



**Stanislaus County  
Employees'  
Retirement Association**

**GASB 67/68 Report  
as of June 30, 2019**

**Produced by Cheiron**

**September 2019**

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September 19, 2019

Board of Retirement  
Stanislaus County Employees' Retirement Association  
832 12<sup>th</sup> 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, 2019,
- 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, FCA, MAAA, EA  
Consulting Actuary



Jonathan Chipko, FSA, FCA, MAAA, EA  
Consulting Actuary

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
GASB 67 AND 68 REPORTING AS OF JUNE 30, 2019**

**SECTION I – BOARD SUMMARY**

The purpose of this report is to provide accounting and financial disclosure information under Governmental Accounting Standards Board Statements 67 and 68 for the Stanislaus County Employees' Retirement Association (StanCERA) and the participating employers. This information includes:

- Determination of the discount rate as of June 30, 2019,
- 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.

**Highlights**

The measurement date for the Stanislaus County Employees' Retirement Association is June 30, 2019. Measurements are based on the fair value of assets as of June 30, 2019 and the Total Pension Liability (TPL) as of the valuation date, June 30, 2018, updated to June 30, 2019. The TPL reflects the economic and demographic assumptions determined in the Actuarial Experience Study performed by Cheiron as of June 30, 2018 and reviewed by the Board on January 22, 2019. The June 30, 2019 TPL is the first to reflect these 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.

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

<b>Table I-1</b>			
<b>Summary of Collective Results</b>			
		<b>Measurement Date</b>	
		<b>6/30/2019</b>	<b>6/30/2018</b>
Net Pension Liability	\$	660,227,944	\$ 645,706,713
Deferred Outflows		(97,027,303)	(125,611,826)
Deferred Inflows		45,426,464	17,111,138
Net Impact on Statement of Net Position	\$	608,627,105	\$ 537,206,025
Pension Expense (\$ Amount)	\$	160,010,461	\$ 125,159,603
Pension Expense (% of Payroll)		56.75%	46.70%

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
GASB 67 AND 68 REPORTING AS OF JUNE 30, 2019**

**SECTION I – BOARD SUMMARY**

The Net Pension Liability (NPL) increased approximately \$15 million since the prior measurement date. The drivers of this increase were an actuarial liability loss and an investment loss. The change in assumptions decreased the NPL. The investment losses are recognized over five years, and the actuarial losses and changes due to assumptions are recognized over the average remaining service life, 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 \$660,227,944, Deferred Inflows of \$45,426,464, and Deferred Outflows of \$97,027,303. Consequently, the net impact on the aggregate of participating employers' Statements of Net Position due to StanCERA would be \$608,627,105 ( $\$660,227,944 + \$45,426,464 - \$97,027,303$ ) 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.

For the measurement year ending June 30, 2019, the collective annual pension expense is \$160,010,461 or 56.75% of covered-employee payroll. This amount is not related to participating employers' contributions to StanCERA (\$88,589,381), but instead represents the change in the net impact on participating employer's Statements of Net Position plus employer contributions ( $\$608,627,105 - \$537,206,025 + \$88,589,381$ ). 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.

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
GASB 67 AND 68 REPORTING AS OF JUNE 30, 2019**

**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.

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, FCA, MAAA, EA  
Consulting Actuary

Jonathan Chipko, FSA, FCA, MAAA, EA  
Consulting Actuary

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
GASB 67 AND 68 REPORTING AS OF JUNE 30, 2019**

**SECTION III – DETERMINATION OF DISCOUNT RATE**

The discount rate used to measure the Total Pension Liability is 7.00%. 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 (18 years remaining as of the June 30, 2018 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  
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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, 2019, is measured as of a valuation date of June 30, 2018 and projected to June 30, 2019. The TPL reflects the economic and demographic assumptions determined in the Actuarial Experience Study performed by Cheiron as of June 30, 2018 and reviewed by the Board on January 22, 2019. The June 30, 2019 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, 2017 and projected to June 30, 2018, it will not match the amounts measured as of June 30, 2018 that are shown in this exhibit. In addition, this exhibit reflects the updated economic and 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.

<b>Table IV-1</b>			
<b>Projection of Collective Total Pension Liability from Valuation to Measurement Date</b>			
<b>Discount Rate</b>	<b>6.00%</b>	<b>7.00%</b>	<b>8.00%</b>
<b>Valuation Collective Total Pension Liability, 6/30/2018</b>			
Actives	\$ 1,195,895,048	\$ 1,005,579,550	\$ 853,189,424
Deferred Vested	\$ 186,334,873	\$ 153,410,552	\$ 128,147,589
Retirees	<u>\$ 1,754,764,557</u>	<u>\$ 1,590,078,147</u>	<u>\$ 1,451,105,396</u>
<b>Total</b>	<b>\$ 3,136,994,478</b>	<b>\$ 2,749,068,249</b>	<b>\$ 2,432,442,409</b>
<b>Service Cost</b>	\$ 79,053,234	\$ 61,170,395	\$ 47,945,897
<b>Benefit Payments</b>	\$ 131,774,689	\$ 131,774,689	\$ 131,774,689
<b>Interest</b>	\$ 186,661,064	\$ 190,005,422	\$ 191,306,749
<b>Collective Total Pension Liability, 6/30/2019</b>	<b>\$ 3,270,934,087</b>	<b>\$ 2,868,469,377</b>	<b>\$ 2,539,920,366</b>



