



**Stanislaus County
Employees'
Retirement Association**

**GASB 67/68 Report
as of June 30, 2022**

Produced by Cheiron

September 2022

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September 30, 2022

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, 2022,
- 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, 2022**

SECTION I – BOARD SUMMARY

Highlights

The measurement date for the Stanislaus County Employees' Retirement Association is June 30, 2022. Measurements are based on the fair value of assets as of June 30, 2022 and the Total Pension Liability (TPL) as of the valuation date, June 30, 2021, updated to June 30, 2022. The TPL reflects the economic and demographic assumptions determined in the Actuarial Experience Study performed by Cheiron as of June 30, 2021. The June 30, 2021 TPL reflected the updated economic assumptions and the June 30, 2022 TPL reflects both the updated economic and demographic assumptions. To the best of our knowledge, there were no significant events between the valuation date and the measurement date so the update procedures only included the addition of service cost and interest cost offset by actual benefit payments, to calculate the June 30, 2022 liability.

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

Table I-1 Summary of Collective Results			
Measurement Date			
		6/30/2022	6/30/2021
Net Pension Liability	\$	738,051,782	\$ 427,675,665
Deferred Outflows		(163,811,869)	(37,390,093)
Deferred Inflows		47,533,624	242,457,171
Net Impact on Statement of Net Position	\$	621,773,537	\$ 632,742,743
Pension Expense (\$ Amount)	\$	89,799,043	\$ 29,128,937
Pension Expense (% of Payroll)		29.58%	9.77%

The Net Pension Liability (NPL) increased approximately \$310 million since the prior measurement date. The drivers of this increase were investment and experience losses, offset by a gain due to updated demographic assumptions. The investment losses are recognized over five years, and the Actuarial Liability losses and assumption change gains 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 \$738,051,782, Deferred Inflows of \$47,533,624, and Deferred Outflows of \$163,811,869. Consequently, the net impact on the aggregate of participating employers' Statements of Net Position due to StanCERA would be \$621,773,537 (\$738,051,782 + \$47,533,624 – \$163,811,869) at the end of the measurement year. In addition, any contributions

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SECTION I – BOARD SUMMARY

between the measurement date and each individual employer's reporting date would be reported as deferred outflows to offset the cash outflow reported.

For the measurement year ending June 30, 2022, the collective annual pension expense is \$89,799,043 or 29.58% of covered-employee payroll. This amount is not related to participating employers' contributions to StanCERA (\$100,768,249), but instead represents the change in the net impact on participating employer's Statements of Net Position plus employer contributions (\$621,773,537 – \$632,742,743 + \$100,768,249). The collective pension expense is more 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.

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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. 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.

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, Data Quality.

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.

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

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

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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 (15 years remaining as of the June 30, 2021 actuarial valuation).

Any subsequent unexpected change in the Unfunded Actuarial Liability (UAL) due to actuarial gains or losses or assumption changes after June 30, 2021 will be amortized over 20 years, with new amortization layers each year. Any future changes in the UAL due to plan amendments or other plan provision changes will be amortized over a shorter period, based on the lesser of 15 years or the average future working lifetime for changes affecting active members, or the lesser of 10 years or the average remaining life expectancy for changes affecting inactive members. The amortization period for each layer of the remaining UAL will decrease each year.

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
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SECTION IV – PROJECTION OF TOTAL PENSION LIABILITY

The Total Pension Liability (TPL) at the end of the measurement year, June 30, 2022 is measured as of a valuation date of June 30, 2021 and projected to June 30, 2022. The June 30, 2021 TPL first reflected the economic assumptions presented by Cheiron and adopted by the Board at its April 27, 2021 meeting. The June 30, 2022 TPL is the first to also reflect the demographic assumptions adopted in the Actuarial Experience Study performed as of June 30, 2021. 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, 2020 and projected to June 30, 2021, it will not match the amounts measured as of June 30, 2021 that are shown in this exhibit. In addition, this exhibit reflects the updated demographic 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, 6/30/2021			
Actives	\$ 1,239,773,632	\$ 1,043,136,523	\$ 884,879,773
Deferred Vested	248,020,178	206,337,550	174,030,621
Retirees	2,093,645,771	1,903,557,957	1,742,323,365
Total	\$ 3,581,439,581	\$ 3,153,032,030	\$ 2,801,233,759
Service Cost	82,895,167	64,182,337	50,302,812
Benefit Payments	162,309,198	162,309,198	162,309,198
Interest	203,681,532	209,571,957	212,836,352
Collective Total Pension Liability, 6/30/2022	\$ 3,705,707,082	\$ 3,264,477,126	\$ 2,902,063,725

