

San Joaquin County Employees' Retirement Association

GASB 67/68 Report as of December 31, 2018

Produced by Cheiron

May 2019

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May 15, 2018

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:

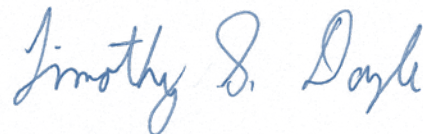
- Projection of SJCERA's Total Pension Liability from the valuation date to the measurement date,
- Note disclosures and required supplementary information under GASB 67 for SJCERA,
- Determination of collective amounts under GASB 68, and
- Schedules for the financial reporting of participating employers 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
Consulting Actuary

**SAN JOAQUIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING FOR DECEMBER 31, 2018 MEASUREMENT DATE**

SECTION I – BOARD SUMMARY

The purpose of this report is to provide accounting and financial disclosure information under Government 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, 2018. Measurements are based on the fair value of assets as of December 31, 2018 and the Total Pension Liability as of the valuation date, January 1, 2018, updated to December 31, 2018. 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.

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. A new accounting reserve was established to account for their additional contributions (\$80 thousand during 2018). Effective January 1, 2017, the County began making additional employer contributions above the Actuarial Determined Contribution to increase funding to the Plan. For 2017, the County made \$20.2 million in additional contributions. For the fiscal year ending December 31, 2018, the County deposited \$20.4 million in the County Additional 5% Contribution Reserve. The value of the Plan's Net Fiduciary Position includes the \$40.5 million for both Additional Contribution Reserves (County and Mosquito and Vector Control District). However, the GASB 68 reporting allocates these contributions directly to the County 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, 2018 MEASUREMENT DATE**

SECTION I – BOARD SUMMARY

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

| | Measurement Date | |
|---|------------------|------------------|
| | 12/31/2018 | 12/31/2017 |
| Net Pension Liability | \$ 1,859,613,383 | \$ 1,581,877,697 |
| Deferred Outflows | (326,749,637) | (116,518,606) |
| Deferred Inflows | 48,726,026 | 16,403,888 |
| Net Impact on Statement of Net Position | \$ 1,581,589,772 | \$ 1,481,762,979 |
| Pension Expense (\$ Amount) | \$ 308,584,366 | \$ 247,878,965 |
| Pension Expense (% of Payroll) | 70.65% | 58.20% |

The Net Pension Liability (NPL) increased approximately \$278 million since the prior measurement date, primarily due to a large investment loss and a reduction in the discount rate. There was an experience gain that decreased the NPL, partially offsetting the investment loss. The investment losses are recognized over five years, and the actuarial gains 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 \$1,859,613,383, Deferred Inflows of \$48,726,026, and Deferred Outflows of \$326,749,637. Consequently, the net impact on the aggregate of participating employers' Statements of Net Position due to SJCERA would be \$1,581,589,772 at the end of the measurement year (\$1,859,613,383 + \$48,726,029 – \$326,749,637). 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, 2018, the collective annual pension expense is \$308,584,366 or 70.65% of covered payroll. This amount is not related to participating employers' contributions to SJCERA (\$208,757,572), but instead represents the change in the net impact on participating employer's Statements of Net Position plus employer contributions (\$1,581,589,772 – \$1,481,762,979 + \$208,757,572). The collective pension expense increased by approximately \$61 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, 2018 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 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
Consulting Actuary

**SAN JOAQUIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING FOR DECEMBER 31, 2018 MEASUREMENT DATE**

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 (21 years remaining as of January 1, 2018), and an amount necessary to amortize the remaining January 1, 2014 Unfunded Actuarial Liability as a level percentage of payroll over a closed period (15 years remaining as of January 1, 2018). 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, 2018 MEASUREMENT DATE**

SECTION IV – PROJECTION OF TOTAL PENSION LIABILITY

The Total Pension Liability (TPL) at the end of the measurement year, December 31, 2018, is measured as of a valuation date of January 1, 2018 and projected to December 31, 2018. There were no significant events during the projection period of which we are aware. Because the TPL shown in the prior report was measured as of January 1, 2017 and projected to December 31, 2017 using the discount rate from the 2017 valuation (7.40%), it will not match the amounts measured as of January 1, 2018 that are shown in this exhibit.