**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
GASB 67 AND 68 REPORTING AS OF JUNE 30, 2019**

**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.

<b>Table V-1 Change in Collective Net Pension Liability</b>			
	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
<b>Balances at 6/30/2018</b>	\$2,772,667,458	\$2,126,960,745	\$ 645,706,713
<b>Changes for the year:</b>			
Service cost	59,957,490		59,957,490
Interest	198,460,567		198,460,567
Changes of benefits	0		0
Differences between expected and actual experience	15,206,475		15,206,475
Changes of assumptions	(46,047,924)		(46,047,924)
Contributions - employer		88,589,381	(88,589,381)
Contributions - member		27,742,863	(27,742,863)
Net investment income		99,280,524	(99,280,524)
Benefit payments	(131,774,689)	(131,774,689)	0
Administrative expense		(2,557,391)	2,557,391
<b>Net changes</b>	<u>95,801,919</u>	<u>81,280,688</u>	<u>14,521,231</u>
<b>Balances at 6/30/2019</b>	<u>\$2,868,469,377</u>	<u>\$2,208,241,433</u>	<u>\$ 660,227,944</u>

During the measurement year, the collective NPL increased by approximately \$15 million. The service cost and interest cost increased the collective NPL by approximately \$258 million while contributions and investment earnings offset by administrative expenses decreased the collective NPL by approximately \$213 million.

There were no changes in benefits during the year. The changes in assumptions decreased the collective NPL by approximately \$46 million. There was an actuarial experience loss of approximately \$15 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.

<b>Table V-2 Sensitivity of Collective Net Pension Liability to Changes in Discount Rate</b>			
	<b>1% Decrease 6.00%</b>	<b>Discount Rate 7.00%</b>	<b>1% Increase 8.00%</b>
Total Pension Liability	\$ 3,270,934,087	\$ 2,868,469,377	\$ 2,539,920,366
Plan Fiduciary Net Position	<u>2,208,241,433</u>	<u>2,208,241,433</u>	<u>2,208,241,433</u>
Collective Net Pension Liability	<u>\$ 1,062,692,654</u>	<u>\$ 660,227,944</u>	<u>\$ 331,678,933</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	67.5%	77.0%	86.9%

A one percent decrease in the discount rate increases the TPL by approximately 14% and increases the collective NPL by approximately 61%. A one percent increase in the discount rate decreases the TPL by approximately 11% and decreases the collective NPL by approximately 50%.

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
GASB 67 AND 68 REPORTING AS OF JUNE 30, 2019**

**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 six years since implementation.

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
GASB 67 AND 68 REPORTING AS OF JUNE 30, 2019**

