SBCERS

Photo Credit: "Gaviota Rainbow" by Rosie Dyste, SBCERS Deferred Member

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For Fiscal Year Ended June 30, 2024

Santa Barbara County Employees' Retirement System

A Pension Trust Fund and Component Unit for the County of Santa Barbara, California

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Santa Barbara County Employees' Retirement System

A Pension Trust Fund and Component Unit for the County of Santa Barbara, California

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2024

Issued By

Gregory E. Levin, Chief Executive Officer

Rico Pardo, Controller

SBCERS

130 Robin Hill Road, Suite 100 Goleta, CA 93117
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(877) 568-2940

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OUR MISSION

The Santa Barbara County Employees' Retirement System is committed to fulfilling its fiduciary responsibility by providing the highest quality of service to all members and participating employers, and protecting promised benefits through prudent investing, while ensuring reasonable expenses of administration.

INTRODUCTION

SBCERS

Santa Barbara County Employees' Retirement System   Gregory E. Levin, Chief Executive Officer

December 3, 2024

Board of Retirement
Santa Barbara County Employees' Retirement System
130 Robin Hill Road, Suite 100
Goleta, CA 93117

Dear Board of Retirement, Plan Sponsors, and Members:

I am pleased to submit this *Annual Comprehensive Financial Report (ACFR) of the Santa Barbara County Employees' Retirement System (SBCERS or the System) for the Fiscal Year Ended June 30, 2024*. SBCERS is a pension fund for the employees of Santa Barbara County and other local agencies. This report is intended to provide readers with complete and reliable information about SBCERS' financial status, compliance with the law and administrative policy.

SBCERS QUICK FACTS	
Net Position	$4.5 billion
Pension Net Investment Return	8.33%
OPEB Net Investment Return	14.85%
Number of Pension Plan Trust Members	11,878
Number of OPEB Trust Members	7,504*

**Data as of June 30, 2023.*

The pension fund portfolio experienced a market rate of return of 8.33% (net of fees) for the fiscal year ended June 30, 2024. As of June 30, 2024, the SBCERS' Total Net Position Restricted for Benefits was $4.5 billion. SBCERS' Net Position for Pension Benefits increased by $297.1 million during the fiscal year, mostly due to investment gains of $344.1 million offset by the difference between contributions and benefit payments. Overall, investment return was primarily driven by strong performance in public equity markets moderated by the effect of inflation on fixed income markets. Private Asset valuations also remained steady during a period of reduced price discovery.

SBCERS also administers an Other Postemployment Benefit (OPEB) Trust Fund or 401(h) Retiree Health Medical Trust Fund (retiree health fund) that was established in September 2008. This plan was closed to new entrants on December 31, 2018. The assets of this fund are invested separately from pension assets and the activity in the OPEB Trust Fund is reported separately from the pension fund activity in a separate column in the basic financial statements. The retiree health fund experienced a market rate of return of 14.85% for the fiscal year ended June 30, 2024. The positive return for the retiree health fund was due to it being invested exclusively in U.S. investment markets which outperformed international markets.

THE ANNUAL COMPREHENSIVE FINANCIAL REPORT

SBCERS' management is responsible for the accuracy, completeness, and fairness of the presentation of the ACFR. It is our intent and belief that the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of SBCERS.

SBCERS AND ITS SERVICES

SBCERS was established on January 1, 1944, and is administered by the Board of Retirement (the Board) to provide service retirement, disability, death, and survivor benefits for County of Santa Barbara (County) employees and eleven other participating employers under California Government Code §31450 et seq. (County Employees' Retirement Law of 1937 or CERL). SBCERS also administers an OPEB healthcare plan on behalf of the County. The OPEB Plan is created under Section 401(h) of the Internal Revenue Code (IRC).

Members include all permanent full and part-time employees of the County and eleven other participating employers. The Board is responsible for establishing policies governing the administration of the retirement plan and managing the investment of SBCERS' assets under authority granted by Article XVI, Section 17 of the Constitution of the State of California. The Board consists of nine members and two alternates. The County Board of Supervisors appoints four members to the Board, members of SBCERS elect four members and two alternates, and the County Treasurer is an ex-officio member. SBCERS is an independent entity. However, Pursuant to Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, SBCERS is considered a component Unit of the County. Refer to Note 1 Reporting Entity for additional information. The Board continues to demonstrate its commitment to providing accurate and timely service to our 4,569 active, 1,987 deferred members, and 5,322 benefit recipients into the future.

SBCERS PARTICIPATING EMPLOYERS	
County of Santa Barbara	Santa Barbara County Superior Court
Carpinteria Cemetery District	Santa Barbara County Air Pollution Control District
Carpinteria-Summerland Fire Protection District	Santa Barbara County Association of Governments
Goleta Cemetery District	Santa Barbara County Local Agency Formation Commission
Oak Hill Cemetery District[1]	Santa Maria Cemetery District
Mosquito & Vector Management District of Santa Barbara County[1]	Summerland Sanitary District

[1] *These employers do not participate in the Other Postemployment Benefit Plan.*

SELECTED SERVICE EFFORTS AND ACCOMPLISHMENTS

Member Services

During the fiscal year, the Member Services team processed 174 retirements and 40 continuances. SBCERS onboarded 76 retirees for the April 1, 2024 benefit payment, which is the month that the Retiree Cost of Living Adjustment of 3.5% (3% paid, 0.5% accrued to a bank for future years) is credited to retired member accounts. Member services specialists welcomed members into our counseling rooms at both locations for in person sessions, as well as continuing to virtually meet via Zoom and telephone as requested, providing timely, responsive assistance to our members via virtual retirement counseling and new employee orientations. The team deployed an expansive inservice training schedule, leading Retirement Preparedness trainings to active members both at their offices, and by hosting departments to inservices in our new Goleta office. The team also launched an Ambassador program for Departmental Payroll Administrators, engaging our Plan Sponsors in training to best assist our members in being retirement ready throughout their careers.

The team hosted the first Open Enrollment Health Fair at our Goleta office Board Room, welcoming retirees to enjoy a morning interfacing with insurance carriers, non-profits, service agencies such as Health Insurance Counseling and Advocacy Program (HICAP), electing COVID and Flu vaccinations, and sharing coffee and breakfast treats with their fellow retirees. The team also deployed a virtual Open Enrollment Health Fair with a wide variety of educational videos regarding insurance options, Medicare, and best practices for retirement preparedness. In-person retirement basics workshops specifically designed for the membership of each County department or participating employer occurred throughout the year. Finally, a monthly email newsletter is sent to members, providing them with additional information on the activities of the System and the Board.

Investments

During the fiscal year ended June 30, 2024, the SBCERS Investment Team in conjunction with the Accounting Team completed a Request for Proposal (RFP) for a Custodial Banking vendor. The Custodial Bank is responsible for the safe keeping of the retirement system's assets such as cash and investments. SBCERS issued the public notice for RFP in January 2024. Upon receipt of responses from eligible Custodial Banks, the Investment and Accounting teams brought forward two finalists for on-site due diligence visits which were then conducted in April 2024. As a result of the RFP process, the Investment and Accounting teams recommended to the Board of Retirement to retain Bank of New York Mellon, incumbent, as SBCERS' Custodian Bank.

Fiscal year 2023-24 brought the introduction of three new Private Credit relationships to SBCERS via General Consultant, RVK. During the September and October 2023 Board Meetings, the Board of Retirement approved $25 million commitments to Marathon Dislocation Credit Fund II (MDCF II) and KKR U.S. Direct Lending Evergreen Unlevered, respectively. The third new Private Credit manager, Pantheon Credit Opportunities Fund III, was approved at the May 2024 Board Meeting for a $27.5 million commitment. RVK continues to keep on pace with the strategic plan to allocate $50-$55 million per year to Private Credit investments.

A U.S. Equity Structure Study was conducted during the fiscal year and found that the U.S. Small Cap section of the portfolio could optimize efficiencies by consolidating managers within the asset class. The Board of Retirement approved a consolidation of two managers, Rice Hall James Small Cap Growth and DFA Small Cap Value, into one manager, DFA Small Cap Core.

An additional structure study found that the portfolio was able to take on additional illiquidity risk of Private Investments in the Real Assets allocation. Based on the findings, the Board of Retirement approved changing the Private-to-Public Real Assets allocation from 60/40 to 75/25. The recommendation to increase the exposure to Private Real Assets was driven by the significant "since inception" out performance of Public Real Assets by 5.75%.

Accounting and Finance

SBCERS' Finance team received the GFOA "Certificate of Achievement for Excellence in Financial Reporting" for its work on the ACFR for the fiscal year ended June 30, 2023.

The Finance team processes monthly benefit payments to retirees as well as twice monthly processing of survivor benefits and member refunds. The team also posts transactions to the general ledger, creates and monitors the administrative budget, produces and distributes 1099Rs, verifies contributions, monitors cash flows, reviews internal controls over cash management, and validates contributions for participating employers.

Information Technology

Improving the System's cybersecurity controls and capabilities has been a multi-year ongoing effort. The SBCERS Information Technology division has made significant advances in modernizing and upgrading its hosted network services and productivity software. These improvements have focused on cybersecurity and resilience and include the utilization of outside vendors to maintain currency with best practices for information security. We have engaged an independent IT security consulting firm to assess SBCERS security environment and act as a vCISO.

Other accomplishments over the last fiscal year include performing an annual Disruptive Event Response and Continuity of Operations Plan with SBCERS staff and our pension administration application vendor.

FINANCIAL INFORMATION

SBCERS' management is responsible for the accuracy of the data and the completeness and fairness of the presentation of financial information, including all disclosures. SBCERS management is also responsible for establishing and maintaining an internal control structure designed to provide reasonable assurance regarding the safekeeping of assets and the reliability of financial records. SBCERS recognizes that even sound internal controls have inherent limitations and that the cost of the control should not exceed the benefits derived; the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. SBCERS believes that its internal controls are adequate to safeguard assets. Brown Armstrong Accountancy Corporation, SBCERS' independent auditor, has audited the financial statements and expressed its opinion that SBCERS' financial statements are presented in conformity with accounting principles generally accepted in the United States of America and are free of material misstatement.

INVESTMENTS

The Board has exclusive control of all investments of SBCERS and is responsible for the establishment of investment objectives, strategies, and policies. Each member of the Board serves in a fiduciary capacity and the Board is authorized to invest in any form or type of investment it collectively deems prudent.

SBCERS INVESTMENT CONSULTANTS	
Investment Type	*Consultant*
General Investments	RVK, Inc.
Private Equity, Natural Resources, Infrastructure and Real Estate	Hamilton Lane, LLC

External investment management firms manage the assets of SBCERS. Under the direction of the Board, staff and investment consultants work together to closely monitor the activity of investment managers. To assist in portfolio management, SBCERS has retained two separate consultants. RVK, Inc. serves as SBCERS' general investment consultant in a non-discretionary capacity and Hamilton Lane, LLC has discretionary authority to acquire partnerships and other investment interests on behalf of SBCERS.

All investments are made pursuant to investment policies using a long-term investment horizon. The Investment Policy Statement establishes investment program goals, asset allocation, and discretionary authority for consultants along with performance objectives, risk controls and other constraints on investing activity. Compliance with investment policies are monitored by SBCERS' staff and RVK, Inc., as well as by Hamilton Lane, LLC, with respect to their private market investment portfolios.

SBCERS' annualized rate of return over the last three and five-years (net of fees) as of June 30, 2024, was 5.30% and 7.87%, respectively. More detail on SBCERS' investment performance and policies can be found in the Management's Discussion and Analysis and in the Investment Section.

PENSION ACTUARIAL FUNDED STATUS

SBCERS' funding objective is to satisfy all benefit commitments by following an actuarially prudent funding plan, obtaining investment returns consistent with established risk controls, and minimizing participating employer contributions to the retirement fund. SBCERS engages Cheiron, Inc., an independent actuarial consulting firm, to conduct an annual actuarial valuation. The purpose of the valuation is to evaluate the fiscal health of the plan and establish employer and member contribution rates.

The funding policy for amortizing the Unfunded Actuarial Accrued Liability (UAAL) is a layered 19-year closed amortization period using direct rate smoothing. On June 30, 2024, SBCERS' Plan fiduciary net position as a percentage of total pension liability was 86.83% using a roll-forward calculation based on the actuarial valuation as of June 30, 2023, with the actuarial value of assets totaling $4.4 billion and the actuarial accrued liability totaling $5.1 billion.

More detailed information on actuarial methods and funding status can be found in the Financial and Actuarial Sections of this ACFR. On a triennial basis, the actuarial firm also conducts an experience study and makes recommendations to the Board on all economic and non-economic assumptions. The experience study used for these financial statements was conducted as of June 30, 2022.

ACKNOWLEDGMENTS

I greatly appreciate the dedication and effort of the staff members who contributed to the preparation of this ACFR and to the rest of the SBCERS staff members who do an excellent job executing our service commitment to our membership. To the Board of Retirement, your commitment, fiduciary leadership, and guidance make us better and stronger as a team. Together through this commitment and hard work, we protect and grow our members' assets, enable smart retirement planning decisions, and deliver on the promised benefit.

Respectfully submitted,

Gregory E. Levin, CPA • Chief Executive Officer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Santa Barbara County Employees' Retirement System
California

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morrill

Executive Director/CEO

BOARD OF RETIREMENT

Steve Lavagnino
Chair
Appointed
Term Expires: Dec 2025

Michael Daly
Vice Chair
General Member
Term Expires: Dec 2025

Harry Hagen
Secretary
Ex-Officio Member
County Treasurer

Dustin Dodgin
Appointed
Term Expires: Dec 2026

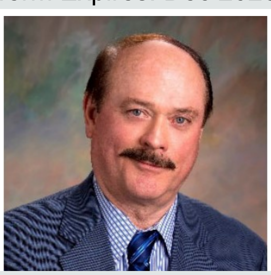
Zandra Cholmondeley
Retired Member
Term Expires: Dec 2026

Michael Vidal
Appointed
Term Expires: Dec 2025

Robert Bianchi
Appointed
Term Expires: Dec 2026

Paul Uhl
Safety Member
Term Expires: Dec 2025

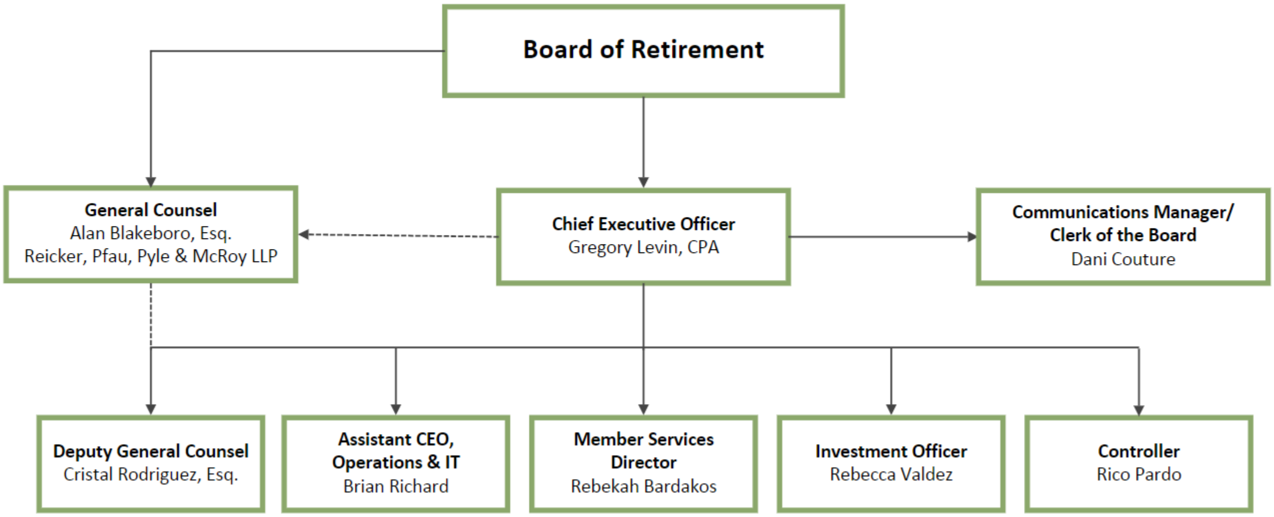
Laurie Lee
General Member
Term Expires: Dec 2026



Gary Blair
Retired Alternate
Term Expires: Dec 2026

Fred Tan
Safety Alternate
Term Expires: Dec 2025

SBCERS MANAGEMENT TEAM



PROFESSIONAL CONSULTANTS

Actuary	Cheiron, Inc.
Independent Auditor	Brown Armstrong Accountancy Corporation
Investment Custodian	BNY Mellon Global Securities Services
Investment Consultants & Other Special Services	
General Investments	RVK, Inc.
Private Equity, Natural Resources, Infrastructure Investments and Real Estate	Hamilton Lane, LLC
Legal Advisors	
General Counsel	Reicker, Pfau, Pyle & McRoy, LLP
Investment Counsel	Reicker, Pfau, Pyle & McRoy, LLP
Fiduciary Counsel	Reed Smith, LLP
Tax Counsel	Buchalter
Disability Hearing Counsel	McCarthy & Kroes; Moncharsh Law

A List of Investment Managers is located on page 77 in the Investment Section.

FINANCIAL

BROWN ARMSTRONG
CERTIFIED PUBLIC ACCOUNTANTS

www.ba.cpa
661-324-4971

INDEPENDENT AUDITOR'S REPORT

To the Board of Retirement of
Santa Barbara County Employees' Retirement System
Santa Barbara, California

Report on the Audit of the Basic Financial Statements

Opinion

We have audited the accompanying Pension Benefit Trust and Other Postemployment Benefit (OPEB) Trust's Statement of Fiduciary Net Position of Santa Barbara County Employees' Retirement System (SBCERS), a component unit of the County of Santa Barbara, California, as of June 30, 2024, the Pension Benefit Trust and OPEB Trust Statement of Changes in Fiduciary Net Position for the fiscal year then ended, and the related notes to the basic financial statements, which collectively comprise SBCERS' basic financial statements as listed in the table of contents.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Pension Benefit Trust and OPEB Trust of SBCERS as of June 30, 2024, and the respective changes in fiduciary net position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Basic Financial Statements section of our report. We are required to be independent of SBCERS and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Basic Financial Statements

Management is responsible for the preparation and fair presentation of these basic financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of basic financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the basic financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about SBCERS' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

BAKERSFIELD
4200 Truxtun Avenue, Suite 300
Bakersfield, CA 93309
661-324-4971

FRESNO
10 River Park Place East, Suite 208
Fresno, CA 93720
559-476-3592

STOCKTON
2423 West March Lane, Suite 202
Stockton CA 95207
209-451-4833

Management is also responsible for maintaining a current plan instrument, including all SBCERS plan amendments; administering SBCERS; and determining that SBCERS' transactions that are presented and disclosed in the basic financial statements are in conformity with the SBCERS' plan provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

Auditor's Responsibilities for the Audit of the Basic Financial Statements

Our objectives are to obtain reasonable assurance about whether the basic financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the basic financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards,* we;

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the basic financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the basic financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SBCERS' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the basic financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SBCERS' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A) and the required supplementary information (RSI), as listed in the table of contents, be presented to supplement the basic financial statements. Such information is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the MD&A and RSI in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements that collectively comprise SBCERS' basic financial statements. The other supplementary information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the introduction, investment, actuarial, statistical, and glossary sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Summarized Comparative Information

We have previously audited SBCERS' June 30, 2023 basic financial statements, and our report dated December 1, 2023, expressed an unmodified opinion on those audited basic financial statements. In our opinion, the summarized comparative information presented herein as of and for the fiscal year ended June 30, 2023, is consistent in all material respects, with the audited basic financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated December 3, 2024, on our consideration of SBCERS' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of SBCERS' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SBCERS' internal control over financial reporting and compliance.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
December 3, 2024

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis of the financial activities of Santa Barbara County Employees' Retirement System (SBCERS) is an overview of fiscal operations for the fiscal year ended June 30, 2024. Please review it in conjunction with the Financial Statements.

FINANCIAL HIGHLIGHTS

Pension Trust

- Net Position Restricted for Benefits - Pension, as reported in the Statement of Fiduciary Net Position, totaled $4.4 billion, an increase of $297.1 million or 7.19% from the prior year. This is due to investment appreciation of $344.1 million reduced by the difference between benefit payments and contributions.

- Net pension investment income (excluding securities lending) increased by $66.8 million from $277.2 million in the fiscal year ended June 30, 2023, to $344.1 million in the fiscal year ended June 30, 2024. The increase is due to overall market conditions which led to a 8.33% gain on invested assets.

- Pension contributions (employer and member/employee) increased by $16.0 million from the fiscal year ended June 30, 2023, to $211.8 million ($170.2 million total from employers and $41.6 million from members) in fiscal year ended June 30, 2024. The change is primarily due to demographic changes in employer work forces and a decrease in the employer contribution rates.

- Pension benefit payments increased by $21.3 million or 9.30% from the fiscal year ended June 30, 2023 to $250.7 million in the fiscal year ended June 30, 2024. Benefit payments are growing due to an increase in the number of retirees and beneficiaries receiving payments as well as a 3% cost-of-living adjustment (COLA) being applied to most retirement benefits (2% for Public Employees' Pension Reform Act (PEPRA) and none for Plan 2). The COLA is based on the consumer price index for the Los Angeles metropolitan area.

- On June 30, 2024, SBCERS' fiduciary net position as a percentage of total pension liability was 86.83%. This was an increase in the Plan fiduciary net position as a percentage of total pension liability from June 30, 2023 of 84.42%. The increase in the Plan fiduciary net position as a percentage of total pension liability is driven by an increase in net asset position with a simultaneous level pension liability. The plan fiduciary net position as a percentage of total pension liability reflects a fiduciary net position of $4.4 billion as of June 30, 2024 and a rolled-forward total pension liability totaling $5.1 billion. Invested assets are carried at fair market value, with no asset smoothing, for actuarial valuation purposes.

Other Postemployment Benefit (OPEB) Trust

- Net Position Restricted for Benefits - Other Postemployment Benefits (OPEB), also reported in the Statement of Fiduciary Net Position, totaled $74.2 million, an increase of $16.6 million or 28.77% from prior year. This is due to investment gains offset by advance funding from the County of Santa Barbara.

- $16.6 million of OPEB contributions were received from participating employers, an increase of $1.3 million over the prior year. OPEB deductions, including benefit payments and administrative expenses, of $9.4 million were paid in the fiscal year ended June 30, 2024, a decrease of $342 thousand over the prior year.

OVERVIEW OF FINANCIAL STATEMENTS

This Management's Discussion and Analysis serves as an introduction to the basic financial statements. SBCERS has two basic financial statements, the Notes to the Basic Financial Statements (Notes), and additional required supplementary schedules of historical trend information. The basic financial statements and the required disclosures are prepared in accordance with the Governmental Accounting Standards Board's (GASB) accounting principles and utilize the accrual basis of accounting.

- The Statement of Fiduciary Net Position is the first basic financial report. This statement reflects assets available for future payments to retirees and their beneficiaries and any current liabilities owed at fiscal year-end. Net Position Restricted for Benefits, which is the assets less the liabilities, reflects the funds available for future use.
- The Statement of Changes in Fiduciary Net Position is the second basic financial report. This report reflects all the activities that occurred during the fiscal year and shows the impact of those activities as additions to or deductions from the plan.
- The Notes are an integral part of the basic financial statements. They provide a detailed discussion of key policies, programs, and activities that occurred during the year.
- The Other Supplementary Information section contains schedules detailing administrative, investment, and consultant expenses during the fiscal year.

FINANCIAL ANALYSIS

The following tables present a condensed comparative summary of SBCERS' current and prior year's Net Position Restricted for Benefits and Changes in Fiduciary Net Position. The current fiscal period closed with a Net Position Restricted for Benefits of $4.5 billion.

NET POSITION RESTRICTED FOR BENEFITS

In thousands

	June 30, 2024	*June 30, 2023*	*Change*	*Percent Change*
Cash & Investments	$ 4,496,678	$ 4,179,000	$ 317,678	7.6%
Collateral Held for Securities Lent	15,668	33,912	(18,244)	-53.8%
Prepaids & Receivables	66,787	33,522	33,265	99.2%
Total Assets	**4,579,133**	**4,246,434**	**332,699**	**7.8%**
Collateral Held for Securities Lent	15,668	33,912	(18,244)	-53.8%
Other Liabilities	60,024	22,792	37,232	163.4%
Total Liabilities	**75,692**	**56,704**	**18,988**	**33.5%**
Net Position Restricted For Benefits	**$ 4,503,441**	**$ 4,189,730**	**$ 313,711**	**7.5%**

CHANGES IN FIDUCIARY NET POSITION

In thousands

	June 30, 2024	June 30, 2023	Change	Percent Change
Contributions	$ 228,410	$ 211,174	$ 17,236	8.2%
Net Investment Income	352,960	282,207	70,753	25.1%
Net Securities Income	785	356	429	120.5%
Other	733	679	54	8.0%
Total Additions	**582,888**	**494,416**	**88,472**	**17.9%**
Benefits Paid	259,640	238,672	20,968	8.8%
Member Withdrawals	2,339	2,563	(224)	-8.7%
Administrative Expense	7,198	6,912	286	4.1%
Total Deductions	**269,177**	**248,147**	**21,030**	**8.5%**
Changes in Net Position	**$ 313,711**	**$ 246,269**	**$ 67,442**	**27.4%**
Beginning Net Position	$ 4,189,730	$ 3,943,461	$ 246,269	6.2%
Ending Net Position	**$ 4,503,441**	**$ 4,189,730**	**$ 313,711**	**7.5%**

Additions to Fiduciary Net Position

The sources of assets to fund the benefits SBCERS provides are member and employer contributions along with investment returns. SBCERS' had income sources of $582.9 million for the fiscal year ended June 30, 2024 and $494.4 million for the fiscal year ended June 30, 2023.

