The Investments section of the ACFR has been extracted due to the discretion of the Board of Trustees, who are awaiting an outside audit of the investment manager fees and returns.

The Investment Section provides additional context and detail of the System's Investment policies, performance, benchmark indices, asset allocation, and returns. All investment returns stated are calculated by the System's custodian and reported in the investment consultant's (Meketa's) quarter ended June 30, 2023 performance reports, which are unaudited.

Please note, the page numbers have not been modified to reflect this.

2023

City of San José

Federated City Employees' Retirement System

Annual Comprehensive Financial Report for the Fiscal Years Ended June 30, 2023 and June 30, 2022
Pension and OPEB Trust Funds of the City of San José, CA

CITY OF
SAN JOSE
CAPITAL OF SILICON VALLEY

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2023

City of San José
Federated City Employees' Retirement Plan

Roberto L. Peña - Chief Executive Officer

Annual Comprehensive Financial Report for the Fiscal Years Ended June 30, 2023 and June 30, 2022 Pension and OPEB Trust Funds of the City of San José, CA
Pension Trust and Postemployment Healthcare Trust Funds of the City of San José, California

Office of Retirement Services
1737 North First Street, Suite 600
San José, California 95112-4505
Phone: 408-794-1000 Fax: 408-392-6732
www.sjretirement.com

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Office of Retirement Services

Federated City Employees' Retirement System

November 9, 2023

The Honorable Mayor and City Council
Members of the Federated City Employees' Retirement System
City of San José
San José, California

Dear Mayor, Council Members, and System Members:

On behalf of the Board of Administration, I present the Federated City Employees' Retirement System's (the System) Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2023.

As of the date of this letter, the investment return metrics for the System are under review by an external auditor to assure that all investment expenses have been properly accounted for. We anticipate this external review will be complete within a few months. While we await the completion of the external auditor's review, we can confirm that the Pension Plan's one-, three- and five-year annualized investment returns exceed the Plan's annual assumed rate of return of 6.625%, while the Healthcare Plan's one- and three-year annualized investment returns exceed the Healthcare Plan's assumed rate of return of 6.0%.

The System's net position increased from $3,057,148,000 to $3,281,923,000 (see the Financial Section beginning on page 14). The net increase in the System's net position for fiscal year 2022-2023 was $224,775,000.

The Board believes that the professional services rendered by the staff, investment consultant, actuary, and counsel have produced a sound fund capable of sustained growth over the long term. The Board of Administration and Retirement Services staff are available to provide additional information as requested.

Sincerely,

Spencer Horowitz

Spencer Horowitz, Chair
Board of Administration

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Introductory Section

CITY OF
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Federated City Employees' Retirement System
Annual Comprehensive Financial Report for the Fiscal Years Ended
June 30, 2023 and June 30, 2022

Letter of Transmittal

Office of Retirement Services

Federated City Employees' Retirement System

November 2, 2023

Board of Administration
Federated City Employees' Retirement System
1737 North First Street, Suite 600
San José, CA 95112

Dear Trustees:

I am pleased to present the Annual Comprehensive Financial Report (ACFR) of the Federated City Employees' Retirement System (the System) for the fiscal year ended June 30, 2023. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the System's management.

This ACFR was prepared to conform to the principles of governmental accounting and reporting set forth by the Governmental Accounting Standards Board (GASB) and the reporting requirements prescribed by the Government Finance Officers' Association of the United States and Canada (GFOA). Transactions of the System are reported on an accrual basis of accounting. For an overview and analysis of the financial activities of the System for the fiscal years ended June 30, 2023 and 2022, please refer to the Management's Discussion and Analysis (MD&A) on page 17.

Macias Gini & O'Connell LLP, the System's independent auditor, has audited the accompanying financial statements. Because the cost of a control should not exceed the benefits to be derived, management believes internal control is adequate and the accompanying statements, schedules, and tables are fairly presented and free from material misstatement. Sufficient internal controls over financial reporting exist to provide reasonable assurance regarding the safekeeping of assets and fair presentation of the financial statements and supporting schedules.

The financial audit provides reasonable assurance that the System's financial statements are presented in conformity with generally accepted accounting principles and are free of material misstatement. The System recognizes that even sound and well-designed internal controls have their inherent limitations in that errors may still occur as a result of factors such as carelessness, faulty judgment, communication breakdowns, and / or that internal controls can be circumvented by internal or external collusion. The System continuously reviews internal controls to ensure that the System's operating policies and procedures are being adhered to and that the controls are adequate to ensure accurate and reliable financial reporting and to safeguard the System's assets.

I am proud to report that the GFOA awarded its Certificate of Achievement for Excellence in Financial Reporting to the System for its ACFR for the fiscal year ended June 30, 2022. This was the 23rd consecutive year that the System has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the System must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The System also received the Public Pension Standards Award in recognition of meeting professional standards for plan design and administration by the Public Pension Coordinating Council.

I encourage you to review this report carefully. I trust that you and the members of the System will find this ACFR helpful in understanding the System.

Funding

The System's funding objective for both its defined benefit pension plan and its defined benefit other post-employment benefits (OPEB) healthcare plan is to meet long-term benefit obligations through contributions and investment income. As of the most recent actuarial valuation dated June 30, 2022, the funding ratio of the defined benefit pension plan and the defined benefit OPEB plan was 57.0% and 54.0%, respectively, based on the actuarial value of assets.

For the valuation of pension and OPEB benefits, the actuarial assumption for the net rate of return to be earned by the System is currently 6.625% and 6.0% respectively. The impact of the difference between the actual net rate of return earned by the System and the assumption rates will result in an investment gain or loss that will be reflected in the pension and OPEB unfunded liabilities in next year's ACFR, respectively. The net increase in the System's net position for fiscal year 2022-2023 was $224,775,000. Details of the components of this increase are included in the *Statement of Changes in Plan Net Position* on page 30. The defined benefit pension plan's funding progress is presented on page 138 and the defined benefit OPEB plan's funding progress is presented on page 155.

Investment Summary

The Board of Administration has exclusive control of all investments of the System and is responsible for the establishment of investment objectives, strategies, and policies. Members of the Board serve in a fiduciary capacity and must discharge their duties with respect to the System and the investment portfolio solely in the interest of, and for the exclusive purposes of providing benefits to, members of the System and defraying the reasonable cost of administration.

The Investment Policy Statement for the System has been revised as of September 2023. Notable changes were revisions to the verbiage and changes to the Appendices, but there was no change to the asset allocation.

Major Initiatives

The Investment Program continued to manage portfolio investments and move initiatives forward during the fiscal year. The continuity of the Investment Program is a testament to the human capital and infrastructure that are in place.

During the fiscal year, the Office of Retirement Services (ORS) completed filling the staffing vacancies in all the divisions. In addition, new Board trustees were onboarded.

In October 2017, the City Auditor issued report 17-06, *Audit of Retirement Services: Greater Transparency Needed in the Budgeting Process, Interactions Among Stakeholders, Investment Policies, and Plan Administration*. The report was published with five separate findings which are covered in 25 different recommendations and five of the 25 recommendations are addressed to the City. ORS has addressed and completed all of the recommendations this past fiscal year with the addition of new performance measures in the budget process.

The ORS' Internal Audit Division continues to conduct operational audits in the Benefits, Accounting, Investments and IT divisions as part of the Five-Year Internal Audit Plan. This has resulted in numerous recommendations to improve the efficiency of the operations of ORS, some of which have already been implemented and some of which ORS continues to work on.

With the resurgence of pre-COVID life, ORS has also seen the return of the in-person Open Enrollment Health Fair for retirees. Open Enrollment for 2023 consisted of receipt of 795 change requests, up from 553 in the previous year. There were 368 Health in Lieu re-enrollment requests and 118 Anthem, 85

Kaiser, 92 Delta, and 132 VSP enrollment requests processed. More than half of the requests were submitted directly through the member portal, MemberDirect.

Last year saw an escalation of the municipal code “Medicare Mandate” compliance enforcement efforts to transition Medicare eligible retirees and dependents from non-Medicare health plans to Medicare health plans. Staff identified 134 members aged 65 and older who were out of compliance with the Medicare Mandate. Staff mailed compliance notifications to affected members and continued efforts to contact all members on the list to assist them with their transition into an ORS offered Medicare plan. This effort resulted in identifying 11 members who were exempt, 95 members who were successfully transitioned to Medicare and 28 members whose healthcare was terminated for non-compliance. Staff continues to work with the remaining few who lost their health coverage.

Conclusion

I would like to take this opportunity to thank the members of the System for their patience and confidence in the ORS staff, whose dedication, commitment to the System and diligent work helped to ensure the System's continued success during the past year. I also want to express my gratitude to the Board of Administration for its dedicated effort in supporting the staff through this past year. Finally, I would like to thank the City staff for their support, as well as the consultants.

Respectfully Submitted,

Roberto L. Peña
Chief Executive Officer
Office of Retirement Services

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Certificate of Achievement for Excellence in Financial Reporting

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

San José Federated City Employees' Retirement System California

For its Annual Comprehensive Financial Report For the Fiscal Year Ended

June 30, 2022

Christopher P. Morrill

Executive Director/CEO

Certificate for Meeting Professional Standards in Public Pensions

Public Pension Coordinating Council

Public Pension Standards Award
For Funding and Administration
2022

Presented to

City of San José Federated
City Employees' Retirement System

In recognition of meeting professional standards for
plan funding and administration as
set forth in the Public Pension Standards.

Presented by the Public Pension Coordinating Council, a confederation of

National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

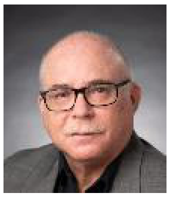
Alan H. Winkle
Program Administrator

Board of Administration, Administration, and Outside Consultants

BOARD OF ADMINISTRATION

The Retirement System is administered by a seven-member Board of Administration composed of two City employees elected by members of the System, a retiree representative and three public members, who are not connected with the City and have significant banking or investment experience, and another public member selected by the seven Board members and approved by the City Council. The Board is appointed by the City Council and serves in accordance with Section 2.08.300 of the San José Municipal Code.

As of June 30, 2023, the members of the Board were as follows:



SPENCER HOROWITZ, CHAIR
Public member appointed to the Board August 2019. His current term expires November 30, 2024

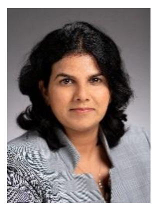
JULIE JENNINGS, VICE CHAIR
Employee representative appointed to the Board January 2020. Her current term expires November 30, 2023

ANURAG CHANDRA, TRUSTEE
Public member appointed to the Board December 2016. His current term expires November 30, 2026.

DEBORAH ABBOTT, TRUSTEE
Public member appointed to the Board May 2023. Her current term expires November 30, 2026.

MATTHEW FAULKNER, TRUSTEE
Public member appointed to the Board June 2023. His current term expires November 30, 2027.

MARK LINDER, TRUSTEE
Federated retiree representative appointed to the Board January 2022. His current term expires November 30, 2024.

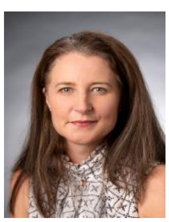


PRACHI AVASTHY, TRUSTEE
Employee representative appointed to the Board April 2022. Her current term expires November 30, 2025.

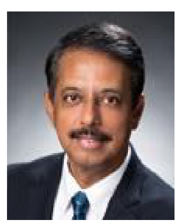
DEVORA "DEV" DAVIS CITY COUNCIL LIAISON TO THE BOARD
Non-voting member appointed to the Board March 2017

OFFICE OF RETIREMENT SERVICES ADMINISTRATION

ROBERTO L. PEÑA, DIRECTOR CHIEF EXECUTIVE OFFICER



BARBARA HAYMAN, DEPUTY DIRECTOR CHIEF OPERATIONS OFFICER



PRABHU PALANI, CHIEF INVESTMENT OFFICER

STANDING PUBLIC MEETINGS

Board Meetings: Third Thursday of the Month, 8:30 AM

Agendas for all public meetings are posted on the bulletin board at City Hall and on the department's website at https://www.sjretirement.com/Event/44416/Federated-Board-Meeting/event-details/ or they can be obtained from the Retirement Office at 1737 North First Street, Suite 600, San José, CA 95112. Meeting times and locations are subject to change; please call our office at (408) 794-1000 for current information.

OUTSIDE CONSULTANTS

ACTUARY
Cheiron, Inc.
Encinitas, CA

AUDITOR
Macias Gini & O'Connell LLP
Walnut Creek, CA

DOMESTIC RELATIONS ORDER AND DISABILITY COUNSEL
Saltzman & Johnson Law Corporation
Alameda, CA

GENERAL & FIDUCIARY COUNSEL
Reed Smith LLP
San Francisco, CA

INVESTMENT COUNSEL
Hanson Bridgett LLP
San Francisco, CA

Reed Smith LLP
San Francisco, CA

INVESTMENT CONSULTANTS
Albourne America LLC – Absolute Return
San Francisco, CA

Meketa Investment Group, Inc. – General Consultant
Carlsbad, CA

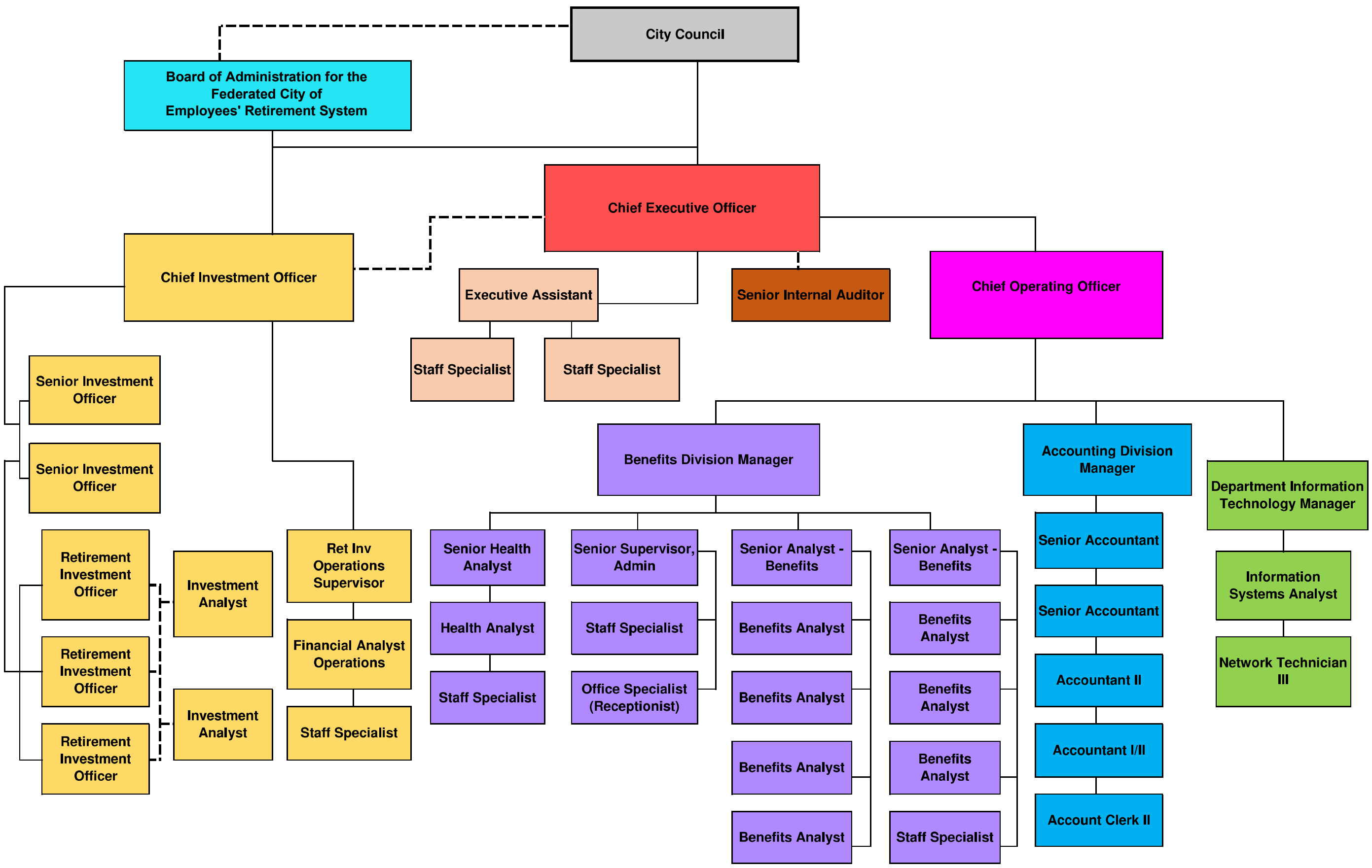
Verus Advisory Inc. – Risk Advisory
Seattle, WA

TAX COUNSEL
Ice Miller LLP
Indianapolis, IN

2023 Office of Retirement Services Organizational Chart

Office of Retirement Services

1737 North First Street Suite 600 San José, CA 95112
(408 794-1000 (800) 732-6477 (408) 392-6732 Fax
www.sjretirement.com



A list of investment professionals who provide services for the pension and healthcare trusts can be found on page 112 of the Investment Section of this report. The Schedule of Investment Fees and Schedule of Commissions can be found on pages 122 and 123, respectively.

Financial Section

CITY OF
SAN JOSE
CAPITAL OF SILICON VALLEY

Pension Trust and Postemployment Healthcare Trust Funds of the City of San José, California

City of San José
Federated City Employees' Retirement System
Annual Comprehensive Financial Report for the Fiscal Years Ended
June 30, 2023 and June 30, 2022

Independent Auditor's Report

Board of Administration of the City of San José
Federated City Employees' Retirement System
San José, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the City of San José Federated City Employees' Retirement System (System), a pension trust fund and postemployment healthcare fund of the City of San José, California, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the fiduciary net position of the System as of June 30, 2023, and the changes in its fiduciary net position for the years 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 (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the System 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.

Other Matter

Prior Period Financial Statements

The financial statements of the System as of and for the year ended June 30, 2022, were audited by other auditors whose report dated November 3, 2022, expressed an unmodified opinion on those financial statements.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 the System's 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 financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in the employer's net pension liability and related ratios – defined benefit pension plan, schedule of investment returns – defined benefit pension plan, schedule of employer contributions – defined benefit pension plan, schedule of changes in employer's net OPEB liability and related ratios – postemployment healthcare plan, schedule of investment returns – postemployment healthcare plan, schedule of employer contributions – postemployment healthcare plan, as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board 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 required supplementary information in accordance with GAAS, 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 financial statements that collectively comprise the System's basic financial statements. The combining schedule of defined benefit pension plan net position, combining schedule of changes in defined benefit pension plan net position, schedules of administrative expenses and other, schedules of payments to consultants, and schedules of investment expenses (other supplemental information) 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 GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2023, on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements 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 the System's 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 the System's internal control over financial reporting and compliance.

Macias Gini & O'Connell LLP

Walnut Creek, California
November 3, 2023

Management's Discussion and Analysis **(unaudited)**

November 2, 2023

Board of Administration
Federated City Employees' Retirement System
1737 North First Street, Suite 600
San José, California 95112-4505

The Office of Retirement Services is pleased to provide this overview and analysis of the financial activities of the Federated City Employees' Retirement System (the System) for the fiscal years ended June 30, 2023 and 2022. The System, consisting of a single employer Defined Benefit Pension Plan and a Postemployment Healthcare Plan, was established to provide retirement benefits for eligible non-sworn employees of the City of San José (City). We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our Letter of Transmittal, which begins on page 5 of this report, and in the financial section which follows this discussion.

Financial Highlights for Fiscal Year 2023

As of June 30, 2023, the System had $3,281,923,000 in plan net position restricted for pension benefits and postemployment healthcare benefits. Plan net position of $2,907,315,000 restricted for pension benefits is available to meet the System's ongoing obligations to plan participants and their beneficiaries. The Postemployment Healthcare Plan's net position of $374,608,000 is available for the exclusive use of retiree medical benefits.

- The System's total plan net position held in trust for pension benefits and postemployment healthcare benefits increased during the fiscal year ended June 30, 2023 by $224,775,000 or 7.4% from the prior fiscal year, primarily as a result of the appreciation in the fair value of investments caused by the strong returns in public equity and high yield bonds.

Additions to plan net position during the fiscal year ended June 30, 2023 were $509,208,000, which includes employer and employee contributions of $222,437,000 and $40,402,000, respectively, and net investment income of $246,369,000. This represents an increase of $446,909,000 or 717.4% of total additions from the prior fiscal year amount of $62,299,000.

- Deductions from plan net position for fiscal year ended June 30, 2023 increased by $10,329,000 from $274,104,000 to $284,433,000 over the prior fiscal year, or approximately 3.8%, due to an increase in retirement benefit payments. The increase in retirement benefit payments was attributable to an increased number of retired members and beneficiaries as well as cost-of-living adjustments.

Overview of the Financial Statements

The System's financial statements, notes to the financial statements, required supplementary and other supplemental information for the year ended June 30, 2023, were prepared in conformity with the principles of governmental accounting and reporting set forth by the Governmental Accounting Standards Board (GASB) and the reporting requirements prescribed by the Government Finance Officers' Association of the United States and Canada (GFOA). The following discussion and analysis are intended to serve as an introduction to the System's financial statements, which are comprised of these components:

1. Statements of Plan Net Position
2. Statements of Changes in Plan Net Position
3. Notes to the Basic Financial Statements

Please note, however, that this report also contains required supplementary information and other supplemental information in addition to the basic financial statements themselves.

The ***Statements of Plan Net Position*** are a snapshot of account balances at fiscal year-end. It indicates the assets available for future payments to retirees and any current liabilities that are owed at this time.

The ***Statements of Changes in Plan Net Position***, on the other hand, provide a view of current year additions to and deductions from the System.

Both statements are in compliance with accounting principles generally accepted in the United States of America (GAAP) as set forth by the GASB. GAAP requires state and local government pension plans and other postemployment benefit plan reports to use the full accrual method of accounting and make certain disclosures. The System complies with all significant requirements of these pronouncements.

The *Statements of Plan Net Position* and the *Statements of Changes in Plan Net Position* report information about the System's activities. These statements include all assets and liabilities, using the full accrual basis of accounting, which recognizes contributions as revenue when currently due pursuant to legal requirements and benefits and refunds of contributions when due and payable under the provisions of the System. All of the fiscal year's additions and deductions are taken into account regardless of when cash is received or paid. All realized gains and losses are reported at the trade date, not the settlement date. In addition, both realized and unrealized gains and losses on investments are reported.

These two statements report the System's net position restricted for pension benefits and postemployment healthcare benefits (net position)—the difference between assets and liabilities. Over time, increases and decreases in the System's net position are one indicator of whether its financial health is improving or deteriorating. Other factors, such as the net pension liability and the net OPEB liability, should also be considered in measuring the System's overall health.

Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the financial statements (see *Notes to Basic Financial Statements* beginning on page 32 of this report).

Required Supplementary Information. In addition to the financial statements and accompanying notes, this report presents certain required supplementary information concerning employer contributions and the System's progress in funding its obligations to provide pension and other postemployment healthcare benefits to members and beneficiaries (see Required Supplementary Information beginning on page 65 of this report). *The Schedule of Changes in the Employer's Net Pension Liability and Related Ratios of the Defined Benefit Pension Plan* was prepared using the System's net position.

Other Supplemental Information. The *Combining Schedules of Defined Benefit Pension Plan Net Position and Changes in Defined Benefit Pension Plan Net Position, Combining Schedules of Other Postemployment Plan Net Position and Changes in Other Postemployment Plan Net Position, Schedules of Administrative Expenses and Other, Payments to Consultants, and Investment Expenses* are presented immediately following the *Required Supplementary Information.*

Financial Analysis

As previously noted, plan net position may serve over time as a useful indication of the System's financial position (see Tables 1a and 1c on pages 19 - 20). At the close of fiscal years 2023 and 2022, the System's total assets exceeded the System's total liabilities. The System's financial statements do not include the total pension liability or the total OPEB liability for the Defined Benefit Pension Plan and the Postemployment Healthcare Plan, respectively.

The Pension System's net position as a percentage of the total pension liability and the Postemployment Healthcare Plan's total OPEB liability should also be considered when evaluating the System's financial health. Based on the June 30, 2022 actuarial valuation rolled forward to June 30, 2023, the net position of the Defined Benefit Pension Plan was 59.5% of the total pension liability, and the net position of the Other Postemployment Employee Benefit Plan was 56.3%. For more information on the results and impact of the June 30, 2022 actuarial valuations, please see Notes 4 and 5 to the financial statements beginning on page 55.

NET POSITION FOR THE DEFINED BENEFIT PENSION PLAN (Table 1a)
As of June 30, 2023 and 2022 (Dollars in thousands)

	2023	2022	Increase / Decrease Amount	Increase / Decrease Percent
Receivables	$ 18,233	$ 61,929	$ (43,696)	(70.6)%
Investments at fair value	2,920,184	2,671,917	248,267	9.3%
Other assets, net	2,645	3,186	(541)	(17.0)%
Total Assets	**2,941,062**	**2,737,032**	**204,030**	**7.5%**
Current liabilities	33,747	29,005	4,742	16.3%
Total Liabilities	**33,747**	**29,005**	**4,742**	**16.3%**
Plan Net Position	**$ 2,907,315**	**$ 2,708,027**	**$ 199,288**	**7.4%**

NET POSITION FOR THE DEFINED BENEFIT PENSION PLAN (Table 1b)
As of June 30, 2022 and 2021 (Dollars in thousands)

	2022	2021	Decrease Amount	Decrease Percent
Receivables	$ 61,929	$ 75,363	$ (13,434)	(17.8)%
Investments at fair value	2,671,917	2,835,604	(163,687)	(5.8)%
Other assets, net	3,186	3,682	(496)	(13.5)%
Total Assets	**2,737,032**	**2,914,649**	**(177,617)**	**(6.1)%**
Current liabilities	29,005	30,304	(1,299)	(4.3)%
Total Liabilities	**29,005**	**30,304**	**(1,299)**	**(4.3)%**
Plan Net Position	**$ 2,708,027**	**$ 2,884,345**	**$ (176,318)**	**(6.1)%**

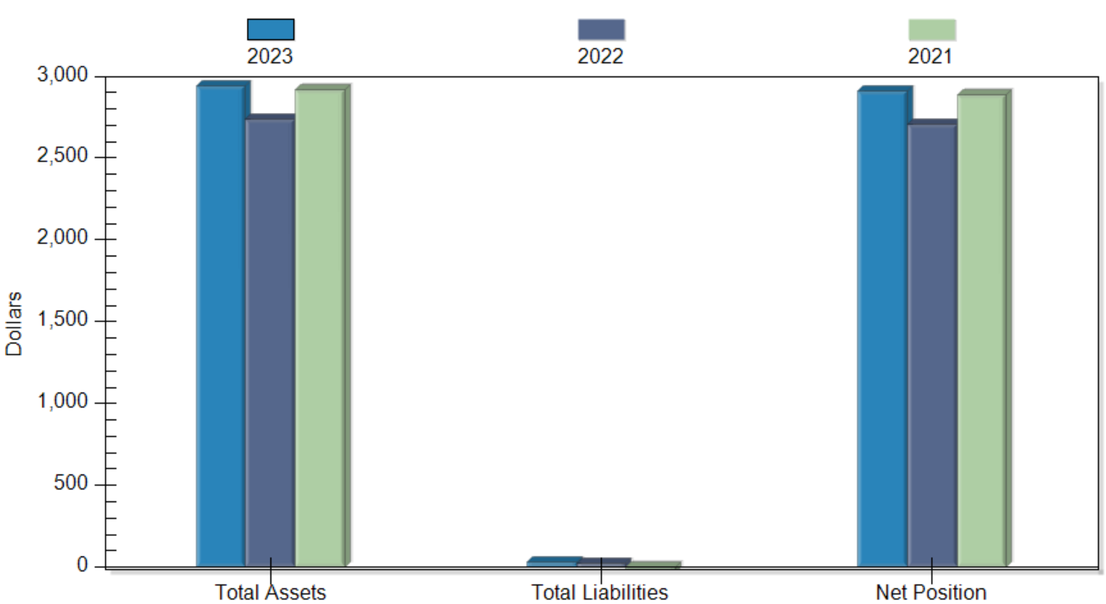
NET POSITION FOR THE POSTEMPLOYMENT HEALTHCARE PLAN (Table 1c)
As of June 30, 2023 and 2022 (Dollars in thousands)

	2023	2022	Increase / Decrease Amount	Increase / Decrease Percent
Receivables	$ 2,971	$ 14,738	$ (11,767)	(79.8)%
Investments at fair value	374,248	337,262	36,986	11.0 %
Other assets, net	106	176	(70)	(39.8)%
Total Assets	**377,325**	**352,176**	**25,149**	**7.1 %**
Current liabilities	2,717	3,055	(338)	(11.1)%
Total Liabilities	**2,717**	**3,055**	**(338)**	**(11.1)%**
Plan Net Position	**$ 374,608**	**$ 349,121**	**$ 25,487**	**7.3 %**

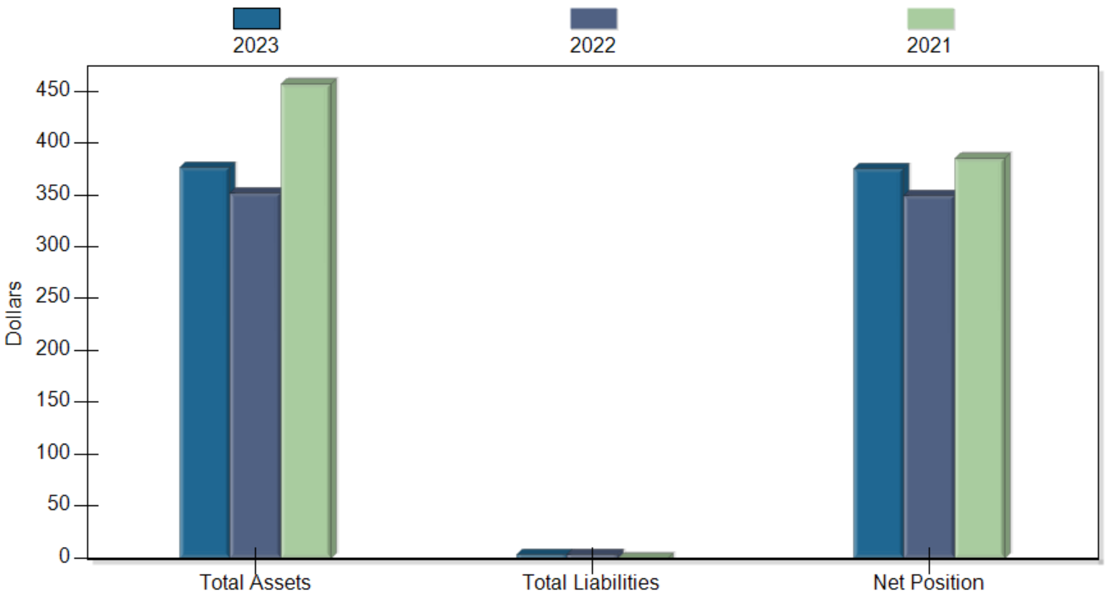
NET POSITION FOR THE POSTEMPLOYMENT HEALTHCARE PLAN (Table 1d)
As of June 30, 2022 and 2021 (Dollars in thousands)

	2022	2021	Decrease Amount	Decrease Percent
Receivables	$ 14,738	$ 76,743	$ (62,005)	(80.8)%
Investment at fair value	337,262	379,979	(42,717)	(11.2)%
Other assets, net	176	243	(67)	(27.6)%
Total Assets	**352,176**	**456,965**	**(104,789)**	**(22.9)%**
Current liabilities	3,055	72,357	(69,302)	(95.8)%
Total Liabilities	**3,055**	**72,357**	**(69,302)**	**(95.8)%**
Plan Net Position	**$ 349,121**	**$ 384,608**	**$ (35,487)**	**(9.2)%**

DEFINED BENEFIT PENSION PLAN NET POSITION (Tables 1a and 1b)
As of June 30, 2023, 2022 and 2021
(Dollars in millions)



POSTEMPLOYMENT HEALTHCARE PLAN NET POSITION (Tables 1c and 1d)
As of June 30, 2023, 2022 and 2021
(Dollars in millions)



As of June 30, 2023, $2,907,315,000 and $374,608,000, in total net position was restricted for pension benefits and postemployment healthcare benefits, respectively (see Tables 1a and 1c on pages 19 - 20). Plan net position restricted for pension benefits of $2,907,315,000 is available to meet the System's ongoing obligations to pension plan participants and their beneficiaries. Postemployment Healthcare Plan net position of $374,608,000 is available for the exclusive use of retiree medical benefits.

As of June 30, 2023, total net position restricted for pension benefits and for the postemployment healthcare benefits increased by 7.4% and 7.3% from the prior year, primarily due to the net appreciation in the fair value of investments of $196,661,000 and $16,895,000 for the Defined Benefit Pension Plan and the Postemployment Healthcare Plan, respectively. The appreciation in the fair value of investments was caused by the strong returns in public equities and high-yield bonds during the fiscal year. The System's current asset allocation is discussed in detail in Note 2(c) of the financial statements on page 42.

As of June 30, 2022, $2,708,027,000 and $349,121,000, in total net position was restricted for pension benefits and postemployment healthcare benefits, respectively (see Tables 1b and 1d on pages 19 - 20). Plan net position restricted for pension benefits of $2,708,027,000 was available to meet the System's ongoing obligations to pension plan participants and their beneficiaries. Postemployment Healthcare Plan net position of $349,121,000 was available for the exclusive use of retiree medical benefits.

As of June 30, 2022, total net position restricted for pension benefits and for the postemployment healthcare benefits decreased by (6.1)% and (9.2)% from the prior year, primarily due to the net depreciation in the fair value of investments $(177,677,000) and $(44,684,000) for the Defined Benefit Pension Plan, and for the Postemployment Healthcare Plan, respectively. The depreciation in the fair value of investments was caused by the severe downturn in public equities and bonds during the second half of the fiscal year. The System's current asset allocation is discussed in detail in Note 2(c) of the financial statements on page 42.

