

STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

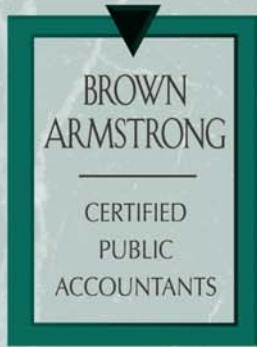
Schedule of Employer Allocations and Schedule of Pension Amounts by Employer

For Employer Reporting as of June 30, 2021
Using a Measurement Date of June 30, 2020



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BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Internal Governance Committee and Board of Retirement of
Stanislaus County Employees' Retirement Association
Modesto, California

Report on the Schedules

We have audited the accompanying schedule of employer allocations of Stanislaus County Employees' Retirement Association (StanCERA) for the fiscal years ended June 30, 2020 and 2019, and the related notes to the schedule. We have also audited the total for all employers of the columns titled net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense excluding that attributable to employer-paid member contributions (specified column totals) included in the accompanying schedule of pension amounts by employer of StanCERA as of and for the fiscal year ended June 30, 2020, and the related notes to the schedule.

Management's Responsibility for the Schedules

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

Auditor's Responsibility

Our responsibility is to express opinions on the schedule of employer allocations and the specified column totals included in the schedule of pension amounts by employer based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedule of employer allocations and the specified column totals included in the schedule of pension amounts by employer are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedule of employer allocations and the specified column totals included in the schedule of pension amounts by employer. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the schedule of employer allocations and the specified column totals included in the schedule of pension amounts by employer, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to StanCERA's preparation and fair presentation of the schedule of employer allocations and the specified column totals included in the schedule of pension amounts by employer in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of StanCERA's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the schedule of employer allocations and the specified column totals included in the schedule of pension amounts by employer.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the schedules referred to above present fairly, in all material respects, the employer allocations as of the fiscal years ended June 30, 2020 and 2019, the net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense excluding that attributable to employer-paid member contributions for the total of all employers in StanCERA as of and for the fiscal year ended June 30, 2020, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of StanCERA as of and for the fiscal years ended June 30, 2020 and 2019, and our report thereon, dated November 12, 2020, expressed an unmodified opinion on those financial statements.

Restriction on Use

Our report is intended solely for the information and use of StanCERA's management, the Internal Governance Committee, the Board of Retirement, and StanCERA's participating employers and their auditors and is not intended to be, and should not be, used by anyone other than these specified parties.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
April 2, 2021

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
(Pension Trust Fund for the County of Stanislaus, California)**

Schedule of Employer Allocations
For the fiscal years ended June 30, 2020 and 2019

Employer	Employer Allocations			
	June 30, 2020		June 30, 2019	
	Percentage	Unfunded Liability Amortization Payment Share	Percentage	Unfunded Liability Amortization Payment Share
Stanislaus County	88.8039%	\$ 50,481,032	88.9027%	\$ 44,583,949
City of Ceres	5.7019%	3,241,244	5.5842%	2,800,418
Stanislaus Superior Court	4.5880%	2,608,047	4.5127%	2,263,084
Stanislaus County Council of Governments	0.3403%	193,439	0.3685%	184,791
East Side Mosquito Abatement District	0.2099%	119,343	0.2503%	125,531
Salida Sanitary District	0.1803%	102,473	0.2082%	104,406
Keyes Community Services District	0.1144%	65,044	0.1075%	53,913
Hills Ferry Cemetery District	0.0613%	34,824	0.0659%	33,058
Total	100.0000%	\$ 56,845,446	100.0000%	\$ 50,149,150

The accompanying notes are an integral part of this schedule.

Notes to the Schedule of Employer Allocations

Description of System and Applicable Provisions of the Law

The Stanislaus County Employees' Retirement Association (StanCERA) is an integrated public employee retirement system established under and subject to the legislative authority of the State of California as enacted and amended in the County Employees Retirement Law of 1937 (Chapter 677 Statutes of 1937) and the Public Employees' Pension Reform Act of 2013. StanCERA is governed by the Board of Retirement and is a cost-sharing multiple-employer defined benefit pension plan. StanCERA was established by the Stanislaus County Board of Supervisors on July 1, 1948 and was integrated with Social Security on January 1, 1956. StanCERA provides for retirement, disability, death, beneficiary, cost-of-living, and ad-hoc retirement benefits.