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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	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at 6/30/2021	\$ 3,158,273,535	\$ 2,730,597,870	\$ 427,675,665
Changes for the year:			
Service cost	64,358,603		64,358,603
Interest	209,931,610		209,931,610
Changes of benefits	0		0
Differences between expected and actual experience	42,127,626		42,127,626
Changes of assumptions	(47,905,050)		(47,905,050)
Contributions - employer		100,768,249	(100,768,249)
Contributions - member		29,998,079	(29,998,079)
Net investment income		(169,153,892)	169,153,892
Benefit payments	(162,309,198)	(162,309,198)	0
Administrative expense		(3,475,764)	3,475,764
Net changes	<u>106,203,591</u>	<u>(204,172,526)</u>	<u>310,376,117</u>
Balances at 6/30/2022	<u>\$ 3,264,477,126</u>	<u>\$ 2,526,425,344</u>	<u>\$ 738,051,782</u>

During the measurement year, the collective NPL increased by approximately \$310 million. The service cost and interest cost increased the collective NPL by approximately \$274 million, while investment losses and administrative expenses offset by contributions combined to increase the collective NPL by approximately \$42 million.

There were no changes in benefits during the year. The changes in assumptions decreased the collective NPL by approximately \$48 million. There was also an actuarial experience loss of approximately \$42 million.

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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	\$ 3,705,707,082	\$ 3,264,477,126	\$ 2,902,063,725
Plan Fiduciary Net Position	<u>2,526,425,344</u>	<u>2,526,425,344</u>	<u>2,526,425,344</u>
Collective Net Pension Liability	\$ 1,179,281,738	\$ 738,051,782	\$ 375,638,381
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.2%	77.4%	87.1%

A one percent decrease in the discount rate increases the TPL by approximately 14% and increases the collective NPL by approximately 60%. A one percent increase in the discount rate decreases the TPL by approximately 11% and decreases the collective NPL by approximately 49%.

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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 nine 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 2022	FYE 2021	FYE 2020	FYE 2019	FYE 2018	FYE 2017	FYE 2016	FYE 2015	FYE 2014
Total Pension Liability									
Service cost (MOY)	\$ 64,358,603	\$ 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)	209,931,610	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	0
Differences between expected and actual experience	42,127,626	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	(47,905,050)	8,082,679	0	(46,047,924)	0	0	269,752,272	0	0
Benefit payments, including refunds of member contributions	(162,309,198)	(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	\$ 106,203,591	\$ 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	<u>3,158,273,535</u>	<u>3,021,191,459</u>	<u>2,868,469,377</u>	<u>2,772,667,458</u>	<u>2,659,510,907</u>	<u>2,510,211,948</u>	<u>2,127,759,959</u>	<u>2,024,376,761</u>	<u>1,925,565,638</u>
Total pension liability - ending	<u>\$ 3,264,477,126</u>	<u>\$ 3,158,273,535</u>	<u>\$ 3,021,191,459</u>	<u>\$ 2,868,469,377</u>	<u>\$ 2,772,667,458</u>	<u>\$ 2,659,510,907</u>	<u>\$ 2,510,211,948</u>	<u>\$ 2,127,759,959</u>	<u>\$ 2,024,376,761</u>
Plan fiduciary net position									
Contributions - employer	\$ 100,768,249	\$ 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	29,998,079	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	(169,153,892)	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	(162,309,198)	(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	(3,475,764)	(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	\$ (204,172,526)	\$ 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	<u>2,730,597,870</u>	<u>2,205,866,239</u>	<u>2,208,241,433</u>	<u>2,126,960,745</u>	<u>1,994,223,311</u>	<u>1,772,913,713</u>	<u>1,832,604,204</u>	<u>1,791,309,279</u>	<u>1,544,812,995</u>
Plan fiduciary net position - ending	<u>\$ 2,526,425,344</u>	<u>\$ 2,730,597,870</u>	<u>\$ 2,205,866,239</u>	<u>\$ 2,208,241,433</u>	<u>\$ 2,126,960,745</u>	<u>\$ 1,994,223,311</u>	<u>\$ 1,772,913,713</u>	<u>\$ 1,832,604,204</u>	<u>\$ 1,791,309,279</u>
Net pension liability - ending	<u>\$ 738,051,782</u>	<u>\$ 427,675,665</u>	<u>\$ 815,325,220</u>	<u>\$ 660,227,944</u>	<u>\$ 645,706,713</u>	<u>\$ 665,287,596</u>	<u>\$ 737,298,235</u>	<u>\$ 295,155,755</u>	<u>\$ 233,067,482</u>
Plan fiduciary net position as a percentage of the total pension liability	77.39%	86.46%	73.01%	76.98%	76.71%	74.98%	70.63%	86.13%	88.49%
Covered payroll²	\$ 303,573,549	\$ 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	243.12%	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. In 2022, mortality and other demographic assumptions were updated.