Management's Discussion and Analysis **(unaudited)** *(continued)*

As of June 30, 2023, receivables decreased by $(43,696,000) or (70.6)% and by $(11,767,000) or (79.8)% in the Defined Benefit Pension Plan and Postemployment Healthcare Plan, respectively. Receivables in the Defined Benefit Pension Plan and Postemployment Healthcare Plan decreased mainly due to a decrease in receivables from brokers and other and accrued investment income receivables. In the previous year, receivables decreased by ($13,434,000) or (17.8%) and by $(62,005,000) or (80.8)% for the Defined Benefit Pension Plan and the Postemployment Healthcare Plan, respectively, due to a decrease in receivables from brokers and others and accrued investment income's timing of trades.

As of June 30, 2023, liabilities increased by $4,742,000 or 16.3% for the Defined Benefit Pension Plan, and decreased $(338,000) or (11.1)% for the Postemployment Healthcare Plan, due to the timing of trades. In the previous year, liabilities for the Defined Benefit Pension Plan and the Postemployment Healthcare Plan decreased by ($1,299,000) or (4.3)% and $(69,302,000) or (95.8)%, respectively, from the prior year due to a decrease in payables to brokers' timing of trades.

FEDERATED SYSTEM ACTIVITIES

In the fiscal year ended June 30, 2023, the System's combined Defined Benefit Pension Plan and Postemployment Healthcare Plan net position increased by $224,775,000 or 7.4%, primarily due to the strong returns in public equity and high-yield bonds during the fiscal year which led to the System earning significant investment gains. Key elements of the System's financial activities are described in the sections that follow.

Additions to Plan Net Position

The assets needed to fund retirement benefits are accumulated through the collection of employer and employee contributions along with earnings on investments (net of investment expense). Total Additions to the Defined Benefit Pension Plan and Postemployment Healthcare Plan for the fiscal year ended June 30, 2023, were $452,102,000 and $57,106,000, respectively (see Tables 2a and 2c on pages 23 - 24).

For the fiscal year ended June 30, 2023, total additions for the Defined Benefit Pension Plan and Postemployment Healthcare Plan increased by $386,169,000 or 585.7% and $60,740,000 or 1,671.4%, respectively. The primary cause of the increase from the prior year in the Defined Benefit Pension Plan and the Postemployment Healthcare Plan was due to the increase in net investment income of $391,230,000 and $62,554,000, respectively, due to the strong returns from public equity and high-yield bonds during the fiscal year.

The System's time-weighted rate of return, net of investment fee, as determined by the System's investment consultant on an investment (non-GAAP) basis, for the fiscal year ended June 30, 2023 for the Defined Benefit Pension Plan, was 7.5% compared to (4.4)% for fiscal year 2022.

For the fiscal year ended June 30, 2022, total additions for the Defined Benefit Pension Plan and Postemployment Healthcare Plan decreased by $(842,363,000) or (92.7)%, and $(117,505,000), or (103.2)%, respectively. The primary cause of the decrease from the prior year in the Defined Benefit Pension Plan and the Postemployment Healthcare Plan was due to the decrease in net investment income of $(867,737,000) and $(115,646,000), respectively, due to the severe market downturn during the second half of the fiscal year.

The System's time-weighted rate of return, net of investment fee, as determined by the System's investment consultant on an investment (non-GAAP) basis, for the fiscal year ended June 30, 2022 for the Defined Benefit Pension Plan, was (4.4)% compared to 29.2% for fiscal year 2021.

Deductions from Plan Net Position

The System was created to provide a monthly pension allowance, survivor benefits, permanent disability benefits, and postemployment healthcare benefits to qualified members and their beneficiaries. The cost of such programs includes recurring benefit payments and healthcare premium payments, as designated by the San José Municipal Code, refunds of contributions to terminated employees, and the cost of administering the System.

Deductions for the fiscal year ended June 30, 2023, totaled $252,814,000 and $31,619,000 for the Defined Benefit Pension Plan and Postemployment Healthcare Plan, respectively. Deductions for the Defined Benefit Pension Plan increased by $10,563,000 or 4.4% from the previous year due to an increase in benefit payments (see Table 2a on page 23). The increase in benefit payments is primarily due to continued increases in the number of retirees and beneficiaries with higher final average salaries and added cost of living adjustments. Deductions for the Postemployment Healthcare Plan decreased by $(234,000) or (0.7%) from the previous year primarily due to the decrease in healthcare insurance premiums. (see Table 2c on page 24).

Deductions for the fiscal year ended June 30, 2022, totaled $242,251,000 and $31,853,000 for the Defined Benefit Pension Plan and Postemployment Healthcare Plan, respectively. Deductions for the Defined Benefit Pension Plan increased $10,283,000 or 4.4% from the previous year due to an increase in benefit payments. The increase in benefit payments is primarily due to continued increases in the number of retirees and beneficiaries with higher final average salaries and added cost of living adjustments. (see Table 2b on page 24). Deductions for the Postemployment Healthcare Plan decreased by $(720,000) or (2.2%) from the previous year primarily due to the decrease in healthcare insurance premiums. (see Table 2d on page 25).

CHANGES IN PLAN NET POSITION FOR THE DEFINED BENEFIT PENSION PLAN (Table 2a)

For the Fiscal Years Ended June 30, 2023 and 2022 (Dollars in thousands)

	2023	2022	Increase / (Decrease) Amount	Increase / (Decrease) Percent
Employee contributions	$ 30,561	$ 27,464	$ 3,097	11.3 %
Employer contributions	199,440	207,598	(8,158)	(3.9)%
Net investment income / (loss) [1]	222,101	(169,129)	391,230	(231.3)%
Total Additions	**452,102**	**65,933**	**386,169**	**585.7 %**
Retirement benefits	228,530	219,497	9,033	4.1 %
Death benefits	17,213	16,373	840	5.1 %
Refund of contributions	1,613	1,403	210	15.0 %
Administrative expenses	5,458	4,978	480	9.6 %
Total Deductions	**252,814**	**242,251**	**10,563**	**4.4 %**
Net Increase / (Decrease) in Plan Net Position	**199,288**	**(176,318)**	**375,606**	**213.0 %**
Beginning Net Position	**2,708,027**	**2,884,345**	**(176,318)**	**(6.1)%**
Ending Net Position	**$ 2,907,315**	**$ 2,708,027**	**$ 199,288**	**7.4 %**

[1] *Net of investment expenses of $11,454 and $9,696 in 2023 and 2022, respectively.*

Management's Discussion and Analysis **(unaudited)** *(continued)*

CHANGES IN PLAN NET POSITION FOR THE DEFINED BENEFIT PENSION PLAN (Table 2b)

For the Fiscal Years Ended June 30, 2022 and 2021 (Dollars in thousands)

	2022	2021	Increase / (Decrease) Amount	Increase / (Decrease) Percent
Employee contributions	$ 27,464	$ 25,724	$ 1,740	6.8 %
Employer contributions	207,598	183,964	23,634	12.8 %
Net investment (loss) / income [1]	(169,129)	698,608	(867,737)	(124.2)%
Total Additions	**65,933**	**908,296**	**(842,363)**	**(92.7)%**
Retirement benefits	219,497	210,351	9,146	4.3 %
Death benefits	16,373	15,641	732	4.7 %
Refund of contributions	1,403	1,214	189	15.6 %
Administrative expenses	4,978	4,762	216	4.5 %
Total Deductions	**242,251**	**231,968**	**10,283**	**4.4 %**
Net (Decrease) / Increase in Plan Net Position	**(176,318)**	**676,328**	**(852,646)**	**(126.1)%**
Beginning Net Position	**2,884,345**	**2,208,017**	**676,328**	**30.6 %**
Ending Net Position	**$ 2,708,027**	**$ 2,884,345**	**$ (176,318)**	**(6.1)%**

[1] *Net of investment expenses of $9,696 and $8,348 in 2022 and 2021, respectively.*

CHANGES IN PLAN NET POSITION FOR THE POSTEMPLOYMENT HEALTHCARE PLAN (Table 2c)

For the Fiscal Years Ended June 30, 2023 and 2022 (Dollars in thousands)

	2023	2022	Increase/ (Decrease) Amount	Increase/ (Decrease) Percent
Employee contributions	$ 9,841	$ 9,865	$ (24)	(0.2)%
Employer contributions	22,997	24,787	(1,790)	(7.2)%
Net investment income / (loss)[1]	24,268	(38,286)	62,554	163.4 %
Total Additions	**57,106**	**(3,634)**	**60,740**	**1,671.4 %**
Healthcare insurance premiums	30,869	31,088	(219)	(0.7)%
Administrative expenses	750	765	(15)	(2.0)%
Total Deductions	**31,619**	**31,853**	**(234)**	**(0.7)%**
Net Increase / (Decrease) in Plan Net Position	**25,487**	**(35,487)**	**60,974**	**171.8 %**
Beginning Net Position	**349,121**	**384,608**	**(35,487)**	**(9.2)%**
Ending Net Position	**$ 374,608**	**$ 349,121**	**$ 25,487**	**7.3 %**

[1] *Net of investment expenses of $365 and $572 in 2023 and 2022, respectively.*

CHANGES IN PLAN NET POSITION FOR THE POSTEMPLOYMENT HEALTHCARE PLAN (Table 2d)
For the Fiscal Years Ended June 30, 2022 and 2021 (Dollars in thousands)

	2022	2021	Increase/ (Decrease) Amount	Increase/ (Decrease) Percent
Employee contributions	$ 9,865	$ 10,275	$ (410)	(4.0)%
Employer contributions	24,787	26,236	(1,449)	(5.5)%
Net investment (loss) / income [1]	(38,286)	77,360	(115,646)	(149.5)%
Total Additions	**(3,634)**	**113,871**	**(117,505)**	**(103.2)%**
Healthcare insurance premiums	31,088	31,871	(783)	(2.5)%
Administrative expenses	765	697	68	9.8 %
VEBA transfer	-	5	(5)	(100.0)%
Total Deductions	**31,853**	**32,573**	**(720)**	**(2.2)%**
Net (Decrease) / Increase in Plan Net Position	**(35,487)**	**81,298**	**(116,785)**	**(143.7)%**
Beginning Net Position	**384,608**	**303,310**	**81,298**	**26.8 %**
Ending Net Position	**$ 349,121**	**$ 384,608**	**$ (35,487)**	**(9.2)%**

[1] *Net of investment expenses of $572 and $582 in 2022 and 2021, respectively.*

Reserves

The System is required by the City of San José Municipal Code to establish various reserves in the System's net position. The System's net position is allocated between the Defined Benefit Pension Plan (which includes the Retirement Fund and the Cost-of-Living Fund) and the Postemployment Healthcare Plan (which consists of the 115 Trust). The Defined Benefit Pension Plan Retirement Fund and the Defined Benefit Pension Plan Cost-of-Living Fund both have a General Reserve and Employee Contributions Reserve. The Postemployment Healthcare 115 Funds have a General Reserve only (see table on page 44 for a complete listing and year-end balances of the System's reserves). The 401(h) reserves were depleted as of November 2019.

The System's reserves are established from employer and employee contributions and the accumulation of investment income, after satisfying investment and administrative expenses. Additionally, the appreciation or depreciation in the fair value of investments is held in the unrealized gain/loss account, a component of each System's General Reserve.

With the implementation of Measure F, a medical in-lieu component of the General Reserves was created to account for those members who elected to be in the medical-in-lieu credit program. These members are retirees who are eligible for medical insurance and/or dental insurance but who opt not to take it and instead elect to be in the in-lieu credit program. These members are given credits worth 25% of the lowest cost plan, which can be used in future years if the retiree opts to enroll in a City medical or dental plan. See Note 2 of the financial statements for additional information.

The System's Fiduciary Responsibilities

The System's Board of Administration is the fiduciary trustee of the Defined Benefit Pension Plan and Postemployment Healthcare Plan. Under the California Constitution and the San José Municipal Code, System assets may only be used for the exclusive benefit of providing benefits to plan participants and their beneficiaries and defraying reasonable costs of administration.

Economic Factors and Rates Affecting Next Year

The System's actuarial valuations as of June 30, 2022, were used to determine the contribution rates and dollar amounts effective June 25, 2023 for fiscal year 2023-2024. The annual determined contribution rates and dollar amounts were adopted by the Board in April 2023. The June 30, 2022 actuarial valuations include Board-adopted actuarial assumption changes recommended by the System's actuary in the June 30, 2022 Preliminary Valuation Results Review presented in November and December 2022.

The Investment Policy Statement for the System has been revised as of September 2023. Notable changes were revisions to the verbiage and changes to the Appendices, but there was no change to the asset allocation.

Defined Benefit Pension Plan

The System's funding objective is to meet long-term benefit obligations through contributions and investment income. The System's actuarial valuation for funding purposes uses a five-year smoothing method for investment gains and losses. This means that the current year's gains or losses compared to the actuarially assumed rate of return, as calculated at year-end, are recognized over five years. The unfunded actuarial liability (UAL) of $2,041.0 million, as of June 30, 2022, does not include the impact of approximately $1.9 million of net deferred investment losses yet to be recognized, primarily resulting from unfavorable investment returns during fiscal years 2022. It is anticipated that future actuarial valuations will recognize these remaining deferred net investment losses as described above and the smoothing of any new gains or losses over a five-year period.

The System is exposed to general investment market risk. In a pension plan context, this is the risk that the long-term rate of return earned on the pension plan assets could be below the actuarially assumed rate of return, which is 6.625%, net of investment expenses, in the actuarial valuation as of June 30, 2022. With all other actuarial variables being equal, underperforming the assumed rate of return would increase the UAL and decrease the funded status of the System, thereby increasing required contributions to the System. Conversely, with all other actuarial variables being equal, overperforming the assumed rate of return would decrease the UAL and increase the funded status of the System, thereby decreasing required contributions to the System.

In addition to investment market risk, the System is exposed to non-economic or demographic risk. The demographic assumptions, which include rates of termination, retirement, disability and mortality, are often unique to the System's provisions and the specific demographics of the System participants. Deviations from these actuarial assumptions cause the System to experience gains or losses, which in turn can lead to volatility in the contribution rates. To minimize this risk, every two to five years, the System's actuary conducts an experience study to assess whether the experience of the System is conforming to the actuarial assumptions.

The actuarial assumptions may be adjusted where it is determined that current assumptions will not provide the most accurate expectation of what may happen in the future. The Board approved to make no changes to the June 30, 2022 actuarial valuation as a result of the economic assumptions review presented in October 2022. The assumed price inflation was updated for the June 30, 2022 valuation. See Actuarial section for the effects of these changes.

Contribution rates for fiscal year 2023-2024, as determined by the June 30, 2022 actuarial valuation, includes the impact of the items stated above and the recognition of smoothed deferred investment gains and losses.

Postemployment Healthcare Plan

The Measure F Framework became effective as of June 16, 2017. A Voluntary Employee Beneficiary Association (VEBA) for retiree healthcare was created and Tier 1 and some Tier 2 members were eligible for an irrevocable opt-out of the defined benefit retiree healthcare plan. The VEBA opt-in election period was October 18, 2017 through December 15, 2017, and the healthcare contributions of members who opted in to the VEBA was transferred out of the Postemployment Healthcare Plan in

March 2018. The IRS approved allowing eligible employees who are rehired into the City from calendar years 2018 through 2022 to opt-in to the VEBA if they were not employed during the initial opt-in period.

Historically, member and City contributions to the System have been negotiated through collective bargaining and have not been actuarially determined. With the implementation of Measure F, member contributions were fixed at 7.5% of pay; the City's contribution toward the explicit subsidy (or premium subsidy) is actuarially determined; and the City also pays the implicit subsidy (difference between the expected claims cost for a retiree or spouse and the total (retiree plus City) premium) on a pay-as you-go basis as part of active health premiums. In addition, the City has an option to limit its contribution for the explicit subsidy to 14% of payroll.

In March 2018, the Board approved the contribution policy that sets the City health care contributions for Tier 1 members as a flat dollar amount, beginning with fiscal year 2019.

Requests for Information

This financial report is designed to provide the Board of Administration, Mayor and City Council, our membership, taxpayers, and stakeholders, with a general overview of the System’s finances and to account for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Federated City Employees’ Retirement System
1737 North First Street, Suite 600
San José, California 95112-4505

Respectfully Submitted,

Roberto L. Peña
Chief Executive Officer
Office of Retirement Services

Basic Financial Statements

STATEMENTS OF PLAN NET POSITION

As of June 30, 2023 and 2022 (In Thousands)

	2023		
	Defined Benefit Pension Plan	Postemployment Healthcare Plan	Total
ASSETS			
Receivables			
Employee contributions	$ 520	$ 159	$ 679
Employer contributions	5,603	284	5,887
Brokers and others	7,770	2,134	9,904
Accrued investment income	4,340	394	4,734
Total Receivables	**18,233**	**2,971**	**21,204**
Investments, at fair value			
Securities and other:			
Public equity	1,335,443	224,221	1,559,664
Private equity	390,509	-	390,509
Core real estate	151,393	48,156	199,549
Investment grade bonds	123,724	50,521	174,245
Immunized cash flows	161,586	-	161,586
Growth real estate	119,947	-	119,947
Emerging market bonds	110,305	-	110,305
Private debt	102,833	-	102,833
Market neutral strategies	90,110	-	90,110
Cash and cash equivalents	81,186	3,113	84,299
Long-term government bonds	56,500	17,521	74,021
Private real assets	67,767	-	67,767
Treasury inflation-protected securities	56,954	-	56,954
High yield bonds	56,207	-	56,207
Commodities	-	17,534	17,534
Venture / Growth capital	15,720	-	15,720
Short-term investment grade bonds	-	13,182	13,182
Total Investments	**2,920,184**	**374,248**	**3,294,432**
Other assets, net	2,645	106	2,751
TOTAL ASSETS	**2,941,062**	**377,325**	**3,318,387**
LIABILITIES			
Payable to brokers	30,341	375	30,716
Other liabilities	3,406	2,342	5,748
TOTAL LIABILITIES	**33,747**	**2,717**	**36,464**
PLAN NET POSITION - RESTRICTED FOR			
Pension benefits	2,907,315	-	2,907,315
Postemployment healthcare benefits	-	374,608	374,608
TOTAL PLAN NET POSITION	**$ 2,907,315**	**$ 374,608**	**$ 3,281,923**

See accompanying notes to basic financial statements. *(continued)*

Basic Financial Statements *(continued)*

STATEMENTS OF PLAN NET POSITION (continued)

As of June 30, 2023 and 2022 (In Thousands)

	2022		
	Defined Benefit Pension Plan	Postemployment Healthcare Plan	Total
ASSETS			
Receivables			
Employee contributions	$ 1,451	$ 496	$ 1,947
Employer contributions	12,341	976	13,317
Brokers and others	44,796	12,916	57,712
Accrued investment income	3,341	350	3,691
Total Receivables	**61,929**	**14,738**	**76,667**
Investments, at fair value			
Securities and other:			
Public equity	1,233,117	192,076	1,425,193
Private equity	365,199	-	365,199
Investment grade bonds	236,442	49,723	286,165
Core real estate	131,894	44,658	176,552
Growth real estate	101,938	-	101,938
Private debt	86,401	-	86,401
Market neutral strategies	85,780	-	85,780
Emerging market bonds	83,707	-	83,707
Immunized cash flows	68,748	-	68,748
Long-term government bonds	49,904	17,795	67,699
Cash and cash equivalents	56,889	3,425	60,314
Treasury inflation-protected securities	56,963	-	56,963
High yield bonds	51,453	-	51,453
Private real assets	49,534	-	49,534
Commodities	-	16,813	16,813
Venture / Growth capital	13,948	-	13,948
Short-term investment grade bonds	-	12,772	12,772
Total Investments	**2,671,917**	**337,262**	**3,009,179**
Other assets, net	3,186	176	3,362
TOTAL ASSETS	**2,737,032**	**352,176**	**3,089,208**
LIABILITIES			
Payable to brokers	25,507	338	25,845
Other liabilities	3,498	2,717	6,215
TOTAL LIABILITIES	**29,005**	**3,055**	**32,060**
PLAN NET POSITION - RESTRICTED FOR			
Pension benefits	2,708,027	-	2,708,027
Postemployment healthcare benefits	-	349,121	349,121
TOTAL PLAN NET POSITION	**$ 2,708,027**	**$ 349,121**	**$ 3,057,148**

See accompanying notes to basic financial statements. *(concluded)*

STATEMENTS OF CHANGES IN PLAN NET POSITION

For the Fiscal Years Ended June 30, **2023** *and 2022 (In Thousands)*

	2023		
	Defined Benefit Pension Plan	Postemployment Healthcare Plan	Total
ADDITIONS			
Contributions:			
Employee	$ 30,561	$ 9,841	$ 40,402
Employer	199,440	22,997	222,437
Total Contributions	**230,001**	**32,838**	**262,839**
Investment income			
Net appreciation in fair value of investments	196,661	16,895	213,556
Interest income	29,616	2,037	31,653
Dividend income	7,278	5,701	12,979
Less: investment expense	(11,454)	(365)	(11,819)
Net Investment Income	**222,101**	**24,268**	**246,369**
TOTAL ADDITIONS	**452,102**	**57,106**	**509,208**
DEDUCTIONS			
Retirement benefits	228,530	-	228,530
Healthcare insurance premiums	-	30,869	30,869
Death benefits	17,213	-	17,213
Refund of contributions	1,613	-	1,613
Administrative expenses and other	5,458	750	6,208
TOTAL DEDUCTIONS	**252,814**	**31,619**	**284,433**
NET INCREASE	**199,288**	**25,487**	**224,775**
PLAN NET POSITION - RESTRICTED FOR PENSION AND POSTEMPLOYMENT HEALTHCARE BENEFITS			
BEGINNING OF YEAR	**2,708,027**	**349,121**	**3,057,148**
END OF YEAR	**$ 2,907,315**	**$ 374,608**	**$ 3,281,923**

See accompanying notes to basic financial statements.

(continued)

STATEMENTS OF CHANGES IN PLAN NET POSITION (continued)

For the Fiscal Years Ended June 30, 2023 and 2022 (In Thousands)

	2022		
	Defined Benefit Pension Plan	Postemployment Healthcare Plan	Total
ADDITIONS			
Contributions:			
Employee	$ 27,464	$ 9,865	$ 37,329
Employer	207,598	24,787	232,385
Total Contributions	**235,062**	**34,652**	**269,714**
Investment income			
Net depreciation in fair value of investments	(177,677)	(44,684)	(222,361)
Interest income	10,019	1,695	11,714
Dividend income	8,225	5,275	13,500
Less: investment expense	(9,696)	(572)	(10,268)
Net Investment Loss	**(169,129)**	**(38,286)**	**(207,415)**
TOTAL ADDITIONS	**65,933**	**(3,634)**	**62,299**
DEDUCTIONS			
Retirement benefits	219,497	-	219,497
Healthcare insurance premiums	-	31,088	31,088
Death benefits	16,373	-	16,373
Refund of contributions	1,403	-	1,403
Administrative expenses and other	4,978	765	5,743
TOTAL DEDUCTIONS	**242,251**	**31,853**	**274,104**
NET DECREASE	**(176,318)**	**(35,487)**	**(211,805)**
PLAN NET POSITION - RESTRICTED FOR PENSION AND POSTEMPLOYMENT HEALTHCARE BENEFITS			
BEGINNING OF YEAR	**2,884,345**	**384,608**	**3,268,953**
END OF YEAR	**$ 2,708,027**	**$ 349,121**	**$ 3,057,148**

See accompanying notes to basic financial statements. *(concluded)*

Notes to the Basic Financial Statements

NOTE 1 - DESCRIPTION OF THE PLAN

The following description of the City of San José Federated City Employees' Retirement System (the System) is provided for financial reporting purposes only. Readers should refer to the City of San José Municipal Code (SJMC) for more complete information.

(a) General

The System was established in 1941 to provide retirement benefits for certain employees of the City of San José (City). The current System consists of a single employer Defined Benefit Pension Plan and a Postemployment Healthcare Plan and includes all provisions of SJMC Chapters 3.28, 3.44, and 3.52.

The Defined Benefit Pension Plan was established pursuant to Internal Revenue Code (IRC) Section 401(a), is held and administered in the 1975 Federated City Employees' Retirement System (Pension Trust) and includes all provisions of SJMC Chapters 3.28.

The Postemployment Healthcare Plan is comprised of the IRC Section 115 trust and is held and administered in the Federated City Employees' Healthcare Trust Fund; it includes all provisions of SJMC Chapters 3.28 and 3.52, respectively.

The Postemployment Healthcare Plan was established under the now depleted IRC Section 401(h), an account within the Pension Trust, for retiree healthcare benefits funding and for the payment of retiree healthcare benefits. The 401(h) plan was depleted as of November 2019 and all post-employment healthcare benefit payments are now made from the IRC 115 trust account.

The IRC Section 115 trust established June 24, 2011 by the San José City Council (City Council) under the provisions of SJMC Chapter 3.52 (Ordinance number 28914) provides an alternative to the depleted 401(h) account for retiree healthcare benefits funding and for the payment of retiree healthcare benefits. A request for private letter ruling on the tax qualified status of the new trust and the pre-tax treatment of employee contributions to the trust was filed with the IRS on October 17, 2011. On August 6, 2013, the City obtained a private letter ruling from the IRS confirming the pre-tax treatment of employee contributions to the 115 Trust. Beginning on December 23, 2013, employee contributions made for retiree healthcare are deposited into the 115 Trust.

On August 18, 2012, the System received a favorable tax determination letter from the IRS for the Pension Trust, which formerly included the Defined Benefit Pension Plan and the now depleted 401(h) portion of the Postemployment Healthcare Plan. A new determination letter was received on July 8, 2014.

Effective September 30, 2012, pursuant to City of San José Ordinance Number 29120, the System was amended to provide for different retirement benefits for individuals hired, rehired, or reinstated by the City on and after that date but before September 27, 2013. Members subject to these new benefit provisions are referred to as Tier 2 members, whereas members hired before September 30, 2012 are referred to as Tier 1 members. Differences in benefits are noted in the appropriate sections below.

Effective February 3, 2013, pursuant to City of San José Ordinance Number 29184, unrepresented executive management and professional employees who are hired directly into a position in Unit 99 on or after that date, may make a one-time irrevocable election to participate in either a newly created Defined Contribution Plan or become a Tier 2 participant in the System. To be eligible, an employee must not have been previously a member of the City of San José Retirement System. The System does not administer or hold the assets of the Defined Contribution Plan.

NOTE 1 - DESCRIPTION OF THE PLAN (Continued)

(a) General (Continued)

Effective September 27, 2013, pursuant to City of San José Ordinance Number 29283, the System was amended to provide for different retirement benefits for individuals hired or rehired by the City on and after that date. Members subject to these new benefits are referred to as Tier 2B members, having the same benefits as Tier 2 members in the Defined Benefit Pension Plan, except, Tier 2B members do not have Postemployment Healthcare benefits. The ordinance also stated that the City shall bear and pay an amount equal to the additional costs incurred by the Retirement System for that portion of the unfunded liability as determined by the actuary of the Retirement System that the City and the new employees hired on or after September 27, 2013, would have otherwise paid as contributions had those employees been eligible for retiree healthcare. The additional payment by the City shall be for a period of time under the terms and conditions set forth by the City Council.

The City and the Federated bargaining units engaged in settlement discussions concerning litigation arising out of a voter approved ballot measure, known as Measure B, which passed in 2012. On December 15, 2015, and January 12, 2016, the City and the bargaining units representing employees in Federated reached a settlement agreement on the Federated Alternative Pension Reform Settlement Framework (Federated Framework). The terms of the Federated Framework also applied to unrepresented employees, including unrepresented management and executive employees in Unit 99. The Federated Framework included an agreement that a ballot measure would be placed on the November 8, 2016 election for the voters to replace Measure B.

On November 8, 2016, the voters approved the Alternative Pension Reform Act known as Measure F. Measure F included, among other things, prohibiting any enhancements to defined retirement benefits without voter approval; codifying the Tier 2 pension benefit; closing the defined benefit retiree healthcare plan; and prohibiting retroactive defined retirement benefit enhancements. The City Council approved Ordinance Number 29879 on May 16, 2017, amending the San José Municipal Code to reflect the terms of Measure F and the Federated Framework. The changes to the Municipal Code became effective thirty (30) days after May 16, 2017. Most of the terms of Measure F and the Federated Framework were implemented on June 18, 2017. The provisions of the Federated Framework include, but are not limited to, revising Tier 2 benefits, allowing rehired Tier 1 employees to remain in Tier 1, creating a defined contribution Voluntary Employee Beneficiary Association (VEBA) for retiree healthcare (medical and dental) and a one time irrevocable election to opt in to the defined contribution VEBA from the defined benefit retiree healthcare plan for eligible employees, defining the qualifications for members of the independent medical panel, and creating a Guaranteed Purchasing Power benefit for Tier 1 retirees. All Tier 1 employees (except those who enter the Plan after June 18, 2017 with “Classic” membership in CalPERS) and Tier 2 employees who were previously making contributions into the defined benefit retiree healthcare plan (Tier 2A), were eligible to opt-in to the VEBA, while all Tier 2 employees (except unrepresented employees) were required to move in to the defined contribution VEBA.

The VEBA opt-in election period was October 18, 2017 through December 15, 2017, and the Internal Revenue Service issued a favorable private letter ruling to the Section 115 Trust on February 7, 2018. The IRS ruled that allowing the contributions to the VEBA to be made from the Sections 115 Trust is consistent with Code Section 115(1) and will not compromise the Section 115 Trust's status under Code Section 115. The contributions for the members who opted in to the VEBA and opted out of the defined benefit healthcare plan were transferred in March 2018 for the initial opt-in period. The IRS approved allowing eligible employees who are rehired into the City from calendar years 2018 through 2022 to opt-in to the VEBA if they were not employed during the initial opt-in period. The VEBA is being administered by the City, not the Office of Retirement Services, and therefore it is also not under the jurisdiction of the Retirement Board.

NOTE 1 - DESCRIPTION OF THE PLAN (Continued)

(a) General (Continued)

The System is considered to be a part of the City's financial reporting entity and is included in the City's basic financial statements as a pension and postemployment healthcare trust fund. The System is administered by the Chief Executive Officer of the Office of Retirement Services, an employee of the City, who serves at the pleasure of the Federated City Employees' Retirement System Board of Administration (Board of Administration). The seven-member Board of Administration is composed of two City employees elected by members of the System, a retiree representative, and three public members, who are not connected with the City and have significant banking or investment experience, and another public member, who is selected by the six Board members and approved by the City Council. The Board is appointed by the City Council and serves in accordance with Section 2.08.300 of the San José Municipal Code. The contribution and benefit provisions and all other requirements are established by City ordinance. The System is responsible for all direct administrative costs, except for certain support services, which are provided and funded directly by the City. The System is not subject to the provisions of the Employee Retirement Income Security Act of 1974.

All full-time and eligible part-time employees of the City are required to be members of the System, except unrepresented executive management and professional employees in Unit 99 who are first hired on or after February 3, 2013 and have made an irrevocable election to participate in the Defined Contribution Plan pursuant to SJMC Chapter 3.49, instead of Tier 2 of the Defined Benefit Plan. Also excluded are employees who are members of the City's Police and Fire Department Retirement Plan.

With the passage of Measure F, rehires with prior Tier 1 City service who were in Tier 2 became part of the Tier 1 membership Defined Benefit Pension Plan effective June 18, 2017. In addition, employees in Tier 2 who have "Classic" membership with California Public Employees' Retirement System (CalPERS) may be moved to Tier 1 subject to the identification of these employees and confirmation of "Classic" membership with CalPERS. Rehires in the Tier 1 membership is broken down into the type of coverage the member had in the Postemployment Healthcare Plan prior to the passage of Measure F. The System members are categorized into three membership types based on when they entered the Plan, except for the rehires mentioned above.

The following table summarizes the System members as of June 30, 2023 and 2022, respectively.

	As of June 2023				
Defined Benefit Pension Plan:	**Tier 1 Pension only [2]**	**Tier 1 Pension & Medical [3]**	**Tier 2 Pension only [2]**	**Tier 2 Pension & Medical [3]**	**Total**
Retirees and beneficiaries currently receiving benefits [1]	806	3,771	48	1	4,626
Terminated vested members entitled to future benefits	742	151	1,126	-	2,019
Active members	120	1,077	2,782	69	4,048
Total	**1,668**	**4,999**	**3,956**	**70**	**10,693**
Postemployment Healthcare Plan:		**Tier 1 [3]**		**Tier 2A [3]**	**Total**
Retirees and beneficiaries currently receiving benefits [4]		3,771		1	3,772
Terminated vested members entitled to future benefits		151			151
Active members		1,077		69	1,146
Total		**4,999**		**70**	**5,069**

NOTE 1 - DESCRIPTION OF THE PLAN (Continued)

(a) General (Continued)

Defined Benefit Pension Plan:	Tier 1 Pension only [2]	Tier 1 Pension & Medical [3]	Tier 2 Pension only [2]	Tier 2 Pension & Medical [3]	Total
	As of June 2022				
Retirees and beneficiaries currently receiving benefits [1]	752	3,778	27	-	4,557
Terminated vested members entitled to future benefits	774	154	962	-	1,890
Active members	135	1,157	2,427	73	3,792
Total	**1,661**	**5,089**	**3,416**	**73**	**10,239**
Postemployment Healthcare Plan		**Tier 1 [3]**		**Tier 2 [3]**	**Total**
Retirees and beneficiaries currently receiving benefits [4]		3,778		-	3,778
Terminated vested members entitled to future benefits		154		-	154
Active members		1,157		73	1,230
Total		**5,089**		**73**	**5,162**

[1] *The combined domestic relations orders are not included in the count above as their benefit payment is included in the retiree member count*

[2] *Includes members that are eligible for catastrophic disability medical benefits only (VEBA) from the Postemployment Healthcare plan*

[3] *Eligible for full retiree medical benefits*

[4] *Payees that have health and / or dental coverage*

(b) Pension, Disability and Healthcare Benefits

Effective December 9, 1994, the System entered into an agreement with CalPERS that extends reciprocal retirement benefits to members. In certain situations, this agreement may result in improved retirement benefits for members who move from one eligible retirement system to another.

