



San Joaquin County Employees' Retirement Association

GASB 67/68 Report as of December 31, 2019

Produced by Cheiron

May 2020

TABLE OF CONTENTS

<i>Section</i>	<i>Page</i>
Letter of Transmittal	i
Section I Board Summary	1
Section II Certification	3
Section III Determination of Discount Rate	4
Section IV Projection of Total Pension Liability	5
Section V GASB 67 Reporting Information.....	6
Section VI GASB 68 Collective Information	10
Section VII GASB 68 Reporting Information for Participating Employers	14
 <i>Appendices</i>	
Appendix A Glossary of Terms.....	24

May 5, 2020

Retirement Board of San Joaquin
County Employees' Retirement Association
6 South El Dorado, Street, Suite 400
Stockton, CA 95202

Dear Members of the Board:

The purpose of this report is to provide accounting and financial reporting information under GASB 67 for the San Joaquin County Employees' Retirement Association (SJCERA, the System, the Fund, the Plan) and under GASB 68 for the County of San Joaquin and the other participating employers. This information includes:


- Projection of SJCERA's Total Pension Liability from the valuation date to the measurement date,
- Note disclosures and required supplementary information under GASB 67 for SJCERA,
- 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



Timothy S. Doyle, ASA, MAAA, EA
Associate Actuary



Anne D. Harper, FSA, MAAA, EA
Principal Consulting Actuary

**SAN JOAQUIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING FOR DECEMBER 31, 2019 MEASUREMENT DATE**

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 San Joaquin County Employees' Retirement Association (the Plan) and the Plan's participating employers. This information includes:

- Projection of SJCERA's Total Pension Liability (TPL) from the valuation date to the measurement date,
- Note disclosures and required supplementary information under GASB 67 for SJCERA,
- 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 San Joaquin County Employees' Retirement Association (SJCERA) is December 31, 2019. Measurements are based on the fair value of assets as of December 31, 2019 and the Total Pension Liability as of the valuation date, January 1, 2019, updated to December 31, 2019. There were no significant events between the valuation date and the measurement date, so the update procedures consisted of updated actuarial assumptions, plus the addition of service cost and interest cost offset by actual benefit payments.

The Superior Court of California County of San Joaquin made an additional employer contribution of \$1,375,000 to the Plan on June 30, 2019. Effective October 16, 2018, the San Joaquin Mosquito and Vector Control District began making additional employer contributions above the Actuarial Determined Contribution to increase funding to the Plan. Additional contributions of \$80,000 and \$70,000 were made in 2018 and 2019, respectively. Effective January 1, 2017, the County began making additional employer contributions above the Actuarial Determined Contribution to increase funding to the Plan. The County made additional contributions of \$20.2 million, \$20.4 million, and \$21.0 million in 2017, 2018 and 2019, respectively.

The value of the Plan's Net Fiduciary Position includes \$69.0 million for all three separately tracked Additional Contribution Reserves (County, Superior Courts, and Mosquito and Vector Control District), including interest credits. Under GASB 68 reporting, these Additional Contribution Reserves are allocated directly to the County, Superior Court, and Mosquito District and offsets their Net Pension Liability (NPL) with no impact on the other employers' NPL.

**SAN JOAQUIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING FOR DECEMBER 31, 2019 MEASUREMENT DATE**

SECTION I – BOARD SUMMARY

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

	Measurement Date	
	12/31/2019	12/31/2018
Net Pension Liability	\$ 1,688,999,479	\$ 1,859,613,383
Deferred Outflows	(98,294,311)	(326,749,637)
Deferred Inflows	49,884,992	48,726,026
Net Impact on Statement of Net Position	\$ 1,640,590,160	\$ 1,581,589,772
Pension Expense (\$ Amount)	\$ 284,529,144	\$ 308,584,366
Pension Expense (% of Payroll)	62.71%	70.65%

The Net Pension Liability (NPL) decreased approximately \$171 million since the prior measurement date, primarily due to a large investment gain. Experience losses and assumption changes increased the NPL, partially offsetting the investment gain. The investment gains are recognized over five years, and the actuarial losses and assumption changes 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, SJCERA and its participating employers would report a Net Pension Liability of \$1,688,999,479, Deferred Inflows of \$49,884,992, and Deferred Outflows of \$98,294,311. Consequently, the net impact on the aggregate of participating employers' Statements of Net Position due to SJCERA would be \$1,640,590,160 at the end of the measurement year (\$1,688,999,479 + \$49,884,992 – \$98,294,311). 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 December 31, 2019, the collective annual pension expense is \$284,529,144 or 62.71% of covered payroll. This amount is not related to participating employers' contributions to SJCERA (\$225,528,756), but instead represents the change in the net impact on participating employer's Statements of Net Position plus employer contributions (\$1,640,590,160 – \$1,581,589,772 + \$225,528,756). The collective pension expense decreased by approximately \$24 million from 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, such as the impact of assumption changes. A breakdown of the components of the net pension expense is shown in Table VI-2 of this report.

**SAN JOAQUIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING FOR DECEMBER 31, 2019 MEASUREMENT DATE**

SECTION II – CERTIFICATION

The purpose of this report is to provide accounting and financial reporting information under GASB 67 for the San Joaquin County Employees' Retirement Association (SJCERA) and under GASB 68 for the employers that participate in SJCERA. This report is for the use of SJCERA, 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 SJCERA and estimating the price to settle SJCERA's obligations.

In preparing our report, we relied on information (some oral and some written) supplied by SJCERA. 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 that are consistent with 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 SJCERA 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

Timothy S. Doyle, ASA, MAAA, EA
Associate Actuary

Anne D. Harper, FSA, MAAA, EA
Principal Consulting Actuary

SECTION III – DETERMINATION OF DISCOUNT RATE

The discount rate used to measure the Total Pension Liability was 7.25%.

