



Santa Barbara County Employees' Retirement System

**GASB 67/68 Report
as of June 30, 2020**

Produced by Cheiron

November 2020

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November 12, 2020

Board of Retirement
Santa Barbara County Employees' Retirement System
130 Robin Hill Road, Suite 100
Goleta, California 93117

Dear Members of the Board:

The purpose of this report is to provide accounting and financial reporting information under GASB 67 for the Santa Barbara County Employees' Retirement System (SBCERS) and under GASB 68 for participating employers. This information includes:

- Determination of the discount rate as of June 30, 2020,
- Projection of SBCERS's Total Pension Liability from the valuation date to the measurement date,
- Note disclosures and required supplementary information under GASB 67 for SBCERS,
- 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



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



Graham A. Schmidt, ASA, FCA, MAAA, EA
Consulting Actuary

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING AS OF JUNE 30, 2020**

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 Santa Barbara County Employees' Retirement System and the participating employers. This information includes:

- Determination of the discount rate as of June 30, 2020,
- Projection of SBCERS's Total Pension Liability from the valuation date to the measurement date,
- Note disclosures and required supplementary information under GASB 67 for SBCERS,
- 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 Santa Barbara County Employees' Retirement System (SBCERS) is June 30, 2020. Measurements are based on the fair value of assets as of June 30, 2020 and the Total Pension Liability as of the valuation date, June 30, 2019, updated to June 30, 2020.

To the best of our knowledge, there were no significant events between the valuation date and the measurement date so the update procedures only include the addition of service cost and interest cost offset by actual benefit payments.

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

Table I-1 Summary of Collective Results				
Measurement Date				
	6/30/2020		6/30/2019	
Net Pension Liability	\$	1,055,739,366	\$	853,207,502
Deferred Outflows		(209,431,600)		(105,132,787)
Deferred Inflows		30,565,823		79,679,960
Net Impact on Statement of Net Position	\$	876,873,588	\$	827,754,674
Pension Expense (\$ Amount)	\$	190,703,499	\$	173,470,266
Pension Expense (% of Payroll)		51.11%		48.81%

The Net Pension Liability (NPL) increased by approximately \$203 million since the prior measurement date due primarily to investment income being less than expected. There were also actuarial experience losses on the Total Pension Liability, which were somewhat offset by gains due to assumption changes. The investment losses are recognized over five years, and the actuarial liability loss and assumption change gain are each recognized over the average

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SECTION I – BOARD SUMMARY

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, the participating employers in SBCERS would report a Net Pension Liability of \$1,055,739,366, collective Deferred Inflows of \$30,565,823 and collective Deferred Outflows of \$209,431,600. Consequently, the net impact on the aggregate of participating employers' Statements of Net Position due to SBCERS would be \$876,873,588 at the end of the measurement year. In addition, any contributions between the measurement date and each individual employer's reporting date would be reported as deferred outflows to offset the cash outflow reported.

For the measurement year ending June 30, 2020, the collective annual pension expense is \$190,703,499 or 51.11% of covered payroll. This amount is not related to participating employers' contributions to SBCERS (\$141,584,585), but instead represents the change in the net impact on participating employer's Statements of Net Position plus employer contributions (\$876,873,588 – \$827,754,674 + \$141,584,585).

The collective pension expense of \$190.7 million is about \$17.2 million more than the collective expense of \$173.5 million for the prior year. Volatility in pension expense from year to year is to be expected. It will largely be driven by investment gains or losses, but other changes can also have a significant impact. A breakdown of the components of the net pension expense is shown in the report on page 14.

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
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SECTION II – CERTIFICATION

The purpose of this report is to provide accounting and financial reporting information under GASB 67 for the Santa Barbara County Employees' Retirement System (SBCERS) and under GASB 68 for the employers that participate in SBCERS. This report is for the use of SBCERS, 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 SBCERS.

In preparing our report, we relied on information (some oral and some written) supplied by SBCERS. 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.

Cheiron utilizes ProVal, an actuarial valuation application leased from Winklevoss Technologies (WinTech) to calculate liabilities and project benefit payments. We have relied on WinTech as the developer of ProVal. We have reviewed ProVal and have a basic understanding of it and have used ProVal in accordance with its original intended purpose. We have not identified any material inconsistencies in assumptions or output of ProVal that would affect this report.

This report and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this report. This report does not address any contractual or legal issues. We are not attorneys and our firm does not provide any legal services or advice.

This report was prepared for SBCERS 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.

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

Graham A. Schmidt, ASA, FCA, MAAA, EA
Consulting Actuary

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
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SECTION III – DETERMINATION OF DISCOUNT RATE

The discount rate used to measure the Total Pension Liability was 7.00%.

The projection of cash flows used to determine the discount rate assumed that plan member contributions will continue to be made at the required rates. Employer contributions were assumed to be made in accordance with the contribution policy in effect for the June 30, 2019 actuarial valuation. That policy includes contributions equal to the actuarially determined contribution, reflecting a payment equal to the employers' share of the annual Normal Cost, a portion of the expected Administrative Expenses, an amortization payment for the creation of Safety Plan 6 over a closed period (nine years remaining as of the June 30, 2019 actuarial valuation), and an amount necessary to amortize the Unfunded Actuarial Liability as of June 30, 2013 as a level percentage of payroll over a closed period (11 years remaining as of the June 30, 2019 actuarial valuation). Changes in the Unfunded Actuarial Liability established after June 30, 2013 are amortized over separate 19-year closed periods, reflecting a five-year ramp-up and ramp-down in the amortization payment.

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.

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
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SECTION IV – PROJECTION OF TOTAL PENSION LIABILITY

The Total Pension Liability (TPL) at the end of the measurement year, June 30, 2020, is measured as of a valuation date of June 30, 2019 and projected to June 30, 2020. The TPL reflects a change in the assumptions effective with the June 30, 2019 actuarial valuation.

There were no significant events during the projection period of which we are aware. Because the TPL shown in the prior report was measured as of June 30, 2018 and projected to June 30, 2019, the TPL from the prior report will not match the amounts measured as of June 30, 2019 that are shown in this exhibit which also includes the impact of assumption changes in the June 30, 2019 actuarial valuation.

