



Santa Barbara County Employees' Retirement System

GASB 67/68 Report as of June 30, 2023

Produced by Cheiron

October 2023

TABLE OF CONTENTS

<u>Section</u>	<u>Page</u>
Letter of Transmittal	i
Section I Board Summary	1
Section II Certification	3
Section III Determination of Discount Rate	4
Section IV Projection of Total Pension Liability	5
Section V GASB 67 Reporting Information.....	6
Section VI GASB 68 Collective Information	12
Section VII GASB 68 Reporting Information for Participating Employers	17
 <u>Appendices</u>	
Appendix A Membership Information	28
Appendix B Actuarial Assumptions and Methods	31
Appendix C Summary of Plan Provisions.....	33
Appendix D Glossary of Terms.....	34

Via Electronic Mail

October 26, 2023

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, 2023,
- 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

A handwritten signature in blue ink that reads "Anne Harper".

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

A handwritten signature in blue ink that reads "Graham Schmidt".

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



**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING AS OF JUNE 30, 2023**

SECTION I – BOARD SUMMARY

Highlights

The measurement date for the Santa Barbara County Employees' Retirement System (SBCERS) is June 30, 2023. Measurements are based on the fair value of assets as of June 30, 2023 and the Total Pension Liability as of the valuation date, June 30, 2022, updated to June 30, 2023. To the best of our knowledge, the only significant event between the valuation date and the measurement date was the Board adopting assumption changes recommended in the Actuarial Experience Study for the period ending June 30, 2022 at its October 2022 meeting. The update procedures include the increase in the actuarial liability due to assumption changes and 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.

		Measurement Date	
		6/30/2023	6/30/2022
Net Pension Liability	\$	762,778,583	\$ 744,357,231
Deferred Outflows		(89,125,556)	(50,477,971)
Deferred Inflows		5,937,116	9,383,856
Net Impact on Statement of Net Position	\$	679,590,143	\$ 703,263,116
Pension Expense (\$ Amount)	\$	133,633,951	\$ 79,959,091
Pension Expense (% of Payroll)		32.42%	20.23%

The Net Pension Liability (NPL) increased by approximately \$18 million since the prior measurement date primarily due to assumption changes which were partially offset by investment and liability experience gains. The investment gain is recognized over five years, and the actuarial liability gain and assumption change loss are recognized over the average remaining service life as of the beginning of the measurement period, which is four 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 (TPL) of \$762,778,583, collective Deferred Inflows of \$5,937,116 and collective Deferred Outflows of \$89,125,556. Consequently, the net impact on the aggregate of participating employers' Statements of Net Position due to SBCERS would be \$679,590,143 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.

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING AS OF JUNE 30, 2023**

SECTION I – BOARD SUMMARY

For the measurement year ending June 30, 2023, the collective annual pension expense is \$133,633,951 or 32.42% of covered payroll. This amount is not related to participating employers' contributions to SBCERS (\$157,306,924), but instead represents the change in the net impact on participating employer's Statements of Net Position plus employer contributions (\$679,590,143 – \$703,263,116 + \$157,306,924).

The collective pension expense of \$134 million is about \$54 million more than the collective expense of \$80 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 Table VI-5.

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING AS OF JUNE 30, 2023**

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. 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. 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.

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

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

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING AS OF JUNE 30, 2023**

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, 2022 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 (six years remaining as of the June 30, 2022 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 (eight years remaining as of the June 30, 2022 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
GASB 67 AND 68 REPORTING AS OF JUNE 30, 2023**

SECTION IV – PROJECTION OF TOTAL PENSION LIABILITY

The Total Pension Liability (TPL) at the end of the measurement year, June 30, 2023 is measured as of a valuation date of June 30, 2022 and projected to June 30, 2023.

The impact of assumption changes is included in the June 30, 2022 Total Pension Liability. There are no other 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, 2021 and projected to June 30, 2022, the TPL from the prior report will not match the amounts measured as of June 30, 2022 that are shown in this exhibit, which also include the impact of the assumption changes.

The table below shows the projection of the TPL at discount rates equal to the rate used for disclosure and plus and minus 1% 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, 6/30/2022			
Actives	\$ 1,846,502,451	\$ 1,549,087,941	\$ 1,310,599,522
Deferred Vested	229,088,695	189,680,868	159,298,225
Retirees	<u>3,289,501,638</u>	<u>2,974,990,714</u>	<u>2,709,721,222</u>
Total	\$ 5,365,092,784	\$ 4,713,759,523	\$ 4,179,618,969
Service Cost	113,664,040	88,053,265	69,070,464
Benefit Payments	231,955,957	231,955,957	231,955,957
Interest	318,408,501	325,011,757	327,979,441
Collective Total Pension Liability, 6/30/2023	\$ 5,565,209,368	\$ 4,894,868,588	\$ 4,344,712,917

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING AS OF JUNE 30, 2023**

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	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at 6/30/2022	\$ 4,641,199,825	\$ 3,896,842,594	\$ 744,357,231
Changes for the year:			
Service cost	88,053,265		88,053,265
Interest	325,284,242		325,284,242
Changes of benefits	0		0
Differences between expected and actual experience	(4,165,132)		(4,165,132)
Changes of assumptions	76,452,345		76,452,345
Contributions - employer		157,306,924	(157,306,924)
Contributions - member		38,521,772	(38,521,772)
Net investment income		277,784,852	(277,784,852)
Benefit payments	(231,955,957)	(231,955,957)	0
Administrative expense		(6,410,180)	6,410,180
Net changes	<u>253,668,763</u>	<u>235,247,411</u>	<u>18,421,352</u>
Balances at 6/30/2023	<u>\$ 4,894,868,588</u>	<u>\$ 4,132,090,005</u>	<u>\$ 762,778,583</u>

During the measurement year, the collective NPL increased by approximately \$18 million. The service cost, interest cost, and administrative expense increased the collective NPL by approximately \$420 million while contributions and investment income decreased the collective NPL by approximately \$474 million.