We have assumed that the employees will continue to contribute to the Plan at the required 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, a portion of the expected Administrative Expenses, an amortization payment for the extraordinary losses of 2008 over a closed period (20 years remaining as of January 1, 2019), and an amount necessary to amortize the remaining January 1, 2014 Unfunded Actuarial Liability as a level percentage of payroll over a closed period (14 years remaining as of January 1, 2019). Any subsequent unexpected change in the Unfunded Actuarial Liability (UAL) after January 1, 2014 is amortized over 15 years, with new amortization layers each year. The amortization period for each layer of the remaining UAL will decrease each year.

We have not performed a formal cash flow projection as described under Paragraph 41 of GASB Statement 67. However, Paragraph 43 allows for 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 Plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

**SAN JOAQUIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING FOR DECEMBER 31, 2019 MEASUREMENT DATE**

SECTION IV – PROJECTION OF TOTAL PENSION LIABILITY

The Total Pension Liability (TPL) at the end of the measurement year, December 31, 2019, is measured as of a valuation date of January 1, 2019 and projected to December 31, 2019. The TPL shown in the prior GASB report was measured as of January 1, 2018 and based on projected to December 31, 2018. Because the TPLs are based on different valuations and different demographic assumptions, the December 31, 2018 TPL will not match the amounts measured as of January 1, 2019 that are shown in this exhibit.

There were no significant events during the projection period of which we are aware.

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

Table IV-1 Projection of Collective Total Pension Liability from Valuation to Measurement Date			
Discount Rate	6.25%	7.25%	8.25%
Valuation Collective Total Pension Liability, 1/1/2019			
Actives	\$ 1,978,356,065	\$ 1,669,027,380	\$ 1,420,189,076
Deferred Vested	169,114,122	142,199,080	121,316,411
Retirees	<u>3,211,557,024</u>	<u>2,910,061,016</u>	<u>2,655,589,334</u>
Total	\$ 5,359,027,211	\$ 4,721,287,476	\$ 4,197,094,821
Service Cost	141,044,762	110,608,926	87,803,210
Benefit Payments	236,350,072	236,350,072	236,350,072
Interest	332,006,046	337,814,976	340,254,187
Collective Total Pension Liability, 12/31/2019	\$ 5,595,727,947	\$ 4,933,361,306	\$ 4,388,802,146

**SAN JOAQUIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING FOR DECEMBER 31, 2019 MEASUREMENT DATE**

SECTION V – GASB 67 REPORTING INFORMATION

Note Disclosures

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

Table V-1 Change in Collective Net Pension Liability*			
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 12/31/2018	\$ 4,700,655,459	\$ 2,841,042,076	\$ 1,859,613,383
Changes for the year:			
Service cost	110,608,926		110,608,926
Interest	337,480,353		337,480,353
Changes of benefits	0		0
Differences between expected and actual experience	4,950,114		4,950,114
Changes of assumptions	16,016,526		16,016,526
Contributions - employer		225,528,756	(225,528,756)
Contributions - member		38,098,688	(38,098,688)
Transfer from healthcare plan		299,014	(299,014)
Net investment income		380,674,528	(380,674,528)
Benefit payments	(236,350,072)	(236,350,072)	0
Administrative expense		(4,931,163)	4,931,163
Net changes	<u>232,705,847</u>	<u>403,319,751</u>	<u>(170,613,904)</u>
Balances at 12/31/2019	<u>\$ 4,933,361,305</u>	<u>\$ 3,244,361,827</u>	<u>\$ 1,688,999,479</u>

* Numbers may not sum to total due to rounding.

During the measurement year, the collective NPL decreased by approximately \$171 million. The service cost and interest cost increased the collective NPL by approximately \$448 million while contributions and investment gains offset by administrative expenses decreased the collective NPL by approximately \$640 million.

There were no changes in benefits during the year.

Change in actuarial assumptions due to the experience study increased the NPL by \$16 million. Differences between expected and actual experience increased the NPL by approximately \$5 million.

The TPL as of December 31, 2019 was based upon the same data, actuarial methods and assumptions, and plan provisions as were used in the actuarial valuation as of January 1, 2019, and which are summarized in the Actuarial Valuation Report as of January 1, 2019. The TPL no longer includes an estimate of liabilities for the Post-82 Settlement benefits, as payments from the reserve were suspended in 2017.

**SAN JOAQUIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING FOR DECEMBER 31, 2019 MEASUREMENT DATE**

SECTION V – GASB 67 REPORTING INFORMATION

The actuarial assumptions used in the January 1, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2016 – December 31, 2018. A summary of the key assumptions is as follows:

- Inflation: 2.90%
- Amortization growth rate: 3.15%
- Salary increases: 3.15% plus merit component
- COLA increases: 2.60%
- Investment rate of return: 7.25%, net of investment expense
- Post-Retirement Mortality: Sex distinct tables from the Society of Actuaries' Pub-2010 Public Retirement Plans Mortality Tables, with generational mortality improvements projected from 2010 using Projection Scale MP-2018.

At their July 12, 2019 meeting, the Board approved the recommended assumptions from the experience study for the 2019 valuation.

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 on the next page shows the sensitivity of the collective NPL to the discount rate.

Table V-2			
Sensitivity of Collective Net Pension Liability to Changes in Discount Rate*			
	1% Decrease 6.25%	Discount Rate 7.25%	1% Increase 8.25%
Total Pension Liability	\$ 5,595,727,947	\$ 4,933,361,306	\$ 4,388,802,146
Plan Fiduciary Net Position	<u>3,244,361,827</u>	<u>3,244,361,827</u>	<u>3,244,361,827</u>
Collective Net Pension Liability	<u>\$ 2,351,366,120</u>	<u>\$ 1,688,999,479</u>	<u>\$ 1,144,440,319</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	58.0%	65.8%	73.9%

* Numbers may not sum to total due to rounding.