**SECTION V – GASB 67 REPORTING INFORMATION**

Table V-3 Schedule of Changes in Collective Net Pension Liability and Related Ratios						
	FYE 2019	FYE 2018	FYE 2017	FYE 2016	FYE 2015	FYE 2014
<b><u>Total Pension Liability</u></b>						
Service cost (MOY)	\$ 59,957,490	\$ 58,007,036	\$ 57,465,280	\$ 55,351,509	\$ 48,242,363	\$ 46,209,346
Interest (includes interest on service cost)	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
Differences between expected and actual experience <sup>1</sup>	15,206,475	(12,172,006)	28,801,984	(6,424,597)	2,148,638	0
Changes of assumptions	(46,047,924)	0	0	269,752,272	0	0
Benefit payments, including refunds of member contributions	(131,774,689)	(123,172,116)	(116,843,858)	(108,165,810)	(101,858,156)	(94,782,471)
<b>Net change in total pension liability</b>	<b>\$ 95,801,919</b>	<b>\$ 113,156,551</b>	<b>\$ 149,298,959</b>	<b>\$ 382,451,989</b>	<b>\$ 103,383,198</b>	<b>\$ 98,811,123</b>
<b>Total pension liability - beginning</b>	<b><u>2,772,667,458</u></b>	<b><u>2,659,510,907</u></b>	<b><u>2,510,211,948</u></b>	<b><u>2,127,759,959</u></b>	<b><u>2,024,376,761</u></b>	<b><u>1,925,565,638</u></b>
<b>Total pension liability - ending</b>	<b><u>\$ 2,868,469,377</u></b>	<b><u>\$ 2,772,667,458</u></b>	<b><u>\$ 2,659,510,907</u></b>	<b><u>\$ 2,510,211,948</u></b>	<b><u>\$ 2,127,759,959</u></b>	<b><u>\$ 2,024,376,761</u></b>
<b><u>Plan fiduciary net position</u></b>						
Contributions - employer	\$ 88,589,381	\$ 76,966,471	\$ 63,024,560	\$ 58,196,310	\$ 53,849,031	\$ 46,763,996
Contributions - member	27,742,863	26,746,289	25,463,745	23,916,508	22,960,235	21,867,911
Net investment income	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	(131,774,689)	(123,172,116)	(116,843,858)	(108,165,810)	(101,858,156)	(94,782,471)
Administrative expense	(2,557,391)	(2,791,409)	(2,644,554)	(2,315,223)	(2,378,966)	(2,249,260)
<b>Net change in plan fiduciary net position</b>	<b>\$ 81,280,688</b>	<b>\$ 132,737,434</b>	<b>\$ 221,309,598</b>	<b>\$ (59,690,491)</b>	<b>\$ 41,294,925</b>	<b>\$ 246,496,284</b>
<b>Plan fiduciary net position - beginning</b>	<b><u>2,126,960,745</u></b>	<b><u>1,994,223,311</u></b>	<b><u>1,772,913,713</u></b>	<b><u>1,832,604,204</u></b>	<b><u>1,791,309,279</u></b>	<b><u>1,544,812,995</u></b>
<b>Plan fiduciary net position - ending</b>	<b><u>\$ 2,208,241,433</u></b>	<b><u>\$ 2,126,960,745</u></b>	<b><u>\$ 1,994,223,311</u></b>	<b><u>\$ 1,772,913,713</u></b>	<b><u>\$ 1,832,604,204</u></b>	<b><u>\$ 1,791,309,279</u></b>
<b>Net pension liability - ending</b>	<b><u>\$ 660,227,944</u></b>	<b><u>\$ 645,706,713</u></b>	<b><u>\$ 665,287,596</u></b>	<b><u>\$ 737,298,235</u></b>	<b><u>\$ 295,155,755</u></b>	<b><u>\$ 233,067,482</u></b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	76.98%	76.71%	74.98%	70.63%	86.13%	88.49%
<b>Covered employee payroll<sup>2</sup></b>	\$ 281,979,654	\$ 268,009,042	\$ 255,646,515	\$ 245,751,576	\$ 237,263,160	\$ 221,863,110
<b>Net pension liability as a percentage of covered employee payroll</b>	234.14%	240.93%	260.24%	300.02%	124.40%	105.05%

<sup>1</sup>In 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.

<sup>2</sup>Aggregate 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  
GASB 67 AND 68 REPORTING AS OF JUNE 30, 2019**

**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 2019	FYE 2018	FYE 2017	FYE 2016	FYE 2015	FYE 2014	FYE 2013	FYE 2012	FYE 2011	FYE 2010
Actuarially Determined Contribution	\$ 88,589,381	\$ 76,966,471	\$ 63,024,560	\$ 58,196,310	\$ 53,849,031	\$ 46,763,996	\$ 39,077,000	\$ 41,614,000	\$ 47,657,000	\$ 31,814,000
Contributions in Relation to the Actuarially Determined Contribution	<u>88,589,381</u>	<u>76,966,471</u>	<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>	<u>41,614,000</u>	<u>47,657,000</u>	<u>31,814,000</u>
Contribution Deficiency/(Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered-Employee Payroll <sup>1</sup>	\$ 281,979,654	\$ 268,009,042	\$ 255,646,515	\$ 245,751,576	\$ 237,263,160	\$ 221,863,110	\$ 217,491,487	\$ 215,057,000	\$ 221,541,000	\$ 231,538,000
Contributions as a Percentage of Covered-Employee Payroll	31.42%	28.72%	24.65%	23.68%	22.70%	21.08%	17.97%	19.35%	21.51%	13.74%

<sup>1</sup>Aggregate 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.

The notes below summarize the key methods and assumptions used to determine the ADC for FYE 2019.

**Notes to Schedule**

Valuation Date 6/30/2017 (to determine FY 2018-19 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 19 years remaining as of the June 30, 2017 actuarial valuation  
Discount rate 7.25%, net of investment expenses  
Amortization growth rate 3.25%  
Price inflation 3.00%  
Salary increases 3.25% 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 100.3% for males and 98.8% for females, with generational mortality improvements projected from 2009 using Scale MP-2015. 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 93.4% for males and 107.9% for females, with generational mortality improvements projected from 2009 using Scale MP-2015. 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, 2019 can be found in the June 30, 2017 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 their financial statements. This section develops the collective amounts that are allocated to participating employers.

The impact of experience gains or losses and assumption changes on the TPL are recognized in expense over the average expected remaining service life of all active and inactive members of StanCERA. As of the measurement date, this recognition period was five years.

During the year, there was an experience loss of approximately \$15.2 million. Approximately \$3.0 million of that loss was recognized as an increase in collective pension expense in the current year and an identical amount will be recognized in each of the next four years. Unrecognized experience gains from prior years were approximately \$12.3 million, of which \$3.7 million was recognized as a decrease in collective pension expense in the current year. Unrecognized experience losses from prior years are approximately \$17.7 million, of which \$6.2 million was recognized as an increase in collective pension expense in the current year. The unrecognized experience gains from prior periods result in a deferred inflow of resources of \$8.6 million, and the unrecognized experience losses from this year and prior periods result in a deferred outflow of resources as of June 30, 2019 of approximately \$23.7 million.