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	6.00%	7.00%	8.00%
Valuation Collective Total Pension Liability, 6/30/2019			
Actives	\$ 1,754,567,314	\$ 1,470,403,132	\$ 1,243,198,353
Deferred Vested	147,826,982	160,479,394	155,972,385
Retirees	<u>2,709,625,712</u>	<u>2,449,755,968</u>	<u>2,230,866,489</u>
Total	\$ 4,612,020,008	\$ 4,080,638,494	\$ 3,630,037,227
Service Cost	107,180,018	82,913,658	64,964,573
Benefit Payments	195,646,596	195,646,596	195,646,596
Interest	274,105,862	281,765,775	285,276,259
Collective Total Pension Liability, 6/30/2020	\$ 4,797,659,292	\$ 4,249,671,331	\$ 3,784,631,463

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
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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 6/30/2019	\$ 4,051,341,557	\$ 3,198,134,055	\$ 853,207,502
Changes for the year:			
Service cost	82,913,658		82,913,658
Interest	279,193,137		279,193,137
Changes of benefits	0		0
Differences between expected and actual experience	39,324,612		39,324,612
Changes of assumptions	(7,455,037)		(7,455,037)
Contributions - employer		141,584,585	(141,584,585)
Contributions - member		31,618,487	(31,618,487)
Net investment income		24,764,652	(24,764,652)
Benefit payments	(195,646,596)	(195,646,596)	0
Administrative expense		(6,523,218)	6,523,218
Net changes	<u>198,329,774</u>	<u>(4,202,090)</u>	<u>202,531,864</u>
Balances at 6/30/2020	<u>\$ 4,249,671,331</u>	<u>\$ 3,193,931,965</u>	<u>\$ 1,055,739,366</u>

During the measurement year, the collective NPL increased by approximately \$203 million. The service cost, interest cost, and recognition of administrative expense increased the collective NPL by approximately \$369 million while contributions and investment income decreased the collective NPL by approximately \$198 million.

There were no changes in benefits during the year. There were actuarial experience losses during the year of approximately \$39 million. Changes in assumptions accounted for a decrease in liability of approximately \$7 million.

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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 6.00%	Discount Rate 7.00%	1% Increase 8.00%
Total Pension Liability	\$4,797,659,292	\$4,249,671,331	\$3,784,631,463
Plan Fiduciary Net Position	<u>3,193,931,965</u>	<u>3,193,931,965</u>	<u>3,193,931,965</u>
Collective Net Pension Liability	<u>\$1,603,727,327</u>	<u>\$1,055,739,366</u>	<u>\$ 590,699,498</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.6%	75.2%	84.4%

A 1% decrease in the discount rate increases the TPL by approximately 13% and increases the collective NPL by approximately 52%. A one percent increase in the discount rate decreases the TPL by approximately 11% and decreases the collective NPL by approximately 44%.

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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 seven years since implementation.

Table V-3				
Schedule of Changes in Collective Net Pension Liability and Related Ratios				
	FYE 2020	FYE 2019	FYE 2018	FYE 2017
<u>Total Pension Liability</u>				
Service cost (MOY)	\$ 82,913,658	\$ 76,925,229	\$ 77,631,214	\$ 77,134,575
Interest (includes interest on service cost)	279,193,137	267,007,517	256,693,981	250,123,638
Changes of benefit terms	0	0	0	0
Differences between expected and actual experience	39,324,612	23,496,946	(10,744,379)	(42,042,601)
Changes of assumptions	(7,455,037)	0	(29,738,803)	215,838,076
Benefit payments, including refunds of member contributions	(195,646,596)	(182,255,779)	(169,750,854)	(154,229,432)
Net change in total pension liability	\$ 198,329,774	\$ 185,173,913	\$ 124,091,159	\$ 346,824,256
Total pension liability - beginning	<u>4,051,341,557</u>	<u>3,866,167,644</u>	<u>3,742,076,485</u>	<u>3,395,252,229</u>
Total pension liability - ending	<u>\$ 4,249,671,331</u>	<u>\$ 4,051,341,557</u>	<u>\$ 3,866,167,644</u>	<u>\$ 3,742,076,485</u>
<u>Plan fiduciary net position</u>				
Contributions - employer	\$ 141,584,585	\$ 133,707,646	\$ 131,374,191	\$ 121,990,986
Contributions - member	31,618,487	26,604,850	22,533,426	20,319,910
Net investment income	24,764,652	224,842,953	223,314,534	264,010,886
Benefit payments, including refunds of member contributions	(195,646,596)	(182,255,779)	(169,750,854)	(154,229,432)
Administrative expense	(6,523,218)	(6,784,124)	(6,350,670)	(5,732,988)
Net change in plan fiduciary net position	\$ (4,202,090)	\$ 196,115,545	\$ 201,120,626	\$ 246,359,361
Plan fiduciary net position - beginning	<u>3,198,134,055</u>	<u>3,002,018,510</u>	<u>2,800,897,884</u>	<u>2,554,538,523</u>
Plan fiduciary net position - ending	<u>\$ 3,193,931,965</u>	<u>\$ 3,198,134,055</u>	<u>\$ 3,002,018,510</u>	<u>\$ 2,800,897,884</u>
Net pension liability - ending	<u>\$ 1,055,739,366</u>	<u>\$ 853,207,502</u>	<u>\$ 864,149,134</u>	<u>\$ 941,178,601</u>
Plan fiduciary net position as a percentage of the total pension liability	75.16%	78.94%	77.65%	74.85%
Covered payroll	\$ 373,128,834	\$ 355,417,284	\$ 344,511,724	\$ 341,097,962
Net pension liability as a percentage of covered payroll	282.94%	240.06%	250.83%	275.93%

SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
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SECTION V – GASB 67 REPORTING INFORMATION

