

Ventura County Employees' Retirement Association

Governmental Accounting Standards Board Statement No. 67 (GAS 67) Actuarial Valuation

As of June 30, 2023



This report has been prepared at the request of the Board of Retirement to assist in administering the Plan. This valuation report may not otherwise be copied or reproduced in any form without the consent of the Board of Retirement and may only be provided to other parties in its entirety, unless expressly authorized by Segal. The measurements shown in this actuarial valuation may not be applicable for other purposes.

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December 12, 2023

Board of Retirement
Ventura County Employees' Retirement Association
1190 S. Victoria Avenue, Suite 200
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Dear Board Members:

We are pleased to submit this Governmental Accounting Standards Board Statement No. 67 (GAS 67) Actuarial Valuation as of June 30, 2023. It contains various information that will need to be disclosed in order to comply with GAS 67. Please refer to the Actuarial Valuation as of June 30, 2023, for the data, assumptions, and plan of benefits underlying these calculations.

This report was prepared in accordance with generally accepted actuarial principles and practices at the request of the Board to assist VCERA in preparing items related to the pension plan in their financial report. The census and financial information on which our calculations were based was prepared by VCERA. That assistance is gratefully acknowledged.

The measurements shown in this actuarial valuation may not be applicable for other purposes. 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; and changes in plan provisions or applicable law.

The actuarial calculations were completed under the supervision of Molly Calcagno, ASA, Enrolled Actuary, MAAA. We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. To the best of our knowledge, the information supplied in the actuarial valuation is complete and accurate. Further, in our opinion, the assumptions as approved by the Board are reasonably related to the experience of and expectations for the Plan. The assumptions used in this actuarial valuation were selected by the Board based upon our analysis and recommendations. In our opinion, the assumptions are reasonable and take into account the experience of the Plan and reasonable expectations. In addition, in our opinion, the combined effect of these assumptions is expected to have no significant bias.

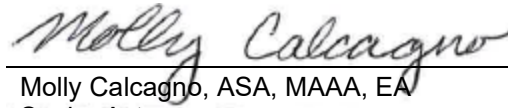
We look forward to reviewing this report with you and to answering any questions.

Sincerely,

Segal



Paul Angelo, FSA, MAAA, FCA, EA
Senior Vice President and Actuary



Molly Calcagno, ASA, MAAA, EA
Senior Actuary

JY/jl

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Section 1: Actuarial Valuation Summary

Purpose and basis

This report has been prepared by Segal to present certain disclosure information required by Governmental Accounting Standards Board Statement No. 67 (GAS 67) as of June 30, 2023. This report is based on:

- The benefit provisions of VCERA, as administered by the Board of Retirement;
- The characteristics of covered active members, inactive vested members, and retired members and beneficiaries as of June 30, 2022, provided by VCERA;
- The assets of the Plan as of June 30, 2023, provided by VCERA;
- Economic assumptions regarding future salary increases and investment earnings adopted by the Board of Retirement for the June 30, 2023 valuation; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc. adopted by the Board of Retirement for the June 30, 2023 valuation.

General observations on GAS 67 actuarial valuation

1. It is important to note that Governmental Accounting Standards Board (GASB) rules only define pension liability and expense for financial reporting purposes, and do not apply to contribution amounts for actual pension funding purposes. Employers and plans should develop and adopt funding policies under current practices.
2. When measuring pension liability, GASB uses the same actuarial cost method (Entry Age method) and the same type of discount rate (expected return on assets) as VCERA uses for funding. This means that the Total Pension Liability (TPL) measure for financial reporting shown in this report is determined on generally the same basis as VCERA's Actuarial Accrued Liability (AAL) measure for funding. We note that the same is generally true for the Normal Cost component of the annual plan cost for funding and financial reporting.
3. It is our understanding that VCERA terminated the non-vested supplemental (\$27.50) reserve after the June 2019 payment due to the depletion of that Reserve. Any remaining amount in that Reserve is available to pay retroactive benefits, if any. Note that we have included the Reserve amount in the Plan's Fiduciary Net Position but have not included any corresponding liability amount in the TPL.

Section 1: Actuarial Valuation Summary

4. The Net Pension Liability (NPL) is equal to the difference between the TPL and the Plan's Fiduciary Net Position. The Plan's Fiduciary Net Position is equal to the market value of assets and therefore, the NPL measure is very similar to an Unfunded Actuarial Accrued Liability (UAAL) calculated on a market value basis. The NPL reflects all investment gains and losses as of the measurement date. This is different from the UAAL on a valuation value of assets basis in the funding valuation that reflects investment gains and losses over a five-year period.

Highlights of the valuation

1. For this report, the reporting dates for the Plan are June 30, 2023 and 2022. The NPL was measured as of June 30, 2023 and 2022, respectively, and determined based upon rolling forward the TPL from actuarial valuations as of June 30, 2022 and 2021. The Plan's Fiduciary Net Position (plan assets) was valued as of the measurement dates. In addition, any changes in actuarial assumptions or plan provisions that occurred between the valuation date and the measurement date have been reflected.
2. The NPL decreased from \$438 million as of June 30, 2022 to \$229 million as of June 30, 2023 primarily due to the 9.63% return¹ on the market value of assets during 2022/2023 (that was greater than the assumed return of 7.00%). Changes in these values during the last two fiscal years ending June 30, 2023 and June 30, 2022 can be found in *Section 2, Schedules of changes in Net Pension Liability* on page 19.
3. The discount rate used to determine the TPL and NPL as of June 30, 2023 was 7.00% following the same assumption used by VCERA in the funding valuation as of the same date. The detailed derivation of the discount rate of 7.00% used in calculation of the TPL and NPL as of June 30, 2023 can be found in *Section 3, Appendix A*. Various other information that is required to be disclosed can be found throughout *Section 2*.
4. *Section 3* contains two schedules that the American Institute of Certified Public Accountants (AICPA) recommends be prepared by cost sharing pension plans. These two schedules contain summary information related to GAS 68 and are based on many of the results that will be shown in a separate GAS 68 report. The first schedule shows the method used for allocating the NPL along with the NPL amounts allocated amongst all of the employers in VCERA. The second schedule is a summary that shows the allocated NPL, deferred outflows and inflows of resources and pension expense by employer. Further information regarding GAS 68 including additional information that employers will need to disclose will be provided in a separate report that is anticipated to be completed during the first quarter of 2023.
5. On July 30, 2020, the California Supreme Court issued a decision in the Alameda County Deputy Sheriffs' Assn. et al. v. Alameda County Employees' Retirement Assn. litigation that clarified what should be considered compensation earnable for non-PEPRA members and pensionable compensation for PEPRA members. In response, the Board adopted a series of

¹ Gross of administrative and other expenses.