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, 1/1/2018 | | | |
| Actives | \$ 1,957,027,270 | \$ 1,650,968,632 | \$ 1,405,074,367 |
| Deferred Vested | 164,923,409 | 139,215,813 | 119,192,331 |
| Retirees | <u>2,988,578,982</u> | <u>2,706,791,153</u> | <u>2,469,111,425</u> |
| Total | \$ 5,110,529,661 | \$ 4,496,975,598 | \$ 3,993,378,123 |
| Service Cost | 131,822,890 | 103,300,553 | 81,948,819 |
| Benefit Payments | 221,443,667 | 221,443,667 | 221,443,667 |
| Interest | 316,649,898 | 321,822,974 | 323,813,555 |
| Collective Total Pension Liability, 12/31/2018 | \$ 5,337,558,782 | \$ 4,700,655,459 | \$ 4,177,696,831 |

**SAN JOAQUIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
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SECTION V – GASB 67 REPORTING INFORMATION

Note Disclosures

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

| Table V-1 Change in Collective Net Pension Liability* | | | |
|--|-----------------------------------|---------------------------------------|---------------------------------------|
| | Increase (Decrease) | | |
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) |
| Balances at 12/31/2017 | \$ 4,461,166,328 | \$ 2,879,288,631 | \$ 1,581,877,697 |
| Changes for the year: | | | |
| Service cost | 103,300,553 | | 103,300,553 |
| Interest | 325,161,265 | | 325,161,265 |
| Changes of benefits | 0 | | 0 |
| Differences between expected and actual experience | (49,383,683) | | (49,383,683) |
| Changes of assumptions | 81,854,664 | | 81,854,664 |
| Contributions - employer | | 208,757,572 | (208,757,572) |
| Contributions - member | | 35,377,951 | (35,377,951) |
| Transfer from healthcare plan | | 324,269 | (324,269) |
| Net investment income | | (56,397,598) | 56,397,598 |
| Benefit payments | (221,443,668) | (221,443,668) | 0 |
| Administrative expense | | (4,865,082) | 4,865,082 |
| Net changes | <u>239,489,131</u> | <u>(38,246,555)</u> | <u>277,735,686</u> |
| Balances at 12/31/2018 | <u>\$ 4,700,655,459</u> | <u>\$ 2,841,042,076</u> | <u>\$ 1,859,613,383</u> |

* Numbers may not sum to total due to rounding.

During the measurement year, the collective NPL increased by approximately \$278 million. The service cost, interest cost, and investment losses increased the collective NPL by approximately \$485 million while contributions offset by administrative expenses decreased the collective NPL by approximately \$239 million.

There were no changes in benefits during the year.

The expected long-term return on assets changed from 7.40% last year to 7.25% this year. This change in actuarial assumptions increased the NPL by \$82 million. Differences between expected and actual experience decreased the NPL by approximately \$49 million.

The TPL as of December 31, 2018 was based upon the same data, actuarial methods and assumptions, and plan provisions as were used in the actuarial valuation as of January 1, 2018, and which are summarized in the Actuarial Valuation Report as of January 1, 2018. 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
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SECTION V – GASB 67 REPORTING INFORMATION

The actuarial assumptions used in the January 1, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2013 – December 31, 2015. 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 CALPERS' 2013 experience study, with generational mortality improvements projected from 2009 using Projection Scale MP-2015.

At their June 8, 2018 meeting, the Board approved to lower their investment rate of return from 7.40% to 7.25% for the 2018 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 below shows the sensitivity of the collective NPL to the discount rate.

| Table V-2 | | | |
|---|----------------------------------|------------------------------------|----------------------------------|
| Sensitivity of Collective Net Pension Liability to Changes in Discount Rate* | | | |
| | 1% Decrease 6.25% | Discount Rate 7.25% | 1% Increase 8.25% |
| Total Pension Liability | \$ 5,337,558,782 | \$ 4,700,655,459 | \$ 4,177,696,831 |
| Plan Fiduciary Net Position | <u>2,841,042,076</u> | <u>2,841,042,076</u> | <u>2,841,042,076</u> |
| Collective Net Pension Liability | <u>\$ 2,496,516,706</u> | <u>\$ 1,859,613,383</u> | <u>\$ 1,336,654,755</u> |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 53.2% | 60.4% | 68.0% |

* Numbers may not sum to total due to rounding.

A one percent decrease in the discount rate increases the TPL by approximately 14% and increases the collective NPL by approximately 34%. A one percent increase in the discount rate decreases the TPL by approximately 11% and decreases the collective NPL by approximately 28%.

**SAN JOAQUIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
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SECTION V – GASB 67 REPORTING INFORMATION

Required Supplementary Information

The schedules of Required Supplementary Information generally start with information as of the implementation of GASB 67, and eventually will build up to 10 years of information. The schedule below shows the changes in collective NPL and related ratios required by GASB for the five years since implementation.