A one percent decrease in the discount rate increases the TPL by approximately 13% and increases the collective NPL by approximately 39%. A one percent increase in the discount rate decreases the TPL by approximately 11% and decreases the collective NPL by approximately 32%.

**SAN JOAQUIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING FOR DECEMBER 31, 2019 MEASUREMENT DATE**

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 below shows the changes in collective NPL and related ratios required by GASB for the six years since implementation.

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
Total Pension Liability						
Service cost (MOY)	\$ 110,608,926	\$ 103,300,553	\$ 98,438,144	\$ 92,857,369	\$ 94,377,630	\$ 90,429,416
Interest (includes interest on service cost)	337,480,353	325,161,265	308,566,601	295,197,992	280,581,484	266,668,435
Changes of benefit terms	0	0	0	0	0	0
Differences between expected and actual experience	4,950,114	(49,383,683)	37,219,673	(10,171,368)	(25,752,670)	0
Changes of assumptions	16,016,526	81,854,664	0	87,601,669	0	0
Benefit payments, including refunds of member contributions	(236,350,072)	(221,443,668)	(205,406,970)	(194,719,177)	(181,468,913)	(165,870,971)
Net change in total pension liability	\$ 232,705,847	\$ 239,489,131	\$ 238,817,448	\$ 270,766,485	\$ 167,737,531	\$ 191,226,880
Total pension liability - beginning	4,700,655,459	4,461,166,328	4,222,348,880	3,951,582,395	3,783,844,864	3,592,617,984
Total pension liability - ending	\$ 4,933,361,306	\$ 4,700,655,459	\$ 4,461,166,328	\$ 4,222,348,880	\$ 3,951,582,395	\$ 3,783,844,864
Plan fiduciary net position						
Contributions - employer	\$ 225,528,756	\$ 208,757,572	\$ 200,051,742	\$ 159,122,523	\$ 150,371,556	\$ 136,686,133
Contributions - member	38,098,688	35,377,951	33,634,906	30,117,408	29,026,901	27,367,908
Transfer from healthcare plan	299,014	324,269	364,714	293,779	378,969	19,968,779
Net investment income	380,674,528	(56,397,598)	299,960,693	151,114,788	(47,339,750)	110,728,303
Benefit payments, including refunds of member contributions	(236,350,072)	(221,443,668)	(205,406,970)	(194,719,177)	(181,468,913)	(165,870,971)
Administrative expense	(4,931,163)	(4,865,082)	(4,118,578)	(4,369,744)	(4,075,745)	(4,042,986)
Net change in plan fiduciary net position	\$ 403,319,751	\$ (38,246,555)	\$ 324,486,507	\$ 141,559,577	\$ (53,106,982)	\$ 124,837,166
Plan fiduciary net position - beginning	2,841,042,076	2,879,288,631	2,554,802,124	2,413,242,547	2,466,349,529	2,341,512,363
Plan fiduciary net position - ending	\$ 3,244,361,827	\$ 2,841,042,076	\$ 2,879,288,631	\$ 2,554,802,124	\$ 2,413,242,547	\$ 2,466,349,529
Net pension liability - ending	\$ 1,688,999,479	\$ 1,859,613,383	\$ 1,581,877,697	\$ 1,667,546,755	\$ 1,538,339,848	\$ 1,317,495,335
Plan fiduciary net position as a percentage of the total pension liability	65.76%	60.44%	64.54%	60.51%	61.07%	65.18%
Covered payroll	\$ 453,710,584	\$ 436,763,447	\$ 425,886,951	\$ 392,227,314	\$ 396,136,470	\$ 376,030,944
Net pension liability as a percentage of covered employee payroll	372.26%	425.77%	371.43%	425.15%	388.34%	350.37%

* Numbers may not sum to total due to rounding.

Because an Actuarially Determined Contribution (ADC) has been calculated historically, the full 10 years of information in the following schedule is required.

**SAN JOAQUIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING FOR DECEMBER 31, 2019 MEASUREMENT DATE**

SECTION V – GASB 67 REPORTING INFORMATION

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 2011
Actuarially Determined Contribution Contributions in Relation to the Actuarially Determined Contribution	\$ 203,058,574	\$ 188,322,653	\$ 179,824,882	\$ 159,122,523	\$ 150,371,556	\$ 136,686,133	\$ 119,494,000	\$ 108,063,000	\$ 112,892,000	\$ 104,452,000
	<u>225,528,756</u>	<u>208,757,572</u>	<u>200,051,742</u>	<u>159,122,523</u>	<u>150,371,556</u>	<u>136,686,133</u>	<u>119,494,000</u>	<u>108,063,000</u>	<u>112,892,000</u>	<u>104,452,000</u>
Contribution Deficiency/(Excess)	\$ (22,470,182)	\$ (20,434,919)	\$ (20,226,860)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 453,710,584	\$ 436,763,447	\$ 425,886,951	\$ 392,227,314	\$ 396,136,470	\$ 376,030,944	\$ 362,650,568	\$ 356,419,000	\$ 367,344,000	\$ 385,442,000
Contributions as a Percentage of Covered Payroll	49.71%	47.80%	46.97%	40.57%	37.96%	36.35%	32.95%	30.32%	30.73%	27.10%

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

Notes to Schedule

Valuation Date 1/1/2018
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 for the Year Ending December 31, 2019:

Actuarial cost method Entry Age Normal
Asset valuation method Actuarial value: Excess earnings smoothed over five years, 80% / 120% corridor around market value
Amortization method As of January 1, 2015, level percentage of payroll with separate periods for remaining 1/1/2014 UAL (15 years as of 1/1/2018), Extraordinary Actuarial Gains or Losses (21 years for 2008 losses as of 1/1/2018), and any future actuarial gains and losses over 15 years
Discount rate 7.25% net of investment expenses
Amortization growth rate 3.15%
Price inflation 2.90%
Salary increases 3.15% plus merit component based on employee classification and years of service
Mortality Sex distinct tables from CALPERS' 2013 experience study, with generational mortality improvements projected from 2009 using Projection Scale MP-2015

A complete description of the methods and assumptions used to determine contribution rates for the year ending December 31, 2019 can be found in the January 1, 2018 Actuarial Valuation Report.