Section 1: Actuarial Valuation Summary

Resolutions to implement certain aspects of the Alameda Decision. The October 2020 Resolution set forth exclusions from compensation earnable and pensionable compensation consisting of payment for services outside of normal working hours (e.g., standby and call-back pay), excess leave cash-outs beyond what is both earned and payable in each 12-month period, and leave donations which are an “in-kind” benefit. The July 2021 Resolution limited inclusion of flexible benefit plan allowances, or “flex credit,” to the “employee-only” rate for labor agreements that provide tiered rates for healthcare coverage, subject to further modification based on pending legislation concerning flex credit. Following the subsequent veto of such legislation, the Board adopted a Resolution in April of 2023, excluding from compensation earnable flex credit amounts in excess of what all members in a bargaining group may receive in unrestricted cash, which are deemed “in-kind” benefits. As discussed with VCERA staff, the effect of the Alameda Decision will be reflected as gains and losses as issues are settled and corrections are made to the membership data provided for each valuation. Our understanding is that the June 30, 2022 membership data (used in the roll forward to determine the TPL as of June 30, 2023) provided reflected some of the reclassifications of the pay codes that have been adopted by the Board for active members, including standby and call-back pay. Any additional changes in the membership data after June 30, 2022 as a result of the Alameda Decision will be reflected in future valuations once they are known. In addition, any additional impact on the Plan’s Fiduciary Net Position related to recovery of benefits and/or refunds of member contributions previously paid in conjunction with these pay items has not been reflected in this valuation but will be reflected in future valuations once it is known.

6. It is important to note that this actuarial valuation is based on plan assets as of June 30, 2023. The plan’s funded status does not reflect short-term fluctuations of the market, but rather is based on the market values on the last day of the plan year. Moreover, this actuarial valuation does not include any possible short-term or long-term impacts on mortality of the covered population that may emerge after June 30, 2023 due to COVID-19. Segal is available to prepare projections of potential outcomes of market conditions and other demographic experience upon request.

Section 1: Actuarial Valuation Summary

Summary of key valuation results

Measurement Date		June 30, 2023	June 30, 2022
Disclosure elements for plan year ending June 30:	• Service cost ²	\$174,224,167	\$165,663,753
	• Total Pension Liability	7,807,507,543	7,463,430,523
	• Plan's Fiduciary Net Position	7,578,237,848	7,025,332,391
	• Net Pension Liability	229,269,695	438,098,132
Schedule of contributions for plan year ending June 30:	• Actuarially determined contributions ³	\$178,535,140	\$178,667,231
	• Actual contributions	178,535,140	178,667,231
	• Contribution deficiency / (excess)	0	0
Demographic data for plan year ending June 30:⁴	• Number of retired members and beneficiaries	8,257	8,007
	• Number of inactive vested members ⁵	4,085	3,812
	• Number of active members	9,384	9,077
Key assumptions as of June 30:	• Investment rate of return	7.00%	7.00%
	• Inflation rate	2.50%	2.50%
	• Projected salary increases ⁶	General: 3.75% to 10.00% and Safety: 4.00% to 12.00%	General: 3.75% to 10.00% and Safety: 4.00% to 12.00%
	• Cost of living adjustments		
	– Tiers with 3.00% COLA	2.75%	2.75%
	– Tiers with fixed 2% COLA	2.00%	2.00%
	– Tiers without COLA	0.00%	0.00%

² The service cost is based on the previous year's valuation, meaning the 2023 and 2022 values are based on the valuations as of June 30, 2022 and June 30, 2021, respectively. Both service costs have been calculated using the assumptions shown in the June 30, 2022 measurement date column, as there have been no changes in the actuarial assumptions between the June 30, 2022 and June 30, 2021 valuations.

³ Actuarially Determined Contributions exclude employer paid member contributions.

⁴ Data as of June 30, 2022 is used in the measurement of the TPL as of June 30, 2023.

⁵ Includes inactive members with member contributions on deposit.

⁶ Includes inflation at 2.50% plus real across-the-board salary increases of 0.50% plus merit and promotion increases that vary by service.

Section 1: Actuarial Valuation Summary

Important information about actuarial valuations

In order to prepare a valuation, Segal relies on a number of input items. These include:

Plan Provisions	Plan provisions define the rules that will be used to determine benefit payments, and those rules, or the interpretation of them, may change over time. Even where they appear precise, outside factors may change how they operate. It is important to keep Segal informed with respect to plan provisions and administrative procedures, and to review the plan summary included in our report to confirm that Segal has correctly interpreted the plan of benefits.
Participant Information	An actuarial valuation for a plan is based on data provided to the actuary by VCERA. Segal does not audit such data for completeness or accuracy, other than reviewing it for obvious inconsistencies compared to prior data and other information that appears unreasonable. It is important for Segal to receive the best possible data and to be informed about any known incomplete or inaccurate data.
Financial Information	This valuation is based on the fair value of assets as of the measurement date, as provided by VCERA.
Actuarial Assumptions	In preparing an actuarial valuation, Segal starts by developing a forecast of the benefits to be paid to existing plan participants for the rest of their lives and the lives of their beneficiaries. This requires actuarial assumptions as to the probability of death, disability, withdrawal, and retirement of participants in each year, as well as forecasts of the plan's benefits for each of those events. In addition, the benefits forecasted for each of those events in each future year reflect actuarial assumptions as to salary increases and cost-of-living adjustments. The forecasted benefits are then discounted to a present value, typically based on an estimate of the rate of return that will be achieved on the plan's assets. All of these factors are uncertain and unknowable. Thus, there will be a range of reasonable assumptions, and the results may vary materially based on which assumptions are selected within that range. That is, there is no right answer (except with hindsight). It is important for any user of an actuarial valuation to understand and accept this constraint. The actuarial model may use approximations and estimates that will have an immaterial impact on our results. In addition, the actuarial assumptions may change over time, and while this can have a significant impact on the reported results, it does not mean that the previous assumptions or results were unreasonable or wrong.
Models	Segal valuation results are based on proprietary actuarial modeling software. The actuarial valuation models generate a comprehensive set of liability and cost calculations that are presented to meet regulatory, legislative and client requirements. Our Actuarial Technology and Systems unit, comprised of both actuaries and programmers, is responsible for the initial development and maintenance of these models. The models have a modular structure that allows for a high degree of accuracy, flexibility and user control. The client team programs the assumptions and the plan provisions, validates the models, and reviews test lives and results, under the supervision of the responsible actuary.

