



**VENTURA COUNTY
SUPPLEMENTAL RETIREMENT PLAN COMMITTEE
*CEO POINT MUGU Conference Room – 4th floor***

**Hall of Administration, Ventura County Government Center
800 S. Victoria Avenue, Ventura, CA 93009**

<https://us02web.zoom.us/j/6776938984?pwd=eGRiaDdBR2JlZ3Vsd0xjeHFhWGh3dz09&omn=84307756307>

**September 12, 2024
2:00 p.m.**

- 1. Public Comments**
- 2. Committee Member Comments**
- 3. Minutes of Special Meeting – March 13, 2024**
- 4. Review of the Actuarial Valuation dated June 30, 2024**
- 5. Semi Annual Investment Review**

*If any accommodations are needed, please contact the Safe Harbor program at **805-654-2620** or by email at:*

Safe.Harbor@ventura.org

Requests should be made as soon as possible but at least 48 hours prior to the scheduled meeting.

transfer for all eligible Safe Harbor members and the impact on the retirement rate to the County with the assumption that most eligible Safe Harbor members seek the purchase of the prior service credit based on two criteria:

- 1) A retirement age of 52 for Safety members, and
- 2) A retirement age of 59 for general members.

A motion to direct staff to prepare a letter to the Board of Supervisors was made at the December 14, 2024, Committee meeting however, during discussion and review of the Board letter draft at the subsequent February 15, 2024, Committee meeting, it was determined there are outstanding questions regarding the Committee's recommendation and appropriate party to carry the letter to the Board. In addition, a motion was made by Mr. Burgh, and second by Ms. Gardner, that the committee make the recommendation to the Board to allocate the money for the study from VCERA. Mr. Atin expressed his opposition to this motion and voted "no". The main aspect of his opposition included this being an inadequate use of funds and suggested bringing in the Committee's own actuary to help better understand the value of the recommendation to spend the funds to figure out the overall cost to the County in terms of retirement rate should the 1,700 eligible members elect to purchase prior time with VCERA before separation from the county. After discussion, the original motion was retracted and a new motion was made to postpone decision on recommendation until a special Committee meeting can be held with the County's own actuary in order to glean better understanding of what the committee is asking the Board for prior to taking a vote. This is the agenda item before the Committee today - the continuation of IRS ruling consideration and review and final decision on the Board of Supervisors letter.

As a result of the Committee's request to have additional information on the process of the actuarial study, Mr. John Garrett of Cavanaugh MacDonald Consulting, the County's actuary for the Supplemental Retirement Plan (SRP), gave an overview of what the Committee may expect from VCERA's own actuarial study and the process in which they may utilize to reach their findings. Overall, Mr. Garrett opined that all eligible members who could purchase time would as this would add service years to their retirement calculations and eligibility. Additionally, Mr. Garrett discussed that the actual impact of the utilization rate can be made once the level of those purchasing prior service was determined. Moreover, the topic of concurrent and nonconcurrent service was discussed based on the question of whether this service credit applies towards retirement/vesting. It was highlighted that only concurrent service credit within VCERA would require the IRS determination letter, and this is due, in part, to an employee needing to be a full-time status within County of Ventura, VCERA, and SRP plan guidelines. Non-concurrent service years could still be purchased but would not add to the accumulation of service years applied towards retirement calculations.

After Mr. Garrett's synopsis of actuarial evaluation processes, a roundtable was opened for discussion and questions from the Committee members. Mr. Shawn Atin, Assistant County Executive Officer, Human Resources/Labor Relations, inquired as to whether the time for potential purchase would be based off of the eligible employee's current earnings or based on what the employee was earning at the time of eligible prior service hours. Mr. Garrett stated that it would be based off of what their earnings are from VCERA. In addition, Mr. Atin posed the

scenario that if an employee were to purchase prior service credit could this alter their tier from a PEPRA employee to a Legacy employee. Mr. Garrett's guidance was that it would not affect their tier level as it would be based on the employee's original date of hire.

Upon conclusion of roundtable discussion, Mr. Atin made the final point in support of his opposition by reiterating that the SRP plan has been implemented for nearly 30 years and that up until this point there has not been a request for, or seeking of, a determination letter from the IRS and that employees have always had the ability to purchase prior service credit with VCERA upon termination of employment with the County. The inception of this request by VCERA is that employees are now seeking to shorten that timeframe in which they can purchase said prior service credit. This prompted a response by Ms. Emily Gardner, County Counsel, that the Committee is not obligated to seek this determination letter, request advisement from the Board of Supervisors, or seek to pursue the issue further. Upon this additional information, a motion was made that the Committee take no action regarding the IRS ruling or carry the request to the Board of Supervisors.

A. Motion that the Committee Take No Action Regarding IRS Ruling Request from VCERA or Carry Request to the Board of Supervisors:

Motion to approve: 1. **Ms. Horgan** 2. **Mr. Burgh** **Motion Carries**

Ms. Mand adjourned the meeting at 8:35 a.m.

Respectfully submitted,



Andrew Gratt
Deferred Compensation Personnel Assistant

**VENTURA COUNTY
SUPPLEMENTAL RETIREMENT COMMITTEE**

**Point Mugu Conference Room, 4th Floor
Hall of Administration, County Government Center
800 S. Victoria Ave, Ventura CA 93009**

~ Special Meeting ~

Meeting Minutes for March 13, 2024

8:00 a.m.

Members present

Kaye Mand
Emily Gardner
Jeff Burgh
Shawn Atin
Sue Horgan

Members absent

Also present

Patti Dowdy
Patty Zoll
Andrew Gratt
John Garrett
Tabin Cosio

Ms. Mand called the meeting to order at 8:02 a.m.

1. Public Comments.

None.

2. Committee Member Comments.

None.

3. Minutes of Regular Meeting February 15, 2024

Motion to approve: 1. **Ms. Gardner** 2. **Mr. Atin** **Motion Carries**

a. Ms. Horgan abstained due to absence from the last regularly scheduled meeting.

4. Continuation of IRS Ruling Consideration and Request Board Letter Review

The background of the agenda item that is in front of the Committee for action at today's meeting is that during the September Committee meeting, Ms. Emily Gardner, County Counsel, issued insight and concern regarding the level of authority the Committee possess as to make the final decision on seeking the IRS ruling letter under consideration. Ms. Gardner opined that although the committee has the authority to seek the IRS ruling letter it does not fall under the Committee's guidelines for funding the acquisition of the IRS determination letter. The reasoning behind this concern, Ms. Gardner states, is that the ultimate cost of seeking such determination is not within the confines of the committee as the funds appropriated for obtaining said letter from the IRS are from County funds and will result in adjustment to the retirement rate which in turn impacts the County budget. Upon this advisement, the Committee directed staff to obtain additional information from VCERA that includes the total amount of the pension reserve

transfer for all eligible Safe Harbor members and the impact on the retirement rate to the County with the assumption that most eligible Safe Harbor members seek the purchase of the prior service credit based on two criteria:

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Ms. Mand adjourned the meeting at 8:35 a.m.

Respectfully submitted,



Andrew Gratt
Deferred Compensation Personnel Assistant

COUNTY OF VENTURA

MEMORANDUM

HUMAN RESOURCES DIVISION

DATE: September 12, 2024

TO: Supplemental Retirement Plan Committee

FROM: Patty Zoll, Supplemental Retirement Program Manager

SUBJECT: Review of the June 30, 2024, Actuarial Valuation

Background

Attached is the Actuarial Valuation Report as of June 30, 2024, prepared by Cavanaugh Macdonald Consulting, LLC (CMC) for Committee review.

Below is a summary of the Actuarially Determined Contribution (ADC) for the fiscal year ending (FYE) June 30, 2026, compared to the prior year's ADC for Parts B, C and D.

FYE	<u>June 30, 2025</u>	<u>June 30, 2026</u>
Part B (% of DB payroll)	5.36%	3.87%
Part B (% of 457 payroll)	4.41%	4.11%
Part C	\$ -	\$ -
Part D	\$ 13,664	\$ 55,294

The Management Summary included in the valuation provides an overview of the key findings in this year's valuation.

As the Committee is aware, effective April 17, 2021, the defined benefit (DB) plan was changed to the deferred compensation (DC) SRP 457 plan for new and/or rehired employees. Currently, only 17 active employees are contributing to the DB plan. This previously dramatic decrease in the number of employees contributing to the DB plan created a gap between what was being collected from the members and what was needed to fund the Part B obligation. The transition from the DB to the DC SRP 457 plan made more of a material change to the 2022 contribution amount than was anticipated.

To address the reduction and continue to fund the future liability of the DB plan, the 2022 actuarial recommendation was to establish a contribution requirement to the DB plan applied to active employees with coverage under the 457 DC plan. This change in contribution requirement was approved by the Board of Supervisors on December 6, 2023, and went into effective in pay period 23-01. This method has split the cost of amortizing the existing unfunded liability while generating sufficient contributions to maintain a reasonable degree of stability in future costs.

For the 2024 valuation report, it is recommended that the Part B employer contribution amount for the DB payroll be decreased to 3.87% from 5.36% effective in the 25/26 FY. The ADC for the SRP 457 participants is recommended to decrease only slightly from 4.41% to 4.11%.

Due to benefit conversion offers, periodic contact with recently termed members, and tireless efforts on the part of staff to pay benefits to inactive members, the total participant count has decreased in the past year by 7.17%. Part B experienced an asset loss of \$318,246 as well as a liability gain of \$417,632. The liability gain is primarily attributable to participants transferring to the 457 plan.

No change is recommended in the assumption rate, it will remain at 7%.

Beginning with the June 30, 2022, valuation, all prior bases were combined into one base amortized over a closed 15-year period. Bases established in the future will be amortized over a closed 15-year period.

The funded ratio for Part C, Early Retirement Benefits is 155.48%. An ADC is not required for the FY 2026 plan year.

The funded ratio for Part D, Elected Department Head Retirement Benefits is 97.53%. The Actuarially Required Contribution (ADC) for FY 2026 is \$55,294.

Mr. John Garrett, Principal and Consulting Actuary with CavMac (CM), and Mr. Ryan Gunderson, Senior Actuarial Analyst with CavMac (CM), will be in attendance to discuss the results of the valuation, and the GASB Statement No. 67 supplement with the Committee.

Action Items

1. Approve the June 30, 2024, actuarial valuation and GASB 67 reporting prepared by CMC to be included in the Annual Comprehensive Financial Report prepared by the Auditor Controller's office.

If you have any questions, please email me at patty.zoll@ventura.org.

Attachment(s)

County of Ventura Supplemental Retirement Plan

Actuarial Valuation Report



Prepared as of June 30, 2024



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MANAGEMENT SUMMARY

This Management Summary provides comparative results of the actuarial valuation of the County of Ventura's Supplemental Retirement Plan as of June 30, 2024.

Actuarially Determined Contribution (ADC) for Fiscal Year Ending June 30, 2026

The Actuarially Determined Contribution is the term used under the GASB Statements which replaces the Annual Required Contribution (ARC). Below is a summary of the ADCs for the fiscal year ending (FYE) June 30, 2026 compared to the prior year's ADCs. The Committee's funding policy set the amortization periods to be: 15 years closed in Parts B and D and 10 years closed in Part C. With the establishment of the 457 plan for Part B participants and the resulting decrease to defined benefit plan participants in Part B, we recommend establishing a contribution requirement to the defined benefit plan to be applied to the payroll of Part B active employees with coverage under the 457 plan. This in effect spreads the funding of the accrued liability and administrative expenses of the DB plan over the payroll of all extra help and part-time employees. As part of this change, we also recommend re-setting the amortization period of the Part B unfunded actuarial accrued liability to a closed 15-year period. The amortization periods will continue to decrease by one year in each future valuation.

FYE	June 30, 2025	June 30, 2026
Part B (% of DB payroll)	5.36%	3.87%
Part B (% of 457 payroll)	4.41%	4.11%
Part C	\$ -	\$ -
Part D	\$ 13,664	\$ 55,294

Part B – Extra Help and Part-Time Employees' Retirement Benefits

Valuation Year	Prior Assumptions		
	2023	2024	2024
Active participants	17	13	13
Inactive participants	6,158	5,717	5,717
Compensation (Base)	\$ 852,588	\$ 735,687	\$ 735,687
Actuarial accrued liability	\$ 26,911,195	\$ 26,099,542	\$ 26,147,121
Actuarial Value of Assets	\$ 25,457,338	\$ 24,811,161	\$ 24,811,161
Unfunded actuarial accrued liability	\$ 1,453,857	\$ 1,288,381	\$ 1,335,960
Actuarially Determined Contribution (ADC)	\$ 518,459	\$ 434,516	\$ 439,128
ADC as a percent of DB covered compensation	5.36%	3.88%	3.87%
ADC as a percent of 457 covered compensation	4.41%	4.06%	4.11%

Part B experienced an asset loss of \$318,246 as well as a liability gain of \$417,632. The liability gain is primarily attributable to participants transferring to the 457 plan. The unfunded actuarial accrued liability of Part B also increased by \$47,579 due to adopting 2020 – 2023 VCERA experience study recommendations.





MANAGEMENT SUMMARY

Part C – Early Retirement Benefits

Valuation Year	Prior Assumptions		
	2023	2024	2024
Retired participants/beneficiaries	22	21	21
Actuarial accrued liability	\$ 268,024	\$ 254,872	\$ 259,008
Actuarial Value of Assets	\$ 418,671	\$ 402,696	\$ 402,696
Unfunded actuarial accrued liability	\$ (150,647)	\$ (147,824)	\$ (143,688)
Actuarially Determined Contribution (ADC)	\$ -	\$ -	\$ -

Part C comprises a closed group of retirees with actuarial value of assets for 2024 exceeding the liability. There is no remaining amortization period for Part C; therefore, for the current and future years, the ADC will be equal to the unfunded actuarial accrued liability, if any, with an interest adjustment, but not less than \$0.

Part D – Elected Department Head Retirement Benefits

Valuation Year	Prior Assumptions		
	2023	2024	2024
Active participants	0	0	0
Retired participants/beneficiaries	7	7	7
Compensation (Base)	\$ -	\$ -	\$ -
Actuarial accrued liability	\$ 2,093,755	\$ 2,072,322	\$ 2,092,181
Actuarial Value of Assets	\$ 2,069,049	\$ 2,040,503	\$ 2,040,503
Unfunded actuarial accrued liability	\$ 24,706	\$ 31,819	\$ 51,678
Actuarially Determined Contribution (ADC)	\$ 13,664	\$ 34,046	\$ 55,294

Actuarial Standard of Practice Number 4 (ASOP 4) requires the disclosure of a reasonable actuarial determined contribution (ADC). The current statutory funding policy is expected to fully fund the plans in a reasonable number of years and not result in an excessive amount of short-term increase to the unfunded actuarial accrued liability. While there are potentially other reasonable actuarial determined contributions, in our professional judgment, the current ADC meets the guidelines of ASOP 4.

Our report contains details regarding the results of the June 30, 2024 actuarial valuations of each Part of the Plan separately. The actuarial information required for the SRP to comply with the reporting requirements of GASB Statement No. 67 will be provided in a separate supplemental report.

The information pertaining to the analysis of risk facing the Plan, as required under Actuarial Standard of Practice Number 51, *Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension Plan Contribution*, is provided in the Risk Assessment Addendum to this report.





ACTUARIAL VALUATION CERTIFICATION

This report presents the results of the Actuarial Valuation for the County of Ventura Supplemental Retirement Plan as of June 30, 2024. The Plan is comprised of three parts, Parts B, C and D. An actuarial valuation is performed for each Part. Additionally, results are provided for each individual in Part D.

This report was prepared using generally accepted actuarial practices and methods. The actuarial assumptions used in the calculations for each Part are individually reasonable and reasonable in aggregate.

CavMac did not audit the employee data and financial information used in the valuations; however, we did perform a review of data for reasonableness. On the basis of our data review, we believe that the information is sufficiently complete and reliable and that it is appropriate for the purposes intended.

Actuarial computations presented in this report are for the purposes of determining the recommended funding amounts for the Plan. Actuarial computations under GASB Statements No. 67 and 68 are for purposes of fulfilling financial accounting requirements. A supplemental report to the valuation containing the actuarial information required under GASB Statement No. 67 will be provided separately. Determinations for purposes other than meeting these requirements may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes.

In order to prepare the results in this report, we have utilized actuarial models that were developed to measure liabilities and develop actuarial costs. These models include tools that we have produced and tested, along with commercially available valuation software that we have reviewed to confirm the appropriateness and accuracy of the output. In utilizing these models, we develop and use input parameters and assumptions about future contingent events along with recognized actuarial approaches to develop the needed results.

We respectfully submit the following report, and we look forward to discussing it with you. John J. Garrett and Micki R. Taylor are members of the American Academy of Actuaries and meet the Qualifications Standards of the Academy to render the actuarial opinion contained herein.

John J. Garrett, ASA, MAAA, FCA
Principal and Consulting Actuary

Micki R. Taylor, ASA, EA, MAAA, FCA
Consulting Actuary

Ryan Gundersen
Senior Consultant





PLAN ASSETS

Market Value of Assets

The assets of each Part of the Plan are commingled for investment purposes. Each Part's market value of assets is determined using the respective cash flow separately for each and allocating the market value investment earnings based on the assumption that each Part experienced the same investment return during the Plan year. This year's market value of assets allocation is provided along with last year's in the table below.

Plan Year Ending:	<u>June 30, 2023</u>	<u>June 30, 2024</u>
Beginning of Year Assets	\$ 29,541,656	\$ 26,224,207
Contribution - Employer	521,492	703,979
Contribution - Employee	30,380	24,300
Benefit Payments	(6,316,180)	(2,559,140)
Administrative Expenses	(337,513)	(399,312)
Investment Earnings	2,784,372	2,834,356
End of Year Assets	<u>\$ 26,224,207</u>	<u>\$ 26,828,390</u>
Approximate Investment Rate of Return	10.51%	11.29%
Part B Market Value of Assets		
Beginning of Year Assets	\$ 27,275,563	\$ 23,859,588
Contribution - Employer	439,454	670,727
Contribution - Employee	30,380	24,300
Benefit Payments	(6,101,458)	(2,334,309)
Administrative Expenses	(337,513)	(399,312)
Investment Earnings	2,553,162	2,578,247
End of Year Assets	<u>\$ 23,859,588</u>	<u>\$ 24,399,241</u>
Part C Market Value of Assets		
Beginning of Year Assets	\$ 399,346	\$ 396,448
Contribution - Employer	0	0
Benefit Payments	(42,632)	(39,940)
Administrative Expenses	0	0
Investment Earnings	39,734	42,497
End of Year Assets	<u>\$ 396,448</u>	<u>\$ 399,005</u>
Part D Market Value of Assets		
Beginning of Year Assets	\$ 1,866,747	\$ 1,968,171
Contribution - Employer	82,038	33,252
Benefit Payments	(172,090)	(184,891)
Administrative Expenses	0	0
Investment Earnings	191,476	213,612
End of Year Assets	<u>\$ 1,968,171</u>	<u>\$ 2,030,144</u>





PLAN ASSETS

Determination of the Actuarial Value of Assets as of June 30, 2024

	Part B	Part C	Part D
A. Actuarial Value of Assets Beginning of Year	\$ 25,457,338	\$ 418,671	\$ 2,069,049
B. Market Value Beginning of Year	\$ 23,859,588	\$ 396,448	\$ 1,968,171
C. Market Value End of Year	\$ 24,399,241	\$ 399,005	\$ 2,030,144
D. Cash Flow			
1. Contributions	\$ 695,027	\$ -	\$ 33,252
2. Benefit Payments	(2,334,309)	(39,940)	(184,891)
3. Administrative Expenses	(399,312)	0	0
4. Total Cash Flow	(2,038,594)	(39,940)	(151,639)
E. Investment Income			
1. Market Value Investment Income (C.-B.-D4.)	\$ 2,578,247	\$ 42,497	\$ 213,612
2. Assumed Rate	7.00%	7.00%	7.00%
3. Amount for Immediate Recognition (E2. * {B. + .5 * D4.})	\$ 1,598,820	\$ 26,353	\$ 132,465
4. Amount for Phased-In Recognition (E1. - E3.)	\$ 979,427	\$ 16,144	\$ 81,147
F. Phased-In Recognition of Investment Income			
1. Current Year (20% of E4.)	\$ 195,885	\$ 3,229	\$ 16,229
2. First Prior Year	170,558	2,654	12,791
3. Second Prior Year	(1,317,476)	(19,058)	(88,143)
4. Third Prior Year	927,816	13,548	62,637
5. Fourth Prior Year	(183,186)	(2,761)	(12,886)
6. Total Recognized This Year	\$ (206,403)	\$ (2,388)	\$ (9,372)
G. Actuarial Value of Assets End of Year (A.+D4.+E3.+F6.)	\$ 24,811,161	\$ 402,696	\$ 2,040,503
H. Actuarial Value Rate of Return	5.70%	6.01%	6.18%





ACTUARIAL VALUATION RESULTS FOR PART B

Valuation Results for Part B – Safe Harbor Retirement Benefits

Table of Comparative Valuation Results

Actuarial Valuation Date: ADC Applies to Fiscal Year Ending:	June 30, 2023 June 30, 2025	June 30, 2024 Prior Assumptions	June 30, 2024 June 30, 2026
1. Actuarial Accrued Liability			
1a. Active Liability	\$ 1,166,012	\$ 1,042,621	\$ 1,045,182
1b. Terminated Vested Liability	12,332,648	11,434,860	11,454,564
1c. Retiree Liability	13,412,535	13,622,061	13,647,375
1d. Total Actuarial Accrued Liability	<u>\$ 26,911,195</u>	<u>\$ 26,099,542</u>	<u>\$ 26,147,121</u>
2. Actuarial Value of Assets	<u>\$ 25,457,338</u>	<u>\$ 24,811,161</u>	<u>\$ 24,811,161</u>
3. Unfunded Actuarial Accrued Liability (1d - 2)	\$ 1,453,857	\$ 1,288,381	\$ 1,335,960
4. Funded Ratio (2 / 1d)	94.60%	95.06%	94.89%
Development of Expected Contributions			
5. Amortization of Unfunded Actuarial Accrued Liability [#]	\$ 162,369	\$ 151,814	\$ 156,867
6. Expected Administrative Expenses	348,000	284,000	284,000
7. Normal Cost	33,668	20,773	20,332
8. Expected Employee Contributions	25,578	22,071	22,071
9. Total Expected Employer Contribution (5 + 6 - 7)	<u>\$ 518,459</u>	<u>\$ 434,516</u>	<u>\$ 439,128</u>
Actuarially Determined Contribution (ADC)			
10. Annual DB Covered Pay	\$ 852,588	\$ 735,687	\$ 735,687
11. Amortization of Unfunded Actuarial Accrued Liability*	1.40%	1.41%	1.46%
12. Expected Administrative Expenses*	3.01%	2.65%	2.65%
13. Normal Cost	3.95%	2.82%	2.76%
14. Employee Contributions	<u>3.00%</u>	<u>3.00%</u>	<u>3.00%</u>
15. ADC (% of DB Payroll) (11 + 12 + 13 - 14)	5.36%	3.88%	3.87%
16. ADC (% of 457 Payroll) (11 + 12)	4.41%	4.06%	4.11%

[#] Prior to 2012, a closed amortization period of 15 years commencing June 30, 2010 was utilized to amortize the UAAL. Beginning June 30, 2012, new bases were established each year for Part B and were amortized over a 15-year closed period. Beginning with the June 30, 2019 valuation, a level-dollar amortization method is utilized. Beginning with the June 30, 2022 valuation, all prior bases established are combined into one base and will be amortized over a 15-year closed period. A new base will be established each year going forward and will be amortized over a 15-year closed period. Refer to page 7 for the presentation of UAAL bases and the calculation of the amortization payment.

*Rates determined for the June 30, 2023 and June 30, 2024 valuations include expected annual 457 covered payroll of \$10,718,000 and \$10,000,000, respectively. Administrative expenses for fiscal year ending June 30, 2026 are assumed to be \$284,000.





ACTUARIAL VALUATION RESULTS FOR PART B

Unfunded Actuarial Accrued Liability Bases

Prior to June 30, 2012 the UAAL was amortized over a closed 15-year period. Commencing with the June 30, 2012 valuation, each annual change in the UAAL attributable to plan experience, change in assumptions and methods, and benefit changes is amortized over a closed 15-year period. As of June 30, 2019, amortization payments are determined under a level-dollar method. Beginning with the June 30, 2022 valuation, all prior bases were combined into one base amortized over a closed 15-year period. Bases established in the future will be amortized over a closed 15-year period.

Date Established	Original Amount	Outstanding Balance as of July 1, 2024	Amortization Payment	Years Remaining as of July 1, 2024
6/30/2022	\$ 1,884,547	\$ 1,729,307	\$ 200,145	13
6/30/2023	(\$355,695)	(\$341,540)	(\$37,776)	14
6/30/2024	(\$51,807)	(\$51,807)	(\$5,502)	15
Total		1,335,960	156,867	

Three Year ADC Projection

For planning purposes, we have projected the assets and liabilities of Part B for three years assuming that investment returns and all other experience are as assumed and the required contributions are made each year. Note that the UAAL Amortization cost and Administrative Expenses are funded over both the DB and 457 plan covered payroll. The dollar amounts in the chart below are in thousands.

Fiscal Year Ending	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability	UAAL Amortization	Admin Expenses	Normal Cost	Expected Employee Contributions	Expected Employer ADC in \$
6/30/2027	26,256	25,022	1,234	153	284	21	23	435
6/30/2028	26,321	24,186	2,135	257	284	22	24	539
6/30/2029	26,375	24,659	1,716	225	284	23	25	507





ACTUARIAL VALUATION RESULTS FOR PART B

Participant Information

	June 30, 2023	June 30, 2024
Active Participants		
Number	17	13
Average Age	60	57
Average Service	15.2	15.3
Average Annual Compensation	\$ 48,340	\$ 54,546
Terminated Participants		
Number	5,463	5,008
Average Monthly Benefit at Age 65	\$ 37	\$ 38
Participants Receiving Benefits		
Number	695	709
Average Monthly Benefit	\$ 173	\$ 176

Active Participant Age / Service Distribution as of June 30, 2024

Age	Years of Participation Service							Total
	<1	1	2	3	4	5 - 9	10 +	
< 20	0	0	0	0	0	0	0	0
20-24	0	0	0	0	0	0	0	0
25-29	0	0	0	0	0	0	0	0
30-34	0	0	0	0	0	0	1	1
35-39	0	0	0	0	0	0	1	1
40-44	0	0	0	0	0	0	0	0
45-49	0	0	0	0	1	0	1	2
50-54	0	0	0	0	0	0	1	1
55-59	0	0	0	0	0	0	2	2
60-64	0	0	0	0	0	0	1	1
65-69	0	0	0	1	0	0	3	4
70 +	0	0	0	0	0	0	1	1
Total	0	0	0	1	1	0	11	13





ACTUARIAL VALUATION RESULTS FOR PART B

Projection of Total Benefit Payments

The following table provides the projected total Part B benefit payments over the next ten years. The projection was based on the actuarial assumptions used for the valuation.

<u>Fiscal Year Ending 6/30</u>	<u>Total Benefit Payments</u>
2025	\$ 1,684,114
2026	\$ 1,735,833
2027	\$ 1,750,234
2028	\$ 1,761,518
2029	\$ 1,802,634
2030	\$ 1,837,153
2031	\$ 1,871,731
2032	\$ 1,879,847
2033	\$ 1,929,026
2034	\$ 1,955,538





PLAN PROVISIONS FOR PART B

Summary of Plan Provisions

This is a defined benefit plan enacted to provide retirement benefits to "extra help" or "part-time" employees in lieu of paying Social Security taxes for these employees. This plan is intended to satisfy the safe harbor rules for a defined benefit plan under OBRA '90.

Effective Date:	January 1, 1992.
Plan Year:	Calendar year.
Covered Employee:	Employees classified as "extra help" or "part-time" provided the employee is not covered by another County retirement plan and the County is not paying FICA tax for the employee.
Entry Date:	Later of hire date or Effective Date.
Normal Retirement Age:	Age 65
Vesting:	Participants are immediately fully vested.
Employee Contributions:	3.0% of pay. Employer pays contributions on behalf of employee under IRC § 414(h).
Compensation:	Base pay up to Social Security Taxable Wage Base. Overtime, bonuses, etc. are not included.
Retirement Benefit:	2.0% of total career eligible compensation (last 30 years of compensation).
Normal Form of Benefit:	Single Life Annuity.
Early Retirement:	Age 50, actuarially discounted.
Optional Forms of Payment:	100% Joint and Survivor Annuity. If the lump sum value of the benefit at retirement is less than \$5,000, the benefit will be paid out in a single lump sum.
Termination Benefit:	Deferred benefit payable at age 65, earlier if eligible for early retirement.
Death Benefit:	Refund of employee contributions accumulated with 5.0% interest.





