StanCERA

2023

SCHEDULES OF EMPLOYER ALLOCATIONS AND PENSION AMOUNTS

FOR EMPLOYER REPORTING AS OF JUNE 30, 2024
USING A MEASUREMENT DATE OF JUNE 30, 2023

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BROWN ARMSTRONG
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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

Opinions

We have audited the accompanying schedule of employer allocations of Stanislaus County Employees' Retirement Association (StanCERA) for the fiscal year ended June 30, 2023, 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, 2023, and the related notes to the schedule.

In our opinion, the schedules referred to above present fairly, in all material respects, the employer allocations for the fiscal year ended June 30, 2023, and 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, 2023, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Schedules section of our report. We are required to be independent of StanCERA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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.

In preparing the schedules, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about StanCERA's ability to continue as a going concern within one year after the date the schedules are available to be issued.

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Auditor's Responsibilities for the Audit of the Schedules

Our objectives are to obtain reasonable assurance about whether the schedules as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the schedules.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the schedules, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the schedules.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of StanCERA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the schedules.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about StanCERA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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, 2023 and 2022, and our report thereon, dated November 20, 2023, 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 ASRMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Stockton, California
February 1, 2024

SCHEDULE OF EMPLOYER ALLOCATIONS
For the Fiscal Year Ended June 30, 2023

Employer	Employer Contributions	Employer Contribution Percentage	Total Allocated Net Pension Liability	Employer Proportionate Share
Stanislaus County	$ 93,676,819	89.140%	$ 749,452,332	89.235%
City of Ceres	5,655,899	5.382%	46,388,449	5.523%
Stanislaus Superior Court	4,645,258	4.420%	37,055,832	4.412%
Stanislaus County Council of Governments	394,065	0.375%	3,301,523	0.393%
East Side Mosquito Abatement District	210,523	0.200%	1,341,270	0.160%
Salida Sanitary District	195,693	0.186%	1,212,770	0.144%
Keyes Community Services District	98,609	0.094%	718,087	0.086%
Hills Ferry Cemetery District	60,210	0.058%	388,019	0.046%
Stanislaus Regional Transit Authority (1)	152,858	0.145%	10,078	0.001%
Total	$ 105,089,934	100.000%	$ 839,868,360	100.000%

(1) Stanislaus Regional Transit Authority joined StanCERA in July 2021. This employer's proportionate share reflects its portion of the net pension liability based upon the adopted amortization schedule.

The accompanying notes are an integral part of this schedule.

SCHEDULE OF PENSION AMOUNTS BY EMPLOYER
For the Fiscal Year Ended June 30, 2023

		Deferred Outflows of Resources				
Employer	Net Pension Liability	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	Total Deferred Outflows of Resources
Stanislaus County	$ 749,452,332	$ 113,108,201	$ 2,885,015	$ 66,033,013	$ 4,553,116	$ 186,579,345
City of Ceres	46,388,449	7,000,998	178,572	4,087,210	3,826,906	15,093,686
Stanislaus Superior Court	37,055,832	5,592,508	142,646	3,264,928	763,808	9,763,890
Stanislaus County Council of Governments	3,301,523	498,270	12,709	290,892	182,763	984,634
East Side Mosquito Abatement District	1,341,270	202,426	5,163	118,177	82,619	408,385
Salida Sanitary District	1,212,770	183,033	4,669	106,855	102,355	396,912
Keyes Community Services District	718,087	108,375	2,764	63,270	32,170	206,579
Hills Ferry Cemetery District	388,019	58,560	1,494	34,188	30,868	125,110
Stanislaus Regional Transit Authority (1)	10,078	1,521	39	888	188,224	190,672
Total	$ 839,868,360	$ 126,753,892	$ 3,233,071	$ 73,999,421	$ 9,762,829	$ 213,749,213

(1) Stanislaus Regional Transit Authority joined StanCERA in July 2021. This employer's proportionate share reflects its portion of the net pension liability based upon the adopted amortization schedule.

The accompanying notes are an integral part of this schedule.

SCHEDULES OF PENSION AMOUNTS BY EMPLOYER (continued)

For the Fiscal Year Ended June 30, 2023

Employer	Deferred Inflows of Resources: Differences Between Expected and Actual Experience	Changes in Assumptions	Changes in Proportionate Share Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Inflows of Resources
Stanislaus County	$ -	$ 25,648,699	$ 2,937,100	$ 28,585,799
City of Ceres	-	1,587,564	5,044,433	6,631,997
Stanislaus Superior Court	-	1,268,171	957,843	2,226,014
Stanislaus County Council of Governments	-	112,989	62,182	175,171
East Side Mosquito Abatement District	-	45,903	292,678	338,581
Salida Sanitary District	-	41,505	239,589	281,094
Keyes Community Services District	-	24,575	142,615	167,190
Hills Ferry Cemetery District	-	13,279	86,389	99,668
Stanislaus Regional Transit Authority (1)	-	345	-	345
Total	$ -	$ 28,743,030	$ 9,762,829	$ 38,505,859