Section 1: Actuarial Valuation Summary

The user of Segal's actuarial valuation (or other actuarial calculations) should keep the following in mind:

The valuation is prepared at the request of the Board to assist VCERA in preparing items related to the pension plan in their financial reports. Segal is not responsible for the use or misuse of its report, particularly by any other party.

An actuarial valuation is a measurement at a specific date – it is not a prediction of a plan's future financial condition. Accordingly, except where otherwise noted, Segal did not perform an analysis of the potential range of future financial measures. The actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan.

Actuarial results in this report are not rounded, but that does not imply precision.

If VCERA is aware of any event or trend that was not considered in this valuation that may materially change the results of the valuation, Segal should be advised, so that we can evaluate it.

Segal does not provide investment, legal, accounting, or tax advice. Segal's valuation is based on our understanding of applicable guidance in these areas and of the plan's provisions, but they may be subject to alternative interpretations. The Board should look to their other advisors for expertise in these areas.

While Segal maintains extensive quality assurance procedures, an actuarial valuation involves complex computer models and numerous inputs. In the event that an inaccuracy is discovered after presentation of Segal's valuation, Segal may revise that valuation or make an appropriate adjustment in the next valuation.

Segal's report shall be deemed to be final and accepted by the Association upon delivery and review. The Association should notify Segal immediately of any questions or concerns about the final content.

As Segal has no discretionary authority with respect to the management or assets of VCERA, it is not a fiduciary in its capacity as actuaries and consultants with respect to VCERA.

Section 2: GAS 67 Information

General information about the pension plan

Plan Description

Plan administration. The Ventura County Employees' Retirement Association (VCERA) was established by the County of Ventura in 1947. VCERA is administered by the Board of Retirement and governed by the County Employees' Retirement Law of 1937 (California Government Code Section 31450 et seq.) and the California Public Employees' Pension Reform Act of 2013 or "PEPRA" (California Government Code Section 7522 et seq.). VCERA is a cost-sharing multiple employer public employee retirement system whose main function is to provide service retirement, disability, death and survivor benefits to the safety and general members employed by the County of Ventura. VCERA also provides retirement benefits to the employee members of the Ventura County Courts, Air Pollution Control District, the Ventura Regional Sanitation District and VCERA.

The management of VCERA is vested with the VCERA Board of Retirement. The Board consists of nine members and three alternates. The County Treasurer is elected by the general public and a member of the Board of Retirement by law. Four members and one alternate, one of whom may be a County Supervisor, are appointed by the Board of Supervisors. Two members are elected by the general membership; one member and one alternate are elected by the safety membership, one member and one alternate are elected by the retired members of the Association. All members of the Board of Retirement serve terms of three years except for the County Treasurer whose term runs concurrent with his term as County Treasurer.

Plan membership. At June 30, 2023, pension plan membership consisted of the following:

Retired members or beneficiaries currently receiving benefits	8,257
Inactive vested members entitled to but not yet receiving benefits ¹	4,085
Active members	<u>9,384</u>
Total	21,726

Note: Data as of June 30, 2023 is not used in the measurement of the TPL as of June 30, 2023.

¹ Includes inactive members with member contributions on deposit.

Section 2: GAS 67 Information

Benefits provided. VCERA provides service retirement, disability, death and survivor benefits to eligible employees. All permanent employees of the County of Ventura or contracting district who work a regular schedule of 64 or more hours per bi-weekly pay period become members of VCERA upon appointment. There are separate retirement plans for safety and general member employees. Safety membership is extended to those involved in active law enforcement, fire suppression, and probation. The table below indicates all existing VCERA membership tiers:

Membership Tier	Retirement Eligibility
Tier 1 - General Legacy Members hired before January 1, 2013	Age 50 and 10 or more years of service credit, or 30 years or more of service credit, regardless of age. Age 70, regardless of service.
Tier 1 - Safety Legacy Members hired before January 1, 2013	Age 50 and 10 or more years of service credit, or 20 years or more of service credit, regardless of age. Age 70, regardless of service.
Tier 2 - General Legacy Members hired before January 1, 2013	Age 50 and 10 or more years of service credit, or 30 years or more of service credit, regardless of age. Age 70, regardless of service.
Tier 2 COLA - General Legacy Members hired before January 1, 2013	Age 50 and 10 or more years of service credit, or 30 years or more of service credit, regardless of age. Age 70, regardless of service.
Tier 5 ¹ - General PEPRA Members hired on or after January 1, 2013	Age 52 and five years of service credit. Age 70, regardless of service credit.
Tier 6 ² - General PEPRA Members hired on or after January 1, 2013	Age 52 and five years of service credit. Age 70, regardless of service credit.
Tier 7 ³ - Safety PEPRA Members hired on or after January 1, 2013	Age 50 and five years of service credit. Age 70, regardless of service credit.
Tier 8 ² COLA - General PEPRA Members hired on or after January 1, 2013	Age 52 and five years of service credit. Age 70, regardless of service credit.

¹ These are also referred to as PEPRA Tier 1.

² These are also referred to as PEPRA Tier 2.

³ These are also referred to as Safety PEPRA.

Section 2: GAS 67 Information

The retirement benefit the member will receive is based upon age at retirement, final average compensation, years of retirement service credit and retirement plan and tier.

General member benefits for Tier 1 and Tier 2 are calculated pursuant to the provisions of California Government Code Sections 31676.11 and 31676.1, respectively. The monthly allowance is equal to 1/90th of the first \$350 of final compensation, plus 1/60th of the excess final compensation times years of accrued retirement service credit times age factor from either Section 31676.11 (Tier 1) or 31676.1 (Tier 2). General member benefits for those who are first hired on or after January 1, 2013, are calculated pursuant to the provisions of California Government Code Section 7522.20(a). The monthly allowance is equal to the final compensation multiplied by years of accrued retirement credit multiplied by the age factor from Section 7522.20(a).