Assumption changes since the last measurement date decreased the TPL approximately \$46.0 million. Approximately \$9.2 million of that decrease was recognized as a decrease in collective pension expense in the current year and an identical amount will be recognized in each of the next four years. Unrecognized losses due to assumption changes from prior periods are approximately \$107.9 million, of which \$54.0 million was recognized as an increase in collective pension expense in the current year. The unrecognized gain due to assumption changes this year results in a deferred inflow of resources of \$36.8 million, and the unrecognized losses due to assumption changes from prior periods result in a collective deferred outflow of resources as of June 30, 2019 of approximately \$54.0 million.

The impact of investment gains or losses is recognized over a period of five years. During the measurement year, there was an investment loss of approximately \$54.3 million. Approximately \$10.9 million of that loss was recognized in the current year and an identical amount will be recognized in each of the next four years. Unrecognized investment gains from prior periods are approximately \$83.9 million of which \$27.2 million was recognized as a decrease in collective pension expense in the current year. Unrecognized investment losses from prior periods are approximately \$79.1 million of which \$46.4 million was recognized as an increase in collective pension expense in the current year. The combination of unrecognized investment losses this

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**SECTION VI – GASB 68 COLLECTIVE INFORMATION**

year and prior periods and unrecognized investment gains from prior periods results in a collective deferred outflow of resources as of June 30, 2019 of approximately \$19.4 million.

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.

<b>Table VI-1</b>		
<b>Schedule of Collective Deferred Inflows and Outflows of Resources</b>		
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 23,685,973	\$ 8,588,125
Changes in assumptions	53,950,456	36,838,339
Net difference between projected and actual earnings on pension plan investments	19,390,874	0
<b>Total</b>	<b><u>\$ 97,027,303</u></b>	<b><u>\$ 45,426,464</u></b>
Amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:		
<b>Measurement year ended June 30:</b>		
2020	66,099,588	
2021	(19,201,091)	
2022	14,019	
2023	4,688,323	
2024	0	
Thereafter \$	0	

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 on the following page, we believe it helps to understand the level and volatility of the collective pension expense.

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**SECTION VI – GASB 68 COLLECTIVE INFORMATION**

<b>Table VI-2 Calculation of Collective Pension Expense</b>		
	<b>Measurement Year Ending</b>	
	<b>2019</b>	<b>2018</b>
Change in Net Pension Liability	\$ 14,521,231	\$ (19,580,883)
Change in Deferred Outflows	28,584,523	60,140,579
Change in Deferred Inflows	28,315,326	7,633,436
Employer Contributions	<u>88,589,381</u>	<u>76,966,471</u>
<b>Pension Expense</b>	<b>\$ 160,010,461</b>	<b>\$ 125,159,603</b>
<b>Pension Expense as % of Payroll</b>	<b>56.75%</b>	<b>46.70%</b>
<b>Operating Expenses</b>		
Service cost	\$ 59,957,490	\$ 58,007,036
Employee contributions	(27,742,863)	(26,746,289)
Administrative expenses	<u>2,557,391</u>	<u>2,791,409</u>
Total	\$ 34,772,018	\$ 34,052,156
<b>Financing Expenses</b>		
Interest cost	\$ 198,460,567	\$ 190,493,637
Expected return on assets	<u>(153,563,576)</u>	<u>(143,788,712)</u>
Total	\$ 44,896,991	\$ 46,704,925
<b>Changes</b>		
Benefit changes	\$ 0	\$ 0
Recognition of assumption changes	44,740,869	53,950,454
Recognition of liability gains and losses	5,512,098	2,470,805
Recognition of investment gains and losses	<u>30,088,485</u>	<u>(12,018,737)</u>
Total	\$ 80,341,452	\$ 44,402,522
<b>Pension Expense</b>	<b>\$ 160,010,461</b>	<b>\$ 125,159,603</b>

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.



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Changes in expenses 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 \$34.9 million. The operating expenses increased by \$0.7 million, while the financing expenses decreased by \$1.8 million. The recognition of assumption changes decreased by \$9.2 million, the recognition of investment gains and losses increased by \$42.1 million, and the recognition of liability gains and losses increased by \$3.0 million.

## SECTION VII – GASB 68 REPORTING INFORMATION FOR 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 AICPA<sup>1</sup> 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, 2019 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, 2018).