The following table summarizes the pension, disability, and healthcare benefits for the members. Please consult the Municipal Code for complete information.

	Tier 1 [1]	Tier 1 Classic [4]	Tier 2A [5]	Tier 2B [6]
Contributions				
Employee	14.91% of base salary (Pension: 7.41% [2], Retiree Healthcare: 7.50%) as of 6/26/2022	10.50% of base salary (8.50%, 2.00% VEBA [3]) as of 6/26/2022	15.63% (Pension: 8.13%, Retiree Healthcare: 7.50% [3]) as of 6/26/2022	10.13% (8.13%, 2.00% VEBA[7]) as of 6/26/2022
City	Pension: 20.32% (Normal Cost) + Flat dollar amount (UAL); Retiree Health: Flat dollar amount as of 6/26/22	Pension: 20.32% (Normal Cost) + Flat dollar amount (UAL) as of 6/26/22	Pension: 8.13%; Retiree Healthcare: dollar amount, not rate of pay as of 6/26/22	Pension: 8.13% as of 6/26/22
Service required to leave contributions in retirement system	5 years		5 years Federated City Service (Year of Service = 2080 hours worked in the applicable 12-month period)	

Notes to the Basic Financial Statements *(continued)*

NOTE 1 - DESCRIPTION OF THE PLAN (Continued)

(b) Pension, Disability and Healthcare Benefits (Continued)

<table>
<tr><th></th><th>Tier 1 [1]</th><th>Tier 1 Classic [4]</th><th>Tier 2A [5]</th><th>Tier 2B [6]</th></tr>
<tr><td colspan="5">Service Retirement</td></tr>
<tr><td>Age / years of service</td><td colspan="2">55 with 5 years service
30 years service at any age</td><td colspan="2">62 years with 5 years Federated City Service
May retire on or after 55 years with 5 years Federated City Service. A reduction factor of 5% per year for each year between age fifty-five (55) and the Tier 2 member’s age at retirement before age 62, prorated to the closest month</td></tr>
<tr><td>Deferred vested retirement</td><td colspan="2">55 with 5 years service
(This applies to members who separate from City service before retirement and leave their contributions in the retirement system.)</td><td colspan="2">May commence on or after 55 years with 5 years Federated City Service with actuarial equivalent reduction. (This applies to members who separate from City service before retirement and leave their contributions in the retirement system.) Can begin at age 55 with reduction factor of 5% per year for each year between age fifty-five and the Tier 2 member’s age at retirement before age 62, prorated to the closest month.</td></tr>
<tr><td>Allowance</td><td colspan="2">2.5% x Years of Service x Final Compensation (75% max)

Final Compensation is the highest average monthly earnable pensionable salary during 12 consecutive months, capped at 108% of the second highest 12 consecutive months.

Tier 1: If separation takes place prior to July 1, 2001, Final Compensation is highest average monthly salary during 36 consecutive months

Tier 1 Classic: If separation takes place on or after July 1, 2001, Final Compensation is highest average monthly salary during 12 consecutive months. If separation takes place prior to July 1, 2001, Final Compensation is highest average monthly salary during 36 consecutive months</td><td colspan="2">2.0% x Years of Federated City Service x Final Compensation (70% max)

Final Compensation is the average monthly (or biweekly) base pay for the highest 3 consecutive years of Federated City Service Excludes premium pay or any other forms of additional compensation</td></tr>
<tr><td colspan="5">Disability Retirement (Service Connected)</td></tr>
<tr><td>Minimum service</td><td colspan="4">NONE</td></tr>
<tr><td>Allowance</td><td colspan="2">40% of Final Compensation plus 2.5% x Years of Service in excess of 16 years x Final Compensation
(Maximum 75% of Final Compensation)</td><td colspan="2">2% x Years of Federated City Service x Final Compensation
(Minimum of 40%, maximum of 70% of Final Compensation)</td></tr>
<tr><td colspan="5">Disability Retirement (Non-Service Connected)</td></tr>
<tr><td>Minimum service</td><td colspan="4">5 years</td></tr>
</table>

NOTE 1 - DESCRIPTION OF THE PLAN (Continued)

(b) Pension, Disability and Healthcare Benefits (Continued)

	Tier 1 [1]	Tier 1 Classic [4]	Tier 2A [5]	Tier 2B [6]
Allowance	**Tier 1:** 20% of Final Compensation for up to 6 years of service. Add 2% for each year of service in excess of 6 years but less than 16 years. Add 2.5% for each year of service in excess of 16 years of service.(Maximum 75% of Final Compensation). *For those who entered the System on 8/31/98 or before, the calculation is as follows:* 40% of Final Compensation plus 2.5% x Years of Service in excess of 16 years x Final Compensation (Maximum 75% of Final Compensation) If under 55 years old, subtract 0.5% for every year under age 55 **Tier 1 Classic:** 40% of Final Compensation plus 2.5% years of service in excess of 16 years x Final Compensation (Maximum 75% of Final Compensation) If under 55 years old, subtract 0.5% for every year under age 55. *For those entering the System on 9/01/98 or later, the calculation is as follows:* 20% of Final Compensation for up to 6 year of service. Add 2% for each year of service in excess of 6 years but less than 16 years. Add 2.5% for each year of service in excess of 16 years of service (Maximum 75% of Final Compensation)		2% x Years of Federated City Service x Final Compensation. (Minimum of 20%, maximum of 70% of Final Compensation)	
Medical Benefits [3]				
Eligibility	Retired for disability or service with 15 years service or receive allowance that is at least 37.5% of Final Compensation. ("Deferred Vested" members are eligible)	N/A - All Federated Tier 1 Classic employees are mandated to contribute 2.00% of base salary to the VEBA [7]	Retired for disability or service with 15 years service or receive allowance that is at least 37.5% of Final Compensation. (Certain "Deferred Vested" members are also eligible)	N/A - All Federated Tier 2B employees are mandated to contribute 2.00% of base salary to the VEBA [7]
Premiums	Retirement System pays 100% of lowest cost plan that is available to active City employees. If retiree does not choose the lowest cost plan, retiree pays the difference between that premium and the premium for the lowest cost plan	N/A - All Federated Tier 1 Classic employees are mandated to contribute 2.00% of base salary to the VEBA [7]	Retirement System pays 100% of lowest cost single or family premium that is available to active City employees. If retiree does not choose the lowest cost plan, retiree pays the difference between that premium and the premium for the lowest cost plan	N/A - All Federated Tier 2B employees are mandated to contribute 2.00% of base salary to the VEBA [7]

Notes to the Basic Financial Statements *(continued)*

NOTE 1 - DESCRIPTION OF THE PLAN (Continued)

(b) Pension, Disability and Healthcare Benefits (Continued)

	Tier 1 [1]	Tier 1 Classic [4]	Tier 2A [5]	Tier 2B [6]
Medicare eligibility	At age 65, Members of FCERS will be required to enroll in Medicare Parts A & B. If a Member does not meet this requirement within 6 months of the date Member turns 65, health care benefits will cease until such requirements are met	N/A - All Federated Tier 1 Classic employees are mandated to contribute 2.00% of base salary to the VEBA [7]	At age 65, Members of FCERS will be required to enroll in Medicare Parts A & B. If a Member does not meet this requirement within 6 months of the date Member turns 65, health care benefits will cease until such requirements are met	N/A - All Federated Tier 2B employees are mandated to contribute 2.00% of base salary to the VEBA [7]
Dental Benefits [3]				
Eligibility	Must be enrolled at retirement with 5 years service or receive retirement allowance of at least 37.5% of Final Compensation. In addition, the employee must retire directly from City service. ("Deferred Vested" members are not eligible)	N/A - All Federated Tier 1 Classic employees are mandated to contribute 2.00% of base salary to the VEBA [7]	Must be enrolled at retirement with 5 years service or receive retirement allowance of at least 37.5% of Final Compensation. ("Deferred Vested" members are not eligible)	N/A - All Federated Tier 2B employees are mandated to contribute 2.00% of base salary to the VEBA [7]
Premiums	Fully paid by retirement fund	N/A - All Federated Tier 1 Classic employees are mandated to contribute 2.00% of base salary to the VEBA [7]	Fully paid by retirement fund	N/A - All Federated Tier 2B employees are mandated to contribute 2.00% of base salary to the VEBA [7]
Reciprocity				
Reciprocity	As of December 9, 1994, the City of San José Federated City Employees' Retirement System adopted a reciprocal agreement with CalPERS. This may result in improved benefits for members who transfer between this retirement system and CalPERS or certain other public agency retirement systems that also have reciprocal agreements with CalPERS. Please call the Office of Retirement Services or CalPERS for more information. Final eligibility for reciprocity is determined at the time of retirement			

NOTE 1 - DESCRIPTION OF THE PLAN (Continued)

(b) Pension, Disability and Healthcare Benefits (Continued)

	Tier 1 [1]	Tier 1 Classic [4]	Tier 2A [5]	Tier 2B [6]
Cost-of-Living Adjustments (COLA)				
COLA	Retirees are eligible for a 3% annual cost-of-living adjustment (COLA). Regular COLAs are compounded and paid each April. There is no prorating of COLA		Retirees are eligible for annual cost-of-living adjustment (COLA) limited to the lesser of the increase in the Consumer Price Index (San José-San Francisco-Oakland, U.S. Bureau of Labor Statistics index, CPI-U, December to December), or a back-loaded 2% COLA per fiscal year. The back-loaded COLA shall be calculated as follows: i. Service at retirement of 1-10 years: 1.25% per year ii. Service at retirement of 1-10 years and hired before June 16, 2017: 1.5% iii. Service at retirement of 11-20 years: 1.5% per year iv. Service at retirement of 21-25 years: 1.75% per year v. Service at retirement of 26 years and above: 2.0% per year COLAs are applied annually on April 1st. The first COLA will be prorated based on the number of months retired prior to April 1st. Partial months are not included in the proration.	

1 *Federated Tier 1 applies to employees hired on or before September 29, 2012.*

2 *Federated Rehires (hired between September 30, 2012 and June 18, 2017) will have an additional contribution rate (3.00% for FY 22-23) for the cost of the retroactive benefit.*

3 *Federated Tier 1 and Tier 2A employees who opted-in to the VEBA are not eligible for the Defined Benefit Retiree Healthcare Plan (Medical or Dental Benefits). For more information about the VEBA, visit www.sanjoséca.gov/VEBA or email veba@sanjoséca.gov.*

4 *Employees with "Classic" membership from a CalPERS or reciprocal agency hired by the City of San José on or after June 18, 2017. A CalPERS "Classic" member is a member who previously worked for a CalPERS or other reciprocal agency and meets the following criteria: 1. First established CalPERS membership or membership in a CalPERS reciprocal agency prior to January 1, 2013, 2. AND is hired by the City of San José after a break in service of less than six months, 3. AND did not have concurrent (overlapping) service with the other agency. City of San José Reciprocity Election Form must be submitted within thirty (30) days of the first day of employment with the City.* ***Employees in Tier 1 Classic are not eligible for the defined benefit retiree healthcare plan.***

5 *Tier 2A applies to employees hired between September 30, 2012 and September 27, 2013.*

6 *Tier 2B are employees who were newly hired on or after September 27, 2013.*

7 *Unit 99 employees are not eligible to contribute to the VEBA.*

(c) Death Benefits

The following table summarizes the survivorship pension and health benefits for Tier 1 members. Please consult the Municipal Code for complete information.

	Tier 1 / Tier 1 Classic
Death Before Retirement	
Non-service connected death with less than 5 years of service	Return of employee contributions, plus death benefit: 1/12 of compensation in year prior to death x years of service (Benefit may not exceed 50% of the salary earned in year prior to death)

Notes to the Basic Financial Statements *(continued)*

NOTE 1 - DESCRIPTION OF THE PLAN (Continued)

(c) Death Benefits (Continued)

	Tier 1 / Tier 1 Classic
Greater than 5 years of service or service connected death	To surviving spouse / domestic partner: Years of Service x 2.5% x Final Compensation (40% minimum, 75% maximum, except that "deferred vested" members not eligible for 40% minimum) If no surviving spouse / domestic partner, to surviving children: 1 Child: 25% of spousal / domestic partnership allowance 2 Children: 50% of spousal / domestic partnership allowance 3 Children: 75% of spousal / domestic partnership allowance If no surviving spouse / domestic partner or surviving children: Return of employee contributions, plus death benefit: 1/12 of compensation in year prior to death x years of service (Benefit may not exceed 50% of the salary earned in year prior to death)
Death After Retirement	
Standard allowance to surviving spouse / domestic partner or children **(Minimum 5 years of service)**	To surviving spouse / domestic partner: 50% of Retiree's Allowance If no surviving spouse / domestic partner, to surviving children: 1 Child: 25% of spousal / domestic partnership allowance 2 Children: 50% of spousal / domestic partnership allowance 3 Children: 75% of spousal / domestic partnership allowance If no surviving spouse / domestic partner or surviving children: estate or beneficiary will receive the difference between employee contributions (including interest) and the total paid to member by the retirement system at the time of death
Optional Settlements	
Optional settlements	Retiree may choose an optional settlement at retirement that reduces the allowance to provide a survivorship allowance to a designated beneficiary or a higher survivorship allowance to their spouse / domestic partner
Special Death Benefit	
Special death benefit	$500 death benefit paid to estate or designated beneficiary in addition to benefits above

For death before retirement, the survivorship allowance to surviving spouse / domestic partner lasts until death or remarriage. However, it will last until death if member was at least 55 with at least 20 years of service at the time of death, or 30 years of service regardless of age. For death after retirement, the survivorship allowance to surviving spouse / domestic partner lasts until death. If there is an allowance payable to a surviving spouse / domestic partner, no allowance will be paid to surviving children. Surviving children receive a monthly survivorship allowance only when there is no surviving spouse / domestic partner.

The following table summarizes the death benefits for Tier 2 members. Please consult the Municipal Code for complete information.

	Tier 2A and 2B
Death Before Retirement	
Non-service connected death not eligible for retirement	Return of employee contributions, plus interest

NOTE 1 - DESCRIPTION OF THE PLAN (Continued)

(c) Death Benefits (Continued)

	Tier 2A and 2B
Eligible for retirement	To surviving spouse / domestic partner: 2.0% x Years of Federated Service x Final Compensation (70% max) 40% minimum, 70% maximum, except that "deferred vested" members not eligible for 40% minimum) If no surviving spouse / domestic partner, to surviving children until age 18: 1 Child: 25% of spousal / domestic partnership allowance 2 Children: 50% of spousal / domestic partnership allowance 3 Children: 75% of spousal / domestic partnership allowance 4 or More Children: Split equal share of 75% of spousal / domestic partnership allowance If no surviving spouse / domestic partner or surviving children: Return of employee contributions, plus death benefit: 1/12 of compensation in year prior to death x years of service (benefit may not exceed 50% of the salary earned in year prior to death)
Death After Retirement	
Survivorship allowance to surviving spouse / domestic partner or children that was elected by the member at retirement. **(Minimum 5 years of service)**	To surviving spouse / domestic partner: 50% of Retiree's Allowance If no surviving spouse / domestic partner, to surviving children until age 18: 1 Child: 25% of spousal / domestic partnership allowance 2 Children: 50% of spousal / domestic partnership allowance 3 Children: 75% of spousal / domestic partnership allowance **Tier 2B only:** 4 or More Children: Split equal share of 75% of spousal / domestic partnership allowance If no surviving spouse / domestic partner or surviving children: estate or beneficiary will receive the difference between employee contributions (including interest) and the total paid to member by the retirement system at the time of death.
Optional Settlements	
Optional settlements	Retiree may choose an optional settlement at retirement that reduces the allowance to provide a survivorship allowance to a designated beneficiary or a higher survivorship allowance to their spouse / domestic partner

For death before retirement, the survivorship allowance to surviving spouse / domestic partner lasts until death, remarriage, or establishment of a domestic partnership if member was at least 62 with at least 20 years of service (or 55 with a reduction factor of 5%) at the time of death. For death after retirement, the survivorship allowance to surviving spouse / domestic partner lasts until death.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

The accompanying financial statements present only the financial activities of the System in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). The financial statements of the System are intended to present only the plan net position and changes in plan net position of the System. They do not purport to, and do not, present fairly the financial position of the City, as of June 30, 2023 and 2022, and the changes in its financial position for the years then ended in conformity with U.S. GAAP. The System is reported in a pension and postemployment healthcare trust fund in the City of San José's basic financial statements.

(b) Basis of Accounting

The financial statements of the System are prepared on the accrual basis of accounting. Contributions are recognized when due pursuant to legal requirements. Benefits and refunds of contributions are

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of Accounting (Continued)

recognized when currently due and payable under the provisions of the System. Activities of the Defined Benefit Pension Plan and the Postemployment Healthcare Plan are accounted for separately. It is required by the Municipal Code that transactions of the Defined Benefit Pension Plan be accounted for in two funds: a Retirement Fund and a Cost-of-Living Fund.

The preparation of the financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

(c) Investments

The City of San José Municipal Code Section 3.28.355 delegates authority to the Board of Administration to invest the monies of the System as provided in Section 3.28.355. The Board has adopted detailed investment guidelines consistent with conditions and limitations set forth in Section 3.28.355.

The Defined Benefit Pension Plan investment policy was updated and approved by the Board on May 19, 2022, with the asset allocation being updated and approved on March 18, 2021. There were no changes to the investment policy for fiscal year ending June 30, 2023. The asset allocation was prepared to align with the long-term expected returns of the underlying asset classes and the System's adopted actuarial assumed rate of return as utilized in the June 30, 2022 and June 30, 2021 valuations, respectively.

The System's investment asset allocation is as follows:

PENSION	As of June 30,				
Asset Class	2023 Target Asset Allocation	2022 Target Asset Allocation	Asset Class	2023 Target Asset Allocation	2022 Target Asset Allocation
Public equity	49 %	49 %	Growth real estate	3 %	3 %
Investment grade bonds	8 %	8 %	Market neutral strategies	3 %	3 %
Private equity	8 %	8 %	Private debt	3 %	3 %
Core real estate	5 %	5 %	Private real assets	3 %	3 %
Immunized cash flows	5 %	5 %	High yield bonds	2 %	2 %
Venture / Growth capital	4 %	4 %	Long-term government bonds	2 %	2 %
Emerging market bonds	3 %	3 %	Treasury inflation-protected securities	2 %	2 %

The Postemployment Healthcare Plan investment policy and asset allocation was updated and approved by the Board on January 20, 2022 and April 21, 2022, respectively. There were no changes to the investment policy for fiscal year ending June 30, 2023. The asset allocation was prepared to align with the long-term expected returns of the underlying asset classes and the System's adopted actuarial assumed rate of return as utilized in the June 30, 2022 and June 30, 2021 valuations, respectively.

The System's investment asset allocation is as follows:

HEALTHCARE	As of June 30,				
Asset Class	2023 Target Asset Allocation	2022 Target Asset Allocation	Asset Class	2023 Target Asset Allocation	2022 Target Asset Allocation
Public equity	58 %	58 %	Short-term investment grade bonds	6 %	6 %
Investment grade bonds	14 %	14 %	Commodities	5 %	5 %
Core real estate	12 %	12 %	Long-term investment grade bonds	5 %	5 %

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Investments (Continued)

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price on the last business day of the fiscal year at current exchange rates, if applicable. Investments that do not have an established market, such as private equity, commingled real estate funds and certain pooled fund investments, are reported at estimated fair value based on the most recently available investor reports or audited financial statements issued by the manager of those funds. The fund manager provides an estimated unrealized gain / loss of the fund based on the most recently available audited financial statements and other fund information. See Note 3 for more detailed information on the fair value of investments.

The fair value of derivative instrument investments that are not exchange traded, such as swaps and rights is determined by the System's custodian bank based on the base fair value of similar instruments. Futures contracts are marked-to-market at the end of each trading day, and the settlement of gains or losses occur on the following business day through variation margins. The fair value of international currency forwards represents the unrealized gain or loss on the related contracts, which is calculated based on the difference between the specified contract exchange rate and the exchange rate at the end of the reporting period.

Purchases and sales of securities are reflected on the trade date. Investment income is recognized as earned.

Investment expenses presented within the accompanying financial statements consist of management and performance fees and other investment-related fees. Other investment-related fees include expenses for shared investment-related administration, consultants, custody, and legal services. These fees are disclosed within the Investment Expenses in the *Statement of Changes in Plan Net Position* and detailed in the *Investment Expenses Schedule* in the Other Supplemental Information section.

The investment expenses do not include the commissions and fees paid to transact public securities. Partnership management fees paid for the private equity program are drawn from the committed capital and reported as an increase in the cost basis. These fees and costs are included within the net asset value (NAV) or public securities cost and are also reported in the net appreciation / (depreciation) in fair value of investments line items on the financial statements.

For the fiscal years ended June 30, 2023 and 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 7.31% and (4.19)%, respectively. For the fiscal years ended June 30, 2023 and 2022, the annual money-weighted rate of return on healthcare plan investments, net of healthcare plan investment expenses, was 8.21% and (9.91)%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

(d) Other Assets

Capital assets are recorded at cost and comprise of half of all costs related to the development of a new pension administration system. Total costs are allocated to both the System and the Police and Fire Department Retirement Plan. The capital asset went into production on February 1, 2019 and is being amortized using the straight line method of amortization over a 10-year period ending 2029. It is being amortized per GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*.

The System applies GASB Statement No. 87, *Leases*, to its leased assets. GASB Statement No. 87 establishes a single model for lease accounting based on the principle that leases are a form of financing that create a long term obligation. Leases are recorded as an intangible capital asset for the right to use the underlying asset (leased asset). The value of the right to use asset and the corresponding liability are initially measured using the present value of the payments expected to be made over the lease term. The right to use asset is then amortized over the lease term and the liability

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Other Assets (Continued)

is reduced by payments made pursuant to the lease. The System's principal leased asset is its office space in San José, California, the term of which expires March 31, 2025, with an option to extend for an additional five years. Lease expense is not significant to the System.

The System applies GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*, to its subscription assets. GASB Statement No. 96 establishes a SBITA as a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability for government end users. Subscription assets are recorded as a liability for future lease payments and an intangible capital asset for the right to use the underlying asset (subscription asset). The subscription liability is the present value of payments expected to be made during the lease term. The right to use asset is then amortized over the lease term and the liability is reduced by payments made pursuant to the lease. The System's subscription leased assets are composed of numerous investment related subscriptions, the terms of which expire through June 30, 2025. The subscription lease expense is not significant to the System.

For fiscal years ended 2023 and 2022, the amortization expense was $756,374 and $641,123, respectively.

(Dollars in thousands)	As of June 30, 2022	Additions	Deletions	As of June 30, 2023
Other depreciable assets and amortization				
Pension administration system, cost	$ 4,163	$ 38	$ -	$ 4,201
Leased and subscription assets, cost	796	107	-	903
Less accumulative amortization	(1,597)	(756)	-	(2,353)
Other depreciable assets, net of accumulated amortization	**$ 3,362**	**$ (611)**	**$ -**	**$ 2,751**

(Dollars in thousands)	As of June 30, 2021	Additions	Deletions	As of June 30, 2022
Other depreciable assets and amortization				
Pension administration system, cost	$ 4,125	$ 38	$ -	$ 4,163
Leased and subscription assets, cost	756	40	-	796
Less accumulative amortization	(956)	(641)	-	(1,597)
Other depreciable assets, net of accumulated amortization	**$ 3,925**	**$ (563)**	**$ -**	**$ 3,362**

(e) Plan Net Position Restricted for Pension and Postemployment Healthcare Benefits

The System is required by the City of San José Municipal Code to establish various reserves in the plan net position. The plan net position is allocated between the Defined Benefit Pension Plan (which includes the Retirement Fund and the Cost-of-Living Fund) and the Postemployment Healthcare Plan (which includes the 115 Trust).

As of June 30, 2023 and 2022, plan net position totaling $3,281,923,000 and $3,057,148,000, respectively, is allocated as follows (in thousands):

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Plan Net Position Restricted for Pension and Postemployment Healthcare Benefits (Continued)

	Retirement Fund	Cost-of-Living Fund	Total Defined Benefit Pension Plan	Post-employment Healthcare (115)	Grand Total
June 30, 2023					
Employee contributions reserve	$ 401,002	$ 60,804	$ 461,806	$ -	$ 461,806
General reserve	1,408,406	1,037,103	2,445,509	372,107	2,817,616
Retiree healthcare in-lieu premium credit	-	-	-	2,501	2,501
TOTAL	**$ 1,809,408**	**$ 1,097,907**	**$ 2,907,315**	**$ 374,608**	**$ 3,281,923**
June 30, 2022					
Employee contributions reserve	$ 376,427	$ 56,738	$ 433,165	$ -	$ 433,165
General reserve	1,328,163	946,699	2,274,862	347,131	2,621,993
Retiree healthcare in-lieu premium credit	-	-	-	1,990	1,990
TOTAL	**$ 1,704,590**	**$ 1,003,437**	**$ 2,708,027**	**$ 349,121**	**$ 3,057,148**

Employee Contributions Reserve represents the total accumulated employee contributions of current active and deferred members plus credited interest. The reserve is accounted for separately due to the possibility of a return of accumulated employee contributions, plus credited interest, to the member upon separation from City employment. Terminated members' returns of contributions are paid from the Defined Benefit Pension Plan only. No employee contributions are paid into or out of the healthcare plan reserves.

General Reserve is a reserve that represents net earnings resulting from interest earnings, employer contributions, and realized and unrealized investment gains and losses. It also represents an accumulation of funds necessary to pay all accumulated vested retirement obligations.

Retiree Healthcare In-lieu Premium Credit - With the implementation of Measure F, a medical in-lieu component of the General Reserve was created to account for those members who elected to be in the medical in-lieu credit program. These members are retirees who are eligible for medical insurance and / or dental insurance but who opt not to take it and instead elect to be in the in-lieu credit program. These members are given credits worth 25% of the lowest cost plan, which can be used in future years if the retiree opts to enroll in a City medical or dental plan.

(f) Allocation of Investment income

Earnings on investments, excluding unrealized gains and losses, are recorded first in the general reserve category of plan net position. An allocation is made semi-annually from the general reserve category to the employee contributions category of plan net position based on the balance in that account at an annual rate of 3%, as specified by the City of San José Municipal Code.

(g) Implementation of Governmental Accounting Standards Board Statements

GASB Statement No. 99, *Omnibus 2022*, was issued in April 2022. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are as follows: classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, that do not meet the definition of either an investment derivative instrument or a

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Implementation of Governmental Accounting Standards Board Statements (Continued)

hedging derivative instrument, clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives; clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability; extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt; clarification of provisions in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statements; terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources*, Deferred Inflows of Resources, and Net Position; terminology used in Statement 53 to refer to resource flows statements. Provisions related to leases and SBITAs were effective and implemented for the fiscal year beginning July 1, 2022. Provisions related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 will be implemented in the fiscal year beginning July 1, 2023.

GASB Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*, was issued in June 2022. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by the reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. The System will adopt the provisions of Statement No. 100 for the fiscal year beginning with July 1, 2023, if applicable.

GASB Statement No. 101, Compensated Absences, was issued in June 2022. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. The System will adopt the provisions of Statement No. 101 for the fiscal year beginning with July 1, 2024.

NOTE 3 - INVESTMENTS

Investments are subject to certain types of risks, including interest rate risk, custodial credit risk, credit quality risk, foreign currency risk and concentration of credit risk. The following describes those risks:

Interest Rate Risk – The fair value of fixed income investments fluctuates in response to changes in market interest rates. Increases in prevailing interest rates generally translate into decreases in fair value of those instruments. The fair value of interest-sensitive instruments may also be affected by the creditworthiness of the issuer, prepayment options, and other general interest rate conditions. Certain fixed income investments have call provisions that could result in shorter maturity periods. Additionally, most other types of investments are also sensitive to changes in interest rates, generally to a lesser extent. The System's asset allocation details how much of the System's investments are fixed income, as well as other types of investments. The System does not have a policy regarding interest rate risk.

NOTE 3 - INVESTMENTS (Continued)

Market Risk – General market risk factors exist that could cause depreciation or appreciation of the System's investment portfolio. These risks include general, economic, political and regulatory risks. The System's investments may be impacted by changes caused by global and domestic market conditions and industry-specific economic and regulatory conditions.

The following tables provide the segmented time distribution for fixed income investments based on expected maturity (in months and years) as of June 30, 2023 and 2022.

INVESTMENT MATURITIES AT FAIR VALUE
As of June 30, 2023 (Dollars in thousands)

	0 - 3 Months	3 - 6 Months	6 Months - 1 Year	1 - 5 Years	5 - 10 Years	More than 10 Years	Total Fair Value	Cost
Fixed income								
Investment grade bonds [2]	$ -	$ 313	$ 389	$ 28,179	$ 68,658	$ 77,653	$ 175,192	$ 194,348
Immunized cash flows [3]	9,401	6,394	15,616	130,163	-	-	161,574	166,529
Long-term government bonds	-	-	-	-	-	74,021	74,021	98,956
Treasury inflation-protected securities	3,555	-	5,194	48,205	-	-	56,954	61,834
High yield bonds	9	-	651	24,019	25,751	5,777	56,207	61,483
Emerging market bonds [4]	-	-	-	-	51,038	-	51,038	39,816
Commodities	-	-	-	-	-	17,534	17,534	17,499
Private debt [1]	908	675	-	-	-	-	1,583	6,916
Total Fixed Income	**$ 13,873**	**$ 7,382**	**$ 21,850**	**$ 230,566**	**$ 145,447**	**$ 174,985**	**$ 594,103**	**$ 647,381**

INVESTMENT MATURITIES AT FAIR VALUE
As of June 30, 2022 (Dollars in thousands)

	0 - 3 Months	3 - 6 Months	6 Months - 1 Year	1 - 5 Years	5 - 10 Years	More than 10 Years	Total Fair Value	Cost
Fixed Income								
Investment grade bonds	$ -	$ -	$ 1,176	$ 104,141	$ 18,757	$ 162,091	$ 286,165	$ 308,149
Immunized cash flows	6,501	6,689	16,479	39,079	-	-	68,748	71,581
Long-term government bonds	-	-	-	-	-	67,699	67,699	87,981
Treasury inflation-protected securities	3,090	-	7,100	46,773	-	-	56,963	59,275
High yield bonds	-	22	357	16,035	29,221	5,818	51,453	59,971
Private debt [1]	6,231	-	-	-	-	-	6,231	8,701
Total Fixed Income	**$ 15,822**	**$ 6,711**	**$ 25,112**	**$ 206,028**	**$ 47,978**	**$ 235,608**	**$ 537,259**	**$ 595,658**

[1] *Private debt is a combination of fixed income and separately managed accounts. The separately managed accounts are not included in this table.*

[2] *Investment grade bonds accounts consists of fixed income securities and futures. Futures are not included in this table.*

[3] *Immunized cash flows are a combination of cash and fixed income securities. Cash is not included in this table.*

[4] *Emerging market bonds allocated accounts consist of fixed income securities and a limited partnership; the limited partnership is excluded from this table.*

Custodial Credit Risk – Custodial credit risk is the risk that the System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party, if that outside party fails. The System does not have a policy regarding custodial credit risk. As of June 30, 2023 and 2022, all of the System's investments are held in the System's name and / or not exposed to custodial credit risk.

NOTE 3 - INVESTMENTS (Continued)

Credit Quality Risk – The System's investment policy allows for investments in a wide variety of domestic and international debt securities that may carry a high rating, low rating, or be unrated. Generally credit risk is managed through establishing investment guidelines for every investment manager. Investment managers may, as part of their investment strategy, invest in securities where the issuer's ability or willingness to pay is limited. At times, these debt securities may be converted into other debt, equity, or hybrid securities that have different risk and return characteristics than the securities initially purchased. The System may hedge against the possible adverse effects of currency fluctuations on the System's portfolio of international fixed income obligations when it is considered appropriate. This is typically achieved using forward currency contracts. Short-term investments may consist of commercial paper rated at least A1 or P1, repurchase agreements, short-term U.S. securities, and other money market investments. Nationally recognized statistical rating organizations provide ratings of debt securities' quality based on a variety of factors, such as the financial condition of the issuers, which provide investors with some idea of the issuer's ability to meet its obligations.

The following table provides information for the portfolio as of June 30, 2023 and 2022 concerning credit risk. These tables reflect only securities held in the System's name.

RATINGS OF FIXED INCOME INVESTMENTS
As of June 30, 2023 and 2022 (Dollars in thousands)

	2023		2022	
S&P Quality Rating	**Fair Value**	**Fair Value as a % of Total Fixed Income**	**Fair Value**	**Fair Value as a % of Total Fixed Income**
AAA	$ 83,165	14.00%	$ 139,111	25.89%
AA+	239,106	40.25	682	0.13
AA	52,839	8.89	-	-
AA-	2,359	0.40	1,028	0.19
A+	3,206	0.54	1,246	0.23
A	6,570	1.11	-	-
A-	6,264	1.05	-	-
BBB+	8,446	1.42	586	0.11
BBB	7,987	1.34	-	-
BBB-	59,798	10.07	2,041	0.38
BB+	6,715	1.13	100	0.02
BB	8,469	1.43	-	-
BB-	11,815	1.99	474	0.09
B+	7,580	1.28	409	0.08
B	6,920	1.16	274	0.05
B-	5,956	1.00	53	0.01
CCC+	3,193	0.54	-	-
CCC	1,921	0.32	-	-
CCC-	106	0.02	-	-
Not Rated	71,688	12.06	391,255	72.82
Total	**$ 594,103**	**100.0%**	**$ 537,259**	**100.0%**

Foreign Currency Risk – This is the risk that changes in exchange rates will adversely affect the fair value of underlying investments. To mitigate this risk, the System's investment policy permits individual investment managers to mitigate the impact of currency fluctuation on the underlying asset value. The System's investment managers enter into international forward currency contracts, which are commitments to purchase or sell stated amounts of international currency. The System utilizes these contracts to control exposure and facilitate the settlement of international security purchase and sale transactions. At June 30, 2023 and 2022, the System's net position in these contracts is recorded at fair

NOTE 3 - INVESTMENTS (Continued)

value as international currency contract investments. The fair values of international currency contracts are determined by quoted currency prices from national exchanges. The System's commitments relating to international currency contracts are settled on a net basis.