Safety member benefits are calculated pursuant to the provisions of California Government Code Section 31664. The monthly allowance is equal to 1/50th of final compensation times years of accrued retirement service credit times age factor from Section 31664. For those Safety members first hired on or after January 1, 2013, benefits are calculated pursuant to the provisions of California Government Code Section 7522.25(d). The monthly allowance is equal to the final compensation multiplied by years of accrued retirement credit multiplied by the age factor from Section 7522.25(d).

For members with membership dates before January 1, 2013, the maximum monthly retirement allowance is 100% of final compensation. There is no 100% of final average compensation limit on the maximum monthly retirement allowance benefit for members with membership dates on or after January 1, 2013. However, the maximum amount of compensation earnable that can be considered for purposes of retirement contributions and benefit calculations for 2023 for members hired on or after July 1, 1996 but before January 1, 2013 is \$330,000. For members hired on or after January 1, 2013 who are enrolled in Social Security, the maximum amount of pensionable compensation that can be considered for purposes of retirement contributions and benefit calculations for 2023 is \$146,042 (\$175,250 for those not enrolled in Social Security). These limits are adjusted on an annual basis. Members are exempt from paying member contributions and employers are exempt from paying employer contributions on compensation in excess of the annual cap.¹

Final average compensation consists of the highest 12 consecutive months for Legacy Safety and Tier 1 General members. The final average compensation consists of the highest 36 consecutive months for all other tiers.

The member may elect an unmodified retirement allowance, or choose an optional retirement allowance. The unmodified retirement allowance provides the highest monthly benefit and a 60% continuance to an eligible surviving spouse. An eligible surviving spouse is one married to the member one year prior to the effective retirement date or at least two years prior to the date of death and has attained age 55 on or prior to the date of death. There are four optional retirement allowances the member may choose. Each of the

¹ Members and employers do not pay contributions on compensation in excess of the pensionable compensation caps.

Section 2: GAS 67 Information

optional retirement allowances requires a reduction in the unmodified retirement allowance in order to allow the member the ability to provide certain benefits to a surviving spouse or named beneficiary having an insurable interest in the life of the member.

VCERA provides an annual cost-of-living adjustment (COLA) benefit to Safety and Tier 1 General member retirees. The COLA, based upon the change in the December-to-December Consumer Price Index for the Los Angeles-Long Beach-Anaheim Area, is capped at 3.0%. Certain Tier 2 and all Tier 8 General member retirees receive a fixed 2% COLA that applies to future service after March 2003 for SEIU members (or July 2023 for CNA members) pursuant to collective bargaining agreements.

The employers contribute to the retirement plan based upon actuarially determined contribution rates adopted by the Board of Retirement. Employer contribution rates are adopted annually based upon recommendations received from VCERA's actuary after the completion of the annual actuarial valuation. The average employer contribution rate as of June 30, 2023 for 2022/2023 (based on the June 30, 2021 valuation) was 21.32% of compensation.

Members are required to make contributions to VCERA up to the requisite limits, regardless of the retirement plan or tier.¹ The average member contribution rate as of June 30, 2023 for 2022/2023 (based on the June 30, 2021 valuation) was 10.55% of compensation.

¹ Safety Legacy members with 30 or more years of service are exempt from paying member contributions. The same applies for General Legacy members hired on or before March 7, 1973.

Section 2: GAS 67 Information

Net Pension Liability

The components of the Net Pension Liability were as follows:

Measurement Date	June 30, 2023	June 30, 2022
Total Pension Liability	\$7,807,507,543	\$7,463,430,523
Plan's Fiduciary Net Position	(7,578,237,848)	(7,025,332,391)
Net Pension Liability	\$229,269,695	\$438,098,132
Plan's Fiduciary Net Position as a percentage of the Total Pension Liability	97.06%	94.13%

The Net Pension Liability (NPL) was measured as of June 30, 2023 and 2022. The Plan's Fiduciary Net Position (plan assets) was valued as of the measurement date while the Total Pension Liability (TPL) was determined based upon rolling forward the TPL from actuarial valuations as of June 30, 2022 and 2021, respectively.

Plan provisions. The plan provisions used in the measurement of the NPL as of June 30, 2023 and 2022 are the same as those used in the VCERA actuarial valuations as of June 30, 2023 and 2022. The TPL and the Plan's Fiduciary Net Position include liabilities and assets held for the non-vested supplemental (\$27.50) reserve.¹

Actuarial assumptions and actuarial cost method. The TPLs as of June 30, 2023 and 2022 were determined by actuarial valuations as of June 30, 2022 and 2021, respectively. The actuarial assumptions used were based on the results of an experience study for the period from July 1, 2017 through June 30, 2020 and they are the same assumptions used in the June 30, 2023 and 2022 funding valuations for VCERA. In particular, the following actuarial assumptions were applied to all periods included in the measurement:

¹ It is our understanding that the VCERA has terminated the non-vested supplemental reserve after the June 2019 payment due to the depletion of that Reserve.

Section 2: GAS 67 Information

Investment rate of return:	7.00%, net of pension plan investment expense, including inflation
Inflation rate:	2.50%
Real across-the-board salary increase:	0.50%
Projected salary increases:	General: 3.75% to 10.00% and Safety: 4.00% to 12.00%, varying by service, including inflation and real across-the-board salary increase
Cost of living adjustments (COLA):	<p>Retiree COLA increases of 2.75% per year for both PEPRA and Non-PEPRA General Tier 1 and both PEPRA and Non-PEPRA Safety. For both PEPRA and non-PEPRA General Tier 2, members represented by SEIU receive a fixed 2% COLA that applies to future service after March 2003 (members represented by CNA receive a fixed 2% COLA that applies to future service after July 2023).</p> <p>For both PEPRA and Non-PEPRA General Tier 1 and both PEPRA and Non-PEPRA Safety members that have COLA banks, we assume they receive 3.0% COLA increases until their COLA banks are exhausted and 2.75% thereafter. For both PEPRA and non-PEPRA General Tier 2 members represented by SEIU and CNA, the fixed 2% COLA increase is not subject to changes in the CPI.</p>
Other assumptions:	See analysis of actuarial experience during the period July 1, 2017 through June 30, 2020

The Entry Age Actuarial Cost Method used in VCERA's annual actuarial valuation has also been applied in measuring the service cost and TPL with one exception. For purposes of measuring the service cost and TPL, we have reflected the same plan provisions used in determining the member's Actuarial Present Value of Projected Benefits. This is different from the version of this method applied in VCERA's annual funding valuation, where the Normal Cost and Actuarial Accrued Liability are determined as if the current benefit accrual rate had always been in effect.