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<sup>1</sup>[http://www.aicpa.org/interestareas/governmentalauditquality/resources/gasbmatters/downloadabledocuments/aicpas\\_lgep\\_cs\\_er\\_reporting\\_whitepaper.pdf](http://www.aicpa.org/interestareas/governmentalauditquality/resources/gasbmatters/downloadabledocuments/aicpas_lgep_cs_er_reporting_whitepaper.pdf)

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
GASB 67 AND 68 REPORTING AS OF JUNE 30, 2019**

**SECTION VII – GASB 68 REPORTING INFORMATION FOR EMPLOYERS**

**Table VII-1  
Determination of Employers' Proportionate Share as of June 30, 2019**

Employer	Unfunded Liability Amortization Rate (from the June 30, 2018 Actuarial Valuation)		Pensionable Payroll		Amortization Share (Rate x Pay)	Proportionate Share
	General	Safety	General	Safety		
Stanislaus County	16.33%	22.27%	\$ 195,881,190	\$ 56,562,868	\$ 44,583,949	88.9027%
City of Ceres	18.24%	25.18%	6,119,052	6,689,052	2,800,418	5.5842%
Stanislaus Superior Court	16.33%	22.27%	13,858,446	0	2,263,084	4.5127%
Stan. Council of Governments	16.33%	22.27%	1,131,607	0	184,791	0.3685%
East Side Mosquito District	18.24%	25.18%	688,220	0	125,531	0.2503%
Salida Sanitary District	18.24%	25.18%	572,401	0	104,406	0.2082%
Keyes Comm. Services District	18.24%	25.18%	295,578	0	53,913	0.1075%
Hills Ferry Cemetery District	18.24%	25.18%	181,240	0	33,058	0.0659%
<b>Total</b>			<b>\$ 218,727,734</b>	<b>\$ 63,251,921</b>	<b>\$ 50,149,152</b>	<b>100.0000%</b>

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
GASB 67 AND 68 REPORTING AS OF JUNE 30, 2019**

**SECTION VII – GASB 68 REPORTING INFORMATION FOR 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, 2019.

Table VII-2 Schedule of Employers' Proportionate Share of Collective Amounts at June 30, 2019							
Employer	Proportionate Share	Share of NPL @ 6.00%	Share of NPL @ 7.00%	Share of NPL @ 8.00%	Share of Deferred Outflows	Share of Deferred Inflows	Pension Expense
Stanislaus County	88.9027%	944,762,462	586,960,468	294,871,527	86,259,892	40,385,353	142,253,620
City of Ceres	5.5842%	59,342,883	36,868,449	18,521,615	5,418,199	2,536,705	8,935,304
Stanislaus Superior Court	4.5127%	47,956,131	29,794,106	14,967,675	4,378,551	2,049,960	7,220,792
Stan. Council of Governments	0.3685%	3,916,022	2,432,940	1,222,237	357,546	167,397	589,639
East Side Mosquito District	0.2503%	2,659,920	1,652,551	830,192	242,859	113,702	400,506
Salida Sanitary District	0.2082%	2,212,526	1,374,595	690,556	202,011	94,578	333,142
Keyes Comm. Services District	0.1075%	1,142,395	709,745	356,555	104,304	48,833	172,011
Hills Ferry Cemetery District	0.0659%	700,314	435,090	218,576	63,941	29,936	105,447
<b>Total</b>	<b>100.0000%</b>	<b>\$1,062,692,654</b>	<b>\$ 660,227,944</b>	<b>\$ 331,678,933</b>	<b>\$ 97,027,303</b>	<b>\$ 45,426,464</b>	<b>\$ 160,010,461</b>

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
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**SECTION VII – GASB 68 REPORTING INFORMATION FOR 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).

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.

<b>Table VII-3 Schedule of Employers' Changes in Proportion and Contribution Differences</b>									
<b>Employer</b>	<b>Proportionate Shares</b>		<b>Impact of Change in Proportion</b>				<b>Contributions</b>		
	<b>6/30/2018</b>	<b>6/30/2019</b>	<b>Net Pension Liability</b>	<b>Deferred Outflows</b>	<b>Deferred Inflows</b>	<b>Net Effect</b>	<b>Actual</b>	<b>Proportionate Share</b>	<b>Difference</b>
Stanislaus County	89.4929%	88.9027%	\$ (3,810,961)	\$ (741,361)	\$ 100,990	\$ (3,170,590)	\$ 78,729,629	\$ 78,758,352	\$ (28,723)
City of Ceres	5.1682%	5.5842%	2,686,140	522,545	(71,182)	2,234,777	5,036,102	4,947,008	89,094
Stanislaus Superior Court	4.3770%	4.5127%	876,224	170,455	(23,220)	728,989	3,938,872	3,997,773	(58,901)
Stan. Council of Governments	0.3090%	0.3685%	384,195	74,739	(10,181)	319,638	312,482	326,452	(13,970)
East Side Mosquito District	0.2348%	0.2503%	100,085	19,470	(2,652)	83,267	226,594	221,739	4,855
Salida Sanitary District	0.2415%	0.2082%	(215,020)	(41,829)	5,698	(178,890)	193,792	184,443	9,349
Keyes Comm. Services Distric	0.1082%	0.1075%	(4,520)	(879)	120	(3,760)	89,528	95,234	(5,706)
Hills Ferry Cemetery District	0.0684%	0.0659%	(16,143)	(3,140)	428	(13,430)	62,383	58,380	4,002
<b>Total</b>	<b>100.0000%</b>	<b>100.0000%</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$88,589,381</b>	<b>\$88,589,381</b>	<b>\$ 0</b>