Deductions from Fiduciary Net Position

The primary uses of SBCERS' pension assets include the payment of benefits to retired members and their beneficiaries, refunds of contributions to terminated employees, and the costs of administering SBCERS.

Total deductions (Pension and OPEB) for the fiscal year ended June 30, 2024, were $269.2 million, an increase of $21.0 million, or 8.5%, over the fiscal year ended June 30, 2023. This increase was attributed to the increasing number of members receiving benefits, demographics of participating employers that have a large population of near retirement age employees, increased salaries upon which benefits are based, and annual COLA increases approved by the Board of Retirement.

Contributions

Total contributions (Pension and OPEB) increased by $17.2 million over the contributions made in the fiscal year ended June 30, 2023. The pension contributions increased by $15.96 million and the OPEB contributions increased by $1.28 million. The increase in contributions was driven by changes in the workforce demographics at our participating employers, namely, higher paid employees retiring and being replaced by younger lower paid employees that participate in less expensive retirement plans.

OPEB contributions are made by participating employers on a pay-as-you-go basis with the exception of the County, the predominate plan participant, and the Air Pollution Control District (APCD) who have adopted funding policies that prefund the plan at different levels. Pay-as-you-go is defined as the minimum amount of contributions made to cover existing administrative expenses as well as benefit payments. During the fiscal year ended June 30, 2021, APCD's OPEB benefits were funded over 100% and their contributions were ceased.

Pension Liabilities

GASB Statement No. 67 requires that SBCERS report the Total Pension Liability and the Net Pension Liability as calculated by SBCERS' actuary. These liabilities are solely calculated for financial reporting purposes and are not intended to provide information about the funding of SBCERS' benefits.

SBCERS' Total Pension Liability as of June 30, 2024, was $5.1 billion. The Total Pension Liability increased 4.21% from $4.9 billion as of June 30, 2023. SBCERS' Net Pension Liability as of June 30, 2024 using the roll-forward valuation method is $671.8 million, representing a decrease of 11.92% from $762.8 million as of June 30, 2023. The $91.0 million decrease in the Net Pension Liability is primarily due to a assumption changes which were partially offset by investment and liability experience gains. The investment gain is recognized over five years, and the actuarial liability gain and assumption change loss are recognized over the average remaining service life as of the beginning of the measurement period, which is four years. Unrecognized amounts are reported as deferred inflows and deferred outflows.

For the fiscal years ended June 30, 2024 and June 30, 2023, the fiduciary net position as a percentage of total pension liability was reported as 86.83% and 84.42%, respectively. The change was a 2.41% increase and is due to an increase in asset values from June 30, 2023 to June 30, 2024.

SCHEDULE OF NET PENSION LIABILITY

In thousands

	June 30, 2024	*June 30, 2023*
Total Pension Liability	$ 5,101,040	$ 4,894,869
Less: Fiduciary Net Position	(4,429,216)	(4,132,090)
Net Pension Liability	$ 671,824	$ 762,779
Fiduciary Net Position as a Percentage of Total Pension Liability	86.83 %	84.42 %

Pension Investment Analysis

SBCERS' investment performance is a function of the underlying financial markets for the period measured, asset allocation and individual investment manager performance. SBCERS follows a Board of Retirement adopted investment policy that provides structure and guidance for the management of the investment portfolio. All of SBCERS' assets are externally managed. SBCERS' total Pension portfolio gained 8.33% (net of fees) over the twelve month period ended June 30, 2024. Pension investments which includes pension investment income of $344.1 million (net of fees), fair value of investments, including short-term investments, increased by $304.8 million from June 30, 2023. For further information on SBCERS' investments, please refer to the Investment Section.

PENSION RATES OF RETURN

In thousands

Fiscal Year Ending		*Total Pension Investment Portfolio Fair Value*	*Total Fund Money-Weighted Return (Net of Fees)*	*Plan Fiduciary Net Position as a Percentage of Total Pension Liability*
June 30, 2023	$	4,081,089	7.11%	84.42%
June 30, 2024	$	4,385,909	8.33%	86.83%

Pension Funded Status

The prior table provides a two-year history of pension investment, actuarial returns, and the actuarial funded ratio. The money-weighted rate of return is presented as an expression of investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the fiscal year ended June 30, 2024, the annual money-weighted rate of return on plan investments was 8.33%.

An indicator of funded status is the ratio of the actuarial value of the assets to the Unfunded Actuarial Accrued Liability (UAAL). An increase in the percentage over time usually indicates a plan is becoming financially stronger. However, a decrease will not necessarily indicate a plan is in financial decline. Changes in actuarial assumptions can significantly affect the UAAL. Performance in the capital markets can also have a material impact on the actuarial value of assets.

The fiduciary net position as a percentage of total pension liability as of June 30, 2024 was 86.83%, using a roll-forward calculation based on the actuarial valuation conducted as of June 30, 2023. As of the fiscal year ended June 30, 2024, Net Position Restricted for Benefits was $4.4 billion and the Total Pension Liability was $5.1 billion. A primary concern to most pension plan participants is the amount of money available to pay benefits. All Net Position is available to meet SBCERS' respective obligations to plan participants and their beneficiaries. The next actuarial valuation will be completed as of June 30, 2024.

OPEB Investment Analysis

The table below displays the OPEB total investment at fair value and actual returns. The money-weighted rate of return is presented as an expression of investment performance, adjusted for the changing amounts actually invested. For the fiscal year ended June 30, 2024, the annual money-weighted rate of return on OPEB Plan investments was 14.85%.

OPEB RATES OF RETURN

In thousands

Fiscal Year Ending		*Total OPEB Investment Portfolio Fair Value*	*Total Fund Money-Weighted Return*
June 30, 2023	$	55,733	10.72%
June 30, 2024	$	68,728	14.85%

An actuarial valuation is performed annually for the OPEB Plan. SBCERS administers the agent multiple employer health insurance program for retirees. SBCERS collects premiums from Members and pays the insurance vendors. The employers fund the OPEB Plan to pay the benefit and each present their respective OPEB Plan liability in their financial statements. The net impact on the aggregate of participating employers' Statements of Net Position due to the OPEB Plan is $59.1 million as of the

June 30, 2024 and $77.7 million as of the June 30, 2023. The annual OPEB expense for all participants was $-1.4 million for the June 30, 2024 as compared to $1.1 million for June 30, 2023.

REQUESTS FOR INFORMATION

This annual comprehensive financial report is designed to provide the Board of Retirement, our membership, participating employers, taxpayers, and investment managers with a general overview of SBCERS' finances and to show accountability for the money it receives.

Questions concerning any of the information provided in this report or requests for copies or additional financial information should be addressed to:

SBCERS
130 Robin Hill Road, Suite 100
Goleta, CA 93117

This report is also available on SBCERS' website under "Resources" at www.sbcers.org.

Respectfully submitted,

Gregory E. Levin, CPA
Chief Executive Officer

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STATEMENT OF FIDUCIARY NET POSITION

As of June 30, 2024, with Comparative Totals as of June 30, 2023
Dollars in thousands

	Pension Benefit Trust	OPEB Trust	June 30, 2024 Total	Pension Benefit Trust	OPEB Trust	June 30, 2023 Total
ASSETS						
Cash and Cash Equivalents	$ 37,656	$ 4,385	$ 42,041	$ 41,122	$ 1,056	$ 42,178
Collateral Held for Securities Lent	15,668	—	15,668	33,912	—	33,912
Short-Term Investments	49,186	—	49,186	33,588	—	33,588
Total Cash and Short-Term Investments	102,510	4,385	106,895	108,622	1,056	109,678
Prepaids and Receivables						
Prepaid Assets	3,911	—	3,911	9,584	—	9,584
Contributions	12,261	1,032	13,293	11,259	803	12,062
Accrued Interest	3,168	80	3,248	2,777	56	2,833
Dividends	4,434	—	4,434	4,959	—	4,959
Security Sales	41,901	—	41,901	4,084	—	4,084
Total Prepaids and Receivables	65,675	1,112	66,787	32,663	859	33,522
Investments at Fair Value						
Private Equity	585,283	—	585,283	575,753	—	575,753
Domestic Equity	838,168	42,830	880,998	742,605	33,753	776,358
Core Fixed Income	619,248	25,898	645,146	602,490	21,980	624,470
Developed Markets Non-US Equity	461,402	—	461,402	399,593	—	399,593
Emerging Market Equity	293,851	—	293,851	259,484	—	259,484
Non-Core Fixed Income	255,719	—	255,719	282,549	—	282,549
Private Credit	177,424	—	177,424	140,561	—	140,561
Real Assets/Real Return	639,963	—	639,963	588,155	—	588,155
Real Estate	465,665	—	465,665	456,311	—	456,311
Total Investments at Fair Value	4,336,723	68,728	4,405,451	4,047,501	55,733	4,103,234
TOTAL ASSETS	**$ 4,504,908**	**$ 74,225**	**$ 4,579,133**	**$ 4,188,786**	**$ 57,648**	**$ 4,246,434**
LIABILITIES						
Accounts Payable	$ 554	$ —	$ 554	$ 1,031	$ 8	$ 1,039
Collateral Held for Securities Lent	15,668	—	15,668	33,912	—	33,912
Benefits Payable	17,394	—	17,394	16,482	—	16,482
Security Purchases	42,076	—	42,076	5,271	—	5,271
TOTAL LIABILITIES	**$ 75,692**	**$ —**	**$ 75,692**	**$ 56,696**	**$ 8**	**$ 56,704**
NET POSITION RESTRICTED FOR BENEFITS	**$ 4,429,216**	**$ 74,225**	**$ 4,503,441**	**$ 4,132,090**	**$ 57,640**	**$ 4,189,730**

The accompanying Notes are an integral part of these basic financial statements.

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

AS of June 30, 2024, with Comparative Totals as of June 30, 2023

Dollars in thousands

	Pension Benefit Trust	OPEB Trust	June 30, 2024 Total	Pension Benefit Trust	OPEB Trust	June 30, 2023 Total
ADDITIONS						
Contributions						
Employers	$ 170,153	$ 16,626	$ 186,779	$ 157,307	$ 15,345	$ 172,652
Plan Members	41,631	—	41,631	38,522	—	38,522
Total Contributions	211,784	16,626	228,410	195,829	15,345	211,174
Investment Income						
Net Appreciation in Fair Value of Investments	311,650	8,555	320,205	252,629	4,648	257,277
Interest	15,882	319	16,201	13,789	314	14,103
Dividends	32,219	—	32,219	30,783	—	30,783
Total Investment Income	359,751	8,874	368,625	297,201	4,962	302,163
Less Investment Expense	(15,665)	—	(15,665)	(19,956)	—	(19,956)
Net Investment Income	344,086	8,874	352,960	277,245	4,962	282,207
Securities Lent Income	1,042	—	1,042	816	—	816
Securities Lent Expense						
Borrower Rebates	(20)	—	(20)	(341)	—	(341)
Management Fees	(237)	—	(237)	(119)	—	(119)
Net Securities Income	785	—	785	356	—	356
Class Action Settlements	15		15	—	—	—
Commission Recapture	—	—	—	—	—	—
Miscellaneous Income	194	524	718	183	496	679
Total Miscellaneous Income	209	524	733	183	496	679
TOTAL ADDITIONS	**$ 556,864**	**$ 26,024**	**$ 582,888**	**$ 473,613**	**$ 20,803**	**$ 494,416**
DEDUCTIONS						
Benefits Paid	250,717	8,923	259,640	229,393	9,279	238,672
Member Withdrawals	2,339	—	2,339	2,563	—	2,563
Administrative Expense	6,682	516	7,198	6,410	502	6,912
TOTAL DEDUCTIONS	**$ 259,738**	**$ 9,439**	**$ 269,177**	**$ 238,366**	**$ 9,781**	**$ 248,147**
Changes in Net Position	297,126	16,585	313,711	235,247	11,022	246,269
NET POSITION RESTRICTED FOR BENEFITS						
Beginning of Year	4,132,090	57,640	4,189,730	3,896,843	46,618	3,943,461
Net Increase/(Decrease) in Net Position	297,126	16,585	313,711	235,247	11,022	246,269
END OF YEAR	**$ 4,429,216**	**$ 74,225**	**$ 4,503,441**	**$ 4,132,090**	**$ 57,640**	**$ 4,189,730**

The accompanying Notes are an integral part of these basic financial statements.

1. REPORTING ENTITY

The Santa Barbara County Employees' Retirement System (SBCERS or the System) is an independent public employee retirement system with its own governing board, separate and distinct from the County of Santa Barbara (the County). These financial statements cover the 401(a) pension plan (the Plan) and the 401(h) Other Postemployment Benefit (OPEB) plan; both plans are fiduciary funds defined as pension and other employee benefit trust funds, respectively, and are accounted for separately. SBCERS meets the requirements of GASB Statement No. 84 to be considered a component unit of the County and is included as a component unit in the County's financial statements as presented in its Annual Comprehensive Financial Report. This report is available at www.countyofsb.org.

General

SBCERS was established on January 1, 1944, and is administered by the Board of Retirement (the Board) to provide service retirement, disability, death, and survivor benefits for employees of the County and 11 participating employers under the County Employees' Retirement Law of 1937 (CERL), California Government Code §31450 et seq., and Section 401(a) of the Internal Revenue Code (IRC). SBCERS also administers an OPEB healthcare plan on behalf of the County and participating employers. The OPEB healthcare plan was created under Section 401(h) of the IRC.

Governance

The Board is composed of nine voting members and two alternates. Four members are appointed by the County Board of Supervisors, two are elected by general members, a member and alternate are elected by safety members, a member and alternate are elected by retired members and one, the County Treasurer-Tax Collector, is ex-officio. The County Board of Supervisors may adopt resolutions, as permitted by the CERL, which may affect the benefits of SBCERS members.

130 Robin Hill Road, LLC

A Limited Liability Corporation (the LLC) was formed on October 30, 2018, for the purpose of purchase and management of the property asset located at 130 and 132 Robin Hill Road, Goleta, CA, separately from SBCERS' daily operations. SBCERS' Chief Executive Officer (CEO) manages the LLC with day-to-day property management provided by a contracted external property management firm. The LLC is carried as an investment within SBCERS' real estate portfolio. The value of the LLC is principally composed of the building, plus any cash reserves held for operation and reduced by any outstanding liabilities related to the operation and maintenance of the building. Separately issued financial reports are available for 130 Robin Hill Road, LLC; these unaudited reports may be obtained by contacting SBCERS.

2. PENSION PLAN DESCRIPTION

Employers

SBCERS operates as a cost-sharing multiple-plan employer defined benefit pension plan for the County and eleven participating employers. The following is a list of those employers:

- Carpinteria Cemetery District
- Carpinteria-Summerland Fire Protection District
- Goleta Cemetery District
- Mosquito & Vector Management District of Santa Barbara County
- Oak Hill Cemetery District
- Santa Barbara County Air Pollution Control District (APCD)

- Santa Barbara County Association of Governments (SBCAG)
- Santa Barbara County Local Agency Formation Commission (LAFCO)
- Santa Barbara County Superior Court
- Santa Maria Cemetery District
- Summerland Sanitary District

Plan Membership

The System has 12 retirement plans, of which five plans are currently available to new full-time permanent employees, new employees with reciprocity to other government retirement plans and those part-time employees working at least half-time. General Plan 5 applies to all County General employees hired prior to June 25, 2012, and legacy employees returning to active membership; General Plan 7 applies to all hired on or after June 25, 2012 through December 31, 2012 and employees hired after December 31, 2012, who have reciprocity rights with other government retirement plans. Prior to January 1, 2013, Safety members were enrolled in the contributory Safety Plan 4 (Fire and Probation) or Safety Plan 6 (Sheriff's).

Since January 1, 2013, all new Safety members and General members have been enrolled in Plan 8, pursuant to the California Public Employees' Pension Reform Act of 2013 (PEPRA) unless they establish reciprocity with another government retirement plan and can then be placed in either General Plan 7 or Safety Plans 4 or 6 depending on the employee's bargaining unit. Reciprocal hires of the Santa Barbara County Superior Court and other participating employers that did not adopt Plan 7 are enrolled in Plan 5. LAFCO did not have a plan in place prior to January 1, 2013 and therefore no reciprocal pre-PEPRA plan exists.

Multiple contribution rates are applicable to non-PEPRA members based upon negotiated bargaining unit Memoranda of Understanding and on age of entry into membership subject to the provisions of the CERL. Plan 8 members subject to PEPRA pay uniform plan contribution rates regardless of age at entry. The retirement benefits within the Plan are based on age, years of service, final average salary and the benefit option selected.

SBCERS' RETIREMENT PLANS

Plan	Rate Tier	Plan Formula	COLA	Type	New Membership
General	Plan 2	2%[1]	N/A	Non-Contributory	Closed
	Plan 5	2% @ 57	3%	Contributory	Closed[2]
	Plan 7	1.67% @ 57-1/2	2%	Contributory	Reciprocity[2]
	Plan 8-2	2% @ 62	2%	Contributory	Open
	Plan 8-3	2% @ 62	3%	Contributory	Open
Safety	Plan 4	3% @ 55	3%	Contributory	Reciprocity
	Plan 6	3% @ 50	3%	Contributory	Reciprocity
	Plan 8	2.7% @ 57	3%	Contributory	Open
APCD	Plan 1	2% @ 55	3%	Contributory	Closed
	Plan 2	2% @ 55	3%	Contributory	Reciprocity
	Plan 8	2% @ 62	2%	Contributory	Open

[1] *Plan 2 benefits are integrated with member's estimated benefit from Social Security Administration at age 65.*

[2] *Plan 7 is still open for reciprocal hires of certain participating employers other than the County. Additionally, employees returning to the County after previous service in Plan 5 are eligible to return to Plan 5.*

SBCERS' RETIREMENT PLAN MEMBERSHIP

As of June 30

	2024	*2023*
Members Now Receiving Benefits		
Service Retirement	4,348	4,272
Disability Retirement	277	278
Beneficiaries and Survivors	697	681
Subtotal	5,322	5,231
Active Members		
Active Vested	3,024	3,001
Active Non-Vested	1,545	1,388
Subtotal	4,569	4,389
Deferred Vested and Inactive Members	1,987	1,867
Total Members	11,878	11,487

Benefit Provisions

All Plans (Except General Plan 2)

- Pension benefits are based upon a combination of plan, age, years of service, average monthly salary for the highest one or three consecutive years' covered compensation, and the benefit payment option selected by the member.
- Disability benefits are based upon whether the disability was service or non-service connected.
- Death benefits are based upon whether the death occurred before or after retirement and whether the death was service or non-service connected.

General Plan 2

- Pension benefits are based upon a combination of age, years of service, and highest average monthly salary during any three years of employment and are coordinated with social security benefits.
- A separate long-term disability program is available for members who become disabled, regardless of length of service, or whether the disability is job related.
- Death benefits are based upon whether the death occurred before or after retirement.

Cost-of-Living Adjustment (COLA)

- All plans, excluding the County General Plan 2, provide for retirement benefits subject to COLA for retired members. COLAs are granted to eligible retired members each April based upon the Bureau of Labor Statistics Average Consumer Price Index (CPI) for All Urban Consumers for the Los Angeles-Riverside-Orange County area as of the preceding January 1, and for most members, is subject to a 3% maximum limitation. The portion of a CPI increase that exceeds 3% is accumulated for credit in future years.
- General Plan 7 and General Plan 8 (County) is limited to an annual maximum 2% COLA.
- General Plan 2 does not have a COLA.

Vesting

Upon completing five years of creditable service, employees have irrevocable rights to receive benefits attributable to a participating employer's contributions, provided their contributions have not been withdrawn.

A Plan 5 or Plan 7 general member may retire who (1) has completed ten years of service (including reciprocal service) and who has reached the age of 50, (2) has completed 30 years of service regardless of age, or (3) has reached 70 years of age regardless of years of service. A Plan 4 or Plan 6 safety member may retire who (1) has completed 10 years of continuous service (including reciprocal service) and who has reached the age of 50, or (2) who has completed 20 years of service regardless of age.

For PEPRA members, a general member may retire with five or more years of service after reaching the age of 52. A safety member may retire with five or more years of service after reaching the age of 50.

If an employee terminates employment before rendering five years of service, the employee is entitled to withdraw the employee contributions made, together with accumulated interest or may elect to leave contributions on deposit.

If a separated member enters a reciprocal retirement system within six months of separation and elects to leave their accumulated contributions on deposit with SBCERS, that member can vest reciprocally.

Pension Plan Actuarial Valuation

SBCERS retains an independent actuarial firm to conduct an annual actuarial valuation to monitor SBCERS' funding status and funding integrity. As of June 30, 2024, the fiduciary net position as a percentage of total pension liability of the Plan was 86.83%. The net pension liability as of June 30, 2024 was determined using a roll-forward calculation based on the actuarial valuation conducted as of June 30, 2023.

The purpose of the valuation is to reassess the magnitude of SBCERS' benefit commitments in comparison with the assets expected to be available to support those commitments, so employer and member contribution rates can be adjusted accordingly. The actuarial assumptions estimate as closely as possible what the actual cost of the Plan will be in order to determine rates for setting aside contributions today to provide benefits in the future.

Contribution requirements are determined under the individual entry age actuarial cost method. This method is designed to collect contributions as a level percentage of pay. Any gains or losses that occur under this method are amortized as a level percentage of pay. To reduce the contribution volatility caused by any changes in the Unfunded Actuarial Accrued Liability (UAAL) due to actuarial gains and losses, assumption changes, or method changes are amortized over a closed 19-year period. The amortization of the UAAL phases in using a five-year ramp up at the beginning of the amortization period, a four-year ramp down at the end of the period, and ten years of level payments as a percentage of payroll between ramping periods.

The Required Supplementary Information (RSI) section immediately following the Notes to the Basic Financial Statements includes the Changes in Net Pension Liability schedule.

Plan Termination

There are no plan termination provisions under the CERL, which governs the operation of the System.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting, Revenue and Expense Recognition

For financial reporting purposes, SBCERS adheres to accounting principles generally accepted in the United States of America. SBCERS follows the accounting principles and reporting guidelines set forth by the Governmental Accounting Standards Board (GASB). SBCERS' financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting.

Member and employer contributions are recognized as revenue in the period in which the contributions are due. Other revenues are recognized as available if they are estimated to be received within 60 days of the fiscal year-end. Retirement benefits and member refunds are recognized as expenses when due and payable in accordance with the terms of the Plan. Other expenses are recognized when the corresponding liabilities are incurred.

The financial statements include certain prior year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the System's financial statements for the fiscal year ended June 30, 2023, from which the summarized information was derived.

Cash and Short-Term Investments

Cash and short-term investments consist of short-term investments with fiscal agents as well as deposits in a pooled account with the County and short-term investments held with the custodian. SBCERS considers investments with a maturity of 12 months or less to be short-term investments.

Investments

The Board adopts an investment policy statement and reviews that policy periodically. The investment policy statement sets forth the asset allocation and controls for the investment portfolio. The policy was updated in March 2022. The policy statement is available on the SBCERS website www.sbcers.org.

Investments are reported at fair value. Investment income is recognized as revenue when earned. Net appreciation in fair value of investments held by the System is recorded as an increase to investment income based on valuation of investments at year-end. Realized gains and losses are recognized upon the maturity or disposition of the security.

Debt and equity securities are reported at fair value. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates. Fair value of investments in commingled funds is based on the fund share price provided by the fund manager, which is based on net asset value.

Related Party Transactions

By necessity, SBCERS is involved in various business transactions with the County, the primary participating employer. SBCERS is a co-employer with the County. SBCERS reimburses the County for the cost of services provided by the following agencies: Auditor-Controller, General Services, Human Resources, and County Treasurer. In addition, SBCERS reimburses the County for the cost of services in the areas of information technology and motor pool services.

Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that impact the amounts and disclosures of the report. Accordingly, actual results may differ from those estimates.

4. DEPOSITS AND INVESTMENTS

SBCERS operates under the "Prudent Investor Rule" which authorizes the Board, at its discretion, to purchase, hold, or sell any form or type of investment, financial instrument, or enter into any financial transaction when prudent in the informed opinion of the Board.

Deposits and Short-Term Investments

Amounts shown as Cash are held as a part of the County Treasurer’s investment pool. Amounts held as Short-Term Investments are held with SBCERS’ Investment Custodian, BNY Mellon Global Securities Services (BNY Mellon). Short-term investments consist of cash held in money market accounts and securities readily convertible to cash. All cash, deposits, and short-term investments are carried at cost, which approximates fair value.

Santa Barbara County Treasurer’s Investment Pool

The funds in the County Treasury are intended to provide for liquidity needed to meet benefit payroll and operating needs of the System. The balances in the County Treasurer’s investment pool are funded by the participating employers and employee contributions and transfers from the investment pool. All participants in the County investment pool share earnings and losses. The County Treasury Oversight

Committee has regulatory oversight for all monies deposited into the County investment pool. Such amounts are invested in accordance with investment policy guidelines in compliance with California Government Code requirements, established by the County Treasurer and approved by the County Board of Supervisors. Interest earned on pooled investments is apportioned quarterly to participating funds based upon each fund's average daily deposit balance. The County has not provided or obtained any legally binding guarantees during the fiscal year ending June 30, 2024, to support the value of shares in the pool. More information on the risk of the County Treasurer's Investment pool and the Treasurer's policies can be found on the County's website at www.countyofsb.org.