Summary of Significant Accounting Policies

The above schedule includes the allocation percentages for each contributing employer, reflecting a methodology that allocates the Net Pension Liability and other Pension Amounts based on each employer's share of the Unfunded Liability amortization payments, with separate amortization rates for General and Safety members. Each employer's amortized share as of June 30, 2020, and June 30, 2019, is determined by multiplying the actual covered payroll reported to StanCERA by each contributing employer for the respective fiscal year by the employer's amortization rates for both General and Safety classifications from the most recent actuarial valuation report (the report as of June 30, 2019, and June 30, 2018, respectively).

Basis of Accounting

Covered payroll for employers contributing to StanCERA is reported on an accrual basis of accounting, and related contributions are recognized when received or due pursuant to legal requirements.

Notes to the Schedule of Employer Allocations (continued)

Contribution Rates

The County Employees Retirement Law of 1937 establishes the basic obligations for employer and member contributions to the retirement system. The actual employer and member contribution rates in effect each year are based on recommendations made by an independent actuary and adopted by the Board of Retirement.

StanCERA's policy for contributions states that actuarially determined rates are expressed as a percentage of annual covered payroll that is required to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded liability. Annual covered payroll is the basis for determining both plan member and employer contributions, which are reported in StanCERA's basic financial statements and are the basis for the employer allocation calculation. Plan member contributions reported in StanCERA's basic financial statements include plan member contributions paid by the employer.

Use of Estimates in the Preparation of the Schedule

The preparation of this schedule in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain amounts and disclosures. Actual results could differ from those estimates.

STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
(Pension Trust Fund of the County of Stanislaus, California)

Schedule of Pension Amounts by Employer
As of and for the fiscal year ended June 30, 2020

Employer	Net Pension Liability	Deferred Outflows of Resources					Total Deferred Outflows of Resources
		Differences Between Expected and Actual Experience	Changes in Assumptions	Net Difference Between Projected and Actual Earnings on Pension Plan Investments	Changes in Proportionate Share	Differences Between Employer Contributions and Proportionate Share of Contributions	
Stanislaus County	\$ 724,040,593	\$ 35,075,091	\$ -	\$ 98,931,186	\$ 1,863,737	\$ 91,015	\$ 135,961,029
City of Ceres	46,489,029	2,252,093	-	6,352,150	1,913,950	234,792	10,752,985
Stanislaus Superior Court	37,407,121	1,812,133	-	5,111,220	804,030	-	7,727,383
Stanislaus County Council of Governments	2,774,552	134,409	-	379,108	191,782	-	705,299
East Side Mosquito Abatement District	1,711,368	82,905	-	233,837	62,270	15,122	394,134
Salida Sanitary District	1,470,031	71,214	-	200,862	35,768	18,549	326,393
Keyes Community Services District	932,732	45,185	-	127,446	38,169	-	210,800
Hills Ferry Cemetery District	499,794	24,212	-	68,291	8,818	7,677	108,998
Total for All Employers	\$ 815,325,220	\$ 39,497,242	\$ -	\$ 111,404,100	\$ 4,918,524	\$ 367,155	\$ 156,187,021

Employer	Deferred Inflows of Resources					Total Deferred Inflows of Resources
	Differences Between Expected and Actual Experience	Changes in Assumptions	Net Difference Between Projected and Actual Earnings on Pension Plan Investments	Changes in Proportionate Share	Differences Between Employer Contributions and Proportionate Share of Contributions	
Stanislaus County	\$ 4,323,686	\$ 24,535,411	\$ -	\$ 2,383,412	\$ 145,454	\$ 31,387,963
City of Ceres	277,614	1,575,364	-	1,003,577	2,423	2,858,978
Stanislaus Superior Court	223,381	1,267,607	-	753,537	180,214	2,424,739
Stanislaus County Council of Governments	16,569	94,021	-	204,858	26,947	342,395
East Side Mosquito Abatement District	10,220	57,993	-	284,143	295	352,651
Salida Sanitary District	8,778	49,815	-	243,180	1,307	303,080
Keyes Community Services District	5,570	31,607	-	15,361	10,471	63,009
Hills Ferry Cemetery District	2,985	16,936	-	30,456	38	50,415
Total for All Employers	\$ 4,868,803	\$ 27,628,754	\$ -	\$ 4,918,524	\$ 367,149	\$ 37,783,230