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
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**SECTION VII – GASB 68 REPORTING INFORMATION FOR 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				Current Year		
	6/30/2018	Net Effect	Recognition	6/30/2019	6/30/2018	Net Effect	Recognition	6/30/2019
Stanislaus County	\$ 4,153,307	\$ 0	\$ 1,156,709	\$ 2,996,598	\$ (618,338)	\$ (3,170,590)	\$ (943,287)	\$ (2,845,641)
City of Ceres	250,284	2,234,777	572,096	1,912,965	(2,274,406)	0	(645,941)	(1,628,465)
Stanislaus Superior Court	421,430	728,989	356,514	793,905	(1,692,113)	0	(482,751)	(1,209,362)
Stan. Council of Governments	0	319,638	63,928	255,710	(190,658)	0	(72,113)	(118,545)
East Side Mosquito District	47,741	83,267	39,775	91,233	(200,895)	0	(56,730)	(144,165)
Salida Sanitary District	105,467	0	46,451	59,016	(28,813)	(178,890)	(50,184)	(157,519)
Keyes Comm. Services District	31,741	0	17,881	13,860	(26,211)	(3,760)	(7,305)	(22,666)
Hills Ferry Cemetery District	21,864	0	7,847	14,017	(399)	(13,430)	(2,885)	(10,944)
<b>Total</b>	<b>\$ 5,031,833</b>	<b>\$ 3,366,670</b>	<b>\$ 2,261,201</b>	<b>\$ 6,137,303</b>	<b>\$ (5,031,832)</b>	<b>\$ (3,366,670)</b>	<b>\$ (2,261,196)</b>	<b>\$ (6,137,307)</b>

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
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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			
	6/30/2018	Current Year	Recognition	6/30/2019	6/30/2018	Current Year	Recognition	6/30/2019
		Difference				Difference		
Stanislaus County	\$ 36,184	\$ 0	\$ 18,091	\$ 18,093	\$ (351,320)	\$ (28,723)	\$ (143,100)	\$ (236,943)
City of Ceres	557,337	89,094	240,219	406,211	0	0	0	0
Stanislaus Superior Court	0	0	0	0	(202,938)	(58,901)	(95,835)	(166,004)
Stan. Council of Governments	0	0	0	0	(23,981)	(13,970)	(12,012)	(25,939)
East Side Mosquito District	5,593	4,855	2,369	8,079	(3,508)	0	(2,687)	(821)
Salida Sanitary District	2,193	9,349	2,761	8,782	(4,418)	0	(2,458)	(1,960)
Keyes Comm. Services District	0	0	0	0	(15,349)	(5,706)	(7,920)	(13,135)
Hills Ferry Cemetery District	766	4,002	1,070	3,699	(562)	0	(504)	(58)
<b>Total</b>	<b>\$ 602,073</b>	<b>\$ 107,300</b>	<b>\$ 264,510</b>	<b>\$ 444,863</b>	<b>\$ (602,074)</b>	<b>\$ (107,300)</b>	<b>\$ (264,516)</b>	<b>\$ (444,859)</b>

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

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

<b>Table VII-6 Schedule of Employers' Deferred Outflows at June 30, 2019</b>						
<b>Employer</b>	<b>Proportionate Shares</b>	<b>Experience</b>	<b>Assumption Changes</b>	<b>Investment Return</b>	<b>Proportion Change</b>	<b>Contribution Difference</b>
Stanislaus County	88.9027%	\$ 21,057,470	\$ 47,963,412	\$ 17,239,011	\$ 2,996,598	\$ 18,093
City of Ceres	5.5842%	1,322,672	3,012,701	1,082,825	1,912,965	406,211
Stanislaus Superior Court	4.5127%	1,068,877	2,434,622	875,052	793,905	0
Stan. Council of Governments	0.3685%	87,283	198,807	71,455	255,710	0
East Side Mosquito District	0.2503%	59,286	135,038	48,535	91,233	8,079
Salida Sanitary District	0.2082%	49,314	112,325	40,372	59,016	8,782
Keyes Comm. Services District	0.1075%	25,462	57,997	20,845	13,860	0
Hills Ferry Cemetery District	0.0659%	15,609	35,553	12,779	14,017	3,699
<b>Total</b>	<b>100.0000%</b>	<b>\$23,685,973</b>	<b>\$ 53,950,456</b>	<b>\$19,390,874</b>	<b>\$ 6,137,303</b>	<b>\$ 444,863</b>



