



**Stanislaus County
Employees'
Retirement Association**

**GASB 67/68 Report
as of June 30, 2021**

Produced by Cheiron

September 2021

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September 16, 2021

Board of Retirement
Stanislaus County Employees' Retirement Association
832 12th Street, Suite 600
Modesto, CA 95353

Dear Members of the Board:

The purpose of this report is to provide accounting and financial reporting information under GASB 67 for the Stanislaus County Employees' Retirement Association (StanCERA) and under GASB 68 for the County of Stanislaus and other participating employers. This information includes:

- Determination of the discount rate as of June 30, 2021,
- Projection of StanCERA's Total Pension Liability from the valuation date to the measurement date,
- Note disclosures and required supplementary information under GASB 67 for StanCERA,
- Determination of collective amounts under GASB 68, and
- Schedules for the financial reporting of participating employers under GASB 68.

If you have any questions about the report or would like additional information, please let us know.

Sincerely,
Cheiron



Graham A. Schmidt, ASA, EA, FCA, MAAA
Consulting Actuary



Jonathan B. Chipko, FSA, EA, MAAA
Consulting Actuary

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING AS OF JUNE 30, 2021**

SECTION I – BOARD SUMMARY

Highlights

The measurement date for the Stanislaus County Employees' Retirement Association is June 30, 2021. Measurements are based on the fair value of assets as of June 30, 2021 and the Total Pension Liability (TPL) as of the valuation date, June 30, 2020, updated to June 30, 2021. Between the valuation date and the measurement date, the Board adopted new economic assumptions, so the updated procedures include calculating the June 30, 2020 liability under the new economic assumptions, then the addition of service cost and interest cost offset by actual benefit payments, to calculate the June 30, 2021 liability.

The table below provides a summary of the key collective results during this measurement period.

		Measurement Date	
		6/30/2021	6/30/2020
Net Pension Liability	\$	427,675,665	\$ 815,325,220
Deferred Outflows		(37,390,093)	(150,901,342)
Deferred Inflows		242,457,171	32,497,557
Net Impact on Statement of Net Position	\$	632,742,743	\$ 696,921,435
Pension Expense (\$ Amount)	\$	29,128,937	\$ 180,978,939
Pension Expense (% of Payroll)		9.77%	60.26%

The Net Pension Liability (NPL) decreased approximately \$388 million since the prior measurement date. The driver of this decrease was a large investment gain, offset by an Actuarial Liability loss and a loss due to updated economic assumptions. The investment gains are recognized over five years, and the Actuarial Liability and assumption change losses are recognized over the average remaining service life as of the beginning of the measurement period, which is also five years. Unrecognized amounts are reported as deferred inflows and deferred outflows.

As of the end of the reporting year, StanCERA and its participating employers would report a Net Pension Liability of \$427,675,665, Deferred Inflows of \$242,457,171, and Deferred Outflows of \$37,390,093. Consequently, the net impact on the aggregate of participating employers' Statements of Net Position due to StanCERA would be \$632,742,743 (\$427,675,665 + \$242,457,171 – \$37,390,093) at the end of the measurement year. In addition, any contributions between the measurement date and each individual employer's reporting date would be reported as deferred outflows to offset the cash outflow reported.

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
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SECTION I – BOARD SUMMARY

For the measurement year ending June 30, 2021, the collective annual pension expense is \$29,128,937 or 9.77% of covered-employee payroll. This amount is not related to participating employers' contributions to StanCERA (\$93,307,629), but instead represents the change in the net impact on participating employer's Statements of Net Position plus employer contributions (\$632,742,743 – \$696,921,435 + \$93,307,629). The collective pension expense is less than the collective expense for the prior year. Volatility in pension expense from year to year is to be expected. It will largely be driven by investment gains or losses, but other changes can also have a significant impact. A breakdown of the components of the net pension expense is shown in the report.

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING AS OF JUNE 30, 2021**

SECTION II – CERTIFICATION

The purpose of this report is to provide accounting and financial reporting information under GASB 67 for the Stanislaus County Employees' Retirement Association (StanCERA) and under GASB 68 for the employers that participate in StanCERA. This report is for the use of StanCERA, the participating employers, and their auditors in preparing financial reports in accordance with applicable law and accounting requirements. This report is not appropriate for other purposes, including the measurement of funding requirements for StanCERA.

In preparing our report, we relied on information (some oral and some written) supplied by StanCERA. 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.

Cheiron utilizes ProVal, an actuarial valuation application leased from Winklevoss Technologies (WinTech), to calculate liabilities and project benefit payments. We have relied on WinTech as the developer of ProVal. We have reviewed ProVal, have a basic understanding of it, and have used it in accordance with its original intended purpose. We have not identified any material inconsistencies in assumptions or output of ProVal that would affect this report.

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

This report and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this report. This report does not address any contractual or legal issues. We are not attorneys and our firm does not provide any legal services or advice.

This report was prepared for StanCERA for the purposes described herein and for the use by the plan auditor in completing an audit related to the matters herein. Other users of this report are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to any other user.

Graham A. Schmidt, ASA, EA, FCA, MAAA
Consulting Actuary

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**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING AS OF JUNE 30, 2021**

SECTION III – DETERMINATION OF DISCOUNT RATE

The discount rate used to measure the Total Pension Liability is 6.75%. This discount rate is intended to be used for accounting and financial reports, but is not appropriate for estimating the price to settle the Plan's liability.

We have assumed that the employees will continue to contribute to StanCERA at the current rates and the employers will continue the historical and legally required practice of contributing to the Plan based on an actuarially determined contribution, reflecting a payment equal to annual normal cost, the expected administrative expenses, and an amount necessary to amortize the remaining Unfunded Actuarial Liability as a level percent of payroll over a closed period (16 years remaining as of the June 30, 2020 actuarial valuation).

We have not performed a formal cash flow projection as described under Paragraph 41 of GASB Statement 67. However, Paragraph 43 allows alternative methods to confirm the sufficiency of the Net Position if the evaluations "can be made with sufficient reliability without a separate projection of cash flows into and out of the pension plan..." In our professional judgment, adherence to the actuarial funding policy described above will result in the pension plan's projected Fiduciary Net Position being greater than or equal to the benefit payments projected for each future period.

Therefore, the long-term expected rate of return on StanCERA's investments is applied to all periods of projected benefit payments to determine the Total Pension Liability.

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING AS OF JUNE 30, 2021**

SECTION IV – PROJECTION OF TOTAL PENSION LIABILITY

The Total Pension Liability (TPL) at the end of the measurement year, June 30, 2021 is measured as of a valuation date of June 30, 2020 and projected to June 30, 2021. The TPL reflects the economic assumptions presented by Cheiron and adopted by the Board at its April, 27, 2021 meeting. The June 30, 2021 TPL is the first to reflect these assumptions. There were no significant events during the projection period of which we are aware. Because the TPL shown in the prior report was measured as of June 30, 2019 and projected to June 30, 2020, it will not match the amounts measured as of June 30, 2020 that are shown in this exhibit. In addition, this exhibit reflects the updated economic assumptions.