ASSUMPTIONS AND METHODS FOR PART B

Summary of Principal Actuarial Assumptions and Methods

This section presents a description of the actuarial basis used in the valuation. It includes a description of the funding method, the valuation procedures, and the actuarial assumptions.

A. Funding Method

The actuarial funding method used is the Entry Age Normal Cost Method. Under this method, projected benefits are determined for all participants and the associated liabilities are spread in a manner that produces level annual cost as a percent of pay in each year from the age of hire (entry age) to the assumed retirement age. The cost allocated to the current fiscal year is called the normal cost. The normal cost of the plan is funded as a percentage of the active participant payroll in the Part B defined benefit plan.

The actuarial accrued liability for active participants is then calculated as a portion of the total cost of the plan allocated to prior years. The actuarial accrued liability for participants currently receiving benefits, for active participants beyond the assumed retirement age, and for participants entitled to deferred benefits is equal to the present value of the benefits expected to be paid. No normal costs are applicable for these participants.

The excess of the total actuarial accrued liability over the actuarial value of plan assets is called the unfunded actuarial accrued liability. With the establishment of a 457 plan for Part B eligible employees, the unfunded liability which was accumulated through the past service of all Part B participants, will be amortized as a percentage of the payroll of all Extra Help and Part-Time Employees covered in both the defined benefit plan and the 457 plan until the liability is settled. Beginning with the June 30, 2022 valuation, the prior UAAL bases are combined into a single base with a 15-year closed amortization period. Each new valuation will establish a new base with a 15-year closed amortization period from the date it is established.

B. Valuation Assets

The asset value used for development of the required contribution uses a smoothing technique intended to dampen the impact of market volatility on valuation results. Using this technique, the actuarial value of assets recognizes a portion of the difference between the actual and the expected market value of assets based on the 7.00% assumed investment rate of return for the prior year. The amount recognized each year is 20% of the difference between the actual market value and expected market value.





ASSUMPTIONS AND METHODS FOR PART B

C. Actuarial Assumptions

Investment Rate of Return:	An annual rate of 7.00% per year, net of expenses.
Rate of Inflation	An annual rate of 2.50% per year.
Pre-Retirement Mortality:	Pub-2010 General Employee Amount-Weighted Above-Median Mortality Table, projected generationally with scale MP-2021
Post-Retirement Mortality (Retired):	Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table, with rates increased by 5% for females, projected generationally with scale MP-2021
Post-Retirement Mortality (Beneficiary):	Pub-2010 General Contingent Survivor Amount-Weighted Above-Median Mortality Table, with rates increased by 5%, projected generationally with scale MP-2021
Employee Compensation Increases:	3.75% per year.
Employee Contributions:	Employee contributions are 3.00% of compensation.
Turnover:	Turnover rates for VCERA general employees. Benefits are 100% vested and are assumed to be paid at the earlier of age 65 and early retirement.
Normal Retirement:	Age 65. Participants over age 65 are assumed to retire immediately.
Early Retirement:	Age 50, benefit payable immediately is actuarially reduced from age 65.
Form of Payment:	If the lump sum value, based on the Plan's actuarial equivalence assumptions, at retirement is \$5,000 or less, the benefit is assumed to be paid as a lump sum, otherwise the benefit is paid in the Normal Form of Benefit.
Marriage:	If spouse's date of birth is not provided, the spouse is assumed to be the same age as the participant.





ACTUARIAL VALUATION RESULTS FOR PART C

Valuation Results for Part C – Early Retirement Benefits

Table of Comparative Valuation Results

Actuarial Valuation Date:	June 30, 2023	June 30, 2024	June 30, 2024
ADC Applies to Fiscal Year Ending:	June 30, 2025	Prior Assumptions	June 30, 2026
1. Actuarial Accrued Liability			
1a. Active Liability	\$ 0	\$ 0	\$ 0
1b. Retiree Liability	268,024	254,872	259,008
1c. Total Actuarial Accrued Liability	\$ 268,024	\$ 254,872	\$ 259,008
2. Actuarial Value of Assets	\$ 418,671	\$ 402,696	\$ 402,696
3. Unfunded Actuarial Accrued Liability (1d - 2)	\$ (150,647)	\$ (147,824)	\$ (143,688)
4. Funded Ratio (2 / 1d)	156.21%	158.00%	155.48%
5. Amortization Period	0 Years	0 Years	0 Years
Actuarially Determined Contribution (ADC)			
6. Amortization of UAAL	\$ (155,920)	\$ (152,998)	\$ (148,717)
7. Normal Cost	0	0	0
8. ADC (6 + 7, not less than 0)	\$ -	\$ -	\$ -

Three Year ADC Projection

For planning purposes, we have projected the assets and liabilities of Part C for three years assuming that market returns and all other experience are as assumed and the required contributions are made each year. The dollar amounts in the chart below are in thousands.

Fiscal Year Ending	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability	UAAL Amortization	Normal Cost	Expected Employee Contributions	Expected Employer ADC in \$
6/30/2027	237	391	(154)	0	0	0	0
6/30/2028	215	366	(151)	0	0	0	0
6/30/2029	193	361	(168)	0	0	0	0





ACTUARIAL VALUATION RESULTS FOR PART C

Participant Information

	June 30, 2023	June 30, 2024
Participants Receiving Benefits		
Number	22	21
Average Monthly Benefit	\$ 151	\$ 155
Average Age	85.1	85.4

Projection of Total Benefit Payments

The following table provides the projected total Part C benefit payments over the next ten years. The projection was based on the actuarial assumptions used for the valuation.

<u>Fiscal Year Ending 6/30</u>	<u>Total Benefit Payments</u>
2025	\$ 38,657
2026	\$ 37,397
2027	\$ 35,852
2028	\$ 34,023
2029	\$ 31,921
2030	\$ 29,576
2031	\$ 27,032
2032	\$ 24,344
2033	\$ 21,581
2034	\$ 18,816





PLAN PROVISIONS FOR PART C

Summary of Plan Provisions

This is a defined benefit plan enacted to provide supplemental retirement benefits to County employees who retire early pursuant to periodic early retirement incentive programs adopted by the County.

Covered Employee:	Employees eligible to retire under the County's 1937 Act Retirement Plan who elect to participate in an early retirement incentive program, as established by resolution from time to time by the Board of Supervisors.
Retirement Date:	The date an Employee actually retires from County employment. The date must be during a Plan Participation Election Period.
Retirement Benefit:	As stated in Board resolution establishing the Plan Participation Election Period. Benefits include increases due to the Ventura Decision Settlement Agreement.
Normal Form of Benefit:	100% Joint and Survivor Benefit. Payable for the life of the Participant. Upon the death of the Participant, the monthly retirement benefit shall be paid to the Participant's Surviving Spouse, if any, for life.
Cost of Living Adjustments:	The Plan does not provide COLAs.





ASSUMPTIONS AND METHODS FOR PART C

Summary of Principal Actuarial Assumptions and Methods

This section presents a description of the actuarial basis used in the valuation. It includes a description of the funding method, the valuation procedures, and the actuarial assumptions.

A. Funding Method

As a plan of only retirees, there is not a specific cost allocation method used. The actuarial accrued liability for the retired participants is the present value of their expected future benefit payments. The excess of the total actuarial accrued liability over the actuarial value of plan assets is called the unfunded actuarial accrued liability (UAAL). The UAAL is amortized as level dollar amounts over a 10-year period beginning July 1, 2010.

B. Valuation Assets

The asset value used for development of the required contribution uses a smoothing technique intended to dampen the impact of market volatility on valuation results. Using this technique, the actuarial value of assets recognizes a portion of the difference between the actual and the expected market value of assets based on the 7.00% assumed investment rate of return for the prior year. The amount recognized each year is 20% of the difference between the actual market value and expected market value.

C. Actuarial Assumptions

Investment Rate of Return:	An annual rate of 7.00% per year net of expenses.
Rate of Inflation	An annual rate of 2.50% per year.
Mortality (Retired):	Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table, with rates increased by 5% for females, projected generationally with scale MP-2021
Mortality (Beneficiary):	Pub-2010 General Contingent Survivor Amount-Weighted Above-Median Mortality Table, with rates increased by 5%, projected generationally with scale MP-2021





ACTUARIAL VALUATION RESULTS FOR PART D

Valuation Results for Part D – Elected Department Head Retirement Benefits

Table of Comparative Valuation Results

Actuarial Valuation Date:	June 30, 2023	June 30, 2024	June 30, 2024
ADC Applies to Fiscal Year Ending:	June 30, 2025	Prior Assumptions	June 30, 2026
1. Actuarial Accrued Liability			
1a. Active Liability	\$ -	\$ -	\$ -
1b. Terminated Vested Liability	0	0	0
1c. Retiree Liability	2,093,755	2,072,322	2,092,181
1d. Total Actuarial Accrued Liability	\$ 2,093,755	\$ 2,072,322	\$ 2,092,181
2. Actuarial Value of Assets	\$ 2,069,049	\$ 2,040,503	\$ 2,040,503
3. Unfunded Actuarial Accrued Liability (1d - 2)	\$ 24,706	\$ 31,819	\$ 51,678
4. Funded Ratio (2 / 1d)	98.82%	98.46%	97.53%
5. Amortization Period	2 Years	1 Year	1 Year
Actuarially Determined Contribution (ADC)			
6. Amortization of Unfunded Actuarial Accrued Liability	\$ 13,664	\$ 34,046	\$ 55,294
7. Normal Cost	0	0	0
8. ADC (6 + 7)	\$ 13,664	\$ 34,046	\$ 55,294

Three Year ADC Projection

For planning purposes, we have projected the assets and liabilities of Part D for three years assuming that market returns and all other experience are as assumed and the required contributions are made each year.

Fiscal Year Ending	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability	UAAL Amortization	Normal Cost	Expected Employee Contributions	Expected Employer ADC in \$
6/30/2027	2,045	2,007	38	41	0	0	41
6/30/2028	1,993	1,949	44	47	0	0	47
6/30/2029	1,935	1,962	(27)	(29)	0	0	(29)





ACTUARIAL VALUATION RESULTS FOR PART D

Participant Information

	June 30, 2023	June 30, 2024
Active Participants		
Number	0	0
Average Age	0	0
Average Service	0	0.0
Average Hourly Pay Rate	\$ -	0.0
Participants Receiving Benefits		
Number	7	7
Average Monthly Benefit	\$ 2,187	\$ 2,242

Actives:

<u>Position¹</u>	<u>Age</u>	<u>Date of Hire</u>	<u>Value of Annual Leave</u>	<u>Value of Ed. Incentive</u>
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Assessor

Retirees:

<u>Position</u>	<u>Age</u>	<u>Effective Retirement Date</u>	<u>Monthly Benefit</u>
Treasurer 1 (Beneficiary)	84.8	8/31/2002	\$ 1,136
District Attorney	82.4	11/2/2002	\$ 2,781
Clerk Recorder 1	81.4	1/7/2003	\$ 2,356
Clerk Recorder 2 (Beneficiary)	76.2	1/3/2009	\$ 1,827
Treasurer 2	78.0	7/17/2010	\$ 2,682
Auditor Controller 2	67.5	4/13/2013	\$ 2,212
Assessor	72.7	1/3/2023	\$ 2,701

¹Assessor (Goodwin) retired 1/3/2023.





ACTUARIAL VALUATION RESULTS FOR PART D

Projection of Total Benefit Payments

The following table provides the projected total Part D benefit payments over the next ten years. The projection was based on the actuarial assumptions used for the valuation.

<u>Fiscal Year Ending 6/30</u>	<u>Total Benefit Payments</u>
2025	\$ 186,880
2026	\$ 189,064
2027	\$ 190,827
2028	\$ 192,099
2029	\$ 192,810
2030	\$ 192,891
2031	\$ 192,275
2032	\$ 190,895
2033	\$ 188,694
2034	\$ 185,624





ACTUARIAL VALUATION RESULTS FOR PART D

ACTUARIALLY DETERMINED CONTRIBUTIONS (ADC) BY INDIVIDUAL FOR THE FISCAL YEAR ENDING JUNE 30, 2026							
Retirees							
Position	Treasurer 1 (Beneficiary)	District Attorney	Clerk Recorder 1	Clerk Recorder 2 (Beneficiary)	Treasurer 2	Auditor Controller 2	Assessor
Unfunded Actuarial Accrued Liability							
1. Total Actuarial Accrued Liability	\$ 88,469	\$ 368,097	\$ 259,948	\$ 224,740	\$ 343,659	\$ 396,364	\$ 410,904
2. Actuarial Value of Assets	74,193	348,828	244,335	206,193	334,195	386,502	446,257
3. Unfunded Actuarial Accrued Liability	\$ 14,276	\$ 19,269	\$ 15,613	\$ 18,547	\$ 9,464	\$ 9,862	\$ (35,353)
Actuarially Determined Contribution (ADC)							
4. 1-year Amortization of UAAL	\$ 15,275	\$ 20,618	\$ 16,706	\$ 19,845	\$ 10,126	\$ 10,552	\$ (37,828)
5. Normal Cost	0	0	0	0	0	0	0
6. ADC (4 + 5)	\$ 15,275	\$ 20,618	\$ 16,706	\$ 19,845	\$ 10,126	\$ 10,552	\$ (37,828)





PLAN PROVISIONS FOR PART D

Summary of Plan Provisions

This is a defined benefit plan that provides a supplemental retirement benefit in addition to that provided under VCERA. The benefit is intended to make the elected department heads' pension benefits equal to those of appointed officials. This supplemental benefit is based on the cash value of annual leave and education incentive amounts.

- Part D Service:** A participant's Part D service equal to his eligible membership service under VCERA.
- Benefit Eligibility:** Participants must be eligible to participate in the VCERA retirement plan, and must be an Elected Department Head and elect to retire and commence retirement benefits under the County's 1937 Act Retirement Plan.
General Tier 1 members - attainment of age 50 and completion of 10 or more years of service, or upon reaching age 70 (regardless of service) or upon reaching 30 years of service (regardless of age).
Safety members - attainment of age 50 and completion of 10 or more years of service, or upon reaching 20 years of service (regardless of age).
- Benefit Amount:** The program provides a supplemental benefit that is the difference between what would have been received by the elected official if their compensation package matched that of appointed officials and their Retirement Benefit available from VCERA, subject to the IRC 401(a)(17) compensation limits.
General Tier 1 members - service retirement benefit is equal to an age-based retirement factor multiplied by 1/60th of the participant's Part D earnings multiplied by Part D Service at retirement.
Safety members - service retirement benefit is equal to an age-based retirement factor multiplied by 1/50th of the Participant's Part D earnings multiplied by Part D Service at retirement.
Sample age-based retirement factors are shown below:

General Tier I		Safety	
Age	Factor	Age	Factor
50	.7454	41	.6258
55	1.0000	46	.8226
60	1.3093	51	1.0516
65	1.5668	56	1.3099





PLAN PROVISIONS FOR PART D

Summary of Plan Provisions (continued)

Form of Benefits:	The benefit is a monthly annuity payable in the same form of benefit as selected under the VCERA plan with an annual cost of living adjustment (COLA) based on the COLA percentage provided under VCERA plan.
Ordinary Death Benefit After Eligible to Retire:	Depends upon option chosen at retirement.
Participant Contributions:	None.

DRAFT





ASSUMPTIONS AND METHODS FOR PART D

Summary of Principal Actuarial Assumptions and Methods

This section presents a description of the actuarial basis used in the valuation. It includes a description of the funding method, the valuation procedures, and the actuarial assumptions.

A. Funding Method

The actuarial funding method used is the Entry Age Normal Cost Method. Under this method, projected benefits are determined for all participants and the associated liabilities are spread in a manner that produces level annual cost as a percent of pay in each year from the age of hire (entry age) to the assumed retirement age. The cost allocated to the current fiscal year is called the normal cost.

The actuarial accrued liability for active participants is then calculated as a portion of the total cost of the plan allocated to prior years. The actuarial accrued liability for participants currently receiving benefits, for active participants beyond the assumed retirement age, and for participants entitled to deferred benefits is equal to the present value of the benefits expected to be paid. No normal costs are applicable for these participants.

The excess of the total actuarial accrued liability over the actuarial value of plan assets is called the unfunded actuarial accrued liability. The UAAL is amortized as a level dollar amount over a closed 15-year period beginning July 1, 2010.

B. Valuation Assets

The asset value used for development of the required contribution uses a smoothing technique intended to dampen the impact of market volatility on valuation results. Using this technique, the actuarial value of assets recognizes a portion of the difference between the actual and the expected market value of assets based on the 7.00% assumed investment rate of return for the prior year. The amount recognized each year is 20% of the difference between the actual market value and expected market value.

C. Allocation of ADC by Individual

For purposes of attributing ADC to individuals, assets are allocated based on an individual's cash flow (contributions based on the prior year ADC and actual benefit payments). Each individual was assumed to have approximately the same investment return during the plan year. The unfunded actuarial accrued liability was amortized over a closed period of 15 years from July 1, 2010 for each individual, independent of status (active, retiree) or age. This methodology is used by the County for internal purposes. Beginning with the June 30, 2019 valuation, amortization payments are based on a level-dollar method.





ASSUMPTIONS AND METHODS FOR PART D

D. Actuarial Assumptions

Investment Rate of Return:	An annual rate of 7.00% per year net of expenses.
Rate of Inflation	An annual rate of 2.50% per year.
Pre-Retirement Mortality:	Pub-2010 General Employee Amount-Weighted Above-Median Mortality Table, projected generationally with scale MP-2021
Post-Retirement Mortality (Retired):	Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table, with rates increased by 5% for females, projected generationally with scale MP-2021
Post-Retirement Mortality (Beneficiary):	Pub-2010 General Contingent Survivor Amount-Weighted Above-Median Mortality Table, with rates increased by 5%, projected generationally with scale MP-2021
Service Retirement:	VCERA rates of retirement for General members and Public Safety members are utilized.
Turnover:	None.
Disability:	None.
Form of Payment:	The benefit begins at retirement and continues for the Participant's life with an annual 3% cost of living adjustment. Upon the death of the Participant, an amount equal to 60% of the amount paid to the Participant will continue to that Participant's surviving spouse.
Cost of Living Adjustments:	Retirement benefits are assumed to increase by 3.00% per year.



County of Ventura Supplemental Retirement Plan



2024 Risk Assessment Addendum

Prepared as of June 30, 2024



Certification Letter

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September 9, 2024

Supplemental Retirement Plan (SRP) Committee
County of Ventura
800 South Victoria Avenue #1970
Ventura, CA 93009 – 1970

Re: Risk Assessment Addendum

Dear SRP Committee Members:

The primary objective of this addendum is to provide the analysis of risk, as required under Actuarial Standard of Practice Number 51, *Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension Plan Contributions*. There are other risks that the Plan faces, including issues such as cyber security, a catastrophe to the physical location, and many others. These are outside the scope of our analysis, which focuses only on those risks relating to the variance in the measurement of the benefit obligations as well as the contribution rates. There is no specific action by the SRP Committee either required or expected in response to this report, although it is possible that a deeper understanding of the risks faced by the Plan may prompt some additional discussion.

Also included in this addendum is the required disclosure of the Low-Default-Risk Obligation Measure (LDROM) under the revised Actuarial Standard of Practice Number 4 – *Measuring Pension Obligations and Determining Pension Plan Costs or Contributions*.

In preparing our report, we utilized the data, methods, assumptions, and benefit provisions described in the June 30, 2024 actuarial valuation of the SRP. That report should be consulted for a complete description of how our work was performed. Some of the results in this report are based upon modifying one or more of the valuation assumptions as noted in the discussion of the analysis being performed.

The consultants who worked on this assignment are pension actuaries with significant public plan experience. In addition, the signing actuaries are independent of the SRP and the plan sponsor. We are not aware of any relationship that would impair the objectivity of our work.



September 9, 2024
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On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and accurate. The valuation, on which this analysis was based, was prepared in accordance with principles of practice prescribed by the Actuarial Standards Board. John J. Garrett and Micki R. Taylor are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.

We respectfully submit the following report and look forward to discussing it with you.

John J. Garrett, ASA, MAAA, FCA
Principal and Consulting Actuary

Micki R. Taylor, ASA, EA, MAAA, FCA
Consulting Actuary

Ryan Gundersen
Senior Consultant





Actuarial Standard of Practice Number 51 (ASOP 51)

Actuarial Standards of Practice (ASOPs) are issued by the Actuarial Standards Board and are binding for credentialed actuaries practicing in the United States. These standards generally identify what the actuary should consider, document and disclose when performing an actuarial assignment. In September 2017, ASOP 51, *Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension Plan Contributions*, was issued as final with application to measurement dates on or after November 1, 2018. This ASOP applies to funding valuations, actuarial projections, and actuarial cost studies of proposed plan changes.

A typical retirement system faces many different risks. The greatest risk for a retirement system is the inability to make benefit payments when due. If system assets are depleted, benefits may not be paid which could create legal and litigation risk. The term “risk” is most commonly associated with an outcome with undesirable results. However, in the actuarial world risk is defined as uncertainty. The actuarial valuation process uses many actuarial assumptions to project how future contributions and investment returns will meet the cash flow needs for future benefit payments. Of course, we know that actual experience will not unfold exactly as anticipated by the assumptions and that uncertainty, whether favorable or unfavorable, creates risk. ASOP 51 defines risk as the potential of actual future measurements deviating from expected future measurements due to actual experience that is different than the actuarial assumptions.

Identifying Risks

The first step in a project such as this is to identify the significant risks that affect how SRP liabilities are measured and contributions determined. Some risks, such as investment return for a funded retirement plan, are obvious, but there are others that are not as clear. There is no definition of “significant” to clearly define which risks should be considered, nor is it possible to tell in advance whether certain risks are significant or not.

The identification of risks is also specific to the retirement plan being studied. Some plan design features, such as lump sums based on market interest rates, could increase the risk a plan faces, while features that adjust benefits based on investment return may reduce the risk to the plan (but not necessarily to the member). Thus, this analysis for the SRP is uniquely prepared for the Plan and the risks it faces. Different plans expect different risks.

Assessing Risks

In this report, we consider a variety of risks faced by the Plan. A common theme for most retirement plans is that risks change as a plan matures. Because this is a fundamental issue, ASOP 51 gives special attention to requiring the disclosure of appropriate measures of how a plan is maturing. In the section of this report that considers maturity measures, we provide a number of illustrations to help demonstrate this trend. It is worth noting that the three Plan Parts (B, C & D) have significant differences that relate to the nature of eligibility and the historical inclusion of certain employment categories. For most of the assessments, we aggregate all the Parts of the Plan.





Conclusions

Risk is not necessarily a negative concept. As humans, we regularly take risks such as driving in an automobile because we believe that the gain to be received outweighs the possible negative consequences. We do, however, take steps to mitigate the risk by looking both ways at an intersection before proceeding, wearing seatbelts, etc. We do these things because we have some understanding of the sources of risk. The goal of this report is to help the SRP Committee and staff understand the major risks facing the Plan's funding, thereby allowing a reasoned approach to determining how to move into the future.





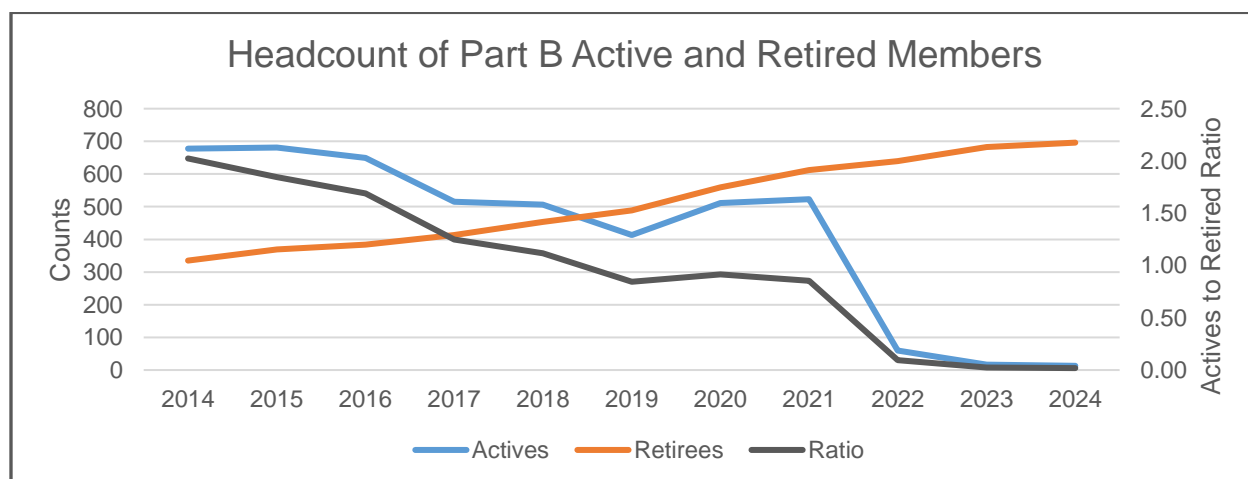
MATURITY OF THE PLAN

The aging of the population, including the retirement of the baby boomers, has created a shift in the demographics of most retirement systems. This change is not unexpected and has, in fact, been anticipated in the funding of the retirement systems. Even though it was anticipated, the demographic shift and maturing of the plans have increased the risk associated with funding the systems. There are different ways to measure and assess the maturity level of a retirement system and we will discuss several in this section of the report.

Historical Active to Retiree Ratio

One way to assess the maturity of the SRP is to consider the ratio of active members to retirees. In the early years after a retirement plan is established, the ratio of active to retired members will be very high as the plan is largely composed of active members. As the plan matures over time, the ratio starts to decline. A very mature plan often has a ratio near or below one. In addition, if the size of the active membership declines over time, it can accelerate the decline in the ratio.

As the following graph illustrates, this ratio of actives to retirees has been declining over time for Part B. Since Part C is a closed group of retirees and Part D is a very small and limited population (elected department heads), we have only included Part B membership in the graph. As will be noted, much of the decline in the active to retiree ratio is attributable to the decline in the active Part B membership.



Asset Volatility Ratio

As a retirement plan matures, the size of the market value of assets increases relative to the covered payroll of active members. The size of the plan assets relative to covered payroll, sometimes referred to as the asset volatility ratio, is an important indicator of the contribution risk for the Plan. The higher this ratio, the more sensitive a plan's contribution rate is to investment return volatility.



MATURITY MEASURES



The following tables show the recent trend for the asset volatility ratio for Part B as well as the impact of a return that is 10% lower than the assumed return on the Part B contribution rate. For this purpose, no asset smoothing is reflected. To ensure the results are comparable from year to year, the current actuarial assumptions are used for all years rather than the assumptions used in each valuation. Note that the contribution rate impact reflects 15-year amortization of the investment loss.

Asset Volatility Ratio of Part B

	2021	2022	2023	2023
<i>Market Value of Assets</i>	\$34,016,914	\$27,275,502	\$23,859,588	\$24,399,241
<i>Covered Payroll</i>	13,582,947	1,429,542	852,588	735,687
<i>Asset Volatility Ratio</i>	2.50	19.08	27.98	33.17
<i>Contribution Rate Increase with a Return 10% Lower than Assumed</i>	2.70%	20.56%	30.16%	35.74%

Historical Cash Flows

Plans with negative cash flows will experience increased sensitivity to investment return volatility. Cash flows, for this purpose, are measured as contributions less benefit payments and expenses. If the Plan has negative cash flows and experiences returns below the assumed rate, there are fewer assets to be reinvested to earn the higher returns that typically follow. While any negative cash flow will produce such a result, it is typically a negative cash flow of more than 5% of market value that causes significant concerns. Continued declines in Part B active membership would be expected to accelerate the decline in net cash flow. Note that values shown in the table below are for the total Plan as all benefits are paid from one trust.