There were no changes in benefits during the year. There were actuarial liability experience gains during the year of approximately \$4 million. Changes in assumptions accounted for an increase in liability of approximately \$76 million.

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING AS OF JUNE 30, 2023**

SECTION V – GASB 67 REPORTING INFORMATION

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	\$ 5,565,209,368	\$ 4,894,868,588	\$ 4,344,712,917
Plan Fiduciary Net Position	<u>4,132,090,005</u>	<u>4,132,090,005</u>	<u>4,132,090,005</u>
Collective Net Pension Liability	<u>\$ 1,433,119,363</u>	<u>\$ 762,778,583</u>	<u>\$ 212,622,912</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.2%	84.4%	95.1%

A 1% decrease in the discount rate increases the TPL by approximately 14% and increases the collective NPL by approximately 88%. A 1% increase in the discount rate decreases the TPL by approximately 11% and decreases the collective NPL by approximately 72%.

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING AS OF JUNE 30, 2023**

SECTION V – GASB 67 REPORTING INFORMATION

Required Supplementary Information

The schedules of Required Supplementary Information show 10 years of information. The schedule below shows the changes in collective NPL and related ratios required by GASB.

Table V-3 Schedule of Changes in Collective Net Pension Liability and Related Ratios					
	FYE 2023	FYE 2022	FYE 2021	FYE 2020	FYE 2019
<u>Total Pension Liability</u>					
Service cost (MOY)	\$ 88,053,265	\$ 87,648,293	\$ 74,649,576	\$ 82,913,658	\$ 76,925,229
Interest (includes interest on service cost)	325,284,242	308,020,757	294,307,928	279,193,137	267,007,517
Changes of benefit terms	0	0	0	0	0
Differences between expected and actual experience	(4,165,132)	(2,203,764)	30,956,706	39,324,612	23,496,946
Changes of assumptions	76,452,345	0	19,124,517	(7,455,037)	0
Benefit payments, including refunds of member contributions	(231,955,957)	(215,316,423)	(205,659,096)	(195,646,596)	(182,255,779)
Net change in total pension liability	\$ 253,668,763	\$ 178,148,863	\$ 213,379,631	\$ 198,329,774	\$ 185,173,913
Total pension liability - beginning	<u>4,641,199,825</u>	<u>4,463,050,962</u>	<u>4,249,671,331</u>	<u>4,051,341,557</u>	<u>3,866,167,644</u>
Total pension liability - ending	<u>\$ 4,894,868,588</u>	<u>\$ 4,641,199,825</u>	<u>\$ 4,463,050,962</u>	<u>\$ 4,249,671,331</u>	<u>\$ 4,051,341,557</u>
<u>Plan fiduciary net position</u>					
Contributions - employer	\$ 157,306,924	\$ 161,387,880	\$ 150,093,122	\$ 141,584,585	\$ 133,707,646
Contributions - member	38,521,772	36,564,382	35,520,188	31,618,487	26,604,850
Net investment income	277,784,852	(70,529,939)	822,707,406	24,764,652	224,842,953
Benefit payments, including refunds of member contributions	(231,955,957)	(215,316,423)	(205,659,096)	(195,646,596)	(182,255,779)
Administrative expense	(6,410,180)	(6,162,065)	(5,694,827)	(6,523,218)	(6,784,124)
Net change in plan fiduciary net position	\$ 235,247,411	\$ (94,056,165)	\$ 796,966,794	\$ (4,202,090)	\$ 196,115,545
Plan fiduciary net position - beginning	<u>3,896,842,594</u>	<u>3,990,898,759</u>	<u>3,193,931,965</u>	<u>3,198,134,055</u>	<u>3,002,018,510</u>
Plan fiduciary net position - ending	<u>\$ 4,132,090,005</u>	<u>\$ 3,896,842,594</u>	<u>\$ 3,990,898,759</u>	<u>\$ 3,193,931,965</u>	<u>\$ 3,198,134,055</u>
Net pension liability - ending	<u>\$ 762,778,583</u>	<u>\$ 744,357,232</u>	<u>\$ 472,152,204</u>	<u>\$ 1,055,739,366</u>	<u>\$ 853,207,502</u>
Plan fiduciary net position as a percentage of the total pension liability	84.42%	83.96%	89.42%	75.16%	78.94%
Covered payroll	\$ 412,151,455	\$ 395,157,044	\$ 387,643,812	\$ 373,128,834	\$ 355,417,284
Net pension liability as a percentage of covered payroll	185.07%	188.37%	121.80%	282.94%	240.06%