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.

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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 2022	FYE 2021	FYE 2020	FYE 2019	FYE 2018
Actuarially Determined Contribution Contributions in Relation to the Actuarially Determined Contribution	\$ 100,768,249	\$ 93,307,629	\$ 92,684,609	\$ 88,589,381	\$ 76,966,471
	<u>100,768,249</u>	<u>93,307,629</u>	<u>92,684,609</u>	<u>88,589,381</u>	<u>76,966,471</u>
Contribution Deficiency/(Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 303,573,549	\$ 298,044,207	\$ 300,352,383	\$ 281,979,654	\$ 268,009,042
Contributions as a Percentage of Covered Payroll	33.19%	31.31%	30.86%	31.42%	28.72%
	FYE 2017	FYE 2016	FYE 2015	FYE 2014	FYE 2013
Actuarially Determined Contribution Contributions in Relation to the Actuarially Determined Contribution	\$ 63,024,560	\$ 58,196,310	\$ 53,849,031	\$ 46,763,996	\$ 39,077,000
	<u>63,024,560</u>	<u>58,196,310</u>	<u>53,849,031</u>	<u>46,763,996</u>	<u>39,077,000</u>
Contribution Deficiency/(Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll ¹	\$ 255,646,515	\$ 245,751,576	\$ 237,263,160	\$ 221,863,110	\$ 217,491,487
Contributions as a Percentage of Covered Payroll	24.65%	23.68%	22.70%	21.08%	17.97%

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.

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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 2022.

Notes to Schedule

Valuation Date 6/30/2020 (to determine FY 2021-22 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 16 years remaining as of the June 30, 2020 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, 2022 can be found in the June 30, 2020 actuarial valuation report



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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 its 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	\$ 53,836,106	\$ 0
Changes in assumptions	4,849,607	47,533,624
Net difference between projected and actual earnings on pension plan investments	105,126,156	0
Total	<u>\$ 163,811,869</u>	<u>\$ 47,533,624</u>
Amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:		
Measurement year ended June 30:		
2023	29,858,225	
2024	25,169,904	
2025	(8,055,732)	
2026	69,305,848	
2027	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.

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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						
					2022	2023	2024	2025	2026	2027	Thereafter
2022	5.0	\$ 42,127,626	\$ 42,127,626	\$ 33,702,101	\$ 8,425,525	\$ 8,425,525	\$ 8,425,525	\$ 8,425,525	\$ 8,425,526	\$ 0	\$ 0
2021	5.0	7,977,049	6,381,639	4,786,229	1,595,410	1,595,410	1,595,410	1,595,409	0	0	0
2020	5.0	30,766,201	18,459,721	12,306,481	6,153,240	6,153,240	6,153,241	0	0	0	0
2019	5.0	15,206,475	6,082,590	3,041,295	3,041,295	3,041,295	0	0	0	0	0
2018	5.0	(12,172,006)	(2,434,402)	0	(2,434,402)	0	0	0	0	0	0
Deferred Outflows			73,051,576	53,836,106	19,215,470	19,215,470	16,174,176	10,020,934	8,425,526	0	0
Deferred (Inflows)			(2,434,402)	0	(2,434,402)	0	0	0	0	0	0
Net Change in Pension Expense			\$ 70,617,174	\$ 53,836,106	\$ 16,781,068	\$ 19,215,470	\$ 16,174,176	\$ 10,020,934	\$ 8,425,526	\$ 0	\$ 0