Fiscal	Market Value		Benefit		Net Cash
Year End	of Assets		Payments		Flow
	(MVA)	Contributions	and Expenses	Net Cash	as a Percent
				Flow	of MVA
6/30/2018	\$26,146,778	\$1,877,809	\$1,513,593	\$364,216	1.39%
6/30/2019	27,837,596	1,721,814	1,634,579	87,235	0.31%
6/30/2020	28,545,196	1,619,469	1,924,864	(305,395)	(1.07%)
6/30/2021	36,738,105	2,887,288	1,822,509	1,064,779	2.90%
6/30/2022	29,541,656	779,821	3,335,992	(2,556,171)	(8.65%)
6/30/2023	26,224,207	551,872	6,653,693	(6,101,821)	(23.27%)
6/30/2024	26,828,390	728,279	2,958,452	(2,230,173)	(8.31%)





Liability Maturity Measurements

As discussed earlier, most public sector retirement systems have aging plan populations indicated by a decreasing ratio of active members to retirees and a growing percentage of retiree liability when compared to the total. The retirement of the remaining baby boomers over the next 10-15 years is expected to further exacerbate the aging of the retirement system population. With more of the total liability residing with retirees, investment volatility has a greater impact on the funding of the system since it is more difficult to restore the system financially after losses occur when there is comparatively less payroll over which to spread costs. Further, a decline in the active member population will accelerate the growth in the percentage of the retiree liability. The measures below include inactive members of Part B not yet receiving payments.

Part B of SRP Inactive Liability Percentage

<u>Fiscal</u>	<u>Inactive</u>	<u>Total</u>	<u>Inactive</u>	<u>Covered</u>	
<u>Year End</u>	<u>Liability</u>	<u>Actuarial</u>	<u>Percentage</u>	<u>Payroll</u>	<u>Ratio</u>
	(a)	(b)	(a) / (b)	(c)	(b) / (c)
6/30/2018	\$24,434,607	\$28,663,456	85.25%	\$12,005,228	2.39
6/30/2019	25,644,936	29,244,660	87.69%	8,954,001	3.27
6/30/2020	27,077,084	30,562,142	88.60%	11,507,954	2.66
6/30/2021	30,105,937	34,053,659	88.41%	13,582,947	2.51
6/30/2022	30,691,957	32,067,262	95.71%	1,429,542	22.43
6/30/2023	25,745,183	26,911,195	95.67%	852,588	31.56
6/30/2024	25,101,939	26,147,121	96.00%	735,687	35.54

Total SRP (Parts B, C & D) Inactive Liability Percentage

<u>Fiscal</u>	<u>Inactive</u>	<u>Total</u>	<u>Inactive</u>	<u>Covered</u>	
<u>Year End</u>	<u>Liability</u>	<u>Actuarial</u>	<u>Percentage</u>	<u>Payroll</u>	<u>Ratio</u>
	(a)	(b)	(a) / (b)	(c)	(b) / (c)
6/30/2018	\$26,852,160	\$31,518,050	85.20%	\$12,528,965	2.52
6/30/2019	28,002,483	32,022,981	87.44%	9,479,600	3.38
6/30/2020	29,408,943	33,278,722	88.37%	12,087,651	2.75
6/30/2021	32,366,819	36,706,432	88.18%	13,846,931	2.65
6/30/2022	32,719,670	34,497,635	94.85%	1,698,475	20.31
6/30/2023	28,106,962	29,272,974	96.02%	852,588	34.33
6/30/2024	27,453,128	28,498,310	96.33%	735,687	38.74





QUALITATIVE ANALYSIS

ASOP 51 provides that the assessment of risk does not necessarily have to be quantitative but may be qualitative. This report will provide the overall assessment of risk for the SRP from a qualitative perspective.

(1) Contribution Rate Funding Policy

The SRP covers three different Parts, each funded with a separate contribution rate. The largest Part (92% of the total) is Part B, the safe harbor plan. Slightly less than 1% of the SRP liabilities are attributable to Part C and approximately 7% is due to Part D. Each Part of the SRP has a separate funding policy which is intended to smoothly achieve 100% funded ratio over a reasonable number of years and in consideration of each individual Part's funding situation. SRP's Funding Policy should be considered as a positive factor in risk assessment because it permits the actuarial determined contribution to vary based on the results of the actuarial valuation.

(2) Historical Contributions

The County has consistently funded the actuarial determined contribution amounts for each Part.

(3) Amortization Policy

Actuarial assumptions are intended to be long-term estimates so even if experience follows the assumption over the long-term, short-term fluctuations are to be expected. When this occurs, and when changes to the actuarial assumptions, methods, or benefit structure occur, any deviation in the unfunded actuarial liability is financed based on the provisions of the amortization policy.

SRP Amortization Policy

In Part B of SRP, the unfunded actuarial liability (UAL) is amortized using a "layered amortization" approach. Prior to June 30, 2012 the UAAL was amortized over a closed 15-year period. Commencing with the June 30, 2012 valuation, each annual change in the UAAL attributable to plan experience, change in assumptions and methods, and benefit changes is amortized over a closed 15-year period. As of June 30, 2019, amortization payments are determined under a level-dollar method. Beginning with the June 30, 2022 valuation, all prior bases were combined into one base amortized over a closed 15-year period. Bases established in the future will be amortized over a closed 15-year period. As of June 30, 2024, the single equivalent amortization period for Part B is 12.7 years.

Part C covers 21 retirees and beneficiaries and has no active members. The unfunded actuarial liability (UAL) is amortized over a closed period and as of June 30, 2024 no years remain. Finally, Part D covers 7 members receiving benefits and has no active members as of June 30, 2024. The required funding for Part D is determined per each individual and is based on a single 15-year period closed as of July 1, 2010 (1 year remains as of June 30, 2024).





(4) Payroll Growth Assumption and Active Membership

With the trend in declining active members through the 2019 valuation in the SRP, beginning in the June 30, 2019 valuation, all amortization amounts are based on a level-dollar amortization method. This is expected to reduce the risk that amortization payments could be understated over periods where payroll growth is less than expected.

(5) Economic Risks

The greatest single source for future contribution volatility is expected to be attributable to the actual investment rate of returns. Although the SRP is a comparably well-funded Plan, the significant degree of market volatility that can be expected by diversely invested pension plans today can result in severe changes to required funding from plan sponsors.

The impact of potential market return volatility in the SRP is lessened through both the asset smoothing method and the layered amortization approach utilized in determining the funding requirements. In both cases, the delayed recognition of the asset losses and layered amortization would allow for the plan to experience gains due to a market recovery before the full impact of losses are reflected in required funding. These methods would similarly dampen the impact of significant market gains.

In the event of a significant market loss in Part B (Part B is approximately 92% of the SRP total assets), the loss would be recognized in the actuarial assets for funding purposes over a 5-year period. Each annual loss which is not offset or compounded by future recognized investment experience would establish a new UAL layer amortized over a 15-year period as a level dollar amount.





LOW-DEFAULT-RISK OBLIGATION MEASURE (LDROM)

Under the revised Actuarial Standards of Practice (ASOP) No. 4 effective for valuations after February 15, 2023, we include a low-default-risk obligation measure of the Plan's liability. This is an informational disclosure as described below and would not be appropriate for assessing the funding progress or health of the plan. This measure uses the unit credit cost method and reflects all the assumptions and provisions of the funding valuation except that the discount rate is derived from considering low-default-risk fixed income securities. We considered the FTSE Pension Discount Curve based on market bond rates published by the Society of Actuaries as of June 30, 2024 and with the 30-year spot rate used for all durations beyond 30. Using these assumptions, we calculate a liability of \$34.7 million. This amount approximates the termination liability if the plan (or all covered employment) ended on the valuation date and all of the accrued benefits had to be paid with cash-flow matched bonds. This assurance of funded status and benefit security is typically more relevant for corporate plans than for governmental plans since governments rarely have the need or option to completely terminate a plan.



County of Ventura Supplemental Retirement Plan

GASB Statement No. 67 Report



Prepared as of June 30, 2024



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SECTION I - INTRODUCTION

This report was prepared as of June 30, 2024 to assist the Supplemental Retirement Plan (SRP) in complying with Governmental Accounting Standards Board Statement No. 67 (GASB 67), “Financial Reporting For Pension Plans.” Much of the material provided in this report is based on the data, assumptions and results of the annual actuarial valuation of the SRP as of June 30, 2024. The results of that valuation were detailed in the annual actuarial valuation report provided.

GASB 67 divorces accounting and funding, creating disclosure and reporting requirements that may or may not be consistent with the basis used for funding the Plan.

A major change in GASB 67 is the requirement to determine the Total Pension Liability (TPL) utilizing the Entry Age Normal actuarial funding method. The Net Pension Liability (NPL) is the TPL minus the Plan’s Fiduciary Net Position (FNP) (the market value of assets).

Among the assumptions needed for the liability calculation is a Single Equivalent Interest Rate (SEIR). To determine the SEIR, the FNP must be projected into the future for as long as there are anticipated benefits payable under the plan’s provision applicable to the membership and beneficiaries of the Plan on the Measurement Date. If the FNP is projected to not be depleted at any point in the future, which is the current result for the SRP, the long term expected rate of return on plan investments expected to be used to finance the benefit payments may be used as the SEIR.

If, however, in a future year, the FNP is projected to be depleted, the SEIR is determined as the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by discounting all projected benefit payments through the date of depletion by the long term expected rate of return, and the present value determined by discounting those benefits after the date of depletion by a 20-year tax-exempt municipal bond (rating AA/Aa or higher) rate. The rate used, if necessary, for this purpose is the spot rate at the end of June from the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by The Bond Buyer (www.bondbuyer.com).

In order to prepare the results in this report, we have utilized actuarial models that were developed to measure liabilities and develop actuarial costs. These models include tools that we have produced and tested, along with commercially available valuation software that we have reviewed to confirm the appropriateness and accuracy of the output. In utilizing these models, we develop and use input parameters and assumptions about future contingent events along with recognized actuarial approaches to develop the needed results.

To the best of our knowledge, this supplemental report is complete and accurate. It relies on much of the information contained in the annual actuarial valuation of the Plan for the same fiscal year and the annual valuation report should be distributed along with this report to interested





SECTION I - INTRODUCTION

parties. The actuarial calculations were performed by qualified actuaries according to generally accepted actuarial procedures and methods. Further, the calculations were prepared in accordance with the principles of practice prescribed by the Actuarial Standards Board and, in our opinion, meet the requirements of GASB 67. John J. Garrett and Micki R. Taylor are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

The sections that follow provide the results of all the necessary calculations, presented in the order laid out in GASB 67 for note disclosure and Required Supplementary Information (RSI).

Respectfully Submitted,

A blue ink signature of John J. Garrett.

John J. Garrett, ASA, MAAA, FCA
Principal and Consulting Actuary

A blue ink signature of Micki R. Taylor.

Micki R. Taylor, ASA, EA, MAAA, FCA
Consulting Actuary

A black ink signature of Ryan Gundersen.

Ryan Gundersen
Senior Consultant





SECTION II – FINANCIAL STATEMENT NOTES

The material presented herein will follow the order presented in GASB 67. Paragraph numbers are provided for ease of reference.

The information required by paragraphs 30(a)(1)-(3) is to be supplied by the Plan.

The data required by paragraph 30(a)(4) regarding the membership of the SRP were furnished by the Plan. The following table summarizes the membership of the Plan as of June 30, 2024, the Measurement Date.

Membership

	Number
Inactive Members Or Their Beneficiaries Currently Receiving Benefits	737
Inactive Members Entitled To But Not Yet Receiving Benefits	5,008
Active Members	13
Total	5,758

The information required by paragraphs 30(a)(5)-(6) as well as paragraphs 30(b)-(f) is to be supplied by the Plan with the exception of Paragraph 30(b)(4) which is the determination of the money-weighted rate of return.

Paragraph 30(b)(4) requires the determination of the money-weighted rate of return for the year which will be calculated at a later date.





SECTION II – FINANCIAL STATEMENT NOTES

The information required by paragraph 31(a) is provided in the following table. As stated above, the Net Pension Liability is equal to the Total Pension Liability minus the Plan’s Net Position. That result as of June 30, 2024 is presented in the table below.

Calculation of the Net Pension Liability (NPL) as of Fiscal Year Ending June 30, 2024		
Total Pension Liability	\$	28,498,310
Fiduciary Net Position	\$	26,828,390
Net Pension Liability (Asset)	\$	1,669,920
Ratio of Fiduciary Net Position to Total Pension Liability		94.14%

Paragraph 31(b) requires information regarding the actuarial assumptions used to measure the TPL. The actuarial assumptions utilized in developing the TPL are the same as used in the 2024 actuarial valuation of SRP. Please refer to the actuarial valuation report for the description of the assumptions and methods utilized as well as the summary of the benefits provided through the SRP.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges 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 and by adding expected inflation. The target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:





SECTION II – FINANCIAL STATEMENT NOTES

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	60.0	5.30
Fixed income	39.0	0.70
Cash	<u>1.0</u>	0.00
Total	100.0%	

Discount rate. The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with the SRP Funding Policy (Appendix A). On this basis, the pension plan's fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASB Statement No. 67. Therefore, the 7.00% assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Paragraph 31(b)(1)(g) requires disclosure of the sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the Plan, calculated using the discount rate of 7.00 percent, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
System's net pension liability (asset)	\$ 5,184,278	\$ 1,669,920	\$ (1,209,122)

June 30, 2024 is the actuarial valuation date upon which the TPL is based (paragraph 31(c)).





SECTION III – REQUIRED SUPPLEMENTARY INFORMATION

There are several tables of Required Supplementary Information (RSI) that need to be included in the Plan's financial statements. The tables for paragraphs 32(a)-(c) are provided on the following pages. The money-weighted rates of return required for paragraph 32(d) are to be determined at a later date.

Paragraph 34: In addition, the following should be noted regarding the RSI:

Changes of benefit terms: None.

Changes of assumptions:

Effective June 30, 2024:

- Adopted mortality tables recommended in the 2020 – 2023 VCERA experience study:

Pre-Retirement Mortality:	Pub-2010 General Employee Amount-Weighted Above-Median Mortality Table, projected generationally with scale MP-2021
Post-Retirement Mortality (Retired):	Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table, with rates increased by 5% for females, projected generationally with scale MP-2021
Post-Retirement Mortality (Beneficiary):	Pub-2010 General Contingent Survivor Amount-Weighted Above-Median Mortality Table, with rates increased by 5%, projected generationally with scale MP-2021
- Adopted the VCERA general employees termination rates recommended in the 2020 – 2023 VCERA experience study (Part B only).





SECTION III – REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY GASB 67 Paragraph 32(a)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability										
Service Cost	34,806	83,671	950,655	713,468	478,073	719,702	644,339	772,841	765,095	695,076
Interest	1,959,538	2,193,768	2,463,310	2,395,093	2,262,872	2,237,468	2,129,982	2,092,275	1,991,438	1,869,311
Benefit changes	0	0	0	0	0	0	0	0	0	0
Difference between expected and actual experience	(281,442)	(1,185,920)	(2,590,180)	329,471	136,718	(1,139,383)	(480,621)	(1,213,413)	(346,968)	(441,531)
Changes of assumptions	71,574	0	0	1,559,280	0	0	1,415,299	0	0	1,330,607
Benefit payments	(2,559,140)	(6,316,180)	(3,032,582)	(1,530,316)	(1,621,924)	(1,312,856)	(1,181,296)	(1,111,667)	(1,023,171)	(1,018,853)
Refunds of contributions	0	0	0	(39,284)	0	0	(4)	(176)	0	(157)
Net change in total pension liability	(774,664)	(5,224,661)	(2,208,797)	3,427,712	1,255,739	504,931	2,527,699	539,860	1,386,394	2,434,453
Total pension liability - beginning	29,272,974	34,497,635	36,706,432	33,278,720	32,022,981	31,518,050	28,990,351	28,450,491	27,064,097	24,629,644
Total pension liability - ending (a)	28,498,310	29,272,974	34,497,635	36,706,432	33,278,720	32,022,981	31,518,050	28,990,351	28,450,491	27,064,097
Plan net position										
Contributions - employer	703,979	521,492	658,458	2,422,509	1,330,104	1,377,793	1,496,492	1,581,229	1,558,156	1,409,637
Contributions - member	24,300	30,380	121,363	464,778	289,366	344,021	381,317	409,990	406,885	402,175
Net investment income	2,834,356	2,784,372	(4,641,154)	7,128,131	1,012,994	1,603,583	1,751,387	2,498,027	296,834	702,797
Benefit payments	(2,559,140)	(6,316,180)	(3,032,582)	(1,530,316)	(1,621,924)	(1,312,856)	(1,181,296)	(1,111,667)	(1,023,171)	(1,018,853)
Administrative expense	(399,312)	(337,513)	(302,534)	(252,909)	(302,940)	(321,723)	(332,293)	(306,774)	(237,344)	(279,628)
Refunds of contributions	0	0	0	(39,284)	0	0	(4)	(176)	0	(157)
Other	0	0	0	0	0	0	0	0	0	0
Net change in plan net position	604,183	(3,317,449)	(7,196,449)	8,192,909	707,600	1,690,818	2,115,603	3,070,629	1,001,360	1,215,971
Plan net position - beginning	26,224,207	29,541,656	36,738,105	28,545,196	27,837,596	26,146,778	24,031,175	20,960,546	19,959,186	18,743,215
Plan net position - ending (b)	26,828,390	26,224,207	29,541,656	36,738,105	28,545,196	27,837,596	26,146,778	24,031,175	20,960,546	19,959,186
Net pension liability (asset) - ending (a) - (b)	1,669,920	3,048,767	4,955,979	(31,673)	4,733,524	4,185,385	5,371,272	4,959,176	7,489,945	7,104,911





SECTION III – REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE NET PENSION LIABILITY GASB 67 Paragraph 32(b)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability	28,498,310	29,272,974	34,497,635	36,706,432	33,278,720	32,022,981	31,518,050	28,990,351	28,450,491	27,064,097
Plan net position	<u>26,828,390</u>	<u>26,224,207</u>	<u>29,541,656</u>	<u>36,738,105</u>	<u>28,545,196</u>	<u>27,837,596</u>	<u>26,146,778</u>	<u>24,031,175</u>	<u>20,960,546</u>	<u>19,959,186</u>
Net pension liability/(asset)	1,669,920	3,048,767	4,955,979	(31,673)	4,733,524	4,185,385	5,371,272	4,959,176	7,489,945	7,104,911
Ratio of plan net position to total pension liability	94.14%	89.59%	85.63%	100.09%	85.78%	86.93%	82.96%	82.89%	73.67%	73.75%
Covered payroll	846,235	982,777	9,681,742	15,037,783	9,733,503	11,538,313	12,476,797	12,549,196	13,801,542	14,199,387
Net pension liability (asset) as a percentage of covered payroll	197.34%	310.22%	51.19%	-0.21%	48.63%	36.27%	43.05%	39.52%	54.27%	50.04%





SECTION III – REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EMPLOYER CONTRIBUTIONS GASB 67 Paragraph 32(c)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined employer contribution	703,979	521,492	658,458	2,422,509	1,330,104	1,377,793	1,496,492	1,581,229	1,558,156	1,409,637
Actual employer contributions	<u>703,979</u>	<u>521,492</u>	<u>658,458</u>	<u>2,422,509</u>	<u>1,330,104</u>	<u>1,377,793</u>	<u>1,496,492</u>	<u>1,581,229</u>	<u>1,558,156</u>	<u>1,409,637</u>
Annual contribution deficiency (excess)	0	0	0	0	0	0	0	0	0	0
Covered payroll	846,235	982,777	9,681,742	15,037,783	9,733,503	11,538,313	12,476,797	12,549,196	13,801,542	14,199,387
Actual contributions as a percentage of covered payroll	83.19%	53.06%	6.80%	16.11%	13.67%	11.94%	11.99%	12.60%	11.29%	9.93%

The transition of most active employees to the 457 plan reduced the employer contribution to the plan for 2022. The funding policy is undergoing change in order to ensure sufficient contributions in the future as the transition to the 457 plan continues.





APPENDIX A – SRP FUNDING POLICY

COUNTY OF VENTURA SUPPLEMENTAL RETIREMENT PLAN FUNDING POLICY OF THE COMMITTEE

I. Objective

The objective of the Committee's Funding Policy is to ensure the actuarial soundness of the Plan while providing stability in required contributions. The Committee established the Funding Policy as a means to provide the actuary with the framework for selection and recommendation of the actuarial methods and assumptions utilized in the actuarial valuations of each Part. The Committee's intention is to employ the methods and assumptions as utilized in the Ventura County Employees' Retirement Association (VCERA) where appropriate and reasonable.

II. Policy

For all plans, the valuation results will apply to the fiscal year beginning one year after the valuation date (e.g., the June 30, 2009 valuation results apply to the fiscal year beginning July 1, 2010 and ending June 30, 2011.)

a. Part B – Safe Harbor Retirement Benefits

Part B membership consists of temporary and part-time employees not covered under VCERA or Social Security. In order to provide contribution stability the actuary will use methods and assumptions that consider the demographics of current and future participants and the expectation of economic experience for salary growth, payroll growth and investment returns. The Committee currently has accepted the following method and assumption recommendations of the actuary.

Actuarial Cost Method - Entry Age Normal Cost Method. Along with use of this method, active members are assumed to have annual salary increase similar to the expected increase in base wages of VCERA general employees and rates of mortality, turnover and retirement as assumed for general employees under VCERA.

Actuarial Value of Assets - The asset value used for development of the required contribution uses a smoothing technique intended to dampen the impact of market volatility on valuation results. The current technique recognizes a portion of the difference between the actual and the expected market value of assets based on the actuarially assumed investment rate of return. The amount recognized each year is 20% of the difference between the actual market value and expected market value.

Amortization of Unfunded Actuarial Accrued Liability (UAAL) - The excess of the total actuarial accrued liability over the actuarial value of Plan assets is called





APPENDIX A – SRP FUNDING POLICY

the unfunded actuarial accrued liability. The UAAL is composed of an initial base amount with a new base established each year equaling the difference between the expected and actual UAAL on the valuation date. The initial base is equal to the expected UAAL as of June 1, 2012 and is amortized over 13 year period (15 years as of the June 30, 2010 method changes). Each new base is amortized over a closed 15-year period as a level dollar amount. The actuary may recommend the combination of certain amortization bases to add stability to the amortization cost.

b. Part C – Early Retirement Benefits

Part C membership consists entirely of retirees. Contribution stability will be primarily driven by asset performance and mortality experience. Cash flow should be monitored to assess the expected erosion of Plan assets. Amortization period adjustments will be the lever to assist with moderating the negative cash flow.

Actuarial Cost Method – Part C has no active members and therefore does not use a specific funding method.

Actuarial Value of Assets - The asset value used for development of the required contribution uses a smoothing technique intended to dampen the impact of market volatility on valuation results. The current technique recognizes a portion of the difference between the actual and the expected market value of assets based on the actuarially assumed investment rate of return. The amount recognized each year is 20% of the difference between the actual market value and expected market value.

Amortization of Unfunded Actuarial Accrued Liability (UAAL) - The excess of the total actuarial accrued liability over the actuarial value of Plan assets is called the unfunded actuarial accrued liability. The UAAL is amortized over a 10-year period closed as of June 30, 2010 as a level dollar amount.

c. Part D – Elected Department Head Retirement Benefits

Part D membership consists of a closed group of active members and retirees. Actuarial valuations are performed on an individual basis and in aggregate. Contribution stability will modest and will be driven by asset performance and the experience of the individual active members and retirees. Amortization period adjustments will be the lever to assist with moderating the eventual negative cash flow.

Actuarial Cost Method - Entry Age Normal Cost Method. Along with use of this method, active members are assumed to have annual salary increase





APPENDIX A – SRP FUNDING POLICY

similar to the expected increase in base wages of VCERA general employees and rates of mortality, turnover and retirement as assumed for general employees under VCERA.

Actuarial Value of Assets - The asset value used for development of the required contribution uses a smoothing technique intended to dampen the impact of market volatility on valuation results. The current technique recognizes a portion of the difference between the actual and the expected market value of assets based on the actuarially assumed investment rate of return. The amount recognized each year is 20% of the difference between the actual market value and expected market value.

Amortization of Unfunded Actuarial Accrued Liability (UAAL) - The excess of the total actuarial accrued liability over the actuarial value of Plan assets is called the unfunded actuarial accrued liability. The UAAL is amortized over a 15-year period closed as of June 30, 2010 as a level dollar amount.

III. Metrics

The primary metric used to assess the effectiveness of the funding policy will be the trend in required funding and the secondary measure is the funded ratio (the ratio of the actuarial value of assets to the actuarial accrued liability).

IV. Goals

The goal of the funding policy is to minimize volatility in the required funding of all Parts of the Plan while maintaining steady improvement of the funded ratio.

V. Actions

The Committee will annually assess the trend in employer contribution rates and the funding progress of each Part. This will be either through the performance of full annual valuation or an update of prior year valuation results using actual asset experience and expected liabilities.

After the review of appropriate actuarial information, the Committee may make modifications to the valuation methods and assumptions or this policy as deemed necessary to maintain the actuarial soundness of the Plan.





APPENDIX B – SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial date	June 30, 2024
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar for all Plan Parts
Amortization period	0 to 15 Years Closed
Asset valuation method	5 Year Smoothed Market Value
Actuarial Assumptions:	
Investment rate of return	7.00% annual rate, net of expense
Projected salary increases	3.75% annual rate
Includes inflation at	2.50% annual rate
Cost-of-living adjustments	0.00% annual rate for Part-B and Part-C 3.00% annual rate for Part-D

Please refer to the June 30, 2024 Actuarial Valuation Report for detailed descriptions of the actuarial methods and assumptions.



COUNTY OF VENTURA

MEMORANDUM

HUMAN RESOURCES DIVISION

DATE: September 12, 2024

TO: Supplemental Retirement Plan Committee

FROM: Patty Zoll, Supplemental Retirement Program Manager

SUBJECT: Review of the June 30, 2024, Actuarial Valuation

Background

Attached is the Actuarial Valuation Report as of June 30, 2024, prepared by Cavanaugh Macdonald Consulting, LLC (CMC) for Committee review.

Below is a summary of the Actuarially Determined Contribution (ADC) for the fiscal year ending (FYE) June 30, 2026, compared to the prior year's ADC for Parts B, C and D.

FYE	<u>June 30, 2025</u>	<u>June 30, 2026</u>
Part B (% of DB payroll)	5.36%	3.87%
Part B (% of 457 payroll)	4.41%	4.11%
Part C	\$ -	\$ -
Part D	\$ 13,664	\$ 55,294

The Management Summary included in the valuation provides an overview of the key findings in this year's valuation.

As the Committee is aware, effective April 17, 2021, the defined benefit (DB) plan was changed to the deferred compensation (DC) SRP 457 plan for new and/or rehired employees. Currently, only 17 active employees are contributing to the DB plan. This previously dramatic decrease in the number of employees contributing to the DB plan created a gap between what was being collected from the members and what was needed to fund the Part B obligation. The transition from the DB to the DC SRP 457 plan made more of a material change to the 2022 contribution amount than was anticipated.

To address the reduction and continue to fund the future liability of the DB plan, the 2022 actuarial recommendation was to establish a contribution requirement to the DB plan applied to active employees with coverage under the 457 DC plan. This change in contribution requirement was approved by the Board of Supervisors on December 6, 2023, and went into effective in pay period 23-01. This method has split the cost of amortizing the existing unfunded liability while generating sufficient contributions to maintain a reasonable degree of stability in future costs.

For the 2024 valuation report, it is recommended that the Part B employer contribution amount for the DB payroll be decreased to 3.87% from 5.36% effective in the 25/26 FY. The ADC for the SRP 457 participants is recommended to decrease only slightly from 4.41% to 4.11%.

Due to benefit conversion offers, periodic contact with recently termed members, and tireless efforts on the part of staff to pay benefits to inactive members, the total participant count has decreased in the past year by 7.17%. Part B experienced an asset loss of \$318,246 as well as a liability gain of \$417,632. The liability gain is primarily attributable to participants transferring to the 457 plan.

No change is recommended in the assumption rate, it will remain at 7%.

Beginning with the June 30, 2022, valuation, all prior bases were combined into one base amortized over a closed 15-year period. Bases established in the future will be amortized over a closed 15-year period.

The funded ratio for Part C, Early Retirement Benefits is 155.48%. An ADC is not required for the FY 2026 plan year.

The funded ratio for Part D, Elected Department Head Retirement Benefits is 97.53%. The Actuarially Required Contribution (ADC) for FY 2026 is \$55,294.