| Table V-3 Schedule of Changes in Collective Net Pension Liability and Related Ratios* | | | | | |
|--|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | FYE 2018 | FYE 2017 | FYE 2016 | FYE 2015 | FYE 2014 |
| Total Pension Liability | | | | | |
| Service cost (MOY) | \$ 103,300,553 | \$ 98,438,144 | \$ 92,857,369 | \$ 94,377,630 | \$ 90,429,416 |
| Interest (includes interest on service cost) | 325,161,265 | 308,566,601 | 295,197,992 | 280,581,484 | 266,668,435 |
| Changes of benefit terms | 0 | 0 | 0 | 0 | 0 |
| Differences between expected and actual experience | (49,383,683) | 37,219,673 | (10,171,368) | (25,752,670) | 0 |
| Changes of assumptions | 81,854,664 | 0 | 87,601,669 | 0 | 0 |
| Benefit payments, including refunds of member contributions | (221,443,668) | (205,406,970) | (194,719,177) | (181,468,913) | (165,870,971) |
| Net change in total pension liability | \$ 239,489,131 | \$ 238,817,448 | \$ 270,766,485 | \$ 167,737,531 | \$ 191,226,880 |
| Total pension liability - beginning | <u>4,461,166,328</u> | <u>4,222,348,880</u> | <u>3,951,582,395</u> | <u>3,783,844,864</u> | <u>3,592,617,984</u> |
| Total pension liability - ending | <u>\$ 4,700,655,459</u> | <u>\$ 4,461,166,328</u> | <u>\$ 4,222,348,880</u> | <u>\$ 3,951,582,395</u> | <u>\$ 3,783,844,864</u> |
| Plan fiduciary net position | | | | | |
| Contributions - employer | \$ 208,757,572 | \$ 200,051,742 | \$ 159,122,523 | \$ 150,371,556 | \$ 136,686,133 |
| Contributions - member | 35,377,951 | 33,634,906 | 30,117,408 | 29,026,901 | 27,367,908 |
| Transfer from healthcare plan | 324,269 | 364,714 | 293,779 | 378,969 | 19,968,779 |
| Net investment income | (56,397,598) | 299,960,693 | 151,114,788 | (47,339,750) | 130,697,082 |
| Benefit payments, including refunds of member contributions | (221,443,668) | (205,406,970) | (194,719,177) | (181,468,913) | (165,870,971) |
| Administrative expense | (4,865,082) | (4,118,578) | (4,369,744) | (4,075,745) | (4,042,986) |
| Net change in plan fiduciary net position | \$ (38,246,555) | \$ 324,486,507 | \$ 141,559,577 | \$ (53,106,982) | \$ 144,805,945 |
| Plan fiduciary net position - beginning | <u>2,879,288,631</u> | <u>2,554,802,124</u> | <u>2,413,242,547</u> | <u>2,466,349,529</u> | <u>2,341,512,363</u> |
| Plan fiduciary net position - ending | <u>\$ 2,841,042,076</u> | <u>\$ 2,879,288,631</u> | <u>\$ 2,554,802,124</u> | <u>\$ 2,413,242,547</u> | <u>\$ 2,466,349,529</u> |
| Net pension liability - ending | <u>\$ 1,859,613,383</u> | <u>\$ 1,581,877,697</u> | <u>\$ 1,667,546,755</u> | <u>\$ 1,538,339,848</u> | <u>\$ 1,317,495,335</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 60.44% | 64.54% | 60.51% | 61.07% | 65.18% |
| Covered payroll | \$ 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 | 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, 2018 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 2019 disclosures can be based on the December 31, 2018 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 gain of approximately \$49.4 million. Approximately \$9.9 million of that gain was recognized as a decrease in collective pension expense in the current year and an identical amount will be recognized in each of the next four years, resulting in a deferred inflow of resources as of December 31, 2018 of approximately \$39.5 million. Recognition of experience gains from prior periods decreased pension expense by approximately \$7.2 million in the current year, resulting in a deferred inflow of about \$9.2 million. The resulting collective deferred inflow of resources as of December 31, 2018 is approximately \$48.7 million.

Unrecognized experience losses from prior periods was \$29.8 million of which approximately \$7.5 million was recognized as an increase to pension expense in the current year, resulting in a deferred outflow of about \$22.3 million.

Assumption changes since the last measurement date increased the TPL approximately \$81.9 million. Approximately \$16.4 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, 2018 of approximately \$65.5 million. Unrecognized increases to the TPL from prior assumption changes were approximately \$52.6 million of which \$17.5 million was recognized as an increase in pension expense in the current year. The combined collective deferred outflow of resources as of December 31, 2018 is approximately \$100.5 million.

The impact of investment gains or losses is recognized over a period of five years. During the measurement year, there was an investment loss of approximately \$265.8 million. Approximately \$53.2 million of that loss 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, 2018 of approximately \$212.6 million. Unrecognized net investment losses from prior periods were approximately \$34.2 million of which \$42.9 million was recognized as an increase in collective pension expense in the current year, resulting in an

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SECTION VI – GASB 68 COLLECTIVE INFORMATION

unrecognized net gain of \$8.7 million. The combination of the unrecognized investment gains and losses results in a collective deferred outflow of resources as of December 31, 2018 of approximately \$203.9 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 | \$ 22,331,803 | \$ 48,726,026 |
| Changes in assumptions | 100,524,398 | 0 |
| Net difference between projected and actual earnings on pension plan investments | 203,893,436 | 0 |
| Total | <u>\$ 326,749,637</u> | <u>\$ 48,726,026</u> |
| Amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows: | | |
| Measurement year ended December 31: | | |
| 2019 | \$ 107,273,643 | |
| 2020 | 66,003,461 | |
| 2021 | 45,093,811 | |
| 2022 | 59,652,696 | |
| 2023 | 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.