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

Change Year	Recognition Period	Total Amount	Beginning Remaining Amount	Ending Remaining Amount	Recognition Year						
					2022	2023	2024	2025	2026	2027	Thereafter
2022	5.0	\$ (47,905,050)	\$ (47,905,050)	\$ (38,324,040)	\$ (9,581,010)	\$ (9,581,010)	\$ (9,581,010)	\$ (9,581,010)	\$ (9,581,010)	\$ 0	\$ 0
2021	5.0	8,082,679	6,466,143	4,849,607	1,616,536	1,616,536	1,616,536	1,616,535	0	0	0
2020	5.0	0	0	0	0	0	0	0	0	0	0
2019	5.0	(46,047,924)	(18,419,169)	(9,209,584)	(9,209,585)	(9,209,584)	0	0	0	0	0
2018	5.0	0	0	0	0	0	0	0	0	0	0
Deferred Outflows			6,466,143	4,849,607	1,616,536	1,616,536	1,616,536	1,616,535	0	0	0
Deferred (Inflows)			(66,324,219)	(47,533,624)	(18,790,595)	(18,790,594)	(9,581,010)	(9,581,010)	(9,581,010)	0	0
Net Change in Pension Expense			\$ (59,858,076)	\$ (42,684,017)	\$ (17,174,059)	\$ (17,174,058)	\$ (7,964,474)	\$ (7,964,475)	\$ (9,581,010)	\$ 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						
					2022	2023	2024	2025	2026	2027	Thereafter
2022	5.0	\$ 352,306,668	\$ 352,306,668	\$ 281,845,334	\$ 70,461,334	\$ 70,461,334	\$ 70,461,334	\$ 70,461,334	\$ 70,461,332	\$ 0	\$ 0
2021	5.0	(402,867,629)	(322,294,103)	(241,720,577)	(80,573,526)	(80,573,526)	(80,573,526)	(80,573,525)	0	0	0
2020	5.0	135,361,966	81,217,180	54,144,787	27,072,393	27,072,393	27,072,394	0	0	0	0
2019	5.0	54,283,052	21,713,222	10,856,612	10,856,610	10,856,612	0	0	0	0	0
2018	5.0	(11,199,487)	(2,239,899)	0	(2,239,899)	0	0	0	0	0	0
Net Change in Pension Expense			\$ 130,703,068	\$ 105,126,156	\$ 25,576,912	\$ 27,816,813	\$ 16,960,202	\$ (10,112,191)	\$ 70,461,332	\$ 0	\$ 0

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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	
	2022	2021
Change in Net Pension Liability	\$ 310,376,117	\$ (387,649,555)
Change in Deferred Outflows	(126,421,776)	113,511,249
Change in Deferred Inflows	(194,923,547)	209,959,614
Employer Contributions	<u>100,768,249</u>	<u>93,307,629</u>
Pension Expense	\$ 89,799,043	\$ 29,128,937
Pension Expense as % of Payroll	29.58%	9.77%
Operating Expenses		
Service cost	\$ 64,358,603	\$ 63,478,900
Employee contributions	(29,998,079)	(29,553,123)
Administrative expenses	<u>3,475,764</u>	<u>3,393,869</u>
Total	\$ 37,836,288	\$ 37,319,646
Financing Expenses		
Interest cost	\$ 209,931,610	\$ 208,474,350
Expected return on assets	<u>(183,152,776)</u>	<u>(153,328,021)</u>
Total	\$ 26,778,834	\$ 55,146,329
Changes		
Benefit changes	\$ 0	\$ 0
Recognition of assumption changes	(17,174,059)	(7,593,049)
Recognition of liability gains and losses	16,781,068	14,115,940
Recognition of investment gains and losses	<u>25,576,912</u>	<u>(69,859,929)</u>
Total	\$ 25,183,921	\$ (63,337,038)
Pension Expense	\$ 89,799,043	\$ 29,128,937

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
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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 increased from the prior year by about \$60.7 million. The operating expenses increased by \$0.5 million, while the financing expenses decreased by \$28.4 million. The recognition of investment gains and losses increased by \$95.4 million. The recognition of liability gains and losses increased by \$2.7 million. The recognition of assumption changes decreased by \$9.6 million.

**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 its 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, 2022 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, 2021).

The new employer, Stanislaus Regional Transit Authority, is included for the first time in this report, since joining the plan in July 2021. However, as it was not required to make a payment towards the unfunded liability during the fiscal year, its proportionate share allocation is 0% as of June 30, 2022.

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

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

**Table VII-1
Determination of Employers' Proportionate Share as of June 30, 2022**

Employer	Unfunded Liability Amortization Rate (from the June 30, 2021 Actuarial Valuation)		Pensionable Payroll		Amortization Share (Rate x Pay)	Proportionate Share
	General	Safety	General	Safety		
Stanislaus County	16.96%	26.66%	\$ 210,764,959	\$ 61,982,427	\$ 52,270,252	88.5915%
City of Ceres	15.82%	50.35%	6,301,826	5,258,662	3,644,685	6.1773%
Stanislaus Superior Court	16.96%	26.66%	15,027,834	0	2,548,721	4.3198%
Stan. Council of Governments	16.96%	26.66%	1,375,070	0	233,212	0.3953%
East Side Mosquito District	15.82%	50.35%	700,627	0	110,839	0.1879%
Salida Sanitary District	15.82%	50.35%	631,126	0	99,844	0.1692%
Keyes Comm. Services District	15.82%	50.35%	378,438	0	59,869	0.1015%
Hills Ferry Cemetery District	15.82%	50.35%	214,404	0	33,919	0.0575%
Stanislaus Regional Transit Authority	0.00%	0.00%	938,178	0	0	0.0000%
Total			\$ 236,332,461	\$ 67,241,088	\$ 59,001,340	100.0000%

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING AS OF JUNE 30, 2022**

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, 2022.