Mr. John Garrett, Principal and Consulting Actuary with CavMac (CM), and Mr. Ryan Gunderson, Senior Actuarial Analyst with CavMac (CM), will be in attendance to discuss the results of the valuation, and the GASB Statement No. 67 supplement with the Committee.

Action Items

1. Approve the June 30, 2024, actuarial valuation and GASB 67 reporting prepared by CMC to be included in the Annual Comprehensive Financial Report prepared by the Auditor Controller's office.

If you have any questions, please email me at patty.zoll@ventura.org.

Attachment(s)

County of Ventura Supplemental Retirement Plan

Actuarial Valuation Report



Prepared as of June 30, 2024



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MANAGEMENT SUMMARY

This Management Summary provides comparative results of the actuarial valuation of the County of Ventura's Supplemental Retirement Plan as of June 30, 2024.

Actuarially Determined Contribution (ADC) for Fiscal Year Ending June 30, 2026

The Actuarially Determined Contribution is the term used under the GASB Statements which replaces the Annual Required Contribution (ARC). Below is a summary of the ADCs for the fiscal year ending (FYE) June 30, 2026 compared to the prior year's ADCs. The Committee's funding policy set the amortization periods to be: 15 years closed in Parts B and D and 10 years closed in Part C. With the establishment of the 457 plan for Part B participants and the resulting decrease to defined benefit plan participants in Part B, we recommend establishing a contribution requirement to the defined benefit plan to be applied to the payroll of Part B active employees with coverage under the 457 plan. This in effect spreads the funding of the accrued liability and administrative expenses of the DB plan over the payroll of all extra help and part-time employees. As part of this change, we also recommend re-setting the amortization period of the Part B unfunded actuarial accrued liability to a closed 15-year period. The amortization periods will continue to decrease by one year in each future valuation.

FYE	June 30, 2025	June 30, 2026
Part B (% of DB payroll)	5.36%	3.87%
Part B (% of 457 payroll)	4.41%	4.11%
Part C	\$ -	\$ -
Part D	\$ 13,664	\$ 55,294

Part B – Extra Help and Part-Time Employees' Retirement Benefits

Valuation Year	Prior Assumptions		
	2023	2024	2024
Active participants	17	13	13
Inactive participants	6,158	5,717	5,717
Compensation (Base)	\$ 852,588	\$ 735,687	\$ 735,687
Actuarial accrued liability	\$ 26,911,195	\$ 26,099,542	\$ 26,147,121
Actuarial Value of Assets	\$ 25,457,338	\$ 24,811,161	\$ 24,811,161
Unfunded actuarial accrued liability	\$ 1,453,857	\$ 1,288,381	\$ 1,335,960
Actuarially Determined Contribution (ADC)	\$ 518,459	\$ 434,516	\$ 439,128
ADC as a percent of DB covered compensation	5.36%	3.88%	3.87%
ADC as a percent of 457 covered compensation	4.41%	4.06%	4.11%

Part B experienced an asset loss of \$318,246 as well as a liability gain of \$417,632. The liability gain is primarily attributable to participants transferring to the 457 plan. The unfunded actuarial accrued liability of Part B also increased by \$47,579 due to adopting 2020 – 2023 VCERA experience study recommendations.





MANAGEMENT SUMMARY

Part C – Early Retirement Benefits

Valuation Year	Prior Assumptions		
	2023	2024	2024
Retired participants/beneficiaries	22	21	21
Actuarial accrued liability	\$ 268,024	\$ 254,872	\$ 259,008
Actuarial Value of Assets	\$ 418,671	\$ 402,696	\$ 402,696
Unfunded actuarial accrued liability	\$ (150,647)	\$ (147,824)	\$ (143,688)
Actuarially Determined Contribution (ADC)	\$ -	\$ -	\$ -

Part C comprises a closed group of retirees with actuarial value of assets for 2024 exceeding the liability. There is no remaining amortization period for Part C; therefore, for the current and future years, the ADC will be equal to the unfunded actuarial accrued liability, if any, with an interest adjustment, but not less than \$0.

Part D – Elected Department Head Retirement Benefits

Valuation Year	Prior Assumptions		
	2023	2024	2024
Active participants	0	0	0
Retired participants/beneficiaries	7	7	7
Compensation (Base)	\$ -	\$ -	\$ -
Actuarial accrued liability	\$ 2,093,755	\$ 2,072,322	\$ 2,092,181
Actuarial Value of Assets	\$ 2,069,049	\$ 2,040,503	\$ 2,040,503
Unfunded actuarial accrued liability	\$ 24,706	\$ 31,819	\$ 51,678
Actuarially Determined Contribution (ADC)	\$ 13,664	\$ 34,046	\$ 55,294

Actuarial Standard of Practice Number 4 (ASOP 4) requires the disclosure of a reasonable actuarial determined contribution (ADC). The current statutory funding policy is expected to fully fund the plans in a reasonable number of years and not result in an excessive amount of short-term increase to the unfunded actuarial accrued liability. While there are potentially other reasonable actuarial determined contributions, in our professional judgment, the current ADC meets the guidelines of ASOP 4.

Our report contains details regarding the results of the June 30, 2024 actuarial valuations of each Part of the Plan separately. The actuarial information required for the SRP to comply with the reporting requirements of GASB Statement No. 67 will be provided in a separate supplemental report.

The information pertaining to the analysis of risk facing the Plan, as required under Actuarial Standard of Practice Number 51, *Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension Plan Contribution*, is provided in the Risk Assessment Addendum to this report.





ACTUARIAL VALUATION CERTIFICATION

This report presents the results of the Actuarial Valuation for the County of Ventura Supplemental Retirement Plan as of June 30, 2024. The Plan is comprised of three parts, Parts B, C and D. An actuarial valuation is performed for each Part. Additionally, results are provided for each individual in Part D.

This report was prepared using generally accepted actuarial practices and methods. The actuarial assumptions used in the calculations for each Part are individually reasonable and reasonable in aggregate.

CavMac did not audit the employee data and financial information used in the valuations; however, we did perform a review of data for reasonableness. On the basis of our data review, we believe that the information is sufficiently complete and reliable and that it is appropriate for the purposes intended.

Actuarial computations presented in this report are for the purposes of determining the recommended funding amounts for the Plan. Actuarial computations under GASB Statements No. 67 and 68 are for purposes of fulfilling financial accounting requirements. A supplemental report to the valuation containing the actuarial information required under GASB Statement No. 67 will be provided separately. Determinations for purposes other than meeting these requirements may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes.

In order to prepare the results in this report, we have utilized actuarial models that were developed to measure liabilities and develop actuarial costs. These models include tools that we have produced and tested, along with commercially available valuation software that we have reviewed to confirm the appropriateness and accuracy of the output. In utilizing these models, we develop and use input parameters and assumptions about future contingent events along with recognized actuarial approaches to develop the needed results.

We respectfully submit the following report, and we look forward to discussing it with you. John J. Garrett and Micki R. Taylor are members of the American Academy of Actuaries and meet the Qualifications Standards of the Academy to render the actuarial opinion contained herein.

John J. Garrett, ASA, MAAA, FCA
Principal and Consulting Actuary

Micki R. Taylor, ASA, EA, MAAA, FCA
Consulting Actuary

Ryan Gundersen
Senior Consultant





PLAN ASSETS

Market Value of Assets

The assets of each Part of the Plan are commingled for investment purposes. Each Part's market value of assets is determined using the respective cash flow separately for each and allocating the market value investment earnings based on the assumption that each Part experienced the same investment return during the Plan year. This year's market value of assets allocation is provided along with last year's in the table below.

Plan Year Ending:	<u>June 30, 2023</u>	<u>June 30, 2024</u>
Beginning of Year Assets	\$ 29,541,656	\$ 26,224,207
Contribution - Employer	521,492	703,979
Contribution - Employee	30,380	24,300
Benefit Payments	(6,316,180)	(2,559,140)
Administrative Expenses	(337,513)	(399,312)
Investment Earnings	2,784,372	2,834,356
End of Year Assets	<u>\$ 26,224,207</u>	<u>\$ 26,828,390</u>
Approximate Investment Rate of Return	10.51%	11.29%
Part B Market Value of Assets		
Beginning of Year Assets	\$ 27,275,563	\$ 23,859,588
Contribution - Employer	439,454	670,727
Contribution - Employee	30,380	24,300
Benefit Payments	(6,101,458)	(2,334,309)
Administrative Expenses	(337,513)	(399,312)
Investment Earnings	2,553,162	2,578,247
End of Year Assets	<u>\$ 23,859,588</u>	<u>\$ 24,399,241</u>
Part C Market Value of Assets		
Beginning of Year Assets	\$ 399,346	\$ 396,448
Contribution - Employer	0	0
Benefit Payments	(42,632)	(39,940)
Administrative Expenses	0	0
Investment Earnings	39,734	42,497
End of Year Assets	<u>\$ 396,448</u>	<u>\$ 399,005</u>
Part D Market Value of Assets		
Beginning of Year Assets	\$ 1,866,747	\$ 1,968,171
Contribution - Employer	82,038	33,252
Benefit Payments	(172,090)	(184,891)
Administrative Expenses	0	0
Investment Earnings	191,476	213,612
End of Year Assets	<u>\$ 1,968,171</u>	<u>\$ 2,030,144</u>





PLAN ASSETS

Determination of the Actuarial Value of Assets as of June 30, 2024

	Part B	Part C	Part D
A. Actuarial Value of Assets Beginning of Year	\$ 25,457,338	\$ 418,671	\$ 2,069,049
B. Market Value Beginning of Year	\$ 23,859,588	\$ 396,448	\$ 1,968,171
C. Market Value End of Year	\$ 24,399,241	\$ 399,005	\$ 2,030,144
D. Cash Flow			
1. Contributions	\$ 695,027	\$ -	\$ 33,252
2. Benefit Payments	(2,334,309)	(39,940)	(184,891)
3. Administrative Expenses	(399,312)	0	0
4. Total Cash Flow	(2,038,594)	(39,940)	(151,639)
E. Investment Income			
1. Market Value Investment Income (C.-B.-D4.)	\$ 2,578,247	\$ 42,497	\$ 213,612
2. Assumed Rate	7.00%	7.00%	7.00%
3. Amount for Immediate Recognition (E2. * {B. + .5 * D4.})	\$ 1,598,820	\$ 26,353	\$ 132,465
4. Amount for Phased-In Recognition (E1. - E3.)	\$ 979,427	\$ 16,144	\$ 81,147
F. Phased-In Recognition of Investment Income			
1. Current Year (20% of E4.)	\$ 195,885	\$ 3,229	\$ 16,229
2. First Prior Year	170,558	2,654	12,791
3. Second Prior Year	(1,317,476)	(19,058)	(88,143)
4. Third Prior Year	927,816	13,548	62,637
5. Fourth Prior Year	(183,186)	(2,761)	(12,886)
6. Total Recognized This Year	\$ (206,403)	\$ (2,388)	\$ (9,372)
G. Actuarial Value of Assets End of Year (A.+D4.+E3.+F6.)	\$ 24,811,161	\$ 402,696	\$ 2,040,503
H. Actuarial Value Rate of Return	5.70%	6.01%	6.18%





ACTUARIAL VALUATION RESULTS FOR PART B

Valuation Results for Part B – Safe Harbor Retirement Benefits

Table of Comparative Valuation Results

Actuarial Valuation Date: ADC Applies to Fiscal Year Ending:	June 30, 2023 June 30, 2025	June 30, 2024 Prior Assumptions	June 30, 2024 June 30, 2026
1. Actuarial Accrued Liability			
1a. Active Liability	\$ 1,166,012	\$ 1,042,621	\$ 1,045,182
1b. Terminated Vested Liability	12,332,648	11,434,860	11,454,564
1c. Retiree Liability	13,412,535	13,622,061	13,647,375
1d. Total Actuarial Accrued Liability	<u>\$ 26,911,195</u>	<u>\$ 26,099,542</u>	<u>\$ 26,147,121</u>
2. Actuarial Value of Assets	<u>\$ 25,457,338</u>	<u>\$ 24,811,161</u>	<u>\$ 24,811,161</u>
3. Unfunded Actuarial Accrued Liability (1d - 2)	\$ 1,453,857	\$ 1,288,381	\$ 1,335,960
4. Funded Ratio (2 / 1d)	94.60%	95.06%	94.89%
Development of Expected Contributions			
5. Amortization of Unfunded Actuarial Accrued Liability [#]	\$ 162,369	\$ 151,814	\$ 156,867
6. Expected Administrative Expenses	348,000	284,000	284,000
7. Normal Cost	33,668	20,773	20,332
8. Expected Employee Contributions	25,578	22,071	22,071
9. Total Expected Employer Contribution (5 + 6 - 7)	<u>\$ 518,459</u>	<u>\$ 434,516</u>	<u>\$ 439,128</u>
Actuarially Determined Contribution (ADC)			
10. Annual DB Covered Pay	\$ 852,588	\$ 735,687	\$ 735,687
11. Amortization of Unfunded Actuarial Accrued Liability*	1.40%	1.41%	1.46%
12. Expected Administrative Expenses*	3.01%	2.65%	2.65%
13. Normal Cost	3.95%	2.82%	2.76%
14. Employee Contributions	<u>3.00%</u>	<u>3.00%</u>	<u>3.00%</u>
15. ADC (% of DB Payroll) (11 + 12 + 13 - 14)	5.36%	3.88%	3.87%
16. ADC (% of 457 Payroll) (11 + 12)	4.41%	4.06%	4.11%

[#] Prior to 2012, a closed amortization period of 15 years commencing June 30, 2010 was utilized to amortize the UAAL. Beginning June 30, 2012, new bases were established each year for Part B and were amortized over a 15-year closed period. Beginning with the June 30, 2019 valuation, a level-dollar amortization method is utilized. Beginning with the June 30, 2022 valuation, all prior bases established are combined into one base and will be amortized over a 15-year closed period. A new base will be established each year going forward and will be amortized over a 15-year closed period. Refer to page 7 for the presentation of UAAL bases and the calculation of the amortization payment.

*Rates determined for the June 30, 2023 and June 30, 2024 valuations include expected annual 457 covered payroll of \$10,718,000 and \$10,000,000, respectively. Administrative expenses for fiscal year ending June 30, 2026 are assumed to be \$284,000.





ACTUARIAL VALUATION RESULTS FOR PART B

Unfunded Actuarial Accrued Liability Bases

Prior to June 30, 2012 the UAAL was amortized over a closed 15-year period. Commencing with the June 30, 2012 valuation, each annual change in the UAAL attributable to plan experience, change in assumptions and methods, and benefit changes is amortized over a closed 15-year period. As of June 30, 2019, amortization payments are determined under a level-dollar method. Beginning with the June 30, 2022 valuation, all prior bases were combined into one base amortized over a closed 15-year period. Bases established in the future will be amortized over a closed 15-year period.

Date Established	Original Amount	Outstanding Balance as of July 1, 2024	Amortization Payment	Years Remaining as of July 1, 2024
6/30/2022	\$ 1,884,547	\$ 1,729,307	\$ 200,145	13
6/30/2023	(\$355,695)	(\$341,540)	(\$37,776)	14
6/30/2024	(\$51,807)	(\$51,807)	(\$5,502)	15
Total		1,335,960	156,867	

Three Year ADC Projection

For planning purposes, we have projected the assets and liabilities of Part B for three years assuming that investment returns and all other experience are as assumed and the required contributions are made each year. Note that the UAAL Amortization cost and Administrative Expenses are funded over both the DB and 457 plan covered payroll. The dollar amounts in the chart below are in thousands.

Fiscal Year Ending	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability	UAAL Amortization	Admin Expenses	Normal Cost	Expected Employee Contributions	Expected Employer ADC in \$
6/30/2027	26,256	25,022	1,234	153	284	21	23	435
6/30/2028	26,321	24,186	2,135	257	284	22	24	539
6/30/2029	26,375	24,659	1,716	225	284	23	25	507





ACTUARIAL VALUATION RESULTS FOR PART B

Participant Information

	June 30, 2023	June 30, 2024
Active Participants		
Number	17	13
Average Age	60	57
Average Service	15.2	15.3
Average Annual Compensation	\$ 48,340	\$ 54,546
Terminated Participants		
Number	5,463	5,008
Average Monthly Benefit at Age 65	\$ 37	\$ 38
Participants Receiving Benefits		
Number	695	709
Average Monthly Benefit	\$ 173	\$ 176

Active Participant Age / Service Distribution as of June 30, 2024

Age	Years of Participation Service							Total
	<1	1	2	3	4	5 - 9	10 +	
< 20	0	0	0	0	0	0	0	0
20-24	0	0	0	0	0	0	0	0
25-29	0	0	0	0	0	0	0	0
30-34	0	0	0	0	0	0	1	1
35-39	0	0	0	0	0	0	1	1
40-44	0	0	0	0	0	0	0	0
45-49	0	0	0	0	1	0	1	2
50-54	0	0	0	0	0	0	1	1
55-59	0	0	0	0	0	0	2	2
60-64	0	0	0	0	0	0	1	1
65-69	0	0	0	1	0	0	3	4
70 +	0	0	0	0	0	0	1	1
Total	0	0	0	1	1	0	11	13





ACTUARIAL VALUATION RESULTS FOR PART B

Projection of Total Benefit Payments

The following table provides the projected total Part B benefit payments over the next ten years. The projection was based on the actuarial assumptions used for the valuation.

<u>Fiscal Year Ending 6/30</u>	<u>Total Benefit Payments</u>
2025	\$ 1,684,114
2026	\$ 1,735,833
2027	\$ 1,750,234
2028	\$ 1,761,518
2029	\$ 1,802,634
2030	\$ 1,837,153
2031	\$ 1,871,731
2032	\$ 1,879,847
2033	\$ 1,929,026
2034	\$ 1,955,538





PLAN PROVISIONS FOR PART B

Summary of Plan Provisions

This is a defined benefit plan enacted to provide retirement benefits to "extra help" or "part-time" employees in lieu of paying Social Security taxes for these employees. This plan is intended to satisfy the safe harbor rules for a defined benefit plan under OBRA '90.

Effective Date:	January 1, 1992.
Plan Year:	Calendar year.
Covered Employee:	Employees classified as "extra help" or "part-time" provided the employee is not covered by another County retirement plan and the County is not paying FICA tax for the employee.
Entry Date:	Later of hire date or Effective Date.
Normal Retirement Age:	Age 65
Vesting:	Participants are immediately fully vested.
Employee Contributions:	3.0% of pay. Employer pays contributions on behalf of employee under IRC § 414(h).
Compensation:	Base pay up to Social Security Taxable Wage Base. Overtime, bonuses, etc. are not included.
Retirement Benefit:	2.0% of total career eligible compensation (last 30 years of compensation).
Normal Form of Benefit:	Single Life Annuity.
Early Retirement:	Age 50, actuarially discounted.
Optional Forms of Payment:	100% Joint and Survivor Annuity. If the lump sum value of the benefit at retirement is less than \$5,000, the benefit will be paid out in a single lump sum.
Termination Benefit:	Deferred benefit payable at age 65, earlier if eligible for early retirement.
Death Benefit:	Refund of employee contributions accumulated with 5.0% interest.





ASSUMPTIONS AND METHODS FOR PART B

Summary of Principal Actuarial Assumptions and Methods

This section presents a description of the actuarial basis used in the valuation. It includes a description of the funding method, the valuation procedures, and the actuarial assumptions.

A. Funding Method

The actuarial funding method used is the Entry Age Normal Cost Method. Under this method, projected benefits are determined for all participants and the associated liabilities are spread in a manner that produces level annual cost as a percent of pay in each year from the age of hire (entry age) to the assumed retirement age. The cost allocated to the current fiscal year is called the normal cost. The normal cost of the plan is funded as a percentage of the active participant payroll in the Part B defined benefit plan.

The actuarial accrued liability for active participants is then calculated as a portion of the total cost of the plan allocated to prior years. The actuarial accrued liability for participants currently receiving benefits, for active participants beyond the assumed retirement age, and for participants entitled to deferred benefits is equal to the present value of the benefits expected to be paid. No normal costs are applicable for these participants.

The excess of the total actuarial accrued liability over the actuarial value of plan assets is called the unfunded actuarial accrued liability. With the establishment of a 457 plan for Part B eligible employees, the unfunded liability which was accumulated through the past service of all Part B participants, will be amortized as a percentage of the payroll of all Extra Help and Part-Time Employees covered in both the defined benefit plan and the 457 plan until the liability is settled. Beginning with the June 30, 2022 valuation, the prior UAAL bases are combined into a single base with a 15-year closed amortization period. Each new valuation will establish a new base with a 15-year closed amortization period from the date it is established.

B. Valuation Assets

The asset value used for development of the required contribution uses a smoothing technique intended to dampen the impact of market volatility on valuation results. Using this technique, the actuarial value of assets recognizes a portion of the difference between the actual and the expected market value of assets based on the 7.00% assumed investment rate of return for the prior year. The amount recognized each year is 20% of the difference between the actual market value and expected market value.





ASSUMPTIONS AND METHODS FOR PART B

C. Actuarial Assumptions

Investment Rate of Return:	An annual rate of 7.00% per year, net of expenses.
Rate of Inflation	An annual rate of 2.50% per year.
Pre-Retirement Mortality:	Pub-2010 General Employee Amount-Weighted Above-Median Mortality Table, projected generationally with scale MP-2021
Post-Retirement Mortality (Retired):	Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table, with rates increased by 5% for females, projected generationally with scale MP-2021
Post-Retirement Mortality (Beneficiary):	Pub-2010 General Contingent Survivor Amount-Weighted Above-Median Mortality Table, with rates increased by 5%, projected generationally with scale MP-2021
Employee Compensation Increases:	3.75% per year.
Employee Contributions:	Employee contributions are 3.00% of compensation.
Turnover:	Turnover rates for VCERA general employees. Benefits are 100% vested and are assumed to be paid at the earlier of age 65 and early retirement.
Normal Retirement:	Age 65. Participants over age 65 are assumed to retire immediately.
Early Retirement:	Age 50, benefit payable immediately is actuarially reduced from age 65.
Form of Payment:	If the lump sum value, based on the Plan's actuarial equivalence assumptions, at retirement is \$5,000 or less, the benefit is assumed to be paid as a lump sum, otherwise the benefit is paid in the Normal Form of Benefit.
Marriage:	If spouse's date of birth is not provided, the spouse is assumed to be the same age as the participant.





ACTUARIAL VALUATION RESULTS FOR PART C

Valuation Results for Part C – Early Retirement Benefits

Table of Comparative Valuation Results

Actuarial Valuation Date:	June 30, 2023	June 30, 2024	June 30, 2024
ADC Applies to Fiscal Year Ending:	June 30, 2025	Prior Assumptions	June 30, 2026
1. Actuarial Accrued Liability			
1a. Active Liability	\$ 0	\$ 0	\$ 0
1b. Retiree Liability	268,024	254,872	259,008
1c. Total Actuarial Accrued Liability	\$ 268,024	\$ 254,872	\$ 259,008
2. Actuarial Value of Assets	\$ 418,671	\$ 402,696	\$ 402,696
3. Unfunded Actuarial Accrued Liability (1d - 2)	\$ (150,647)	\$ (147,824)	\$ (143,688)
4. Funded Ratio (2 / 1d)	156.21%	158.00%	155.48%
5. Amortization Period	0 Years	0 Years	0 Years
Actuarially Determined Contribution (ADC)			
6. Amortization of UAAL	\$ (155,920)	\$ (152,998)	\$ (148,717)
7. Normal Cost	0	0	0
8. ADC (6 + 7, not less than 0)	\$ -	\$ -	\$ -

Three Year ADC Projection

For planning purposes, we have projected the assets and liabilities of Part C for three years assuming that market returns and all other experience are as assumed and the required contributions are made each year. The dollar amounts in the chart below are in thousands.

Fiscal Year Ending	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability	UAAL Amortization	Normal Cost	Expected Employee Contributions	Expected Employer ADC in \$
6/30/2027	237	391	(154)	0	0	0	0
6/30/2028	215	366	(151)	0	0	0	0
6/30/2029	193	361	(168)	0	0	0	0





ACTUARIAL VALUATION RESULTS FOR PART C

Participant Information

	June 30, 2023	June 30, 2024
Participants Receiving Benefits		
Number	22	21
Average Monthly Benefit	\$ 151	\$ 155
Average Age	85.1	85.4

Projection of Total Benefit Payments

The following table provides the projected total Part C benefit payments over the next ten years. The projection was based on the actuarial assumptions used for the valuation.

<u>Fiscal Year Ending 6/30</u>	<u>Total Benefit Payments</u>
2025	\$ 38,657
2026	\$ 37,397
2027	\$ 35,852
2028	\$ 34,023
2029	\$ 31,921
2030	\$ 29,576
2031	\$ 27,032
2032	\$ 24,344
2033	\$ 21,581
2034	\$ 18,816





PLAN PROVISIONS FOR PART C

Summary of Plan Provisions

This is a defined benefit plan enacted to provide supplemental retirement benefits to County employees who retire early pursuant to periodic early retirement incentive programs adopted by the County.

Covered Employee:	Employees eligible to retire under the County's 1937 Act Retirement Plan who elect to participate in an early retirement incentive program, as established by resolution from time to time by the Board of Supervisors.
Retirement Date:	The date an Employee actually retires from County employment. The date must be during a Plan Participation Election Period.
Retirement Benefit:	As stated in Board resolution establishing the Plan Participation Election Period. Benefits include increases due to the Ventura Decision Settlement Agreement.
Normal Form of Benefit:	100% Joint and Survivor Benefit. Payable for the life of the Participant. Upon the death of the Participant, the monthly retirement benefit shall be paid to the Participant's Surviving Spouse, if any, for life.
Cost of Living Adjustments:	The Plan does not provide COLAs.





ASSUMPTIONS AND METHODS FOR PART C

Summary of Principal Actuarial Assumptions and Methods

This section presents a description of the actuarial basis used in the valuation. It includes a description of the funding method, the valuation procedures, and the actuarial assumptions.

A. Funding Method

As a plan of only retirees, there is not a specific cost allocation method used. The actuarial accrued liability for the retired participants is the present value of their expected future benefit payments. The excess of the total actuarial accrued liability over the actuarial value of plan assets is called the unfunded actuarial accrued liability (UAAL). The UAAL is amortized as level dollar amounts over a 10-year period beginning July 1, 2010.

B. Valuation Assets

The asset value used for development of the required contribution uses a smoothing technique intended to dampen the impact of market volatility on valuation results. Using this technique, the actuarial value of assets recognizes a portion of the difference between the actual and the expected market value of assets based on the 7.00% assumed investment rate of return for the prior year. The amount recognized each year is 20% of the difference between the actual market value and expected market value.

C. Actuarial Assumptions

Investment Rate of Return:	An annual rate of 7.00% per year net of expenses.
Rate of Inflation	An annual rate of 2.50% per year.
Mortality (Retired):	Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table, with rates increased by 5% for females, projected generationally with scale MP-2021
Mortality (Beneficiary):	Pub-2010 General Contingent Survivor Amount-Weighted Above-Median Mortality Table, with rates increased by 5%, projected generationally with scale MP-2021





ACTUARIAL VALUATION RESULTS FOR PART D

Valuation Results for Part D – Elected Department Head Retirement Benefits

Table of Comparative Valuation Results

Actuarial Valuation Date:	June 30, 2023	June 30, 2024	June 30, 2024
ADC Applies to Fiscal Year Ending:	June 30, 2025	Prior Assumptions	June 30, 2026
1. Actuarial Accrued Liability			
1a. Active Liability	\$ -	\$ -	\$ -
1b. Terminated Vested Liability	0	0	0
1c. Retiree Liability	2,093,755	2,072,322	2,092,181
1d. Total Actuarial Accrued Liability	<u>\$ 2,093,755</u>	<u>\$ 2,072,322</u>	<u>\$ 2,092,181</u>
2. Actuarial Value of Assets	<u>\$ 2,069,049</u>	<u>\$ 2,040,503</u>	<u>\$ 2,040,503</u>
3. Unfunded Actuarial Accrued Liability (1d - 2)	\$ 24,706	\$ 31,819	\$ 51,678
4. Funded Ratio (2 / 1d)	98.82%	98.46%	97.53%
5. Amortization Period	2 Years	1 Year	1 Year
Actuarially Determined Contribution (ADC)			
6. Amortization of Unfunded Actuarial Accrued Liability	\$ 13,664	\$ 34,046	\$ 55,294
7. Normal Cost	<u>0</u>	<u>0</u>	<u>0</u>
8. ADC (6 + 7)	<u>\$ 13,664</u>	<u>\$ 34,046</u>	<u>\$ 55,294</u>

Three Year ADC Projection

For planning purposes, we have projected the assets and liabilities of Part D for three years assuming that market returns and all other experience are as assumed and the required contributions are made each year.