BNY Mellon Global Securities Services Employee Benefit Temporary Investment Fund (EBTF)

SBCERS' short-term investments are comprised of funds held with SBCERS' investment custodian, BNY Mellon Global Securities Services. Balances held by the custodian are held in the BNY Mellon Global Securities Services EBTF. This fund is intended to provide liquidity to fund capital calls, portfolio rebalancing activities and, when needed, replenishment of the funds on account at the County Treasury. The primary sources of these accounts are cash transfers from other investments in the portfolio.

The EBTF is invested primarily in instruments issued by the U.S. Government, Federal agencies, sponsored agencies, and sponsored corporations. The fund must have 10% of its assets in "daily liquid assets," defined as cash, direct obligations of the U.S. Government, or securities readily convertible to cash within one business day. 30% of the fund's assets must be in "weekly liquid assets" defined as cash direct obligations of the U.S. Government, including certain government agency securities with remaining maturities of 60 days or less and securities readily convertible to cash within five business days. The fund may invest up to five percent of its assets in illiquid securities. The fund maintains prudent diversification across instruments, market sectors, industries, and specific issuers.

SBCERS maintains balances in EBTF to facilitate funding investment mandates and receiving distributions from investment mandates. Additionally, when underlying managers maintain a tactical position to cash, these amounts are also held in EBTF. Amounts held at SBCERS' custodian bank are uninsured over $250,000 and uncollateralized.

SBCERS' DEPOSITS AND SHORT-TERM INVESTMENTS

Balances as of June 30, 2024

Dollars in thousands

	County Treasury	*BNY Mellon*
Cash Held for Pension Benefits	$ 37,656	$ —
Cash Held for OPEB Benefits	4,385	—
Short-term Investments for Pension Benefits	—	49,186
Total by custodian	*$ 42,041*	*$ 49,186*
Total Deposits and Short-Term Investments	**$ 91,227**	

Custodial Credit Risk for Deposits and Short-Term Investments

Custodial Credit Risk for deposits is the risk that, in the event of a financial institution's failure, SBCERS would not be able to recover its deposits. Deposits are exposed to custodial credit risk if they are not insured or not collateralized. SBCERS does not have a policy on Custodial Credit Risk for Deposits and Short-Term Investments.

Santa Barbara County Treasury

SBCERS' investments held in the name of the County are not specifically identifiable. On June 30, 2024, cost approximated fair value of the SBCERS' share of pooled cash and investments. Deposits with the County Treasury are insured and/or collateralized to the extent the monies are held in its depository institution. The fair value of deposits approximated the bank balances on June 30, 2024.

SBCERS' SUMMARY OF PENSION AND OPEB INVESTMENTS

Dollars in thousands

		2024
Pension Plan Investments at Fair Value		
Domestic Equity	$	838,168
Developed Market Non-US Equity		461,402
Emerging Market Equity		293,851
Core Fixed Income		619,248
Non-Core Fixed Income		255,719
Real Assets / Real Return		639,963
Private Equity		585,283
Real Estate		465,665
Private Credit		177,424
Collateral Held for Securities Lending		15,668
Total Pension Plan Investments at Fair Value	**$**	**4,352,391**
OPEB Plan Investments at Fair Value		
Domestic Equity	$	42,830
Core Fixed Income		25,898
Total OPEB Plan Investments at Fair Value	**$**	**68,728**
Total All Plans	**$**	**4,421,119**

Fair Value Measurements

SBCERS categorizes fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Level 1: Unadjusted quoted prices for identical instruments in active markets.

Level 2: Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.

Level 3: Valuations derived from valuation techniques in which significant inputs are unobservable.

Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy. In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. SBCERS' assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The table *Investments Measured at Fair Value* in this footnote (presented on the following page) shows the fair value leveling of the investments for SBCERS.

Bid evaluations may include market quotations, yields, maturities, call features, and ratings.

Level 1 investments are valued using pricing derived from active markets, examples of which include NYSE, NASDAQ, Chicago Board of Trade and Pink Sheets. US Government Treasury Securities are classified at Level 1 due to the reduced risk component and because they are traded more actively than other fixed income instruments. US Government Agency Notes are not classified in Level 1.

Level 2 investments are evaluated using matrix pricing, market corroborated pricing and inputs such as yield curves and indices. Examples of Level 2 investments include Corporate Bonds and Asset Backed Securities and Government Bonds that are not US Treasury Securities.

Level 3 investments are valued using pricing provided by Investment Managers and also information provided by investment management firms. Examples of Level 3 investments include pooled investment funds and term loans.

INVESTMENTS MEASURED AT FAIR VALUE

Dollars in thousands

	June 30, 2024	Quoted Prices in Active Markets for Identical Assets: Level 1	Significant Other Observable Inputs: Level 2	Significant Unobservable Inputs: Level 3
Pension Investments Measured at Fair Value				
Equity				
Domestic Equity	$ 337,601	$ 337,601	$ —	$ —
International Equity	405,906	405,906	—	—
Total Equity	**$ 743,507**	**$ 743,507**	**$ —**	**$ —**
Fixed Income Securities				
Asset Backed Securities	$ 646	$ —	$ 646	$ —
Developed Markets	2,721	2,721	—	—
Corporates and Other Credits	64,718	2,002	61,992	724
Government Securities	321,274	155,257	166,017	—
Other	29	(28)	57	—
Total Fixed Income Securities	**$ 389,388**	**$ 159,952**	**$ 228,712**	**$ 724**
Real Estate				
Real Estate Investment Trusts (REITs)	$ 14,227	$ 14,227	$ —	$ —
Total Real Estate	**$ 14,227**	**$ 14,227**	**$ —**	**$ —**
Securities Lending	$ 15,668	$ —	$ 15,668	$ —
Total Pension Investments Measured at Fair Value	***$ 1,162,790***	***$ 917,686***	***$ 244,380***	***$ 724***
Pension Investments Measured at Net Asset Value (NAV)				
Commingled Funds	$ 1,436,723			
Real Estate Funds	465,665			
Private Equity Funds	585,283			
Private Credit	177,424			
Private Real Asset Funds	524,506			
Total Pension Investments Measured at NAV	***$ 3,189,601***			
TOTAL PENSION INVESTMENTS	**$ 4,352,391**			
Pension Investment Derivative Instruments				
Futures	$ 274,207	$ —	$ —	$ 274,207
Participation Certificate	2,721	—	—	2,721
Total Pension Investment Derivative Instruments	***$ 276,928***	***$ —***	***$ —***	***$ 276,928***
OPEB Trust Investments Measured at Net Asset Value (NAV)				
Equity Commingled Funds	$ 42,830			
Debt Commingled Funds	25,898			
Total OPEB Trust Investments Measured at NAV	***$ 68,728***			

Investments Measured at the Net Asset Value

The fair values of investments in these types of funds have been determined using the Net Asset Value (NAV) per share of the investments.

PENSION & OPEB TRUST INVESTMENTS MEASURED AT THE NET ASSET VALUE

Dollars in thousands

	June 30, 2024	Unfunded Commitments	Redemption Frequency	Notice
Pension Investments				
Commingled Funds[(1)]	$ 1,436,723	$ —	Daily to Monthly	Daily to 90 Days
Private Real Estate Funds[(2)]	465,665	140,756	Quarterly, Annually or Not Redeemable	Daily to 90 Days
Private Equity Funds[(3)]	585,283	271,966	Not Redeemable	
Private Credit Funds [(4)]	177,424	54,816	Annually, Tri-Annually or Not Redeemable	90 Days
Real Asset Funds[(5)]	524,506	254,454	Not Redeemable	
Total Pension Investments Measured at Net Asset Value	***$ 3,189,601***			
Total Pension Unfunded Commitments		***$ 721,992***		
OPEB Trust Investments				
Equity Commingled Funds	$ 42,830	$ —		
Debt Commingled Funds	25,898	—		
Total OPEB Trust Investments Measured at Net Asset Value	***$ 68,728***			
Total OPEB Trust Unfunded Commitments		***$ —***		

(1) Commingled Funds (Pension Trust Investments and OPEB)

This investment type consists of commingled funds that invest primarily in equity, debt, or real estate investments. There were 16 public assets as of June 30, 2024. The nine public equity funds in this investment type include foreign, domestic, and emerging market investments. Five public debt funds contain Treasury Inflation Protected Securities (TIPS), investment grade bonds, foreign bonds and bank loans. Two real asset funds encompass public infrastructure, global listed natural resources, real estate, and commodities businesses. Each investment fund is benchmarked to an appropriate index and investments can be redeemed with 1 to 90 day advance notice depending on the fund. The fair values of the investments in this type have been determined using the Net Asset Value (NAV) per share (or its equivalent) of the investments.

(2) Private Real Estate Funds

This investment type is comprised of investments that are allocated to value added, core and opportunistic real estate strategies. Investments in this type are geographically diversified across the United States and Europe. The fair value of these investments has been determined by the investment custodian bank by using the last capital account statement from the respective general partner and adjusting for capital calls, management fees inside the commitment, return of capital, gain or loss, and income. The investments in this pool are illiquid and mostly closed end funds.

For the fiscal year ended June 30, 2024, this investment type consists of 47 limited partnership investments ranging in commitment sizes from $4 million to $20 million. The remaining commitments outstanding on these funds as of June 30, 2024 are $140.8 million.

Robin Hill Road, LLC's NAV is included in this investment type. The NAV used is the appraised price as of June 30, 2024, based on an appraisal as of June 28, 2024. SBCERS hires an appraiser to update this value every two years.

(3) Private Equity Funds

Investments of this type consist of corporate finance/buy out, distressed debt, venture capital, and secondary funds and are globally diversified. The fair value of these investments have been determined by the investment custodian bank by using the last capital account statement from the respective general partner and adjusting for capital calls, management fees inside the commitment, return of capital, gain or loss, and income. The investments in this pool are illiquid and mostly closed end funds.

For the fiscal year ended June 30, 2024, this investment type consists of 101 limited partnership investments ranging in commitment size from approximately $2 million to $30 million with $272.0 million remaining commitments outstanding.

(4) Private Credit Funds

Investments of this type include direct lending and asset backed credit funds. The fair value of these investments have been determined by the investment custodian bank by using the last capital account statement from the respective general partner and adjusting for capital calls, management fees inside the commitment, return of capital, gain or loss, and income.

For the fiscal year ended June 30, 2024, this investment type consists of 11 limited partnership investments ranging in commitment sizes from approximately $20 million to $25 million, with $54.8 million remaining commitments outstanding. The investments in this pool are illiquid and contain both closed and open-ended fund structures.

(5) Real Asset Funds

Investments of this type include infrastructure and natural resources oriented partnerships and are globally diversified. The fair value of these investments have been determined by the investment custodian bank by using the last capital account statement from the respective general partner and adjusting for capital calls, management fees inside the commitment, return of capital, gain or loss, and income.

For the fiscal year ended June 30, 2024, these investment type of funds consists of 57 limited partnership investments ranging in commitment sizes from approximately $2 million to $30 million. The remaining commitments outstanding on these funds as of June 30, 2024 are $254.5 million. The investments in this pool are illiquid and contain mostly closed-end fund structures.

Investment Risk

The Board's investment policies and guidelines allocate the asset classes of the portfolio investments within ranges. The portfolio is maintained within the ranges and reported each month. The Board annually reviews the allocation model and the risk structure of the total portfolio. The investment policy does not address Credit Risk, Concentration of Credit Risk, Interest Rate Risk, or Foreign Currency Risk, as investment managers within their specific mandates are given risk parameters that would result in limiting these types of risk on a total portfolio level. GASB Statement No. 40 requires that investments be evaluated to give an indication of the level of risk assumed at year-end.

Concentration Risk

The System does not hold investments in any one underlying security that represents 5% or more of the System's fiduciary net position.

Credit Risk

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. SBCERS seeks to maintain a diversified portfolio of fixed income instruments in order to obtain the highest total return for the fund at an acceptable level of risk within this asset class. To control Credit Risk, credit quality guidelines have been established. The credit quality ratings of investments in fixed income securities by a nationally recognized statistical rating organization are shown in the *Credit Risk by Quality Analysis* table.

CREDIT RISK BY QUALITY ANALYSIS

S&P Rating	Treasurer Investment Pool	Domestic Fixed Income	International Fixed Income	Total	%
AAA	$ 1,223	$ —	$ —	$ 1,223	0.3%
AA+	—	323,303	—	323,303	77.3%
AA	35,609	—	—	35,609	8.5%
AA-	—	—	—	—	0.0%
A+	—	96	—	96	0.0%
A	—	971	—	971	0.2%
A-	—	30,970	—	30,970	7.4%
BBB+	—	8,522	—	8,522	2.0%
BBB	—	2,847	—	2,847	0.7%
BBB-	—	4,370	283	4,653	1.1%
BB+	—	1,595	228	1,823	0.4%
BB	—	1,927	427	2,354	0.6%
BB-	—	2,462	—	2,462	0.6%
B+	—	937	123	1,060	0.3%
B	—	650	—	650	0.2%
B-	—	245	—	245	0.1%
CCC+	—	157	—	157	0.0%
CCC	—	—	—	—	0.0%
CCC-	—	—	—	—	0.0%
CC	—	—	—	—	0.0%
C	—	—	—	—	0.0%
NR	1,375	(167)	147	1,355	0.3%
Totals	**$ 38,207**	**$ 378,885**	**$ 1,208**	**$ 418,300**	**100.0%**

This table does not tie to Investments Measured at Fair Value because this presentation includes accruals.

Custodial Credit Risk for Investments

Custodial Credit Risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, SBCERS would not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if they are uninsured, are not registered in SBCERS' name, and held by a counterparty. Generally, SBCERS' securities are not exposed to custodial risk as they are held by our custodial bank in our nominee name.

Short-term investments held in the BNY Mellon Global Securities Services EBTF are uninsured over $250,000, and uncollateralized.

Concentrations of Credit Risk

As of June 30, 2024, SBCERS' investment portfolio contained no concentration of investments in any one entity (other than investments guaranteed by the U.S. Government, investments in mutual funds, and external investment pools) that represented 5 percent or more of the total investment portfolio.

Securities Lending

SBCERS is legally authorized to engage in securities lending transactions pursuant to the CERL, California Government Code §31594. SBCERS participates in securities lending through its custodian BNY Mellon to increase income. Securities are lent to brokers and dealers (borrower) and in turn, SBCERS receives collateral. Collateral can be in the forms of cash (both United States and foreign currency), securities issued or guaranteed by the U.S. Government, sovereign debt of foreign countries, or irrevocable bank letters of credit or such other forms as may be agreed upon. SBCERS pays the borrower a negotiated rebate rate on the collateral received and invests the collateral with the goal of earning a higher yield than the rebate rate paid to the borrower. Earnings generated above and beyond the rebate paid to the borrower represent the net income to SBCERS from the transaction.

At year-end, SBCERS had no credit risk exposure to borrowers because the amount of collateral received exceeded the value of securities on loan. As of June 30, 2024, there were no violations of legal or contractual provisions. SBCERS had no losses on securities lending transactions resulting from the default of a borrower for the fiscal year ended June 30, 2024. Due to the nature of the securities lending program and the custodian bank's collateralization of loans at amounts greater than the fair value of the loaned securities, it is deemed that there were no material credit risks to SBCERS as defined by GASB Statements No. 28 and No. 40 by its participation in the Securities Lending Program. However, similar to any other investment portfolio, there is risk associated with investing cash collateral in securities.

Transactions are collateralized at no less than 100% of the security's fair value. Collateral is marked to market daily. The custodian invests the collateral received in short-term investment funds (maintained by the custodian), money market mutual funds, and other similar investments as the custodian may select.

The average term of all SBCERS' loans is overnight or "on demand." The custodian ensures that there is an absolute right to terminate the agreement without cause, upon short notice and without any penalty. SBCERS cannot pledge or sell collateral securities received unless the borrower defaults. In the event of a borrower default, BNY Mellon indemnifies SBCERS to the extent of replacing the securities loaned.

As of June 30, 2024, the fair value of securities on loan was $57.5 million and the value of collateral received for the securities on loan was $59.8 million, of which $44.2 million was non-cash collateral and $15.7 million was cash collateral from equity and fixed income securities. Non-cash collateral, which SBCERS does not have the ability to sell unless the borrower defaults, is not reported in the Statement of Fiduciary Net Position. SBCERS' income net of expense from securities lending was $785 thousand for the fiscal year ending June 30, 2024.

SBCERS' SECURITIES LENDING PROGRAM

Dollars in thousands

Securities on Loan	Fair Value of Securities on Loan	Collateral Received	Collateral Percent
Domestic Equities	$ 2,697	$ 2,779	
International Equities	9,284	10,234	
Domestic Corporate Fixed Income	2,583	2,655	
International Fixed Income	—	—	
U.S. Government Debt	—	—	
Total Cash	*14,564*	*15,668*	
Total Non-Cash	*42,939*	*44,176*	
Total Securities on Loan	**$ 57,503**	**$ 59,844**	**104%**

Interest Rate Risk

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Duration is a measure of the price sensitivity of a fixed income portfolio to changes in interest rates. It is calculated as the weighted average of time to receive a bond's coupon and principal payments. The longer the duration of a portfolio, the greater its price sensitivity to changes in interest rates.

Foreign Currency Risk

Foreign Currency Risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. SBCERS' international equity managers are permitted to invest in authorized countries. Forward currency contracts and currency futures (maturity ranging from at least 20 days and not to exceed one year for either instrument) are permitted for defensive currency hedging.

FOREIGN CURRENCY RISK SCHEDULE

Dollars in thousands

Currency	*Cash*	*Equity*	*Fixed Income*	*Total Fair Value*
Australian Dollar	$ 42	$ 15,774	$ —	$ 15,816
Brazilian Real	—	9,330	—	9,330
Canadian Dollar	38	9,334	602	9,974
Chilean Peso	—	791	—	791
Chinese Yuan Renminbi	—	13,113	—	13,113
Colombian Peso	—	84	73	157
Czech Koruna	—	154	—	154
Danish Krone	—	23,810	—	23,810
Euro	170	138,544	211	138,925
Hong Kong Dollar	—	54,887	—	54,887
Hungarian Forint	—	312	—	312
Indian Rupee	—	47,942	—	47,942
Indonesian Rupiah	—	6,657	—	6,657
Israeli Shekel	6	171	—	177
Japanese Yen	456	72,196	—	72,652
Kuwaiti Dinar	—	463	—	463
Malaysian Ringgit	—	2,393	—	2,393
Mexican Peso	—	5,297	—	5,297
New Taiwan Dollar	—	55,427	—	55,427
New Zealand Dollar	—	186	—	186
Norwegian Krone	—	296	—	296
Philippines Peso	—	3,384	—	3,384
Polish Zloty	—	2,684	—	2,684
Qatari Riyal	—	988	—	988
Saudi Riyal	—	5,304	—	5,304
Singapore Dollar	—	3,338	—	3,338
South African Rand	—	8,397	—	8,397
South Korean Won	—	32,603	3,957	36,560
Swedish Krona	—	10,394	—	10,394
Swiss Franc	36	40,848	—	40,884
Thai Baht	—	3,525	—	3,525
Turkish Lira	—	1,512	—	1,512
United Arab Emirates Dirham	—	1,881	—	1,881
United Kingdom Pound Sterling	268	66,257	484	67,009
Total Securities Held in Foreign Currency	$ 1,016	$ 638,276	$ 5,327	$ 644,619

Derivatives

Derivatives are investments that derive their value, usefulness, and marketability from an underlying instrument, and represents direct ownership of an asset or obligation of an issuer whose payments are based on or “derived” from the performance of an agreed upon benchmark. The notional amount is the nominal or face amount that is used to calculate payments made on that instrument. As of June 30, 2024, SBCERS’ derivatives investments were in Futures and Participation Certificates. Investments in commingled funds may provide added exposure to derivatives.

Futures

Futures are a type of derivative contract agreement to buy or sell a specific commodity asset or security at a set future date for a set price. Futures are utilized to secure a specific price and protect against future price swings. Futures are traded on futures exchanges and require a brokerage account that’s approved to trade futures.

Participation Certificates

Participation certificates are equity-linked securities that provide economic exposure to a security of a non-U.S. company without a direct investment in that security.

HOLDINGS OF DERIVATIVE SECURITIES

Dollars in thousands

Derivative Type	*Notional Amount*	*Fair Value*
Futures	$ 274,207	$ 147,381
Participation Certificates	2,721	2,721
Total	**$ 276,928**	**$ 150,102**

Derivative Credit Risk

SBCERS is exposed to credit risk on investment derivatives that are traded over the counter and are reported in asset positions. Derivatives exposed to derivative credit risk include collateralized mortgage obligations, swap agreements, and futures contracts. The following Derivative Credit Risk Schedule discloses the counterparty ratings of SBCERS' investment derivatives in asset positions by type as of June 30, 2024. These amounts represent the maximum loss that would be recognized if all counterparties fail to perform as contracted, without respect to any collateral or other security, or netting arrangement. The schedule displays the fair value of investments by credit rating. As of June 30, 2024, SBCERS' has a net exposure to derivative credit risk of $150.1 million.

DERIVATIVE CREDIT RISK SCHEDULE

Dollars in thousands

	Derivative Type			
S&P Investment Rating	*Forward Contracts*	*Futures*	*Participation Certificates*	*Total Fair Value*
Investment Grade				
AA	$ —	$ —	$ —	$ —
A	—	—	—	—
BBB	—	—	—	—
Total Investment Grade	$ —	$ —	$ —	$ —
Not Rated	—	147,381	2,721	150,102
Total Fair Value	**$ —**	**$ 147,381**	**$ 2,721**	**$ 150,102**

Ratings are not applicable to all derivative instruments held. Those presented above are based on the counterparty's S&P rating.

Derivative Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As of June 30, 2024, SBCERS did not have any derivatives with material exposure to interest rate risk.

Derivative Foreign Currency Risk

For those dollar-denominated securities issued by foreign countries, there is an exposure to a foreign currency risk. Currency forward contracts represent foreign exchange contracts that are used to control currency exposure and facilitate the settlement of international security purchase and sale transactions. SBCERS had no exposure to derivative foreign currency exposure as of June 30, 2024.

5. PENSION PLAN RESERVES

The reserves represent the components of SBCERS' fiduciary net position. Reserves are established from member and employer contributions and the accumulation of investment income after satisfying investment and administrative expenses. Following are brief explanations of the reserves and accounts used by SBCERS.

Member Deposit Reserve

Consists of contributions made by active and deferred members and accrued interest. Amounts are deducted from this reserve when a refund of member contributions is made or when a member retires and amounts are transferred to the Retired Member Reserve.

Retired Member Reserve

Consists of funds accumulated to pay retirement benefits to retired members. Additions to this reserve consist of transfers from the Member Deposit Reserve and Employer Advance Reserve, along with interest earnings. Benefit payments to retired members, beneficiaries and survivors reduce this reserve.

Employer Advance Reserve

Consists of employer contributions for future retirement payments to current active members and deferred members. Additions to this reserve include employer contributions and interest earnings. Deductions from this reserve consist of transfers to the Retired Member Reserve, lump sum death benefits, and supplemental disability allowance payments. A refund of member contributions has no corresponding effect on the balance of the Employer Advance Reserve because the employer contribution rates are based on assumptions that include an expected rate of member termination.

Contra Tracking Account

Represents the difference between the value of the reserves and the fair value of assets. This account is negative unless the fair value of assets exceeds the actuarially accrued liability.

Contingency Reserve

Consists of funds accumulated in excess of amounts necessary to fully fund the actuarially accrued liability. The Contingency Reserve balance is zero unless the fair value of assets exceeds the actuarially accrued liability.

SBCERS' VALUATION RESERVES – PENSION PLAN

Dollars in thousands

	June 30, 2024
Member Deposit Reserve	$ 328,954
Retired Member Reserve	3,730,755
Employer Advance Reserve	1,432,016
Contra Tracking Account	(1,062,509)
Net Position Restricted for Pension Benefits	**$ 4,429,216**

6. PENSION PLAN CONTRIBUTIONS

Funding Objective

The funding for retirement benefits comes from member contributions, employer contributions, and the earnings on investments held by the Plan. Contributions are made by members and employers at rates recommended by an independent actuary, approved by the Board, and adopted by the Board of

Supervisors. The funding objective of SBCERS is to establish member and employer contribution rates that will remain level over time as a percentage of payroll, unless plan benefit provisions or actuarial assumptions are changed.

Money-Weighted Rate of Return

For the fiscal year ending June 30, 2024, the annual money-weighted rate of return on Plan investments, net of Plan investment expense was 8.33%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Target Allocation and Long-term Expected Real Rate of Return

The long-term expected rate of return on pension plan investments of 7.00% was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Plan investment expense inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class, without consideration of inflation, are summarized in the following table below.

TARGET ALLOCATION AND LONG-TERM EXPECTED REAL RATE OF RETURN

As of June 30, 2024

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Broad US Equity	19.00%	4.00%
Dev’d Markets Non-US Equity	11.00%	5.75%
Emerging Markets Equity	7.00%	8.75%
Core Fixed Income	17.00%	1.50%
Custom Non-Core Fixed Income[1]	11.00%	4.23%
Custom Real Return	15.00%	4.15%
Custom Real Estate	10.00%	4.29%
Private Equity	10.00%	7.25%
Total	**100.00%**	

[1] *Private credit allocation included in Custom Non-Core Fixed Income.*

The investment rate of return assumption used for actuarial funding was 7.00% for the fiscal year ending June 30, 2024. The 7.00% is comprised of an assumed real rate of return of 4.25% and an inflation assumption of 2.75%.