Table VII-2 Schedule of Employers' Proportionate Share of Collective Amounts at June 30, 2022							
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	88.5915%	1,044,743,381	653,851,144	332,783,676	145,123,392	42,110,751	79,554,319
City of Ceres	6.1773%	72,847,771	45,591,673	23,204,310	10,119,151	2,936,295	5,547,156
Stanislaus Superior Court	4.3198%	50,942,613	31,882,361	16,226,827	7,076,345	2,053,357	3,879,139
Stan. Council of Governments	0.3953%	4,661,701	2,917,519	1,484,899	647,548	187,900	354,976
East Side Mosquito District	0.1879%	2,215,870	1,386,799	705,825	307,803	89,316	168,732
Salida Sanitary District	0.1692%	1,995,345	1,248,784	635,580	277,170	80,427	151,940
Keyes Comm. Services District	0.1015%	1,196,971	749,123	381,273	166,269	48,247	91,146
Hills Ferry Cemetery District	0.0575%	678,087	424,380	215,992	94,192	27,332	51,634
Stanislaus Regional Transit Authority	0.0000%	0	0	0	0	0	0
Total	100.0000%	\$ 1,179,281,738	\$ 738,051,782	\$ 375,638,381	\$ 163,811,869	\$ 47,533,624	\$ 89,799,043

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
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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		
	6/30/2021	6/30/2022	Net Pension Liability	Deferred Outflows	Deferred Inflows	Net Effect	Actual	Proportionate Share	Difference
Stanislaus County	89.2768%	88.5915%	\$ (2,930,861)	\$ (256,234)	\$ 1,661,559	\$ (4,336,186)	\$ 89,628,043	\$ 89,272,103	\$ 355,939
City of Ceres	5.2415%	6.1773%	4,002,189	349,896	(2,268,914)	5,921,207	5,226,127	6,224,757	(998,630)
Stanislaus Superior Court	4.5032%	4.3198%	(784,357)	(68,573)	444,666	(1,160,450)	4,739,952	4,352,987	386,965
Stan. Council of Governments	0.3848%	0.3953%	44,906	3,926	(25,458)	66,438	429,752	398,337	31,415
East Side Mosquito District	0.2174%	0.1879%	(126,164)	(11,030)	71,525	(186,659)	230,606	189,344	41,262
Salida Sanitary District	0.1929%	0.1692%	(101,359)	(8,861)	57,462	(149,960)	214,400	170,500	43,900
Keyes Comm. Services District	0.1185%	0.1015%	(72,705)	(6,356)	41,218	(107,566)	111,902	102,280	9,622
Hills Ferry Cemetery District	0.0649%	0.0575%	(31,648)	(2,767)	17,942	(46,823)	72,587	57,942	14,646
Stanislaus Regional Transit Authority	0.0000%	0.0000%	0	0	0	0	114,882	0	114,882
Total	100.0000%	100.0000%	\$ 0	\$ 0	\$ 0	\$ 0	\$ 100,768,249	\$ 100,768,249	\$ 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	6/30/2022	Current Year Net		Recognition	6/30/2022
	6/30/2021	Effect			6/30/2021	Effect		
Stanislaus County	\$ 3,367,471	\$ 0	\$ 1,390,025	\$ 1,977,445	\$ (1,629,030)	\$ (4,336,186)	\$ (1,621,620)	\$ (4,343,596)
City of Ceres	1,323,724	5,921,207	1,774,467	5,470,464	(2,945,591)	0	(1,020,415)	(1,925,176)
Stanislaus Superior Court	566,573	0	237,457	329,116	(770,503)	(1,160,450)	(647,999)	(1,282,954)
Stan. Council of Governments	375,958	66,438	139,242	303,154	(123,322)	0	(54,670)	(68,652)
East Side Mosquito District	75,123	0	27,107	48,016	(191,248)	(186,659)	(130,226)	(247,681)
Salida Sanitary District	82,768	0	30,080	52,688	(173,441)	(149,960)	(99,731)	(223,670)
Keyes Comm. Services District	48,056	0	14,114	33,942	(8,056)	(107,566)	(28,817)	(86,806)
Hills Ferry Cemetery District	23,689	0	8,635	15,053	(22,171)	(46,823)	(17,650)	(51,344)
Stanislaus Regional Transit Authority	0	0	0	0	0	0	0	0
Total	\$ 5,863,361	\$ 5,987,645	\$ 3,621,127	\$ 8,229,878	\$(5,863,361)	\$(5,987,645)	\$ (3,621,127)	\$(8,229,878)