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING AS OF JUNE 30, 2023**

SECTION V – GASB 67 REPORTING INFORMATION

Table V-3 Schedule of Changes in Collective Net Pension Liability and Related Ratios					
	FYE 2018	FYE 2017	FYE 2016	FYE 2015	FYE 2014
<u>Total Pension Liability</u>					
Service cost (MOY)	\$ 77,631,214	\$ 77,134,575	\$ 71,218,683	\$ 70,056,133	\$ 66,696,324
Interest (includes interest on service cost)	256,693,981	250,123,638	241,733,937	231,804,221	220,238,560
Changes of benefit terms	0	0	0	0	0
Differences between expected and actual experience	(10,744,379)	(42,042,601)	(31,199,455)	(27,900,755)	0
Changes of assumptions	(29,738,803)	215,838,076	0	0	0
Benefit payments, including refunds of member contributions	(169,750,854)	(154,229,432)	(146,657,716)	(137,771,219)	(131,100,585)
Net change in total pension liability	\$ 124,091,159	\$ 346,824,256	\$ 135,095,449	\$ 136,188,380	\$ 155,834,299
Total pension liability - beginning	<u>3,742,076,485</u>	<u>3,395,252,229</u>	<u>3,260,156,781</u>	<u>3,123,968,401</u>	<u>2,968,134,102</u>
Total pension liability - ending	<u>\$3,866,167,644</u>	<u>\$3,742,076,485</u>	<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	\$ 131,374,191	\$ 121,990,986	\$ 122,748,021	\$ 123,612,352	\$ 119,227,652
Contributions - member	22,533,426	20,319,910	18,311,646	16,622,138	14,514,010
Net investment income	223,314,534	264,010,886	32,800,406	20,840,287	328,852,388
Benefit payments, including refunds of member contributions	(169,750,854)	(154,229,432)	(146,657,716)	(137,771,219)	(131,100,585)
Administrative expense	(6,350,670)	(5,732,988)	(5,192,807)	(4,404,342)	(4,288,603)
Net change in plan fiduciary net position	\$ 201,120,626	\$ 246,359,361	\$ 22,009,549	\$ 18,899,215	\$ 327,204,862
Plan fiduciary net position - beginning	<u>2,800,897,884</u>	<u>2,554,538,523</u>	<u>2,532,528,974</u>	<u>2,513,629,759</u>	<u>2,186,424,897</u>
Plan fiduciary net position - ending	<u>\$3,002,018,510</u>	<u>\$2,800,897,884</u>	<u>\$2,554,538,523</u>	<u>\$2,532,528,974</u>	<u>\$2,513,629,759</u>
Net pension liability - ending	<u>\$ 864,149,134</u>	<u>\$ 941,178,601</u>	<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	77.65%	74.85%	75.24%	77.68%	80.46%
Covered payroll	\$ 344,511,724	\$ 341,097,962	\$ 328,934,766	\$ 319,547,370	\$ 307,421,818
Net pension liability as a percentage of covered payroll	250.83%	275.93%	255.59%	227.71%	198.53%

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING AS OF JUNE 30, 2023**

SECTION V – GASB 67 REPORTING INFORMATION

The following schedule shows information on the Actuarially Determined Contribution (ADC) and related contributions.

Table V-4 Schedule of Collective Employer Contributions					
	FYE 2023	FYE 2022	FYE 2021	FYE 2020	FYE 2019
Actuarially Determined Contribution Contributions in Relation to the Actuarially Determined Contribution	\$ 157,306,924	\$ 161,387,880	\$ 150,093,122	\$ 141,584,585	\$ 133,707,646
	<u>157,306,924</u>	<u>161,387,880</u>	<u>150,093,122</u>	<u>141,584,585</u>	<u>133,707,646</u>
Contribution Deficiency/(Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 412,151,455	\$ 395,157,044	\$ 387,643,812	\$ 373,128,834	\$ 355,417,284
Contributions as a Percentage of Covered Payroll	38.17%	40.84%	38.72%	37.95%	37.62%
	FYE 2018	FYE 2017	FYE 2016	FYE 2015	FYE 2014
Actuarially Determined Contribution Contributions in Relation to the Actuarially Determined Contribution	\$ 131,374,191	\$ 121,990,986	\$ 122,748,021	\$ 123,612,352	\$ 119,227,652
	<u>131,374,191</u>	<u>121,990,986</u>	<u>122,748,021</u>	<u>123,612,352</u>	<u>119,227,652</u>
Contribution Deficiency/(Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 344,511,724	\$ 341,097,962	\$ 328,934,766	\$ 319,547,370	\$ 307,421,818
Contributions as a Percentage of Covered Payroll	38.13%	35.76%	37.32%	38.68%	38.78%

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING AS OF JUNE 30, 2023**

SECTION V – GASB 67 REPORTING INFORMATION

The notes below summarize the key methods and assumptions used to determine the ADC for FYE 2023.

Notes to Schedule

Valuation Date	6/30/2021
Timing	Actuarially determined contribution rates are calculated based on the actuarial valuation one year prior to the beginning of the plan year.
<u>Key Methods and Assumptions Used to Determine Contribution Rates:</u>	
Actuarial cost method	Entry Age
Asset valuation method	Market Value
Amortization method	As of the June 30, 2013 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 (seven years as of 2021). Effective with the June 30, 2014 valuation, any additional sources of UAL due to actuarial gains and losses, assumption changes, or method changes are 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 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 increase	3.00% plus merit component based on employee classification and years of service.
Mortality	Sex distinct Public 2010 General Above-Median Income and sex distinct Public Safety 2010 Healthy Annuity Mortality Tables, with generational mortality improvements projected from 2010 using Projections Scale MP-2019, without adjustment.

A complete description of the methods and assumptions used to determine contribution rates for the year ending June 30, 2023 can be found in the June 30, 2021 actuarial valuation report.

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING AS OF JUNE 30, 2023**

SECTION VI – GASB 68 COLLECTIVE INFORMATION

Because SBCERS is a cost-sharing multiple-employer pension plan, all employers 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 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 and the total amount recognized thereafter.

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	\$ 20,247,607	\$ 4,446,107
Changes in assumptions	64,989,067	1,491,009
Net difference between projected and actual earnings on pension plan investments	3,888,882	0
Total	<u>\$ 89,125,556</u>	<u>\$ 5,937,116</u>
Amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:		
Measurement year ended June 30:		
2024	22,162,017	
2025	(23,833,501)	
2026	86,153,825	
2027	(1,293,901)	
2028	0	
Thereafter	\$ 0	

The tables on the following pages provide details on the current balances of deferred inflows and outflows of resources along with the recognition of each base for each of the current and following four years, as well as the total for any years thereafter.