The following tables provide information as of June 30, 2023 and 2022, concerning the fair value of investments that are subject to foreign currency risk:

FOREIGN CURRENCY RISK ANALYSIS
As of June 30, 2023 (Dollars in thousands)

Currency Name	Cash	Public Equity	Private Equity	Growth Real Estate	Total Exposure
Australian dollar	$ -	$ 1,213	$ -	$ -	$ 1,213
Canadian dollar	56	5,975	-	-	6,031
Danish krone	174	4,333	-	-	4,507
Euro currency	1,024	46,236	508	23,549	71,317
Hong Kong dollar	-	3,969	-	-	3,969
Japanese yen	123	10,840	-	-	10,963
Norwegian krone	2	864	-	-	866
Swedish krona	24	2,971	-	-	2,995
Swiss franc	520	17,188	-	-	17,708
Taiwanese new dollar	25	-	-	-	25
United Kingdom pound	36	22,954	-	-	22,990
Total	**$ 1,984**	**$ 116,543**	**$ 508**	**$ 23,549**	**$ 142,584**

FOREIGN CURRENCY RISK ANALYSIS
As of June 30, 2022 (Dollars in thousands)

Currency Name	Cash	Public Equity	Private Equity	Growth Real Estate	Total Exposure
Australian dollar	-	3,962	-	-	**3,962**
Canadian dollar	-	7,330	-	-	**7,330**
Danish krone	-	3,359	-	-	**3,359**
Euro currency	-	38,330	689	22,774	61,793
Hong Kong dollar	-	3,733	-	-	**3,733**
Japanese yen	76	9,746	-	-	**9,822**
Norwegian krone	-	1,655	-	-	**1,655**
Swedish krona	-	2,190	-	-	**2,190**
Swiss franc	-	18,031	-	-	**18,031**
Taiwanese new dollar	26	-	-	-	**26**
United Kingdom pound	25	20,862	-	-	**20,887**
Total	**$ 127**	**$ 109,198**	**$ 689**	**$ 22,774**	**$ 132,788**

Investment Concentration Risk – The System's investment policy specifies that investments shall be diversified with the intent to minimize the risk of large investment losses. The total portfolio shall be constructed in a way to provide prudent diversification with regard to the concentration of holdings in individual asset classes, issues, issuers, geographies, or industries. In addition, assets will be assigned to a variety of investment managers that employ a range of investment management strategies. No single investment management firm shall be authorized to manage more than 15% of the System's assets without Board approval, with the exception of passive management where the System's assets are not held in the System's name at the System's custodian bank. In such cases, there is no concentration limit. As a general rule, System assets placed with an investment manager should not represent more than 10% of the total assets managed by that firm, without prior Board approval. As of

NOTE 3 - INVESTMENTS (Continued)

June 30, 2023 and 2022, the System did not hold investments in any one issuer, excluding U.S. government guaranteed investments, that represented 5% or more of the total plan net position or total investments.

Derivatives – The System's investment policy allows for investments in derivative instruments that comply with the System's objectives of providing a cost effective means of managing portions of a portfolio and to manage risk through hedging activities. The System is currently authorized to use derivative strategies to equitize cash during portfolio transitions until physical securities are in place and to reproduce or replicate a physical holding that corresponds to a Board approved policy benchmark. In addition to the System's internal derivative policies, it is understood that the mandates of certain investment managers retained by the System may use derivatives.

Derivative investments are reported at fair value. Derivative instruments traded on a national or international exchange are valued at the last reported sales price on the last business day of the fiscal year at current exchange rates, if applicable. Futures contracts are marked-to-market at the end of each trading day, and the settlement of gains or losses occur on the following business day through variation margins. As a result, futures have no fair value as of June 30, 2023 or 2022. The fair value of international currency forwards represents the unrealized gain or loss on the related contracts, which is calculated based on the difference between the specified contract exchange rate and the exchange rate at the end of the reporting period.

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offer Rates*. GASB 93 addresses upcoming changes and the eventual removal of a global reference rate called LIBOR (London Interbank Offered Rate) which is often used as a reference rate for variable and derivative instruments. GASB 93 addresses allowable exceptions to existing contracts and agreements where LIBOR can be replaced with another IBOR (Interbank Offered Rates) without needing a new contract. GASB 93 also identifies the SOFR (Secured Overnight Financing Rate) and the FFR (Federal Funds Rate) as benchmarks for evaluating interest rate swaps. Finally, GASB 93 modifies lease agreements to allow for a change in the IBOR without being considered a modification to a lease. GASB 93 did not have a significant impact on the financial statements as the System does not have any direct exposure to derivative contracts tied to LIBOR as of June 30, 2023 and 2022.

The fair values and notional amounts for derivative instruments outstanding as of June 30, 2023 and 2022, classified by type, and the changes in fair value of such derivative instruments for the years then ended as reported in the 2023 and 2022 financial statements are as follows (amounts in thousands):

	Net Appreciation / (Depreciation) in Fair Value of Investments through June 30, 2023		Fair Value at June 30, 2023		
Investment Derivative Instruments	**Classification**	**Amount**	**Classification**	**Amount**	**Notional Amount/ Shares**
FX forwards	Investment income	$ (63)	FX forwards	$ -	$ 612
Fixed income futures long	Investment income	$ (3,561)	Futures	-	77,500
Fixed income futures short	Investment income	127	Futures	-	(1,443)
Index futures long	Investment income	1,004	Futures	-	2,479
Index futures short	Investment income	(1,575)	Futures	-	(21,112)
Total Derivative Instruments		**$ (4,068)**		**$ -**	

NOTE 3 - INVESTMENTS (Continued)

	Net Appreciation / (Depreciation) in Fair Value of Investments through June 30, 2022		Fair value at June 30, 2022		
Investment Derivative Instruments	Classification	Amount	Classification	Amount	Notional Amount/ Shares
FX forwards	Investment income	$ (270)	FX forwards	$ -	$ 261
Fixed income futures long	Investment income	(2,393)	Futures		49,331
Fixed income futures short	Investment income	218	Futures	-	(9,752)
Index futures long	Investment income	(4,528)	Futures	-	5,198
Index futures short	Investment income	(369)	Futures	-	(8,818)
Total Derivative Instruments		**$ (7,342)**		**$ -**	

Derivative investments are also subject to counterparty credit risk (non-exchange traded). The following describes the risks applicable to the investment derivative instruments that are reported as of June 30, 2023 and 2022.

Counterparty Credit Risk – The System is exposed to credit risk on derivative instruments that are in asset positions and non-exchange traded. The System's investments in forward currency contracts bear counterparty credit risk in that parties to the contracts may fail to perform according to the terms of the contract. As of June 30, 2023, total commitments in forward currency contracts to purchase and sell international currencies were $612,000, with fair values of $612,000 and $612,000, respectively, held by counterparties with S&P rating of BBB+ and above. As of June 30, 2022, total commitments in forward currency contracts to purchase and sell international currencies were $261,000, with fair values of $261,000 and $261,000, respectively, held by counterparties with S&P rating of AA and above.

Fair Value Measurements – The System categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value and gives 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). The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for an asset or liability, either directly or indirectly. Inputs to the valuation include: 1) quoted prices for similar assets or liabilities in active markets; 2) quoted prices for identical or similar assets or liabilities in markets that are not active; 3) inputs other than quoted prices that are observable for the asset or liability; and 4) market-corroborated inputs.

Level 3 inputs are unobservable inputs for an asset or liability where there are little market activities. The inputs into the determination of fair value are based upon the best information in the circumstances and may require management judgment or estimation.

Notes to the Basic Financial Statements *(continued)*

NOTE 3 - INVESTMENTS (Continued)

The System has the following recurring fair value measurements as of June 30, 2023 and 2022:

Investments Measured at Fair Value As of June 30, 2023		**Fair Value Measurements Using**			
(Dollars in thousands)	**Total**	**Level 1**	**Level 2**	**Level 3**	**Net Asset Value (NAV)**
Investments by Fair Value Level					
Public equity	$ 1,559,664	$ 250,578	$ -	$ -	$ 1,309,086
Private equity	390,509	-	-	26,303	364,206
Core real estate	199,549	-	-	-	199,549
Investment grade bonds	174,245	22,516	101,208	-	50,521
Immunized cash flows	161,586	133,814	27,772	-	-
Growth real estate	119,947	-	-	-	119,947
Emerging market bonds	110,305	-	-	-	110,305
Private debt	102,833	-	-	3,786	99,047
Market neutral strategies	90,110	-	-	-	90,110
Cash and cash equivalents	84,299	84,299	-	-	-
Long-term government bonds	74,021	-	-	-	74,021
Private real assets	67,767	-	-	45	67,722
Treasury inflation-protected securities	56,954	56,954	-	-	-
High yield bonds	56,207	-	50,852	-	5,355
Commodities	17,534	-	-	-	17,534
Venture / Growth capital	15,720	-	-	-	15,720
Short-term investment grade bonds	13,182	13,182	-	-	-
Total Investments Measured at Fair Value	**$ 3,294,432**	**$ 561,343**	**$ 179,832**	**$ 30,134**	**$ 2,523,123**

Investments Measured at Fair Value As of June 30, 2022		**Fair Value Measurements Using**			
(Dollars in thousands)	**Total**	**Level 1**	**Level 2**	**Level 3**	**Net Asset Value (NAV)**
Investments by Fair Value Level					
Public equity	$ 1,425,193	$ 268,402	$ -	$ -	$ 1,156,791
Private equity	365,199	-	-	30,339	334,860
Investment grade bonds	286,165	29,818	96,745	-	159,602
Core real estate	176,552	-	-	-	176,552
Growth real estate	101,938	-	-	-	101,938
Private debt	86,401	-	-	6,250	80,151
Market neutral strategies	85,780	-	-	-	85,780
Emerging market bonds	83,707	-	-	-	83,707
Immunized cash flows	68,748	35,335	33,413	-	-
Long-term government bonds	67,699	-	-	-	67,699
Cash and cash equivalents	60,314	60,314	-	-	-
Treasury inflation-protected securities	56,963	56,963	-	-	-
High yield bonds	51,453	-	46,580	-	4,873
Private real assets	49,534	-	-	1,200	48,334
Commodities	16,813	-	-	-	16,813
Venture / Growth capital	13,948	-	-	-	13,948
Short-term investment grade bonds	12,772	12,772	-	-	-
Total Investments Measured at Fair Value	**$ 3,009,179**	**$ 463,604**	**$ 176,738**	**$ 37,789**	**$ 2,331,048**

NOTE 3 - INVESTMENTS (Continued)

Equity and Fixed Income Securities

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets issued by pricing vendors for these securities. Debt and equity securities classified in Level 2 of the fair value hierarchy are valued using prices determined by the use of matrix pricing techniques maintained by the various pricing vendors for these securities. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices for similar securities that are observable in the market place. Debt and equity securities classified in Level 3 are securities whose inputs to valuation techniques are unobservable by the market place. Many of these securities are priced by the issuers or industry groups for these securities. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by the custodian bank.

Alternative Investments

Alternative investments include public equity, private equity, core real estate, investment grade bonds, growth real estate, emerging market bonds, private debt, market neutral strategies, long-term government bonds, private real assets, high yield bonds, commodities, and venture / growth capital. These are investments for which exchange quotations are not readily available and are valued at estimated fair value, as determined in good faith by the General Partner (GP) of each investment firm retained by the System. These investments are initially valued at cost with subsequent adjustments that reflect third party transactions, financial operating results and other factors deemed relevant by the GP. The assets in the alternative investment program are classified as Level 3 assets or at the NAV. A more detailed explanation of the Level 3 and NAV valuation methodologies follows.

Investments in non-public equity securities are valued by the GP using one or more valuation methodologies outlined in GASB Statement No. 72, *Fair Value Measurement and Application*, depending upon the availability of data required by each methodology. In some cases, the GP may use multiple approaches to estimate a valuation range. For the immediate time period following a transaction, the determination of the fair value for equity securities, in which no liquid trading market exists, can generally be approximated based on the transaction price (absent any significant developments). Thereafter, or in the interim, if significant developments relating to such portfolio company or industry occur which may suggest a material change in value, the GP should value each investment by applying generally accepted valuation methods including: (1) the market approach (such as market transaction and comparable public company multiples, which are based on a measurement of the company's historical and projected financial performance with typical metrics including enterprise value / latest 12 months earnings before interest, taxes, depreciation, and amortization (EBITDA) or projected fiscal year EBITDA) or (2) the income or discounted cash flow approach.

The determination of fair value using these methodologies should take into consideration a range of factors, including but not limited to, the price at which the investment was acquired, the nature of the investment, local market conditions, trading values on public exchanges for comparable securities, current and projected operating performance, and financing transactions subsequent to the acquisition of the investment. Because of the subjective nature of estimated fair value of the private investments, such value may differ significantly from the values that would have been used had a ready market existed for these investments. These financial instruments have been classified as Level 3 or NAV in the fair value hierarchy, provided that the NAV is calculated and used as a practical expedient to estimate fair value in accordance with GAAP requirements. These investments are not categorized within the fair value hierarchy.

The following tables present the category, fair value, unfunded commitments, redemption frequency and redemption notice period for investments for which fair value is presented using the NAV as of June 30, 2023 and 2022:

NOTE 3 - INVESTMENTS (Continued)

Investments Measured at the NAV As of June 30, 2023 *(Dollars in thousands)*	**Fair Value**	**Unfunded Commitments**	**Redemption Frequency (If Currently Eligible)**	**Redemption Notice Period**
Public equity	$ 1,309,086	$ -	Daily, Weekly, Monthly	1 - 30 Days
Private equity	364,206	102,400	Daily, N/A	1 Day, N/A
Core real estate	199,549	-	Quarterly	90 Days
Investment grade bonds	50,521	-	Daily	1 - 3 Days
Growth real estate	119,947	60,000	N/A	N/A
Emerging market bonds	110,305	-	Daily, Quarterly	1 - 45 Days
Private debt	99,047	63,500	N/A	N/A
Market neutral strategies	90,110	-	Monthly, Bi-Annual	45 - 60 Days
Long-term government bonds	74,021	-	Daily	3 Days
Private real assets	67,722	51,100	N/A	N/A
High yield bonds	5,355	-	Daily	3 Days
Commodities	17,534	-	Daily	3 Days
Venture / Growth capital	15,720	52,000	N/A	N/A
Total Investments Measured at NAV	**$ 2,523,123**	**$ 329,000**		

Investments Measured at the NAV As of June 30, 2022 *(Dollars in thousands)*	**Fair Value**	**Unfunded Commitments**	**Redemption Frequency (If Currently Eligible)**	**Redemption Notice Period**
Public equity	$ 1,156,791	$ -	Daily, Monthly, Quarterly	1 - 30 Days
Private equity	334,860	99,559	Daily, N/A	1 Day, N/A
Investment grade bonds	159,602	-	Daily	1 - 3 Days
Core real estate	176,552	44,700	Quarterly	90 Days
Growth real estate	101,938	54,000	N/A	N/A
Private debt	80,151	53,000	N/A	N/A
Market neutral strategies	85,780	-	Monthly, Bi-Annual	45 - 60 Days
Emerging market bonds	83,707	-	Daily, Quarterly	1 - 45 Days
Long term government bonds	67,699	-	Daily	3 Days
High yield bonds	4,873	-	Daily	3 Days
Private real assets	48,334	32,900	N/A	N/A
Commodities	16,813	-	Daily	3 Days
Venture / Growth capital	13,948	49,100	N/A	N/A
Total Investments Measured at NAV	**$ 2,331,048**	**$ 333,259**		

Public equity - Public equities are shares of ownership of a firm listed on an exchange; the System holds global public equities to benefit from their total return (capital appreciation plus current yield) over a long-term horizon. The commingled funds liquidity ranges from daily to monthly and the notice periods are between one day and thirty days.

Private equity - This type generally invests in privately held companies. These investments cannot be redeemed early from the funds. Instead, the nature of the investments in this type is that distributions are received through the liquidation of the underlying assets of the fund. The only way to exit these funds is through a sale in a secondary market. The commingled investment offers daily liquidity with a one-day notice.

Core real estate - This type includes investments in open-ended real estate commingled funds. Core real estate funds typically invest in physical properties. The goal of core real estate is to produce price

NOTE 3 - INVESTMENTS (Continued)

appreciation and income while maintaining a low correlation to stocks and bonds held by the System. The open-ended real estate funds offer quarterly redemptions with notice periods of three months.

Investment grade bonds – The purpose of investment grade bonds is to produce returns and income for the System by providing exposure to rates and credit risk. The commingled funds offer daily liquidity with a notice period of one to three days.

Growth real estate - The goal of growth real estate is to produce price appreciation and income while maintaining a low correlation to stocks and bonds. The only way to exit these funds is through a sale in a secondary market.

Emerging market bonds - Emerging market bonds funds typically invest in contractual cash flows of governments and other sovereign entities, corporations, securitizations, and derivatives thereof in emerging market countries with a sovereign rating less than BBB-. One partnership has quarterly redemption period with a notice period of 45 days; the other has a daily redemption period with a one-day notice period.

Private debt - This type includes investments in private debt limited partnership funds. These investments cannot be redeemed early from the funds. Instead, the nature of the investments in this type is that distributions are received through the liquidation of the underlying assets of the fund. The only way to exit these funds is through a sale in a secondary market.

Market neutral strategies - This type includes investments in limited partnership hedge funds that invest both long and short in a wide array of securities, including listed and OTC derivatives, and typically use leverage and hedging to capture directional market movements or relative market mispricing. The redemption frequencies range from monthly to bi-annual with notice periods of 45 days to 60 days.

Long-term government bonds – The purpose of long-term government bonds is to provide a positive return in highly stressed market environments, with a low correlation to equity risk. The commingled fund offers daily liquidity with a notice period of three days.

Private real assets - Private real assets are physical or tangible assets that have value due to their substance and properties. The goal of real assets is to help the portfolio maintain purchasing power through periods of inflation. The only way to exit these funds is through a sale in a secondary market.

High yield bonds – The primary purpose of high yield bonds is to provide the System with exposure to high yielding corporate debt. The commingled fund offers daily liquidity with a notice period of three days.

Commodities - Commodities are physical or tangible assets that have value due to their substance and properties. The goal of commodities is to help the portfolio maintain purchasing power through periods of inflation. The commodities fund offers daily liquidity with three business days' notice.

Venture / Growth capital - This type includes investments in venture capital limited partnership funds, which generally invest in early stage privately held companies. These investments cannot be redeemed early from the funds. Instead, the nature of the investments in this type is that distributions are received through the liquidation of the underlying assets of the fund. The only way to exit these funds is through a sale in a secondary market.

NOTE 4 - DEFINED BENEFIT PENSION PLAN: NET PENSION LIABILITY AND CONTRIBUTIONS

Net Pension Liability. The components of the net pension liability (i.e., the total pension liability determined in accordance with GASB Statement No. 67, *Financial Reporting for Pension Plans - An Amendment of GASB Statement No. 25*, less the plan net position) as of June 30, 2023 and 2022, were as follows (dollars in thousands):

NOTE 4 - DEFINED BENEFIT PENSION PLAN: NET PENSION LIABILITY AND CONTRIBUTIONS (Continued)

	2023	2022
Total pension liability	$ 4,882,494	$ 4,689,423
Plan fiduciary net position	2,907,315	2,708,027
Net pension liability	$ 1,975,179	$ 1,981,396
Plan fiduciary net position as a percentage of the total pension liability	**59.5 %**	**57.7 %**

Actuarial Assumptions. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and investment return. Experience studies are performed by the Board's actuary to determine appropriate revisions to the actuarial assumptions, as actual results are compared with past expectations and new estimates are made about the future. The last experience study was performed in October 2019. The next experience study is scheduled for the latter half of 2023.

The total pension liability as of June 30, 2023 and 2022 is based on results of an actuarial valuation date of June 30, 2022 and 2021, respectively, and rolled-forward to June 30, 2023 and 2022 using standard roll forward procedures. A summary of the actuarial assumptions used to determine the total pension liability is shown below.

Actuarial Assumptions		
Valuation date	June 30, 2022	June 30, 2021
Measurement date	June 30, 2023	June 30, 2022
Inflation rate	2.50%	2.25%
Discount rate	6.625%. The Board expects a long-term rate of return of 7.2% based on Meketa's 2022 20-year capital market assumptions and the System's current investment policy. A margin for adverse deviation was used to improve the probability of achieving the discount rate	6.625%. The Board expects a long-term rate of return of 7.1% based on Meketa's 2021 20-year capital market assumptions and the System's current investment policy. A margin for adverse deviation was used to improve the probability of achieving the discount rate
Active, withdrawal, death, disability service retirement	Tables based on current experience	Tables based on current experience
Mortality	Healthy retirees: 0.995 for males, and 0.960 for females, times the 2010 Public General Mortality Table (PubG-2010) for healthy retirees Healthy non-annuitant: 0.992 for males, and 1.084 for females, times the 2010 Public General Mortality Table (PubG-2010) for healthy employees Disabled annuitants: 1.051 for males and 0.991 for females, times the CalPERS 2009 Ordinary Disability Mortality Table Mortality is projected on a generational basis using the MP-2021 projection scale	Healthy retirees: 0.995 for males, and 0.960 for females, times the 2010 Public General Mortality Table (PubG-2010) for healthy retirees Healthy non-annuitant: 0.992 for males, and 1.084 for females, times the 2010 Public General Mortality Table (PubG-2010) for healthy employees Disabled annuitants: 1.051 for males and 0.991 for females, times the CalPERS 2009 Ordinary Disability Mortality Table Mortality is projected on a generational basis using the MP-2021 projection scale
Salary increases	The base wage inflation assumption of 3.00% plus a merit / longevity increase based on years of service ranging from 3.75% at hire to 0.10% for members with 15 or more years of service	The base wage inflation assumption of 3.00% plus a merit / longevity increase based on years of service ranging from 3.75% at hire to 0.10% for members with 15 or more years of service

NOTE 4 - DEFINED BENEFIT PENSION PLAN: NET PENSION LIABILITY AND CONTRIBUTIONS (Continued)

Actuarial Assumptions		
Cost-of-Living Adjustment	Tier 1 - 3% per year; Tier 2 - 1.25% to 2.00% depending on years of service	Tier 1 - 3% per year; Tier 2 - 1.25% to 2.00% depending on years of service

The assumption for the long-term expected rate of return on pension plan investments of 6.625% for both the valuation years ended June 30, 2022 and 2021, was selected by estimating the median nominal rate of return based on long-term capital market assumptions adopted by the Board, including nominal expected rates of return for each asset class, and reducing the estimated median by a margin so that there is estimated to be a greater than 50 percent probability of achieving the return.

Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2023 and 2022, (see the discussion of the System's investment policy) are summarized in the following table:

	2023		2022	
Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return	Target Asset Allocation	Long-Term Expected Real Rate of Return
Public equity	49%	6.5%	49%	5.1%
Private equity	8%	7.9%	8%	7.4%
Investment grade bonds	8%	2.0%	8%	0.2%
Core real estate	5%	3.8%	5%	3.8%
Immunized cash flows	5%	0.3%	5%	(0.5)%
Venture / Growth capital	4%	8.8%	4%	7.9%
Emerging market bonds	3%	3.5%	3%	2.2%
Growth real estate	3%	6.0%	3%	6.3%
Market neutral strategies	3%	3.4%	3%	2.2%
Private debt	3%	6.2%	3%	5.0%
Private real assets	3%	6.4%	3%	5.8%
High yield bonds	2%	4.6%	2%	2.2%
Long-term government bonds	2%	2.3%	2%	0.6%
Treasury inflation-protected securities	2%	1.9%	2%	0.2%
Cash and cash equivalents	N/A	0.3%	N/A	(0.5)%

Discount Rate. The discount rate used to measure the total pension liability was 6.625% for both measurement years ended June 30, 2023 and 2022. It is assumed that System member contributions and City contributions will be made based on the actuarially determined rates based on the Board's funding policy. Based on those assumptions, the System's net position is expected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in Discount Rate. In accordance with GASB Statement No. 67 regarding the disclosure of the sensitivity of the net pension liability to changes in the discount rate, the following presents the net pension liability of the City, as of June 30, 2023 and 2022, calculated using the discount rate of 6.625%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1.0% lower or 1.0% higher than the current rate (in thousands):

NOTE 4 - DEFINED BENEFIT PENSION PLAN: NET PENSION LIABILITY AND CONTRIBUTIONS (Continued)

	2023			2022		
	1% Decrease (5.625%)	Discount Rate (6.625%)	1% Increase (7.625%)	1% Decrease (5.625%)	Discount Rate (6.625%)	1% Increase (7.625%)
Total pension liability (TPL)	$ 5,543,803	$ 4,882,494	$ 4,341,812	$ 5,327,180	$ 4,689,423	$ 4,168,118
Plan fiduciary net position	2,907,315	2,907,315	2,907,315	2,708,027	2,708,027	2,708,027
Net pension liability	$ 2,636,488	$ 1,975,179	$ 1,434,497	$ 2,619,153	$ 1,981,396	$ 1,460,091
Plan fiduciary net position as a percentage of the TPL	**52.4 %**	**59.5 %**	**67.0 %**	**50.8 %**	**57.7 %**	**65.0 %**

On June 24, 2008, the City Council adopted Ordinance No. 28332 amending Chapter 3.28 of Title 3 of the San José Municipal Code to provide the City with the option to make lump sum payments of City required contributions to the System (referred to as prefunding).

In November 2010, the Board adopted a funding policy (referred to as the floor methodology) setting the City's funding policy contribution amount to be the greater of the dollar amount reported in the actuarial valuation or the dollar amount determined by applying the percentage rate reported in the valuation to the actual payroll, if actual payroll exceeds the actuarial payroll, for the fiscal year.

In October 2014, the Board approved implementing an incremental reduction approach to determining "actuarial equivalence" for the prefunding when the economic expansion has exceeded 58 months in duration and / or the S&P 500 has returns in excess of 130%. This approach will ensure that as business expansions and/or market valuation mature and exceed historic norms, the System reduces the incentive for the City to prefund its contributions. The incremental reduction to the discount rate that is used to calculate the prefunding is 15% per year, up to a maximum of 45%. In March 2022, the Board approved a modification to the incremental reduction approach that added market valuations as an additional criterion for triggering a reduction in the prefunding discount rate.

In February 2016, the Board approved the City's request that the floor methodology for Tier 1 be used only for the annual employer Normal Cost contribution (which includes administrative expenses) and that the annual employer Unfunded Actuarial Liability (UAL) contribution be set at the dollar amount recommended by the actuary and adopted by the Board in the annual actuarial valuation report beginning fiscal year 2017.

San José City Council Ordinance No. 29120 implemented the terms approved by the City Council on June 12, 2012 for Tier 2 pension benefits for new System members hired on or after September 30, 2012. The new tier includes significant benefit changes from the existing Tier 1 plan as described in Note 1. In addition, the contribution rate for Tier 2 members includes a change in the cost sharing between the City and active Tier 2 members, which is a 50/50 split of all costs, including UAL. Currently, Tier 1 members split normal cost with 8/11 paid by the City and 3/11 paid by Tier 1 members. The responsibility for funding the UAL is generally not shared with the Tier 1 employees.

Beginning September 2014, the Board approved the City's request to exclude Tier 2 from the floor methodology to ensure that the City does not pay more than the actuarially determined contribution (ADC).Therefore, the contribution rate determined by the actuary multiplied by the actual payroll is used.

On June 29, 2021, the City Council introduced an ordinance amending the Municipal Code to cease the contributions of Tier 1 members of the System with 30 or more years of service credit as of the effective date of the Ordinance. Eligible members are those employees who are in positions assigned to an unrepresented employee unit or a represented bargaining unit that has agreed to the Ordinance and has been approved by the City Council. As of June 30, 2023, Unit 99, the Association of Legal Professionals, and Association of Building, Mechanical, and Electrical Inspectors have agreed to the provisions.

NOTE 4 - DEFINED BENEFIT PENSION PLAN: NET PENSION LIABILITY AND CONTRIBUTIONS (Continued)

The change is intended by the City to incentivize such members to continue working for the City by increasing their take-home pay. The Ordinance was approved on August 3, 2021 and became effective on September 2, 2021.

On May 19, 2022 and May 20, 2021, the Board approved the City's decision to prefund Tier 1 contributions for the fiscal years ending June 30, 2023 and June 30, 2022, respectively. The City's contributions for the Defined Benefit Pension Plan during the fiscal years ended June 30, 2023 and 2022 were as follows.

Fiscal year		2023		
Actuarial valuation year		2021		
(Dollars in thousands)	Tier 1		Tier 2	Total
Actual payroll	$ 143,224	$	243,091	$ 386,315
Actuarial payroll	132,590		N/A	N/A
Actual payroll in excess of actuarial payroll	10,634		N/A	N/A
City normal cost rate for pension and COLA	20.32%		8.13% [2]	N/A
Additional contributions due to the Floor Methodology	2,161		N/A	2,161
Prefunded contribution amount (BOY) [1]	184,423		N/A	184,423
Regular contributions paid throughout the year	-		19,763	19,763
Adjustments and accruals	(6,961)		54	(6,907)
Total contributions for the fiscal year	**$ 179,623**	**$**	**19,817**	**$ 199,440**

Fiscal year		2022		
Actuarial valuation year		2020		
(Dollars in thousands)	Tier 1		Tier 2	Total
Actual payroll	$ 144,524	$	203,783	$ 348,307
Actuarial payroll	137,246		N/A	N/A
Actual payroll in excess of actuarial payroll	7,278		N/A	N/A
City normal cost rate for pension and COLA	20.25%		8.17% [2]	N/A
Additional contributions due to the Floor Methodology	1,474		N/A	1,474
Prefunded contribution amount (BOY) [1]	182,536		N/A	182,536
Regular contributions paid throughout the year	-		16,649	16,649
Adjustments and accruals	6,939		-	6,939
Total contributions for the fiscal year	**$ 190,949**	**$**	**16,649**	**$ 207,598**

[1] *Beginning of year*

[2] *Tier 2 Contribution rate includes UAL percentage of 0.28% and 0.39% for fiscal years ended June 30, 2023 and 2022 respectively*

Contributions to the Defined Benefit Pension Plan are actuarially determined to provide adequate assets to pay benefits when due. The City's Tier 1 UAL contribution is actuarially determined as a minimum dollar amount. All other contributions are an actuarially determined percentage of each member's covered payroll. The contribution rates and amounts for fiscal years ended June 30, 2023 and 2022 were based on the actuarial valuations performed as of June 30, 2021 and 2020, respectively.

The City and the participating member's contribution rates in effect for the Defined Benefit Pension Plan during the fiscal years ended June 30, 2023 and 2022 were as follows:

NOTE 4 - DEFINED BENEFIT PENSION PLAN: NET PENSION LIABILITY AND CONTRIBUTIONS (Continued)

Period	City-Board Adopted			Member	
	City Tier 1	Tier 1 UAL Dollar Amount [3]	City Tier 2	Employee Tier 1 [2]	Employee Tier 2
6/25/23 - 6/30/23	20.16%		8.01%	7.34%	8.01%
6/26/22 - 6/24/23 [1]	20.32%	$162,602,000	8.13%	7.41%	8.13%
7/01/21 - 6/25/22 [1]	20.25%	$160,694,000	8.17%	7.39%	8.17%

[1] *The actual contribution rates paid by the City for fiscal years ended June 30, 2023 and June 30, 2022 differed for Tier 1 due to the City funding the actuarially determined contribution amount based on the greater of the dollar amount reported in the actuarial valuation or the dollar amount determined by applying the percentage of payroll reported in the valuation to the actual payroll, if actual payroll exceeds the actuarial payroll, for the fiscal year.*

[2] *Under Measure F, certain Tier 2 members who had previous Tier 1 service or prior service with a reciprocal employer were reclassified to Tier 1. Ordinance No. 30183, which became effective January 4, 2019, amended the Municipal Code to reflect these changes. Reclassified Tier 1 members paid an additional 3.00% in contributions for fiscal years ended June 30, 2023 and 2022. Classic Tier 1 members paid an additional 1.09% and 1.05% in contributions for fiscal years ended June 30, 2023 and 2022, respectively.*

[3] *Contributions are structured as a normal cost, plus a payment on the Unfunded Actuarial Liability (UAL).Tier 1 City contributions are administered as a normal cost contribution rate based on payroll plus a dollar amount payment on the UAL.*

NOTE 5 - POSTEMPLOYMENT HEALTHCARE PLAN: NET OPEB LIABILITY AND CONTRIBUTIONS

Net OPEB Liability. The components of the net Other Postemployment Benefit (OPEB) liability of the System (i.e., the System's liability determined in accordance with GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, less the plan fiduciary net position) as of June 30, 2023 and 2022, were as follows (dollars in thousands):

	2023	2022
Total OPEB liability	$ 665,107	$ 678,386
Plan fiduciary net position	374,608	349,121
Net OPEB liability	$ 290,499	$ 329,265
Plan fiduciary net position as a percentage of the total OPEB liability	**56.3 %**	**51.5 %**

Actuarial Assumptions. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and investment return. Experience studies are performed by the Board's actuary to determine appropriate revisions to the actuarial assumptions, as actual results are compared with past expectations and new estimates are made about the future. The last experience study was performed in October 2019. The next experience study is scheduled for the latter half of 2023.

The total OPEB liability as of June 30, 2023 and 2022 is based on results of an actuarial valuation date of June 30, 2022 and 2021, and rolled-forward to June 30, 2023 and 2022 using generally accepted actuarial procedures. A summary of the actuarial assumptions used to determine the total OPEB liability is shown below.