Discount Rate

GASB Statement No. 67 (GASB 67) requires a determination that the Plan's fiduciary net position is projected to be sufficient to make projected benefit payments. The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Member Contribution Policy

Participating members are required by various CERL statutes to contribute a percentage of covered compensation based on certain actuarial assumptions and their age at entry into the Plan. Member contributions are based upon each individual member's age of entry into SBCERS, except for Plan 8 members who pay a fixed rate, regardless of age, that is equivalent to one half of the normal cost of the Plan and General Plan 2 members who do not make contributions. Member contributions cannot be withdrawn until separation from employment.

In 2018, the County's employee bargaining units agreed to negotiated terms that included non-Plan 8 employees assuming a share of employer contributions. The estimated impact of the cost sharing arrangements were to reduce the County's composite cost by 1.75% for the fiscal year ended June 30, 2024. Member rates increased by a slightly greater amount due to the refundable nature of member contributions. Cost sharing agreements did not apply to members of PEPRA plans.

Employer Contribution Policy

Employer contributions are adopted in accordance with §31453 and §31454 of the CERL. Actuarial funding is based on the Entry Age Normal Cost Method. Under this method, the employer contribution rate provides for current cost (normal cost) plus a level percentage of payroll to amortize the unfunded actuarial accrued liability (UAAL).

Contributions for the fiscal year ended June 30, 2024, were implemented using the June 30, 2022 actuarial valuation. For the June 30, 2021 valuation, plan assets were valued at the fair value of assets. New sources of UAAL due to actuarial gains and losses, assumption changes, or method changes are amortized over a closed 19-year period. The amortization payments are made as a percentage of payroll and have a five-year ramp up at the beginning of the amortization period, a four-year ramp down at the end of the period, and 10 years of level payments as a percentage of payroll between the ramping periods.

Contribution Rates

The following schedule summarizes the contribution rates in effect for the fiscal year ended June 30, 2024. Contribution rates are expressed as a percentage of covered payroll. The member contribution rates depicted below vary according to age at entry, benefit plan, and tier level.

Contributions made for the fiscal year ended June 30, 2024, were in accordance with actuarially determined contributions for the year. The actuarially determined employer contribution rate was 41.23% of payroll, 39.48% net of employee cost-sharing. The actuarially determined employee contribution rate was 7.75%. For the fiscal year ended June 30, 2024, covered payroll was $440.2 million.

MEMBER CONTRIBUTION RATES

Member Classification	*Plan Sponsor Rates*			*Member Rates*		
General Members	9.35%	-	39.72%	2.43%	-	12.25%
Safety Members	48.40%	-	70.17%	5.65%	-	19.71%
APCD Members	42.67%	-	48.37%	3.54%	-	12.91%

The rates above do not include employee cost-sharing contributions.

FISCAL YEAR CONTRIBUTIONS BY PLAN

Dollars in thousands

		2024
General Plan 2	Employer contributions	$ 69
General Plans 5, 7 & 8	Employer contributions	106,973
	Member contributions	25,640
Safety Plans 4, 6 & 8	Employer contributions	61,418
	Member contributions	15,752
APCD Plans 1, 2 & 8	Employer contributions	1,693
	Member contributions	239
Total		**$ 211,784**

FISCAL YEAR CONTRIBUTIONS BY PARTICIPATING EMPLOYER

Dollars in thousands

Employer Contributions	2024	
Santa Barbara County	$ 157,950	92.8 %
Santa Barbara County Superior Court	6,248	3.7 %
APCD	1,692	1.0 %
Special Districts	4,263	2.5 %
Total Employer Contributions	$ 170,153	100.0%
Member Contributions		
Santa Barbara County	$ 38,994	93.7 %
Santa Barbara County Superior Court	1,506	3.6 %
APCD	239	0.6 %
Special Districts	892	2.1 %
Total Member Contributions	$ 41,631	100.0%
Total Contributions	**$ 211,784**	

7. NET PENSION LIABILITY OF PARTICIPATING EMPLOYERS

Employers' Net Pension Liability

The net pension liability is measured as the total pension liability less the amount of the Plan's fiduciary net position. The net pension liability is an accounting measurement for financial statement reporting purposes. The components of the Plan's net pension liability on June 30, 2024, are presented on the following table:

SCHEDULE OF NET PENSION LIABILITY

Dollars in thousands

	June 30, 2024
Total Pension Liability	$ 5,101,040
Less: Fiduciary Net Position	(4,429,216)
Net Pension Liability	**$ 671,824**
Fiduciary Net Position as a Percentage of Total Pension Liability	86.83 %

Actuarial Assumptions

SUMMARY OF ACTUARIAL INFORMATION

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Individual Entry Age Method
Amortization Method	Level percentage of projected salaries of present and future members
Amortization Period	Effective with the June 30, 2013 valuation, the UAL as of June 30, 2013 is amortized over a closed 17-year period, except for the additional UAL attributable to the creation of Safety Plan 6, which is being amortized over a separate closed period (8 years as of June 30, 2020). Effective with the June 30, 2014 valuation, any new sources of UAL due to actuarial gains and losses, assumption changes, or method changes is amortized over a closed 19-year period, with a five-year ramp up period at the beginning of the period, a four- year ramp down at the end of period, and 10 years of level payments as a percentage of payroll. This method is a type of direct rate smoothing.
Asset Valuation Method	Fair Value of Assets
Summary of Valuation Assumptions [1]	
Investment Rate of Return	7.00%, net of investment expenses 2.75% for CPI (inflation) + 4.25% for real return
Projected Salary Increase	Variable percentage based on service and employment type (General/Safety)
Wage Inflation	3.00%
Cost-of-living Adjustments for Retirees	2.60% for General Plan 5, Safety Plans 4, 6 and 8, APCD Plans 1 and 2, and General Plan 8[2] for retires in current pay status and 2.9% for future retirees in these groups. 2.00% for General Plan 7, APCD Plan 8, and General Plan 8[2] 0.0% for General Plan 2
Mortality Rates	*Healthy lives:* Mortality rates for General active members are based on the sex distinct Public General 2010 Above-Median Income Employee Mortality Table, with generational mortality improvements projected from 2010 using 80% of Projection Scale MP-2020, without adjustment. Non-duty related mortality rates for Safety active members are based on the sex distinct Public Safety 2010 Above-Median Income Employee Mortality Table, with generational mortality improvements projected from 2010 using Projection Scale MP-2020, without adjustment. Safety active members are also subject to the 2021 CalPERS Preretirement Industrial Mortality Table for duty-related deaths, with generational improvement projected from 2017 using 80% of Projection Scale MP-2020. Mortality rates for healthy General annuitants are based on the sex distinct Public General 2010 Above-Median Income Retiree Mortality Table, with generational mortality improvements projected from 2010 using 80% of Projection Scale MP-2020. Mortality rates for Safety annuitants are based the sex distinct Public Safety 2010 Above-Median Income Retiree Mortality Table, with generational improvements projected from 2010 using 80% of Projection Scale MP-2020.

Mortality Rates (continued)	Disabled lives: Mortality rates for General disabled retirees are differentiated by type of disability retirement. a) General disabled retirees with duty disabilities are valued with mortality rates based on the 2021 CalPERS Industrial Disabled Annuitant Mortality Table, with generational improvements projected from 2017 using 80% of Projection Scale MP-2020. b) General disabled retirees with non-duty disabilities are valued with mortality rates based on the 2021 CalPERS Non-Industrial Disabled Annuitant Mortality Table, with generational improvements projected from 2017 using 80% of Projection Scale MP-2020. c) Mortality rates for General active members assumed to become disabled are valued using the previously stated aassumptions that 60% of General disabilities are service related (e.g. duty or industrial). The mortality rates used for this group are a blend of 60% of the table described in (a) above and 40% of the table described in (b) above, with generational improvements projected from 2017 using 80% of Projection Scale MP-2020. Mortality rates for Safety disabled retirees are based on 2021 CalPERS Industrial Disabled Annuitant Mortality Table, with generational improvements projected from 2017 using 80% of Projection Scale MP-2020.

[1] *Assumptions as of June 30, 2022*

[2]*General Plan 8 Cost-of-Living Adjustment is 2.60% if plan sponsor did not implement General Plan 7 prior to January 1, 2013. Otherwise, assume 2.00%.*

Sensitivity Analysis

The net pension liability is calculated using the discount rate. The following table presents the net pension liability change when a modification is applied to the current discount rate of 7.00%. The sensitivity schedule calculates what the net pension liability would be if it were calculated using a discount rate that is 1-percent point lower or 1-percent point higher than the current rate.

SCHEDULE OF NET PENSION LIABILITY SENSITIVITY

Dollars in thousands

	1% Decrease	Discount Rate	1% Increase
As of June 30, 2024	6.00%	7.00%	8.00%
Total Pension Liability	$ 5,796,440	$ 5,101,040	$ 4,530,113
Less: Fiduciary Net Position	(4,429,216)	(4,429,216)	(4,429,216)
Net Pension Liability	**$ 1,367,224**	**$ 671,824**	**$ 100,897**
Fiduciary Net Position as a Percentage of Total Pension Liability	76.41%	86.83%	97.77%

8. OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN

OPEB Plan Description

Plan administration

SBCERS administers an agent multiple-employer OPEB Plan that provides health care benefits for retired members and their eligible dependents. The OPEB Plan is funded by Santa Barbara County and participating employers (see box to right) and is administered in accordance with §401(h) of the Internal Revenue Code. It was established on September 16, 2008, by the County Board of Supervisors who created a 401(h) Medical Trust. Also in 2008, an application for determination and a voluntary compliance plan was submitted to the Internal Revenue Service (IRS), and in October 2013, the IRS acted favorably on the application. SBCERS and its participating employers currently operate under the Voluntary Compliance Plan Statement and regulations adopted in 2013.

OPEB Employers

- County of Santa Barbara
- Air Pollution Control District
- Santa Barbara County Superior Court
- Carpinteria Cemetery
- Goleta Cemetery
- Santa Maria Cemetery
- SBCAG
- Summerland Sanitary
- Carpinteria-Summerland Fire Protection District

Oak Hill Cemetery, Mosquito & Vector Management District, and Santa Barbara County Local Agency Formation Commission do not participate in the OPEB Plan.

Plan membership

On June 26, 2012, the County closed the OPEB Plan to new general employees, and on June 20, 2016, the OPEB Plan was closed to new County safety members. The OPEB Plan has been closed to all new entrants with membership dates in SBCERS on or after December 31, 2018. At June 30, 2024, 100% of eligible SBCERS' retirees participated in the OPEB program. The membership status demographics as of the June 30, 2023 valuation report are shown below:

Inactive plan members or beneficiaries currently receiving benefit payments	4,919
Inactive plan members entitled to but not yet receiving benefit payments	796
Active plan members/active employees	1,789
Total	**7,504**

OPEB Benefit Provisions

Benefits provided

SBCERS offers healthcare, vision, and dental benefits for retirees and their dependents. Benefits are provided by third party providers. The County negotiates the health care insurance contracts with the carriers covering both active and retired members. Retirees are offered the same health plans as active employees, as well as plans for retirees on Medicare. Retiree premiums are calculated by the County and its consultants.

SBCERS' retirees who elect to purchase employer qualified health plans are eligible to receive an explicit subsidy for medical premiums funded by the County and other employers. The monthly subsidy is $15 per year of service. If the monthly premium for the health plan selected is less than $15 times the member's years of service, the subsidy is limited to the entire premium. The health plans include coverage for eligible spouses and dependents. After the member's death, a beneficiary is eligible to continue health plan coverage. The subsidy benefit will be equal to $15 per year of service times the survivor continuation percentage applicable for pension benefits. If a member is eligible for a disability retirement benefit, the member can receive a monthly health plan subsidy of $187 or $15 per year of service, whichever is greater.

Retirees who choose not to participate in a employer qualified health plan receive a monthly benefit of $4 per year of service. This benefit, known as a Healthcare Reimbursement Arrangement, reimburses qualified health care expenses through a qualified health reimbursement account.

The table below is a summary of the actual benefits awarded and actual enrollees participating in the OPEB Plan as of June 30, 2024.

OPEB HEALTH CARE BENEFITS

Dollars in thousands

		Benefits	*Enrollees*
Health premium subsidy	$	6,837	1,457
Healthcare Reimbursement Arrangement		2,086	3,474
Total	**$**	**8,923**	**4,931**

OPEB Funding Policy - Contributions

All OPEB Employers Other than the County, Courts, and APCD

Through the fiscal year ended June 30, 2023, the OPEB Plan was funded on a pay-as-you-go basis by all employers with the exception of the County and APCD as explained below.

County of Santa Barbara

The County began increasing funding contributions beyond pay-as-you-go during the fiscal year ended June 30, 2014, when the County adopted a budget policy of increasing the contributions to the OPEB Plan by 0.25% of covered payroll per fiscal year. On March 1, 2016, the County adopted a resolution approving an OPEB (401(h) Account) Funding Policy. This policy provides for funding the OPEB Plan at 4% of Covered Payroll for the 401(a) Pension Plan (as opposed to the smaller covered payroll of the OPEB Plan). This funding policy was applicable beginning July 1, 2016.

Santa Barbara County Air Pollution Control District (APCD)

APCD has been advance funding the OPEB Plan since the calendar year 2009. The contributions made by APCD have exceeded the actuarially developed cost of the OPEB Plan for several years. Beginning in early 2021, APCD’s OPEB plan is fully funded and APCD has ceased contributions.

Santa Barbara County Superior Court

The Courts submitted a one-time prefunding contribution of $1.3 million as of June 30, 2017 but have no formal pre-funding policy.

OPEB Investments

Investment policy

SBCERS maintains the allocation of invested assets and implements a strategy that reduces risk through diversification of 60% Domestic Equity and 40% Fixed Income asset classes.

OPEB ASSET CLASS AND TARGET ALLOCATION

Asset Class	*Target Allocation*
Domestic Equity	60%
Core Fixed Income	40%
Total	100%

Money-Weighted Rate of Return

For the fiscal year ended June 30, 2024, the annual money-weighted rate of return on investments was 14.85%. Investment fees are presented in financial statements separately for informational purposes. The fees are allocated to the participating employers and included in the administrative expense reimbursement paid by employers. Therefore, the money-weighted rate of return that expresses investment performance is only adjusted for the changing amounts actually invested and not the fees paid.

Employers' Net OPEB Liability

The net OPEB liability is measured at the Total OPEB Liability (TOL) less the amount of the OPEB Plan's fiduciary net position. This net OPEB liability is an accounting measurement for financial statement reporting purposes as a result of GASB Statement No. 74. The measurements are based on the fair value of assets as of June 30, 2024 and the TOL as of the valuation date, June 30, 2023, updated to the measurement date, June 30, 2024. The components of the OPEB Plan's net OPEB liability on June 30, 2024, are in the schedule on the following table.

SCHEDULE OF NET OPEB LIABILITY

In thousands

	June 30, 2024
Total OPEB Liability (TOL)	$ 129,224
Less: Fiduciary Net Position	(74,381)
Net OPEB Liability	$ 54,843
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	57.56%

Fiduciary Net Position does not agree to Financial Statements due to recording of additional contribution to the OPEB Plan and has been corrected going forward.

OPEB Actuarial Valuation and GASB 74 Reporting

SBCERS' OPEB Plan's actuarial valuation was conducted by Cheiron, Inc. as of June 30, 2023 and performed in accordance with GASB Statements No. 74 and No. 75. Additionally, Cheiron Inc. issued a GASB 74/75 report as of June 30, 2024 for the OPEB Plan in accordance with GASB Statements No. 74 and No. 75. These two reports meet the requirements to satisfy financial statement reporting guidelines that apply to organizations that administer the OPEB plan. The OPEB valuation is generated annually; prior to 2016 it was performed bi-annually.

Actuarial Assumptions and Methods

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The assumptions and methodology for developing the Total OPEB Liability (TOL) as of June 30, 2024 were adjusted for discount rates and assumptions listed in the following section.

For details on the assumption used in the OPEB plan actuarial valuation, please refer to the experience study report, which was finalized on January 10, 2020, and can be found online at www.sbcers.org.

Based on recent plan experience, the plan type election assumption was broken into non-Medicare-eligible and Medicare-eligible components. The Medicare-eligible assumption did not change from that used in the prior valuation. For the non-Medicare-eligible assumption, we assumed that 40% of future retirees will select a monthly subsidy for employer health plan benefits of $15 per year of service, while 60% will select the $4 cash benefit option.

SUMMARY OF OPEB ACTUARIAL ASSUMPTIONS	
OPEB Valuation Date	June 30, 2023
OPEB Measurement Date	June 30, 2024
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Value
Amortization Cost	Beginning with the June 30, 2017 valuation report, the UAL is no longer being amortized. Instead, we have computed the payment that would be anticipated to be needed -the tread water amount-to prevent the UAL from increasing, if all assumptions are met. This payment is equal to the sum of the normal cost and the interest (calculated using the GASB 74/75 discount rate for each employer) on the UAL as of the valuation date. Beginning with the June 30,2019 valuation, an amount equal to the expected administrative expenses is also included in the tread water amount.
Economic Assumptions	
Expected Return on Trust Assets	7.00%
Payroll Growth Rate	3.00%
Per Person Cost Trends	N/A
Actuarial Valuation Assumptions	
Valuation Discount Rates	7.00%, Santa Barbara County, Courts, and APCD 3.54%, All others
Ultimate Rate of Medical Inflation	N/A
Post-Retirement Benefit Increases	None
Plan Election	*Non-Medicare-Eligible Retirees:* Assumed 40% of future retirees will select a monthly subsidy for employer health plan benefits of $15 per year of service, while 60% select the $4 cash benefit option. *Medicare-Eligible Retirees:* Assumed 40% of future retirees will select a monthly subsidy for employer health plan benefits of $15 per year of service, while 60% select the $4 cash benefit option.

The following assumptions are included in the Actuarial Section of this report:

- Retirement rates for active employees
- Retirement ages for terminated vested participants
- Rates of Termination
- Rates of Mortality
- Rates of Disability
- Family Composition

OPEB Sensitivity Analysis

The long-term expected return on OPEB Plan assets or discount rate used to measure the TOL was 7.00% as of June 30, 2024. The changes in the discount rate affect the measurement of the TOL in that a lower discount rate or expected rate of return will generate a higher TOL and a higher discount rate will produce a lower TOL. The effect on the TOL of a 1.0% increase or decrease in the discount rate is illustrated in the following chart.

SCHEDULE OF NET OPEB LIABILITY SENSITIVITY

Dollars in thousands

	1% Decrease 6.00%	Discount Rate 7.00%	1% Increase 8.00%
Total OPEB Liability	$ 142,339	$ 129,224	$ 118,067
Less: Plan Fiduciary Net Position	(74,381)	(74,381)	(74,381)
Net OPEB Liability	$ 87,490	$ 54,843	$ 43,686
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	52.26%	57.56%	63.00%

Fiduciary Net Position does not agree to Financial Statements due to recording of additional contribution to the OPEB Plan and has been corrected going forward.

Since the dollar amount of the benefits provided are not expected to increase and are below the current premiums for health benefits, no trend assumptions are used in calculating the OPEB liabilities.

9. ADMINISTRATIVE EXPENSE

The Board adopted an annual budget for the fiscal year ended June 30, 2024, that covers the administration expense of the System with the earnings of the retirement fund. Such expenditures are subject to limitations imposed by statute, California Government Code §31580.2. Using the actuarial accrued liability to calculate the statutory budget amount, the calculated limit for the fiscal year ended June 30, 2024 was $9.9 million.

SBCERS has been in compliance with the rules governing administrative expense in prior years. Total administrative expense for the fiscal year ended June 30, 2024 was $6.7 million, of which $5.6 million was subject to the limitation. Actuarial costs, investment expenses related to staff salaries & travel, along with computer technology expenses related to computer hardware, and technology consulting services in support of these computer products shall not be considered costs of administration of the retirement system for purposes of this code section.

Administrative expenses for OPEB are allocated back to the participating employers based on level of participation in the program. These administrative costs are billed to these employers and are therefore not paid for by the OPEB Plan.

SBCERS' ADMINISTRATIVE EXPENSE

Dollars in thousands

Expense Subject to Statutory Limitation		*2024*
Employee Salaries and Benefits (Non-Investment)	$	4,066
Legal Costs		372
Operating Expenses		680
Other Professional Services		490
Total Expense Subject to Statutory Limitation	*$*	*5,608*
Expense Not Subject to Statutory Limitation		
Actuarial Costs	$	157
Information Technology		558
Investment Team Salaries		343
Investment Travel	$	16
Total Expense Not Subject to Statutory Limitation	*$*	*1,074*
Total Pension Administrative Expense	**$**	**6,682**

10. COMMITMENTS AND CONTINGENCIES

In the normal course of business, denials of applications for benefits are appealed to the Superior Court. The outcome of these decisions will have no material impact on the financial status of SBCERS.

A petition for a writ of mandate was filed in the Santa Barbara Superior Court during the fiscal year ended June 30, 2023, seeking to set aside and vacate SBCERS Board of Retirement determinations that compensation earnable related to stand by pay be removed from the calculation of retirement benefits for several SBCERS members. SBCERS determinations regarding compensation earnable for these members were made pursuant to 2020 California State Supreme Court ruling in Alameda County Sheriffs' Assoc. v. Alameda County Retirement Assoc. (the "Alameda Decision").

11. SUBSEQUENT EVENTS

SBCERS will be reclassifying the property at 130 Robin Hill Road, Goleta, CA 93117 from an investment asset at the Bank of New York Mellon to a depreciable asset on the face of the financial statements beginning January 1, 2025.

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION – PENSION

CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Dollars in thousands

	Fiscal Year Ended June 30, [1] 2024	2023	2022	2021	2020
Total Pension Liability					
Service cost	$ 92,106	$ 88,053	$ 87,648	$ 74,649	$ 82,913
Interest (includes interest on service cost)	337,102	325,284	308,021	294,308	279,193
Differences between expected & actual experience	30,019	(4,165)	(2,204)	30,957	39,325
Changes of assumptions[2]	—	76,453	—	19,125	(7,455)
Benefit payments, including refunds of member contributions	(253,056)	(231,956)	(215,316)	(205,659)	(195,647)
Net change in total pension liability	*$ 206,171*	*$ 253,669*	*$ 178,149*	*$ 213,380*	*$ 198,329*
Total pension liability - beginning	**4,894,869**	**4,641,200**	**4,463,051**	**4,249,671**	**4,051,342**
Total pension liability - ending	**$ 5,101,040**	**$ 4,894,869**	**$ 4,641,200**	**$ 4,463,051**	**$ 4,249,671**
Plan fiduciary net position					
Contributions - employer	$ 170,153	$ 157,307	$ 161,388	$ 150,093	$ 141,585
Contributions - member	41,631	38,522	36,564	35,520	31,618
Net investment income	345,081	277,784	(70,530)	822,708	24,765
Benefit payments, including refunds of member contributions	(253,057)	(231,956)	(215,316)	(205,659)	(195,647)
Administrative expense	(6,682)	(6,410)	(6,162)	(5,695)	(6,523)
Net change in plan fiduciary net position	$ 297,126	$ 235,247	$ (94,056)	$ 796,967	$ (4,202)
Plan fiduciary net position - beginning[3]	**4,132,090**	**3,896,843**	**3,990,899**	**3,193,932**	**3,198,134**
Plan fiduciary net position - ending	**$ 4,429,216**	**$ 4,132,090**	**$ 3,896,843**	**$ 3,990,899**	**$ 3,193,932**
Net pension liability[4]	**$ 671,824**	**$ 762,779**	**$ 744,357**	**$ 472,152**	**$ 1,055,739**
Plan fiduciary net position as a percentage of the total pension liability	86.83%	84.42%	83.96%	89.42%	75.16%
Covered payrolls[5]	$ 440,152	$ 412,151	$ 395,157	$ 387,644	$ 373,129
Net pension liability as a percentage of covered payroll	152.63%	185.07%	188.37%	121.80%	282.94%

	2019	2018	2017	2016	2015
Total Pension Liability					
Service cost	$ 76,925	$ 77,632	$ 77,134	$ 71,218	$ 70,056
Interest (includes interest on service cost)	267,008	256,694	250,124	241,734	231,804
Differences between expected & actual experience	23,497	(10,744)	(42,043)	(31,199)	(27,901)
Changes of assumptions[1]	—	(29,739)	215,838	—	—
Benefit payments, including refunds of member contributions	(182,256)	(169,751)	(154,229)	(146,658)	(137,771)
Net change in total pension liability	*$ 185,174*	*$ 124,092*	*$ 346,824*	*$ 135,095*	*$ 136,188*
Total pension liability - beginning	**3,866,168**	**3,742,076**	**3,395,252**	**3,260,157**	**3,123,969**
Total pension liability - ending	**$ 4,051,342**	**$ 3,866,168**	**$ 3,742,076**	**$ 3,395,252**	**$ 3,260,157**
Plan fiduciary net position					
Contributions - employer	$ 133,707	$ 131,374	$ 121,991	$ 122,748	$ 123,612
Contributions - member	26,605	22,534	20,320	18,312	16,622
Net investment income	224,843	223,315	264,011	32,801	20,840
Benefit payments, including refunds of member contributions	(182,256)	(169,751)	(154,229)	(146,658)	(137,771)
Administrative expense	(6,784)	(6,351)	(5,734)	(5,193)	(4,404)
Net change in plan fiduciary net position	$ 196,115	$ 201,121	$ 246,359	$ 22,010	$ 18,899
Plan fiduciary net position - beginning[2]	**3,002,019**	**2,800,898**	**2,554,539**	**2,532,529**	**2,513,630**
Plan fiduciary net position - ending	**$ 3,198,134**	**$ 3,002,019**	**$ 2,800,898**	**$ 2,554,539**	**$ 2,532,529**
Net pension liability[3]	**$ 853,208**	**$ 864,149**	**$ 941,178**	**$ 840,713**	**$ 727,628**
Plan fiduciary net position as a percentage of the total pension liability	78.94%	77.65%	74.85%	75.24%	77.68%
Covered payroll[4]	$ 355,417	$ 344,512	$ 341,098	$ 328,935	$ 319,547
Net pension liability as a percentage of covered payroll	240.06%	250.83%	275.93%	255.59%	227.71%

[1] *In 2018, amounts reported as changes in assumptions resulted from a change in the assumed benefit payment timing.*
[2] *June 30, 2017 assets have been restated for consistency with the June 30, 2018 ACFR, which were $409 thousand less than reported in the June 30, 2017*
[3] *Amounts may differ from June 30, 2019 GASB 67/68 Report due to rounding.*
[4] *Covered payroll represents payroll in which contributions to the pension plan are based.*

EMPLOYER PENSION CONTRIBUTION HISTORY

Dollars in thousands

	2024	2023	2022	2021	2020
Actuarially Determined Contribution	$ 170,153	$ 157,307	$ 161,388	$ 150,093	$ 141,585
Contributions in Relation to the Actuarially Determined Contribution	170,153	157,307	161,388	150,093	141,585
Contribution Deficiency/(Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll[1]	$ 440,152	$ 412,151	$ 395,157	$ 387,644	$ 373,129
Contributions as a Percentage of Covered Payroll	38.66%	38.17%	40.84%	38.72%	37.95%

	2019	2018	2017	2016	2015
Actuarially Determined Contribution	$ 133,708	$ 131,374	$ 121,991	$ 122,748	$ 123,612
Contributions in Relation to the Actuarially Determined Contribution	133,708	131,374	121,991	122,748	123,612
contribution Deficiency/(Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll[1]	$ 355,417	$ 344,512	$ 341,098	$ 328,935	$ 319,547
Contributions as a Percentage of Covered Payroll	37.62%	38.13%	35.76%	37.32%	38.68%

Schedule includes data for the last ten fiscal years.