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SECTION VI – GASB 68 COLLECTIVE INFORMATION

| Table VI-2 Calculation of Collective Pension Expense* | | |
|--|-------------------------|-----------------------|
| | Measurement Year Ending | |
| | 2018 | 2017 |
| Change in Net Pension Liability | \$ 277,735,686 | \$ (85,669,059) |
| Change in Deferred Outflows | (210,231,031) | 140,681,090 |
| Change in Deferred Inflows | 32,322,138 | (7,184,808) |
| Employer Contributions | <u>208,757,572</u> | <u>200,051,742</u> |
| Pension Expense | \$ 308,584,366 | \$ 247,878,965 |
| Pension Expense as % of Payroll | 70.65% | 58.20% |
| Operating Expenses | | |
| Service cost | \$ 103,300,553 | \$ 98,438,144 |
| Employee contributions | (35,377,951) | (33,634,906) |
| Transfers | (324,269) | (364,714) |
| Administrative expenses | <u>4,865,082</u> | <u>4,118,578</u> |
| Total | \$ 72,463,415 | \$ 68,557,102 |
| Financing Expenses | | |
| Interest cost | \$ 325,161,265 | \$ 308,566,601 |
| Expected return on assets | <u>(209,394,889)</u> | <u>(189,946,618)</u> |
| Total | \$ 115,766,376 | \$ 118,619,983 |
| Changes | | |
| Benefit changes | \$ 0 | \$ 0 |
| Recognition of assumption changes | 33,891,267 | 17,520,334 |
| Recognition of liability gains and losses | (9,617,610) | 259,127 |
| Recognition of investment gains and losses | <u>96,080,918</u> | <u>42,922,419</u> |
| Total | \$ 120,354,575 | \$ 60,701,880 |
| Pension Expense | \$ 308,584,366 | \$ 247,878,965 |

* 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.

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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 increased by about \$61 million with \$60 million attributable to the recognition of changes. The current year investment loss and assumption change is driving the overall increase in pension expense.

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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, 2018 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, 2018). 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.

| Table VII-1 Determination of Employers' Proportionate Share (As of December 31, 2018) | | | | | | | | | | | | |
|--|--|--------|--------|--------|-----------------------|-----------------------|----------------------|----------------------|---------------------------------------|------------------------|-------------------------------------|--|
| Employer | Unfunded Liability Amortization Rate (from the January 1, 2018 Actuarial Valuation) | | | | Pensionable Payroll | | | | Amortization Share (Rate x Pay) | Proportionate Share | Adjusted Proportionate Share* | |
| | General | | Safety | | General | | Safety | | | | | |
| | Tier 1 | Tier 2 | Tier 1 | Tier 2 | Tier 1 | Tier 2 | Tier 1 | Tier 2 | | | | |
| County of San Joaquin | 26.18% | 26.18% | 52.61% | 52.61% | \$ 216,407,849 | \$ 127,011,241 | \$ 50,074,935 | \$ 14,654,273 | \$ 123,961,154 | 93.5062% | 93.3689% | |
| Superior Courts | 26.18% | 26.18% | 52.61% | 52.61% | 13,938,745 | 5,390,206 | 0 | 0 | 5,060,319 | 3.8171% | 3.9003% | |
| Manteca-Lathrop Rural Fire Protection District | 26.18% | 26.18% | 52.61% | 52.61% | 84,584 | 77,578 | 2,194,487 | 942,318 | 1,692,727 | 1.2769% | 1.3047% | |
| Waterloo-Morada Rural Fire Protection District | 26.18% | 26.18% | 52.61% | 52.61% | 0 | 0 | 694,031 | 396,267 | 573,606 | 0.4327% | 0.4421% | |
| Tracy Public Cemetery District | 26.18% | 26.18% | 52.61% | 52.61% | 115,279 | 155,657 | 0 | 0 | 70,931 | 0.0535% | 0.0547% | |
| SJC Mosquito & Vector Control District | 26.18% | 26.18% | 52.61% | 52.61% | 1,685,540 | 743,880 | 0 | 0 | 636,022 | 0.4798% | 0.4860% | |
| SJC Historical Society & Museum | 26.18% | 26.18% | 52.61% | 52.61% | 45,048 | 90,964 | 0 | 0 | 35,608 | 0.0269% | 0.0275% | |
| Mountain House Community Services District | 26.18% | 26.18% | 52.61% | 52.61% | 582,859 | 1,407,839 | 0 | 0 | 521,165 | 0.3931% | 0.4017% | |
| Local Agency Formation Commission | 26.18% | 26.18% | 52.61% | 52.61% | 0 | 0 | 0 | 0 | 0 | 0.0000% | 0.0000% | |
| San Joaquin County Law Library | 26.18% | 26.18% | 52.61% | 52.61% | 69,867 | 0 | 0 | 0 | 18,291 | 0.0138% | 0.0141% | |
| Total | | | | | \$ 232,929,771 | \$ 134,877,365 | \$ 52,963,453 | \$ 15,992,858 | \$ 132,569,823 | 100.0000% | 100.0000% | |

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



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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, 2018.