Actuarial Assumptions		
Valuation date	June 30, 2022	June 30, 2021
Measurement date	June 30, 2023	June 30, 2022
Actuarial cost method	Entry age normal, level of % of pay	Entry age normal, level of % of pay
Inflation rate	2.50%	2.25%

NOTE 5 - POSTEMPLOYMENT HEALTHCARE PLAN: NET OPEB LIABILITY AND CONTRIBUTIONS (Continued)

Discount rate (net)	6.00% per year. The Board expects a long-term rate of return of 6.3% based on Meketa's 20-year capital market assumptions and the System's current investment policy	6.00% per year. The Board expects a long-term rate of return of 6.1% based on Meketa's 20-year capital market assumptions and the System's current investment policy
Projected payroll increases		
Wage inflation rate	3.00%	3.00%
Merit increase	Merit component added based on an individual's years of service ranging from 3.75% to 0.10%	Merit component added based on an individual's years of service ranging from 3.75% to 0.10%
Rates of mortality	Mortality is projected on a generational basis using the MP-2021 scale	Mortality is projected on a generational basis using the MP-2021 scale
Healthy annuitants	0.995 for males and 0.960 for females, times the 2010 Public General Mortality Table (PubG-2010) for healthy retirees	0.995 for males and 0.960 for females, times the 2010 Public General Mortality Table (PubG-2010) for healthy retirees
Healthy non-annuitants	0.992 for males and 1.084 for females, times the 2010 Public General Mortality Table (PubG-2010) for healthy employees	0.992 for males and 1.084 for females, times the 2010 Public General Mortality Table (PubG-2010) for healthy employees
Disabled annuitants	1.051 for males and 0.991 for females, times the CalPERS 2009 Ordinary Disability Mortality Table	1.051 for males and 0.991 for females, times the CalPERS 2009 Ordinary Disability Mortality Table
Healthcare Cost Trend Rates		
Medical	The valuation assumes that future medical inflation will be at a rate of 7.16% to 3.94% per annum graded down over a 51 year period for medical pre-age 65 and 4.27% to 3.94% per annum for medical post-age 65. For fiscal year beginning 2023, actual calendar year 2023 premiums are combined with a trend assumption for calendar year 2024	The valuation assumes that future medical inflation will be at a rate of 7.49% to 3.78% per annum graded down over a 55 year period for medical pre-age 65 and 4.15% to 3.78% per annum for medical post-age 65. For fiscal year beginning 2022, actual calendar year 2022 premiums are combined with a trend assumption for calendar year 2023
Dental	Dental inflation is assumed to be 3.50%	Dental inflation is assumed to be 3.50%

The assumption for the long-term expected rate of return on OPEB plan investments of 6.00% for the valuation years ended June 30, 2023 and June 30, 2022, respectively, was selected by estimating the median nominal rate of return based on long-term capital market assumptions adopted by the Board, including nominal expected rates of return for each asset class, and reducing the estimated median by a margin so that there is estimated to be a greater than 50 percent probability of achieving the return.

Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2023 and 2022, (see the discussion of the System's investment policy) are summarized in the following table. The assets are invested in a 115 trust.

	2023		2022	
Asset Class	**Target Asset Allocation**	**Long-Term Expected Real Rate of Return**	**Target Asset Allocation**	**Long-Term Expected Real Rate of Return**
Public equity	58.0%	6.5%	58.0%	5.0%
Investment grade bonds	14.0%	2.0%	14.0%	0.2%
Core real estate	12.0%	3.8%	12.0%	3.8%
Short-term investment grade bonds	6.0%	0.9%	6.0%	(0.3)%
Commodities	5.0%	3.0%	5.0%	2.3%
Long-term government bonds	5.0%	2.3%	5.0%	0.6%

NOTE 5 - POSTEMPLOYMENT HEALTHCARE PLAN: NET OPEB LIABILITY AND CONTRIBUTIONS (Continued)

Discount Rate. The discount rate used to measure the total OPEB liability was 6.00% for the measurement years ended June 30, 2023 and 2022 respectively, and is based on the long-term expected rate of return on investments. It is assumed that plan member contributions remain fixed at 7.5% of pay for employees eligible to participate in the postemployment healthcare plan and the City contributes the actuarially determined contribution toward the explicit subsidy up to a maximum of 14% of total payroll. In addition, the City pays the implicit subsidy on a pay-as-you-go basis. Based on those assumptions, the System's fiduciary net position is expected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Net OPEB Liability to Changes in Discount Rate. In accordance with GASB No. 74 regarding the disclosure of the sensitivity of the net OPEB liability to changes in the discount rate, the following presents the net OPEB liability of the City, as of June 30, 2023 and 2022, calculated using the discount rate of 6.00% for both years, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current rate:

	2023			2022		
	1% Decrease (5.00%)	Discount Rate (6.00%)	1% Increase (7.00%)	1% Decrease (5.00%)	Discount Rate (6.00%)	1% Increase (7.00%)
Total OPEB liability	$ 757,945	$ 665,107	$ 589,559	$ 773,813	$ 678,386	$ 600,741
Plan fiduciary net position	374,608	374,608	374,608	349,121	349,121	349,121
Net OPEB liability	$ 383,337	$ 290,499	$ 214,951	$ 424,692	$ 329,265	$ 251,620
Plan fiduciary net position as a percentage of the total OPEB liability	**49.4 %**	**56.3 %**	**63.5 %**	**45.1 %**	**51.5 %**	**58.1 %**

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that were 1.0% lower (6.16% decreasing to 2.94%) or 1.0% higher (8.16% decreasing to 4.94%) than the current healthcare cost trend rates (dollar amounts in thousands):

	2023			2022		
	1% Decrease	Health Care Cost Trend	1% Increase	1% Decrease	Health Care Cost Trend	1% Increase
Total OPEB liability	$ 581,274	$ 665,107	$ 768,300	$ 592,020	$ 678,386	$ 784,860
Plan fiduciary net position	374,608	374,608	374,608	349,121	349,121	349,121
Net OPEB liability	$ 206,666	$ 290,499	$ 393,692	$ 242,899	$ 329,265	$ 435,739
Plan fiduciary net position as a percentage of the total OPEB liability	**64.4 %**	**56.3 %**	**48.8 %**	**59.0 %**	**51.5 %**	**44.5 %**

The Postemployment Healthcare Plan is an IRC Section 115 Trust. The 401(h) plan was depleted as of November 2019 leaving only the 115 Trust in the Healthcare Plan beginning with the end of the fiscal year ended June 30, 2020.

On June 24, 2008, the City Council adopted Ordinance No. 28332 amending Chapter 3.28 of Title 3 of the San José Municipal Code to provide the City with the option to make lump sum payments of City required contributions to the System (referred to as prefunding).

In November 2010, the Board adopted a funding policy (referred to as the floor methodology) setting the annual contribution to be the greater of the dollar amount reported in the actuarial valuation or the dollar amount determined by applying the percentage rate of contribution reported in the valuation to the actual payroll, if actual payroll exceeds the actuarial payroll, for the fiscal year.

NOTE 5 - POSTEMPLOYMENT HEALTHCARE PLAN: NET OPEB LIABILITY AND CONTRIBUTIONS (Continued)

In October 2014, the Board approved implementing an incremental reduction approach to determining "actuarial equivalence" for the prefunding when the economic expansion has exceeded 58 months in duration and/or the S&P 500 has returns in excess of 130%. This approach will ensure that as business expansions and/or market valuation mature and exceed historic norms, the System reduces the incentive for the City to prefund its contributions. The incremental reduction to the discount rate that is used to calculate the prefunding is 15% per year, up to a maximum of 45%. In March 2022, the Board approved a modification to the incremental reduction approach that added market valuations as an additional criterion for triggering a reduction in the prefunding discount rate.

On August 27, 2013, San José City Council adopted Ordinance No. 29283 to exclude Tier 2 members hired on or after September 27, 2013 from retiree medical and dental benefits (referred to as Tier 2B members) but the City shall bear and pay an amount equal to the additional costs incurred by the System for that portion of the unfunded liability as determined by the actuary for the System that the City and Tier 2B members would have otherwise paid as contributions had those employees been eligible for the retiree healthcare defined benefit.

Historically, member and City contributions to the System have been negotiated through collective bargaining and have not been actuarially determined. No amount was determined on an actuarial basis to fund the Healthcare Plan prior to fiscal year 2019. With the passage of Measure F, the Federated Alternative Pension Reform Settlement Framework (Federated Framework) became effective as of June 16, 2017. A Voluntary Employee Beneficiary Association (VEBA) for retiree healthcare was created and Tier 1 and some Tier 2 members were eligible for an irrevocable opt-out of the defined benefit retiree healthcare plan. The VEBA opt-in election period was October 18, 2017 through December 15, 2017, and the healthcare contributions of members who opted in to the VEBA was transferred out of the Postemployment Healthcare Plan in March 2018 and moved in to the defined contribution VEBA. All Tier 1 employees (except those who enter the Plan after June 18, 2017 with “Classic” membership in CalPERS) and Tier 2 employees who were previously making contributions into the defined benefit retiree healthcare plan (Tier 2A), were eligible to opt-in to the VEBA, while all Tier 2 employees (except unrepresented employees) were required to move in to the defined contribution VEBA. The VEBA is being implemented by the City, not ORS, and therefore it is also not under the jurisdiction of the Retirement Board.

With the implementation of Measure F, member contributions were fixed at 7.5% of pay. The City's contribution toward the explicit subsidy is actuarially determined beginning with the fiscal year ending June 30, 2019, and the City also pays the implicit subsidy on a pay-as-you-go basis as part of active health premiums. In addition, the City has an option to limit its contributions to 14% of payroll. The explicit subsidy (or premium subsidy) is paid by the System and is the premium for health coverage selected by the retiree, up to 100% of the premium for the lowest cost plan offered to active employees. The implicit subsidy is the difference between the expected claims cost for a retiree or spouse and the total (retiree plus City) premium.

In February 2018, the Board approved the contribution policy that sets the City healthcare contributions as a flat dollar amount, beginning with fiscal year 2019. The City's contribution for the Postemployment Healthcare Plan during the fiscal year ended June 30, 2023 was $22,997,000, $18,318,000 in regular contributions, $5,370,000 in implicit subsidy, and $(691,000) in adjustments and accruals. The City's contribution for the Postemployment Healthcare Plan during the fiscal year ended June 30, 2022 was $24,747,000, $19,340,000 in regular contributions, $5,468,000 in implicit subsidy, and $(61,000) in adjustments and accruals.

NOTE 5 - POSTEMPLOYMENT HEALTHCARE PLAN: NET OPEB LIABILITY AND CONTRIBUTIONS (Continued)

The City and the participating member's contribution rates in effect for the Postemployment Healthcare Plan during the fiscal years ended June 30, 2023 and 2022 were as follows:

Period	City - Board Adopted [2]	Members with Healthcare
	City Tier 1 and City Tier 2	Tier 1 and Tier 2
07/01/22 - 06/30/23	$ 18,318,000 [1]	7.50 %
07/01/21 - 06/30/22	$ 19,340,000 [1]	7.50 %

[1] *Beginning of the year*

[2] *Explicit subsidy amounts as shown excludes accruals, adjustments, and implicit subsidy.*

NOTE 6 - COMMITMENTS

As of June 30, 2023 and 2022, the System had unfunded commitments to contribute capital for investments in the amount of $329,000,000 and $333,259,000, respectively.

NOTE 7 - LITIGATION

The System handles various claims and legal actions in the ordinary course of its business. In the opinion of management and independent legal counsel, the ultimate disposition of these matters is not likely to have a material adverse effect on the System’s financial position as a whole.

Required Supplementary Information

SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS - DEFINED BENEFIT PENSION PLAN (unaudited)

(Dollars in thousands)

Total Pension Liability (TPL)	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Service cost (MOY)	$ 70,247	$ 67,581	$ 65,711	$ 61,014	$ 61,808	$ 59,628	$ 51,887	$ 49,011	$ 46,795	$ 43,333
Interest	304,936	295,014	283,610	280,131	272,787	264,250	249,388	229,610	221,690	214,487
Changes of benefit terms	-	-	-	-	-	1,781	12,132	-	-	-
Differences between expected and actual experience	64,726	27,568	44,382	(27,723)	(11,662)	17,460	40,853	39,720	13,005	1
Changes of assumptions	518	9,684	36,981	(2,937)	54,398	(15,582)	60,233	205,875	108,674	-
Benefit payments, including refunds	(247,356)	(237,273)	(227,206)	(216,728)	(205,065)	(193,400)	(183,430)	(173,318)	(164,562)	(155,936)
Net Change in TPL	**193,071**	**162,574**	**203,478**	**93,757**	**172,266**	**134,137**	**231,063**	**350,898**	**225,602**	**101,885**
TPL - Beginning	**4,689,423**	**4,526,849**	**4,323,371**	**4,229,614**	**4,057,348**	**3,923,211**	**3,692,148**	**3,341,250**	**3,115,648**	**3,013,763**
TPL - Ending	**$4,882,494**	**$4,689,423**	**$4,526,849**	**$4,323,371**	**$4,229,614**	**$4,057,348**	**$3,923,211**	**$3,692,148**	**$3,341,250**	**$3,115,648**
Plan Fiduciary Net Position										
Contributions - employer	$ 199,440	$ 207,598	$ 183,964	$ 181,327	$ 173,006	$ 156,770	$ 138,483	$ 124,723	$ 114,751	107,544
Contributions - employee	30,561	27,464	25,724	25,081	22,606	20,501	17,227	15,920	13,621	$ 13,596
Net investment income	222,101	(169,129)	698,608	90,910	76,855	117,493	146,011	(35,011)	(16,642)	263,688
Benefit payments, including refunds	(247,356)	(237,273)	(227,206)	(216,728)	(205,065)	(193,400)	(183,430)	(173,318)	(164,562)	(155,936)
Administrative expense	(5,458)	(4,978)	(4,762)	(4,725)	(4,582)	(4,823)	(4,380)	(3,941)	(3,898)	(3,201)
Net Change in Plan Fiduciary Net Position	**$ 199,288**	**$ (176,318)**	**$ 676,328**	**$ 75,865**	**$ 62,820**	**$ 96,541**	**$ 113,911**	**$ (71,627)**	**$ (56,730)**	**$ 225,691**
Plan Fiduciary Net Position - Beginning	**2,708,027**	**2,884,345**	**2,208,017**	**2,132,152**	**2,069,332**	**1,972,791**	**1,858,880**	**1,930,507**	**1,987,237**	**1,761,546**
Plan Fiduciary Net Position - Ending	**$2,907,315**	**$2,708,027**	**$2,884,345**	**$2,208,017**	**$2,132,152**	**$2,069,332**	**$1,972,791**	**$1,858,880**	**$1,930,507**	**$1,987,237**
Net Pension Liability - Ending	**$1,975,179**	**$1,981,396**	**$1,642,504**	**$2,115,354**	**$2,097,462**	**$1,988,016**	**$1,950,420**	**$1,833,268**	**$1,410,743**	**$1,128,411**
Plan Fiduciary Net Position as a Percentage of TPL	**59.55%**	**57.75%**	**63.72%**	**51.07%**	**50.41%**	**51.00%**	**50.29%**	**50.35%**	**57.78%**	**63.78%**
Covered Payroll	**$ 386,315**	**$ 348,307**	**$ 335,421**	**$ 319,980**	**$ 298,824**	**$ 290,504**	**$ 271,153**	**$ 257,771**	**$ 240,678**	**$ 219,434**
Net Pension Liability as a Percentage of Covered Payroll	**511.29 %**	**568.86 %**	**489.68 %**	**661.09 %**	**701.91 %**	**684.33 %**	**719.31 %**	**711.20 %**	**586.15 %**	**514.24%**

SCHEDULE OF INVESTMENT RETURNS - DEFINED BENEFIT PENSION PLAN (unaudited)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual money - weighted rate of return, net of investment expense	7.31%	(4.19)%	29.43%	3.79%	4.17%	6.03%	7.53%	(0.79)%	(1.07)%	7.49%

The rate shown above is based on the Defined Benefit and does not include the 115 Trust.

SCHEDULE OF EMPLOYER CONTRIBUTIONS - DEFINED BENEFIT PENSION PLAN (unaudited)
(Dollars in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contributions	$ 199,440	$ 207,598	$ 183,964	$ 181,327	$ 173,006	$ 156,770	$ 138,483	$ 129,456	$ 114,751	$ 102,811
Contributions in relation to actuarially determined contributions	199,440	207,598	183,964	181,327	173,006	156,770	138,483	124,723	114,751	107,544
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,733	$ -	$ (4,733)
Covered payroll	$ 386,315	$ 348,307	$ 335,421	$ 319,980	$ 298,824	$ 290,504	$ 271,153	$ 257,771	$ 240,678	$ 219,434
Contributions as a percentage of covered payroll	51.63 %	59.60 %	54.85 %	56.67 %	57.90 %	53.96 %	51.07 %	48.39 %	47.68 %	49.01 %

NOTES TO SCHEDULE

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Fiscal Year	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Valuation date	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Mortality	Adjusted 2010 Public General (healthy) and 2009 CalPERS (disabled) mortality tables projected on a generational basis with the SOA MP-2021 projection scale	Adjusted 2010 Public General (healthy) and 2009 CalPERS (disabled) mortality tables projected on a generational basis with the SOA MP-2020 projection scale	Adjusted 2010 Public General (healthy) and 2009 CalPERS (disabled) mortality tables projected on a generational basis with the SOA MP-2019 projection scale	Adjusted 2009 CalPERS mortality tables projected on a generation-al basis with the SOA MP-2018 projection scale	Adjusted 2009 CalPERS mortality tables projected on a generation-al basis with the SOA MP-2017 projection scale	Adjusted 2009 CalPERS mortality tables projected on a generation-al basis with the SOA MP-2015 projection scale	Adjusted 2009 CalPERS mortality tables projected on a generation-al basis with the SOA MP-2015 projection scale	Sex distinct RP-2000 Combined Mortality projected to 2015 using Scale AA and setback two years	Sex distinct RP-2000 Combined Mortality projected to 2015 using Scale AA and setback two years	Sex distinct RP-2000 Combined Mortality projected to 2015 using Scale AA and setback two years
Actuarial cost method	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age
Asset valuation method	5-year smoothed market	5-year smoothed market	5-year smoothed market	5-year smoothed market	5-year smoothed market	5-year smoothed market	5-year smoothed market	5-year smoothed market	5-year smoothed market	5-year smoothed market
Discount rate	6.625%	6.625%	6.750%	6.750%	6.875%	6.875%	7.00%	7.00%	7.00%	7.25%
Amortization growth rate	2.75%	2.75%	2.75%	3.00%	3.00%	2.85%	2.85%	2.85%	2.85%	2.43%

Required Supplementary Information *(continued)*

SCHEDULE OF EMPLOYER CONTRIBUTIONS - DEFINED BENEFIT PENSION PLAN (unaudited)

(Dollars in thousands)

Fiscal Year	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Valuation date	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Salary increases	3.00% plus merit component based on years of service	3.00% plus merit component based on years of service	3.00% plus merit component based on years of service	3.25% plus merit component based on years of service	3.25% plus merit component based on years of service	2.85% plus merit component based on years of service	2.85% plus merit component based on years of service	2.85% plus merit component based on years of service	2.85% plus merit component based on years of service	2.00% for five years and 2.85% thereafter plus merit component based on employee classifica-tion and years of service
Amortization method	Unfunded actuarial liability as of June 30, 2009 was amortized over a closed 30-year period commencing June 30, 2009. Gains, losses and plan changes are amortized over 20-year periods, and assumption changes are amortized over 25-year periods. Tier 2's Unfunded Actuarial Liability as of June 30, 2017 is amortized over a 10-year period. Tier 2 actuarial gains and losses, assumption changes, and plan changes are amortized over 10-year periods	Unfunded actuarial liability as of June 30, 2009 was amortized over a closed 30-year period commencing June 30, 2009. Gains, losses and plan changes are amortized over 20-year periods, and assumption changes are amortized over 25-year periods. Tier 2's Unfunded Actuarial Liability as of June 30, 2017 is amortized over a 10-year period. Tier 2 actuarial gains and losses, assumption changes, and plan changes are amortized over 10-year periods	Unfunded actuarial liability as of June 30, 2009 was amortized over a closed 30-year period commen-cing June 30, 2009. Gains, losses and plan changes are amortized over 20-year periods, and assumption changes are amortized over 25-year periods. Tier 2's Unfunded Actuarial Liability as of June 30, 2017 is amortized over a 10-year period	Unfunded actuarial liability as of June 30, 2009 was amortized over a closed 30-year period commen-cing June 30, 2009. Gains, losses and plan changes are amortized over 20-year periods, and assumption changes are amortized over 25-year periods. Tier 2's Unfunded Actuarial Liability as of June 30, 2017 is amortized over a 10-year period	Unfunded actuarial liability as of June 30, 2009 was amortized over a closed 30-year period commen-cing June 30, 2009. Gains, losses and plan changes are amortized over 20-year periods, and assumption changes are amortized over 25-year periods. Tier 2's Unfunded Actuarial Liability as of June 30, 2017 is amortized over a 10-year period	As of June 30, 2009, the unfunded actuarial liability was amortized over a closed 30 year period as a level percentage of pay. Gains and losses, assumption changes and plan changes are amortized over closed 20-year periods as a level percentage of pay. The amorti-zation payment for the 2015 assumption changes is phased-in over 3 years	As of June 30, 2009, the unfunded actuarial liability was amortized over a closed 30 year period as a level percentage of pay. Gains and losses, assumption changes and plan changes are amortized over closed 20-year periods as a level percentage of pay. The amorti-zation payment for the 2015 assumption changes is phased-in over 3 years	As of June 30, 2009, the unfunded actuarial liability was amortized over a closed 30 year period as a level percentage of pay. Gains and losses, assumption changes and plan changes are amortized over closed 20-year periods as a level percentage of pay.	The unfunded actuarial liability as of June 30, 2009 was amortized over a closed 30 year period commen-cing June 30, 2009 as a level percentage of Tier 1 pay. Actuarial gains and losses, assumption changes and plan changes are amortized over closed 20-year periods as a level percentage of Tier 1 and Tier 2 pay	The entire unfunded actuarial liability as of June 30, 2009 was amortized as a level percentage of payroll over a closed 30-year period commen-cing June 30, 2009. Actuarial gains and losses, assumption changes and plan changes since June 30, 2009 are amortized as a level percentage of payroll over a closed 20-year period beginning with the valuation in which they are first recognized

SCHEDULE OF CHANGES IN THE EMPLOYER'S NET OPEB LIABILITY AND RELATED RATIOS - POSTEMPLOYMENT HEALTHCARE PLAN (unaudited)

(Dollars in thousands)

Total OPEB Liability	2023	2022	2021	2020	2019	2018	2017
Service cost (BOY)	$ 6,972	$ 7,539	$ 7,018	$ 7,040	$ 7,723	$ 7,889	$ 11,109
Interest (includes interest on service cost)	38,334	39,075	39,886	41,855	43,182	42,669	49,977
Changes of benefit terms	-	-	-	-	-	(57,623)	-
Differences between expected and actual experience	(36,989)	(24,961)	(33,945)	(25,639)	(10,418)	(994)	-
Changes of assumptions	9,273	22,369	34,496	(14,804)	9,310	(77,795)	-
Benefit payments, including refunds of member contributions	(30,869)	(31,088)	(31,871)	(30,779)	(28,826)	(29,724)	(31,007)
Net Change in Total OPEB Liability	**(13,279)**	**12,934**	**15,586**	**(22,327)**	**20,971**	**(115,578)**	**30,079**
Total OPEB Liability - Beginning	**678,386**	**665,452**	**649,866**	**672,193**	**651,222**	**766,801**	**736,721**
Total OPEB Liability - Ending	**$ 665,107**	**$ 678,386**	**$ 665,452**	**$ 649,866**	**$ 672,193**	**$ 651,222**	**$ 766,801**
Plan Fiduciary Net Position							
Contributions - employer	$ 22,997	$ 24,787	$ 26,236	$ 26,533	$ 26,410	$ 32,397	$ 31,905
Contributions - employee	9,841	9,865	10,275	10,692	10,578	15,545	16,827
Net investment income	24,268	(38,286)	77,360	3,075	9,472	12,336	17,041
Benefit payments, including refunds of member contributions	(30,869)	(31,088)	(31,871)	(30,779)	(28,826)	(29,724)	(31,007)
Administrative expense	(750)	(765)	(697)	(686)	(384)	(170)	(242)
VEBA transfer	-	-	(5)	(13)	(19)	(13,497)	-
Net Change in Plan Fiduciary Net Position	**$ 25,487**	**$ (35,487)**	**$ 81,298**	**$ 8,822**	**$ 17,231**	**$ 16,887**	**$ 34,524**
Plan Fiduciary Net Position - Beginning	**349,121**	**384,608**	**303,310**	**294,488**	**277,257**	**260,370**	**225,846**
Plan Fiduciary Net Position - Ending	**$ 374,608**	**$ 349,121**	**$ 384,608**	**$ 303,310**	**$ 294,488**	**$ 277,257**	**$ 260,370**
Net OPEB Liability - Ending	**$ 290,499**	**$ 329,265**	**$ 280,844**	**$ 346,556**	**$ 377,705**	**$ 373,965**	**$ 506,431**
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	**56.32 %**	**51.46 %**	**57.80 %**	**46.67 %**	**43.81 %**	**42.57 %**	**33.96 %**
Covered Payroll	**$ 386,315**	**$ 348,307**	**$ 335,421**	**$ 319,980**	**$ 298,824**	**$ 290,504**	**$ 271,153**
Net OPEB Liability as a Percentage of Covered Payroll	**75.20 %**	**94.53 %**	**83.73 %**	**108.31 %**	**126.40 %**	**128.73 %**	**186.77 %**

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SCHEDULE OF INVESTMENT RETURNS - POSTEMPLOYMENT HEALTHCARE PLAN (unaudited)

	2023	2022	2021	2020	2019	2018	2017
Annual money-weighted rate of return, net of investment expense	8.21%	(9.91)%	24.92%	0.53%	4.33%	4.55%	7.20%

The rate shown above is based on the 115 trust only and does not include the 401(h).

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SCHEDULE OF EMPLOYER CONTRIBUTIONS - POSTEMPLOYMENT HEALTHCARE PLAN (unaudited)

Beginning in FYE 2010, contributions were scheduled to phase in to the full ARC as defined in the bargaining agreements and consistent with the parameters of GASB 45, but the contribution rates were capped before the full ARC was reached. With the contribution rates capped, the ARC was determined as the minimum amount that was consistent with the parameters of GASB 45. No amount had been determined on an actuarial basis to fund the plan, and consequently, the schedule of employer contributions was not provided. With the implementation of Measure F, Actuarially Determined Contributions (ADC) were calculated beginning for the fiscal year ending June 30, 2019.

	2023	2022	2021	2020	2019
Actuarially determined contributions (ADC)	$ 22,997	$ 24,787	$ 26,236	$ 26,533	$ 26,410
Actual contribution related to ADC	22,997	24,787	26,236	26,533	26,410
Contribution deficiency / (excess) relative to ADC	-	-	-	-	-
Covered - employee payroll (Pay)	$ 386,315	$ 348,307	$ 335,421	$ 319,980	$ 298,824
Actual contributions as % of covered payroll	5.95 %	7.12 %	7.82 %	8.29 %	8.84 %

(Dollars in thousands)

NOTES TO SCHEDULE

Fiscal Year	2023	2022	2021	2020	2019
Valuation date	2021	2020	2019	2018	2017
Timing	Actuarially determined contributions are calculated based on the valuation one year prior to the beginning of the fiscal year	Actuarially determined contributions are calculated based on the valuation one year prior to the beginning of the fiscal year	Actuarially determined contributions are calculated based on the valuation one year prior to the beginning of the fiscal year	Actuarially determined contributions are calculated based on the valuation one year prior to the beginning of the plan year	Actuarially determined contributions are calculated based on the valuation one year prior to the beginning of the fiscal year
Key methods and assumptions used to determine contributions rates:					
Actuarial cost method	Individual entry age	Individual entry age	Individual entry age	Individual entry age	Individual entry age
Amortization method	20-year layered amortizations as a level dollar amount with 3-year phase-in and phase-out	20-year layered amortizations as a level dollar amount with 3-year phase-in and phase-out	20-year layered amortizations as a level dollar amount with 3-year phase-in and phase-out	20-year layered amortizations as a level dollar amount with 3-year phase-in and phase-out	20-year layered amortizations as a level dollar amount with 3-year phase-in and phase-out
Asset valuation method	Fair value of assets	Fair value of assets	Fair value of assets	Fair value of assets	Fair value of assets
Amortization growth rate	0.00%	0.00%	0.00%	0.00%	0.00%
Discount rate	6.00%	6.25%	6.75%	6.75%	6.875%
Ultimate rate of medical inflation	3.78%	3.78%	3.94%	4.25%	4.25%
Salary increases	3.00% plus merit component based on years of service	3.00% plus merit component based on years of service	3.00% plus merit component based on years of service	3.25% plus merit component based on years of service	3.25% plus merit component based on years of service
Mortality	Adjusted 2010 Public General Mortality tables for healthy members and adjusted 2009 CalPERS mortality tables for disabled members projected on a generational basis with the SOA MP-2021 projection scale	Adjusted 2010 Public General Mortality tables for healthy members and adjusted 2009 CalPERS mortality tables for disabled members projected on a generational basis with the SOA MP-2020 projection scale	Adjusted 2010 Public General Mortality tables for healthy members and adjusted 2009 CalPERS mortality tables for disabled members projected on a generational basis with the SOA MP-2019 projection scale	Adjusted 2009 CalPERS mortality tables projected on a generational basis with the SOA MP-2018 projection scale	Adjusted 2009 CalPERS mortality tables projected on a generational basis with the SOA MP-2018 projection scale

A complete description of the methods and assumptions used to determine contributions for the year ending June 30, 2023 can be found in the June 30, 2021 actuarial valuation report.

Other Supplemental Information

COMBINING SCHEDULE OF DEFINED BENEFIT PENSION PLAN NET POSITION

As of June 30, 2023 (In Thousands)

	Retirement Fund	Cost-of-Living Fund	Total
ASSETS			
Receivables			
Employee contributions	$ 415	$ 105	$ 520
Employer contributions	3,414	2,189	5,603
Brokers and others	7,715	55	7,770
Accrued investment income	3,867	473	4,340
Total Receivables	**15,411**	**2,822**	**18,233**
Investments, at fair value			
Securities and other:			
Public equity	830,770	504,673	1,335,443
Private equity	242,933	147,576	390,509
Core real estate	94,181	57,212	151,393
Investment grade bonds	76,968	46,756	123,724
Immunized cash flows	100,522	61,064	161,586
Growth real estate	74,618	45,329	119,947
Emerging market bonds	68,620	41,685	110,305
Private debt	63,972	38,861	102,833
Market neutral strategies	56,057	34,053	90,110
Cash and cash equivalents	50,506	30,680	81,186
Long-term government bonds	35,148	21,352	56,500
Private real assets	42,157	25,610	67,767
Treasury inflation-protected securities	35,431	21,523	56,954
High yield bonds	34,966	21,241	56,207
Venture / Growth capital	9,779	5,941	15,720
Total Investments	**1,816,628**	**1,103,556**	**2,920,184**
Other assets, net	1,880	765	2,645
TOTAL ASSETS	**1,833,919**	**1,107,143**	**2,941,062**
LIABILITIES			
Payable to brokers	22,006	8,335	30,341
Other liabilities	2,505	901	3,406
TOTAL LIABILITIES	**24,511**	**9,236**	**33,747**
PLAN NET POSITION - RESTRICTED FOR			
Pension benefits	1,809,408	1,097,907	2,907,315
TOTAL PLAN NET POSITION	**$ 1,809,408**	**$ 1,097,907**	**$ 2,907,315**

Other Supplemental Information *(continued)*

COMBINING SCHEDULE OF CHANGES IN DEFINED BENEFIT PENSION PLAN NET POSITION

For Fiscal Year Ended June 30, 2023 (In Thousands)

	Retirement Fund	Cost-of-Living Fund	Total
ADDITIONS			
Contributions			
Employee	$ 24,327	$ 6,234	$ 30,561
Employer	116,268	83,172	199,440
Total Contributions	**140,595**	**89,406**	**230,001**
Investment income			
Net appreciation in fair value of investments	122,966	73,695	196,661
Interest income	18,642	10,974	29,616
Dividend income	4,581	2,697	7,278
Less: investment expense	(7,203)	(4,251)	(11,454)
Net Investment Income	**138,986**	**83,115**	**222,101**
TOTAL ADDITIONS	**279,581**	**172,521**	**452,102**
DEDUCTIONS			
Retirement benefits	160,363	68,167	228,530
Death benefits	9,585	7,628	17,213
Refund of contributions	1,373	240	1,613
Administrative expenses and other	3,442	2,016	5,458
TOTAL DEDUCTIONS	**174,763**	**78,051**	**252,814**
NET INCREASE	**104,818**	**94,470**	**199,288**
PLAN NET POSITION - RESTRICTED FOR PENSION BENEFITS			
BEGINNING OF YEAR	**1,704,590**	**1,003,437**	**2,708,027**
END OF YEAR	**$ 1,809,408**	**$ 1,097,907**	**$ 2,907,315**

SCHEDULES OF ADMINISTRATIVE EXPENSES AND OTHER

For the Fiscal Years Ended June 30, 2023 and 2022

	2023			2022
	Original Budget	Actual	Under Budget	Actual
Personnel services	$ 3,986,000	$ 3,931,413	$ 54,587	$ 3,581,518
Non-personnel / equipment	798,000	728,634	69,366	722,127
Professional services	1,095,000	939,805	155,195	1,000,148
Non-cash reporting items [1]	-	608,957	-	439,062
TOTAL ADMINISTRATIVE EXPENSES & OTHER	**$ 5,879,000**	**$ 6,208,809**	**$ 279,148**	**$ 5,742,855**

[1] *Non-cash reporting items include amortization and GASB No. 87 and No. 96 interest expenses. The amortization expense is excluded from the budget totals since it is a non-cash item. GASB statements No. 87 and No. 96 recognizes certain long-term leases and subscription-based information techology arrangements as long-term assets. The related interest expenses are excluded from the budget.*

SCHEDULES OF PAYMENTS TO CONSULTANTS

For the Fiscal Years Ended June 30, 2023 and 2022

Firm	Nature of Service	2023	2022
The Berwyn Group	Reports on deceased benefit recipients	$ 1,313	$ 1,707
Cheiron, Inc.	Actuarial consultant	229,457	236,188
Communication Advantage	Communication consultant	12,125	14,975
Cortex Applied Research, Inc.	Governance consultant	34,586	24,125
Grant Thornton LLP	External auditors	84,908	92,837
Ice Miller, LLC	Tax counsel	30,619	10,980
Levi, Ray, & Shoup	Programming changes and business continuance services	6,069	-
Levi, Ray, & Shoup	Programming changes, business continuance services, and web development and maintenance	10,686	16,944
Other Medical	Medical consultants	84,712	31,458
Reed Smith, LLC	Fiduciary and general counsel	244,498	356,606
Saltzman & Johnson	Domestic relations counsel	50,659	23,587
Segal Company	Actuarial valuation audit	-	100,000
Trendtec, Inc.	Temporary staff	149,373	90,741
Other Consultants	Miscellaneous professional services	800	-
TOTAL		**$ 939,805**	**$ 1,000,148**

Other Supplemental Information *(continued)*

SCHEDULES OF INVESTMENT EXPENSES

For the Fiscal Years Ended June 30, 2023 and 2022

Investment Managers' Fees	2023	2022
Public equity	$ 1,927,702	$ 2,096,245
Private equity	1,739,815	1,314,003
Investment grade bonds	467,665	326,720
Core real estate	643,144	566,700
Immunized cash flows	100,043	41,665
Long-term government bonds	17,615	20,260
Short-term investment grade bonds	2,029	4,084
Venture / Growth capital	269,515	296,177
Private debt	1,616,664	1,358,431
Growth real estate	2,518,322	1,518,975
High yield bonds	211,757	221,192
Treasury inflation-protected securities	28,291	29,105
Private real assets	827,244	992,408
Total investment managers' fees	**10,369,806**	**8,785,965**

Other Investment Fees		
Investment consultants	454,504	406,750
Custodian bank	508,289	525,466
Investment legal fees	139,325	108,438
Other investment fees	347,280	441,615
Total other investment fees	**1,449,398**	**1,482,269**
TOTAL INVESTMENT EXPENSES	**$ 11,819,204**	**$ 10,268,234**

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Actuarial Section

CITY OF
SAN JOSE
CAPITAL OF SILICON VALLEY

Pension Trust and Postemployment Healthcare Trust Funds of the City of San José, California

City of San José
Federated City Employees' Retirement System
Annual Comprehensive Financial Report for the Fiscal Years Ended
June 30, 2023 and June 30, 2022

Classic Values, Innovative Advice

Via Electronic Mail

September 15, 2023

Board of Administration
City of San José Federated City Employees' Retirement System
1737 North 1st Street, Suite 580
San José, CA 95112

Dear Members of the Board:

The purpose of this letter is to provide the certification for the Actuarial Section of the Annual Comprehensive Financial Report for the City of San José Federated City Employees' Retirement System (System) with respect to pension benefits.