[1] *Covered Payroll was based on actual payroll provided by SBCERS for FYE 2015 and after. In years prior to FYE 2015, payroll was based on payroll reported in the actuarial valuation data.*

MONEY-WEIGHTED RATE OF RETURN – PENSION

	For the fiscal year ended June 30,				
	2024	2023	2022	2021	2020
Annual Money-Weighted Rate of Return, Net of Investment Expenses	8.33%	7.11%	0.28%	25.20%	-0.10%

	2019	2018	2017	2016	2015
Annual Money-Weighted Rate of Return, Net of Investment Expenses	7.74%	7.80%	10.49%	1.38%	0.42%

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION SCHEDULES

Key Methods and Assumptions Used to Determine Contribution Rates

Valuation Date Used for Contributions	June 30, 2022
Timing	Actuarially determined contribution rates are calculated based on the actuarial valuation one year prior to the beginning of the plan year.
Actuarial cost method	Entry Age
Asset valuation method	Market Value
Amortization method	As of the June 30, 2013 valuation, the unfunded actuarial liability was amortized over a closed 17-year period as a level percentage of payroll, except for the Safety Plan 6 liability, which is amortized over a separate closed period (six years as of 2022). Effective with the June 30, 2014 valuation, any additional sources of UAL due to actuarial gains and losses, assumption changes, or method changes are amortized over a closed 19-year period, with five-year ramp up period at the beginning of the period, a four-year ramp down at the end of the period, and 10 years of level payments as a percentage of payroll.
Discount rate	7.00%, net of investment expenses
Amortization growth rate	3.00%
Price inflation	2.75%
Salary increases	3.00% plus merit component based on employee classification and years of service.
Mortality	Sex distinct Public 2010 General Above-Median Income and sex distinct Public Safety 2010 Healthy Annuity Mortality Tables, with generational mortality improvements projected from 2010 using 80% of the Projections Scale MP-2020, without adjustment.

REQUIRED SUPPLEMENTARY INFORMATION – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

MONEY-WEIGHTED RATE OF RETURN – OPEB

	For the fiscal year ended June 30,				
	2024	*2023*	*2022*	*2021*	*2020*
Annual Money-Weighted Rate of Return, Net of Investment Expenses	14.85%	10.72%	-12.40%	25.55%	7.42%
	2019	*2018*	*2017*	*2016*	*2015*
Annual Money-Weighted Rate of Return, Net of Investment Expenses	8.57%	8.07%	10.61%	*N/A*	*N/A*

Schedule is intended to show information for ten years. Fiscal year 2017 was the first year of implementation. Additional information will be displayed as it becomes available.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – OPEB

The information presented in the required supplementary schedule was determined as part of the actuarial valuation dated June 30, 2023. Additional information as of the latest actuarial valuation follows. The OPEB actuarial valuation is produced on an annual basis beginning in 2016.

Valuation date	June 30, 2023
Actuarial cost method	Entry Age Normal
Asset valuation method	Fair Value
Actuarial Assumptions	
Payroll growth rate	3.00%
Discount rate	7.00% for County of Santa Barbara, Courts, and APCD, 3.65% for all others
Ultimate rate of medical inflation	N/A
Funding	
County of Santa Barbara	4.00% of total pension plan payroll
APCD	Pre-fund 401(h) up to IRS 25% limit
All others	Pay-as-you-go
Mortality	*Healthy Lives:* *Mortality rates for General active members are based on the sex distinct Public General 2010 Above-Median Income Employee Mortality Table, with generational mortality improvements projected from 2010 using 80% of Projection Scale MP-2020, without adjustment.* *Non-duty related mortality rates for Safety active members are based on the sex distinct Public Safety 2010 Above-Median Income Employee Mortality Table, with generational mortality improvements projected from 2010 using 80% of Projection Scale MP-2020, without adjustment.* *Safety active members are also subject to the 2021 CalPERS Preretirement Industrial Mortality Table for duty-related deaths, with generational improvements projected from 2017 using 80% of Projection Scale MP-2020.* *Mortality rates for healthy General annuitants are based on the sex distinct Public General 2010 Above-Median Income Retiree Mortality Table, with generational mortality improvements projected from 2010 using 80% of Projection Scale MP-2020.* *Mortality rates for Safety annuitants are based the sex distinct Public Safety 2010 Above Median Income Retiree Mortality Table, with generational improvements projected from 2010 using 80% of Projection Scale MP-2020.* *Disabled Lives:* *Mortality rates for General disabled retirees are differentiated by type of disability retirement.* *a) General disabled retirees with duty disabilities are valued with mortality rates based on the 2021 CalPERS Industrial Disabled Annuitant Mortality Table, with generational improvements projected from 2017 using 80% of Projection Scale MP-2020.* *b) General disabled retirees with non-duty disabilities are valued with mortality rates based on the 2021 CalPERS Non-Industrial Disabled Annuitant Mortality Table, with generational improvements projected from 2017 using 80% of Projection Scale MP-2020.* *c) Mortality rates for General active members assumed to become disabled are valued using the previously stated assumption that 60% of General disabilities are service related (e.g., duty or industrial). The mortality rates used for this group are a blend of 60% of the table described in (a) above and 40% of the table described in (b) above, with generational improvements projected from 2017 using 80% of Projection Scale MP-2020.* *Mortality rates for Safety disabled retirees are based on 2021 CalPERS Industrial Disabled Annuitant Mortality Table, with generational improvements projected from 2017 using 80% of Projection Scale MP-2020.*

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OTHER SUPPLEMENTARY INFORMATION

SCHEDULE OF ADMINISTRATION EXPENSE – PENSION

Dollars in thousands

		2024
Personnel Services		
Salaries and Employee Benefits	$	4,409
Total Personnel Services	**$**	**4,409**
Professional Services		
Actuarial Costs	$	157
Legal Costs		371
Computer Software Services and Support		532
County Cost Allocation		27
Disability Fees		92
External Audit Fees		55
Other Professional Services		317
Total Professional Services	**$**	**1,551**
Communication		
Postage	$	59
Telecommunication		36
Training		16
Transportation and Travel		143
Total Communication	**$**	**254**
Rents / Leases / Structures		
Rents/Leases/Structure	$	287
Building Maintenance		16
Total Rents / Leases / Structures	**$**	**303**
Miscellaneous		
Computer Equipment and Supplies	$	25
Other Office Expenses		130
Insurance		10
Total Miscellaneous	**$**	**165**
Total Administrative Expense	**$**	**6,682**

SCHEDULE OF PENSION INVESTMENT EXPENSE

Dollars in thousands

		2024
Investment Activity		
Stock Managers		
Domestic	$	483
International		2,392
Bond Managers		
Domestic		1,095
International		653
Private Credit		266
Private Equity		3,479
Real Assets		4,588
Real Estate		897
Total from Investment Activity	**$**	**13,853**
Other Investment Expense		
Investment Consultants	$	1,476
Custodian		336
Total Other Investment Expense	**$**	**1,812**
Total Investment Activity and Other Investment Expense	**$**	**15,665**

SCHEDULE OF CONSULTANT PAYMENTS – PENSION

Dollars in thousands

		2024
Payments to Consultants		
Actuarial Services	$	157
Audit Services		55
Legal Services		371
Total Payments to Consultants	**$**	**583**

The expenses above are part of deductions from the Basic Financial Statements.

Consultant payments for the OPEB plan are included in the above schedule.

OTHER SUPPLEMENTARY INFORMATION –

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHEDULE OF ADMINISTRATION EXPENSE- OPEB

Dollars in thousands

	2024
Salaries and Employee Benefits	$ 194
Professional Services	117
HRA Administrative Fees	205
Fund Transfers	—
Total Administrative Expense	**$ 516**

INVESTMENT

RVK

Memorandum

To	Santa Barbara County Employees' Retirement System Board
From	RVK, Inc.
Subject	2024 Annual Comprehensive Financial Report ("ACFR")
Date	November 1, 2024

Dear Board Members:

This letter serves to provide an overview of the capital markets and the Santa Barbara County Employees' Retirement System ("System") portfolio's positioning for the fiscal year ended June 30, 2024.

Economic Overview

The 2024 fiscal year (July 1, 2023, to June 30, 2024) was characterized by a resilient U.S. economy. Global central banks and policymakers continued to focus on the balance between maintaining downward pressure on inflation and avoiding significant disruption to economic growth. Economic forecasts were impacted by rising uncertainty regarding the timing of future monetary policy changes and elevated geopolitical tensions. The June outlook released by the World Bank forecasted global GDP growth of 2.6% in 2024 and 2.7% in 2025. The U.S. labor market remained strong, ending the fiscal year with an unemployment rate of 4.1%.

The Federal Open Market Committee ("FOMC") raised interest rates by 0.25% in July 2023 and then maintained the target range of 5.25-5.50% for the remainder of the fiscal year. Inflationary conditions stabilized as the headline Consumer Price Index was 3.0% year-over-year as of June 30, 2024. The FOMC indicated that "greater confidence" was necessary regarding the downward path of inflation prior to considering major policy changes.

Capital Markets Overview

Global equity markets, as measured by the MSCI All Country World Index, returned 19.4% during the fiscal year ended June 30, 2024. U.S. equities outperformed their non-U.S. counterparts, returning 23.1% as measured by the Russell 3000 Index. Developed non-U.S. equity markets, as measured by the MSCI Europe Asia Far East (EAFE) Index, finished with a return of 11.5%, while emerging markets returned 12.5%, as measured by the MSCI Emerging Markets Index. All capitalizations and styles across U.S. and non-U.S. equity markets posted gains.

The fixed income market experienced volatility due to uncertainty regarding rate cuts and inflation data. The Bloomberg US Aggregate Bond Index posted two positive and two negative quarters for a return of 2.6% for the fiscal year ended June 30, 2024. The yield spread between two- and ten-year Treasuries remained negative, marking a record duration of twenty-four months since the start of the yield curve inversion. The Bloomberg Global Aggregate Bond Index, representing the global bond market, returned 0.9%.

Plan Updates and Positioning

The market value of the System's investments increased by $313.05 million from $4.07 billion to $4.38 billion for the year ended June 30, 2024. The System's current actuarial assumed rate of return is 7.0%, which represents the System's long-term return objective. The System's overall investment return over the past year was 8.7% and the three-year annualized return was 5.3%. The five-year annualized return for the System was 7.9% and the ten-year annualized return was 6.7%[i].

At the end of the System's 2024 fiscal year, all asset classes were within their policy-prescribed target ranges. Subsequent to an annual review of the asset allocation, the Board did not make any changes to the asset allocation.

The Board, Staff, and RVK initiated a Request for Proposal ("RFP") for Global Custody, Accounting & Performance Services for SBCERS. RFP activities began with issuance of the RFP in January 2024, and ended in May 2024. The Board ultimately decided to retain BNY Mellon as SBCERS' custodian.

During the third quarter of the fiscal year, the Board, Staff, and RVK conducted a review of SBCERS' US Equity structure including an evaluation of the current manager lineup focusing on diversification, risk characteristics, performance, and fees. As a result of the review, the Board decided to terminate Rice Hall James and transition their assets along with those held in the DFA Small Cap Value mandate to a single DFA Small Cap Core mandate.

During the fourth quarter of the fiscal year, the Board, Staff, and RVK conducted a review of SBCERS' Real Return portfolio. The Board adopted a long-term target of 75% private assets and 25% public assets for the overall Real Return structure. The Board also approved issuing an Invitation-to-Bid manager search to evaluate institutional-quality Diversified Inflation Strategy mandates to serve within the public assets portion of the Real Return portfolio.

Also, in the fourth quarter of fiscal year 2024, the Board reviewed the strategic goals for SBCERS' Private Credit program and an updated pacing study to determine the annual commitment volume required to reach and maintain the desired target allocation. During the fiscal year, the Board made two $25M Private Credit commitments, and one $27.5M Private Credit commitment.

The System's investment policies, goals, and objectives, as well as the performance of its assets and transaction costs are regularly monitored by the Board and RVK. These evaluations include analysis of the investment management firms and the custodial bank that serve the System.

The System's publicly traded assets managed through separate accounts are held in custody at BNY Mellon Global Securities Services ("BNY Mellon")[ii]. Market values and returns referenced above are based on statements prepared by BNY Mellon. Investment performance is calculated using a time-weighted rate of return methodology (net of fees) based upon market values and cash flows.

We look forward to continuing to work with the Board and Staff to monitor, review, and best position the System's portfolio to meet its long-term goals and objective.

Sincerely,

Becky Gratsinger
Chief Executive Officer
RVK, Inc.

[1] Client specific returns are shown net of fees.
[2] RVK has taken reasonable care to ensure the accuracy of the information or data but makes no warranties and disclaims responsibility for the inaccuracy or incompleteness of information or data provided or for methodologies employed by BNY Mellon.

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INVESTMENT POLICIES

External investment management firms manage Santa Barbara County Employees' Retirement System (SBCERS or the System) investment assets. Professional investment consultants, along with staff, closely monitor the activity of these managers and assist the Board of Retirement (the Board) with the implementation of investment policies and long-term investment strategies.

The Board, having sole and exclusive authority and fiduciary responsibility for the investment and administration of the System, has adopted an investment policy which covers various investment types. This document reflects the Board's policies for management of the System's investments.

The Board recognizes that a prudent, well-articulated investment policy is crucial to the long-term success of the System. As such, the Board has developed these investment policies with the following goals in mind:

- To clearly and explicitly establish the objectives and parameters that govern the investment of the System's assets.
- To establish a target asset allocation designed to satisfy the System's long-term objective of funding the benefits promised to members and beneficiaries.
- To establish the guidelines by which the Board will delegate a portion of its authority over investment of the assets of the System to consultants, managers, and partners, and will monitor their performance to assure compliance with the investment policy.

The following general investment goals broadly articulate the philosophy by which the Board will manage the assets of the System in accordance with the law.

- The Board seeks to achieve a return on investment relative to acceptable levels of liquidity and investment risk that are prudent and reasonable, given capital market conditions from time to time. While the Board recognizes the importance of the preservation of capital, it also acknowledges the theory of capital market pricing which maintains that varying degrees of investment risk should be rewarded with compensating returns. Consequently, prudent risk-taking is appropriate.
- The Board's investment policies and practice shall at all times comply with all applicable state and federal laws and regulations.

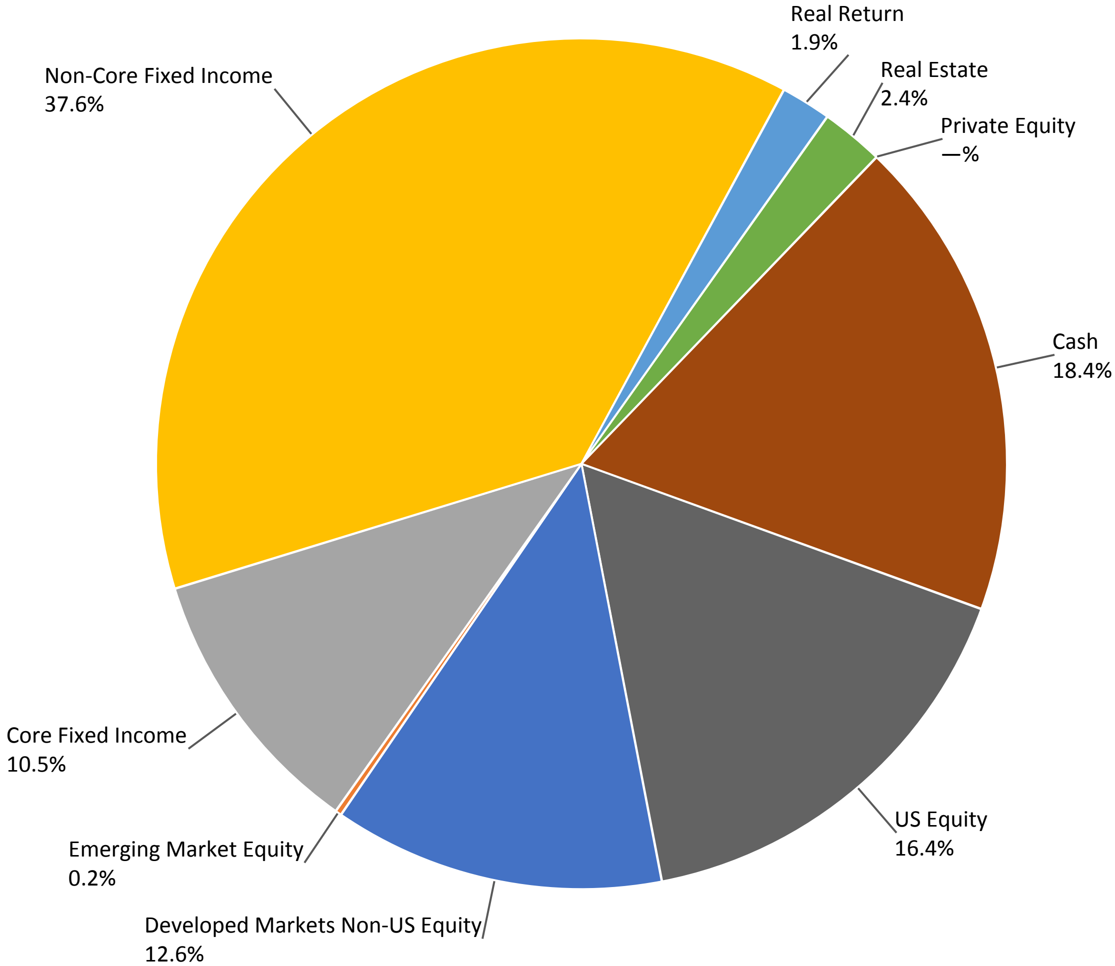
The Board's investment strategy is designed to ensure the prudent and diversified investment of assets in such a manner as to provide real growth of assets over time while protecting the value of such assets from undue risk of loss, at the minimum possible cost, and without sacrificing return.

INVESTMENT SUMMARY – PENSION

Dollars in thousands

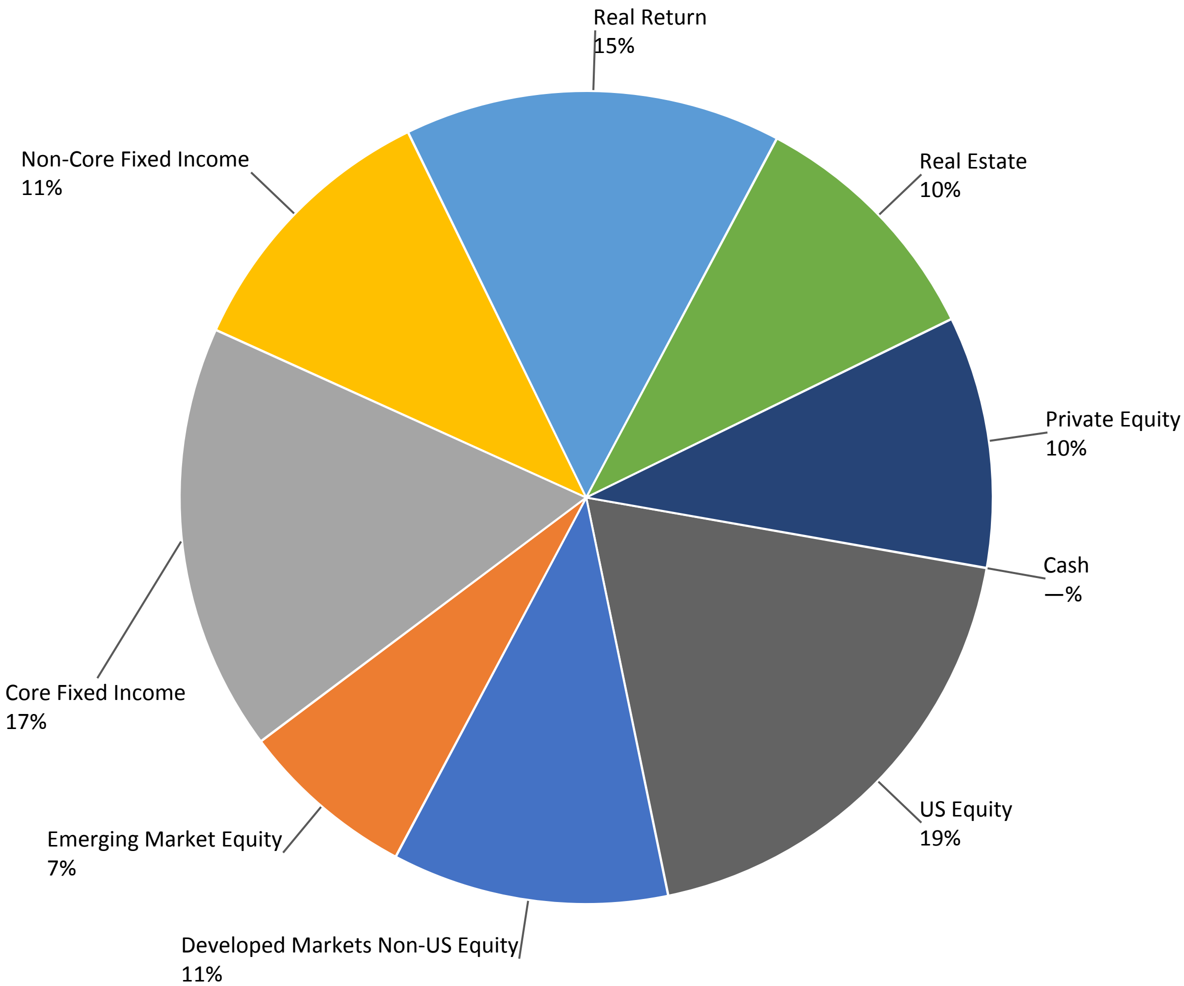
		Fair Value June 30, 2024	Percent of Total Fair Value
Cash and Short-Term Investments			
Treasurer's Cash	$	37,656	0.85%
Short-Term Investments		49,186	1.11%
Total Cash and Short-Term Investments	$	86,842	1.96%
Fixed Income			
Core Fixed Income	$	619,248	13.95%
Non-Core Fixed Income		255,719	5.76%
Total Fixed Income	$	874,967	19.71%
Equity			
US Equity	$	838,168	18.88%
Developed Markets Non-US Equity		461,402	10.39%
Emerging Market Equity		293,851	6.62%
Total Equity	$	1,593,421	35.89%
Alternatives			
Private Equity	$	585,283	13.18%
Private Credit		177,424	4.00%
Private Real Estate		465,665	10.49%
Real Return		639,963	14.42%
Total Alternatives	$	1,868,335	42.09%
Total Pension Cash & Investments	**$**	**4,423,565**	**99.65%**
Collateral Held for Securities Lending	$	15,668	0.35%
Grand Total	**$**	**4,439,233**	**100.00%**

ACTUAL ASSET ALLOCATION



Allocations may differ slightly from Investment Summary on previous page due to securities, collateral, and short-term investments.

