medical claims for pre-Medicare retirees. The portion of the premium paid by the Agency does not impact the amount of the implicit subsidy.

Valuation Process

The valuation was based on employee census data and benefits provided by C/CAG. A summary of the employee data is provided in Section 1 and a summary of the benefits provided under the Plan is provided in Section 2. While individual employee records have been reviewed to verify that they are reasonable in various respects, the data has not been audited and we have otherwise relied on C/CAG as to its accuracy. The valuation was also based on the actuarial methods and assumptions described in Section 3.

In developing the projected benefit values and liabilities, we first determine an expected premium or benefit stream over the employee's future retirement. Benefits may include both direct employer payments (explicit subsidies) and/or an implicit subsidy, arising when retiree premiums are expected to be subsidized by active employee premiums. The projected benefit streams reflect assumed trends in the cost of those benefits and assumptions as to the expected date(s) when benefits will end. We then apply assumptions regarding:

- The probability that each individual employee will or will not continue in service to receive benefits.
- The probability of when such retirement will occur for each retiree, based on current age, service and employee type; and

Important Background Information
(Continued)

- The likelihood that future retirees will or will not elect retiree coverage (and benefits) for themselves and/or their dependents.

We then calculate a present value of these benefits by discounting the value of each future expected benefit payment, multiplied by the assumed expectation that it will be paid, back to the valuation date using the discount rate. These benefit projections and liabilities have a very long time horizon. The final payments for currently active employees may not be made for many decades.

The resulting present value for each employee is allocated as a level percent of payroll each year over the employee's career using the entry age normal cost method and the amounts for each individual are then summed to get the results for the entire plan. This creates a cost expected to increase each year as payroll increases. Amounts attributed to prior fiscal years form the "Total OPEB Liability". The OPEB cost allocated for active employees in the current year is referred to as "Service Cost".

Where contributions have been made to an irrevocable OPEB trust, the accumulated value of trust assets ("Fiduciary Net Position") is applied to offset the "Total OPEB Liability", resulting in the "Net OPEB Liability". If a plan is not being funded, then the Net OPEB Liability is equal to the Total OPEB Liability.

It is important to remember that an actuarial valuation is, by its nature, a projection of one possible future outcome based on many assumptions. To the extent that actual experience is not what we assumed, future results will differ. Some possible sources of future differences may include:

- A significant change in the number of covered or eligible plan members
- A significant increase or decrease in the future premium rates
- A change in the subsidy provided by the Agency toward retiree premiums
- Longer life expectancies of retirees
- Significant changes in estimated retiree healthcare claims by age, relative to healthcare claims for active employees and their dependents
- Higher or lower returns on plan assets or contribution levels other than were assumed, and/or
- Changes in the discount rate used to value the OPEB liability

Important Background Information
(Continued)

Requirements of GASB 75

The Governmental Accounting Standards Board (GASB) issued GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement establishes standards for the measurement, recognition, and disclosure of OPEB expense and related liabilities (assets), note disclosures, and required supplementary information (RSI) in the financial reports of state and local governmental employers.

Important Dates

GASB 75 requires that the information used for financial reporting falls within prescribed timeframes. Actuarial valuations of the total OPEB liability are generally required at least every two years. If a valuation is not performed as of the Measurement Date, then liabilities are required to be based on roll forward procedures from a prior valuation performed no more than 30 months and 1 day prior to the most recent year-end. In addition, the net OPEB liability is required to be measured as of a date no earlier than the end of the prior fiscal year (the "Measurement Date").

Recognition of Plan Changes and Gains and Losses

Under GASB 75, gains and losses related to changes in Total OPEB Liability and Fiduciary Net Position are recognized in OPEB expense systematically over time.

- *Timing of recognition*: Changes in the Total OPEB Liability relating to changes in plan benefits are recognized immediately (fully expensed) in the year in which the change occurs. Gains and Losses are amortized, with the applicable period based on the type of gain or loss. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

- *Deferred recognition periods:* These periods differ depending on the source of the gain or loss.

Difference between projected and actual trust earnings:	5 year straight-line recognition
All other amounts:	Straight-line recognition over the expected average remaining service lifetime (EARSL) of all members that are provided with benefits, determined as of the beginning of the Measurement Period. In determining the EARSL, all active, retired and inactive (vested) members are counted, with the latter two groups having 0 remaining service years.