Table V-3			
Schedule of Changes in Collective Net Pension Liability and Related Ratios			
	FYE 2016	FYE 2015	FYE 2014
<u>Total Pension Liability</u>			
Service cost (MOY)	\$ 71,218,683	\$ 70,056,133	\$ 66,696,324
Interest (includes interest on service cost)	241,733,937	231,804,221	220,238,560
Changes of benefit terms	0	0	0
Differences between expected and actual experience	(31,199,455)	(27,900,755)	0
Changes of assumptions	0	0	0
Benefit payments, including refunds of member contributions	<u>(146,657,716)</u>	<u>(137,771,219)</u>	<u>(131,100,585)</u>
Net change in total pension liability	\$ 135,095,449	\$ 136,188,380	\$ 155,834,299
Total pension liability - beginning	<u>3,260,156,781</u>	<u>3,123,968,401</u>	<u>2,968,134,102</u>
Total pension liability - ending	<u>\$ 3,395,252,229</u>	<u>\$ 3,260,156,781</u>	<u>\$ 3,123,968,401</u>
<u>Plan fiduciary net position</u>			
Contributions - employer	\$ 122,748,021	\$ 123,612,352	\$ 119,227,652
Contributions - member	18,311,646	16,622,138	14,514,010
Net investment income	32,800,406	20,840,287	328,852,388
Benefit payments, including refunds of member contributions	(146,657,716)	(137,771,219)	(131,100,585)
Administrative expense	<u>(5,192,807)</u>	<u>(4,404,342)</u>	<u>(4,288,603)</u>
Net change in plan fiduciary net position	\$ 22,009,549	\$ 18,899,215	\$ 327,204,862
Plan fiduciary net position - beginning	<u>2,532,528,974</u>	<u>2,513,629,759</u>	<u>2,186,424,897</u>
Plan fiduciary net position - ending	<u>\$ 2,554,538,523</u>	<u>\$ 2,532,528,974</u>	<u>\$ 2,513,629,759</u>
Net pension liability - ending	<u>\$ 840,713,706</u>	<u>\$ 727,627,806</u>	<u>\$ 610,338,642</u>
Plan fiduciary net position as a percentage of the total pension liability	75.24%	77.68%	80.46%
Covered payroll	\$ 328,934,766	\$ 319,547,370	\$ 307,421,818
Net pension liability as a percentage of covered payroll	255.59%	227.71%	198.53%

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SECTION V – GASB 67 REPORTING INFORMATION

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

Table V-4					
Schedule of Collective Employer Contributions					
	FYE 2020	FYE 2019	FYE 2018	FYE 2017	FYE 2016
Actuarially Determined Contribution Contributions in Relation to the Actuarially Determined Contribution	\$ 141,584,585	\$ 133,707,646	\$ 131,374,191	\$ 121,990,986	\$ 122,748,021
	<u>141,584,585</u>	<u>133,707,646</u>	<u>131,374,191</u>	<u>121,990,986</u>	<u>122,748,021</u>
Contribution Deficiency/(Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 373,128,834	\$ 355,417,284	\$ 344,511,724	\$ 341,097,962	\$ 328,934,766
Contributions as a Percentage of Covered Payroll	37.95%	37.62%	38.13%	35.76%	37.32%
	FYE 2015	FYE 2014	FYE 2013	FYE 2012	FYE 2011
Actuarially Determined Contribution Contributions in Relation to the Actuarially Determined Contribution	\$ 123,612,352	\$ 119,227,652	\$ 110,582,703	\$ 108,764,094	\$ 94,436,686
	<u>123,612,352</u>	<u>119,227,652</u>	<u>110,582,703</u>	<u>108,764,094</u>	<u>94,436,686</u>
Contribution Deficiency/(Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 319,547,370	\$ 307,421,818	\$ 302,708,314	\$ 305,757,679	\$ 306,963,226
Contributions as a Percentage of Covered Payroll	38.68%	38.78%	36.53%	35.57%	30.76%

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SECTION V – GASB 67 REPORTING INFORMATION

The notes below summarize the key methods and assumptions used to determine the ADC for FYE 2020.

Notes to Schedule

Valuation Date 6/30/2018
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:

Actuarial cost method Entry Age
Asset valuation method Market value
Amortization method As of the June 30, 2013 actuarial valuation, the unfunded actuarial liability was amortized over a closed 17-year period as a level percentage of payroll, except for the Safety Plan 6 liability, which is amortized over a separate closed period (10 years remain as of 2018). Effective with the June 30, 2014 valuation, any additional sources of UAL due to actuarial gains and losses, assumptions changes, or method changes are amortized over a closed 19-year period, with a 5-year ramp up period at the beginning of the period, a 4-year ramp down at the end of the period, and 10 years of level payments as a percentage of payroll.

Discount rate 7.00%, net of investment expenses
Amortization growth rate 3.00%
Price inflation 2.75%
Salary increases 3.00% plus merit component based on employee classification and years of service
Mortality Sex distinct CalPERS Healthy Annuitant, adjusted by 0.95 for males and 0.90 for females, with Generational improvement using Projection Scale MP-2016 from a base year of 2009.

A complete description of the methods and assumptions used to determine contribution rates for the year ending June 30, 2020 can be found in the June 30, 2018 actuarial valuation report.

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SECTION VI – GASB 68 COLLECTIVE INFORMATION

Employers that participate in SBCERS 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 up to 12 months prior to their reporting date. Assuming past practice continues, for employers with a reporting date of June 30, their 2020 disclosures will be based on the June 30, 2019 measurement dates. Similarly, their 2021 disclosures will be based on the June 30, 2020 measurement dates.

Because SBCERS is a cost-sharing multiple-employer pension plan, each employer participating in SBCERS 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 SBCERS. As of the beginning of the measurement period, this recognition period was five years.

During the year, there was an experience loss of approximately \$39.3 million. Approximately \$7.9 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. The resulting deferred outflow of resources is approximately \$31.5 million. Unrecognized experience losses from prior years were approximately \$18.8 million, of which \$4.7 million was recognized as an increase in collective pension expense in the current year. The total resulting deferred outflow of resources as of June 30, 2020 are approximately \$45.6 million. Unrecognized experience gains from prior years were approximately \$29.5 million, of which \$16.8 million was recognized as a reduction in collective pension expense in the current year resulting in a deferred inflow of resources as of June 30, 2020 of approximately \$12.7 million.