Employer	Pension Expense Excluding That Attributable to Employer-Paid Member Contributions				
	Proportionate Share of Allocable Plan Pension Expense	Pension Expense Related to Specific Liabilities of Individual Employers	Net Amortization of Deferred Amounts from Changes in Proportionate Share	Net Amortization of Deferred Amounts from Differences Between Employer Contributions and Proportionate Share of Contributions	Total Pension Expense Excluding That Attributable to Employer-Paid Member Contributions
Stanislaus County	\$ 160,716,356	\$ -	\$ 69,308	\$ (50,641)	\$ 160,735,023
City of Ceres	10,319,238	-	90,482	170,813	10,580,533
Stanislaus Superior Court	8,303,314	-	(7,654)	(111,675)	8,183,985
Stanislaus County Council of Governments	615,871	-	(21,391)	(13,798)	580,682
East Side Mosquito Abatement District	379,875	-	(76,945)	4,196	307,126
Salida Sanitary District	326,305	-	(60,898)	5,238	270,645
Keyes Community Services District	207,040	-	10,380	(6,445)	210,975
Hills Ferry Cemetery District	110,940	-	(3,286)	2,311	109,965
Total for All Employers	\$ 180,978,939	\$ -	\$ (4)	\$ (1)	\$ 180,978,934

The accompanying notes are an integral part of this schedule.

NOTES TO THE SCHEDULE OF PENSION AMOUNTS BY EMPLOYER

Summary of Significant Policies

The Total Pension Liability as of the valuation date includes the liability associated with the \$5,000 lump sum death benefit. Measurements as of the reporting date are based on the fair value of assets (fiduciary net position) as of June 30, 2020, and the Total Pension Liability as of the valuation date, June 30, 2019, using update procedures to roll forward to StanCERA’s fiscal year end of June 30, 2020. The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2018. There were no significant events between the valuation date and the measurement date.

The components of the Net Pension Liability of StanCERA at June 30, 2020 and June 30, 2019, were as follows:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Total Pension Liability	\$ 3,021,191,459	\$ 2,868,469,377
Plan Fiduciary Net Position	<u>\$ (2,205,866,239)</u>	<u>\$ (2,208,241,432)</u>
Net Pension Liability	<u>\$ 815,325,220</u>	<u>\$ 660,227,945</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	73.0%	77.0%

The decrease in Net Pension Liability and decrease in Plan Fiduciary Net Position as a percentage of the Total Pension Liability are due to a decrease in investment gains compared to the prior year as well as an actuarial liability loss. The investment losses are recognized over five years and the actuarial liability loss is recognized over the average remaining service life of all members, which is also five years.

Actuarial Assumptions

The Total Pension Liability was determined based on the June 30, 2019 and 2018 actuarial valuations rolled forward to June 30, 2020 and 2019, respectively, using the following actuarial assumptions, applied to all periods included in the measurement:

Notes to the Schedule of Pension Amounts by Employer (continued)

Actuarial Assumptions – (continued)

ACTUARIAL VALUATION ASSUMPTIONS

Measurement Date	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Investment Rate of Return	7.00%, net of investment expenses	7.00%, net of investment expenses
Projected Salary Increases	3.00%, per year plus merit component based on employee classification and years of service	3.00%, per year plus merit component based on employee classification and years of service
Attributed to Inflation	2.75%	2.75%
Cost-of-Living Adjustments	100% of Consumer Price Index (CPI) up to 3.0% annually with banking, 2.6% annual increases assumed	100% of Consumer Price Index (CPI) up to 3.0% annually with banking, 2.6% annual increases assumed

MORTALITY ASSUMPTIONS

<u>Service Type</u>	<u>Table Used</u>
Post-Retirement	California Public Employees' Retirement System (CalPERS) Healthy Annuitant adjusted for 97.2% for males and 104.1% for females
Pre-Retirement	
General Members	CalPERS Pre-Retirement Non-Industrially adjusted by 97.2% for males and 101.6% for females
Safety Members	CalPERS Pre-Retirement Individual Death without adjustment or projection
Non-Service Disability Retirees	CalPERS Non-Industrially Disability Annuitant adjusted by 104.5% for females and no adjustment for males
Service-Connected Disability Retirees	CalPERS Industrially Disability Annuitant adjusted by 101.9% for males and no adjustment for females
Active Member Disability	
General Members	CalPERS Public Agency Miscellaneous Non-Industrial Disability
Safety Members	CalPERS Public Agency Police Non-Industrial Disability

The mortality assumptions employ a fully generational mortality improvement projection from base year 2009 using Society of Actuaries (SOA) Scale MP-2018. For withdrawals, vested terminations and reciprocal transfers, the rates vary by age, gender and classification.