The table below shows the projection of the TPL at discount rates equal to the rate used for disclosure and plus and minus one percent from the rate used for disclosure.

Table IV-1			
Projection of Collective Total Pension Liability from Valuation to Measurement Date			
Discount Rate	5.75%	6.75%	7.75%
Valuation Collective Total Pension Liability, 6/30/2020			
Actives	\$ 1,221,784,306	\$ 1,024,471,226	\$ 866,961,996
Deferred Vested	215,678,697	177,951,145	148,952,356
Retirees	<u>2,031,351,896</u>	<u>1,840,487,921</u>	<u>1,679,530,734</u>
Total	\$ 3,468,814,899	\$ 3,042,910,292	\$ 2,695,445,086
Service Cost	82,603,220	63,790,662	49,912,198
Benefit Payments	150,930,902	150,930,902	150,930,902
Interest	197,519,891	202,503,483	205,055,558
Collective Total Pension Liability, 6/30/2021	\$ 3,598,007,108	\$ 3,158,273,535	\$ 2,799,481,940

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
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SECTION V – GASB 67 REPORTING INFORMATION

Note Disclosures

The table below shows the changes in the Total Pension Liability, the Plan Fiduciary Net Position (i.e., fair value of System assets), and the Net Pension Liability during the measurement year.

Table V-1 Change in Collective Net Pension Liability			
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/2020	\$ 3,021,191,459	\$ 2,205,866,239	\$ 815,325,220
Changes for the year:			
Service cost	63,478,900		63,478,900
Interest	208,474,350		208,474,350
Changes of benefits	0		0
Differences between expected and actual experience	7,977,049		7,977,049
Changes of assumptions	8,082,679		8,082,679
Contributions - employer		93,307,629	(93,307,629)
Contributions - member		29,553,123	(29,553,123)
Net investment income		556,195,650	(556,195,650)
Benefit payments	(150,930,902)	(150,930,902)	0
Administrative expense		(3,393,869)	3,393,869
Net changes	<u>137,082,076</u>	<u>524,731,631</u>	<u>(387,649,555)</u>
Balances at 6/30/2021	<u>\$ 3,158,273,535</u>	<u>\$ 2,730,597,870</u>	<u>\$ 427,675,665</u>

During the measurement year, the collective NPL decreased by approximately \$388 million. The service cost and interest cost increased the collective NPL by approximately \$272 million, while contributions and investment earnings offset by administrative expenses decreased the collective NPL by approximately \$676 million.

There were no changes in benefits during the year. The changes in assumptions increased the collective NPL by approximately \$8 million. There was also an actuarial experience loss of approximately \$8 million.

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
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SECTION V – GASB 67 REPORTING INFORMATION

Changes in the discount rate affect the measurement of the TPL. Lower discount rates produce a higher TPL and higher discount rates produce a lower TPL. Because the discount rate does not affect the measurement of assets, the percentage change in the NPL can be very significant for a relatively small change in the discount rate. The table below shows the sensitivity of the collective NPL to the discount rate.

Table V-2			
Sensitivity of Collective Net Pension Liability to Changes in Discount Rate			
	1% Decrease 5.75%	Discount Rate 6.75%	1% Increase 7.75%
Total Pension Liability	\$ 3,598,007,108	\$ 3,158,273,535	\$ 2,799,481,940
Plan Fiduciary Net Position	<u>2,730,597,870</u>	<u>2,730,597,870</u>	<u>2,730,597,870</u>
Collective Net Pension Liability	\$ 867,409,238	\$ 427,675,665	\$ 68,884,070
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.9%	86.5%	97.5%

A one percent decrease in the discount rate increases the TPL by approximately 14% and increases the collective NPL by approximately 103%. A one percent increase in the discount rate decreases the TPL by approximately 11% and decreases the collective NPL by approximately 84%.

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
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SECTION V – GASB 67 REPORTING INFORMATION

Required Supplementary Information

The schedules of Required Supplementary Information generally start with information as of the implementation of GASB 67, and eventually will build up to 10 years of information. The schedule on the next page shows the changes in collective NPL and related ratios required by GASB for the eight years since implementation.

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
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SECTION V – GASB 67 REPORTING INFORMATION

Table V-3 Schedule of Changes in Collective Net Pension Liability and Related Ratios									
	FYE 2021	FYE 2020	FYE 2019	FYE 2018	FYE 2017	FYE 2016	FYE 2015	FYE 2014	
Total Pension Liability									
Service cost (MOY)	\$ 63,478,900	\$ 63,771,013	\$ 59,957,490	\$ 58,007,036	\$ 57,465,280	\$ 55,351,509	\$ 48,242,363	\$ 46,209,346	
Interest (includes interest on service cost)	208,474,350	198,170,462	198,460,567	190,493,637	179,875,553	171,938,615	154,850,353	147,384,248	
Changes of benefit terms	0	0	0	0	0	0	0	0	
Differences between expected and actual experience	7,977,049	30,766,201	15,206,475	(12,172,006)	28,801,984	(6,424,597)	2,148,638	0	
Changes of assumptions ¹	8,082,679	0	(46,047,924)	0	0	269,752,272	0	0	
Benefit payments, including refunds of member contributions	(150,930,902)	(139,985,594)	(131,774,689)	(123,172,116)	(116,843,858)	(108,165,810)	(101,858,156)	(94,782,471)	
Net change in total pension liability	\$ 137,082,076	\$ 152,722,082	\$ 95,801,919	\$ 113,156,551	\$ 149,298,959	\$ 382,451,989	\$ 103,383,198	\$ 98,811,123	
Total pension liability - beginning	3,021,191,459	2,868,469,377	2,772,667,458	2,659,510,907	2,510,211,948	2,127,759,959	2,024,376,761	1,925,565,638	
Total pension liability - ending	\$ 3,158,273,535	\$ 3,021,191,459	\$ 2,868,469,377	\$ 2,772,667,458	\$ 2,659,510,907	\$ 2,510,211,948	\$ 2,127,759,959	\$ 2,024,376,761	
Plan fiduciary net position									
Contributions - employer	\$ 93,307,629	\$ 92,684,609	\$ 88,589,381	\$ 76,966,471	\$ 63,024,560	\$ 58,196,310	\$ 53,849,031	\$ 46,763,996	
Contributions - member	29,553,123	29,645,645	27,742,863	26,746,289	25,463,745	23,916,508	22,960,235	21,867,911	
Net investment income	556,195,650	18,496,771	99,280,524	154,988,199	252,309,705	(31,322,276)	68,722,781	274,896,108	
Benefit payments, including refunds of member contributions	(150,930,902)	(139,985,594)	(131,774,689)	(123,172,116)	(116,843,858)	(108,165,810)	(101,858,156)	(94,782,471)	
Administrative expense	(3,393,869)	(3,216,625)	(2,557,391)	(2,791,409)	(2,644,554)	(2,315,223)	(2,378,966)	(2,249,260)	
Net change in plan fiduciary net position	\$ 524,731,631	\$ (2,375,194)	\$ 81,280,688	\$ 132,737,434	\$ 221,309,598	\$ (59,690,491)	\$ 41,294,925	\$ 246,496,284	
Plan fiduciary net position - beginning	2,205,866,239	2,208,241,433	2,126,960,745	1,994,223,311	1,772,913,713	1,832,604,204	1,791,309,279	1,544,812,995	
Plan fiduciary net position - ending	\$ 2,730,597,870	\$ 2,205,866,239	\$ 2,208,241,433	\$ 2,126,960,745	\$ 1,994,223,311	\$ 1,772,913,713	\$ 1,832,604,204	\$ 1,791,309,279	
Net pension liability - ending	\$ 427,675,665	\$ 815,325,220	\$ 660,227,944	\$ 645,706,713	\$ 665,287,596	\$ 737,298,235	\$ 295,155,755	\$ 233,067,482	
Plan fiduciary net position as a percentage of the total pension liability	86.46%	73.01%	76.98%	76.71%	74.98%	70.63%	86.13%	88.49%	
Covered payroll²	\$ 298,044,207	\$ 300,352,383	\$ 281,979,654	\$ 268,009,042	\$ 255,646,515	\$ 245,751,576	\$ 237,263,160	\$ 221,863,110	
Net pension liability as a percentage of covered payroll	143.49%	271.46%	234.14%	240.93%	260.24%	300.02%	124.40%	105.05%	