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING AS OF JUNE 30, 2023**

SECTION VI – GASB 68 COLLECTIVE INFORMATION

Table VI-2

Recognition of Experience (Gains) and Losses

Experience Year	Recognition Period	Total Amount	Beginning	Ending	Recognition Year					
			Remaining Amount	Remaining Amount	2023	2024	2025	2026	2027	Thereafter
2023	4.0	\$ (4,165,132)	\$ (4,165,132)	\$ (3,123,849)	\$ (1,041,283)	\$ (1,041,283)	\$ (1,041,283)	\$ (1,041,283)	\$ 0	\$ 0
2022	5.0	(2,203,764)	(1,763,011)	(1,322,258)	(440,753)	(440,753)	(440,753)	(440,752)	0	0
2021	5.0	30,956,706	18,574,024	12,382,683	6,191,341	6,191,341	6,191,342	0	0	0
2020	5.0	39,324,612	15,729,846	7,864,924	7,864,922	7,864,924	0	0	0	0
2019	5.0	23,496,946	4,699,390	0	4,699,390	0	0	0	0	0
Deferred Outflows			39,003,260	20,247,607	18,755,653	14,056,265	6,191,342	0	0	0
Deferred (Inflows)			(5,928,143)	(4,446,107)	(1,482,036)	(1,482,036)	(1,482,036)	(1,482,035)	0	0
Net Change in Pension Expense			\$ 33,075,117	\$ 15,801,500	\$ 17,273,617	\$ 12,574,229	\$ 4,709,306	\$ (1,482,035)	\$ 0	\$ 0

Table VI-3

Recognition of Assumption Changes

Change Year	Recognition Period	Total Amount	Beginning	Ending	Recognition Year					
			Remaining Amount	Remaining Amount	2023	2024	2025	2026	2027	Thereafter
2023	4.0	\$ 76,452,345	\$ 76,452,345	\$ 57,339,259	\$ 19,113,086	\$ 19,113,086	\$ 19,113,086	\$ 19,113,087	\$ 0	\$ 0
2022	5.0	0	0	0	0	0	0	0	0	0
2021	5.0	19,124,517	11,474,711	7,649,808	3,824,903	3,824,903	3,824,905	0	0	0
2020	5.0	(7,455,037)	(2,982,016)	(1,491,009)	(1,491,007)	(1,491,009)	0	0	0	0
2019	5.0	0	0	0	0	0	0	0	0	0
Deferred Outflows			87,927,056	64,989,067	22,937,989	22,937,989	22,937,991	19,113,087	0	0
Deferred (Inflows)			(2,982,016)	(1,491,009)	(1,491,007)	(1,491,009)	0	0	0	0
Net Change in Pension Expense			\$ 84,945,040	\$ 63,498,058	\$ 21,446,982	\$ 21,446,980	\$ 22,937,991	\$ 19,113,087	\$ 0	\$ 0

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING AS OF JUNE 30, 2023**

SECTION VI – GASB 68 COLLECTIVE INFORMATION

Table VI-4 Recognition of Investment (Gains) and Losses										
Experience Year	Recognition Period	Total Amount	Beginning	Ending	Recognition Year					
			Remaining Amount	Remaining Amount	2023	2024	2025	2026	2027	Thereafter
2023	5.0	\$ (6,469,501)	\$ (6,469,501)	\$ (5,175,601)	\$ (1,293,900)	\$ (1,293,900)	\$ (1,293,900)	\$ (1,293,900)	\$ (1,293,901)	\$ 0
2022	5.0	349,083,361	279,266,689	209,450,017	69,816,672	69,816,672	69,816,672	69,816,673	0	0
2021	5.0	(600,017,854)	(360,010,712)	(240,007,141)	(120,003,571)	(120,003,571)	(120,003,570)	0	0	0
2020	5.0	198,108,043	79,243,216	39,621,607	39,621,609	39,621,607	0	0	0	0
2019	5.0	(15,690,110)	(3,138,022)	0	(3,138,022)	0	0	0	0	0
Net Change in Pension Expense			\$ (11,108,330)	\$ 3,888,882	\$ (14,997,212)	\$ (11,859,192)	\$ (51,480,798)	\$ 68,522,773	\$ (1,293,901)	\$ 0

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING AS OF JUNE 30, 2023**

SECTION VI – GASB 68 COLLECTIVE INFORMATION

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 below, we believe it helps to understand the level and volatility of the collective pension expense.

**Table VI-5
Calculation of Collective Pension Expense**

	Measurement Year Ending	
	2023	2022
Change in Net Pension Liability	\$ 18,421,352	\$ 272,205,028
Change in Deferred Outflows	(38,647,585)	22,580,555
Change in Deferred Inflows	(3,446,740)	(376,214,372)
Employer Contributions	<u>157,306,924</u>	<u>161,387,880</u>
Pension Expense	\$ 133,633,951	\$ 79,959,091
Pension Expense as % of Payroll	32.42%	20.23%
Operating Expenses		
Service cost	\$ 88,053,265	\$ 87,648,293
Employee contributions	(38,521,772)	(36,564,382)
Administrative expenses	<u>6,410,180</u>	<u>6,162,065</u>
Total	\$ 55,941,673	\$ 57,245,976
Financing Expenses		
Interest cost	\$ 325,284,242	\$ 308,020,757
Expected return on assets	<u>(271,315,351)</u>	<u>(278,553,422)</u>
Total	\$ 53,968,891	\$ 29,467,335
Changes		
Benefit changes	\$ 0	\$ 0
Recognition of assumption changes	21,446,982	(3,613,865)
Recognition of liability gains and losses	17,273,617	16,166,023
Recognition of investment gains and losses	<u>(14,997,212)</u>	<u>(19,306,378)</u>
Total	\$ 23,723,387	\$ (6,754,220)
Pension Expense	\$ 133,633,951	\$ 79,959,091

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING AS OF JUNE 30, 2023**

SECTION VI – GASB 68 COLLECTIVE INFORMATION

Operating expenses 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.

Financing expenses equal 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.

The recognition of changes 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 \$53.7 million. The operating expenses decreased by approximately \$1.3 million while the financing expenses and recognition of the changes increased by approximately \$24.5 million and \$30.5 million, respectively.

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING AS OF JUNE 30, 2023**

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, 2023 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, 2022). The same methodology was used for calculating proportionate shares as of June 30, 2022.