**SAN JOAQUIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING FOR DECEMBER 31, 2019 MEASUREMENT DATE**

SECTION VI – GASB 68 COLLECTIVE INFORMATION

Employers that participate in SJCERA were 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 not more than 12 months prior to their reporting date. For employers with a reporting date of June 30, their 2020 disclosures can be based on the December 31, 2019 measurement date.

Because SJCERA is a cost-sharing multiple-employer pension plan, each employer participating in SJCERA 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 SJCERA. As of the measurement date, the remaining service life is 4.98 years, which has been rounded to five years for determining the recognition period.

During the year, there was an experience loss of approximately \$5.0 million. Approximately \$1.0 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, resulting in a deferred outflow of resources as of December 31, 2019 of approximately \$4.0 million. Unrecognized experience losses from prior periods were \$22.3 million of which approximately \$7.4 million was recognized as an increase to pension expense in the current year, with \$14.9 million to be recognized, resulting in a collective deferred outflow of resources as of December 31, 2019 of approximately \$18.8 million.

Recognition of experience gains from prior periods decreased pension expense by approximately \$17.1 million in the current year, resulting in a deferred inflow of resources as of December 31, 2019 of \$31.7 million.

Assumption changes since the last measurement date increased the TPL approximately \$16.0 million. Approximately \$3.2 million of that increase 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, resulting in a deferred outflow of resources as of December 31, 2019 of approximately \$12.8 million. Unrecognized increases to the TPL from prior assumption changes were approximately \$100.5 million of which \$33.9 million was recognized as an increase in pension expense in the current year. The combined collective deferred outflow of resources as of December 31, 2019 is approximately \$79.4 million.

The impact of investment gains or losses is recognized over a period of five years. During the measurement year, there was an investment gain of approximately \$173.9 million. Approximately \$34.8 million of that gain was recognized in the current year and an identical amount will be recognized in each of the next four years, resulting in a deferred inflow of resources as of December 31, 2019 of approximately \$139.1 million. Unrecognized net investment losses from prior periods were approximately \$203.9 million of which \$83.0 million was recognized as an increase in collective pension expense in the current year, resulting in an

**SAN JOAQUIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING FOR DECEMBER 31, 2019 MEASUREMENT DATE**

SECTION VI – GASB 68 COLLECTIVE INFORMATION

unrecognized net loss of \$120.9 million. The combination of the unrecognized investment gains and losses results in a collective deferred inflow of resources as of December 31, 2019 of approximately \$18.2 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.

Table VI-1		
Schedule of Collective Deferred Inflows and Outflows of Resources		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 18,847,959	\$ 31,664,481
Changes in assumptions	79,446,352	0
Net difference between projected and actual earnings on pension plan investments	0	18,220,511
Total	<u>\$ 98,294,311</u>	<u>\$ 49,884,992</u>
Amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:		
Measurement year ended December 31:		
2020	\$ 35,418,299	
2021	14,508,649	
2022	29,067,534	
2023	(30,585,163)	
2024	0	
Thereafter	0	

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

**SAN JOAQUIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING FOR DECEMBER 31, 2019 MEASUREMENT DATE**

SECTION VI – GASB 68 COLLECTIVE INFORMATION

Table VI-2 Calculation of Collective Pension Expense*		
	Measurement Year Ending	
	2019	2018
Change in Net Pension Liability	\$ (170,613,904)	\$ 277,735,686
Change in Deferred Outflows	228,455,326	(210,231,031)
Change in Deferred Inflows	1,158,966	32,322,138
Employer Contributions	<u>225,528,756</u>	<u>208,757,572</u>
Pension Expense	\$ 284,529,144	\$ 308,584,366
Pension Expense as % of Payroll	62.71%	70.65%
Operating Expenses		
Service cost	\$ 110,608,926	\$ 103,300,553
Employee contributions	(38,098,688)	(35,377,951)
Transfers	(299,014)	(324,269)
Administrative expenses	<u>4,931,163</u>	<u>4,865,082</u>
Total	\$ 77,142,387	\$ 72,463,415
Financing Expenses		
Interest cost	\$ 337,480,353	\$ 325,161,265
Expected return on assets	<u>(206,782,077)</u>	<u>(209,394,889)</u>
Total	\$ 130,698,276	\$ 115,766,376
Changes		
Benefit changes	\$ 0	\$ 0
Recognition of assumption changes	37,094,572	33,891,267
Recognition of liability gains and losses	(8,627,587)	(9,617,610)
Recognition of investment gains and losses	<u>48,221,496</u>	<u>96,080,918</u>
Total	\$ 76,688,481	\$ 120,354,575
Pension Expense	\$ 284,529,144	\$ 308,584,366

* Numbers may not sum to total due to rounding.

First, there are components referred to as operating expenses. These are items directly attributable to the operation of the plan during the measurement year. Service cost less employee contributions and other transfers represents the increase in employer-provided benefits attributable to the year, and administrative expenses are the cost of operating SJCERA for the year.

**SAN JOAQUIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING FOR DECEMBER 31, 2019 MEASUREMENT DATE**

SECTION VI – GASB 68 COLLECTIVE INFORMATION

Second, there are the financing expenses: 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 just the interest on the Net Pension Liability, adjusted for cash flow timing.