**Table VII-2
Schedule of Employers' Proportionate Share of Collective Amounts at December 31, 2018***

| 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 | 93.3689% | \$ 2,330,970,308 | \$ 1,736,300,650 | \$ 1,248,019,906 | \$ 305,082,558 | \$ 45,494,957 | \$ 288,121,843 |
| Superior Courts | 3.9003% | 97,372,434 | 72,531,091 | 52,133,970 | 12,744,320 | 1,900,477 | 12,035,814 |
| Manteca-Lathrop Rural Fire Protection District | 1.3047% | 32,573,121 | 24,263,171 | 17,439,906 | 4,263,242 | 635,749 | 4,026,232 |
| Waterloo-Morada Rural Fire Protection District | 0.4421% | 11,037,974 | 8,222,002 | 5,909,819 | 1,444,675 | 215,435 | 1,364,360 |
| Tracy Public Cemetery District | 0.0547% | 1,364,760 | 1,016,587 | 730,703 | 178,623 | 26,637 | 168,692 |
| SJC Mosquito & Vector Control District | 0.4860% | 12,132,074 | 9,036,978 | 6,495,608 | 1,587,873 | 236,789 | 1,499,597 |
| SJC Historical Society & Museum | 0.0275% | 686,206 | 511,144 | 367,400 | 89,812 | 13,393 | 84,819 |
| Mountain House Community Services District | 0.4017% | 10,027,797 | 7,469,538 | 5,368,962 | 1,312,460 | 195,719 | 1,239,496 |
| Local Agency Formation Commission | 0.0000% | 0 | 0 | 0 | 0 | 0 | 0 |
| San Joaquin County Law Library | 0.0141% | 352,032 | 262,222 | 188,480 | 46,075 | 6,871 | 43,513 |
| Total | 100.0000% | \$ 2,496,516,706 | \$ 1,859,613,383 | \$ 1,336,654,755 | \$ 326,749,637 | \$ 48,726,026 | \$ 308,584,366 |

* 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.

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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 | | |
| | 12/31/2017 | 12/31/2018 | Net Pension Liability | Deferred Outflows | Deferred Inflows | Net Effect | Actual | Proportionate Share | Difference |
| County of San Joaquin | 93.7441% | 93.3689% | \$ (5,935,128) | \$ (437,172) | \$ 61,547 | \$(5,559,502) | \$ 195,882,006 | \$ 194,914,659 | \$ 967,348 |
| Superior Courts | 3.7408% | 3.9003% | 2,523,597 | 185,884 | (26,169) | 2,363,882 | 7,409,267 | 8,142,238 | (732,971) |
| Manteca-Lathrop Rural Fire Protection District | 1.1244% | 1.3047% | 2,852,802 | 210,133 | (29,583) | 2,672,252 | 2,353,774 | 2,723,749 | (369,975) |
| Waterloo-Morada Rural Fire Protection District | 0.4534% | 0.4421% | (178,198) | (13,126) | 1,848 | (166,920) | 967,513 | 922,990 | 44,523 |
| Tracy Public Cemetery District | 0.0531% | 0.0547% | 24,781 | 1,825 | (257) | 23,213 | 100,452 | 114,121 | (13,669) |
| SJC Mosquito & Vector Control District | 0.4961% | 0.4860% | (160,402) | (11,815) | 1,663 | (150,250) | 996,068 | 1,014,478 | (18,410) |
| SJC Historical Society & Museum | 0.0256% | 0.0275% | 29,843 | 2,198 | (309) | 27,954 | 318,485 | 57,380 | 261,104 |
| Mountain House Community Services District | 0.3585% | 0.4017% | 682,921 | 50,303 | (7,082) | 639,700 | 700,569 | 838,520 | (137,951) |
| Local Agency Formation Commission | 0.0000% | 0.0000% | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| San Joaquin County Law Library | 0.0040% | 0.0141% | 159,784 | 11,769 | (1,657) | 149,672 | 29,438 | 29,437 | 1 |
| Total | 100.0000% | 100.0000% | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 208,757,572 | \$ 208,757,572 | \$ 0 |

* Numbers may not sum to total due to rounding.