Actuarial Valuation Used for Funding Purposes

Actuarial valuations are performed annually, and the most recent actuarial valuation was performed as of June 30, 2022. Please refer to that report for additional information related to the funding of the System.

We prepared the following schedules for inclusion in the Actuarial Section of the Annual Comprehensive Financial Report based on the June 30, 2022 actuarial valuation.

- Summary of Actuarial Assumptions and Methods
- Schedule of Active Member Valuation Data
- Schedule of Retirees and Beneficiaries Added to and Removed from Rolls
- Analysis of Financial Experience
- Schedule of Funded Liabilities by Type
- Schedule of Funding Progress
- Summary of Plan Provisions

The funding ratios shown in the schedule of funded liabilities by type and the schedule of funding progress exhibits are ratios compared to the funding target and are for the purpose of evaluating funding progress in a budgeting context. These ratios are not appropriate for measuring or assessing the sufficiency of System assets to cover the estimated cost of settling the System's benefit obligations.

The Board of Administration is responsible for establishing and maintaining the contribution policy for the System. The actuarial methods and assumptions used in the actuarial valuation are adopted by the Board of Administration with advice from the actuary. In our opinion, the assumptions and methods used in the actuarial valuation for funding purposes are consistent with applicable Actuarial Standards of Practice. The actuarial cost method and the actuarial assumptions used for funding purposes are the same as those used for financial reporting purposes.

Board of Administration
September 15, 2023
Page 2

Actuarial Valuation Used for Financial Reporting Purposes

For financial reporting purposes, the Total Pension Liability is based on the June 30, 2022 actuarial valuation updated to the measurement date of June 30, 2023. The Board changed the price inflation assumption used in the June 30, 2022 valuation. This change is reflected effective July 1, 2022 for financial reporting purposes. There were no significant events between the valuation date and the measurement date, so the update was based upon the Total Pension Liability as of the valuation date reflecting the new assumptions and projected to the measurement date with the addition of service cost and interest cost offset by actual benefit payments.

Please refer to our GASB 67/68 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 Annual Comprehensive Financial Report based on the June 30, 2023 GASB 67/68 report.

- 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
- Notes to the Schedule of Employer Contributions

Reliance on the Information Provided by the System and Compliance with ASOPs and GAAP

In preparing our valuations and the schedules for the Annual Comprehensive Financial Report, we relied on information (some oral and some written) supplied by the City of San José Office of Retirement Services. 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 for funding and financial reporting purposes may differ significantly from the current measurements presented in this Annual Comprehensive Financial Report due to such factors as the following: plan experience differing from that anticipated by the assumptions; changes in assumptions; and, changes in plan provisions or applicable law.

This letter and the schedules named above 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. The schedules provided for financial reporting purposes have been prepared in accordance with our understanding of generally accepted accounting principles as promulgated by the GASB. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this letter and these exhibits. This letter does not address any contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

CHEIRON

Board of Administration
September 15, 2023
Page 3

This letter and the schedules named above were prepared for the System for the purposes described herein. Other users of this information are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to any other user.

Sincerely,
Cheiron

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

Steven M. Hastings, FSA, EA, FCA, MAAA
Consulting Actuary

Jacqueline R. King, FSA, EA, MAAA
Consulting Actuary

CHEIRON

Actuarial Assumptions and Methods

DEFINED BENEFIT PENSION

Actuarial Assumptions

The price inflation, wage inflation, amortization payment growth, and discount rates were adopted by the Board of Administration with the actuary's input at the November 17, 2022 Board meeting. All other assumptions were adopted at the November 21, 2019 Board meeting based on recommendations from the actuary's experience study covering plan experience through June 30, 2019. Please refer to the full experience study report and the November 17, 2022 Board presentation for details, including the rationale for each assumption.

1) Discount Rate

6.625%. The Board expects a long-term rate of return of 7.2% based on Meketa's 2022 20-year capital market assumptions and the System's current investment policy. A margin for adverse deviation was used to improve the probability of achieving the discount rate.

2) Wage Inflation and Payroll Growth 3.00%, compounded annually.

3) Amortization Payment Growth 2.75%, compounded annually.

4) Price Inflation 2.50%, compounded annually.

5) Administrative Expenses

$546 per member for FYE 2023, increasing at the wage inflation assumption of 3.00% per annum.

6) Salary Increase Rate

In addition to the wage inflation component of 3.00% shown above, the following merit component is added based on an individual member's years of service:

Table B-1 SALARY MERIT INCREASES

Years of Service	Merit / Longevity	Years of Service	Merit / Longevity	Years of Service	Merit / Longevity
0	3.75%	6	1.40%	12	0.45%
1	3.00%	7	1.20%	13	0.30%
2	2.50%	8	1.00%	14	0.20%
3	2.15%	9	0.85%	15+	0.10%
4	1.85%	10	0.70%		
5	1.60%	11	0.55%		

7) Rates of Termination

Rates of termination are shown in the following Table B-2. Termination rates do not apply once a member is eligible for retirement.

Table B-2 RATES OF TERMINATION

Years of Service	Termination Rate	Years of Service	Termination Rate	Years of Service	Termination Rate
0	15.00%	6	7.75%	12	3.75%
1	12.75%	7	6.50%	13	3.50%
2	11.75%	8	5.50%	14	3.25%
3	10.75%	9	4.75%	15+	3.25%
4	9.75%	10	4.25%		
5	8.75%	11	4.00%		

DEFINED BENEFIT PENSION *(continued)*

8) Deferred Vested Member Retirement Age

Tier 1 terminated vested members are assumed to retire from age 57 and Tier 2 terminated vested members are assumed to retire at age 62.

9) Rates of Refund

Applied before Rates of Reciprocity assumption

Tier 1:

Rates of vested terminated and reciprocal employees electing a refund of contributions are shown in the following Table B-3. Refund rates do not apply once a member is eligible for retirement.

Table B-3 RATES OF REFUND							
Years of Service	**Under Age 35**	**Ages 35 - 44**	**Ages 45 and Older**	**Years of Service**	**Under Age 35**	**Ages 35 - 44**	**Ages 45 and Older**
0 - 4	100.0%	100.0%	100.0%	**11**	17.5%	10.0%	0.0%
5	25.0%	15.0%	18.0%	**12**	15.0%	10.0%	0.0%
6	20.0%	12.5%	15.0%	**13**	10.0%	10.0%	0.0%
7	20.0%	10.0%	12.0%	**14**	10.0%	7.5%	0.0%
8	20.0%	10.0%	9.0%	**15**	10.0%	5.0%	0.0%
9	20.0%	10.0%	6.0%	**16**	10.0%	2.5%	0.0%
10	20.0%	10.0%	3.0%	**17+**	10.0%	0.0%	0.0%

Tier 2:

Vested terminated and reciprocal employees are expected to take a refund if it exceeds the actuarial present value of their deferred benefit payment.

10) Rate of Reciprocity

Applied after Rates of Refund assumption

30% of terminating employees who do not take a refund are assumed to subsequently work for a reciprocal employer and receive 3.00% pay increases per year.

11) Rates of Retirement for Tier 1 Members

Rates of retirement for Tier 1 members are based on age according to the following Table B-4 – Tier 1.

Table B-4 Tier 1 RATES OF RETIREMENT BY AGE AND SERVICE							
Age	**Less than 15 Years of Service**	**15 or more Years of Service and less than 30 Years of Service**	**30 or more Years of Service**	**Age**	**Less than 15 Years of Service**	**15 or more Years of Service and less than 30 Years of Service**	**30 or more Years of Service**
50	0.0%	0.0%	70.0%	**61**	10.0%	20.0%	30.0%
51	0.0%	0.0%	70.0%	**62**	15.0%	20.0%	30.0%
52	0.0%	0.0%	70.0%	**63**	20.0%	20.0%	30.0%
53	0.0%	0.0%	70.0%	**64**	20.0%	20.0%	30.0%
54	0.0%	0.0%	70.0%	**65**	20.0%	20.0%	30.0%
55	10.0%	35.0%	50.0%	**66**	25.0%	30.0%	30.0%
56	10.0%	20.0%	45.0%	**67**	25.0%	35.0%	30.0%
57	10.0%	20.0%	40.0%	**68**	25.0%	35.0%	30.0%
58	5.0%	15.0%	35.0%	**69**	25.0%	35.0%	30.0%
59	5.0%	15.0%	30.0%	**70 & over**	100.0%	100.0%	100.0%
60	5.0%	15.0%	30.0%				

DEFINED BENEFIT PENSION *(continued)*

12) Rates of Retirement for Tier 2 Members

Rates of retirement for Tier 2 members are based on age and service as shown in the following Table B-4 – Tier 2. These rates are based on CalPERS retirement rates for its 2.0% at age 62 formula with adjustments based on professional judgment for differences between the CalPERS benefits and the benefits provided to Tier 2 members.

Table B - 4 Tier 2 RATES OF RETIREMENT BY AGE AND SERVICE									
	Age								
Years of Service	55	56	57	58	59	60 - 61	62	63 - 69	70 & over
5-10	3.00%	2.00%	2.50%	3.00%	3.50%	4.00%	7.50%	5.00%	100.00%
11-20	5.00%	3.50%	4.50%	5.50%	7.00%	8.50%	12.50%	10.00%	100.00%
21-25	7.00%	4.00%	5.00%	7.00%	9.00%	10.00%	17.50%	15.00%	100.00%
26-34	10.00%	7.00%	8.50%	11.00%	13.50%	14.50%	25.00%	25.00%	100.00%
35+	15.00%	10.50%	12.75%	16.50%	20.25%	21.75%	100.00%	100.00%	100.00%

13) Rates of Disability

Disability rates are equal to the 0.973 times the CalPERS 2017 non-industrial disability incidence rates for miscellaneous state agencies, blended 55% male and 45% female. 45% of disabilities are assumed to be duty related, and 55% are assumed to be non-duty related. Sample disability rates of active members are provided in Table B-5.

Table B-5 RATES OF DISABILITY AT SELECTED AGES								
Age	25	30	35	40	45	50	55	60+
Disability	0.0272	0.0303	0.0613	0.1366	0.2519	0.3240	0.2631	0.2191

14) Base Rates of Mortality

Base mortality rates are based on the sex-distinct employee and retiree mortality tables shown below.

Table B-6 BASE MORTALITY TABLES		
Category	Male	Female
Healthy Annuitant	0.995 times the 2010 Public General Mortality Table (PubG-2010) for healthy retirees	0.960 times the 2010 Public General Mortality Table (PubG-2010) for healthy retirees
Healthy Non-Annuitant	0.992 times the 2010 Public General Mortality Table (PubG-2010) for healthy employees	1.084 times the 2010 Public General Mortality Table (PubG-2010) for healthy employees
Disabled Annuitant	1.051 times the CalPERS 2009 Ordinary Disability Mortality Table	0.991 times the CalPERS 2009 Ordinary Disability Mortality Table

15) Rates of Mortality Improvement

Future mortality improvements are reflected by applying the most recent projection scale issued by the Society of Actuaries on a generational basis from the base year of 2010 for the Pub2010 tables and 2009 for the CalPERS tables. The projection scale used for the June 30, 2022 valuation is MP-2021.

Actuarial Assumptions and Methods *(continued)*

DEFINED BENEFIT PENSION *(continued)*

16) Family Composition

Percentage married is shown in the following Table B-7. Male retirees are assumed to be three years older than their partner, and female retirees are assumed to be two years younger than their partner.

Table B-7 PERCENTAGE MARRIED		
	Males	Females
Percentage	80%	60%

17) Changes Since Last Valuation

The price inflation was increased from 2.25% to 2.50%.

Contribution Allocation Procedure

The contribution allocation procedure primarily consists of an actuarial cost method, an asset smoothing method, and an amortization method as described below. All components of the contribution allocation procedure were established prior to the June 30, 2010 actuarial valuation except as specifically noted below.

1) Actuarial Cost Method

The Entry Age actuarial cost method was used for active employees, whereby the normal cost is computed as the level annual percentage of pay required to fund all benefits between each member's date of hire and last assumed date of employment. The actuarial liability is the difference between the present value of future benefits and the present value of future normal costs. Or, equivalently, it is the accumulation of normal costs for all periods prior to the valuation date. The normal cost and actuarial liability are calculated on an individual basis. The sum of the individual amounts is the normal cost and actuarial liability for the System. The actuarial liability for the System represents the target amount of assets the System should have as of the valuation date according to the actuarial cost method.

2) Asset Valuation Method

For the purpose of determining contribution rates and amounts, an actuarial value of assets is used that dampens the volatility in the fair value of assets, resulting in a smoother pattern of contribution rates.

The actuarial value of assets is calculated by recognizing 20% of the difference in each of the prior four years of actual investment returns compared to the expected return on the fair value of assets.

3) Amortization Method

The unfunded actuarial liability is the difference between the actuarial liability and the actuarial value of assets.

The Tier 1 unfunded actuarial liability as of June 30, 2009 is amortized as a level percentage of Tier 1 pay over a closed 30-year period commencing June 30, 2009. Tier 1 actuarial gains and losses and plan changes are amortized over 20-year periods and Tier 1 assumption changes are amortized over 25-year periods beginning with the valuation date in which they first arise. Effective June 30, 2017, all prior assumption amortization base periods were increased by 5 years so they have the same remaining period as if they had originally been amortized over 25 years. Amortization payments are scheduled to increase 2.75% each year.

The Tier 2 unfunded actuarial liability as of June 30, 2017 is amortized over a closed 10-year period. Future Tier 2 actuarial gains and losses, assumption changes, and plan changes will be amortized over 10-year periods beginning with the valuation date in which they first arise. Amortization payments are scheduled to increase 2.75% each year.

Actuarial Assumptions and Methods *(continued)*

DEFINED BENEFIT PENSION *(continued)*

4) Contributions

The Board adopted a policy in 2010 and modified it in 2015 setting the City's contribution to be the UAL contribution amount reported in the actuarial valuation plus the greater of the normal cost dollar amount reported in the actuarial valuation (adjusted for interest based on the time of the contribution) and the dollar amount determined by applying the normal cost as a percent of payroll reported in the actuarial valuation to the actual payroll for the fiscal year. The City and Member contributions determined by a valuation become effective for the fiscal year commencing one year after the valuation date. Contributions are generally made on a payroll-by-payroll basis although the City retains an option to make its contribution as of the beginning of the year.

The total contribution rate is the sum of the normal cost rate, assumed administrative expenses, and the UAL rate. Under Measure F, the total contribution rate cannot be less than the normal cost rate. The normal cost rate is determined by dividing the total normal cost determined under the actuarial cost method by the payroll expected for members active on the valuation date. The UAL payments are adjusted for interest from the valuation date to the date of expected payment in the following fiscal year. The UAL rate is determined by dividing the UAL payments by the total expected payroll for the year (including members active on the valuation date and new entrants expected to replace active members who are expected to leave employment).

For Tier 1, members contribute 3/11ths of the normal cost rate (including administrative expenses, but excluding reciprocity), and the City pays the remainder of the total contribution rate. Tier 1 members who were rehired into Tier 2 and then returned to Tier 1 under Measure F also pay half of the increased cost attributable to their Tier 2 service.

For Tier 2, the members and the City each pay half of the total contribution rate. However, the member's UAL contribution rate cannot increase by more than 0.33% of pay each year. The City contributes any amounts in excess of this cap that would otherwise be contributed by the member.

5) Changes Since Last Valuation

None.

System Experiences

DEFINED BENEFIT PENSION

SCHEDULE OF ACTIVE MEMBER DATA				
Valuation Year	Active Count	Annual Payroll	Average Annual Pay	Percent Change in Average Pay
2022	3,792	$ 384,197,000	$ 101,318	6.5%
2021	3,775	359,061,000	95,115	4.2%
2020	3,742	341,552,000	91,275	5.4%
2019	3,617	313,310,000	86,622	3.0%
2018	3,554	298,985,000	84,126	(0.2)%
2017	3,410	287,339,000	84,264	4.1%
2016	3,297	266,823,000	80,929	4.2%
2015	3,236	251,430,000	77,698	3.3%
2014	3,121	234,677,000	75,193	3.0%
2013	3,094	225,779,000	72,973	(0.6)%

SCHEDULE OF RETIREES AND BENEFICIARIES ADDED TO AND REMOVED FROM ROLLS										
	Beginning of Period		Added to Rolls		Removed from Rolls		End of Period			
Period	Count	Annual Allowances	Count	Annual Allowances	Count	Annual Allowances	Count	Annual Allowances	% Increase in Annual Allowances	Average Annual Allowances
2021-2022	4,511	$ 232,043	173	$ 8,440	127	$ 5,463	4,557	$ 241,253	4.0%	$ 53
2020-2021	4,441	221,575	188	9,246	118	5,090	4,511	232,043	4.7%	51
2019-2020	4,359	210,350	208	9,499	126	4,596	4,441	221,575	5.3%	50
2018-2019	4,225	198,157	230	10,394	96	3,634	4,359	210,350	6.2%	48
2017-2018	4,115	187,714	223	9,133	113	3,994	4,225	198,157	5.6%	47
2016-2017	4,003	177,751	225	8,843	113	3,894	4,115	187,714	5.6%	46
2015-2016	3,901	168,917	212	7,907	110	3,904	4,003	177,751	5.2%	44
2014-2015	3,800	159,124	200	8,266	99	3,122	3,901	168,917	6.2%	43
2013-2014	3,711	150,934	194	7,274	105	3,405	3,800	159,124	5.4%	42
2012-2013	3,602	142,063	198	7,036	89	2,360	3,711	150,934	6.2%	41

Dollar amounts in thousands

ANALYSIS OF FINANCIAL EXPERIENCE					
	Gain or (Loss) for Year Ending on Valuation Date Due To:				
Actuarial Valuation Date	Investment Income	Combined Liability Experience	Total Financial Experience	Non-Recurring Items	Total Experience
6/30/2022	$ 31,034	$ (53,747)	$ (22,713)	$ (518)	$ (23,231)
6/30/2021	76,461	(32,329)	44,132	(9,687)	34,445
6/30/2020	(67,979)	(32,761)	(100,740)	(36,981)	(137,721)
6/30/2019	(88,845)	(4,283)	(93,128)	39,030	(54,098)
6/30/2018	(49,921)	4,702	(45,219)	(56,306)	(101,525)
6/30/2017	(44,650)	(13,819)	(58,469)	1,813	(56,656)
6/30/2016	(81,539)	(29,989)	(111,528)	(60,233)	(171,761)
6/30/2015	(3,641)	(45,998)	(49,639)	(191,527)	(241,166)
6/30/2014	39,675	(13,600)	26,075	(103,404)	(77,329)
6/30/2013	(76,502)	2,899	(73,603)	(63,668)	(137,271)

Dollar amounts in thousands

System Experiences *(continued)*

DEFINED BENEFIT PENSION *(continued)*

SCHEDULE OF FUNDED LIABILITIES BY TYPE							
	Actuarial Liability for:						
Actuarial Valuation Date	Active Member Contributions (A)	Retirees, Beneficiaries and Other Inactives (B)	Remaining Active Members' Liabilities (C)	Reported Assets [1]	Portion of Actuarial Liability Covered by Reported Assets (A)	(B)	(C)
6/30/2022	$ 246,803	$ 3,575,879	$ 927,964	$ 2,709,625	100%	69%	0%
6/30/2021	241,016	3,443,968	877,997	2,513,095	100%	66%	0%
6/30/2020	234,385	3,308,069	858,629	2,301,469	100%	62%	0%
6/30/2019	228,905	3,150,673	821,130	2,228,802	100%	63%	0%
6/30/2018	230,282	3,002,012	868,527	2,179,488	100%	65%	0%
6/30/2017	236,819	2,830,143	857,004	2,101,435	100%	66%	0%
6/30/2016	240,872	2,722,224	823,634	2,034,741	100%	66%	0%
6/30/2015	243,828	2,553,892	772,178	2,004,481	100%	69%	0%
6/30/2014	233,289	2,331,656	670,120	1,911,773	100%	72%	0%
6/30/2013	234,217	2,164,153	615,393	1,783,270	100%	72%	0%

[1] *Actuarial Value of Assets*

Dollar amounts in thousands

SCHEDULE OF FUNDING PROGRESS						
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Liability (AL)	Unfunded AL (UAL)	Funded Ratio	Covered Payroll	UAL as a % of Covered Payroll
6/30/2022 [10]	$ 2,709,625	$ 4,750,646	$ 2,041,021	57.0%	$ 384,197	531%
6/30/2021 [9]	2,513,095	4,562,981	2,049,886	55.1%	359,061	571%
6/30/2020 [8]	2,301,469	4,401,083	2,099,614	52.3%	341,552	615%
6/30/2019 [7]	2,228,802	4,200,708	1,971,906	53.1%	313,310	629%
6/30/2018 [6]	2,179,488	4,100,821	1,921,333	53.1%	298,985	643%
6/30/2017 [5]	2,101,435	3,923,966	1,822,531	53.6%	287,339	634%
6/30/2016 [4]	2,034,741	3,786,730	1,751,989	53.7%	266,823	657%
6/30/2015 [3]	2,004,481	3,569,898	1,565,417	56.1%	251,430	623%
6/30/2014 [2]	1,911,773	3,235,065	1,323,292	59.1%	234,677	564%
6/30/2013 [1]	1,783,270	3,013,763	1,230,493	59.2%	225,779	545%

Dollar amounts in thousands

[1] *Reducing the discount rate from 7.50% to 7.25% and reducing wage inflation increased the AL by $64 million.*
[2] *Reducing the discount rate to 7.00% and eliminating the temporary 2% wage inflation increased the AL by $103 million.*
[3] *Demographic assumption changes increased the AL by $192 million.*
[4] *Reducing the discount rate from 7.00% to 6.875% increased the AL by $60 million.*
[5] *Measure F implementation increased the AL by $14 million and assumption changes decreased the AL by $16 million.*
[6] *Assumption changes, including reducing the discount rate from 6.875% to 6.75%, increased the AL by $54 million.*
[7] *Assumption changes decreased the AL by $3 million.*
[8] *Assumption changes, including reducing the discount rate from 6.75% to 6.625%, increased the AL by $37 million.*
[9] *Assumption changes increased the AL by $10 million.*
[10] *Assumption changes increased the AL by $0.5 million.*

Summary of Pension Plan Provisions - Tier 1

1) Membership Requirement

Participation in the System is immediate upon the first day of full-time employment for members hired before September 30, 2012, including members that are rehired after September 30, 2012 and had prior service under Tier 1 and did not take a return of contributions. In addition, any person accepting employment on or after September 30, 2012 who is otherwise eligible for this system and who was a "classic" member in another California public retirement system with which this system has reciprocity, and who has a break in service of less than six months from that covered employment and employment with the City, shall be a Tier 1 member of this system.

2) Final Compensation

Members who separated from City service prior to June 30, 2001:

The highest average annual compensation earnable during any period of three consecutive years.

Members who separated from City service on or after June 30, 2001:

The highest average annual compensation earnable during any period of twelve consecutive months.

3) Credited Service

One year of service credit is given for 1,739 or more hours of Federated City service rendered in any calendar year. A partial year (fraction with the numerator equal to the hours worked, and the denominator equal to 1,739) is given for each calendar year with less than 1,739 hours worked.

4) Member Contributions

Member:

The amount needed to fund 3/11ths of benefits accruing for the current year. These contributions are credited with interest at 3.0% per year, compounded annually.

For bargaining units that have agreed to the provision, member contributions cease once a member has 30 years of City service (excluding reciprocal service).

Employer:

The Employer contributes the remaining amounts necessary to maintain the soundness of the Retirement System.

5) Service Retirement

Eligibility:

Age 55 with five years of service, or any age with 30 years of service.

Benefit – Member:

2.5% of Final Compensation for each year of credited service, subject to a maximum of 75% of Final Compensation.

Benefit - Survivor:

50% of the service retirement benefit paid to a qualified survivor.

6) Service-Connected Disability Retirement

Eligibility:

No age or service requirement.

Benefit - Member:

2.5% of Final Compensation for each year of credited service, subject to a minimum of 40% and a maximum of 75% of Final Compensation. Workers' Compensation benefits are generally offset from the service-connected benefits under this system.

Benefit - Survivor:

50% of the disability retirement benefit paid to a qualified survivor.

7) Non-Service Connected Disability Retirement

Eligibility:

Five years of service.

Benefit - Member:

Members who were hired prior to September 1, 1998:
The amount of the service-connected benefit reduced by 0.5% for each year that the disability age preceded 55.

Members who were hired on or after September 1, 1998:
20% of Final Compensation, plus 2% of Final Compensation for each year of credited service between six and 16 years, plus 2.5% of Final Compensation for each year of credited service in excess of 16 years, subject to a maximum of 75% of Final Compensation.

Benefit - Survivor:

50% of the disability retirement benefit paid to a qualified survivor.

8) Death Before Retirement

Less than five years of service, or no qualified survivor:

Lump sum benefit equal to the accumulated refund of all employee contributions with interest, plus one month of salary for each year of service, up to a maximum of six years.

Five or more years of service:

2.5% of Final Compensation for each year of credited service, subject to a maximum of 75% of Final Compensation. Benefit is subject to a minimum of 40% of Final Compensation if member dies while an active employee. The benefit is payable until the spouse or registered domestic partner marries or establishes a domestic partnership. If the member was age 55 with 20 years of service at death, the benefit is payable for the lifetime of the member’s spouse or registered domestic partner.

9) Withdrawal Benefits

Less than five years of service:

Lump sum benefit equal to the accumulated employee contributions with interest.

Five or more years of credited service:

The amount of the service retirement benefit, payable at age 55.

10) Additional Post-Retirement Death Benefit

A death benefit payable as a lump sum equal to $500 will be paid to a qualified survivor upon the member’s death.

11) Post-Retirement Cost-of-Living Benefit

Benefits are increased every April 1 by 3.0%, regardless of actual inflation.

12) Changes Since the Last Valuation

For bargaining units that have agreed to the provision, member contributions cease once a member has 30 years of City service (excluding reciprocal service).

Summary of Pension Plan Provisions - Tier 2

1) Membership Requirement

Any person who is hired, rehired or reinstated by the City on or after September 30, 2012 except those who elect to participate in a defined contribution plan, had prior service under Tier 1 and did not take a return of contributions, or had prior service as a "classic" member in a reciprocal system with less than a six month break in service.

2) Final Compensation

The average annual compensation earnable during the highest three consecutive years of service. Final Compensation only includes base pay, excluding premium pay and any other additional compensation.

3) Credited Service

One year of service credit is given for 2,080 or more hours of Federated City service rendered in any calendar year. A partial year (fraction with the numerator equal to the hours worked, and the denominator equal to 2,080) is given for each calendar year with less than 2,080 hours worked.

4) Member Contributions

50% of total Tier 2 contributions to the pension plan, including, but not limited to administrative expenses, normal cost, and unfunded actuarial liability. However, the member's UAL contribution rate cannot increase by more than 0.33% of pay each year. The City contributes any amounts in excess of this cap that would otherwise be contributed by the member.

The member contribution rate cannot be less than 50% of the normal cost rate.

5) City Contributions

50% of total Tier 2 contributions to the pension plan, including, but not limited to administrative expenses, normal cost, and unfunded actuarial liability. In addition, the City contributes any UAL amounts in excess of the member UAL cap until the member rate covers 50% of the UAL rate.

The City contribution rate cannot be less than 50% of the normal cost rate.

6) Unreduced Service Retirement

Eligibility:

Age 62 with five years of service.

Benefit – Member:

2.0% of Final Compensation for each year of credited service attributable to Tier 2, subject to a maximum of 70% of Final Compensation.

Benefit - Survivor:

50% of the service retirement benefit paid to a qualified survivor.

7) Early Service Retirement

Eligibility:

Age 55 with five years of service.

Benefit - Member:

Benefit reduced by a factor of 5% for each year the member retires before age 62.

The early retirement reduction is applied to the benefit after the application of the maximum of 70% of Final Compensation.

8) Service-Connected Disability Retirement

Eligibility:

No age or service requirement.

Summary of Pension Plan Provisions - Tier 2

Benefit - Member:

2.0% of Final Compensation for each year of credited service, subject to a minimum of 40% of Final Compensation and a maximum of 70% of Final Compensation, less the amounts specified in Section 3.28.1330 and Section 3.28.1340.

9) Non-Service Connected Disability Retirement

Eligibility:

Five years of service.

Benefit - Member:

2.0% of Final Compensation for each year of credited service attributable to Tier 2, subject to a minimum of 20% of Final Compensation and a maximum of 70% of Final Compensation less the amounts specified in Section 3.28.1330 and Section 3.28.1340.

10) Death Before Retirement

Not yet eligible for retirement, or no qualified survivor:

Lump sum benefit equal to the accumulated refund of all employee contributions with interest, plus one month of salary for each year of service, up to a maximum of six years.

Eligible for retirement:

2.5% of Final Compensation for each year of credited service, subject to a maximum of 70% of Final Compensation. Benefit is subject to a minimum of 40% of Final Compensation if member dies while an active employee. The benefit is payable until the spouse or registered domestic partner marries or establishes a domestic partnership. If the member was age 55 with 20 years of service at death, the benefit is payable for the lifetime of the member's spouse or registered domestic partner.

11) Withdrawal Benefits

Less than five years of credited service:

Lump sum benefit equal to the accumulated employee contributions with interest.

Five or more years of credited service:

The amount of the service retirement benefit reduced for early retirement, and payable when retirement eligibility is reached.

12) Benefit Forms

Annuity benefits are paid in the form of a 50% joint and survivor annuity or an actuarially equivalent annuity with 75% or 100% continuance to a survivor.

13) Post-retirement Cost-of-Living Benefit

Benefits are increased every April 1 by the change in the December CPI-U for San José-San Francisco-Oakland, subject to a cap based on years of service as shown in the table below.

Years of Service	Maximum COLA
At least 1, but less than 11	1.25% [1]
At least 11, but less than 21	1.50%
At least 21, but less than 26	1.75%
At least 26	2.00%

[1] *1.5% for members hired before Measure F effective date*

The first COLA after retirement shall be prorated based on the number of months retired.

14) Changes Since the Last Valuation

None.

CHEIRON Classic Values, Innovative Advice

September 15, 2023

Board of Administration
City of San José Federated City Employees' Retirement System
1737 North 1st Street, Suite 580
San José, CA 95112

Dear Members of the Board:

The purpose of this letter is to provide the certification for the Actuarial Section of the Annual Comprehensive Financial Report (ACFR) for the City of San José Federated City Employees' Retirement System (System) with respect to Other Postemployment Benefits (OPEB) provided through the City of San José Federated Postemployment Healthcare Plan ("Plan").

Actuarial Valuation Used for Funding Purposes

Actuarial valuations are performed annually, and the most recent actuarial valuation was performed as of June 30, 2022. Please refer to that report for additional information related to the funding of the Plan.

We prepared the following schedules for inclusion in the Actuarial Section of the ACFR based on the June 30, 2022 actuarial valuation.