Section 2: GAS 67 Information

Determination of discount rate and investment rates of return

The long-term expected rate of return on pension plan investments¹ was determined in 2021 using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation but before deducting investment expenses, are shown in the following tables. This information was used in the derivation of the long-term expected investment rate of return assumption in the June 30, 2023 and 2022 actuarial valuations. This information will change every three years based on the actuarial experience study.

June 30, 2023

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
Large Cap Equity	27.69%	5.39%
Small Cap Equity	3.96%	6.58%
Developed International Equity	16.04%	6.39%
Emerging Market Equity	4.31%	8.60%
Core Bonds	5.00%	0.83%
Treasuries	2.00%	0.00%
Real Estate	8.00%	5.01%
Private Equity	16.00%	10.00%
Private Debt/Credit Strategies	6.00%	5.02%
Infrastructure	4.00%	5.89%
Natural Resources	2.00%	11.24%
Absolute Return Fixed Income	5.00%	2.17%
Total	100.00%	6.06%

¹ Note that the investment return assumption for funding purposes is developed net of both investment and administrative expenses; however, the same investment return assumption is used for financial reporting purposes, where it is considered gross of administrative expenses.

Section 2: GAS 67 Information

Discount rate. The discount rate used to measure the TPL was 7.00% as of June 30, 2023 and 2022. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL as of both June 30, 2023 and 2022.

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Discount rate sensitivity

Sensitivity of the Net Pension Liability to changes in the discount rate. The following presents the NPL as of June 30, 2023, calculated using the discount rate of 7.00%, as well as what the NPL would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability as of June 30, 2023	\$1,257,136,303	\$229,269,695	\$(620,044,385)

Section 2: GAS 67 Information

Schedule of changes in Net Pension Liability – Last two fiscal years

Measurement Date	June 30, 2023	June 30, 2022
Total Pension Liability		
• Service cost	\$174,224,167	\$165,663,753
• Interest	521,289,035	501,494,181
• Change of benefit terms	0	0
• Differences between expected and actual experience	29,900,776	(23,717,377)
• Changes of assumptions	0	0
• Benefit payments, including refunds of member contributions	(381,336,958)	(357,097,727)
Net change in Total Pension Liability	\$344,077,020	\$286,342,830
Total Pension Liability – beginning	<u>7,463,430,523</u>	<u>7,177,087,693</u>
Total Pension Liability – ending	\$7,807,507,543	\$7,463,430,523
Plan's Fiduciary Net Position		
• Contributions – employer ¹	\$178,535,140	\$178,667,231
• Contributions – employee ¹	93,971,245	84,719,851
• Net investment income	670,998,749	(553,406,546)
• Benefit payments, including refunds of member contributions	(381,336,958)	(357,097,727)
• Administrative expense	(6,837,989)	(6,169,082)
• Other expense	(2,424,730)	(2,934,633)
Net change in Plan's Fiduciary Net Position	\$552,905,457	\$(656,220,906)
Plan's Fiduciary Net Position – beginning	<u>7,025,332,391</u>	<u>7,681,553,297</u>
Plan's Fiduciary Net Position – ending	\$7,578,237,848	\$7,025,332,391
Net Pension Liability – ending	\$229,269,695	\$438,098,132
Plan's Fiduciary Net Position as a percentage of the Total Pension Liability	97.06%	94.13%
Covered payroll²	\$905,128,000	\$834,433,000
Net Pension Liability as percentage of covered payroll	25.33%	52.50%

Notes to Schedule:

Benefit changes: None

¹ See footnote 2 on the following page.

² Covered payroll represents payroll on which contributions to the pension plan are based.

Section 2: GAS 67 Information

Schedule of employer contributions – Last ten fiscal years

Year Ended June 30	Actuarially Determined Contributions ^{1,2}	Contributions in Relation to the Actuarially Determined Contributions ^{1,2}	Contribution Deficiency / (Excess)	Covered Payroll ³	Contributions as a Percentage of Covered Payroll
2014	\$161,247,000	\$161,247,000	\$0	\$642,779,000	25.09%
2015	173,269,000	173,269,000	0	665,086,000	26.05%
2016	177,830,000	177,830,000	0	688,233,000	25.84%
2017	190,712,000	190,712,000	0	716,033,000	26.63%
2018	197,638,000	197,638,000	0	736,994,000	26.82%
2019	199,890,664	199,890,664	0	754,657,000	26.49%
2020	214,553,123	214,553,123	0	768,619,000	27.91%
2021	178,628,118	178,628,118	0	785,121,000	22.75%
2022	178,667,231	178,667,231	0	834,433,000	21.41%
2023	178,535,140	178,535,140	0	905,128,000	19.72%

See accompanying notes to this schedule on the next page.

¹ All "Actuarially Determined Contributions" through June 30, 2014 were determined as the "Annual Required Contribution" under GAS 25 and 27.

² Actuarially Determined Contributions exclude employer paid member contributions.

³ Covered payroll represents payroll on which contributions to the pension plan are based.

Section 2: GAS 67 Information

Notes to Schedule:

Methods and assumptions used to establish “actuarially determined contribution” rates:

Valuation date:	Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported
Actuarial cost method:	Entry Age Actuarial Cost Method
Amortization method:	Level percent of payroll for total unfunded actuarial accrued liability
Remaining amortization period:	15 years for UAAL as of June 30, 2004. Any changes in UAAL after June 30, 2004 are separately amortized over a 15-year closed period effective with that valuation. Effective June 30, 2012, any changes in UAAL due to actuarial gains or losses or due to plan amendments (with the exception of a change due to retirement incentives) will be amortized over a 15-year closed period effective with that valuation (up to a 5-year closed period for retirement incentives). Any change in UAAL due to changes in actuarial assumptions or methods will be amortized over a 20-year closed period effective with that valuation.
Asset valuation method:	Market value of assets less unrecognized returns in each of the last ten semi-annual accounting periods. Unrecognized returns are equal to the difference between the actual market return and the expected return on market value and are recognized over a five-year period. The Actuarial Value of Assets is reduced by the value of the non-vested supplemental (\$27.50) reserve and statutory contingency reserve.