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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 | 12/31/2018 | Current Year | | Recognition | 12/31/2018 |
| | 12/31/2017 | Net Effect | | | 12/31/2017 | Net Effect | | |
| County of San Joaquin | \$ 1,846,910 | \$ 0 | \$ 461,727 | \$ 1,385,183 | \$ (4,213,159) | \$ (5,559,502) | \$ (2,836,852) | \$ (6,935,810) |
| Superior Courts | 2,923,165 | 2,363,882 | 1,754,996 | 3,532,052 | (1,689,750) | 0 | (422,437) | (1,267,313) |
| Manteca-Lathrop Rural Fire Protection District | 953,103 | 2,672,252 | 892,361 | 2,732,994 | (206,486) | 0 | (51,622) | (154,864) |
| Waterloo-Morada Rural Fire Protection District | 262,456 | 0 | 89,523 | 172,933 | (57,629) | (166,920) | (52,594) | (171,955) |
| Tracy Public Cemetery District | 134,364 | 23,213 | 55,907 | 101,670 | (26,821) | 0 | (13,411) | (13,410) |
| SJC Mosquito & Vector Control District | 30,867 | 0 | 18,976 | 11,891 | (341,104) | (150,250) | (116,794) | (374,560) |
| SJC Historical Society & Museum | 3,037 | 27,954 | 7,109 | 23,882 | (35,437) | 0 | (9,094) | (26,343) |
| Mountain House Community Services District | 642,442 | 639,700 | 322,967 | 959,175 | (71,670) | 0 | (55,981) | (15,689) |
| Local Agency Formation Commission | 0 | 0 | 0 | 0 | (79,132) | 0 | (60,150) | (18,982) |
| San Joaquin County Law Library | 11,733 | 149,672 | 41,667 | 119,738 | (86,890) | 0 | (26,298) | (60,592) |
| Total | \$ 6,808,078 | \$ 5,876,673 | \$ 3,645,233 | \$ 9,039,518 | \$ (6,808,079) | \$ (5,876,673) | \$ (3,645,233) | \$ (9,039,519) |

* Numbers may not sum to total due to rounding.

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

| Table VII-5 Reconciliation of Deferred Outflows and Inflows Due to Contribution Differences* | | | | | | | | | | |
|---|--------------------------|---------------------|--------------------|---------------------|-------------------------|-----------------------|---------------------|-----------------------|--|--|
| Employer | Deferred Outflows | | | | Deferred Inflows | | | | | |
| | Current Year | | Recognition | 12/31/2018 | Current Year | | Recognition | 12/31/2018 | | |
| | 12/31/2017 | Difference | | | 12/31/2017 | Difference | | | | |
| County of San Joaquin | \$ 757,591 | \$ 967,348 | \$ 382,868 | \$ 1,342,071 | \$ (333,206) | \$ 0 | \$ (169,291) | \$ (163,915) | | |
| Superior Courts | 455,923 | 0 | 216,797 | 239,126 | (244,913) | (732,971) | (207,822) | (770,062) | | |
| Manteca-Lathrop Rural Fire Protection District | 0 | 0 | 0 | 0 | (307,776) | (369,975) | (163,164) | (514,587) | | |
| Waterloo-Morada Rural Fire Protection District | 0 | 44,523 | 8,905 | 35,618 | (153,426) | 0 | (49,604) | (103,822) | | |
| Tracy Public Cemetery District | 228 | 0 | 114 | 114 | (12,105) | (13,669) | (7,158) | (18,616) | | |
| SJC Mosquito & Vector Control District | 7,303 | 0 | 2,435 | 4,868 | (71,711) | (18,410) | (23,234) | (66,887) | | |
| SJC Historical Society & Museum | 1,968 | 261,104 | 52,992 | 210,080 | (2,551) | 0 | (638) | (1,913) | | |
| Mountain House Community Services District | 0 | 0 | 0 | 0 | (120,587) | (137,951) | (65,903) | (192,634) | | |
| Local Agency Formation Commission | 20,480 | 0 | 20,480 | 0 | 0 | 0 | 0 | 0 | | |
| San Joaquin County Law Library | 2,795 | 1 | 2,226 | 571 | (10) | 0 | (3) | (7) | | |
| Total | \$ 1,246,288 | \$ 1,272,976 | \$ 686,817 | \$ 1,832,447 | \$ (1,246,284) | \$ (1,272,976) | \$ (686,817) | \$ (1,832,443) | | |

* 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.

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**Table VII-6
Schedule of Employers' Deferred Outflows at December 31, 2018***

| Employer | Adjusted Proportionate Shares | Experience | Assumption Changes | Investment Return | Proportion Change | Contribution Difference |
|--|--|---------------------|-------------------------------|------------------------------|------------------------------|------------------------------------|
| County of San Joaquin | 93.3689% | \$ 20,850,960 | \$ 93,858,530 | \$ 190,373,068 | \$ 1,385,183 | \$ 1,342,071 |
| Superior Courts | 3.9003% | 871,014 | 3,920,785 | 7,952,520 | 3,532,052 | 239,126 |
| Manteca-Lathrop Rural Fire Protection District | 1.3047% | 291,373 | 1,311,585 | 2,660,285 | 2,732,994 | 0 |
| Waterloo-Morada Rural Fire Protection District | 0.4421% | 98,737 | 444,454 | 901,484 | 172,933 | 35,618 |
| Tracy Public Cemetery District | 0.0547% | 12,208 | 54,953 | 111,462 | 101,670 | 114 |
| SJC Mosquito & Vector Control District | 0.4860% | 108,524 | 488,508 | 990,841 | 11,891 | 4,868 |
| SJC Historical Society & Museum | 0.0275% | 6,138 | 27,631 | 56,043 | 23,882 | 210,080 |
| Mountain House Community Services District | 0.4017% | 89,700 | 403,778 | 818,982 | 959,175 | 0 |
| Local Agency Formation Commission | 0.0000% | 0 | 0 | 0 | 0 | 0 |
| San Joaquin County Law Library | 0.0141% | 3,149 | 14,175 | 28,751 | 119,738 | 571 |
| Total | 100.0000% | \$22,331,803 | \$ 100,524,398 | \$ 203,893,436 | \$ 9,039,518 | \$ 1,832,447 |