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

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

<b>Table VII-7 Schedule of Employers' Deferred Inflows at June 30, 2019</b>							
<b>Employer</b>	<b>Proportionate Shares</b>	<b>Experience</b>	<b>Assumption Changes</b>	<b>Investment Return</b>	<b>Proportion Change</b>	<b>Contribution Difference</b>	
Stanislaus County	88.9027%	\$ 7,635,075	\$ 32,750,278	\$ 0	\$ 2,845,641	\$ 236,943	
City of Ceres	5.5842%	479,578	2,057,127	0	1,628,465	0	
Stanislaus Superior Court	4.5127%	387,556	1,662,404	0	1,209,362	166,004	
Stan. Council of Governments	0.3685%	31,647	135,749	0	118,545	25,939	
East Side Mosquito District	0.2503%	21,496	92,206	0	144,165	821	
Salida Sanitary District	0.2082%	17,880	76,697	0	157,519	1,960	
Keyes Comm. Services District	0.1075%	9,232	39,601	0	22,666	13,135	
Hills Ferry Cemetery District	0.0659%	5,660	24,276	0	10,944	58	
<b>Total</b>	<b>100.0000%</b>	<b>\$ 8,588,125</b>	<b>\$ 36,838,339</b>	<b>\$ 0</b>	<b>\$ 6,137,307</b>	<b>\$ 444,859</b>	

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

<b>Table VII-8</b>						
<b>Schedule of Employers' Recognition of Deferred Outflows and Inflows at June 30, 2019</b>						
<b>Employer</b>	<b>Recognition for Measurement Year Ending</b>					
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>Thereafter</b>
Stanislaus County	\$ 58,880,496	\$ (16,663,032)	\$ 60,996	\$ 3,528,185	\$ 0	\$ 0
City of Ceres	3,809,763	(1,108,606)	144,469	726,580	0	0
Stanislaus Superior Court	2,797,066	(1,219,699)	(175,822)	345,585	0	0
Stan. Council of Governments	245,675	(61,418)	38,710	78,408	0	0
East Side Mosquito District	139,523	(60,742)	(24,659)	29,361	0	0
Salida Sanitary District	112,788	(50,873)	(22,015)	(24,147)	0	0
Keyes Comm. Services District	67,349	(27,584)	(9,381)	3,146	0	0
Hills Ferry Cemetery District	46,922	(9,132)	1,723	1,206	0	0
<b>Total</b>	<b>\$66,099,582</b>	<b>\$ (19,201,088)</b>	<b>\$ 14,023</b>	<b>\$ 4,688,323</b>	<b>\$ 0</b>	<b>\$ 0</b>

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
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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, 2019										
Employer	Collective	Change in	Contribution	Employer	Change in Employer			Employer	Employer	
	Pension			Proportion	Difference	Pension	Net Pension		Deferred	Deferred
	Expense			Expense	Liability	Outflows	Inflows		Expense	
Stanislaus County	\$ 142,253,620	\$ 213,422	\$ (125,009)	\$ 142,342,033	\$ 9,098,805	\$ 27,328,574	\$ 27,185,025	\$ 78,729,629	\$ 142,342,033	
City of Ceres	8,935,304	(73,845)	240,219	9,101,678	3,497,035	(437,884)	1,006,426	5,036,102	9,101,678	
Stanislaus Superior Court	7,220,792	(126,237)	(95,835)	6,998,720	1,531,524	747,004	781,321	3,938,872	6,998,720	
Stan. Council of Governments	589,639	(8,185)	(12,012)	569,442	437,706	(225,115)	44,368	312,482	569,442	
East Side Mosquito District	400,506	(16,955)	(318)	383,233	136,431	6,099	14,108	226,594	383,233	
Salida Sanitary District	333,142	(3,733)	303	329,712	(184,787)	141,205	179,502	193,792	329,712	
Keyes Comm. Services District	172,011	10,576	(7,920)	174,667	11,090	49,489	24,561	89,528	174,667	
Hills Ferry Cemetery District	105,447	4,962	566	110,975	(6,573)	26,892	28,273	62,383	110,975	
<b>Total</b>	<b>\$160,010,461</b>	<b>\$ 5</b>	<b>\$ (6)</b>	<b>\$ 160,010,460</b>	<b>\$ 14,521,231</b>	<b>\$ 27,636,264</b>	<b>\$ 29,263,584</b>	<b>\$ 88,589,381</b>	<b>\$ 160,010,460</b>	

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
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**SECTION VII – GASB 68 REPORTING INFORMATION FOR 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, 2019									
Employer	Proportionate Shares	Proportionate Share of NPL	Covered-Employee 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	88.9027%	\$ 586,960,468	\$ 252,444,058	232.5%	77.0%	\$ 78,729,629	\$ 78,729,629	\$ 0	31.2%
City of Ceres	5.5842%	36,868,449	12,808,104	287.9%	77.0%	5,036,102	5,036,102	0	39.3%
Stanislaus Superior Court	4.5127%	29,794,106	13,858,446	215.0%	77.0%	3,938,872	3,938,872	0	28.4%
Stan. Council of Governments	0.3685%	2,432,940	1,131,607	215.0%	77.0%	312,482	312,482	0	27.6%
East Side Mosquito District	0.2503%	1,652,551	688,220	240.1%	77.0%	226,594	226,594	0	32.9%
Salida Sanitary District	0.2082%	1,374,595	572,401	240.1%	77.0%	193,792	193,792	0	33.9%
Keyes Comm. Services Distri	0.1075%	709,745	295,578	240.1%	77.0%	89,528	89,528	0	30.3%
Hills Ferry Cemetery District	0.0659%	435,090	181,240	240.1%	77.0%	62,383	62,383	0	34.4%
<b>Total</b>	<b>100.0000%</b>	<b>\$ 660,227,944</b>	<b>\$ 281,979,654</b>	<b>234.1%</b>	<b>77.0%</b>	<b>\$ 88,589,381</b>	<b>\$ 88,589,381</b>	<b>\$ 0</b>	<b>31.4%</b>