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING AS OF JUNE 30, 2023**

SECTION VII – GASB 68 REPORTING INFORMATION FOR PARTICIPATING EMPLOYERS

Table VII-1a Determination of Employers' Proportionate Share (as of June 30, 2023)								
Employer	Unfunded Liability Amortization Rate (from the June 30, 2022 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	32.81%	39.53%	23.34%	\$ 78,189,423	\$ 25,837,523	278,481,825	\$ 100,865,181	92.9301%
Courts			23.34%	0	0	16,792,571	3,919,386	3.6110%
Carp-Summerland Fire	32.81%		23.34%	4,116,687	0	576,397	1,485,216	1.3684%
Air Pollution Control			35.52%	0	0	3,524,295	1,251,829	1.1533%
SBC Assoc of Govts			23.34%	0	0	2,415,788	563,845	0.5195%
Santa Maria Cemetery			23.34%	0	0	411,429	96,028	0.0885%
Summerland Sanitary			23.34%	0	0	372,425	86,924	0.0801%
Mosq Vector Mgmt			23.34%	0	0	464,007	108,299	0.0998%
Goleta Cemetery			23.34%	0	0	343,845	80,253	0.0739%
Oak Hill Cemetery			23.34%	0	0	191,444	44,683	0.0412%
Carpinteria Cemetery			23.34%	0	0	158,928	37,094	0.0342%
LAFCO			0.00%	0	0	274,869	0	0.0000%
Total				\$ 82,306,110	\$ 25,837,523	\$ 304,007,822	\$ 108,538,738	100.0000%

Table VII-1b Determination of Employers' Proportionate Share (as of June 30, 2022)								
Employer	Unfunded Liability Amortization Rate (from the June 30, 2021 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	30.72%	36.41%	22.95%	\$ 76,234,463	\$ 28,014,308	262,945,763	\$ 93,965,289	93.0133%
Courts			22.95%	0	0	15,609,409	3,582,359	3.5461%
Carp-Summerland Fire	30.72%		22.95%	3,900,017	0	630,335	1,342,747	1.3291%
Air Pollution Control			33.67%	0	0	3,508,514	1,181,317	1.1694%
SBC Assoc of Govts			22.95%	0	0	2,245,455	515,332	0.5101%
Santa Maria Cemetery			22.95%	0	0	409,652	94,015	0.0931%
Summerland Sanitary			22.95%	0	0	420,228	96,442	0.0955%
Mosq Vector Mgmt			22.95%	0	0	421,688	96,777	0.0958%
Goleta Cemetery			22.95%	0	0	322,189	73,942	0.0732%
Oak Hill Cemetery			22.95%	0	0	179,029	41,087	0.0407%
Carpinteria Cemetery			22.95%	0	0	148,193	34,010	0.0337%
LAFCO			0.00%	0	0	167,800	-	0.0000%
Total				\$ 80,134,480	\$ 28,014,308	\$ 287,008,256	\$ 101,023,317	100.0000%



**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING AS OF JUNE 30, 2023**

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, 2023.

Table VII-2 Schedule of Employers' Proportionate Share of Collective Amounts at June 30, 2023							
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	92.9301%	1,331,799,257	708,850,900	197,590,685	82,824,468	5,517,368	124,186,164
Courts	3.6110%	51,749,940	27,543,935	7,677,813	3,218,324	214,389	4,825,522
Carp-Summerland Fire	1.3684%	19,610,805	10,437,862	2,909,532	1,219,594	81,243	1,828,647
Air Pollution Control	1.1533%	16,528,166	8,797,125	2,452,180	1,027,885	68,473	1,541,200
SBC Assoc of Govts	0.5195%	7,445,055	3,962,635	1,104,576	463,007	30,843	694,228
Santa Maria Cemetery	0.0885%	1,268,311	675,059	188,171	78,876	5,254	118,266
Summerland Sanitary	0.0801%	1,147,929	610,986	170,311	71,390	4,756	107,041
Mosq Vector Mgmt	0.0998%	1,430,253	761,253	212,198	88,947	5,925	133,367
Goleta Cemetery	0.0739%	1,059,075	563,693	157,128	65,864	4,388	98,755
Oak Hill Cemetery	0.0412%	590,445	314,265	87,601	36,720	2,446	55,057
Carpinteria Cemetery	0.0342%	490,127	260,870	72,717	30,481	2,030	45,703
LAFCO	0.0000%	0	0	0	0	0	0
Total	100.0000%	\$ 1,433,119,363	\$ 762,778,583	\$ 212,622,912	\$ 89,125,556	\$ 5,937,116	\$ 133,633,951

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING AS OF JUNE 30, 2023**

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 as of the beginning of the measurement period (four 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 (four 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		
	6/30/2022	6/30/2023	Net Pension Liability	Deferred Outflows	Deferred Inflows	Net Effect	Actual	Proportionate Share	Difference
Santa Barbara County	93.0133%	92.9301%	\$ (619,305)	\$ (41,998)	\$ 7,807	\$ (585,115)	\$ 145,895,700	\$ 146,185,482	\$ (289,782)
Courts	3.5461%	3.6110%	483,088	32,760	(6,090)	456,418	5,956,275	5,680,353	275,922
Carp-Summerland Fire	1.3291%	1.3684%	292,532	19,838	(3,688)	276,382	2,343,404	2,152,588	190,816
Air Pollution Control	1.1694%	1.1533%	(119,842)	(8,127)	1,511	(113,225)	1,570,129	1,814,221	(244,092)
SBC Assoc of Govts	0.5101%	0.5195%	69,970	4,745	(882)	66,107	822,328	817,209	5,118
Santa Maria Cemetery	0.0931%	0.0885%	(34,240)	(2,322)	432	(32,350)	139,794	139,217	577
Summerland Sanitary	0.0955%	0.0801%	(114,631)	(7,774)	1,445	(108,303)	133,736	126,003	7,733
Mosq Vector Mgmt	0.0958%	0.0998%	29,774	2,019	(375)	28,131	180,151	156,992	23,159
Goleta Cemetery	0.0732%	0.0739%	5,211	353	(66)	4,923	116,476	116,250	226
Oak Hill Cemetery	0.0407%	0.0412%	3,722	252	(47)	3,516	68,315	64,810	3,505
Carpinteria Cemetery	0.0337%	0.0342%	3,722	252	(47)	3,516	56,953	53,799	3,155
LAFCO	0.0000%	0.0000%	0	0	0	0	23,663	0	23,663
Total	100.0000%	100.0000%	\$ 0	\$ 0	\$ 0	\$ 0	\$ 157,306,924	\$ 157,306,924	\$ 0