Employer	Employer Pension Expenses: 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	$ 132,014,771	$ -	$ 37,029	$ (6,906)	$ 132,044,894
City of Ceres	8,171,248	-	116,144	(154,192)	8,133,200
Stanislaus Superior Court	6,527,323	-	30,642	44,133	6,602,098
Stanislaus County Council of Governments	581,558	-	101,493	(4,410)	678,641
East Side Mosquito Abatement District	236,262	-	(103,235)	23,540	156,567
Salida Sanitary District	213,627	-	(120,719)	27,169	120,077
Keyes Community Services District	126,490	-	(33,022)	864	94,332
Hills Ferry Cemetery District	68,349	-	(30,197)	8,927	47,079
Stanislaus Regional Transit Authority (1)	1,775	-	1,865	60,875	64,515
Total	$ 147,941,403	$ -	$ -	$ -	$ 147,941,403

(1) Stanislaus Regional Transit Authority joined StanCERA in July 2021. This employer's proportionate share reflects its portion of the net pension liability based upon the adopted amortization schedule.

The accompanying notes are an integral part of this schedule.

NOTES TO SCHEDULES OF EMPLOYER ALLOCATIONS OF PENSION AMOUNTS

NOTE 1 – DESCRIPTION OF SYSTEM AND APPLICABLE PROVISIONS OF THE LAW

The Stanislaus County Employees' Retirement Association (StanCERA or the Plan) 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) (CERL) and the Public Employees' Pension Reform Act. It is a cost-sharing multiple-employer pension plan. StanCERA was established by the County of Stanislaus Board of Supervisors on July 1, 1948, and was integrated with Social Security on January 1, 1956.

StanCERA consists of employees from the County of Stanislaus, East Side Mosquito Abatement District, Hills Ferry Cemetery District, Keyes Community Services District, City of Ceres, Salida Sanitary District, Stanislaus County Superior Court, Stanislaus Regional Transit Authority, and Stanislaus Council of Governments.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Employers participating in StanCERA are required to report pension information in their financial statements in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 68 (GASB 68), *Accounting and Financial Reporting for Pensions.* The Schedule of Employer Allocations, Schedule of Pension Amounts, and accompanying notes to these schedules provide StanCERA's participating employers the required pension information required for financial reporting.

These schedules are prepared utilizing StanCERA's financial statements, following GASB accounting principles and reporting guidelines. These statements are prepared on a full accrual basis of accounting, which recognizes income when earned and expenses when incurred. Contributions from employers and members are recognized when received or when due pursuant to legal requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

The Schedule of Employer Allocations illustrates an allocation percentage for each contributing employer; the methodology 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, 2023, and June 30, 2022, 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, 2022, and June 30, 2021, respectively).

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

NOTES TO SCHEDULES OF EMPLOYER ALLOCATIONS OF PENSION AMOUNTS (continued)

NOTE 3 – 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 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.

NOTE 4 – TOTAL PENSION LIABLITY

TOTAL PENSION LIABILITY

The Total Pension Liability as of the valuation date includes, but is not limited to, the anticipated expenses of the plan (including the cost-of-living increases, lump sum death benefits, etc.) as well the expected rate of return on investments and inflation. Measurements as of the reporting date are based on the fair value of assets (fiduciary net position) as of June 30, 2023, and the Total Pension Liability as of the valuation date, June 30, 2022, using updated procedures to roll forward to StanCERA's fiscal year end of June 30, 2023. The actuarial assumptions used in the June 30, 2022, valuation were based on the results of the most recent actuarial experience study for the period July 1, 2018 through June 30, 2021. 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, 2023 and June 30, 2022, were as follows:

	June 30, 2023	June 30, 2022
Total Pension Liability	$ 3,501,702,089	$ 3,264,477,126
Plan Fiduciary Net Position (1)	$ (2,661,833,729)	$ (2,526,425,344)
Net Pension Liability	$ 839,868,360	$ 738,051,782
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.0%	77.4%

(1) *Amounts do not agree to Financial Statements due to year-end adjustments increasing StanCERA's reported Fiduciary Net Position.*

NOTES TO SCHEDULES OF EMPLOYER ALLOCATIONS OF PENSION AMOUNTS (continued)

TOTAL PENSION LIABILITY (continued)

Upon completion of StanCERA's actuarial GASB 67/68 report, Management noted that the Fiduciary Net Position was understated. This can be attributed the initial estimate provided to the actuary which reversed a prior entry recording additional investment income ($9,141), member contributions ($38), and administrative expenses ($363); totaling $8,816. This amount was reviewed and considered immaterial by both StanCERA's actuary and Management and is not reflected in the GASB 67/68 report as of June 30, 2023. Furthermore, the ending Plan Fiduciary Net Position will not agree to StanCERA's Annual Comprehensive Financial Report (ACFR).