Fiscal Year Ending	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability	UAAL Amortization	Normal Cost	Expected Employee Contributions	Expected Employer ADC in \$
6/30/2027	2,045	2,007	38	41	0	0	41
6/30/2028	1,993	1,949	44	47	0	0	47
6/30/2029	1,935	1,962	(27)	(29)	0	0	(29)





ACTUARIAL VALUATION RESULTS FOR PART D

Participant Information

	June 30, 2023	June 30, 2024
Active Participants		
Number	0	0
Average Age	0	0
Average Service	0	0.0
Average Hourly Pay Rate	\$ -	0.0
Participants Receiving Benefits		
Number	7	7
Average Monthly Benefit	\$ 2,187	\$ 2,242

Actives:

<u>Position¹</u>	<u>Age</u>	<u>Date of Hire</u>	<u>Value of Annual Leave</u>	<u>Value of Ed. Incentive</u>
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Assessor

Retirees:

<u>Position</u>	<u>Age</u>	<u>Effective Retirement Date</u>	<u>Monthly Benefit</u>
Treasurer 1 (Beneficiary)	84.8	8/31/2002	\$ 1,136
District Attorney	82.4	11/2/2002	\$ 2,781
Clerk Recorder 1	81.4	1/7/2003	\$ 2,356
Clerk Recorder 2 (Beneficiary)	76.2	1/3/2009	\$ 1,827
Treasurer 2	78.0	7/17/2010	\$ 2,682
Auditor Controller 2	67.5	4/13/2013	\$ 2,212
Assessor	72.7	1/3/2023	\$ 2,701

¹Assessor (Goodwin) retired 1/3/2023.





ACTUARIAL VALUATION RESULTS FOR PART D

Projection of Total Benefit Payments

The following table provides the projected total Part D benefit payments over the next ten years. The projection was based on the actuarial assumptions used for the valuation.

<u>Fiscal Year Ending 6/30</u>	<u>Total Benefit Payments</u>
2025	\$ 186,880
2026	\$ 189,064
2027	\$ 190,827
2028	\$ 192,099
2029	\$ 192,810
2030	\$ 192,891
2031	\$ 192,275
2032	\$ 190,895
2033	\$ 188,694
2034	\$ 185,624





ACTUARIAL VALUATION RESULTS FOR PART D

ACTUARIALLY DETERMINED CONTRIBUTIONS (ADC) BY INDIVIDUAL FOR THE FISCAL YEAR ENDING JUNE 30, 2026							
Retirees							
Position	Treasurer 1 (Beneficiary)	District Attorney	Clerk Recorder 1	Clerk Recorder 2 (Beneficiary)	Treasurer 2	Auditor Controller 2	Assessor
Unfunded Actuarial Accrued Liability							
1. Total Actuarial Accrued Liability	\$ 88,469	\$ 368,097	\$ 259,948	\$ 224,740	\$ 343,659	\$ 396,364	\$ 410,904
2. Actuarial Value of Assets	74,193	348,828	244,335	206,193	334,195	386,502	446,257
3. Unfunded Actuarial Accrued Liability	\$ 14,276	\$ 19,269	\$ 15,613	\$ 18,547	\$ 9,464	\$ 9,862	\$ (35,353)
Actuarially Determined Contribution (ADC)							
4. 1-year Amortization of UAAL	\$ 15,275	\$ 20,618	\$ 16,706	\$ 19,845	\$ 10,126	\$ 10,552	\$ (37,828)
5. Normal Cost	0	0	0	0	0	0	0
6. ADC (4 + 5)	\$ 15,275	\$ 20,618	\$ 16,706	\$ 19,845	\$ 10,126	\$ 10,552	\$ (37,828)





PLAN PROVISIONS FOR PART D

Summary of Plan Provisions

This is a defined benefit plan that provides a supplemental retirement benefit in addition to that provided under VCERA. The benefit is intended to make the elected department heads' pension benefits equal to those of appointed officials. This supplemental benefit is based on the cash value of annual leave and education incentive amounts.

- Part D Service:** A participant's Part D service equal to his eligible membership service under VCERA.
- Benefit Eligibility:** Participants must be eligible to participate in the VCERA retirement plan, and must be an Elected Department Head and elect to retire and commence retirement benefits under the County's 1937 Act Retirement Plan.
General Tier 1 members - attainment of age 50 and completion of 10 or more years of service, or upon reaching age 70 (regardless of service) or upon reaching 30 years of service (regardless of age).
Safety members - attainment of age 50 and completion of 10 or more years of service, or upon reaching 20 years of service (regardless of age).
- Benefit Amount:** The program provides a supplemental benefit that is the difference between what would have been received by the elected official if their compensation package matched that of appointed officials and their Retirement Benefit available from VCERA, subject to the IRC 401(a)(17) compensation limits.
General Tier 1 members - service retirement benefit is equal to an age-based retirement factor multiplied by 1/60th of the participant's Part D earnings multiplied by Part D Service at retirement.
Safety members - service retirement benefit is equal to an age-based retirement factor multiplied by 1/50th of the Participant's Part D earnings multiplied by Part D Service at retirement.
Sample age-based retirement factors are shown below:

General Tier I		Safety	
Age	Factor	Age	Factor
50	.7454	41	.6258
55	1.0000	46	.8226
60	1.3093	51	1.0516
65	1.5668	56	1.3099





PLAN PROVISIONS FOR PART D

Summary of Plan Provisions (continued)

Form of Benefits:	The benefit is a monthly annuity payable in the same form of benefit as selected under the VCERA plan with an annual cost of living adjustment (COLA) based on the COLA percentage provided under VCERA plan.
Ordinary Death Benefit After Eligible to Retire:	Depends upon option chosen at retirement.
Participant Contributions:	None.

DRAFT





ASSUMPTIONS AND METHODS FOR PART D

Summary of Principal Actuarial Assumptions and Methods

This section presents a description of the actuarial basis used in the valuation. It includes a description of the funding method, the valuation procedures, and the actuarial assumptions.

A. Funding Method

The actuarial funding method used is the Entry Age Normal Cost Method. Under this method, projected benefits are determined for all participants and the associated liabilities are spread in a manner that produces level annual cost as a percent of pay in each year from the age of hire (entry age) to the assumed retirement age. The cost allocated to the current fiscal year is called the normal cost.

The actuarial accrued liability for active participants is then calculated as a portion of the total cost of the plan allocated to prior years. The actuarial accrued liability for participants currently receiving benefits, for active participants beyond the assumed retirement age, and for participants entitled to deferred benefits is equal to the present value of the benefits expected to be paid. No normal costs are applicable for these participants.

The excess of the total actuarial accrued liability over the actuarial value of plan assets is called the unfunded actuarial accrued liability. The UAAL is amortized as a level dollar amount over a closed 15-year period beginning July 1, 2010.

B. Valuation Assets

The asset value used for development of the required contribution uses a smoothing technique intended to dampen the impact of market volatility on valuation results. Using this technique, the actuarial value of assets recognizes a portion of the difference between the actual and the expected market value of assets based on the 7.00% assumed investment rate of return for the prior year. The amount recognized each year is 20% of the difference between the actual market value and expected market value.

C. Allocation of ADC by Individual

For purposes of attributing ADC to individuals, assets are allocated based on an individual's cash flow (contributions based on the prior year ADC and actual benefit payments). Each individual was assumed to have approximately the same investment return during the plan year. The unfunded actuarial accrued liability was amortized over a closed period of 15 years from July 1, 2010 for each individual, independent of status (active, retiree) or age. This methodology is used by the County for internal purposes. Beginning with the June 30, 2019 valuation, amortization payments are based on a level-dollar method.





ASSUMPTIONS AND METHODS FOR PART D

D. Actuarial Assumptions

Investment Rate of Return:	An annual rate of 7.00% per year net of expenses.
Rate of Inflation	An annual rate of 2.50% per year.
Pre-Retirement Mortality:	Pub-2010 General Employee Amount-Weighted Above-Median Mortality Table, projected generationally with scale MP-2021
Post-Retirement Mortality (Retired):	Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table, with rates increased by 5% for females, projected generationally with scale MP-2021
Post-Retirement Mortality (Beneficiary):	Pub-2010 General Contingent Survivor Amount-Weighted Above-Median Mortality Table, with rates increased by 5%, projected generationally with scale MP-2021
Service Retirement:	VCERA rates of retirement for General members and Public Safety members are utilized.
Turnover:	None.
Disability:	None.
Form of Payment:	The benefit begins at retirement and continues for the Participant's life with an annual 3% cost of living adjustment. Upon the death of the Participant, an amount equal to 60% of the amount paid to the Participant will continue to that Participant's surviving spouse.
Cost of Living Adjustments:	Retirement benefits are assumed to increase by 3.00% per year.



County of Ventura Supplemental Retirement Plan



2024 Risk Assessment Addendum

Prepared as of June 30, 2024



Certification Letter

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Maturity Measures..... 3

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September 9, 2024

Supplemental Retirement Plan (SRP) Committee
County of Ventura
800 South Victoria Avenue #1970
Ventura, CA 93009 – 1970

Re: Risk Assessment Addendum

Dear SRP Committee Members:

The primary objective of this addendum is to provide the analysis of risk, as required under Actuarial Standard of Practice Number 51, *Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension Plan Contributions*. There are other risks that the Plan faces, including issues such as cyber security, a catastrophe to the physical location, and many others. These are outside the scope of our analysis, which focuses only on those risks relating to the variance in the measurement of the benefit obligations as well as the contribution rates. There is no specific action by the SRP Committee either required or expected in response to this report, although it is possible that a deeper understanding of the risks faced by the Plan may prompt some additional discussion.

Also included in this addendum is the required disclosure of the Low-Default-Risk Obligation Measure (LDROM) under the revised Actuarial Standard of Practice Number 4 – *Measuring Pension Obligations and Determining Pension Plan Costs or Contributions*.

In preparing our report, we utilized the data, methods, assumptions, and benefit provisions described in the June 30, 2024 actuarial valuation of the SRP. That report should be consulted for a complete description of how our work was performed. Some of the results in this report are based upon modifying one or more of the valuation assumptions as noted in the discussion of the analysis being performed.

The consultants who worked on this assignment are pension actuaries with significant public plan experience. In addition, the signing actuaries are independent of the SRP and the plan sponsor. We are not aware of any relationship that would impair the objectivity of our work.



September 9, 2024
Page 2

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and accurate. The valuation, on which this analysis was based, was prepared in accordance with principles of practice prescribed by the Actuarial Standards Board. John J. Garrett and Micki R. Taylor are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.

We respectfully submit the following report and look forward to discussing it with you.

John J. Garrett, ASA, MAAA, FCA
Principal and Consulting Actuary

Micki R. Taylor, ASA, EA, MAAA, FCA
Consulting Actuary

Ryan Gundersen
Senior Consultant





Actuarial Standard of Practice Number 51 (ASOP 51)

Actuarial Standards of Practice (ASOPs) are issued by the Actuarial Standards Board and are binding for credentialed actuaries practicing in the United States. These standards generally identify what the actuary should consider, document and disclose when performing an actuarial assignment. In September 2017, ASOP 51, *Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension Plan Contributions*, was issued as final with application to measurement dates on or after November 1, 2018. This ASOP applies to funding valuations, actuarial projections, and actuarial cost studies of proposed plan changes.

A typical retirement system faces many different risks. The greatest risk for a retirement system is the inability to make benefit payments when due. If system assets are depleted, benefits may not be paid which could create legal and litigation risk. The term “risk” is most commonly associated with an outcome with undesirable results. However, in the actuarial world risk is defined as uncertainty. The actuarial valuation process uses many actuarial assumptions to project how future contributions and investment returns will meet the cash flow needs for future benefit payments. Of course, we know that actual experience will not unfold exactly as anticipated by the assumptions and that uncertainty, whether favorable or unfavorable, creates risk. ASOP 51 defines risk as the potential of actual future measurements deviating from expected future measurements due to actual experience that is different than the actuarial assumptions.

Identifying Risks

The first step in a project such as this is to identify the significant risks that affect how SRP liabilities are measured and contributions determined. Some risks, such as investment return for a funded retirement plan, are obvious, but there are others that are not as clear. There is no definition of “significant” to clearly define which risks should be considered, nor is it possible to tell in advance whether certain risks are significant or not.

The identification of risks is also specific to the retirement plan being studied. Some plan design features, such as lump sums based on market interest rates, could increase the risk a plan faces, while features that adjust benefits based on investment return may reduce the risk to the plan (but not necessarily to the member). Thus, this analysis for the SRP is uniquely prepared for the Plan and the risks it faces. Different plans expect different risks.

Assessing Risks

In this report, we consider a variety of risks faced by the Plan. A common theme for most retirement plans is that risks change as a plan matures. Because this is a fundamental issue, ASOP 51 gives special attention to requiring the disclosure of appropriate measures of how a plan is maturing. In the section of this report that considers maturity measures, we provide a number of illustrations to help demonstrate this trend. It is worth noting that the three Plan Parts (B, C & D) have significant differences that relate to the nature of eligibility and the historical inclusion of certain employment categories. For most of the assessments, we aggregate all the Parts of the Plan.





Conclusions

Risk is not necessarily a negative concept. As humans, we regularly take risks such as driving in an automobile because we believe that the gain to be received outweighs the possible negative consequences. We do, however, take steps to mitigate the risk by looking both ways at an intersection before proceeding, wearing seatbelts, etc. We do these things because we have some understanding of the sources of risk. The goal of this report is to help the SRP Committee and staff understand the major risks facing the Plan's funding, thereby allowing a reasoned approach to determining how to move into the future.





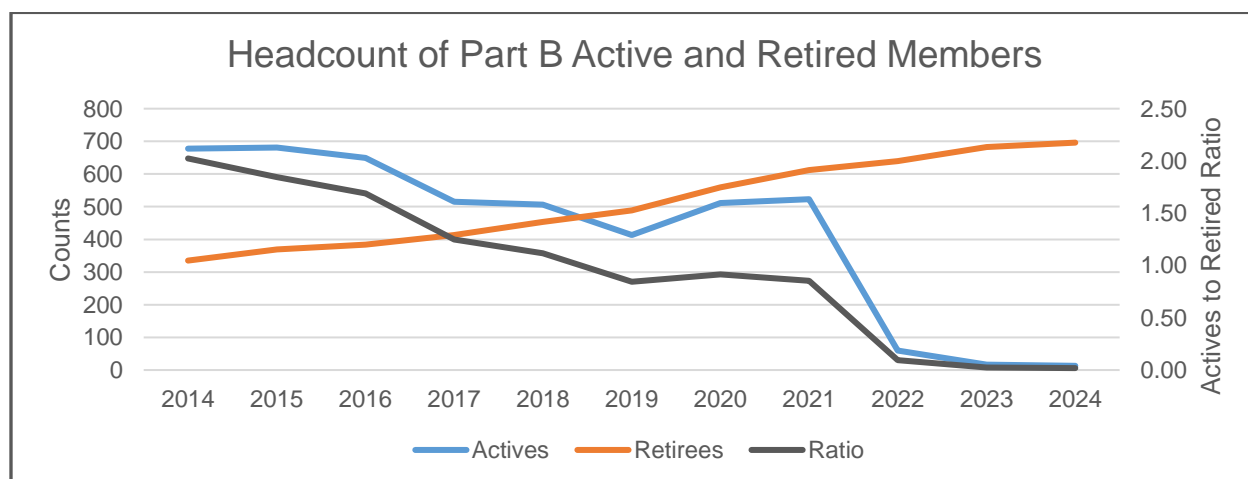
MATURITY OF THE PLAN

The aging of the population, including the retirement of the baby boomers, has created a shift in the demographics of most retirement systems. This change is not unexpected and has, in fact, been anticipated in the funding of the retirement systems. Even though it was anticipated, the demographic shift and maturing of the plans have increased the risk associated with funding the systems. There are different ways to measure and assess the maturity level of a retirement system and we will discuss several in this section of the report.

Historical Active to Retiree Ratio

One way to assess the maturity of the SRP is to consider the ratio of active members to retirees. In the early years after a retirement plan is established, the ratio of active to retired members will be very high as the plan is largely composed of active members. As the plan matures over time, the ratio starts to decline. A very mature plan often has a ratio near or below one. In addition, if the size of the active membership declines over time, it can accelerate the decline in the ratio.

As the following graph illustrates, this ratio of actives to retirees has been declining over time for Part B. Since Part C is a closed group of retirees and Part D is a very small and limited population (elected department heads), we have only included Part B membership in the graph. As will be noted, much of the decline in the active to retiree ratio is attributable to the decline in the active Part B membership.



Asset Volatility Ratio

As a retirement plan matures, the size of the market value of assets increases relative to the covered payroll of active members. The size of the plan assets relative to covered payroll, sometimes referred to as the asset volatility ratio, is an important indicator of the contribution risk for the Plan. The higher this ratio, the more sensitive a plan's contribution rate is to investment return volatility.



MATURITY MEASURES



The following tables show the recent trend for the asset volatility ratio for Part B as well as the impact of a return that is 10% lower than the assumed return on the Part B contribution rate. For this purpose, no asset smoothing is reflected. To ensure the results are comparable from year to year, the current actuarial assumptions are used for all years rather than the assumptions used in each valuation. Note that the contribution rate impact reflects 15-year amortization of the investment loss.

Asset Volatility Ratio of Part B

	2021	2022	2023	2023
<i>Market Value of Assets</i>	\$34,016,914	\$27,275,502	\$23,859,588	\$24,399,241
<i>Covered Payroll</i>	13,582,947	1,429,542	852,588	735,687
<i>Asset Volatility Ratio</i>	2.50	19.08	27.98	33.17
<i>Contribution Rate Increase with a Return 10% Lower than Assumed</i>	2.70%	20.56%	30.16%	35.74%

Historical Cash Flows

Plans with negative cash flows will experience increased sensitivity to investment return volatility. Cash flows, for this purpose, are measured as contributions less benefit payments and expenses. If the Plan has negative cash flows and experiences returns below the assumed rate, there are fewer assets to be reinvested to earn the higher returns that typically follow. While any negative cash flow will produce such a result, it is typically a negative cash flow of more than 5% of market value that causes significant concerns. Continued declines in Part B active membership would be expected to accelerate the decline in net cash flow. Note that values shown in the table below are for the total Plan as all benefits are paid from one trust.

Fiscal	Market Value		Benefit		Net Cash
Year End	of Assets		Payments		Flow
	(MVA)	Contributions	and Expenses	Net Cash	as a Percent
				Flow	of MVA
6/30/2018	\$26,146,778	\$1,877,809	\$1,513,593	\$364,216	1.39%
6/30/2019	27,837,596	1,721,814	1,634,579	87,235	0.31%
6/30/2020	28,545,196	1,619,469	1,924,864	(305,395)	(1.07%)
6/30/2021	36,738,105	2,887,288	1,822,509	1,064,779	2.90%
6/30/2022	29,541,656	779,821	3,335,992	(2,556,171)	(8.65%)
6/30/2023	26,224,207	551,872	6,653,693	(6,101,821)	(23.27%)
6/30/2024	26,828,390	728,279	2,958,452	(2,230,173)	(8.31%)





Liability Maturity Measurements

As discussed earlier, most public sector retirement systems have aging plan populations indicated by a decreasing ratio of active members to retirees and a growing percentage of retiree liability when compared to the total. The retirement of the remaining baby boomers over the next 10-15 years is expected to further exacerbate the aging of the retirement system population. With more of the total liability residing with retirees, investment volatility has a greater impact on the funding of the system since it is more difficult to restore the system financially after losses occur when there is comparatively less payroll over which to spread costs. Further, a decline in the active member population will accelerate the growth in the percentage of the retiree liability. The measures below include inactive members of Part B not yet receiving payments.

Part B of SRP Inactive Liability Percentage

<u>Fiscal</u>	<u>Inactive</u>	<u>Total</u>	<u>Inactive</u>	<u>Covered</u>	
<u>Year End</u>	<u>Liability</u>	<u>Actuarial</u>	<u>Percentage</u>	<u>Payroll</u>	<u>Ratio</u>
	(a)	(b)	(a) / (b)	(c)	(b) / (c)
6/30/2018	\$24,434,607	\$28,663,456	85.25%	\$12,005,228	2.39
6/30/2019	25,644,936	29,244,660	87.69%	8,954,001	3.27
6/30/2020	27,077,084	30,562,142	88.60%	11,507,954	2.66
6/30/2021	30,105,937	34,053,659	88.41%	13,582,947	2.51
6/30/2022	30,691,957	32,067,262	95.71%	1,429,542	22.43
6/30/2023	25,745,183	26,911,195	95.67%	852,588	31.56
6/30/2024	25,101,939	26,147,121	96.00%	735,687	35.54

Total SRP (Parts B, C & D) Inactive Liability Percentage

<u>Fiscal</u>	<u>Inactive</u>	<u>Total</u>	<u>Inactive</u>	<u>Covered</u>	
<u>Year End</u>	<u>Liability</u>	<u>Actuarial</u>	<u>Percentage</u>	<u>Payroll</u>	<u>Ratio</u>
	(a)	(b)	(a) / (b)	(c)	(b) / (c)
6/30/2018	\$26,852,160	\$31,518,050	85.20%	\$12,528,965	2.52
6/30/2019	28,002,483	32,022,981	87.44%	9,479,600	3.38
6/30/2020	29,408,943	33,278,722	88.37%	12,087,651	2.75
6/30/2021	32,366,819	36,706,432	88.18%	13,846,931	2.65
6/30/2022	32,719,670	34,497,635	94.85%	1,698,475	20.31
6/30/2023	28,106,962	29,272,974	96.02%	852,588	34.33
6/30/2024	27,453,128	28,498,310	96.33%	735,687	38.74





QUALITATIVE ANALYSIS

ASOP 51 provides that the assessment of risk does not necessarily have to be quantitative but may be qualitative. This report will provide the overall assessment of risk for the SRP from a qualitative perspective.

(1) Contribution Rate Funding Policy

The SRP covers three different Parts, each funded with a separate contribution rate. The largest Part (92% of the total) is Part B, the safe harbor plan. Slightly less than 1% of the SRP liabilities are attributable to Part C and approximately 7% is due to Part D. Each Part of the SRP has a separate funding policy which is intended to smoothly achieve 100% funded ratio over a reasonable number of years and in consideration of each individual Part's funding situation. SRP's Funding Policy should be considered as a positive factor in risk assessment because it permits the actuarial determined contribution to vary based on the results of the actuarial valuation.

(2) Historical Contributions

The County has consistently funded the actuarial determined contribution amounts for each Part.

(3) Amortization Policy

Actuarial assumptions are intended to be long-term estimates so even if experience follows the assumption over the long-term, short-term fluctuations are to be expected. When this occurs, and when changes to the actuarial assumptions, methods, or benefit structure occur, any deviation in the unfunded actuarial liability is financed based on the provisions of the amortization policy.

SRP Amortization Policy

In Part B of SRP, the unfunded actuarial liability (UAL) is amortized using a "layered amortization" approach. Prior to June 30, 2012 the UAAL was amortized over a closed 15-year period. Commencing with the June 30, 2012 valuation, each annual change in the UAAL attributable to plan experience, change in assumptions and methods, and benefit changes is amortized over a closed 15-year period. As of June 30, 2019, amortization payments are determined under a level-dollar method. Beginning with the June 30, 2022 valuation, all prior bases were combined into one base amortized over a closed 15-year period. Bases established in the future will be amortized over a closed 15-year period. As of June 30, 2024, the single equivalent amortization period for Part B is 12.7 years.

Part C covers 21 retirees and beneficiaries and has no active members. The unfunded actuarial liability (UAL) is amortized over a closed period and as of June 30, 2024 no years remain. Finally, Part D covers 7 members receiving benefits and has no active members as of June 30, 2024. The required funding for Part D is determined per each individual and is based on a single 15-year period closed as of July 1, 2010 (1 year remains as of June 30, 2024).





(4) Payroll Growth Assumption and Active Membership

With the trend in declining active members through the 2019 valuation in the SRP, beginning in the June 30, 2019 valuation, all amortization amounts are based on a level-dollar amortization method. This is expected to reduce the risk that amortization payments could be understated over periods where payroll growth is less than expected.

(5) Economic Risks

The greatest single source for future contribution volatility is expected to be attributable to the actual investment rate of returns. Although the SRP is a comparably well-funded Plan, the significant degree of market volatility that can be expected by diversely invested pension plans today can result in severe changes to required funding from plan sponsors.

The impact of potential market return volatility in the SRP is lessened through both the asset smoothing method and the layered amortization approach utilized in determining the funding requirements. In both cases, the delayed recognition of the asset losses and layered amortization would allow for the plan to experience gains due to a market recovery before the full impact of losses are reflected in required funding. These methods would similarly dampen the impact of significant market gains.

In the event of a significant market loss in Part B (Part B is approximately 92% of the SRP total assets), the loss would be recognized in the actuarial assets for funding purposes over a 5-year period. Each annual loss which is not offset or compounded by future recognized investment experience would establish a new UAL layer amortized over a 15-year period as a level dollar amount.





LOW-DEFAULT-RISK OBLIGATION MEASURE (LDROM)

Under the revised Actuarial Standards of Practice (ASOP) No. 4 effective for valuations after February 15, 2023, we include a low-default-risk obligation measure of the Plan's liability. This is an informational disclosure as described below and would not be appropriate for assessing the funding progress or health of the plan. This measure uses the unit credit cost method and reflects all the assumptions and provisions of the funding valuation except that the discount rate is derived from considering low-default-risk fixed income securities. We considered the FTSE Pension Discount Curve based on market bond rates published by the Society of Actuaries as of June 30, 2024 and with the 30-year spot rate used for all durations beyond 30. Using these assumptions, we calculate a liability of \$34.7 million. This amount approximates the termination liability if the plan (or all covered employment) ended on the valuation date and all of the accrued benefits had to be paid with cash-flow matched bonds. This assurance of funded status and benefit security is typically more relevant for corporate plans than for governmental plans since governments rarely have the need or option to completely terminate a plan.



County of Ventura Supplemental Retirement Plan

GASB Statement No. 67 Report



Prepared as of June 30, 2024



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SECTION I - INTRODUCTION

This report was prepared as of June 30, 2024 to assist the Supplemental Retirement Plan (SRP) in complying with Governmental Accounting Standards Board Statement No. 67 (GASB 67), “Financial Reporting For Pension Plans.” Much of the material provided in this report is based on the data, assumptions and results of the annual actuarial valuation of the SRP as of June 30, 2024. The results of that valuation were detailed in the annual actuarial valuation report provided.

GASB 67 divorces accounting and funding, creating disclosure and reporting requirements that may or may not be consistent with the basis used for funding the Plan.

A major change in GASB 67 is the requirement to determine the Total Pension Liability (TPL) utilizing the Entry Age Normal actuarial funding method. The Net Pension Liability (NPL) is the TPL minus the Plan’s Fiduciary Net Position (FNP) (the market value of assets).

Among the assumptions needed for the liability calculation is a Single Equivalent Interest Rate (SEIR). To determine the SEIR, the FNP must be projected into the future for as long as there are anticipated benefits payable under the plan’s provision applicable to the membership and beneficiaries of the Plan on the Measurement Date. If the FNP is projected to not be depleted at any point in the future, which is the current result for the SRP, the long term expected rate of return on plan investments expected to be used to finance the benefit payments may be used as the SEIR.

If, however, in a future year, the FNP is projected to be depleted, the SEIR is determined as the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by discounting all projected benefit payments through the date of depletion by the long term expected rate of return, and the present value determined by discounting those benefits after the date of depletion by a 20-year tax-exempt municipal bond (rating AA/Aa or higher) rate. The rate used, if necessary, for this purpose is the spot rate at the end of June from the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by The Bond Buyer (www.bondbuyer.com).

In order to prepare the results in this report, we have utilized actuarial models that were developed to measure liabilities and develop actuarial costs. These models include tools that we have produced and tested, along with commercially available valuation software that we have reviewed to confirm the appropriateness and accuracy of the output. In utilizing these models, we develop and use input parameters and assumptions about future contingent events along with recognized actuarial approaches to develop the needed results.