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING AS OF JUNE 30, 2023**

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				
	6/30/2022	Current Year		6/30/2023	6/30/2022	Current Year		6/30/2023	
		Net Effect	Recognition			Net Effect	Recognition		
Santa Barbara County	\$ 2,227,268	\$ 0	\$ 959,129	\$ 1,268,139	\$ (1,031,935)	\$ (585,115)	\$ (781,317)	\$ (835,733)	
Courts	1,226,763	456,418	472,685	1,210,496	(2,005,589)	0	(700,536)	(1,305,053)	
Carp-Summerland Fire	176,857	276,382	185,624	267,616	(169,740)	0	(75,297)	(94,443)	
Air Pollution Control	785,155	0	437,914	347,242	(1,235,930)	(113,225)	(552,422)	(796,733)	
SBC Assoc of Govts	255,553	66,107	164,750	156,909	(218,475)	0	(68,277)	(150,199)	
Santa Maria Cemetery	8,944	0	2,981	5,963	(16,956)	(32,350)	(16,807)	(32,499)	
Summerland Sanitary	41,485	0	19,827	21,657	(66,065)	(108,303)	(53,181)	(121,187)	
Mosq Vector Mgmt	45,749	28,131	20,399	53,480	(46,175)	0	(29,785)	(16,390)	
Goleta Cemetery	46,488	4,923	13,018	38,393	(13,512)	0	(8,602)	(4,910)	
Oak Hill Cemetery	16,918	3,516	6,024	14,411	(10,244)	0	(10,244)	0	
Carpinteria Cemetery	10,225	3,516	10,071	3,670	(1,883)	0	(471)	(1,412)	
LAFCO	128,900	0	42,967	85,934	(153,800)	0	(38,450)	(115,350)	
Total	\$ 4,970,306	\$ 838,993	\$ 2,335,389	\$ 3,473,910	\$ (4,970,306)	\$ (838,993)	\$ (2,335,389)	\$ (3,473,910)	

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING AS OF JUNE 30, 2023**

SECTION VII – GASB 68 REPORTING INFORMATION FOR PARTICIPATING EMPLOYERS

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

Table VII-5 Reconciliation of Deferred Outflows and Inflows Due to Contribution Differences								
Employer	Deferred Outflows				Deferred Inflows			
	6/30/2022	Current Year Difference	Recognition	6/30/2023	6/30/2022	Current Year Difference	Recognition	6/30/2023
Santa Barbara County	\$ 60,636	\$ 0	\$ 60,636	\$ 0	\$ (378,413)	\$ (289,782)	\$ (193,964)	\$ (474,231)
Courts	239,818	275,922	154,947	360,793	0	0	0	0
Carp-Summerland Fire	408,298	190,816	190,793	408,322	0	0	0	0
Air Pollution Control	0	0	0	0	(364,253)	(244,092)	(238,160)	(370,185)
SBC Assoc of Govts	14,650	5,118	7,237	12,530	(6,666)	0	(6,666)	0
Santa Maria Cemetery	2,265	577	1,793	1,049	(2,746)	0	(711)	(2,034)
Summerland Sanitary	5,157	7,733	3,335	9,555	(700)	0	(280)	(420)
Mosq Vector Mgmt	29,200	23,159	16,567	35,792	0	0	0	0
Goleta Cemetery	0	226	57	170	(3,129)	0	(933)	(2,196)
Oak Hill Cemetery	960	3,505	1,223	3,242	(3,171)	0	(877)	(2,293)
Carpinteria Cemetery	2,250	3,155	1,468	3,937	(4)	0	(4)	0
LAFCO	11,893	23,663	8,889	26,667	(16,048)	0	(5,349)	(10,698)
Total	\$ 775,128	\$ 533,874	\$ 446,945	\$ 862,057	\$ (775,128)	\$ (533,874)	\$ (446,945)	\$ (862,057)

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING AS OF JUNE 30, 2023**

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, 2023						
Employer	Proportionate Shares	Experience	Assumption Changes	Investment Return	Proportion Change	Contribution Difference
Santa Barbara County	92.9301%	\$ 18,816,121	\$ 60,394,405	\$ 3,613,942	\$ 1,268,139	\$ 0
Courts	3.6110%	731,141	2,346,755	140,428	1,210,496	360,793
Carp-Summerland Fire	1.3684%	277,068	889,310	53,215	267,616	408,322
Air Pollution Control	1.1533%	233,516	749,519	44,850	347,242	0
SBC Assoc of Govts	0.5195%	105,186	337,618	20,203	156,909	12,530
Santa Maria Cemetery	0.0885%	17,919	57,515	3,442	5,963	1,049
Summerland Sanitary	0.0801%	16,218	52,056	3,115	21,657	9,555
Mosq Vector Mgmt	0.0998%	20,207	64,859	3,881	53,480	35,792
Goleta Cemetery	0.0739%	14,963	48,027	2,874	38,393	170
Oak Hill Cemetery	0.0412%	8,342	26,775	1,602	14,411	3,242
Carpinteria Cemetery	0.0342%	6,925	22,226	1,330	3,670	3,937
LAFCO	0.0000%	0	0	0	85,934	26,667
Total	100.0000%	\$ 20,247,607	\$ 64,989,067	\$ 3,888,882	\$ 3,473,910	\$ 862,057