Section 2: GAS 67 Information

Actuarial assumptions:

Valuation Date:	June 30, 2021 Valuation (used for the year ended June 30, 2023 ADC)
Investment rate of return:	7.00%, net of pension plan administration and investment expenses, including inflation
Inflation rate:	2.50%
Real across-the-board salary increase:	0.50%
Projected salary increases:	General: 3.75% to 10.00% and Safety: 4.00% to 12.00%, varying by service, including inflation and real across-the-board salary increase
Cost of living adjustments (COLA):	<p>Retiree COLA increases of 2.75% per year for both PEPRA and Non-PEPRA General Tier 1 and both PEPRA and Non-PEPRA Safety. For both PEPRA and non-PEPRA General Tier 2, members represented by SEIU receive a fixed 2% COLA that applies to future service after March 2003 (members represented by CNA receive a fixed 2% COLA that applies to future service after July 2023).</p> <p>For both PEPRA and Non-PEPRA General Tier 1 and both PEPRA and Non-PEPRA Safety members that have COLA banks, we assume they receive 3.0% COLA increases until their COLA banks are exhausted and 2.75% thereafter. For both PEPRA and non-PEPRA General Tier 2 members represented by SEIU and CNA, the fixed 2% COLA increase is not subject to changes in the CPI.</p>
Other assumptions:	Same as those used in the June 30, 2021 funding actuarial valuation

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Appendix A: Projection of Plan's Fiduciary Net Position for use in the Calculation of Discount Rate as of June 30, 2023 (\$ in millions)

Year Beginning July 1,	Projected Beginning Plan's Fiduciary Net Position (a)	Projected Total Contributions (b)	Projected Benefit Payments (c)	Projected Administrative Expenses (d)	Projected Investment Earnings (e)	Projected Ending Plan's Fiduciary Net Position (f) = (a) + (b) - (c) - (d) + (e)
2022	\$7,025	\$273	\$381	\$9	\$671	\$7,578
2023	7,578	229	427	10	523	7,893
2024	7,893	156	427	10	542	8,154
2025	8,154	151	447	11	559	8,406
2026	8,406	155	468	11	576	8,659
2027	8,659	159	489	11	594	8,911
2028	8,911	156	511	12	610	9,154
2029	9,154	152	532	12	626	9,389
2030	9,389	149	554	12	642	9,613
2031	9,613	145	576	13	657	9,827
2047	11,293	62	879	15	760	11,221
2048	11,221	57	892	15	755	11,125
2049	11,125	53	905	15	747	11,007
2050	11,007	50	915	15	738	10,865
2051	10,865	46	924	14	728	10,701
2096	102	2	34	0 *	6	76
2097	76	2	26	0 *	4	56
2098	56	1	20	0 *	3	41
2099	41	1	15	0 *	2	29
2100	29	1	11	0 *	2	21
2101	21	1	8	0 *	1	14
2133	0	0	0 *	0 *	0	0
2134	0					
2134 Discounted Value:	0					

* Less than \$1 million, when rounded.

Section 3: Appendices

Appendix A: Projection of Plan's Fiduciary Net Position for use in the Calculation of Discount Rate as of June 30, 2023 (continued)

Notes:

- (1) Amounts may not total exactly due to rounding.
- (2) Amounts shown in the year beginning July 1, 2022 row are actual amounts, based on the unaudited financial statements provided by VCERA.
- (3) Various years have been omitted from this table.
- (4) Column (a): Except for the "discounted value" shown for 2134, none of the projected beginning Plan's Fiduciary Net Position amounts shown have been adjusted for the time value of money.
- (5) Column (b): Projected total contributions include employee and employer normal cost rates applied to closed group projected payroll (based on covered active members as of June 30, 2022), plus employer contributions to the unfunded actuarial accrued liability. Contributions are assumed to occur halfway through the year, on average.
- (6) Column (c): Projected benefit payments have been determined in accordance with paragraph 39 of GASB Statement No. 67, and are based on the closed group of active, inactive vested, retired members, and beneficiaries as of June 30, 2022. The projected benefit payments reflect the cost of living increase assumptions used in the June 30, 2023 valuation report (with the exception of the fixed 2% COLA that applies to future service after July 2023 for members represented by CNA).
- (7) Column (d): Projected administrative expenses are calculated as approximately 0.13% of the projected beginning Plan's Fiduciary Net Position amount. The 0.13% portion was based on the actual fiscal year 2022/2023 administrative and other expenses (unaudited) as a percentage of the actual beginning Plan's Fiduciary Net Position as of July 1, 2022. Administrative expenses are assumed to occur halfway through the year, on average.
- (8) Column (e): Projected investment earnings are based on the assumed investment rate of return of 7.00% per annum.
- (9) As illustrated in this appendix, the Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments for current Plan members. In other words, there is no projected "cross-over date" when projected benefits are not covered by projected assets. Therefore, the long-term expected rate of return on Plan investments of 7.00% per annum was applied to all periods of projected benefit payments to determine the Total Pension Liability as of June 30, 2023 shown earlier in this report, pursuant to Paragraph 44 of GASB Statement No. 67.
- (10) This projection is based on a model developed by our Actuarial Technology and Systems unit, comprised of both actuaries and programmers. The model allows the client team, under the supervision of the responsible actuary, control over the entry of future expected contribution income, benefit payments and administrative expenses. The projection of the Plan's Fiduciary Net Position and the discounting of benefits is part of the model.

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Appendix B: Determination of proportionate share

July 1, 2022 to June 30, 2023

Actual Compensation by Employer and Tier

Employer ID	Employer	General Tier 1 and 2	General Tier 1 and 2 %	Safety Tier	Safety Tier %	Total Compensation	Total %
01	County of Ventura	\$658,714,260	94.150%	\$205,487,481	100.000%	\$864,201,741	95.478%
10	Ventura County Courts	32,806,978	4.689%	0	0.000%	32,806,978	3.625%
11	Ventura County Air Pollution Control District	4,392,308	0.628%	0	0.000%	4,392,308	0.485%
22	Ventura Regional Sanitation District	<u>3,727,110</u>	<u>0.533%</u>	<u>0</u>	<u>0.000%</u>	<u>3,727,110</u>	<u>0.412%</u>
Total		\$699,640,655	100.000%	\$205,487,481	100.000%	\$905,128,136	100.000%

Allocation of June 30, 2023 Net Pension Liability (NPL)

Employer ID	Employer	General Tier 1 and 2	General Tier 1 and 2 %	Safety Tier	Safety Tier %	Total NPL	Employer Allocation Percentage
01	County of Ventura	\$108,885,733	94.150%	\$113,618,812	100.000%	\$222,504,545	97.049%
10	Ventura County Courts	5,423,007	4.689%	0	0.000%	5,423,007	2.365%
11	Ventura County Air Pollution Control District	726,050	0.628%	0	0.000%	726,050	0.317%
22	Ventura Regional Sanitation District	<u>616,093</u>	<u>0.533%</u>	<u>0</u>	<u>0.000%</u>	<u>616,093</u>	<u>0.269%</u>
Total		\$115,650,883	100.000%	\$113,618,812	100.000%	\$229,269,695	100.000%

Note: Results may not total due to rounding.