¹In 2016 and 2019, amounts reported as changes of assumptions resulted primarily from changes to the assumed earnings rate and from adjustments to assumed life expectancies as a result of adopting updated mortality tables with generational improvements. In 2021, amount reported is due to changes in economic assumptions.

²Aggregate covered payroll was provided by StanCERA beginning with FYE 2015. For previous years' amounts, payroll is based on individual member pay data provided to the Actuary.

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
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SECTION V – GASB 67 REPORTING INFORMATION

Because an Actuarially Determined Contribution (ADC) is calculated using historical data, the full 10 years of information in the following schedule is required.

Table V-4 Schedule of Collective Employer Contributions					
	FYE 2021	FYE 2020	FYE 2019	FYE 2018	FYE 2017
Actuarially Determined Contribution	\$ 93,307,629	\$ 92,684,609	\$ 88,589,381	\$ 76,966,471	\$ 63,024,560
Contributions in Relation to the Actuarially Determined Contribution	<u>93,307,629</u>	<u>92,684,609</u>	<u>88,589,381</u>	<u>76,966,471</u>	<u>63,024,560</u>
Contribution Deficiency/(Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 298,044,207	\$ 300,352,383	\$ 281,979,654	\$ 268,009,042	\$ 255,646,515
Contributions as a Percentage of Covered Payroll	31.31%	30.86%	31.42%	28.72%	24.65%
	FYE 2016	FYE 2015	FYE 2014	FYE 2013	FYE 2012
Actuarially Determined Contribution	\$ 58,196,310	\$ 53,849,031	\$ 46,763,996	\$ 39,077,000	\$ 41,614,000
Contributions in Relation to the Actuarially Determined Contribution	<u>58,196,310</u>	<u>53,849,031</u>	<u>46,763,996</u>	<u>39,077,000</u>	<u>41,614,000</u>
Contribution Deficiency/(Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll ¹	\$ 245,751,576	\$ 237,263,160	\$ 221,863,110	\$ 217,491,487	\$ 215,057,000
Contributions as a Percentage of Covered Payroll	23.68%	22.70%	21.08%	17.97%	19.35%

¹Aggregate covered payroll was provided by StanCERA beginning with FYE 2015. For previous years' amounts, payroll was based on individual member pay data provided to the Actuary.

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
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SECTION V – GASB 67 REPORTING INFORMATION

The notes below summarize the key methods and assumptions used to determine the ADC for FYE 2021.

Notes to Schedule

Valuation Date	6/30/2019 (to determine FY 2020-21 contribution)
Timing	Actuarially determined contribution rates are calculated based on the actuarial valuation one year prior to the beginning of the plan year

Key Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age
Asset valuation method	5-year smoothed market, 80% / 120% corridor around market
Amortization method	The unfunded liability is being amortized over a closed period as a level percentage of payroll, with 17 years remaining as of the June 30, 2019 actuarial valuation
Discount rate	7.00%, net of investment expenses
Amortization growth rate	3.00%
Price inflation	2.75%
Salary increases	3.00% plus merit component based on employee classification and years of service
Mortality	Rates of ordinary death for active Members are specified by the CalPERS Pre-Retirement Non-Industrial Mortality table, adjusted by 97.2% for males and 101.6% for females, with generational mortality improvements projected from 2009 using Scale MP-2018. Duty related mortality rates are only applicable for Safety Active Members, and are based on the CalPERS Pre-Retirement Industrial Death table without adjustment or projection. Rates of mortality for healthy retired Members and their beneficiaries are specified by the CalPERS Healthy Annuitant table, adjusted by 97.2% for males and 104.1% for females, with generational mortality improvements projected from 2009 using Scale MP-2018. Separate mortality assumptions are used for disabled retirees.

A complete description of the methods and assumptions used to determine contribution rates for the year ending June 30, 2021 can be found in the June 30, 2019 actuarial valuation report

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
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SECTION VI – GASB 68 COLLECTIVE INFORMATION

Employers that participate in StanCERA are required to implement GASB 68 for their first fiscal year that commenced after June 15, 2014. The amounts reported as of their fiscal year end (their reporting date) must be based on a measurement date up to 12 months prior to their reporting date. The employers elected to implement GASB 68 based on the 2014 measurement date. As a result, the GASB 68 schedules are based on deferred inflows and outflows equal to \$0 as of June 30, 2013.

Because StanCERA is a cost-sharing multiple-employer pension plan, each employer participating in StanCERA must reflect a portion of the collective Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows in their financial statements. This section develops the collective amounts that are allocated to participating employers.

The table below summarizes the current balances of collective deferred outflows and deferred inflows of resources along with the net recognition over the next five years.

Table VI-1 Schedule of Collective Deferred Inflows and Outflows of Resources		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 30,923,950	\$ 2,434,402
Changes in assumptions	6,466,143	18,419,169
Net difference between projected and actual earnings on pension plan investments	0	221,603,600
Total	<u>\$ 37,390,093</u>	<u>\$ 242,457,171</u>
Amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:		
Measurement year ended June 30:		
2022	(44,121,928)	
2023	(39,447,624)	
2024	(44,135,945)	
2025	(77,361,581)	
2026	0	
Thereafter \$	0	

The tables on the following pages provide details on the current balances of deferred inflows and outflows of resources along with the recognition of each base for each of the current and following five years, as well as the total for any years thereafter.