During the year, there was a gain of approximately \$7.5 million due to assumption changes. Approximately \$1.5 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. The resulting deferred inflow of resources is approximately \$6.0 million. Unrecognized gains from prior period assumption changes were approximately \$17.8 million, of which \$5.9 million was recognized as a reduction in collective pension expense in the current year. The total resulting deferred inflow of resources as of June 30, 2020 is approximately \$17.9 million. Unrecognized losses from prior period assumption changes were approximately \$86.3 million, of which \$43.2 million was recognized as an increase in collective pension expense in the current year resulting in a deferred outflow of resources as of June 30, 2020 of approximately \$43.2 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 \$198.1 million. Approximately \$39.6 million of that loss was recognized in the current year and an identical amount will be recognized in each of the next four years. Unrecognized investment gains and losses from prior periods were a net gain of approximately \$32.3 million. However, \$5.4 million was recognized as an increase in collective pension expense in the current year due to the timing

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of prior gains and losses. The combination of unrecognized investment losses this year and unrecognized net investment gains from prior periods results in a collective deferred outflow of resources as of June 30, 2020 of approximately \$120.7 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	\$ 45,557,858	\$ 12,706,272
Changes in assumptions	43,167,615	17,859,552
Net difference between projected and actual earnings on pension plan investments	120,706,127	0
Total	<u>\$ 209,431,600</u>	<u>\$ 30,565,824</u>
Amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:		
Measurement year ended June 30:		
2021	51,456,174	
2022	33,857,188	
2023	47,556,892	
2024	45,995,522	
2025	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 SBCERS 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 2020	2019
Change in Net Pension Liability	\$ 202,531,864	\$ (10,941,632)
Change in Deferred Outflows	(104,298,813)	46,696,332
Change in Deferred Inflows	(49,114,137)	4,007,920
Employer Contributions	<u>141,584,585</u>	<u>133,707,646</u>
Pension Expense	\$ 190,703,499	\$ 173,470,266
Pension Expense as % of Payroll	51.11%	48.81%
Operating Expenses		
Service cost	\$ 82,913,658	\$ 76,925,229
Employee contributions	(31,618,487)	(26,604,850)
Administrative expenses	<u>6,523,218</u>	<u>6,784,124</u>
Total	\$ 57,818,389	\$ 57,104,503
Financing Expenses		
Interest cost	\$ 279,193,137	\$ 267,007,517
Expected return on assets	<u>(222,872,695)</u>	<u>(209,152,842)</u>
Total	\$ 56,320,442	\$ 57,854,675
Changes		
Benefit changes	\$ 0	\$ 0
Recognition of assumption changes	35,728,847	37,219,855
Recognition of liability gains and losses	(4,232,976)	(17,678,049)
Recognition of investment gains and losses	<u>45,068,797</u>	<u>38,969,282</u>
Total	\$ 76,564,668	\$ 58,511,088
Pension Expense	\$ 190,703,499	\$ 173,470,266

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 represents the increase in employer-provided benefits attributable to the year, and administrative expenses are the cost of operating SBCERS for the year.

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 the interest on the Net Pension Liability, adjusted for cash flow timing.

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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 from the prior year by about \$17.2 million. The recognition of the changes increased by approximately \$18.1 million, which accounts for the increase in pension expense.

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
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SECTION VII – GASB 68 REPORTING INFORMATION FOR PARTICIPATING EMPLOYERS

Proportionate Shares

GASB 68 requires that the proportionate share for each employer be determined based on the “employer’s projected long-term contribution effort to the pension ... as compared to the total projected long-term contribution effort of all employers ...” Although not required as part of SBCERS’s GASB 67 reporting requirements, SBCERS is following the advice of the AICPA and making a determination of each employer’s proportionate share, which will be reviewed by SBCERS’s auditor.

Proportionate shares for each participating employer are determined based on the ratio of each participating employer’s assigned Unfunded Liability amortization payments to SBCERS during the measurement year to the sum of the actual Unfunded Liability amortization payments for all participating employers. Separate amortization rates are used for General, Safety, and APCD employees. In Table VII-1a on the next page, each employer’s amortization share as of June 30, 2020 is determined by multiplying the actual pensionable payroll for the current fiscal year by the employer’s amortization rate from the most recent actuarial valuation report (the report as of June 30, 2019). The same methodology was used for calculating proportionate shares as of June 30, 2019.

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SECTION VII – GASB 68 REPORTING INFORMATION FOR PARTICIPATING EMPLOYERS

**Table VII-1a
Determination of Employers' Proportionate Share (as of June 30, 2020)**

Employer	Unfunded Liability Amortization Rate (from the June 30, 2019 Actuarial Valuation)			Pensionable Payroll			Amortization Share (Rate x Pay)	Proportionate Share
	Safety Plan 4 & 8	Safety Plan 6	General	Safety Plan 4 & 8	Safety Plan 6	General		
Santa Barbara County	31.63%	36.51%	22.32%	\$ 65,898,251	\$ 31,588,799	248,586,158	\$ 87,861,118	92.9214%
Courts			22.32%	0	0	15,701,449	3,504,563	3.7064%
Carp-Summerland Fire	31.63%		22.32%	3,601,069	0	480,437	1,246,252	1.3180%
Air Pollution Control ¹			31.82%	0	0	3,358,287	1,068,607	1.1302%
SBC Assoc of Govts			22.32%	0	0	2,141,976	478,089	0.5056%
Santa Maria Cemetery			22.32%	0	0	390,769	87,220	0.0922%
Summerland Sanitary			22.32%	0	0	418,370	93,380	0.0988%
Mosq Vector Mgmt			22.32%	0	0	371,794	82,984	0.0878%
Goleta Cemetery			22.32%	0	0	285,267	63,672	0.0673%
Oak Hill Cemetery			22.32%	0	0	163,084	36,400	0.0385%
Carpinteria Cemetery			22.32%	0	0	143,124	31,945	0.0338%
Total				\$ 69,499,320	\$ 31,588,799	\$ 272,040,715	\$ 94,554,230	100.0000%

¹ UAL Amortization Rate was updated after June 30, 2019 valuation report was issued to include Plan 7 members working for the District.

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

Employer	Unfunded Liability Amortization Rate (from the June 30, 2018 Actuarial Valuation)			Pensionable Payroll			Amortization Share (Rate x Pay)	Proportionate Share
	Safety Plan 4 & 8	Safety Plan 6	General	Safety Plan 4 & 8	Safety Plan 6	General		
Santa Barbara County	29.85%	34.69%	20.71%	\$ 61,400,304	\$ 31,549,221	235,912,715	\$ 78,129,939	92.5287%
Courts			20.71%	0	0	15,348,112	3,178,594	3.7644%
Carp-Summerland Fire	29.85%		20.71%	3,502,200	0	487,757	1,146,421	1.3577%
Air Pollution Control			35.50%	0	0	3,306,424	1,173,780	1.3901%
SBC Assoc of Govts			20.71%	0	0	2,128,548	440,822	0.5221%
Santa Maria Cemetery			20.71%	0	0	386,901	80,127	0.0949%
Summerland Sanitary			20.71%	0	0	433,121	89,699	0.1062%
Mosq Vector Mgmt			20.71%	0	0	398,398	82,508	0.0977%
Goleta Cemetery			20.71%	0	0	273,492	56,640	0.0671%
Oak Hill Cemetery			20.71%	0	0	153,075	31,702	0.0375%
Carpinteria Cemetery			20.71%	0	0	137,016	28,376	0.0336%
Total				\$ 64,902,504	\$ 31,549,221	\$ 258,965,560	\$ 84,438,608	100.0000%

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
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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 June 30, 2020.