**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 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					
	Current Year		Recognition	6/30/2022	Current Year		Recognition	6/30/2022		
	6/30/2021	Difference			6/30/2021	Difference				
Stanislaus County	\$ 68,261	\$ 355,939	\$ 93,942	\$ 330,258	\$ (334,731)	\$ 0	\$ (118,416)	\$ (216,315)		
City of Ceres	355,060	0	140,877	214,184	(1,817)	(998,630)	(200,332)	(800,115)		
Stanislaus Superior Court	6,210	386,965	78,945	314,230	(111,854)	0	(49,719)	(62,135)		
Stan. Council of Governments	0	31,415	6,283	25,132	(17,312)	0	(8,065)	(9,247)		
East Side Mosquito District	15,560	41,262	14,265	42,557	0	0	0	0		
Salida Sanitary District	22,739	43,900	16,184	50,455	(654)	0	(654)	0		
Keyes Comm. Services District	0	9,622	1,924	7,698	(10,910)	0	(4,199)	(6,711)		
Hills Ferry Cemetery District	9,466	14,646	6,010	18,102	(18)	0	(18)	0		
Stanislaus Regional Transit Authority	0	114,882	22,976	91,906	0	0	0	0		
Total	\$ 477,297	\$ 998,631	\$ 381,406	\$ 1,094,522	\$ (477,295)	\$ (998,630)	\$ (381,402)	\$(1,094,523)		

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
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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, 2022						
Employer	Proportionate Shares	Experience	Assumption Changes	Investment Return	Proportion Change	Contribution Difference
Stanislaus County	88.5915%	\$ 47,694,214	\$ 4,296,340	\$ 93,132,838	\$ 1,977,445	\$ 330,258
City of Ceres	6.1773%	3,325,618	299,575	6,493,958	5,470,464	214,184
Stanislaus Superior Court	4.3198%	2,325,612	209,493	4,541,240	329,116	314,230
Stan. Council of Governments	0.3953%	212,814	19,170	415,564	303,154	25,132
East Side Mosquito District	0.1879%	101,158	9,112	197,532	48,016	42,557
Salida Sanitary District	0.1692%	91,091	8,206	177,873	52,688	50,455
Keyes Comm. Services District	0.1015%	54,644	4,922	106,703	33,942	7,698
Hills Ferry Cemetery District	0.0575%	30,956	2,789	60,448	15,053	18,102
Stanislaus Regional Transit Authority	0.0000%	0	0	0	0	91,906
Total	100.0000%	\$ 53,836,106	\$ 4,849,607	\$ 105,126,156	\$ 8,229,878	\$ 1,094,522

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

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, 2022							
Employer	Proportionate Shares	Experience	Assumption Changes	Investment Return	Proportion Change	Contribution Difference	
Stanislaus County	88.5915%	\$ 0	\$ 42,110,751	\$ 0	\$ 4,343,596	\$ 216,315	
City of Ceres	6.1773%	0	2,936,295	0	1,925,176	800,115	
Stanislaus Superior Court	4.3198%	0	2,053,357	0	1,282,954	62,135	
Stan. Council of Governments	0.3953%	0	187,900	0	68,652	9,247	
East Side Mosquito District	0.1879%	0	89,316	0	247,681	0	
Salida Sanitary District	0.1692%	0	80,427	0	223,670	0	
Keyes Comm. Services District	0.1015%	0	48,247	0	86,806	6,711	
Hills Ferry Cemetery District	0.0575%	0	27,332	0	51,344	0	
Stanislaus Regional Transit Authority	0.0000%	0	0	0	0	0	
Total	100.0000%	\$ 0	\$ 47,533,624	\$ 0	\$ 8,229,878	\$ 1,094,523	