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
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SECTION VI – GASB 68 COLLECTIVE INFORMATION

**Table VI-2
Recognition of Experience (Gains) and Losses**

Experience Year	Recognition Period	Total Amount	Beginning Remaining Amount	Ending Remaining Amount	Recognition Year						
					2021	2022	2023	2024	2025	2026	Thereafter
2021	5.0	\$ 7,977,049	\$ 7,977,049	\$ 6,381,639	\$ 1,595,410	\$ 1,595,410	\$ 1,595,410	\$ 1,595,410	\$ 1,595,409	\$ 0	\$ 0
2020	5.0	30,766,201	24,612,961	18,459,721	6,153,240	6,153,240	6,153,240	6,153,241	0	0	0
2019	5.0	15,206,475	9,123,885	6,082,590	3,041,295	3,041,295	3,041,295	0	0	0	0
2018	5.0	(12,172,006)	(4,868,803)	(2,434,402)	(2,434,401)	(2,434,402)	0	0	0	0	0
2017	5.0	28,801,984	5,760,396	0	5,760,396	0	0	0	0	0	0
Deferred Outflows			47,474,291	30,923,950	16,550,341	10,789,945	10,789,945	7,748,651	1,595,409	0	0
Deferred (Inflows)			(4,868,803)	(2,434,402)	(2,434,401)	(2,434,402)	0	0	0	0	0
Net Change in Pension Expense			\$ 42,605,488	\$ 28,489,548	\$ 14,115,940	\$ 8,355,543	\$ 10,789,945	\$ 7,748,651	\$ 1,595,409	\$ 0	\$ 0

**Table VI-3
Recognition of Assumption Changes**

Change Year	Recognition Period	Total Amount	Beginning Remaining Amount	Ending Remaining Amount	Recognition Year						
					2021	2022	2023	2024	2025	2026	Thereafter
2021	5.0	\$ 8,082,679	\$ 8,082,679	\$ 6,466,143	\$ 1,616,536	\$ 1,616,536	\$ 1,616,536	\$ 1,616,536	\$ 1,616,535	\$ 0	\$ 0
2020	5.0	0	0	0	0	0	0	0	0	0	0
2019	5.0	(46,047,924)	(27,628,754)	(18,419,169)	(9,209,585)	(9,209,585)	(9,209,584)	0	0	0	0
2018	5.0	0	0	0	0	0	0	0	0	0	0
2017	5.0	0	0	0	0	0	0	0	0	0	0
Deferred Outflows			8,082,679	6,466,143	1,616,536	1,616,536	1,616,536	1,616,536	1,616,535	0	0
Deferred (Inflows)			(27,628,754)	(18,419,169)	(9,209,585)	(9,209,585)	(9,209,584)	0	0	0	0
Net Change in Pension Expense			\$ (19,546,075)	\$ (11,953,026)	\$ (7,593,049)	\$ (7,593,049)	\$ (7,593,048)	\$ 1,616,536	\$ 1,616,535	\$ 0	\$ 0

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
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SECTION VI – GASB 68 COLLECTIVE INFORMATION

Table VI-4											
Recognition of Investment (Gains) and Losses											
Experience Year	Recognition Period	Total Amount	Beginning Remaining Amount	Ending Remaining Amount	Recognition Year						
					2021	2022	2023	2024	2025	2026	Thereafter
2021	5.0	\$ (402,867,629)	\$ (402,867,629)	\$ (322,294,103)	\$ (80,573,526)	\$ (80,573,526)	\$ (80,573,526)	\$ (80,573,526)	\$ (80,573,525)	\$ 0	\$ 0
2020	5.0	135,361,966	108,289,573	81,217,180	27,072,393	27,072,393	27,072,393	27,072,394	0	0	0
2019	5.0	54,283,052	32,569,832	21,713,222	10,856,610	10,856,610	10,856,612	0	0	0	0
2018	5.0	(11,199,487)	(4,479,796)	(2,239,899)	(2,239,897)	(2,239,899)	0	0	0	0	0
2017	5.0	(124,877,553)	(24,975,509)	0	(24,975,509)	0	0	0	0	0	0
Net Change in Pension Expense			\$ (291,463,529)	\$ (221,603,600)	\$ (69,859,929)	\$ (44,884,422)	\$ (42,644,521)	\$ (53,501,132)	\$ (80,573,525)	\$ 0	\$ 0

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
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SECTION VI – GASB 68 COLLECTIVE INFORMATION

The collective annual pension expense recognized by the participating employers can be calculated two different ways. One method incorporates the change in amounts reported on participating employers' Statements of Net Position that relate to StanCERA and are not attributable to employer contributions. That is, it is the sum of the change in collective NPL and changes in collective deferred outflows and inflows, in addition to participating employer contributions.

Alternatively, annual pension expense can be calculated by its individual components. While GASB does not require or suggest the organization of the individual components shown in the table below, we believe it helps to understand the level and volatility of the collective pension expense.

Table VI-5 Calculation of Collective Pension Expense		
	Measurement Year Ending	
	2021	2020
Change in Net Pension Liability	\$ (387,649,555)	\$ 155,097,276
Change in Deferred Outflows	113,511,249	(53,874,039)
Change in Deferred Inflows	209,959,614	(12,928,907)
Employer Contributions	<u>93,307,629</u>	<u>92,684,609</u>
Pension Expense	\$ 29,128,937	\$ 180,978,939
Pension Expense as % of Payroll	9.77%	60.26%
Operating Expenses		
Service cost	\$ 63,478,900	\$ 63,771,013
Employee contributions	(29,553,123)	(29,645,645)
Administrative expenses	<u>3,393,869</u>	<u>3,216,625</u>
Total	\$ 37,319,646	\$ 37,341,993
Financing Expenses		
Interest cost	\$ 208,474,350	\$ 198,170,462
Expected return on assets	<u>(153,328,021)</u>	<u>(153,858,737)</u>
Total	\$ 55,146,329	\$ 44,311,725
Changes		
Benefit changes	\$ 0	\$ 0
Recognition of assumption changes	(7,593,049)	44,740,871
Recognition of liability gains and losses	14,115,940	11,235,610
Recognition of investment gains and losses	<u>(69,859,929)</u>	<u>43,348,740</u>
Total	\$ (63,337,038)	\$ 99,325,221
Pension Expense	\$ 29,128,937	\$ 180,978,939

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SECTION VI – GASB 68 COLLECTIVE INFORMATION

The components of the collective pension expense are classified in three general categories: operating, financing, and changes. Operating expenses are items directly attributable to the operation of the plan during the measurement year. Service cost less employee contributions represent the increase in employer-provided benefits attributable to the year, and administrative expenses are the cost of operating StanCERA for the year.

Financing expenses are the interest on the Total Pension Liability less the expected return on assets. Since the discount rate is equal to the long-term expected return on assets, the financing expense is the interest on Net Pension Liability, adjusted for cash flows.

The final category is changes. This category will drive most of the volatility in pension expense from year to year. It includes any changes in benefits made during the year and the recognized amounts due to assumption changes, gains or losses on the TPL, and investment gains or losses.

The total collective pension expense decreased from the prior year by about \$152.0 million. The operating expenses remained approximately the same, while the financing expenses increased by \$10.8 million. The recognition of investment gains and losses decreased by \$113.2 million. The recognition of liability gains and losses increased by \$2.9 million. The recognition of assumption changes decreased by \$52.3 million.

STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
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**SECTION VII – GASB 68 REPORTING INFORMATION FOR PARTICIPATING
EMPLOYERS**

Proportionate Shares

Because StanCERA is a cost-sharing Multiple-employer Pension Plan, each employer participating in StanCERA must reflect a portion of the collective Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows in their financial statements. GASB 68 requires that the proportionate share for each employer be determined based on the “employer’s projected long-term contribution effort to the pension ... as compared to the total projected long-term contribution effort of all employers ...” Although not required as part of StanCERA’s GASB 67 reporting requirements, StanCERA is following the advice of the AICPA¹ and making a determination of each employer’s proportionate share, which will be reviewed by StanCERA’s auditor.

Proportionate shares for each participating employer are determined based on the ratio of each participating employer’s assigned unfunded liability amortization payments to StanCERA during the measurement year to the sum of the actual unfunded liability amortization payments for all participating employers. Separate amortization rates are used for General and Safety employees. In Table VII-1, each employer’s amortization share as of June 30, 2021 is determined by multiplying the actual pensionable payroll for the current fiscal year by the employer’s amortization rate from the most recent actuarial valuation report (the report as of June 30, 2020).

¹http://www.aicpa.org/interestareas/governmentauditquality/resources/gasbmatters/downloadabledocuments/aicpas_lgep_cs_er_reporting_whitepaper.pdf

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING AS OF JUNE 30, 2021**

SECTION VII – GASB 68 REPORTING INFORMATION FOR PARTICIPATING EMPLOYERS

**Table VII-1
Determination of Employers' Proportionate Share as of June 30, 2021**

Employer	Unfunded Liability Amortization Rate (from the June 30, 2020 Actuarial Valuation)		Pensionable Payroll		Amortization Share (Rate x Pay)	Proportionate Share
	General	Safety	General	Safety		
Stanislaus County	19.13%	26.33%	\$ 207,191,824	\$ 59,828,939	\$ 55,388,756	89.2768%
City of Ceres	19.75%	28.73%	6,356,856	6,949,009	3,251,929	5.2415%
Stanislaus Superior Court	19.13%	26.33%	14,604,671	0	2,793,874	4.5032%
Stan. Council of Governments	19.13%	26.33%	1,247,953	0	238,733	0.3848%
East Side Mosquito District	19.75%	28.73%	682,939	0	134,880	0.2174%
Salida Sanitary District	19.75%	28.73%	606,056	0	119,696	0.1929%
Keyes Comm. Services District	19.75%	28.73%	372,127	0	73,495	0.1185%
Hills Ferry Cemetery District	19.75%	28.73%	203,831	0	40,257	0.0649%
Total			\$ 231,266,258	\$ 66,777,948	\$ 62,041,620	100.0000%

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
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SECTION VII – GASB 68 REPORTING INFORMATION FOR PARTICIPATING EMPLOYERS

The table below shows the proportionate share of the collective NPL (under three discount rates), the collective deferred outflows, the collective deferred inflows, and the collective pension expense allocated to each participating employer as of June 30, 2021.

Table VII-2 Schedule of Employers' Proportionate Share of Collective Amounts at June 30, 2021							
Employer	Proportionate Share	Share of NPL @ 5.75%	Share of NPL @ 6.75%	Share of NPL @ 7.75%	Share of Deferred Outflows	Share of Deferred Inflows	Pension Expense
Stanislaus County	89.2768%	774,395,211	381,815,148	61,497,493	33,380,679	216,458,004	26,005,383
City of Ceres	5.2415%	45,465,255	22,416,620	3,610,559	1,959,802	12,708,393	1,526,793
Stanislaus Superior Court	4.5032%	39,061,173	19,259,091	3,101,987	1,683,751	10,918,331	1,311,734
Stan. Council of Governments	0.3848%	3,337,791	1,645,696	265,066	143,877	932,975	112,088
East Side Mosquito District	0.2174%	1,885,748	929,767	149,754	81,286	527,102	63,326
Salida Sanitary District	0.1929%	1,673,232	824,986	132,877	72,125	467,700	56,190
Keyes Comm. Services District	0.1185%	1,027,880	506,796	81,628	44,307	287,312	34,518
Hills Ferry Cemetery District	0.0649%	562,949	277,562	44,706	24,266	157,355	18,905
Total	100.0000%	\$ 867,409,238	\$ 427,675,665	\$ 68,884,070	\$ 37,390,093	\$ 242,457,171	\$ 29,128,937

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
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SECTION VII – GASB 68 REPORTING INFORMATION FOR PARTICIPATING EMPLOYERS

The proportionate share allocated to each individual employer will change on each measurement date. The net effect of the change in proportion on the share of the collective NPL, collective deferred outflows, and collective deferred inflows allocated to each employer becomes a deferred outflow or inflow for that employer and is recognized over the average future working life of StanCERA's active and inactive members (five years) as of the beginning of the measurement period.

Similarly, the difference between each employer's actual contributions and the employer's proportionate share of collective employer contributions becomes a deferred outflow or inflow for that employer and is recognized over the average future working life of StanCERA's active and inactive members (five years).

The table below shows the change in proportion and the impact of that change in proportion on the proportionate share of the collective NPL, collective deferred outflows, and collective deferred inflows. It also shows any contribution differences.

Table VII-3 Schedule of Employers' Changes in Proportion and Contribution Differences									
Employer	Proportionate Shares		Impact of Change in Proportion				Contributions		
	6/30/2020	6/30/2021	Net Pension Liability	Deferred Outflows	Deferred Inflows	Net Effect	Actual	Proportionate Share	Difference
Stanislaus County	88.8039%	89.2768%	\$ 3,855,673	\$ 713,612	\$ (153,681)	\$ 3,295,741	\$ 82,951,113	\$ 83,302,065	\$ (350,952)
City of Ceres	5.7019%	5.2415%	(3,753,757)	(694,750)	149,619	(3,208,626)	5,217,995	4,890,719	327,276
Stanislaus Superior Court	4.5880%	4.5032%	(691,396)	(127,964)	27,558	(590,989)	4,209,592	4,201,829	7,762
Stan. Council of Governments	0.3403%	0.3848%	362,820	67,151	(14,461)	310,130	358,164	359,048	(884)
East Side Mosquito District	0.2099%	0.2174%	61,149	11,318	(2,437)	52,269	209,301	202,851	6,450
Salida Sanitary District	0.1803%	0.1929%	102,731	19,014	(4,095)	87,812	191,998	179,990	12,008
Keyes Comm. Services District	0.1144%	0.1185%	33,428	6,187	(1,332)	28,574	103,812	110,570	(6,757)
Hills Ferry Cemetery District	0.0613%	0.0649%	29,352	5,432	(1,170)	25,089	65,654	60,557	5,097
Total	100.0000%	100.0000%	\$ 0	\$ 0	\$ 0	\$ 0	\$ 93,307,629	\$ 93,307,629	\$ 0

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
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SECTION VII – GASB 68 REPORTING INFORMATION FOR PARTICIPATING EMPLOYERS

The table below shows the reconciliation of deferred outflows and inflows due to proportion changes for each participating employer from the prior measurement date to the current measurement date.