The final category is changes. This category will drive most of the volatility in pension expense from year to year. It includes any changes in benefits made during the year and the recognized amounts due to assumption changes, gains, or losses on the TPL, and investment gains or losses. The total collective pension expense decreased by about \$24 million with \$44 million attributable to the recognition of changes, offset by \$20 million increase in operating and financing expenses. The current year investment gain is driving the overall decrease in pension expense.

**SAN JOAQUIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING FOR DECEMBER 31, 2019 MEASUREMENT DATE**

SECTION VII – GASB 68 REPORTING INFORMATION FOR PARTICIPATING EMPLOYERS

Proportionate Shares

Because SJCERA is a cost-sharing multiple-employer pension plan, each employer participating in SJCERA 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 shall 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 the Plan’s GASB 67 reporting requirements, SJCERA is following the advice of the AICPA and making a determination of each employer’s Proportionate Share, which will be reviewed by the Plan’s auditor.

The following schedules include the proportionate shares for each employer, reflecting a methodology that allocates the NPL and Pension Expense based on each employer’s share of the Unfunded Liability amortization payments. In Table VII-1, each employer’s amortization share as of December 31, 2019 is determined by multiplying the actual pensionable payroll for the current Plan year by the employer’s amortization rate from the most recent actuarial valuation report (the report as of January 1, 2019). Beginning with the FYE 2017 report, the proportionate shares were adjusted to account for the additional contributions made by the County of San Joaquin. Beginning with the FYE 2018 report, the proportionate shares are also adjusted to account for the additional contributions made by the San Joaquin Mosquito and Vector Control District. The FYE 2019 report includes an adjustment to account for the additional contributions made by the Superior Court.

Table VII-1 Determination of Employers' Proportionate Share (As of December 31, 2019)											
Employer	Unfunded Liability Amortization Rate (from the January 1, 2019 Actuarial Valuation)				Pensionable Payroll				Amortization Share (Rate x Pay)	Proportionate Share	Adjusted Proportionate Share*
	General	General	Safety	Safety	General	General	Safety	Safety			
	Tier 1	Tier 2	Tier 1	Tier 2	Tier 1	Tier 2	Tier 1	Tier 2			
County of San Joaquin	28.10%	28.10%	55.83%	55.83%	\$ 204,046,025	\$ 152,270,818	\$ 48,127,071	\$ 18,764,929	\$ 137,470,836	93.3294%	93.1531%
Superior Courts	28.10%	28.10%	55.83%	55.83%	13,840,682	6,475,089	0	0	5,708,732	3.8757%	3.9474%
Manteca-Lathrop Rural Fire Protection District	28.10%	28.10%	55.83%	55.83%	57,091	119,061	2,052,417	1,285,096	1,912,832	1.2986%	1.3516%
Waterloo-Morada Rural Fire Protection District	28.10%	28.10%	55.83%	55.83%	0	0	632,319	554,743	662,737	0.4499%	0.4683%
Tracy Public Cemetery District	28.10%	28.10%	55.83%	55.83%	125,650	175,429	0	0	84,603	0.0574%	0.0597%
SJC Mosquito & Vector Control District	28.10%	28.10%	55.83%	55.83%	1,666,992	936,922	0	0	731,700	0.4968%	0.5076%
SJC Historical Society & Museum	28.10%	28.10%	55.83%	55.83%	41,600	190,008	0	0	65,082	0.0442%	0.0460%
Mountain House Community Services District	28.10%	28.10%	55.83%	55.83%	404,440	1,837,016	0	0	629,849	0.4276%	0.4451%
Local Agency Formation Commission	28.10%	28.10%	55.83%	55.83%	0	0	0	0	0	0.0000%	0.0000%
San Joaquin County Law Library	28.10%	28.10%	55.83%	55.83%	72,352	34,834	0	0	30,119	0.0204%	0.0212%
Total					\$220,254,832	\$162,039,177	\$ 50,811,807	\$ 20,604,768	\$147,296,490	100.0000%	100.0000%

* Adjusted for additional contributions made by the County, Superior Courts and Mosquito Vector Control District.



**SAN JOAQUIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING FOR DECEMBER 31, 2019 MEASUREMENT DATE**

SECTION VII – GASB 68 REPORTING INFORMATION FOR PARTICIPATING EMPLOYERS

The table below shows the proportionate share of the collective NPL (under three discount rates), the collective deferred outflows, the collective deferred inflows, and the collective pension expense allocated to each participating employer as of December 31, 2019.

Table VII-2 Schedule of Employers' Proportionate Share of Collective Amounts at December 31, 2019*								
Employer	Adjusted Proportionate Share	Share of NPL @ 6.25%	Share of NPL @ 7.25%	Share of NPL @ 8.25%	Share of Deferred Outflows	Share of Deferred Inflows	Pension Expense	
County of San Joaquin	93.1531%	2,190,369,505	1,573,354,707	1,066,081,183	91,564,159	46,469,397	265,047,606	
Superior Courts	3.9474%	92,816,906	66,670,904	45,175,189	3,880,031	1,969,141	11,231,392	
Manteca-Lathrop Rural Fire Protection District	1.3516%	31,782,177	22,829,316	15,468,797	1,328,592	674,269	3,845,831	
Waterloo-Morada Rural Fire Protection District	0.4683%	11,010,936	7,909,217	5,359,165	460,291	233,601	1,332,388	
Tracy Public Cemetery District	0.0597%	1,404,818	1,009,089	683,743	58,726	29,804	169,991	
SJC Mosquito & Vector Control District	0.5076%	11,935,583	8,573,397	5,809,203	498,944	253,217	1,444,276	
SJC Historical Society & Museum	0.0460%	1,081,759	777,034	526,506	45,221	22,950	130,899	
Mountain House Community Services District	0.4451%	10,465,162	7,517,184	5,093,530	437,476	222,022	1,266,346	
Local Agency Formation Commission	0.0000%	0	0	0	0	0	0	
San Joaquin County Law Library	0.0212%	499,273	358,631	243,003	20,871	10,592	60,415	
Total	100.0000%	\$ 2,351,366,120	\$ 1,688,999,479	\$ 1,144,440,319	\$ 98,294,311	\$ 49,884,992	\$ 284,529,144	

* Numbers may not sum to total due to rounding.