To the best of our knowledge, this supplemental report is complete and accurate. It relies on much of the information contained in the annual actuarial valuation of the Plan for the same fiscal year and the annual valuation report should be distributed along with this report to interested





SECTION I - INTRODUCTION

parties. The actuarial calculations were performed by qualified actuaries according to generally accepted actuarial procedures and methods. Further, the calculations were prepared in accordance with the principles of practice prescribed by the Actuarial Standards Board and, in our opinion, meet the requirements of GASB 67. John J. Garrett and Micki R. Taylor are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

The sections that follow provide the results of all the necessary calculations, presented in the order laid out in GASB 67 for note disclosure and Required Supplementary Information (RSI).

Respectfully Submitted,

A blue ink signature of John J. Garrett.

John J. Garrett, ASA, MAAA, FCA
Principal and Consulting Actuary

A blue ink signature of Micki R. Taylor.

Micki R. Taylor, ASA, EA, MAAA, FCA
Consulting Actuary

A black ink signature of Ryan Gundersen.

Ryan Gundersen
Senior Consultant





SECTION II – FINANCIAL STATEMENT NOTES

The material presented herein will follow the order presented in GASB 67. Paragraph numbers are provided for ease of reference.

The information required by paragraphs 30(a)(1)-(3) is to be supplied by the Plan.

The data required by paragraph 30(a)(4) regarding the membership of the SRP were furnished by the Plan. The following table summarizes the membership of the Plan as of June 30, 2024, the Measurement Date.

Membership

	Number
Inactive Members Or Their Beneficiaries Currently Receiving Benefits	737
Inactive Members Entitled To But Not Yet Receiving Benefits	5,008
Active Members	13
Total	5,758

The information required by paragraphs 30(a)(5)-(6) as well as paragraphs 30(b)-(f) is to be supplied by the Plan with the exception of Paragraph 30(b)(4) which is the determination of the money-weighted rate of return.

Paragraph 30(b)(4) requires the determination of the money-weighted rate of return for the year which will be calculated at a later date.





SECTION II – FINANCIAL STATEMENT NOTES

The information required by paragraph 31(a) is provided in the following table. As stated above, the Net Pension Liability is equal to the Total Pension Liability minus the Plan’s Net Position. That result as of June 30, 2024 is presented in the table below.

Calculation of the Net Pension Liability (NPL) as of Fiscal Year Ending June 30, 2024		
Total Pension Liability	\$	28,498,310
Fiduciary Net Position	\$	26,828,390
Net Pension Liability (Asset)	\$	1,669,920
Ratio of Fiduciary Net Position to Total Pension Liability		94.14%

Paragraph 31(b) requires information regarding the actuarial assumptions used to measure the TPL. The actuarial assumptions utilized in developing the TPL are the same as used in the 2024 actuarial valuation of SRP. Please refer to the actuarial valuation report for the description of the assumptions and methods utilized as well as the summary of the benefits provided through the SRP.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges 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 and by adding expected inflation. The target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:





SECTION II – FINANCIAL STATEMENT NOTES

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	60.0	5.30
Fixed income	39.0	0.70
Cash	<u>1.0</u>	0.00
Total	100.0%	

Discount rate. The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with the SRP Funding Policy (Appendix A). On this basis, the pension plan's fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASB Statement No. 67. Therefore, the 7.00% assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Paragraph 31(b)(1)(g) requires disclosure of the sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the Plan, calculated using the discount rate of 7.00 percent, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
System's net pension liability (asset)	\$ 5,184,278	\$ 1,669,920	\$ (1,209,122)

June 30, 2024 is the actuarial valuation date upon which the TPL is based (paragraph 31(c)).





SECTION III – REQUIRED SUPPLEMENTARY INFORMATION

There are several tables of Required Supplementary Information (RSI) that need to be included in the Plan's financial statements. The tables for paragraphs 32(a)-(c) are provided on the following pages. The money-weighted rates of return required for paragraph 32(d) are to be determined at a later date.

Paragraph 34: In addition, the following should be noted regarding the RSI:

Changes of benefit terms: None.

Changes of assumptions:

Effective June 30, 2024:

- Adopted mortality tables recommended in the 2020 – 2023 VCERA experience study:

Pre-Retirement Mortality:	Pub-2010 General Employee Amount-Weighted Above-Median Mortality Table, projected generationally with scale MP-2021
Post-Retirement Mortality (Retired):	Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table, with rates increased by 5% for females, projected generationally with scale MP-2021
Post-Retirement Mortality (Beneficiary):	Pub-2010 General Contingent Survivor Amount-Weighted Above-Median Mortality Table, with rates increased by 5%, projected generationally with scale MP-2021
- Adopted the VCERA general employees termination rates recommended in the 2020 – 2023 VCERA experience study (Part B only).





SECTION III – REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY GASB 67 Paragraph 32(a)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability										
Service Cost	34,806	83,671	950,655	713,468	478,073	719,702	644,339	772,841	765,095	695,076
Interest	1,959,538	2,193,768	2,463,310	2,395,093	2,262,872	2,237,468	2,129,982	2,092,275	1,991,438	1,869,311
Benefit changes	0	0	0	0	0	0	0	0	0	0
Difference between expected and actual experience	(281,442)	(1,185,920)	(2,590,180)	329,471	136,718	(1,139,383)	(480,621)	(1,213,413)	(346,968)	(441,531)
Changes of assumptions	71,574	0	0	1,559,280	0	0	1,415,299	0	0	1,330,607
Benefit payments	(2,559,140)	(6,316,180)	(3,032,582)	(1,530,316)	(1,621,924)	(1,312,856)	(1,181,296)	(1,111,667)	(1,023,171)	(1,018,853)
Refunds of contributions	0	0	0	(39,284)	0	0	(4)	(176)	0	(157)
Net change in total pension liability	(774,664)	(5,224,661)	(2,208,797)	3,427,712	1,255,739	504,931	2,527,699	539,860	1,386,394	2,434,453
Total pension liability - beginning	29,272,974	34,497,635	36,706,432	33,278,720	32,022,981	31,518,050	28,990,351	28,450,491	27,064,097	24,629,644
Total pension liability - ending (a)	28,498,310	29,272,974	34,497,635	36,706,432	33,278,720	32,022,981	31,518,050	28,990,351	28,450,491	27,064,097
Plan net position										
Contributions - employer	703,979	521,492	658,458	2,422,509	1,330,104	1,377,793	1,496,492	1,581,229	1,558,156	1,409,637
Contributions - member	24,300	30,380	121,363	464,778	289,366	344,021	381,317	409,990	406,885	402,175
Net investment income	2,834,356	2,784,372	(4,641,154)	7,128,131	1,012,994	1,603,583	1,751,387	2,498,027	296,834	702,797
Benefit payments	(2,559,140)	(6,316,180)	(3,032,582)	(1,530,316)	(1,621,924)	(1,312,856)	(1,181,296)	(1,111,667)	(1,023,171)	(1,018,853)
Administrative expense	(399,312)	(337,513)	(302,534)	(252,909)	(302,940)	(321,723)	(332,293)	(306,774)	(237,344)	(279,628)
Refunds of contributions	0	0	0	(39,284)	0	0	(4)	(176)	0	(157)
Other	0	0	0	0	0	0	0	0	0	0
Net change in plan net position	604,183	(3,317,449)	(7,196,449)	8,192,909	707,600	1,690,818	2,115,603	3,070,629	1,001,360	1,215,971
Plan net position - beginning	26,224,207	29,541,656	36,738,105	28,545,196	27,837,596	26,146,778	24,031,175	20,960,546	19,959,186	18,743,215
Plan net position - ending (b)	26,828,390	26,224,207	29,541,656	36,738,105	28,545,196	27,837,596	26,146,778	24,031,175	20,960,546	19,959,186
Net pension liability (asset) - ending (a) - (b)	1,669,920	3,048,767	4,955,979	(31,673)	4,733,524	4,185,385	5,371,272	4,959,176	7,489,945	7,104,911





SECTION III – REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE NET PENSION LIABILITY GASB 67 Paragraph 32(b)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability	28,498,310	29,272,974	34,497,635	36,706,432	33,278,720	32,022,981	31,518,050	28,990,351	28,450,491	27,064,097
Plan net position	<u>26,828,390</u>	<u>26,224,207</u>	<u>29,541,656</u>	<u>36,738,105</u>	<u>28,545,196</u>	<u>27,837,596</u>	<u>26,146,778</u>	<u>24,031,175</u>	<u>20,960,546</u>	<u>19,959,186</u>
Net pension liability/(asset)	1,669,920	3,048,767	4,955,979	(31,673)	4,733,524	4,185,385	5,371,272	4,959,176	7,489,945	7,104,911
Ratio of plan net position to total pension liability	94.14%	89.59%	85.63%	100.09%	85.78%	86.93%	82.96%	82.89%	73.67%	73.75%
Covered payroll	846,235	982,777	9,681,742	15,037,783	9,733,503	11,538,313	12,476,797	12,549,196	13,801,542	14,199,387
Net pension liability (asset) as a percentage of covered payroll	197.34%	310.22%	51.19%	-0.21%	48.63%	36.27%	43.05%	39.52%	54.27%	50.04%





SECTION III – REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EMPLOYER CONTRIBUTIONS GASB 67 Paragraph 32(c)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined employer contribution	703,979	521,492	658,458	2,422,509	1,330,104	1,377,793	1,496,492	1,581,229	1,558,156	1,409,637
Actual employer contributions	<u>703,979</u>	<u>521,492</u>	<u>658,458</u>	<u>2,422,509</u>	<u>1,330,104</u>	<u>1,377,793</u>	<u>1,496,492</u>	<u>1,581,229</u>	<u>1,558,156</u>	<u>1,409,637</u>
Annual contribution deficiency (excess)	0	0	0	0	0	0	0	0	0	0
Covered payroll	846,235	982,777	9,681,742	15,037,783	9,733,503	11,538,313	12,476,797	12,549,196	13,801,542	14,199,387
Actual contributions as a percentage of covered payroll	83.19%	53.06%	6.80%	16.11%	13.67%	11.94%	11.99%	12.60%	11.29%	9.93%

The transition of most active employees to the 457 plan reduced the employer contribution to the plan for 2022. The funding policy is undergoing change in order to ensure sufficient contributions in the future as the transition to the 457 plan continues.





APPENDIX A – SRP FUNDING POLICY

COUNTY OF VENTURA SUPPLEMENTAL RETIREMENT PLAN FUNDING POLICY OF THE COMMITTEE

I. Objective

The objective of the Committee's Funding Policy is to ensure the actuarial soundness of the Plan while providing stability in required contributions. The Committee established the Funding Policy as a means to provide the actuary with the framework for selection and recommendation of the actuarial methods and assumptions utilized in the actuarial valuations of each Part. The Committee's intention is to employ the methods and assumptions as utilized in the Ventura County Employees' Retirement Association (VCERA) where appropriate and reasonable.

II. Policy

For all plans, the valuation results will apply to the fiscal year beginning one year after the valuation date (e.g., the June 30, 2009 valuation results apply to the fiscal year beginning July 1, 2010 and ending June 30, 2011.)

a. Part B – Safe Harbor Retirement Benefits

Part B membership consists of temporary and part-time employees not covered under VCERA or Social Security. In order to provide contribution stability the actuary will use methods and assumptions that consider the demographics of current and future participants and the expectation of economic experience for salary growth, payroll growth and investment returns. The Committee currently has accepted the following method and assumption recommendations of the actuary.

Actuarial Cost Method - Entry Age Normal Cost Method. Along with use of this method, active members are assumed to have annual salary increase similar to the expected increase in base wages of VCERA general employees and rates of mortality, turnover and retirement as assumed for general employees under VCERA.

Actuarial Value of Assets - The asset value used for development of the required contribution uses a smoothing technique intended to dampen the impact of market volatility on valuation results. The current technique recognizes a portion of the difference between the actual and the expected market value of assets based on the actuarially assumed investment rate of return. The amount recognized each year is 20% of the difference between the actual market value and expected market value.

Amortization of Unfunded Actuarial Accrued Liability (UAAL) - The excess of the total actuarial accrued liability over the actuarial value of Plan assets is called





APPENDIX A – SRP FUNDING POLICY

the unfunded actuarial accrued liability. The UAAL is composed of an initial base amount with a new base established each year equaling the difference between the expected and actual UAAL on the valuation date. The initial base is equal to the expected UAAL as of June 1, 2012 and is amortized over 13 year period (15 years as of the June 30, 2010 method changes). Each new base is amortized over a closed 15-year period as a level dollar amount. The actuary may recommend the combination of certain amortization bases to add stability to the amortization cost.

b. Part C – Early Retirement Benefits

Part C membership consists entirely of retirees. Contribution stability will be primarily driven by asset performance and mortality experience. Cash flow should be monitored to assess the expected erosion of Plan assets. Amortization period adjustments will be the lever to assist with moderating the negative cash flow.

Actuarial Cost Method – Part C has no active members and therefore does not use a specific funding method.

Actuarial Value of Assets - The asset value used for development of the required contribution uses a smoothing technique intended to dampen the impact of market volatility on valuation results. The current technique recognizes a portion of the difference between the actual and the expected market value of assets based on the actuarially assumed investment rate of return. The amount recognized each year is 20% of the difference between the actual market value and expected market value.

Amortization of Unfunded Actuarial Accrued Liability (UAAL) - The excess of the total actuarial accrued liability over the actuarial value of Plan assets is called the unfunded actuarial accrued liability. The UAAL is amortized over a 10-year period closed as of June 30, 2010 as a level dollar amount.

c. Part D – Elected Department Head Retirement Benefits

Part D membership consists of a closed group of active members and retirees. Actuarial valuations are performed on an individual basis and in aggregate. Contribution stability will modest and will be driven by asset performance and the experience of the individual active members and retirees. Amortization period adjustments will be the lever to assist with moderating the eventual negative cash flow.

Actuarial Cost Method - Entry Age Normal Cost Method. Along with use of this method, active members are assumed to have annual salary increase





APPENDIX A – SRP FUNDING POLICY

similar to the expected increase in base wages of VCERA general employees and rates of mortality, turnover and retirement as assumed for general employees under VCERA.

Actuarial Value of Assets - The asset value used for development of the required contribution uses a smoothing technique intended to dampen the impact of market volatility on valuation results. The current technique recognizes a portion of the difference between the actual and the expected market value of assets based on the actuarially assumed investment rate of return. The amount recognized each year is 20% of the difference between the actual market value and expected market value.

Amortization of Unfunded Actuarial Accrued Liability (UAAL) - The excess of the total actuarial accrued liability over the actuarial value of Plan assets is called the unfunded actuarial accrued liability. The UAAL is amortized over a 15-year period closed as of June 30, 2010 as a level dollar amount.

III. Metrics

The primary metric used to assess the effectiveness of the funding policy will be the trend in required funding and the secondary measure is the funded ratio (the ratio of the actuarial value of assets to the actuarial accrued liability).

IV. Goals

The goal of the funding policy is to minimize volatility in the required funding of all Parts of the Plan while maintaining steady improvement of the funded ratio.

V. Actions

The Committee will annually assess the trend in employer contribution rates and the funding progress of each Part. This will be either through the performance of full annual valuation or an update of prior year valuation results using actual asset experience and expected liabilities.

After the review of appropriate actuarial information, the Committee may make modifications to the valuation methods and assumptions or this policy as deemed necessary to maintain the actuarial soundness of the Plan.





APPENDIX B – SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial date	June 30, 2024
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar for all Plan Parts
Amortization period	0 to 15 Years Closed
Asset valuation method	5 Year Smoothed Market Value
Actuarial Assumptions:	
Investment rate of return	7.00% annual rate, net of expense
Projected salary increases	3.75% annual rate
Includes inflation at	2.50% annual rate
Cost-of-living adjustments	0.00% annual rate for Part-B and Part-C 3.00% annual rate for Part-D

Please refer to the June 30, 2024 Actuarial Valuation Report for detailed descriptions of the actuarial methods and assumptions.



COUNTY OF VENTURA

MEMORANDUM

HUMAN RESOURCES DIVISION

DATE: September 12, 2024

TO: Supplemental Retirement Plan Committee

FROM: Patty Zoll, Supplemental Retirement Program Manager

SUBJECT: Principal Semi-Annual Investment Review

Background/Discussion

Attached is the current investment report from Principal Global Advisors for the quarter ending June 30, 2023 (Q2) and an Asset Allocation Analysis. Included in the report are the asset allocation overview, market values and flows, and the Plan's investment performance review, which illustrates the evaluation criteria pursuant to the *Investment Policy Statement*.

The *Investment Policy Statement* (IPS) set an asset allocation range of 0-25% cash, 25-55% fixed income, and 45-75% equity. The Plan's allocation for cash was within the set range at 0.9%. The fixed-income allocation was within the set range at 38.9%. Equity allocation was also within the set range at 60.2% for Q2-24. (p.15)

Total 10-year returns of 6.59% fall slightly short of meeting the stated return objective criteria to meet or exceed a 7% return over every 10-year period for Q2-24. (p.18)

The objective benchmark criteria for investment results to meet or exceed the index benchmark for the 3-year (2.83%) and 5-year (7.05%) periods was not quite met for both the 3-year (2.42%) and 5-year (6.88%) periods in Q2-24, but the numbers are trending toward the benchmark. (p.18)

Second Quarter Market and Market Selloff comments

The second quarter was impacted by investor expectations that the Federal Reserve will finally begin reducing interest rates in September, with additional cuts expected to follow, which fueled the buying of mega cap growth stocks even as the broader market largely struggled. The U.S. economy experienced some moderating consumer activity and a return to a softening in the pace of inflation. The outlook negatively impacted longer

maturity bonds as their yields moved higher even though the overall investment grade bond market (Bloomberg U.S. Aggregate Index) ended the quarter with only a small gain.

Weakness in U.S. economic data related to the U.S. labor market in early August appeared to have triggered a significant global selloff of stocks causing investors to abruptly reduce their risk appetite (by selling equities) due a perceived increase in the potential for a U.S. recession (rather than a soft landing). The same mega cap growth stocks that drove strong returns over the past 12-months on excessive optimism and AI exuberance, lead the stock market lower. Since those first few days of August, the market has rallied significantly, with stock market participation broadening more even as the mega cap growth companies have now recovered most of their losses from the selloff.

Healthy stock markets experience regular selloffs, particularly after periods of excessive return strength because such moves higher eventually become vulnerable to abrupt shifts in sentiment and profit taking that lead to corrections, but this activity is also important for bringing the market back to more reasonable valuation levels.

Mr. Eric Lee, Senior Portfolio Manager, Principal Custody Solutions, will present the Quarterly Client Report to the Committee.

Recommended Action Item

- Receive and file the Principal Quarterly Client report.

If you have any questions, please email me at: patty.zoll@ventura.org.

Attachment(s)

- Q2 2024 Principal Quarterly Client Report

County of Ventura Retirement Plan DB

QUARTERLY CLIENT REPORT

As of June 30, 2024

Agenda

Team overview	3
Market outlook	4
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Investment policy summary	10
Asset allocation	16
Performance	13
Historical benchmark comparison	27
Important information	31
Portfolio profile	34

Team Overview

Investment advisory team

Eric A. Lee

Director, Client Portfolio Manager

OCIO Solutions

38 Years of industry experience

2 Years of firm experience

Lee.Eric@Principal.com

213-500-0344

Kevin J. Eichinger, CIMA

Vice President, Client Portfolio Manager

OCIO Solutions

31 Years of industry experience

2 Years of firm experience

eichinger.kevin@principal.com

858-344-2431

Steve Guggenberger

Managing Director – Client Portfolio Management

OCIO Solutions

35 Years of industry experience

2 Years of firm experience

Guggenberger.Steve@Principal.com

763-232-3663

Economic and Market Review

As of June 30, 2024

Q3 2024 key themes

- **A U.S economic moderation, but cyclical upturns elsewhere.**
U.S. growth is softening as lower-income households feel the bite of higher interest rates. Other developed markets are now enjoying cyclical upturns, yet the limited nature of their recoveries suggests that U.S. economic dominance still holds.
- **Global inflation tentatively resumes its last mile of deceleration.**
The inflation scare of 1Q24 is now waning, but a few more months of soft inflation data are required to validate that disinflation is proceeding as necessary. Without a sharp labor market slowdown, global inflation will unlikely reach central bank targets until late 2025, if not 2026.
- **Central bank cutting cycles are set to be slow and shallow.**
A first Fed rate cut could occur in September, provided inflation continues to decelerate and economic activity does not reaccelerate. Other central banks have started easing, but their next moves will fall back in line with the Fed's actions.
- **Equity markets can eke out positive gains, provided the economic backdrop remains solid.**
That same economic strength that has delayed Fed cuts should support a positive backdrop for corporate earnings, ensuring that the set-up for U.S. equities remains reasonably constructive. Yet the concentration of gains does pose a risk.
- **Elevated fixed income yields continue drawing investor interest.**
Macro resilience should ensure a gradual rise in defaults rather than a sudden spike, meaning credit spreads are unlikely to widen significantly from their current levels. Fixed income yields are markedly higher than a few years ago.
- **With potential gains across asset classes, staying in cash is the leading risk.**
Assets in money market funds have ballooned to a record \$6 trillion, with investors attracted by elevated yields. Now, this cash represents a potential tailwind to risk assets.

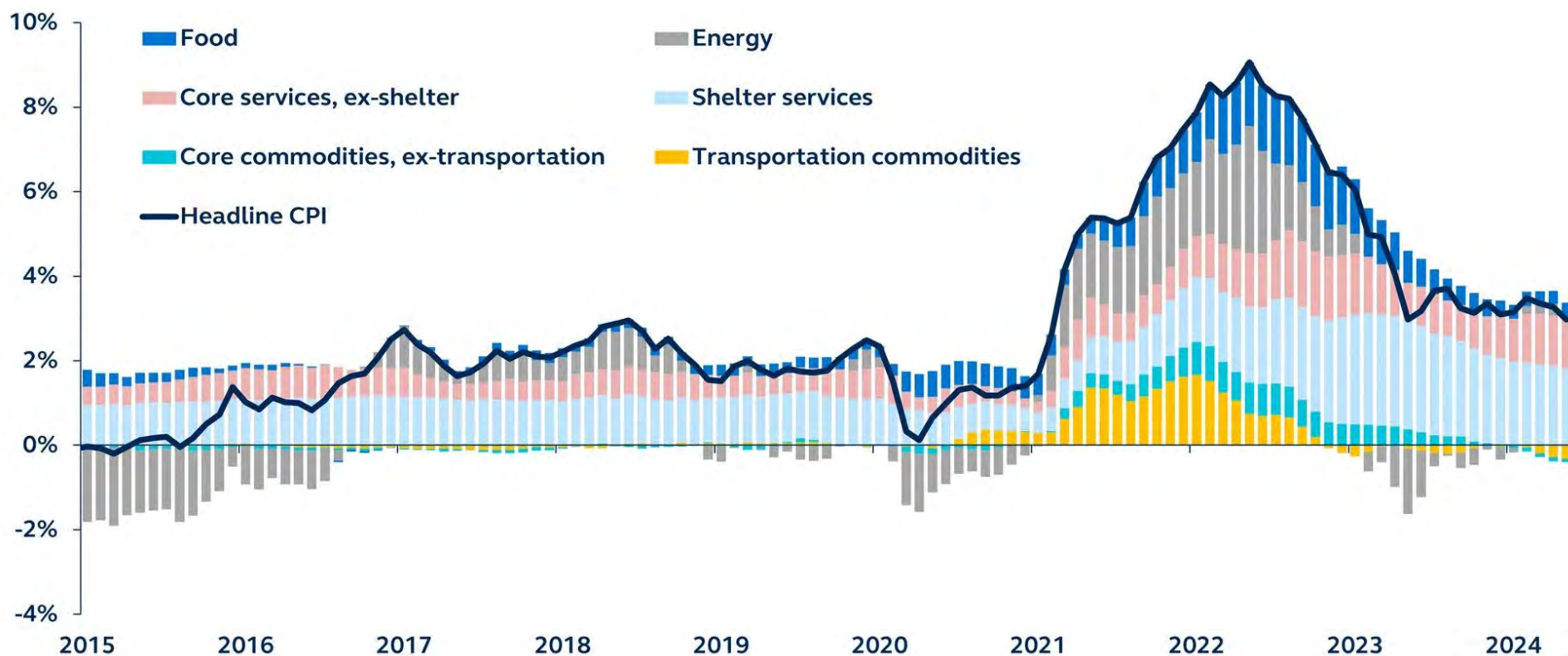
Easing inflation: A clear path to a September cut

INSIGHT:

The June CPI reading significantly increases the likelihood of a Federal Reserve rate cut in September. This marks the second consecutive month of weaker-than-expected inflation data, with June showing the first negative monthly headline inflation print since May 2020 and the smallest core inflation increase since August 2021. The data indicates a broad weakening in price pressures, providing strong and consistent evidence that inflation is on a downward trend. If these signs continue, the Fed is likely to soon begin their policy easing cycle.

Contribution to headline U.S. inflation

Year-over-year, January 2015–present



Source: Bureau of Labor Statistics, Principal Asset Management – *Quick takes on capital markets* (July 12, 2024). Data as of July 11, 2024

Economic and Market Review

As of June 30, 2024

Equities returns were mixed for the quarter with U.S. large cap growth outperforming the broader market.

Fixed income markets were also mixed for the quarter with high quality long-term bonds delivering negative returns.

	3-months	YTD	1-year	3-year	5-year	10-year
U.S. Equities						
Russell 1000 Value Index	-2.17%	6.62%	13.06%	5.52%	9.01%	8.23%
S&P 500 Index	4.28%	15.29%	24.56%	10.01%	15.05%	12.86%
Russell 1000 Growth Index	8.33%	20.70%	33.48%	11.28%	19.34%	16.33%
Russell Midcap Index	-3.35%	4.96%	12.88%	2.37%	9.46%	9.04%
Russell 2000 Index	-3.28%	1.73%	10.06%	-2.58%	6.94%	7.00%
Non-U.S. Equities						
MSCI EAFE NTR Index	-0.42%	5.34%	11.54%	2.89%	6.46%	4.33%
MSCI ACWI ex-USA Index	0.96%	5.69%	11.62%	0.46%	5.55%	3.84%
MSCI Emerging Markets Index	5.00%	7.49%	12.55%	-5.07%	3.10%	2.79%
Fixed Income						
ICE BofA U.S. Treasury Bill 3-month Index	1.32%	2.63%	5.40%	3.03%	2.16%	1.51%
Bloomberg Aggregate Bond Index	0.07%	-0.71%	2.63%	-3.02%	-0.23%	1.35%
Bloomberg U.S. Corp High Yld 2% Issuer Capped Index	1.09%	2.58%	10.43%	1.64%	3.09%	4.30%
Bloomberg Long-Term Govt/Credit Index	-1.73%	-4.10%	-1.58%	-8.51%	-2.22%	1.65%
Other						
MSCI U.S. REIT Index	-0.22%	-0.84%	6.25%	-0.97%	2.68%	4.55%
S&P GSCI® Index	0.65%	11.08%	15.01%	12.69%	8.28%	-3.12%
U.S. Dollar Index	1.26%	4.47%	2.87%	4.63%	1.95%	2.87%

As of June 30, 2024.

Source: Morningstar Direct. Returns are annualized. **Past performance does not guarantee future results.** Index performance information reflects no deduction for fees, expenses, or taxes. Indices are unmanaged and individuals cannot invest directly in an index. See Important Information for index descriptions.