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING AS OF JUNE 30, 2023**

SECTION VII – GASB 68 REPORTING INFORMATION FOR PARTICIPATING EMPLOYERS

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

Table VII-7 Schedule of Employers' Deferred Inflows at June 30, 2023						
Employer	Proportionate Shares	Experience	Assumption Changes	Investment Return	Proportion Change	Contribution Difference
Santa Barbara County	92.9301%	\$ 4,131,772	\$ 1,385,596	\$ 0	\$ 835,733	\$ 474,231
Courts	3.6110%	160,549	53,840	0	1,305,053	0
Carp-Summerland Fire	1.3684%	60,841	20,403	0	94,443	0
Air Pollution Control	1.1533%	51,277	17,196	0	796,733	370,185
SBC Assoc of Govts	0.5195%	23,098	7,746	0	150,199	0
Santa Maria Cemetery	0.0885%	3,935	1,320	0	32,499	2,034
Summerland Sanitary	0.0801%	3,561	1,194	0	121,187	420
Mosq Vector Mgmt	0.0998%	4,437	1,488	0	16,390	0
Goleta Cemetery	0.0739%	3,286	1,102	0	4,910	2,196
Oak Hill Cemetery	0.0412%	1,832	614	0	0	2,293
Carpinteria Cemetery	0.0342%	1,521	510	0	1,412	0
LAFCO	0.0000%	0	0	0	115,350	10,698
Total	100.0000%	\$ 4,446,107	\$ 1,491,009	\$ 0	\$ 3,473,910	\$ 862,057

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING AS OF JUNE 30, 2023**

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, 2023							
Employer	Recognition for Measurement Year Ending						
	2024	2025	2026	2027	2028	Thereafter	
Santa Barbara County	\$ 21,081,771	\$ (22,267,055)	\$ 79,652,982	\$ (1,202,423)	\$ 0	\$ 0	
Courts	642,773	(936,591)	3,610,713	(46,723)	0	0	
Carp-Summerland Fire	496,621	(96,116)	1,337,045	(17,706)	0	0	
Air Pollution Control	(267,820)	(362,796)	785,274	(14,923)	0	0	
SBC Assoc of Govts	124,283	(90,813)	424,657	(6,722)	0	0	
Santa Maria Cemetery	8,831	(28,021)	66,436	(1,145)	0	0	
Summerland Sanitary	(25,085)	(49,902)	52,263	(1,036)	0	0	
Mosq Vector Mgmt	40,745	8,815	107,636	(1,291)	0	0	
Goleta Cemetery	26,090	(8,003)	75,801	(956)	0	0	
Oak Hill Cemetery	15,613	(5,072)	39,625	(533)	0	0	
Carpinteria Cemetery	10,138	(6,005)	30,954	(443)	0	0	
LAFCO	8,057	8,057	(29,561)	0	0	0	
Total	\$ 22,162,017	\$ (23,833,501)	\$ 86,153,825	\$ (1,293,901)	\$ 0	\$ 0	

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING AS OF JUNE 30, 2023**

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, 2023										
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	\$ 124,186,164	\$ 177,812	\$ (133,328)	\$ 124,230,649	\$ 16,499,676	\$ (34,853,476)	\$ (3,311,250)	\$ 145,895,700	\$ 124,230,649	
Courts	4,825,522	(227,852)	154,947	4,752,618	1,148,283	(1,533,033)	(818,908)	5,956,275	4,752,618	
Carp-Summerland Fire	1,828,647	110,327	190,793	2,129,767	544,610	(639,473)	(118,774)	2,343,404	2,129,767	
Air Pollution Control	1,541,200	(114,509)	(238,160)	1,188,532	92,612	318	(474,527)	1,570,129	1,188,532	
SBC Assoc of Govts	694,228	96,474	571	791,273	165,669	(104,756)	(91,967)	822,328	791,273	
Santa Maria Cemetery	118,266	(13,826)	1,081	105,521	(17,938)	(27,684)	11,349	139,794	105,521	
Summerland Sanitary	107,041	(33,354)	3,055	76,742	(99,876)	(7,754)	50,636	133,736	76,742	
Mosq Vector Mgmt	133,367	(9,387)	16,567	140,547	48,159	(54,913)	(32,850)	180,151	140,547	
Goleta Cemetery	98,755	4,417	(877)	102,296	18,824	(20,988)	(12,016)	116,476	102,296	
Oak Hill Cemetery	55,057	(4,220)	345	51,183	11,311	(15,950)	(12,495)	68,315	51,183	
Carpinteria Cemetery	45,703	9,600	1,464	56,767	10,022	(8,601)	(1,607)	56,953	56,767	
LAFCO	0	4,517	3,540	8,057	0	28,193	(43,799)	23,663	8,057	
Total	\$ 133,633,951	\$ 0	\$ 0	\$ 133,633,952	\$ 18,421,352	\$ (37,238,117)	\$ (4,856,207)	\$ 157,306,924	\$ 133,633,952	

Numbers may not add due to rounding

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING AS OF JUNE 30, 2023**

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, 2023									
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	92.9301%	\$ 708,850,900	\$ 382,508,771	185.3%	84.4%	\$ 145,895,700	\$ 145,895,700	\$ 0	38.1%
Courts	3.6110%	27,543,935	16,792,571	164.0%	84.4%	5,956,275	5,956,275	0	35.5%
Carp-Summerland Fire	1.3684%	10,437,862	4,693,084	222.4%	84.4%	2,343,404	2,343,404	0	49.9%
Air Pollution Control	1.1533%	8,797,125	3,524,295	249.6%	84.4%	1,570,129	1,570,129	0	44.6%
SBC Assoc of Govts	0.5195%	3,962,635	2,415,788	164.0%	84.4%	822,328	822,328	0	34.0%
Santa Maria Cemetery	0.0885%	675,059	411,429	164.1%	84.4%	139,794	139,794	0	34.0%
Summerland Sanitary	0.0801%	610,986	372,425	164.1%	84.4%	133,736	133,736	0	35.9%
Mosq Vector Mgmt	0.0998%	761,253	464,007	164.1%	84.4%	180,151	180,151	0	38.8%
Goleta Cemetery	0.0739%	563,693	343,845	163.9%	84.4%	116,476	116,476	0	33.9%
Oak Hill Cemetery	0.0412%	314,265	191,444	164.2%	84.4%	68,315	68,315	0	35.7%
Carpinteria Cemetery	0.0342%	260,870	158,928	164.1%	84.4%	56,953	56,953	0	35.8%
LAFCO	0.0000%	0	274,869	0.0%	84.4%	23,663	23,663	0	8.6%
Total	100.0000%	\$ 762,778,583	\$ 412,151,455	185.1%	84.4%	\$ 157,306,924	\$ 157,306,924	\$ 0	38.2%