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 SJCERA's active and inactive members (4.98 years, which has been rounded to five years).

If the proportionate share for an employer increases, a portion of the resulting increase in the NPL will be recognized in the current year as an increase in the employer's pension expense, with the remainder acting as deferred outflows to be recognized in future years' pension expense. The reverse will be true for reductions in the proportionate share; i.e., reductions in the NPL will be recognized as offset to current and future years' pension expense.

**SAN JOAQUIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING FOR DECEMBER 31, 2019 MEASUREMENT DATE**

SECTION VII – GASB 68 REPORTING INFORMATION FOR PARTICIPATING EMPLOYERS

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 SJCERA's active and inactive members (4.98 years, which has been rounded to five years).

If an employer contributes an amount greater than their proportionate share of the total contributions, the difference increases the current year pension expense and results in deferred outflows to be recognized in future years' pension expense. The reverse will be true for contributions less than the proportionate share; the difference will be recognized as a decrease to current and future years' pension expense.

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

Table VII-3 Schedule of Employers' Changes in Proportion and Contribution Differences*									
Employer	Adjusted Proportionate Shares		Impact of Change in Proportion				Contributions		
	12/31/2018	12/31/2019	Net Pension Liability	Deferred Outflows	Deferred Inflows	Net Effect	Proportionate		
							Actual	Share	Difference
County of San Joaquin	93.3689%	93.1531%	\$ (4,013,870)	\$ (705,271)	\$ 105,172	\$ (3,413,772)	\$ 210,509,511	\$ 210,086,939	\$ 422,572
Superior Courts	3.9003%	3.9474%	874,560	153,667	(22,915)	743,808	9,901,728	8,902,434	999,294
Manteca-Lathrop Rural Fire Protection District	1.3047%	1.3516%	872,243	153,260	(22,855)	741,838	2,069,953	3,048,353	(978,400)
Waterloo-Morada Rural Fire Protection District	0.4421%	0.4683%	486,163	85,423	(12,739)	413,479	869,045	1,056,102	(187,057)
Tracy Public Cemetery District	0.0547%	0.0597%	94,435	16,593	(2,474)	80,316	119,712	134,742	(15,030)
SJC Mosquito & Vector Control District	0.4860%	0.5076%	402,458	70,715	(10,545)	342,288	1,103,451	1,144,789	(41,337)
SJC Historical Society & Museum	0.0275%	0.0460%	344,382	60,511	(9,024)	292,895	86,090	103,756	(17,666)
Mountain House Community Services District	0.4017%	0.4451%	806,993	141,796	(21,145)	686,343	824,300	1,003,755	(179,455)
Local Agency Formation Commission	0.0000%	0.0000%	0	0	0	0	0	0	0
San Joaquin County Law Library	0.0141%	0.0212%	132,636	23,305	(3,475)	112,806	44,966	47,887	(2,921)
Total	100.0000%	100.0000%	\$ 0	\$ 0	\$ 0	\$ 0	\$ 225,528,756	\$ 225,528,756	\$ 0

* Numbers may not sum to total due to rounding.

**SAN JOAQUIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING FOR DECEMBER 31, 2019 MEASUREMENT DATE**

SECTION VII – GASB 68 REPORTING INFORMATION FOR PARTICIPATING EMPLOYERS

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

Table VII-4 Reconciliation of Deferred Outflows and Inflows Due to Proportion Change*								
Employer	Deferred Outflows				Deferred Inflows			
	Current Year		Recognition	12/31/2019	Current Year		Recognition	12/31/2019
	12/31/2018	Net Effect			12/31/2018	Net Effect		
County of San Joaquin	\$ 1,385,183	\$ 0	\$ 461,728	\$ 923,455	\$ (6,935,810)	\$ (3,413,772)	\$ (3,401,611)	\$ (6,947,971)
Superior Courts	3,532,052	743,808	1,776,901	2,498,958	(1,267,313)	0	(422,438)	(844,875)
Manteca-Lathrop Rural Fire Protection District	2,732,994	741,838	1,029,883	2,444,949	(154,864)	0	(51,621)	(103,243)
Waterloo-Morada Rural Fire Protection District	172,933	413,479	140,340	446,072	(171,955)	0	(52,594)	(119,362)
Tracy Public Cemetery District	101,670	80,316	60,678	121,307	(13,410)	0	(13,410)	0
SJC Mosquito & Vector Control District	11,891	342,288	80,349	273,831	(374,560)	0	(116,793)	(257,767)
SJC Historical Society & Museum	23,882	292,895	65,689	251,088	(26,343)	0	(8,870)	(17,473)
Mountain House Community Services District	959,175	686,343	460,237	1,185,281	(15,689)	0	(15,689)	0
Local Agency Formation Commission	0	0	0	0	(18,978)	0	(18,978)	0
San Joaquin County Law Library	119,738	112,806	52,496	180,048	(60,592)	0	(26,298)	(34,294)
Total	\$ 9,039,517	\$ 3,413,772	\$ 4,128,301	\$ 8,324,988	\$(9,039,515)	\$(3,413,772)	\$(4,128,301)	\$(8,324,985)

* Numbers may not sum to total due to rounding.