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
GASB 67 AND 68 REPORTING AS OF JUNE 30, 2019**

**APPENDIX A – MEMBERSHIP INFORMATION**

	<u>General Members</u>		<u>Safety Members</u>		<u>Total</u>	
	7/1/2017	7/1/2018	7/1/2017	7/1/2018	7/1/2017	7/1/2018
<b>Active Participants</b>						
Number	3,552	3,658	757	794	4,309	4,452
Average Age	45.02	44.80	37.73	37.44	43.74	43.49
Average Service	10.59	10.44	10.06	9.82	10.50	10.33
Average Pay (does not reflect impact of furloughs)	\$ 56,801	\$ 57,933	\$ 71,843	\$ 74,100	\$ 59,444	\$ 60,817
<b>Service Retired</b>						
Number	2,614	2,694	390	413	3,004	3,107
Average Age	69.90	70.13	64.84	64.81	69.24	69.42
Average Annual Total Benefit	\$ 30,139	\$ 30,912	\$ 55,279	\$ 56,445	\$ 33,403	\$ 34,306
<b>Beneficiaries</b>						
Number	338	348	93	96	431	444
Average Age	72.84	72.59	66.26	67.11	71.42	71.41
Average Annual Total Benefit	\$ 17,694	\$ 18,617	\$ 29,212	\$ 30,886	\$ 20,179	\$ 21,270
<b>Duty Disabled</b>						
Number	101	96	125	127	226	223
Average Age	68.86	68.65	58.33	58.71	63.04	62.99
Average Annual Total Benefit	\$ 25,421	\$ 25,940	\$ 38,340	\$ 39,182	\$ 32,566	\$ 33,482
<b>Ordinary Disabled</b>						
Number	78	75	7	7	85	82
Average Age	64.04	64.04	59.00	60.00	63.62	63.70
Average Annual Total Benefit	\$ 17,127	\$ 17,686	\$ 23,703	\$ 24,414	\$ 17,669	\$ 18,261
<b>Total In Pay</b>						
Number	3,131	3,213	615	643	3,746	3,856
Average Age	70.04	70.21	63.66	63.90	68.99	69.15
Average Annual Total Benefit	\$ 28,319	\$ 29,123	\$ 47,535	\$ 48,871	\$ 31,474	\$ 32,416
<b>Terminated Vested</b>						
Number	416	396	80	74	496	470
Average Age	49.75	49.60	43.19	43.62	48.69	48.66
Average Service	10.46	10.48	9.71	9.75	10.34	10.37
<b>Transfers</b>						
Number	424	470	151	165	575	635
Average Age	46.42	46.34	41.76	41.42	45.20	45.06
Average Service	6.96	7.17	7.22	7.21	7.03	7.18
<b>Total Inactives</b>						
Number	840	866	231	239	1,071	1,105
Average Age	48.07	47.83	42.26	42.10	46.81	46.59
Average Service	8.69	8.69	8.08	7.99	8.56	8.54

Please refer to the June 30, 2018 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, 2019**

**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, 2019 is provided below, including any assumptions that differ from those used in the June 30, 2018 actuarial valuation. Please refer to the June 30, 2018 actuarial valuation report for a complete description of all other assumptions.

**Key Actuarial Assumptions**

<b>Expected Return on Assets</b>	7.00 percent per year, net of investment expenses
<b>Discount Rate</b>	7.00 percent per year
<b>Price Inflation</b>	2.75% per year
<b>Salary Increases</b>	3.00% per year plus merit component based on employee classification and years of service
<b>Administrative Expenses</b>	An allowance of \$2,825,625 for administrative expenses has been included in the annual cost calculated.
<b>Postretirement COLA</b>	100% of CPI up to 3% annually with banking, 2.6% annual increases assumed. Increases are assumed to occur on April 1.
<b>Mortality Rates for Healthy Members and Inactives</b>	<p>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.</p> <p>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.</p> <p>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.</p> <p>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</p>

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

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 indicated in the prior bullet.

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, 2018 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 18 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.

The contribution rate does not reflect any phase-in of the impact of changes to the economic and demographic assumptions first adopted for the June 30, 2018 actuarial valuation.

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
GASB 67 AND 68 REPORTING AS OF JUNE 30, 2019**

**APPENDIX C - SUMMARY OF PLAN PROVISIONS**

The plan provisions are the same as those summarized in the June 30, 2018 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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