Notes to the Schedule of Pension Amounts by Employer (continued)

Expected Long-Term Rate of Return by Asset Class

The long-term defined benefit pension plan return expectations were determined using a building-block approach. An inflation forecast is the baseline and various real return premiums (e.g., bonds, equities, etc.) are added to create nominal return expectations for each asset class. These expectations are combined to produce the long-term expected rate of return by weighting the expected nominal rates of return by the target asset allocation percentages and including an expected return from rebalancing uncorrelated asset classes. Best estimates of geometric real rates of return for each major asset class included in the target asset allocation as of June 30, 2020, are summarized in the following table:

Asset Class	2020 Target Allocation	2020 Long-Term Expected Real Rate of Return
Domestic Equities		
U.S. Large Cap	14.00%	3.70%
U.S. Small Cap	3.00%	3.30%
International Equities		
Int'l Development	18.00%	5.60%
Emerging Market Equity	5.00%	6.50%
U.S. Fixed Income		
Core Fixed Income	0.00%	1.20%
U.S. Treasury	3.00%	0.60%
Short-term Gov/Credit	19.00%	0.70%
Real Estate		
Core	5.00%	4.00%
Value-add	5.00%	6.00%
Risk Parity	13.00%	5.00%
Private Equity	6.00%	6.70%
Private Credit	6.00%	5.60%
Infrastructure	2.00%	5.80%
Cash	1.00%	0.00%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% at June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from the employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Notes to the Schedule of Pension Amounts by Employer (continued)

Basis of Accounting

The net pension liability, pension expense, deferred outflows of resources, and deferred inflows of resources are recognized on a full accrual basis of accounting.

Amortization of Deferred Outflows and Deferred Inflows of Resources

The difference between projected and actual investment earnings on pension plan investments is amortized over 5 years on a straight-line basis beginning with the year in which they occur. One-fifth was recognized in pension expense during the measurement period and the remaining difference between projected and actual investment earnings on pension plan investments at June 30, 2020, is to be amortized over the remaining 4 year period.

Current period changes in assumptions, differences between expected and actual experience, the differences between employer contributions and proportionate share of contributions, and the recognition of changes in proportionate share are recognized over the average of the expected remaining service lives of all active and inactive members as of June 30, 2019 (the beginning of the measurement period ending June 30, 2020), which is 5 years. The table below shows the net amount of deferred outflows and deferred inflows of resources to be recognized by each participating employer in each of the next five years.

Recognition of Deferred Outflows and Deferred Inflows of Resources as of and for the fiscal year ended June 30, 2020

Employer	Proportionate Share of Recognition for Fiscal Year End					
	2021	2022	2023	2024	2025	Thereafter
Stanislaus County	\$ 12,764,086	\$ 29,469,129	\$ 32,931,700	\$ 29,408,149	\$ -	\$ -
City of Ceres	905,951	2,181,645	2,769,256	2,037,156	-	-
Stanislaus Superior Court	356,716	1,415,062	1,939,989	1,590,876	-	-
Stanislaus County Council of Governments	19,775	114,485	152,865	75,780	-	-
East Side Mosquito Abatement District	(30,068)	(1,748)	50,383	22,917	-	-
Salida Sanitary District	(16,440)	7,058	3,621	29,073	-	-
Keyes Community Services District	16,744	36,273	49,122	45,652	-	-
Hills Ferry Cemetery District	7,782	17,753	17,021	16,028	-	-
Total for All Employers	\$ 14,024,546	\$ 33,239,657	\$ 37,913,957	\$ 33,225,631	\$ -	\$ -

Prior period changes of assumptions, differences between expected and actual experience, the differences between employer contributions and the proportionate share of the employer contributions, and the recognition of changes in proportionate share are continued to be recognized based on the expected remaining service lives of all active and inactive members calculated as of those prior measurement dates. In addition, the Schedule of Pension Amounts by Employer does not reflect contributions made to StanCERA subsequent to the measurement date as defined in Governmental Accounting Standards Board (GASB) Statement No. 68, paragraphs 54, 55, and 57 and GASB Statement No. 71. Appropriate treatment of such amounts is the responsibility of the employers.

Notes to the Schedule of Pension Amounts by Employer (continued)

Use of Estimates in the Preparation of the Schedule

The preparation of this schedule in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain amounts and disclosures. Actual results could differ from those estimates.

Additional Financial and Actuarial Information

The components of the schedule associated with pension expense and deferred outflows and deferred inflows of resources have been determined based on the net increase in fiduciary net position for StanCERA as shown in the StanCERA's Statement of Changes in Fiduciary Net Position and in accordance with requirements promulgated by the GASB Statements No. 67, No. 68, and No. 82. The net pension liability at June 30, 2020, is reported in the Notes to StanCERA's Basic Financial Statements and Required Supplementary Information following the Notes. Additional financial and actuarial information required for GASB Statement No. 68 disclosures is located in StanCERA's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020, and the StanCERA GASB 67/68 Report as of June 30, 2020, produced by Cheiron, Inc., which can be found at www.stancera.org.