Table VII-4 Reconciliation of Deferred Outflows and Inflows Due to Proportion Change										
Employer	Deferred Outflows				Deferred Inflows					
	Current Year Net		Recognition	6/30/2021	Current Year Net		Recognition	6/30/2021		
	6/30/2020	Effect			6/30/2020	Effect				
Stanislaus County	\$ 1,863,738	\$ 3,295,741	\$ 1,792,008	\$ 3,367,471	\$ (2,383,413)	\$ 0	\$ (754,383)	\$ (1,629,030)		
City of Ceres	1,913,950	0	590,226	1,323,724	(1,003,577)	(3,208,626)	(1,266,612)	(2,945,591)		
Stanislaus Superior Court	804,030	0	237,457	566,573	(753,537)	(590,989)	(574,024)	(770,503)		
Stan. Council of Governments	191,782	310,130	125,954	375,958	(204,858)	0	(81,536)	(123,322)		
East Side Mosquito District	62,270	52,269	39,416	75,123	(284,143)	0	(92,895)	(191,248)		
Salida Sanitary District	35,768	87,812	40,812	82,768	(243,180)	0	(69,739)	(173,441)		
Keyes Comm. Services District	38,169	28,574	18,687	48,056	(15,361)	0	(7,305)	(8,056)		
Hills Ferry Cemetery District	8,818	25,089	10,219	23,689	(30,456)	0	(8,285)	(22,171)		
Total	\$ 4,918,524	\$ 3,799,616	\$ 2,854,779	\$ 5,863,361	\$ (4,918,524)	\$ (3,799,616)	\$ (2,854,779)	\$ (5,863,361)		

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SECTION VII – GASB 68 REPORTING INFORMATION FOR PARTICIPATING EMPLOYERS

The table below shows the reconciliation of deferred outflows and inflows due to contribution differences for each participating employer from the prior measurement date to the current measurement date.

Table VII-5 Reconciliation of Deferred Outflows and Inflows Due to Contribution Differences								
Employer	Deferred Outflows				Deferred Inflows			
	6/30/2020	Current Year Difference	Recognition	6/30/2021	6/30/2020	Current Year Difference	Recognition	6/30/2021
Stanislaus County	\$ 91,015	\$ 0	\$ 22,754	\$ 68,261	\$ (145,455)	\$ (350,952)	\$ (161,676)	\$ (334,731)
City of Ceres	234,792	327,276	207,008	355,060	(2,423)	0	(606)	(1,817)
Stanislaus Superior Court	0	7,762	1,552	6,210	(180,214)	0	(68,361)	(111,854)
Stan. Council of Governments	0	0	0	0	(26,947)	(884)	(10,519)	(17,312)
East Side Mosquito District	15,122	6,450	6,012	15,560	(295)	0	(295)	0
Salida Sanitary District	18,549	12,008	7,818	22,739	(1,307)	0	(653)	(654)
Keyes Comm. Services District	0	0	0	0	(10,471)	(6,757)	(6,318)	(10,910)
Hills Ferry Cemetery District	7,677	5,097	3,308	9,466	(38)	0	(20)	(18)
Total	\$ 367,155	\$ 358,594	\$ 248,452	\$ 477,297	\$ (367,149)	\$ (358,594)	\$ (248,448)	\$ (477,295)

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The table below summarizes the deferred outflows allocated to each employer for experience, assumption changes, investment returns, proportion changes, and contribution differences.

Table VII-6 Schedule of Employers' Deferred Outflows at June 30, 2021						
Employer	Proportionate Shares	Experience	Assumption Changes	Investment Return	Proportion Change	Contribution Difference
Stanislaus County	89.2768%	\$ 27,607,913	\$ 5,772,766	\$ 0	\$ 3,367,471	\$ 68,261
City of Ceres	5.2415%	1,620,879	338,923	0	1,323,724	355,060
Stanislaus Superior Court	4.5032%	1,392,567	291,183	0	566,573	6,210
Stan. Council of Governments	0.3848%	118,995	24,882	0	375,958	0
East Side Mosquito District	0.2174%	67,229	14,057	0	75,123	15,560
Salida Sanitary District	0.1929%	59,652	12,473	0	82,768	22,739
Keyes Comm. Services District	0.1185%	36,645	7,662	0	48,056	0
Hills Ferry Cemetery District	0.0649%	20,070	4,197	0	23,689	9,466
Total	100.0000%	\$ 30,923,950	\$ 6,466,143	\$ 0	\$ 5,863,361	\$ 477,297

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The table below summarizes the deferred inflows allocated to each employer for experience, assumption changes, investment returns, proportion changes, and contribution differences.

Table VII-7 Schedule of Employers' Deferred Inflows at June 30, 2021							
Employer	Proportionate Shares	Experience	Assumption Changes	Investment Return	Proportion Change	Contribution Difference	
Stanislaus County	89.2768%	\$ 2,173,356	\$ 16,444,045	\$ 197,840,603	\$ 1,629,030	\$ 334,731	
City of Ceres	5.2415%	127,599	965,441	11,615,353	2,945,591	1,817	
Stanislaus Superior Court	4.5032%	109,626	829,452	9,979,253	770,503	111,854	
Stan. Council of Governments	0.3848%	9,368	70,877	852,731	123,322	17,312	
East Side Mosquito District	0.2174%	5,292	40,043	481,766	191,248	0	
Salida Sanitary District	0.1929%	4,696	35,531	427,473	173,441	654	
Keyes Comm. Services District	0.1185%	2,885	21,827	262,600	8,056	10,910	
Hills Ferry Cemetery District	0.0649%	1,580	11,954	143,821	22,171	18	
Total	100.0000%	\$ 2,434,402	\$ 18,419,169	\$ 221,603,600	\$ 5,863,361	\$ 477,295	

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SECTION VII – GASB 68 REPORTING INFORMATION FOR PARTICIPATING EMPLOYERS

The table below shows the net amount of deferred outflows and inflows to be recognized by each participating employer in each of the next five years and the total thereafter.

Table VII-8						
Schedule of Employers' Recognition of Deferred Outflows and Inflows at June 30, 2021						
Employer	Recognition for Measurement Year Ending					
	2022	2023	2024	2025	2026	Thereafter
Stanislaus County	\$ (38,850,665)	\$ (35,365,990)	\$ (38,911,712)	\$ (68,476,987)	\$ 0	\$ 0
City of Ceres	(2,602,569)	(2,036,477)	(2,746,990)	(4,631,178)	0	0
Stanislaus Superior Court	(2,213,517)	(1,692,554)	(2,037,692)	(3,600,390)	0	0
Stan. Council of Governments	(106,562)	(66,102)	(145,273)	(235,837)	0	0
East Side Mosquito District	(155,695)	(103,213)	(131,031)	(156,441)	0	0
Salida Sanitary District	(118,020)	(120,868)	(96,007)	(129,267)	0	0
Keyes Comm. Services District	(49,673)	(36,633)	(40,296)	(87,313)	0	0
Hills Ferry Cemetery District	(25,221)	(25,785)	(26,946)	(44,169)	0	0
Total	\$ (44,121,923)	\$ (39,447,623)	\$ (44,135,949)	\$ (77,361,581)	\$ 0	\$ 0

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SECTION VII – GASB 68 REPORTING INFORMATION FOR PARTICIPATING EMPLOYERS

The table below shows the calculation of the pension expense for each participating employer. The calculation is shown first as the sum of the proportionate share of the collective pension expense and the amounts recognized for proportion changes and contribution differences. The right side of the table shows the calculation as the sum of the changes in NPL and deferred amounts not attributable to contributions.