Table VII-2 Schedule of Employers' Proportionate Share of Collective Amounts at June 30, 2020							
Employer	Proportionate Share	Share of NPL @ 6.00%	Share of NPL @ 7.00%	Share of NPL @ 8.00%	Share of Deferred Outflows	Share of Deferred Inflows	Pension Expense
Santa Barbara County	92.9214%	1,490,205,884	981,007,799	548,886,243	194,606,775	28,402,192	177,204,361
Courts	3.7064%	59,440,550	39,129,924	21,893,686	7,762,373	1,132,892	7,068,234
Carp-Summerland Fire	1.3180%	21,137,126	13,914,645	7,785,419	2,760,308	402,858	2,513,472
Air Pollution Control	1.1302%	18,125,326	11,931,966	6,676,086	2,366,996	345,455	2,155,331
SBC Assoc of Govts	0.5056%	8,108,445	5,337,818	2,986,577	1,058,886	154,541	964,197
Santa Maria Cemetery	0.0922%	1,478,637	973,392	544,625	193,096	28,182	175,829
Summerland Sanitary	0.0988%	1,584,483	1,043,070	583,611	206,918	30,199	188,415
Mosq Vector Mgmt	0.0878%	1,408,073	926,939	518,634	183,881	26,837	167,438
Goleta Cemetery	0.0673%	1,079,308	710,513	397,541	140,947	20,571	128,343
Oak Hill Cemetery	0.0385%	617,435	406,460	227,419	80,631	11,768	73,421
Carpinteria Cemetery	0.0338%	542,060	356,840	199,656	70,788	10,331	64,458
Total	100.0000%	\$ 1,603,727,327	\$ 1,055,739,366	\$ 590,699,498	\$ 209,431,600	\$ 30,565,824	\$ 190,703,499

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING AS OF JUNE 30, 2020**

SECTION VII – GASB 68 REPORTING INFORMATION FOR PARTICIPATING EMPLOYERS

The proportionate share allocated to each individual employer will change on each measurement date. The net effect of the change in proportion on the share of the collective NPL, collective deferred outflows, and collective deferred inflows allocated to each employer becomes a deferred outflow or inflow for that employer and is recognized over the average future working life of SBCERS's active and inactive members (five years).

Similarly, the difference between each employer's actual contributions and the employer's proportionate share of collective employer contributions becomes a deferred outflow or inflow for that employer and is recognized over the average future working life of SBCERS's active and inactive members (five years).

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

Table VII-3 Schedule of Employers' Changes in Proportion and Contribution Differences									
Employer	Proportionate Shares		Impact of Change in Proportion				Contributions		
	6/30/2019	6/30/2020	Net Pension Liability	Deferred Outflows	Deferred Inflows	Net Effect	Actual	Proportionate Share	Difference
Santa Barbara County	92.5287%	92.9214%	\$ 3,350,546	\$ 412,856	\$ (312,903)	\$ 3,250,593	\$ 131,337,511	\$ 131,562,379	\$ (224,867)
Courts	3.7644%	3.7064%	(494,860)	(60,977)	46,214	(480,098)	5,320,117	5,247,691	72,426
Carp-Summerland Fire	1.3577%	1.3180%	(338,723)	(41,738)	31,633	(328,619)	2,011,373	1,866,085	145,288
Air Pollution Control	1.3901%	1.1302%	(2,217,486)	(273,240)	207,088	(2,151,334)	1,574,072	1,600,189	(26,117)
SBC Assoc of Govts	0.5221%	0.5056%	(140,779)	(17,347)	13,147	(136,580)	733,180	715,852	17,328
Santa Maria Cemetery	0.0949%	0.0922%	(23,037)	(2,839)	2,151	(22,349)	133,622	130,541	3,081
Summerland Sanitary	0.1062%	0.0988%	(63,137)	(7,780)	5,896	(61,254)	141,011	139,886	1,126
Mosq Vector Mgmt	0.0977%	0.0878%	(84,468)	(10,408)	7,888	(81,948)	136,389	124,311	12,078
Goleta Cemetery	0.0671%	0.0673%	1,706	210	(159)	1,656	94,138	95,286	(1,148)
Oak Hill Cemetery	0.0375%	0.0385%	8,532	1,051	(797)	8,278	54,910	54,510	400
Carpinteria Cemetery	0.0336%	0.0338%	1,706	210	(159)	1,656	48,261	47,856	406
Total	100.0000%	100.0000%	\$ 0	\$ 0	\$ 0	\$ 0	\$ 141,584,585	\$ 141,584,585	\$ 0

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
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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				Current Year			
	6/30/2019	Net Effect	Recognition	6/30/2020	6/30/2019	Net Effect	Recognition	6/30/2020	
Santa Barbara County	\$ 942,333	\$ 3,250,593	\$ 1,121,285	\$ 3,071,641	\$ (3,247,449)	\$ 0	\$ (933,298)	\$ (2,314,151)	
Courts	1,509,284	0	480,033	1,029,251	(688,617)	(480,098)	(467,491)	(701,223)	
Carp-Summerland Fire	624,041	0	179,226	444,815	(303,568)	(328,619)	(264,829)	(367,358)	
Air Pollution Control	1,241,593	0	448,716	792,878	(324,271)	(2,151,334)	(540,332)	(1,935,273)	
SBC Assoc of Govts	384,098	0	100,421	283,677	(156,491)	(136,580)	(87,715)	(205,355)	
Santa Maria Cemetery	52,843	0	17,614	35,229	(26,201)	(22,349)	(18,364)	(30,186)	
Summerland Sanitary	104,665	0	30,686	73,979	(4,478)	(61,254)	(14,561)	(51,170)	
Mosq Vector Mgmt	22,713	0	7,571	15,142	(75,095)	(81,948)	(41,327)	(115,715)	
Goleta Cemetery	13,126	1,656	6,041	8,741	(35,277)	0	(11,492)	(23,785)	
Oak Hill Cemetery	11,691	8,278	6,419	13,549	(43,978)	0	(13,246)	(30,732)	
Carpinteria Cemetery	34,041	1,656	8,841	26,855	(35,006)	0	(14,197)	(20,809)	
Total	\$ 4,940,429	\$ 3,262,181	\$ 2,406,853	\$ 5,795,758	\$ (4,940,429)	\$ (3,262,181)	\$ (2,406,853)	\$ (5,795,758)	