TARGET ASSET ALLOCATION



INVESTMENT RESULTS BASED ON FAIR VALUE

As of June 30, 2024

		Annualized	
Investments	*Current Year*	*3- year*	*5-year*
U.S. Equity	20.34%	8.18%	13.68%
Russell 3000 Benchmark	23.12%	8.05%	14.14%
Developed Markets Non-U.S. Equity	14.83%	3.66%	6.38%
MSCI EAFE	11.54%	2.89%	6.46%
Emerging Markets Equity	13.19%	0.77%	4.88%
MSCI Emerging Markets	12.55%	-5.07%	3.10%
Core Fixed Income Composite	2.89%	-2.75%	0.16%
Bloomberg US Agg Bond Index	2.63%	-3.02%	-0.23%
Non-Core Fixed Income Composite	8.61%	3.88%	3.97%
Custom Non-Core Fixed Income Benchmark	9.53%	3.12%	3.81%
Real Return Composite	9.02%	9.39%	8.46%
Consumer Price Index+4%	7.09%	9.16%	8.34%
Real Estate Composite	-4.78%	9.27%	8.61%
NCREIF ODCE - Index (AWA) (Net) (1-Quarter Lagged)	-12.00%	2.47%	2.56%
Private Equity Composite	4.98%	10.27%	15.65%
Russel 3000 Index+3% (1 Qtr Lag)	33.17%	13.07%	17.77%
Cash	5.48%	3.16%	2.18%
Total Fund	***8.73%***	***5.30%***	***7.87%***
SBCERS Policy Benchmark	11.01%	4.68%	7.76%

Calculations were prepared using a time-weighted rate of return based on the market rote of return in accordance with Global Investment Performance Standards (GIPs). Returns shown are net of fees.

SCHEDULE OF TOP TEN EQUITY SECURITIES

As of June 30, 2024

Shares	*Security Name*	*Description*		*Fair Value*
49,034	MICROSOFT CORP	*SOFTWARE*	$	21,915,746
98,753	APPLE INC	*COMPUTERS*		20,799,357
98,222	AMAZON.COM INC	*INTERNET*		18,981,402
376,227	CNA FINANCIAL CORP	*INSURANCE*		17,332,778
103,316	NOVO NORDISK A/S	*PHARMACEUTICALS*		14,931,242
114,268	NVIDIA CORP	*SEMICONDUCTORS*		14,116,669
9,087	ASML HOLDING NV	*SEMICONDUCTORS*		9,390,336
312,593	UBS GROUP AG	*BANKS*		9,201,074
497,021	BAE SYSTEMS PLC	*DEFENSE - UK*		8,293,352
47,861	AIR LIQUIDE SA	*CHEMICALS*		8,272,862

SCHEDULE OF TOP TEN BOND HOLDINGS

As of June 30, 2024

Par	*Security Name*		*Fair Value*
41,525,000	U S TREASURY NOTE 1.875% 02/15/2032 DD 02/15/22	$	34,915,051
40,390,000	U S TREASURY NOTE 1.125% 02/15/2031 DD 02/15/21		33,067,697
34,545,000	U S TREASURY NOTE 3.500% 02/15/2033 DD 02/15/23		32,436,028
20,640,000	U S TREASURY BOND 3.750% 08/15/2041 DD 08/15/11		18,717,178
25,065,000	U S TREASURY BOND 2.500% 02/15/2045 DD 02/15/15		17,969,349
14,468,790	FNMA POOL #0FS1507 3.000% 02/01/2052 DD 04/01/22		12,331,171
13,172,974	FHLMC POOL #SC-0317 2.000% 08/01/2042 DD 10/01/22		11,036,054
14,850,000	U S TREASURY BOND 2.500% 05/15/2046 DD 05/15/16		10,493,010
11,049,633	FNMA POOL #0MA4783 4.000% 09/01/2052 DD 09/01/22		10,129,419
10,966,403	FNMA POOL #0MA4804 4.000% 10/01/2052 DD 10/01/22		10,058,604

A complete list of portfolio information is available upon request.

LIST OF INVESTMENT MANAGERS

EQUITY

U.S. Equity
- Dimensional Fund Advisors
- BNY Mellon

Developed Markets Non-U.S. Equity
- Artisan Partners
- PanAgora
- Acadian

Emerging Markets Equity
- Dimensional Fund Advisors
- RBC Global Asset Management

FIXED INCOME

Core Fixed Income
- Garcia Hamilton
- PGIM

Non-Core Fixed Income
- Wellington
- Beach Point

ALTERNATIVES

Public Real Return
- BNY Mellon
- Cohen and Steers
- Nuveen

Private Real Return Consultant
- Hamilton Lane, LLC

Private Equity Consultant
- Hamilton Lane, LLC

Private Real Estate Consultant
- Hamilton Lane, LLC

Private Credit
- Angelo Gordon
- First Eagle
- PIMCO
- Deerpath
- Ares
- KKR
- Marathon
- Pantheon

SCHEDULE OF PROFESSIONAL FEES AND SERVICES – PENSION

Dollars in thousands

	Assets *Under Management*	*Fees* [1]	*Basis Points*
Investment Managers			
Bond Managers	$ 874,967	$ 1,748	3.95
Equity Managers	$ 1,593,421	$ 2,875	6.50
Real Assets	$ 639,963	$ 4,588	10.37
Real Estate	$ 465,665	$ 897	2.03
Short Term Investments	$ 49,186	$ —	—
Private Credit	$ 177,424	$ 266	0.60
Private Equity	$ 585,283	$ 3,479	7.86
Total Investment Managers	$ 4,385,909	$ 13,853	31.31
Other			
Cash	$ 37,656	$ —	—
Custodian Fees	—	336	0.76
Investment Consultant Fees	—	1,476	3.34
Total Other	$ 37,656	$ 1,812	4.10
Total Professional Fees and Services	**$ 4,423,565**	**$ 15,665**	**35.41**

[1] *Some fees are netted directly against assets under management The difference in expenses from investing activities in the Statement of Changes in Fiduciary Net Position is due to the inclusion of incentive fees and carried interest.*

Classic Values, Innovative Advice

Via Electronic Mail

November 12, 2024

Actuarial Certification

This is the Actuary's Certification Letter for the Actuarial Section of the Annual Comprehensive Financial Report (ACFR) for the Santa Barbara County Employees' Retirement System (the Plan) as of June 30, 2024. This letter includes references to four documents produced by Cheiron for the Plan: the Actuarial Valuation Report as of June 30, 2023 (transmitted December 5, 2023), the Governmental Accounting Standards Board (GASB) 67/68 Report as of June 30, 2024 (transmitted October 8, 2024), the Other Post-Employment Benefits (OPEB) Actuarial Valuation Report as of June 30, 2023 (transmitted January 18, 2024), and the Governmental Accounting Standards Board (GASB) 74/75 Report as of June 30, 2024 (transmitted November 12, 2024).

Actuarial Valuation Report as of June 30, 2023

The purpose of the annual Actuarial Valuation Report as of June 30, 2023 is to determine the actuarial funding status of the Plan on that date and to calculate recommended contribution rates for the participating employers and Plan members for the Fiscal Year 2024-2025. The prior review was conducted as of June 30, 2022 and included recommended contribution rates for the Fiscal Year 2023-2024.

Actuarial funding is based on the Entry Age Normal Cost Method. Under this method, the employer contribution rate provides for current cost (normal cost and expected administrative expenses) plus a contribution to amortize the Unfunded Actuarial Liability (UAL). Effective with the June 30, 2013 valuation, the remaining UAL was amortized over a closed 17-year period with level payments as a percentage of payroll. Effective with the June 30, 2014 valuation, any new sources of UAL due to actuarial gains and losses, assumption changes, or method changes are amortized over a closed 19-year period, with a five-year ramp up and four-year ramp down of the amortization payment at the beginning and end of the amortization period and 10 years of level payments as a percentage of payroll between the ramping periods.

The Actuarial Value of Assets is the Market Value of Assets for valuation purposes. These amortization and funding policies in conjunction are a type of policy known as direct rate smoothing. The funding objective of the Plan is to accumulate sufficient assets over each Member's working life to provide for Plan benefits after termination of employment or retirement. The Board of Retirement is responsible for establishing and maintaining the funding policy of the Plan.

We prepared the following schedules, which we understand will be used in the Actuarial Section of the ACFR, based on the June 30, 2023 actuarial valuation:

- Statement of Current Actuarial Assumptions and Methods
- Change in Unfunded Actuarial Liability (Actuarial Analysis of Financial Experience)
- Schedule of Funded Liabilities by Type
- Schedule of Funding Progress
- Summary of Plan Provisions

The following schedules are based on the June 30, 2024 actuarial valuation data:

- Schedule of Active Member Valuation Data
- Schedule of Retirees and Beneficiaries Added to and Removed from Retirement Payroll

The assumptions used in this report reflect the results of an experience study performed by Cheiron covering the period from July 1, 2019 through June 30, 2022, and adopted by the Board on December 7, 2022. The assumptions used in the most recent valuation are intended to produce results that, in the aggregate, reasonably approximate the anticipated future experience of the Plan. The next experience analysis will cover the years through 2025.

This actuarial valuation report and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. In particular, the assumptions and methods used for funding purposes meet the requirements of the Actuarial Standards of Practice, in particular Standards No. 4, 27, 35, and 44.

GASB 67/68 Report as of June 30, 2024

The purpose of GASB 67/68 Report as of June 30, 2024 is to provide accounting and financial reporting information under GASB 67 for the Plan and under GASB 68 for the County of Santa Barbara and other participating employers. This report is not appropriate for other purposes, including the measurement of funding requirements for the Plan.

For financial reporting purposes, the Total Pension Liability (TPL) at the end of the measurement year, June 30, 2024 is measured as of a valuation date of June 30, 2023 and projected to June 30, 2024. The update procedures included the addition of service cost and interest cost, offset by actual benefit payments.

The June 30, 2024 Total Pension Liability presented in the GASB 67/68 Report was based upon the same data, plan provisions, actuarial methods, and assumptions as were used in the actuarial valuation report as of June 30, 2023. Please refer to our GASB 67 report as of June 30, 2023 for additional information related to the financial reporting of the System. We prepared the following schedules for inclusion in the Financial Section of the ACFR based on the June 30, 2024, GASB 67/68 Report:

CHEIRON

- Change in Net Pension Liability
- Sensitivity of Net Pension Liability to Changes in Discount Rate
- Schedule of Changes in Net Pension Liability and Related Ratios
- Schedule of Employer Contributions
- Notes to the Schedule of Employer Contribution

The GASB 67 report and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. In particular, the assumptions and methods used for disclosure purposes have been prepared in accordance with our understanding of generally accepted accounting principles as promulgated by the GASB, including the requirements of Statement 82.

GASB 82 prescribes additional guidance for the presentation of payroll-related measures in the Required Supplementary Information (RSI) Section, the treatment of deviations from the actuarial standards of practice when selecting actuarial assumptions, and the classification of member contributions (i.e., "pick-up" contributions) for reporting purposes. In addition, GASB 82 assists the Plan in providing information to the sponsors for their financial statement reporting. We have confirmed that the GASB 67/68 report complies with the requirements of GASB 82.

OPEB Actuarial Valuation Report as of June 30, 2023

The purpose of the annual OPEB Actuarial Valuation Report as of June 30, 2023 is to present the actuarial valuation of the Santa Barbara County Employees' Retirement System's Other Post-Employment Benefits.

The Actuarial Value of Assets on hand to pay future benefits is subtracted from the actuarial accrued liability, producing the Unfunded Actuarial Accrued Liability (UAAL). Previously, an annual required cost was determined for each employer based on the amortization of the UAAL, plus the normal cost. Beginning with the June 30, 2017 valuation an annual required cost is no longer computed; instead, we have calculated a "tread water" amount for each employer, which represents the level of contributions needed to prevent the unfunded liability from increasing from one valuation date to the next if all assumptions are met. This metric is the sum of the normal cost plus one year of interest on the unfunded liability.

We prepared the following schedules, which we understand will be used in the Actuarial Section of the ACFR, based on the June 30, 2023 actuarial valuation:

- Change in Unfunded Actuarial Liability (Actuarial Analysis of Financial Experience)
- Member Benefit Coverage Information

CHEIRON

The demographic assumptions used in this report reflect the results of an experience study performed by Cheiron covering the period from July 1, 2019 through June 30, 2022, and adopted by the Board on December 7, 2022. The assumptions used in the most recent valuation are intended to produce results that, in the aggregate, reasonably approximate the anticipated future experience of the Plan. The next experience analysis will cover the years through 2025.

This actuarial valuation report and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. In particular, the assumptions and methods used for funding purposes meet the requirements of the Actuarial Standards of Practice, in particular Standards No. 4, 6, 27, 35, and 44.

GASB 74/75 Report as of June 30, 2024

The purpose of GASB 74/75 Report as of June 30, 2024, is to provide accounting and financial reporting information under GASB 74 for the Plan and under GASB 75 for the County of Santa Barbara and other participating employers. This report is not appropriate for other purposes, including the measurement of funding requirements for the Plan.

The Total OPEB Liability (TOL) at the end of the measurement year is measured as of the valuation date, June 30, 2023, and projected to the measurement date, June 30, 2024. Because the TOL shown in the prior report was measured as of June 30, 2022 and projected to June 30, 2023, it will not match the amounts measured as of June 30, 2023. In addition, the amounts as of June 30, 2024 are measured using different assumptions, specifically the discount rates.

The June 30, 2024 Total OPEB Liability presented in the GASB 74/75 Report was based upon the same data, plan provisions, actuarial methods, and assumptions as were used in the OPEB Actuarial Valuation Report as of June 30, 2023. Please refer to our GASB 74 report as of June 30, 2024 for additional information related to the financial reporting of the System.

The GASB 74 report and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. In particular, the assumptions and methods used for disclosure purposes have been prepared in accordance with our understanding of generally accepted accounting principles as promulgated by the GASB.

Disclaimers

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

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

Cheiron's reports were prepared for the Plan for the purposes described herein and for the use by the plan auditor and participating employers' auditors in completing an audit related to the matters herein. Other users of these reports are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to such other uses.

As credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in the reports referenced within this letter. Neither this letter nor the reports referenced herein address any contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

Respectfully submitted,
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SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

ACTUARIAL ASSUMPTIONS AND METHODS

Recommended by the actuary and adopted by the Board of Retirement (the Board), the actuarial assumptions used to determine the liabilities are based on the results of the June 30, 2022 Experience Study covering the period from July 1, 2019 through June 30, 2022. The Board adopted the new assumptions on December 7, 2022 for use beginning with the June 30, 2022 actuarial valuation. The total pension liability at June 30, 2024 was determined by completing a roll-forward calculation based on the actuarial valuation conducted as of June 30, 2023, using the actuarial assumptions from that valuation applied to all prior periods included in the measurement in accordance with the requirements of Governmental Accounting Standards Board (GASB) Statement No. 67 (GASB 67).

ACTUARIAL COST METHOD

Santa Barbara County Employees' Retirement System (SBCERS or the System) uses the entry age normal actuarial cost method, with the total normal cost based on the sum of the normal costs for each individual active member (adopted November 20, 2013). The Unfunded Actuarial Liability (UAL), if any, is amortized as a level percentage of the projected salaries of present and future members of SBCERS over specified fixed periods of time. Level percentage of projected salaries was chosen over level dollar as the amortization base because the former more appropriately reflects the revenue stream for participating employers. The Board adopted a layered 19-year amortization period with direct rate smoothing which remains in effect for June 30, 2024. The UAL for periods prior to June 30, 2014 is being amortized as a single layer and funded over a "closed" 17-year period with 10 remaining amortization years as of the June 30, 2020 actuarial valuation. The exception is that the additional UAL attributable to the creation of Safety Plan 6 which is being amortized over a closed 17-year period, with 7 years remaining for the June 30, 2020 actuarial valuation. The annual UAL amortization amount is determined by an amortization factor multiplied by employed member payroll, or amortization base, for that year. The amortization factors for each layer will increase each year during the phase-in period, remain constant during the level period, and decrease during the phase-out period. Because SBCERS has chosen to amortize the UAL as a percentage of pay, the amortization base will also change when the discount rate or salary assumptions are changed. Because the salary scale changed from the prior valuation due, the amortization base has changed from the previous valuation.

ACTUARIAL ASSET VALUATION METHOD

Effective with the June 30, 2014 valuation, the assets are valued at fair value. Prior to the June 30, 2014 valuation, assets were valued using a five-year smoothing method based on the difference between expected and actual fair value of assets.

AMORTIZATION OF GAINS AND LOSSES

Actuarial gains and losses reflected in the current UAL are amortized over a closed seventeen-year period effective June 30, 2013 (adopted November 20, 2013). Effective with the June 30, 2014 valuation any new sources of UAL due to actuarial gains and losses, assumption changes or method changes is amortized over a closed 19-year period, with five year ramp up period at the beginning of the period, a four year ramp down at the end of the period and 10 years of level payments as a percentage of payroll. This method is a type of direct rate smoothing.

INVESTMENT RATE OF RETURN

Future investment earnings are assumed to accrue at an annual rate of 7.00%, compounded annually, exclusive of investment, but not administrative, expenses. The investment rate of return of 7.00% is comprised of 2.75% for Consumer Price Index (CPI) and 4.25% real investment return.

ADMINISTRATIVE EXPENSES

Beginning with the June 30, 2013 actuarial valuation, the cost of expected administrative expenses are reflected directly in the employer and employee contribution rates, rather than being implicitly allocated based on a discount rate net of administrative expenses. As of the June 30, 2023 actuarial valuation, a load of 3.30% has been applied to the employee contribution rates and 3.30% to the employer rates, based on an assumed administrative expense amount of $6.6 million for the current plan year.

PROJECTED SALARY INCREASES

Rates of annual salary increases (adopted January 22, 2020) assumed for the purpose of the valuation are:

- Variable percentage annually for merit, longevity based on service (duration), and employment classification (general/safety)
- 3.00% for wage inflation (2.75% for consumer price inflation and 0.25% for real wage inflation)

POST-RETIREMENT BENEFIT INCREASES

Cost-of-living benefit increases after retirement are assumed at the following rates per year per plan.

2.9%	General Plan 5, Safety Plans 4, 6, and 8 (PEPRA), APCD Plans 1 and 2 General Plan 8 (PEPRA) if employer did not implement General Plan 7 prior to January 1, 2013
2.0%	General Plan 7, APCD Plan 8 (PEPRA) General Plan 8 (PEPRA) if employer implemented General Plan 7 prior to January 1, 2013
0.0%	General Plan 2

- General Plan 7, General Plan 8 (PEPRA) and APCD Plan 8 (PEPRA) are limited to a maximum 2.0% cost-of-living adjustment.
- General Plan 2 is not eligible to receive these adjustments (adopted February 21, 2001).

MORTALITY RATE ASSUMPTIONS

Mortality rates for General active members are based on the sex distinct Public General 2010 Above-Median Income Employee Mortality Table, with generational mortality improvements projected from 2010 using 80% of Projection Scale MP-2020, without adjustment.

Non-duty related mortality rates for Safety active members are based on the sex distinct Public Safety 2010 Employee Mortality Table, with generational mortality improvements projected from 2010 using 80% of Projection Scale MP-2020, without adjustment.

Safety active members are also subject to the 2021 CalPERS Preretirement Industrial Mortality Table for duty-related deaths, with generational improvement projected from 2017 using 80% of Projection Scale MP-2020.

Mortality rates for healthy General annuitants are based on the sex distinct Public General 2010 Above-Median Income Retiree Mortality Table, with generational mortality improvements projected from 2010 using 80% of Projection Scale MP-2020.

Mortality rates for Safety annuitants are based on the sex distinct Public Safety 2010 Retiree Mortality Table, with generational improvements projected from 2010 using 80% of Projection Scale MP-2020.

Mortality rates for General disabled retirees are differentiated by type of disability retirement.

a) General disabled retirees with duty disabilities are valued with mortality rates based on the 2021 CalPERS Industrial Disabled Annuitant Mortality Table, with generational improvements projected from 2017 using 80% of Projection Scale MP-2020.
b) General disabled retirees with non-duty disabilities are valued with mortality rates based on the 2021 CalPERS Non-Industrial Disabled Annuitant Mortality Table, with generational improvements projected from 2017 using 80% of Projection Scale MP-2020.
c) Mortality rates for General active members assumed to become disabled are valued using the previously sated assumptions that 60% of General disabilities are service related (e.g., duty or industrial). The mortality rates used for this group are a blend of 60% of the table described in (a) above and 40% of the table described in (b) above, with generational improvements projected from 2017 using 80% of Projection Scale MP-2020.

Mortality rates for Safety disabled retirees are based on 2021 CalPERS Industrial Disabled Annuitant Mortality Table, with generational improvements projected from 2017 using 80% of Projection Scale MP- 2020.

PROBABILITY OF SEPARATION FROM ACTIVE SERVICE

The following tables indicate the probability of separation from active service for each of six separate sources of termination:

1. **Service Retirement:** Member retires after satisfaction of requirements of age and/or service for reasons other than disability.
2. **Duty Disability:** Member receives disability retirement; disability is employment related.
3. **Ordinary Disability:** Member receives disability retirement; disability is not employment related.
4. **Ordinary Death:** Member dies prior to eligibility for retirement, death is not employment related.
5. **Service Death:** Member dies in service as a result of injury or disease arising out of and in the course of employment.
6. **Other Terminations:** Member terminates and requests a refund of member contributions and/or terminates and leaves the contributions on deposit (vested terminations).

The probability shown for each cause of termination represents the probability that a given member will terminate at a particular age for the indicated reason. For example, if the probability of retirement age 50 is 3%, then we are assuming that 3% of eligible members at age 50 will retire during the next year.

The age at which a vested terminated member is assumed to commence the payment of retirement benefits is as follows:

AGE ASSUMPTION FOR COMMENCEMENT OF RETIREMENT BENEFIT PAYMENTS

Assumptions effective June 30, 2023

Plan	Deferred Vested Age	Reciprocal Age
General Plan 2	60	60
General Plans 5,7 & 8	58	62
Safety Plans 4 & 8	55	55
Safety Plan 6	50	55
APCD	58	62

RATE OF SEPARATION FROM ACTIVE SERVICE – GENERAL PLANS

Assumptions effective June 30, 2023

Age	Service Retirement Svc <20 Yrs	Service Retirement 20<=Svc<30	Service Retirement Svc >=30 Yrs	Service Retirement PEPRA Svc <25	Service Retirement PEPRA Svc >=25	Years of Service	Termination
20	0.0%	0.0%	0.0%	0.0%	0.0%	5	7.00%
30	0.0%	0.0%	0.0%	0.0%	0.0%	10	4.50%
40	0.0%	0.0%	0.0%	0.0%	0.0%	15	2.75%
50	2.0%	2.0%	10.0%	0.0%	0.0%	20	1.50%
60	7.0%	10.0%	15.0%	5.0%	10.0%	25	1.50%
70	26.0%	33.0%	40.0%	20.0%	30.0%	30+	0.00%
75	100.0%	100.0%	100.0%	100.0%	100.0%		

RATE OF SEPARATION FROM ACTIVE SERVICE – SAFETY PLANS

Assumptions effective June 30, 2023

	Safety Plan 4 + Plan 8 (PEPRA)			Safety Plan 6				
Age	Service Retirement Svc < 20 Yrs	Service Retirement 20 <= Svc <30	Service Retirement Svc >= 30 Yrs	Service Retirement Svc < 20 Yrs	Service Retirement 20 <= Svc < 30	Service Retirement Svc >= 30 Yrs	Years of Service	Termination
20	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5	3.8%
30	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	10	2.0%
40	0.0%	2.5%	3.0%	0.0%	3.0%	3.0%	15	1.3%
50	3.0%	2.5%	5.0%	10.0%	25.0%	50.0%	20+	0.0%
60	10.0%	30.0%	40.0%	15.0%	25.0%	35.0%		
65	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%		

RATE OF SEPARATION FROM ACTIVE SERVICE – DISABILITY RELATED

Assumptions effective June 30, 2023

	General Plans			*Safety Plans*
Age	*Males*	*Females*	*Age*	*Males & Females*
20	0.007%	0.004%	20	0.042%
30	0.017%	0.033%	30	0.249%
40	0.091%	0.119%	40	0.513%
50	0.154%	0.193%	50	0.919%
60	0.124%	0.094%	60	1.740%
70	0.097%	0.054%	65	2.624%
80	0.097%	0.035%	80	7.621%

Service Related Disability

All disabilities for members with less than five years of service are assumed to be service-related. 100% of Safety and 60% of General disabilities where the member has five or more years of service are assumed to be service-related.

SALARY INCREASE ASSUMPTIONS

Assumptions effective June 30, 2023

Wage Inflation 3.00%

	Longevity and Promotion Increase		*Total Annual Increase*	
Years of Service	*General*	*Safety*	*General*	*Safety*
0	4.75%	7.25%	7.89%	10.47%
1	4.00%	5.00%	7.12%	8.15%
2	3.25%	5.00%	6.35%	8.15%
3	2.75%	3.25%	5.83%	6.35%
4	2.25%	2.50%	5.32%	5.58%
5	1.75%	2.00%	4.80%	5.06%
6	1.50%	1.60%	4.55%	4.65%
7	1.25%	1.30%	4.29%	4.34%
8	1.20%	1.20%	4.24%	4.24%
9	1.10%	1.10%	4.13%	4.13%
10	1.00%	1.00%	4.03%	4.03%
11	0.90%	1.00%	3.93%	4.03%
12	0.80%	1.00%	3.82%	4.03%
13	0.70%	1.00%	3.72%	4.03%
14	0.60%	1.00%	3.62%	4.03%
15	0.55%	1.00%	3.57%	4.03%
16	0.50%	1.00%	3.52%	4.03%
17	0.48%	1.00%	3.49%	4.03%
18	0.46%	1.00%	3.47%	4.03%
19	0.44%	1.00%	3.45%	4.03%
20	0.42%	1.00%	3.43%	4.03%
21	0.40%	1.00%	3.41%	4.03%
22	0.38%	1.00%	3.39%	4.03%
23	0.38%	1.00%	3.39%	4.03%
24	0.38%	1.00%	3.39%	4.03%
25	0.38%	1.00%	3.39%	4.03%
26	0.38%	1.00%	3.39%	4.03%
27	0.38%	1.00%	3.39%	4.03%
28	0.38%	1.00%	3.39%	4.03%
29	0.38%	1.00%	3.39%	4.03%
30+	0.38%	1.00%	3.39%	4.03%

REFUND OF CONTRIBUTIONS UPON TERMINATION OF EMPLOYMENT (WITHDRAWAL)

Assumptions effective June 30, 2023

Years of Service	General	Safety
0	100%	100%
5	15%	10%
10	15%	5%
15	5%	0%
20	5%	0%
25+	0%	0%

Reciprocal Transfers

30% of vested terminated General (except Plan 2) and 35% of vested terminated Safety Members that leave their member contributions on deposit with the plan are assumed to be active in reciprocal plans.