Table VII-9 Schedule of Employers' Pension Expense for the Measurement Year Ending June 30, 2021										
Employer	Collective			Employer Pension Expense	Change in Employer			Employer Contributions	Employer Pension Expense	
	Pension Expense	Change in Proportion	Contribution Difference		Net Pension Liability	Deferred Outflows	Deferred Inflows			
Stanislaus County	\$ 26,005,383	\$ 1,037,625	\$ (138,922)	\$ 26,904,086	\$ (342,225,445)	\$ 99,144,619	\$ 187,033,799	\$ 82,951,113	\$ 26,904,086	
City of Ceres	1,526,793	(676,386)	206,402	1,056,809	(24,072,409)	7,114,400	12,796,823	5,217,995	1,056,809	
Stanislaus Superior Court	1,311,734	(336,567)	(66,809)	908,358	(18,148,031)	5,470,849	9,375,948	4,209,592	908,358	
Stan. Council of Governments	112,088	44,418	(10,519)	145,987	(1,128,856)	185,464	731,215	358,164	145,987	
East Side Mosquito District	63,326	(53,479)	5,717	15,565	(781,601)	222,164	365,700	209,301	15,565	
Salida Sanitary District	56,190	(28,927)	7,165	34,428	(645,045)	148,760	338,715	191,998	34,428	
Keyes Comm. Services District	34,518	11,382	(6,318)	39,581	(425,936)	118,437	243,268	103,812	39,581	
Hills Ferry Cemetery District	18,905	1,934	3,288	24,126	(222,233)	51,576	129,129	65,654	24,126	
Total	\$ 29,128,937	\$ 0	\$ 4	\$ 29,128,940	\$ (387,649,555)	\$ 112,456,270	\$ 211,014,597	\$ 93,307,629	\$ 29,128,940	

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SECTION VII – GASB 68 REPORTING INFORMATION FOR PARTICIPATING EMPLOYERS

The table below summarizes the information needed for each employer's schedules of required supplementary information.

Table VII-10 Schedule of Employers' RSI Information at June 30, 2021									
Employer	Proportionate Shares	Proportionate Share of NPL	Covered Payroll	Share of NPL as a % of Payroll	Plan Fiduciary Net Position as % of TPL	Contractually Required Contribution	Actual Contributions	Contribution Deficiency	Contributions as a % of Payroll
Stanislaus County	89.2768%	\$ 381,815,148	\$ 267,020,763	143.0%	86.5%	\$ 82,951,113	\$ 82,951,113	\$ 0	31.1%
City of Ceres	5.2415%	22,416,620	13,305,865	168.5%	86.5%	5,217,995	5,217,995	0	39.2%
Stanislaus Superior Court	4.5032%	19,259,091	14,604,671	131.9%	86.5%	4,209,592	4,209,592	0	28.8%
Stan. Council of Governments	0.3848%	1,645,696	1,247,953	131.9%	86.5%	358,164	358,164	0	28.7%
East Side Mosquito District	0.2174%	929,767	682,939	136.1%	86.5%	209,301	209,301	0	30.6%
Salida Sanitary District	0.1929%	824,986	606,056	136.1%	86.5%	191,998	191,998	0	31.7%
Keyes Comm. Services District	0.1185%	506,796	372,127	136.2%	86.5%	103,812	103,812	0	27.9%
Hills Ferry Cemetery District	0.0649%	277,562	203,831	136.2%	86.5%	65,654	65,654	0	32.2%
Total	100.0000%	\$ 427,675,665	\$ 298,044,207	143.5%	86.5%	\$ 93,307,629	\$ 93,307,629	\$ 0	31.3%

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING AS OF JUNE 30, 2021**

APPENDIX A – MEMBERSHIP INFORMATION

	<u>General Members</u>		<u>Safety Members</u>		<u>Total</u>	
	7/1/2019	7/1/2020	7/1/2019	7/1/2020	7/1/2019	7/1/2020
Active Participants						
Number	3,690	3,652	814	806	4,504	4,458
Average Age	44.72	44.73	37.42	37.13	43.40	43.36
Average Service	10.30	10.37	9.87	9.75	10.22	10.26
Average Pay (does not reflect impact of furloughs)	\$ 59,727	\$ 60,693	\$ 78,151	\$ 79,000	\$ 63,057	\$ 64,003
Service Retired						
Number	2,797	2,900	434	473	3,231	3,373
Average Age	70.27	70.36	64.75	64.25	69.53	69.51
Average Annual Total Benefit	\$ 31,900	\$ 32,902	\$ 57,721	\$ 59,785	\$ 35,368	\$ 36,672
Beneficiaries						
Number	368	386	101	112	469	498
Average Age	72.79	73.15	67.16	67.15	71.58	71.80
Average Annual Total Benefit	\$ 19,160	\$ 20,816	\$ 31,349	\$ 31,102	\$ 21,785	\$ 23,129
Duty Disabled						
Number	89	89	130	138	219	227
Average Age	69.24	69.53	58.98	59.51	63.15	63.44
Average Annual Total Benefit	\$ 26,767	\$ 26,952	\$ 39,697	\$ 40,467	\$ 34,442	\$ 35,169
Ordinary Disabled						
Number	75	72	7	7	82	79
Average Age	64.23	65.36	61.00	62.00	63.95	65.06
Average Annual Total Benefit	\$ 18,551	\$ 19,005	\$ 25,147	\$ 25,901	\$ 19,114	\$ 19,616
Total In Pay						
Number	3,329	3,447	672	730	4,001	4,177
Average Age	70.39	70.55	63.96	63.78	69.31	69.37
Average Annual Total Benefit	\$ 30,054	\$ 31,105	\$ 49,931	\$ 51,407	\$ 33,392	\$ 34,653
Terminated Vested						
Number	381	398	66	67	447	465
Average Age	50.35	49.76	43.06	43.16	49.27	48.81
Average Service	10.73	10.54	9.74	9.87	10.58	10.44
Transfers						
Number	502	523	173	170	675	693
Average Age	46.10	46.14	41.75	41.75	44.98	45.06
Average Service	7.26	7.35	7.39	7.51	7.29	7.39
Total Deferred						
Number	883	921	239	237	1,122	1,158
Average Age	47.93	47.70	42.11	42.15	46.69	46.57
Average Service	8.76	8.73	8.04	8.18	8.60	8.62

Please refer to the June 30, 2020 actuarial valuation report for a more complete summary of the data.

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING AS OF JUNE 30, 2021**

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

A summary of the actuarial assumptions and methods used to calculate the Total Pension Liability as of June 30, 2021 is provided below, including any assumptions that differ from those used in the June 30, 2020 actuarial valuation. Please refer to the June 30, 2020 actuarial valuation report for a complete description of all other assumptions.