- Summary of Actuarial Assumptions and Methods
- Schedule of Active Member Valuation Data
- Schedule of Retirees and Beneficiaries Added to and Removed from Rolls
- Member Benefit Coverage Information
- Analysis of Financial Experience
- Schedule of Funding Progress
- Summary of Key Substantive Plan Provisions

The funding ratios shown in the member benefit coverage information and the schedule of funding progress exhibits are ratios compared to the funding target and are for the purpose of evaluating funding progress in a budgeting context. These ratios are not appropriate for measuring or assessing the sufficiency of Plan assets to cover the estimated cost of settling the Plan's benefit obligations.

Employees hired on or after September 1, 2013 are not eligible to enter the Plan.

Historically, member and City contributions to the Plan had been negotiated through collective bargaining and were not actuarially determined. With the implementation of Measure F, member contributions are fixed at 7.5% of pay; the City's contribution toward the explicit subsidy is actuarially determined; and, the City also pays the implicit subsidy on a pay-as-you-go basis as a part of active health premiums. Finally, the City has an option to limit its contribution for the explicit subsidy to 14% of payroll.

Board of Administration
September 15, 2023
Page 2

The actuarial methods and assumptions used in the actuarial valuation are adopted by the Board of Administration with advice from the actuary. In our opinion, the assumptions and methods used in the actuarial valuation for funding purposes are consistent with applicable Actuarial Standards of Practice. The actuarial cost method and the actuarial assumptions used for funding purposes are the same as those used for financial reporting purposes.

Actuarial Valuation Used for Financial Reporting Purposes

For financial reporting purposes, the Total OPEB Liability is based on the June 30, 2022 actuarial valuation updated to the measurement date of June 30, 2023. The Board changed some economic and demographic assumptions for the June 30, 2022 valuation. These changes are detailed in the actuarial assumptions and methods attachment of this letter and are reflected effective July 1, 2022 for financial reporting purposes. Consequently, the update was based upon the Total OPEB Liability as of the valuation date reflecting the new assumptions and projected to the measurement date with the addition of service cost and interest cost offset by actual benefit payments.

Please refer to our GASB 74/75 report as of June 30, 2023 for additional information related to the financial reporting of the Plan. We prepared the following schedules for inclusion in the Financial Section of the ACFR as shown in the June 30, 2023 GASB 74/75 report.

- Change in Net OPEB Liability
- Sensitivity of Net OPEB Liability to Changes in Discount Rate and Healthcare Cost Trend Rates
- Schedule of Changes in Net OPEB Liability and Related Ratios
- Schedule of Employer Contributions

Reliance on the Information Provided by the System and Compliance with GAAP

In preparing our valuations and the schedules for the ACFR, we relied on information (some oral and some written) supplied by the City of San José Office of Retirement Services. 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 for funding and financial reporting purposes may differ significantly from the current measurements presented in this ACFR due to such factors as the following: plan experience differing from that anticipated by the assumptions; changes in assumptions; and, changes in plan provisions or applicable law.

This letter and the schedules named above 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

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Board of Administration
September 15, 2023
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Standards Board as well as applicable laws and regulations. Furthermore, as credentialed actuaries, we collectively meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this letter and these exhibits. This letter does not address any contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

This letter and the schedules named above were prepared for the Plan for the purposes described herein. Other users of this information are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to any other user.

Sincerely,
Cheiron

William R. Hallmark

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

Michael W. Schionning, FSA, MAAA
Principal Consulting Actuary

Jacqueline King

Jacqueline R. King, FSA, EA, MAAA
Consulting Actuary

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Actuarial Assumptions and Methods

POSTEMPLOYMENT HEALTHCARE

Economic Assumptions

The expected return on plan assets and per person cost trend assumptions shown below were adopted by the Board of Administration with the actuary's input at the November 17, 2022 Board meeting. Please refer to the presentation for that meeting for details, including the rationale for each assumption.

1) Expected Return on Plan Assets

6.00% per year. The Board expects a long-term rate of return of 6.30% based on Meketa's 20-year capital market assumptions and the System's current investment policy.

2) Per Person Cost Trends

Medical trends were developed using the 2022 Society of Actuaries Long-Run Medical Cost Trend Model with the following parameters:

Initial trend rate: Non-Medicare Eligible:	8.00%	*Medicare Eligible:*	4.00%
Inflation:	2.50%	*Real GDP per Capita:*	1.40%
Excess Medical Cost Growth:	1.00%	*Expected GDP Share in 2031:*	19.60%
Resistance Point:	21.00%	*Year limited to GDP growth:*	2075

ANNUAL INCREASE %

Fiscal Year Beginning	2023[1]	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Pre-Medicare	0.00	7.16	6.82	6.49	6.15	5.81	5.48	5.14	4.97	4.97	4.97	4.97	4.97	4.96	4.90
Medicare Eligible	0.00	4.27	4.38	4.49	4.60	4.70	4.81	4.92	4.97	4.97	4.97	4.97	4.97	4.97	4.97
Dental	0.00	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50
Fiscal Year Beginning	**2038**	**2039**	**2040**	**2041**	**2042**	**2043**	**2044**	**2045**	**2046**	**2047**	**2048**	**2049**	**2050**	**2051**	**2052**
Pre-Medicare	4.85	4.81	4.79	4.76	4.74	4.72	4.71	4.69	4.68	4.66	4.65	4.64	4.63	4.62	4.60
Medicare Eligible	4.96	4.91	4.85	4.81	4.79	4.76	4.74	4.73	4.71	4.69	4.68	4.66	4.65	4.64	4.63
Dental	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50
Fiscal Year Beginning	**2053**	**2054**	**2055**	**2056**	**2057**	**2058**	**2059**	**2060**	**2061**	**2062**	**2063**	**2064**	**2065**	**2066**	**2067**
Pre-Medicare	4.59	4.58	4.57	4.56	4.56	4.55	4.54	4.53	4.52	4.51	4.51	4.50	4.46	4.40	4.34
Medicare Eligible	4.62	4.60	4.59	4.58	4.57	4.57	4.56	4.55	4.54	4.53	4.52	4.51	4.48	4.41	4.35
Dental	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50
Fiscal Year Beginning	**2068**	**2069**	**2070**	**2071**	**2072**	**2073**	**2074**	**2075**	**2076**	**2077**	**2078**	**2079+**			
Pre-Medicare	4.28	4.23	4.17	4.12	4.07	4.01	3.96	3.94	3.94	3.94	3.94	3.94			
Medicare Eligible	4.29	4.24	4.18	4.12	4.07	4.02	3.96	3.94	3.94	3.94	3.94	3.94			
Dental	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50			

[1] *Varies by Plan*

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

Actuarial Assumptions and Methods *(continued)*

POSTEMPLOYMENT HEALTHCARE *(continued)*

Deductibles, Co-payments, Out-of-Pocket Maximums, and Annual Maximum (where applicable) are assumed to increase at the below trend rates.

FISCAL YEAR BEGINNING 2023 TREND					
Pre-Medicare		**Medicare**		**Dental**	
Kaiser Plans	6.65%	Kaiser Plan	(3.82)%	HMO Plan	1.76%
Anthem Plans	10.93%	Anthem HMO Plan	4.55%	PPO Plan	11.19%
		Anthem PPO Plan	4.55%		

3) Changes Since Last Valuation

The per-person cost trends were updated.

Demographic Assumptions

The OPEB assumptions were adopted by the Board of Administration at the November 17, 2022 Board meeting based on the actuary's recommendations. The demographic assumptions shared with the pension plan shown below were adopted at the November 21, 2019 Board meeting based on recommendations from the actuary's experience study covering system experience through June 30, 2019. Please refer to the full experience study report for details, including the rationale for each assumption.

1) Salary Increase Rate

Wage inflation component: 3.00%

In addition, the following merit component is added based on an individual member's years of service.

SALARY MERIT INCREASES					
Years of Service	Merit / Longevity	Years of Service	Merit / Longevity	Years of Service	Merit / Longevity
0	3.75%	**6**	1.40%	**12**	0.45%
1	3.00%	**7**	1.20%	**13**	0.30%
2	2.50%	**8**	1.00%	**14**	0.20%
3	2.15%	**9**	0.85%	**15+**	0.10%
4	1.85%	**10**	0.70%		
5	1.60%	**11**	0.55%		

2) Rates of Termination

Termination rates do no apply once a member is eligible for retirement. Rates of termination are shown in the following table.

RATES OF TERMINATION					
Years of Service	Termination Rate	Years of Service	Termination Rate	Years of Service	Termination Rate
0	15.00%	**6**	7.75%	**12**	3.75%
1	12.75%	**7**	6.50%	**13**	3.50%
2	11.75%	**8**	5.50%	**14**	3.25%
3	10.75%	**9**	4.75%	**15+**	3.25%
4	9.75%	**10**	4.25%		
5	8.75%	**11**	4.00%		

POSTEMPLOYMENT HEALTHCARE *(continued)*

3) Rates of Refund

Tier 1

Rates of vested terminated employees electing a refund of contributions are shown in following table. Refund rates do not apply once a member is eligible for retirement.

RATES OF REFUND							
Years of Service	Under Age 35	Ages 35 - 44	Ages 45 and Older	Years of Service	Under Age 35	Ages 35 - 44	Ages 45 and Older
0 - 4	100.00%	100.00%	100.00%	11	17.50%	10.00%	0.00%
5	25.00%	15.00%	18.00%	12	15.00%	10.00%	0.00%
6	20.00%	12.50%	15.00%	13	10.00%	10.00%	0.00%
7	20.00%	10.00%	12.00%	14	10.00%	7.50%	0.00%
8	20.00%	10.00%	9.00%	15	10.00%	5.00%	0.00%
9	20.00%	10.00%	6.00%	16	10.00%	2.50%	0.00%
10	20.00%	10.00%	3.00%	17+	10.00%	0.00%	0.00%

Tier 2:

Vested terminated employees are expected to take a refund if it exceeds the actuarial present value of their deferred benefit payment.

4) Deferred Vested Member Retirement Age

Tier 1 terminated vested members are assumed to retire at age 57 and Tier 2 terminated vested members are assumed to retire at age 62.

5) Retirement Rates

Rates of retirement for Tier 1 members are based on age according to the following Table - Tier 1.

TIER 1 RATES OF RETIREMENT BY AGE AND SERVICE							
Age	Less than 15 years of service	15 or more years of service and less than 30 years of service	30 or more years of service	Age	Less than 15 years of service	15 or more years of service and less than 30 years of service	30 or more years of service
50	0.0%	0.0%	70.0%	61	10.0%	20.0%	30.0%
51	0.0%	0.0%	70.0%	62	15.0%	20.0%	30.0%
52	0.0%	0.0%	70.0%	63	20.0%	20.0%	30.0%
53	0.0%	0.0%	70.0%	64	20.0%	20.0%	30.0%
54	0.0%	0.0%	70.0%	65	20.0%	20.0%	30.0%
55	10.0%	35.0%	50.0%	66	25.0%	30.0%	30.0%
56	10.0%	20.0%	45.0%	67	25.0%	35.0%	30.0%
57	10.0%	20.0%	40.0%	68	25.0%	35.0%	30.0%
58	5.0%	15.0%	35.0%	69	25.0%	35.0%	30.0%
59	5.0%	15.0%	30.0%	70 & over	100.0%	100.0%	100.0%
60	5.0%	15.0%	30.0%				

Rates of retirement for Tier 2 members are based on age according to the following Table - Tier 2. These rates are based on CalPERS retirement rates for its 2.0% at age 62 formula with adjustments based on professional judgment for differences between the CalPERS benefits and the benefits provided to Tier 2 members.

Actuarial Assumptions and Methods *(continued)*

POSTEMPLOYMENT HEALTHCARE *(continued)*

TIER 2 RATES OF RETIREMENT BY AGE AND SERVICE									
	Age								
Years of Service	55	56	57	58	59	60 - 61	62	63 - 69	70 & over
5 - 10	3.00%	2.00%	2.50%	3.00%	3.50%	4.00%	7.50%	5.00%	100.00%
11 - 20	5.00%	3.50%	4.50%	5.50%	7.00%	8.50%	12.50%	10.00%	100.00%
21 - 25	7.00%	4.00%	5.00%	7.00%	9.00%	10.00%	17.50%	15.00%	100.00%
26 - 34	10.00%	7.00%	8.50%	11.00%	13.50%	14.50%	25.00%	25.00%	100.00%
35+	15.00%	10.50%	12.75%	16.50%	20.25%	21.75%	100.00%	100.00%	100.00%

6) Base Rates of Mortality

Base mortality rates are based on the sex-distinct employee and retiree mortality tables shown below.

BASE MORTALITY TABLES		
Category	Male	Female
Healthy Annuitant	0.995 times the 2010 Public General Mortality Table (PubG-2010) for healthy retirees	0.960 times the 2010 Public General Mortality Table (PubG-2010) for healthy retirees
Healthy Non-Annuitant	0.992 times the 2010 Public General Mortality Table (PubG-2010) for healthy employees	1.084 times the 2010 Public General Mortality Table (PubG-2010) for healthy employees
Disabled Annuitant	1.051 times the CalPERS 2009 Ordinary Disability Mortality Table	0.991 times the CalPERS 2009 Ordinary Disability Mortality Table

7) Disability Rates

Disability rates are equal to the 0.973 times the CalPERS 2017 non-industrial disability incidence rates for miscellaneous state agencies, blended 55% male and 45% female. 45% of disabilities are assumed to be duty related, and 55% are assumed to be non-duty related. Sample disability rates of active members are provided in the following table.

RATES OF DISABILITY AT SELECTED AGES								
Age	25	30	35	40	45	50	55	60+
Disability	0.0272	0.0303	0.0613	0.1366	0.2519	0.3240	0.2631	0.2191

8) Rates of Mortality Improvement

Future mortality improvements are reflected by applying the most recent projection scale issued by the Society of Actuaries on a generational basis from the base year of 2010 for the Pub2010 tables and 2009 for the CalPERS tables. The projection scale used for the June 30, 2022 valuations is MP-2021.

9) Percent of Futures Retirees Electing Coverage Versus In-Lieu Credits

Upon retirement, members are assumed to elect coverage or enter the In-Lieu credit program according to the following table.

FUTURE RETIREE PARTICIPATION		
	Coverage	In-Lieu
Active members	80%	20%
Terminated vested members	60%	40%

Actuarial Assumptions and Methods *(continued)*

POSTEMPLOYMENT HEALTHCARE *(continued)*

10) Dependent Coverage Elections

Upon retirement, members who elect coverage are assumed to cover dependents according to the following table. 100% of members eligible for dental are assumed to elect spousal coverage.

ASSUMED FUTURE RETIREE TIER ELECTIONS				
	Pre-Medicare		Medicare	
Coverage Tier	Male	Female	Male	Female
Retiree only	31%	55%	35%	64%
Retiree and children	4%	9%	0%	0%
Retiree and spouse	37%	24%	65%	36%
Retiree and family	28%	12%	0%	0%

11) In-Lieu Assumptions

Members who elect to receive the In-Lieu credits are assumed to remain in the In-Lieu credit program for five years, after which they are assumed to elect coverage and use their In-Lieu credits. The amount of the In-Lieu credit is 25% of the subsidy for the tier of coverage for which the retiree qualifies. Future retiree medical tier qualification assumptions are provided in the following table.

ASSUMED FUTURE RETIREE IN-LIEU CREDIT TIER				
	Pre-Medicare		Medicare	
Coverage Tier	Male	Female	Male	Female
Retiree only	32%	32%	55%	55%
Retiree and children	0%	0%	0%	0%
Retiree and spouse	26%	26%	45%	45%
Retiree and family	42%	42%	0%	0%

12) Health Plan Election

Retirees who are not yet age 65 are assumed to be eligible for Medicare when they reach age 65 and are assumed to enroll in the Medicare-eligible plan corresponding to their current Pre-Medicare plan election. Future retirees are assumed to elect plans in the proportion shown in the following table.

ASSUMED PLAN ELECTIONS FOR FUTURE RETIREES[1]			
	% Electing		% Electing
Pre-Medicare Medical Plans		Medicare-Eligible Medical Plans	
Kaiser DHMO	10%	Kaiser Senior Advantage	60%
Kaiser $25 co-pay	67%	Anthem Medicare HMO	1%
Kaiser HDHP	8%	Anthem Medicare PPO	39%
Anthem DHMO	1%		
Anthem Select $20 co-pay	5%		
Anthem Traditional $20 co-pay	1%		
Anthem HDHP PPO	3%	**Dental Plans (All Retirees)**	
Anthem Select PPO	4%	Delta Dental PPO	98%
Anthem Classic PPO	1%	DeltaCare HMO	2%

[1] *Eligible for coverage and elect coverage*

POSTEMPLOYMENT HEALTHCARE *(continued)*

13) Married Percentage

PERCENTAGE MARRIED		
Gender	**Males**	**Females**
Percentage	80%	60%

14) Voluntary Employees' Beneficiary Association Balance Drawdown

Members are assumed to draw down their VEBA balances by the blended active and retiree member plus spouse premium, without factoring in the lowest cost premium, and increased by a factor of 1.5 to estimate the adjustment from a blended active and retiree premium to a retiree only premium.

15) Dependent Age

For current retirees, actual spouse date of birth was used when available. For future retirees, male retirees are assumed to be three years older than their partner, and female retirees are assumed to be two years younger than their partner.

16) Administrative Expenses

$103 per member for FYE 2024, increasing at the wage inflation assumption of 3.00% per annum.

17) Changes Since Last Valuation

Plan elections assumptions and the administrative expense assumption were updated.

Claim and Expense Assumptions

The claim and expense assumptions shown below were adopted by the Board of Administration at the November 17, 2022 Board meeting based upon the actuary's recommendations.

The claims costs are based on the fully insured premiums charged to the City for the active and retiree population in 2022 and 2023. For non-Medicare adults, the premiums for each coverage tier (retiree only, retiree plus spouse, retiree plus child(ren) and retiree plus family) were blended based on enrollment data for the 2022 calendar year. The same process was used for Medicare adults, except only Medicare-eligible retirees were included. The resulting per person per month (PPPM) cost was then adjusted using age curves. The pre-Medicare adult claims curves were then loaded for the cost of children; the load for children decreases by retiree age since older retirees have fewer children. The impact of children on Medicare costs was assumed to be de minimis. All claims costs are developed jointly for the Federated, Police, and Fire Postemployment Healthcare Plans of the City of San José.

The Inflation Reduction Act of 2022 (the Act) contains provisions that may impact the cost of benefits provided to Medicare eligible retirees. The Act provides for changes that could reduce costs and changes that could increase costs. Implementing regulations and market responses are likely to affect the net impact. Based on information currently available, the actuary doesn't expect the Act to have a material impact on costs. However, the actuary may adjust their assumptions in the future as more information emerges.

1) Average Annual Claims and Expense Assumptions

The following claim and expense assumptions were developed as of July 1, 2022 based on the premiums for 2022 and 2023. The explicit subsidy amount (100% of the premium for the lowest cost health plan available to active City employees) is assumed to grow based on the pre-Medicare cost trend rates.

Actuarial Assumptions and Methods *(continued)*

POSTEMPLOYMENT HEALTHCARE *(continued)*

The following tables show the claims costs for each medical plan as of the valuation date:

SAMPLE CLAIMS COSTS - NON-MEDICARE ELIGIBLE						
	Kaiser		Anthem HMO		Anthem PPO	
Age	Male	Female	Male	Female	Male	Female
40	$ 10,414	$ 12,787	$ 11,585	$ 14,123	$ 17,665	$ 22,153
45	10,635	12,468	11,731	13,692	18,493	21,959
50	11,224	12,714	12,272	13,866	20,017	22,835
55	12,407	13,457	13,447	14,571	22,663	24,651
60	14,483	14,120	15,578	15,190	26,999	26,313
64	17,035	13,865	18,237	14,846	32,155	26,159

SAMPLE CLAIMS COSTS - MEDICARE ELIGIBLE						
	Kaiser Senior Adv		Anthem HMO		Anthem Select PPO	
Age	Male	Female	Male	Female	Male	Female
65	$ 2,749	$ 2,425	$ 5,050	$ 4,455	$ 5,064	$ 4,467
70	2,919	2,472	5,362	4,542	5,377	4,554
75	3,355	2,780	6,163	5,108	6,180	5,122
80	3,810	3,153	6,999	5,792	7,018	5,808
85	4,114	3,445	7,558	6,330	7,579	6,347

SAMPLE CLAIMS COSTS - DENTAL	
Dental Blended	
Age	Unisex
All	$ 622.79

2) Medicare Part D Subsidy

Per GASB guidance, the Part D Subsidy has not been reflected in this valuation.

3) Medicare Part B

All Medicare eligible retirees are assumed to participate in Medicare Part B.

4) Medicare Eligibility

All retirees who turn age 65 are assumed to be eligible for Medicare.

5) Annual Limits

Assumed to increase at the same rate as trend.

6) Lifetime Maximums

Are not assumed to have any financial impact.

7) Geography

Implicitly assumed to remain the same as current retirees.

8) Retiree Contributions

Retirees pay the difference between the actual premium for the elected medical plan and the lowest cost medical plan available to active members, if the retiree is eligible to receive the explicit subsidy. No retiree contributions are required for dental.

Actuarial Assumptions and Methods *(continued)*

POSTEMPLOYMENT HEALTHCARE *(continued)*

9) Changes Since Last Valuation

All claims costs were updated to reflect the changes in plan premiums and the populations covered. Any implicit subsidy calculated for Medicare-eligible members is treated as an explicit subsidy reflecting additional anticipated increases in Medicare-eligible premiums attributable to the aging of the Medicare-eligible population.

Contribution Allocation Procedure

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

1) Actuarial Cost Method

The Entry Age actuarial cost method was used for active employees, whereby the normal cost is computed as the level annual percentage of pay required to fund the retirement benefits between each member's date of hire and assumed retirement. The actuarial liability is the difference between the present value of future benefits and the present value of future normal costs. Or, equivalently, it is the accumulation of normal costs for all periods prior to the valuation date. The normal cost and actuarial liability are calculated on an individual basis. The sum of the individual amounts is the normal cost and actuarial liability for the System. The actuarial liability for the System represents the target amount of assets the System should have as of the valuation date according to the actuarial cost method.

2) Asset Valuation Method

The actuarial value of assets equals the fair value of assets.

3) Amortization Method

The unfunded actuarial liability is the difference between the actuarial liability and the actuarial value of assets. The unfunded actuarial liability as of June 30, 2017 is amortized as a level dollar amount over a closed 20-year period. All subsequent amortization bases are amortized over 20-year periods with a 3-year phase-in and phase-out.

4) Contributions

The City will contribute the annual implicit subsidy as part of active employee health premiums and will prefund the explicit subsidy based on the normal cost, administrative expenses, and amortization payment described above less expected employee contributions. The City has the option to limit its contribution towards the explicit subsidy to no more than 14% of total payroll.

Active members that are eligible for full benefits will contribute 7.50% of pay.

5) Changes Since Last Valuation

None.

System Experiences

POSTEMPLOYMENT HEALTHCARE

SCHEDULE OF ACTIVE MEMBER DATA						
	Active Member Counts					
Valuation Date	Under Age 65	Age 65+	Total	Annual Payroll	Average Annual Pay	Percentage Change in Average Pay
6/30/2022 [2]	3,502	124	3,626	$360,935,782	$ 99,541	6.4%
6/30/2021 [2]	3,508	121	3,629	339,546,040	93,565	4.2%
6/30/2020 [2]	3,495	101	3,596	322,850,457	89,780	5.1%
6/30/2019 [2]	3,412	88	3,500	299,001,886	85,429	4.1%
6/30/2018 [2]	3,377	84	3,461	284,008,289	82,060	(2.6)%
6/30/2017 [2]	3,321	89	3,410	287,339,424	84,264	(0.9)%
6/30/2016 [1]	2,310	77	2,387	202,911,153	85,007	5.8%
6/30/2015 [1]	2,527	74	2,601	208,957,370	80,337	5.9%
6/30/2014 [1]	2,800	64	2,864	217,167,654	75,827	3.7%
6/30/2013	3,028	65	3,093	226,097,882	73,100	(0.4)%

[1] Does not include Tier 2B active employees.

[2] Includes members that are only eligible for catastrophic disability benefits.

SCHEDULE OF RETIREES AND BENEFICIARIES ADDED TO AND REMOVED FROM ROLLS										
	Beginning of Period		Added to Rolls	Removed from Rolls	End of Period		Net Change		% Increase	Average
Period	Count	Annual Subsidy	Count	Count	Count	Annual Subsidy	Count	Annual Subsidy	Annual Subsidy	Annual Subsidy
Medical										
2021-2022	3,047	$ 23,464	112	109	3,050	$ 22,818	3	$ (646)	(2.8)%	$ 7,481
2020-2021	3,057	23,648	107	117	3,047	23,464	(10)	(184)	(0.8)%	7,701
2019-2020	2,909	21,588	254	106	3,057	23,648	148	2,060	9.5%	7,736
2018-2019	2,923	20,566	124	138	2,909	21,588	(14)	1,023	5.0%	7,421
2017-2018	2,920	23,621	139	136	2,923	20,566	3	(3,056)	(12.9)%	7,036
2016-2017	2,821	21,844	210	111	2,920	23,621	99	1,777	8.1%	8,090
2015-2016	2,769	21,341	183	131	2,821	21,844	52	503	2.4%	7,743
2014-2015	2,737	21,941	152	120	2,769	21,341	32	(599)	(2.7)%	7,707
2013-2014	2,718	22,657	151	132	2,737	21,941	19	(716)	(3.2)%	8,016
2012-2013	2,680	25,223	158	120	2,718	22,657	38	(2,566)	(10.2)%	8,336
Dental										
2021-2022	3,465	$ 3,558	103	111	3,457	$ 2,936	(8)	$ (622)	(17.5)%	$ 849
2020-2021	3,454	3,561	120	109	3,465	3,558	11	(3)	(0.1)%	1,027
2019-2020	3,405	3,502	158	109	3,454	3,561	49	58	1.7%	1,031
2018-2019	3,375	3,478	123	93	3,405	3,502	30	25	0.7%	1,029
2017-2018	3,322	3,414	152	99	3,375	3,478	53	63	1.9%	1,030
2016-2017	3,264	3,224	170	112	3,322	3,414	58	190	5.9%	1,028
2015-2016	3,206	3,212	159	101	3,264	3,224	58	12	0.4%	988
2014-2015	3,133	3,130	160	87	3,206	3,212	73	82	2.6%	1,002
2013-2014	3,103	3,742	138	108	3,133	3,130	30	(612)	(16.4)%	999
2012-2013	3,044	3,924	144	85	3,103	3,742	59	(182)	(4.6)%	1,206

Annual subsidies are explicit amounts in thousands

System Experiences *(continued)*

POSTEMPLOYMENT HEALTHCARE *(continued)*

MEMBER BENEFIT COVERAGE INFORMATION					
	Actuarial Liability				
Actuarial Valuation Date	Retirees, Beneficiaries and Other Inactives	Active Members	Reported Assets	Portion of Liability Covered by Reported Assets	
	(A)	(B)		(A)	(B)
6/30/2022	$ 447,880	$ 202,790	$ 349,124	78%	0%
6/30/2021	452,454	210,406	384,613	85%	0%
6/30/2020	443,476	206,943	303,313	68%	0%
6/30/2019	422,108	209,644	294,489	70%	0%
6/30/2018	426,984	223,130	277,256	65%	0%
6/30/2017	408,627	221,825	248,583	61%	0%
6/30/2016	450,793	313,468	225,845	50%	0%
6/30/2015	469,903	347,770	209,761	45%	0%
6/30/2014	435,826	293,580	199,776	46%	0%
6/30/2013	495,967	374,905	157,695	32%	0%

ANALYSIS OF FINANCIAL EXPERIENCE					
Gain (or Loss) for Year Ending on Valuation Date Due to:					
Actuarial Valuation Date	Investment Income	Combined Liability Experience	Total Financial Experience	Non-Recurring Items	Total Experience
6/30/2022	$ (62,035)	$ 36,504	$ (25,531)	$ (9,273)	$ (34,804)
6/30/2021	57,618	25,838	83,456	(22,368)	61,088
6/30/2020	(17,738)	69,483	51,745	(34,497)	17,248
6/30/2019	(10,654)	(34,979)	(45,633)	14,784	(30,849)
6/30/2018	(5,915)	26,064	20,149	(11,137)	9,012
6/30/2017	117	5,259	5,376	123,632	129,008
6/30/2016	(16,044)	(11,608)	(27,652)	99,545	71,893
6/30/2015	(19,264)	6,948	(12,316)	(64,155)	(76,471)
6/30/2014	19,767	31,177	50,944	148,417	199,361
6/30/2013	6,847	5,834	12,681	114,786	127,467

The schedule of funding progress compares the assets used for funding purposes to the comparable liabilities to determine how well the System is funded and how this status has changed over the past several years. The actuarial liability is compared to the actuarial value of assets to determine the funding ratio.

SCHEDULE OF FUNDING PROGRESS						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AL) (b)	Unfunded AL (UAL) (b-a)	Funded Ratio (a / b)	Annual Covered Payroll (d)	UAL as a Percentage of Covered Payroll ((b-a) / c)
6/30/2022	$ 349,124	$ 650,670	$ 301,546	54%	$ 360,936	84%
6/30/2021	384,613	662,860	278,247	58%	339,546	82%
6/30/2020	303,313	650,419	347,106	47%	322,850	108%
6/30/2019	294,489	631,752	337,263	47%	299,002	113%
6/30/2018	277,256	650,114	372,858	43%	298,985	125%
6/30/2017	248,583	630,452	381,869	39%	287,339	133%
6/30/2016	225,845	764,261	538,416	30%	266,823	202%
6/30/2015	209,761	817,673	607,912	26%	251,430	242%
6/30/2014	199,776	729,406	529,630	27%	234,677	226%
6/30/2013	157,695	870,872	713,177	18%	226,098	315%

Dollar amounts in thousands for all tables on this page

Summary of Key Substantive Plan Provisions

POSTEMPLOYMENT HEALTHCARE

Eligibility

Employees hired before September 2013 that did not elect to opt-in to the Voluntary Employees' Beneficiary Association (VEBA).

Medical

Employees who retire (include deferred vested members) with at least 15 years of service with the City (“OPEB benefit service”), or with a monthly pension equal to at least 37.5% of Final Compensation, are eligible to elect medical coverage upon retirement.

Tier 1 employees (hired before September 30, 2012) are eligible for retirement at age 55 with five years of service or at any age with 30 years of service. Tier 2 employees (hired on or after September 30, 2012) are eligible unreduced service retirement at age 65 with five years of service or reduced service retirement at age 55 with five years of service. Service credited through reciprocity agreements counts towards an employee’s required service to retire, but only service with the City counts towards the required years of service to receive OPEB benefits. Employees who retire with less than 15 years of service can elect coverage, but receive no explicit subsidy.

Employees who become disabled with at least 15 years of service or have a monthly pension equal to at least 37.5% of Final Compensation are eligible to elect medical coverage upon retirement.

Spouses or domestic partners of retired members are allowed to participate if they were enrolled in the City's medical plan at the time of the member's retirement. Dependent children are eligible to receive coverage until the age of 26.

Surviving spouses / domestic partners / children of deceased members are eligible for coverage if the following conditions are met:

1) The employee has 15 years of service at time of death or is entitled to a monthly pension of at least 37.5% of Final Compensation; and
2) Both the member and the survivors were enrolled in the active medical plan immediately before death; and,
3) The survivor will receive a monthly pension benefit.

Dental

Employees who retire or become disabled directly from City service with at least five years of service or with a monthly pension equal to at least 37.5% of Final Compensation and are enrolled in a City dental plan at retirement are eligible to elect dental coverage upon retirement. Spouses, domestic partners, or children of retired members are allowed to participate if they were enrolled in the City’s dental plan at the time of the member’s retirement.

Surviving spouses / domestic partners / children of deceased members are eligible for coverage if the following conditions are met.

1) The employee has five years of service at time of death or is entitled to a monthly pension of at least 37.5% of Final Compensation; and,
2) Both the member and the survivors were enrolled in the active dental plan immediately before death; and,
3) The survivor will receive a monthly pension benefit.

Benefits for Retirees

Medical: The System pays 100% of the premium for the lowest cost health plan available to active City employees. The member pays the difference if another plan is elected.

Summary of Key Substantive Plan Provisions *(continued)*

POSTEMPLOYMENT HEALTHCARE *(continued)*

Dental: The System pays 100% of the dental insurance premiums.

In-Lieu: Upon retirement, members may elect to receive credits equal to 25% of the premium subsidy the System would have paid in-lieu of the actual subsidy. These credits may be used at a future date to supplement the Plan's premium subsidy for the coverage elected.

Premiums: Monthly premiums for calendar years 2022 and 2023 are as follows.

2022 MONTHLY PREMIUMS				
Medical	**Single**	**Employee / Spouse**	**Employee / Child**	**Family**
Non-Medicare Monthly Rates				
Kaiser DHMO	$ 607.66	$ 1,215.32	$ 1,063.40	$ 1,822.98
Kaiser $25 Co-pay	742.12	1,484.24	1,298.70	2,226.36
Kaiser HDHP	511.98	1,023.96	895.96	1,535.94
Anthem HMO Select $20 Co-pay	661.56	1,455.40	1,190.80	2,050.78
Anthem HMO Traditional $20 Co-pay	760.52	1,673.12	1,368.94	2,357.58
Anthem DHMO	510.02	1,234.30	1,122.10	1,581.14
Anthem HDHP	1,163.58	2,559.88	2,094.44	3,607.12
Anthem Select PPO	1,888.78	4,155.36	3,399.82	5,855.30
Anthem Classic PPO	2,020.10	4,444.26	3,636.18	6,262.34
Medicare-Eligible Monthly Rates				
Kaiser Senior Advantage	$ 260.92	$ 521.84	$ 521.84	$ 782.76
Anthem Medicare PPO	465.06	930.12	930.12	1,395.18
Anthem Medicare HMO	423.76	847.52	847.52	1,271.28
Dental				
Delta Dental PPO	$ 42.24	$ 92.90	$ 101.36	$ 130.90
DeltaCare HMO	24.44	48.86	42.74	73.30

Anthem HMO Medicare family rates assume the children are on the Non-Medicare $20 Co-pay Anthem HMO.