* Numbers may not sum to total due to rounding.

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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, 2018* | | | | | | |
|--|--|----------------------|-------------------------------|------------------------------|------------------------------|------------------------------------|
| Employer | Adjusted Proportionate Shares | Experience | Assumption Changes | Investment Return | Proportion Change | Contribution Difference |
| County of San Joaquin | 93.3689% | \$ 45,494,957 | \$ 0 | \$ 0 | \$ 6,935,810 | \$ 163,915 |
| Superior Courts | 3.9003% | 1,900,477 | 0 | 0 | 1,267,313 | 770,062 |
| Manteca-Lathrop Rural Fire Protection District | 1.3047% | 635,749 | 0 | 0 | 154,864 | 514,587 |
| Waterloo-Morada Rural Fire Protection District | 0.4421% | 215,435 | 0 | 0 | 171,955 | 103,822 |
| Tracy Public Cemetery District | 0.0547% | 26,637 | 0 | 0 | 13,410 | 18,616 |
| SJC Mosquito & Vector Control District | 0.4860% | 236,789 | 0 | 0 | 374,560 | 66,887 |
| SJC Historical Society & Museum | 0.0275% | 13,393 | 0 | 0 | 26,343 | 1,913 |
| Mountain House Community Services District | 0.4017% | 195,719 | 0 | 0 | 15,689 | 192,634 |
| Local Agency Formation Commission | 0.0000% | 0 | 0 | 0 | 18,982 | 0 |
| San Joaquin County Law Library | 0.0141% | 6,871 | 0 | 0 | 60,592 | 7 |
| Total | 100.0000% | \$ 48,726,026 | \$ 0 | \$ 0 | \$ 9,039,519 | \$ 1,832,443 |

* Numbers may not sum to total due to rounding.

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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, 2018* | | | | | | | |
| Employer | Recognition for Measurement Year Ending | | | | | | |
| | 2019 | 2020 | 2021 | 2022 | 2023 | Thereafter | |
| County of San Joaquin | \$ 98,175,055 | \$ 60,425,148 | \$ 41,836,294 | \$ 54,778,634 | \$ 0 | \$ 0 | |
| Superior Courts | 5,337,827 | 2,985,660 | 1,601,322 | 2,652,836 | 0 | 0 | |
| Manteca-Lathrop Rural Fire Protection District | 2,072,343 | 1,440,193 | 939,728 | 1,238,771 | 0 | 0 | |
| Waterloo-Morada Rural Fire Protection District | 447,977 | 271,020 | 203,753 | 239,264 | 0 | 0 | |
| Tracy Public Cemetery District | 84,568 | 75,304 | 27,354 | 34,518 | 0 | 0 | |
| SJC Mosquito & Vector Control District | 397,578 | 185,419 | 87,242 | 256,156 | 0 | 0 | |
| SJC Historical Society & Museum | 80,017 | 66,934 | 60,968 | 74,207 | 0 | 0 | |
| Mountain House Community Services District | 678,162 | 532,261 | 317,214 | 339,957 | 0 | 0 | |
| Local Agency Formation Commission | (18,982) | 0 | 0 | 0 | 0 | 0 | |
| San Joaquin County Law Library | 19,090 | 21,530 | 19,946 | 38,348 | 0 | 0 | |
| Total | \$ 107,273,634 | \$ 66,003,468 | \$ 45,093,820 | \$ 59,652,692 | \$ 0 | \$ 0 | |

* Numbers may not sum to total due to rounding.