**SAN JOAQUIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING FOR DECEMBER 31, 2019 MEASUREMENT DATE**

SECTION VII – GASB 68 REPORTING INFORMATION FOR PARTICIPATING EMPLOYERS

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

Table VII-5 Reconciliation of Deferred Outflows and Inflows Due to Contribution Differences*								
Employer	Deferred Outflows				Deferred Inflows			
	Current Year		Recognition	12/31/2019	Current Year		Recognition	12/31/2019
	12/31/2018	Difference			12/31/2018	Difference		
County of San Joaquin	\$ 1,342,071	\$ 422,572	\$ 467,381	\$ 1,297,261	\$ (163,915)	\$ 0	\$ (110,912)	\$ (53,003)
Superior Courts	239,126	999,294	355,778	882,641	(770,062)	0	(207,823)	(562,240)
Manteca-Lathrop Rural Fire Protection District	0	0	0	0	(514,587)	(978,400)	(352,876)	(1,140,112)
Waterloo-Morada Rural Fire Protection District	35,618	0	8,904	26,713	(103,822)	(187,057)	(77,683)	(213,197)
Tracy Public Cemetery District	114	0	114	0	(18,616)	(15,030)	(8,400)	(25,246)
SJC Mosquito & Vector Control District	4,868	0	2,434	2,434	(66,887)	(41,337)	(29,529)	(78,696)
SJC Historical Society & Museum	210,080	0	52,931	157,149	(1,913)	(17,666)	(4,171)	(15,408)
Mountain House Community Services District	0	0	0	0	(192,634)	(179,455)	(95,895)	(276,194)
Local Agency Formation Commission	0	0	0	0	0	0	0	0
San Joaquin County Law Library	571	0	332	239	(7)	(2,921)	(587)	(2,342)
Total	\$ 1,832,446	\$ 1,421,866	\$ 887,875	\$ 2,366,437	\$(1,832,446)	\$(1,421,866)	\$ (887,874)	\$(2,366,438)

* Numbers may not sum to total due to rounding.

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

**SAN JOAQUIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING FOR DECEMBER 31, 2019 MEASUREMENT DATE**

SECTION VII – GASB 68 REPORTING INFORMATION FOR PARTICIPATING EMPLOYERS

**Table VII-6
Schedule of Employers' Deferred Outflows at December 31, 2019***

Employer	Adjusted Proportionate Shares	Experience	Assumption Changes	Investment Return	Proportion Change	Contribution Difference
County of San Joaquin	93.1531%	\$ 17,557,451	\$ 74,006,708	\$ 0	\$ 923,455	\$ 1,297,261
Superior Courts	3.9474%	743,997	3,136,034	0	2,498,958	882,641
Manteca-Lathrop Rural Fire Protection District	1.3516%	254,758	1,073,834	0	2,444,949	0
Waterloo-Morada Rural Fire Protection District	0.4683%	88,261	372,030	0	446,072	26,713
Tracy Public Cemetery District	0.0597%	11,261	47,465	0	121,307	0
SJC Mosquito & Vector Control District	0.5076%	95,673	403,271	0	273,831	2,434
SJC Historical Society & Museum	0.0460%	8,671	36,550	0	251,088	157,149
Mountain House Community Services District	0.4451%	83,886	353,590	0	1,185,281	0
Local Agency Formation Commission	0.0000%	0	0	0	0	0
San Joaquin County Law Library	0.0212%	4,002	16,869	0	180,048	239
Total	100.0000%	\$18,847,959	\$ 79,446,352	\$ 0	\$ 8,324,988	\$ 2,366,437

* Numbers may not sum to total due to rounding.

**SAN JOAQUIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING FOR DECEMBER 31, 2019 MEASUREMENT DATE**

SECTION VII – GASB 68 REPORTING INFORMATION FOR PARTICIPATING EMPLOYERS

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

**Table VII-7
Schedule of Employers' Deferred Inflows at December 31, 2019***

Employer	Adjusted Proportionate Shares	Experience	Assumption Changes	Investment Return	Proportion Change	Contribution Difference
County of San Joaquin	93.1531%	\$ 29,496,433	\$ 0	\$ 16,972,964	\$ 6,947,971	\$ 53,003
Superior Courts	3.9474%	1,249,911	0	719,229	844,875	562,240
Manteca-Lathrop Rural Fire Protection District	1.3516%	427,992	0	246,277	103,243	1,140,112
Waterloo-Morada Rural Fire Protection District	0.4683%	148,278	0	85,323	119,362	213,197
Tracy Public Cemetery District	0.0597%	18,918	0	10,886	0	25,246
SJC Mosquito & Vector Control District	0.5076%	160,730	0	92,488	257,767	78,696
SJC Historical Society & Museum	0.0460%	14,567	0	8,382	17,473	15,408
Mountain House Community Services District	0.4451%	140,928	0	81,094	0	276,194
Local Agency Formation Commission	0.0000%	0	0	0	0	0
San Joaquin County Law Library	0.0212%	6,723	0	3,869	34,294	2,342
Total	100.0000%	\$31,664,481	\$ 0	\$18,220,511	\$ 8,324,985	\$ 2,366,438

* Numbers may not sum to total due to rounding.