2023 MONTHLY PREMIUMS				
Medical	**Single**	**Employee / Spouse**	**Employee / Child**	**Family**
Non-Medicare Monthly Rates				
Kaiser DHMO	$ 643.72	$ 1,287.42	$ 1,126.50	$ 1,931.14
Kaiser $25 Co-pay	786.16	1,572.30	1,375.76	2,358.46
Kaiser HDHP	542.36	1,084.72	949.12	1,627.08
Anthem HMO Select $20 Co-pay	761.32	1,674.88	1,370.38	2,360.04
Anthem HMO Traditional $20 Co-pay	875.20	1,925.42	1,575.38	2,713.10
Anthem DHMO	586.94	1,291.32	1,056.50	1,819.58
Anthem HDHP	1,339.04	2,945.90	2,410.28	4,151.08
Anthem Select PPO	2,173.60	4,781.98	3,912.52	6,738.28
Anthem Classic PPO	2,324.74	5,114.46	4,184.52	7,206.70
Medicare-Eligible Monthly Rates				
Kaiser Senior Advantage	$ 232.29	$ 464.58	$ 464.58	$ 696.87
Anthem Medicare PPO	487.81	975.62	975.62	1,463.43
Anthem Medicare HMO	444.53	889.06	889.06	1,333.59
Dental				
Delta Dental PPO	$ 50.88	$ 92.89	$ 122.12	$ 157.72
DeltaCare HMO	24.44	48.68	42.74	73.30

Anthem HMO Medicare family rates assume the children are on the Non-Medicare $20 Co-pay Anthem HMO.

Summary of Key Substantive Plan Provisions *(continued)*

POSTEMPLOYMENT HEALTHCARE *(continued)*

SUMMARY OF 2023 BENEFIT PLANS								
Non-Medicare Plans	**Kaiser High Deductible**	**Kaiser DHMO**	**Kaiser $25 Co-pay**	**Anthem $20 Co-pay HMO**	**Anthem DHMO**	**Anthem Select PPO (In-Network)**	**Anthem Classic PPO (In-Network)**	**Anthem High Deductible (In Network)**
Annual Out-of-Pocket Maximum (Single/Family)	$5,950 / $11,900	$4,000 / $8,000	$1,500 / $3,000	$1,500 / $3,000	$4,000/ $8,000	$2,100 / $4,200	$2,100 / $4,200	$4,000 / $8,000
Annual Deductible (Single/Family)	$3,000 / $6,000	$1,500 / $3,000	None	None	$1,500 / $3,000	$100 / $200	$100 / $200	$2,500 / $5,000
Office Visit Co-pay	30%[1]	$40	$25	$20	$20	$25	$25	20%[1]
Emergency Room Co-pay	30%[1]	30%[1]	$100	$100	30%[1]	$100	$100	20%[1]
Hospital Care Co-pay	30%[1]	30%[1]	$100	$100	30%[1]	10%[1]	10%[1]	20%[1]
Prescription Drug Retail Co-pay (30-day supply)								
Generic Brand	$10	$10	$10	$10	$10	$10	$10	$10
Non-Preferred	$30	$30	$25	$30	$30	$25	$25	$30
Specialty	N/A	N/A	N/A	$60	$60	$40	$40	$60

[1] *After deductible is paid.*

Medicare-Eligible Plans	Kaiser	Anthem HMO	Anthem PPO
Annual Out-of-Pocket Maximum	$1,000 per year for any one member	$1,000 per member	$0
Annual Deductible	None	None	None
Office Visit Co-pay	$25	$25	$0
Emergency Room Co-pay	$50	$100	$0
Hospital Care Co-pay	$250	$100	$0
Prescription Drug Retail Co-pay (30-day supply)			
Generic Brand	$10	$10	$10
Non-Formulary	$10	$25	$25
Specialty Drug	N/A	$40	$40

Cost Sharing Provisions

It is assumed for the purpose of this valuation that the City of San José will in the future maintain a consistent level of cost sharing for benefits with the retirees. This may be achieved by adjusting benefit provisions, retiree-paid premiums, or both.

VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION (VEBA)

Eligibility: Employees who elected to opt-in to the VEBA.

Employee Group	VEBA Contribution Rate
Tier 1 and Tier 2A (Hired before September 2013)	
Management	2.5%
Non-Management	3.5%
Tier 2B	
Not Unit 99	2.0%
Unit 99	N/A

Contributions: Employees are required to make mandatory contributions into the VEBA on a pre-tax basis.

Medical: VEBA funds can be used to reimburse members for eligible healthcare expenses. VEBA members on service-connected disability receive single coverage benefits from the Postemployment Healthcare Plan up to age 65 once VEBA funds are exhausted.

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Statistical Section

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Pension Trust and Postemployment Healthcare Trust
Funds of the City of San José, California
City of San José
Federated City Employees' Retirement System
Annual Comprehensive Financial Report for the Fiscal Years Ended
June 30, 2023 and June 30, 2022

The Statistical Section provides additional historical perspective, context, and detail in order to provide a more comprehensive understanding of this fiscal year's financial statements, note disclosures, and supplementary information, which covers Pension Plan and Postemployment Healthcare Plans, including 401(h) and 115. This section also provides a multi-year trend of financial and operating information to facilitate comprehensive understanding of how the organization's financial position and performance has changed over time. More specifically, the financial and operating information provides contextual data for the Plan's net assets, benefits, refunds, contribution rates, and different types of retirement benefits. The financial and operating trend information is located on the following pages.

Statistical Review

CHANGES IN PLAN NET POSITION FOR FISCAL YEARS 2014-2023 *(In Thousands)*

DEFINED BENEFIT PENSION PLAN (Schedule 1a)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Additions										
Employee contributions	$ 30,561	$ 27,464	$ 25,724	$ 25,082	$ 22,606	$ 20,501	$ 17,227	$ 15,920	$ 13,621	$ 13,596
Employer contributions	199,440	207,598	183,964	181,327	173,006	156,770	138,483	129,456	114,751	107,544
Investment income / (loss) [1]	222,101	(169,129)	698,608	90,909	76,855	117,493	146,010	(35,010)	(16,642)	263,688
Total additions to plan net position	**452,102**	**65,933**	**908,296**	**297,318**	**272,467**	**294,764**	**301,720**	**110,366**	**111,730**	**384,828**
Deductions										
Benefit payments	228,530	219,497	210,351	201,474	190,228	179,366	169,756	160,499	152,119	143,921
Death benefits	17,213	16,373	15,641	14,389	13,719	12,970	12,411	11,530	10,724	9,845
Refunds	1,613	1,403	1,214	865	1,119	1,064	1,263	1,289	1,719	2,170
Administrative expenses and other	5,458	4,978	4,762	4,725	4,582	4,823	4,380	3,940	3,898	3,201
Total deductions from plan net position	**252,814**	**242,251**	**231,968**	**221,453**	**209,648**	**198,223**	**187,810**	**177,258**	**168,460**	**159,137**
Changes in plan net position	**$ 199,288**	**$ (176,318)**	**$ 676,328**	**$ 75,865**	**$ 62,819**	**$ 96,541**	**$ 113,910**	**$ (66,892)**	**$ (56,730)**	**$ 225,691**

[1] *Net of expenses*

POSTEMPLOYMENT HEALTHCARE PLAN BENEFITS (Schedule 1b)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Additions										
Employee contributions	$ 9,841	$ 9,865	$ 10,275	$ 10,692	$ 10,578	$ 15,545	$ 16,827	$ 17,881	$ 18,645	$ 17,494
Employer contributions	22,997	24,787	26,236	26,533	26,410	32,397	31,905	30,465	26,959	19,298
Investment income/(loss) [1]	24,268	(38,286)	77,360	3,075	9,472	12,336	17,041	(2,447)	(5,922)	28,737
Total additions to plan net position	**57,106**	**(3,634)**	**113,871**	**40,300**	**46,460**	**60,278**	**65,773**	**45,899**	**39,682**	**65,529**
Deductions										
Healthcare insurance premiums	30,869	31,088	31,871	30,779	28,826	29,724	31,007	29,577	29,443	27,924
Administrative expenses and other	750	765	697	686	384	170	242	237	254	257
VEBA transfer	-	-	5	13	19	13,497	-	-	-	-
Total deductions from plan net position	**31,619**	**31,853**	**32,573**	**31,478**	**29,229**	**43,391**	**31,249**	**29,814**	**29,697**	**28,181**
Changes in plan net position	**$ 25,487**	**$ (35,487)**	**$ 81,298**	**$ 8,822**	**$ 17,231**	**$ 16,887**	**$ 34,524**	**$ 16,085**	**$ 9,985**	**$ 37,348**

[1] *Net of expenses*

Source: Pension Administration System

Statistical Review (continued)

BENEFIT AND REFUND DEDUCTIONS FROM PLAN NET POSITION BY TYPE

DEFINED BENEFIT PENSION PLAN (Schedule 2a)

Type of Benefit	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Age and Service Benefits										
Retirees - services	$ 190,203	$ 183,436	$ 177,009	$ 169,659	$ 160,545	$ 151,977	$ 144,863	$137,392	$130,512	$124,399
Retirees - deferred vested	28,147	26,117	24,158	22,632	20,573	18,445	16,486	14,961	13,507	12,017
Survivors - services	10,953	10,185	9,809	9,182	8,310	7,723	7,281	6,697	6,079	5,376
Survivors - deferred vested	554	532	451	345	275	276	284	287	279	272
Deaths in service benefits	3,591	3,493	3,430	3,212	3,244	3,010	2,878	2,776	2,702	2,610
Disability Benefits										
Retirees - duty	4,783	4,585	4,747	4,935	4,355	4,235	4,241	4,017	3,980	3,624
Retirees - non-duty	2,383	2,342	2,339	2,411	2,407	2,418	2,246	2,258	2,336	2,278
Survivors - duty	703	709	667	441	541	537	508	456	444	448
Survivors - non-duty	1,302	1,311	1,246	1,209	1,228	1,197	1,168	1,132	1,072	945
Ex-spouse benefits	3,124	3,160	2,136	1,837	2,469	2,518	2,212	2,053	1,932	1,797
Total benefits	**$ 245,743**	**$ 235,870**	**$ 225,992**	**$ 215,863**	**$ 203,947**	**$ 192,336**	**$ 182,167**	**$172,029**	**$162,843**	**$153,766**

Type of Refund										
Separation	1,613	1,403	1,214	865	1,119	1,064	1,263	1,289	1,719	2,170
Total refunds	**$ 1,613**	**$ 1,403**	**$ 1,214**	**$ 865**	**$ 1,119**	**$ 1,064**	**$ 1,263**	**$ 1,289**	**$ 1,719**	**$ 2,170**

Statistical Review (continued)

BENEFIT AND REFUND DEDUCTIONS FROM PLAN NET POSITION BY TYPE

POSTEMPLOYMENT HEALTHCARE PLAN BENEFITS (Schedule 2b)

Type of Benefit	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Age and service benefits										
Retirees - service										
Medical	$17,871	$ 18,288	$ 18,695	$18,168	$ 17,152	$18,089	$ 18,668	$ 17,734	$ 18,061	$ 16,002
Dental	2,874	2,656	3,139	3,126	3,083	3,040	2,923	2,799	2,521	2,850
Retirees - deferred vested										
Medical	1,860	1,764	1,721	1,703	1,543	1,635	1,641	1,477	1,455	1,243
Dental	4	6	8	10	13	10	10	10	12	18
Survivors - service										
Medical	1,102	1,079	1,106	1,047	966	955	949	890	921	737
Dental	182	163	190	186	181	176	174	167	148	227
Survivors - deferred vested										
Medical	46	41	34	23	19	20	26	33	31	28
Dental	2	2	2	1	1	1	1	2	2	3
Deaths in service benefits										
Medical	228	246	252	237	237	262	274	272	302	281
Dental	39	38	46	45	47	48	46	45	38	59
Disability benefits										
Retirees - duty										
Medical	748	778	787	848	838	949	957	938	981	920
Dental	92	89	106	114	116	121	116	115	109	130
Retirees - non-duty										
Medical	188	198	206	219	215	252	268	281	340	321
Dental	44	40	49	54	56	56	55	59	58	77
Survivors - duty										
Medical	64	75	80	75	82	93	105	100	111	97
Dental	12	11	13	14	15	16	17	16	15	22
Survivors - non-duty										
Medical	119	124	124	137	150	153	172	179	177	142
Dental	20	19	22	24	25	25	26	26	23	32
Ex-spouse benefits										
Medical	3	3	3	4	4	4	3	3	3	3
Dental	1	1	1	1	1	1	1	1	1	1
Implicit subsidy medical										
Tier 1	5,370	5,468	5,287	4,743	4,082	3,818	4,577	4,430	3,811	4,165
Tier 2	-	-	-	-	-	-	-	-	323	415
Tier 3	-	-	-	-	-	-	-	-	-	151
Total benefits	**$30,869**	**$ 31,088**	**$ 31,871**	**$30,779**	**$ 28,826**	**$29,724**	**$ 31,009**	**$ 29,577**	**$ 29,443**	**$ 27,924**

EMPLOYER AND EMPLOYEE CONTRIBUTIONS RATES FOR FISCAL YEARS 2014-2023 (Schedule 3)

	Employer Rate				Employee Rate		
	Tier 1	Tier 1	Tier 2 / 2B	All Tiers	Tier 1	Tier 2 / 2B	All Tiers
	Pension %	Minimum Dollar Amount	Pension %	OPEB $	Pension %	Pension %	OPEB %
2023	20.32 %	$162,602,000	8.13 %	$ 18,318,000	7.41 %	8.13 %	7.50 %
2022	20.25 %	$160,694,000	8.17 %	$ 19,340,302	7.39 %	8.17 %	7.50 %
2021	19.82 %	$148,460,000	7.92 %	$ 20,948,983	7.22 %	7.92 %	7.50 %
2020	19.34 %	$137,409,000 [1]	8.33 %	$ 21,790,130	7.06 %	8.33 %	7.50 %
2019	99.16 %	N/A	8.28 %	$ 20,856,125	6.81 %	8.28 %	7.50 %

The City healthcare contributions are set as a flat dollar amount that is entirely UAL and covers all Tier 1 and Tier 2 members with healthcare.

[1] *The minimum dollar amount for Tier 1 for the fiscal year ending 2020 was incorrectly shown as $90,779,270. The amount has been updated to correctly show as $137,409,000.*

	Fed Tier 1		Fed Tier 2		Fed Tier 2B	
	Employee Rate	Employer Rate	Employee Rate	Employer Rate	Employee Rate	Employer Rate
	%	%	%	%	%	%
2018	15.36	103.45	16.48	17.13	7.72	7.72
2017	15.23	87.47	14.80	15.45	6.04	18.70
2016	15.09	75.57	14.46	15.11	5.70	18.36
2015	14.40	69.66	14.29	14.94	5.53	18.19
2014	13.98	59.51	14.69	15.34	6.68	17.27

Retired Members by Type of Benefit

PENSION BENEFITS

As of June 30, 2023

		Type of Retirement [1]							Option Selected [2]			
Monthly Benefit Amount	Number of Retirees & Beneficiaries	1	2	3	4	5	6	7	A	B	C	Total
$1 - 500	84	10	0	0	2	7	42	23	26	15	43	84
$501 - 1,000	221	50	0	0	0	33	119	19	89	40	92	221
$1,001 - 1,500	322	90	4	2	4	53	141	28	149	46	127	322
$1,501 - $2,000	328	112	4	7	11	60	113	21	129	56	143	328
$2,001 - $2,500	319	115	9	15	8	82	77	13	141	44	134	319
$2,501 - $3,000	349	172	8	16	8	56	73	16	149	52	148	349
$3,001 - $4,000	348	206	9	20	7	43	54	9	134	52	162	348
$3,501 - $4,000	332	210	3	18	10	44	41	6	134	49	149	332
$4,001 - $4,500	304	210	2	14	8	26	40	4	130	48	126	304
$4,501 - $5,000	311	255	6	8	1	11	27	3	138	38	135	311
$5,001 - $5,500	292	239	3	5	3	10	32	0	122	54	116	292
$5,501 - $6,000	282	230	3	3	1	10	33	2	134	36	112	282
$6,001 - $6,500	241	213	5	2	2	5	13	1	122	34	85	241
$6,501 - $7,000	192	170	1	1	0	3	17	0	88	32	72	192
Over $7,000	808	744	3	2	1	12	46	0	424	95	289	808
Total	**4,733**	**3,026**	**60**	**113**	**66**	**455**	**868**	**145**	**2,109**	**691**	**1,933**	**4,733**

[1] Retirement Codes

1. Service
2. Survivor (survivor of active employee)
3. Service Connected Disability
4. Non-Service Connected Disability
5. Continuance (survivor of retired employee)
6. Deferred Vested
7. Ex-Spouse

[2] Option Descriptions

A. Unmodified - 50% Continuance
B. Option 1: 100% Continuance / reduced pension
C. No Survivor - No Continuance

POSTEMPLOYMENT HEALTHCARE BENEFITS

As of June 30, 2023

	Type of Subsidy	
Monthly Benefit Amount	Health	Dental
Ineligible / Deferred	1,424	1,262
$1 - 60	0	1,681
$61 - 250	844	1,790
$251 - 500	1,165	0
$501 - 750	353	0
$751 - 1000	396	0
Over $1,000	551	0
Total	**4,733**	**4,733**

Source: Pension Administration System

Average Benefit Payment Amounts

PENSION BENEFITS

As of June 30, 2023

	Years of Service Credit						
Time Periods	0 - 5	6 - 10	11 - 15	16 - 20	21 - 25	26 - 30	31+
As of June 30, 2023							
Average monthly benefit [1]	$ 1,140	$ 1,864	$ 3,074	$ 4,252	$ 5,777	$ 7,147	$ 7,979
Average final average salary	$ 7,813	$ 6,567	$ 6,464	$ 6,659	$ 7,291	$ 6,918	$ 7,259
Number of retired members [2]	208	553	590	763	736	1,065	158
As of June 30, 2022							
Average monthly benefit [1]	$ 1,125	$ 1,832	$ 2,991	$ 4,115	$ 5,630	$ 6,861	$ 7,719
Average final average salary	$ 7,567	$ 6,404	$ 6,346	$ 6,546	$ 7,131	$ 6,871	$ 7,167
Number of retired members [2]	201	524	586	758	722	1,067	153
As of June 30, 2021							
Average monthly benefit [1]	$ 1,096	$ 1,784	$ 2,905	$ 3,991	$ 5,476	$ 6,705	$ 7,455
Average final average salary	$ 7,444	$ 6,248	$ 6,265	$ 6,409	$ 6,969	$ 6,784	$ 6,984
Number of retired members [2]	200	513	587	757	698	1,061	151
As of June 30, 2020							
Average monthly benefit [1]	$ 1,071	$ 1,748	$ 2,822	$ 3,869	$ 5,309	$ 6,507	$ 7,231
Average final average salary	$ 7,171	$ 6,149	$ 6,182	$ 6,296	$ 6,785	$ 6,680	$ 6,604
Number of retired members [2]	190	495	586	759	684	1,053	140
As of June 30, 2019							
Average monthly benefit [1]	$ 1,042	$ 1,679	$ 2,752	$ 3,743	$ 5,175	$ 6,327	$ 7,023
Average final average salary	$ 6,726	$ 5,947	$ 6,057	$ 6,178	$ 6,652	$ 6,574	$ 6,527
Number of retired members [2]	183	495	568	759	665	1,021	139
As of June 30, 2018							
Average monthly benefit [1]	$ 1,020	$ 1,642	$ 2,685	$ 3,603	$ 5,035	$ 6,202	$ 6,889
Average final average salary	$ 6,320	$ 5,872	$ 5,957	$ 6,000	$ 6,524	$ 6,461	$ 6,475
Number of retired members [2]	173	485	550	738	653	968	138
As of June 30, 2017							
Average monthly benefit [1]	$ 1,024	$ 1,588	$ 2,605	$ 3,488	$ 4,870	$ 6,039	$ 6,730
Average final average salary	$ 6,171	$ 5,737	$ 5,817	$ 5,780	$ 6,370	$ 6,334	$ 6,403
Number of retired members [2]	160	473	545	702	642	945	138
As of June 30, 2016							
Average monthly benefit [1]	$ 1,031	$ 1,544	$ 2,534	$ 3,393	$ 4,725	$ 5,966	$ 6,630
Average final average salary	$ 6,009	$ 5,602	$ 5,714	$ 5,617	$ 6,313	$ 6,243	$ 6,329
Number of retired members [2]	154	459	525	667	637	914	136
As of June 30, 2015							
Average monthly benefit [1]	$ 1,005	$ 1,506	$ 2,459	$ 3,291	$ 4,591	$ 5,801	$ 6,464
Average final average salary	$ 5,609	$ 5,492	$ 5,583	$ 5,497	$ 6,253	$ 6,134	$ 6,378
Number of retired members [2]	153	443	503	664	631	878	136
As of June 30, 2014							
Average monthly benefit [1]	$ 965	$ 1,444	$ 2,379	$ 3,202	$ 4,459	$ 5,649	$ 6,284
Average final average salary	$ 5,464	$ 5,313	$ 5,438	$ 5,394	$ 6,171	$ 6,011	$ 6,346
Number of retired members [2]	146	435	499	639	615	844	136

[1] *Includes cost-of-living increases*
[2] *Does not include survivors and ex-spouses*

Source: Pension Administration System

Average Benefit Payment Amounts

POSTEMPLOYMENT HEALTHCARE BENEFITS

As of June 30, 2023

	Years of Service Credit						
Time Periods	**0 - 5**	**6 - 10**	**11 - 15**	**16 - 20**	**21 - 25**	**26 - 30**	**31+**
As of June 30, 2023							
Average health subsidy	$ 709	$ 615	$ 575	$ 570	$ 611	$ 680	$ 599
Number of health participants [1]	16	23	267	731	716	1,039	155
Average dental subsidy	$ 79	$ 84	$ 86	$ 85	$ 91	$ 92	$ 87
Number of dental participants [1]	51	212	365	610	637	1,018	157
As of June 30, 2022							
Average health subsidy	$ 669	$ 555	$ 579	$ 582	$ 613	$ 684	$ 600
Number of health participants [1]	17	23	268	728	702	1,039	150
Average dental subsidy	$ 70	$ 70	$ 72	$ 71	$ 76	$ 77	$ 72
Number of dental participants [1]	52	220	371	615	629	1,021	152
As of June 30, 2021							
Average health subsidy	$ 674	$ 565	$ 592	$ 597	$ 632	$ 712	$ 614
Number of health participants [1]	18	24	270	729	680	1,035	149
Average dental subsidy	$ 84	$ 85	$ 88	$ 87	$ 92	$ 93	$ 86
Number of dental participants [1]	54	225	378	624	611	1,018	151
As of June 30, 2020							
Average health subsidy	$ 703	$ 562	$ 614	$ 613	$ 638	$ 710	$ 604
Number of health participants [1]	18	25	275	729	666	1,027	138
Average dental subsidy	$ 84	$ 85	$ 88	$ 87	$ 92	$ 95	$ 84
Number of dental participants [1]	55	232	393	626	602	1,010	140
As of June 30, 2019							
Average health subsidy	$ 672	$ 567	$ 586	$ 585	$ 614	$ 680	$ 556
Number of health participants [1]	19	20	270	691	623	974	133
Average dental subsidy	$ 85	$ 85	$ 88	$ 88	$ 91	$ 94	$ 84
Number of dental participants [1]	56	238	389	629	583	972	139
As of June 30, 2018							
Average health subsidy	$ 642	$ 472	$ 570	$ 563	$ 597	$ 654	$ 550
Number of health participants [1]	18	25	266	686	618	936	133
Average dental subsidy	$ 85	$ 84	$ 89	$ 89	$ 92	$ 94	$ 84
Number of dental participants [1]	59	244	392	623	582	933	138
As of June 30, 2017							
Average health subsidy	$ 785	$ 569	$ 666	$ 667	$ 726	$ 776	$ 633
Number of health participants [1]	18	24	260	634	595	906	131
Average dental subsidy	$ 83	$ 84	$ 88	$ 89	$ 92	$ 94	$ 86
Number of dental participants [1]	59	250	394	593	574	908	138
As of June 30, 2016							
Average health subsidy	$ 605	$ 354	$ 589	$ 629	$ 707	$ 741	$ 593
Number of health participants [1]	24	44	260	595	594	874	130
Average dental subsidy	$ 79	$ 80	$ 84	$ 86	$ 89	$ 90	$ 83
Number of dental participants [1]	64	250	390	572	576	877	137
As of June 30, 2015							
Average health subsidy	$ 587	$ 337	$ 586	$ 635	$ 719	$ 725	$ 616
Number of health participants [1]	26	50	241	594	584	839	133
Average dental subsidy	$ 82	$ 84	$ 87	$ 86	$ 91	$ 90	$ 84
Number of dental participants [1]	66	249	375	569	571	845	137

Source: Pension Administration System

Average Benefit Payment Amounts *(continued)*

POSTEMPLOYMENT HEALTHCARE BENEFITS

As of June 30, 2023

	Years of Service Credit						
Time Periods	**0 - 5**	**6 - 10**	**11 - 15**	**16 - 20**	**21 - 25**	**26 - 30**	**31+**
As of June 30, 2014							
Average health subsidy	$ 614	$ 338	$ 592	$ 666	$ 755	$ 760	$ 635
Number of health participants [1]	24	55	247	587	580	807	130
Average dental subsidy	$ 85	$ 84	$ 86	$ 86	$ 91	$ 90	$ 83
Number of dental participants [1]	63	244	372	548	565	811	135

[1] *Does not include survivors and ex-spouses*

Source: Pension Administration System

Retirement During Fiscal Year 2022-2023

SERVICE RETIREMENTS		
AGUIRRE, SAMMY R.	ETESSAM, LILI	NIELSEN, CHRISTIAN B.
ALEXANDER, LINDA	EVANS, KAREN Y.	PARTIDO, RAYMUNDO R.
AMJADI, DAVID H.	FARLEY, VIRGINIA K.	PENTACOFF, LILIA
ARANT, JAMES D.	FERNANDEZ, NANCY R.	PHAM, BACH PHUONG T.
BARON, MARTIN S.	FLORES, JOSE	PREST, ELLIOTT C.
BELNAP, KERSTIN M.	FRENCH, DWIGHT	RHODES, DANIEL
BELTRAMO, MICHAEL M.	FUENTEZ, LUPE	RICHARDSON, KOREY
BERNABE, SANDRA	GIANNUZZI, MARK E.	ROMERO, DAVID A.
BORDEN, THOMAS M.	GILL, PAM	RYAN, GARY M.
BOWLING, CAROLYN S.	GOMEZ, BECKI L.	SAHA, SUPARNA
BRIGNANI, ERIC L.	GRIEGO, JAMES	SCHMANEK, GLORIA
BUI, JOHNNY	HALL, REBECCA	SILVEIRA, ED
BULGER, MARGIE I.	HAMILTON, FELICIA	SIMPSON, PAULA R.
BURLEIGH, RAY T.	HANDLER, ELISABETH H.	SPINKS, KEVIN E.
BURROW, VADA V.	HARO, AL	ST GREGORY, JULIE
CALUBAQUIB, JEROME B.	HEINRICH, MARYANN	STAGI, JAMES M.
CARRASCO, CHERYL	HERNANDEZ, JAIME	STANKOV, MELINA
CHARFAUROS, LINDA K.	HERZOG, PETER W.	TRINH, HAHUY V.
CHEN, SHU-FEN	HORNING, PEGGY	TROTTER, JAMES F.
CHIANG, CHEN-TUNG	JOHNSON, KENNETH W.	TSUKAMOTO, KATHY
CHUN, EVA S.	JUNG, JIM D.	VALERIO, LISANDRA
CIPRIAN, JORDAN	KIM, JUNG W.	VAN GASTEL, KARL
CLARK, TAMMY L.	LANG, LONNIE H.	VAN HORN, ELISE
CLOUTIER, SCOTT D.	LEI, AMANDA	WELLS, LAURA R.
COOPER, JULIA H.	MAEZ, EDWARD	WILEY, LARRY B.
CORDERO, EVELYN C.	MARTIN, LESLIE K.	WILLSON, GINA M.
COTILLON, JIMMY P.	MARTINEZ, DOROTHY K.	WONOSAPUTRA, STEVAN
DALY, KIMBERLY A.	MC GURK, MICHELLE	XU, WEI
DAY, VICKI	MEDINA, JESUS M., II	YARWASKY, LISA L.
DING, WEIPING	MELANY, TIM S.	ZARATE, MARIANA P.
DORE, WAYNE A.	MONIZ, LORI A.	ZOGLIN, KATHRYN
DUNBRACK, DEBRA L.	MONSEES, MELISSA	
ENDSLEY, JOHN T.	MORI, MICHAEL	

Retirements During Fiscal Year 2022-2023 *(continued)*

DEFERRED VESTED RETIREMENTS		
ALCOSIBA, CANDY	GRANADOS, ELVA	PANAHINIA, MAHTAB
ANUB, ADRIAN A.	GREGOIRE, KENNETH W.	PEREZ, JESS C.
BLAIR, CHRISTOPHER C.	HARRISON, JENNAY M.	PINEDA, MARIA N.
BRIGGS, EMILY R.	HEBERT, ROGER	RODRIGUEZ, MARIA E.
CALLEJA, ERIC L.	HODGES, MICHAEL A.	ROSSMANN, WALTER C.
CANNON, PATRICIA A.	HORNIK-TRAN, TONY	SALAC, PAUL C.
CHIN, CYNTHIA T.	INGERSOLL, JENNIFER D.	SANCHEZ, LYDIA M.
CONTRERAS, MARGARITO M.	JOSEPH, JUDITH L.	SCHAEFER, KATHRYN L.
DETTLE, MARK R.	KONG, JACQUELINE C.	SCHRODER, MARTHA R.
DRAYSON, KATHLEEN S.	LAFFERTY, MARGARET A.	SULLIVAN, KATY
DUBOIS, DOUGLAS K.	LARSEN, ERIK	TAN, STEVEN R.
EDWARDS, LISA M.	LIMON, ARMANDO	THORSTENSEN, NANI C.
ESCOBAR, CINDY M.	MARIANETTI, ELIM Z.	TURNER, KIMBERLY
ESCOBAR, ELIA M.	MARTINEZ, TRISH A.	VALENTINE, SYLVIA
EYERLY, MARIE RENE	MATEO-MIH, DEANNA J.	WONG, HILDA R.
GARCIA, ALEX	MC MULLEN, JENELE R.	ZENK, DANIEL J.

SERVICE CONNECTED DISABILITY RETIREMENTS		
	NONE	

NON-SERVICE CONNECTED DISABILITY RETIREMENTS		
	NONE	

EARLY RETIREMENTS		
	XU, YAN	

Deaths During Fiscal Year 2022-2023

DEATHS AFTER RETIREMENT		
ADAMS, MARIE	JEWETT, DONNA E.	PERRY, PAMELA M.
ADDUCI, JAMES A.	KLEIN, DON A.	PETERSON, BETTY L.
ALTAMIRANO, JOSEPH	KLEIN, LOU ANNA	ROBERTS, TIMOTHY W.
ASCH, CECILE	LAGATTUTA, ENZI J.	ROBERTSON, JUDITH A.
ATKINS, BETTY A.	LANGLEY, GENE A.	RUIZ, MANUEL A.
BAKER, JAMES P.	LAWS, JOHN W.	SANDOVAL, ELIAS C.
BIMROSE, SCOTT A.	LESMISTER, GAY L.	SCOTT, BETTY Z.
BLAYLOCK, DANIEL	LEVERING, GARY D.	SCOTT, WAYNE
BRUMFIELD, DONALD U.	LICHTENWALTER, EUGENE R.	SHYNNE, SUZANNE T.
BURNS, WILLIAM W.	LINDGREN, SHELLEY L.	SIZEMORE, METHA D.
BURTON, PAMELA A.	LING, ZHIJIA	SOLIZ, ALEX
CARBONEL, JESUS A.	LONG, PATRICIA	STAUDENMAIER, DONNA O.
CIREROL, SUZANNE F.	MARCUM, PAUL	STAUFFER, SUZAN L.
COLLINS, JEAN L.	MARSTON, RICHARD W.	STURDEVANT, MARGARET
CONTRERAS, STEVEN P.	MC DONALD, JOSEPH F.	SVINDAL, JERRY R.
CRISANTY, ALFONSO F.	MC GOWAN, JOYCE E.	TATUM, WILLIAM R.
DEBOLT, ANNE	MC VEY, FRANCIS B.	TORRES, MAMERTO
DORSEY, GERALDINE E.	MITCHELL, FREDDY L.	TRESTER, WARREN
ENOKI, NOEL T.	MORALES, RAYMOND K.	TSUKAMOTO, KATHY
ENOS, EDWARD J.	MURRAY, RICHARD A.	TURK, ROBERT H.
EWING, JOHN J.	NOBLE, MICHAEL G.	ULRICH, FREDRICK G.
GASSER, LORETTA J.	NUNEZ, M JEANNINE	UYEDA, DONALD M.
GOMES, STEVE M.	NUSE, JEFFREY A.	VILLARREAL, AGRIPINA
GUTIERREZ, SALVADOR	OGAWA, YONEKO	WALDRON, THAYNE
HEPBURN, FRANCIS X.	OLSON, FRANCES J.	WHITE, R D.
HERRERA, DANIEL	OSORIO, DENNIS G.	WRIGHT, ALTON L.
HILSON, BERTHA A.	OSTROWSKI, LORRAINE	WYLDE, RUSSELL L.
HOM, MARY	OSWALD, SHIRLEY M.	YBARRA, DAVID
HOSIER, BARBARA	PEREZ, RICHARD V.	
IMANAKA, MIKE M.	PERREIRA, SUSAN A.	

DEATHS BEFORE RETIREMENT		
NGUYEN, DAVID P.	WALSH, TERESA M.	
PETRONI, NELSO J.	WEDGE, JENNIFER L.	

CITY OF
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