Important Background Information
(Continued)

Implicit Subsidy Plan Contributions

An implicit subsidy occurs when estimated retiree claims exceed the premiums charged for retiree coverage. When this occurs, we expect part of the premiums paid for active employees to cover a portion of retiree claims. This transfer represents the current year's "implicit subsidy". Because GASB 75 treats payments to an irrevocable trust *or directly to the insurer* as employer contributions, each year's implicit subsidy is treated as a contribution toward the payment of retiree benefits.

The following hypothetical example illustrates this treatment:

Hypothetical Illustration of Implicit Subsidy Recognition	For Active Employees	For Retired Employees
Prior to Implicit Subsidy Adjustment		
Premiums Paid by Agency During Fiscal Year	$ 411,000	$ 48,000
Accounting Treatment	Compensation Cost for Active Employees	Contribution to Plan & Benefits Paid from Plan
After Implicit Subsidy Adjustment		
Premiums Paid by Agency During Fiscal Year	$ 411,000	$ 48,000
Implicit Subsidy Adjustment	(23,000)	23,000
Accounting Cost of Premiums Paid	$ 388,000	$ 71,000
Accounting Treatment Impact	Reduces Compensation Cost for Active Employees	Increases Contributions to Plan & Benefits Paid from Plan

The example above shows that total payments toward active and retired employee healthcare premiums is the same, but for accounting purposes part of the total is shifted from actives to retirees. This shifted amount is recognized as an OPEB contribution and reduces the current year's premium expense for active employees.

Important Background Information
(Concluded)

Discount Rate

When the financing of OPEB liabilities is on a pay-as-you-go basis, GASB 75 requires that the discount rate used for valuing liabilities be based on the yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). When a plan sponsor makes regular, sufficient contributions to a trust in order to prefund the OPEB liabilities, GASB 75 allows use of a rate up to the expected rate of return of the trust. Therefore, prefunding has an advantage of potentially being able to report overall lower liabilities due to future expected benefits being discounted at a higher rate.

Actuarial Funding Method and Assumptions

The “ultimate real cost” of an employee benefit plan is the value of all benefits and other expenses of the plan over its lifetime. These expenditures are dependent only on the terms of the plan and the administrative arrangements adopted, and as such are not affected by the actuarial funding method.

The actuarial funding method attempts to spread recognition of these expected costs on a level basis over the life of the plan, and as such sets the “incidence of cost”. GASB 75 specifically requires that the actuarial present value of projected benefit payments be attributed to periods of employee service using the Entry Age Actuarial Cost Method, with each period’s service cost determined as a level percentage of pay.

The results of this report may not be appropriate for other purposes, where other assumptions, methodology and/or actuarial standards of practice may be required or more suitable.

Appendix 2: MacLeod Watts Age Rating Methodology

Both accounting standards (e.g., GASB 75) and actuarial standards (e.g., ASOP 6) require that expected retiree claims, not just premiums paid, be reflected in most situations where an actuary is calculating retiree healthcare liabilities. Unfortunately, the actuary is often required to perform these calculations without any underlying claims information. In most situations, the information is not available, but even when available, the information may not be credible due to the size of the group being considered.

Actuaries have developed methodologies to approximate healthcare claims from the premiums being paid by the plan sponsor. Any methodology requires adopting certain assumptions and using general studies of healthcare costs as substitutes when there is a lack of credible claims information for the specific plan being reviewed.

Premiums paid by sponsors are often uniform for all employee and retiree ages and genders, with a drop in premiums for those participants who are Medicare-eligible. While the total premiums are expected to pay for the total claims for the insured group, on average, the premiums charged would not be sufficient to pay for the claims of older insureds and would be expected to exceed the expected claims of younger insureds. An age-rating methodology takes the typically uniform premiums paid by plan sponsors and spreads the total premium dollars to each age and gender intended to better approximate what the insurer might be expecting in actual claims costs at each age and gender.

The process of translating premiums into expected claims by age and gender generally follows the steps below.