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
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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-5 Reconciliation of Deferred Outflows and Inflows Due to Contribution Differences									
Employer	Deferred Outflows				Deferred Inflows				
	6/30/2019	Current Year Difference	Recognition	6/30/2020	6/30/2019	Current Year Difference	Recognition	6/30/2020	
Santa Barbara County	\$ 539,231	\$ 0	\$ 200,714	\$ 338,518	\$ (15,837)	\$ (224,867)	\$ (52,892)	\$ (187,812)	
Courts	175,321	72,426	93,477	154,269	(87,900)	0	(29,300)	(58,600)	
Carp-Summerland Fire	167,112	145,288	82,520	229,880	0	0	0	0	
Air Pollution Control	0	0	0	0	(778,023)	(26,117)	(306,538)	(497,602)	
SBC Assoc of Govts	18,836	17,328	13,948	22,216	(28,178)	0	(7,171)	(21,007)	
Santa Maria Cemetery	4,847	3,081	2,008	5,921	(1,859)	0	(1,179)	(680)	
Summerland Sanitary	1,126	1,126	788	1,463	(5,661)	0	(2,455)	(3,206)	
Mosq Vector Mgmt	15,262	12,078	7,984	19,356	0	0	0	0	
Goleta Cemetery	0	0	0	0	(2,801)	(1,148)	(1,457)	(2,492)	
Oak Hill Cemetery	586	400	383	602	(1,592)	0	(683)	(909)	
Carpinteria Cemetery	0	406	81	325	(469)	0	(229)	(240)	
Total	\$ 922,321	\$ 252,132	\$ 401,904	\$ 772,550	\$ (922,321)	\$ (252,132)	\$ (401,904)	\$ (772,550)	

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
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SECTION VII – GASB 68 REPORTING INFORMATION FOR PARTICIPATING EMPLOYERS

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

Table VII-6 Schedule of Employers' Deferred Outflows at June 30, 2020						
Employer	Proportionate Shares	Experience	Assumption Changes	Investment Return	Proportion Change	Contribution Difference
Santa Barbara County	92.9214%	\$ 42,332,999	\$ 40,111,952	\$ 112,161,823	\$ 3,071,641	\$ 338,518
Courts	3.7064%	1,688,556	1,599,964	4,473,852	1,029,251	154,269
Carp-Summerland Fire	1.3180%	600,453	568,949	1,590,907	444,815	229,880
Air Pollution Control	1.1302%	514,895	487,880	1,364,221	792,878	0
SBC Assoc of Govts	0.5056%	230,341	218,255	610,290	283,677	22,216
Santa Maria Cemetery	0.0922%	42,004	39,801	111,291	35,229	5,921
Summerland Sanitary	0.0988%	45,011	42,650	119,258	73,979	1,463
Mosq Vector Mgmt	0.0878%	40,000	37,901	105,980	15,142	19,356
Goleta Cemetery	0.0673%	30,660	29,052	81,235	8,741	0
Oak Hill Cemetery	0.0385%	17,540	16,620	46,472	13,549	602
Carpinteria Cemetery	0.0338%	15,399	14,591	40,799	26,855	325
Total	100.0000%	\$ 45,557,858	\$ 43,167,615	\$ 120,706,127	\$ 5,795,758	\$ 772,550

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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 June 30, 2020						
Employer	Proportionate Shares	Experience	Assumption Changes	Investment Return	Proportion Change	Contribution Difference
Santa Barbara County	92.9214%	\$ 11,806,846	\$ 16,595,346	\$ 0	\$ 2,314,151	\$ 187,812
Courts	3.7064%	470,945	661,946	0	701,223	58,600
Carp-Summerland Fire	1.3180%	167,469	235,389	0	367,358	0
Air Pollution Control	1.1302%	143,606	201,849	0	1,935,273	497,602
SBC Assoc of Govts	0.5056%	64,243	90,298	0	205,355	21,007
Santa Maria Cemetery	0.0922%	11,715	16,467	0	30,186	680
Summerland Sanitary	0.0988%	12,554	17,645	0	51,170	3,206
Mosq Vector Mgmt	0.0878%	11,156	15,681	0	115,715	0
Goleta Cemetery	0.0673%	8,551	12,019	0	23,785	2,492
Oak Hill Cemetery	0.0385%	4,892	6,876	0	30,732	909
Carpinteria Cemetery	0.0338%	4,295	6,037	0	20,809	240
Total	100.0000%	\$ 12,706,272	\$ 17,859,552	\$ 0	\$ 5,795,758	\$ 772,550

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
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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 June 30, 2020						
Employer	Recognition for Measurement Year Ending					Thereafter
	2021	2022	2023	2024	2025	
Santa Barbara County	\$ 48,115,425	\$ 31,298,953	\$ 44,353,572	\$ 43,344,828	\$ 0	\$ 0
Courts	2,024,738	1,639,489	1,765,708	1,623,244	0	0
Carp-Summerland Fire	766,615	630,721	697,898	569,555	0	0
Air Pollution Control	78,136	(53,687)	272,743	84,351	0	0
SBC Assoc of Govts	271,655	199,028	304,490	208,703	0	0
Santa Maria Cemetery	55,937	42,675	38,032	38,554	0	0
Summerland Sanitary	66,326	50,543	47,499	33,418	0	0
Mosq Vector Mgmt	20,400	12,683	16,334	26,410	0	0
Goleta Cemetery	26,063	19,785	25,936	31,056	0	0
Oak Hill Cemetery	15,525	6,718	9,688	19,444	0	0
Carpinteria Cemetery	15,355	10,281	24,993	15,959	0	0
Total	\$ 51,456,174	\$ 33,857,188	\$ 47,556,892	\$ 45,995,522	\$ 0	\$ 0