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
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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, 2022						
Employer	Recognition for Measurement Year Ending					
	2023	2024	2025	2026	2027	Thereafter
Stanislaus County	\$ 25,507,387	\$ 21,993,794	\$ (7,343,786)	\$ 60,603,040	\$ 0	\$ 0
City of Ceres	2,860,117	2,105,731	(89,382)	5,265,747	0	0
Stanislaus Superior Court	1,218,970	882,430	(619,331)	2,839,177	0	0
Stan. Council of Governments	223,293	143,630	49,577	293,535	0	0
East Side Mosquito District	9,569	(16,866)	(32,473)	101,149	0	0
Salida Sanitary District	(15,465)	10,506	(14,878)	96,054	0	0
Keyes Comm. Services District	20,830	17,964	(23,405)	50,757	0	0
Hills Ferry Cemetery District	10,549	9,734	(5,030)	33,418	0	0
Stanislaus Regional Transit Authority	22,976	22,976	22,976	22,978	0	0
Total	\$ 29,858,225	\$ 25,169,899	\$ (8,055,733)	\$ 69,305,852	\$ 0	\$ 0

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING AS OF JUNE 30, 2022**

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, 2022										
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	\$ 79,554,319	\$ (231,595)	\$ (24,474)	\$ 79,298,250	\$ 272,035,996	\$ (110,614,685)	\$ (171,751,103)	\$ 89,628,043	\$ 79,298,250	
City of Ceres	5,547,156	754,052	(59,455)	6,241,753	23,175,053	(12,165,212)	(9,994,215)	5,226,127	6,241,753	
Stanislaus Superior Court	3,879,139	(410,542)	29,226	3,497,823	12,623,270	(5,463,157)	(8,402,241)	4,739,952	3,497,823	
Stan. Council of Governments	354,976	84,572	(1,782)	437,766	1,271,823	(455,999)	(807,809)	429,752	437,766	
East Side Mosquito District	168,732	(103,119)	14,265	79,879	457,032	(226,406)	(381,353)	230,606	79,879	
Salida Sanitary District	151,940	(69,651)	15,530	97,819	423,797	(202,681)	(337,697)	214,400	97,819	
Keyes Comm. Services District	91,146	(14,703)	(2,275)	74,168	242,327	(115,546)	(164,515)	111,902	74,168	
Hills Ferry Cemetery District	51,634	(9,015)	5,992	48,612	146,818	(69,926)	(100,867)	72,587	48,612	
Stanislaus Regional Transit Authority	0	0	22,976	22,976	0	(91,906)	0	114,882	22,976	
Total	\$ 89,799,043	\$ 0	\$ 4	\$ 89,799,046	\$ 310,376,117	\$ (129,405,518)	\$ (191,939,802)	\$ 100,768,249	\$ 89,799,046	

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING AS OF JUNE 30, 2022**

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, 2022										
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	88.5915%	\$ 653,851,144	\$ 272,747,386	239.7%	77.4%	\$ 89,628,043	\$ 89,628,043	\$ 0	32.9%	
City of Ceres	6.1773%	45,591,673	11,560,488	394.4%	77.4%	5,226,127	5,226,127	0	45.2%	
Stanislaus Superior Court	4.3198%	31,882,361	15,027,834	212.2%	77.4%	4,739,952	4,739,952	0	31.5%	
Stan. Council of Governments	0.3953%	2,917,519	1,375,070	212.2%	77.4%	429,752	429,752	0	31.3%	
East Side Mosquito District	0.1879%	1,386,799	700,627	197.9%	77.4%	230,606	230,606	0	32.9%	
Salida Sanitary District	0.1692%	1,248,784	631,126	197.9%	77.4%	214,400	214,400	0	34.0%	
Keyes Comm. Services District	0.1015%	749,123	378,438	198.0%	77.4%	111,902	111,902	0	29.6%	
Hills Ferry Cemetery District	0.0575%	424,380	214,404	197.9%	77.4%	72,587	72,587	0	33.9%	
Stanislaus Regional Transit Authority	0.0000%	0	938,178	0.0%	77.4%	114,882	114,882	0	12.2%	
Total	100.0000%	\$ 738,051,782	\$ 303,573,549	243.1%	77.4%	\$ 100,768,249	\$ 100,768,249	\$ 0	33.2%	