1. *Obtain or Develop Relative Medical Claims Costs by Age, Gender, or other categories that are deemed significant*. For example, a claims cost curve might show that, if a 50 year old male has $1 in claims, then on average a 50 year old female has claims of $1.25, a 30 year male has claims of $0.40, and an 8 year old female has claims of $0.20. The claims cost curve provides such relative costs for each age, gender, or any other significant factor the curve might have been developed to reflect. Section 3 provides the source of information used to develop such a curve and shows sample relative claims costs developed for the plan under consideration.
2. *Obtain a census of participants, their chosen medical coverage, and the premium charged for their coverage.* An attempt is made to find the group of participants that the insurer considered in setting the premiums they charge for coverage. That group includes the participant and any covered spouses and children. When information about dependents is unavailable, assumptions must be made about spouse age and the number and age of children represented in the population. These assumptions are provided in Section 3.
3. *Spread the total premium paid by the group to each covered participant or dependent based on expected claims.* The medical claims cost curve is used to spread the total premium dollars paid by the group to each participant reflecting their age, gender, or other relevant category. After this step, the actuary has a schedule of expected claims costs for each age and gender for the current premium year. It is these claims costs that are projected into the future by medical cost inflation assumptions when valuing expected future retiree claims.

The methodology described above is dependent on the data and methodologies used in whatever study might be used to develop claims cost curves for any given plan sponsor. These methodologies and assumptions can be found in the referenced paper cited as a source in the valuation report.

Appendix 3: MacLeod Watts Mortality Projection Methodology

Actuarial standards of practice (e.g., ASOP 35, Selection of Demographic and Other Noneconomic Assumptions for Measuring Pension Obligations, and ASOP 6, Measuring Retiree Group Benefits Obligations) indicate that the actuary should reflect the effect of mortality improvement (i.e., longer life expectancies in the future), both before and after the measurement date. The development of credible mortality improvement rates requires the analysis of large quantities of data over long periods of time. Because it would be extremely difficult for an individual actuary or firm to acquire and process such extensive amounts of data, actuaries typically rely on large studies published periodically by organizations such as the Society of Actuaries or Social Security Administration.

As noted in a recent actuarial study on mortality improvement, key principles in developing a credible mortality improvement model would include the following:

(1) Short-term mortality improvement rates should be based on recent experience.
(2) Long-term mortality improvement rates should be based on expert opinion.
(3) Short-term mortality improvement rates should blend smoothly into the assumed long-term rates over an appropriate transition period.

The **MacLeod Watts Scale 2022** was developed from a blending of data and methodologies found in two published sources: (1) the Society of Actuaries Mortality Improvement Scale MP-2021 Report, published in October 2021 and (2) the demographic assumptions used in the 2021 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, published August 2021.

MacLeod Watts Scale 2022 is a two-dimensional mortality improvement scale reflecting both age and year of mortality improvement. The underlying base scale is Scale MP-2021 which has two segments – (1) historical improvement rates for the period 1951-2017 and (2) an estimate of future mortality improvement for years 2018-2020 using the Scale MP-2021 methodology but utilizing the assumptions used in generating Scale MP-2015. The MacLeod Watts scale then transitions from the 2020 improvement rate to the Social Security Administration (SSA) Intermediate Scale linearly over the 10-year period 2021-2030. After this transition period, the MacLeod Watts Scale uses the constant mortality improvement rate from the SSA Intermediate Scale from 2030-2044. The SSA's Intermediate Scale has a final step in 2045 which is reflected in the MacLeod Watts scale for years 2045 and thereafter. Over the ages 95 to 117, the age 95 improvement rate is graded to zero.

Scale MP-2021 can be found at the SOA website and the projection scales used in the 2021 Social Security Administrations Trustees Report at the Social Security Administration website.

Glossary

Actuarial Funding Method – A procedure which calculates the actuarial present value of plan benefits and expenses, and allocates these expenses to time periods, typically as a normal cost and an actuarial accrued liability

Actuarial Present Value of Projected Benefits (APVPB) – The amount presently required to fund all projected plan benefits in the future. This value is determined by discounting the future payments by an appropriate interest rate and the probability of nonpayment.