PENSION PLAN SCHEDULES

Pension schedules in the required supplementary information are intended to show information for ten years. Additional years' information will be displayed as it becomes available.

ACTIVE MEMBER DATA – PENSION

				Average Annual Salary[1]	*Increase in Average Salary*
June 30, 2014	General	3,226	$221,733,000	$ 68,733	0.14%
	APCD	910	83,659,000	$ 91,933	2.60%
	Safety	41	3,335,000	$ 81,346	4.61%
	Total	4,177	$308,727,000	$ 73,911	0.77%
June 30, 2015	General	3,307	$231,757,487	$ 70,081	1.96%
	APCD	931	86,077,154	$ 92,457	0.57%
	Safety	40	3,079,706	$ 76,993	(5.53)%
	Total	4,278	$320,914,347	$ 75,015	1.49%
June 30, 2016	General	3,394	$241,729,055	$ 71,222	1.63%
	APCD	916	86,041,656	$ 93,932	1.60%
	Safety	38	2,979,643	$ 78,412	1.84%
	Total	4,348	$330,750,354	$ 76,070	1.41%
June 30, 2017	General	3,315	$242,037,608	$ 73,013	2.51%
	APCD	35	2,886,965	$ 82,485	5.19%
	Safety	949	91,187,124	$ 96,008	2.30%
	Total	4,299	$336,111,697	$ 78,184	2.78%
June 30, 2018	General	3,212	$246,464,767	$ 76,732	5.09%
	APCD	30	2,585,875	$ 86,196	4.50%
	Safety	929	91,508,536	$ 98,502	2.51%
	Total	4,171	$340,559,178	$ 81,649	4.43%
June 30, 2019	General	3,293	$254,877,894	$ 77,400	0.87%
	APCD	32	2,917,484	$ 91,171	5.77%
	Safety	944	95,991,720	$ 101,686	3.23%
	Total	4,269	$353,787,098	$ 82,874	1.50%
June 30, 2020	General	3,327	268,092,934	$ 80,581	4.11%
	APCD	33	3,116,418	$ 94,437	3.58%
	Safety	962	$101,475,166	$ 105,484	3.74%
	Total	4,322	$372,684,518	$ 86,230	4.05%
June 30, 2021	General	3,327	275,536,788	$ 82,818	2.78%
	APCD	34	$3,415,541	$ 100,457	6.37%
	Safety	960	$105,176,155	$ 109,558	3.86%
	Total	4,321	384,128,484	$ 88,898	3.09%
June 30, 2022	General	3,321	$281,864,557	$ 84,873	2.48%
	APCD	33	$3,461,291	$ 104,888	4.41%
	Safety	925	104,730,974	$ 113,223	3.35%
	Total	4,279	390,056,822	$ 91,156	2.54%
June 30, 2023	General	3,417	$308,774,545	$ 90,364	6.47%
	APCD	33	3,536,235	$ 107,159	2.17%
	Safety	939	111,118,603	$ 118,337	4.52%
	Total	4,389	$423,429,383	$ 96,475	5.84%

1 Based on salary data provided in the valuation census data.

SCHEDULE OF RETIRANTS AND BENEFICIARIES ADDED TO AND REMOVED FROM THE ROLLS – PENSION

	Added to Rolls		Removed from Rolls		Rolls at End of Year			
Fiscal Year	*Member Count*	*Annual Allowance*[1]	*Member Count*	*Annual Allowance*	*Member Count*	*Annual Allowance*	*% Increase in Allowance*	*Average Annual Allowance*
2014	203	$ 6,842,058	-79	$ 2,112,523	3,897	$ 132,766,493	4.8%	$ 34,069
2015	241	$ 9,044,486	-108	$ 2,627,746	4,030	$ 141,193,001	6.3%	$ 35,035
2016	244	$ 9,705,939	-103	$ 2,534,190	4,171	$ 149,683,889	6.0%	$ 35,886
2017	314	$ 13,124,187	-110	$ 3,255,813	4,375	$ 162,510,138	8.6%	$ 37,146
2018	270	$ 10,896,350	-126	$ 3,280,607	4,519	$ 174,765,068	7.5%	$ 38,673
2019	294	$ 12,466,673	-133	$ 4,484,686	4,680	$ 187,679,334	7.4%	$ 40,102
2020	269	$ 11,952,403	-105	$ 3,671,844	4,844	$ 201,478,012	7.4%	$ 41,593
2021	208	$ 8,791,425	-146	$ 5,740,837	4,906	$ 208,961,900	3.7%	$ 42,593
2022	320	$ 15,793,183	-151	$ 5,131,256	5,075	$ 225,793,228	8.1%	$ 44,491
2023	317	$ 15,059,037	-161	$ 5,252,581	5,231	$ 242,115,926	7.2%	$ 46,285

[1] *Annual allowance added during the year does not include cost-of-living adjustments (COLAs) granted in year to continuing retirees and beneficiaries.*
[2] *Includes 119 members with benefits in more than one plan.*

SCHEDULE OF FUNDED LIABILITIES BY TYPE – PENSION

Dollars in thousands

	Actuarial Accrued Liabilities (AAL) for							
	(A)	(B)	(C)			(A)	(B)	(C)
Valuation Date	*Active Member Contributions*	*Retirees and Beneficiaries*	*Remaining Active Members*	*Total AAL*	*Reported Assets*[1]	*Portion of Accrued Liabilities Covered by Reported Assets*		
6/30/2014	$ 174,958	$ 1,822,654	$ 1,100,403	$ 3,098,015	$ 2,513,630	100%	100%	47%
6/30/2015	$ 178,233	$ 1,926,975	$ 1,125,926	$ 3,231,134	$ 2,532,529	100%	100%	38%
6/30/2016	$ 183,954	$ 2,142,873	$ 1,244,920	$ 3,571,747	$ 2,554,539	100%	100%	18%
6/30/2017	$ 187,084	$ 2,295,926	$ 1,219,287	$ 3,702,297	$ 2,801,307	100%	100%	26%
6/30/2018[2]	$ 203,168	$ 2,463,993	$ 1,220,966	$ 3,888,127	$ 3,002,019	100%	100%	27%
6/30/2019	$ 217,070	$ 2,610,235	$ 1,253,333	$ 4,080,638	$ 3,198,134	100%	100%	30%
6/30/2020	$ 230,743	$ 2,774,353	$ 1,292,632	$ 4,297,728	$ 3,193,932	100%	100%	15%
6/30/2021	$ 254,026	$ 2,875,477	$ 1,331,489	$ 4,460,992	$ 3,990,899	100%	100%	65%
6/30/2022	$ 271,862	$ 3,164,672	$ 1,277,226	$ 4,713,760	$ 3,896,843	100%	100%	36%
6/30/2023	$ 294,063	$ 3,368,908	$ 1,259,953	$ 4,922,924	$ 4,132,090	100%	100%	37%

[1] *Actuarial Value of Assets. As of June 30, 2014, the Actuarial Value of Assets is the Market Value of Assets.*
[2] *AAL at 6/30/2018 does not tie to other schedules due to rounding in this display.*

ACTUARIAL ANALYSIS OF FINANCIAL EXPERIENCE – PENSION

Dollars in millions

As of June 30	*2023*	*2022*	*2021*	*2020*	*2019*
Prior Valuation					
Unfunded Actuarial Accrued Liability	**$ 816.9**	**$ 470.1**	**$ 1,103.8**	**$ 882.5**	**$ 886.1**
Expected Change from Prior Year	(49.7)	(69.3)	(30.6)	(32.8)	(21.7)
Actuarial (Gains) or Losses During the Year					
Asset Return (Greater) or Less than Expected	(6.5)	349.1	(600.0)	19.1	(15.7)
New Entrants	—	—	—	198.1	2.4
Salary Increases Greater or (Less) than Expected	20.7	2.5	(1.9)	2.8	9.3
Changes in Assumptions and Methodology	—	76.5	—	1.9	(7.5)
All Other (Including Demographic Experience)	9.4	(12.0)	(1.2)	32.2	29.6
Total Changes	(26.1)	346.8	(633.7)	221.3	(3.6)
Values as of Valuation Date	**$ 790.8**	**$ 816.9**	**$ 470.1**	**$ 1,103.8**	**$ 882.5**

As of June 30	*2018*	*2017*	*2016*	*2015*	*2014*
Prior Valuation					
Unfunded Actuarial Accrued Liability	**$ 901.0**	**$ 1,017.3**	**$ 698.6**	**$ 584.4**	**$ 818.1**
Expected Change from Prior Year	(15.8)	(2.9)	(15.0)	(23.2)	(6.4)
Actuarial (Gains) or Losses During the Year					
Asset Return (Greater) or Less than Expected	(28.0)	(86.2)	156.7	167.7	(71.7)
New Entrants	1.7	3.3	3.1	2.8	2.5
Salary Increases Greater or (Less) than Expected	0.9	(7.5)	(19.1)	(14.0)	(16.4)
Changes in Assumptions and Methodology	—	(29.7)	215.8	—	(132.3)
All Other (Including Demographic Experience)	26.3	6.7	(22.8)	(19.1)	(9.4)
Total Changes	(14.9)	(116.3)	318.7	114.2	(233.7)
Values as of Valuation Date	**$ 886.1**	**$ 901.0**	**$ 1,017.3**	**$ 698.6**	**$ 584.4**

SCHEDULE OF FUNDING PROGRESS – PENSION

Dollars in thousands

Valuation Date	*Actuarial Value of Assets*	*Actuarial Liability (AL)*	*Unfunded AL*	*Funded Ratio*	*Covered Payroll*	*Unfunded AL as a Percent of Covered Payroll*
6/30/2014[1]	$ 2,513,630	$ 3,098,014	$ 584,384	81.1%	$ 323,831	180.5%
6/30/2015	$ 2,532,529	$ 3,231,134	$ 698,605	78.4%	$ 336,982	207.3%
6/30/2016	$ 2,554,539	$ 3,356,333	$ 801,794	76.1%	$ 346,975	231.1%
6/30/2017	$ 2,801,307	$ 3,702,297	$ 900,990	75.7%	$ 351,829	256.1%
6/30/2018	$ 3,002,019	$ 3,888,126	$ 886,107	77.2%	$ 353,016	251.0%
6/30/2019	$ 3,198,134	$ 4,080,639	$ 882,505	78.4%	$ 370,936	237.9%
6/30/2020	$ 3,193,932	$ 4,297,728	$ 1,103,796	74.3%	$ 386,137	285.9%
6/30/2021	$ 3,990,899	$ 4,460,991	$ 470,092	89.5%	$ 397,040	118.4%
6/30/2022	$ 3,896,843	$ 4,713,760	$ 816,917	82.7%	$ 403,732	202.3%
6/30/2023	$ 4,132,090	$ 4,922,924	$ 790,834	83.9%	$ 428,367	184.6%

[1] *Actuarial Value of Assets. As of June 30,2014, the Actuarial Value of Assets is the Market Value of Assets.*

OTHER POSTEMPLOYMENT BENEFITS (OPEB) SCHEDULES

OPEB schedules in the required supplementary information are intended to show information for ten years. Additional years' information will be displayed as it becomes available.

ACTIVE MEMBER DATA – OPEB

Dollars in thousands

	2012	2014	2016	2017	2018	2019	2020	2021	2022	2023	2022 to 2023 % Change
Active Employees[1]											
Member Count	4,063	3,707	3,346	3,112	2,893	2,705	2,496	2,341	2,119	1,922	-9.30%
Average Age	45.8	46.8	47.4	47.6	48.0	48.3	48.9	49.5	49.9	50.0	0.20%
Average Service	12.0	13.8	14.9	15.3	16.0	16.6	17.4	18.1	18.7	19.1	2.14%
Total Payroll	$ 302,379	$ 282,963	$ 269,245	$ 257,918	$ 247,675	$ 240,389	$ 234,497	$ 223,403	$ 214,403	$ 204,156	-4.78%
Terminated Vested											
Count	878	890	926	923	943	906	877	891	868	820	-5.53%
Average Age	48.1	48.5	48.9	48.8	48.8	47.1	49.2	49.5	49.9	50.3	0.80%
Inactive											
Retired Count	2,767	3,246	3,247	3,399	3,508	3,639	3,785	3,775	3,890	4,013	3.16%
Average Age	69.1	69.2	69.9	69.9	70.1	70.2	70.5	70.8	70.9	70.9	0.00%
Disabled Count	238	240	240	250	263	266	276	278	278	269	-3.24%
Average Age	65.3	65.5	66.8	66.5	65.9	66.7	66.3	66.7	67.0	67.0	0.00%
Surviving Spouses Count	358	408	489	512	526	553	598	548	565	586	3.72%
Average Age	74.8	74.6	72.5	72.8	73.0	76.7	73.4	74.2	74.7	74.7	0.00%
Total Count of Inactive	3,363	3,894	3,976	4,161	4,297	4,458	4,659	4,601	4,733	4,868	2.85%

[1] Active census and salary information includes only those eligible for the OPEB benefit, and as a result will not match the SBCERS pension census information for the same period.

SCHEDULE OF RETIRANTS AND BENEFICIARIES ADDED TO AND REMOVED FROM THE ROLLS — OPEB

	Added to Rolls		**Removed from Rolls**		**Rolls at End of Year**			
Fiscal Year	*Member Count*	*Annual Allowance*	*Member Count*	*Annual Allowance*[1]	*Member Count*	*Annual Allowance*	*% Increase in Allowance*	*Average Annual Allowance*
2014	839	$ 1,480,371	-308	$ 1,001,823	3,894	$ 8,655,921	5.9%	$ 2,223
2016	466	$ 1,006,795	-384	$ 786,756	3,976	$ 8,875,960	2.5%	$ 2,232
2017	302	$ 737,532	-117	$ 598,607	4,161	$ 9,014,885	1.6%	$ 2,167
2018	244	$ 462,278	-108	$ 357,501	4,297	$ 9,120,663	1.2%	$ 2,123
2019	282	$ 546,913	-121	$ 518,229	4,458	$ 9,149,346	0.3%	$ 2,052
2020	294	$ 531,451	-93	$ 471,382	4,659	$ 9,209,415	0.7%	$ 1,977
2021	208	$ 407,932	-266	$ 404,938	4,601	$ 9,212,409	—%	$ 2,002
2022	283	$ 623,998	-151	$ 467,139	4,773	$ 9,369,268	1.7%	$ 1,980
2023	303	$ 625,410	-167	$ 597,129	4,869	$ 9,397,550	3.0%	$ 1,930

[1] Includes net reductions in benefits from current retirees converting from $15 subsidy to $4 cash supplement.

Prior to June 30, 2016, valuations were performed biennially; values prior to 2014 were calculated by the prior actuary.

Additional years will be added as they become available.

MEMBER BENEFIT COVERAGE INFORMATION – OPEB

Dollars in thousands

Valuation Date	Actuarial Accrued Liabilities (AAL) for (A) Active Member Contributions	(B) Retirees and Beneficiaries	(C) Remaining Active Members	Total AAL	Reported Assets [1]	Portion of Accrued Liabilities Covered by Reported Assets (A)	(B)	(C)
6/30/2012[2]	N/A	$ 119,488	$ 70,691	$ 190,179	$ 3,035	N/A	3%	0.0%
6/30/2014	N/A	$ 121,241	$ 71,964	$ 193,205	$ 4,070	N/A	3%	0.0%
6/30/2016	N/A	$ 104,178	$ 51,299	$ 155,477	$ 8,031	N/A	8%	0.0%
6/30/2017	N/A	$ 100,893	$ 45,959	$ 146,852	$ 13,988	N/A	14%	0.0%
6/30/2018	N/A	$ 99,980	$ 43,213	$ 143,193	$ 19,055	N/A	19%	0.0%
6/30/2019	N/A	$ 98,628	$ 40,800	$ 139,428	$ 25,853	N/A	26%	0.0%
6/30/2020	N/A	$ 98,881	$ 39,974	$ 138,855	$ 33,027	N/A	33%	0.0%
6/30/2021	N/A	$ 98,981	$ 39,700	$ 138,681	$ 46,542	N/A	47%	0.0%
6/30/2022	N/A	$ 98,690	$ 32,390	$ 131,080	$ 46,775	N/A	47%	0.0%
6/30/2023	N/A	$ 98,508	$ 30,039	$ 128,547	$ 57,797	N/A	59%	0.0%

[1] Actuarial Value of Assets. As of June 30, 2014, the Actuarial Value of Assets is the Market Value of Assets.
[2] Information from June 30, 2012 was provided by prior actuaries.

ACTUARIAL ANALYSIS OF FINANCIAL EXPERIENCE – OPEB

Dollars in millions

As of June 30	*2023*	*2022*	*2021*	*2020*	*2019*
Prior Valuation					
Unfunded Actuarial Liability	**$ 84.3**	**$ 92.1**	**$ 105.8**	**$ 113.6**	**$ 124.1**
Expected Change from Prior Year	(9.2)	(8.2)	(6.7)	(5.5)	(3.9)
Actuarial (Gains) or Losses During the Year					
Asset Return (Greater) or Less than Expected	(1.6)	8.6	(6.2)	(0.1)	(0.4)
Shortfall in Contribution vs. Annual Required Contribution (ARC)	0.3	0.3	0.3	0.1	(0.2)
Changes in Assumptions and Methodology	—	(6.5)	—	0.7	(2.7)
All Other (Including Demographic Experience)	(3.1)	(2.0)	(1.2)	(3.0)	(3.3)
Total Changes	(13.6)	(7.8)	(13.8)	(7.8)	(10.5)
Values as of Valuation Date	**$ 70.7**	**$ 84.3**	**$ 92.0**	**$ 105.8**	**$ 113.6**

As of June 30	*2018*	*2017[1]*	*2016*	*2014*	*2013[2]*
Prior Valuation					
Unfunded Actuarial Liability	**$ 132.9**	**$ 134.3**	**$ 189.1**	**$ 187.1**	**$ —**
Expected Change from Prior Year	(3.3)	(3.2)	(39.6)	(25.7)	—
Actuarial (Gains) or Losses During the Year					
Asset Return (Greater) or Less than Expected	0.1	0.1	0.5	0.6	—
Shortfall in Contribution vs. Annual Required Contribution (ARC)	0.7	0.2	44.9	34.8	—
Changes in Assumptions and Methodology	(3.8)	4.9	(39.2)	(10.7)	—
All Other (Including Demographic Experience)	(2.5)	(3.4)	(8.2)	3.0	—
Total Changes	(8.8)	(1.4)	(41.6)	2.0	—
Values as of Valuation Date	**$ 124.1**	**$ 132.9**	**$ 147.5**	**$ 189.1**	**$ —**

[1] 2017 beginning of year UAL does not match the end of year UAL from 2016. At the June 30, 2017 valuation, the June 30, 2016 results were recalculated using a 7.00% discount rate because the blended discount rate used during the June 30, 2016 valuation is not valid under GASB 74/75.

[2] Data is not available for 2013 and 2012.

SCHEDULE OF FUNDING PROGRESS – OPEB

As *of June 30, 2023*

Group	*Santa Barbara County*	*Carpinteria-Summerland-FPD*	*Santa Maria Cemetery*	*Goleta Cemetery*	*SB County Assoc of Govts*
Actuarial Value of Assets (a)	$ 53,658,168	$ (1)	$ (40)	$ —	$ —
Actuarial Accrued Liabilities (b)	$116,573,442	$ 2,530,168	$ 297,197	$ 97,679	$ 336,985
Unfunded Actuarial Liabilities (UAL)[1] [b-a]	$ 62,915,274	$ 2,530,169	$ 297,237	$ 97,679	$ 336,985
Funded Ratio (a/b)	46.03%	0.00%	-0.01%	0.00%	0.00%
Annual Covered Payroll[2] (c)	$183,332,881	$ 3,945,133	$ 127,816	$ 272,676	$ 925,199
(UAL) as Percentage of Covered Payroll [(b-a)/c]	34.32%	64.13%	232.55%	35.82%	36.42%

Group	*Summerland Sanitary*	*Carpinteria Cemetery*	*Air Pollution Control District*	*Courts*	***Total***
Actuarial Value of Assets (a)	$ —	$ —	$ 2,359,228	$ 1,779,263	**$ 57,796,618**
Actuarial Accrued Liabilities (b)	$ 121,966	$ 59,078	$ 1,365,101	$ 7,165,851	**$128,547,467**
Unfunded Actuarial Liabilities (UAL)[1] [b-a]	$ 121,966	$ 59,078	$ (994,127)	$ 5,386,588	**$ 70,750,849**
Funded Ratio (a/b)	0.00%	0.00%	172.82%	24.83%	**44.96%**
Annual Covered Payroll[2] (c)	$ 123,790	$ 159,484	$ 1,130,124	$ 12,344,134	**$202,361,237**
(UAL) as Percentage of Covered Payroll [(b-a)/c]	98.53%	37.04%	-87.97%	43.64%	**34.96%**

[1] *Numbers may not sum to total due to rounding.*
[2] *Projected Payroll shown is that for those covered under the OPEB plan.*

SUMMARY OF MAJOR PENSION PLAN PROVISIONS

ELIGIBILITY

The County of Santa Barbara (the County) has established several defined benefit tiers based primarily on a member's date of entry into SBCERS. There are two types of SBCERS members:

Safety members: employees whose principal duty is active law enforcement or active fire suppression. Membership in a particular tier depends upon date of entry to the System and bargaining unit.

General members: all non-Safety members who are otherwise eligible for System membership. A member's tier depends primarily upon date of entry into the System.

APCD Plan 1:	Air Pollution Control District (APCD) employees hired on or before July 3, 1995*
APCD Plan 2:	APCD employees hired after July 3, 1995 *
General Plan 2:	Employees hired on or before January 11, 1999 and who elected to join General Plan 2
Safety Plan 4A & General Plan 5A:	General employees hired before October 10, 1994 who did not elect to join General Plan 2, and Safety employees hired before October 10, 1994*
Safety Plan 4B & General Plan 5B:	Employees hired on or after October 10, 1994*
General Plan 5C:	Members in certain bargaining units hired on or after October 10, 1994, and those in bargaining units transferred from Plan 5B on March 10, 2008*
General Plan 7:	County General employees hired on or after June 25, 2012* APCD adopted Plan 7 immediately before adopting Plan 8; no APCD members are active in this plan
General Plan 8:	General (including APCD) new members hired on or after January 1, 2013 (PEPRA)
Safety Plan 4C:	Members in certain bargaining units who were hired on or after October 10, 1994 and those in bargaining units transferred from Plan 4B on July 3, 2006*
Safety Plan 6A:	Members in certain bargaining units hired prior to October 10, 1994, and those in bargaining units transferred from Plan 4A on February 25, 2008*
Safety Plan 6B:	Members in certain bargaining units hired after October 10, 1994, and those in bargaining units transferred from Plan 4D on February 25, 2008*
Safety Plan 8:	New safety members hired on or after January 1, 2013 (PEPRA)

** Plan closed to new members hired on or after January 1, 2013, unless such members are prior members of these plans or qualify as reciprocal members from other retirement systems.*

FINAL COMPENSATION

- Monthly average of highest 12 consecutive months of compensation earnable for General Plans 5A and 5B, Safety Plans 4A, 4B, 6A, and APCD Plans 1 and 2.
- Monthly average of highest 36 consecutive months of compensation earnable for General Plans 5C and 7, Safety Plans 4C and 6B, part-time members in all plans, and Plan 8 (PEPRA) members. Compensation for Plan 8 members excludes certain pay elements, such as terminal payouts, and is limited to 100% or 120% of 2013 Social Security Taxable Wage Base, indexed in future years by CPI-U, based on whether the member is covered under Social Security.
- Monthly average of highest 36 non-consecutive months of compensation for General Plan 2.

SERVICE RETIREMENT

Normal Retirement Age

- Age 59 for General Plan 2 (Government Code Section §31486.4)
- Age 59 for General Plan 5 (§31676.12)
- Age 59 for General Plan 7 (§31676.1)
- Age 59 for General Plan 8 (§7522.20)
- Age 59 for APCD Plans (§31676.15)
- Age 55 for Safety Plan 4 (§31664.2)
- Age 50 for Safety Plan 6 (§31664.1)
- Age 55 for Safety Plan 8 (§7522.25

Early Retirement

- Age 50, 5 years of service, and 10 years elapsed since membership for General Plans 5 and 7, APCD Plans, and Safety Plans
- Age 55, 10 years of service, and 10 years elapsed since membership for General Plan 2
- Age 52 and 5 years of service for General and APCD Plan 8 (PEPRA)
- Age 50 and 5 years of service for Safety Plan 8 (PEPRA)

OR:

- 30 years of service for General Plans 5 and 7 and APCD Plans (other than Plan 8)
- 20 years of service for Safety Plans (other than Plan 8)
- Age 70 regardless of service for General Plans 5 and 7, and APCD Plans

Benefit at Normal Retirement Age

- Age 70 regardless of service for General Plans 5 and 7, and APCD Plans
- 2% of final average salary per year of service times age factor for General Plan 5 and APCD Plans (§31676.12 and §31676.15, respectively).
- 1/60 of final average salary per year of service times age factor for General Plan 7 (§31676.1).
- 2% of final average salary per year of service (maximum 35 years) plus 1% of final average salary per year of service in excess of 35 (maximum 10 years) reduced by 1/35 of Social Security benefit at age 65 per year of service (maximum 35 years) for General Plan 2 (§31486.4).
- 3% of final average salary per year of service times age factor for Safety Plans (§31664.2, §31664.1), excluding Plan 8.
- 1% of final average salary per year of service at age 52, increasing by 0.1% for each year of age to 2.5% at age 67 for General Plan 8 (PEPRA). In between exact ages, the multiplier will increase by 0.025% for each quarter year increase in age.
- 2% of final average salary per year of service at age 50, increasing by 0.1% for each year of age to 2.7% at age 57 for Safety Plan 8 (PEPRA). In between exact ages, the multiplier will increase by 0.025% for each quarter year increase in age.