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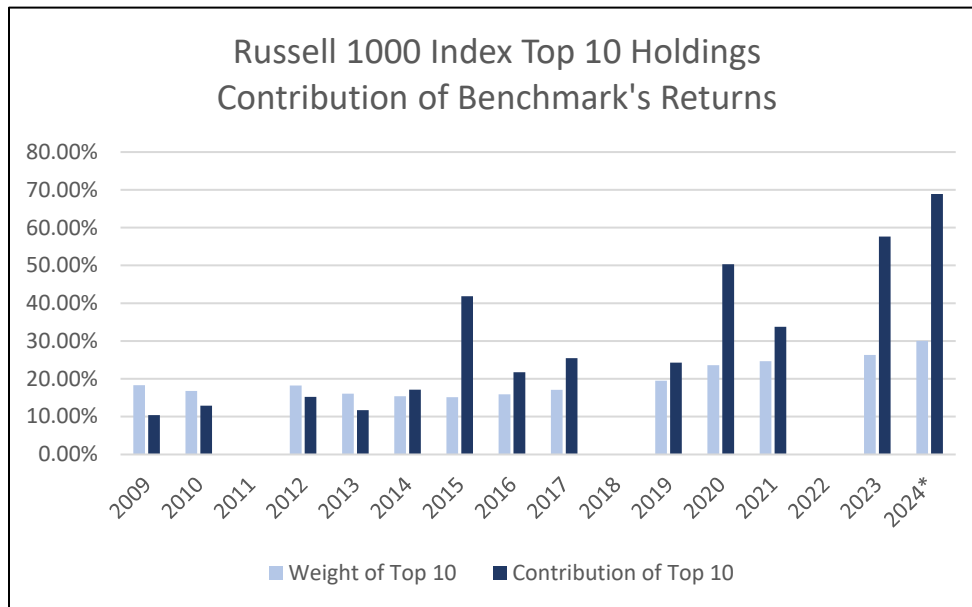
Market Insight

Mega Company Stocks Dominated

Key takeaways

- Large Cap Index performance results in the first half of 2024 were led by the stocks of the largest companies.
- A narrow market driven by stocks with the largest weightings in the index was a headwind for most active managers.
- AI zeal largely drove returns, with the stock of **NVIDIA** alone contributing over 28% of benchmark returns thus far in 2024.

The Top 10 Index weights are contributing 68% of the benchmark's return thus far in 2024. This is the **largest observation over the last 16 years**.



*2024's results through June 30th.
2011, 2018, and 2022 are excluded due to flat/negative markets.

Source: FactSet

8 of the 10 largest company stocks surpassed the average return of the Russell 1000 Index thus far in 2024, with **NVIDIA's significant outperformance contributing to 28% of the total benchmark's gain**.

	Average Weight	Total Return	Contribution to Return
Russell 1000 Index		14.24	
Top 10 Index Weights	30.02		9.81
Microsoft Corporation	6.56	19.29	1.23
Apple Inc.	5.77	9.68	0.53
NVIDIA Corporation	4.35	149.50	4.01
Amazon.com, Inc.	3.36	27.19	0.85
Meta Platforms Inc Class A	2.19	42.74	0.80
Alphabet Inc. Class A	1.97	30.54	0.56
Alphabet Inc. Class C	1.68	30.30	0.48
Berkshire Hathaway Inc. Class	1.57	14.06	0.23
Eli Lilly and Company	1.36	55.84	0.63
Broadcom Inc.	1.21	44.90	0.48

Table reflects Year-to-Date results from 1/1/2024 to 6/30/2024.

Market Insight

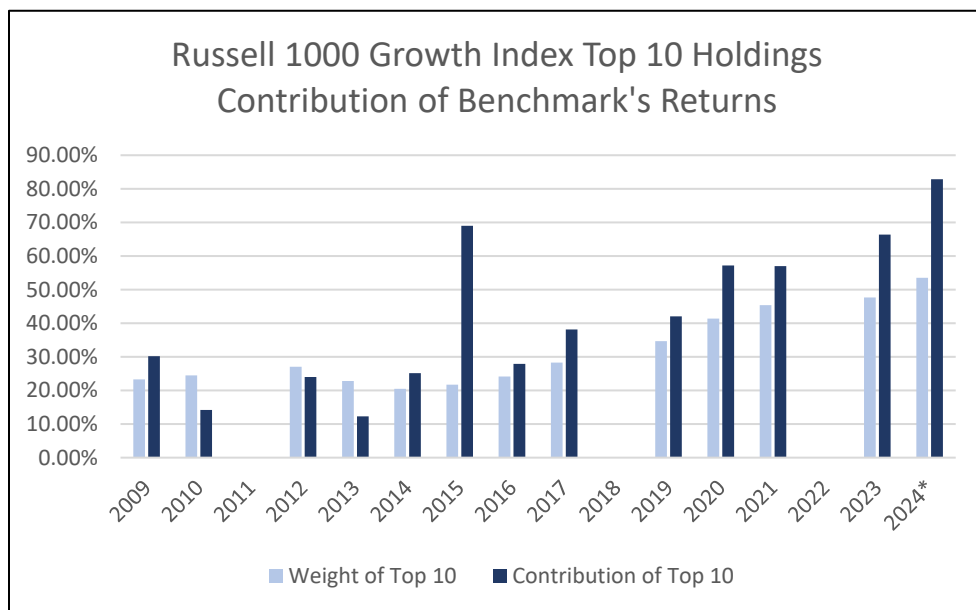
Mega Company Stocks Dominated Large Cap Growth YTD

Key takeaways

- Large Cap Growth Index performance results in the first half of 2024 were led by the stocks of the largest companies.
- A narrow market driven by stocks with the largest weightings in the index remains a headwind for most active managers.
- AI zeal largely drove returns, with the stock of **NVIDIA** alone contributing over 36% of benchmark returns thus far in 2024.
- Weight of the top 10 stocks in the Index has doubled in the last 8 years, over half of the Index's weight is comprised of the top 10 stocks.

The Top 10 Index weights are contributing 82% of the benchmark's return thus far in 2024. This is the **largest observation over the last 16 years**.

7 of the 10 largest company stocks surpassed the average return of the Russell 1000 Growth Index thus far in 2024, with **53% of the benchmark in the Top 10 Holdings**.



*2024's results through June 30th.
2011, 2018, and 2022 are excluded due to flat/negative markets.

Source: FactSet

	Average Weight	Total Return	Contribution to Return
Russell 1000 Growth Index		20.70	
Top 10 Index Weights	53.52		17.15
Microsoft Corporation	11.89	19.29	2.31
Apple Inc.	10.45	9.68	0.94
NVIDIA Corporation	7.86	149.50	7.53
Amazon.com, Inc.	6.09	27.19	1.59
Meta Platforms Inc Class A	3.96	42.74	1.50
Alphabet Inc. Class A	3.57	30.54	1.07
Alphabet Inc. Class C	3.04	30.30	0.91
Eli Lilly and Company	2.46	55.84	1.18
Broadcom Inc.	2.19	44.90	0.87
Tesla, Inc.	2.00	-20.36	-0.75

Table reflects Year-to-Date results from 1/1/2024 to 6/30/2024.

Economic and Market Review

As of June 30, 2024

Large cap growth was the best performing U.S. Equity style YTD.

Small and mid-cap equities lagged large caps for the first two quarters of 2024.

QTD			
	Value	Blend	Growth
Large	-2.2%	3.6%	8.3%
Mid	-3.4%	-3.3%	-3.2%
Small	-3.6%	-3.3%	-2.9%

YTD			
	Value	Blend	Growth
Large	6.6%	14.2%	20.7%
Mid	4.5%	5.0%	6.0%
Small	-0.8%	1.7%	4.4%

Current P/E vs. 20-year avg. P/E

	Value	Blend	Growth
Large	15.3 / 13.8	20.8 / 16.2	28.4 / 19.5
Mid	14.9 / 14.5	17.0 / 16.3	25.6 / 20.8
Small	16.2 / 16.3	21.7 / 20.7	32.9 / 31.8

Current P/E as % of 20-year avg. P/E

	Value	Blend	Growth
Large	110%	128%	145%
Mid	103%	104%	123%
Small	99%	105%	104%

Source: Morningstar Direct and FactSet Global. Data As of June 30, 2024. **Past performance is not indicative of future returns.** The Morningstar Style Box™ reveals a fund's investment strategy. For equity funds, the vertical axis shows the market capitalization of the stocks owned and the horizontal axis, shows the investment style (value, blend, or growth). Russell 1000 Value - Large Value, Russell 1000 - Large Blend, Russell 1000 Growth - Large Growth, Russell Midcap Value - Mid Value, Russell Midcap - Mid Blend, Russell Midcap Growth - Mid Growth, Russell 2000 Value - Small Value, Russell 2000 - Small Blend, Russell 2000 Growth - Small Growth

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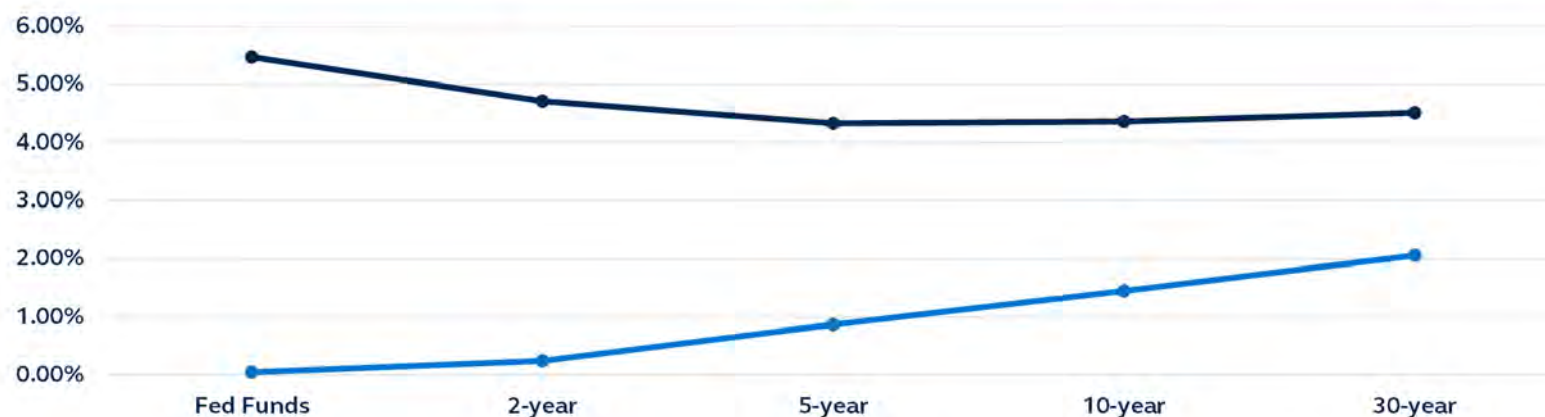
Economic and Market Review

As of June 30, 2024

The history of interest rates

How have interest rates changed in recent years?

	June 30, 2021	June 30, 2022	June 30, 2023	June 30, 2024
Fed Funds	0.05	1.28	5.24	5.47
2-year	0.25	2.92	4.87	4.71
5-year	0.87	3.01	4.13	4.33
10-year	1.45	2.98	3.81	4.36
2- to 10-year spread	1.20	0.06	-1.06	-0.35
30-year	2.06	3.14	3.85	4.51



June 30, 2024	5.47%	4.71%	4.33%	4.36%	4.51%
June 30, 2021	0.05%	0.25%	0.87%	1.45%	2.06%

Source: Morningstar Direct. Past performance does not guarantee future results.

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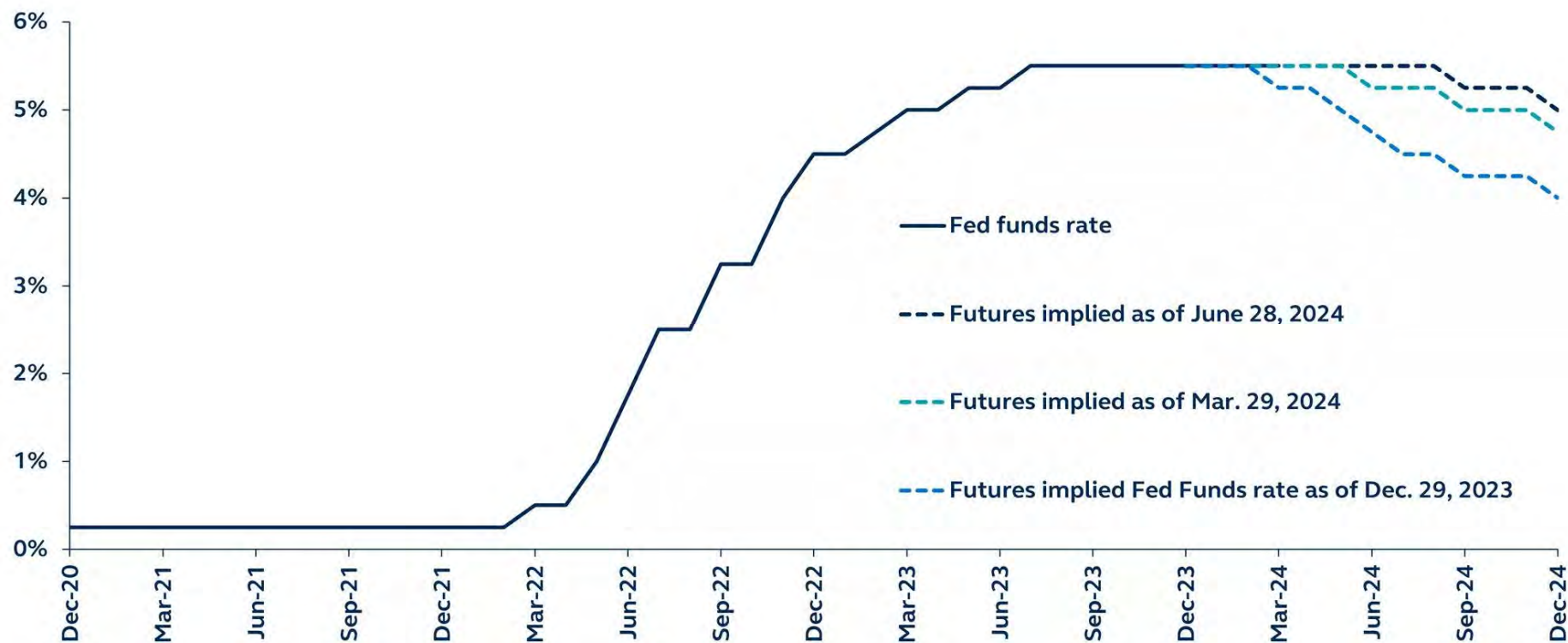
2024 midpoint: Shifting sands

INSIGHT:

Despite reduced Fed rate cut expectations for this year, the outlook for risk assets remains positive. The same economic strength that is delaying rate cuts should drive robust earnings growth, securing a still solid backdrop for equities, while macro resilience should ensure fixed income credit spreads do not widen meaningfully from their historically tight levels. Provided the economic backdrop remains robust, investors do not need to fear a delayed and modest rate cutting cycle.

Federal Reserve policy rates path

Fed funds rate and projections, December 2020–present



Source: Federal Reserve, Bloomberg, Principal Asset Management- *Quick takes on capital markets* (June 28, 2024). Data as of June 27, 2024.

Asset Class Returns

As of June 30, 2024

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	YTD
Best ↑	Small Cap 38.82%	Real Estate 31.78%	Real Estate 4.23%	Small Cap 21.31%	Emerging Markets 37.28%	Cash 1.86%	Large Cap 31.49%	Small Cap 19.96%	Real Estate 46.18%	Commodities 16.09%	Large Cap 26.29%	Large Cap 15.29%
	Mid Cap 33.50%	Government Treasury 25.07%	Large Cap 1.38%	Mid Cap 20.74%	Intl Stocks 25.03%	Intermediate Bond 0.01%	Mid Cap 26.20%	Large Cap 18.40%	Large Cap 28.71%	Cash 1.50%	Intl Stocks 18.24%	Asset Allocation 8.70%
	Large Cap 32.39%	Large Cap 13.69%	Asset Allocation 1.28%	High Yield 17.34%	Large Cap 21.83%	Government Treasury -1.84%	Real Estate 25.76%	Emerging Markets 18.31%	Commodities 27.11%	High Yield -11.11%	Asset Allocation 17.67%	Emerging Markets 7.49%
	Intl Stocks 22.78%	Asset Allocation 10.62%	Intermediate Bond 0.55%	Large Cap 11.96%	Mid Cap 16.24%	Intl Bonds -2.15%	Small Cap 25.53%	Government Treasury 17.70%	Mid Cap 24.76%	Intermediate Bond -13.01%	Small Cap 16.93%	Mid Cap 6.17%
	Asset Allocation 17.56%	Mid Cap 9.77%	Cash 0.03%	Commodities 11.77%	Small Cap 14.65%	High Yield -2.26%	Asset Allocation 22.18%	Asset Allocation 14.73%	Asset Allocation 15.86%	Mid Cap -13.06%	Mid Cap 16.44%	Intl Stocks 5.34%
	High Yield 7.38%	Intermediate Bond 5.97%	Intl Stocks -0.81%	Emerging Markets 11.19%	Asset Allocation 14.21%	Asset Allocation -2.35%	Intl Stocks 22.01%	Mid Cap 13.66%	Small Cap 14.82%	Intl Stocks -14.45%	Real Estate 16.10%	Commodities 5.14%
	Real Estate 1.86%	Small Cap 4.89%	Government Treasury -1.21%	Asset Allocation 8.31%	Intl Bonds 10.51%	Large Cap -4.38%	Emerging Markets 18.44%	Intl Bonds 10.11%	Intl Stocks 11.26%	Asset Allocation -15.79%	High Yield 13.40%	Cash 2.76%
	Cash 0.06%	High Yield 2.44%	Mid Cap -2.18%	Real Estate 7.24%	Government Treasury 8.53%	Real Estate -4.84%	Government Treasury 14.83%	Intl Stocks 7.82%	High Yield 5.29%	Large Cap -18.11%	Emerging Markets 9.83%	High Yield 2.50%
	Intermediate Bond -2.02%	Cash 0.02%	Small Cap -4.41%	Intermediate Bond 2.65%	High Yield 7.48%	Small Cap -11.01%	High Yield 14.40%	Intermediate Bond 7.51%	Cash 0.05%	Intl Bonds -18.70%	Intermediate Bond 5.53%	Small Cap 1.73%
	Emerging Markets -2.60%	Emerging Markets -2.19%	High Yield -4.55%	Intl Bonds 1.49%	Real Estate 4.18%	Mid Cap -11.08%	Intermediate Bond 8.72%	High Yield 6.20%	Intermediate Bond -1.54%	Emerging Markets -20.09%	Cash 5.26%	Real Estate -0.26%
	Intl Bonds -3.08%	Intl Bonds -3.08%	Intl Bonds -6.02%	Government Treasury 1.33%	Intermediate Bond 3.54%	Commodities -11.25%	Commodities 7.69%	Cash 0.58%	Emerging Markets -2.54%	Small Cap -20.44%	Intl Bonds 3.99%	Intermediate Bond -0.71%
	Commodities -9.52%	Intl Stocks -4.90%	Emerging Markets -14.92%	Intl Stocks 1.00%	Commodities 1.70%	Intl Stocks -13.79%	Intl Bonds 5.09%	Commodities -3.12%	Government Treasury -4.65%	Real Estate -26.81%	Government Treasury 3.06%	Government Treasury -5.01%
↓ Worst	Government Treasury -12.66%	Commodities -17.01%	Commodities -24.66%	Cash 0.27%	Cash 0.84%	Emerging Markets -14.58%	Cash 2.25%	Real Estate -7.90%	Intl Bonds -7.05%	Government Treasury -29.26%	Commodities -7.91%	Intl Bonds -8.16%

The returns reflect performance of certain indexes as defined below. This information is general in nature and is not intended to be reflective of any specific plan. Cash- FTSE 3-month T-bill, Government Treasury-BBg Long Treasury, Commodities-Bloomberg Commodity Idx, Intermediate Bond-BBg US Agg Bond Idx, High Yield Bond-ICE BofA High Yield Idx, Intl Bonds-Bloomberg Global Aggregate ex USD, Asset Allocation-portfolio assumes the following weights: 60% S&P 500 and 40% BBg US Agg, Large Cap-S&P 500, Mid Cap-S&P Midcap 400, Small Cap-Russell 2000, Intl Stocks-MSCI EAFE (net), Emerging Markets-MSCI EM (net), Real Estate-Wilshire U.S. REIT. **Past performance does not guarantee future results.**

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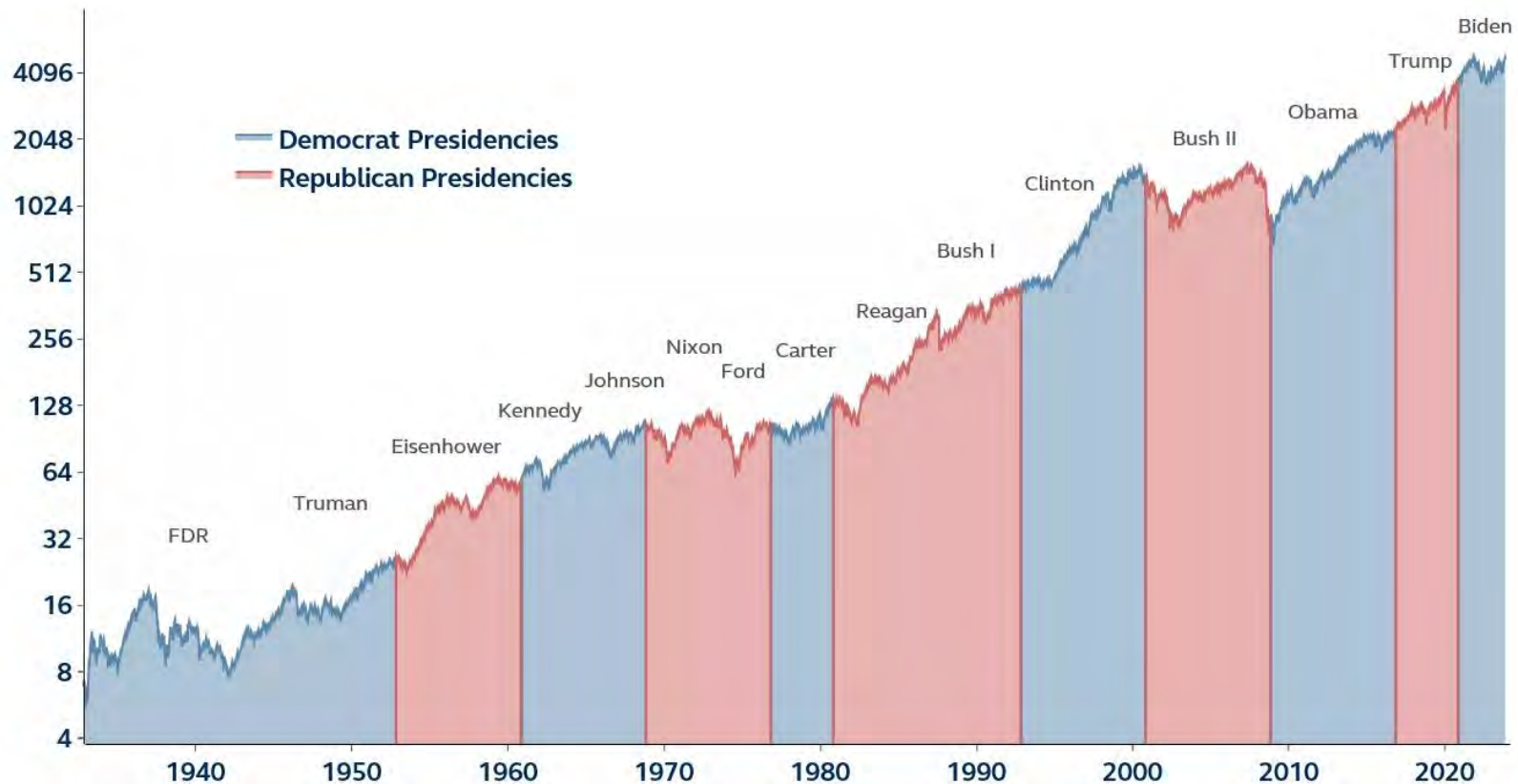
2024 elections: Do markets care who's in the White House?

INSIGHT:

The upcoming U.S. presidential election is going to dominate the news cycle over the coming months. While these short-term headlines have the power to create market volatility, over the longer-term, markets have historically been indifferent to who occupies the White House. The market has performed strongly under both parties, and has proven to instead be more influenced by the broader business cycle.

The stock market and presidencies

S&P 500 Price Index, 1930–2023



Source: Clearnomics, Standard & Poor's - Quick takes on capital markets (March 8, 2024). Data as of December 31, 2023.

Cash flow

AS OF JUNE 30, 2024

	Three month	Year to-date	Fiscal year to-date	One year	Three year	Five year	Ten year
Beginning market value	27,158,421	26,650,436	26,301,223	26,301,223	35,676,448	27,720,225	18,522,100
Contributions	19,518	22,341	250,070	250,070	-	-	-
Withdrawals	-655,338	-1,357,090	-2,626,171	-2,626,171	-	-	-
Net Contributions	-	-	-	-	-9,934,025	-10,350,968	-8,529,161
Gains/loss	190,897	1,397,810	2,788,376	2,788,376	971,075	9,344,241	16,720,559
Other	-	-	-	-	-	-	-
Ending market value	26,713,498	26,713,498	26,713,498	26,713,498	26,713,498	26,713,498	26,713,498

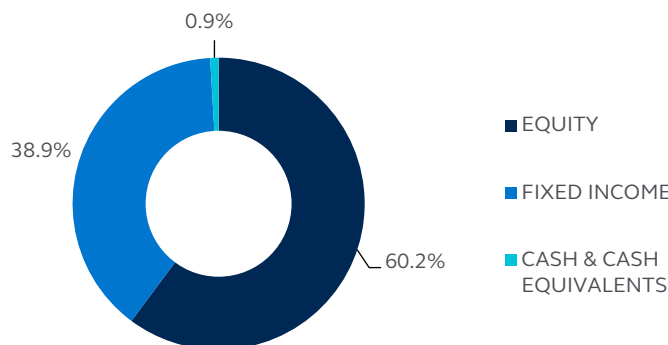
Portfolio inception: December 31, 1999

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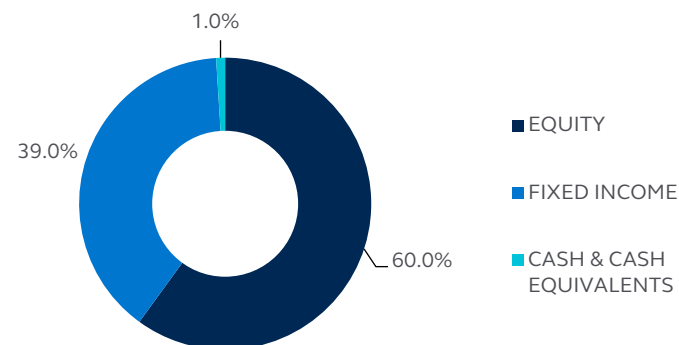
Investment policy summary

AS OF JUNE 30, 2024

Actual
allocation



Target
allocation



Asset class	Actual allocation		Minimum allocation	Target allocation	Maximum allocation	Variance
EQUITY	16,077,005.50	60.18%	45.00%	60.00%	75.00%	0.18%
LARGE VALUE	4,276,896.61	16.01%	8.00%	15.90%	23.00%	0.11%
LARGE GROWTH	4,233,609.86	15.85%	8.00%	15.90%	23.00%	-0.05%
U.S. MID CAP EQUITY	1,934,150.89	7.24%	4.00%	7.20%	12.00%	0.04%
U.S. SMALL CAP EQUITY	1,610,725.60	6.03%	3.00%	6.00%	10.00%	0.03%
DIVERSIFIED EMERGING MKTS	805,491.17	3.02%	1.00%	3.00%	6.00%	0.02%
DEVELOPED MARKETS	3,216,131.37	12.04%	6.00%	12.00%	19.00%	0.04%
FIXED INCOME	10,387,317.86	38.88%	25.00%	39.00%	55.00%	-0.12%
INTERMEDIATE BOND	9,351,822.50	35.01%	18.00%	35.00%	54.00%	0.01%
GLOBAL BONDS	1,035,495.36	3.88%	1.00%	4.00%	7.00%	-0.12%
CASH & CASH EQUIVALENTS	249,175.62	0.93%	0.00%	1.00%	25.00%	-0.07%
MONEY MARKET	249,175.62	0.93%	0.00%	1.00%	25.00%	-0.07%
Total market value:	\$26,713,498.98				Policy as amended on:	10/02/2023

For asset allocation purposes and aggregate portfolio performance reporting, asset class category assignments for individual investment options are determined by OCIO Solutions and may differ from the assigned Morningstar category for a given investment.