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

| Table VII-9 Schedule of Employers' Pension Expense for the Measurement Year Ending December 31, 2018* | | | | | | | | | |
|--|-----------------------|-------------------------|----------------------------|--------------------------------|--------------------------|-------------------------|----------------------|---------------------------|--------------------------------|
| Employer | Collective | | | Employer Pension Expense | Change in Employer | | | Employer Contributions | Employer Pension Expense |
| | Pension Expense | Change in Proportion | Contribution Difference | | Net Pension Liability | Deferred Outflows | Deferred Inflows | | |
| County of San Joaquin | \$ 288,121,843 | \$ (2,375,125) | \$ 213,577 | \$ 285,960,295 | \$ 253,383,641 | \$ (195,975,992) | \$ 32,670,639 | \$ 195,882,006 | \$ 285,960,295 |
| Superior Courts | 12,035,814 | 1,332,559 | 8,975 | 13,377,348 | 13,356,210 | (8,777,681) | 1,389,552 | 7,409,267 | 13,377,348 |
| Manteca-Lathrop Rural Fire Protection District | 4,026,232 | 840,739 | (163,164) | 4,703,807 | 6,476,538 | (4,732,998) | 606,493 | 2,353,774 | 4,703,807 |
| Waterloo-Morada Rural Fire Protection District | 1,364,360 | 36,929 | (40,699) | 1,360,590 | 1,049,768 | (862,474) | 205,782 | 967,513 | 1,360,590 |
| Tracy Public Cemetery District | 168,692 | 42,496 | (7,044) | 204,144 | 176,610 | (83,943) | 11,026 | 100,452 | 204,144 |
| SJC Mosquito & Vector Control District | 1,499,597 | (97,818) | (20,799) | 1,380,980 | 1,189,283 | (988,413) | 184,041 | 996,068 | 1,380,980 |
| SJC Historical Society & Museum | 84,819 | (1,985) | 52,354 | 135,188 | 106,183 | (288,941) | (538) | 318,485 | 135,188 |
| Mountain House Community Services District | 1,239,496 | 266,986 | (65,903) | 1,440,579 | 1,798,506 | (1,211,474) | 152,977 | 700,569 | 1,440,579 |
| Local Agency Formation Commission | 0 | (60,150) | 20,480 | (39,670) | 0 | 20,480 | (60,150) | 0 | (39,670) |
| San Joaquin County Law Library | 43,513 | 15,369 | 2,223 | 61,105 | 198,947 | (147,194) | (20,086) | 29,438 | 61,105 |
| Total | \$ 308,584,366 | \$ 0 | \$ 0 | \$ 308,584,366 | \$ 277,735,686 | \$ (213,048,630) | \$ 35,139,737 | \$ 208,757,572 | \$ 308,584,366 |

* Numbers may not sum to total due to rounding.

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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, 2018* | | | | | | | | | |
|--|-------------------------------------|-------------------------------|---------------------------------|--------------------------------------|---|---|-------------------------|----------------------------|---------------------------------------|
| <i>Employer</i> | Adjusted Proportionate Shares | Proportionate Share of NPL | Covered- Employee Payroll | Share of NPL as a % of Payroll | Plan Fiduciary Net Position as % of TPL | Contractually Required Contribution | Actual Contributions | Contribution Deficiency | Contributions as a % of Payroll |
| County of San Joaquin | 93.3689% | \$ 1,736,300,650 | \$ 408,148,297 | 425.4% | 60.5% | \$ 175,527,087 | \$ 195,882,006 | \$ (20,354,919) | 48.0% |
| Superior Courts | 3.9003% | 72,531,091 | 19,328,951 | 375.2% | 59.6% | 7,409,267 | 7,409,267 | 0 | 38.3% |
| Manteca-Lathrop Rural Fire Protection District | 1.3047% | 24,263,171 | 3,298,966 | 735.5% | 59.6% | 2,353,774 | 2,353,774 | 0 | 71.3% |
| Waterloo-Morada Rural Fire Protection District | 0.4421% | 8,222,002 | 1,090,298 | 754.1% | 59.6% | 967,513 | 967,513 | 0 | 88.7% |
| Tracy Public Cemetery District | 0.0547% | 1,016,587 | 270,936 | 375.2% | 59.6% | 100,452 | 100,452 | 0 | 37.1% |
| SJC Mosquito & Vector Control District | 0.4860% | 9,036,978 | 2,429,421 | 372.0% | 59.9% | 916,068 | 996,068 | (80,000) | 41.0% |
| SJC Historical Society & Museum | 0.0275% | 511,144 | 136,012 | 375.8% | 59.6% | 318,485 | 318,485 | 0 | 234.2% |
| Mountain House Community Services District | 0.4017% | 7,469,538 | 1,990,698 | 375.2% | 59.6% | 700,569 | 700,569 | 0 | 35.2% |
| Local Agency Formation Commission | 0.0000% | 0 | 0 | N/A | | 0 | 0 | 0 | N/A |
| San Joaquin County Law Library | 0.0141% | 262,222 | 69,867 | 375.3% | 59.6% | 29,438 | 29,438 | 0 | 42.1% |
| Total | 100.0000% | \$ 1,859,613,383 | \$ 436,763,447 | 425.8% | 60.4% | \$ 188,322,653 | \$ 208,757,572 | \$ (20,434,919) | 47.8% |

* Numbers may not sum to total due to rounding.

County of San Joaquin made additional contributions of \$20,354,919.

SJC Mosquito & Vector Control District made additional contributions of \$80,000.

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