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Appendix B: Determination of proportionate share (continued)

Notes to Schedule:

Actual July 1, 2022 through June 30, 2023 compensation information was provided by VCERA. Results may not total due to rounding.

The Net Pension Liability (NPL) for each tier is the Total Pension Liability (TPL) minus the Plan's Fiduciary Net Position. The TPL for each tier is obtained from internal valuation results based on the actual participants in each tier. The Plan's Fiduciary Net Position for each tier was determined by adjusting each tier's internally tracked valuation value of assets (which is used to determine employer contribution rates by tier) by the ratio of the total VCERA Plan's Fiduciary Net Position to total VCERA valuation value of assets. Based on this methodology, any non-valuation reserves (such as the \$27.50 non-vested supplemental reserve) are allocated amongst the tiers based on each tier's valuation value of assets.

The Safety Tier only has one employer (County of Ventura), so all of the NPL for that tier is allocated to the County.

For the two other tiers that have multiple employers, the NPL is allocated based on the actual compensation for each employer in the tier during the period ending on the measurement date within the tier.

- a. Calculate ratio of employer's compensation to the total compensation for the tier.
- b. This ratio is multiplied by the NPL for the tier to determine the employer's proportionate share of the NPL for the tier.
- c. If the employer is in several tiers, the employer's total allocated NPL is the sum of its allocated NPL from each tier.
- d. In this allocation, General Tier 1 and 2 were treated as one tier (combined) consistent with the determination of the Basic UAAL rate in the actuarial valuation.

Proportionate share of total plan NPL is then the ratio of the employer's total allocated NPL to the total NPL of all employers.

For purposes of the above results, the reporting date for the employer under GAS 68 is June 30, 2024. The reporting date and measurement date for the plan under GAS 67 are June 30, 2023. Consistent with the provisions of GAS 68 the assets and liabilities measured as of June 30, 2023 are not adjusted or "rolled forward" to June 30, 2024 for employer reporting under GAS 68. Other results, such as the total deferred inflows and outflows would also be allocated based on the same proportionate shares determined above.

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Appendix C: Pension amounts by employer as of June 30, 2023

	County of Ventura	Ventura County Courts	Ventura County Air Pollution Control District
Deferred Outflows of Resources			
Differences Between Expected and Actual Experience	\$31,910,977	\$777,752	\$104,128
Net Excess of Projected Over Actual Earnings on Pension Plan Investments (If Any)	0	0	0
Changes of Assumptions	50,626,490	1,233,898	165,198
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	<u>4,888,580</u>	<u>1,273,977</u>	<u>542,203</u>
Total Deferred Outflows of Resources	\$87,426,047	\$3,285,627	\$811,529
Deferred Inflows of Resources			
Differences Between Expected and Actual Experience	\$13,973,318	\$340,566	\$45,596
Net Excess of Actual Over Projected Earnings on Pension Plan Investments (If Any)	22,065,582	537,795	72,002
Changes of Assumptions	0	0	0
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	<u>1,846,235</u>	<u>3,499,022</u>	<u>621,238</u>
Total Deferred Inflows of Resources	\$37,885,135	\$4,377,383	\$738,836
Net Pension Liability			
Net Pension Liability as of June 30, 2022	\$420,364,285	\$13,645,785	\$2,009,292
Net Pension Liability as of June 30, 2023	\$222,504,545	\$5,423,007	\$726,050
Pension Expense			
Proportionate Share of Allocable Plan Pension Expense	\$105,749,791	\$2,577,394	\$345,070
Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	<u>773,322</u>	<u>(551,812)</u>	<u>(56,492)</u>
Total Employer Pension Expense Excluding That Attributable to Employer-Paid Member Contributions	\$106,523,113	\$2,025,582	\$288,578

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Appendix C: Pension amounts by employer as of June 30, 2023 (continued)

Deferred Outflows of Resources	Ventura Regional Sanitation District	Total for All Employers
Differences Between Expected and Actual Experience	\$88,358	\$32,881,215
Net Excess of Projected Over Actual Earnings on Pension Plan Investments (If Any)	0	0
Changes of Assumptions	140,180	52,165,766
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	<u>30,055</u>	<u>6,734,815</u>
Total Deferred Outflows of Resources	\$258,593	\$91,781,796
Deferred Inflows of Resources		
Differences Between Expected and Actual Experience	\$38,691	\$14,398,171
Net Excess of Projected Over Actual Earnings on Pension Plan Investments (If Any)	61,097	22,736,476
Changes of Assumptions	0	0
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	<u>768,320</u>	<u>6,734,815</u>
Total Deferred Inflows of Resources	\$868,108	\$43,869,462
Net Pension Liability		
Net Pension Liability as of June 30, 2022	\$2,078,770	\$438,098,132
Net Pension Liability as of June 30, 2023	\$616,093	\$229,269,695
Pension Expense		
Proportionate Share of Allocable Plan Pension Expense	\$292,811	\$108,965,066
Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	<u>(165,018)</u>	<u>0</u>
Total Employer Pension Expense Excluding That Attributable to Employer-Paid Member Contributions	\$127,793	\$108,965,066

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Appendix C: Pension amounts by employer as of June 30, 2023 (continued)

Amounts shown in this appendix, excluding the differences between employer contributions and proportionate share of contributions, were allocated by employer based on the Employer Allocation Percentage calculated in Appendix B.