**SAN JOAQUIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING FOR DECEMBER 31, 2019 MEASUREMENT DATE**

SECTION VII – GASB 68 REPORTING INFORMATION FOR PARTICIPATING EMPLOYERS

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

Table VII-8						
Schedule of Employers' Recognition of Deferred Outflows and Inflows at December 31, 2019*						
Employer	Recognition for Measurement Year Ending					
	2020	2021	2022	2023	2024	Thereafter
County of San Joaquin	\$ 31,193,429	\$ 12,649,705	\$ 25,560,626	\$ (29,089,255)	\$ 0	\$ 0
Superior Courts	2,158,013	763,845	1,822,203	(858,686)	0	0
Manteca-Lathrop Rural Fire Protection District	1,010,436	500,164	806,034	(460,716)	0	0
Waterloo-Morada Rural Fire Protection District	190,335	117,599	156,922	(97,939)	0	0
Tracy Public Cemetery District	73,439	24,428	32,332	(5,216)	0	0
SJC Mosquito & Vector Control District	104,643	1,940	174,005	(95,061)	0	0
SJC Historical Society & Museum	120,131	110,291	126,230	40,975	0	0
Mountain House Community Services District	526,156	302,034	331,098	(34,747)	0	0
Local Agency Formation Commission	0	0	0	0	0	0
San Joaquin County Law Library	41,720	38,643	58,084	15,483	0	0
Total	\$35,418,301	\$14,508,649	\$29,067,533	\$ (30,585,163)	\$ 0	\$ 0

* Numbers may not sum to total due to rounding.

**SAN JOAQUIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING FOR DECEMBER 31, 2019 MEASUREMENT DATE**

SECTION VII – GASB 68 REPORTING INFORMATION FOR PARTICIPATING EMPLOYERS

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

Table VII-9 Schedule of Employers' Pension Expense for the Measurement Year Ending December 31, 2019*									
Employer	Collective Pension Expense	Change in Proportion	Contribution Difference	Employer Pension Expense	Change in Employer			Employer Contributions	Employer Pension Expense
					Net Pension Liability	Deferred Outflows	Deferred Inflows		
County of San Joaquin	\$ 265,047,606	\$ (2,939,883)	\$ 356,469	\$ 262,464,192	\$ (162,945,943)	\$ 214,024,936	\$ 875,689	\$ 210,509,511	\$ 262,464,192
Superior Courts	11,231,392	1,354,464	147,956	12,733,812	(5,860,187)	9,253,867	(561,596)	9,901,728	12,733,812
Manteca-Lathrop Rural Fire Protection District	3,845,831	978,262	(352,876)	4,471,216	(1,433,855)	3,222,695	612,423	2,069,953	4,471,216
Waterloo-Morada Rural Fire Protection District	1,332,388	87,746	(68,778)	1,351,356	(312,785)	720,149	74,947	869,045	1,351,356
Tracy Public Cemetery District	169,991	47,268	(8,286)	208,974	(7,498)	100,373	(3,614)	119,712	208,974
SJC Mosquito & Vector Control District	1,444,276	(36,445)	(27,095)	1,380,736	(463,582)	829,423	(88,556)	1,103,451	1,380,736
SJC Historical Society & Museum	130,899	56,819	48,760	236,478	265,890	(129,684)	14,182	86,090	236,478
Mountain House Community Services District	1,266,346	444,549	(95,895)	1,615,000	47,647	648,879	94,175	824,300	1,615,000
Local Agency Formation Commission	0	(18,978)	0	(18,978)	0	0	(18,978)	0	(18,978)
San Joaquin County Law Library	60,415	26,198	(255)	86,358	96,408	(34,775)	(20,242)	44,966	86,358
Total	\$ 284,529,144	\$ 0	\$ 0	\$ 284,529,144	\$ (170,613,904)	\$ 228,635,864	\$ 978,429	\$ 225,528,756	\$ 284,529,144

**SAN JOAQUIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING FOR DECEMBER 31, 2019 MEASUREMENT DATE**

SECTION VII – GASB 68 REPORTING INFORMATION FOR PARTICIPATING EMPLOYERS

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

Table VII-10 Schedule of Employers' RSI Information at December 31, 2019*									
Employer	Proportionate Shares	Proportionate Share of NPL	Covered Payroll	Share of NPL as a % of Payroll	Plan Fiduciary Net Position as % of TPL	Contractually Required Contribution	Actual Contributions	Contribution Deficiency	Contributions as a % of Payroll
County of San Joaquin	93.1531%	\$ 1,573,354,707	\$ 423,208,842	371.8%	65.8%	\$ 189,484,329	\$ 210,509,511	\$ (21,025,182)	49.7%
Superior Courts	3.9474%	66,670,904	20,315,771	328.2%	65.1%	8,526,728	9,901,728	(1,375,000)	48.7%
Manteca-Lathrop Rural Fire Protection District	1.3516%	22,829,316	3,513,665	649.7%	64.4%	2,069,953	2,069,953	0	58.9%
Waterloo-Morada Rural Fire Protection District	0.4683%	7,909,217	1,187,062	666.3%	64.4%	869,045	869,045	0	73.2%
Tracy Public Cemetery District	0.0597%	1,009,089	301,079	335.2%	64.4%	119,712	119,712	0	39.8%
SJC Mosquito & Vector Control District	0.5076%	8,573,397	2,603,915	329.3%	65.0%	1,033,451	1,103,451	(70,000)	42.4%
SJC Historical Society & Museum	0.0460%	777,034	231,608	335.5%	64.4%	86,090	86,090	0	37.2%
Mountain House Community Services District	0.4451%	7,517,184	2,241,456	335.4%	64.4%	824,300	824,300	0	36.8%
Local Agency Formation Commission	0.0000%	0	0	N/A	0.0%	0	0	0	N/A
San Joaquin County Law Library	0.0212%	358,631	107,186	334.6%	64.4%	44,966	44,966	0	42.0%
Total	100.0000%	\$ 1,688,999,479	\$ 453,710,584	372.3%	65.8%	\$ 203,058,574	\$ 225,528,756	\$ (22,470,182)	49.7%

* Numbers may not sum to total due to rounding.

County of San Joaquin made additional contributions of \$21,025,182.

Superior Courts made additional contributions of \$1,375,000.

SJC Mosquito & Vector Control District made additional contributions of \$70,000.

APPENDIX A – 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 A – 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.

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.



Classic Values, Innovative Advice