Asset allocation overview

AS OF JUNE 30, 2024

Fund	Market value	Actual allocation
U.S. EQUITY	12,055,382.96	45.13%
LARGE VALUE		
PRINCIPAL/BLACKROCK LC VAL IDX CIT N	4,276,896.61	16.01%
LARGE GROWTH		
PRINCIPAL/BLACKROCK LC GR IDX CIT N	4,233,609.86	15.85%
MID-CAP BLEND		
PRINCIPAL/BLACKROCK S&P MIDC IDX CIT N	1,934,150.89	7.24%
SMALL BLEND		
PRINCIPAL/BLACKROCK RUS 2000 IDX CIT N	517,965.84	1.94%
PRINCIPAL/MULTI-MANAGER SC CIT N	1,092,759.76	4.09%
NON-U.S. EQUITY	4,021,622.54	15.05%
FOREIGN LARGE BLEND		
PRINCIPAL/BLACKROCK INTL EQ IDX CIT N	3,216,131.37	12.04%
DIVERSIFIED EMERGING MKTS		
FIDELITY EMERGING MARKETS IDX	805,491.17	3.02%
FIXED INCOME	10,387,317.86	38.88%
INTERMEDIATE CORE BOND		
ALLSPRING CORE BOND CIT N	3,036,498.29	11.37%
PRINCIPAL/BLKRK US AGG BD IDX CIT N	3,304,881.13	12.37%
INTERMEDIATE CORE-PLUS BOND		
PRINCIPAL/DODGE & COX INTER BD CIT N	3,010,443.08	11.27%
WORLD BOND		
INVESCO INTERNATIONAL BOND R6	1,035,495.36	3.88%
MONEY MARKET	249,175.62	0.93%
MONEY MARKET		

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Asset allocation overview

AS OF JUNE 30, 2024

Fund	Market value	Actual allocation
PRINCIPAL/BLACKROCK S/T INVESTMENT S1	249,175.62	0.93%
Total market value:		\$26,713,498.98

For asset allocation purposes and aggregate portfolio performance reporting, asset class category assignments for individual investment options are determined by OCIO Solutions and may differ from the assigned Morningstar category for a given investment.

Portfolio performance

AS OF JUNE 30, 2024

Time weighted returns	Three month	Year to-date	Fiscal year to-date	One year	Three year	Five year	Ten year	Since inception	Inception date
Total portfolio performance (Gross)	0.75%	5.59%	11.82%	11.82%	2.45%	7.02%	6.78%	5.76%	12/31/1999
County Of Ventura SRP Custom Benchmark	1.03%	5.77%	12.01%	12.01%	2.42%	6.88%	6.59%	5.87%	
<i>Excess return</i>	-0.29%	-0.18%	-0.19%	-0.19%	0.03%	0.14%	0.18%	-0.11%	
Total portfolio performance (Net)	0.75%	5.40%	11.19%	11.19%	2.07%	6.61%	6.32%	5.22%	12/31/1999
County Of Ventura SRP Custom Benchmark	1.03%	5.77%	12.01%	12.01%	2.42%	6.88%	6.59%	5.87%	
<i>Excess return</i>	-0.29%	-0.37%	-0.81%	-0.81%	-0.35%	-0.27%	-0.27%	-0.65%	
Morningstar Moderate Allocation Average	1.18%	6.56%	12.61%	12.61%	2.83%	7.05%	6.20%	5.04%	
Asset class return information									
EQUITY	1.05%	9.61%	17.56%	17.56%	5.43%	11.29%	9.89%	6.31%	12/31/1999
County of Ventura Equity Composite	1.77%	10.43%	18.65%	18.65%	5.91%	11.46%	9.92%	6.69%	
U.S. EQUITY	1.13%	10.83%	19.62%	19.62%	6.48%	12.88%	11.36%	11.09%	02/28/2003
S&P 500 Index	4.28%	15.29%	24.56%	24.56%	10.00%	15.03%	12.85%	11.31%	
U.S. LARGE CAP EQUITY	3.04%	13.57%	23.03%	23.03%	8.56%	14.41%	12.41%	11.28%	02/28/2003
S&P 500 Index	4.28%	15.29%	24.56%	24.56%	10.00%	15.03%	12.85%	11.31%	
LARGE VALUE	-2.17%	6.61%	13.03%	13.03%	5.49%	9.11%	8.31%	9.37%	02/28/2003
Russell 1000® Value Index	-2.17%	6.62%	13.06%	13.06%	5.52%	9.00%	8.22%	9.39%	
LARGE GROWTH	8.32%	20.67%	33.45%	33.45%	11.26%	19.35%	16.31%	12.95%	02/28/2003
Russell 1000® Growth Index	8.33%	20.70%	33.48%	33.48%	11.27%	19.32%	16.32%	13.04%	
U.S. MID CAP EQUITY	-3.46%	6.16%	13.57%	13.57%	4.43%	10.44%	-	8.83%	05/31/2018
S&P MidCap 400 Index	-3.45%	6.17%	13.57%	13.57%	4.47%	10.26%	-	8.67%	
U.S. SMALL CAP EQUITY	-3.34%	2.24%	9.26%	9.26%	-2.07%	7.23%	7.52%	10.17%	02/28/2003
Russell 2000® Index	-3.28%	1.73%	10.06%	10.06%	-2.58%	6.93%	7.00%	9.94%	
NON-U.S. EQUITY	0.76%	5.97%	11.48%	11.48%	1.93%	6.33%	4.40%	7.13%	02/28/2003
MSCI ACWI Ex-U.S. NTR Index	0.96%	5.69%	11.62%	11.62%	0.46%	5.54%	3.84%	7.58%	
DEVELOPED MARKETS	-0.24%	5.67%	11.47%	11.47%	3.34%	6.94%	4.73%	7.63%	02/28/2003
MSCI EAFE NTR Index	-0.42%	5.34%	11.54%	11.54%	2.89%	6.46%	4.33%	7.44%	
NON-U.S. EMERGING MARKETS EQUITY	4.77%	7.06%	11.33%	11.33%	-3.91%	3.62%	3.03%	3.03%	03/31/2010
MSCI Emerging Markets NTR Index	5.00%	7.49%	12.55%	12.55%	-5.06%	3.09%	2.79%	3.00%	

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Portfolio performance

AS OF JUNE 30, 2024

Asset class return information	Three month	Year to-date	Fiscal year to-date	One year	Three year	Five year	Ten year	Since inception	Inception date
FIXED INCOME	0.21%	-0.37%	3.50%	3.50%	-2.38%	0.35%	1.58%	3.99%	12/31/1999
County of Ventura Fixed Income Composite	-0.13%	-1.02%	2.47%	2.47%	-3.31%	-0.47%	1.16%	3.92%	
INTERMEDIATE BOND	0.35%	-0.13%	3.61%	3.61%	-2.26%	0.54%	1.77%	3.41%	02/28/2003
Bloomberg U.S. Aggregate Bond Index	0.07%	-0.71%	2.63%	2.63%	-3.02%	-0.23%	1.34%	3.05%	
INTERMEDIATE CORE BOND	0.21%	-0.43%	2.97%	2.97%	-2.84%	0.02%	1.51%	3.29%	02/28/2003
Bloomberg U.S. Aggregate Bond Index	0.07%	-0.71%	2.63%	2.63%	-3.02%	-0.23%	1.34%	3.05%	
INTERMEDIATE CORE-PLUS BOND	0.62%	0.48%	4.96%	4.96%	-1.06%	1.63%	-	2.56%	05/31/2018
Bloomberg US Universal TR USD	0.19%	-0.28%	3.47%	3.47%	-2.68%	0.11%	-	1.35%	
GLOBAL BONDS	-1.02%	-2.44%	2.43%	2.43%	-3.72%	-1.65%	-	-0.59%	05/31/2018
Bloomberg Global Aggregate Index	-1.10%	-3.16%	0.93%	0.93%	-5.49%	-2.02%	-	-0.81%	
CASH & CASH EQUIVALENTS	1.27%	2.49%	4.93%	4.93%	2.98%	2.10%	1.51%	1.90%	12/31/1999
90 Day U.S. Treasury Bill	1.37%	2.76%	5.64%	5.64%	3.17%	2.22%	1.53%	1.79%	
MONEY MARKET	1.32%	2.61%	5.11%	5.11%	3.36%	2.33%	1.62%	1.65%	02/28/2003
90 Day U.S. Treasury Bill	1.37%	2.76%	5.64%	5.64%	3.17%	2.22%	1.53%	1.50%	

Portfolio inception: December 31, 1999

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Calendar year performance

AS OF JUNE 30, 2024

Time weighted returns	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total portfolio performance (Gross)	15.47%	-14.86%	11.36%	14.35%	20.16%	-5.43%	14.70%	9.12%	0.05%	8.19%
County Of Ventura SRP Custom Benchmark	15.30%	-14.84%	11.53%	13.42%	20.02%	-5.04%	14.01%	8.51%	0.01%	7.93%
Total portfolio performance (Net)	14.93%	-15.12%	11.00%	13.84%	19.66%	-5.82%	14.21%	8.60%	-0.48%	7.61%
County Of Ventura SRP Custom Benchmark	15.30%	-14.84%	11.53%	13.42%	20.02%	-5.04%	14.01%	8.51%	0.01%	7.93%
Asset class return information										
EQUITY	21.38%	-17.07%	21.03%	17.49%	27.91%	-8.16%	21.41%	12.34%	-0.57%	9.37%
County of Ventura Equity Composite	21.71%	-16.82%	21.44%	16.22%	27.76%	-8.20%	21.54%	12.30%	-0.71%	9.21%
FIXED INCOME	6.81%	-12.25%	-2.11%	8.59%	9.14%	-1.34%	3.69%	2.82%	0.60%	6.34%
County of Ventura Fixed Income Composite	5.90%	-13.06%	-2.20%	7.54%	8.83%	-0.82%	3.54%	2.65%	0.55%	5.97%
CASH & CASH EQUIVALENTS	4.79%	1.66%	0.08%	0.55%	2.15%	1.73%	1.06%	0.43%	0.19%	0.13%
90 Day U.S. Treasury Bill	5.26%	1.50%	0.05%	0.58%	2.25%	1.86%	0.84%	0.27%	0.03%	0.03%

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Fiscal year performance

AS OF JUNE 30, 2024

Time weighted returns	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
Total portfolio performance (Gross)	11.82%	11.19%	-13.50%	25.53%	4.03%	6.60%	7.72%	12.43%	1.88%	4.34%
County Of Ventura SRP Custom Benchmark	12.01%	10.20%	-12.86%	24.45%	4.35%	6.88%	7.28%	11.27%	2.39%	3.94%
Total portfolio performance (Net)	11.19%	10.86%	-13.73%	25.08%	3.56%	6.14%	7.28%	11.93%	1.35%	3.78%
County Of Ventura SRP Custom Benchmark	12.01%	10.20%	-12.86%	24.45%	4.35%	6.88%	7.28%	11.27%	2.39%	3.94%

Asset class return information										
EQUITY	17.56%	17.50%	-15.14%	43.80%	1.36%	6.11%	12.89%	19.52%	-0.53%	5.60%
County of Ventura Equity Composite	18.65%	17.29%	-14.63%	43.11%	1.25%	5.67%	13.01%	19.55%	-0.28%	5.19%
FIXED INCOME	3.50%	1.41%	-11.36%	1.64%	7.61%	7.66%	-1.22%	0.01%	5.93%	2.08%
County of Ventura Fixed Income Composite	2.47%	-0.47%	-11.14%	0.21%	7.84%	7.85%	-1.05%	-0.31%	6.00%	1.86%
CASH & CASH EQUIVALENTS	4.93%	3.83%	0.23%	0.13%	1.48%	2.11%	1.35%	0.72%	0.27%	0.17%
90 Day U.S. Treasury Bill	5.64%	3.75%	0.19%	0.08%	1.56%	2.30%	1.33%	0.46%	0.14%	0.02%

Fiscal year end: June

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Investment performance

AS OF JUNE 30, 2024

	Average annual total returns							Inception date	Expense ratio (net/gross)	Expense limit expiration date
	Three month	Year to-date	One year	Three year	Five year	Ten year	Since inception			
Large Value										
PRINCIPAL/BLACKROCK LC VAL IDX CIT N	-2.17%	6.61%	13.03%	5.48%	9.10%	8.29%	9.77%	09/29/1992	0.08/0.08	-
Russell 1000® Value Index	-2.17%	6.62%	13.06%	5.52%	9.01%	8.23%	-			
Large Value	-1.44%	7.33%	14.82%	6.46%	9.86%	8.44%				
Large Growth										
PRINCIPAL/BLACKROCK LC GR IDX CIT N	8.32%	20.67%	33.45%	11.27%	19.36%	16.30%	10.99%	09/28/1992	0.08/0.08	-
Russell 1000® Growth Index	8.33%	20.70%	33.48%	11.28%	19.34%	16.33%	-			
Large Growth	4.94%	17.60%	29.15%	6.15%	15.08%	13.40%				
Mid-Cap Blend										
PRINCIPAL/BLACKROCK S&P MIDC IDX CIT N	-3.46%	6.16%	13.57%	4.42%	10.42%	9.22%	10.96%	04/30/1996	0.06/0.06	-
S&P MidCap 400 Index	-3.45%	6.17%	13.57%	4.47%	10.27%	9.14%	-			
Mid Cap Blend	-3.32%	5.57%	13.23%	3.41%	9.43%	8.19%				
Small Blend										
PRINCIPAL/BLACKROCK RUS 2000 IDX CIT N	-3.28%	1.75%	10.10%	-2.50%	7.13%	7.16%	7.56%	07/31/1997	0.08/0.08	-
Russell 2000® Index	-3.28%	1.73%	10.06%	-2.58%	6.94%	7.00%	-			
Small Blend	-3.26%	2.25%	10.40%	0.88%	8.14%	7.07%				
Small Growth										
PRINCIPAL/MULTI-MANAGER SC CIT N	-3.37%	2.48%	8.89%	-1.86%	7.25%	8.09%	8.54%	11/15/2013	0.72/0.72	-
Russell 2000® Index	-3.28%	1.73%	10.06%	-2.58%	6.94%	7.00%	-			
Small Growth	-2.58%	4.78%	9.11%	-4.42%	7.50%	8.48%				
Foreign Large Blend										
PRINCIPAL/BLACKROCK INTL EQ IDX CIT N	-0.24%	5.67%	11.47%	3.34%	6.95%	4.70%	6.10%	09/28/1990	0.19/0.19	-
MSCI EAFE NTR Index	-0.42%	5.34%	11.54%	2.89%	6.46%	4.33%	-			
Foreign Large Blend	0.15%	5.40%	10.57%	1.24%	5.95%	4.17%				

Category performance and percentile rankings are calculated by Morningstar, are reflective of the peer group assigned by Morningstar, and are shown for comparison purposes. Benchmark indexes shown are determined by OCIO Solutions based on index assignments by Morningstar. Returns for periods of less than one year are not annualized. **Past performance is not a reliable indicator of future performance and should not be relied upon to make investment decisions.** It is not possible to invest directly in an index. See Important Information for further details.

Investment performance

AS OF JUNE 30, 2024

	Average annual total returns							Inception date	Expense ratio (net/gross)	Expense limit expiration date
	Three month	Year to-date	One year	Three year	Five year	Ten year	Since inception			
Diversified Emerging Mkts										
FIDELITY EMERGING MARKETS IDX	4.77%	7.06%	11.33%	-5.41%	2.72%	2.74%	2.68%	09/08/2011	0.075/0.075	-
MSCI Emerging Markets NTR Index	5.00%	7.49%	12.55%	-5.07%	3.10%	2.79%	-			
Diversified Emerging Markets	3.99%	6.87%	12.30%	-4.30%	3.76%	2.74%				
Intermediate Core Bond										
PRINCIPAL/BLKRK US AGG BD IDX CIT N	0.13%	-0.61%	2.67%	-2.98%	-0.20%	1.37%	3.01%	09/29/2006	0.07/0.07	-
Bloomberg U.S. Aggregate Bond Index	0.07%	-0.71%	2.63%	-3.02%	-0.23%	1.35%	-			
ALLSPRING CORE BOND CIT N	0.30%	-0.22%	3.30%	-2.69%	0.24%	1.61%	7.20%	01/30/1981	0.2/0.2	-
Bloomberg U.S. Aggregate Bond Index	0.07%	-0.71%	2.63%	-3.02%	-0.23%	1.35%	-			
Intermediate Core Bond	0.23%	-0.28%	3.05%	-2.99%	-0.15%	1.26%				
Intermediate Core-Plus Bond										
PRINCIPAL/DODGE & COX INTER BD CIT N	0.62%	0.48%	4.96%	-1.05%	1.54%	-	-0.42%	10/09/2020	0.23/0.23	-
Bloomberg U.S. Aggregate Bond Index	0.07%	-0.71%	2.63%	-3.02%	-0.23%	1.35%	-			
Intermediate Core-Plus Bond	0.31%	0.11%	3.83%	-2.81%	0.20%	1.49%				
Global Bond										
INVESCO INTERNATIONAL BOND R6	-1.02%	-2.44%	2.43%	-3.72%	-1.65%	0.46%	1.00%	01/27/2012	0.75/0.75	-
FTSE WGBI Non-U.S. Index	-2.84%	-6.17%	-2.19%	-9.40%	-5.02%	-2.45%	-			
Global Bond	-1.11%	-2.60%	2.02%	-4.25%	-1.63%	-0.64%				
Money Market-Non-40 Act										
PRINCIPAL/BLACKROCK S/T INVESTMENT S1	1.37%	2.77%	5.63%	3.25%	2.28%	1.64%	3.38%	02/29/1988	0.09/0.09	-
ICE BofA USD 3M Dep OR CM TR USD	1.33%	2.69%	5.50%	3.02%	2.28%	1.70%	-			
	-	-	-	-	-	-				

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Statistical summary

AS OF JUNE 30, 2024

	Three year return	Three year alpha	Three year beta	Three year r-squared	Three year standard deviation	Three year sharpe ratio	Three year tracking error
Large Value							
PRINCIPAL/BLACKROCK LC VAL IDX CIT N	5.48%	-0.04%	1.00%	100.00%	16.59%	0.20%	0.03%
Russell 1000® Value Index	5.52%	–	–	–	16.60%	0.20%	–
Large Value	6.46%	–	–	–	16.64%	0.26%	–
Large Growth							
PRINCIPAL/BLACKROCK LC GR IDX CIT N	11.27%	-0.01%	1.00%	100.00%	21.20%	0.45%	0.06%
Russell 1000® Growth Index	11.28%	–	–	–	21.21%	0.45%	–
Large Growth	6.15%	–	–	–	21.56%	0.24%	–
Mid-Cap Blend							
PRINCIPAL/BLACKROCK S&P MIDC IDX CIT N	4.42%	-0.05%	1.00%	100.00%	20.42%	0.15%	0.06%
S&P MidCap 400 Index	4.47%	–	–	–	20.44%	0.15%	–
Mid Cap Blend	3.41%	–	–	–	19.36%	0.09%	–
Small Blend							
PRINCIPAL/BLACKROCK RUS 2000 IDX CIT N	-2.50%	0.09%	1.00%	100.00%	21.94%	-0.16%	0.08%
Russell 2000® Index	-2.58%	–	–	–	21.94%	-0.17%	–
Small Blend	0.88%	–	–	–	20.61%	-0.02%	–
Small Growth							
PRINCIPAL/MULTI-MANAGER SC CIT N	-1.86%	0.08%	0.91%	96.25%	20.34%	-0.16%	4.38%
Russell 2000® Index	-2.58%	–	–	–	21.94%	-0.17%	–
Small Growth	-4.42%	–	–	–	22.35%	-0.24%	–

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Statistical summary

AS OF JUNE 30, 2024

	Three year return	Three year alpha	Three year beta	Three year r-squared	Three year standard deviation	Three year sharpe ratio	Three year tracking error
Foreign Large Blend							
PRINCIPAL/BLACKROCK INTL EQ IDX CIT N	3.34%	0.53%	1.04%	97.59%	17.79%	0.08%	2.82%
MSCI EAFE NTR Index	2.89%	–	–	–	16.94%	0.05%	–
Foreign Large Blend	1.24%	–	–	–	17.26%	-0.04%	–
Diversified Emerging Mkts							
FIDELITY EMERGING MARKETS IDX	-5.41%	-0.19%	1.02%	98.42%	18.22%	-0.41%	2.29%
MSCI Emerging Markets NTR Index	-5.07%	–	–	–	17.80%	-0.40%	–
Diversified Emerging Markets	-4.30%	–	–	–	17.79%	-0.34%	–
Intermediate Core Bond							
PRINCIPAL/BLKRK US AGG BD IDX CIT N	-2.98%	0.03%	1.00%	99.93%	7.42%	-0.84%	0.19%
Bloomberg U.S. Aggregate Bond Index	-3.02%	–	–	–	7.43%	-0.85%	–
ALLSPRING CORE BOND CIT N	-2.69%	0.36%	1.00%	99.81%	7.47%	-0.80%	0.32%
Bloomberg U.S. Aggregate Bond Index	-3.02%	–	–	–	7.43%	-0.85%	–
Intermediate Core Bond	-2.99%	–	–	–	7.32%	-0.86%	–
Intermediate Core-Plus Bond							
PRINCIPAL/DODGE & COX INTER BD CIT N	-1.05%	1.95%	0.99%	97.09%	7.49%	-0.57%	1.26%
Bloomberg U.S. Aggregate Bond Index	-3.02%	–	–	–	7.43%	-0.85%	–
Intermediate Core-Plus Bond	-2.81%	–	–	–	7.51%	-0.81%	–

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Statistical summary

AS OF JUNE 30, 2024

	Three year return	Three year alpha	Three year beta	Three year r-squared	Three year standard deviation	Three year sharpe ratio	Three year tracking error
Global Bond							
INVESCO INTERNATIONAL BOND R6	-3.72%	2.93%	0.76%	62.21%	10.83%	-0.62%	7.08%
FTSE WGBI Non-U.S. Index	-9.40%	-	-	-	11.26%	-1.13%	-
Global Bond	-4.25%	-	-	-	8.74%	-0.85%	-
Money Market-Non-40 Act							
PRINCIPAL/BLACKROCK S/T INVESTMENT S1	3.25%	-0.01%	0.40%	77.16%	0.68%	-2.50%	0.10%
ICE BofA USD 3M Dep OR CM TR USD	3.02%	-	-	-	0.69%	-2.64%	-

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Historical benchmark comparison

County Of Ventura SRP Custom Benchmark

Benchmark portfolios	Weight (%)
April 2018	
Bloomberg U.S. Aggregate Bond Index	35.0%
S&P 500 Index	31.8%
MSCI ACWI Ex-U.S. NTR Index	15.0%
S&P MidCap 400 NTR Index	7.2%
Russell 2000® Index	6.0%
50% FTSE Non-USD WGBI/30% JPM GBI-EM Global Diversified/20% JPM EMBI Global Dive	4.0%
90 Day U.S. Treasury Bill	1.0%
January 2013	
S&P 500 Index	40.0%
Bloomberg U.S. Aggregate Bond Index	39.0%
MSCI ACWI Ex-U.S. NTR Index	10.0%
Russell 2000® Index	10.0%
90 Day U.S. Treasury Bill	1.0%

Historical benchmark comparison

County Of Ventura SRP Custom Benchmark

Benchmark portfolios

Weight (%)

January 2000

S&P 500 Index	40.0%
Bloomberg U.S. Government/Credit Index	39.0%
MSCI EAFE NTR Index	10.0%
Russell 2000® Index	10.0%
90 Day U.S. Treasury Bill	1.0%

Historical benchmark comparison

County of Ventura Equity Composite

Benchmark portfolios	Weight (%)
April 2018	
S&P 500 Index	53.0%
MSCI ACWI Ex-U.S. NTR Index	25.0%
S&P MidCap 400 Index	12.0%
Russell 2000® Index	10.0%
January 2013	
S&P 500 Index	66.7%
MSCI ACWI Ex-U.S. NTR Index	16.7%
Russell 2000® Index	16.7%
January 2000	
S&P 500 Index	66.7%
Russell 2000® Index	16.7%
MSCI EAFE NTR Index	16.7%

Historical benchmark comparison

County of Ventura Fixed Income Composite

Benchmark portfolios

Weight (%)

April 2018

Bloomberg U.S. Aggregate Bond Index	89.7%
50% FTSE Non-USD WGBI/30% JPM GBI-EM Global Diversified/20% JPM EMBI Global Dive	10.3%

January 2013

Bloomberg U.S. Aggregate Bond Index	100.0%
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January 2000

Bloomberg U.S. Government/Credit Index	100.0%
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Important information

Important information

Alpha - The difference between an investment's actual returns and its expected performance, given its level of risk (as measured by beta).

Beta - An investment's sensitivity to market movements.

R-Squared - Ranges from 0 to 100 and reveals how closely an investment's returns track those of a benchmark index.

Standard Deviation - Measures how much an investment's returns are likely to fluctuate.

Sharpe Ratio - Measures how an investment balances risks and rewards. The higher the Sharpe ratio, the better the investment's historical risk-adjusted performance.

Excess Return - The difference between a manager's return and the return of an external standard such as a passive index.

Tracking Error - The standard deviation or volatility of excess returns.

Percentile rankings are based on total returns in accordance with the appropriate Morningstar peer group. Returns shown for periods of less than one year are not annualized. All returns displayed here are after Total Investment Expense of the investment option. Investment options are subject to investment risk. Shares or unit values will fluctuate and investments, when redeemed, may be worth more or less than their original cost.

Important information

Before investing, carefully consider the investment option objectives, risks, charges, and expenses. Contact a financial professional or visit principal.com for a prospectus or, if available, a summary prospectus containing this and other information. Please read it carefully before investing.

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Portfolio profile

AS OF JUNE 30, 2024

County of Ventura Retirement Plan

Portfolio Profile (As of June 30, 2024)

60% Equity (31.8% Large Cap, 7.2% Mid Cap, 6.0% Small Cap, 15% International)

35% Core Fixed Income

4% International & Emerging Market Bond

1% Cash

Fund	Asset Class	Target Allocation	Current Allocation	Market Value	Expense Ratio	Revenue Share
Equities:		60.0%	60.2%			
Principal / BlackRock Large Cap Value Index CIT N	Large Cap Value	15.90%	16.01%	\$ 4,276,897	0.039%	0.000%
Principal / BlackRock Large Cap Growth Index CIT N	Large Cap Growth	15.90%	15.85%	\$ 4,233,610	0.038%	0.000%
Principal / BlackRock S&P MidCap Index CIT N	Mid Cap Core	7.20%	7.24%	\$ 1,934,151	0.028%	0.000%
Principal / Multi-Manager Small Cap CIT N *	Small Cap Core	4.00%	4.09%	\$ 1,092,760	0.631%	0.000%
Principal / BlackRock Russell 2000 Index CIT N	Small Cap Core	2.00%	1.94%	\$ 517,966	0.033%	0.000%
Principal / BlackRock International Equity Index CIT N	Foreign Large Core	12.00%	12.04%	\$ 3,216,131	0.055%	0.000%
Fidelity Emerging Markets Index	Emerging Markets	3.00%	3.02%	\$ 805,491	0.075%	0.000%
Fixed Income:		39.0%	38.9%			
Principal / Dodge & Cox Intermediate Bond CIT N	Core Bond Plus	11.30%	11.27%	\$ 3,010,443	0.231%	0.000%
Allspring Core Bond CIT N	Core Bond	11.30%	11.37%	\$ 3,036,498	0.200%	0.000%
Principal / BlackRock U.S. Aggregate Bond Index CIT N	Core Bond	12.40%	12.37%	\$ 3,304,881	0.034%	0.000%
Invesco International Bond R6	International Bond	4.00%	3.88%	\$ 1,035,495	0.750%	0.000%
Cash:		1.0%	0.9%			
Principal / BlackRock ST Investment CIT S1	Money Market	1.00%	0.93%	\$ 249,176	0.090%	0.000%
		100.0%	100.0%	\$26,713,499	0.133%	0.000%
Market Value of Assets:						\$ 26,713,499
Annualized Weighted Average Net Fund Manager Expense Estimate:					0.133%	\$ 35,399
Discretionary Management and Trustee Annual Fee Estimate:					0.300%	\$ 80,140
Annualized Net Fund Manager Expense Estimate:					0.433%	\$ 115,539

* Managers include: 25% Invesco Small Cap Growth; 50% JP Morgan Small Cap Equity; and 25% Goldman Sachs Small Cap Value

Glossary

Account:	Client account holding assets under Principal Global Investors discretionary authority.
Expense Ratio:	Fee charged at the fund level for investment management and administrative services.
Net Fund Manager Expense:	Calculated by subtracting any Revenue Share of a fund from its Expense ratio.
Revenue Share:	Shareholder servicing fees received by Principal from an affiliated or unaffiliated mutual fund and credited to the Account. These fees are not in addition to fees already being charged at the fund level and do not result in an increased payment by the Account.

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