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
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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 June 30, 2020									
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		
Santa Barbara County	\$ 177,204,361	\$ 187,987	\$ 147,822	\$ 177,540,170	\$ 191,545,989	\$ (99,257,368)	\$ (46,085,963)	\$ 131,337,511	\$ 177,540,170
Courts	7,068,234	12,542	64,177	7,144,953	7,011,781	(3,303,670)	(1,883,274)	5,320,117	7,144,953
Carp-Summerland Fire	2,513,472	(85,603)	82,520	2,510,390	2,330,647	(1,216,463)	(615,167)	2,011,373	2,510,390
Air Pollution Control	2,155,331	(91,616)	(306,538)	1,757,177	71,529	(456,829)	568,405	1,574,072	1,757,177
SBC Assoc of Govts	964,197	12,705	6,778	983,680	883,222	(412,947)	(219,774)	733,180	983,680
Santa Maria Cemetery	175,829	(750)	829	175,907	163,698	(76,784)	(44,628)	133,622	175,907
Summerland Sanitary	188,415	16,125	(1,667)	202,873	136,964	(64,919)	(10,183)	141,011	202,873
Mosq Vector Mgmt	167,438	(33,756)	7,984	141,665	93,355	(77,689)	(10,390)	136,389	141,665
Goleta Cemetery	128,343	(5,451)	(1,457)	121,435	138,010	(66,018)	(44,696)	94,138	121,435
Oak Hill Cemetery	73,421	(6,827)	(299)	66,295	86,507	(43,081)	(32,041)	54,910	66,295
Carpinteria Cemetery	64,458	(5,355)	(148)	58,955	70,162	(28,602)	(30,867)	48,261	58,955
Total	\$ 190,703,499	\$ 0	\$ 0	\$ 190,703,500	\$ 202,531,864	\$ (105,004,370)	\$ (48,408,580)	\$ 141,584,585	\$ 190,703,500

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING AS OF JUNE 30, 2020**

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 June 30, 2020									
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
Santa Barbara County	92.9214%	\$ 981,007,799	\$ 346,073,208	283.5%	75.2%	\$ 131,337,511	\$ 131,337,511	\$ 0	38.0%
Courts	3.7064%	39,129,924	15,701,449	249.2%	75.2%	5,320,117	5,320,117	0	33.9%
Carp-Summerland Fire	1.3180%	13,914,645	4,081,506	340.9%	75.2%	2,011,373	2,011,373	0	49.3%
Air Pollution Control	1.1302%	11,931,966	3,358,287	355.3%	75.2%	1,574,072	1,574,072	0	46.9%
SBC Assoc of Govts	0.5056%	5,337,818	2,141,976	249.2%	75.2%	733,180	733,180	0	34.2%
Santa Maria Cemetery	0.0922%	973,392	390,769	249.1%	75.2%	133,622	133,622	0	34.2%
Summerland Sanitary	0.0988%	1,043,070	418,370	249.3%	75.2%	141,011	141,011	0	33.7%
Mosq Vector Mgmt	0.0878%	926,939	371,794	249.3%	75.2%	136,389	136,389	0	36.7%
Goleta Cemetery	0.0673%	710,513	285,267	249.1%	75.2%	94,138	94,138	0	33.0%
Oak Hill Cemetery	0.0385%	406,460	163,084	249.2%	75.2%	54,910	54,910	0	33.7%
Carpinteria Cemetery	0.0338%	356,840	143,124	249.3%	75.2%	48,261	48,261	0	33.7%
Total	100.0000%	\$ 1,055,739,366	\$ 373,128,834	282.9%	75.2%	\$ 141,584,585	\$ 141,584,585	\$ 0	37.9%

SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING AS OF JUNE 30, 2020

APPENDIX A – MEMBERSHIP INFORMATION

SBCERS Membership – Active Members as of June 30, 2019

SBCERS Membership - Active Members as of June 30, 2019					
Group	Count	Annual Salary ¹	Average Age	Average Monthly Salary ¹	Average Vesting Service
General Members					
Plan 2	7	\$481,000	60.3	\$5,726	30.6
Plan 5A	372	\$31,739,000	56.4	\$7,110	27.5
Plan 5B	308	\$35,333,000	49.6	\$9,560	15.5
Plan 5C	1,171	\$83,915,000	48.9	\$5,972	15.4
Plan 7	109	\$10,273,000	42.6	\$7,854	10.8
PEPRA	<u>1,326</u>	<u>\$93,137,000</u>	38.5	\$5,853	2.9
Total	3,293	\$254,878,000	45.4	\$6,450	11.6
APCD Members					
Plan 1	8	\$798,000	59.0	\$8,313	29.8
Plan 2	10	\$1,079,000	42.8	\$8,992	10.8
PEPRA	<u>14</u>	<u>\$1,041,000</u>	32.6	\$6,196	2.5
Total	32	\$2,917,000	42.4	\$7,596	11.9
Safety Members					
Plan 4A	32	\$4,143,000	52.4	\$10,789	21.9
Plan 4B	13	\$1,746,000	52.1	\$11,192	23.5
Plan 4C	292	\$31,450,000	44.8	\$8,975	16.3
Plan 6A	35	\$4,702,000	53.1	\$11,195	29.0
Plan 6B	251	\$26,252,000	44.2	\$8,716	15.4
PEPRA	<u>321</u>	<u>\$27,700,000</u>	33.2	\$7,191	3.0
Total	944	\$95,992,000	41.4	\$8,474	12.3
Total Actives	4,269	\$353,787,000	44.5	\$6,906	11.8

¹Based on salary data provided in the June 30, 2019 valuation data for FYE 2019.

SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING AS OF JUNE 30, 2020

APPENDIX A – MEMBERSHIP INFORMATION

SBCERS Membership – Deferred Vested Members as of June 30, 2019

SBCERS Membership		
Deferred Vested and Inactive Members		
as of June 30, 2019		
Group	Count	Average Age
General Members		
Plan 2	18	58.6
Plan 5A	148	56.1
Plan 5B	445	49.9
Plan 5C	345	45.2
Plan 7	57	42.1
PEPRA	<u>328</u>	38.8
Total	1,341	46.4
APCD Members		
Plan 1	7	57.6
Plan 2	11	38.4
PEPRA	<u>7</u>	33.4
Total	25	42.4
Safety Members		
Plan 4A	4	48.8
Plan 4B	46	47.5
Plan 4C	40	43.0
Plan 6A	21	55.4
Plan 6B	62	39.9
PEPRA	<u>59</u>	33.9
Total	232	42.0
Total Inactives	1,598	45.7

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING AS OF JUNE 30, 2020**

APPENDIX A – MEMBERSHIP INFORMATION

SBCERS Membership – Retired Members as of June 30, 2019

	Count	Monthly Allowances	Average Monthly Benefit
General Members			
Healthy	2,923	\$8,469,000	\$2,897
Disabled	131	310,000	2,366
Beneficiaries	413	659,000	1,596
Total	3,467	\$9,438,000	\$2,722
APCD Members			
Healthy	60	\$197,000	\$3,283
Disabled	0	0	0
Beneficiaries	6	14,000	2,333
Total	66	\$211,000	\$3,197
Safety Members			
Healthy	832	\$4,885,000	\$5,871
Disabled	140	602,000	4,300
Beneficiaries	175	504,000	2,880
Total	1,147	\$5,991,000	\$5,223
Total in Pay Status	4,680	\$15,640,000	\$3,342

Please refer to the June 30, 2019 actuarial valuation report for a more complete summary of the data.