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING AS OF JUNE 30, 2022**

APPENDIX A – MEMBERSHIP INFORMATION

	<u>General Members</u>		<u>Safety Members</u>		<u>Total</u>	
	<u>7/1/2020</u>	<u>7/1/2021</u>	<u>7/1/2020</u>	<u>7/1/2021</u>	<u>7/1/2020</u>	<u>7/1/2021</u>
Active Participants						
Number	3,652	3,555	806	766	4,458	4,321
Average Age	44.73	44.78	37.13	37.31	43.36	43.46
Average Service	10.37	10.54	9.75	9.93	10.26	10.43
Average Pay (does not reflect impact of furloughs)	\$ 60,693	\$ 64,176	\$ 79,000	\$ 82,905	\$ 64,003	\$ 67,496
Service Retired						
Number	2,900	2,997	473	501	3,373	3,498
Average Age	70.36	70.51	64.25	64.19	69.51	69.61
Average Annual Total Benefit	\$ 32,902	\$ 33,879	\$ 59,785	\$ 60,435	\$ 36,672	\$ 37,682
Beneficiaries						
Number	386	390	112	118	498	508
Average Age	73.15	73.26	67.15	67.51	71.80	71.92
Average Annual Total Benefit	\$ 20,816	\$ 21,321	\$ 31,102	\$ 32,093	\$ 23,129	\$ 23,823
Duty Disabled						
Number	89	90	138	142	227	232
Average Age	69.53	69.26	59.51	60.03	63.44	63.61
Average Annual Total Benefit	\$ 26,952	\$ 26,644	\$ 40,467	\$ 41,405	\$ 35,169	\$ 35,679
Ordinary Disabled						
Number	72	71	7	7	79	78
Average Age	65.36	66.01	62.00	63.00	65.06	65.74
Average Annual Total Benefit	\$ 19,005	\$ 19,513	\$ 25,901	\$ 26,678	\$ 19,616	\$ 20,156
Total In Pay						
Number	3,447	3,548	730	768	4,177	4,316
Average Age	70.55	70.69	63.78	63.92	69.37	69.49
Average Annual Total Benefit	\$ 31,105	\$ 32,027	\$ 51,407	\$ 52,254	\$ 34,653	\$ 35,627
Terminated Vested						
Number	398	445	67	74	465	519
Average Age	49.76	48.88	43.16	42.95	48.81	48.04
Average Service	10.54	10.54	9.87	9.97	10.44	10.46
Transfers						
Number	523	536	170	212	693	748
Average Age	46.14	46.88	41.75	41.40	45.06	45.33
Average Service	7.35	7.89	7.51	7.90	7.39	7.89
Total Deferred						
Number	921	981	237	286	1,158	1,267
Average Age	47.70	47.79	42.15	41.80	46.57	46.44
Average Service	8.73	9.09	8.18	8.44	8.62	8.94

Please refer to the June 30, 2021 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, 2022**

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, 2022 is provided below, including any assumptions that differ from those used in the June 30, 2021 actuarial valuation. Please refer to the June 30, 2021 actuarial valuation report for a complete description of all other assumptions.

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 \$3,100,000 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	3.25% for General and 3.75% for Safety per year
Mortality Rates for Healthy Members and Inactives	<p>Rates of ordinary death for active General members are specified by the 2021 CalPERS Preretirement Non-Industrial Mortality table, adjusted by 102.2% for males and 110.2% for females. Rates of ordinary death for active Safety members are specified by the 2021 CalPERS Preretirement Non-Industrial Mortality table, adjusted by 102.6% for males and 100.9% for females. Duty related mortality rates are only applicable for Safety Active Members and are based on the 2021 CalPERS Preretirement Industrial Death table, adjusted by 102.6% for males and 100.9% for females. These mortality base tables are all projected generationally from 2017 using 80% of SOA Scale MP-2020.</p> <p>Rates of mortality for current nonservice-connected disabled Members are specified by the 2021 CalPERS Non-Industrially Disabled Annuitant Mortality table, no adjustment for males or females, with generational mortality improvements projected from 2017 using 80% of</p>

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

SOA Scale MP-2020.

Rates of mortality for current service-connected disabled Members are specified by the 2021 CalPERS Industrially Disabled Annuitant Mortality table, no adjustment for males and adjusted by 105% for females, with generational mortality improvements projected from 2017 using 80% of SOA Scale MP-2020.

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 50% and 50%, 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 2021 CalPERS Healthy Annuitant table, adjusted by 107.6% for males and 115.3% for females, with generational mortality improvements projected from 2017 using 80% of SOA Scale MP-2020.

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, 2021 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 2.75%, over a closed period of 15 years. Any future unexpected changes in the UAL from actuarial gains or losses or assumptions changes are amortized over fixed closed periods of 20 years as a level percentage of payroll, with new amortization layers established each year, beginning with changes emerging after June 30, 2021. Any future changes in the UAL due to plan amendments or other plan provision changes will be amortized over a shorter period, based on the lesser of 15 years or the average future working lifetime for changes affecting active members, or the lesser of 10 years or the average remaining life expectancy for changes affecting inactive members.

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

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.

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, 2022**

APPENDIX C - SUMMARY OF PLAN PROVISIONS

The plan provisions are the same as those summarized in the June 30, 2021 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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