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING AS OF JUNE 30, 2023**

APPENDIX A – MEMBERSHIP INFORMATION

SBCERS Membership – Active Members as of June 30, 2022

SBCERS Membership - Active Members as of June 30, 2022					
Group	Count	Annual Salary ¹	Average Age	Average Monthly Salary ¹	Average Vesting Service
General Members					
Plan 2	4	\$317,000	60.8	\$6,604	31.5
Plan 5A	235	\$21,887,000	57.3	\$7,761	29.3
Plan 5B	287	\$36,785,000	51.8	\$10,681	18.6
Plan 5C	937	\$73,079,000	50.5	\$6,499	18.2
Plan 7	104	\$11,011,000	45.4	\$8,823	13.6
PEPRA	<u>1,754</u>	<u>\$138,785,000</u>	39.6	\$6,594	4.0
Total	3,321	\$281,865,000	45.2	\$7,073	11.4
APCD Members					
Plan 1	3	\$308,000	58.7	\$8,556	32.3
Plan 2	8	\$1,049,000	43.3	\$10,927	13.0
Plan 7	3	\$438,000	45.0	\$12,167	17.7
PEPRA	<u>19</u>	<u>\$1,666,000</u>	33.8	\$7,307	4.2
Total	33	\$3,461,000	39.4	\$8,741	10.1
Safety Members					
Plan 4A	20	\$2,923,000	52.9	\$12,179	21.7
Plan 4B	11	\$1,586,000	50.5	\$12,015	22.7
Plan 4C	253	\$30,805,000	46.5	\$10,147	18.4
Plan 6A	9	\$1,396,000	57.4	\$12,926	29.9
Plan 6B	204	\$24,724,000	45.9	\$10,100	17.8
PEPRA	<u>428</u>	<u>\$43,296,000</u>	34.6	\$8,430	4.6
Total	925	\$104,731,000	41.2	\$9,435	12.1
Total Actives	4,279	\$390,057,000	44.3	\$7,596	11.6

¹Based on salary data provided in the June 30, 2022 valuation data for FYE 2022.

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING AS OF JUNE 30, 2023**

APPENDIX A – MEMBERSHIP INFORMATION

SBCERS Membership – Deferred Vested Members as of June 30, 2022

SBCERS Membership Deferred Vested and Inactive Members as of June 30, 2022		
Group	Count	Average Age
General Members		
Plan 2	14	61.6
Plan 5A	116	57.9
Plan 5B	393	51.7
Plan 5C	342	47.0
Plan 7	75	46.0
PEPRA	<u>564</u>	38.8
Total	1,504	46.1
APCD Members		
Plan 1	4	56.5
Plan 2	10	42.3
PEPRA	<u>6</u>	38.2
Total	20	43.9
Safety Members		
Plan 4A	4	50.8
Plan 4B	39	49.5
Plan 4C	46	44.9
Plan 6A	17	59.2
Plan 6B	68	42.0
PEPRA	<u>86</u>	36.0
Total	260	42.9
Total Inactives	1,784	45.6

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING AS OF JUNE 30, 2023**

APPENDIX A – MEMBERSHIP INFORMATION

SBCERS Membership – Retired Members as of June 30, 2022

	Count	Monthly Allowances	Average Monthly Benefit
General Members			
Healthy	3,162	\$10,185,000	\$3,221
Disabled	132	343,000	2,598
Beneficiaries	444	787,000	1,773
Total	3,738	\$11,315,000	\$3,027
APCD Members			
Healthy	65	\$255,000	\$3,923
Disabled	0	0	0
Beneficiaries	8	20,000	2,500
Total	73	\$275,000	\$3,771
Safety Members			
Healthy	912	\$5,808,000	\$6,368
Disabled	153	751,000	4,908
Beneficiaries	199	667,000	3,352
Total	1,264	\$7,226,000	\$5,717
Total in Pay Status	5,075	\$18,816,000	\$3,708

Please refer to the June 30, 2022 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, 2023**

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, 2023 is provided below, including any assumptions that differ from those used in the June 30, 2022 actuarial valuation. Please refer to the June 30, 2022 actuarial valuation report for a complete description of all other assumptions. The assumptions used in this report and the June 30, 2022 actuarial valuation report reflect the results of the Experience Analysis covering the period July 1, 2019 through June 30, 2022.

Key Actuarial Assumptions

Expected Return on Assets 7.00% net of investment expenses.

Administrative Expenses Administrative expenses are assumed to be \$6.4 million for the fiscal year ending June 30, 2023, to be split between employees and employers based on their share of the overall contributions. This is equivalent to a 3.30% load to both the member and employer contribution rates. 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 For members who are currently in pay status, benefits are assumed to increase at the rate of 2.9% per year for General Plans 5, Safety Plans 4, 6 and 8 (PEPRA), and APCD Plans 1 and 2. For future retirees in these groups, benefits are assumed to increase at the rate of 2.6% per year. For General Plan 8 (PEPRA), if their employer had not implemented General Plan 7 prior to January 1, 2013, benefits are assumed to increase at the rates described above.

For all members, benefits are assumed to increase at the rate of 2.00% per year for General Plans 7, APCD Plan 8 (PEPRA), and General Plan 8 (PEPRA) members for whom their employer had implemented General Plan 7 prior to January 1, 2013.

For members in General Plan 2, benefits amounts are assumed to remain constant after retirement.

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 used.

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 (six years as of June 30, 2022). 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 10 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, 2023**

APPENDIX C ---SUMMARY OF PLAN PROVISIONS

The plan provisions are the same as those summarized in the June 30, 2022 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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