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING AS OF JUNE 30, 2020**

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

A summary of the actuarial assumptions and methods used to calculate the Total Pension Liability as of June 30, 2020 is provided below, including any assumptions that differ from those used in the June 30, 2019 actuarial valuation. Please refer to the June 30, 2019 actuarial valuation report for a complete description of all other assumptions. The assumptions used in this report and the June 30, 2019 actuarial valuation report reflect the results of the Experience Analysis covering the period July 1, 2016 through June 30, 2019.

Key Actuarial Assumptions

Expected Return on Assets 7.00 percent net of investment expenses.

Administrative Expenses Administrative expenses are assumed to be \$5.3 million for the fiscal year ending June 30, 2020, to be split between employees and employers based on their share of the overall contributions. Administrative expenses are assumed to increase by the assumed wage inflation of 3.00% each year.

Basic COLA The cost of living as measured by the Consumer Price Index (CPI) will increase at the rate of 2.75% per year.

Post Retirement COLA Benefits are assumed to increase after retirement at the rate of 2.60% per year for General Plans 5, Safety Plans 4, 6 and 8 (PEPRA), and APCD Plans 1 and 2; 1.90% per year for General Plans 7 and APCD Plan 8 (PEPRA), and 0% per year for General Plan 2.

For General Plan 8 (PEPRA), benefits are assumed to increase at the rate of 1.90% per year if their employer had implemented General Plan 7 prior to January 1, 2013. Otherwise, benefits are assumed to increase at the rate of 2.60% per year.

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

Contribution Allocation Procedure

The contribution allocation procedure primarily consists of an actuarial cost method, an asset smoothing method, and an amortization method as described below.

1. Actuarial Cost Method

The actuarial valuation is prepared using the entry age actuarial cost method (CERL 31453.5). Under the principles of this method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated as a level percentage of the individual's projected compensation between entry age and assumed exit (until maximum retirement age). For members who transferred between plans, entry age is based on original entry into the system. The normal cost for the Plan is based on the sum of the individual normal costs for each member (Individual Entry Age Method).

2. Asset Valuation Method

As of June 30, 2014, the market value of assets is used to determine the System's UAL. The actuarial value of assets is no longer applicable.

3. Amortization Method

The UAL (or Surplus Funding) is amortized as a percentage of the projected salaries of present and future members of SBCERS. Effective with the June 30, 2013 valuation, the UAL as of June 30, 2013 is amortized over a closed 17-year period, except for the additional UAL attributable to the creation of Safety Plan 6, which is being amortized over a separate closed period (9 years as of June 30, 2019). Effective with the June 30, 2014 valuation, any new sources of UAL due to actuarial gains and losses, assumption changes, or method changes is amortized over a closed 19-year period, with five-year ramp up period at the beginning of the period, a four-year ramp down at the end of the period, and ten years of level payments as a percentage of payroll. This method is a type of direct rate smoothing method.

4. Contributions

The employer (County or District) contributes to the retirement fund a percentage of the total compensation provided for all members based on an actuarial investigation, valuation, and recommendation of the actuary.

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING AS OF JUNE 30, 2020**

APPENDIX C ---SUMMARY OF PLAN PROVISIONS

The plan provisions are the same as those summarized in the June 30, 2019 actuarial valuation report.

APPENDIX D – GLOSSARY OF TERMS

1. Actuarially Determined Contribution

A target or recommended contribution for the reporting period, determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted.

2. Actuarial Valuation Date

The date as of which an actuarial valuation is performed. This date may be up to 24 months prior to the measurement date and up to 30 months prior to the employer's reporting date.

3. Deferred Inflow of Resources

An acquisition of net assets by a government employer that is applicable to a future reporting period. In the context of GASB 68, these are experience gains on the Total Pension Liability, assumption changes reducing the Total Pension Liability, or investment gains that are recognized in future reporting periods.

4. Deferred Outflow of Resources

A consumption of net assets by a government employer that is applicable to a future reporting period. In the context of GASB 68, these are experience losses on the Total Pension Liability, assumption changes increasing the Total Pension Liability, or investment losses that are recognized in future reporting periods.

5. Entry Age Actuarial Cost Method

The actuarial cost method required for GASB 67 and 68 calculations. Under this method, the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit ages. The portion of this actuarial present value allocated to a valuation year is called the Service Cost. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future service costs is called the Total Pension Liability.

6. Measurement Date

The date as of which the Total Pension Liability and Plan Fiduciary Net Position are measured. The Total Pension Liability may be projected from the Actuarial Valuation Date to the Measurement Date. The Measurement Date must be the same as the Reporting Date for the Plan.

APPENDIX D – GLOSSARY OF TERMS

7. Net Pension Liability

The liability of employers and nonemployer contributing entities to employees for benefits provided through a defined benefit pension plan. It is calculated as the Total Pension Liability less the Plan Fiduciary Net Position. The Net Pension Liability is not appropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling SBCERS's benefit obligations in the event of a plan termination or other similar action. However, it is an appropriate measure for assessing the need for or the amount of future contributions.

8. Plan Fiduciary Net Position

The fair or market value of assets.

9. Reporting Date

The last day of the plan or employer's fiscal year.

10. Service Cost

The portion of the actuarial present value of projected benefit payments that is attributed to the current period of employee service in conformity with the requirements of GASB 67 and 68. The Service Cost is the normal cost calculated under the entry age actuarial cost method.

11. Total Pension Liability

The portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service in conformity with the requirements of GASB 67 and 68. The Total Pension Liability is the actuarial liability calculated under the entry age actuarial cost method. This measure generally is not appropriate for estimating the cost to settle the Plan's liabilities.



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