Benefit adjustments

Reduced for retirement before:

- Age 65 for §31486.4 (General Plan 2)
- Age 57 for §31676.12 (General Plan 5)
- Age 55 for §31664.2 (Safety Plan 4)
- Age 50 for §31664.1 (Safety Plan 6)
- Age 55 for §31676.15 (APCD Plans)
- Age 67 for General Plan 8 (PEPRA)
- Age 57 for Safety Plan 8 (PEPRA)

Reductions for §31486.4 are actuarial equivalents.

Increased for retirement after:

- Age 57 for §31676.12 (General Plan 5)
- Age 55 for §31676.15 (APCD Plans)

DISABILITY RETIREMENT

- Non-service connected for General Plans 5, 7, and 8, Safety Plans 4, 6, and 8, and APCD Plans
  - 1.8% of final average salary per year of service (1.5% for General Plan 8, APCD Plans, and General Plan 7), with maximum of 33⅓% if projected service is used (age 62 for General Plans 5 and 7, age 55 for Safety Plans 4 and 6, and age 65 for Plan 8 / PEPRA and all APCD Plans) or
  - Service retirement benefit (if eligible).
  - APCD members receive a monthly supplemental allowance of $300.

- Service connected for General Plans 5, 7, and 8, Safety Plans 4, 6, and 8 and APCD Plans
  - Greater of 50% of final average salary or service retirement benefit (if eligible).
  - APCD members receive a monthly supplemental allowance of $300.

- General Plan 2 purchases long-term insurance policy.
  - 60% of salary provided outside of the Plan.
  - Payments are reduced by other disability income benefits.
  - Service retirement at age 65 (credit given toward service retirement while disabled under the Long-Term Disability (LTD) Plan).

DEATH BEFORE RETIREMENT

- Non-service connected before eligible to retire for General Plans 5, 7, and 8, Safety Plans 4, 6, and 8 and APCD Plans.
  - Refund of contributions plus 1/12 of last year's salary per year of service up to six years.
- Eligible for non-service connected disability or service retirement for General Plans 5, 7, and 8, Safety Plans 4, 6, and 8 and APCD Plans.
  - 60% of member's accrued allowance.
- Service connected for General Plans 5, 7, and 8, Safety Plans 4, 6, and 8 and APCD Plans.
  - 50% of salary or service retirement benefit (if eligible).
- Benefit for General Plan 2.
  - 1/12 of final year's salary per year of service up to six years.

DEATH AFTER RETIREMENT

- $5,000 lump sum death benefit for General Plans 5, 7, and 8, Safety Plans 4, 6, and 8, and APCD Plans.
- Service retirement or non-service connected disability.

- 60% of member's allowance payable to an eligible spouse for General Plans 5, 7, and 8, Safety Plans 4, 6, and 8 and APCD Plans.
- 50% of member's allowance payable to an eligible spouse for General Plan 2.

- Service connected disability
  - 100% of member's allowance payable to an eligible spouse for General Plans 5, 7, and 8, Safety Plans 4, 6, and 8 and APCD Plans.
  - 50% of member's allowance payable to an eligible spouse for General Plan 2.

VESTING

- Must leave contributions on deposit.
- Five years of service for General Plans 5, 7, and 8, Safety Plans 4, 6, and 8 and APCD Plans.
- Ten years of service for General Plan 2.

MEMBER'S CONTRIBUTIONS

- Based on entry age (except Plan 8 / PEPRA - General and Safety).
- Half rates for General Plans 5A, 5C and 7, Safety Plans 4A, 4C, 6A and 6B, and APCD Plan 1.
- Full rates for General Plan 5B, Safety Plan 4B, and APCD Plan 2.
- Half of total normal cost for All Plan 8 / PEPRA (General and Safety) members, with covered compensation limited to 100% or 120% of 2013 Taxable Wage Base (indexed based on CPI-U).
- General Plan 2 is noncontributory.

MAXIMUM BENEFIT

- 100% of final average salary for General Plans 5 and 7, Safety Plans 4 and 6, and APCD Plans.
- No maximum for Plan 8 / PEPRA, other than limits on compensation specified in final average compensation provisions.
- Benefit and Social Security combined cannot exceed 70% of final average salary if service is less than 35 years, otherwise 80% for General Plan 2.

COST-OF-LIVING

- Up to 3% cost-of-living adjustment for General Plan 5, Safety Plans 4, 6, and 8 (PEPRA), and APCD Plans 1 and 2.
- Limited to a maximum 2% cost-of-living adjustment for General Plan 7 and any General Plan 8 members where the employer had adopted General Plan 7 for new hires.
- None for General Plan 2.

INTRODUCTION TO THE STATISTICAL SECTION

The information in this section is not covered by the Independent Auditor's Report, but is presented as supplemental data for the benefit of the readers of the annual comprehensive financial report. The objective of this section is to provide historical perspective, context, and detail to assist in utilizing the basic financial statements, notes to the financial statements, and required supplementary information to understand and assess Santa Barbara County Employees' Retirement System's (SBCERS or the System) economic condition. The following schedules reflect financial trend and operating information.

- The ***Schedule of Additions to Pension and OPEB Plans by Source*** reflects the various sources of income to the System net of investment fees.
- The ***Schedule of Deductions from Pension and OPEB Plans by Type*** reflects the major expenses of the System. The major expenses include benefits paid, refunds and administrative expenses.
- The ***Schedule of Benefit Expenses of Pension and OPEB Plans by Type*** reflects a breakdown of the types of benefits paid. These expenses cover benefits paid by pension plan grouping type, death benefits and Other Postemployment Benefits (OPEB).
- The ***Schedule of Participating Employers*** represents the System's participating employers and their active members covered by the plan.
- The ***Schedule of Employer Contribution Rates*** lists a schedule of retirement plans for which benefits are being paid and the employer contribution rates associated with each of those plans by their respective employer.
- The ***Schedule of Average Benefit Payments*** present the average monthly benefit, average annual benefit and number of active retirees, organized by increments of credited years of service.
- The ***Changes in Fiduciary Net Position*** contains the financial trend information of the Pension Plan.
- The ***Changes in Fiduciary Net Position - OPEB*** contains the financial trend information of the OPEB Plan.

SCHEDULE OF ADDITIONS TO PENSION AND OPEB PLANS BY SOURCE

Dollars in thousands

Fiscal Year	Member Contributions	Employer Contributions	Gross Return on Investments	Investment Expenses	Other Income	Total
2015	16,622	133,033	27,657	(6,899)	690	171,103
2016	18,312	134,446	39,485	(7,639)	1,528	186,132
2017	20,320	136,251	272,549	(8,123)	646	421,643
2018	22,533	144,493	231,919	(7,849)	660	391,756
2019	26,605	147,739	238,523	(11,956)	612	401,523
2020	31,618	155,973	39,278	(12,676)	580	214,773
2021	35,520	164,761	845,899	(15,352)	600	1,031,428
2022	36,564	176,517	(51,528)	(24,936)	689	137,306
2023	38,522	172,652	302,979	(20,416)	679	494,416
2024	41,631	186,779	369,667	(15,922)	733	582,888

SCHEDULE OF DEDUCTIONS FROM PENSION AND OPEB PLANS BY TYPE

Dollars in thousands

Fiscal Year	Benefits Paid	Member Withdrawals	Administrative Expenses	Total
2015	145,508	967	4,817	151,292
2016	154,528	946	5,599	161,073
2017	162,170	1,044	6,110	169,324
2018	177,417	1,374	6,780	185,571
2019	189,689	1,728	7,193	198,610
2020	203,060	1,837	7,095	211,992
2021	213,331	1,578	5,919	220,828
2022	222,496	2,079	6,638	231,213
2023	238,672	2,563	6,912	248,147
2024	259,640	2,339	7,198	269,177

SCHEDULE OF BENEFIT EXPENSES BY TYPE – PENSION

Dollars in thousands

Fiscal Year	Benefits Paid General	Benefits Paid Safety	Benefits Paid APCD	Death Benefits	Death Refunds[1]	Separation Refunds	Total
2015	76,809	57,520	2,052	423	-	967	137,771
2016	81,832	61,167	2,324	388	-	946	146,657
2017	84,062	66,382	2,397	344	-	1,044	154,229
2018	94,694	70,792	2,401	490	-	1,374	169,751
2019	102,727	74,790	2,517	493	-	1,728	182,255
2020	113,539	77,022	2,709	351	189	1,837	195,647
2021	119,421	81,152	3,015	453	40	1,578	205,659
2022	123,992	85,575	3,127	417	125	2,079	215,315
2023	133,609	91,870	3,391	257	266	2,563	231,956
2024	150,513	95,992	3,545	505	162	2,339	253,056

[1] *Death Refunds and Death Benefits are included in the Benefits Paid presented in the Statement of Changes in Financial Net Position. This detail was added in 2020. Additional years will be provided as they are available.*

SCHEDULE OF BENEFIT EXPENSES BY TYPE – OPEB

Dollars in thousands

Fiscal Year	Heath Insurance Subsidy Paid	Health Reimbursement Cash Paid	Total
2015	7,607	1,096	8,703
2016	7,591	1,225	8,816
2017	7,598	1,387	8,985
2018	7,595	1,445	9,040
2019	7,469	1,692	9,161
2020	7,412	1,838	9,250
2021	7,300	1,950	9,250
2022	7,196	2,063	9,259
2023	7,064	2,215	9,279
2024	6,837	2,086	8,923

SCHEDULE OF PARTICIPATING EMPLOYERS – PENSION

For the fiscal years ended June 30

	2024	2023	2022	2021	2020
County of Santa Barbara:					
General Members	3,324	3,153	3,059	3,065	3,060
Safety Members	912	910	895	930	933
Total	4,236	4,063	3,954	3,995	3,993
Santa Barbara County Superior Court:					
General Members	220	213	212	211	217
Total	220	213	212	211	217
Participating Special Districts:					
Santa Barbara County Air Pollution Control District	32	33	33	34	33
Carpinteria Cemetery District	2	2	2	2	2
Carpinteria-Summerland Fire Protection District	34	34	35	36	34
Goleta Cemetery District	4	4	4	4	4
LAFCO	2	2	1	1	-
Oak Hill Cemetery District	3	3	3	3	3
Santa Barbara County Association of Governments	19	18	18	19	19
Mosquito & Vector Management District of Santa Barbara County	6	6	6	6	6
Santa Maria Cemetery District	7	7	6	6	7
Summerland Sanitary District	4	4	5	4	4
Total	113	113	113	115	112
Total Active Members	4,569	4,389	4,279	4,321	4,322

	2019	2018	2017	2016	2015
County of Santa Barbara:					
General Members	3,018	2,939	3,047	3,119	3,038
Safety Members	913	899	920	888	902
Total	3,931	3,838	3,967	4,007	3,940
Santa Barbara County Superior Court:					
General Members	220	220	216	222	217
Total	220	220	216	222	217
Participating Special Districts:					
Santa Barbara County Air Pollution Control District	35	34	38	41	42
Carpinteria Cemetery District	2	2	2	2	2
Carpinteria-Summerland Fire Protection District	37	36	32	33	34
Goleta Cemetery District	4	4	4	4	4
LAFCO	-	-	-	-	-
Oak Hill Cemetery District	3	3	3	3	3
Santa Barbara County Association of Governments	19	16	19	19	19
Mosquito & Vector Management District of Santa Barbara County	6	6	7	7	7
Santa Maria Cemetery District	7	7	7	6	6
Summerland Sanitary District	5	5	4	4	4
Total	118	113	116	119	121
Total Active Members	4,269	4,171	4,299	4,348	4,278

Data is for Pension Plan only.

SCHEDULE OF PARTICIPATING EMPLOYERS – OPEB

For the fiscal years ended June 30

	2024	*2023*	*2022*	*2021*	*2020*
County of Santa Barbara	1,602	1,727	1,906	2,104	2,239
Carpinteria-Summerland Fire Protection District	26	28	28	30	31
Santa Maria Cemetery District	2	2	2	3	3
Goleta Cemetery District	3	3	3	3	4
Santa Barbara County Association of Governments	5	6	7	10	11
Summerland Sanitary District	1	1	2	2	2
Carpinteria Cemetery District	2	2	2	2	2
Santa Barbara County Air Pollution Control District	9	9	11	13	14
Santa Barbara County Superior Court	139	144	158	174	190
Total Active Membership	1,789	1,922	2,119	2,341	2,496

	2019	*2018*	*2017*	*2016*	*2015*
County of Santa Barbara	2,415	2,583	2,808	3,029	3,383
Carpinteria-Summerland Fire Protection District	35	36	32	33	33
Santa Maria Cemetery District	7	7	7	6	7
Goleta Cemetery District	4	4	4	4	4
Santa Barbara County Association of Governments	11	16	17	18	18
Summerland Sanitary District	3	5	4	4	4
Carpinteria Cemetery District	2	2	2	2	2
Santa Barbara County Air Pollution Control District	18	20	22	28	38
Santa Barbara County Superior Court	210	220	216	222	218
Total Active Membership	2,705	2,893	3,112	3,346	3,707

SCHEDULE OF EMPLOYER CONTRIBUTION RATES – PENSION

Effective July 2022

	Plan	*APCD*	*SB County*	*SB Courts*	*Special Districts*
General	APCD 1	45.94%			
	APCD 2	48.37%			
	APCD 7	51.92%			
	APCD 8	42.67%			
General	Plan 2		26.66%	26.66%	
	Plan 5A		37.14%	37.14%	37.14%
	Plan 5B		37.01%	37.01%	
	Plan 5C		38.93%		
	Plan 7		39.72%		39.72%
	Plan 8-2		31.83%		31.83%
	Plan 8-3[1]			32.69%	32.69%
Safety	Plan 4A		61.25%		61.25%
	Plan 4B		63.52%		63.52%
	Plan 4C		59.55%		
	Plan 6A		70.17%		
	Plan 6B		69.01%		
	Plan 8		48.40%		48.40%

[1] *If General Plan 7 was not adopted by the employer, Plan 8 with a 3.0% cost-of-living adjustment (COLA) was implemented. This affects Santa Barbara County Superior Court and the following Special Districts: Carpinteria Cemetery District, Oak Hill Cemetery District, Summerland Sanitary District, Santa Maria Cemetery District, and Santa Barbara County Association of Governments (SBCAG).*

SCHEDULE OF AVERAGE BENEFIT PAYMENTS – PENSION

	0-9	10-14	15-19	20-24	25-29	30+
By Years in Pay Status						
June 30, 2015						
Average Monthly Benefit	$ 3,173	$ 3,040	$ 2,632	$ 2,354	$ 2,387	$ 1,779
Average Annual Benefit	$ 38,076	$ 36,480	$ 31,584	$ 28,248	$ 28,644	$ 21,348
Number of Active Retirees	2,128	766	473	273	172	218
June 30, 2016						
Average Monthly Benefit	$ 3,270	$ 3,079	$ 2,633	$ 2,441	$ 2,421	$ 1,850
Average Annual Benefit	$ 39,240	$ 36,948	$ 31,596	$ 29,292	$ 29,052	$ 22,200
Number of Active Retirees	2,170	832	496	271	185	217
June 30, 2017						
Average Monthly Benefit	$ 3,383	$ 3,117	$ 2,804	$ 2,503	$ 2,488	$ 1,978
Average Annual Benefit	$ 40,596	$ 37,404	$ 33,648	$ 30,036	$ 29,856	$ 23,736
Number of Active Retirees	2,298	833	574	259	197	214
June 30, 2018						
Average Monthly Benefit	$ 3,461	$ 3,265	$ 3,154	$ 2,549	$ 2,697	$ 2,106
Average Annual Benefit	$ 41,532	$ 39,180	$ 37,848	$ 30,588	$ 32,364	$ 25,272
Number of Active Retirees	2,313	871	619	299	205	212
June 30, 2019						
Average Monthly Benefit	$ 3,566	$ 3,448	$ 3,198	$ 2,919	$ 2,566	$ 2,261
Average Annual Benefit	$ 42,792	$ 41,376	$ 38,376	$ 35,028	$ 30,792	$ 27,132
Number of Active Retirees	2,365	912	632	360	195	216
June 30, 2020						
Average Monthly Benefit	$ 3,625	$ 3,753	$ 3,392	$ 3,059	$ 2,592	$ 2,356
Average Annual Benefit	$ 43,500	$ 45,036	$ 40,704	$ 36,708	$ 31,104	$ 28,272
Number of Active Retirees	2,331	993	671	408	213	228
By Years of Service Credit						
June 30, 2021						
Average Monthly Benefit	$ 1,168	$ 2,005	$ 2,979	$ 4,020	$ 5,683	$ 7,929
Average Annual Benefit	$ 14,012	$ 24,060	$ 35,748	$ 48,240	$ 68,196	$ 95,148
Number of Active Retirees	1,193	1,019	731	653	540	770
June 30, 2022						
Average Monthly Benefit	$ 1,206	$ 2,086	$ 3,112	$ 4,222	$ 5,906	$ 8,170
Average Annual Benefit	$ 14,467	$ 25,032	$ 37,344	$ 50,664	$ 70,872	$ 98,040
Number of Active Retirees	1,234	1,027	758	681	566	809
June 30, 2023						
Average Monthly Benefit	$ 1,241	$ 2,171	$ 3,228	$ 4,389	$ 6,146	$ 8,355
Average Annual Benefit	$ 14,893	$ 26,052	$ 38,736	$ 52,668	$ 73,752	$ 100,260
Number of Active Retirees	1,276	1,026	771	718	591	849
June 30, 2024						
Average Monthly Benefit	$ 1,278	$ 2,248	$ 3,332	$ 4,582	$ 6,313	$ 8,562
Average Annual Benefit	$ 15,337	$ 26,976	$ 39,984	$ 54,984	$ 75,756	$ 102,744
Number of Active Retirees	1,316	1,021	782	727	611	865

CHANGES IN FIDUCIARY NET POSITION – PENSION

Dollars in thousands

As of June 30

	2024	*2023*	*2022*	*2021*	*2020*
Additions					
Employer Contributions	$ 170,153	$ 157,307	$ 161,388	$ 150,093	$ 141,585
Member Contributions	41,631	38,522	36,564	35,520	31,618
Net Investment Income	344,086	277,245	(70,912)	822,345	24,364
Net Securities Income	785	356	167	179	202
Net Miscellaneous Income	209	183	215	184	199
Total Additions	556,864	473,613	127,422	1,008,321	197,968
Deductions					
Benefits Paid	250,717	229,393	213,237	204,081	193,810
Member Withdrawals	2,339	2,563	2,079	1,578	1,837
Administrative Expenses	6,682	6,410	6,162	5,695	6,523
Total Deductions	259,738	238,366	221,478	211,354	202,170
Changes in Fiduciary Net Position	$ 297,126	$ 235,247	$ (94,056)	$ 796,967	$ (4,202)

	2019	*2018*	*2017*	*2016*	*2015*
Additions					
Employer Contributions	$ 133,708	$ 131,374	$ 121,991	$ 122,748	$ 123,612
Member Contributions	26,605	22,533	20,320	18,312	16,622
Net Investment Income	224,280	222,677	263,412	31,441	20,383
Net Securities Income	358	405	334	240	181
Net Miscellaneous Income	204	233	265	1,119	277
Total Additions	385,155	377,222	406,322	173,860	161,075
Deductions					
Benefits Paid	180,528	168,377	153,185	145,711	136,804
Member Withdrawals	1,728	1,374	1,044	946	967
Administrative Expenses	6,784	6,351	5,733	5,193	4,404
Total Deductions	189,040	176,102	159,962	151,850	142,175
Changes in Fiduciary Net Position	$ 196,115	$ 201,120	$ 246,360	$ 22,010	$ 18,900

CHANGES IN FIDUCIARY NET POSITION – OPEB

Dollars in thousands

As of June 30

	2024	*2023*	*2022*	*2021*	*2020*
Additions					
Employer Contributions	$ 16,626	$ 15,345	$ 15,129	$ 14,668	$ 14,388
Net Investment Income	8,874	4,962	(5,719)	8,023	2,036
Misc. Income	524	496	474	416	381
Total Additions	26,024	20,803	9,884	23,107	16,805
Deductions					
Benefits Paid	8,923	9,279	9,259	9,250	9,250
Administrative Expenses	516	502	476	224	572
Total Deductions	9,439	9,781	9,735	9,474	9,822
Changes in Fiduciary Net Position	$ 16,585	$ 11,022	$ 149	$ 13,633	$ 6,983

	2019	*2018*	*2017*	*2016*	*2015*
Additions					
Employer Contributions	$ 14,031	$ 13,119	$ 14,260	$ 11,698	$ 9,421
Net Investment Income	1,929	988	679	167	194
Misc. Income	408	428	380	408	413
Total Additions	16,368	14,535	15,319	12,273	10,028
Deductions					
Benefits Paid	9,161	9,040	8,985	8,816	8,704
Administrative Expenses	409	429	376	408	413
Total Deductions	9,570	9,469	9,361	9,224	9,117
Changes in Fiduciary Net Position	$ 6,798	$ 5,066	$ 5,958	$ 3,049	$ 911

GLOSSARY

ACCUMULATED PLAN BENEFITS: Benefits attributable under the provisions of a pension plan to employees for services rendered to the benefit information date.

ACTUARIAL ASSUMPTIONS: Assumptions used in the actuarial valuation process as to the occurrence of future events affecting pension costs, such as mortality, withdrawal, disablement and retirement; changes in compensation and national pension benefits; rates of investment earnings and asset appreciation or depreciation; procedures used to determine the actuarial value of assets; characteristics of future entrants for open group actuarial cost methods and other relevant items.

ACCRUAL BASIS OF ACCOUNTING: The recording of the financial effects on a government of transactions and other events and circumstances that have cash consequences for the government in the periods in which those transactions, events and circumstances occur, rather than only in the periods in which cash is received or paid by the government.

ACTUARIAL LIABILITY: The portion, as determined by a particular cost method, of the total present value of benefits that is attributable to past service credit.

ACTUARIAL GAIN (LOSS): A measure of the difference between actual and expected experience based upon a set of actuarial assumptions. Examples include a higher return on fund assets than anticipated (gain) and higher than expected salary increases (loss).

ACTUARIAL PRESENT VALUE: The discounted value of an amount or series of amounts payable or receivable at various times, determined as of a given date by the application of a particular set of actuarial assumptions.

AMORTIZATION: (1) The portion of the cost of a limited-life or intangible asset charged as an expense during a particular period. (2) The reduction of debt by regular payments of principal and interest sufficient to retire the debt by maturity.

ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR): The official annual report of a government. It includes (a) the four combined financial statements in the combined statements - overview and their related notes (the "lift-able" General Purpose Financial Statements) and (b) combining statements by fund type and individual fund and account group financial statements prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) and organized into a financial reporting pyramid. It also includes supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, required supplementary information, extensive introductory material and a detailed statistical section. Every government reporting entity should prepare an ACFR.

AUDITOR’S REPORT: In the context of a financial audit, a statement by the auditor describing the scope of the audit and the auditing standards applied in the examination, and setting forth the auditor’s opinion on the fairness of presentation of the financial information in conformity with GAAP or other comprehensive basis of accounting.

ENTRY AGE ACTUARIAL COST METHOD: A method under which the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit age(s). The portion of this actuarial present value allocated to a valuation year is called the normal cost. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future normal costs is called the actuarial liability.

MEASUREMENT DATE: The date as of which an asset or liability has been rolled forward to based on that asset or liability's calculated value as of a valuation date.

NORMAL COST: The ongoing annual cost allocated to the System by a particular actuarial cost method for providing benefits (future cost). Normal cost payments are made during the working lifetime of the member.

OTHER POSTEMPLOYMENT BENEFITS (OPEB): Postemployment benefits that an employee will begin to receive at the start of retirement which do not include pension benefits paid. These Other Postemployment Benefits can include life insurance premiums, health care premiums and deferred-compensation agreements.

PENSION CONTRIBUTION: The amount paid into a pension plan by an employer (or employee), pursuant to the terms of the plan, state law, actuarial calculations or some other basis for determinations.

PENSION TRUST FUND: A trust fund used to account for a public employees' retirement system. Pension trust funds, like nonexpendable trust funds, use the accrual basis of accounting and have a capital maintenance focus.

TREAD WATER INDICATOR (TWI): Measures the minimum annual contribution required in order to prevent the net pension liability (NPL) or net OPEB liability (NOL) from growing under reported assumptions.

UNFUNDED ACTUARIAL LIABILITY (UAL): The excess of the actuarial liability over the actuarial value of assets.

UAL AMORTIZATION PAYMENT: The portion of the pension plan contribution, which is designed to pay off (amortize) the unfunded actuarial liability in a systematic fashion. Equivalently, it is a series of periodic payments required to pay off a debt.

VALUATION DATE: Date as of which the actuarial valuation is performed.

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