The Board adopted new economic assumptions at their April, 27, 2021 meeting based on the presentation made by Cheiron at that meeting. These new economic assumptions were used to calculate the Total Pension Liability as of June 30, 2021. The changes in the economic assumptions are as follows:

- Discount rate decreased from 7.00% to 6.75% per year,
- Assumed price inflation decreased from 2.75% to 2.50% per year,
- Base wage increase/payroll growth assumption decreased from 3.00% to 2.75% per year,
- Post Retirement COLA increase assumption decreased from 2.60% to 2.40% per year,
- PEPRA compensation limit increase assumption decreased from 2.75% to 2.50% per year,
- Social Security Wage Base increase assumption decreased from 3.00% to 2.75% per year,
- Reciprocal member pay increase assumption decreased from 3.75% to 3.50% per year.

Key Actuarial Assumptions

Expected Return on Assets	6.75% per year, net of investment expenses
Discount Rate	6.75% per year
Price Inflation	2.50% per year
Salary Increases	2.75% per year plus merit component based on employee classification and years of service
Administrative Expenses	An allowance of \$2,983,171 for administrative expenses has been included in the annual cost calculated.
Postretirement COLA	100% of CPI up to 3% annually with banking, 2.4% annual increases assumed. Increases are assumed to occur on April 1.
PEPRA Compensation Limit Increases	2.50% per year
Social Security Wage Base Increases	2.75% per year
Reciprocal Salary Increases	3.50% per year

STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
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APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

**Mortality Rates for
Healthy Members
and Inactives**

Rates of ordinary death for active Members are specified by the CalPERS Pre-Retirement Non-Industrial Mortality table, adjusted by 97.2% for males and 101.6% for females, with generational mortality improvements projected from 2009 using SOA Scale MP-2018. Duty related mortality rates are only applicable for Safety Active Members, and are based on the CalPERS Pre-Retirement Individual Death table without adjustment or projection.

Rates of mortality for current nonservice-connected disabled Members are specified by the CalPERS Non-Industrially Disabled Annuitant Mortality table, adjusted by 104.5% for females (no adjustment for males), with generational mortality improvements projected from 2009 using SOA Scale MP-2018.

Rates of mortality for current service-connected disabled Members are specified by the CalPERS Industrially Disabled Annuitant Mortality table, adjusted by 101.9% for males (no adjustment for females), with generational mortality improvements projected from 2009 using SOA Scale MP-2018.

Rates of mortality for future General disabled retirees, both nonservice- and service-connected, are specified by mortality tables consisting of blends of the mortality assumptions for current nonservice- and service-connected disabled retirees. The blend for future disabled General retirees is 75% and 25%, respectively. The proportions reflect the expected splits in future disabled retirees between nonservice- and service-connected disablements.

Future disabled Safety retirees are assumed to follow the same rates of mortality as the service-connected disabled retirees above.

Rates of mortality for retired Members and their beneficiaries are specified by the CalPERS Healthy Annuitant table, adjusted by 97.2% for males and 104.1% for females, with generational mortality improvements projected from 2009 using SOA Scale MP-2018.

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

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. Please refer to the June 30, 2020 actuarial valuation report for a complete description of the method used in this valuation, including their impact on future expected plan contributions and funded status.

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 total payroll 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. 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.

2. Asset Valuation Method

For the purposes of determining contribution rates, an Actuarial Value of Assets is used that dampens the volatility in the Market Value of Assets, resulting in a smoother pattern of contribution rates.

The Actuarial Value of Assets is calculated by recognizing 20% of each of the past five years of actual investment earnings compared to the expected earnings on the Actuarial Value of Assets. The Actuarial Value of Assets is limited to no less than 80% and no more than 120% of the market value.

3. Amortization Method

The Unfunded Actuarial Liability (UAL) is the difference between the Actuarial Liability and the Actuarial Value of Assets. The UAL for each valuation group is amortized as a level percent of payroll, assuming pay increases of 3.00%, over a closed period of 16 years.

4. Contributions

The total employer contribution rate is the sum of the employer normal cost rate, the administrative expense rate, and the UAL rate. The total employer contribution rate is determined separately for each valuation group.

The total normal cost rate is determined by dividing the normal cost for members as of the valuation date by the total salary expected to be paid during the year. The total normal cost rate is determined separately for each valuation group. The employer's normal cost rate is the total normal cost rate less the employee contribution rate.

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
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APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

The UAL rate is determined by dividing the UAL payments by the total expected payroll for the fiscal year. The UAL rate is determined separately for each valuation group.

The administrative expense rate is determined by dividing the expected annual administrative expense by the total expected payroll for the fiscal year. The administrative expense rate is determined separately for each valuation group.

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING AS OF JUNE 30, 2021**

APPENDIX C - SUMMARY OF PLAN PROVISIONS

The plan provisions are the same as those summarized in the June 30, 2020 actuarial valuation report.

APPENDIX D – GLOSSARY OF TERMS

1. Actuarially Determined Contribution

A target or recommended contribution for the reporting period, determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted.

2. Actuarial Valuation Date

The date as of which an actuarial valuation is performed. This date may be up to 24 months prior to the measurement date and up to 30 months prior to the employer's reporting date.

3. Deferred Inflow of Resources

An acquisition of net assets by a government employer that is applicable to a future reporting period. In the context of GASB 68, these are experience gains on the Total Pension Liability, assumption changes reducing the Total Pension Liability, or investment gains that are recognized in future reporting periods.

4. Deferred Outflow of Resources

A consumption of net assets by a government employer that is applicable to a future reporting period. In the context of GASB 68, these are experience losses on the Total Pension Liability, assumption changes increasing the Total Pension Liability, or investment losses that are recognized in future reporting periods.

5. Entry Age Actuarial Cost Method

The actuarial cost method required for GASB 67 and 68 calculations. Under this method, the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit ages. The portion of this actuarial present value allocated to a valuation year is called the service cost. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future service costs is called the Total Pension Liability.

6. Measurement Date

The date as of which the Total Pension Liability and Plan Fiduciary Net Position are measured. The Total Pension Liability may be projected from the actuarial valuation date to the measurement date. The measurement date must be the same as the reporting date for the plan.

APPENDIX D – GLOSSARY OF TERMS

7. Net Pension Liability

The liability of employers and nonemployer contributing entities to employees for benefits provided through a defined benefit pension plan. It is calculated as the Total Pension Liability less the Plan Fiduciary Net Position. The Net Pension Liability is not appropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling StanCERA's benefit obligations in the event of a plan termination or other similar action. However, it is an appropriate measure for assessing the need for or the amount of future contributions.

8. Plan Fiduciary Net Position

The fair or Market Value of Assets.

9. Reporting Date

The last day of the plan or employer's fiscal year.

10. Service Cost

The portion of the actuarial present value of projected benefit payments that is attributed to the current period of employee service in conformity with the requirements of GASB 67 and 68. The service cost is the normal cost calculated under the entry age actuarial cost method.

11. Total Pension Liability

The portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service in conformity with the requirements of GASB 67 and 68. The Total Pension Liability is the Actuarial Liability calculated under the Entry Age actuarial cost method. This measurement generally is not appropriate for estimating the cost to settle the Plan's liabilities.



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