In determining the pension expense:

- Any differences between projected and actual investment earnings on pension plan investments are recognized over a period of five years beginning with the year in which they occur.
- Differences between expected and actual experience and between employer contributions and proportionate share of contributions are recognized over the average of the expected remaining service lives of all employees that are provided with pensions through VCERA determined as of June 30, 2022 (the beginning of the measurement period ending June 30, 2023) and is 5.17 years.

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

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

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Appendix D: Definition of Terms

Definitions of certain terms as they are used in Statement 67. The terms may have different meanings in other contexts.

Actuarial Present Value of Projected Benefit Payments:	Projected benefit payments discounted to reflect the expected effects of the time value (present value) of money and the probabilities of payment.
Actuarial Valuation:	The determination, as of a point in time (the actuarial valuation date), of the service cost, Total Pension Liability, and related actuarial present value of projected benefit payments for pensions performed in conformity with Actuarial Standards of Practice unless otherwise specified by the GASB.
Actuarial Valuation Date:	The date as of which an actuarial valuation is performed.
Actuarially Determined Contribution:	A target or recommended contribution to a defined benefit pension plan 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.
Ad Hoc Cost-of-Living Adjustments (Ad Hoc COLAs):	Cost-of-living adjustments that require a decision to grant by the authority responsible for making such decisions.
Ad Hoc Postemployment Benefit Changes:	Postemployment benefit changes that require a decision to grant by the authority responsible for making such decisions.
Automatic Cost-of-Living Adjustments (Automatic COLAs):	Cost-of-living adjustments that occur without a requirement for a decision to grant by a responsible authority, including those for which the amounts are determined by reference to a specified experience factor (such as the earnings experience of the pension plan) or to another variable (such as an increase in the consumer price index).
Automatic Postemployment Benefit Changes:	Postemployment benefit changes that occur without a requirement for a decision to grant by a responsible authority, including those for which the amounts are determined by reference to a specified experience factor (such as the earnings experience of the pension plan) or to another variable (such as an increase in the consumer price index).
Cost-of-Living Adjustments:	Postemployment benefit changes intended to adjust benefit payments for the effects of inflation.
Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Cost-Sharing Pension Plan):	A multiple-employer defined benefit pension plan in which the pension obligations to the employees of more than one employer are pooled and pension plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.
Covered Payroll:	Payroll on which contributions to the pension plan are based.
Defined Benefit Pension Plans:	Pension plans that are used to provide defined benefit pensions.

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Defined Benefit Pensions:	Pensions for which the income or other benefits that the employee will receive at or after separation from employment are defined by the benefit terms. The pensions may be stated as a specified dollar amount or as an amount that is calculated based on one or more factors such as age, years of service, and compensation. (A pension that does not meet the criteria of a defined contribution pension is classified as a defined benefit pension for purposes of Statement 67.)
Defined Contribution Pension Plans:	Pension plans that are used to provide defined contribution pensions.
Defined Contribution Pensions:	Pensions having terms that (1) provide an individual account for each employee; (2) define the contributions that an employer is required to make (or the credits that it is required to provide) to an active employee's account for periods in which that employee renders service; and (3) provide that the pensions an employee will receive will depend only on the contributions (or credits) to the employee's account, actual earnings on investments of those contributions (or credits), and the effects of forfeitures of contributions (or credits) made for other employees, as well as pension plan administrative costs, that are allocated to the employee's account.
Discount Rate:	<p>The single rate of return that, when applied to all projected benefit payments, results in an actuarial present value of projected benefit payments equal to the total of the following:</p> <ol style="list-style-type: none"> 1. The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the pension Plan's Fiduciary Net Position is projected (under the requirements of Statement 67) to be greater than the benefit payments that are projected to be made in that period and (b) pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term expected rate of return, calculated using the long-term expected rate of return on pension plan investments. 2. The actuarial present value of projected benefit payments not included in (1), calculated using the municipal bond rate.
Entry Age Actuarial Cost Method:	A method under which 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 or service of the individual between entry age and assumed exit age(s). The portion of this actuarial present value allocated to a valuation year is called the normal cost. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future normal costs is called the actuarial accrued liability.
Inactive Employees:	Terminated individuals that have accumulated benefits but are not yet receiving them, and retirees or their beneficiaries currently receiving benefits.
Multiple-Employer Defined Benefit Pension Plan:	A defined benefit pension plan that is used to provide pensions to the employees of more than one employer.
Net Pension Liability (NPL):	The liability of employers and non-employer contributing entities to employees for benefits provided through a defined benefit pension plan.

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Other Postemployment Benefits:	All postemployment benefits other than retirement income (such as death benefits, life insurance, disability, and long-term care) that are provided separately from a pension plan, as well as postemployment healthcare benefits, regardless of the manner in which they are provided. Other postemployment benefits do not include termination benefits.
Pension Plans:	Arrangements through which pensions are determined, assets dedicated for pensions are accumulated and managed and benefits are paid as they come due.
Pensions:	Retirement income and, if provided through a pension plan, postemployment benefits other than retirement income (such as death benefits, life insurance, and disability benefits). Pensions do not include postemployment healthcare benefits and termination benefits.
Plan Members:	Individuals that are covered under the terms of a pension plan. Plan members generally include (1) employees in active service (active plan members) and (2) terminated employees who have accumulated benefits but are not yet receiving them and retirees or their beneficiaries currently receiving benefits (inactive plan members).
Postemployment:	The period after employment.
Postemployment Benefit Changes:	Adjustments to the pension of an inactive employee.
Postemployment Healthcare Benefits:	Medical, dental, vision, and other health-related benefits paid subsequent to the termination of employment.
Projected Benefit Payments:	All benefits estimated to be payable through the pension plan to current active and inactive employees as a result of their past service and their expected future service.
Public Employee Retirement System:	A special-purpose government that administers one or more pension plans; also may administer other types of employee benefit plans, including postemployment healthcare plans and deferred compensation plans.
Real Rate of Return:	The rate of return on an investment after adjustment to eliminate inflation.
Service Costs:	The portions of the actuarial present value of projected benefit payments that are attributed to valuation years.
Single-Employer Defined Benefit Pension Plan (Single-Employer Pension Plan):	A defined benefit pension plan that is used to provide pensions to employees of only one employer.
Termination Benefits:	Inducements offered by employers to active employees to hasten the termination of services, or payments made in consequence of the early termination of services. Termination benefits include early-retirement incentives, severance benefits, and other termination-related benefits.
Total Pension Liability (TPL):	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 Statement 67.