StanCERA's Net Pension Liability increased from the prior fiscal period; conversely, the Plan's Fiduciary Net Position as a percentage of the Total Pension Liability decreased 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, 2022 and 2021 actuarial valuations rolled forward to June 30, 2023 and 2022, respectively, using the following actuarial assumptions, applied to all periods included in the measurement

ACTUARIAL VALUATION ASSUMPTIONS

Measurement Date	June 30, 2023	June 30, 2022
Investment Rate of Return	6.75%, net of investment expenses	6.75%, net of investment expenses
Projected Salary Increases	2.75%, per year plus merit component based on employee classification and years of service	2.75%, per year plus merit component based on employee classification and years of service
Attributed to Inflation	2.50%	2.50%
Cost-of-Living Adjustments	100% of Consumer Price Index (CPI) up to 3.0% annually with banking, 2.4% annual increases assumed	100% of Consumer Price Index (CPI) up to 3.0% annually with banking, 2.4% annual increases assumed

NOTES TO SCHEDULES OF EMPLOYER ALLOCATIONS OF PENSION AMOUNTS (continued)

ACTUARIAL ASSUMPTIONS (continued)

MORTALITY ASSUMPTIONS

Service Type	Table Used
Post-Retirement	2021 California Public Employees' Retirement System (CalPERS) Healthy Annuitant adjusted for 107.6% for males and 115.3% for females
Pre-Retirement	
General Members	2021 CalPERS Pre-Retirement Non-Industrially adjusted by 102.2% for males and 110.2% for females
Safety Members	2021 CalPERS Pre-Retirement Non-Industrially adjusted by 102.6% for males and 100.9% for females
Non-Service Disability Retirees	2021 CalPERS Non-Industrially Disability Annuitant no adjustment for males and females
Service-Connected Disability Retirees	2021 CalPERS Industrially Disability Annuitant no adjustment for males and adjusted by 105% for females
Active Member Disability	
General Members	2021 CalPERS Public Agency Miscellaneous Non-Industrial Disability
Safety Members	2021 CalPERS Public Agency Police Non-Industrial Disability

The mortality assumptions employ a fully generational mortality improvement projection from the base year 2017 using the Society of Actuaries (SOA) Scale MP-2020. For withdrawals, vested terminations, and reciprocal transfers, the rates vary by age, gender and classification.

NOTES TO SCHEDULES OF EMPLOYER ALLOCATIONS OF PENSION AMOUNTS (continued)

NOTE 4 – 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, 2023, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equities		
U.S. Large Cap	16.00%	2.10%
U.S. Small Cap	4.00%	3.20%
International Equities		
Int'l Development	14.50%	2.50%
Emerging Market Equity	5.50%	6.70%
U.S. Fixed Income		
U.S. Treasury	6.00%	1.70%
Short-term Gov/Credit	7.00%	3.20%
Real Estate		
Core	6.50%	2.80%
Value-add	6.00%	4.20%
Risk Parity	10.00%	3.00%
Absolute Return	3.00%	3.10%
Private Equity	5.00%	6.60%
Private Credit	8.00%	6.10%
Infrastructure	7.50%	3.80%
Cash	1.00%	1.50%

NOTE 5 – DISCOUNT RATE

The discount rate used to measure the total pension liability was 6.75% on June 30, 2023. 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 SCHEDULES OF EMPLOYER ALLOCATIONS OF PENSION AMOUNTS (continued)

NOTE 6 – AMORTIZATION OF DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES

The difference between projected and actual investment earnings on pension plan investments is amortized over five (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 on June 30, 2023, is to be amortized over the remaining three (3) 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, 2022 (the beginning of the measurement period ending June 30, 2023), which is four (4) years. The table below shows the net amount of deferred outflows and deferred inflows of resources to be recognized by each participating employer in the next four (4) years.

Recognition of Deferred Outflows and Deferred Inflows of Resources
as of and for the fiscal year ended June 30, 2023

	Proportionate Share of Recognition for Fiscal Year End				
Employer	2024	2025	2026	2027	2028
Stanislaus County	$ 49,796,708	$ 20,245,488	$ 88,689,749	$ (738,400)	$ -
City of Ceres	2,537,948	560,131	5,409,315	(45,705)	-
Stanislaus Superior Court	2,369,776	837,348	4,367,263	(36,509)	-
Stanislaus County Council of Governments	252,367	159,045	401,303	(3,253)	-
East Side Mosquito Abatement District	(9,400)	(15,639)	96,165	(1,321)	-
Salida Sanitary District	19,852	2,707	94,453	(1,195)	-
Keyes Community Services District	16,805	(19,248)	42,538	(707)	-
Hills Ferry Cemetery District	6,046	(4,963)	24,741	(382)	-
Stanislaus Regional Transit Authority	63,401	63,002	63,935	(10)	-
Total for All Employers	$ 55,053,503	$ 21,827,871	$ 99,189,462	$ (827,482)	$ -

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 continue 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 SCHEDULES OF EMPLOYER ALLOCATIONS OF PENSION AMOUNTS (continued)

NOTE 7 – ADDITIONAL FINANCIAL AND ACTUARIAL INFORMATION

The components of the schedule associated with pension expense and deferred outflows of resources, 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, 2023, 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 Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023, and the StanCERA GASB 67/68 Report as of June 30, 2022, produced by Cheiron, Inc., which can be found at www.stancera.org.