CalPERS – Many state governments maintain a public employee retirement system; CalPERS is the California program, covering all eligible state government employees as well as other employees of other governments within California who have elected to join the system

Defined Benefit (DB) – A pension or OPEB plan which defines the monthly income or other benefit which the plan member receives at or after separation from employment

Deferred Contributions – When an employer makes contributions after the measurement date and prior to the fiscal year end, recognition of these contributions is deferred to a subsequent accounting period by creating a deferred resource. We refer to these contributions as Deferred Contributions.

Defined Contribution (DC) – A pension or OPEB plan which establishes an individual account for each member and specifies how contributions to each active member's account are determined and the terms of distribution of the account after separation from employment

Discount Rate – Interest rate used to discount future potential benefit payments to the valuation date. Under GASB 75, if a plan is prefunded, then the discount rate is equal to the expected trust return. If a plan is not prefunded (pay-as-you-go), then the rate of return is based on a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Expected Average Remaining Service Lifetime (EARSL) – Average of the expected remaining service lives of all employees that are provided with benefits through the OPEB plan (active employees and inactive employees), beginning in the current period

Entry Age Actuarial Cost Method – An actuarial funding method where, for each individual, the actuarial present value of benefits is levelly spread over the individual's projected earnings or service from entry age to the last age at which benefits can be paid

Explicit Subsidy – The projected dollar value of future retiree healthcare costs expected to be paid directly by the Employer, e.g., the Employer's payment of all or a portion of the monthly retiree premium billed by the insurer for the retiree's coverage

Fiduciary Net Position –The value of trust assets used to offset the Total OPEB Liability to determine the Net OPEB Liability.

Government Accounting Standards Board (GASB) – A private, not-for-profit organization which develops generally accepted accounting principles (GAAP) for U.S. state and local governments.

Health Care Trend – The assumed rate(s) of increase in future dollar values of premiums or healthcare claims, attributable to increases in the cost of healthcare; contributing factors include medical inflation, frequency or extent of utilization of services and technological developments.

Glossary
(Continued)

Implicit Subsidy – The projected difference between future retiree claims and the premiums to be charged for retiree coverage; this difference results when the claims experience of active and retired employees are pooled together and a 'blended' group premium rate is charged for both actives and retirees; a portion of the active employee premiums subsidizes the retiree premiums.

Net OPEB Liability (NOL) – The liability to employees for benefits provided through a defined benefit OPEB. Only assets administered through a trust that meet certain criteria may be used to reduce the Total OPEB Liability.

Net Position – The Impact on Statement of Net Position is the Net OPEB Liability adjusted for deferred resource items

OPEB Expense – The OPEB expense reported in the Agency's financial statement. OPEB expense is the annual cost of the plan recognized in the financial statements.

Other Post-Employment Benefits (OPEB) – Post-employment benefits other than pension benefits, most commonly healthcare benefits but also including life insurance if provided separately from a pension plan

Pay-As-You-Go (PAYGO) – Contributions to the plan are made at about the same time and in about the same amount as benefit payments and expenses coming due

PEMHCA – The Public Employees' Medical and Hospital Care Act, established by the California legislature in 1961, provides community-rated medical benefits to participating public employers. Among its extensive regulations are the requirements that a contracting Agency contribute toward medical insurance premiums for retired annuitants and that a contracting Agency file a resolution, adopted by its governing body, with the CalPERS Board establishing any new contribution.

Plan Assets – The value of cash and investments considered as 'belonging' to the plan and permitted to be used to offset the AAL for valuation purposes. To be considered a plan asset, GASB 75 requires (a) contributions to the OPEB plan be irrevocable, (b) OPEB assets to dedicated to providing OPEB benefit to plan members in accordance with the benefit terms of the plan, and (c) plan assets be legally protected from creditors, the OPEB plan administrator and the plan members.

Public Agency Miscellaneous (PAM) – Non-safety public employees.

Select and Ultimate – Actuarial assumptions which contemplate rates which differ by year initially (the select period) and then stabilize at a constant long-term rate (the ultimate rate)

Service Cost – Total dollar value of benefits expected to be earned by plan members in the current year, as assigned by the actuarial funding method; also called normal cost

Total OPEB Liability (TOL) – Total dollars required to fund all plan benefits attributable to service rendered as of the valuation date for current plan members and vested prior plan members; a subset of "Actuarial Present Value"

Vesting – As defined by the plan, requirements which when met make a plan benefit nonforfeitable on separation of service before retirement eligibility